

El Niño in Ethiopia

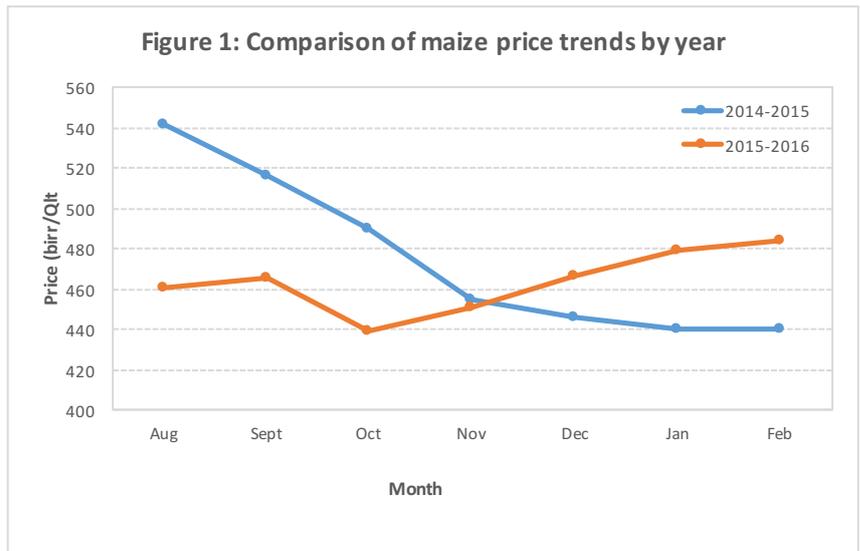
Maize and Sorghum Price Trends to February 2016

Introduction

In this Food Price Brief, the AKLDP analyses nominal Ethiopia Grain Trade Enterprise (EGTE) price data for maize and sorghum from March 2014 to February 2016. Maize and sorghum are the staples of poorer households in Ethiopia and food price trends therefore impact on cereal consumption among poorer rural and urban households.

Maize Prices

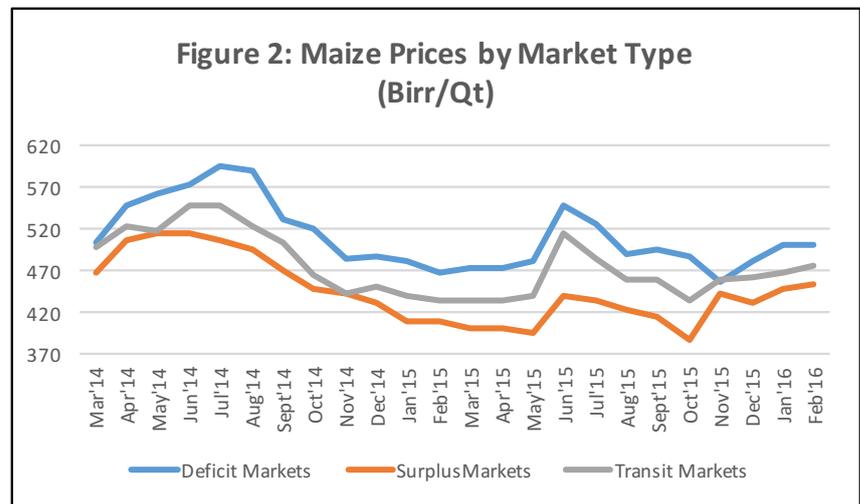
- In a normal year, maize prices typically fall between August and February following the onset of the main harvest. For example, between August 2014 and February 2015, maize prices fell by Eth birr 102 birr/ quintal¹ or 19% (Figure 1).
- In contrast, between August 2015 and February 2016 maize prices have increased by Eth birr 23 birr/ quintal an increase of 5%
- Despite the year-on-year fall in maize prices to August 2015, year-on-year prices to February 2016 show an increase of 10%



Disaggregated January to February 2016 market information confirms variable price trends with increases in 11 markets and decreases in 12 markets. The highest price increases were recorded in Adama and Nekempt markets, Oromia Region, where prices increased by 6.4% and 6.0% respectively. Serving one of Ethiopia's main maize growing areas, the price increase in Nekempt is particularly noteworthy as in coming months price increases can be expected to be passed on to transit and deficit markets.

In contrast, the biggest price decrease was recorded in Bitchena, East Gojjam zone, Amhara Region, with a price decrease of 4.4%.

Further analysis by market type - surplus, deficit, and transit markets (see Figure 2) indicates an average price decrease in the deficit markets of Dire Dawa, Mekele, Shashamane, and Ziway of 0.2%; an average price increase in the three surplus markets of Bahir Dar, Bure and Nekempt of 0.9%; and an average price increase in the transit markets of Addis Ababa, Adama, and Woliso of 1.6%.



Sorghum Prices

Sorghum is a staple cereal in eastern part of Ethiopia including those areas most affected by the El Niño-induced drought.

- In a normal year, sorghum prices peak in July and August – as with all other cereals – after which prices typically fall steeply to December and January. From February to June, prices either stabilize or perhaps continue to decline more slowly after which they start to rise again
- For example, from June 2014 to February 2015 price declined by Ethiopia 65 birr/ quintal or an 8% decline (See Figure 3)
- Sorghum price trends in the 2015/16 have however deviated from the norm, with price increase from June 2015 to February 2016 of Eth birr 159/ quintal or a 20% increase, with a 2.1% price increase from January to February 2016
- February year-on-year sorghum prices are 27% higher in February 2016.

Disaggregated market price information confirms an increase in almost all markets from January to February 2016. The highest price increase was in Desse of 2.7% with price increases of 2.6%, 2.2% and 1.5% in Dire Dawa, Mekele and Addis Ababa, respectively. The only market that recorded a price decrease was Gondar, with a fall in price of 6.2%.

Further analysis by market type – surplus, deficit, and transit markets – confirms an increase in sorghum prices in the transit and deficit markets, while prices declined slightly in the surplus market (Figure 4). The steepest average price increase was recorded in deficit markets, with an aggregate increase of 2.1%.

Conclusion

Cereal prices in Ethiopia typically decline in the period after harvest from September through to January and February as farmers harvest and sell their grain in local markets and traders move grain between markets. The continuing maize and sorghum price increases from October 2015 to February 2016 are atypical, occurring at a time when cereal prices would be expected to fall by between 5% and 10%.

Disclaimer

The views expressed in this food price brief are those of the AKLDP project and do not necessarily reflect the views of USAID or the United States Government.

ⁱ A quintal is equivalent to 100kg

