



## El Niño in Ethiopia

### Wheat and Teff Price Trends – March 2014 to February 2016

#### Introduction

In this Food Price Brief, the AKLDP analyses nominal Ethiopia Grain Trade Enterprise (EGTE) price data for wheat and teff from March 2014 to February 2016. Wheat and teff are the staple diet of wealthier households in Ethiopia in particular those in urban areas.

#### Wheat Prices

Nominal national wheat prices have declined by Eth birr 93 birr/quintal<sup>1</sup> from the peak of October 2015 to February 2016 or 8.6% (see Figure 1). January to February 2016 wheat prices fell by 1.3%. Wheat prices however remain 20% above early 2014 prices. The recent declining trend of wheat prices can be attributed to:

- the 2015 wheat harvest which traders report was of variable quality various
- imports in the period September 2015 to February 2016 - EGTE - 700,000mt; Strategic Food Reserve Agency - 190,000mt; development partners - 580,000mt

Significant additional imports are expected to arrive in the period to May 2016 and wheat prices can therefore be expected to continue to fall.

Disaggregated market price information for January to February 2016 data confirms stable or declining prices in 12 EGTE surveyed markets and price increased in 6 others. The biggest price decline was in Addis Ababa of 3.4% while the highest price increase was recorded in Bale Robe of 1.3%.

Further analysis by market type – surplus, deficit, and transit markets (see Figure 2) confirms aggregate price declines of 1.2%, 2.8% and 0.7% in surplus, transit and deficit markets respectively.

Under normal circumstances, prices might be expected to be lowest in surplus producing areas and highest in deficit areas. The February 2016 differences can be explained by the release of wheat imports in the deficit and transit areas.

Figure 1: Nominal Wheat Prices  
(National Average, Birr/Qt)

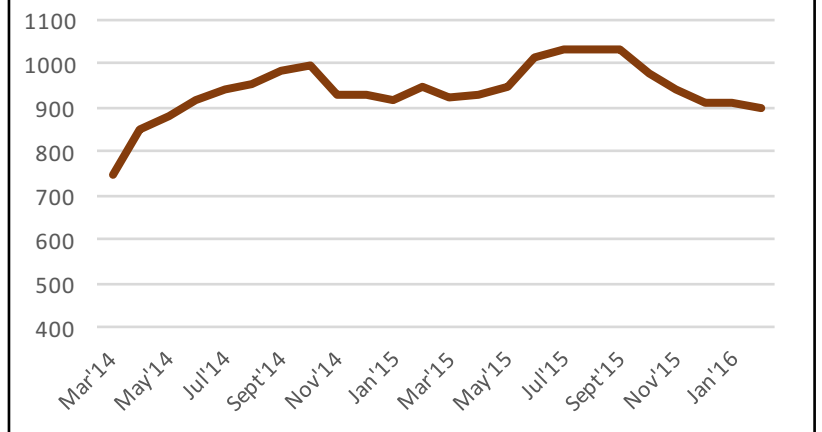
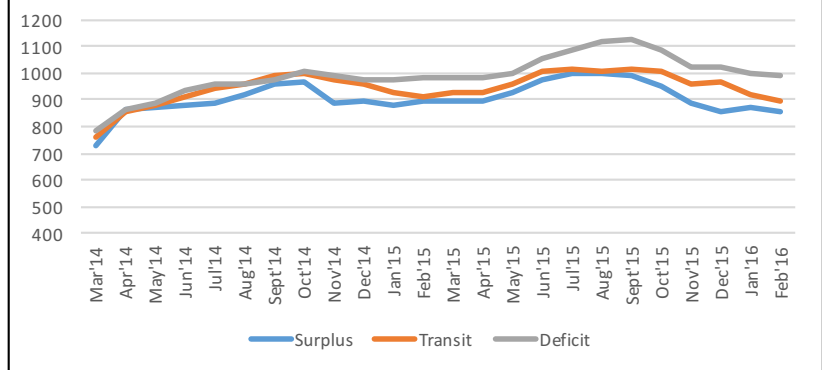


Figure 2: Wheat Prices by Market Type  
(Birr/Qt)



## Teff

As mentioned in previous Food Price Briefs, teff is the most prized of Ethiopia's cereals, with white teff the most expensive followed by mixed and red teff respectively.

Nominal teff prices have increased steadily since March 2014 (see Figure 3) with an increase from January to February 2016 of 1.1%. February year-on-year prices have increased by 28% to February 2016.

Disaggregated market information confirms a general price increase, with teff prices rising in 15 of 21 EGTE monitored markets. The highest price increases were registered in Eteya and Debre Birhan, with price increases of 7.6% and 6.9% respectively.

Further analysis by aggregated market type – surplus, transit and deficit markets – confirms a general increase in prices in all market types, with February year-on-year price increases to February 2016 of 22%, 25% and 27% (see Figure 4).

## Conclusion

As preferred foods in Ethiopia price trends serve as a proxy indicator for increased wealth and associated rising levels of disposable income among the urban population.

Rising nominal wheat and teff prices since March 2014 therefore appear to confirm continued increased income the result of strong overall economic growth.

In recent months however, Government imports have resulted in more stabilize and falling prices of wheat. Faced with significant cereal shortfalls – the result of the El Niño induced drought – more cereals will need to be imported through to the harvest of 2016/ 2017 in order to ensure that wheat prices remain stable and therefore affordable.

## 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.

Figure 3: Nominal Teff Prices  
(National Average, Birr/Qt)

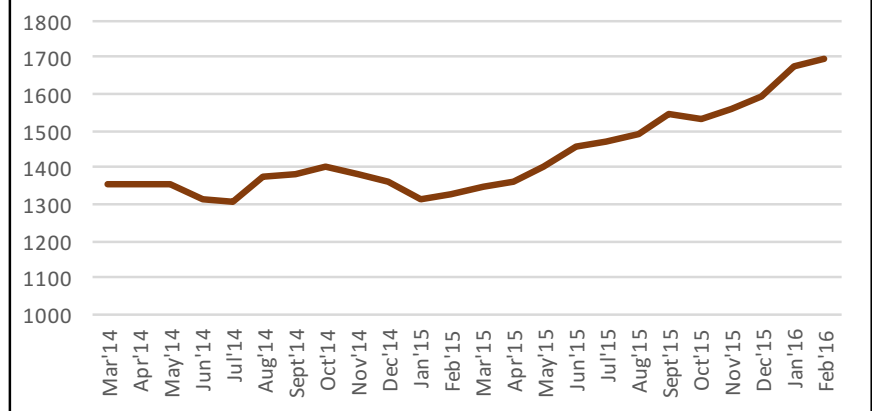
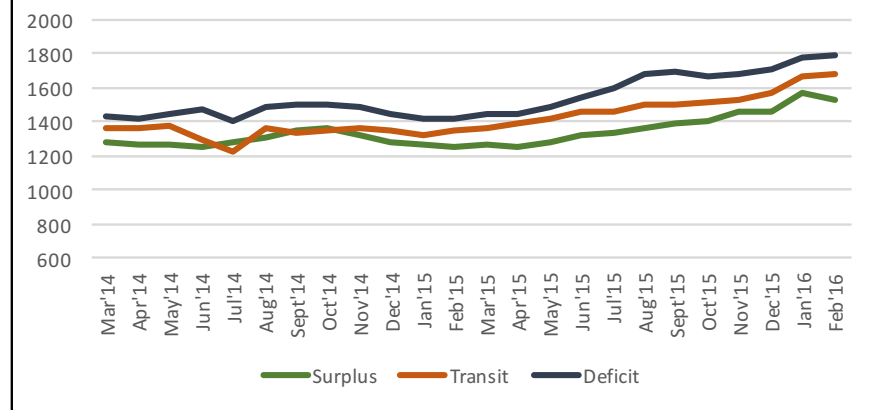


Figure 4: Teff Prices by Market Type  
(Birr/Qt)



<sup>i</sup> A quintal is equivalent to 100kg.