

El Niño in Ethiopia

Pulses Price Trends - April 2016

Introduction

In this Food Price Brief the AKLDP analyses nominal Ethiopia Grain Trade Enterprise (EGTE) price data for pulses from April 2014 to April 2016. Pulses play an important role in household food security in Ethiopia, especially in poorer households that lack the disposable income to purchase animal source protein. Therefore, pulse price trends serve as a useful proxy indicator for dietary diversity in poorer households. When pulse prices are high, poorer households typically eat fewer pulses and total protein intake is reduced.

Pulse Prices

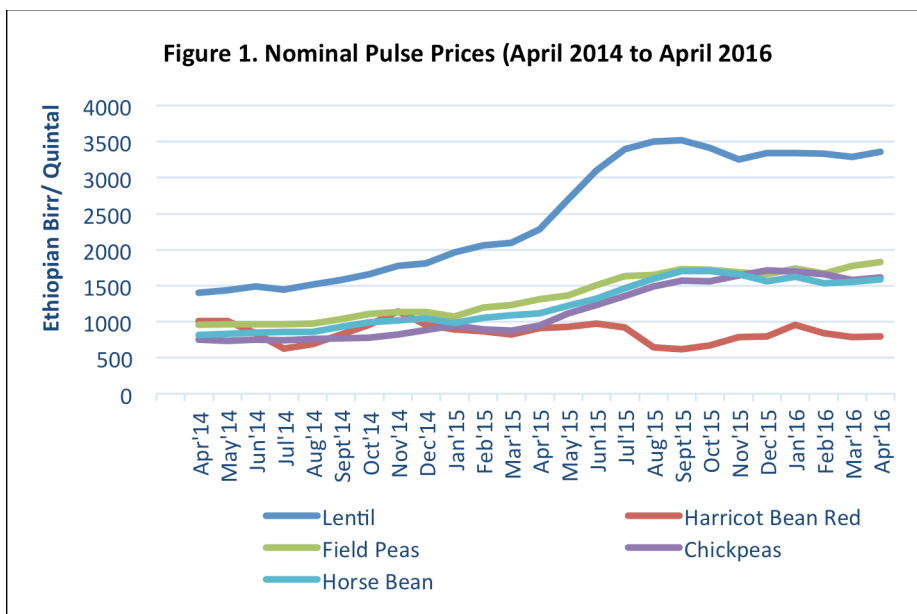
Since April 2014 price trends for almost all pulses have been on a steep upward trend. The exception has been haricot beans, which is the cheapest locally available pulse, where prices have remained stable. Although March 2016 saw a decline in the aggregate nominal pulse basket price of 1.1%, this decline was temporary and in April 2016 pulse prices increased by 2%, thereby more than compensating for the decline in March. Individual pulses price increases were 0.2%, 2.1%, 2.2%, 2.4% and 2.9% for haricot bean red, horse bean, lentil, chickpea and field pea respectively. The price of lentils remains particularly high compared to other pulses (Figure 1).

Fueled by the month-on-month increase to April 2016, pulse prices increased from April 2015 to April 2016 by 37.2%. Disaggregated by crop, year-on-year prices to April 2016 were respectively 71%, 47%, 42% and 39% for chickpea, lentil, horse bean and field pea. In contrast, the price of red haricot bean fell by 13% in the same period.

As mentioned in previous AKLDP Food Price Briefs, the long-term price trend of pulses is driven by a combination of domestic and international factors. On the domestic front, it appears that increasing land pressure led

to a reduction in the area planted to pulses, as farmers switch to mono-cropping of cereals. In 2015/16 the supply was further compromised by the failed spring *belg* and erratic and poor summer *kiremt* rains that resulted in poorer harvests. Internationally, there has been strong demand from several major importing countries including India – the largest pulse importer in the world.

However, in March 2016 it appeared that households in drought-affected areas received food assistance that routinely includes CSB. The net effect of high pulse prices and reduced imports to India, as stocks have recovered, was an easing of prices of some pulses in Ethiopia. As mentioned above, pulses remain well above the purchasing power of poorer households and continued to rise in April. The reason for the renewed slow upward



price trend appears to be the result of supply shortages linked to the poor 2015 *meher* harvest.

Conclusion

Pulses play an important role in household food security as they are an affordable protein source. While high pulse prices in 2015 and 2016 have undoubtedly benefitted surplus pulse producing smallholder farmers, high pulse prices in Ethiopia impacts on dietary diversity as poorer households reduce their pulse and hence their protein intake, as they switch to cereals. Increased pulse prices in April will further reduce pulse intake of poorer rural households that are not receiving food assistance. Therefore, it is important that food assistance routinely include pulses to improve diets and help to stabilize pulse prices.

Disclaimer

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