



## El Niño in Ethiopia

### Wheat and Teff Price Trends – April 2014 to April 2016

#### Introduction

In this Food Price Brief the AKLDP analyses nominal Ethiopia Grain Trade Enterprise (EGTE) price data for wheat and teff over a two-year period from April 2014 to April 2016. Typically, wheat and teff are the staple cereals of wealthier households in Ethiopia, including the emerging middle class. However, wheat and teff are also eaten by poorer households in urban areas, although, at least with teff, it is typically only the cheaper quality that is affordable.

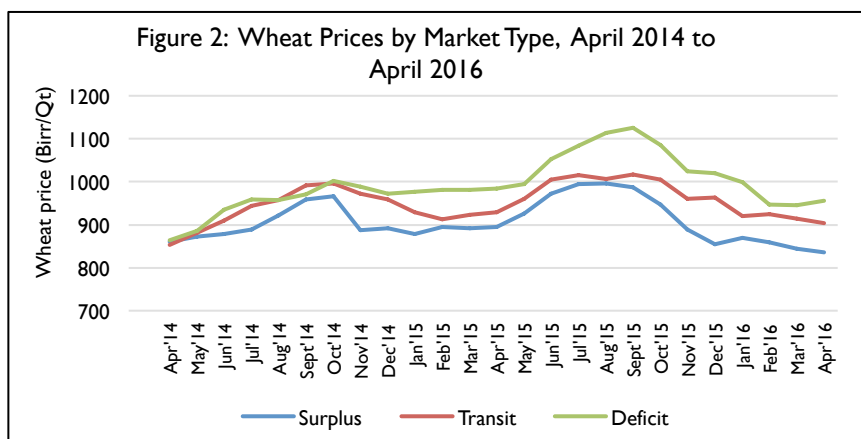
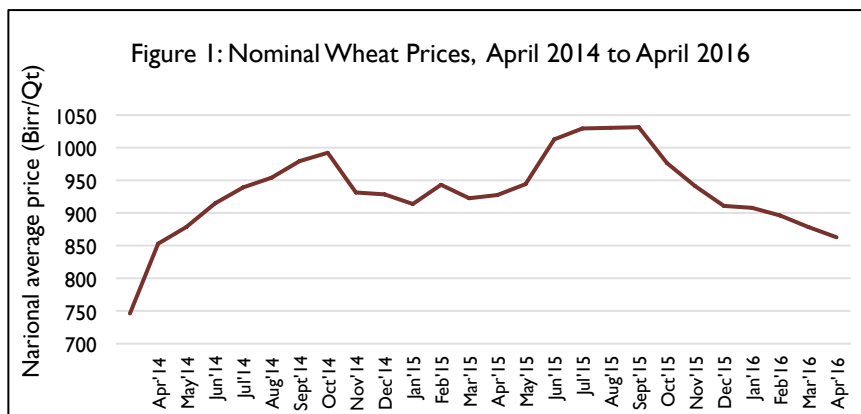
#### Wheat

The nominal price of wheat fell by Eth birr 113 birr/quintal or 11.6% from October 2015 to April 2016. In-line with this decline, wheat month-on-month prices March to April 2016 fell by 1.8%. However, wheat prices remain approximately 15.7% above March 2014 prices (Figure 1).

As mentioned in previous food price briefs, the decline in wheat prices after a poorer harvest – the result of the El Niño induced drought – is attributed to both reduced yields and poorer quality. Lower yields also led to the importation of substantial amounts of wheat to stabilize market prices and to be distributed as food assistance. As it will be necessary for Ethiopia to continue to import wheat through to the 2016 autumn *meher* harvest, local wheat farm gate prices may be depressed at the point of the harvest.

Disaggregated market price information for April 2016 confirms declining prices in 13 EGTE surveyed markets, and price increased in six other markets. The biggest price decline of 8.2% was recorded in Nazareth, Oromia and the highest price increase of 2.9% was recorded in Dire Dawa.

Further analysis by market type – surplus, transit and deficit markets – confirms aggregate price declines of 7%, 3% and 3% respectively, in the period April 2015 to April 2016 (Figure 2). These declines can again be explained by the release of wheat imports in deficit and transit areas.



## Teff

Teff is the most prized of Ethiopia's cereals, with white teff the most expensive followed by mixed and red teff respectively.

Nominal average teff prices increased steadily from January 2015 to April 2016 (Figure 3). Further analysis by disaggregated market type – transit, surplus and deficit markets – confirms increases of 29%, 23% and 22% respectively from April 2015 to April 2016 (Figure 4).

In the March 2016 Food Price Brief, it was reported that in contrast to month-on-month price increases, nominal teff prices fell from February to March 2016 by 1.5%. However, this price fall was reversed in April 2016 as nominal month-on-month teff prices increased by 1%.

Disaggregated market analysis for March to April 2016 confirms that teff prices rose in 13 major markets with the highest rise of 10.9%, 8.3% and 8.2% in Debre Birhan, Assela and Mekele markets respectively.

Figure 3: Nominal Teff Prices, April 2014 to April 2016

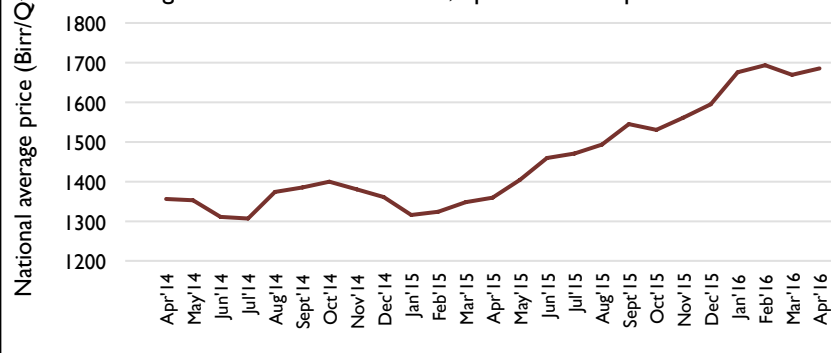
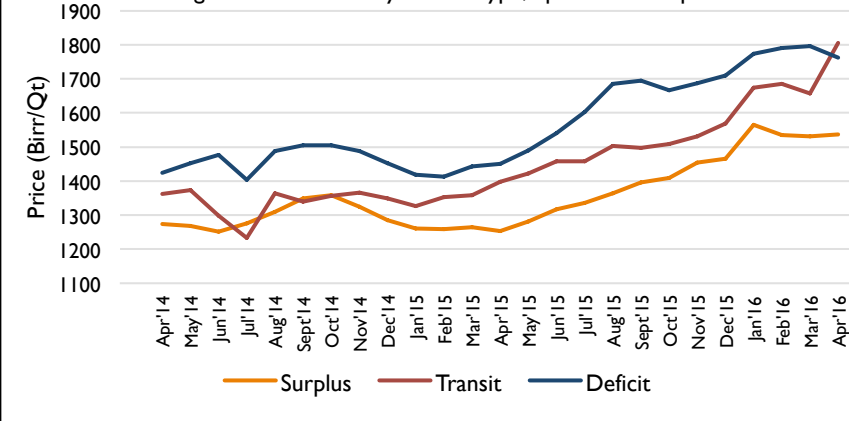


Figure 4: Teff Prices by Market Type, April 2014 to April 2016



## Conclusion

As Ethiopia's preferred cereals for middle-class and wealthier urban households, the price trends of wheat and teff are a proxy indicator for household consumption patterns of better-off households that have rising levels of disposable income. Wheat prices have been declining steeply since September 2015, due to both poorer quality domestic production and Government imports. In contrast – with the exception of March 2016 – teff prices have and continued to increase and this trend will likely continue further until the onset of the 2016 teff harvest.

### 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.