

AFRICAN MARKET OBSERVATORY (AMO): PRICE TRACKER

Welcome to the monthly food price tracker. This is an initiative of the African Market Observatory (AMO) of the [Centre for Competition, Regulation and Economic Development](#), at the University of Johannesburg, and its partners. It summarises key trends in prices in East and Southern Africa (ESA) for selected staple food products, focusing on highlighted areas.

Please also see the [previous trackers](#).

Online version of the [OCTOBER 2023 PRICE TRACKER](#)

Focus – Maize prices and food security in Malawi; Update on rice prices and production

Key Developments

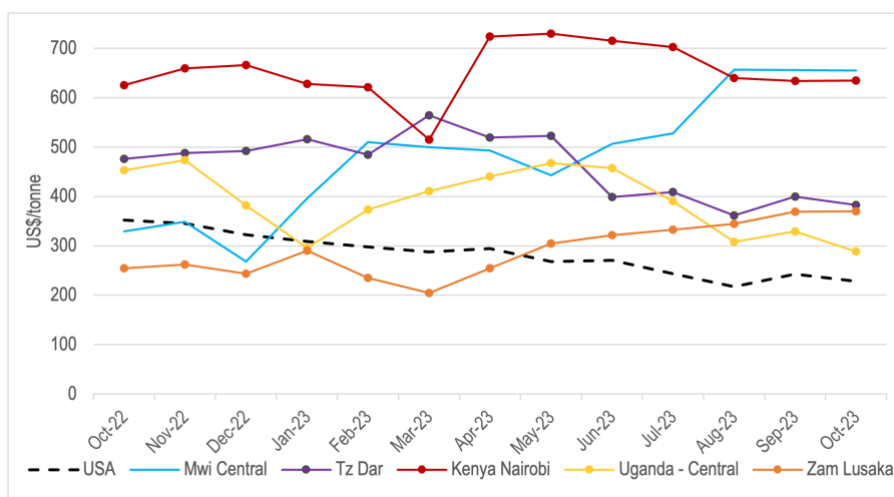
- The FAO global food price index continued its 4 months [decline in October](#) and is down by almost 11% compared to last year.
- Despite declining international commodity prices, in ESA levels for food prices and agri-inputs such as fertilizer remain high, and above international benchmarks.
- Maize prices in Kenya and Malawi remain extremely high.
- Among the many challenges that countries face are exchange rate problems and extreme weather events related to the [El Niño](#).
- Southern Africa is expected to be worst affected by the El Niño weather extremes with poor rains projected to lead to more than [20 million people](#) being food insecure in early 2024.
- For East Africa, El Niño is associated with favourable conditions, yet after years of drought, people are now faced with erratic rains and [floods](#).
- Overall, the ESA region is forecasted to suffer from [continued food insecurity](#) as import dependency, forex problems and weather extremes impact food production potentials, and in turn domestic food prices and therefore access to food.

Maize and fertilizer price developments

Prices for maize, the main staple in Malawi, remained incredibly high in October at over US\$600/t, as also in Kenya (*Figure 1*). Moreover, these prices are more than 50% higher than in neighbouring countries Tanzania, Zambia and Uganda with which trade should be possible.

Malawi generally produces enough maize for its own requirements. Kenya on the other hand is normally reliant on imports. In 2023 estimates of the Malawi harvest reflected a small reduction, however, it now appears that challenges with fertilizer supplies meant there is a shortfall. This has led to [acute food insecurity](#). The situation is expected to worsen during the period from October 2023 to March 2024 with a projected 4.4 million people, representing 22 percent of total Malawians in the country requiring humanitarian assistance to sustain livelihoods and mitigate food consumption gaps.

Figure 1. Maize prices, selected countries



Source: AMO based on price tracker data from multiple sources; USA is fob prices from SAGIS.

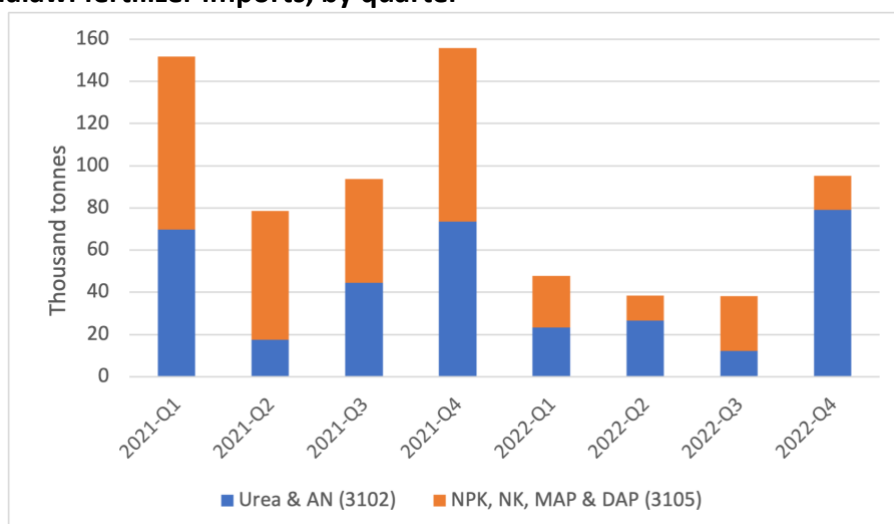
Zambia, Tanzania and Uganda have good [production](#) figures with prices aligned around US\$300-400/t, still substantially above international prices of US\$230, however, Zambia and Tanzania both restricted exports which could have relieved price pressures in Malawi and Kenya.

In addition, as Kenya is now projecting a good maize harvest, the Kenyan government has put in place [import restrictions](#) on wheat and maize even though that Kenya has always been a maize deficit country. Regional integration appears to be a fiction. It also remains to be seen whether the initiatives on fertilizer subsidies, additional land use, and new government drying and storage facilities will be sufficient to realize these plans in Kenya.

Malawi's maize production is directly linked to low fertiliser supplies in 2022. The volumes of NPK fertilizer imports, used at maize planting, were less than 30% of the 2021 volumes (*Figure 2*). This was due to a combination of continued very high prices (*Figure 3*) and delays in the procurement through the Affordable Inputs Program (AIP). The AIP provides around 250 thousand tonnes of fertiliser on a subsidised basis to 2.5 million households. This amount is close to half of all fertilizer volumes normally sourced by Malawi.

Malawi's acute food insecurity is expected to worsen until spring and approximately 4.4 million people will need humanitarian assistance.

Figure 2. Malawi fertilizer imports, by quarter



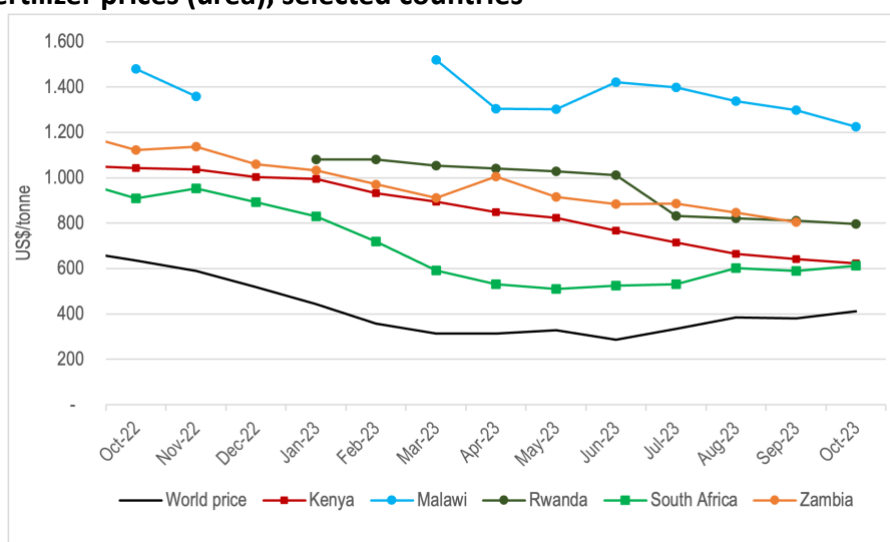
Source: AMO based on Trademap

While Malawi's AIP procurement was close to the target for 2022/23, much of the sourcing was delayed, as reflected in the total imports sourced in Figure 2. NPK volumes are required for the main planting in late November, while urea volumes used after germination were sourced late in the year. In 2023/24 international assistance is being given for fertilizer purchases, such as from [Ifad providing \\$5 million for additional fertilizer](#).

Malawi fertilizer prices are marked-up to extreme levels (Figure 3), implying very high profit margins of suppliers. For example, prices have been US\$400/t or 50% higher than in Rwanda and Zambia, each of which are also land-locked countries. The high prices have compounded foreign exchange scarcity which further hampered imports and caused a [44% devaluation](#) of the currency on 9 November 2023.

Malawi fertilizer prices are around 50% higher than in Rwanda and Zambia.

Figure 3. Fertilizer prices (urea), selected countries

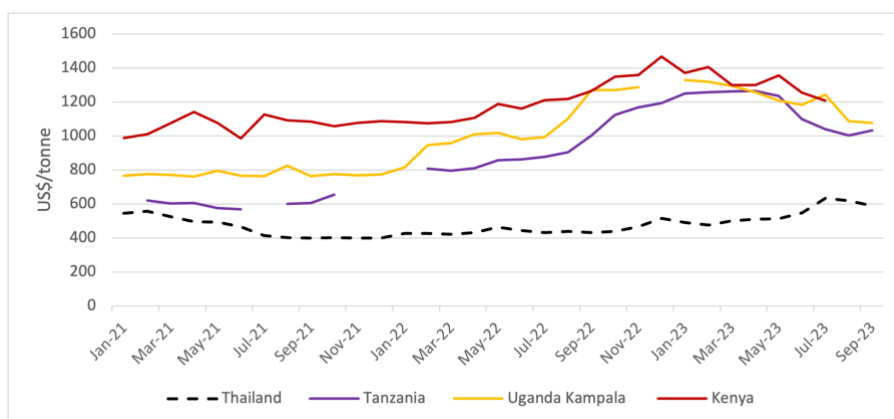


Source: AMO based on price tracker data from multiple sources. World price is from the World Bank.

Rice prices and production

Rice prices in the region are far above international prices, such as the benchmark Thailand export price (Figure 4). Tanzania is the major producer in East Africa and exports; however, prices have doubled from the end of 2021 to mid-2023. Prices in Kenya and Uganda are even higher. There are huge and increased margins over international prices, worsening food insecurity.

Figure 4. Rice prices, selected countries



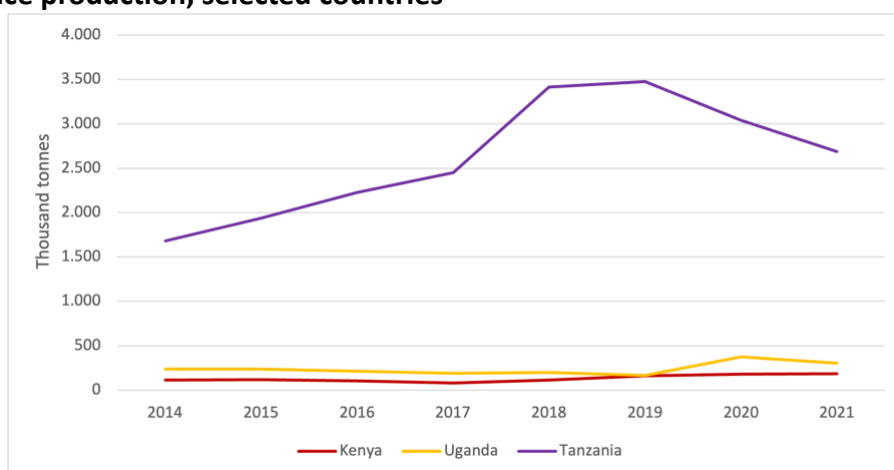
Sources: AMO based on Thailand benchmark – World Bank, Tanzania- Ministry of Agriculture, Uganda – Farmgain, Kenya – WFP (VAM)

International rice prices increased over 2022 and into 2023 by 50% from \$400/t to over \$600/t. This was spurred by severe floods in Pakistan, followed by export restrictions by the world’s largest exporter India. By comparison Tanzania prices doubled from \$600/t in 2021 to \$1200/t in January to May 2023 and remained over \$1000/t.

Tanzania is a major rice producer in ESA with around 2.6 million tonnes being produced (Figure 5). This has dropped somewhat in recent although it has recovered in 2023 due to support given to farmers for irrigation. Tanzania exports to neighbours and its production should be reflected in reasonable prices.

Significant rice price increases pose further challenges for regional food security.

Figure 5. Rice production, selected countries

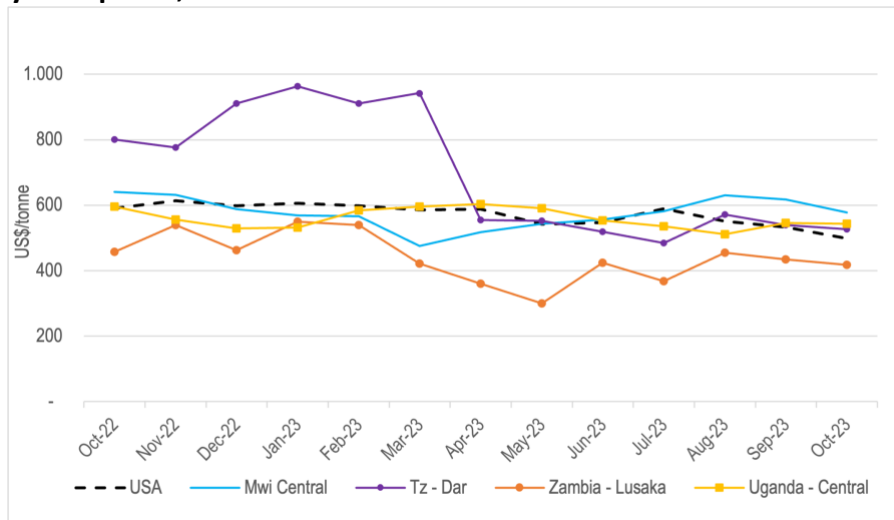


Source: AMO based on FAOStat

Soybean developments

In contrast with maize, soybean prices in the region are around, or lower than, international prices in Malawi, Tanzania, Uganda and Zambia (Figure 6). Zambia and Malawi are large producers and net exporters meaning we would expect similar prices, however, there has still been US\$200/t differentials between these neighbours. Prices to farmers in Zambia at harvest in April/May appear to have been suppressed below net export prices (through Dar es Salaam), however, they have improved somewhat.

Figure 6. Soybean prices, selected countries



Source: AMO based on price tracker data from multiple sources; USA is fob prices from SAGIS.

African Market Observatory

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The [African Market Observatory](#) is supported by the [COMESA Competition Commission](#).

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