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 with the support of the Shamba Centre for Food and Climate. It summarises key trends in prices in East and Southern Africa (ESA) for selected staple food products, focusing on highlighted areas.

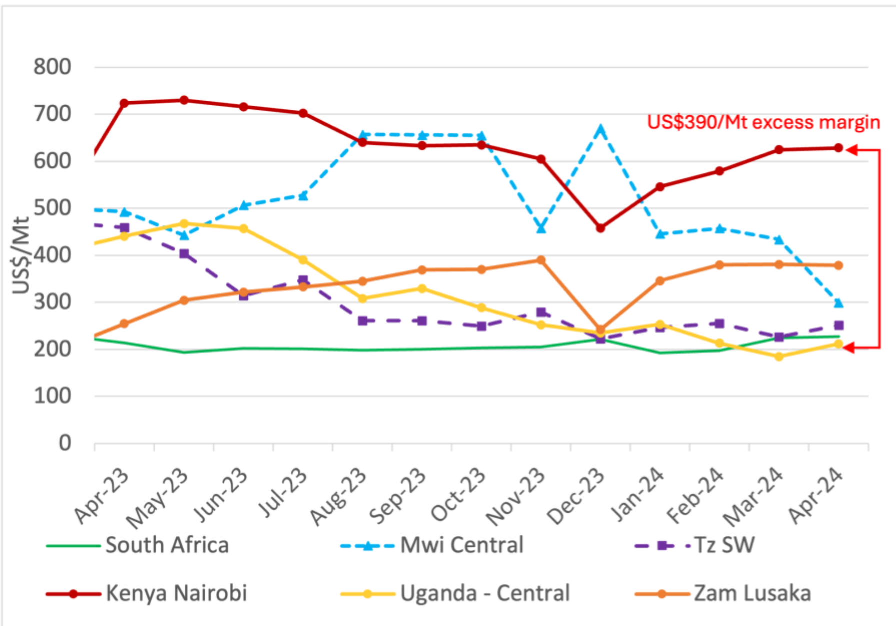
Online version of the **APRIL 2024 PRICE TRACKER**

Key Developments

- World Meteorological Organization declares the end of El Niño
- Severe floods in April '24 in Kenya and Tanzania impacted more than 700 000 people and crop production in some areas
- Overall good maize production in Tanzania and Uganda has sustained low maize prices and allowed for exports (*Figure 1*)
- Uganda agrees to export 500 000 Mt of maize to Zambia, following destruction of almost half of Zambia's maize crop due to drought conditions
- In Kenya prices remain extremely high with apparent aflatoxin in Ugandan maize limiting exports to Kenya

Maize price developments

Figure 1. Maize prices, selected countries



Source: AMO based on price tracker data from multiple sources.

Despite shortfall in production, prices have fallen in Malawi

- Maize prices in Tanzania, Uganda and Malawi are low, between US$212/Mt in Uganda to just under US$300/Mt in Malawi.
- Tanzania price reflects the good harvests, with projected 4 million Mt excess maize production for 2024.
- The Malawi price has fallen from US$434/Mt in March '24 to US$299/Mt in April '24, 30% decline – much closer to Southwest Tanzania price, indicating imports must be coming to meet the predicted shortfall of 600 000Mt even while a trade ban remains. This could reflect maize meal imports or maize imports through informal channels.

Prices in Kenya are the highest in the region

On the other hand, Kenya prices remain the highest in the region at US$628/Mt, close to 3x the price of the regional major producers, Tanzania, and Uganda.

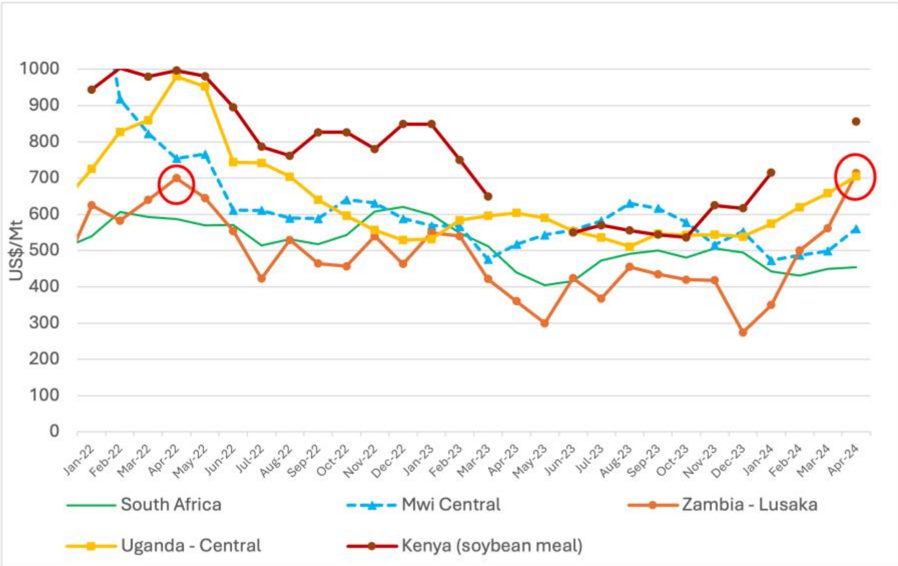
- This is much higher than the import parity price from Uganda of US$238/Mt , accounting for efficient transport costs of US$26/Mt and an excess trader margin of US$390. Kenya's small maize processors are importing Ugandan maize, and the larger processors can also import maize from Tanzania.
- Although Ugandan maize is said to contain aflatoxin, hence use by the smaller processors, Kenya's trade partner, Tanzania has excess maize priced at US$252/Mt . With this, Kenya can be reasonably expected to import at an import parity price of US$289/Mt, accounting for efficient transport cost at US$37/Mt, and an excess trader margin of US$339.
- Kenya's maize prices have surpassed import parity prices since at least April '23, raising concerns of excessive margins (and consistent with earlier research findings such as Bergquist and Dinerstein 2020).

Stable prices in Zambia

Zambia's prices have remained relatively reasonable at US$379/Mt even while production fell as Zambia is importing Ugandan maize (across a distance more than double that between Kenya and Uganda).

Soybean price developments

Figure 2. Soybean prices, selected countries



Source: AMO based on price tracker data from multiple sources.

Soybean prices increasing substantially in Malawi, Uganda and Zambia

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- Soybean prices in Malawi, Uganda and Zambia have substantially increased in the last month, with Zambia's prices showing the biggest increase in the last 2 years, to US$714/Mt (*Figure 2*), just above Uganda prices of US$705/Mt.
- Malawi prices increased from US$499/ Mt in March '24 to US$561/ Mt in April '24.
- Kenya's already high soybean meal prices, based on imports, also increased further to US$856/Mt in April '24.

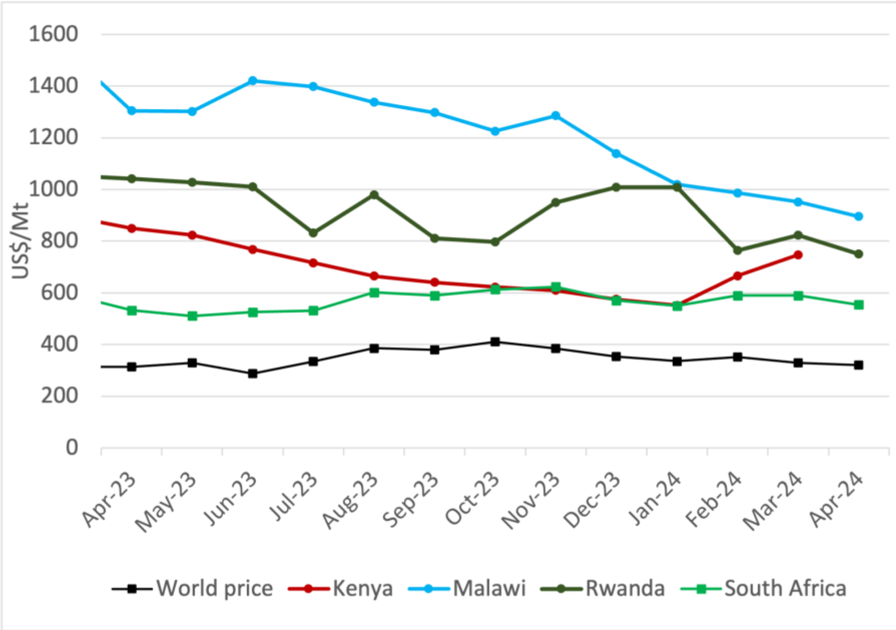
Production levels fall in Zambia and Malawi

Prices appear to reflect large falls in production in Zambia and Malawi as the key non-GM soybean producers in the region:

- Zambia's production is estimated to drop to 250 000 Mt in 2024 from 650 000 Mt in 2023 and falling short of its 200 - 300 000 Mt local demand;
- Malawi's 2024 production is expected to decrease by 20% to 320 000 Mt, still meeting local demand but with reduced exports.

Fertiliser Developments

Figure 3. Fertiliser prices Prices, selected countries ***(urea fertilizer)***



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

Prices decreasing in Rwanda and Malawi but remain double world prices

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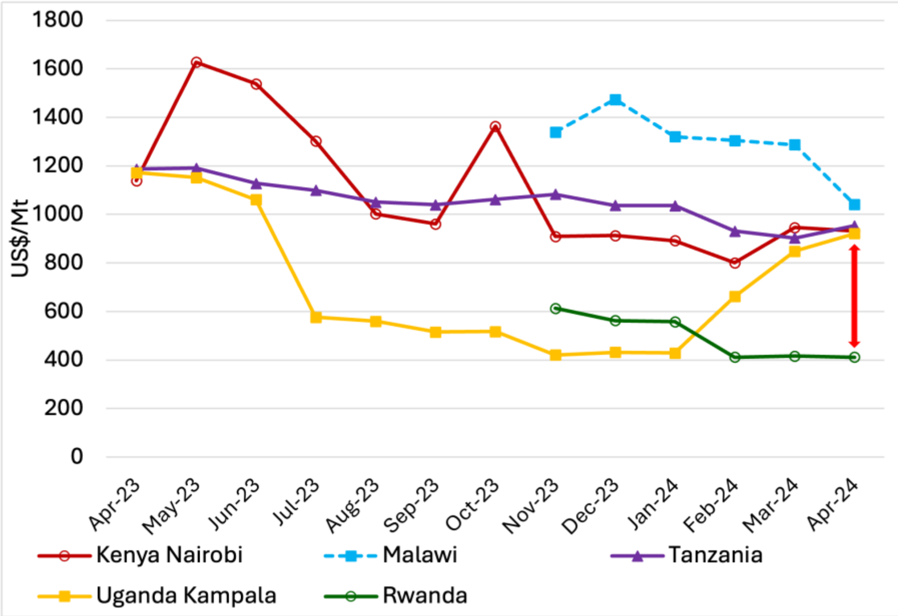
- Prices in Malawi and Rwanda (as set by government) continued to decline although remain extremely high at US$896/Mt and US$750/Mt respectively in Apr'24 (*Figure 3*).
- The prices are more than double the world price reflecting estimated excess margins of 63% and 42% in Malawi and Rwanda, respectively – after accounting for efficient transport costs.

Common Beans

Figure 4: Common bean prices in selected countries [1]*[1]*



Source: AMO based on price tracker data from multiple sources

[1] *Malawi common bean price: average of sugar beans and red kidney beans. Uganda: K132, rosecoco and yellow beans. Rwanda: RWR 3194 and RWR 2245. Kenya: Rosecocco, yellow-green beans, red-haricot, mwitemania. Tanzania: red beans - Uyole 96, Lyamungo 98; Lyamungo 95, yellow beans - Selian 13, Njano uyole; sugar beans - Masipenjele.

Market demand highest for red beans

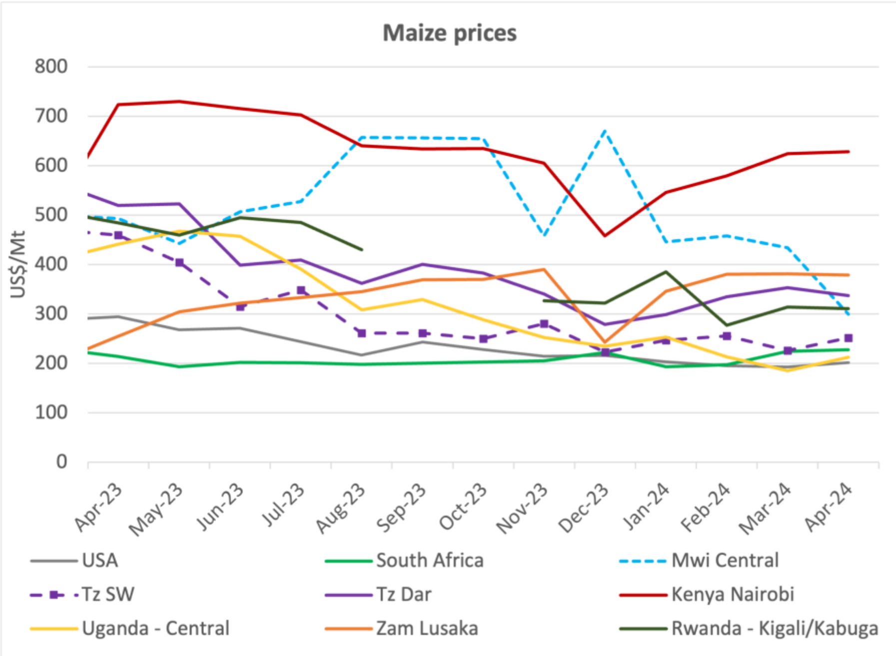
- Common beans typically comprise of a variety of red beans, speckled beans and yellow – green beans.
- In Kenya we track red haricot beans, rosecoco and yellow beans, while in Tanzania we track three different types varieties of red beans, two types of yellow and one sugar beans. Insights from market participants reveal that the red beans are preferred with slightly higher prices, while other beans are priced similarly.

Wide price disparity between countries in the region

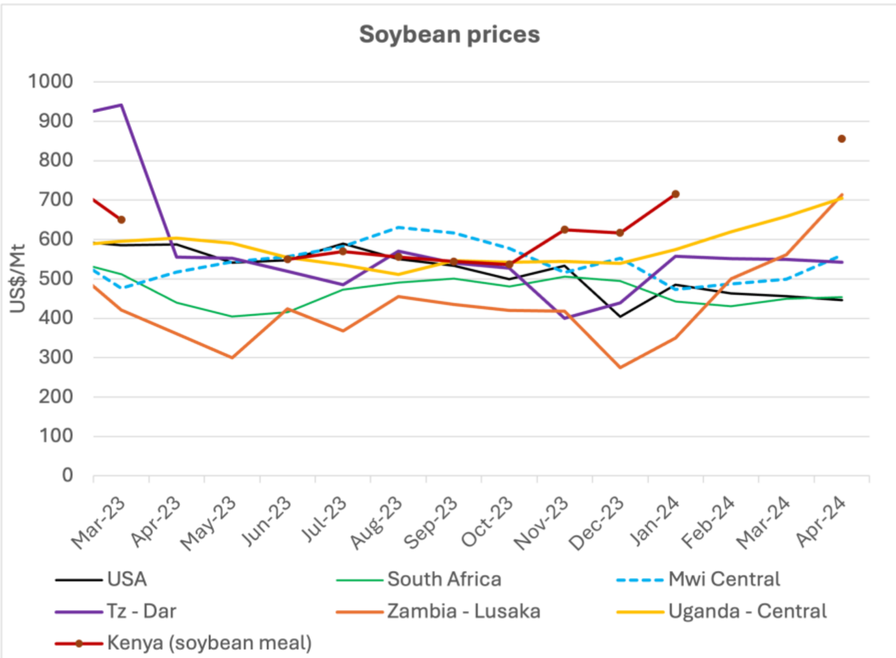
- There are huge differences in common bean prices for the region, with Rwanda's prices as low as US$412/Mt while the rest of the region has prices more than 2x (*Figure 4*).
- Malawi, Kenya, Uganda and Tanzania all converging in April '24, with the lowest price being Uganda at US$922/Mt and the highest price in Malawi at US$1040/Mt.

- Kenya and Uganda's prices fluctuate significantly over time, in particular, Uganda's prices reduce significantly after the main harvest season in June, and increase again in January closer to the planting season which starts in the rainy season.

Detailed price charts – International & selected countries



Source: AMO based on price tracker data from multiple sources; South Africa is SA Futures Exchange price; USA is fob prices from SAGIS.



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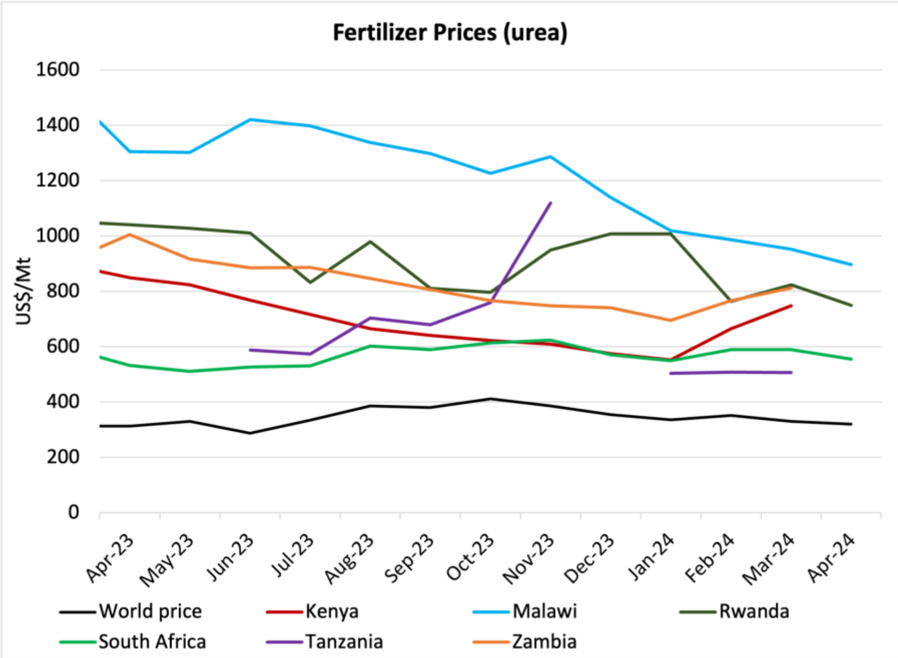

Source: AMO based on price tracker data from multiple sources. World price is from the World Bank.

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African Market Observatory (AMO)

The AMO is an initiative by the Centre for Competition, Regulation and Economic Development (CCRED) at the University of Johannesburg

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