



The Food Price Monitor: East Africa is a monthly report developed for the Food Security Portal (FSP), facilitated by IFPRI, with the goal of providing clear and accurate information on price trends and variations in selected maize and rice markets throughout East Africa. The reports are intended as a resource for those interested in maize and rice markets in East Africa, namely producers, traders, consumers, or other agricultural stakeholders.

Highlights

- ▶ From December 2021 to January 2022, there was a drop in both wholesale and retail maize prices in Kenya and Uganda. These reductions can be primarily explained by increased supply from the harvest in the second season.
- ▶ Wholesale and retail maize prices in Tanzania rose above prices in Uganda for the first time after almost six months. This can be explained by ongoing drought and poor harvests in most maize-producing regions and the Tanzanian Government's intervention to purchase extra maize for stocks in December.
- ▶ Wholesale and retail rice prices increased in Rwanda and Tanzania and decreased in Kenya and Uganda from December 2021 to January 2022.
- ▶ Generally, the price of maize and rice in East Africa in January was influenced by one or more of the following factors: high transportation costs that also translated into high input costs (fertilizer), drought and poor harvests, and hoarding and speculative tendencies by intermediaries that reduced maize supply in the market.

Changing Maize Prices in East Africa

From December 2021 to January 2022, there was a drop in wholesale and retail maize prices, followed by a stabilization, in all East African countries except Rwanda (Figure 1). Rwanda saw the highest maize prices, followed by Kenya, Tanzania, and finally Uganda. Wholesale

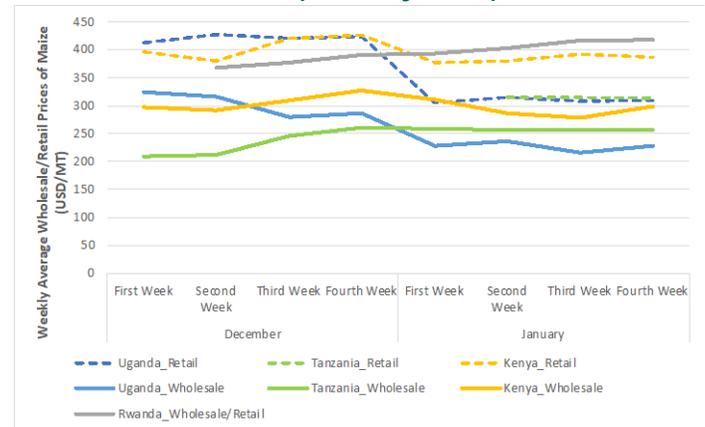
and retail maize prices in Rwanda averaged USD.395 /MT, while in Kenya, wholesale and retail prices averaged USD.300/MT and USD 395/MT, respectively. In Tanzania, wholesale and retail prices averaged USD.242/MT and USD.316/MT, respectively, and in Uganda, they

averaged USD.265/MT and USD.365/MT, respectively. The surge in fertilizer prices could explain the gentle upward movement seen in maize prices in Rwanda (Ntirenganya, 2022). Similarly, increased transportation costs due to rising fuel prices may also have contributed to rising maize prices (Ufitiwabo, 2021).

In Kenya and Uganda, maize price movements in January showed a similar pattern, indicative of trade between the two countries. Most of the maize consumed in Kenya is imported from Uganda (Olingo, 2018). Compared to previous months, wholesale and retail maize prices in Tanzania rose above prices in Uganda in January due to ongoing drought and poor harvests in most maize-producing regions in Tanzania. Tanzania's higher prices can also be explained by the government's purchase of excess maize in December.

In Kenya, maize prices of maize were low at the beginning of January, especially in the Rift Valley region, because farmers were selling off their maize to pay for school fees (Too & Chege, 2022). However, the rise in fertilizers prices from USD 0.61/Kg to USD 0.91/Kg pushed up the cost of production and increased maize prices (Bii, 2022). Other factors that led to high prices in the region include poor harvests caused by ongoing drought in the arid areas of the country and reductions in maize stocks caused by intermediaries who buy, hoard, and speculate, causing an artificial shortage and triggering price increases (Daily Nation, 2021).

Figure 1: Average wholesale and retail price of maize in East Africa (January 2022)



Source: Authors' construction using data from FSP (for Uganda and Tanzania), Ministry of Agriculture Livestock and Fisheries (for Kenya), and e-SoKo (for Rwanda).

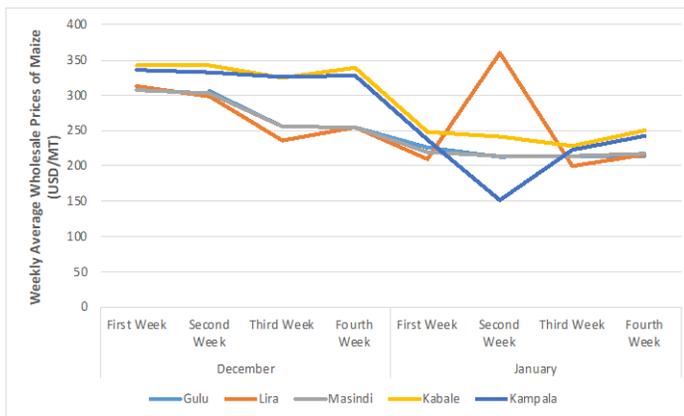
In Uganda, the reopening of academic institutions on January 10 can partially explain the increase in wholesale and retail maize prices between week one and week two. Academic institutions are significant consumers of maize and rice, and their closure for close to two years due to the COVID-19 pandemic hurt the grain market.

Uganda

Wholesale maize prices within selected markets in Uganda indicated mixed patterns from December 2021 and January 2022 (Figure 2). Wholesale prices in Lira, in the northern parts of the country, suddenly spiked in week two to about USD.360/MT, far above average prices and surpassing other markets in the country. This could be attributed to the sudden spike in fuel prices caused by a blockade at the border with Kenya, which resulted resulting in fuel shortages in most parts of the country (Box 1). On the other hand, whole prices in the Kampala market took a plunge in the same period to USD.152/MT; this

could be the result of low demand due to the festive season and high stock in anticipation of schools reopening. Prices in Kampala rebounded in week three until the end of the month due to an increase in demand from schools and other academic institutions.

Figure 2: Average weekly wholesale prices of maize in selected markets in Uganda (January 2022)



Source: Authors' construction using data of RATIN from FSP

Kenya

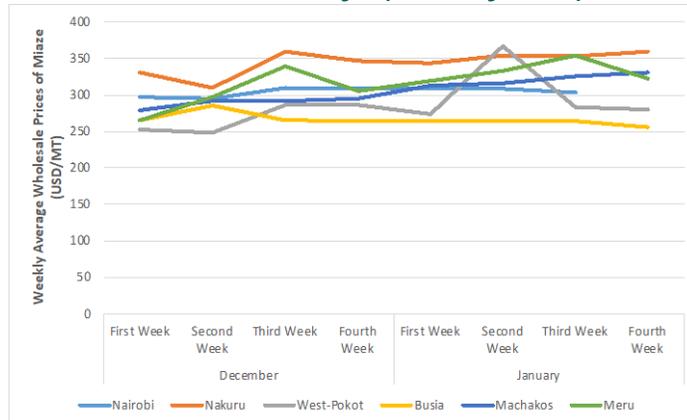
The patterns seen for wholesale maize prices within selected markets in Kenya is consistent between December and January (Figure 3). The arid and semi-arid areas (Nakuru, West-Pokot, Machakos, and Meru) continued to post the highest and most volatile wholesale prices due to ongoing drought and poor harvests. In the Nairobi market, wholesale prices are more stable, likely due to imports from Tanzania and Uganda and the inflow of supply from neighboring markets. Busia market posted the lowest prices, which can be partly explained by the bumper harvest from the previous season, favorable climate conditions, and the significant maize production in the region. Busia is also strategically positioned along the Ugandan border, which allows for the inflow of maize from Uganda.

Box 1: Outcry as Uganda fuel crisis escalates

"The scarcity of fuel has caused a pinch on the people, in Lira district, fuel stations were selling fuel at Ushs.6500 above normal prices, and this rise has triggered the high cost of living with commodities and transport fares going up. The Chairperson of the Lira Produce Dealers (LPD) reported that they used to pay Ugshs.1.5 million to transport 10,000Kgs of produce from the neighbouring markets but with the increase in fuel prices, they are now paying Ushs.2 million. This has increased the prices of produce, for example, the retail price of maize had increased from Ugshs.700/Kg to Ushs.900/Kg".

Source: Daily Monitor, p.6, January 18, 2022 www.monitor.co.ug

Figure 3: Average weekly retail prices of maize in selected markets in Kenya (January 2022)



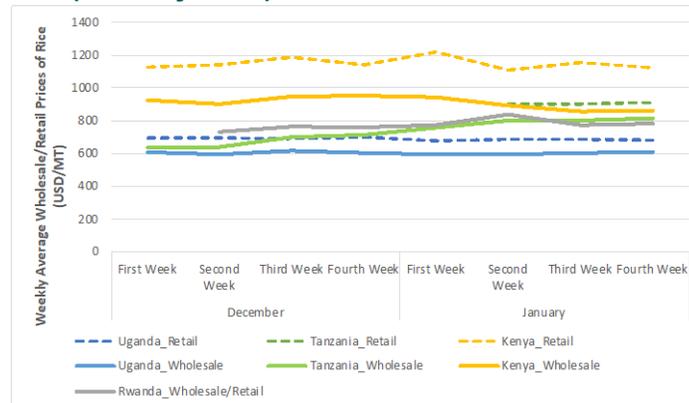
Source: Authors' construction using data from FSP

Changing Rice Prices in East Africa

Wholesale and retail rice prices in East Africa were generally stable between December 2021 and January 2022 (Figure 4). In January, wholesale and retail rice prices were highest in Kenya, followed by Tanzania and Rwanda, and finally in Uganda. In Kenya, wholesale and retail prices averaged USD.887/MT and USD.1150/MT, respectively; in Tanzania, prices averaged USD.804/MT and USD.906/MT, respectively, while in Rwanda, wholesale and retail prices both averaged USD.791/MT. The lowest wholesale and retail prices were seen in Uganda, which averaged USD.600/MT and USD.681/MT, respectively. Drought and poor harvest in Kenya's arid and semi-arid areas (World Food Program [WFP], 2022) can partially explain the country's persistent higher wholesale and retail rice prices in December and January. Similarly, the drought experienced in Tanzania that adversely affected harvests in the second season can explain the rise in wholesale and retail

prices. Low demand due to constrained household incomes following the sudden reopening of schools in the second week of January could explain for the more stable and lower wholesale and retail rice prices in the region.

Figure 4: Average retail price of rice in East Africa (January 2022)



Source: Authors' construction using data from FSP (for Uganda), Ministry of Agriculture Livestock and Fisheries (for Kenya), Ministry of Agriculture (for Tanzania) and e-SoKo (for Rwanda)

There was a drop in monthly average wholesale and retail rice prices in Uganda and Kenya in January. However, monthly average wholesale and retail rice prices in Rwanda and Tanzania increased in January (Table 1). The drop in prices in Uganda is attributable to the bumper harvest from the previous season. Likewise, in Kenya, the price reductions emanated from a fall in inflation from 5.7% in December to 5.4% in January. Food inflation accounted for about 9% in the dampening of overall inflation (Kenya National Bureau of Statistics, 2022). On the other hand, the increase in monthly average wholesale rice prices in Tanzania resulted from the ongoing drought and poor harvests in most agricultural ecological zones. The increase in rice prices in Tanzania has also had a snowball effect on rice

prices in Rwanda since Rwanda is a net importer of rice from Tanzania. That factor was coupled with a hike in fuel prices that has increased transportation costs to significant markets in Rwanda.

Table 1: Changes in the average monthly retail and wholesale price of rice in East Africa for December and January

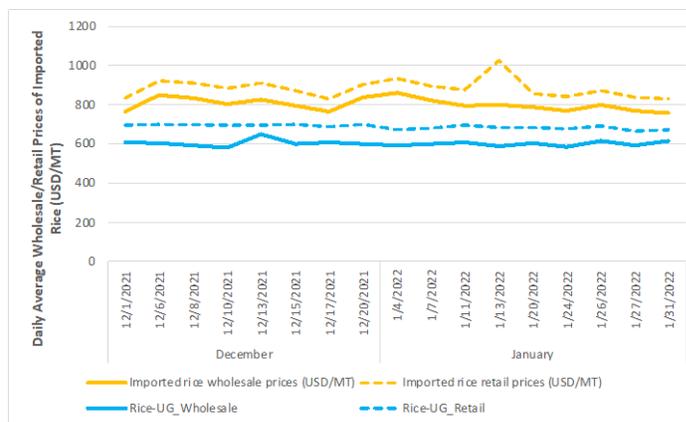
Country	Market Levels	Monthly Average Prices December	Monthly Average Prices January	Monthly % Change
Kenya	Retail	1149	1150	0
Uganda	Retail	695	681	-2
Rwanda	Retail	750	791	6
Kenya	Wholesale	931	887	-5
Uganda	Wholesale	605	600	-1
Rwanda	Wholesale	750	791	6
Tanzania	Wholesale	671	804	20

Source: Authors construction using data from FSP (for Uganda), Ministry of Agriculture Livestock and Fisheries (for Kenya), Ministry of Agriculture (for Tanzania), and e-SoKo (for Rwanda)

Uganda

As a landlocked country, Uganda’s imports mainly pass through Kenya (Malaba-Busia border point). The recent blockade at the border (Box 1) underpinned the spike in the retail price of imported rice seen on January 13. However, in general, both retail and wholesale prices of imported rice were more stable throughout January (Figure 5). The stability of wholesale and retail prices of domestically produced rice can be attributed to a bumper harvest in the previous season and to low aggregate demand following the full reopening of schools that prefer maize to rice.

Figure 5: Average daily wholesale and retail prices of imported rice in Uganda (January 2022)

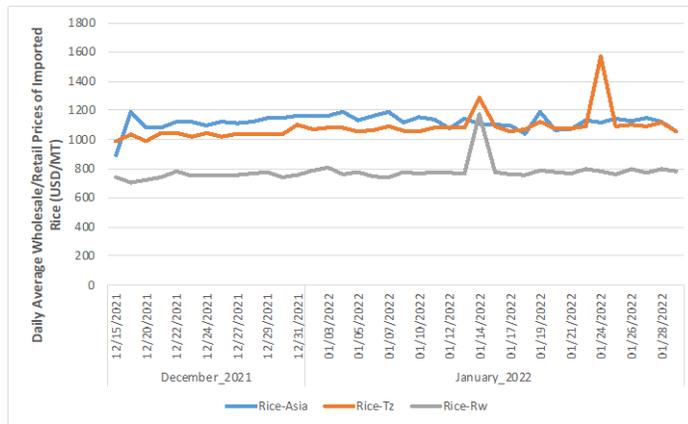


Source: Authors’ construction using data of RATIN from the FSP

Rwanda

In Rwanda, surprisingly, the daily average wholesale/retail prices of imported rice from Tanzania (Rice-Tz) were generally higher than the daily average wholesale/retail prices of rice imported from Asia (Rice-Asia). In addition, daily average wholesale/retail prices of domestically produced rice (Rice-Rw) surpassed the prices of imported rice from Asia in January (Figure 6). High prices in Tanzania also spilled over to Rwanda, who is a net importer of Tanzanian rice. Further, the spike in fuel prices can explain the spike in the price of the domestically produced rice seen on January 14. In addition, the 0.6 percent dip in the FAO Cereals Prices Index from November (Food Agriculture Organization [FAO], 2022) could still have a lingering effect on the price of rice from Asia.

Figure 6: Average daily prices of imported rice in Rwanda (January 2022)



Source: Authors' construction using data from e-Soko

Summary and Future Outlook

The high price of fuel continues to impact the observed high prices of maize and rice in January for most East African countries. High fuel prices increase transportation costs and the price of agricultural inputs like fertilizer, ultimately leading to higher observed commodity prices. As predicted in the monthly report for December, the Government of Tanzania's purchase of maize from the domestic market through its National Food Reserve Agency (NFRA) likely explains the increased prices of maize observed in January. Other factors explaining the surge in the maize prices include high fuel prices and drought. For most countries, a reduction or a stable change in rice prices was observed as demand fell with the end of the festive season. Other factors, such as the bumper harvest from the second season, might also explain the observed changes. As the

lean season approaches and high fuel prices continue, there is likely to be a continued increase in the price of both rice and maize in most of the countries in the region in the coming months.

Data and Methodology

Data for wholesale and retail prices of rice and maize were from (1) Food Security Portal (FSP) by International Food Policy Research Institute for Uganda and Tanzania, (2) Kenyan Market Information System sourced from the Ministry of Agriculture Livestock Fisheries and Co-operatives for Kenya, (3) Bank of Uganda for daily exchange rates, and (4) e-SoKo for Rwanda. The data for markets in Kenya and Rwanda were collected in local currencies, measured in Kshs/Kg and Rwf/Kg, respectively, and were then converted to USD/MT. Furthermore, weekly and daily wholesale and retail prices were averaged across the markets in East Africa from October and November, and within-country comparisons of weekly and daily wholesale maize prices were carried out in selected countries to understand trend influencers in particular countries. In addition, weekly average wholesale and retail prices of maize and rice were analyzed over a span of six months from June to November to obtain a comprehensive evolution of the trends and patterns in the region amidst the COVID-19 pandemic.

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