FOOD SECURITY PORTAL FACILITATED BY IFPRI

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FOOD PRICE MONITOR: MAIZE AND RICE IN EAST AFRICA

DECEMBER 2023

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.

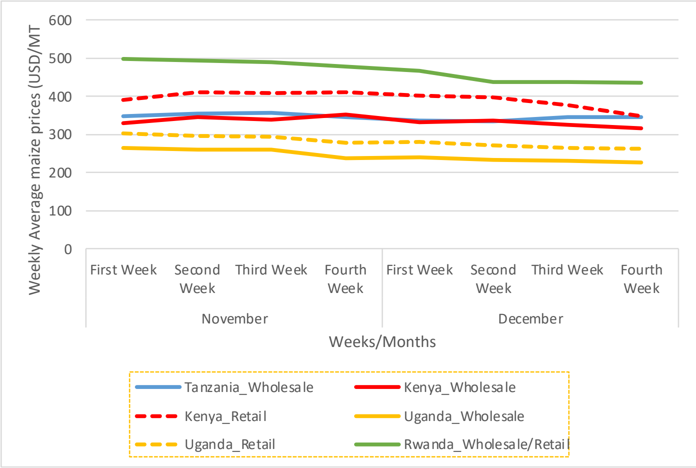
Highlights

- From November to December 2023, the wholesale and retail maize prices remained relatively stable in Tanzania and Uganda, and there was only a slight decline in Rwanda and Kenya. Rwanda had the highest prices for maize and Uganda had the lowest prices.
- From November to December, there was a decline in the average weekly wholesale and retail price of rice for all the countries. The retail price of rice was highest in Kenya and lowest in Uganda. The drop in prices of rice, including locally produced varieties such as Super, Kaiso, and Upland rice, can be attributed to the ongoing harvest season. Any pricing disparities between locally produced varieties are due to post-harvest handling including sorting and grading. Slight increases were observed from the third to the fourth week of December due to festivities around the time when the demand for rice is high.

Changing Maize Prices in East Africa

The wholesale and retail maize prices in December remained relatively stable in Tanzania and Uganda, and there was only a slight decline in Rwanda and Kenya (Figure 1). The wholesale price of maize was also highest in Rwanda and lowest in Uganda, although prices in Rwanda were much lower in December than in November.

Figure 1: Average wholesale and retail price of maize in East Africa (December 2023)

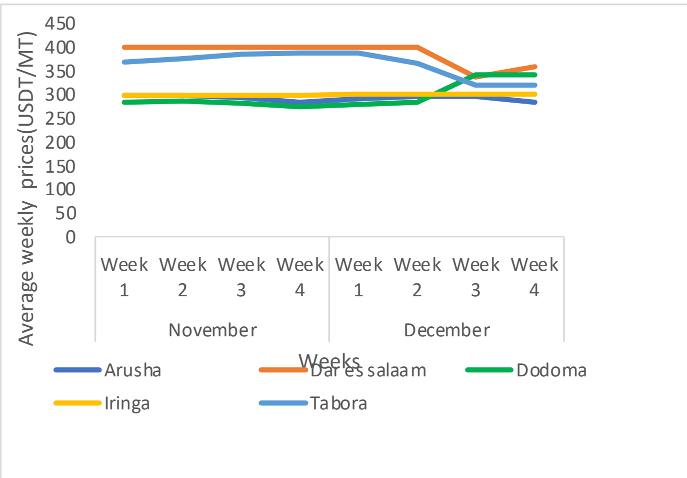


Source: Authors' construction using data from FSP (for Uganda and Tanzania), Ministry of Agriculture Livestock and Fisheries (for Kenya), and e-SoKo (for Rwanda).

Tanzania

In Tanzania, there was also a decline in the average monthly wholesale price for Maize of 3.2 per cent from November to December influenced by a diminished demand resulting from Kenya's prohibition on maize imports, heavy rainfall and unfavorable weather conditions (FAO, 2024). Within the domestic markets, the average weekly wholesale prices seemed to converge from the first to the second week although the prices remained relatively high in the big cities of Dar es Salam, Arusha and Dodoma. The wholesale prices remained relatively stable in Iringa.

Figure 2: Average weekly wholesale prices of maize in selected markets in Tanzania (December 2023)



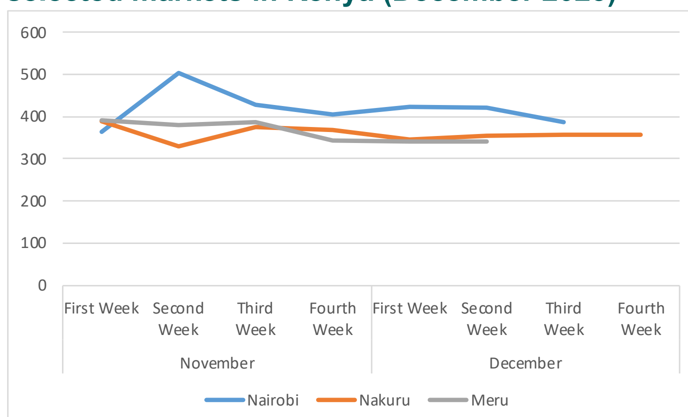
Source: Authors' construction using data from the Ministry of Investment, Industry, and Trade

Kenya

In Kenya, there was also a general decline in the wholesale and retail price of Maize from November to December. The average wholesale price of Maize in November was 341 USD/MT compared to 328 USD/MT in December. Still, the average retail price was higher in November at 405 USD/MT compared to, 380 USD/MT in December. There have been efforts by the Government of Kenya to buffer the Strategic Food Reserve to stock maize by purchasing from the farmers[1]. There was also an overall decline in the price of Maize in December in Kenya because of the increased maize stock from the October to December harvests (Relief Web, 2024).

Within Kenya, the different domestic markets experienced varying price trends over December (Figure 3). The prices were generally highest in Nairobi compared to the Nakuru and Meru markets. In Nairobi, prices started relatively high in the two weeks and then decreased gradually over the subsequent weeks. In Nakuru, prices declined from the last week of November to the first week and then levelled off until the end of the month. Maize remains an important staple food in Kenya and its price has a bearing on the cost of living of Kenyans. Over the years, Kenya has relied on additional supply from the importation of maize from neighboring countries like Uganda. In 2022 and 2023, Kenya increased its imports of maize by 190.2 percent which is more than 520,000 tonnes, in 2021 imports increased by 213,053 tonnes, and in 2020, the imports increased by 44,689 tonnes[2]. However, in mid-2023, the Government of Kenya barred further imports in the season due to increased production partly because of farmer's access to subsidized fertilizer.

Figure 3: Average weekly retail prices of maize in selected markets in Kenya (December 2023)



Source: Authors' construction using data from the Ministry of Agriculture Livestock Fisheries and Cooperatives

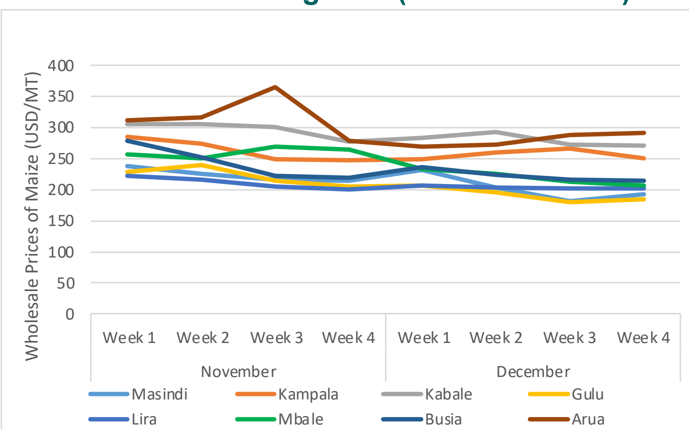
[1] https://www.businessdailyafrica.com/bd/markets/commodities/maize-prices-fall-12-7pc-on-better-local-harvests--4524088

[2] https://www.millingmea.com/maize-prices-in-kenya-drop-13-on-increased-production-in-2023/

Uganda

In Uganda, there was a general price decline for both wholesale and retail prices of maize between November and December 2023. The Average wholesale price of maize was 239 USD/MT in November, higher than the average wholesale price of 232 USD/MT in December. Similarly, the retail wholesale price was 277 USD/MT in November higher than 270 USD/MT in December. The price of maize also declined in several markets except for Kampala and Arua (Figure 2). The lowest prices were in Gulu, Masindi, and Lira markets. Gulu and Masindi districts are maize-producing districts, but prices were high in Kampala and Kabale due to transportation costs although there was only a slight increase in the price of fuel in Kampala[3]. The price decline is explained by the high availability of maize supplies from the October-December harvest (Relief Web, 2024).

Figure 4: Average weekly retail prices of maize in selected markets in Uganda (December 2023)



Source: Authors' construction using data from the Daily Traders Market Survey

Rwanda

In Rwanda, the wholesale price of maize was lower in December than in November. The wholesale price of maize in Rwanda was reduced by six per cent from USD 466 USD /MT to 438 USD/MT. The price were also relatively stable in the last two weeks of December. The prices declined because of sufficient domestic availability of maize from the previous harvest and the upcoming 2024 harvest in January (FAO, 2024).

Comparison of wholesale and retail maize prices in East Africa

Maize's average monthly wholesale and retail prices declined between November and December by between 3.2 per cent to 10.3 per cent (Table 1). Uganda and Rwanda experienced a relatively higher percentage decline by 10 per cent and nine percent, respectively than Kenya and Tanzania. The decline in prices in Rwanda and Uganda is also aligned to the decline in the monthly consumer price index for Rwanda which decreased by 4.4 per cent between November and December (Rwanda National Institute of Statistics, 2023).

Table 1: Changes in average monthly retail and wholesale price of maize in East Africa for November and December

Commodity	Country	Market Levels	Monthly Average Prices November 2023 (USD/MT)	Monthly Average Prices December 2023 (USD/MT)	Monthly % Change	Trend
	Kenya	Retail	405	380	-6.6	▼
	Uganda	Retail	292	270	-8.1	▼
	Rwanda	Retail	489	444	-9.2	▼
	Kenya	Wholesale	341	328	-4.0	▼
	Uganda	Wholesale	256	232	-10.3	▼
	Rwanda	Wholesale	489	444	-9.2	▼
Maize	Tanzania	Wholesale	351	340	-3.2	▼

▼ = Decrease ▲= Increase ► = Constant

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)

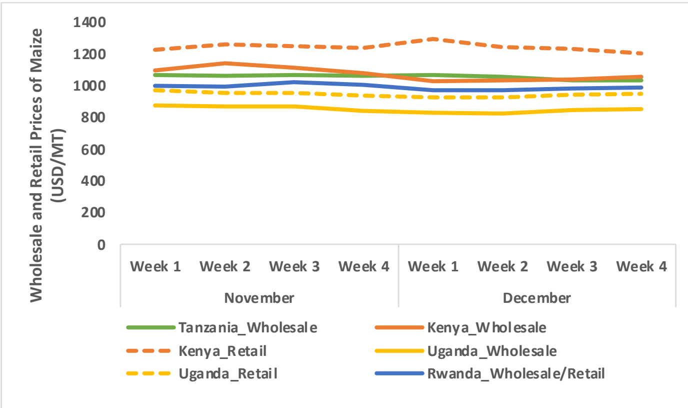
Changing Rice Prices in East Africa

From November to December, there was a decline in the average weekly wholesale and retail price of rice for all the countries (Figure 5). The retail price of rice was highest in

[3] https://www.newvision.co.ug/category/business/ugandas-annual-inflation-at-28-says-ubos-NV_180166

Kenya and lowest in Uganda. Slight increases were observed from the third to the fourth week of December due to festivities around the time when the demand for rice is high.

Figure 5: Weekly average wholesale and retail prices of rice in East Africa (November-December 2023)



Source: Authors' construction using data from RATIN (for Uganda, Tanzania, and Rwanda), and the Ministry of Agriculture and Livestock for Kenya

Table 2, shows the monthly average retail and wholesale percentage changes in the price of rice in November and December. All the countries experienced a decline in price from November to December. Kenya had the highest decline in wholesale prices at 6.2 per cent. In Uganda, the wholesale price lowered by 3.1 per cent while the retail price declined by 1.8 per cent. In Rwanda, the price of rice was reduced by 2.7 per cent and lastly, in Tanzania, the price was reduced by 1.6 per cent.

Table 2: Monthly retail and wholesale prices changes of rice in East Africa (December 2023)

Commodity	Country	Market Levels	Monthly Average Prices November 2023 (USD/MT)	Monthly Average Prices December 2023 (USD/MT)	Monthly % Change	Trends
	Kenya	Retail	1244	1246	0.2	▲
	Uganda	Retail	955	938	-1.8	▼
	Rwanda	Retail	1007	980	-2.7	▼
	Kenya	Wholesale	1109	1041	-6.2	▼
	Uganda	Wholesale	866	838	-3.2	▼
	Rwanda	Wholesale	1007	980	-2.7	▼
Rice	Tanzania	Wholesale	1066	1049	-1.6	▼
	▼ = Decrease			▲= Increase	► = Constant	

Source: Authors construction using data from the Ministry of Investment, Industry and Trade for Tanzania, eSoKo for Rwanda and Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya and Daily Market Traders Survey for Uganda

In Tanzania, the price of rice decreased from the first to the second week, with a minor increase in the third week. The average price was 1049 USD/MT in December down from, 1066 USD/MT in November. Particularly, from the first to the second week, there was a slight decrease in the wholesale price of maize by 0.5 per cent from 1069 USD/MT to 1055 USD/MT. From the second to the third week, the wholesale price decreased by 1.9 per cent from 1055 USD/MT to 1035 USD/MT and then from the third to the fourth week, there was a slight increase in the wholesale price by 0.1 from 1035 USD/MT to 1036 USD/MT. Overall, the price changes exhibited a general downward trend.

In Uganda, the monthly average wholesale and retail prices decreased from 980 USD/MT to 838 USD/MT and 955 USD/MT to 938 USD/MT respectively. There was a slight decrease in wholesale and retail prices from the last week of November to the first and second week of December. Thereafter, prices increased slightly partly because of the festive season where the consumption of rice is high. The drop in prices of rice, including locally produced varieties such as Super, Kaiso, and Upland rice, can be attributed to the ongoing harvest season. Any pricing disparities between locally produced varieties are due to post-harvest handling including sorting and grading.

In Rwanda, the average monthly price decreased from 1007 USD/MT in November to 980 USD/MT in December. Specifically, from the first to the second week, the price remained relatively stable with a slight decrease in prices from

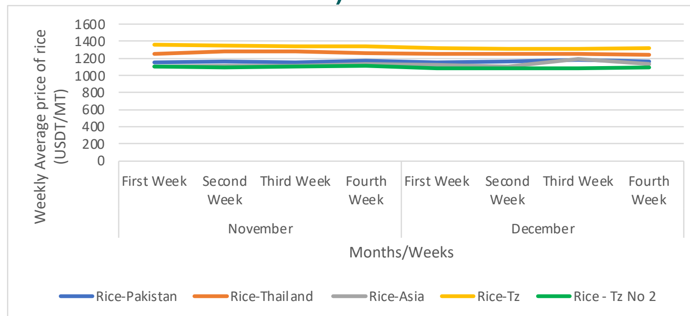
974 USD/MT to 973 USD/MT. Prices also remained relatively stable from the second to the third week, increasing slightly by 1 per cent to 983 USD/MT. There was a slight increase of 0.5 percent in prices from the third to the fourth week, rising to 988 USD/MT. However, these changes are relatively small, suggesting stability in the market during the observed period. The small decline in price could be explained by the small reduction in inflation by 2.5 per cent every month from December 2023 to November 2023. (National Institute of Statistics Rwanda, 2023).

In Kenya, there was a slow decline in wholesale prices throughout the month while retail prices witnessed some decline and increase in prices in Kenya. The wholesale price was reduced by 4.6 percent from the last week of November to the first week of December from 1082 USD/MT to 1032 USD/MT. It then reduced slightly by 0.3 percent to 1036 USD/MT in the second week, slightly increased to 1039 USD/MT in the third week, then increased by 1.5 to 1055 USD/MT in the last week. However, the retail price increased by 4.5 per cent from 1239 USD/MT in the last week of November to 1295 USD/MT in the first week of December, then decreased thereafter. Reduction in price is attributed to the reduction in fuel costs in mid-December (Energy and Petroleum Regulatory Authority, 2023)

Besides domestic production, East African countries also import rice from Tanzania, Pakistan, Thailand, and many other countries. The price of imported rice in the region is affected by several other factors, including the changes in the exchange rates, the presence of non-tariff barriers and global factors associated with production disruptions due to climatic changes and trade restrictions.

Figure 6 shows the trends in the weekly average wholesale and retail prices of imported rice varieties in Rwanda. Rwanda imports rice from Tanzania of two varieties, rice from Thailand, Pakistan rice and rice from Thailand. The highest-priced rice is the first variety from Tanzania followed by rice from Thailand, Pakistan rice and lastly the second variety from Tanzania Generally the prices remained relatively stable for all the imported rice varieties from November to December. From the second week of December to the last week, there was an increase in the price of Asian rice which may be due to the setting of festivity seasons.

Figure 6: Weekly average wholesale and retail prices of imported rice varieties in Rwanda (November-December 2023)



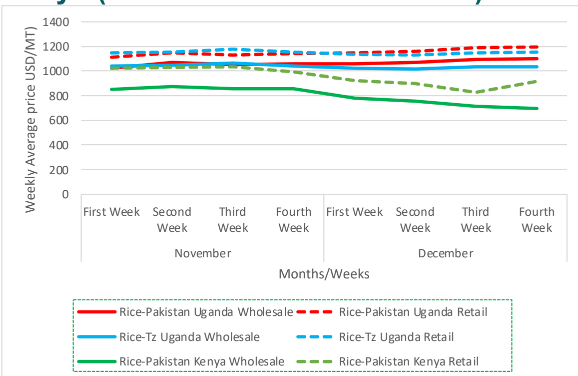
Source: Author's construction using data from, eSoKo for Rwanda of the Ministry of Agriculture

In Uganda, both wholesale and retail prices showed moderate fluctuations in the wholesale and retail price of imported rice varieties throughout November and steadily increased throughout December (Figure 7). There are no differences in both Pakistan and Tanzania retail prices, however, in the later weeks of December, the wholesale price of Pakistan rice was slightly higher than the wholesale price of Tanzania rice probably due to increased consumption following the festive season. The price of imported rice varieties in Uganda remained relatively stable in the first weeks and then gradually increased in the later weeks. The newspaper reported a rise in rice prices from -1.7 in November to 1.3 per cent in December[4]

Kenya had the lowest price of Pakistan rice in December which declined from the fourth week of November to the last week (Figure 7). The decline in the price of Petrol and Diesel by 5 Kenya shillings and 2 Kenya shillings respectively in Kenya which reduced transport and inflation costs (Energy and Petroleum Regulatory Authority, 2023) could explain the decline in Pakistan rice in Kenya. The decrease may also be due to increased exportation by countries such as Pakistan and Thailand as reported in

[4] https://www.monitor.co.ug/uganda/business/markets/uganda-s-annual-inflation-closes-2023-at-4-6-percent-4482620

Figure 7: Weekly average wholesale and retail prices of imported rice varieties in Uganda and Kenya (November-December 2023)

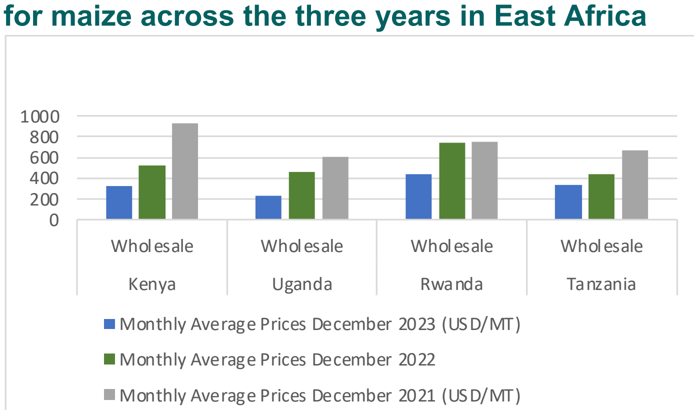


Source: Author's construction using data from Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya and Daily Market Traders Survey for Uganda

Summary and Future Outlook

The trends in the wholesale price of maize have generally been declining when we make comparisons of the average monthly price of maize in December in 2021, 2022 and 2023 across all the countries (Figure 3). The wholesale price of maize was highest in December 2021, followed by 2022 compared to the same month in 2023. High fuel costs in 2021 and 2022 and lower production emanating from the Russia-Ukraine war that impacted fertilizer prices affected production and the overall price. In Rwanda for example, more than 508,000 tonnes of maize were produced in 2023 compared to the 458,500 tonnes of maize produced in 2022 as reported by the National Institute of Statistics of Rwanda (NISR)5 seasonal agriculture survey 2023. The high production in 2023 was majorly due to the favorable weather conditions.

Figure 8: A comparison of average wholesale price for maize across the three years in East Africa



From November to December 2023, the wholesale and retail price of maize and rice continued to decline especially in Uganda. Similarly for rice, there was a decline in the price of domestic rice across all the countries except for Tanzania. The future outlook of the price trends in the region is influenced by several factors;

First, declining fuel prices which reduce the transportation costs of maize from producing areas might be a factor in decreasing the price of maize or keeping it stable. The Government of Kenya capped the maximum allowed petroleum price for super petrol, diesel and kerosene to Kshs.5 per litre, Kshs. 2 per litre and Kshs. 4.01 per litre respectively following the decrease of the landed cost of imported fuel by 16.11 per cent, 5.43 per cent and 6.63 per cent.

Secondly, restricted markets to export maize and rice will affect the domestic prices. For example, Malawi on December 22nd announced a ban on unmilled maize imports from Kenya and Tanzania over concerns of the spread about maize lethal necrosis disease (The East African, 2023). The ban might increase the supply of maize within the domestics markets which further reducing the prices.

Third; continued Government interventions in the market to minimize price volatility. Prices are likely to largely remain constant in Tanzania as the Government intervenes in the maize market through Government purchases of maize at a predetermined announced price. The Government has already announced the second phase of its maize purchasing program to purchase Maize at Tsh 700 (US$2.90) per kilogram rather than the prevailing price of Tsh 500 per Kilogram (Muchoki, 2023). The first phase started in June 2023 and concluded in December 2023 whereby the government disbursed a total of Tsh 194 billion (US$80 million) to maize producers across the country (Muchoki, 2023)[6].

Lastly, declining prices of maize in some of the countries such as Uganda is likely to discourage farmers from further producing maize in the subsequent seasons as they opt for alternative crops with more favourable economic returns. This shift in agricultural preferences could have broader implications on the production of the crop and price in the future.

[5] https://www.newtimes.co.rw/article/13917/news/agriculture/new-maize-prices-excite-farmers

[6] https://kilimokwanza.org/tanzanian-government-launches-second-phase-of-maize-purchases-to-bolster-market-and-ensure-food-security/

Internationally, there is a decline in crude oil prices, from 77.6 US Dollars to 74.4, which has also translated to a decrease in fuel prices across East African countries. However, this positive impact on transportation costs may be offset by the weakening of local currencies against the US Dollar, a trend observed uniformly across the East African region in December. It is therefore unlikely that future price trends may decline due to the corresponding decline in transport costs.

Data and Methodology

Data for wholesale and retail prices of rice and maize for Uganda and Tanzania were obtained from the (1) Food security Portal (FSP)[7] facilitated by the International Food Policy Research Institute, (2) Kenya Market Information System [8] sourced for the Ministry of Agriculture Livestock Fisheries and Co-operatives (MALF) for Kenya, and e-Soko (3)[9] for Rwanda. Also, we maintain that the data source for commodity prices for Rwanda neither indicates whether the prices are retail or wholesale. Further, the data for Kenya and Rwanda were collected in the local currencies, measured in Kshs/Kg and Rwf/Kg, and converted to USD/MT. Additionally, we averaged the weekly and daily wholesale and retail prices of maize and rice across the markets for each country in East Africa while drawing comparisons between January and February. We also analysed within-country weekly average wholesale prices of maize in selected markets of Uganda and Kenya. We also computed monthly average changes in rice wholesale and retail prices between January and February for the East African region to quantify any changes in the two periods. Finally, we constructed graphs of wholesale and retail prices of domestically produced and imported rice for Uganda and Rwanda.

7 The Food Security Portal data for East African countries is from the Regional Agricultural Trade Intelligence Network (RATIN) and is available at food price monitoring Africa weekly average - dataset - ckan (foodsecurityportal.org)

8 Ministry of Agriculture Livestock Fisheries and Co-operatives, Kenyan Market Information System. Data available via http://amis.co.ke/site/market/900?product=1&per_page=100

9 e-SOKO price data is available from the Ministry of Agriculture and Animal Resources of the Republic of Rwanda: http://www.esoko.gov.rw/esoko/Dashboard/Login.aspx?DashboardId=4&dash=true&Login=true

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About the authors

Annet Adong: Center for Development Research, University of Bonn Germany

Ronald Ochen and Jolly Achola: Makerere University, Kampala Uganda

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