FOOD SECURITY PORTAL FACILITATED BY IFPRI

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FOOD PRICE MONITOR: KENYA

JUNE 2023

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

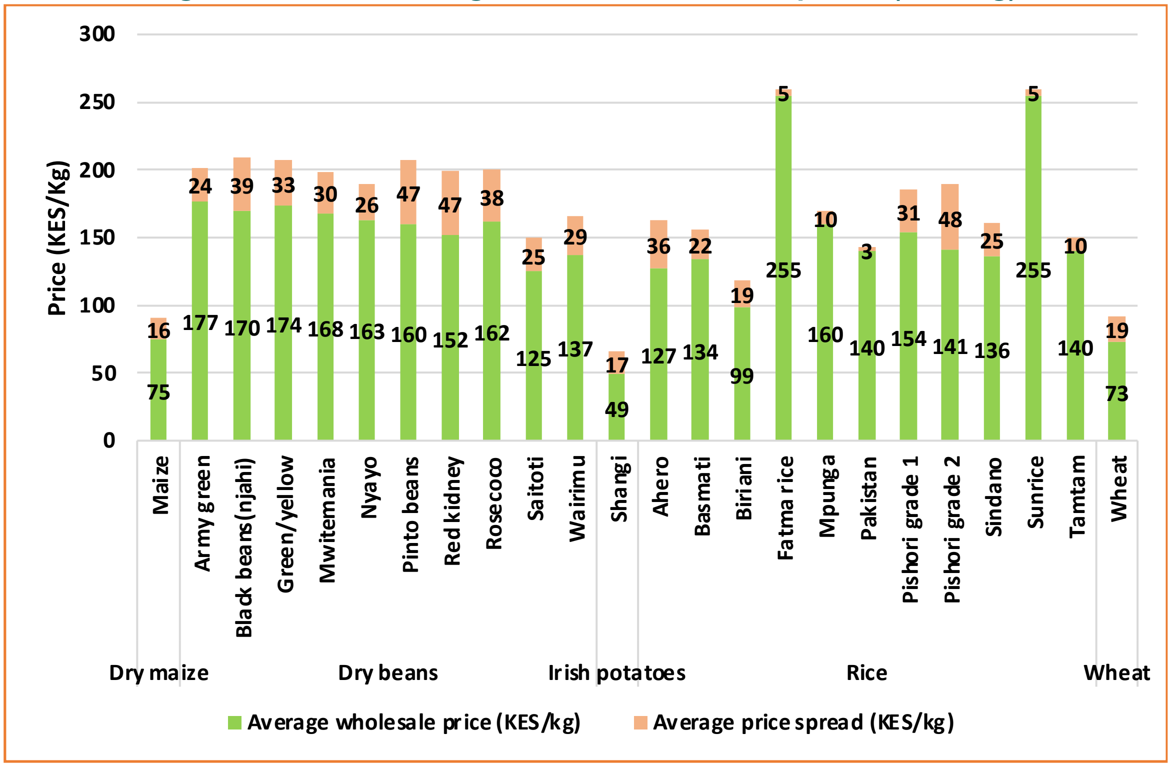
Highlights

- The observed discrepancies in wholesale and retail pricing margins can be attributed to low productivity, market forces, high fuel and transportation costs, the availability of intermediaries, and increasing local demand;
- The observed price variation for beans and maize in various regions June be explained by supply and demand market forces, many middlemen, high transportation costs caused by increased fuel prices, and muddy roads during the rainy season in June;
- Due to seasonality, Irish potato production has significantly decreased, with the bulk of growing regions harvesting the food product between May and June, resulting in a surplus.
- The rising cost of rice is a result of production costs and climate change;
- Wheat prices were high because of the prolonged dry weather, high input costs, and increased demand brought on by shortage.

Overall Wholesale and Retail Prices for June

Figure 1 displays the average wholesale and retail prices for maize, beans, potatoes, rice, and wheat in the main Kenyan marketplaces in June 2023. A few commodities, predominantly rice, saw reduced price margins of 2% to 7%. These were Tamtam (7%), Pakistan and Sunrice (2%), Mpunga (6%), and Fatma (2%). For many commodities, most dry bean varieties showed price margins between 14% and 23%, dry maize (21%), and certain rice varieties saw price margins between 16% and 20%. Ahero rice (28%), wheat (26%), and pinto beans (29%), among other commodities, saw price margins of between 26% and 29% in the same period. Several commodities saw higher price margins of between 31% and 35%, including red kidney beans (31%), Shangi potatoes (35%), and Pishori grade 1 rice (34%). Several variables, such as below-average production seasons, high fuel, and transportation costs, availability of middlemen and increased local demand, can be linked to the observed differences in wholesale and retail pricing margins. June saw an increase in the price of food items due to high input and fuel costs, decreased local output, and high import prices. (Nation Africa Newspaper, June 2023).

Figure 1: Overall average wholesale and retail prices (KES/Kg)



Source: Daily Market Survey for the month of June 2023

Wholesale and Retail Commodity Prices

There were many different types of dry beans noted across areas, but only Wairimu, green/yellow, and black beans were prevalent in all the chosen regions. Other prevalent beans by region included Rosecoco, which was present in all except the Mombasa region, and Nyayo beans, which was present in all but the Nyeri region (see Table 1). For instance, Saitoti was available only in Mombasa, Army green beans were only available in Eldoret, Mombasa, and Nyeri, and Mwitemania was only available in Eldoret, Nakuru, and Nyeri. Except for Saitoti beans, Eldoret reported most of the accessible bean kinds, whereas Kisumu, Nakuru, and Nyeri recorded the majority. Major bean-producing regions surround Eldoret, Nyeri, and Nakuru, while Kisumu borders the western Busia and Bungoma counties, which produce beans. As anticipated, retail prices for all bean kinds were higher than wholesale costs. Eldoret and Kisumu areas exhibited higher retail costs for most bean varieties when compared to the country's wholesale average prices. The observed price variance can be related to scarcity, market variables such as supply and demand, middlemen's availability, high transportation costs owing to rising fuel prices, and muddy roads during the June rainy season.

Dry maize showed higher wholesale prices in Eldoret (84KES/kg), Nairobi (79KES/kg), and Nyeri (76KES/kg) compared to the national average wholesale and retail prices of 75KES/kg and 91KES/kg. Retail prices in Eldoret, Kisumu, and Nyeri, were 110KES/kg, 98KES/kg, and 100KES/kg respectively. Nairobi's market is representative of urban buyers, but Kisumu's market is sizable and situated in a region with low agricultural production. High wholesale and retail pricing are a result of factors including high transportation costs, the use of middlemen, and market dynamics such as strong demand and short supply.

Irish potatoes recorded significantly higher prices in Nairobi (81KES/kg) compared to the national average wholesale price of 49KES/kg. Similarly, Nakuru, Kisumu and Nairobi showed highly significant retail prices of 75KES/kg, 76KES/kg and 93KES/kg respectively, compared to the national average price of 66KES/kg. High demand and scarcity of the commodity due to its perishable nature, availability of intermediaries, high transportation costs due to higher fuel, and muddy roads during the wet month of June can all be blamed for price increases in populated towns. Irish Potatoes production has been growing rapidly due to increased growth in the fast-food industries. Due to the booming fast-food industry, Irish potato output has been increasing rapidly. The increase in prices of agricultural inputs including seeds, herbicides, and fertilizers, which recently shot up, has been largely blamed for the high cost of production (Soko Directory, June 2023).

All regions had Pishori rice in common, but Kisumu had Ahero rice and Mombasa had Tamtam, Mpunga, Fatma, Sunrice, and Tamtam rice. Apart from Kisumu and Mombasa, all areas had basmati rice, a nonaromatic kind. Pishori grade 1 rice varieties had increased wholesale prices across all areas, apart from Nakuru. Climate change and production costs are to blame for the high cost of rice. High rice prices in different regions are a result of high input and fuel costs, decreased local output, and high import prices (Nation Africa Newspaper, June 2023).

Compared to the national average wholesale price of 73KES/kg for dry wheat, Eldoret (75KES/kg), Kisumu (90KES/kg), and Nyeri (70KES/kg) had high wholesale prices for wheat. Aside from Mombasa and Nakuru, most regions had much higher retail costs than the 92KES/kg national average. Due to dry weather, high input costs, and increased demand brought on by scarcity wheat prices were high.

Table 1: Average wholesale and retail prices (kes/kg) by region for June

Product	Variety	Average wholesale price (KES/Kg)						Average retail price (KE		
		Eldoret	Kisumu	Mombasa	Nairobi	Nakuru	Nyeri	Eldoret	Kisumu	Mo
Dry beans	Army green	173		180			178	200		185
	Black beans(Njahi)	206	143	160	172	174	165	235	235	170
	Green/yellow	173	184	165	171	176	176	200	249	170
	Mwitemania	219				150	134	255		
	Nyayo	200	152	165	155	144		220	222	170
	Pinto beans	170	166				141	200	230	
	Red kidney	200	151			105		210	233	
	Rosecoco	171	161		158	160	158	200	231	
	Saitoti			125						150
	Wairimu	149	149	135	129	125	137	160	221	140
Dry maize	Maize	84	66	75	79	71	76	110	98	75
Irish potatoes	Shangi	37	42	44	81	43	44	41	76	61
Rice	Ahero		127						163	
	Basmati	108			139	147	142	130		
	Biriani			100		98				110
	Fatma rice			255						260
	Mpunga			160						170
	Pakistan		140						143	
	Pishori grade 1	175		175	178	116	163	200		180
	Pishori grade 2	128	153					150	228	
	Sindano	134		145	97	148	142	160		150
	Sunrice			255						260
	Tamtam			140						150
Wheat	Wheat	75	90	60	72	64	78	96	99	75

Source: Daily Market Survey for the month of June 2023

Wholesale and Retail Price Trends by Region

Between week one and weeks two through five, there were differences in weekly prices among regions. Eldoret reported a range of results, including rising, falling, and stable prices, with most commodities exhibiting steady pricing. Prices for all kinds of dry beans, dry maize, and rice were constant. When prices from week 1 were compared to prices from week 5, Shangi Irish potatoes saw decreases in wholesale and retail prices of 54% and 50%, respectively. Dry wheat showed 5% and 11% higher wholesale and retail prices, respectively. Due to a plentiful supply of the product, potato prices have fallen during the past two months across most part of the producing regions of the country including places close to Eldoret (Soko Directory, June 2023).

Similar disparate results were observed in Kisumu, where most food products showed stable wholesale pricing and a small number showed rises and falls. Retail prices for the majority of accessible dry bean types (Black beans, green yellow, red kidney, and Rosecoco), dry maize, Ahero, and Pakistan rice varieties were stable between weeks 5 and 1. Beans such as Nyayo beans (1.5%), Pinto beans (13%), Wairimu beans (7%) and Pishori grade 2 rice (0.1%) also saw rises in wholesale prices. Given that Kisumu is a place with limited agricultural production, these increases can be attributable to seasonality, the existence of middlemen, and high demand. Prices for Shangi Irish potatoes decreased by 31% and 45% at the wholesale and retail levels, respectively. This can be attributed to seasonality and the commodity's accessibility in the adjacent producing regions.

According to a comparison of wholesale and retail prices in Mombasa between weeks 1 and 5, only Shangi Irish potatoes showed a drop in price. Most commodities showed no change in price. All available varieties of dry beans, dry maize, all types of rice, and dry wheat all had consistent wholesale and retail pricing. Due to the availability of food items from nearby producing areas as well as imports from neighboring nations like Tanzania, Uganda, and Pakistan, prices have remained stable or even decreased.

Nairobi, a populous city, and non-producing region, saw a range of results, with most commodities seeing rising wholesale and retail prices and only a few having stable or falling prices. The wholesale prices of all readily available dry beans jumped by 7% to 25%, while Sindano rice had a 2% increase. This is a result of low supply, high demand, the presence of intermediaries, rising fuel costs, and high transportation costs. While the wholesale prices for dry wheat, basmati, and Pishori grade 1 remained unchanged, the prices for Shangi Irish potatoes decreased by 12% and 15%, respectively. Crop surpluses in the country's and its neighboring countries' producing areas are attributed to this.

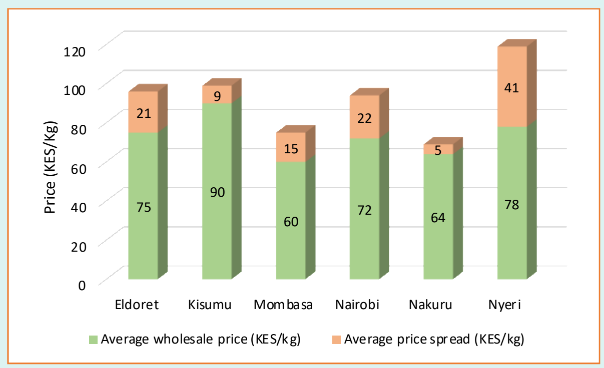
In Nakuru, a price comparison between week 5 and week 1 revealed divergent results, with prices for several items rising, falling, or remaining stable. Products including dry beans (green yellow, Mwitemania, Nyayo, and Rosecoco), dry maize, and Pishori grade 1 exhibited consistent wholesale pricing. Wholesale prices for Sindano rice and Wairimu beans both climbed by 1%. Black beans (7%), Red kidney (6%), Shangi Irish potatoes (24%), Basmati rice (3%), and Biriani rice (22%) all had decreased wholesale costs.

FOCUS ON WHEAT ACROSS SELECTED REGIONS

After maize, wheat is the second most important cereal crop farmed in Kenya. Wheat food items (breakfast, cake, cereals, etc.) are currently more often consumed nationwide than maize. Depending on the type, wheat grows best at altitudes between medium and high. Additionally, it favors cold temperatures and moderate rainfall. The soil needs to be rich, well-drained, and loamy. In Kenya, wheat is farmed in Narok, Nakuru, Uasin Gishu, Trans Nzoia, and Nanyuki, among other places. Following Narok in terms of output is Nanyuki. The planting season starts from February to early April, during the long rains. In Mau Narok and Uasin Gishu, highland wheat (and barley) is farmed. Due to the prolonged rains, the planting season there begins considerably later, in July or August. The region of production and disease resistance, amongst other variables influence the variety chosen.

During June 2023, wheat recorded higher prices across regions (Figure 2). Wholesale prices averaged 73 KES/kg, while retail prices averaged 92KES/kg. Eldoret, Kisumu and Nyeri saw higher wholesale and retail prices and Nyeri recorded exorbitantly higher retail prices of 119KES/Kg. Increased demand, a global shortage of the good, and high import costs brought on by the shilling's devaluation versus the dollar are all factors contributing to increased pricing. The growing mechanization and automation of large-scale agriculture results in an increase in the direct energy consumption required to produce wheat (Simon Kucher, 2023).

Figure 1: Average wholesale and price spread of wheat (KES/kg) in selected regions



Source: Daily Market Survey for the month of June 2023.

When comparing prices from week 5 to week 1, Nyeri saw price stability, reductions, and increases. Black beans (2%), Wairimu beans (5%), dry maize (2%), and Shangi Irish potatoes (with outrageous decreases in retail and wholesale prices of 52% and 64%, respectively) were among the food items that exhibited a fall in retail prices. The cost of Rosecoco, basmati, and Sindano rice remained steady. Dry wheat received a 1% price rise, Mwitemania beans saw a 6% price increase, while Pinto beans and Pishori rice each saw a 2% price increase at the retail level. Seasonality, competitive forces, and the accessibility of intermediaries all contribute to variations in wholesale and pricing patterns in the region.

Prices for Irish potatoes across areas showed a considerable decline in both wholesale and retail. The wholesale pricing margins in Nyeri, Mombasa, and Eldoret were substantially greater at 64%, 56%, and 54%, respectively. Irish potatoes have experienced a considerable fall because of seasonality, with the majority of producing areas harvesting the food item between May and June, creating a glut. According to Soko Directory's June 2023 report, potato prices have decreased in most regions of the nation over the past two months, with a 50-kilogram bag typically costing 3,000 shillings

Comparison of National Average Prices between May and June

The wholesale and retail prices for most commodities are stable or declining, with a few exhibiting a minor increase, according to a comparison of overall prices (national averages for all commodities) for May and June 2023 (Table 2). Most commodities had stable retail and wholesale price (between 3% and -1%) and price decreases (between -1% and -5%). Shangi Irish potatoes saw significant decrease in wholesale and retail prices of 41% and 38% respectively. Due to availability of food commodities from various producing areas as well as imports from surrounding East African nations and beyond, the wholesale and retail prices for most commodities between May and June were steady or even decreased.

Table 2: Comparison of May and June prices

Product	Variety	Average Wholesale Price (Kes/Kg)			Average Retail Price (Kes/ Kg)		
		May	June	Percentage change	May	June	Percentage change
Dry maize	Maize	72	75	4%	90	91	1%
Dry beans	Army green	171	177	3%	203	201	-1%
	Black beans (Njahi)	172	170	-1%	205	209	2%
	Green/yellow	168	174	3%	201	207	3%
	Mwitemania	169	168	-1%	199	198	-1%
	Nyayo	159	163	2%	186	189	2%
	Pinto beans	160	160	0%	202	207	2%
	Red kidney	160	152	-5%	194	199	3%
	Rosecoco	157	162	3%	192	200	4%
	Saitoti	125	125	0%	150	150	0%
	Wairimu	137	137	0%	163	166	2%
Irish potatoes	Shangi	69	49	-41%	91	66	-38%
Rice	Ahero	120	127	6%	160	163	2%
	Basmati	136	134	-1%	153	156	2%
	Biriani	101	99	-2%	120	118	-2%
	Fatma rice	255	255	0%	260	260	0%
	Mpunga	160	160	0%	170	170	0%
	Pakistan	140	140	0%	140	143	2%
	Pishori grade 1	150	154	3%	186	185	-1%
	Pishori grade 2	141	141	0%	185	189	2%
	Sindano	134	136	1%	157	161	2%
	Sunrice	255	255	0%	260	260	0%
	Tamtam	140	140	0%	150	150	0%
Wheat	Wheat	72	73	1%	86	92	7%

Key

<3 but >-1	**Stable**
<-1 but>-10	**Slight decrease**
<-10 but>-45	**Significant decrease**
>3 but <10	**Slight increase**

Source: Daily Market Survey for the month June 2023

FOCUS ON NAKURU REGION

Located in Kenya's Rift Valley, Nakuru is currently the county seat of Nakuru County. It ranks behind Nairobi, Mombasa, and Kisumu as Kenya's fourth-largest city. Like other rift valley cities, Nakuru has a moderate temperature all year long. The area has two rainy seasons, with the long rains occurring from March to May and the short rains occurring from October to December.

The three main sectors of the Nakuru economy are manufacturing, agriculture, and tourism. With numerous small farms and big agricultural operations, the area around the city is renowned for its enormous agricultural potential. Coffee, wheat, barley, maize, beans, and potatoes are the principal crops farmed in the area around Nakuru and sold there.

Food commodities in the region come directly from local farmers and from neighboring counties; Irish potatoes are acquired from Molo, Olkalau, Kinangop and Nyandarua County. Dry maize and beans are obtained from local producers (Trans Nzoia, Uasin Gishu, and Nandi) and traded with neighboring counties (particularly Uganda); rice comes from Mwea and neighboring Tanzania; and wheat comes from local farmers and from TransNzoia and Narok County. Prices for commodities are gathered from the Central Business District's wholesale and retail marketplaces, Bargain and Wakulima, respectively. The market complements the market in Nakuru-Top and services most of the surrounding sub-counties and counties in the area. Both the retail area and the wholesale market sell a variety of agricultural goods. The market is open every day of the week, starting at five in the morning. Due to the arrival of new goods, the market is most active between the hours of 6 and 9 am on Mondays and Saturdays.

Several commodities saw growing, declining, or unchanged prices in June. Products with constant wholesale prices included dry beans, dry maize, and Pishori grade 1. Reduced wholesale prices were seen for Shangi Irish potatoes (24%) Basmati rice (3%), and Biriani rice (22%). Due to the commodities' accessibility in the area and in the adjacent producing counties, prices of most food commodities have remained stable or even decreased.

Table 3: Average Retail and Wholesale Prices, Nakuru Region

Product	Variety	Average w/sale price (KES/Kg)					Total average w/sale price (KES/kg)	Total average retail price (KES/kg)
		Week 1	Week 2	Week 3	Week 4	Week 5		
Dry beans	Black beans(njahi)	183	179	170	170	170	174	176
	Green/yellow	175	175	181	175	175	176	182
	Mwitemania	150	150	150	150	150	150	150
	Nyayo	144	144	144	144	144	144	160
	Red kidney	110	109	103	103	103	105	153
	Rosecoco	160	160	160	160	160	160	161
	Wairimu	119	125	139	120	120	125	132
Dry maize	Maize	71	71	70	71	71	71	75
Irish potatoes	Shangi	50	47	47	38	38	43	75
Rice	Basmati	148	148	148	148	144	147	161
	Biriani	102	102	102	102	79	98	126
	Pishori grade 1	116	116	116	116	116	116	170
	Sindano	147	148	148	148	148	148	183
Wheat	Wheat	70	68	65	65	53	64	69

Source: Daily Market Survey for the month of June 2023.

Outlook for the Month of July

During the month of July, the following changes are expected:

- Prices of rice and wheat are expected to remain higher due to increased import cost, depreciation of Kenyan shilling, and high inflation rates;
- Due to increased availability when farmers harvest crops during the short rainy season, the price of beans and Irish potatoes is anticipated to decrease;
- General prices of food commodities are expected to increase due to high fuel costs hence the high cost of transportation, and marketing costs.

ABOUT THIS SERIES

The Food Security Portal (FSP), facilitated by the International Food Policy Research Institute (IFPRI), aims to improve food security for the world's poor and increase the resilience of global food systems against food and financial crisis. The project brings together international, regional, and country-level data, news, and research aimed at meeting countries' immediate food security needs and building long-term global food security. The FSP is designed to pool information in structured ways to ensure high-quality, timely, and relevant data and to provide the opportunity for collaboration among policymakers, development professionals, and researchers.

This report is part of the FSP's efforts to monitor country-level food prices in order to improve the governments' ability to respond to and prevent food crises. It presents monthly price trends and movements for key food commodities, including dry beans, dry maize, rice, wheat, and Irish potatoes, in selected major regions and markets in Kenya.

DATA COLLECTION AND METHODOLOGY

The study was conducted in the Mombasa, Nairobi, Nakuru, Eldoret, Kisumu, and Nyeri regions of Kenya. These regions comprise the key markets in major urban centers. The five selected commodities comprise the major staple foods in Kenya[1].

Data assistants, some of whom were traders, collected average daily wholesale and retail prices from the main markets of the selected regions. Data was collected daily for six days (Mondays to Saturdays) from stockists/wholesalers and traders in the morning hours.

During the last week of the month, the following qualitative data were captured:

- General observations on food prices during the month, including price variations and the lowest, highest, and prevailing wholesale and retail prices
- The source of food commodities and their availability throughout the month
- The effects of the COVID-19 pandemic, as well as government restrictions including curfews and cessation of movement, on food prices and availability (both supply and demand)
- Traders' adaptation strategies to the COVID-19 pandemic, including sourcing and selling

Additional secondary data was obtained from the Ministry of Agriculture, Kenya Government Food Security War Room (FSWR), Ministry of Agriculture Livestock and Fisheries (MoALF), and Regional Agriculture Trade Intelligence Network (RATIN).

[1] NB: While the report covers wheat, consumption of that commodity in Kenya is comprised mainly of wheat products (flours, pastries, and highly processed foods) rather than raw wheat itself.

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