FOOD PRICE MONITOR: MAIZE AND RICE IN EAST AFRICA

MAY 2024

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

- The East African region has experienced significant stability in both wholesale and retail prices of maize, which is attributed to various factors. These include an increase in supply due to bumper harvest experienced across the region, alongside government interventions like subsidies, and reduced taxes. While 2024 prices remain lower compared to those in 2023, the price of rice has not followed a similar pattern, especially in Kenya, where prices have reverted to levels seen in January 2023.

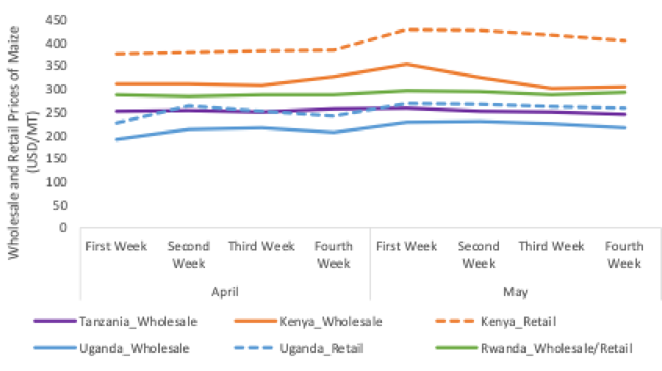
- Fluctuating exchange rates, especially for imported rice varieties, have played a pivotal role in influencing pricing dynamics. Additionally, restrictions on rice exports by India have further impacted the prices of specific imported rice varieties, such as Thai rice.

- Government interventions have also continued to shape the pricing landscape, especially in Rwanda and Tanzania. For instance, in Rwanda, the government's direct involvement in the purchase of maize, regardless of moisture content, has led to variable pricing based on moisture levels. These nuanced details shed light on the intricate interplay of factors influencing agricultural commodity prices in the region.

Changing Maize Prices in East Africa

In May, maize prices were generally higher compared to April, except for Rwanda and Tanzania where they remained stable throughout the month (see Figure 1). Kenya reported the highest prices, followed by Rwanda, Tanzania, and then Uganda, which had the lowest prices. Additionally, Table 1 shows that the average monthly price of maize in May 2024 was significantly lower than in the same month in 2023. The highest decline was observed in Kenya at 30% for wholesale and 37% for retail prices, followed by Rwanda at 38%, Tanzania at 43%, and Uganda at 48% for wholesale and 50% for retail prices. In Rwanda, prices of maize remained mostly stable in May due to adequate domestic availability (FAO, 2024, June). In Kenya, wholesale prices of maize continued to decrease seasonally in May as the secondary short-rains season harvest, gathered in February, increased market availability (FAO, 2024, June). In Tanzania, wholesale prices of maize were stable following the secondary season harvest concluded in February in northern and northeastern (FAO, 2024, May). In addition, increasing market supply in Tanzania from the ongoing above-average May to August harvest caused prices to decline in main producing areas and remain stable or decline slightly in consumption markets (FEWS NET, 2024, May a). However, in Uganda, maize prices began to decrease seasonally due to adequate domestic availability (FAO, 2024, May). Also, in Uganda, the imminent harvest and green consumption reduced prices of maize in most markets (FEWS NET, 2024, May a).

Figure 1: Average wholesale and retail price of maize in East Africa (April - May 2024)

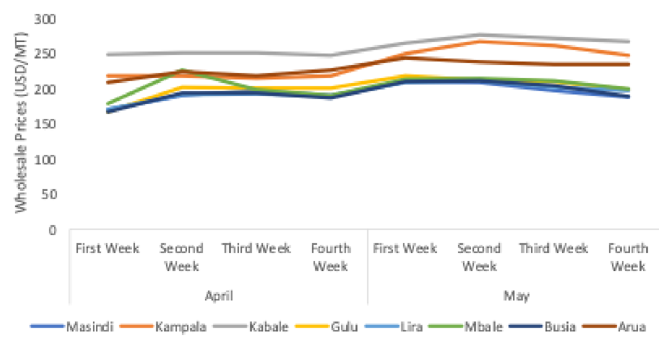


Source: Authors' construction using data from the Ministry of Investment, Industry and Trade for Tanzania, eSoKo for Rwanda Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya and Daily Market Traders Survey for Uganda

Uganda

Prices in selected markets in Uganda rose at the beginning of May but began to decline towards the end of the month (Figure 2). The price decline could be owed to adequate domestic availability from the bumper harvests of the second season (FAO, 2024, May). Kabale maintained the highest prices, followed by Kampala and Arua, while those in Mbale, Busia, and Masindi converged around almost the same mean. Despite this, Masindi markets recorded the lowest prices throughout April and May. As opposed to other districts, Masindi district is a production and commercial area for white maize (FEWS NET, 2024, May b). Additionally, in some markets, above-average harvests in Uganda exerted downward pressure on prices (FEWS NET, 2024, May a).

Figure 2: Average weekly wholesale prices of maize in selected markets in Uganda (April – May 2024)



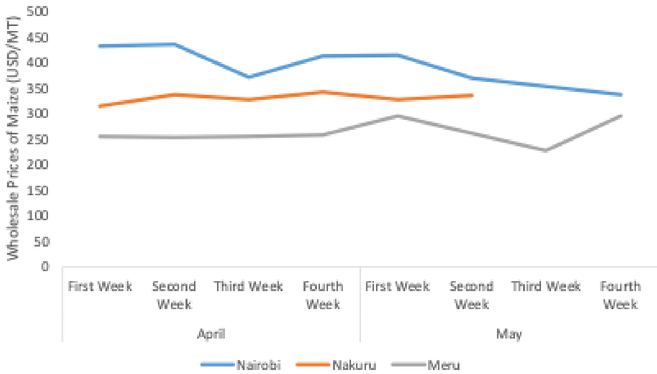
Source: Author's construction using data from the Daily Market Traders Survey for Uganda

Kenya

In May, the average weekly wholesale price of maize in various markets across Kenya experienced a decline when compared to the previous month, as shown in Figure 3. It is worth noting that Nairobi reported the highest prices, followed by Nakuru, and then Meru, where the prices were the lowest. The driving forces behind these maize price fluctuations in the selected markets are the heightened demand and the overall cost of living.

In contrast, while the market in Meru exhibited more price stability, they were the lowest compared to the Nairobi and Nakuru markets. This is due to a reduced demand for maize in households. This reduced demand could be influenced by factors such as alternative food options, dietary preferences, or even local production capabilities.

Figure 3: Average weekly retail prices of maize in selected markets in Kenya (April - May 2024)

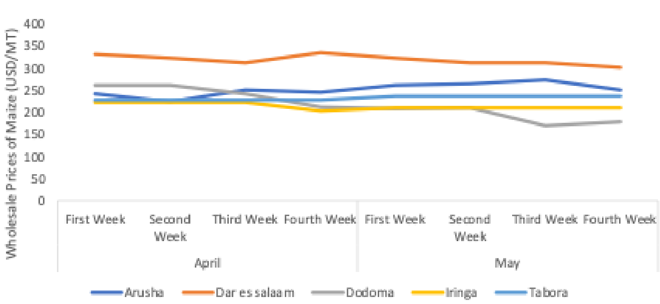


Source: Authors' construction using data from the Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya.

Tanzania

In Tanzania, market-level data for various markets, including Arusha, Dar es Salaam, Dodoma, Iringa, and Tabora, provides valuable insights into the wholesale prices of goods over a month (Figure 4). Dar es Salaam had the highest prices in both April and May but experienced a decrease in May. Dar es Salaam is the primary consumer market in Tanzania. Arusha market also saw high prices, with prices rising in the third week and declining in the fourth week of May. Tabora and Iringa recorded more stable prices throughout May compared to April, possibly due to increased supply from a bumper harvest in the areas. While prices in Tabora were initially similar to those in the Iringa market in the first week of May, they began declining in the second week and stabilized in the third and fourth weeks.

Figure 4: Average weekly retail prices of maize in selected markets in Tanzania (April – May 2024)



Source: Author's construction using data from the Ministry of Investment, Industry and Trade for Tanzania

Table 1: Changes in average monthly retail and wholesale price of maize in East Africa for April – May, 2022-2024

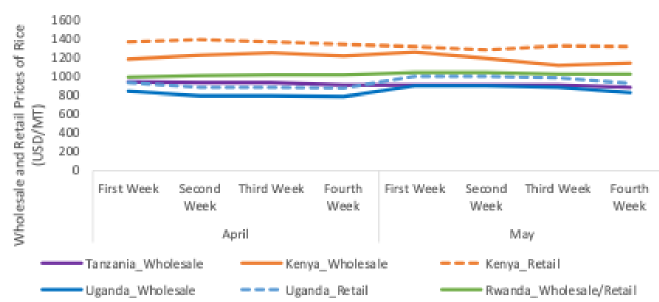
Country	Market Levels	Monthly Average Prices April 2024	Monthly Average Prices May 2024	% Change April & May 2024	Monthly Average Prices May 2023	% Chang May 202 May 20
Kenya	Retail	381	419	10.04%	604	-30.63
Uganda	Retail	246	264	7.51%	509	-48.03
Rwanda	Retail	287	293	1.86%	474	-38.28
Kenya	Wholesale	314	321	2.21%	511	-37.13
Uganda	Wholesale	207	225	8.77%	458	-50.93
Rwanda	Wholesale	287	293	1.86%	474	-38.28
Tanzania	Wholesale	253	252	-0.39%	443	-43.12

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

Rice prices domestically produced were more subtle throughout May, like in April (See Figure 5). Kenya recorded the highest prices, followed by Rwanda. Wholesale prices in Tanzania were at levels similar to wholesale prices in Uganda. However, prices in Uganda in May were higher compared to April. This is in tandem with the rise in headline inflation from 0.2% in April to 0.4% in May (UBoS, 2024).

Figure 5: Weekly average wholesale and retail prices of rice in East Africa (April - May 2024)



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

The monthly average retail price of rice in Kenya decreased by 4.25 percent from April 2024 to May 2024, while wholesale prices increased by 3.6 percent. The reduction in the retail price could be attributed to the 0.5 percent reduction in the price of fuel (Kenya National Bureau of Statistics, 2024). Further, the percentage decline in retail and wholesale rice prices in Kenya between May 2023 and May 2024 was 6.97 percent and 3.98 percent respectively. In Uganda, between April and May 2024, the retail prices of rice increased by 9.17 percent and wholesale prices increased by 9.23 percent. Additionally, comparing May 2023 and May 2024, prices of retail and wholesale rice fell by 23.36 percent and 23.58 percent respectively. In Rwanda, prices of rice increased by 2.68 percent from April to May 2024. For the same period in 2023 and 2024, prices of rice increased by 15.11 percent. Moreover, the wholesale price of rice in Tanzania decreased by 2.69 percent from April to May 2024. Meanwhile, comparing May 2023 and May 2024, wholesale prices fell by 29.77 percent. These variations in the movements of rice prices in the East African region were attributed to a weak national currency, inflated prices of agricultural inputs, including fuel, and high production costs (World Bank, 2024).

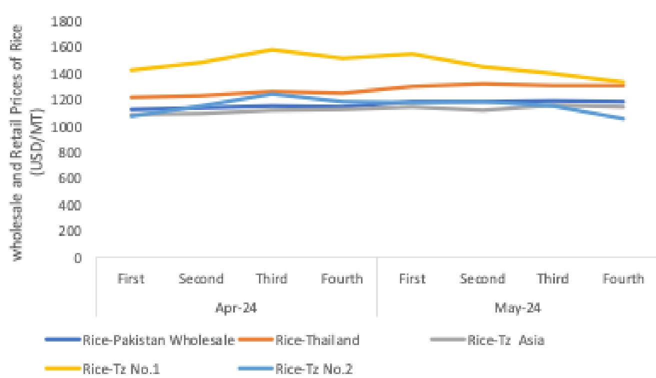
Table 2: Monthly retail and wholesale price changes of rice in East Africa (April - May 2024, May 2023, and May 2022)

Country	Market Levels	Monthly Average Prices April 2024	Monthly Average Prices May 2024	% Change April & May 2024	Monthly Average Prices May 2023	% Chan May 20 May 2
Kenya	Retail	1365	1307	-4.25%	1405	-6.97
Uganda	Retail	893	975	9.17%	1270	-23.2
Rwanda	Retail	1007	1034	2.68%	898	15.11
Kenya	Wholesale	1217	1173	-3.66%	1221	-3.98
Uganda	Wholesale	801	875	9.23%	1145	-23.5
Rwanda	Wholesale	1007	1034	2.68%	898	15.11
Tanzania	Wholesale	927	902	-2.69%	1285	-29.7

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

The prices of different imported rice varieties in Rwanda were stable (see Figure 6). However, the average weekly wholesale price of rice from Tanzania remained the most expensive compared to rice from Pakistan, Thailand, and other Asian countries. The other rice varieties from Tanzania (Rice Tanzania 2) are relatively cheaper as they are of a lower grade. The fluctuating price of rice from Asia might be due to the restrictions imposed on the importation of rice from India. Similarly, imported rice from Thailand is expensive compared to other rice varieties, partly due to India's restriction on global rice exportation (World Bank, 2024).

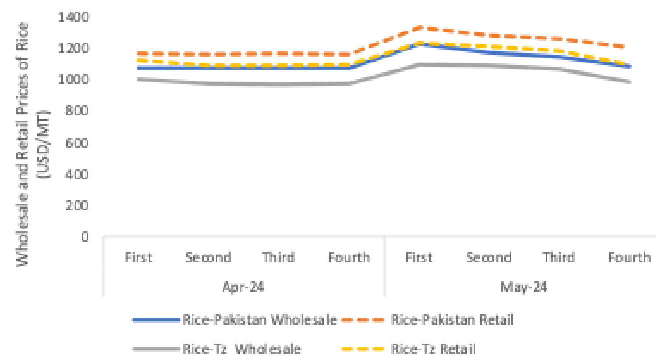
Figure 6: Weekly average wholesale price of imported rice varieties in Rwanda



Source: Analysis using data from eSoKo for Rwanda of the Ministry of Agriculture

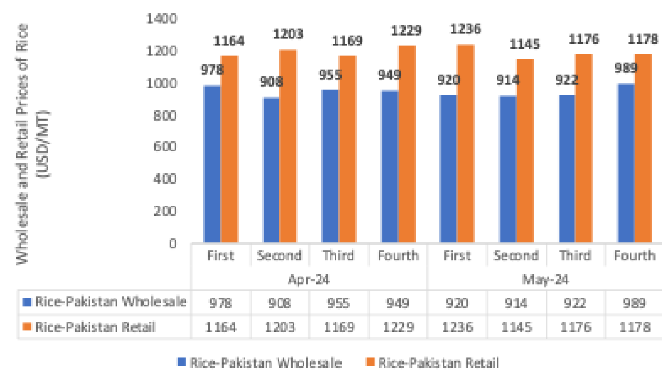
In the countries of Uganda and Pakistan, the cost of rice was comparatively higher than that of rice from Tanzania, and there were noticeable price fluctuations in February (as depicted in Figure 7). It's worth noting that, unlike Pakistani rice, the retail and wholesale prices of rice imported from Tanzania remained relatively stable in Uganda. Additionally, the wholesale and retail prices of Pakistani rice varieties in Kenya were higher in May than in April (refer to Figure 8). This increase was in line with the rise in headline inflation from 5.0% in April to 5.1% in May, as reported by KNBS in 2024.

Figure 7: Weekly average wholesale price of imported rice varieties in Uganda



Source: Author's construction using data from the Daily Market Traders Survey for Uganda

Figure 8: Weekly average wholesale price of imported rice varieties in Kenya



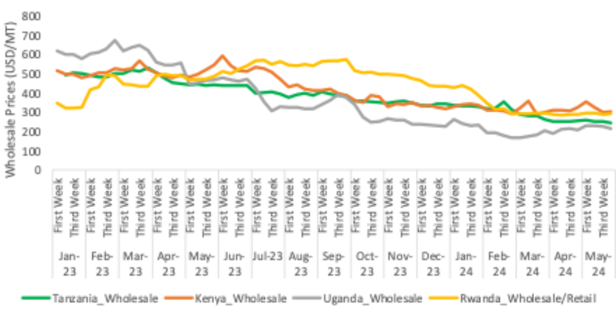
Source: Analysis using data from the Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya

Summary and Future Outlook

The prices of maize in the region remained largely stable, with a slight increase in May compared to April. This stability can be attributed to the abundant harvest during the season, resulting in improved supply in the market (FAO, 2024a; FEWS NET, 2024a). Similarly, prices for locally produced rice stayed steady across the region, notwithstanding a slight rise observed in Uganda in May compared to April. This price resilience can be linked to the bumper harvest experienced in various regional markets (FAO, 2024a).

Generally, the future outlook for maize prices appears bleak, as they are expected to continue declining, following the trend of the past 12 months (Refer to Figure 9). This is especially anticipated as the weather conditions remain conducive for high production. The wholesale prices of maize have generally declined in almost all countries over the past eight months, making it unlikely for prices to revert to their levels of a year ago, particularly in March 2023, in several countries.

Figure 9: Weekly average wholesale prices of maize from January 2023 to May 2024

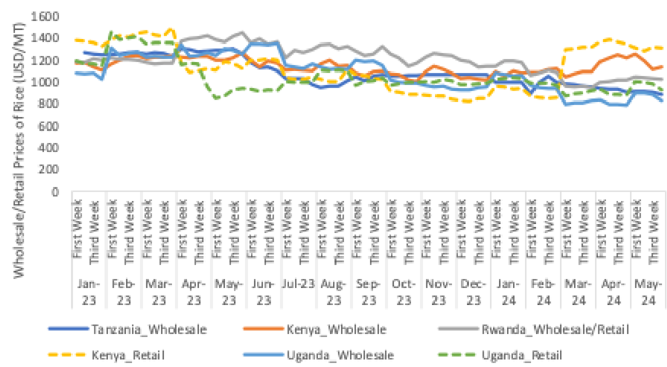


Source: Author's construction using data from the Ministry of Investment, Industry and Trade for Tanzania, eSoKo for Rwanda Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya and Daily Market Traders Survey for Uganda

Over the past 12 years, the wholesale price of rice has exhibited a degree of volatility, but it has not experienced a significant reduction. This trend is paralleled by the behavior of maize prices, as depicted in Figure 10. However, in May 2024, the price of rice in Kenya surged to levels last observed in January 2023, a period characterized by elevated inflationary pressures across the region. This escalation was not unforeseen, given Kenya's heightened cost of living, which can be attributed to increased taxes on household consumer goods. Furthermore, Kenya's inflation rate remains above the East African target of 5 percent. Consequently, the future trajectory of rice prices in Kenya is uncertain. Conversely, rice prices in other East African countries continue to show a downward trend. Based on this pattern, these prices are expected to persist in their downward trajectory.

The prices of imported rice and maize will be subject to the influence of local currency valuations, depending on whether these currencies weaken or appreciate against the USD. Weak local currencies act as a barrier, sustaining higher cereal prices within the region, even as international prices decline. Moreover, other factors, such as export restrictions imposed by countries like India and price speculation arising from production shortfalls, are anticipated to impact prices.

Figure 10: Weekly average wholesale and retail price of rice from January 2023 to May 2024



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

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)[1] facilitated by the International Food Policy Research Institute, (2) Kenya Market Information System [2] sourced for the Ministry of Agriculture Livestock Fisheries and Co-operatives (MALF) for Kenya, and e-Soko (3)[3] for Rwanda. Also, we maintain that the data source for commodity prices for Rwanda neither indicates whether the

[1] 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)

[2] 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

[3] 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

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.

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