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FOOD PRICE MONITOR: MAIZE AND RICE IN EAST AFRICA

NOVEMBER 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 weekly average wholesale and retail prices of maize in East Africa showed mixed patterns in November. In Kenya, retail prices were high, while wholesale prices were lower than the typical average levels; they were like those observed in Tanzania, suggesting a price contagion effect due to the influx of maize from Tanzania into Kenya. Meanwhile, both wholesale and retail prices in Uganda were also high, while Tanzania offered the most affordable prices.

- Despite these differences, overall price trends in the region remained stable. This can be attributed to a bumper harvest in Tanzania and increased trade flows from Uganda and Tanzania to neighboring Kenya. This trend was also reflected in the monthly average wholesale and retail prices of maize.

- In the East African rice market, domestic prices showed notable variability. Kenya had the highest and most fluctuating prices. Uganda saw a slight price decrease, while Tanzania's prices stayed constant due to a good harvest and trade with Kenya, aiding regional price stability.

- Pakistani rice prices in Kenya were significantly higher than in Uganda due to differing currency devaluations against the US dollar. Interestingly, Ugandan prices for Pakistani rice surpassed those of Tanzanian imports, indicating that external supply issues may have a greater impact than regional internal factors.

- The outlook for price movements for maize and rice is optimistic despite the mixed trends observed. Nevertheless, potential downside risks that might result in further price inflation cannot be ignored. These risks include seasonal influences as the festive season approaches, variations in weather conditions, and an increase in certain types of dry fertilizers that could affect production. Conversely, there are also upside risks, such as a drop in global oil prices.

Changing Maize Prices in East Africa

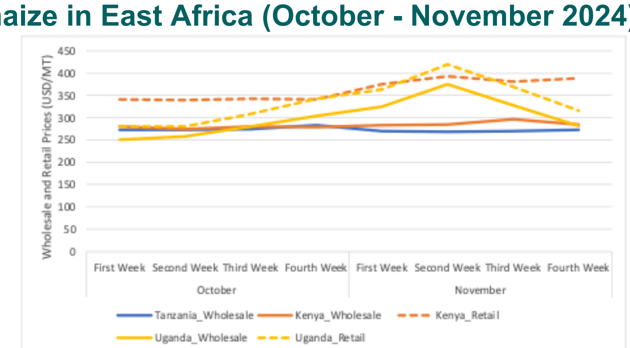
The weekly average wholesale and retail prices of maize in East Africa exhibited mixed trends, as illustrated in Figure 1. In October, the average prices in Uganda and Kenya remained relatively stable, contributing to a sense of market consistency. However, a noticeable increase in prices occurred in November, driven by seasonal demand and supply fluctuations, before prices began to ease towards the end of the month.

In November, there was a significant shift in pricing dynamics, with wholesale and retail prices for maize in Uganda surpassing those in Kenya. This development was surprising, especially considering that Kenya had previously held the highest maize prices in the region. In Uganda, price variations coincided with an increase in monthly headline inflation, which rose in November compared to October. This rise was primarily driven by a surge in food-related items (Uganda Bureau of Statistics [UBoS], 2024). Additionally, the price increases observed in both Kenya and Uganda could be attributed to rising global retail prices of major dry fertilizers, including DAP and MAP. Moreover, the heightened demand for maize in the region likely contributed to the price increases in Uganda (World Food Programme [WFP], 2024).

In November, while Kenya's prices remained elevated and ranked as the second highest in the region, they fell just short of those seen in Uganda. Despite this, prices in Kenya remained relatively stable due to trade imports from Uganda and Tanzania (Ibid, 2024). The rise in global retail fertilizer prices also likely explains the increased maize prices in Kenya.

Conversely, Tanzania reported the lowest maize prices in November, reflecting a continued downward trend compared to the previous month. This disparity among the countries highlights the varying economic conditions and market responses within East Africa, offering insights into the broader agricultural and trade environment. In Tanzania, improvements in the main season harvests have increased supplies in most markets, resulting in lower prices throughout the region (Alliance for a Green Revolution in Africa [AGRA], 2024). Additionally, the Bank of Tanzania (2024) attributes the decline in maize prices in Tanzania to a surplus of food supply in the markets, following a successful harvest in the 2023/24 crop season. They also note that, in November 2024, the National Food Reserve Agency (NFRA) engaged in market operations, purchasing 29,137.8 tonnes of Maize to bolster food reserves.

Figure 1: Average wholesale and retail price of maize in East Africa (October - November 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

Weekly average prices reveal that the monthly average wholesale and retail prices of maize in Kenya increased by 11% and 3%, respectively, in November (Table 1). In contrast, Uganda experienced a more significant rise, with wholesale and retail prices increasing by 18% and 17%, respectively, while Tanzania saw a decline of 2%. This data indicates that Uganda has witnessed a notable price increase compared to Kenya and Tanzania in the region.

When comparing the monthly average wholesale and retail prices of maize in November 2024 to those in the same month in 2023, it is evident that prices in Kenya were significantly higher in 2023. Wholesale and retail prices reduced by 15% and 18% between 2023 and 2024. Similarly, Tanzania experienced a considerable decline in wholesale prices, which fell by 21% between 2023 and 2024. On the contrary, in Uganda, the retail and wholesale prices increased by 7% and 2% respectively, compared to prices observed in November of last year.

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

Country	Market Levels	Monthly Average Prices October 2024 (USD/MT)	Monthly Average Prices November 2024 (USD/MT)	% Change between October & November 2024	Monthly Average Prices November 2023 (USD/MT)	% Chan Octob 2023 Novem 202
Kenya	Retail	341	384	11%	403	-15%
Uganda	Retail	303	367	18%	297	2%
Kenya	Wholesale	279	288	3%	341	-18%
Uganda	Wholesale	273	328	17%	256	7%
Tanzania	Wholesale	276	270	-2%	351	-21%

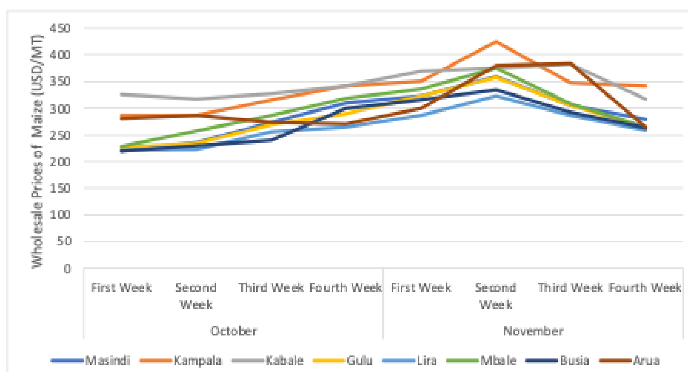
Source: Authors construction using data from FSP (for Uganda), Ministry of Agriculture Livestock and Fisheries (for Kenya), Ministry of Agriculture (for Tanzania), and e-SoKo (for Rwanda)

Uganda

As illustrated in Figure 2, there were notable trends in the wholesale prices of maize across various key markets in Uganda. From late October, prices began to rise significantly, peaking around mid-November before gradually declining. Kampala and Kabale consistently recorded the highest wholesale prices among the markets surveyed, indicating a robust demand or potential supply constraints in these areas. Interestingly, the market in Arua experienced a noteworthy drop in prices during this period, falling below the levels recorded at the end of October. However, this decrease was short-lived, as prices rebounded during the first week of November, reflecting supply or demand dynamics fluctuations. This could be attributed to the rise in fuel prices experienced in November.

In contrast, the Lira market maintained the lowest wholesale price levels throughout November, suggesting an oversupply or lower demand in that region. Following the Lira market, the Busia market exhibited the second lowest prices, further highlighting regional disparities in maize pricing across Uganda during this time frame. This analysis underlines the variability in market conditions and price dynamics that stakeholders in the agricultural sector must navigate.

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



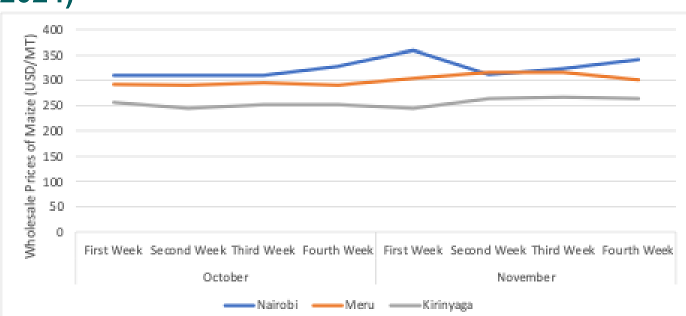
Source: Author's construction using data from the Daily Market Traders Survey for Uganda

Kenya

In Figure 3, the wholesale prices of selected markets in Kenya illustrate notable trends in pricing across different regions. The Nairobi market consistently recorded the highest prices among the three, followed by the Meru market, with the Kirinyaga market having the lowest prices overall. At the beginning of November, the Nairobi market experienced a significant surge in prices, reflecting increased demand and possibly seasonal factors. However, in the second week, prices in Nairobi began to ease, suggesting temporary stabilization. From the third week of November onward, there was another notable upturn in prices, indicative of renewed demand or limited supply factors.

In contrast, the Meru market showed sustained elevated prices throughout November, driven by local market conditions, including possible supply chain disruptions and increased local consumption. However, from the third week of November, a downward trend in prices became evident, possibly due to improved supply or reduced demand following the initial spike. Meanwhile, prices in the Kirinyaga market remained the lowest throughout the month, reflecting different market dynamics and competitive levels. Overall, these trends highlight the varying economic conditions and consumer behaviours across the selected markets in Kenya.

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



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

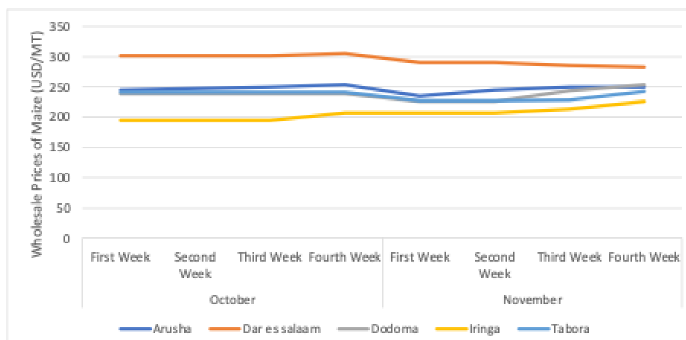
Tanzania

In Figure 4, wholesale prices for maize in the Dar es Salaam market stood out as the highest among all Tanzanian markets, vindicating the robust demand in the country's largest urban centre. This was followed by the Arusha market, which displayed similarly elevated price levels and was influenced by its strategic role as a central trading hub connecting various supply routes.

In stark contrast, the Dodoma and Tabora markets exhibited almost similar price levels, suggesting a state of market equilibrium shaped by their geographical proximity and interlinked supply chain dynamics. Meanwhile, the Iringa market emerged as the most affordable option, showcasing the lowest maize prices in the nation — a scenario that can be attributed to an abundance of local maize production.

Despite the price fluctuations across these key markets, Tanzania's overall maize price levels displayed remarkable stability. This steady trend is primarily linked to the country's impressive bumper harvest in the previous season, which has saturated the markets with fresh produce. Additionally, the decline in fuel prices observed in November is expected to play a significant role in sustaining this reduction and stability in wholesale prices in the coming months, further enhancing the affordability and accessibility of goods for consumers. Furthermore, the government actively buys stock from farmers, which helps relieve pressure on traders and support the stability of the market (Bank of Tanzania, 2024).

Figure 4: Average weekly retail prices of maize in selected markets in Tanzania (October - November 2024)



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

Changing Rice Prices in East Africa

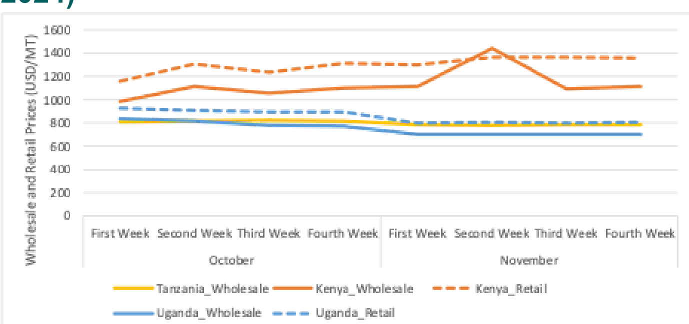
Figure 5 illustrates the significant disparities in wholesale and retail prices of rice across East Africa, particularly highlighting the differences between Kenya and its neighboring countries. While prices were generally stable throughout the month, an anomaly occurred in Kenya where wholesale rice prices spiked during the second week of November, before experiencing a considerable decline in the third week. This fluctuation indicates potential supply chain issues or market reactions to external factors affecting availability.

In addition, Kenya consistently recorded the highest prices for rice in the East African region. The elevated rice prices can be largely attributed to the persistent high inflationary pressures that the country is currently enduring (AGRA, 2024). This inflation not only affects the purchasing power of consumers but also impacts production costs, further exacerbating price increases.

Meanwhile, Uganda's retail rice prices were found to be comparable to the wholesale prices observed in Tanzania, suggesting a robust demand for Tanzanian rice within the region. However, Uganda's wholesale prices were the lowest among East African nations, indicating a potential oversupply or lagging market demand, which saw both wholesale and retail prices for rice in Uganda gently taper off in November compared to the previous month.

Tanzania exhibited a notable price stability throughout November, a trend attributed to several factors. Prices experienced a slight decrease as traders released stock into the market, coinciding with the onset of the vuli (short rain) and main season rain periods. This proactive stock release followed significant price increases observed in October. Furthermore, the Tanzanian government's involvement in market operations, specifically purchasing stock directly from farmers, has contributed to the stabilization of rice prices. Coupled with a bumper harvest reported for the season, these factors have positioned Tanzania favorably in terms of rice pricing amid regional fluctuations (Bank of Tanzania, 2024).

Figure 5: Weekly average wholesale and retail prices of rice in East Africa (October - November 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 wholesale and retail prices of rice in East Africa exhibit notable fluctuations across the region. In Kenya, both retail and wholesale prices have seen a marked increase, with retail prices rising by 7% and wholesale prices experiencing a substantial increase of 12%. This upward trend indicates a tightening supply and rising demand within the market.

Conversely, in Uganda, the rice market has taken a downwards turn, with both retail and wholesale prices declining significantly—by 12%—over the same period. This decline suggests an oversupply or decreased demand, leading to lower prices. Similarly, Tanzania reported a decrease in wholesale prices, which fell by 4%, reflecting comparable market pressures.

A year-over-year analysis of rice prices reveals even more striking trends. In Kenya, when comparing the monthly average prices to the same month last year, there has been a dramatic increase of 56% in retail prices and 7% in wholesale prices. This substantial rise signifies that consumers are paying considerably more for rice now than they were a year ago, indicating potential inflationary pressures in the agricultural sector.

In contrast, Uganda has experienced a price drop of 20% in retail prices and 26% in wholesale prices when compared to November of the previous year. This decline suggests that rice was much more expensive a year ago, reflecting changes in market dynamics, possibly due to increased production or shifts in consumer behavior.

Similarly, Tanzania has also seen a significant reduction in its monthly average wholesale prices, which decreased by 26% compared to the same month last year. This sharp decline indicates a notable improvement in supply or perhaps a reduction in demand from previous peaks, highlighting a year-over-year shift in the rice market's performance.

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

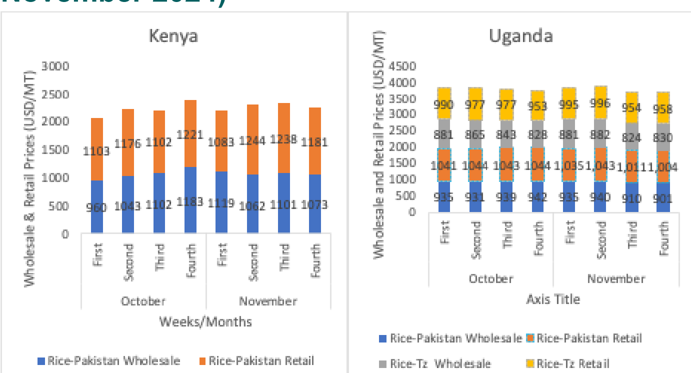
Country	Market Levels	Monthly Average Prices October 2024 (USD/MT)	Monthly Average Prices November 2024 (USD/MT)	% Change October & November 2024	Monthly Average Prices November 2023 (USD/MT)	% Char Octobe & Nove 202
Kenya	Retail	1255	1347	7%	866	56
Uganda	Retail	907	802	-12%	1007	-20
Kenya	Wholesale	1063	1191	12%	1109	7%
Uganda	Wholesale	803	704	-12%	955	-26
Tanzania	Wholesale	818	785	-4%	1066	-26

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

In Figure 6, the data reveals a notable disparity in the wholesale and retail prices of the Pakistani rice variety between Kenya and Uganda, with prices in Kenya significantly surpassing those in Uganda. This discrepancy can likely be attributed to the recent devaluation of the Kenyan shilling against the US dollar, in contrast to Uganda's relatively stable currency, which has maintained its value more effectively against the dollar. For instance, the Ugandan shilling experienced a modest depreciation of just 0.4 percent. This movement can largely be linked to an influx of US dollar investments spurred by the U.S. Federal Reserve's decision to lower interest rates, which has bolstered investor interest in frontier markets like Uganda (AGRA, 2024). Consequently, this condition has facilitated a more favorable economic environment for rice imports, keeping prices lower than in Uganda.

Additionally, the price changes within Uganda indicate that the Pakistani rice variety is priced higher than its Tanzanian counterpart. This could be due to factors such as differing quality perceptions, import costs, and regional supply chain dynamics that affect the retail pricing strategies for these rice varieties. As such, while Pakistani rice may be perceived as premium, Tanzanian rice remains a competitive alternative in the Ugandan market, reflecting the complex interplay of currency stability, market preferences, and international trade influences.

Figure 6: Weekly average wholesale and retail prices of imported rice in East Africa (October – November 2024)



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

Summary and Future Outlook

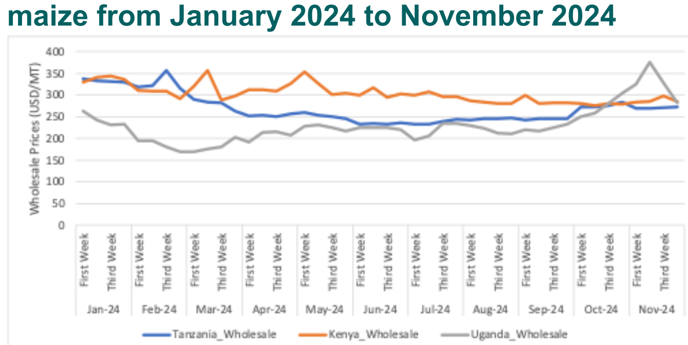
Overall, the weekly average wholesale and retail prices of maize in East Africa showed mixed trends. In Kenya, retail prices were high while wholesale prices were below normal average levels, a trend also seen in Tanzania. This situation may indicate price fluctuations due to the inflow of maize from Tanzania into Kenya. Similarly, wholesale and retail prices of Maize in Uganda were also elevated, while Tanzania had the lowest prices. Despite these variations, there was general stability in price movements across the region, attributed to a bumper harvest in Tanzania and trade flows from Uganda and Tanzania to neighboring countries like Kenya. This trend was also reflected in the changes observed in the monthly average wholesale and retail prices of maize.

Elsewhere, the weekly average wholesale and retail prices of domestic rice exhibited significant fluctuations across the East African region. Kenya had the highest and most variable prices compared to the other countries; however, these prices remained generally stable throughout November. In Uganda, prices experienced a slight decline from the previous month, while prices in Tanzania remained relatively unchanged. This stability in Tanzania and Uganda can be attributed to a bumper harvest and trade inflows into Kenya, helping to maintain a regional balance in prices. Regarding imported rice varieties, prices in Kenya were significantly higher than those in Uganda for Pakistani rice. This discrepancy is mainly due to differences in domestic currency devaluations against the US dollar between the two countries, which accounts for the elevated prices in Kenya. Notably, in Uganda, prices for Pakistani rice were higher than those for rice imported from Tanzania, suggesting that external factors, such as supply constraints, may be more influential than internal factors.

Separately, the trends in wholesale prices for maize and rice show mixed patterns, with some significant deviations from the normal price movements. However, there was a noticeable rebound in prices shortly after the initial increase (see Figures 7 and 8). This trend suggests a potentially optimistic future for prices.

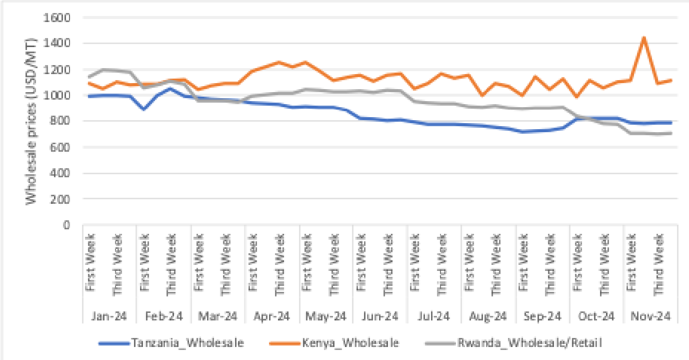
Nonetheless, we cannot overlook possible downside risks that could lead to further price inflation. These include seasonal factors as we approach the festive season and changes in weather patterns, and a surge in certain varieties of dry fertilizers, that may impact production. On the other hand, there are upside risks, such as a decline in global oil prices.

Figure 7: Weekly average wholesale prices of maize from January 2024 to November 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

Figure 8: Weekly average wholesale prices of rice from January 2024 to November 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 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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[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

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