

## ETHIOPIA MONTHLY MARKET WATCH

### March 2014

#### Highlights

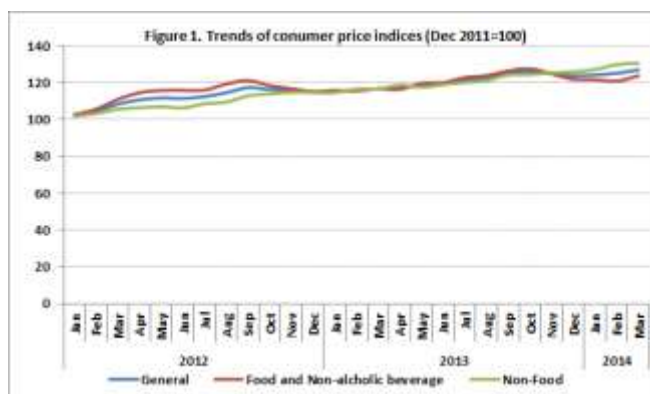
- The overall year to year general inflation rate increased by 8.8%; food inflation by 6.1% and non-food by 11.8% in March 2014. Since November 2013, month-to-month food inflation rate increases was below zero but in March 2014 increased by 2.4%.
- The import parity prices of maize (Durban) and wheat (Black sea) remained stable with upward changes of 4% for maize and 2% downward for wheat as compared to February 2014. The import parity price stood higher than the local wholesale price by about 73% for maize while 6% below the local wheat price at Addis Ababa.
- In March 2014, the prices of these cereals have remained almost synonymous compared to the preceding month. In all of monitored markets, the prices change were below 5% as compared to February 2014. The prevailing price stability is normal to the season and signifies better access for market dependent households.
- The retail prices of imported food items (rice, spaghetti and wheat flour) remained stable in Afar while rose at Deghabour and Kebridehar. The retail price of rice rose by 14% and 21% respectively at Kebridehar and Deghabour markets; sugar price increased by 13% at Kebridehar; spaghetti by 8% at Kebridehar and Deghabour.

#### *The Alert for Price Spikes (ALPS)*

*The Alert for Price Spikes (ALPS) is used to detect abnormally high food prices. The indicator is constructed as the gap between observed prices and their long-term seasonal trend. The tool measures how far the observed prices depart from the seasonal price trends. A price alert is generated when the observed price is above the seasonal price. Thresholds are defined to characterize the situation on a given market: normal - stress - alert - crisis. Food price crises are correlated with food security crises. Early detection of rising prices supports decision making and early action. Alerts are calculated using the latest available price data for selected markets and commodities. WFP HQ puts online access of the ALPS and, to access it please click here <http://foodprices.vam.wfp.org/ALPS-at-a-glance.aspx>*

#### Inflation and Consumer Price Index

Overall, year to year general inflation rate increased by 8.8%; food inflation by 6.1% and non-food by 11.8% in March 2014. Compared to last year the same month, the total price index of bread and cereals has increased by 2.6% which contributed to the rise in the indices of food and general consumer price index. Since November 2013, month-to-month food inflation rate increases was below zero but in March 2014 the rate increased by 2.4%.



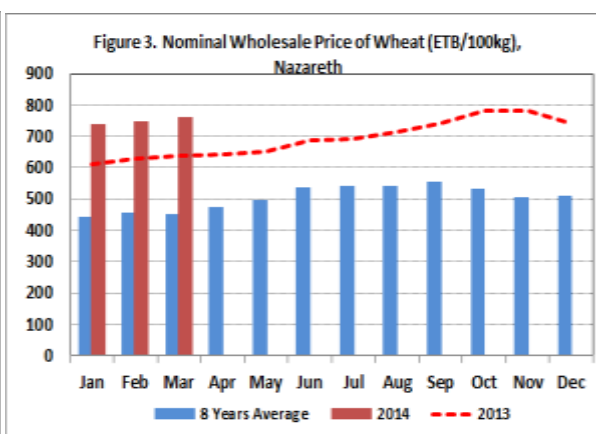
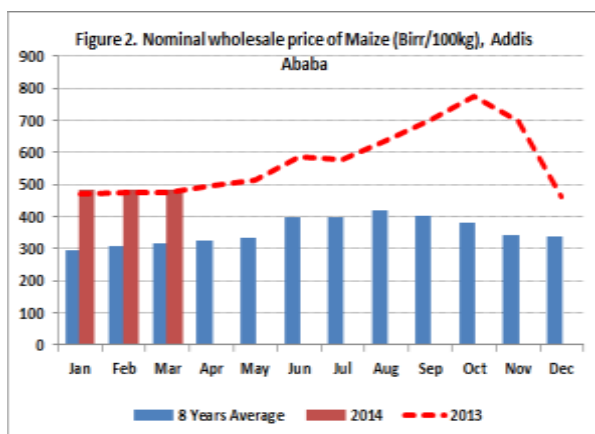
Source: central Statistics Agency

## Major Cereal Import Parity and Local Prices

The import parity price stood higher than the local wholesale price by about 73% for maize while 6% below the local wheat price at Addis Ababa. The import parity prices of maize (Durban) and wheat (Black sea) remained stable with upward changes of 4% for maize and 2% downward for wheat as compared to February 2014. The import parity price of maize at Addis Ababa stood at US \$ 526/mt and at US \$401/mt for wheat. Comparatively, lower import parity price of wheat indicates the cost efficiency of imported wheat grain from the international markets.

## Wholesale Prices of Staple Cereal in Large Urban Markets

The widely consumed cereals by rural households are maize, sorghum, barley and wheat while *teff* is mostly consumed by urban communities and better-off rural households. In March 2014, the prices of these cereals have remained almost synonymous compared to the preceding month. The capital, Addis Ababa, market has substantial influence in prices level at the source as well destination markets. The wholesale prices of indicated cereals at Addis Ababa market remained stable. The upcoming Christian Holiday, Easter, might be one of the reasons to this stability as farmers supply markets for sale in exchange of commodities demanded for the festivity. In all of monitored markets, the prices change were below 5% as compared to February. Compared to long term average, the current prices are far higher exceeding 50% in most, except the supply source markets such as Nekempt, Bure, Debre Markos, Ziway where the increase was between 10-20% (see Table 1). In most markets, the price of wheat stood above 2013 level. The prevailing price stability is normal to the season and signifies better access for market dependent households. The nominal wholesale prices of maize and wheat in major markets are depicted in below two figures.

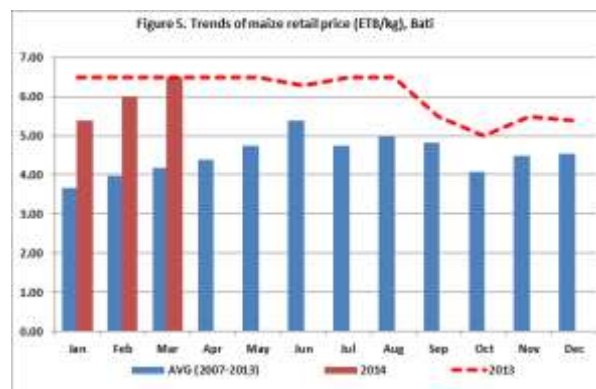


Source: EGTE

## Retail Prices of Staple Cereals in District Markets

In many district markets, retail prices of maize, wheat, sorghum and barley showed normal situation for the season where changes against preceding month stood below 5%. The stability of wholesale prices in many of large urban markets that supply district markets has maintained the steadiness of prices. However, in markets of Sodo, Awassa and Esenso maize price increased by 6-10%; Kebridehar (15%), Bati (Amhara) 6%, Enderta, Freeweyni, Hadush Ketema of Tigray by 9-20%; Berbere and Merti of Oromia region the increase was about 10%. Sorghum price in some markets of Tigray showed 6-

18% increases. In spite of overall production increases in 2013/14 *meher* season, these markets experience higher level of prices.



Source: WFP

The retail prices of imported food items mainly rice, spaghetti and wheat flour remained stable in Afar while rose at Deghabour and Kebridehar. The retail price of rice rose by 14% and 21% respectively at Kebridehar and Deghabour markets; sugar price increased by 13% at Kebridehar; spaghetti by 8% at Kebridehar and Deghabour. The increase in prices of these commodities are factored to limited access to the usual informal trade route that widely experienced in the region. On the other hand, at Gode the prices of these imported food commodities remained steady and at Jijiga mixed behavior but below 10%.

## Supply to Markets

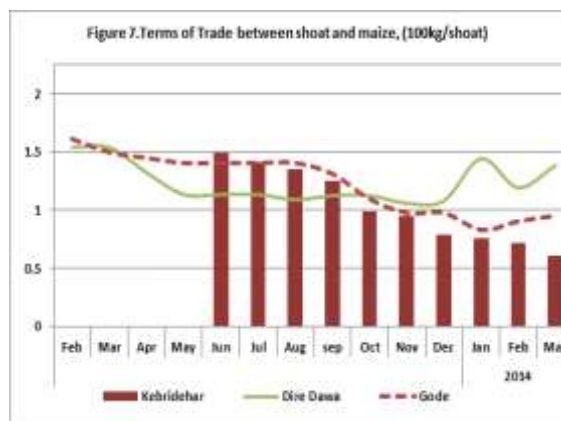
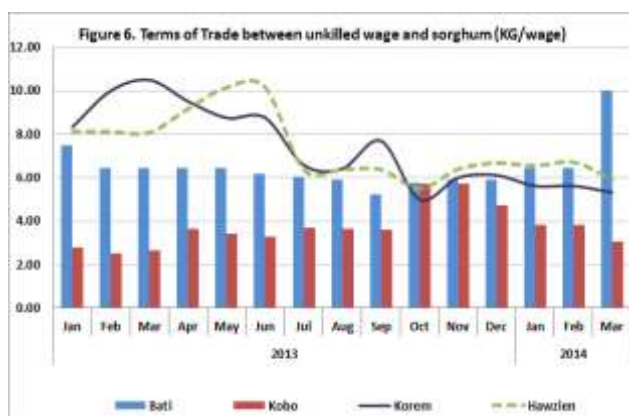
Generally, the supply of staple cereals to large urban as well as district markets considered as normal owing to better harvest of 2103/14 main season. Furthermore, preparation for the upcoming festivity of Christian Holiday, Easter, has contributed to increase the supply of locally produced grains to the markets. In most of monitored markets including woredas where WFP relief response is cash, locally produced grains are readily available. The overall increased estimates of grain production in 2013/14 *meher* harvest has contributed to normal supply situation over wider market areas. In markets of Kebridehar and Deghabour, supply of imported food commodities such as rice, spaghetti, wheat flour, sugar was a bit below normal which is explained by tight border control over the informal trade from neighboring Somalia.

## Terms of Trade (TOT)

**TOT for shoat to cereal:** The prevailing stable price of maize and increased shoat prices at Gode (6%) and Dire Dawa (16%) lead to improve terms of trade by the same percent as compared to February 2014. The terms of trade at Kebridehar deteriorated due to decreased price of shoat (3%) and also increased prices of maize (16%) and sorghum (11%). In Kebridehar, the reduced terms of trade impacts the purchasing power of pastoral households in the area. The price increases of shoat at Gode and Dire Dawa markets was due to demand rises and relatively lower supply of shoats.

In March 2014, an average shoat at Kebridehar bought either 60kg of maize or sorghum; 138kg and 95kg of maize at Dire Dawa and Gode market respectively. Compared to March 2013, the terms of trade between average shoat to maize reduced at Gode and Dire Dawa (see Table 1).

**TOT for wage labour to cereal:** the current slack period for agricultural dependent households, in particular *meher* season, has maintained the daily wage of unskilled labour to remain stable. As a result, the terms of trade in most monitored markets remained steady against February 2014. The average wage rates of unskilled labour stood at Birr 42 in Amhara and at Birr 62 in Tigray. There is wide ranges of wages in these two region; Birr 20 – 70 in Amhara and Birr 50-80 in Tigray. The terms of trade remained stable except in markets of Adigrat, Wukro and Adwa that the TOT with barley increased by about 7-9%. Generally, the terms of trade with maize, sorghum and barley stood above the 3kgs of cereals in all monitored markets.



Source: WFP



Table 1. Market Watch on Main Food Commodities in Selected Monitored Markets											
Major Markets	Major Comm	Current Price	Prices change (%)								
			5Y	1Y	1M	5Y	1Y	1M			
1. Local Wholesale and Import Parity Price (USD/MT)											
Addis Ababa	Maize	303	1	-5	1	▶	▶	▶			
	Wheat	428	3	10	4	▶	▶	▶			
	Sorghum	500	3	-5	2	▶	▶	▶			
	Teff white	659	29	-12	-2	▶	▶	▶			
	Teff mixed	611	37	-10	-2	▶	▶	▶			
	Teff red	497	33	-7	-1	▶	▶	▶			
	Nazareth	Maize	290	-1	-8	2	▶	▶	▶		
	Wheat	440	6	11	3	▶	▶	▶			
	Teff white	760	49	-5	1	▶	▶	▶			
	Teff mixed	682	55	-6	0	▶	▶	▶			
Dire Dawa	Teff red	584	61	0	3	▶	▶	▶			
	Teff white	751	44	-3	1	▶	▶	▶			
	Teff mixed	672	51	-7	-2	▶	▶	▶			
	Teff red	589	54	3	0	▶	▶	▶			
Mekelle	Teff white	734		-6	-1	▶	▶	▶			
	Teff mixed	584		-13	1	▶	▶	▶			
Import parity price	Teff red	494		-12	1	▶	▶	▶			
	Maize	526	10	7	4	▶	▶	▶			
	Wheat	401	-14	-24	-2	▶	▶	▶			
2. Wholesale Price (BIRR/100KG)											
Addis Ababa	Maize	482	54	1	0	▶	▶	▶			
	Wheat	782	55	12	1	▶	▶	▶			
	Sorghum	876	66	6	-2	▶	▶	▶			
Ambo	Maize	440	47	-5	1	▶	▶	▶			
	Wheat	714	64	15	2	▶	▶	▶			
Gonder	Maize	560	65	-1	-5	▶	▶	▶			
	Maize	453		-18	-1	▶	▶	▶			
Dire Dawa	Wheat	845	55	7	1	▶	▶	▶			
	Maize	438	47	4	0	▶	▶	▶			
Nekempt	Maize	428		-3	2	▶	▶	▶			
	Maize	531	51	-6	0	▶	▶	▶			
Wheat	749	29	-9	1	▶	▶	▶	▶			
	Sorghum	833	67	0	-1	▶	▶	▶			
	Nazareth	Maize	498	58	-3	2	▶	▶	▶		
Wheat	780	64	19	4	▶	▶	▶	▶			
	Shashemene	Maize	461	47	-6	-3	▶	▶	▶		
Wheat	760	68	19	1	▶	▶	▶	▶			
	Bale Robe	Wheat	678	68	19	2	▶	▶	▶		
Bure	Maize	459		-2	0	▶	▶	▶			
	Wheat	649	15	2	▶	▶	▶	▶			
Hossana	Maize	528	58	4	1	▶	▶	▶			
	Wheat	745	60	15	2	▶	▶	▶			
Baher Dar	Maize	500	66	0	-5	▶	▶	▶			
	Wheat	733	64	18	2	▶	▶	▶			
Remark:	▶	Price increases above normal price fluctuation									
	▶	Normal Price Fluctuation									
	▼	Price decreases below normal price fluctuation									
Exchange rate applied		19.25									
Price fluctuation is considered normal if the price change is within 5% for 1 month; within 15% for 1 year; within 20% for 4 or 5 years average											
1M=Compared to February 2014											
1Y=Compared to March 2013											
5Y=Compared to 5 years monthly average											
1. Current Retail Price											
Region	Market	Items	Current Price (ETB/100kg)	5Y	1Y	1M	5Y	1Y	1M		
Oromia	Babile	Maize	580	53	-3	3	▶	▶	▶		
	Bedeno	Sorghum	700	19	-1	-12	▶	▶	▶		
		Maize	630	38	-10	-7	▶	▶	▶		
	Bedessa	Maize	555	41	-1	1	▶	▶	▶		
	Deder	Maize	600	44	0	0	▶	▶	▶		
	Wolenchiti	Maize	550	61	5	0	▶	▶	▶		
	Yabelo	Maize	650	56	0	0	▶	▶	▶		
		Wheat	900	56	11	0	▶	▶	▶		
	Merti	Sorghum	550	29	-23	-4	▶	▶	▶		
		Maize	500	45	0	11	▶	▶	▶		
Amhara	Ethiopia	Sorghum	650	75	14	-7	▶	▶	▶		
	Ajebar	Wheat	900	67	-4	-4	▶	▶	▶		
	Sekota	Sorghum	770	66	10	-4	▶	▶	▶		
	Kobo	Maize	592	55	-17	3	▶	▶	▶		
	Bati	Maize	600	49	7	7	▶	▶	▶		
	Tigray	Korem	Barley	760		-3	5	▶	▶	▶	
	Hawzien	Barley	700		8	0	▶	▶	▶		
	Wukro	Wheat	740	38	0	1	▶	▶	▶		
		Maize	750	81	12	4	▶	▶	▶		
		Karati	Sorghum	695	76	32	1	▶	▶	▶	
	Turmi	Sorghum	525	52	6	2	▶	▶	▶		
SNNPR	Awassa	Maize	550	55	10	10	▶	▶	▶		
	Aleta Wendo	Maize	510		4	4	▶	▶	▶		
	Esenso	Maize	530	57	10	10	▶	▶	▶		
	W.Sodo	Maize	530	45	2	6	▶	▶	▶		
Somali	Jijiga	Sorghum	1000	129	41	0	▶	▶	▶		
		Maize	1000	121	41	0	▶	▶	▶		
	Gode	Sorghum	1400	217	75	0	▶	▶	▶		
	Kebridehar	Maize	1200		15		▶	▶	▶		
2. Milk (Birr/Litre)			Price		1Y	1M		1Y	1M		
	Gode	Milk	20		0	0		▶	▶		
Somali											
			Commodity	Current Price	5Y	1Y	1M	5Y	1Y	1M	
3. Livestock (BIRR/Shoot)											
Somali	Kebridehar	Shoot	725			-3	▶	▶	▶	▶	
	Gode	Shoot	950	84	-10	6	▶	▶	▶	▶	
	Dire Dawa	Shoot	900	56	-10	16	▶	▶	▶	▶	
4. Terms of Trade Number of Quintal per Shoot											
Kebridehar	maize/shoot	0.60			-16			▶	▶	▶	
	sorghum/shoot	0.60			-11				▶	▶	
Gode	maize/shoot	0.95	21	-37	6	▶	▶	▶	▶	▶	
	sorghum/shoot	0.68	-30	-48	6	▶	▶	▶	▶	▶	
Dire Dawa	maize/shoot	1.38	33	-10	16	▶	▶	▶	▶	▶	
5. Unskilled casual labour wage per day (BIRR/Day)								1Y	1M	1Y	1M
Amhara	Debarik		35		0	0		▶	▶	▶	
Tigray	Korem		50		-23	0		▶	▶	▶	
Tigray	Adwa		60		0	0					
6. Terms of Trade: kgs of grain per unskilled wage								1Y	1M	1Y	1M
Korem	sorghum/wage		5.32		-49	-5		▶	▶	▶	
Ethiopia	sorghum/wage		6.92		58	0		▶	▶	▶	
Bati	sorghum/wage		10.00		56	56		▶	▶	▶	