

WFP ETHIOPIA MONTHLY MARKET WATCH

Highlights

- The overall inflation rate based on the Consumer Price Index (CPI) stood at 10.2% in January, comprised of 12.4% food inflation and 7.9% non-food inflation. This shows a rise in the cost of living by the same rates compared to the same month last year.
- On a month-on-month basis, whole sale maize prices showed an upward trend in January but at a reduced rate. In 20 wholesale markets monitored by EGTE, maize prices increased by an average of 4%; this is a decline from the 6% average month-on-month maize price increase in December. January maize prices decreased in 3 of the 20 markets, remained the same as December prices in 2 markets, but increased in the remaining 15 markets by 2 to 15%. Prices were also higher than the long term average: national wholesale maize prices increased by 21%, wheat prices by 30%, and sorghum prices by 24 compared to the long term average.
- On the other hand, wheat prices declined on average by 1% on a month-on-month basis across 20 EGTE monitored markets, indicating the positive impact of the recent harvest as well as imports by the government and aid agencies.
- Pulse prices remained at elevated levels. Compared to last year, whole sale prices in Addis Ababa markets increased by 123% for chickpeas, 80% for lentils and fava beans and 58% for field peas.
- Retail maize prices showed a mixed trend in Woreda markets in different regions, increasing in some areas, declining in others. For instance, in markets of Yabelo, Ginir, Sinana, Bedeno (Oromia); Korem and Abi Adi (Tigray) and Hawassa and Turmi (SNNP), prices increased by 8% to 20% from the previous month.
- Month-on-month shocks to maize terms of trade deteriorated in Gode (by 10%) while remaining the same in Dire Dawa and Afar markets.
- Due to low demand for unskilled agricultural labor, wage rates and Terms of Trade declined in Amhara and Tigray by 4%.

Inflation and Consumer Price Index

The cost of living measured by the Consumer Price Index (CPI) increased by 10.2% whereby the food index increased by 12.4% and non-food by 7.9%. The Central Statistics Agency indicated the increase in cost of living is a result of slight rise in prices of food components (cereal, pulse, fruits, vegetables and spices). Month-on-Month the general CPI increased by 1.1% and the food CPI by 0.8%. In terms of regional distribution Harari (19.7%), Afar (18.8%) and Dire Dawa

(13.8%) had the highest overall inflation rates in January 2016.

Fuel Prices: Crude oil prices in international markets continually declined over the last one and half year. In Ethiopia, Fuel prices remained the same between February to December 2015. In January, the Ministry of trade announced reduction in fuel prices across fuel stations in the country. Benzine price declined by 7.5%, diesel and kerosene by about 12% in Addis Ababa. The fuel price adjustment are perceived to be low compared to trends in international markets. However, fuel prices

in Ethiopia are less than one US \$ at the exchange rate of Birr 21.11 to the dollar (January 2016). In Addis Ababa, a liter of Benzine costs Birr 16.6, diesel costs Birr 14.16 per litre and kerosene costs Birr 12.43. In remote locations, limited availability of fuel and transportation costs lead to relatively higher prices.

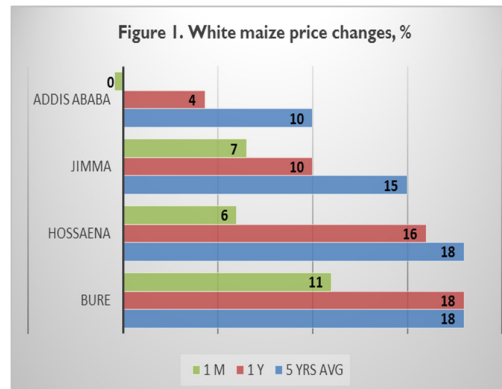
Wholesale prices of Staple Cereals

In January, wholesale prices of maize and sorghum stood above prices in December and above the five-year average. In most markets, the increase from December was within a 5% range, but in some markets, price increases were higher (see Figure 1). When compared to the long term average, national white wheat prices increased by 30%, sorghum by 24% and white maize by 21%.

Teff prices showed different levels of increase across wholesale markets. Prices increased by 12-21% in Shashemene, Assela and Debire Birhan, compared to December 2015. Other markets showed increased **teff** prices, within 10% month-on-month. On average, national **teff price** increased by 6% from December 2015 to January 2016.

In January, the national wholesale average price of 100kg maize was Birr 478, wheat Birr 899, white Sorghum Birr 911, white teff birr 1700 and mixed **teff** at Birr 1500 (see Table 1) for more prices.

Pulse prices have been increasing since 2014 which marked lower production for some pulses items, notably lentils. Compared to last year, prices have increased significantly: chickpeas (123%), lentils and fava beans (80%) and field peas (58%) in Addis Ababa markets.

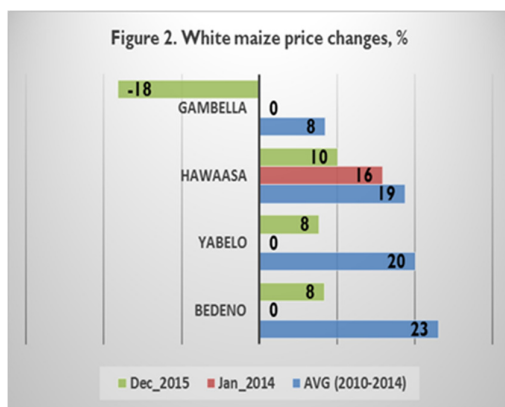


Source: EGTE

White maize: mixed prices were recorded in Woreda markets in different regions. In markets of Yabelo, Ginir, Sinana, Bedeno (Oromia); Korem and Abi Adi (Tigray) and Hawassa and Turmi (SNNP), prices increased by 8% to 20% from previous month prices. On the other hand, maize prices declined in Kobo, Ataye and Shoa Robit (Amhara), Gambelia, Meti Lare and Gog (Gambella), Amaro Kelle and Aleta Wendo (SNNP), Dolo Ado (Somali) and Gebre Guracha (Oromia). In East and West Hararghe, maize prices remained similar to December prices.

Sorghum: White sorghum prices increased in Turmi and Dalocha (SNNP), Mehoni and Adigrat (Tigray) while in Gambella and Amhara monitored markets prices have either declined or remained stable. Similar to white maize, retail prices of red sorghum remained stable in drought affected Woredas of East and West Hararghe. The distribution of food assistance through relief programme could be one of the reasons behind price stability in drought affected areas of East and West Hararghe.

Retail Prices of Staple Cereal



Source: WFP

Wheat: Retail wheat prices stabilized in some Oromia markets but increased by more than 10% in other markets in the region from the previous month. This could be due to the restriction of movement due to the demonstrations in recent months in parts of the region. In Tigray and Amhara wheat prices were stable in most monitored markets.

Terms of Trade (TOT)

Shoat to cereal: compared to the preceding month, average size shoat to maize terms of trade has deteriorated in Gode (10%) and remained the same in Dire Dawa and Afar markets. An average shoat price fetches about 104kg of maize in Dire Dawa while in Afar the exchange ranges from 125kg to 162kg.

Wage to cereal: agricultural unskilled labor demand is low due to the current slack season; daily wage rates declined in Amhara and Tigray regions by 4%. The decline in wage rates coupled with increased prices of staple food led to deteriorated terms of trade. Compared to last month, average terms of trade with white maize and sorghum have deteriorated by 5% in Amhara; wages to sorghum terms of trade deteriorated in Tigray by 18%. The deterioration in TOT impacts negatively labor dependent households to access food.

		% chnages compared to		
		Average (2011-2014)	Jan-15	Dec-16
Markets	Price (Birr)			
White maize (wholesale in 100KG)				
Addis Ababa	457	10	40	0
Nazareth	455	8	6	-1
Shashemene	487	16	6	2
Bure	470	18	18	11
Jimma	440	15	10	7
Bahir Dar	460	6	7	2
Dessie	483	14	14	4
Jiga	451			12
Mekelle	533			6
Wheat-Wholesale in 100KG				
Addis Ababa	966	36	0	-1
Assela	890	33	-2	1
Bale-Robe	838	32	-4	7
Debre Markos	811	28	-2	-3
Dessie	897			3
White maize(Retail in KG)				
Babile	700	36	17	4
Deder	550	5	0	-5
Bedessa	530	17	7	0
Yabelo	650	20	0	8
Abomsa	600	28	9	0
Korem	608	-1	-22	9
Wekro	525	-21	-23	1
Alamata	674	45	27	-7
Gode	1000	19	-17	0
Hawassa	550	19	16	10
Turmi	580	47		16
Gambella	450	8	0	-18
Kobo	592	24	36	-9
Bati	560	14	0	0
Ayssaia	600		30	0
Awash Fentale	600		9	0
White sorghum (Retail in KG)				
Bedeno	700	-4	-13	-27
Abomsa	750	43	25	0
Abaala	800	8	-11	-6
Worer	1150	55	40	0
Korem	720	0	-13	0
Karart	525	4	-14	-5
Sekota	860	28	4	-2
Shewa Robit	1000	9	25	-9
TOT (Shoat to maize in KG)				
Worer	162	-22	-12	0
Dire Dawa	103	-22	-11	3
TOT (wage to maize in KG)				
Shewa Robit	7		-35	-5
Bati	11.6		8.3	-7
Alamata	5.88		-44	-14
Exchange Rates (Birr/US \$)	21.11	15	4	0.3

Table 1. Prices in selected markets