



## Southern Africa

## Monthly Food Price Update

June 2016

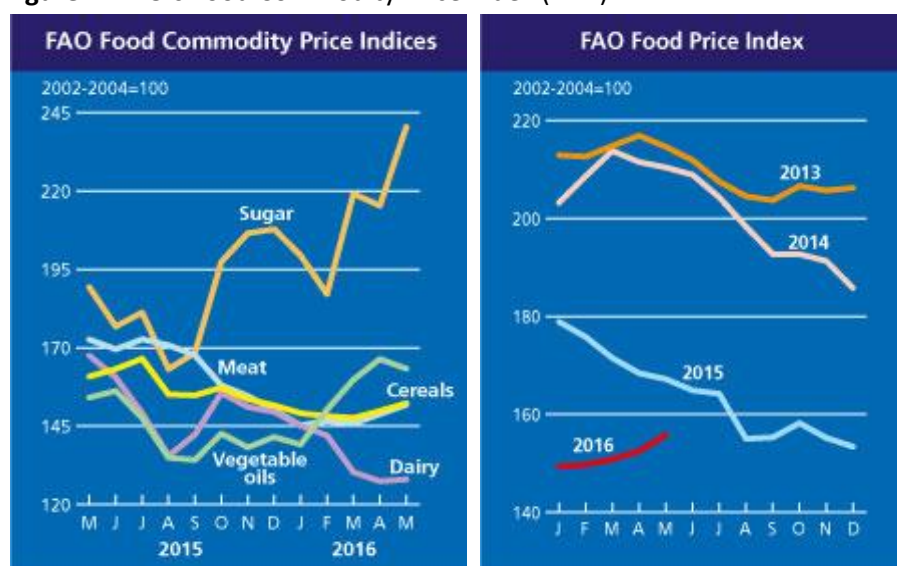
**Highlights:**

- The South African National Crop Estimate Committee's (CEC) sixth maize production estimate (June 2016) stands at 7.16 million tonnes, unchanged from the previous estimate (May). The expected yields per hectare are 3.05 t/ha (white maize) and 4.36 t/ha for yellow maize.
- Maize price trends in May 2016 have been mixed with some countries in the region experiencing increases while others, decreases. Nonetheless, prices remain above their five-year average levels. The retail price of white maize in May 2016 compared to five-year average levels across southern Africa were as follows: Mozambique 148 per cent; South Africa 129 per cent; Malawi 73 per cent (three – year average); Swaziland 69 per cent; Lesotho 62 per cent; Zimbabwe 48 per cent; Zambia 47 per cent; and Tanzania 11 per cent. The price of cassava flour in DRC was 5 per cent above its five year average for the time of year while in Congo Brazzaville it was 40 per cent above a two year average.
- WFP ALPS: 71 per cent (93 out of 132) of ALPS monitored markets in southern Africa were either in Stress, Alert or Crisis in May 2016; down from 78 per cent of markets in March 2016. The countries with the highest reported number of ALPS monitored markets in Alert and Crisis across southern Africa were Malawi (69 per cent) and Mozambique (56 per cent).
- Cereal prices in the region are expected to fall temporarily in the coming months due to the harvest (May – July), even though they are expected to remain above their five-year averages until the next harvest in May 2017. Cereal prices are expected to start increasing earlier in 2016 than normal due to the below average cereal harvests in the region.

✓ **Current International Food Staple Price Trend**

FAO Food Price Index (FFPI) and Food Commodity Price Indices Trend averaged 155.8 in May 2016, up 3.2 points (2.1 per cent) from April and 7 per cent below May 2015. The values of all sub-indices in the FFPI moved up in May except for vegetable oils, which registered a drop for the first time in four months.

The FAO Cereal Price Index for May averaged 152.3 points, up 2.5 (1.6 per cent) from April but down 5.3 per cent compared to May 2015. Maize prices increased sharply for the second month running mainly due to tight export supplies which are only expected to ease with northern hemisphere harvests later on in the year. Rice indices also strengthened.

**Figure 1: FAO's Food Commodity Price Index (FFPI)**

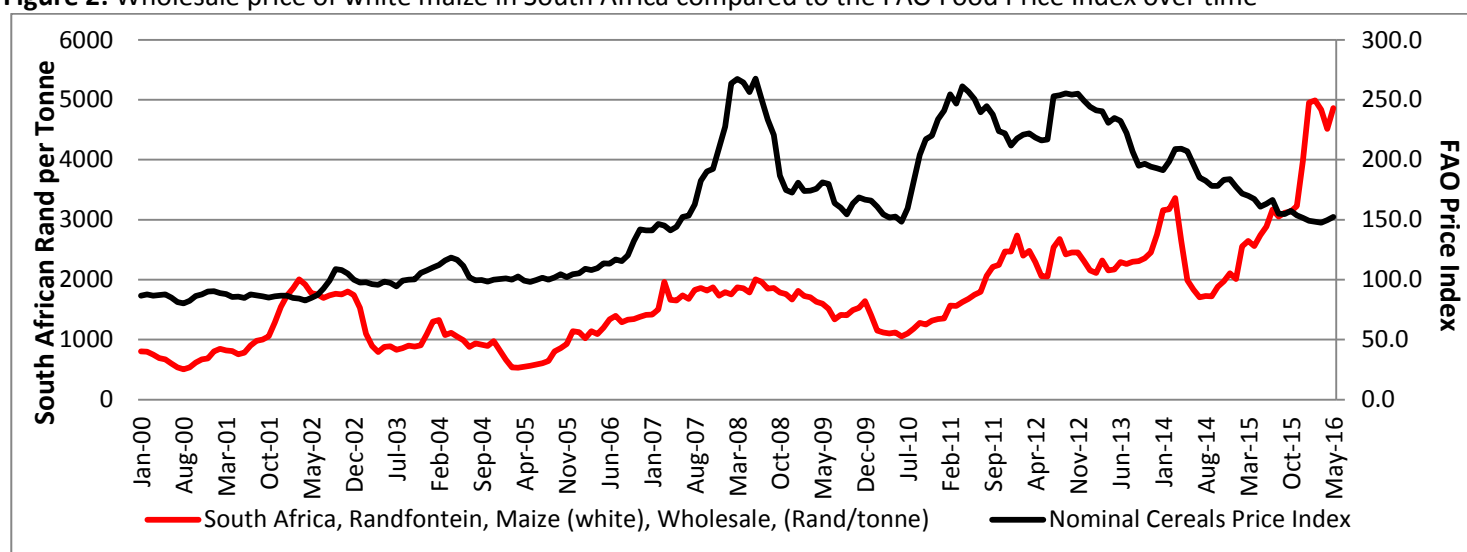
Source: FAO <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>

Wholesale white maize prices in southern Africa saw an increase in May 2016 (4,863 Rand/MT) back to similar prices in March after a slight dip in April (**Figure 2**). July futures for white maize remains at slightly over ZAR 5,000<sup>1</sup>, signaling

<sup>1</sup> AgBiz Morning Market Viewpoint on Agricultural Commodities, 2 June 2016

continued tight supply conditions in the months ahead. Southern Africa's high maize prices are primarily driven by the region's below average maize volumes owing to two consecutive below average production harvests (2014-15 and 2015-16); currency devaluations making imports more expensive as well as high transportation costs especially for land-locked countries.

**Figure 2:** Wholesale price of white maize in South Africa compared to the FAO Food Price Index over time



Source: WFP

- ✓ **Current Regional Food Staple Price Trend:** The month-on-month (compared to April 2016) maize retail prices in May saw mixed signals across southern Africa. Some countries saw a fall in prices due to recent harvests (Zambia -22.2 per cent, Mozambique -6.4 per cent; Tanzania -3.6 per cent and Malawi -2.6 per cent). Other countries instead saw increases (South Africa 7.8 per cent and Lesotho 3.1 per cent). Zimbabwe reported no change in the national average price for the fourth consecutive month. To note both DRC and Congo Brazzaville saw increases in the price of Cassava flour, their main staple, in May above their five year average levels.

However, retail prices of white maize remain above their 5-year average levels: Mozambique 147.5 per cent, South Africa 128.5 per cent, Malawi 73 per cent (three year average), Swaziland 69.3 per cent, Lesotho 61.9 per cent, Zimbabwe at 47.8 per cent, Zambia 46.8 per cent, and Tanzania 11.1 per cent (**Table 1**). Cassava flour prices in Congo Brazzaville were 40 per cent higher than their two year average and in DRC were 4.9 per cent higher than their five-year average. Indicating high cereal scarcity in the region.

**Table 1:** RBJ retail and wholesale staple food price trends of white maize comparing May 2016 to their 5 year average

Country	Nominal retail price in May 2016 (USD/KG)	% change retail price since April 2016	Current retail price compared to 5 year May average price (%)	
			Nominal	Real
Congo (RoC)** Cassava Flour	1.34	50.3	40	NA
Congo (DRC) Cassava Flour	0.64	13.6	4.9	NA
Lesotho (Maize Meal)	0.48	3.1	61.9	NA
Madagascar (Rice)	NA	NA	NA	NA
Malawi**	0.27	-2.6	73	32.2
Mozambique	0.34	-6.4	147.5	NA
Swaziland* (Maize Meal)	0.84	-0.5	69.3	NA
Tanzania***	0.34	-3.6	11.1	10.4
Zambia	0.21	-22.2	46.8	7.3
Zimbabwe	0.48	0	47.8	NA
South Africa* (Durban)	0.32	7.8	128.5	94.3

Source: WFP VAM Portal<sup>2</sup> and FAO Food Price Monitoring Analysis<sup>3</sup>

\* 3 year average

\*\* 2 year average

\*\*\* Wholesale

<sup>2</sup> This is WFP's centralized system for reporting of national and regional food security and vulnerability analysis monitoring information related to chronic and acute food insecurity.

<sup>3</sup> FAO's Food Price Monitoring and Analysis Tool is FAO's online food price monitoring, analysis and reporting system.

- ✓ **Expected Regional Staple Food Price Trend:** With Namibia joining the list of southern African nations reporting a national state of emergency due to the impending drought, prospects for improved food security in southern Africa remain low. Five countries in the region are currently in IPC phase 3 (Crisis), WFP has increased its operational status to L3 due to the impact of the drought on populations across the region. Food prices even though decreasing slightly due to the recent harvest remain above their five year average levels and the prospect is that they will remain above their five year average at least until the next harvest in May-July 2017. The issues expected to continue having a negative impact on the region's food security in the coming months are: lack of regional cereal stocks; possible enactment of national policies limiting the movement of food commodities across borders; steep national currency devaluations expected to continue across the region; increasing cost of petrol and high food import costs especially for the landlocked countries in the region.
- ✓ **Alert on Price Spikes (ALPS):** ALPS<sup>4</sup> is an indicator that monitors local food commodity prices and measures the extent to which food commodities found on local markets experience unusually high food price levels for the time of year. In May 2016, 12 ALPS markets across Malawi, 3 in Mozambique, 1 in Tanzania and 17 in Zambia were found to be in Alert, while 15 other markets across the region were in Stress (**Table 2**). Furthermore, 45 monitored markets across 4 countries in southern Africa were found to be in Crisis, 31 of which were in Malawi, 8 in Zambia, 5 in Mozambique and 1 in Zimbabwe. Zambia saw the greatest increase with 8 markets (up from 2 in March) being reported in Crisis, while Malawi and Mozambique saw decreases of 2 and 4 markets in crises respectively, since April.

In general 70.5 per cent (93 out of 132) of ALPS monitored markets in southern Africa were either in Stress, Alert or Crisis in May. This is a strong indication that food price levels on local markets in the region remain well above their average trends for the time of year. The two countries in the region with most of their monitored maize markets in Crisis were Malawi (69 per cent) and Mozambique (56 per cent).

**Table 2: Price Mode of Monitored Food Markets in Southern Africa in May 2016 – ALPS**

Price Mode	Malawi	Mozambique	Tanzania	Zambia	Zimbabwe	Total markets for Southern Africa	% of total ALPS monitored markets in Southern Africa <sup>5</sup>
Normal	0	1	17	17	0	35	26.5%
Stress	2	0	2	11	0	15	11.4%
Alert	12	3	1	17	0	33	25.0%
Crisis	31	5	0	8	1	45	34.1%
Total monitored markets per country	45	9	20	53	5	132	NA

Source: WFP

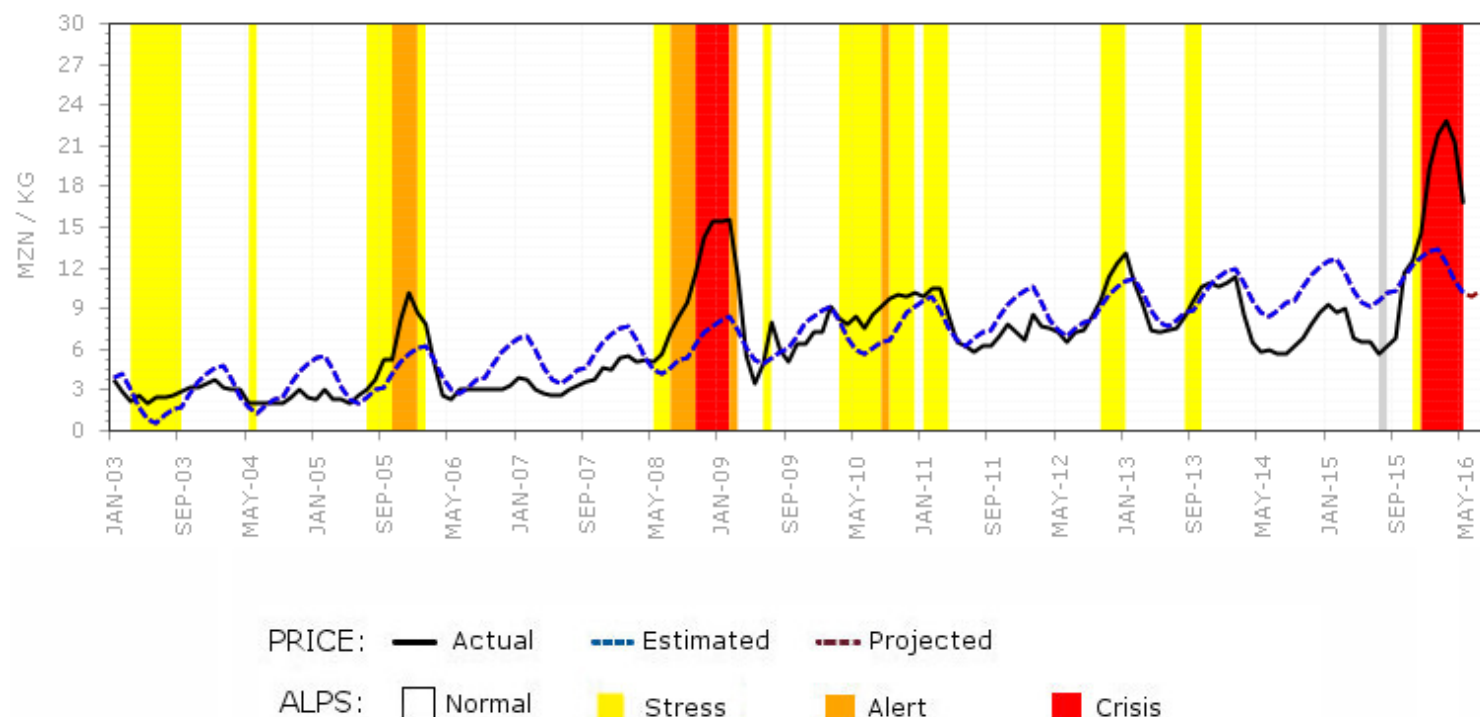
- ✓ **Focus on Mozambique:** May marked further easing of maize retail prices across Mozambique as prices fell by -6.4 per cent nationally compared to the national average price in April 2016. Prices have also continued to fall in Gorongosa, a prime maize market in Mozambique. In this market, prices fell by more than the national average (-21.3 per cent) in response to the start of the harvest. Nevertheless, maize prices remain at extremely high levels compared to the 5 year average standing at 150 per cent above the national average (**Figure 3**).

Mozambique's high national maize price average is due to general low maize stocks across the country (especially in the south maize producing provinces) as well as in neighbouring countries in the region such as South Africa, Malawi and Zimbabwe. The high devaluation rate which has halved the value of the Meticals in the space of a year is making imports of food expensive and the intensification of hostilities within the country are affecting the free movement of trade throughout the country, pushing up prices further.

<sup>4</sup> ALPS classifies food price levels through four categories: Normal, Stress, Alert and Crisis. Under Normal the price is less than 0.25 standard deviations away from the mean for the time of year; under Stress the price is between 0.25 and 1 standard deviation from the mean for the time of year; under Alert the price is between 1 and 2 standard deviations from the mean for the time of year; and under Crisis the price is above 2 standard deviations from the mean for the time of year. More information can be found on the ALPS website: <http://foodprices.vam.wfp.org/alps.aspx>

<sup>5</sup> Data does not include ALPS market for Zambia therefore regional change is not comparable to previous monthly reports

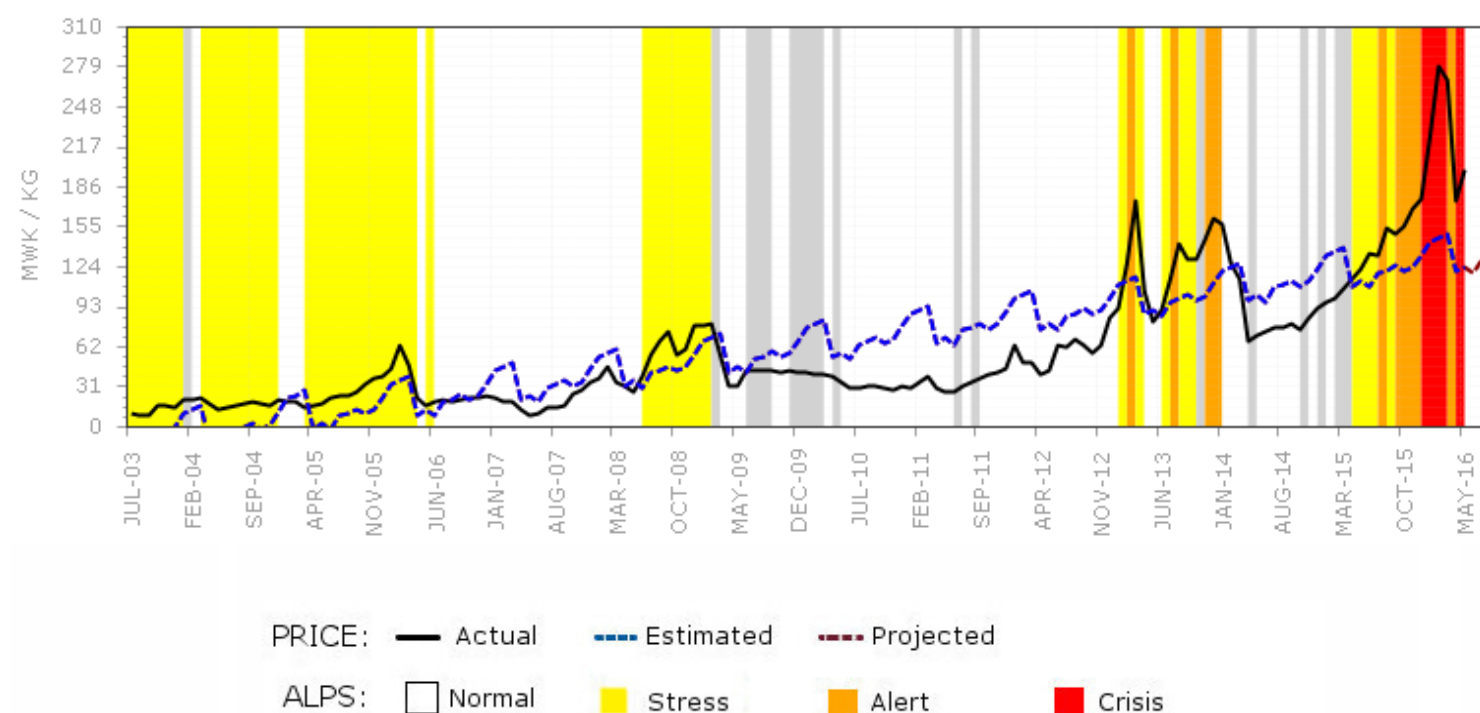
**Figure 3: ALPS Maize Grain Market Price Trend in Gorongosa (Mozambique) compared to Month Average Price Levels**



Source: WFP ALPS <http://foodprices.vam.wfp.org/alps.aspx>

**Focus on Malawi:** Figure 4 illustrates the retail price trend of white maize over time for Lunzu market, a prime maize grain market in Malawi. In this market maize prices had been steadily increasing over time and since December 2015 reached ALPS Crisis levels. However, with the start of the harvest the retail price of white maize has dropped considerably (-37 per cent) from levels seen at the peak of the lean season in February. Maize prices though have already started increasing again (11.8 per cent), well ahead of September-October when maize prices usually start to increase, indicating tight supply conditions.

**Figure 4: ALPS maize grain retail market price trend in Lunzu (Malawi) compared to average price levels for the time of year**



Source: WFP ALPS <http://foodprices.vam.wfp.org/alps.aspx>

- ✓ **Plans/Upcoming Assessments in 2016:** Market assessments to be undertaken in Mozambique (May - June) and VAC assessments to be conducted by Angola, Madagascar, DRC, Mozambique and Tanzania (July – August).



- ✓ **RVAC production figure estimates for the 2015-16 agricultural season:** During the annual SADC Vulnerability assessments dissemination forum held on 9-10<sup>th</sup> June 2016, SADC released production figure estimates for the 2015-16 cereal harvest. Nearly all countries except for Zambia registered production deficits. It is important to note that **Table 3** does not include figures for DRC, Madagascar, Mauritius, Seychelles and Tanzania which will be updated in the coming month.

**Table 3: RVAC cereal production figure estimates**

Preliminary Cereal Balance Sheet by Country ('000 MT)											
Country	Ang	Bot	Les	Mal	Moz	Nam	RSA	Swa	Zam	Zim	SADC
<b>A. Domestic Availability</b>	<b>2,532</b>	<b>19</b>	<b>65</b>	<b>2,265</b>	<b>2,675</b>	<b>92</b>	<b>12,311</b>	<b>49</b>	<b>3,607</b>	<b>854</b>	<b>24,470</b>
A.1 Opening Stocks	158	13	34	15	379	25	3,012	15	811	216	4,678
Formal/SGR	158	13	28	15	248	25	3,012	9	811	163	4,483
On Farm	-	-	6	-	131	-	-	1	-	53	191
Other	-	-	-	-	-	-	-	4	-	-	4
A.2 Gross Harvest	2,374	6	31	2,250	2,296	68	9,299	34	2,886	638	19,791
<b>B. Gross Domestic Requirements</b>	<b>4,380</b>	<b>647</b>	<b>358</b>	<b>3,369</b>	<b>3,587</b>	<b>327</b>	<b>14,895</b>	<b>205</b>	<b>3,051</b>	<b>2,969</b>	<b>33,789</b>
<b>C. Desired SGR Carryover Stocks</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>D. Domestic Shortfall/Surplus</b>	<b>-1,848</b>	<b>-631</b>	<b>-293</b>	<b>-1,104</b>	<b>-912</b>	<b>-234</b>	<b>-2,584</b>	<b>-157</b>	<b>556</b>	<b>-2,115</b>	<b>-9,319</b>
<b>E. Percent availability vs. requirement</b>	<b>58%</b>	<b>3%</b>	<b>18%</b>	<b>67%</b>	<b>75%</b>	<b>28%</b>	<b>83%</b>	<b>24%</b>	<b>118%</b>	<b>29%</b>	<b>72%</b>

**Source:** RVAC Dissemination meeting 9-10 June 2016

\*Not including figures from DRC, Madagascar, Mauritius, Seychelles and Tanzania