



Southern Africa

Monthly Food
Price Update

May 2016

Highlights:

- The South African National Crop Estimate Committee's (CEC) fifth maize production estimate (May 2016) stands at 7.2 million tons, which is 2 per cent higher than the previous estimate (April). This forecast is 27 per cent below the 2014-15 season's harvest which in-turn was already 30 per cent below the 2013-14 harvest.
- Maize prices in March 2016 have been decreasing across the region but nonetheless, remain above their five-year average levels. The retail price of white maize in April 2016 compared to the five-year average levels across southern Africa were as follows: Mozambique 130 per cent; South Africa 100 per cent; Zambia 66 per cent; Malawi 63.5 per cent (three – year average); Lesotho 58 per cent; Swaziland 46 per cent; Zimbabwe 30 per cent; and Tanzania 12 per cent. The price of cassava flour in DRC was 32 per cent below its five year average for the time of year.
- WFP ALPS: 72 percent (57 out of 79) of ALPS monitored markets in southern Africa were either in Stress, Alert or Crisis in April 2016; down from 74.2 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 (76.7 per cent) and Mozambique (100 per cent).
- Cereal prices in the region are expected to fall in the coming months due to the winter harvest (May – July), even though they will remain above five-year averages for the time of year. Cereal prices are expected to start increasing earlier in 2016 due to the anticipated lower normal 2015-16 cereal harvest levels.

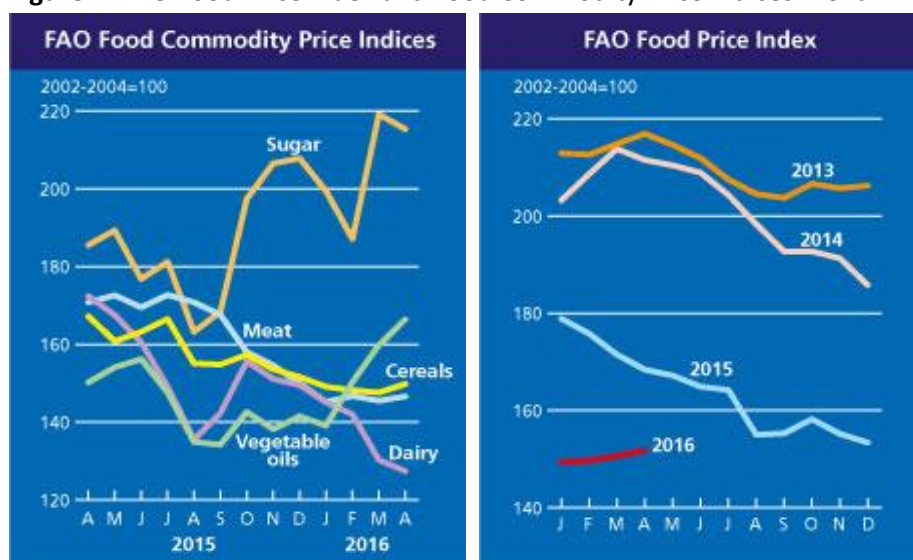
✓ **Current International Food Staple Price Trend** **Figure 1: FAO Food Price Index and Food Commodity Price Indices Trend**

FAO's Food Commodity Price Index (FFPI) averaged 151.8 in April 2016, up 1.1 points (0.7 percent) from March and almost 10 points below the April 2015 level. The highlights for April were a strong rise in vegetable oil prices, a modest increase in the international cereal price and declines in dairy and sugar prices. This has led to a gradual rise in the value of the FFPI.

The FAO Cereal Price Index for April was nearly at 150 points, up 2.2 (1.5 per cent) from March but 10.4 per cent lower than in April 2015, due to maize increased quotations influenced by a weaker US Dollar.

Wholesale white maize prices in southern Africa have continued to decrease in April

2016 falling to 4,408 RSA/MT from 4,836 RSA/MT in March and from a peak price of 5,280 Rand/MT in January 2016 (SAFEX). White maize prices however remain above their five year average levels for the time of year (**Figure 2**, below). Nonetheless the July futures for white maize still remains at slightly over ZAR 5000¹, signaling continued tight supply

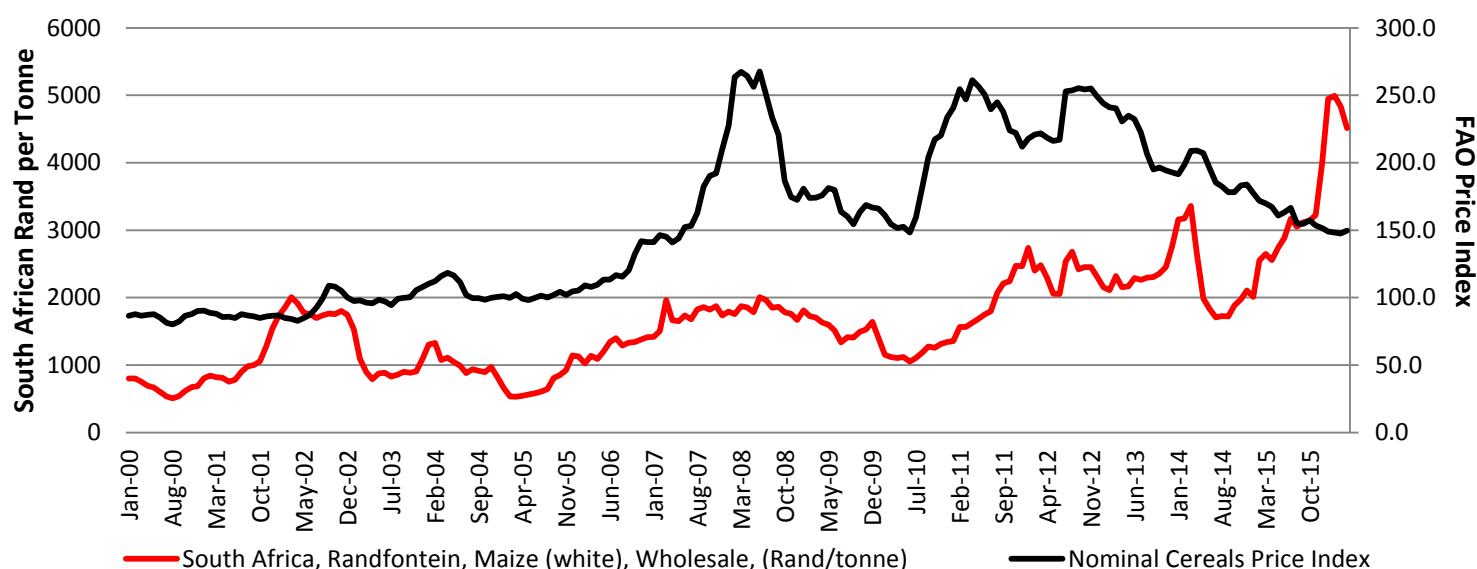


Source: FAO <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>

¹ AgBiz Morning Market Viewpoint on Agricultural Commodities, 2 June 2016

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



Current Regional Food Staple Price Trend: The month-on-month (compared to March 2016) maize retail prices in April have decreased consistent with the expected seasonal patterns at harvest time with the exception of Lesotho where prices have increased by 14 percent. All other countries in the region experienced price decreases: Malawi (-27 per cent), Tanzania (-12 per cent), Mozambique (-11 per cent), Swaziland (-5 per cent), and Zambia (-3 per cent). The price of cassava flour, the main staple consumed in RoC and DRC, decreased by -10 per cent in RoC and increased by 4 per cent in DRC compared to prices in March 2016.

- ✓ However, the retail prices of white maize remain above their 5-year average levels as follows: Mozambique 188 per cent, South Africa 100 per cent, Malawi 63.5 per cent (three year average), Zambia 66 per cent, Lesotho 58 per cent, Swaziland 46 per cent, Zimbabwe at 30 per cent, and Tanzania 12 per cent (**Table 1**). Cassava flour prices in DRC were 10.4 percent lower than the five-year average. This is indicative of high cereal scarcity in the region.

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

Country	Nominal retail price in April 2016 (USD/KG)	% change retail price since March 2016	Current retail price compared to 5 year April average price (%)	
			Nominal	Real
Congo (RoC) Cassava Flour	0.92	-9.6	NA	NA
Congo (DRC) Cassava Flour	0.55	6.9	-8	-27.7
Lesotho (Maize Meal)	0.50	14.4	58.1	45.6
Madagascar (Rice)	0.42	NA	1.4	14
Malawi*	0.38	-27.4	63.5	27.1
Mozambique	0.43	11.3	130.1	NA
Swaziland (Maize Meal)	0.93	-4.5	46.4	NA
Tanzania*	0.26	-11.6	11.8	14.9
Zambia	0.27	-2.6	66.1	19.1
Zimbabwe	0.48	0	29.7	NA
South Africa* (Durban)	0.29	-6.2	100.2	71.5

Source: WFP VAM Portal² and FAO Food Price Monitoring Analysis³

* 3 year average

** Maize wholesale prices

² 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.

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

- ✓ **Expected Regional Food Staple Price Trend:** Favourable rains and the continued weakening of the US Dollar in April 2016 has seen a strengthening of the SA Rand and has reduced the price of maize in South Africa. Nevertheless, regardless of the strengthening SA Rand and the lower international food prices (compared to previous years), key staple food prices in southern Africa are expected to continue to stay above their five-year average levels for the coming months. The reasons for which are: the continuation of the lean season until end May 2016; steep national currency devaluations are expected to continue across the region and high food import costs especially for the landlocked countries in the region.
- ✓ **Alert on Price Spikes (ALPS):** ALPS⁴ 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 April 2016, 10 ALPS markets across Malawi were found to be in Alert while 4 other markets across the region were in Stress (**Table 2**). Furthermore, 43 monitored markets across 3 countries in southern Africa were found to be in Crisis, 33 of which were in Malawi, 9 in Mozambique and 1 in Zimbabwe. Malawi saw the greatest decrease with 10 fewer markets (23.3 per cent) being reported in Crisis, while Zimbabwe saw an increase of one country. Mozambique instead saw the number of markets in Crisis remain unchanged compared to March 2016.

In general 72 per cent (57 out of 79) of ALPS monitored markets in southern Africa were either in Stress, Alert or Crisis in April. 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 Alert or Crisis were Malawi (76.7 per cent) and Mozambique (100 per cent). ALPS data was not available for Zambia in April 2016; therefore regional data analysis is not comparable to previous monthly reports.

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

Price Mode	Malawi	Mozambique	Tanzania	Zambia	Zimbabwe	Total markets for Southern Africa	% of total ALPS monitored markets in Southern Africa ⁵
Normal	1	0	17	NA	4	22	27.8%
Stress	1	0	3	NA	0	4	5.1%
Alert	10	0	0	NA	0	10	12.7%
Crisis	33	9	0	NA	1	43	54.4%
Total monitored markets per country	45	9	20	NA	5	79	NA

Source: WFP

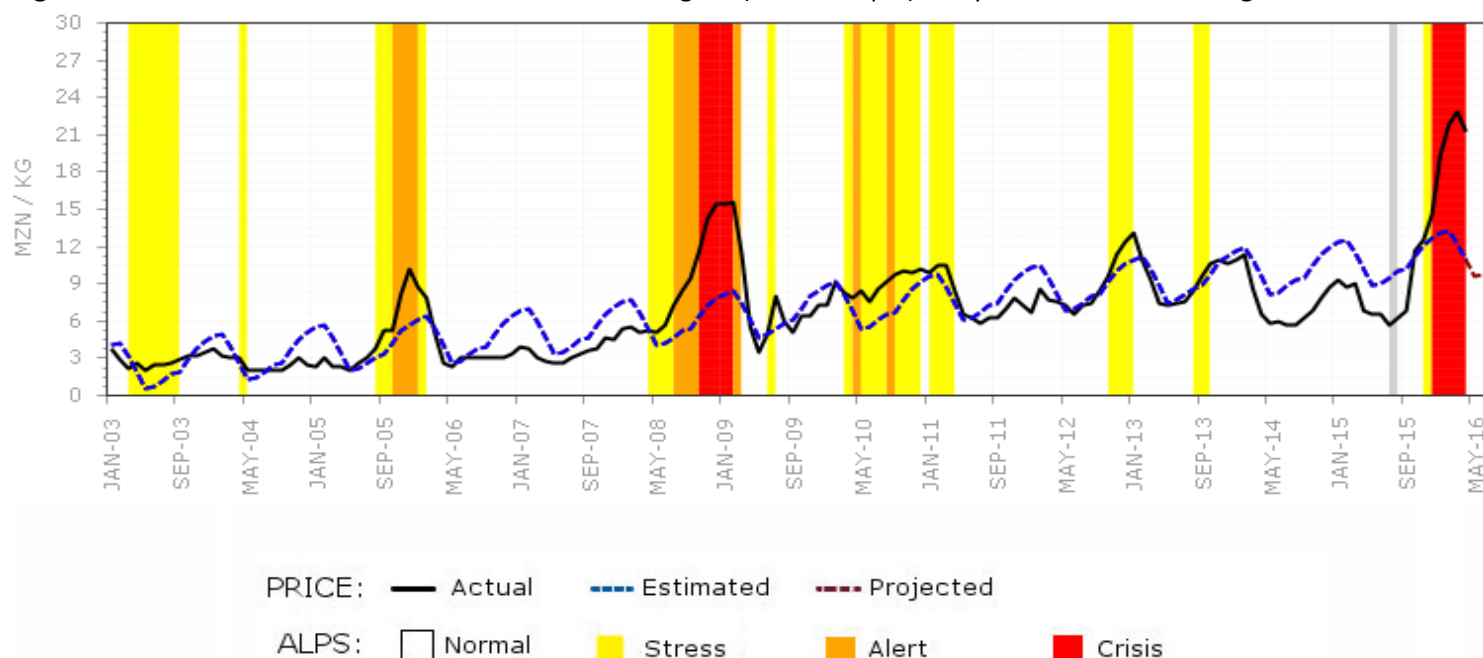
- ✓ **Focus on Mozambique:** There was further easing of maize retail prices in Mozambique in April 2016 as prices fell by -11 per cent nationally compared to the national average price in March 2016. Prices have also started to fall in Gorongosa, a prime maize market in Mozambique. In this market, prices fell by less than the national average (-7 per cent) in response to the start of the harvest. Nevertheless, maize prices remain at extremely high levels compared to the 5 year average (130 per cent above the national average). In Gorongosa price levels compared to their five year average levels have actually increased since March 2016, from 130 percent to 188 per cent above the 5 year average levels for the time of year, demonstrating that maize prices are not falling as rapidly and by as much compared to trends in previous years (**Figure 3**).

Mozambique's high national maize price average is due to general low maize stocks in the country as well as in neighbouring countries in the region such as South Africa, Malawi and Zimbabwe. The intensification of hostilities between the Frelimo Government and Renamo, the opposition party, which controls the north and part of the central provinces in Mozambique where Gorongosa and other high maize production areas are located, is also affecting prices by limiting the free movement of trade throughout the country.

⁴ 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>

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

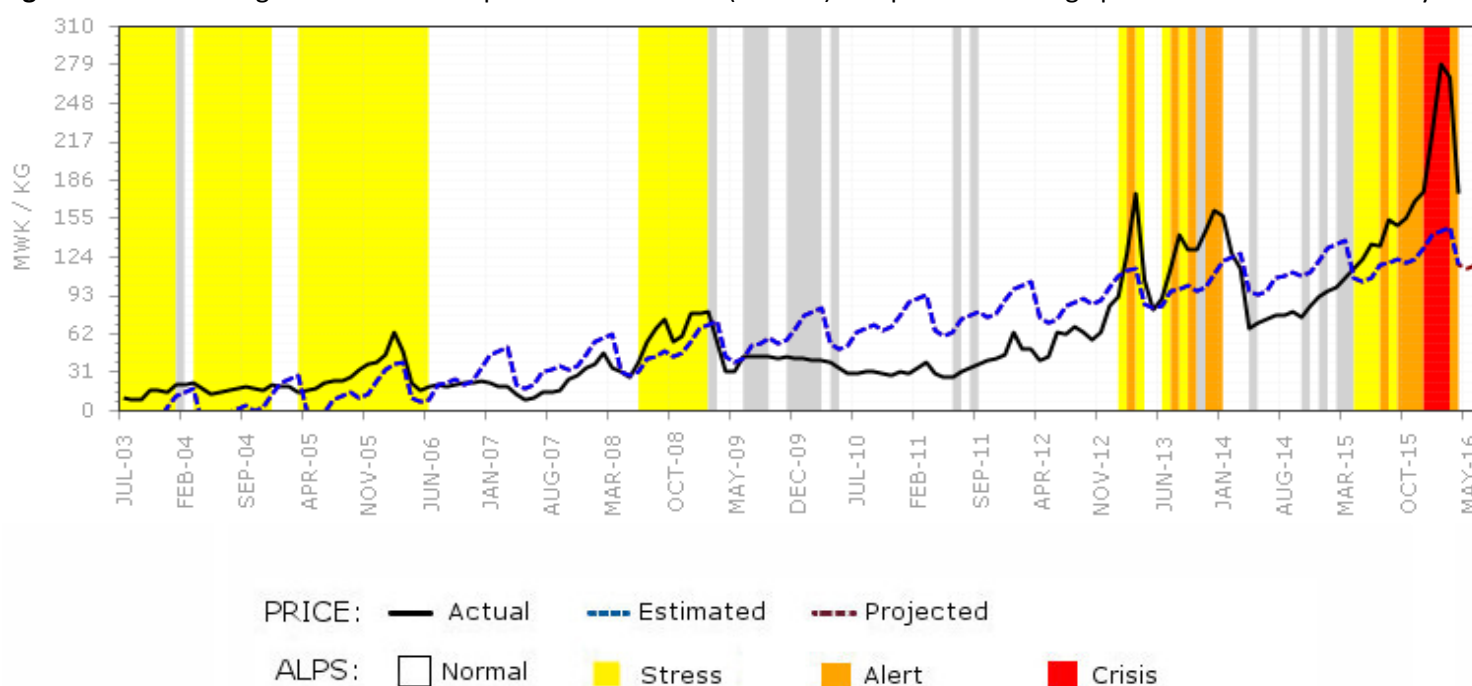
Figure 3: ALPS Maize Grain Market Price Trend in Gorongosa (Mozambique) compared to Month Average Price Levels



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 reaching ALPS Crisis levels. However, with the start of the harvest the retail price of white maize has dropped considerably and will likely continue to fall further during the harvest period (May – July). The retail price of white maize has fallen by 34.7 per cent compared to March 2016 and by 37.2 per cent compared to February 2016 price level when maize prices started to fall. The pattern is expected to be only momentary because of the high cereal deficits in the country.

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); Crop assessments across the region (March – May) and VAC assessments across the region (April – June)