



Southern Africa

Monthly Food Price Update

April 2016

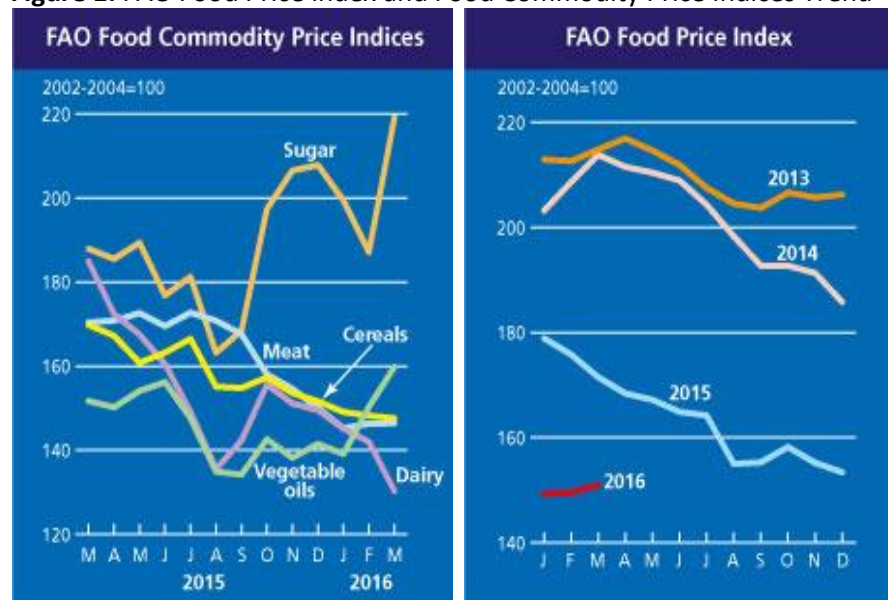
Highlights:

- The National Crop Estimate Committee's (CEC) fourth maize production estimate for April stands at 7.05 million tons, which is 0.2 percent lower than the previous estimate (March). This puts the South Africa's maize 2016/17 import estimates at 3.8 tons (2.7 million tons of yellow maize and 1.1 million tons of white maize).
- Maize prices in March 2016 remain high, and are well above their five-year average levels. The retail price of white maize in March 2016 compared to the five-year average levels across Southern Africa was as follows: Mozambique 130 percent; Malawi 97.7 percent (four – year average); South Africa 95.4 percent; Swaziland 76.9 percent; Zambia 73.8 percent, Lesotho 40.5 percent, Tanzania 28.7 percent and Zimbabwe at 21.8 percent.
- WFP ALPS: 74.2 percent (98 out of 132) of ALPS monitored markets in southern Africa were either in Stress, Alert or Crisis in March 2016; down from 77.9 percent of markets in February 2016. The countries with the highest reported number of ALPS monitored markets in Alert and Crisis across Southern Africa were Malawi (96 percent) and Mozambique (100 percent).
- Further food price increases are expected at least until May 2016 when the harvest in the region becomes available. Food price increases are being primarily influenced by low regional stocks of cereals, currency devaluations, speculation of a bad 2015-16 harvest and high import transport costs.

✓ **Current International Food Staple Price Trend**

FAO's Food Commodity Price Indices averaged 151 in March 2016, up 1 percent from the previous month and almost 21 points (12 percent) below its March 2015 level. The highlights for March were strong rises in sugar and vegetable oil prices. The FAO Cereal Price Index for March was at 147.6 points, down marginally from the previous month and 13.1 percent less than in March 2015, due to good maize prospects in South America and better planting outlook for USA.

White maize prices in southern Africa have continued to decrease in March 2016 falling to 4,836 RSA/MT (329 USD) from a peak price of 5,280 Rand/MT (315 USD) in January 2016 (SAFEX). White maize prices however remain above their five year average levels for the time of year. Southern Africa's high maize prices are primarily driven by the region's lower than usual maize volumes on local markets owing to two consecutive bad harvest years; currency devaluations making imports more expensive as well as high transportation costs especially for land-locked countries.

Figure 1: FAO Food Price Index and Food Commodity Price Indices Trend

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

- ✓ **Current Regional Food Staple Price Trend:** Maize prices across the region continued to be well-above their 5-year average levels for the time of year. Current retail maize prices in March 2016 compared to their five – year average levels were as follows: Mozambique 130.2 percent, Malawi 97.7 percent (four year average), South Africa 95.4 percent, Swaziland 76.9 percent, Zambia 73.8 percent, Lesotho 40.5 percent, Tanzania 28.7 percent and Zimbabwe at 21.8 percent (**Table 1**). Cassava flour prices in DRC were 10.4 percent lower than the five-year average for the time of year.

Month-on-month (compared to February 2016) maize retail prices have increased in Zambia (30.4 percent), Malawi (11.6 percent) and Lesotho (6.2 percent). They have instead decreased in Tanzania (-3.8 percent), South Africa (-3.1 percent), and Mozambique (-1.3 percent). The price of cassava flour, the main staple consumed in RoC and DRC, also decreased by respectively by -25 percent and -8.3 percent compared to prices in February 2016.

- ✓ **Expected Regional Food Staple Price Trend:** The continued weakening of the US Dollar in March 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 falling international food prices, 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 May 2016; steep national currency devaluations are expected to continue across the region, continuation of erratic weather disrupting crop growing patterns thereby increasing the likelihood of a poor 2015-2016 harvest and high food import costs especially for the landlocked countries in the region.

Table 1: RBJ retail and wholesale staple food price trends of white maize comparing March 2016 to February 2016

Country	Nominal retail price in March 2016 (USD/KG)	% change retail price since Feb. 2016	Current retail price compared to 5 year March average price (%)		WFP wholesale tender price in March 2016 (USD/MT)	% change WFP wholesale tender price since Feb. 2016
			Nominal	Real		
Congo (RoC) Cassava flour	1	-25	NA	NA	NA	NA
DRC Cassava flour	0.52	-8.3	-10.4	NA	480	26.3
Lesotho**	0.43	6.2	40.5	NA	NA	NA
Madagascar (Rice)	NA	NA	NA	NA	437	No Change
Malawi****	0.36	11.6	97.7	NA	381	No Change
Mozambique (Gorongosa)	0.47	-1.3	130.2	128.3	519.11	No Change
Swaziland**	0.94	-0.4	76.9	27	362	No Change
Tanzania* (Arusha)	0.29	-3.8	28.7	12.4	369	No Change
Zambia	0.51	30.4	73.8	24	289.60	5.5
Zimbabwe	0.48	0	21.8	NA	NA	NA
South Africa* (Durban)	0.33	-3.1	95.4	68.4	435	1.2

Source: WFP VAM Portal¹ and FAO Food Price Monitoring Analysis²

*Maize wholesale prices

** Maize meal

**** 4 year average

Alert on Price Spikes (ALPS): ALPS³ 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 March 2016, 15 ALPS markets across 3 countries (Malawi, Zimbabwe and Zambia) were found to be in Alert while 29 other markets across the region were in Stress see **Table 2**. Furthermore, 54 monitored markets across 3 countries (Malawi,

¹ 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.

² FAO's Food Price Monitoring and Analysis Tool is FAO's online food price monitoring, analysis and reporting system.

³ 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>

Mozambique, Zambia) in southern Africa were found to be in Crisis, 43 of which were in Malawi, 9 in Mozambique and 2 in Zambia. The number of markets in Crisis across the region increased by 4 since February, representing an 8 percent increase. Malawi saw the greatest increase with an additional 3 markets (7.5 percent) being reported in Crisis, while Mozambique saw an increase of one country. Zambia instead saw the number of markets in Crisis remain unchanged compared to February 2016.

In general 74.2 percent (98 out of 132) of ALPS monitored markets in southern Africa were currently either in Stress, Alert or Crisis. This is a strong indication that food price levels on local markets in the region were 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 (96 percent) and Mozambique (100 percent).

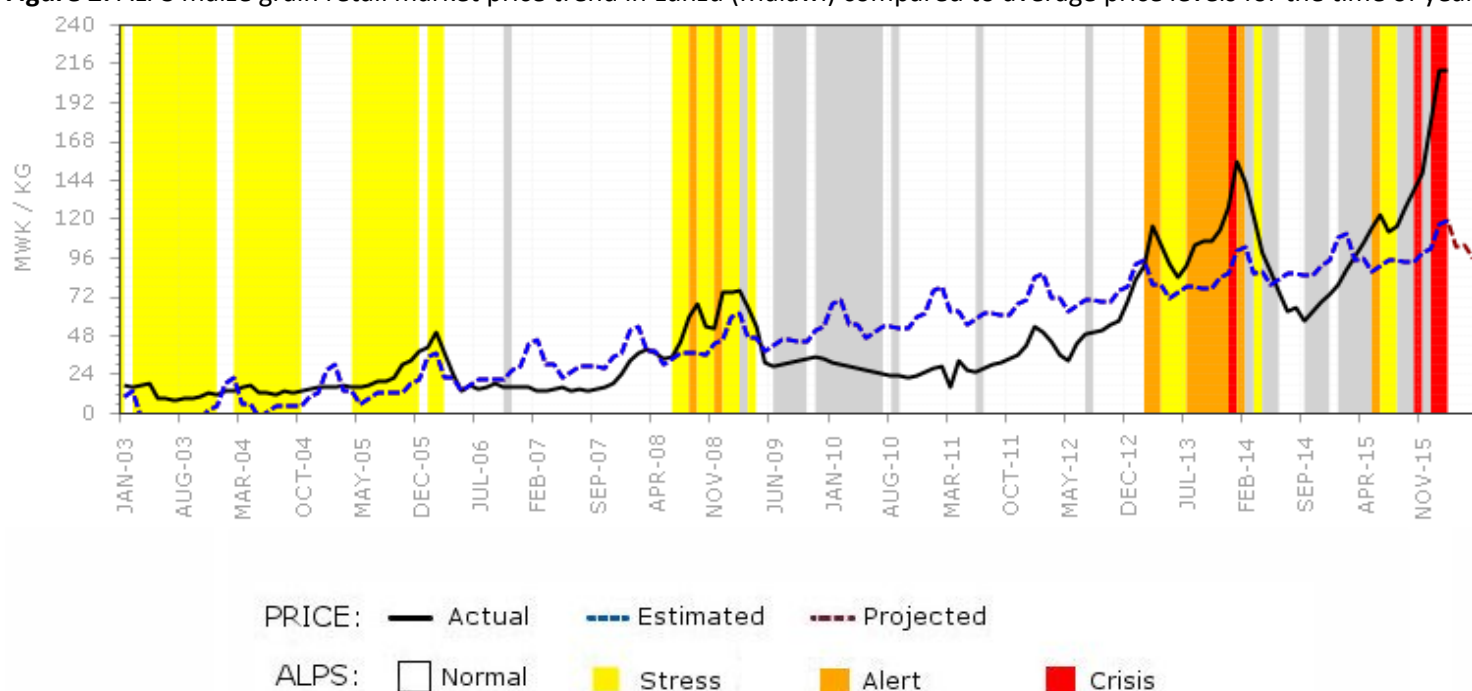
Table 2: Price Mode of Monitored Food Markets in Southern Africa in March 2016 – ALPS

Price Mode	Malawi	Mozambique	Tanzania	Zambia	Zimbabwe	Total markets for Southern Africa	% state of ALPS monitored markets in Southern Africa
Normal	0	0	13	17	4	34	25.76
Stress	0	0	7	22	0	29	21.97
Alert	2	0	0	12	1	15	11.36
Crisis	43	9	0	2	0	54	40.91
Total monitored markets per country	45	9	20	53	5	132	NA

Source: WFP

Malawi, Mozambique and Zambia have markets through-out the country which were either in Alert or Crisis.

Figure 2: ALPS maize grain retail market price trend in Lunzu (Malawi) compared to average price levels for the time of year

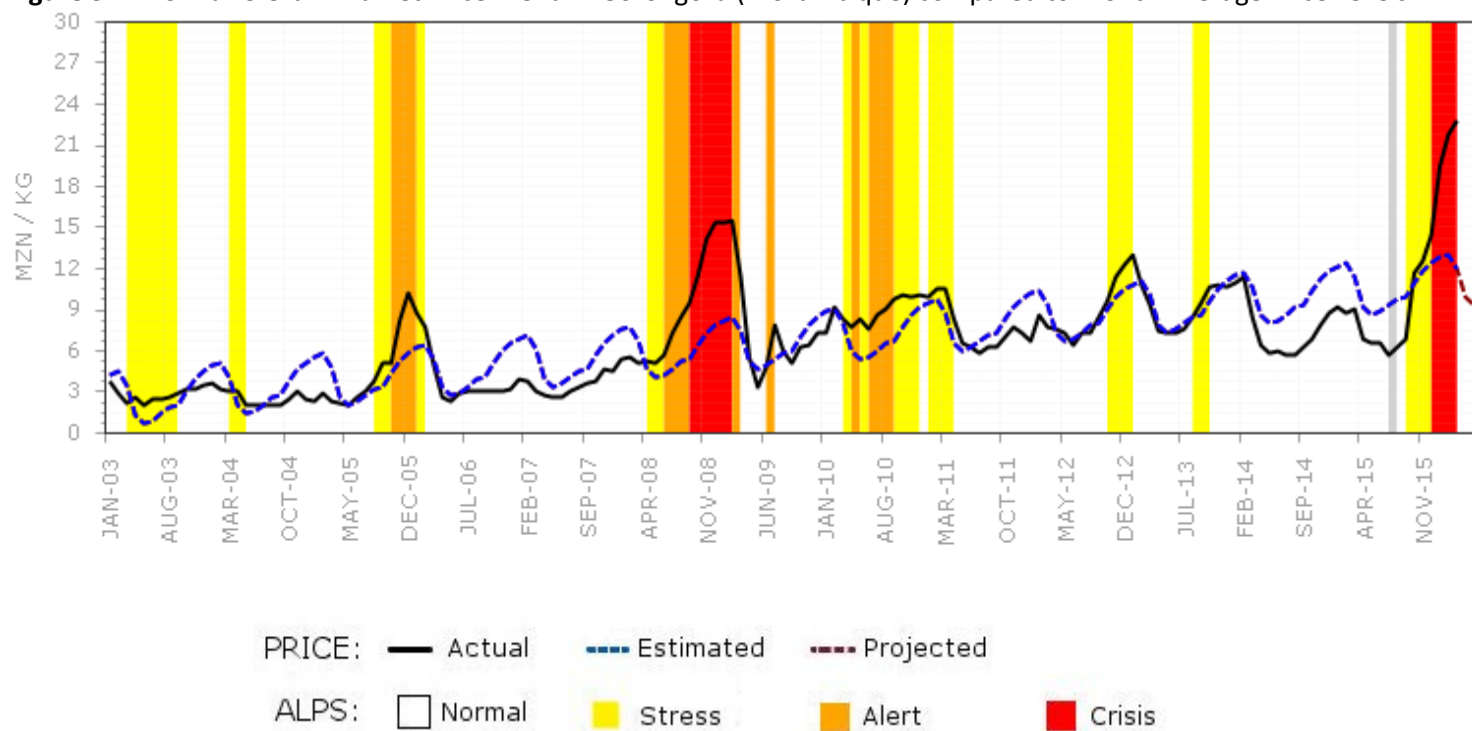


Source: WFP ALPS

Figure 2 (above) 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 have steadily been increasing over time, however, since June 2015 maize grain prices in Lunzu have been increasing and over the past seven months the price increases have reached ALPS Crisis levels with prices continuing to increase above their usual levels for the time of year. The main reasons for this unprecedented and continuous increase has been the tightening of cereal supplies from the 2014-15 maize harvest; the devaluation of the Malawian Kwacha which devalued by 66 percent against the US Dollar compared to March 2015 levels; and high transport costs which have had an impact on the movement of food into and across the country.

There was a slight easing of maize retail prices in Mozambique in March 2016 as prices fell by -1.3 percent nationally compared to the previous month's national average price. Nevertheless, maize prices remained at extremely high levels compared to the 5 year average (130 percent). The high national maize price average is due to maize prices having increased rapidly in places like Gorongosa, a prime maize market in Mozambique and low maize stocks in neighbouring countries in the region. **Figure 3** illustrates the retail price trend of white maize over time for Gorongosa market. In this market, maize prices have increased astronomically by 231 percent over the past 9 months compared to a usual increase of 21 percent over this period. WFP ALPS has placed the town in Crisis phase and maize prices will likely increase further at least until the harvest, April-May 2016. The increasing likelihood of a lower than average 2015-16 harvest will likely maintain prices higher than their usual average levels for the time of year.

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>

- ✓ **Plans/Upcoming Assessments in 2016:** Market assessments to be undertaken in Malawi, Tanzania and Mozambique (April – May); Crop assessments across the region (March – May) and VAC assessments across the region (April – June).