WFP Monitored markets:

Afar	4
Amhara	7
Oromia	8
SNNP	11
Somali	3
Tigray	11

Monitored prices:

Wholesale prices (20 markets)
Retail prices (44 markets)
CPI (Consumer Price Indices)

Data sources

WFP Sub Offices
Ethiopian Grain Trade Enterprise
Central Statistics Agency
National Bank of Ethiopia
Woreda DPPO

WFP-Ethiopia – VAM

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HIGHLIGHTS

- *In June, Year-on-Year general inflation rate stood at 7.5%, food inflation at 7.8% and non-food inflation rate at 8.7%. Food infltion rate decreased from May which was 8.4%.*

- *Whole sale price information obtained from the Ethiopian Grain Trade Enterprise (EGTE) show, despite the onset of the lean season and the continued impact of the El-Niño induced drought, month-to-month wholesale prices of staple cereals (white maize, wheat, sorghum and teff) and pulses remained stable, changing by less than 5% only. However, 2016 prices are higher than last year prices and than the long term average for most cereals, except Wheat prices which are lower than last year prices.*

- *While month-to-month pulse prices remained stable, compared to last year, chickpea* ***and lentil*** *prices, rose by 40% and 9% respectively.*

- *In June, retail prices exhibited a mixed trend across monitored markets. Compared to May 2016, white maize prices increased by 5-10% in 6 monitored markets in SNNPR in 2 markets in Oromia and in 1 market in Afar. On the other hand, prices decreased by 6-13% in 4 markets in Oromia in the zones of Borena, Guji, Arsi and North Shewa.*

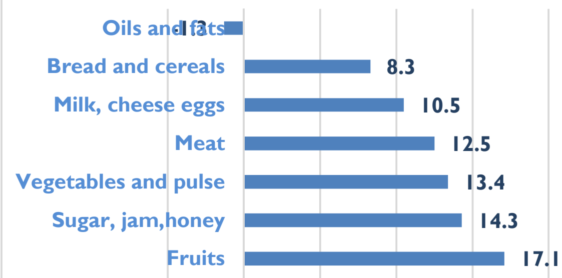
- *The ongoing humanitarian assistance, start of Belg harvest and the onset of the Kiremt (June –September) rains, as well as increased sell of cereal by farmers to buy fertilizer are believed to contribute to the stability and in some markets decrease of retail cereal prices.*

- *Unskilled agricultural wage rates increased in Tigray, SNNPR and few markets of Amhara contributing to improvements in terms of trade. Wages increased due to the start of main agricultural activities of the Meher season. Terms of trade between shoat and staple food have remained the same in most monitored markets.*

Inflation and Consumer Price Index

In June, Year-on-Year general inflation rate stood at 7.5%, food inflation at 7.8% and non-food inflation rate at 8.7%. Food infltion has been flcutuating from 6.3% in April up to 8.4% in May and down to 7.8% in June 2016. According to the Central Statstical Agency, the food components that showed price increase are vegetables, mainly onion, tomatoes and garlic. Figure I depicts the year-on-year percentage changes of the food components of consumper price indicies.

Figure 1. Year-on-year inflation rates of food components, % (Dec 2011=100)



Source: CSA

Wholesale prices of Staple Cereal

According to EGTE, despite the onset of the lean season (June to September) and the continued impact of the drought, wholesale prices of staple cereals did not increase. In June, month-to month wholesale nominal prices (white maize, wheat, sorghum and *teff*) showed very slight changes, by less than 5%. On the other hand, compared to the long term average (2011-2015), sorghum and teff prices increased by 20%-40% respectively, while maize and wheat prices remained stable compared to the long term average. Both the price stability and increases were observed in deficit as well as surplus markets at comparable rates. As opposed to normal seasonal trends, Figure 3 shows, white wheat prices declined over the last six months. Like cereal prices, month-to month wholesale national average prices of pulses remained stable but compared to a year ago, prices rose within ranges of 9% (the lowest) for lentils and 40% (highest) for chickpeas.

Figure 2. National average wholesale maize price, ETB/100KG

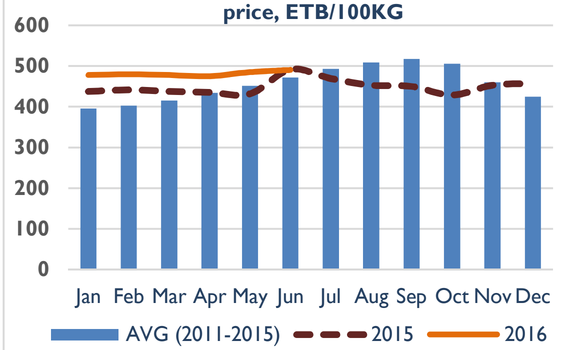


Figure 3. National average wholesale white wheat price, ETB/100KG

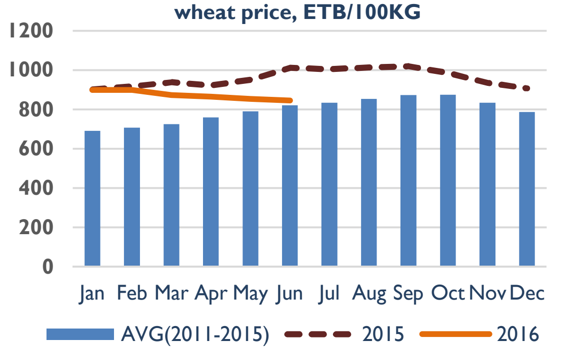
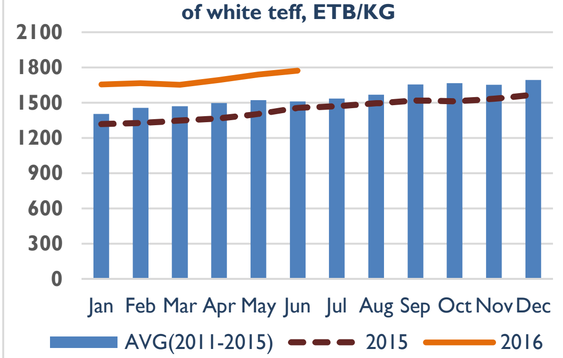


Figure 4. National average wholesale price of white teff, ETB/KG



Source: EGTE

Retail Prices of Staple Cereal

In June retail prices showed a mixed trend across monitored markets. Compared to May 2016, white maize prices increased by 5-10% in SNNP (Enseno, Wolayta Sodo, Hawassa, Aleta Wendo and Dalocha), in Oromia in Bale (Sinana and Ginir) and Afar (Abala). On the other hand, prices decreased by 6-13% in Oromia in Borena and Guji (Yabelo and Negelle Woredas), Arsi and North Shewa (Abomsa and Kuyu Woredas). One of the possible reasons for unseasonal price reduction in Borena was the increased number of PSNP beneficiaries under the new PSNP 4 in January 2016 by about 155%. As these are food only beneficiaries, it reduces household's dependence on the market. In Tigray, prices were stable in many markets except in Alamata, Abiy Adi, May Tsemri, Wekro, Sheraro and Adwa where white maize, wheat and sorghum prices declined by 9% to 32% (see Table 1). It is unusual to observe such level of reduction in June. Generally, the performance of *Meher* season rain, humanitarian assistance (longer rounds than usual), fertilizer purchases on cash that forced farmers to sell grain, and the start of *Belg* season harvest were contributing factors for the stability and downward trends in prices.

Figure 5. White maize nominal retail price changes, %

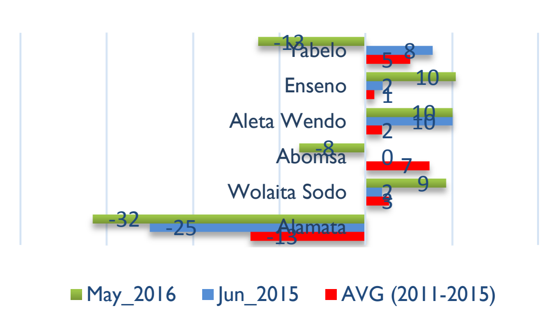
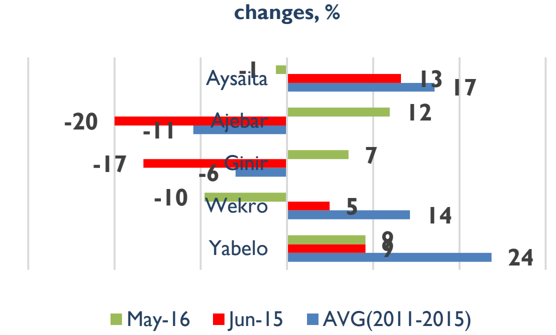


Figure 6. White wheat nominal retail price changes, %



Source: WFP

Terms of Trade (TOT)

Shoat to cereal: An average shoat fetched about 125Kg of white maize in Yalo and Asayita (Afar), 131kg in Jijiga, 107kg in Negelle and 82kg in Yabelo of Oromia. Compared to last month, the TOT remained the same except at Yabelo where it increased by 19%. The availability of pasture and improvements of livestock body condition could be a contributing factor in Yabelo.

Wage to cereal: unskilled agricultural wage rates have increased in Tigray, SNNPR and few markets of Amhara contributing to improvements in terms of trade. Labor opportunities have improved with increased *Meher* agricultural activities. In Tigray, TOT between unskilled wage and maize, sorghum and barley increased respectively by 10%, 7% and 7% compared to TOT in May 2016, while wage to cereal TOT deteriorated compared to June 2015 by 20-38%. In Kobo (Amhara), wage to maize terms of trade increased by 14% compared to preceding month.

Table 1. Prices of commodities in selected markets

		% chnages compared to		
Markets	Price (Birr)	Average (2011-2015)	Jun-15	May-16
White maize (wholesale in 100KG)				
Addis Ababa	487	-6	-6	3
Nazareth	480	-9	-3	6
Shashemene	597	9	2	-1
Bure	421	-14	-11	-2
Jimma	452	-9	-13	0
Bahir Dar	450	-9	5	0
Dessie	480	-8	2	-1
Gondar	490	-5	11	-1
Mekelle	514		4	2
Wheat-Wholesale in 100KG				
Addis Ababa	907	4	-15	-2
Assela	863	8	-11	1
Bale-Robe	807	4	-12	-5
Debre Markos	717	-11	-22	-9
Dessie	767			2
White maize(Retail in KG)				
Negelle (Guji)	700		0	-7
Jijiga	900	22		0
Ginir	700			11
Yabelo	700	5	8	-13
Shashemene	550		0	0
Korem	650	8	12	0
Bedeno	0	0	0	0
Alamata	504	-13	-25	-32
Dalocha	550			10
Hawassa	600	6	5	5
Wolaita Sodo	601	3	2	9
Aleta wendo	550	2	10	10
Meskan	530	1	2	10
Kobo (N Wello)	553	-4	-15	0
Ayssaita	600		0	0
Awash Fentale	600		-8	0
White sorghum (Retail in KG)				
Turmi	600	-9	-8	3
Abomsa	750	29	15	-6
Abaala	850	9	-6	0
Abyi Adi	780	19		-11
Korem	880	29	47	-8
Mehoni	1235		138	3
Sekota	1072	54	50	19
Kobo	1230	49	46	7
TOT (Shoat to maize in KG)				
Yabelo				0
Ayssaita	1.23		-30	3
Yalo	1.25		-15	3
Jijiga	1.31	0	0	-19
TOT (wage to cereal in KG)				
Kobo (wage to maize)	9.5		41.3	14.3
Bati (wage to maize)	0.0		0.0	0.0
Alamata (wage to sorghum)	5.61		-6.86	2.12
Korem (wage to barley)	7.78		4.17	7.14
Exchange Rates (Birr/US $)	21.79	16.92	0.062	0.010