MOZAMBIQUE

mVAM Market Bulletin #1: July 2016

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Maize grain is twice as expensive as in July 2015

Key points:

- Drought has reduced cereal production, making maize grain twice as expensive in Gaza, Tete and Sofala compared to July 2015.
- In July 2016, Gaza had the highest average price of maize grain, while Tete recorded the highest average price of maize meal, particularly in the district of Magoe.
- Maize grain was the staple food that traders most reported to be in short supply.

WFP/Hagar Ibrahim

Seasonal Update

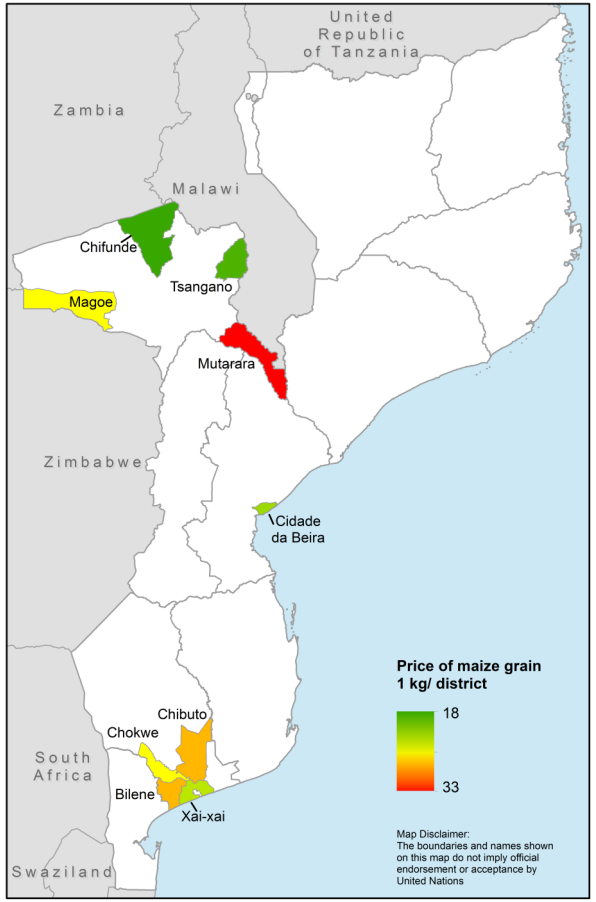
Around 14 percent of the population, or over 1.5 million people, in 73 districts of 7 most affected provinces are in IPC Phase 3 (Crisis). Five percent of the population in Tete, Sofala and Gaza are in IPC Phase 4 (Emergency); households in these provinces have been most affected by the bad harvest and deterioration of livelihoods. While the situation is expected to improve slightly between July and September 2016 thanks to the second harvest, which represents only 5 percent of the annual harvest, it is likely to deteriorate during the lean season (October 2016 to February 2017) when an estimated 30 to 45 percent of households will be acutely food insecure, 5 to 10 percent of whom will be in IPC Phase 4 (IPC Note Summary, July 2016).

Methodology – mVAM remote mobile data collection

In late June 2016, the WFP Mozambique country office started an in-house call centre as a part of WFP's mobile Vulnerability Analysis and Mapping (mVAM) initiative, which uses mobile phones to collect weekly price data and information on general food availability. The survey was conducted using live calls between 4 and 29 July on a sample of 69 traders across 13 districts in Gaza, Tete and Sofala. The survey questions focused on the prices of basic foods such as maize grain, maize meal, rice and cooking oil. There was also an open-ended question to gauge traders' perception of the food security situation in their areas. Responses are then analyzed by calculating the word frequencies; a word cloud representing the most frequently mentioned topics is then produced. Phone surveys contain inherent response biases; therefore, the bulletin reports patterns and trends rather than precise estimates.

Maize grain is over twice as expensive as in July 2015

Map 1: Price of maize grain (1kg) by monitored districts, July 2016



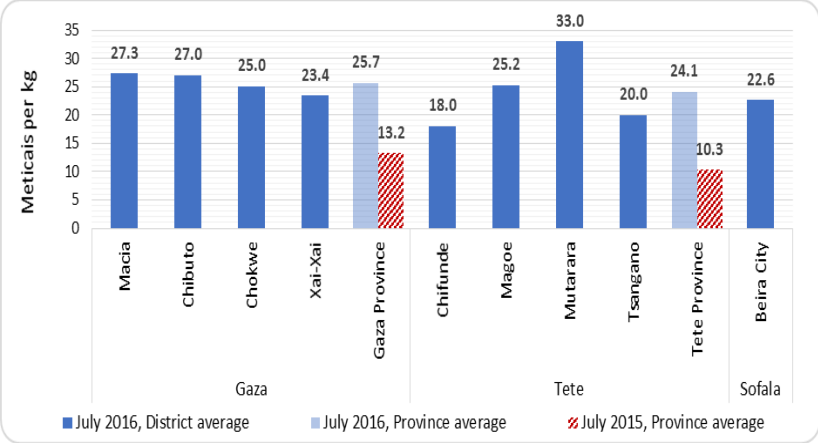
Source: mVAM July 2016

The 2015/6 cereal production was below average, particularly in drought-affected areas in southern and central parts of Mozambique. Dry conditions and poor rains have damaged crop production and caused losses, driving up food prices. Around 12 percent of total planted areas have been lost because of dryness in Sofala, Tete, Inhambane, Gaza and Maputo (FAO/GIEWS, April 2016).

mVAM data collected in July 2016 show that the average price of maize grain is more than double that of the previous year in all monitored provinces. In Gaza and Sofala, maize grain prices ranged from MZN22.6/kg to MZN27.3/kg. The lowest prices were recorded in Xai-Xai (Gaza) and Beira (Sofala), the biggest markets of each province. The highest price was recorded in Bilene-Macia (Gaza), where traders faced difficulties in transporting food. Food transportation was hindered by slow-onset insecurity in the central region, one of the suppliers of food to the southern markets. In Tete, the price for maize grain varied greatly across districts. The lowest prices were recorded in northern producing areas, such as the districts of Chifunde and Tsangano, while the highest were observed in Mutarara and Magoe, where poor road conditions keep transport costs high.

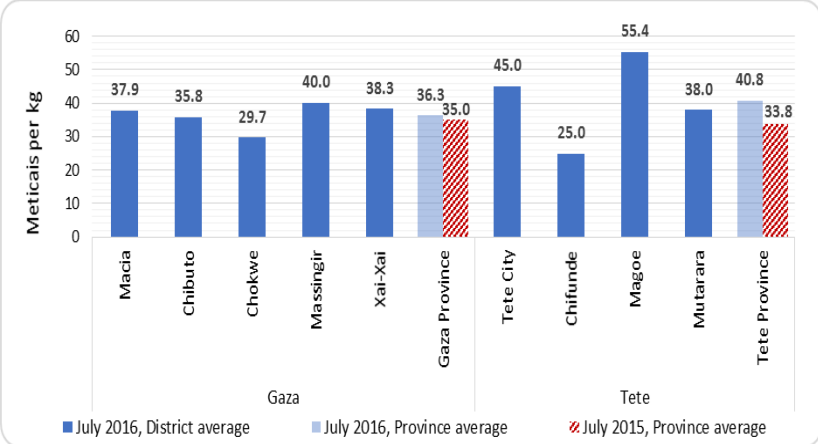
For maize meal, the highest average price in July was in Tete at MZN40.8/kg, nearly 17 percent higher than in July 2015 (Sistema de Informação de Mercados Agrícolas – SIMA). Within the same province, the most expensive maize meal was in the district of Magoe (MZN55.4/kg). In Gaza, the average price was MZN36.3/kg; the lowest price was recorded in Chokwe and the highest in Massingir.

Fig. 1: Retail price for maize grain (1kg) by district and province in July 2016 vs. province monthly average in July 2015*



Sources: mVAM July 2016; SIMA for July 2015

Fig. 2: Retail price for maize meal (1kg) by district and province in July 2016 vs. province monthly average in July 2015*



Sources: mVAM July 2016; SIMA for July 2015

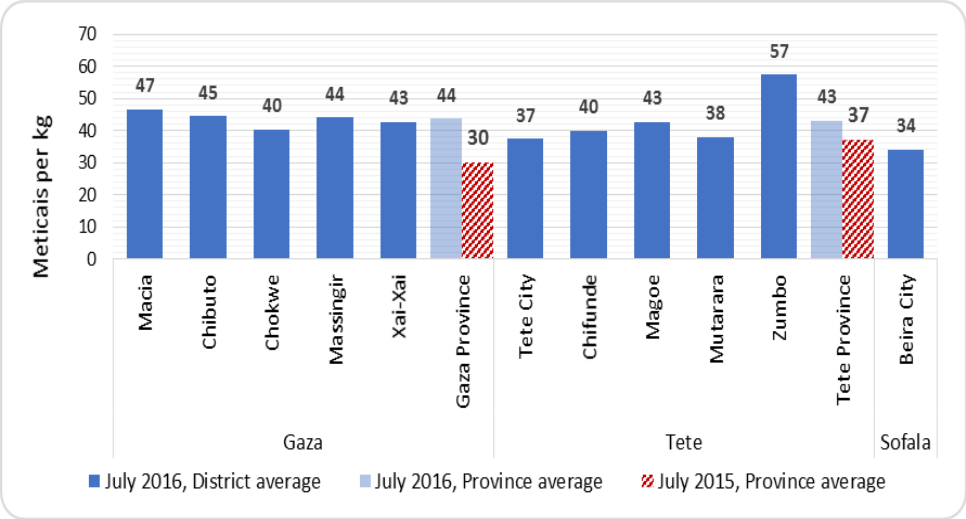
Imported goods are more expensive due to currency depreciation

A steep depreciation of the Mozambican metical is placing an increasing burden on the price of imported foods such as rice and cooking oil.

On average, rice prices were up 16 percent in Gaza and up 33 percent in Tete compared to July 2015 (SIMA). In Gaza, prices ranged from MZN40/kg in Chokwe to MZN47/kg in Bilene -Macia. In Tete, the reported price of rice was lowest in Tete city; prices were higher in remote rural areas, such as Zumbo and Magoe. Traders interviewed in these districts said that supplies are often tight because of inaccessible roads, and cross-border trade to Zambia and Zimbabwe is the main supply source. Among all monitored areas, the lowest price for rice was recorded in Beira (Sofala), which is one of the entry point for international trade in the country.

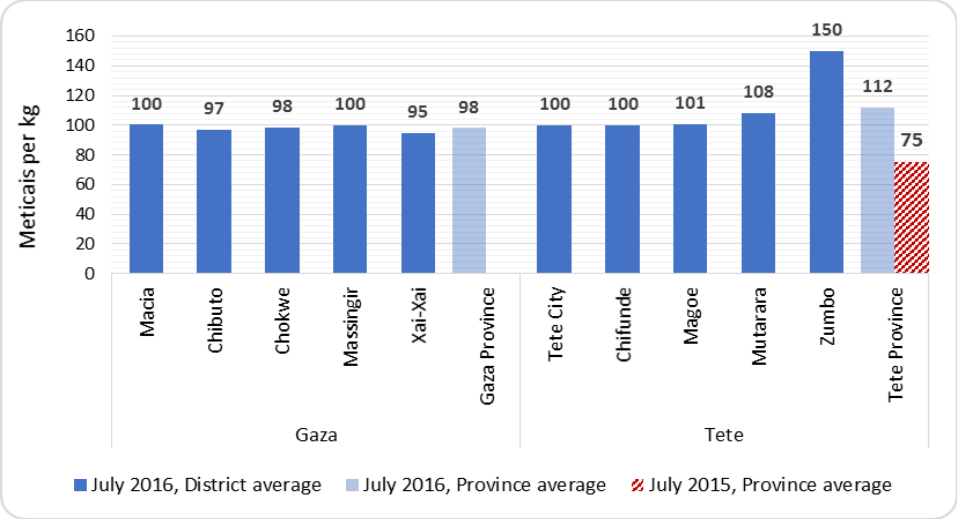
Overall, the price of cooking oil ranged between MZN95/litre in Xai-Xai and MZN108/litre in Mutarara, while in Zumbo, prices reached up to MZN150/litre. Currently, the average price for oil is nearly 50 percent above last year's levels in the province of Tete.

Fig. 3: Retail price for rice (1kg) by district and province in July 2016 vs. province monthly average in July 2015*



Sources: mVAM July 2016; SIMA for July 2015

Fig. 4: Retail price for oil (1 litre) by district and province in July 2016 vs. province monthly average in July 2015*



Sources: mVAM July 2016; SIMA for July 2015

*Province average is displayed only if monitoring covers more than 1 district

Concerns over food shortages and depleted stocks

During July, maize grain was the staple food in shortest supply. A lack of maize grain was mentioned by respondents in 67 percent of the weekly calls placed in Gaza (mostly in Chibuto and Chokwe districts) and 29 percent of the weekly calls placed in Tete (mainly in Magoe). Traders also reported short supplies of cowpeas, followed by cooking oil, imported rice and maize meal.

The majority of respondents from all provinces said they were concerned about running out of stocks within the week. Traders' uncertainty about their restock capacity was higher during the second and third weeks of the month; over 90 percent of traders said they might not be able to place their restock orders.

The main reason given for traders' concerns was rapidly increasing prices. Others cited transport constraints, inability to place large orders because of a lack of money, and the unavailability of food from supply sources. Some also mentioned that suppliers no longer agreed to supply products on credit.

WFP/Hagar Ibrahim

Traders increasingly rely on cross-border and inter-province/district trade

In Gaza, 56 percent of surveyed traders reported buying maize grain and meal from a different province or district – most likely because of the reduced availability of maize in areas affected by the drought. In Tete, shortfalls in local production led traders to increasingly rely on cross-border trade. Interviewed traders in Magoe district are restocking maize grain from Zimbabwe across the border. In Tsangano – a surplus-producing area in Tete – traders are restocking maize grain from within the same district. For maize meal, half of the traders in Zumbo reported restocking from Zambia, while in Mutarara, traders are buying within the same province.

Traders are worried about low rainfall and high food prices

As seen in figure 5, traders raised concerns over the continuous rise in food prices mainly caused by the lack of rainfall, which is damaging agricultural production and reducing the availability of food on the market. In fact, the word 'rain' was mentioned by almost 1 in 4 respondents. Purchasing power has declined as people cannot keep up with the sharp price rises. In Tete, traders reported that because of local shortages, maize is being imported from Zambia and Zimbabwe. Also, some traders reported a lack of imported rice linked to the foreign currency deficit and transport restrictions.

In the words of respondents

Fig. 5: Word cloud of open-ended responses, July 2016

Source: mVAM July 2016

"The situation is bad. The prices are constantly rising and the purchasing power is low"

- Female trader from Gaza, Chokwe/Lionde market)

"This week, there is no enough maize available on the market. It has not yet been collected from the field"

- (Female trader from Gaza, Bilene-Macia market)

"The drought situation continues, but these last days some rain has fallen and gave some hope to the farmers"

- (Male trader from Gaza, Macia/ Ulombe market)

"There are problems due to the lack of rain. Most of the maize in the market comes from other districts and Zambia"

- (Male trader from Tete, Magoe/ Vembe market)

For further information:

Ute Meir	ute.meir@wfp.org
Lara Carrilho	lara.carrilho@wfp.org
Andrew Odero	andrew.odero@wfp.org
Arif Husain	arif.husain@wfp.org

mVAM Resources:

Website: http://vam.wfp.org/sites/mvam_monitoring/

Blog: mvam.org

Toolkit: http://resources.vam.wfp.org/mVAM

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