ETHIOPIA MONTHLY MARKET WATCH

August 2016

WFP Monitored markets:

Amhara	4
Afar	4
Oromia	16
SNNP	12
Somali	1
Tigray	10

Monitored prices:

Wholesale prices (20 markets)
Retail prices (47 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

- *The overall year-on-year general inflation rate in August was 5.9%; food inflation stood at 4.4% and non-food inflation was 7.6%. While year- on year infaltion increased for most part of the last one year, the August rates are the lowest over the one year period.*

- *National average wholesale nominal prices of maize increased significantly, including in major supply markets of Amhara and Oromia regions. Maize Prices increased by 12% compared to last month prices (July 2016) and by 24% compared to last year (August 2015); prices are also higher by 10% compared to the five year average.*

- *White wheat prices remained stable over the last few months. In August, wholesale prices of wheat were the same as last month prices while declining by 20% compared to last year (August 2015) prices and by 6% compared to the-five year monthly average price. The stability and decline are contrary to seasonal trends and could be associated with the large-scale distribution of emergency food assistance.*

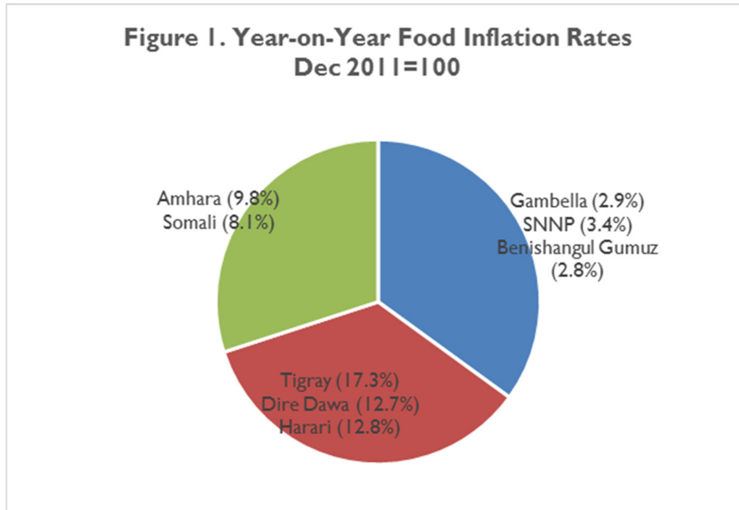
- *Retail prices of maize and sorghum showed a mixed trend in monitored markets. In SNNP region, maize prices have been on the rise as more and more people depend on market. On the other hand, retail prices remained stable in most other monitored markets.*

- *Kerosene that is used for cooking has been in short supply over the last two months (July/August). Urban households with no electricity and rural households are the most impacted by the shortage. Despite the shortage, prices remained the same since February 2016.*

- *Despite improved livestock body condition and better market opportunities due to EID Araafa, pastoral terms of trade declined in Jijiga compared to last month as a result of increase in maize price. On the other hand, shoat to white maize terms of trend in Afar region and South East Oromia markets remained stable against the preceding month.*

Inflation and Consumer Price Index

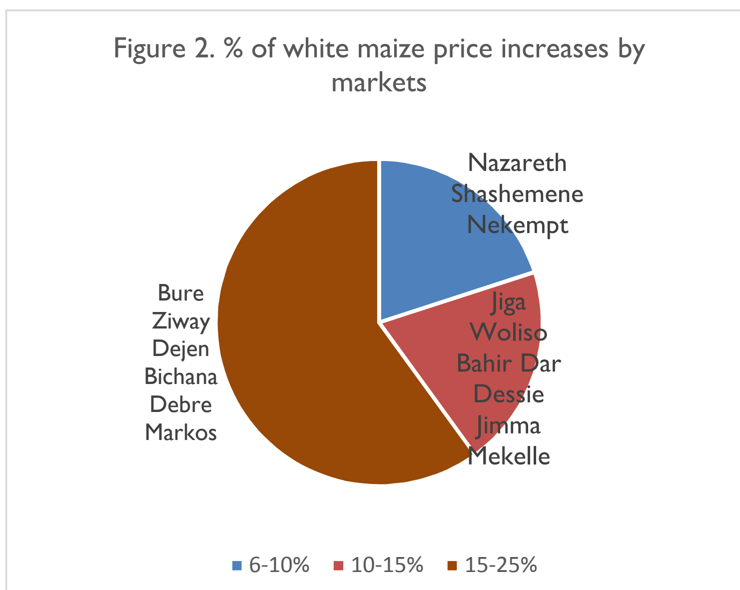
Inflation based on comparison of current month to same month last year stood at 5.9%, food inflation was 4.4% and non-food inflation 7.6%. The Central Statistics Agency reported food prices in Auigust 2016 increased slightly compared to last year. However, month to month trends show inflaton in the month has been the lowest over a one year period. Year-on-year inflation rates declined in Addis Ababa, Afar and Oromia by 1.9%, 0.2% and 0.8% respectivley. On the other hand, month-on-month general and non-food inflation rates increased by 0.4% and 1.4% respectively. The regional food inflation rates are depicted in Figure 1.



Source: CSA

Wholesale prices of Staple Cereal

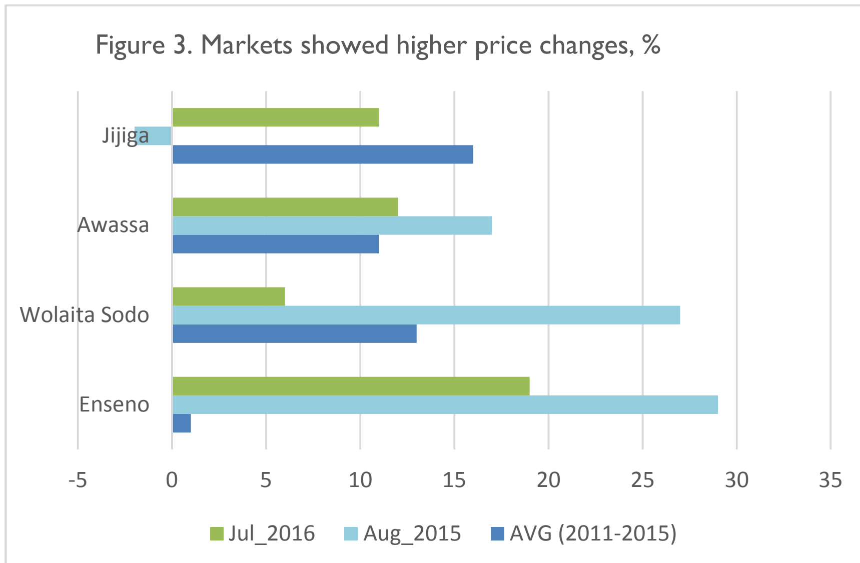
The national average wholesale nominal prices of maize increased significantly including in major supply source markets of Amhara and Oromia regions. The August national average wholesale price of maize increased by 12% compared to the previous month of July, by 24% compared to last year and by 10% against the five year average. The major source supply markets like Nekempt, Bure, Debre Markos, Bahir Dar, Jimma, Jiga and other markets exhibited maize price increases ranging from 9% to 22% just in one month. Similarly, the national average wholesale price of sorghum increased by 25% compared to last year August and by 15% compared to the five year monthly average. Unlike maize and sorghum, wholesale prices of white wheat remained the same as last month prices while declining by 20% compared to last year and by 6% compared to the -five year monthly average. Over the last months, wheat prices remained stable which could be associated with the



large-scale distribution of emergency food assistance (about **177,000 Mt** of food distributed every round or month in response to emergency humanitarian assistance).

Retail Prices of Staple Cereal

A mixed trend of maize and sorghum retail prices were observed in monitored markets. In SNNPR, maize prices showed an increasing trend as more people depend on the market in the lean season. For example, maize prices increased by 12 % in Awassa, by 20% in Dalocha, 19 % in Enseno and 6% in Wolayta Sodo markets compared to previous month prices (see Figure 3). Wheat prices in Tigray increased by 8 to 14% in Mehoni, Adigrat, Adwa and Sheraro markets. Other monitored markets showed stable retail prices.



Source: WFP

Terms of Trade (TOT)

Shoat to cereal: despite improvements in livestock body conditions and market opportunities (EID Araafa), increased prices of white maize in Jijiga depressed the terms of trade , whereby TOT declined by 18% against last month. On the other hand, shoat to white maize terms of trade in Afar region (Yalo and Awash Fentale) and South East Oromia (Yabelo and Negelle) remained stable against the preceding month. The terms of trade between shoat and white maize ranges from 85kg to 118kg in Oromia; 123-125 Kg in Jijiga and Afar monitored markets.

Wage to cereal: Unskilled daily wage to cereal terms of trade remained stable in most monitored markets in Amhara and Tigray regions. The TOT ranges between 6.35kg to 10.26kg for barley in Tigray and 4.36Kg to 8.93 kg for sorghum in Amhara. The terms of trade with white maize ranges from 8.33kg to 14.18 kg in Tigray and 9kg to 15.63 kg in Amhara region markets.

Table 1. Prices of staple cereal and TOT

		% chnages compared to		
Markets	**Price (Birr)**	**Average (2011-2015)**	**Aug_2015**	**Jul_2016**
White maize (wholesale in 100KG)				
Addis Ababa	559	1	18	12
Nazareth	526	-4	12	7
Shashemene	630	6	22	6
Bure	524	0	22	22
Jimma	510	4	24	13
Bahir Dar	520	-3	24	13
Dessie	567	3	26	13
Gondar	508	-7	10	2
Mekelle	592		23	15
Wheat-Wholesale in 100KG				
Addis Ababa	880	1	-18	-2
Assela	800	0	-16	0
Bale-Robe	730	-2	-17	5
Debre Markos	620	-27	-33	-11
Dessie	729			-3
White maize(Retail in KG)				
Negelle (Guji)	700		0	0
Jijiga	1000	16		11
Ginir	650			0
Yabelo	650	-3	8	0
Shashemene	550		0	0
Korem	680	-1	0	0
Bedeno	770	3	-4	ND
Alamata	564	-20	-25	-1
Dalocha	650			20
Hawassa	700	11	17	12
Wolaita Sodo	680	13	27	6
Aleta wendo	650	13	18	
Meskan	620	1	29	19
Kobo (N Wello)	553	-8	-7	0
Ayssaita	700		8	21
Awash Fentale	600		0	0
White sorghum (Retail in KG)				
Turmi	900	6	-8	0
Abomsa	750	14	15	0
Abaala	850	-13	-11	0
Abyi Adi	760	5		0
Korem	880	21	38	0
Wekro	930	20	39	0
Sekota	1072	34	18	0
Kobo (Amhara)	1148	45	56	-13
TOT (Shoat to maize in KG)				
Yabelo	0.85		-16	0
Negelle (Guji)	1.18			0
Jijiga	1.25	-3	3	-18
TOT (wage to cereal in KG)				
Kobo (wage to maize)	9.0		7.2	-16.7
Bati (wage to maize)	15.6		0.0	0.0
Alamata (wage to sorghum)	7.33		45.05	8.48
Korem (wage to barley)	8.33		4.17	0.00
Exchange Rates (Birr/US $)	21.93	0.004	0.060	16.539