

### WFP Monitored markets:

Amhara	4
Afar	3
Oromia	16
SNNP	8
Somali	1
Tigray	10

### Monitored prices:

Wholesale prices (20 markets)  
Retail prices (42 markets)  
CPI (Consumer Price Indices)

### Data sources

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

### WFP-Ethiopia – VAM

### For further information

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### HIGHLIGHTS

- The year-on-Year general inflation rate, based on Consumer Price Index (CPI) comparison was 5.6% in October 2016; food inflation stood at 3.4% and non-food inflation rate at 8.3%. The Central statistics Agency reported that most components of the food CPI increased compared to last year: price indices of bread and cereals, milk, cheese and eggs, meat, fruits, vegetables and pulses, potatoes and tubers, and non-alcoholic beverages increased. On the contrary, the oils and fats price index declined.
- At national level, whole sale prices of white maize in October declined from the previous month by 5% as fresh harvest started to appear on markets. However, prices are still at elevated levels compared to the normal (i.e. the long term average), in fact increasing by 10% vis-à-vis 2011-2015 average prices. Prices are also much higher than last year October prices by 30%. Similarly, white sorghum prices in October 2016 are higher by 16% than the long term average and by 22% than last year.
- As opposed to maize and sorghum prices, white wheat prices showed a downward trend in many EGTE monitored markets. Wheat prices declined by 12% compared to the 5 year average and by 22% compared to prices in October 2015. The decline can be mainly attributed to humanitarian food assistance. Teff wholesale prices have increased significantly in major urban markets.
- Retail maize prices are higher than last year prices, especially in some Oromia markets. As maize is a key commodity for poor households, prices need close monitoring in the coming few months.
- In Afar and Somali regions, prices of duty free imported food commodities (rice, pasta, wheat flour, sugar and cooking oil) continued to be stable which maintains the purchasing power of households.

## Inflation and Consumer Price Index

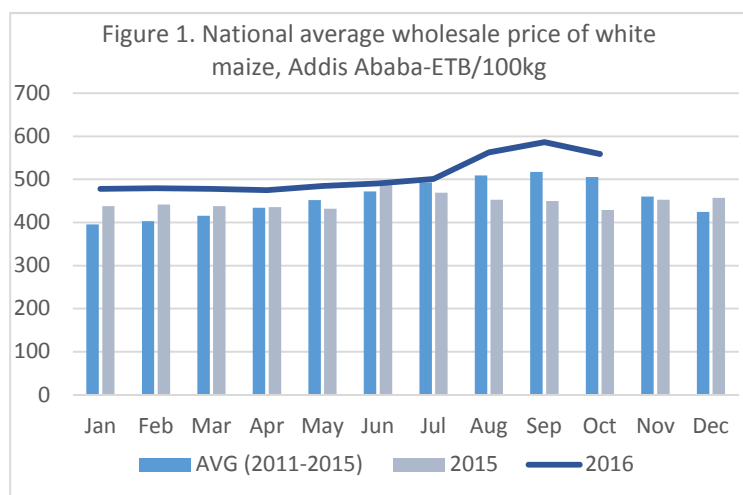
General Inflation, based on comparison of current month CPI to last year similar month CPI stood at 5.6%, food inflation at 3.4% and non-food inflation rate at 8.3%. The Central Statistics Agency reported that most components of the food index increased as follows: sugar Jam and chocolate (18%), bread and cereals (12%), milk, cheese and eggs (9.3%), meat (9.1%), fruits (5.2%), vegetables and pulses, potatoes and tubers (2.2%), and non-alcoholic beverages (12.7%). The oils and fats index decreased (2%).

## Wholesale prices of Staple Cereal

As depicted in Figure 1, maize price sharply increased in August and September but showed a modest decline in October 2016. Such seasonal declines were observed across many markets. However, this year prices in October were 30% higher compared to October 2015 prices and increased by 10% above the five year average. White sorghum prices have also increased by 16% and 22% compared to the five year average and that of October 2015, respectively. Maize and sorghum are widely consumed by poor households and prices need to be monitored closely in the coming months as well as analyzed for impact on food access.

On the other hand, white wheat prices showed a downward trend in many EGTE monitored markets. Wheat prices declined by 12% Compared to the five year average and by 22% compared to October 2015 prices. This could be mainly due to wheat imports for humanitarian assistance. *Teff*, which is mainly consumed by urban households, showed significant increase in wholesale prices across major urban

markets such as Addis Ababa, Gondar, Jimma, Hosanna and Assela. A kilogram of white *teff* in Addis Ababa market increased from Birr 22 in August to Birr 26 in September and October.

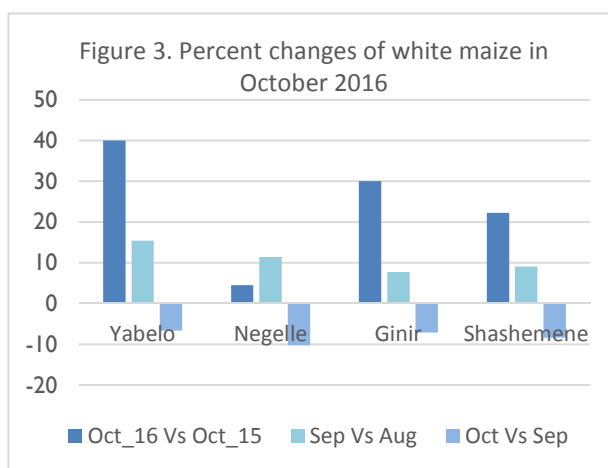
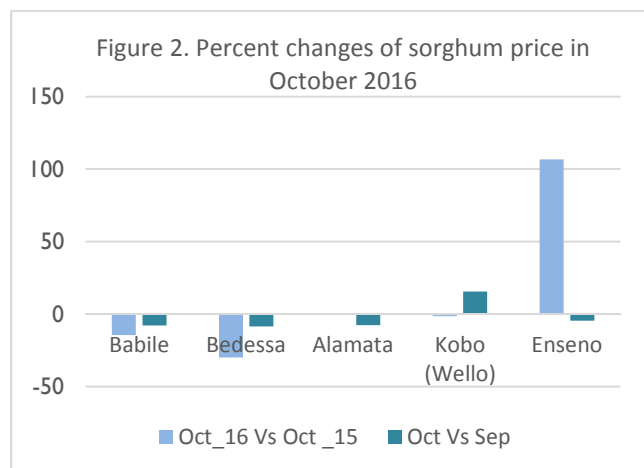


Source: EGTE

## Retail Prices of Staple Cereal

Month to month price comparisons show stable prices in October 2016 with slight decrease in most markets and slight increase in a few places; but prices remained at elevated levels compared to the long term average. Higher increases in staple prices compared to last year were observed in Oromia markets such as Yabelo, Negelle, Ginir, Shashemene, Deder, and Chiro.

The seasonal decline in price of staple cereal prices in October is due to the beginning of *Meher* season harvest, which somewhat benefits poor and very poor rural households as well all market dependent households. As new harvests increasingly appear on the market, prices are expected to decline a bit further and contribute to improved purchasing power of households. However, it is a concern prices are



Source: WFP

higher than normal and also high in some Oromia markets compared to last year. With regards to imported food items such as rice, pasta, sugar, wheat flour and cooking oil, stable prices prevailed in Somali and Afar region markets. As these commodities are imported through duty free options, change in prices happens due to variation in purchase prices at source markets, exchange rates and transport cost, rather than domestic production.

## Terms of Trade (TOT)

**Wage to cereal:** In October 2016, daily wages for unskilled labor have improved in Amhara and Tigray monitored markets, owing to the onset of harvest. Improved wages, coupled with stable or declining food prices have favored unskilled daily wage to cereal terms of trade. Labor TOT to maize stood at 12kg to 15kg in Kobo and Bati Woredas in Amhara region; for barley, it ranges from 9 to 13 kg in Tigray monitored markets improving from previous months which was below 10kg of barley.