Review of the Evolution of Basic Food Prices in Mozambique

- March 2013 -

Source data: SIMA retail prices + INE monthly Consumer Price Indexes

Note: the Food Price Index\(^1\) has been designed to allow comparisons with previous years. The reference period for the 100-point benchmark is based on the agricultural seasons\(^2\) of 2009/10 and 2010/11 (24 months) and the composition of the basic food basket has been adapted\(^3\).

OVERVIEW

On average, prices decreased slightly from February to March of 2013 at the rate of -0.7 %. (4.3 % of increment was observed from January to February of 2013).

Geography

A review of the Food Price Index shows that prices of major food commodities for the period February to March 13 increased by 1.3 % in the South and 6.1% in the North and decreased by -5.0 % in the Centre.

Table 1: Regional averages and market price range – March 13

<table>
<thead>
<tr>
<th>Food Price Index</th>
<th>Regional averages (and change since last report)</th>
<th>Range (min-max)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>South</td>
<td>Centre</td>
</tr>
<tr>
<td>MAIZE</td>
<td>107 (+1.3%)</td>
<td>107 (-5.0%)</td>
</tr>
<tr>
<td>RICE</td>
<td>12.5 (-2%)</td>
<td>11.6 (-17%)</td>
</tr>
<tr>
<td>COW PEAS</td>
<td>27.4 (+1%)</td>
<td>31.4 (+6%)</td>
</tr>
<tr>
<td>BEANS</td>
<td>41.5 (-0%)</td>
<td>28.2 (-12%)</td>
</tr>
<tr>
<td>WHEAT FLOUR</td>
<td>55.8 (-7%)</td>
<td>38.3 (-9%)</td>
</tr>
<tr>
<td></td>
<td>26.3 (-3%)</td>
<td>24.9 (+2%)</td>
</tr>
</tbody>
</table>

From February to March 13, maize prices have decreased in all regions of the country significantly with more prominence in the Center with -17 % of decrease, -2% in the South and -1% in the North. The general decrease of maize price could be linked to the start of the harvest period.

Despite the general decrease of the food price index, there are some markets where the prices are continued to increase during the period under review. Out of the 25 monitored markets, 8 show overall increment in March 13 (16 % in Lichinga).

In March 13, with FPIs of 131, Lichinga was the market with the highest food prices, while Chimoio was the cheapest with an FPI of 93, indicating around 40 % cheaper food basket. (Other values in the chart below)

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\(^1\) Value based on prices of various food items, weighed in accordance with food importance, and compensating for commodities’ average price levels.

\(^2\) Based on an average agricultural cycle running from May to April

\(^3\) Now based on the findings of the Household Budget Survey (IOF) 2008/09, by the National Institute of Statistics (INE), depending on availability of price data.
Food Basket

According to SIMA data, the average cost of the Food Basket in March 13 is 7563.00MZM (decrease of 0.2 % comparing with February 13 Food Basket cost). The highest increase of the food basket cost from February to March 13 was observed in Xai-Xai (by 3.7%) and the highest decrease was observed in Chimoio (by -4.4%). In general, the cost of food basket was stable from February to March 13. (Other values in the chart below)

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4 The calculation of food basket considered the following products: rice, maize flour, beans, groundnuts, oil, sugar, dried fish and green leaves. Given that maize is the most consumed cereal by households, the cost of FB was calculated assuming that households will buy maize grain and will process manually.
Food products

From February to March 13 the maize prices are decreasing countrywide. For March 13, the maximum price of 17.10 MZM/Kg was observed in Angonia district market while the minimum was registered at Mutarara market (8.3 MZM/Kg). The price of maize grain is still very higher compared with same period of last year by +54% (7.78 MZM to 11.99 MZ) and higher by +5% compared with the last 5 years average.

For March 13, maize meal price was slightly cheaper in the South (31.2 MZM/kg) against 35.7 MZM/Kg in the Centre and 38.8 MZM/Kg in the North. In the South the prices increased by 6% and by 15% in the North while in the Centre no prices changes were observed. Contrary to maize, the maize meal prices are cheaper than the last 5-years average by -10.5% and higher compared with same period of last year by 12%.

In March 13, the rice was slightly cheaper in the North (26.30 MZM) compared with other region. The current price of rice is slightly higher compared with the last 5 years average (3.3%) and by 3.1% compared with the same period last year.

In March 13, the prices of cowpeas show no changes in the South, however it decreased in the Center by -12% and increased in the North (by 7%). Normally cowpea show wide range price variation, from 15.10 MZN/kg in Gorongosa to 80.50 MZN/kg in Maxixe. The March 13 cowpea prices are higher compared with the last 5 years average (by 19%) and cheaper compared with same period last year (by -2.7%).

In March 13, the prices of beans decreased in the South and Centre by -7% and -9% respectively. Beans prices are slightly cheaper compared with the last 5 years average (-2.3%) and higher compared with the same period last year (by 10%).

Fig 3: Food price comparison – March 13