- February 2013 -

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

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

OVERVIEW

On average, prices continued to increase from August to September at the rate of 4.3%. (2.4 % were observed from December 12 to January 13).

Geography

A review of the Food Price Index shows that prices of major food commodities for the period January to February 13 decreases by -1.1 % in the South and increases by 6.7 % in the Centre and 7.1 % in the North.

<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>12.8 (-4%)</td>
<td>13.6 (+14%)</td>
</tr>
<tr>
<td>RICE</td>
<td>27.0 (-4%)</td>
<td>28.3 (+0%)</td>
</tr>
<tr>
<td>COW PEAS</td>
<td>27.0 (+10%)</td>
<td>29.7 (+8%)</td>
</tr>
<tr>
<td>BEANS</td>
<td>57.5 (+11%)</td>
<td>40.6 (+5%)</td>
</tr>
<tr>
<td>WHEAT FLOUR</td>
<td>27.2 (+4%)</td>
<td>26.8 (-1%)</td>
</tr>
</tbody>
</table>

From January to February 13, maize prices are contributing significantly to the increase of food price index with more prominence in the Center with 14 % of increment and in the North with 7% of increment. On other hand, in the South, decrease of maize price was observed (-4%). From January to February 13, the highest increase in maize prices, by 32%, was registered in Alto Molocue and highest decrease; by 17%, was observed in Xai-Xai and Gorongosa. The maize price increment in the Centre and North could be linked to low availability of maize grain in the market during this period which will be normalized within few months (harvest period). Despite the general increase of the food price index, there are some markets where the prices actually dropped during the period under review. Out of the 25 monitored markets, 4 show overall decrease in February 13 (-13 % in Lichinga).

In February 13, with FPIs of 131, Mocuba was the market with the highest food prices, while Ribaue was the cheapest with an FPI of 89, indicating around 68 % 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\(^4\) in February 13 is 7,572.00 MZM (increment of 3.4 % comparing with January 13 Food Basket cost). The highest increase of the food basket cost from January to February 13 was observed in Chokwe and the highest decrease was observed in Chimio (by -7%). The highest increase of Food Basket in Chokwe could be linked to the floods occurred in Limpopo Basin since January 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

Maize is showing an increment in all regions except the South region where from January to February 13 is decreasing. For February 13, the maximum price of 19.00 MZM/Kg was observed in Mocuba market while the minimum was registered at Lichinga market (9.7 MZM/Kg). The price of maize grain is still generally higher compared with same period of last year by +55% and higher by +10 % compared with 5 years average.

For February 13, maize meal price was slightly cheaper in the South (29.4 MZM/kg) against 35.6MZM/Kg in the Centre and 36.7 MZM/Kg in the North. In the South the prices decreases by -3% while in the Centre prices increase by 6% and by 16% in the North. The maize meal prices are higher than the 5-year average by 10% and higher compared with same period of last year by 22%.

Rice is one of the few commodities that show similar prices between the different regions and minimal change over time and the price remain similar in the Centre (28.3 MZM/Kg).

In February 13, the rice was slightly cheaper in the South compared with other region. Contrary to maize grain and maize meal, the current price of rice is significantly cheaper compared with the last 5 years average (-4.4%) and similar to the same period last year.

In February 13, the prices of cowpeas show higher increase in the South (by 10%), in the Center by 8% and slightly increase in the North (by 2%). Normally cowpea show wide range price variation, from 16.0 MZN/kg in Nacala to 53.7 MZN/kg in Cuamba. The February 13 cowpea prices are cheaper compared with 5 years average (by 6.1 %) and very cheaper compared with same period last year (-18.3%).

In February 13, the prices of beans continued to increase with more prominence in the North region (21%). Beans prices are slightly cheaper compared with the last 5 years average (-1.8 %) and slightly higher compared with the same period last year (1.4%).

[Fig 3: Food price comparison – February 13]