



April 2013

## Are abnormally high millet prices an early sign of a looming food crisis?

# Special Focus Niger

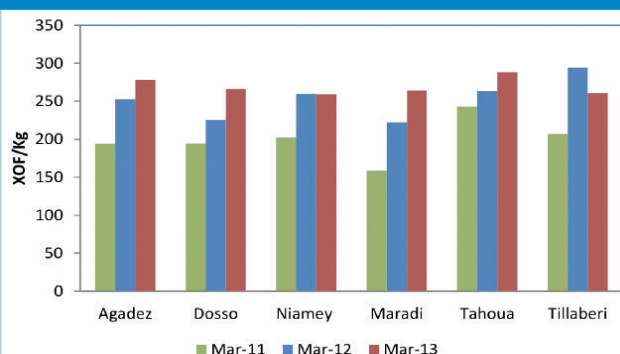
- Despite a good 2012/2013 crop year, local prices in Niger have not recovered from the 2011/2012 Sahel food crisis. The price of millet, the main staple, is above last year's crisis levels and is expected to further increase in the coming months, during the lean season.
- Most millet markets, particularly those in the main producing areas are on alert; above expected seasonal levels since the beginning of the 2012 harvest.
- Disruption of food commodity trade with Nigeria, producer storage strategies and government procurement are maintaining millet prices high.

### Local prices of millet are higher than the 2012 crisis prices

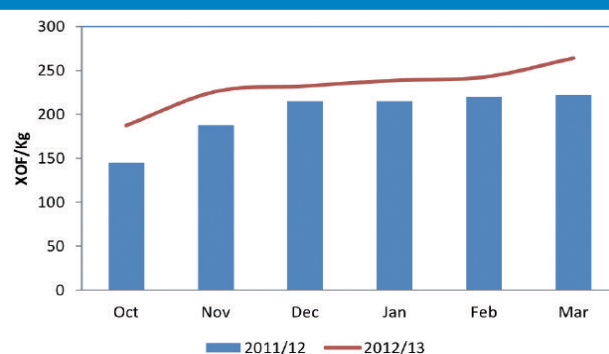
**There are signs of persistent higher millet prices than normal despite the reported good harvest in late 2012.** The 2012/13 millet production is estimated at about 3.9 million tons, 40% up from last year's below average production and 24% higher than the 5-year (2007-2011) average<sup>1</sup>. However, despite the above average harvest, millet prices have remained high since October 2012. The continued increase is partly due to stock replenishment strategies. Sustained

demand from market actors to rebuild depleted stocks after the 2012 crisis is not met with increased sales of millet by producers. In addition, import flows from Nigeria are lower than normal, owing to unfavourable price differentials for grain imports, floods in Nigeria, and high levels of insecurity in northern Nigeria. Government purchases through the Office des Produits Vivriers du Niger (OPVN) at above-market prices have also contributed to the upward pressure on millet prices.

Retail prices of millet on selected markets (March 2011-2013, XOF/kg)



Retail prices of millet on Maradi market (2011/12-2012/13, XOF/kg)



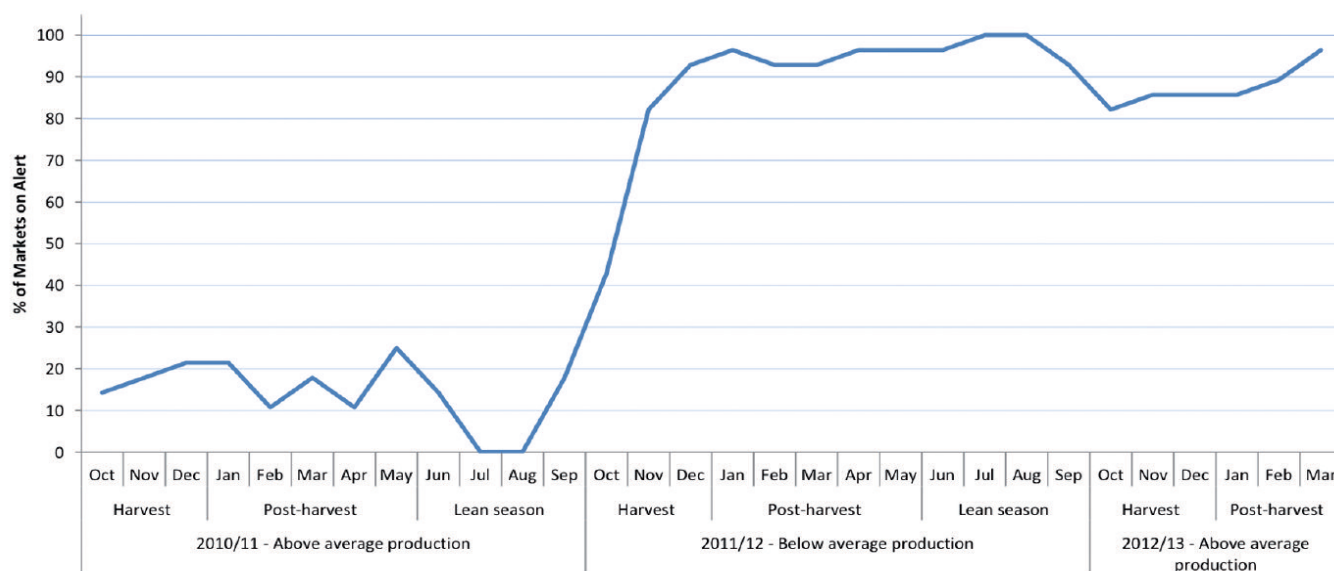
1. République du Niger/Ministère de l'Agriculture/Direction des Statistiques (2013): Evaluation des récoltes de la campagne agricole d'hiver 2012 et résultats définitifs 2012-2013, Rapport National de Synthèse.

## Abnormal seasonal price highs are expected to persist during the lean season

**Most markets show atypical seasonal millet prices.** The number of markets on alert, i.e., showing abnormal seasonal highs, increased steadily since the harvest (see graph). The number of markets on alert in Q1-2013 is similar to the 2012 food crisis year. Given that millet markets are relatively well integrated within

Niger and across the border with Nigeria, price increases observed on the main wholesale markets in the producing areas are likely to spread to all markets. Local food prices are expected to further increase in the coming months, especially during the lean season (June-September).

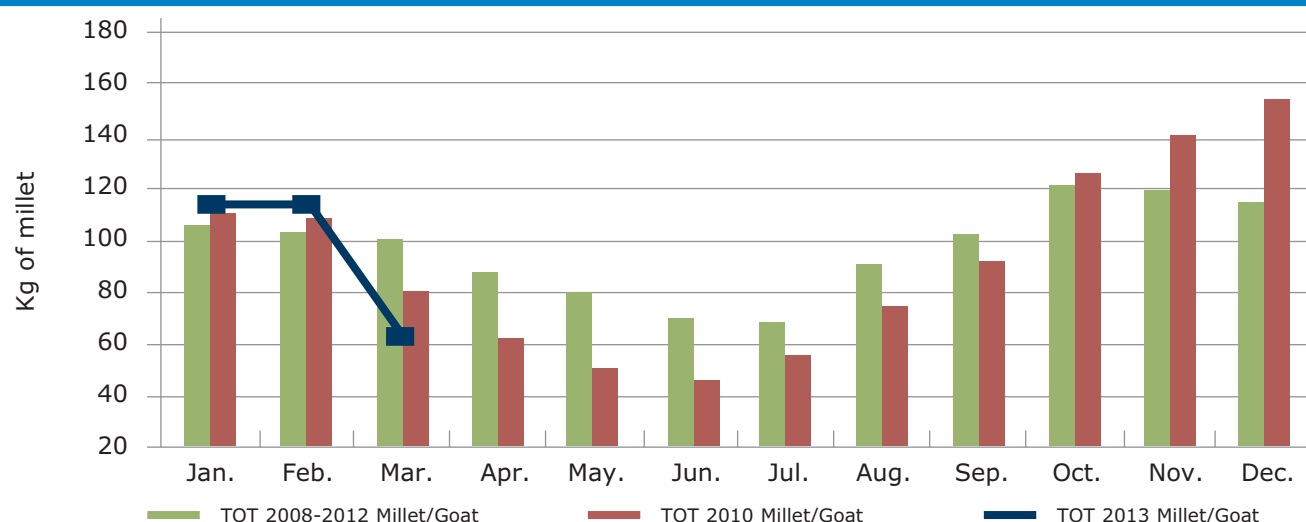
Proportion of millet markets on alert (out of 28 monitored markets)<sup>4</sup>



**Close monitoring of food markets and the food security situation is necessary.** There are indications of recent decreases in the terms of trade of pastoralists. In March, the terms of trade between goat and millet reached alert levels with a goat trading for much less than 100 kg of millet, a threshold indicative of inadequate purchasing power for pastoralists.

Available casual labour opportunities and incomes generated by cash crops (horticulture and onions) so far contain the deterioration of the purchasing power among other livelihood groups. As the lean season reaches its peak in July-September, further increases in cereal prices will reduce vulnerable households' economic access to food.

Millet/Goat Terms of Trade



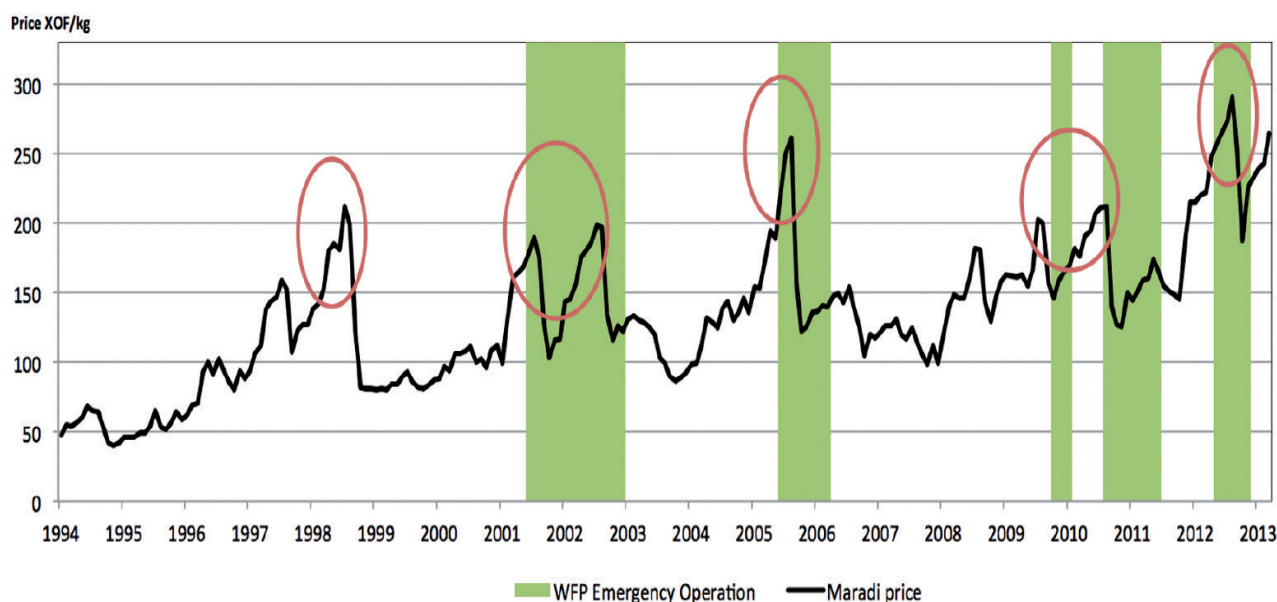
Source: Albichir No.41, March 2013

2. All major wholesale and consumer markets in each region are included.

## Why an alert on cereal prices in Niger?

- Persistent food price spikes can cause food access problems and lead to food security crises. Food prices provide information on the supply (availability) and the demand (access) conditions over time. Food prices reflect expectations of agents (suppliers and consumers) on future supply and demand conditions. Food prices reflect the seasonal agricultural calendar, showing highs during the hunger season.
- In Niger, food price spikes coincide generally with food security crises. Local cereal prices follow a seasonal pattern: high on average during the lean season (June-September) and low with the arrival of the new harvest (October-December). The early signs of a looming food security crisis are generally detected at the beginning of the harvest, on average 3-4 months before an actual crisis occurs.

### WFP emergency operations and millet price fluctuations in Maradi (Niger)



**The Alert for Price Spikes (ALPS)****New!**

**A new tool to provide alerts on abnormal seasonal food price spikes -ALPS- is now available at <http://foodprices.vam.wfp.org/ALPS-Chart.aspx>**

Food price crises are correlated with food security crises. Early detection of rising prices supports decision making and early action. Alerts are calculated using the latest available price data for selected markets and commodities. The tool measures how far the observed prices depart from the seasonal price trends. A price alert is generated when the observed price is above the seasonal price.

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Alert for Price Spikes (ALPS) - At-a-glance

The dashboard presents markets which have been in alert or in crisis at least one time in the last 6 months.

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Country	Commodity	Monitored Markets	Markets in Alert	Markets in Crisis
Afghanistan	Rice (Low Quality)	10	3 Show [+]	4 Show [+]
	Wheat	11	2 Show [+]	
Armenia	Rice (White)	4	1 Yerevan	
	Wheat Flour	4	4 Show [+]	
Bangladesh	Atta-Packet	6	6 Show [+]	
	Lentils (Masur)	6	3 Show [+]	
	Rice (Coarse)	6	1 Sylhet Division	

Niger	Beans	78	36 Show [+]	2 Show [+]
	Maize	76	28 Show [+]	3 Show [+]
	Millet	78	35 Hide [-] Abalak Aderbissinat Agadez Commune Arlit Badaguichiri Bakin Birgi Birnin Gaoüre Bonkaney Dakoro Dan Issa Dosso Commune Dungass Garare Garhanga Gaya Goudoumaria Goure Harobanda Kaou Kazoe Konny Kornaka Koundoumaoua Magaria Maradi Commune	5 Hide [-] Balayara Bouza Guidan Roundji Guidiguir Ingall
	Rice (Imported)	77	24 Show [+]	
	Rice (Local)	20	6 Show [+]	
	Sorghum	77	26 Show [+]	4 Show [+]

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