Overview of the Evolution of Basic Food Prices in Mozambique

- April 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 that has been adopted\(^3\).

**Overview**

On average, prices decreased from March to April of 2013 at the rate of -4.6%. (-0.7 % of increment was observed from February to March of 2013).

Geography

A review of the Food Price Index shows that prices of major food commodities for the period March to April 2013 decreased by -3 % in the South; by -6.5% in the Centre and remain the same 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>
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</thead>
<tbody>
<tr>
<td></td>
<td>South</td>
<td>Centre</td>
</tr>
<tr>
<td>MAIZE</td>
<td>13.1</td>
<td>7.9</td>
</tr>
<tr>
<td>RICE</td>
<td>27.2</td>
<td>30.0</td>
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<td>COW PEAS</td>
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<td>29.8</td>
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<td>BEANS</td>
<td>54.7</td>
<td>38.1</td>
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<tr>
<td>WHEAT FLOUR</td>
<td>33.3</td>
<td>25.4</td>
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</table>

From March to April 2013, maize prices have decreased countrywide with more prominence in the Centre with -32 % of decrease, followed by North with -13%. The general decrease of maize price is linked to the harvest period where the availability of maize increased in most markets.

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, 4 showed overall increment in April 2013 (15 % in Pemba).

In April 2013, with FPIs of 125, **Lichinga** was the market with the highest food prices, while **Mocuba** was the cheapest with an FPI of 86, indicating around 44 % 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.
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Fig 1: Food price index – April 2013

Food Price Index in various markets

Food Basket
According to SIMA data, the average cost of the Food Basket in April 2013 is 7563.00MZM (decrease of 2% compared to March 2013 Food Basket cost). The highest increase of the food basket cost from March to April 2013 was observed in Tete (by 4.23%) and the highest decrease was observed in Pemba (by -1.8%). In general, the cost of food basket was stable from March to April 2013.

Fig 2: Food basket – April 2013

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 March to April 2013 the maize prices are decreasing countrywide. For April 2013, the maximum price of 17.4 MZM/Kg was observed in Pemba district market while the minimum was registered at the Alto Molocue market (5.7 MZM/Kg). The price of maize grain is still very high compared with same period of last year by +38% (7.13 MZM to 9.84 MZ) and higher by +7.6 % compared with the last 5 years average.

For April 2013, maize meal price was slightly cheaper in the South (31.7 MZM/kg) against 36.7 MZM/Kg in the Centre and 43.0 MZM/Kg in the North. In the South the prices decreased by -1% and increased by 2% in the Centre and 8% in the North. Contrary to maize, the current maize meal prices are cheaper than the last 5 years average by --2.2% and higher compared with same period of last year by 12.8%.

In April 2013, the rice was slightly cheaper in the North (26.30 MZM/Kg) compared with other region (27.2 MZM/Kg in the South and 30 MZM/Kg). The current price of rice is slightly cheaper compared with the last 5 years average (-0.4%) and slightly higher by 1.9% compared with the same period last year.

In April 2013, the prices of cowpeas decreased in the South by -29 %, however, it increased in the Centre by 4 % and in the North by 2%. Normally cowpea show wide range price variation, from 12 MZN/kg in Milange to 55 MZN/kg in Alto Molocue. The April 2013 cowpea prices are higher compared with the last 5 years average (by 11.6 %) and cheaper compared with same period last year (by - 2.4%).

In April 2013, the prices of beans decreased in the South and North by -6% and -19% respectively. Beans prices are slightly cheaper compared with the last 5 years average (-3.7 %) and higher compared with the same period last year (by 6%).

Fig 3: Food price comparison – April 2013

Comparison of the price of various items over time

[Graph showing the comparison of food prices over time with 5-year average, April 2012, March 2013, April 2013 for various items including maize, maize meal, rice, cowpeas, beans, small groundnuts, big groundnuts, wheat, sugar, vegetables]