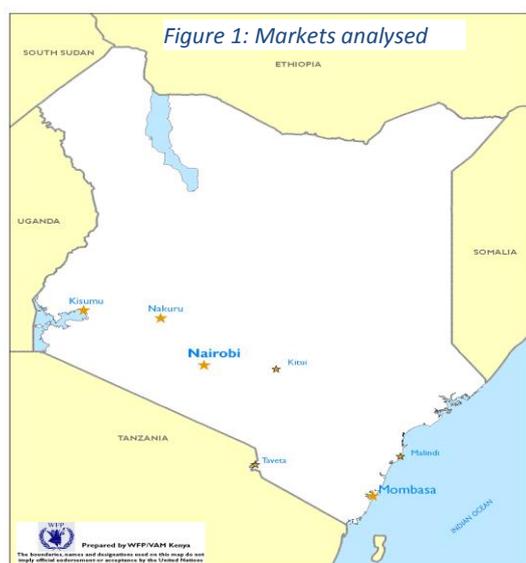




## Kenya

### Market Watch



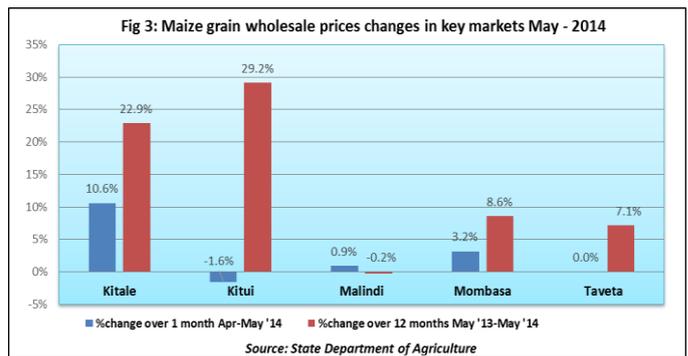
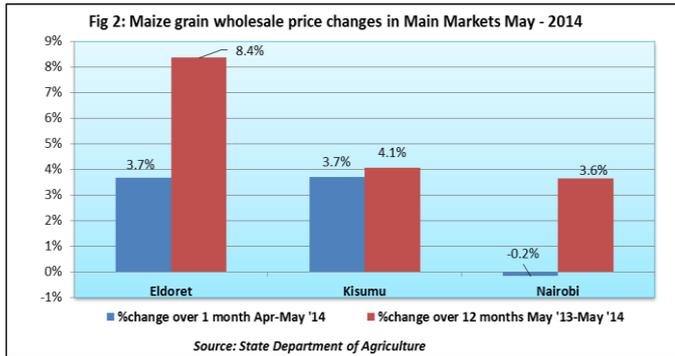
The Kenya market watch report is produced by the VAM unit of the World Food Programme Kenya on a monthly basis. Wholesale price data for maize (which is Kenya's staple) and beans from the State Department of Agriculture (SDA) for Eldoret, Kitale, Nairobi, Kisumu, Mombasa, Nakuru, Kitui, Malindi and Taveta are analysed. The Nairobi, Mombasa and Nakuru markets are indicative for urban consumers. Kisumu is a large urban market located in a deficit area with marginal agricultural productivity. Eldoret and Kitale markets are in high potential producing areas and located in the western Kenya grain 'basket' zone. Kitui, Malindi and Taveta markets are located in south-eastern and coastal marginal agricultural zones which are also deficit areas. Taveta is a crucial cross-border trade point (Kenya-Tanzania). There are large regional differentials in prices of all commodities across Kenya, with the highest prices experienced in the marginal arid and semi-arid lands of Kenya. The update is divided into three sections: price trends analysis, production and import situation, and other issues including: Inflation, fuel pump prices and policy news.

### KEY HIGHLIGHTS

- Cumulative March to May long rains have been below average to near average in much of the south eastern and coastal marginal agricultural lowlands and in agro pastoral and pastoral areas. Maize has developed more slowly than normal in the surplus-producing Rift Valley and western highlands. Even with replanting occurring, the start of the harvest is likely to be delayed.
- The average wholesale price of maize - in the three main markets - marginally decreased in Nairobi by 0.2 percent, as it increased in both Eldoret and Kisumu by 3.7 percent. In other key markets, maize prices decreased in Kitui by 1.6 percent, remained constant in Taveta, and increased in Malindi, Mombasa and Kitale by 0.9, 3.2 and 10.6 percent respectively.
- The average wholesale price of beans decreased in Eldoret and Kisumu by 5.2 and 2.1 percent respectively. Nairobi recorded an increase of 2.5 percent.
- The Kenya National Bureau of Statistics (KNBS) reported that, the inter-annual inflation rate stood at 7.30, higher than 6.41 in April 2014 and 4.04 in May 2013; thus increasing the cost of living. The month on month food and non-alcoholic drinks' Index increased by 1.25 percent from April to May.
- The KNBS report further states that, the average national price of diesel and gasoline (super petrol) went up; leading to a 1.43 percent increase in the month on month Transport Index.

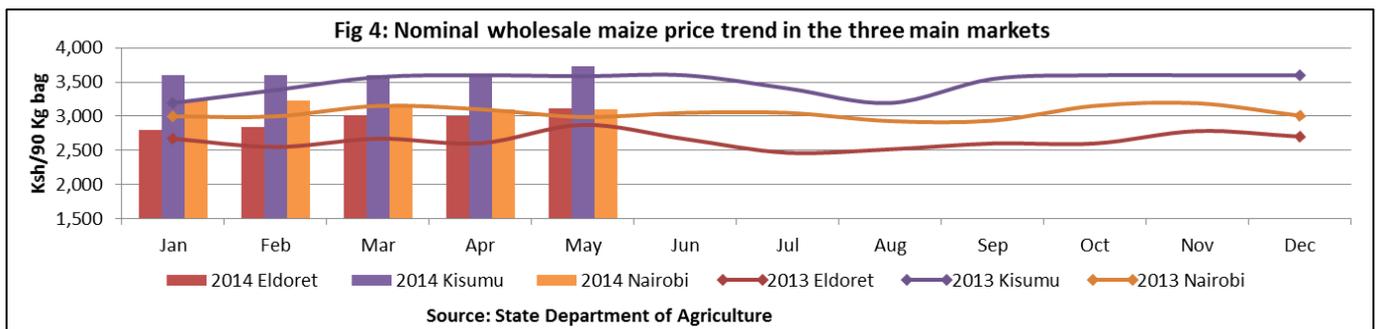
# 1.0 PRICE TREND ANALYSIS

## 1.1 Maize price changes and trend

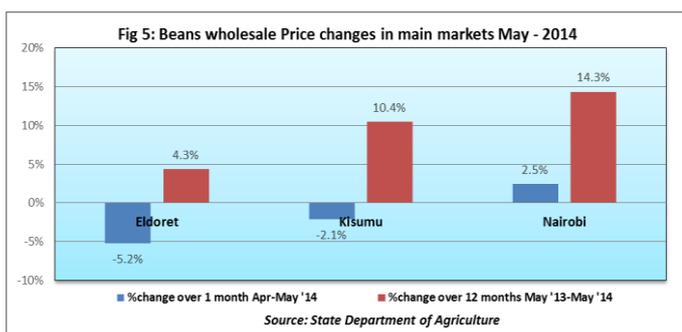


During the period under review, the average wholesale price of maize - in the three main markets - decreased in Nairobi as it increased stably in Eldoret and Kisumu, see figure 2, 4 and table 1. In other key markets, prices decreased in Kitui, remained constant in Taveta, and increased stably in Malindi, and Mombasa. Kitale recorded a high increase, see figure 3 and table 1. The Kenya Food Security Technical Working Group – April to September – food security outlook report, [see here](#), states that; the increase in maize prices is due to high demand in markets driven by the increasing consumption, as well as the gradual decline in stocks at national and household levels; which occurred somewhat earlier than usual due to the below average long and short rains harvest in 2013/2014, the harvest was completed in March.

The report further states that a combination of imports between June and July and the early harvest from the high- and medium-potential areas in August will help keep maize prices mostly stable between up to September.

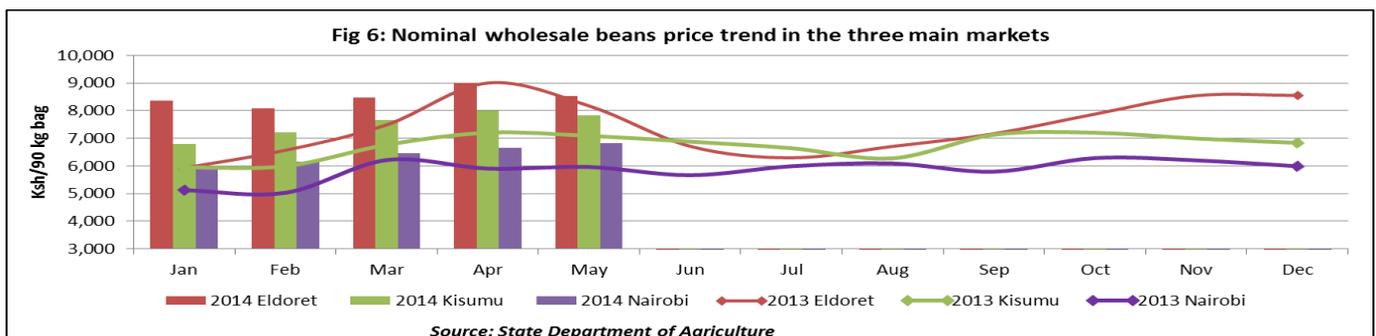


## 1.2 Beans wholesale price change and trend



The average wholesale price of beans decreased in Eldoret and Kisumu. Nairobi recorded a stable increase, see figure 5, 6 and table 1.

The price increase in Nairobi is attributed to the high demand in markets driven by the increasing consumption, as well as the gradual decline in stocks at national and household levels.



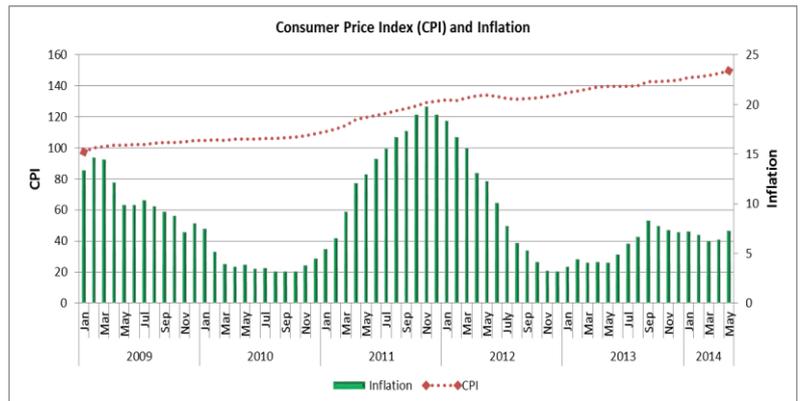
## 2.0 PRODUCTION SITUATION

Cumulative March to May long rains have been below average to near average in much of the south eastern and coastal marginal agricultural lowlands and in agro pastoral and pastoral areas. A below average long rains harvest in marginal areas and below average recovery of rangeland conditions will likely worsen the already Stressed (IPC Phase 2) food security outcomes between now and September. Maize has developed more slowly than normal in the surplus-producing Rift Valley and western highlands. Even with replanting occurring, the start of the harvest is likely to be delayed, contributing to prices remaining elevated longer than normal and thus constraining household food access. The August to January long rains maize harvest in the surplus-producing areas is anticipated to be average to below average<sup>1</sup>.

## 3.0 OTHER ISSUES

### 3.1 Inflation (May 2014)

According to the Kenya National Bureau of Statistics (KNBS) May report, the inter-annual inflation rate stood at 7.30, higher than 6.41 in April 2014 and 4.05 reported in May 2013; thus increasing the cost of living. See table 2. The month on month Food and Non-alcoholic drinks' Index increased by 1.25 percent from April to May; this will likely deteriorate food access. There were significant rises in the prices of several food items, which outweighed falls in the prices of few other items<sup>2</sup>, thereby resulting in an aggregate rise in the food index. Compared to May 2013, the index increased by 8.89 per cent.



### 3.2 Fuel pump prices (May 2014)

The KNBS report further states that, the average national price of diesel and gasoline (super petrol) went up by 0.52 and 0.38 respectively; leading to an increase in the month on month Transport Index by 1.43 percent. See table 3 below. This will most likely further push the food price upwards.

Higher cost of common cooking fuels (charcoal and firewood) were recorded; this might likely influence the household food utilisation.

### 3.3 Policy News

#### 3.3.1 Excerpt from the Kenya 2014/2015 financial year budget statement

**Investing in Agriculture to Reduce the Cost of Living and Create Jobs:** To ensure full realization of food security – availability - and lower food prices, the 2014/2015 budget allocated Ksh. 9.5 billion towards the on-going irrigation projects. This includes Ksh.3.5 billion allocation to the Galana Irrigation Project; KSh.3 billion for inputs subsidy including fertilizer; KSh.2.7 billion for Strategic Grain Reserves; KSh.1.0 billion for fisheries development; KSh.0.7 billion for the revival of the Kenya Meat Commission.

In order to create more employment opportunities in the sector, KSh.0.3 billion was allocated for the revival of the Pyrethrum sector; and another KSh.0.3 billion for establishment of Free Disease Zone.

Considering the challenges of drought and floods the country continues to face, KSh.8.2 billion was allocated for construction of water pans and dams, KSh.4.1 billion for water supply and sanitation and KSh.1.5 billion for environmental protection conservation and management. Additionally KSh.0.5 billion for completion of multi-purpose dams that were started under the economic stimulus programme<sup>3</sup>.

<sup>1</sup> <http://www.fews.net/east-africa/kenia/food-security-outlook-update/fri-2014-05-30-1>

<sup>2</sup> For instance, the retail price of one kilogram of potato (Irish), sukuma wiki (kales), beef (with bones), onions and two kilograms of wheat flour and sifted maize flour rose by 7.16, 6.22, 1.45, 3.44, 2.55 and 4.68 respectively. The price of a kilogram of sugar and fresh packeted milk (500 g) fell by 0.98 and 0.39 per cent respectively.

<sup>3</sup> <http://www.nation.co.ke/blob/view/-/2346270/data/763859/-/tvbleo/-/Budget+statement.pdf>



**Table 1: Nominal wholesale prices of maize and beans in the main and other key markets**

Market	Price (KES per 90 Kg bag)		May 2014 Price (USD/Mt)	% Change on last month	% Change on same month of last year.	% Change on 5 Year LTA	Prices Trend		
	Apr. 2014	May 2014					Change over		
							1 month	1 year	5 Years
<b>MAIZE</b>									
Eldoret	3,000.00	3,110.00	397.42	3.67%	8.36%	26%	⇒	↗	↑
Kisumu	3,600.00	3,733.00	477.03	3.69%	4.07%	25%	⇒	⇒	↑
Nairobi	3,105.00	3,100.00	396.14	-0.16%	3.64%	13%	⇓	⇒	↑
Kitale	2,622.00	2,900.00	370.58	10.60%	22.88%		↑	↑	
Kitui	3,150.00	3,100.00	396.14	-1.59%	29.17%		⇓	↑	
Malindi	3,420.00	3,452.00	441.12	0.94%	-0.20%		⇒	⇓	
Mombasa	3,000.00	3,095.00	395.50	3.17%	8.60%		⇒	↗	
Taveta	3,000.00	3,000.00	383.36	0.00%	7.14%		⇒	↗	
<b>BEANS</b>									
Eldoret	9,000.00	8,529.00	1089.90	-5.23%	4.34%	43%	⇓	⇒	↑
Kisumu	8,000.00	7,829.00	1000.45	-2.14%	10.42%	30%	⇓	↑	↑
Nairobi	6,660.00	6,824.00	872.02	2.46%	14.27%	28%	⇒	↑	↑

Source: State Department of Agriculture. 1 USD to KES 86.95 (May 2014 UN Dollar rate)

**Table 2: Consumer Price Index (CPI)**

CPI/Inflation	May 2013	April 2014	May 2014	% Change on last month	February 2009 = 100
					Trend: Change over one Month
Consumer Price Index	139.52	148.20	149.70	1.01	▲
Overall Inflation	4.05	6.41	7.30		▲

Source: Kenya National Bureau of Statistics (KNBS) – May 2014

**Table 3: National average fuel prices for the May 2014**

Commodity	April 2014 price KES/Litre	May 2014 KES/Litre	Percentage change on last month.	Trend: Change over one Month
Diesel	105.69	106.24	0.52	⇒
Gasoline (Super Petrol)	114.73	115.17	0.38	⇒

Source: Kenya National Bureau of Statistics (KNBS) – May 2014

**KEY:**

Change	Price trend	Sign
< 0%	Decreasing	⇓
>= 0% and < 5%	Stable	⇒
>= 5% and < 10%	Slightly stable	↗
>=10%	Increasing	↑

Source: The WFP Global Market Monitor Report



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