The Uganda Market price Update is produced by the Assessments, Monitoring and Evaluation (AME) Unit of the World Food Programme Uganda on a monthly basis. Price data collected by staff at WFP Sub offices in Moroto, Kotido, Kaabobong and Nakapiripirit is analyzed along with data from Infotrade from Kampala, Iganga, Mbarara, Masindi, Gulu and Lira. The update is divided into four sections; Karamoja markets, Price trends over one year, Other Markets and Price Forecast.

Highlights

- The overall average nominal retail prices for maize grain and sorghum continued to increase in Karamoja during the month of May 2014 while prices for beans, goats and labour wage decreased; compared to May 2013 prices, maize grain and sorghum were higher by 24% and 17% respectively.

- The terms of trade for a goat and daily labour wage against maize grain continued to deteriorate in Karamoja during the month.

- In other parts of the country (Kampala, Western, Northern & Eastern Uganda), nominal retail prices for maize grain increased while it decreased for sorghum and remained relatively stable in May 2014 for beans.

- Price projections for markets outside Karamoja predict price decreases for maize grain, sorghum and beans in July 2014 as harvests come in.

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SECTION ONE: KARAMOJA SUB-REGION

Cereals

The overall average nominal retail price for maize grain in Karamoja continued to increase in May by 5% compared to April 2014. The price increment was more pronounced in Nakapiripirit district (40%). Unlike during the month of April, maize prices in Moroto and Napak reduced during the month of May. The reduction in prices is most likely due to increased food accessibility as a result of food distribution by WFP in May 2014 across Moroto and Napak. No distribution was done for Nakapiripirit which could be the likely reason for the steep increase in maize prices since April. Compared to the same period in May 2013, maize grain prices were higher by 24% across Karamoja.

Beans

The overall average nominal retail price for beans reduced by about 3% in Karamoja during the month of May compared to April 2014. There was a slight increase of bean prices in Moroto and Kotido while in Kaabong there was no price change. The relatively stable prices of beans in Karamoja during the month of May can be attributed to new crop harvests coming in from other parts of the country and the WFP food distribution that contained beans in the food basket. Compared to the same period in 2013 bean prices on average reduced by about 2% in May 2014 in Karamoja except in Kotido where prices increased due to limited supply on market. Thus overall bean prices have been relatively stable.

Goats

There was a general decrease in the average nominal price for goats in Karamoja by 13% during the month of May compared to April 2014 (except in Napak where an increase of about 6% was observed). The decrease in prices for goats is due to an increased supply of livestock on market from both the Turkana and Karamajongs as a means of getting money to purchase food and other household needs. Compared to the same period in 2013, prices for goats have been lower in May this year and this can be attributed to increased dependence on markets for household food consumption forcing households to sell more livestock in order to get money to buy food hence the current livestock supply exceeding demand.

Sorghum

On average nominal retail price for sorghum in Karamoja increased by 5% during the month of May compared to April 2014. Similarly compared to the same period in May 2013, this year sorghum prices have been higher by about 17%. This is partly due to limited supply of sorghum and increased dependence on markets. We also notice that sorghum prices in Moroto reduced in May compared to April 2014; this is partly because of the food distribution that took place in May that contained maize as part of the food basket that is preferred compared to sorghum in this district. This resulted into reduced demand for sorghum contributing to the lowering of the price.

Table 1: Prices changes for Goats April – 2014

<table>
<thead>
<tr>
<th>Market</th>
<th>Current (May 2014)</th>
<th>% Change from</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Apr-14</td>
<td>May-2013</td>
</tr>
<tr>
<td>Moroto</td>
<td>90,000</td>
<td>-32.5%</td>
</tr>
<tr>
<td>Nakapiripirit</td>
<td>70,000</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Napak</td>
<td>78,333</td>
<td>5.9%</td>
</tr>
<tr>
<td>Kotido</td>
<td>55,000</td>
<td>-32.3%</td>
</tr>
<tr>
<td>Kaabong</td>
<td>93,750</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Average</td>
<td>77,417</td>
<td>-13.1%</td>
</tr>
</tbody>
</table>

**Source: WFP ProMIS**
Labour

Similar to the April trends, average daily labour wage rates in Karamoja reduced by 6% during the month of May 2014. The reduction was specifically in Nakapiripirit (27%) reported to be a result of increased number of people looking for casual labour compared to existing labour opportunities. Comparing to May 2013, average daily wage rates in Karamoja were lower this year especially in Nakapiripirit (33%) and Kotido (30%). The explanation for the reduced wage rates is rooted from the uneven distribution of rainfall in May 2014 that has not supported crop production as expected leaving a large number of people who would normally be employed in farming activities jobless and looking for work else where.

Table 2: Changes in Daily Wage Rates May—2014

<table>
<thead>
<tr>
<th>Market</th>
<th>Current (May 2014)</th>
<th>% Change from:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Apr-14</td>
</tr>
<tr>
<td>Moroto</td>
<td>5,000</td>
<td>0.0%</td>
</tr>
<tr>
<td>Nakapiripirit</td>
<td>2,000</td>
<td>-27.3%</td>
</tr>
<tr>
<td>Napak</td>
<td>4,625</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Kotido</td>
<td>2,000</td>
<td>0.0%</td>
</tr>
<tr>
<td>Kaabong</td>
<td>3,000</td>
<td>0.0%</td>
</tr>
<tr>
<td>Average</td>
<td>3,325</td>
<td>-6.0%</td>
</tr>
</tbody>
</table>

Source: WFP ProMIS

Terms of Trade

Terms of trade (TOT) in this context refers to the exchange of a medium size goat and daily labour for maize grain at the current market price.

Despite a decrease in the average nominal price during the month of May, the terms of trade for a goat against maize grain continued to deteriorate compared to the previous month (April 2014) as well as May 2013. This is mainly attributed to low goat prices, a result of increased supply of livestock for sale from both the Turkana and Karamajongs.

Selling one goat would enable a household to buy 70kg of maize grain in May 2014 as compared to 85kg and 93 kg in April 2014 and May 2013 respectively (see figure 4, 7 and 9).

Also the terms of trade for labour wage against maize grain slightly deteriorated during the month of May compared to April 2014 and May 2013.

The average daily wage rate during the month of May 2014 could buy 3.0 kg of maize grain compared to 3.1kg in April 2014 and 3.2kg in May 2013 (Figure 9). The deteriorating terms of trade is mainly attributed to the reduction in the daily labour wage rates and the increase in the prices of maize grain during the month of May 2014 (See trends figure 1, 4, 8 & 9).

Conclusion

On average, prices for maize grain and sorghum have continued to increase during the month of May 2014. However, the impact of price increase was lower in districts that received food aid during the month (i.e. Moroto, Napak, Kotido and Kaabong) due to the increased food availability in the region. Similarly the price for beans were relatively stable during the month due to fresh beans on market from other parts of the country and increased supply from WFP food distributions.

However, the terms of trade when compared to the amount of maize grain purchased has also continued to fall due to a combination of rising prices of maize grain and lowered prices for goats and daily labour wage rates. This in turn is due to increased number of people selling goats and looking for jobs. Therefore, the deteriorating terms of trade imply limited food accessibility for the households majorly depending on markets.
SECTION TWO: KARAMOJA PRICE TRENDS APRIL 2014 AGAINST 2013

Figure 4. Maize Grain Price Trends

Source: WFP ProMIS

Figure 7. Goats Price Trends

Source: WFP ProMIS

Figure 5. Sorghum Grain Price Trends

Source: WFP ProMIS

Figure 8. Average Daily Labour Wage Trends

Source: WFP ProMIS

Figure 6. Beans Price Trends

Source: WFP ProMIS

Figure 9. Labour/Goats-Maize grain TOT Trends

Source: WFP ProMIS
SECTION THREE: KAMPALA, WESTERN, NORTHERN AND EASTERN UGANDA

This section provides a snapshot of the price fluctuations of beans, maize grain and sorghum for selected markets in different regions of the country. Data from Infotrade was analyzed along with data collected from Owino market/Kampala for Central; Gulu & Lira for Northern; Mbarara and Masindi for Western and Iganga for Eastern regions. The primary criteria for selecting the above markets is their trade influence in food commodities in their respective regions and the relative consistency of data for the selected food commodities.

Cereals

Figure 10. Maize grain Price changes May – 2014

Maize grain prices continued to increase by an average of 6% across the country during the month of May compared to April 2014. This increase is due to reduced stocks from both farmers and traders. Compared to the same period in May 2013, we notice that the northern parts of the country (Gulu) and western parts (Mbarara) experienced a price decrease partly due to the continued South Sudan conflict that is hindering cross border trade. However, the percentage change in maize grain price in May 2014 was still higher in the central and eastern parts of the country compared to the same period in 2013 due to inflation and low supply.

Figure 11. Sorghum grain Price changes May –2014

On average, there was a 2% decrease in sorghum prices in most parts of the country during the month of May as compared to April 2014. The decrease was mainly in areas where sorghum is not a major staple e.g. Iganga. Compared to the same period in May 2013, sorghum prices this year have been slightly higher by about 1%. The increase was mainly in Lira because of its strategic location, neighbouring areas where sorghum is a major staple i.e. Acholi and Karamoja (food deficit producing area). In summary, sorghum prices have been relatively stable across the central, western, northern and eastern parts of Uganda.

Beans

Figure 12. Beans Price changes May –2014

On average, there was an insignificant price increase for beans of less than 1% across the country in May compared to April 2014. For market in districts that produce beans e.g. Mbarara and Iganga, prices were low during the month of May because people have started eating fresh beans thus reducing demand for dry beans from last season.

Compared to May 2013, prices for beans were lower this year in most parts of the country except in Kampala where almost all people are net buyers.

For the case of Lira, no price data for beans was available for the analysis.
SECTION FOUR: PRICE FORECAST

Figure 13. Projected Price for Maize Grain—June & July 2014

The overall average price for maize grain is expected to decrease in June and July 2014 by about 2% and 5% respectively. The reduction in prices is expected to be a result of increased supply on market as traders clear old stock in preparation to buy new stock. Also increased supply of alternative food staples will reduce in country demand for maize leading to low prices.

Similar to the April prediction, it is projected that sorghum prices will decrease marginally in June by about 4% and remain stable in July. Also, sorghum prices in June and July 2014 are expected to be higher than the average price 2012/13 and the same period in 2013 due to inflation and limited supply of sorghum on the market.

Prices for beans are expected to decrease in June and July 2014 by about 6% and 11% respectively. Also our projection indicates that prices for beans are expected to be lower than average price 2012/13 and the same period in 2013. The decrease is due to expected increase in supply. From new harvest.