Basic food prices remain high at the peak of the lean season

Key points:

- Basic food prices remain high at the peak of the lean season
- Beans, sugar, salt and vegetable oil are more expensive than last year
- About 30 percent of traders in Hhohho and Shiselweni report difficult road conditions

Seasonal Outlook

An improved harvest is expected in the South African Development Community (SADC) region, due to the increased good rains that happened during the current production season. Regional maize prices are also forecast to be low because the price observed in December 2016 was 24 percent lower than the high reached in February 2016 when it was ZAR 5,000/MT (USD 320)(SAFEX Prices). Nevertheless, commodity prices are still relatively high in Swaziland. The El Nino-induced drought had a negative effect on the overall food commodity availability and prices. This was compounded by inflation which averaged at 7.8 percent for 2016. According to the Swazi Vulnerability Assessment Committee (VAC) report 2016, the total population that will require livelihood support over the consumption period October 2016 – February 2017 is estimated at 638,251. This represents the rural population in Integrated Food Security Phase Classification (IPC) Phases 2 (Stressed), 3 (Crisis) and 4 (Emergency). The high food prices have resulted in higher vulnerability to food insecurity as the peak of the lean season is nearing. However, the rainfall forecasts for the 2016/17 cropping season (October-June) indicate an higher likelihood of normal to above-average rainfall conditions. This means that early production prospects for the 2017 crop are generally favourable. However, the agricultural productive capacity of farming households is expected to be lower than normal, particularly regarding seed supplies as a result of the reduced 2016 crop (source: FAO GIEWS).
Swaziland is a net food importing country. Even during years with normal rainfall levels, it does not meet its maize consumption requirement and depends mainly on imports, impacting prices. This situation is not helped by the current pricing policy for maize. The National Maize Corporation (NMC), a parastatal company under the Ministry of Agriculture, has the sole authority to import white maize in the country, with a mandate of ensuring a competitive market for farmers. It sells the imported maize to the limited number of millers available in the country as well as consumers at a price gazetted by government.

The average retail price for maize meal was SZL12.02/kg in January 2017, 25 percent higher than wholesale prices (Figure 1). This is 10 percent lower than in January 2016 (SZL 13.36/kg) and 9.6 percent lower than December 2016 (SZL 13.30/kg), but still higher than the 5-year average (2012-2016) price for January. Retail prices include those observed in small shops and in supermarkets. However, general supermarkets sell at slightly lower prices than smaller shops. Lubombo had the lowest price (SZL 9.23/kg) followed by Manzini (SZL 11.71/kg). These low average prices might be because there are more supermarkets and wholesalers in these regions whose prices are relatively low compared to retailers.

36 percent of the traders reported Top Score as the most sold maize meal brand in their shops (Figure 2). Other frequently sold brands include: Lukhotse (23%); Emandla (18%) and Ligugu (11%). The majority of the traders reported sourcing their maize meal from Manzini and Matsapha (Figure 3), both in the Manzini region. Major processing industries are also located in the region and it accounts for more than 80 percent of the national supply of maize meal at all the trading levels. At the wholesale level it accounts for 86 percent of the supply and Nhlangano accounts for the remaining 14 percent.

The majority of traders purchased their maize meal stock on a weekly basis, indicating good availability and increased demand for the product in the markets. The delivery for ordered maize meal stock takes one day for most of the traders. On average between the traders, a total of 29 MT maize meal is purchased every month. This is a sign of good market functionality and availability of maize meal in the local markets.
In January 2017, wheat flour prices remained stable compared to the previous month and the same time last year. Nevertheless, it stayed higher than the 5 year average (Figure 4). Retail prices in January 2017 (SZL13.05/kg) were 15.9 percent higher than the wholesale prices (SZL11.26/kg) (Figure 5). Manzini had the highest prices (SZL13.06/kg) while Shiselweni had the lowest (SZL11.66/kg). As the price of bread is gazetted by the government, the traders are given a ceiling price to sell at after adding a percentage mark-up. Currently the gazetted price for a loaf of brown bread at wholesale is SZL9.20/loaf. Retailers are expected to add a mark-up of no more than SZL0.30 to the wholesale price. However, the retail price for January 2017 for a loaf of brown bread was SZL9.89 (Figure 5). It should be noted that some medium-sized retailers have in-house bakeries so their prices are occasionally lower than the gazetted price.

Bean prices remain high compared to the same time last year and the 5-year average, mainly due to the shortage in stocks which was reported by some of the traders (Figure 6). Bean production has been poor in Swaziland and most of the supply is imported and then repackaged locally. The retail price was SZL25.32/kg and the wholesale price was SZL24.81/kg (Figure 5). Hhohho had the highest prices when compared to the other regions (Figure 6), possibly because Hhohho has fewer large scale traders.

Rice has become one of the major cereal alternatives to maize in Swaziland and is now being widely used by many households. The prices registered in January 2017 are slightly lower than those in January 2016, when major increases were observed mainly due to the drought and increased demand as maize meal was expensive when compared to rice. The January 2017 retail price was SZL12.24/kg while the wholesale price was SZL10.64/kg (Figure 5). Shiselweni (SZL12.50/kg) had the highest prices, and Manzini had the lowest (SZL11.44/kg) (Figure 7). Transport and level of operation might have had an impact on price differences between the regions. Most of the rice sold is sourced from the Manzini region.
Cooking oil prices also remained relatively high. The January 2017 retail prices were higher than the 5-year average and last year’s average (Figure 6). The retail price for a 750ml bottle was SZL18.97, 10.6 percent higher than the wholesale price (SZL17.15/750ml) (Figure 6). Hhohho (SZL 19.87/750ml) had the highest prices while Manzini had the lowest (Figure 6).

Sugar retail prices were SZL7.68/500g, 18 percent higher than the wholesale prices (SZL6.51/500g). As observed in Figure 6, the January 2017 price was considerably higher than the 5-year average. Similarly, the retail price for salt at SZL3.52/500g was much higher than the 5-year average.

**Market are accessible**

The average time to walk to markets for most customers was estimated to be less than 30 minutes (Figure 7) showing that households have good access to food markets. The Hhohho region has a high proportion of households who have short travel times to access markets. In contrast, the maximum travel time, over 2 hours, was reported by 6 percent of the traders in the Manzini region.

Poor road networks, damaged bridges, lack of transport and shortage of financial services are some of the major challenges described by traders in Swaziland. However, a greater proportion of the traders reported that they had no challenges to conducting their business - this translates to well-functioning markets (Figure 9). Almost a third of traders in Shiselweni reported road conditions as a major challenge, followed by 28 percent in Hhohho, potentially because most of these regions are rural, with untarred roads.
In the words of respondents

**Methodology**

An external call centre started collecting food price and market functionality data in January 2017 as a part of WFP’s mobile Vulnerability Analysis and Mapping (mVAM) initiative. Telephone interviews were conducted with key informants (traders) to collect monthly information on the prices of foods including maize meal, rice, wheat flour, bread, beans, cooking oil, sugar and salt. Information was also collected on general food availability and market accessibility. The surveys are carried out with a sample of 54 traders across the four regions in the country covering both rural and urban areas. There were 16 traders from Hhohho, 8 from Lubombo, 20 from Manzini and 10 from Shiselweni. Of these about 14 percent were wholesalers and the rest were retailers in small shops and supermarkets. Phone surveys contain inherent response biases; therefore, the bulletin reports patterns and trends rather than precise estimates.

"It is very bad due to bad weather. The water that we are getting from the river is not clean.”
Retailer, Madlangempisi market

"Those with money can afford to buy food. Elderly people get government subsidy however it is not enough.”
Wholesaler, Manzini market

"Food is available in urban areas, but in the rural areas there is no reliable supply of food.”
Supermarket owner, Matsapha market

"No food available. Currently people are only able to buy bread. Due to drought the community cannot plant food.”
Supermarket owner, Hlathikhulu market

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