



## Southern Africa

### Highlights:

Maize price trends were mixed in February in the region. Tanzania and the DRC saw significant month-on-month (m-o-m) price increase of their main staple. Zambia and especially Tanzania registered the highest increase in the number of markets in ALPS Crisis.

Across most of the region, price of maize continued to remain above the 5 year average level with Mozambique standing high at about 119 percent. South Africa (SA) maize prices declined continually in quarter 1 of 2017 with both real and nominal price of white maize considerably dropping below the five year average to pre 2014 prices. It can be anticipated that South African maize prices will hit a price floor in quarter 2 of 2017.

Supplies of maize are expected to be average to above average from March onward as a result of good harvest prospects for most countries in the region except Tanzania. Whose maize production is expected to be below average. SA is set to harvest the second biggest maize crop on record edging close to 1980/81 bumper crop of 14.66 million tonnes.

## International Food Staple Price

The **FAO Food Price Index\*** (FFPI) averaged 175.5 points in February 2017, up 0.9 points (0.5 percent) from a slightly revised January value. At this level, the FFPI is as much as 26 points, or 17.2 percent, higher than its level in the corresponding month last year and at its highest value since February 2015. With the exception of vegetable oils, the indices of all other commodities used in the calculation of the FFPI increased in February, especially of cereals.

The **FAO Cereal Price Index** averaged 150.6 points in February, up 3.7 points (2.5 percent) from January. At this level, the Index stands at its highest level since June 2016, but only slightly (around 1.6 percent) above its value a year ago. Wheat quotations gained 3 percent on stronger pace in trade activities, combined with logistical issues in the US ports. The increase in maize values was less significant, but strong demand kept prices firm. International rice prices firmed for the third successive month, mostly reflecting currency movements and expectations of stronger Basmati sales.

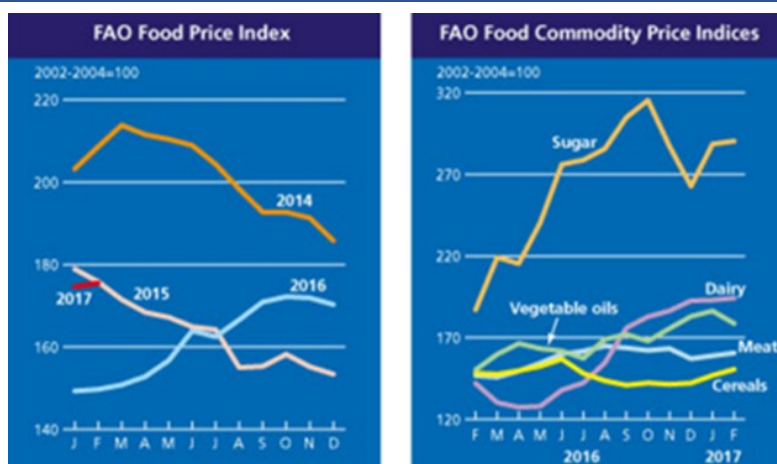


Figure 1: FAO Food Price Index and Food Commodity Price

## Regional Food Staple Price Trends

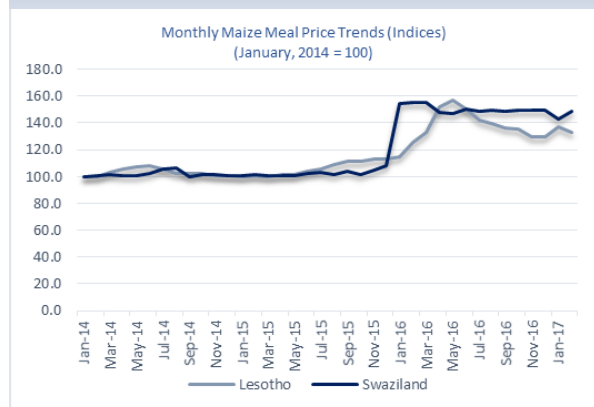
Figure 2: Average monthly maize price trends Index (Jan, 2014 – Feb, 2017) from selected countries in Southern Africa



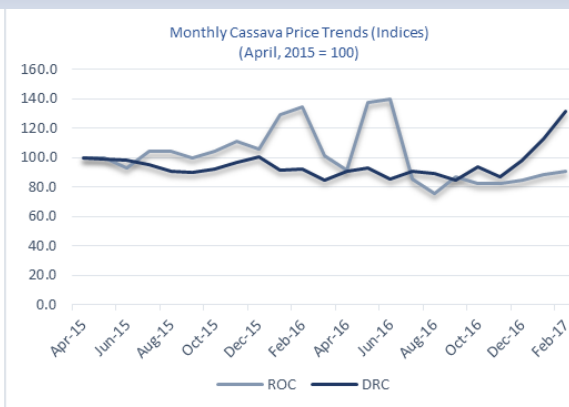
Regionally, maize supplies improved in February as producers and traders sold off remaining stock in anticipation of good upcoming harvests. South Africa (SA) and Zambia continued exporting maize to deficit countries in the region while Zimbabwe and again SA continued importing from international markets.

Maize prices remained generally stable or declining with the exception of Zambia and Tanzania, where prices were still upward trending (Figure 2). Maize meal (Figure 3) and Cassava flour (Figure 4) saw mixed trends in February. More specifically, ROC, Zambia, Tanzania and Swaziland saw increases in the retail prices of their main staples with the DRC recording the highest price increase (16 percent). Maize prices in Malawi remained more or less unchanged compared to January.

**Figure 3: Monthly Maize meal price trends (Jan, 2014 – Feb, 2017) in Lesotho and Swaziland**



**Figure 4: Monthly Cassava flour price trends (Apr, 2015 – Feb, 2017) in RoC and DRC**



On the other hand, Mozambique, Zimbabwe, Lesotho saw price decreases in February with South Africa recording a substantial drop of about 29 percent<sup>1</sup>. Swaziland recorded nearly 4 percent m-o-m increase in the price of maize meal while Lesotho experienced about 3 percent decrease in the price of maize meal.

Both the DRC and RoC experienced increase in the retail price of cassava flour with the DRC registering the highest increase of 16 percent (**Figure 5**).

Source: WFP

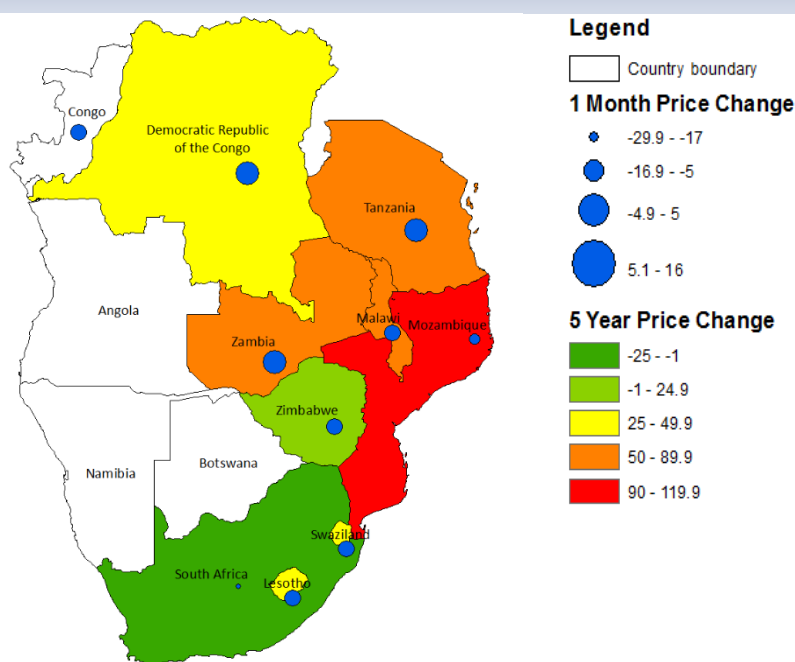
In Zambia high maize price is partly a result of increased demand from neighbouring DRC while Tanzania is mainly due to insufficient supplies of maize. In Zimbabwe, prices have remained stable due to inadequate liquidity in the economy that have contributed to decreased purchasing power, as well as substantial maize import. The progression of the lean season resulted in substantial increase in price of cassava in the DRC.

Across most of Southern Africa the price of maize continued to remain above the 5 year average level for the same time of the year with Mozambique standing high at about 119 percent. Zimbabwe's price of maize is 0.81 percent below the 5 year average in February 2017 while SA is 24 percent below the 5 year average in March 2017 (**Figure 5**).

**Figure 6** depicts the nominal and real price of South African maize. The nominal prices were deflated using the food and non-alcoholic beverages CPI from Statistics South Africa. Both the Nominal and Real wholesale prices of maize are on a downward trend and most importantly, the Real price of maize is 36.3 percent below its 5 year average in March 2017. Considering that SA is the key producer and exporter of maize in the region, and given the current forecast of weather condition coupled with the downward price trend of maize in SA, prices of maize can be expected to decrease in other countries in the region as early as next harvest as long as other factors such as exchange depreciations are minimal. This situation suggests that region is recovering as expected especially for South Africa.

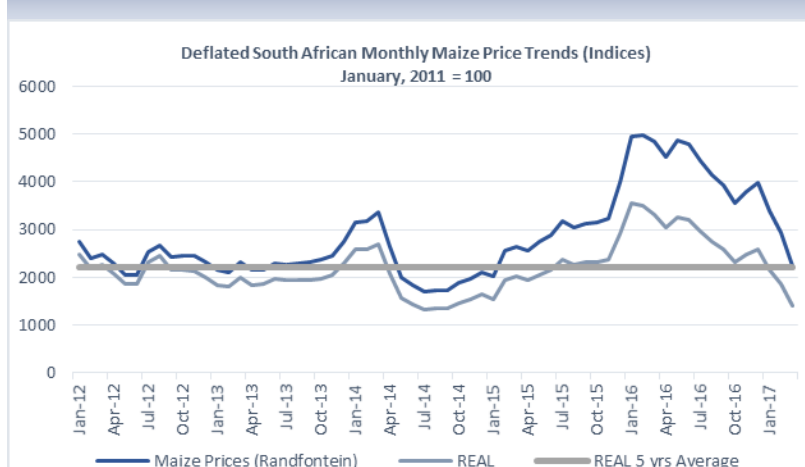
**Outlook:** Supplies of maize are expected to be average to above average from March onward as a result of good harvest prospects for most countries in the region except Tanzania whose maize production for 2017 is expected to be below average. South Africa is set to harvest the second biggest maize crop on record. This comes after the National Crop Estimate Committee revised up its forecast by 3% from the previous one to 14.32 million tonnes. Thus, making this season's crop the second biggest after the 1980/81 bumper crop of 14.66 million tonnes. Maize prices are expected to decline further over the coming months with the onset of early harvest in the region except in Tanzania where prices are expected to remain relatively higher. Cyclone *Enawo* impacted rice production prospects in northern Madagascar. Cassava production prospects are good due to sufficient seasonal rainfall in the region.

**Figure 5 : RBJ retail staple food price change for white maize grain –January 2017**



Source: WFP

**Figure 6: Wholesale South African Nominal Prices vs Real Prices**



Source: WFP

<sup>1</sup>Historical price trend indicate that the sharp decline in the price of maize in SA is likely to gradually subside in the next quarter as it is probably close to reaching a floor (**Figure 2B**).

## Alert on Price Spikes (ALPS)

ALPS is an indicator that monitors local food commodity prices and measures the extent to which food commodities found on local markets experience unusually high food price levels for a specific month of the year. In February 2017, 26 markets across southern Africa were in Alert. This is a 7 percent decrease from January 2016 and a 21 percent decrease from December 2016. Out of the 26 markets in Alert, 14 were in Zambia, 2 in Tanzania, 2 in Mozambique and 6 in Malawi.

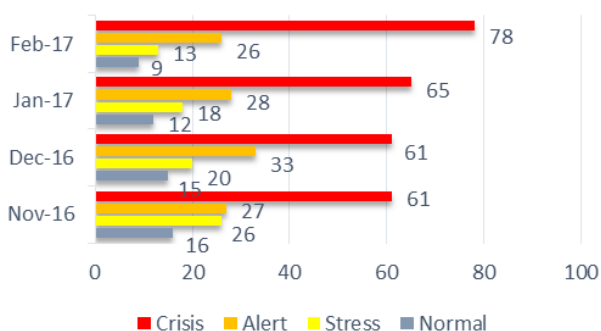
The number of markets in Stress went down by nearly 28 percent. Most of these markets in Stress were in Zambia (7 out of 13). Furthermore, 78 monitored markets across 5 countries were in Crisis. Of these 78 markets, 25 were in Malawi (up 4 percent from January but down 22 percent from December 2016), 30 in Zambia (up 67 and 76 percent from January 2017 and December 2016 respectively), 4 in Mozambique (down 43 percent for the first time since August 2016) and 18 in Tanzania (up 20 percent from January 2016 and 260 per-

The rise of the total number of markets in crisis in the ALPS indicator is mainly driven by Zambia and Tanzania (Figure 7B) whose prices are still on an upward trend (Figure 2A). The number of markets reporting normal price levels of maize fell by 25 percent in February 2017.

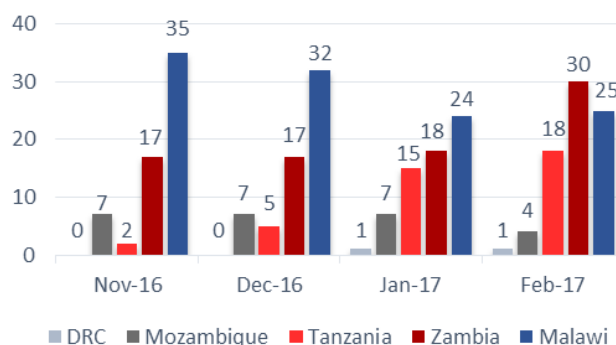
Overall 93 percent or 117 out of 126 of ALPS monitored markets in southern Africa were either in Stress, Alert or Crisis in December (7A), reflecting continued low availability of staples in the region. Maize prices are very likely to remain above their average price trend at least until the next harvest (April – June 2017).

**Figure 7: Status of Monitored Food Markets in Southern Africa in February 2016 – ALPS**

**Figure 7A: Trend of total number of monitored markets by ALPS categories**



**Figure 7B: Trend of total monitored market in ALPS Crisis**



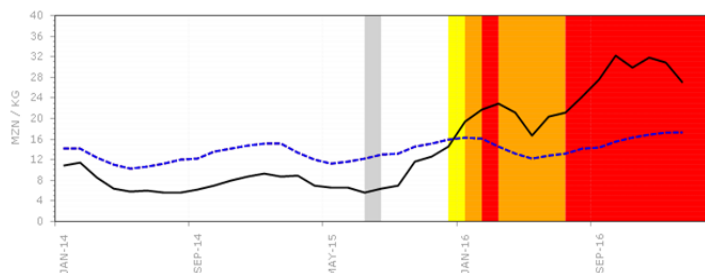
Source: WFP

**Focus on Mozambique:** February saw a decrease in the national average retail price of white maize (13 percent) relative to December. In Gorongosa, a prime maize market in Mozambique prices dropped by almost 13 percent and remain at ALPS Crisis mode standing 119.20 percent above its November 5 year average (Figure 8).

**Focus on Malawi:** Figure 8 illustrates the retail price trend of white maize for Lunzu market, a prime maize grain market in Malawi. The national average retail price of maize in Malawi remained stable (up 0.4 percent) in February relative to January. The market has shifted from ALPS Crisis mode to ALPS Alert mode where it has remained since the second quarter of 2016. Price are expected to remain above average even though the lean season is nearing the end.

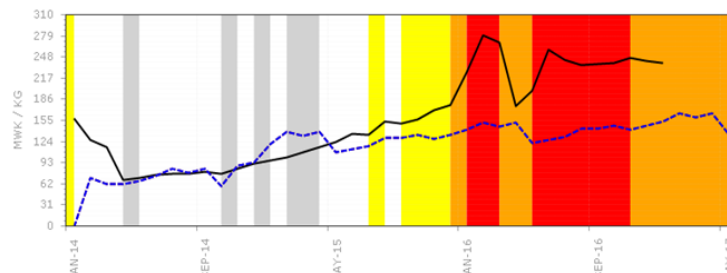
**Figure 8: ALPS maize grain market price trend in Lunzu market (Malawi) and Gorongosa market (Mozambique) compared to**

**Gorongosa (Mozambique)**



Source: WFP ALPS (<http://foodprices.vam.wfp.org/ALPS-chart.aspx?iso=MOZ&mid=318&cid=67&ptid=15>)

**Lunzu (Malawi)**



Source: WFP ALPS (<http://foodprices.vam.wfp.org/ALPS-chart.aspx?iso=MWI&mid=784&cid=51&ptid=15>)

PRICE: — Actual — Estimated — Projected  
ALPS: □ Normal □ Stress □ Alert □ Crisis

## Regional Exchange rate patterns compared to the US Dollar

Year-on-year (y-o-y) foreign exchange rates vis-à-vis the US Dollar has improved across Southern Africa with the exception the DRC, Mozambique, RoC, Angola and Tanzania. South Africa (and the pegged currencies of Lesotho, Namibia and Swaziland) has seen the highest gain against the US Dollar. Similarly most countries across the regions have seen their currencies improve m-o-m vis-à-vis the US Dollar with the exception of the DRC, and ROC (Figure 9).

**Inflation Rates:** Inflation rates in the region in January 2017 were as follows (Figure 9): Mozambique (20.6 percent), Malawi (18 percent), DRC (33.89 percent), Zambia (7 percent), Tanzania (5 percent), and South Africa (6.6 percent). Note that Zimbabwe inflation was slightly positive in February (0.06 percent). Persistent wide liquidity challenges in the country resulted in depressed demand and negative inflation in 2016 and beginning 2017. The Zimbabwean Central Bank has recently urged the public to replace the US Dollar with the South African Rand as the country's main currency in order to address the liquidity problem that the country is facing.

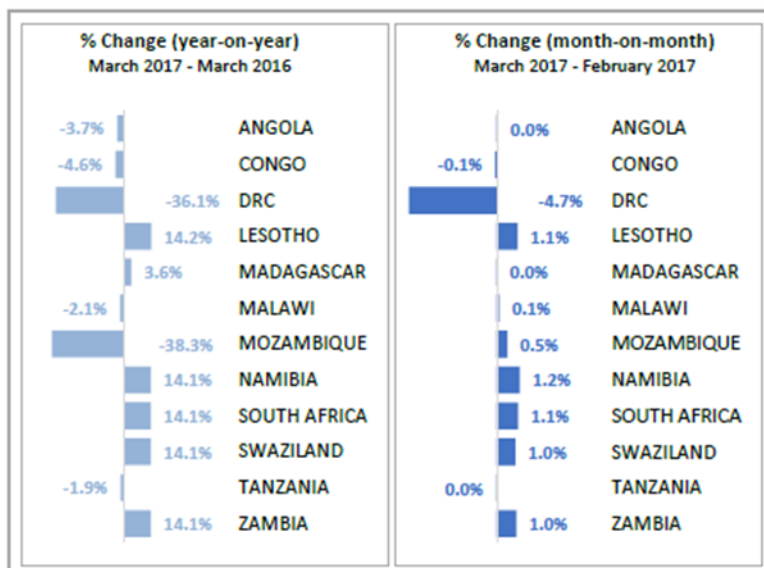


**Figure 9: Forex & Inflation – February 2017**

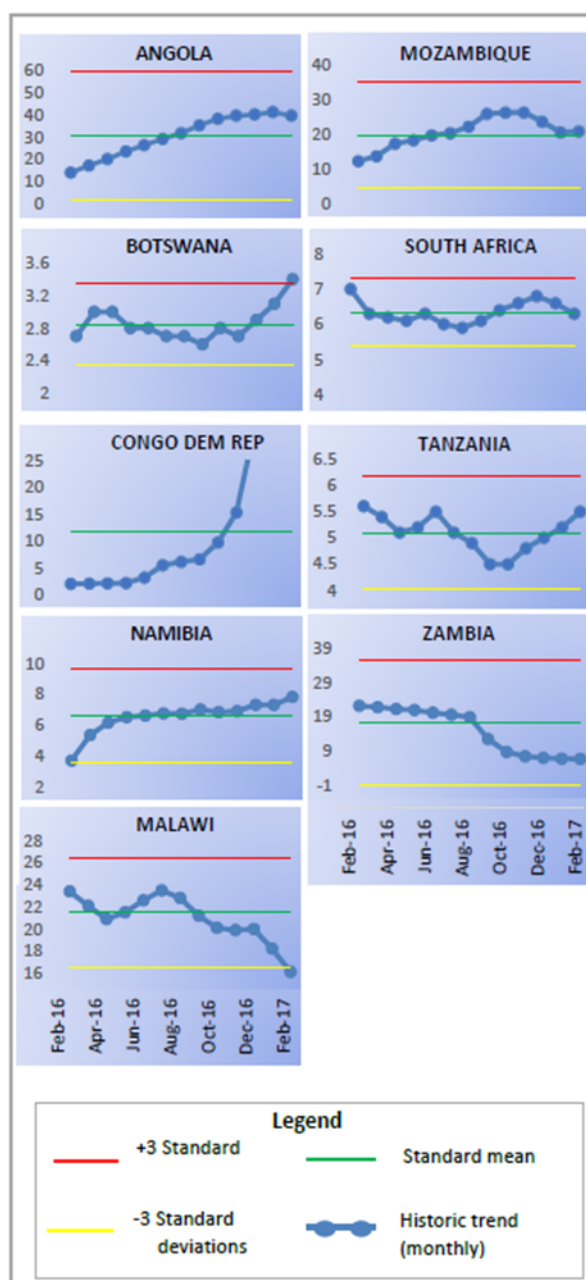
### Exchange Rate Table

Country	Exchange rate compared to 1 USD			% Change (y-o-y)*	% Change (m-o-m)*
	30-Mar-16	28-Feb-17	30-Mar-17		
ANGOLA	159.2	165.1	165.1	-3.7%	0.0%
CONGO	589	616.3	616.8	-4.6%	-0.1%
DRC	925.7	1 260.2	1318.8	-36.1%	-4.7%
LESOTHO	15.4	13.2	13	14.2%	1.1%
MADAGASCAR	3 204.1	3 088.6	3088.6	3.6%	0.0%
MALAWI	701.9	716.7	715.8	-2.1%	0.1%
MOZAMBIQUE	50.8	70.2	69.8	-38.3%	0.5%
NAMIBIA	15.4	13.2	13.1	14.1%	1.2%
SOUTH AFRICA	15.3	13.2	13	14.1%	1.1%
SWAZILAND	15.3	13.2	13.1	14.1%	1.0%
TANZANIA	2 186	2 227.9	2228.2	-1.9%	0.0%
ZAMBIA	11.3	9.7	9.6	14.1%	1.0%

### Exchange Rate % Change



### Inflation



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food security analysis

Data source: <http://www.xe.com>, [www.tradingeconomics.com/](http://www.tradingeconomics.com/)

\*m-o-m is comparison between the current month and the last month; y-o-y is comparison between the current month and the same month of last year.