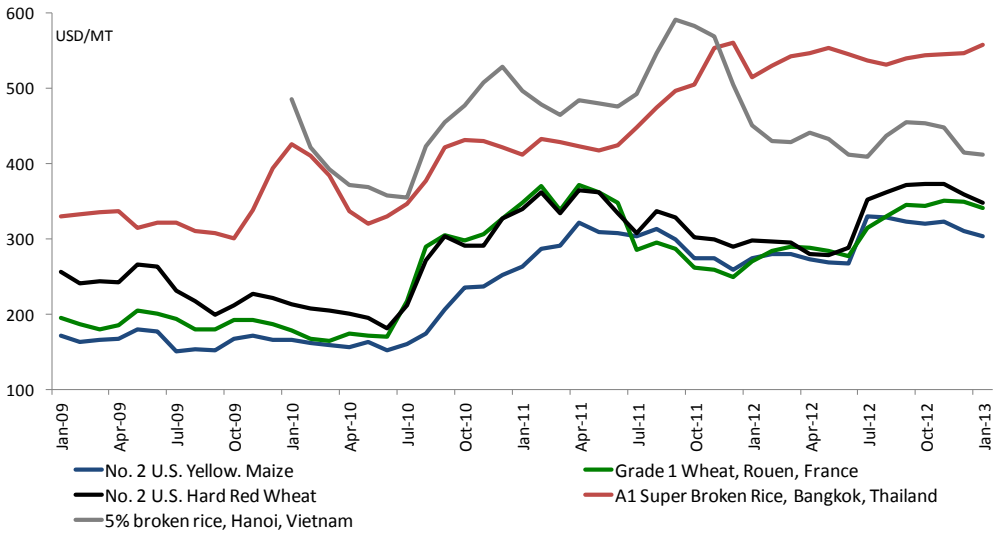
PRICE WATCH January 2013 Prices

February 28, 2013

KEY MESSAGES

- Across most of **West Africa,** food prices remained stable or decreased in January as staple food availability continued to improve with the ongoing marketing season. Staple food prices increased in areas affected by flooding in Nigeria as well as in areas with market disruptions linked to conflict in northern Mali (Pages 4-6).
- In **East Africa**, staple food prices continued to decline seasonally in most markets in January. However, maize prices increased unseasonably in Rwanda due to late harvests, and in Tanzania, due to below-average *Vuli* season production in the bimodal areas (Pages 7-9).
- In **Southern Africa**, food prices increased in January as the lean season progressed. Localized production shortfalls, high fuel costs, and strong export and institutional demand continued to exert upward pressure on food prices in markets Malawi, Tanzania, Zambia, and Mozambique (Pages 10-12).
- In **Haiti**, black bean prices continued to increase due to domestic production deficits. Imported rice and wheat prices remained stable at high levels in January due to consistent supplies. In **Central America,** red and black bean prices were seasonally stable in January while maize prices started to increase seasonally (Pages 12-13).
- In **Afghanistan and Tajikistan**, wheat flour and grain prices were stable in January. High-priced regional imports and local marketing constraints put upward pressure on prices in some markets (Page 14).
- **International** maize and wheat prices remained stable at high levels in January due to tight global supplies and strong import demand **(Figure 1)**. Rice export prices were stable (Pages 2-3).

Figure 1. Food commodity prices in selected international markets, January 2009 – January 2013



Sources: FAO and World Bank.

The Famine Early Warning Systems Network (FEWS NET) monitors trends in staple food prices in countries at risk of food insecurity. The Price Watch provides an update on trends in selected urban centers. Trends for key reference markets and commodities are made available in the Price Watch Annexes 1 and 2. FEWS NET gratefully acknowledges partner organizations, ministries of agriculture, national market information systems, the Regional Agricultural Intelligence Network, the Food and Agriculture Organization of the United Nations (FAO), the World Food Program (WFP), and others for their assistance in providing price data.

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OVERVIEW

Current situation. **Average monthly international maize and wheat reference prices remained stable at high levels in January 2013 due to tight global supplies and strong import demand for both food and feed (Figure 1).** Variability in maize spot and futures prices in January and early February in response to already tight but changing U.S. and global supply estimates reflect, in part, the price behavior that can be anticipated in key export markets in 2013. In February 2013, the International Grains Council (IGC) reported that global grain stocks are expected to reach a six-year low.

South American maize exports continued to play an important role in international maize trade flows in January 2013 due to favorable marketing conditions and expectations of an above-average upcoming production season. Uncompetitive U.S. maize export sustained export opportunities for South American exporters like Brazil and Argentina. The February 2013 USDA Feed Outlook notes that Brazilian maize exports are expected to reach record-high levels during the 2012/13 marketing year, despite some earlier concerns about the availability of marketing infrastructure as soybean harvests and exports pick up.

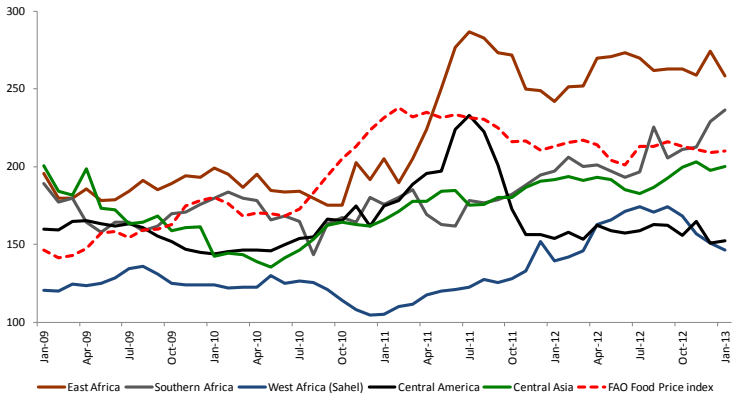
Continued downward production and carryover stock estimates due to unfavorable weather conditions in key wheat exporting countries led to sustained high prices through January 2013; trade policies in key exporting countries may alleviate upward price pressure in the coming months. India and the Ukraine are among the few exporters expected to expand exports in 2012/13. Despite high prices and tight stocks, the Ukraine continued to export wheat in January 2013. Exports from India, among the world's largest wheat producers, are expected to continue increasing due to the availability of ample supplies through both the public and private marketing system and the competitive prices for some wheat grades. Despite the availability of surpluses from successive bumper crops, marketing infrastructure constraints may limit Indian exports destined for key markets in the Middle East, Sub-Saharan Africa, and Southeast Asia in the short-term. Imports by Egypt, the world's largest wheat importer, are expected to decline for the second year in a row due to high import prices and initiatives to boost the quantity and competitiveness of local production.

Rice export prices in South Asia and Southeast Asia were stable between November and January 2013. Global rice production estimates in 2012/13 are on track to surpass the record harvests of 2011/12 from which ample stocks are still available in key exporting countries. Prices were stable for most rice grades in Thailand, Vietnam, and Pakistan due to strong demand from countries in West Africa, Central Asia, and from China. The prices of some high quality Thai and U.S. rice varieties increased in January 2013 due to strong export demand, particularly from parts of Latin America, and declining stocks. **Soybean and palm oil export prices increased slightly in January and early February 2013 amid growing concerns over production conditions in key soybean and oil exporting countries South America.** Strong international demand continues to maintain high vegetable oil prices compared to previous years. Despite these short-term trends, global soybean, soybean oil, and palm oil prices may decline considerably in 2013 with the arrival of large anticipated harvests in South America and Southeast Asia.

The FAO Food Price Index **(Figure 2)** remained stable in January 2013 and well below the peak reached in early 2011. This is attributed to recent slights reductions in global cereals prices that were offset by increases in oils/fats prices. **Food prices remain high compared to previous years and quite vulnerable to evolving market conditions in key exporting countries.**

Staple food price trends followed their seasonal patterns across many FEWS NET countries in December 2012 (Figure 2). In most of **West Africa**, food prices remained stable or decreased in January as staple food availability continued to improve with the ongoing marketing season. Pastoral grazing and water conditions remained in January 2013 and livestock prices continued to

Figure 2. FEWS NET regional price indices and FAO Food Price Index, January 2009 – January 2013



Sources: FAO and FEWS NET.

follow their seasonal trends. Terms of trade remain in favor of pastoralists. Cereal price trends varied considerably in January 2013 in areas affected by reduced food availability due to flooding and market disruptions linked to conflict in northern Mali and in northern Nigeria. In **East Africa**, staple foods decreased in January 2013 with ongoing or recently concluded harvests in most countries. Maize prices increased unseasonably in Rwanda due to late September-to-December Season A harvests, and in Tanzania due to ongoing below-average *Vuli* season production in bimodal areas. In South Sudan, sorghum prices increased atypically in Bor and Kapoeta due below average supply due to crop failures that resulted from flooding during the June-to-October 2012 season. In Kenya, prices remained considerably higher than their respective five-year average levels across all markets due to below average October-to-January long rains harvests and high inflation. In **Southern Africa**, staple food prices continued to rise between December 2012 and January 2013, in line with lean season trends. Maize prices continued to increase sharply throughout Malawi; in the North due to high export demand from Tanzania and the Horn; and in the South due to strong household demand, tight supplies from localized production shortfalls, and high marketing costs. Strong institutional and informal export demand have put upward pressure on maize prices in some markets in Zambia. Maize prices increased in Mozambique due to production shortfalls during the 2011/12 season that led to low local availability during the 2012/13 marketing season. Flooding and heavy rainfall restricted trade into some areas in January 2013. In **Haiti**, black bean prices continued to increase on most markets between December 2012 and January 2013, while maize flour and imported rice and wheat flour prices remained stable. In **Central America,** red and black beans are low due to good production in 2012. Maize prices remain above their respective five-year average levels in Honduras and Nicaragua due to the dry spell during the 2012 *Primera* season resulting in lower 2012 production compared to previous years. Imported rice prices have increased gradually in countries like Nicaragua and Guatemala that depend heavily the US rice export market and where the local currency has depreciated gradually compared to the USD in recent months. In **Afghanistan and Tajikistan**, wheat flour and grain prices were stable in January 2013. High-priced regional imports and local marketing constraints put upward pressure on prices in some areas.

Fuel prices have risen significantly in many countries monitored by FEWS NET over the past year, mainly as a result of gradual price increases in international oil markets since 2010. Slight increases in world crude oil prices in January 2013 are attributed to trader response to an improved macroeconomic outlook for both the United States and the European Union. The effects of high world prices have been particularly acute in countries like Nigeria and Malawi (and most recently in Mali) where government fuel subsidies have been reduced and where the local currency has depreciated significantly in recent months. High and variable fuel prices continue to put additional stress on food markets, particularly in structurally deficit areas monitored by FEWS NET.

Outlook. The International Grains Council (IGC) expects global grains carryover stocks to decline slightly between 2011/12 and 2012/13. Maize prices in key global reference markets are expected to remain relatively stable at high levels through the beginning of the South American maize harvest. Global wheat production is expected to decrease in 2012/13 due to decreases in output in many high-use and exporting countries, resulting in sustained high prices in many key-exporting countries. Global rice production in 2012/13 is expected to set a new record high. Rice prices in key reference markets are expected to remain relatively stable due to strong global demand, as they have throughout 2012. Oilseed prices may decline considerably as a result of above-average production in key exporting countries in South America and South East Asia.

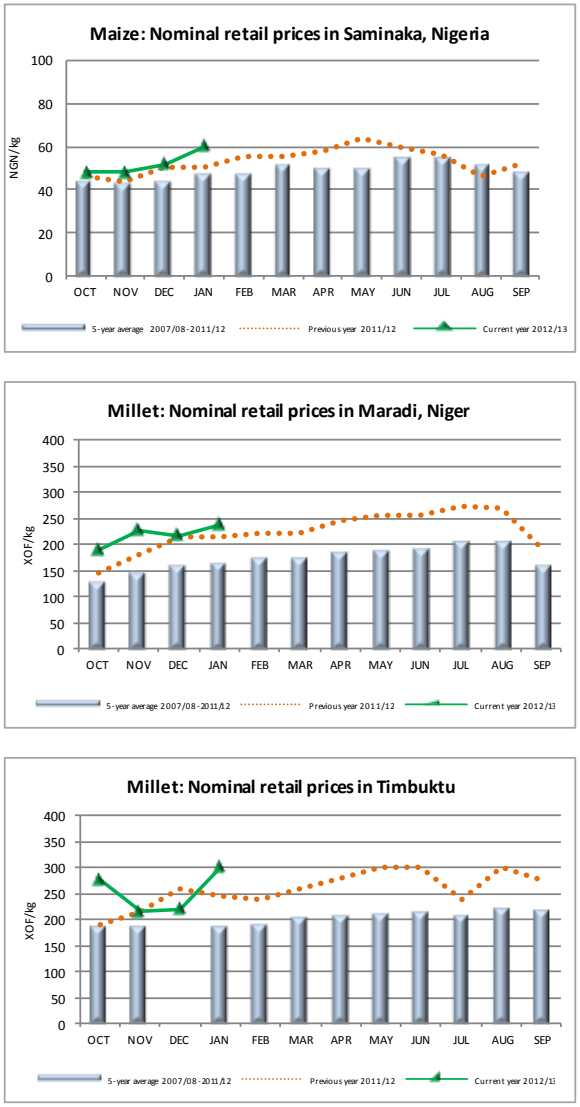
WEST AFRICA

Current situation. The 2012/13 agricultural production season was good across much of West Africa. In January 2013, staple food availability continued to improve on markets, particularly in the Sahel, despite strong demand along the marketing chain and limited market supplies earlier in the marketing year as households preferred to sell their cash crops and. In Nigeria, cereals and tuber losses due to flooding and civil insecurity limit supplies in wholesale markets like Dawano (Kano), with implications for both local and regional markets. In northern Mali, food stocks have depleted due to severed trade routes resulting from the escalation of conflict since early January 2013. **Cereal price trends varied considerably in January 2013 in areas affected by reduced food availability due to flooding and market disruptions linked to conflict in northern Mali and in northern Nigeria.**

Millet market supplies are currently moderate as households have focused on marketing cash crops since harvests in October and November 2012 and due to regional production shortfalls compared to the five-year average. Regional stocks are therefore tight, which may result in important millet price swings over the 2012/13 marketing year. Although millet prices were declining in January 2013 in the western basin compared to previous months, they were stable or increased slightly in the central and eastern marketing basin. Millet prices across the region are well above their respective January 2012 and five-year average levels.

Regional maize production increased by more than 20 percent in 2012/13 compared to the five-year average, which contributed to stable prices across the region in January 2013. Maize prices are generally lower than their respective January 2012 levels and continue to trend toward their seasonal averages, particularly in the central basin. Nevertheless, early price increases were observed in Gaya (Niger), Saminaka (Nigeria), and Ségou (Mali) due to factors such as strong local demand, limited market supplies, and institutional purchases. Maize prices are particularly high in Dawano (Kano), Kaura, and Saminaka Nigeria— the region's maize reference markets. Sorghum prices declined in January 2013 in the western and central basins, but increased sharply in parts of the eastern basin. Crop looses due to flooding in Nigeria have affected both the quality and quantity of tuber supplies compared to a typical year. Households that typically consume tubers will face limited market availability and high prices across the region in the coming months. These price trends are likely to have repercussions on the prices of substitutes, including cereals. Cowpea prices continued to increase between December 2012 and January 2013 as household and market supplies diminish. Pastoral grazing and water conditions were good in January 2013 and livestock prices have continued their seasonal trends. Terms of trade remain in favor of pastoralists.

Figure 3. Price trends in selected markets in West Africa



Note: the figures follow the marketing year in each country.
Sources: SIMA Niger, OMA Mali and FEWS NET.

In the eastern basin, civil insecurity in northern Nigeria and the lingering effects of crop losses to flooding during the 2012/13 agricultural season have disrupted markets. Cross border maize and sorghum trade flows into Niger currently originate in Benin. Local agricultural production was well above average in Chad this year and traders and households are relying less on imports from neighboring countries.

In **Nigeria**, a January 2013 FEWS NET assessment with partners revealed that 2012/13 agricultural production could be much lower than the November 2012 estimates as a result of flooding in the north-central parts of the country (Katsina, Niger, and Kebbi) — important source markets for maize, millet, and tubers in the center and eastern basins. These crop losses combined with civil insecurity in northern Nigeria hinder supplies to wholesale markets like Dawano (Kano), with

implications for staple food flows towards the region's structurally deficit zones. Household, trader, and industrial demand are relatively low for this time of year due to limited financing options, weak cross border demand, and very high prices in some areas. This situation resulted in atypical prices increases between December 2012 and January 2013 for maize in Saminaka (15 percent) and for millet in Dandume (8 percent, **Figure 3**).

In **Benin**, maize supplies are currently stable on most markets, resulting in stable prices between December 2012 and January 2013. Market supplies are, however, not at their peak levels this year due to favorable cotton production and marketing conditions, which has led producers, traders, and transporters to focus on cash crop marketing. As a result, market supplies have not been sufficient compared to local and regional demand to induce a significant drop in prices as would be expected during a year of good production. Maize demand from neighboring Nigeria is also believed to be stronger than usual due to flood-related crop losses.

In **Niger**, staple food availability was sufficient to meet local demand in January 2013. Millet and sorghum were supplied by local producers and traders, while maize and rice were supplied through private importers, except in Diffa where maize was supplied from local production around Lake Chad. Household demand was strong compared to January 2012 as stocks began to decrease and because rural seasonal migration is uncharacteristically low. The effects of strong household demand were compounded by institutional calls for tenders to replenish the national security stocks that were depleted in 2012. These factors together lead to some atypical price increases between December 2012 and January 2013. In Diffa and Maradi, millet prices increased by 10 percent while in Ingall prices increased by 7 percent due to strong demand for this commodity, which is preferred over imported rice varieties **(Figure 3)**. In Gaya, maize prices increased by 14 percent between December 2012 and January 2013 due to the effects of strong demand in Malanville in neighboring Benin. Sorghum prices increases by 19 percent in Maradi and Diffa and by eight percent in Tillaberi between December 2012 and January 2013 due to weak supply compared to previous months as households and trader sorghum stocks began to decline in January, in line with seasonal trends.

In **Chad**, cereal prices declined further between December 2012 and January 2013. In N'Djamena, millet and maize prices both declined by over 20 percent due to the persistent market effects of this year's bumper cereals harvest, which was well above the five-year average. In Sarh, sorghum prices increased by nine percent between December 2012 and January 2013 due to localized flood-related crop losses that have affected local supply and strong demand for local beer production. Internal trade restrictions put in place by local governments to limit staple food outflows and keep post-harvest prices low continued to influence market dynamics in January 2013.

In the central and western basins, markets within and linked to northern Mali have been affected by the escalation of conflict since early January 2013. Trade flows between Mali and southwest Mauritania have been diverted to the west of their typical marketing corridors. Millet and sorghum, in particular, now flow across new border crossing points into Adal Bagrou. Cereals produced in the border areas of southern Mali, in the absence of their typical market outlets in northern Mali, are now exported to Burkina Faso.

In **Burkina Faso**, internal trade flows intensified in January 2013. Weekly flows between the surplus areas of Pouytenga, Ouagadougou and regions of the Boucle du Mouhoun and the Hauts Bassins and the wholesale markets of Ouahigouya, Djibo, Dori and Gorom-Gorom increased between December 2012 and January 2013, but are at half the levels observed in January 2012. This trend is attributed to increased local production and reduced market demand. Cereals from the surplus producing areas of southern Mali, in the absence of their typical markts flow in the north, are being exported to Burkina Faso to meet local household and institutional demand, but also to be re-exported to Koro and Ombori in Mali which are more accessible from the south. Cereals prices were generally stable between December 2012 and January 2013. Nevertheless, atypical millet price increases were recorded in surplus producing areas like Solezo, where producing households still have sufficient money from cash crop sales earlier in the marketing year. Households in this situation are believed to be holding on to millet stocks in anticipation of higher lean-season prices.

In **Mali**, staple food supplies are adequate to meet local demand, with the exception of the areas north of Mopti where food availability has been seriously compromised by the closure of the Algerian border, reduced imports from Niger, and the rupture of trade flows from Southern Mali due to the escalation of conflict since January 2013. Staple food prices increased considerably in areas like Tombouctou, Gao, and Kidal in January and early February 2013 (Figure 3). In Mopti and Ségou, millet prices increased by 10 and 5 percent, respectively, due to bulk purchasing by humanitarian institutions and Burkinabé traders in anticipation of calls for tenders. Rice prices were stable between December 2012 and January 2013 due to above-average supplies across the southern regions of the country. Fuel prices have climbed progressively in

December 2012 and January 2013 as the transition government has had difficulties supporting the existing fuel price subsidies.

In **Mauritania**, cereals availability continued to improve in January 2013 due to the availability of supplies from local harvests on markets as well as increasing rice and maize imports from Senegal and millet and sorghum imports from Mali. Improved supplies led sorghum prices to continue decreasing in January 2013 compared to previous months, by five percent in Nouakchott and 22 percent in Magta-Lahjar. Local wheat grain prices were stable or declined slightly in January 2013 as households were more oriented toward sorghum purchases. However, in Magta Lahjar, where sorghum prices decreased sharply in January 2013, wheat grain prices increased by 10 percent due to local preferences for wheat grain. Local rice prices were stable across Mauritania in January 2013 as recent harvests continued to arrive on markets. In **Senega**l, staple food supplies continued to improve on markets in January 2013; prices were stable or decreased compared to December 2012. Imported rice prices were stable compared to previous months due to stable world market trends, the availability of large quantities of importer stocks, and supplies from domestic production. Imported rice prices in Senegal are below their respective five-year average levels.

Outlook. The market situation in West Africa in the coming months will be affected by an increase in demand for cereals in response to calls for tenders for institutional purchases. The Government of **Burkina Faso** has already made calls for 7000 tons of maize and sorghum, while the government of **Niger** made an announcement that it will be purchasing 20,000 tons of cereals to replenish their respective national security stocks that were depleted in 2011/12. In **Mali**, humanitarian organizations made purchases of up to 25,000 tons between December 2012 and February 2013. These purchases are not believed to have impacted local markets yet, but may cause local and more general price increases throughout the region as start of the lean season approaches.

In **Nigeria**, the impacts of flood-related crop losses and ongoing conflict in parts of the country, will likely result in households turning to markets to meet their staple food needs earlier than usual as households stocks are depleted. This could lead to earlier and sharper than anticipated staple food price increases over the remaining 2012/13 marketing year. This is expected to be particularly pronounced in the deficit areas of the eastern basin and, to a lesser extent, in the center basin. In **Chad**, internal trade flows have been disrupted by local government measures to restrict trade flows and price increases during the post-harvest season. Despite official trade restrictions by the governments of **Mauritania** and **Burkina Faso**, large quantities of cereals continue to flow across their respective borders. The situation in **northern Mali** may deteriorate due to the depletion of local stocks and resulting in sharp food prices increases if urgent measures are not taken to allow private traders, the government, and humanitarian organizations to assure staple food supplies. For example, with the secure opening of the main road linking the north to the south, private trade and other commercial activities (like remittances flows and income earning opportunities) could resume, with important implications for household food availability and access.

In light of the current situation, FEWS NET does not anticipate a sharp decline in millet or sorghum prices compared to their respective average levels. Maize prices are currently at or around their respective five-year average levels in many parts of West Africa, due to bumper harvests across the region in 2012/13. Maize prices are expected to remain stable or modestly decline further in the coming months. Livestock prices are expected to remain generally stable until March, when they begin to decline seasonally due to deteriorating grazing conditions. Pastoralist terms of trade are expected to deteriorate between April and June 2013 when cereals prices increase with the onset of the lean season.

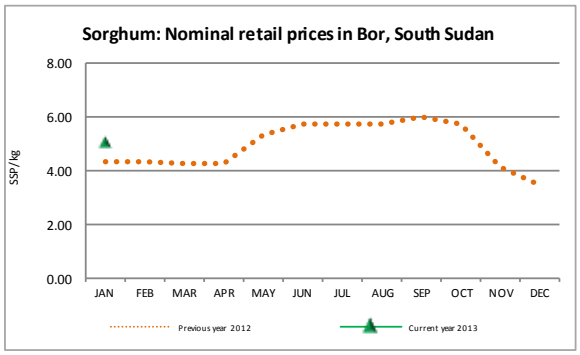
EAST AFRICA

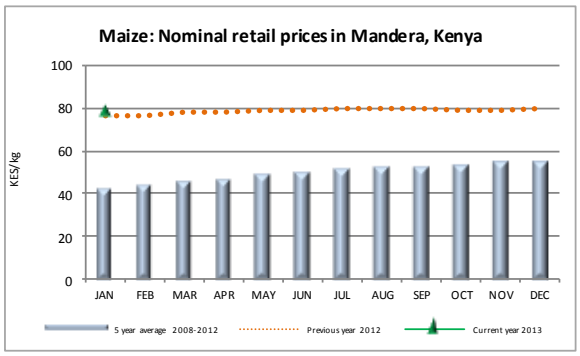
Current situations. Staple food prices declined in January 2013 in East Africa with ongoing or recently concluded harvests in most countries. Maize prices increased unseasonably in Rwanda due to late September-to-December Season A harvests, and in Tanzania due to ongoing below-average *Vuli* season production in bimodal areas. In South Sudan, sorghum prices increased atypically in Bor and Kapoeta due below average supply due to crop failures that resulted from flooding during the June-to-October 2012 season.

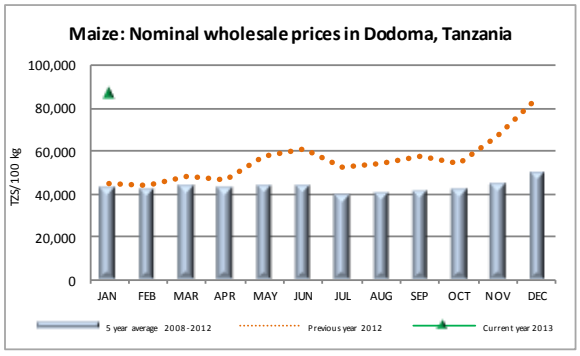
Grain prices continued to decline seasonally across most of **South Sudan** between December 2012 and January 2013 due to the arrival of fresh supplies onto markets from the recently concluded October to January harvest, improved road conditions during the dry season, and relatively stable fuel prices. Retail sorghum prices declined by up to 20 percent in Wau and Malakal markets between December 2012 and January 2013. This brought the January 2012 price of sorghum in Malakal within range of its five-year average. However, retail sorghum prices increased by 44 percent in Bor and 25 percent in Kapoeta over the same period due to excessive flooding during the June-to-October 2012 season that resulted in crop failures and reduced supply in some areas **(Figure 4)**. Sorghum prices also increased in Bentiu due to insecurity in Jonglei State. Staple food prices remain generally higher than their respective five-year average levels due to high inflation.

Staple food price trends varied considerably across markets in **Sudan** between December 2012 and January 2013. In January 2013, retail sorghum prices were seasonally stable in the retail markets of Port Sudan, Dongola, El Fasher, and Khartoum due to increased supply from the recent harvest. Sorghum prices increased atypically by 15 percent in Kadugli, nine percent in El Obied, and 11 percent in El Gadari in the main production areas attributed to increased demand to replenish traders stocks that were depleted during the poor 2011/2012 season, imminent resumption of private exports to South Sudan, Eritrea, Ethiopia, and the Middle East, and in anticipation of bulk purchases by the Strategic Reserve Corporation in early 2013. Sorghum prices decreased seasonally by nine percent in El Damazin. Retail millet prices increased seasonally by 20 percent in Gadarif, seven percent in Khartoum, and six percent in El Fasher due to high demand for fresh supplies. In contrast, millet prices decreased by seven percent in El Damazin, six percent in Kadugli, and were stable in Geneina due to increased market supply and sales of food aid distributions. January 2013 retail sorghum prices were, on average, 37 percent higher than their respective January 2012 levels and 107 percent above their respective five-year average levels while retail millet prices, were, on average, 40 percent above their respective 2012 levels and 85 percent above their respective five-year average levels. These trends are, in part, attributed to high levels of annual inflation (around 44 percent in January 2013), that has also affected production and transport costs.

Figure 4. Price trends in selected markets in East Africa







Note: the figures follow the marketing year in each country.
Sources: WFP, Kenya Ministry of Agriculture, and Tanzania Ministry of Industry, Trade, and Marketing.

In **Somalia**, locally produced sorghum prices continued to decline seasonally in January in both the sorghum-producing markets in the South as well as in deficit markets in the central regions due to the arrival of the short 2012/13 rainy season harvest on markets, continued appreciation of the Somali Shilling, high carryover stocks from the previous season, and food aid distributions. Prices continued to rise in parts of Middle Shabelle and Bakol regions where poor infrastructure and insecurity disrupted transfers of sorghum and maize from the main producing areas. Between December 2012 and January 2013 nominal retail sorghum price decreased by 15 percent in Baidoa (Bay region) and eight percent in Beletweine (Hiran

region). The January 2013 retail sorghum prices are between 30 and 33% percent lower than their respective January 2012 levels. Maize price trends, the second key staple grain in Somalia, varied considerably between December 2012 and January 2013. Retail maize prices increased by 16 and 18 percent in the producing markets of Qoryoley in Lower Shabelle Region and Jamame in Lower Juba, respectively. This is attributed to 2011/12 production that was 50 and 25 percent below average in Lower Shabelle and Juba and increased outflow of maize to other parts of the country. Maize prices remained stable in Mogadish and Middle Shabelle. Livestock prices have also been increasing in recent months due to improved animal body conditions from good water and forage availability following the Deyr rains. Low local and imported cereal prices and relatively high livestock prices have resulted in favorable terms of trade for pastoral households.

In **Ethiopia**, grain prices remained stable at high levels between December 2012 and January 2013. In Shashamane, the retail price of maize increased by six percent in January, due to high demand as a result of poor *Belg* and *Meher* production in the nearby southern areas for which Shashamene is the main source market. Similarly, retail sorghum prices increased by seven percent in Mekele as a result of below average sorghum production in the region during the *Meher* season. In the same period, livestock prices declined slightly in northern parts Somali region, while a slight increase was registered in southern parts of Somali region. The prices of shoats declined by 14 and 11 percent in Fafan (formerly Jijiga) and Siti (formerly Siti) zones respectively, but increased by six percent in Shebele (formerly Gode) and were stable in Liben zones. These differing price trends can be explained by the relatively good *Deyr* rains in some parts of southern Somali region that contributed to improved pasture leading to improved livestock body condition.

In **Kenya** there was a seasonal marginal decline in maize prices in most markets in between December 2012 and January 2013. However, prices remained considerably higher than their respective five-year average levels across all markets due to below average October-to-January long rains harvests and high inflation. Despite a seven percent decrease in maize prices in Mombasa between December 2012 and January 2013, wholesale maize prices across Kenya's major urban markets (including Nairobi, Eldoret, Kisumu, and Mombasa) were 30 percent higher than their respective five-year average levels. In the pastoral livelihood zones, retail maize prices were stable, with exception of Lodwar and Garissa where January 2013 prices declined by seven and 11 percent respectively compared to their December 2012 levels with the availability of increased supply from recent harvests. Maize prices in Mandera are 74 percent above the five-year average. This trend is attributed to increasing incidences of conflicts and insecurity that are limiting market access and disrupting trade flows **(Figure 4)**.

In **Rwanda**, the prices of tubers and root crops harvested in December 2012 started to increase typically in January 2013 due to declining supplies. For example, the retail price of Irish potatoes increased by 16 percent in Nyakarambi, 12 percent in Ruhango, 10 percent in Kimironko, and seven percent in Musanze. Maize prices increased atypically by 38 percent in Nyakarambi, 17 percent in Musanze, and 15 percent in Kimironko market in Kigali as most maize from the September 2012 to January 2013 Season A output was still under post-harvest preparation for sale. Retail bean prices decreased by 17 percent in both Nyakarambi and Ruhango and by 15 percent in Musanze with the arrival of fresh supplies from the September-to-January Season A harvest. Food imports from Uganda and Tanzania continue to bolster supply in most markets.

In **Uganda**, retail cooking banana (Matoke) prices decreased typically by 32 percent in Mbarara between December 2012 and January 2013 with increased supply from the producing areas of Isingiro, Ibanda and Kamwenge. The availability of alternative staples like sweet potatoes, cassava, and yams also exerted downward pressure on banana prices. In the same period, sorghum retail prices declined by 11 percent in Lira and 18 percent in Gulu, due to increased supply from the recent harvest, but remained stable in Soroti. Millet prices also decreased in most markets with increased market supplies. The price of cassava chips remained stable in Soroti and Arua because continuation of dry weather in January that has enabled drying and increased market supply. However, the wholesale prices of maize increased by 44 percent in Kampala, 39 percent in maize-producing Masindi in the west, and 13 percent in Tororo in the east, while the retail prices of beans also increased by 20 percent in Kampala, 15 percent in Mbarara in the south, and 18 percent in Gulu in the north. The increases in maize and bean prices are attributed to the usual strong institutional (including schools) demand as classes resumed following the December break.

In **Tanzania,** ongoing *Vuli* harvests in the northern bimodal areas have been affected by poor production as result of late state of the season, and erratic and inadequate rainfall. Consequently wholesale maize prices increased slightly on most markets and unseasonably by 29 percent in Dodoma and by seven percent in Dar es Salaam. Although maize prices are low in the southern producing regions compared to the rest of the country due to ample stocks and ongoing supplies from

Malawi, prices continued to increase gradually due to strong demand in the central and northern regions of the country. Wholesale maize prices increased by 11 percent in Mbeya, five percent in Songea, and were stable in Iringa. The price of rice also exhibited typical increasing trends on most markets, increasing by 11 percent in Dar es Salaam, nine percent in Dodoma, and five percent in Mbeya due to diminishing supply due to below-normal production during the previous Masika season and ongoing Vuli harvest.

In **Djibouti**, January 2013 staple food prices were stable compared to their respective January 2012 and four-year average levels, with the exception of wheat flour prices, which posted gains of 15 percent, on average compared to their four-year average levels. The price of sorghum increased by 15 percent in Ali Sabieh between December 2012 and January 2013 due to limited trader capacity, but remained lower than that January 2012 and the four-year average level.

Outlook. Prices are expected to trend downwards in most markets in **South Sudan** in line with seasonal trends until the start of the lean season in April. However, informal cross border trade flow will likely be restricted by tension along the Sudan and South Sudan border and affect supplies to Unity, Northern Barh el Ghazal, Warrap, and Upper Nile States resulting in relatively higher prices compared to the same period in 2012. Internal insecurity due to inter-communal conflicts is also anticipated to adversely affect trade in isolated areas of Unity, Upper Nile, Northern Bahr el Ghazal, Jonglei, and Lakes States. These states have witnessed a surge in cattle rustling and inter-communal reprisal attacks in the last two months. This is expected to escalate in Jonglei State as the dry season advances. Between February and April 2013, grain prices in **Sudan** are expected to remain stable and or increase slightly due to increased in-kind payment (*salem*) by farmers to Agricultural Bank of Sudan for production loans taken out at the beginning of the season. In addition, Strategic Grain Reserve Corporation has planned to purchase about one million MT of sorghum to rebuild its stock. Formal and informal exports to Gulf States and some neighboring countries will likely increase.

Grain prices in **Somalia** are expected to continue declining seasonally as market supplies increased from ongoing harvests, improved households stocks, and likely appreciation of the Somali Shilling. However, the decline in prices will be influenced by the level of humanitarian assistance in the grain-deficit regions of central and northern Somalia, while conflict in parts of the surplus-productin southern regions is expected hamper trade flows. Grain prices in **Ethiopia** are anticipated to increase from February as there are no further supplies expected from *Meher* harvests. Livestock prices are expected to decline with the deterioration of livestock body conditions as the lean season progresses, and seasonally low demand.

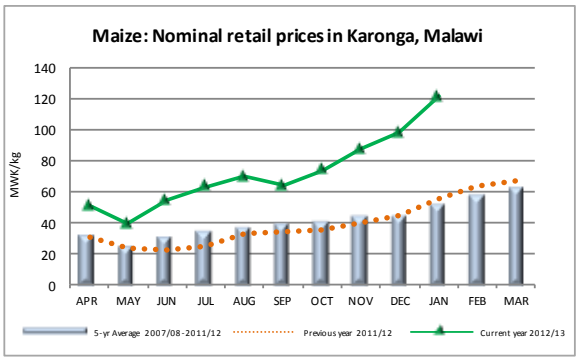
In **Kenya**, the seasonal decline in maize prices is expected to be muted by the March 2013 elections. Prices are likely to be higher and above-average in the southeastern and coastal marginal livelihoods where short rains have performed poorly and where the February to March harvests are expected to be below-average. In the northeastern pastoral market of Mandera, prices are expected to remain stable in the absence of escalating conflict. Grain prices are expected to remain high in most markets in **Tanzania** until April when green harvest starts in the central and southern unimodal areas. Maize and bean prices in **Rwanda** are expected to start and continue declining in February the start of Season A marketing season. The prices of roots and tubers harvested earlier will likely continue or start increasing with depletion of tradable stocks. The prices of staple grains in **Uganda** are expected to start trending upwards gradually in line with seasonal trends from February. Grain prices will likely face additional upward pressure due to increased demand from Kenya, South Sudan, and Rwanda. In **Djibouti**, prices are likely to remain stable in the coming months, as result of pro-consumer government policies and grain price regulation.

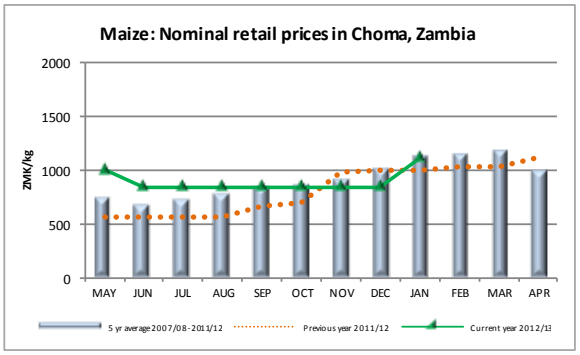
SOUTHERN AFRICA

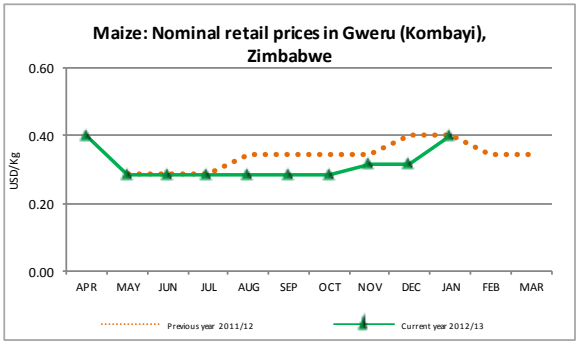
Current situation. In Southern Africa, staple food prices continued to rise between December 2012 and January 2013, in line with lean season trends. Overall tight regional supplies due to localized production shortfalls, strong export demand, macroeconomic instability, high transport and marketing costs, and particularly strong local household and institutional demand have put atypical upward pressure on prices across the region.

In **Malawi** maize prices increased further by 24 percent, on average, between December 2012 and January 2013 as stocks continued to decline while strong local and export demand, and high marketing costs. Rice and bean prices increased further, on average, by eight percent between December 2012 and January 2013. Cassava prices were generally stable. Maize prices in northern Malawi continued to experience the sharpest month-to-month maize prices, increasing by an average of 38 percent between December 2012 and January 2013. Maize price increases of up to 61 percent were recorded at Chilumba (Karonga district) **(Figure 5)**. This trend is attributed to tight supplies, strong domestic demand (from within the Northern and neighboring regions is also at its highest as a result of delayed start of the green harvest), high transport costs, an unstable macroeconomic environment (depreciation of the Malawi Kwacha), and strong export demand to the Greater Horn of Africa. Informal maize exports into Tanzania in January 2013 were almost ten times greater than their January 2012 levels (3,340 MT compared to 312MT), while informal exports over the marketing year to date (April 2012 to January 2013) are 50 percent higher than their 2011/12 levels (24,034MT compared to 16,703MT). Similarly, maize prices in the central region increased, on average, by 28 percent between December 2012 and January 2013 as a result of seasonally low supplies and particularly strong demand from the deficit southern region. Additionally, farmers increased their farm-gate prices to pay for high-price farm inputs, resulting from high inflation. The steepest month-to-month price increased of 74 percent was recorded in Nkhamenya. In southern Malawi, where local production shortfalls and high marketing costs have put very strong upward pressure on market prices this year, maize prices increased, on average, by 15 percent between December 2012 and January 2013. Ongoing humanitarian assistance, through in kind and in-cash transfers are believed to have been effective in stemming significantly larger price increases at the end of the marketing year.

Figure 5. Price trends in selected markets in Southern Africa







Note: the figures follow the marketing year in each country.
Sources: Malawi Ministry of Agriculture, Irrigation, and Water Development (MITM), Zambia Central Statistics Office, and WFP.

In Mozambique, January 2013 maize prices were above their respective January 2012 and five-year average levels. In Gorongosa and Napula, maize prices are, respectively 47 and 34 percent above their five-year average levels and 100 and 65 percent above their January 2012 levels. These increases are attributed to production shortfalls during the 2011/12 season that led to low local availability during the 2012/13 consumption season and restricted trade into some areas due to flooding and heavy rainfall in January. Large supply fluctuations in Chókwe resulted in a 6 percent price decrease in January 2013 following the 33 percent price increase recorded in December 2012. Betwen December 2012 to January 2013 bean prices increased by 18 percent in Maxixe and Tete, 15 percent in Nampula, 12 percent in Maputo, and were stable elsewhere. Beans prices were above their respective five-year average levels due to tight local supplies. In Tete bean and rice prices are approximately 45 percent above their respective five-year average levels due to supply constraints and the particularly high transport costs associated with accessing this area in 2012 and early 2013 compared to other parts of the country.

In January 2013, staple food prices continued to increased across **Tanzania** during the post-Vuli harvest period due to a poor 2012/13 season. January 2013 maize prices were 18 to 21 percent above their respective December 2012 levels, 63 to 120 percent above their respective January 2012 levels, and 81 and 123 percent above their respective five-average levels. Despite these general trends, maize prices have remained relatively low in the southern highland areas of Mbeya, Songea Iringa and Sumbawanga compared to other regions as a result of above-average production levels during the 2011/12 production and marketing season.

In Zambia, maize price increased between December 2012 and January 2013, in line with typical seasonal trends by 14 percent in Lusaka, 10 percent in Mansa, and 14 percent in Solwezi. In Choma, maize prices increased by a sharp 33 percent between December 2012 and January 2013 due to reduced market supplies **(Figure 5)**. Stocks available in Choma are believed to be mainly held by the Food Reserve Agency (FRA). Maize prices in the border towns of Kasama and Solwezi are 45 and 16 percent higher than their respective five-year average levels due to strong informal export demand to Tanzania and the Democratic Republic of Congo. Since December 2012 the FRA has continued to sell maize to both millers and rural communities on demand in an effort to stabilize staple food prices that have been on the increase since November 2012. In early January 2013 the government directed millers to reduce maize meal prices because they were accessing subsidized maize from the FRA at a fixed price of ZMW60/50kg bag, which is lower than market price except in the maize producing areas of Eastern, Central and Southern Provinces, where maize is still available on markets. Roller maize meal prices have continued to register sharp increases in the urban markets of Kasama (25 percent), Solwezi (15 percent), and Lusaka (14 percent) in comparison to previous months. These prices were also above their respective January 2012 and five-year average levels. Price increases at this time of the year are due to increased demand for maize meal as most households in urban areas and deficit rural districts that depend on industrially processed maize meal during the lean season. Maize exports to Zimbabwe for humanitarian response through WFP amounted to 22,000MT between November 2012 and February 2013.The Government of the Republic of Zambia approved the recommendation of the Bank of Zambia (BOZ) Board to rebase the national currency with effect from 1st January 2013. The Zambian currency rebasing exercise, entails dividing the currency by one thousand (1,000). So far there haven't been any noticeable effects on prices as a result of the currency rebasing.

In **Zimbabwe**, maize grain and meal prices remained relatively stable or increased in line with lean season trends in January 2013. December 2012 to January 2013 maize price increases of 16 and 27 percent in Bulawayo and Gweru are attributed to lean season declines in market supplies at a time when household market demand is increasing **(Figure 5)**. Maize meal prices remain above their respective January 2012 levels, but stable in Harare, Mutare, and Bulawayo while incresing by seven percent in Gwanda. These price increases are largely attributed to the decline in maize grain supply as a result of low local production in 2011/12 season and higher import prices from neighboring countries.

In **South Africa,** the average white and yellow maize spot prices on the South African Futures Exchange (SAFEX) decreased by six percent between December 2012 and January 2013. Although the Rand depreciated in January, which could put upward pressure on South Africa maize import parity prices from international markets, contract maize prices declined with the January release of the 2013 crop estimates by the Department of Agriculture, Forestry and Fisheries (DAFF), which indicate an increase in local production compared to previous years.

Outlook. Staple food prices are expected to continue increasing in February and March before they start to stabilize and fall as the main season harvests become available from April onwards. The availability of green harvests is likely to cushion the rate of price increases between February and March, especially where the season started on time, and where good rainfall levels and distribution have followed. In areas where the start of season has been delayed (as is the case in some parts of Zimbabwe and Mozambique) and where rains have been erratic, the green harvest will also likely be delayed (except where short season maturing seed varieties have been planted), resulting in a prolonged lean season.

In **Malawi,** the main drivers of high maize prices in the coming months will continue to be: dwindling stocks as we enter the peak of the lean season, high transport costs, pressure from informal cross border export trade, increased internal demand due largely to delayed green harvests, and the general effects high levels of inflation. Maize prices will remain high but may start to decrease in February and March 2013 with the start of the green harvests. The current high price levels and anticipated seasonal trends suggest that national average maize prices for the 2013/14 consumption season may not go below MK70/kg. Contributing to this trend is a recent annoucement by the Government of Malawi of a minimum producer maize price of MK60/kg that will go into effect on April 1, 2013. Food prices will likely remain high **in Tanzania** as a result of

demand from neighboring countries and the poor yields expected from the Vuli harvest. Food prices will stabilize after April with the start of green harvests in the areas, particularly in Southern Tanzania.

In **Mozambique**, with the anticipated delay of the start of the harvest in south and parts of center zones, food prices will remain above-average. The seasonal decrease of food prices is expected to be delayed this season in the southern zone of the country due to delayed harvests resulting from the late onset of rains. As result of the delayed flow of maize and other food commodities from the surplus areas in Central Mozambique due to current heavy rains and floods over many parts of the country. The massive flow of maize between surplus and deficit zones will be reduced prolonging, the lean season, and possibly keeping prices higher throughout the 2013/14 consumption season in the southern zone. Maize prices are expected to remain well above the five-year average in most markets of the southern and parts of the central zones of the country. In **Zambia,** maize prices are expected to remain high and increase further while maize meal prices are expected to stabilize at high levels in the short term. Although the country has sufficient maize stocks to ensure adequate market supplies, and the government recently released a directive to FRA to release maize on the market for sale both to millers and households as from December 2012 to April 2013, prices will likely remain high through the end of the lean period (end of February) and only begin to stabilize when the green harvests start in March. Despite the recent government directive to millers to reduce maize meal prices some millers have adopted other means to keep the prices high and recover the marketing costs. This includes strategies like packaging in smaller quantities but maintaining stable prices. Zambia's maize production in the current 2012/2013 crop season is expected to drop below the 2011/12 yield of 2.8 million tonnes due to late supply of top dressing fertiliser, late start of planting seas, sporadic waterlogging, and an infestation of army worms. The Government, through FRA, has restricted official exports in anticipation of low production and higher prices later in 2013.

In **Zimbabwe**, food prices are likely to continue increasing and will be influenced by increased demand and high transportation costs. Maize grain and meal prices are likely to remain stable in Harare and other parts of the country. Stable maize meal supply is anticipated in the coming month due to on-going imports, mostly from Zambia. Fuel prices are expected to remain high and tracking global changes. In **South Africa**, maize grain prices on the SAFEX are expected to continue to reflect the local harvest prospects while closely tracking global prices. The decrease in maize grain prices observed in January 2013 is likely to continue into February and March due to prospects of higher yields both locally and regionally. Spot prices are likely to trend upward, though this may change once crop estimates are announced in February.

CENTRAL AMERICA AND CARIBBEAN

Current situation. In **Haiti**, black bean prices continued to increase between December 2012 and January 2013, while maize flour and imported rice and wheat flour prices remained stable. In **Central America,** staple food prices were seasonally stable or decreased slightly in January while maize prices started to increase seasonally. Imported rice prices have increased gradually in Nicaragua and Guatemala, that depend heavily on U.S. rice exports and where the local currency has depreciated gradually compared to the U.S. Dollar in recent months.

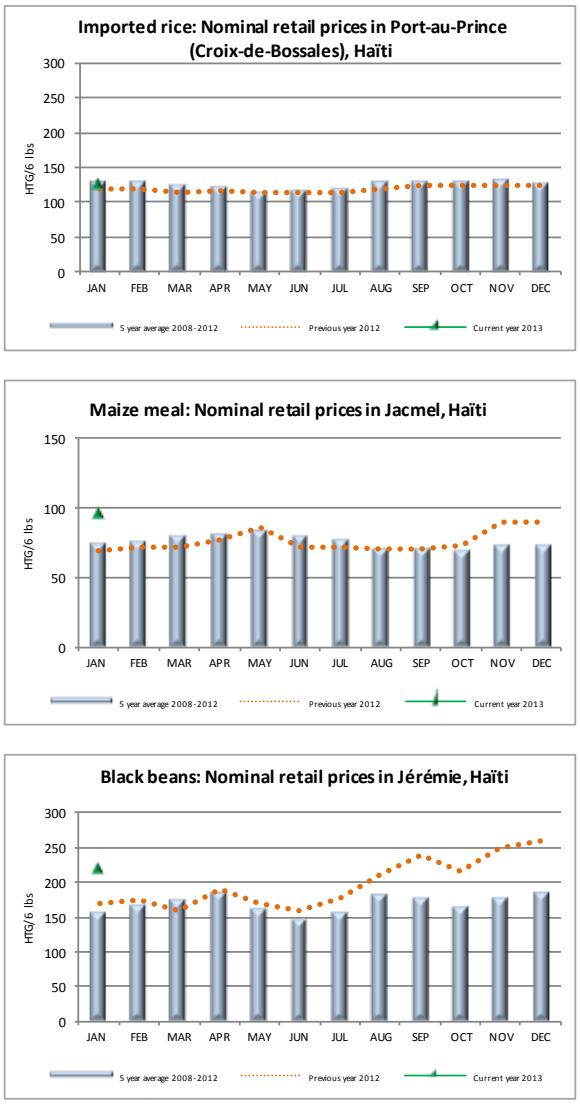
In Haiti, regular imports of low-cost rice from international markets contributed to stable rice prices between December 2012 and January 2013. This trend was further reinforced with the arrival of sorghum harvests, a local substitute, on markets. January 2013 maize flour and black bean prices were high compared to their respective January 2012 and five-year average levels due to the persistent lower-than-average availability of market supplies following the May-through-August drought and crop losses due to the tropical storms experienced in 2012. Maize flour prices increased in Jeremie (Grand Anse) and Jacmel (South East) by seven percent. Black bean prices increased by 10 to 15 percent between December 2012 and January in Hinche and Jacmel due to production deficits during the ongoing winter season. In Jeremie (Grand Anse) the winter harvests have been relatively good and black beans prices declined by 15 percent in January. In Port-au-Prince, black bean prices were stable at high levels due to the availability of stable supplies from surplus-producing areas.

In Guatemala, El Salvador, Honduras and Nicaragua, black and red beans prices were stable or continued to decrease slightly between December 2012 and January 2013 while maize prices started to increase seasonally. In **Nicaragua**, maize and beans trade continued from Matagalpa, Jinotega, Estelí, and Juigalpa to Managua with the ongoing *Postrera* harvests in December 2012 and January 2013. White maize prices increased by 20 and 25 percent in Estelí and Chontales, respectively, due to high prices in their seasonal source market, Matagalpa, and high transport costs. Wholesale red beans prices were stable in January and were 20 percent below their January 2012 levels and 10 to 30 percent below their respective five-year average levels. Wholesale rice prices were stable between December 2012 and January 2013 but are 8 to 15 percent above

their respective January 2012 levels and 10 to 20 percent above their respective five-year average levels, due to the increased rice export prices in Nicaragua's main source market, the United States, and the depreciation of the Nicaraguan córdoba.

In **El Salvador**, market supplies from the local *Postrera* season harvests and stable red bean imports from Nicaragua and Honduras, jointly kept bean prices low in January 2013. White maize prices have decreased by up to 9 percent in La Union between December 2012 to January 2013. Wholesale red beans and white maize prices are well below their respective January 2012 and five-year average levels due to above-average production in 2012 stemming, in part, from strong government input support programs. In **Honduras**, markets were supplied by the *Postrera* harvest in January 2013. Wholesale red beans prices decreased up to 15 percent between December 2012 and January 2013 and prices remain well-below their respective January 2012 and five-year average levels. Wholesale white maize prices in Tegucigalpa, Choluteca, and Danli markets were stable from December to January; however prices in San Pedro Sula, Siguatepeque, and Comayagua, increased by up to 15 percent in January. Wholesale white maize prices are 10 to 20 percent above their respective January 2012 and five-year average levels. In **Guatemala**, wholesale and retail black bean prices remained stable in January 2013 due to the availability of market supplies from the recent *Postrera* season. White maize prices, on the other hand, increased by 12 percent in Guatemala City between December 2012 and January 2013. Retail rice prices increased by 13 percent due to recent increases in U.S. rice export prices, which accounts for the majority of Guatemala's growing import volumes, and are further reinforced by the gradual depreciation of the Guatemala Quetzal against the U.S. Dollar.

Figure 6. Price trends in selected markets in Central America and Caribbean



Note: the figures follow the marketing year in each country
Sources: CNSA Haiti.

Outlook. In **Haiti**, the price of locally produced cereals and beans will likely increase in the next months due to below-average winter harvests. Price increases are expected to be steepest in geographically isolated areas like Jeremie. These price trends will be further reinforced by strong demand for seeds as farmers typically buy between 60 to 80 percent of their seed. This proportion may be even higher this year due to production shortfalls in 2012. The upcoming winter harvests in March are likely to have little impact on market prices due to below-average anticipated production levels. These price trends will likely not reverse until the spring harvests due in June/July. Rice and wheat flour imports from the U.S. and the Dominican Republic will remain stable.

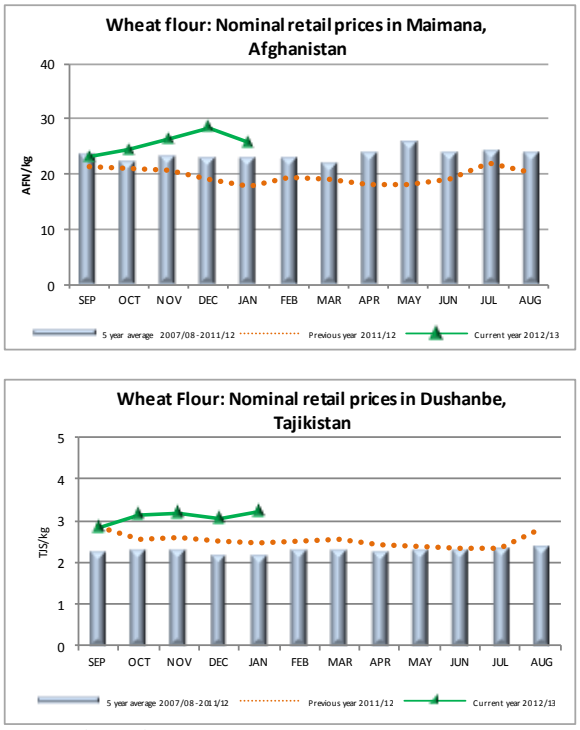
In the **Northern region of Guatemala**, local staple food harvests are expected to continue through March. Grain prices are expected to decline as market supplies increase between now and then. This trend will be further reinforced by imports of beans and maize from Mexico, but will likely reverse starting in April, in line with seasonal trends. In **El Salvador**, **Honduras,** and **Nicaragua** markets will be well supplied due to the availability of stocks from the average to good November/December 2012 *Postrera* harvest. Apante harvests from north-central and south-east Nicaragua and the north of Honduras will arrive on markets starting in late February/March and are likely to be below-average to average due to decreased sowing compared to previous years; this is likely due to particularly low bean prices this year across the region. Exports from Nicaragua will circulate throughout the region. Red and black beans prices are likely to maintain their normal trends with the expected average *Postrera* bean harvests. Prices are likely to remain seasonally stable until March/April, when they will begin rising with the onset of the rainy season. Maize prices are likely to continue to increase.

CENTRAL ASIA

Current situation. In Afghanistan and Tajikistan, wheat grain and wheat flour prices were stable between December 2012 and January 2013. In Kazakhstan, wheat grain prices were stable in January 2013 but almost 90 percent higher than their respective 2012 levels as a result of a near 50 percent reduction in 2012 production levels compared to 2011, a record year. In Pakistan, rice prices remained stable at high levels in January, while wheat and wheat flour prices continued to increase on all reference markets due to strong export demand and a recent increase of the government-implemented wheat support price.

In **Afghanistan**, the price of wheat grain, wheat flour, and rice were stable on most reference markets between December 2012 and January 2013. Wheat grain prices remained lower than or at their respective January 2012 levels on most markets. This can be largely attributed to near-record domestic wheat production in 2012, which reduced aggregate import requirements from high-priced international markets over the second half of 2012 and the beginning of 2013. However, as a result of high prices in source markets, wheat prices increased in assembly and wholesale markets as well by eight percent in Mazar and five percent in Jalalabad. The price of wheat flour decreased by 10 percent in Maimana between December 2012 and January 2013 but remained 46 percent higher than January 2012 levels **(Figure 7)**. Rice prices were stable on most reference markets except in Nili where they increased by 10 percent. Vegetable oil prices were stable, with some decreases observed in Mazar (six percent) and Kandahar (five percent). Livestock prices remained stable in January as good fodder availability this year contributed to good supply levels and the improved financial status of households kept demand strong. Exceptions occurred in Maimana where they increased by nine percent, and in Faizabad where they decreased by 13 percent.

Figure 7. Price trends in selected markets in Central Asia



Note: the figures follow the marketing year in each country
Sources: Afghanistan Ministry of Agriculture, Irrigation and Livestock, and WFP.

In **Tajikistan**, wheat grain and flour prices were stable in January as result of stable and sufficient supplies from Kazakhstan. These prices were well above their respective January 2012 levels and their five-year average as a result of high export prices from Kazakhstan, the country's main source of wheat and wheat flour imports. In Dushanbe, wheat grain and wheat flour prices increased by five and six percent, respectively **(Figure 7)**. Vegetable oil and meat prices were both stable in January. Potato prices were also stable throughout the country, except in Khorog where they increased by36 percent.

Outlook. In the next months, wheat grain and wheat flour prices are expected to increase in Afghanistan and Tajikistan until harvests in April due to high prices in source markets, high marketing costs, and strong market demand as household-level stocks deplete. In Afghanistan, trade with Pakistan may put additional upward pressure on wheat flour prices. Rice prices are expected to increase in response to regional rice price dynamics. Higher transport costs will have a sharp impact on food prices in remote areas due to hard road access during the cold season. However, fuel prices may decline in Tajikistan due to the new agreement with Russia that will be effective within the first quarter of the 2013 to provide one million MT of duty free fuel during 2013.