



Southern Africa

Highlights:

Regional main staples prices mostly declined, and were below their respective 2016 levels in most areas except Tanzania. Most WFP monitored markets showed normal price level in April and May for maize and maize meal reflecting increased availability. Zambia maize prices increased on average probably in anticipation of a higher price floor to be set by the government in the coming weeks.

Though the average national maize price in Tanzania was considerably above the 5 year average (5YA), it dropped from 62 percent in May to roughly 37 percent in June. South Africa, Zimbabwe and Mozambique national average maize prices were considerably below the 5YA in June.

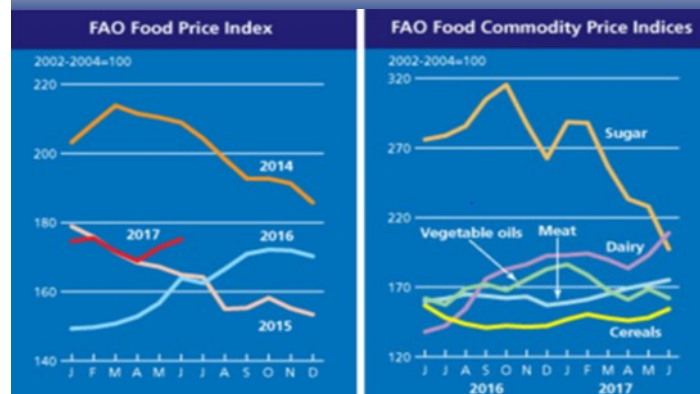
South Africa (SA), Zambia are reporting good yields this harvesting season. Further price declines over the next couple of months is expected in Tanzania.

International Food Staple Price

The **FAO Food Price Index** averaged 175.2 points in June 2017, up 2.5 points (1.4 percent) from May and 11 points (7 percent) above its level a year earlier. June marked the second successive month of increase in the value of the FFPI. The rise was driven by relatively large increases in dairy and cereal prices. Meat quotations also firmed, while those of sugar and vegetable oils dropped.

The **FAO Cereal Price** averaged 154.3 points in June, 6.2 points (4.2 percent) above its May level and representing a one-year high. Wheat quotations increased the most, largely reflecting a surge in high-protein wheat values due to deteriorating crop conditions in the United States, while strong import demand exerted upward pressure on international rice prices. By contrast, record harvests in South America kept maize prices under downward pressure (**Figure 1**).

Figure 1: FAO Food Price Index and Food Commodity

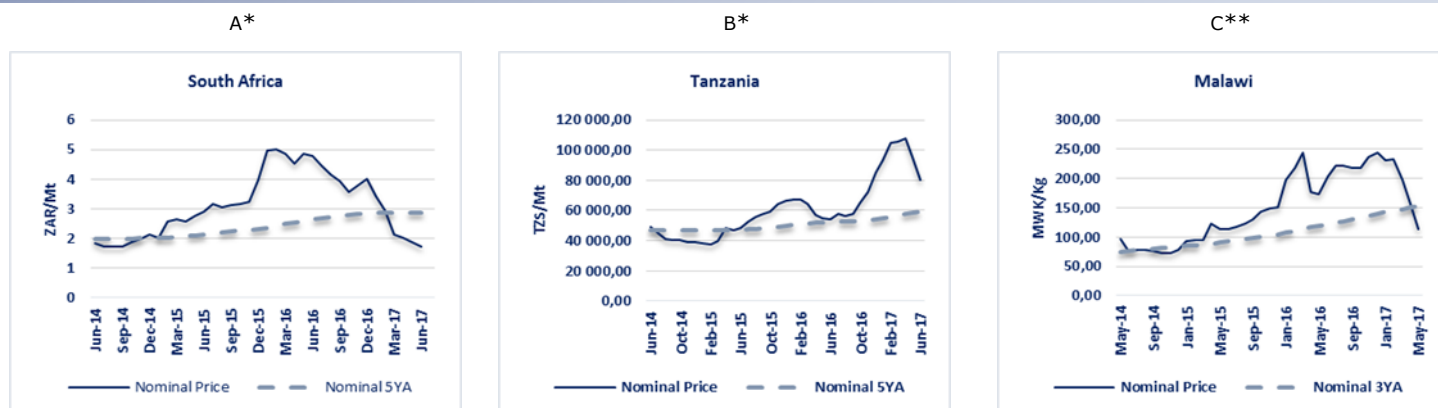


Source: <http://www.fao.org/worldfoodsituation/>

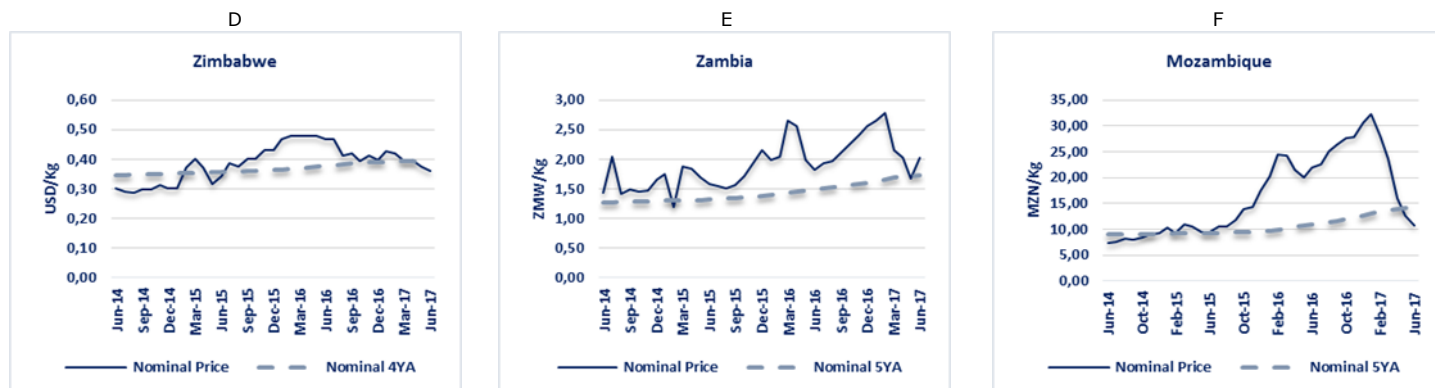
Regional Food Staple Price Trends

Regional maize supply continued to improve in May and June and is expected to improve further in July as the 2016/17 production season progresses. Main staples prices declined considerably region wide, and were below their respective 2016 levels in most areas. Relative to their respective 5 year average (5YA), prices remained above the 5 year average except SA, Zimbabwe, Malawi and Mozambique. Maize prices in **Zambia** increased on average in June 2017 as government is soon setting the price floor countrywide (**Figure 2 & 3**).

Figure 2: Average monthly white maize price from selected countries in Southern Africa

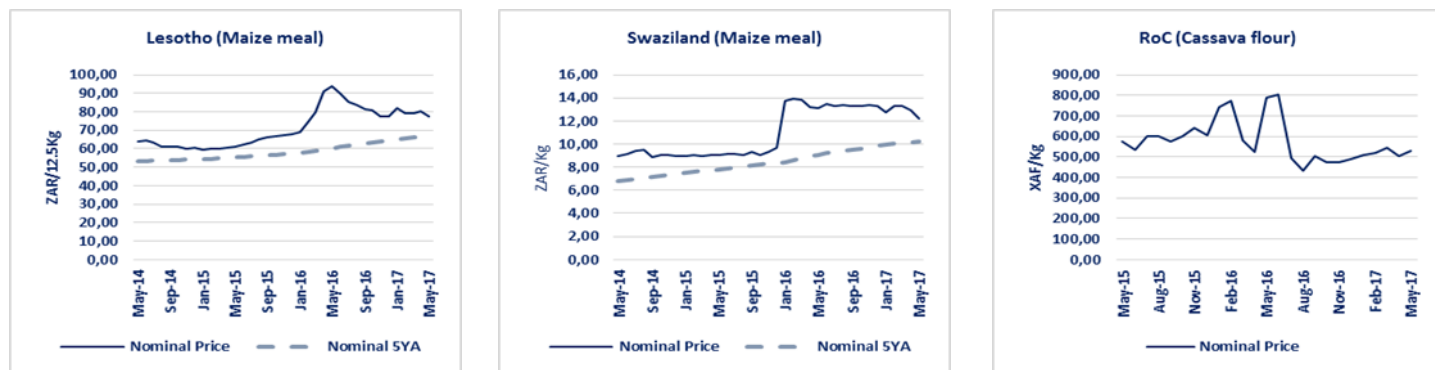


Note: (*) SA and Tanzania: Wholesale Prices per (Metric ton) (**) Malawi : 3 Year Average



Source: WFP & FAO (SA prices)

Figure 3: Average monthly food price trends in Lesotho, Swaziland, Republic of Congo and the Democratic Republic of Congo



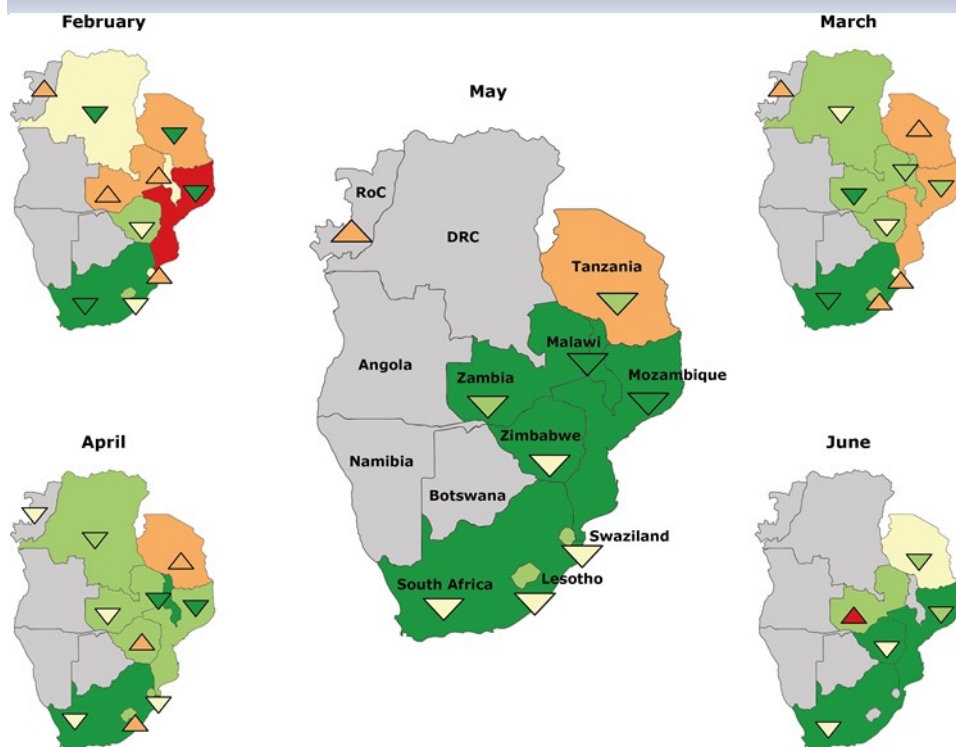
Monthly price changes compared to 5 year average

Figure 4 gives a snapshot of m-o-m price movements and also a comparison with the 5YA. In general prices in most countries are moving towards the 5YA or even dropped below the 5YA. White maize prices in Zimbabwe dropped 7 percent below the 5YA level in June. In **SA**, prices dropped about 40 percent below the 5YA in **June** and in **Malawi** as of **May** they were 25 percent below the 5YA. In half of the countries monitored prices dropped below the 5YA, while in the other half they remained above the 5YA but within 20 percent. **Zambia** – 17 percent), **Lesotho** (16 percent) and **Swaziland** (19 percent). The exception to these trends is **Tanzania** with prices of white maize at about 35 percent above the 5YA in June.

M-o-m **SA** white maize prices dropped 6 percent in June. Similarly, **Malawi** prices of white maize dropped by 27 percent May. In **Tanzania**, prices continued to drop for the second consecutive month in June with a recorded 15 percent decline in the price of white maize. In **Mozambique**, prices of white maize declined further in June (15 percent).

Source: WFP

Figure 4 : Regional staple food price movement m-o-m and compared to 5YA



Zimbabwe recorded a 3 percent drop in the price of white maize in April while in **Zambia** prices went up 20 percent in anticipation of a higher price floor to be set by the government in the coming weeks. In addition, in border towns, most of the maize is being bought by neighbouring countries who are offering farmers and traders a higher price.

Overall, prices of white maize mostly dropped in the region in June 2017 (**Figure 4**).

RoC experienced decrease of roughly 5 percent in the retail price of cassava flour in April. Swaziland recorded nearly 6 percent month on month decrease in the price of maize meal and similarly Lesotho saw a small price decrease (3 percent) in the price of maize meal.

Legend

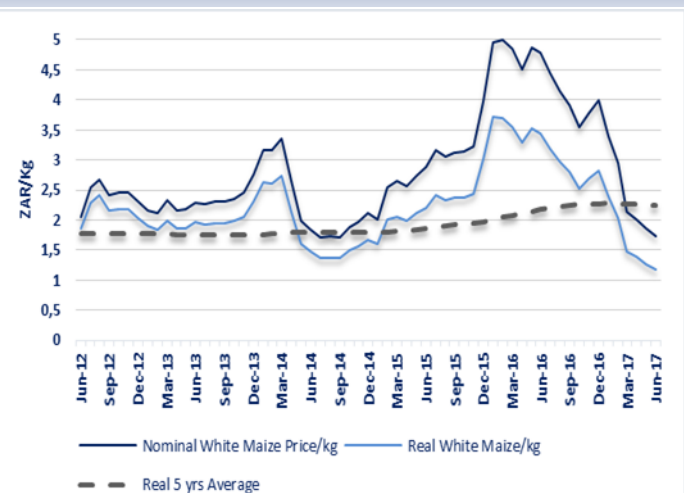
Monthly Price Decrease	5 Year Price Change
▼ > 20	■ < 0
▼ 10 - 20	■ 0 - 30
▼ 0 - 10	■ 30 - 60
▲ 0 - 9	■ 60 - 90
▲ > 10	■ > 90
	■ No data

Main drivers of price movements in May and June 2017: harvest process is in full swing across the region with excellent yields especially for maize and producer deliveries were significant. This contributed to significant price drops in May and June in most areas in the region. In Tanzania, maize export from Zambia helped ease the shortage of maize and reduced prices considerably in June.

Near term : May–July 2017: prices are expected to decline further in Tanzania, Zimbabwe and Malawi in line with seasonal trends and reach their lowest in June/July. The Zambian government is set to announce the floor price of maize for the 2016/17 marketing season soon and this will likely dictate the pace of prices in Zambia in the coming months.

Figure 5 depicts the nominal and real price¹ of South African maize. Both the nominal and real wholesale prices of maize are on a downward trend and most importantly, the real price of maize is approximately 47 percent below its 5 year average in June 2017. Both nominal and real prices of maize are at the lowest in 5 years in SA. These price levels reflect higher yields in the SA. This is likely to be beneficial to other countries that import maize and maize products from SA.

Figure 5: SA – Nominal and real white maize wholesale prices



Source: WFP

Outlook

Current maize yields are in line with expectations of average to above average this season. Below average production in Tanzania represents great potential for export for surplus producing countries such as Zambia and South Africa. South Africa and Zambia are expected to continue exporting to maize deficit countries and prices are very likely to continue decreasing through July.

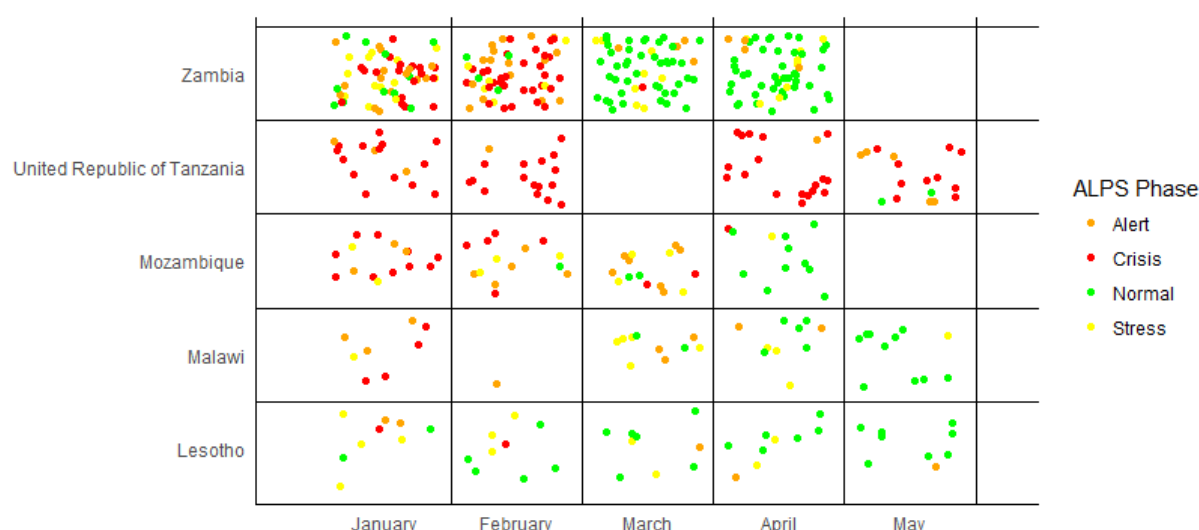
Madagascar rice production and cassava for 2017 are expected to be below average and prices are expected to remain above their average level. Rice import has been ensuring supplies of rice on local markets and this trend is expected to continue.

Alert for 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. **Figure 6**² presents markets that meet the selection criteria for ALPS and which have been in stress, alert or in crisis from January to May.

As of April monitored markets in Zambia showed generally normal prices for white maize prices. Similarly, in Malawi and Lesotho, monitored markets showed level of normal prices in May for white maize and maize meal respectively. This trend suggests increased availability in these countries resulting from improved harvest this season. Tanzania is an exception to this trend as expected because of low harvest this season. Most markets are still in ALPS crisis mode in Tanzania, however, given the excellent maize yields in the region this season export to Tanzania is likely to relieve pressure on prices in the months ahead.

Figure 6: Status of Monitored Food Markets in Southern Africa in March 2017 – ALPS



For more details on the ALPS indicator see: http://documents.wfp.org/stellent/groups/public/documents/manual_guide_proced/wfp264186.pdf

Source: ALPS WFP

Overall most monitored markets exhibit normal level prices with the exception of Tanzania.

¹ Nominal price measures the value of a product at current prices. Real prices on the other hand are nominal prices adjusted for inflation (i.e. exclude the effect of inflation).

² Note that the markets depicted in figure 6 are not necessarily identical from one month to the next and the number of markets depicted may differ from one month to the next because of data availability. In addition, markets are randomly assigned a spot in the square area. Thus **Figure 6** is intended to give a snapshot of market price levels in a given country at a given point in time.

Regional exchange rate patterns compared to the US Dollar

Year-on-year (y-o-y) most currencies in the region gained against the US Dollar with the exception the DRC, Malawi and Tanzania (**Table 1**). However, the trends in **Figure 8** suggest that Mozambique, RoC, Zambia and SA (and the pegged currencies) currencies have been strengthening vis-à-vis the US Dollar since the beginning of 2017.

Tanzania, Malawi and Madagascar currencies have levelled off for the past several months while the DRC currency has weakened significantly against the US Dollar since the beginning of the year.

Inflation Rates: 12 months inflation rate in the region were as follows (**Figure 9**): June inflation: Mozambique— 21.3 percent, Malawi— 11.3 percent, Zambia— 6.8 percent. Tanzania latest inflation figure is for April— 6.4 percent, and South Africa— 5.4 percent (May inflation rate). Note that Zimbabwe inflation was slightly positive in May— 0.75 percent. This was the highest inflation rate since late 2013. The country has been facing with wide liquidity challenges resulting in depressed demand.

Figure 8: Forex trends

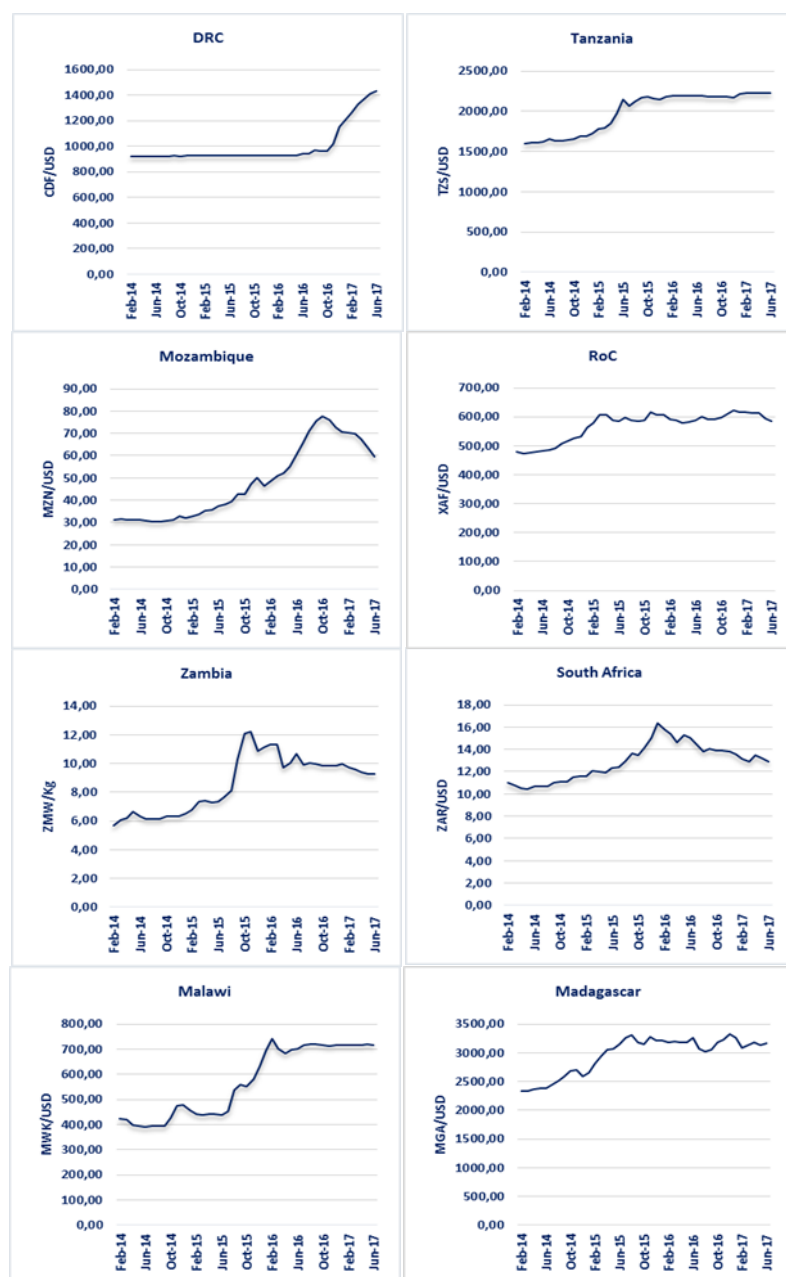
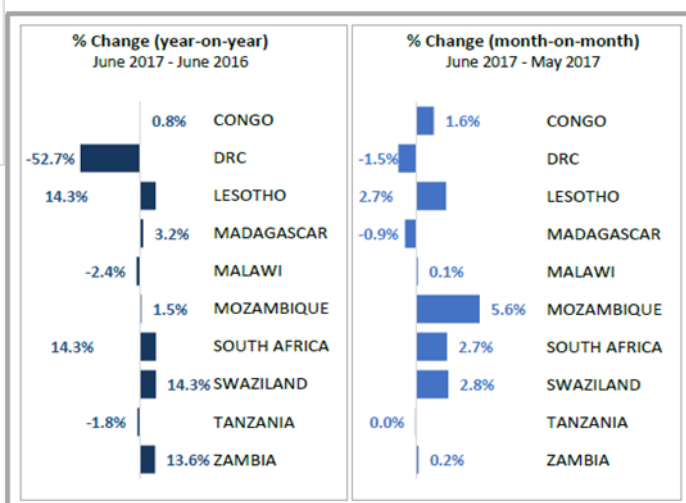


Table 1: Forex % changes

Exchange Rate Table

Country	Exchange rate compared to 1 USD			% Change (y-o-y)*	% Change (m-o-m)*
	June-16	May-17	June-17		
CONGO	588.54	593.44	584.04	0.8%	1.6%
DRC	938.52	1 411.02	1 432.80	-52.7%	-1.5%
LESOTHO	15.04	13.25	12.90	14.3%	2.7%
MADAGASCAR	3 260.49	3 127.17	3 156.84	3.2%	-0.9%
MALAWI	700.62	718.27	717.25	-2.4%	0.1%
MOZAMBIQUE	60.69	63.34	59.77	1.5%	5.6%
SOUTH AFRICA	15.05	13.26	12.90	14.3%	2.7%
SWAZILAND	15.04	13.27	12.89	14.3%	2.8%
TANZANIA	2 191.87	2 229.96	2 230.50	-1.8%	0.0%
ZAMBIA	10.70	9.26	9.24	13.6%	0.2%

Exchange Rate % Change



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food security analysis

Data Source: [//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

Figure 9: Inflation rate

