

West and Central Africa

WFP Regional Bureau Dakar Markets Update: September 2017

Highlights

- Cereal production is expected to be overall average to above average in West Africa
- Seasonal decline in agricultural commodity prices is expected from October onwards
- Normal fodder and surface water availability has stabilized the pastoral situation throughout the Sahel

MARKET TRENDS IN WEST AFRICA

Increased supply and demand key drivers during 2017 leason season

According to the Sept. 2017 PREGEC meeting, West African markets were generally well supplied throughout the entire lean season. Exceptions were found in the Lake Chad basin where civil insecurity continues to disrupt trade flows between Cameroon, Chad, Niger and Nigeria. Rice and maize supplies were normal, while millet and sorghum production was below normal, especially in Niger.

Due to increased cereal demand in the region, cereal prices increased significantly compared to the five-year average (see map 1), particularly for millet and sorghum in Niger. Increases of more than 20% in comparison to the five-year average are recorded for maize in Ghana, Niger, Sierra Leone, Liberia and particularly Nigeria. In the later, civilian insecurity in the northeast as well as the depreciation of the Naira has affected consumer prices throughout 2017. Prices for tubers and cash crops show a general upward trend.

Livestock markets prices show an upward trend in comparison to the 5 years average in the western and central basins. However livestock prices are decreasing in Niger and Chad (eastern trade basin). Here civil insecurity in the Lake Chad area, the depreciation of the Naira and the lower demand from Nigeria has distributed the livestock trade. (source: PREGEC)

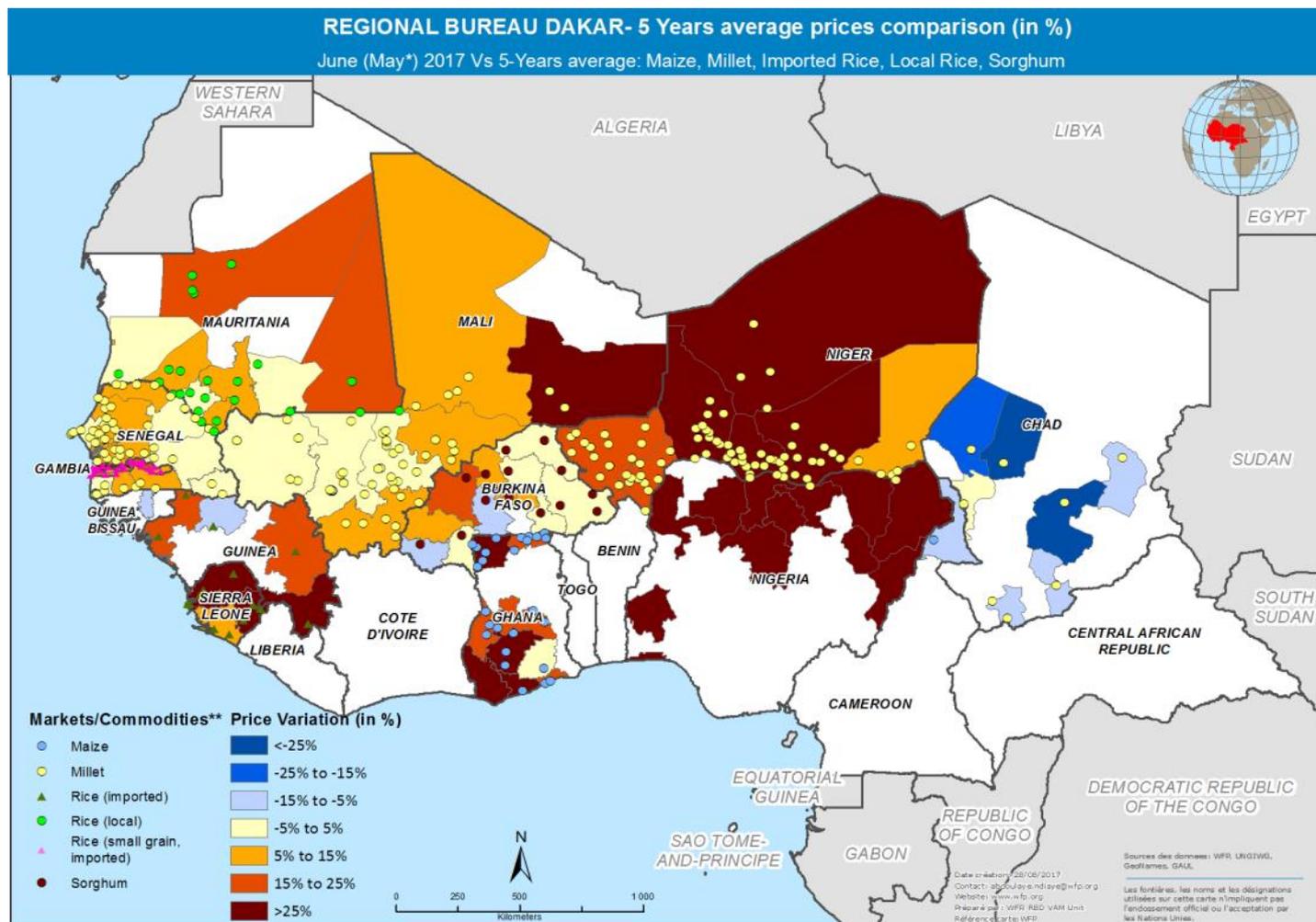
In view of the significant increase in cereal prices, the terms of trade for livestock to cereals and cash crops to cereals are on the whole unfavorable to livestock producers and cash crop producers.

Yet, given the generally positive cereal production outlook and the favorable international market environment (weak US\$ and positive rice production), a seasonal decline in agricultural commodity prices is expected from October onwards. The only exception remains Nigeria, where prices will likely remain above average.

On top of that the following countries need to be watched from a markets perspective:

- [Chad](#) due to the overall fragile economic and political environment. (Source: Sahel update)
- [Mali](#) due to the ongoing fragile political situation. (Source: Sahel brief)
- [Mauritania and Senegal](#) due to the dry-spells over the past weeks. (Source: NOAA)
- [Cameroon, Chad, Niger and Nigeria](#) due to ongoing conflict around the Lake Chad (Source: WFP)

Map1: Cereal price variation against their 5 year average in West Africa; WFP August 2017



Agricultural Cereal Production Outlook looks promising

Agricultural outputs 2017-18 expected to be overall average to above average in the region. Cereal production could reach between 66 and 73 million tons according to the latest PREGEC assumptions. This is a downward correction of variation of -1.4% to + 8% compared to last year and + 9 to 20% in comparison to the 5 year average. Root and tuber crops production figures are estimated to be between 166 and 171 million tons, a variation of 0.05% to 3% compared to last year and increases of 3-9% compared to the 5-year average (2012/16). An overall increase compared to the average is also expected for legume crops including cowpea and groundnut. Revised production estimates are expected for November 2017, which we will be presented at the next PREGEC in Bamako in Mali. (Source: PREGEC)

Forage deficit still driving livestock sector in Chad, Mauritania, Niger and Senegal

Normal fodder and surface water availability for livestock feeding and watering has stabilized the pastoral situation throughout the Sahel and West Africa region. However, areas at risk of forage deficit persist in the extreme north-east of Chad, in the pastoral zone of Niger, in northern

Senegal and in the agropastoral zone of Mauritania. (Source: ACF, PREGEC, NOAA).

Country specific market statements

Beginning of September, the food availability situation remains generally satisfactory in Mali. It is characterized by four elements: i) the seasonal decline in cereal supply; ii) price increases, iii) an average cereal production year, iv) flooding affecting more than 7,000 people (OCHA, August 2017). A general a recovery in milk production is being observed across the country (including maize and other products such as groundnuts). (Source: Afrique Verte).

In Burkina Faso, the overall food availability situation remains satisfactory despite the price peaks in most markets. This price increase is explained by the retention of stocks by traders and a strong cereal demand. However, the market supply is generally satisfactory. (Source: Afrique Verte).

In Chad, where planting of 2017 cereal crops is progressing under generally favorable conditions, price of millet has increased in most markets in the past months Overall, cereal prices remained below their year-earlier levels as a result of the above-average 2016 harvest and ample domestic supplies. (Source: FAO/WFP).

In **Senegal**, average prices of cereals generally increased during the lean season, with those of millet well above their normal levels due to a reduced 2016 output and strong domestic demand. (Source: FAO)

In **most coastal countries**, prices of maize, were well below their levels in July last year, reflecting bumper harvests in 2016 as well as favorable prospects for the 2017 cropping season. (Source: FAO)

In **Niger**, the overall food availability situation in the agricultural areas has stabilized following the millet crop development in several zones. Since then, millet prices have shown a declining trend. However, floods that have occurred to varying degrees in all regions have affected many households. In these markets, the situation is characterized by an average level of supply of local and imported cereals. Having said this, the current cereal price level remains very high compared to the same month of the previous year and to the average of the last 5 years. (source: Afrique Verte)

Prices of coarse grains in **Nigeria** remained overall stable in August, but still significantly above their early-year levels due to the depreciation of the currency and insecurity. (Source: WFP,FAO)

Favorable rice imports in West Africa

In September, the drop in rice prices continues to be observed for some rice types. This price decline also occurred in Asian countries like Vietnam and India. Globally, rice production has been above normal and has favored an abundant supply. In West Africa, the 2017-018 crop year is also expected to be good given the favorable weather conditions recorded so far. This situation, together with the dollar devaluation vis a vis the CFA franc, leads us to anticipate a likely fall in prices in the coming weeks and months. (Source: FAO, ROAC, PREGEC, WFP)

Maize price increase could be observed in the coming weeks

Normal availability of maize has so far limited the seasonal price increases in the past months. However, small increases could occur in next weeks in areas where stocks are starting to be low and new crops will only start entering the markets in October. Yet, the good availability and low prices of maize in the first rounds of harvest in Côte d'Ivoire and Ghana is expected to limit the upward pressure by enabling large Sahelian cities whose stockpiles have been too small to replenish maize. (Source: ROAC)

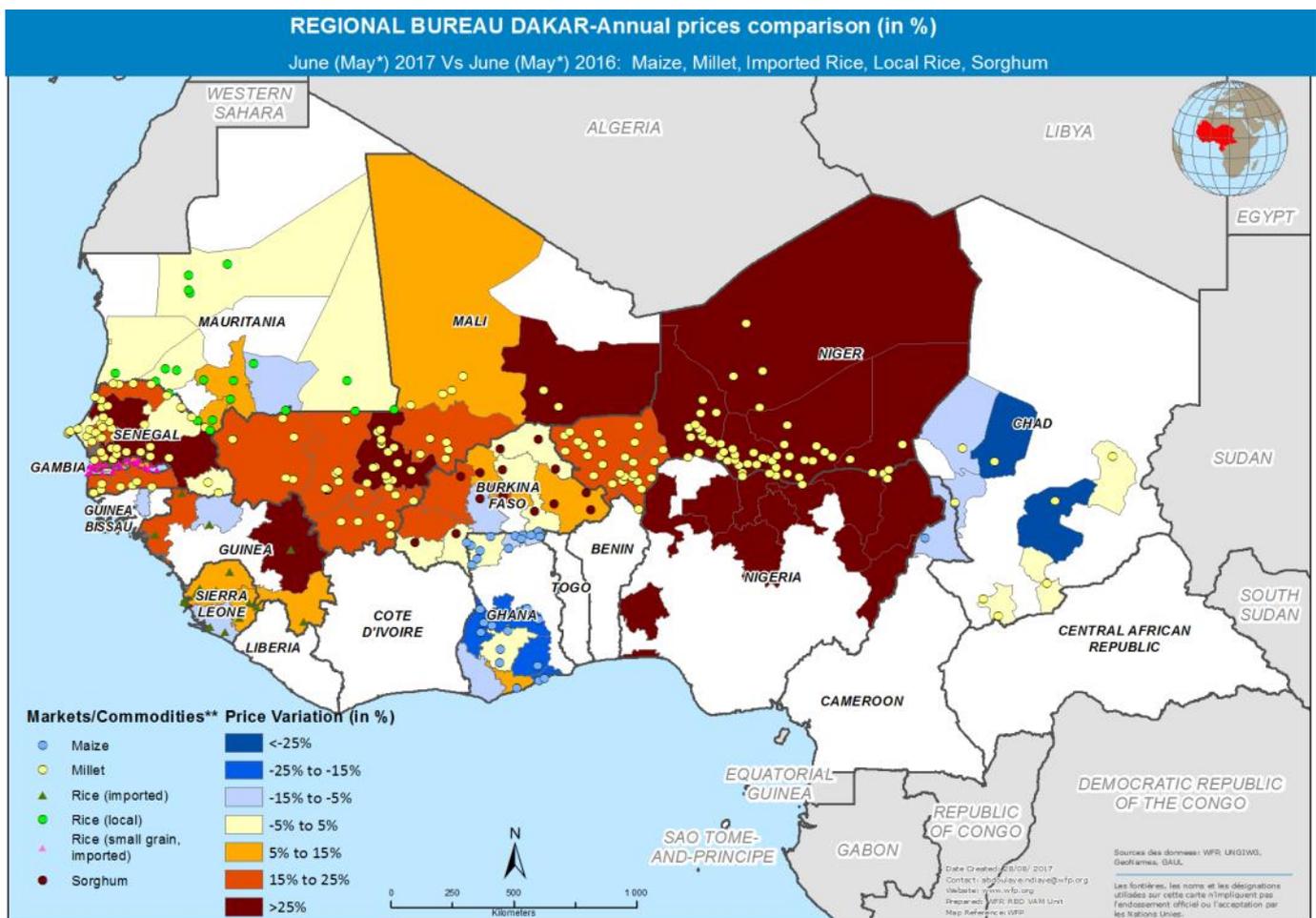
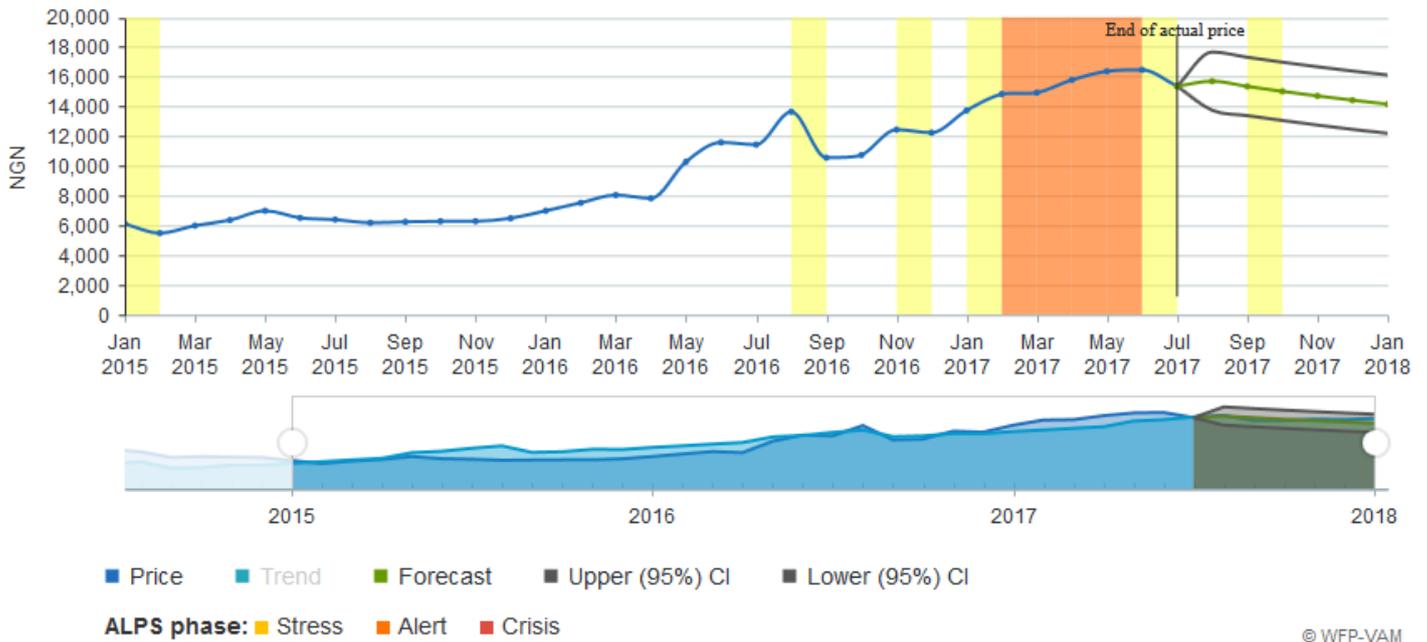


Chart 1: Food prices chart, Nigeria; Maiduguri, WFP 2017

ALPS & Forecast

1 Year 3 Years [Download] [Print] [Info]

Nigeria - Maiduguri - Millet - Wholesale - 100 KG



Comment: Stable/slight declining price trend forecasted. Prices are still at very high levels compared to the previous years. ALPS model suggests that millet price showed “stress” and/or “alert” price spikes in the past months. No major spikes foreseen in the coming months. (see also: http://dataviz.vam.wfp.org/economic_explorer/price-forecasts-alerts)

Chart 2: ALPS & Forecast, Niger; WFP 2017

ALPS & Forecast

1 Year 3 Years [Download] [Print] [Info]

Niger - Nguigmi - Sorghum - Retail - KG



Comment: Stable/slight declining price trend expected. Prices however still at high levels → ALPS model suggest that sorghum price show “stress” to “crisis” price spikes. (see also: http://dataviz.vam.wfp.org/economic_explorer/price-forecasts-alerts)

Sorghum and Millet prices continue to increase in Burkina Faso and Mali—Decreases observed in Niger

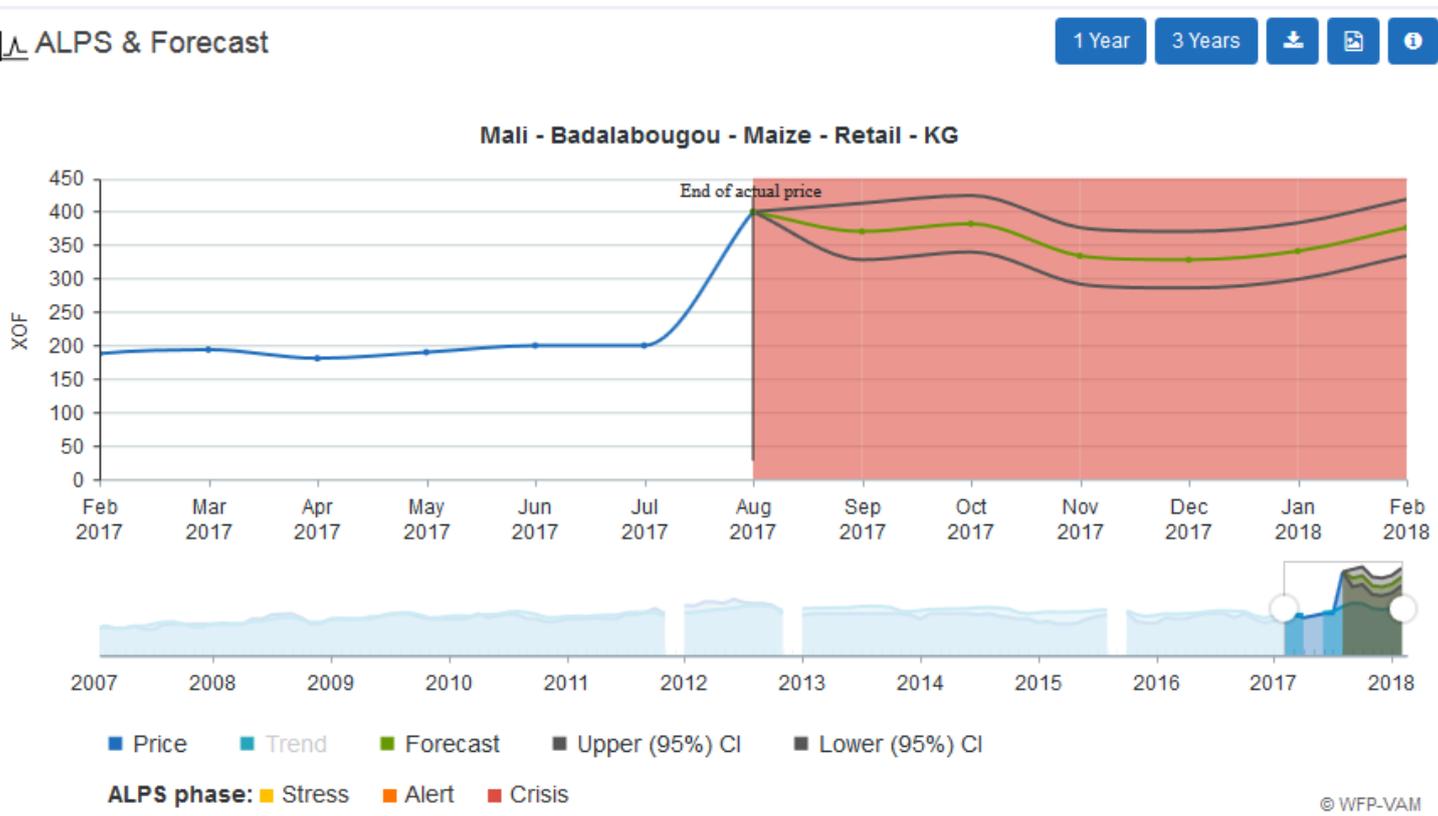
During August, sorghum price increases in Burkina Faso and Mali continued. Only these two countries registered price increases in their markets. The trend is, however, stable in almost all the other markets such as in Benin, Côte d'Ivoire, Ghana and Togo. In Niger a drop of prices has been observed.

After an average harvest and a large demand, in particular to substitute for the millet which was available in insufficient quantities, sorghum stocks were limited during this lean season. The price of sorghum is therefore expected to remain stable at high level until the new harvest reaches the markets during the month of October.

During past two months, the seasonal increases resulting from the low millet production are increasingly felt in the markets of the main producing especially in Burkina Faso and Mali, where the strongest increases were recorded. Prices in Niger remain also very high, but a decline between August and September prices has been observed. In the capital of those three countries millet stand around 25000 FCFA/100kg. In Benin, Togo, Ghana and Côte d'Ivoire, registered millet prices were rather stable. Millet however constitutes a low importance in terms of production and consumption in these countries. (Source: Afrique Verte, ROAC)

Chart 3: ALPS & Forecast, Mali; WFP 2017

ALPS & Forecast



Comment: Stable price trend forecasted, however at high levels compared to beginning of 2017 → ALPS model suggest that price maize spikes are at “crisis” level. Close monitoring of prices necessary in the coming weeks. (see also: http://dataviz.vam.wfp.org/economic_explorer/price-forecasts-alerts)



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