



Kenya Market Watch



The Kenya market watch report is produced by the VAM unit of the World Food Programme Kenya on a monthly basis. Retail price data collected by staff at WFP sub/field offices in Kakuma, Daadab, Lodwar, Eldoret, Mombasa, Nairobi, Isiolo, Marsabit, Garissa, Wajir and Mandera, as well as wholesale price data for maize - which is Kenya's staple - and beans from the State Department of Agriculture (SDA) for Eldoret, Kitale, Nairobi, Kisumu, Mombasa, Nakuru, Kitui, Malindi and Taveta are analysed. The Nairobi, Mombasa and Nakuru markets are indicative for urban consumers. Kisumu is a large urban market located in a deficit area with marginal agricultural productivity. Eldoret and Kitale markets are in high potential producing areas and located in the western Kenya grain 'basket' zone. Kitui, Malindi and Taveta markets are located in south-eastern and coastal marginal agricultural zones which are also deficit areas. Taveta is a crucial cross-border trade point (Kenya-Tanzania). There are large regional differentials in prices of all commodities across Kenya, with the highest prices experienced in the marginal arid and semi-arid lands of Kenya. The update is divided into three sections: price trends analysis, production and import situation, and other issues including: Inflation, fuel pump prices and policy news.

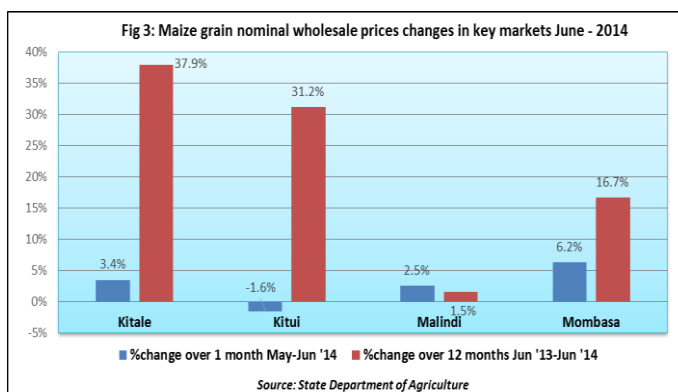
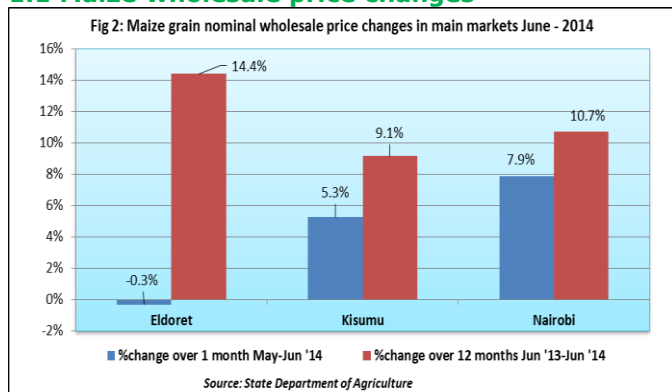
KEY HIGHLIGHTS

- Well below average March to May long rains in the Southeastern and Coastal Marginal Agricultural Clusters are likely to lead to a below average maize harvest.
- Preliminary projections for long rains crop production in late 2014 suggest that maize output and carryover stocks will be further below national usage than normal. While imports may keep prices fairly steady in between now and August, by September, maize prices are likely to start to steadily rise.
- The average monthly nominal wholesale price of maize - in the three main markets - marginally decreased in Eldoret by 0.3 percent, as it increased in Kisumu and Nairobi, by 5.3 and 7.9 percent respectively, from May to June. In other key markets, prices decreased in Kitui by 1.6 percent and increased in Kitale, Malindi and Mombasa by 3.4, 2.5 and 6.2 respectively. Nominal wholesale price of beans decreased in all the three main markets.
- The Pastoral Northwest Cluster (Turkana and Marsabit) recorded the highest retail maize price increase (17 to 33 percent) from May to June. In the Southeastern and Coastal Marginal Agricultural Cluster - except Taita-Taveta county- retail maize prices increased by between 3 to 28 percent. Prices largely remained stable in the Pastoral Northeast Cluster- except in Garissa County.
- The Kenya National Bureau of Statistics (KNBS) reported that, the inter-annual inflation rate stood at 7.39, which was higher than 7.30 in the previous month (May 2014) and 4.91 reported in June 2013. The overall cost of living for Kenyans has thus increased since last year. Month on month Food and Non-alcoholic drinks' Index decreased by 0.26 percent from May to June, the index increased by 8.41 percent compared to June last year.
- The KNBS report further states that, the average national price of diesel and kerosene marginally rose by 0.06 and 0.4 percent respectively, as the price of gasoline (super petrol) marginally fell by 0.08 percent; leading to an overall marginal increase (0.35 percent) in the month on month Transport Index.



1.0 PRICE TREND ANALYSIS

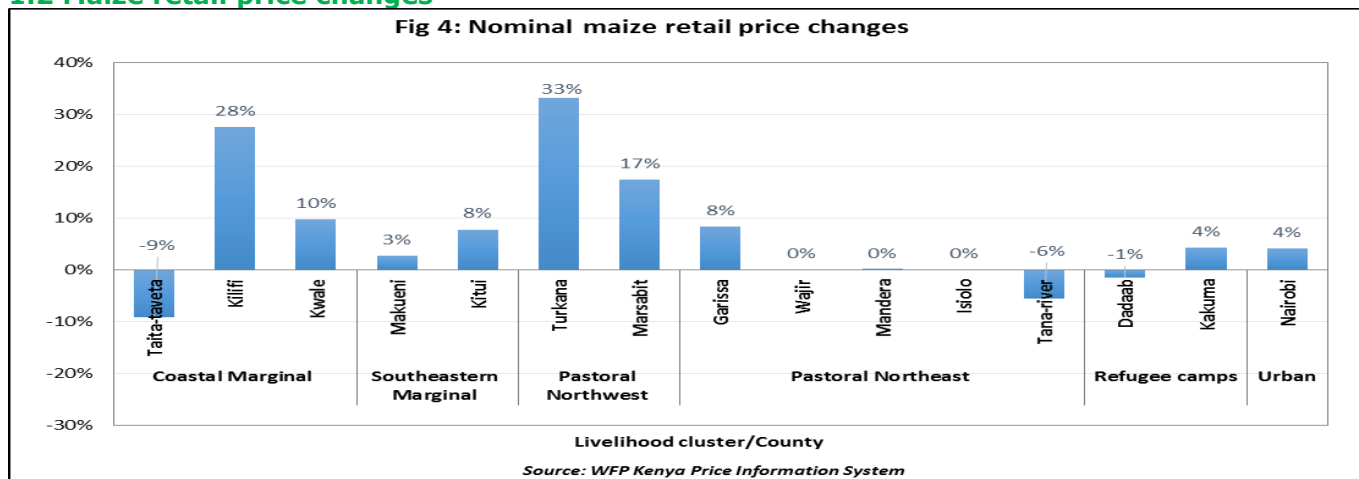
1.1 Maize wholesale price changes



During the period under review, the average wholesale price of maize - in the three main markets - decreased in Eldoret as it increased in Kisumu and Nairobi, see figure 2 and table 1. In other key markets, prices decreased in Kitui and increased in Kitale, Malindi and Mombasa, see figure 3 and table 1.

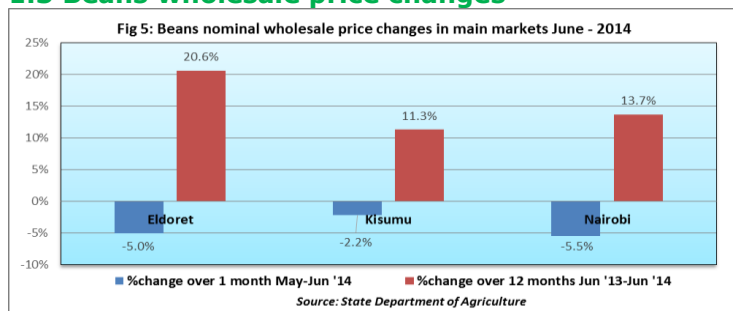
The prices have generally been on an upward trend since March. According to the [Kenya Food Security Technical Working Group June 2014 Food Security Outlook Update](#), increase in prices has largely been attributed to the expected below average maize availability, due to the anticipated below average long rains harvest. While imports may keep prices fairly steady between now and August, by September, maize prices are likely to start to steadily rise.

1.2 Maize retail price changes



The Pastoral Northwest Cluster recorded the highest price increase, which according to the National Drought Management Authority (NDMA) early warning bulletins, was attributed to low supply and high household level demand; due to the anticipated below average harvests. In the Southeastern and Coastal Marginal Agricultural Cluster - except Taita-Taveta county - the price increase is primarily attributed to households having depleted their stocks, in some cases two months earlier than normal, and making more market purchases than usual for this time of year. Prices largely remained stable in the Pastoral Northeast Cluster - except in Garissa County. The NDMA bulletins attributes the decrease in Tana-River and Taita-Taveta Counties to early harvest from some parts of the Counties and the cross-border flows from Tanzania to the Coastal region. In the Refugee camps, prices marginally decreased in Dadaab as they remained stable in Kakuma indicating a stable supply and demand. Nairobi - which is indicative for urban markets - also recorded stable prices.

1.3 Beans wholesale price changes



The average wholesale price of beans decreased in all the three main markets, see figure 5, 6 and table 1. The decrease is attributed to supply from early harvests from some regions as well as cross border flows from Uganda, which have had an effect in stabilising prices in the country. The imports are expected to bridge the supply gap due to the expected below average national harvest.



2.0 PRODUCTION AND IMPORT SITUATION

According to the [Kenya Food Security Technical Working Group June 2014 Food Security Outlook Update](#), the cumulative March to May rainfall has been well below average in the grain basket of the Rift Valley highlands. Coupled with the expected depressed June to September rainfall, these areas are likely to experience a below average harvest from October to February. Though estimates have not been provided, the Ministry of Agriculture anticipates that production will be less than last year and the five-year average long-rains production of 2.68 million metric tons (MMT). The reduction in output is mainly attributed to crop losses and very low production in the grain basket areas of the Rift Valley due to the extended dry spell in April and May, which not only affected germination but also lead to increased incidence of pests and diseases, especially Maize Lethal Necrosis Disease (MLND) in Bomet, Narok, and Nyamira Counties. Carryover stocks from the previous season are also quite low. The Strategic Grain Reserve (SGR) only has 270,000 metric tons (MT) in it. The projected increase in cross-border imports from Tanzania, estimated at 135,000 MT between June and August, and the early harvest from the southern Rift Valley including Bomet, Transmara, Nyamira, and Narok South Counties along with other areas of the country including Makueni, Kitui, Machakos, Siaya, Busia, and Teso will ensure normal levels of market supply at the national level through August. Food security will remain Stressed (IPC Phase 2), though some households in localized areas might be in Crisis (IPC Phase 3) by September.¹

3.0 OTHER ISSUES

3.1 Inflation (June 2014)

According to the [Kenya National Bureau of Statistics \(KNBS\) June report](#), the inter-annual inflation rate stood at 7.39, which is higher than 7.30 in the previous month (May 2014) and 4.91 reported in June 2013. The overall cost of living for Kenyans has thus increased since last year, see table 3.

During the review period, the month on month Food and Non-alcoholic drinks' Index decreased by 0.26 percent from May to June, this fall was mainly as a result of observed decrease in the prices of several food commodities which outweighed the price rises in other food items². The index increased by 8.41 percent compared to June last year.

3.2 Fuel pump prices (June 2014)

The KNBS report further states that, the average national price of diesel and kerosene marginally rose by 0.06 and 0.4 percent respectively, as the price of gasoline (super petrol) marginally fell by 0.08 percent; leading to an overall marginal increase (0.35 percent) in the month on month Transport Index. See table 4. Price of charcoal – which is widely used by many low-income urban households for cooking – marginally rose by 0.1 percent. The marginal increase of the different fuels is not expected to have a big impact on transport cost nor household food utilization.

3.3 Policy News

3.3.1 Kenyan government in a fresh move to establish commodities exchange

The government has taken a more central role in the push to establish a commodities exchange in Kenya that would make it easier for local farmers to access markets. Kenyan farmers, who often find themselves at the mercy of middlemen, are expected to be the immediate beneficiaries of a commodities exchange. The exchange would increase transparency in the marketing of agricultural commodities as farmers gain access to real-time information³.

¹ <http://www.fews.net/east-africa/kenia/food-security-outlook-update/sun-2014-06-29>

² For instance, the retail price of one kilogram of potato (Irish), tomatoes, oranges, avocados, watermelons and one cob of green maize fell by 3.3, 8.9, 1.7, 3.1, 5.1 and 2.2 percent respectively. Price of dry maize grain (one kg) rose by 5.2, maize and wheat flour (two kg) rose by 1.8 and 2.0 percent respectively, the price of mangoes (one Kg) also rose by 2 percent.

³ <http://www.nation.co.ke/business/Fresh-move-to-establish-commodities-exchange/-/996/2374160/-/n581pl/-/index.html>



Table 1: Nominal wholesale prices of maize and beans in the main and other key markets

Market	Price (KES per 90 Kg bag)		May 2014 Price (USD/Mt)	% Change on last month	% Change on same month of last year.	% Change on 5 Year LTA	Prices Trend		
	May. 2014	June 2014					Change over		
							1 month	1 year	5 Years
MAIZE									
Eldoret	3,110.00	3,100.00	392.53	-0.32%	14.39%	12.30%	↓	↑	↑
Kisumu	3,733.00	3,929.00	497.50	5.25%	9.14%	16.54%	↗	↗	↑
Nairobi	3,100.00	3,344.00	423.43	7.87%	10.73%	0.44%	↗	↑	⇒
Kitale	2,900.00	3000.00	379.87	3.45%	37.93%		⇒	↑	
Kitui	3,100.00	3,050.00	386.20	-1.61%	31.18%		↓	↑	
Malindi	3,452.00	3,540.00	448.24	2.55%	1.49%		⇒	⇒	
Mombasa	3,095.00	3,288.00	416.33	6.24%	16.68%		↗	↑	
BEANS									
Eldoret	8,529.00	8,100.00	1025.64	-5.03%	20.61%	23.41%	↓	↑	↑
Kisumu	7,829.00	7,657.00	969.55	-2.20%	11.29%	25.87%	↓	↑	↑
Nairobi	6,824.00	6,450.00	816.71	-5.48%	13.66%	15.36%	↓	↑	↑

Source: State Department of Agriculture. 1 USD to KES 87.75 (June 2014 UN Dollar rate)

Table 2: Nominal average retail prices of maize and beans per Livelihood Cluster

Livelihood Cluster	Market	Price (KSh. Per 1 Kg)		% Change on last month	Prices Trend
		May 2014	June 2014		Change over 1 month
	MAIZE				
Coastal Marginal Agricultural Cluster	Taita-Taveta	42.50	38.63	-9%	↓
	Kilifi	39.86	50.84	28%	↑
	Kwale	47.83	52.50	10%	↑
Southeastern Marginal Agricultural Cluster	Makueni	37.50	38.50	3%	⇒
	Kitui	37.63	40.55	8%	↗
Pastoral Northwest Cluster	Turkana	50.16	66.77	33%	↑
	Marsabit	38.34	45.00	17%	↑
Pastoral Northeast Cluster	Garissa	48.11	52.09	8%	↗
	Wajir	50.00	50.00	0%	⇒
	Mandera	79.38	79.38	0%	⇒
	Isiolo	35.00	35.00	0%	⇒
	Tana-River	41.25	38.96	-6%	↓
Refugee Camps	Dadaab	37.00	36.45	-1%	↓
	Kakuma	39.17	40.83	4%	⇒
Urban Cluster	Nairobi	48.75	50.75	4%	⇒
	BEANS				
Coastal Marginal Agricultural Cluster	Taita-taveta	85.42	85.63	0%	⇒
	Kilifi	80.00	87.29	9%	↗
	Kwale	82.50	80.83	-2%	↓
Southeastern Marginal Agricultural Cluster	Makueni	79.44	72.50	-9%	↓
	Kitui	74.63	81.30	9%	↗
Pastoral Northwest Cluster	Turkana	92.41	93.30	1%	⇒
	Marsabit	75.00	85.00	13%	↑
Pastoral Northeast Cluster	Garissa	86.61	94.38	9%	↗
	Wajir	92.00	95.00	3%	⇒
	Mandera	132.19	144.38	9%	↗
	Isiolo	62.50	64.38	3%	⇒
	Tana-river	89.26	89.58	0%	⇒
Refugee Camps	Dadaab	76.00	68.95	-9%	↓
	Kakuma	92.08	89.38	-3%	↓
Urban Cluster	Nairobi	80.00	78.75	-2%	↓

Source: WFP Kenya Price Information System

Table 3: Consumer Price Index (CPI)**February 2009 = 100**

CPI/Inflation	June 2013	May 2014	June 2014	% Change on last month	Trend: Change over one Month
Consumer Price Index	139.59	149.70	149.91	0.14	⇒
Overall Inflation	4.91	7.30	7.39		▲

Source: Kenya National Bureau of Statistics (KNBS) – June 2014

Table 4: National average fuel prices for June 2014

Commodity	June 2013 KSh./Litre	May 2014 KSh./Litre	June 2014 KSh./Litre	% change on last month.	% Change on same month of last year.	Trend: Change over	
						1 Month	1 Year
Diesel	100.01	106.24	106.31	0.06	6.29	⇒	↗
Gasoline (Super Petrol)	108.93	115.17	115.08	-0.08	5.65	↓	↗
Kerosene	82.38	83.73	84.04	0.40	2.00	⇒	⇒
Charcoal	70.44	73.27	73.34	0.10	4.12	⇒	⇒

Source: Kenya National Bureau of Statistics (KNBS) – June 2014

KEY:

Change	Price trend	Sign
< 0%	Decreasing	↓
>= 0% and < 5%	Stable	⇒
>= 5% and < 10%	Slightly stable	↗
>=10%	Increasing	↑

Source: The WFP Global Market Monitor Report



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