

West and Central Africa

WFP Regional Bureau Dakar Markets Update: April 2018

Highlights

- **Continuing decline in the farmer cereal supply in rural markets due to household stock exhaustion**
- **Launch of subsidized cereals in various countries to counter rising staple food prices**
- **Terms of trade continue to deteriorate for pastoralists**
- **Prices of millet and sorghum reaching above 20% their five year average, substitute cereals such as rice and maize starting to be affected as well as lean season approaches**

MARKET TRENDS IN WEST AFRICA

According to the latest Cadre harmonisé from March 218, cereal production in the region is now estimated at 67.7 million metric tonnes, which represents an increase of 2.5% and 11.7% compared to the 2016-2017 cropping season and the five-year average, respectively.

Agricultural markets are characterized by a general rise in the prices of local products, and a relatively low level of prices for imported cereals. Nevertheless, prices for local foodstuffs, cereals and tubers have remained higher than the average of the last five years in most countries. In fact, in addition to a decline in production in the Sahelian belt, this rise in prices is attributable to the effects of the depreciation of certain local currencies and inflation in several countries. International prices are still favourable, although slightly upward trends have been observed in recent months on the cereals price index. Prices of cash crops, especially cowpeas, remain broadly stable in comparison with the five-year average; this augurs a stable income for producing households.

In perspective, price increases could continue in the com-

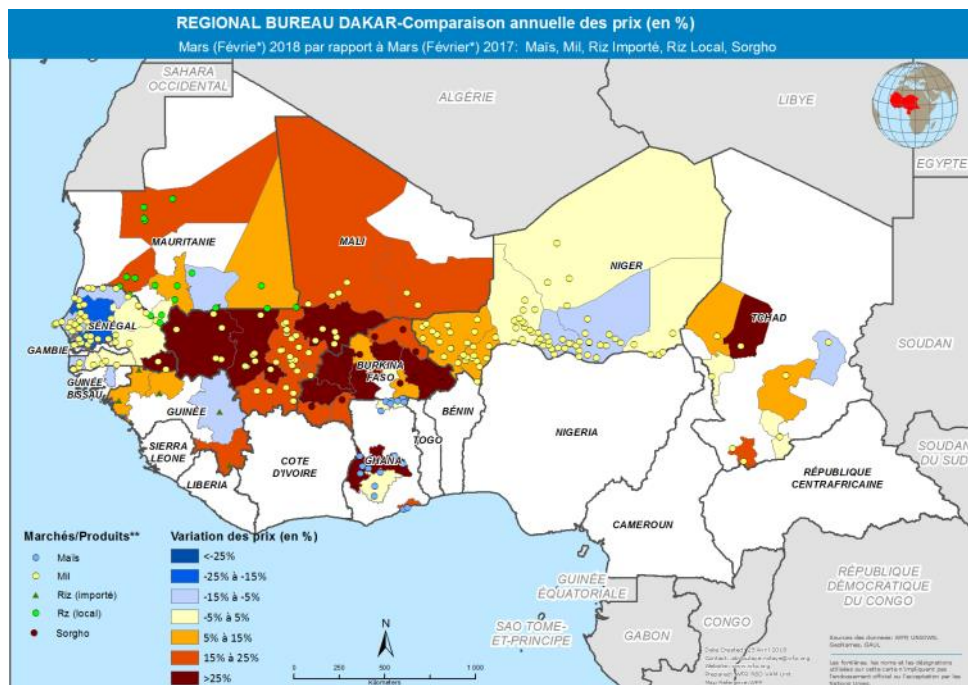
ing months in the Sahelian markets, especially for millet and sorghum, if nothing is done.

In the livestock markets, cattle and small ruminant prices are stable relative to the five-year average, with a downward trend. The largest decreases in Mauritania and Chad are due to difficult pastoral conditions and low demand. As a result, terms of trade for livestock/cereals and cash crops/cereals have deteriorated significantly in the region. This could further affect the purchasing power of pastoral and agro-pastoral households and their access to food. (Source: Communiqué PREGEC, March 2018)

Considering the severe rainfall deficits in many parts of the Sahelian belt in 2017, affecting major pastoral and agro-pastoral areas of the Sahelian belt through serious pasture deficits with significant impact on livestock conditions and movements, the FAO, UNICEF, WFP Joint position paper (February 2018) declared that about 2.5 million pastoralists and agro-pastoralists are currently at risk of a serious livelihood crisis in the whole Region. (<http://www.fao.org/3/i8940en/i8940EN.pdf>)

Map1: Annual comparison of staple food prices in West Africa—March 2018– March 2017

- Millet and sorghum prices remain high in Mali and Burkina Faso, compared to the previous year and their 5 year average. Rice as a substitute also is affected as in Mauritania for example and Senegal(not represented here).
- In Chad, the low demand caused by the economic downturn has kept prices relatively low during the recent past, but despite this phenomenon, in 2018 prices have also started to increase as in the rest of the countries as a result of important localized deficits.



Burkina Faso

In most cereal markets, prices continue to rise beyond the five-year average, with increases of more than 20 percent for millet and sorghum. To regulate prices of staple foods in the markets, the government launched in February the sale of cereals at subsidized prices. SONAGESS is providing mainly maize in a total of 250 “boutiques témoins” at 5000 and 6000 CFA per bag.

According to a WFP supply chain mission in March 2018, availability of sorghum and millet has decreased by 30% decrease in the market according to interviewed with traders in Pouyetenga In the lean season this could go down to 70%.

As peoples’ purchasing power is very limited, so remains the product range (esp. for rice, oil, fresh vegetable, fruit, etc) and with limited money, people tend to buy less expensive items such as beans, rice and oil.

Wholesalers interviewed in Kaya noted that sales of rice and oil are limited during lean seasons due to their high prices.

Households in Centre/Centre du Nord regions now tend to purchase less millet, as millet prices continue to increase.

Most wholesalers and retailers and even beneficiaries report that the current situation is worse than the 2012 crisis.

In the Sahel region of the country, where the majority of poor households derive their income from livestock and gold panning, high staple food prices and stability prices of gold and small ruminants are hampering household food access. At a time when household stocks are almost exhausted, terms of trade for livestock / cereals are down by 15 percent compared to the average of the last five years. (Source: FEWSNET)

Finally, insecurity remains a substantial constraint for livelihoods and local market functioning.

Cameroon

In northern uni-modal areas in North and Far North regions, where sorghum and millet crops are predominantly grown, harvesting of the 2017 crops was concluded last November. Despite favourable weather conditions, the ongoing conflict resulted in displacement of people, causing input shortages and depleting the already inadequate households’ productive assets. As a result, the overall, total cereal production for 2017 is estimated to be below average. (Source: FAO)

According to local producers, this situation was exacerbated by climate change and the scarcity of rains in the northern part of the country where millet is grown. Additionally, since 2014 a good part of the production is exported to Chad. For security reasons, farmers have abandoned some fertile fields. As a consequence, the amount of grain harvested was low this year, which explains the soaring price on the markets.

In fact, the price of cereals is generally high in Cameroon, especially red millet whose bag of 100 kg is currently selling at 24 000 FCFA against 10 000 FCFA usually. (Source: APA)

Dry season sorghum harvests, is also down from recent years, and harvests have not been sufficient to fill a deficit in rainfed production. As a result, traders are engaging in speculative measures, which is helping to raise the level of grain prices in the markets. Despite the administrative measures to ban the exit of grain to neighboring countries, the prices of the main cereals in February, remain high in most markets in the region. (Fewsnet)

Thus, the red millet that is considered by the population of the Far North as being usually cheaper and within the reach of everyone, experiencing a price spike never equaled.

"The average market, says a local trader, is 24,000 CFA francs for the bag of millet red, considered the cheapest. Yet this same bag of red millet usually costs 10,000 CFA francs."

Chad

With a final cereal production of over 2.7 million mt, the harvest is down 5% compared to 2016 and 2% compared to the average 5 years. Some areas experienced also substantial deficits compared to the average such as in Wadi Fira (-39%), Kanem (-27.7%), BEG (-20%), Batha (-9%) and Guera (-7%).

Hence, cereal supply levels are below 2017 levels at most markets, with the exception of Ouaddaï, Sila and Moyen Chari where traders indicated that supply levels have increased. Market supply in the regions of Borkou, Ennedi Est, Ennedi Ouest, Tibesti, and Wadi Fira has been negatively affected by a decline in trade flows from Libya due to insecurity, as well as from Sudan and Sila (due to export restrictions). Additionally, in Lac, Kanem, Barh El Gazal, and Hadjer Lamis, a decline in crop production compared to last year's levels in the Lac region and in nearby productive areas (ex. Gama in Hadjer Lamis) has also contributed to lower supply. Except for export restrictions from Sila, internal trade flows remain relatively normal though quantities flowing from southern, productive areas to the Sahel are below average due to weak consumer demand this year.

Cross-border trade has been disrupted with all of Chad's neighbors except Cameroon. In particular, insecurity along the border with Libya has limited trade flows to only one corridor, limiting the exportation of livestock and importation of food and non-food products. On the Nigeria side, long detours through Cameroon and Niger have been observed for livestock trade. Additionally, hostilities in the Central African Republic (CAR) has considerably limited trade with this neighbor. Along the Chad/Sudan border, unofficial reports indicate that measures restricting trade from both sides are currently in place.

Cereal demand has declined compared to both seasonally normal levels and those observed in 2017 due to reduced household purchasing power caused by the ongoing economic crisis and lower livestock prices this year. The most significant declines were noted in the regions of Borkou, Ennedi Est, Ennedi Ouest, Batha, Kanem and Sila.

Institutional, community and commercial cereal stocks are globally below average, though considerable variations are observed from one zone to another. With regards to institutional stocks, the National Food Security Office (Office National de Sécurité Alimentaire or ONASA) did not replenish stocks this year due to financial difficulties caused by the economic crisis. At the trader level, commercial stocks are larger in the eastern Sahel compared to western areas due to localized areas of good 2017/18 rainfed cereal production (ex. Sila region; Adré and Ouara in Ouaddaï; Dar Tama, Mata, and Am-Zoer in Wadi Fira) and off-season harvests. In Logone Occidental, Logone Oriental, Mayo Kebbi Est, Mayo Kebbi Ouest, and Tandjilé, large

commercial stocks are present as traders' stocked cereals in expectation of institutional purchases that did not occur at expected levels this year.

In most markets, cereal prices are above last year's levels but are either similar to or below the five-year average. These price trends have been driven by a decline in consumer purchasing power which has moderated the effect on local prices of this year's poor cereal production.

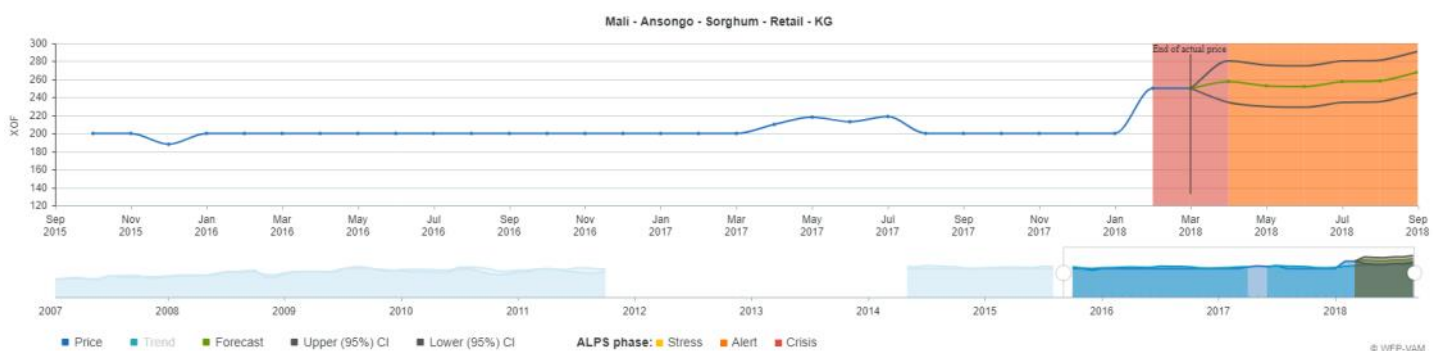
Cereal-to-livestock terms of trade are generally unfavorable to pastoralists across all zones, limiting their food access. Though livestock supply levels are generally similar to last year's levels, demand is weak due to the economic crisis and reduced exports to neighboring countries, particularly to Nigeria and Libya. The reduction in exports has particularly affected the Saharan zone (Borkou, Ennedi Est, Ennedi Ouest) and the western Sahel (Barh El Gazal, Kanem, Lac). Concerning livestock prices, trends in eastern Chad currently differ from those observed across the rest of the country. In particular, livestock prices in the East and South-East have been rising due to early transhumant movements away from these zones, reducing local supplies. Prices in the South (Moundou, Goré, Sarh) and West (Bol, Mao), meanwhile, are in decline compared to both February 2017 levels and the five-year average. (Source: WFP)

Mali

During March 2018, the availability and supply of cereals on the markets is generally average but down compared to last month. In addition, the supply status varies from rare to missing for some commodities (cowpeas, maize and sorghum) in the north and center of the country due to pockets of poor production and insecurity.

Compared to the previous month, the quantities sold decreased for millet and for maize. The quantities sold by producers decreased from 4,150 tons last month to 3,640 tons this month for millet, from 2,750 tons to 2,300 tons for maize, which gives a variation of -12% and -16% respectively. On the other hand, those of sorghum have increased by 23%, from 1,665 tons last month to 2,047 tons this month. (Source: OMA)

Cereal prices are very high compared to March 2017 for sorghum + 26%, millet + 22%, corn + 12% and stable for local rice and imported rice (+ 2%, + 3% respectively). The majority of the markets are categorized at an alert level according to ALPS. (See example of crisis in Gao, Ansongo below; dataviz.vam.wfp.org.)



The cost of the food basket compared to last month is slightly up 4%. Compared to March 2017, due to the rise in cowpea prices, the cost of the food basket is globally up 10%. This increase is more pronounced in Timbuktu circles (34%) and Diré (31%) in the Timbuktu region. The Niafouké circles (16%) in the region of Timbuktu, Tenenkou (14%) in the Mopti region, and the Ménaka region (10%) show less variation but remain significant. These increases are mainly due to a medium to poor cropping season for cash crops (Niebé, etc.) with irregular rainfall and insecurity that disrupts the functioning of certain markets.

Compared with March 2017, ToT goats / cereals are deteriorating by -19% and strongly disfavoring for breeders. Sharp declines in goat / cereal ToT are observed in most circles in the northern regions, notably Goundam (-39%), Niafouké (-35%) and Timbuktu (-26%) in the region of Timbuktu, Youwarou (-30%), Douentza (-26%) in the Mopti region, and Bourem (-28%) in the Gao region. This deterioration is largely related to the high prices of dry cereals due to poor harvesting, poor farming conditions due to biomass deficits and insecurity.

Looking ahead, it is expected that demand will continue to increase considering:

- The strong demand of populations living in areas considered as pockets of production deficit;
- producers' tendency to practice parsimonious management of grain stocks in their possession;
- and the low carry-over stocks of this marketing year (2017/18).

Mauritania

The markets are generally well supplied with imported products (Rice, Oil, Sugar, Wheat, etc.) and traditional cereals (millet, sorghum, beans, etc.), whose supply is low because of the production deficit. This year (-30% compared to the five-year average for millet and sorghum) is offset by cross-border flows.

Price levels are relatively stable for imported products and even down with the subsidy sales of the government's EMEL shops (sugar -28%, milk powder -25% and oil -13%) However, for traditional cereals, the trend is up from last year in the same period January 2018 vs 2017 (Maize + 42%, Mil + 55%, Sorghum 50 to 60% depending on variety)

It is to note, that soaring sorghum prices started in September 2018 (20% above the average for the last 5 years). This increase is mainly due to the low or lack of availability on the market. Indeed, sorghum is the most consumed local cereal. The market is usually supplied by local production in a normal year. This year, the production under rain has failed, which has resulted in a supply disruption of the markets. Merchants do not have sufficient stock to cope with the demand. This trend is likely to continue with the approach of early lean season this year. Rice prices also

start to be affected and are above their level of last year and their five-year average (Source: WFP)

Cross-border supplies have not been enough to slow the trend. Prices could rise sharply during the lean season as the next harvest of sorghum in lowland and Walo areas does not seem very encouraging to mitigate deficit.

For livestock, prices are down for all classes of animals in poor condition including sheep and cattle: -15 to -20% in January 2018 compared to 2017 because of the lack of grazing and difficulties with watering. Therefore, prices will move towards a downward trend with the continuing degradation of pastoral conditions.

Cross-border flows with Mali remain dynamic. Markets are well supplied with traditional grains, although current prices remain higher than the average year. (Source: PREGEC; March 2018)

Niger

In March 2018, the market supply of staple cereals is satisfactory except in pastoral zones of the North. Food availability for rural households is currently improved through the presence of garden produce (lettuce, cabbage, squash, potatoes, etc.) and the start of the operation "vente de céréales à prix modéré".

Currently, the average price of millet is above 200 FCFA / kg on almost in all regional capitals. Given these high price levels, access to cereals for poor households is seriously affected. In the projected situation (June to September 2018), price levels could reach at least 260 FCFA / kg for millet on almost all markets monitored. (Source: Albichir No102 Mars 2018)

Analysis of current cross border millet prices shows that price differences are relatively favorable to the import of millet and maize from Malanville in Benin and Illela in Nigeria.

Terms of trade for goat versus millet remained almost constant during this month in most livestock markets. For instance, on the market of Abalak / Tahoua which is a pastoral livelihood area, the sale of a goat only allows the breeder to acquire only 35 kg of millet against 36 kg February 2018. This situation could be explained by a stable price of goat and millet on this market. The terms of trade are drastically down from the five-year average which allowed to acquire up to 80 kg of millet.

The terms of trade (onion/millet) on the Agadez market indicate a 17% decrease in opportunities for access to onion farmers' cereals. In March 2018, a bag of 100 kilograms of onion trades for 97 kg of millet against 117 kg in February 2018 and 120 kg for the five year average.

One could expect an increase in the prices of the main agricultural products, because of the upcoming start of Ramadan, when cereal demand is on the rise. However, this increase could be mitigated by the continuation of the operation "vente de céréales à prix modéré". As an example, in Téra, 80 000 tonnes of cereals will be made available to 150 000 households from February to September. (Source: Albichir No102 Mars 2018)

Nigeria

In Nigeria, steady increases in oil production and export prices, which have reached a two year high, have supported oil revenues. As a result, foreign exchange reserves (FOREX) have continued to increase. These indicators, combined with an improved inflation rate are continuing to help to gradually bring Nigeria's economy out of recession.

The value of the Naira (NGN) remains well below historical levels. Nevertheless, there have been slow gains in value in recent months and the gap between the official inter-bank and the parallel market (Bureau de Change) exchange rates continues to narrow.

Nigeria now has a positive balance of trade, which exceeded NGN 1,000 billion (about USD 2.8 billion) for the first time in Q3 2017 since 2014;

The Nigerian Government announced that rice imports will remain banned for the 2018 consumption year with the goal of encouraging local production while reducing demand for FOREX. Rice prices are generally lower in rice surplus producing areas compared to deficit areas.

Markets in the northeast remain well supplied during the post-harvest period, though supplies are well below average due to the combined impacts of below-average main harvest, restricted trade flow or disrupted market activities, thus limited capacity of traders to procure more commodities. Staple prices in markets such as Maiduguri, Damaturu, and Potiskum are higher than average but are notably declining relative to previous months and are lower than last year at the same time. (Source: WFP/FEWSNET; Nigeria Market Outlook 2018)

Senegal

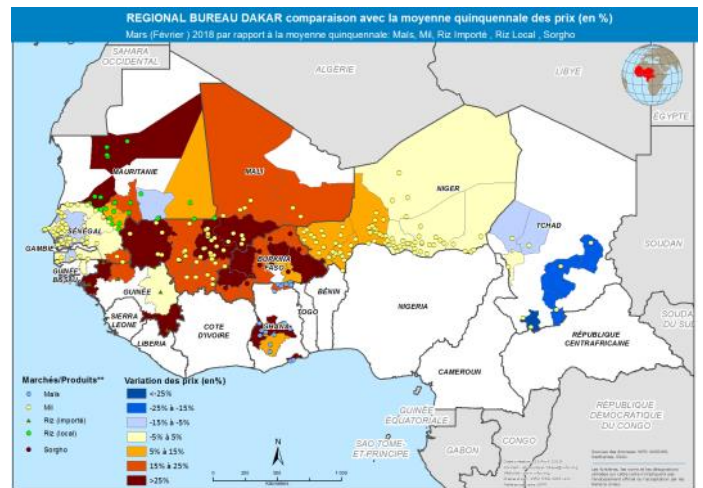
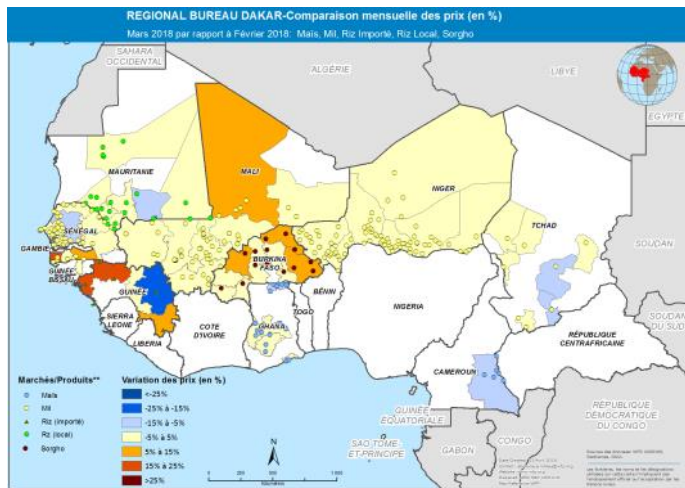
In Senegal, the agropastoral campaign has been characterized by a late onset and long rain breaks (20 to 30 days or more) in the Northern and North East. The situation is marked by an anomaly of biomass production, substantial fodder deficits and low water points in the departments of Podor and Matam with already an early departure of transhumant. In addition to this pasture deficit, bush fires have started in these areas. Here the food security situation remains worrying.

According to the WFP Emergency Food Security Assessment (EFSa) from March 2018, currently the food consumed by interviewed households comes mainly from local markets. The prices of these commodities are rising abnormally this year compared to historical trends, limiting the access of households to staple foods. More than half of households spend more than 65% of their income on food. This situation of economic vulnerability is accentuated by the implementation of so-called stress adaptation strategies, thus endangering their livelihoods.

In general, with a growing demand the markets are quite tense in the north of the country. Indeed, since 2017 the prices of basic cereals (millet, maize, rice and sorghum) are generally up by the 2007-2016 historical average.

The WFP ALPS indicator shows crisis levels for millet in the Orkodiére and Ourosogui markets, supplying households in Matam, Kanel and, to a certain extent, Ranéroú. Alert levels are detected for rice in the Mpal and Saint-Louis markets, which are the main supply hubs in the far north. (http://dataviz.vam.wfp.org/economic_explorer/price-forecasts-alerts?adm0=217)

Map 2 & 3: Monthly and five year average comparison of staple food prices in West Africa—March 2018



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