



World Food Programme



Southern Africa

Highlights:

Across southern Africa, regional food staple prices were below both their respective 2017 levels and 5 year averages (5YA). In Malawi, Mozambique, South Africa, and Tanzania, maize prices were 25 - 36 percent below the 5YA. Prices are expected to decrease in coming weeks as harvesting gets underway. The sole exception to such trends is the DRC, where the average national price of cassava flour has remained above the 5YA since September 2017, and showed an increase from January to February 2018.

A look at the Alert for Prices Spikes (ALPS) shows that in February, with the exception of two markets in the DRC, monitored markets in the region indicated normal price levels for maize.

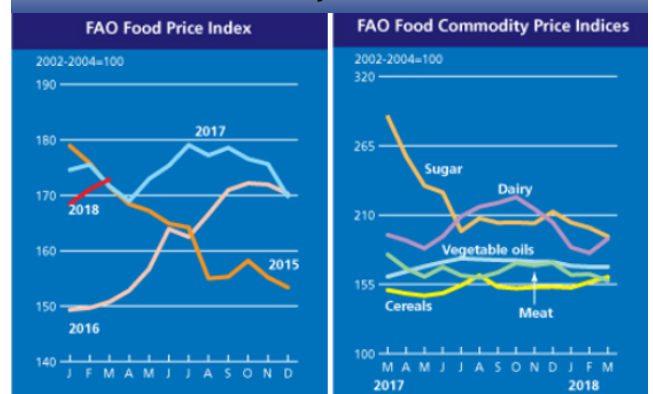
Overall, despite drought conditions experienced in December 2017 and January 2018, regional maize supplies are expected to be normal or above normal. Yet, there are pockets of areas that could experience shortfalls (e.g. in southern Madagascar, southern Malawi, south-eastern Mozambique, central and southern Zambia, and Zimbabwe) and these need to be monitored closely.

International Food Staple Price

The **FAO Food Price Index\*** (FFPI) averaged 172.8 points in March 2018, up 1.1 percent (1.8 points) from February, marking the second month of consecutive increase. At this level, the FFPI stood at 0.7 percent above its value of the corresponding month last year. As in February, the month-on-month increase in March was driven primarily by stronger international prices of cereals and dairy; whereas the prices of sugar and vegetable oils fell further and those of meat rose slightly.

The **FAO Cereal Price Index** averaged 165.6 points in March, 2.7 percent (4.3 points) higher than in February and as much as 12.1 percent above its value in March 2017. The Index has been climbing continuously in recent months, reflecting firmer international prices of nearly all major cereals. In recent weeks, weather concerns, in particular prolonged dryness in the United States and cold wet conditions in parts of Europe, lifted wheat price quotations. However, the increase in maize prices proved even more pronounced, supported by deteriorating crop prospects, especially in Argentina, as well as continued robust world demand. Asian purchases kept international rice prices also generally firm (Figure 1).

Figure 1: FAO Food Price Index and Food Commodity Price Index

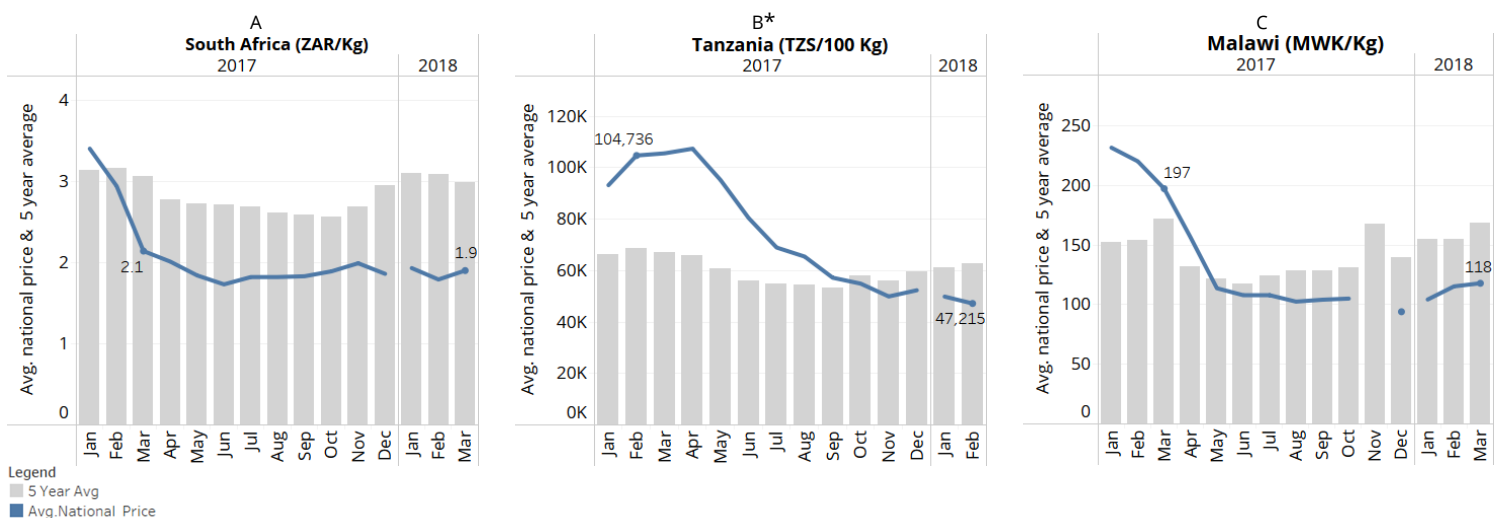


Source: <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>

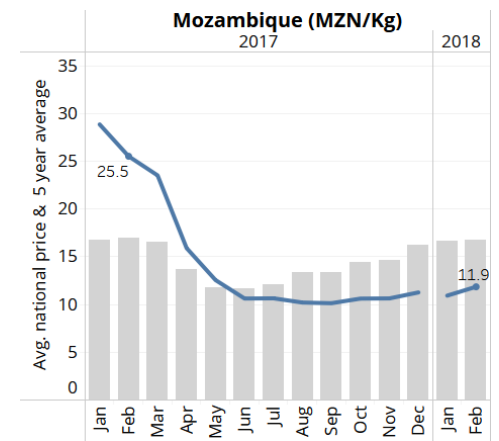
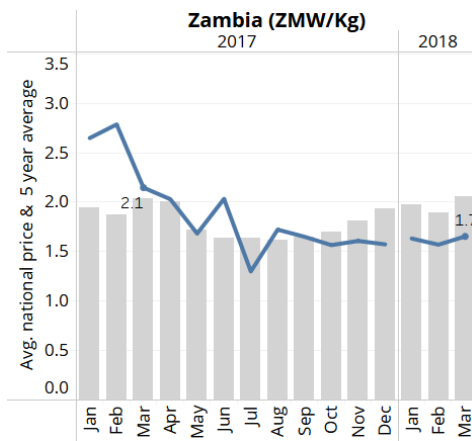
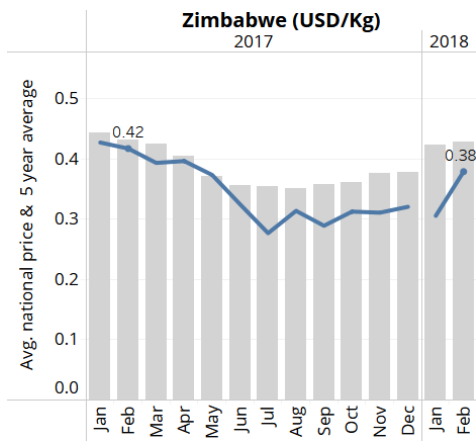
Regional Food Staple Price Trends

Average national maize prices were below their respective 2017 levels and 5 year averages (5YA) region wide (Figure 2). Maize supplies will improve in the coming months with harvest imminent in the region. This should keep current price levels well below 2017 levels and 5YA, with further decreases expected as the 2017/18 production season nears its end. In contrast, in the DRC, the average national price of cassava flour has - with the exception of Aug. 2017 - remained above the 5YA for the past year (Figure 3).

Figure 2: Average Monthly White Maize Prices from Selected Countries in Southern Africa

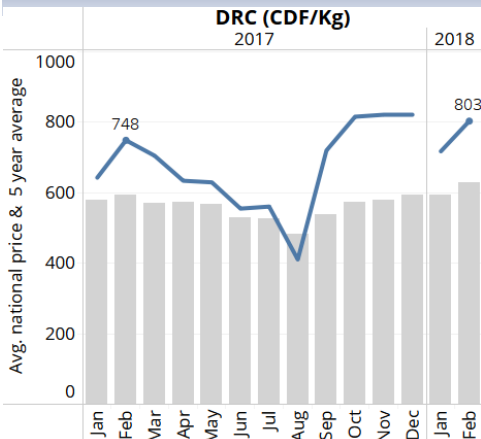


Note: (\*) Tanzania: Wholesale Prices (100 Kg)



Source: WFP & FAO (SA prices)

**Figure 3: Avg. Monthly Cassava Price**



Source: WFP

### Monthly Price Movements

Price movements between January and March 2018 showed mixed trends, fluctuating up and down following seasonal trends as the lean season drew to a close.

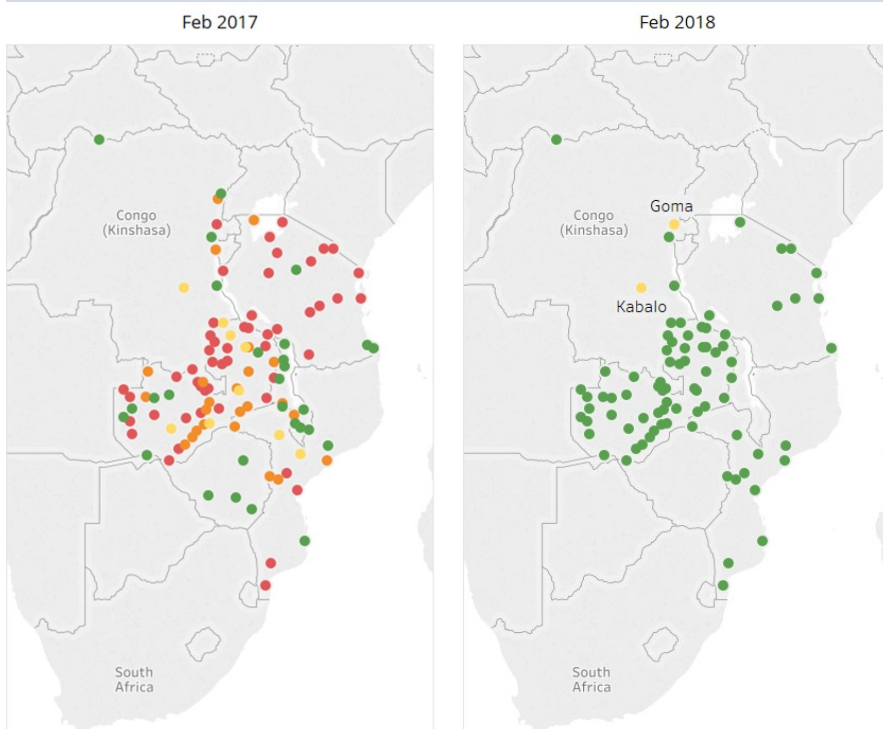
Month on month (m-o-m) staple prices were generally on an upward trend except in **Tanzania**, where the average maize price dropped by approximately 5 percent in February. **Zimbabwe** recorded the highest price hike of roughly 24 percent in February, with prices reaching levels similar to those of Q1 2017. In **Mozambique**, the average maize price was up by 8 percent. In **Malawi** and **South Africa (SA)**, average maize prices rose by approximately 2 and 6 percent respectively in March (**Figure 2**).

Maize prices stood at 25 to 36 percent below the 5YA in **Tanzania, Mozambique, Malawi** and **SA**. In **Zambia** and **Zimbabwe**, maize prices were also below the 5YA, at 20 and 11 percent respectively. The exception to this trend has been in the **DRC**, where the average price of cassava has been above the 5YA since September 2017 (**Figure 3**).

**Near Term (April - June 2018):** Harvests should be in full swing across the region in the coming months, and prices are likely to decline moderately. Typically, prices begin dropping during the harvest season, around May and June. Trend analysis suggests that substantial price drops (such as those seen in 2017) are highly unlikely this year given that maize is trading at prices levels similar to those last seen in 2014.

### Alert for Price Spikes (ALPS)

**Figure 4: Status of Monitored Food Markets in Southern Africa, Feb. 2018 – ALPS (Maize)**



Source: ALPS WFP

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 4**<sup>2</sup> presents markets that meet the selection criteria for ALPS.

According to ALPS, with exceptions in the DRC, namely Goma and Kabalo, most monitored markets in the region experienced normal maize price levels. The situation is overall better than the same period last year. In February 2017, most markets were either in the Alert or Stress phase, indicating unusually high price levels.

[For more details on the ALPS indicator](#)

ALPS phase  
 Normal  
 Stress  
 Alert  
 Crisis

<sup>2</sup> Note that the markets depicted in **Figure 4** 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.

## Outlook

In general, despite reduced 2018 harvest prospects due to several countries in the region having experienced drought conditions in December 2017 and January 2018, regional maize supplies are expected to be above normal. This is owing to significant carry over stock from 2017. In addition, as harvesting gets underway in coming weeks, regional supplies are further expected to increase. However, there are pockets of areas that could experience shortfalls (e.g. in southern Madagascar, southern Malawi, south-eastern Mozambique, central and southern Zambia, and Zimbabwe) and these need to be monitored closely.

South Africa, the largest maize producer in the region, is in for fairly good harvest this year. South Africa, with a domestic requirement of 10.5 million tonnes of maize, is expected to produce 12.8 million tonnes of maize; this, coupled with a carry over stock of roughly 4.1 million tonnes, should guarantee sufficient supplies of maize in the region. In Madagascar, local rice will increasingly be replaced by imported rice as the 2018/19 season progresses.

## Regional Exchange Rate Patterns and Inflation Rates

**Table 1** shows the exchange rates for select countries from February to April in both 2017 and 2018.

The Congolese Franc has, year-on-year (y-o-y), depreciated significantly compared to April last year, down 16.5 percent vis-à-vis the USD. In contrast, the Republic of Congo and Mozambique saw their currencies appreciate by over 10 percent vis-à-vis the USD. The Swazi Lilangeni also appreciated by over 10 percent relative to April 2017 (**Figure 5A**). The Lesotho Loti and Swazi Lilangeni are pegged to the South African Rand, and thus show the same movement.

In terms of month-on-month (m-o-m), from March to April

2018, Madagascar and Swaziland saw their currencies depreciate by approximately 2 percent, while Mozambique saw its currency appreciate by nearly 3 percent (**Figure 5B**).

Exchange rate trends in **Figure 6** suggest that since early 2017, the currencies of Mozambique, RoC, Zambia and Swaziland (also Lesotho and South Africa) have been strengthening vis-à-vis the USD. The currencies of the DRC, Tanzania, Malawi and Madagascar have levelled off for the past several months.

**Inflation Rates:** Inflation rates for the past 12 months in the region were as follows (**Figure 7**): DRC -49 percent (Feb.), Malawi - 10 percent (Mar.), Zambia - 7 percent (Apr.), Lesotho - 5 percent (Feb.), Tanzania - 4 percent (Mar.), and Mozambique - 3 percent (Mar.).

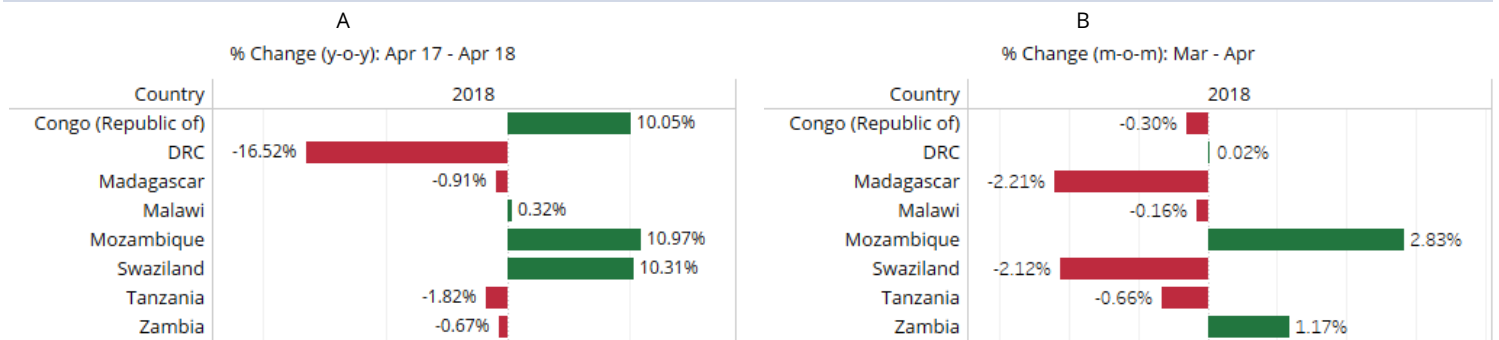
Zimbabwe's inflation was 3 percent in February, which is a level the country has not experienced since early 2013. The country continues to face liquidity issues.

**Table 1: Exchange Rates**

Country	2017			2018		
	Feb	Mar	Apr	Feb	Mar	Apr
Madagascar	3,088.6	3,139.2	3,180.0	3,151.9	3,139.8	3,209.0
Tanzania	2,227.9	2,227.5	2,227.9	2,247.7	2,253.5	2,268.5
DRC	1,260.2	1,328.4	1,370.1	1,596.3	1,596.8	1,596.5
Malawi	716.7	715.6	716.9	714.5	713.5	714.6
Congo (Republic of)	616.3	613.1	613.9	548.4	550.5	552.2
Mozambique	70.2	69.9	67.5	60.8	61.8	60.1
Swaziland	13.2	12.9	13.5	11.8	11.8	12.1
Zambia	9.7	9.6	9.4	9.8	9.6	9.5

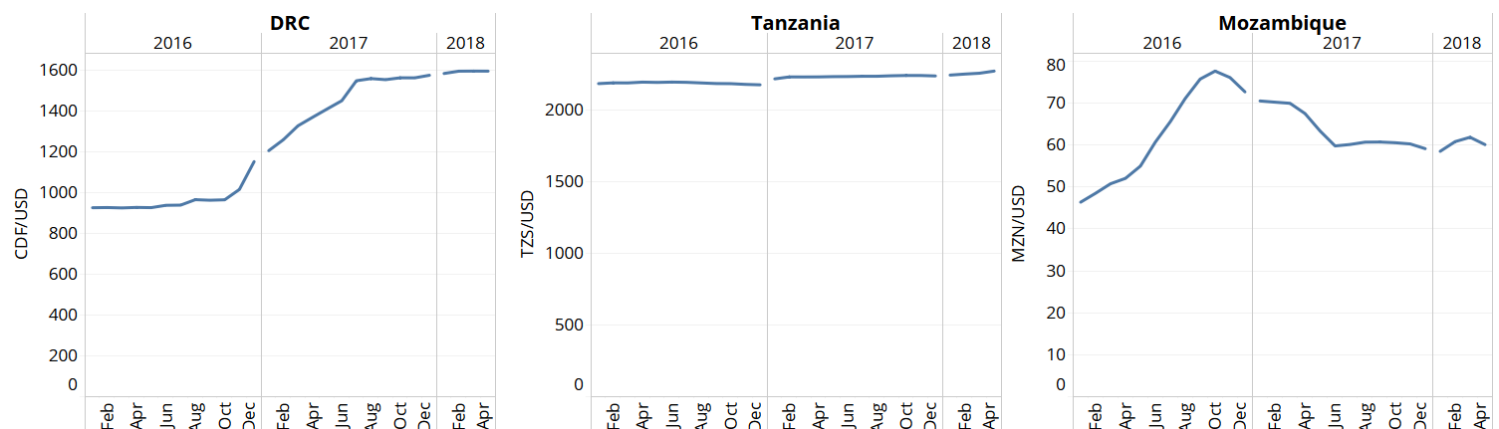
Data Source: <http://www.tradingeconomics.com>

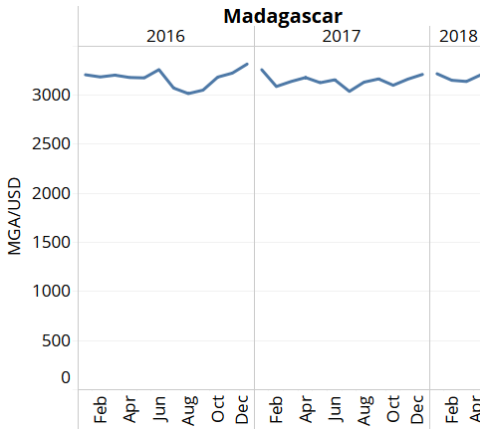
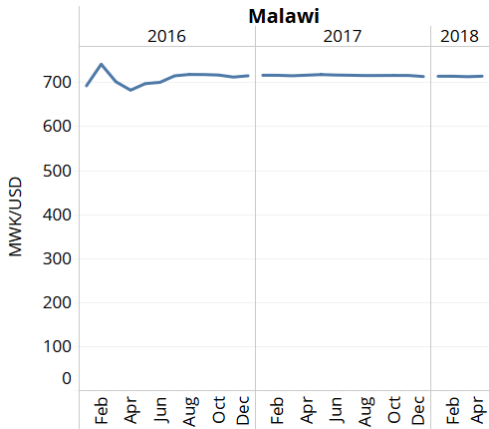
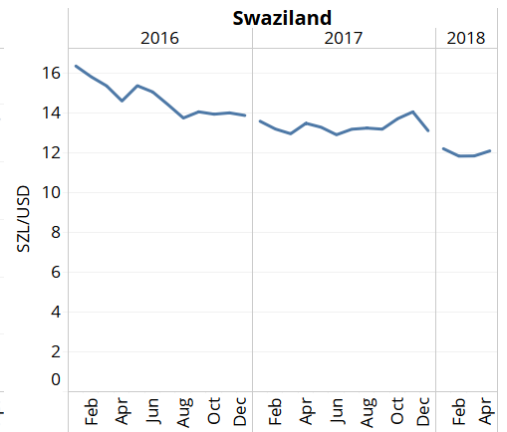
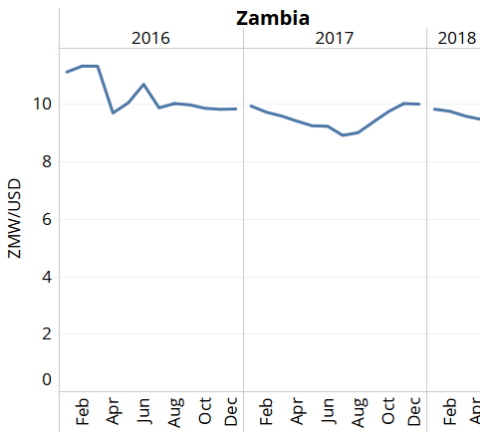
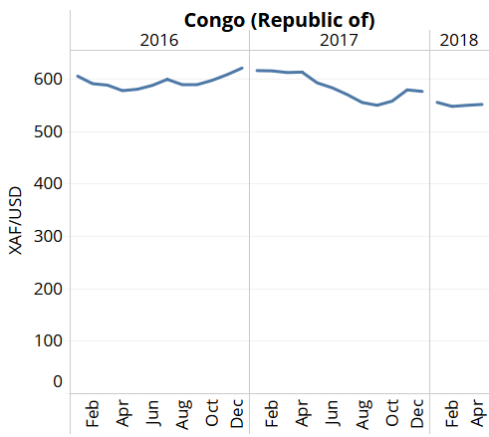
**Figure 5: Exchange Rate Movements**



m-o-m is comparison between the current month and the previous month; y-o-y is comparison between the current month and the same month of the previous year

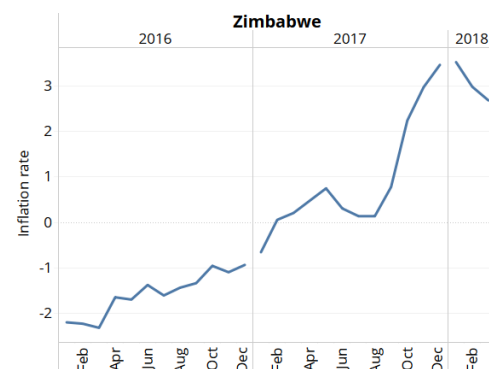
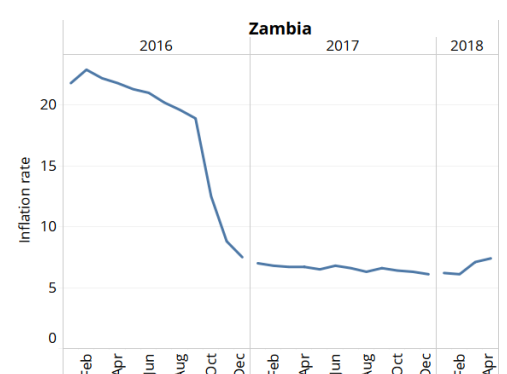
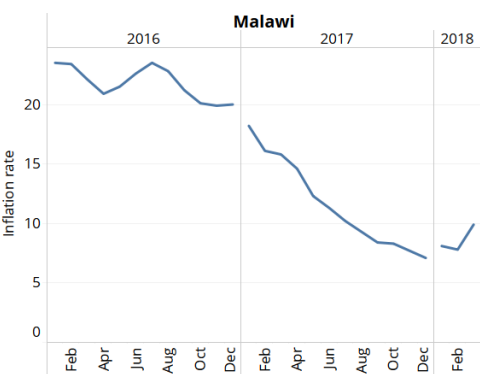
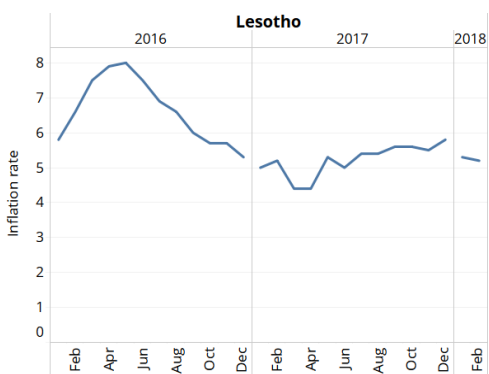
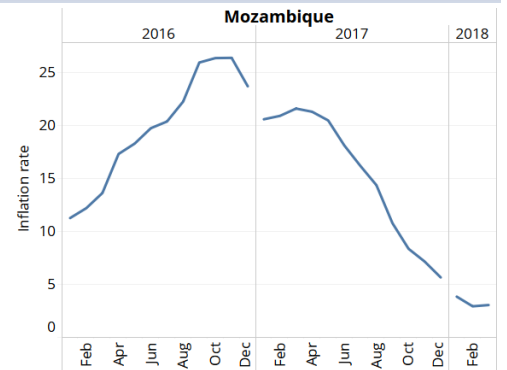
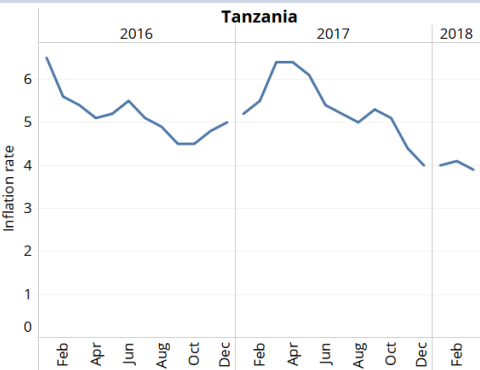
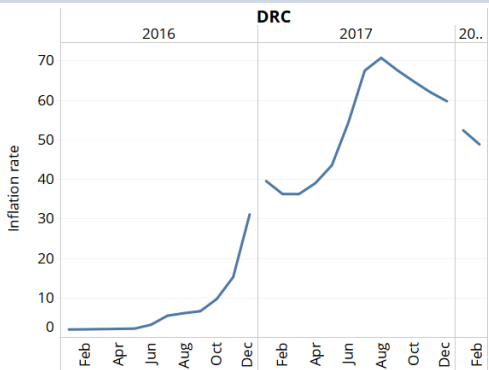
**Figure 6: Exchange Rate Trends**





Data Source: <http://www.tradingeconomics.com>

**Figure 7: Inflation Rates**



Data Source: <https://tradingeconomics.com>