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Southern Africa Region Monthly Food Price Update

Highlights

In most countries across southern Africa, national average maize prices currently remain below 5 year average (5YA) levels. The exception to this is Zambia, where in September, the national average maize price was 5 percent above the 5YA.

Markets in Zambia appear to be experiencing stress earlier this year, and in mid-October, the Zambian Government imposed temporary restrictive measures on the exportation of maize grain/meal products to help secure national strategic reserves.

In general, countries' national average maize prices are higher this year than last year. Compared to the same month of the previous year, the national average maize price in Mozambique was 30% higher, in South Africa 26% higher, and in Malawi 25% higher.

From September to October, Zimbabwe's inflation rate surged from approximately 5 percent to 21 percent, and its food inflation rate reached approximately 27%. This is a cause for concern as the lean season progresses. A market assessment is currently underway, and we will continue to closely monitor the situation.

International Staple Food Prices

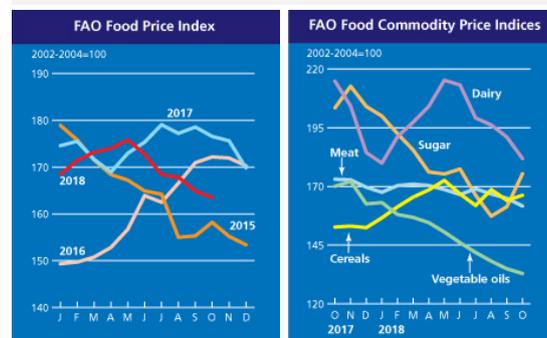
The **FAO Food Price Index (FFPI)** averaged 163.5 points in October 2018, down 1.4 points (0.9 percent) from September and some 13 points (7.4 percent) below its level in the corresponding period last year. The October decline in the FFPI was the result of falling dairy, meat and oils prices, which more than offset a surge in sugar prices and a more moderate increase in the prices of cereals. The October FFPI is at its lowest level since last May.

The **FAO Cereal Price Index** averaged 166.3 points in October, marking a rebound of 2.2 points (1.3 percent) from September and representing a 13.6 point (8.9 percent) year-on-year increase. Among the major cereals, maize quotations from the United States firmed the most, supported by strong export sales, while wheat prices also averaged higher, driven by a tighter supply outlook especially in view of deteriorating crop prospects in Australia. By contrast, rice prices fell, as harvest pressure, competition among exporters and currency movements weighed on Japonica and fragrant quotations (Figure 1).

South Africa Fuel Prices

From October to November, diesel wholesale prices increased by 3 percent to R16/liter (Figure 2). In contrast, after 7 consecutive months of

Figure 1 FAO Food Price Index and Food Commodity Price Index



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

Figure 2 South Africa Fuel Prices*



Source: Central Energy Fund; *Inland (Gauteng) prices
<http://www.cefgroup.co.za/petrol-price/>

increases, petrol retail prices remained unchanged at R17/liter. This can be attributed in part to lower crude oil prices during this period, as well as to the appreciation of the Rand.

November 2018

Regional Staple Food Price Trends

In most countries across southern Africa, national average maize prices currently remain below 5 year average (5YA) levels (Figure 3). The exception to this is **Zambia**, where since August, the national average maize price has begun to surpass the 5YA; in September, at 1.8 ZMW/kg, it was 5 percent above the 5YA.

In other countries also, national average maize prices are beginning to close in on their 5YA levels. At 13MZN/kg, **Mozambique's** national average maize price in September was just below its 5YA of 13.9MZN/kg. Similarly, in **Malawi**, the national average maize price (130MWK/kg) was only slightly below the 5YA of 132MWK/kg.

With the exception of **Tanzania**, countries in the region are also recording higher national average maize prices than last year. Compared to the same month of the previous

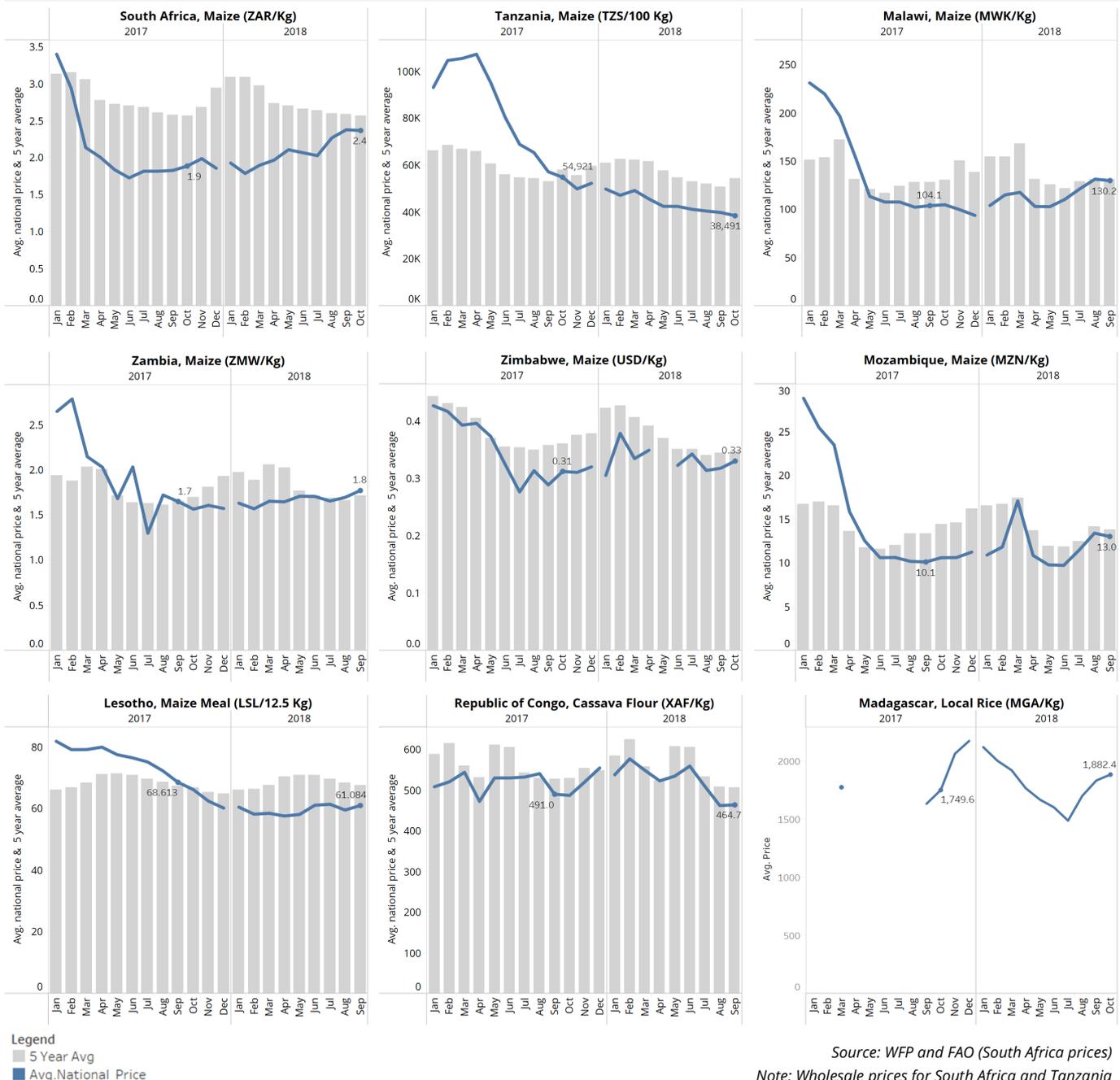
year, the national average maize price in **Mozambique** was 30 percent higher, in **South Africa** 26 percent higher, in **Malawi** 25 percent higher, and in **Zambia** and **Zimbabwe**, 6 percent higher (Figure 3). Maize prices are expected to continue increasing as the lean season progresses, and this may render poor households more vulnerable.

In **Lesotho**, the national average maize meal price continues to remain relatively stable at approximately 60LSL/12.5 kg - 10 percent below the 5YA.

In **RoC**, the national average price of cassava flour remained flat from August to September, with less than 1 percent increase. At 465 XAF/kg, the price is 9 percent below the 5YA level.

The national average price of local rice in **Madagascar** has been on an upward trend since August. At 1,882 MGA/kg, this year's price was 8 percent higher than that of last October 2017.

Figure 3 Monthly Average Prices from Selected Countries



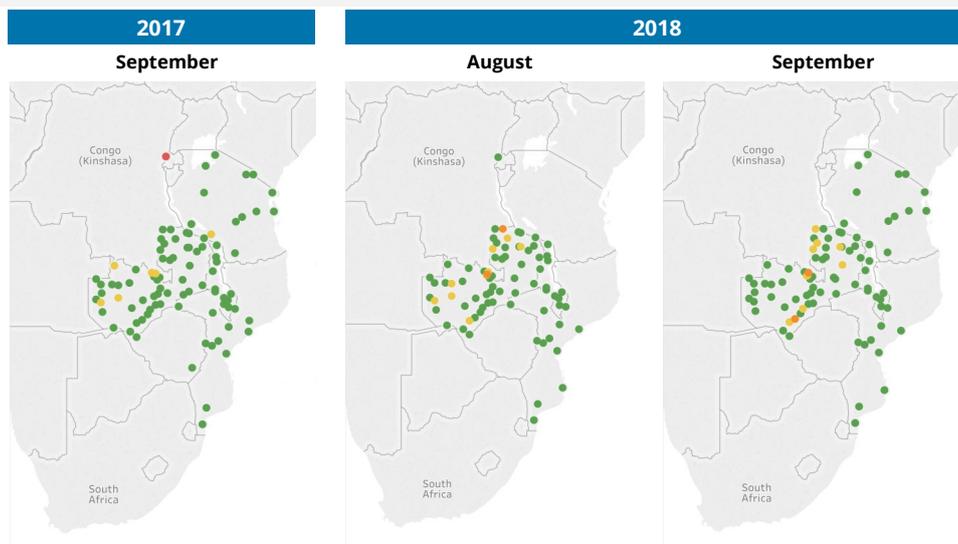
Source: WFP and FAO (South Africa prices)
 Note: Wholesale prices for South Africa and Tanzania

Figure 4 Status of Monitored Food Markets in Southern Africa: August and September - ALPS (Maize)

Note that the markets depicted above 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.

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

Source: ALPS WFP



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 4 presents markets that meet the selection criteria for ALPS (and those for which data were available).

Overall, in August and September, monitored markets in the region were indicating “normal” maize price levels. The

exception to this is Zambia, where markets appear to be experiencing stress earlier than last year. In September, 11 markets were experiencing high maize prices compared to only 5 markets last September.

In mid-October, the Zambian Government imposed temporary restrictive measures on the exportation of maize grain/meal products to help secure the national strategic reserves target of 500,000 tons. As of October 11th, approximately 167,000 tons (30% of the target) were estimated to have been procured.

Regional Exchange Rate Patterns

Table 1 shows the exchange rates for select countries from August to October in both 2017 and 2018. The Lesotho loti, Namibian dollar, and eSwatini lilangeni are pegged to the South African Rand, and thus show the same movement.

On a y-o-y comparison, nearly all countries saw their currencies depreciate against the USD in October. Mozambique was the exception to this, with the metical appreciating by less than 1 percent (Figure 5A).

In terms of m-o-m changes, from September to October 2018, most countries in the region continued to see their currencies depreciate vis-à-vis the USD. South Africa and DRC, however, saw their currencies strengthen slightly (Figure 5B). Exchange rate trends of select countries are shown in Figure 6 on the following page.

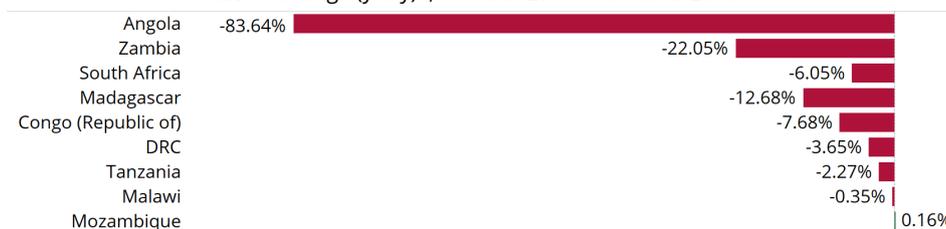
*M-o-m is comparison between the current month and the previous month; y-o-y is comparison between the current month and the same month of the previous year.

Table 1 Exchange Rates (USD)

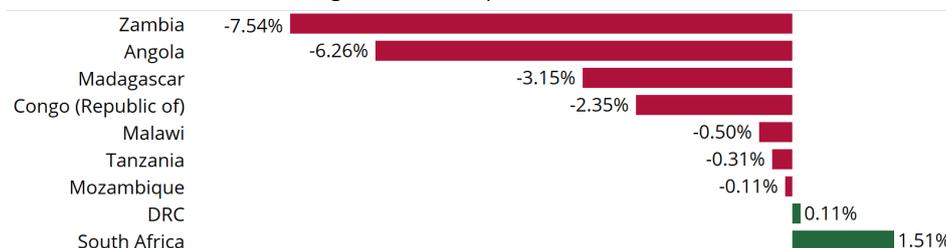
Country	2017			2018		
	August	September	October	August	September	October
Madagascar	3,132.6	3,165.7	3,101.1	3,294.8	3,387.8	3,494.4
Tanzania	2,232.4	2,235.9	2,237.8	2,281.5	2,281.5	2,288.5
DRC	1,560.0	1,554.7	1,563.8	1,617.5	1,622.7	1,620.9
Malawi	716.1	716.2	716.4	713.4	715.3	718.8
Congo (Republic of)	555.9	550.6	558.5	580.8	587.6	601.4
Angola	165.0	165.0	165.1	266.4	285.4	303.3
Mozambique	60.7	60.7	60.5	58.6	60.4	60.4
South Africa	13.2	13.2	13.7	14.1	14.7	14.5
Zambia	9.0	9.4	9.8	10.1	11.1	11.9

Table 2 Exchange Rate Movements

5A: % Change (y-o-y)*, October 2017— October 2018

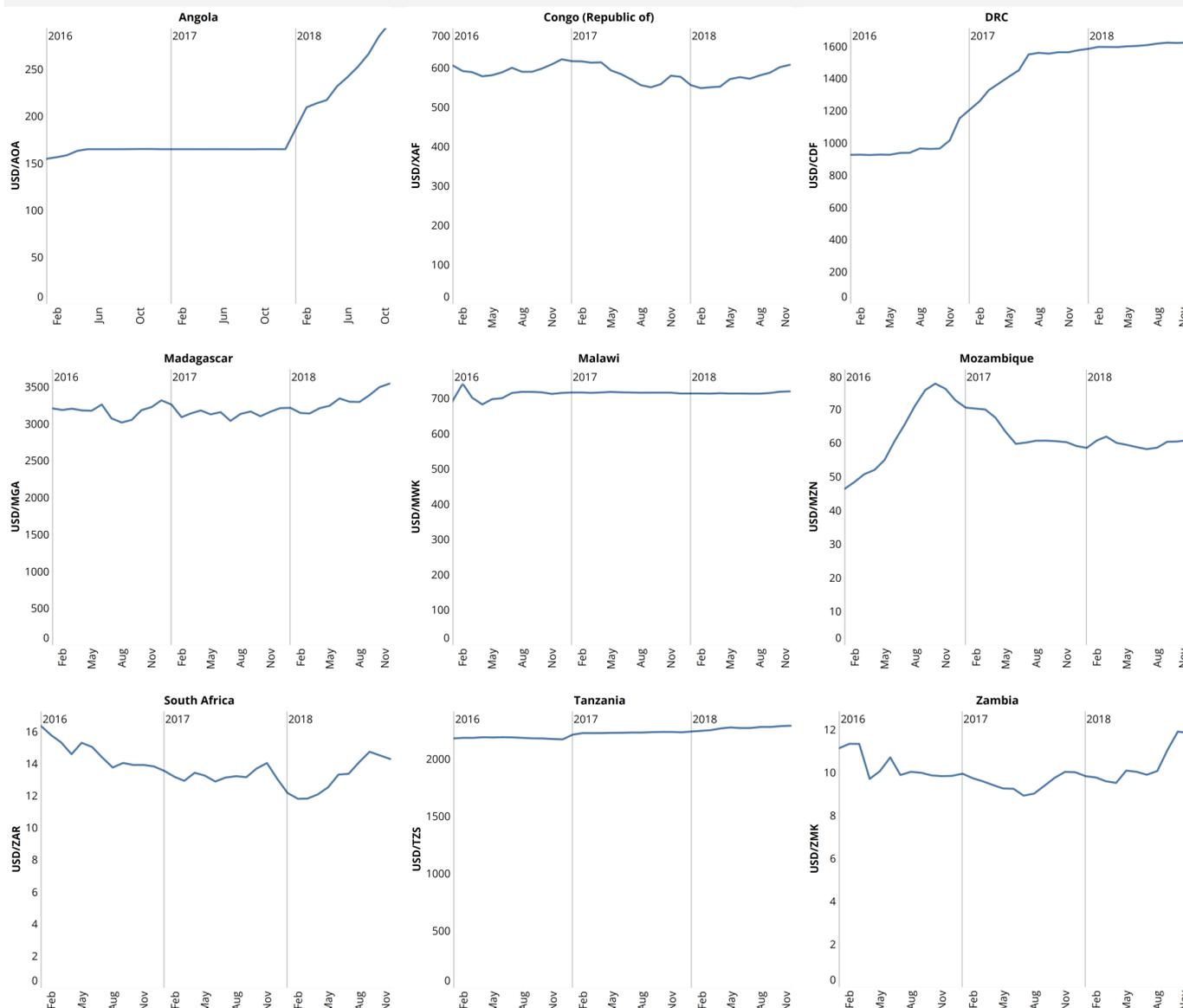


5B: % Change (m-o-m)*, September - October 2018



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

Figure 6 Exchange Rate Trends



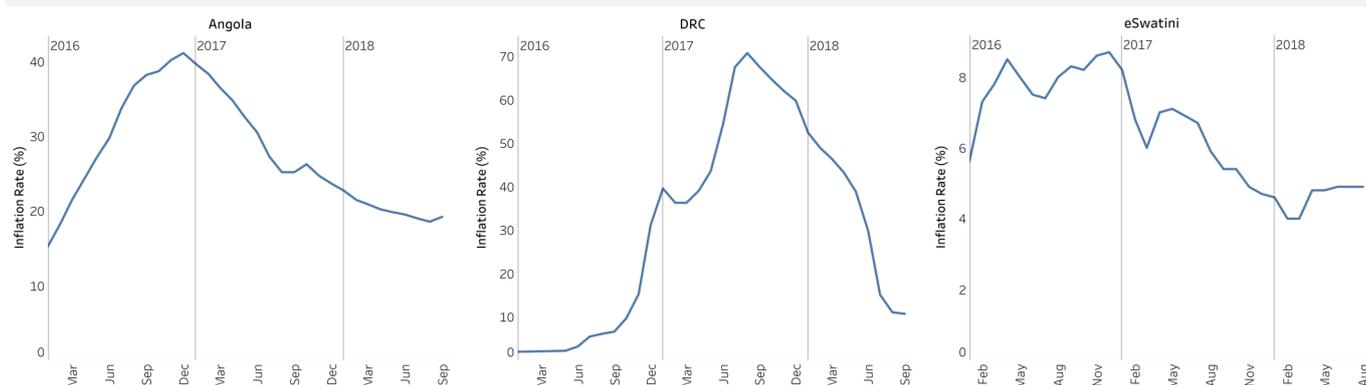
Data Source: <http://www.tradingeconomics.com>

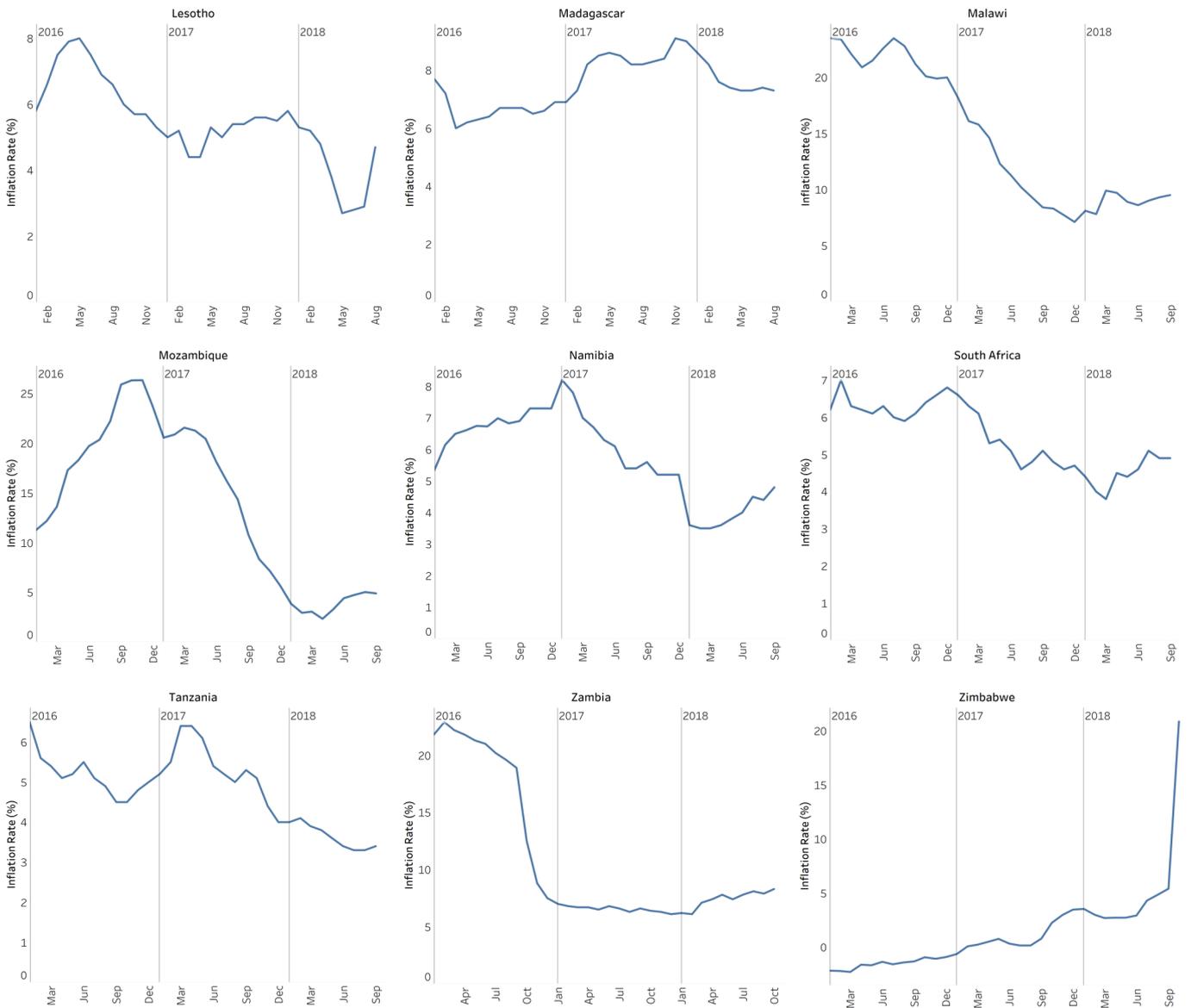
Inflation Rates

Updated inflation rates for each country were approximately as follows (Figure 7): **Zimbabwe**, 21 percent (October); **Angola**, 19 percent (September); **Malawi**, 10 percent (September); **Zambia**, 8 percent (October); **Madagascar**, 7 percent (August); **eSwatini**, 5 percent (August); **Lesotho**, 5 percent (August); **Mozambique**, 5 percent (September); **Namibia**, 5 percent (September); **South Africa**, 5 percent (September); and **Tanzania** 3 percent (September).

According to the latest data from the Zimbabwe National Statistics Agency (ZIMSTAT), in October, the country's inflation rate surged to approximately 21 percent, with food inflation standing at 27 percent. This is the highest level since 2008, when the country suffered severe hyperinflation.

Figure 7 Inflation Rates





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

Zimbabwe's headline/food inflation rate are not well reflected in Figure 3 due to the fact that markets selected for calculating the national average price differ from one month to the next because of data availability.