

SAVING LIVES
CHANGING LIVES



Southern Africa Region Monthly Food Price Update

Highlights

In line with seasonal trends, national average maize prices have been increasing across the region. South Africa, the region's largest maize producer/supplier, is seeing an uptick in prices partly due to lower than expected planting and the possibility of a poor 2018/19 harvest.

Markets in Zambia continue to experience higher than usual maize prices, and in December 2018, the national average maize price was 10 percent above the 5 year average (5YA).

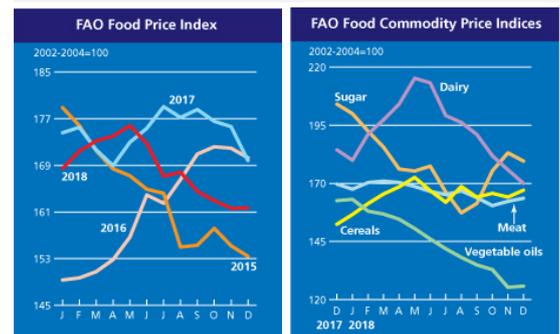
Zimbabwe's inflation rate continued to surge, and in December 2018 it reached 42 percent. Inflation rates are likely to rise again following fuel price hikes in January. Close monitoring of the situation will be needed.

International Staple Food Prices

The **FAO Food Price Index (FFPI)** averaged 161.7 points in December 2018, nearly unchanged from its November value as lower dairy and sugar quotations were largely offset by firmer cereal prices and somewhat higher prices of meat and oils. For the whole of 2018, the FFPI averaged 168.4 points, down 3.5 percent from 2017 and almost 27 percent below the highest level of 230 points reached in 2011. Sugar values dropped the most in 2018, with also vegetable oil, meat and dairy prices registering year-on-year decreases. However, international prices of all major cereals rose in 2018.

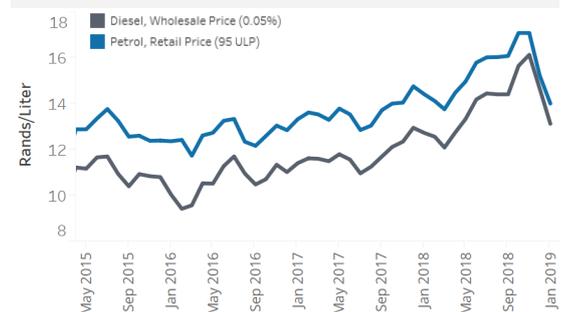
The **FAO Cereal Price Index** averaged 167.1 points in December, 3.0 points (1.8 percent) higher than in November and 9.6 percent above December 2017. Wheat prices were up slightly in December, mostly supported by harvesting concerns in Argentina due to untimely rains and tightening export supplies in the Russian Federation. However, strong competition for exports limited the rise in prices. International maize prices also rose in December, amid firm global demand coupled with weather concerns in the southern hemisphere. By contrast, international rice prices subsided for the sixth successive month, pressured further by a quiet pace of trade. Over the whole of 2018, the FAO Cereal Price Index averaged just over 165 points, some 9.0 percent higher than in 2017 but still 31 percent below its peak reached in 2011. Falling world output of wheat and maize contributed to the increase in prices during 2018, although overall global supplies of all the major cereals remained more than sufficient, leaving inventories still at high levels (**Figure 1**).

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/>

South Africa Fuel Prices

Fuel prices have been on a downward trend since November 2018, when the rand strengthened against the USD and international oil prices continued to decrease.

As of January, diesel wholesale prices had dropped to R13/liter and petrol retail prices had also decreased to R14/liter (**Figure 2**).



Regional Staple Food Price Trends

Across southern Africa, in line with seasonal trends, national average maize prices have been increasing (Figure 3). Prices are generally higher this year compared to last year.

In **South Africa**, the national average maize price has been increasing and closing in on its 5 year average (5YA) level. In December 2018, it was 47 percent higher than in December 2017.

While the national average maize price remains well below the 5YA in **Tanzania**, it has ticked upward in recent months.

In November 2018, the government lifted the maize export ban; as maize farmers begin selling to external markets, local supplies may tighten and exert pressure on prices.

In **Malawi** and **Mozambique**, national average maize prices were 21 percent and 34 percent higher respectively compared to the corresponding month of the previous year.

In **Zambia**, the national average maize price continues to rise above the 5YA; in December 2018, at 2.2 ZMW/kg, it was 10 percent above the 5YA and 38 percent higher than in December 2017. This is likely due to supply pressure resulting from the sharp drop expected in the 2018 harvest.

Figure 3 Monthly Average Prices from Selected Countries

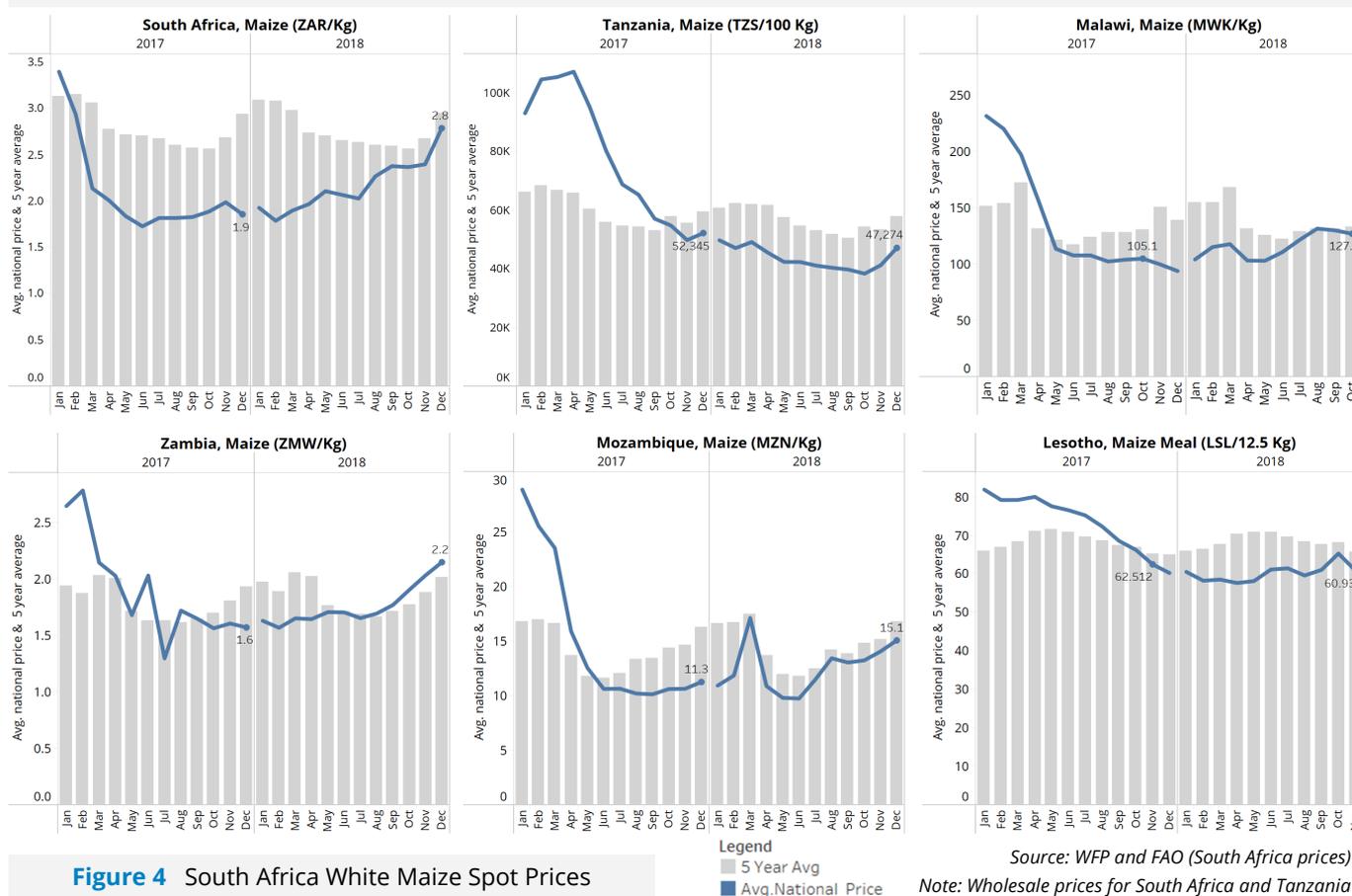
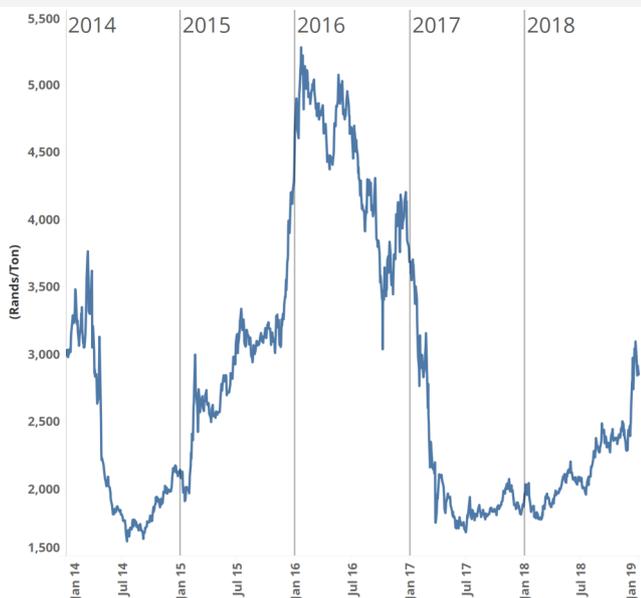


Figure 4 South Africa White Maize Spot Prices



In **Lesotho**, the national average maize meal price remains relatively stable. Although it ticked upwards in October 2018, prices are still below the 5YA at roughly 60LSL/12.5kg.

A closer look at **South Africa**, the largest maize producer/supplier in the region, shows a clear uptick in white maize spot prices since the end of 2018. Although they had been relatively subdued from March 2017 to November 2018, prices increased by approximately 16 percent from November to December 2018 (Figure 4). This can partly be attributed to lower than expected planting and the possibility of a poor 2018/19 harvest due to dryness.

The impact of higher South African prices will likely be felt in the coming months, particularly by maize net importers in the region.

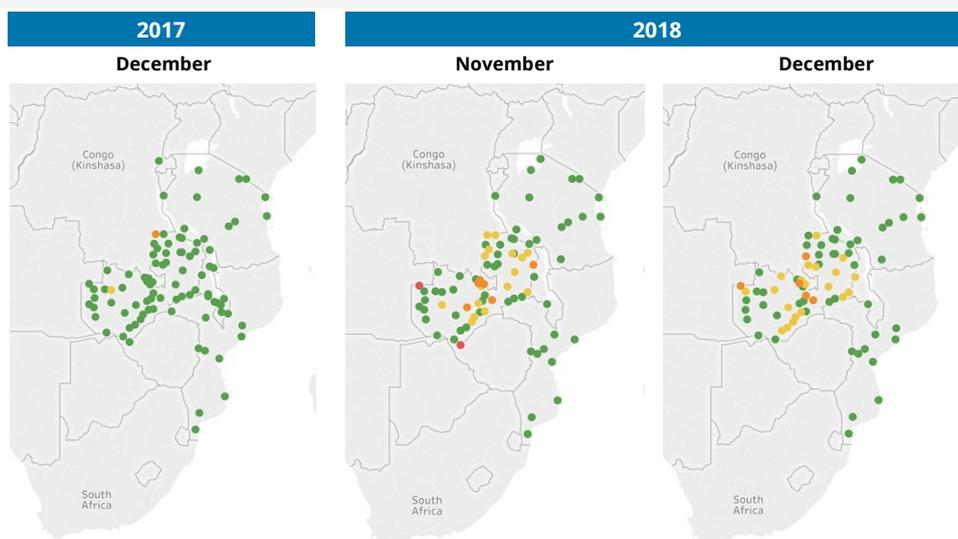
Source (Left): Data from Johannesburg Stock Exchange

Figure 5 Status of Monitored Food Markets in Southern Africa: November and December - 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 5** presents markets that meet the selection criteria for ALPS (and those for which data were available).

Although maize prices have been on an upward trend, in November and December, most monitored markets in the

region were still indicating “normal” maize price levels. One of the exceptions to this is Zambia, where markets are experiencing unusually high maize prices. In November, Chavuma market was in “Crisis,” 6 other markets were in the “Alert” phase, and 17 markets were in “Stress.” In December, 5 markets were in the “Alert” phase and the number in “Stress” increased to 22.

While not enough data was available to calculate ALPS for most markets in Zimbabwe, in November, maize prices in Hwange Town Bus Terminus were at “Crisis” level.

Regional Exchange Rate Patterns

Table 1 shows the exchange rates for select countries from October to December 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, all countries saw their currencies depreciate against the USD in December 2018 (**Figure 6A**).

In terms of m-o-m changes, from November to December 2018, some countries in the region continued to see their currencies depreciate vis-à-vis the USD, while others saw a slight appreciation (**Figure 6B**). The South African rand depreciated by approximately 1.5 percent, while the Malagasy ariary appreciated by 2.7 percent.

Exchange rate trends of select countries are shown in **Figure 7** on the following page.

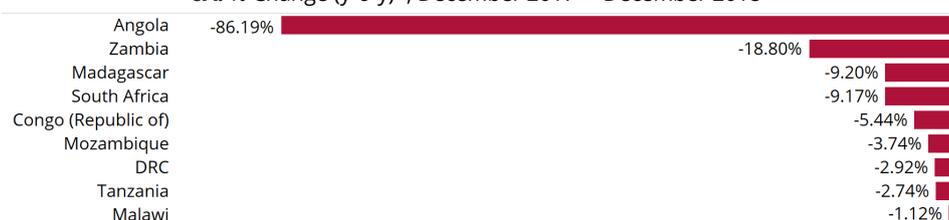
*M-o-m is comparison between the current month and the previous month; y-o-y is comparison between the current month and the same month of the previous year.

Table 1 Exchange Rates (USD)

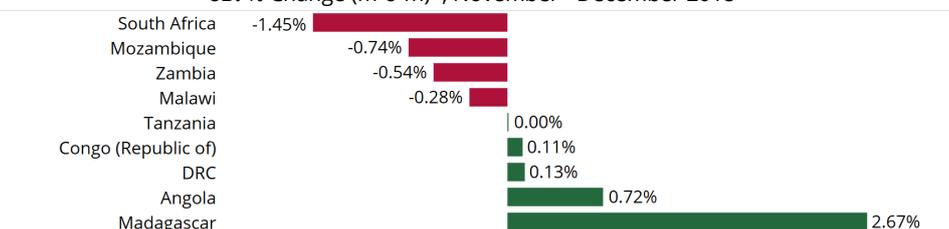
Country	2017			2018		
	October	November	December	October	November	December
Madagascar	3,101.1	3,163.4	3,211.5	3,494.4	3,603.3	3,507.0
Tanzania	2,237.8	2,237.7	2,234.6	2,288.5	2,296.0	2,296.0
DRC	1,563.8	1,563.6	1,576.3	1,620.9	1,624.5	1,622.4
Malawi	716.4	716.2	713.9	718.8	719.8	721.8
Congo (Republic of)	558.5	580.0	577.1	601.4	609.2	608.5
Angola	165.1	165.1	165.1	303.3	309.6	307.4
Mozambique	60.5	60.2	59.1	60.4	60.9	61.3
South Africa	13.7	14.0	13.1	14.5	14.1	14.3
Zambia	9.8	10.0	10.0	11.9	11.8	11.9

Figure 6 Exchange Rate Movements

6A: % Change (y-o-y)*, December 2017— December 2018

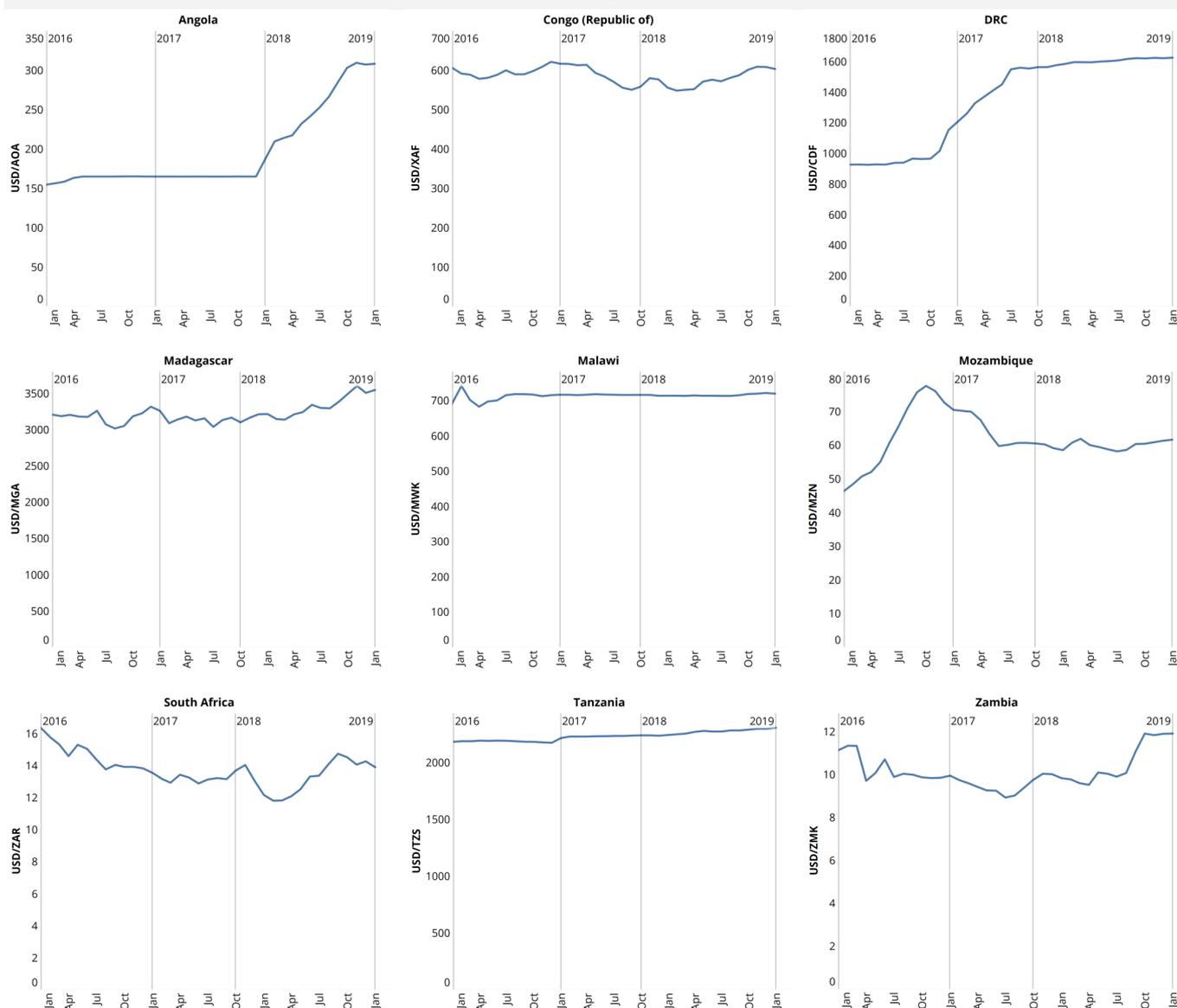


6B: % Change (m-o-m)*, November - December 2018



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

Figure 7 Exchange Rate Trends



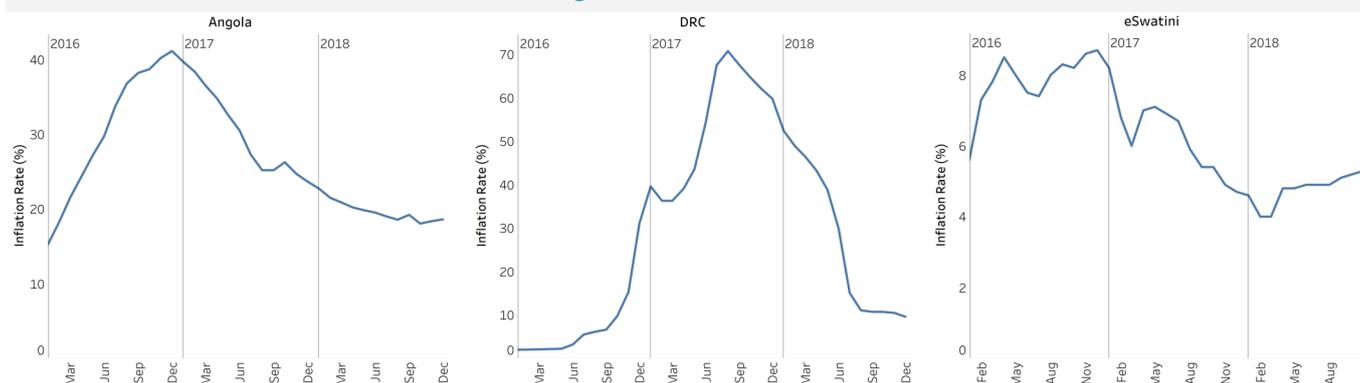
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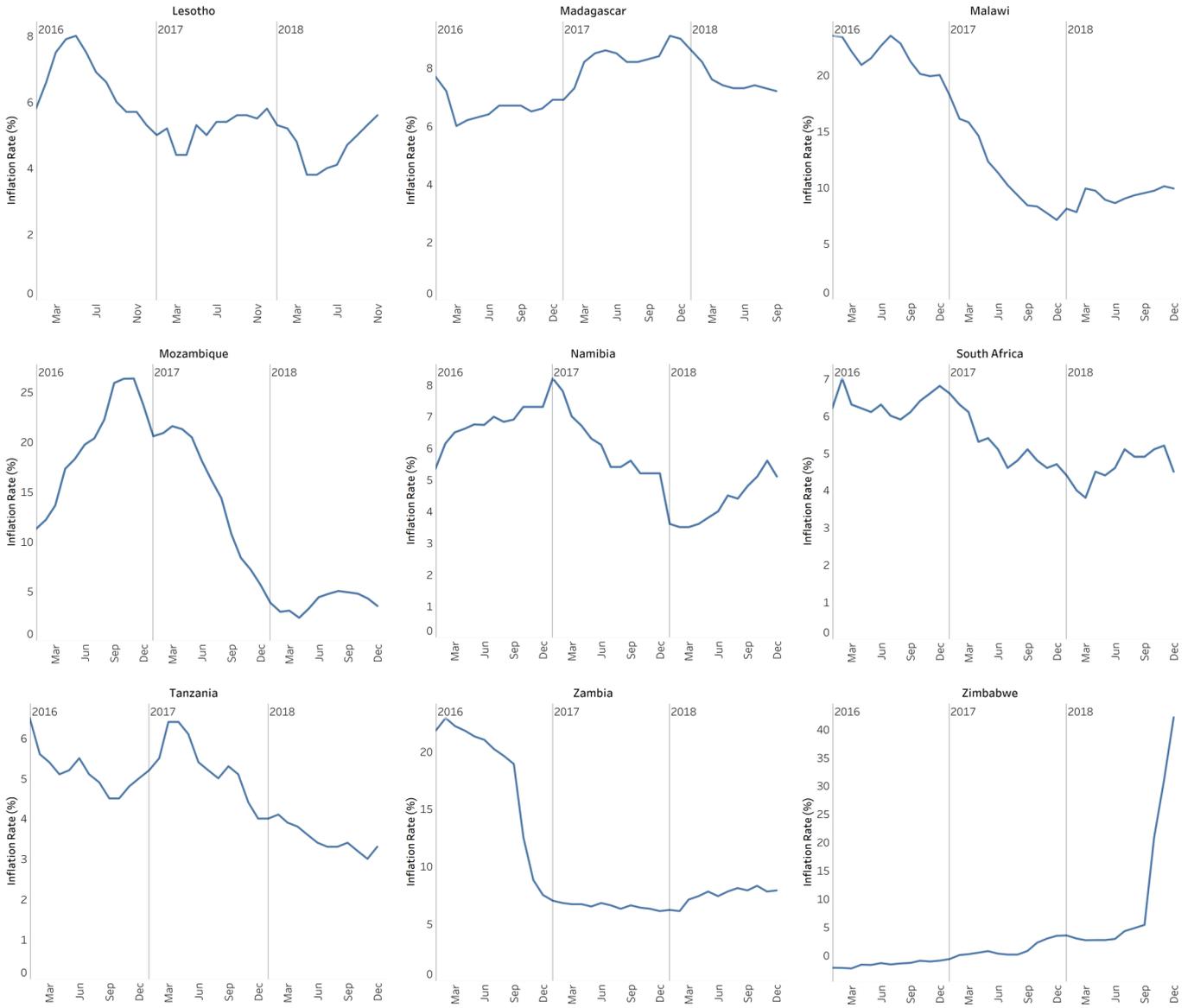
Inflation Rates

Updated inflation rates for each country were approximately as follows: **Zimbabwe**, 42 percent (December); **Angola**, 19 percent (December); **DRC**, 10 percent (December); **Malawi**, 10 percent (December); **Zambia**, 8 percent (December); **Lesotho**, 6 percent (November); **Namibia**, 5 percent (December); **South Africa**, 5 percent (December); **Eswatini**, 5 percent (November); **Mozambique**, 4 percent (December); and **Tanzania** 3 percent (December).

Since October 2018, an interplay of factors, including a tax hike on electronic transactions, led to inflation rates spiking in Zimbabwe. In December 2018, the country's inflation reached 42 percent - its highest rate since 2009 (**Figure 8**). The food inflation rate was slightly higher, at 42.7 percent. Inflation rates are likely to rise again, following fuel price hikes in January which resulted in Zimbabwe's petrol (USD 3.31/liter) and diesel (USD 3.11/liter) prices becoming the highest in the world.

Figure 8 Inflation Rates





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



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