

SAVING LIVES
CHANGING LIVES

Southern Africa Region

Monthly Food Price Update

Highlights

In line with seasonal trends, national average maize prices in most countries in the southern Africa region were on an upward trend in February and March, before the beginning of the main harvest season.

Regional maize supply for the 2019/20 marketing season is expected to be tight owing to lower harvests in key producing countries such as South Africa and Zambia. The latter saw maize price spikes in multiple markets in March, and an export ban on maize grain and meal has been in effect since mid-April.

Following poor seasonal performance in some areas and damage to standing crop awaiting harvest by Cyclones Idai and Kenneth, Zimbabwe and Mozambique are likely to have higher import requirements this year. While this is likely to put pressure on the tight regional maize supply, it will be cushioned by subdued international prices as world maize production is forecast to increase in 2019.

International Staple Food Prices

The **FAO Food Price Index (FFPI)** rose in April 2019 to around 170 points, 1.5 percent (2.5 points) higher than in March and marking its highest value since June 2018. At this level, the FFPI would still remain 2.3 percent below its level in the corresponding month last year. Except for the sub-index for cereals, all the other sub-indices firmed in April, led by dairy and meat, and to a lesser extent vegetable oils and sugar.

The **FAO Cereal Price Index** averaged 160 points in April, down 2.8 percent (4.7 points) from March and 5 percent below its April 2018 value. The sub-index fell for the fourth consecutive month, pressured by large export availabilities and slowing trade. Among the cereals, wheat prices fell the most in April, influenced by prospects for a strong rebound in the 2019 production, amid large exportable supplies. Maize prices were also lower, mostly because of expectations of larger South American crops. By contrast, FAO's rice price index was generally stable in April, amid diverging trends across the various market segments and origins (Figure 1).

South Africa Fuel Prices

Since January 2019, fuel prices have reverted to an upward trend. OPEC+ (OPEC, Russia, and other non-members) have been reducing their oil supply in line with their agreement reached in December 2018. The weakening of the rand has also contributed to higher prices in South Africa.

In April, the diesel wholesale price was approximately R14.9/liter and the petrol retail price was R16/liter (Figure 2).

Figure 1 FAO Food Price Index and Food Commodity Price Index

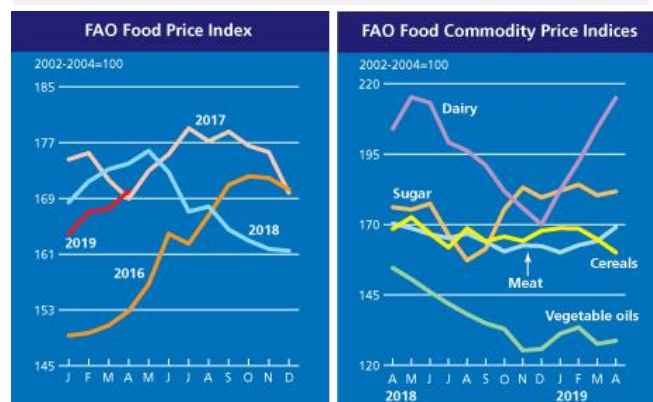
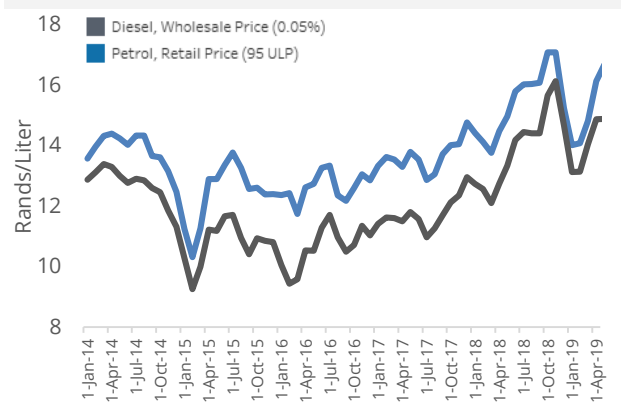


Figure 2 South Africa Fuel Prices*



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



In line with seasonal trends, the national monthly average maize prices in most countries were on an upward trend in February and March, right before the main harvest season (Figure 3).

South Africa's national average maize price, which had been trending below the 5 year average (5YA) since early 2017, reached its 5YA level in March. At 2.9 ZAR/kg, it was 53 percent higher than the March 2018 price. Possible reasons for this include an expected lower 2018/19 harvest (currently estimated at 10.6 million tons - a 15 percent decrease from the previous season) and weakening of the rand. Higher South African prices will likely affect BNLS countries. Other countries with higher import requirements this year (e.g. Zimbabwe, Mozambique) may also be negatively affected by higher South African prices, however, this may be offset by subdued international maize prices owing to an expected increase in global maize production in 2019.

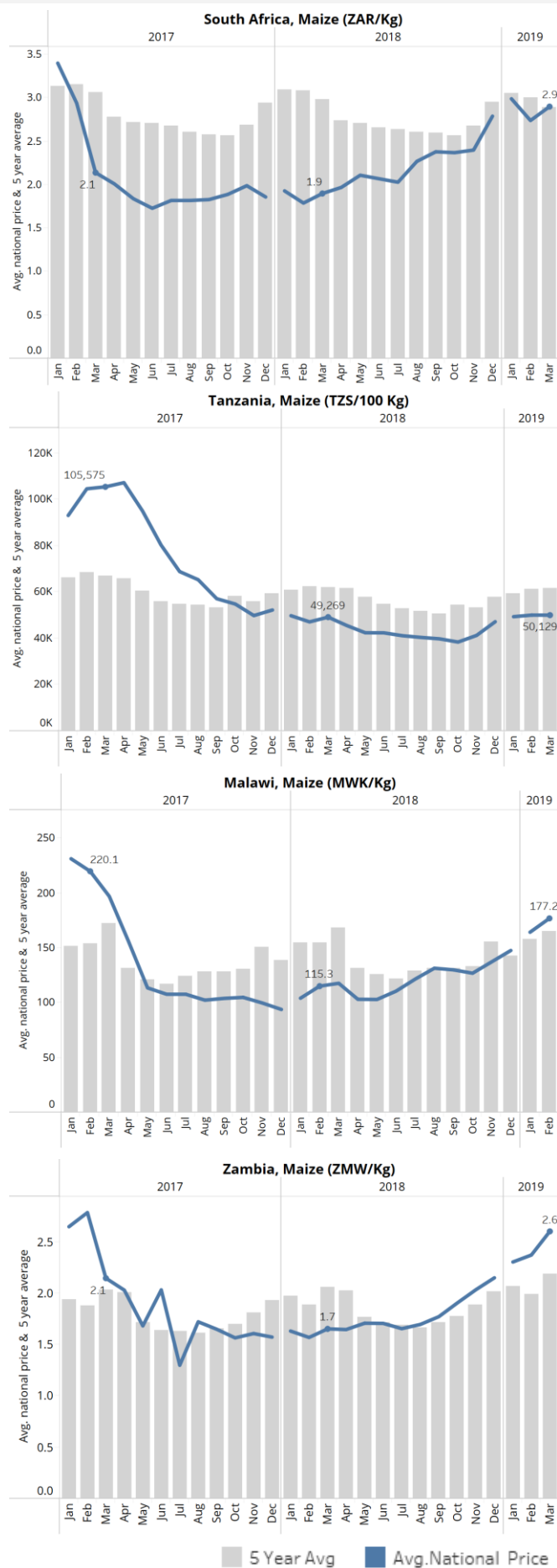
In **Tanzania**, maize prices have remained stable, approximately equivalent to last year's price and below the 5YA level.

As of February, **Malawi's** national average maize price was 54 percent above last year's price and 7% above the 5YA. Based on mVAM data, although maize prices surged in late March in southern Malawi following the flooding, by the 1st week of April they had already begun to decrease. The harvest season is progressing in the south, and given that the country is expecting a better harvest this year (24 percent increase from previous year according to the second round of the Agricultural Production Estimates Survey), prices are expected to continue decreasing in line with the seasonal increase in availability.

In **Zambia**, the national average price of maize has continued to rise, reaching 2.6ZMW/kg in March; this was approximately 53 percent higher than last year's price and 19 percent higher than the 5YA. According to the Ministry of Agriculture, maize production is estimated to decrease to 2 million MT from approximately 2.4 million MT last season. With carry-over stock estimated at 475 thousand MT (of which 64 percent is held by the Food Reserve Agency), total maize supply for the 2019/20 marketing season is estimated to be approximately 2.5 million MT. In order to ensure domestic needs are met, from mid-April, an export ban on maize and maize meal has been in place. Limited maize supplies from Zambia will translate into tighter regional supply.

In **Mozambique**, the national average maize price has continued to rise; in March it was 8% above the 5YA and 22% above last year's price.

Figure 3 Monthly Average Prices from Select Countries

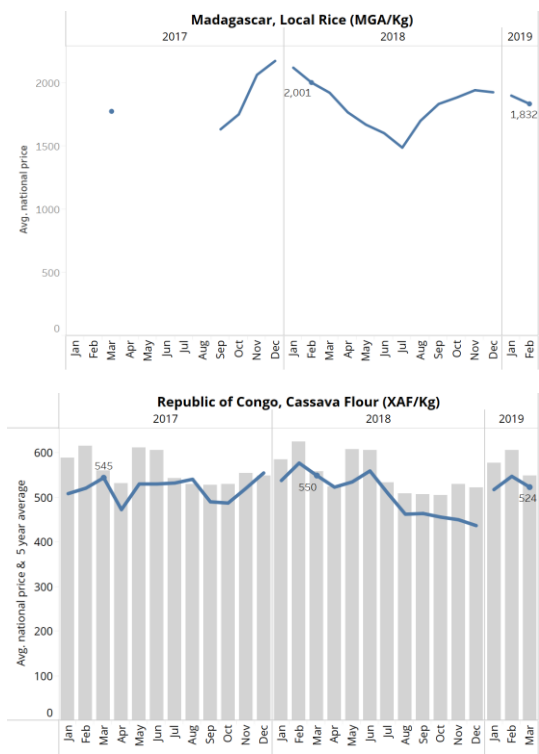
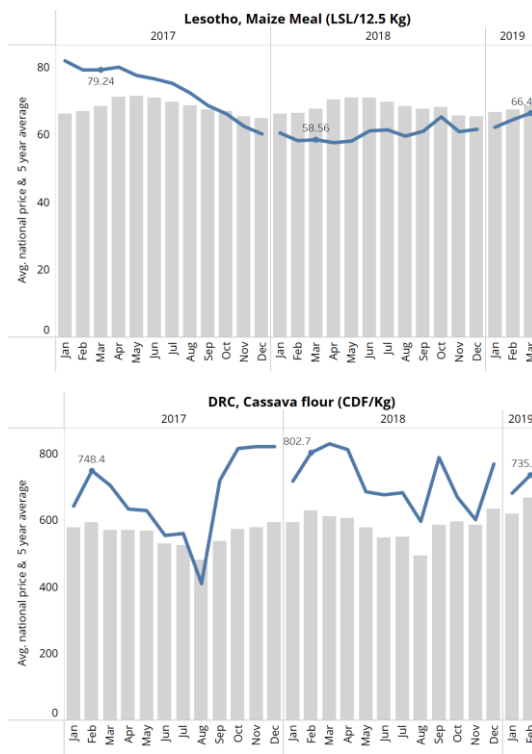


Source: WFP and FAO (South Africa prices)
 Note: Wholesale prices for South Africa and Tanzania

In **Lesotho**, the national average maize meal price has been ticking upwards since the end of last year. Although 14 percent higher than last March's price, it still remains below the 5YA level.

In **Madagascar**, the national average price of local rice has remained relatively stable; in February, it was 8 percent lower than last year's price.

In both **DRC and ROC**, cassava flour prices are trending slightly lower than last year's price; in DRC, the price in February 2019 was 8 percent lower than that of February 2018, and in ROC, the price in March 2019 was 5 percent lower than that of March 2018).



Alert for Price Spikes (ALPS)

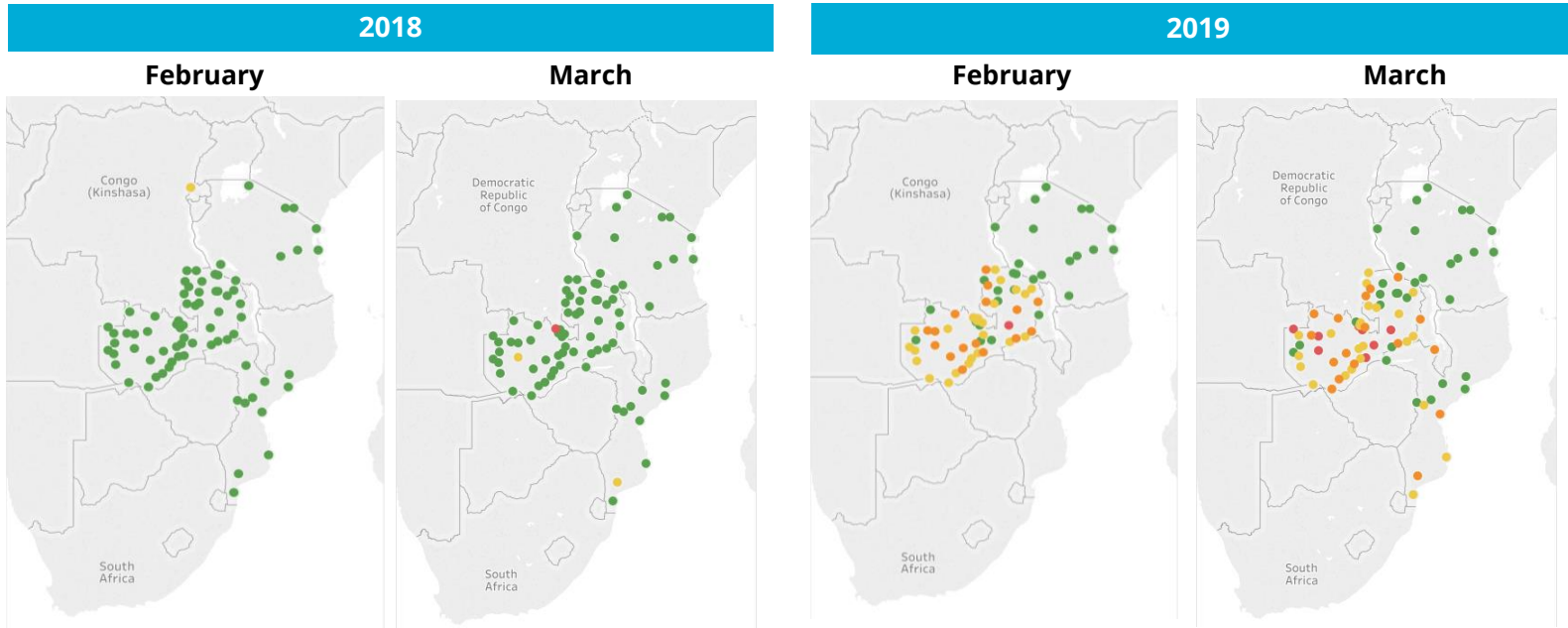
ALPS is an indicator that monitors local food commodity prices and measures the extent to which food commodities found on local markets experience unusually high food price levels for a specific month of the year. Figure 4 presents markets that meet the selection criteria for ALPS (and those for which data were available).

In **Zambia**, markets continue to appear experiencing unusually high maize prices. Of the 54 markets monitored in March, nearly

78% (42 markets) were in either the "Stress," "Alert," or "Crisis" phase. The 8 markets which had maize prices in the "Crisis" phase were Mkushi, Serenje, Kalulushi, Luanshya, Chongwe, Chavuma, Mufumbwe, and Kaoma.

In March, 6 of **Mozambique's** markets were experiencing high maize prices; Massinga, Chimoio, and Maputo were in "Stress" and Beira, Chokwe, and Angonia were in the "Alert" phase.

Figure 4 Status of Monitored Food Markets in Southern Africa: February and March – ALPS (Maize)



Source: ALPS WFP

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](#)

Table 1 shows the exchange rates for select countries from February to April in both 2018 and 2019. 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 April 2019 (Figure 5A). In terms of m-o-m changes, from March to April 2019, only the Tanzanian shilling and South African rand saw their currencies slightly appreciate vis-à-vis the USD (Figure 5B).

Exchange rate trends of select countries are shown in Figure 6.

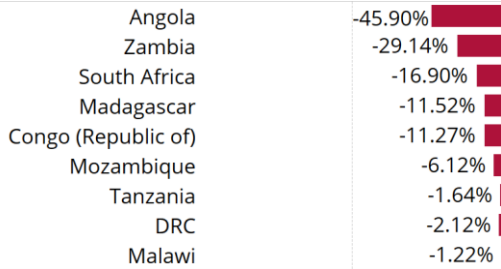
*M-o-m is comparison between the current month and the previous month; y-o-y is comparison between the current month and the same month of the previous year.

Table 1 Exchange Rates (USD)

Country	2018				2019		
	February	March	April	Decemb..	February	March	April
Madagascar	3,145.9	3,138.4	3,210.6	3,507.0	3,523.0	3,528.2	3,580.4
Tanzania	2,247.7	2,253.5	2,269.0	2,296.0	2,324.7	2,338.0	2,306.1
DRC	1,596.6	1,596.0	1,595.5	1,622.4	1,628.5	1,628.8	1,629.3
Malawi	714.0	713.4	714.7	721.8	719.5	720.1	723.5
Congo (Republic of)	548.4	550.5	552.2	608.5	608.2	612.8	614.4
Angola	209.7	213.8	217.5	307.4	312.0	314.3	317.3
Mozambique	60.8	61.9	60.0	61.3	62.1	62.4	63.7
South Africa	11.8	11.8	12.1	14.3	13.8	14.4	14.1
Zambia	9.8	9.6	9.5	11.9	11.9	12.0	12.3

Figure 5 Exchange Rate Movements

5A: % Change (y-o-y)*, April 2018 — April 2019



5B: % Change (m-o-m)*, March 2019 — April 2019

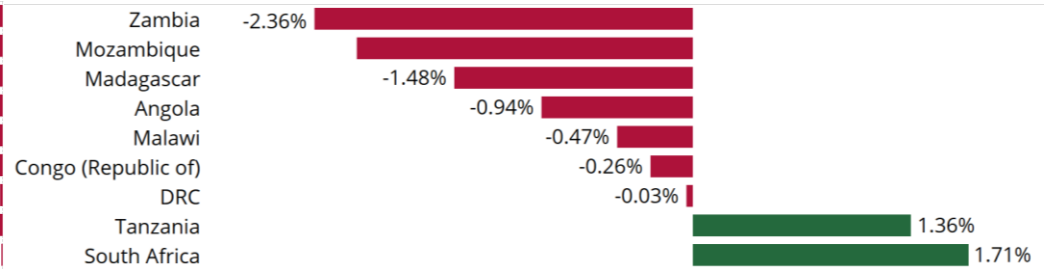
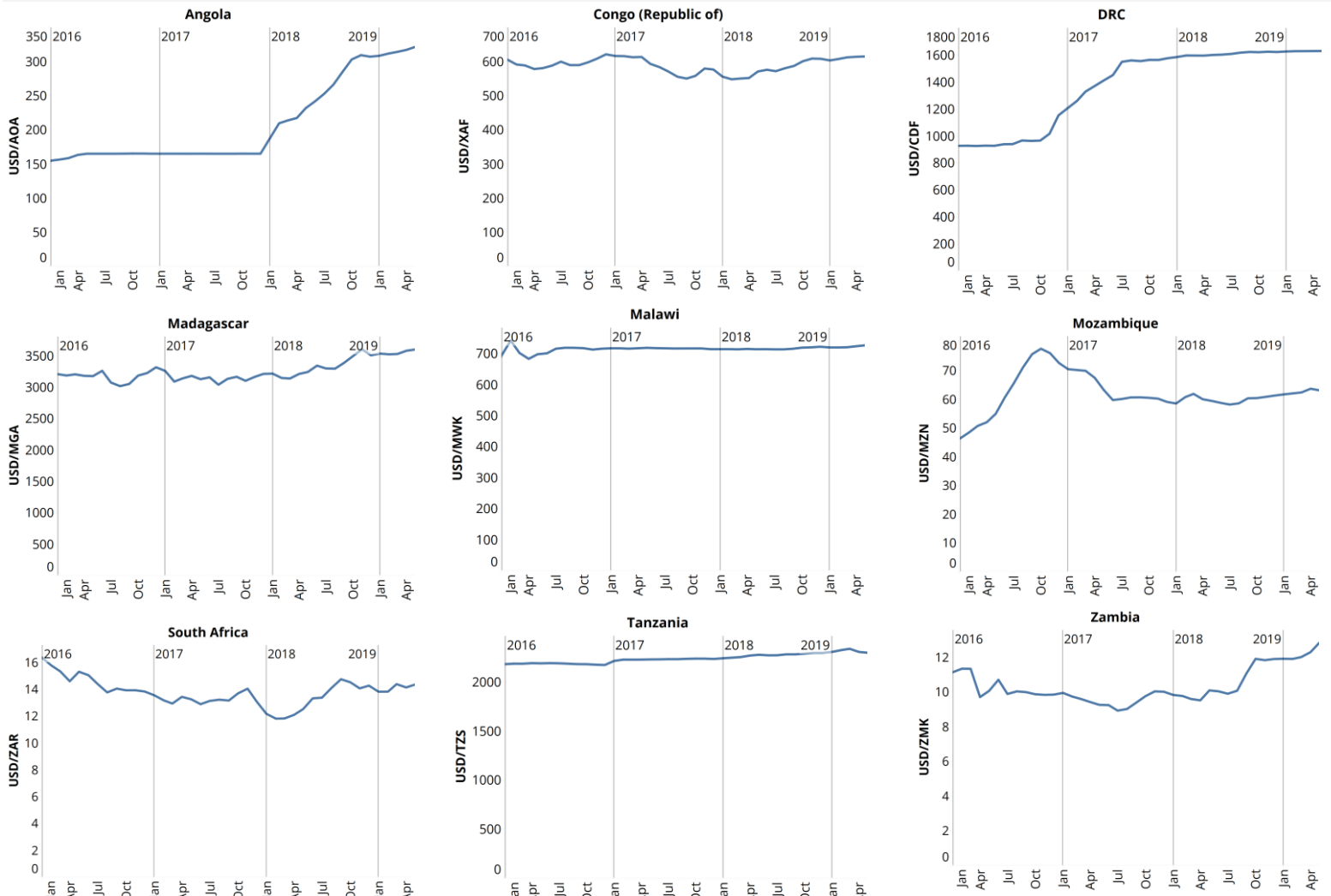


Figure 6 Exchange Rate Movements



Data Source for Table 1 and Figures 7 and 8: <http://www.tradingeconomics.com>

Updated inflation rates for each country were approximately as follows: Zimbabwe, 67 percent (March); Angola, 18 percent (March); DRC, 8 percent (March); Malawi, 8 percent (February); Zambia, 8 percent (March); Madagascar, 6 percent (December 2018); Eswatini, 5 percent (November); Lesotho, 5 percent (January); Namibia, 5 percent (March); South Africa, 5 percent (March); Mozambique, 3 percent (March); and Tanzania 3 percent (March).

Based on the national cereal balance sheet for the 2018/19 marketing year, Namibia is estimated to have a cereal shortfall of 150,800 tons, of which 123,300 tons was covered by commercial imports, leaving an uncovered deficit of 27,500 tons. Food and non-alcoholic beverages inflation rate has been rapidly increasing in the past several months, nearly doubling from 3 percent in October 2018 to 5.8 percent in March 2019. This can in part be attributed to

poor seasonal performance, and the weakening of the South African rand (to which the Namibian dollar is pegged) in early February. Possible increases in fuel price may also further drive inflation up in coming months (Figure 7).

As of March, Zimbabwe's inflation rate stood at 66.8 percent and its food inflation rate at 78.4 percent. As of the 2nd week of May, the Zimbabwe Electricity Transmission and Distribution Company (ZETDC) began load shedding due to low water levels (34 percent full) in the Kariba Dam. Power cuts could affect key industries (i.e. mining) and further slow down the economy.

Inflation rate trends of select countries are shown in Figure 8.

Figure 7 Inflation Rates and Food Inflation Rates for Namibia and Zimbabwe

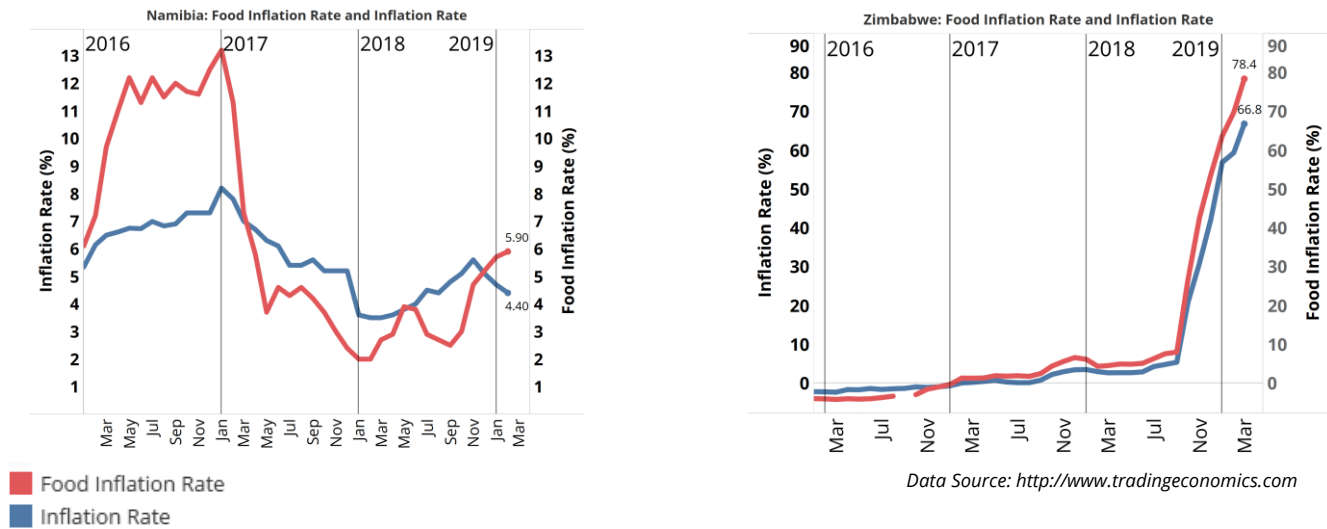
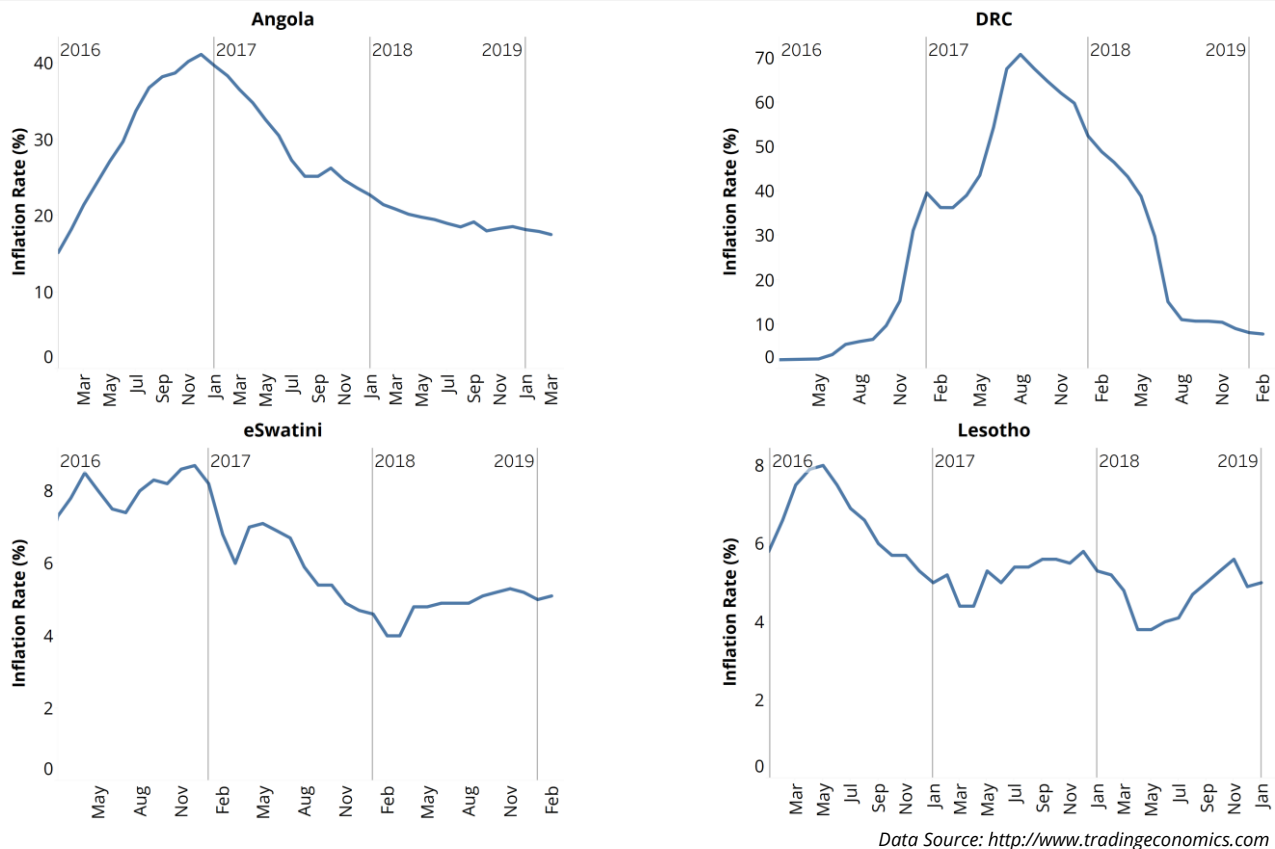
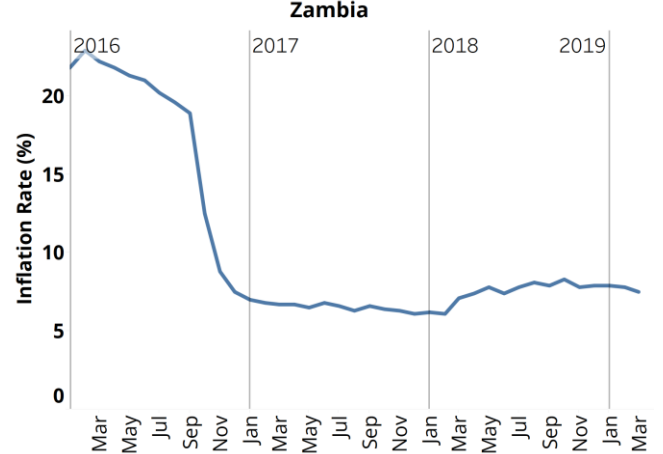
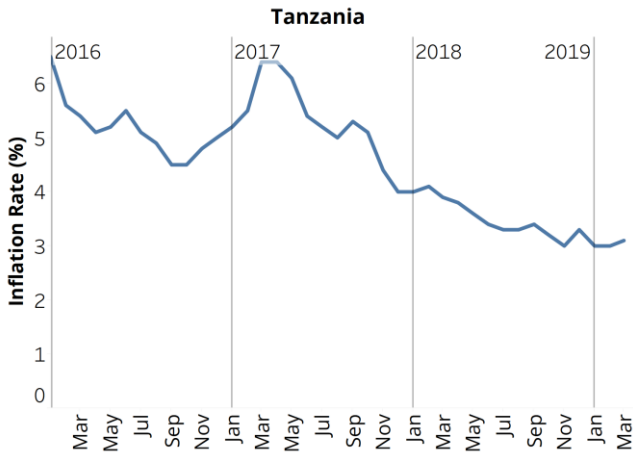
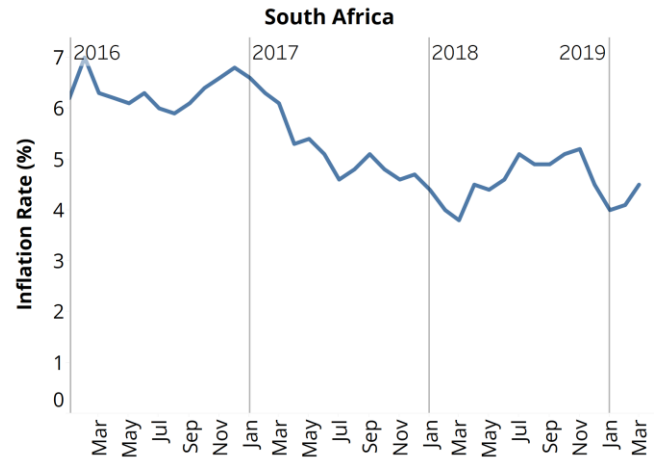
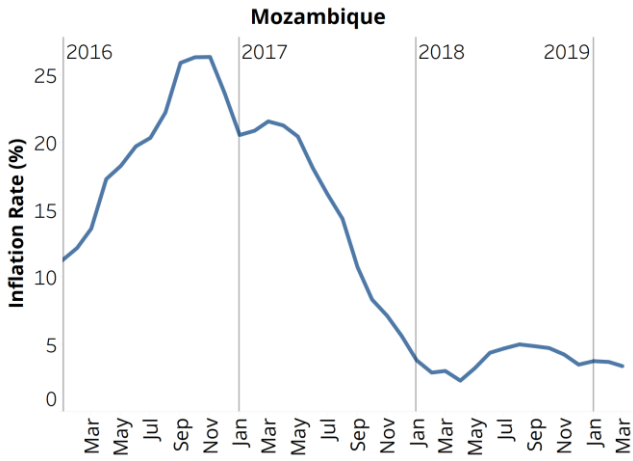
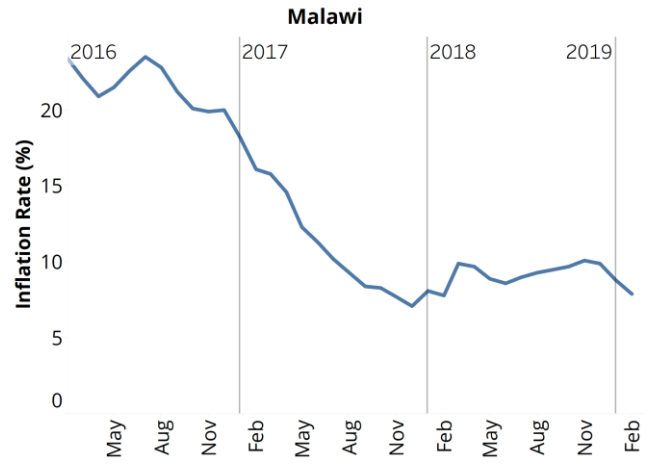
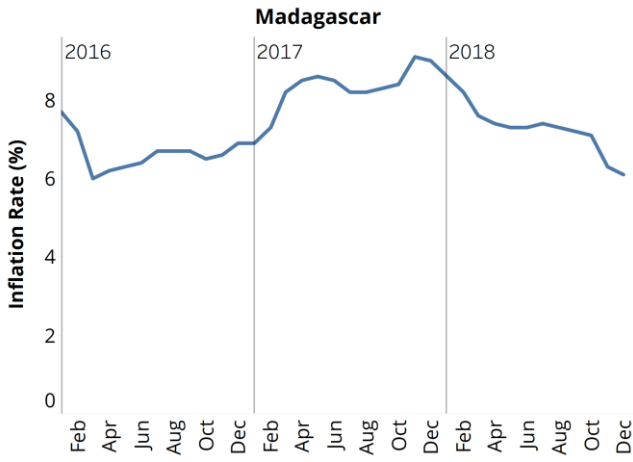


Figure 8 Inflation Rates for Other Countries





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