Southern Africa Region: Market Watch
Temporary export restrictions and logistical bottlenecks in some suppliers fuelled a 7.2 percent monthly increase in international rice prices, but this eased towards the end of the month.

International maize prices registered a third consecutive month of decline, pushing down the overall value of the coarse grains index by 10 percent from the previous month. Already large export availabilities, supplemented by newly harvested crops in South America, amid weaker demand for animal feed and fuel ethanol, continued to put strong downward pressure on maize prices.

Source: FAO
IGC projects global total grains production in 2020/21 to increase by slightly over 40 million MT compared to 2019/20, with the largest increase expected for maize (+39 million MT).

From end March to end April, the IGC GOI maize sub-Index dropped by 12% due to weak demand from US ethanol processors and seasonal increase in South American supplies.

Source: IGC
**Air Transport**

Most airports are closed for passenger services except for essential cargo with some countries like Zimbabwe operating at limited capacities.

In South Africa airports are open for only essential cargo and operating at lower capacity. Non-essential air cargo allowed if it does not require storage in country. In Madagascar all commercial borders are still open to cargo movements and only Air France and Turkish Airline flights charter cargo ongoing.

Malawi Air cargo is closed except for essential and relief items. Regular cargo can be allowed on a case-by-case basis.

In Mozambique air cargo is facing limited charter supply and may be put on hold while Tanzania Air cargo is operating with limited charter.

**Port Operations**

Most port operations continue with only essential cargo movements allowed and operating at reduced capacity. In countries like Mozambique due to imposed curfew, port operating hours changed to 7am - 7pm. Crew rotations and shore leave are not permitted in most of the port operations. In SA non-essential sea cargo can be offloaded but cannot be removed from ports. Ships are being subjected to health checks and may be subjected to quarantine time including in Angola. Republic of Congo is reducing the entry of empty containers. Madagascar is experiencing transhipment difficulties with Mauritius.

**Borders and Landside Transport**

Only essential commercial borders are still open for cargo movements in most of the countries with health checks at entry points and delays experienced due to screenings procedures. South Africa cross border land transport is restricted to food and essential items with mandatory police escorts for truckers at certain crossing points causing significant delays.

In Angola all land border and domestic cargo movement are only open to essential, humanitarian aid and relief cargo. Republic of Congo have closed cargo movements including the border with Angola and the river crossing to Kinshasa is still operational.

There are customs delay at the eastern border of between 3 to 6 days between Brazzaville and Kinshasa. In Mozambique while majority are operating normally others are only allowing specific commodities with foreign truckers subjected to Screening checks based on WHO regulations including thermal scans and review of travel history within previous 14 days at borders. The Nakonde border point between Tanzania and Zambia has been closed after 75 drivers out of 250 tested positive for corona virus. Furthermore, the Rwanda Border announced very strict measures for the movement of cargo between Tanzania and DRC including having alternate drivers, stiff penalties including immediate cargo offloading and payment of up to USD 500 per vehicle for escort services for cargo that cannot be offloaded.
Gabon: All borders closed. Movement of cargo and food not affected.

Congo: All air, sea, river and land borders closed. Cargo not affected. Lockdown extension till 10 May.

Angola: Lockdown extended to 26/5. No cargo flights restrictions. Passenger movement by air, land and sea banned.

Zambia: Nakonde border closed even for essential goods and services on 11 May for health reasons but open 12 or 13 May.

Botswana: Locked down extended 22/5 but SOE is for 6 months starting May. Borders open for cargo except for 14 borders points closed on 16 April.

Zimbabwe: Despite lockdown extension to 17/5, borders open for cargo. Screening checks continues at borders, formal industries operating under WHO guidelines.

Namibia: Lockdown extended up to 31/5 now at stage 2 out of 4 stages, stage 1 being the most serious.

Lesotho: Lockdown extended to 19/5 except for essential goods and services. Borders remain open.

South Africa: Lockdown extended but reduced from level 5 to 4 up to 31/5. No inter-provincial movements of people, except for transportation of goods and exceptional circumstances. 30% land borders points closed and 2/8 ports closed.

DRC: Borders closed to passenger traffic, open to cargo. Kinshasa, Haut Katanga and Luosha in partial lock down for international movements to 31/5.

Tanzania: No official lockdown but limited restrictions such as closure of schools. Closed to passengers, open to cargo.

Malawi: No official lockdown, with Suspension by Court, partial lockdown in place by industries unofficially. Border still open to cargo.

Mozambique: SOE. All borders closed except for Zito (Zambia) and Betsangore (South Africa) open to cargo only.


Eswatini: SOE extended from 22/5 with some relaxation of restrictions. Borders with SA and Mozambique open for cargo.
Supply Chain Corridors in Southern Africa

28+ corridors, over 185,000 MT delivered to multiple in-country destinations.

South Africa to: Madagascar, Democratic Republic of Congo, Republic of Congo, Tanzania, Mozambique and Angola.

Namibia to: Democratic Republic of Congo, and Republic of Congo.

Tanzania, Mozambique, and South Africa also serve as transit corridors.
Trade Restrictions and Policies

Nearly all countries in the southern Africa region only allow imports of GMO processed products. Yet, due to the high demand of maize, some countries are now allowing SA Non-GMO (<0.90%) imports to meet emergency needs.

**Madagascar**
GMO crops in general not permitted; for maize, there is an import ban for whole grain- maize must be degermed/crushed.

**Malawi**
Formally imposed a maize export ban in 2018 which is still in place.

**Mozambique**
No official ban on Maize and Pulses imports but the regulations in place make it difficult for WFP to import commodities from the neighbouring countries. Exports to neighbouring countries are permitted.

**Tanzania**
As a result of Covid-19 social distancing measures, food suppliers have been reducing staff for re-bagging and loading operations by approximately 30% per shift. Longer lead times are thus expected. GMO free maize is available, however, there are always complications importing Tanzanian maize into Zambia, Zimbabwe and Malawi.

**Zambia**
Maize export ban imposed in 2016 and 2018, but WFP was exempted and given a waiver to export limited quantities. In the second half of 2019, however, due to a decrease in production and deficit in stocks, WFP was not exempt and could not export Zambian maize. In April 2020 the ban was lifted again for WFP to export 85,000 MT of GMO-free maize for humanitarian aid. Export permits have to be obtained.
Regional Market Information

- During the 2019/20 lean season, limited availability of maize grain in the southern Africa region caused WFP to import (e.g. from Mexico) or go for international purchase with delayed lead time.

- Preliminary 2019/20 crop production estimates for Malawi and South Africa show an increase in most crops, including maize. South Africa Crop Estimates Committee's 2nd forecast estimates 2019/20 commercial maize harvest at 14.8 million tonnes, approximately 30% higher than the previous year. In Malawi, maize production is expected to increase by 9% from 3.4 million MT last season to 3.7 million MT this season.

- The maize harvest season has begun in the region, and as a result maize prices are dropping sharply (wholesale prices in country/region) are seeing 35% drop from March to May 2020). Prices are expected to be at their lowest in June/July.

- As a result of lockdowns and restrictions in movement due to the Covid-19 pandemic, a few countries have already seen increases in food prices, especially of imported products.

- From end January to early April, several countries have seen their currencies significantly depreciate against the USD, some as much as by 20%, which affect the prices especially of imported food commodities.
15 of 18 monitored border points remain open/operating. With the exception of movement of essential goods, Beitbridge and Chirundu border points were closed in late March and on 11 May, Nakonde border point was also closed.

In March, the 2 border points which recorded the highest volume of maize grain trade were Muloza (Mozambique ⇒ Malawi) and Mbirima (Tanzania ⇒ Malawi), both at approximately 2,000 MT*. Although Malawi’s 2019/20 maize harvest is expected to exceed the 5 year average (SYA) for the second consecutive year, maize prices have been trending significantly above average, possibly attracting maize flow from neighboring countries.

Source: FEWS NET/WFP. This data is collected by a network of cross border monitors based at 18 selected border points in Malawi, Zimbabwe and Zambia. *Data is collected daily but does not capture all trade movements.
With the start of the lockdown to curb the spread of Covid-19 in South Africa, white maize prices jumped in March to over 3 ZAR/kg, the highest level seen since the 2016/17 season (3). This was likely a temporary spike, however, and prices already appear to be adjusting.

South Africa’s maize supply is stable; South Africa Crop Estimates Committee’s 2\textsuperscript{nd} forecast estimates 2019/20 commercial maize harvest at 14.8 million tonnes, approximately 30\% higher than the previous year.

A good harvest will help keep maize prices stable despite weakening of the South African rand. From end January to end March, the South African rand depreciated by approximately 20\% against the USD (1). Although this will negatively impact farmers’ access to inputs, crashing international oil prices benefitted them ahead of the maize harvesting season. From January to April, petrol and diesel prices dropped by 13\% (4). The trend of lower fuel prices may, however, be short-lived if int’l oil prices pick up again while the rand continues to depreciate.
• The Zambian kwacha depreciated by over 20% from end January to early April (1).

• Although Zambia’s food inflation rate appears to have flattened since 2020, it remains at 15% (2). Zambia's national average maize price has continued to soar, reaching 5.5 ZMW/kg (3). At more than 150% above the 5 year average level and double the year earlier value, the national average maize price is trending higher than the peak price following the 2015/16 El Niño (2.8 ZMW/kg in February 2017).

• In March, of the 56 markets being monitored, 52 were indicating “Crisis” level maize prices (4). Although the 2019/20 maize harvest is expected to be better compared to previous seasons, close price monitoring is needed.

Source: WFP Dataviz, wholesale prices

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

March 2020 Maize ALPS

For more details on the ALPS indicator
Source: ALPS WFP
Mozambique’s national average maize price has not stopped increasing since mid-2019. In February 2020 it reached 28 MZN/kg, close to its highest record of 30 MZN/kg in January 2017 following the 2015/16 El Niño (3).

In March, all monitored markets were indicating higher than usual maize price levels (4). Montepuez in Cabo Delgado and Massinga in Inhambane were in “Crisis,” while the 10 remaining markets were in “Alert” or “Stress.”

Since December 2019, Mozambique’s food inflation rate has been steady at 8%, the highest level since October 2017 (2). From end January to early April, Mozambique’s metical has depreciated by 6% against the USD (1).

According to price data collected by OMR (Observatório do Meio Rural) in Maputo City, Beira, and Nampula during the first and last week of March.

- There was a price increase for imported products (i.e. onions, potatoes, and eggs) mainly from South Africa. Onion prices saw a significant increase in all 3 cities. Imported rice, however, did not show significant price variations, indicating sufficient stock at the time.
- No significant price variations yet for domestically produced food items.
- Additional transport costs were not yet being reflected in food prices.
• Tanzania’s food inflation rate has steadily risen since mid-2019 and has remained steady at approximately 6% (2).

• In February 2020, Tanzania’s national average maize price remained high at 42% above the 5 year average (5YA) and 70% above the year earlier value (3). This was in part due to higher demand from countries such as Kenya and Zimbabwe and flooding which limited trader mobility in late 2019 and early 2020. Maize prices did, however, show signs of starting to decrease/stabilize in line with seasonal trends.

• In February, 8 out of 14 monitored markets were indicating higher than usual maize price levels (4). Mtwara was in “Crisis” while the remaining 7 were in “Alert” or “Stress.”
In Malawi, the harvest season has begun in parts of the southern and central regions, and maize grain prices are beginning to decrease. There is increased availability as most households in the south have begun to consume from their own production, a trend that is typical for this time of year.

According to WFP mVAM price monitoring, as of the last week of March 2020, monitored markets experienced a significant drop in maize grain prices. “Old” maize (harvested in the 2018/2019 season) was trading at an average price of 285 MWK/kg, the lowest price observed since mid-December 2019. However, this was still 48% above the 5 year average (5YA) level and 68 percent above the year earlier value.

“New” maize grain (harvested in the 2019/2020 season) was trading at a national average of 199 MWK/kg. “New” maize grain prices are typically lower in the south and higher in the north this time of the year because the harvest begins first in the south.

To offset farmers’ production costs, the Government has set a minimum maize grain price of 200 MWK/kg for the 2020/2021 agriculture marketing season – 11% higher than the previous season. Early entry into the maize market by the Agricultural Development and Marketing Corporation (ADMARC) in April will help support adherence to the set minimum farm gate prices. The Malawi Energy Regulatory Authority has also reduced petrol and diesel prices by approximately 16% and 14% respectively as a means of easing transport costs during this marketing season.

On the back of two consecutive above-average harvest (2018/2019 and 2019/2020), a further weakening of maize grain prices is expected in several weeks. However, other factors will also come into play, such as the impact of local and regional restrictions emanating from the COVID-19 pandemic on food value chains and logistics.
According to the Zimbabwe Harmonised Markets Monitoring: Weekly Price Monitoring Bulletin, from 30 March to 3 April:

- As a result of the government mandated lockdown in response to Covid-19, traders of green produce across the country saw large volumes of their produce spoiling as markets were forced to close despite having been considered a critical service to remain open.

- People employed in the informal sector are struggling to access food due to disruptions to their normal income sources.

- Panic buying and hoarding appears to have created a “false” market demand resulting in higher prices of goods and services. Price increases could also be attributed to a delayed market reaction to the increase in parallel market exchange rates.

- While the official exchange rate remained stable at USD/ZWL 25, the parallel market rate stood at USD/ZWL 40.5, and the USD/Bond at 29.5.1.

- Less than 2% of interviewed traders confirmed that they had maize grain readily available to sell. This is attributed to poor supply. The 2019/20 maize harvest is expected to become available in markets sometime between April and July 2020.

- In the urban areas, maize grain was only available in Mutare urban district and in 26% of the markets visited in this town. The average price in Mutare urban district was 10.80 ZWL/kg, and was only being sold in bond notes.

- In rural districts, only Nkayi, Chiredzi, and Gokwe North had maize grain available in the market, with Nkayi having the most markets with maize grain available for sale.

Data Source: Reserve Bank of Zimbabwe and https://www.marketwatch.co.zw/
• As of February, DRC's national average price of cassava flour was 10% below the year earlier value and 3% below the 5 year average level.

• Following lockdown in Brazzaville, food prices have reportedly increased due to higher costs at source, higher transportation costs, and fuel shortages.

• ROC's national average price of cassava flour has steadily increased from late 2019. In March, at 647 XAF/kg, it was 17% above the 5 year average level.
Exchange Rates and Inflation Rates | Other Countries


- The eSwatini lilangeni Lesotho loti, Namibian dollar, are pegged to the South African rand, and thus show the same movement.