



# Southern Africa Region: Market Watch

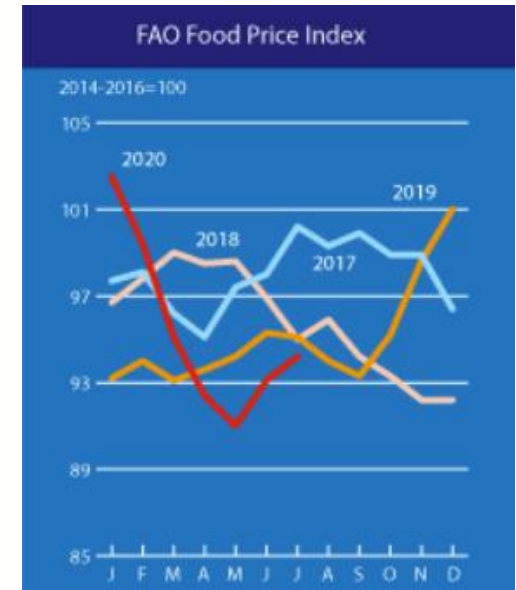
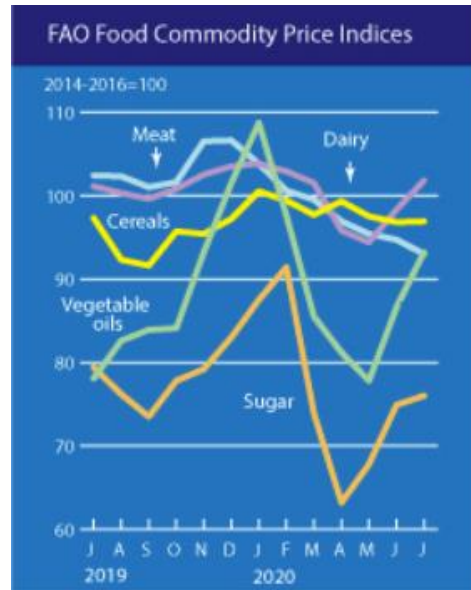
# GLOBAL MARKET INFORMATION

The **FAO Food Price Index** averaged 94.2 points in July 2020, up 1.1 points from June. Rising for the second consecutive month, the July value is nearly 1 point below its level in the corresponding month last year. Since April 2020, global food price movements as captured by this index have been at their lowest in recent years; despite an uptick in the past 3 months, price levels still remain favourable compared to last year.

The **FAO Cereal Price Index** averaged 96.9 points in July, almost unchanged from June and up 0.4 points (0.4 percent) from the corresponding month last year. **Maize prices registered sharp gains**, primarily driven by recent large purchases by China from the US, as well as weather worries and the slide in the US dollar.

By contrast, prospects of large 2020 harvests and quiet market activities pushed down international rice prices to four-month lows, despite renewed concerns over logistical bottlenecks caused by COVID-19.

Source: FAO



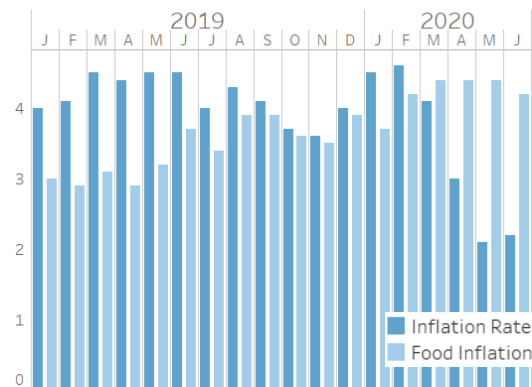
# SOUTH AFRICA

*South Africa's maize prices have remained firm despite expectations for the second largest maize harvest on record.*

While South Africa's headline inflation has dropped in recent months, its food inflation has remained steady at over 4% (1). Maize/grain prices have stayed firm at relatively higher levels, and this could put upward pressure on the "bread and cereals" component of the food basket.

Despite prospects for a good maize harvest, South Africa's maize price has not dropped to 2017 levels – a comparable year with a large harvest (3). In June, although South Africa's maize price was approximately 13% below the 5 year average (5YA) and year prior levels, it was roughly double that of June 2017.

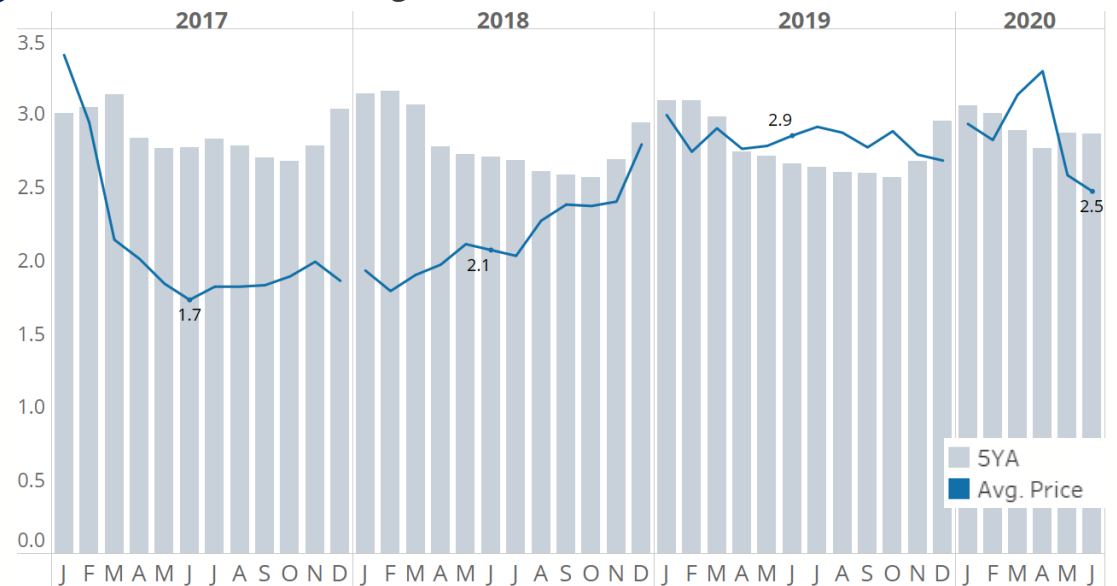
**1 South Africa Inflation & Food Inflation (%)**



**2 South Africa (USD/ZAR);** Lesotho (LSL), Namibia (NAD), Eswatini (SZL) are pegged to South Africa (ZAR) so show the same movement



**3 South Africa, Maize (ZAR/kg) Wholesale Prices**



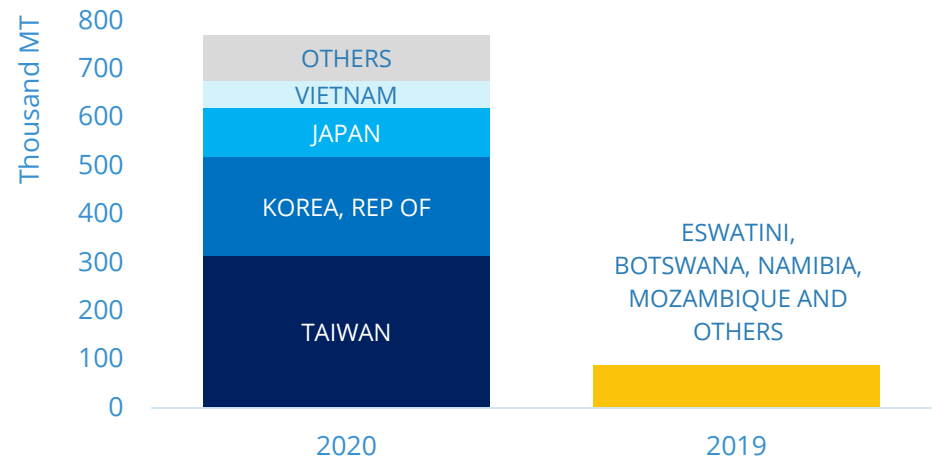
# SOUTH AFRICA

Higher maize price trends are likely due to depreciation of the rand (2), strong demand from both regional and international markets, and late start of season which delayed the arrival of this year's maize crop.

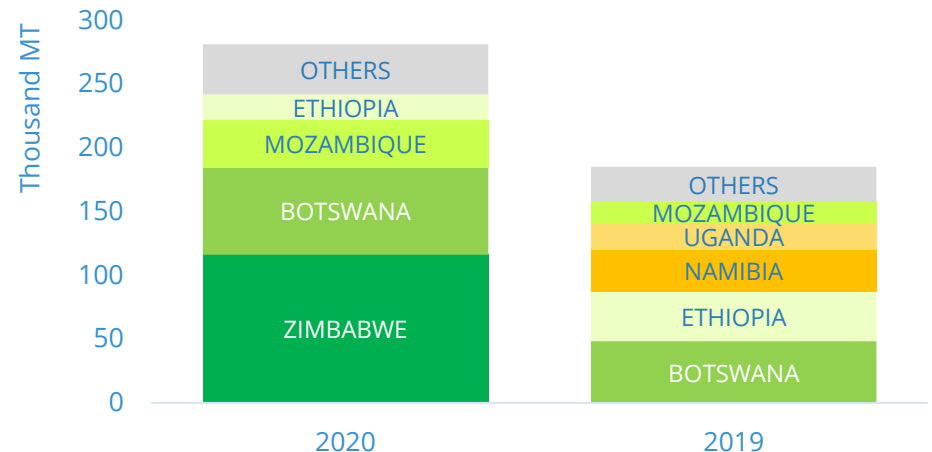
South Africa's recent maize exports clearly reflect some of these dynamics. From the beginning of the marketing year (May) up to the end of July, South Africa's yellow maize exports were 9 times higher than that of the same period last year, with nearly 90% destined for Asian markets (4).

South Africa's white maize exports from May to July this year are also 1.5 times higher than that of the same period last year (5). Most notably, exports to Zimbabwe account for over 40% this year compared to none last year in the same period; this can be attributed to Zimbabwe's easing of phytosanitary restrictions.

## 4 South Africa's Yellow Maize Exports, 2020 vs. 2019 (May – July)



## 5 South Africa's White Maize Exports, 2020 vs. 2019 (May – July)



# ZAMBIA

*While maize prices have dropped in line with seasonal trends, they are likely to remain above average in coming months.*

While there were no large fluctuations in the exchange rate in July (1), trading at approximately 18 Zambian kwacha per USD, the kwacha had lost roughly a third of its value compared to the same time last year. Fears of rising sovereign debt risk and disruption to export routes of copper due to the COVID-19 pandemic have contributed to the weakening of the kwacha against the USD.

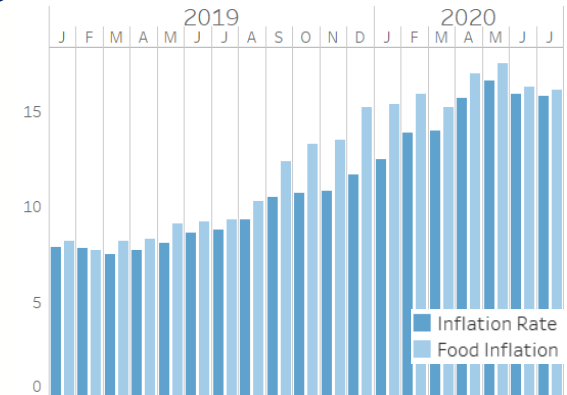
At approximately 16%, Zambia's inflation rate remained well above the central bank's target range of 6-8% (2). Both headline and food inflation rates cooled slightly in June and July, following an improved maize harvest.

In coming months, a weaker kwacha is expected to keep price growth strong due to more expensive imports (which in turn push up prices of local goods). Purchasing power of both rural and urban households will thus likely be further eroded.

**1** Zambia (USD/ZMK)



**2** Zambia Inflation & Food Inflation (%)



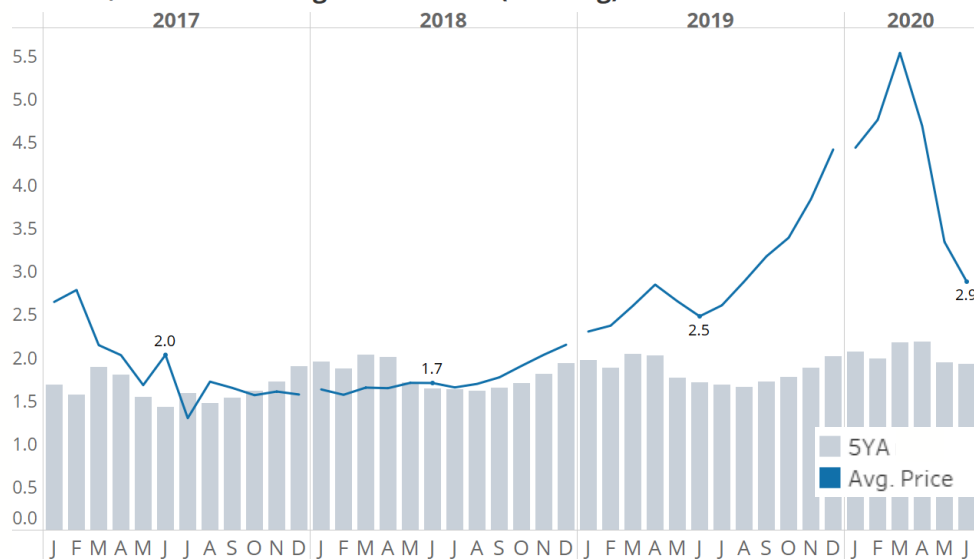
Data Source: <http://www.tradingeconomics.com>

# ZAMBIA

While Zambia's national average maize price has been declining, in June it still remained roughly 50% above 5YA and 16% above year prior levels (3). One of the key factors for this is the depreciation of the Zambian kwacha. Although maize prices are expected to continue on a downward/stable trend until the beginning of the lean season, they are likely to remain above average.

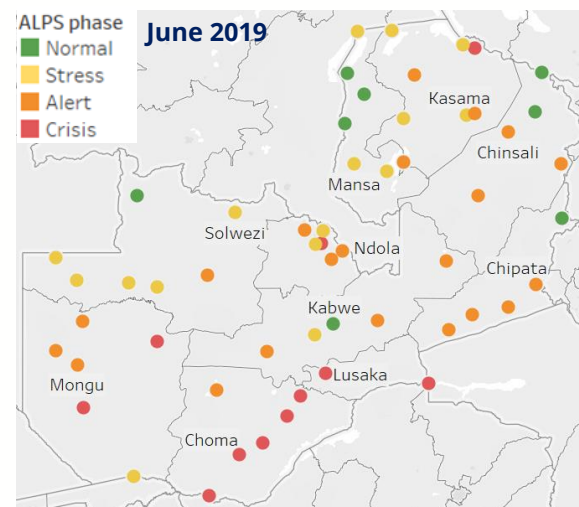
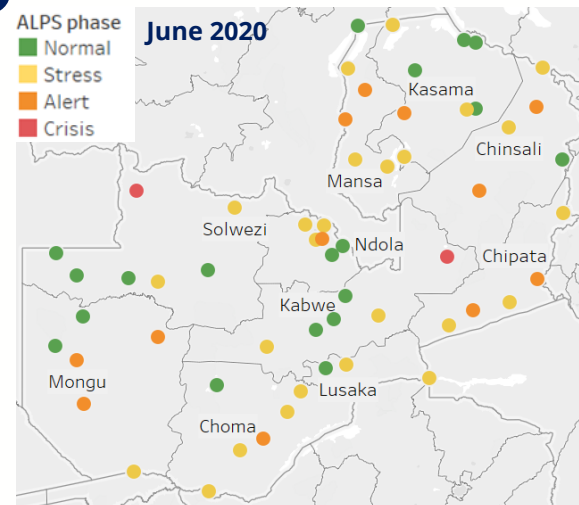
In June, two thirds of monitored markets were still indicating high maize prices (4). Despite a favorable maize harvest compared to last year, the price situation has only improved marginally in markets across the country. This is concerning as maize prices are typically at their lowest during the post-harvest season, and will only rise as we enter the lean season.

## 3 Zambia, National Average Maize Price (ZMW/kg)



Source: WFP Dataviz

## 4 Maize Alert for Price Spikes 2020 vs. 2019



For more details on the ALPS indicator

Source: ALPS WFP

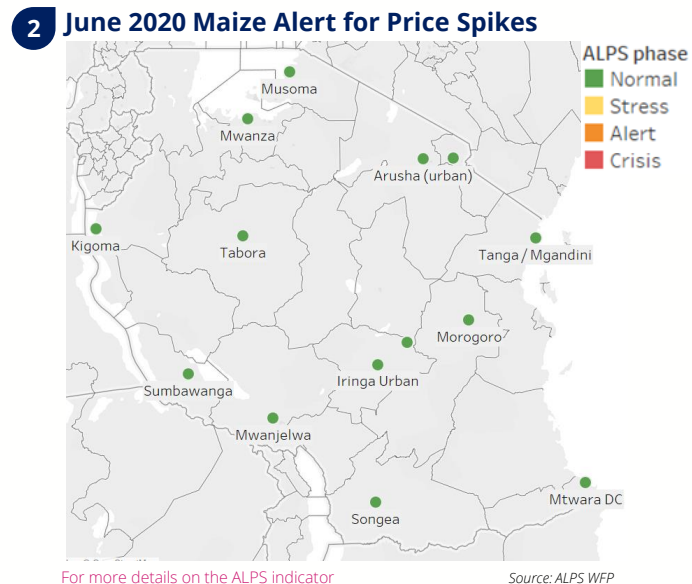
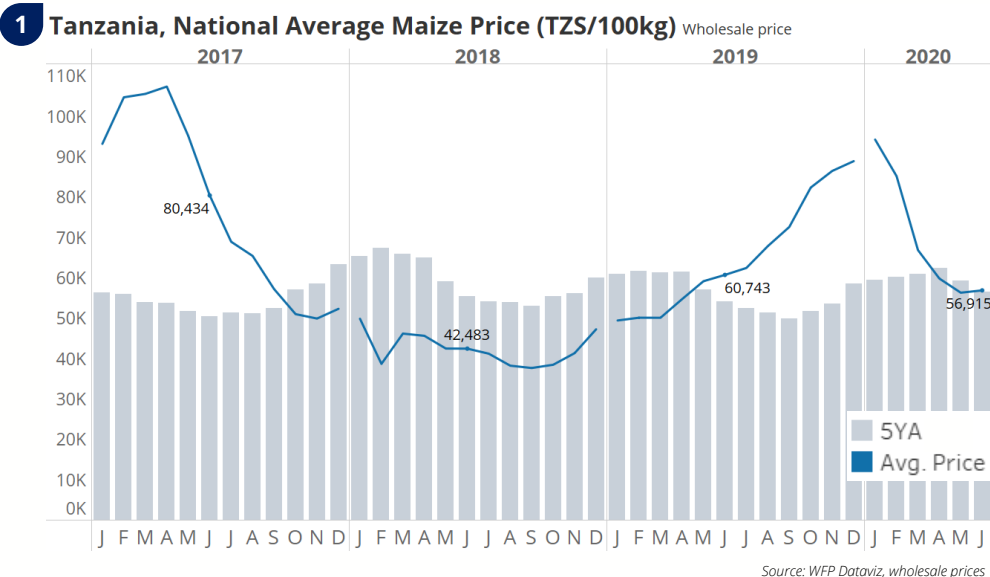
# TANZANIA

*Tanzania's maize supply is estimated to be at above average levels, and maize prices have dropped to normal levels in monitored markets.*

Increased supply from recent/ongoing harvests have led to declining maize prices. In June, Tanzania's national average maize price hovered at the 5YA and dipped slightly below year prior levels (1).

While there may be some price trend variation in surplus and deficit areas, in general, Tanzania's maize prices are likely to continue on a stable/downward trend in coming months.

As of June, all monitored markets in Tanzania were indicating normal maize prices (2).



# MOZAMBIQUE

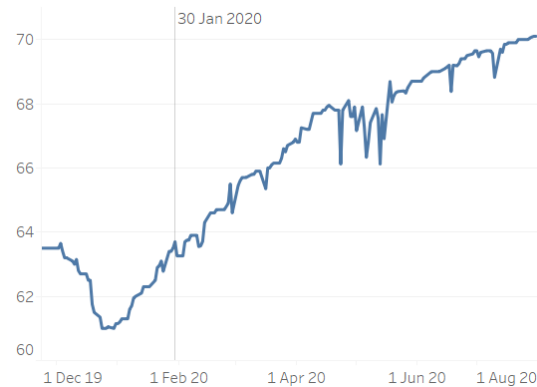
*Mozambique's national average maize price remains significantly above average.*

The Mozambican metical continued to gradually depreciate against the USD during the month of July (1).

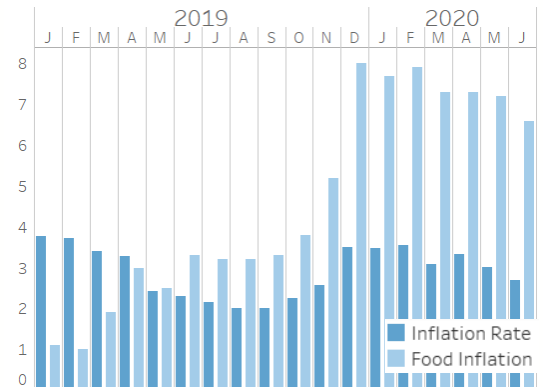
Despite continued depreciation of the local currency, inflation rates have been on a slight downward trend since earlier this year, likely due to reduced consumer demand in the COVID-19 context (2).

In June, Mozambique's national average maize price began ticking upwards in line with seasonal trends. At approximately 20 MZN/kg, it was 45% above the 5YA and 26% above year prior levels (3).

**1** Mozambique (USD/MZN)



**2** Mozambique Inflation & Food Inflation (%)



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

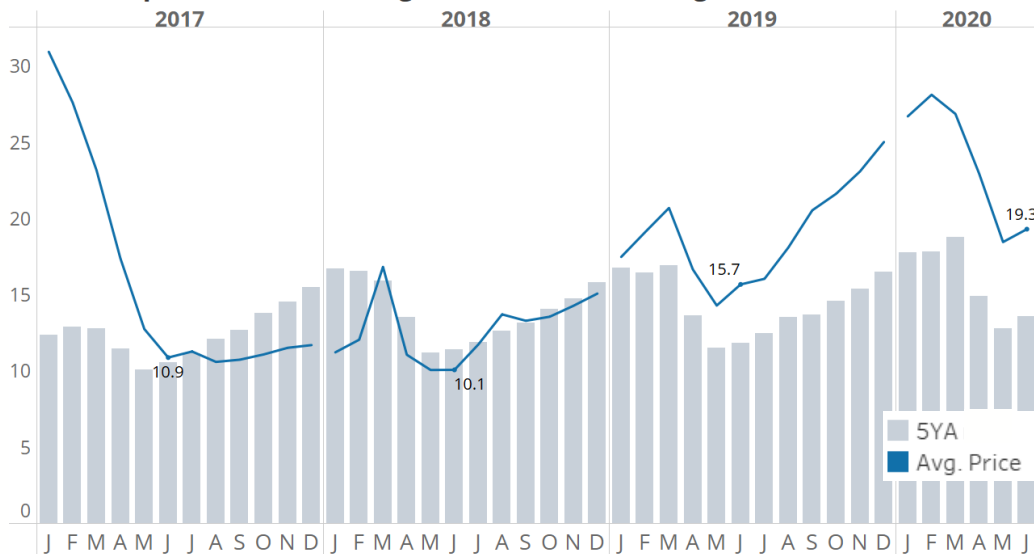


# MOZAMBIQUE

Given that Mozambique's national average maize price typically only continues increasing from June until the next harvest, it is expected to continue trending above average in the 2020/21 marketing year.

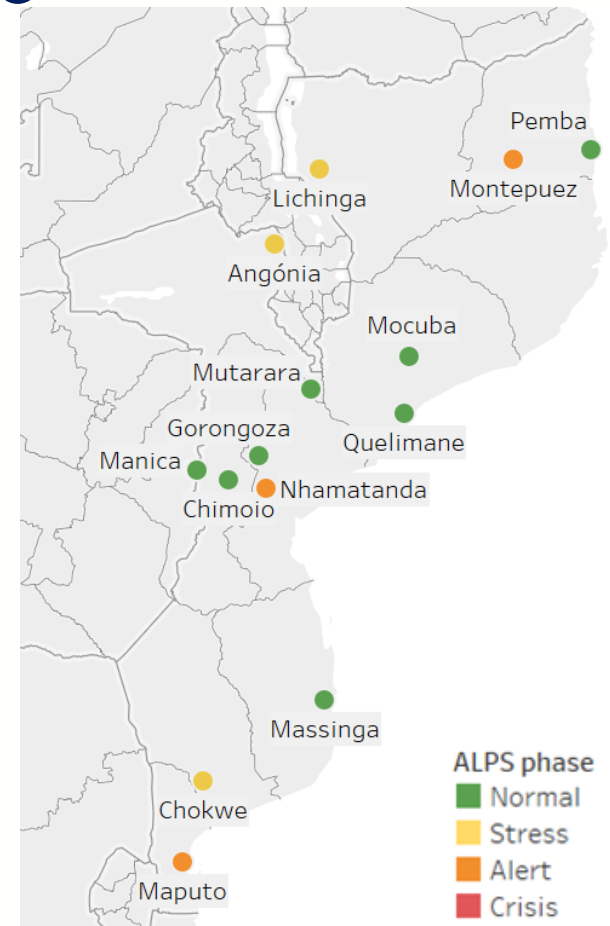
As of June, of the 14 markets being monitored, 8 were indicating normal maize price levels, 3 were in "Stress" and another 3 in "Alert" (4). Markets in the southern drought prone areas are likely to remain in stress due to relatively poor agricultural production.

## 3 Mozambique, National Average Maize Price (MZN/kg)



Data Source 1&2: <http://www.tradingeconomics.com>; 3: WFP Dataviz;

## 4 June 2020 Maize Alert for Price Spikes



For more details on the ALPS indicator

Source: ALPS WFP

# MALAWI

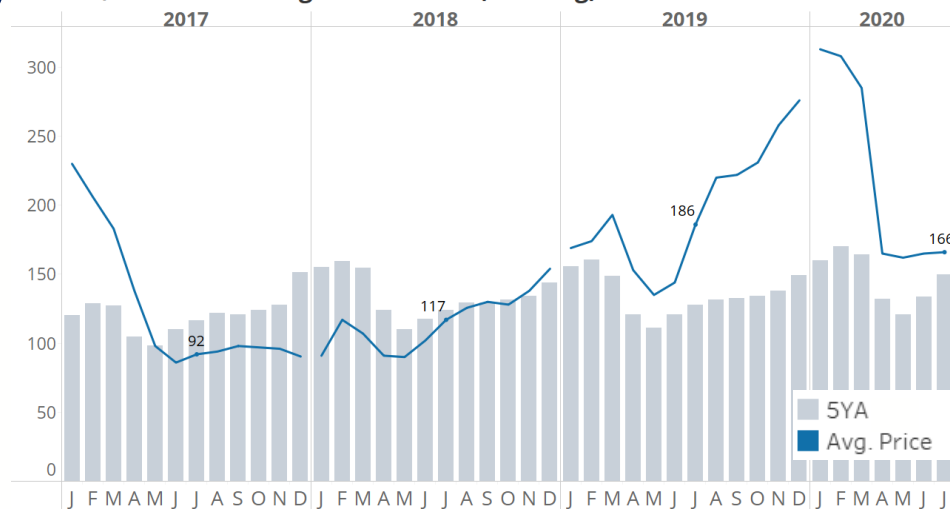
*Given the favorable supply outlook, Malawi's national average maize price is expected to remain fairly stable. Its currency, however, is starting to show signs of weakness against the USD.*

According to the *Minimum Expenditure Basket in Malawi Issue No. 6*, from 29 June to 7 July, with increased supplies, maize grain prices remained stable in local markets. As of the second week of July, at 168 MWK/kg, the national average maize price was 11% lower than year prior levels and also 17% lower than the government-set minimum price of 200 MWK/kg (1). However, it still remained 11% above the 5YA.

Maize prices were generally higher in the south as most of the supply was being sourced from the Central Region. Overall, maize prices are expected to remain stable in coming weeks.

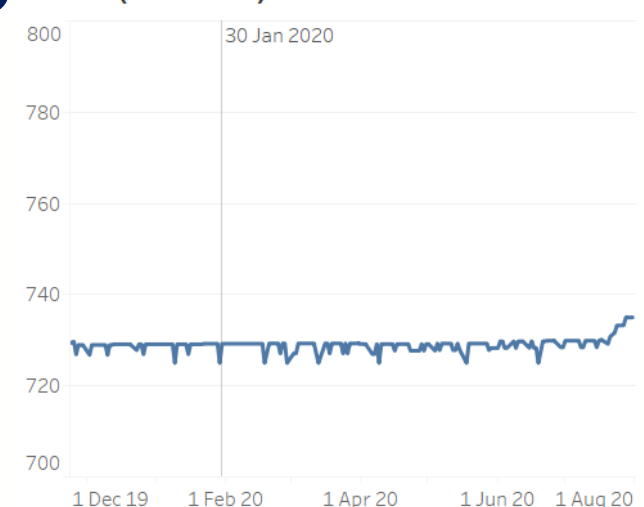
The Malawi kwacha, which has been relatively stable since the end of 2019, began to slightly depreciate against the USD in mid-July (2). This may be partly due to disruption to economic activities and higher demand for foreign currency in the context of COVID-19. Between January and June 2020, Malawi's foreign exchange reserves dropped by approximately 37%. Close monitoring is required as depreciation of the kwacha could result in higher inflation rates.

**1 Malawi, National Average Maize Price (MWK/kg)**



Source: WFP

**2 Malawi (USD/MWK)**



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

# ZIMBABWE

*Headline and food inflation have continued to rise, maize grain availability in markets is atypically low, and maize prices are reportedly beyond the reach of many vulnerable households.*

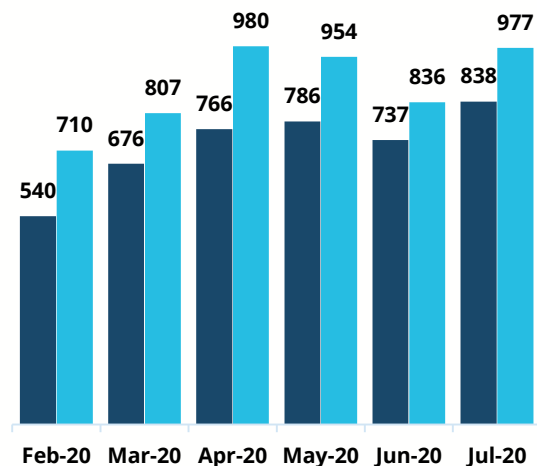
**Headline Inflation** **837.53%**  
July 2020

**Food Inflation** **976.7%**  
July 2020

**Exchange Rate** **76.8 ZIMBABWECUR**  
28 July 2020

## 1 Zimbabwe's Inflation Rates

■ Headline Inflation ■ Food Inflation



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

As the COVID-19 pandemic aggravates pre-existing macroeconomic issues, Zimbabwe's annual inflation jumped from 737% in June to 838% in July (1).

Annual food inflation also quickened from 835% in June to 977% in July. The local currency also lost value over the month of July, from 58 ZWL to 76 ZWL per USD.

According to the Zimbabwe Food Security Situation Update for July 2020,

Maize grain availability continued to remain low throughout July. Low availability during the post-harvest season is atypical, and can be attributed to unusual underlying factors such as the late harvest (due to late start of season) and slow movement of maize from surplus producing areas due to the COVID-19 pandemic.

Poor availability in rural formal markets was also attributed to households consuming from own production and farmer to farmer sales which is not captured by the weekly Harmonised Markets Monitoring.

Availability in monitored urban markets marginally improved from 8% in June to 13% in July- however, this is still significantly lower than usual.

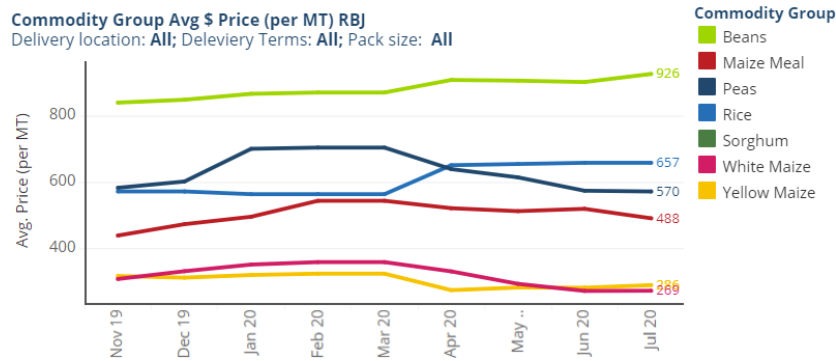
Although maize prices remained relatively stable in July, they are reported to be beyond the reach of many vulnerable households whose income has been adversely affected by the impacts of COVID-19 and the restrictive measures to contain the disease, and also by the harsh economic climate.

# SELECT REGIONAL PROCUREMENT PRICES

## REGIONAL AVG

### Commodity Group Avg \$ Price (per MT) RBJ

Delivery location: **All**; Delivery Terms: **All**; Pack size: **All**



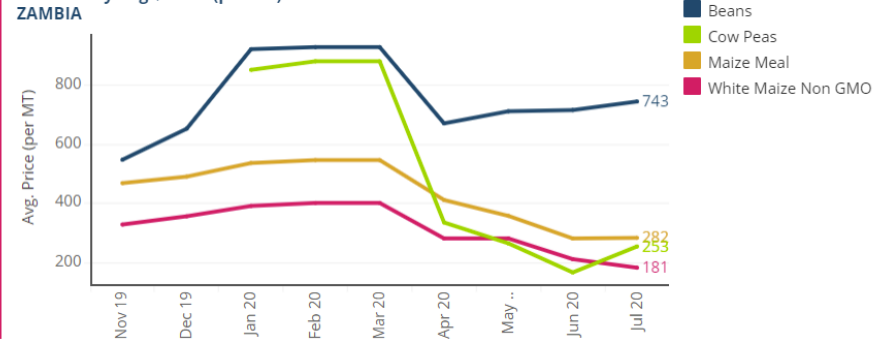
### % Change in Commodity Avg \$ Price (per MT) vs Prev Month

**RBJ** - to drill down to more granular commodity levels, hover over 'Commodity Group' and click the +/- button

Commodity Group	# Delivery Terms	# Delivery Locations	v 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20
Beans	2	16		1%	2%	0%	0%	4%	0%	0%	3%
Maize Meal	3	15		8%	5%	10%	0%	-4%	-2%	1%	-6%
Peas	2	7		3%	17%	1%	0%	-9%	-4%	-7%	0%
Rice	2	5		0%	-1%	0%	0%	16%	1%	1%	0%
Sorghum	1	1									
White Maize	3	17		8%	6%	2%	0%	-8%	-12%	-7%	0%
Yellow Maize	2	4		-2%	3%	1%	0%	-16%	3%	0%	3%

## ZAMBIA

### Commodity Avg \$ Price (per MT) ZAMBIA



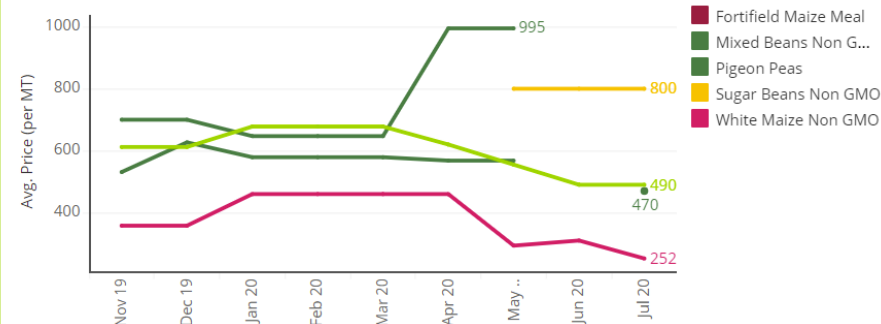
### % Change in commodity Price (per MT) vs Prev Month

**ZAMBIA** - to drill down to more granular commodity levels, hover over 'Commodity Group' and click the +/- button

Commodity Group	# Delivery Terms	# Delivery Locations	v 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20
Beans	1	2		19%	41%	1%	0%	-28%	6%	1%	4%
Maize Meal	1	2		5%	9%	2%	0%	-25%	-13%	-21%	1%
Peas	1	1				3%	0%	-62%	-21%	-37%	53%
White Maize	1	3		9%	10%	3%	0%	-30%	0%	-25%	-14%

## MALAWI

### Commodity Avg \$ Price (per MT) MALAWI



### % Change in Commodity Avg \$ Price (per MT) vs Prev Month

**MALAWI** - to drill down to more granular commodity levels, hover over 'Commodity Group' and click the +/- button

Commodity Group	# Delivery Terms	# Delivery Locations	v 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20
Beans	1	1		0%	-8%	0%	0%	54%	-10%	-11%	0%
Maize Meal	1	1									
Peas	1	1		8%	1%	0%	0%	-5%	-6%	-12%	-2%
White Maize	1	2		0%	29%	0%	0%	0%	-36%	6%	-19%

# TRADE RESTRICTIONS AND POLICIES

*Nearly all countries in the southern Africa region only allow imports of GMO processed products.*

## *Madagascar*

GMO crops in general not permitted;

There is an import ban for whole grain maize; 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 pulse imports but the regulations in place make it difficult for WFP to import commodities from neighbouring countries;

Exports to neighbouring countries are permitted.

## *Tanzania*

GMO free maize is available, however, there are typically complications importing Tanzanian maize into Zambia, Zimbabwe and Malawi.

# BORDER OPERATIONS

## Angola

Initial lockdowns in the province of Luanda and the municipality of Cazengo (Cuanza Norte province) hampered inter-province movements.

## Botswana

COVID 19 clearance certificates are required (24 hr validity) to enter Botswana and drivers are subject to further screening and testing. Drivers transiting via the Trans Kalahari Corridor are expected to await an escort from Lobatse Stadium.

## Democratic Republic of the Congo (DRC)

On 21 July, the Government announced the end of the state of health emergency which had been in place since 24 March. All commercial activities can resume if health measures are in place, with schools set to reopen in August.

*For more details see map on last page.*  
Source : <https://logcluster.org/COVID-19>

## Madagascar

All commercial borders and sea entry points are open to cargo movements. Ships subjected to health checks and possible quarantine. International cargo must stay in the harbour for 15 days. Temporary suspension of exportations of phytosanitary and essential oil product.

## South Africa:

Authorities are now processing documentation for all products; all borders are open and processing documentation with strict preventative measures. Terminals and ports operating normally for cargo with reduced manpower impacting efficiency, no passenger flights allowed.

## Zimbabwe

Land borders with Mozambique and South Africa still open for cargo movements. All cross-border cargo transport subjected to health screenings. Airports and customs operating at limited capacities. The overall situation in Zimbabwe remains relatively calm. On 31 July, cities and towns were blockaded by military and police personnel with increased checkpoints and patrols that deterred people from entering city centres.

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

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