



Southern Africa Region: Market Watch

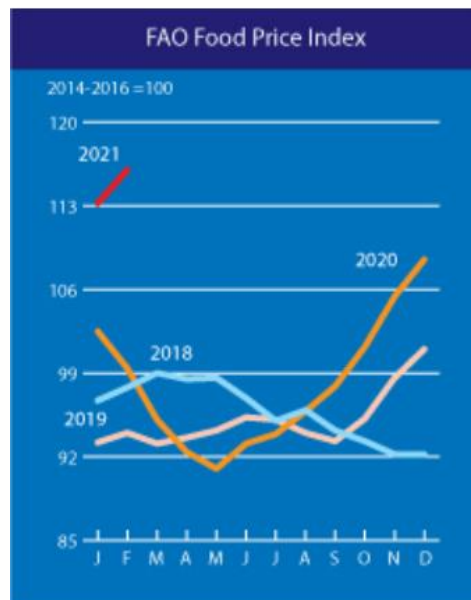
GLOBAL MARKET INFORMATION

The **FAO Food Price Index** averaged 116 points in February 2021, 2.8 points higher than in January, marking the 9th month of consecutive rise and reaching its highest level since July 2014. The February increase was led by strong gains in the sugar and vegetable oils sub-indices, while those of cereals, dairy and meat also rose but by a lesser extent.

The **FAO Cereal Price Index** averaged 125.7 points in February, up 1.5 points from January and 26.3 points above its February 2020 level. Among major coarse grains, international sorghum prices increased the most.

International maize prices also rose, albeit by only 0.9 percent from the previous month. **Maize export prices in February were up 45.5 percent from the previous year, underpinned by continued strong import demand amidst shrinking export supplies.**

International rice prices also edged up some more, driven by demand for lower quality Indica and Japonica rice.



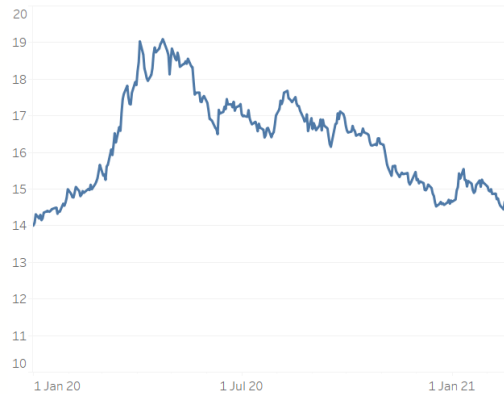
SOUTH AFRICA

South Africa's maize prices remain above average and this will affect countries that rely on it for maize imports.

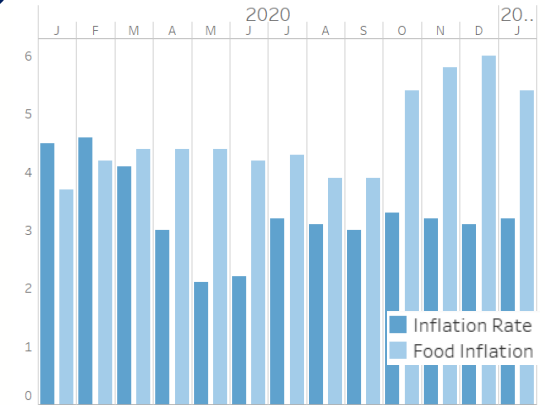
The South African rand has continued to strengthen against the USD in recent months (1), but since October 2020, food inflation has remained slightly elevated at above 5% due to higher grain prices (2).

South Africa's maize prices took a sharp upward turn in mid-2020 and remain at above average levels (3). In February 2021 it was 8% above the 5 year average (5YA) and 17% above year prior levels. This trend is primarily due to strong demand from both regional and international markets, coupled with high global maize prices and the weaker rand. Despite another good harvest being anticipated this year, maize prices may not dip significantly in coming months.

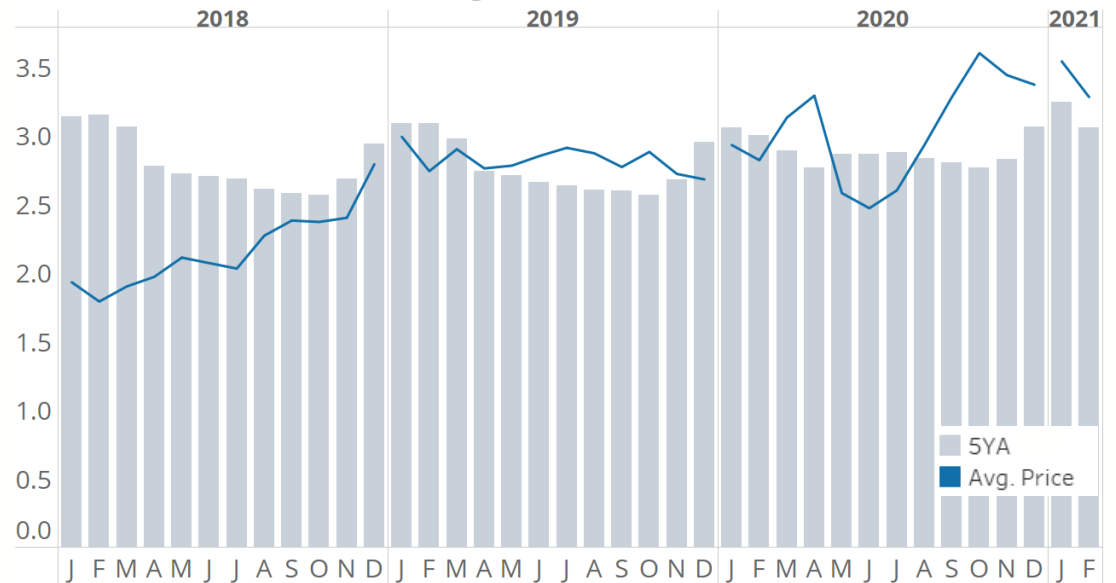
1 South Africa (USD/ZAR); Lesotho (LSL), Namibia (NAD), Eswatini (SZL) are pegged to South Africa (ZAR) so show the same movement



2 South Africa Inflation & Food Inflation (%)



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



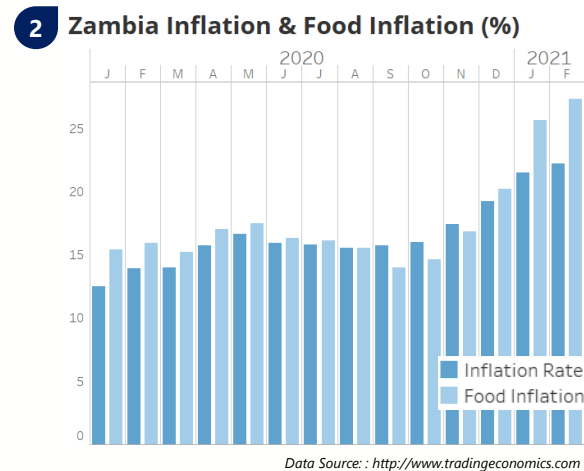
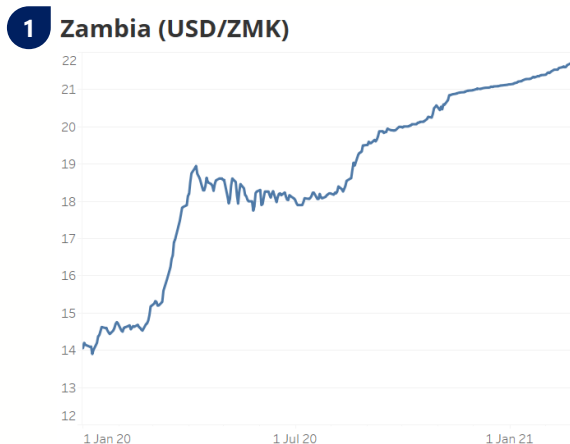
Data Source 1&2: <http://www.tradingeconomics.com>; 3: SAFEX; wholesale prices for white maize

ZAMBIA

While another good harvest is expected this year, Zambia's national average maize price continues to trend above average.

The Zambian kwacha has continued to depreciate, albeit at a slower rate (1). Depreciation of the kwacha reflects the imbalances in the country's foreign exchange market, with lower supply of foreign exchange due to reduction in export revenue (e.g. copper) and increased import demand. The combination of a weak economy and higher spending has led to greater fiscal deficit, and this could potentially deepen poverty in the country and food and nutrition security.

Inflation rates in Zambia have continued to rise in recent months. Food inflation surged since the end of 2020, from approximately 20% in December 2020 to 26% in January 2021 and 27% in February.

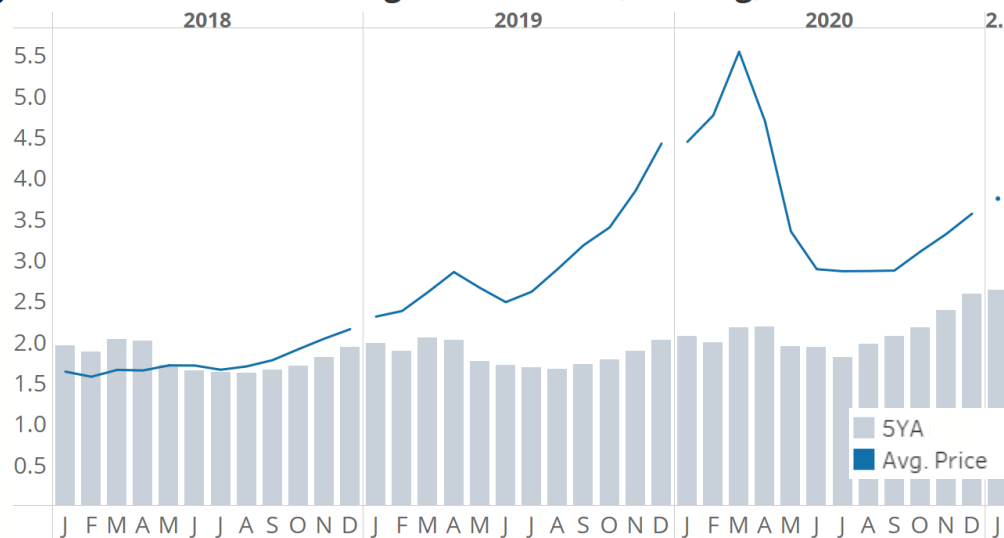


ZAMBIA

Although there has been an improvement compared to the same time last year, Zambia's national average maize price continues to trend above 5YA levels (3). However, maize prices could potentially be dampened this year if a good harvest materializes as expected and the Food Reserve Agency offloads to the market ahead of the general election in August. This is especially the case if the export ban also remains in place.

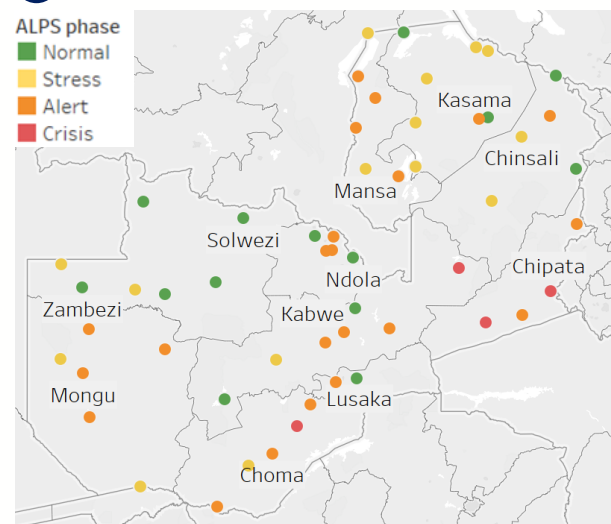
As of January, the majority of monitored markets were indicating high maize price levels in line with seasonal trends (4). Of the 55 monitored markets, 4 were in "Crisis," 22 were in "Alert" and 15 were in "Stress."

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



Source: WFP Dataviz

4 Maize Alert for Price Spikes: January 2021



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

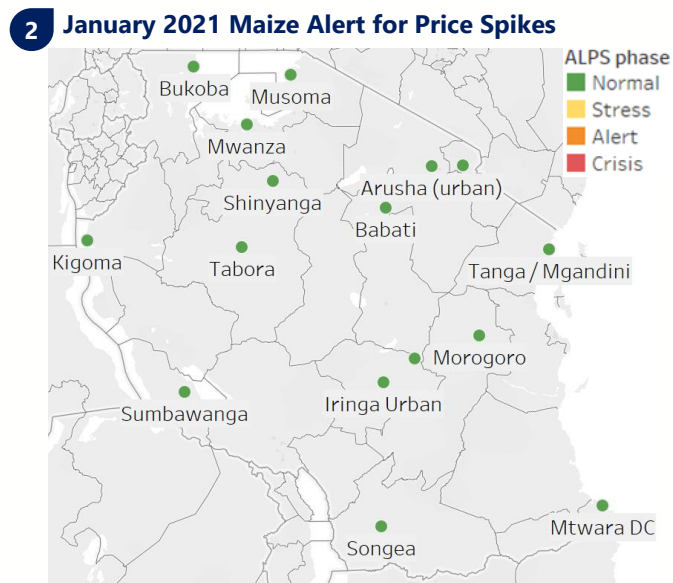
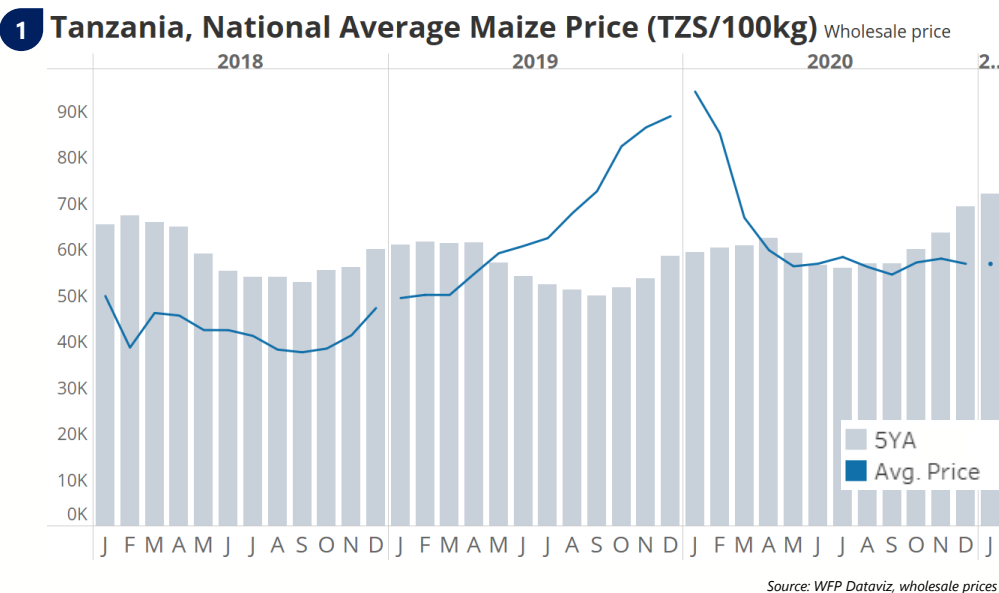
Source: ALPS WFP

TANZANIA

Tanzania's national average maize price is trending below the 5YA level and monitored markets across the country are indicating normal prices.

In Tanzania, the national average maize price began trending below the 5YA level from September 2020. In January 2021, it was roughly 20% below the 5YA and 40% below year prior levels (1).

As of January 2021, all monitored markets in Tanzania were indicating normal maize prices (2).



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

Source: ALPS WFP

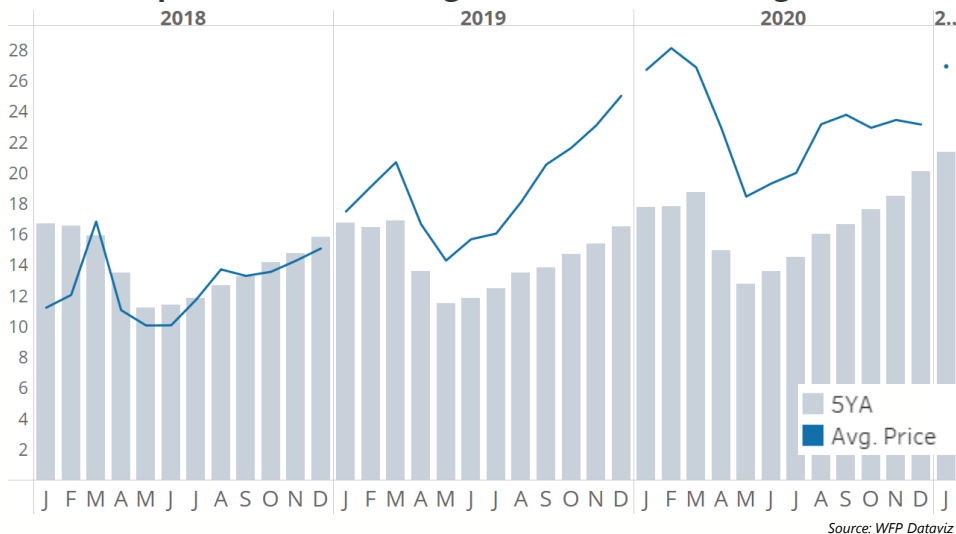
MOZAMBIQUE

Mozambique's national average maize price began to stabilize towards the end of 2020 but increased again in January 2021.

While the Mozambican metical has showed signs of stabilizing in January, it depreciated by approximately 16% against the USD over the course of 2020 (1). Food inflation surpassed 9% in January (3).

Mozambique's national average maize price stabilized towards the end of 2020, albeit at above average levels. In January 2021, it jumped again to over 26 MZN/kg (2). Localized and seasonal dynamics are at play with conflict affecting production and supply in the north and heavy rainfall and flooding in the central and southern regions likely to impact this year's harvest.

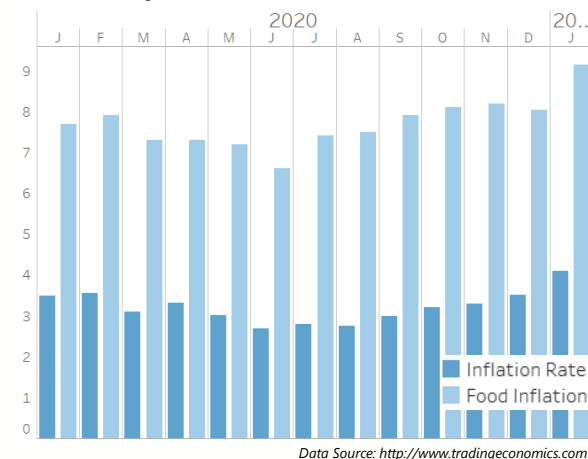
2 Mozambique, National Average Maize Price (MZN/kg)



1 Mozambique (USD/MZN)



3 Mozambique Inflation & Food Inflation (%)



MALAWI

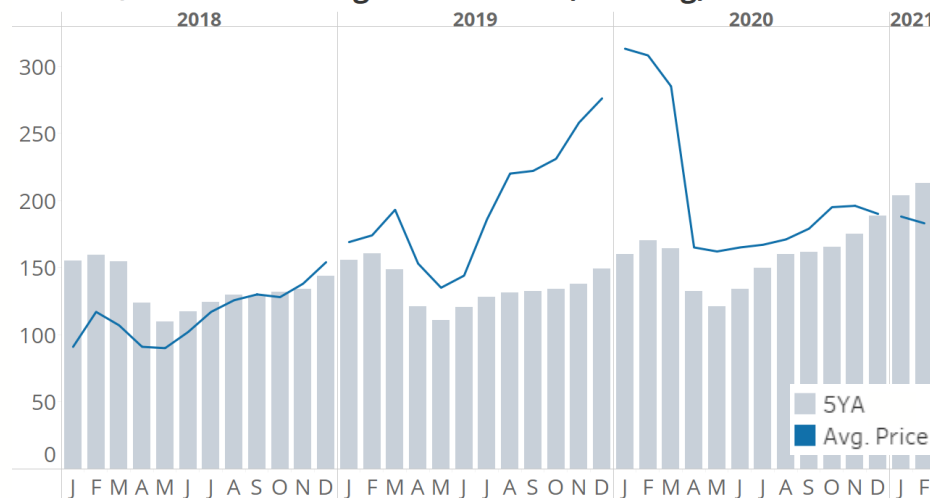
Unlike many other countries in the region, Malawi's national average maize price is atypically stable this year and is trending below average levels.

According to the *Minimum Expenditure Basket in Malawi Issue No. 22 (8 – 12 February)*, the current national average maize price is approximately 40% lower than year prior levels and 10% below the 5YA (1). This can be attributed to above average market supplies and to the Agricultural Development and Marketing Cooperation (ADMARC's) commercial sale of maize grain at a subsidized price of MWK 160/kg – 20% lower than the minimum buying price of MWK 200/kg set by the government in April 2020. With the green maize harvest expected in March in some areas, maize prices are only expected to continue decreasing.

Maize prices in the Southern Region remain higher than the North and Central regions, where the majority of maize is sourced within the country.

The Malawi kwacha has continued to gradually depreciate (2). Although headline and food inflation rates have stopped their downward trend, they remain stable (3).

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

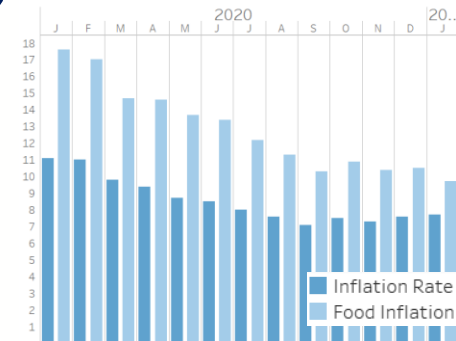


Source: WFP

2 Malawi (USD/MWK)



3 Malawi Inflation & Food Inflation (%)



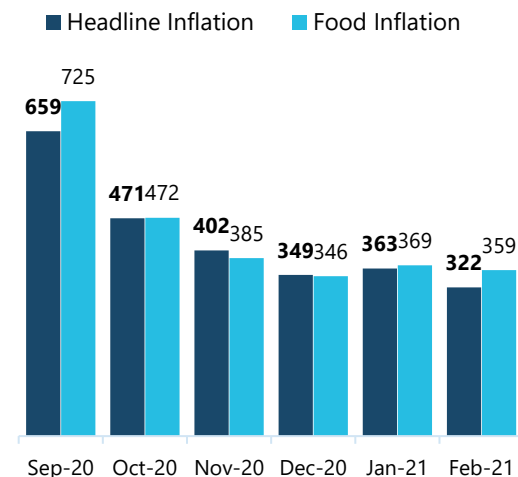
Data Source: <http://www.tradingeconomics.com>

ZIMBABWE

Supply of maize grain remains critically low in Zimbabwe's markets and although inflation rates have stabilized, they remain high at over 300%.

| | |
|---------------------------|---|
| Headline Inflation | 322% <i>February 2021</i> |
| Food Inflation | 359% <i>February 2021</i> |
| Exchange Rate | 83.88 ZIMBABWECUR <i>1 March 2021</i> |

1 Zimbabwe's Inflation Rates



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

While Zimbabwe's inflation rates have stabilized in recent months, they still remain high at over 300%. Food prices remain high, and the rising cost of fuel has also been a factor in the general upward trend of prices.

Reinstated COVID-19 lockdown measures in January halted many informal livelihood activities for vulnerable groups in urban areas, thereby significantly impacting incomes. The situation was compounded by price increases of basic food commodities, further eroding household's purchasing power.

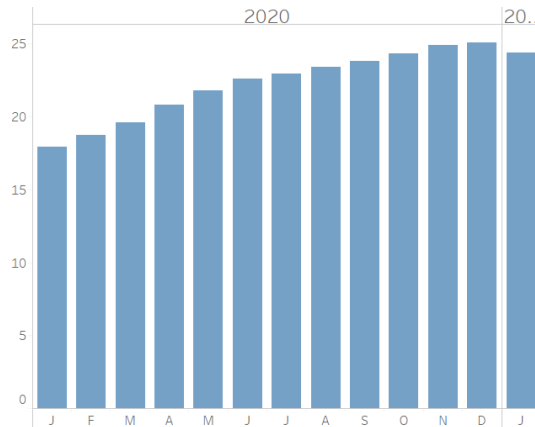
According to the *Zimbabwe Food Security Situation Update for January 2021*,

Maize grain remains unavailable in many markets. Depleting household stocks have led to increased market demand, pushing prices upwards in cereal deficit areas.

Based on the price data from a limited number of markets, the average price for maize grain in ZWL increased by 15% from December 2020 to January 2021.

EXCHANGE RATES AND INFLATION RATES | OTHER COUNTRIES

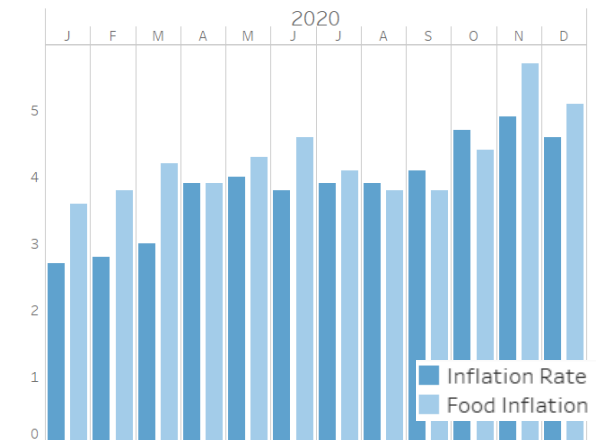
Angola Inflation (%)



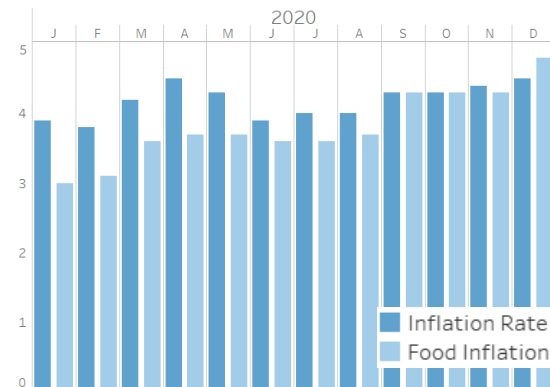
Angola (USD/AOA)



Eswatini Inflation & Food Inflation (%)



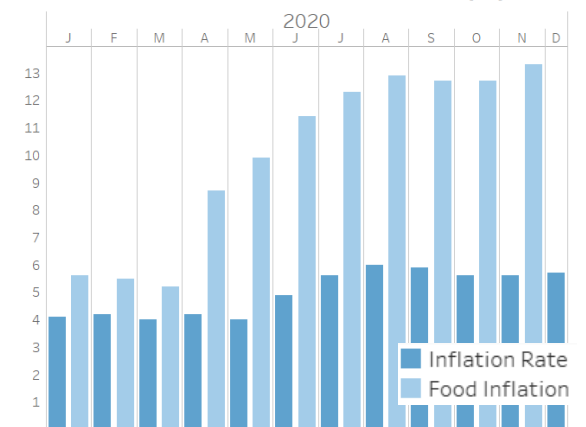
Madagascar Inflation & Food Inflation (%)



Madagascar (USD/MGA)



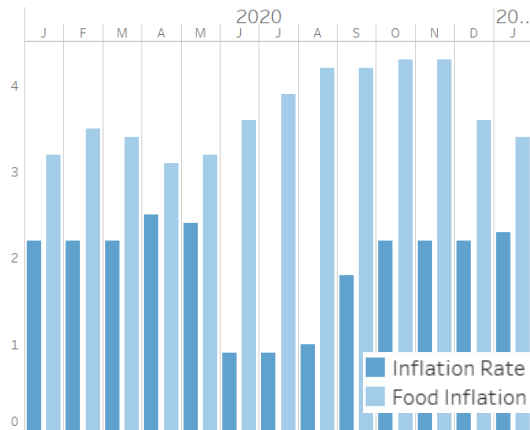
Lesotho Inflation & Food Inflation (%)



- Data Source: <http://www.tradingeconomics.com>. Data available as of 1 March 2021.
- The eSwatini lilangeni Lesotho loti, Namibian dollar, and are pegged to the South African rand, and thus show the same movement.

EXCHANGE RATES AND INFLATION RATES | OTHER COUNTRIES

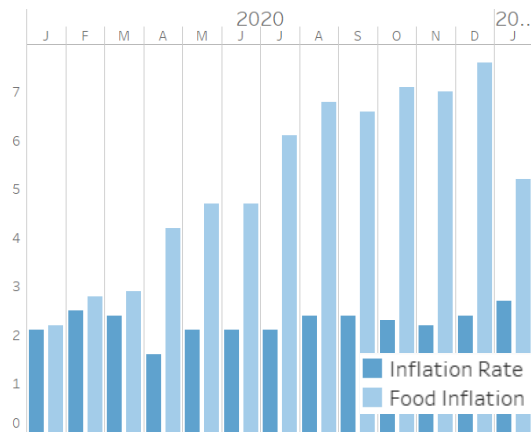
Botswana Inflation & Food Inflation (%)



DRC (USD/CDF)



Namibia Inflation & Food Inflation (%)



ROC (USD/XAF)

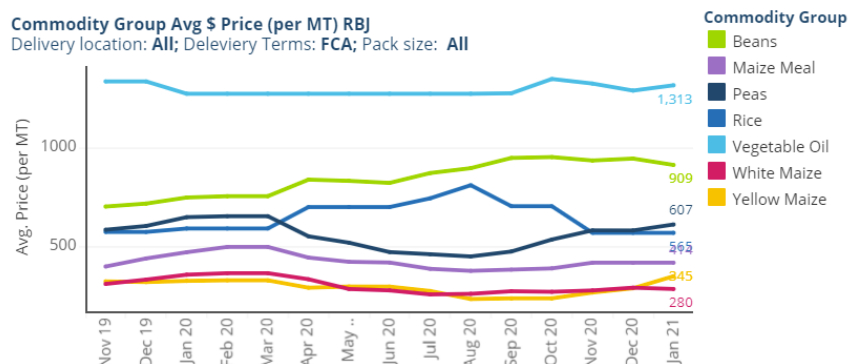


Data Source: <http://www.tradingeconomics.com>. Data available as of 1 March 2021.

SELECT REGIONAL PROCUREMENT PRICES

REGIONAL AVG

Commodity Group Avg \$ Price (per MT) RBJ
Delivery location: **All**; Delivery Terms: **FCA**; Pack size: **All**



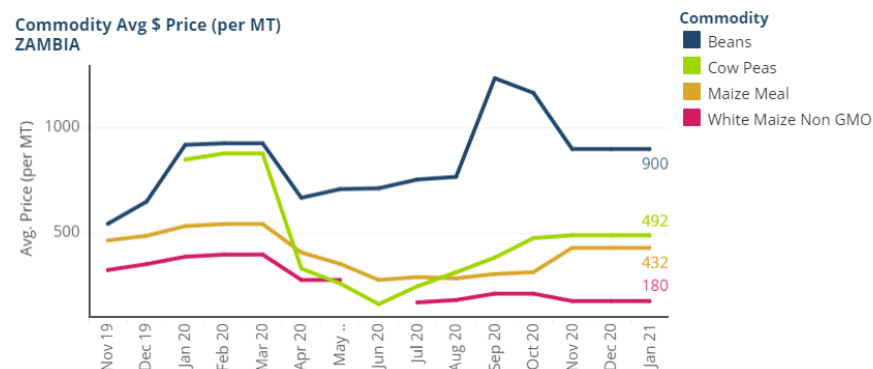
% Change in Commodity Avg \$ Price (per MT) vs Prev Month

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

| Commodity Group | # Delivery Terms | # Delivery Locations | Nov 20 | Jun 20 | Jul 20 | Aug 20 | Sep 20 | Oct 20 | Nov 20 | Dec 20 | Jan 21 |
|-----------------|------------------|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Beans | 1 | 9 | -1% | -1% | 6% | 3% | 6% | 0% | -2% | 1% | -3% |
| Maize Meal | 1 | 9 | -1% | -1% | -8% | -3% | 2% | 2% | 8% | 0% | 0% |
| Peas | 1 | 7 | -9% | -9% | -2% | -2% | 6% | 13% | 9% | 0% | 5% |
| Rice | 1 | 5 | 0% | 0% | 6% | 9% | -13% | 0% | -19% | 0% | 0% |
| Vegetable Oil | 1 | 4 | 0% | 0% | 0% | 0% | 0% | 6% | -2% | -3% | 2% |
| White Maize | 1 | 15 | -3% | -3% | -7% | 1% | 5% | -1% | 3% | 5% | -2% |
| Yellow Maize | 1 | 3 | 0% | 0% | -8% | -15% | 2% | 0% | 13% | 8% | 22% |

ZAMBIA

Commodity Avg \$ Price (per MT) ZAMBIA



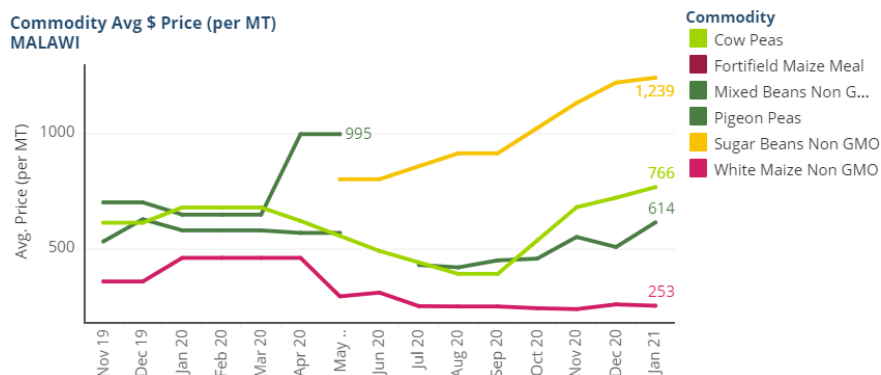
% Change in commodity Price (per MT) vs Prev Month

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

| Commodity Group | # Delivery Terms | # Delivery Locations | Nov 20 | Jun 20 | Jul 20 | Aug 20 | Sep 20 | Oct 20 | Nov 20 | Dec 20 | Jan 21 |
|-----------------|------------------|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Beans | 1 | 2 | 0% | 1% | 6% | 2% | 61% | -6% | -23% | 0% | 0% |
| Maize Meal | 1 | 2 | 3% | -21% | 5% | -2% | 7% | 3% | 36% | 0% | 0% |
| Peas | 1 | 2 | 1% | -37% | 51% | 27% | 22% | 24% | 3% | 0% | 0% |
| White Maize | 1 | 4 | 0% | 0% | 0% | 7% | 16% | 0% | -16% | 0% | 0% |

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 | Nov 20 | Jun 20 | Jul 20 | Aug 20 | Sep 20 | Oct 20 | Nov 20 | Dec 20 | Jan 21 |
|-----------------|------------------|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Beans | 1 | 1 | 0% | -11% | 7% | 7% | 0% | 12% | 11% | 8% | 2% |
| Maize Meal | 1 | 1 | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Peas | 1 | 1 | 0% | -12% | -11% | -7% | 4% | 18% | 24% | 0% | 12% |
| White Maize | 1 | 2 | 6% | 6% | -19% | -1% | 0% | -3% | -2% | 9% | -2% |

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

On 15 March 2021, Malawi's Ministry of Trade announced that it would temporarily lift the maize export ban from March to June 2021. The ban had been in place since February 2018.

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.

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

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

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