Zimbabwe

May 2022

WFP World Food Programme

Food Security and Markets Monitoring Report

Situation Update

Inflation is on the rise - in May, headline inflation increased from 96% to 132%, food inflation rose from 104% to 155%, and monthly inflation spiked from 15.5% in April to 21% in May 2022. The price of fuel increased by an average of 2% in USD terms and 76% for ZWL prices. These factors are increasing market pressures, which disproportionately affect the poorest and most vulnerable communities whose incomes have remained largely stagnant. Zimbabwe has been added to the list of hotspots countries in the latest FAO-WFP Hunger Hotspots report.

The government has responded to potential shortages of basic commodities by lifting import bans and suspending duties on selected imported basic food and non-food commodities for six months starting May 17. Maize, wheat, and soya beans continue to be sold solely to the Grain Marketing Board (GMB) or contractors; 30 percent of payments to producers for maize and small grains are made in USD, the rest being in ZWL.

Highlights

Inflation rates continued to increase. The year-on-year inflation rate for headline and food inflation jumped from 96% to 132% and from 104% to 155%, respectively between April and May 2022.

When compared to the last season i.e. 2021/22 season, national cereal production decreased by about 43% from about 3.1 million MT to the current 1.7 million MT, and within communal farming areas by 50% from 1 million MT in 2021 to 500 MT in 2022.

Maize grain was reported to be unavailable in rural markets and available in only 15% of urban markets. Maize meal was available in all monitored rural markets and in 81% of urban markets.

According to the latest IPC-compatible analysis conducted by Famine Early Warning Systems Network (FEWSNET), it is anticipated that the worst affected districts in terms of harvest will see gradual emergence of Crisis (IPC Phase 3) outcomes.

According to the WFP HungerMap LIVE, the number of estimated people with insufficient food consumption declined from 6.3 million during the pre-harvest period in March to 4.8 million at the beginning of June, due to the start of harvest.

Between April and May, the average cost of a minimum expenditure food basket in urban areas increased by 8% in USD terms and by 49% in ZWL terms.

Food and nutrition security situation

According to HungerMap LIVE, the estimated number of people with insufficient food consumption declined from 6.3 million at the beginning of March to 4.8 million at the beginning of June, while those resorting to crisis and above food-based coping strategies decreased marginally from 7.7 million people to 7.3 million. Although this decline can be attributed to the start of harvest in some districts, the prevalence of insufficient consumption and consumption-based coping still remains higher than typical during the harvest period. Currently, the estimated prevalence of insufficient consumption is very high (above 40%) in Matabeleland North (45% of the population) and Masvingo (41%) Provinces. While Manicaland, Midlands, Mashonaland East and Matabeleland South also have high prevalence, see Figure 1.

Typically, food-based coping decreases during the harvest and post-harvest period. However, this trend may not hold during the current season as a result of a below-normal harvest for communal farmers and persisting macro- and micro-economic challenges. In Matabeleland North, Mashonaland Central and Manicaland provinces, the estimated prevalence of 'crisis' or 'above-crisis' level food-based coping strategies has increased over the three months to reach 59%, 52% 47% respectively.

According to the latest IPC compatible analysis conducted by Famine Early Warning Systems Network (FEWSNET), Stressed (IPC Phase 2) outcomes prevail in most deficit - as well as some surplus-producing areas as harvesting progresses and improves food access. Below normal crop production from the 2021/22 agricultural season is anticipated to result in the gradual emergence of Crisis (IPC Phase 3) outcomes in worst affected districts by August. Meanwhile, in surplus-producing areas, near-average 2021/22 harvests and 2020/21 carryover stocks will likely allow most of these areas to maintain Minimal (IPC Phase 1) outcomes throughout the outlook period. Urban areas are likely to remain Stressed (IPC Phase 2) through September given below normal income and spiking prices.

In addition to inflationary pressures, shortages of some basic food commodities including cooking oil, maize meal, and sugar have been reported in monitored markets, with some formal wholesale and retail outlets rationing units sold per customer or selling exclusively in USD.

Figure 1: Prevalence of insufficient food consumption

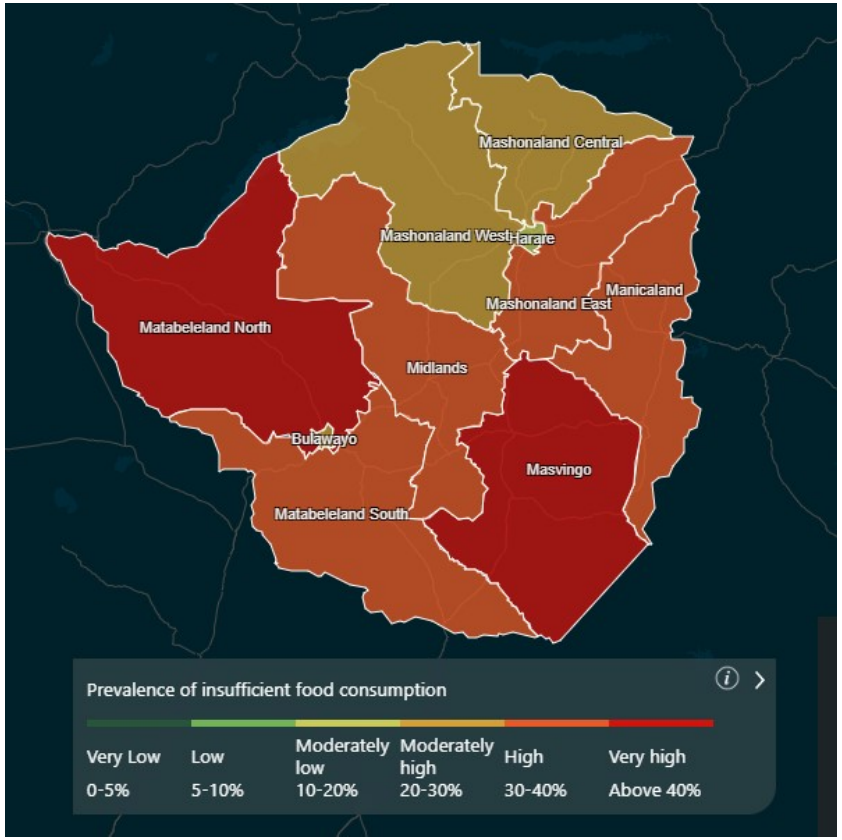
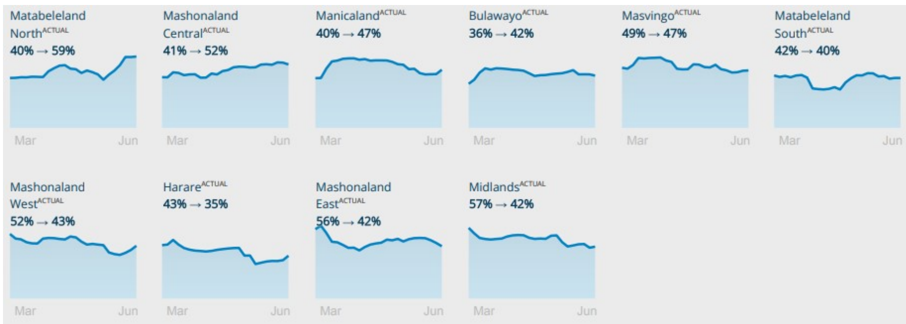


Figure 2: Prevalence of food-based coping, March—June 2022



Macro-economic situation

The consumer price index continued on an upward trend; in May monthly inflation jumped from the 15.5% to 21%. The year-on-year inflation rate also continued on an upward trajectory for both headline and food inflation based on the ZWL; between April and May, headline and food inflation increased from 96% to 132% and from 104% to 155%, respectively (Figure 3). The Consumer Council of Zimbabwe reported that the monthly family food basket rose from ZWL98,000 in April to ZWL120,000 in May, which is double the income for most people that are formally employed. The continuing increase in the cost of living is likely to negatively impact and exacerbate vulnerability among low-income and resource constrained urban and rural households.

Compared to other SADC countries, the inflation rate in Zimbabwe remains higher than the rest of the SADC members. Zimbabwe is the only country with headline inflation above 50% (currently 132%), which continues to erode the purchasing power of vulnerable households.

The ZWL has continued to devalue against the USD on both the official and unofficial exchange market. At the end of May, the RBZ auction was trading at ZWL290.89:1USD, which is 243% higher than the same time last year (Figure 4).

The difference between the official and parallel exchange rates has been growing steadily over the past year and peaked in April at 148%. In May, the difference reduced to 52% due to a sharp increase in percentage change in the official exchange rate against a decline rate of change in the parallel market. However, the parallel exchange rate remains very fluid and must be closely monitored against the official exchange rate.

In addition to inflationary pressures, shortages of some basic food commodities including cooking oil, maize meal, and sugar have been reported in monitored markets, with some formal wholesale and retail outlets rationing units sold per customer or selling exclusively in USD.

Figure 3: Inflation rates

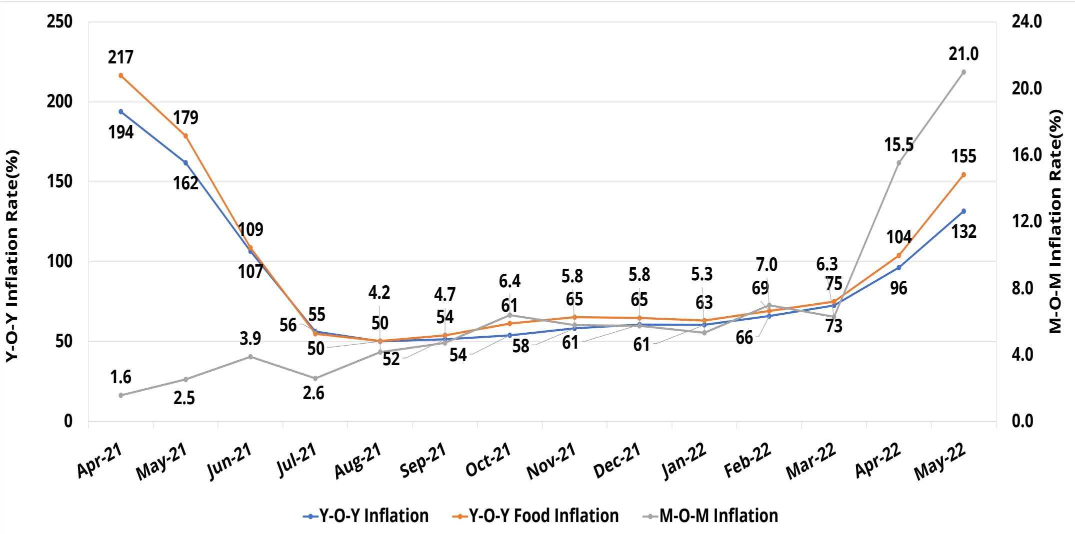
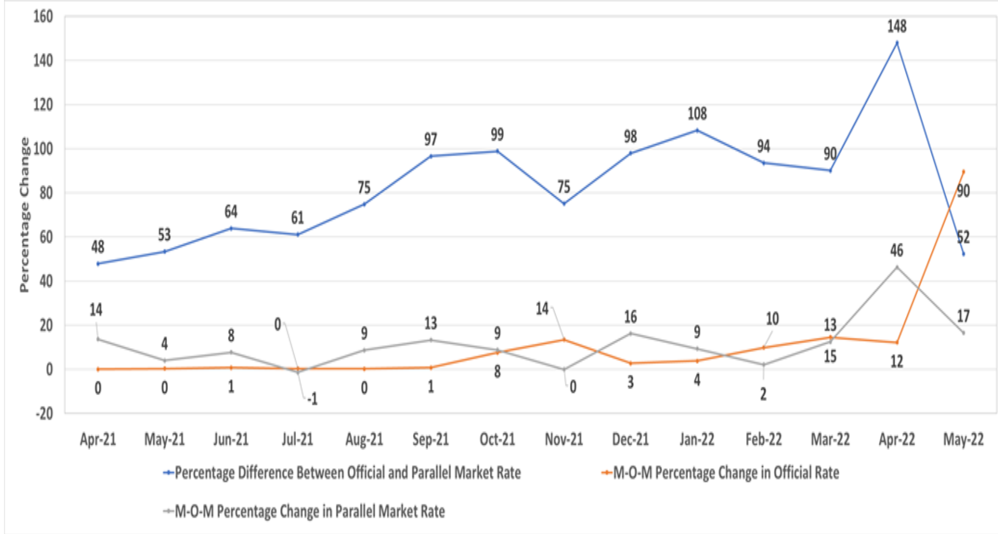


Figure 4: Exchange rates USD : ZWL



Rural market performance update: a review of availability and prices of basic food basket commodities (ZWL and USD)

Data for rural markets was not available for the month of May and the below analysis is based on April prices. Between March and April 2022, the cost of a basic food basket in monitored rural markets increased by **22%** in **ZWL** terms and by **2%** in **USD** terms; over the last year, the cost has increased by an average of 124% in ZWL terms but decreased by 2% in USD, due to the appreciation of the USD outpacing the food price increases in ZWL. **Vegetable oil** saw the greatest price rise—increasing by **29%** last month and by **202%** in **ZWL** terms over the last year.

Figure 5: Rural ZWL percentage change

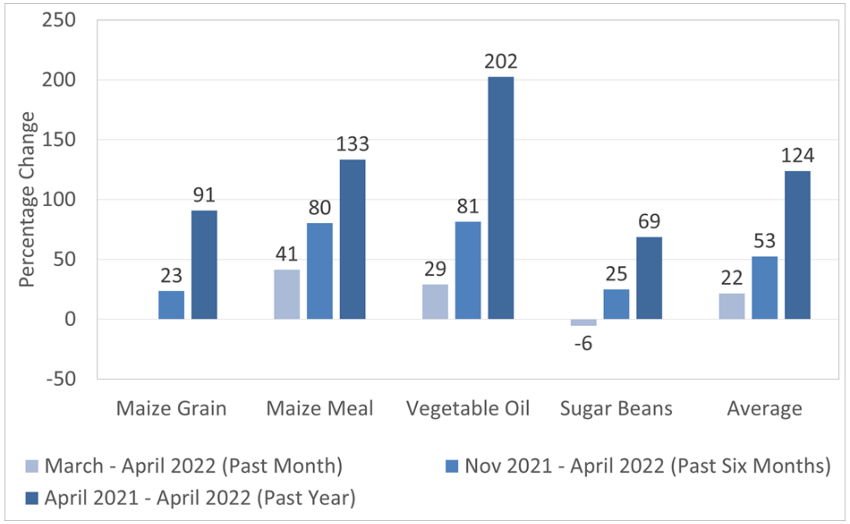
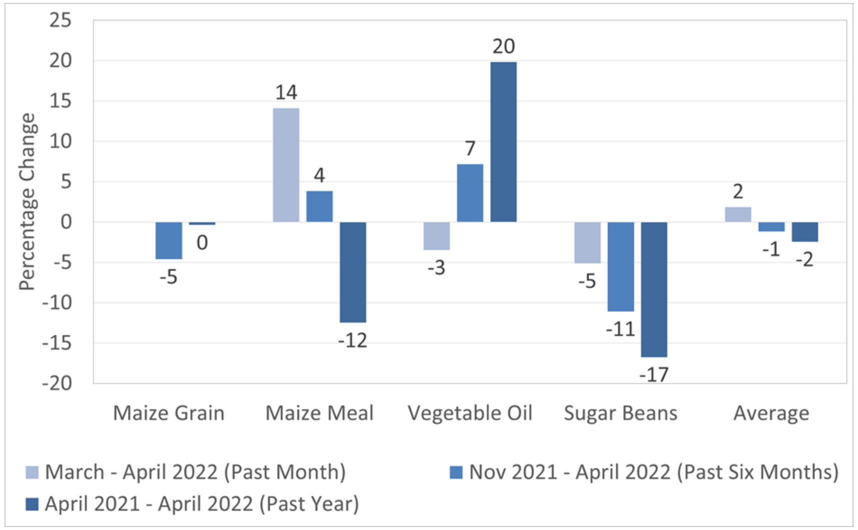


Figure 6: Rural USD percentage change



Maize grain was unavailable in monitored markets, a situation which is atypical during harvest when households dispose some of their produce in exchange for cash to cover other urgent needs.

This could be a result of the recently published national guidelines which make it mandatory for all farmers to sell their maize harvest to the Grain Marketing Board.

Unrefined maize meal availability increased in rural markets, probably in anticipation of increased demand due to the poor harvest by communal households.

Unrefined maize meal was selling at an average price of ZWL127.10/kg (41% higher than in March). The current price is 89% when compared to April 2021 These price increases are most likely a result of inflation in the current month.

Sugar beans availability increased from 45% in March to 50% in April. The availability of sugar beans dropped below 60% (the average availability over the past year) for three consecutive months probably due to low supply from farmers during the lean season.

The average price of the commodity increased by 18% to ZWL523.80./kg. The current price for the commodity is 103% higher when compared to April 2021.

Vegetable oil was available in 100% of the monitored markets which is comparable to 99% reported in March 2022.

The commodity was selling at an average price of ZWL581.00/L which is 32% higher than ZWL441.67/L in March 2022.

The price is 141% higher than ZWL187.47/L in April 2021.

Urban market performance update: a review of availability and prices of basic food basket commodities (ZWL and USD)

The price of basic food commodities in **ZWL** terms increased by an average of **49%** when compared to April and **172%** when compared to last year. In **USD** terms, the average cost of a basic food basket increased by **8%** in May and the highest price increase was for **vegetable oil** (**35% in ZWL** and by **10% in USD)** during the reporting period, and by **354% in ZWL** and **35% in USD** over the last year.

Figure 7: Urban ZWL percentage change

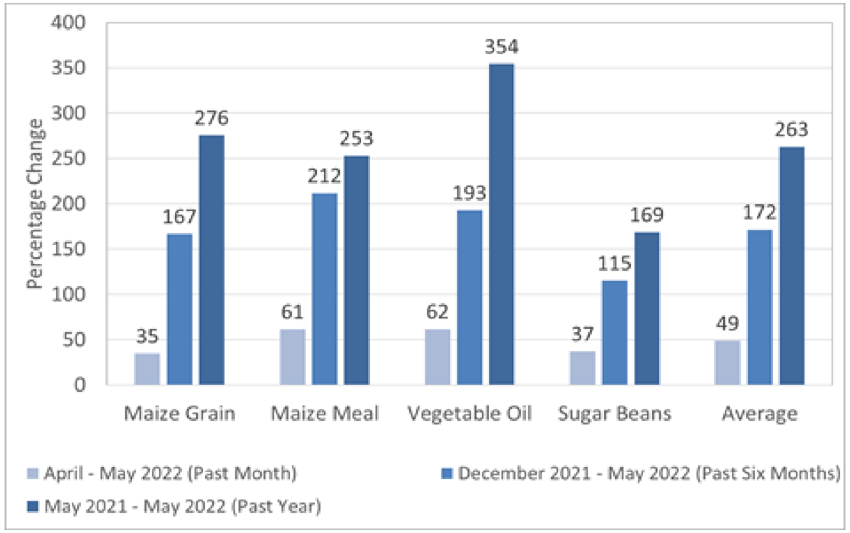
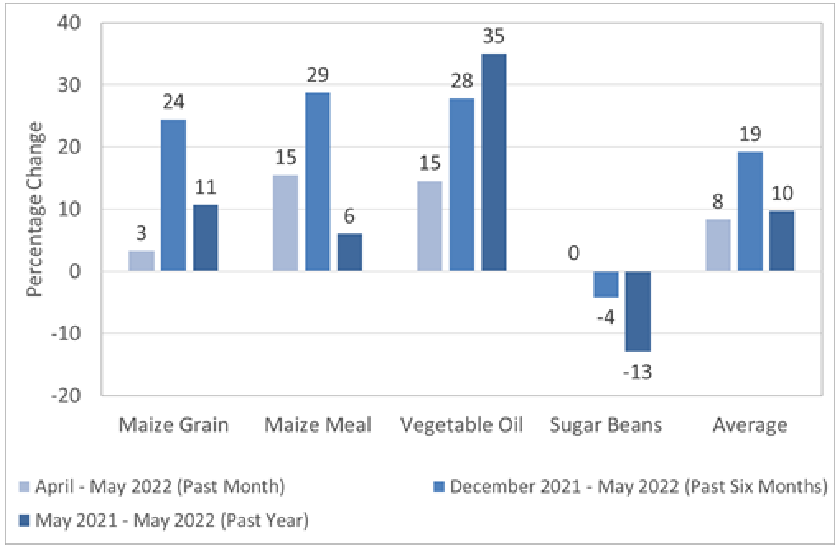


Figure 8: Urban USD percentage change



Maize grain was available in 14% of the monitored markets. Urban households rely more on maize meal compared to maize grain, but vulnerable households prefer the grain as it is currently 75% cheaper.

Maize grain was selling at an average price of ZWL110.19/kg (35% higher than in April). The current price is 276% higher than the May 2021 price of ZWL38.60/kg.

Unrefined maize meal was available in 71% of the markets a decrease from 81% reported last month.

The average price of maize meal in urban markets was ZWL192.51/kg (61% higher than in April) and 253% higher than one year ago. The highest price was recorded in Marondera Urban at ZWL211.17/kg and the lowest in Goromonzi at ZWL164/kg.

Sugar beans availability remained stable compared to April 2022 at an average of 88% of the urban monitored markets. The average price for sugar beans in urban markets in May was ZWL501.82/kg (37% higher than in April) and represents an increase of 169% when compared to one year ago. The highest price was reported in Marondera Urban at ZWL975.31/kg and lowest in Goromonzi at ZWL544.65/kg.

Vegetable oil supply remained high across all urban domains and the commodity was reported available in 81% of monitored markets.

The average price of vegetable oil increased by 49% from ZWL583.34/L last month to ZWL942.92/kg.

The price is 354% higher than ZWL208.60/L recorded in May 2021.

Fuel prices (USD and ZWL)

The price of diesel in ZWL was pegged at ZWL499.56/L and petrol at ZWL481.02/L, an average of 76% increase for both diesel and petrol compared to April 2022. The price in USD terms increased by an average of 2% from US$1.71/L and US$1.63/L in April to US$1.74/L and US$1.68/L for diesel and petrol respectively. According to the regulatory authority, the prices were set in accordance with global oil price trends. The current ZWL prices represent a 135% increase from prices recorded same time last year in ZWL terms and a 30% increase in US$ terms (May 2021) and has a direct impact on the prices of goods and services.

Non-food commodities (USD and ZWL)

Laundry and bathing soap were available in 76% of the urban markets monitored a decrease from 82% reported in April. Laundry soap was selling at an average price of ZWL566.29/bar which is 56% higher than April; the USD price increased by 15% from $1.42/bar to $1.63/bar. Bathing soap price increased by 38% in ZWL terms from ZWL218.51/250g to ZWL301.95/250g and remained stable in USD from US$0.90/250g to US$0.89/250g.

Other basic food commodities (USD and ZWL)

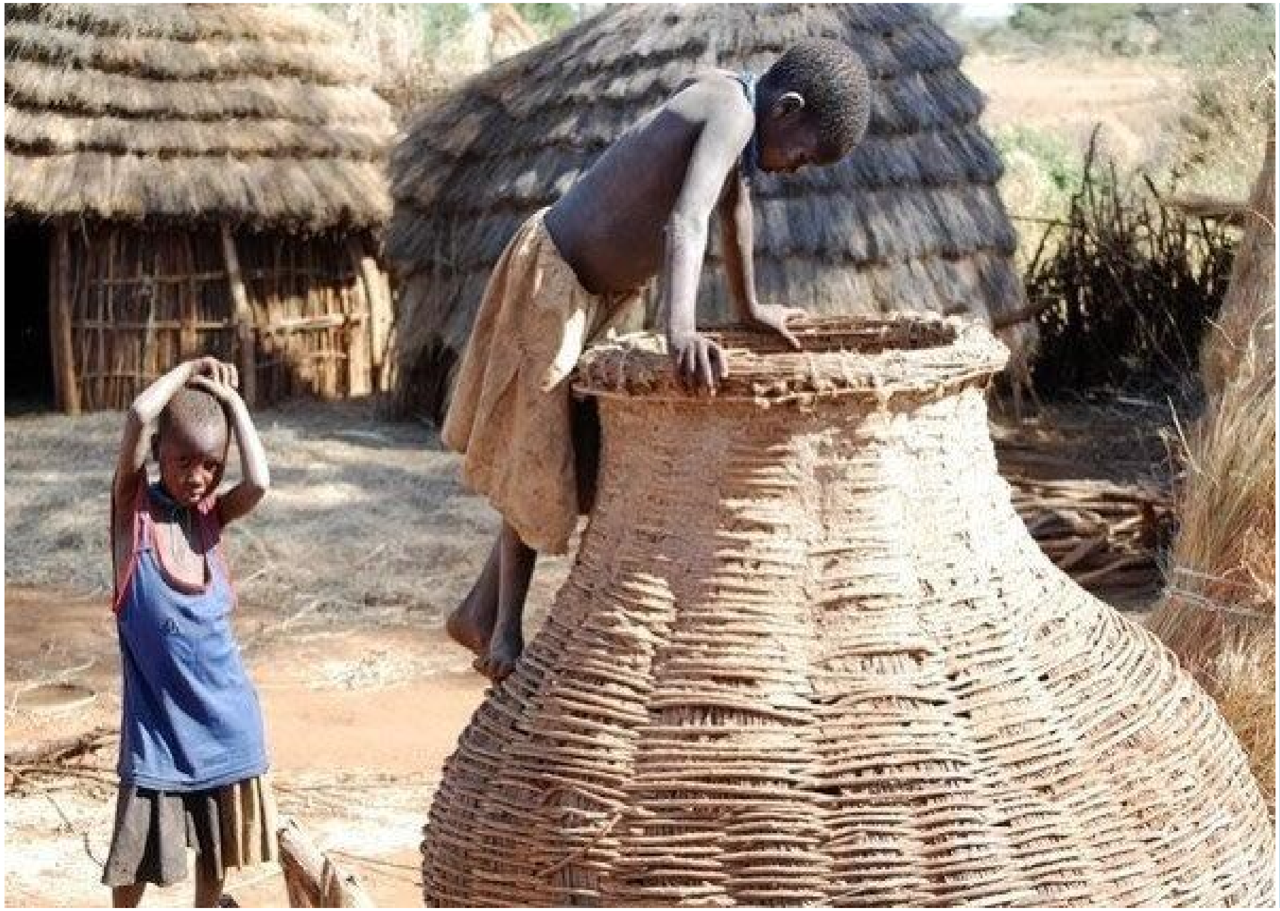
Table 1: Availability and prices of other commodities in May 2022

	Availability			Price in USD			Price in ZWL		
Commodity	**April**	**May**	**Avail % change**	**April ($)**	**May ($)**	**% change $**	**April (ZWL)**	**May (ZWL)**	**% change ZWL**
Rice Urban	100%	100%	0%	$ 0.96	$ 0.96	0%	ZWL 246.59	ZWL 326.53	32%
Salt Urban	100%	100%	0%	$ 0.54	$ 0.52	-4%	ZWL 134.49	ZWL 173.50	29%
Sugar Urban	83%	84%	1%	$ 1.23	$ 1.33	8%	ZWL 306.67	ZWL 466.34	52%
Kapenta Urban	64%	76%	19%	$ 10.90	$ 10.39	-5%	ZWL 4,263.97	ZWL 3,926.00	-8%

Rice and salt availability remained at 100%, whilst sugar was available in 83% of monitored markets, a decrease from 92% reported in April. Availability of kapenta increased by 19%. In USD terms, prices remained fairly stable and only significant changes reported were a 8% increase for sugar.

In ZWL terms, prices for these four commodities increased by an average of 26% with the steepest increase recorded for sugar at an average of 52%. The average price of rice increased by 32%, that of salt by 29% and that of kapenta decreased by 8%. The price increases in ZWL terms are most likely due to the negative forces in the market including international trade disruptions, inflation at its highest levels in more than a year and the dual pricing system with wholesalers preferring payments in USD against stagnant incomes. (Table 1).

Methodology



Data for this reporting period was collected between 1-31 May 2022 and is based on interviews with 105 traders, in urban districts, across 7 domains; 60% of the interviews were conducted remotely whilst 40% were face-to-face. The number of districts monitored in May was limited to the urban programme.

Checking availability at market level: If a trader reports having sold a commodity within the last week, the commodity is considered available in their respective market. Availability at country-level (district-level) is calculated as the share of markets with commodity availability across the country (across districts). Missing data indicate that none of the interviewed traders generally trades the commodity. For the full harmonized markets monitoring database, please visit: Economic: Prices - Dataviz | WFP - VAM.

The harmonised markets monitoring initiative is conducted by WFP in partnership with members of the National Cash Assistance Working Group (NCWG).

For further information

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