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WFP MOZAMBIQUE – Food Price Bulletin

June 2022, Research Analysis and Monitoring (RAM) unit

Key highlights

- Food prices in May have been highly influenced by the impact of two cyclones during the 2021/22 agricultural season, by severe drought conditions in central and southern provinces and by the global impact of the Ukraine crisis on markets. With the incoming harvest, prices typically decrease in May, however this year, with the combined effect of all these events, we see **mixed price trends for different commodities across the provinces of Mozambique**.
- The **price of four main food commodities combined** – rice, cassava, vegetable oil, and brown sugar - shows **in May 2022 an increase of almost 4 percent compared to April 2022** and all commodities, except white maize and groundnut, present increase spikes when compared to prices registered in December 2021 (pre-Ukraine crisis).
- **The price of white maize** shows a decreasing trend in recent months, probably due to higher availability in this season but **it is considerably higher than in May last year (+42 percent)**, when there was higher production¹.
- **Vegetable oil prices continue to increase** with an overall 42 percent higher price compared to May 2021 and 27 percent higher prices than December 2021. **Cabo Delgado has seen the highest increase (161 percent)** followed by Zambezia, Niassa, Tete, Sofala and Gaza, respectively.
- Also the price of local brown sugar has increased compared with values recorded in December 2021, in particular in Zambezia, Inhambane and Gaza.
- For main food commodities Niassa followed by Cabo Delgado, Zambezia, Manica and Tete showed a higher variation in prices compared to other provinces.

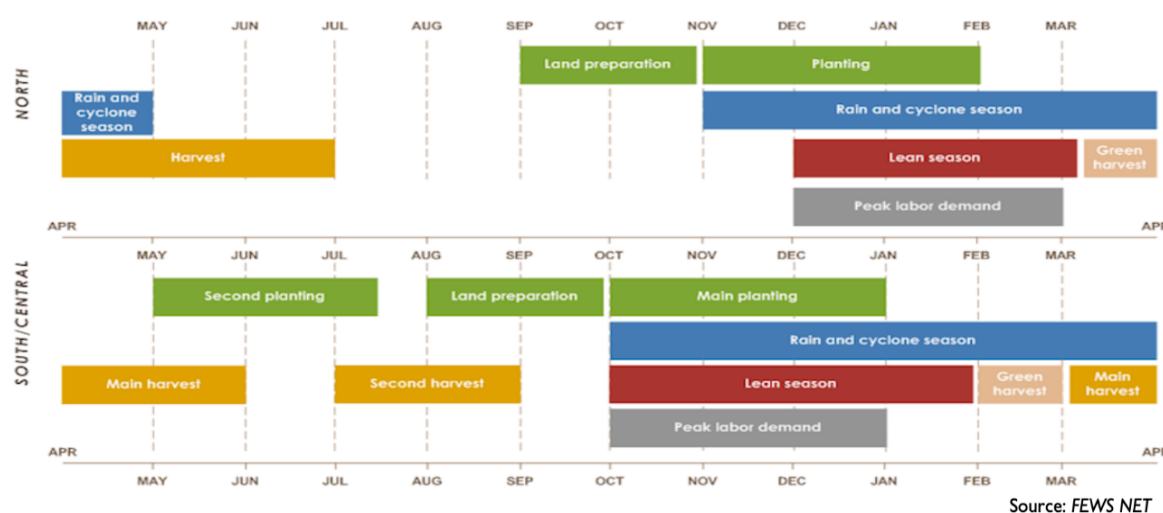
¹ Crop assessment figures for this year are still pending, however, production is expected to have decreased compared to last year.

CONTEXT

Seasonality in Mozambique

Mozambique's agricultural production is mainly characterised by low to moderate productivity of a wide selection of staple crops, a diverse variety of annual and perennial horticultural products, and cash crops. According to the seasonal calendar (Figure 1), the main harvest season starts in April and usually ends at the end of July in the northern provinces, while in the central and southern parts of the country it runs from March to June. During the harvest, staple crop prices and food prices typically begin declining significantly as the incoming harvest begins to reach local markets, and May is considered an important month for harvesting. The price of main food commodities should in general shows decreasing values compared with the previous month and with the 6 months before (Pre-Ukraine crisis). In the following paragraph, additional contextual information and possible causes of a different trend in food prices are presented.

Figure 1. Seasonal calendar for a typical year in Mozambique



Possible impact of climate-related events on food prices

The 2021/2022 cyclone season brought two major events to Mozambique; Tropical Storm Ana in late January and Tropical Cyclone Gmbe in March. Ana heavily impacted the provinces of Nampula, Zambezia, Tete, and parts of Niassa, Manica, and Sofala provinces. In these areas, 185,400 people were affected and 126,300 hectares of agricultural land were destroyed. A month later, Tropical Cyclone Gombe hit the coast of Mozambique with its epicentre in Nampula province. It affected the same districts already impacted by Ana, and compounded to the effects. The National Institute for Disaster Management (INGD) estimates that 736,015 people were affected. In the agricultural sector, more than 91,000 hectares of crops were damaged by winds and floods. Crops from the main agricultural campaign were damaged (i.e. maize, cassava, rice, tubers, and sesame), and this will have a detrimental impact on food availability and food prices this marketing year.

Additionally, throughout February and March, severe drought conditions developed in the south of the country (from Maputo to Sofala and Manica) with several parts not receiving rains at all during the whole month, during the critical period of flowering and grain forming. Severe impact on crop production is expected for the provinces of Maputo, Gaza, Inhambane, Manica and Sofala, further exacerbating food and nutrition insecurity, which is likely

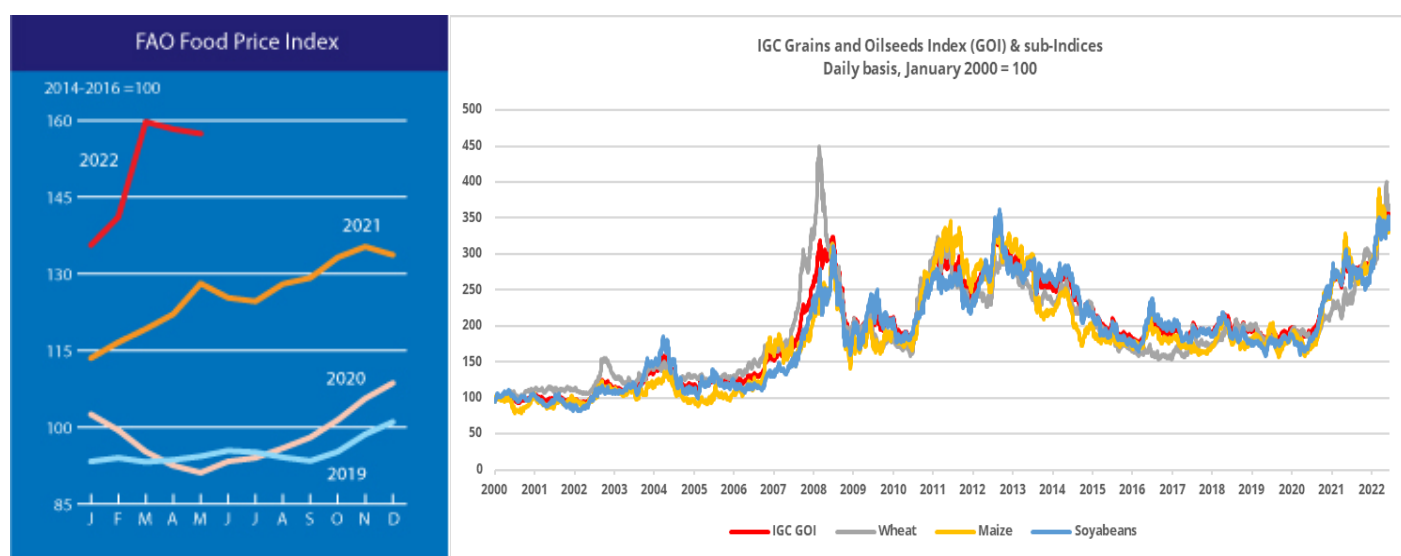
to deteriorate across the country due also to the increase in food, fuel and fertilizer prices following the Ukraine crisis.

Ukraine crisis: global and Mozambican markets:

The onset of the Ukraine conflict came at a time when global food, fertilizer and fuel prices were already hitting record heights. Concerns over crop conditions and export availabilities, along with surging energy prices, were already raised in February 2022 (before the impact of the conflict could be felt), when the FAO Food Price Index reached a then all-time high of 140.7 points (Figure 2).

Prices of grains and oil seeds after disruption of the global supply chain due to the conflict in Ukraine and the Covid-19 pandemic present a pattern similar to what was seen in 2011² and they continue to rise towards values seen during the greatest food price crisis of the past 30 years observed in 2008 (Figure 3).

Figure 2-3. FAO food price index and grain and oilseed index by IGC



Global commodity prices have increased sharply, including wheat at 68 percent higher than its normal average. This was further impacted by the export ban declared by India at the beginning of May, the ninth-largest wheat exporter in the world. The global price for wheat has reached a level similar to the 2008 global food crisis. In addition, energy prices affected food prices as fuel is an essential input for agricultural production as well as for the transport of food commodities in the global market. In March 2022, fuel prices reached a record high amid fears of a global economic shock. Oil prices went up to USD 139 per barrel, the highest level in nearly 14 years.

The Ukraine conflict is having a direct impact on Mozambique's food availability as the country imports essential goods and commodities from both Ukraine and Russia. Mozambique depends on imports for 90 percent of its wheat and sunflower seed oil needs; the country imports approximately a third (39 percent) of its wheat from Russia (31 percent) and Ukraine (8 percent) combined³.

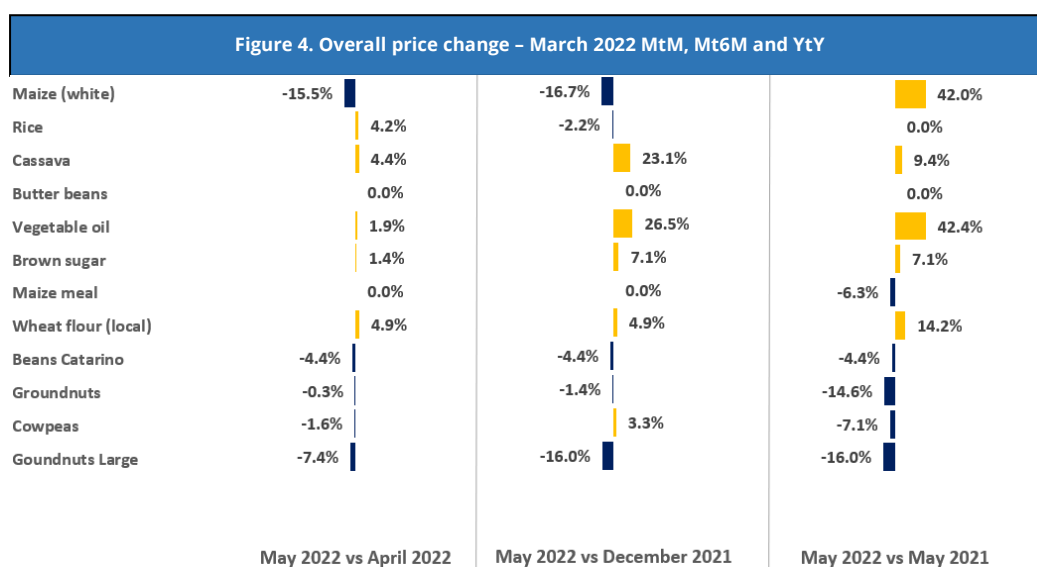
With Russia being one of the world's largest exporters of fertilizers, and the largest natural gas exporter, tighter supplies and further upward pressure on fertilizer prices are also expected. Mozambique currently imports almost 20 percent of its fertilizers from Russia. Elevated global fertilizer prices are concerning as reduced availability and accessibility will result in lower food production in Mozambique, which in turn would result in higher food import needs at a time when global food prices are rising steeply.

² In 2011 oil prices went through a significant rise leading to increased transportation and living costs consequently driving prices and inflation rates similar to the record level observed in the 2008-2009 fiscal year.

³ <https://www.fao.org/3/cb8895en/cb8895en.pdf>

Commodity price trends in Mozambique and provincial variations

The price of four main food commodities combined – rice, cassava, vegetable oil, and brown sugar -- shows in May 2022 an increase of almost 4% compared to April 2022 and all commodities except white maize and groundnut present increased spikes compared to prices registered pre-Ukraine crisis (December 2021), with vegetable oil +26.5 percent and cassava +23.1 percent more than others. For cassava, the comparison takes into consideration prices in Zambezia provinces, the only ones provided by SIMA (Agrarian Markets Information Systems) (Figure 4⁴ and Annex I). It is important to highlight that while the price of white maize shows a decreasing trend in recent months, likely due to higher availability in this season, it is considerably higher than in May last year (+42 percent), when there was probably higher production⁵. Also, comparing vegetable oil prices with last year's values, we see a high increase (42.4 percent). In May 2022, groundnuts, cowpeas, maize meal and beans catarino prices are below those registered in May 2021.

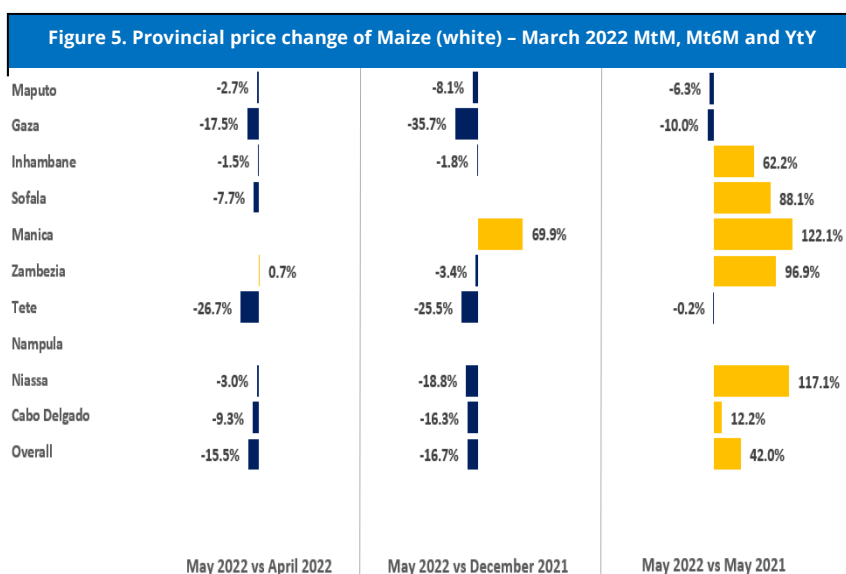


Provincial price trends



Maize (white):

Maize prices have decreased compared to April 2022 and to December 2021 in all provinces due to the fresh harvest available from the current season, except in Manica. Yet the national/overall median price of maize is 42 percent higher than the year prior level. The highest increase is again in Manica by 122 percent, followed by Niassa (117 percent), Zambezia (97 percent), Sofala (88 percent), Inhambane (62 percent) and Cabo Delgado (12 percent).



⁴ MtM=Month to the previous month (e.g. May 2022 vs April 2022)

Mt6M=Month to price before 6 months (e.g. May 2022 vs December 2021)

YtY=Month to prices before 1 year (e.g. May 2022 vs May 2021)

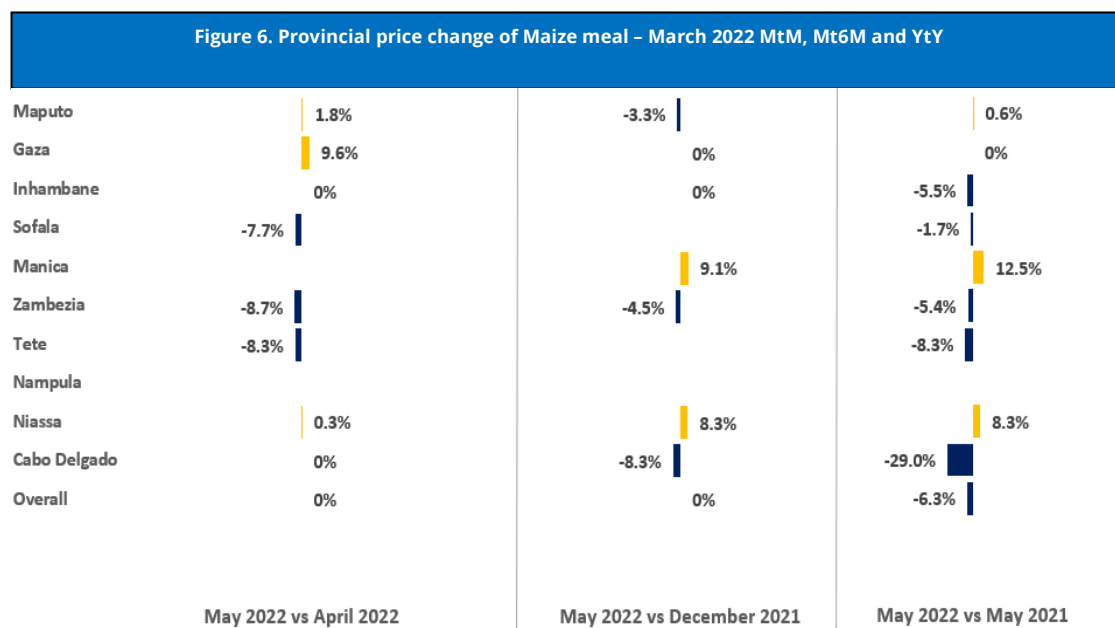
⁵ Crop assessment figures for this year are still pending, however, production is expected to have decreased compared to last year.

(12 percent), respectively. In May 2022 the highest price was observed in Inhambane (36 Mt/Kg) and the lowest in Tete (14 Mt/Kg).



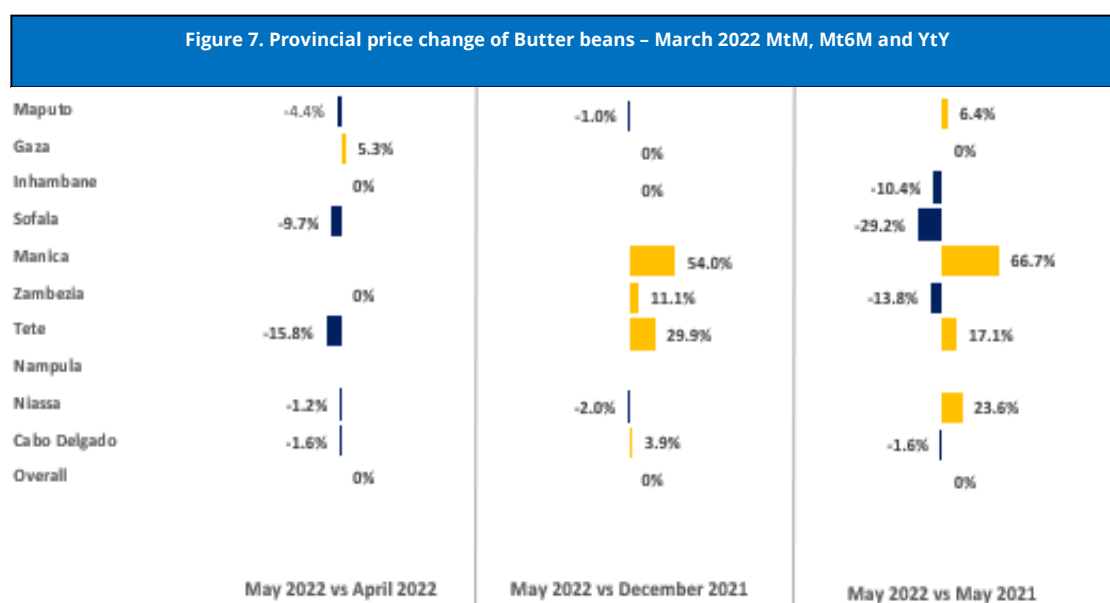
Maize meal (white, first grade):

Despite a decrease in the white maize price in the past 6 months, the prices of maize meal in the country were quite stable, probably because of an increase in the cost of milling. Only the provinces of Gaza and Maputo saw an increase in the last month of respectively 9.6 percent and 1.8 percent. Compared to May 2021, maize meal prices decreased in all provinces except for Manica and Niassa. The highest price was observed in Niassa (68 Mt/Kg) whereas the lowest was 48 Mt/Kg in Maputo in May 2022.



Butter beans:

A considerable increase in butter beans price was observed when comparing values registered in May with pre-Ukraine crisis levels (December 2021). This is particularly evident in Manica, Tete and Zambezia with an increase of 54 percent, 30 percent and 11 percent respectively. Thanks to higher seasonal availability, the price of butter beans in the last month has decreased in almost all provinces, except Gaza, where it increased of 5.3 percent. The highest price for butter beans was observed in Manica (115 Mt/Kg) and the lowest in Zambezia (75 Mt/Kg) in May 2022.

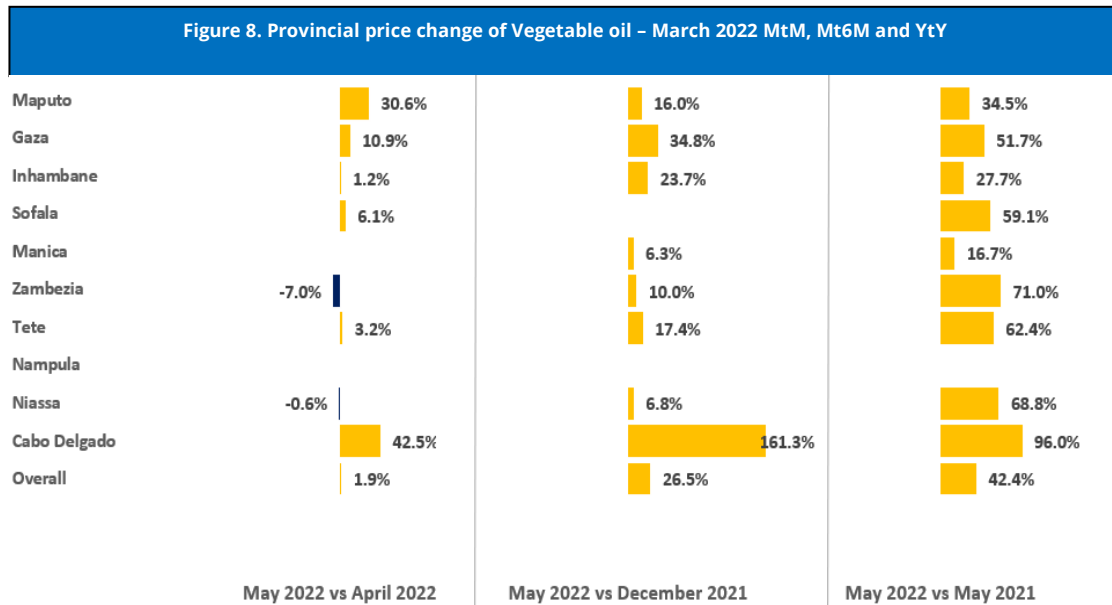




Vegetable oil (local):

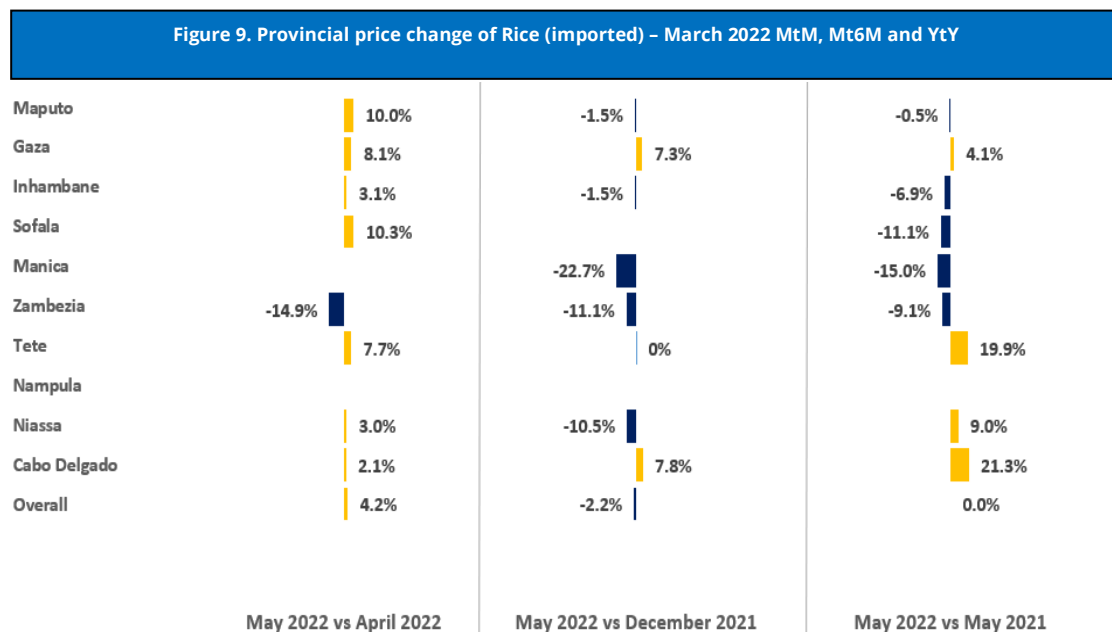
Vegetable oil prices continue to rise and they were 42 percent higher than last year and 27 percent higher compared to the prices registered pre-Ukraine Crisis (December 2021).

In Cabo Delgado the price increase for vegetable oil is particularly alarming, compared to May 2021 It almost doubled and it presents a 161 percent increase when compared to December 2021. Also in Gaza, the price of vegetable oil has increased considerably by 35 percent in the past 6 months and by 52 percent in the past year. The highest price (May 2022) was observed in Cabo Delgado (196 Mt/l) and the lowest in Manica (140 Mt/l).



Rice (imported):

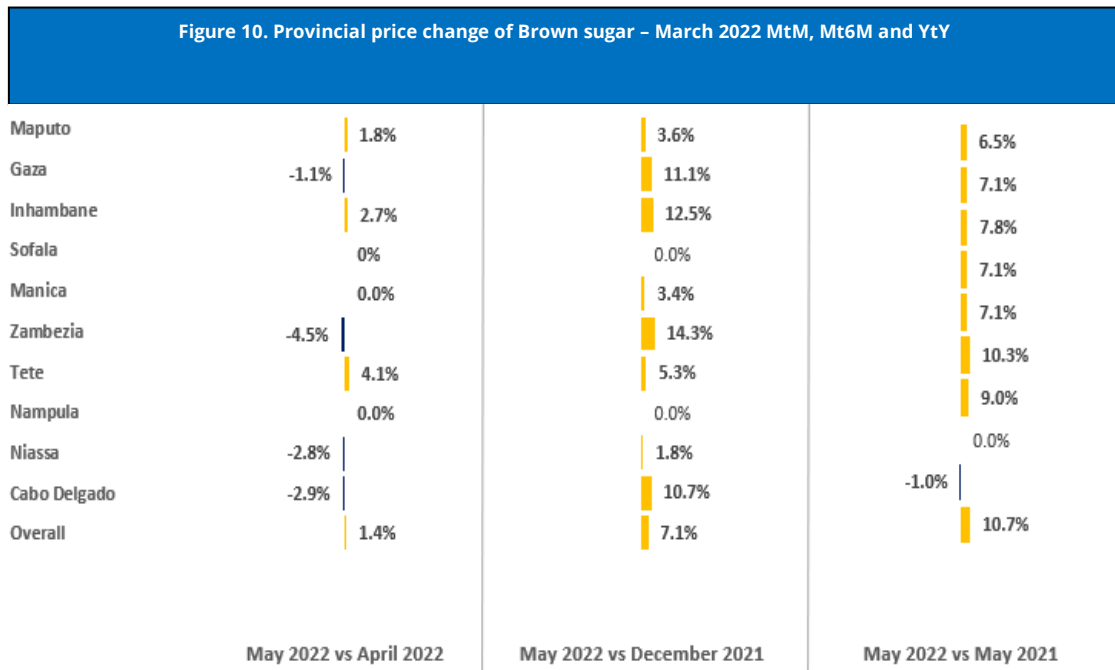
In the past month, rice prices has increased in all provinces with the exception of Zambezia, where a reduction of 15 percent was observed. Sofala, Maputo, Gaza and Tete registered an increase of more than 5 percent, 10.3 percent, 10 percent, 8.1 percent and 7.7 percent respectively. When comparing rice prices with May 2021, we note contrasting values - Inhambane, Sofala, Manica and Zambezia register a reduction while in Cabo Delgado, Tete and Niassa prices are considerably higher (21 percent, 19 percent and 9 percent). For imported rice, the highest price was observed in Tete (67 Mt/Kg) and the lowest in Manica (43 Mt/kg) in May 2022.





Brown sugar (local):

When compared with May 2021, the price of local brown sugar shows an increase across all provinces. Tete presents the highest increase (10 percent), followed by Nampula (9 percent) and Inhambane (8 percent). In many provinces, such an increase is actually due to an increase observed since the beginning of the Ukraine crisis, in particular in Tete, Nampula and Inhambane. In the last month. Tete, Inhambane and Maputo registered a considerable increase (respectively 4 percent, 3 percent and 2 percent). The highest price for local brown sugar in May 2022 was observed in Zambezia (80 Mt/Kg) and the lowest in Manica (71 Mt/Kg).



Fuel

In June the price of fuel in Maputo (considered the reference price for Mozambique), has seen a sharp increase; gasoline reached the price of 83.30 MZN/l showing a 7.6 percent increase compared to April 2022 (77.39 MZN/l). This increase follows additional price adjustments applied since the beginning of the year. In total since the Ukraine crisis started an increase of approximately 21 percent has been observed. In fact, the price reported by the Authority for Energy Regulation (Arene) at the end of 2021 was 69.04 MZN/l⁶.

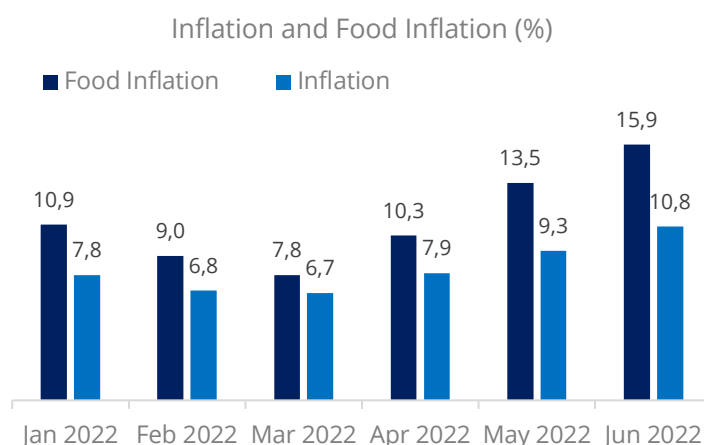
Food prices are likely to further increase during this crisis due to the increased cost of transportation, agricultural production, milling, electricity generation etc. caused by a steady increase in fuel price.

⁶ <http://arene.org.mz/wp-content/uploads/2022/03/Comunicado-de-Imprensa-ARENE-.pdf>

Inflation

Mozambique has been seeing a steep rise in food inflation since February, with products such as wheat bread and cooking oil seeing the highest monthly price increases in June ([ÍNDICE DE PREÇOS NO CONSUMIDOR MOÇAMBIQUE, Junho 2022](#)). With food and transport costs soaring, the country has been seeing its highest headline inflation rates since September 2017.

The Mozambican Metical has been stable against the USD since September 2021, and has been trading at approximately 63 Meticals per 1 USD.



Source: Trading Economics

Methodology and coverage

The Sistema de Informação de Mercados Agrícolas - SIMA - (Agricultural Market Information System) collects the prices of different commodities in different districts of all provinces of Mozambique. Three price points for each commodities are collected from each marketplace of all the districts. The cleaned prices are then shared with the Research, Assessments and Monitoring team of the World Food Programme (WFP), which feeds it into this price monitoring bulletin along with food prices collected by the organization during monitoring of its food assistance programs. In order to calculate national prices the median is used to reduce the effect of outliers.

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Annex I. Retail market price (median) of main commodities in different districts⁷

Commodities List	Province	Current price	Price Change			Commodities List	Province	Current price	Price Change		
			1 Month (%)	6 Month (%)	1 Year (%)				1 Month (%)	6 Month (%)	1 Year (%)
Maize (white)	Overall	29	-15.5% ▼	-16.7% ▼	42.0% ▲	Groundnuts	Overall	100	-0.3% ▼	-1.4% ▼	-14.6% ▼
	Cabo Delgado	31	-9.3% ▼	-16.3% ▼	12.2% ▲		Cabo Delgado	-	-	-	-
	Niassa	27	-3.0% ▼	-18.8% ▼	117.1% ▲		Niassa	-	-	-	-
	Nampula	22	-	-	-		Nampula	43	-	-	-
	Tete	14	-26.7% ▼	-25.5% ▼	-0.2% ▼		Tete	78	-7.6% ▼	103.5% ▲	-5.8% ▼
	Zambezia	27	0.7% ▲	-3.4% ▼	96.9% ▲		Zambezia	64	42.2% ▲	19.1% ▲	-12.3% ▼
	Manica	33	-	69.9% ▲	122.1% ▲		Manica	126	-	2.6% ▲	23.3% ▲
	Sofala	30	-7.7% ▼	-	88.1% ▲		Sofala	140	-	-	-6.7% ▼
	Inhambane	36	-1.5% ▼	-1.8% ▼	62.2% ▲		Inhambane	99	-1.4% ▼	-2.5% ▼	-17.8% ▼
	Gaza	26	-17.5% ▼	-35.7% ▼	-10.0% ▼		Gaza	104	-6.5% ▼	5.2% ▲	-13.3% ▼
Maize Meal	Maputo	24	-2.7% ▼	-8.1% ▼	-6.3% ▼	Cowpeas	Maputo	74	-26.3% ▼	-48.4% ▼	-40.2% ▼
	Overall	50	0.0%	0.0%	-6.3% ▼		Overall	52	-1.6% ▼	3.3% ▲	-7.1% ▼
	Cabo Delgado	55	0.0%	-8.3% ▼	-29.0% ▼		Cabo Delgado	30	-14.3% ▼	-25.0% ▼	-40.0% ▼
	Niassa	68	0.3% ▲	8.3% ▲	8.3% ▲		Niassa	81	-2.3% ▼	-4.2% ▼	10.1% ▲
	Nampula	60	-	-	-		Nampula	22	-	-	-
	Tete	55	-8.3% ▼	-	-8.3% ▼		Tete	35	20.0% ▲	-48.4% ▼	-12.5% ▼
	Zambezia	53	-8.7% ▼	-4.5% ▼	-5.4% ▼		Zambezia	40	-5.9% ▼	14.3% ▲	-4.8% ▼
	Manica	60	-	9.1% ▲	12.5% ▲		Manica	-	-	-	-
	Sofala	60	-7.7% ▼	-	-1.7% ▼		Sofala	47	57.0% ▲	-	-9.2% ▼
	Inhambane	50	0.0%	0.0%	-5.5% ▼		Inhambane	70	2.0% ▲	21.6% ▲	20.7% ▲
Rice	Gaza	50	9.6% ▲	0.0%	0.0%	Wheat flour (local)	Gaza	50	-17.4% ▼	-3.5% ▼	-25.0% ▼
	Maputo	48	1.8% ▲	-3.3% ▼	0.6% ▲		Maputo	80	0.5% ▲	56.9% ▲	40.4% ▲
	Overall	55	4.2% ▲	-2.2% ▼	0.0%		Overall	58	4.9% ▲	4.9% ▲	14.2% ▲
	Cabo Delgado	49	2.1% ▲	7.8% ▲	21.3% ▲		Cabo Delgado	54	44.0% ▲	54.3% ▲	35.0% ▲
	Niassa	57	3.0% ▲	-10.5% ▼	9.0% ▲		Niassa	71	3.0% ▲	4.9% ▲	28.8% ▲
	Nampula	54	-	-	-		Nampula	48	-	-	-
	Tete	67	7.7% ▲	0.0% ▲	19.9% ▲		Tete	59	-1.4% ▼	-	17.4% ▲
	Zambezia	50	-14.9% ▼	-11.1% ▼	-9.1% ▼		Zambezia	70	7.7% ▲	27.3% ▲	16.7% ▲
	Manica	43	-	-22.7% ▼	-15.0% ▼		Manica	60	-	-7.7% ▼	33.3% ▲
	Sofala	53	10.3% ▲	-	-11.1% ▼		Sofala	70	21.2% ▲	-	16.7% ▲
Vegetable Oil	Inhambane	56	3.1% ▲	-1.5% ▼	-6.9% ▼	Groundnuts Large	Inhambane	54	-2.3% ▼	4.0% ▲	19.4% ▲
	Gaza	59	8.1% ▲	7.3% ▲	4.1% ▲		Gaza	60	8.7% ▲	5.9% ▲	0.0%
	Maputo	55	10.0% ▲	-1.5% ▼	-0.5% ▼		Maputo	55	0.0%	0.0%	7.6% ▲
	Overall	171	1.9% ▲	26.5% ▲	42.4% ▲		Overall	84	-7.4% ▼	-16.0% ▼	-16.0% ▼
	Cabo Delgado	196	42.5% ▲	161.3% ▲	96.0% ▲		Cabo Delgado	55	-15.4% ▼	-31.3% ▼	-40.2% ▼
	Niassa	174	-0.6% ▼	6.8% ▲	68.8% ▲		Niassa	88	-17.2% ▼	-17.2% ▼	-7.9% ▼
	Nampula	160	-	-	-		Nampula	42	-	-	-
	Tete	180	3.2% ▲	17.4% ▲	62.4% ▲		Tete	80	6.7% ▲	-	-11.7% ▼
	Zambezia	165	-7.0% ▼	10.0% ▲	71.0% ▲		Zambezia	60	-	-	-
	Manica	140	-	6.3% ▲	16.7% ▲		Manica	129	-	-1.7% ▼	14.3% ▲
Beans (Butter)	Sofala	175	6.1% ▲	-	59.1% ▲	Cassava	Sofala	100	-	-	-33.3% ▼
	Inhambane	166	1.2% ▲	23.7% ▲	27.7% ▲		Inhambane	85	-14.9% ▼	-14.9% ▼	-14.9% ▼
	Gaza	182	10.9% ▲	34.8% ▲	51.7% ▲		Gaza	100	5.3% ▲	1.7% ▲	0.0%
	Maputo	157	30.6% ▲	16.0% ▲	34.5% ▲		Maputo	61	-31.1% ▼	-39.5% ▼	-37.0% ▼
	Overall	100	0.0%	0.0%	0.0%		Overall	43	4.4% ▲	23.1% ▲	9.4% ▲
	Cabo Delgado	94	-1.6% ▼	3.9% ▲	-1.6% ▼		Cabo Delgado	-	-	-	-
	Niassa	105	-1.2% ▼	-2.0% ▼	23.6% ▲		Niassa	-	-	-	-
	Nampula	80	-	-	-		Nampula	37	-	-	-
	Tete	80	-15.8% ▼	29.9% ▲	17.1% ▲		Tete	-	-	-	-
	Zambezia	75	0.0%	11.1% ▲	-13.8% ▼		Zambezia	43	4.4% ▲	23.1% ▲	9.4% ▲
Sugar	Manica	115	-	54.0% ▲	66.7% ▲	Beans Catarino	Manica	-	-	-	-
	Sofala	85	-9.7% ▼	-	-29.2% ▼		Sofala	-	-	-	-
	Inhambane	100	0.0%	0.0%	-10.4% ▼		Inhambane	-	-	-	-
	Gaza	100	5.3% ▲	0.0%	0.0%		Gaza	-	-	-	-
	Maputo	93	-4.4% ▼	-1.0% ▼	6.4% ▲		Maputo	-	-	-	-
	Overall	75	1.4% ▲	7.1% ▲	7.1% ▲		Overall	96	-4.4% ▼	-4.4% ▼	-4.4% ▼
	Cabo Delgado	78	-2.9% ▼	10.7% ▲	10.7% ▲		Cabo Delgado	89	-11.0% ▼	-11.0% ▼	0.3% ▲
	Niassa	71	-2.8% ▼	1.8% ▲	-1.0% ▼		Niassa	106	-8.3% ▼	-8.1% ▼	25.8% ▲
	Nampula	76	-	-	-		Nampula	81	-	-	-
	Tete	77	4.1% ▲	5.3% ▲	9.0% ▲		Tete	90	-14.3% ▼	-	40.3% ▲
	Zambezia	80	-4.5% ▼	14.3% ▲	10.3% ▲		Zambezia	75	0.0%	11.1% ▲	-13.3% ▼
	Manica	75	-	3.4% ▲	7.1% ▲		Manica	120	-	24.2% ▲	41.2% ▲
	Sofala	75	0.0%	-	7.1% ▲		Sofala	82	-13.1% ▼	-	-37.0% ▼
	Inhambane	75	2.7% ▲	12.5% ▲	7.8% ▲		Inhambane	102	2.3% ▲	2.3% ▲	0.1% ▲
	Gaza	75	-1.1% ▼	11.1% ▲	7.1% ▲		Gaza	93	0.9% ▲	-11.9% ▼	-7.5% ▼
	Maputo	73	1.8% ▲	3.6% ▲	6.5% ▲		Maputo	106	2.8% ▲	6.3% ▲	7.1% ▲

N.B. Some commodities in the column for 1-month, 6-months and 1-year price comparisons are blank due to the lack of data points

⁷ Sistema de Informação de Mercados Agrícolas - SIMA