



**RESEARCH ASSESSMENT & MONITORING (RAM)
PROCUREMENT**

EASTERN AFRICA MARKET AND TRADE UPDATE

2023 Quarter #2



**SAVING
LIVES
CHANGING
LIVES**

July 2023

Key Findings

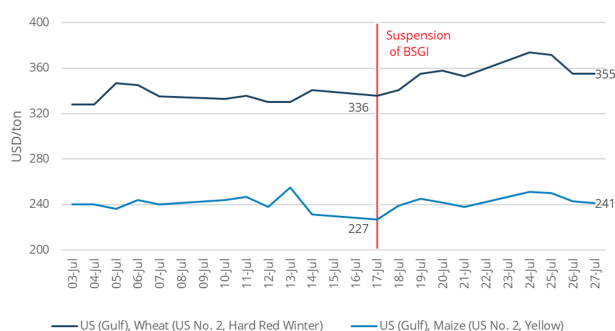
- The declining trends in international food prices are likely to reverse with the suspension of the Black Sea Grain Initiative (BSGI). The suspension has the potential to add further upward pressure on international and local food prices, while undermining the supply of key staples in countries heavily dependent on imports from the Black Sea ports. **Ethiopia, Kenya, Somalia, and Sudan** – where food security and nutritional status are already fragile – are likely to see the worst outcomes.
- Staple food prices in most of the countries in Eastern Africa followed seasonal trends. Nevertheless they remained high due to currency depreciation, below-average harvests, constrained imports, and disruptions in trade flows. Food prices in **Sudan** are significantly above pre-conflict levels due to irregular supply, increased fuel costs, conflict-related high transaction costs.
- **South Sudan** saw a significant increase in staple food prices due to spikes in fuel prices (leading to high transportation costs) and reduced trade volumes from **Sudan**. The price of sorghum increased by almost 180 percent between June 2022-2023 while beans prices more than doubled in the same reference period.
- In the second quarter of the year, many currencies across Eastern Africa continued to lose their value against the U.S. dollar (USD), with **South Sudan** and **Ethiopia** recording the highest depreciation in the parallel market (down 51 and 28 percent, respectively).
- As of June 2023, average pump prices stood at USD 1.4/L: 21 percent higher than the same month last year. The fuel crisis in **Burundi** eased in the second quarter of the year, but pump prices in June 2023 were still 15.4 percent higher than in June 2022. In **Ethiopia**, petrol prices/L went up by a staggering 88.3 percent between June 2022-2023. In **South Sudan**, petrol prices increased by 79.4 between June 2022-2023.
- The cost of living across Eastern Africa continued to be high, with the annual inflation rate across the region averaging 12.5 percent in June 2023. **Ethiopia** and **Rwanda** continued to record double-digit annual inflation throughout the first quarter of the year. Official inflation rates for **Sudan** have not been issued since the outbreak of the conflict in April; however, they are expected to be above 200 percent by June considering the soaring food prices observed up to now.
- Food prices remain high across Eastern Africa, with average food inflation at 16 percent as of June 2023. **Rwanda, Ethiopia, Kenya, and Uganda** continue to record double-digit food inflation.
- As of June 2023, the average per capita monthly price of a local food basket reached USD 20 across the Region – representing a 32.5 percent increase from the same month last year. Compared to a year ago, the food basket more than doubled in **South Sudan** and it went up by 36.7 percent in **Burundi** and 34 percent in **Rwanda**. In the second quarter, **South Sudan, Sudan, and Somalia** recorded the most expensive food baskets in the region (USD 33.3, 31.4, and 28.1, respectively).

International Commodity Price Outlook¹

International food prices continued to record a declining trend in the second quarter of the year, with the FAO Food Price Index (FFPI) down 21 percent between June 2022-2023.

Following good harvests in the main producing countries, the benchmark wheat price (U.S. No.2, Hard Red Winter) declined by 24 percent between 2022-2023 and the price quotation for maize (U.S. No.2, Yellow) fell by 21 percent in the same reference period. Nevertheless, global maize and wheat price are still above the average recorded in the past five years.

FIGURE 1: INTERNATIONAL WHEAT AND MAIZE PRICES, JULY 2023



Source: International Grains Council (IGC)

The declining trends observed until mid-July are likely to reverse with the suspension of the Black Sea Grain Initiative (BSGI), which contributed to the steady decline in international prices observed since the peak observed in March 2022. As Figure 1 shows, the

international prices of wheat and maize have increased since July 17th – when the BSGI was suspended. Wheat and maize prices increased by 19 and 14 USD/ton since the BSGI was suspended (that is in only two weeks) and this is likely to have repercussions on other grains prices, such as rice – with price of Thai Rice (110% Grade B) increasing by 59 USD/ton since the suspension of the initiative.

Since the implementation of the BSGI in July 2022, the World Food Programme (WFP) transported more than 343,000 tonnes of wheat, helping people in need in **Djibouti, Ethiopia, Kenya, Somalia, and Sudan**. This accounted for 43 percent of all wheat exported to the Eastern Africa Region through the BSGI since July 2022 (see Table 1). Considering the negative impact of agroclimatic shocks and conflict on local cereal production across the Region and that the **Russian Federation** and **Ukraine** are among the top 10 suppliers of wheat in the above-mentioned countries, a suspension of the BSGI initiative risks further undermining the supply of this key staple, which, in turn, might contribute to a further deterioration of an already fragile food security situation. **Ethiopia, Kenya, Somalia, and Sudan** are likely to see the worse outcomes.

TABLE 1: EXPORTS FROM THE BLACK SEA INITIATIVE (MT 000), JULY 2022-2023

Destination country	Sunflower oil		Wheat		Maize		Total	
	Cargo	WFP	Cargo	WFP	Cargo	WFP	Cargo	WFP
Djibouti	6.2	-	0.5	0.5	0.0	-	6.7	0.5
Ethiopia	20.0	-	262.8	262.8	0.0	-	282.8	262.8
Kenya	0.0	-	384.9	25.0	52.6	-	437.5	25.0
Somalia	0.0	-	53.5	25.0	0.0	-	53.5	25.0
Sudan	0.0	-	95.3	30.0	0.0	-	95.3	30.0
Total RBN	26.2	-	797.0	343.3	52.6	-	875.9	343.3

Source: UN Black Sea Grain Initiative Joint Coordination Centre as of July 21st, 2023

2. Lingering Effects of the Prolonged Drought and on-going Conflict in Sudan Underpinning Wholesale Staple Prices across the Region²

KENYA

Maize and bean prices remain exceptionally high due to low local availability following five below-average production seasons, which, in turn, is underpinning the higher commodity prices. Wholesale maize prices stood at approximately KSH 6,300-6,400 (USD498-506/MT) in Mombasa, KSH 6500 (USD514/MT) in Nairobi and KSH 6300-6400 (USD498-506/MT) in Eldoret for a 90KG bag.

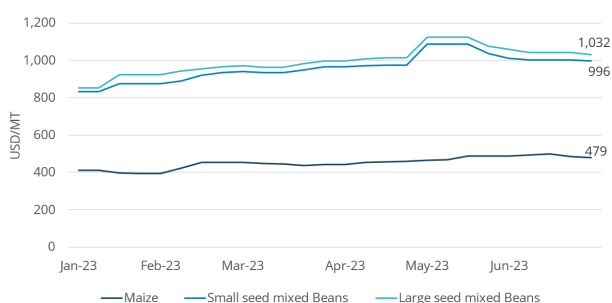
Following the breakdown of the import deal with **Zambia** in April, **Kenya** will need to plug its deficit of approximately 900,000MT with imports from other countries. Container imports from **South Africa** continue to arrive; however, it is expected that no more than 10,000MT will be imported as **Kenya** is shifting its import needs toward the **Tanzania** market – which is also dependent on the issuance of export permits.

UGANDA

The new beans season harvest is ongoing in most parts of the country, with improvements in tradeable volumes in local markets. Prices, however, remain elevated (estimated at USD 997/MT and USD 1,032/MT for the mixed small and large seeded beans, respectively) as the current seasonal harvests are projected to be below average in most parts of the country.

The outlook for the first 2023 maize and sorghum harvest (June-August) looks favourable; however, prices are not likely to ease considering the high demand for maize from **Uganda** by **Kenya**, the **Democratic Republic of the Congo (DRC)**, **South Sudan** and **Rwanda** that are expected to be the main importers.

FIGURE 2: WEEKLY PRICE TRENDS—MAIZE AND MIXED BEANS, FCA KAMPALA



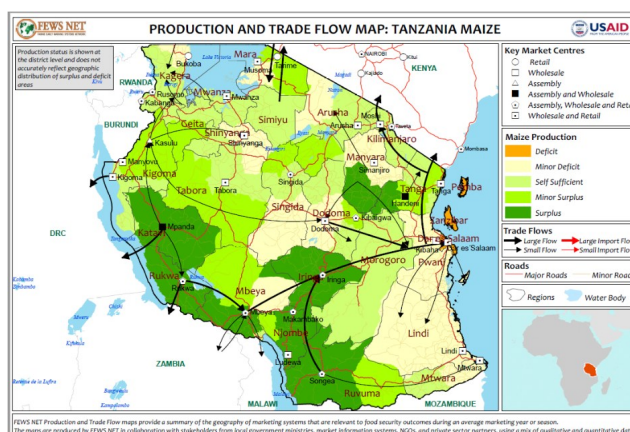
Source: WFP Uganda

TANZANIA

Maize production for the upcoming season (mainly concentrated in the Southern region; Iringa, Mbeya, Njombe & Mbeya) is estimated at 6.2MT. With an estimated consumption of about 4MT, approximately 2MT in surplus will be available for trading.

The Government intends to ensure food security and the National Food Reserve Agency (NFRA) is directed to increase its buffer stock from the current 250,000MT to 500,000MT. With the increasing competition of commodity trading from regional players, the government has urged farmers to sell to NFRA rather than traders.

MAP 1: MAIZE PRODUCTION AND TRADE FLOWS, TANZANIA



Source: FEWS Net

No official export ban on maize has been set; however, export restrictions in the form of delayed issuance of export permits are anticipated should the actual production fall below the estimated tonnage.

Staple food prices are expected to seasonally decline following increased supplies from the June – August harvest. However the projected price decreases is likely to be limited given the import demand from **Kenya**, **Rwanda**, and **Burundi**.

RWANDA

The Season B harvest has improved food availability throughout the country. This, coupled with the removal of the Value-added-Tax (VAT) on Irish potatoes, rice, maize, and maize flour led to a significant decrease in staple food prices. Nevertheless, they remain however atypically high compared to the previous year. The price of imported goods is likely to remain high due to currency depreciation, especially during the upcoming October-December lean season.

SUDAN

Food prices are significantly above pre-conflict levels due to irregular supply, increased fuel costs, conflict-related high transaction costs, and high-risk premiums. Soaring prices and shortages of key inputs (including fuel, seeds, agrochemicals, and labour) due to the ongoing conflict are expected to significantly constrain

planted areas and hence, cereal production. Traders in the surplus-producing regions in the Eastern part of the country such as Gedaref, are reported to hold some stock. Approximately more than 200,000MT of sorghum is held by traders.

SOUTH AFRICA

Between January and June 2023, maize grain prices in South Africa declined for sixth consecutive months, driven by international price declines and expectations for a bumper harvest. Maize grain prices decreased seasonally across most markets in **Zambia**, with Maize prices approximately trading at **Zambian Kwacha 6200-6400 (USD 358-370/MT)** in Lusaka and copper Belt and **Zambian Kwacha5500 (USD 318/MT)** in Chipata and Kolomu. Given tight regional maize balance sheet expectations, controlled exports are expected.

3. Weak Currencies, mounting inflationary pressures impacting on cost of living³

In the first half of the year, all local currencies across Eastern Africa continued to lose value vis-à-vis the U.S. dollar (USD).

As of June 2023, **South Sudan** continued to record high depreciation, in both the official and parallel market, with 1 USD traded at 949 and 992 SSP, respectively – approximately half of the trading value recorded in June 2022.

Ethiopia recorded a significant y-o-y depreciation of the ETB, mainly on the parallel market, where it depreciated by almost 28 percent compared to June 2022. Due to the conflict, the demand for foreign currency to import inputs and goods from abroad slightly decreased in **Sudan**, causing a mild decline in the relatively stable parallel exchange rate (570 and 560 SDG to USD in June 2022 and 2023, respectively). The official exchange rate decreased by 5.8 percent in the same period. Since the onset of the armed conflict, a drop of 3.6 percent was recorded (with 1 USD traded at 580 and 601 SDG in April and June, respectively). The Kenyan shilling (KES) continued to depreciate against the USD, with 1 KES trading at USD 139 in June (down 27.9 percent compared to a year ago). The Rwandese Franc (RWF) also lost value in the same reference period (with 1 USD traded at 1,136 RWF – that is down 10.8 percent). The average exchange rate between USD and Somali

Shillings (SOS) in **Somalia** showed significant variations across regions, ranging between 40,000 SOS to USD in Puntland to 25,000 SOS per USD in **southern Somalia**.

The cost of living across Eastern Africa continues to be significantly higher than one year ago, with the annual inflation rate across the region averaging 12.5 percent in June 2023.

TABLE 2: TRENDS IN EXCHANGE RATES

Country	Currency	Type	Jun-23	m-o-m	y-o-y
Burundi	BIF/USD	Official	2,850	-0.2%	-28.1%
		Parallel	3,900	2.6%	-14.1%
Djibouti	DJF/USD	Official	178	0.0%	0.0%
		Parallel	178	0.0%	0.0%
Ethiopia	ETB/USD	Official	54	-0.4%	-4.8%
		Parallel	104	-3.8%	-27.9%
Kenya	KES/USD	Official	138	-0.8%	-15.2%
Rwanda	RWF/USD	Official	1,136	-2.1%	-10.8%
Somalia	SOS/USD	Official	32,182	0.5%	-1.6%
	SLS/USD	Official	8,600	0.0%	-1.2%
South Sudan	SSP/USD	Official	949	-7.2%	-49.5%
		Parallel	992	-4.7%	-51.5%
Sudan	SDG/USD	Official	601	-0.3%	-5.8%
		Parallel	560	1.8%	1.8%
Uganda	UGX/USD	Official	3,706	0.6%	0.9%

Ethiopia and **Rwanda** continued to record double-digit annual inflation although the inflation rates slowed compared to the first quarter. In **Kenya**, **Uganda**, and **Somalia**, the cost of living increases remained high, but below 10 percent inflation rates. Due to the conflict, inflation rates for **Sudan** were not issued for the last 4 months of 2023; however, inflation is expected to reach 3 digits figure by the end of June and be higher than 200 percent.⁴

Food prices remain high across Eastern Africa, with average food inflation at 16 percent in June 2023. **Rwanda**, **Ethiopia**, **Kenya**, and **Uganda** continue to record double-digit food inflation.

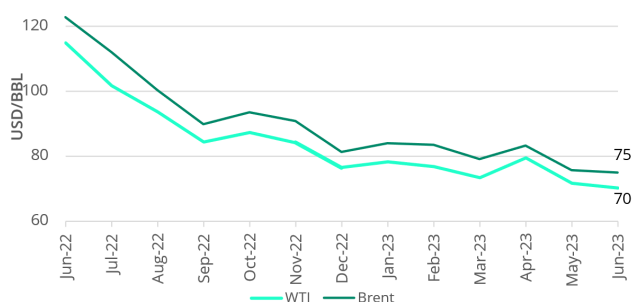
TABLE 3: TRENDS IN ANNUAL AND FOOD INFLATION RATES

Country	Annual Inflation		Food Inflation	
	Jun-23	Jun 22/23	Jun-23	Jun 22/23
Burundi				
Djibouti				
Ethiopia	29.3%		28.0%	
Kenya	7.9%		10.3%	
Rwanda	20.4%		35.6%	
Somalia	6.6%		0.4%	
South Sudan	5.6%			
Sudan				
Uganda	4.9%		11.0%	
RBN	12.5%		16.1%	

4. Weakening Currencies Make Fuel More Costly⁵

Crude oil spot prices continued to decline throughout 2023, with Brent and WTI reaching 75 and 70.2 USD/BBL respectively in June 2023. Global oil prices almost dropped by 40 percent since June 2022, when Brent stood at 122.7 USD/BBL and WTI at 114.8 USD/BBL.

FIGURE 3: TRENDS IN BRENT AND WTI



The decrease in global prices has barely been reflected in local pump prices due to shortages of oil in the countries in Eastern Africa and their weakening currencies. As of June 2023, petrol prices across the region stood at an average of USD 1.4/L (a moderate decline of 0.8 percent from May 2023 and a 21.1 percent increase compared to June 2022). The largest variations have mainly been observed on a year-on-year basis (see Table 4).

The compound effect of depreciation of the local currency and recurrent petrol shortages since November 2022⁶ led to a prolonged fuel crisis in Burundi. This continued in the second quarter of the year, although at a slower pace (the y-o-y variation in March was 66 percent and declined to 15.4 percent in June).

In **South Sudan**, petrol prices started to increase in March 2023 and continued to do so, by reaching SSP 2,417.1/L in June 2023 (up 79.4 percent compared to June 2022).

Pump prices in **Ethiopia** recorded a minor increase in the second quarter from ETB 61.3/L in March 2023 to 69.4/L in June 2023. Compared to June 2022, the price per litre went up by 88.3 percent.

The **Rwanda** Utility Regulatory Authority (RURA) also kept pump prices stable throughout the reporting period. Nevertheless, fuel prices were 4.7 percent higher than a year ago.

In **Kenya**, fuel prices plateaued at a high level of 180–185 KES/L –an increase of 15.7 percent compared to June 2022.

The decline in fuel prices in **Somalia** continued in the second quarter of the year, although at a slower pace, with petrol prices at SOS 32,181.8/L in June 2023 – down 16.4 percent compared to June 2022.

TABLE 4: PETROL PRICES PER LITRE (LOCAL CURRENCIES AND USD) AND VARIATIONS

Country	Petrol price		Variations		
	USD/L	LCU/L	m-o-m	y-o-y	
	Jun-23		May-23	Jun-22	
Burundi	1.8	6,847.6	▲	9.9%	▲ 15.4%
Djibouti	1.1	200.0	■	0.0%	■ 0.0%
Ethiopia	0.7	69.4	■	0.0%	▲ 88.3%
Kenya	1.3	185.0	▲	0.9%	▲ 15.7%
Rwanda	1.3	1,528.0	■	0.0%	▲ 4.7%
Somalia (SoS)	1.0	32,181.8	▲	0.2%	▼ -16.4%
South Sudan	2.4	2,417.3	■	1.1%	▲ 79.4%
Sudan					
Uganda	1.3	4,781.6	▼	-5.5%	▼ -18.4%
RBN	1.4		■	0.8%	▲ 21.1%

5. Below-average Production Increasing the Cost of the Food Basket⁷

In the second quarter of the year, the average per capita monthly price of a local food basket was 32.5 percent higher than the June 2022 cost. As of June 2023, the average per capita monthly price of a local food basket reached USD 20.

Compared to a year ago, the food basket more than doubled in **South Sudan** and it went up by 36.7 percent in **Burundi** and 34 percent in **Rwanda**. In the second quarter, **South Sudan**, **Sudan**, and **Somalia** recorded the most expensive food baskets in the region (USD 33.3, 31.4, and 28.1, respectively).

TABLE 5: TRENDS IN THE MONTHLY PER CAPITA COST OF THE FOOD BASKET

Country	Jun-23		Variations	
	LCU	USD	m-o-m	y-o-y
Burundi	35,610	9.1	-6.1%	36.7%
Djibouti	2,294	12.9	0.0%	-19.9%
Ethiopia	1,371	13.2	-0.9%	37.4%
Kenya				
Rwanda	18,464	16.3	3.0%	33.9%
Somalia	903,271	28.1	6.6%	-7.8%
South Sudan	31,581	33.3	10.6%	157.9%
Sudan	17,572	31.4	11.4%	27.9%
Uganda	58,683	15.8	-6.5%	-5.9%
RBN		20.0	2.3%	32.5%

Despite showing m-o-m stability, cereal prices in June 2023 are still significantly higher than in June 2022, mainly in **South Sudan**. The country saw a significant increase in staple food prices due to spikes in fuel prices (leading to high transportation costs) and reduced trade volumes from **Sudan** (following the ongoing conflict). The price of sorghum increased by almost 180 percent between June 2022-2023; beans prices more than doubled in the same reference period. **Burundi** and **Rwanda** also saw a significant y-o-y increase in maize and beans prices (see Table 6).

In line with global trends recorded between June 2022-2023, vegetable oil prices substantially declined across the region, with **Djibouti**, **Rwanda**, and **Uganda** showing the highest declines (down 33.1, 23.8, and 24 percent, respectively). In contrast, **South Sudan** and **Sudan** recorded substantial increases in vegetable oil prices (up 52.6 and 48.0 percent, respectively).

Milk prices recorded in June remain significantly higher than the levels observed a year ago in **Sudan** and **Uganda** (up 25.6 and 15.6 percent, respectively). **Somalia** recorded a 24.3 percent increase in milk prices between May-June 2023.

TABLE 6: TRENDS IN SELECTED COMPONENTS OF LOCAL FOOD BASKETS

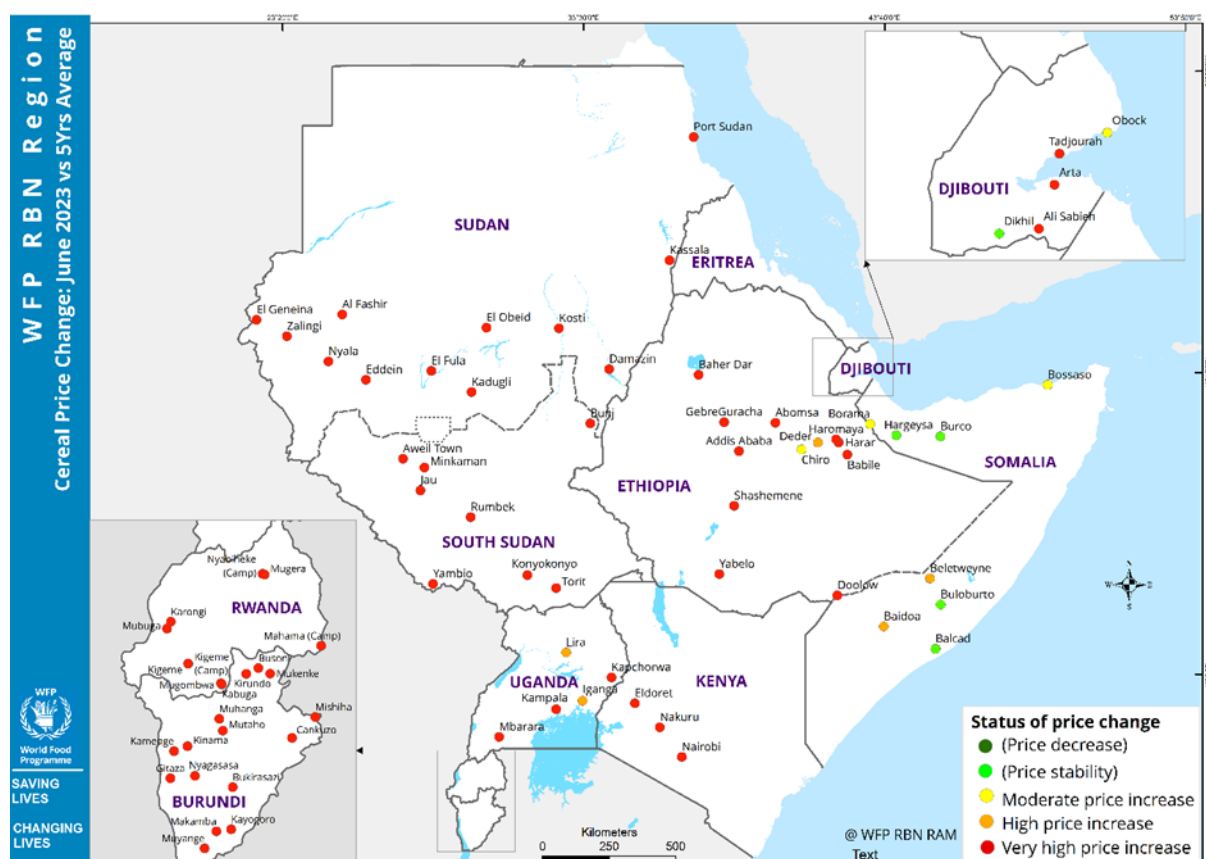
Country	Cereals			Vegetable oil			Beans			Milk		
	Jun-23 Price LCU/Kg	m-o-m	y-o-y	Jun-23 Price LCU/L	m-o-m	y-o-y	Jun-23 Price LCU/Kg	m-o-m	y-o-y	Jun-23 Price LCU/L	m-o-m	y-o-y
Burundi	1,910.3	2.3%	48.7%	9,350.3	2.1%	4.3%	2,162.7	-27.4%	48.1%			
Djibouti	132.0	0.0%	-5.7%	330.0	0.0%	-33.1%	228.0	0.0%	-15.6%			
Ethiopia	76.0	-0.8%	17.9%	194.0	-1.6%	-9.8%	95.5	-1.7%	117.0%			
Kenya	0.0											
Rwanda	948.1	3.6%	33.0%	2,657.9	1.3%	-23.8%	1,205.2	2.2%	138.1%			
Somalia	27,958.0	3.8%	-4.4%	0.0						47,348.8	24.3%	-3.2%
South Sudan	1,719.8	11.7%	179.0%	2,542.5	4.7%	52.6%	2,248.1	6.3%	135.0%			
Sudan	435.2	12.6%	29.1%	2,220.0	11.3%	48.0%				6,836.8	11.0%	25.6%
Uganda	2,087.9	2.4%	7.2%	7,664.0	-2.9%	-24.0%	4,654.1	-4.9%	45.1%	1,753.8	-2.9%	15.6%
RBN		4.5%	38.1%		2.1%	2.0%		-4.3%	78.0%			

6. Prices of Main Staples Still Significantly Above Normal Levels

As Map 2 shows, cereal prices continued to be significantly higher than the five-year average across most WFP-monitored markets in the Region. Cereal market prices in Burundi, Djibouti, Ethiopia, Rwanda, Sudan, and South Sudan were 50 percent higher than the average recorded in the past five years. A few markets in Djibouti, Somalia, and Uganda saw a moderate to high increase in cereal prices (from 11 to 50 percent compared to the average price recorded in the past five years).

The following section *Country Updates* provides a more detailed description of cereal price trends across each of the countries falling under the WFP Eastern Africa Region. For each country, the 2021 and 2022 monthly price trends of main staple foods consumed are compared against the five-year average.

MAP 2: CEREAL PRICE CHANGE: JUNE 2023 COMPARED TO THE FIVE-YEAR AVERAGE



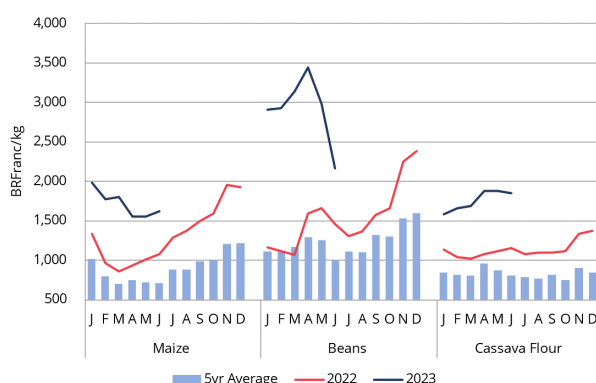
7. Country Updates⁸

BURUNDI

With the near-average season B harvests arriving in the markets, the national average price of beans exhibited a downward trend in the second quarter, with consecutive m-o-m decreases by 13 and 27 percent in May and June, respectively. Nevertheless, beans prices are more than 40 percent higher than the five-year average.

Maize and cassava flour prices on the other hand exhibited minimal fluctuations between April and June, with the national average price of maize ranging between 1,558-1,619 BRF/Kg –at least 50 percent higher than 2022 levels. Macroeconomic challenges, high cost of production, and transportation coupled with recent below-average production continue to greatly impact supply and consequently prices. Additionally, increasing insecurity in the eastern parts of the Democratic Republic of Congo (DRC) has limited local crop production, leading to an increased demand for exports to the DRC (particularly for rice and maize), which, in turn, exerts upward pressure on prices.

FIGURE 4: BURUNDI NATIONAL AVERAGE PRICE TRENDS

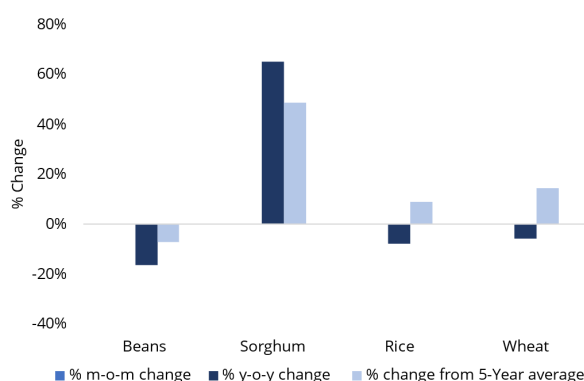


DJIBOUTI

Owing to the stable macroeconomic situation and favourable international wheat and rice prices, local food prices remained stable across the country since early 2023, except for sorghum. In the second quarter, sorghum prices averaged between 176-186 DJF/Kg (up 65 percent compared to the second quarter of 2022 and 28 percent above the five-year average). The higher-than-normal sorghum prices are primarily due to reduced supply from Ethiopia where the impacts of

drought over the past five seasons have greatly affected yields and availability for exports.

FIGURE 5: DJIBOUTI STAPLE CEREAL PRICE TRENDS

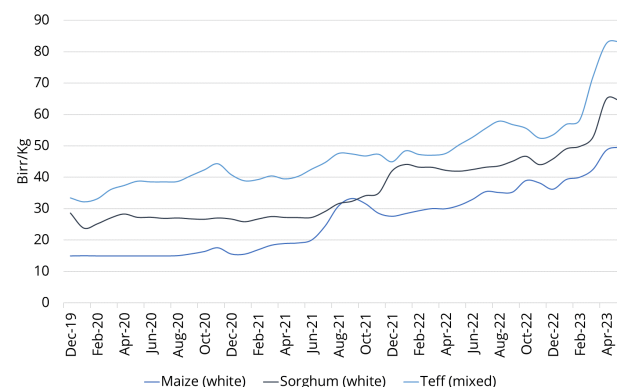


ETHIOPIA

Staple cereal (maize, teff, and sorghum) prices continued to soar through the second quarter, reaching new record levels in most markets across the country. The combined effect of below-average production due to prolonged drought, localized conflict, and macroeconomic challenges characterized by currency depreciation and high inflation continue to negatively impact food prices.

The latest retail maize and sorghum prices in Direedawa were 19 to 25 percent higher than levels observed in 2022. Similar patterns were observed across most markets, with the latest cereal prices ranging between 14 and 50 percent above 2022 prices. Over the same reference period, cereal prices in Addis Ababa exhibited an upward trend, with the teff price 65 percent higher than 2022 levels retailing at 83 Birr/Kg.

FIGURE 6: ETHIOPIA STAPLE PRICE TRENDS IN SELECTED MARKETS

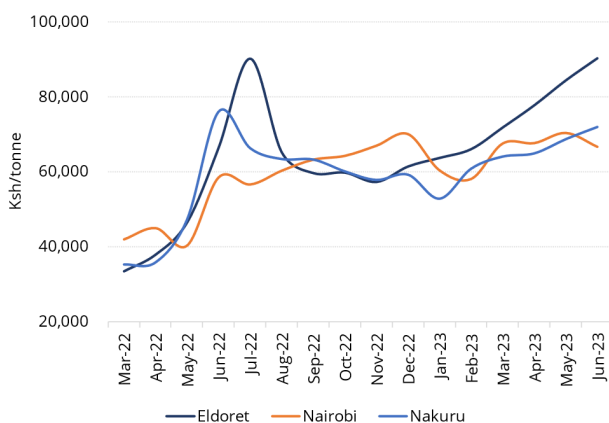


KENYA

During the second quarter of 2023, maize recorded higher wholesale prices across most parts of the country, including the major producing regions. The higher-than-normal prices are primarily due to below-average production in past seasons. As of June, maize average wholesale prices in Eldoret and Nakuru (the major producing regional markets) reached 90 and 72 KSh/Kg, respectively. While prices spiked hitting record levels in Eldoret (up 36 percent compared to 2022 and up 138 percent compared with the long-term average), commodity prices slightly declined in Nairobi in June. Similarly, in drought-affected counties, maize prices remained higher than normal, with average retail prices above 90 KSh/Kg in most markets.

Prices of other food items (such as rice and beans) also remained elevated across most markets, particularly in drought-hit areas. Kenya had a deal with Zambia in April to import maize and despite imports entering the country to meet deficits, higher transport costs have added upward pressure to the imported maize (see section 2).

FIGURE 7: KENYA CEREAL PRICE TRENDS IN SELECTED MARKETS

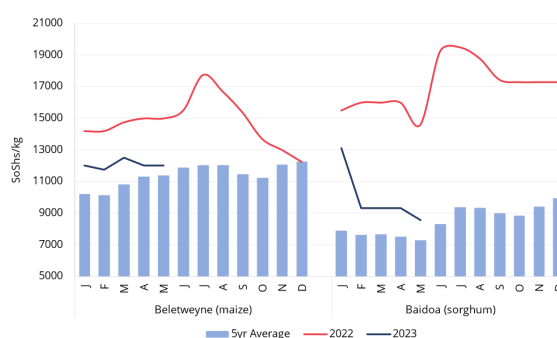


RWANDA

The country continued to record higher-than-normal food prices throughout the second quarter, with maize and beans prices exhibiting seasonal patterns. During the reference period, maize prices maintained a steady upward trend, retailing on average between 498-603 RWF/Kg – ranging between 40-55 percent above 2022 levels and at least double the 5-year average. While maize prices recorded an upward trend, average beans price recorded a m-o-m decline over the

reference period. Still, prices are more than double both 2022 levels and the five-year average. Prices of other cereals such as imported rice also significantly increased in the second quarter. The onset of the season B harvest in June together with measures to control prices of locally produced rice, maize flour and Irish potatoes (in place since April 2023) are expected to improve the local supply of staples and have a positive effect on prices. However, a challenging economic situation following the slowdown in global growth and rising global inflation still pose threats to food price stability.

FIGURE 8: RWANDA NATIONAL AVERAGE PRICE TRENDS

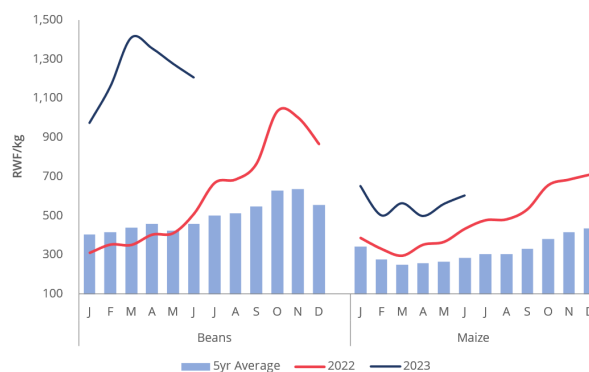


SOMALIA

Throughout the second quarter of 2023, staple cereal prices exhibited mixed trends across markets.

Sorghum and maize prices in Baidoa and Beletweyne recorded a significant m-o-m decline and were 20 and 41 percent below the 2022 level respectively. The recent decline in maize and sorghum prices can be partially attributed to improved supply due to clearing of stock by farmers in anticipation of better *Gu* 2023 harvest as a result of better received rains this year. The Government's earlier move to reduce trade restrictions and taxes on staples has also helped to

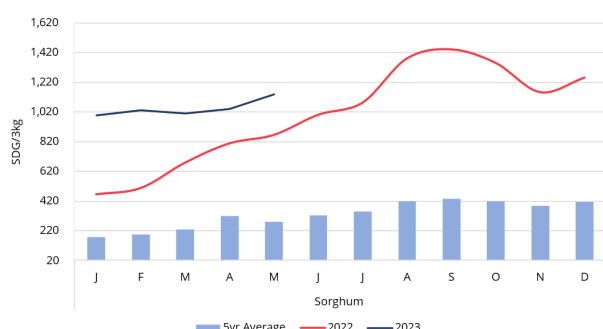
FIGURE 9: SOMALIA: CEREAL PRICE TRENDS IN SELECTED MARKETS



SOUTH SUDAN

The compound effect of macroeconomic challenges, high transportation costs, localized conflicts, the impact of conflict on supply, adverse weather, and reduced local availability led to a sustained upward trend in food prices across most markets in the country. During the second quarter of 2023, the average price of maize hit new record levels. For instance, the latest maize price in Torit was at a record level of 3,100 SSP per 3.5/Kgs – nearly triple the levels observed in 2022 and more than 300 percent above the five-year average. Similar price trends were also observed for other staple cereals. The latest national average price of imported white sorghum stood at 2,963 SSP/3.5 Kgs – that is 122 percent above 2022 levels, with considerable variation across markets (ranging from 2,400 SSP/3.5 Kgs in Gokmachar to 4,055 in Jau. Other food items such as cassava flour and wheat also recorded significant price increases over the reporting period.

FIGURE 9: SOUTH SUDAN: STAPLE PRICE TRENDS IN SELECTED MARKETS

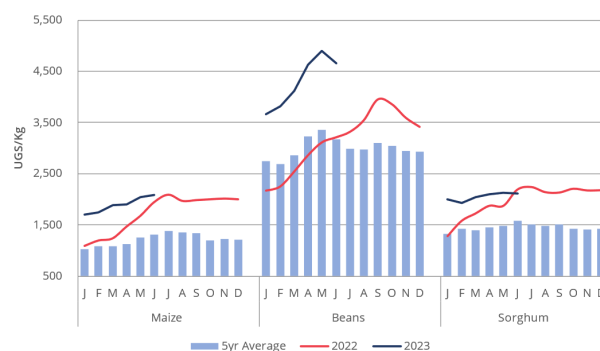


SUDAN

Food prices generally remained elevated throughout the second quarter across most of WFP monitored markets, primarily driven by the economic fallout witnessed in the past two years and the ongoing conflict, which disrupted trade flows in some parts of the country and thereby exerted additional upward pressure on food prices. Since the outbreak of the conflict in April, staple food prices have recorded a steady m-o-m increase. As of June, the national average price of sorghum was 410 SDG/kg, having recorded a m-o-m increase of 9.5 percent. Sorghum prices varied significantly across markets ranging from 925 SDG/Kg in Kassala to as high as 1,587 SDG/Kg in Al Fashir in mid-2023Q2. Similar price trends were observed for millet over the reporting period. The average price of wheat recorded a m-o-m increase of 24 percent in June,

primarily due to conflict-related trade disruptions.

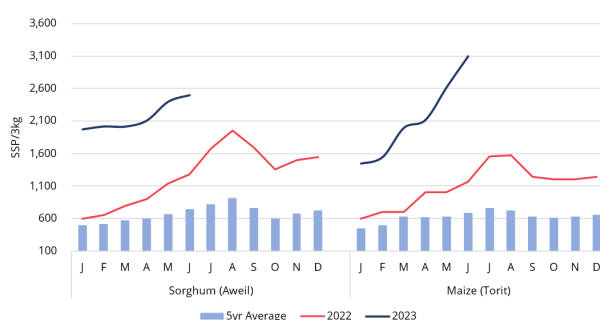
FIGURE 10: SUDAN NATIONAL AVERAGE PRICE TRENDS



UGANDA

During the second quarter, prices of staple cereals sustained an upward trend across the country, hitting new record levels. As of June, the national average prices of maize and sorghum were notably higher than the respective 5-year averages but nearly at the same levels recorded a year ago, with the national average price of maize at 2,088 UGS/Kg (up 7 percent above compare to June 2022). There was, however, a significant variation in maize prices across markets, ranging from 1,625 UGS/Kg in Lira to as high as 2,800 UGS/Kg in Kampala. Dry bean prices recorded a m-o-m increase in April and May before easing by 5 percent in June as soon as the first season harvests started. The latest national average price of dry beans was at 4,654 UGS/Kg, at least 45 percent above 2022 levels.

FIGURE 12: UGANDA NATIONAL AVERAGE PRICE TRENDS



8. Country Updates

DJIBOUTI

Staple food prices have remained stable in the country owing to the government's effort in controlling the exchange rate and prices. However, the country heavily relies on imports, therefore the suspension of the BSGI initiative might reverse the trends observed to date and likely lead to price spikes.

ETHIOPIA

A combination of various factors, including macroeconomic challenges, reduced availability due to prolonged drought in the southern regions, and localized conflicts, have exerted additional pressure on food prices. Yet, the March-May rainfall performance was fairly good in Northern Pastoral and *Belg*-receiving areas. *Belg* harvests expected between June-August are likely to improve availability and slightly ease prices.

KENYA

The historic price levels recorded across major maize-producing regions during the second quarter is alarming. Nevertheless, the expected Long Rains harvest starting at the beginning of July in Eastern and Northern parts of the country are likely to improve supply and ease prices over the next few months. Despite prospects of improved supply, the high pump prices affecting transportation costs may outweigh the positive effects in hard-to-reach areas.

RWANDA AND BURUNDI

Food prices trended seasonably, but remained significantly higher than long-term trends in both countries. This is primarily attributed to reduced availability against the backdrop of the deteriorating macroeconomic situations in both countries. The onset of Season B harvests is expected to boost supply in local markets and help ease local prices over the next few months in both countries.

SOMALIA

Staple food prices recorded declining trends during the second quarter in most parts of the country, though they continue to be significantly higher than the long-term average. Given the good performance of the

March-May rains, it is anticipated that cereal prices may slightly decline over the coming months while remaining well above the long-term average across most markets.

SOUTH SUDAN

The compound effect of deteriorating macroeconomic conditions, adverse weather (e.g., floods disrupting trade flows), localized conflicts, and reduced import availability pushed prices up in most parts of the country over the second quarter. Food prices are likely to remain high over the next few months as the combined effect of these challenges is likely to continue and be worsened by the fallout of the conflict in neighbouring Sudan.

SUDAN

The ongoing conflict that broke out in April 2023 exerted upward pressure on the already higher-than-normal food prices during the second quarter. This coupled with the already challenging macroeconomic situation will likely continue to have negative impacts on food prices across most parts of the country over the next months, thus worsening food security outcomes for millions of households.

UGANDA

The increased demand in the neighbouring export destinations creates shortages in local markets driving prices higher – which has been observed throughout the first half of the year. Food prices are expected to ease in the Bimodal areas as the first season harvests start, however, in the Unimodal areas (Karamoja), food prices are anticipated to remain elevated through the lean season.

References

1. This section is based on FAO Food Price Index, Food Price Monitoring and Analysis, International Grains Council (IGC) and the U.N. Black Sea Grain Initiative Joint Coordination Centre, ITC TradeMap
2. This section is based on Commodity Insight Africa Weekly Fundamental Soft Commodity Report as of Week 5, June 2023 and FEWS NET Country Analysis Report ([Rwanda](#))
3. This section is based on annual inflation and food inflation rates released by National Bureaux of Statistics. At the time of the writing of this report (21/07/2023), updated inflation rates for Djibouti, Burundi and Sudan were not available. Regional averages are likely to be above the levels presented in this report. Data sources for exchange rates reported in this section are WFP Field Monitors and National Central Banks.
4. WFP Sudan. [WFP Market Monitor](#). June 2023.
5. This section is based on [OPEC, Monthly Oil Market Report, June 2023](#) and petrol price data monitored by [WFP](#) (Burundi, Ethiopia, Somalia, South Sudan) or national governments ([Kenya](#), [Rwanda](#), [Uganda](#)). No data for Sudan.
6. France 24. [‘There’s not a drop left’: Petrol shortage has ground Burundi to a halt’](#). March 2023.
7. At the time of the writing of this report (21/07/2023), no data for retail food price data from WFP field monitors in Kenya was available. Regional averages presented in this section could change once the values will be made available.
8. Section based on WFP Field Monitor Data available on [WFP Dataviz](#). Gaps in the plot are due to missing data.

World Food Programme

Regional Bureau for Eastern Africa

Research, Assessment and Monitoring (RAM)
Procurement

Siddharth Krishnaswamy

siddharth.krishnaswamy@wfp.org

Cinzia Monetta

cinzia.monetta@wfp.org

Edith Amondi

edith.amondi@wfp.org

Solveig Gleser

Solveig.gleser@wfp.org

Daniella Nkamicaniye

daniella.nkamicaniye@wfp.org

Millicent Ogonyo

Millicent.ogonyo@wfp.org