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WFP Regional Bureau for Eastern Africa Market and Trade Update 2023 Q4

Joint RAM and Procurement

January 2024

Highlights

- Due to favorable growing conditions in **Argentina, Brazil** and the **U.S.A.**, international wheat and maize prices are likely to further decrease in 2024; conversely international rice prices are expected to rise due to the impacts of El Niño in key exporting Asian countries.
- There is the risk that an escalation of conflict in the Middle East could lead to an oil price spike, thereby increasing production and transportation costs for food and fertilizers, and consequently raising food prices.
- Due to the prevailing El Niño conditions, early to mid-2024 harvests across the region are expected to be near average, with the total maize supply projected at 25M MT: 10 and 9 percent higher than last year and the five-year average (2018 to 2022). As the regional demand is estimated at 23M MT, the region is expected to have a surplus of around 2M MT – implying it will be self-sufficient in maize. Nevertheless, maize imports from overseas are anticipated to be limited by competitive regional prices and the persistent depreciation of local currencies.
- Local currencies across Eastern Africa continued to lose value vis-à-vis the U.S. dollar (USD) in the fourth quarter of the year, with **South Sudan, Sudan** and **Burundi** recording the highest depreciation both in the official and parallel markets. The Kenyan shilling (KES) recorded the highest drop in its value vis-à-vis the USD in the past 30 years, mainly due to rising interest rates.
- As of December 2023, average pump prices stood at USD 1.4/L: 23.6 percent higher than the same month last year. In **South Sudan**, fuel prices recorded a sharp y-o-y increase reflecting the exchange rate depreciation and reduced fuel availability in areas bordering **Sudan** (up 72.5 percent between December 2022-2023). Following the decline in the international oil prices, the Rwanda Utilities Regulatory Authority (RURA) lowered fuel prices to RWF 1,639/L for gasoline and RWF 1,635/L for Diesel – which accounts for the first decline in price of petroleum products in the past 3 years.
- The cost of living across Eastern Africa remained high in the last quarter of 2023 – inflation was on average 12 percent across the region. Costs of living were particularly high in **Ethiopia** and **Burundi**, which continued to record double digit annual inflation (28.7 and 27.1 percent, respectively). Due to the conflict, inflation rates for **Sudan** have not been issued by the Central Bank of Sudan since February 2023; however, inflation is estimated to have reached over 300 percent by Q4 2023.
- Food prices remained high across Eastern Africa, with average food inflation at 10.4 percent in December 2023. **Ethiopia** and **Burundi** continued to record double-digit food inflation (30.6 and 22.5 percent as of December 2023, respectively)
- As of December 2023, the average per capita monthly price of a local food basket reached USD 15.6 across the Region – representing a 11.3 percent increase from the same month last year. Compared to a year ago, the food basket went up by 70 percent in **Sudan**. In the last quarter, **Somalia, Sudan** and **South Sudan** continued to record the most expensive food baskets in the region (USD 22.8, 22.6 and 17, respectively).

1. International Commodity Price Outlook¹

Overall, international prices decreased throughout 2023, with the FAO Food Price Index (FPI) averaging 124 points (13.7 percent lower than the average of 2022). A decline in sugar, vegetable oils and meat prices pushed the FAO FPI even further down in the last quarter of 2023, which offset the increase in cereal and dairy products observed in December.

Due to weather-related logistical disruptions in major exporting regions and tensions in the Black Sea, wheat export prices saw an uptick in December having previously recorded a four-month decline. Similarly, global maize prices also increased in December due to concerns about Brazil's second crop plantings and logistical challenges affecting shipments from Ukraine. However, wheat and maize prices remained lower than their December 2022 levels (see below table).

Concerns about the impact of El Niño on rice production and export restrictions imposed by India led to a significant increase in international

rice prices, whose levels were approximately 20 percent higher than in December 2022.

Global maize supply is expected to rebound strongly in 2024 due to favorable growing conditions in Argentina, Brazil, and the United States, while wheat supply will likely stabilize around 2023 levels. This is likely to push international maize and wheat prices further down in 2024.

Conversely, the price of rice is expected to increase in 2024 due to the threat of El Niño and policy responses from exporting and importing countries.

A potential escalation of the conflict in the Middle East might result in an oil price spike, which, in turn, would raise food prices by increasing production and transportation costs for food and fertilizers.

TABLE 1. AVERAGE INTERNATIONAL CEREAL PRICE CHANGE

Commodity	Price (USD/tonne)	Price change		
	Dec-23	m-o-m	y-o-y	5-year average
US (Gulf), Maize (US No. 2, Yellow)	204	2.1%	-32.6%	-7.4%
US (Gulf), Wheat (US No. 2, Hard Red Winter)	290	3.6%	-24.8%	-5.1%
Thailand (Bangkok), Rice (Thai A1 Super)	494	-1.1%	17.6%	25.3%

SOURCE: FAO FPMA

2. Regional Wholesale Maize Prices Recording Mixed Trends; Legumes Supply and Prices Negatively Affected by El-Niño

UGANDA

The second season rains, which started in October, were above average for most parts of the bimodal areas, supporting favorable crop growth. This, coupled with the atypically low regional demand for Ugandan grains, resulted in atypically lower food prices in October and November 2023.

FIG 1. AVERAGE COMMODITY PRICES – UGANDA



SOURCE: UGCO Procurement Market intelligence reporting

RWANDA

As of December 2023, unprocessed maize was trading approximately at USD 318/MT FCA Kigali (RWF 400/kg).² An above-average Season A rainfall is expected to boost Season A harvest, which is likely to result in a decline in imports from **Uganda** and **Tanzania** in January 2024.

BURUNDI

Food imports from **Tanzania**, restrictions on exporting crop harvests to neighbouring countries, and limitations on local food transportation between provinces are among measures adopted to boost food availability during the lean season (September to January). In addition, the above-average 2023 Season C harvests (September-

November) further improved access to food.

Nevertheless, prices remained notably high, ranging between 35-65 percent above the five-year average and about 10 percent higher than last year's prices. The above-average rainfall towards the end of 2023 negatively affected bean crops, which are sensitive to excess moisture.

Due to the prevailing El Niño conditions, the 2024 season A crop is expected to be near average. Nevertheless, higher moisture levels coupled with poor post-harvest conditions and inadequate storage facilities are anticipated to increase the proliferation of the aflatoxin fungus. Should aflatoxin levels be declared toxic in the region, it could trigger a sanitary ban on consuming maize flour. Such a ban would significantly impact the price of maize, leading to potential fluctuations in maize prices across the region.

KENYA

Above-average October to December Short Rains had mixed impacts across **Kenya**. The rains increased agricultural production activities and labor opportunities and enhanced pasture, forage, and water resources supporting livestock production. However, flooding displaced 500,000 people and resulted in significant fatalities, in the pastoral area particularly in the Northeast.

Maize prices were lower than last year, albeit 15-50 percent higher than the five-year average in urban reference markets of Nairobi, Mombasa, Kisumu and Eldoret. In November, wholesale bean prices were around 45-60 percent above the five-year average as supply remained low amidst consistent high demand, low supply, and high fuel and production costs.

The current favorable conditions are expected to

persist until the start of the 2024 March to May Long Rains – which are also likely to be above average. The production of short-cycle legumes such as beans, green grams, and cowpeas is likely to be below average due to excess moisture during the season while an above-average production is expected for other cereals such as maize, millet, and sorghum.

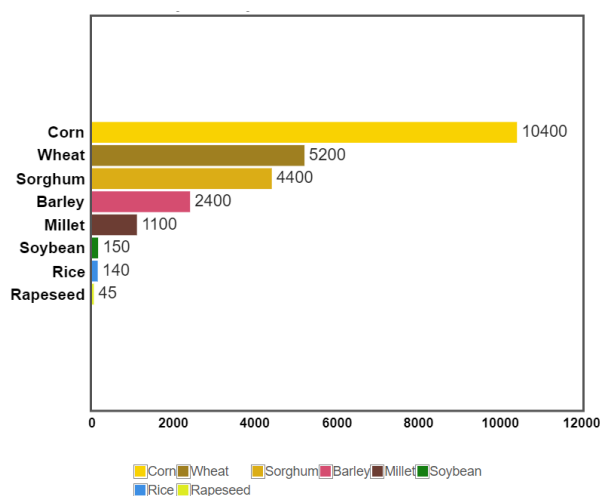
ETHIOPIA

The *Meher* harvest in November supported food availability in central, western, and northern Ethiopia. However, an El Niño-induced drought and the failed *Meher* harvest limited access to food in some areas, including north Gondar, eastern Amhara, and eastern Tigray.

In southern and southeastern pastoral areas, the October to December Deyr/Hageya (short rains) were among the highest recorded, associated with the El Niño conditions, which lead to extreme flooding.

Staple food prices in most markets across the country were stable at very high levels. In November, maize and sorghum prices were similar to October prices, but ranged from 55 to 80 percent higher than the same period in 2022.³

FIG 2. 2023/2024 CROP PRODUCTION ESTIMATES-ETHIOPIA



SOURCE: [USDA](#)

For the 2023/2024 harvest season, Ethiopia is forecast to have an average harvest and be self-

sufficient for maize. Approximately 10.4M MT of maize and 5.2M MT of wheat is forecast to be produced – see crop estimates as per USDA source.

SUDAN⁴

The ongoing conflict has driven a record-setting displacement crisis and caused disruption in trade and seasonal harvesting. Despite average to above-average cumulative June to September precipitation outcomes, a combination of irregular rainfall distribution and conflict impacted the yields.

The recent expansion of fighting between the Sudanese Armed Forces (SAF) and the Rapid Support Forces (RSF) into parts of eastern Sudan is driving a significant increase in humanitarian needs during the typical harvesting season (October to February).

The escalation of conflict in eastern Sudan, which is the country's most important region for crop production, particularly in the irrigate and semi-mechanized sectors, is a serious threat to national food availability. Significant disruption to the ongoing main season harvest and cultivation of winter wheat is expected to further reduce production levels, which were already forecasted to be below average.

In December, prices continued to rise across most markets despite the ongoing harvest, indicating a disruption to trade flows, high production costs and the impact of the anticipated below-average harvests.

Outlook for 2023/24 main harvest: The harvest of millet and sorghum is currently underway in main producing areas in the rain-fed, semi-mechanized, and irrigated sectors. However, the harvesting process has been disrupted in certain areas due to the recent expansion of the conflict to some of the major production centers, particularly Al Jazirah.

Conflict and insecurity, intercommunal violence along ethnic lines and between farmers and pastoralists, and displacement are impeding access to farms for harvesting and exacerbating

shortages of critical agricultural inputs, include fertilizer, fuel and machinery.

This will likely delay the harvest process in the conflict-affected areas and lead to high pre- and post-harvest losses.

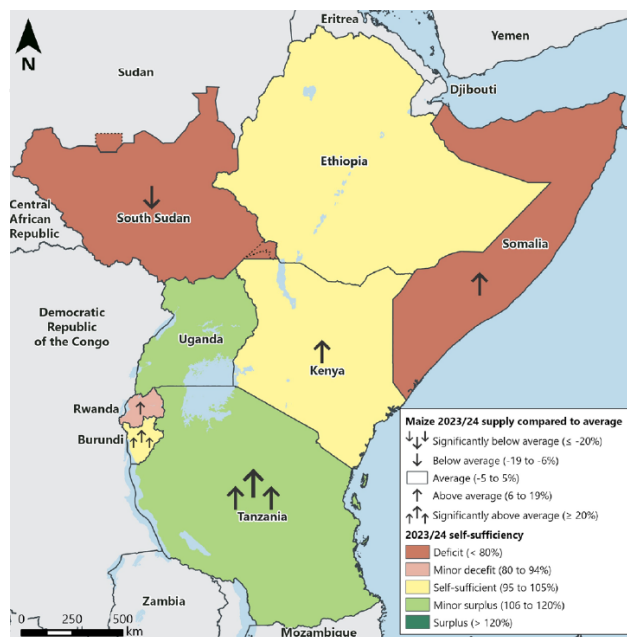
Cereal stocks at storage, trader, and household levels are expected to be negatively impacted by the disruption, destruction and looting of markets and stores in certain conflict-affected areas.

REGIONAL OUTLOOK MY 2023/2024 - EASTERN AFRICA⁵

The total maize supply in the region is projected at 25M MT, which is 10 and 9 percent higher than last year and the five-year average (2018 to 2022), respectively. Regional demand is estimated to be 23M MT. Consequently, the region is expected to have a surplus of around 2M MT

With this, the East Africa region is expected to be self-sufficient in maize; however, with intra-regional disparities. Maize imports from overseas are anticipated to be limited by competitive regional prices and a lack of and persistent depreciation of hard currencies. In Tanzania, the exportable surplus is expected to be 36 percent above average while **Uganda** and **Ethiopia** are expected to have average levels of surplus. The maize deficit in **Burundi**, **Kenya**, and **South Sudan** is expected to reduce, decreasing the regional shortfall.

Tanzania will remain the primary source of maize for countries in East Africa because of the availability of tradeable stocks at lower prices. Most maize destined for **Kenya** and eastern **Burundi** will be sourced from **Tanzania** while **Uganda** will remain the main source of maize for **South Sudan**, **Rwanda**, and western **Kenya**, where proximity between production and consumption areas makes it a more competitive option than maize from **Tanzania**.



SOURCE: FEWSNET

3. Volatile Exchange rates continued to impact on the cost of living⁶

Local currencies across Eastern Africa continued to lose value vis-à-vis the U.S. dollar (USD) in the fourth quarter of the year

TABLE 2: TRENDS IN EXCHANGE RATES

Country	Currency	Type	Dec-23	m-o-m	y-o-y
Burundi	BIF/USD	Official	2,879	-0.2%	-27.8%
		Parallel	4,670	-1.5%	-24.0%
Djibouti	DJF/USD	Official	178	0.0%	0.0%
		Parallel	112	-0.9%	-12.5%
Ethiopia	ETB/USD	Official	154	-1.4%	-20.3%
		Parallel	1,243	-1.5%	-14.7%
Rwanda	RWF/USD	Official	1,243	-1.5%	-14.7%
Somalia	SOS/USD	Official	30,724		5.9%
		Official	8,825		-3.5%
South Sudan	SSP/USD	Official	1,053	-1.2%	-37.8%
		Parallel	1,103	-2.2%	-40.8%
Sudan	SDG/USD	Official	790	-3.8%	-26.7%
		Parallel	1,100	-4.5%	-47.3%
Uganda	UGX/USD	Official	3,772	0.1%	-2.4%

SOURCE: National Central Banks and WFP COs

Driven by heightened demand for foreign currency from travellers and traders engaged in importing inputs, the Sudanese Pound (SDG) continued to depreciate both in the official and parallel market. As of December 2023, 1 USD traded at 790 and 1,110 SDG, respectively – meaning the currency has lost more than 26 and 47 percent of its value in the official and the parallel markets compared to December 2022.

South Sudan also recorded a high depreciation of its local currency, with 1 USD trading at 1,053 SSP and 1,103 in the official and parallel market, respectively – which corresponds to a year-on-year loss of approximately 40 percent.

The Kenyan shilling (KES) recorded the highest drop in its value vis-à-vis the USD for the last 30 years, mainly due to rising interest rates. In December 2023, 1 USD traded at KES 154 (down 20.3 percent compared to a year ago). The Rwandan Franc (RWF) also lost value in the same reference period (with 1 USD traded at 1,243 RWF – down

14.7 percent compared to a year ago).

Burundi recorded a significant y-o-y depreciation of the Burundian Franc (BIF), both on the official and parallel market (down 28 and 24 percent, respectively compared to December 2022). The Ethiopian Birr lost 12.5 percent of its value in the parallel market while the depreciation was lower in the official market (down 4 percent).

The cost of living across Eastern Africa remained high in the last quarter of 2023 and average annual inflation was 12 percent. The cost of living was particularly high in **Ethiopia** and **Burundi**, which continued to record double digit annual inflation (28.7 and 27.1 percent, respectively). Due to the conflict, inflation rates for **Sudan** have not been issued since February 2023; however, inflation is expected to remain above 300 percent.⁷

Food prices remained high across Eastern Africa, with average annual food inflation 10.4 percent as of December 2023. **Ethiopia** and **Burundi** continued to record double-digit food inflation (30.6 and 22.5 percent as of December 2023, respectively).

TABLE 3: TRENDS IN EXCHANGE RATES

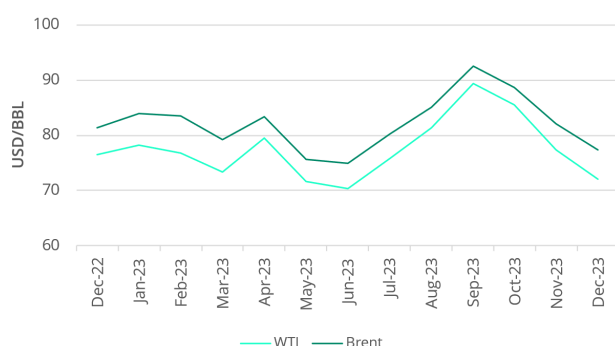
Country	Annual Inflation		Food Inflation	
	Dec-23	Dec 22/23	Dec-23	Dec 22/23
Burundi	27.1%		22.5%	
Djibouti				
Ethiopia	28.7%		30.6%	
Kenya	6.6%		7.7%	
Rwanda	6.4%		9.1%	
Somalia	6.6%		-2.1%	
South Sudan	5.8%		5.2%	
Sudan				
Uganda	2.6%		0.1%	
RBN	12.0%		10.4%	

SOURCE: National Bureaux of Statistics

4. Pump Prices Remained High Despite the Decline in Crude Prices

After the peak recorded in September 2023, high crude oil supply availability led to a sustained decline in global oil prices throughout the last quarter of the year. As of December 2023, Brent and West Texas Intermediate (WTI) declined to 77.3 and 72.1 USD/BBL, which corresponds to a m-o-m decline of approximately 7 percent and a y-o-y decrease by 5 percent for Brent and 6 percent for WTI

FIGURE 3: TRENDS IN BRENT AND WTI



SOURCE: OPEC

At the local level, pump prices remained stable but high with petrol prices across the region averaging at USD 1.4/L as of December 2023 – corresponding to a y-o-y increase by 23.6 percent.

Petrol prices in **Kenya** hit the record of KES 218/L in October and November 2023, and then declined to KES 213/L in December 2023.

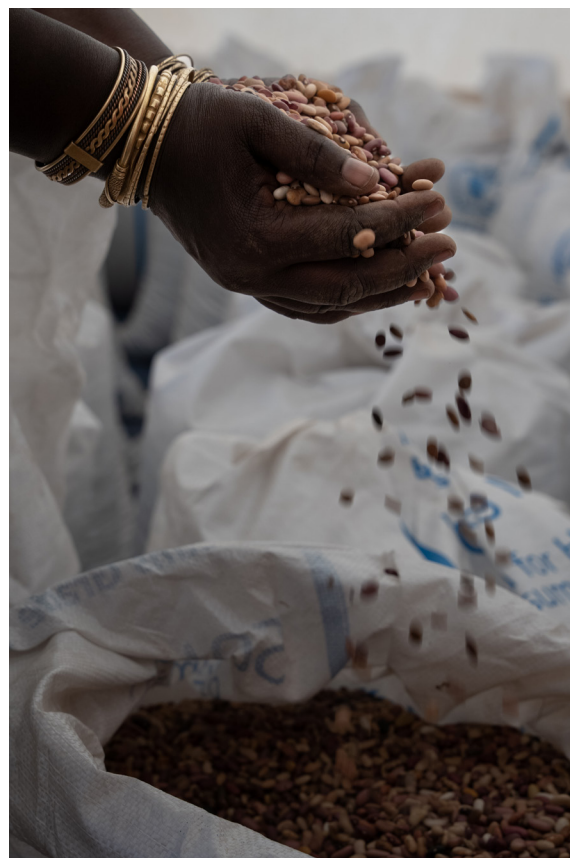
In **South Sudan**, fuel prices went up, with a sharp y-o-y increase (up 72.5 percent between December 2022-2023), that reflects the currency depreciation. After the decline observed until November, fuel prices in **Somalia** reached SOS 42,483/L – which corresponds to a m-o-m increase of 6.3 percent and a y-o-y increase of 30.1 percent. Following the decline in the international oil markets, the Rwanda Utilities Regulatory Authority (RURA) lowered fuel prices to RWF 1,639/L for gasoline and RWF 1,635/L for Diesel – which accounts for the first decline in price of petroleum products in

the past 3 years. In **Burundi**, repetitive shortages of fuel at the pump lead to a parallel market priced at more than double of the official price.

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

Country	Petrol price		Variations	
	USD/L	LCU/L	m-o-m Nov-23	y-o-y Dec-22
Burundi				
Djibouti	1.2	205.0	0.0%	2.5%
Ethiopia	0.7	77.7	0.0%	36.1%
Kenya	1.4	213.0	-2.3%	19.6%
Rwanda	1.3	1,639.0	-10.0%	3.7%
Somalia (SoS)	1.4	42,483.0	6.3%	30.1%
South Sudan	2.6	2,866.5	6.5%	72.5%
Sudan				
Uganda	1.5	5,561.0	-0.1%	0.5%
RBN	1.4		0.0%	23.6%

SOURCE: National Bureaux of Statistics and WFP COs



WFP/ Arete/ Siegfried Modola

5. Currency volatility and the crisis in Sudan severely impacting access to food in Sudan and South Sudan

As of December 2023, the average per capita monthly price of a local food basket was 11.3 percent higher than December 2022. The average per capita monthly price of a local food basket reached USD 15.6. Compared to a year ago, the food basket went up by almost 70 percent in **Sudan** and increased by 45.2 percent in **South Sudan**. In the last quarter, **Somalia**, **Sudan** and **South Sudan** continued to record the most expensive food baskets in the region (USD 22.8, 22.6 and 17 respectively).

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

Trends in the monthly per capita cost of the food basket				
Country	Dec-23		Variations	
	LCU	USD	m-o-m	y-o-y
Burundi				
Djibouti	2,234	12.6	-3.8%	
Ethiopia	1,438	12.8	-7.0%	14.7%
Kenya	1,999	13.0	-1.3%	24.1%
Rwanda	10,752	8.6	-14.9%	-41.0%
Somalia	701,508	22.8	2.4%	-25.1%
South Sudan	18,700	17.0	-5.8%	45.2%
Sudan	24,824	22.6	9.6%	69.2%
Uganda	58,654	15.6	-1.5%	-8.1%
RBN		15.6	-2.8%	11.3%

SOURCE: Source: WFP COs

The increase in the average cost of the food basket observed at the regional level is mainly driven by the surge in prices of basic commodities recorded in **Sudan** and **South Sudan** (see table 6, below).

Due to diminished local production and the persistently challenging macroeconomic conditions arising from inadequate foreign currency reserves and a weak national currency, sorghum prices in **South Sudan** were significantly higher than a year ago. The conflict in **Sudan** has affected the normal flow of sorghum in parts of the **South Sudan**,

especially in the north – which used to get supplies from **Sudan**. The depreciation of SSP, the conflict in **Sudan** and multiple checkpoints along the trade routes are the main causes for increase in prices of sorghum and other food items.

The anticipated below-average harvest in March 2023, the increase in the cost of production coupled with the conflict since April 2023 have exerted further upward pressure on prices in **Sudan**, where prices of sorghum increased by 6 percent between November and December 2023 and were 44.5 percent higher than a year ago. Elsewhere in the region prices of cereals recorded a m-o-m decline following seasonal trends and also declined compared to December 2023 levels (except for **Ethiopia**, where wheat prices increased by 21 percent between December 2022-2023).

In **Sudan**, prices of vegetable oil (groundnut, locally produced) increased by 95.4 percent between December 2022-2023. In **South Sudan**, vegetable oil prices increased by 36.2 percent as the supply source of processed foods has shifted from Khartoum to Port Sudan – which increased transaction costs such as informal taxes along the trade routes. Elsewhere in the Region, vegetable oil prices remained stable in the third quarter or decreased compared to the same time one year ago.

TABLE 6. TRENDS IN SELECTED COMPONENTS OF LOCAL FOOD BASKET

Country	Dec/Nov 2023	Dec 2023/202 2	Dec/Nov 2023	Dec 2023/202 2	Dec/Nov 2023	Dec 2023/202 2	Dec/Nov 2023	Dec 2023/202 2
Burundi								
Djibouti	-2.4%		-10.3%		0.0%			
Ethiopia	-7.6%	21.0%	2.6%	-4.5%	-7.4%	-15.9%		
Kenya	-7.4%	-4.6%	0.7%	-4.8%	-3.8%	43.5%		
Rwanda	-13.8%	-28.4%	-5.3%	-19.6%	-23.9%	-18.0%		
Somalia	8.7%	20.3%	-2.5%	-4.1%			-8.6%	-12.2%
South Sudan	-8.9%	36.9%	-3.0%	36.2%	3.5%	89.2%		
Sudan	10.5%	44.5%	-7.3%	95.4%			3.6%	64.8%
Uganda	-5.2%	-33.8%	-0.6%	-20.2%	-6.4%	7.2%	-1.6%	3.5%

SOURCE: WFP COS

6. Cereal prices continue to remain considerably higher than average

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 **Ethiopia, Sudan, and South Sudan** were 50 percent higher than the average recorded in the past five years (classified as a Very High price increase). Most markets in

Burundi and Kenya 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). Cereal prices in monitored markets in **Djibouti, Rwanda and Somalia** recorded mixed trends.

MAP 2: CEREAL PRICE CHANGE: DECEMBER 2023 VS. 5-YRS AVERAGE



SOURCE: WFP COS

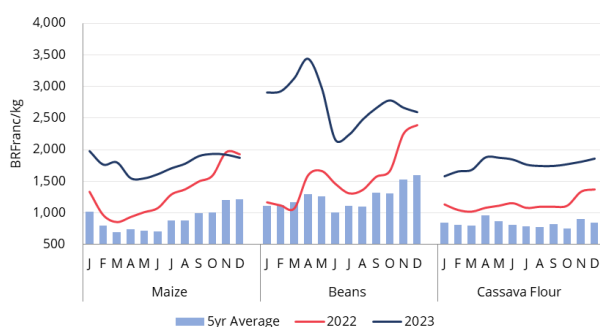
7. Country Updates

This section provides a more detailed description of cereal price trends across each country. The 2022 and 2023 monthly price trends of main staple foods consumed are compared against the five-year average per country.

BURUNDI

Staple food prices have remained elevated in the country throughout the year primarily due to macro-economic challenges, the high cost of transport and expensive farm inputs. During the last quarter however, the national average price of maize sustained declining trends and by December, the average retail price was at 1,877 BRF/kg, 3 percent below the level recorded in December 2022. Similarly, dry beans prices also recorded a downward trend over the reference period. Ample availabilities of maize and beans supported by above-average season C harvests, enhanced import trade from neighbouring countries, and export restrictions helped ease prices in local markets over the fourth quarter. In contrast, cassava flour prices recorded increasing trends with the national average price hitting highs of 1,865 BRF/kg by December, 36 percent higher than the same time the previous year.

FIG 4. BURUNDI - NATIONAL AVERAGE OF KEY STAPLES



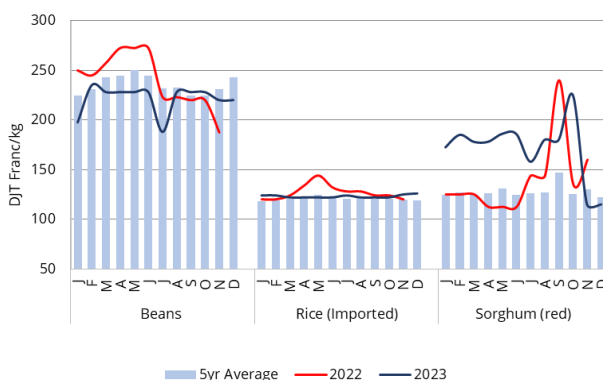
SOURCE: WFP CO

DJIBOUTI

Food prices have remained stable throughout the year owing to stable macro-economic conditions in the country and favourable international prices.

During the last quarter, wheat flour prices recorded a declining trend consistent with the international markets' trends. The national average price of wheat flour declined from 132 DJF/kg in October to 121 DJF/kg in December –7 percent below the level of the previous year. Similarly, sorghum prices also fell to 6 percent below the long-term average by December, retailing on average at 115 DJF/kg. Declining sorghum prices are due to an improved supply from neighbouring **Ethiopia** and **Somalia** which recorded improved harvests after a long period of drought.

FIG 5. DJIBOUTI - NATIONAL AVERAGE PRICE OF KEY STAPLES



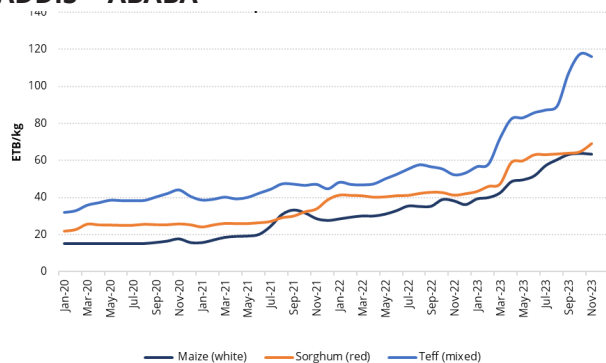
SOURCE: WFP CO

ETHIOPIA

Food prices have remained high in the country for several months due to combined effect of macro-economic challenges, extreme weather, and the high cost of production. During the last quarter of 2023, staple cereal prices generally exhibited an upward trend in most markets across the country despite improved supply from ongoing Meher harvests which begun in October in Belg-receiving and Western agricultural areas. Maize prices trended upwards and by December, prices were 22-50 percent higher than previous year levels across most markets with markets in Oromia and Somali regions recording the highest prices. Similarly, teff prices also firmed up across most markets during the last quarter with prices

ranging from 8000-11,200 ETB/100kgs. The highest teff prices were recorded in December. Sorghum prices on the other hand remained stable at very high levels over the reference period.

FIG 6. ETHIOPIA - CEREAL PRICE TRENDS IN ADDIS ABABA

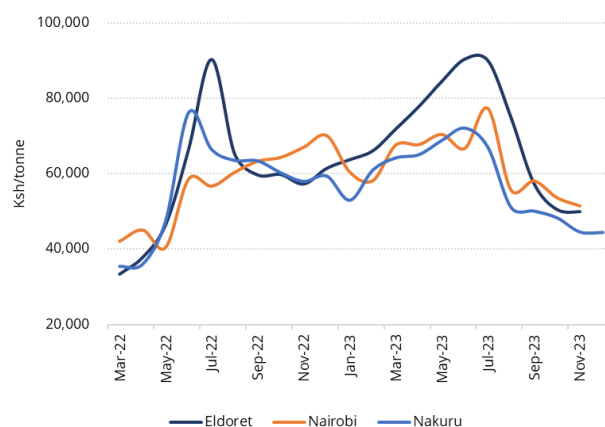


SOURCE: WFP CO

KENYA

Maize prices have been declining in most parts of the country since mid 2023, supported by improved household availability and market supply. This is mainly attributed to good harvests recorded during the year and declining prices in neighbouring exporting countries. During the last quarter, the maize price fell to below previous year levels in the major regional reference markets. In Nakuru, for instance, the average wholesale maize price was at least 20 percent below year-earlier levels and 33 percent higher than the five-year average. Significant declines were also recorded in the capital Nairobi over the reference period with latest prices 23 percent lower than a year ago. In most ASAL counties however, staple maize prices remained high compared to other parts of the country owing to high transport costs and logistical challenges.

FIG 7. KENYA - WHOLESALE MAIZE PRICES IN SELECTED MARKETS

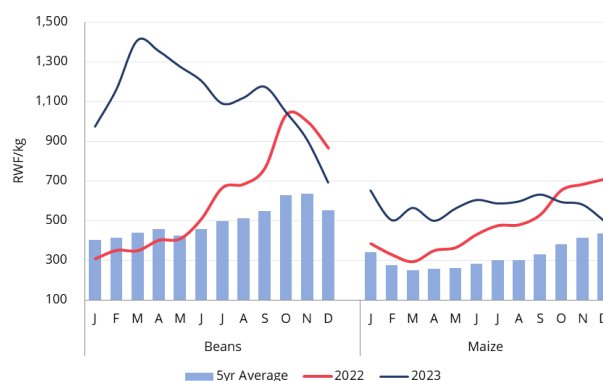


SOURCE: WFP CO

RWANDA

Staple food prices remained elevated in the country for most of the year, however during the last quarter, a steady downward trend was recorded. Maize prices declined unseasonably during the main lean season, retailing on average between 500-593 RWF/kg, 9-29 percent below 2022 levels. Similar price trends were observed for dry beans with the latest average retail price in December at 691 RWF/kg, 20 percent below levels one year previously having recorded a m-o-m decline of 24 percent. The decline in the price of maize is primarily supported by ample domestic availabilities following minor season C harvests and the removal of Value Added Tax (VAT) early in April.⁸ Prices are expected to further ease as the main seasonal harvests begin in January.

FIG 8. RWANDA - AVERAGE PRICE OF KEY STAPLES

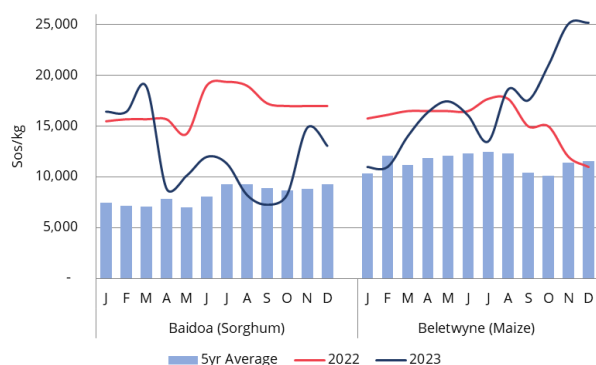


SOURCE: WFP CO

SOMALIA

During the last quarter, a general spike in staple prices was recorded in most markets across the country. This was partly attributed to logistical challenges due to widespread flooding in parts of the country, which greatly affected supply and market availability. In the Baidoa market, for instance, sorghum prices spiked in November according to a m-o-m increase of 80 percent. The latest sorghum price in the reference Baidoa market was at 13,082 SoSh/kg, 24 percent lower than previous year level but higher than the long-term average. Similarly, maize prices recorded upward trend over the reference period in most WFP monitored markets. In Beledweyne, for example, maize retailed between 40-129 percent above year-earlier levels having recorded a m-o-m increase of 20 percent in November. According to FEWSNET,⁹ flood-driven losses of the off Gu season also contributed to declining stock levels resulting in price spikes.

FIG 9. SOMALIA – PRICE OF KEY STAPLES IN SELECTED MARKETS



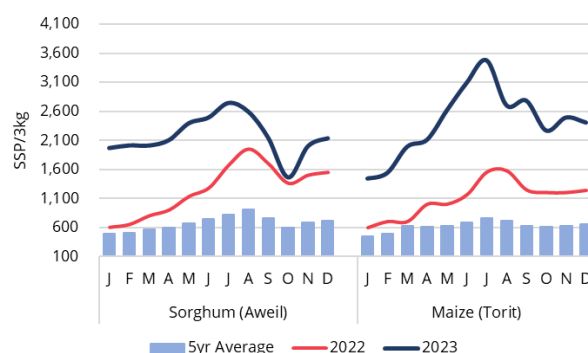
SOURCE: WFP CO

SOUTH SUDAN

Food prices remained elevated through the last quarter of the year driven by the combined effects of macro-economic challenges, localized conflict, and insecurity which disrupt trade flows among others. During the last quarter, the national average price of sorghum and maize remained elevated at more than triple the long-term average though considerably lower than the previous quarter. This was mainly due to improved market supply in

some parts of the country as ongoing harvests got to the markets. Sorghum prices recorded mixed patterns across markets increasing significantly in some while declining in others. For instance, whereas sorghum prices increased seasonably in Aweil, retailing 8-38 percent higher than year-earlier levels, other markets such as Bentiu recorded sustained declines over the reference period. Maize prices followed similar patterns over the reference period. In Torit market, maize retailed between 2,274-2,500 SSP/3kgs, at least 90 percent above previous year levels and more than triple the 5-year average.

FIG 10. SOUTH SUDAN – PRICE OF KEY STAPLES IN SELECTED MARKETS



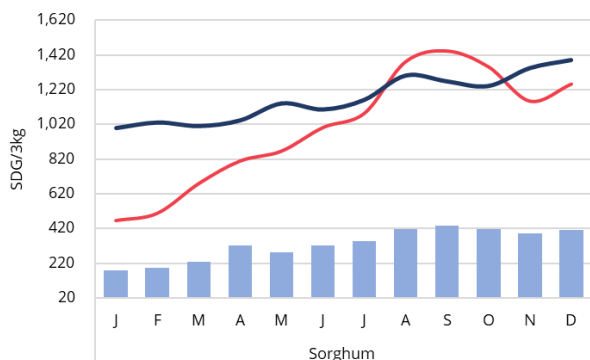
SOURCE: WFP CO

SUDAN

Food prices have continued to rise since 2017, primarily linked to macro-economic (list) crisis and now the ongoing conflict which broke out in April 2023 disrupting supply flow in parts of the country. Food prices have since soared to historical levels in recent months. During the last quarter, the national average price of sorghum ranged from 1,267-1,343 SDG/3kgs with variations across markets. The October-February sorghum and millet harvests are expected to be below average, and this resulted in speculation thus leading to price spikes recorded in most markets in middle of the fourth quarter. Prices of other food commodities such as wheat flour also recorded sharp spikes in the middle of the last quarter despite declining trends in international prices. This is mainly linked to the weakening currency as imports become more expensive.

Disrupted livelihoods in the backdrop of high food prices continue to undermine food access for millions of households.

FIG 11. SUDAN – NATIONAL AVERAGE PRICE OF SORGHUM



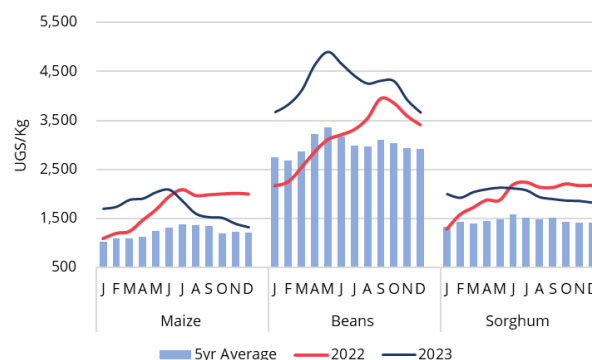
SOURCE: WFP CO

UGANDA

During the last quarter, the national average price of staples trended seasonably below previous year levels recording declining trends. This is linked to seasonal harvests in Bimodal and Unimodal areas which improved market supply thus easing pressure on prices. By December, the national average price of maize was at 1,324 UGS/

kg, 34 percent below price levels recorded a year ago and 9 percent above the five-year average. Similar trends were observed for sorghum prices with an average retail price between 14-16 percent below year-earlier levels. The price of dry beans also exhibited declining trends across most WFP monitored markets over the last quarter. According to FEWSNET,¹⁰ atypical low regional demand also contributed to declining prices recorded in quarter four.

FIG 12. UGANDA – NATIONAL AVERAGE PRICE OF KEY STAPLES



SOURCE: WFP CO



WFP/ Emily Fredenberg

8. Market and Trade Outlook January - March 2024

DJIBOUTI

Food commodity prices in the country are stable but high owing to a stable macro-economic environment. Food commodities imported from the international markets are likely to continue to record stable prices in the coming few months. Improved sorghum supply from **Ethiopia** and **Somalia** helped ease prices in the last quarter, this may be short-lived as supply from recent harvests gets depleted and subsequent reduced availability would likely exert upward pressure on prices. Moreover, tension around the Red Sea would likely have negative impacts on fuel prices in the country and consequently drive food prices up.

ETHIOPIA

Food prices have remained high despite the ongoing Meher harvests in Western agricultural areas and Belg-receiving areas improving supply in parts of the country. Food prices are likely to remain high over the Belg-planting and lean season as households' food stocks get depleted. Moreover, the prevailing challenging economic environment and localized conflict/tension continues to add upward pressure on food prices, this is likely to prevail over the next few months.

KENYA

Staple maize prices have been on declining trends since 2023 Q3 supported by improved availability owing to good harvests in recent seasons and favourable prices in the neighbouring exporting countries. In major maize producing regions, maize prices are likely to stabilize as ongoing long rain harvests will improve supply. In hard-to-reach areas (some ASAL counties) however, the cost of transport and logistics challenges continue to inflate commodity prices, and this is likely to be the case over the coming few months.

RWANDA AND BURUNDI

In both countries, maize and beans prices have declined unseasonably supported by ample supply from recent harvests. Restriction of maize exports has also helped improve availability in **Burundi**. The ongoing Season A harvests are expected to improve household stocks and market supply and therefore further ease price pressure over the next few months.

SOMALIA

The widespread flooding in the fourth quarter of 2023 disrupted supply chains, leading to spikes in food prices during the last quarter. Prices of food commodities, especially locally produced cereals, are expected to remain elevated in the short to medium term, because of reduced availability due to flood-related post-harvest losses for the off Gu season.

The 2023 post-deyr season in **Somalia** has seen a significant increase in rainfall performance, despite previous drought conditions causing water scarcity, crop failure, and food shortages. However, flooding has led to crop failures, asset losses, and road closures, affecting access to essential food commodities. The humanitarian crisis has been exacerbated by flooding, with 33 districts severely affected. Despite this, livestock prices remained low, and rural vulnerable pastoralists struggle to obtain food. However on a positive note, deyr rains have restored pastoral rangelands, resulting in a moderate increase in livestock productivity.

SOUTH SUDAN

Although the El-Niño conditions experienced during the last quarter improved crop conditions in bimodal areas, ample supply may not necessarily ease prices. The prevailing macro-economic challenges and localized conflicts including the

spill over effects of the ongoing war in **Sudan** will continue to negatively impact on food prices in most parts of the country over the next months.

SUDAN

Generally, food prices have recorded upward trends in most parts of the country. Rapid currency depreciation is negatively impacting on imported commodities' prices while ongoing conflict has negatively impacted local production leading to forecasted below average harvests. Reduced local availability, high exchange rates and conflict-related supply chain challenges will likely continue to negatively impact food prices in the short and medium term.

UGANDA

Favourable rains received in 2023 greatly improved production thus improving household stocks and market supply. Atypical downward trends in staples prices were recorded in quarter four as second season harvests began. Ample availabilities coupled with low regional demand will likely keep prices down over the next three months especially in bi-modal areas.

Endnotes

- 1 This section is based on FAO Food Price Index, Food Price Monitoring and Analysis, International Grains Council (IGC) and World Bank Commodity Market Outlook, October 2023.
- 2 Commodity Insight Report – December Edition
- 3 FEWS NET - Ethiopia - Key Message Update, November 2023
- 4 FEWS NET Sudan – Food Security Outlook Update, December 2023
- 5 This section is based on FEWS Net East Africa Maize Supply and Market Outlook, November 2023
- 6 The regional average annual inflation and food inflation does not include Burundi and Djibouti as the respective National Bureaux of Statistics have not released inflation rates for December 2023.

This is a joint publication by Research Assessment and Monitoring (RAM) and Procurement of the World Food Programme (WFP) Regional Bureau for Eastern Africa in Nairobi (RBN).

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