

AFRICAN MARKET OBSERVATORY (AMO): PRICE TRACKER

Welcome to the monthly food price tracker. This is an initiative of the African Market Observatory (AMO) of the [Centre for Competition, Regulation and Economic Development](#), at the University of Johannesburg, and its partners. It summarises key trends in prices in East and Southern Africa (ESA) for selected staple food products, focusing on highlighted areas. Please also see the [previous trackers](#).

Online version of the [AUGUST 2023 PRICE TRACKER](#)

Production and trade update

Key Developments

- The arrival of El Niño from October 2023 will have a favourable effect on rainfall in countries in the eastern part of the region (such as Kenya) while countries to the south will likely be negatively impacted with low rainfall and possible drought.
- Malawi reports the highest maize price in August at almost \$660/t as prices increase by 177% year-on-year (from US\$237/t in August 2022) – figure 5
- The Malawian government is considering [imports from neighbouring countries](#) to increase the insufficient maize stock and improve food security
- Zambia's 2023/24 maize harvest is projected [to increase by 23% to 3.3 million Mt](#), primarily driven by expanded planting
- As El Niño is expected to bring [extreme rainfalls](#) to eastern Africa, Kenya has earmarked US\$13.5M for grain dryers as it worries about post-harvest losses of the [good maize harvest of over 40 million bags](#)

Production and trade balances

The latest production estimates for 2023 show that the overall production in southern Africa was favourable – largely due to the favourable rainfall associated with La Niña. Malawi's harvest, however, was severely impacted by cyclones. The same weather phenomenon led to droughts in most of [Eastern Africa](#), which is reflected in the production estimates.

The selected Southern African countries (Malawi, South Africa, Zambia, and Zimbabwe) are estimated to achieve a combined production of over 25 million metric tonnes (Mt) for 2023, with the majority due to South Africa. This is a 9% increase compared to last year's production of over 22 million Mt. In contrast, the combined maize production for the selected Eastern African countries (Kenya, Rwanda, Tanzania, and Uganda) is estimated to reach 12.3 million Mt in 2023. This compares to production of 13.7 million Mt in 2020, after which La Niña started to severely affect the harvest.

The weather phenomenon also affected soybean production in the region, with high levels of soybean production at over 3.5 million Mt in the selected countries in Southern Africa and low production levels of over 200 000 Mt in the selected Eastern Africa countries.

With the arrival of El Niño, the situation will now be reversed as southern Africa is projected to experience low rainfall and possibly drought, while eastern Africa [will have greater than average rainfall](#).

Maize

According to the selected countries, Tanzania and Malawi are the biggest producers of maize in the region, aside from South Africa. Tanzania has also been a consistent net exporter of maize (figures 1 and 2). Even though Tanzania has high production estimates, the recent export restrictions in Tanzania negatively impacted exports to neighbouring countries, in particular to Kenya where goods trucked from Tanzania have [decreased by almost a third in the first half of the year](#).

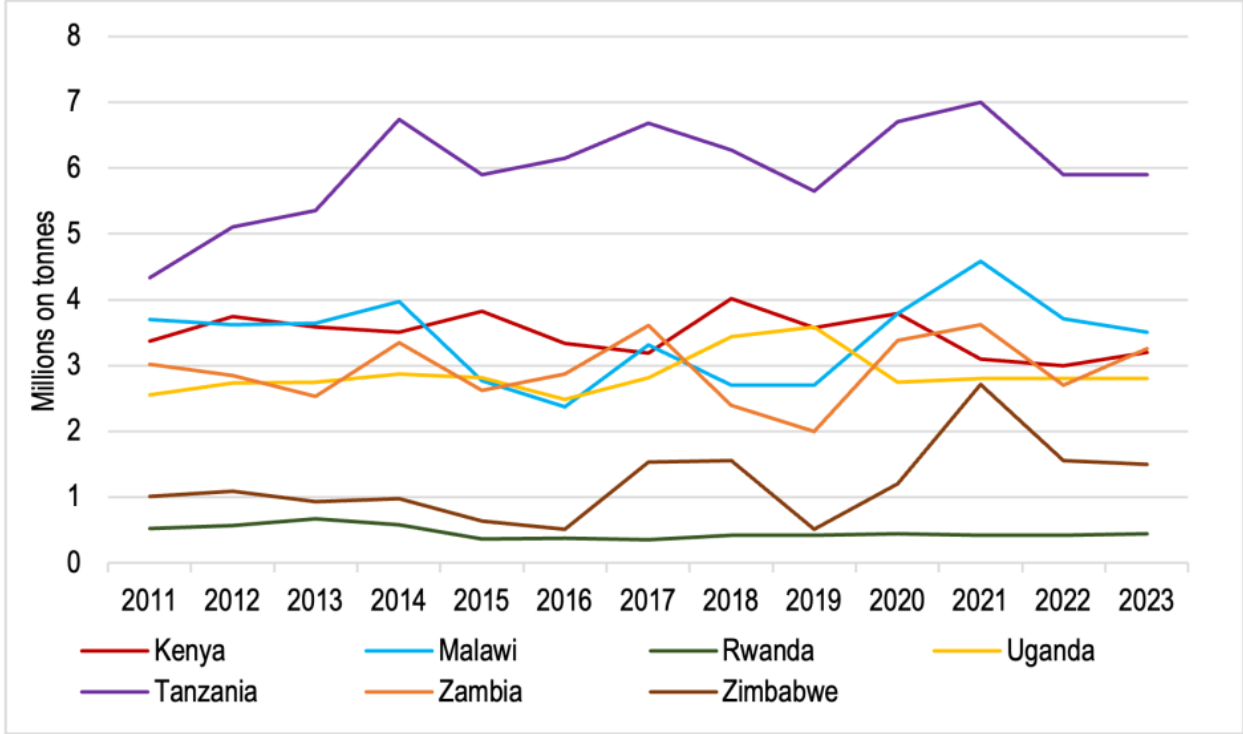
In terms of production estimates for Zambia – production increased from 2.7 million Mt in 2022 to over 3.3 million Mt, or [23% for the 2023/24 marketing year](#). This is in part due to an expansion in the area planted (up from 1.6 million ha in 2022/23 to an estimated 1.9 million ha in 2023/24). This result means Zambia will remain a net exporter of maize with estimates that Zambia could export approximately [400 000 Mt of maize in 2023/24](#). However, in April 2023 Zambia implemented restrictions on exports for the 2023/24 marketing year [following tight stock levels below 500 000 Mt](#) though the government

indicated that this is a temporary measure. This has had adverse effects in countries that rely on Zambian imports of maize, such as Kenya.

The arrival of El Niño in late 2023 is expected to bring low rainfall and droughts to the Southern African region which is likely to mean countries such as Malawi, which has been a net exporter, probably become a net importer.

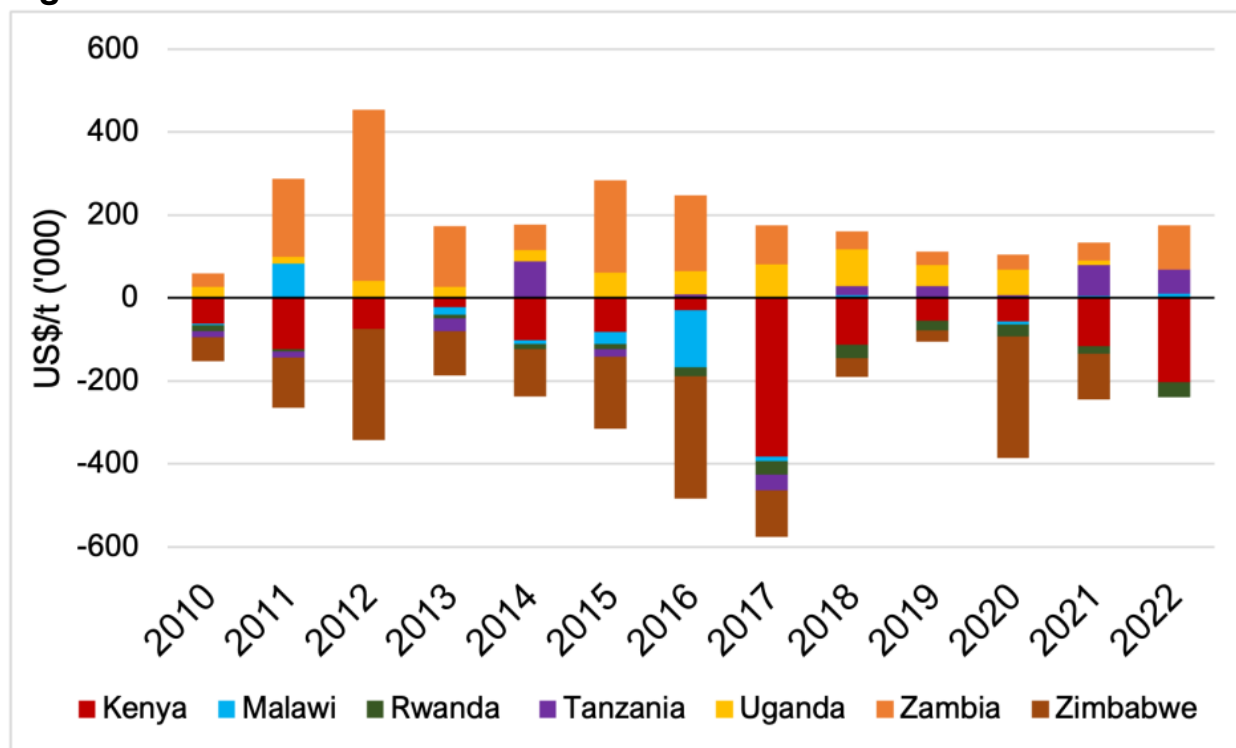
In East Africa, Kenya is a consistent net importer of maize (figure 2); to increase maize availability the country has even [opened a window for duty-free maize](#) imports from countries outside ESA and the COMESA region between January and August 2023. Even though Kenya maize production estimates are still below pre-La Niña levels, production estimates increased slightly by 200 000 Mt from 2022 to 2023.

Figure 1 Maize production



Source: FAO Stat; AMO Calculations based on Trade Map data

Figure 2. Maize Trade Balances



Source: AMO Calculations based on Trade Map data

Soybean

Soybean is used in animal feed and can be made into a variety of products meaning it has great potential for [income generation for households as well as to ensure food security](#). This makes soybean one of the most attractive crops to grow – its tendency [to use less fertiliser than maize](#) production is an added benefit for farmers to grow this crop.

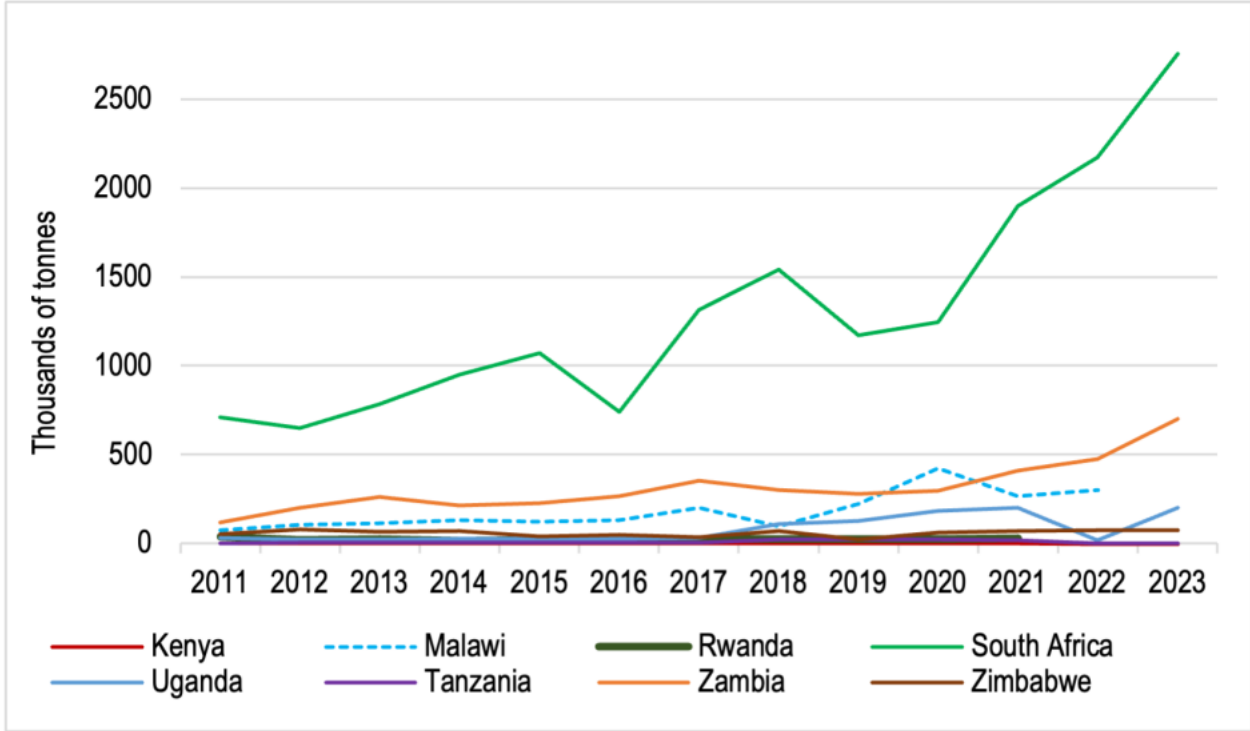
Production in South Africa and Zambia has grown significantly over time. South Africa, which is the biggest producer of maize in the selected countries, increased production to 2.7 million Mt in 2023 from over 2.1 million Mt in 2022. Given its large local demand, it only became a net exporter in 2022, although GM production means it cannot export into the region.

Zambia's production increased from around 400 000 Mt in 2022 to 700 000 Mt in 2023, which means much greater exports. Malawi, much like Zambia,

has been a consistent net exporter, however, production has not expanded since 2020 and the net export position has reduced. The looming El Niño is likely to place further downward pressure on production in 2023/24.

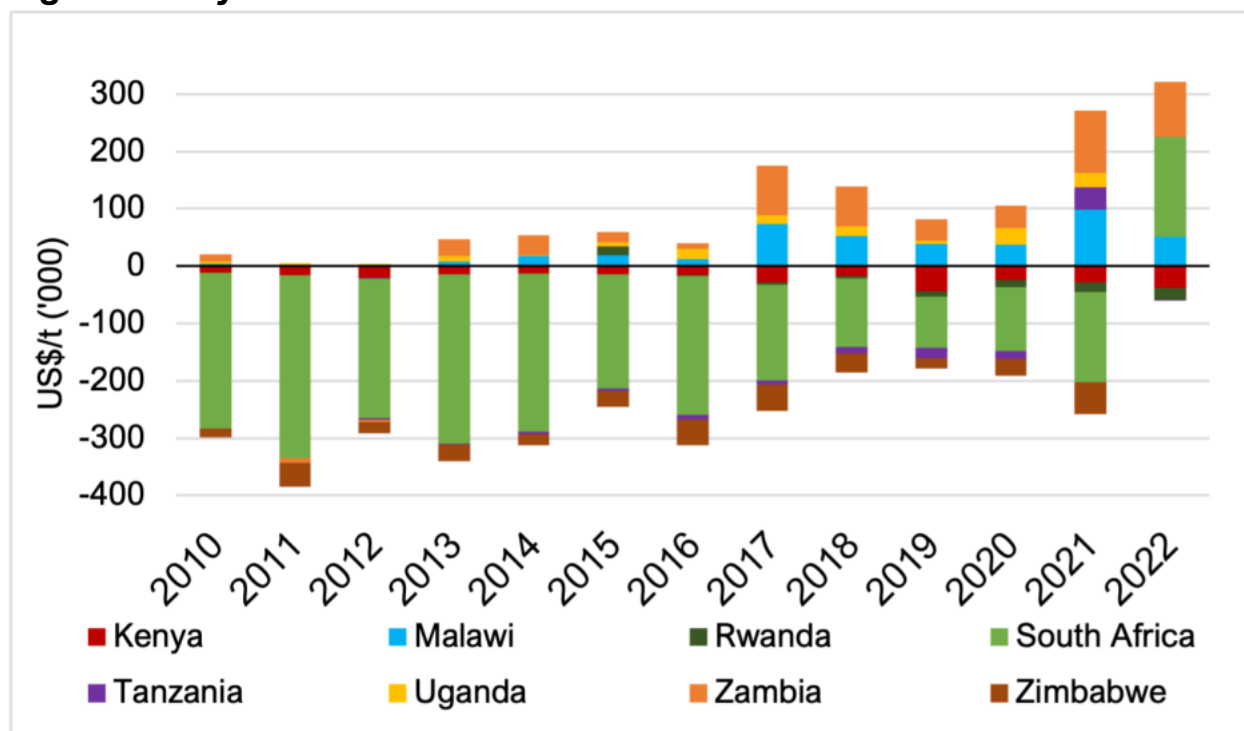
Countries in Eastern Africa, on the other hand, are mostly net importers – with the exception of Uganda.

Figure 3. Soybean production



Source: FAO Stat; AMO Calculations based on Trade Map data

Figure 4. Soybean trade balances



Source: AMO Calculations based on Trade Map data

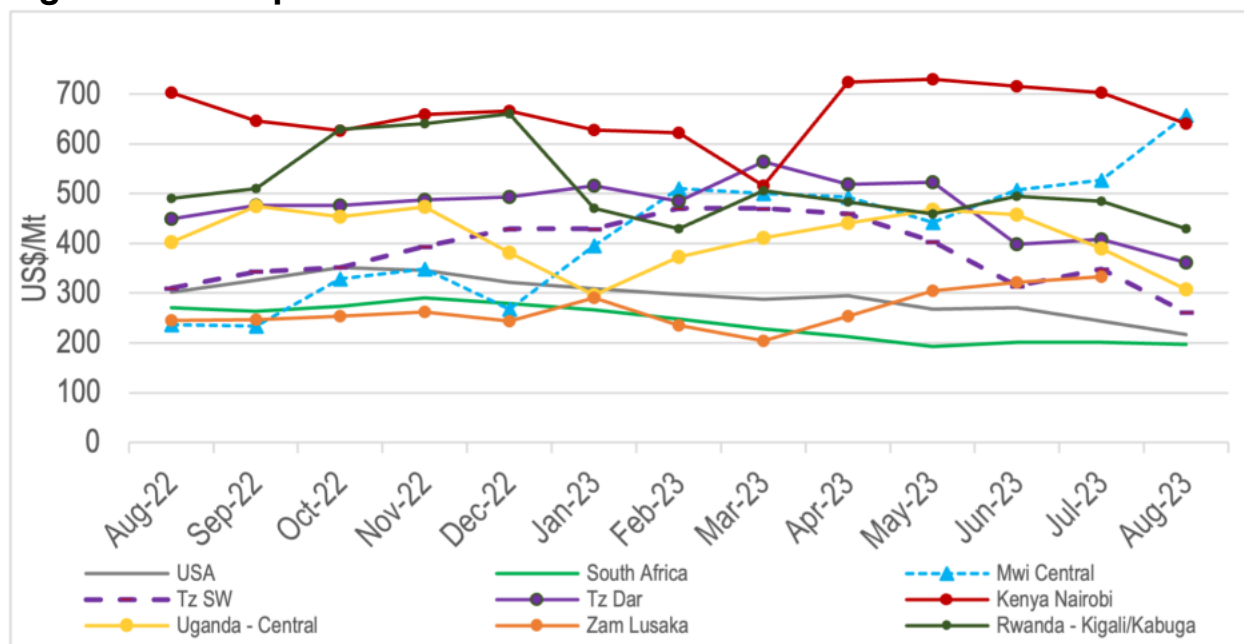
Pricing data – maize

The wide dispersion in maize prices across the region continued in August (Figure 5).

Prices moderated slightly in Kenya to still extremely high levels of US\$640/Mt. Prices in other East African countries decreased to levels from US\$308/Mt in Dar es Salaam in Tanzania to US\$430/Mt in Rwanda, meaning huge gaps remain with respect to Kenyan prices.

Malawi prices spiked in August to reach similar levels to those in Kenya. In many areas in Malawi, maize is even being sold at over [K1 million per Mt \(US\\$900/Mt\)](#). Zambia maize prices have increased somewhat from low levels to US\$345/Mt in August, above prices in south-west Tanzania. While a net exporter, Zambia has been prone to imposing trade restrictions.

Figure 5 Maize prices

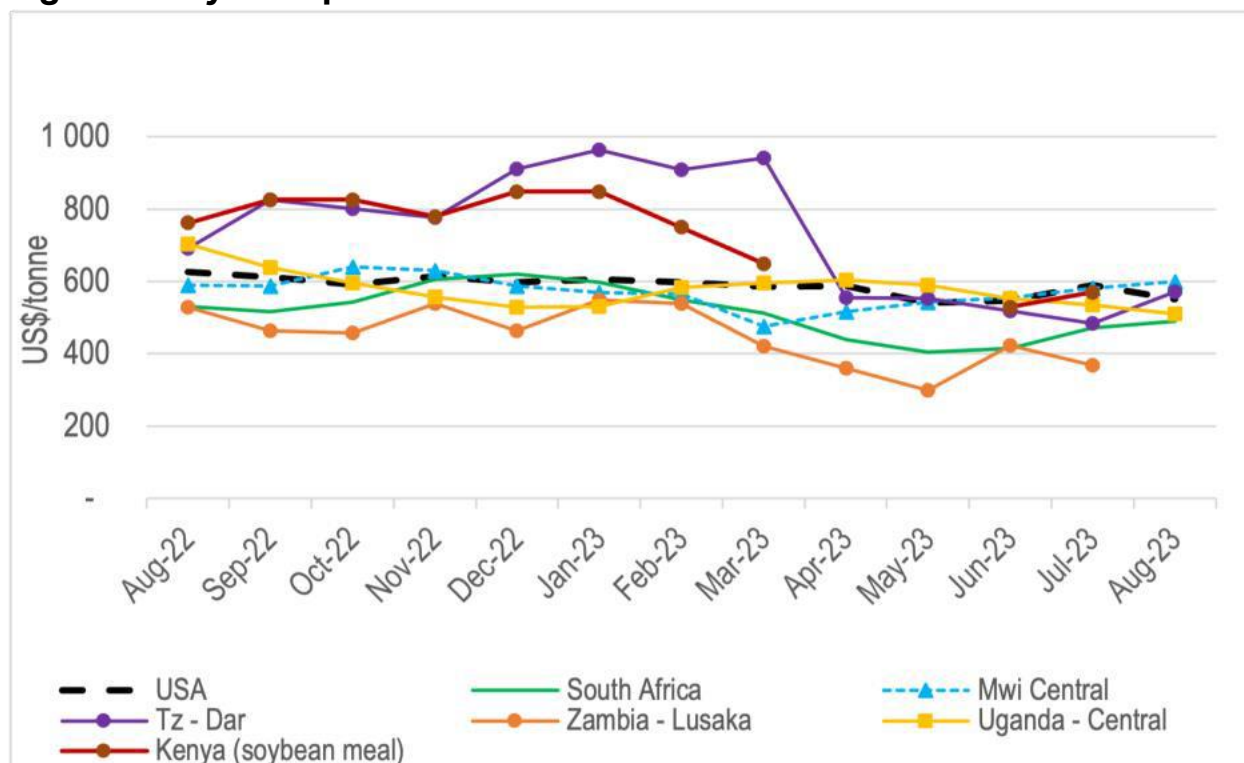


Source: based on price tracker data from multiple sources; South Africa is SA Futures Exchange price; USA is fob prices from SAGIS.

Soybean

Soybean prices have continued to converge around the US\$500-600/Mt level (Figure 6). Zambia soybean prices had been extremely low at the harvest time at US\$300/Mt in May and as of August prices had increased to around US\$450/Mt or close to export prices. These low prices present harm to farmers, who switched to planting soybeans as a response to high fertiliser prices, when the prices of soybean were around US\$600/Mt in 2022.

Figure 6 Soybean prices



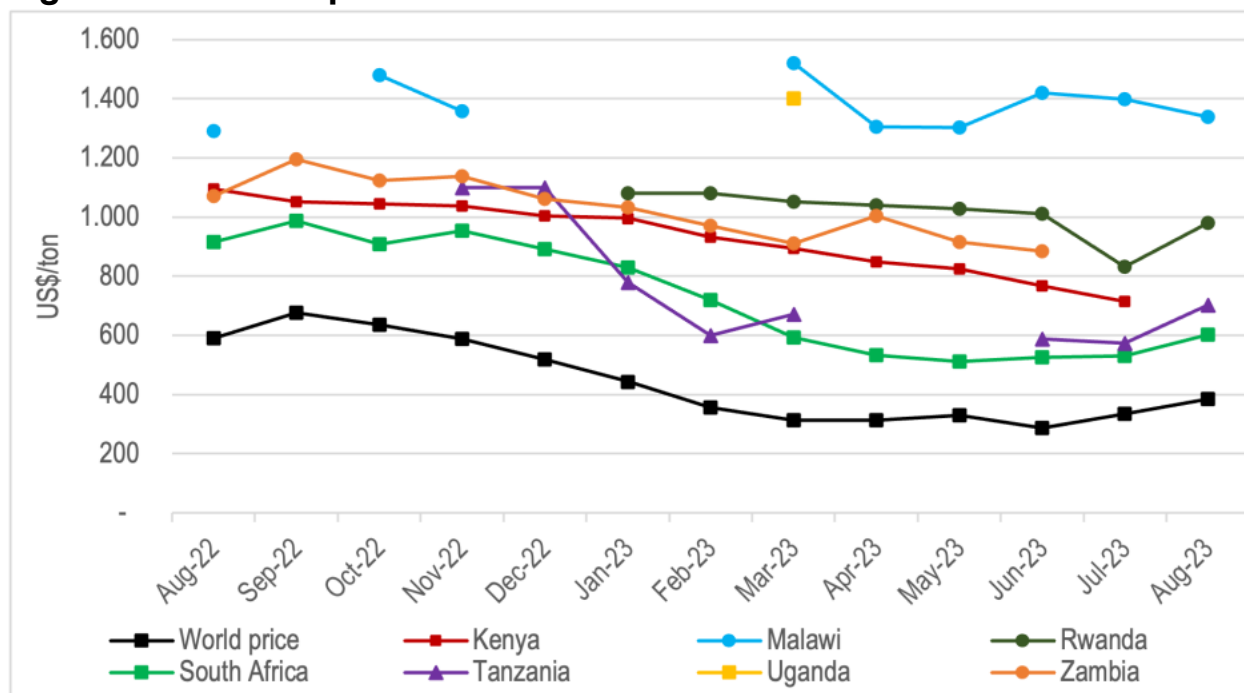
Source: based on price tracker data from multiple sources; South Africa is SA Futures Exchange price; USA is fob prices from SAGIS.

Fertiliser prices

Fertiliser prices in the region are still at a historic high level, far above international prices (Figure 7). The huge differential suggests that huge profit margins are still being made by suppliers in the region at the expense of farmers. Malawi prices in the region, even though going down, continue to be the highest at just over US\$1300/Mt, over four times higher than the world price.

Prices in the rest of the region, similar to the world price, have also been increasing; including the government-determined price of fertiliser in Rwanda which increased from US\$830/Mt in July to US\$980/Mt in August.

Figure 7 Fertiliser prices



Source: based on price tracker data from multiple sources. World price is from the World Bank.

In Tanzania, the government absorbs part of the high fertiliser prices to alleviate the pressure of this necessary input on smallholder farmers. Even the subsidised price of fertiliser in Tanzania increased from US\$574/Mt in July to over US\$700/Mt in August. Kenya has embarked on the second phase of their subsidy programme which aims to deliver 100 000 Mt to farmers at a subsidized price of Ksh50 000/Mt (equivalent to US\$342/Mt).

African Market Observatory

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The [African Market Observatory](#) is supported by the [COMESA Competition Commission](#).

If you are interested in partnering with us, please contact us at info.amo@uj.ac.za