

AFRICAN MARKET OBSERVATORY (AMO) PRICE TRACKER

June & July
2023

Maize
Maize meal
Soybean
Soybean meal
Rice
Fertilizer
Poultry
Vegetable oil
Common beans

Fair & Sustainable Markets for Food Security



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ECONOMIC DEVELOPMENT

Welcome to our June and July 2023 food price tracker.

This is an initiative of the **African Market Observatory** (AMO).

It summarises key trends in prices in East and Southern Africa (ESA) for selected staple food products, focusing on highlighted areas.



Price movements

- Maize prices remain extremely high in Kenya; prices increasing in other countries
- Soybean converging down to international prices

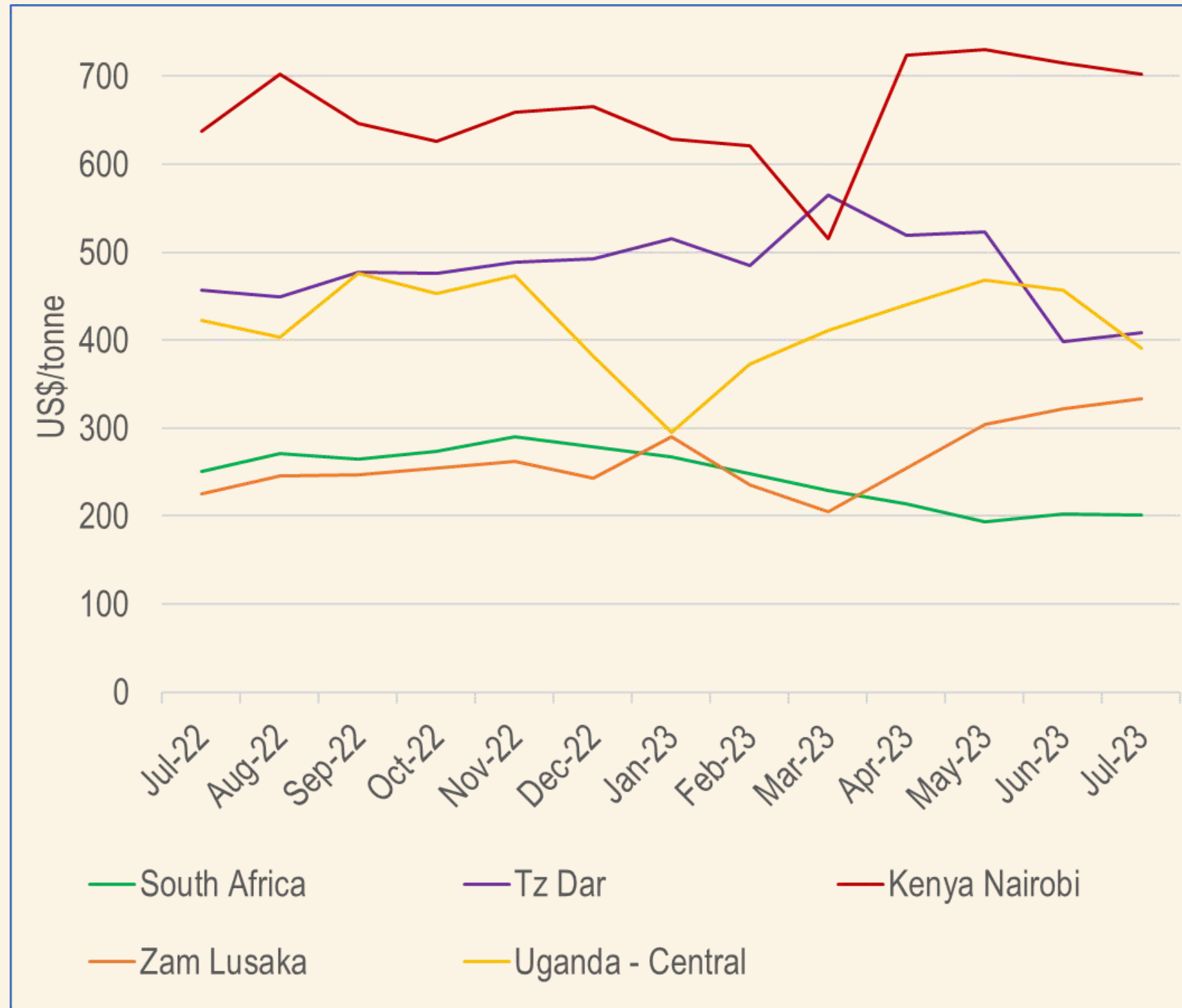
Market developments and policies

- Zambia Food Reserve Agency increased the **maize purchase price** and continues to constraints exports
- Tanzania initiated **restrictions** on cereal exports to Kenya and Uganda in July

Focus on

Food security (p7) as El Niño looks set for later this year with a **95% probability**

Maize prices



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

Spread: from Kenya price (US\$700/t) more than 3 times SA price (US\$200), and world prices (US\$250)

Kenya much higher (+US\$300) than Tanzania, Uganda, Zambia

Ongoing effect of La Nina drought – deficits in E Africa

Prices increasing to meet E Africa demand

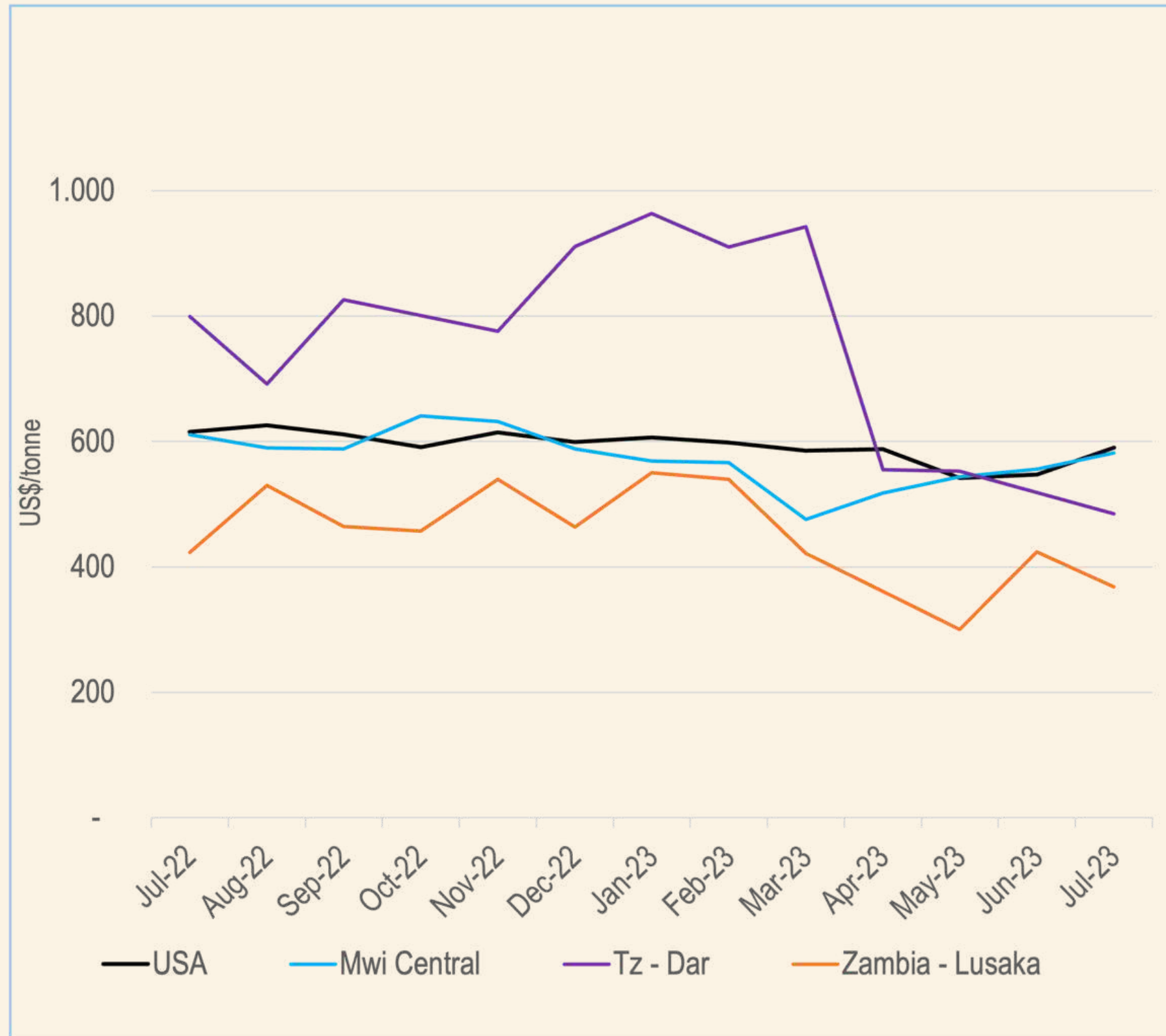
Kenya being rationed as subject to export restrictions from other regional producers

Tanzania initiated export quotas, which reduced domestic prices

Zambia also limiting exports

Mean excess margins (+\$200/t) to the exporters that get licences

Soybean prices



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

Prices converging to international prices, with Tanzania prices down from over US\$900 to US\$500

Malawi, Kenya & Uganda prices (p7) all around international levels

Consistent with increased harvests

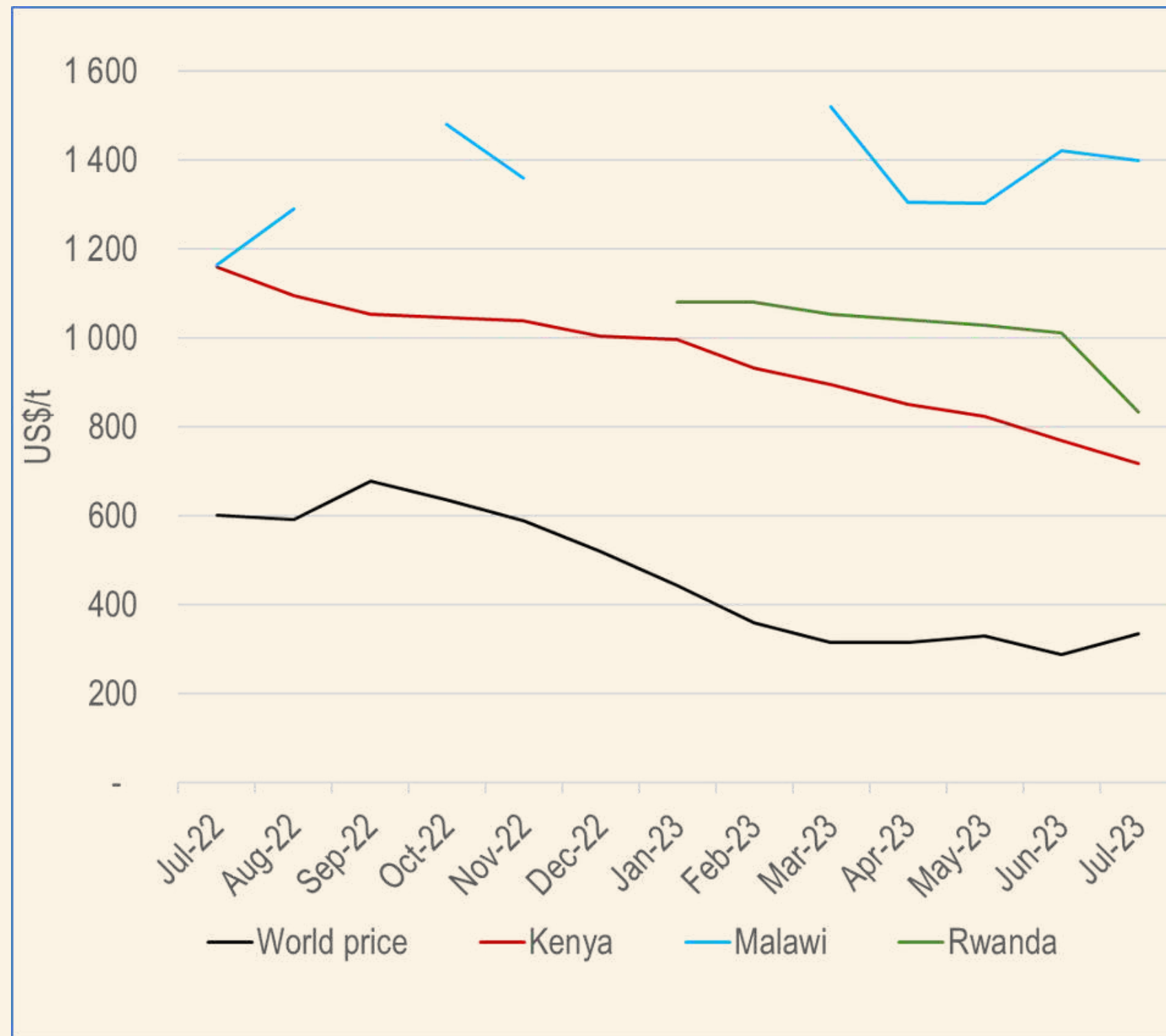
Farmers still getting unfairly low prices in Zambia

below export prices, though increase June/July to US\$400

Zambian government reported again restricting exports

Increased soybean production across region and competitive pricing can lower oil and feed prices

Fertilizer prices (urea)



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

World prices declining, while still at historic highs in region: huge profit margins continue to at the expense of African farmers

Malawi price at US\$1400 is more than treble world urea price of US\$350

While Kenya prices declining, still more than double world price

Some governments, eg Tanzania, absorbing part of high prices through subsidies to small farmers

Factors affecting food security in the region

ESA food systems are among the most vulnerable.

The region's primary drivers for acute food insecurity are high food prices, low food stocks, high global prices and climate change.



HIGH GLOBAL PRICES



Global shocks, rise in prices and global crises such as COVID-19, have negative effects on food security

CLIMATE CHANGE

Food insecurity is further exacerbated by climate change. Agrifood systems remain highly vulnerable to shocks and disruptions arising from climate variability and extreme weather.



Southern Africa is a climate change hotspot with limited investment in irrigation

La Niña meant good harvests for southern part while eastern part had lower harvests due to droughts

Advancing El Niño is inverting situation - poses risks of drought for southern Africa

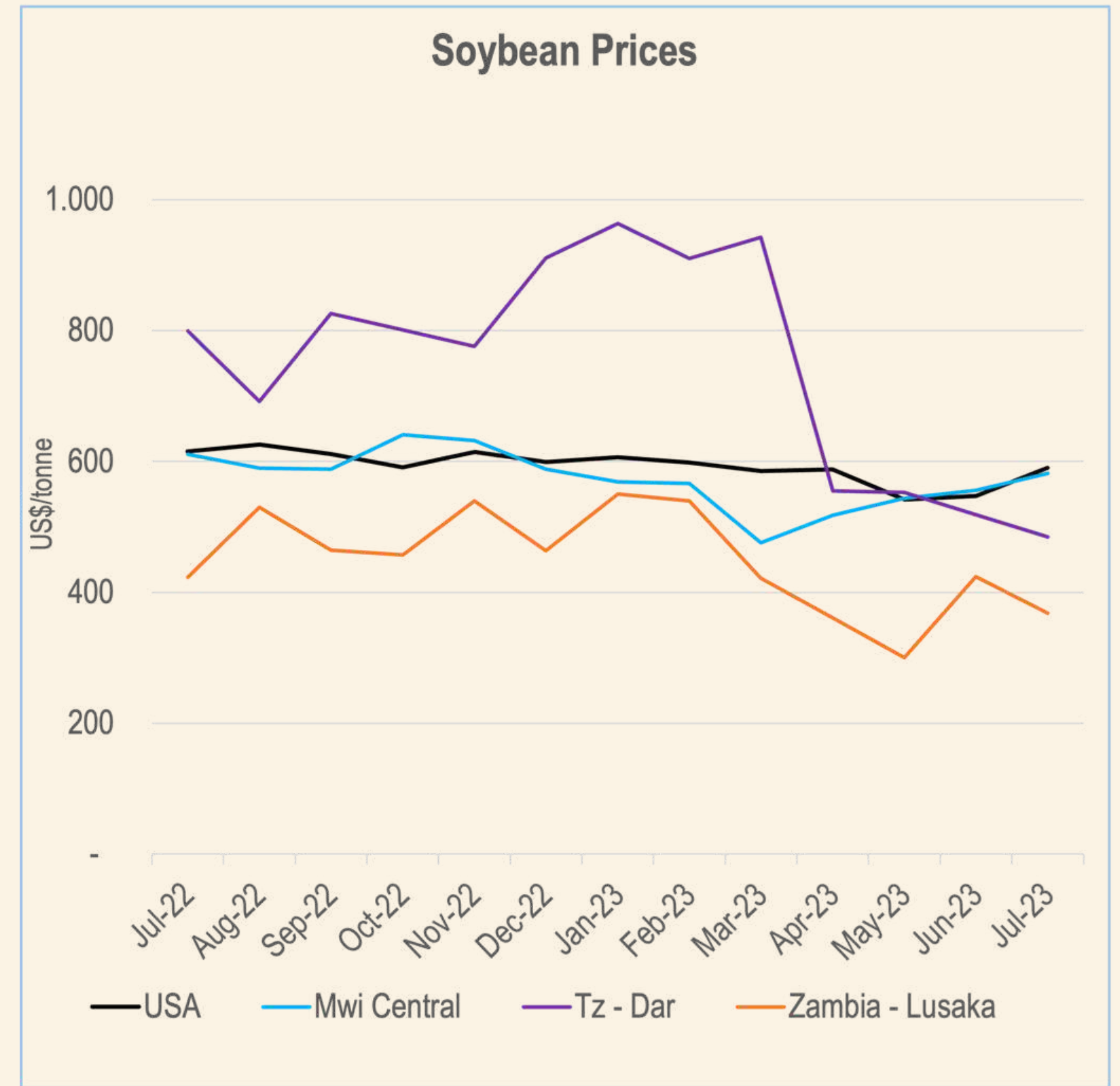
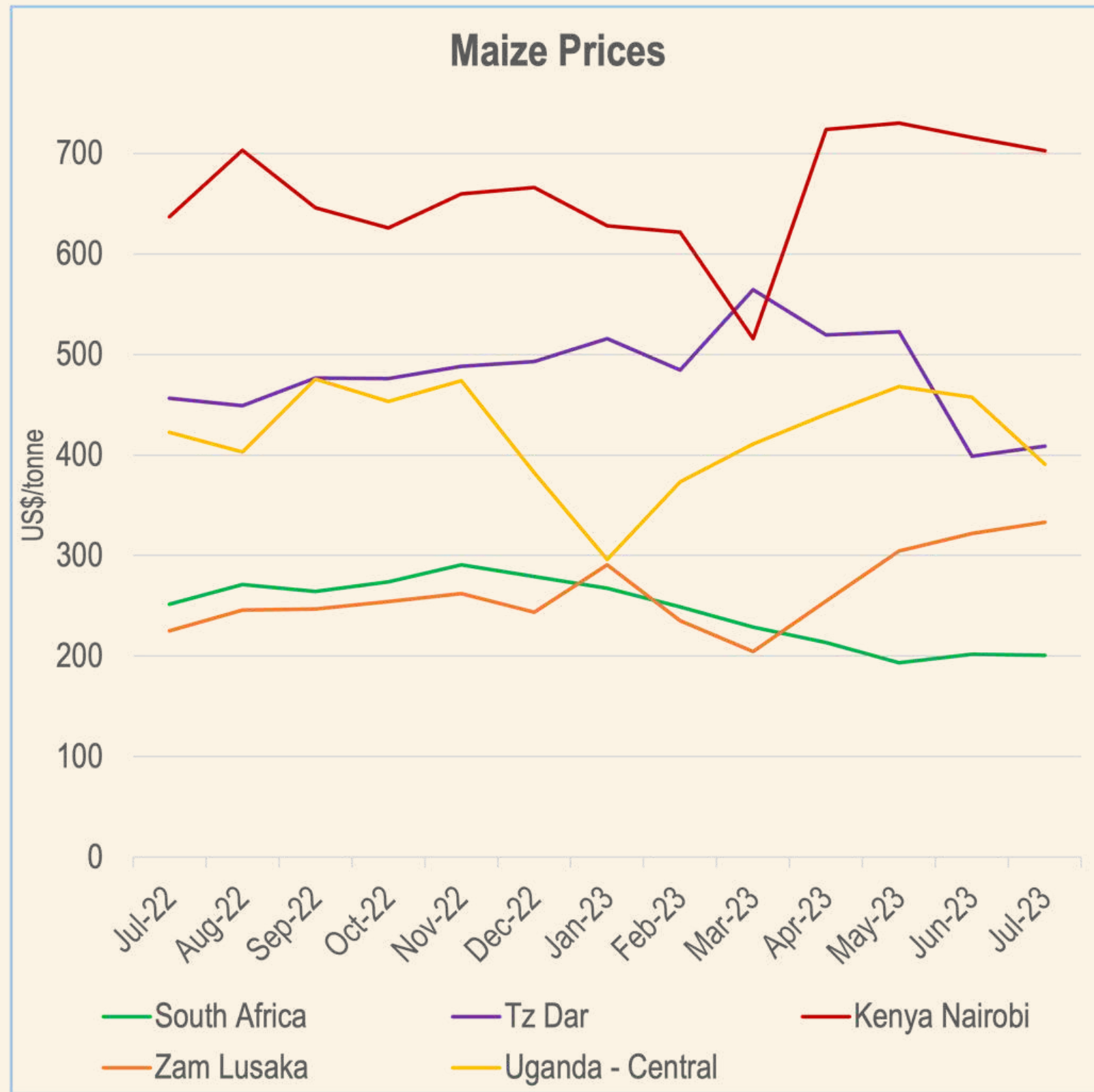
Southern Africa is a climate hotspot: lower rainfall over time and increased drought

Export restrictions undermine potential for trade with areas with good land and water such as Zambia and Tanzania

Food insecurity from climate change is exacerbated by failure to integrate cross-border markets effectively



Detailed price charts – International & ESA



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



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The AMO is an initiative by the **Centre for Competition, Regulation and Economic Development (CCRED)** at the University of Johannesburg



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