

Highlights

- Global production of grains is forecasted to be the second largest in history in 2017/18.
- In the third quarter of the year, early harvests from the main season in the region eased pressure on demand as prices dipped seasonally in most markets in the region. Uganda and Tanzania had the greatest decline in prices whereas, in Kenya and South Sudan, prices eased with Subsidy programs.
- The long rains were below by 75% from the long-term average over much of Kenya, Somalia, south-east, and north-east of Ethiopia as well as south-central part of the Sudan and southeast of South Sudan and central to the north-west of Tanzania. The August/September rainfall was above average over Sudan, Ethiopia, and South Sudan.
- In the Eastern Africa, crop production in the main was below the five year average in most countries due to poor rains and the fall armyworm infestation.
- Informal cross border trade still remained strong in the region despite bans imposed by the East African states.

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1. Introduction

Global View

In September, the International Grain Council (IGC) and the Food and Agriculture Organisation (FAO) reported prices in grain markets easing due to sufficient supplies in South America and incoming harvest in the northern hemisphere. The FAO Food Price Index (FFPI)¹ averaged about 178.6 points in September 2017, up 1.4 points (0.8 percent) from August and 7.4 points (4.3 percent) above September 2016. The FAO Cereal Price Index averaged 151.9 points in September, a decline of 1.1 points (1.0 percent) from August. The decline was the second consecutive month but was 8 percent higher than last year's corresponding month; export quotation prices for grains were on a downtrend as supplies improved from South America and harvest pressure in the northern hemisphere. Wheat values were also weaker, with continued upgrading of this year's harvest in the Russian Federation a major factor. By contrast, seasonally tight availabilities of fragrant rice and firm demand for higher quality Indica supplies kept international rice prices firm over the month.

¹ The FAO Food Price Index is a measure of the monthly change in international prices of a basket of food commodities. It consists of the average of five commodity group price indices, weighted with the average export shares of each of the groups for 2002-2004.

Figure 1: Food and cereal price indices. Source, FAO.



2002-2004 = 100

2.0 Global Supply and Demand



Maize

The global production of grains is projected to be the second largest in history in 2017/18. Production in 2017 is expected to go up with good prospects reported in the US and China; the harvest is supposed to be higher than the previous season with utilization expected to increase by 1.3 percent in 2017/18 with a 2.6 percent y/y growth in feed use.

Table 1: Global Maize Demand and Supply. Source, IGC.

m. tons	2017/18 Forecast		
	2016/17 Estimates	September	October
Production	1039.2	1062.9	1064.5
Supply	1264.3	1298	1300.1
Utilization	1029.6	1057.2	1055.2
Trade	138.4	144.3	143
Ending Stocks	235.6	233.3	236.6



Rice

In August, stocks decreased due to the decline of supply as production was affected by adverse weather conditions in Bangladesh, India, Nepal and Viet Nam. In September, prices in all export markets were on a decline due to strong competition in the Asian markets. This downtrend is expected to persist until the end of the year as a result of new stocks from Asian as the region will be harvesting in the last quarter of the year.

Global supply and demand reviewed from International Grain Council (IGC) and Agricultural Market Information System (AMIS). For more more information see: International Grain Council(2017, Oct). Grain Market Report. Available at: <https://www.igc.int/downloads/gmrs/summary/gmrs/summe.pdf> and AMIS (2017, September) Market Monitor. Available at: http://www.amis-outlook.org/fileadmin/user_upload/amis/docs/Market_monitor/AMIS_Market_Monitor_Issue_51.pdf

Table 2: Global Demand and Supply (Rice). Source, IGC.

m. tons	2016/17 Estimates	2017/18 Forecast	
		September	October
Production	501	503.4	500.7
Supply	667.5	674.1	669.3
Utilization	497.8	506.5	502.9
Trade	44.7	44.8	45.2
Ending Stocks	168.5	171.2	169.5

Soy Beans

Soybean had a slight decrease, and this was expected in September as it is usually one of the lowest volumes months of the year (IGC, 2017). The downward trend in stocks was attributed to depressed supplies from Argentina, Ukraine, and Canada with the US recording gains in market prices due to strong demand.

Table 3: Global Demand and Supply (Soy Beans). Source, IGC.

m. tons	2016/17 Estimates	2017/18 Forecast	
		September	October
Production	348.9	347.6	346.4
Supply	402	402	339.1
Utilization	347.4	347.4	350.4
Trade	150.3	150.3	151.9
Ending Stocks	52.8	52.8	48.7

Wheat

Wheat volumes are expected to go up in October with bigger harvest expected in the European Union and the Russian Federation.

Table 4: Global Demand and Supply (Wheat). Source, IGC.

m. tons	2016/17 Estimates	2017/18 Forecast	
		September	October
Production	759.6	748.8	750.1
Supply	982	996	996.4
Utilization	732.4	730.9	734.3
Trade	175.8	174.7	174.7
Ending Stocks	246.3	261.9	261.2

3.0 East Africa Grain Markets' Review

In the third quarter, the supply of cereals improved, therefore, easing pressure on demand in the region as Tanzania and Uganda, the two primary surplus producing countries were in the harvest season. In Kenya, Burundi and South Sudan, prices of grain staples skyrocketed early in the year due to the spillover effects of poor crop performance coupled with deteriorating security situation in the latter two countries. The looming food crisis was contained by subsidy programs introduced to manage inflation rates and assure food security. In the third quarter, prices reduced marginally in Kenya as result of government intervention in supplying millers with subsidized maize. In South Sudan, inflation was contained with government subsidizing prices of key commodities and cereals. In Rwanda, the third quarter prices increased due to tight supplies occasioned by poor crop performance of the first 2017a season crop as deficits were met by imports from the SADC region and Uganda.

With depressed supply in the first and second quarters, demand for food commodities was on an all-time high in the region. With prospects looking dim, countries adopted protectionist policies and directives. Kenya, Uganda, and Tanzania imposed export bans

on grain commodities. Amongst the three, Tanzania's ban is still in place having been implemented in July 2016. The export ban did not stop grains from moving out of Tanzania (See cross-border analysis).

3.1 Country Analysis: Tanzania.

 Maize prices went down seasonally in the third quarter with improved supplies from the *Msimu* and *Masika* crop in June and August respectively. Though supply increased, prices were above the three-year average by 11.4-35% in the EAGC RATING monitored markets, however, prices were heading back to the last years levels. Prices are expected to increase typically as the country heads into the lean season.

 In the third quarter, field reports showed supply of beans was constrained therefore prices increased in the markets. In the Northern region, there was a significant gain with Arusha recording a 24.9% increase in September compared to the previous month's average. In general, prices were above the three-year average by 23-39% indicative of high demand are expected to go up in the fourth quarter.

 Prices of sorghum remained relatively stable in the third quarter however, were above the three-year average by 21.3% in Arusha and 7.1% in Dar es Salaam. The new stocks from *Masika* and *Msimu* seasons shored up stocks as the last harvest ended in early September. Therefore, prices are expected to remain stable early in the fourth quarter and increase seasonally in January.

 The price of rice increased in the third quarter as local and regional demand for aromatic variety remained strong. Demand for Super and Kilombero variety is high in Kenya's urban market with an average of 10MT crossing daily into Kenya through Isebani border daily in August and September. informally had tightened supplies with prices increasing seasonally. Prices are expected to increase in the fourth quarter with demand peaking in the festive season.

Outlook: In the fourth quarter, prices are expected to go up seasonally as the country will be in the lean season. Supply of Maize is expected to be complemented by imports from the SADC region and in the Northern markets, demand will be sustained partially by imports from Kenya and Uganda who will be harvesting later in the year. Prices are expected to peak in December with highs of about USD 350/MT in urban markets and about USD 280/MT in the southern market of Iringa. Price of beans are projected to be relatively stable in the fourth quarter with the grain trading at about USD 850/MT- USD 890/MT in Dar es Salaam and Arusha.

Figure 2: Maize prices and projections in monitored markets in Tanzania. Source, EAGC RATIN.

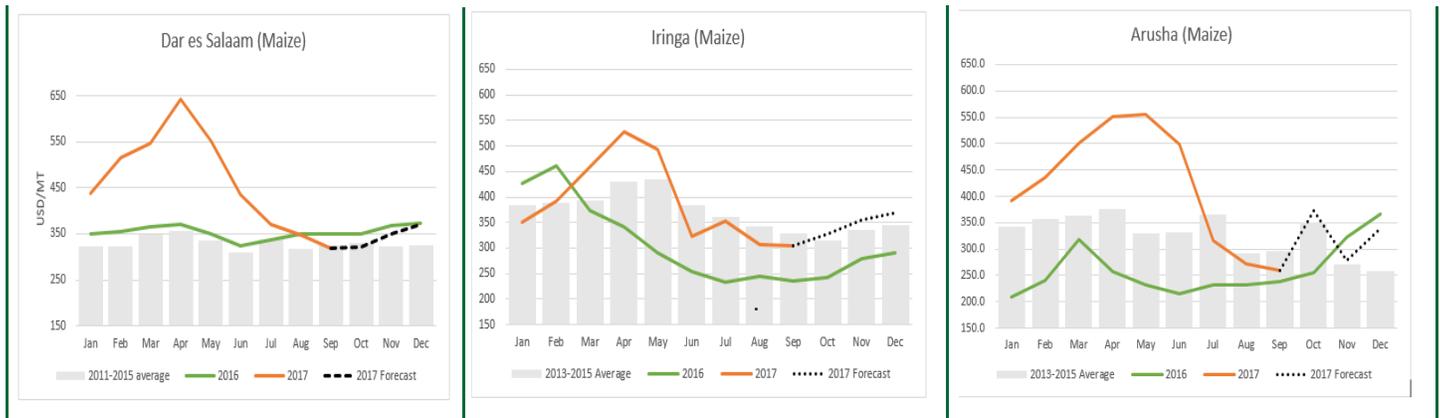


Figure 3: Beans prices and projections in monitored markets in Tanzania. Source, EAGC RATIN.

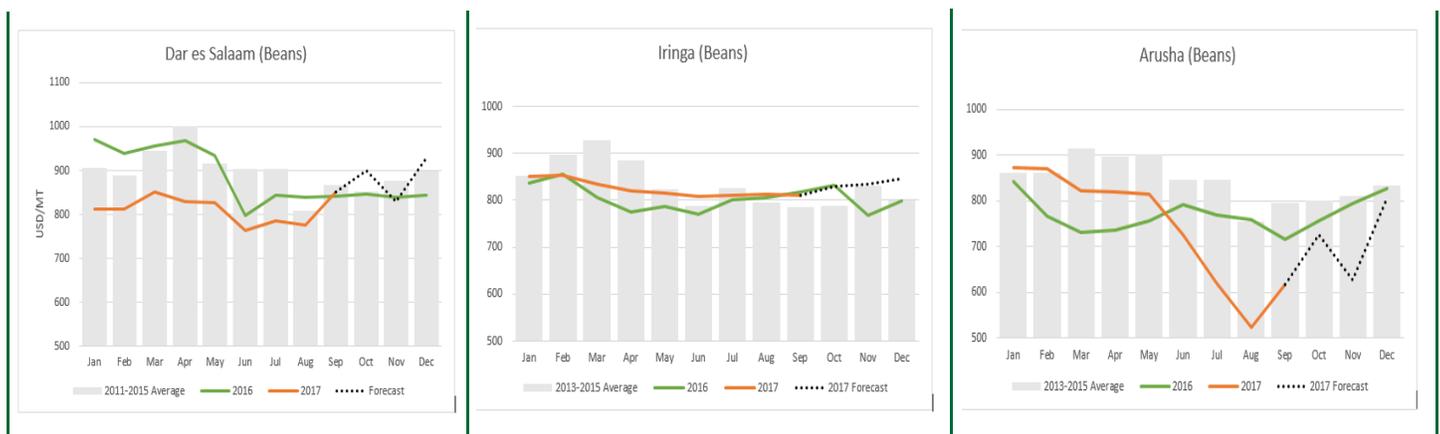


Table 5: Tanzanian Markets Analysis

	3-year Aver.	Sep 2016	Aug 2017	Sep 2017	Change from 3-year Aver.	Change from previous month	Change from same month in the previous year
Economic Indicators							
CPI		103.051	108.46	108.48		0.018%	5.2%
Exchange Rates (Tsh/USD)		2140.78	2210.13	2218.74		0.38%	3.64%
Maize (Tsh/Kg)							
Dar es Salaam	589	750	777	800	35.7%	3.0%	6.7%
Iringa	582	505	690	675	16.0%	-2.2%	33.7%
Arusha	519	512	602	578	11.4%	-4.0%	12.9%
Mbeya			422	499		18.2%	
Yellow Beans (Tsh/Kg)							
Dar es Salaam	1,573	2131	2,182	2,200	39.9%	0.8%	3.2%
Iringa	1,470	1857	1,801	1,930	31.3%	7.2%	3.9%
Arusha	1,628	1603	1,780	2,002	23.0%	12.5%	24.9%
Mbeya			1,216	1,581		30.0%	
Sorghum (Tsh/Kg)							
Dar es Salaam	747	900	801	800	7.1%	-0.1%	-11.1%
Arusha	908	1,200	1,124	1,101	21.3%	-2.0%	-8.3%
Wheat (Tsh/Kg)							
Dar es Salaam	1,324	1,300	1,202	1,176	-11.2%	-2.2%	-9.5%

	3-year Aver.	Sep 2016	Aug 2017	Sep 2017	Change from 3-year Aver.	Change from previous month	Change from same month in the previous year
Iringa	1,131	1,505	1,305	1,405	24.2%	7.7%	-6.6%
Arusha	1,141	1,010	1,004	1,001	-12.2%	-0.3%	-0.9%
Mbeya			946	945		-0.1%	
Rice (Tsh/Kg)							
Dar es Salaam		1,800	2,001	2,143		7.1%	19.1%
Iringa		1,838	1,750	1,990		13.7%	8.3%
Arusha		1,828	2,091	1,903		-9.0%	4.1%
Mbeya			1,562	1,671		7.0%	

3.2 Country Analysis: Uganda.

 In the third quarter, prices went down marginally in August as the Northern region was harvesting. Price in Gulu, Lira and Masindi In Kenya early harvests from western Kenya eased demand for maize in the eastern markets Busia and Mbale. By end of the quarter, prices were up by 7.7-12.8% and above the three-year average by 32.9-50.5% and the upward trend is expected to persisted into the fourth quarter.

 Prices of yellow beans went up in the third quarter closing with an increase of 7.4-28.8% from the three-year average. In the third quarter, stocks were diminishing typically with strong demand from South Sudan and Kenya. Prices in Kampala and Masindi remained exceptionally with high demand reorted in the urban markets. With the second south harvest expected in December , prices are expected to decrease seasonally heading into the new year.

 In July, prices of sorghum were stable in the monitored makets with main season stock and imports from Ethiopia traded in the markets. Sorghum prices increased seasonally towards the end of the quarter with reports indicating stocks diminishing.Prices were 9.8-59.1% higher from the three year average and an increase of 23.1% An upward trend is expected as the year ends.

 Rice prices were high compared to the three year average in the monitored markets with Kabale recording the lowest price (Ugx 3,457/kg). In Kampala, there was 0.2% decrease from the previous month and a 30.2% gain from the three-year average-however, there was relative stability reported in the quarter with supply from the first season (June) easing pressure on demand. Local supply coupled with imports from the international market is expected to stabilize supply in the fourth quarter as harvest commences in December with demand peaking in towards the festive season.

Outlook: Prices for maize are expected to ease towards the end of the year with inflows of new stocks from the second/south main season harvest. Maize is projected to trade between USD 260/MT and USD 280/MT in the southerly markets and at about USD 300/MT in urban markets. The price is beans is also forecasted to go down seasonally trading at about USD 650/MT in westerly markets and about USD 700/MT in urban markets. Prices of staples are expected to go down in the fourth quarter.

Figure 4: Maize prices and projections in monitored markets in Uganda. Source, EAGC RATIN.

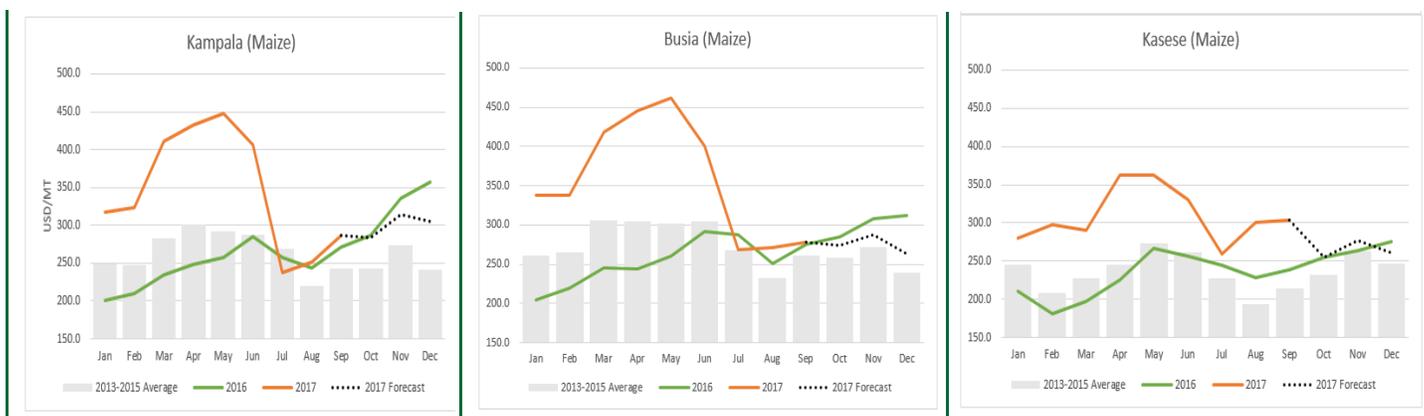


Figure 5: Beans prices and projections in monitored markets in Uganda. Source, EAGC RATIN.

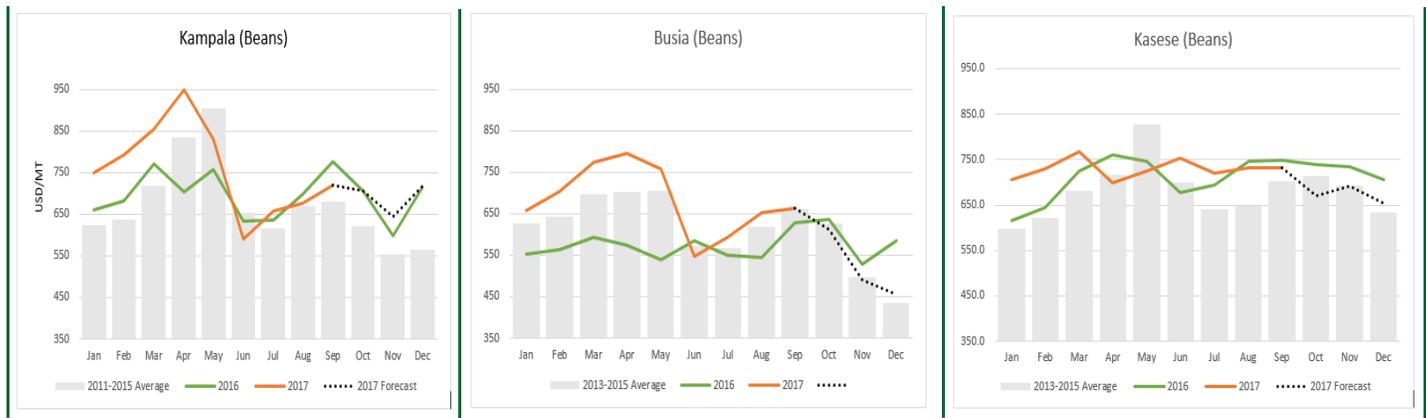


Table 6: Ugandan Markets Analysis

	3-year Aver.	Sep 2016	Aug 2017	Sep 2017	Change from 3-year Aver.	Change from previous month	Change from same month in the previous year
Economic Indicators							
CPI		161.1	167.3	168.9		0.96%	4.8%
Exchange Rates (UGX/USD)		3342.84	3564.49	3566.58		0.058%	6.7%
Maize (Ugx/Kg)							
Kampala	694	907	866	1,023	47.3%	18.1%	12.8%
Masindi	584	814	855	879	50.5%	2.8%	8.0%
Mbale	519	879	889	962	43.2%	8.2%	9.4%
Tororo	708	871	846	982	36.6%	16.1%	12.7%
Kabale	748	866	926	1,052	40.7%	13.6%	21.5%
Busia	745	918	951	990	32.9%	4.1%	7.8%
Gulu			750	864		15.2%	
Lira	659	847	851	912	38.5%	7.2%	7.7%
Yellow Beans (Ugx/Kg)							
Kampala	1,993	2,597	2,405	2,567	28.8%	6.7%	-1.2%
Masindi	2,260	2,557	2,820	2,823	24.9%	0.1%	10.4%
Mbale	1,863	2,425	2,034	2,000	7.4%	-1.7%	-17.5%
Tororo	1,967	2,434	2,121	2,363	20.1%	11.4%	-2.9%
Kabale	1,987	2,244	2,151	2,292	15.3%	6.6%	2.1%
Busia	1,886	2,104	2,311	2,364	25.3%	2.3%	12.4%
Soroti			2,340	2,383		1.8%	
Lira	1,904	2,331	2,151	2,359	23.9%	9.7%	1.2%
Sorghum (Ugx/Kg)							
Kampala	779	938	1,065	1,155	48.2%	8.5%	23.1%
Masindi	1,033	1,500	2,200	2,200	112.9%	0.0%	46.7%
Tororo	684	840	900	912	33.3%	1.3%	8.6%
Kabale	1,088	1,194	1,097	1,195	9.8%	8.9%	0.1%
Busia	737	990	900	935	26.9%	3.9%	-5.6%
Lira	580	815	993	923	59.1%	-7.0%	-13.3%

	3-year Aver.	Sep 2016	Aug 2017	Sep 2017	Change from 3-year Aver.	Change from previous month	Change from same month in the previous year
Rice (Ugx/Kg)							
Kampala	2,807	2,867	3,663	3,655	30.2%	-0.2%	27.5%
Masindi	2,996	2,799	3,620	3,566	19.0%	-1.5%	27.4%
Mbale	2,878	2,798	3,684	3,700	28.5%	0.4%	32.2%
Tororo	2,935	2,873	3,708	3,739	27.4%	0.8%	30.1%
Kabale	3,088	3,498	3,502	3,457	11.9%	-1.3%	-1.2%

3.3 Country Analysis: Kenya.

 In Kenya, the third quarter was characterized by improved stocks as the long season crop was harvested in late August and September in western Kenya therefore, most households were not purchasing from the markets. Also, the maize subsidy program introduced by the Government to manage sky-rocketing prices early in the second quarter was still running. Significant quantities were imported from Mexico, Zambia, Ukraine and South Africa offsetting close to 31% of monthly maize demand in July, therefore prices went down slightly as maize millers were sourcing directly from the Government's Strategic Food Reserves. By end of September, prices eased by 7.7-15% in the monitored markets compared to the previous month however, were high by 64% and 50% in Nairobi and Mombasa respectively. Price is expected to go down in the fourth quarter as North Rift will be harvesting.

 At the start of the quarter, price of beans declined marginally with imports from Uganda easing pressure on demand. In-bounding stocks from the long season crop increased stocks in the markets as prices decreased seasonally in August. However, in September, with tightened supplies from Uganda and diminishing stocks, there with mixed outcomes as volatility ranged between -4.7% and 1.6% in the urban markets. Prices remain higher than the three year average by 9%-64% with Nairobi's Nyamakima market having the greatest gain.

 This year, the Mwea crop recored the lowest production since inception of the irrigation scheme, therefore, supply of stocks of the *pishori* rice remained tightened in the monitored markets.

With exports bans in place in Tanzania, a key source of the commodity, traders had to rely on the international markets though informal imports was reported through Isebania border. In western Kenya, aromatic rice was mainly sourced informally from Tanzania through the L. Victoria however, low demand for the Ahero crop was reported as it is non-aromatic. By the end of the quarter, prices were up by 20.8% compared to the previous month and 48.3% from the three-year average in Nairobi. In western Kenya, prices were relatively stable.

 In the third quarter prices were above the three-year average with prices going down seasonally in August with inbounding stocks from western Kenya. Majority of farmers are growing the crop on contract basis for beer production; therefore, much of the product does not reach the market. In the fourth quarter, prices are expected to go up as supplies are anticipated to reduce.

Outlook: In the fourth quarter, price of maize is expected to ease with harvest from the main harvest in the N. Rift. Prices are expected to head back to the 2016 levels with wholesale prices ranging between USD 370/MT to USD 390/MT in the urban markets and about 280/MT in production areas of North and Central Rift valley. Beans prices are expected to increase marginally as supply with demand increasing towards the end of the year. We forecast beans to be trading at about USD 590/MT in the production zones and at USD 800/MT in the urban markets in December.

Figure 6: Maize prices and projections in monitored markets in Kenya. Source, EAGC RATIN.

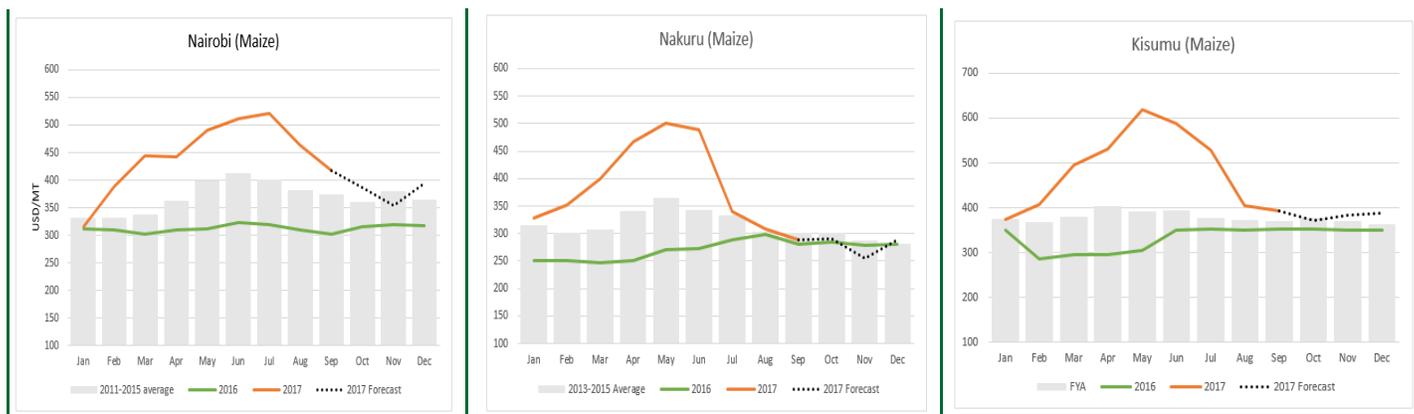


Figure 7: Beans prices and projections in monitored markets in Kenya. Source, EAGC RATIN.

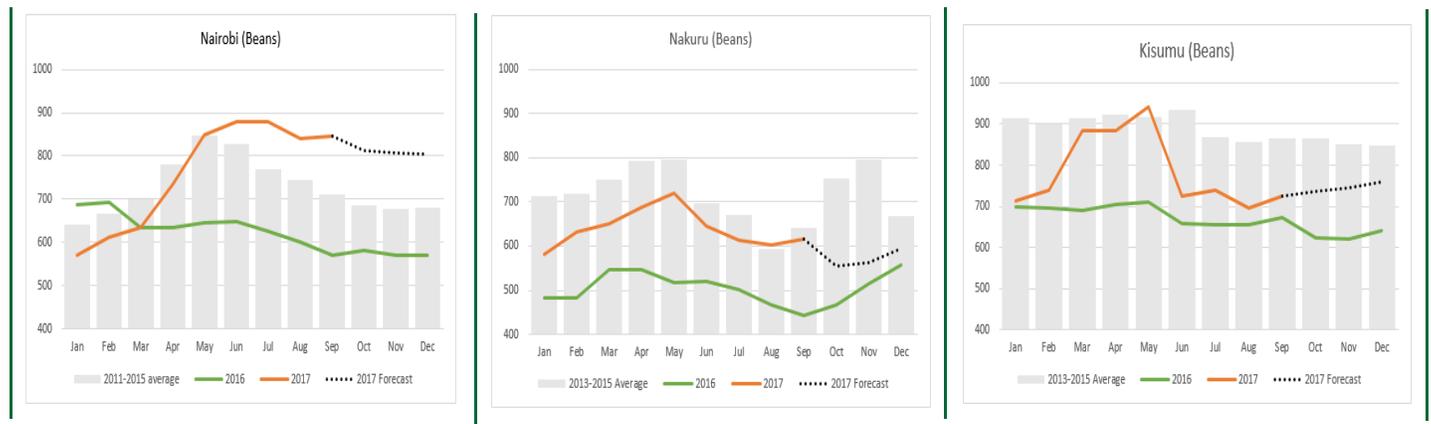


Table 7: Kenyan Markets Analysis

	3-year Aver.	Sep 2016	Aug 2017	Sep 2017	Change from 3-year Aver.	Change from previous month	Change from same month in the previous year
Economic Indicators							
CPI		171.56	184.7	183.7		-0.6%	7.08%
Exchange Rates (Ksh/USD)	93.8	101.3	103.6	103.1	9.9%	-0.4%	1.8%
Maize (Ksh/Kg)							
Nairobi	31	30	47	42	37.7%	-10.6%	40%
Kisumu	34	35	42	40	18.8%	-4.8%	14.3%
Eldoret	28	28	39	36	27.1%	-7.7%	28.6%
Nakuru	27	28	32	29	6.1%	-9.4%	3.6%
Mombasa		32	40	34		-15%	6.3%
Makueni		28	40	34		-15%	21.4%
Meru			31	31		0%	
Beans (Ksh/Kg)							
Nairobi	64	50	86	82	28%	-4.7%	64%
Kisumu	78	67	71	73	-7%	2.8%	9%
Eldoret	65	49	82	85	31%	3.7%	73.5%
Nakuru	59	44	61	62	6%	1.6%	40.9%
Mombasa	61	60	88	90	48%	2.3%	50.0%
Makueni			70	84		20.0%	
Meru			78	76		-2.6%	
Sorghum (Ksh/Kg)							
Nairobi	38	58	83	80	110.5%	-3.6%	37.9%
Kisumu	33	31	42	40	21.2%	-4.8%	29.0%
Eldoret	39	34	50	50	28.2%	0.0%	47.1%
Nakuru	37	32	47	42	13.5%	-10.6%	31.3%
Mombasa		37	36	42		16.7%	13.5%
Meru			42	43		2.4%	
Wheat (Ksh/Kg)							
Nairobi	39.5	44	46	57	44.3%	23.9%	29.5%
Eldoret	42	46	49	48	14.3%	-2.0%	4.3%

	3-year Aver.	Sep 2016	Aug 2017	Sep 2017	Change from 3-year Aver.	Change from previous month	Change from same month in the previous year
Nakuru	38.7	43	31	38	-1.7%	22.6%	-11.6%
Rice (Ksh/Kg)							
Nairobi	121	98	144	174	43.8%	20.8%	77.6%
Kisumu	98.7	93	100	106	7.4%	6%	14.0%
Eldoret	139.3	139	145	145	4.1%	0.0%	4.3%

3.4 Country Analysis: Rwanda

 In Rwanda, the third quarter was characterized diminishing supply of the commodity with the pressure on demand reduced by imports from Malawi, Tanzania and Zambia. The strong demand was noted in urban markets, for instance, Kigali's Mulindi market had a 35.6% gain in September from the previous month with Ruhengeri market having a gain of 23.4% from the previous month and 54.1% increase from the three year average.

 Beans prices were relatively stable in Kimironko with Kigali and Ruhengeri markets recording gains at the end of the quarter. Prices were up by 9.9% and 8% respectively with filed reports indicating tightened supply of the commodity in the markets. Prices are above the the three year average by 27.23% in Ruhengeri.

 The price of sorghum increased seasonally with tightened supplies reported in the monitored markets. In the third quarter, prices increased by 19.2% in Kimironko and were 38.5% higher than the three year average. The 2017b season crop was harvested by end of the second quarter with the next crop expected in

January. Therefore, prices are expected to increase in the fourth quarter.

 In the third quarter, rice supply was dependent imports from Tanzania and global market. In September, prices were relatively stable with volatility ranging between -0.3% and 1.2% from the previous month. Supply from the global market was reported to be sufficient in the third quarter and with harvest prospects from the leading exporters in Asia looking good, therefore, stability in supply is expected in the fourth quarter.

Outlook: In the fourth quarter, we expect a downward trend in prices with forecasts indicating at wholesale, maize to be trading at about USD 420/MT in Ruhengeri whereas, in Mulindi, we expect maize to be trading at about USD 320/MT in December. For beans, prices are expected to go down as the year folds. A look at the our projections shows prices decreasing in December with inbound 2018a season crop expected to shore up stocks. In December, wholesale prices in the urban Mulindi market is forecasted to be USD 500/MT and about USD 460/MT in Kimironko.

Figure 8: Maize prices and projections in monitored markets in Rwanda. Source, EAGC RATIN.

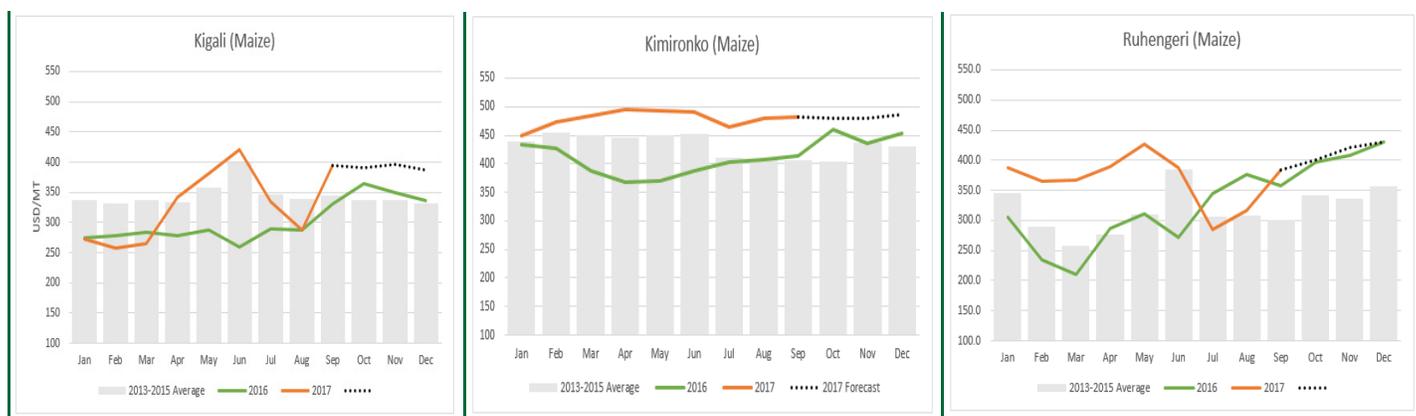


Figure 9: Beans prices and projections in monitored markets in Rwanda. Source, EAGC RATIN.

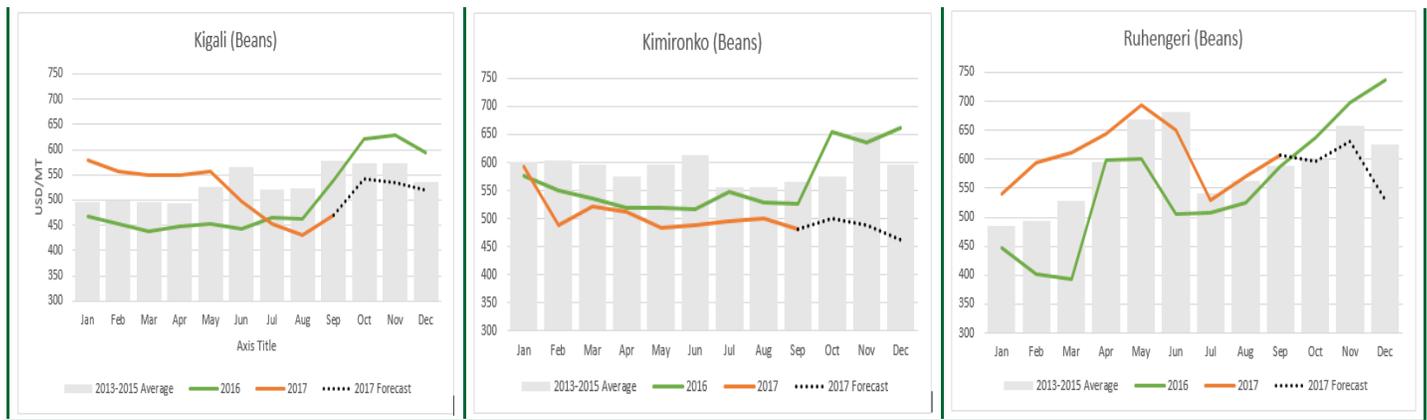


Table 8: Rwandan Markets Analysis

	3-year Aver.	Sep 2016	Aug 2017	Sep 2017	Change from 3-year Aver.	Change from previous month	Change from same month in the previous year
Economic Indicators							
CPI		114.8	121.1	122.92		1.5%	7.07%
Exchange Rates (Rwf/USD)		780.33	819.78	822.14		0.29%	5.4%
Maize (Rwf/Kg)							
Kigali	230	257	239	324	40.7%	35.6%	26.1%
Kimironko	273	322	392	395	44.9%	0.8%	22.7%
Ruhengeri	205	200	256	316	54.1%	23.4%	58.0%
Rubavu			374	380		1.6%	
Ruhuha			356	363		2.0%	
Kamembe			370	455		23.0%	
Beans (Rwf/Kg)							
Kigali (Mulindi)	385	421	352	387	0.43%	9.9%	-8.1%
Kimironko	379	411	405	396	4.58%	-2.2%	-3.6%
Ruhengeri	393	459	463	500	27.23%	8.0%	8.9%
Sorghum (Rwf/Kg)							
Kigali (Mulindi)	222	238	319	348	57.0%	9.1%	46.2%
Kimironko	313	293	364	434	38.5%	19.2%	48.1%
Ruhengeri	278	286	350	358	28.9%	2.3%	25.2%
Ruhuha			405	428		5.7%	
Kamembe			363	367		1.1%	
Wheat (Rwf/Kg)							
Kigali (Mulindi)	538	509	527	531	1.3%	0.76%	4.3%
Ruhengeri	422	454	468	500	18.6%	6.84%	10.1%
Rubavu			643	643		0.0%	
Rice (Rwf/Kg)							
Kigali (Mulindi)	672	692	746	755	12.3%	1.2%	9.1%
Kimironko	680	732	799	791	16.3%	-1.0%	8.1%
Ruhengeri	699	749	900	900	28.8%	0.0%	20.2%
Kamembe			726	724		-0.3%	

3.5 Country Analysis: Burundi

 In Burundi, prices of maize were on a downward trend in the third quarter with 2017b season harvest improving stocks in the monitored markets. With harvest season ending in July, supply improved resulting to a decline in prices. A look at Bujumbura showed relative stability with prices dipping marginally by -0.3% in September. In Gitega and Ngozi, there was a 5.8 and 5.9% decline in prices from August prices. However, prices were high compared to the three-year average.

 Beans prices increased typically with stocks reported to be diminishing towards the end of the quarter as demand was reported to be high. In September, prices were up by 11% and 12.1% in Gitega and Ngozi respectively compared to the previous month's average. Prices of beans were still at 2016 levels and are expected to increase towards the end of the quarter.

 For rice, prices still remain high at 47.5-53.9% above the three year average in the monitored markets. Month on month change ranging between 0.5-6.1% with Bujumbura recording the greatest gain. Much of the rice consumed was imported from Tan-

zania and the Far East.

 Sorghum prices were on an upward trend in the third quarter with prices increasing by 15.9% in Ngozi. In Gitega prices were up by 22.8% from year on year levels. Prices are expected to up in fourth quarter as the next crop is expected early next year.

Outlook: In the fourth quarter, wholesale prices are expected to remain relatively stable closing at USD 700/MT in Bujumbura. In Gitega, prices are expected to remain high and forecasted at USD 940/MT in December. Stocks of key staples are expected to diminish heading into the lean period. Therefore, beans prices are projected to increase in the fourth quarter. In December, wholesale prices are expected to be at USD 970/MT in Bujumbura and Gitega markets. However, will ease early next year.

Figure 10: Maize prices and projections in monitored markets in Burundi. Source, EAGC RATIN.

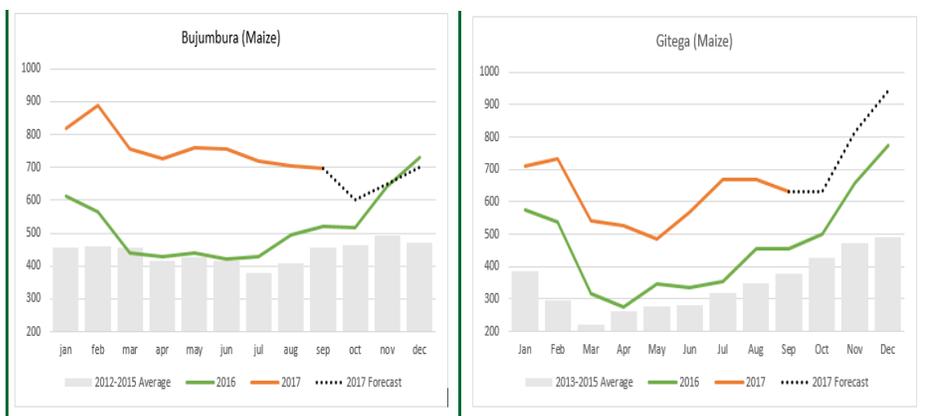
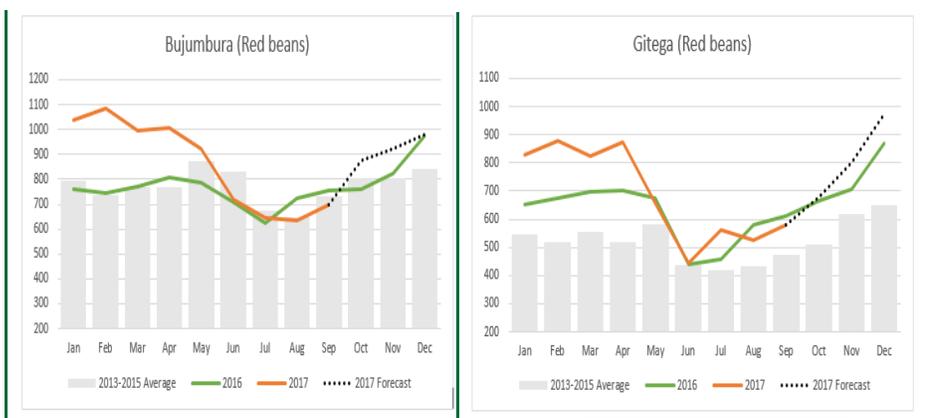


Figure 11: Beans prices and projections in monitored markets in Burundi. Source, EAGC RATIN.



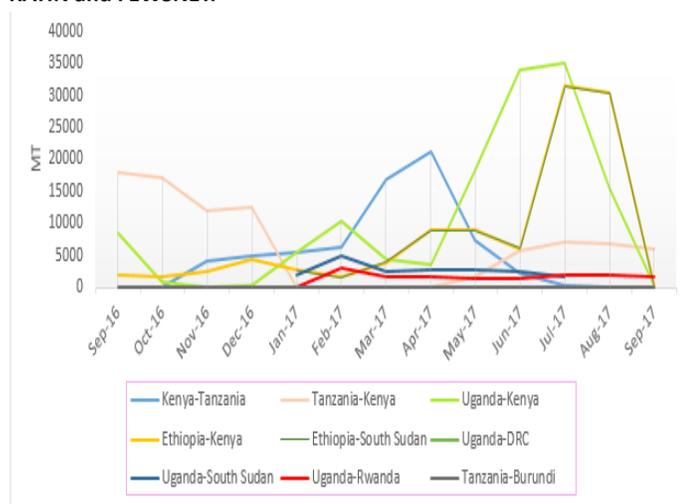
	3-year Aver.	Sep 2016	Aug 2017	Sep 2017	Change from 3-year Aver.	Change from previous month	Change from same month in the pre- vious year
Economic Indicators							
CPI		116.3	114	116		1.8%	-0.3%
Exchange Rates (Bif/USD)		1647.71	1711.83	1724.75		0.8%	4.7%
Maize (Bif/Kg)							
Bujumbura	694	860	1,205	1,201	73.1%	-0.3%	39.7%
Gitega	579	753	1,152	1,085	87.3%	-5.8%	44.1%
Ngozi			1,179	1,110		-5.9%	
Red Beans (Bif/Kg)							
Bujumbura	1,120	1,246	1,085	1,200	7.2%	10.6%	-3.7%
Gitega	724	1,007	903	1,002	38.5%	11.0%	-0.5%
Ngozi	778	954	914	1,025	31.7%	12.1%	7.4%
Sorghum (Bif/Kg)							
Bujumbura	934	899	1,219	1,245	33.3%	2.1%	38.5%
Gitega	646	802	910	985	52.4%	8.2%	22.8%
Ngozi	648	649	863	1,000	54.4%	15.9%	54.1%
Wheat (Bif/Kg)							
Bujumbura	1,153	1,053	1,404	1,452	25.9%	3.4%	37.9%
Gitega	917	1,185	1,278	1,269	38.3%	-0.7%	7.1%
Ngozi	918	1,181	1,269	1,300	41.6%	2.4%	10.1%
Rice (Bif/Kg)							
Bujumbura	1,251	1,396	1,816	1,926	53.9%	6.1%	38.0%
Gitega	1,175	1,388	1,771	1,780	51.5%	0.5%	28.2%
Ngozi	1,277	1,421	1,821	1,884	47.5%	3.5%	32.6%

4.0 East Africa Cross-Border Trade review (Maize)

Maize trade in the first quarter was characterized by low volumes occasioned by fast thinning supplies from the below average harvests experienced in the Region. Around 114,166.44 MT were traded in the **1st quarter**. The main maize supplier was Uganda which accounted for 60 % of the total trade. Maize flow from Uganda to Kenya was 2908.4812 MT, a 50% increase compared to last year's 1ST Quarter imports of 16,548.11MT. The price of maize was fast rising in Kenya as the supplies were diminishing occasioned by below average Long rain harvests. Supply of maize from Uganda to Tanzania declined as the traders shifted to Kenya. South Sudan imported about 9300MT from Uganda and 540.25 MT from Ethiopia a recovery from the past maize flows into the country which had been adversely affected by the political instability in the country. The country heavily relied on humanitarian assistance for food since the markets were not functioning and low purchasing power of the citizens. Despite the Tanzania ban on maize export in 2016 maize exported to Kenya was 5,418 MT. Maize exported to Burundi was 108.9. This was, however, lower compared to the 2016 April to June volumes traded.

During the **2nd quarter**, the leading exporters were Uganda, Ethiopia, Kenya, and Tanzania where almost 156,940.8 MT was traded. High and competitive prices attracted maize flow into Kenya. There was notable trade increase of maize from Uganda to Kenya was about 55,659.32 Mt. This was higher compared to the 1st quarter (20529.65 MT). Maize flow from Ethiopia to the north-eastern part of Kenya was 23,851mt an increase from 8,275.97 in the first quarter. Despite the Maize export ban in Tanzania, there was flow of 26,657 MT into Kenya from Tanzania. In Tanzania, the msimu Harvest supplies were fast depleting, and maize supply from Burundi to Tanzania were minimal, and Maize flow from Kenya to Tanzania was 30,628.8MT. Maize supplies from Uganda to Rwanda decreased minimally by 3.5% as Uganda shifted maize exports to Kenya where the demand for Maize is higher and prices offered were better. Uganda exports to South Sudan declined by 14.2 % in the 2nd quarter compared to the 1st Quarter.

Figure 11: Formal and Informal Cross Border Trade. Source, EAGC RATIN and FEWSNET.



In the **3rd Quarter** informal cross-border trade outflow was majorly from Uganda to Kenya. Around 58,200.242 MT were traded. The exports to Kenya from Uganda declined compared to the other quarters. Flow from Uganda to Rwanda increased by 24%, compared to other quarters. The increase is mainly because the country is headed in to lean period. Informal exports from Kenya to Tanzania also decreased. While Uganda exported more maize to Tanzania. Exports from Kenya to Tanzania were negligible.

Outlook: In the fourth quarter, trade between Kenya and its neighbours is expected to slow down as the country will be harvesting in November. Reverse flow of maize into Northern Tanzania from Kenya is expected as tradable stocks will have diminished in the country. In Rwanda and Burundi, much of the formal stocks traded in the markets will come be sourced from Zambia as Tanzania has effected a ban on maize exports. However, informal trade with Tanzania will still thrive as the mechanisms for enforcement of the ban are weak.

5.0 Regional Crop Season Review

In the month of March-May, rains were below by 75% from the long term average over much of Kenya, Somalia, south east and northeast of Ethiopia as well as south-central part of the Sudan and southeast of South Sudan and central to the northwest of Tanzania. The August/September rainfall was above average over Sudan, Ethiopia, and South Sudan. The fall armyworm ravaged crops in the region.

In **Ethiopia**, The Kiremt rains (June-September) were well distributed. The rains came early, and the amounts have been above average since the beginning of June in western areas of Oromia and Benishangul-Gumuz, and Gambella regions. Despite the favorable climate conditions, there is an increasing concern of the meher crop due to fall armyworm infestation. The pest has attacked up to 2.5 ha of maize with 23% of the total area planted at risk in Amhara, Benishangul Gumuz, Gambella, Oromia, SNNP and Tigray regions. In **South Sudan**, The ongoing insecurity and political impasse have disrupted agricultural activities despite the favorable weather. In the North Bahr-el-Ghazal and Warrap, the conflict has reduced, the prospects for sorghum crop being harvested looks favorable.

In **Kenya** following the below average performance of March-May rains, yields are expected to be below last year's stocks. Late season harvest in Rift valley is underway, but the prospects are not good. In Western Kenya, production prospects are good as rains were near to above average. In **Uganda**, there was a delay of the onset of April/May rains in Karamoja and Teso regions with cumulative rainfall over the season is below average. Harvest of Sorghum and Millet will be harvested in October from the Northern part. The primary season is complete in the bimodal region with yield reported being good due to favorable rainfall in July onwards. Preparation for the second season is underway with conditions being favorable. In **Tanzania**, The vuli season has commenced in the Bi-modal North with conditions looking favorable.

Season review was compiled from Global Agricultural Monitoring (GEOGLAM). For more see; GEOGLAM (2017, October) Crop Monitor Early Warning. Available at: <https://cropmonitor.org/index.php/2017/10/05/crop-monitor-for-early-warning-september-2017/>

Figure 12: Monitored Markets and Border by EAGC RATIN.

