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VOLUME II ISSUE 2

JANUARY 21, 2012

RATIN MARKET ANALYSIS REPORT FOR January 16–21, 2012.

This report analyses the market activities across the East Africa (EAC) region's major grain markets between Monday 16th and Saturday 21st January, 2012 (Week Three) in comparison to the past two weeks (Week 1 and Week 2) of the month. The price monitoring

was carried out by the Eastern Africa Grain Council (EAGC) market and boarder monitors based in all the five EAC countries on a daily basis. The monitors collect and transmit to RATIN, the wholesale prices of maize, beans (Rosecoco), rice, wheat, sorghum and Millet.

MARKET HIGHLIGHTS

In Tanzania, the prices of food commodities are likely to escalate further as inflation rates continue to deepen. This happens at a time when the government has not indicated any intention to step in and deal with the high food prices caused by the increased fuel costs. The inflation trend is expected to continue due to erratic rains coupled with the hike in power tariffs. This will mostly likely push the consumer prices further up.

their ability to buy more grains from farmers and traders; this may trigger price volatility in the markets.

In another move that is likely to cause ripples in the regional front, the maize export T ban that was sanctioned earlier by the government is still in place with the government fearing food shortages in the country; this is likely to pose a lot of threat to the regional integration that the EAC has been pushing for.

With harvesting beginning in some parts of Kenya and the government moving in to cushion consumers of high fuel prices, prices of most commodities have begun to fall steadily. The situation is likely to continue the same way for the next few months.

The steady rise in food prices and cost of running business is expected in Uganda following the government's move to suspend power subsidies claiming the costs are unbearable. This will affect the cost of most commodities. A good percentage of agricultural products are ferried from other parts of Uganda to the main markets and a rise in fuel costs will definitely increase the transportation costs thereby pushing the prices of food commodities up. Millers are also likely to suffer from high costs of production resulting from increased power bills. This will have a net effect of weakening

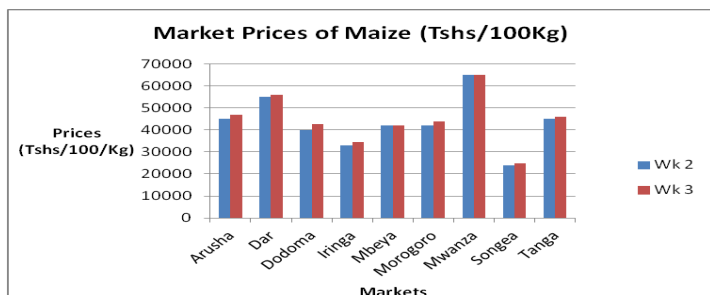
The government has also indicated an intention to boost key agricultural sectors and provide support to farmers in its annual budget presented in a public hearing in Nairobi this week. The ministry through its permanent Secretary said that they have proposed the seed and fertilizer fund requiring KSh15 billion to implement together with an action plan on mechanization of farming that needs KShs 7 billion alongside major irrigation project requiring KShs 26 billion.

Despite Rwanda's economic and social progress, the prices of most commodities remain very high compared to other countries in the region. The high prices are largely attributed to the soaring fuel prices. The high prices has also been attributed to the greater demand for food commodities in the neighbouring South Sudan and Democratic Republic of Congo.

Tanzania

Apart from maize, the markets prices of other commodities were generally stable in the Tanzania. Maize prices varied in most markets with Arusha showing the biggest price changes compared to last week. The overall rise in prices is more or less arising from the seasonal effects as the planting season sets in. With the low harvest in the last season together with high fuel prices, the increase in commodity prices continue to deepen especially in remote areas of the country where production of maize is usually high.

Maize

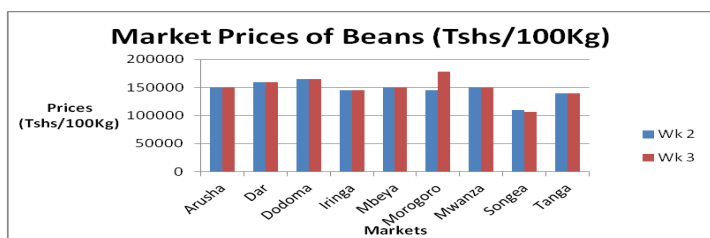


	Arusha	Dar	Dodoma	Iringa	Mbeya	Morogoro	Mwanza	Songea	Tanga
Wk 2	45000	55000	40000	33000	42000	42000	65000	24000	45000
Wk 3	46800	55800	42700	34600	42000	43800	65000	24800	46000

Source: EAGC RATIN

The weekly average price of maize in the country stood at Tshs 44,611 per 100kg bag, a rise of 6.7% from last week's prices. However, in Arusha, the price of maize rose steadily from last week's of Tshs 45,000 per 100kg bag to Tshs 47,000 per 100kg bag, recording an increase of 4.2%. Dar es Salaam also recorded a price increase of 1.7% to average at Tshs 55,800 per 100kg bag. However, in Songea the price of maize dropped from Tshs 25,000 per 100kg bag to Tshs 24,000 per 100kg bag, a 4.2% decrease. The rise of commodity prices in most parts of the country is due to increased fuel prices, high electricity costs as well as the increased demand from the Northern, Coastal and Central regions of Tanzania leading to the supply shift to these regions which are mostly more populated yet produce less agricultural commodities.

Mwanza is still leading with high maize prices of Tshs 65,000 per 100kg bag. The prices in Mwanza are expected to remain high due high fuel prices and shortage in the neighboring countries like Kenya. The maize prices are expected to remain high probably up to new harvest.



Source: EAGC RATIN

Market Prices of Beans (Tshs/100Kg)

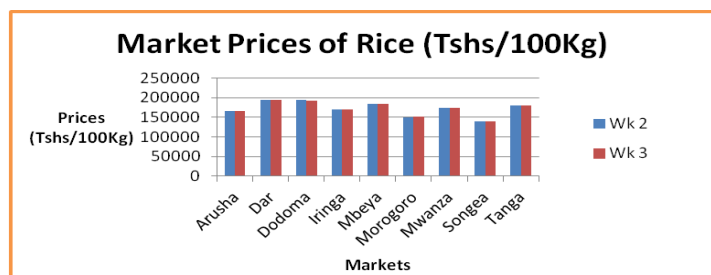
	Arusha	Dar	Dodoma	Iringa	Mbeya	Morogoro	Mwanza	Songea	Tanga
Wk 2	150000	160000	165000	145000	150000	145000	150000	110000	140000
Wk 3	150000	160000	165000	145000	150000	178000	150000	107000	140000

Source: EAGC RATIN

Beans

Beans prices remained generally stable throughout the country except in Songea where a drop of 4.5% was recorded. The prices reduced from Tshs 110,000 per 100kg bag to Tshs 105,000 per 100kg bag.

The average price of beans this week is Tshs 149,444 per 100kg bag, a slight drop of 0.22% from last week's prices of Tshs 149,777 per 100kg bag.



	Arusha	Dar	Dodoma	Iringa	Mbeya	Morogoro	Mwanza	Songea	Tanga
Wk 2	165000	195000	195000	170000	185000	150000	175000	140000	180000
Wk 3	165000	195000	192000	170000	185000	152400	175000	140000	180000

Source: EAGC RATIN

Rice

The price of rice remained stable in all the markets throughout the week. The prices were also similar to those recorded last week. The prices have remained the same in the last two weeks since there are no new stocks coming into most markets.

Sorghum

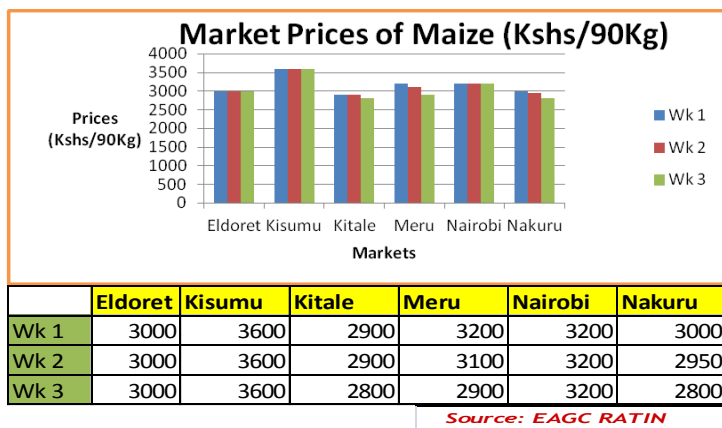
Sorghum prices increased in the in major urban markets including Dodoma. The price increase in Dodoma region is mainly due to increased demand as people resort to sorghum as substitute to maize owing to its low prices compared to maize. The rest of the markets registered generally stable prices.

The average sorghum price stood at Tshs 52,000 per 100kg bag across the markets with the lowest price of Tshs 35,000 per 100kg bag being registered in Dodoma. The highest prices were recorded in Morogoro market where sorghum traded at high price of Tshs 80,000 per 100kg bag.

KENYA

The prices of most commodities in Kenya dropped with maize and beans registering the highest drop of all the grains monitored. This is attributed to the ongoing harvests in some parts of the country notably Kitale, Meru, Nakuru and other parts of Rift Valley. However, wheat prices slightly rose above the last weeks prices owing to the fact that there is no new stock getting in to the markets.

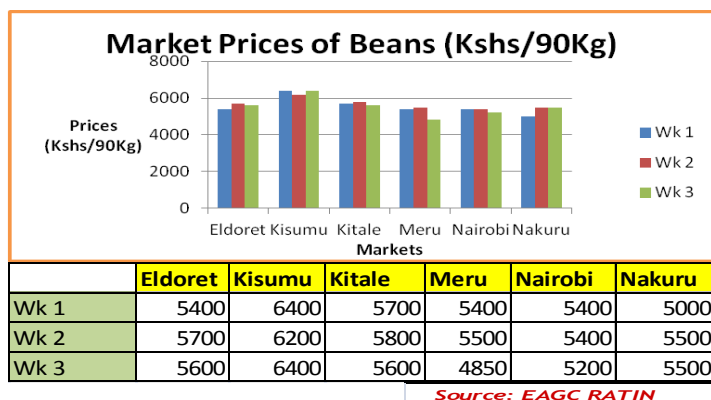
Maize



Compared to last week, the price of maize has decreased in most markets with exception of Nairobi, Kisumu and Eldoret. The decrease in prices has been brought about by the increased supply of maize that continues to reach the markets from the harvest from the short rains.

This week, the average price of maize stood at Kshs 3,070 per 90 Kg, a 1.6% drop from last week's price of Kshs 3,120 per 90 Kg. The highest decrease in price was registered in Eldoret where maize traded in a more stable price of Kshs 2,800 per 90 Kg throughout the week; this is a 5% reduction in price from last week's average of Kshs 2,950 per 90 Kg. The steady decline in most markets across the country is also as a result of the constant supply of the commodity from other regions, especially from Busia and Kitale regions.

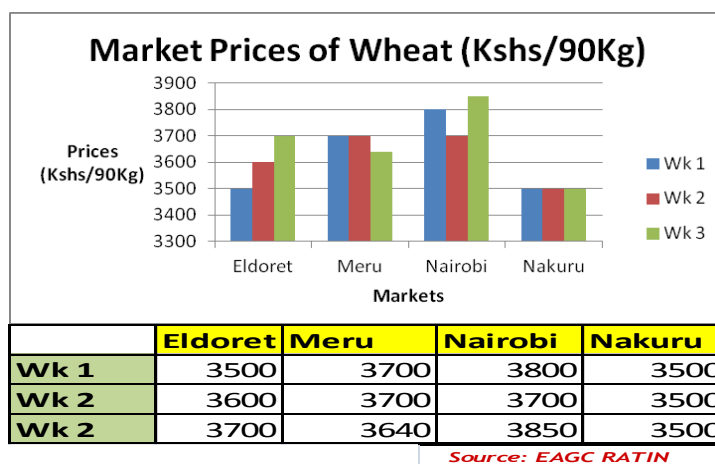
Beans



Beans registered a 2.2 decline in prices compared to last week's average prices. This week's average price is Kshs 5,520 per 90 Kg down from last week's average price of Kshs 5,640 per 90 Kg. However, these prices are expected to rise in the next coming weeks as the beans were adversely affected by heavy rains that occurred at the flowering and harvesting stage destroying most of the crop.

The highest price of beans Kshs 6,200 per 90 Kg were found in Kisumu markets that continue to record some of the highest prices for most commodities. This is a slight drop from last week's price of Kshs 6,400 per 90 Kg in the same market.

Wheat



The average price of wheat has remained relatively stable at Kshs 3,640 per 90 Kg in most markets. However, there was a slight increase in wheat's price towards the close of the week which was likely to be as a result of a fall in the quantity supplied into the markets.

Wheat average price for this week of Kshs 3,640 per 90 Kg represent a 0.5 increase from last week's average price of Kshs 3,620 per 90 Kg. The price is expected to increase steadily in the country until the next harvest.

Millet

The price of millet has remained relatively stable throughout the week at an average price Kshs. 5,030 per 90 Kg, a 5.8% decrease from the last week's average price of Kshs 5,320 per 90 Kg. The sharp decline in prices are attributed to the rush by most traders to sell their old stock of millet before the new grains from the harvests flood the markets.

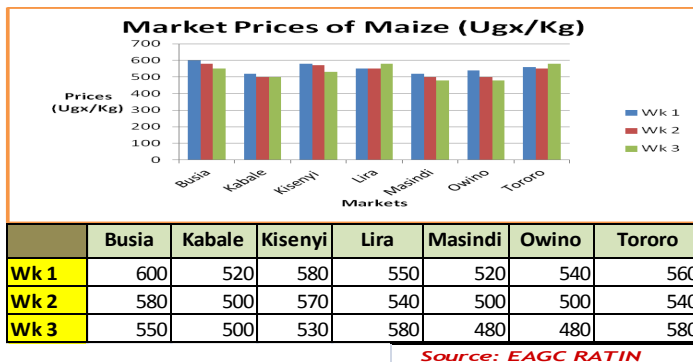
Sorghum

The price of sorghum has slightly increased from last week's average price of Kshs 3,600 per 90 Kg to an average of price of Kshs 3,640 per 90 Kg this week. Unlike most commodity prices that are on the decline, the price of sorghum rose since the flow of new stock into the market is yet to be felt.

UGANDA

The price of most commodities continued to drop in most parts of Uganda as more harvests reach the markets especially maize and beans.

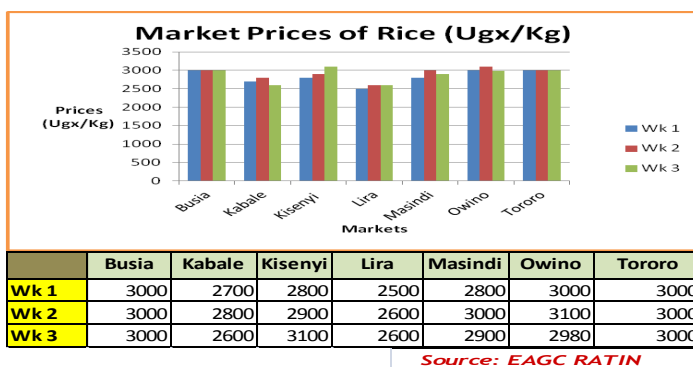
Maize



Maize prices have been on a downward trend since last week when the harvests begun in most parts of the country. The average price of maize stood at Ugx 529 per Kg this week, a 5.5 % decrease from last week's price of Ugx 536 per Kg. In Kabale, the price of maize prices remained constant as they were last while in Masindi and Owino there was a 4% drop in prices from Ugx 500 per Kg last week to Ugx 480 per Kg this week. However, in Tororo and Lira, there was a 5.5% increase in price from Ugx 550 per Kg last week to Ugx 580 per Kg this week.

In Busia, for example, the demand for maize has reduced as perennial buyers from Kenya are shifting to Kitale where they can now buy and transport maize at a relatively cheaper price. The cheaper grains available in Kitale are coming from the harvests going on in the same area. The cheaper maize prices have also been necessitated by the increased supply of maize and beans from Busoga region.

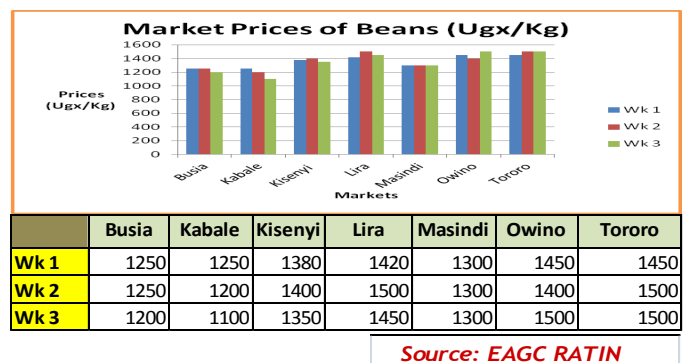
Rice



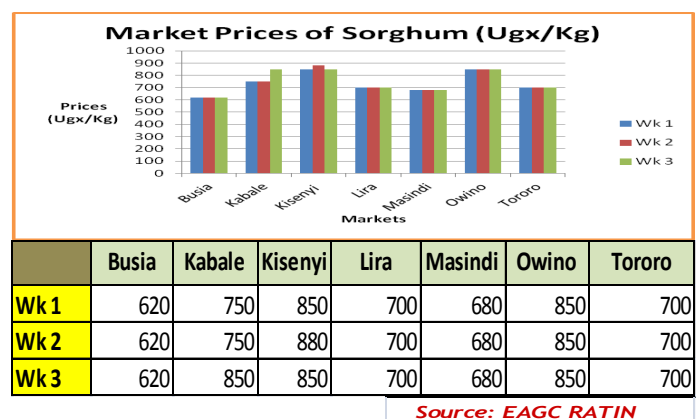
Rice prices have remained constant in Busia, Lira and Tororo; the demand for rice in these areas is generally low as more people prefer other diets. In these three market, the price of rice remained constant at a price of Ugx 3,000 per Kg, Ugx

2,600 per Kg and Ugx 3,000 per Kg respectively. Other markets with exception of Kisenyi registered reduction in rice prices. In Kabale for example, rice traded at an average price of Ugx 2,600 per Kg a 7.1% drop from last week's price of Ugx 2,800 per Kg; this is the reverse of what happened in Kisenyi market where rice traded at an average price of Ugx 3,100 per Kg, a 6.9% rise from last week's price of Ugx 2,900 per Kg.

Beans



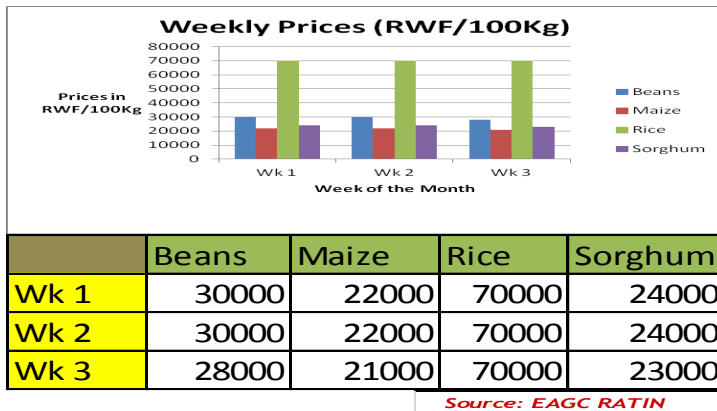
Beans traded at an average price of Ugx 1,343 per Kg, a drop of 1.6% from the last week's average price of Ugx 1,364 per Kg. Almost all the markets with exception of Masindi and Tororo markets which remained constant as a result of steady demand, showed an increase in beans average prices. The reduction in prices can be directly linked to the ongoing harvests in most parts of the country. To the contrary, the average market price of beans in Owino market showed a 7.1% increase from the last week's price of Ugx 1,400 per Kg to hit a high of Ugx 750 per Kg and Ugx 880 per Kg to an average price of Ugx 850 per Kg this week.



Sorghum

Sorghum prices across the country remained constant throughout the week. The prices for this week were similar to those of last week with exception of Kabale where there was an increase from last week's average prices of Ugx 750 per Kg to close at Ugx 850 per Kg .

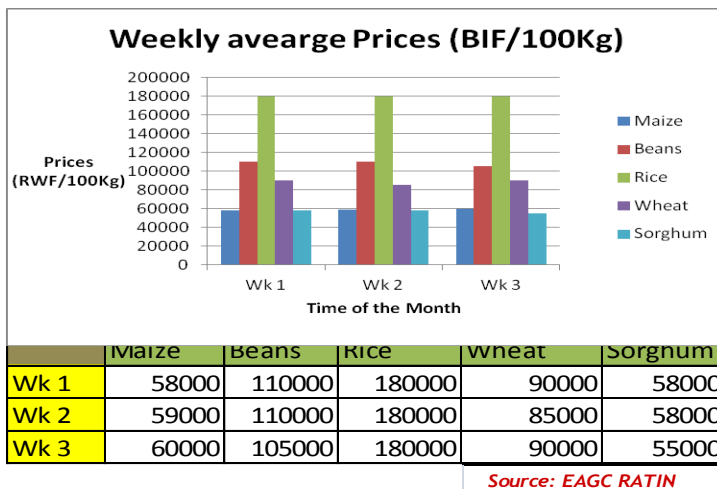
RWANDA and BURUNDI



Most commodities still record high prices in Rwanda; the high food prices are attributed to the increase in the food prices in the neighboring Democratic Republic of Congo as well as high fuel prices.

There were price variation in beans, sorghum and maize with very small margins from the last week's prices.

BURUNDI



Commodity prices trend and pattern in Burundi are more or less similar to those experienced in Rwanda. However, the prices of some commodities notably rice and wheat are remarkably higher than those offered in Rwanda. The high fuel costs and an ever increasing inflation rate in Burundi has been pushing the price of most commodities higher.

It is anticipated that the prices of commodities in Rwanda and Burundi will improve in the next few weeks due improvement on the currency. The two countries relies heavily on imported goods and as a result, a deterioration in the local currencies greatly affect the food prices.

CONCLUSION

High cost of fuel and power tariffs is really affecting the prices of food commodities in the region. It is an issue which if not addressed urgently may push the prices of food to unbearable limits.

Next week is likely to register stable prices in most countries as the effects of the ongoing harvest are normalizing.

However, maize prices in Kenya are likely to come down further since the government through its agency, the National Cereals and Produce Board (NCPB) is renegeing on its earlier pledge to buy from farmers Kshs 1.3 Billion worth of maize.

With the information that the NCPB may not buy as much maize as had been anticipated, farmers with huge stocks of maize may panic and in the process fall victims of the middlemen/brokers who are likely to take advantage of the situation and exploit farmers.

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