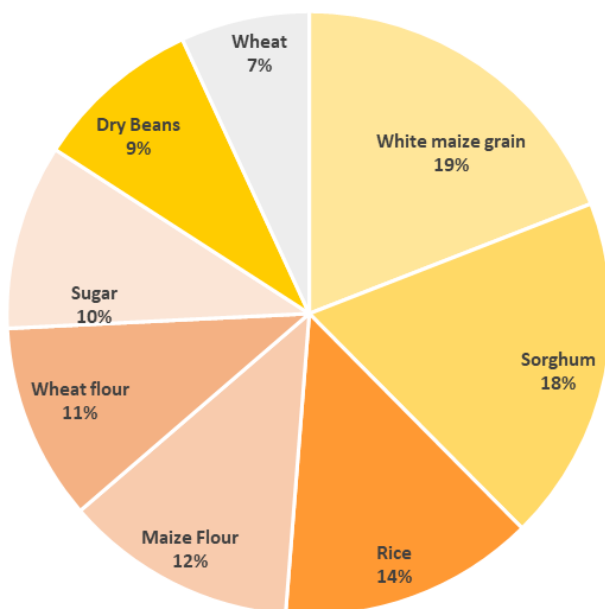


SUMMARY POINTS

Figure 1: Main Staple Food Commodities Informally Traded Across Selected Borders in Eastern Africa in the Second Quarter of 2021.

Source: FEWSNET and EAGC









- Maize grain was the main commodity traded in the region between January and March (first quarter of 2021) followed by sorghum and rice as shown in Figure 1.
- Regional cross border trade for most commodities increased seasonably across most countries from the previous quarter because of increased supply from the June harvest, and slight improvement in availability of hard currency in South Sudan. Regional trade was directed at filling gaps in supply and demand in the structural deficit countries of Kenya, South Sudan, Somali, Rwanda, and Burundi.
- Livestock volumes traded in the region in the second quarter were significantly lower than the recent five-year average levels because of coronavirus-related restrictions on large gatherings in domestic markets and low-key July-to-August Hajj without foreign pilgrims that usually attracts significant supply from East Africa.
- Staple food commodity parity price trends (expressed in US dollars per MT) followed seasonal trends during the second quarter of 2021. Prices remained high in Burundi, South Sudan, and Ethiopia relative to historical levels because of high inflation. Prices trends are expected to vary across the region in the next nine months, trending seasonably.

ABOUT THIS REPORT

The Market Analysis Sub-group of the Food Security and Nutrition Working Group (FSNWG) monitors informal cross-border trade of 88 food commodities and livestock in eastern Africa in order to quantify the impact on regional food security. This bulletin summarizes informal trade across selected borders of Tanzania, Burundi, Rwanda, Uganda, Kenya, Somalia, Djibouti, Ethiopia, Sudan, and South Sudan and DRC. Cross-Border trade and price data is provided by, the Famine Early Warning Systems Network (FEWS NET), the Eastern Africa Grain Council (EAGC), the Food and Agricultural Organization of the United Nations (FAO), the National Bank of Rwanda (NBR), the World Food Program (WFP), Farmgain (Uganda), FAMIS (Sudan), FSNAU (Somalia), MoA (Kenya and Burundi), RATIN all of East Africa, Tanzania Trade Development Authority.

Informal trade represents commodity flows outside of the formal system, meaning that activity is not typically recorded in government statistics or inspected and taxed through official channels. These flows vary from very small quantities moved by bicycle to large volumes trucked over long distances. This report does not capture all informal cross-border trade in the region, just a representative sample.

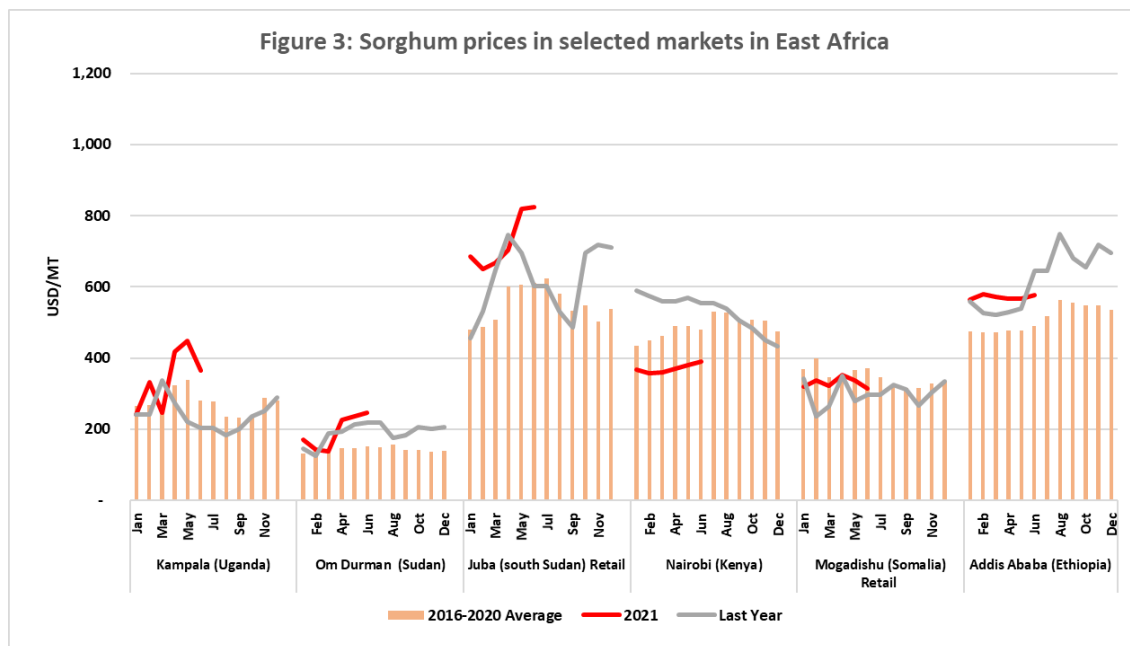
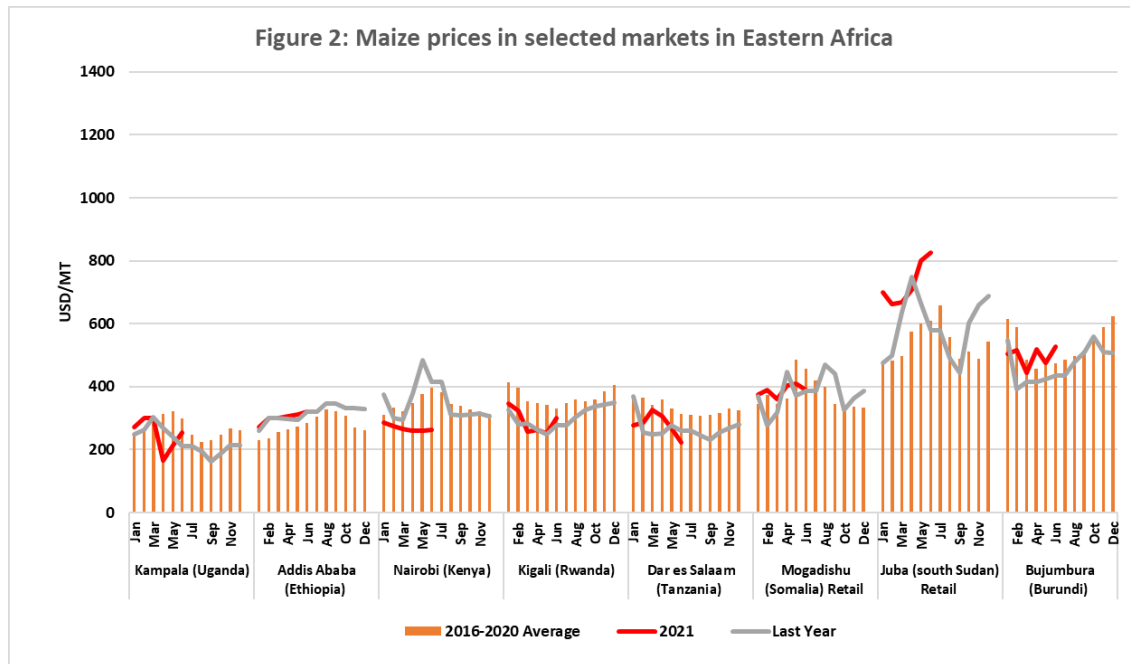
Key Commodities & Cash Crops by Country

	Maize & Maize Flour: Ethiopia, southern Somali, South Sudan, Kenya, Uganda and Tanzania
	Beans: Consumed throughout East Africa
	Wheat & Wheat Flour: Consumed throughout East Africa and is particularly important in urban areas
	Rice: Consumed throughout East Africa
	Sorghum & Sorghum Flour: Sudan, South Sudan, Northern Ethiopia, Central and Northern Somalia
	Sesame: An important cash crop for certain livelihoods in Ethiopia and Sudan

*Additional products may be covered in the annexes.

PRICES FOR SELECTED COMMODITIES IN EAST AFRICA IN SECOND QUARTER OF 2021

In East Africa, maize prices standardized to dollar terms¹ followed seasonal patterns across most markets (See Figures 2 and 3) and were near or slightly below average levels except in Kenya where domestic and regional supplies sustained below-average prices, and in South Sudan where high inflation pushed prices above average. Sorghum prices also followed seasonal trends across most markets. Sorghum prices were significantly higher in the main source market of Uganda due to increased domestic and regional demand, and especially in South Sudan where prices remain elevated due to enduring high inflation.

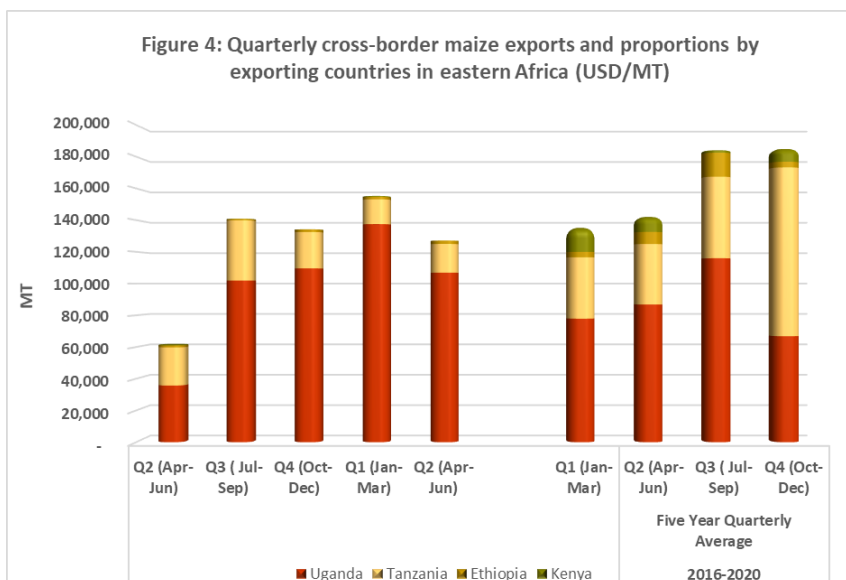


¹ Analysis for Sudan and South Sudan used the parallel rate for converting to USD because this is the most common hard currency markets for traders.

THE STATUS OF CROSS BORDER TRADE IN THE SECOND QUARTER (APR-JUN) OF 2021

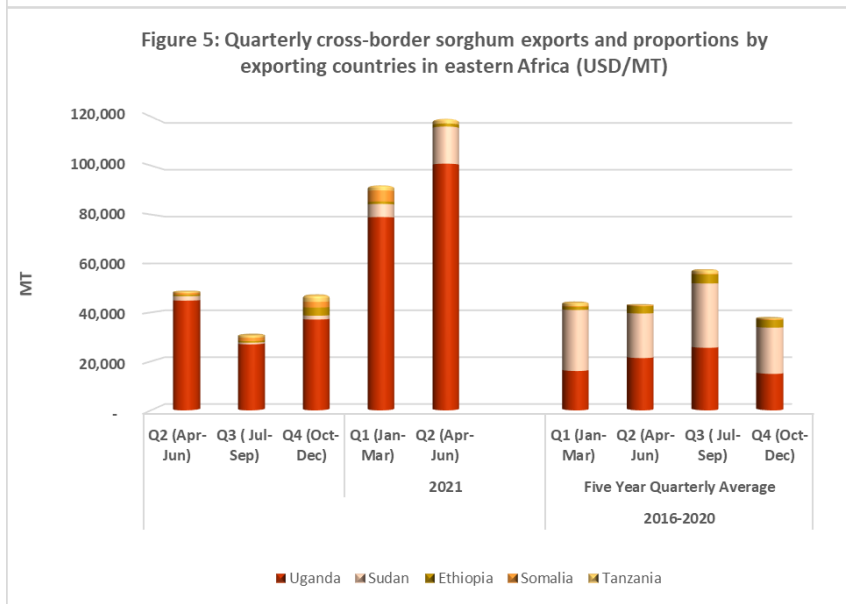
Maize

In the second quarter of 2021 (April-to-June), approximately 220,000 MT of maize was traded within the Eastern Africa region. The volume was 42, 259 MT and 50 percent higher than the previous quarter, second quarter of 2020 and recent five-year average of the second quarters respectively (Figure 4). Uganda and Tanzania represented 84 and 14 percent of the total exports while South Sudan and Kenya accounted for 73 and 23 percent of the imports, respectively. The increase in traded volumes was attributed to enhanced COVID-19 screenings for transporters, implementation of mycotoxin tests at border crossings with Kenya, quick adaptation by traders, and increasing demand in South Sudan following a slight improvement in hard currency availability because of weekly auctions by the Central Bank of South Sudan. Maize exports from Ethiopia to northern and central regions of Somalia were also above average due to increased demand as a result of below and expected below-average January and June 2021 harvests, respectively. Maize exports from Tanzania and Uganda to Burundi remained below average following an ongoing import ban by Burundi due to high mycotoxin levels.



Sorghum

Approximately 119,000 MT of sorghum was traded in the region in the second quarter of 2021. The amount was 30, 145 and 177 percent higher than the previous, last year and recent five-year average of second quarter levels, respectively (Figure 5). Uganda and Tanzania accounted for 84 and 13 percent of the exports, respectively. South Sudan accounted for 84 percent of total imports. Exports from Uganda to South Sudan pushed up the volumes traded because of underlying relative calm that has improved market functionality, availability of hard currency, through weekly auctions and the need to stock or preposition stocks before the June-to-October rains. Exports from Sudan to South Sudan were above average for the same reasons above. In addition, exports from Sudan to Eritrea also increased following the easing of export ban by the Sudanese government. Exports from Ethiopia to Somalia and Djibouti increased as the destination countries are both structural deficit and faced below-average harvests. Ugandan exports to Kenya were above average because of adaptation to COVID-19 screenings and mycotoxin tests by traders and transporters.

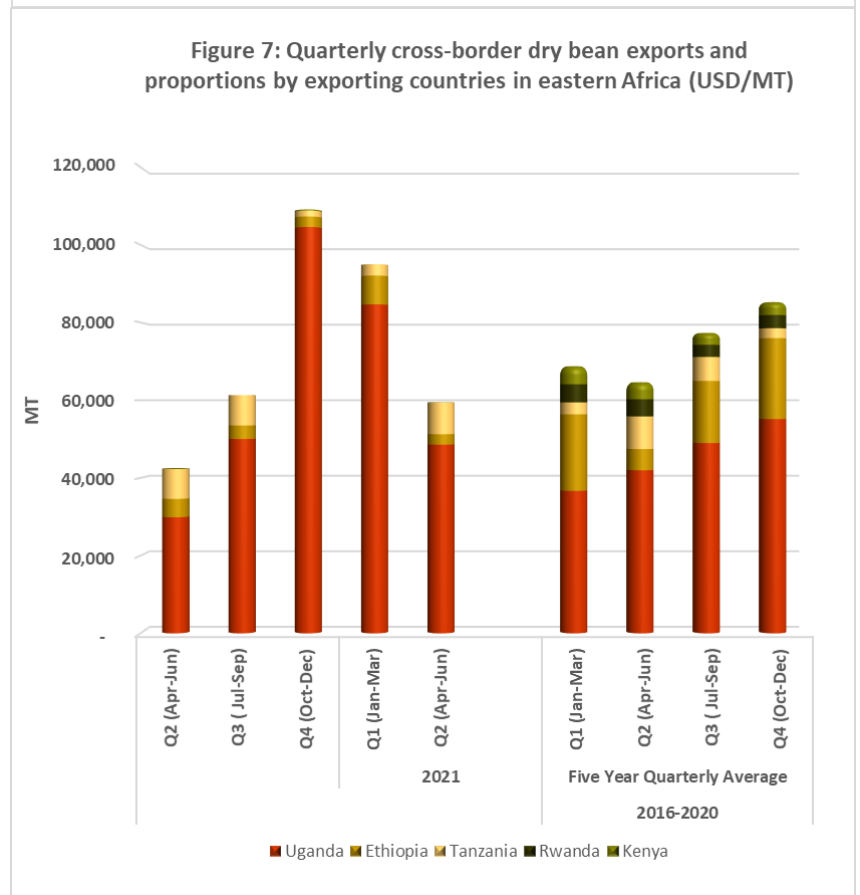
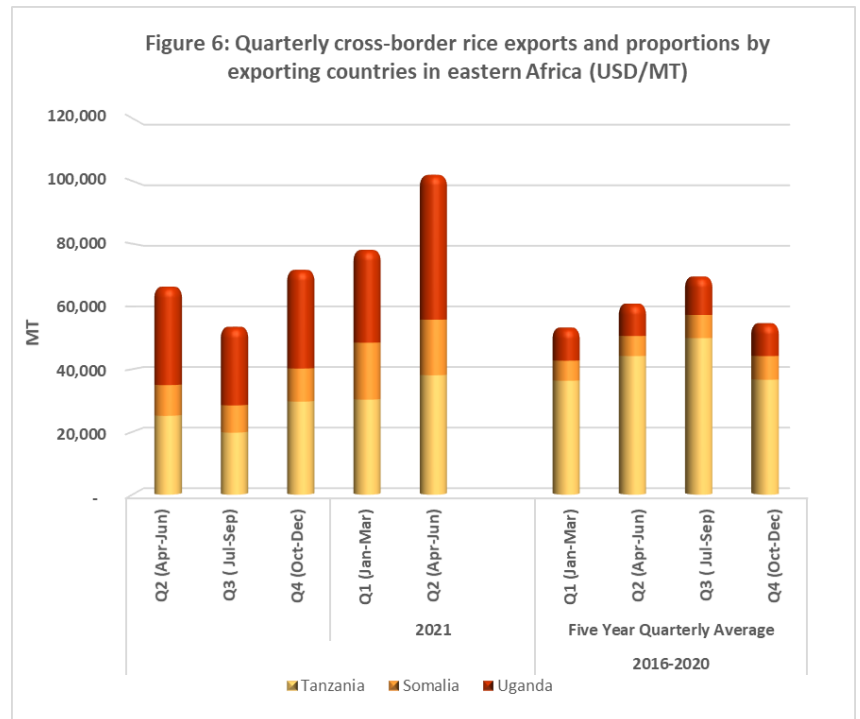


Rice

An estimated 102,000 MT of locally produced rice and some international re-exports from Somalia were traded in the region in the second quarter of 2021. The volume was 31, 54, and 65 percent higher than the previous, last year and recent five-year average of second quarter levels, respectively (Figure 6). Uganda, Tanzania, and Somalia represented 45, 37 and 17 percent of the total exports while South Sudan, Uganda, Ethiopia, and Kenya accounted for 45, 20, 15 and 14 percent of the total imports, respectively. The increased regional trade was attributed to exports from Uganda and re-exports of Tanzanian rice from Uganda to South Sudan following availability of hard currency and seasonal restocking and pre-positioning of supplies by traders and humanitarian agencies before the reduction in road access between June and October during the rainy season. Rice exports from Tanzania to Rwanda were above average as traders from Rwanda continued to cement new source markets following the closure of the Uganda-Rwanda border in February 2019. Exports from Somalia to eastern Ethiopia surged following below average rainfall performance in 2020 that increased demand for imported commodities during the 2021 marketing year.

Dry Beans

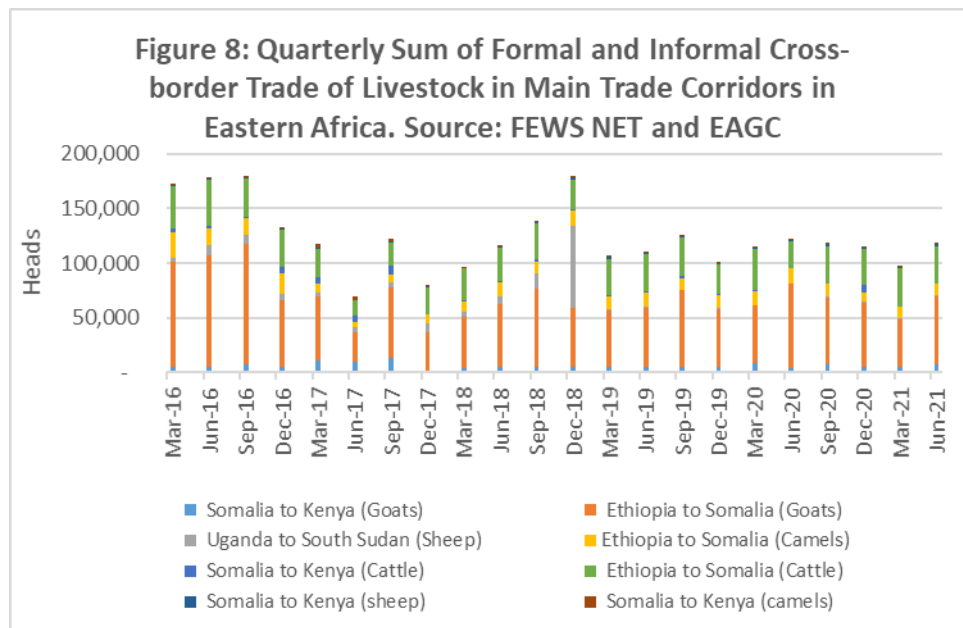
Around 59,000 MT of dry beans were traded in Eastern Africa in the second quarter of 2021. This volume was 37 percent below the previous first quarter which was exceptional, 41 percent higher than last year's second quarter, and 11 percent lower than the recent average levels for second quarters (Figure 7). Uganda and Tanzania accounted for 82 and 14 percent of the exports respectively. Kenya and South Sudan represented 69 and 29 percent of the total imports respectively. The exception levels in reduced regional trade were attributed to a 36 percent reduction in imports by South Sudan. In the previous first quarter, there was heightened imports into South Sudan for pre-stocking and prepositioning by traders and humanitarian organizations respectively which then reduced with the beginning of the June-to-October rains when most roads



to the northern areas become impassable. Exports from Tanzania to Kenya were also above average due to as locally produced stocks tightening amid high demand given that Kenya is usually a structural deficit country with respect to dry beans. Broad bean exports from Ethiopia to Sudan remained atypically low because of conflict related trade disruptions between Ethiopia and Sudan.

Livestock

Goat exports from Ethiopia to Somalia, Somalia to Kenya, and camel exports from Ethiopia to Somalia increased in the second from the previous quarter as demand for fattening for both domestic and exports to the Middle East increased seasonably (Figure 8). However, the volumes traded were significantly lower than the recent five-year average levels because of coronavirus-related restrictions on large gatherings in domestic markets and downsized July-to-August Hajj without foreign pilgrims.



CROSS BORDER TRADE OUTLOOK JULY 2021 TO DECEMBER 2021

Analysis in this section uses staple food commodity parity price trends (expressed in US dollars per MT) the results of which may be different when analyzed in local currencies. Some cross-cutting expectations include:

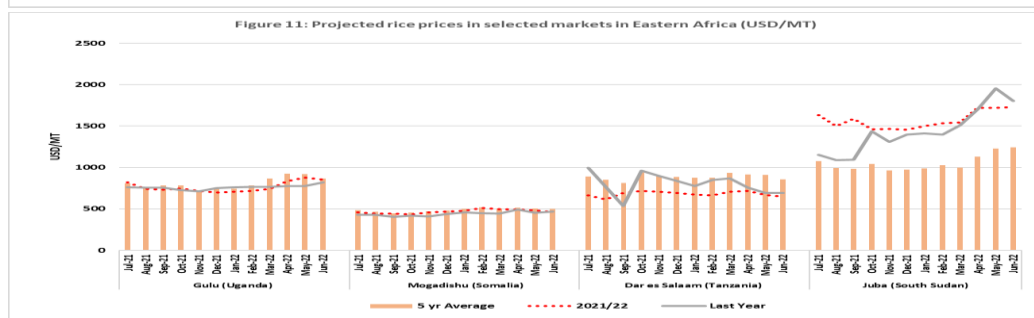
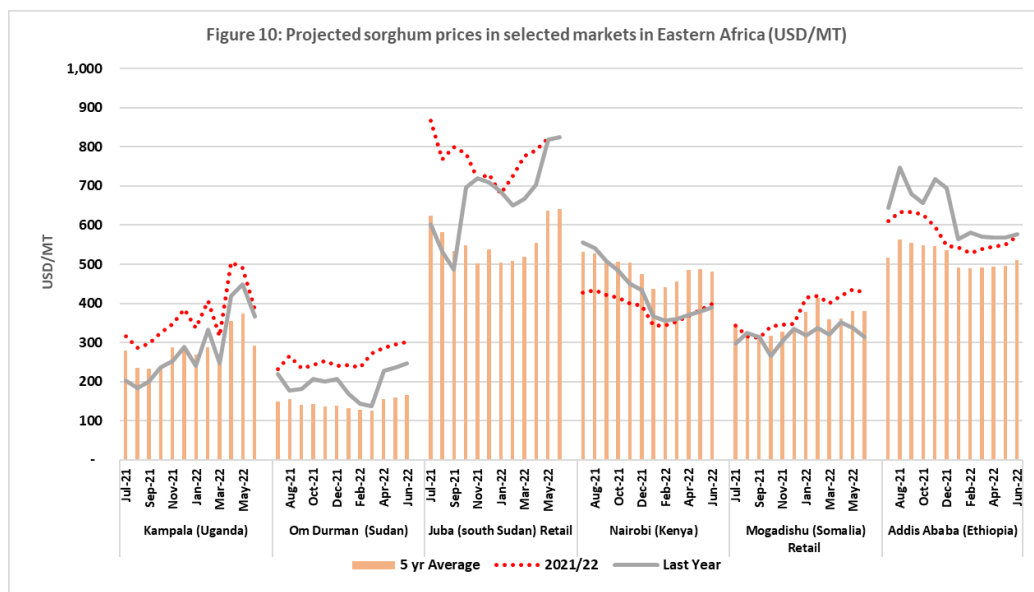
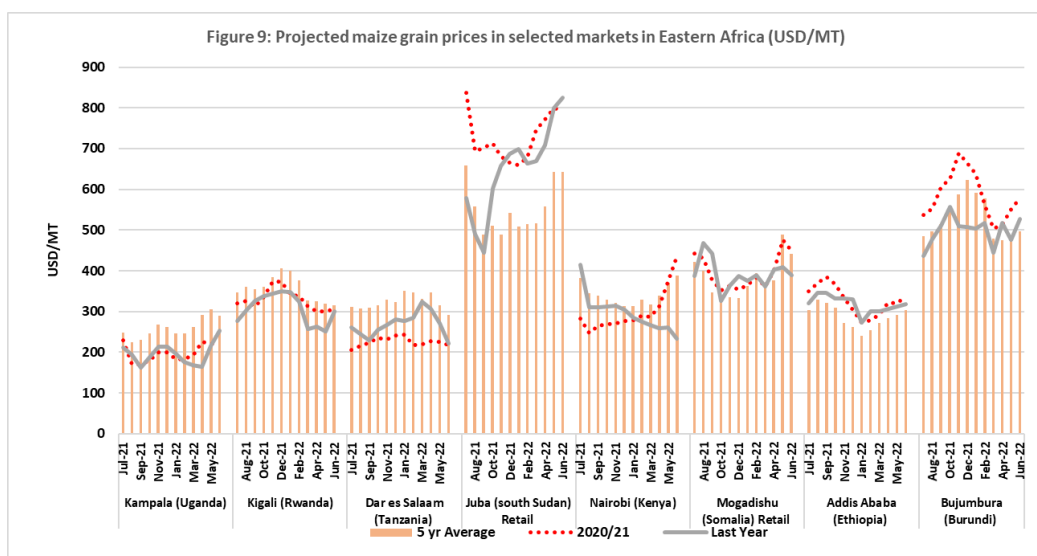
- COVID-19 restriction measures at cross border points will likely continue to be relaxed with occasional short-term localized or national short-term restrictions if infections start increasing. Regional trade is expected to pick up in 2021/2022.
- Local currencies are likely to continue depreciating in several countries as macro-economic conditions continue to remain poor or worsen in South Sudan, Sudan, Ethiopia, and Burundi increasing import inflation and sustaining above-average prices.

Maize prices are expected to follow seasonal trends but remain below average in most markets in Uganda, Tanzania, Rwanda, due to average-to-near average May-to-August harvest exerting downward pressure on prices in the second half of 2021 and early 2022, and in Kenya because of support from regional sources to fill the structural deficit. However, prices may likely move above the average levels in Kenya in the 2022 marketing year due to

likely below average harvest. and Kenya (see Figure 9) due to above-average rainfall performance to date and a forecast of above-average to average rainfall in late April and May.

Maize production is also expected to be average-to-above average in Burundi and in the bimodal rainfall areas of South Sudan, but high inflation will likely sustain heightened prices across most markets in these countries. In Ethiopia and Somalia, high inflation in addition to below-average rainfall are expected to raise prices to average and above-average levels.

Prices of **sorghum** are expected to follow seasonal patterns through June 2021, see Figure 10. However, they will likely be above recent five-year average levels in Sudan, South Sudan, and Ethiopia because of high and increasing inflation, and in Somalia because of expectations of below average June-to-July Harvest. Outflows from Sudan will likely continue to increase because of lower prices and removal of the export ban but high transport costs will probably restrict outflows to distant markets. Exports from Uganda to South Sudan are expected to continue to increase due to prevailing relative calmness as the peace agreement is implemented and slight improvement in availability of hard currency due to weekly auctions by the Central Bank of Sudan. The below-average June-to-July harvest in Somalia will likely encourage more exports



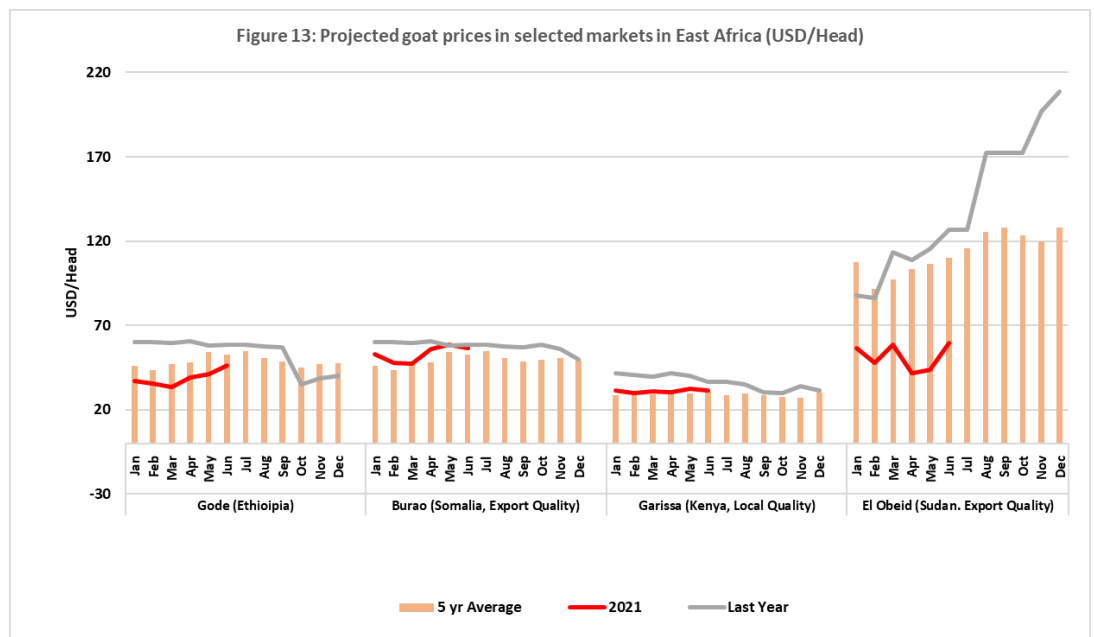
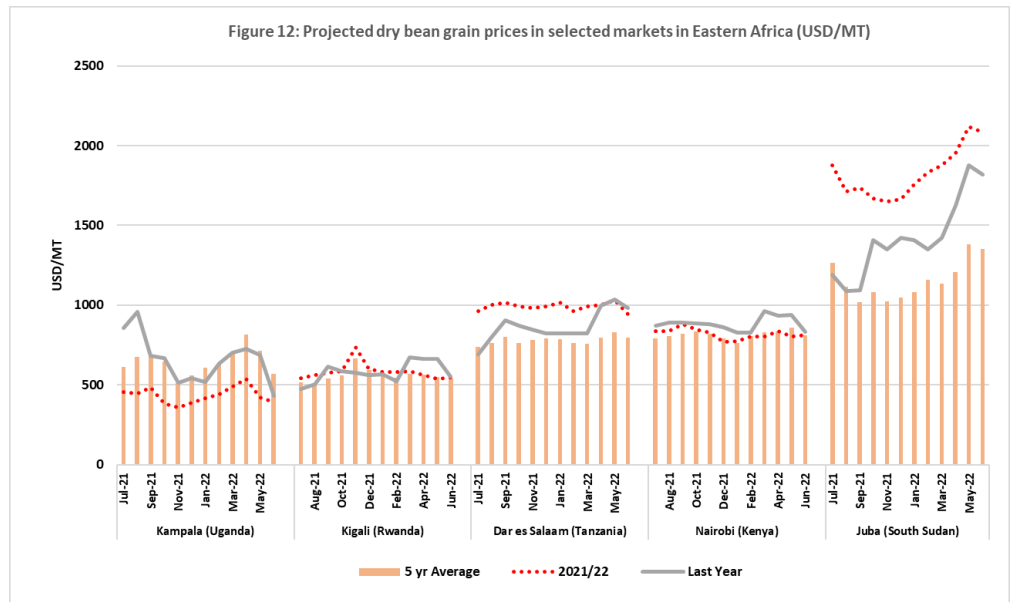
from Ethiopia to central and northern Somalia where prices are higher than in the main producing southern Somalia markets.

Prices of locally produced **rice** are projected to trend seasonably across most markets in the region. While prices are expected to near recent five-year levels in Uganda and Somalia, prices are likely to remain below average levels in Tanzania because of average-to-above average local production. See Figure 11. Prices are expected to remain significantly above average in South Sudan due to high inflation. Rice exports from Tanzania to regional markets is expected to increase in the rest of 2021.

Dry bean prices are expected to follow seasonal trends over the next nine months but remain near or above recent five-year average levels in Tanzania, Rwanda, and Kenya due to high domestic and regional demand amid some reduced production following heavy rains in 2019 and 2020 which reduced carryover stocks into July 2020 and June 2021 production and marketing season. See Figure 12. Consecutive average-to-above average harvests will sustain below average prices in Uganda, increasing exports to South Sudan and Kenya. Prices will likely remain significantly above average in South Sudan because of expected below-average dry bean domestic production following excessive rains and flooding in parts of South Sudan.

Goat prices will likely remain below last year price because of expected below-average rainfall that will degrade rangeland conditions compromising livestock body conditions. Also, uncertain demand in the Middle East due to COVID-19 restrictions will reduce demand, exerting downward pressure on prices. Prices will continue to follow seasonal trends in Sudan, although currency

depreciation will likely sustain below average prices in 2021/2022 despite high inflation and concomitant high costs of feed and water, medications etc. which are being passed on to consumers. See Figure 13.



ANNEX

Table 1: Cross-borders trade between April and June 2021 among selected pairs of countries for some staple food commodities.

Commodity	Trade Flow Corridors (source destination)	Trade Volumes in MT (Livestock in Heads)	% Change			Historical Comparison		
			Last Quarter	Last Year	5 Year Average	Last Quarter	Last Year	Average
Maize	Uganda - South Sudan	93,046	116%	755%	554%	▲	▲	▲
	Uganda - Kenya	13,813	-85%	-44%	-60%	▼	▼	▼
	Tanzania - Kenya	15,498	25%	-30%	-35%	▲	▼	▼
	Tanzania - Rwanda	2,484	-20%	41%	-50%	▼	▲	▼
	Ethiopia - Kenya	386	70%	92%	-79%	▲	▲	▼
	Ethiopia - Somalia	1,695	36%	66%	40%	▲	▲	▲
	Kenya - Tanzania	3	-100%	-99%	-100%	▼	▼	▼
Sorghum	Uganda - South Sudan	93,495	65%	130%	793%	▲	▲	▲
	Uganda - Kenya	7,259	-68%	77%	31%	▼	▲	▲
	Uganda - Rwanda	3	0%	0%	-100%	►	►	▼
	Ethiopia - Djibouti	8	-15%	179%	85%	▼	▲	▲
	Ethiopia - Somalia	1,128	24%	89%	54%	▲	▲	▲
	Somalia - Djibouti	20	-100%	-97%	-93%	▼	▼	▼
	Sudan - South Sudan	6,927	206%	397%	14%	▲	▲	▲
Sudan - Eritrea	3	165%	1905%	9%	▲	▲	▲	
Rice	Uganda - South Sudan	46,375	56%	48%	269%	▲	▲	▲
	Tanzania - Kenya	12,785	-13%	466%	-37%	▼	▲	▼
	Tanzania - Rwanda	3,554	41%	131%	-68%	▲	▲	▼
	Somalia - Kenya	1,995	-1%	133%	-5%	►	▲	▼
	Somalia - Ethiopia	15,722	-3%	76%	56%	►	▲	▲
	Tanzania - Burundi	1,577	9%	33%	31%	▲	▲	▲
Beans	Uganda - South Sudan	18,026	-36%	0%	150%	▼	►	▲
	Uganda - Kenya	30,531	-43%	160%	6%	▼	▲	▲
	Uganda - DRC	3	0%	-90%	-100%	►	▼	▼
	Tanzania - Kenya	8,160	179%	42%	225%	▲	▲	▲
	Ethiopia - Kenya	2,677	-44%	-43%	-64%	▼	▼	▼
	Ethiopia - Sudan	6	-100%	103%	-100%	▼	▲	▼
Camels	Somalia - Kenya	824	34%	48%	-78%	▲	▲	▼
	Ethiopia - Somalia	10,865	5%	-19%	-79%	►	▼	▼
Cattle	Somalia - Kenya	107	-22%	-79%	-99%	▼	▼	▼
	Ethiopia - Somalia	34,250	-3%	36%	-74%	►	▲	▼
Goats	Somalia - Kenya	7,094	34%	89%	-73%	▲	▲	▼
	Ethiopia - Somalia	62,330	43%	-19%	-81%	▲	▼	▼
Sheep	Somalia - Kenya	1,698	7%	47%	-55%	▲	▲	▼
	Uganda - South Sudan	4,531	32%	56%	-55%	▲	▲	▼

Figure 14: cross-borders points monitored by FEWS NET and East Africa Grain Council in Eastern Africa by June 2021

