

EAGC Grain Watch

Apr-Jun 2024
Quarterly



Eastern Africa grain markets and trade

Q2 | April - June 2024

CONTENT

Introduction	1
Regional climate update and crop conditions update	2
Country outlook	2
Cross border trade outlook	3
Maize	
Beans	
Rice	
Sorghum	
Millet	
Grain trade policy situation update	8

INTRODUCTION

This report provides a comprehensive analysis of the grain commodity market across East Africa, focusing on Kenya, Uganda, and Tanzania. Key areas of focus include regional climate and crop conditions, country-specific outlooks, cross-border trade dynamics, price movements, and future projections. The primary commodities analyzed are maize, sorghum, rice, millet, and dry beans.



Regional Climate and Crop Conditions Update

Kenya: In Kenya, Long Rains cereal crops are in the vegetative to reproductive stages in bimodal rainfall areas, facing ongoing dry conditions, especially along the coast. However, forecasted above-normal rainfall through September could improve soil moisture along the coastal strip. Planting continues in unimodal rainfall areas in the west and Rift Valley, where growing conditions remain favorable despite below-normal precipitation over the past month.

Uganda: In Uganda, harvesting of first-season cereals is beginning in bimodal areas, while crops continue

to develop in unimodal areas in the north. Conditions remain favorable in central and eastern regions, though rainfall delays and deficits are impacting parts of the west and north.

Tanzania: In Tanzania, harvesting of both Masika and Vuli season cereals is underway in northern bimodal areas, with the Msimu season harvest continuing in central and southern unimodal areas. Overall conditions remain favorable despite below-average rains in northern and coastal regions over the last month.

Country Outlook

KENYA

Eastern Kenya

Trade volumes have increased significantly due to a bumper harvest, leading to lower prices and higher trading volumes. Favorable agricultural conditions have resulted in a plentiful harvest, boosting trade activity. However, some farmers opt to sell directly to brokers, reducing volumes handled by regular traders. Prices for key grain commodities have generally decreased, although green grams have seen an increase due to reduced supply.

Looking ahead, an increase in trade for green grams is anticipated with the upcoming harvest in the next two months. Maize outlook remains cautious due to potential drought impacts on production. Current planting activities, supported by significant rainfall, have reduced grain supply, likely leading to higher prices in the near term.

Rift Valley

Grain commodity trade volumes, particularly for maize, have decreased due to low harvests, farmer reluctance to sell at current prices, and overall low productivity. Green gram prices have decreased due to ongoing harvesting activities in Meru, increasing supply during the harvest period.

Projections suggest reduced maize supply and increased

prices as current volumes dwindle with no new harvest expected soon. Overall grain prices are predicted to rise due to limited market supply and sustained demand.

Coast Region

Farmers are actively engaged in planting, with some areas transitioning to the weeding stage. Dry weather conditions have adversely affected many crops, potentially impacting overall yields. Increased trade volumes at the start of Q2 were driven by higher maize and other grain availability from local farmers. However, ongoing planting and weeding phases mean no new grain supply is entering the market, leading to increased demand and potential price increases.



Country Outlook

UGANDA

First-season harvests and favorable conditions in central and eastern regions are expected to yield positive outcomes. However, western and northern regions face challenges due to persistent rainfall deficits. Trade volumes have increased due to low prices making grains more affordable, particularly maize. Prices are expected to rise in Q3 2024 as supplies decrease.

Certain grain commodities, especially maize, continue to be traded significantly across borders. Trade volumes are likely to show mixed trends, influenced by seasonal demand, price changes, and supply availability.

TANZANIA

Stable conditions during the ongoing harvesting season suggest Tanzania will maintain its current production levels. Favorable harvesting conditions, despite recent below-average rains, position Tanzania as a key grain exporter in the region.

Cross Border Trade Outlook



Maize

From April 2023 to June 2024, Uganda experienced the lowest maize prices in the region, particularly in Lira during Q1 and Q2 of 2024. Maize prices have been steadily declining in most markets due to increased supply from the 2023 and 2024 harvests. In Tanzania, high carryover stocks from the above-average 2023 harvest kept prices below average despite expectations for a below-average harvest in Q2 2024. Consistent regional trade and reduced shortfalls due to the 2023 harvest maintained prices below or near average in Kenya, South Sudan, Somalia, Burundi, and Rwanda, with Ethiopia as an exception due to high inflation.

An above-average second consecutive maize harvest in Tanzania led traders to release old stocks at lower prices, boosting regional trade to 381,000 MT, which is 34%, 56%, and 120% above the previous quarter, the second quarter of 2023, and the five-year average, respectively. Tanzania and Uganda accounted for 56% and 41% of the exports, respectively, while Kenya made up 91% of the imports.

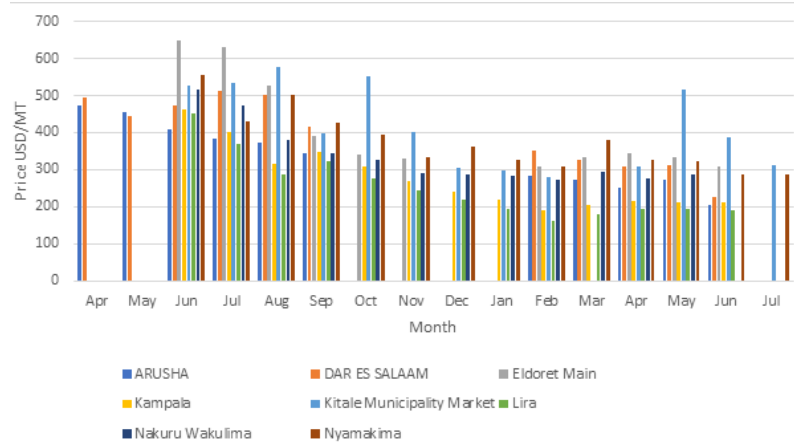


Figure 1: Maize Prices in the Region

Source: EAGC RATIN

Cross Border Trade Outlook



Maize

Informal trade of white maize surpassed formal trade in the region. The Tarakea border between Kenya and Tanzania recorded the highest volume of white maize trade, with a significant portion being informal.

A total of 665,213.889 MT of white maize was traded through both informal and formal channels. The Tarakea border had the highest volume of formal white maize trade, followed by Busia. Formal trade accounted for 278,556.91 MT of the total white maize traded.

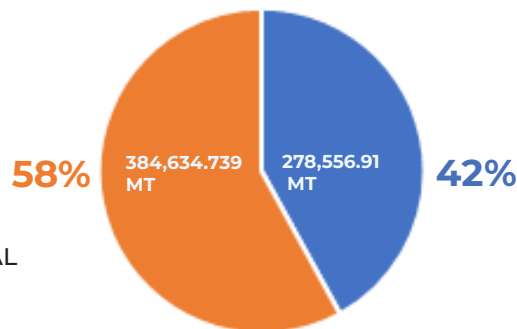


Figure 2: Share of Informal and Formal White Maize Trade

Source: EAGC RATIN

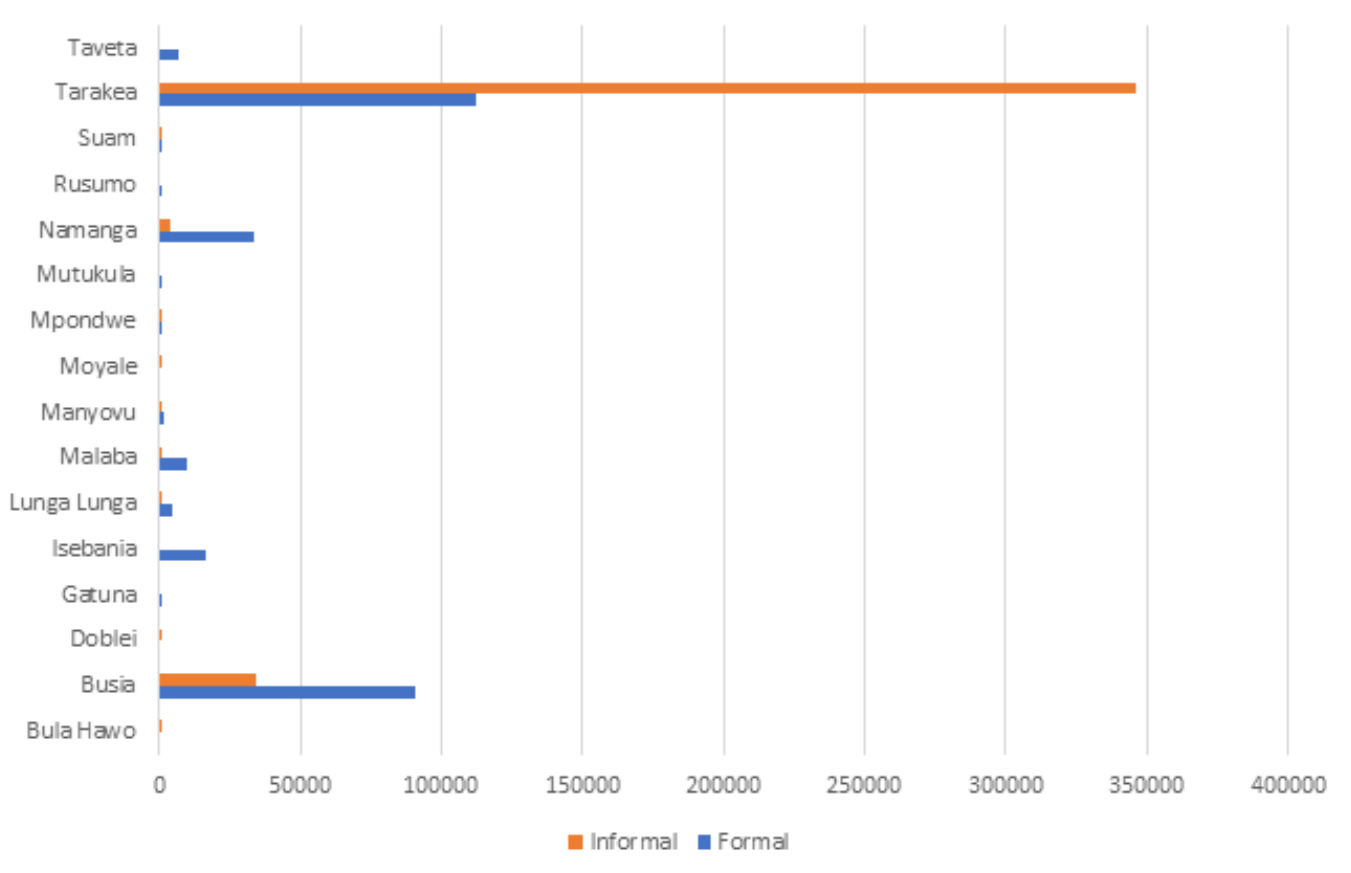


Figure 3: Maize Cross-border Trade Volumes

Source: EAGC RATIN



Beans

Lira Market in Uganda had the lowest bean prices in the region, although prices have been rising since early 2024. Bean prices in Dar es Salaam, Tanzania, and Gikomba, Kenya, have remained steady, with Kenya having the highest prices in the region.

Above-average dry bean harvests in Uganda and Tanzania resulted in 73,000 MT of regional trade in Q2 2024, similar to Q1 but 24% lower than Q2 2023, and 8% higher than the average. Uganda, Tanzania, and Ethiopia accounted for 73%, 21%, and 6% of the exports, while Kenya and Tanzania constituted 82% and 8% of the imports. Dry bean exports from Uganda to Kenya and Rwanda and from Tanzania to Kenya were above average, meeting structural deficits. Trades in different bean varieties, including small exports from Rwanda to Uganda, were also above average. However, conflict in Ethiopia significantly reduced bean exports to Sudan

due to heavy production losses, disrupting commodity flows, especially in Greater Darfur, Greater Kordofan, and Al Jazirah. Insecurity, high costs, and numerous checkpoints hinder food supply, while high prices and income losses from disrupted livelihoods make it difficult for households to afford available food.

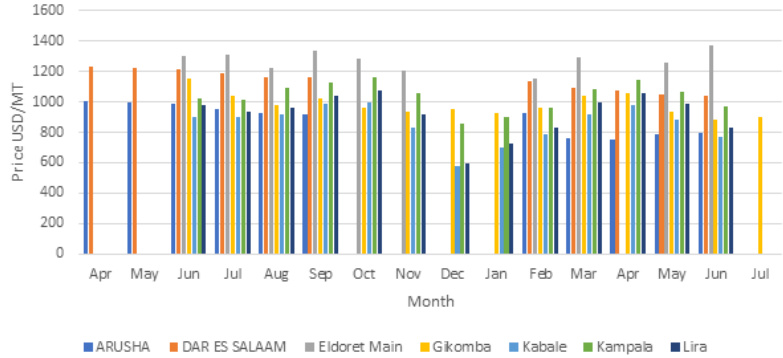


Figure 4: Beans Prices in various Markets Across the Region

Source: EAGC RATIN

Informal trade made 19% of the total traded volumes.
Busia witnessed 11,541.435 MT

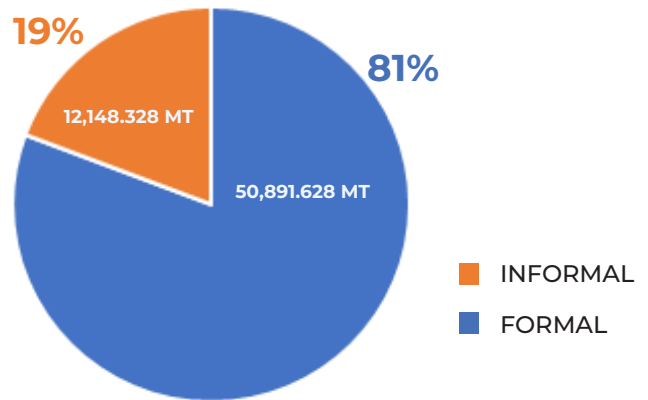


Figure 5: Share of Informal and Formal Trade | Source: EAGC RATIN

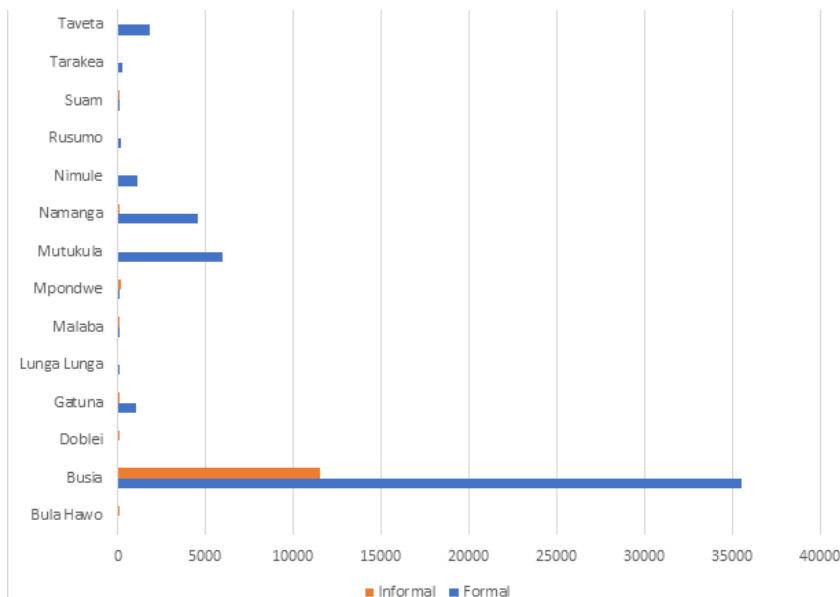


Figure 6: Beans Cross-border Volumes
Source: EAGC RATIN



Rice prices declined regionally from April 2023 to June 2024, with the lowest prices in Dar es Salaam, Tanzania. Uganda had the highest prices in Q2 2023, but Kawangware market in Nairobi, Kenya, saw the highest prices in Q2 2024. Uganda had the highest average prices from April 2023 to June 2024.

On June 1st, Uganda implemented new labeling guidelines for rice and produce imports from Tanzania, increasing forward purchases and regional trade in rice, including re-exports of overseas rice, to 93,000 MT. This level is similar to previous quarters but 11% lower than Q2 2023. Tanzania, Uganda, and Somalia were responsible for 67%, 17%, and 16% of the exports, respectively, while Uganda, South Sudan, Kenya, and Ethiopia contributed 30%, 18%, 16%, and 13% of the imports. Above-average harvests led to increased exports from Tanzania to

Uganda and Burundi. However, subpar rice exports to Rwanda from Tanzania decreased Tanzania's overall figures, while Uganda's exports to Rwanda increased by 20% above average. Adaptation issues to the ECTN and USD 350 charges on imports into South Sudan constrained Uganda's rice exports and re-exports.

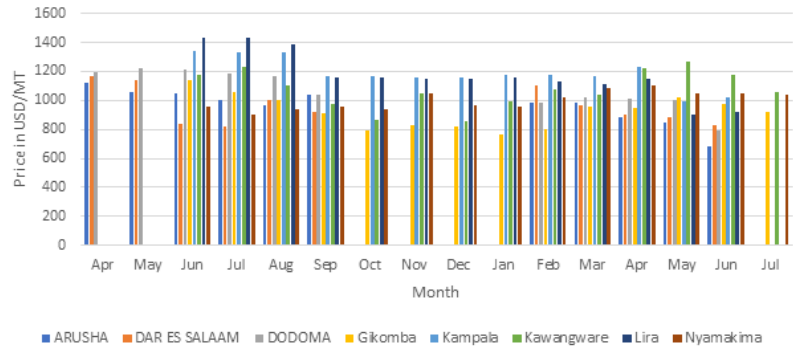


Figure 7: Rice Prices in Various Markets Across the Region

Source: EAGC RATIN

The busiest borders for rice trade were Kibirizi and Kaya.

The total traded volume of rice amounted to 199,988.749 MT

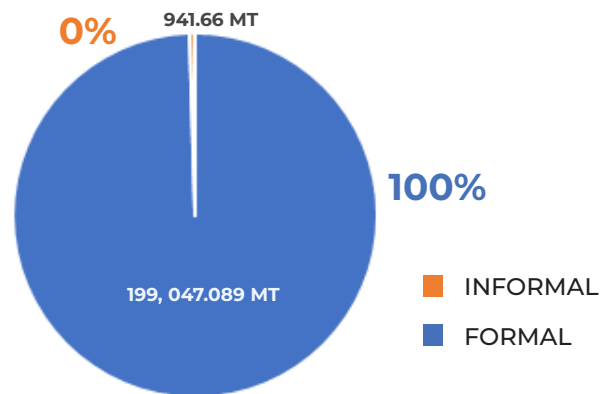


Figure 8: Share of Informal and Formal Trade | Source: EAGC RATIN

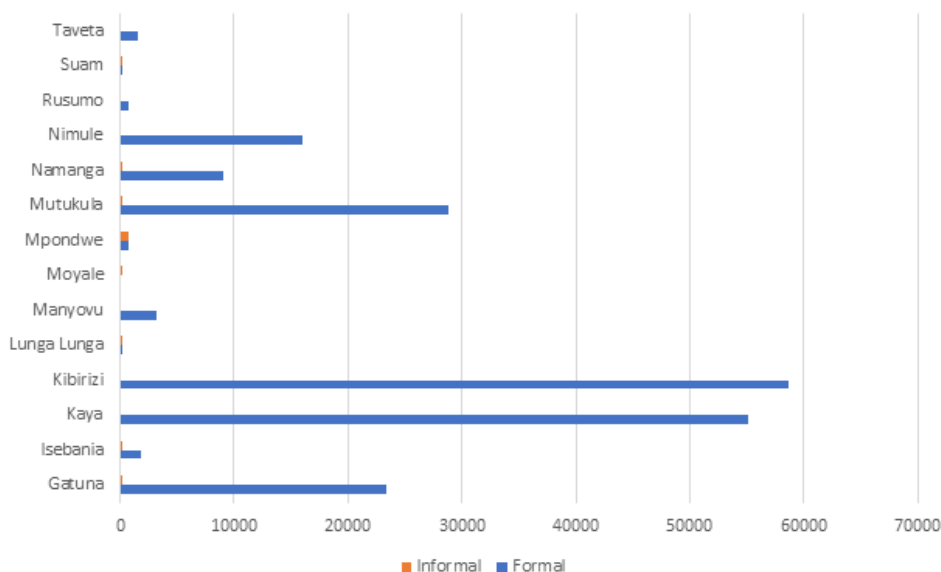


Figure 9: Rice Cross-border Trade Volumes | Source: EAGC RATIN



Sorghum

Sorghum prices increased from January to June 2024. The lowest prices were in Arusha, Tanzania, while Nakuru Wakulima market and Gikomba, Kenya, had the highest prices. Uganda's sorghum prices remained steady during this period. Expectations of a below-average sorghum harvest, along with traders withholding market placements to benefit from higher future prices and reduced production and exports from Sudan due to conflict, lowered regional trade to 27,000 MT. This is 12%, 53%, and 72% below the previous quarter, the second quarter of 2023, and the five-year average, respectively. Uganda, Ethiopia, and Somalia accounted for 62%, 21%, and 12% of the exports, while Rwanda, Kenya, South

Sudan, and Djibouti made up 37%, 19%, 17%, and 12% of the imports.

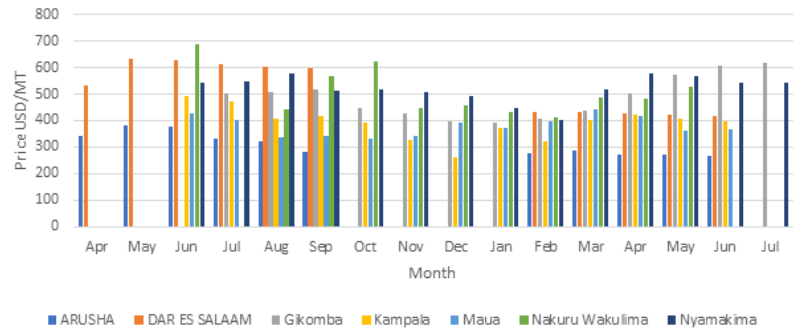


Figure 10: Sorghum Prices in the Region

Source: EAGC RATIN

Busia border, however, had a significant amount of informal sorghum trade.

The total amount of red and white sorghum traded was 4,936.307 MT

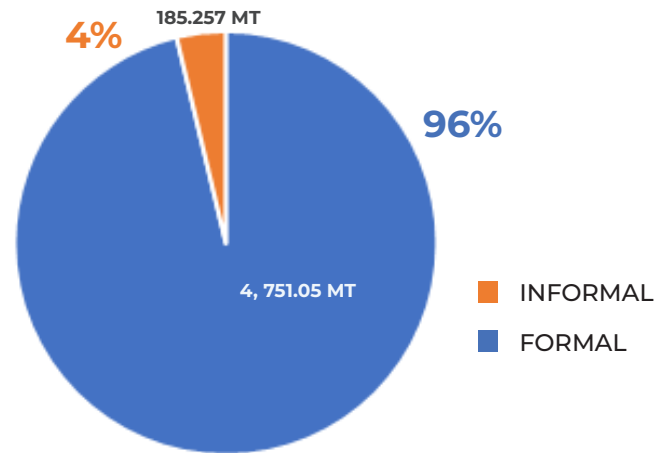


Figure 11: Share of Informal and Formal sorghum Trade | Source: EAGC RATIN

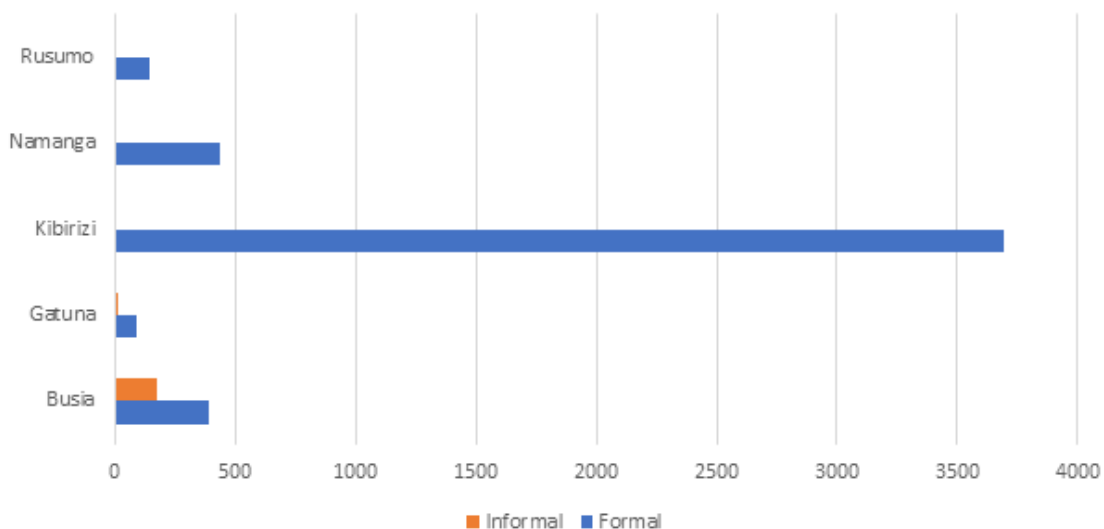


Figure 12: Sorghum Cross-border Trade Volumes | Source: EAGC RATIN



Millet

The highest millet prices were in Nakuru Wakulima market, Kenya, from April 2023 to June 2024, while the lowest prices were in Arusha, Tanzania. Millet prices increased in Uganda and Kenya from early 2024, with Q2 2024 seeing higher prices than Q1. Dar es Salaam maintained stable prices from early 2024 to June.

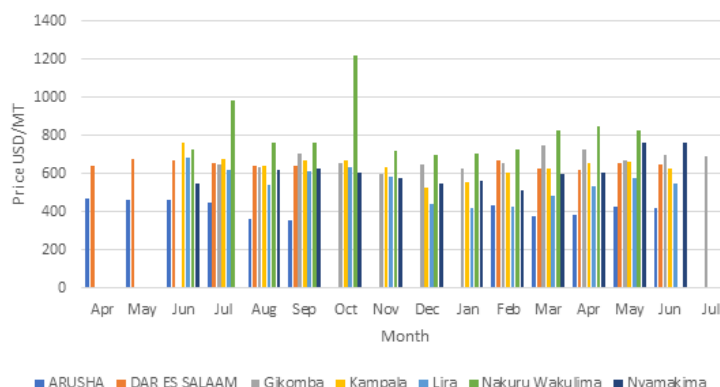


Figure 13: Millet Prices in Various Markets Across the Region | Source: EAGC RATIN

Grain Trade Policy Situation Update

[URA eases labelling requirements for fresh produce from Tanzania](#)

Effective June 1, 2024, traders importing rice and produce from Tanzania must adhere to new labeling guidelines from the Uganda Revenue Authority (URA), including declarations on milling, genetic modification, product details, manufacturer, batch number, net weight, storage instructions, crop year, and disposal of packaging. This measure aims to uphold standards and ensure the collection of the 75% import duty on rice originating outside the East African Community (EAC). Enforcement will be managed by customs and the Uganda National Bureau of Standards (UNBS). Non-compliant traders should notify the URA, while customs agents are cautioned against tampering with exit notes. Stakeholders have requested the URA to allow the exhaustion of old stock and called for harmonized policies between Tanzania and Uganda to ensure fair trading conditions.

[Read more...](#)

GLOSSARY

- FEWSNET** : The Famine Early Warning Systems Network
- NFRA** : National Food Reserve Agency
- RATIN** : Regional Agriculture Trade Intelligence Network
- EAGC** : Eastern Africa Grain Council

About the Eastern Africa Grain Council

The Eastern Africa Grain Council (EAGC) is a membership-based organization representing the grain sector in Eastern and Southern Africa. The Council exists to facilitate efficient, structured, profitable and inclusive grain trade in its 10 mandate countries, namely Kenya (Regional Headquarters), Uganda, Tanzania, South Sudan, Ethiopia, Burundi, Rwanda, Zambia, Malawi and the Democratic Republic of Congo.

EAGC draws its membership from grain sector value chain actors in its Member States, which include farmers, traders and processors. Support service providers and complimentary sectors such as agro-input suppliers, financial services and animal feed manufacturers also form part of the Membership. In facilitating structured grain trade in the Eastern Africa region, EAGC provides trade facilitation services through the EAGC G-Soko Grain Trading System; market and cross-border trade information through the Regional Agricultural Trade Intelligence Network (RATIN – www.ratin.net); pursuing appropriate policy reforms to support growth of structured grain trade through the Agricultural Trade Policy Advisory Forum for Eastern and Southern Africa (ATPAFESA); and capacity building of grain industry stakeholders through the Grain Business Institute (GBI).

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