

AFRICAN MARKET OBSERVATORY (AMO): PRICE TRACKER

Welcome to the monthly food price tracker. This is an initiative of the African Market Observatory (AMO) of the [Centre for Competition, Regulation and Economic Development](#), at the University of Johannesburg, and with the support of the [Shamba Centre for Food and Climate](#). It summarises key trends in prices in East and Southern Africa (ESA) for selected staple food products, focusing on highlighted areas.

Online version of the [MARCH 2024 PRICE TRACKER](#)

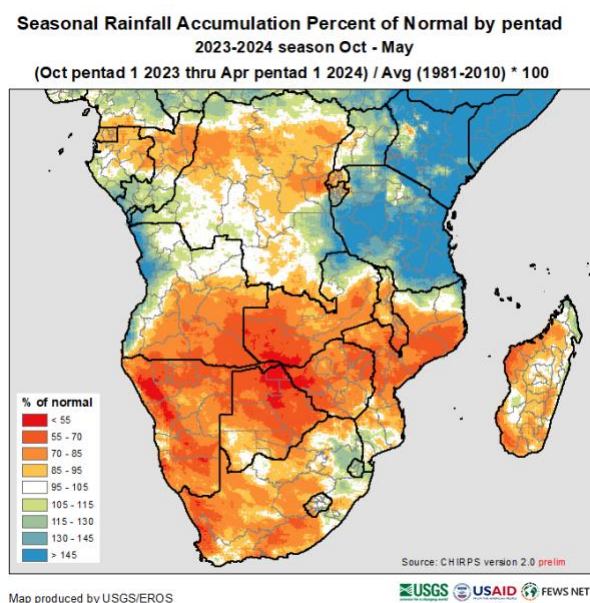
Focus - Adverse impacts of El Niño in Southern Africa while good conditions in East Africa – effects on soybeans and maize

Key Developments

- In southern Africa [Malawi](#), [Zambia](#) and [Zimbabwe](#) have declared a state of disaster as the El Niño weather state to which the El Niño-Southern Oscillation moved in late 2023 poses risks of drought for southern Africa (*Figure 1*)
- At the same time, good rains in East Africa has brought [substantially improved](#) production in Tanzania, Kenya, Uganda and Rwanda, including increased maize production in [Tanzania](#) and [Uganda](#)
- [Limited uptake](#) of subsidized fertilizer in Kenya, farmers are either unaware of purchase points or still not affording under the subsidy
- Expected reductions in Zambia and Malawi soybean harvests have led to [soybean export bans](#)

Seasonal Rainfall

Figure 1. Seasonal rainfall southern Africa



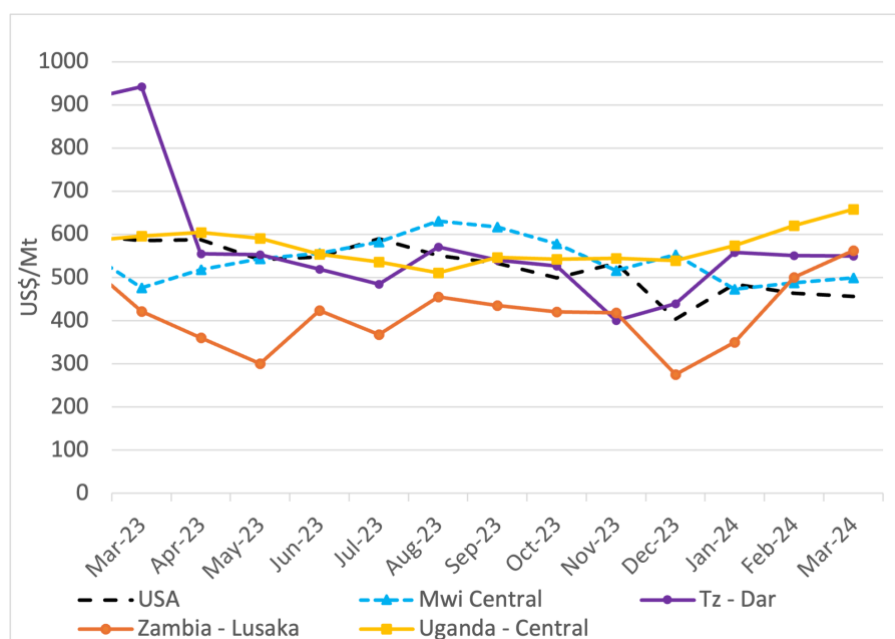
Below average rainfall has led to reduced production estimates in southern Africa, however, production estimates in eastern Africa are high – reflecting the good rainfalls the region is experiencing because of El Niño. In the case of maize, estimates show that Tanzania has sufficient excess of maize to supply the shortfalls in southern Africa countries, Malawi, and Zambia. Therefore, even though the southern Africa countries production estimates of maize have been revised down – the region as a whole is not in a shortfall. Intra-regional trade from East to South is an important part of mitigating the extreme weather impacts.

Soybean price developments

Zambia is the largest producer of soybeans in the region (outside GM producing South Africa), with [production around 650 000Mt](#) (metric tons) in 2023, followed by Malawi with around [400 000Mt](#). These countries have been exporting around one-half of their production (including as soycake).

With the harvest in April/May fast approaching, projections are for Zambian production to collapse to around [250 000Mt](#) and not meet local demand of around is [200–300 000Mt](#) annually. This appears due to a combination of drought conditions, farmers planting much less due to poor prices in 2023, and [soybean rust](#). Zambia farmers purchased [50% less soybean](#) seed for the 2024 season than the previous year. Prices in February and March increased strongly to reach US\$560/Mt (*Figure 2*).

Figure 2. Soybean prices, selected countries



Source: AMO based on price tracker data from multiple sources.

In Malawi, production is expected by the [Ministry of Agriculture](#) to fall by 20% to around 320 000Mt due to the weather conditions. [Previous analysis](#) shows that Malawi would still be able to meet domestic demand but would have reduced capacity to export. The changes in Zambia and Malawi affect the whole regional supply and demand balance.

Typically, Zambia’s soybean prices are the lowest in the region (*Figure 2*). From March-December 2023 prices were around US\$130-200/Mt below world prices which averaged US\$500/Mt. This is below the export price when considering the transport cost of US\$80/Mt to Dar es Salaam in Tanzania.

The Zambia prices have been suppressed while, on the other hand, prices in soybean importers such as Tanzania and Kenya have been very high. The extremely low prices in Zambia [discouraged](#) farmers from planting as much soybean for the 2024/25 planting season. Part of the causes of lower production is therefore the result of farmers being squeezed on prices in the previous year.

Zambian soybean prices below export parity harm producers

The very poor harvest expectations have seen Zambia soybean prices doubling from US\$275/Mt in December 2023 to US\$560/Mt in March 2024. This is just over US\$100/Mt above the world benchmark price (USA) (*Figure 2*). In response the Ministry of Agriculture in Zambia [issued a ban on soybean and soya cake exports](#), effective on 16 March 2024.

Malawi also issued a ban on exports of raw soybeans in March. Malawi soybean prices have fluctuated around US\$500/Mt (*Figure 2*). On current expectations, Malawi will still have a

small surplus above local demand which means there will be soycake exports, while Zambia appears likely to require imports and prices can continue to increase depending on alternative sources. Tanzania and Kenya are net importers. Uganda is an exporter and an alternative source for the region.

Maize price developments

Maize production in Malawi, Zambia and Zimbabwe is projected to fall substantially this year, while good harvests are expected in Kenya, Tanzania and Uganda.

Estimates for Zambia are of [2.2 – 2.8 million Mt](#) in 2024, compared with [3.3 million Mt](#) in 2023, enough to meet annual demand around 2.5 million Mt (especially taking into account stocks being held). In Malawi about [44%](#) of maize production has been impacted by the drought and government predicts that the normally self-sufficient country will need to import about [600 000Mt](#) of maize this year. Both Malawi and Zambia have [declared national disasters](#). In February, the Zambian government has enacted an [export ban](#) on all maize and maize meal.

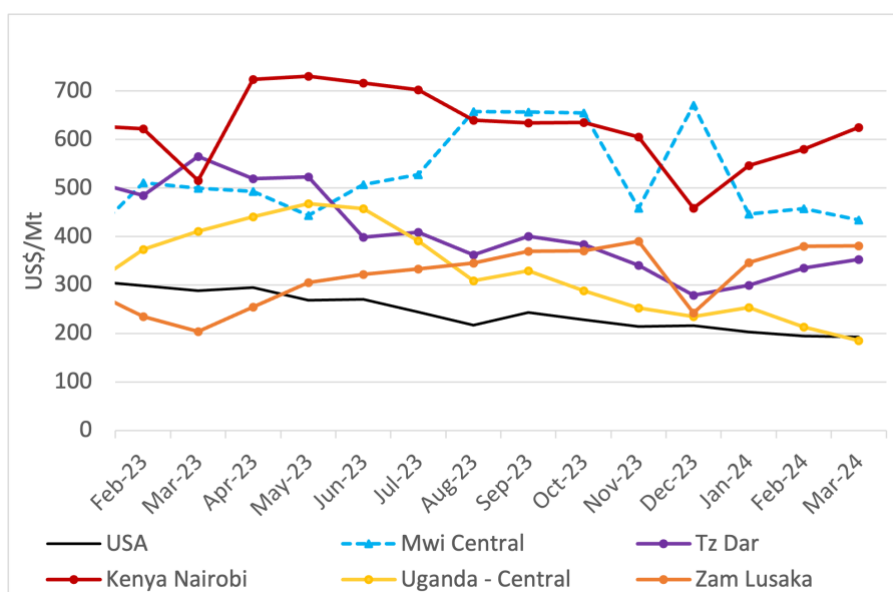
On the other hand, east African countries are projected to have [good harvest](#) for the 2024/25 season due to above average rainfall in line with the typical El Niño trend and countries such as Tanzania and [Uganda](#) can meet regional demand. Tanzania is currently projecting to harvest [10 million Mt](#) against an annual domestic demand of [6 million Mt](#). The 4 million Mt excess maize is seven times the projected import requirements for Malawi.

Prices in Zambia and Malawi have been converging at levels which appear reasonable, being in line with Tanzania, around US\$350-430/Mt (*Figure 3*).

El Niño Strikes: Maize Production and Exports Decline in Southern Africa

By comparison, Kenya's prices have increased to an extremely high level of US\$625/Mt, far above Tanzania and more than three times prices in Uganda. Uganda prices have fallen below US\$200/Mt in March. On the other hand, Rwanda's prices have increased from US\$277/Mt in February to US\$314/Mt after the conclusion of the 2024A harvest season in February.

Figure 3. Maize prices, selected countries



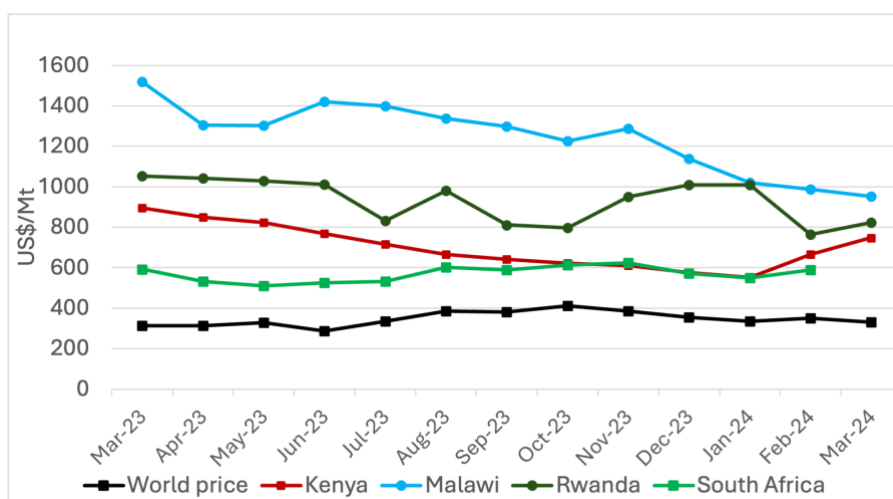
Source: AMO based on price tracker data from multiple sources.

These countries are all neighbours in the East African Community with good transport routes between them but the prices reflect a complete lack of effective regional integration. One possible reason is trade restrictions due to phytosanitary risks. For example, Kenya millers have found dangerously [high aflatoxin](#) in Ugandan maize.

Fertiliser Developments

Even though declining, Malawi fertiliser prices remain the highest in the region at US\$952/Mt for the benchmark urea product (*Figure 4*). This price is almost triple the world price of US\$330/Mt. Rwanda fertiliser prices, by comparison, remain around US\$800/Mt after reducing from January prices of US\$1008/Mt. Kenya prices, which were around prices in South Africa, have been increasing in February and March.

Figure 4. Fertiliser prices Prices, selected countries



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

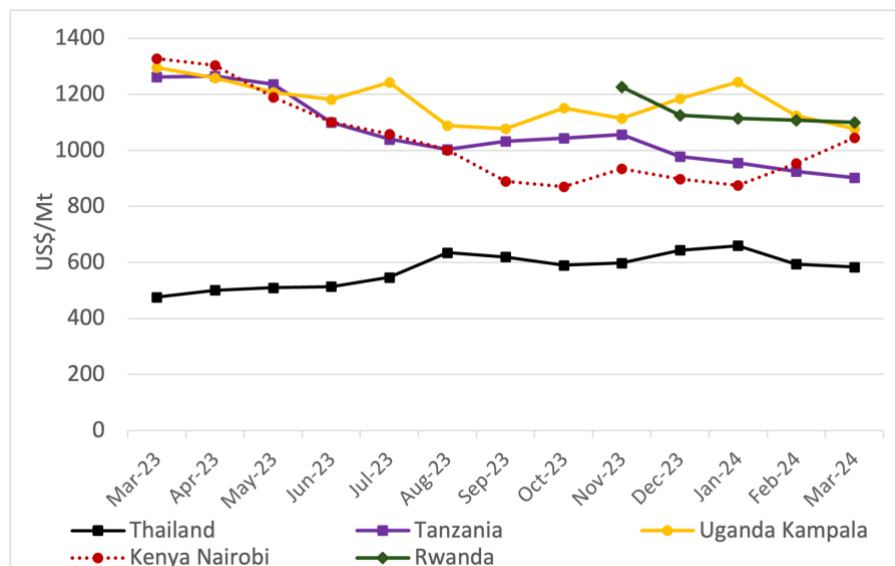
At US\$748/Mt in March the Kenyan prices are more than double the world price. This points to excess margins of around 30% being made at the expense of Kenyan farmers after [accounting for all transport costs and allowing 20%](#) agro-dealer margins. The price increases have come as there are reports of [low subsidy uptake](#) by farmers in Kenya.

Rice price developments

Regional rice prices are close to double the international benchmark of Thailand (*Figure 5*). Rice prices in Kenya (US\$1045/Mt), Rwanda (US\$1100/Mt) and Uganda (US\$1078/Mt) have all converged in March.

Tanzania's prices have continued to decline, to US\$903/Mt in March 2024. Although India, one of the largest exporters of rice continues the [export ban](#), Tanzania has imported [30 000Mt](#) of rice from India this past month through the Indian government's National Cooperative Exports company.

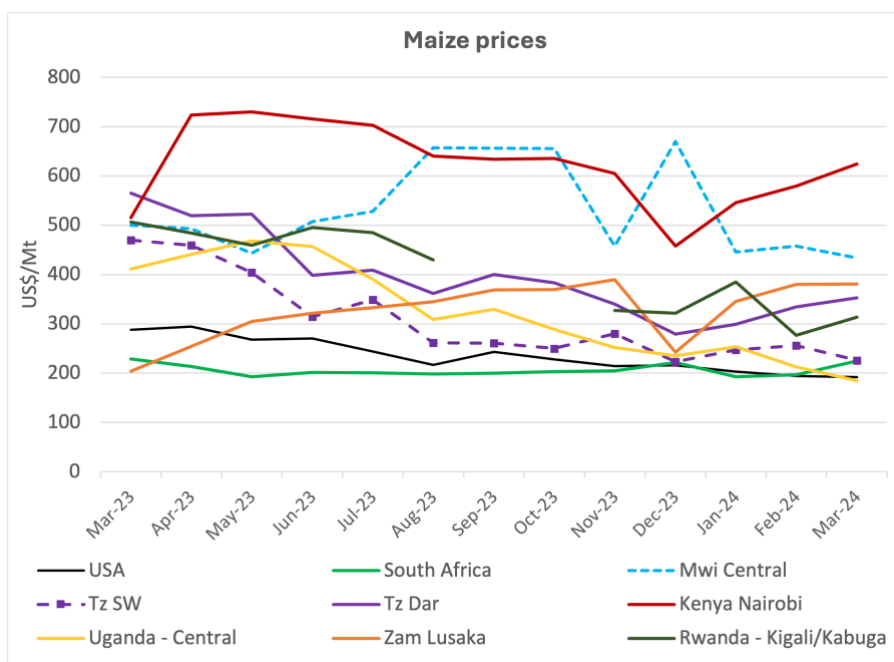
Figure 5. Rice Prices, selected countries



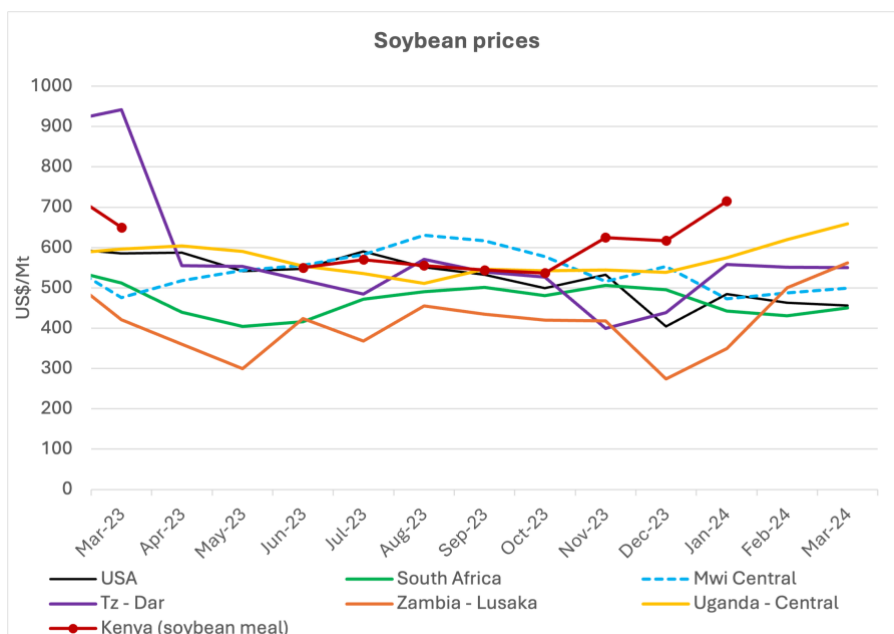
Source: AMO based on price tracker data from multiple sources Thailand prices from World Bank.

Globally, El Niño conditions are expected to [tighten rice supplies](#) as key exporters such as Thailand are experiencing lower than average rainfall.

Detailed price charts – International & selected countries



Source: AMO 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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African Market Observatory (AMO)



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

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