



Market Analysis for the Week Ending January 14, 2012

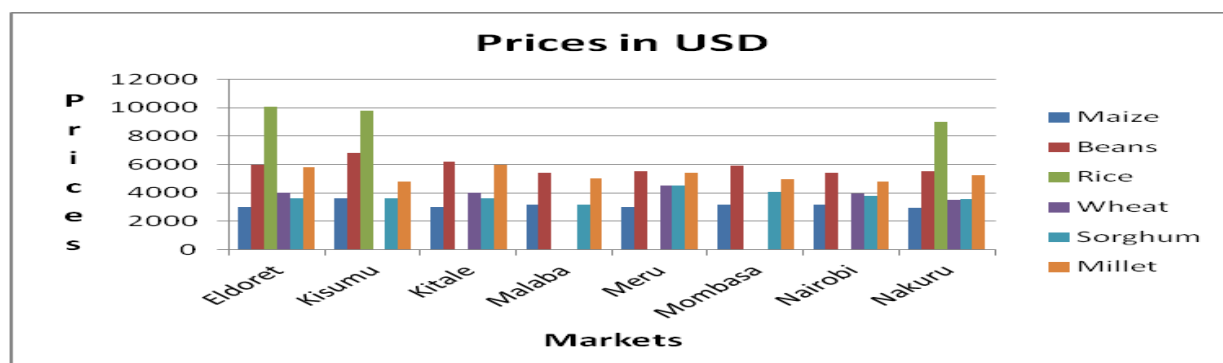
The week was still marked with a relatively low market activities compared to the duration preceding the December Holiday. Most markets recorded relatively constant prices with exception of the Ugandan markets where there were tremendous reduction in prices of most commodities. This reduction in prices of commodities in Uganda is as a result of the harvests going on in most parts of the country.

The supply of most commodities was generally good across the region with the exception of the Wheat and Millet. The demand for these two commodities still supersedes the supply in the region. Rice supply was somehow constant and slightly below the quantity demanded pushing its prices slightly higher in most countries.

Kenya

Commodity Prices

	Maize	Beans	Rice	Wheat	Sorghum	Millet
Eldoret	3000	6000	10080	4000	3600	5800
Kisumu	3600	6800	9800		3600	4800
Kitale	3000	6200		4000	3600	6000
Malaba	3200	5400			3200	5000
Meru	3000	5500		4500	4500	5400
Mombasa	3200	5900			4050	4950
Nairobi	3200	5400		3950	3800	4800
Nakuru	2950	5500	9000	3500	3580	5250



Most markets are still recovering from the December holiday anomalies where the consumers purchased most commodities in a more or less unconscious manner leading to sharp increase in demand of commodities before the holiday and sharp decline immediately after the holiday.

Most households are coming to terms with the fact that they spent most of their earnings during the holidays weakening their purchasing power. The prices of most commodities remained fairly constant with fluctuation in prices only witnessed in Rice and wheat. Rice and Wheat are still very rare in the Kenyan markets and their prices remain an all time high.

Overall, Nakuru registered some the lowest prices in the country for almost all the commodities. The supply of all commodities with exception of millet was impressive and the market activities seemed to have picked really well.

Maize

Maize being the major staple food in Kenya, it registered a high flow with very good supply especially in the Rift Valley and Western part of the country. The supply is expected to rise in the next few weeks with a possible slight reduction in prices. The average price of maize throughout the week stood at Kshs 3,150 with Nakuru registering the lowest price of Kshs 2950 per 90 Kg bag.

Beans

Prices of beans have remained fairly constant for the last two weeks in most of the markets with the supply being equally good. However, the demand of beans is yet to recover from the shock it suffered after the December holiday. It is anticipated that with most schools having resumed, the demand for Beans will be high and that could easily trigger the prices to slightly go up. Beans traded at an average price of Kshs 5,850 with the lowest prices being registered in Malaba where the average price was Kshs 5,400.

Rice

The supply is quite low in most markets. In some cases there was complete absence or extremely short supply of the commodity in some markets such as Meru, Kisumu among other markets. In markets where it was available, the price was as high as Kshs 11,000 per 90 Kg bag. Rice traded at an average price of Kshs 9,650 per 90 Kg bag with Nakuru registering the lowest market price of Kshs 9,000 per 90 Kg bag.

Wheat

Supply is low is quite low in most markets and the available quantities are sold through the National Cereals Board. With exception of Nakuru, most markets have extremely low supply of wheat with an average price of Kshs 4,000. Nakuru registered the least price in the country where the commodity traded at an average price of Kshs 3,500.

General Mood in the Country

With the government announcements that the waivers will be scrapped, the fuel and food prices are set to rise. This will most likely lead to a higher inflation and further depreciation

of the shilling. The transport and power costs will definitely raise the cost of production thereby reducing the Kenyan competitiveness in the region.

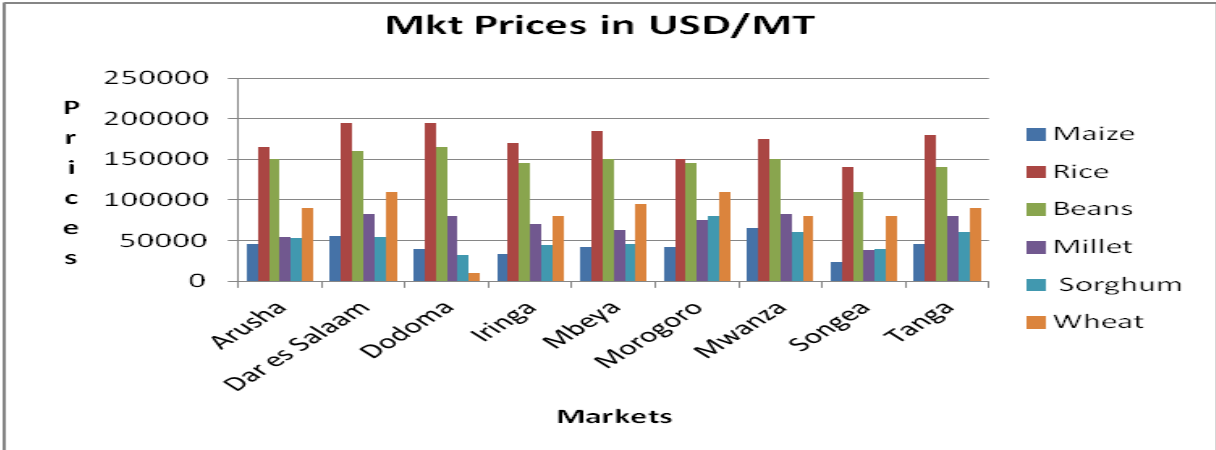
While the political atmosphere appeared calm at the beginning of the week, it somewhat deteriorated with the announcements of the next general election’s date and the recommendation for action against the country’s Deputy Chief Justice for professional misconduct. This situation was made worse with the anticipation mood that is already engulfing the country as majority await the decision of the ICC on the Kenya suspects that is due next week.

Some of these political speculations have the tendency of dampening the moods of the people including traders and investors thereby lowering the market activities as well as interfering with the routine interactions of the supply and demand.

The economists are already predicting doom in grain supply with high food prices expected to start rise steadily in the country. This, if it comes to be will have far reaching effects that could shake every part of the economy since it will also push the working class to start demand higher salaries and wages. This is likely to be made worse by the fact that that the weather man is also predicted the delay in the erratic rains that could lead to a delay in the planting of crops pushing the inflation to worse level.

Market Analysis for Tanzania

	Maize	Rice	Beans	Millet	Sorghum	Wheat
Arusha	45000	165000	150000	54000	53000	90000
Dar es Salaam	55000	195000	160000	82000	54000	110000
Dodoma	40000	195000	165000	80000	32000	9500
Iringa	33000	170000	145000	70000	44000	80000
Mbeya	42000	185000	150000	63000	45000	95000
Morogoro	42000	150000	145000	75000	80000	110000
Mwanza	65000	175000	150000	82000	60000	80000
Songea	24000	140000	110000	38000	40000	80000
Tanga	45000	180000	140000	80000	60000	90000



The markets prices were generally stable in Tanzania. However, the variation in commodity prices was notably high in Dar es Salaam market. The general rise in prices was evident in all the traded commodities. This rise was due to high fuel prices, pushing the transport costs up leading to high commodity costs. The commodities sold in Dar es Salaam and other urban towns are usually ferried from the upcountry market and therefore a high fuel cost has great impact on the commodity prices. This coupled with a high demand of commodity due to vast population and a fall in supply of most commodities in Dar es Salaam, the rise in prices becomes quite inevitable.

Maize

The week's average price of maize stood at Tshs 47,600 per 100kg bag, a drop of 13.5% from last week's prices. However, the opposite was witnessed in Dar es Salaam where prices were on a steady rise beginning monday when it averaged at Tshs 51,000 to reach a high of Tshs 55,000 by Saturday recording a 10% rise in prices.

The sharp rise in prices could be easily attributed to the fall in supply of maize in Dar es Salaam. The supply has since shifted to Mwanza region which has had some of the highest prices of the commodity in the entire country. Mwanza has been leading with high prices in the whole country with Tshs 63,000 early in the week and closing at Tshs 65,000, a percentage increase of 3%. The prices in Mwanza are expected to remain high due high fuel prices pushing the operational costs of the maize traders up. This is happening against the backdrop of high flow of trucks from production regions. The maize prices are expected to remain high probably up to new harvest.

Beans

Beans prices also rose significantly especially in Dar es salaam where the price rose from Tshs 155,000 last week to a high of Tshs 160,000 by close of this week, a percentage increase of 3.2%. The rise was also recorded in Mwanza where the prices hit a record high of Tshs 150,000 high; recording a percentage rise of 6.6%.

There was a marked variation in the prices of maize especially in Arusha where prices dropped greatly from a high of Tshs 52,000 to Tshs 46,000 per 100kg bag. The rest of the regions had stable prices throughout the week with new stock starting to tickle into the markets. It is anticipated that the prices will soon start falling as more harvest reach the markets.

Rice

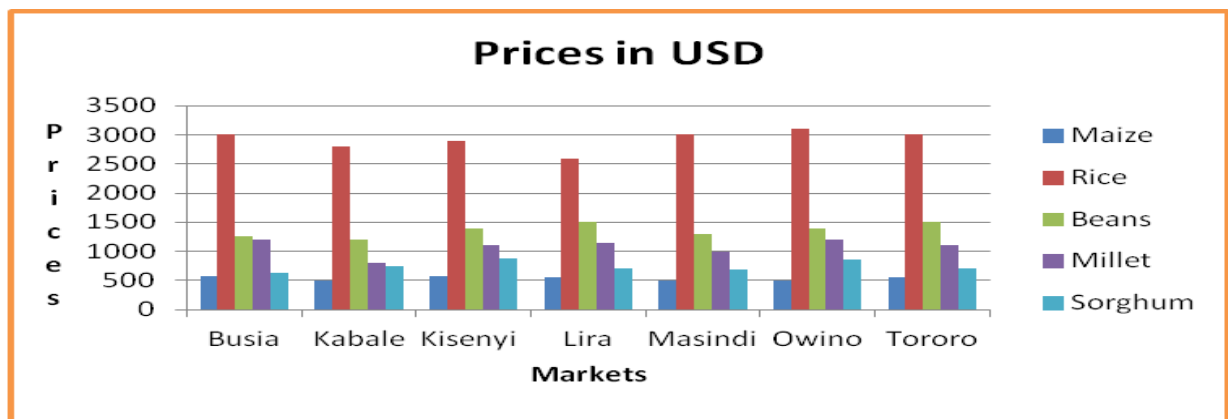
Rice prices were somehow stable in all the market with exception of Songea market where prices have been rising steadily from the beginning of the week's price of Tshs 13,000 to a high of Tshs 140,000 by close of the week; a significant rise of 7.6%. Dar es Salaam also registered significant rise from a price of Tshs190, 000 to Tshs 195,000.

Sorghum

Sorghum prices were equally on the increase in major urban markets including Dar es Salaam market. The rest of the markets were quite stable in prices of sorghum. Sorghum averaged at a price of Tshs 52,000 across the markets with the lowest price of Tshs 32,000 registered in Dodoma. The highest prices were recorded in Morogoro market where it closed the week with high prices of Tshs 80,000.

Market Analysis for Uganda

	Maize	Rice	Beans	Millet	Sorghum
Busia	580	3000	1250	1200	620
Kabale	500	2800	1200	800	750
Kisenyi	570	2900	1400	1100	880
Lira	550	2600	1500	1150	700
Masindi	500	3000	1300	1000	680
Owino	500	3100	1400	1200	850
Tororo	550	3000	1500	1100	700



Commodity prices were on a downward trend in most markets especially in Kabale, Lira, Masindi and parts of Tororo markets. The reduction continues to deep in as the parents dispose their commodities in order to raise money to take the children to school. This has led to a lot of produce entering the market leading excess supply with a drastic price fall effect.

The Market activities especially in the Kampala (Kisenyi and Owino) markets were also affected in the last two days of the week by the ongoing protests with most stores closing as the traders try to show their dissatisfaction with banks over high rates.

Maize

Maize prices continue to fall. The prices are expected to continue to drop even further since farmers are still harvesting especially in Tororo and parts of Mt. Elgon; this is likely to happen up to the beginning of term one. Most of the Kenyan traders who have been creating the demand in Ugandan Busia markets are now shifting trade to Kitale where the harvesting has also begun bringing down the prices in both markets.

Most markets registered an average price of Ugs 500 per Kg. However, in Busia, the prices were still relatively high as some traders being able to cross from Kenya to Uganda to get the commodity at a better price leading to improved demand.

The prices were relatively lower in the major producing areas such as Busoga, Kigumba and Masindi.

Rice

The price of rice was also on a declining trend with some markets being flooded with rice boosting the supply that was depleted towards the December holiday up and pushing the prices down.

In eastern part of especially Busia, the rice traded is mostly from the Busia Burundi sub-county. This rice Upland was traded at a price of Ugs 2,500 per Kg.

The Super rice was the lowest priced in Kabale where it traded at an average of Ugs 2,800. However, it varied from a price of Ugs 2,600 and 2,850 per Kg. The overall price reduction in most markets was as a result of the ongoing harvests.

Beans

The demand for beans was still high with the yellow beans being the most demanded variety country wide and it's expected to have high price of sale. However, in Kabale the traders preferred the Nambale type and mixed small beans than yellow beans from NAADS.

Sorghum

Most of the sorghum sold in Uganda come from the Soroti, Serere, and Kumi areas and sold mostly in Busia at an average price of Ugs 650. It's on high demand from the Kenyans traders that usually offer the best market prices for the commodity.

Millet

Most millet sold in the Kampala markets are brought in from the Teso region and Eastern parts of Tororo, Mayuge, Busia region. The millet is sold at an average of Ugs 750 from the farmers themselves. The price for millet is expected to continue dropping as more produce reach the market.

Rwanda and Burundi

Most market prices in Rwanda and Burundi did not vary from last week's prices but still remain some of the highest prices in the region.

Maize

Maize supply in the Rwanda and Burundi markets was generally good with mostly one variety found in these markets. The average price for maize in Rwanda was 250 RWF per kg while in Burundi it traded at 590 BIF.

Beans

In Burundi, the yellow variety of beans is regarded as the best quality and its demand is extremely high. It traded at a price of 1,100 BIF and its demand was extremely high. Other variety of beans traded at a cost of 750 BIF.

In Rwanda, Beans traded at an average price of 350 RWF per kg in most markets.

Rice

There were various varieties of rice especially in Burundi with the best (kigoma) variety trading at 1,800 BIF. Other rice varieties traded as follows: 1,450 BIF per Kg for Zambia and 1,400 BIF per Kg for maregete variety.

In Rwanda, the average price of rice was 700 RWF per Kg and the supply was fairly good across the country's most grain markets.

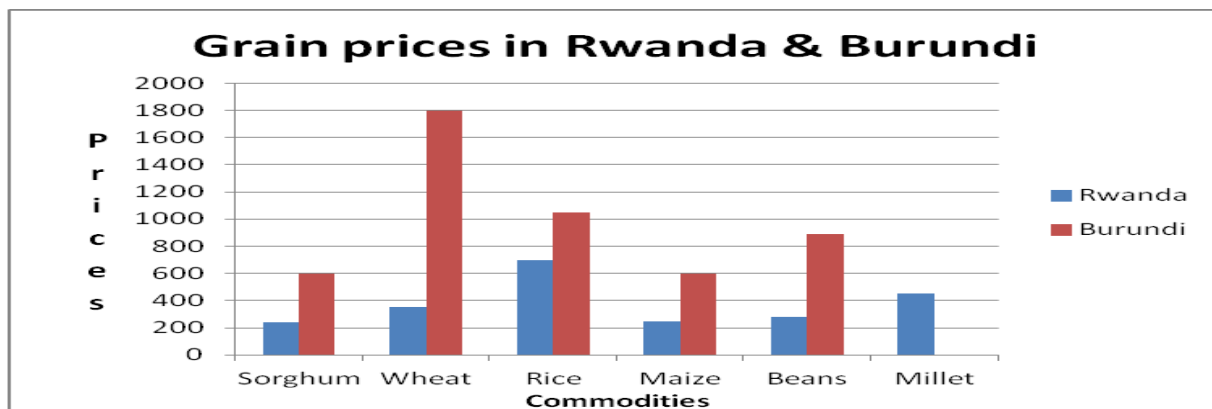
Wheat

In Burundi, the best quality of wheat trade at a cost 850 BIF and it is mainly from Muramvya. The second best quality was going at a cost of 800 BIF per Kg whereas in Rwanda wheat was trading at a cost of the 350 RWF per Kg.

Sorghum

Sorghum was sold at 580 BIF per Kg in Burundi while in it was 240 RWF per Kg. The supply of sorghum was fairly good with notably good demand.

	Sorghum	Wheat	Rice	Maize	Beans	Millet
Rwanda	240	350	700	250	280	450
Burundi	600	1800	1050	600	890	



Currency Variations

Even though most of the local currency remained fairly constant through the week, the dollar seemed to gain more strength as week progressed. The Rwandan Franc seemed to be the most stable of all the local currencies; it started the week at 595 against the dollar and ended a 596 and single digit slip. The Kenya Shillings was also fairly constant only deteriorating on the last two days with two digits.

For the rest of the countries, there were notable variations the local currency against the dollar. Most of them with exception of the Tanzanian Shillings weakened against the dollar as the week progressed as shown below:

	Jan. 9	Jan. 10	Jan. 11	Jan. 12	Jan. 13	Jan. 14
Kenya	86	87	87	87	88	88
Tanzania	1578	1578	1563	1563	1563	1560
Uganda	2433	2433	2421	2421	2421	2389
Rwanda	595	596	596	596	596	596
Burundi	1313	1313	1305	1279	1307	1297

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