

## EAST AFRICA: KENYA, TANZANIA, UGANDA, September 14, 2017 ETHIOPIA, SOMALIA, SOUTH SUDAN, RWANDA, AND BURUNDI Regional Maize Supply and Market Outlook

### KEY MESSAGES

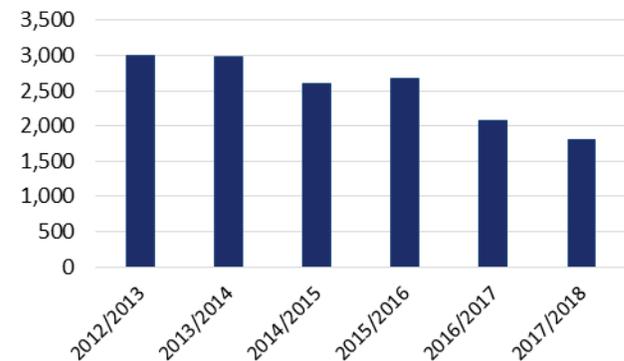
- This report summarizes the supply and market outlook for maize grain in the east African countries of Tanzania, Uganda, Kenya, Ethiopia, Somalia, South Sudan, Rwanda, and Burundi. The outlook period follows the 2017/18 marketing year (MY), spanning from July 2017 to June 2018 and covering two main harvests—the 2017 June-to-August harvest and the 2017/2018 October-to-February harvest. While the June-to-August harvest data estimates are more reliable, the October-to-February harvests are projected and may be updated as data becomes available.
- Preliminary production estimates suggest that, at the regional level, aggregate maize production for MY 2017/18 is expected to recover and be slightly higher than the 2016/2017 period and similar to five-year average levels (**Figure 1**). Carryover stocks were low following last year's poor harvest. The region is nevertheless expected to maintain a maize surplus, but at below average levels (**Figure 2**). Imports from regional and international markets are expected to help fill domestic supply gaps.
- Ethiopia, the leading maize producer in the region, is expected to have an average surplus, while Tanzania and Uganda, also maize surplus-producing countries, are estimated to have below to well below-average exportable maize surpluses through July 2018. An export ban on maize grain flows from Tanzania may continue to restrict maize from reaching the maize deficit countries of Kenya, Burundi, and Rwanda where deficits are projected to be significantly above average. South Sudan and Somalia are projected to maintain dependence on imports and food assistance for maize as well as other staple foods in 2017/18.
- Nominal and export parity maize prices are expected to remain above-average in all countries through the end of 2017.
- Given this projected supply situation, monitoring the ongoing regional trade policies (including export restrictions in Uganda and Tanzania), international import levels, and the performance of upcoming harvests will be essential in 2018.

**Figure 1.** Regional maize production (000s MT)



Source: FEWS NET estimates based on data from regional governments and multi-agency assessments.

**Figure 2.** Regional net maize supply estimates (000s MT)



Source: FEWS NET estimates based on data from regional governments and multi-agency assessments.

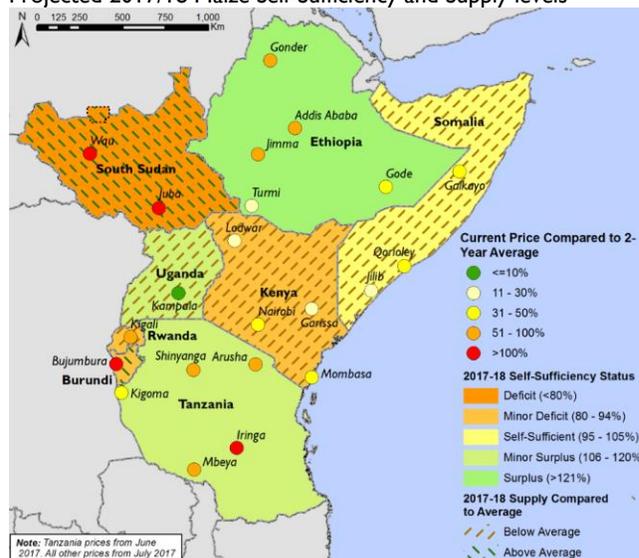
#### ABOUT THIS REPORT

The Famine Early Warning Systems Network (FEWS NET) monitors trends in staple food supply and price trends in countries at risk of food insecurity. The Regional Supply and Market Outlook report provides a summary of regional staple food availability, surpluses and deficits during the current marketing year, projected price behavior, implications for local and regional commodity procurement, and essential market monitoring indicators. FEWS NET gratefully acknowledges partner organizations, national ministries of agriculture, national market information systems, regional organizations, and others for their assistance in providing the harvest estimates, commodity balance sheets, as well as trade and price data used in this report.

**PROJECTED MARKET TRENDS FOR 2017/18**

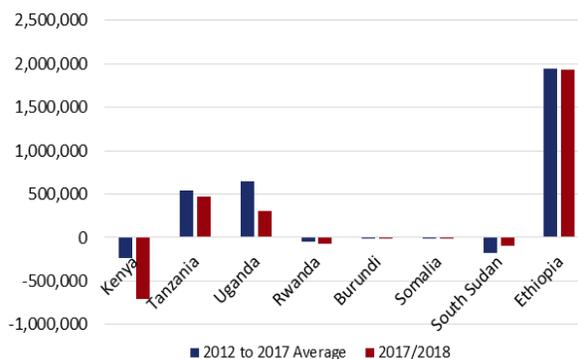
- Domestic maize production in Tanzania for MY 2017/18 is expected to recover slightly from last year’s poor production and reach average levels (**Figure 3**). The *Msimu* harvest in the central unimodal areas, as well as both the *Vuli* and *Masika* harvests in the northern bimodal areas, are significantly below-average. However, the May-to-August (*Msimu*) harvest in the main producing southern highlands (contributing 75 to 80 percent of the total annual national maize production), is estimated to be 14 percent higher than last year. The spatial distribution of the estimated *Msimu* harvest varies considerably (from slightly below average in the Rukwa uplands and parts of Mbeya to significantly above 2016/2017 production in the Rukwa lowlands and Songea).
- However, as a result of low carry-over stocks from last year, Tanzania’s maize surplus is expected to be below-average for a second consecutive year. Maize grain exports from Tanzania are expected to remain below-average. Trade flows will continue at low levels, despite the maize grain export ban put in place by the Government in June 2017 following high prices in early 2017 driven by high demand coupled with below-average production for a second consecutive year. This policy is also expected to continue to moderate flows coming from Malawi and Zambia for re-export. Although informal exports have continued to flow into Kenya, import prices have been elevated by the costs associated with circumventing the ban.
- In Uganda, also an important maize exporter in the region, annual maize production is expected to be near average, despite earlier concerns about Fall Army Worm. However, similar to Tanzania, low opening stocks will result in a well below-average exportable surplus for Uganda through 2017/18 (**Figure 4**). Maize exports from Uganda to South Sudan will remain constrained by conflict, broadening insecurity, high risk premiums, and thin markets. Tax exempt food commodity imports into South Sudan will likely play a relatively important role. In Ethiopia production will be near average due to favorable June to September *Kiremt* rainfall in most northern and central regions. Exports from Ethiopia to Kenya are expected to increase exceptionally following market promotions by regional trade organizations and Kenyan traders, which has increased interest in trading maize to Kenya.
- Maize prices in Tanzania are expected to remain above the five-year average prices because of high demand in both the domestic and regional markets amidst tight supplies, despite the export ban (**Figure 5**). Prices are however expected to continue declining seasonably through September with increasing supplies from the May-to-August harvest, and then start increasing typically from October through January 2018 as supplies start to tighten.
- In Ethiopia and Uganda, maize prices are also projected to remain well above the five-year average. While prices are expected to trend closer to average towards the end of 2017 in Uganda, generalized inflation will sustain high price levels in Ethiopia (**Figure 5**).

**Figure 3. Current Maize Prices compared to Average, and Projected 2017/18 Maize Self-Sufficiency and Supply Levels**



Source: FEWS NET estimates based on data from regional governments and multi-agency assessments.

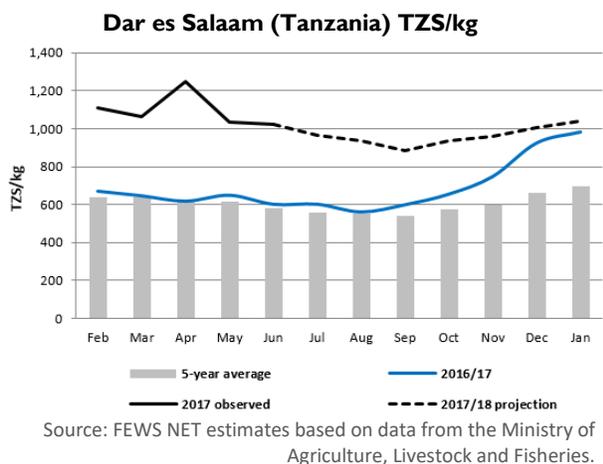
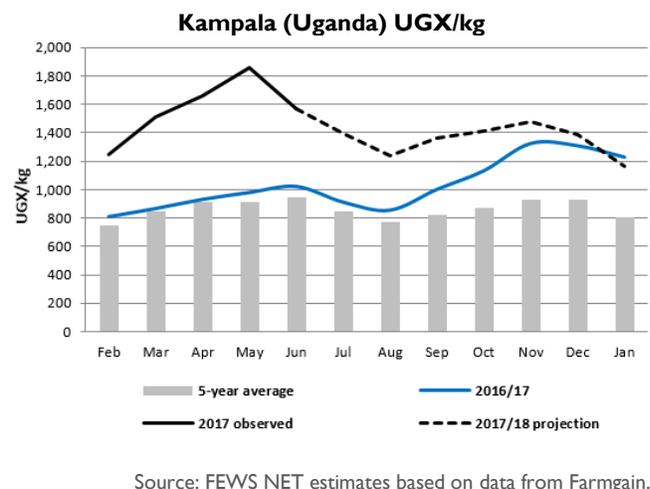
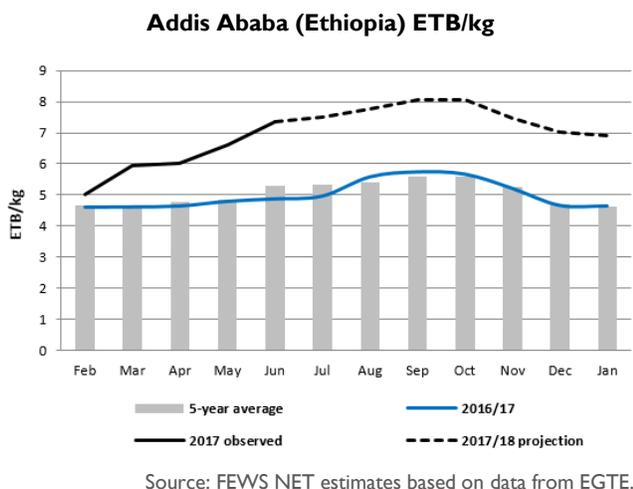
**Figure 4. Domestic Maize Balance, Average versus 2017/18**



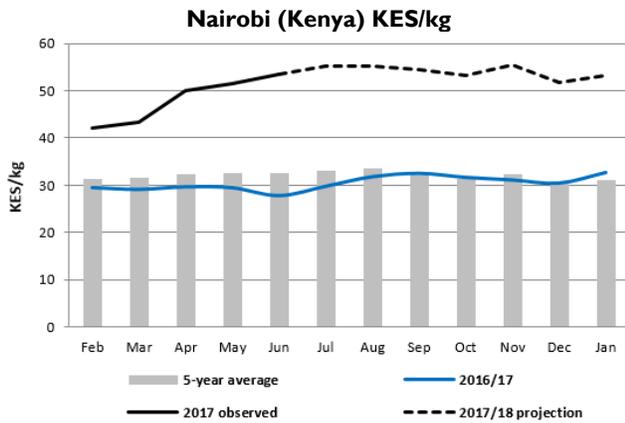
Source: FEWS NET estimates based on data from regional governments and multi-agency assessments.

- Maize import gaps in structurally deficit Kenya, Somalia, Rwanda, and Burundi are projected to be significantly above average for MY 2017/18, with the largest deficit in Kenya. As a result of tight supplies, maize prices in these countries are expected to remain well above-average through July 2018 (Figure 6). In Burundi, the worsening macro-economic situation is expected to result in the continued depreciation of the Burundian franc (BIF). This, coupled with the ongoing Tanzanian export ban, is expected to continue restricting trade (imports are projected to decline further by 27 percent from last year), tightening supply and exerting additional upward pressure on prices. In South Sudan, prices are expected to remain high through January 2018 because of expectations of worsening insecurity during the dry November-to-May period, which will likely disrupt the November-to-February harvest across most productive areas in the country. Maize prices are expected to be exceptionally higher than previous years because of protracted conflict and the persistent worsening of the macro-economic situation.

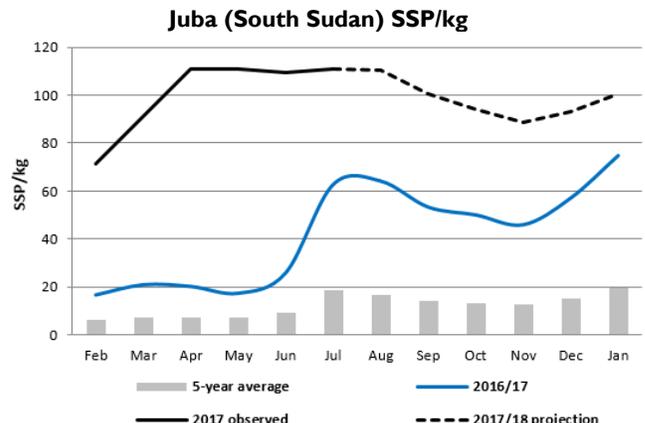
Figure 5. Maize price projections in structurally-surplus areas August 2017 - January 2018



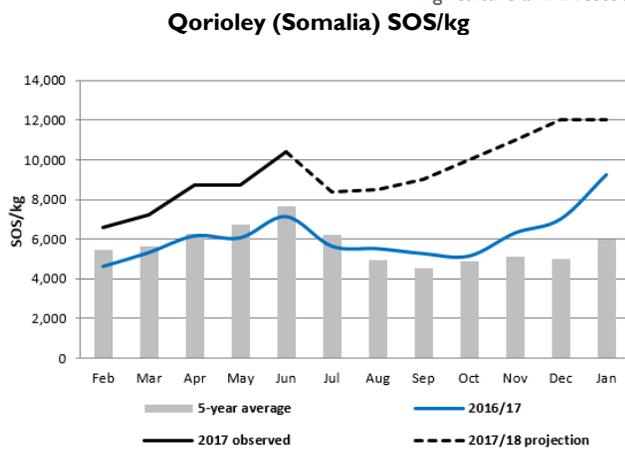
**Figure 6.** Maize price projections in structurally-deficit areas August 2017 - January 2018



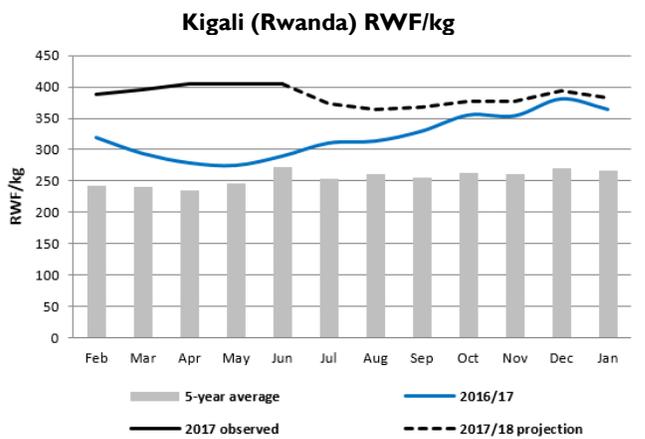
Source: FEWS NET estimates based on data from the Ministry of Agriculture and Livestock.



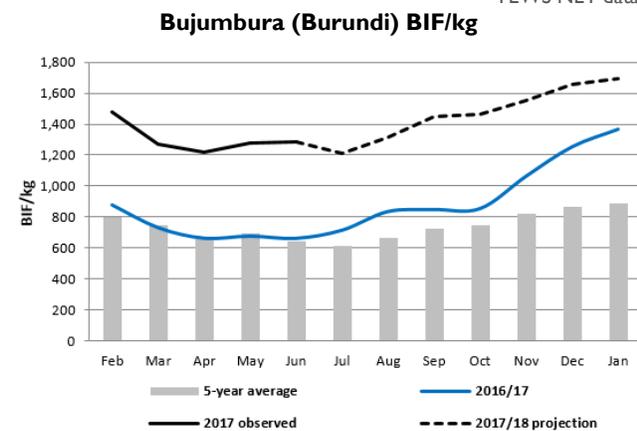
Source: FEWS NET estimates based on data from WFP.



Source: FEWS NET estimates based on data from FSNAU and FEWS NET data.



Source: FEWS NET estimates based on data from RATIN.



Source: FEWS NET estimates based on data from RATIN.

**EVENTS THAT COULD CHANGE THE OUTLOOK**

Based on the estimated available supplies in the region and expected regional market trends, the region is expected to experience high prices over the 2017/18 outlook period. However, there are some events that could potentially change this outlook.

Area	Event	Impact on market outcomes
Region	Rainfall	<ul style="list-style-type: none"> <li>Better rainfall performance would increase supply, and exert downward pressure on prices.</li> </ul>
Burundi, Somalia, South Sudan, Kenya, Ethiopia	Conflict (Political and ethnic)	<ul style="list-style-type: none"> <li>Increased conflict and or insecurity would prevent production and marketing activities, elevating prices further.</li> </ul>
South Sudan, Burundi, Ethiopia	Deterioration of macro-economic situation	<ul style="list-style-type: none"> <li>High inflation and depreciation of local currencies would put upward pressure on prices vis-à-vis historical levels.</li> </ul>
Tanzania	Export ban removal	<ul style="list-style-type: none"> <li>Removing the current ban would allow for more fluid and increased flow of maize to neighboring deficit countries, and would reduce prices, both domestically and for destination countries, by removing increased costs of circumventing the ban.</li> </ul>
Uganda	Reduction in conflict intensity in South Sudan	<ul style="list-style-type: none"> <li>Reduction in informal road block taxes.</li> <li>Reduction in risk premium.</li> <li>Increased exports and economies of scale in trade.</li> </ul>
	Improvements in global oil prices for South Sudan	<ul style="list-style-type: none"> <li>Increase in South Sudan's foreign reserves and availability of foreign currency resulting in increased demand from South Sudan and upward pressure on Uganda prices.</li> <li>Improvement in foreign currency exchange rates, and increased exports leading to higher prices in Uganda.</li> </ul>
Kenya	Increased international maize imports from Mexico and Zambia	<ul style="list-style-type: none"> <li>Increased domestic supply, decline in informal trade of low quality maize, and relatively lower prices in Kenya.</li> </ul>

**MARKET MONITORING INDICATORS FOR 2017/18 MARKETING YEAR**

Based on the projected regional maize and bean availability, as well as prices over MY 2017/18, market conditions remain generally unfavorable across Tanzania, Kenya, Uganda, Rwanda, Burundi, Somalia and South Sudan for a second consecutive year. There are a number of key indicators that are recommended for ongoing monitoring that may affect the evolution of markets.

Indicator	Justification
Demand levels and import capacity in Somalia, South Sudan, and Kenya	These countries all either currently have high demand or are expected to experience high demand over 2017/2018 as a result of poor domestic production, and may potentially exert additional pressure on regional supplies and prices.
Uganda export levels	As a typical major supplier for the region, staple food export flows from Uganda to neighboring countries, especially Tanzania, Kenya, and Rwanda, will have important implications of supply and price levels in Uganda and the destination countries.
Strategic Grain Reserves (SGR) Purchases	Maize purchases by the Kenya and Tanzania SGR usually result in temporary price hikes. But prices are already, SGR purchases at relatively lower prices may trigger prices to fall through January 2018, unless the SGR refrains from entering the market especially in Tanzania.
Humanitarian assistance in areas of concern	The role of humanitarian assistance (both in-kind and cash) is important to monitor since it influences demand, and ultimately price levels at sub-national levels across the five countries. This includes regional institutional procurements in preparation for humanitarian

	assistance needs during 2017/2018 period in other parts of East Africa, including Burundi, South Sudan, and Somalia.
International imports of maize	International maize imports by Kenya are rare and generally only occur when there is widespread regional deficit. Kenya has recently imported around 540,000 MT of white maize to address the significant national deficit, in addition to introducing subsidies for maize flour. There is a need to monitor the volumes and duration of imports because it will have an impact on both domestic and regional prices given Kenya's role as the main regional maize grain consumer.

**Annex I. East Africa Maize Balance Sheets and 2017/18 Projections by Country (MT) <sup>1</sup>**

Country	Item	2016/17	5-year Average (2012/13-2016/17)	2017/18 Projection	% change over one year	% change over 5 year average	Change one year	Change 5 year average
Kenya	Opening Stocks	248,749	276,664	115,090	-54%	-58%	▼	▼
Kenya	Production	3,129,300	3,132,860	3,058,209	-2%	-2%	►	►
Kenya	Supply	3,378,049	3,409,524	3,173,299	-6%	-7%	►	►
Kenya	Other Uses	438,102	438,600	428,149	-2%	-2%	►	►
Kenya	Consumption	3,312,970	3,204,482	3,448,662	4%	8%	►	►
Kenya	Demand	3,751,072	3,643,082	3,876,811	3%	6%	►	►
Kenya	Domestic Balance	-373,023	-233,558	-703,512	-89%	-201%	▼	▼
Kenya	Self-sufficiency	90%	94%	82%	-9%	-13%	►	▼
Tanzania	Opening Stocks	674,166	326,604	298,110	-56%	-9%	▼	►
Tanzania	Production	4,815,000	5,435,600	5,346,811	11%	-2%	▲	►
Tanzania	Supply	5,489,166	5,762,204	5,644,921	3%	-2%	►	►
Tanzania	Other Uses	674,100	760,984	748,554	11%	-2%	▲	►
Tanzania	Consumption	4,344,644	4,464,308	4,425,739	2%	-1%	►	►
Tanzania	Demand	5,018,744	5,225,292	5,174,292	3%	-1%	►	►
Tanzania	Domestic Balance	470,422	536,912	470,629	0%	-12%	►	▼
Tanzania	Self-sufficiency	109%	110%	109%	0%	-1%	►	►
Uganda	Opening Stocks	146,232	330,040	115,726	-21%	-65%	▼	▼
Uganda	Production	2,382,480	2,642,336	2,501,604	5%	-5%	►	►
Uganda	Supply	2,528,712	2,972,376	2,617,330	4%	-12%	►	▼
Uganda	Other Uses	333,547	369,927	350,225	5%	-5%	►	►
Uganda	Consumption	1,784,707	1,952,015	1,965,767	10%	1%	▲	►
Uganda	Demand	2,118,254	2,321,942	2,315,991	9%	0%	►	►
Uganda	Domestic Balance	410,458	650,434	301,339	-27%	-54%	▼	▼
Uganda	Self-sufficiency	119%	128%	113%	-5%	-12%	►	▼
Rwanda	Opening Stocks	38	39	33	-13%	-16%	▼	▼
Rwanda	Production	544,500	583,700	540,000	-1%	-7%	►	►
Rwanda	Supply	544,538	583,739	540,033	-1%	-7%	►	►
Rwanda	Other Uses	76,230	81,718	75,600	-1%	-7%	►	►
Rwanda	Consumption	550,522	544,256	539,413	-2%	-1%	►	►
Rwanda	Demand	626,752	625,974	615,013	-2%	-2%	►	►
Rwanda	Domestic Balance	-82,214	-42,235	-74,980	9%	-78%	▲	►
Rwanda	Self-sufficiency	87%	93%	88%	1%	-6%	►	►
Burundi	Opening Stocks	20	20	10	-52%	-51%	▼	▼
Burundi	Production	140,000	140,156	150,000	7%	7%	►	►
Burundi	Supply	140,020	140,176	150,010	7%	7%	►	►

<sup>1</sup> Data for the 2017/18 marketing year (MY 2017/18) are FEWS NET estimates as of July 31st 2017; ► denotes less than or equal to 10 percent change; ▲ denotes greater than 10 percent increase; ▼ denotes greater than 10 percent decrease.

Country	Item	2016/17	5-year Average (2012/13-2016/17)	2017/18 Projection	% change over one year	% change over 5 year average	Change one year	Change 5 year average
Burundi	Other Uses	10,500	10,512	11,250	7%	7%	►	►
Burundi	Consumption	145,175	138,770	150,102	3%	8%	►	►
Burundi	Demand	155,675	149,282	161,352	4%	8%	►	►
Burundi	Domestic Balance	-15,655	-9,106	-11,343	28%	-25%	▲	▼
Burundi	Self-sufficiency	90%	94%	93%	3%	-1%	►	►
Somalia	Opening Stocks	5	4	0	-100%	-100%	▼	▼
Somalia	Production	105,600	144,520	100,000	-5%	-31%	►	▼
Somalia	Supply	105,605	144,524	100,000	-5%	-31%	►	▼
Somalia	Other Uses	5,280	7,226	5,000	-5%	-31%	►	▼
Somalia	Consumption	104,289	140,457	100,438	-4%	-28%	►	▼
Somalia	Demand	109,569	147,683	105,438	-4%	-29%	►	▼
Somalia	Domestic Balance	-3,964	-3,159	-5,438	-37%	-72%	▼	▼
Somalia	Self-sufficiency	96%	98%	95%	-2%	-3%	►	►
South Sudan	Opening Stocks	0	16,734	1	263%	-100%	▲	▼
South Sudan	Production	255,080	207,044	253,270	-1%	22%	►	▲
South Sudan	Supply	255,080	223,778	253,271	-1%	13%	►	▲
South Sudan	Other Uses	12,754	10,352	12,664	-1%	22%	►	▲
South Sudan	Consumption	353,184	388,991	340,607	-4%	-12%	►	▼
South Sudan	Demand	365,938	399,344	353,270	-3%	-12%	►	▼
South Sudan	Domestic Balance	-110,858	-175,566	-100,000	10%	43%	▲	▲
South Sudan	Self-sufficiency	70%	56%	72%	3%	28%	►	▲
Ethiopia	Opening Stocks	1,588,582	1,982,922	1,736,633	9%	-12%	►	▼
Ethiopia	Production	6,300,000	6,116,000	6,300,000	0%	3%	►	►
Ethiopia	Supply	7,888,582	8,098,922	8,036,633	2%	-1%	►	►
Ethiopia	Other Uses	425,250	412,830	425,250	0%	3%	►	►
Ethiopia	Consumption	5,676,287	5,738,456	5,676,287	0%	-1%	►	►
Ethiopia	Demand	6,101,537	6,151,286	6,101,537	0%	-1%	►	►
Ethiopia	Domestic Balance	1,787,045	1,947,636	1,935,096	8%	-1%	►	►
Ethiopia	Self-sufficiency	129%	132%	132%	2%	0%	►	►
Region	Opening Stocks	2,657,792	2,933,026	2,265,603	-15%	-23%	▼	▼
Region	Production	17,671,960	18,402,216	18,249,894	3%	-1%	►	►
Region	Supply	20,329,752	21,335,243	20,515,497	1%	-4%	►	►
Region	Other Uses	1,975,763	2,092,149	2,056,691	4%	-2%	►	►
Region	Consumption	16,271,778	16,571,736	16,647,014	2%	0%	►	►
Region	Demand	18,247,541	18,663,886	18,703,705	2%	0%	►	►
Region	Balance	2,082,210	2,671,357	1,811,792	-13%	-32%	▼	▼
Region	Self-sufficiency	129%	129%	129%	0%	0%	►	►

Source: FEWS NET estimates based on data from regional governments and multi-agency assessments.