

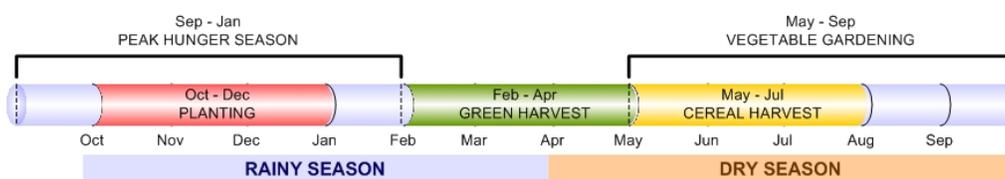
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Summary and implications

The national availability outlook for staple cereals (maize, millets and sorghum) for the 2006/07 marketing year indicates greatly improved availability compared to last year. The key determinants of household food security will be sub-national grain availability, market grain flows, and the ability of urban households and those cereal producing households with deficits to purchase sufficient food on local markets. The wheat production forecast for 2006 is 13 percent higher than last year's production, but will only cover about 34 percent of national requirements. The Zimbabwe Vulnerability Assessment Committee (ZimVac) 2006 rural food security and vulnerability assessment, whose results are likely to be released in early August 2006, will give some indications of the size and geographic spread of the food insecurity problem for Zimbabwe's rural population in the 2006/07 marketing year. ZimVac has plans to conduct at least two food security monitoring assessments, before the onset (around October 2006) and at the peak (February 2007) of the hunger period.

Seasonal calendar



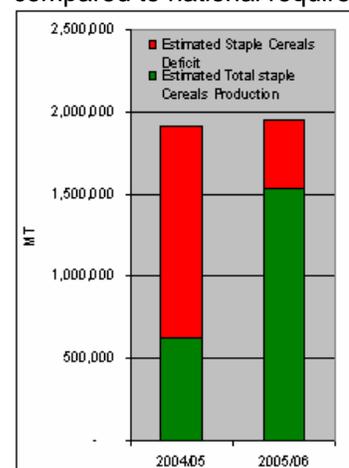
Current hazard summary

- High annual inflation - measured in June 2006 at 1,184.6 percent - further eroding purchasing power
- Projected cereal deficit of about 22% for the 2006/07 marketing year, which is concentrated in the southern districts as well as the western and eastern margins of the country

Improved national cereal availability

The national availability of staple cereals (maize, sorghum and millet) for the period of April 2006 to March 2007 is better than in the during the previous 12 month period, primarily due to the significant improvement in 2005/06 cereal harvest and the improved capacity of the government of Zimbabwe to import cereals. Given an estimated national cereal requirements of about 1,953,400 MT, the revised maize and small grains production estimate for Zimbabwe by USDA, FAO and ARES for the 2005/06 agricultural season of around 1,528,300 MT leaves a national deficit of about 425,100 MT (Figure 1). The projected cereal deficit for this marketing year is only about a third of last year's deficit, which was estimated at about 1,280,250 MT. Data from the South African Grain Information Services (SAGIS) indicate that during the period of April 2005 to March 2006, the Government of Zimbabwe imported more than 900,000 MT of maize to close the food gap for that period. Given this record, it is highly likely that the Government of Zimbabwe will be able to import sufficient grains to close the estimated deficit for the current marketing year.

Figure 1: Staple cereal production for 2004/05 and 2005/06 (est.) compared to national requirements

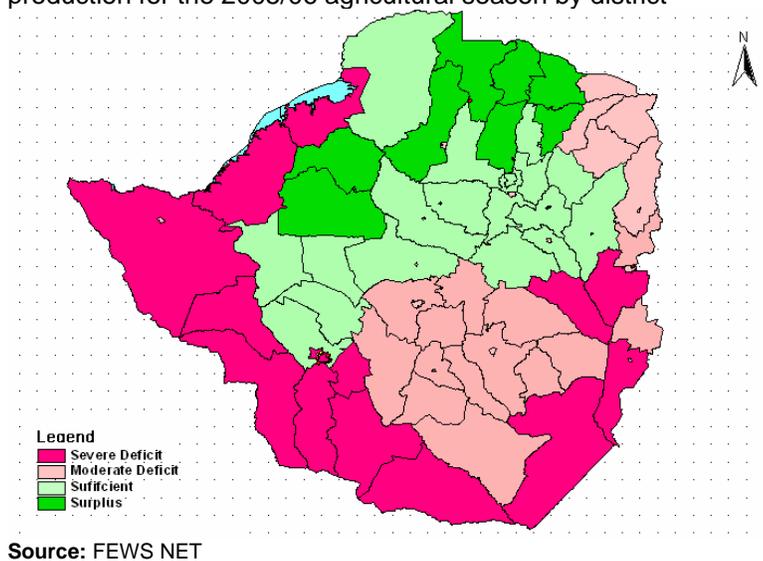


Source: FAO, USDA, ARES and FEWS NET

Wide disparities in sub-national cereal availability

While national level cereal availability seems satisfactory, sub-national and household level food availability is going to be heavily dependent on the efficiency and effectiveness of sub-national grain redistribution systems and the purchasing power of deficit and non food producing households. The Grain Marketing Board (GMB) plays a central role in the distribution of both imported and domestically produced grain. In carrying out its duties, the parastatal needs to be informed by the relative geographic distribution of this year's production in order to avoid moving the grain from districts where it will be needed. Figure 2 may be a useful input into decisions about which districts should be net exporters of maize (green colored districts) and which ones would be net importers (pink and red colored districts). If good storage facilities are available, it will be prudent for all maize bought in the net importing districts to remain in those districts. At the same time, care needs to be taken to maintain adequate availability in the surplus districts.

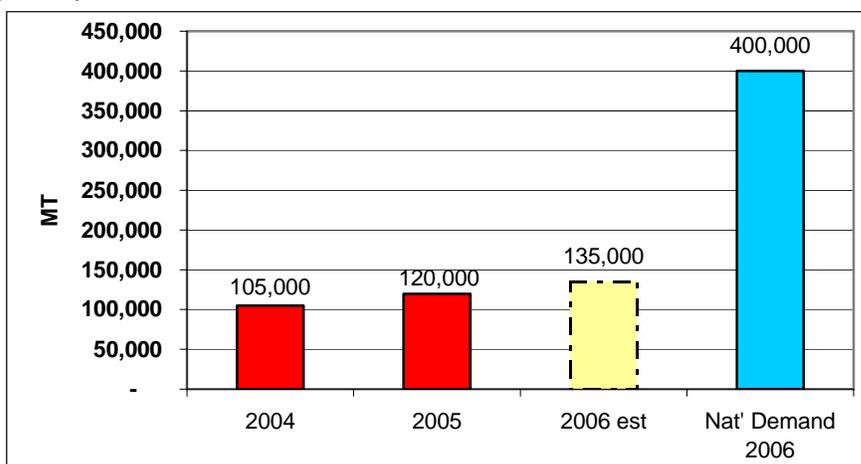
Figure 2: Cereal availability based on per capita maize production for the 2005/06 agricultural season by district



Wheat production improves but will fall short of national requirements

Wheat production for 2006 is expected to be about 135,000 MT, which is 13 percent higher than the 2005 production level of about 120,000 MT. The 2006 production still falls far short of national requirements estimated to be around 400,000 MT, leaving an import requirement of up to 265,000 MT (Figure 3). Consequently, availability and prices of wheat flour and bread are going to be heavily influenced by the availability of foreign currency.

Figure 3: Wheat production forecast for 2006 compared to the previous two years' production and national demand



Sources: USDA and FEWS NET

Wheat is mostly used to make the bread that Zimbabweans consume as a major part of breakfast and/or a substitute for the staple cereals during lunch or dinner. Bread, like maize flour, is a controlled commodity and its pricing is determined through negotiations between government and the baking industry. Often these negotiations are protracted and riddled with disagreements, resulting in reduced supply of the controlled bread on the market. Widespread shortages of bread could occur within a short space of time, as was the case in June 2006.

Stable availability of basic food stuffs

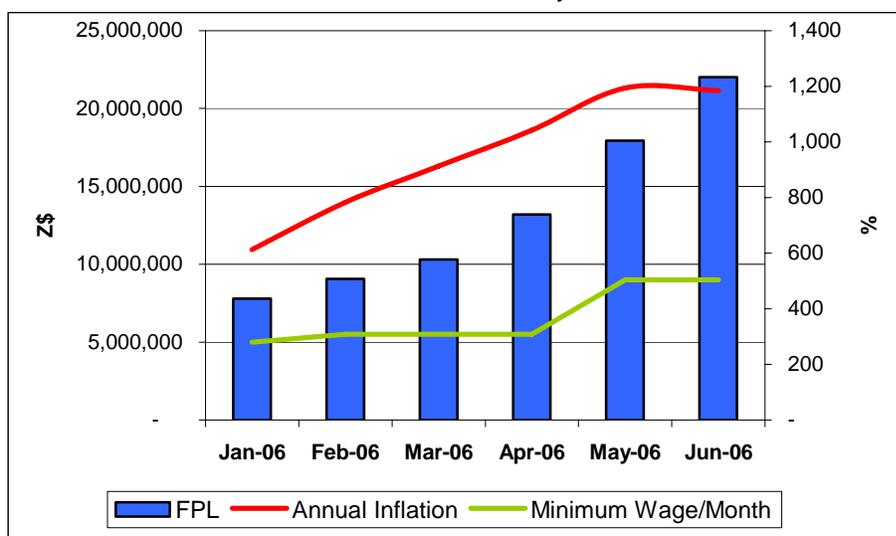
The supply of basic food stuffs such as sugar, cooking oil, milk and maize flour has generally been stable in most formal urban and rural markets in the month of July 2006. This is in complete contrast to the situation during the same time last year, when most of the basic food stuffs were very difficult to find on the formal markets. The stability of supply of these basic commodities needs to be monitored regularly as it is sensitive to changes on their pricing policies and the availability of foreign currency and fuel.

Rising cost of living a likely threat to household food security

Poor urban households and rural households in staple cereal deficit areas are likely to face serious difficulties in accessing food due to the ever-rising cost of living in general and the escalating costs of food in particular. The annual rate of inflation measured in May 2006 by the Central Statistical office (CSO) was 1,193.5 percent, the highest ever in the history of Zimbabwe. Since February 2006 the annual rate of inflation has been setting new records every month. In June annual inflation recorded an 8.9 percentage point drop to 1,184.6 percent (Figure 4). This is the first dip in annual inflation since March 2005 and it is too early to tell whether this drop marks the much anticipated sustained fall in the rate of increase of general prices in the Zimbabwean economy. Annualized food inflation for June 2006 was 1,069.9 percent. Consequently the cost of the minimum basket of food stuffs required to meet the minimum energy requirement for a family of five was Z\$22million per month in June 2006, about 23 percent more than its value in May 2006. A significant proportion of rural and urban households depends on the market for their food but do not earn enough to purchase the minimum basket. The minimum monthly wage rate for the commercial sector in June could only cover about 40 percent of the total cost of the minimum food basket for June 2006.

The ZimVac 2006 rural food security and vulnerability assessment will play an important role in defining the size and geographic distribution of the food security problem in the 2006/07 marketing year. Preliminary results for the assessment are expected in early August 2006. ZimVac has plans to conduct at least two rural food security monitoring assessments: one before the onset of the hunger period in October 2006 and the other at the peak of the hunger period around February 2007. This monitoring will need to be complemented by other independent monitoring exercises, such the WFP CHS, and NGO monitoring systems.

Figure 4: Annual rate of inflation compared to the minimum wage rate of a low-income earner, indexed on the Food Poverty Line



Source: CSO and ZCTU