



Commodity Price, Agri Input and Cash Liquidity Tracking Update¹

30th October, 2016

Major Highlights

- The average selling price of maize grain across the targeted districts remained unchanged at \$0.41/kg (\$7.20 per bucket or typically \$7.00 per bucket) from that of mid-October 2016
- Informal traders/private traders and the Grain Marketing Board (GMB) are the two major suppliers of the grain in the target districts. GMB is the main supplier of maize grain in the following districts: Beitbridge, Gokwe South, Gutu, Gwanda, Insiza, Gokwe North, Lupane, Matobo and Umzingwane. The districts where the informal traders are the main suppliers of maize grain are: Masvingo Rural, Mberengwa, Nkayi, Shurugwi, Zaka and Umguza
- The average price of maize meal increased slightly from \$0.58/kg to \$0.59/kg from that of mid-October 2016
- The average selling price of millet is \$0.55/kg. Millet and sorghum are less favourable especially when maize meal and maize grain are readily available.
- The average selling price of cattle ranges from \$387 to \$448
- The number of clients who managed to cash out all the money they wanted at first attempt was 50%, a decrease from the 54% during the mid October 2016 reporting period
- The average cost of a 10kg bag of maize seed was \$27.56, an increase from the \$26.89 during the mid-October 2016 reporting period. Maize seed was unavailable in Umzingwane district only, out of the fifteen target districts. The increase in the average price can be attributed to the fact that demand of the seed is gradually increasing as the farming and rainy season draws closer
- Top dressing fertiliser remained at an average cost of \$34.67/50kg while basal fertiliser dropped by \$0.02 from \$30.19/50kg to \$30.17/50kg

¹ Matebeleland North – Lupane, Nkayi, Umguza , Matebeleland South – Beitbridge, Gwanda, Insiza, Matobo, Umzingwane, Midlands – Gokwe North, Gokwe South, Mberengwa, Shurugwi, Masvingo province – Gutu, Masvingo, Zaka



1. Staple foods

i. Maize Grain

The average selling price of maize grain across the targeted districts in the past fortnight remained at \$0.41/kg (\$7.20 per bucket or typically \$7.00 per bucket) unchanged from that of mid October 2016. The average price has remained stable since August 2016. At informal markets a twenty (20) litre bucket, which translate to a mass of 17.5kg, of maize is being sold at \$7.00. Informal/private traders and the Grain Marketing Board (GMB) are the two major suppliers of the grain in the target districts. GMB is the main supplier of maize grain in the following districts: Beitbridge, Gokwe South, Gutu, Gwanda, Insiza, Gokwe North, Lupane, Matobo and Umzingwane. The districts where the informal traders are the main suppliers of maize grain are: Masvingo Rural, Mberengwa, Nkayi, Shurugwi, Zaka and Umguza.

The GMB is however, giving higher priority to main depots as their selling points. Satellite selling points remain closed in the targeted districts. Discussions with GMB officials indicate high operational costs as the main reason for the continued closure of the selling points. In Shurugwi district, the transport challenge has been cited as the main hindrance in the reopening of satellite selling points. The very few farmers with maize grain now prefer to sell their maize grain to the informal market as they get paid upon delivery compared to GMB where the process of paying the farmers takes three weeks before they receive their payments. Figure 1 shows the trends on the prices of maize grain across the operational districts.

ii. Maize Grain Price Trends at District level

The average selling price of maize grain remained the same in all the targeted districts compared to that at the end of October 2016, except for Beitbridge and Shurugwi. In Beitbridge the average price of maize grain went down from \$0.44/kg to \$0.38/kg. The reduction in average price of maize grain in Beitbridge was as a result of reduced demand as consumers were observed to be purchasing mealie meal. In Shurugwi, the average price increased from \$0.43/kg to \$0.45/kg. The commodity is in short supply locally and is supplied mainly by informal traders who are getting the commodity from Karoi town in Mashonaland West province. Discussions with the nine (9) regular informal traders in the targeted wards indicate an increase in price at source markets from \$4.00 to \$5.00 per 17.5kg (bucket), as well as cost for transportation. As the lean season approaches, they anticipate an increase of maize grain price to \$0.46/kg (\$8.00 a bucket).

The highest average selling price of maize grain was in Gutu district where the price was \$0.46/kg and has been the selling price since December 2015. On the other hand the lowest average selling price of maize grain was in Gokwe South where it is being sold at \$0.34/kg. The sources for maize grain in Gokwe South include GMB, private dealers and local farmers. The average prices of maize grain in the other districts ranged from \$0.36/kg to \$0.45/kg. Figure 2 shows the trends on the prices of maize grain for some of the targeted districts.

iii. Maize meal

The average selling price of maize meal increased slightly from at \$0.58/kg to \$0.59/kg as at end of October 2016. Maize meal is readily available across all the four provinces. The commodity is mainly supplied by retailers and informal traders. GMB prefers to sell maize meal to traders for them to resell to the consumers. In Masvingo and Midlands provinces, it was mainly the local brands available in the shops. Packaging was in 2kg, 5kg, 10kg, 20kg and 50kg bags. In Beitbridge, Gwanda, Umguza and Umzingwane, retailers were also selling imported brands from South Africa.

iv. Maize Meal price trends at district level

Changes in the average prices of maize meal were experienced in Shurugwi, Beitbridge and Zaka districts. In Shurugwi, the average price increased slightly from \$0.52/kg to \$0.55/kg. The average price increase was attributed to the high transportation costs especially the long distances from where the sellers get their maize meal from. Retailers in Shurugwi highlighted that they get their maize meal mostly from Masvingo, which is 80km away and Gweru which is 70km away. The GMB also increased average selling price to \$0.50/kg from \$0.48/kg and the price hike was attributed to increase in operational costs. Thirty percent of the stores who use Ecocash at the three major business centres in the operational wards had no stocks of mealie meal citing high transport costs. The GMB in the district however has no Ecocash facility.

In Zaka the average selling price of the commodity increased from \$0.55/kg to \$0.60/kg. The increase has been attributed to cost associated with transportation of the goods and speculative tendencies by some of the traders. In Beitbridge the average selling price increased to \$0.65/kg from \$0.56/kg from that of mid October 2016. The huge increase was also attributed to increased transport costs, speculative tendencies and increased demand as consumers generally prefer this to grain. The lowest average selling price of maize meal is in Insiza where it is being sold for \$0.50/kg and has been the selling price since May 2016. The highest average price of maize meal was in Gwanda where it was selling at \$0.75/kg and has been the selling price since January 2016. Figure 3 shows the price trends of the commodity for some selected targeted districts.

v. Small Grains

Sorghum: During the reporting period, sorghum grains were available in eight of the targeted districts namely Lupane, Umguza, Beitbridge, Gwanda, Matobo, Gokwe South, Mberengwa and Shurugwi. This was the same as the previous reporting period of mid-October 2016. The average selling price of sorghum as of end of October 2016 was \$0.56/kg a decrease from \$0.59/kg as at mid-October 2016. This is because sorghum is usually less preferred when maize grain is available; hence demand for the small grain is low. In Beitbridge district, there was a decrease in the average selling price of sorghum from \$0.57/kg to \$0.37/kg. The drop in the price was due to low demand by the consumers. The district with the highest average selling price of sorghum is Matobo, selling at \$1.50/kg and no change since mid-October 2016. The product is mainly sold at GMB. In Gokwe South the



average selling price of sorghum is \$0.23/kg, the same from mid-October 2016. The price of sorghum is shown in Figure 1 below.

Millet: The average selling price of millet was \$0.73/kg during the end of October 2016 reporting period, a decrease from the \$0.78/kg during the mid-October 2016 reporting period. The product was only available in eight (8) out of the fifteen targeted districts (Lupane, Umguza, Beitbridge, Gwanda, Matobo, Gokwe South, Mberengwa and Shurugwi). The district with the highest average selling price was Matobo where the selling price was \$2.00/kg. The lowest selling price was in Mberengwa at \$0.40/kg. Millet was not available in Zaka district, as compared to the mid-October 2016 reporting period where it was readily available. Millet is generally less preferred when the other commodities of high preference such as maize grain and maize meal are available on the market. The average price trends of the commodity are shown in Figure 1 below.

2. Non Staple Foods

The average selling price of **sugar beans** was \$2.12/kg, a slight decrease from \$2.15/kg at mid – October 2016. Changes in the average selling prices of sugar beans were experienced in Beitbridge where there was a decrease from \$2.43/kg to \$2.23/kg. In Beitbridge district, the decrease in price for sugar beans can be attributed to the flooding of the commodity on the market by the informal traders, especially at Beitbridge bus terminus. The informal traders are getting the sugar beans locally from other areas along the Beitbridge-Gwanda road.

Other non-staple foods: The average selling price for **cooking oil** remained at \$1.82/litre as of end of September 2016 and mid – October 2016 respectively. The average price has remained unchanged since September 2016. The average price of cooking oil remained the same across the entire target districts, with Gwanda having the highest average selling price at \$2.30/litre, while Umguza had the lowest average selling price at \$1.14/litre. Local Brands of the product are readily available across the targeted districts. However, for Beitbridge, retailers are selling imported brands from South Africa which continues to find their way despite restrictions or ban on foreign products.

The average selling price of **kapenta** remained at \$9.30/kg during the reporting period. The districts which experienced an increase in the average selling price were Zaka and Beitbridge. In the other districts, the average selling price of kapenta remained unchanged. The district with the highest average selling price for kapenta is Beitbridge where the selling price is \$11.20/kg. The district with the lowest average selling price is Lupane where the average price is \$6.00/kg. **Salt** has remained available and the average selling price was \$0.53/kg as at end of October 2016, a slight increase by \$0.02/kg from the mid-October 2016 average selling price. The district with the highest average selling price of salt is Gwanda where the selling price is \$0.90/kg. The district with the lowest average selling price of salt is Insiza where the price is \$0.38/kg. The average price of **sugar** was \$1.06/kg, a decrease by \$0.03 from that recorded in mid-October 2016. Figure 4 below shows the price trends for various commodities.

3. Agricultural inputs

On average a bag of 10kg certified **maize seed** was noted to be costing \$27.64. This was a slight increase from the \$26.89 in mid-October 2016. The increase can be attributed to the gradual increase in the demand for the seed as the farming and rainy season draws closer. Agro-dealers across the districts and at various business centres were observed to be stocking maize grain seed from various seed houses. This is in anticipation that most people buy maize seed during the last quarter of the year, as they will be expecting the farming season to begin. Maize seed is readily available across all the districts and the major seed houses Seed-Co, Pannar and Agri Seeds are the major players in the seed industry and have stocked the product. The seed varieties that were preferred most are the SC 513 and SC402 that were available for sale.

Sorghum Seed: On average a 10kg bag of certified seed costs \$10.63. Sorghum seed is not available in eight of the fifteen districts, namely Zaka, Insiza, Shurugwi, Matobo, Umzingwane, Gokwe South, Mberengwa and Masvingo Rural. The district with the highest average selling price of sorghum seed for a 10kg bag is Umguza, selling at \$18. Average cost of a **10kg bag of Millet** seed is \$6.96. **Basal fertiliser** (Compound D) on average costs \$30.37 for a 50kg bag. **Top dressing fertiliser** mainly Ammonium Nitrate was selling at \$30.78 on average for a bag of 50kg. Ammonium Nitrate fertiliser was also not available in the same district where Compound D fertiliser was unavailable. Figure 5 shows the average costs of agricultural inputs at the end of October 2016 reporting period.

4. Cash Liquidity Situation

As shown in figure 6, there has been a decrease in the number of clients who managed to cash out all the money at first attempt from 54% at mid October 2016 to 50% as at end of October 2016. The cash required by the clients ranged from \$32 to \$80. The drop has been attributed to the increase in the cash liquidity challenges being faced in the country. With bond notes being expected to come in November 2016, there have also been speculative hoarding of cash which may have contributed to cash being scarcer on the market. Major Banks in towns are suspected to have also responded to the anxiety of bond notes by lowering their weekly and daily cash withdrawal limits. For example, Barclays Bank reduced the weekly withdrawal limits to \$250.00 per client per week from \$500.00, while NMB Bank was offering \$50 per client per day down from \$100 per day per client.

For those (50%) who failed to cash out money they required on the first attempt, forty five percent (45%) of the clients utilised the e-purchase facility, an increase from the 35% during the mid-October 2016 reporting period. Nine percent (9%) travelled to major towns to look for cash, a decrease from the 20% during the mid-October 2016 reporting period, while 10% staggered their cash outs and 36% would stagger e-wallet purchases.

In Masvingo Rural and Zaka, clients travel to the provincial capital of Masvingo in order to cash-out, while those in Gutu travel to Mupandawana Growth point. On average a round trip from the rural areas to the urban towns in the targeted districts in Masvingo Province costs \$4. In the Midlands province, clients from Shurugwi have an option to travel to Gweru



or Zvishavane while those from Mberengwa travel to Zvishavane town at an average fare of \$4 per round trip. In Umguza clients travel to Bulawayo City to cash out, while those in Umzingwane have an option to travel to either Gwanda or Bulawayo. In Beitbridge Rural district, only 30% of the clients had managed to cash out money they wanted in the first attempt.

On average a trip in Umzingwane to either Bulawayo or Gwanda costs \$4 (to and from). The clients reported that as they would travel to major towns or business centres, they would also do their cash outs of their entitlements. Forty three (43%) of the interviewed clients reported that they faced challenges in cashing out from their wallets, while 57% of the interviewed clients reported that they did not face challenges during cashing out their entitlements. The major challenges that were sighted were: agents do not have enough cash (76%), long waits before getting cash (12%), withdrawal cash limits (5%), forced purchase (2%), long distances (2%) and staggered cash outs (3%).

i. Ecocash Agents

The total average number of functional Ecocash agents as at end October 2016 was 120, a significant decrease from 189 during mid-October 2016 across all the fifteen districts. Ecocash agents are mainly affected by float availability, as they are unable to function if they will not be having adequate cash. On average, forty five percent (45%) of the agents interviewed reported that they offered cash out limits. On average, the maximum cash out amounts given by Ecocash agents at the end of end of October 2016 was \$52. Agents were also asked if they are able to give 100% cash to clients as per the clients' needs. Fifty five percent (55%) of the agents reported that they were able to give clients cash as they wanted. This was because the average cash-out amount being requested was ranging from \$32 to \$120. However, they have other means that clients are making use of in accessing cash like cash-ins, agent to agent mobilisation and from large wholesalers while others have linked themselves with wholesalers and bulk airtime vendors.

ii. The two tier regime of charging the cost of goods

The project continues to inquire from the shoppers about the two tier price regime in the operational districts. The Project District Supervisors conducted spot checks and from their spot checks they discovered that the two tier price regime does not exist per se in the target districts. A visit to Umguza and Gwanda districts by Senior Project staff also confirmed that the two tier price regime does not exist. However, on the informal market, informal traders are charging an extra dollar or more when their clients are purchasing using the mobile to mobile transactions. This has become more of the modern way of doing business when dealing with informal traders via mobile to mobile transactions or payments.

To date, there have not been any noticeable differences in terms of prices of commodities, whether using cash or the e-purchasing facility. However, in districts such as Umguza, Zaka and Gokwe South there have been observations that private traders not registered as merchants are requesting clients to add an extra one dollar or more so as to cover the operational costs when using the e-wallet facility. This is the explanation received from the merchants. The secret shopper concept continues to be applied in the districts so as to keep



track on trends on the costs of commodities in various retail shops (establish whether prices are constant on the market or fluctuating). No significant price fluctuations have been noted of late in the target districts.

iii. Livestock average costs

Both small and large livestock are available for sale in the target districts. The livestock are owned mostly by the people within their various wards and villages. Some of the livestock are commercial level such as cattle, goats and chickens. Amongst the clients asked, the trends show that small livestock are the ones that are sold mostly as compared to the large livestock. However, with the high temperatures being experienced, grazing land and water sources for cattle are diminishing, hence threatening the lives of the livestock. The average price for a goat is \$36, while for sheep it is \$4. In a normal season, goats are usually sold for an average of \$30 to \$40. Indigenous chickens were selling at an average price of \$5. In a normal season chickens sell at an average price of \$5 to \$6 per bird. Figures 7 and 8 shows the average prices of large and small livestock respectively.

Figure 1: Price Trends for Staple Cereals

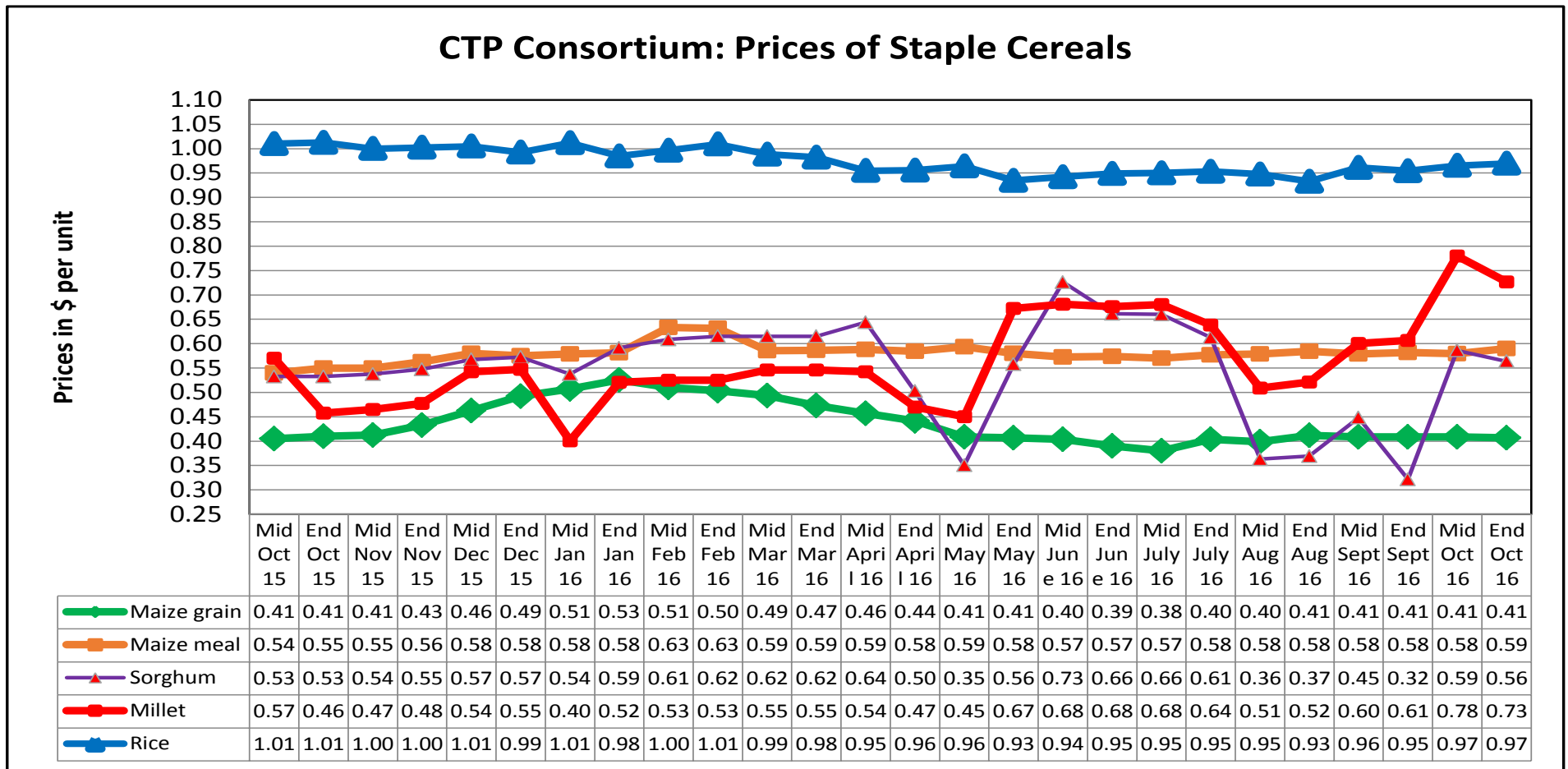


Figure 2: Maize Grain Prices for Selected Districts

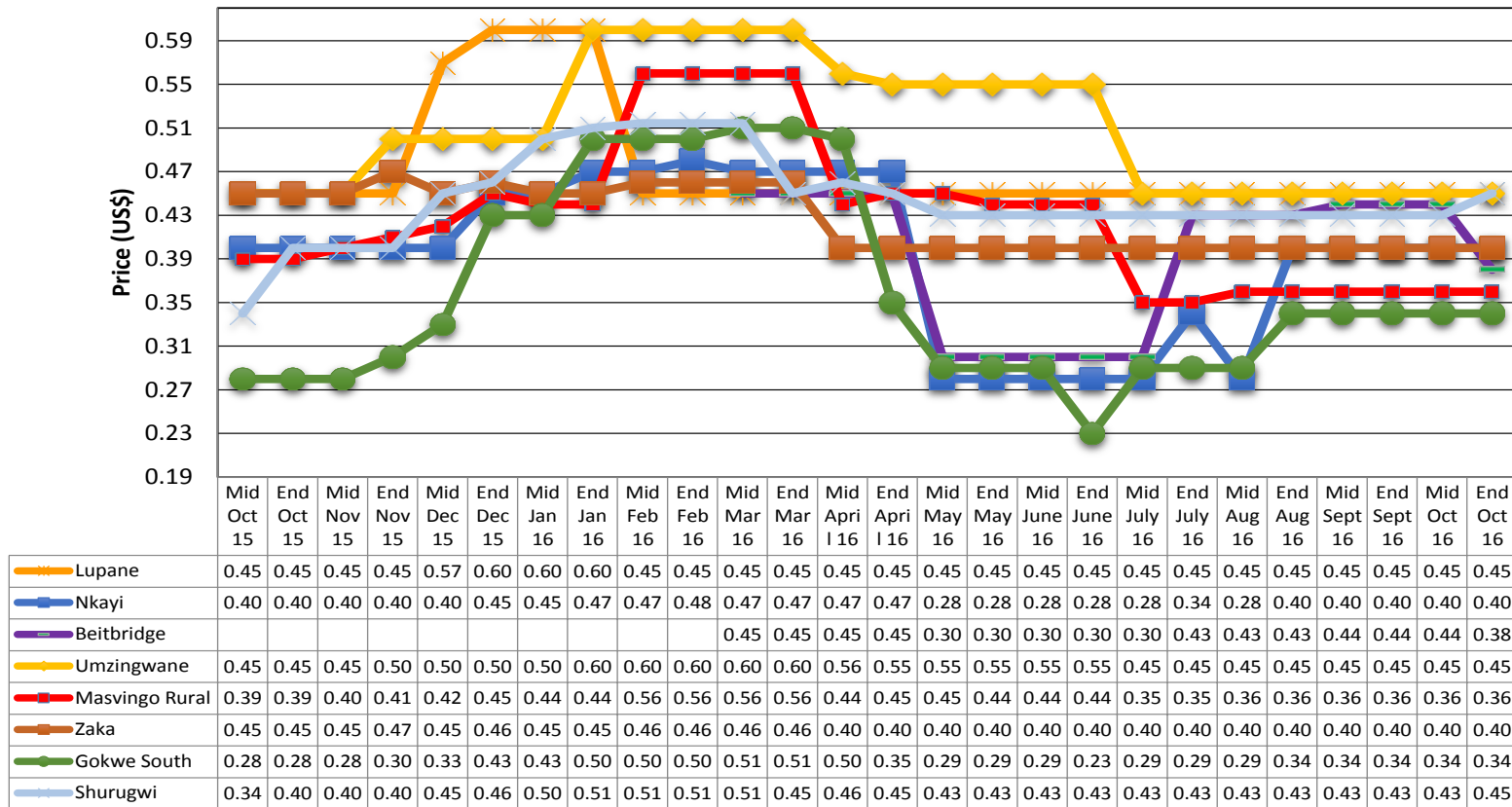


Figure 3: Maize Meal price Trends per Kg for Selected Districts

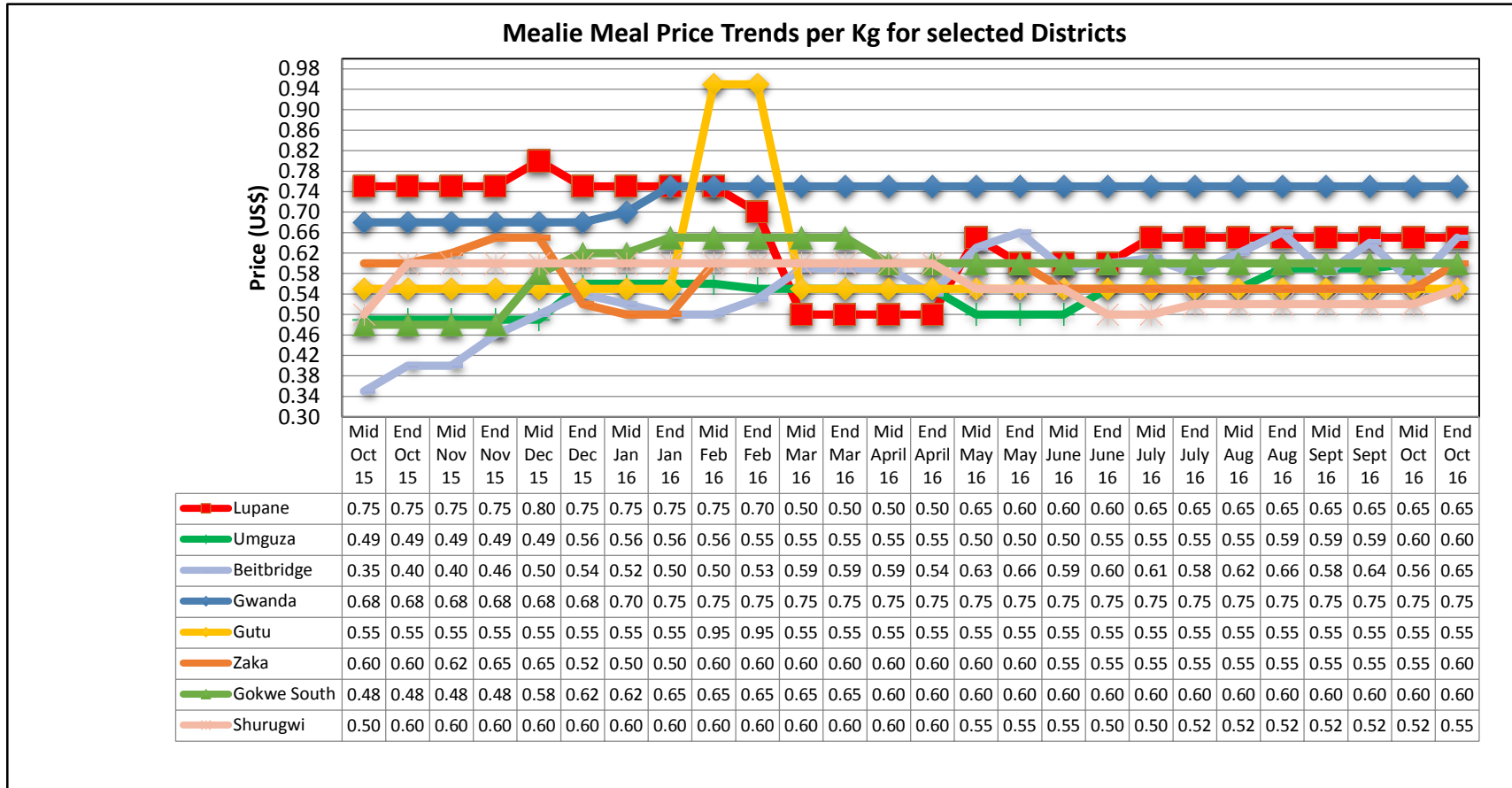


Figure 4: Price Trends for Non-Cereal Foods

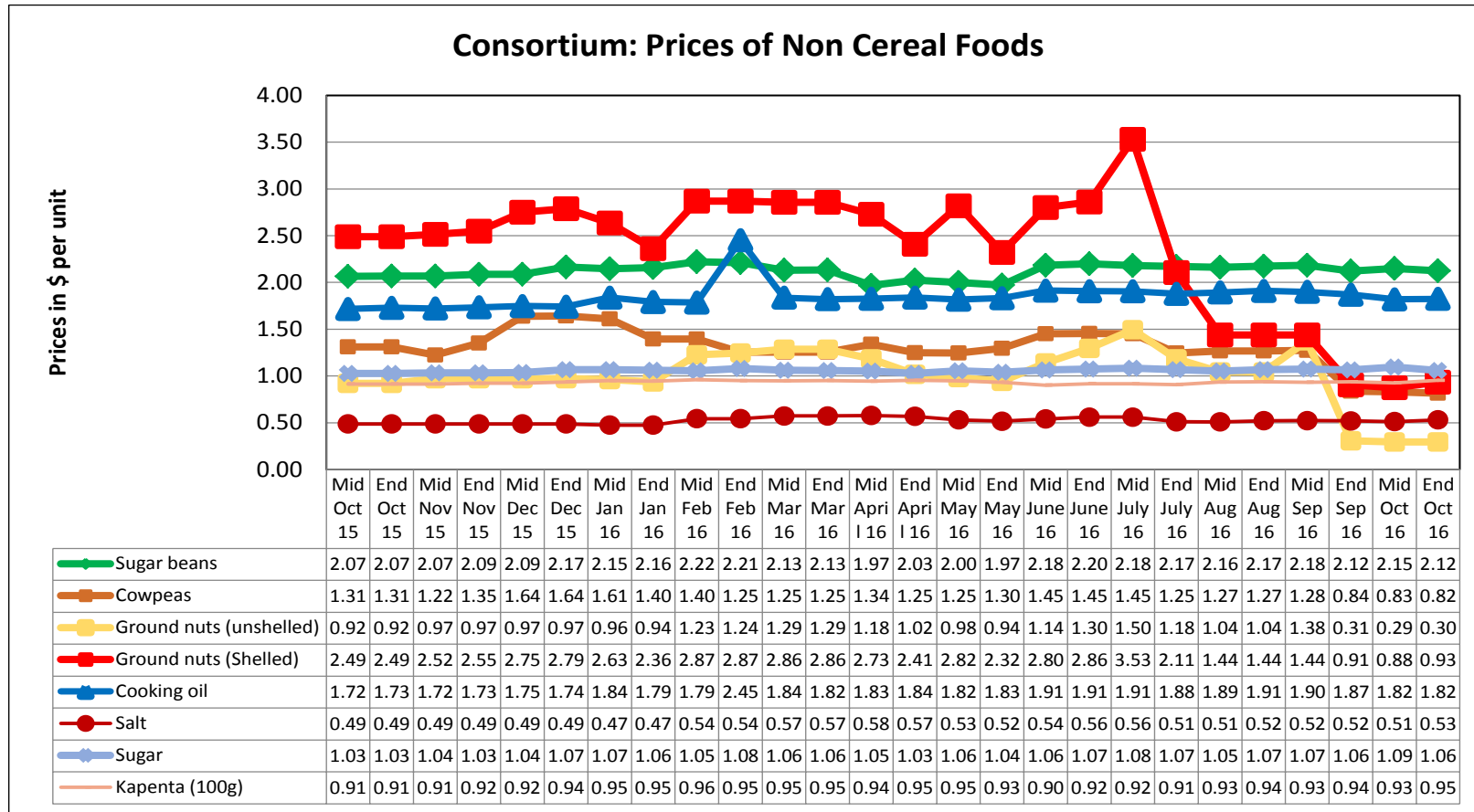


Figure 5: Price trends for Grain Seeds and Fertilisers

Price Trends for Cereal seeds and Fertilisers

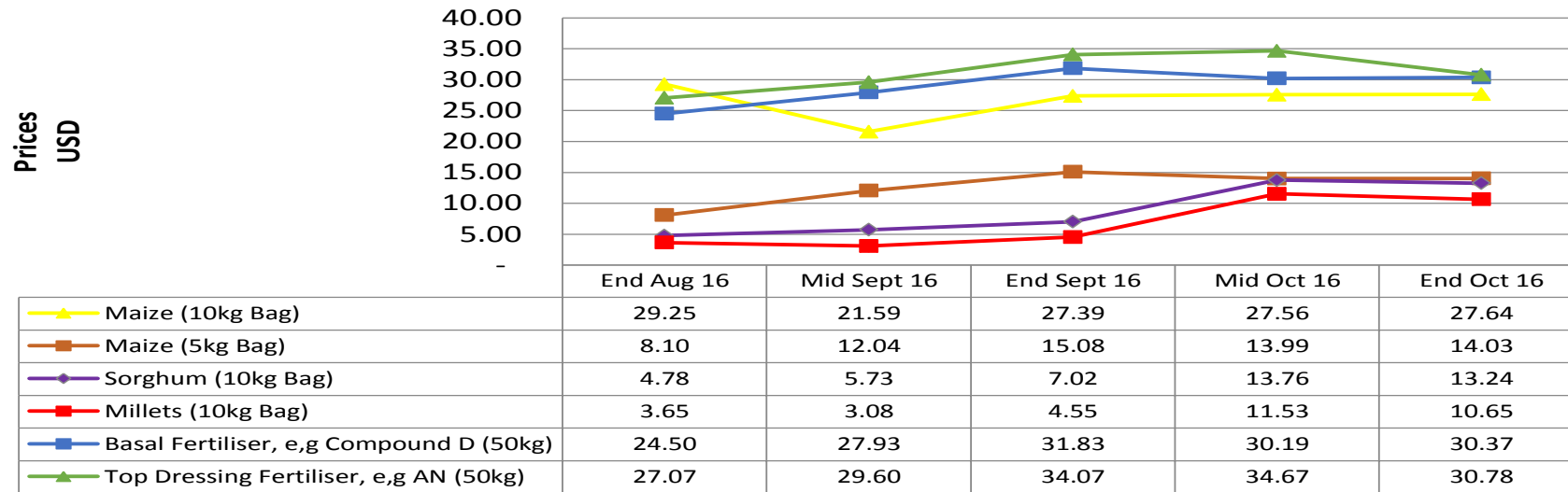


Figure 6: Price Trends for Legumes and Vegetables

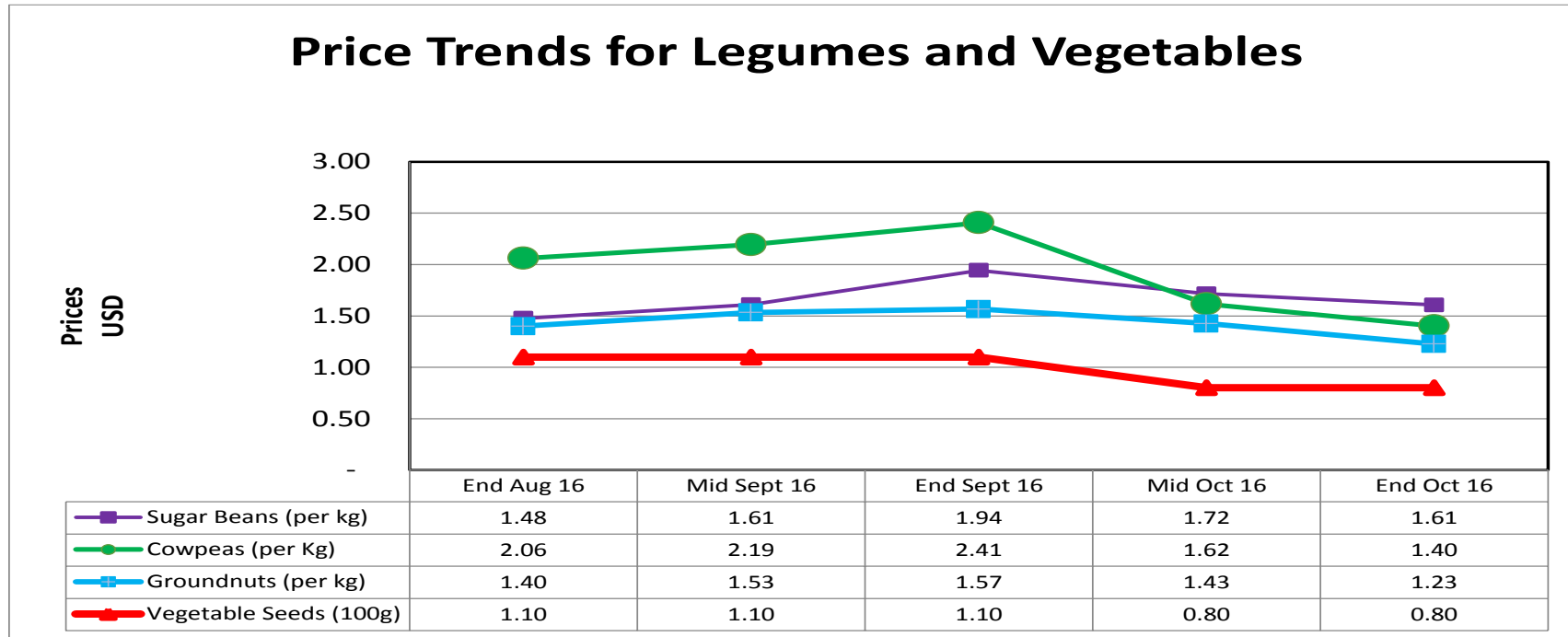


Figure 7: Average prices of Large Livestock

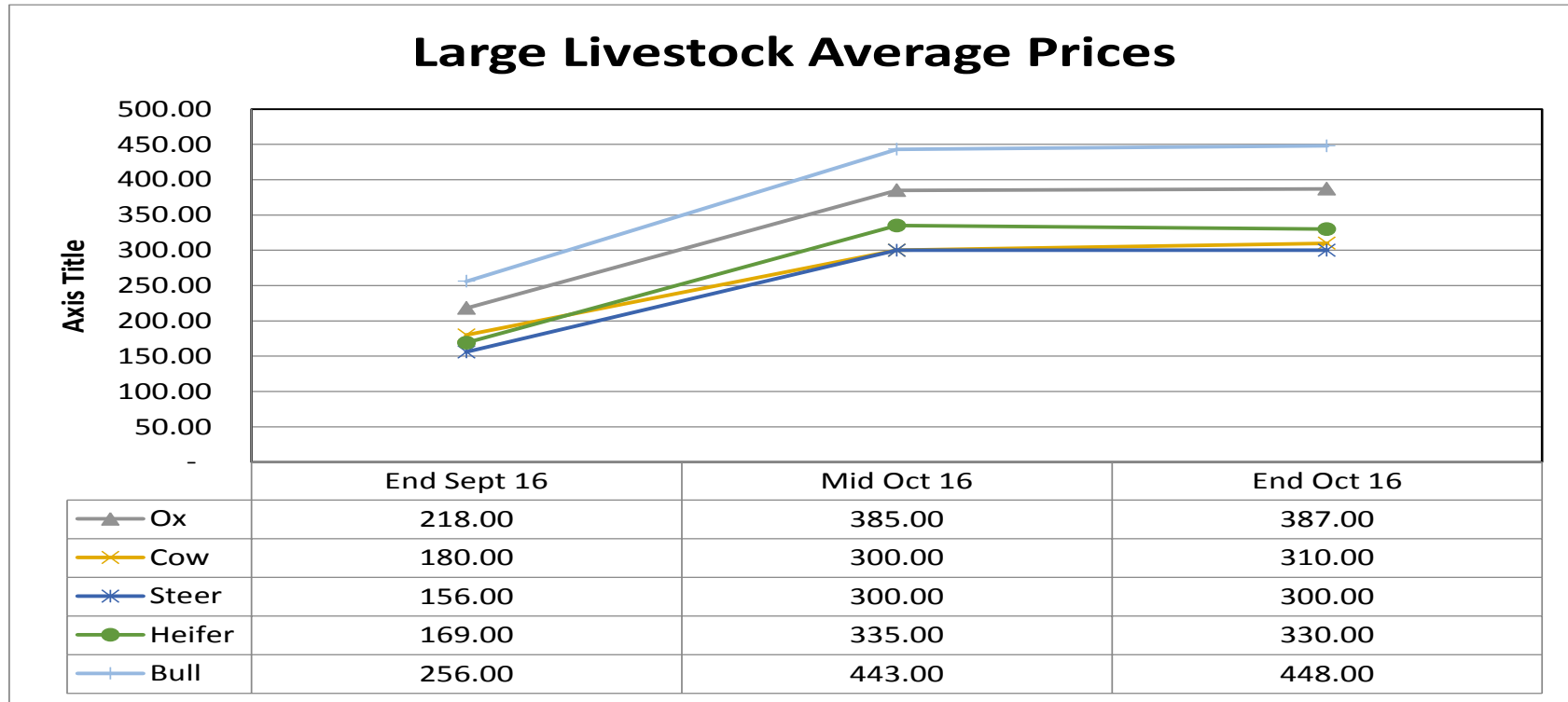


Figure 8: Average prices of Small Livestock

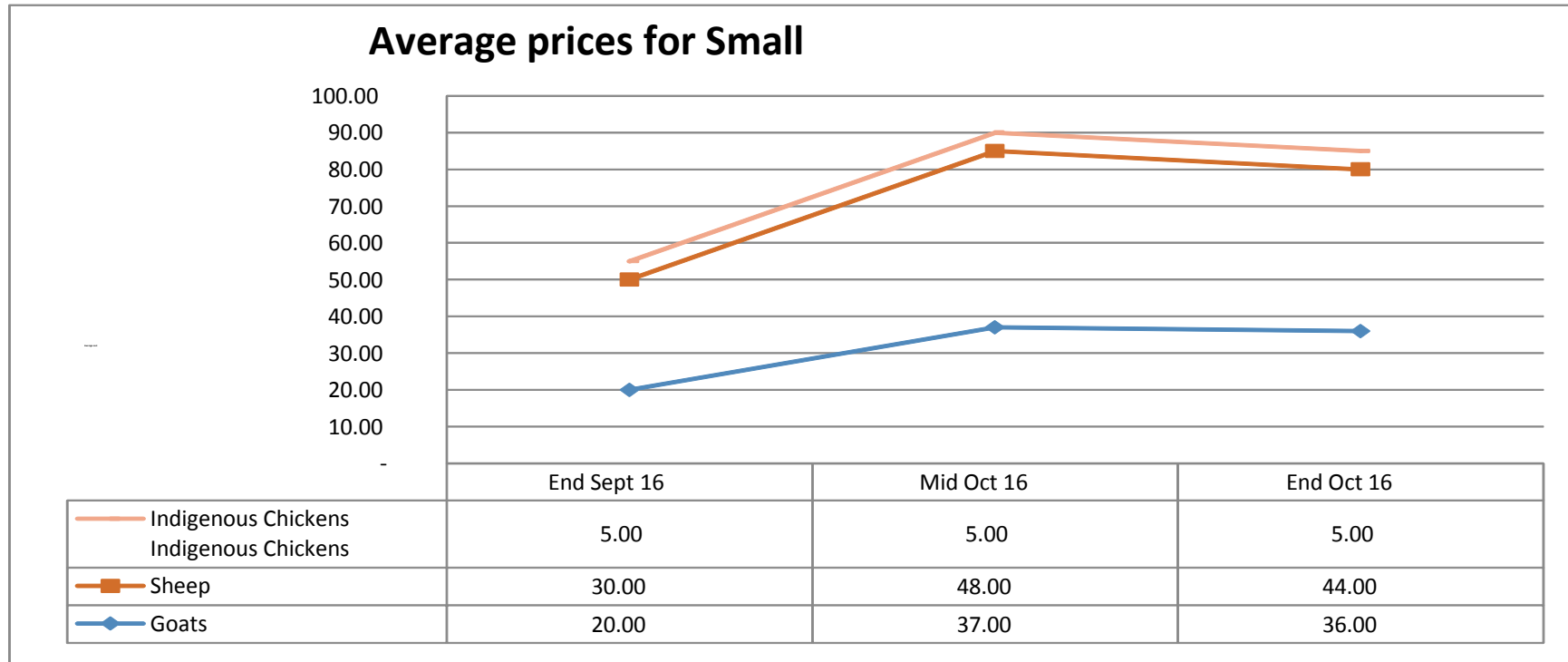


Figure 9: Cashing Out Practices by Agents, Merchants and Clients

