

Commodity Price, Agric Input and Cash Liquidity Tracking Update¹

15th of January, 2017

Major Highlights

- No changes in the average selling price of maize grain were noted, as the price remained at \$0.41/kg (\$7.20 per bucket or typically \$7.00 per bucket). The average price has remained the same since end-August 2016, although individual district prices have shown greater variations. Mberengwa district stood out as the price spiked by 15%.
- The average selling price of mealie meal increased slightly by \$0.01 from \$0.60/kg to \$0.61/kg in mid-January 2017. Mealie Meal went up by 10.9% from that of December 2016 in Gutu District of Masvingo province due to increased demand and access challenges, which were caused by heavy rains.
- As at mid-January 2017 the average selling price of sorghum has gone up from \$0.57 to \$0.61 per kilogram while that of millet went down slightly from \$0.73 to \$0.71 per kilogram.
- As at mid-January 2017, 65% of the clients reported using e-purchasing which is an increase from 60% as reported end-December 2016. 35% of the clients cash out first before transacting.
- Traders and clients continue to embrace the use of the bond notes as currency for purchasing. The bond notes were noted to be trading at par with United States Dollar (1:1). To date, no price hikes of commodities have been directly attributed to the circulation of bond notes, based on our findings in the field.
- Certified Maize Seed was readily available in all the targeted districts at an average selling price of \$27.74 per 10kg bag, a slight decrease from \$27.80 per 10kg at the end of 2016.
- The heavy rains which were received during the reporting period led to difficulty in accessing source markets as roads are now slippery, with small streams and rivers overflowing, hence becoming difficult to cross and traverse by trucks.

¹Matebeleland North – Lupane, Nkayi, Umuza, 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 price of maize grain across the 15 districts has remained constant at \$0.41 per kilogram. This price has been stable since end of August 2016. Maize grain continues to be readily available in all the districts of operation. As reported at the end of December 2016, the Grain Marketing Board (GMB) is the main supplier of the commodity in Matabeleland South province (Beitbridge, Umzingwane, Insiza, Gwanda and Matobo districts), Matabeleland North in Lupane district; Masvingo province in Zaka, Masvingo Rural Districts and the Midlands in Mberengwa and Shurugwi districts. Informal/private traders continue to be the main suppliers in 5 districts, namely: Umguza, Nkayi, Gutu, Gokwe North and Gokwe South districts.

ii. Maize Grain Price Trends at District level

GMB continue to sell maize grain under two different schemes namely the Drought Relief for rural populations at \$15.00 per 50kgs per household per month in all the districts save for Masvingo Rural, Umguza and Nkayi. The second scheme, the Rural Commercial Maize facility (which is also available across the districts except, in Nkayi), maize grain is selling at a steady price of \$22.75 per 50kgs. Average grain prices at private/informal markets have remained constant in all the districts except in Gutu and Mberengwa.

In Gutu district, the price of maize grain, slightly increased by \$0.02 from \$0.46 to \$0.48 per kilogram in the wards further from the Town, Gutu Mpandawana. This was mainly attributed to an increase in transport costs as these areas are now hard to reach following heavy rains received during the month. The roads are now bad making it difficult for most trucks to traverse.

In Mberengwa a 15% increase in the price of maize grain was noted from \$0.40/kg to \$0.46/kg. The increase in price was attributed to the increase in the demand for grain as it is now the peak hunger period and also the deteriorating road network. This follows the traditional pattern of grain prices which go up from post planting towards harvesting.

iii. Maize meal

During the reporting period, maize meal was readily available in all the 15 districts. A slight price increase was realised as the average price went up from \$0.60 to \$0.61 per kilogram. The increase can be attributed to an increase in demand during the peak hunger period. Retailers are the major suppliers of the commodity. Different brands are available on the market as indicated in the annex below. The project will continue to conduct the "Brand surveillance" for mealie meal in all the 15 districts of operation.



Maize Meal Brand
Surveillance Form.xls

Maize Meal price trends at district level

A mealie meal price change was noted only in Gutu district. The price increased by 10.9% from \$0.55 to \$0.61 per kilogram. The increase has been attributed to the growing demand of the commodity in the peak lean season and accessibility challenges. Popular brands available include Red Seal roller meal from National Foods Milling Company, Silo Upfu from the GMB and Chibataura from Blue Ribbon Foods. The heavy rains which were received during the reporting period led to difficulty in accessing source markets as roads are now slippery, with small streams and rivers overflowing, hence becoming difficult to cross and transverse by trucks. However, in the entire remaining 14 Districts, no other change was noted on maize meal as the selling prices remained stable.

iv. Small Grains

Sorghum: As at mid-January 2017 the commodity was available in 9 districts namely: Lupane, Nkayi, Umguza, Beitbridge, Gwanda, Matobo, Gokwe South, Mberengwa, and Shurugwi. Unlike at the end of December 2016, the commodity was no longer available in Gutu district. The average selling price of sorghum went up by \$0.04 from \$0.57 to \$0.61 per kilogram. The increase can be attributed to the scarcity of the commodity during the peak hunger period. Informal/private traders continue to be the main suppliers of the commodity except in Shurugwi where GMB is the only supplier. The price trends of the commodity are presented in figure 1 below.

Millet: Millet is available in ten (10) out of the fifteen targeted districts (Lupane, Umguza, Beitbridge, Gwanda, Insiza, Matobo, Gokwe South, Mberengwa, Shurugwi and Zaka). Unlike at the end of December 2016 the commodity is no longer available on the market in Gutu district. The average price of the commodity slightly went down from \$0.73 to \$0.71. Informal/private traders continue to be the main suppliers of the commodity except in Shurugwi where GMB is the only supplier. This commodity is less sought after especially when maize grain and maize meal are readily available on the market. The average price trends of the commodity are shown in Figure 1 below.

2. Non Staple Foods

As at mid-January 2017, the average selling price of **sugar beans** was \$2.17/kg. This was a slight increase of \$0.02 as compared to the average selling price for the end of December 2016 of \$2.15/kg. A notable increase in the average selling price was observed in Umguza District from \$2.20 to \$2.40/kg. Informal traders who are the main suppliers of the commodity in the district attributed the increase in price to the increase at source markets. They get the commodity from the farmers in peri-urban areas. The commodity is now scarce and some areas are now hard to reach as a result of slippery roads in face of heavy rains received during the reporting period.

Cow peas: The average price of cow peas has gone up from \$0.89 to \$1.19 per kilogram, registering a significant average increase of 33.7% compared to end-December 2016. The commodity is now scarce on the market with private/informal traders being the dominant suppliers. Unlike at the end of December 2016, cowpeas were no longer available in Shurugwi, Matobo and Insiza. The commodity is available in 8 districts, namely: Lupane, Nkayi, Umguza, Gwanda, Beitbridge, Gokwe South, Mberengwa and Zaka.

Cooking Oil: The commodity remained available on the market across the 15 districts at a constant price of \$1.87 per litre since end-November 2016. Local brands like Pure Drop and

Zimgold continue to dominate on the market. In Beitbridge, Lupane, Gwanda and Mberengwa foreign brands like D'Lite were available on the market. Interviewed wholesalers such as N. Richards who have import license for three foreign brands, continue to stock the product. The price trends are depicted in figure 5.

Kapenta continues to be available across the targeted districts. Its price, however, has slightly increased by \$0.02 from \$0.94/kg to \$0.96/kg. Retailers continue to be the major suppliers for the commodity and it is available in high quantities. Informal traders in Lupane, Gokwe South and Gokwe North are also selling kapenta sourced from areas such as Binga District in the Zambezi valley where fishing is done extensively. **Salt** continues to be available in all the operational districts at a steady price of \$0.56 per kilogram. **Sugar** is readily available on the market across the 15 districts. Sugar is mainly supplied on the market by retailers at a price of \$1.06 per kilogram. Figure 4 below shows the price trends for various commodities.

3. Agricultural inputs

Certified Maize seed was readily available at retail and agro-dealer shops across the 15 districts. The average price slightly went down from \$27.80 to \$27.74 per 10kg bag. The decrease can be attributed to increased stock by agro-dealers and increased varieties on the market. The seed varieties available were from Seed-Co, Pannar and Agri Seeds. Agro dealers across all the districts were accepting electronic purchases at the point of sale through swiping or mobile transfer (wallet to wallet) which made it easy for communities to access the commodities.

Sorghum Seed was available in Lupane, Umguza, Beitbridge, Gwanda, Gokwe North and Zaka. The average price has remained constant at \$11.32 per 10 kilogram bag, as was reported end-December 2016.

Certified millet seed was only available in six (6) districts, namely; Lupane, Umguza, Gwanda, Gokwe North, Gokwe South and Zaka. The average cost of a 10kg bag of certified millet seed was \$12.33, down from \$13.00 end-December 2016. Unlike end-December 2016, the commodity was no longer available in Beitbridge district.

As at mid-January 2017, **basal fertiliser** mainly Compound D, was available in nine (9) districts, namely; Lupane, Umguza, Beitbridge, Matobo, Gokwe North, Shurugwi, Gutu, Masvingo and Zaka. The average price was \$31.11, an increase from \$30.56 as at end-December 2016.

Top dressing fertiliser, specifically Ammonium Nitrate, was available in seven (7) districts namely; Lupane, Umguza, Beitbridge, Shurugwi, Gutu, Masvingo and Zaka. The average price was \$35.00, an increase from \$34.43 per 50kg bag. The price increase was noted in Umguza district where the agro-dealers indicated that the commodity was scarce. The increase in price for both basal and top dressing fertilisers was attributed to increased demand for the products as the local companies were failing to meet demand especially from the Government Command Agriculture Scheme.

4. Livestock average costs

The average price of cattle vary according to place and breed. As at mid-January 2017 the average prices for different breeds range from \$300 to \$443. The ordinary cow is selling at an average of \$300 and the most expensive bull type selling at \$433 on average. The highest price was reported in Matobo as the bull is pegged at \$600.00. The lowest price was recorded in Gokwe South where a steer is being sold at \$200.00.

5. Cash Liquidity Situation

The cash liquidity situation has not significantly changed despite introduction of the bond notes injected in the market from 28th November 2016. The volumes are insignificant to make a notable impact. Bond and the US dollar are trading at par (1:1) in all the 15 districts of operation. The real panacea to the situation is a move towards the use of plastic money.

As at mid-January 2017, the findings depict a positive trend towards a cashless economy as 65% of clients are using electronic transactions to purchase goods and services. This is an increase from 60% at the end of December 2016. Thirty five (35) percent of the interviewed clients indicated that they prefer to cash out either at first attempt or by staggering cash outs before transacting. On average those who preferred to cash out first before transacting were receiving an average of \$15.00 from agents. Clients cashed out a minimum of \$4.00 and a maximum of \$120.00.

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

Four percent of the interviewed clients indicated that they incurred an extra charge in transacting. In the Midlands provinces informal/private traders who are not registered merchants are accepting wallet to wallet transfers. They charge an extra dollar to cater for the cashing out charges. The service providers brand ambassadors indicated that any agent or merchant found to be short-changing clients will be de-activated from the platform.

Figure 1: Price Trends for Staple Cereals

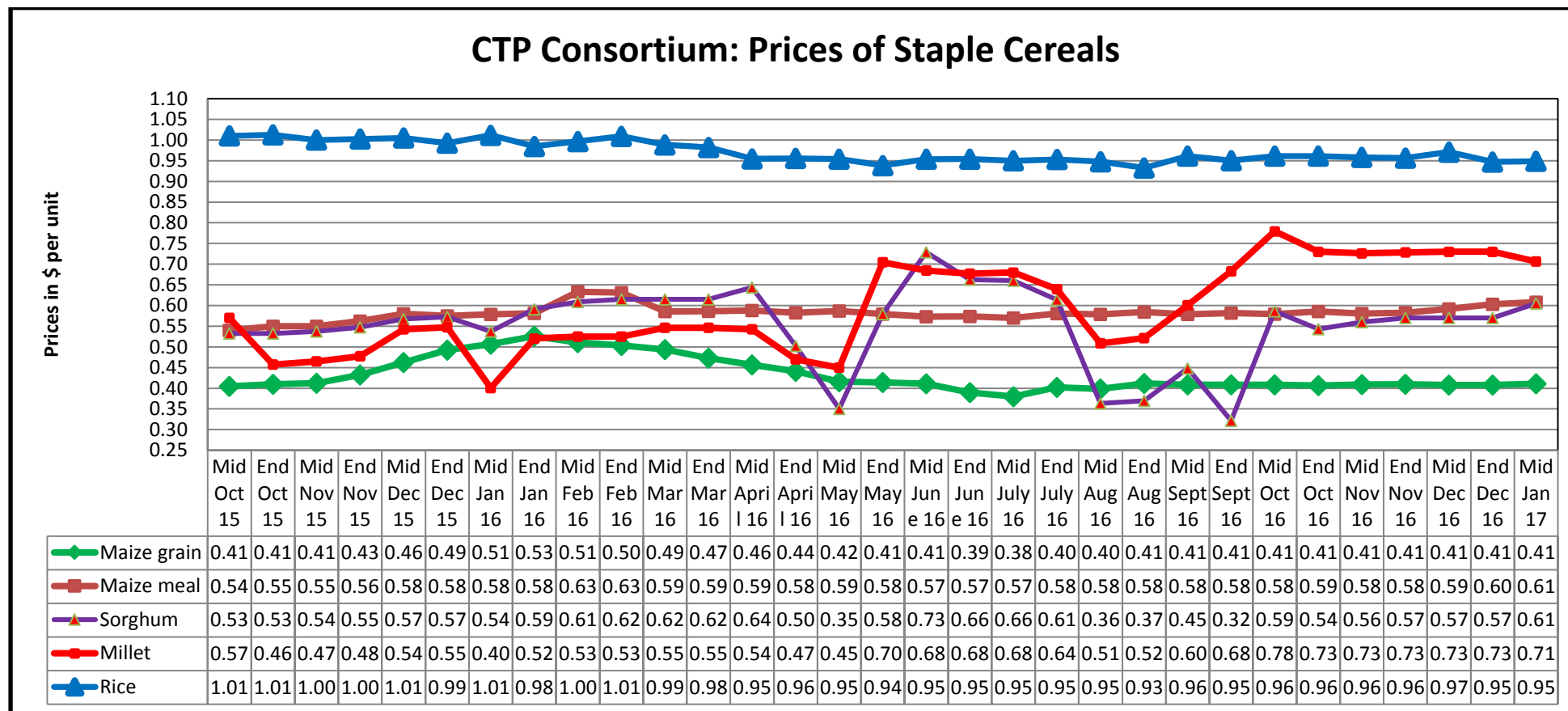


Figure 2: Maize Grain Prices for Selected Districts

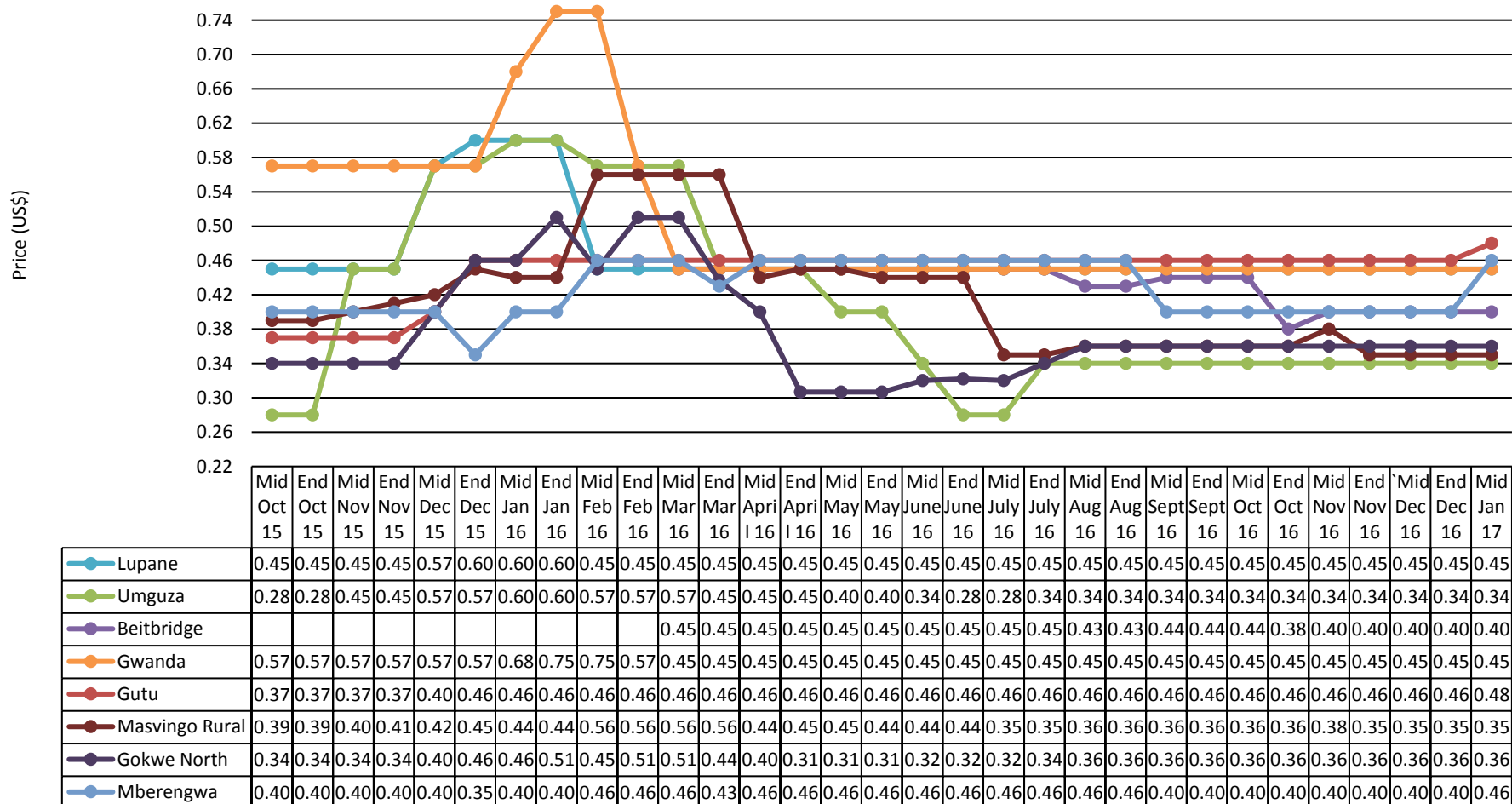


Figure 3: Maize Meal price Trends per Kg for Selected Districts

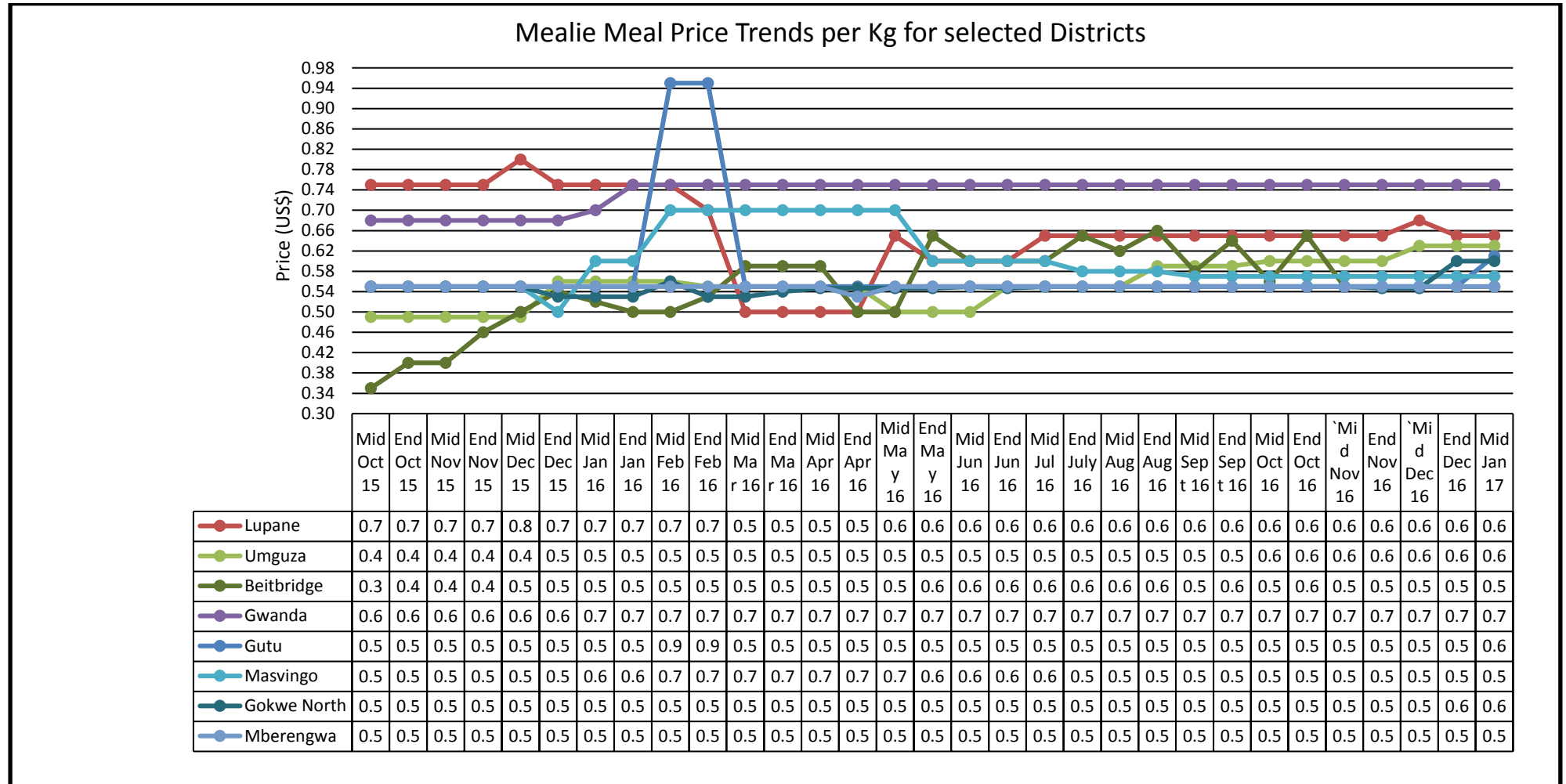


Figure 4: Price Trends for Non-Cereal Foods

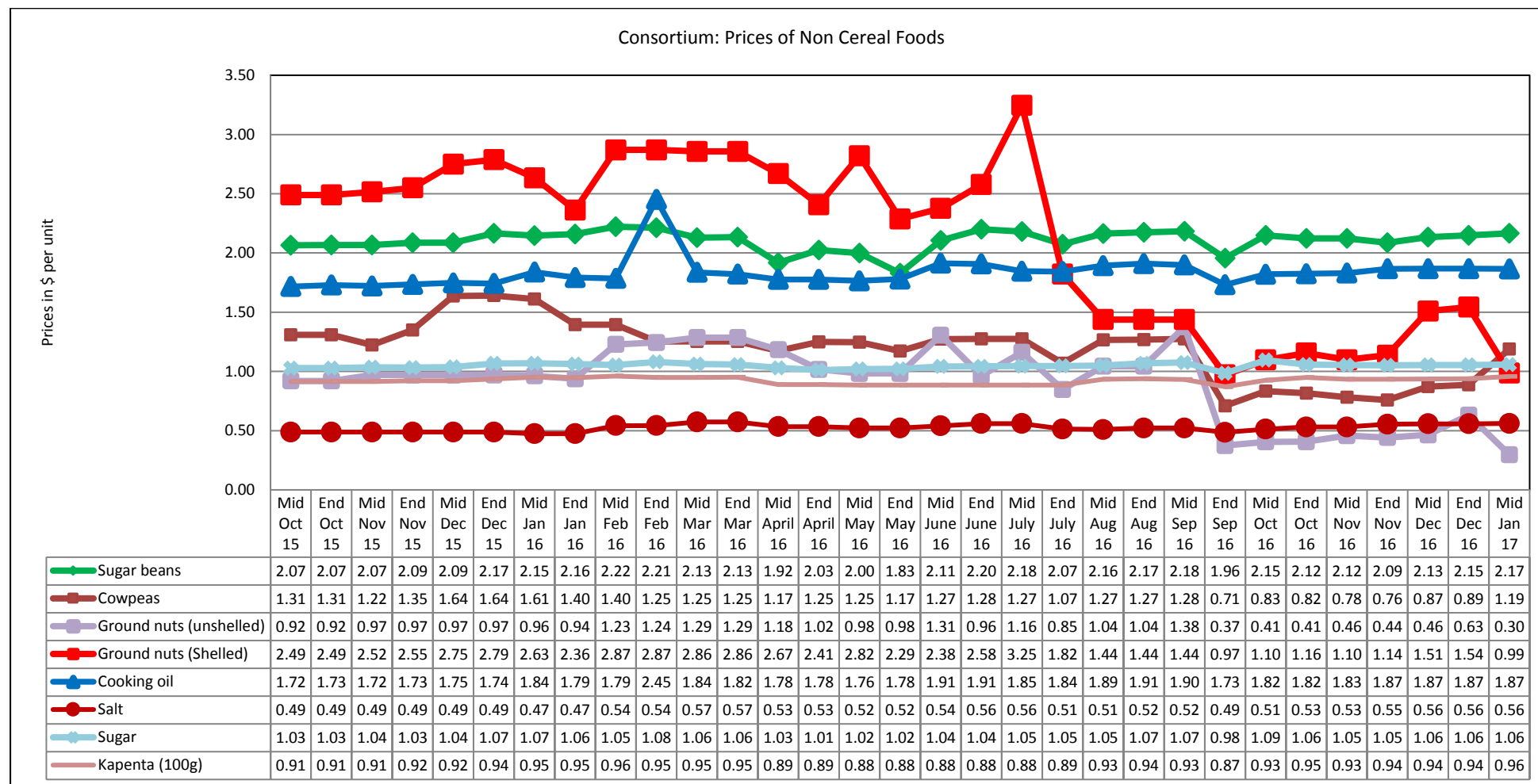


Figure 5: Price trends for Inputs

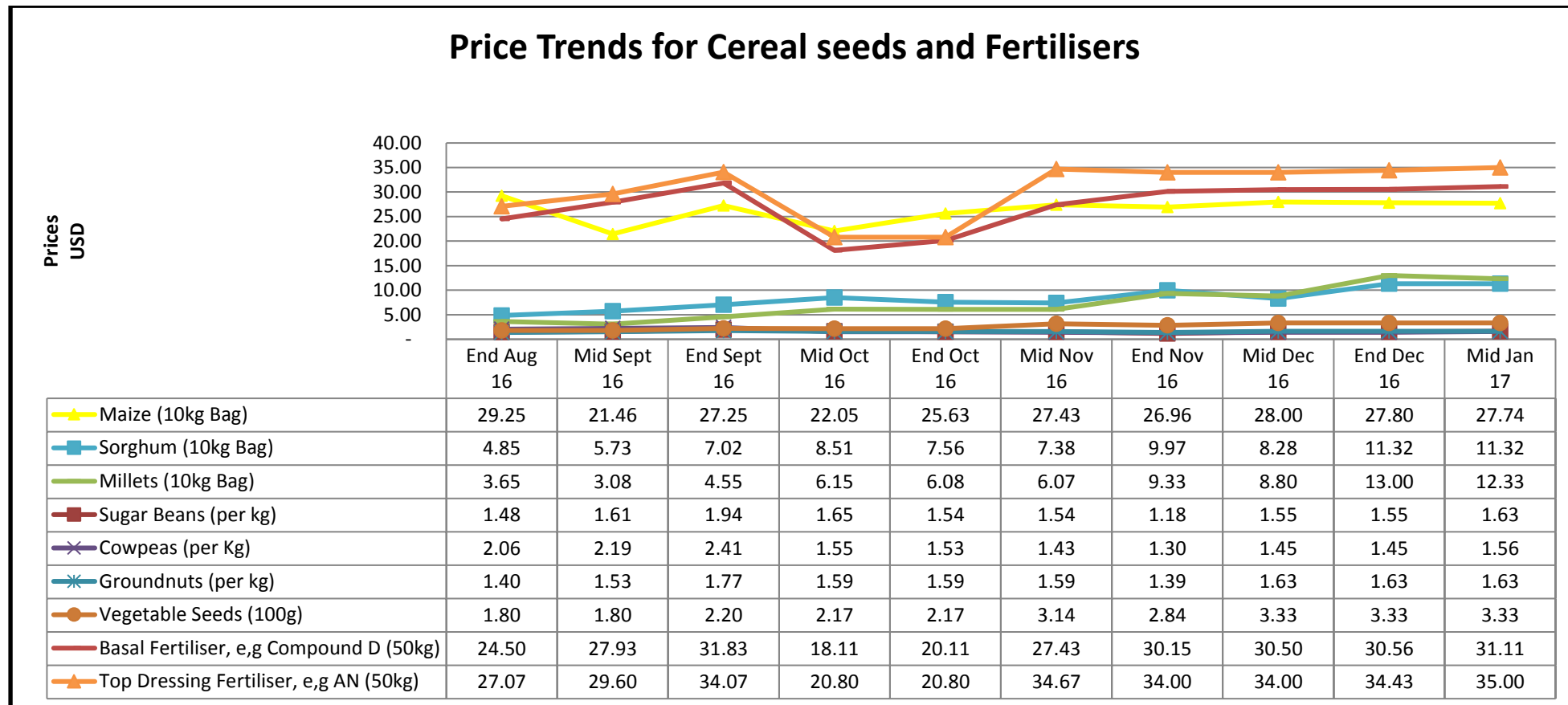


Figure 5: Legumes and Vegetables

Price Trends for Legumes and Vegetables

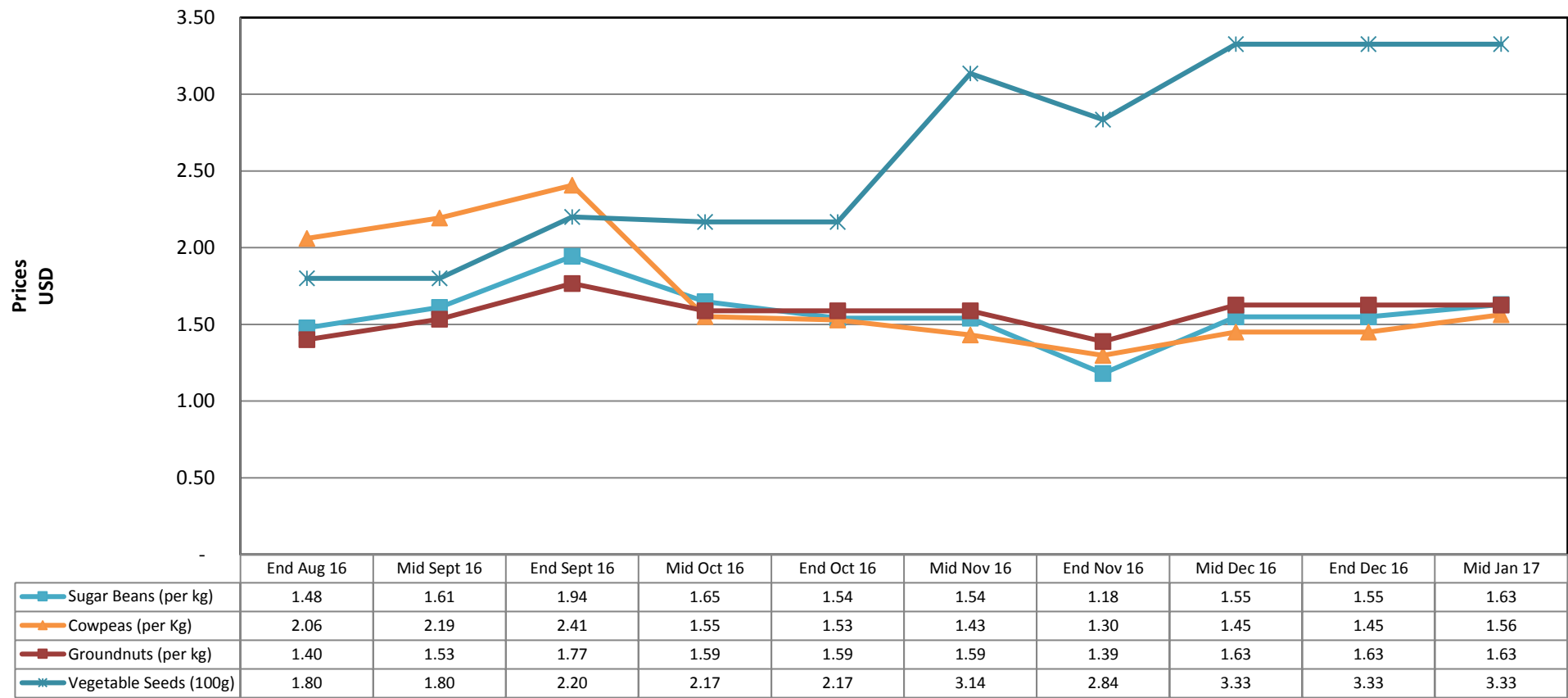


Figure 6: Average prices of Large Livestock

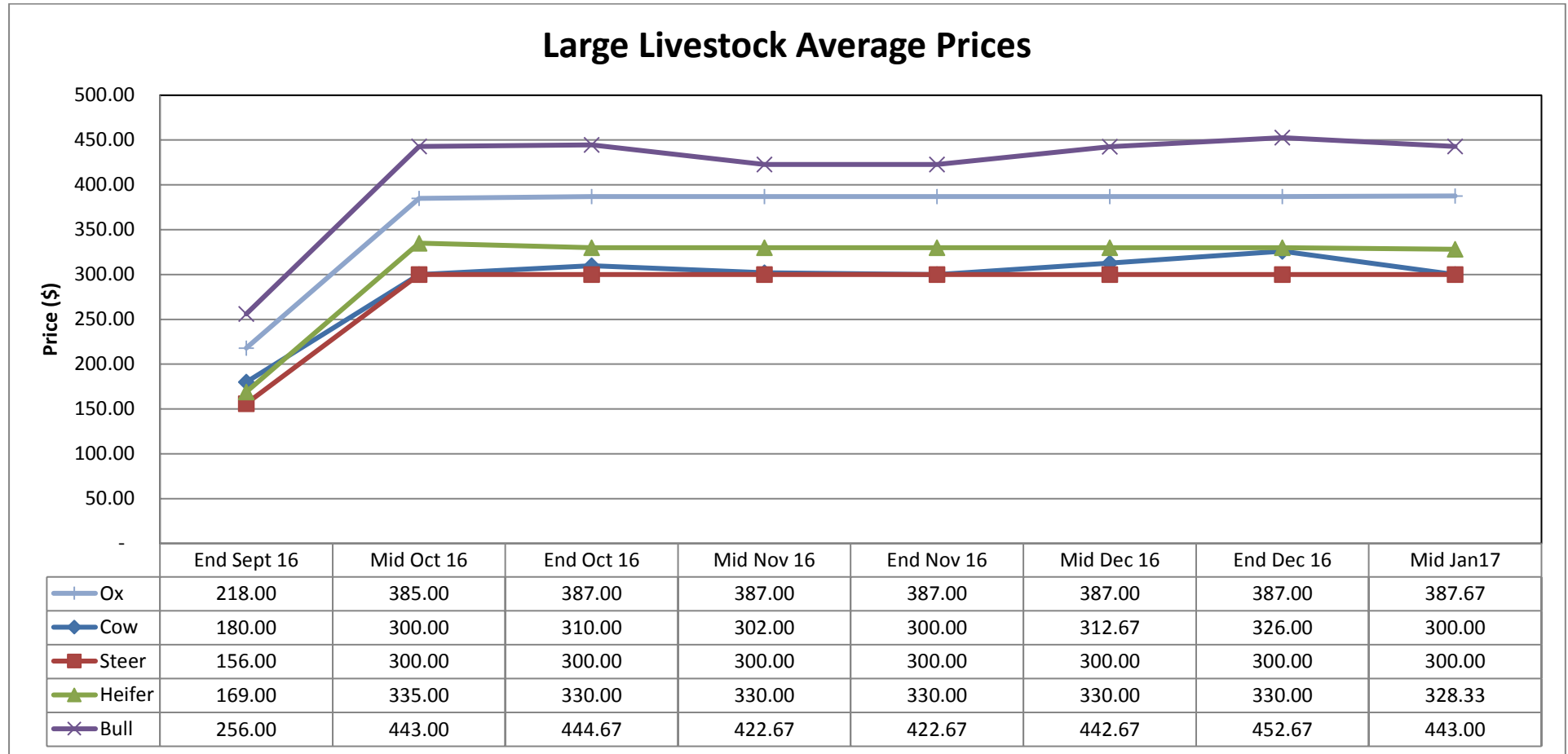


Figure 7: Average prices of Small Livestock

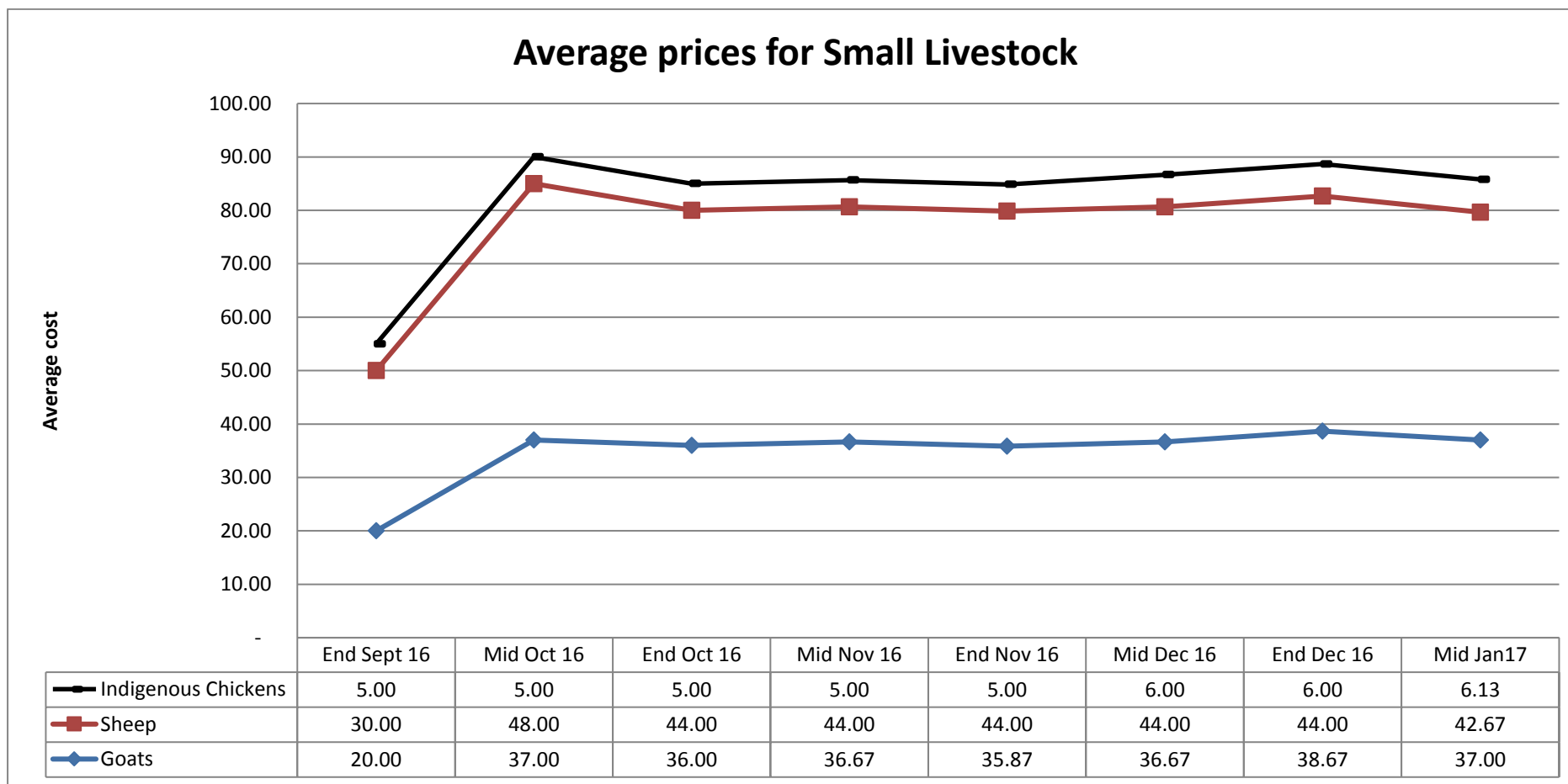


Figure 9: Cash Liquidity Trends

