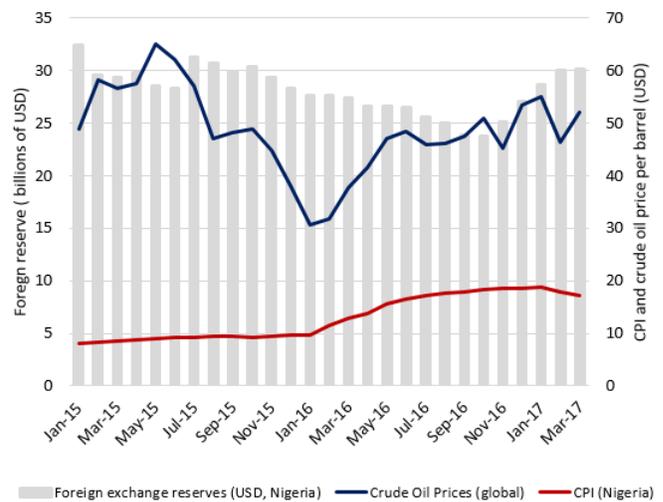


Key messages

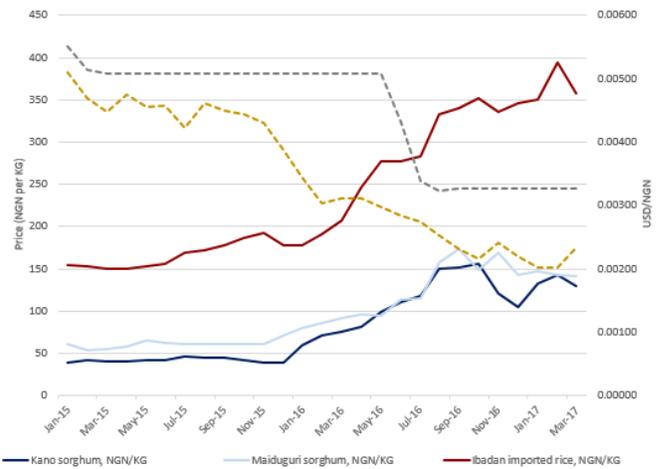
- Stability in the Niger Delta coupled with a recent slight recovery in the FOB price per barrel of crude oil have jointly provided relief to the ailing Nigerian economy, thereby resulting in better economic conditions in March 2017 compared to previous months (Figure 1).
- The Central Bank of Nigeria continued to supply foreign exchange reserves to the exchange market through weekly sales, making available more supplies of U.S. Dollars and other essential foreign currencies. This has led to the strengthening of Naira (NGN) and a narrowing the gap between official and parallel exchange rates. The strengthening of the Naira is believed to have contributed to the decrease in the prices of some imported commodities on local retail markets, including but not limited to rice (Figure 2).
- Market recovery in the North East of Nigeria is ongoing and activities are becoming more favorable in some markets, especially in cities along and in proximity to the Nigeria-Cameroon border. Relatively higher supplies and lower prices were observed in Mubi (Adamawa state) compared to markets in neighboring areas, inclusive of southern Borno state.
- Insurgents' activities in the North East of Nigeria have largely halted. However, occasional attacks on roads linking major markets in parts of southern Borno and Northern Adamawa as well as lack of civilian access to some parts of Northern Borno have caused deterioration in the functioning of some markets. Markets in these areas are either non-functioning or at minimal level.
- For markets that are functioning in the North-East Nigeria, both supplies and stocks are relatively above last year levels but well below normal level (before crisis period). Lack of and reduced level of cultivation as well as risks along the trading routes were responsible for this lower stock levels.

Figure 1. Nigeria foreign reserves, global fuel price trends, and inflation (January 2015- March 2017)



Source: CBN and National Bureau of Statistics, Nigeria.

Figure 2. Nigeria exchange rate and staple food price trends in selected markets (Jan 2015- March 2017)



Source: FEWS NET, CBN, BDC.

In June 2016, FEWS NET released an alert describing the [national and regional implications of declining global crude oil prices on the Nigerian economy and subsequent currency depreciation since 2015](#). Within the context of this national economic shock, [more than 3 million people in Northeast Nigeria already face significant food insecurity due to the Boko-Haram conflict](#). The Nigeria Market Monitoring Bulletin provides a summary of emerging market trends in Nigeria and the broader region.

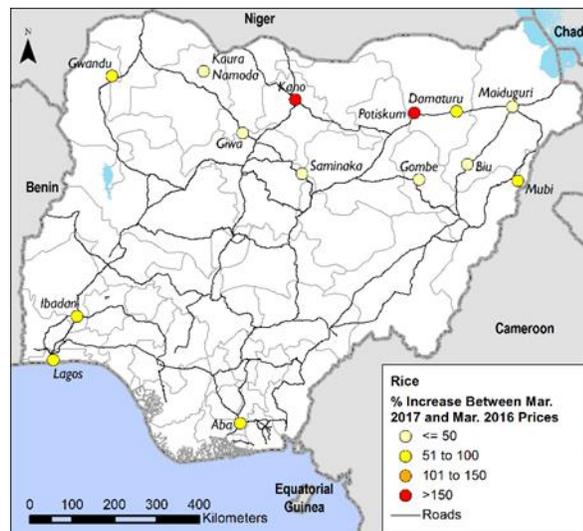
- Economic indicators in Nigeria (FOREX and inflation) have begun to recover through March 2017 with the foreign reserve increasing by about 5 percent between January and March 2017 while the inflation reduced by about 7.8 percent within the same period (Figure 1). According to the National Bureau of Statistics (NBS), this is the second consecutive months of a decline in the headline CPI on a year on year basis for the past 15 months, representing the effects of stabilizing prices in already high food and non-food prices. It is also indicative of early effects of a strengthened Naira (NGN) in the foreign exchange rate market.

- The improving macroeconomic situation, partly due to increasing price per barrel of crude oil and the relative stability in the oil-producing Niger-Delta region of the country, has further empowered the Government of Nigeria to intervene directly in FOREX market. This is accomplished through the Central Bank of Nigeria who now sells FOREX on weekly basis, thereby improving the value of the currency NGN. As a result, the gap between the official interbank exchange rate and the parallel market has narrowed and reduced by about 10 percent between February and March 2017. This has also had direct impacts on food commodity retail prices, such as sorghum in Kano and imported rice in Ibadan, which declined by 10 and 9 percent respectively compared to February 2017 (Figure 2).

- The general price regime for staples across the country is still largely driven by its supplies. For example, sorghum prices for which harvest was recently concluded follows its historical trend in prices, albeit at higher levels. For surplus markets in producing areas of the North East, declining prices (by 2 to 18 percent) were observed in Biu, Damaturu and Mubi between February and March. This is due to its bumper harvest and increased supply to markets. At national level, sorghum price across all markets are 54 to 290 percent above their respective five year average levels. Likewise the case for imported rice which its supply has been constrained by lack of FOREX and its current price when compared to average price shows an increase of between 56 to 170 percent across all markets (Figure 3).

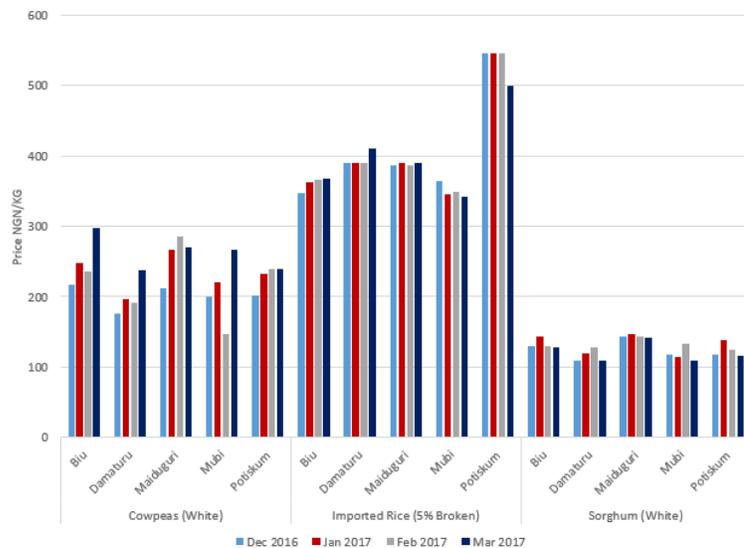
- Current trends in prices of major staples across some markets in the Northeast Nigeria (Figure 4) shows that Damaturu market in Yobe state has the lowest price for cowpea at NGN238 per KG while Mubi market in Adamawa state has the lowest price for imported rice at NGN342 per KG. The price for sorghum is almost at par for Damaturu and Mubi markets at around NGN109 per KG. However higher prices were observed in Biu and Maiduguri markets where humanitarian support (through vouchers) and cash programming is ongoing. These higher prices were linked to high prices of foods in weeks when vendors (through local purchase) and households access markets to procure food items.

Figure 3. Rice price trends in Nigeria, March 2017 versus March 2016



Source: FEWS NET.

Figure 4. Trends in staple prices across major markets in NE Nigeria, NGN/kg, Dec 2016 to Mar 2017



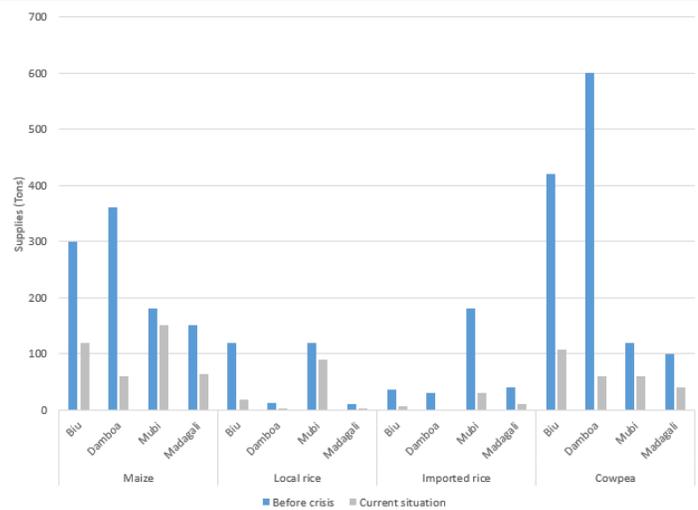
Source: FEWS NET.

- Recent market recovery monitoring data collected during a FEWS NET assessment of Northeast Nigeria in April 2017 have revealed a reduction of about 70 percent in staple supplies when compared to the pre-insurgency period (defined here as the 2009/2010 marketing year). There is also a reversal in the level of market supplies of staples and cash crops, which is contrary to the norm as before the crisis when markets in Southern Borno (Biu and Damboa) used to have highest supplies of goods. The reduced level of production and risks along the trade routes are major causes of these reduced supplies and stocks. Currently, the main market in Mubi (Adamawa state) records the highest supplies of maize, local rice as well as imported rice and occupies second place alongside Damboa market in case of cowpea supply (Figure 5). The increased supplies to Mubi market is driven by the level of livelihood recovery of households in the area as well as increased cross-border trading activities with communities in Cameroon. The market in Mubi now supplies other markets in the area such as Madagali, Michika, Biu, and Damboa among others.

- In terms of market supplies, Madagali market in Adamawa state is the most hit by supply reduction, despite its closeness to communities across the border in Cameroon. This is because of high level of insecurity in the area, low level of returns and the precarious state of infrastructures particularly roads and bridges destroyed and yet to be repaired. The market, which used to be one of the biggest markets in Adamawa state, now only records a little supplies of maize and cowpea, which are largely from Mubi and Cameroon communities across the border. Its supply of rice has reduced by about 90 percent, while maize and cowpea reduced by 58 and 60 percent respectively.

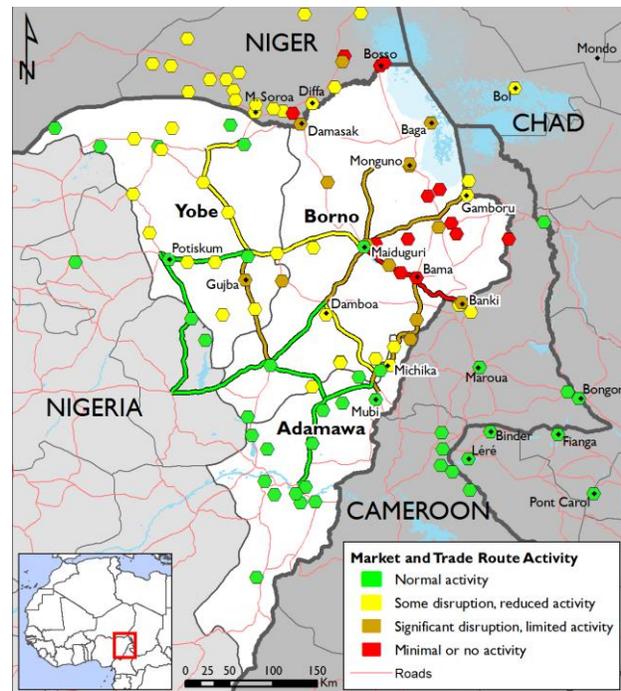
- The market functioning in North East Nigeria is recovering gradually, however the rise in attacks along roads linking markets in Southern Borno (Damboa, Askira, Chibok, Gwoza and Lassa) as well as some communities in Adamawa state (Madagali and parts of Michika) have caused deterioration of markets functioning in these areas when compared to February 2017. Likewise markets in and around LGAs in Northern Borno (Marte, Guzamala and Abadam) are not functioning completely (Figure 6).

Figure 5. Supplies of staples (tons per week) in select NE markets as at April 2017



Note: Data from the “before crisis” are from the 2009/10 marketing year.
Source FEWS NET field mission by April, 2017.

Figure 6. Lake Chad Basin market functioning for May 2017



Source: FEWS NET.