Background and Methodology

This report contains information on the third round of emergency markets monitoring conducted between the 8th and 13th July 2019 to monitor price and marketing of key basket commodities in relation to reintroduction of the Zimbabwe dollar. Information was collected from 120 traders in 70 markets across 12 districts (Chimanimani, Chiredzi, Epworth, Kariba, Masvingo, Mbire, Mt Darwin, Mudzi, Mwenezi, Nyanga, Rushinga, Zvishavane). The monitoring is conducted by WFP in partnership with members of the Cash Assistance Working group and these include World Vision International, CARE, Christian Aid, Mercy Corp, IRC, Red Cross, Action Aid, CAFOD, Africare, ADRA, MDTC, Plan International and WeEffect.

The report provides a brief overview of the current market situation given the volatility of key market indicators (prices and availability) and their related proxies. It will also track the availability of maize grain and the accessibility of the Grain Marketing Board (GMB) by the vulnerable population. This information is indicative of changes in the food security status of rural livelihoods and the level of support required through the Lean season response being implemented by government and its partners. The market spot checks were conducted through the face to face market interviews and telephone interviews with traders in these markets. The actual field data was gathered by WFP and its partners in their areas of operation.

Basic Food Basket Commodity Pricing and Availability

Maize grain

Maize Grain was still available from 66% of the markets that were assessed. Maize grain prices have remained relatively stable for USD cash payments at an average selling price of $0.24/kg in the second week of July which is comparable to the first week with average price of $0.25/kg and an average of $0.24 for the month of June 2019. (Figure 1). The most common method of payment were cash bond notes with an average price of ZWL$1.27 a price 14% higher compared to the first week of July and 323% higher when compared to the average price in July 2018. Mobile money payments increased by 43% from ZWL1.24/kg in the first week of July to ZWL2.40 in the second week of July. The increases are typical with this time of the year, taking into account a bad harvest which resulted in households not producing enough thereby relying on the market earlier bon in the consumption year pushing up demand and prices. However the rate of increase is higher when compared to previous years and this is likely a result of the prevailing macro-economic conditions and the relative scarcity of the commodity on the market partly as a result of SI145/2019 making GMB the regulating the sale of maize grain.

GMB Monitoring

GMB prices at GMB are fixed at ZWL0.75/kg, this price is 40% lower when compared to the prevailing market price. However only 50kg bags are retailed and those costing a total of ZWL37.50. The cost of acquiring grain from the GMB...
for the household is increased by transport costs which on average cost ZWL16.71 per trip with the nearest GMB being on average at least 40km away for most households within the ward (figure 2). GMB during harvest time has at least 1 selling points within each ward but currently very few (29%) are functional hence the longer distances household have to travel to the nearest depots in the wards visited

Sugar Beans

Sugar beans was available in 46% of the surveyed markets at an average price of ZWL18.95/kg and ZWL21.41/kg for cash and mobile money payments respectively these prices are 49% and 67% higher when compared to prices in week 1 of July which were ZWL12.71/kg and ZWL12.83/kg for cash and mobile money payment respectively. There were no traders accepting USD cash for sugar beans, which is the most readily available protein source for rural households and readily available in retail shops across the country (Figure 3).

Cooking Oil

Cooking Oil was available in all of the surveyed markets with 98% of the interviewed traders having the commodity in stock and was being sold at an average price of $1.19 for USD cash payments, ZWL11.43 and ZWL11.76 for bond cash payments and mobile money payments. These prices are 35% and 10% when compared to prices recorded in the first week of July for USD, bond cash and mobile money payments. Lowest prices were recorded in Rushinga at an average price of ZWL9.29/L while highest prices were recorded in Kariba with an average price of ZWL13.43 (Figure 4). The price drop could be a result of a number of factors chief mong them shortage of the bond note on the market which is preferred compared to other forms of payments by retailers.
Trading and Marketing: A Brief analysis

The country has been using its own currency for the past 20 days for the first time since 2009 when the country adopted the multi-currency system as a measure to ease the effects of hyperinflation at the time. The current move also aimed at easing the economic burden has resulted in market distortions with price fluctuations for good and commodities as retailers are still “using” the USD as a base currency of sorts. This could get better as the Zimbabwe dollar stabilises however government will have to take measure to ensure value maintenance, one such issue that needs addressing is curbing the problem of fake notes in circulation as this negatively impacts the valuation of the Zimbabwe Dollar if the fake money in circulation is significant. Inflation is another issue government needs to deal with, current rates stand at 175.66% in June 2019 up from 97.83% in May 2019 largely driven by food inflation which is at 251.94%.