Mozambique
WFP Food Market and Price Update 1st – 15 April 2020

This report presents a synthetic analysis of the behavior of food markets in order to understand their evolution in the context of the effects of the COVID-19 and, to that extent, to identify possible risks to ensure the supply of vulnerable populations in Mozambique.

It includes trends in the prices of basic foodstuffs (maize grain, manufactured maize meal, imported rice, butter beans and vegetable oil) that compose the WFP food basket and are relevant to the food security of the population1 with data up to 15 April 2020; An analysis of the supply chain implications of COVID and a perspective on the expected market and trade impacts of COVID-19 are also incorporated.

Following this report, weekly reports will be produced to facilitate understanding of the current and future impact of the pandemic.

Highlights

- According to the behavior of the prices of the analysis period, no important variations were detected in INFOCOM monitored urban shops and markets of above mentioned basic foodstuffs (maize grain, manufactured maize meal, imported rice, butter beans and vegetable oil).

- It was observed in markets monitored by OMR in Maputo, Beira and Nampula Cities an increase of retail prices 10% or above of imported and local products in last week of March and 1st week of April. Higher increase of retail prices was observed mainly in imported products (up to 200% in onion, up to 23% in Irish potato and 23% in eggs) mainly from South Africa, after declaration of state of national emergency in 15 March followed by closing of some borders, limiting circulation of traders. Other food products with significant price increases were maize meal; brown sugar; spaghetti and rice. Higher increase in Maputo markets that in other cities. In Beira City prices did not increase significantly compared to Maputo and Nampula. Not all items were found in Nampula markets when prices were collected (Source: OMR, Boletim de Preços Resumido).

- In rural markets monitored by SIMA, there are more pronounced decreases in the average price of beans by 10.6% for industrial maize meal by 3.85%, maize grain by 3.15%, which may be

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1 Weekly market monitoring data and retail prices from OMR, SIMA and INFOCOM will be used for the weekly bulletin, there may be variations in data according to the availability of information. (OMR: https://omrmz.org/omrweb/boletim-de-precos). Data from SIMA and INFOCOM will be used to monitor the cost of the food basket and vouchers considered in social protection and emergency recovery programmes.
explained by the availability of green maize. There is a slight increase in the price of imported rice and vegetable oil of 2 and 1 percent respectively. The graphs below detail the prices of each product.

- So far, the prices of basic foods in this report do not show effects of the COVID on their behavior, variations are noted due to their availability in monitored markets and beginning of harvesting season.

- Retailers Survey (WFP) indicates that price increases for some products was a result of consumer behavior that has increased purchasing/ storage after the uncertainty generated by COVID-19, causing retail shops to sell out quickly. The informal imports, mainly from South Africa, are being affected by the restriction of the movement of people. Therefore, the closure of borders, as has happened with South Africa, may represent a risk to supply the market and cause a rapid increase in prices. The foreseen challenges by retailers are: continuing increase of food prices; lower availability of stocks in shops due to lack of credit offered by suppliers; decreasing purchasing power of customers due to less income and higher prices; limited capacity of retailers to purchase larger volumes and obtain discounts due to higher cost of goods and risk of shops to close.

- The price of rice on the international market increased by 10 percent from February to March, according to the latest data published, and was 20 percent higher than in March 2019, a considerable increase that may impact Mozambique in the short term.

Early effects of COVID-19 on retailers engaged by WFP for cash-based transfers

The most notable impact of COVID-19 on the consumer side referred by retailers was higher prices caused by increased buying/stocking after COVID-19 uncertainties, making shops quickly run out of stocks and thus driving price increases, although there is no significant food shortages in the country and formal imports and local production are not yet affected.

Retailers assumptions on what may cause reduction of food availability and prices increase are the restricted movement of people for informal imports through small traders crossing borders especially from South Africa, increased costs of imported items, and limited retailers capacity to maintain stocks at shops. In case of imports stop, retailers mentioned that they could only supply less than half of the total rice demand with locally produced rice.

Current Price Situation

The prices in detail of the most important diet products in Mozambique in urban markets of Maputo, Beira and Nampula between the week from the first week of March to the third week of April have the

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2 Between 1st – 3rd April, WFP Supply Chain conducted a survey with 8 questions with all retailers contracted for value voucher assistance (i.e. retailers that have a shop) across the country. The purpose was to get their insights of the early impacts of COVID-19 in local markets. Out of 26 retailers, 21 responded (81% response rate) as follows: 5 in Maputo province, 4 in Gaza, 3 in Sofala and 9 in Tete. Retailers were reached either by phone (interview) or by sharing the questionnaire for them to complete.
following variations: the price of rice had increased in Maputo and Beira of 2 and 2.9 percent respectively, with average price in April of 52.8 and 45 meticais per kilogram; in Nampula there is no variations. For butter bean, the price remained constant in Maputo and decreased by 1.50 percent in Beira (from 86.50 to 85 meticais per kg), in Nampula by almost 10 percent (from 103.2 to 93.3 meticais per kg).

In the case of the price of vegetable oil, moderate increases were reported, in Beira of 3.1 percent increase while in Maputo of 1 percent (from 106 to 107 meticais per kg).

In general, industrialized and imported products remain relatively stable, which may indicate that supplies are still working, either because these products arrive or, failing that, because pre-existing stocks are being used. (see graphics below).

**Retail nominal price (metricais per kg) (weeks from 4 March to 15 April 2020) – Urban Markets**

(Source: INFOCOM)
In rural markets, maize grain reduced its price by 9.5 percent in the Nhamatanda market from 23 to 14 meticais per kilogram; reductions of 4.8 per cent (from 12.75 to 8 meticais per kg) and 3.5 per cent (18.50 to 15 meticais per kg) are also reported in Mandimba and Gorongosa, respectively. In Chiure and Inhassouro markets there are slight increases of 1.3 and 0.8 % respectively.

Manufactured maize meal has price reduction in all reference markets, price reductions ranging from 3.25 percent in Nhamatanda, priced in the first week of April of 40 meticais per kg, followed by Gorongosa with a drop of 5.75 percent (from 35 to 30 meticais per kg) and in Chiure the largest reduction of 7.75 percent (from 47.50 to 40 meticais per kg). Other markets also see price declines in a smaller proportion.

In the price of imported rice, the largest increase is reported in Inhassouro of 8 percent, passing the price from 48 to 57 meticais per kilogram. Nhamatanda also registers an increase of 3.25 percent, from 41.75 to 45 meticais per kg. The other markets are unchanged.

As for the price of butter bean they present the most important reductions, led by Mandimba which recorded a decrease of 34.75 percent relative to average price in March, from 80.75 to 46 meticais per kg. The second major decrease is in Inhassouro with 17.75 percent, from 100 to 83 meticais per kg. Nhamatanda also registers a decrease of 6.50 percent, from 76.50 to 70 meticais per kg. While Chiure and Gorongosa record a slight increase of 1 percent.

The price of vegetable oil remains stable in almost all markets, has increases of 2 (from 90 to 92 meticais per liter) and 3 percent (from 87 to 90 meticais per liter) in Gorongosa and Nhamantanda respectively (see graphs below)
Retail nominal price (metical per kg) (weeks from first week of March to first week of April 2020) – Rural Markets (source: SIMA. Note: no prices available of weeks 2 and 3 of April)
Perspectives

- *The markets have not yet expressed significant interruptions due to COVID 19.*
- In any case, the closure of the borders allows us to anticipate the upward pressure on the availability and prices of some food products;
- More generally, the risk of reduced income from remittances that may be generated lower demand, especially among the low-income population;
- However, taking into account that food is a basic and indispensable need for social development, price control must be considered and price monitoring must be maintained;
- On the other hand, care must be taken to ensure that national production levels, stocks and commercial channels operate at an adequate level, otherwise extraordinary assistance must be provided by the government and partners, traders and industrials;
- *In the current context of state of emergency due to COVID-19, it is expected that the flow of trade will continue to avoid food shortages.* Protective measures are required for food producers, consumers and retailers in order to minimize the spread of the disease within this sector and maintain food supply chains. The most vulnerable consumers must continue to be able to access food within their communities under strict safety requirements.