

HIGHLIGHTS

- Rwanda's season 2008B progresses well
- Early harvesting from Southern Tanzania expected in June
- Speculation causing high maize prices in Kenya

Kenya: The long rains production season in Kenya is underway both in the unimodal and bimodal areas. In the bimodal areas of Nyanza and Western province, land preparation and planting is about 80% completed. In fact, in some of the areas the maize crop is about knee high and looking healthy. In the unimodal grain basket areas of Kenya, farm operations are slowly returning to normal after a slow start following the peace agreement that was signed on February 28th, 2008 between President Kibaki and Prime Minister Raila Odinga. The latest information reaching our office indicates that at least 50% of the land has now been prepared compared to the February 2008 statistic showing only 20% of the land being prepared. The Government of Kenya has also initiated some programs with farmers to boost production for this season. The vulnerable farmers in Busia, Bungoma and Nakuru have been able to receive one 50kg bag of fertilizer and seed. The Ministry of Agriculture in Kenya has projected that 2.16 million MT of maize will be produced during the current long rains season. This is about 20% lower compared to last year 2007/08 long rains production and 15% lower compared to the long rains average production of 2.5m MT of maize.

The national stock position statistics in Kenya indicates that the country has adequate stocks to see it through the first half of the year having carried forward huge stocks from the previous season. The Ministry of Agriculture indicates that stocks being held by farmers, millers and the National Cereals and Produce Board (NCPB) by the end of March 2008 were 1.6 million MT of maize, from which the NCPB is holding 270,000MT for strategic reserves. These figures could be exaggerated since key millers told the Eastern Africa Grain Council (EAGC) that they cannot find maize to buy despite offering high prices. Most of the millers in Kenya are now holding one month stocks as opposed to the normal two month stocks they usually hold during this time. In this regard, a round table meeting is being planned by EAGC to discuss the international, regional and Kenya grain situations in an effort to come up with accurate information and the way forward in terms of maize supplies. The meeting is scheduled for April 24th, 2008 in Nairobi.

Figure 1: Average (Jan-March) maize prices in selected capital cities 2005-2008.

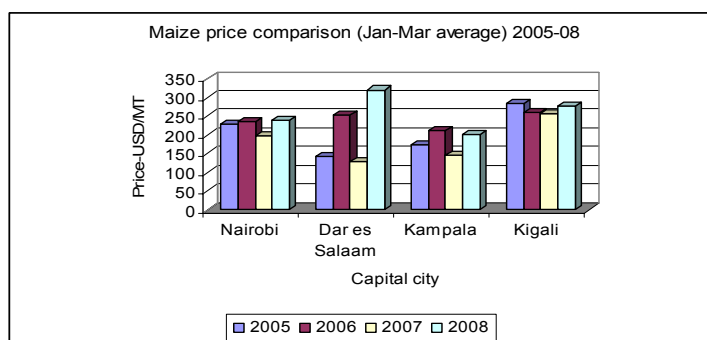


Figure 1 above shows the trend in the average maize prices for the period January to March from 2005-2008. Dar es Salaam has had very volatile prices during the same period while Nairobi and Kigali have shown some stability during the same time.

Tanzania: Planting has been finalized in the bimodal areas. The maize crop looks good in the fields and is at different stages. Some are just past the vegetative stage while others are at the tasseling stage. Most farmers in these areas are hopeful for a good production to recover from the failed mvuli rains in most of the growing areas. The "masika" rains in these areas have been good so far. In the unimodal areas, the maize and bean crops are at advanced stages. In fact, most of the beans had flowered by early March. Bean harvesting is expected to start after mid-April while maize harvesting is expecting to start in late May. There are reports of green/ fresh maize being roasted in these areas.

Uganda: The long rains season in Uganda is underway. The rains started in March and most farmers are almost through with sowing. Information reaching the EAGC office indicates that the crop development is not uniform. According to our information sources, some farmers are still finalizing land preparation and yet to start planting while for others the crop is already knee high. Consequently, the late planted crops will require a sizable amount of rain lasting into June in order for a good crop to be realized. More information will be detailed in the next bulletin.

Rwanda: Season 2008B underway

Season 2008A which is between October and February in Rwanda is now completed. A relatively good maize and bean production was attained. According to the crop assessment report of season 2008A released by the Ministry of Agriculture and Animal Resources, maize production increased by 80% during the 2008A season compared to that of season 2007A while bean production decreased by 8% during the same period. The increase in production was as a result of increased use of certified seed and fertilizer. An estimated 132,990MT and 181,228MT of maize and beans were produced respectively.

Planting for Season 2008B is completed. Maize, beans and sorghum have been planted in most of the growing areas. Most of the maize and bean crop are at the vegetative stage except for the early planted beans which are already flowering. According to the Ministry of Agriculture, this is the season that is relied upon for sorghum production. Estimates indicate that early harvesting of beans could start in June while that of maize may start in July. It is also expected that farmers will replenish their bean stocks from this season.

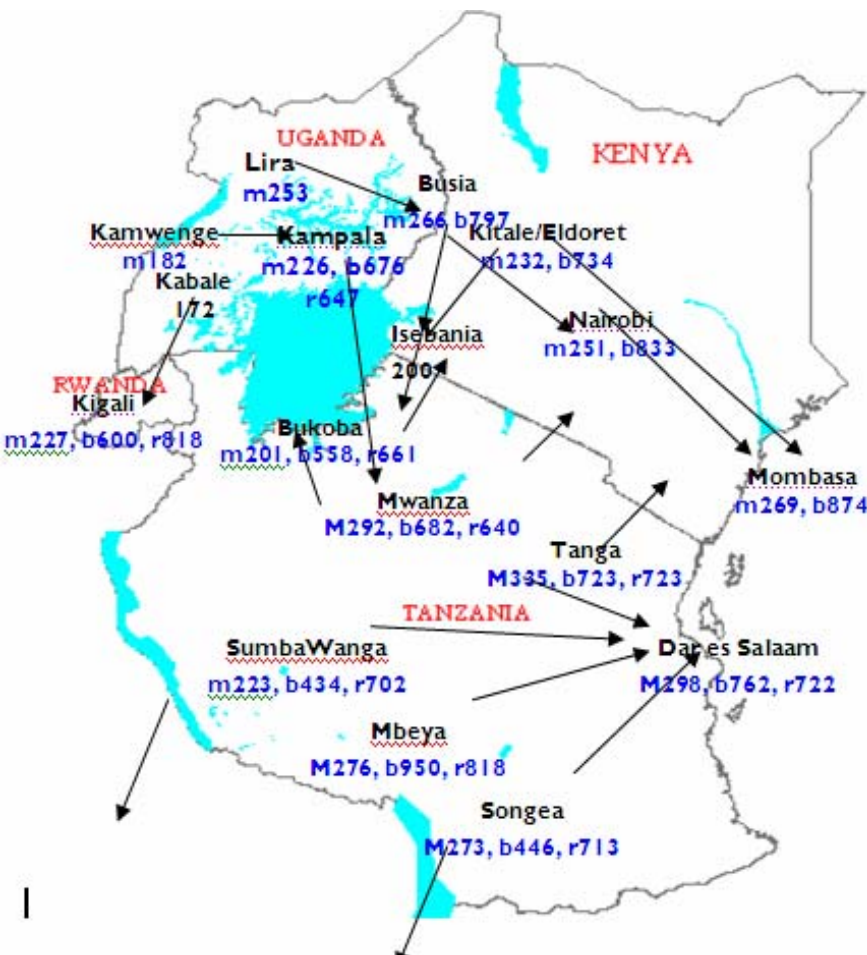
**Regional Market Analysis:
Reduced market supplies causing maize prices to increase**

Regional wholesale prices in most of the monitored markets remained high during March and early April 2008. The high prices are largely attributed to a reduced supply and a higher demand coupled with increased transportation costs as a result of high fuel prices. RATIN's information network believes that wholesale prices in Kenya are rising due to speculation. Farmers are hoarding maize in anticipation of higher maize prices as a result of the expected reduced long rains production from the grain basket. According to some traders, farmers are reluctant to release maize to the markets which has consequently led to supply shortages to key markets and buyers. Kenya's private millers are not able to find grain to purchase despite offering relatively high prices. During the last week of March, most millers were offering on average USD 260/MT in Nairobi and USD 226/MT in Eldoret which is a producing area.

In Kampala, wholesale prices are believed to be high due to increased demand from institutions and neighboring countries. High fuel prices and poor roads have caused commodity prices to increase. In Tanzania, high prices are attributed to low market supplies and increased transportation costs as a result of high fuel prices. Commodity prices could ease in Tanzania when maize harvesting in the southern region of the country begins. In Kenya however it is predicted that prices will remain high for the next couple of months. Short term relief is expected in July because of the increased supplies obtained from cross border trade following harvesting in Uganda, Tanzania, parts of the Rift Valley and Western Kenya. Usually this harvest in parts of the Rift Valley and Western Kenya produces approximately 180,000MT of maize.

Regional Trade

Figure 2: Indicative wholesale prices for maize (m), beans (b) and rice(r) during first week of April 2008 and the expected flow of maize in Eastern Africa between May and August 2008.



Maize wholesale prices in the eastern Africa capital cities during March ranged between USD 298/MT and USD 226/MT while those of beans ranged from USD 888/MT and USD 598/MT. During March, the price of rice in Kampala, Dar es Salaam and Kigali ranged between USD 815/MT to USD 775/MT. Since January 2008, maize prices have been highest in Dar es Salaam and lowest in Kampala with Rwanda having the lowest bean prices for the same period of time. Dar es Salaam city maize prices have remained high and on average above USD320/MT since late last year. Prices reduced marginally for one week in March by USD 20 per ton as fresh supplies from the bimodal areas entered the Dar es Salaam market. Between January and August, 2007, the Dar es Salaam market recorded a low maize price of USD120/MT before increasing to a maximum of USD 240MT in November 2007.

Wholesale maize prices in Nairobi have been rising since February 2008. The prices have increased from USD 200/MT by over twenty dollars per ton recorded for the last three years to USD 240/MT recorded during March 2008. Wholesale maize prices in Kenya are steadily increasing compared to the year 2006/07, when there was high speculation and hype about the drought situation in Northern Kenya that caused wholesale prices to increase. In Kigali, wholesale maize prices are expected to increase during the next couple of months then later ease with the onset of harvesting expected to commence in July. Prices in Uganda are relatively high given that harvesting has just been completed. Figure 1 shows that Kampala prices are low compared to those in other Eastern Africa capital cities. Nevertheless, if these prices are compared to similar periods last year in Kampala, the current prices are almost 40% higher. Key traders say that prices will remain high but stable due to a high demand from Uganda and neighboring countries.

Regional Trade: Figure 2 is based on RATIN's information database. It indicates that starting after mid-May 2008, maize will flow from the southern region of Tanzania into Dar es Salaam increasing supply. Between June and July, as a result of the onset of harvesting in the bimodal areas such as Tanga, Arusha, Babati, maize will flow into Dar es Salaam and also towards Kenya through Namanga, Taveta, Horohoro and Tarakea. It is expected that Tanzania's maize will move into Kenya despite the export ban which the Government of Tanzania imposed in January 2008. This follows the high demand that is anticipated from Kenya during the second half of the year due to low maize supplies. The maize trade between Uganda and Rwanda is expected to continue throughout the year. Rwanda imports an average of 6,000MT of maize per month from Uganda.