



**The United Republic of Tanzania
Ministry of Agriculture
Agricultural Marketing Section**

MONTHLY MARKET BULLETIN

August, 2020

Introduction

This bulletin provides monthly highlights on market prices of major food crops across domestic markets and to some regional markets. The bulletin also provides global market information on traditional export crops (coffee, cotton, tea, tobacco and cocoa), import substitution commodities (sugar, edible oil and wheat) and farm inputs (fertilizer). Information in this bulletin provides a benchmark to key players along the respective value chains to make informed decisions.

Disclaimer: The views expressed in this bulletin are those of the authors and may not reflect those of **the Ministry of Agriculture (MoA)**. This bulletin is strictly for informational purposes only. The authors have made every effort to ensure accuracy of information provided; however, neither the Ministry of Agriculture nor the authors can guarantee such accuracy

Key Messages

- ✓ *On average, prices of major staples declined in August by 1% for sorghum, 2% for round potatoes, 2% for rice and 3% for maize. On the other hand, prices for dry beans increased by 1%. Prices are anticipated to increase and remain above average during the period starting from September to October because of high demand in neighbouring countries and also because; in most places harvesting days are over.*
- ✓ *Overall, prices of arabica and Robusta coffee increased by 12% and 5% respectively. Prices of edible oil also increased by 10% due to increased demand in the world market. Furthermore, prices of other traditional export were on the rise with cotton (2%), cocoa (11%), and tea (12%). At the same period, tobacco and wheat (US SRW) declined by 1% and 4% respectively.*
- ✓ *Prices of DAP and Urea fertilizers increased by 12% and 19% respectively due to slight increase in demand for fertilizer and an increase in crude oil prices.*

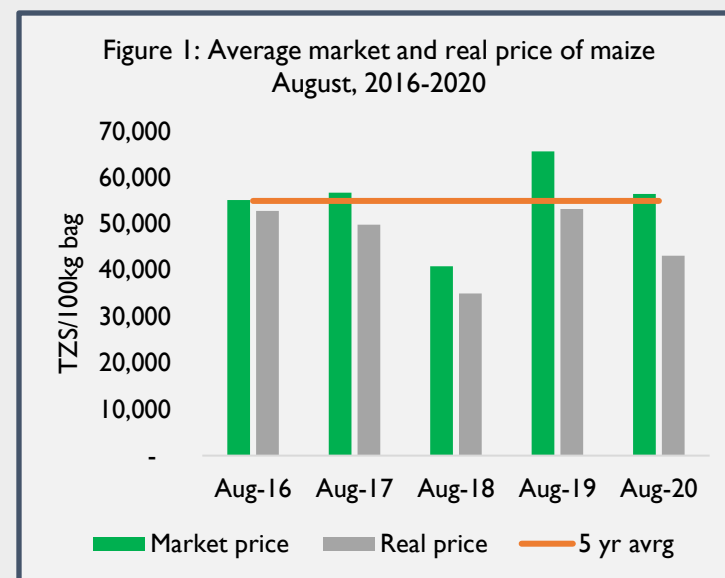
I. National Monthly average prices of staple food commodities

Table I: National average market price of major staple food (TZS/100 kg bag)

Commodity	July 2020	August 2020	% Change
Maize	58,000	56,500	▼ 3
Rice	147,000	145,000	▼ 2
Dry beans	190,000	191,000	▲ 1
Sorghum	105,000	104,000	▼ 1
Round potatoes	78,000	76,000	▼ 2

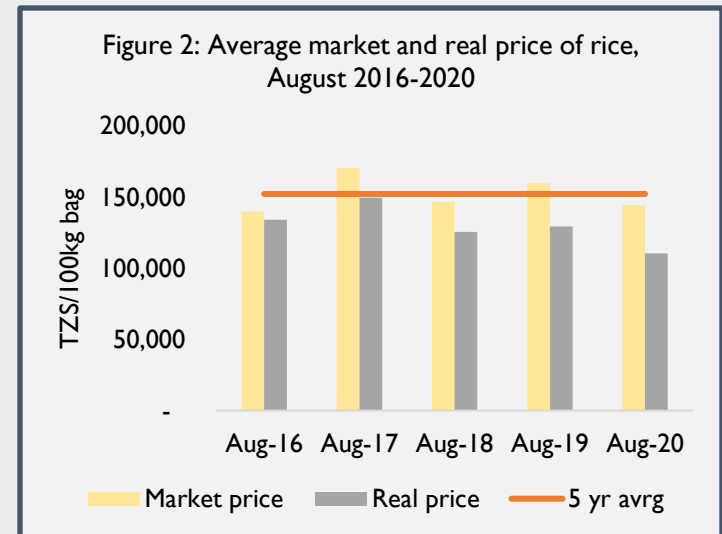
Maize

The price of maize remained fairly stable with a marginal monthly decrease of 3% in August. The average wholesale price recorded in August was TZS 560/kg (Table I). On the other hand, market prices in August 2020 indicated a decline of about 14 % compared to prices in the same period last year (Figure I). Similarly, the country's average wholesale prices for August 2020 were slightly above their five-year August averages by 3%. The decrease in prices in August was a reflection of improved supply situation. However, prices are expected to increase in the following months as supply has started to tighten.



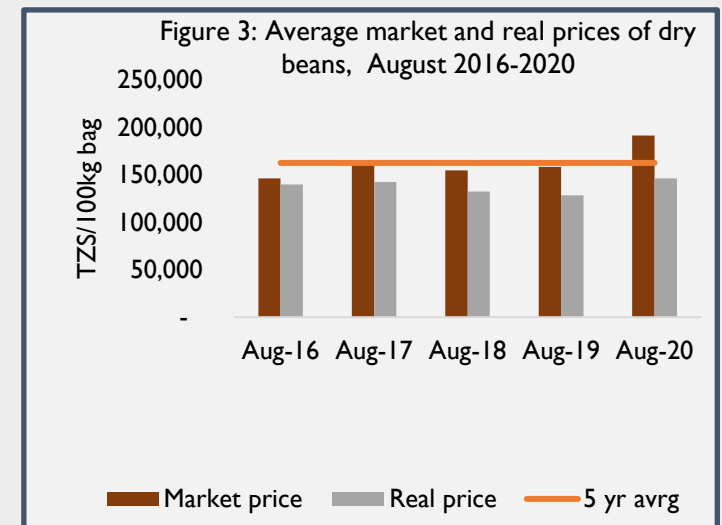
Rice

On average rice prices decreased slightly by 2% from TZS 1,470/kg to 1,450/kg between July and August (Table 1). Similarly, market prices in August dropped by 9% compared to prices in August last year and were below by 5% when compared to its five-year August averages (Figure 2). Prices are anticipated to remain stable or increase slightly in the next month as significant supply from the seasonal harvest continues to flow to markets.



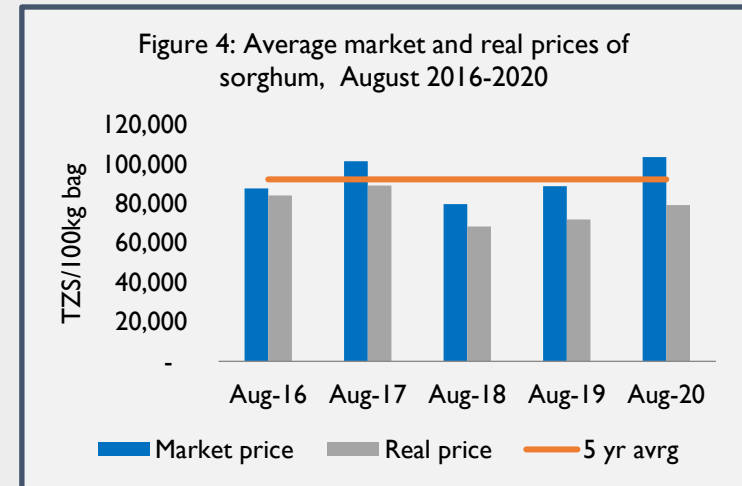
Dry beans

Between July and August, the price of beans increased by 1%, from an average of TZS 1,900/kg to TZS 1,910/kg. Prices in August increased significantly by 21% compared to market prices in August last year (Figure 3). Similarly, the national average wholesale prices for August 2020 were above their five-year August averages by 18%. Higher prices in August were partly caused by above average rainfall that depleted production. Prices are likely to rise even more in the coming months as supply continues to decrease.



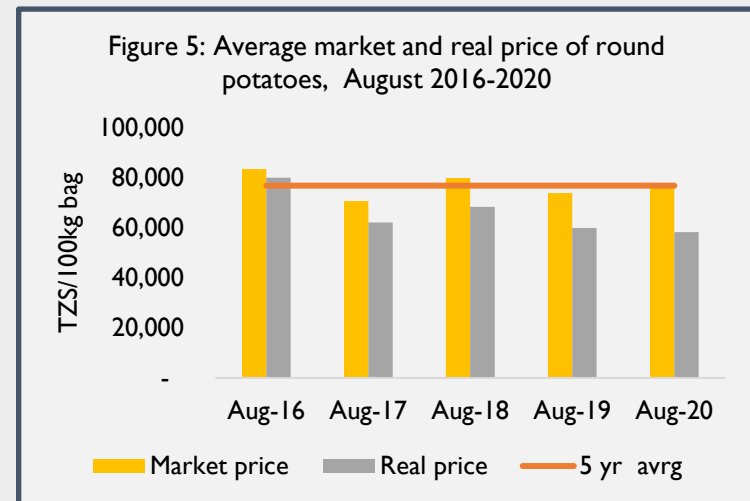
Sorghum

Sorghum prices increased significantly by 17% in August compared to prices in the same period last year. Similarly, prices for August were higher by 12% compared to its five-year August averages (Figure 4). However, on a monthly basis prices decreased marginally by 1% from an average of TZS 1,050/kg in July to TZS 1,040/kg in August.



Round potatoes

In August the national average wholesale price decreased by 2% to TZS 760/kg from TZS 780/kg recorded in July. Similarly, prices for August were lower by 1% compared to its five-year August averages (Figure 4). However, round potatoes prices in the reporting period were above those of a similar period last year by 3%. Prices are likely to decrease slightly because farmers produced more after seeing the opportunity created by the resumption of economic activities such as tourism after the covid-19 scare. The demand and consumption of round potatoes are high in colleges, among other institutions and hence their reopening in July/August increased the demand for the same.

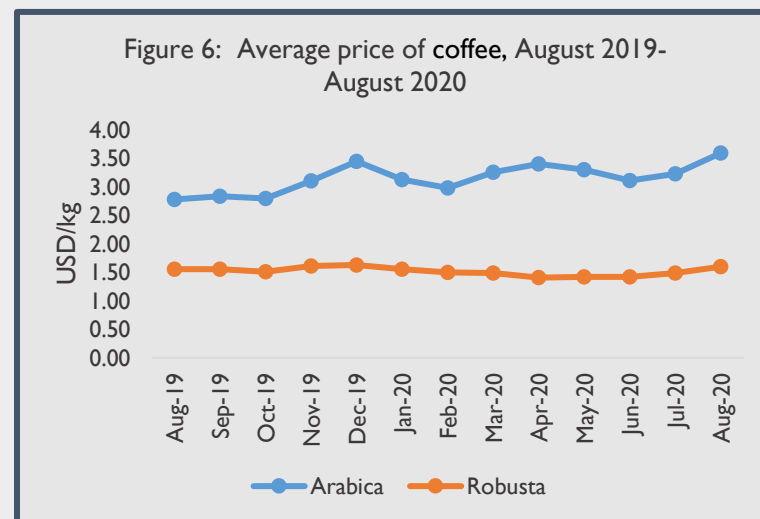


2. World market prices of selected commodities (Source: World Bank)

Coffee

While price of Arabica increased by 11% those of Robusta slightly increased by 7% (Figure 6). Arabica prices have been affected by weather (heavy rains) and labor restrictions in Brazil due to Covid-19. Therefore, both coffee prices continued their broad-based gain in August and are expected increase even further in the following months due to anticipated 20% drop in global coffee production 2019/2020.

Benchmark: Coffee (ICO), International Coffee Organization indicator price, other mild Arabicas, average New York and Bremen/Hamburg markets, ex-dock

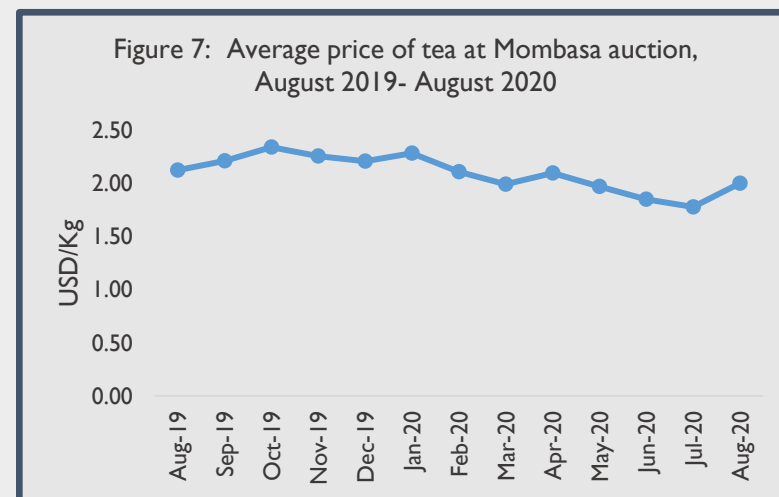


Tea

There was a steady decline of tea prices since April 2020 due to ample supplies in Kenya auction market and demand disruption in various importing countries such as India due to Covid-19 lockdown. However, the price of tea at the Mombasa auction has risen gradually in August due to increased demand and reduced volumes at the auction. In August prices increased by 12% compared to prices recorded in July (Figure 7).

The increase in average tea prices at the Mombasa auction has been contributed by low tea production especially in the region and in India. The tea market is expected to be driven by forces of local and global demand and supply dynamics and the speed of recovery from Covid-19 pandemic in key consuming markets.

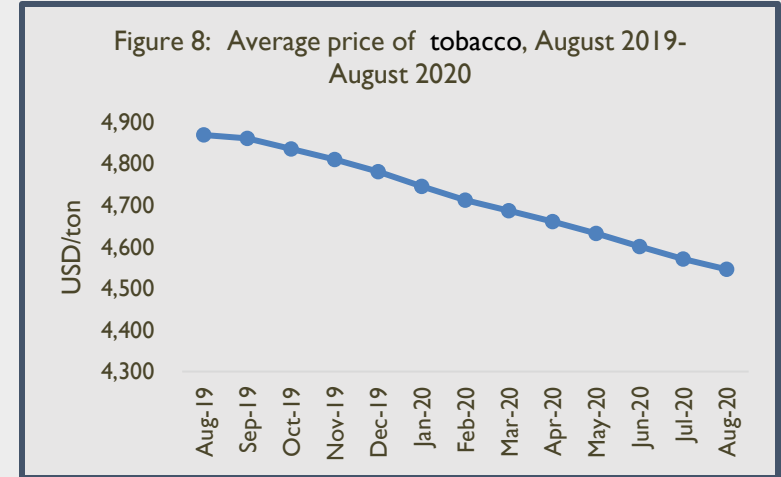
Benchmark: Tea (Mombasa/Nairobi auctions), African origin, all tea, arithmetic average of weekly quotes



Tobacco

From August 2019 to August 2020, tobacco prices were on the decline from USD 4,870/ton in August 2019 to USD 4,550 in August 2020 (Figure 8). The prices decreased by 1% from July 2020 to August 2020. Prices are expected to continue declining due to increase in supply following the ongoing seasonal harvest in some African countries.

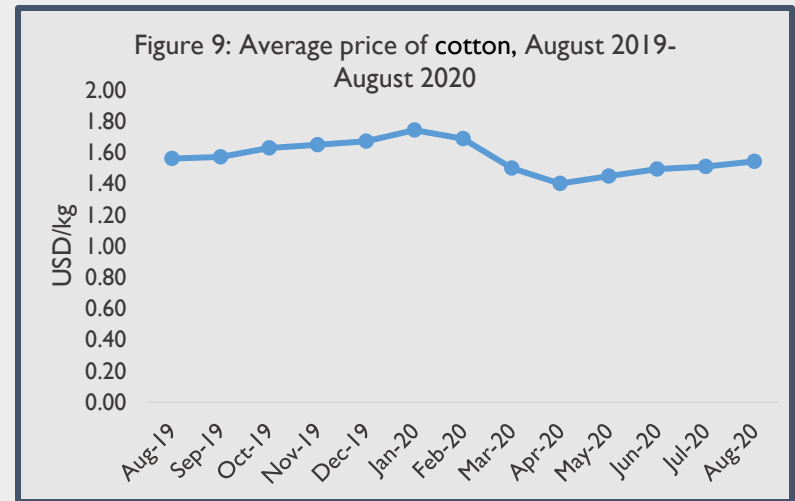
Benchmark price: Tobacco (any origin), unmanufactured, general import, cif, US



Cotton

Cotton prices increased slightly between April and August. In August, cotton prices recorded a slight increase of 2% compared prices in July (Figure 9). Cotton prices continued to increase slightly due to increased demand especially from China where they have opened economic activities after lockdown from Covid-19 pandemic. Generally, prices in 2020 are expected to be lower to about 20% in 2020 compared to 2019.

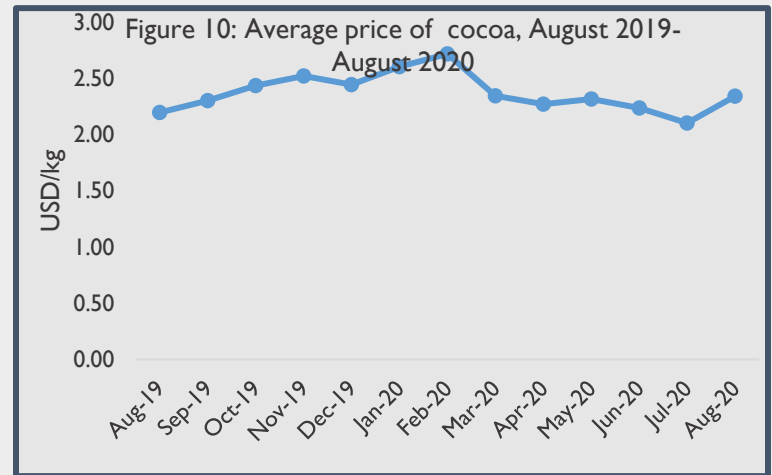
Cotton (Cotton Outlook "CotlookA index"), middling 1-3/32 inch, traded in Far East, CIF beginning 2006; previously Northern Europe, c.i.f.



Cocoa

International prices increased in August by 11% from prices recorded in July due to increased demand associated with the effects of Covid-19 (Figure 10). While global production is expected to increase by 2% in 2020, demand and prices are projected to shrink by 4% each in 2020.

Benchmark: Cocoa (ICCO), International Cocoa Organization daily price, average of the first three positions on the terminal markets of New York and London, nearest three future trading months.

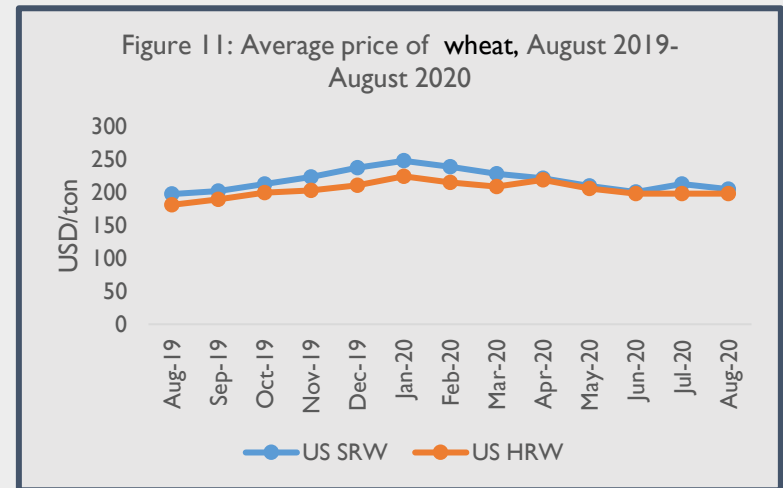


Wheat

Global wheat US SRW and wheat US HRW prices converged in June and August. However, in August prices (US SRW) decreased by 4% from USD 212.74/ton recorded in July to USD 205.13/ton in August while wheat US HRW prices remained constant at USD 198/ton (Figure 11). Global production in 2020 is expected to increase by 5% more than the previous season while consumption will grow by 2%. This implies that there will be sufficient stocks and prices will not change significantly.

Wheat (US), no. 1, hard red winter (HRW), ordinary protein, export price delivered at the US Gulf port

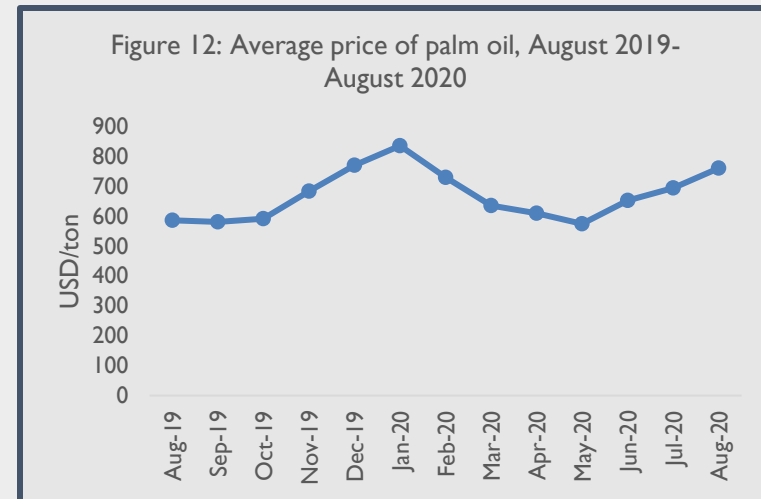
Wheat (US), no. 2, soft red winter (SRW), export price delivered at the US Gulf port for prompt or 30 days shipment



Edible Oil- (Palm Oil)

Global palm oil prices gained by 10% over the last month from USD 694/ton in July to USD 760/ton in August (Figure 12). Global production of edible oil up to September 2020 looks promising despite some price fluctuations.

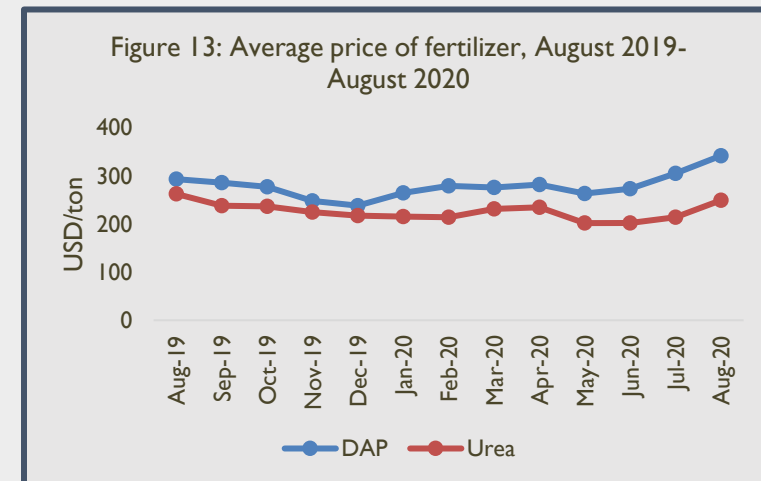
Ref: Palm oil (Malaysia)



Fertilizer

International fertilizer prices showed steady increase in the past three months. DAP prices increased by 12% from USD 305/ton in July to USD 342/ton in August. Urea prices increased by 19% from USD 214/ton in July to USD 250/ton in August (Figure 13). The increase in prices for fertilizer could be associated with a slight increase in crude oil prices.

Ref: DAP (Diammonium phosphate), spot, f.o.b. US Gulf; Urea, (Ukraine), f.o.b. Black Sea



NOTES

- ✓ Consumer Price Index (CPI): Food index base year Dec. 2015=100
- ✓ CPI figures based on Food -combining food consumed at home and food consumed in restaurant
- ✓ Market price: Refer to nominal or observable prices
- ✓ Real price: Refer to nominal/market prices adjusted for inflation
- ✓ Price level: National average wholesale

Source of data: Ministry of Industry and Trade

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