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MARKETS WATCH | UPDATE

2 September 2020

WFP KENYA COUNTRY OFFICE

COVID-19 SUPPLY CHAIN AND MARKETS UPDATE

Economic Conditions

Kenya currency exchange rate: The Kenya shilling continued to record historic lows against the US Dollar pointing to a rise in the cost of importing goods into the country

in the short term. As of Friday 21 August, the Central Bank of Kenya mean indicative exchange rate was at **108.22** to the Dollar. This exchange rate was **KES 5.80 weaker (5.66 percent)** compared to 13 March when the first COVID-19 case was reported in the country.

Kenya's exchange rate to the US dollar

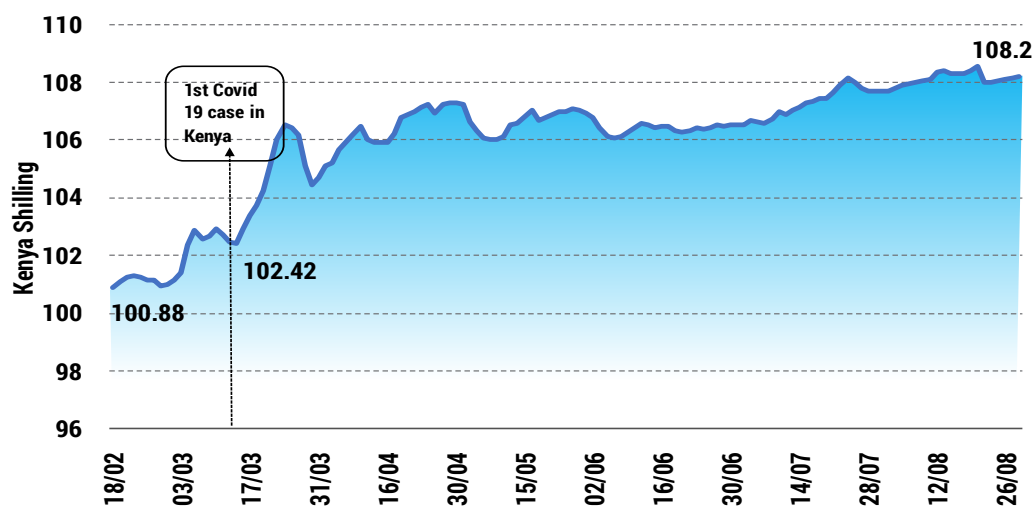


Figure 1: Kenya's exchange rate to the US Dollar. Source: Central Bank of Kenya.



Farmgate and Wholesale Price Trends

WFP continues to actively contribute to the food security and price monitoring efforts of the Kenyan Government through the Food Security War Room under the Ministry of Agriculture, Livestock, Fisheries and Cooperatives leadership, which aims to alleviate risks associated with rising food insecurity, as the country grapples with controlling the spread of COVID-19. WFP is also supporting county food security situation rooms to monitor and report on the food security situation on a weekly basis.

Farmgate and Wholesale Prices

The Farm to Market Alliance (FtMA), through the Cereal Growers Association, continues to monitor

farmgate and wholesale maize, potato, rice and green gram prices across 18 counties.¹

Weekly Price Trends – Changes from Week Ending 28 August

Overall, **cereal prices remained stable or dropped** compared to the week ending 21 August, except for farmgate maize prices in Narok County. **Green gram prices were stable, while potato prices displayed mixed price trends** with Meru county recording the highest farmgate and wholesale prices. Table 1 shows counties where maize, potato and green gram price changes were recorded compared to the week ending 21 August.

¹ Busia, Elgeyo Marakwet, Embu, Homa Bay, Kakamega, Kisumu, Kitui, Laikipia, Makueni, Meru, Migori, Nakuru, Narok (Transmara), Nyandarua, Siaya, Tharaka Nithi, Trans Nzoia and Uasin Gishu.

MAIZE						
County	Farmgate* price (90 Kg bag)			Wholesale** price (90 Kg bag)		
	Week Ending 30th July	Week Ending 7th August	%Change from Week Ending 30th July	Week Ending 30th July	Week Ending 7th August	%Change from Week Ending 30th July
Kisumu	3200	2400	-25%	3600	2800	-22%
Narok (Transmara)	3100	2400	-23%	3400	3400	0%
UasinGishu and TransNzoia	2800	2700	-4%	3100	3000	-3%
Tharaka-Nithi	3000	2970	-1%	3300	3300	0%
Makueni	2250	2700	20%	2430	3150	30%
POTATO						
	Farmgate price (50 Kg bag)			Wholesale (market level) price (50 Kg bag)		
	Week Ending 30th July	Week Ending 7th August	%Change from Week Ending 30th July	Week Ending 30th July	Week Ending 7th August	%Change from Week Ending 30th July
Nakuru	1000	1200	20%	1600	1600	0%
Narok (Mau-Narok)	1050	1250	19%	1500	1500	0%
GREENGRAMS						
	Farmgate price (90 Kg bag)			Wholesale price (90 Kg bag)		
	Week Ending 30th July	Week Ending 7th August	%Change from Week Ending 30th July	Week Ending 30th July	Week Ending 7th August	%Change from Week Ending 30th July
Tharaka-Nithi	5940	5760	-3%	6750	6750	0%

Table 1: Monitored counties with changes in farmgate and wholesale maize, potato and green gram prices as of 28 August compared to the previous week

KEY: Price trends interpretation		
Change	Price trend	Sign
< -5%	Decreasing	↓
>= -5% and < 5%	Stable	↔
>= 5% and < 10%	Slight Increase	↗
>= 10%	Increasing	↑

*Farmgate price: price at which farmer sells to the collector/ aggregator

**Wholesale price: the price buyers are paying at the market

Source: Farm to Market Alliance through the Cereal Growers Association



Maize: Compared to the week ending 21 August, farmgate and wholesale prices of maize **remained stable or dropped** in all counties monitored, except in Narok county – where prices increased due to high demand from millers in Nairobi. Notable farmgate and wholesale price drops were recorded in Kakamega, Homabay, Makueni and Laikipia counties, as supplies increased, due to ongoing harvest.

Potato: Farmgate and wholesale prices remained stable in Elgeyo Marakwet, Narok (Mau-Narok) and Nyandarua counties, while Meru recorded 17 percent and 13 percent increase respectively due to high demand, especially by buyers from the north-eastern region who prefer potatoes from this region because of proximity and the high quality of the produce.

Green grams: Compared to the week ending 21 August, farmgate and wholesale prices remained the same in all four counties monitored, except in Tharaka Nithi County, which recorded a price drop, due to reduced demand as bulk buyers from outside the county stopped purchasing the commodity because of reduced quantities. The remaining stocks are being purchased by local traders.

Rice: Farmgate and wholesale prices of rice remained at the same level compared to the week ending 21 August in the two counties monitored.²

Retail Price Trends

Key Issues Influencing Supply and Prices Across all Monitored Markets

- **Food supply and general trade flows remained stable.** Availability of fresh produce, processed food commodities, pulses and cereals

² Kisumu and Migori counties.

generally remained stable compared to week ending 21 August.

- **Commodity price trends displayed mixed trends** compared to the previous week, with price drops and increases recorded almost at the same measure in different markets.
- **Road and security conditions were good in all monitored areas** enabling food and livestock supplies to flow to destination markets.

Retail Prices in Nairobi Informal Settlement Markets

WFP continues to monitor the prices, availability of staple commodities and fresh produce, and quality of food commodities on a weekly basis. This targets six³ purposively selected markets to represent markets in Nairobi's informal settlements.

A robust market monitoring system is key to informing WFP's intervention that is providing cash transfers to approximately 70,500 households living in the urban informal settlements of Nairobi and have lost their incomes and livelihoods. Transfers cover at least 50 percent of the minimum food basket for urban populations, aligned to the cash transfers provided by the Government in the same areas.

Weekly Retail Prices Trends in Nairobi Informal Settlements Markets

Figure 2 shows commodities whose average prices changed in the markets **monitored compared to the week ending 21 August**. Prices are per kg or litre except for cabbages and bananas (price per piece), salt (price per 200 g) and long-life milk (price per 200 ml).

³ Dandora, Kangemi, Kawangware, Kibra (Toi), Mathare and Mukuru markets

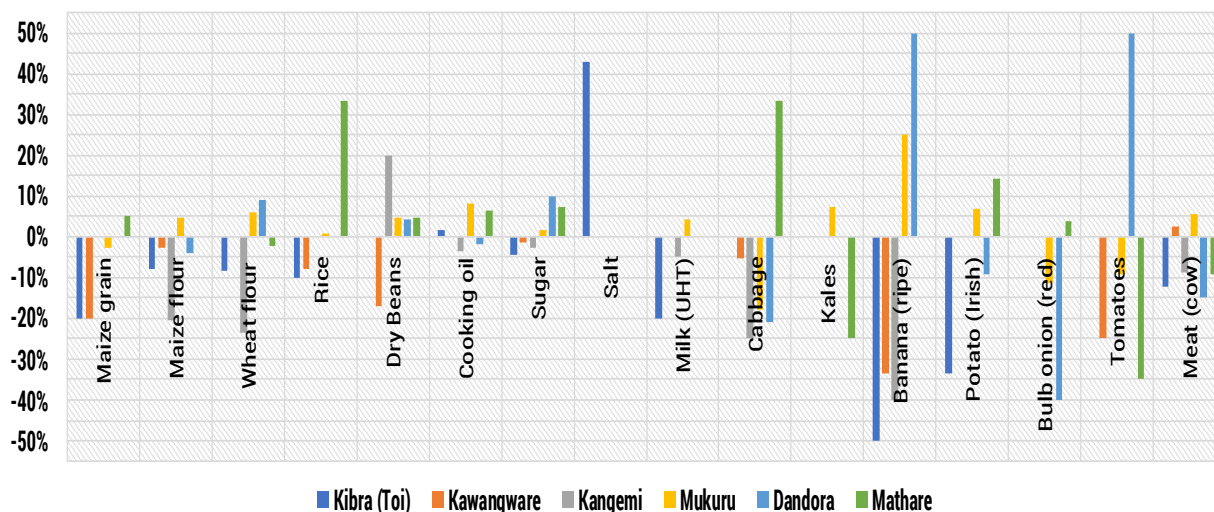


Figure 2: Weekly retail price changes in Nairobi informal settlements. Source: WFP monitoring



Key issues influencing food demand, availability and prices compared to the previous week

- **Generally, household purchasing power remains low** due to **loss of income** related to COVID-19. Traders continued reporting sustained low demand by consumers, due to diminished income opportunities as a result of COVID-19.
- In Mukuru-kwa-Reuben settlement, the ongoing road construction in the area has led to demolition of many residential and business premises. As a result, many potential customers relocated leading to reduced sales.
- Generally, some traders have reported closure of their businesses within the last two weeks, due to low demand and that they were not sure of when they would reopen.
- Compared to last week, there was no significant change in prices for all commodities, with the

exception of cabbages which have recorded a drop in prices compared to as supplies increased. However, Mathare market recorded a 33 percent increase in prices of cabbages.

Retail Price Trends in Urban Areas in the Arid Regions

Weekly trends show that in the six counties⁴ reported in the week ending 28 August, prices generally **remained stable or dropped** compared to the week ending 21 August. However, **price increases of more than 10 percent** were recorded for maize flour and bananas in Isiolo, potatoes, bulb onions and tomatoes in Marsabit, rice and beans in Turkana, cabbages and kales in Garissa and rice and tomatoes in Wajir (Figure 3).

4 Baringo, Garissa, Isiolo, Marsabit, Turkana and Wajir.

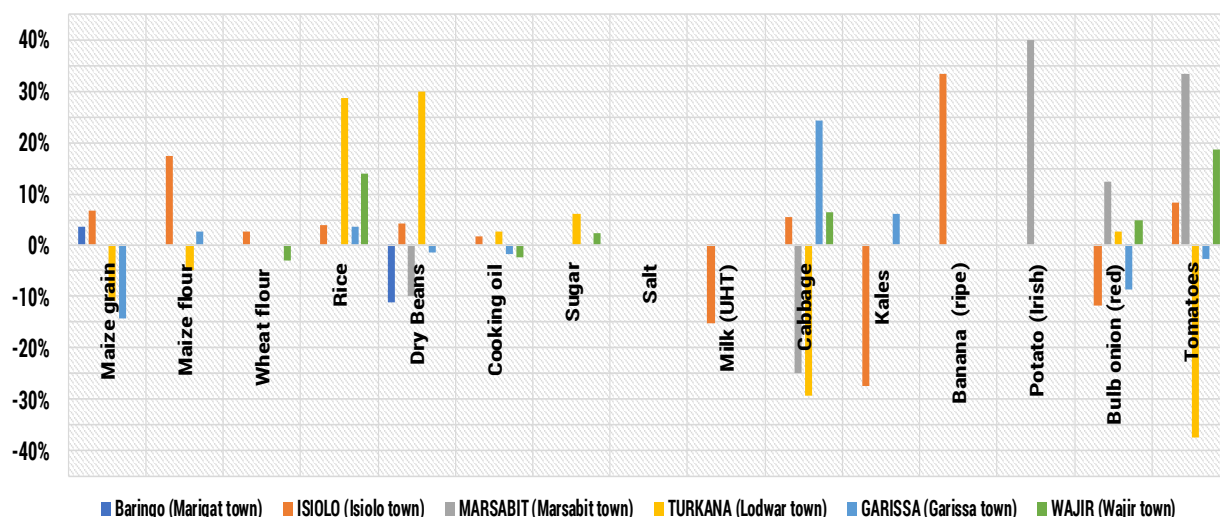


Figure 3: Retail price changes in the arid counties. Source: WFP Monitoring

Retail Prices and Supply Situation in Marigat Town (Baringo)

- Availability and supply of all food commodities in Marigat town remained stable during the week
- Traders reported that demand for maize was low, compared to last month due to local harvests.

Retail Prices and Supply Situation in Marsabit County

- The price of processed food, cereals and pulses remained stable while the price of fresh foods – especially red bulb onions and tomatoes – has been fluctuating for the last two weeks, as supplies declined.

Retail Prices and Supply Situation in Lodwar Town (Turkana)

- Prices of key food commodities remained stable as compared to the previous week as supplies remained at the same level.
- Compared to last week, a kilogram of beans recorded a 30 percent price increase attributed to the change of type and quality of the beans purchased by customers in the market as consumers mostly switched from purchasing mixed variety to soya beans, which are more expensive.
- Due to a high supply of fresh produce from Kitale, cabbages and tomatoes recorded a price drop of 29 percent and 38 percent respectively.

Retail Prices and Supply Situation in Garissa Town (Garissa)

- The prices of the food commodities remained stable with no reported supply shortages.
- Prices of locally sourced vegetables remained stable or dropped, as local production increased after flood waters receded. However, the prices of cabbages and kales - which are mainly sourced from Thika - increased as supplies reduced.
- Compared to the last two weeks, there is a notable reduction in the supply of processed commodities - like powder milk, sugar and rice - from Somalia informal cross-border flows as the Kenyan Government intensified security border patrols to minimize the spread of COVID-19. Prices of the commodities remain stable despite the border supply restrictions.
- Kenya Bureau of Standards (KBS) and County Department of Trade has installed commodity checks points in the Garissa county commodities entry points. This exercise is aimed at flagging out counterfeit commodities supplied to the markets.

Retail Prices and Supply Situation in Wajir Town (Wajir)

- Compared to last week, most prices remained stable for all cereals except for rice which recorded a 33 percent rise in price, mostly attributed to high transport costs from Nairobi because of the increase in fuel costs mid-August.
- The north-eastern corridor which links Nairobi-Thika-Garissa-Mandera remained passable. The road linking the main markets and remote markets within the county were also passable facilitating smooth trade flows.

Retail Prices and Supply Situation in Kakuma Camp and Kalobeyei Settlement (average)

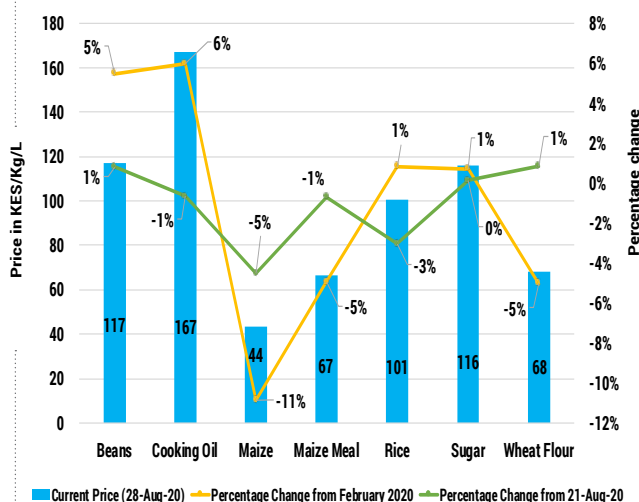


Figure 4: Retail price trends for key commodities in Kakuma and Kalobeyei. Source: WFP Price Monitoring

- Compared to the previous week, availability and prices of most food commodities generally remained stable during the week. However, Kakuma camps markets retailers foresee prices hikes of most commodities due to increased costs of transportation caused by poor state of roads within the camps.
- There has been increased supply of maize in the camps which is attributed to ongoing seasonal harvests, especially in the western region.
- Compared to last week, the supply of cabbages and tomatoes in Kakuma camps markets reduced due low supplies from source markets.



Retail Prices and Supply Situation in Dadaab Camp Markets

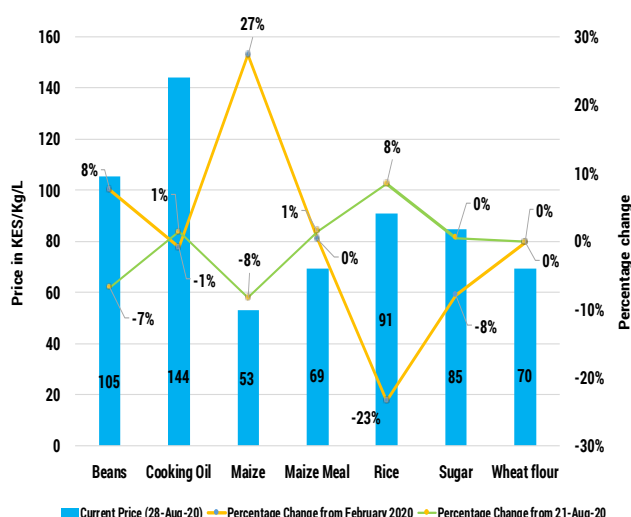


Figure 5: Retail price trends for key commodities in Dadaab.
Source: WFP Price Monitoring

- There was a steady supply of food commodities in the market and no shortages or significant price changes were reported, as compared to last week.
- In the last three weeks, the retail price of dry beans has been stable - at an average of KES 105 per kilogram - while wholesale prices dropped from KES 4,400 to KES 4,200 for a 45 Kilogram bag. Most of the bean's traders reported that they had a surplus of the commodity purchased from Ethiopia last month, thus the high supply in the market. Low demand for beans was also attributed to the WFP in-kind distribution in the August cycle.

Port Operations

During the week of 24 to 30 August 2020, the Port of Mombasa continued to operate 24/7 without major interruptions for both commercial and humanitarian cargo.

WFP is expecting three charter vessels in Mombasa in the month of September. The Liberty Glory vessel is expected on 18 September with 1,200 mt of in-kind sorghum from the US for WFP Somalia. MV Juist Voyager the time charter vessel is expected on 9 September to load 2,374 mt of food and assorted non-food items for export to Somalia. MV Astoria currently at the Port Sudan is expected to commence loading of 8,433 mt of bagged sorghum for WFP South Sudan and will be discharged in Mombasa in the third or fourth week of September.

Kenya and East African Community Border Operations

Malaba (Kenya-Uganda border) Drivers continue to arrive with nearly expiring COVID-19 certificates despite numerous advice and sensitization to obtain certificates at loading points. There was some improvement in the management of the traffic jams as reported on 23 August. The queues have reduced to about 15 km and 3 km on both sides of the border in Kenya and Uganda respectively down from 22 km and 6 km as reported on 23 August.

Busia and Lwakhakha (Kenya-Uganda border)

The operations at the Busia border continued without major challenges and drivers are arriving with COVID-19 certificates. The border manager and other stakeholders continue to encourage and sensitize drivers to obtain the COVID-19 certificates





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Transport Operations

at loading points to avoid delays at the border. By 29 August, there were 300 and 150 trucks on Kenya and Uganda side respectively awaiting clearance which is the normal flow of traffic. Currently, the traffic jam extends 6 km and 3 km on both sides of the border in Kenya and Uganda respectively.

Lunga Lunga and Isebania (Kenya-Tanzania border) There were no major changes in the week of 24 to 30 August and operations are reported to be normal with transshipment and driver relay working well.

Namanga (Kenya-Tanzania border) There were no major changes in the week of 24 to 30 August and operations are reported to be normal with transshipment and driver relay working well.

Taveta, Loitokitok (Kenya-Tanzania border) There were no major changes in the week of 24 to 30 August and operations are reported to be normal with transshipment and driver relay working well.

Lokichoggio / Nadapal (Kenya-South Sudan border) There were no major changes during the week 24 to 30 August. Operations continue as normal with security escorts provided for all convoys.

Moyale (Kenya-Ethiopia border) There were no major changes reported in the week of 24 to 30 August. The border remains closed for pedestrian traffic. Only driver relay or transshipment is allowed at the customs yards on both sides of the border.

Mandera, El Wak, Diff (Kenya-Somalia border) The borders remain officially closed.

Inland transport operations proceeded without any challenges or delays. Transporters availed adequate trucks for primary deliveries and the general weather conditions during the week were favorable despite some areas receiving some rainfall. WFP delivered 1,752 mt of assorted food commodities from 24 to 30 August for Kenya's Refugee, Relief and Resilience programmes. In addition, PPEs were delivered to four counties namely Mandera, Garissa, Marsabit and Turkana. Some of the deliveries destined for Turkana County were however put on hold in the wake of potential flooding of Lodwar region due to the rise of water levels in the Turkwell dam. A multi-sectoral team - which WFP is part of - is conducting an assessment on the situation and the report is expected to be released on 2 September.

Overland transport deliveries from Mombasa and Nairobi to the region totaled 1,695 mt by road from 24 to 30 August. The stocks in Mombasa destined for South Sudan are now less than 400 mt and dispatches are expected to be completed by 2 September. New cargo arrivals for South Sudan are expected from mid-September.

Air Transport

UNHAS Flights: UNHAS operated cargo services to both Kakuma and Dadaab on 24 August. A total of 10 user agencies or organizations were served and 3,443 kg of cargo transported.

UNHAS-managed ECHO Flight: ECHO Flights planned for Friday 28 August were cancelled due to insufficient bookings.

The restriction of movements into and out of Kakuma and Dadaab remains in force. Travellers must obtain Government's clearance and COVID-19 free certificate before travel to and out of these two locations.



WFP cash transfers are reaching the beneficiaries in the low-income Huruma estate in Kenya's capital city Nairobi. The government of Kenya is providing cash to 279,000 people in the informal settlements of Nairobi who have lost income as a result of the effects of Covid-19.



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