MOZAMBIQUE Food Security Outlook Update — May 2010

Maize prices decline as harvest continues

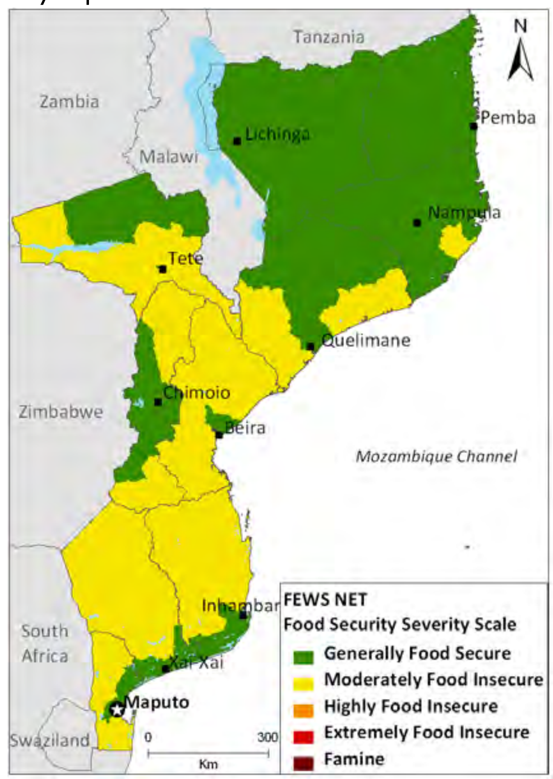
Key Messages

- The food security outlook projections for Mozambique in April are still valid for May. Nearly 460,000 people are moderately food insecure and will require relief food assistance to meet basic dietary intake from April 2010 until March 2011. This population mostly includes poorer households with limited ability to cope with recurrent shocks, located mainly in areas that were affected by this season's drought and floods.

- Late planted crops and second season plantings are progressing satisfactorily to date due to sufficient soil moisture, with the most water-dependent stage of crop development for the second season coming in June. As is typical of the cold and dry season from April to September, rainfall levels continue to decrease, but should not adversely affect the second season harvests thanks to remaining soil moisture mentioned above. A good second season harvest in August could provide an important source of food to improve household food security. Income from second season vegetable sales may also provide an important boost to household food security.

- The 19 May Agriculture Market Information System (SIMA) report indicates that during the week of 10 to 17 May, maize prices were decreasing at all transaction levels. At the retail level, the highest price decrease occurred in the southern market of Chokwé, where maize prices declined by 41 percent.

Figure 1. Estimated food security outcomes, May-September 2010



Source: *FEWS NET*

For more information on FEWS NET's Food Insecurity Severity Scale, please see: www.fews.net/FoodInsecurityScale

Updated food security outlook through September 2010

Most of the conditions projected in the April 2010 Outlook are still valid and no significant change has occurred so far. Key messages from the outlook, which give projected conditions of food security through September 2010, indicated that areas of moderate food insecurity are still present in parts of the country that were affected by this season's drought and floods. The available information indicates that the identified food insecurity has not deteriorated further. The new harvests that may have brought temporary relief for some, are improving the overall food availability and access. That said, moderate food insecurity will likely continue in the semi-arid zones including the interior of Gaza and Inhambane, and the semi-arid zones of the Zambezi Basin, where low-income and resource-poor households may face food access constraints and will not be able to meet food needs without external support.

According to the Technical Secretariat for Food Security and Nutrition, Vulnerability Assessment Group (SETSAN/GAV) assessment in February, nearly 460,000 people are vulnerable to food insecurity and will require relief food assistance to meet basic dietary intake from April 2010 until March 2011. This vulnerability is the result of successive drought years that

This report provides an update to the April 2010 FEWS NET Food Security Outlook report which estimated food security conditions in Mozambique through September 2010. The next Outlook report will be released in July and will cover the July to December 2010 period.

FEWS NET Mozambique
Maputo
Tel: +258 21 460588
mozambique@fews.net

FEWS NET Washington
1717 H St NW
Washington DC 20006
info@fews.net

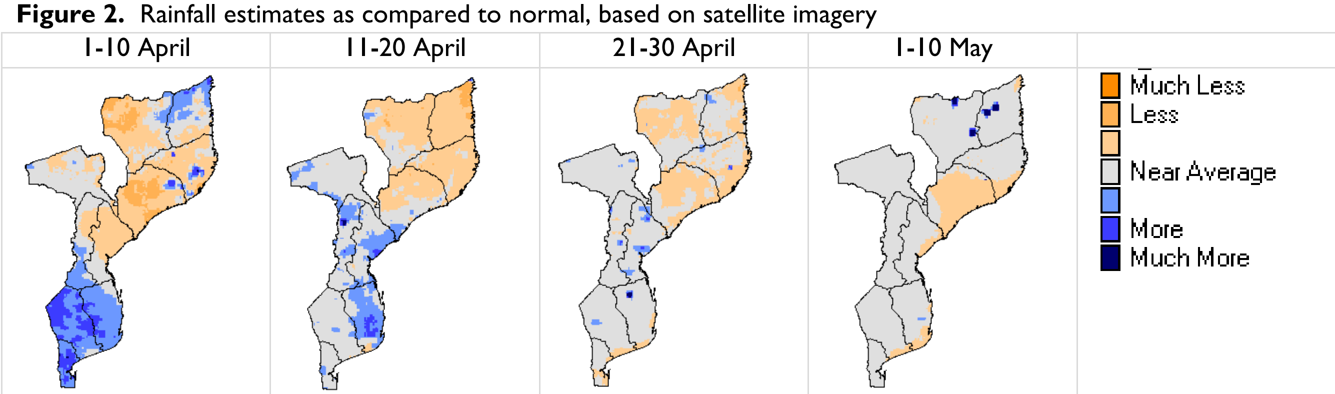
have left poorer households at high risk of food insecurity because, unlike wealthier households, they have little to no carryover food to function as reserves and fewer viable alternative income sources during drought years. The food aid pipeline is significantly undersupplied and is lacking resources resulting in a cessation of targeted food aid to households vulnerable to food insecurity in parts of the south and central areas of the country in May 2010, posing a threat to the livelihoods of the populations in those areas.

While this season's production estimates are still unavailable, the April outlook has highlighted some of the results from the March assessment carried out by the Ministry of Agriculture indicating that overall production in the north of the country is favorable. Rainfall has performed well in terms of amount and distribution, which has favored all crops in the main agricultural season. The northern zone has already started supplying the major consumer centers of the country. Some crops, such as groundnuts and beans, are now flowing south to areas in need. In the northern Tete province and the highlands of the Zambezia province, current levels of harvesting show that the initial prospects for favorable crop production were correct. Rice planted in February in Zambezia and Sofala is at the vegetative stage and is in good condition. In the semi-arid areas of the central zone, farmers have gone through multiple plantings but prospects for good yields are low due to drought and flooding. In the south, early planted crops, especially those from November, were severely affected by long dry spells and abnormally high temperatures that occurred in December and January. However, late-planted crops, especially those from February onwards, are still in good condition and represent potentially successful crops, particularly in the Maputo, Gaza, and Inhambane provinces. Recent reports indicated that locally produced maize from Chokwé and Guijá is now entering local markets. Given the above conditions, the second season production is still seen as the great hope for most households.

Second-season rains and production outlook

This year's second season is of particular importance given the poor prospects of the main agriculture season in the southern and central zones of the country as a result of El Niño-induced drought conditions. A good second season harvest in August could provide an important source of food to improve household food security. Income from second season vegetable sales may also provide an important boost to household food security. If the second season is poor as well, though, it could exacerbate the already high food prices and cause household food security to deteriorate further. Thus far, the season is progressing satisfactorily due to the sufficient dewfall and relatively low temperatures, but it is important to note that the most water-dependant stage of crop development is coming in June, as rainfall levels continue to decrease.

Figure 2. Rainfall estimates as compared to normal, based on satellite imagery



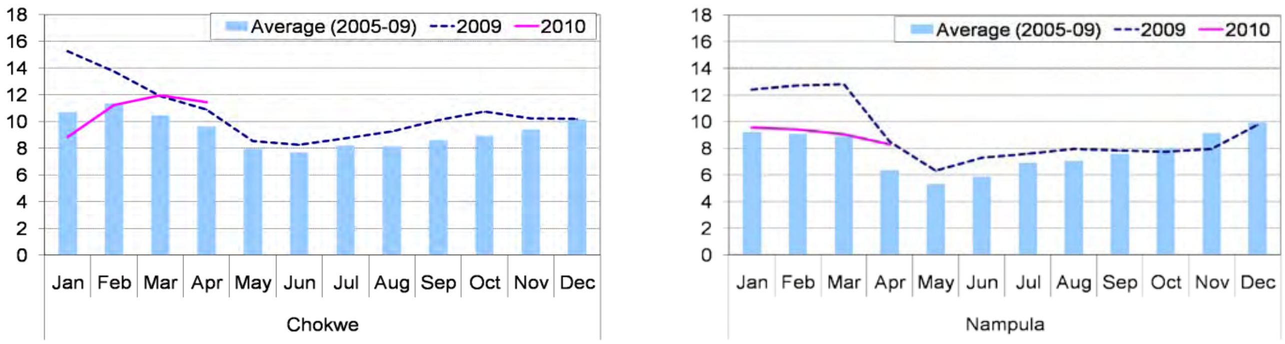
Source: USGS/FEWS NET

During the entire month of April and in early May, the southern and central zones have received normal to above-normal rains (Figure 2). These favorable agro-climatic conditions will benefit the late planted crops and the second cropping season that normally depends on the residual moisture from the main cropping and rainfall season (October-April). The provision of sufficient moisture will enable production of crops such as maize, beans, and vegetables. While second season production only contributes to between 15 and 30 percent of annual national production, it can make a substantial contribution to food production and household income in lowland areas. The ministry of Agriculture and partners organized input trade fairs that were targeted to households affected by shocks. The actual rainfall levels have been declining since mid-April which is consistent with this cold and dry winter period in past years which normally runs from April to September. This season is normally characterized by little to no rainfall with low temperatures and evaporation rates.

New season maize entering markets; nominal and real consumer prices declining

Markets countrywide are currently being supplied by this season's crops, especially maize, beans, and peanuts. Following this season's shocks, including mostly drought in the central and southern zones of the country, an adequate flow of food commodities from the main producer centers to the main consumer centers will be crucial for the stabilization of food supply and access. In general, food prices are declining as a result of the ongoing harvest countrywide. Monthly price analysis shows that they still remain above average even when the effects of inflation are removed (Figure 3).

Figure 3. Real retail prices for maize in two reference markets in Mozambique (in Meticals per kg)

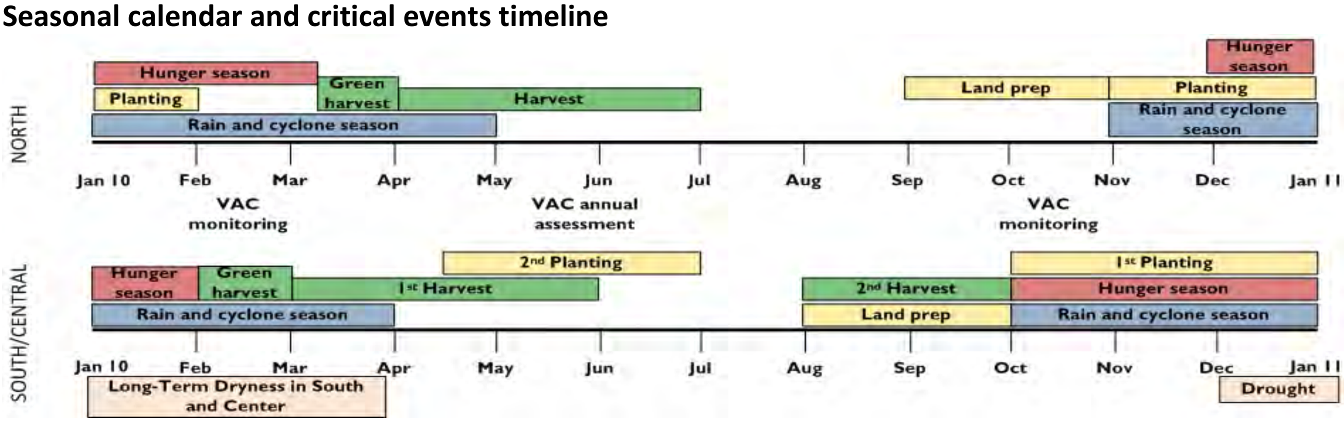


Data source: SIMA

The 19 May Agriculture Market Information System (SIMA) report indicates that during the week of 10 to 17 May, maize prices have been decreasing at all transaction levels (producer, wholesale, and retail). At the retail level, the largest price decrease occurred in the southern market of Chokwé where maize prices went down by 41 percent. In central markets, maize prices have declined by 17 percent in Manica and 14 percent in Tete. In the north, maize prices in Ribáue and Montepuez markets have dropped by 20 percent. Retail maize prices in other markets have also been decreasing, although in smaller increments. According to the same report, the prices of other food commodities have been varied with most prices as stable or decreasing. Exceptions include the prices of beans and cowpeas which have increased in some markets. This was the case in Maxixe and Massinga in the Inhambane province where cowpea prices went up by 13 and 36 percent, respectively. Also in the north, increased prices of cowpeas were registered in Nampula and Montepuez at around 20 and 33 percent, respectively.

The SIMA report indicates that the flow of maize from producing zones to all but the most isolated and remote markets remains strong since the onset of the harvest. The southern markets are mainly supplied by maize originating from the central zones, while the central and northern markets are mainly supplied by maize originating from their own regions. In general, maize flows are following the normal routes in the country. Prices will still continue to fall as supplies continue flowing into the markets. Historically the prices will start to rise again in August and September when food stocks begin to dwindle.

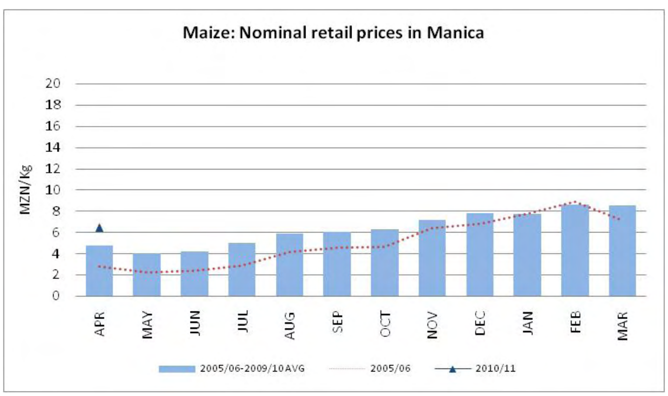
Seasonal calendar and critical events timeline

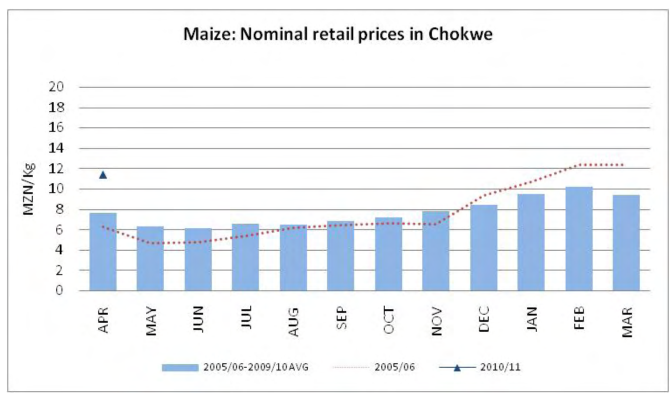


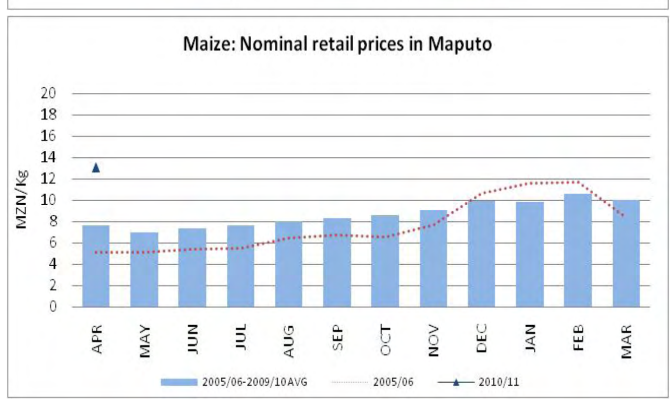
Source: *FEWS NET*

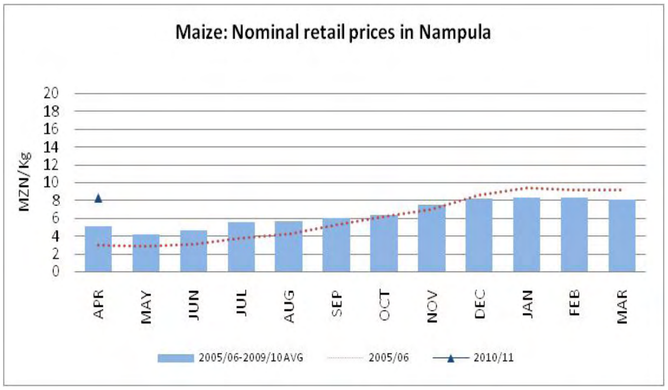
Monthly prices are supplied by the market information system in Mozambique.

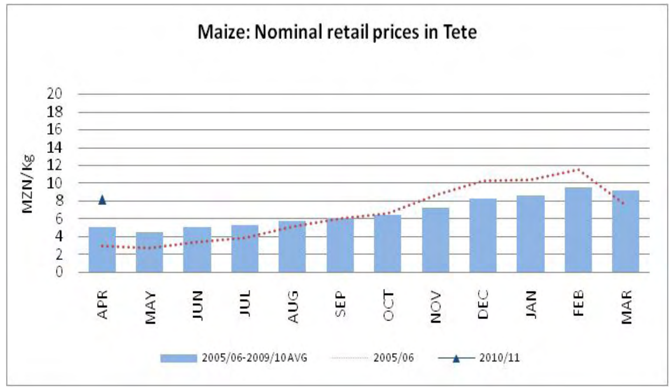
Maize, rice, and beans are the most important food commodities. Maize is the staple food for the poor, with rice most often used as a substitute. Beans are important to all wealth groups. Each of the markets represented here act as indicators for the broader region. Tete is representative for the province by the same name, Nampula is the main market in the north and is representative for the region, and has linkages with the interior of Zambezia and Nampula provinces and coastal Nampula. Beira, Gorongosa, and Manica market has links with Chimoio market, which has links with Gorongosa and southern markets. The Chokwe and Maputo markets in the south are linked to the Chimoio, Manica, and Gorongosa markets in the central region. Chókwe is the reference market for the southern region, except Maputo, the capital.

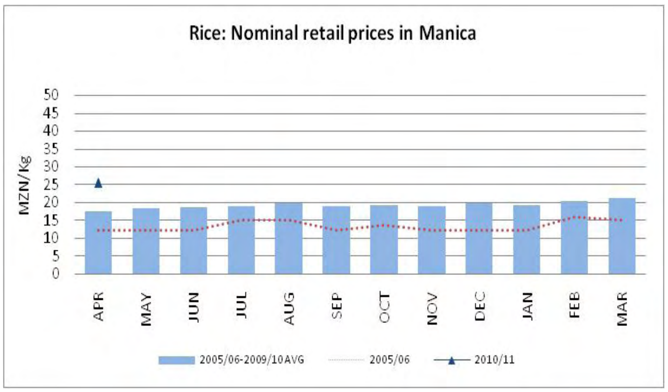


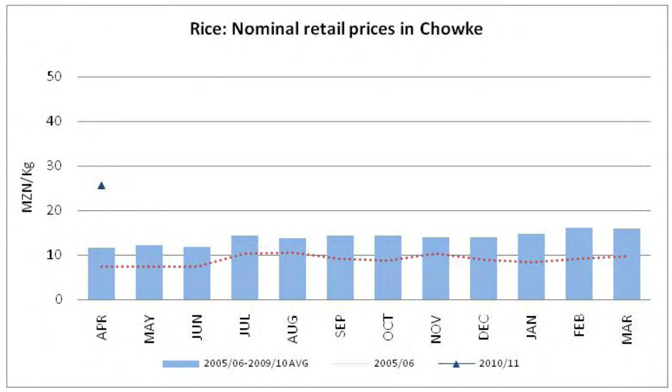




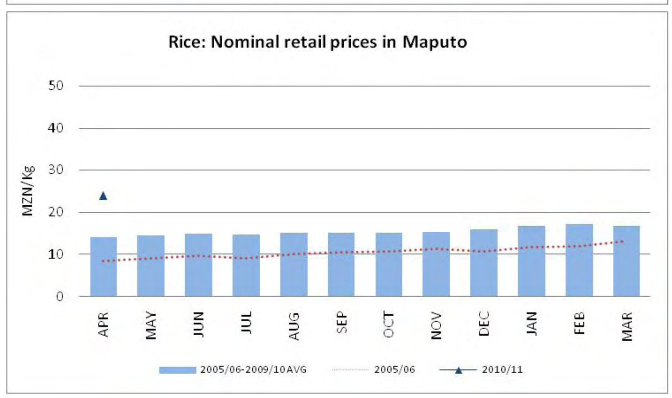

Maize: Nominal retail prices in Nampula
MZN/Kg
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2005/06-2009/10AVG
2005/06
2010/11

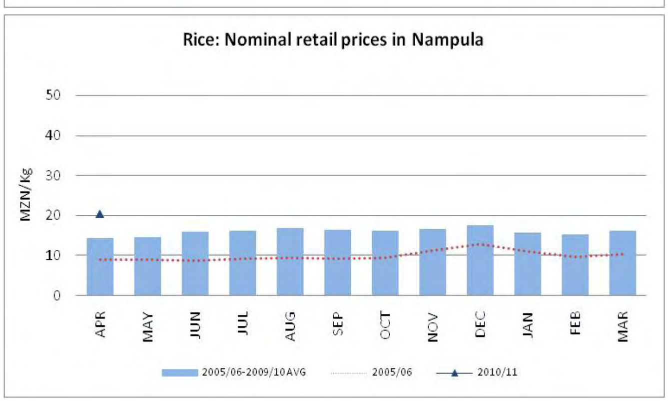

Maize: Nominal retail prices in Tete
MZN/Kg
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2005/06-2009/10AVG
2005/06
2010/11

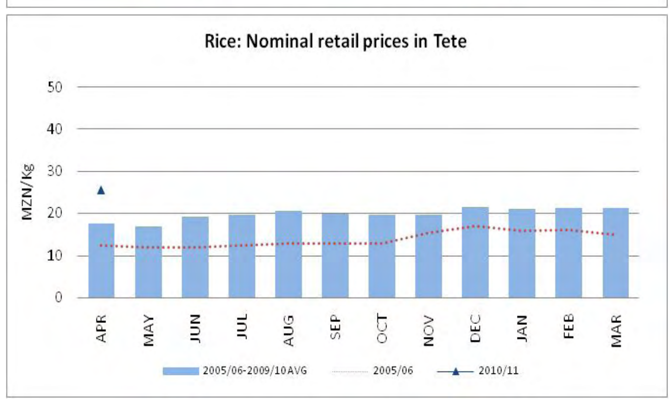

Rice: Nominal retail prices in Manica
MZN/Kg
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2005/06-2009/10AVG
2005/06
2010/11

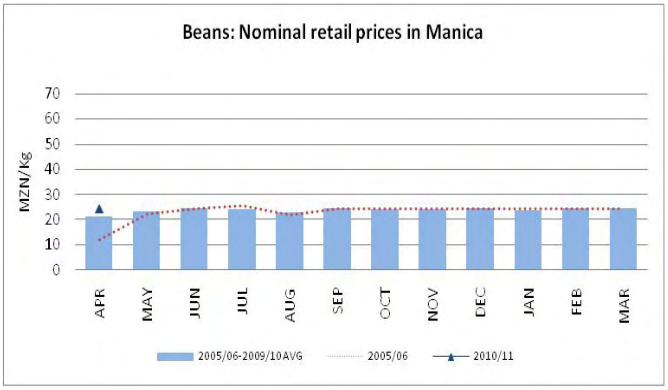

Rice: Nominal retail prices in Chowke
MZN/Kg
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2005/06-2009/10AVG
2005/06
2010/11

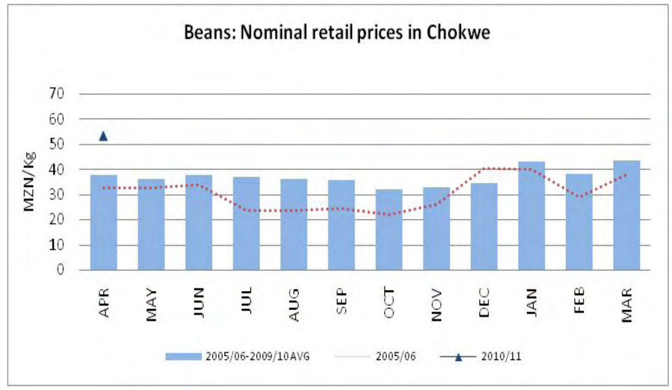

Rice: Nominal retail prices in Gorongosa
MZN/Kg
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2005/06-2009/10AVG
2005/06
2010/11


Rice: Nominal retail prices in Maputo
MZN/Kg
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2005/06-2009/10AVG
2005/06
2010/11

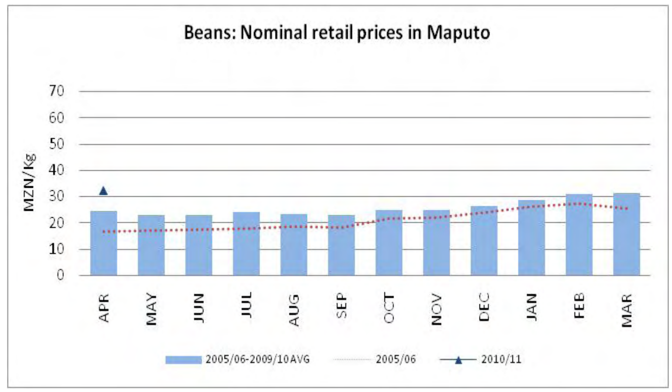

Rice: Nominal retail prices in Nampula
MZN/Kg
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2005/06-2009/10AVG
2005/06
2010/11

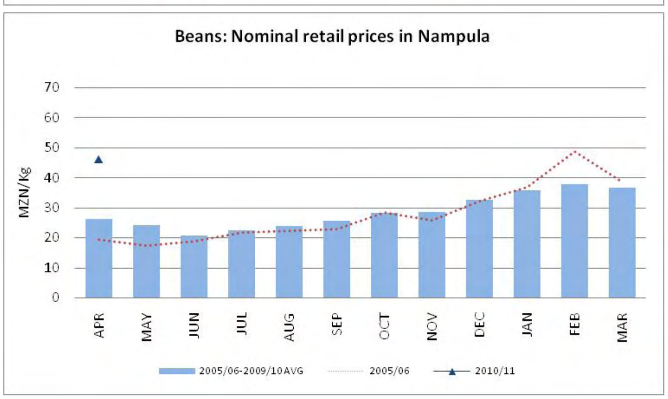

Rice: Nominal retail prices in Tete
MZN/Kg
APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR
2005/06-2009/10AVG
2005/06
2010/11


Beans: Nominal retail prices in Manica
MZN/Kg
70
60
50
40
30
20
10
0
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
JAN
FEB
MAR
2005/06-2009/10AVG
2005/06
2010/11


Beans: Nominal retail prices in Chokwe
MZN/Kg
70
60
50
40
30
20
10
0
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
JAN
FEB
MAR
2005/06-2009/10AVG
2005/06
2010/11


Beans: Nominal retail prices in Gorongosa
MZN/Kg
70
60
50
40
30
20
10
0
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
JAN
FEB
MAR
2005/06-2009/10AVG
2005/06
2010/11


Beans: Nominal retail prices in Maputo
MZN/Kg
70
60
50
40
30
20
10
0
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
JAN
FEB
MAR
2005/06-2009/10AVG
2005/06
2010/11


Beans: Nominal retail prices in Nampula
MZN/Kg
70
60
50
40
30
20
10
0
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
JAN
FEB
MAR
2005/06-2009/10AVG
2005/06
2010/11


Beans: Nominal retail prices in Tete
MZN/Kg
70
60
50
40
30
20
10
0
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
JAN
FEB
MAR
2005/06-2009/10AVG
2005/06
2010/11