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Kenya Horticultural Development Program (USAID-KHDP)
"Mapato zaidi kupitia kilimo bora"

Horticulture Market News – June 2009

Horticultural crops (fruit, vegetables, root crops, peas and beans – fresh and dried) provide 21 percent of dietary calories at national level. So the high prices of vegetables during the first half of 2009 contributed significantly to food insecurity for many people who could not afford prices of more than Kshs 30/kg for basic food items such as potatoes and "sukuma wiki". Supplies of vegetables for export also dropped during this period. Drought in some key areas affected both domestic prices and export volumes and actions are being initiated at grass roots and national level to improve water conservation and management. They should have a positive impact in the second half of 2009. — *Steve New, KHDP Director*

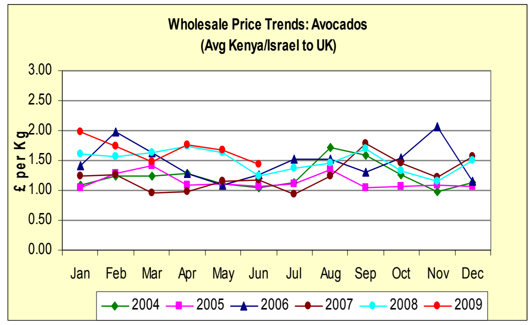
International Prices

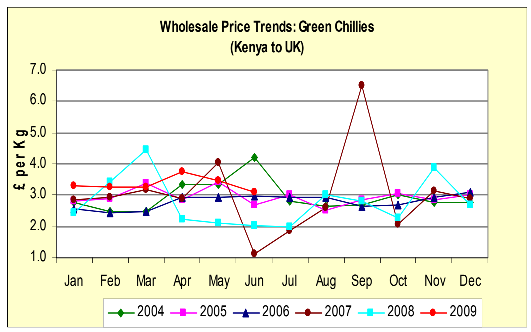
Prices for all Kenyan produce except mangetout and sugar snaps dropped in June as home grown produce came on to EU markets. However, the six months' average wholesale prices for Kenya's main products were at record levels with avocado, Green Chilli, fine beans and passion fruit up 7%, 32%, 8% and 12%, respectively, compared to 2008. Kenyan avocadoes were scarce but had good prices in April and May before falling back in June. Kenyan Green Chilli was also scarce but ample supplies of greenhouse product from Holland kept prices stable through June. Kenya has been the only consistent supplier of fine beans to UK in the last four months and shortages of this high volume product forced prices up to an average of £3.39/kilo in May. Supplies increased and prices eased in June as European beans came to the market. Kenyan passion fruit was scarce and Asian vegetables of Kenyan origin were hardly seen in the main UK markets.

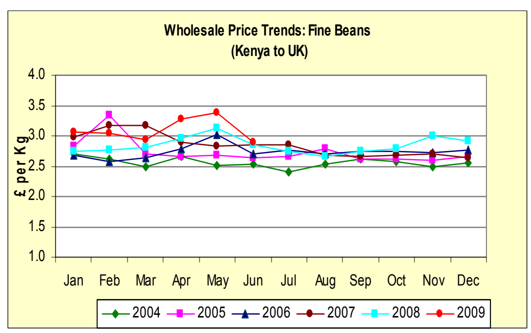
Fresh Fruit & Vegetables – Average Wholesale Prices by supplier (UK£/Kg)

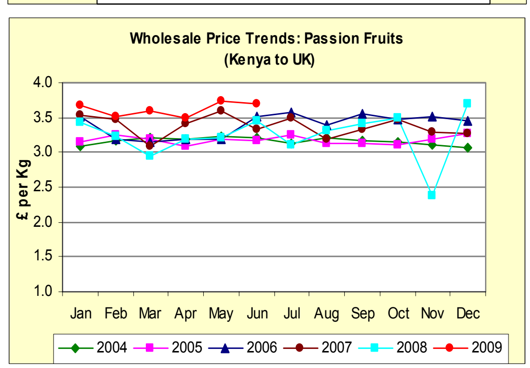
	March '09	April '09	May '09	June '09	% Change
Avocado					
Kenya	**1.51**	**1.90**	**1.60**	**1.44**	**-10.1%**
Israel	1.43	1.63	1.75		
Peru	1.54	1.73	1.42	1.25	-12.0%
SA	1.63	1.77	1.66	1.42	-14.5%
Green Chillies					
Kenya	**3.24**	**3.76**	**3.48**	**3.09**	**-11.2%**
Ghana				1.63	
Gambia	3.34	3.13	3.00	3.13	4.3%
Holland	4.35	4.49	3.83	3.27	-14.6%
Fine Beans					
Kenya	**2.94**	**3.28**	**3.39**	**2.89**	**-14.7%**
Zimbabwe					
Mangetout					
Kenya	**3.17**	**3.44**	**3.55**	**3.90**	**9.9%**
Guatemala	2.44	2.59	3.55	4.01	13.0%
Zimbabwe				4.09	
Sugar Snap Peas					
Kenya	**3.28**	**3.33**	**3.71**	**4.52**	**21.8%**
Guatemala	2.56	2.79	3.68	3.69	0.3%
Zimbabwe			3.65	3.55	-2.7%
Okra					
Kenya				**4.25**	
India	2.56	1.65	1.71	1.22	-28.7%
Thai	4.13	4.13	4.00	4.10	2.5%
Passion Fruit					
Kenya	**3.60**	**3.50**	**3.73**	**3.70**	**-0.8%**
Colombia		3.50	3.55	3.56	0.3%
Zimbabwe	3.62	3.65	3.68	3.63	-1.4%
Karella					
Kenya			**2.40**		
Dominican Republic	2.27	2. 23	2.30	2.27	-1.3%
India	2.00	2.28	1.85	2.02	9.2%

Source: Food Surveys & Fresh Produce Journal, UK









Domestic Prices – Fruit

Six month average prices for all fruits except mango were at record levels for the first six months of 2009. Mango prices were 10-20% lower than 2008 which had recorded the highest levels in six years. During January-May, prices were consistently lower compared to the same month in 2008. The trend reversed in June when prices rose to 22% above the 2008 level as the effects of drought in some production areas kicked in. Banana supply was also hit by water shortages and prices have been on the increase since March. January-June avocado prices were high and steady at between Ksh. 19/kg and Kshs 20/kg, with export demand driving prices 44% higher than in 2008.

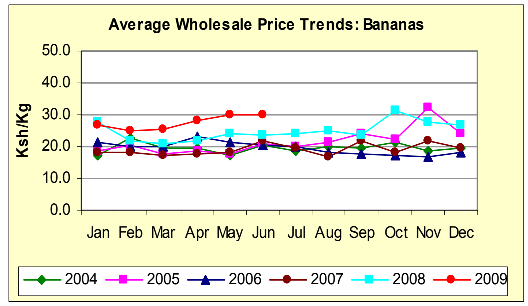
Month on month average prices for passion fruit have been on the rise since March but lost slightly in June. January-June averages for 2009 were 8% higher than those of 2008.

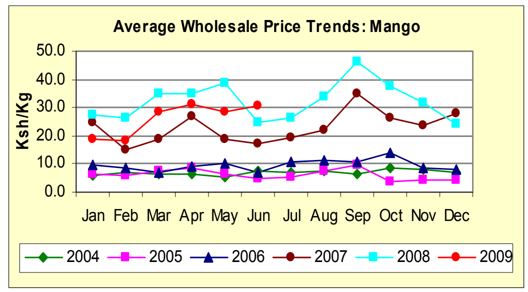
Pineapples gained by 18% to Kshs 44/kg in the half year ending June 2009 as compared to 2008. Month on month average prices have been on the rise hitting Kshs. 52/kg in June, a 2% increase compared to May. Pineapple prices hit an astonishing Kshs 91/kg in Kisumu in June.

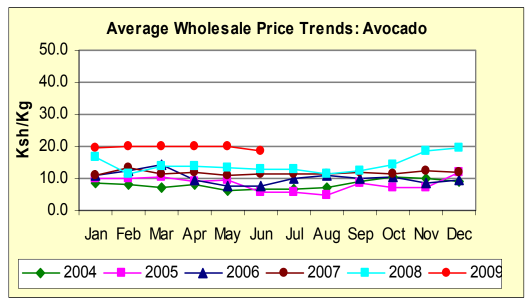
Fresh Fruit – Average Wholesale Prices by market, KSh per kg

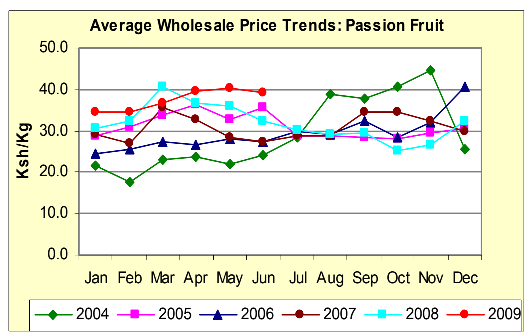
	March '09	April '09	May '09	June '09	Average
Bananas					
Nairobi	34.1	43.6	46.4	42.1	**41.6**
Mombasa	24.9	27.7	29.6	27.7	**27.5**
Nakuru	18.1	18.6	17.9	17.4	**18.0**
Kisumu	24.9	25.4	24.9	33.1	**27.1**
Eldoret	24.3	26.1	30.7	29.3	**27.6**
Av. W/S P	25.3	28.3	29.9	29.9	
Mango					
Nairobi	30.4	32.3	34.0	34.0	**32.7**
Mombasa	19.8	16.3	16.3	18.3	**17.7**
Nakuru	15.6	20.0	20.0	20.0	**18.9**
Kisumu	60.4	66.5	52.1	58.8	**59.4**
Eldoret	16.0	21.0	21.0	21.0	**19.8**
Av. W/S P	28.4	31.2	28.7	30.4	
Avocado					
Nairobi	26.9	27.7	27.8	27.8	**27.5**
Mombasa	26.6	28.1	27.4	22.2	**26.1**
Nakuru	18.6	19.4	18.4	15.3	**17.9**
Kisumu	13.4	7.7	8.3	8.2	**9.4**
Eldoret	15.4	18.0	17.6	19.2	**17.6**
Av. W/S P	20.2	20.2	19.9	18.5	
Passion Fruit					
Nairobi	31.0	34.4	31.5	33.5	**32.6**
Mombasa	41.3	55.2	50.0	48.7	**48.8**
Nakuru	42.5	43.2	43.9	43.2	**43.2**
Kisumu	24.6	33.1	32.3	27.2	**29.3**
Eldoret	43.9	31.6	43.9	43.9	**40.8**
Av.W/S P	36.7	39.5	40.3	39.3	
Pineapple					
Nairobi	50.2	51.8	49.8	46.9	**49.6**
Mombasa	47.0	48.5	42.5	46.4	**46.1**
Nakuru	32.3	26.6	22.0	16.4	**24.3**
Kisumu	53.0	78.1	110.7	122.5	**91.1**
Eldoret	29.2	30.7	27.8	26.2	**28.5**
Av. W/S P	42.3	47.2	50.5	51.7	

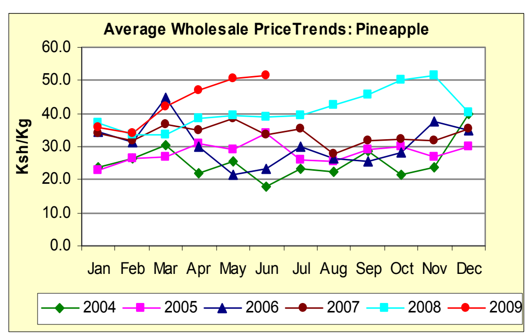
Source: Ministry of Agriculture, Market Information Office & HDP











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Domestic Prices – Vegetables

June prices for vegetables were friendlier to consumers who suffered from very high prices for these basic food items during the January-May period. Prices for potatoes, cabbages, onions and kales fell by between 10 and 30% compared to the previous month.

However, the 2009 half year average price for potatoes was 26% up on 2008 and month-on-month average prices rose consistently during January-May. The trend reversed in June when the new crop came in and prices fell by 31%. June prices for tomatoes were 13% higher than those of May while the six months' average was 8% higher than that of 2008.

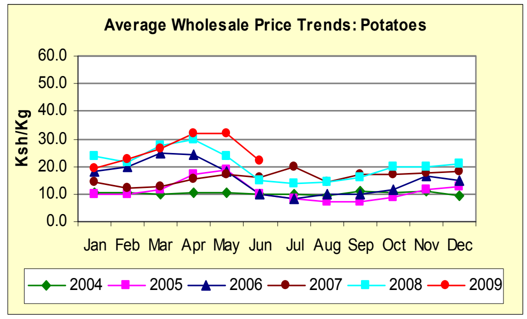
Cabbage prices have been steady at between 15 and 19 Kshs. /kg over the last six months. Half year average prices were 20% above 2008 levels. Month on month average prices declined nationally in May and June although the price remained high at Kshs 31/kg in the Mombasa market.

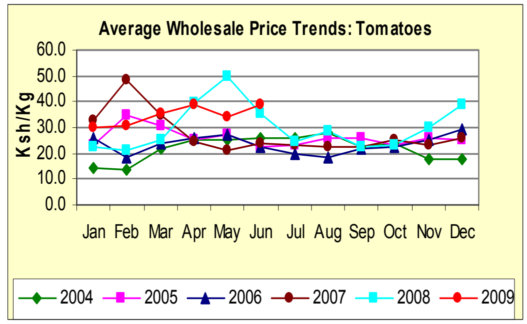
January-June average onion prices for January-June were 19% higher than those of 2008 with the highest average price in six years being recorded in May. Prices hit Kshs 89 in Kisumu market. June prices fell back to 13% lower than those of May. The six-months average price for kales was Kshs 32.5/kg, a 65% increase compared to 2008 and more than most consumers could afford to pay. The price peaked at an amazing Ksh 42/kg in February but fell back gradually to Kshs 19/kg in June as more supplies came on to the market. Consumers in Kisumu were hit hardest with prices almost 50% higher compared to the rest of the country.

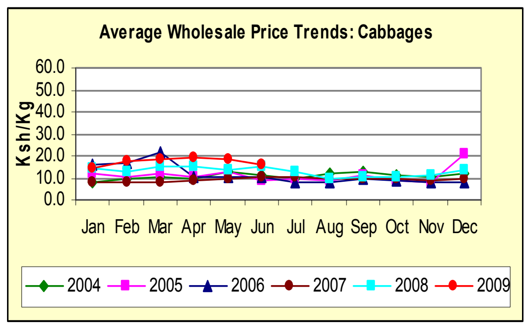
Fresh Vegetables – Average Wholesale Prices, KSh per kg

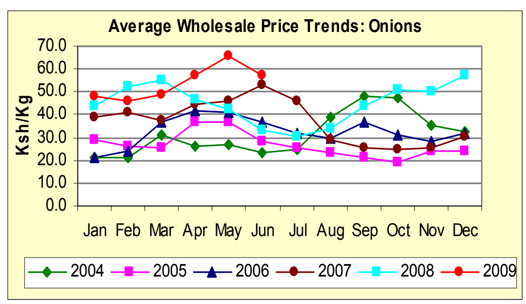
	March '09	April '09	May '09	June '09	Average
Potatoes					
Nairobi	30.0	33.8	34.8	24.8	**30.8**
Mombasa	31.7	31.3	30.4	25.5	**29.8**
Nakuru	24.1	35.5	35.0	20.0	**28.6**
Kisumu	25.3	29.5	31.2	23.7	**27.4**
Eldoret	20.6	28.9	29.5	17.0	**24.0**
Av. W/ SP	26.4	31.8	32.2	22.2	
Tomatoes					
Nairobi	49.5	49.3	43.5	42.3	**46.2**
Mombasa	32.0	28.5	22.9	24.1	**26.9**
Nakuru	30.2	31.5	28.1	41.8	**32.9**
Kisumu	39.5	50.0	48.2	42.3	**45.0**
Eldoret	25.6	35.1	29.0	43.2	**33.2**
Av. W/ SP	35.4	38.9	34.4	38.7	
Cabbage					
Nairobi	21.3	26.5	23.3	20.6	**22.9**
Mombasa	29.1	29.1	36.5	31.4	**31.5**
Nakuru	16.8	16.6	13.4	11.2	**14.5**
Kisumu	15.1	14.6	11.2	11.3	**13.0**
Eldoret	10.8	9.3	7.2	6.6	**8.5**
Av W/ SP	18.6	19.2	18.3	16.2	
Onion					
Nairobi	56.3	52.6	57.5	54.3	**55.2**
Mombasa	53.5	63.9	67.9	62.7	**62.0**
Nakuru	41.0	48.8	61.5	61.5	**53.2**
Kisumu	55.0	64.2	88.7	69.3	**69.3**
Eldoret	38.2	57.6	54.6	40.0	**47.6**
Av. W/ SP	48.8	57.4	66.0	57.6	
Kale					
Nairobi	34.0	34.5	21.7	19.8	**27.5**
Mombasa	44.7	28.3	16.2	19.1	**27.0**
Nakuru	36.1	36.2	18.6	13.1	**26.0**
Kisumu	53.0	53.5	30.6	24.2	**40.3**
Eldoret	31.9	34.1	18.3	18.6	**25.7**
Av. W/SP	39.9	37.3	21.1	19.0	

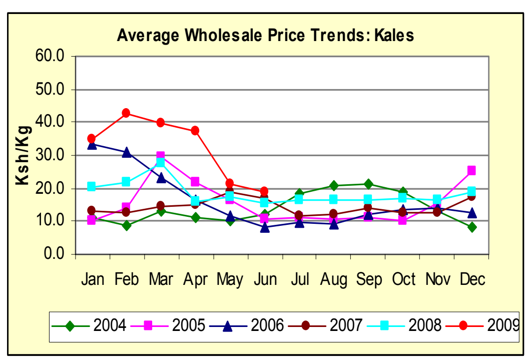
Source: Ministry of Agriculture, Market Information Office & HDP











January to May Horticultural Exports

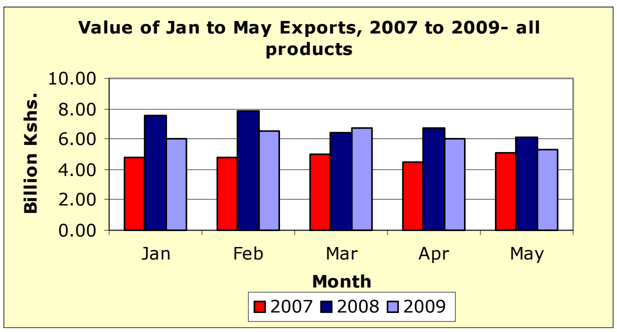
Overall performance

Global recession, reduced demand, exchange rate fluctuations and reduced rainfall in key production areas, combined to reduce exports significantly in the first five months of 2009.

However, the main factor behind the net reduction of 30% in exports was drought and erratic rains in some of the key production areas. This was evidenced by the contraction and, in some cases, temporary closure of commercial farms by major export companies. Supplies from smallholder producers have also reduced as natural water sources they rely on dried up.

Government and donor-funded projects are now focusing specifically on water conservation and management interventions which should begin to have a positive impact towards the end of the year.

Figure 1: Exports of all horticultural products



Though the sub-sector's performance has been far below that of 2008, it still out-performed the same period in 2007, and previous years, in both in value and quantity (figure 1, table 1). Net returns in shillings benefited with the Kenya shilling 22% weaker against the dollar compared to the same period in 2008 (67.4 in 2008 compared to 82.0 in 2009).

Table 1: Quantity in '000' tonnes of all horticultural products

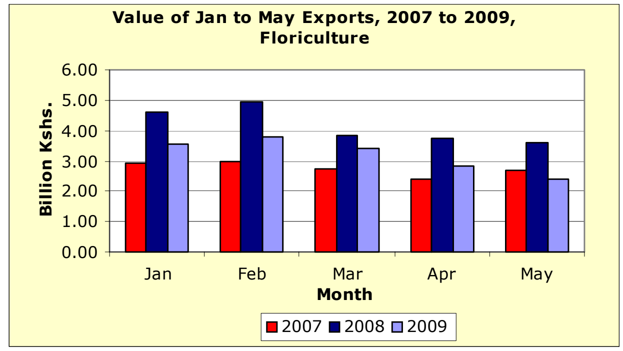
Month	2007	2008	2009
Jan.	25.61	37.92	31.45
Feb.	28.95	39.78	33.51
March	34.42	38.93	35.21
Aprril	30.19	43.16	30.80
May	34.46	34.94	30.63
Total	**153.62**	**194.73**	**161.61**

Source: KRA Customs

Flowers

Jan-May 2009 export figures recorded a 16% and 23% decrease in quantity and value respectively when compared to the same period in 2008 (table 2). Month on month export value and quantity was on the decline in 2009 by between 11% and 19% with the exception of February, due to the Valentine's day sales peak. Roses and cut flowers were the worst affected as consumers reduced their spending on "luxury" items.

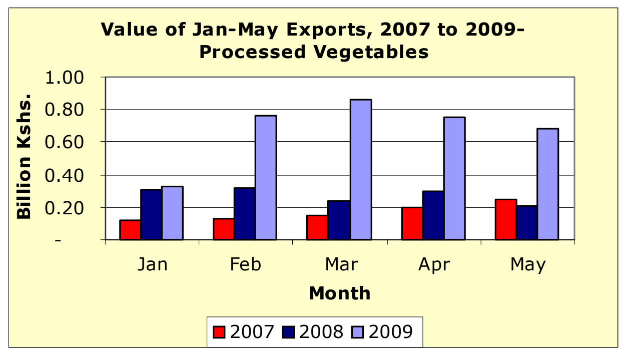
Figure 2: Flower Exports



Processed Vegetables

Quantities dropped by 13% while the value was 2.5 times higher than that of 2008. This was as a result of some very high value exports of vegetable products to Somalia, Netherlands and UK from February onwards, probably 'Miraa' re-categorized to processed vegetables from fresh foliage (flowers) where the product was previously recorded by KRA.

Figure 3: Processed Vegetables exports



Canned extra fine beans accounted for 43% of processed vegetable exports, the main destinations being France (63%) and Belgium (36%). The rest were mainly declared as mixed vegetables which also contained beans.

Table 2: Jan-May 2008, 2009 comparison of quantity ('000' tonnes) and value (billion Kshs.)

Product	2008		2009		% Δ	
	Qty	Value	Qty	Value	Qty	Value
Flowers	59.7	20.7	50.0	16.0	-16	-23
Fresh Veg.	44.8	8.5	30.6	6.9	-32	-19
Nuts	16.1	0.7	18.4	0.6	15	-17
Fresh Fruits	11.9	0.7	17.3	1.2	46	59
Proc. Veg.	12.2	1.4	10.6	3.4	-13	146
Proc. Fruits	50.1	2.7	34.7	2.6	-31	-3
Total	**194.7**	**34.7**	**161.6**	**30.6**	**-17**	**-12**

Source: KRA Customs

Fresh Vegetables

Month on month quantity and value have been on the decline during the period averaging a 32% and 19% decrease respectively compared to the same period in 2008. Vegetables were hit particularly badly by dry weather conditions in central and eastern areas. However, market scarcity increased prices (see page 1) and reduced the relative impact on export values.

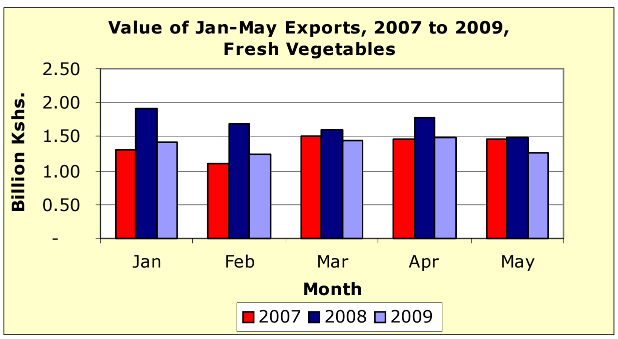
Table 3: Quantity in'000' tonnes of fresh vegetable exports

Month	2007	2008	2009
Jan	6.76	8.49	6.50
Feb	7.82	7.25	6.23
Mar	12.00	9.60	6.27
Apr	10.57	12.08	6.16
May	8.49	7.40	5.43
Total	**45.65**	**44.82**	**30.59**

Source: KRA Customs

"Asian vegetable" vegetable exports (okra, chilli, brinjal, karalla) were the worst hit. These tend to be grown in hotter drier areas which received little or no rain. They also sell to lower income consumers in UK, whose spending power was curtailed more than the supermarket buyers of beans and peas. So both production and demand combined to reduce exports.

Figure 4: Fresh Vegetables' Exports



Fresh Fruits

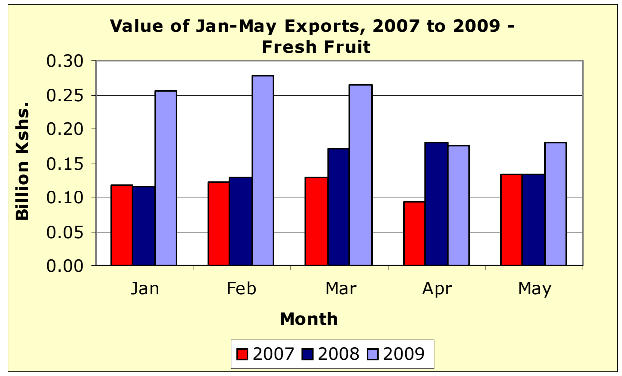
Fresh fruits performed exceptionally well in the period unlike the previous two years. Quantity and value went up by 46% and 59% respectively compared to the same period in 2008.

Table 4: Quantity in '000' Tonnes of fresh fruits' exports

Month	2007	2008	2009
Jan	1.51	1.38	3.24
Feb	1.69	1.53	4.26
Mar	2.23	3.83	3.79
Apr	1.70	2.96	2.95
May	2.62	2.21	3.08
Total	**9.75**	**11.91**	**17.33**

Source: KRA Customs

Figure 5: Fresh Fruits



The increase was mainly due to good market demand and production of avocados which comprised 63% of all fresh fruits exports, major destinations being France, Netherlands, Spain and United Arabs Emirates. Dry weather conditions led to early maturity of the commodity resulting in a 45% increase in quantities exported between Jan-May 2009 as compared to 2008.

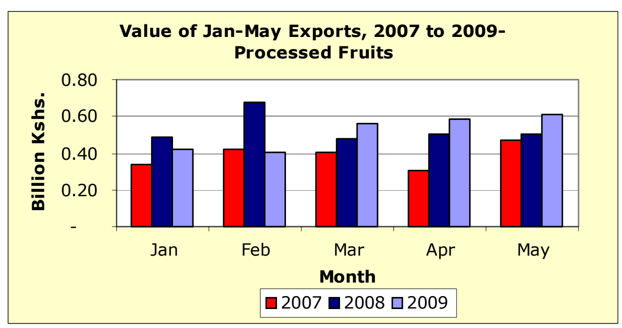
Mangoes accounted for 23% of exports, major destinations being Tanzania (43%), UAE (37%) and Saudi Arabia (16%).

Passion fruit were 9% of total fruit exports, 89% of which went to Uganda. Exports to Uganda were extensively captured in the data (1,602 Tonnes) during this period though apparently undervalued between January and April (between Kshs. 3.0 and Kshs. 8.0/kg)

Processed Fruits

Quantities and values for the five month period (Jan-May 2009) showed a 31% and 3% decrease respectively compared to the same period in 2008, mainly due to reduced demand in Europe.

Figure 6: Processed Fruits



Sliced pineapple accounted for 69% (23,935 tonnes) of all processed fruit exported, a 41% drop from the previous year's 40,326 tonnes while the value went down by 22% (from 2.1 to 1.6 billion Kshs.). The major destinations were Germany, Netherlands and France. The balance was mostly fruit juices' including some re-exports.

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