



Livestock & Meat Advisory Council

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LMAC Monthly Livestock Market Update: October 2013¹

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Stock Feeds Report

Maize

Local supply of maize has dried up and is trading at \$380-\$390/mt, up from between \$340-360/mt in September. Zambia is not exporting and it is proving difficult to obtain permits to import maize from South Africa although about 150mt of maize was imported by rail from SA and landed at \$367/mt. The Fertilisers, Farm Feeds and Remedies Institute reported that they were carrying out pre-shipment inspections of maize imported from RSA and confirmed that it was not GM maize. It is anticipated that the price of maize in Zambia will increase and the maize being imported under the government to government deal will be landing at \$427/mt, with payment upfront. This cost is not viable for processors.

AFGRI market analysts report the following:

- Zambia's Food Reserve Agency (FRA) has extended buying to 15 November 2013 as they require more maize. As at 25 October, they have bought about 425,000mt which is lower than the statutory reserve of 500,000mt;
- Government to Government deal to Zimbabwe to be paid up front;
- Zimbabwe and Mozambique are importing maize from South Africa;
- Nairobi maize prices are increasing, representing increased demand and competition for maize in the region; and
- The Zambian Government signed a deal with Saudi Arabia for 50 000mt of Urea for the Food Input Support Program (FISP).

The Agricultural Marketing Authority's Grains and Oilseeds Statutory Instrument 140 of 2013 was passed by Government. This SI seeks to register all producers and buyers of grains and legumes, register contracts entered into and between buyers and farmers and to monitor compliance with the contracts. However, buyers are required to pay an annual registration fee of \$1,000 while farmers will pay a fee of \$1.00 which will increase the cost of compliance. It is also not clear whether the new SI is a replacement of, or is in addition to, the obligations buyers such as stockfeed firms are subject to under SI 147 of 2012 also requiring payment of an annual registration fees and regular submissions of returns as contained in the new SI.

Soya

Soya meal is being imported from Zambia and the price is stable. However, prices are under downward pressure as at the current off-take rate they might not be able to exhaust this season's meal. Soya beans are scarce on the local market although there are number of speculators and large scale farmers holding stock in anticipation of a price increase.

Maize and wheat bran

Maize bran is locally unavailable as no milling is taking place. Retail maize meal sales have slowed and millers have scaled down operations. Maize bran was being imported from Malawi at \$180 - \$190/mt.

Wheat bran is landing at \$220 - \$230/mt ex Malawi.

Cotton

Cotton seed was trading relatively unchanged from \$255-\$300/mt in September. However, there is possibility of future shortages which could increase prices, owing to disagreements between ginners and oil expressors. Ginners have only released 70,000mt to crushers against a market requirement of 120,000mt and this will translate to a shortage of cotton meal next year. In addition, cotton meal users, including stockfeed manufacturers, argue that they need assurance that there will be a continued supply of cotton meal throughout the season. Expressors note that cotton meal users are not submitting returns that establish their annual cotton meal requirements which can be used as a basis for assessing exportable surplus. It is anticipated an agreement on exportable surpluses will be reached by early November.

Table 1 below shows changes in some key feed raw materials in Zambia and South Africa between September and October.

Table 1: Regional Raw Material Prices

Commodity	27-Sep-13	25-Oct-13	Mth to Mth % Change
GTAZ Lusaka(\$/mt)			
Soya	505	520	3.0%
Sunflower	450	450	0.0%
White Maize	285	302	6.0%
Yellow Maize	290	307	5.9%
Soya SE 46%	660	660	0.0%
Indian GMO-Free at Beira			
Soya SE 46%	680	680	0.0%
SAFEX ex-Randfontein			
Soya	555	589	6.1%
Sunflower	505	538	6.5%
White Maize	232	245	5.6%
Yellow Maize	214	230	7.5%
Soya SE 46%	600	600	0.0%

Source: AFGRI (note: Lusaka to Harare Transport=\$65; Randfontein to Harare=\$120)

Beef Report

1. Market situation

Abattoirs are reporting a slow-down in meat sales with beef wholesaling at \$4.15, \$4.00 and \$3.70 for super, commercial and economy grade per kilogram, respectively. These prices are approximately 40 cents less than in 2012, and lower than the prices in 2011. The softening in the beef market comes at a time when there is an increase in supply of beef from external sources. News articles (see links below) report that Zimbabwe has signed a contract with Namibia for an import quota of 1,000mt of bone-in beef from Namibia's northern communal areas (NCAs) over the next 20 months. This will be the first time that Namibia exports bone-in beef from their NCAs and currently only deboned beef is exported

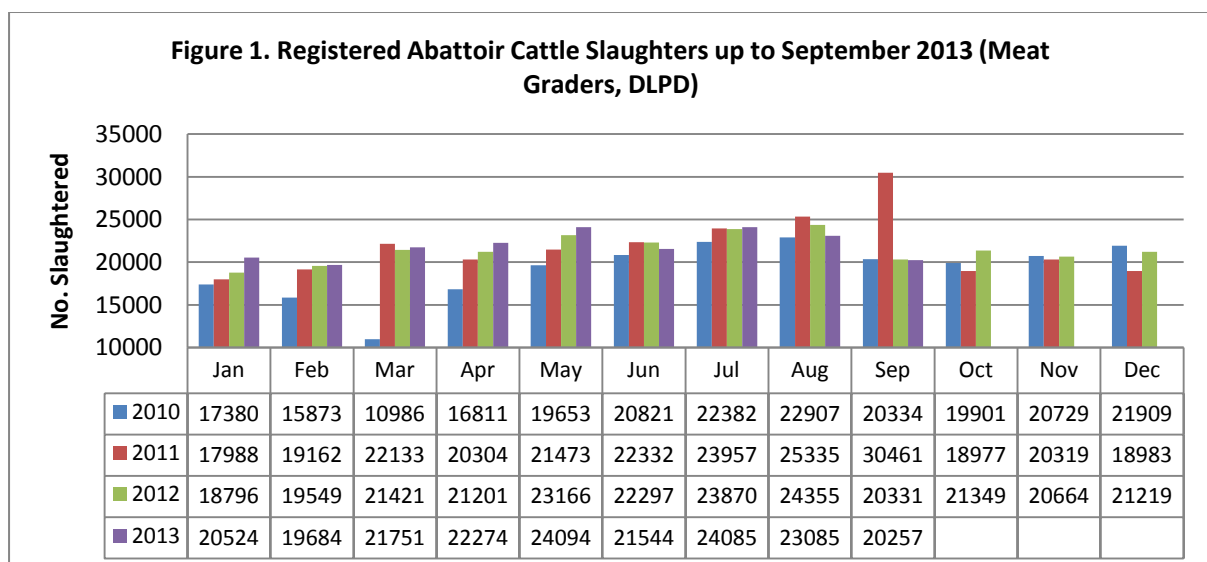
to South Africa. This comes on the back of reports of a surge in slaughters of live cattle imports from Botswana in the last week of October.

<http://www.bizday.co.zw/2013/10/24/zimbabwe-opens-namibian-beef-imports/>
http://allafrica.com/stories/201310241424.html?aa_source=sltr-zimbabwe-en
<http://www.herald.co.zw/zim-namibia-strike-deal-on-beef-imports/>

The softening in the market for beef is putting a squeeze on operators in the sector, particularly those that have embarked on feedlotting to produce Supers. Abattoir operators report that slaughters of Supers are down by 30% compared with 2012 while costs associated with slaughtering and marketing the cattle have increased by approximately 30% between 2012 and 2013. Two abattoir operators report that approximately 3,000 super grade cattle are in feedlots and they are having problems selling them. Stakeholders warn that the liberal beef importation policy is at odds with efforts to encourage smallholder beef feedlot schemes that had started to take root around the country.

2. Beef Slaughters

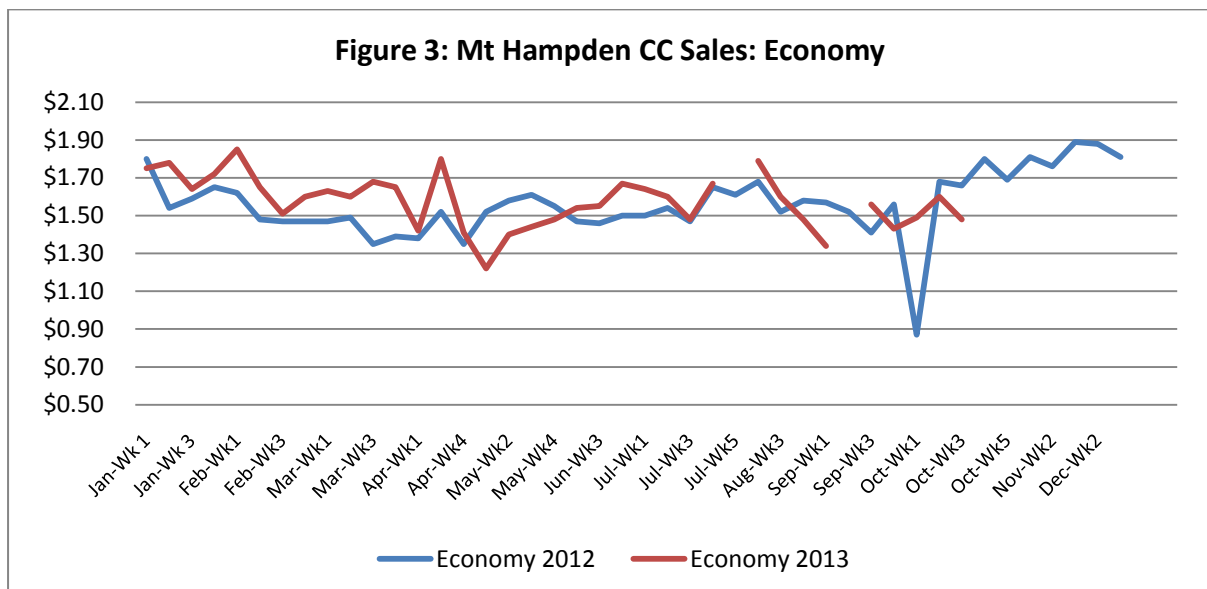
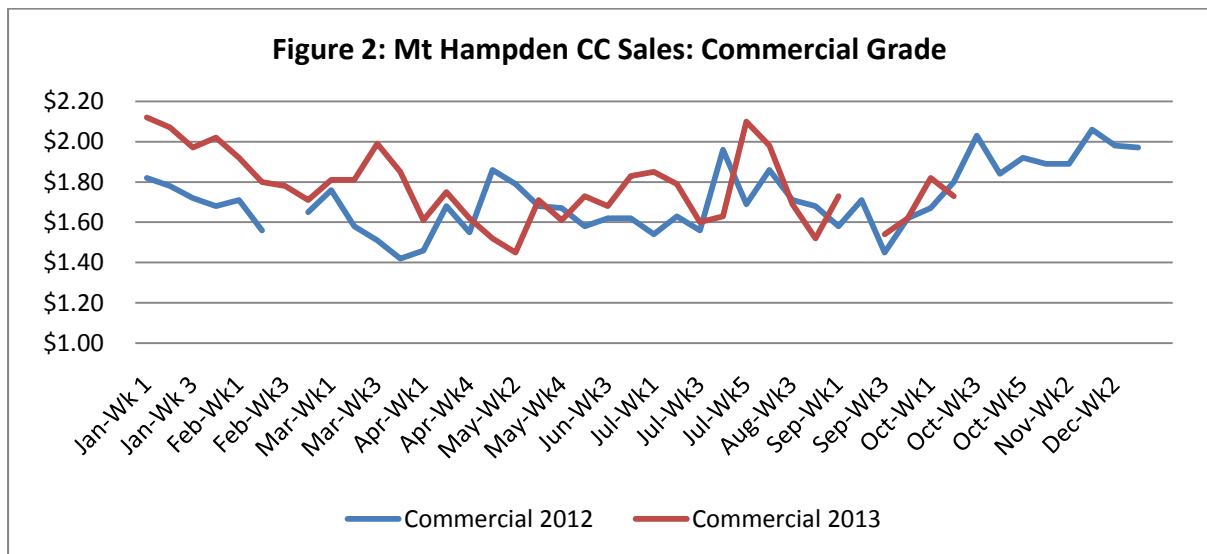
The latest monthly beef slaughter figures from the Department of Livestock Production and Development reflect the continued drop in demand. Slaughters in September were almost 2,800 animals less than in August and were the lowest September slaughter figures in four years (Figure 1).



3. Live Cattle Prices

At Mt Hampden CC Sales, live cattle prices increased between mid-September and mid-October (see Figures 2 and 3). The highest increase was recorded for commercial grade cattle prices of 19 cents per kg-LW. Economy grade cattle increased by 5 cents per kg-LW.

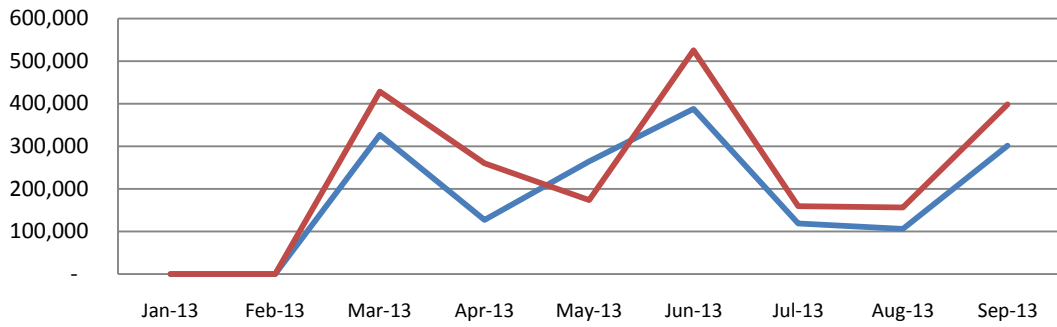
However, prices in late October were 20 cents lower than for the same period in 2012 reflecting reduced demand.



4. Beef Trade

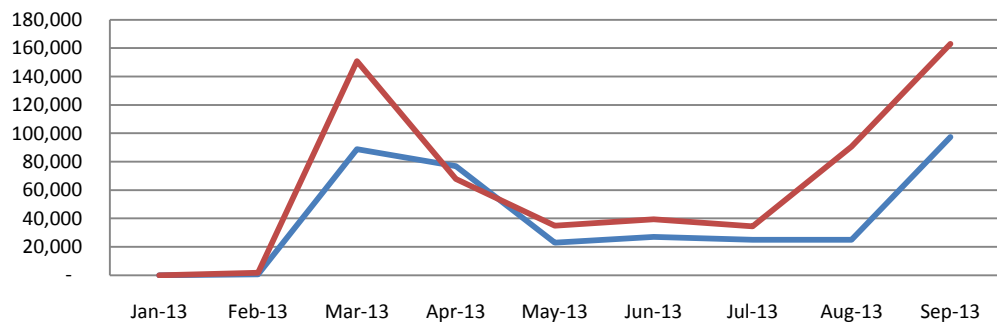
After a slow down for the period July and August, according to ZIMSTAT trade figures (see Figure 4) live cattle imports picked up in September recording a 185% increase from 106mt in August to 302mt in September. In addition, frozen beef and bovine livers were imported which more than tripled from 25mt to 97mt between August and September (see Figure 5). The late October deal to import bone-in beef from Namibia will further increase supplies on the market and put added pressure on an already depressed beef market.

Figure 4: Live Cattle Imports Value and Weight



	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
Live Cattle Kg	-	-	326,613	127,061	264,192	387,815	118,663	105,947	301,626
Live Cattle US\$	-	-	428,155	259,914	173,818	525,361	159,086	156,420	398,647

Figure 5: Beef Meat & Liver Imports - ZIMSTAT



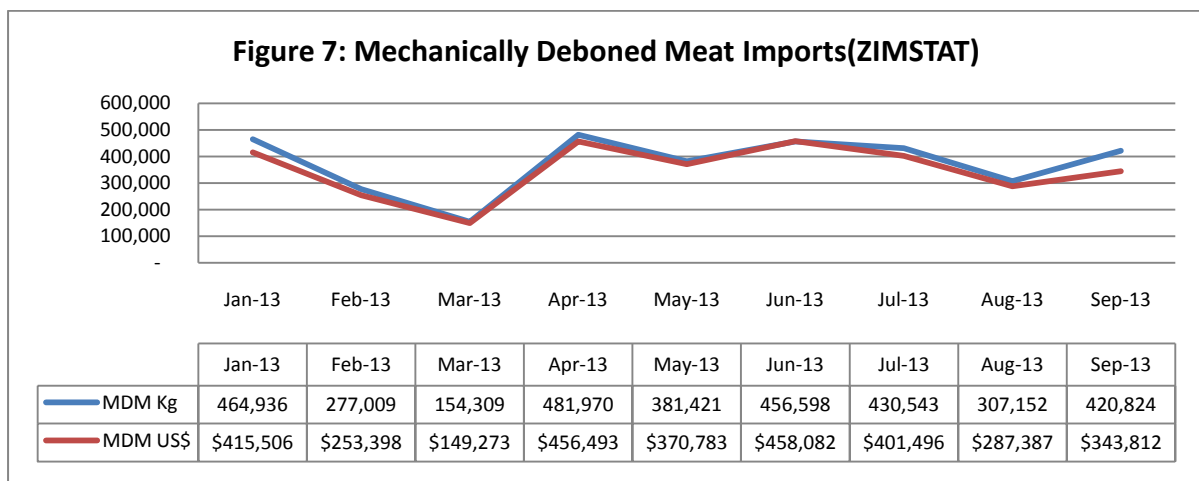
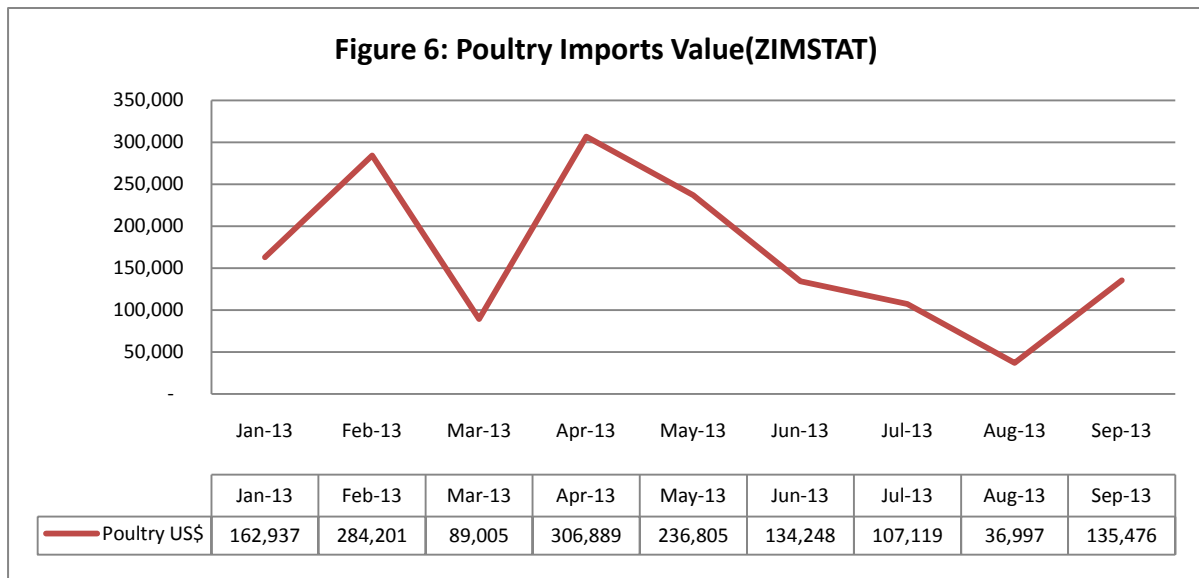
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
Beef meat + livers Kg	20	554	88,844	76,860	22,918	27,000	24,969	24,999	97,268
Beef meat + livers \$	38	1,672	150,939	67,856	34,983	39,495	34,530	90,505	163,047

Chicken Report

Numerous reports from the public have been received raising concern regarding low-priced poultry imports, suggesting evasion of duties. Furthermore, some of the product is time-expired and imported from non-approved plants. According to ZIMSTAT trade figures (see Figure 6), official imports of poultry show reduced quantities of chicken compared with 2012, although there was an increase of 98mt between August and September 2013. Industry has also raised alarm regarding the high volume of importation of mechanically deboned meats (MDM) and polony. The reports suggest that the imports exceed the official ZIMSTAT figures of 421mt for September (see Figure 7). MDM is also being retailed in contravention of the requirement that these meats be imported for processing only and not for retail. There have also been reports of reprocessing (splitting leg quarters) and

repackaging of imported product either into clear packaging or packaging bearing local processors details in contravention of labeling requirements. A dossier with evidence tabled by the public has been forwarded to relevant authorities for investigation.

There have been media reports of chickens being injected with embalming chemicals. However, the Livestock and Meat Advisory Council does not have any evidence of this and doubts the validity of the reports given the high cost of the chemicals and changes in taste that such practices will most likely induce.



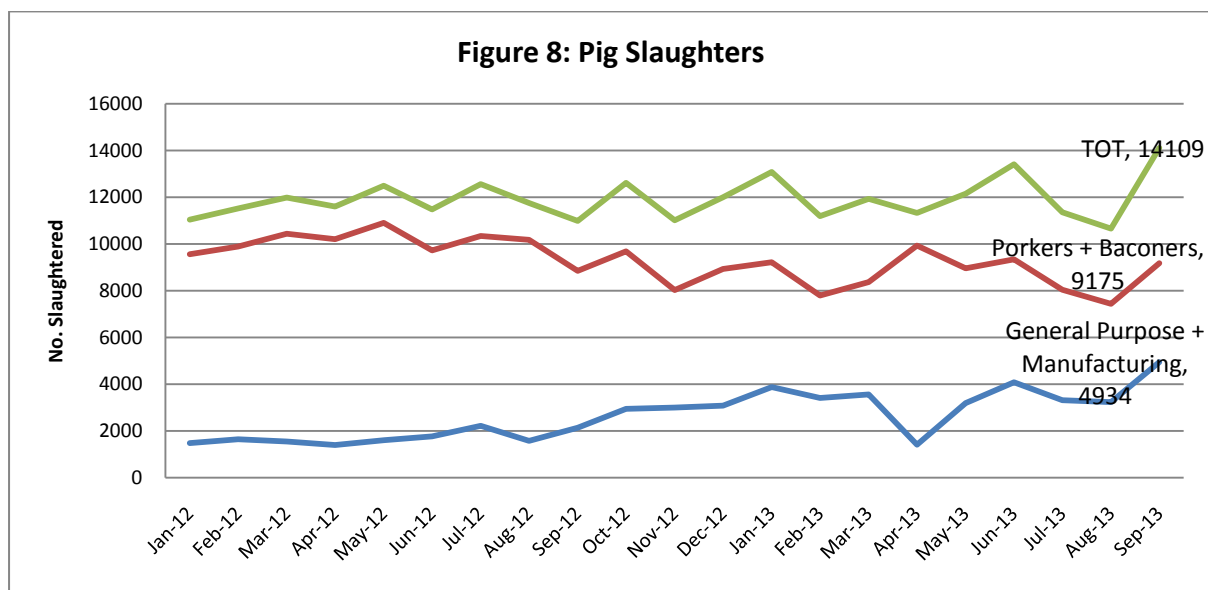
Pork Report

The pork market remains depressed with the largest processor holding close to 1300mt of meat stocks. Three pig producers have also indicated that they will soon reduce their sow herd by about 1,500 animals. The latest slaughter figures from DLPD indicate a large increase in slaughters of all classes of pork between August and September (see Table 2 and Figure 8). The largest increase was in the General Purpose and Manufacturing Grades which increased by an unprecedented 53% between the two months indicating that there has

been significant destocking in the sector. The Pig Producers Association of Zimbabwe believes that the major constraint to viability in the sector is the cost of feed which is currently \$150 per tonne more expensive than in South Africa. Given that the transport differential between Zimbabwe and South Africa is \$110/mt indicates that Zimbabwe’s dependency on imported feeds and raw materials is the main problem.

Table 2: Pig Slaughters – August to September 2013

	August	September	% Change
Porker and Baconer Grade	7429	9175	24%
General Purpose and Manufacturing Grades	3230	4934	53%
Total Slaughters	10659	14109	32%



Dairy Report

In September milk production was 4.6 million litres, 5% less than in August 2013 and 5% less than in September 2012 (see Figure 9 below). Cumulative milk production from January to September was 40.45 million litres, 2% less than for the same period in 2012. Value of dairy products imports have remained higher than in 2012, with September value being 56% higher than in the same month last year (see Figure 10).

Figure 9: Milk Production, Litres (Dairy Services)

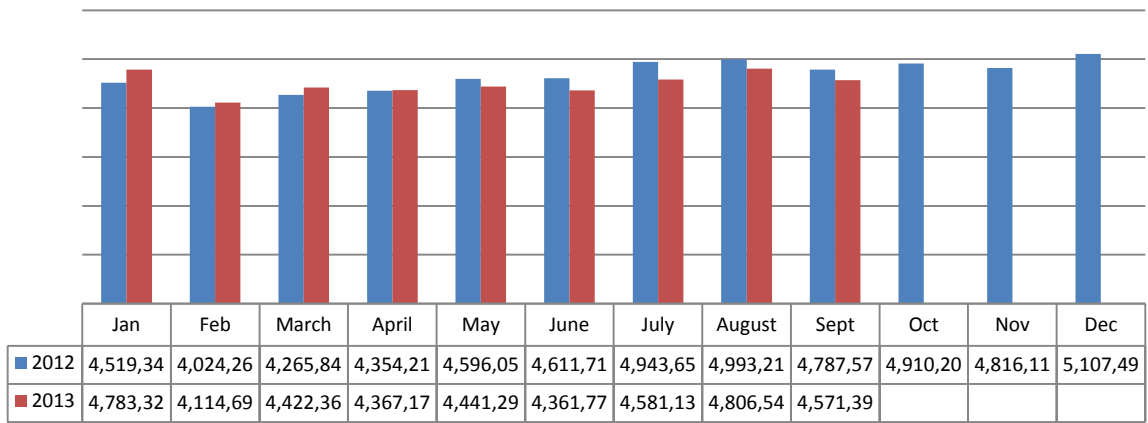


Figure 10: Dairy Products Imports(US\$ million)(ZIMSTAT)

