



THE WEEKLY AGRO WATCH



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Industry updates

BANK OF ZAMBIA INCREASES POLICY RATE TO 10.25% AS KWACHA DEPRECIATES FURTHER

The Bank of Zambia has raised the policy rate by 50 basis points to 10.25 per cent effective March 2014, from the 9.75 per cent in February, 2014. The Bank of Zambia has attributed the increase in policy rate to high inflationary pressures that have continued on the upward trajectory from 7.3 per cent in January, 2014 to 7.6 per cent in February, 2014. The 7.6 per cent is higher than the 6.5 per cent target set by government for the year 2014.

Meanwhile the Kwacha has continued to depreciate against major currencies reaching K6.00 per dollar as at 7th March 2014. The sustained depreciation of the Zambian Kwacha is attributed to the scarcity of the US dollar on the local market.

FAO FOOD PRICE INDEX UP 2.6%

Weather-related events and increased demand came into play as the FAO food price index registered its sharpest increase since mid-2012, averaging 208.1 points in February 2014. The new level is 5.2 points, or 2.6 percent, above a slightly revised index for January, but is still 2.1 percent lower than last year at the same time. The figures were released amid news reports of spikes in wheat and corn prices in response to recent developments in Ukraine, though the February increase in the Index cannot be entirely attributed to those events. The Index, based on the prices of a basket of internationally-traded food commodities, saw price upticks in all commodity groups, with the exception of meat, which fell marginally. The strongest increases since January have been seen in sugar (+6.2 percent) and oils (+4.9 percent), followed by cereals (+3.6 percent) and dairy (+2.9 percent). This month's increase follows a long period of declining food prices in general. According to FAO, The weather is probably a major force driving up prices for certain commodities like sugar or wheat, but brisk demand is also an important factor underpinning maize, dairy and oil prices. The FAO Cereal Price Index averaged 195.8 points in February, up 6.8 points, or 3.6 percent, from the previous month. The price bounce reflected mainly concerns over wheat crops in the United States, a strong demand for coarse grains for both feed and biofuel and high Japonica rice prices. Still, cereal prices remain, overall, 18.8 percent below their level in February last year.

Local Commodity Prices

The table below shows average commodity prices as captured by the ZNFU regional offices and 4455 Price information system:

Exchange rate :USD 1= K6																		
Prices as at 07th Mar ,2014/ per metric ton																		
	Mbala		Mansa		Lusaka		Mazabuka		Sesheke		Choma		Kabwe		Mkushi		Ndola/Kitwe	
	K	USD	K	USD	K	USD	K	USD	K	USD	K	USD	K	USD	K	USD	K	USD
White Maize	1300	216.7	1350	225	1800	300	1920	320	1300	217	1500	250	1500	250	1600	266.7	1850	308.3
Wheat		0		0	2200	366.7												0
Soybeans	2200	366.7		0	2600	433.3											2500	416.7

Import Parity Prices

The following import parity prices were compiled by ZNFU as at 07th Mar,2014. Prices have continued increasing due to the depreciating of the kwacha against the dollar.

Domestic Import Parity Prices as at 06/03/14					
		US\$/ZAR=10.68		US\$/ZMK=6	
Parity Prices		U\$/ZMK	Maize	Soya	Wheat
Lusaka		6	522.04	836.57	547.6
Town	ZMK	\$	\$	\$	\$
Chipata	275	45.83	567.87	882.40	593.43
Mkushi	225	37.5	559.54	874.07	585.1
Ndola	250	41.67	563.71	878.24	589.27
Kitwe	250	41.67	563.71	878.24	589.27

Exchange Rates

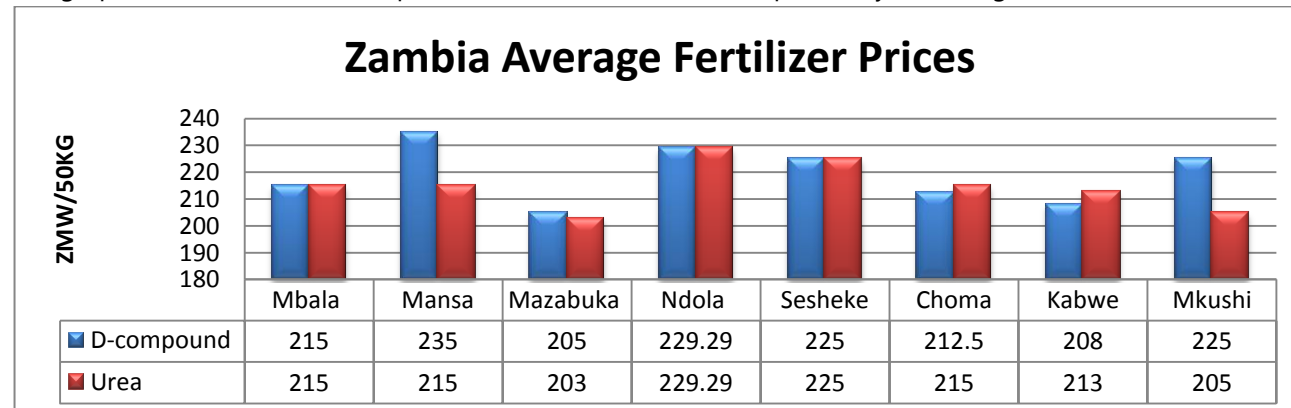
The following are exchange rates compiled from selected Zambian Banks. The exchange rates are indicative and may be subject to change without prior notice depending on market conditions.

07/03/2014							28/02/2014					
CURRENCY	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
First National Bank (FNB)	5.965	6.085	0.565	0.577	9.975	10.177	5.752	5.868	0.541	0.551	9.601	9.795
Standard Chartered Bank	5.936	6.054	0.5593	0.5704	9.9381	10.1356	5.749	5.863	0.5373	0.5479	9.5911	9.7812
ZANACO	5.9257	6.0443	0.5549	0.5691	9.8683	10.1214	5.757	5.8726	0.5349	0.5486	9.5574	9.8024
Bank of Zambia(Inter-Bank @ 12:30 Hrs)	5.9489	5.9589					5.8008	5.8108				

Commodity Highlights

FERTILIZER

The graph below shows fertiliser prices for selected districts as captured by ZNFU regional offices.



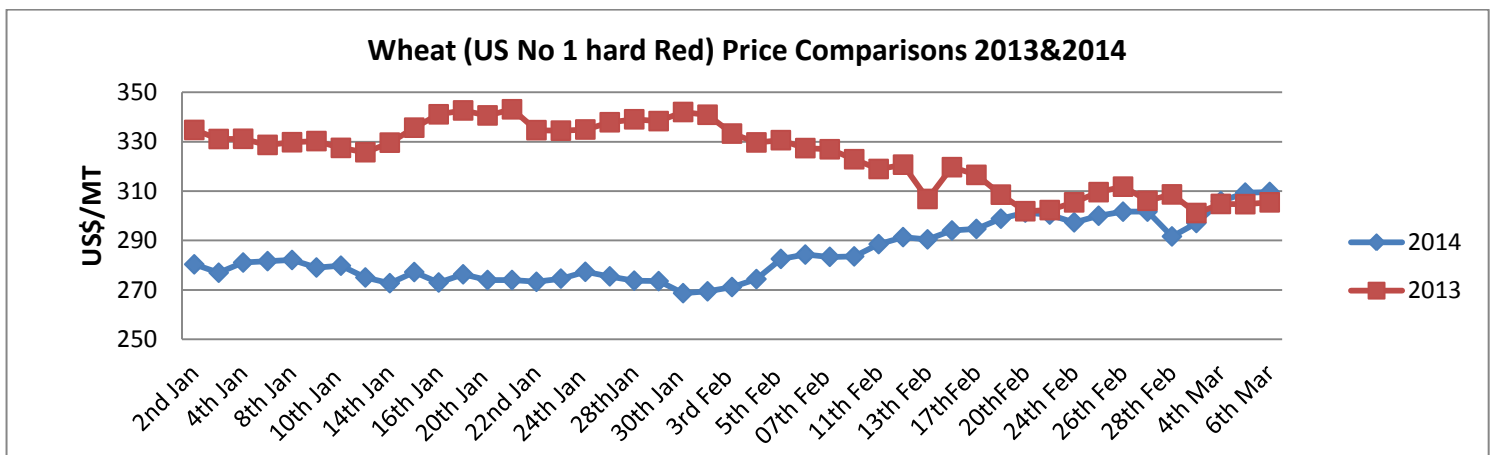
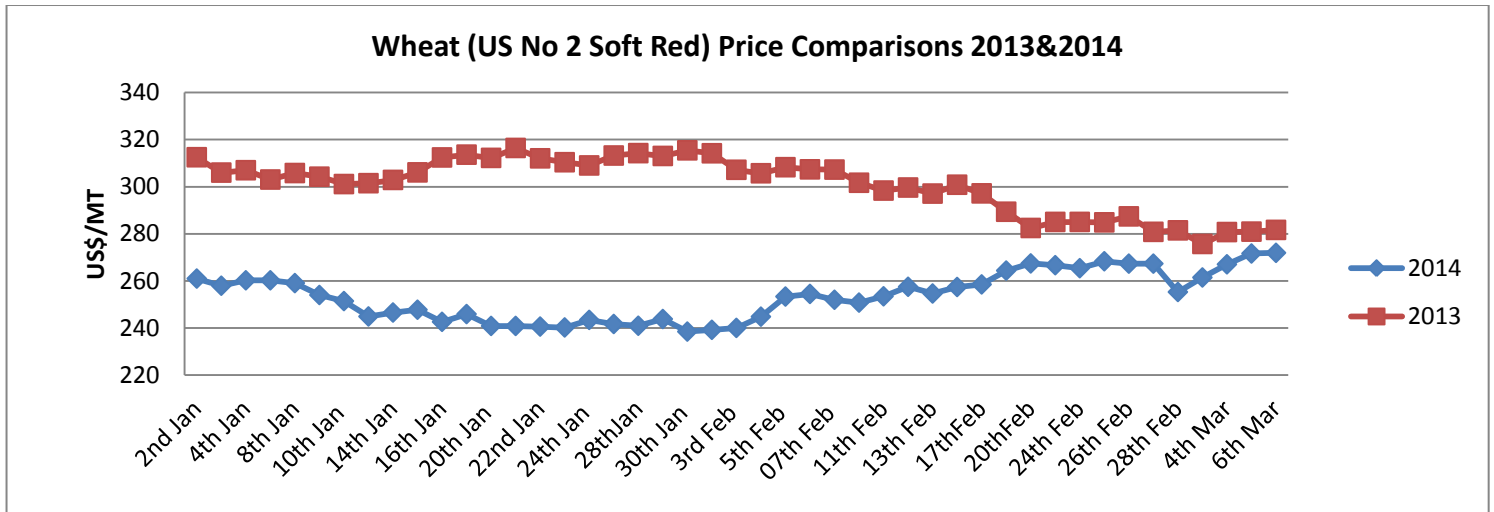
WHEAT

Highlights

- Early estimates for the European Union wheat harvest show a consensus around an expectation of the third biggest output ever, lifted by a rise in sowings at the expense of barley. The European Commission, in its first estimates for the bloc's wheat crop this year, pegged it at 144.5million tonnes, including 8.67million tonnes of durum.
- The Chicago wheat futures price for delivery in May settled at US\$ 241.8/MT on Friday,07TH Mar. afternoon.
- On the local market, wheat prices remain range bound trading between ZMW2.0-2.4/Kg.

Price trends

The Safex soft red and hard red average wheat prices for the previous week settled at US\$265.45/MT and US\$302.73/MT respectively compared to the US\$267/MT and US\$300.23MT recorded last week respectively.



Source: Safex

SOYA BEANS

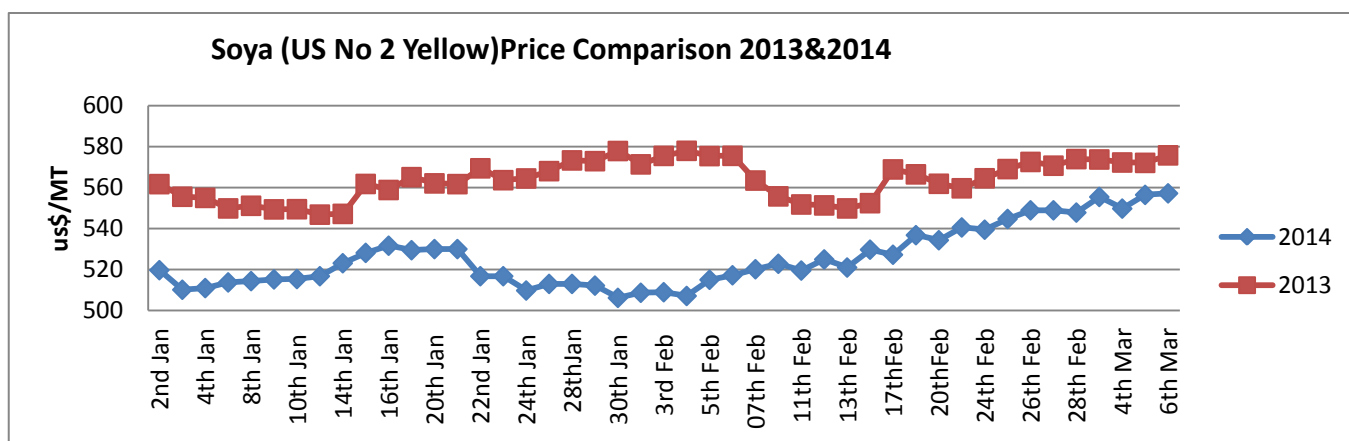
Highlights

- The Buenos Aires Commodity Exchange in Argentina raised the country's soybean production from 53 million metric tons (1.947 billion bushels) to 54 million metric tons (1.98 billion bushels). They also estimated the Argentina soybean harvest at about 12 percent complete.
- Palm oil futures climbed in the week ending 7th march to the highest level in more than 17 months on speculation that dry weather in the main palm and soybean growing areas Malaysia and Indonesia may weaken prospects for global cooking oil production.

- The contract for May delivery jumped as much as 0.7 percent to 2,888 ringgit (\$886) a metric ton on Bursa Malaysia Derivatives, the highest level at close for a most-active contract since September 2012 on Friday 7th Mar. Futures increased 9.6 percent last month, the most since October.
- In related news, India, the world's biggest importer of vegetable oils, will boost imports of soybean oil at the cost of palm in the year to October 2014 as the spread between the two competing products has narrowed. Crude palm oil is being offered at US\$940 to US\$945 a tonne, including cost, insurance and freight, in India, comparable to the price of degummed soybean oil.
- The Chicago soybeans futures price for delivery in May was pegged at US\$535.7/MT on Friday, 07th Mar. afternoon.
- Local soybeans prices are in the range of K2.0-2.8/Kg for non contract beans.

Price trends

The average price of US No. 2 yellow soya beans on Safex settled at US\$553.35/MT Lower than last week's average of US\$544.53/MT period.

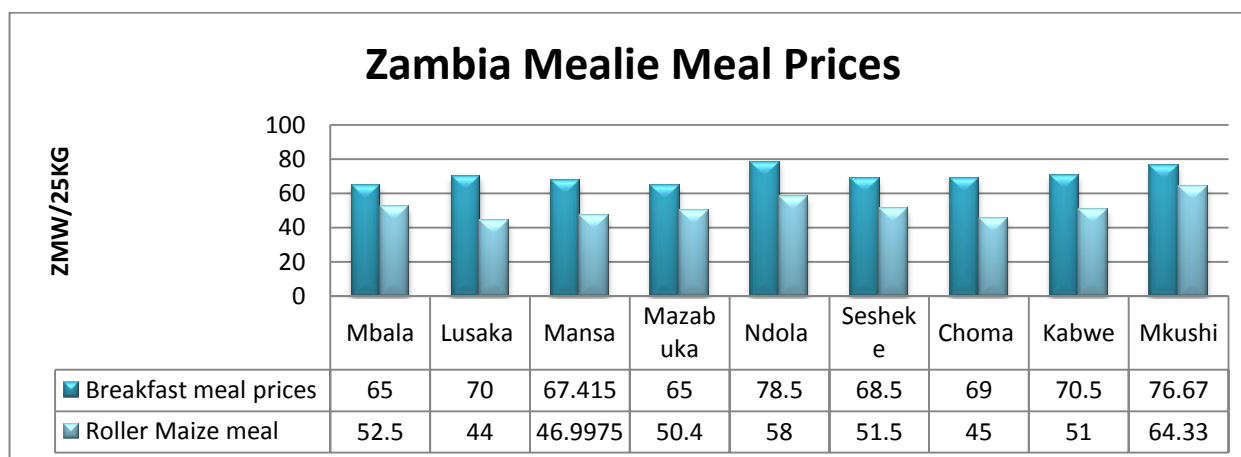


Source: safex

Maize

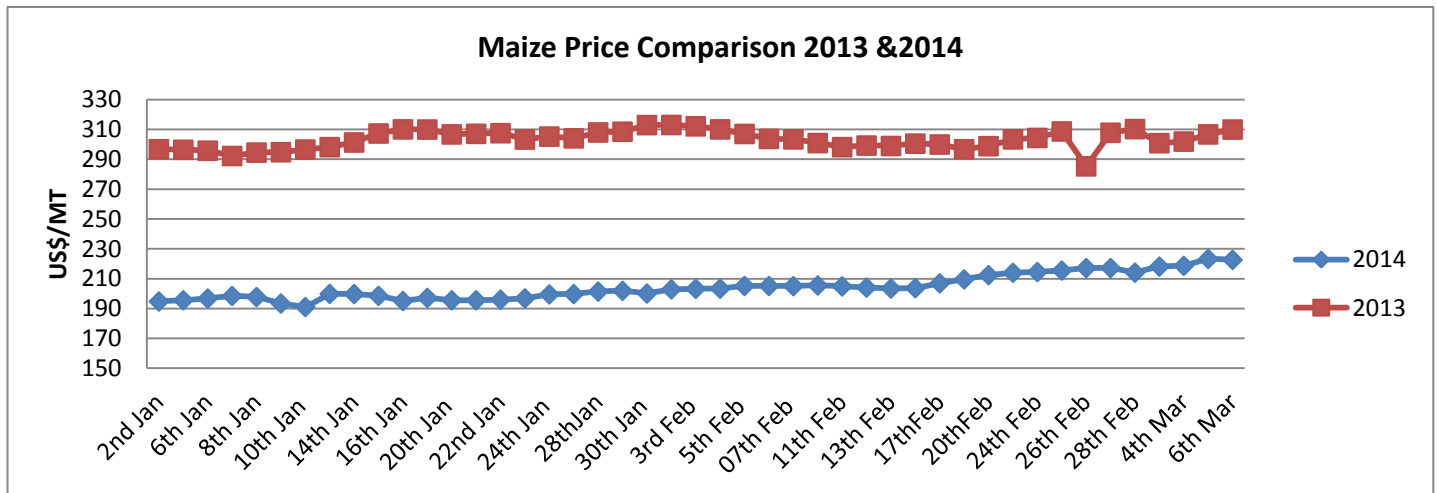
Highlights

- The continued unrest in Ukraine has been pushing up maize prices with the commodity futures price for delivery in May settling at US\$ 257/MT in Chicago on Friday 07th Mar. compared to the US\$176.4/MT recorded the previous week.
- On the local market, maize prices remain high on the commercial market with the commodity fetching prices as high as K96 per 50kg bag in Mazabuka. The national average maize price as captured by the ZNFU 4455 also remained higher at K1.5/KG than the FRA floor price offer of K 1.3/KG .
- The graph below shows Mealie meal prices for selected districts as captured by ZNFU regional offices. Roller Mealie meal price increased in Mazabuka from the K45 per 25kg in the previous weeks to K50.4 per 25 Kg.



Price trends

The average Safex price of US No. 2 Yellow maize for the previous week settled at around US\$219.40/MT compared to the US\$ 215.69/MT recorded last week.

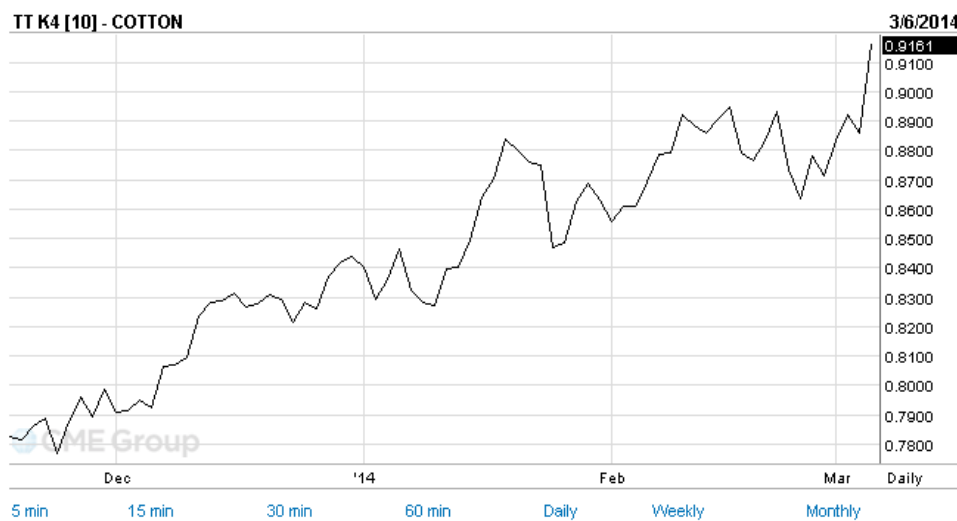


Source: Safex

COTTON

Highlights

- The production of cotton in Pakistan remained 13 percent below the set target for the fiscal 2013-14, as farmers preferred to grow other cash crops after they failed to find good price for the commodity in 2012/2013 season. According to the State Bank of Pakistan (SBP), the country is estimated to produce 12.3 million bales of cotton (of 170 kilogram each) in FY14, approximately 13 percent lower than the government target of 14.1 million bales. The production was even lower than 13.1 million bales produced in the previous fiscal year.
- The Pakistan Apparel Forum (PAF) has opposed government's proposal of imposing 5 percent duty on import of cotton yarn. Value-added textile sector has opposed the duty fearing the move will further increase cost of business with costlier raw material.
- The ICE cotton futures prices for delivery in may were pegged at 92.80 cents per lb on Friday afternoon compared to the 87.19 cents per lb recorded the previous week at the same time.
- The graph below shows the cotton futures price trend captured by CME



Source :CME

BEEF

Highlights

Beef

Highlights

- The cost of Brazilian beef is on the up as unseasonably hot weather has resulted in a fall in cattle supplies according global meat news.
- Beef averaged 4.45 BRL/Kg (US \$1.90/kg) from 2001 until 2014, reaching an all time high of 7.96 BRL/Kg (US \$ 3.40/kg) in March of 2014 and a record low of 2.27 BRL/Kg in June of 2001 according to trading economics.com
- In South Africa, according to ABSA's Agri Trends, the prices of the different meat classes were as follows: Class A prices stood at R30.65/kg (US \$2.9/kg), Class C prices stood at R23.30/kg (US \$ 2.2/kg) in the previous week.
- The CME live cattle prices for April 2014 delivery as of 7th March 2014 afternoon remains unchanged as reported last week at 143.25 cents/pond (US \$3.16/kg) on CME group.
- On the domestic market, prices for standard beef were still in the range of K13-20/kg, this is as captured by the ZNFU 4455 price information system



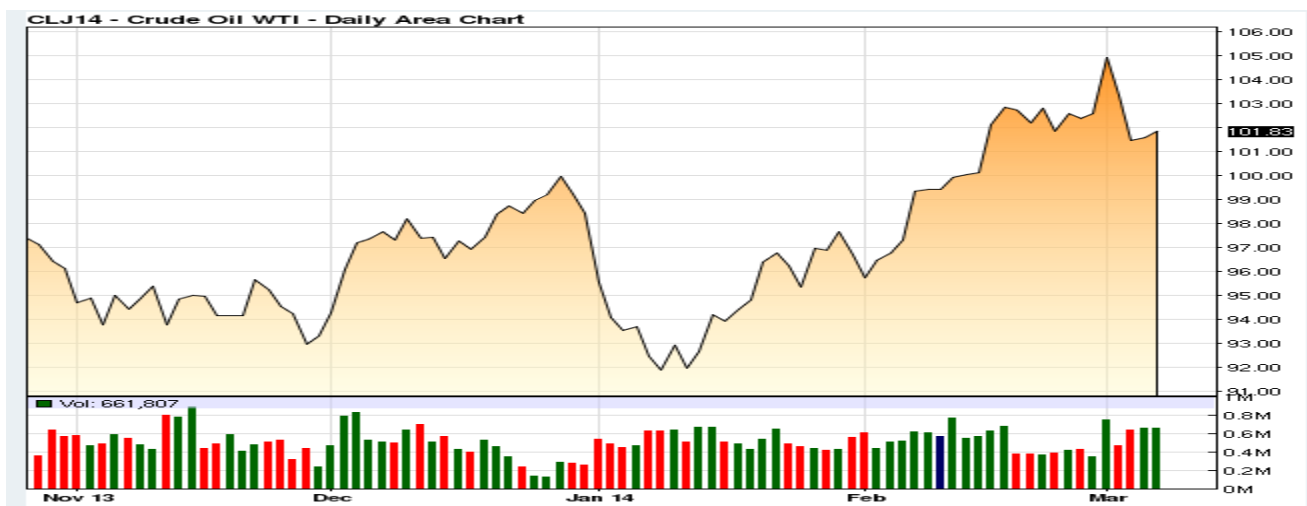
Source: CME Group

Source: CME Group

CRUDE OIL

Highlights

- Oil prices rose Friday as the Ukraine crisis took a new twist and expectations rose for a solid increase in U.S. employment. Benchmark U.S. crude for April delivery was up 31 cents to \$101.87 per barrel at 0720 GMT in electronic trading on the New York Mercantile Exchange. On Thursday, the contract rose 11 cents to close at \$101.56. Brent crude, used to set prices for international varieties of crude, was up 21 cents to \$108.31 per barrel on the ICE exchange in London.



Source: oil price

Average Stock Feed Prices

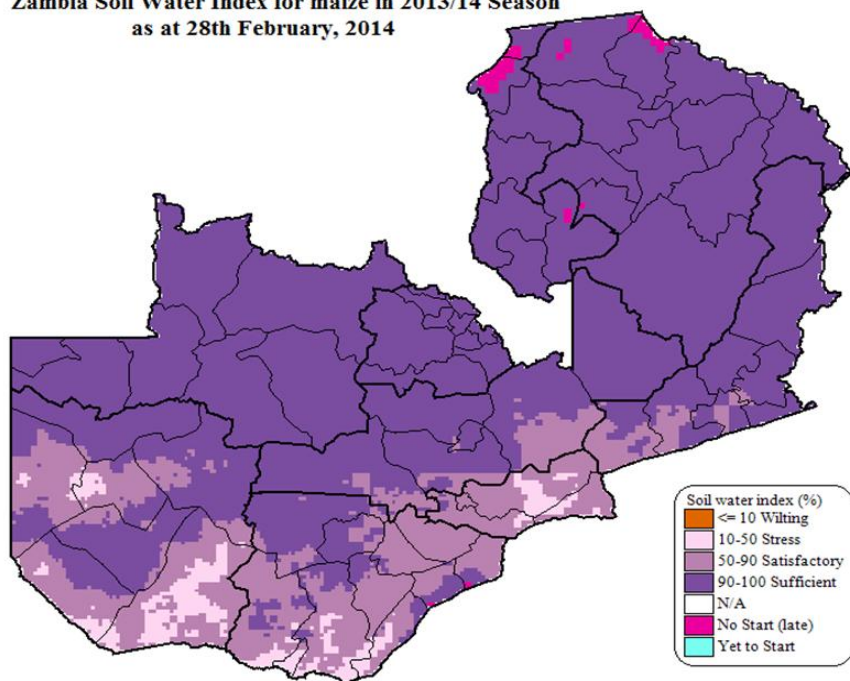
	Unit	Kabwe	Livingstone	Mkushi	Mazabuka
BROILER FEEDS					
Broiler Starter	50kg	163.125	171.6	172.2	162
Broiler Grower	50kg	159.75	169.3	169.5	160.75
Broiler Finisher	50kg	155.25	166.3	168	158.75
Broiler Withdrawal/Post finisher	50kg				
LAYER FEEDS					
Pullet Starter	50kg	138.5			
Pullet Grower	50kg	129			
Pullet Developer	50kg	121.5			105
Layer 96	50kg	121.66667	138		
Layer 95	50kg	128	141		113.75
Layer 100	50kg	123			131.5
Layer 105	50kg	121	135.5		105
Layer 115	50kg	116			107.75
PIG FEEDS					
Pig Creep	50kg				
Pig Weaner	50kg	168			137
Pig Grower	50kg	148.16667			136
Pig Finisher	50kg				107
Sow and Boar Mash	50kg	121			118
Pig Lactating Soar	50kg	162			113
CATTLE FEEDS					
Calf Starter	50kg				128
Dairy 19(Urea)	50kg	101			129
CONCENTRATES					
Broiler Starter Concentrate	50kg				212.5
Broiler Grower Concentrate	50kg				130
Broiler Finisher Concentrate	50kg				126
Pig Weaner Concentrate	50kg				239
Pig Grower Concentrate	50kg	151.5			254
Pig Finisher Concentrate	50kg				145
Sow and Boar Mash Concentrate	50kg				157
Pig Lactating Soar Concentrate	50kg				157
BRAN					
Wheat bran	25kg				
Maize bran	25kg			16	21

Zambia Weather Forecast

AGROMETEOROLOGICAL CONDITIONS

During the dekad under review, substantial amounts of rainfall were received over much of the northern half of Zambia. Therefore, the soil moisture levels remained high to support the full development of the maize crop that has reached grain filling stage except in areas such as Nakonde, Isoka and Mpika districts where maize has been reported to be at flowering stage. The moisture deficits experienced in past dekads over much of Central, Lusaka, Western and Southern provinces has not affected the maize crop in these area. The little rainfall activities and sunny periods experienced were good for photosynthesis. However we expect an improvement in rainfall activities over much of the western half of Zambia in the next dekad. This will definitely increase the soil moisture levels that will enhance the full development of maize cobs. The green Maize cobs from the early planted crops have started reaching urban markets.

**Zambia Soil Water Index for maize in 2013/14 Season
as at 28th February, 2014**



Source: ZMD