



# THE WEEKLY AGRO WATCH



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## Industry updates

### BOZ offloads US\$ 178 Million to save the Kwacha

Bank of Zambia has offloaded US\$ 178 million from its reserves onto the domestic economy to save the Zambian Kwacha from further depreciation. This was announced by the Bank of Zambia Governor Dr Micheal Gondwe in Lusaka yesterday at a press briefing. The BOZ Governor advised other market players to use hedging instruments aimed at managing exchange rate risks. The Kwacha last week breached the K6 mark for the first time to make it one of the worst performing currencies in the world.

### Kwacha depreciation to continue: Stanbic Bank Zambia warns

Stanbic Bank has warned that pressure on the Zambian Kwacha will continue for as long as imports growth continues to outstrip exports growth. This was according to the Stanbic Bank Head of Global Market, Mr Victor Chileshe during the Cocktail Meeting with Clients held at Southern Sun Hotel in Lusaka on 13<sup>th</sup> March,2014 . Mr. Chileshe explained that the strong demand for imports relative to exports has largely contributed to the current Zambian Kwacha malaise. The depreciation of the Kwacha could trigger an increase in interest rates which will in turn slow down the growth of the domestic economy. However, Stanbic Bank expects that the rise in interest rates could attract portfolio investors in the medium term and this would provide some support for the Kwacha. At a global level, Stanbic Bank Zambia observed that the tapering of Quantitative Easing (QE) programme by the United States Federal Reserve Bank has created US dollar scarcity in emerging economies with contagion effects to least developing countries such as Zambia due to reduced demand for copper exports.

### WILBUR SIMUUSA IS NEW MINISTER OF AGRICULTURE AND LIVESTOCK

In a reshuffle of Ministers, President Sata on Thursday, 13<sup>th</sup> March,2014 moved Hon Wilbur Simuusa to the Ministry of Agriculture and Livestock and transferred Hon Bob Sichinga to Ministry of Commerce Trade and Industry.

## 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 14th 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	2300	383												0	
Soybeans	2200	366.7		0	2800	466											2500	416.7	

## Import Parity Prices

The following import parity prices were compiled by ZNFU as at 14<sup>th</sup> Mar,2014. Prices have continued increasing due to the depreciating of the kwacha against the dollar.

Domestic Import Parity Prices as at 14/03/14					
US\$/ZAR=10.74		US\$/ZMK=6.1			
Parity Prices		U\$/ZMK	Maize	Soya	Wheat
Lusaka		6.1	537.15	800.99	560.75
Town	ZMK	\$	\$	\$	\$
Chipata	275	45.08	582.23	846.07	605.83
Mkushi	225	36.89	574.04	837.88	597.64
Ndola	250	40.98	578.13	841.97	601.73
Kitwe	250	40.98	578.13	841.97	601.73

## Export Parity Prices (Harare Lusaka)

Commodity	Harare average Price	Harare-Lusaka Export Parity
Soya Beans	US\$570	US\$466.1
Wheat	US\$449	US\$361.4

## 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.

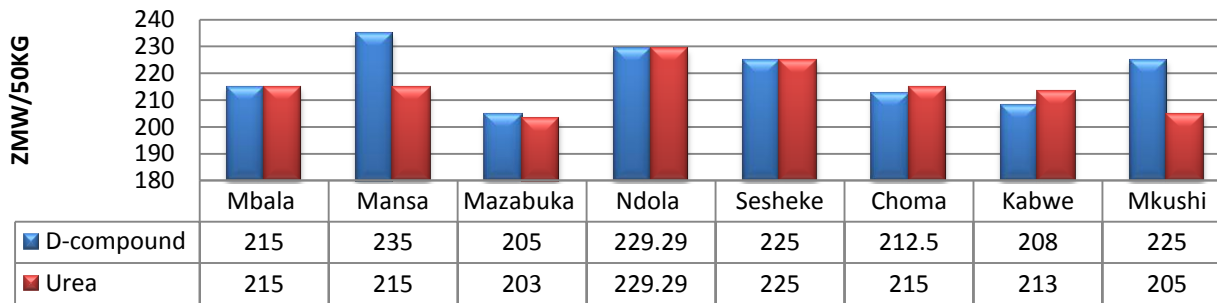
CURRENCY	14/03/2014						07/03/2014					
	US Dollar		RAND		GB Pound		US Dolllar		RAND		GB Pound	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
First National Bank (FNB)	5.98	6.1	0.557	0.568	9.0925	10.125	5.965	6.085	0.565	0.577	9.975	10.177
Standard Chartered Bank	5.947	6.065	0.5534	0.5643	9.8798	10.0758	5.936	6.054	0.5593	0.5704	9.9381	10.1356
ZANACO	5.9455	6.0645	0.5463	0.563	9.8288	10.0808	5.9257	6.0443	0.5549	0.5691	9.8683	10.1214
Bank of Zambia(Inter-Bank @ 15:30 Hrs )	6.017	6.0272					5.9489	5.9589				

## Commodity Highlights

### FERTILIZER

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

## Zambia Average Fertilizer Prices



## WHEAT

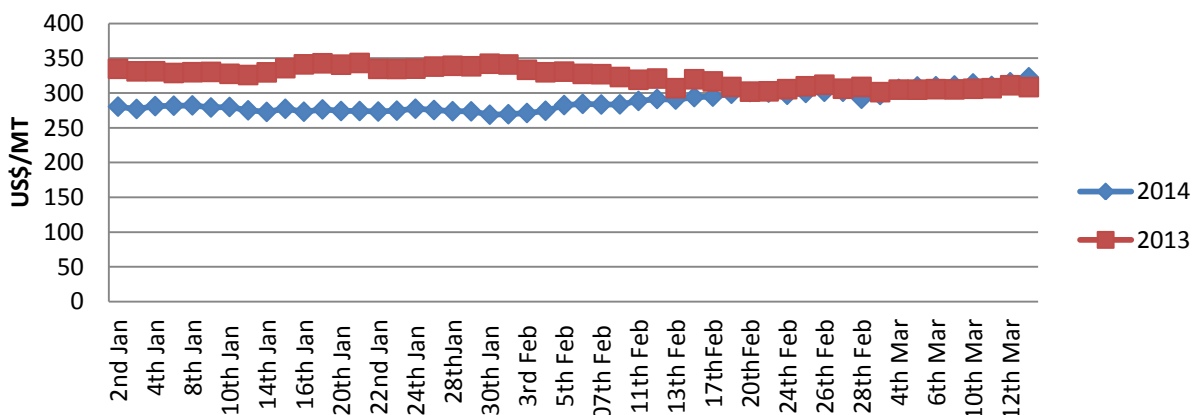
### Highlights

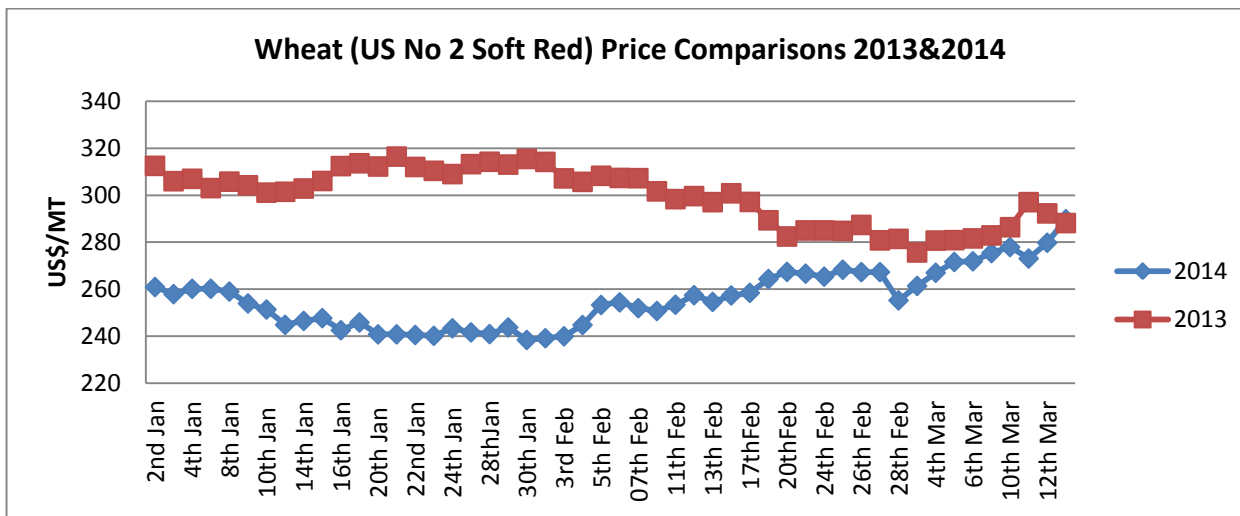
- The Indian government further raised its minimum price of wheat for export and is expected to release about 400,000 metric tonnes of the grain starting on the Friday 14th Mar. The usual minimum price level for Indian exported wheat, set by the government, is at the USD262 FOB mark. However, this was increased to USD282 in the week ending 14<sup>th</sup> Mar. as the government seeks to capitalize on the current turmoil unfolding in Ukraine.
- South African wheat futures traded at their highest price since 2008 amid the continued standoff between Russia and Ukraine, threatening export supplies of the grain. Ukraine is south Africa's second largest supplier of the cereal after Russia, accounting for 36% of imports since the current season started at the end of September, according to data on the South African Grain Information Service's website.
- Wheat for delivery in May rose 2.3% to R4 005 a metric tonne by the noon close on the South African Futures Exchange on Wednesday 12 Mar.
- The Chicago wheat futures price for delivery in May was pegged at US\$ 246.2/MT on Friday, 14<sup>th</sup> Mar. mid morning.
- 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\$279.21/MT and US\$314.46/MT respectively compared to the US\$265.45/MT and US\$302.73/MT recorded last week respectively.

### Wheat(US No 1 (Hard Red) Price Comparison 2013&2014





Source: Safex

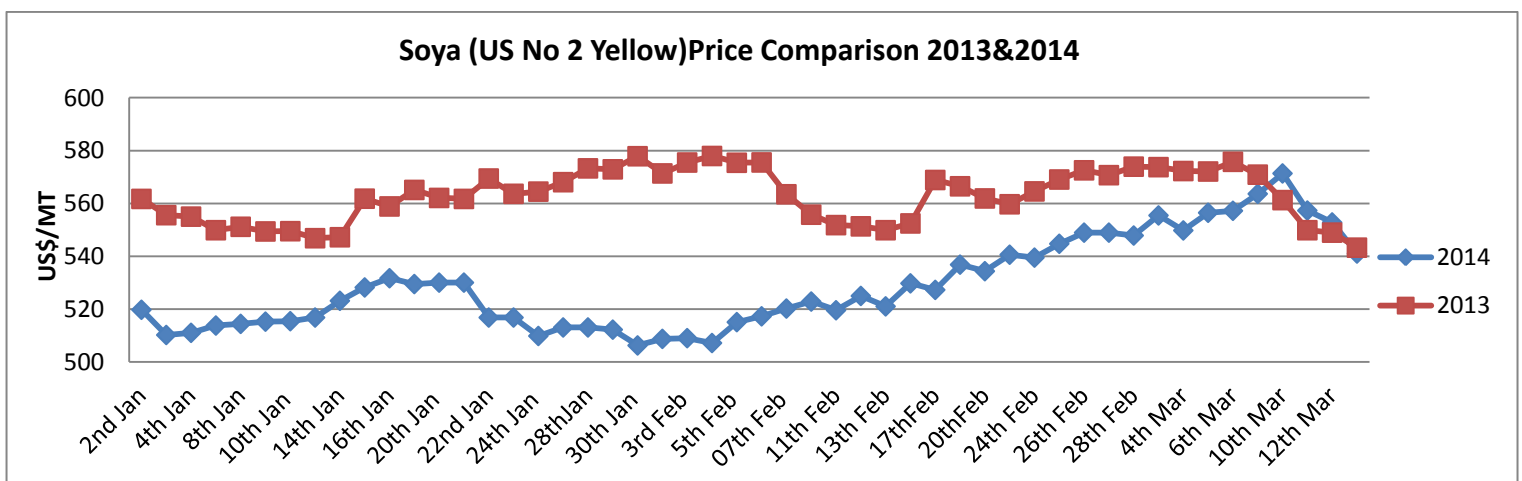
## SOYA BEANS

### Highlights

- The Brazilian state agency CONAB on Wednesday, 12<sup>th</sup> Mar. slashed by 4.6 million tonnes to 85.4 million tonnes its forecast for the country's soybean harvest, ditching hopes of overtaking the US as the world's top producer of the oilseed.
- Zimbabwe's CFU Calling newsletter dated 7<sup>th</sup> Mar. reports that Zimbabwe's 2013/2014 season's crop is expected to yield 75,000 – 90,000mt of beans and is smaller than last year's crop. 60,000mt of soya meal will be produced. Soya beans are expected to trade at \$550/MT on the Zimbabwe domestic market.
- The Chicago soybeans futures prices for delivery in May settled at US\$510/MT on Friday, 14<sup>th</sup> Mar. mid morning.
- On the local market, soybeans which are mainly in the hands of traders are fetching relatively high prices especially that the grain traders association requested to export some excess stock. Zambia's surplus of soya meal is landing in Zimbabwe at \$690 - \$700/MT in Zimbabwe.
- 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\$557.23/MT higher than last week's average of US\$553.35/MT period.

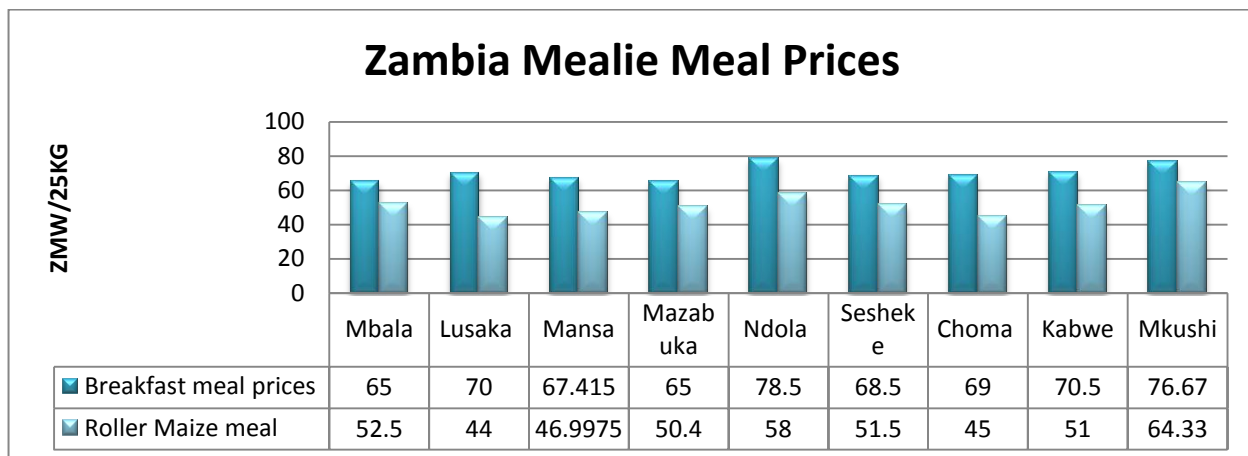


Source: safex

## Maize

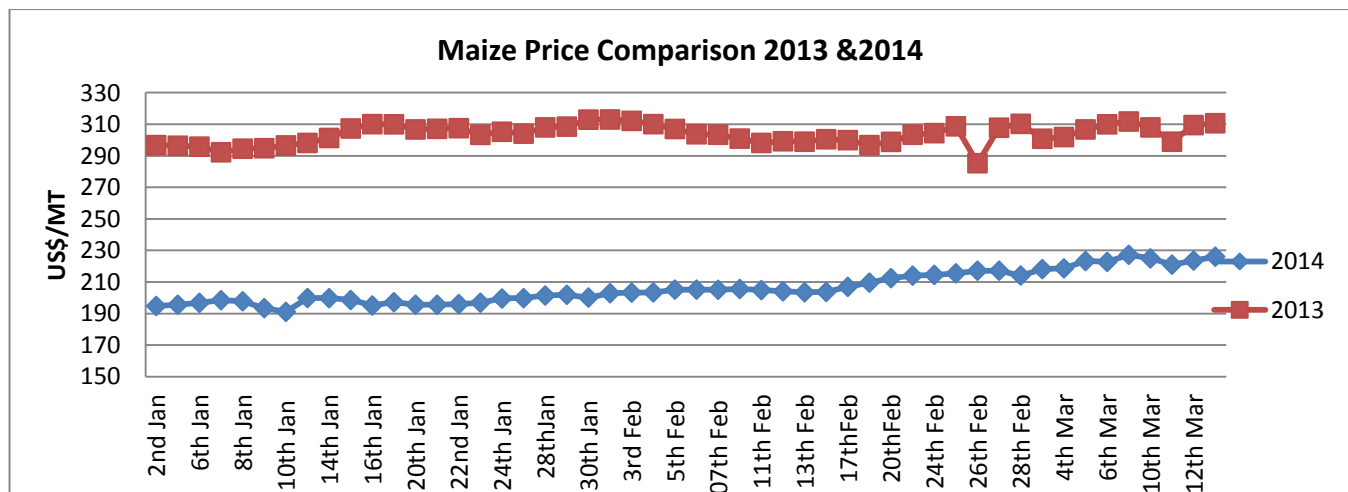
### Highlights

- Zimbabwe is expected to begin Harvesting its local crop in the next 3 to 4 weeks, and pricing for late March / April / May is likely to fall to \$400/MT or just below. According to Zimbabwe Commercial Farmers Union (CFU) calling newsletter dated 7<sup>th</sup> Mar. Spot prices for maize in Zimbabwe are pegged at \$430/MT .The CFU newsletter further reports that ,a steady decline is further predicted in July and August to between \$350/MT - \$360/MT before rebounding upwards again. Zimbabwe's crop is expected to yield 1 – 1.2 million MT, a notable increase from last year's tonnage of 760,000mt.
- Brazil's Conab crop bureau cut by 280,000 tonnes to 75.2million tonnes its forecast for the domestic maize harvest this year. The relegation has been mainly attributed to dry weather in southern and eastern Brazil.
- The Chicago maize futures price for delivery in May settled at US\$ 190/MT on Friday ,14<sup>th</sup> Mar. mid morning.
- 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 US\$224.58/MT higher than last weeks average of US\$ 219.40/MT.

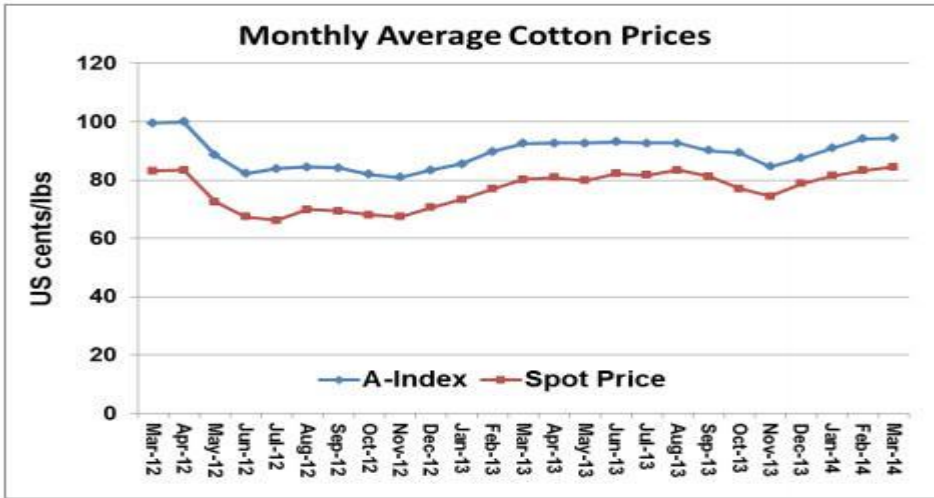


Source: Safex

# COTTON

## Highlights

- The Pakistan National Bio-Safety Committee(NBSC) on Wednesday,12<sup>th</sup> Mar., granted an approval to the long-awaited 15 Genetically Modified Organism (GMO) BT cotton varieties for commercialisation. The approval of the GMO cotton varieties is expected to not only result in the availability of more certified cotton seed for the upcoming season, but would also help in better production .
- Soaring Cotton prices have crimped demand as buyers in Turkey and Vietnam, two of the top consumers of natural fibre, cancelled orders for some 35,000 bales of fibre, U.S. government data showed on Thursday,13<sup>th</sup> Mar. Concerns over tight U.S. supplies have supported prices so far this season as farmers harvested their smallest crop in four years. The graph below shows US cotton average prices.



- The ICE cotton futures US price for delivery in May ,the most active contact settled up 0.09 cent, or 0.01 percent, at \$91.65 cents a lb on Thursday 13<sup>th</sup> Mar.
- The graph below shows the CME may futures price trend for cotton:
- The graph below shows the cotton futures price trend captured by CME



Source :CME

# BEEF

## Highlights

### Beef

## Highlights

- American cattle numbers dropped to as low as it were in the 1950's standing at 87 million heads mainly due to drought thereby having serious effects on the US meat industry. According to the Globalmeatnews, low numbers of cattle are having a ripple effect on the packing industry and a lot of plants are closing.
- Meanwhile the US formally lifted its ban on EU beef in the first week of March, allowing the United Kingdom, Ireland and Netherlands to resume beef & veal exports as part of a pledge made ahead of the free trade talks between the two parties according to MLA
- FAO Meat Price Index lowers in February: FAO Meat Price Index averaged 182.6 points in February, 0.5 points below the January level and 3.8 points, or 2%, below the corresponding period in 2013 according to MLA.
- The CME live cattle prices for June 2014 delivery as of 14<sup>th</sup> March 2014 afternoon was 137.45 cents/pond ( US \$3.02/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

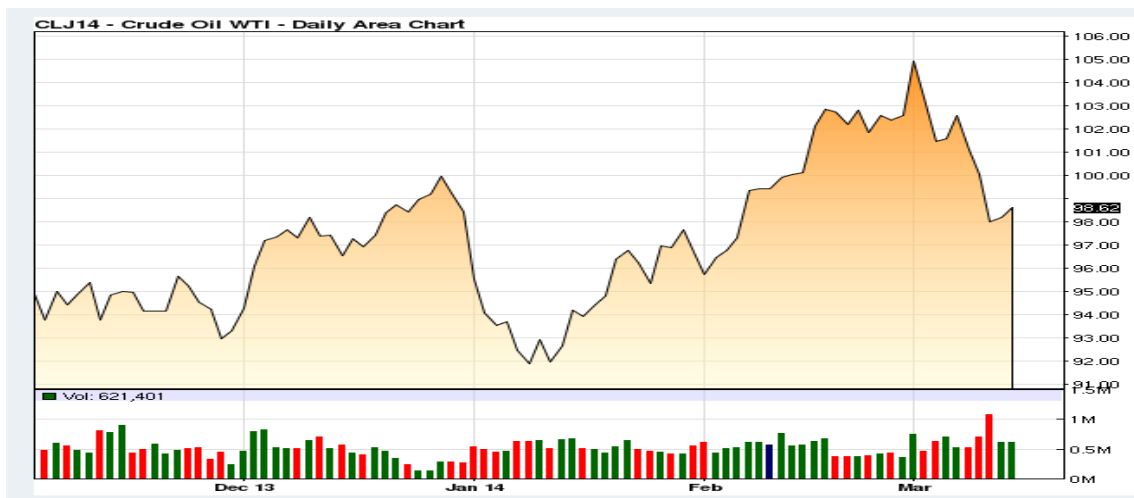


Source: CME Group

# CRUDE OIL

## Highlights

- Brent crude rose towards US\$108 a barrel on Friday as heightened tensions in Ukraine stoked worries over Russian oil supplies, but the contract remained on track for a third weekly loss amid concerns over Chinese economic growth and rising US stockpiles(Reuters).



Source: oil price

## Average Stock Feed Prices

	Unit	Kabwe	Livingstone	Mkushi	Mazabuka
<b>BROILER FEEDS</b>					
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				
<b>LAYER FEEDS</b>					
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
<b>PIG FEEDS</b>					
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
<b>CATTLE FEEDS</b>					
Calf Starter	50kg				128
Dairy 19(Urea)	50kg	101			129
<b>CONCENTRATES</b>					
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
<b>BRAN</b>					
Wheat bran	25kg				
Maize bran	25kg			16	21

Note:

Please let us know your comments and views on items contained within this issue or any other issues of the Agro Watch by sending an email to us on [info@znfu.org.zm](mailto:info@znfu.org.zm)