Livestock & Meat Advisory Council
Exhibition Park, Samora Machel Ave West, P O Box BE 209, Belvedere, Harare

Phone: 756 600, 772 915, 777 391 **Fax**: 774 800 **Email**: admin@lit.co.zw

Monthly Livestock Market Update: January 2014[1]

Contents

[1] While the Livestock and Meat Advisory Council strive to provide accurate and timely information, there may be inadvertent technical/factual inaccuracies and typographical errors in this report. Decisions based on information contained herein are the sole responsibility of the reader who agrees to hold the Council harmless against any claims for damages arising from any decisions that the reader makes based on this information.

Stockfeeds Report

Maize

Maize trading opened at $400/mt, similar to prices in December 2013. Following the ban on maize exports by Zambia, most maize is currently being imported from South Africa. Rail congestion has necessitated transport by road and is contributing to further upward pressure on the landed price and the price in February and early March will be influenced by these logistical constraints. The SAFEX June forecast landed price is $320. It is estimated that speculators are holding onto between approximately 5,000 - 10,000mt of maize.

Next season's price will be affected by the liquidity situation, available quantities, supply alternatives, transportation costs of the imported commodity, influence by the Grain Marketing Board (GMB) and producer expectations. The influence by GMB is important because farmer associations are lobbying for increased producer prices. The Stockfeed Manufacturers Association (SMA) will engage with GMB to share factual notes about the situation on the ground.

In early January, the flow of maize imports was hampered by restrictions imposed in mid-December 2013. These included a reduction in the maximum tonnage per import permit to 150mt; an increase in Ministry of Agriculture, Mechanisation and Irrigation Development (MoAMID) import permit fees from $10 to $70; costs of pre-shipment inspection in South Africa by the National Bio-safety Authority (NBA) and the Plant Protection Institute payable by the importers and the cost of supervising the processing of GMO-positive grain by the NBA. Representatives from LMAC and SMA met with Grain Traders and Millers in January to discuss the regulations governing imports of grain from South Africa. After discussion, a report was compiled and tabled with MoAMID for consideration. The Ministry took heed of these concerns and has since eased the limit on tonnage for grain import. However, the importer now requires a letter of support from either Grain Millers Association or SMA to submit to GMB for their consideration.

Soya

There have been smaller plantings of soya in the A2 and commercial farming areas relative to maize plantings as returns are higher on a hectare of maize planted than on a hectare of soya beans. It is estimated that the soya crop planted this year is 25,000ha and seed sales have significantly reduced by 25 – 30%.

Beans are trading at $590 - $600/mt and the price is being referenced to landed costs of meal imports. Speculators who were holding beans have started to release some parcels. Soyameal can be landed from Zambia at $710 which potentially has a large crop and crushing capacity. But according to Commodity Insight Africa (week 1 December 2013) local soyabean prices are being held artificially high by the apparent ban on soya meal imports that was implemented by Zimbabwean authorities to encourage the use of beans stockpiled by local processors. As a result, locally produced soya meal price have increased from US$680 - 700/t to US$750/t.

Maize and wheat bran

Maize bran is short and local parcels are being traded at $175/mt ex-GMB (Aspindale). Small amounts are being imported from Malawi. Wheat bran is also in short supply with imports from Malawi, landing at $220 - $230/mt. Small parcels via the GMB are trading at $230 - $240/mt.

Cotton

There has been a 40% decrease in the cotton available on the market resulting in a shortage of seed. It is believed that there is a small residual amount of seed available (10,000mt) which is equivalent to one month supply and this will have a negative impact on the production of cattle feed. Crushers have not made any arrangements to engage AMA to facilitate the importation of cotton seed and are shifting to crushing soya beans. Currently, there is no clear information to help forecast the coming season.

In 2012, seed was landed at $250/mt and is currently being landing at $305/mt, escalating the price of cotton meal to $380/mt. Some high protein meal is being imported from Malawi, landing at $390/mt.

Molasses

Molasses is readily available and is trading at $145 - $160/mt.

Regional Market Indicators

Landed prices for maize into Zimbabwe are in the range of $388 - $391/mt. But the current ban on maize exports by Zambia has limited the source to South Africa. However, GMO related regulations governing imports from that country have pushed landed prices above $400/mt. Soyabean prices are likely to remain depressed in Zambia due to restrictions on Zimbabwe soya meal imports as well as excess carryover stocks into the 2014 season, currently estimated to be approximately 50,000mt.

	LUSAKA		SAFEX March Deliveries	
	Price, $/mt	% Change (Dec-Jan)	Price, $/mt	% Change (Dec-Jan)
White Maize	323	-2%	271	3%
Wheat	376	1%	349	-1%
Soyabean	484	-1%	568	-7%

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

Beef Sector Report

1. **Market news**

Abattoir operators reported that the number of cattle coming onto the market has increased and producers are being paid $3.50 - 3.80/kg for commercial grade and $2.80 - 3.00/kg for economy grade.

The Executive Council of the Zimbabwe Association of Abattoirs (ZAA) met on 29th January and the main item of discussion was the allegations raised by the Competition and Tariff Commission (CTC) of restrictive practices by private abattoir operators. A complaint had been previously submitted by meat traders that beef wholesalers are opening their own retail outlets and selling product at wholesale prices. A preliminary analysis by the Commission in the first quarter of 2013 had concluded that there was no case of non-competitive behavior by abattoir operators that have retail outlets. However, following repeated complaints by meat retailers, the Commission invited abattoir operators and meat retailers to present evidence for and against the allegations. Abattoir operators have presented their case and await the decision of the Commission.

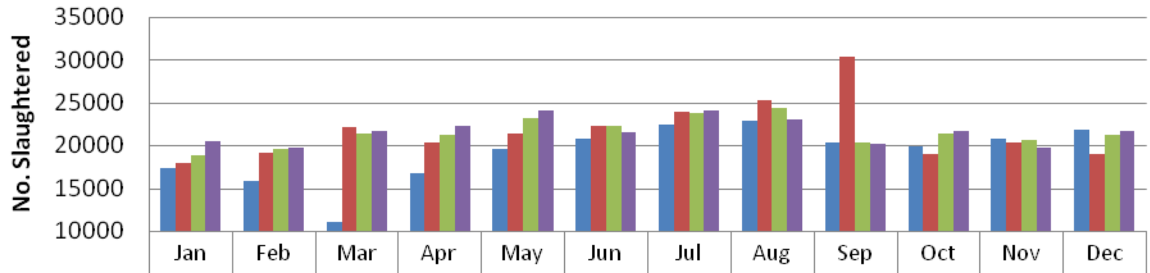
Abattoir operators noted a rise in the number of carcasses condemned due to measles infestation, particularly in the Bulawayo area. They agreed to collate information on such condemnations to enable a proper assessment of their economic impact on cattle farmers and abattoir operators. Such an assessment will spur livestock development officers to prioritise extension activities to reduce measles.

Abattoir operators are reminded to renew their operating certificates for 2014 with the Department of Veterinary Public Health.

2. Beef Slaughters

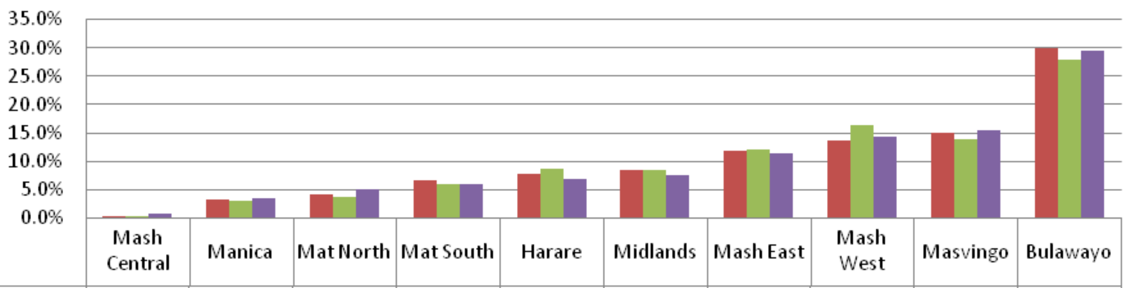
The latest monthly beef slaughter figures from the Department of Livestock Production and Development (DLPD) reflect the increased meat supply in December. Slaughters in December were almost 2,000 more than in November and were the highest December slaughter figures in three years (Figure 1). Matabeleland provinces remain the main source of slaughters, contributing about 40% of national slaughters in December 2013 (Figure 2).

Figure 1. Registered Abattoir Cattle Slaughters up to December 2013 (Meat Graders, DLPD)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010	17380	15873	10986	16811	19653	20821	22382	22907	20334	19901	20729	21909
2011	17988	19162	22133	20304	21473	22332	23957	25335	30461	18977	20319	18983
2012	18796	19549	21421	21201	23166	22297	23870	24355	20331	21349	20664	21219
2013	20524	19684	21751	22274	24094	21544	24085	23085	20257	21771	19722	21723

Figure 2: Regional Contribution to National Cattle Slaughters: October-December 2013

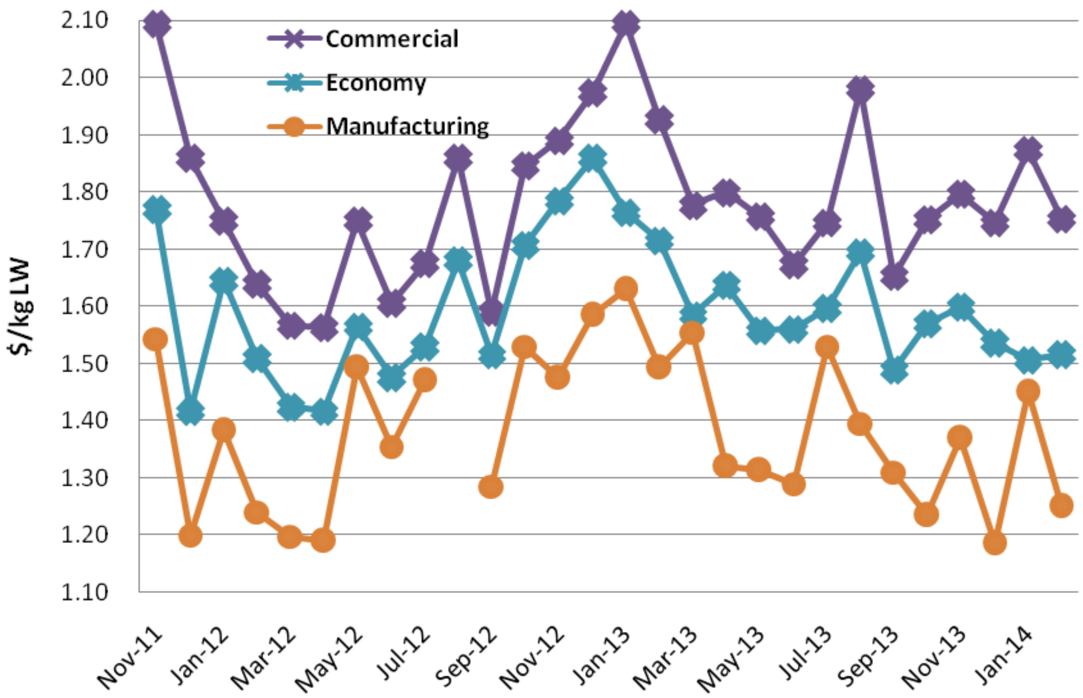


	Mash Central	Manica	Mat North	Mat South	Harare	Midlands	Mash East	Mash West	Masvingo	Bulawayo
Oct-13	0.2%	3.2%	4.0%	6.5%	7.6%	8.3%	11.7%	13.6%	15.0%	29.9%
Nov-13	0.2%	3.0%	3.7%	5.8%	8.6%	8.4%	12.0%	16.4%	13.9%	28.0%
Dec-13	0.7%	3.3%	5.0%	6.0%	6.9%	7.4%	11.3%	14.4%	15.4%	29.6%

3. Live Cattle Prices

At Mt Hampden, live cattle prices have been on a general downward trend since January 2013 (Figure 3). Commercial grade slaughter animals started 2013 at $2.10/kg, bottomed out at $1.65/kg in September before recovering to $1.87/kg in January 2014. The economy and manufacturing grade animals have been on a more persistent decline since January 2013. The average price of economy grade slaughter stock price was $1.77/kg in January 2013 and started 2014 at $1.51/kg live weight. Manufacturing grade was $1.63/kg in January 2013 and ended the year at $1.19/kg before recovering to $1.45/kg in January 2014. The soft market since January 2013 has been attributed to low consumer expenditure.

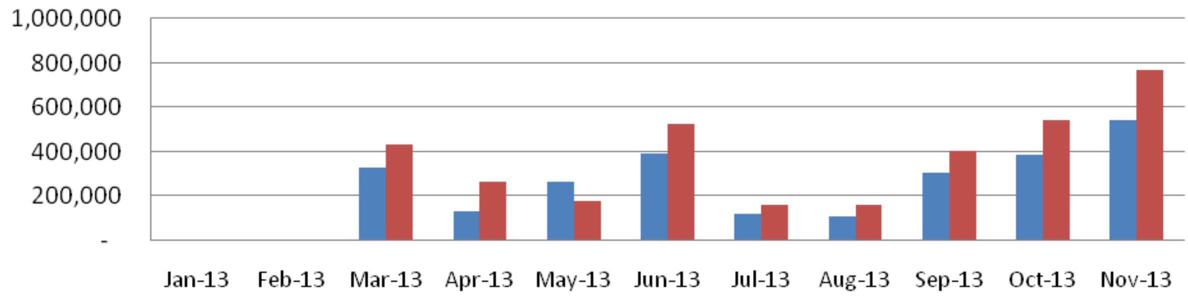
Figure 3: CC Sales Price by Grade for Slaughter Stock



4. **Beef Trade**

ZIMSTAT trade figures (Figure 4) show a continued increase in live cattle imports from Botswana which reached 543,000 kg-LW in November 2013 which put added downward pressure on beef prices in Zimbabwe. Since August 2013, the value of live cattle imports has increased faster by volume indicating that higher grade cattle were being imported than previously. The average import price increased by 5% from $1.34/kg in August to $1.42/kg live-weight in November.

Figure 4: Live Botswana Slaughter Cattle Imports



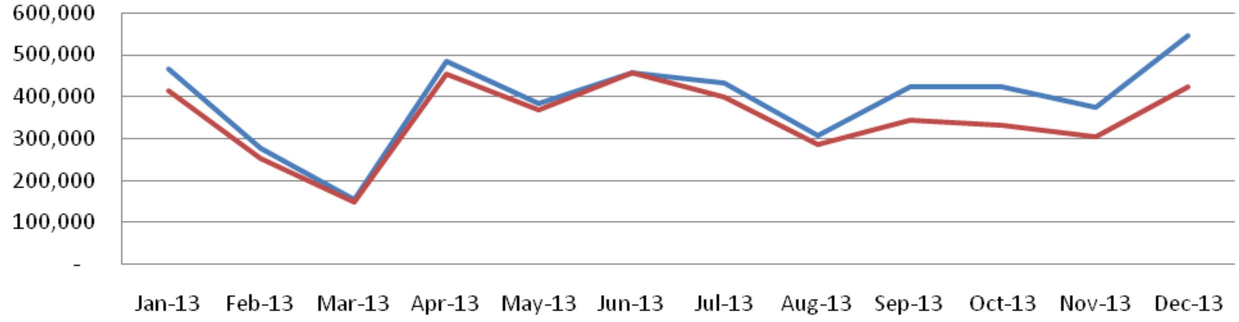
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13
Live Cattle Kg	-	-	326,613	127,061	264,192	387,815	118,663	105,947	301,626	383,529	542,877
Live Cattle US$	-	-	428,155	259,914	173,818	525,361	159,086	156,420	398,647	542,379	769,755

Chicken Sector Report

Stockholding was reported at 2,000mt in November 2013. Chicken sales improved in the last two weeks of December 2013 buoyed by the Christmas demand, although they were lower than during the same period in 2012. However, there has been a general slowdown in the meat market with stockpiles starting to build again in early January 2014. One producer has between 800 – 900mt of chicken in stock. According to ZIMSTAT trade figures (Figure 5), imports of mechanically deboned meats (MDM) rose to their highest levels in 12 months. Since August, the average value of imports has fallen to below $1/kg. Official imports of chicken (Figure 6) effectively vanished in December 2013.

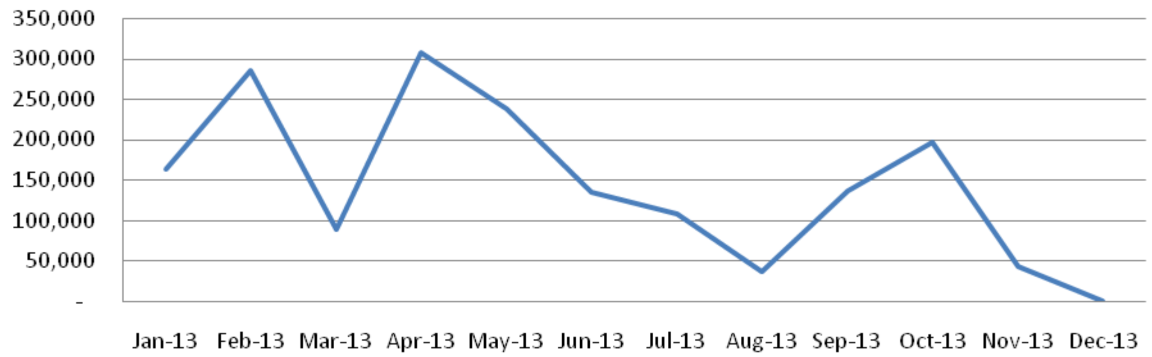
Ministry of Industry and Commerce advise "that poultry classified under headings 01.05 and 02.07 of the customs tariff has been removed from the Open General Import License (OGIL) in terms of Statutory Instrument 6 of 2014". This implies that in addition to the permits issued by the Ministry of Agriculture, Mechanisation and Irrigation Development, an import license is required from the Ministry of Industry and Commerce to import the above poultry products. These regulations also affect mechanically deboned poultry meat.

Figure 5: Mechanically Deboned Meat Imports



	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
MDM Kg	464,936	277,009	154,309	481,970	381,421	456,598	430,543	307,152	420,824	420,947	373,810	544,095
MDM US$	$415,50	$253,39	$149,27	$456,49	$370,78	$458,08	$401,49	$287,38	$343,81	332,382	306,547	$425,21

Figure 6: Monthly Chicken Imports US$



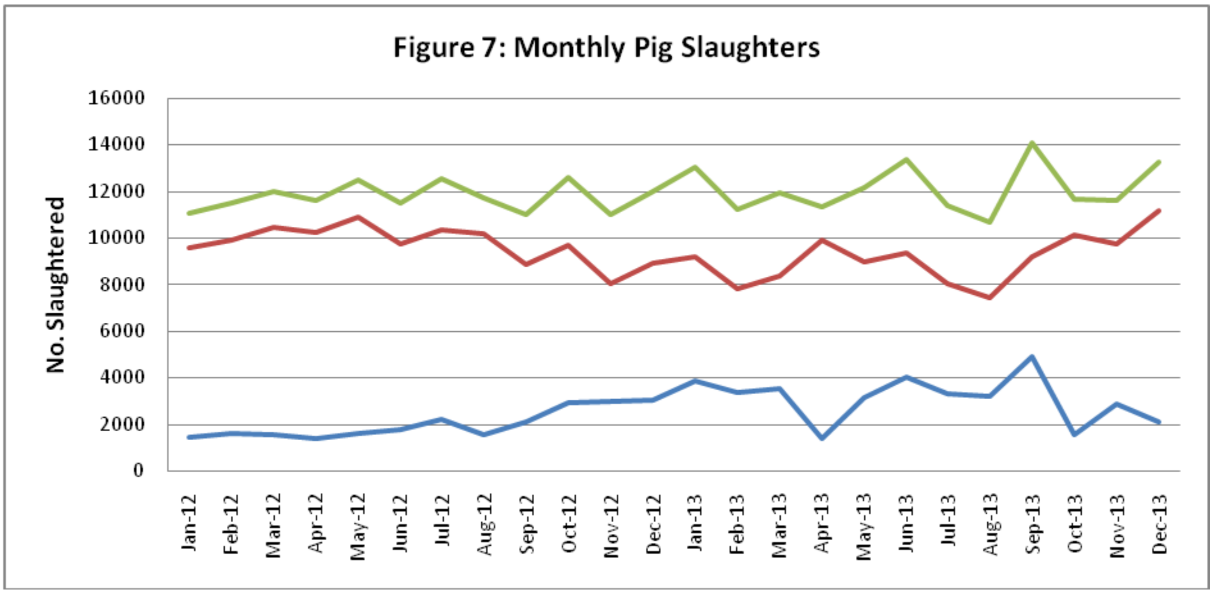
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Poultry US$	162,93	284,20	89,005	306,88	236,80	134,24	107,11	36,997	135,47	195,93	43,673	249

The Poultry Veterinarians Group report that outbreaks of Newcastle Disease are still occurring. Between Christmas and the second week of January 2014, outbreaks have occurred in the White Cliff area on the Bulawayo road that affected a 2,000 layer unit, in Nyabira where 5,000 broilers where affected and another in 160 indigenous birds in the low density suburbs.

The traditional January 2014 downturn has seen day old chick (DOC) orders being cancelled and chicks are being sold at $48 - $50 per 100. But more worrying, is the potential DOC shortage until the first week of February as hatching egg import permits have been suspended because of an outbreak of AI H7N1 virus in ostriches in the Eastern Cape. Industry is making representation to DLVS as imported hatching eggs are not the source for AI transmission.

Pork Sector Report

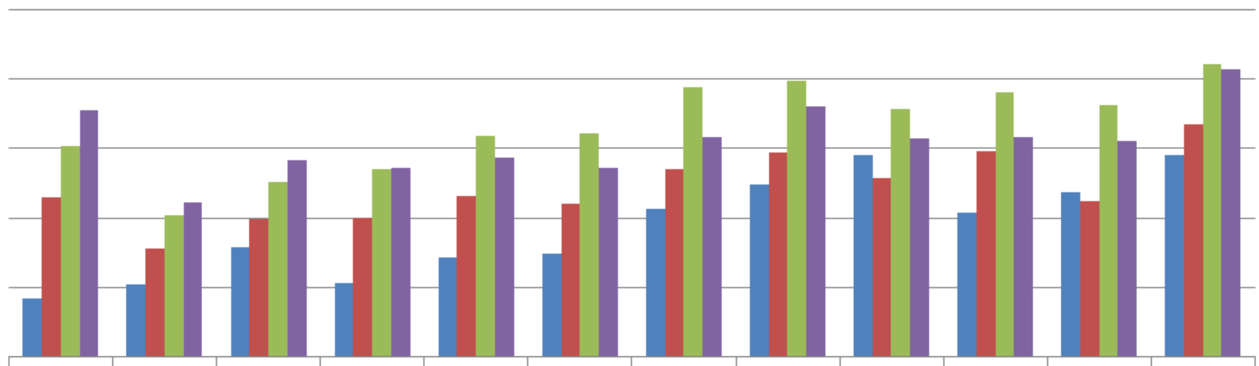
Statistics from the DLPD indicate that between April and August, there was a sustained decline in productive stock slaughters (porkers and baconers) and an increase in cull slaughters. However, the September to December period noted a marked increase in porkers and baconers and a decline in slaughters of manufacturing and general purpose grades. Baconer and porker slaughters rose from 9,175 to 11,166 pigs (+22%) while general purpose and manufacturing grade pig slaughters dropped from 4,934 to 2,115 (-57%). Since some large-scale producers were destocking from August to October, this implies that the recovery is being led by small to medium scale producers.



Dairy Sector Report

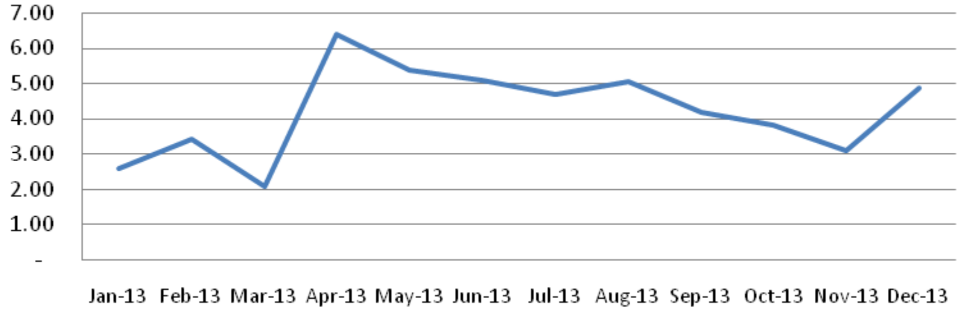
Dairy Services reports that the total amount of milk produced for December 2013 was 5.1 million litres, 11% more than the previous month's figure of 4.6 million litres. However, when compared with the same period in 2012, production was static. Total milk production for 2013 stands at 54.6million litres and is slightly lower than the figure of 55.9 million litres in 2012. A summary of the monthly milk production figures for the last four years is shown below in Figure 8. After a steady decline between April and November, the value of imported dairy products were 57% higher in December 2013 at $4.9 million (Figure 9).

Figure 8: Monthly Milk Production from January 2010 to December 2013



	January	February	March	April	May	June	July	August	September	October	November	December
2010	3,419,07	3,520,93	3,791,81	3,535,06	3,721,28	3,749,03	4,064,47	4,241,34	4,453,41	4,040,90	4,191,82	4,458,94
2011	4,147,52	3,780,65	3,997,13	4,006,65	4,160,57	4,101,90	4,352,58	4,476,97	4,287,72	4,487,67	4,122,42	4,681,51
2012	4,519,34	4,024,26	4,265,84	4,354,21	4,596,05	4,611,71	4,943,65	4,993,21	4,787,57	4,910,20	4,816,11	5,107,49
2013	4,783,32	4,114,69	4,422,363	4,367,170	4,441,293	4,361,772	4,581,131	4,806,548	4,571,390	4,581,425	4,560,279	5,075,703

Figure 9: Monthly Dairy Products Imports



	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Dairy Products US$ million	2.58	3.41	2.08	6.40	5.37	5.11	4.71	5.06	4.20	3.82	3.11	4.87