



THE WEEKLY AGRO WATCH



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11th August, 2014

Industry Updates

LENDING RATE CEILING REDUCED TO 24 PERCENT

The Bank of Zambia has revised the effective lending rate ceiling from 28 percent to 24 percent. The adjustment of the effective lending rates margin by the bank of Zambia had raised the lending rate ceiling from 21 percent to 28 percent in the second quarter. The central bank, through its quarterly Monetary Policy statement, stated that it had adopted a tight monetary policy stance in the second quarter of 2014 to help curb the pressure on the exchange rate. The receding pressure on the kwacha have led to the bank of Zambia loosening, to some extent, its monetary policy stance for the third quarter of the year.

RUSSIA BANS U.S POULTRY IMPORTS

Russia has banned U.S. poultry imports as part of a decree signed by President Vladimir Putin, the country's veterinary service said Wednesday last week. Putin earlier signed an order banning or limiting imports of agricultural products from countries which have imposed sanctions on Russia.

Putin ordered his government to come up with a list of goods to be banned for imports into Russia and to last one year, the Kremlin said. The order says the limits are being imposed "with the goal of guaranteeing the security of the Russian Federation" and calls for undertaking measures to guard against quick price hikes. The decision on U.S. and EU food import bans would be "quite substantial," the veterinary service said.

The move follows the latest round of sanctions against Russia imposed by the European Union last week, which for the first time targeted entire sectors of the Russian economy.

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= K6.17																				
Prices as at 11th August,2014/ per metric ton																				
	Mbala		Mansa		Lusaka		Mazabuka		Sesheke		Choma		Kabwe		Mkushi		Ndola/Kitwe		Kaoma	
	K	USD	K	USD	K	USD	K	USD	K	USD	K	USD	K	USD	K	USD	K	USD	K	USD
White Maize	1000	162	1000	162	1350	219	1100	178	1100	178	1200	194,5	1150	186,39	1200	194,5	1200	194	1100	178
Wheat		0		0	2800	##	2400	389		0	2400	389	2650	429,5	2650	429,5	2500	405		0
Soybeans	2000	##		0	2750	##	2500	405	2100	340	2400	389	2500	405,19	2519	408,3	2500	405		0
Sunflower		0		0	2700	##	1350	219		0	2375	384,9	2500	405,19	2400	389	2400	389		0

Import Parity Prices

The following import parity prices were compiled by ZNFU as at 8th August 2014.

Domestic Import Parity Prices as at 08/08/2014					
		US\$/ZAR=10.75		US\$/ZMK=6.23	
Parity Prices		U\$/ZMK	Maize	Soya	Wheat
Lusaka		6.23	383.15	705.51	440.75
Town	ZMK	\$	\$	\$	\$
Chipata	275	44.14	427.29	749.65	484.89
Mkushi	225	36.12	419.27	741.63	476.87
Ndola	250	40.13	423.28	745.64	480.88
Kitwe	250	40.13	423.28	745.64	480.88

Export Parity Prices

The following import parity prices were compiled by ZNFU as at 8th August. 2014.

Export Parity Price (EPP) Harare-Lusaka as at 08/08/14 in US\$/ton	
Soya Beans	424.23
Wheat	368.69
Maize	242.3

Exchange Rates

CURRENCY	11/08/2014 (BOZ- 08/08/14)						28/07/2014					
	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)	6.10	6.23	0.58	0.59	10.24	10.45	6.09	6.21	0.58	0.59	10.27	10.47
Standard Chartered Bank	6.12	6.24	0.58	0.59	10.26	10.46	6.09	6.21	0.57	0.59	10.26	10.47
ZANACO	6.10	6.23	0.57	0.59	10.20	10.45	6.08	6.21	0.57	0.58	10.21	10.47
Bank of Zambia (BOZ)	6.15	6.17	0.57	0.58	0.33	10.37	6.12	6.14	0.57	0.58	10.31	10.34

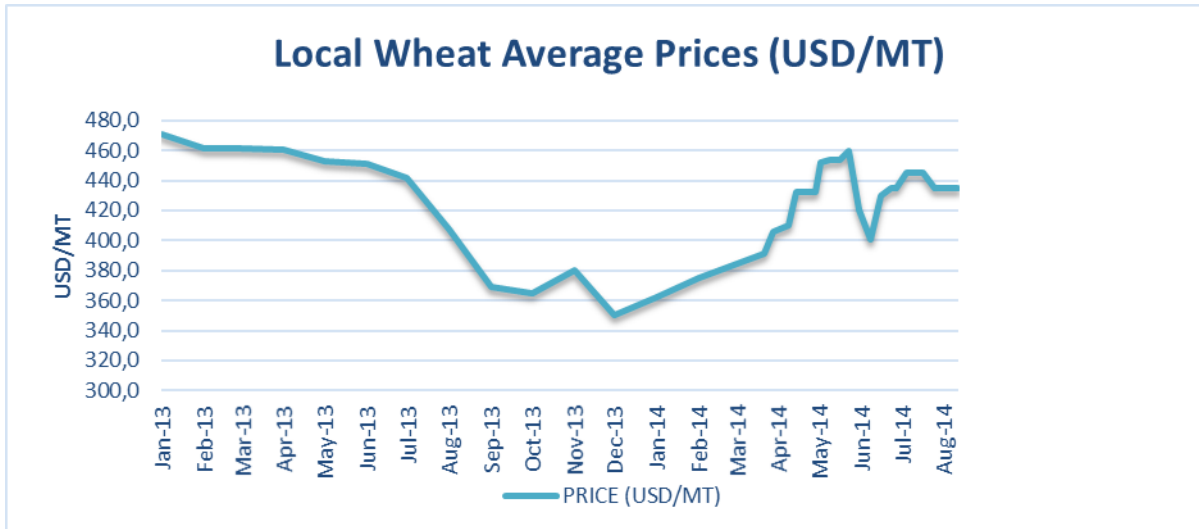
Commodity Highlights

WHEAT Highlights

- Australian and U.S wheat prices rose in the previous week after heavy downpours in France and Germany delayed the harvest and caused the crops to sprout downgrading much of it to stock feed quality. Bloomberg reports that

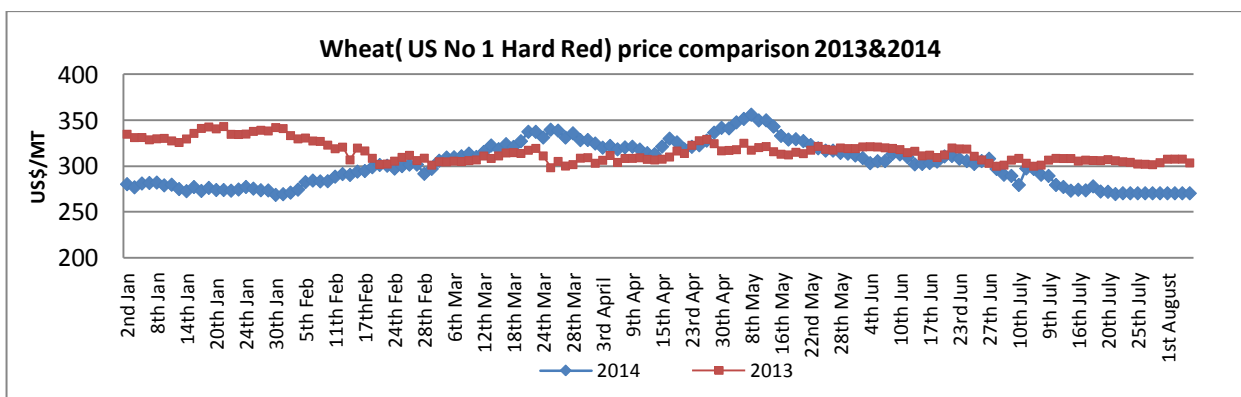
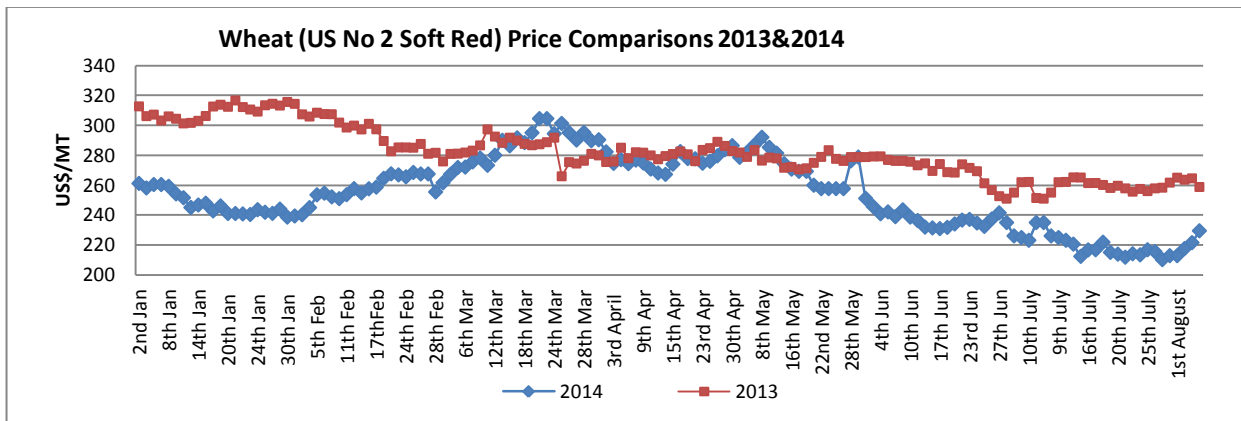
Wheat rose to the highest in a month in Chicago on speculation that quality damage to crops in Europe will increase demand for supplies from the U.S.

- U.S. export sales of wheat were 801,007 metric tons in the week-ended July 24, up 81 per cent from a week earlier, U.S. Department of Agriculture data show.
- The Chicago wheat futures price for delivery in December settled at US\$207/MT on Monday afternoon, 11th August, 2014.
- Wheat prices locally ranged between K2400-2800/metric tons. The graph below shows the wheat price trend for the year;



Price trends

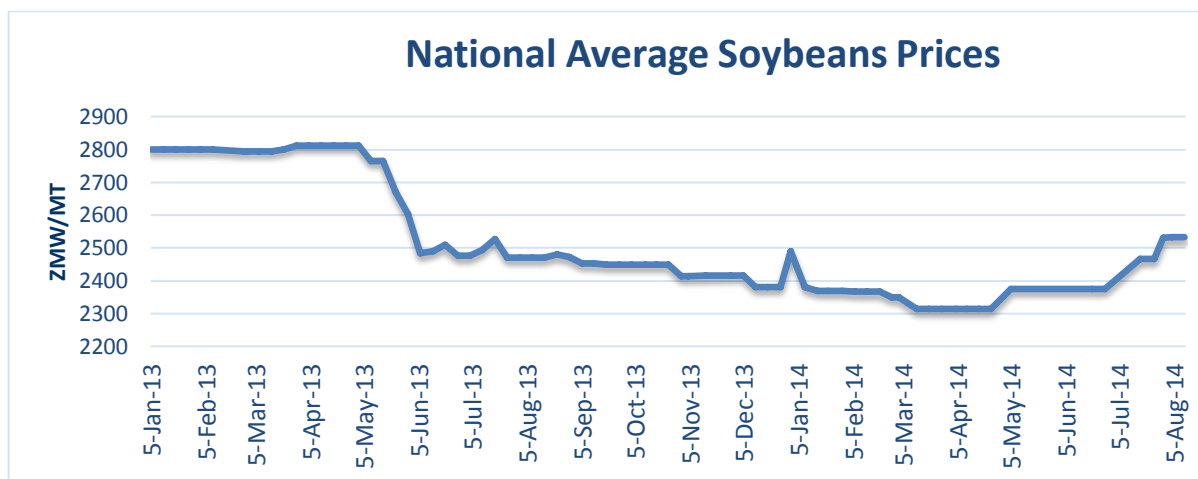
The Safex international soft red and hard red average wheat prices for last week settled at US\$223.70/MT and US\$270.43/MT respectively. All prices are fob gulf.



SOYA BEANS

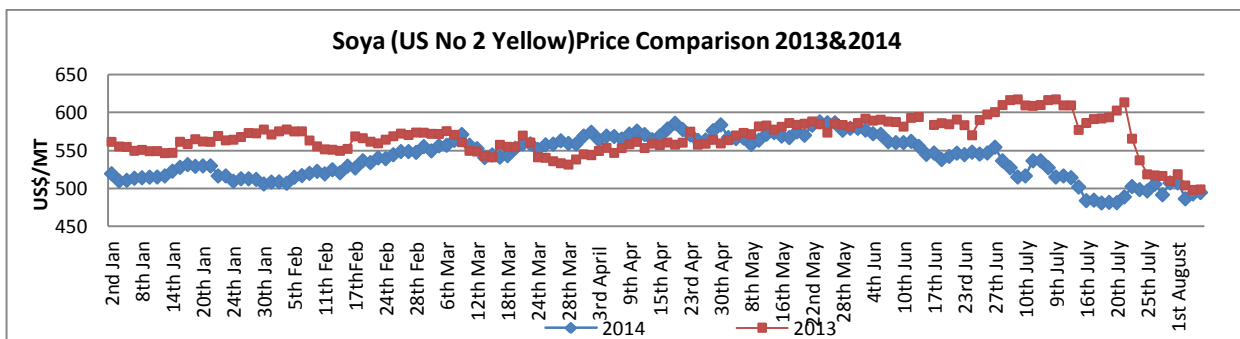
Highlights

- Indian soybean futures fell on Wednesday last week to their lowest level in nearly seven months on a slowdown in soymeal exports. According to Reuters the key October soybean contract closed down 1.36 per cent at 3,558 (US\$58) rupees per 100 kg on Thursday last week, the lowest level since January 13, 2014.
- The Chicago soybeans futures price for delivery in August settled at US\$477/MT on Monday afternoon, 11th August, 2014.
- Locally, average soybeans prices in the past week settled at K2.54/Kg. This is as captured by the ZNFU 4455 price information system. The highest price offer for soybeans was pegged at K2.8/KG. The graph below shows soybeans price trends:



Price trends

Last week's average international price of US No. 2 yellow soya beans on Safex settled at US\$492.86/MT, 1.49 percent below the previous' week's average of US\$500.29/MT.



Source: Safex

Maize

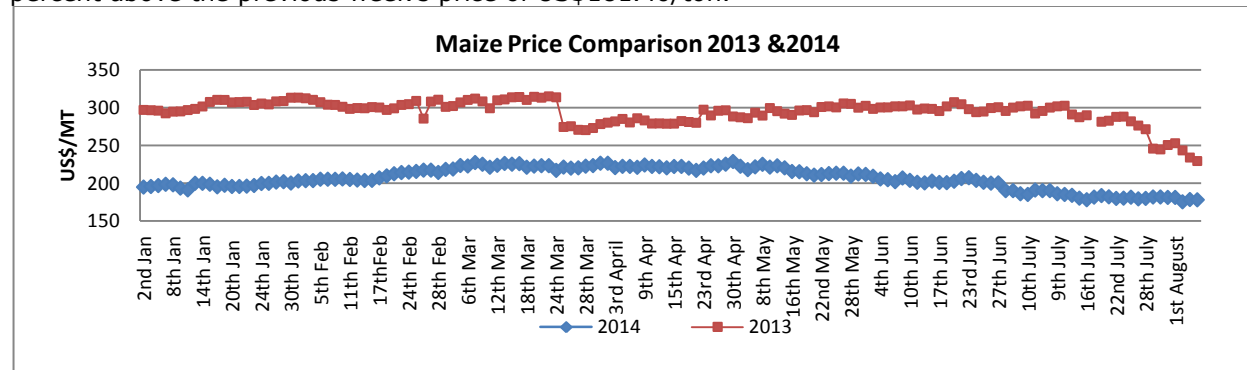
Highlights

- The Kenya Agricultural Research Institute raised an alert over the re-emergence of the maize Lethal Necrosis Disease. The institute has also cautioned that the country's maize production could be adversely affected as the disease has been recorded in all counties though its intensity was different from one region to another.
- In related news, the Kenyan government abolished Maize seed subsidies a year after they were introduced. According to the nations Ministry of Agriculture the subsidies were removed after audits established that stockists were not selling the seeds to farmers at subsidised prices. The seed subsidies introduced in 2013 were aimed at increasing maize production with maize seed prices being reduced by an average of 16.7 per cent.

- US maize sowings may fall next year. Bloomberg reports that according to CF industries, first forecast for plantings, US growers will in 2015 plant slightly over 90m acres of maize, the estimate, compares with the 91.6m acres planted this year.
- The Chicago maize futures price for delivery in December settled at US\$143/MT on Monday afternoon, 11th August, 2014.

Price trends

The average international price on Safex price of US No. 2 Yellow maize for last week settled at US\$180.74/ton 0.36 percent above the previous week's price of US\$181.40/ton.



Source: Safex

COTTON Highlights

- The International Cotton Advisory Council (ICAC) has predicted a 5 percent increase in global cotton consumption to 24.5 million in the 2014/15 year. This will be due to the substitution of polyester for cotton as the two commodities now have similar pricing.
- While the U.S cotton harvest has been forecast to increase by 33 percent in the 2014/14 year, cotton production by the world's third biggest exporter, Australia, may be curbed by about 50 percent due to droughts. The Chinese crop is also expected to fall in 2015 as the government ends direct purchases from the farmers. This may help ease the downward pressure on international cotton prices.
- By end of day on 8th August, cotton prices had settled at 63.81 cents/pound (\approx US\$1.40/Kg) on the New York market.
- The Cotlook 'A' index prices settled at 73.40 cents/pound (\approx US\$1.61/Kg) on 8th August, 13:30hrs GMT.

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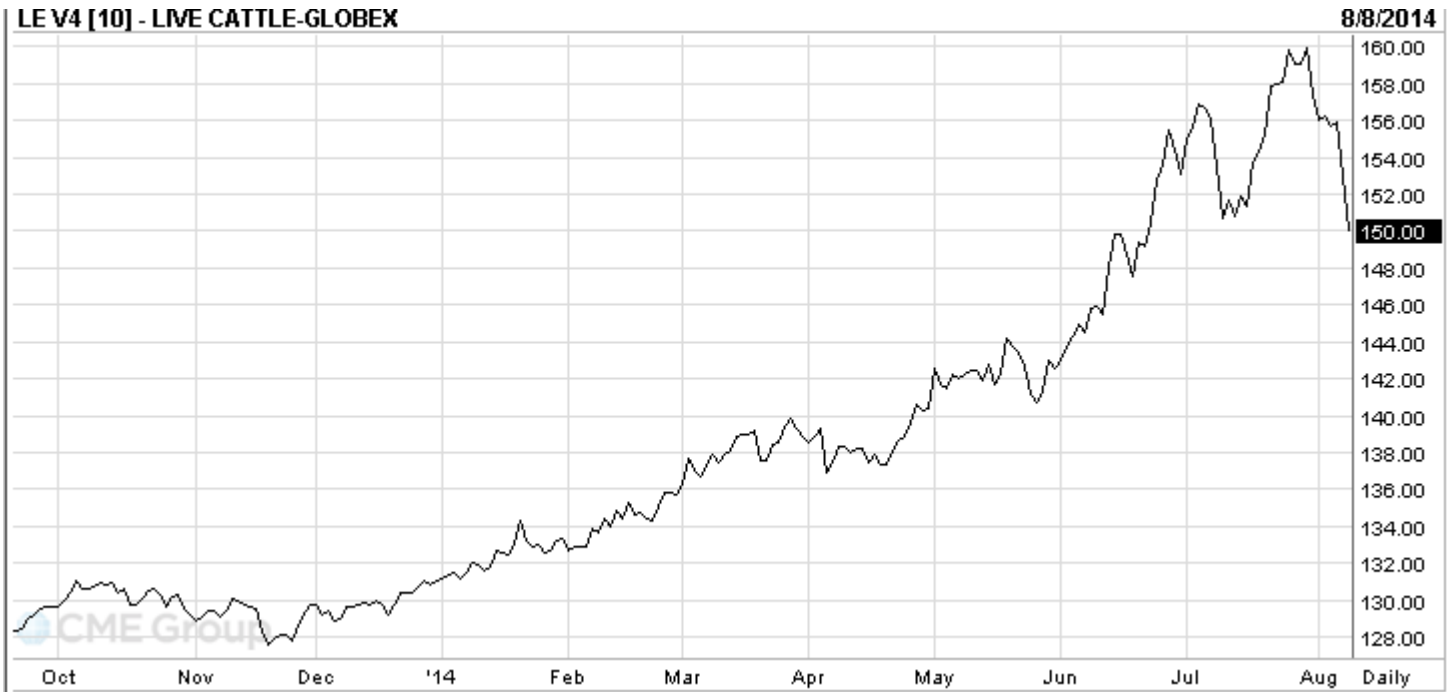


CME Group

BEEF

Highlights

- Mid last week, Russia's Prime Minister announced a one year ban on meat, fish, fruit, milk, vegetables and dairy products from the U.S, Canada, Australia and the European Union as a retaliatory measure on countries that have imposed sanctions on Russia over the political situation in Ukraine. Countries most likely to be worst hit by this decision are the U.S and Canada. This ban gives other regions, like South America, to expand their supply of beef products to Russia. The impact of the Russian ban on international prices may however be negligible as Russia's biggest international supply of beef is South America.
- On the Namibian market, weaners and heifers were auctioning for about R15.85/Kg and R17.82/kg as at 1st August 2014. Meanwhile Class A1 beef in abattoirs was going for about R30-32/Kg on 4th August. Weaners on the South African market were going for about R18.08/Kg in the week ending 1st August 2014.
- International live cattle prices settled and turned and traded lower in the past week, with October 2014 delivery prices settling at 150 cents/pound (US\$ 3.3/kg) as at Friday, 8th August on the Chicago Mercantile Exchange.
- Local beef prices were trading in the range of ZMK13-20/kg, dressed weight, in the week ending 1st August 2014.



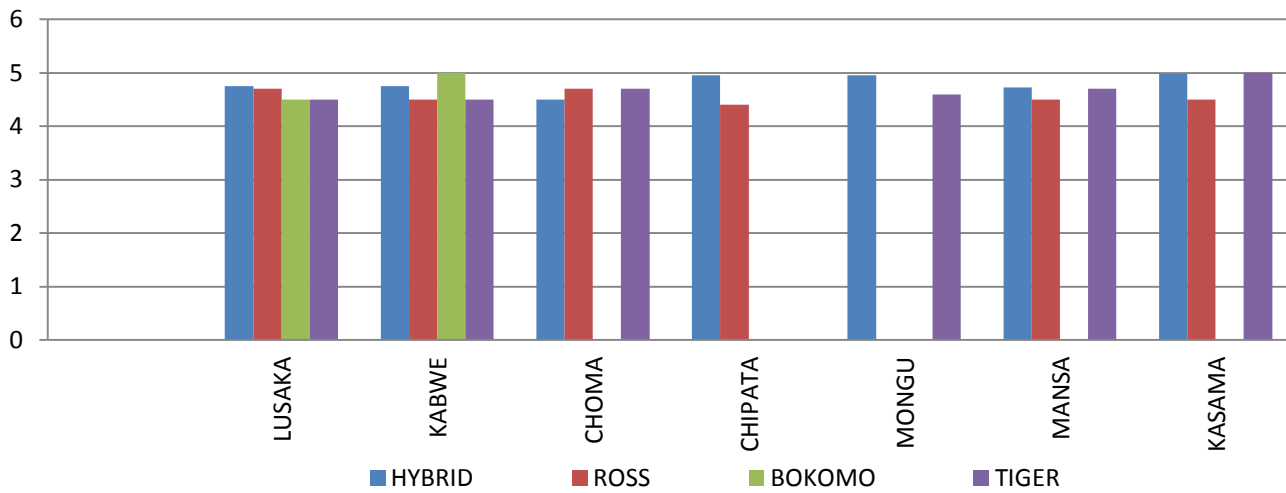
Source: CME Group

POULTRY

AVERAGE DAY OLD CHICK PRICES

The graph below shows average prices of day old chicks for selected towns. Over the past two months, the price of Hybrid chicks in Lusaka has increased from ZMW4.5 to ZMW4.75 while the price of Ross day old chicks has moved from ZMW4.4 TO ZMW4.7 with Bokomo and Tiger chicks prices remaining constant. Kasama was posting the highest price for Hybrid and Tiger at ZMW5 per chick. Kabwe was still posting highest price for Bokomo chicks at an average of ZMW5 while Mansa and Lusaka prices were ZMW4.75 and ZMW4.73 respectively.

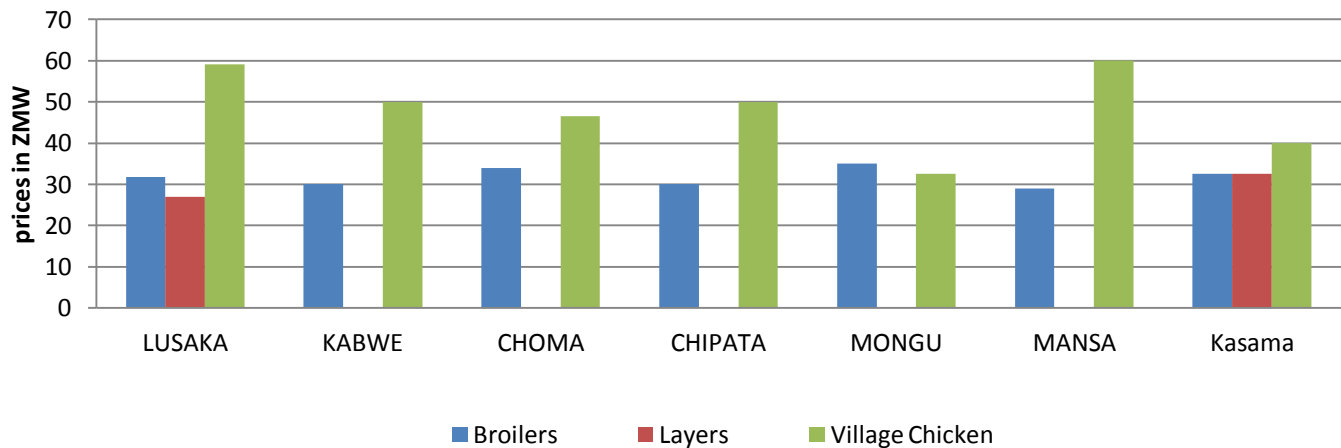
Average Day Old Prices- (4-8/08/14)



AVERAGE LIVE BIRDS PRICES

The graph shows the average live bird prices for Lusaka, Choma, Kabwe, Chipata, Mongu and Mansa. Over the past two weeks, the price of broiler chickens and village chickens in Lusaka has risen from ZMK29.39 to ZMK31.75 and from ZMK58.13 to ZMK59.17 representing a price increase of 8% and 1.8% respectively. However, the price of layers in Lusaka declined from ZMK29 to ZMK27 representing a 6.8% reduction. In the week ending 8th August, Kasama recorded the lowest price of village chickens at ZMK40/bird.

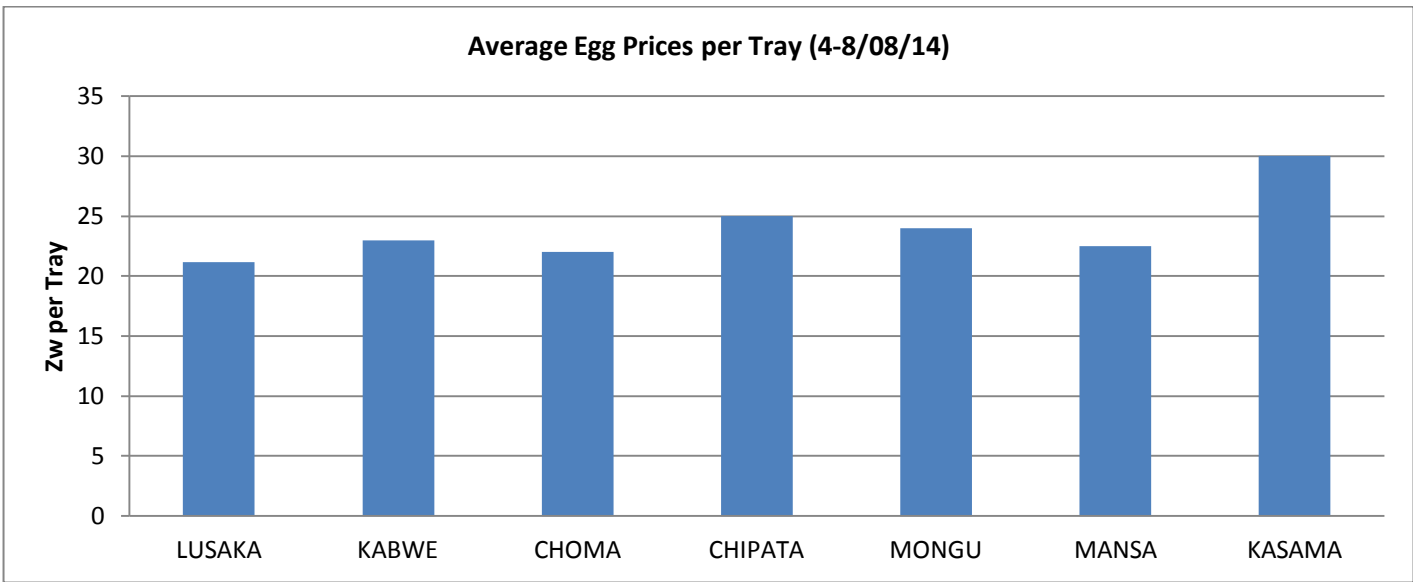
Average Chicken Prices- (4-8/08/14)



AVERAGE EGG PRICES

The table below shows prices of eggs in selected districts around the country.

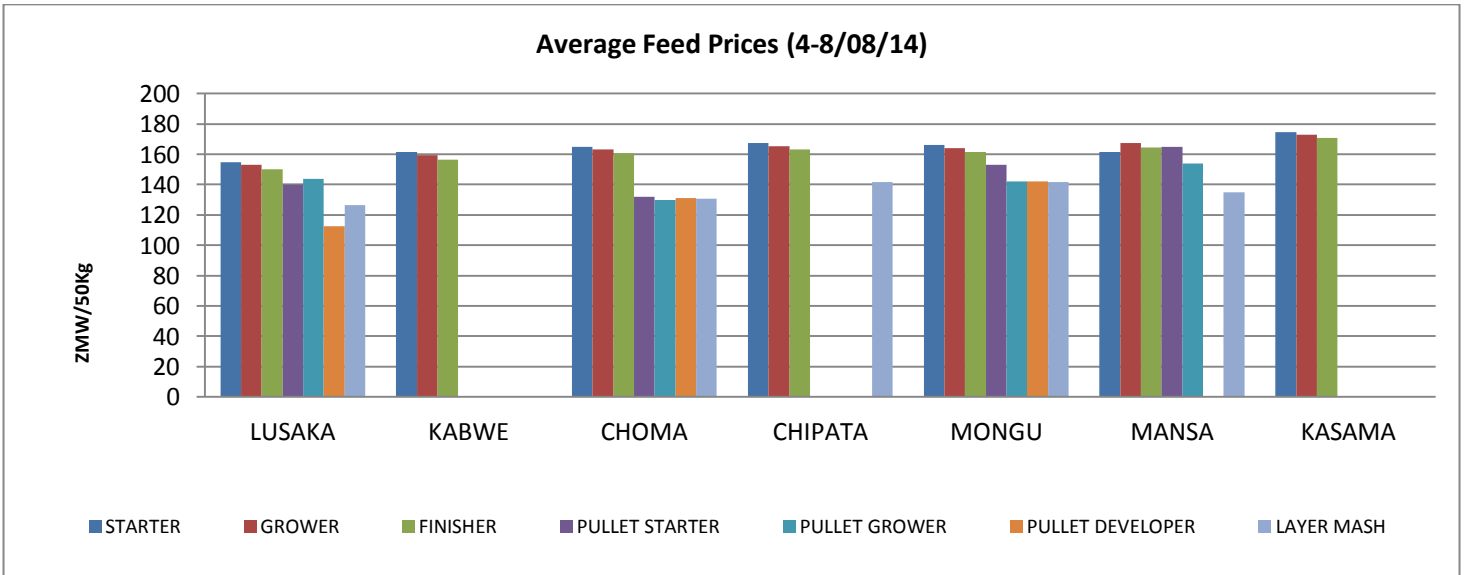
Average Egg Prices per Tray (4-8/08/14)



AVERAGE FEED PRICES

The feed prices have remained relatively stable over the past few weeks. The graph below shows the average poultry stock feed prices with Lusaka posting the lowest prices in terms of feed compared to other towns. Kasama is posting the highest prices for all broiler feeds. The graph further shows that pullet feeds are generally lower than broiler feeds. No price statistics for pullet feeds have been captured for Kabwe while only layer mash prices were captured in Chipata.

Average Feed Prices (4-8/08/14)



ZRA Data on Selected Agricultural Commodities

Commodity	Unit		Jan	Feb	Mar	Apr
Edible oils	Tons	Import	4551.821	4725.57	4158.977	3065.8
		Export		589.7	690.715	893.33
Soya cake		Import				17.04
		Export	4979.026	5931.415	5859.42	8596.54
Fresh Bananas		Import		180	210	183.02
		Export				0.3
Grains /Cereals						
Wheat flour		Import	1.8875	1.869	3.65	0.1
		Export	1845.439	985	1863.75	1586.18
Soybeans		Imports			4521	1548.93
		Exports				
Wheat grain		Imports				
		Exports	930	1482.13	2933.135	569.28
Maize grain		Import		0.275		
		Export	5234.36	3432.1	2042.24	7647.53
Mealie meal		Import				11.48
		Export	6735.885	12173.72	13811.2	5045.2
Bran		import				
		Export	3694.95	4516.864	5292.51	8770.53
Barley		Import				
		Export	745	1762	2065	1390
Livestock/Livestock						
chicken		Import	294.018	258.517		329.54
		Export			0.36	
Beef		Import				23.26
		Export			1.3	
Pork		Import	0.022			22
		Export			0.65	419.68
Dairy products						
Fresh Milk		Import	148.5666	109.91	21	117.1
		Export	150	15.03	10.695	78.6
Others						
Household Sugar		Import				
		Export	3154.66	5992.58	8966.72	12234.67
Cotton cake		Import				
		Exports	435.35	1516.18	1180.899	1972.22

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