



THE WEEKLY AGRO WATCH



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24th November, 2014 Vol.43

Industry Update

ERB Reviewing Petroleum Prices

The Energy Regulation Board (ERB) in a press statement released on 14th November has indicated that it's in the process of analyzing the current pump prices in view of the declining international crude oil prices. According to ERB, Oman and Murban crude oil prices (the sources of Zambia's oil) declined by 19.65 and 20.49 percent respectively between June and October 2014. ERB determines the price of petroleum using the Cost-Plus model on a cargo-by-cargo basis and analysis of the current cargo is underway. Once the analysis has been concluded, the results will be shared with the ERB Board for a decision to be made. ERB further stated that the key factors which influence petroleum pump prices are the international crude oil prices and the kwacha exchange rate against other major currencies. They further highlighted that a change in the pump price is only triggered when the price exceeds the threshold of 2.5 percent of the cost of the cargo. The current petroleum pump prices were last revised upwards in April 2014. The crude oil section below contains more information on the international crude oil market.

Exchange Rates

| CURRENCY | 21/11/2014 | | | | | | 18/11/2014 (BoZ- 17/11/14) | | | | | |
|--------------------------------------|------------|---------|--------|---------|----------|---------|-------------------------------|---------|--------|---------|----------|---------|
| | 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) | 6.29 | 6.42 | 0.57 | 0.59 | 9.86 | 10.07 | 6.31 | 6.44 | 0.57 | 0.58 | 9.88 | 10.08 |
| Standard Chartered Bank | 6.30 | 6.42 | 0.58 | 0.59 | 9.89 | 10.08 | 6.32 | 6.45 | 0.57 | 0.58 | 9.89 | 10.09 |
| ZANACO | 6.30 | 6.42 | 0.57 | 0.59 | 9.84 | 10.09 | 6.31 | 6.43 | 0.57 | 0.58 | 9.82 | 10.07 |
| Bank of Zambia (BOZ)interbank | 6.34 | 6.36 | 9.94 | 9.97 | 0.580 | 0.582 | 6.36 | 6.38 | 0.573 | 0.575 | 9.95 | 9.99 |

Import Parity Prices

The following import parity prices were compiled by ZNFU as at 21st November, 2014.

| Domestic Import Parity Prices as at 21/11/2014 | | | | | |
|--|-----|----------------|--------|---------------|--------|
| | | US\$/ZAR=11.42 | | US\$/ZMK=6.42 | |
| Parity Prices | | U\$/ZMK | Maize | Soya | Wheat |
| Parity Prices | | U\$/ZMK | Maize | Soya | Wheat |
| Lusaka | | 6.42 | 391.12 | 678.47 | 486 |
| Town | ZMK | \$ | \$ | \$ | \$ |
| Chipata | 275 | 42.83 | 433.95 | 721.30 | 528.83 |
| Mkushi | 225 | 35.05 | 426.17 | 713.52 | 521.05 |
| Ndola | 250 | 38.94 | 430.06 | 717.41 | 524.94 |
| Kitwe | 250 | 38.94 | 430.06 | 717.41 | 524.94 |

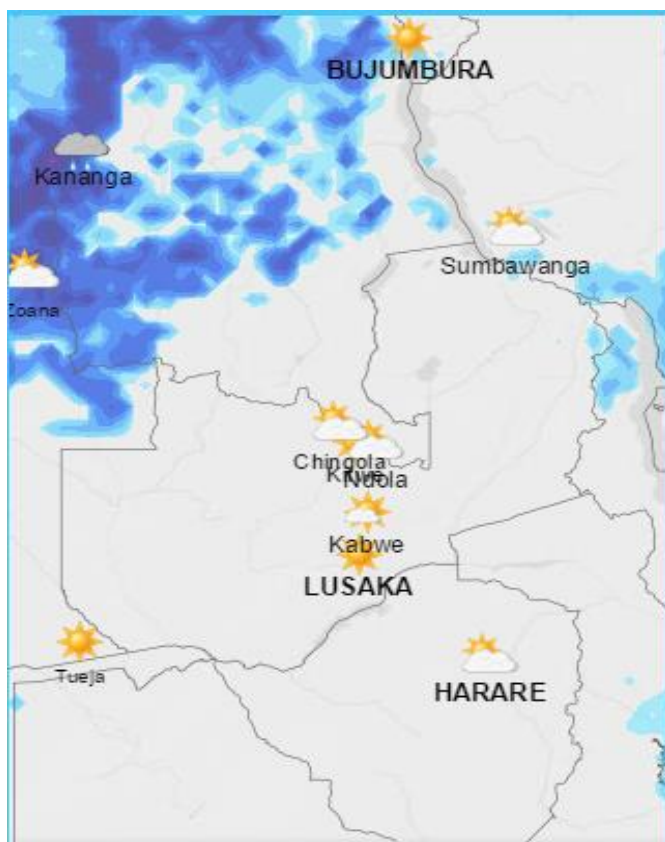
Export Parity Prices (Harare Lusaka)

The following export parity prices were compiled by ZNFU as at 21st November, 2014.

| Export Parity Price (EPP)Harare-Lusaka | |
|--|--------|
| Soya Beans | 497 |
| Wheat | 376.8 |
| Maize | 320.25 |

Weather Forecast

The table summarizes the weather forecast for some selected towns for the period 24th to 30th November 2014.



| TOWN | WEATHER SUMMARY |
|--------|---|
| Ndola | <ul style="list-style-type: none"> Partly cloudy skies are forecast for the 23rd, 24th, 27th&30th with possibility of showers while the 25th will be cloudy and 26th have clear sunny skies. Light rains are anticipated on 28th & 29th. Average daily Temps: 26-33°C |
| Mkushi | <ul style="list-style-type: none"> The 24th, 26th & 27th are forecast to have clear sunny skies. The rest of the week will be partly cloudy with expectations of rain on the 29th and 30th. Average daily Temps:26-33°C |
| Kabwe | <ul style="list-style-type: none"> Fairly cloudy skies anticipated for the 18th. The 19th & 20th will be partly cloudy with 0-0.1mm rainfall. Light rains expected on 21st with partly cloudy skies the rest of the week. |

| | |
|-------------|--|
| | <ul style="list-style-type: none"> Average daily Temps:21-33°C |
| Lusaka | <ul style="list-style-type: none"> Clear sunny skies expected from 24th to 27th with the 28th & 29th being partly be cloudy. 2.2 mm of rain forecast for the 30th. Average daily Temps:20-33°C |
| Mazabuka | <ul style="list-style-type: none"> Clear sunny skies forecast from the 24th to the 27th with the 28th being cloudy and 29th partly cloudy. 5.1mm of rainfall is forecast for the 30th. Average daily Temps: 22-35°C. |
| Choma | <ul style="list-style-type: none"> Clear sunny skies forecast for the 24th to 27th. The 28th will be cloudy with rainfall forecast for the 29th & 30th. Average daily Temps:18-33°C |
| Livingstone | <ul style="list-style-type: none"> The 24th to 26th will have clear sunny skies, partly cloudy on 27th with light showers on the 28th and rains on the 29th & 30th. Average daily Temps:31-37°C |
| Mongu | <ul style="list-style-type: none"> Partly cloudy skies on the 24th, 25th&28th, the 26th is expected to be sunny and rains forecast for the rest of the week Average daily Temps: 24-33°C. |
| Mansa | <ul style="list-style-type: none"> Fairly cloudy skies on 24th & 25th with clear sunny skies on 26th & 27th and rainfall forecast the rest of the week. Average daily Temps: 20-30°C. |
| Kasama | <ul style="list-style-type: none"> Clear sunny skies from the 25th to the 27th with rainfall forecast the rest of the week. Average daily Temps: 20-30°C. |
| Solwezi | <ul style="list-style-type: none"> Fairly cloudy to clear skies from the 25th to 27th with rainfall forecast the rest of the week. Average daily Temps: 18-29°C. |
| Chipata | <ul style="list-style-type: none"> Fairly cloudy skies forecast for the 24th, 28th & 29th with partly cloudy skies on the 25th and clear sunny skies on the 26th & 27th. 6.8mm of rain forecast for the 30th. Average daily Temps: 32-34°C. |

Source: Norway meteorological Institute

LOCAL COMMODITY HIGHLIGHTS

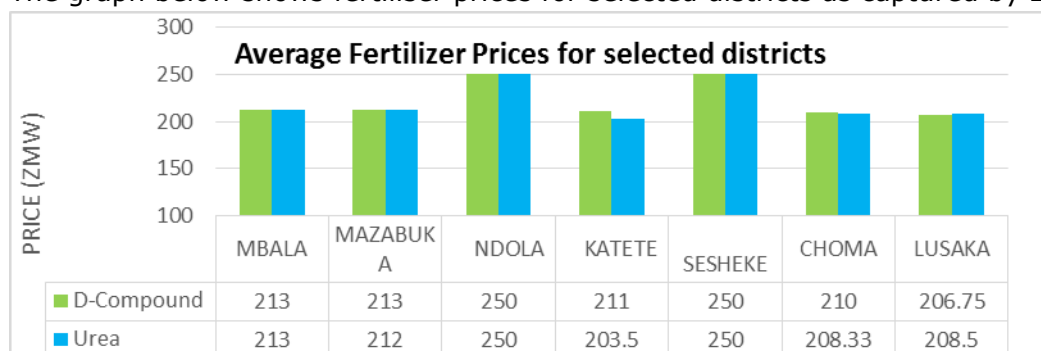
Grains

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

| Exchange rate :USD 1= K6.40 | | | | | | | | | | | | | | | | | | | | |
|---|-------|-----|-------|-----|--------|-----|----------|-----|---------|-----|-------|-----|-------|-----|--------|-----|-------------|-----|-------|-----|
| Prices as at 17th November,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 | | |
| White Maize | 1000 | 156 | 1100 | 172 | 1350 | 211 | 1200 | 187 | 1100 | 172 | 1200 | 187 | 1200 | 187 | 1200 | 187 | 1200 | 187 | 1100 | 172 |
| Wheat | | 0 | | 0 | 2750 | 429 | 2400 | 374 | | 0 | 2500 | 390 | 2600 | 406 | 2600 | 406 | 2550 | 398 | | |
| Soybeans | 2000 | 312 | | 0 | 2800 | 437 | 2700 | 421 | 2100 | 328 | 2700 | 421 | 2800 | 437 | 2800 | 437 | 2800 | 437 | | |
| Sunflower | | 0 | | 0 | 2000 | 312 | 1800 | 281 | | 0 | 1800 | 281 | 2000 | 312 | 1800 | 281 | 1800 | 281 | | |

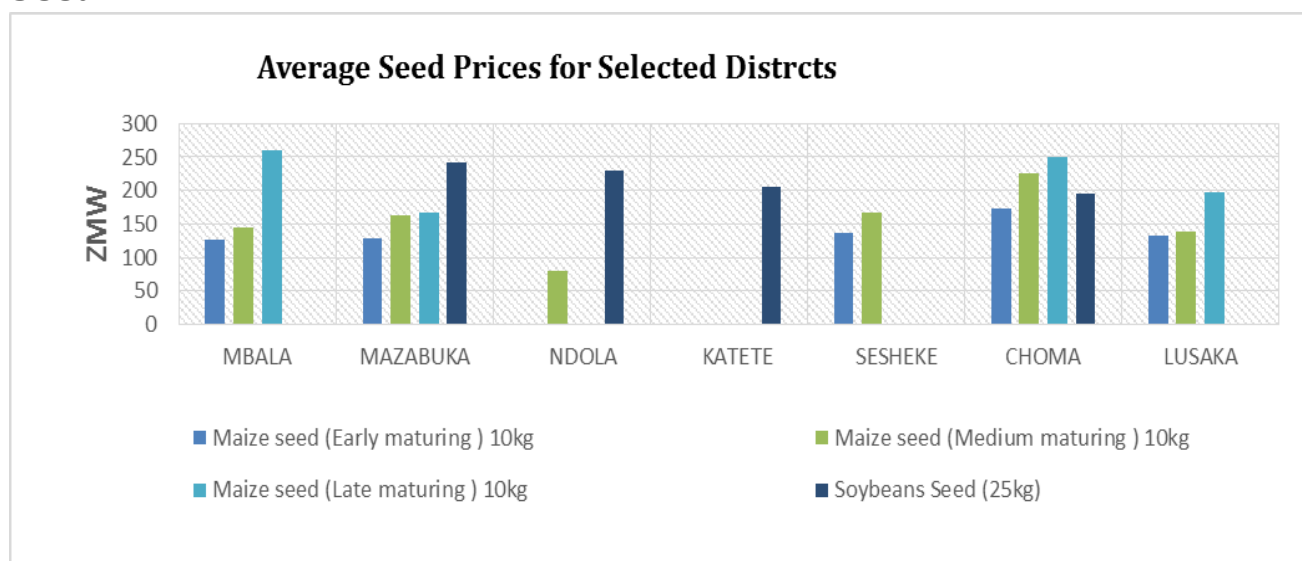
Fertilizer

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



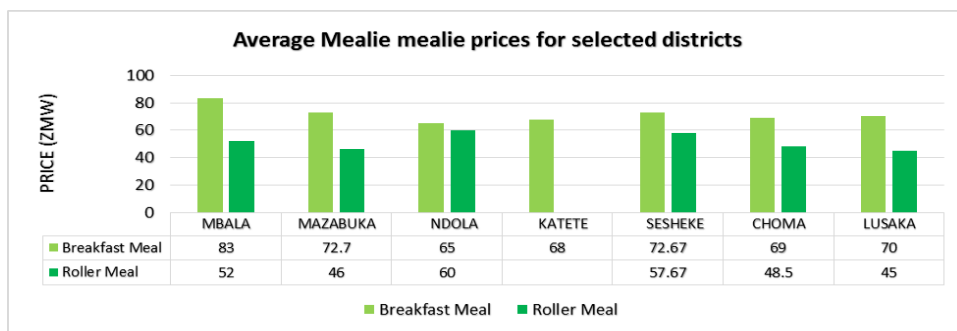
Source: ZNFU Regional Offices

Seed



Source: ZNFU Regional Offices

Mealie Meal

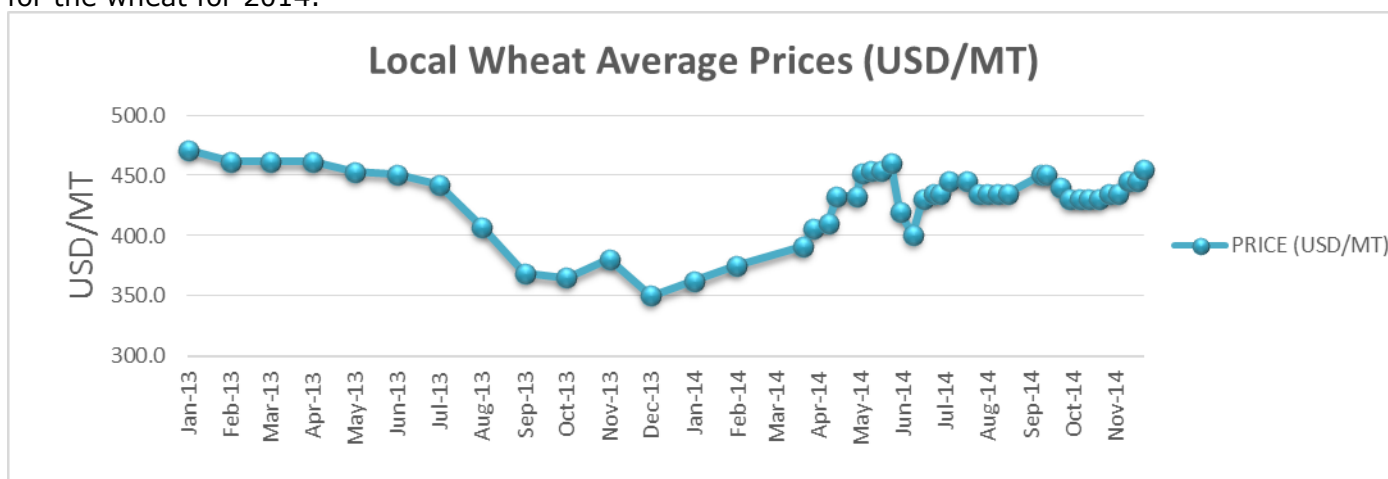


Source: ZNFU Regional Offices

WHEAT

Highlights

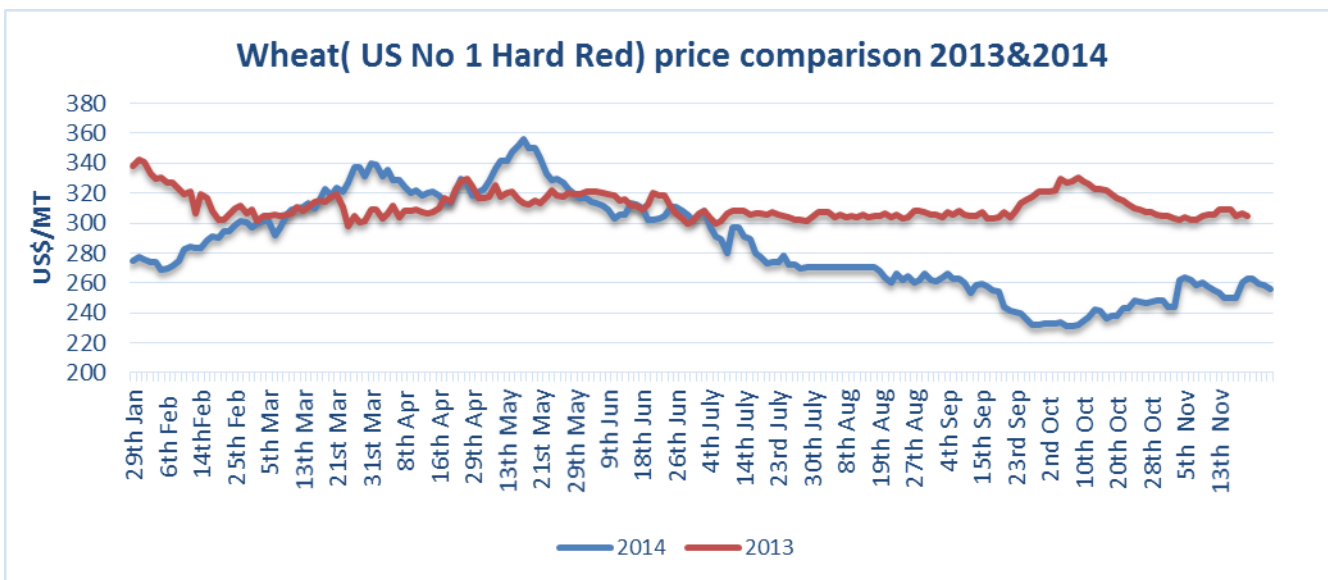
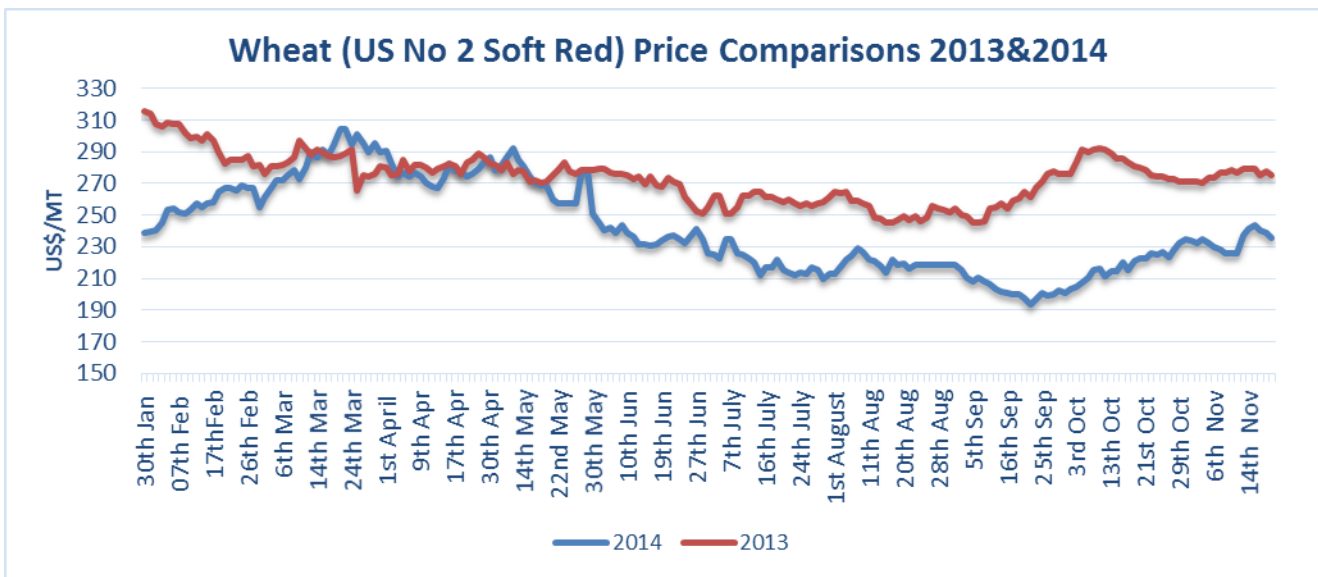
- The Economic Coordination Committee of the Cabinet in Pakistan approved a levy of 20 per cent regulatory duty on import of wheat from all countries for the current crop season with immediate effect. The Business recorder reports that the Pakistan Bureau of Statistics showed that import of wheat during July to September, 2014 witnessed an increase of 82.63 per cent.
- Meanwhile, the Pakistan government set the wheat support price at US\$12.8 per 40kg despite the low international market prices.
- In related news, the department of agriculture in the Philippines has ordered the imposition of anti-dumping duties ranging from 0 to 16.19 per cent on Turkish flour imports following the affirmative findings of the Tariff Commission (TC) that such imports are detrimental to the economy.
- In Chicago wheat for delivery in December settled at US\$200/MT on 21st November, Friday afternoon.
- Locally, wheat prices are in the range of US\$430-485/MT. The graph below shows weekly price trends for the wheat for 2014.



Source: ZNFU 4455 market price information system

Price trends

The Safex international soft red wheat price for last week settled at US\$239.81/MT on average and hard red prices averaged US\$255.82/MT in the week ending 20th November. All prices fob gulf.

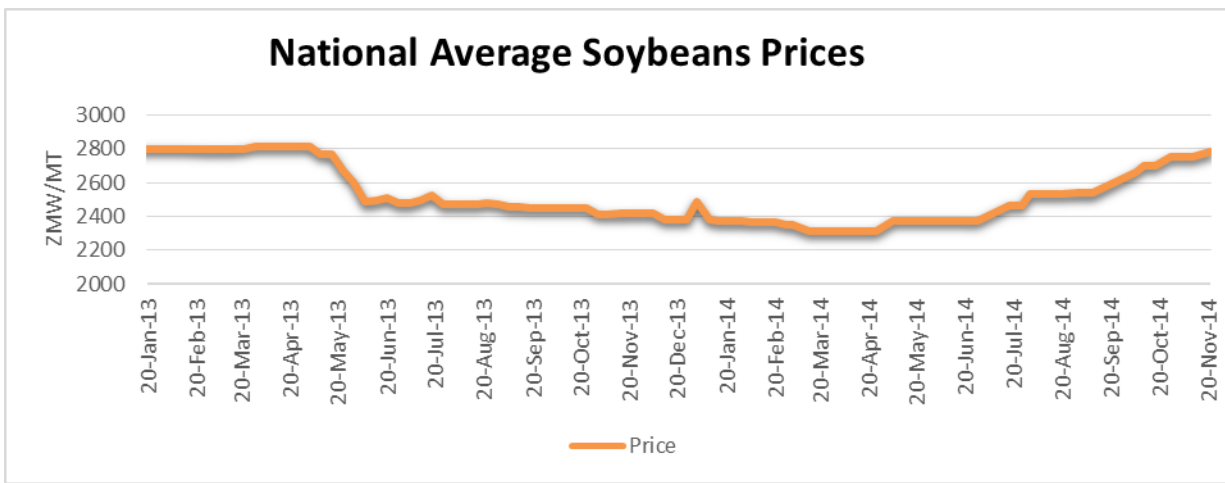


Source: Safex

SOYA BEANS

Highlights

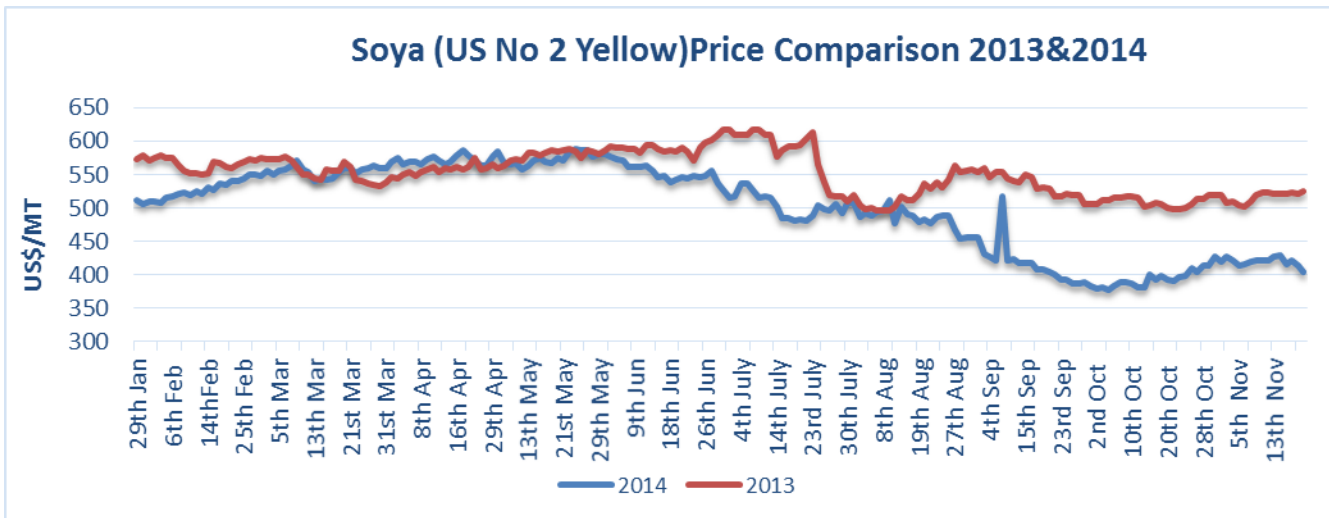
- The Brazilian government's national crop supply agency (CONAB) trimmed the country's soybeans production forecast for 2014/15 and estimated the soybean crop in the range of 89.34 to 91.74 million tons. Soybean acreage is expected to increase 2.3% to 5.3% to 30.87 to 31.69 million hectares
- Chicago soybeans for delivery in January 2015 settled at US\$377/MT on 21st November, Friday afternoon.
- Locally soybeans prices have remained relatively strong as deliveries to the market have slowed down and are ranging between K2.3-3/KG. The graph below shows soybeans price trends:



Source: ZNFU 4455 market price information system

Price trends

Last week's average international price of US No. 2 yellow soya beans on Safex settled at US\$416.17/MT, below the previous week's price of US\$422.29/MT. All prices are fob gulf.



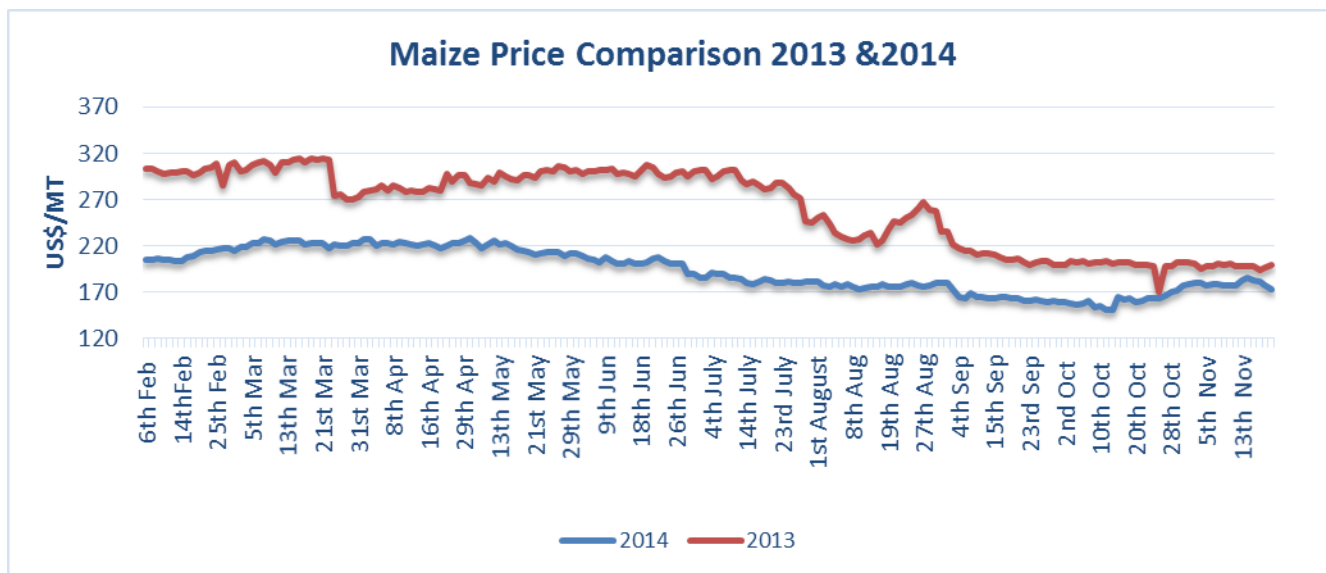
Source: Safex

Maize Highlights

- Some lawmakers in Kenya are calling for the lifting of the maize GMO ban to help ease the risk of farmers losing their crop to Maize Lethal Necrosis disease which threatens up to 70 percent of Kenya's maize farmers reports Voice of America. GMOs have been banned in Kenya since 2012. Kenya's GMO ban can only be lifted by the Cabinet, which is yet to make a decision.
- The Chicago maize futures price for delivery in December was pegged at US\$ 146/MT on 21st November, Friday afternoon.
- Locally, maize prices are in the range of K1-1.4/KG.

Price trends

The average international price on Safex price of US No. 2 Yellow maize for last week settled at US\$ 179.60, 0.63 percent below the previous week's price.



Source: Safex

COTTON

Highlights

- Preliminary indications are that Kazakhstan's cotton lint output may drop from the 70,000 tons produced last year to not more than 55,000 tons. Whilst any news of reducing cotton output may add to hopes of the cotton prices picking up from their doldrums, the large countries in cotton production and trade such as the U.S.A are still optimistic about a slightly larger crop. According to USDA data, the drop in the Chinese 2014/15 crop will be more than offset by the increase in the U.S.A crop. All things held constant, we therefore expect the year to end without any dramatic shift in the direction of the international cotton prices.
- The closing of the local cotton market at ZMK3.1/kg in 2014 and poor maize marketing experienced this year might attract more hectares to the cotton crop. This will however only be confirmed late December.
- Cotton prices on Cotlook settled at 65.90cents/pound (\approx US\$1.45/kg) by end of day on 21st November 2014. CME prices on the other hand settled at US\$0.5854/pound (\approx US\$1.29/kg) on 20th November 2014.



Source: CME

BEEF

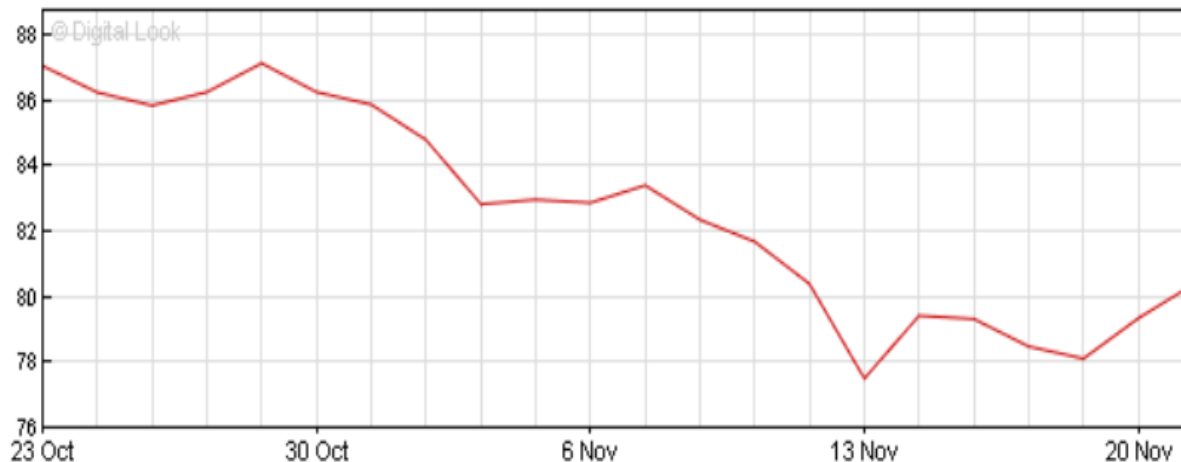
Highlights

- Following foot-and-mouth disease outbreak last month, Botswana has embarked on a FMD vaccination programme in the North West region popularly known as Ngami land. According to the beef site, over 15,700 cattle have been vaccinated.
- Meanwhile local beef stakeholders raised concern on the health status of the beef animals that were both formally and informally imported into Zambia. In a meeting held on 20th November, the stakeholders further expressed worry on the country's inadequate capacity to test and confirm whether the imported beef was subjected to growth hormones or not.
- On the Namibian market, weaners and heifers were auctioning for about R19.11/Kg and R18.35/kg respectively as of 14th November 2014. Meanwhile Class A beef in abattoirs was going for about R33.97/Kg while class C meat was going for ZAR26.45-28.00/Kg on 17th November 2014.
- According to the South Africa Feedlot Association, grain fed beef carcass cost ZAR32.87Kg while live animal cost ZAR19.28/Kg on average in the week ending 9th November 2014.
- Local beef prices were trading in the range of ZMK14-27/kg, dressed weight, during the week ending 7th November 2014. The national average price on the ZNFU 4455 price information system was pegged at ZMK18/Kg. for district specific offer prices type "beef" and send the text message to 4455 on airtel network or visit www.farmprices.co.zm.

CRUDE OIL

- Oman's daily average production of crude oil decreased by 2.16 percent or 20 000 barrels between September and October 2014. The country produced a total of 2.925 million barrels in October 2014 according to the Ministry of oil and gas monthly report. China is the predominant export destination of Oman's oil accounting for about 84.62 percent of the total October 2014 exports.
- On 11th November 2014, Oman's settlement price for January 2015 delivery was US\$77.60/barrel on the Dubai Mercantile Exchange (DME), 01:43 AM CAT
- Brent crude oil futures prices settled at US\$80.60/barrel on 21st November 2014 at 13:30 CAT while WTI prices were hovering around US\$76.74/barrel.

Brent Crude Oil Futures \$/barrel



Source: BBC Business, 2014

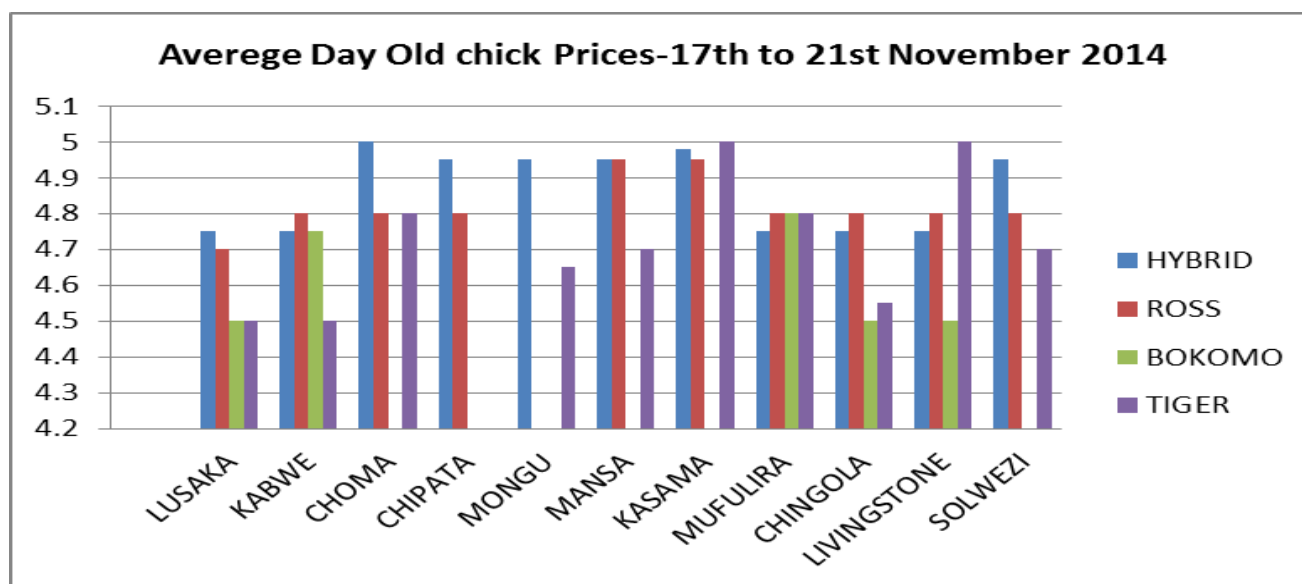
POULTRY

INTERNATIONAL MARKET HIGHLIGHTS

The outbreak Avian Influenza (HPAI) in the Netherlands could cost the nation upto €100 million due to a loss of the market outside the European Union. According to World Poultry, a similar strain of the flu was found on farms in Germany and the U.K about a month ago. Protocols dictate that a country with an outbreak of HPAI reports to the World Organization for Animal Health (OIE) in Paris, France – after which countries do not import from the affected country. Approximately 25% of the total Dutch exports is destined for markets outside the EU, Eurostat figures show

AVERAGE DAY OLD CHICK PRICES

The graph below shows average prices of day old chicks for selected towns. Due to stable supply, prices of day old chicks have been static over the past two months. Lusaka is still posting lowest price for Hybrid and Ross day old chicks at ZMW4.75 and ZMW4.7 respectively while Kasama and Livingstone are posting highest price for Tiger day old chicks at ZMW5. On the other hand Mufulira is posting highest price for Bokomo day old chicks at ZMW4.8. The price of Hybrid day old chicks in Choma is ZMW5. Price differences are due to distance between the hatcheries and the towns.



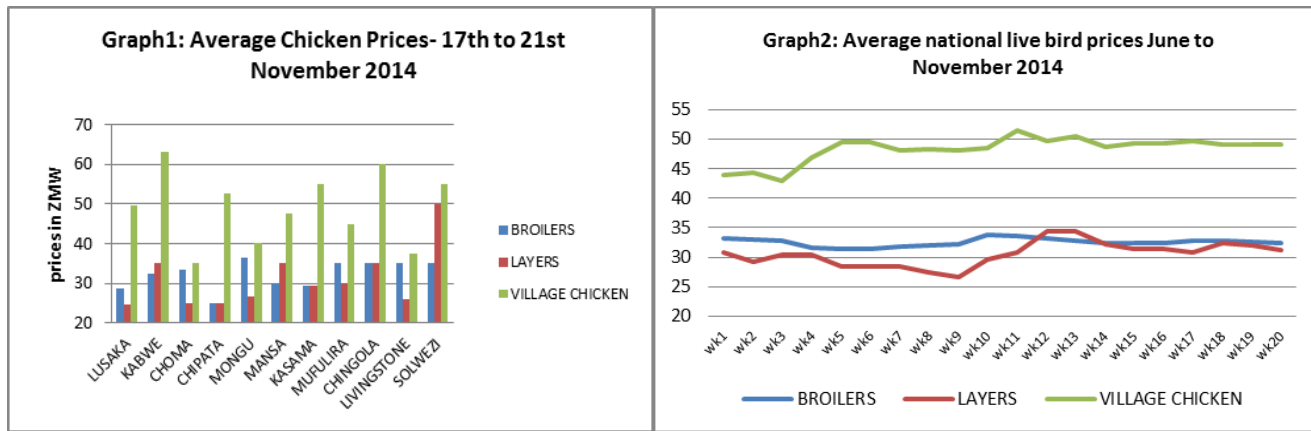
Source: Poultry Association of Zambia

AVERAGE LIVE BIRDS PRICES

Graph1 below shows the average live bird prices in selected towns in the week ending 21st November 2014. The price of broilers in Kasama reduced from ZMW30 to ZMW29.5 representing 1.6% price reduction while the

price of broilers in Choma rose from ZMW33 in the previous week to ZMW33.5 last week, representing 1.5% price increment. The rest of live bird prices remained static.

Graph 2 on the other hand shows the national average price trends for broilers, layers and village chickens. The graph shows that apart from being higher than the price of broilers and layers, the price of village chicken had been relatively stable the past three weeks with no significant changes. The price of layers edged downwards to below that of broilers last week.



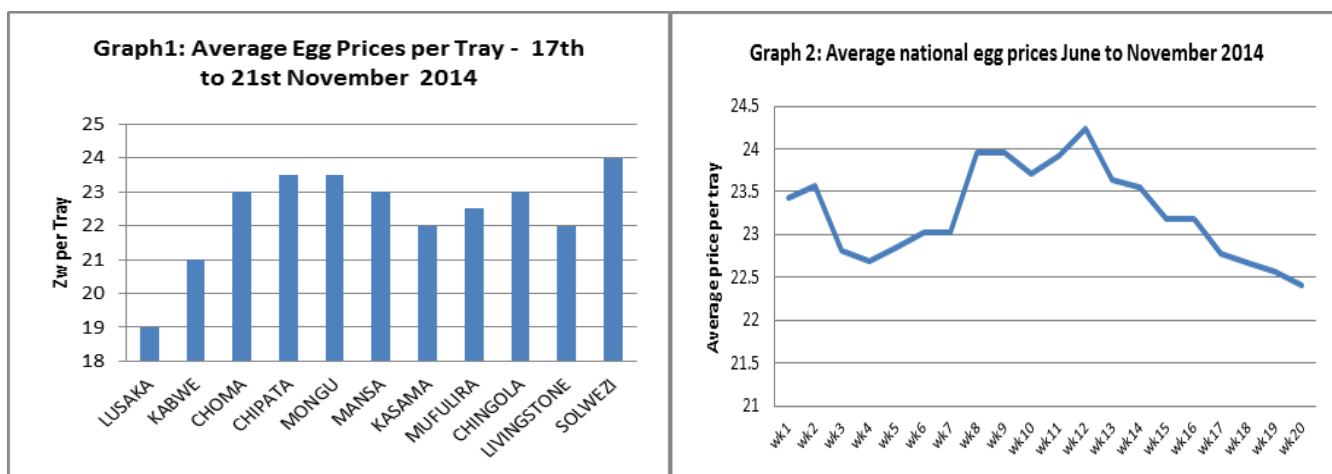
Source: Poultry Association of Zambia

Source: Poultry Association of Zambia

AVERAGE EGG PRICES

Graph 1 below shows average retail prices of table eggs in selected provincial centres around the country. Aside from a 7% reduction in the price of eggs in Chingola from ZMW24.83 to ZMW23 last week, prices in the rest of the towns have been static with Solwezi posting highest price at ZMW24 and Lusaka posting lowest price at ZMW19.

Graph 2 shows the price trend for eggs over a period of five months from mid-June to November 2014. Due to increased production and consequently increased supply since the commencement of the warm season, the price of eggs has been declining steadily since week 12 for a continuous period of two months as is evident from the graph. The average national price which was at ZMW22.40 in week 20 (last week).



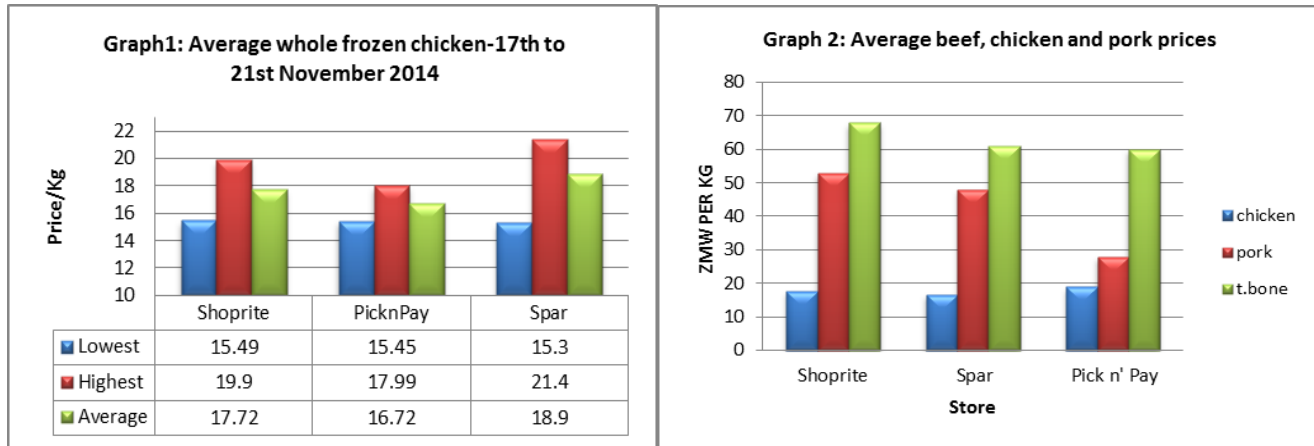
Source: Poultry Association of Zambia

Source: Poultry Association of Zambia

AVERAGE WHOLE DRESSED CHICKEN PRICES

Graph 1 below shows average prices of whole frozen chickens in the three chain stores around Lusaka in the week ending 21st November 2014. The average price of frozen chickens in Pick n' Pay was ZMW16.72/Kg with the highest price pegged at ZMW17.99 and the lowest going for ZMW15.45. The average price of frozen chicken in Shoprite was ZMW17.72 with the lowest and highest priced whole frozen chicken going for ZMW15.49 and ZMW19.90 respectively. The average price of frozen whole chicken in Spar was 18.90/Kg with the lowest going at ZMW15.30/Kg and the highest going for ZMW21.40/Kg.

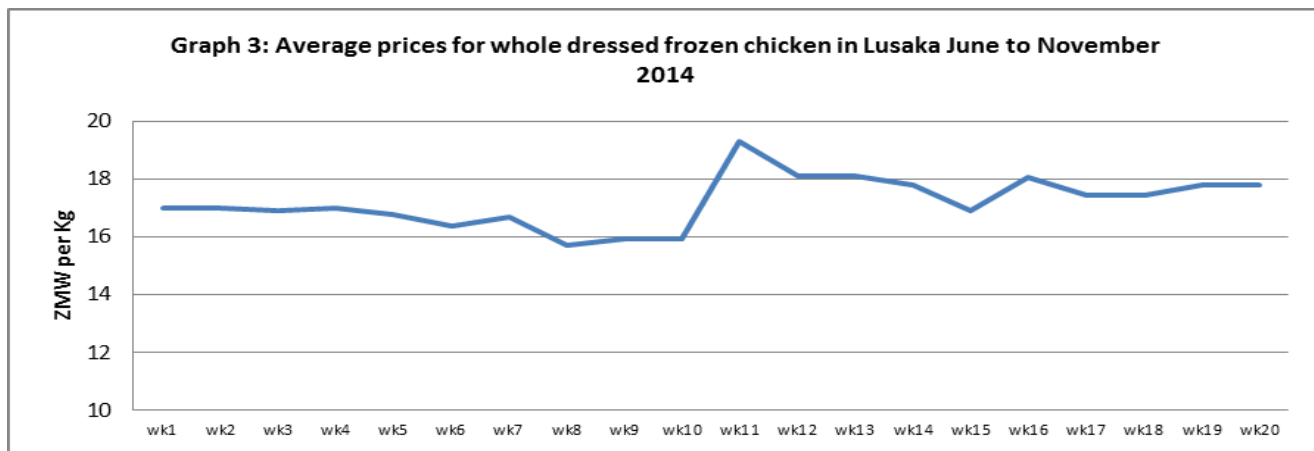
Graph 2 shows the average prices for beef, chicken and Pork products in the three chain stores in Lusaka. The graph shows that t.bone was the most expensive of the meats displayed in the graph and chicken was the lowest priced.



Source: Poultry Association of Zambia

Source: Poultry Association of Zambia

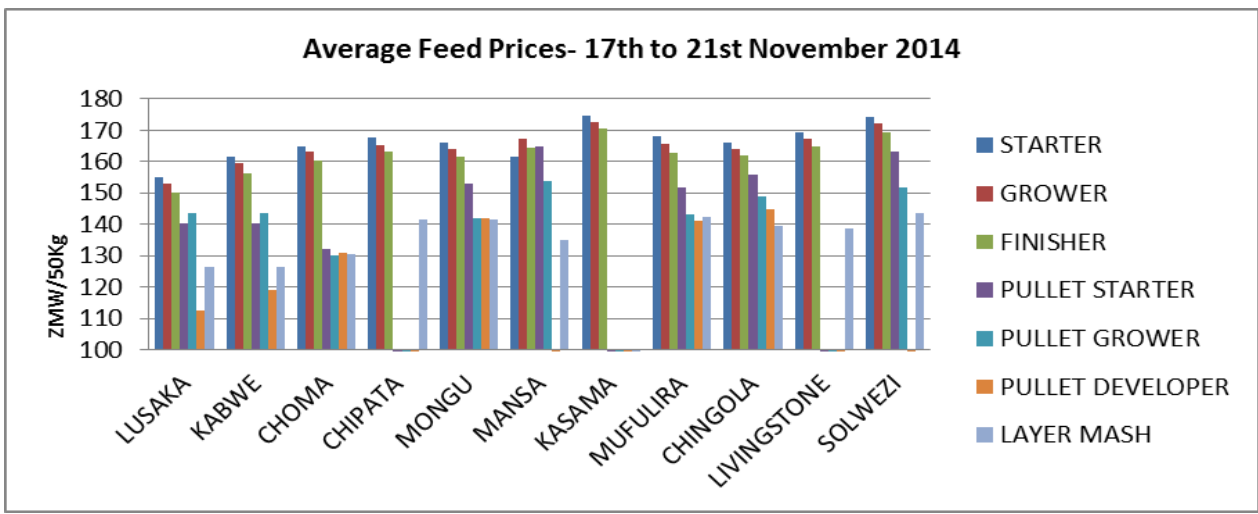
Graph 3 shows the average price trend for whole frozen dressed chicken from June – November 2014. The graph shows that average price of whole dressed frozen chicken has been fluctuating the past two months. After declining in to ZMW17.46 in week 17 and 18 the average national price of frozen chicken rose to ZMW17.78 in week 19 and 20.



Source: Poultry Association of Zambia

AVERAGE FEED PRICES

The average feed prices have remained relatively stable the past five months. 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 and Solwezi were posting the highest prices for broiler feeds. The graph further shows that pullet feeds were generally lower than broiler feeds.



Source: Poultry Association of Zambia

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

