



THE WEEKLY AGRO WATCH



Zambia National Farmers' Union, Farmers Village, Showgrounds P.O Box 30395 Tel 260-1-252649 Fax: 260-1-252648 E-mail: znfu@zamnet.zm web: www.znfu.org.zm

8th June, 2015 Vol.23

Industry Updates

Highlights:

- ❖ *Local temperatures forecast to drop.*
- ❖ *Wheat imports edge slightly higher.*
- ❖ *Russia eyeing expansion of poultry exports*
- ❖ *International prices of powdered milk fall*

International Food Prices Hit Lowest levels since 2009

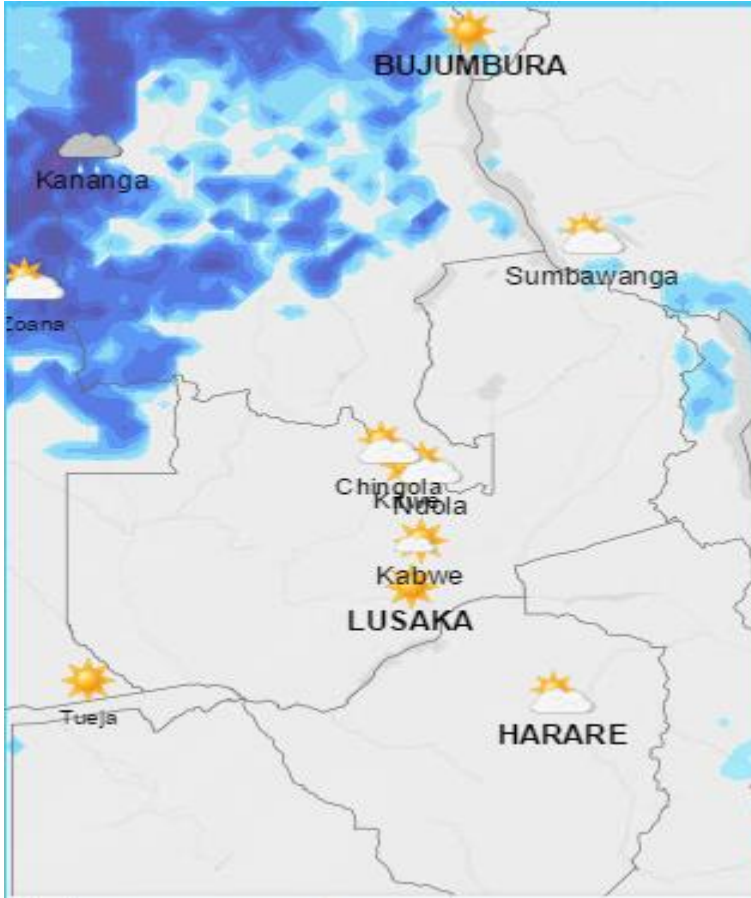
The FAO food price index, a measure of the monthly change in international food prices, averaged 166.8 points in May 2015, 20.7 percent below the corresponding month last year. The May 2015 index is the lowest since September 2009. According to FAO, prices of cereals and dairy products were mainly behind the drop in the index. Ample stocks and positive crop outlooks by the major producing regions of cereals helped to keep prices down in May. Meanwhile the low international dairy prices were supported by New Zealand's large stocks and build-up of export supplies in Europe. Meat prices also traded lower in May 2015 while sugar prices were 2 percent higher than the April 2015 records.

Exchange Rates

CURRENCY	08/06/2015						01/06/2015 (BoZ-29/05/15)					
	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)	7.18	7.32	0.58	0.59	10.95	11.18	7.19	7.33	0.60	0.61	11.00	11.22
Standard Chartered Bank	7.17	7.31	0.57	0.58	10.95	11.16	7.21	7.35	0.60	0.61	11.02	11.24
ZANACO	7.18	7.32	0.57	0.58	0.72	0.74	7.2	7.34	0.59	0.60	11.00	11.23
Bank of Zambia	7.24	7.26	0.58	0.59	11.05	11.09	7.27	7.29	0.599	0.601	11.11	11.14

Weather Forecast

The table summarizes the weather forecast for some selected towns for the period 10th – 15th June 2015. Generally, most parts of the country will have clear sunny skies and experience a drop in temperatures in comparison to last week's temperatures.



TOWN	WEATHER SUMMARY
Ndola	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week. ➤ Average daily Temps: 13-24°C
Mkushi	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week. ➤ Average daily Temps:12-23°C
Kabwe	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week. ➤ Average daily Temps:11-22°C
Lusaka	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for most of the week with expectation of some partial clouds on the 14th.

	<ul style="list-style-type: none"> ➤ Average daily Temps:11-22°C
Mazabuka	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week. ➤ Average daily Temps: 11-22°C.
Choma	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for most of the week with expectation of some partial clouds on the 13th & 14th ➤ Average daily Temps:10-23°C
Livingstone	<ul style="list-style-type: none"> ➤ The 10th is expected to be fairly cloudy with the rest of the week having clear sunny skies. ➤ Average daily Temps:11-25°C
Mongu	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week. ➤ Average daily Temps: 14-28°C.
Mansa	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week. ➤ Average daily Temps: 14-25°C.
Kasama	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for most of the week with expectation of some partial clouds on the 12th & 13th. ➤ Average daily Temps: 11-25°C.
Solwezi	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week. ➤ Average daily Temps: 13-25°C.
Chipata	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for most of the week with the morning of the 13th expected to be fairly cloudy. ➤ Average daily Temps: 11-24°C.

Source: Norway meteorological Institute

Parity Calculations

Domestic Import Parity Prices as at 8/06/2015					
US\$/ZAR=12.44 US\$/ZMW=7.32					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		7.32	442.81	591.61	489.44
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	37.57	480.38	629.18	527.01
Mkushi	225	30.74	473.55	622.35	520.18
Ndola	250	34.15	476.96	625.76	523.59
Kitwe	250	34.15	476.96	625.76	523.59

*Note: Prices of soya beans and maize based on July Safex futures prices.

Wheat prices are for September delivery

Export Parity Price Ranges (EPP) Harare-Lusaka in US\$/ton as at 05/06/15	
Soya Beans	458.7-505.5
Wheat	349.5-427.5
Maize	232.5-320.25

Local Mealie Meal Prices

The table below portrays average prices for a 25kg bag of mealie meal in different districts around the country.

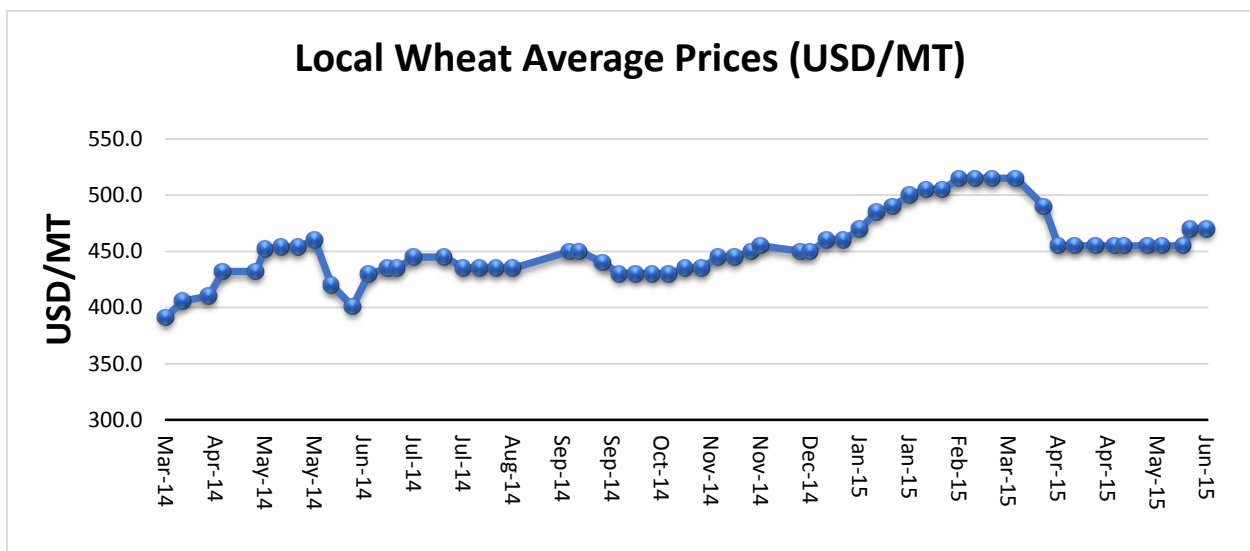
	Breakfast Meal	Roller Meal	Breakfast Meal	Roller Meal	Breakfast Meal	Roller Meal
	March '15		April '15		May '15	
Mbala	70	52.5				
Petauke	68	47	65	45		
Lusaka	68	48	63	45	63	45
Sesheke	71	54	53	52		
Kasama	75.33	57.33	75.33	57.33		
Livingstone	67	54	61.3	43	65	49
Solwezi	73	56	68	51	68	50.4
Kawambwa	75	65	69	62	72	60
Kabompo	84				85	65
Mpika	71	68			74.25	56.67
Ndola	61.38	51.13			65	55
Katete	67	-	67	-	67.33	-
Mazabuka					65	47.2
Choma					63	48

Source: ZNFU Regional Offices

Wheat

Highlights

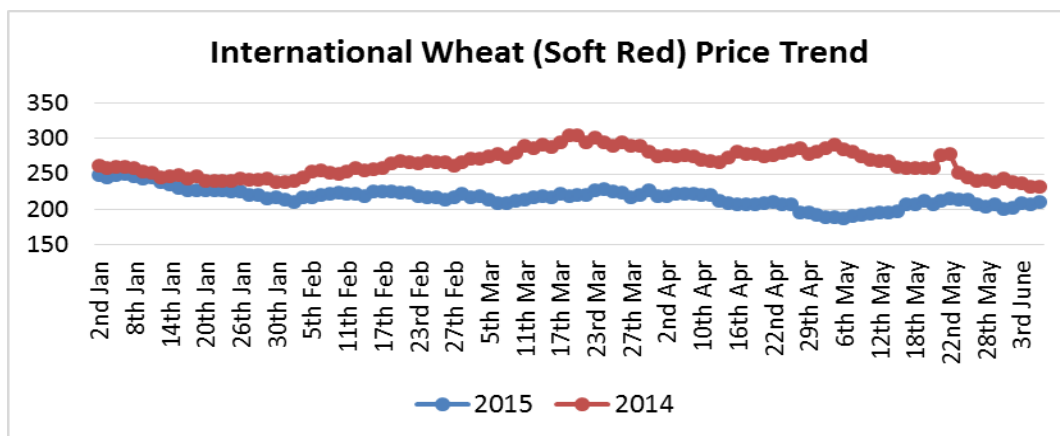
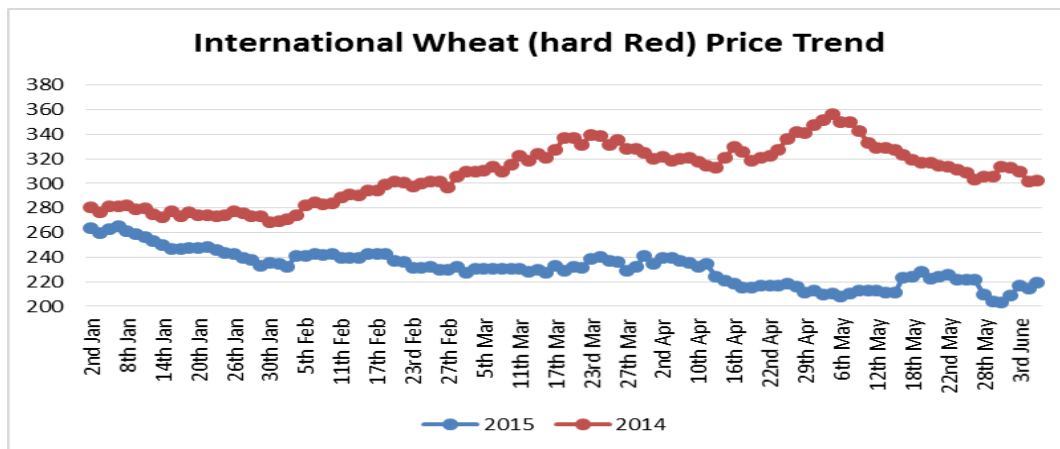
- Egypt, the world's largest wheat importer, had bought about 5 million tons of locally produced wheat by end of May 2015, this is way above the 3.7 million target the country has for the marketing year which began Mid- April. While the country's Supply Ministry has attributed this attainment to the attractive prices offered by government stimulating increased production, some market players are reported to be of the view that part of the national purchases is wheat smuggled into the country by some traders and later sold to government under the pretext of local wheat due to the attractive prices. The Egyptian government's wheat purchase price is US\$55/ardeb (\approx US\$366.7/ton)
- South Africa's Wheat exports destined for Zambia totalled 22,373MT by the week ending 29th May 2015.
- The Chicago soft red wheat future price for delivery in July 2015 settled at US\$ 194.37/MT on 8th June 2015.
- Local wheat offer prices by traders were averaging US\$470/ton on 5th June 2015.



Source: ZNFU, 4455 Market Price Information System

Price trends

The Safex international soft red and hard red wheat averaged US\$205.19/ton and US\$212.67/ton respectively in the week ending 5th June 2015. In comparison to the previous week, both soft red and hard red recorded price falls of 1.72% and 1.49% respectively.



Source: Safex

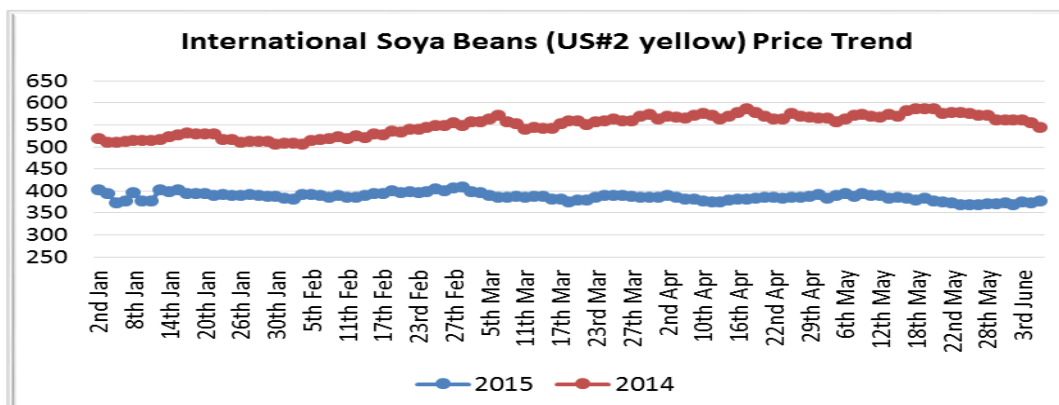
Soya Beans

Highlights

- Argentina has pegged its 2015 soya beans harvest at 60.8million tons. This is higher than initially anticipated due to better yields. Brazil has also revised upwards its crop production estimates for the 2014/15 year to 93.06 million tons. Brazil and Argentina are the second and third largest producers of soya beans respectively and together account for over 48 percent of global production.
- Meanwhile, indications are that Zimbabwe’s soya crop is of less quality with initial deliveries having an oil content of 17%, lower than the conventional 20%. Speculations are that the country may not even attain the anticipated harvest of 58,000tons. According to the Commercial Farmers’ Union of Zimbabwe, soya prices in Zimbabwe are in the range of US\$520-580/ton.
- Soya beans for July 2015 delivery on Chicago Mercantile Exchange were hovering around US\$347.88/ton on 8th June 2015.
- Soybeans offer prices by traders as captured by the ZNFU 4455 price information system were averaging price of K3.0/Kg in the week ending 5th June, 2015.

Price trends

International prices of US No. 2 yellow soya beans on Safex traded higher by 1.01 percent and averaged US\$373.49/ton during the week ending 5th June. All prices are fob gulf.

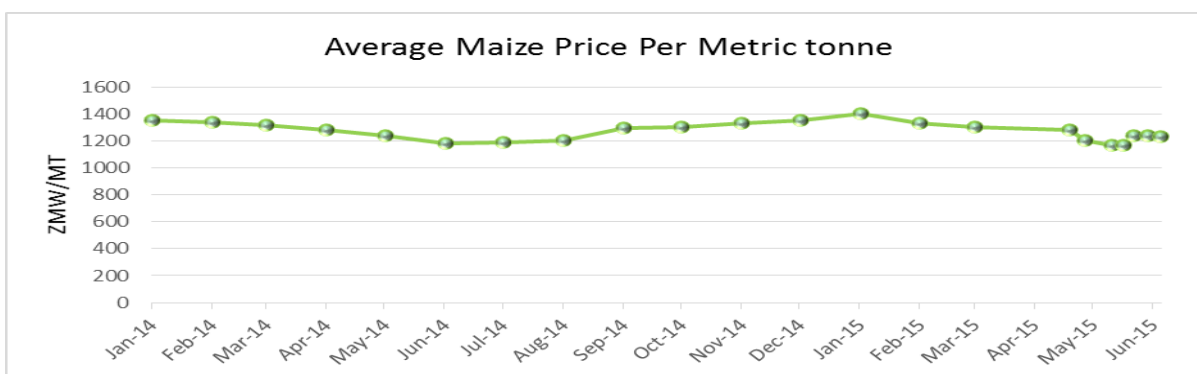


Source: Safex

Maize

Highlights

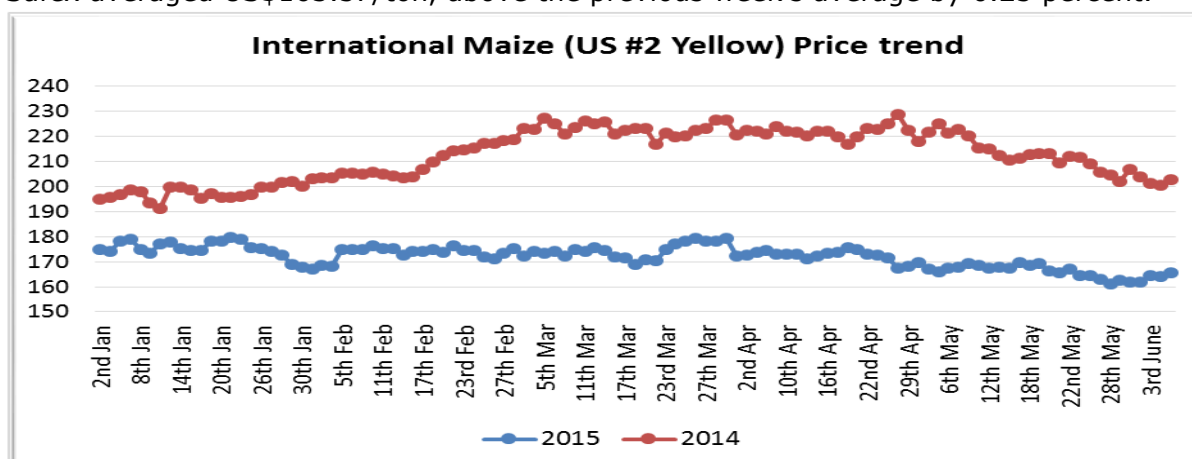
- Zimbabwe has continued its search for maize imports to satisfy local demand. Indications are that Zambia is the major source of the country’s imports with some of the grain entering the country from Mozambique. While Zimbabwe has a non-GM policy which prevents it from importing maize from South Africa, Zimbabwe’s import of about two truckloads full (62 tons) of yellow maize during the month of May (according to SAGIS data) show the country’s heightening demand of the commodity. Zimbabwe has a maize deficit of close to 1 million tons.
- The Chicago maize futures price for delivery in July 2015 was pegged at US\$ 143.06/MT on 8th June 2015.
- Local maize offer prices by traders averaged ZMW1, 230/ton in the week ending 5th June 2015 according to the ZNFU market price information system. Meanwhile, anxiety is mounting in the farming community for the Food Reserve Agency to announce its maize purchasing price for the current marketing season. The agency however still needs to constitute a new board after the Minister of Agriculture and Livestock dissolved the previous board on 26th May 2015.



Source: ZNFU, 4455 Market Price Information System

Price trends

During the week ending 5th June 2015, international maize fob prices as recorded by Safex averaged US\$163.57/ton, above the previous week's average by 0.25 percent.



Source: Safex

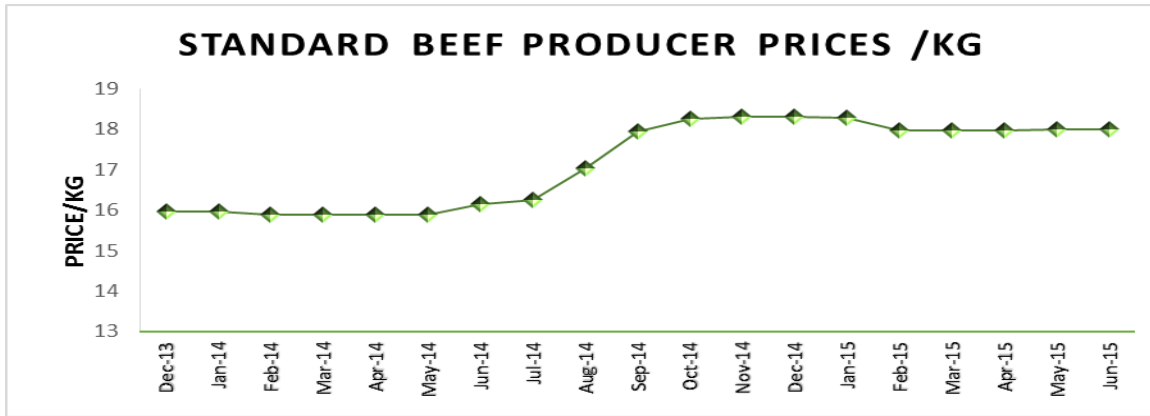
Cotton

Highlights

- The cotton Association of India has lowered its 2014/15 season cotton production estimate due to the untimely rain in the central zone that affected output. The country's output for the 2014/15 season stands at 6.5 million tons while imports have been pegged at 204 tons for a total national supply of 7.712 million tons. The country's exports were however lower by about 50 percent between October 2014 and March 2015 and may translate into higher carryover stocks.
- Cotton prices for July delivery on the new York market were pegged at US\$0.6454/pound (\approx US\$1.42/kg) on 8th June, while Cotlook "A" index prices were pegged at US\$0.7205/pound (\approx US\$1.59/kg) by midday.

Beef

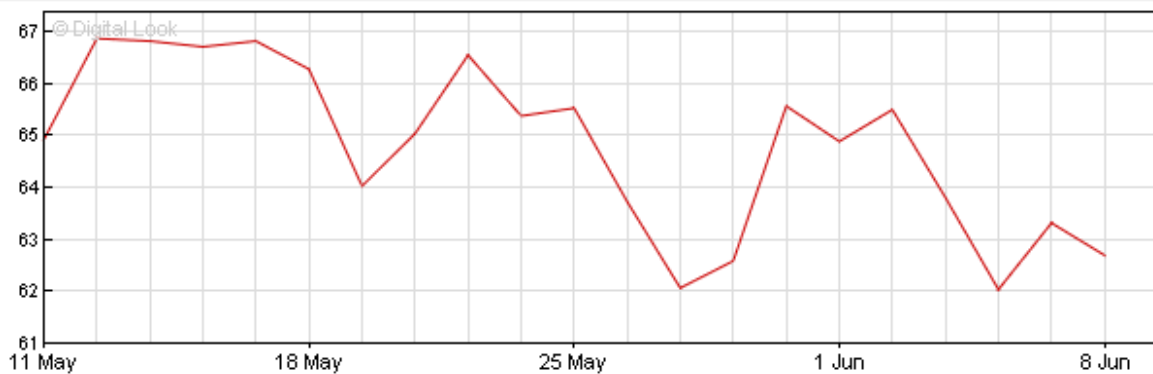
- On the international scene, U.S processed beef and veal exports dropped by about 4.3 percent in comparison to the April 2014 exports. This is the 7th consecutive month of declining beef exports. According to the USDA, the US will export lower quantities of beef in 2015 due to tight supply, higher prices and a stronger dollar which reduces the purchasing power of other currency holders.
- Meanwhile Russia has restricted imports of beef from three Brazilian companies as a Russian veterinary team that visited the companies in March found their meat to contain excessive levels of anti-biotic, E.coli bacteria and listeria.
- Botswana local media reports indicate that the country's persistent measles outbreaks in its cattle are affecting its access to the European Union markets.
- Local beef offer prices by traders were averaging ZMK18/Kg in the week ending 5th June 2015



Crude oil

- The decision by OPEC to hold their production levels at 30 million barrels / day eased of the pressure on crude oil prices to rise this week. During a meeting held in Vienna last week, the cartel that accounts for about 40 percent of the world's total crude oil output opted to maintain its market share as opposes to supporting global price increments through reduced production.
- The decision by OPEC not to cut down production as well as news of a weakening Chinese economy saw Brent crude oil prices begin the week on a lower note and settled at US\$62.69/ barrel while WTI was pegged at US\$58.14/barrel by end of trading on 8th June 2015.
- Oman's settlement price for August delivery was around US\$60.60/barrel on 9th June 2015 around 03:39 hrs CAT.

Brent Crude Oil Futures \$/barrel

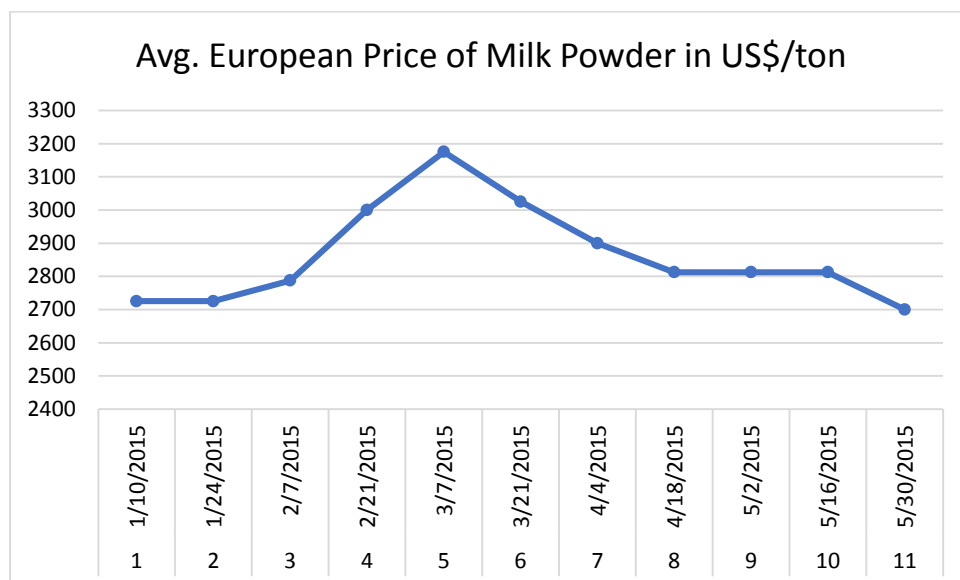


Source: BBC Business, 2015

Dairy prices for the week ending 5th June 2015

Global Whole Milk Powder Price Trends

As can be seen from the graph below, the European prices of powdered milk have been declining since March 2015 to an average of about US\$2700/ton by end of May 2015



Data Source: <http://future.aae.wisc.edu/>

Local Prices of Milk Products

The table below highlights the changes in the prices of dairy products between 18th may and 5th June 2015.

AVERAGE MILK PRODUCT PRICES				
Week Ending 5 th JUNE 2015				
Ser.	PRODUCT	Average price 18.05.15	Average price 05.06.15	VAR %
1	500ml FRESH MILK	4.09	4.39	7%
2	1 ltr FRESH MILK	9.00	9.98	11%
3	2ltrs FRESH MILK	16.00	15.24	-5%
4	250mls UHT MILK	3.32	2.96	-11%
5	500ml UHT MILK	6.00	6.43	7%
6	1 ltr UHT MILK	8.50	9.00	6%
7	100ml YOGURT	3.06	2.90	-5%
8	175mls YOGURT	4.77	4.73	-1%
9	250mls YOGURT	3.75	2.89	-23%
10	500ml YOGURT	11.19	10.46	-7%
11	2ltrs YOGURT	15.50	15.50	0%

Source: DAZ MAY 2015

Average Dairy Feed Prices

Table 4: Average Dairy feed Prices week ending 5th JUNE 2015

AVERAGE DAIRY FEED PRICES 5th JUNE 2015			
SER.	PRODUCT	QUANTITY (Kg)	AVERAGE FEED PRICES
1	DAIRY 19	50	128.0
2	DAIRY CONCENTRATES	25	133.0
3	DAIRY MEAL	50	143.5
4	cALF STARTER (Mash)	50	150.7
5	CALF STARTER (pellets)	50	143.5
6	MILK REPLACER	50	455.0
7	No.3 MEAL	25	40.0
8	MAIZE BRAN	25	24.0

Source: DAZ May 2015

Poultry prices for the week ending 5th June 2015

SELECTED INTERNATIONAL NEWS

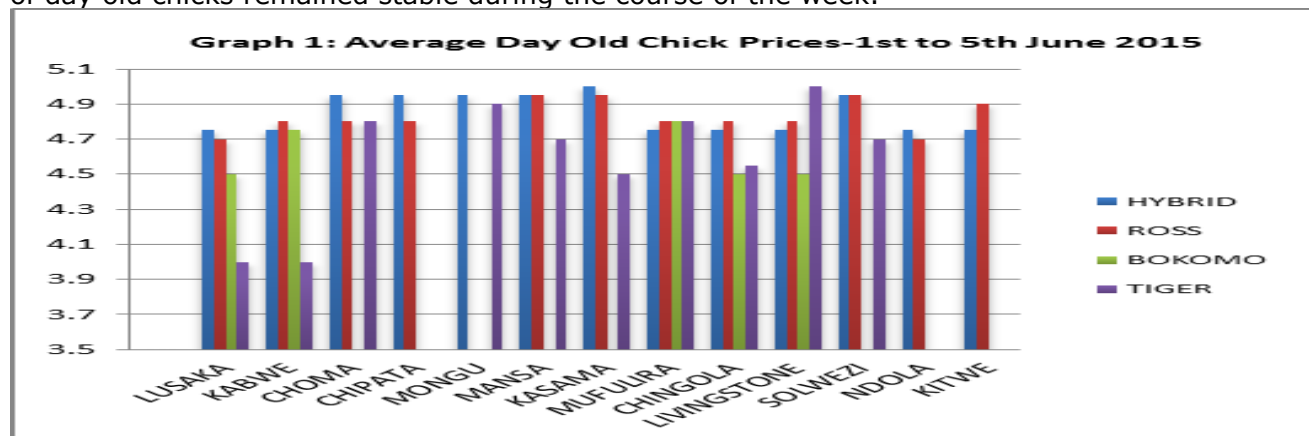
Russia aiming at increasing poultry exports

With the current crisis the country is experiencing, Russia is proactive in seeking export markets for its poultry products. The sanctions placed on the country by the U.S and EU in August last year have supported the depreciation of the Russian Ruble making exports more lucrative. Data from the Russian Institute of Agricultural Market Studies (IKAR) reveals that in 2014, Russia exported 57,000 tons of poultry, 5 percent above the 2013 exports. IKAR has further indicated that the country's poultry production has grown over the last 5- 6 years and its poultry meat imports fallen sharply since the embargo was set in August 2014. World Poultry reports that Russia is currently eyeing the Indian market.

DOMESTIC POULTRY PRICES

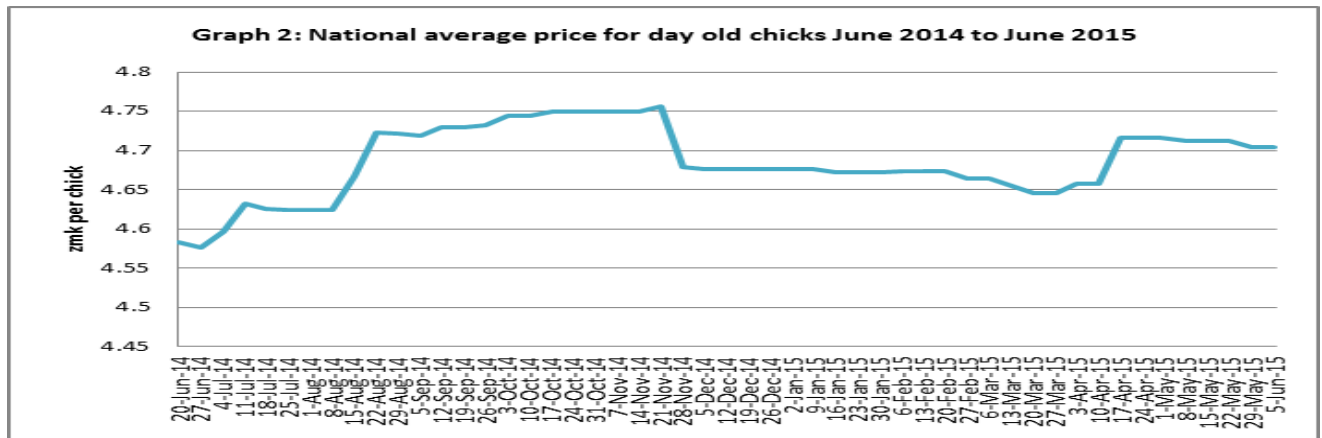
AVERAGE DAY OLD CHICK PRICES

Graph1 shows the price of different breeds of day old chicks in selected towns. The price of day old chicks remained stable during the course of the week.



Source: Poultry Association of Zambia

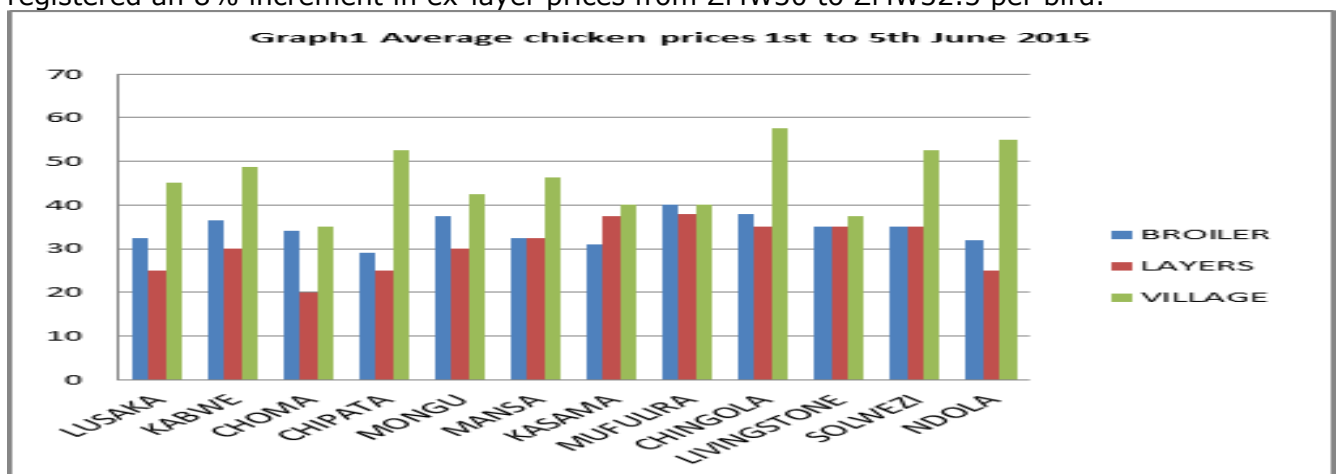
Graph 2 shows the national average price trend for day old chicks from June 2014 to June 2015. The graph shows that the national average price of day old chicks as of 5th June 2015 was ZMW4.71.



Source: Poultry Association of Zambia

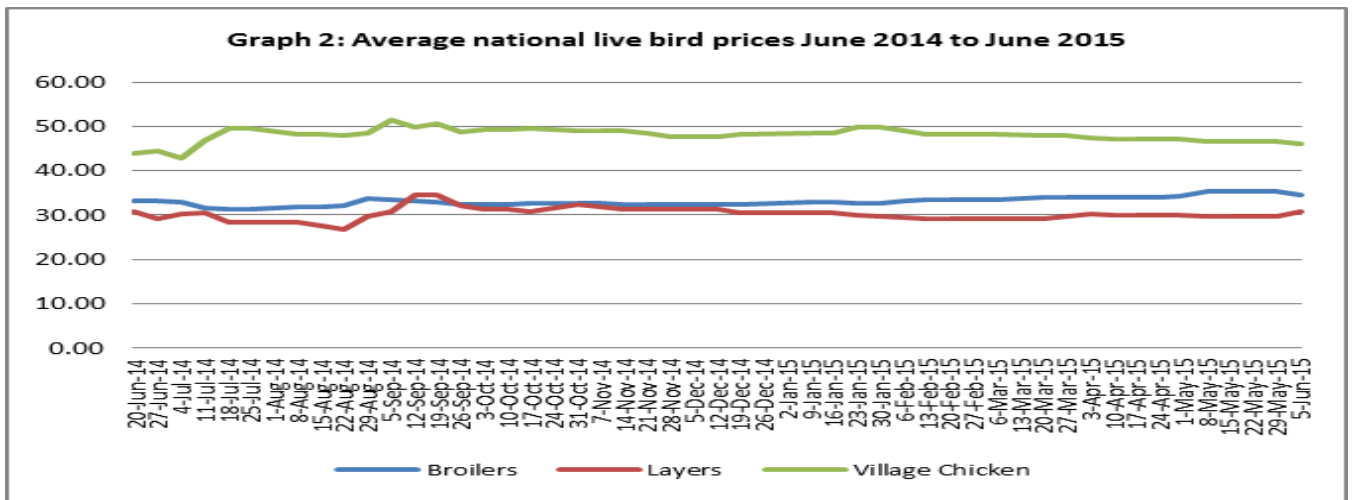
AVERAGE LIVE BIRDS PRICES

Graph1 below shows the average live bird prices in Lusaka, Choma, Kabwe, Chipata, Mongu Mansa, Mufulira, Chingola, Solwezi, Ndola, Kitwe and Livingstone. The average price of broilers in Chingola, Livingstone and Kasama has declined by 10.6%, 7.9% and 11.4% respectively. This has been attributed to having a high supply of these birds on the market leading to lower prices despite high feed prices. On the other hand Mansa registered an 8% increment in ex-layer prices from ZMW30 to ZMW32.5 per bird.



Source: Poultry Association of Zambia

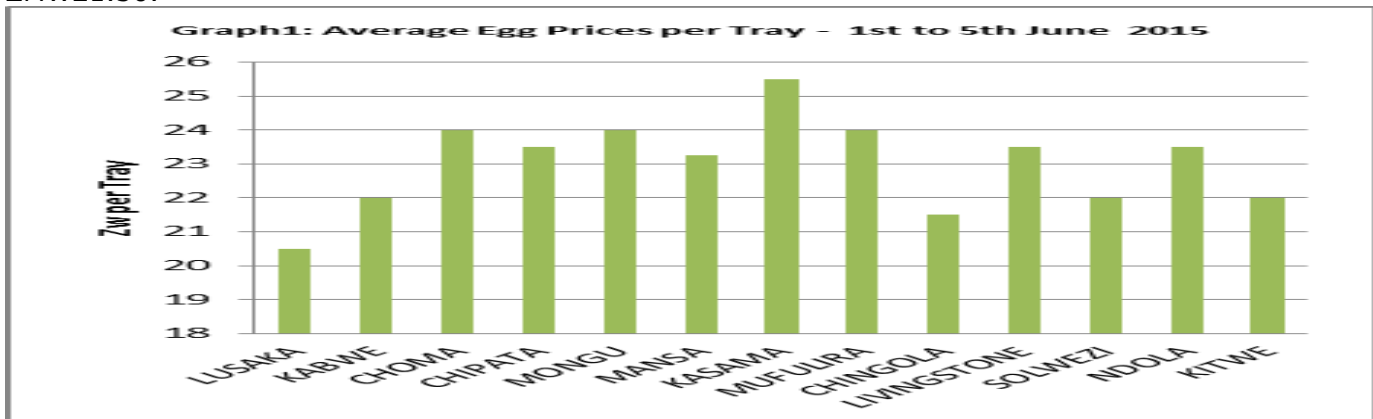
Graph 2 on the other hand shows the national average price trends for broilers, ex-layers and village chickens. The graph shows that the national average prices of broilers and village chickens have slightly declined while the average national price of ex-layers has declined. The average national price of village chicken, ex-layers and broilers is ZMW46.04, ZMW30.67 and ZMW34.42 per bird respectively.



Source: Poultry Association of Zambia

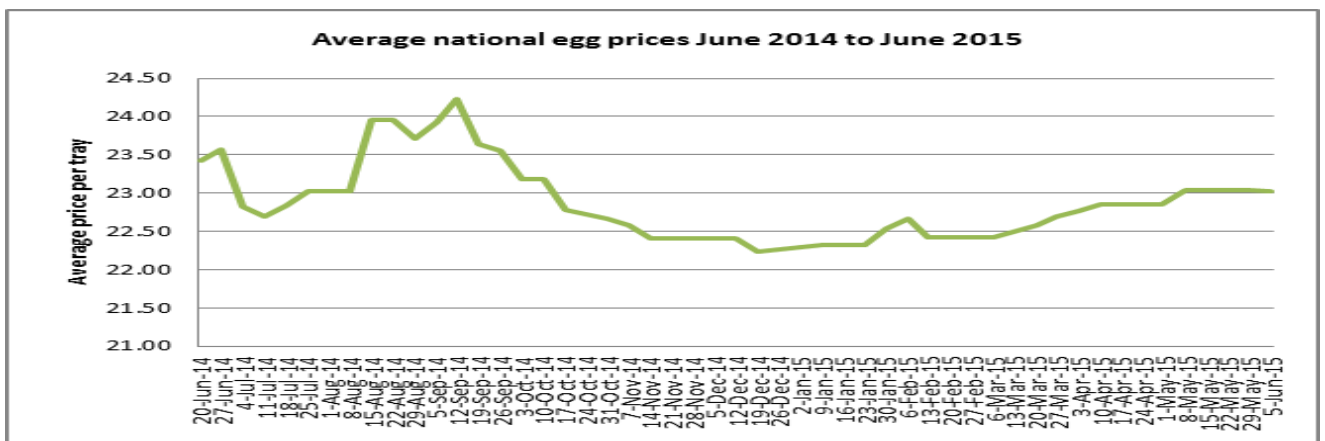
AVERAGE EGG PRICES

Graph1 below shows average retail prices of a tray of table eggs in selected provincial centres around the country. While the average price of eggs in Kasama had risen from ZMW24 to ZMW25.50, the average price of eggs in Chingola declined from ZMW23.25 to ZMW21.50.



Source: Poultry Association of Zambia

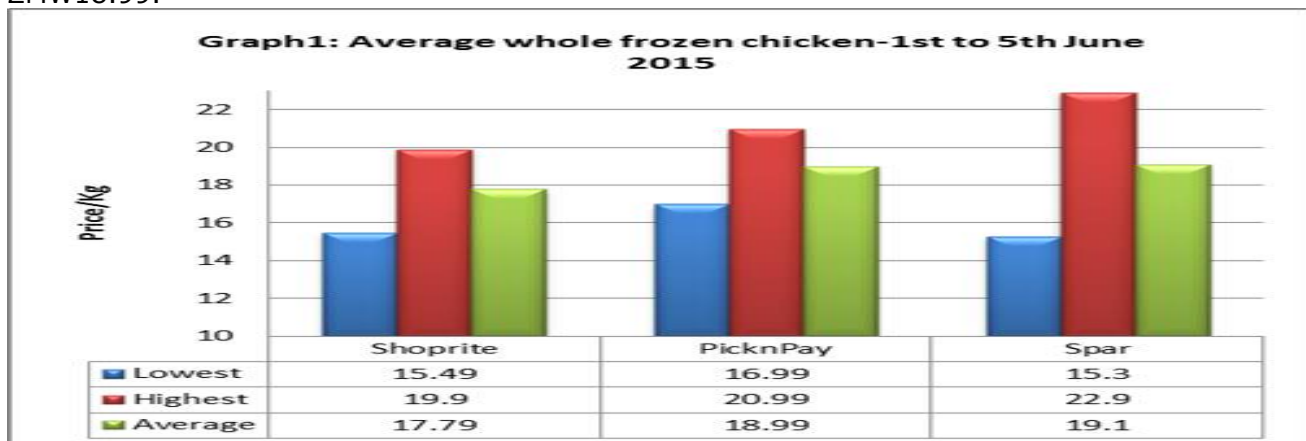
Graph 2 shows the price trend for a tray eggs from mid-June 2014 to June 2015. The graph shows a slight decline in the average national price of eggs last week from the previous week's price of ZMW23.04 to ZMW23.02.



Source: Poultry Association of Zambia

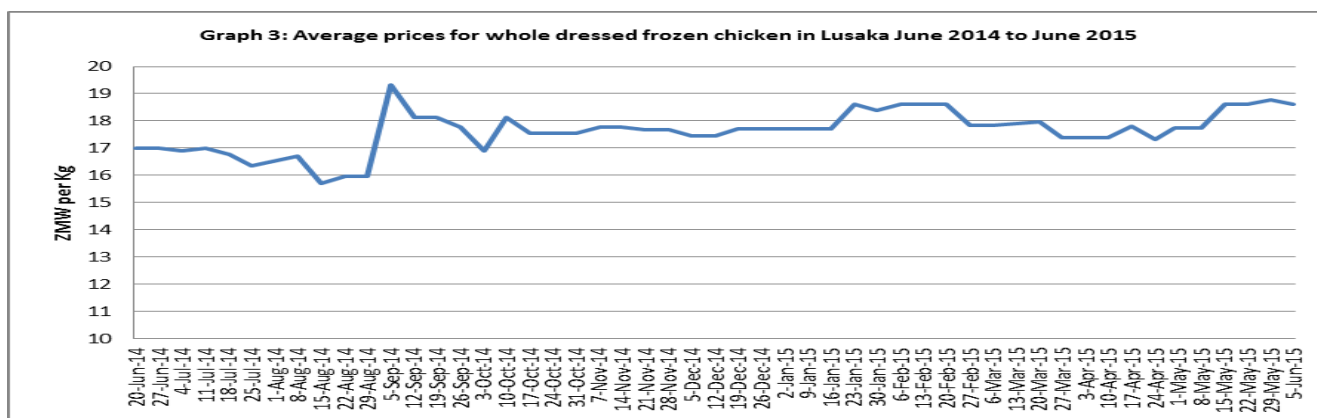
AVERAGE WHOLE DRESSED CHICKEN PRICES

Graph1 below shows average prices of whole frozen chickens in the three chain stores around in Lusaka. Spar had the highest average price last week at ZMW19.10 with the lowest and highest priced frozen whole chicken going for ZMW15.30 and ZMW22.90 respectively. On the other hand, Shoprite had the lowest average price for frozen whole chickens at ZMW17.79 while the average price for frozen whole chicken in Pick n' Pay was ZMW18.99.



Source: Poultry Association of Zambia

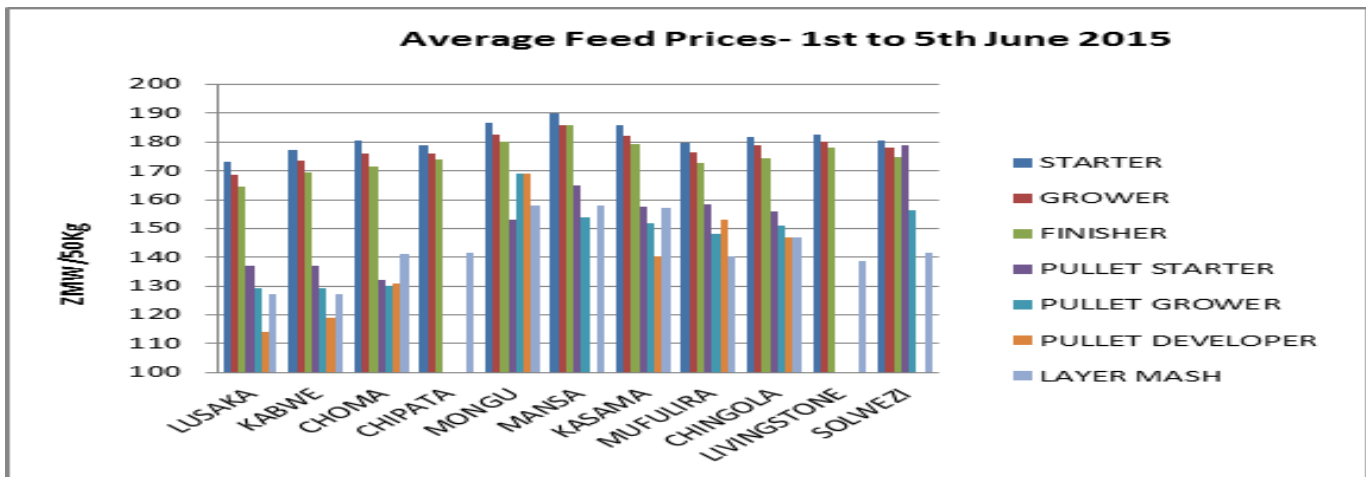
Graph2 shows the average price trend for whole frozen dressed chicken in Lusaka from June 2014 – June 2015. The graph shows that the average price of frozen whole dressed chicken had slightly declined to ZMW18.62 as of 5th June 2015.



Source: Poultry Association of Zambia

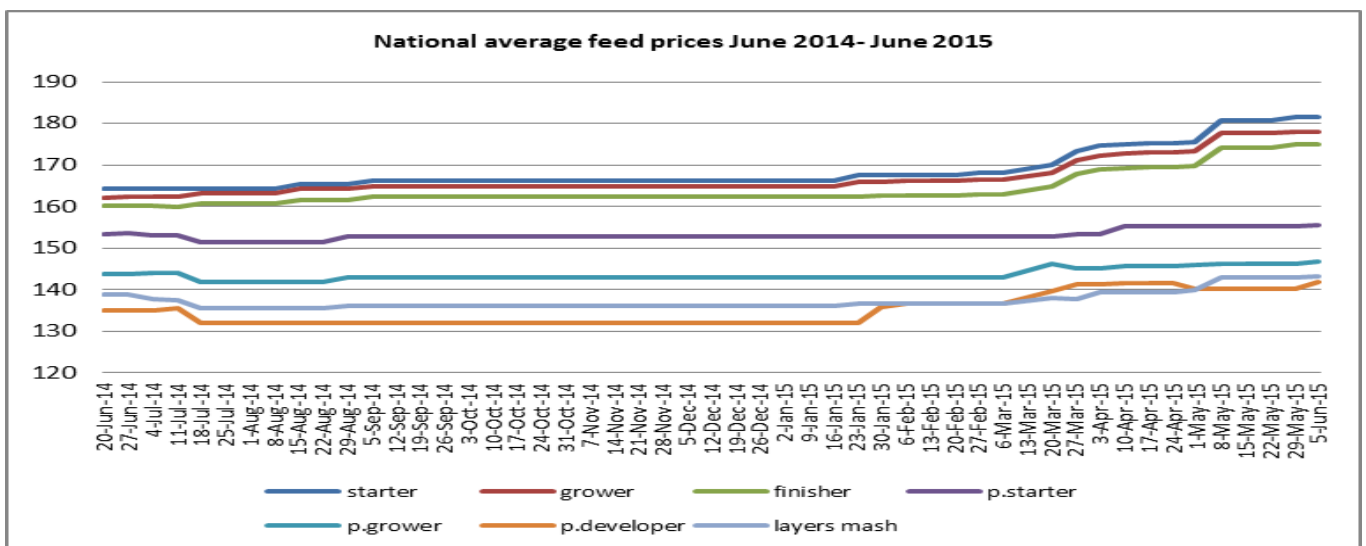
AVERAGE FEED PRICES

Graph 1 show average weekly feed prices in selected towns. The graph shows that the average poultry stock feed prices are lowest in Lusaka and Kabwe and Highest in Mongu. The graph further shows that pullet feeds are generally lower than broiler feeds.



Source: Poultry Association of Zambia

Graph 2 shows the national average price trend of feed prices from June 2014 to June 2015. The graph shows that while prices have been relatively stable the past month, there were some changes in the relative prices of some stock feed such as broiler starter and pullet developer.



Source: Poultry Association of Zambia