



THE WEEKLY AGRO WATCH



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15th June, 2015 Vol.24

Industry Updates

Highlights:

- ❖ *Fresh FMD outbreak in Namibia*
- ❖ *Sub-Sahara maize import demand forecast higher*
- ❖ *High supply expectations capping hike in crude oil prices*

South Africa Opens up to US Poultry after 15 years

The United States and South African governments met in Paris on 4-5th June 2015 where the two parties agreed on the framework to provide for renewed market access for US bone-in chicken into the South African market. In a joint press release, it was stated that the South African government would implement the framework after a public consultation process. Being cognisant of the fact that it may take some time before South Africa implemented the framework, both parties were optimistic and expressed commitment in ensuring that shipment of US Chicken to South Africa begun as soon as possible. Since 2000, South Africa has subjected US bone-in chicken to import taxes as an anti-dumping measure. South Africa has however, over the last couple of months, been under pressure of losing out on the AGOA (Africa Growth Opportunity Act) if it did not review its policy on poultry meat imports from the USA. The main objective of the Paris meeting was to address outstanding issues related to South Africa's AGOA eligibility. Other outcomes of the meeting were a firm set of actions to resolve the remaining sanitary issues in relation to poultry, pork and beef.

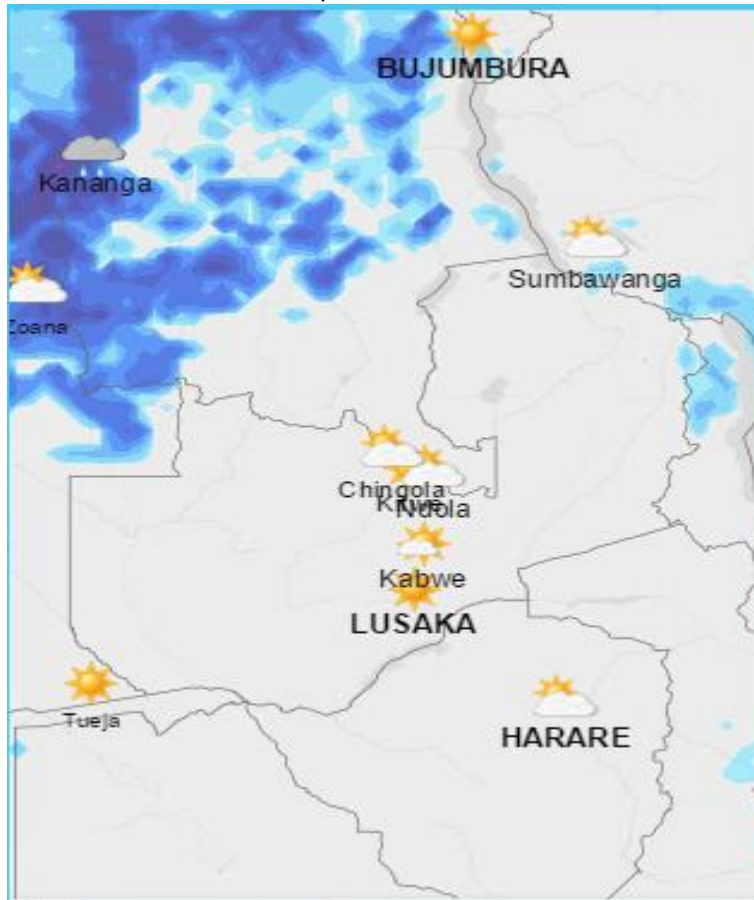
The need for both governments and industries to engage further on how to enhance production in South Africa as well as participation of the historically disadvantaged individuals (HDIs) in South Africa's poultry industry was recognized. Increased supply of chicken meat on the South African market increases the pressure for it to enlarge its export vent to other countries within the region.

Exchange Rates

CURRENCY	15/06/2015						08/06/2015					
	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)	7.24	7.39	0.587	0.599	11.26	11.48	7.18	7.32	0.58	0.59	10.95	11.18
Standard Chartered Bank	7.25	7.39	0.586	0.598	11.26	11.49	7.17	7.31	0.57	0.58	10.95	11.16
ZANACO	7.26	7.40	0.58	0.594	11.22	11.50	7.18	7.32	0.57	0.58	0.72	0.74
Bank of Zambia	7.33	7.35	0.591	0.592	-	-	7.24	7.26	0.58	0.59	11.05	11.09

Weather Forecast

The table summarizes the weather forecast for some selected towns for the period 16th – 21st June 2015.



TOWN	WEATHER SUMMARY
Ndola	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week. ➤ Average daily Temps: 11-25°C
Mkushi	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week. ➤ Average daily Temps:10-24°C
Kabwe	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for most of the week with some fair cloud cover expected on the mornings of the 20th & 21st Average daily Temps:10-23°C
Lusaka	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for most of the week with some fair cloud cover expected on the morning of the 21st. ➤ Average daily Temps:10-22°C
Mazabuka	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week. ➤ Average daily Temps: 10-26°C.

Choma	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week. ➤ Average daily Temps:9-23°C
Livingstone	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week. ➤ Average daily Temps:10-25°C
Mongu	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week. ➤ Average daily Temps: 11-26°C.
Mansa	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the 17th & 18th with partially cloudy to clear sunny skies forecast for the rest of the week. ➤ Average daily Temps: 13-26°C.
Kasama	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the 16th – 18th with the rest of the week having fairly to partially cloudy skies. ➤ Average daily Temps: 11-26°C.
Solwezi	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week save for the 20th when partially cloudy skies are expected while the 21st will have fairly cloudy skies. ➤ Average daily Temps: 12-25°C.
Chipata	<ul style="list-style-type: none"> ➤ Clear sunny skies forecast for the whole week save for the 20th and 21st when partially cloudy skies are expected ➤ Average daily Temps: 11-24°C.

Source: Norway meteorological Institute

Parity Calculations

Domestic Import Parity Prices as at 15/06/2015					
US\$/ZAR=12.44 US\$/ZMW=7.38					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		7.38	449.4	581.91	498.35
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	37.26	486.66	619.17	535.61
Mkushi	225	30.49	479.89	612.40	528.84
Ndola	250	33.88	483.28	615.79	532.23
Kitwe	250	33.88	483.28	615.79	532.23

*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.

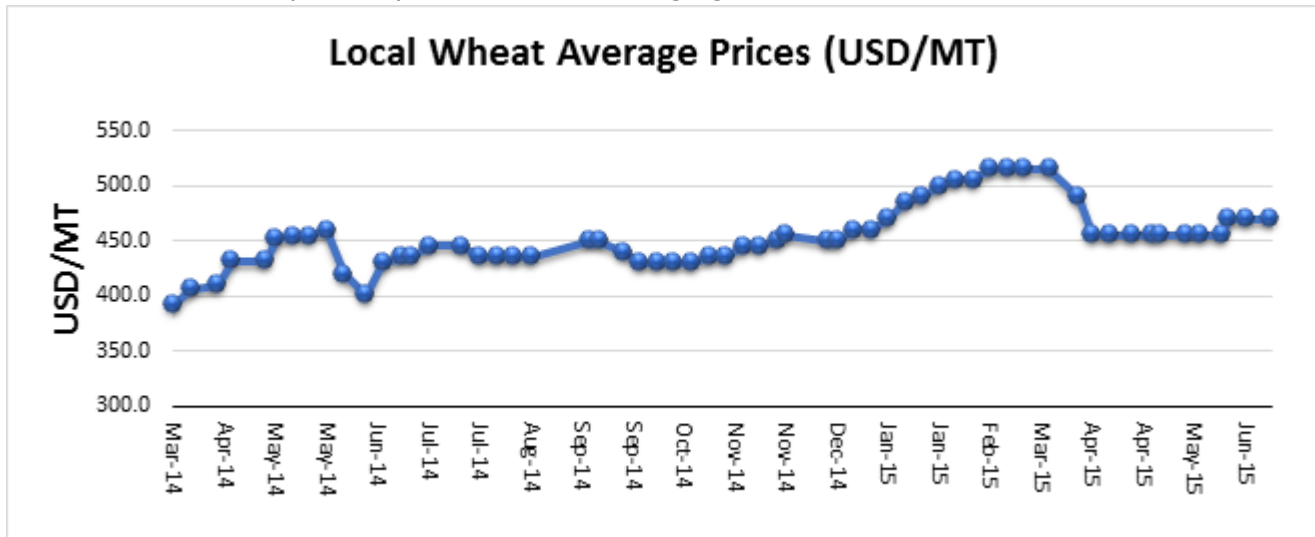
	Breakfast Meal	Roller Meal	Breakfast Meal	Roller Meal	Breakfast Meal	Roller Meal
	March '15		April '15		May '15	
Mbala	70	52.5				
Petauke	68	47	65	45		
Lusaka	68	48	63	45	63	45
Sesheke	71	54	53	52		
Kasama	75.33	57.33	75.33	57.33		
Livingstone	67	54	61.3	43	65	49
Solwezi	73	56	68	51	68	50.4
Kawambwa	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

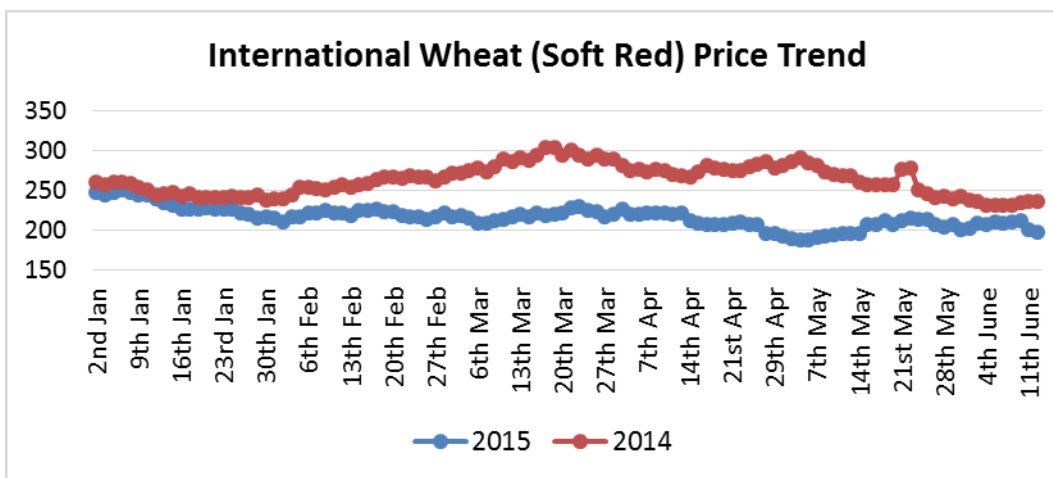
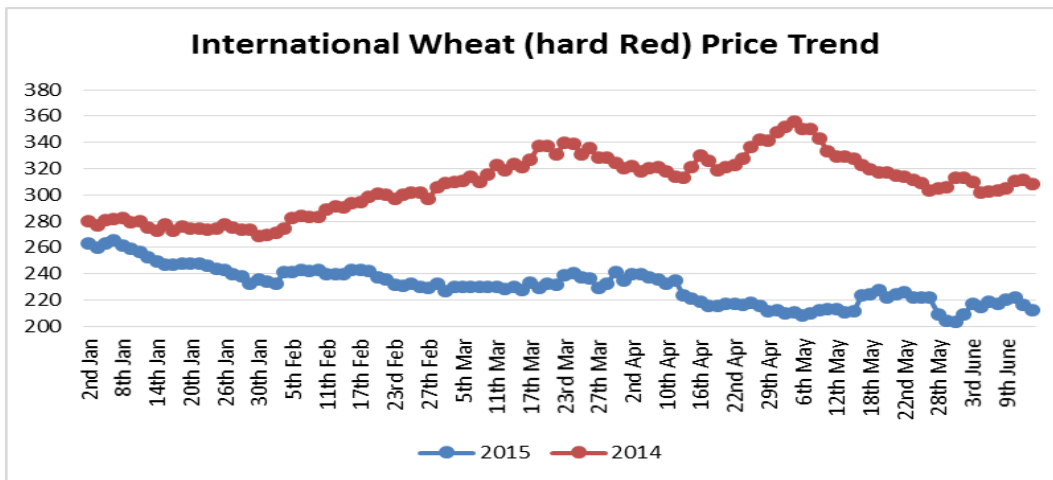
- USDA data reveals that the Middle East, North Africa and Sub-Sahara Africa are the major regions that are driving up global trade in wheat. Meanwhile the US share of global trade has reduced over the last 3 years due to the relatively lower priced supplies from the European Union, Russia and Ukraine.
- The Russian government set a new export tax effective 1st July with the aim of prohibiting a soar in the country's exports should the Russian Rouble depreciate steeply. The new tax is set at 50 percent of the customs price per tonne minus 5,500 roubles (≈\$100), but not less than 50 roubles per tonne. Local wheat prices in Russia are around 10,000 roubles/ton (≈US\$182).
- South Africa's Wheat exports destined for Zambia totalled 25,918MT by the week ending 5th June 2015.
- The Chicago soft red wheat future price for delivery in July 2015 were hovering around US\$ 179.38/MT on 15th June 2015.
- Local wheat offer prices by traders were averaging US\$470/ton on 12th June 2015.



Source: ZNFU, 4455 Market Price Information System

Price trends

The Safex international soft red and hard red wheat averaged US\$205.72/ton and US\$217.57/ton respectively in the week ending 12th June 2015. In comparison to the previous week, both soft red and hard red recorded price increments of 0.26% and 2.31% respectively.

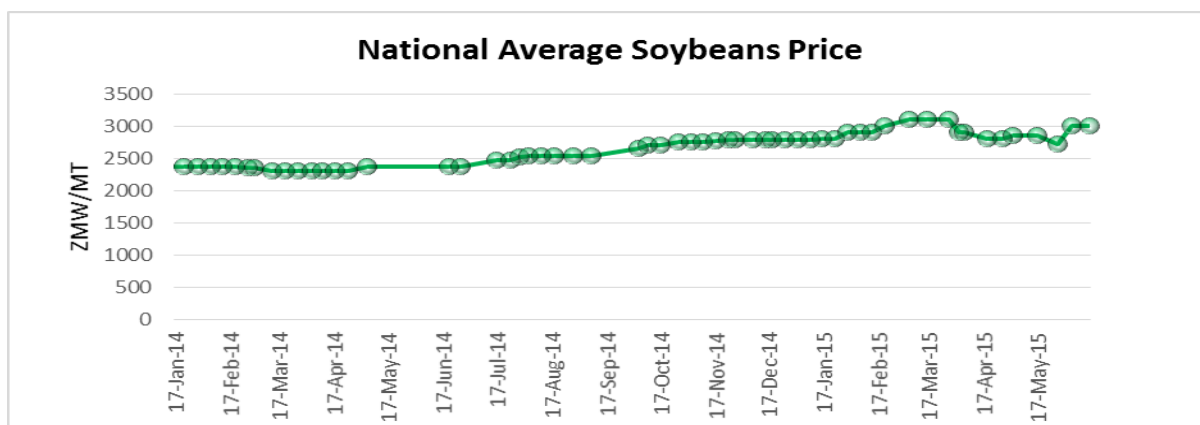


Source: Safex

Soya Beans

Highlights

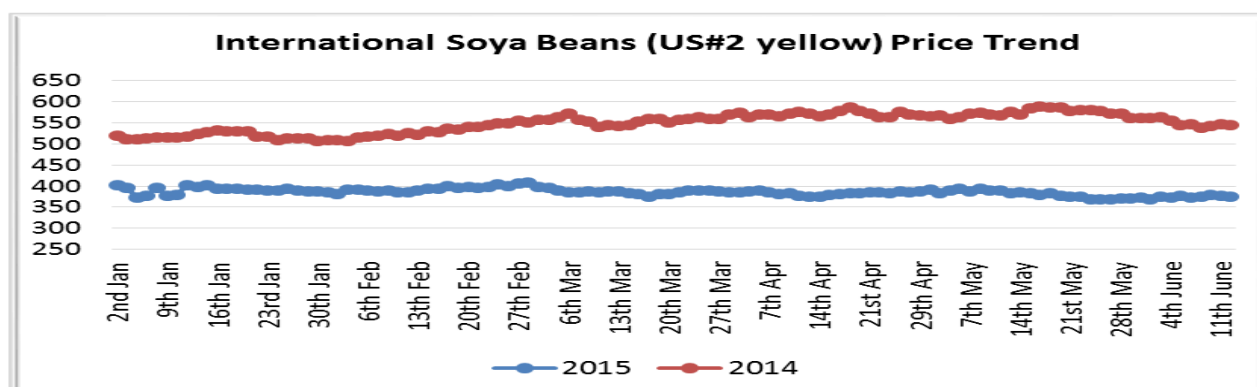
- The latest USDA report confirms the increasingly positive market sentiments on the global soya beans crop. The expected 2015/16 crop is just about 753,000MT below the previous years' production. Meanwhile soybean meal production, at global level, is expected to rise in the 2015/16 year due to rising consumption demand.
- Malaysia's palm oil inventories were estimated 3 percent higher than the April 2015 inventories due to increased output. The Malaysian Palm Oil Council (MPOC) that price drops will be curbed by possible supply disruptions due to the existing El Nino.
- Soya beans for July 2015 delivery on Chicago Mercantile Exchange were hovering around US\$344.15/ton on 15th June 2015.
- Soybeans offer prices by traders as captured by the ZNFU 4455 price information system were averaging K3.0/Kg in the week ending 12th June, 2015.



Source: ZNFU, 4455 Market Price Information System

Price trends

International prices of US No. 2 yellow soya beans on Safex traded higher by 0.70 percent and averaged US\$376.10/ton during the week ending 12th June. All prices are fob gulf.

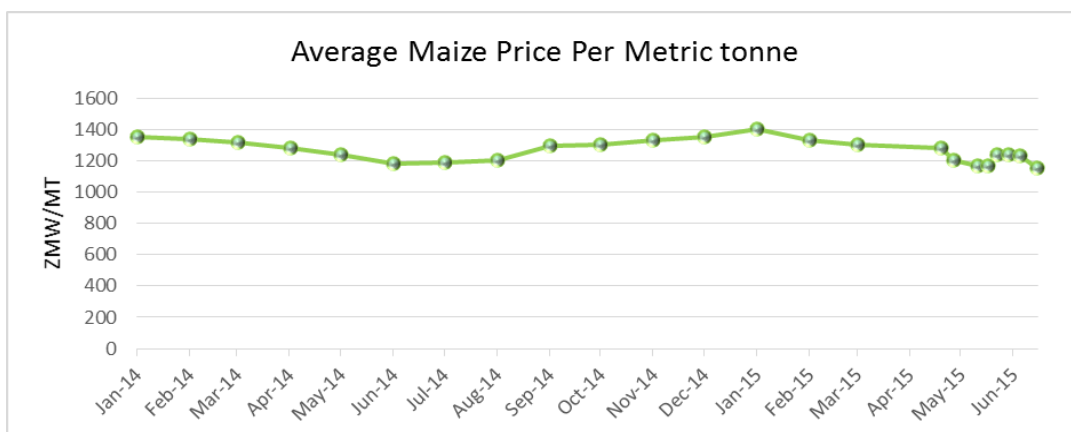


Source: Safex

Maize

Highlights

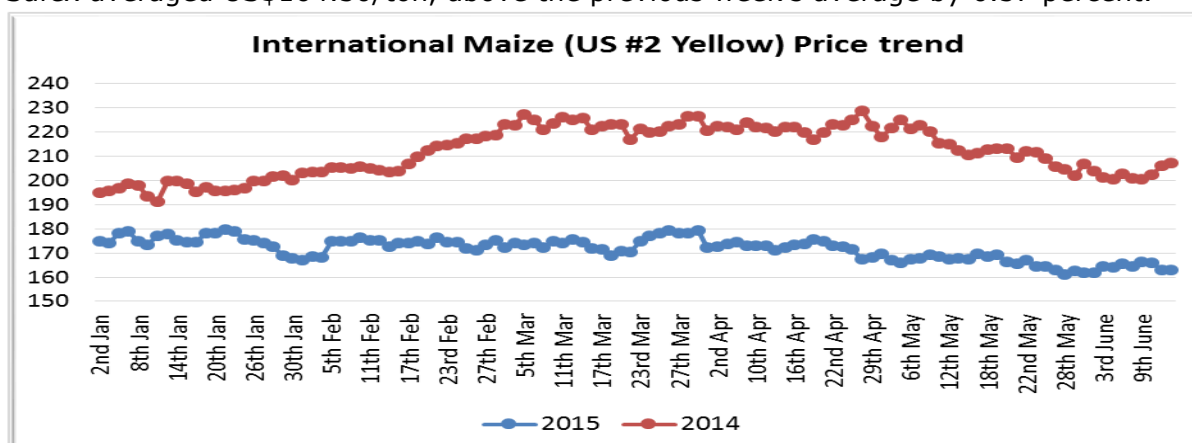
- Sub-Saharan Africa's maize import demand has been forecast higher by USDA to 3.35 million tons in the 2015/16 year. North Africa is also expected to record some substantial increase in imports. The high import demand will keep regional prices elevated.
- The Chicago maize futures price for delivery in July 2015 was pegged at US\$ 137.40/MT on 8th June 2015.
- Local maize offer prices by traders averaged ZMW1, 154/ton in the week ending 12th June 2015 according to the ZNFU market price information system.



Source: ZNFU, 4455 Market Price Information System

Price trends

During the week ending 12th June 2015, international maize fob prices as recorded by Safex averaged US\$164.50/ton, above the previous week's average by 0.57 percent.



Source: Safex

Cotton

Highlights

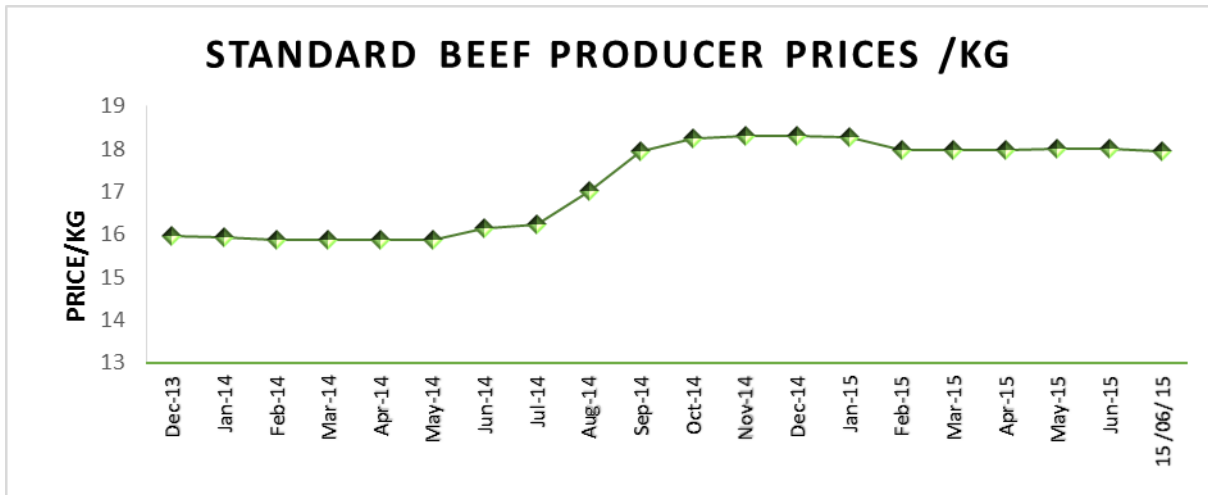
- Burkina Faso is targeting to increase its 2015/16 cotton crop to 800,000 tons despite the low international prices. The largest producer of the fibre in sub-Saharan Africa had an output of around 707 000 according to Burkina's Inter-professional Cotton Association.
- Meanwhile global imports of cotton for the 2015/16 year are forecast lower mainly on account of reduced Chinese import demand.
- Cotton prices for July delivery on the New York market were pegged at US\$0.6393/pound (\approx US\$1.41/kg) on 8th June, while Cotlook "A" index prices were pegged at US\$0.7225/pound (\approx US\$1.59/kg) by midday.

Beef

- Namibia has recorded new cases of foot and mouth disease outbreaks in Ohangwena Province, North of the country. After six years of silence, the country recorded its first cases of FMD in January 2015 close to the Angola and Botswana

borders. This was followed by outbreaks in Ohangwena province in May where new cases were confirmed last week. Ohangwena is close to the Angolan borders.

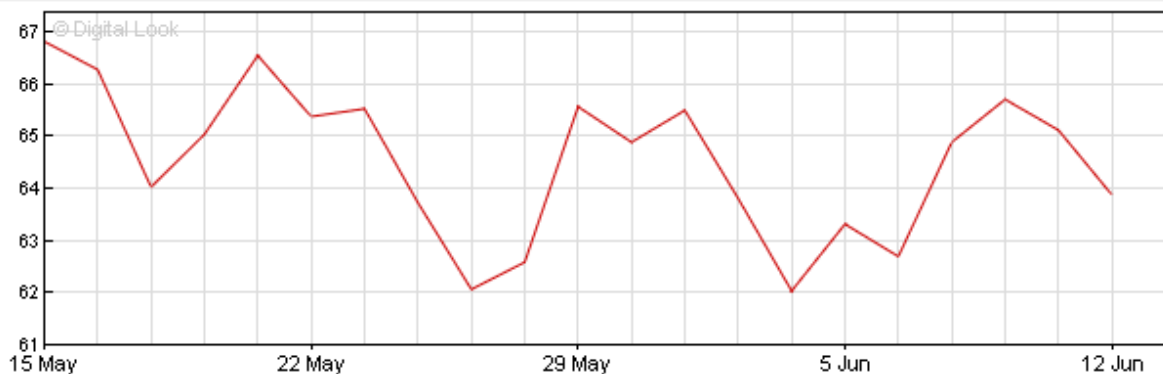
- The Namibian auction prices for weaners were around ZAR 17.38/kg (\approx ZMW10.4/kg) for weaners while heifers were auctioned for about ZAR14.80/kg (\approx ZMW8.88/kg) in the week ending 12th June 2015.
- Local beef dressed weight offer prices by traders were averaging ZMK17.96/Kg in the week ending 12th June 2015.



Crude oil

- High supply expectations have continued to exert a gravitational pull to international crude oil prices.
- Brent crude oil prices settled at US\$64/ barrel while WTI was pegged at US\$62.49/barrel on 15th June 2015 at 17:00hrs CAT.
- Oman’s settlement price for August delivery was around US\$62/barrel by midday on 15th June 2015.

Brent Crude Oil Futures \$/barrel



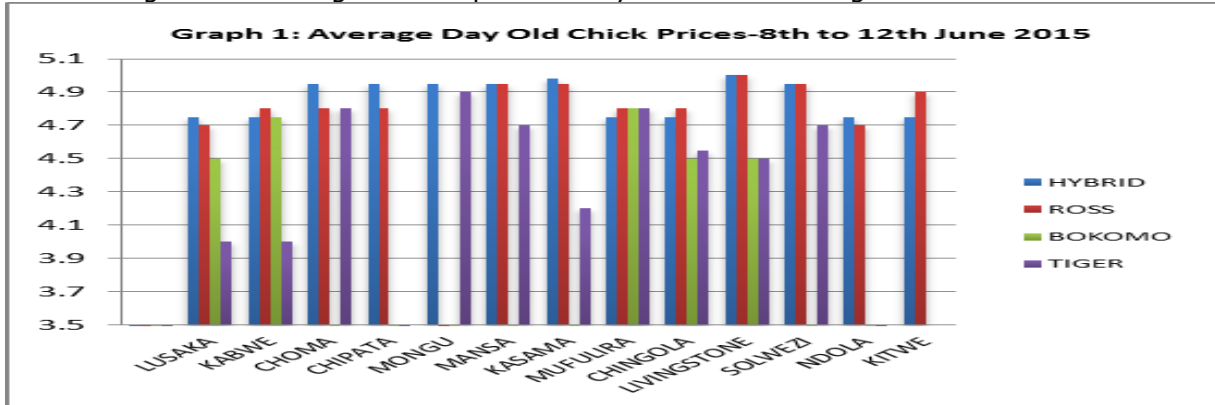
Source: BBC Business, 2015

Poultry prices for the week ending 12th June 2015

DOMESTIC POULTRY PRICES

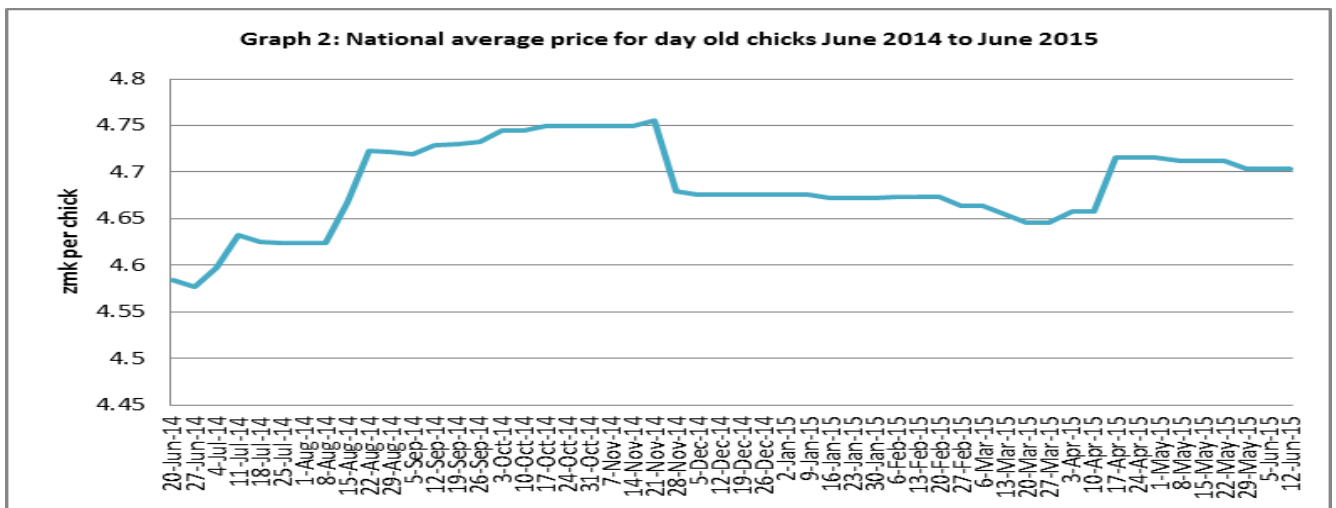
AVERAGE DAY OLD CHICK PRICES

Graph1 shows the price of different breeds of day old chicks in selected towns. There were no significant changes in the price of day old chicks during the course of the week.



Source: Poultry Association of Zambia

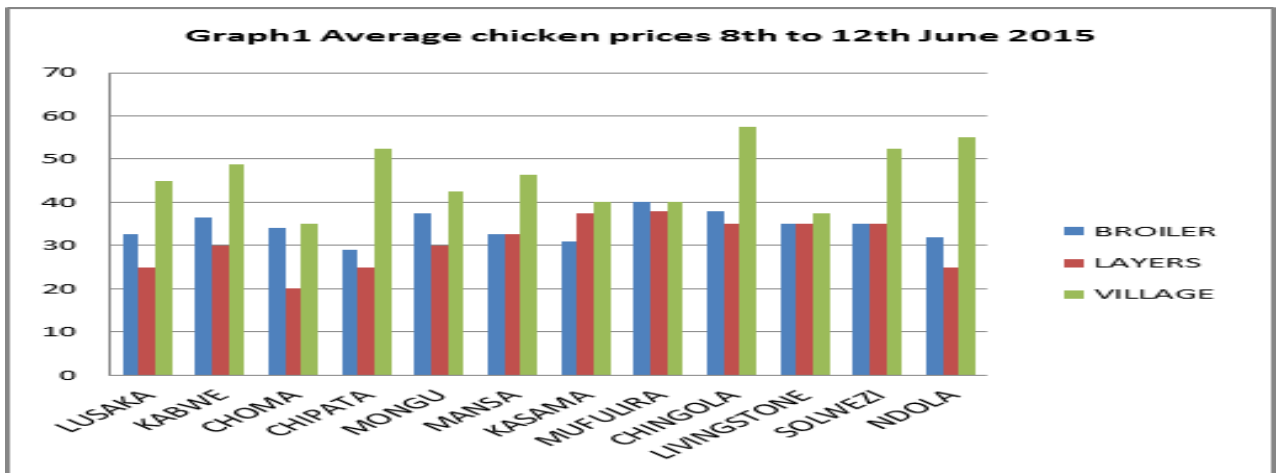
Graph 2 shows the national average price trend for day old chicks from June 2014 to June 2015. The graph shows that since 29th May, the national average price of day old chicks has been static.



Source: Poultry Association of Zambia

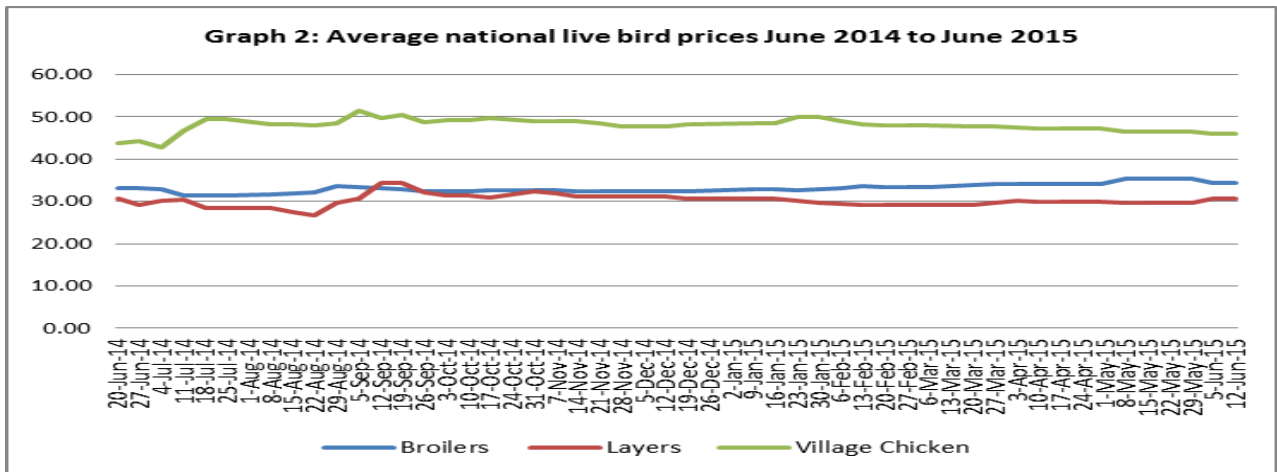
AVERAGE LIVE BIRDS PRICES

Graph1 below shows the average live bird prices in selected towns. The graph shows that Mufulira had the highest average price for both broilers and ex-layers while Chingola had the highest average price for Village Chicken. Choma had the lowest price for both village chicken and ex-layers while Chipata had lowest average price for broilers among the towns displayed.



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 average national price of village chicken, ex-layers and broilers as of 12th June 2015 was ZMW46.04, ZMW30.67 and ZMW34.42 respectively.



Source: Poultry Association of Zambia

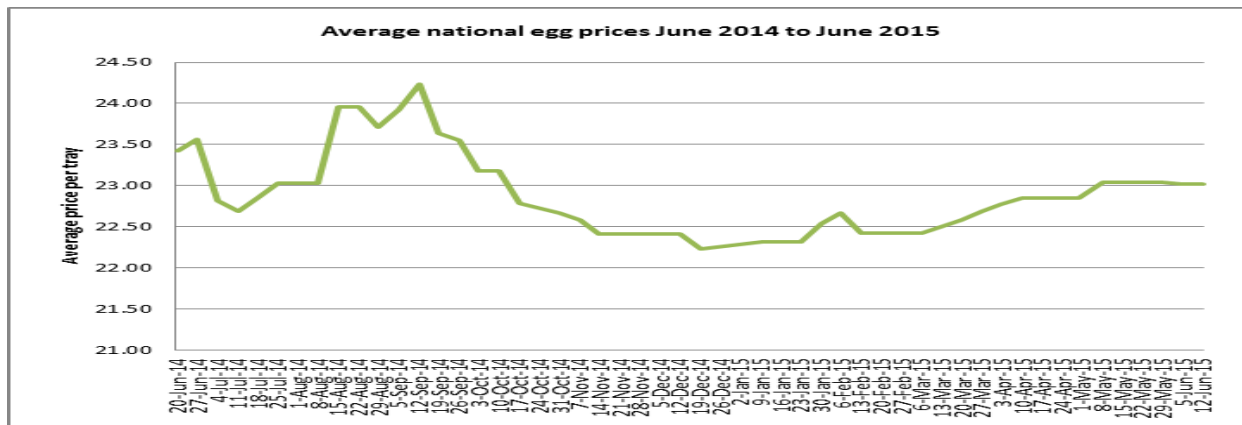
AVERAGE EGG PRICES

Graph 1 below shows average retail prices of a tray of table eggs in selected provincial centres around the country. The graph shows that at ZMW25.5, Kasama had the highest average egg price while Lusaka has the lowest average egg price at ZMW20.5 per tray.



Source: Poultry Association of Zambia

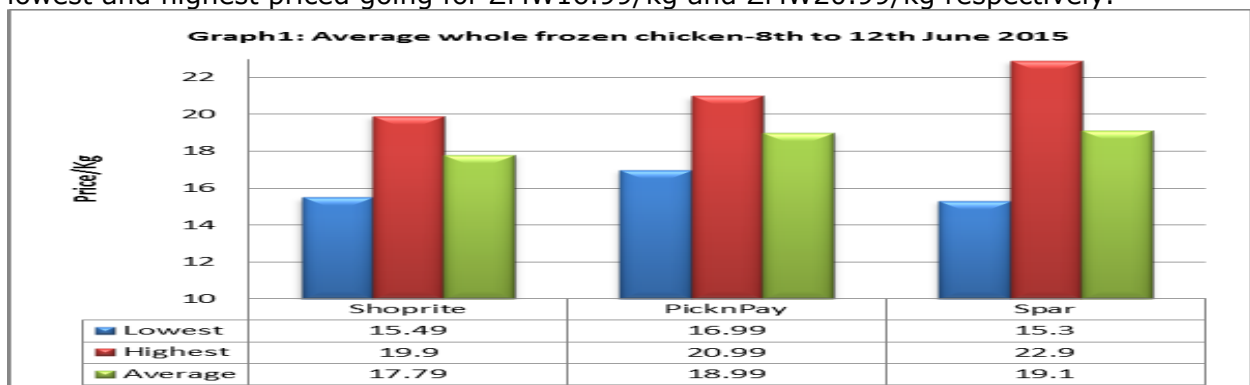
Graph 2 shows the price trend for a tray eggs from mid-June 2014 to June 2015. The national average egg price as of 12th June 2015 was ZMW23.02.



Source: Poultry Association of Zambia

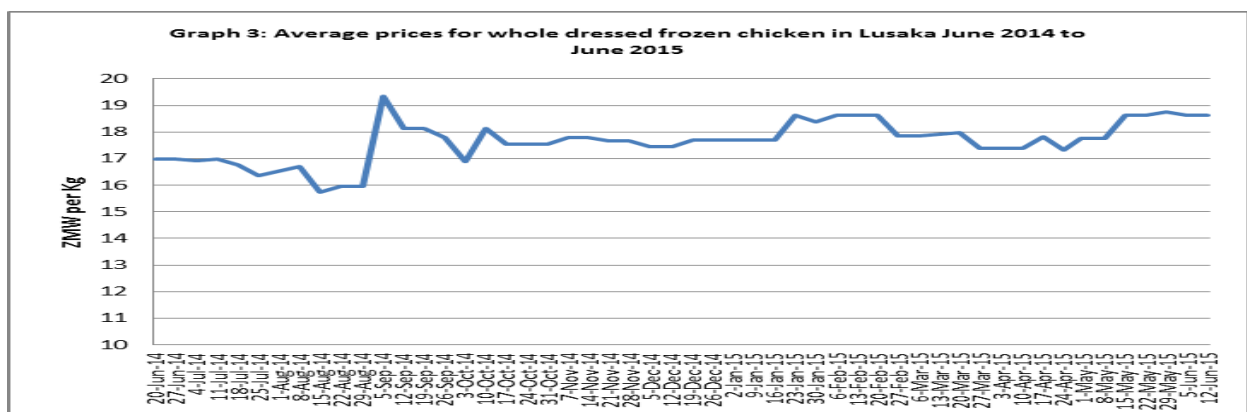
AVERAGE WHOLE DRESSED CHICKEN PRICES

Graph1 below shows average prices of whole frozen chickens in the three chain stores around Lusaka. Shoprite had the lowest average price for frozen whole chickens at ZMW17.79. On the other hand, Spar had the highest average price at ZMW19.10/Kg. The average price for frozen whole chicken in Pick n' Pay was pegged at ZMW18.99 with the lowest and highest priced going for ZMW16.99/kg and ZMW20.99/kg respectively.



Source: Poultry Association of Zambia

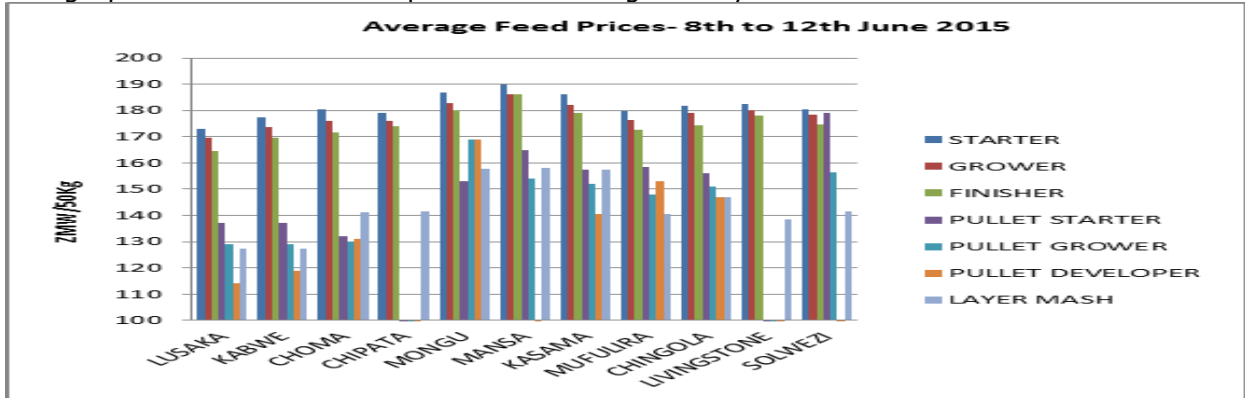
Graph3 shows the average price trend for whole frozen dressed chicken in Lusaka from June 2014 – June 2015. The average price of frozen whole dressed chicken as of 12th June 2015 was ZMW18.63/kg.



Source: Poultry Association of Zambia

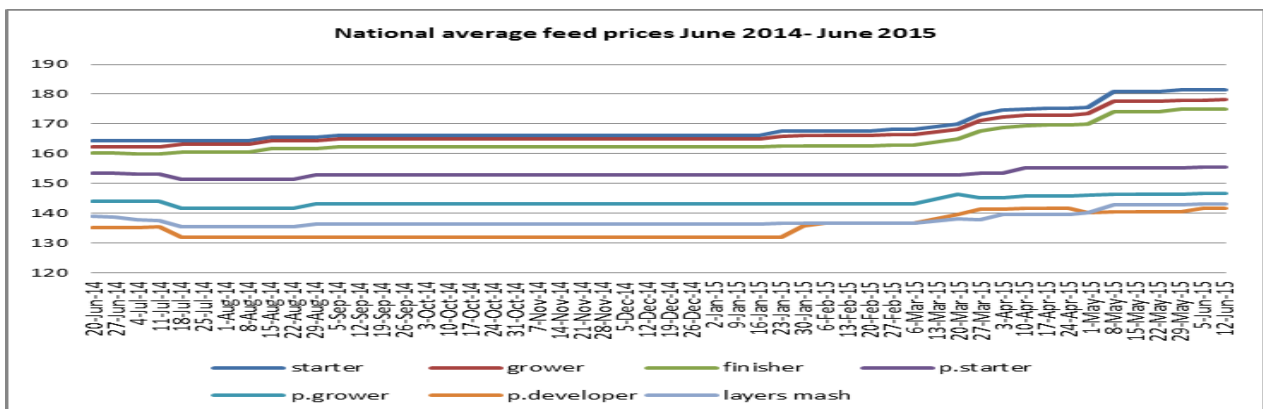
AVERAGE FEED PRICES

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 average national price of most feeds remained stable the past few weeks.



Source: Poultry Association of Zambia



Look out for the *Zambian Farmer TV Programme* every Monday at 18:25 hours on ZNBC TV1