



# THE WEEKLY AGRO WATCH



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22<sup>nd</sup> June, 2015 Vol.25

## Industry Updates

### Highlights:

- ❖ *Zambian maize export market stretching to China*
- ❖ *Kwacha hits US\$7.5/ZMW mark*

### ZAMBIA'S PUBLIC DEBT HITS US\$8.5 BILLION

Zambia's public debt currently stands at US\$8.5 billion which translates to 32% of the Gross Domestic Product (GDP). External debt stands at US\$4.8 billion accounting for 18.5% while domestic debt stands at US\$3.7 billion. This was revealed by the Minister of Finance recently in parliament during his 2015 midyear economic and budget review statement.

In order to meet budget deficit, the Minister of Finance indicated his intention to request parliament to increase the ceiling of external borrowing from K35 Billion to K60 billion. Government has further revised the country's growth projections from the initial 7% to 5.8 percent. The Minister of

Finance has attributed this downward revision to slow growth of the mining and agricultural sectors due to unforeseen circumstances.

### Free Trade Area Launched....Zambia yet to sign

The Tripartite Free Trade Area comprising SADC, EAC and COMESA states was finally launched on 10<sup>th</sup> June 2015 in Egypt. The Tripartite Free Trade Area has four objectives aimed at maximizing utilization of the abundant resource base of the region and these include to:

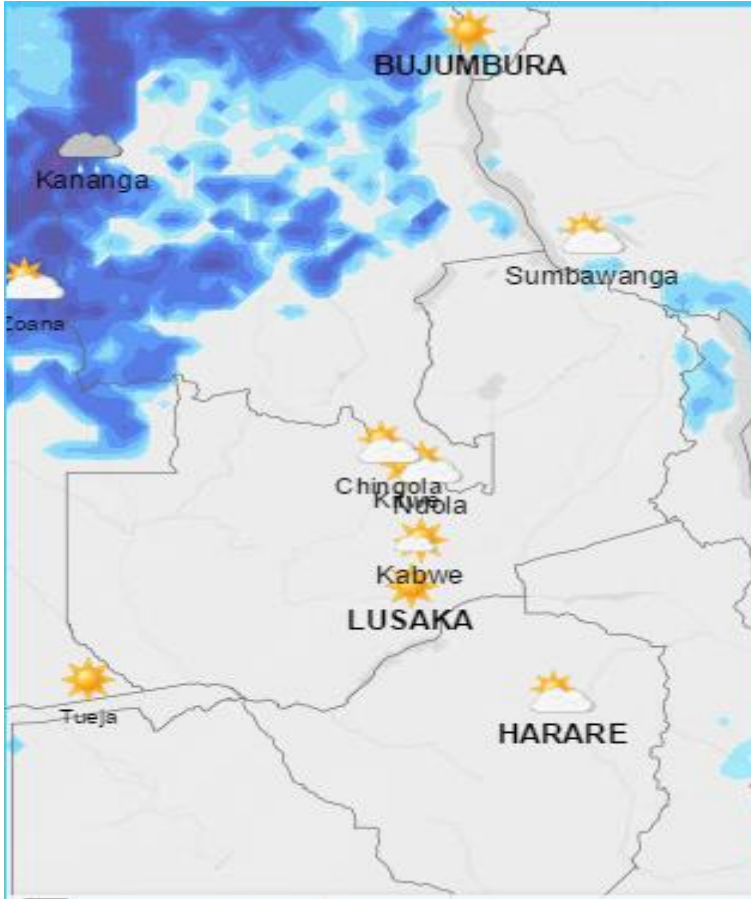
- Create a large single market with free movement of goods and services to promote intra-regional trade,
- Promote economic and social development of the tripartite region,
- Enhance regional and continental integration processes, and
- Build a strong Tripartite Free Trade Area for the benefit of the people of the region.

16 member states out of the total 26 had signed the Agreement establishing the SADC-EAC-COMESA Free Trade Area. The list of members/partner states that had signed the grand free trade area agreement include: Angola, Burundi, Comoros, DR Congo, Djibouti, Egypt, Kenya, Malawi, Namibia, Rwanda, Seychelles, Sudan, Tanzania, Uganda, Swaziland and Zimbabwe. However, the SAC-EAC-COMESA FTA will not enter into force until the agreement is ratified by a minimum of 14 member/partner states. Currently the SADC-EAC-COMESA FTA has not been ratified by any member and this could take some time before the minimum required number of 14 ratifications is achieved.

Zambia together with other countries such as South Africa, Botswana, Mozambique, Ethiopia and Eritrea have not yet signed the SADC-EAC-COMESA Free Trade Area.

## Weather Forecast

The table summarizes the weather forecast for some selected towns for the period 23<sup>rd</sup> – 29<sup>th</sup> June 2015. Generally, the gap between the minimum and maximum temperatures is expected to widen in most districts.



TOWN	WEATHER SUMMARY
Ndola	<ul style="list-style-type: none"> <li>➤ The 23<sup>rd</sup> will be partly cloudy with the rest of the week having clear sunny skies save for the 28<sup>th</sup> &amp; 29<sup>th</sup> when it will be fairly cloudy in the afternoon.</li> <li>➤ Average daily Temps: 13-27<sup>o</sup>C</li> </ul>
Mkushi	<ul style="list-style-type: none"> <li>➤ The 23<sup>rd</sup> will be partly cloudy and 24<sup>th</sup> fairly cloudy in the afternoon with the rest of the week having clear sunny skies.</li> <li>➤ Average daily Temps:10-27<sup>o</sup>C</li> </ul>
Kabwe	<ul style="list-style-type: none"> <li>➤ Fairly cloudy skies forecast for the morning of the 23<sup>rd</sup> and afternoon of the 25<sup>th</sup> with the rest of the week having clear sunny skies.</li> <li>Average daily Temps:9-27<sup>o</sup>C</li> </ul>

Lusaka	<ul style="list-style-type: none"> <li>➤ Fairly cloudy skies forecast for the morning of the 25<sup>th</sup> with the rest of the week having clear sunny skies.</li> <li>➤ Average daily Temps:9-25<sup>o</sup>C</li> </ul>
Mazabuka	<ul style="list-style-type: none"> <li>➤ Clear sunny skies forecast for the whole week.</li> <li>➤ Average daily Temps: 10-27<sup>o</sup>C.</li> </ul>
Choma	<ul style="list-style-type: none"> <li>➤ Clear sunny skies forecast for the whole week save for the 27<sup>th</sup> when it is expected to be fairly cloudy.</li> <li>➤ Average daily Temps:8-26<sup>o</sup>C</li> </ul>
Livingstone	<ul style="list-style-type: none"> <li>➤ Clear sunny skies forecast for the whole week.</li> <li>➤ Average daily Temps:11-29<sup>o</sup>C</li> </ul>
Mongu	<ul style="list-style-type: none"> <li>➤ Clear sunny skies forecast for the whole week save for the 27<sup>th</sup> &amp; 28<sup>th</sup> when it will be fairly cloudy.</li> <li>➤ Average daily Temps: 11-30<sup>o</sup>C.</li> </ul>
Mansa	<ul style="list-style-type: none"> <li>➤ Partly cloudy skies forecast for the 23<sup>rd</sup> &amp; 26<sup>th</sup> and the 24<sup>th</sup> &amp; 25<sup>th</sup> are expected to be fairly cloudy with the rest of the week having clear sunny skies.</li> <li>➤ Average daily Temps: 12-27<sup>o</sup>C.</li> </ul>
Kasama	<ul style="list-style-type: none"> <li>➤ Fairly to partially cloudy skies forecast for the 23<sup>rd</sup>-26<sup>th</sup> with the rest of the week having clear sunny skies.</li> <li>➤ Average daily Temps: 12-26<sup>o</sup>C.</li> </ul>
Solwezi	<ul style="list-style-type: none"> <li>➤ The week is mostly forecast to be sunny with expectations of fairly to partially cloudy skies.</li> <li>➤ Average daily Temps: 10-27<sup>o</sup>C.</li> </ul>
Chipata	<ul style="list-style-type: none"> <li>➤ Clear sunny skies forecast for the 28<sup>th</sup> &amp; 29<sup>th</sup>. The 25<sup>th</sup> and afternoon of the 23<sup>rd</sup> are expected to be cloudy with the rest of the week being fairly to partially cloudy</li> <li>➤ Average daily Temps: 13-26<sup>o</sup>C.</li> </ul>

Source: Norway meteorological Institute

## Exchange Rates

CURRENCY	22/06/2015 (BOZ 19/06/15)						15/06/2015					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Buyin g	Selling	Buyin g	Selling g	Buyin g	Selling g	Buyin g	Selling g	Buyin g	Selling g	Buyin g	Selling g
<b>First National</b>	7.35	7.50	0.61	0.62	11.6 6	11.90	7.24	7.39	0.587	0.599	11.26	11.48
<b>Standard Chartered</b>	7.34	7.49	0.61	0.62	11.6 7	11.90	7.25	7.39	0.586	0.598	11.26	11.49
<b>ZANACO</b>	7.34	7.48	0.60	0.62	11.6 4	11.91	7.26	7.40	0.58	0.594	11.22	11.50
<b>Bank of Zambia</b>	7.41	7.43	0.60 6	0.60 7	11.7 6	11.80	7.33	7.35	0.591	0.592	-	-

## Parity Calculations

Domestic Import Parity Prices as at 22/06/2015					
US\$/ZAR=12.26 US\$/ZMW=7.50					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		7.5	461.87	596.62	491.49
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	36.67	498.54	633.29	528.16
Mkushi	225	30.00	491.87	626.62	521.49
Ndola	250	33.33	495.20	629.95	524.82
Kitwe	250	33.33	495.20	629.95	524.82

\*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	
Soya Beans	471.37-505.5
Wheat	349.5-427.5
Maize	252.5-320.25

## Local Mealie Meal Prices

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

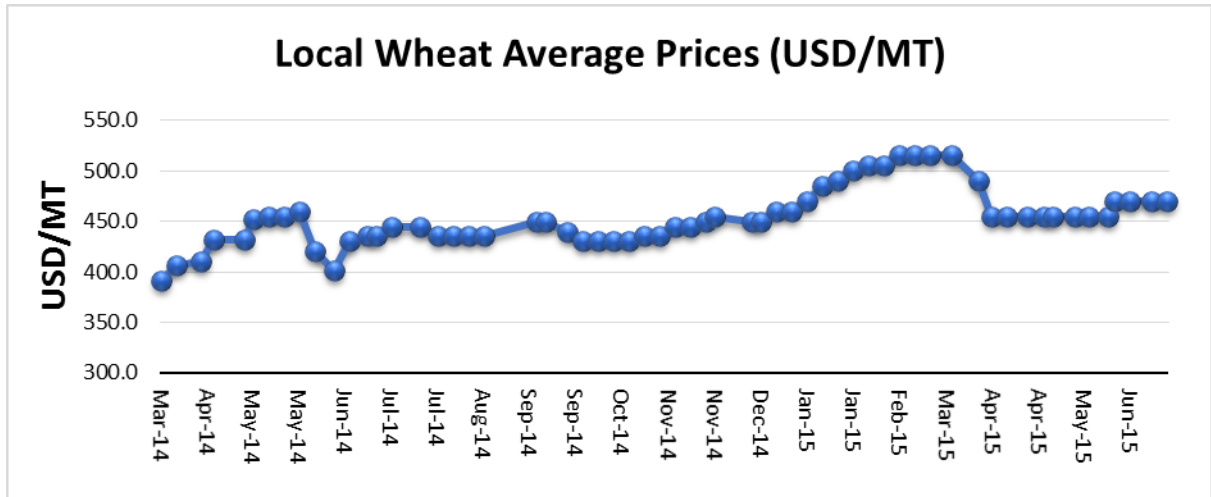
	Breakfast Meal(25kg)	Roller Meal (25kg)	Breakfast Meal(25kg)	Roller Meal (25kg)	Breakfast Meal(25kg)	Roller Meal (25kg)	Breakfast Meal(25kg)	Roller Meal (25kg)
	March '15		April '15		May '15		June '15	
Mbala	70	52.5						
Petauke	68	47	65	45				
Lusaka	68	48	63	45	63	45	63.5	47
Sesheke	71	54	53	52				
Kasama	75.33	57.33	75.33	57.33				
Livingstone	67	54	61.3	43	65	49	65.9	47.43
Solwezi	73	56	68	51	68	50.4		
Kawambwa	75	65	69	62	72	60	69.25	58.33
Kabompo	84				85	65		
Mpika	71	68			74.25	56.67		
Ndola	61.38	51.13			65	55	67.5	54.75
Katete	67	-	67	-	67.33	-	67.33	-
Mazabuka					65	47.2		
Choma					63	48		

Source: ZNFU Regional Offices

## Wheat

### Highlights

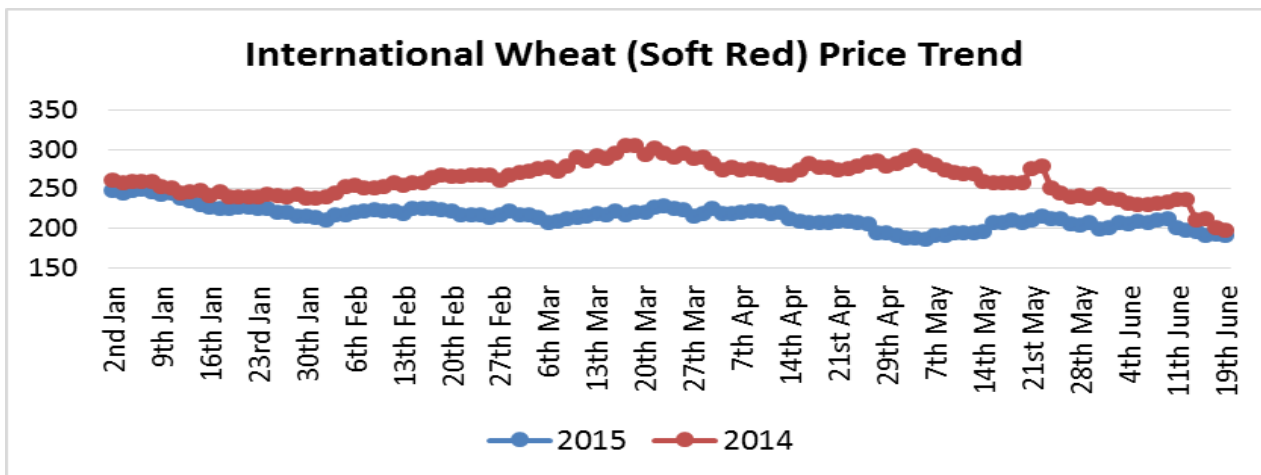
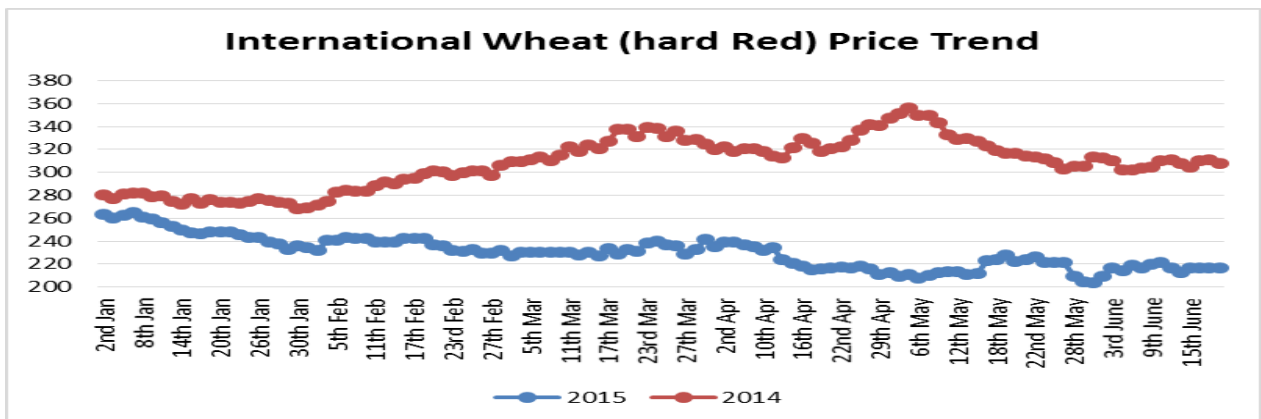
- Ukraine's wheat supply for the 2015/15 year is forecast to reduce by 4 percent to 23 million tons due to lower yields despite increase in area planted. The country's exports have been projected to fall slightly as well by the USDA to 11 million tons from the previous 11.3 million tons.
- Meanwhile as pessimism amounts over the quality of the US wheat currently being harvested, optimism is growing over France harvesting a better quality grain in 2015 and hence solidifying the prospects of the EU maintaining its position as the world's largest exporter of wheat. The unclear and fluctuation Russian wheat export policy as well as the weakening Euro are likely to result in increased exports from the region.
- South Africa's Wheat exports destined for Zambia totalled 28,238MT by the week ending 12<sup>th</sup> June 2015.
- The Chicago soft red wheat future price for delivery in July 2015 were hovering around US\$ 179.68/MT on 20<sup>th</sup> June 2015.
- Local wheat offer prices by traders have stagnated and were averaging US\$470/ton during the week 19<sup>th</sup> June 2015.



Source: ZNFU, 4455 Market Price Information System

### Price trends

The Safex international soft red and hard red wheat averaged US\$193.25/ton and US\$216.60/ton respectively in the week ending 19<sup>th</sup> June 2015. In comparison to the previous week, both soft red and hard red recorded price falls of 6.07% and 0.45% respectively. All prices are fob US gulf.

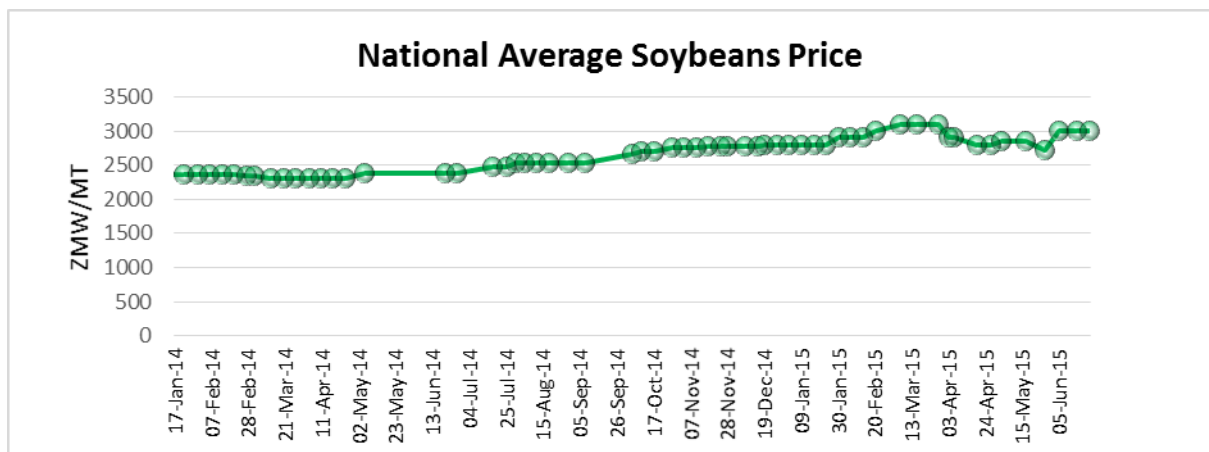


Source: Safex

## Soya Beans

### Highlights

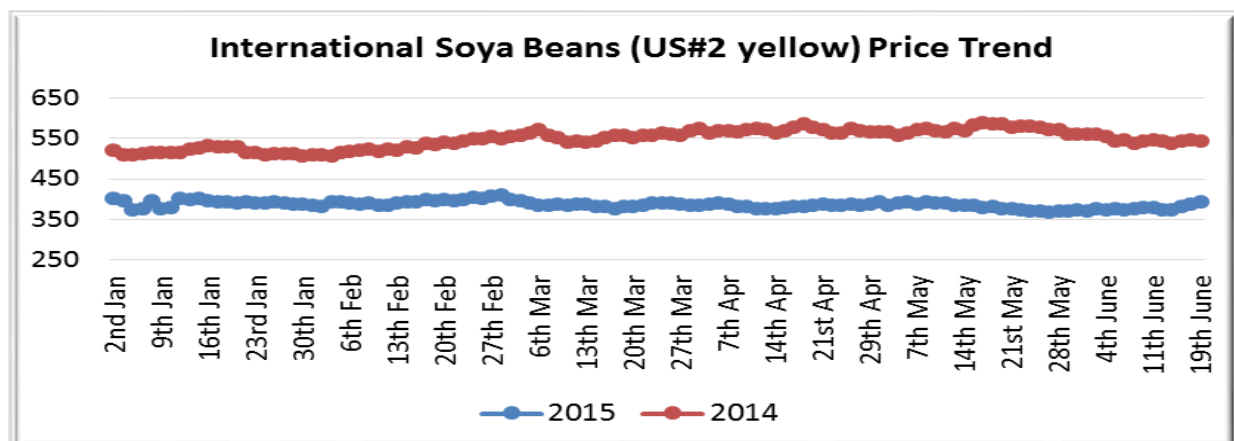
- Since the removal of the import duty of bulk vegetable oils, Nigeria's imports of edible oils have maintained an upward path with oil world estimating the country's annual increases in consumption at 100,000-200,000 metric tons. While the country consumes mainly palm oil with its consumption exceeding local supply, soya beans oil contributes about 20 % to the total national utilization. USDA further reports that Nigerian local crushers are unable to satisfy local soya meal and oil demand as the Boko Haram Insurgency is negatively affecting production of the oilseed.
- Soya beans for July 2015 delivery on Chicago Mercantile Exchange were hovering around US\$356.78/ton on 20<sup>th</sup> 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 19<sup>th</sup> 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 2.15 percent and averaged US\$384.17/ton during the week ending 19<sup>th</sup> June. All prices are fob US gulf.



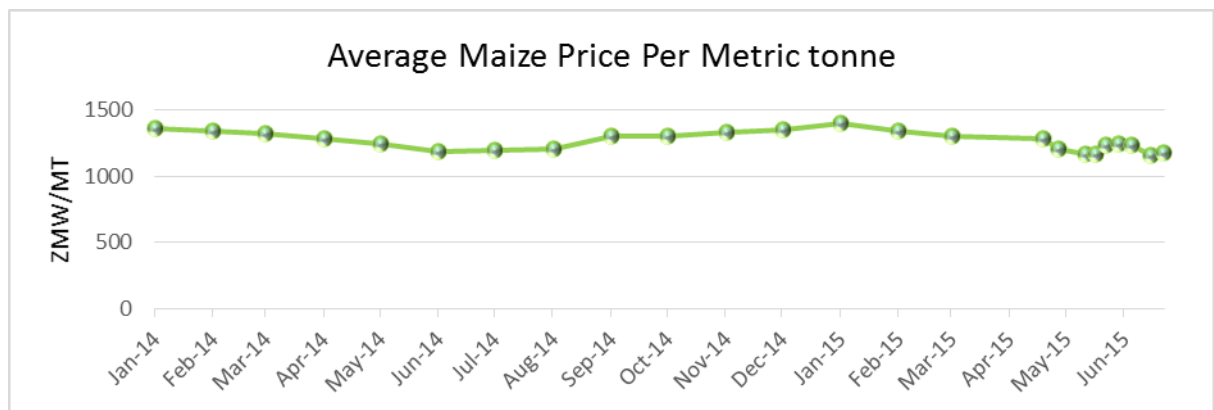
Source: Safex



## Maize

### Highlights

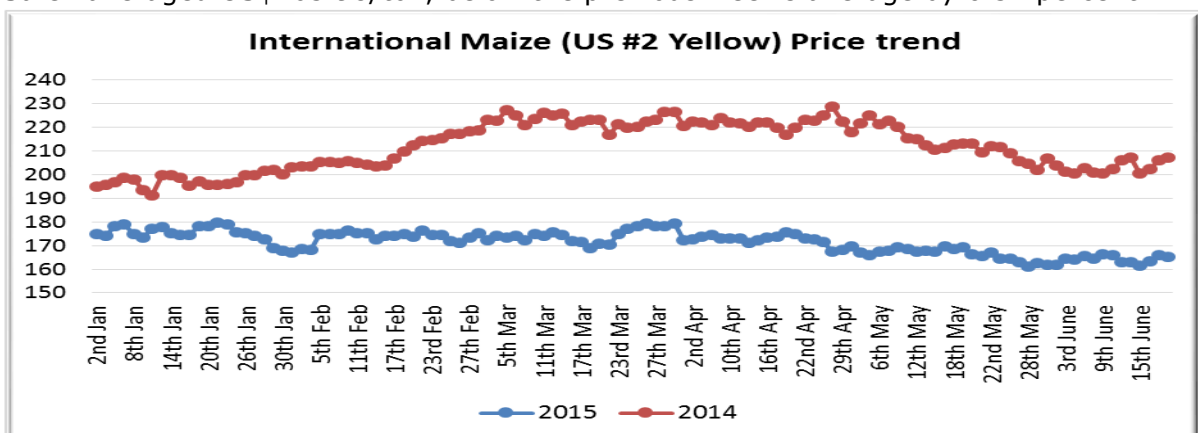
- Reduced harvests and high export demand have continue to spiral upwards maize prices in East Africa with Nairobi prices pegged at US\$ 370/ton on 12<sup>th</sup> June by the Regional Agricultural Trade Intelligence Network (RATIN). Bujumburu, Burundi had the highest prices in the East African region of around US\$390/ton while Kampala, Uganda posted the lowest prices at an average of US\$284/ton.
- Zambia's maize exports for the month of May 2015 totalled 36,153.87 tons up from the previous month's total of 30,858.33 metric tons according to customs data. The export destinations of the formally exported in the month of April were China, Namibia and Mozambique while May exports were destined for South Africa, Namibia, Mozambique and Zimbabwe.
- The Chicago maize futures price for delivery in July 2015 was pegged at US\$ 149.41/MT on 20<sup>th</sup> June 2015.
- Local maize offer prices by traders averaged ZMW1, 176/ton in the week ending 19<sup>th</sup> June 2015 according to the ZNFU market price information system.



Source: ZNFU, 4455 Market Price Information System

### Price trends

During the week ending 19<sup>th</sup> June 2015, international maize fob prices as recorded by Safex averaged US\$163.98/ton, below the previous week's average by 0.32 percent.



Source: Safex

## Cotton

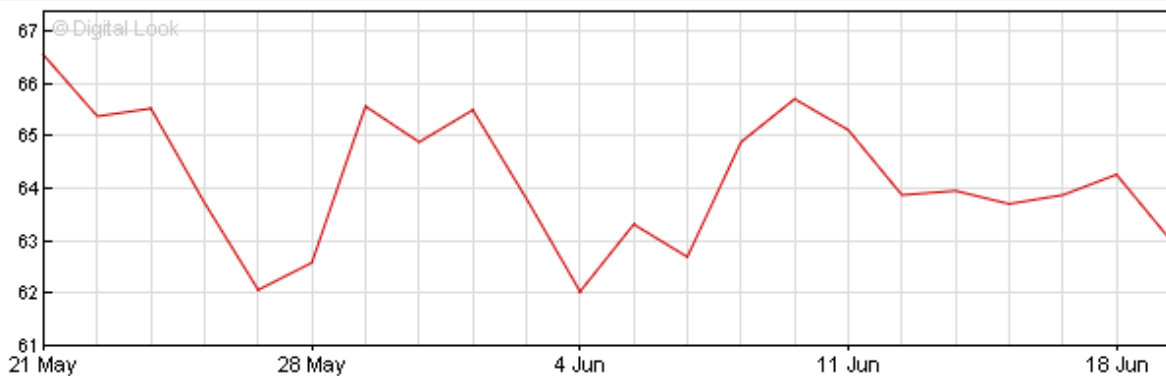
### Highlights

- Chinese May 2015 raw cotton imports of 163,000 tons are about 15% lower than the imports recorded in May 2014. According to Cotlook, Cumulative imports during the international cotton statistical season (commencing August 1, 2014) to the end of May totalled slightly in excess of 1,537,000 tonnes, or roughly one million tonnes less than during the corresponding period a year earlier. China, the world's largest cotton importer, is cutting back on its imports with a view of liquidating its stockpiles. This is having a ripple effect of reducing global trade in cotton with large producers such as India noticing drops in their export record. The International Cotton Advisory Council has forecast a 45 percent drop in China's cotton imports for the 2014/15 year. The rise in imports outside China are likely to moderate the drop in global imports to 12 percent below the previous season's trade.
- Cotton prices for July delivery on the new York market were pegged at US\$0.6342/pound ( $\approx$ US\$1.40/kg) on 20<sup>th</sup> June, while Cotlook "A" index prices were pegged at US\$0.72/pound ( $\approx$ US\$1.58/kg) by 15:35 CAT on 19<sup>th</sup> June 2015.

## Crude oil

- U.S oil rigs recorded another decline for the 28<sup>th</sup> straight week last week to the lowest level since August 2010. Despite the fall in crude oil inventories of the US last week in comparison to the previous week, they were still up by 81.6 million barrels on a year-on-year comparison according to the US. Energy Information Administration and hence supported the fall in the average price of crude oil last week.
- Brent crude oil prices settled at US\$62.89/ barrel while WTI was pegged at US\$63.15/barrel on 19<sup>th</sup> June 2015.
- Oman's settlement price for August delivery was around US\$61.80/barrel around 6:43 PM CAT on 21<sup>st</sup> June 2015.

### Brent Crude Oil Futures \$/barrel



Source: BBC Business, 2015

## ALERTS!!!

- Soya Beans Seed Cleaner wanted. For more information contact Kobus Smith on 0966 764 351



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