



THE WEEKLY AGRO WATCH



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10th August, 2015 Vol.31

Industry Updates

Highlights:

- ❖ *Maize leads in NTE export earnings*
- ❖ *Wheat crop under stress*
- ❖ *New chicks hit market*
- ❖ *Monthly imports of dairy products*

International Food Prices at six year Low

The July 2015 food prices hit the lowest monthly value since September 2009 according to the Food and Agriculture Organization (FAO). The July 2015 Food Price index averaged 164.6 points, down 1.4 points from the June 2015 index and almost 40 points below the July 2014 index. The main factor behind this drop were the sharp decreases in international prices of dairy products and vegetable oils last month. While the July 2015 cereal prices showed some slight appreciation in comparison to the previous month, they were still 18.7 points lower than the July 2014 prices. The price of sugar also increased while the prices of meat generally held steady.

Exchange Rates

CURRENCY	10/08/2015						04/08/2015 (BoZ 31/07/2015)					
	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)	7.79	7.94	0.62	0.63	12.07	12.31	7.78	7.94	0.62	0.63	12.14	12.39
Standard Chartered Bank	7.79	7.94	0.62	0.63	12.06	12.30	7.56	7.75	0.60	0.62	11.85	12.09
ZANACO	7.77	7.92	0.61	0.62	12.99	12.30	7.80	7.96	0.61	0.63	12.11	12.42
Bank of Zambia	7.84	7.86	0.614	0.616	12.13	12.16	7.65	7.67	0.605	0.607	11.97	12.00

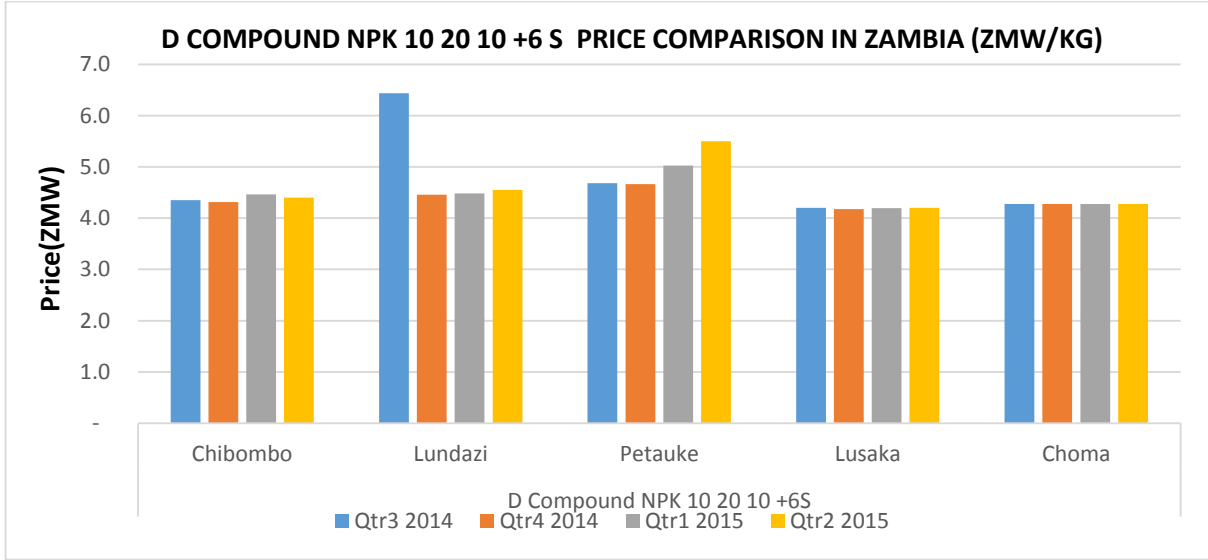
Parity Calculations

Domestic Import Parity Prices as at 11/08/2015					
US\$/ZAR=12.72 US\$/ZMW=7.94					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		7.94	465.74	600.03	482.16
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	34.63	500.37	634.66	516.79
Mkushi	225	28.34	494.08	628.37	510.50
Ndola	250	31.49	497.23	631.52	513.65
Kitwe	250	31.49	497.23	631.52	513.65

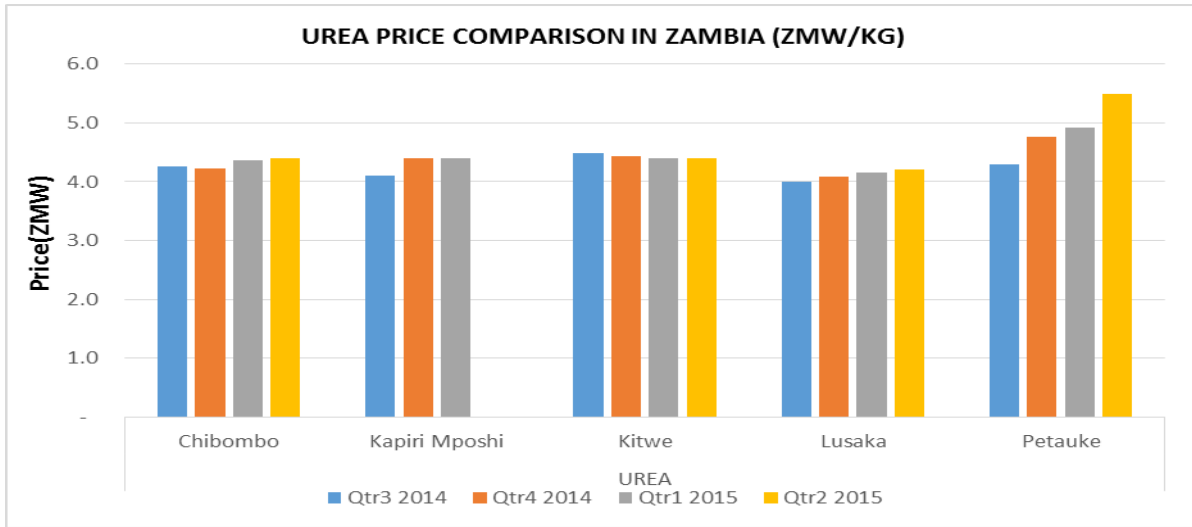
Export Parity Price Ranges (EPP)Harare-Lusaka	
Soya Beans	486-505
Wheat	330-427.5
Maize	213-320

Fertilizer Prices

The charts below highlight fertilizer prices over the last four quarters.



Source: AMITSA

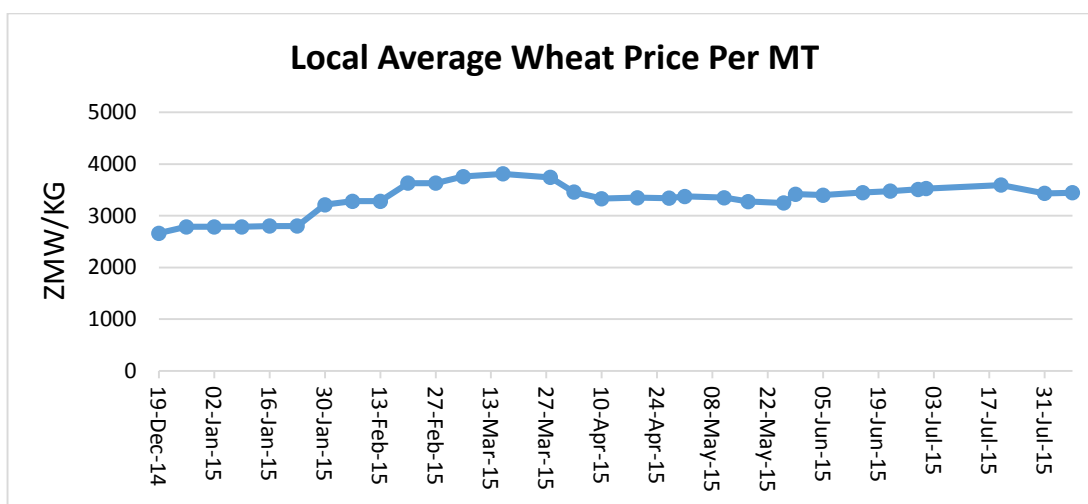


Source: AMITSA

Wheat

Highlights

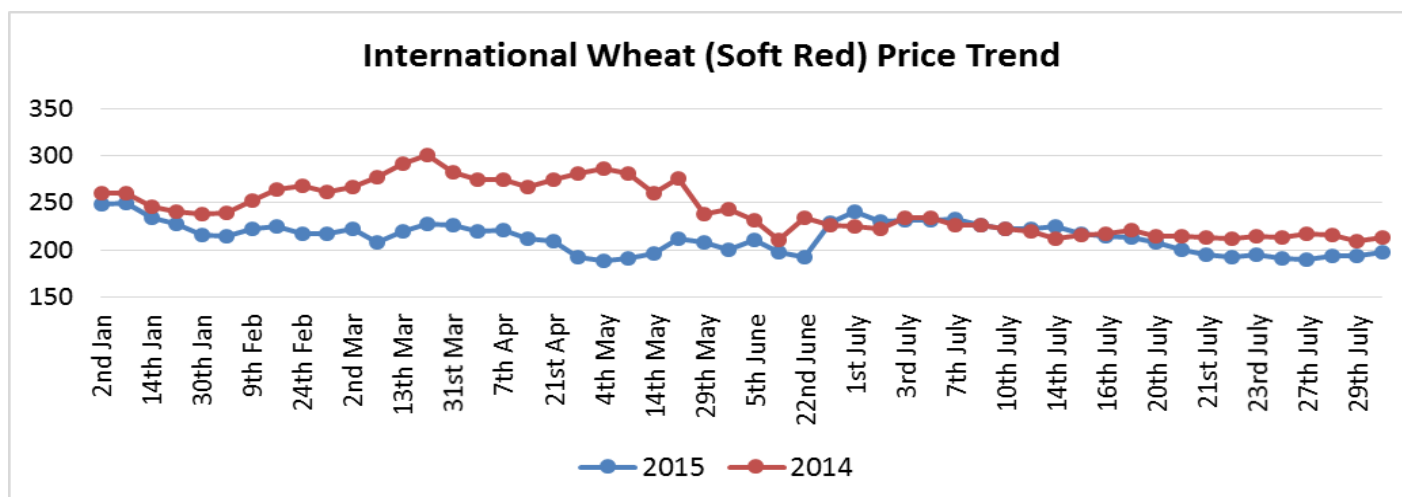
- Sudan has reduced the country's subsidy on wheat import purchases by raising the US dollar exchange rate. Sudan's Central Bank justified its decision by stating that wheat imports were not benefitting its locals and instead benefitting the exporting countries.
- Back home, Issuance of Wheat import permits by the Ministry of Agriculture and Livestock has been suspended as the 75,000 tons allocation has been satisfied. Indications are that some stakeholder's might request for an additional wheat import allocation. This would however greatly disturb the local wheat market as in about two months' time, the new crop from the local producers will start hitting the market.
- As at 31st July, South Africa recorded a total of 47,181MT of wheat as destined for the Zambian market. Wheat imports registered as at end of July by ZRA were just over 57,000tons.
- The Chicago soft red wheat future price for delivery in September 2015 were hovering around US\$ 193.27/MT on 10th August 2015.
- Local wheat offer prices by traders were averaging ZMW3, 445 /ton during the week ending 7th August 2015.

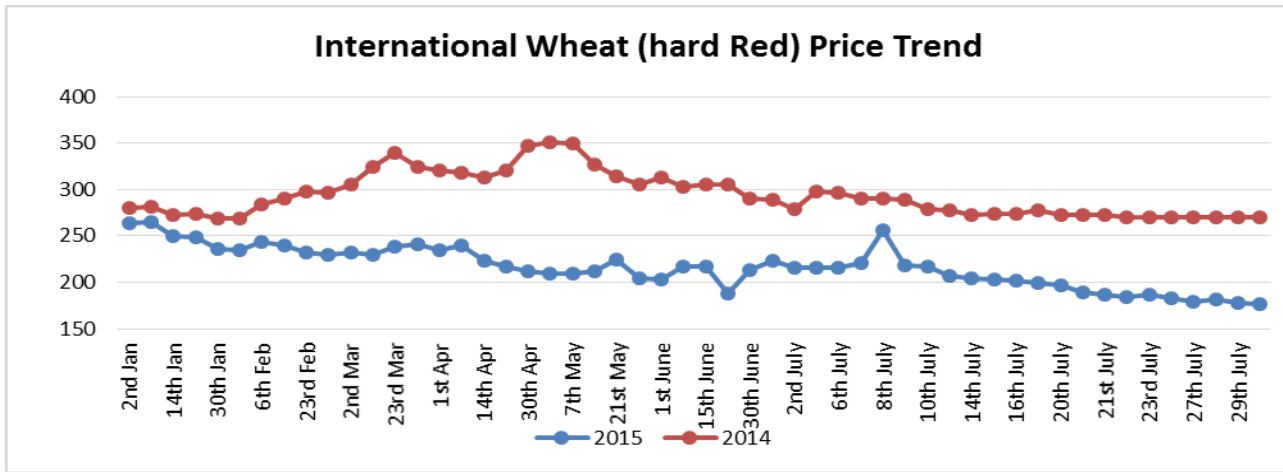


Source: ZNFU, 4455 Market Price Information System

Price trends

The Safex international soft red and hard red wheat averaged US\$196.67/ton and US\$176.02/ton respectively in the week ending 7th August 2015. In comparison to the previous week, soft red prices rose by 1.94% while hard red prices fell by 2.14 percent. All prices are fob US gulf.



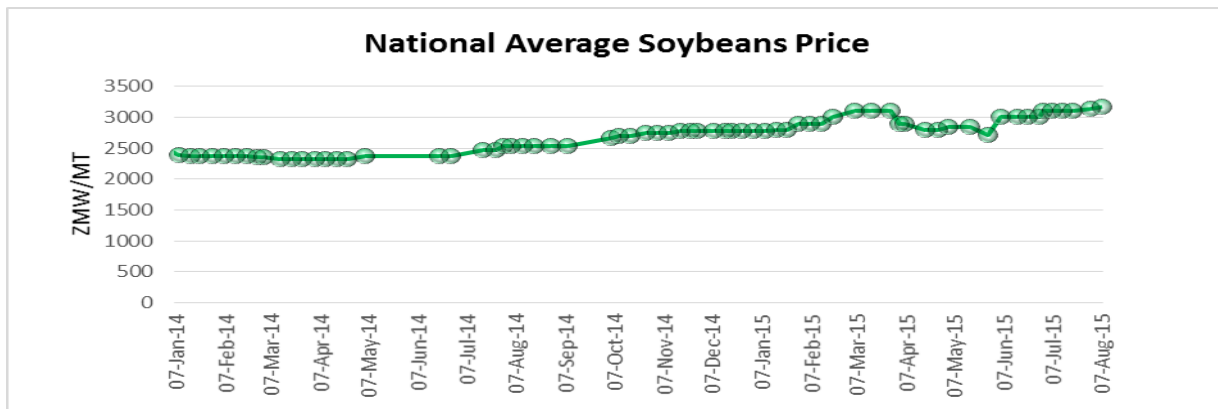


Source: Safex

Soya Beans

Highlights

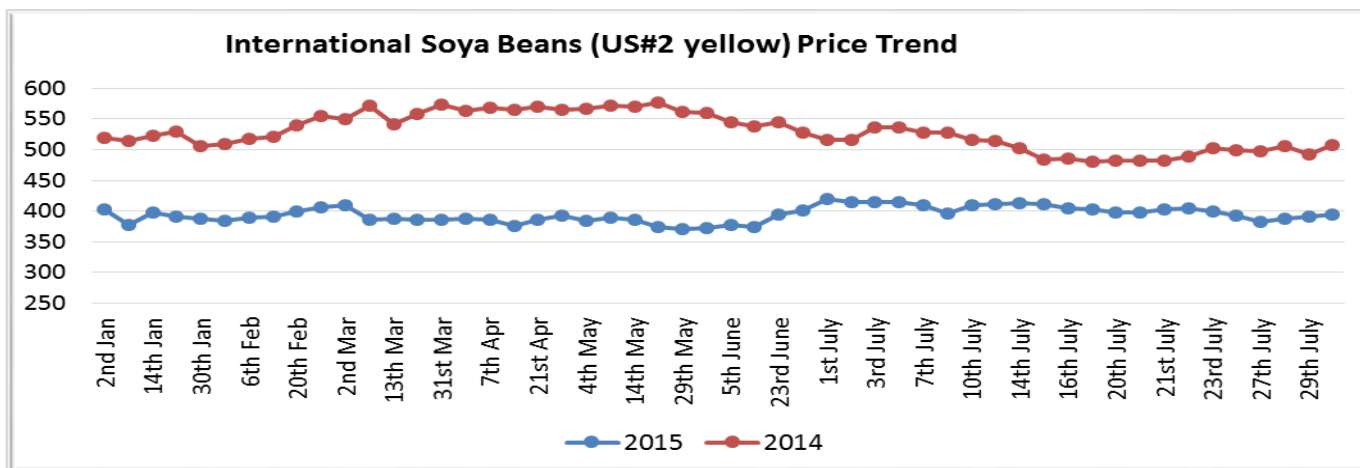
- According to media reports, the Indian government will for the first time this year purchase oilseeds and pulses directly from the farmers' in a bid to boost local production and achieve self-sufficiency in edible oils over the next five years. India is currently the largest importer of vegetable oils with annual imports pegged at 14.38 million tons by USDA.
- Soya beans for September 2015 delivery on Chicago Mercantile Exchange were hovering around US\$367.07/ton on 10th August 2015.
- Soybeans offer prices by traders as captured by the ZNFU 4455 price information system were averaging ZMW3, 166/ton in the week ending 7th August, 2015.



Source: ZNFU, 4455 Market Price Information System

Price trends

International prices of US No. 2 yellow soya beans on Safex traded lower by 2.96 percent and averaged US\$378.20/ton during the week ending 7th August. All prices are fob US gulf.

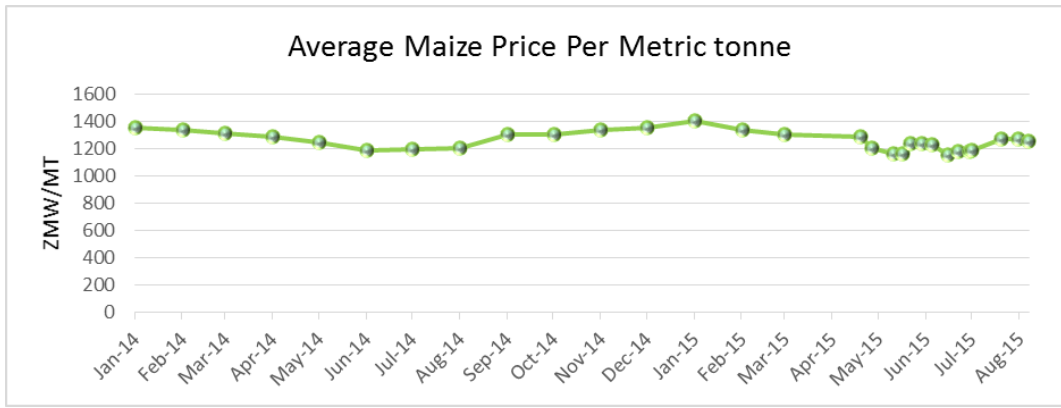


Source: Safex

Maize

Highlights

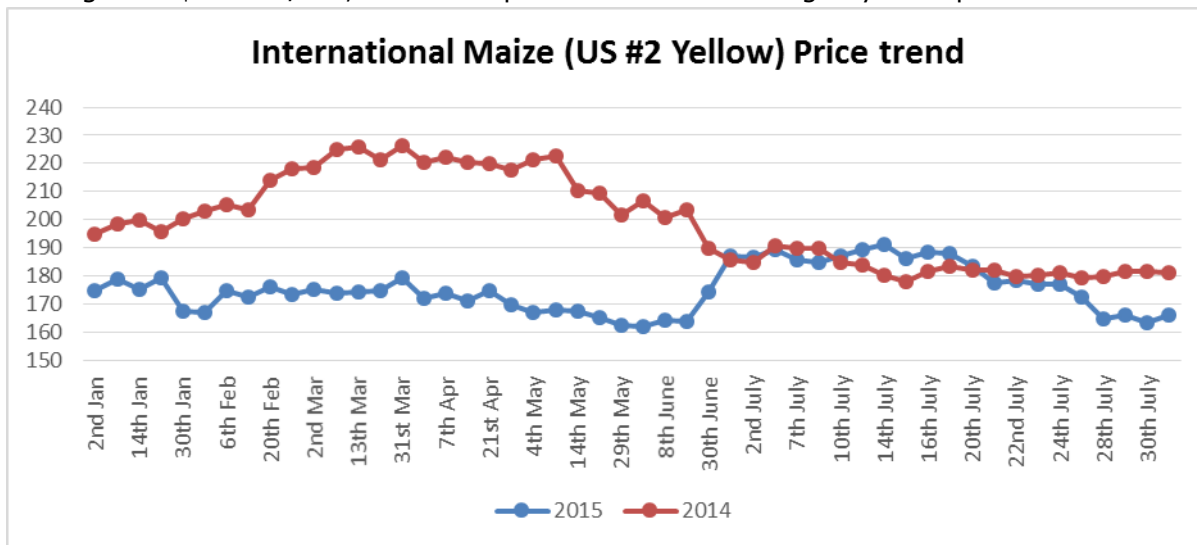
- Brazil and Argentina have to look for alternative markets for their maize due to the suspension of maize imports by Indonesia in a bid to push for food self-sufficiency by the Asian country. Indonesia imports about 3 million tons of maize annually with South America as the main source.
- According to the Food and Agriculture and Organization (FAO) about 124,183 tons of maize is required to support the food insecure population of Malawi. The country's 2015 maize harvest is the lowest since 2008. Meanwhile, indications are that Malawi's National Food Reserve Agency has started receiving part of the 50,000MT of maize earmarked for import from Zambia.
- Soon after being given a green light, some councils have begun charging grain levies with some duplications reported where both the farmer and trader are required to pay levies for the same bag of maize which has just exchanged hands. Ultimately, the farmer bears the full cost of the grain levies as traders discount the levy to be remitted to the local authorities in their offer prices to the farmer.
- Wholesale maize prices in Kenya, Nairobi were hovering around US\$383/ton on 6th August 2015 according to the Regional Agricultural trade Intelligence Network (RATIN).
- The Chicago maize futures price for delivery in September 2015 was pegged at US\$ 152.36/MT on 10th August 2015.
- Local maize offer prices by traders averaged ZMW1, 251/ton in the week ending 7th August 2015 according to the ZNFU market price information system. The pull from the previous week's average price of about ZMW1, 270 mainly due to slight reductions in Lusaka delivery prices from ZMW1480/ton to ZMW1450/ton.



Source: ZNFU, 4455 Market Price Information System

Price trends

During the week ending 7th August 2015, international maize fob prices as recorded by Safex averaged US\$164.32/ton, below the previous week's average by 1.41 percent.



Source: Safex

Cotton

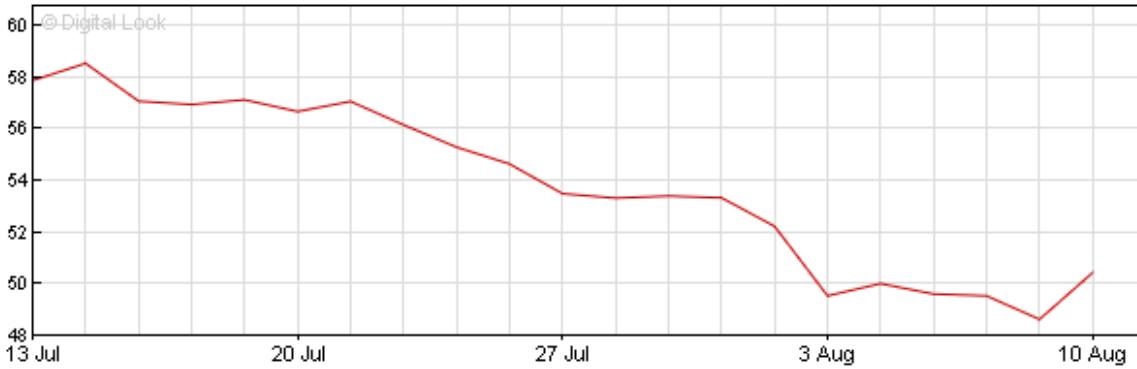
Highlights

- South Africa's cotton imports between August 2014 and June 2015 were 17 percent higher than the previous year's imports. Countries that have supplied South Africa with cotton include Zambia and Zimbabwe. According to Cotlook, mills consumed 19,389 tonnes, which is marginally less in comparison to last year's consumption over the same period of 20,145 tons despite the increase in production and consumption. The net effect of this will be larger carryover stocks.
- Cotton prices for October delivery on the new York market were pegged at US\$0.6312/pound (\approx US\$1.39/kg) on 10th August, while Cotlook "A" index prices were pegged at US\$0.6985/pound (\approx US\$1.54/kg) by 15:41 CAT on 10th August 2015.

Crude oil

- Brent crude oil futures prices settled at US\$50.24/ barrel while WTI was pegged at US\$44.82/barrel early morning on 11th August 2015.
- Oman's settlement price for October delivery was around US\$48.85/barrel by end of day on 10th August 2015.

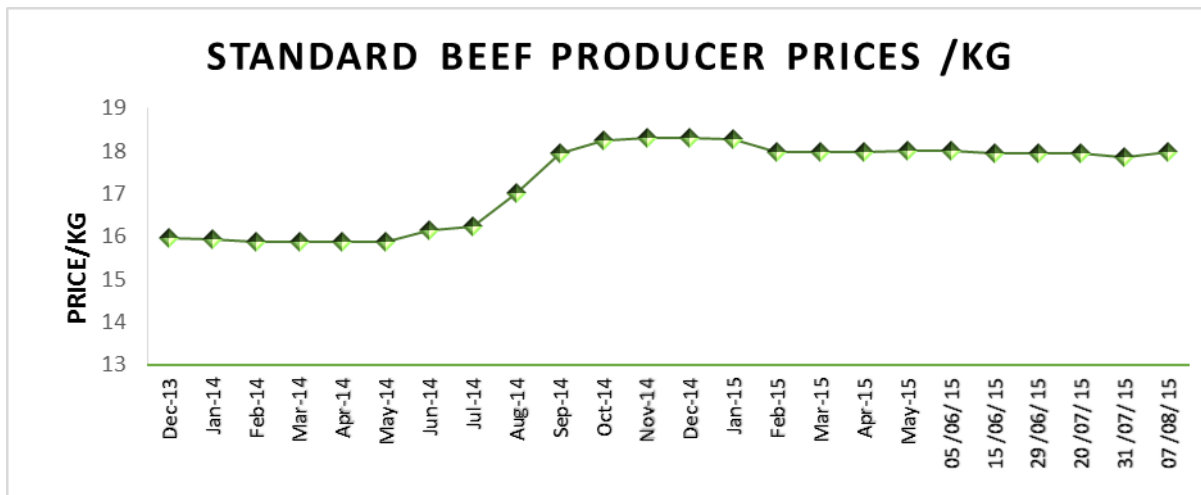
Brent Crude Oil Futures \$/barrel



Source: BBC Business, 2015

Beef

- With the signing of a protocol, Australia is on course to become the first country to export live cattle for slaughter to China. The protocol defines the necessary preparation and health procedures for access of cattle for slaughter into China. Reports indicate that Australia's beef prices are rising due to increasing demand from Asia.
- Foot and mouth disease outbreaks have continued terrorizing Botswana's Ngami land area. According to the beef site, the outbreaks are thought to be spread by illegal movement of livestock and contact with wild animals.
- According to the ZNFU market price information system, dressed weight beef offer prices by traders were averaging ZMW17.97/kg.

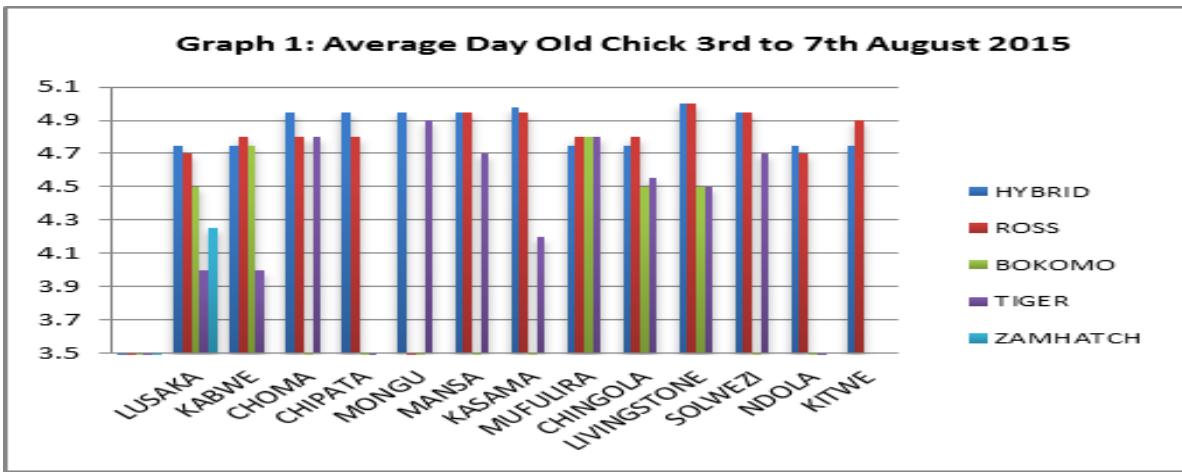


Poultry

DOMESTIC POULTRY PRICES FOR THE WEEK ENDING 7TH AUGUST 2015

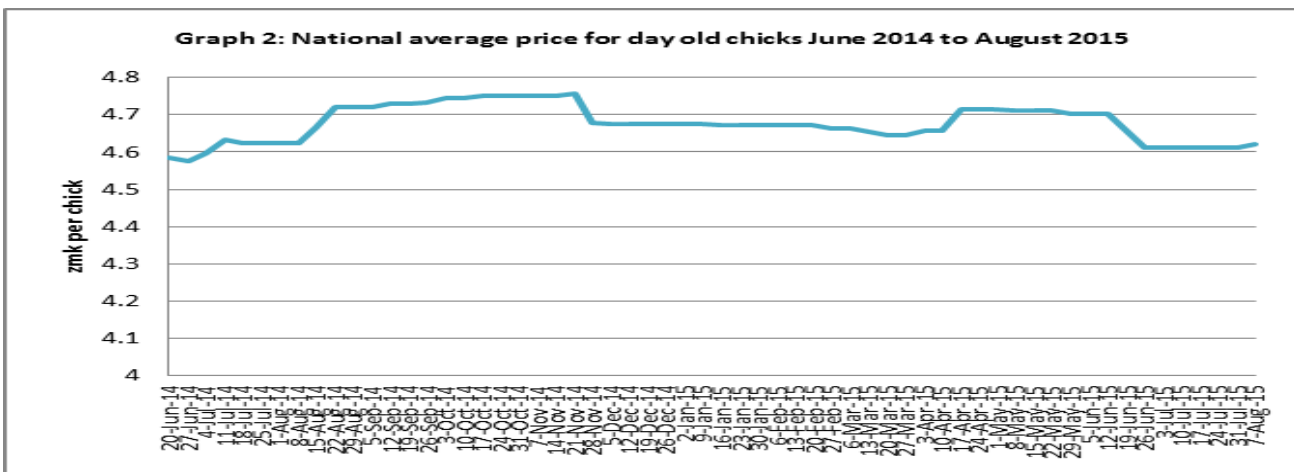
Average Day Old Chick Prices

Graph1 shows the prices of different breeds of day old chicks in selected towns. With the exception of the price of day old chicks in Chingola rising from ZMW4.5 to ZMW5, there were no other changes in the price of day old chicks in comparison to the previous week.



Source: Poultry Association of Zambia

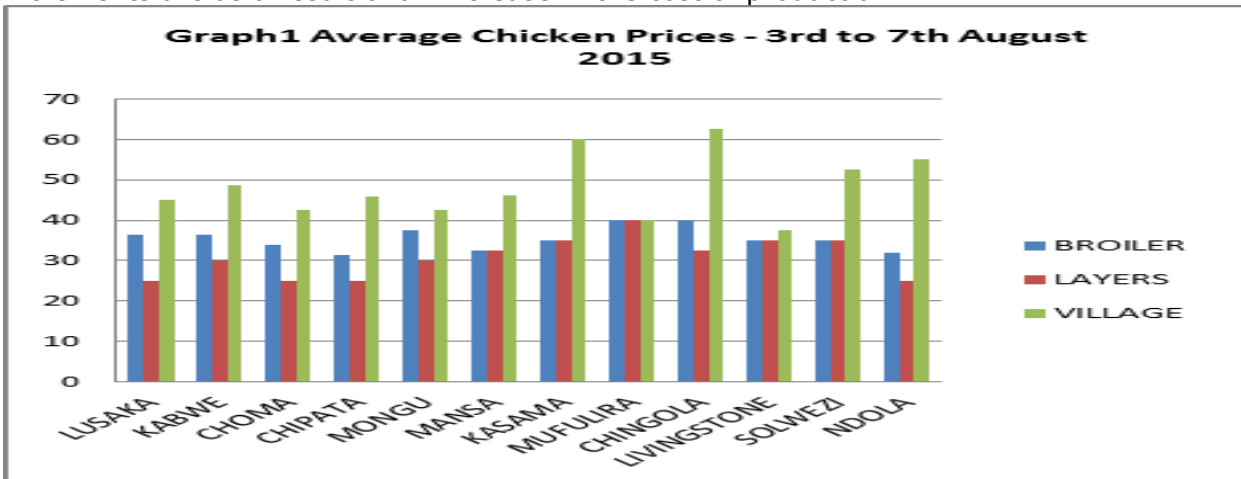
Graph 2 shows the national average price trend for day old chicks from June 2014 to August 2015. The graph shows that the average national price of day old chicks has slightly risen over the last two weeks to ZMW4.62.



Source: Poultry Association of Zambia

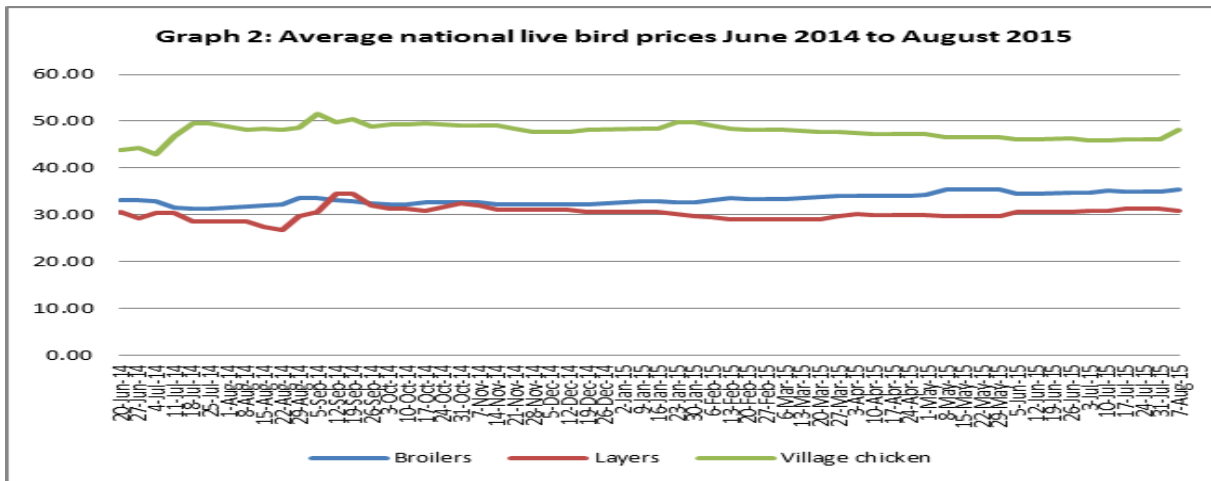
AVERAGE LIVE BIRDS PRICES

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 Kasama and Chingola has risen from ZMW31 to ZMW35 and from ZMW38 to ZMW40 representing 13% and 5% price increases respectively. Meanwhile the average price of village chicken in Chingola has risen from ZMW57.5 to ZMW62.5 representing an 8.7% increase in price. These price increments are as a result of an increase in the cost of production.



Source: Poultry Association of Zambia

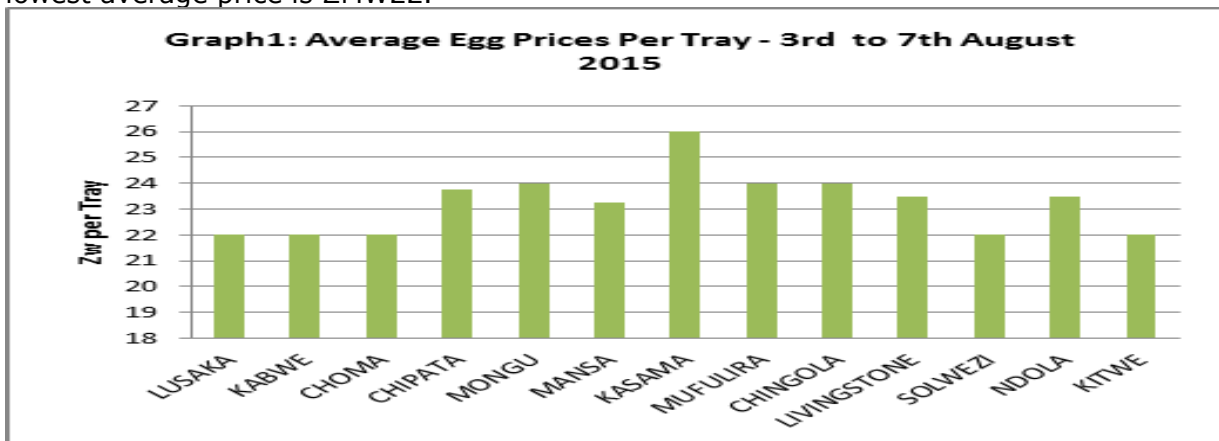
Graph 2 on the other hand shows the national average price trends for broilers, ex-layers and village chickens. The graph shows that while the average national price of broilers and village chicken has risen, the average national price of layers slightly declined last week. The national average price for broilers, layers and village chicken was ZMW35.46, ZMW30.83 and ZMW48.19 respectively.



Source: Poultry Association of Zambia

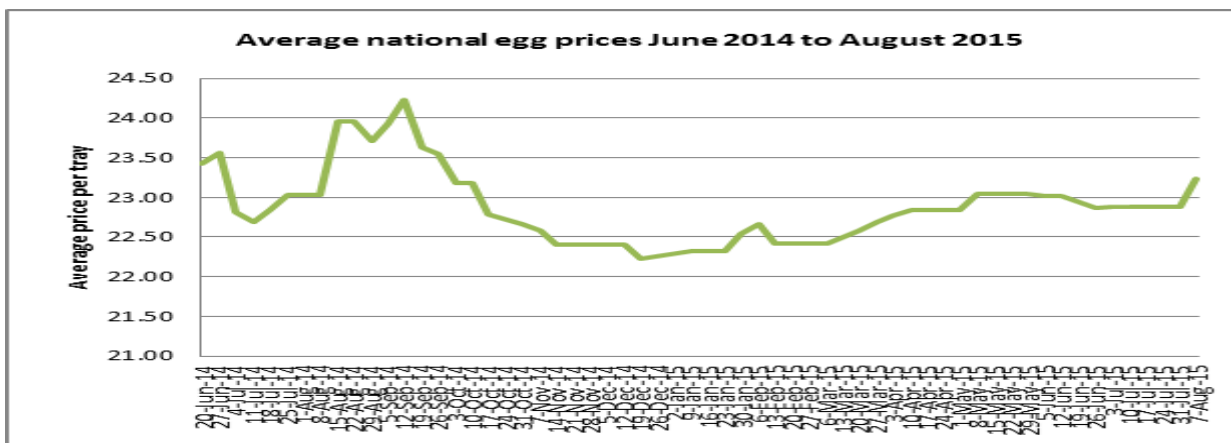
AVERAGE EGG PRICES

Graph1 below shows average retail prices of table eggs in selected provincial centres around the country. The graph shows that the highest average price for a tray of eggs was ZMW26 while the lowest average price is ZMW22.



Source: Poultry Association of Zambia

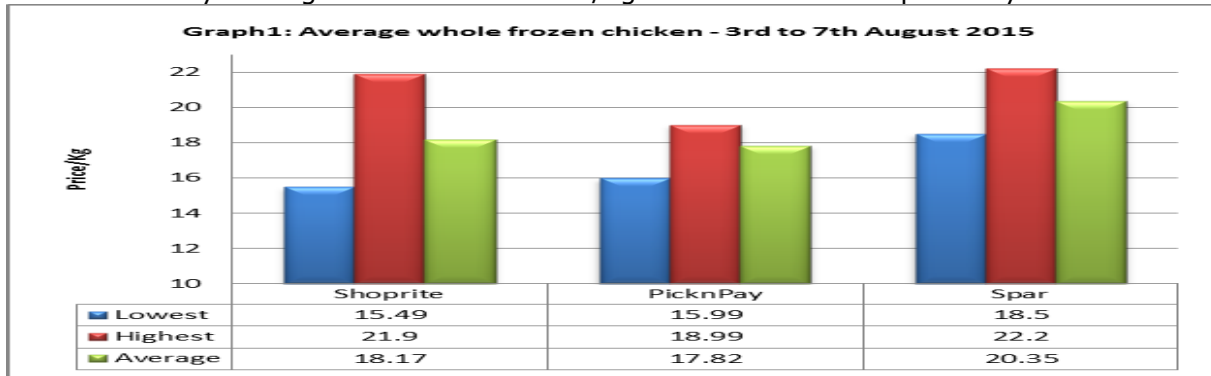
Graph 2 shows the price trend for a tray eggs from mid-June 2014 to August 2015. The graph shows that the national average price of a tray of eggs rose to ZMW23.23 last week.



Source: Poultry Association of Zambia

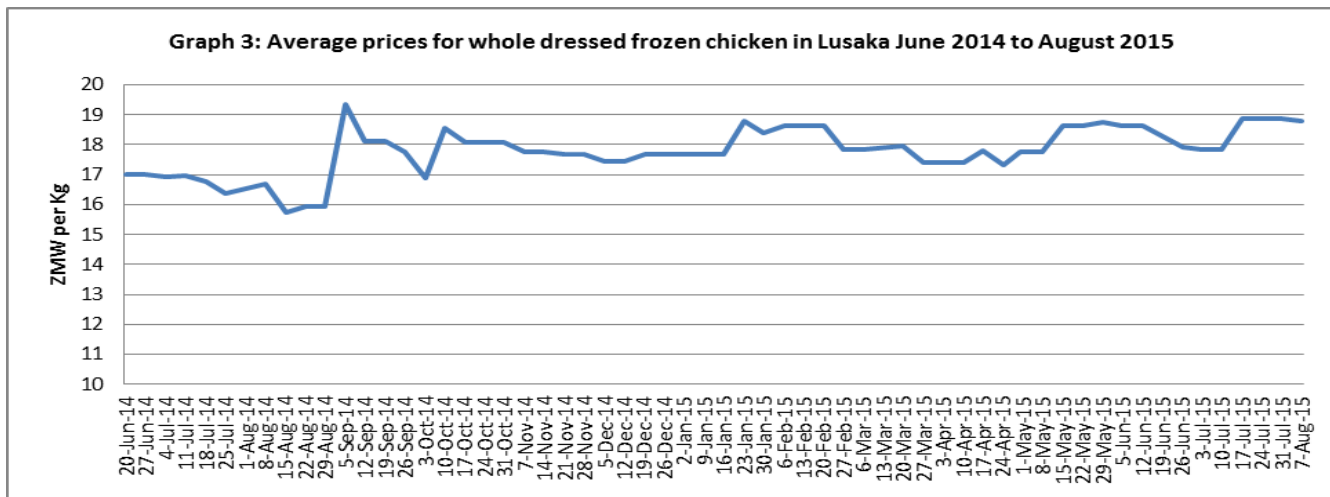
AVERAGE WHOLE DRESSED CHICKEN PRICES

Graph1 below shows average prices of whole frozen chickens in the three chain stores around in Lusaka. The average price for frozen whole chicken in Shoprite was ZMW18.17/kg while the spar and Pick 'n' Pay averages were ZMW20.35/kg and ZMW17.82 respectively.



Source: Poultry Association of Zambia

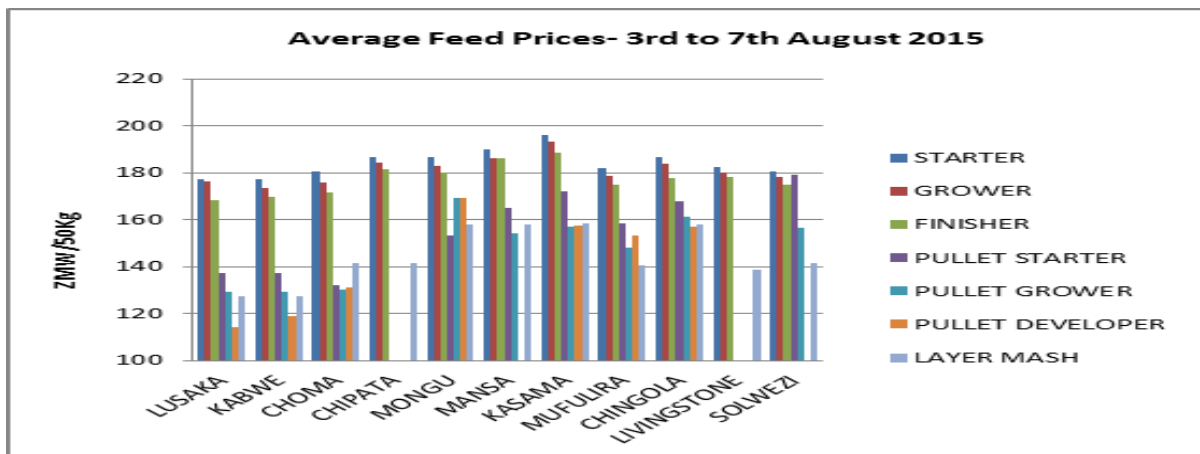
The graph below shows the average price trend for whole frozen dressed chicken in Lusaka from June 2014 – August 2015. The graph shows that the average price of frozen whole dressed chicken has slightly declined and was at ZMW18.78 as of 7th August 2015



Source: Poultry Association of Zambia

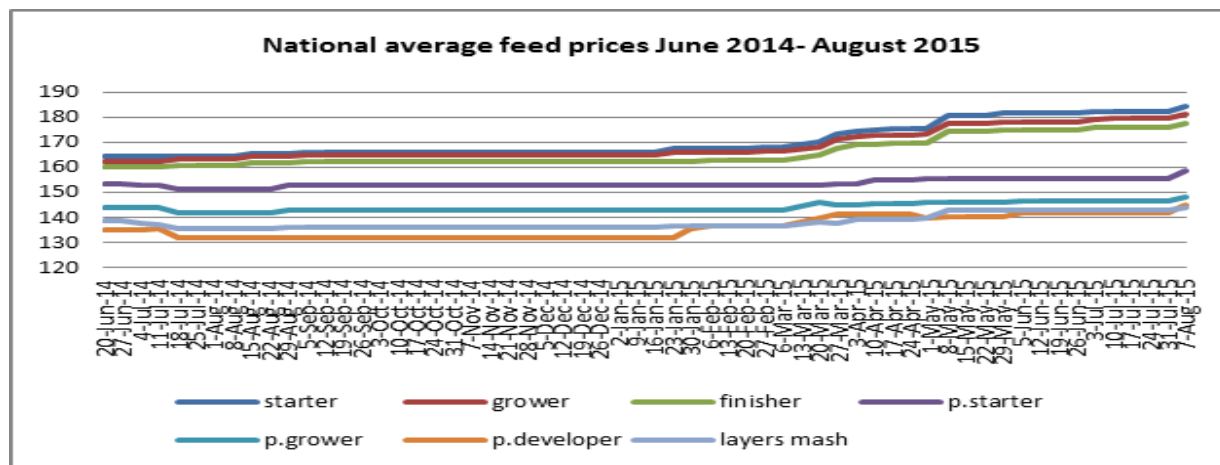
AVERAGE FEED PRICES

Graph 1 shows 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 Kasama. 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 August 2015. The graph shows that there have been further increases in the price of feed. All types of feeds displayed have experienced a significant price upswing. These price increases can be attributed to the increase in the cost of fuel as well as the cost of production.



Source: Poultry Association of Zambia

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