



THE WEEKLY AGRO WATCH



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Industry Updates

Highlights:

- ❖ *Local demand for bran heightens*
- ❖ *Load shedding to push chick prices up*
- ❖ *South Africa's cereal deficit pegged at 6.33 million tons*

Decline in Economic Output Anticipated - BoZ

The Monetary Policy Committee (MPC) of the Bank of Zambia has maintained the policy rate at 12.5 percent. The 3rd quarter of 2015. The central bank also indicated that the reduced money supply on the market due to the tight monetary policy helped contain the annual inflation rate which closed the 2nd quarter at 7.1%. The Bank has further projected that the third quarter annual rate of inflation will be slightly above the end year target of 7 percent. However, emerging risks to the real economy arising from electricity rationing are expected to adversely impact economic growth.

ASF Hits Zimbabwe after 23 years

Zimbabwe has recorded the first African Swine Fever (ASF) outbreak since 1992. The outbreak was detected end of July 2015 in free range indigenous pigs in villages near the country's border with Mozambique. At least 50 animals have been reported to have died and the area has been quarantined. Zimbabwe will not compensate affected farmers whose animals will be burnt and slaughtered due to ASF. According to the World Organization for Animal Health (OIE), weekly inspections will be carried out in affected villages. Meanwhile the OIE has expressed concern that ASF is not being effectively controlled around the world. In a statement to global meat news, OIE further indicated that the fact that African nations had no budget to pay the affected farmers. Meanwhile the European Food Safety Authority has released advice on preventing the spread of ASF in the European Union amidst concern over the possible spread of the disease from the Baltic States into Europe.

Exchange Rates

CURRENCY	17/08/2015						10/08/2015					
	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)	7.97	7.84	-	-	12.53	12.26	7.79	7.94	0.62	0.63	12.07	12.31
Standard Chartered Bank	7.84	7.99	0.61	0.63	12.28	12.52	7.79	7.94	0.62	0.63	12.06	12.30
ZANACO	7.84	7.99	0.61	0.62	12.21	12.52	7.77	7.92	0.61	0.62	12.99	12.30
Bank of Zambia	7.94	7.96	0.615	0.617	12.41	12.44	7.84	7.86	0.614	0.616	12.13	12.16

Parity Calculations

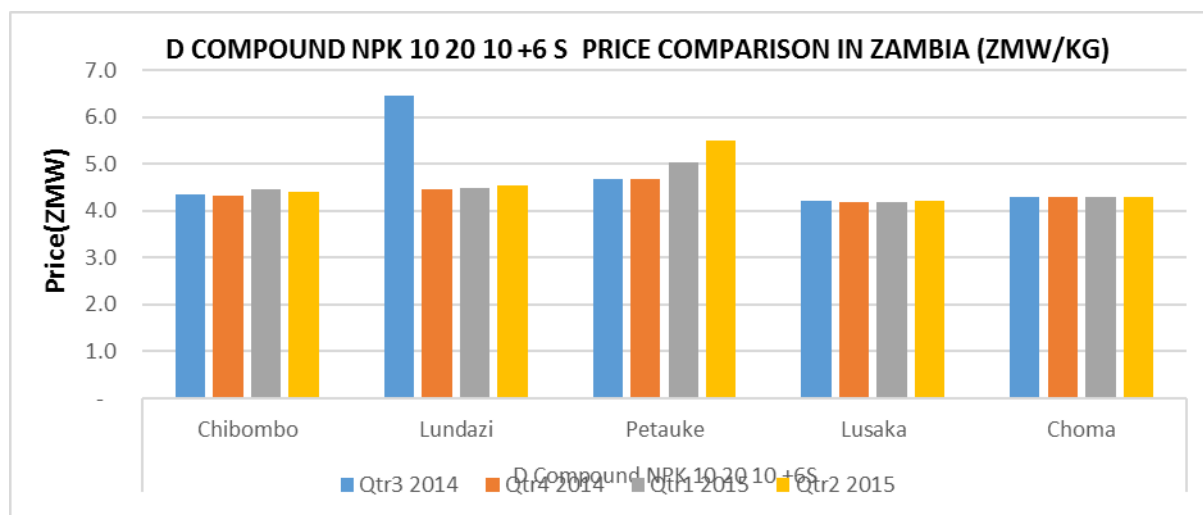
Domestic Import Parity Prices as at 17/08/2015					
US\$/ZAR=12.82 US\$/ZMW=7.99					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		7.99	456.97	596.1	480.27
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	34.42	491.39	630.52	514.69
Mkushi	225	28.16	485.13	624.26	508.43
Ndola	250	31.29	488.26	627.39	511.56
Kitwe	250	31.29	488.26	627.39	511.56

Export Parity Price Ranges (EPP) Harare-Lusaka	
Soya Beans	486-505
Wheat	330-427.5
Maize	203-320

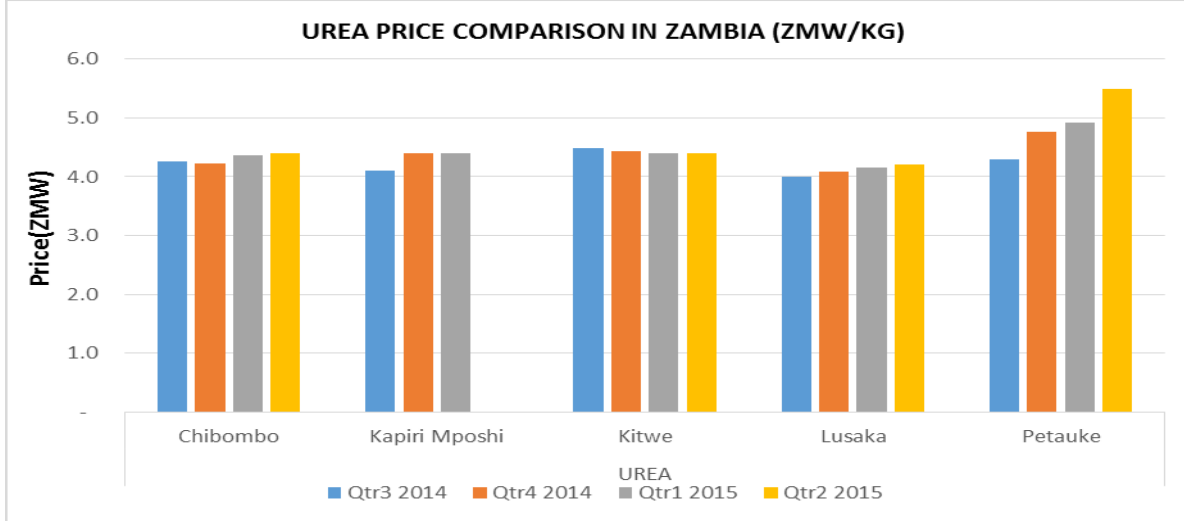
Note: wheat futures prices are for December 2015 delivery prices for maize and soya are for September 2015 delivery.

Fertilizer Prices

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



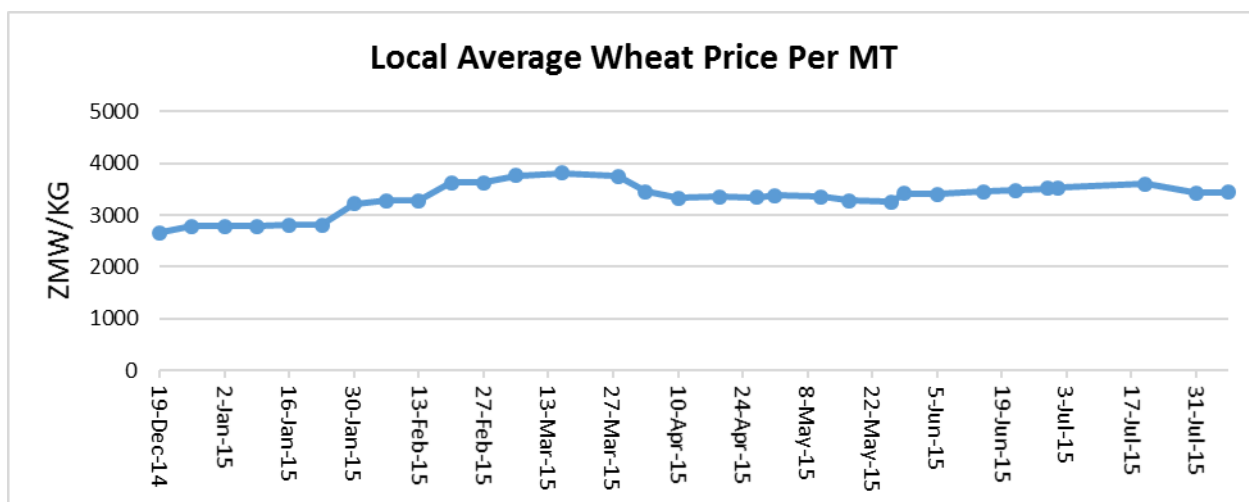
Source: AMITSA



Source: AMITSA

Wheat Highlights

- The latest USDA report has projected a drop in the European Union's wheat and wheat products exports in the 2015/16 year which begun on 1st July. Meanwhile the Black sea region (Kazakhstan, Russia and Ukraine) is expected to dominate the wheat export market. Meanwhile, reports indicate confusion on Russia's new floating wheat export tax has slowed down the country's exports. This has arisen due to the volatility of the Russian Ruble as the tax is denominated in ruble while futures export contracts are in US dollar. The timing of when the US\$ based contract is converted to ruble will determine on whether tax on the shipment should be charged on not.
- On the local scene, an additional import of 11,000MT of wheat has been approved by government.
- As at 7th August, South Africa recorded a total of 48,472MT of wheat as destined for the Zambian market.
- The Chicago soft red wheat future price for delivery in September 2015 were hovering around US\$ 185.63/MT on 17th August 2015.
- Local wheat offer prices by traders were averaging ZMW3, 445 /ton during the week ending 7th August 2015.

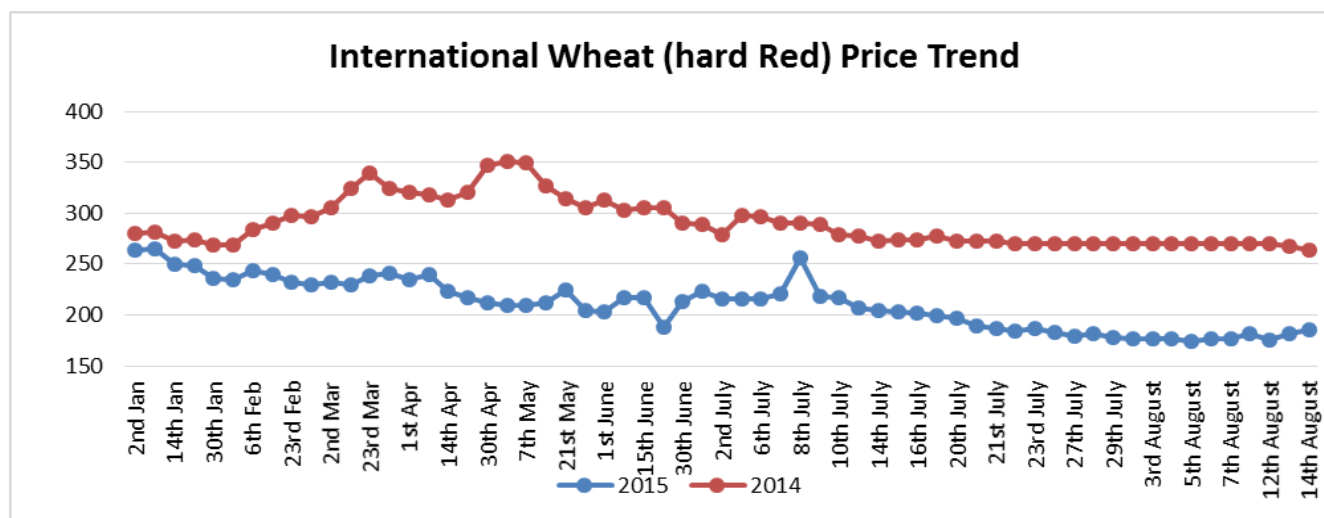
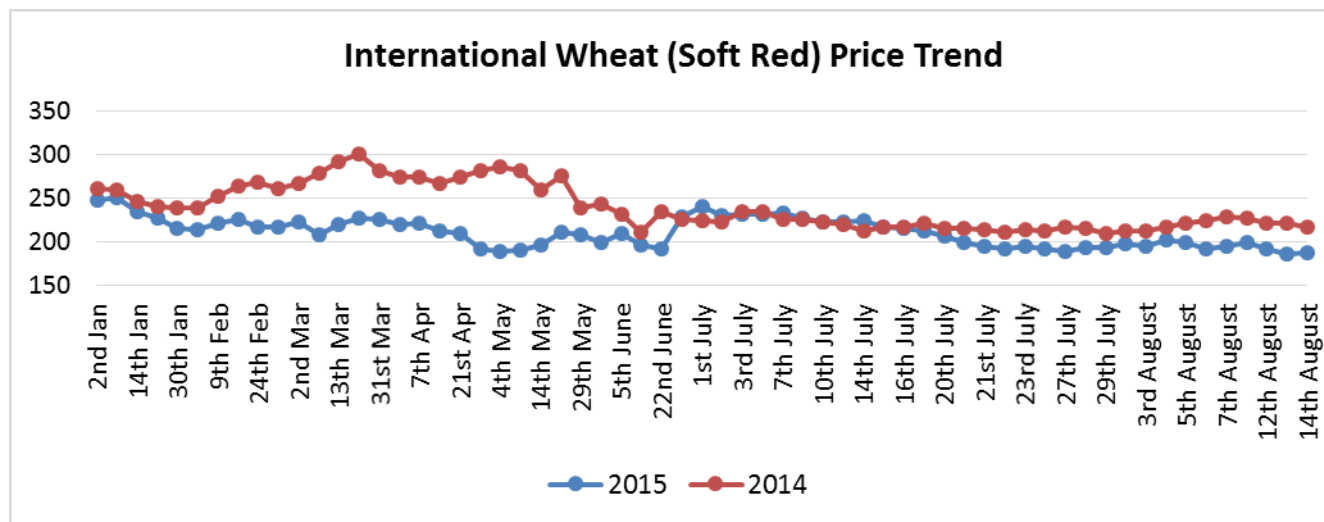


Source: ZNFU, 4455 Market Price Information System

Price trends

The Safex international soft red and hard red wheat averaged US\$191.50/ton and US\$181.26/ton respectively in the week ending 14th August 2015. In comparison to the previous week, soft red

prices fell by 2.63% while hard red prices rose by 2.98 percent on average. All prices are fob US gulf.

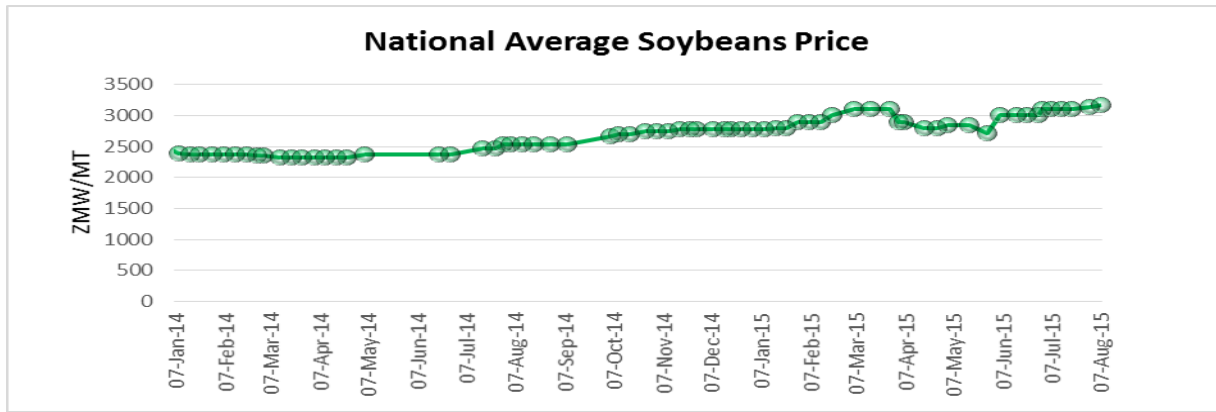


Source: Safex

Soya Beans

Highlights

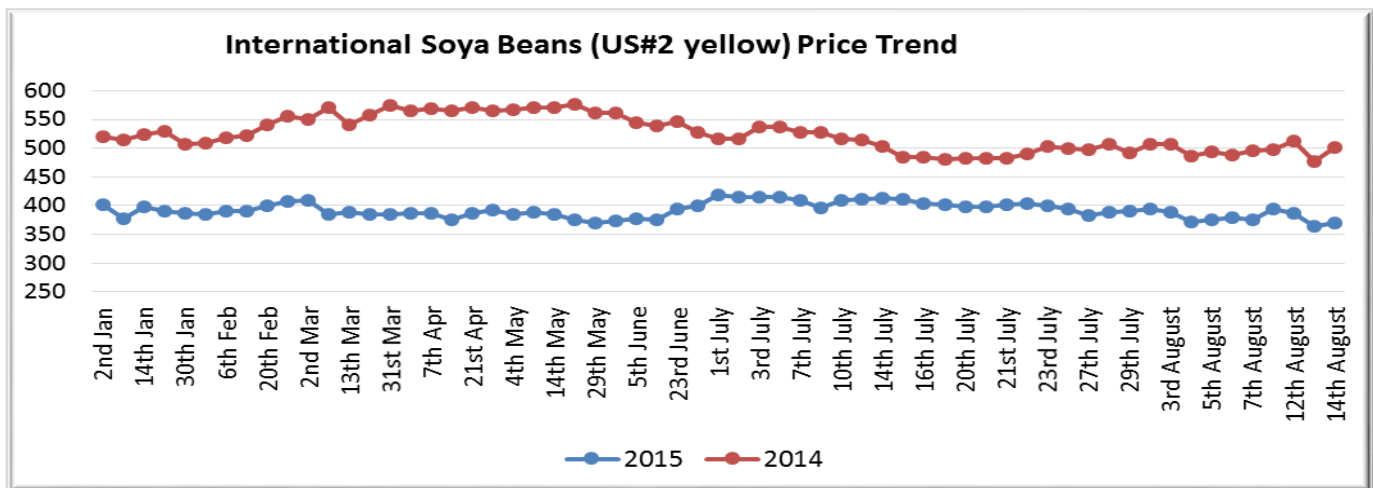
- By early August, US export commitments for the 2015/16 marketing year were half the volumes observed over the past two years. USDA has attributed this to the large stocks, which reduces panic by buyers to secure their crop. South America has also offered stiff competition to the US and is dominating the supply to China, a nation with an increasing appetite for the beans. Global soya beans output is expected higher in the 2015/16 year at 320.049 million tons.
- Malaysia's palm oil exports for the 2015/16 year, which begins September, have been raised by 100,000MT to 18.1 million by the USDA due to larger exportable supplies as growth in industrial consumption is lowered. Indonesia's palm oil exports have also been revised upwards due to lower domestic production of biodiesel.
- Soya beans for September 2015 delivery on Chicago Mercantile Exchange were hovering around US\$339.66/ton on 17th August 2015.
- Soybeans offer prices by traders in Lusaka as captured by the ZNFU 4455 price information system were in the range of ZMW2, 500-3,780/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 higher by 0.1 percent and averaged US\$378.60/ton during the week ending 14th August. All prices are fob US gulf.

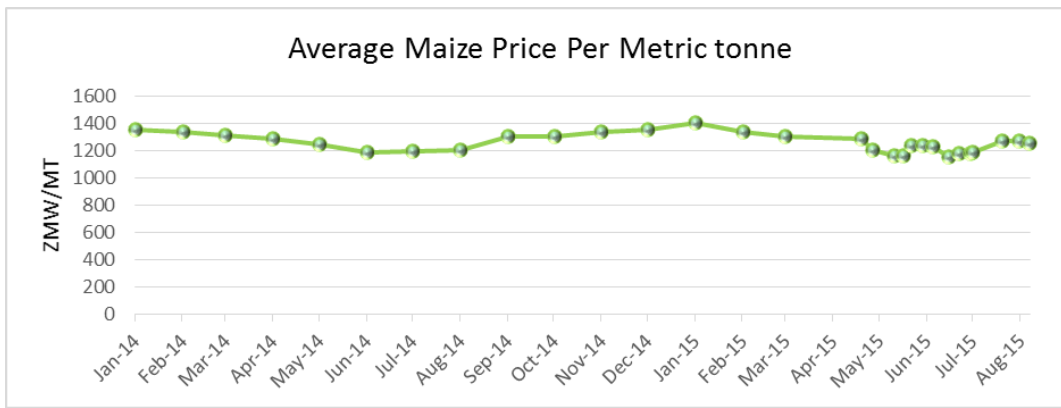


Source: Safex

Maize

Highlights

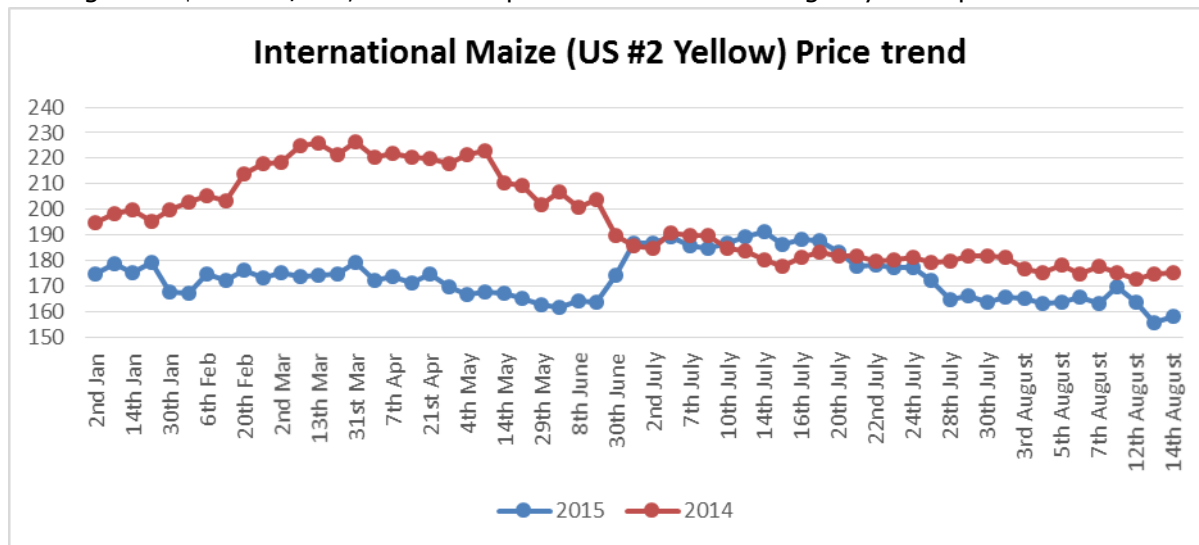
- SADC has pegged Southern Africa's cereal deficit at 6.33 million tons which includes maize, wheat, rice, millet and sorghum. The region's cereal availability for the 2015/16 year has been estimated at 40.23million tons, 22 percent below the previous year's record. During the 2014/15 season, the region had an estimated cereal surplus of 1.21 million tons
- Back home, the scarcity of bran for livestock feed has been noted with rising calls for the commodity from the farming community.
- The Food Reserve Agency is expected to commence its maize purchases this week at ZMW1, 400/ton of ZMW70/50 Kg bag. As at end of July, 2015, the agency had a total of 591,142MT of maize in its stock with about 395,751MT as strategic reserves.
- The Chicago maize futures price for delivery in September 2015 was pegged at US\$ 143.85/MT on 17th August 2015.
- Local maize offer prices by traders, Lusaka delivery, were in the range of ZMW1, 200-1450/ton in the week ending 14th August 2015 according to the ZNFU market price information system.



Source: ZNFU, 4455 Market Price Information System

Price trends

During the week ending 14^h August 2015, international maize fob prices as recorded by Safex averaged US\$161.97/ton, below the previous week's average by 1.43 percent.



Source: Safex

Cotton

Highlights

- For the 2015/16 season beginning 1st August, global cotton production of cotton has been forecast lower mainly on account of reduced crops from the USA, China, Pakistan, Uzbekistan and Turkey. The expected drop in production of about 2million tons, in comparison to the previous year offsets the expected increase in consumption by 620,000 tons. This will give prices an upward push.
- Cotton prices for October delivery on the new York market were pegged at US\$0.6716/pound (≈US\$1.48/kg) on 16th August, while Cotlook "A" index prices were pegged at US\$0.7295/pound (≈US\$1.60/kg) by 15:41 CAT on 14th August 2015.

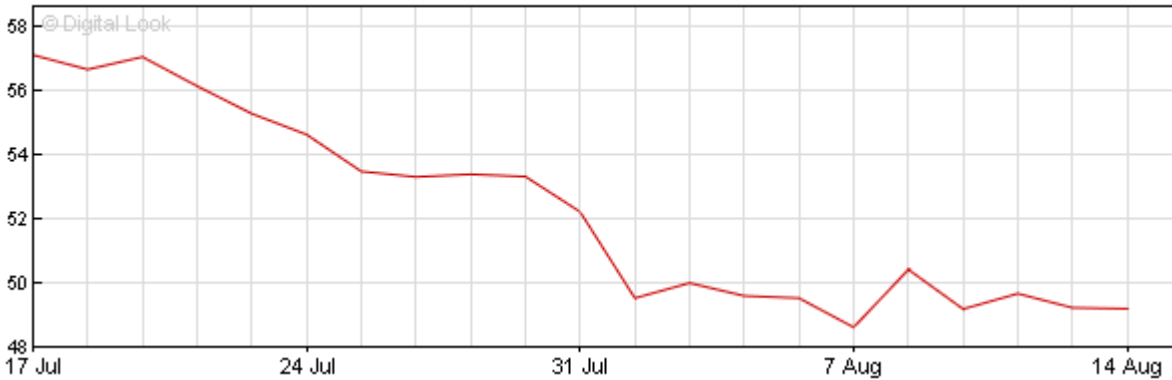
Crude oil

- Iran has agreed to a long-term deal on its nuclear programmes under a Joint Compressive Plan of Action with the US, UK, France, Russia, China and Germany. Once the deal is ratified, flows of Iranian oil into the global market are expected to rise and fuel reductions in international crude oil prices.
- In the meantime, crude oil prices have maintained the free fall path with last week's downward trip being supported by increased oil rigs in the US and the second quarter

shrinkage of the Japanese economy. Brent crude oil futures prices settled at US\$48.64/ barrel while WTI was pegged at US\$41.83/barrel early morning on 17th August 2015.

- Oman’s settlement price for October delivery was around US\$49.00/barrel at the start of trade on the Dubai Mercantile Exchange on 17th August 2015.

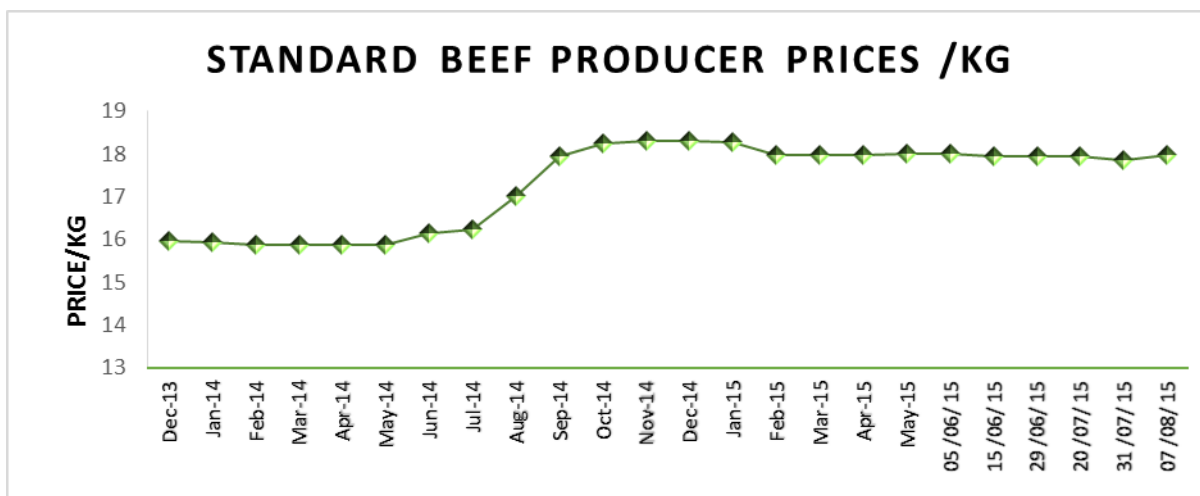
Brent Crude Oil Futures \$/barrel



Source: BBC Business, 2015

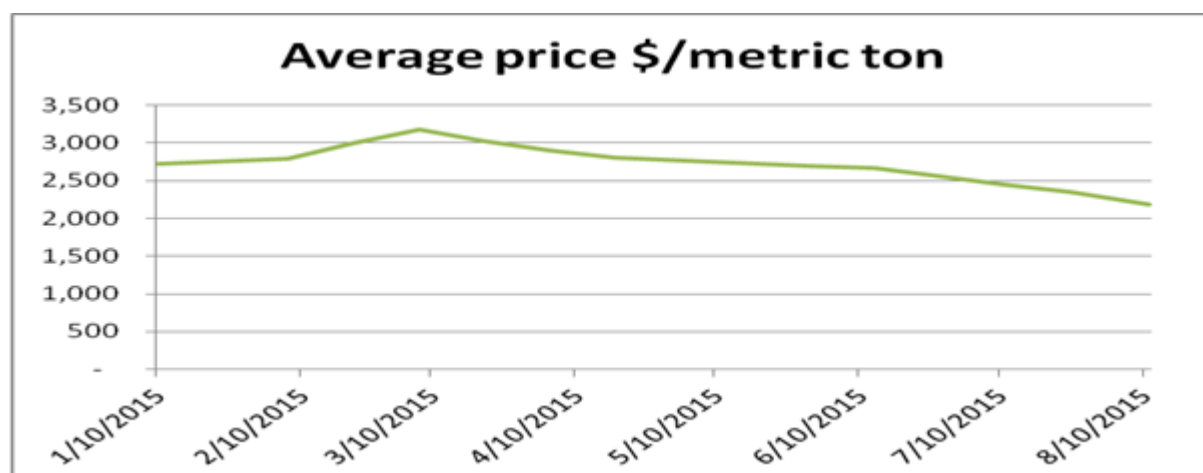
Beef

- Zimbabwe has formed a sub-committee to work on proposals for a multi Ministerial short and long term strategy to tackle foot and mouth disease. According to the Commercial Farmers Union, there are 16 districts in 5 of Zimbabwe’s provinces that are currently affected by foot and mouth disease.
- The Namibian auction prices for weaners were around ZAR 18.38/kg (≈ZMW12.13/kg) for weaners while heifers were auctioned for about ZAR16.11/kg (≈ZMW10.63/kg) in the week ending 8th August 2015. Grade A retail beef prices were in the range of ZAR28.73-34.83/kg (≈ZMW18.96-22.99/kg).
- On the local scene, an auction of Bonsmara breed of cattle was held at Alexwill farm in Choma last week. Over 33 bulls were auctioned with the highest going for K95, 000 and the lowest at K24, 000. Heifers and cows were auctioned in the range of K3, 000-7,500 per animal. Two more cattle auction sales are scheduled for August. The next one will be at Herd book Society in the Show grounds on 19th August, 2015 and the last one will be conducted on 22nd August at Momba Farms in Choma.
- According to the ZNFU market price information system, dressed weight beef offer prices by traders in Lusaka were in the rang ZMW14.5-22/kg.



GLOBAL MILK PRICES

As evidenced in the graph below, the price of whole milk powder on the international has continued to decline from US\$ 2700/ton on 30th May 2015 to US\$ 2,187/ton on 11th August 2015.



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

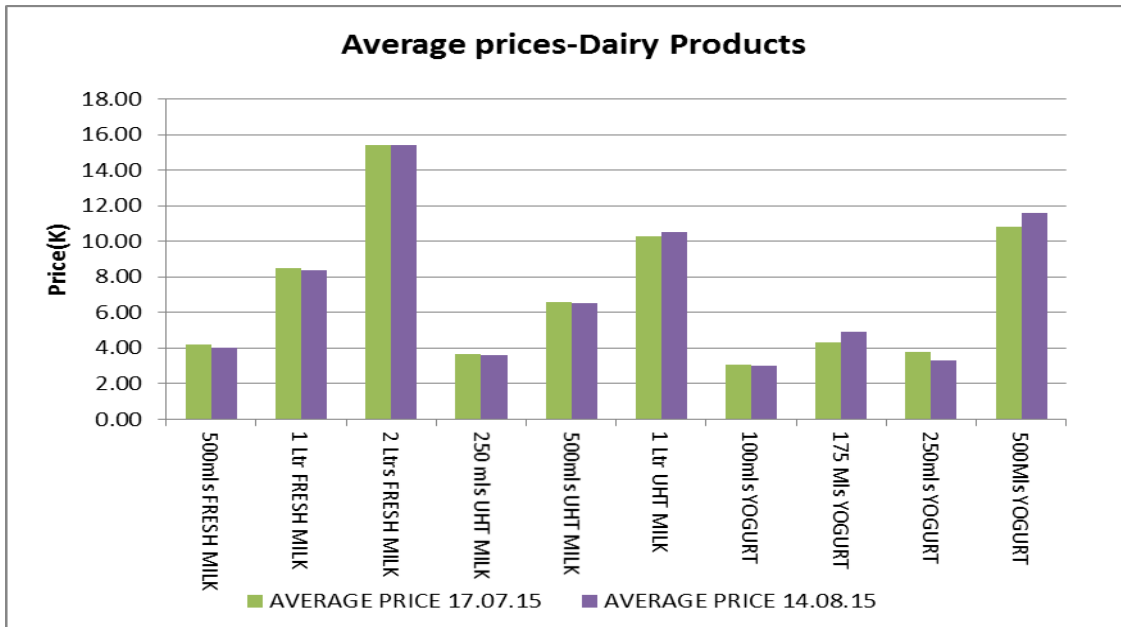
LOCAL PRICES OF DAIRY PRODUCTS FOR THE WEEK ENDING 14TH AUGUST 2015

Milk Products

The table below highlights the price movements in some dairy products between 17th July and 14th August 2015. Generally prices of dairy products declined during the period under review with the exception of 2litres fresh milk which was fairly constant. 1 litre UHT milk, 175mls yoghurt and 500mls yoghurt increased by 2%, 135 and 7% respectively.

Table 1: AVERAGE PRICES FRESH MILK, UHT AND YOGURT

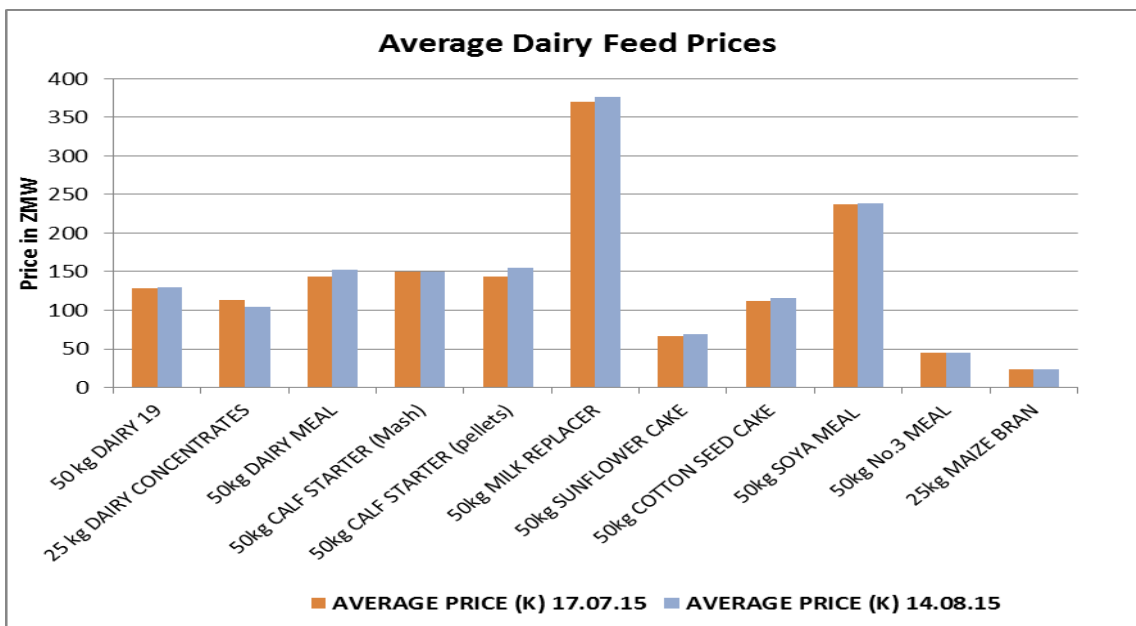
MILK PRODUCTS PRICES				
Copperbelt, Southern and Lusaka				
Ser.	PRODUCT	AVERAGE PRICE 17.07.15	AVERAGE PRICE 14.08.15	VAR (%)
1	500mls FRESH MILK	4.19	4.00	-5%
2	1 Litre FRESH MILK	8.50	8.40	-1%
3	2 Litres FRESH MILK	15.39	15.39	0%
4	250 mls UHT MILK	3.66	3.60	-2%
5	500mls UHT MILK	6.59	6.50	-1%
6	1 Litre UHT MILK	10.30	10.50	2%
7	100mls YOGURT	3.04	3.00	-1%
8	175 Mls YOGURT	4.34	4.90	13%
9	250mls YOGURT	3.79	3.30	-13%
10	500Mls YOGURT	10.83	11.60	7%



Source: DAZ, 2015

Dairy Feed Prices

The graph below compares dairy feed prices between 17th July and 14th August 2015.

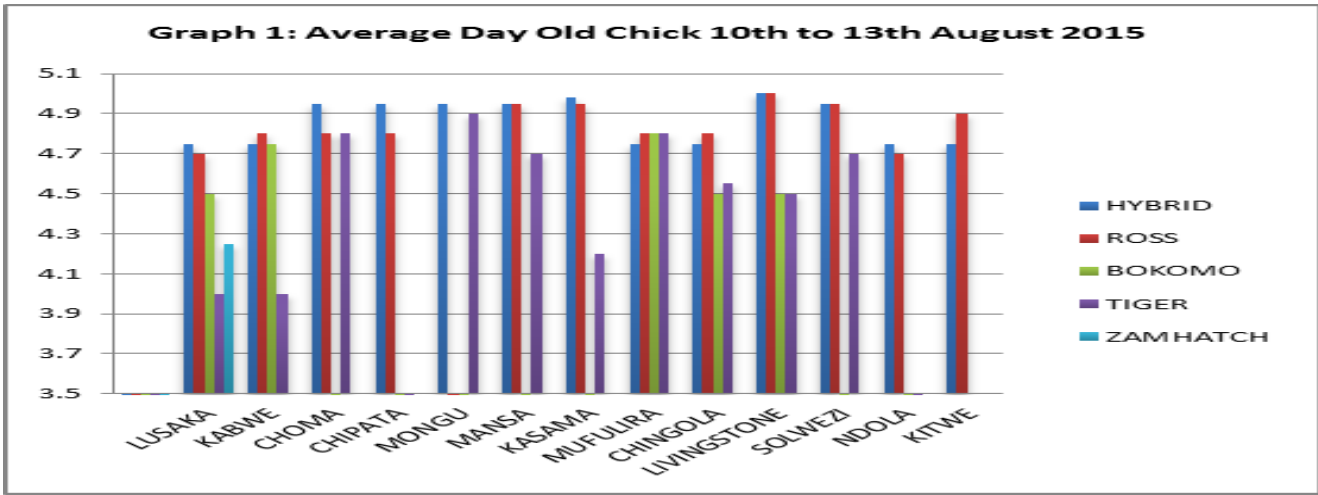


Poultry

DOMESTIC POULTRY PRICES FOR THE WEEK ENDING 14TH AUGUST 2015

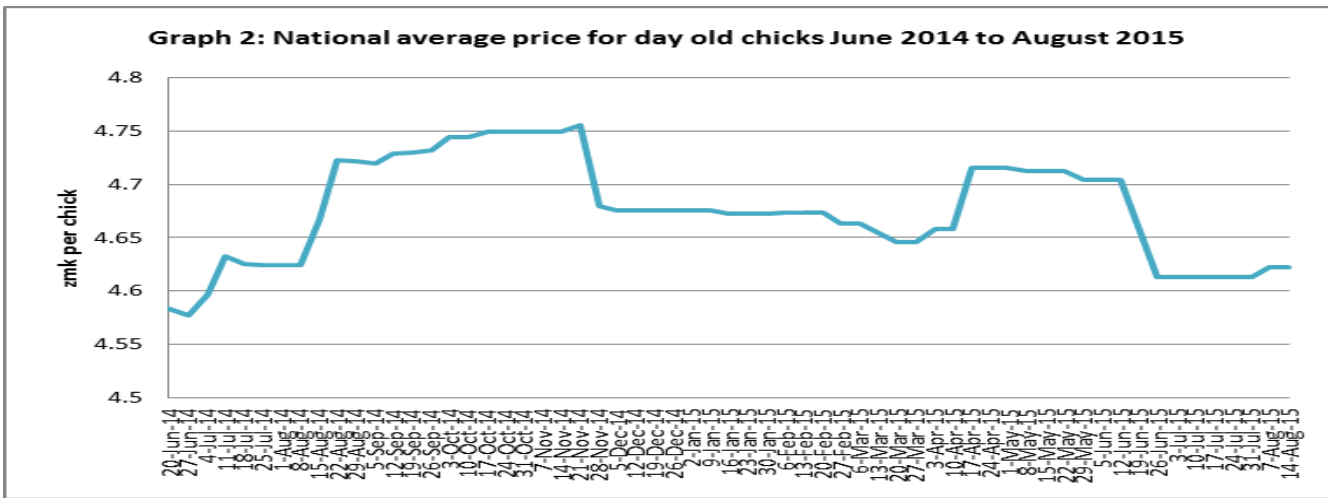
AVERAGE DAY OLD CHICK PRICES

Graph1 shows the price of different breeds of day old chicks in selected towns. The prices for day old chicks were stable during the course of the week. However there have been indications from day old chick suppliers, that prices will be adjusted upwards in the next few weeks. It has to be noted that Hatcheries like any other poultry operations are being affected negatively by load shedding.



Source: Poultry Association of Zambia

Graph 2 shows the national average price trend for day old chicks from June 2014 to August 2015. The national average price of day old chicks was ZMW4.62



Source: Poultry Association of Zambia

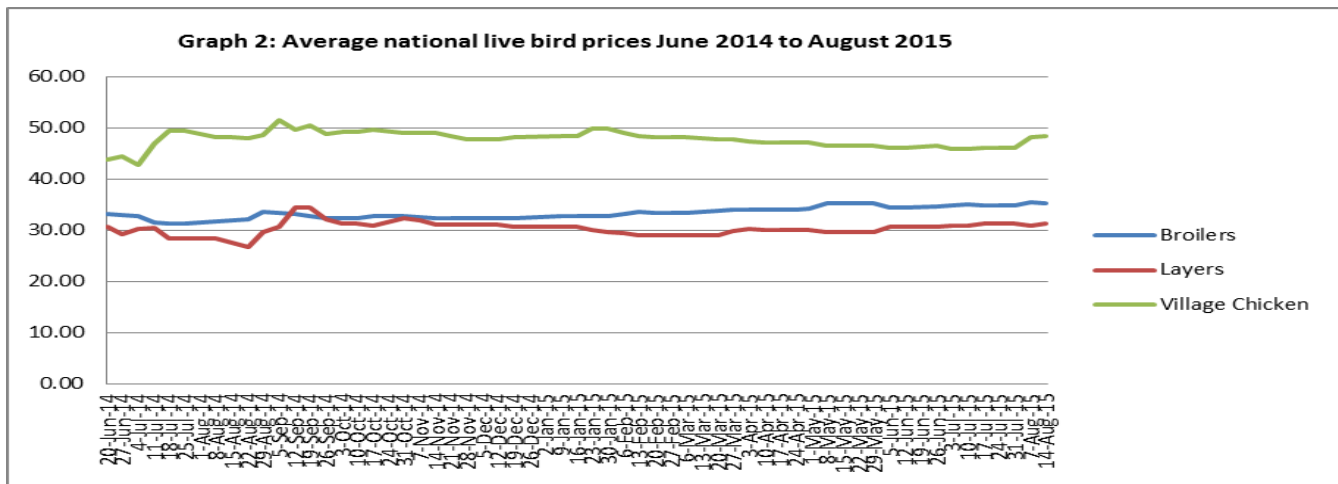
AVERAGE LIVE BIRDS PRICES

Graph1 below shows the average live bird prices in selected towns. The average price of broilers in Lusaka rose from ZMW36.5 to ZMW37 representing 2% price increase. This is due to an increase in input costs such as feed. On the other hand the average price in Chipata has declined from ZMW31.5 to ZMW28 representing 11% price reduction. This has been attributed to an increased supply of chickens on the market that are sold at low prices.



Source: Poultry Association of Zambia

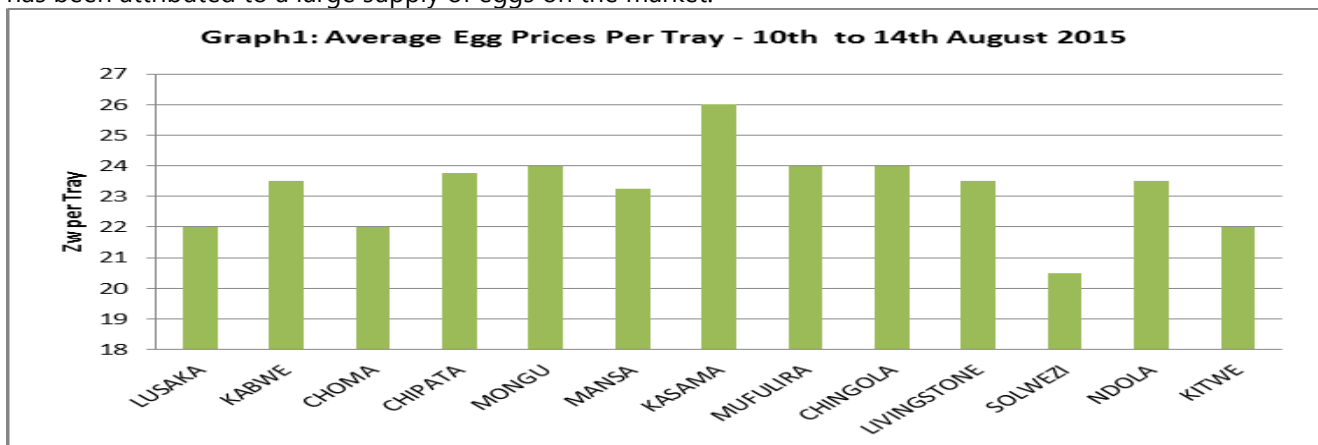
Graph 2 on the other hand shows the national average price trends for broilers, ex-layers and village chickens. The graph shows that the average price of village chickens and layers has risen while the national average price of broilers has slightly declined. The national average price for broilers layers and village chickens was ZMW35.20 ZMW31.29 and ZMW48.33 last week respectively. With the rise in the prices of feed, load shading among other costs, farmers' margins have drastically been reduced.



Source: Poultry Association of Zambia

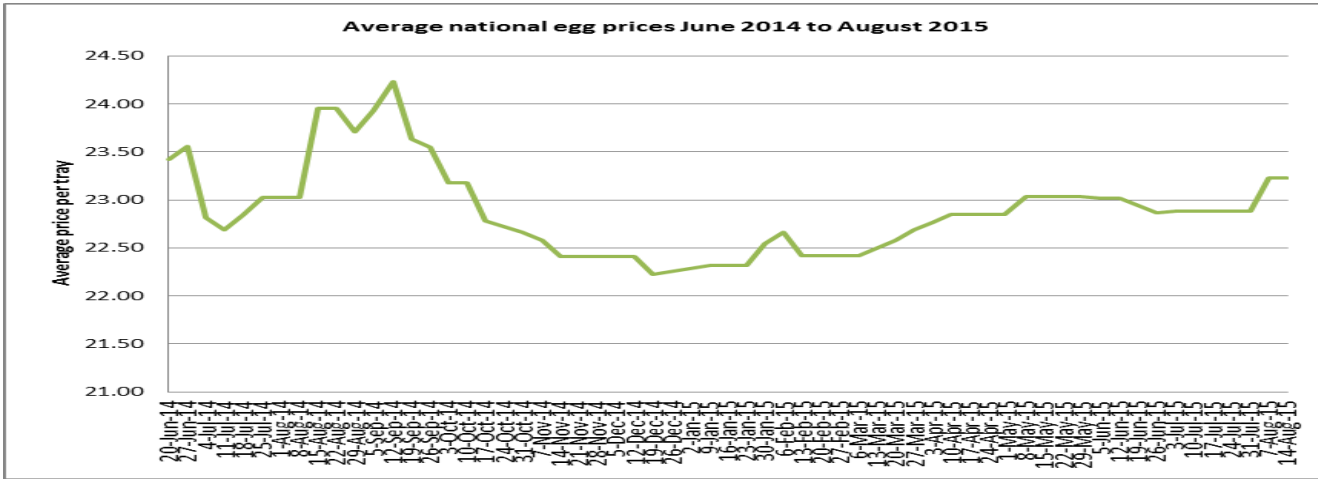
AVERAGE EGG PRICES

Graph1 below shows average retail prices of table eggs in selected provincial centres around the country. The average price of eggs in Kabwe rose from ZMW22 to ZMW23.5 representing 6.8% price increase. On the other hand the price of eggs in Solwezi declined from ZMW22 to ZMW20.5 representing 6.8% reduction in price. This has been attributed to a large supply of eggs on the market.



Source: Poultry Association of Zambia

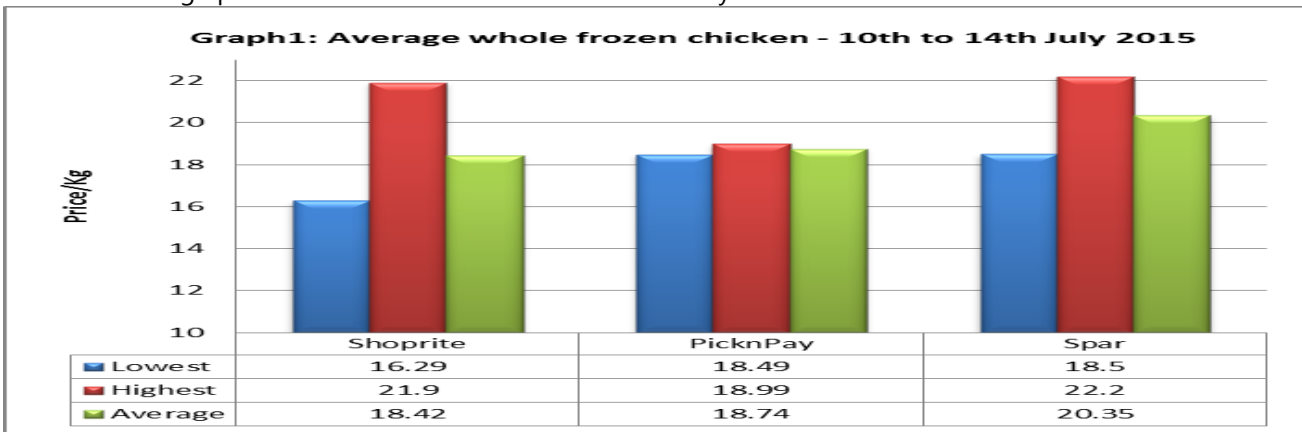
Graph 2 shows the price trend for a tray eggs from mid-June 2014 to August 2015. The graph shows that the national average price of eggs was ZMW23.23 per tray last week. It has to be noted that the national egg average prices for the month of July and August 2015 was still lower than the average prices recorded in the same period in 2014.



Source: Poultry Association of Zambia

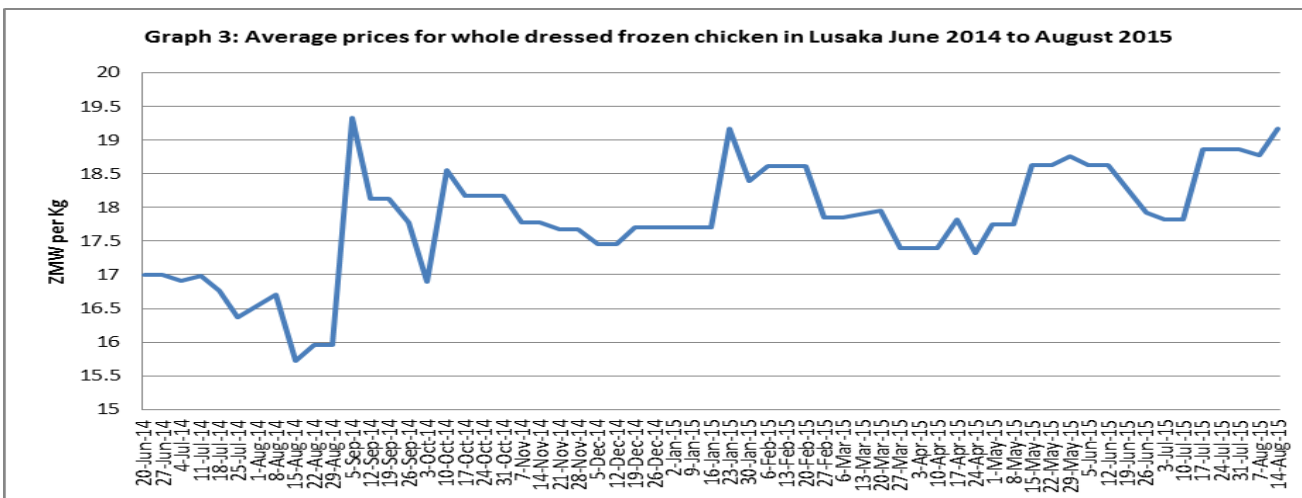
AVERAGE WHOLE DRESSED CHICKEN PRICES

Graph1 below shows average prices of whole frozen chickens in the three chain stores around Lusaka. The average price for frozen whole chicken in Shoprite and Spar was ZMW18.42 and ZMW20.35 per kg respectively while the average price for frozen whole chicken in Pick n’ Pay was ZMW18.74.



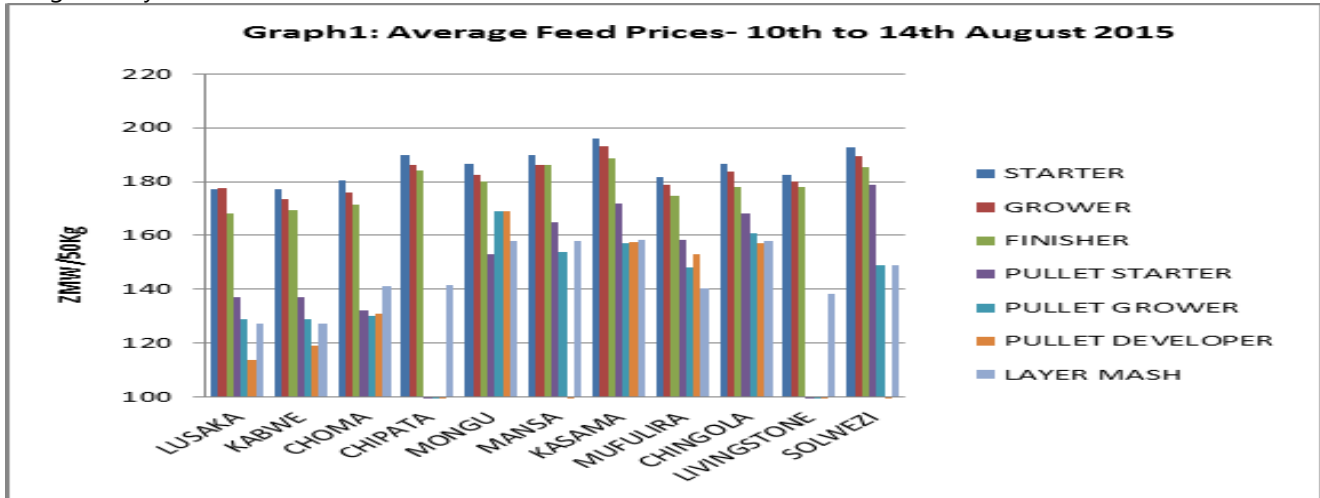
Source: Poultry Association of Zambia

Graph3 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 risen to ZMW19.17. It can be observed that the average prices for the frozen chicken between June and August 2015 was slightly higher than the average price recorded in the same period in 2014. The upward price adjustment is a result of the increase in the cost of production.



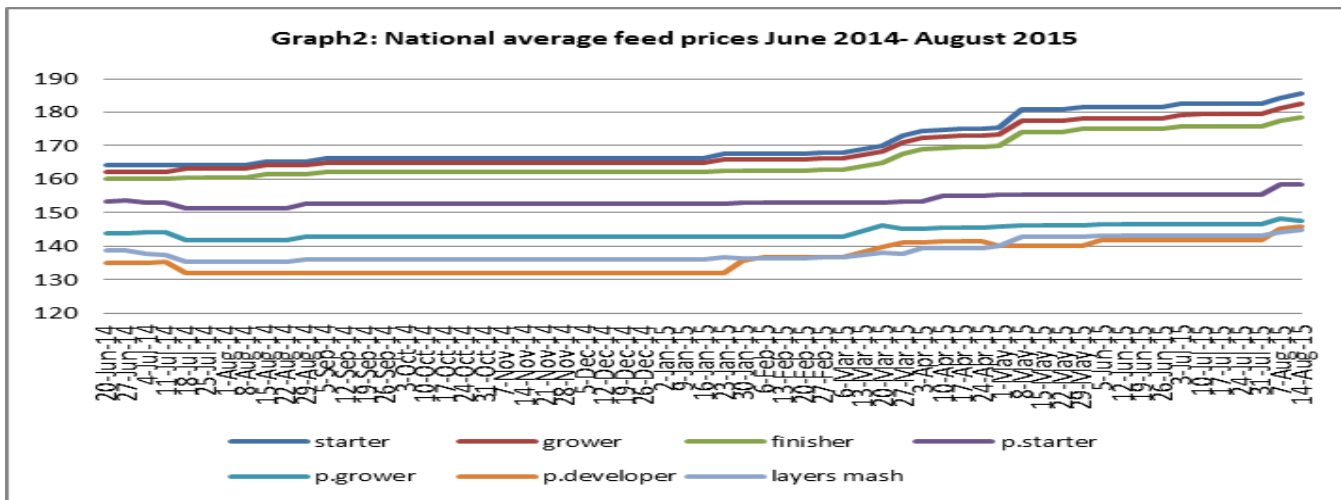
AVERAGE FEED PRICES

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. As can be seen from the graph the national average price of most of the feeds displayed have risen further during the course of the week. This has been caused by the extra cost resulting from alternative sources of power that are used when producing stock feeds during periods of power rationing. Another factor is the increase in the cost of fuel which not only increases the cost of transportation but also the cost of production for those that use fuel powered equipment.



Source: Poultry Association of Zambia

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