



THE WEEKLY AGRO WATCH



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31st August, 2015 Vol.34

Highlights:

- ❖ *Maize exports to South Africa gain momentum*
- ❖ *Local wheat purchases slow as import deadline is met*

Maize Leads in NTE Exports

The nominal export value of Zambia's non-traditional exports rose in July 2015 to 1,154.4 million Kwacha from the June value of 1,024.6 million Kwacha. In comparison to traditional exports however, the share of non-traditional exports in the total national exports declined from 25.3 percent in June to 23.2 percent according to data from the Central Statistical Office. For the month of July 2015, maize grain exports accounted for 14.7 percent of the total exports and were valued at 169.7 million Kwacha. Zambia was in a trade deficit in July 2015 valued at K958.3 million. This is slightly lower than the June record of K1, 293.1 million

Exchange Rates

CURRENCY	31/08/2015						24/08/2015					
	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)	8.53	8.70	0.65	0.66	13.16	13.43	8.31	8.48	0.63	0.64	13.00	13.26
Standard Chartered Bank	8.49	8.65	0.64	0.65	13.09	13.35	8.13	8.29	0.61	0.62	12.67	12.99
ZANACO	8.50	8.66	0.64	0.65	13.04	13.37	8.14	8.30	0.61	0.63	12.74	12.99
Bank of Zambia	8.71	8.73	0.653	0.655	13.42	13.46	8.45	8.47	0.639	0.64	13.33	13.36

Parity Calculations

Domestic Import Parity Prices as at 01/09/2015					
US\$/ZAR=13.35 US\$/ZMW=8.70					
Parity Prices		US\$/ZMW	Maize	Soya	Wheat
Lusaka		8.7	459.59	598.99	470.96
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	31.61	491.20	630.60	502.57
Mkushi	225	25.86	485.45	624.85	496.82
Ndola	250	28.74	488.33	627.73	499.70
Kitwe	250	28.74	488.33	627.73	499.70

Note: All prices are for December 2015 delivery.

Export Parity Price Ranges (EPP)Harare-Lusaka	
Soya Beans	486-505.5
Wheat	310-427.5
Maize	213-320

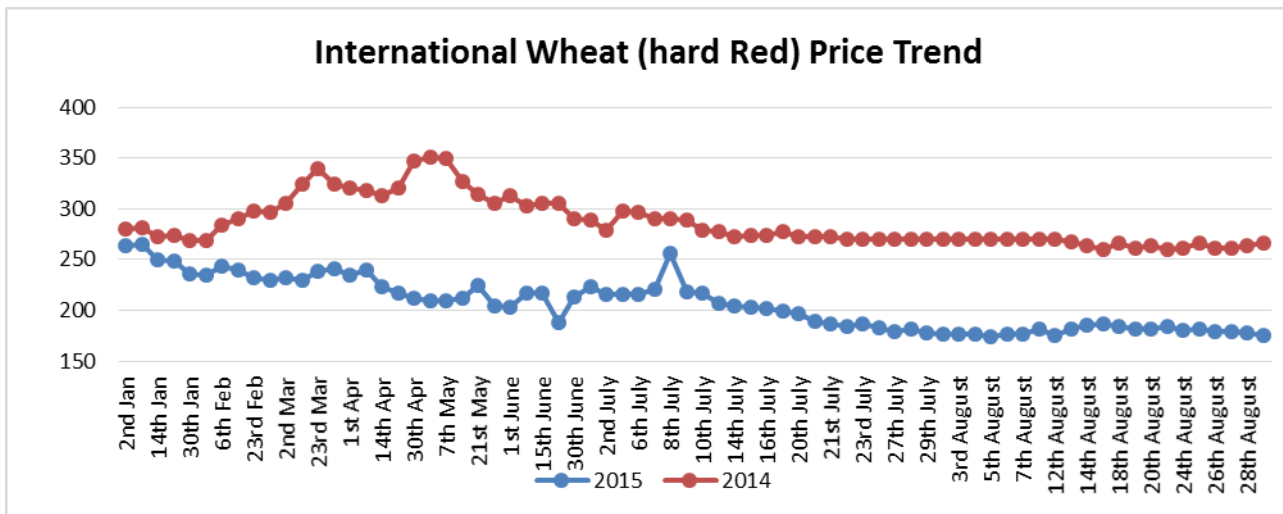
Wheat

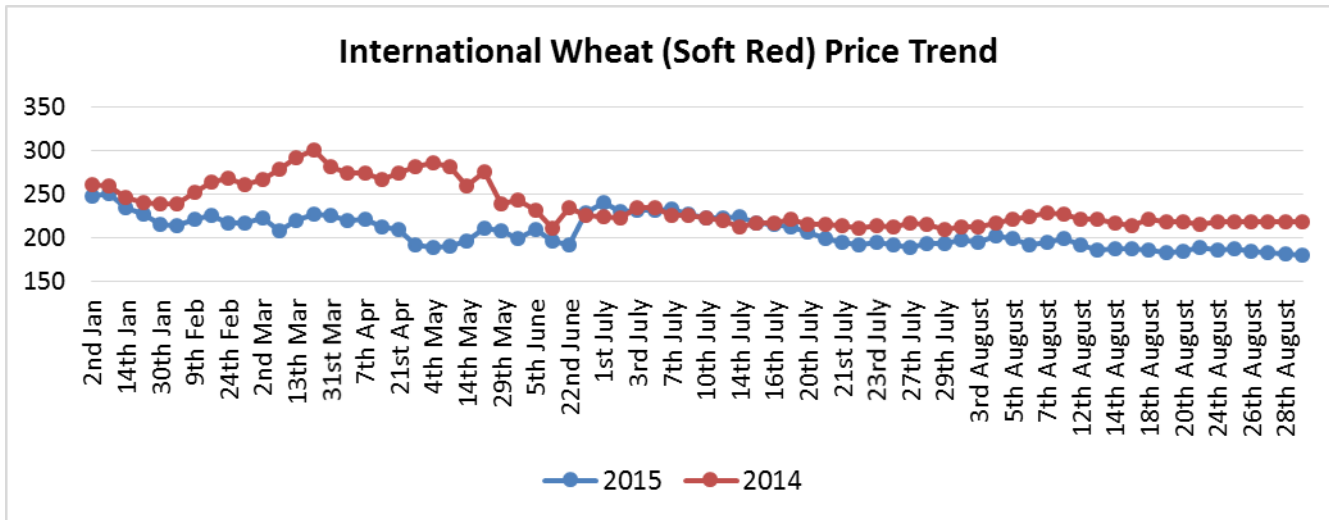
Highlights

- According to the Iranian government, Iran will not import any wheat for the year ending 31st May 2016 as the country has ample supply from the farmer's 2015 production as well as carryover stocks. The guaranteed purchase price as well as the wheat and stock feed import duty has encouraged local wheat purchases and discouraged importation. The loss of Iran's wheat import demand is likely to support the falling international prices of the commodity. USDA had estimated Iran's wheat import requirements at 2.5million tons for the 2015/16 year.
- By 21st August 2015, South Africa's total wheat exports destined for Zambia were 52,089MT. The total wheat import permits issued by the Zambia government between February and end of August 2015 were 85,000MT against an approved 86,000MT of wheat import permits by the Minister of Agriculture and livestock. No wheat imports are expected to enter the country after 31st August 2015.
- Meanwhile, local farmers have continued to bemoan the reluctance of some millers in purchasing their crop with some mills indicating they have acquired enough wheat to see them through the end of the year. However, In order to guarantee production despite heavy load shedding, some farmers are enduring the increased energy costs through investment in alternative sources such as generators.
- The Chicago soft red wheat future price for delivery in September 2015 were hovering around US\$ 175.78/MT on 31st August 2015.

Price trends

The Safex international soft red and hard red wheat averaged US\$184.15/ton and US\$179.58/ton respectively in the week ending 28th August 2015. In comparison to the previous week, soft red prices fell by 0.85% and hard red prices by 2.39 percent on average. All prices are fob US gulf.



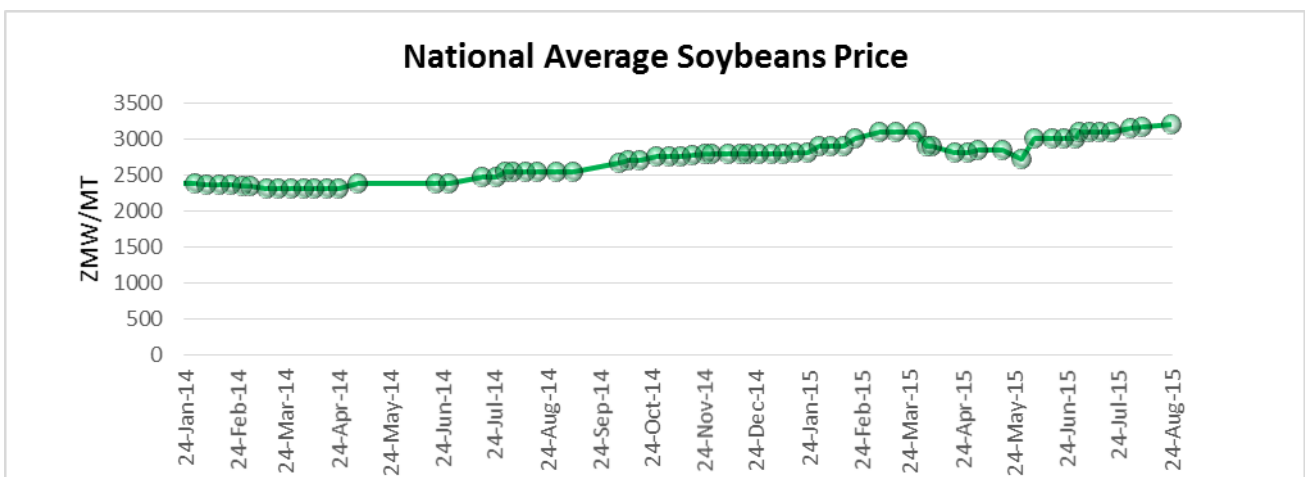


Source: Safex

Soya Beans

Highlights

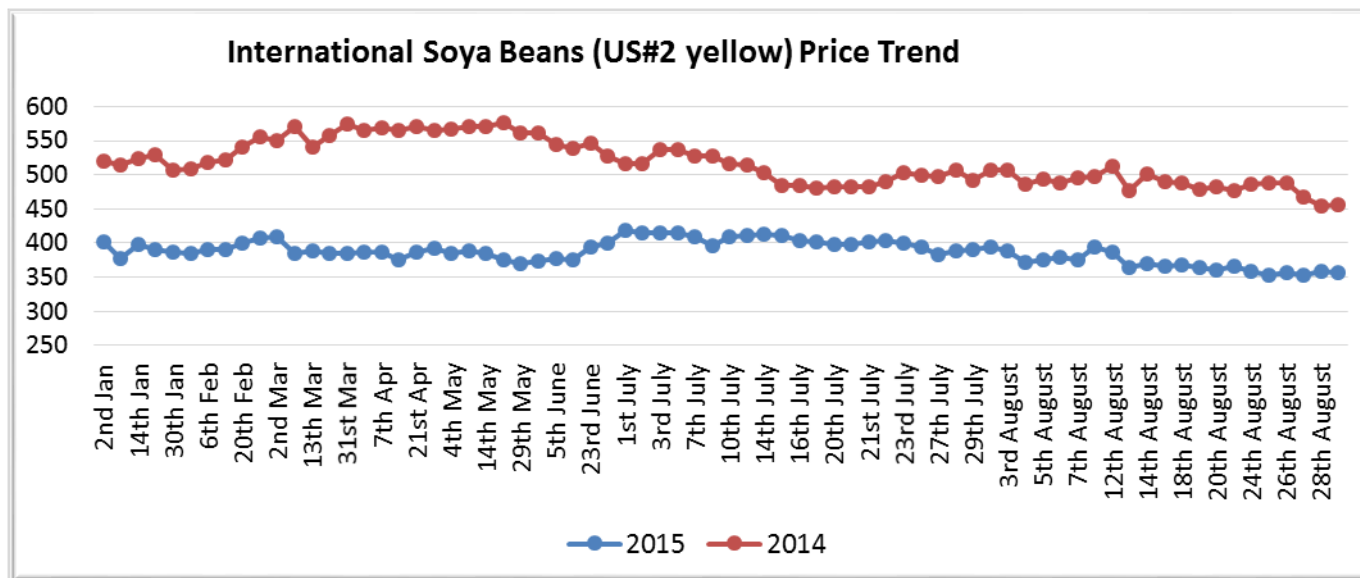
- According to Oil world, Chinese soya beans imports for the current marketing year which ends September 2015 are expected to hit a record 76.3 million tons. Despite imports declining seasonally in August and September and large carryover stocks, the 2014/15 imports are forecast higher than the previous year due to reduced local plantings. Oil word data further shows that net soya beans exports by the five major exporting countries were unusually high in July driven largely by high Chinese demand as well as rising exports to the European Union, Thailand and Japan among other countries.
- Soya beans for September 2015 delivery on Chicago Mercantile Exchange were hovering around US\$328.19/ton on 31st August 2015. News on higher Chinese purchases aided the slight increment in price in comparison to the previous week.
- Soybeans offer prices by traders captured by the ZNFU 4455 price information system for Lusaka delivery were in the range of ZMW2800-3, 780/ton in the week ending 28th 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 2.12 percent and averaged US\$356.39/ton during the week ending 21st August. All prices are fob US gulf.

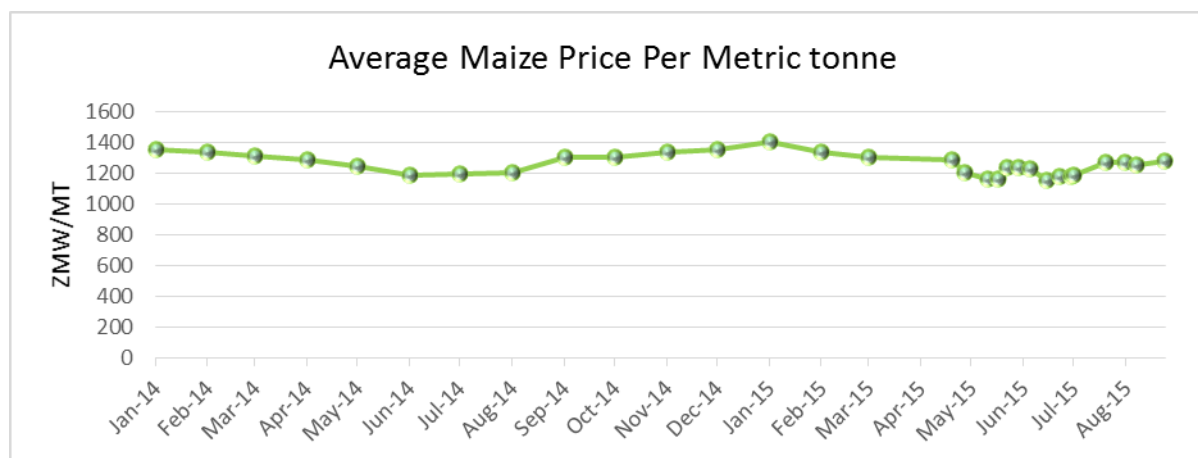


Source: Safex

Maize

Highlights

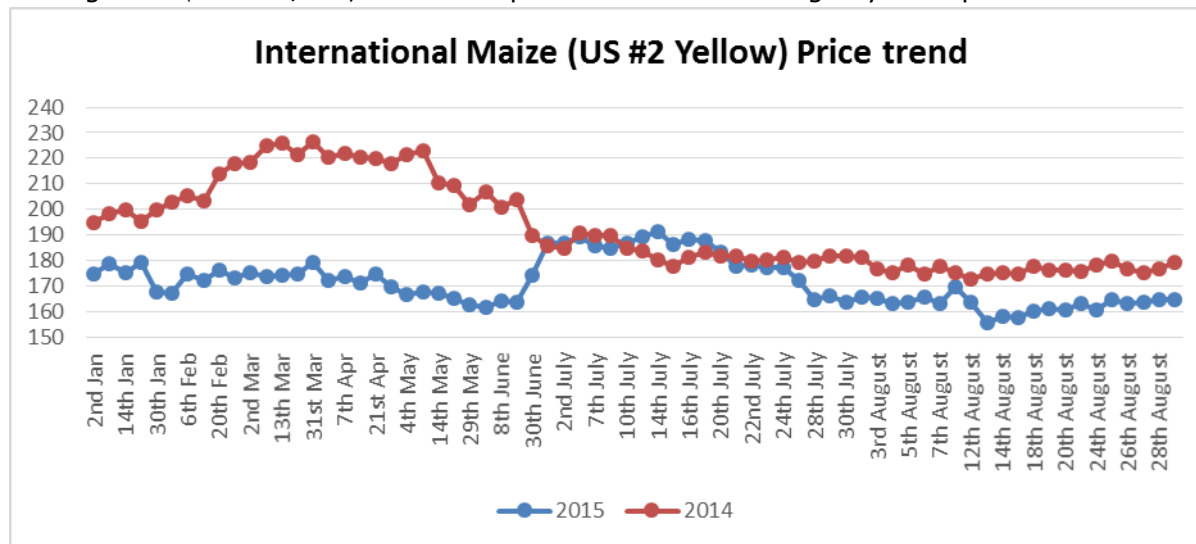
- While the Food Reserve Agency continued to supply its 50,000MT export commitment to Malawi throughout August, Private traders were also active with reports indicating that some districts in Eastern Province had been flooded with Malawian Kwacha. This led to the appreciation of the Zambian Kwacha against the Malawian Kwacha as the demand for the Zambian kwacha increased. Continued exports of maize is helping ease the pressure of the local unit to depreciate against currencies of some major trading partners.
- Meanwhile, South Africa's white maize imports from Zambia gained momentum after 25th July 2015. The South African Grain Information Services (SAGIS) has recorded a total of 3,728MT of white maize imports between 25th April and 21st August with the bulk being imported after 25th July.
- The Chicago maize futures price for delivery in September 2015 was pegged at US\$ 142.99/MT on 31st August 2015.
- Local maize offer prices by traders in Lusaka were in the range of ZMW900-1,450/ton in the week ending 28th August 2015 according to the ZNFU market price information system.



Source: ZNFU, 4455 Market Price Information System

Price trends

During the week ending 28th August 2015, international maize fob prices as recorded by Safex averaged US\$163.63/ton, above the previous week's average by 1.85 percent.



Source: Safex

Cotton

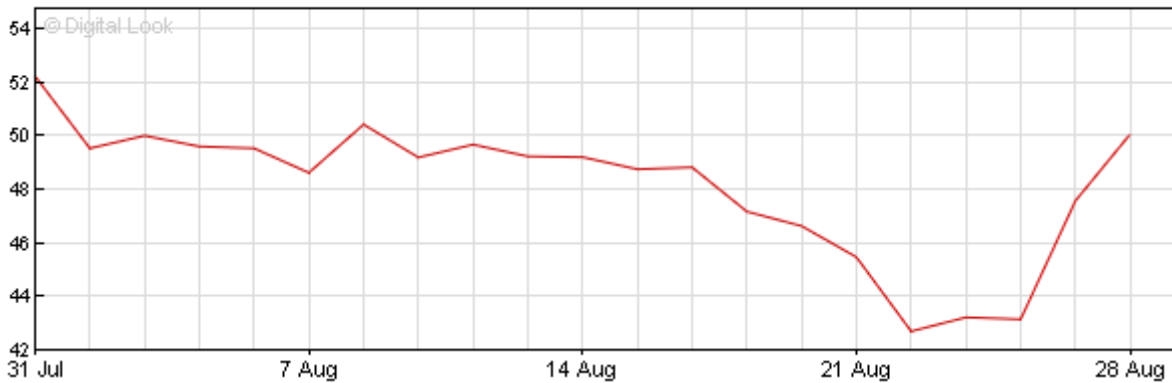
Highlights

- Indications are that Chinese imports of extra-long staples cotton could be three times the country's 2014/15 production. The abandonment of the Chinese stockpiling policy and subsidy offer has motivated the farmer's to increase their plantings. While the high quality long staples accounts for a small portion of the global total cotton production, increased output by China is likely to influence a reduction in the 2016 international cotton prices. Traders talked to by Reuters indicated that a lower US crop would do little to counteract the expected price falls.
- Cotton prices for October delivery on the new York market were pegged at US\$0.6375/pound (≈US\$1.40/kg) on 31st August, while Cotlook "A" index prices were pegged at US\$0.7060/pound (≈US\$1.55/kg) by 15:39 CAT on 28th August 2015.

Crude oil

- Latest estimates by the U.S Energy Information Agency (EIA) indicate that the country's June production was lower than the May estimate by about 100,000million barrels per day. The US oil production is being influenced by the rising supplies from other global traditional supplier of the commodity.
- While rising tensions seems to have supported the slight rise in crude oil prices last week and into Monday this week, the propensity for the price to be sustained at low levels remains high with the expected supply glut and slowdown in the Chinese economy.
- From the doldrums of below US\$45/barrel recorded early last week, Brent crude oil prices opened this week at about US\$49/barrel while WTI was pegged at US\$44.46/barrel by 17:00hrs CAT on 31st August 2015.
- Oman's settlement price for October delivery was pegged at US\$45.86/barrel on the Dubai Mercantile Exchange on 30th August 2015.

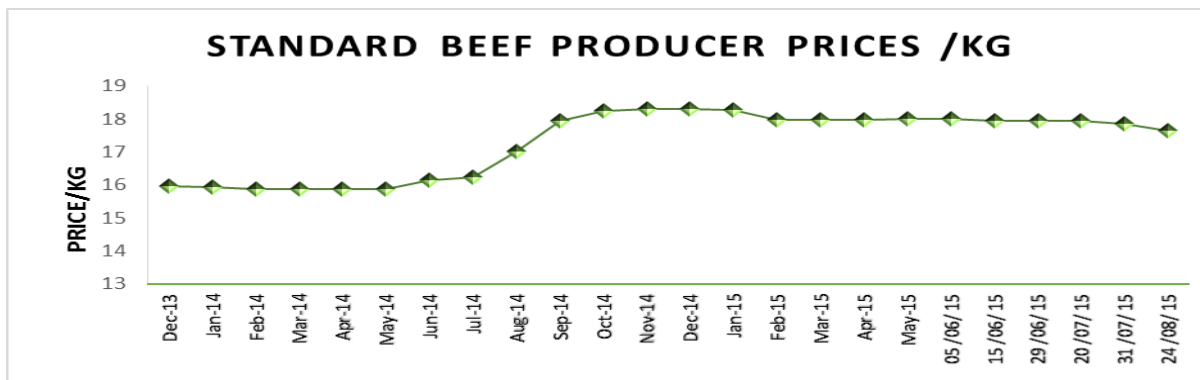
Brent Crude Oil Futures \$/barrel



Source: BBC Business, 2015

Beef

- Recent studies indicate that levels of meat contamination in the US are high. Global meat news reports that in two separate studies, Researchers from the California Chapman University Food Science Programme found 20% of consumer eat products containing meat from other species including horse meat. A separate study found that up to 50% of the game meat analysed were mislabelled.
- The Namibian auction prices for weaners were around ZAR 16.89/kg (\approx ZMW10.98/kg) for weaners while heifers were auctioned for about ZAR15.39/kg (\approx ZMW10.00/kg) in the week ending 28th August 2015. Grade A retail beef prices were in the range of ZAR28.62-34.43/kg (\approx ZMW18.60-22.38/kg).
- According to the ZNFU market price information system, dressed weight beef offer prices by traders, Lusaka delivery, were in the range of ZMW14.50 - 22/kg in the week ending 28th August 2015.



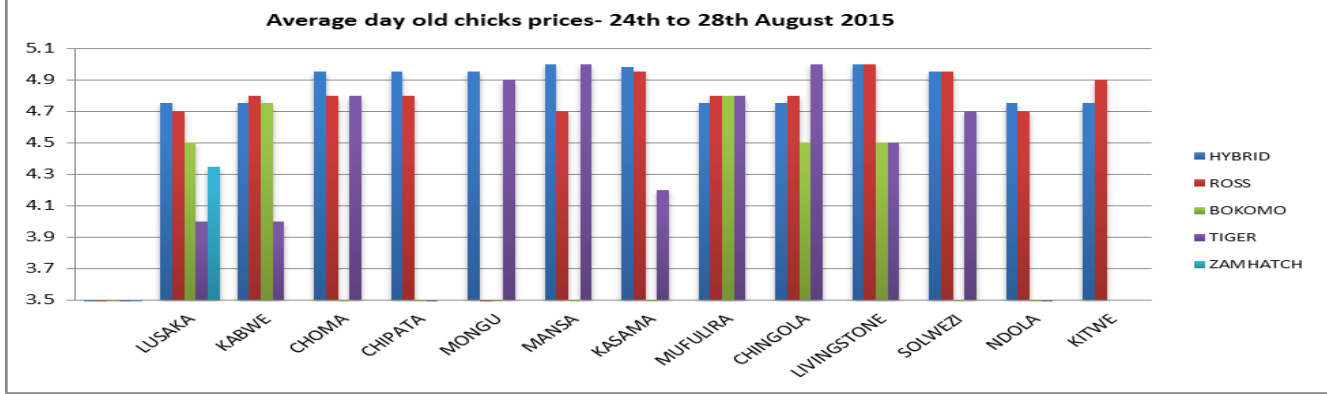
Source: ZNFU, 4455 Market Price Information System

Poultry

DOMESTIC POULTRY PRICES FOR THE WEEK ENDING 28TH August 2015

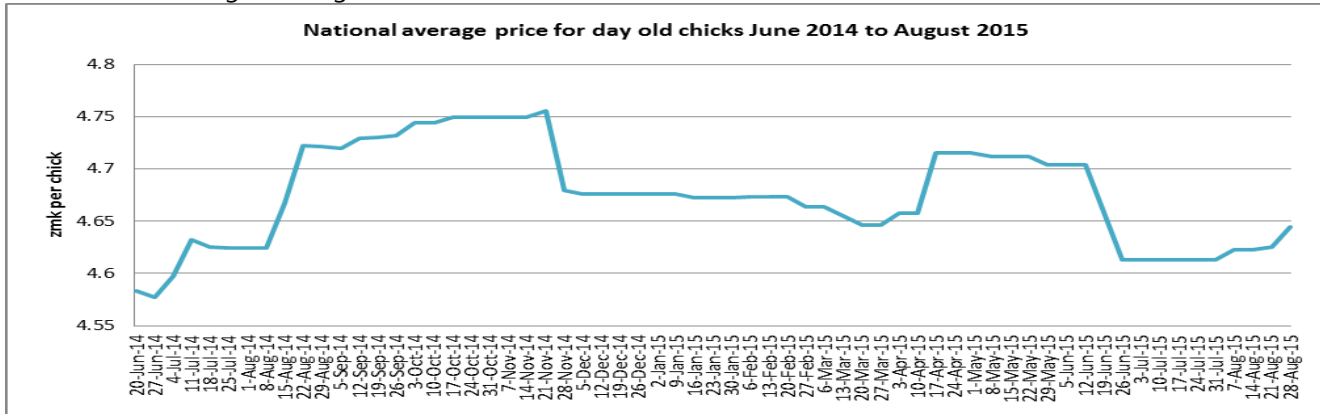
AVERAGE DAY OLD CHICK PRICES

The graph below shows the price of different breeds of day old chicks in selected towns. All prices remained static during the course of the week with no significant changes, except for the price of Zamhatch chicks which increased to ZMW4.35 from ZMW4.25.



Source: Poultry Association of Zambia

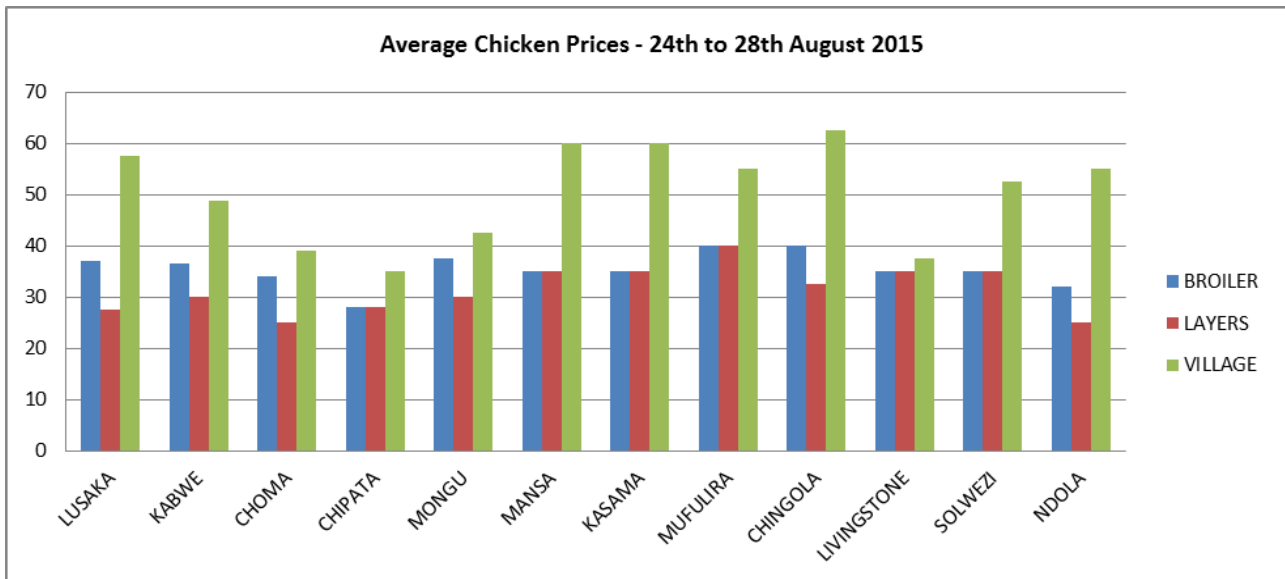
The graph below shows the national average price trend for day old chicks from June 2014 to August 2015. The graph shows a rise in the national average price of day old chicks. The average national price of day old chicks for the week ending 28th August was ZMW4.64.



Source: Poultry Association of Zambia

AVERAGE LIVE BIRDS PRICES

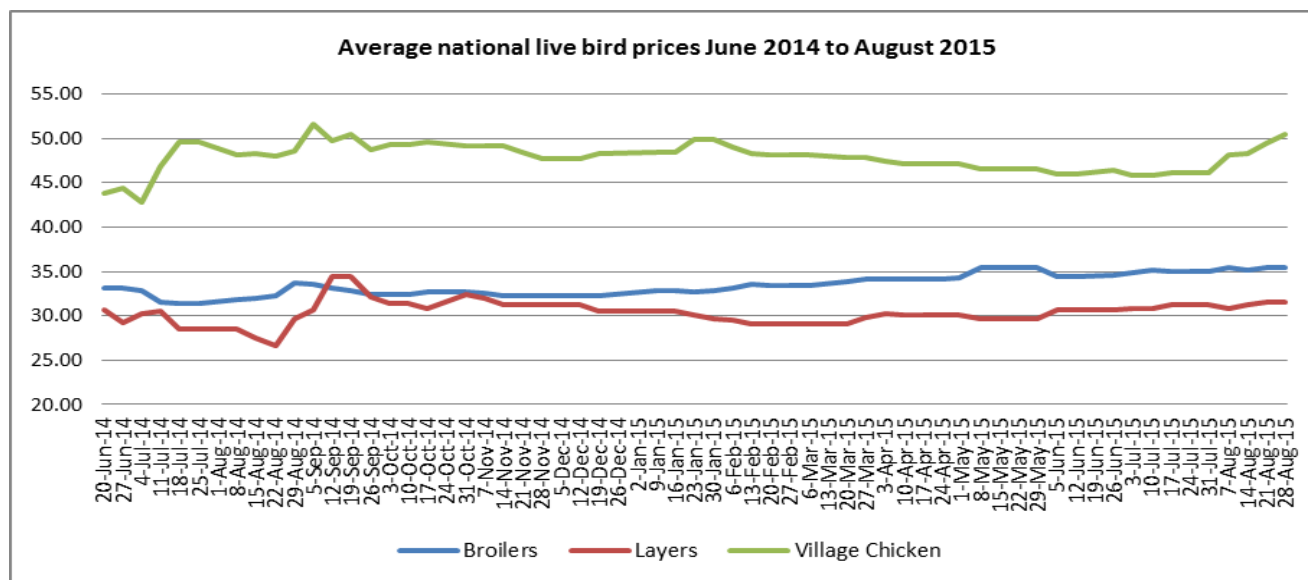
The graph below shows the average live bird prices in Lusaka, Choma, Kabwe, Chipata, Mongu, Mansa, Mufulira, Chingola, Solwezi, Ndola, Kitwe and Livingstone. The average price of village chicken in Choma has declined from ZMW42.5 to ZMW39 representing an 8.2% reduction in price while the average price of village chicken in Mufulira has risen from ZMW40 to ZMW55 representing 37.5% price increase.



Source: Poultry Association of Zambia

The graph below on the other hand shows the national average price trends for broilers, ex-layers and village chickens. The graph shows that while the national average price of village chickens has risen, the average price of

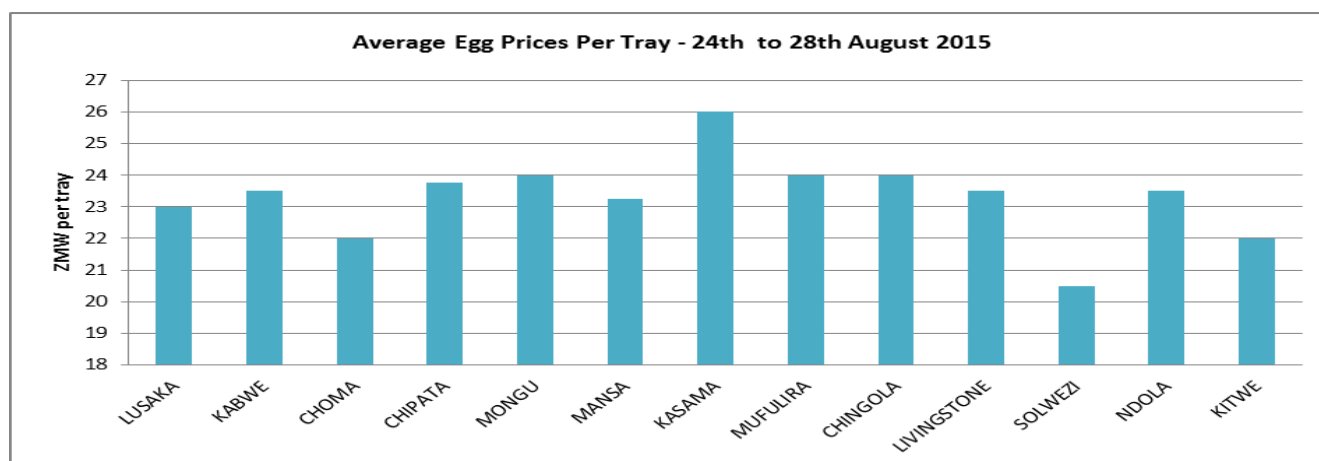
broilers and ex layers have remained relatively stable. The national average price of village chickens, ex-layers and broilers is ZMW50.44, ZMW31.5 and ZMW35.42, respectively.



Source: Poultry Association of Zambia

AVERAGE EGG PRICES

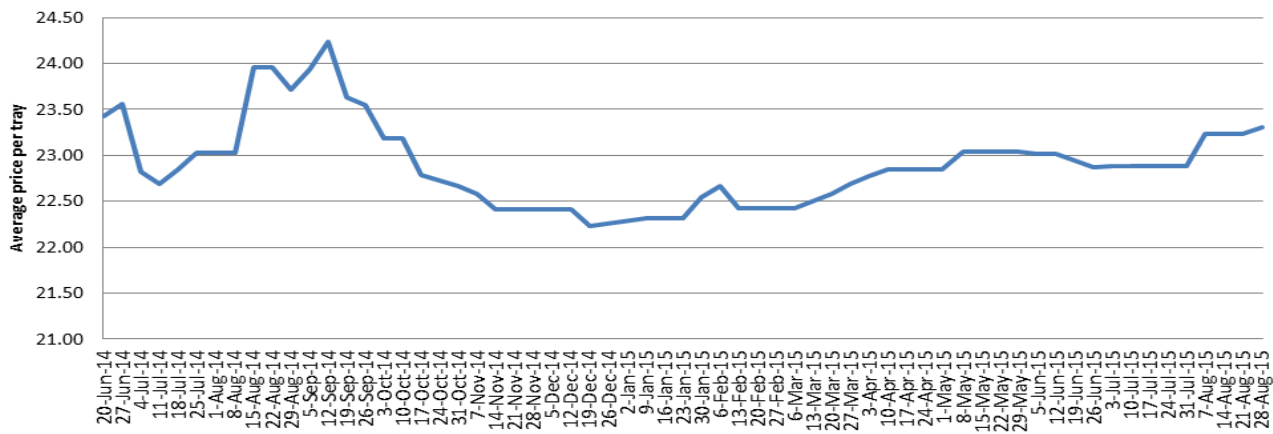
The graph below shows average retail prices of table eggs in selected provincial centres around the country. The graph shows that the lowest average price for eggs on the market during the course of the week was ZMW20.5 and the highest price is ZMW26.



Source: Poultry Association of Zambia

The graph below shows the price trend for a tray eggs from mid-June 2014 to August 2015. The graph shows a slight increase in the average price of a tray of eggs. The average national price for a tray of eggs is ZMW23.31. The rise in the price of eggs can be attributed to increased cost of production.

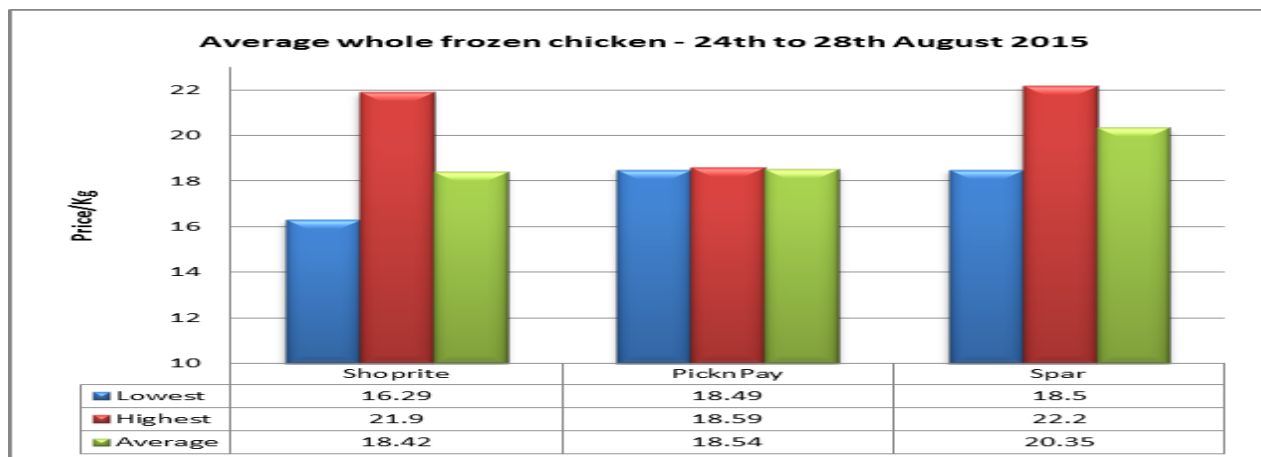
Average national egg prices June 2014 to August 2015



Source: Poultry Association of Zambia

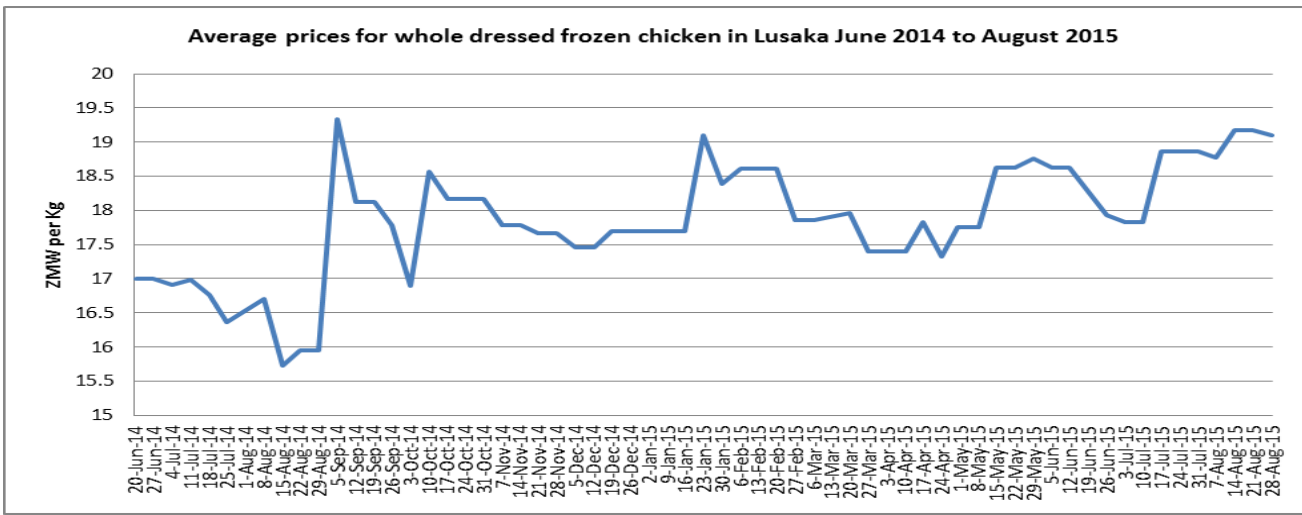
AVERAGE WHOLE DRESSED CHICKEN PRICES

The graph 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 is ZMW18.42 with the lowest going for ZMW16.29 and the highest going for ZMW21.90. The average price for frozen whole chicken per kilogram in Pick n’ Pay is ZMW18.54 with the lowest and highest going for ZMW18.49 and ZMW18.59 respectively. On the other hand, the average price in Spar is ZMW20.35 with the lowest and highest priced frozen whole chicken going for ZMW18.50 and ZMW22.20 respectively. Prices in other outlets where major frozen chicken suppliers are selling their chickens in Lusaka are ranging between ZMW17.85 to ZMW21.50 per kg.



Source: Poultry Association of Zambia

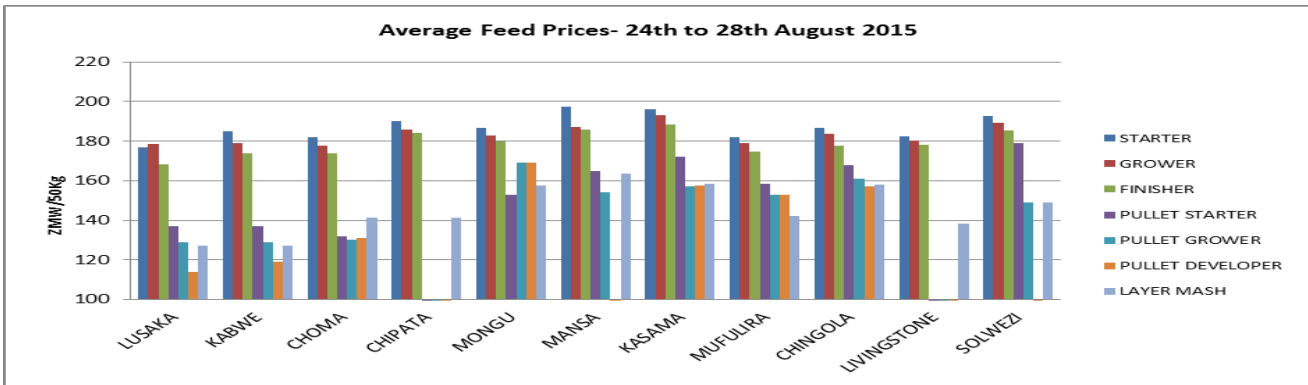
The graph below shows the average price trend for whole frozen dressed chicken in Lusaka from June 2014 – August 2015. The graph shows a decline in the average price of frozen whole chickens. The average price for the week was ZMW19.10/kg.



Source: Poultry Association of Zambia

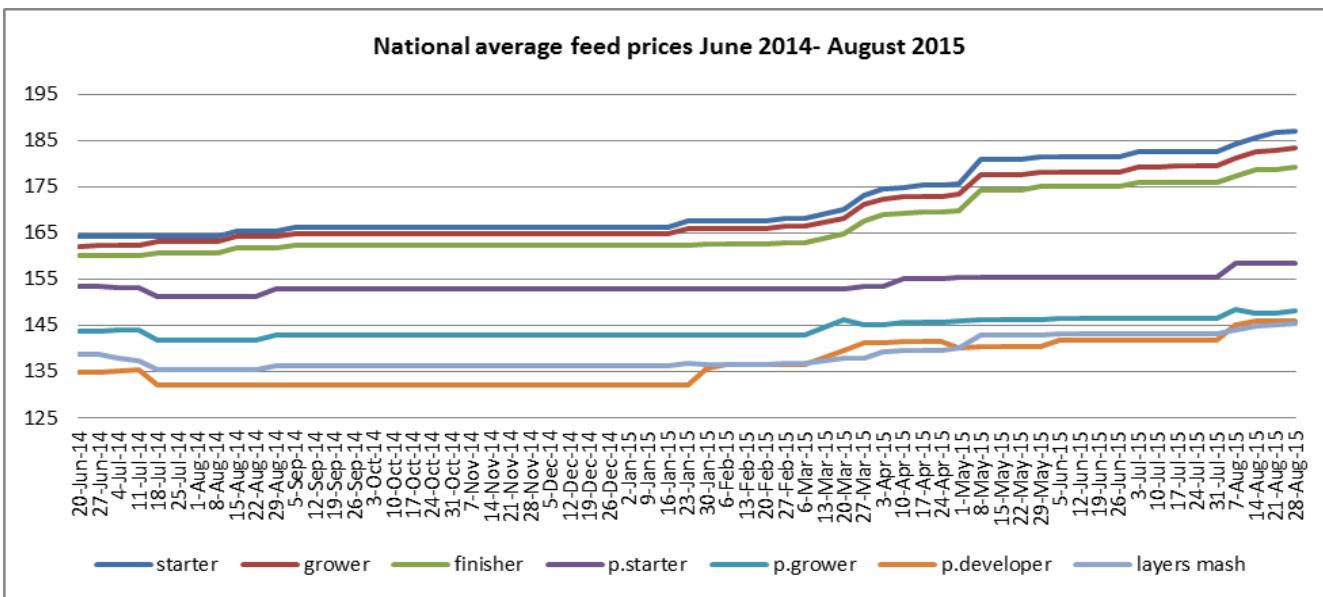
AVERAGE FEED PRICES

The graph below shows average weekly feed prices in selected towns. The graph shows that generally Kasama is posting highest prices for feed. However it can also be seen that Mansa is posting highest price for Broiler starter. The graph further shows that pullet feeds are generally lower than broiler feeds.



Source: Poultry Association of Zambia

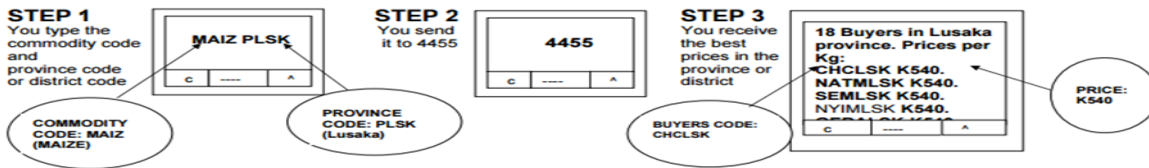
The graph below shows the national average price trend of feed prices from June 2014 to August 2015. The price of stock feed has continued to rise as indicated on the graph. These price increases have been attributed to the rising cost of production as well as the devaluation of the kwacha against the dollar. The perceived scarcity of soya beans and soya cake have been said to be contributing factors to the price increase as well.



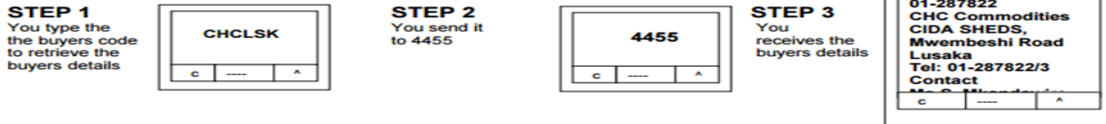
Source: Poultry Association of Zambia

ZNFU Market Price Information

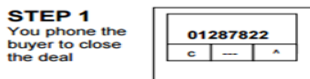
STAGE 1: Getting market prices



STAGE 2: Getting buyers details



STAGE 3: Contacting buyer



ZNFU System Operator 097 773 003
ZNFU Operator Email marketinfo@znfu.org.zm
Find the information on www.farmprices.co.zm

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