



THE WEEKLY AGRO WATCH



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7th September, 2015 Vol.35

Highlights:

- ❖ *Brazil's chicken exports soar*
- ❖ *Local broiler prices sticky despite rising costs*

French Farmers Protest Against Falling Farm Incomes

French farmers in Paris last week blocked major roads with more than 1,300 tractors to protest against collapsing farm incomes due to falling prices on world markets. Most livestock and dairy farmers in France have been hit by tough competition from supermarkets as well as a Russian embargo on EU food imports.

Earlier in the summer protesting farmers in France dumped manure in cities, blocked access to roads and stopped tourists from travelling to the popular Mont St-Michel Island in northern France to protest against lower commodity prices. French farmers are infamous for their "tractor protests" when discontented.

Kwacha Defies BOZ Intervention And Continues To Depreciate

The Kwacha has continued to depreciate against major convertible currencies from trading ZMW 8.70/dollar last week to ZMW10.08/dollar as at Tuesday 7th September 2015. This is despite Bank of Zambia offloading dollars on the market last Friday in an effort to halt the local currency from depreciating further.

Exchange Rates

CURRENCY	07/09/2015						31/08/2015					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	B	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
FNB	9	10.08	0.71	0.73	15.00	15.31	8.53	8.70	0.65	0.66	13.16	13.43
Standard Chartered Bank	-	-	-	-	-	-	8.49	8.65	0.64	0.65	13.09	13.35
ZANACO	9	10.10	0.72	0.74	15.02	15.41	8.50	8.66	0.64	0.65	13.04	13.37
Bank of Zambia	9	9.94	0.72	0.73	15.09	15.12	8.71	8.73	0.653	0.655	13.42	13.46

Parity Calculations

Domestic Import Parity Prices in US\$ as at 07/09/2015					
US\$/ZAR=13.65 US\$/ZMW=10.08					
Parity Prices		US\$/ZMW	Maize	Soya	Wheat
Lusaka		10.08	459.59	600.47	465.79
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	27.28	486.87	627.75	493.07
Mkushi	225	22.32	481.91	622.79	488.11
Ndola	250	24.80	484.39	625.27	490.59
Kitwe	250	24.80	484.39	625.27	490.59

Note: Soya and maize prices are for October 2015 delivery while wheat is for December 2015.

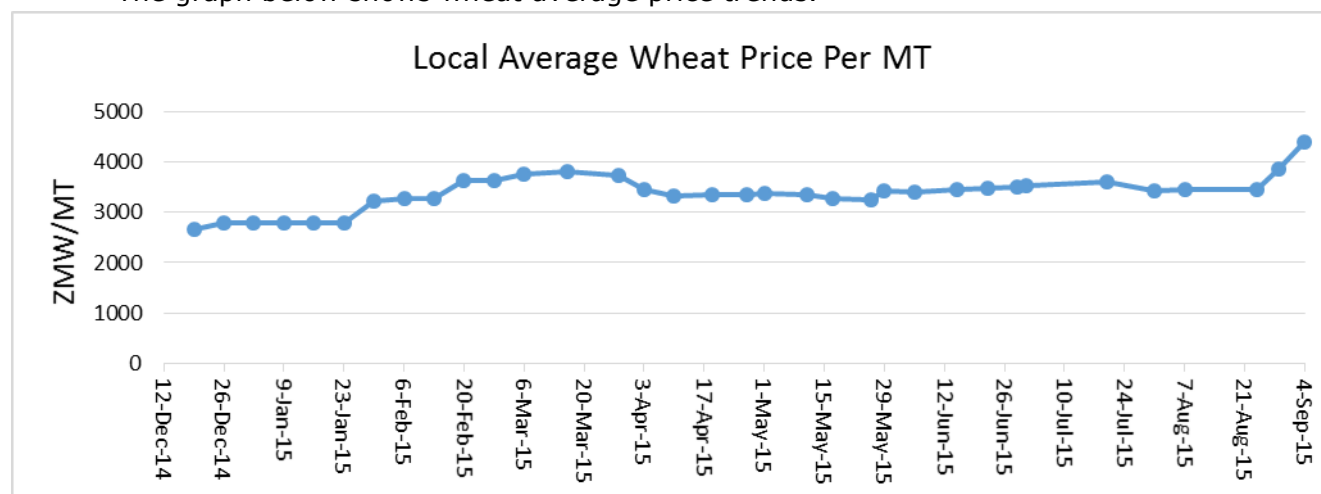
Export Parity Price Ranges (EPP) Harare-Lusaka	
Soya Beans	486-505.5
Wheat	310-427.5
Maize	213-320

Wheat

Highlights

- Pressure has continued to mount on international wheat prices to fall as the US harvest fast approaches. Indications are that in a space of one week, French offer prices to an Egyptian market have dropped by US\$11/ton to US\$174.74/MT. Lower freight charges are however giving the black sea region a more competitive advantage.
- By 4th September, Russian wheat prices were around US\$180/ton. With the depreciation of the Russian Ruble against the dollar, the only obstacle to Russia fully exploiting the export market is the sliding tax introduced by its government to ensue food security. Meanwhile reports are that there are calls by industry players to have the floating tax removed so as not to discourage farmers' from producing.
- During the week ending 28th August 2015, a total of 994MT of wheat was recorded as destined for Zambia. Cumulatively, South Africa's total wheat exports to Zambia from February to 28th August 2015 were 53,083MT according to the South African Grain Information system.
- The Chicago soft red wheat future price for delivery in December 2015 were hovering around US\$ 171.90/MT on 4th September 2015.
- Local wheat prices as captured by GTAZ were pegged at USD443 /MT purchasing price and USD455/MT selling price during the week ending 4th September, 2015.

The graph below shows wheat average price trends.

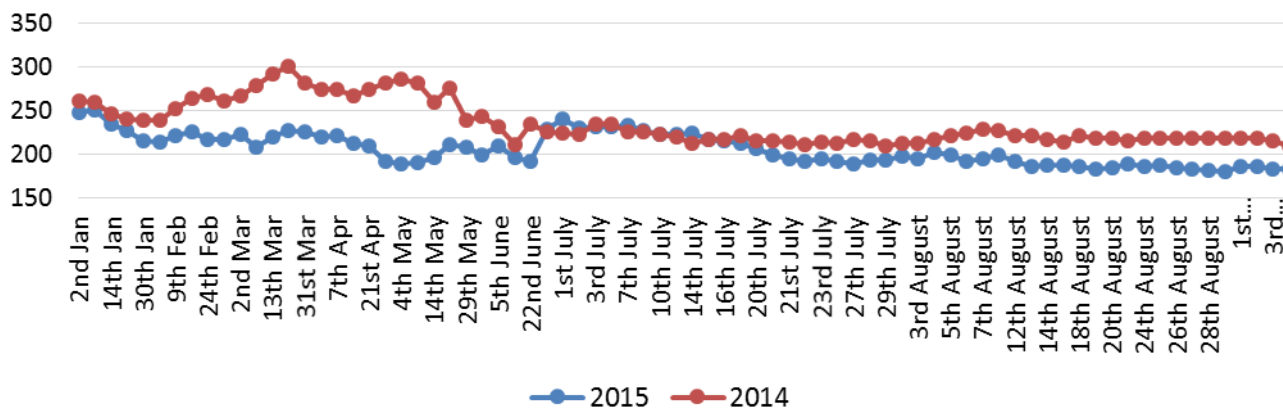


Source: ZNFU 4455 Information System.

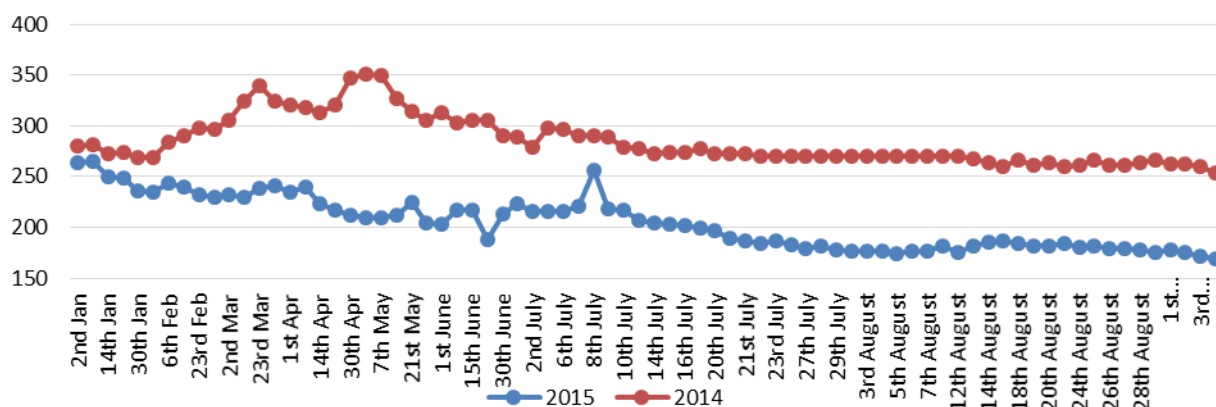
Price trends

The Safex international soft red and hard red wheat averaged US\$183.88/ton and US\$174.13/ton respectively in the week ending 4th September 2015. In comparison to the previous week, soft red prices fell by 0.38% and hard red prices by 3.04 percent on average. All prices are fob US gulf.

International Wheat (Soft Red) Price Trend



International Wheat (hard Red) Price Trend

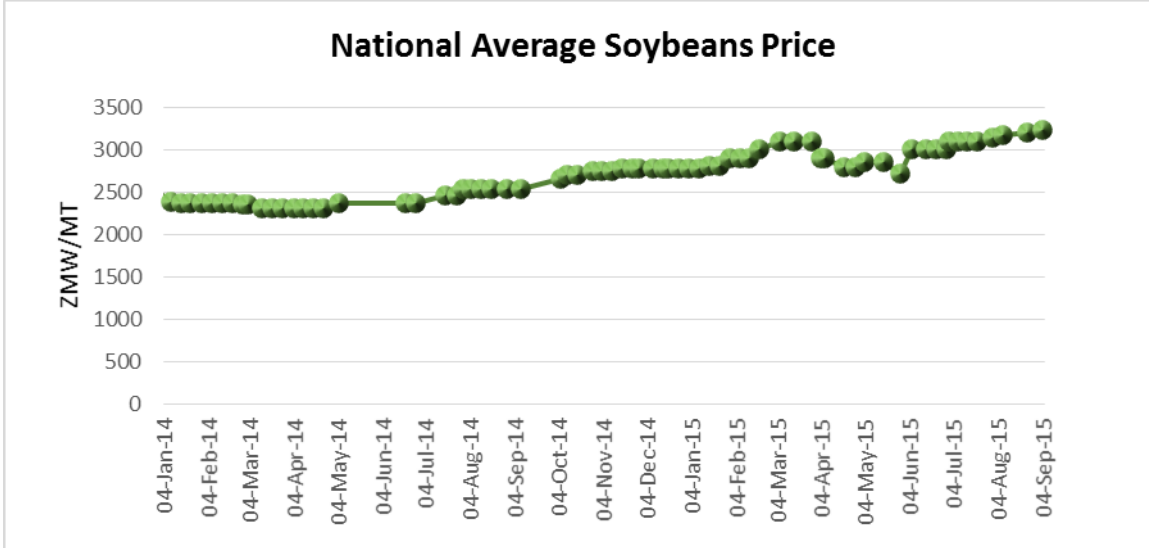


Source: Safex

Soya Beans

Highlights

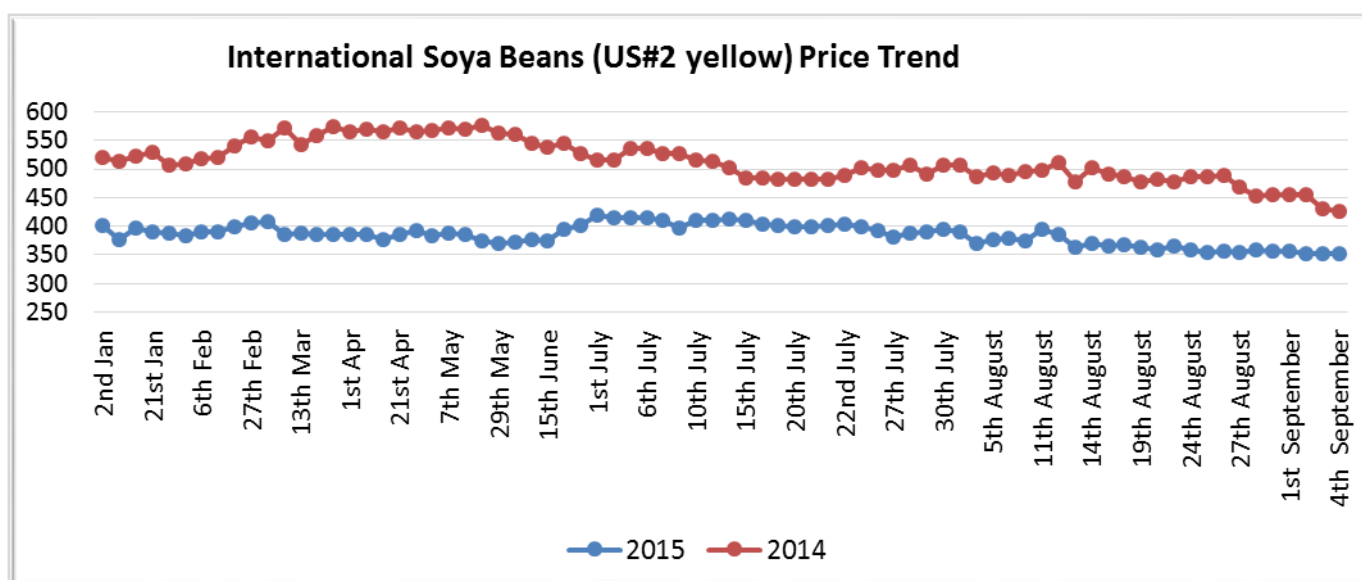
- South Africa’s 7th summer crop production estimates has pegged the country’s 2015 soya beans crop at 1.0416 million tons. This is higher than the 2014 production by about 93,600MT. South Africa’s soya beans annual consumption is estimated to be about 2 million tons.
- On the local scene, the country’s official soya beans exports between January and July 2015 were 3,794.28MT. Effective June 2015, Stakeholders have voluntarily agreed to have the soya beans exports controlled in order to ensure that the local demands are met while at the same time, satisfying pertinent export commitments. Last week, stakeholders recommended that government allows an export of 5,000MT of soya beans. This is in addition to the initially approved 2,000MT by government in July this year.
- Soya beans for November 2015 delivery on Chicago Mercantile Exchange were hovering around US\$318.27/ton on 4th September 2015.
- Soybeans offer prices by traders captured by the ZNFU 4455 price information system were in the range of ZMW2800-3, 780/ton in the week ending 4th September, 2015.
- The graph below shows average soybeans price trends;



Source: ZNFU, 4455 Market Price Information System

Price trends

International prices of US No. 2 yellow soya beans on Safex traded lower by 0.80 percent and averaged US\$353.54/ton during the week ending 4th September 2015. All prices are fob US gulf.



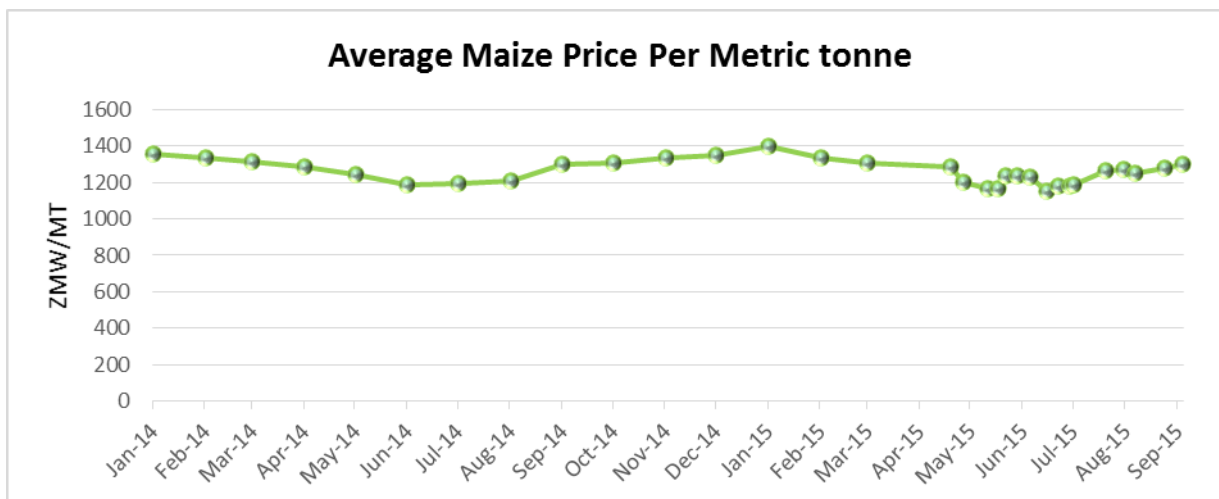
Source: Safex

Maize

Highlights

- The Kenyan government is set to release about 800,000MT of its strategic maize reserves in order to stabilize local maize meal prices. RATIC data showed that on 3rd September, Kenyan retail and wholesale maize prices were around US\$294/ton and US\$245/ton respectively.
- The administration of grain levies by local councils has continued to be a source of concern among players along the maize value chain as the maize seems to be attracting some grain levy in every district the maize passes through in transit to the final destination. Further concern has been raised that some districts are charging both grain levy and loading fees, thus, increasing the cost of the commodity.
- The Chicago maize futures price for delivery in December 2015 was pegged at US\$ 142.51/MT on 4th September 2015.
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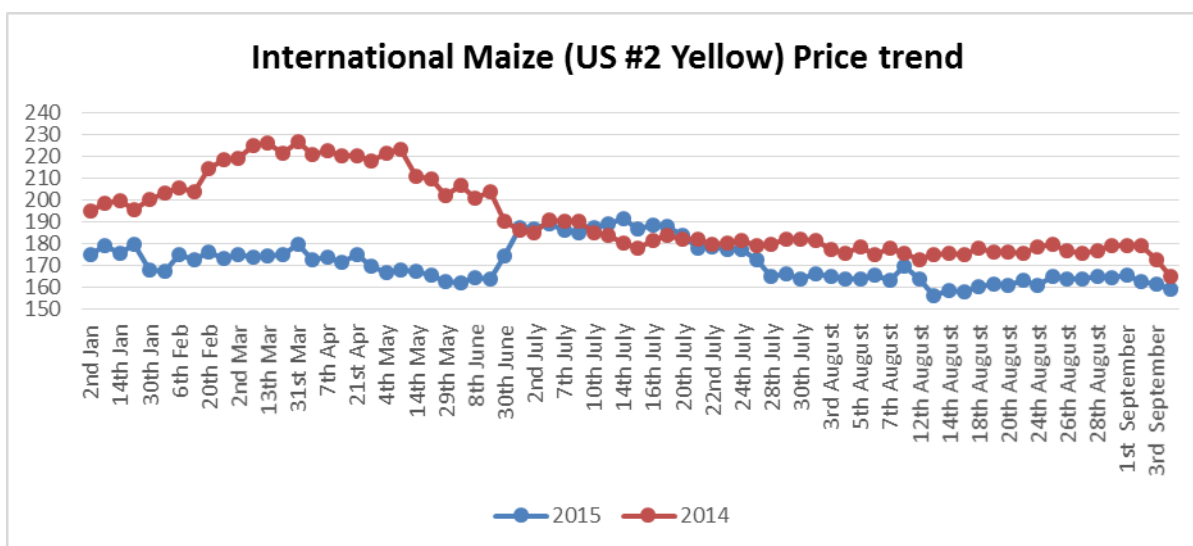
- Local maize offer prices by traders was averaging ZMK1, 300/ton in the week ending 4th September 2015 according to the ZNFU market price information system.



Source: ZNFU, 4455 Market Price Information System

Price trends

During the week ending 4th September 2015, international maize fob prices as recorded by Safex averaged US\$162.56/ton, below the previous week’s average by 0.65 percent.



Source: Safex

Cotton

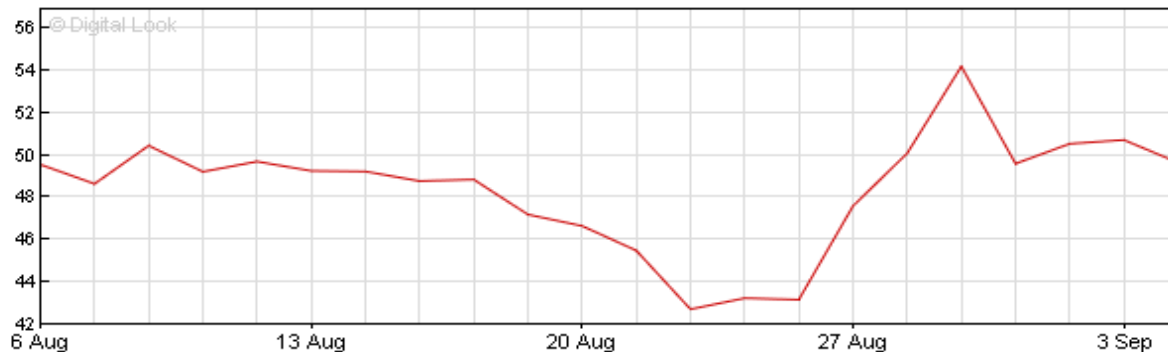
Highlights

- On a year –on –year comparison, cotton deliveries to Pakistan ginneries have dropped by about 23 percent mainly due to low output especially of good quality cotton. Last week trade in cotton was slow on the global level as the markets anticipate the latest cotton production estimates to be released by the USDA this week.
- Cotton prices for October delivery on the new York market were pegged at US\$0.6312/pound (≈US\$1.39/kg) while Cotlook “A” index prices were pegged at US\$0.6990/pound (≈US\$1.54/kg) by 15:31 CAT on 4th September 2015.

Crude oil

- International Crude oil prices last week were on average hovering around the US\$50 mark with the markets ears set to the ground to Kwacha any wind of information on the latest US employment statistics. The weaker than expected US job data saw prices edge downwards on Friday.
- Brent crude oil prices were about US\$49.51/barrel while WTI was pegged at US\$45.95/barrel by 22:30hrs CAT on 4th September 2015.
- Oman’s settlement price for October delivery was pegged at US\$47.72/barrel on the Dubai Mercantile Exchange on 4th September 2015.

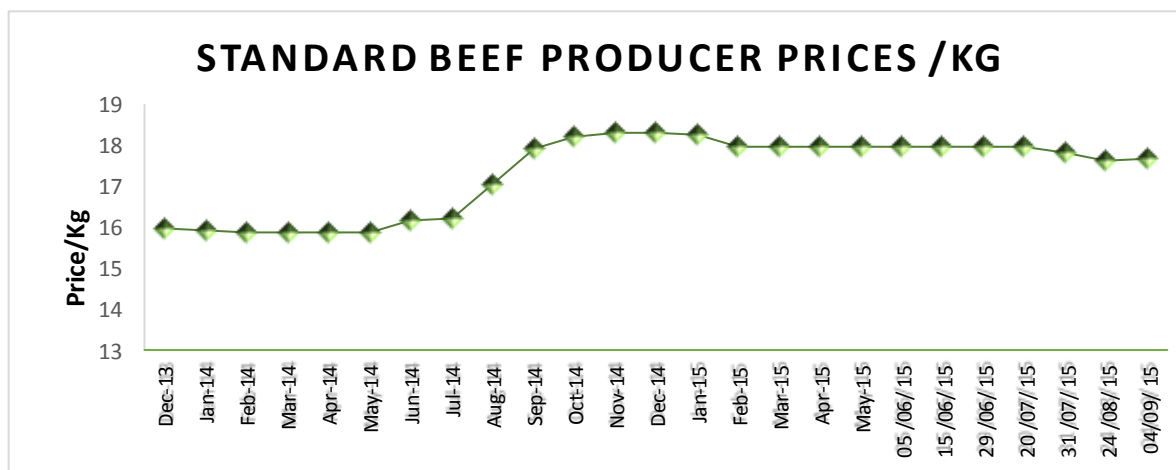
Brent Crude Oil Futures \$/barrel



Source: BBC Business, 2015

Beef

- Six cattle out of a herd of 34 have tested positive to Foot and Mouth Disease in a village along Cubango River in the Southern part of Angola. Movement controls, quarantine and surveillance as well as modified stamping out of disease will be used to curb the spread according to the International Organization for Animal Health.
- For the week ending 30th August 2015, South African beef carcasses were going for ZAR34.64/Kg (≈ZMW25.5/kg) while live animals were being sold for about ZAR20.08/Kg (≈ZMW14.86/kg). This is according to data from the South African Feedlot Association.
- The Namibian auction prices for weaners were around ZAR 16.89/kg (≈ZMW10.98/kg while heifers were auctioned for about ZAR15.39/kg (≈ZMW10.00/kg)) in the week ending 31st August 2015. Grade A retail beef prices were in the range of ZAR28.62-34.43/kg (≈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 ZMW17.66 – 17.70/kg in the week ending 4th September 2015. The graph below shows local beef price trends ;



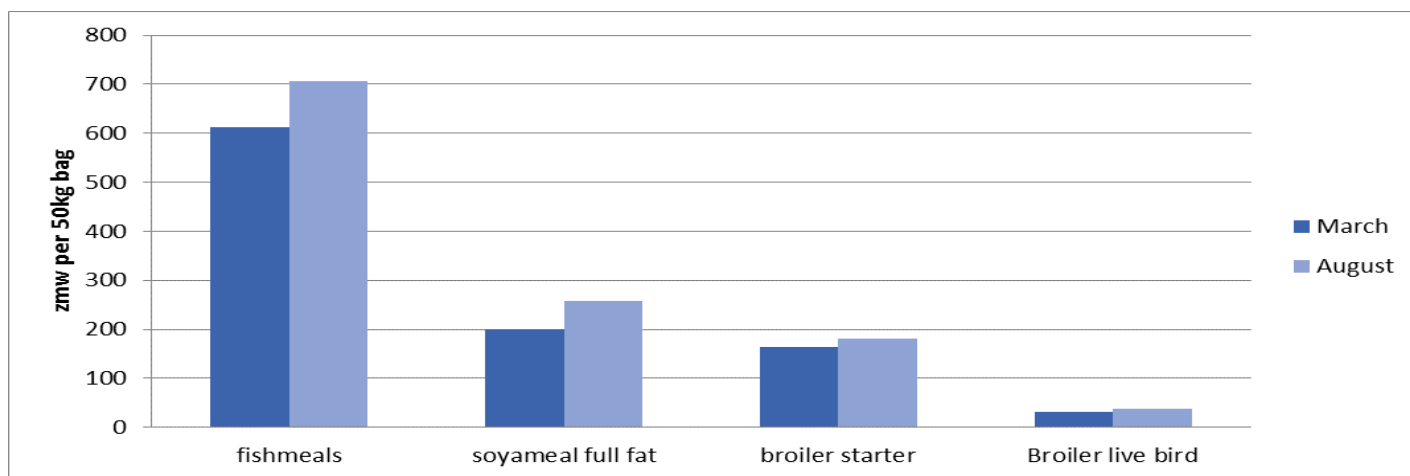
Source: ZNFU, 4455 Market Price Information System

Brazil’s Chicken Exports Soar

Surveys by the Brazilian Animal Protein Association (ABPA) have shown that exports of chicken meat continue to move at a strong pace in 2015. Exports have grown by 5.5 per cent in the first eight months of this year compared with the same period in 2014. 2.82 million tons were shipped in the period January-August 2015. The Poultry site further reports that in revenue terms, the picture is also positive, posting slightly over 15 billion Brazilian Real, which is 25.3 per cent higher than what was recorded in the same period in 2014.

DOMESTIC POULTRY PRICES FOR THE WEEK ENDING 4th SEPTEMBER 2015

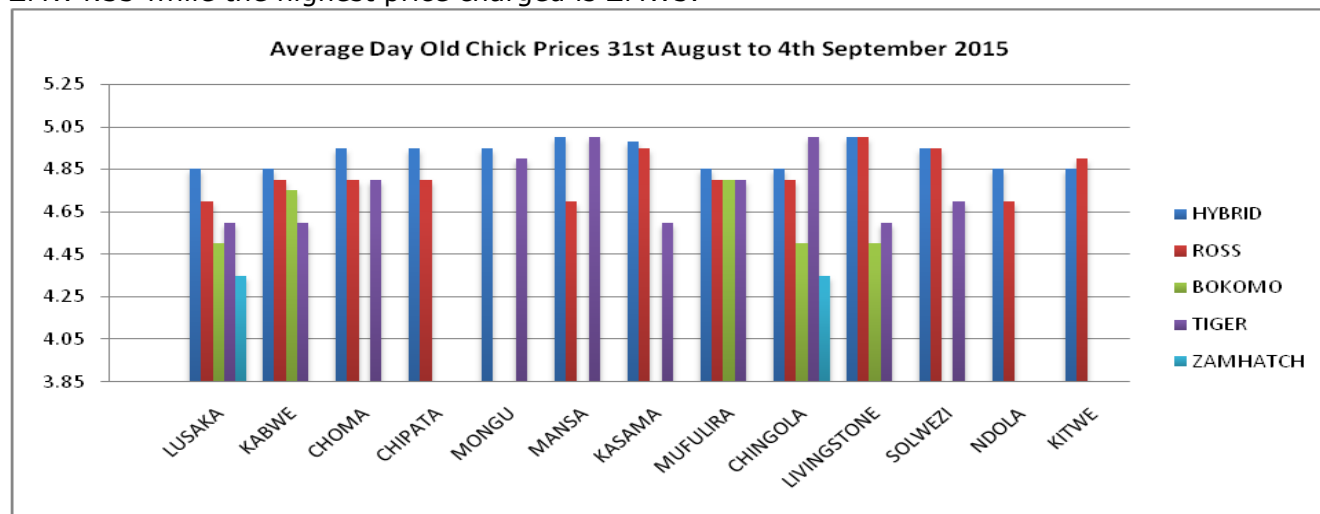
The year 2015 has experienced a general uptrend in the price of both poultry production inputs as well as the outputs. The graph below shows a comparison of March and August 2015 prices. The graph shows that while there have been significant increases in the price of poultry production inputs, the output i.e. the broiler live birds have not experienced an equal upswing in prices. This is because the consumers have been very resistant to the change in the prices shrinking the profit margins for the farmers producing chickens.



Source: Poultry Association of Zambia

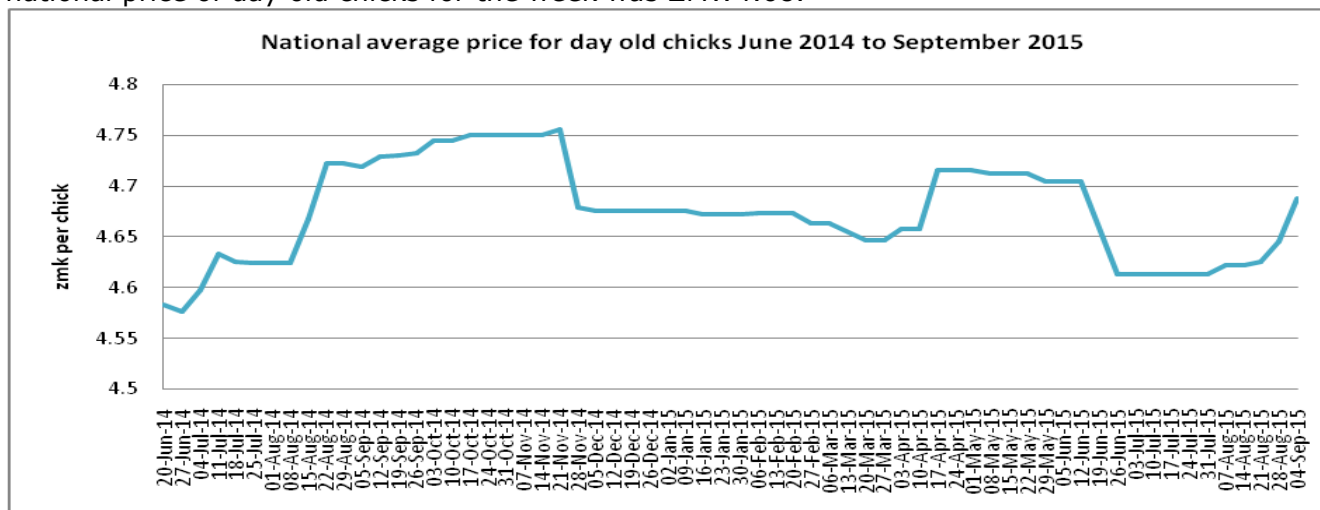
AVERAGE DAY OLD CHICK PRICES

The graph below shows the price of different breeds of day old chicks in selected towns. There was an upward adjustment in prices of some of the brands of day old chicks during the week. This is due to the fact that the costs of operations have been affected by the exchange rates and the load shedding. However, as can be seen from the graph, the lowest price charged for a day old chick is ZMW4.35 while the highest price charged is ZMW5.



Source: Poultry Association of Zambia

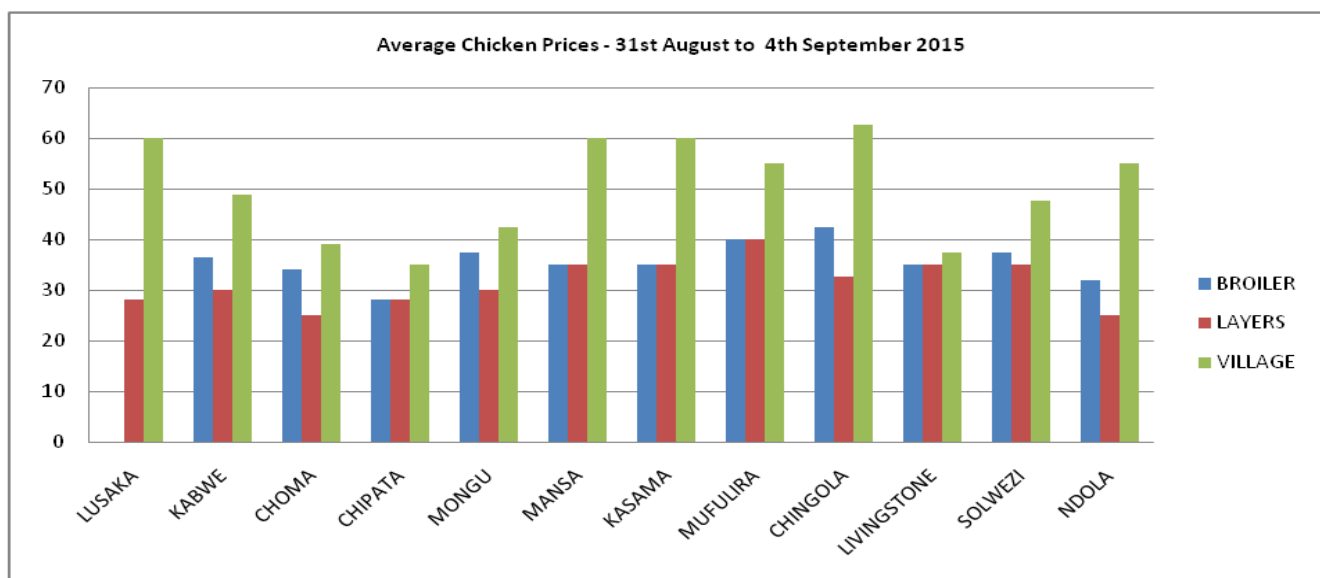
The graph below shows the national average price trend for day old chicks from June 2014 to September 2015. The graph shows an upswing in the national average price of day old chicks. This can be attributed to the general increase in the cost of production in the industry. The average national price of day old chicks for the week was ZMW4.68.



Source: Poultry Association of Zambia

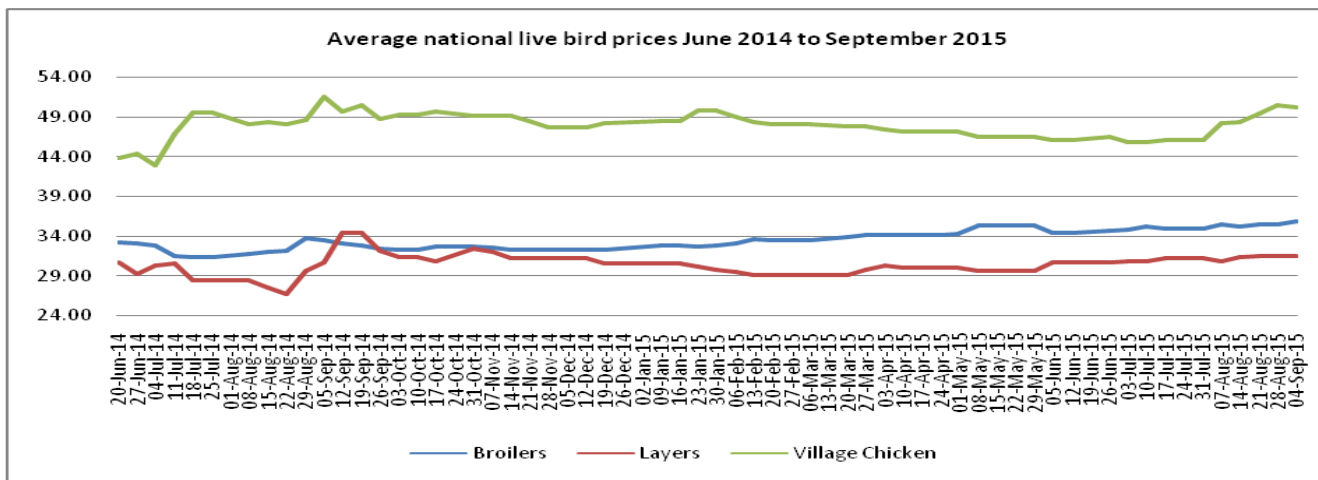
AVERAGE LIVE BIRDS PRICES

The graph below shows the average live bird prices in Lusaka, Kabwe, Kabwe, Chipata, Mongu Mansa, Mufullira, Chingola, Solwezi, Ndola, Kitwe and Livingstone. The average price of broilers in Chingola and Solwezi has risen from ZMW40 to ZMW42.5 and from ZMW35 to ZMW37.5 representing 6.25% and 7.14% price increases respectively. On the other hand, the price of village chicken in Solwezi has declined from ZMW52.5 to ZMW47.5 representing 9.5% price reduction.



Source: Poultry Association of Zambia

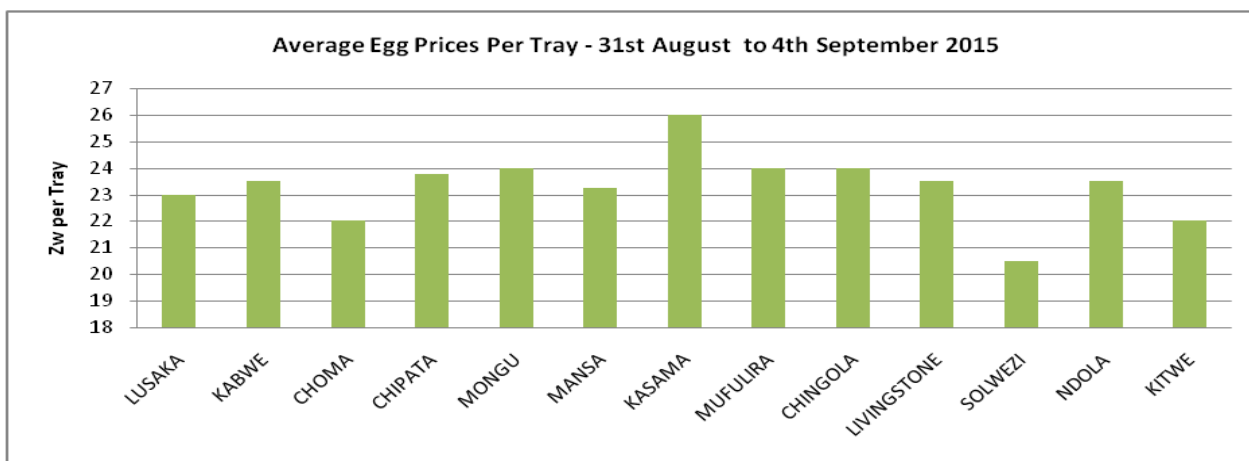
The graph below shows the national average price trends for broilers, ex-layers and village chickens. The graph shows that the national average price of broilers and layers has risen slightly. This is because of the increased cost of production especially the increase in the price of feed. On the other hand, the price of village chickens has declined. This price decline can be attributed to an increased supply of village chickens on the market. With the increase in the price of stock feed in the past two week, maintaining the prices of broilers at the current price will drive the majority of the producers out of business which will have a ripple effect on the entire poultry industry.



Source: Poultry Association of Zambia

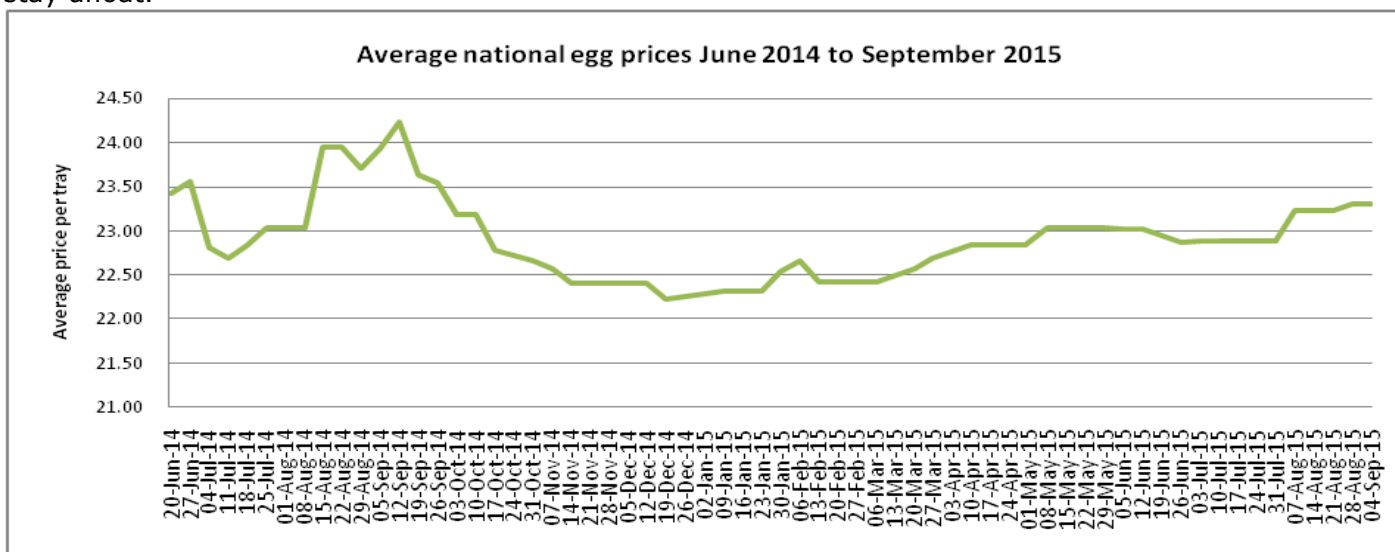
AVERAGE EGG PRICES

The graph below shows average retail prices of table eggs in selected provincial centres around the country. There were no changes in the average price of eggs during the course of the week. This can be attributed to an adequate supply of eggs on the market.



Source: Poultry Association of Zambia

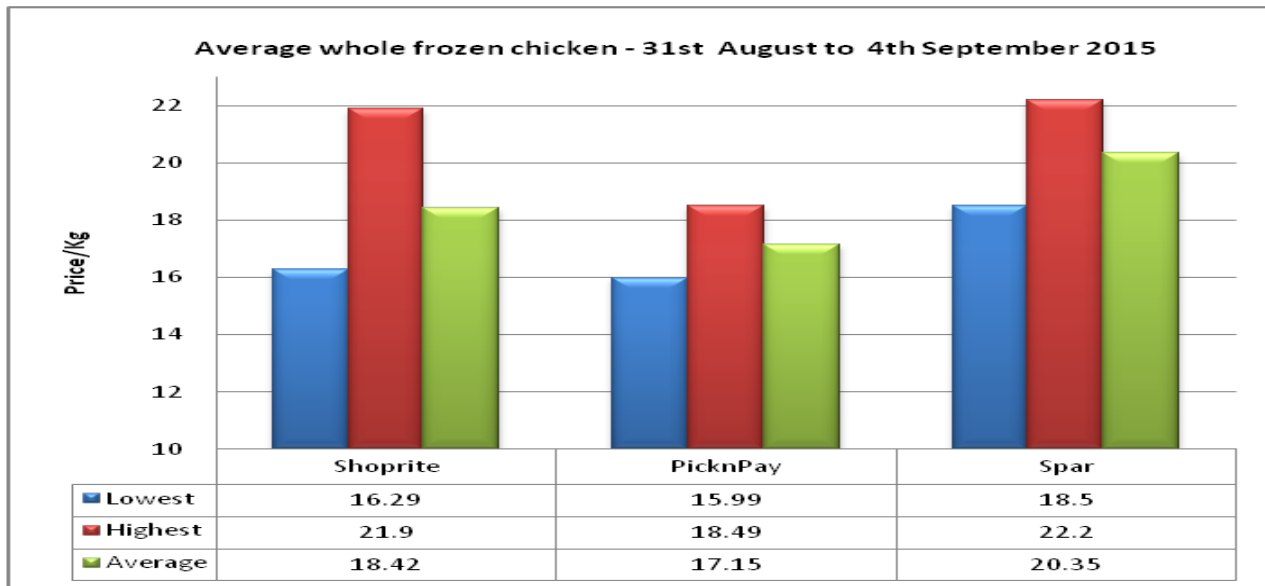
The graph below shows the price trend for a tray of eggs from mid-June 2014 to September 2015. The graph shows that the national average price of eggs has remained static since 28th August 2015 at ZMW23.31. Whilst the price of eggs has not recovered compared to last year's prices, it is important to note that upwards adjustment to the price is inevitable if the producers are stay afloat.



Source: Poultry Association of Zambia

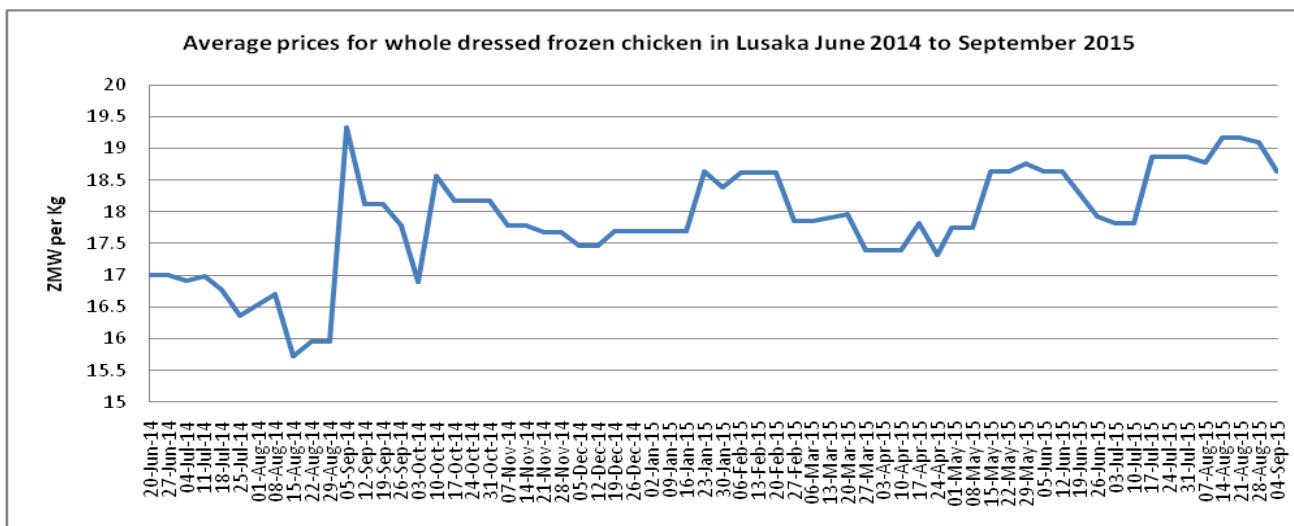
AVERAGE WHOLE DRESSED CHICKEN PRICES

Graph 1 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 ZMW18.42/kg with the lowest going for ZMW16.29/kg and the highest going for ZMW21.90/kg. The average price for frozen whole chicken in Pick n' Pay was ZMW17.15/kg with the lowest and highest going for ZMW15.99/kg and ZMW18.49/kg respectively. On the other hand, the average price in Spar was ZMW20.35/kg with the lowest and highest priced frozen whole chicken going for ZMW18.50/kg and ZMW22.20/kg respectively. Prices in other outlets where major frozen chicken suppliers are selling their chickens in Lusaka are ranging between ZMW17.85 to ZMW21.50/kg.



Source: Poultry Association of Zambia

The graph below shows the average price trend for whole frozen dressed chicken in Lusaka from June 2014 – September 2015. The average price of frozen whole chickens has been declining the past two weeks. This can be attributed to promotions being held by the suppliers of the frozen chickens. The average price of frozen whole chicken the past week has been ZMW18.64/kg.

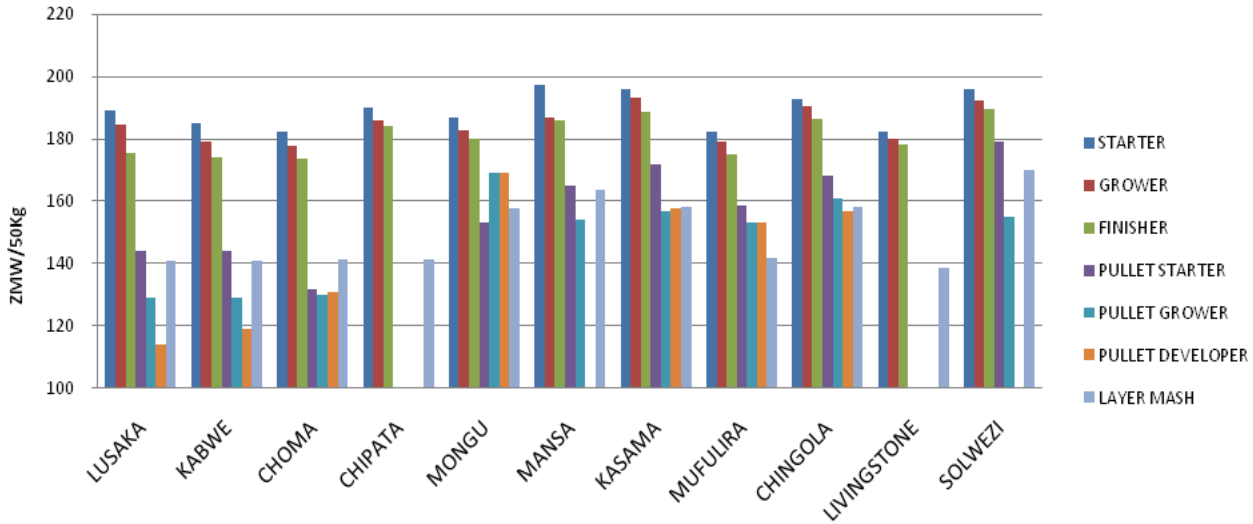


Source: Poultry Association of Zambia

AVERAGE FEED PRICES

The graph below shows average weekly feed prices in selected towns. During the course of the week, the price of stock feeds in most towns experienced a dramatic upward adjustments between ZMK 5 and ZMK17 kwacha. It is also important to note that some brands have maintained their pricing models despite the rising costs. The price adjustments have been attributed to the continued devaluation of the Kwacha as well as high cost of production coupled with long hours of loadshedding.

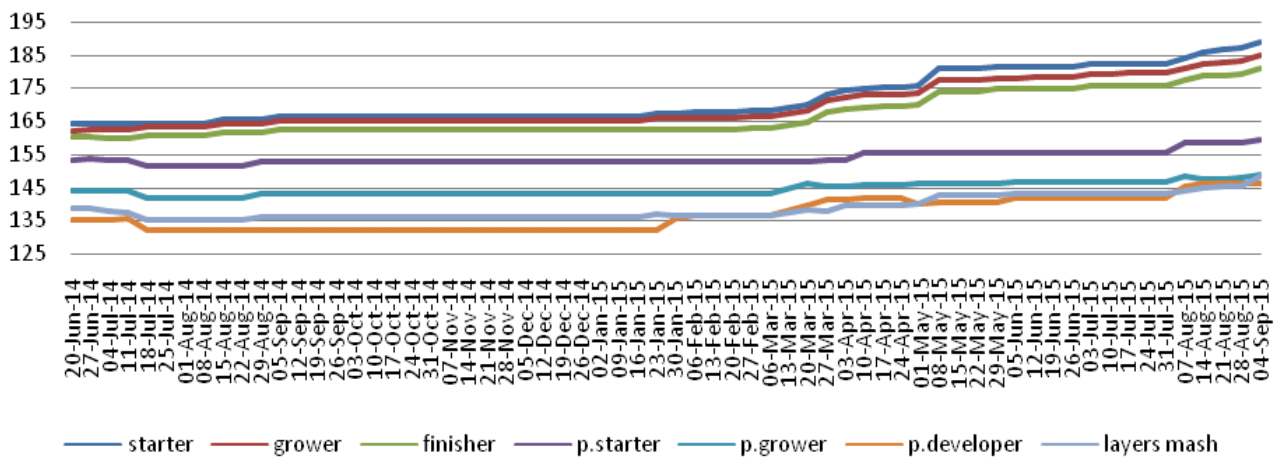
Average Feed Prices- 31st August to 4th September 2015



Source: Poultry Association of Zambia

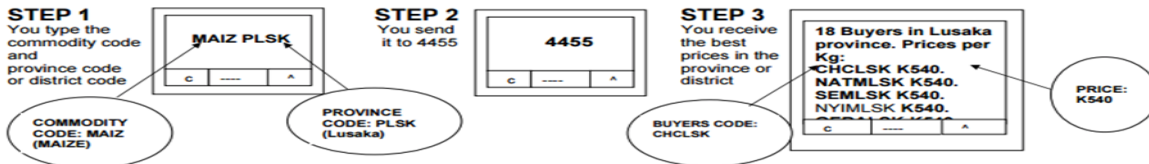
The graph below shows the national average price trend of feed prices from June 2014 to September 2015. The price of poultry stock feed continues to exhibit an upswing. Between 1st January and 4th September 2015, the price of stock feeds has been reported to have jumped at least four times. In the midst of national crises such as the devaluation of the kwacha and short hours of electricity supply, high prices of stock feeds will have a negative impact on the poultry industry.

National average feed prices June 2014- September 2015

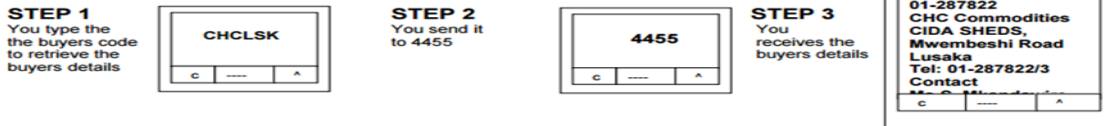


Source: Poultry Association of Zambia

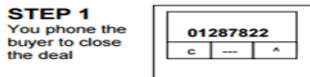
STAGE 1: Getting market prices



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

Call for Registration-Dairy Cattle Suppliers

DAZ is calling for the registration of dairy cattle suppliers for the supply of over 600 in-calf heifers. Interested reputable suppliers (both local and within the SADC region) are encouraged to register with DAZ at a non-refundable fee of K250.

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