



THE WEEKLY AGRO WATCH



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14th September, 2015 Vol.36

Industry Updates

Highlights:

- ❖ *Pressure continues on international wheat prices*
- ❖ *FRA suspends maize sells*

Commodity Prices Slump in August

The Food and Agricultural organization (FAO) Food price index recorded the largest monthly drop in August 2015. The index averaged 155.7 points, down from the July index by 5.2 percent. Factors that contributed to the sharp fall in international food prices include ample supply, falling energy prices and concerns about China's economic slowdown and its negative consequences on the global economy and financial markets. All agricultural commodities tracked by the index recorded drops, save for meat which remained steady. Maize and Wheat were the main drivers beyond the drop in the overall cereal prices while International palm oil prices have hit a six-and-a-half year low, as a result of slowing import demand, notably by India and China amid expectations of rising production

Normal to below normal rainfall Forecast for 2015/16 season

The Zambia Meteorological Department has forecast that Zambia is likely to receive below average to normal rainfall in the 2015/16 rain season. Their report released last week indicates that for the period November to January; Western, Southern, Lusaka, Eastern and some parts of Central and north western provinces are likely to receive normal to below normal rainfall with the rest of Zambia having a chance of receiving normal rainfall.

Exchange Rates

CURRENCY	14/09/2015						07/09/2015					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
FNB	9.70	9.90	0.72	0.73	14.99	15.30	9.88	10.08	0.71	0.73	15.00	15.31
Standard Chartered Bank	9.71	9.90	0.72	0.73	14.99	15.29	-	-	-	-	-	-
ZANACO	9.71	9.90	0.71	0.73	14.91	15.29	9.90	10.10	0.72	0.74	15.02	15.41
Bank of Zambia	9.81	9.83	0.722	0.723	15.11	15.15	9.92	9.94	0.72	0.73	15.09	15.12

Parity Calculations

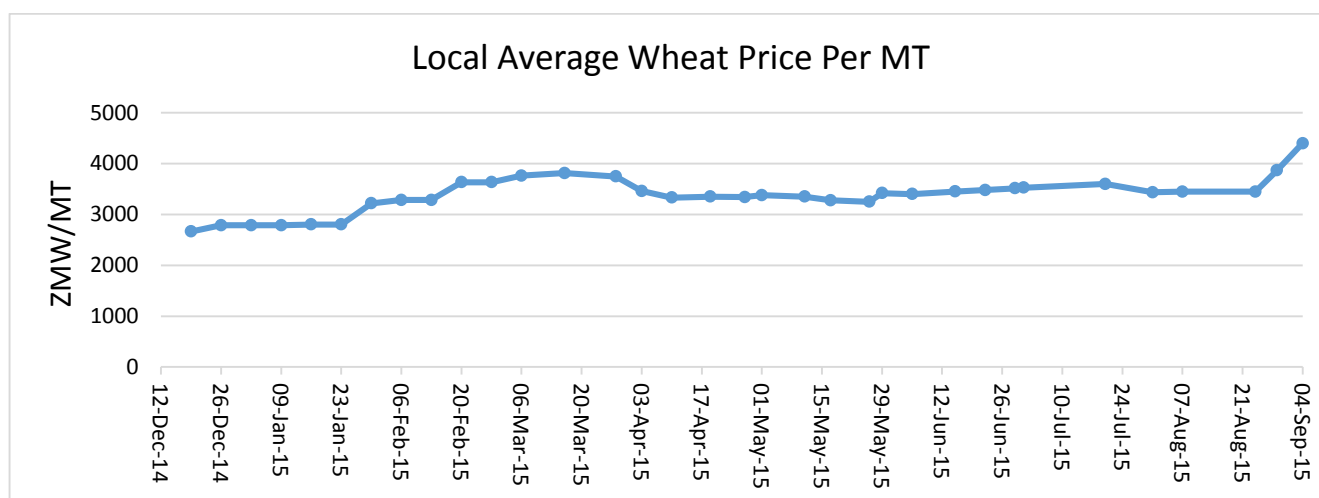
Domestic Import Parity Prices as at 14/09/2015					
US\$/ZAR=13.59 US\$/ZMW=9.90					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		9.9	452.69	597.31	468.47
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	27.78	480.47	625.09	496.25
Mkushi	225	22.73	475.42	620.04	491.20
Ndola	250	25.25	477.94	622.56	493.72
Kitwe	250	25.25	477.94	622.56	493.72

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

Wheat

Highlights

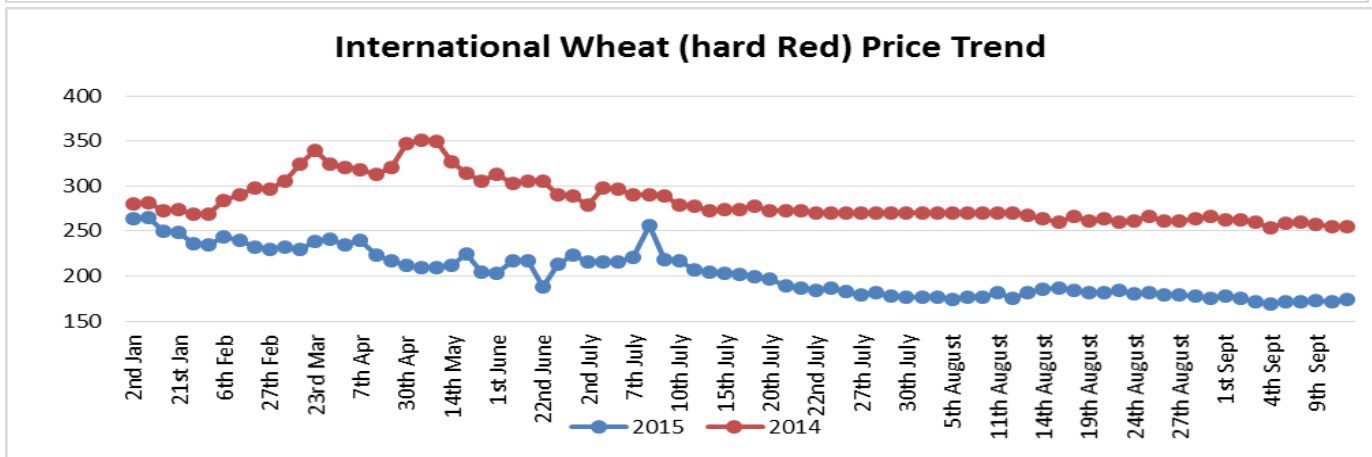
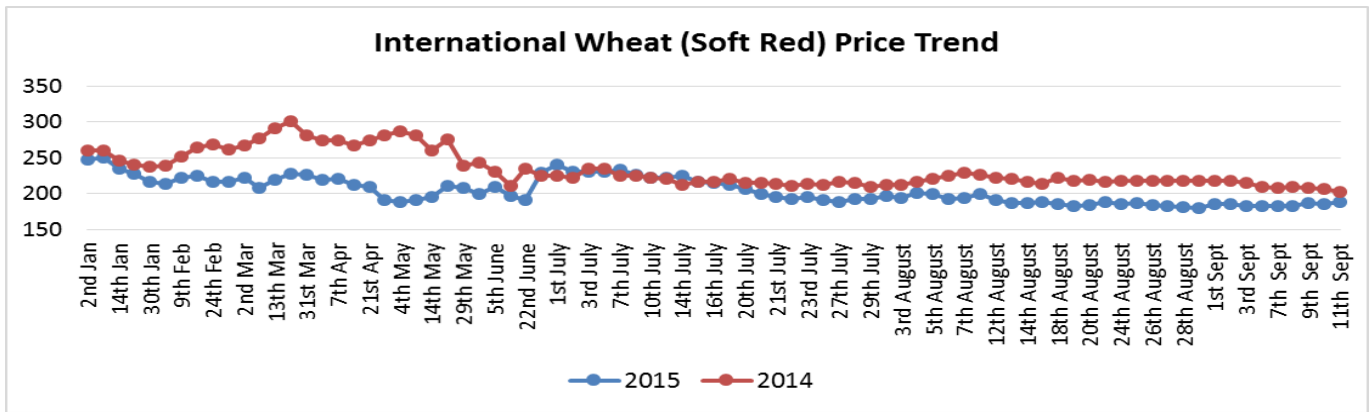
- Good wheat harvest from the European Baltic states of Lithuania and Latvia are putting gravitational pressure on the already falling international wheat prices. The Baltic States are threatening to take over the French and Germany wheat market and indications from the market are that come November 2015, the Baltic States will dominate international wheat exports.
- South Africa's wheat exports to Zambia during the week of 29th August to 4th September were 207MT. Cumulatively, South Africa's total wheat exports to Zambia from February to the week ending 4th September were 53,290MT according to the South African Grain Information system.
- The Chicago soft red wheat future price for delivery in December 2015 were hovering around US\$ 178.65/MT on 14th 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\$185.35/ton and US\$172.75/ton respectively in the week ending 14th September 2015. In comparison to the previous week, soft red prices rose by 0.8% and hard red prices fell by 0.79 percent on average. All prices are fob US gulf.

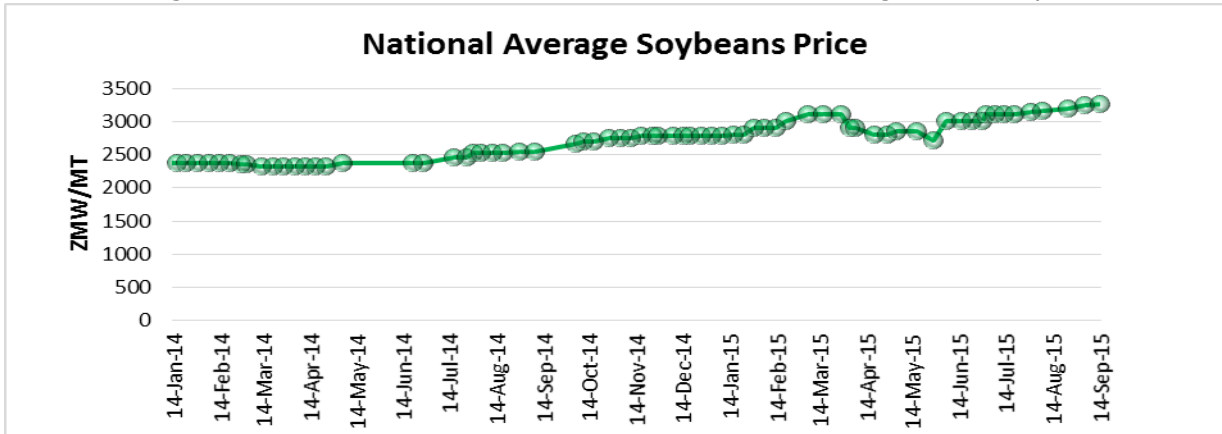


Source: Safex

Soya Beans

Highlights

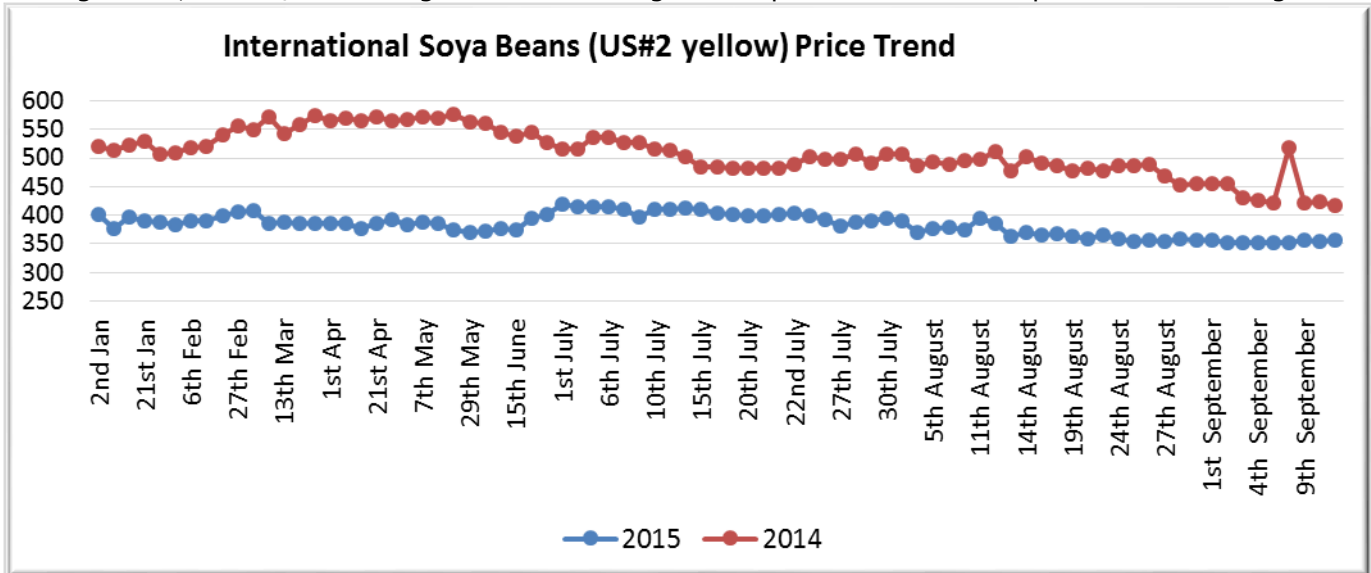
- Latest USDA estimates are forecasting a larger global crop in the 2015/16 year due to increase US and Brazilian supplies. China is still expected to maintain its position as the largest importer of the oilseed. Global ending stocks have been estimated at 86.88 million tons, higher than the 2014/15 stock estimates by about 5 million tons. This is despite the rise in consumption demand over the two years. International prices are therefore expected to trade lower for the new marketing year which ends in September 2015 for most countries.
- The Brazilian government has estimated its 2014/15 soya beans crop at 96.2 million tons, 11.8 percent above the previous harvest.
- Soya beans for November 2015 delivery on Chicago Mercantile Exchange were hovering around US\$323.49/ton on 14th 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 11th September, 2015.



Source: ZNFU, 4455 Market Price Information System

Price trends

International prices of US No. 2 yellow soya beans on Safex traded lower by 0.03 percent and averaged US\$353.43/ton during the week ending 11th September 2015. All prices are fob US gulf.

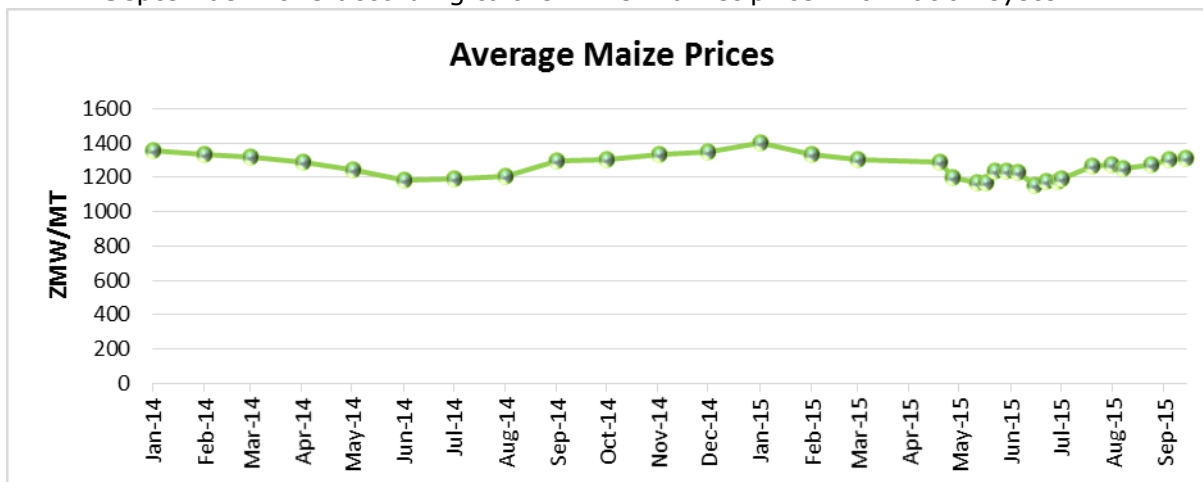


Source: Safex

Maize

Highlights

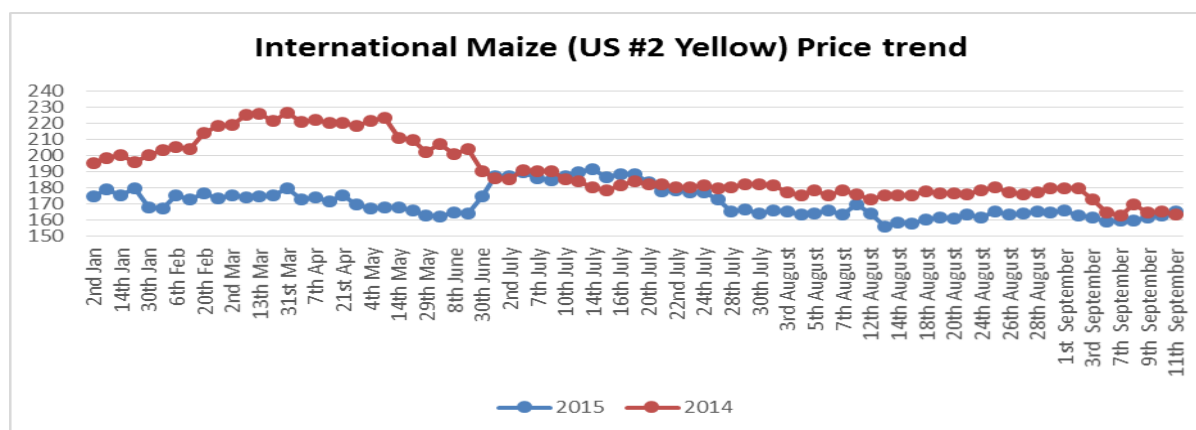
- For the 2015/16 year, global production of maize is expected to be lower than the previous year's output by about 3 percent mainly on lower output from the European Union, USA, Brazil and Argentina.
- Kenya has estimated to import a total of 76,500MT of Maize between August and December 2015 from the East Africa countries. Meanwhile, Tanzanian traders have been observed to be active in purchasing maize from the Northern parts of Zambia with a view to re-export into Kenya. On 9th September, RATIN quoted Kenyan wholesale maize prices in the range of US\$240-288/ ton while retail prices were about US\$ 288-336/ton.
- On the local scene, the Food Reserve Agency has stopped selling maize on both the local and international markets and is only satisfying pre-existing supply contracts. The Agency is likely to resume its maize sells activity in November. Current focus is on purchases of the grain from the local farmers.
- The Chicago maize futures price for delivery in December 2015 was pegged at US\$ 153.3/MT on 14th September 2015.
- Local maize offer prices by traders was averaging ZMK1, 300/ton in the week ending 11th September 2015 according to the ZNFU market price information system.



Source: ZNFU, 4455 Market Price Information System

Price trends

During the week ending 11th September 2015, international maize fob prices as recorded by Safex averaged US\$161.50/ton, below the previous week's average by 0.61 percent.



Source: Safex

Cotton

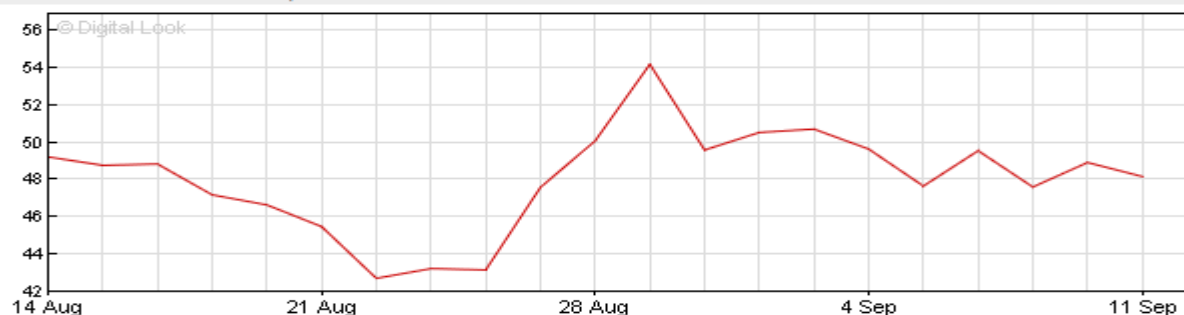
Highlights

- The 2015/16 cotton crop production estimates have been lowered in the September USDA report to 23.68million tons on account of lower cotton output expectations from the USA, Brazil and Pakistan. Ending stocks have however been slightly raised on reduced consumption demand. Production of the fibrous crop is expected to reduce in the African leading cotton producers in the 2015/16 marketing year, (beginning August) with the Exception of Zimbabwe and Nigeria who are forecast to increase their outputs.
- Cotton prices for October delivery on the new York market were pegged at US\$0.6409/pound (\approx US\$1.41/kg) on 13th September while Cotlook "A" index prices were pegged at US\$0.70/pound (\approx US\$1.54/kg) by 15:31 CAT on 11th September 2015.

Crude oil

- The falling oil prices are expected to cut output from non-OPEC countries in 2016 by about 0.5 million barrels a day. The September Oil Market Report by the International Energy Agency further indicated that global oil demand will rise in 2015 to a five year high of 1.7million barrels/day before moderating to a still above-trend 1.4 million barrels/day in 2016 thanks to lower oil prices and a strengthening macroeconomic backdrop.
- Brent crude oil prices were about US\$47.70/barrel while WTI was pegged at US\$44.53/barrel by 22:30hrs CAT on 14th September 2015. Weakening demand from the Asian markets has continued to aid the sustenance of the low prices
- Oman's settlement price for October delivery was pegged at US\$46.07/barrel on the Dubai Mercantile Exchange on 14th September 2015.

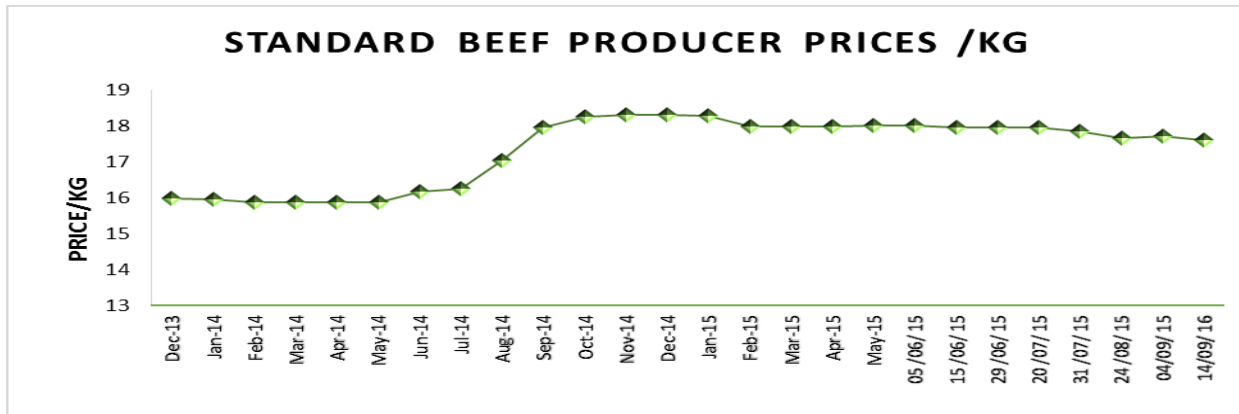
Brent Crude Oil Futures \$/barrel



Source: BBC Business, 2015

Beef

- A large slaughter house has been set up in Armenia with a capacity to process 100,000 heads of livestock. The slaughter house will be exporting beef, sheep and goats with Iran, Iraq and Kuwait as the main targets.
- For the week ending 6th September 2015, South African beef carcasses were going for ZAR34.89/Kg (\approx ZMW25.47/kg) while live animals were being sold for about ZAR20.08/Kg (\approx ZMW14.66/kg). This is according to data from the South African Feedlot Association.
- The Namibian auction prices for weaners were around ZAR 17.88/kg (\approx ZMW13.05/kg while heifers were auctioned for about ZAR16.41/kg (\approx ZMW11.99/kg)) in the week ending 4th September 2015. Grade A retail beef prices were in the range of ZAR28.80-34.63/kg (\approx ZMW18.60-22.38/kg) on 7th September 2015.
- According to the ZNFU market price information system, dressed weight beef offer prices by traders, Lusaka delivery, were in the range of ZMW14.5– 22/kg in the week ending 11th September 2015. The graph below shows local beef price trends ;



Source: ZNFU, 4455 Market Price Information System

Poultry

Overview on Domestic poultry prices

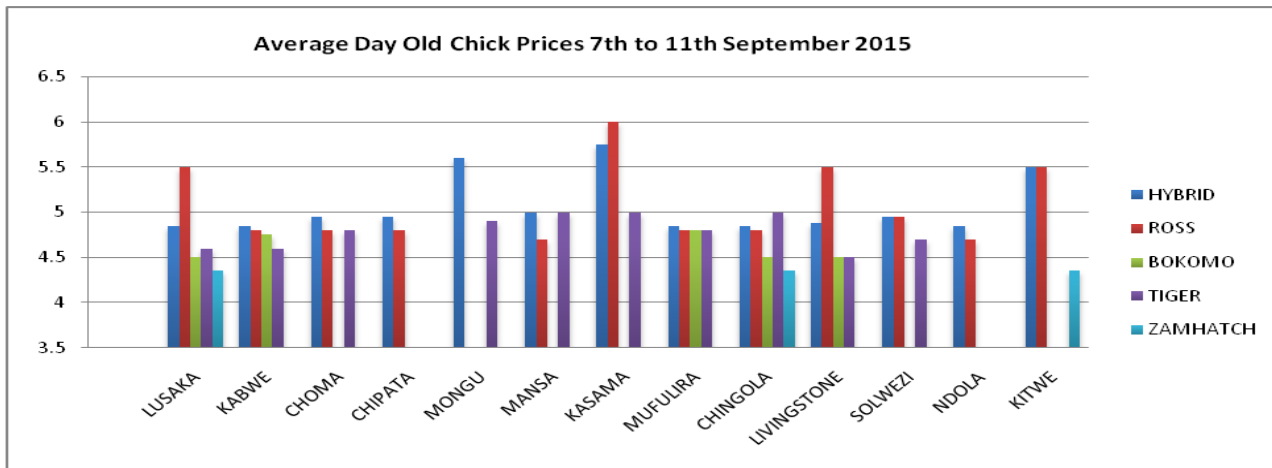
As cost of production in the industry rises, so does the price of the end products. The following graph compares prices of a few feed ingredients as well as the price of broiler stock feed in March and September of this year. The graph shows significant upward price adjustments in most of the ingredients as well as the stock feed.



Source: Poultry Association of Zambia

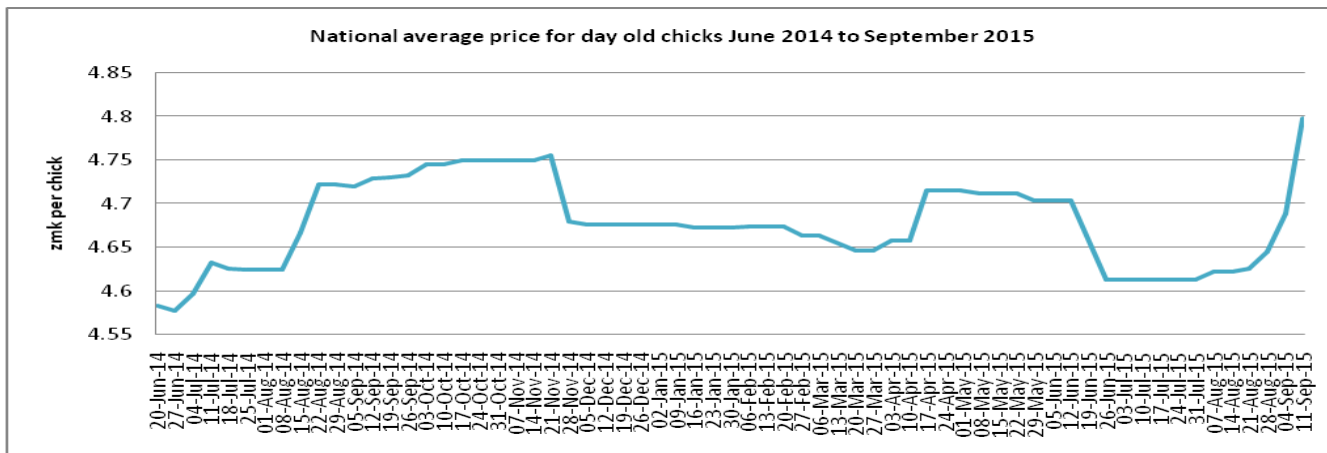
Average day old chick prices

The graph below shows the price of different breeds of day old chicks in selected towns. There was an upward adjustment in prices of day old chicks by most by brands resulting in prices going as high as ZMW6 for the first time in the country. The price increases are attributed to a general increase in cost of production.



Source: Poultry Association of Zambia

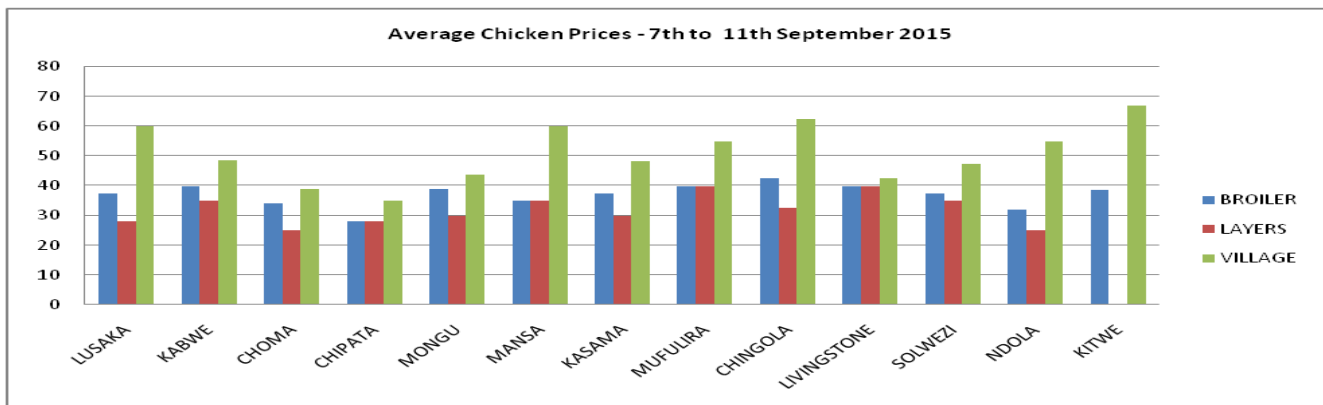
The graph below shows the national average price trend for day old chicks from June 2014 to September 2015. As can be seen from the graph, there has been a dramatic upswing in the national average price of day old chicks. However, it also has to be noted that there has been a time lag between the time that production costs rose in the country and initial increase in day old chick prices.



Source: Poultry Association of Zambia

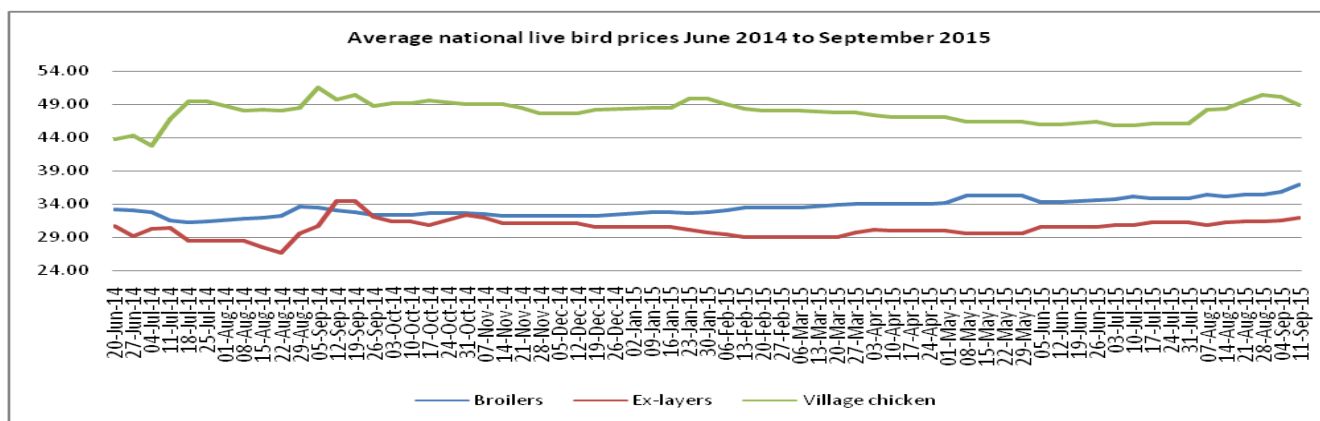
Average live birds' prices

The graph below shows the average live bird prices in Lusaka, Choma, Kabwe, Chipata, Mongu, Mansa, Mufulira, Chingola, Solwezi, Ndola, Kitwe and Livingstone. There were several upward adjustments in the price of live birds in most of the districts due to the increase in the price of feed.



Source: Poultry Association of Zambia

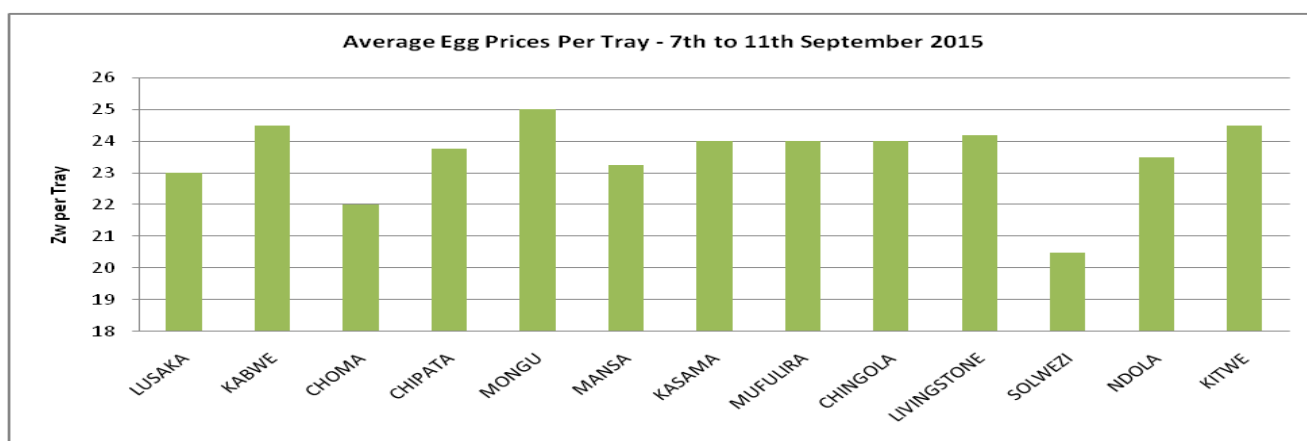
The graph below shows the national average price trends for broilers, ex-layers and village chickens. The graph shows that the national average price of village chickens has declined. This price decline can be attributed to an increased supply of village chickens on the market. On the other hand, the price of broilers and layers has risen due to the increase in the price of stock feed over the past two weeks.



Source: Poultry Association of Zambia

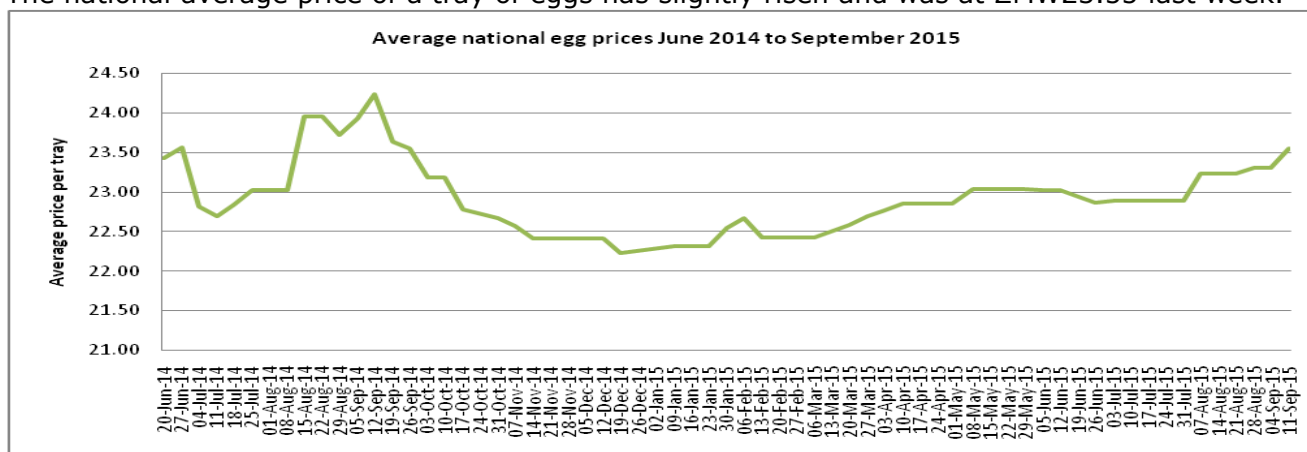
Average egg prices

The graph below shows average retail prices of table eggs in selected provincial centres around the country. The graph shows that the highest average price for a tray of eggs in the markets was ZMW25 while the lowest average price was ZMW20.50.



Source: Poultry Association of Zambia

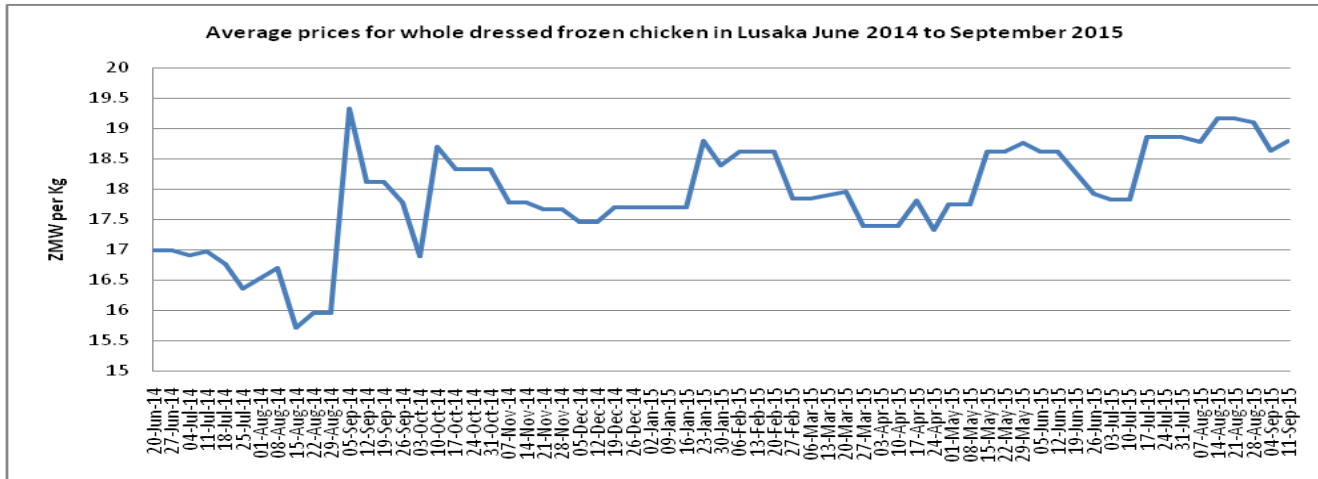
The graph below shows the price trend for a tray of eggs from mid-June 2014 to September 2015. The national average price of a tray of eggs has slightly risen and was at ZMW23.55 last week.



Source: Poultry Association of Zambia

Average whole dressed chicken prices

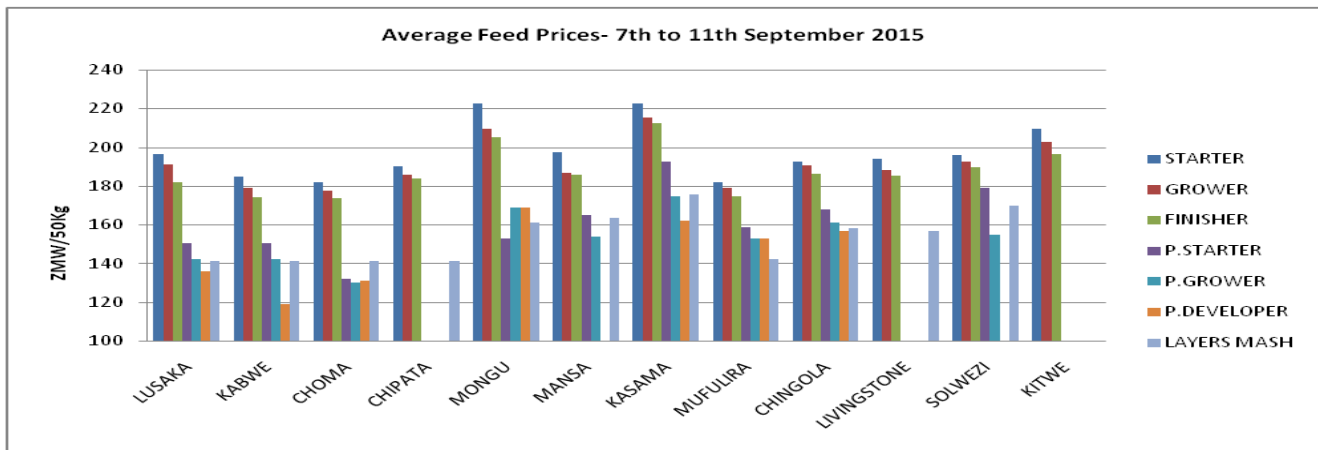
The graph below shows the average price trend for whole frozen dressed chicken in Lusaka from June 2014 – September 2015. The average price of frozen whole chicken rose last week to an average of ZMW18.80 per kg.



Source: Poultry Association of Zambia

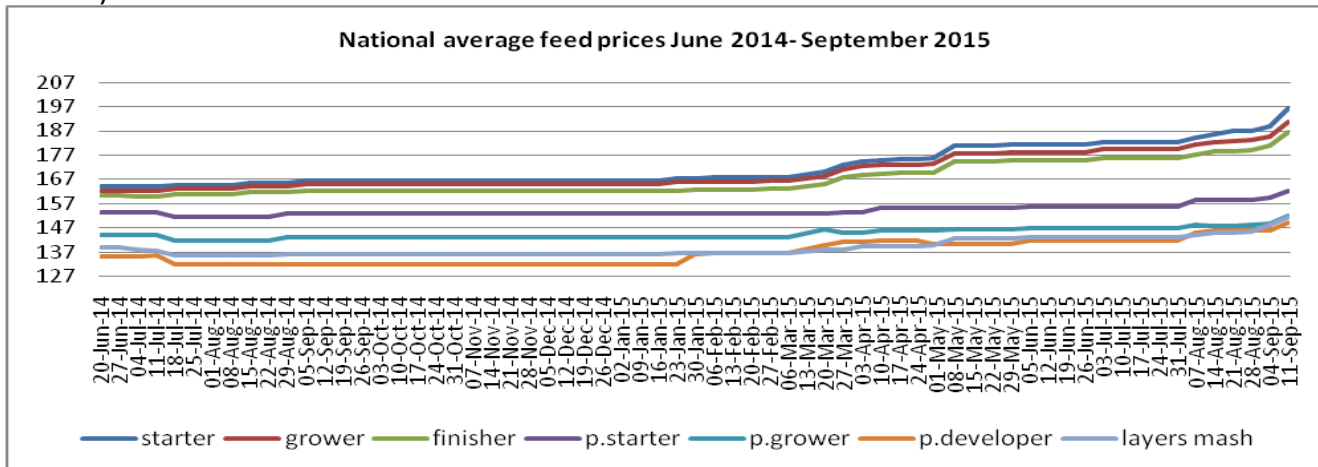
Average feed prices

The graph below shows average weekly feed prices in selected towns. The price of stock feed in most towns rose during the course of the week due to the continued devaluation of the Kwacha as well as high cost of production coupled with long hours of loadshedding.



Source: Poultry Association of Zambia

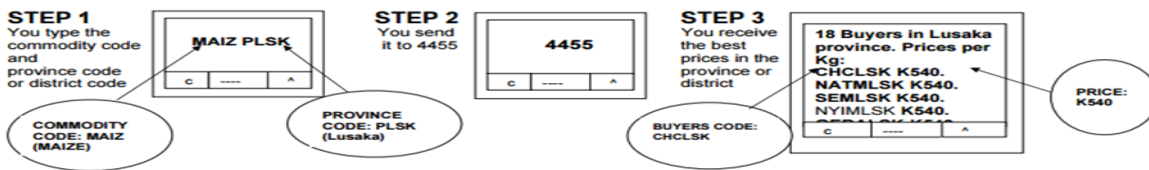
The graph below shows the national average price trend of feed prices from June 2014 to September 2015. The graph shows that the national average price of feed has risen for the second time in a period of only two weeks. The high prices of stock feeds will have a negative impact on the poultry industry.



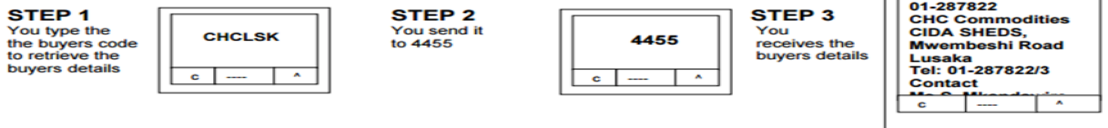
Source: Poultry Association of Zambia

ZNFU Market Price Information

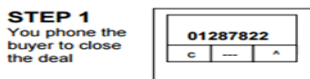
STAGE 1: Getting market prices



STAGE 2: Getting buyers details



STAGE 3: Contacting buyer



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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