



THE WEEKLY AGRO WATCH



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Industry Updates

Cost of Agricultural Inputs Making Zambia Uncompetitive- H.E Edgar Lungu

The Republican President, His Excellency Edgar C. Lungu, opened the 5th session of the 11th National Assembly on Friday 18th September 2015. In his maiden speech, the President stated that Zambia needed to capitalize on its resources in order to become a regional agricultural hub and a global exporter of processed agricultural products. Some of the salient points made, with respect to agriculture, in the 74 paged speech include:

- Zambia's high cost of production needed to be addressed. The dependence on imported inputs is making the country's agricultural produce uncompetitive. There is thus need for more investment in local manufacturing of agricultural inputs.
- The piloting of the Electronic Voucher System in 13 districts under the Farmer Input Support Programme;
- Directive to the the ministers responsible for Finance and agriculture to come up with a mechanisation Programme for small-scale farmers working in Collaboration with the private sector and civil society. This is with the aim of making small-scale farmers more self-sufficient;
- Government will bring about 5,000 ha of land under irrigation each year to mitigate against the effects of climate change.
- The movement of the Department of Cooperatives to the Ministry of Commerce, Trade and Industry from the Ministry of Agriculture and Livestock;
- Government plans to establish 13 milling plants nationwide to be managed by ZNS and Zambia Cooperative Federation
- Government plans on doubling the number of livestock breeding centers from the current 10 to 20 by 2023. The Breeding centers will be for mostly goats and sheep, targeting the huge goat and sheep market in the Middle East.
- The Sanitary and Phyto-sanitary Standards should be strengthened and strictly enforced to ensure that agricultural produce being sold on the market are safe and of good quality.
- Government is in the process of establishing two fish hatcheries in each province in order to support growth of fish farming. Further, government will establish one community fish fingerling nursery in each District and also train 1,400 fish farmers in fish Feed production. This is with the target of the nation reaching fish self- sufficiency in the next three years through an annual production of 80,000 tons of fish from fish farming and 90,000 tons from natural fisheries

The republican President further stated that the country would soon ratify the Tripartite Free Trade Area which would make Zambia part of the largest Free Trade Area in Africa and that the nation was part of the negotiations for the Continental Free Trade Area which would offer a bigger market access to Zambian Entrepreneurs and innovators. On Energy, H.E Chagwa Lungu indicated that despite the low water levels in lake Kariba and Kafue River the power shortage has been occasioned by Zambia's inability over the years to attract new investment in Electricity generation on account of the low electricity Tariffs. Government hopes that the revision of retail tariffs upwards from an average of 5.64 to 10.35 cents per kilowatt hour will attract more investments in the energy sector, particularly for those interested in renewable energy sources such as solar, wind and waste-energy projects.

In addressing the concerns over Zambia slipping back into a debt trap, the Republican President stated that the Zambian economy has grown from a US\$ 3 Billion GDP in 2005 to a US\$28 billion today and that the country was well within the acceptable international threshold of 40% of the Gross domestic product. He further stated that the nation had borrowed for long term investments that would spur national growth. The theme of the President's address was "Embracing a Transformational culture for a smart Zambia Now."

Exchange Rates

CURRENCY	21/09/2015						14/09/2015					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
FNB	9.91	10.11	0.75	0.76	15.40	15.71	9.70	9.90	0.72	0.73	14.99	15.30
Standard Chartered Bank	9.91	10.11	0.74	0.76	15.40	15.71	9.71	9.90	0.72	0.73	14.99	15.29
ZANACO	9.92	10.10	0.74	0.76	15.33	15.70	9.71	9.90	0.71	0.73	14.91	15.29
Bank of Zambia	9.98	10.00	0.746	0.748	15.51	15.54	9.81	9.83	0.72 2	0.723	15.11	15.15

Parity Calculations

Domestic Import Parity Prices as at 21/09/2015						
US\$/ZAR=13.23 US\$/ZMW=10.10						
Parity Prices		U\$/ZMW	Maize	Soya	Wheat	
Lusaka		10.1	458.74	599.14	471.31	
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$	
Chipata	275	27.23	485.97	626.37	498.54	
Mkushi	225	22.28	481.02	621.42	493.59	
Ndola	250	24.75	483.49	623.89	496.06	
Kitwe	250	24.75	483.49	623.89	496.06	

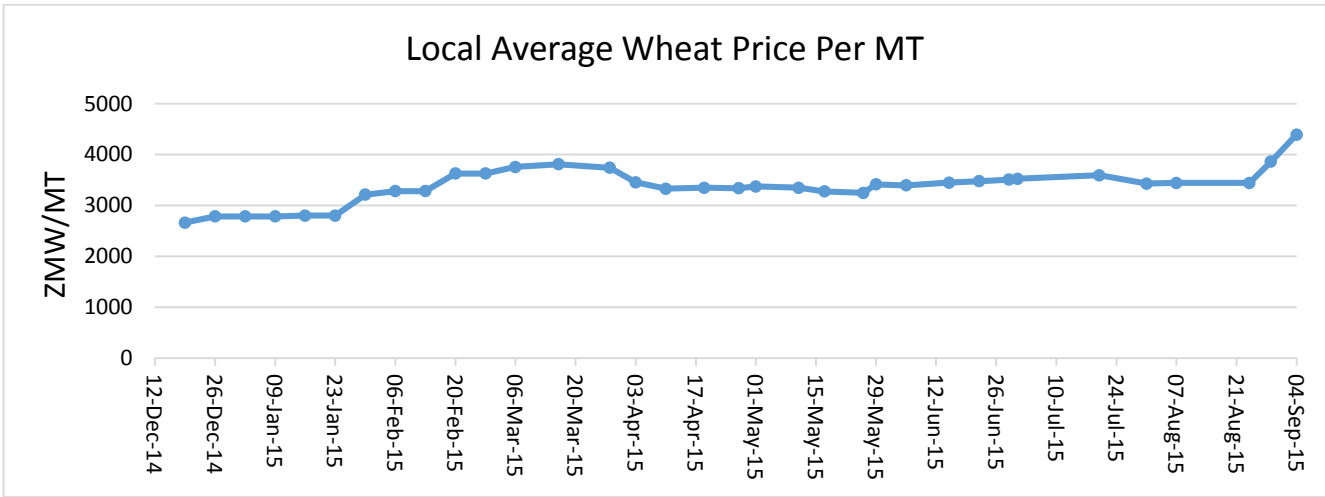
Note: Soya and maize prices are for October 2015 delivery while wheat is for December 2015.

Export Parity Price Ranges (EPP)Harare-Lusaka	
Soya Beans	476.25-515.25
Wheat	310.5-427.5
Maize	213-320.5

Wheat

Highlights

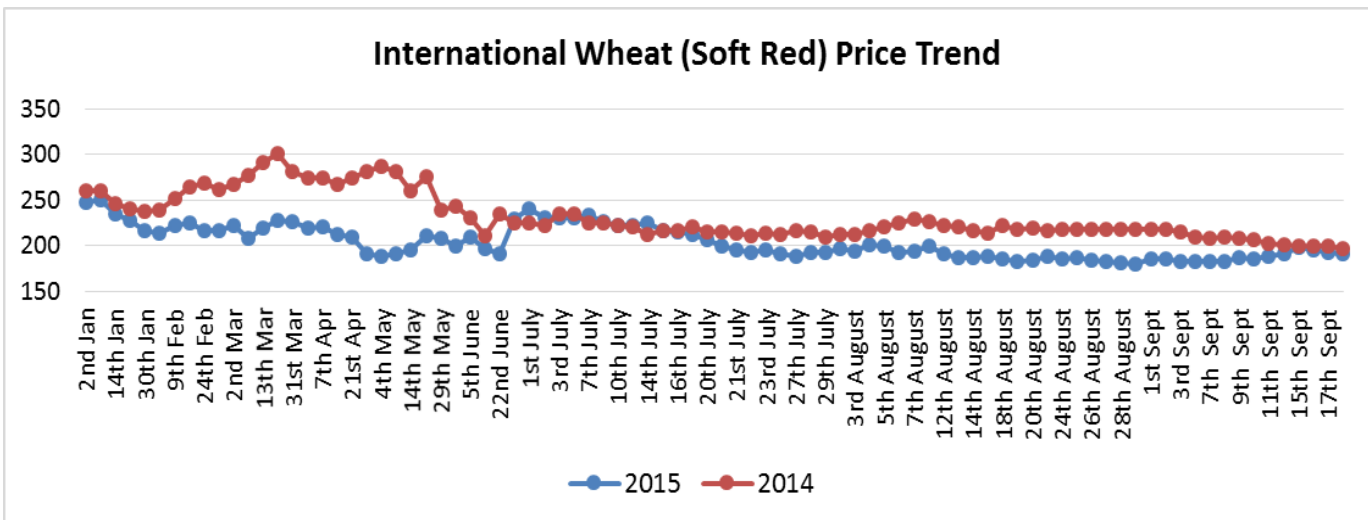
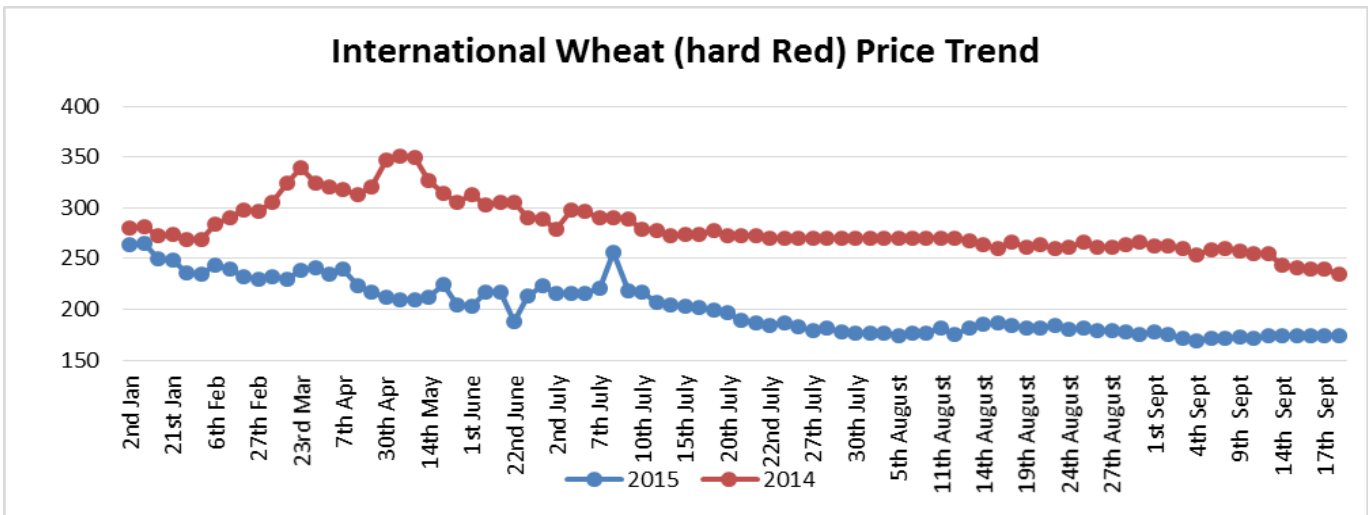
- The UK has recorded, in their current wheat harvest, 10-12 percent higher than their 10 year average of 7.8tons/ha. While the yields reported, with their harvest 90% complete, are averaging 8.5-8.7 tons/ha, milling wheat varieties are yielding as high as 14tons/ha whilst feed varieties have hit a historic 16.5tons/ha.
- After exporting a total of 53,290MT, Between February and 4th September 2015,
- The Chicago soft red wheat future price for delivery in December 2015 were hovering around US\$ 182.012/MT on 22nd 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\$193.88/ton and US\$173.98/ton respectively in the week ending 18th September 2015. In comparison to the previous week, soft red prices rose by 4.6% while hard red prices increased by 0.71 percent on average. All prices are fob US gulf.

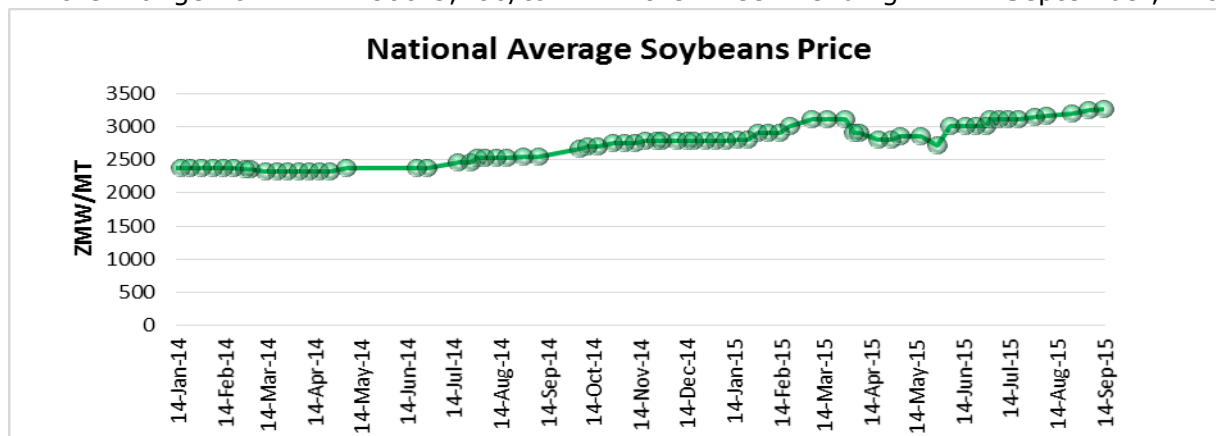


Source: Safex

Soya Beans

Highlights

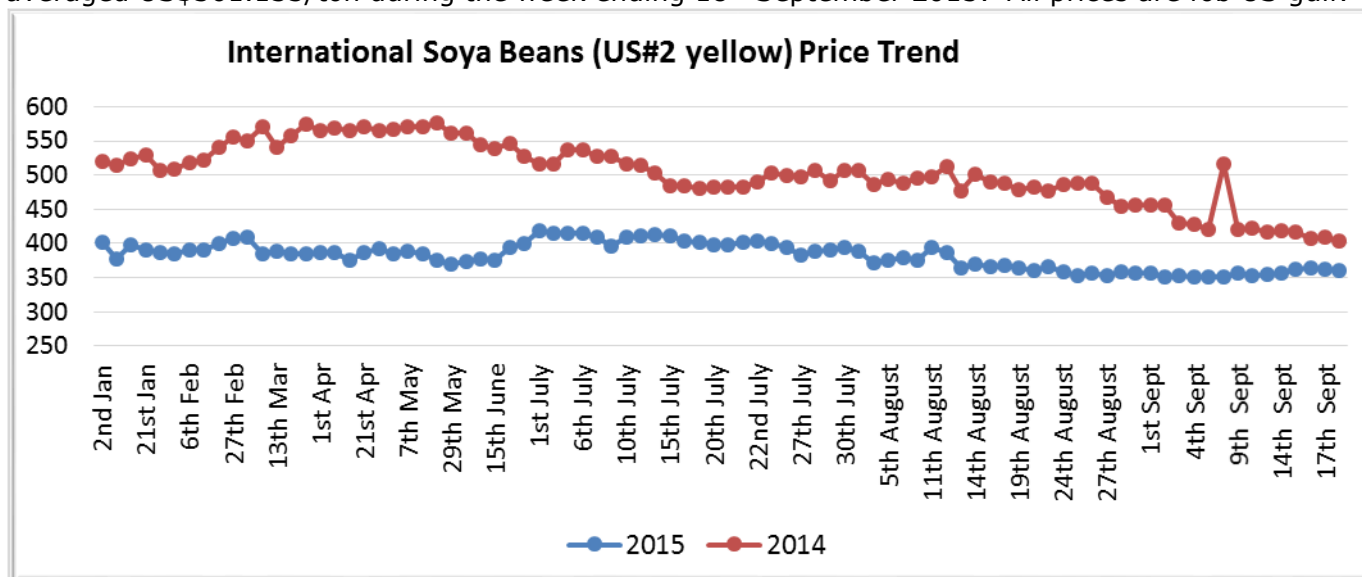
- On demand from the Industry, the India government has increased its duty on edible oils by five percent. Duty on crude edible oil has been increased from 7.5 per cent to 12.5 per cent and on refined edible oil from 15 per cent to 20 per cent. The increase is however below the industry recommendation of an increase from 7.5 per cent to 12.5 per cent on crude edible oils and from 15 per cent to 20 per cent on refined edible oil. India is currently the major importer of vegetable oils (accounts for about 20% of total imports) and a slowdown in their imports would lead to lower international prices.
- Soya beans for November 2015 delivery on Chicago Mercantile Exchange were hovering around US\$320.11/ton on 22nd 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 higher by 2.18 percent and averaged US\$361.133/ton during the week ending 18th September 2015. All prices are fob US gulf.



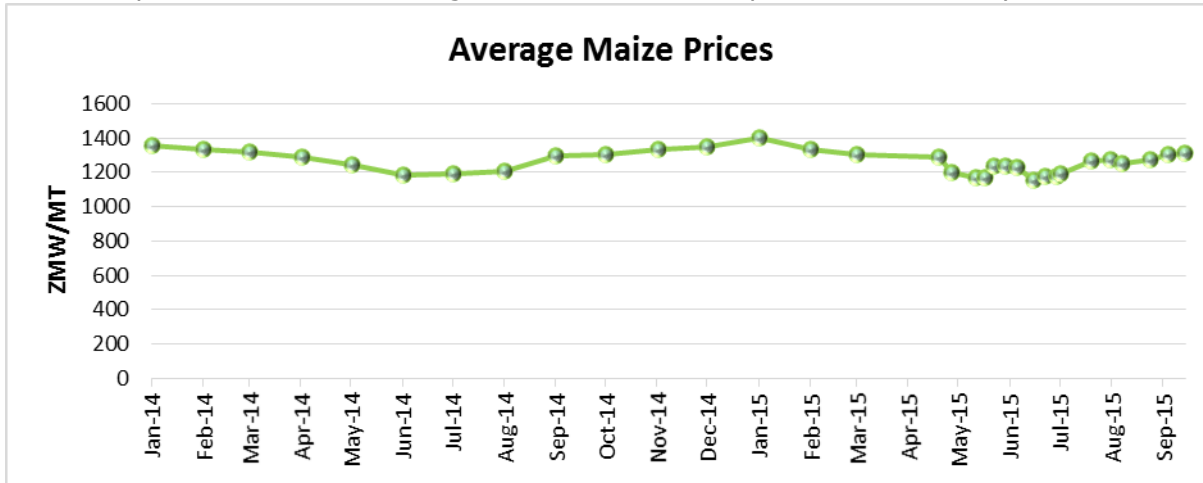
Source: Safex

Maize

Highlights

- Zimbabwe's Ministry of Agriculture, Mechanization and Irrigation has set a maize planting target of 1.5 million hectares for the 2015/16 agricultural season, similar to the previous season's target for the 2014/15 season, the country estimated its maize target at 742,000MT and is in deficit of about 1.1 million tons of maize.

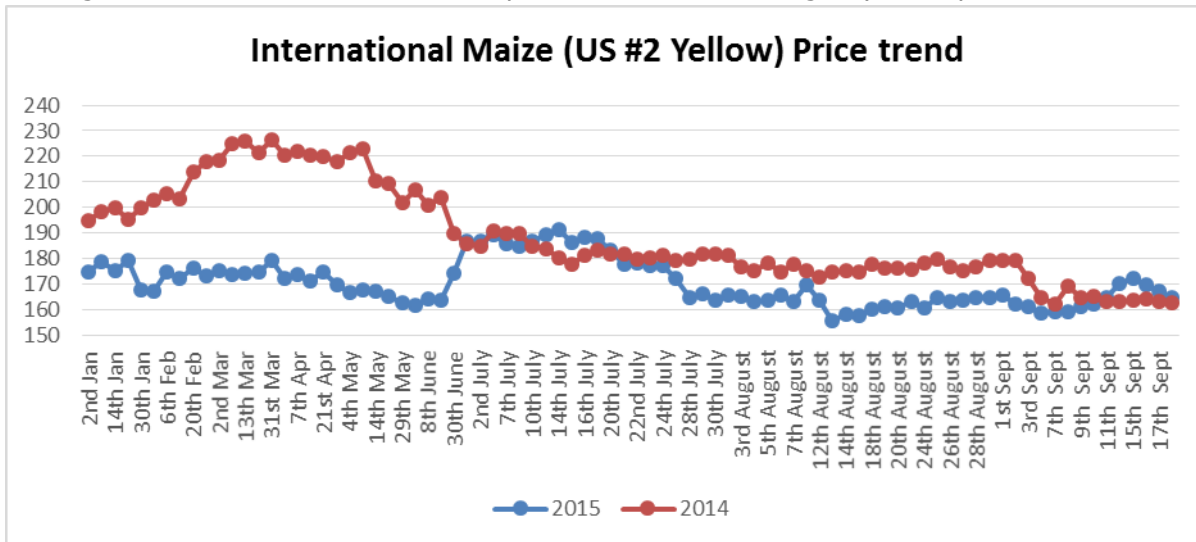
- Zambia's Food Reserve Agency has hit and surpassed their annual maize purchases target of 500,000MT of maize, about one and half months before the end of its marketing season. The agency is however still actively involved in maize purchasing. Out of the 540,070MT of maize
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- purchased, 20 percent was from Northern Province whilst the lowest purchases are from Western province at 2 percent of the total.
- The Chicago maize futures price for delivery in December 2015 was pegged at US\$ 150.78/MT on 22nd 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 18th September 2015, international maize fob prices as recorded by Safex averaged US\$169.01/ton, above the previous week's average by 4.65 percent.



Source: Safex

Cotton Highlights

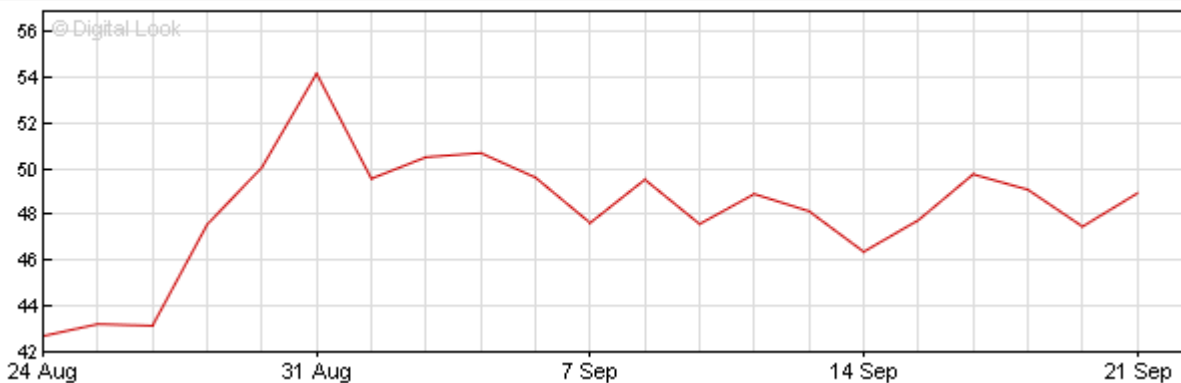
- Brazil's cotton Exports recorded a surge in August 2015 to 50,000MT, over 200 percent above the previous month's exports. Delays in harvesting and higher export parity prices mostly due to the depreciation of the local unit against the dollar has aided the rise in domestic prices.

- With the marketing season almost hitting a close, Cotlook has estimated Tanzania cotton sells to ginneries at 145,000MT. The country estimated production was 150,000-160,000MT. The increase in prices from about Tsh 800 (\approx US\$0.37) to Tsh 1100 (\approx US\$0.50) is said to have reduce demand in lint and cotton seed.
- In comparison to last week, cotton prices have dropped with New York Market prices for October delivery pegged at US\$0.5971/pound (\approx US\$1.31/kg) on 21st September 2015 while Cotlook "A" index prices were pegged at US\$0.673/pound (\approx US\$1.48/kg) by 15:37 CAT on.

Crude oil

- News of the US cutting back its crude oil output gave some slight relief to the pressure on international crude prices. the prices picked up slightly early this week from the previous week's free fall
- Brent crude oil prices were about US\$48.20/barrel while WTI was pegged at US\$45.91/barrel early morning on 22nd September 2015.
- Oman's settlement price for October delivery was pegged at US\$45.63/barrel on the Dubai Mercantile Exchange during the early trading hours of trade on 22nd September 2015.

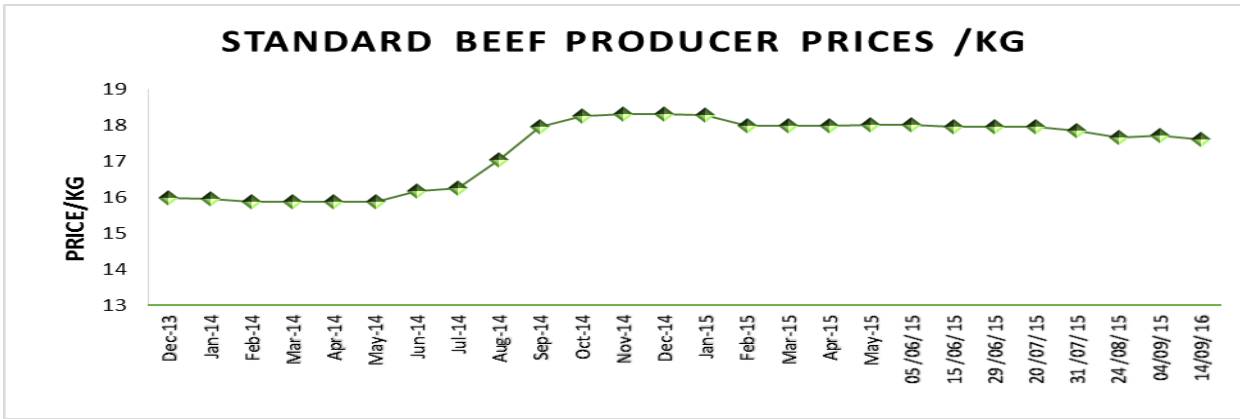
Brent Crude Oil Futures \$/barrel



Source: BBC Business, 2015

Beef

- For the week ending 13th September 2015, South African beef carcasses were going for ZAR34.78/Kg (\approx ZMW26.01/kg) while live animals were being sold for about ZAR20.09/Kg (\approx ZMW15.07/kg). This is according to data from the South African Feedlot Association.
- Beef prices on the Namibian market have shown some slight appreciation. The Namibian auction prices for weaners were around ZAR 18.4/kg (\approx ZMW13.8/kg) while heifers were auctioned for about ZAR16.35/kg (\approx ZMW12.26/kg)) in the week ending 18th September 2015. Grade A retail beef prices were in the range of ZAR29.64-35.51/kg (\approx ZMW22.23-26.63/kg) on 21st 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

Dairy

LOCAL PRICES

Dairy Products

There has been an increase in the local prices of milk and milk products over the last three weeks. A 500mls pack of fresh yogurt recorded the largest price increment of 10 percent while 1 litre UHT milk was the only product that registered a price decrease between 29th August and 21st September 2015



Source: DAZ, 2015

National Average Dairy Feed Prices

Prices of Dairy feeds have had an upward swing over the last month 3 weeks as highlighted in the table below.

DAIRY FEEDS			
SER.	PRODUCT	AVERAGE PRICE (K) 29.08.14	AVERAGE PRICE (K) 21.09.15
1	50 kg DAIRY 19	145	146
2	25 kg DAIRY CONCENTRATES	83	83
3	50kg DAIRY MEAL	154	153
4	50kg CALF STARTER (Mash)	150	152
5	50kg CALF STARTER (pellets)	156.0	156.5
6	50kg MILK REPLACER	445	447
7	50kg SUNFLOWER CAKE	68.75	70
8	50kg COTTON SEED CAKE	115.5	116
9	50kg SOYA MEAL	258	257.5
10	50kg No.3 MEAL	49.5	51
11	25kg MAIZE BRAN	25	28

Source: DAZ, 2015

Poultry Updates for the Week ending 18th September 2015

Ross Breeders Zambia to Launch Supreme Chicken Abattoir

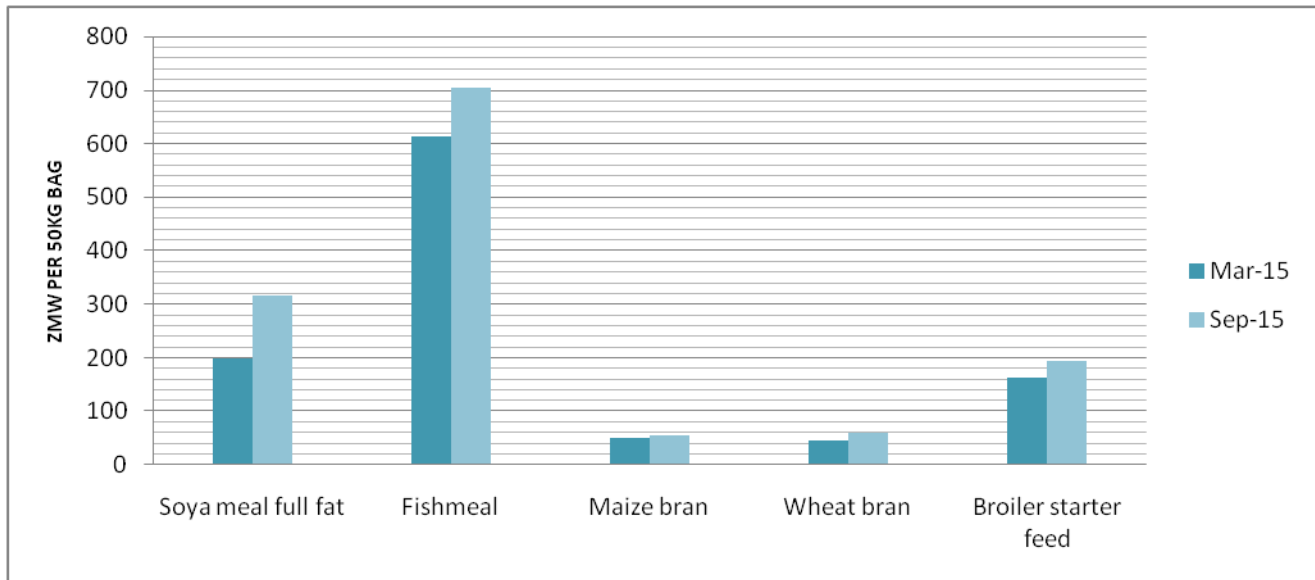
Ross Breeders Zambia will be officially opening the doors to its state of the art poultry abattoir called Supreme Chicken on the 29th of September 2015. The Supreme Chicken abattoir is one of the various upgrading expansion projects that Ross Breeders has further invested in to the poultry industry over the past two years. The new abattoir is a modern facility utilizing ammonium based refrigeration making it more efficient and more eco-friendly.

Mr. Colin Lindsay, the Managing Director at Ross Breeders, observed that the role the Zambian government has played in laying a foundation for poultry sector investment is commendable and should be continued. He indicated that this is to ensure sustained job creation across the various players in the poultry value chain and effective revenue contribution to the government treasurer. He indicated that continuous restriction of the importation of chicken into the Zambian market will play a major role in sustaining the growth the poultry industry has recorded so far.

The Director also indicated that Supreme Chicken will engage out growers/farmers to provide 80% of its requirements and this will not only provide linkages between farmers and the company but it will give the local poultry industry a significant boost. The launch of Supreme chicken brings the total number of commercial processors to 6 and this will ensure that the customer gets the best value for their money.

DOMESTIC POULTRY PRICES

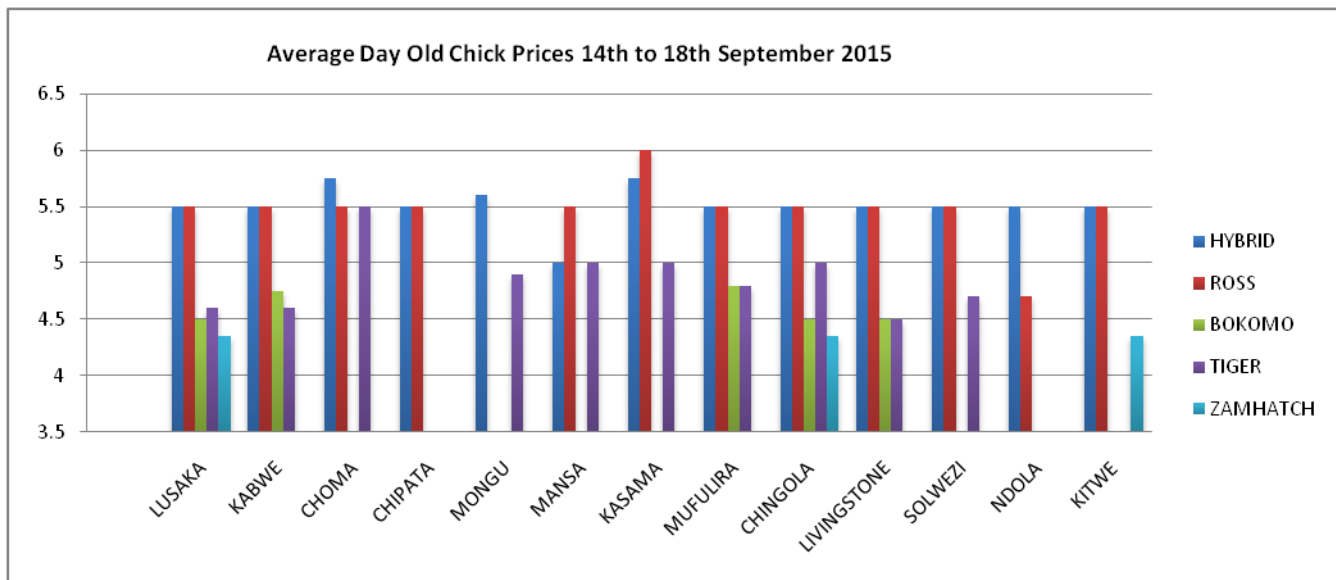
As cost of production in the industry rises, so does the price of the end products. The following graph compares prices of a few feed ingredients as well as the price of broiler stock feed in March and September of this year. Compared to last week the retail price of full fat soya has risen by a further 16.7%. The price of maize bran has also risen slightly for the first time in a very long time to ZMW55 representing 11% increase in price. These price adjustments are some of the contributing factors to the further increase observed in the price of poultry stock feeds.



Source: Poultry Association of Zambia

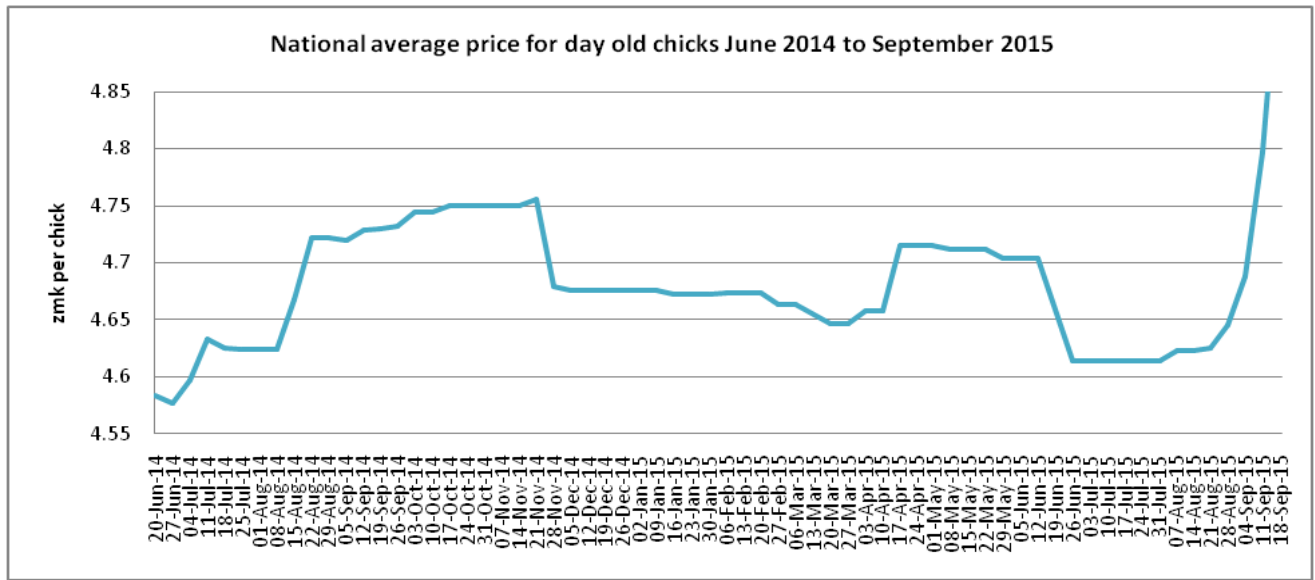
Average Day Old Chick Prices

The graph below shows the price of different breeds of day old chicks in selected towns. There were various upward adjustments in the price of day old chicks during the course of the week in most towns with indications for further price increments from industry players.



Source: Poultry Association of Zambia

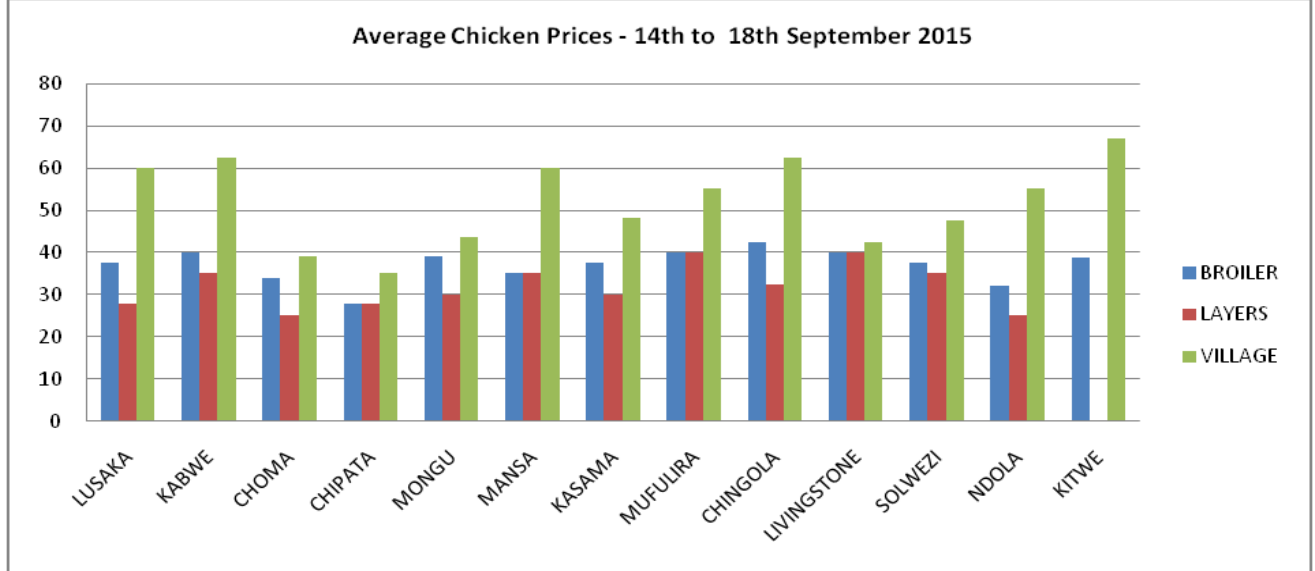
The graph below shows the national average price trend for day old chicks from June 2014 to September 2015. The graph shows a dramatic upswing in the national average price for day old chicks. This follows the general increase in the production cost in the sector. The average price for day old chicks during the course of the week was ZMW4.98.



Source: Poultry Association of Zambia

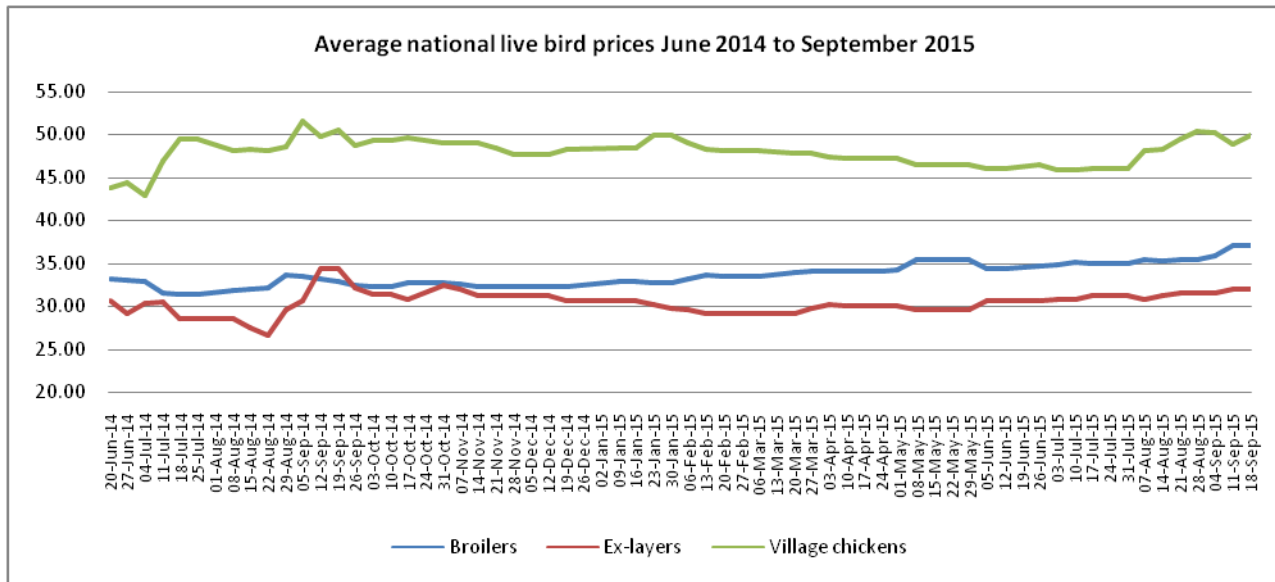
Average Live Birds Prices

The graph below shows the average live bird prices in Lusaka, Choma, Kabwe, Chipata, Mongu Mansa, Mufulira, Chingola, Solwezi, Ndola, Kitwe and Livingstone. Except for a 28% increase in the price of village chickens in Kabwe the price of live birds in the towns displayed was stable. This is despite the upward adjustment in the price of stock feed. This can be attributed to resistance from consumers to pay higher prices for the birds.



Source: Poultry Association of Zambia

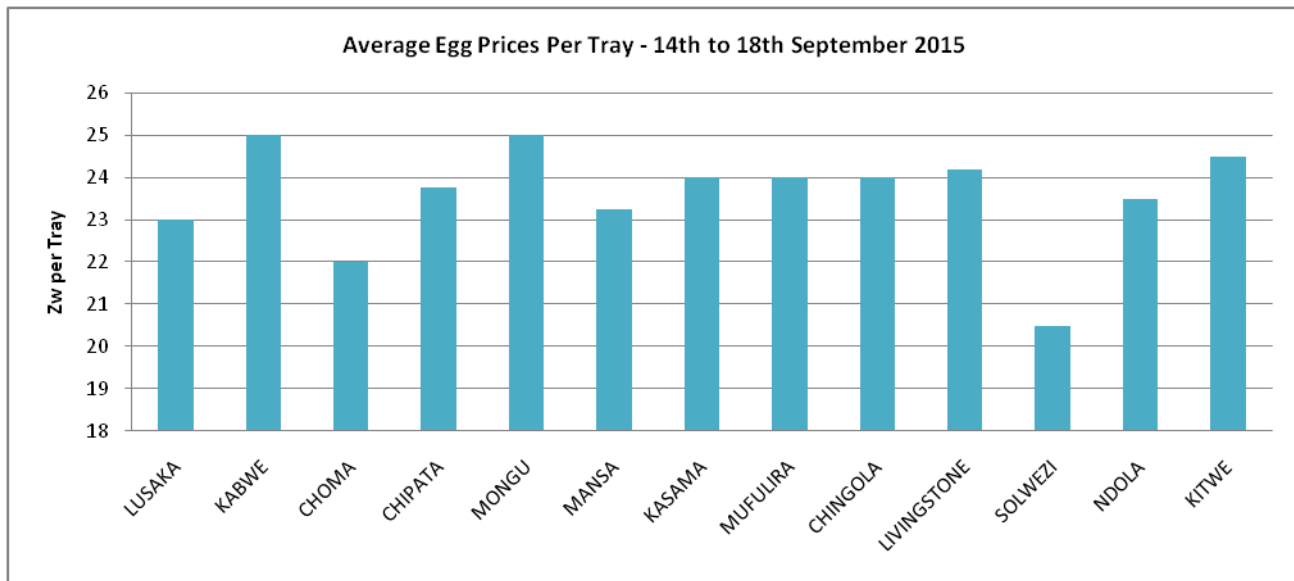
The graph below on the other hand shows the national average price trends for broilers, ex-layers and village chickens. The graph shows that the national average price of village chickens rose, while the national average price for ex layers and broilers remained relatively stable.



Source: Poultry Association of Zambia

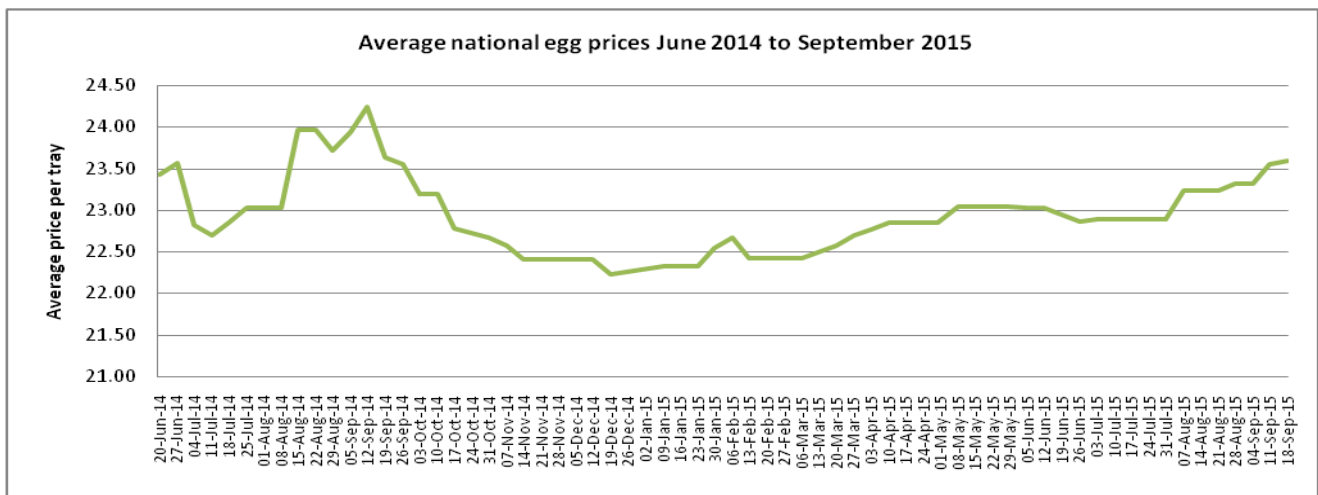
Average Egg Prices

The graph below shows average retail prices of table eggs in selected towns around the country. There was a 2% increase in the price of eggs in Kabwe during the course of the week. The price of eggs in the rest of the towns displayed remained relatively stable.



Source: Poultry Association of Zambia

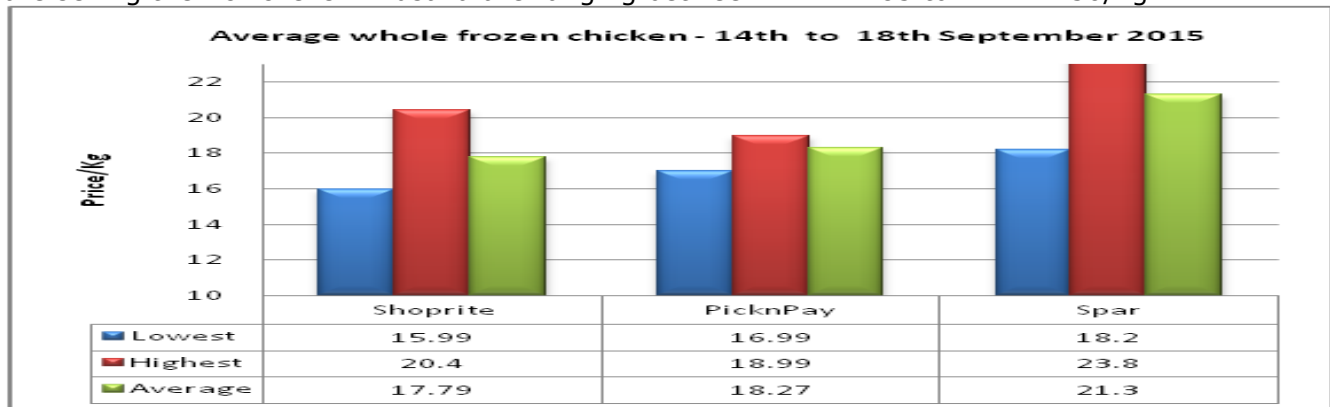
The graph below shows the price trend for a tray of eggs from mid-June 2014 to September 2015. The graph shows that the national average price of eggs has slightly risen and is at ZMW23.59. This follows the increase in poultry feed prices.



Source: Poultry Association of Zambia

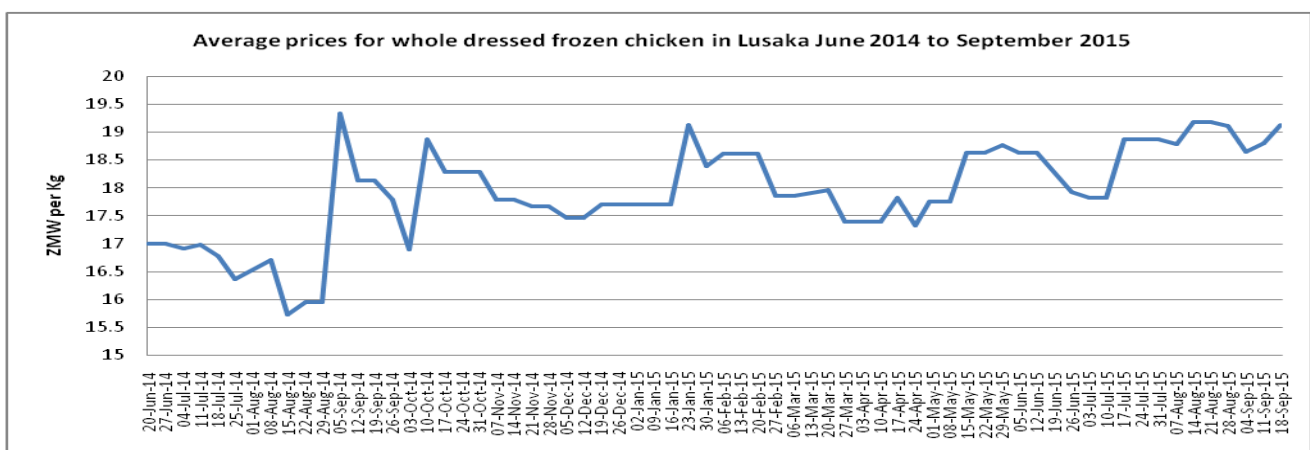
Average Whole Dressed Chicken Prices

The graph below shows average prices of whole frozen chickens in the three chain stores around Lusaka. The average price for frozen whole chicken in Shoprite, Pick 'n' Pay and Spar was K17.79, K18.27 and K21.30 per 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 chicken has risen despite the promotions of frozen chicken that are being conducted on some brands. The average price for frozen whole chickens during the course of the week was ZMW19.12/kg.

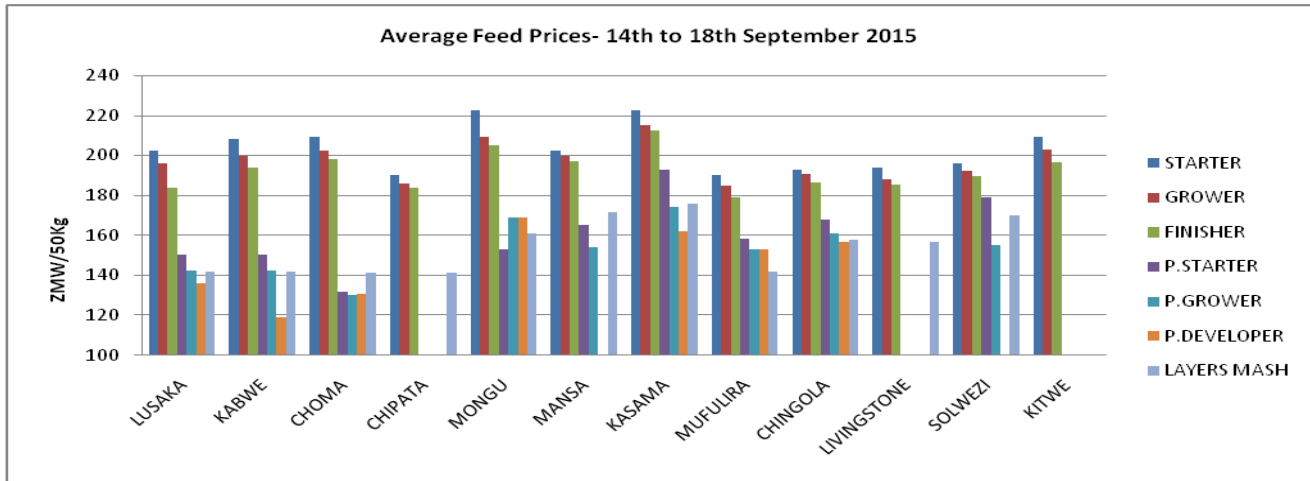


Source: Poultry Association of Zambia

Average Feed Prices

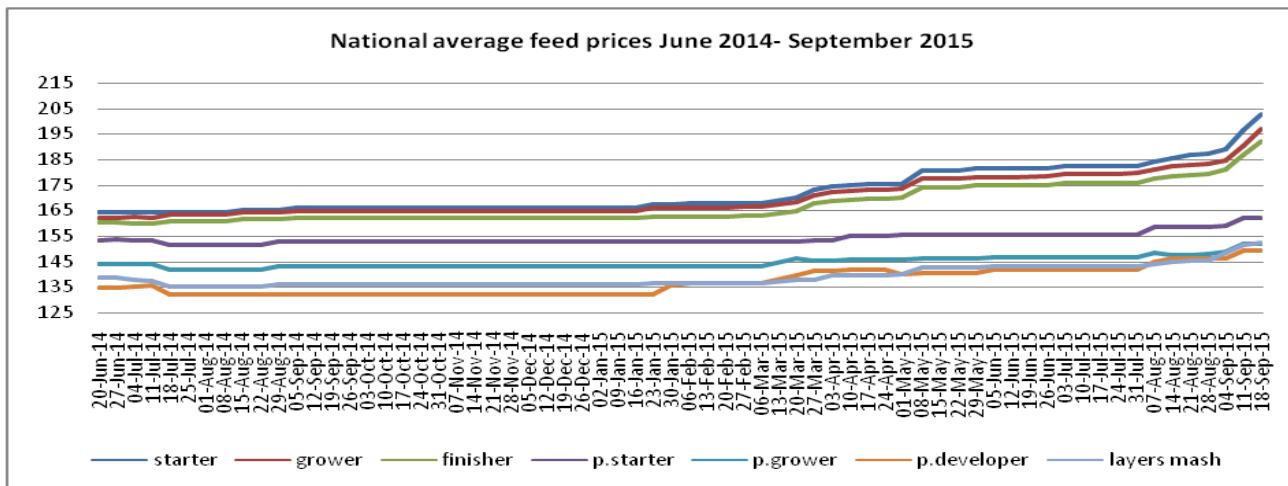
The graph below shows average weekly feed prices in selected towns. A number of towns experienced upward adjustments in the price of stock feeds. While a few other towns maintained lower prices during the course of the week, it is expected that they will also follow this trend.

The delay in price adjustment is because of old stocks that some retailers could still have in their shops hence causing a lag in price increments.



Source: Poultry Association of Zambia

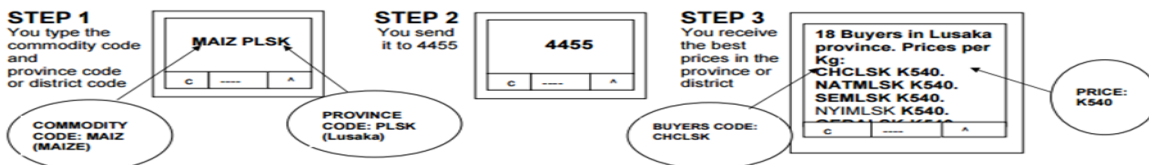
The graph below shows the national average price trend of feed prices from June 2014 to September 2015. The price of poultry stock feeds has continued to display an upward trend in prices. This has been caused by the weakening of the kwacha against the dollar as well as the increase in the general cost of production brought.



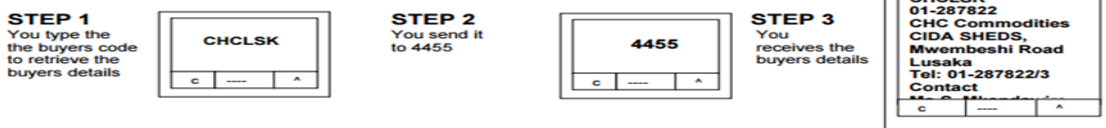
Source: Poultry Association of Zambia

ZNFU Market Price Information

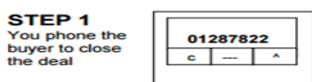
STAGE 1: Getting market prices



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