



# THE WEEKLY AGRO WATCH



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28<sup>th</sup> September, 2015 Vol.38

## Industry Updates

### North Western Province Records first Rains

With the 2015/16 agricultural season around the corner (begins 1<sup>st</sup> October), North Western province has recorded its first rains last week. This is amidst anxiety on whether Zambia will be affected by the forecast El Nino. Expectations are for some rainfall activities in Kapombo, Kalengwa, Kansanshi, Mwinilunga, Solwezi and Zambezi during the course of this week. Rainfall is also forecast for Luapula Province this week while the rest of Zambia is most likely to be dry with some cloud cover in a few places, especially in Northern Province.

## Exchange Rates

While most of the currencies have been depreciating against the US dollar over the last couple of weeks, the kwacha seems to be getting a harder knock. The down grading of Zambia's credit rating by Moody's to B2, five steps below the investment grade has not offered much hope and possibly supported the tumble with some commercial banks quoting over ZMK12.5/US\$ on 29<sup>th</sup> September 2015. The continued depreciation of the kwacha is likely to translate into higher costs of the national debts. International market sentiments are that Zambia's GDP may drop to below 5 % on the back drop of low copper prices, heavy load shedding and lower agricultural harvests among others.

CURRENCY	28/09/2015						21/09/2015					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
<b>FNB</b>	12.43	12.68	0.89	0.91	18.86	19.24	9.91	10.11	0.75	0.76	15.40	15.71
<b>Standard Chartered Bank</b>	12.43	12.68	0.88	0.90	18.89	19.25	9.91	10.11	0.74	0.76	15.40	15.71
<b>ZANACO</b>	12.60	12.68	0.88	0.90	18.76	19.24	9.92	10.10	0.74	0.76	15.33	15.70
<b>Bank of Zambia</b>	11.60	11.62	0.827	0.828	17.59	17.62	9.98	10.00	0.746	0.748	15.51	15.54

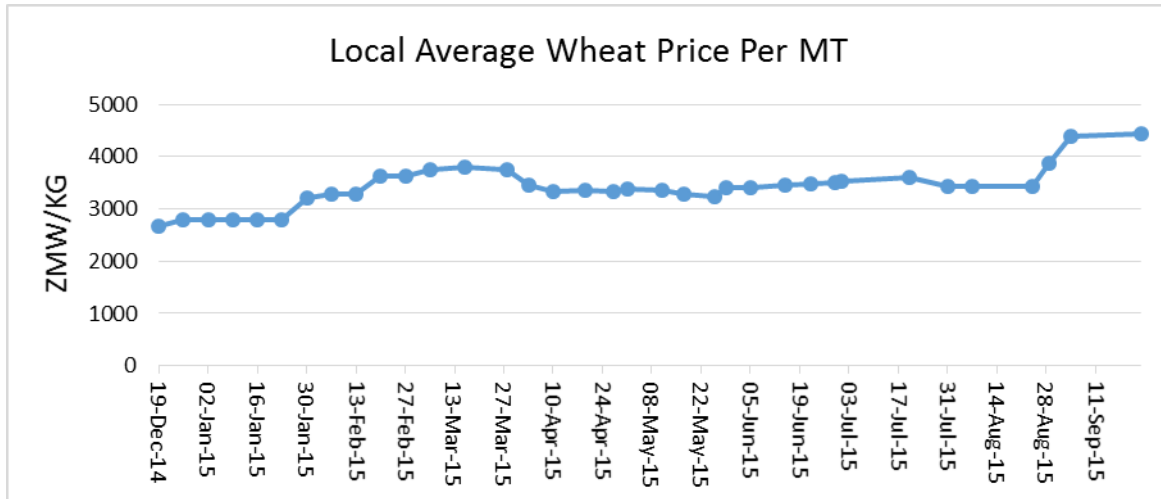
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## Wheat

### Highlights

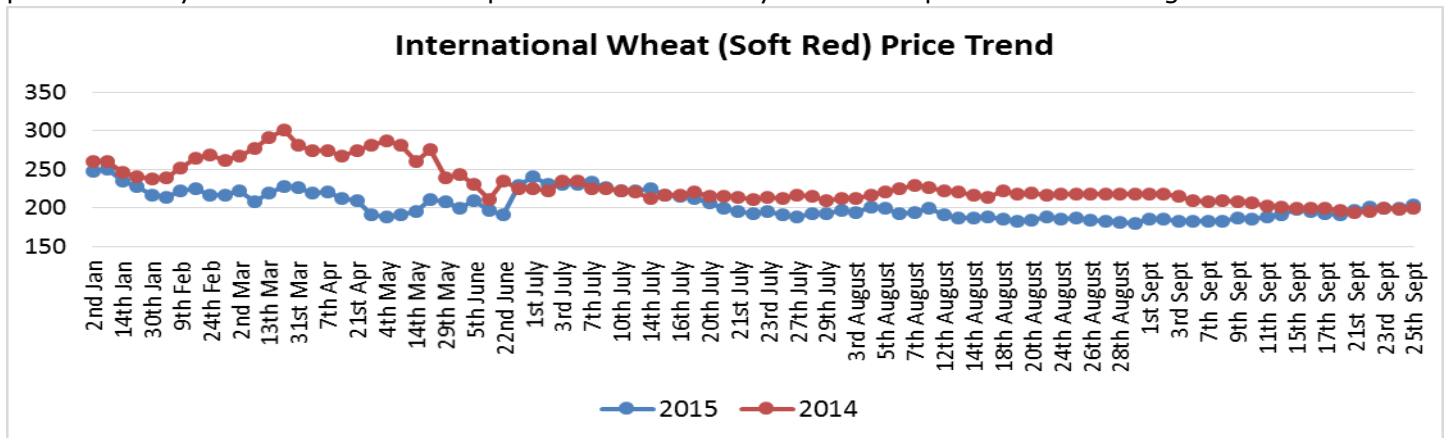
- Winter crops plantings have been delayed in the Black sea region on concerns of dryness. Forecast are that Russia and Ukraine will continue experiencing dry weather for the rest of the month. By Mid-September, Russia's wheat plantings were about 9 percent lower than the same time last year. The planting season however stretches on until late October.
- The Chicago soft red wheat future price for delivery in December 2015 were hovering around US\$ 185.04/MT on 29<sup>th</sup> September 2015.
- Local wheat offer prices have been level over the past two weeks at about K4,439/MT as indicated in the graph below:



Source: ZNFU 4455 Information System.

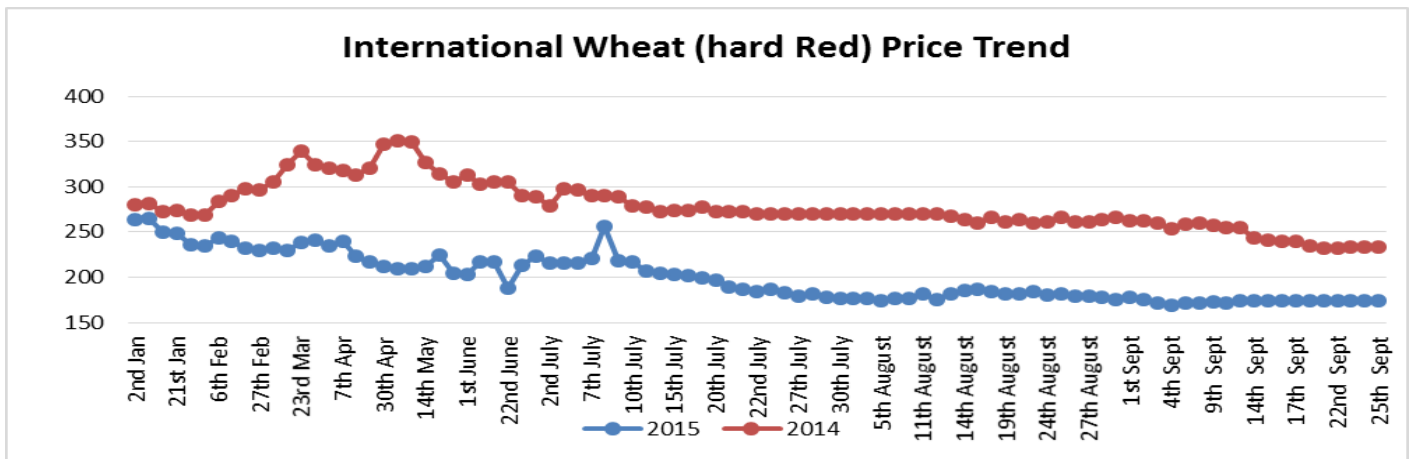
### Price trends

The Safex international soft red and hard red wheat averaged US\$200.47/ton and US\$173.98/ton respectively in the week ending 18<sup>th</sup> September 2015. In comparison to the previous week, soft red prices rose by 3.4% while hard red prices were relatively stable. All prices are fob US gulf.



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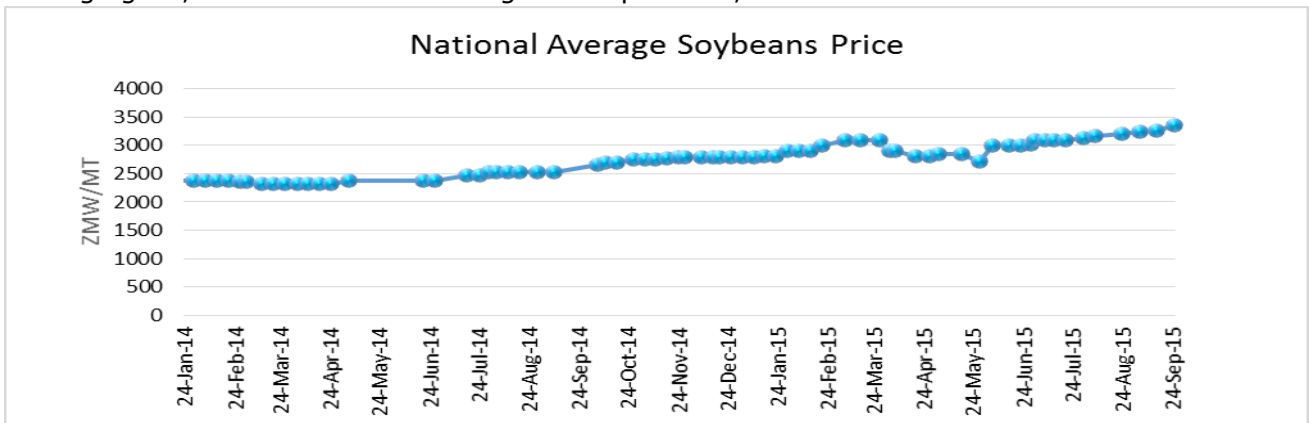


Source: Safex

## Soya Beans

### Highlights

- China has signed an agreement to purchase 13.18 million tons of soya beans from the U.S.A during the year beginning October 1. This was way above last year's agreement of 4.8 million tons. China's demand of soya beans has soared over the years with the growth in its livestock sector. USDA estimates Chinese Soya beans imports for the 2015/16 year at 79 million tons.
- Expectations are that the forecast El Nino, expected to hit Malaysia and Indonesia towards the end of this year and last till April, to disrupt the 2016 palm oil crop. According to the Malaysian palm oil council, an El Nino could result in yield declines of 2-23 % and price increments of 15-125 percent. The large soya beans supply on the international market, if the crop is not affected by El Nino, is however likely to moderate the palm oil price increment.
- *Correction to last week's report:* 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 Industry however expected a minimum increase in duty of about 10%. 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\$323.44/ton on 29<sup>th</sup> September 2015.
- Soybeans offer prices by traders captured by the ZNFU 4455 price information system were averaging K3, 360 in the week ending 25<sup>th</sup> September, 2015.



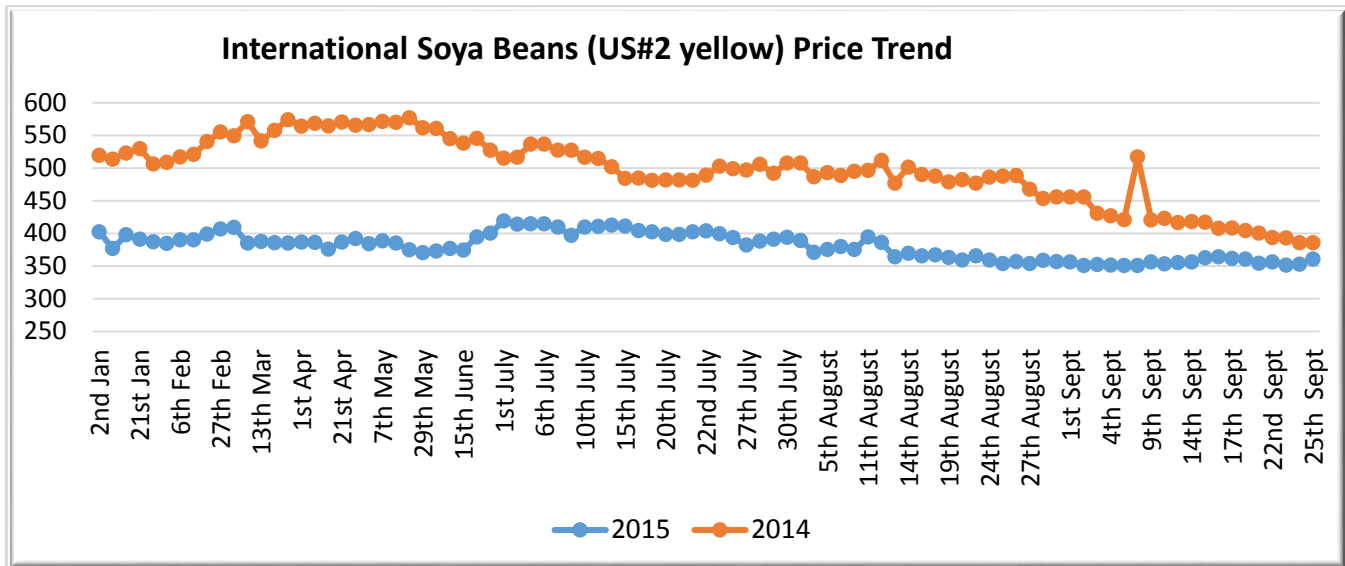
Source: ZNFU, 4455 Market Price Information System

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## Price trends

International prices of US No. 2 yellow soya beans on Safex traded lower by 1.67 percent and averaged US\$355.09/ton during the week ending 25<sup>th</sup> September 2015. All prices are fob US gulf.

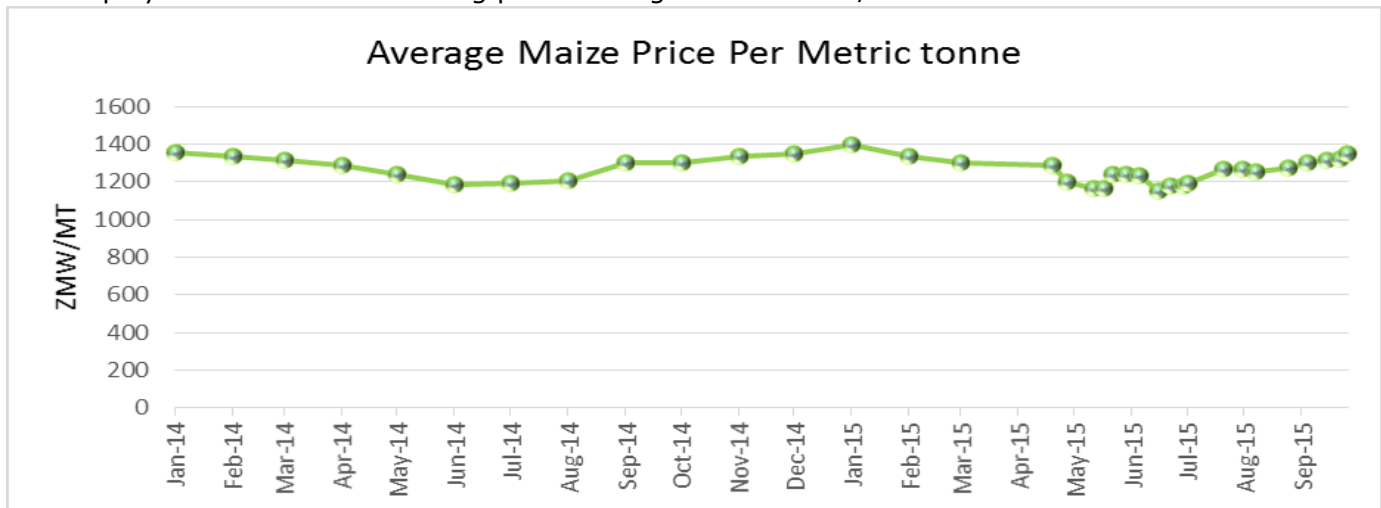


Source: Safex

## Maize

### Highlights

- The International grain Council has revised its 2015/16 global maize production forecast slightly lower at 966.9 million tons. Its 2014/15 maize production estimate was pegged at 1,004.7 million tons.
- The Chicago maize futures price for delivery in December 2015 was pegged at US\$ 152.75/MT on 29<sup>th</sup> September 2015.
- The maize purchases by Zambia's Food Reserve Agency have slowed down and were totalling 574,074MT on 24<sup>th</sup> September 2015.
- Local maize offer prices by traders was averaging ZMK1, 350/ton in the week ending 25<sup>th</sup> September 2015 according to the ZNFU market price information system. Some market players are however offering prices as high as ZMK1650/ton



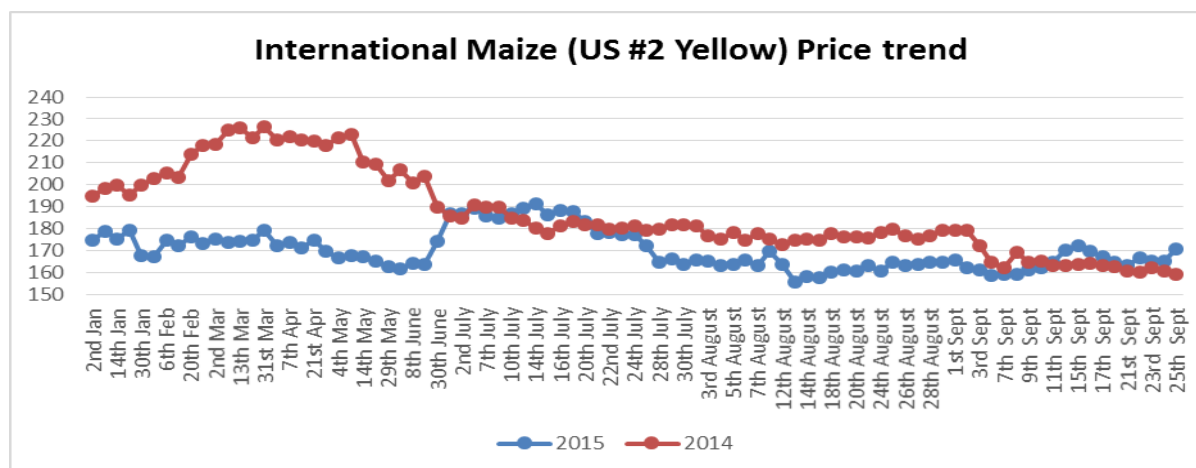
Source: ZNFU, 4455 Market Price Information System

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## Price trends

During the week ending 25<sup>th</sup> September 2015, international maize fob prices as recorded by Safex averaged US\$166.45/ton, below the previous week's average by 1.51 percent.



Source: Safex

## Cotton

### Highlights

- India's raw cotton imports, for the 2014/15 season (ended July 2015), were about 82 percent higher than in the previous season. According to Cotlook, out of the total of 266,983MT imported by India in the 2014/15 season, 124,606MT was from the African Franc Zone with Mali being the main source.
- New York Market cotton prices for December delivery were pegged at US\$0.6081/pound (US\$1.33/kg) on 29<sup>th</sup> September 2015 while Cotlook "A" index prices were pegged at US\$0.6705/pound ( $\approx$ US\$1.48/kg) by 15:29 CAT on 28<sup>th</sup> September.

## Crude oil

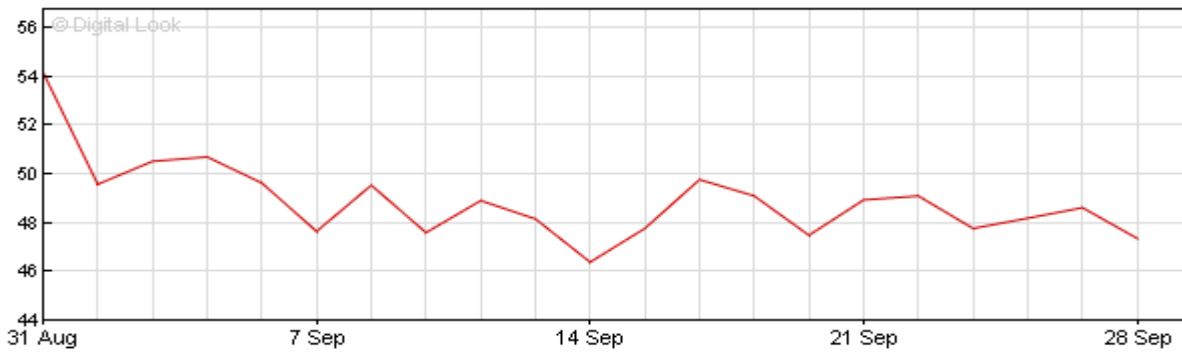
- On the backdrop of weak demand outlook, international crude oil prices have continued to tumble. According to the International Monetary Fund, recent declines in commodity prices could shave off one percentage point annually from the growth rate of commodity exporters over 2015-17 as compared with 2012-14. In exporters of energy commodities, the drag is estimated to be even larger, about 2¼ percentage points on average.
- Brent crude oil prices were about US\$48.03/barrel while WTI was pegged at US\$45.17/barrel around midday on 29<sup>th</sup> September 2015.
- Oman's settlement price for November delivery was pegged at US\$43.40/barrel on the Dubai Mercantile Exchange during the early trading hours of trade on 29<sup>th</sup> September 2015.

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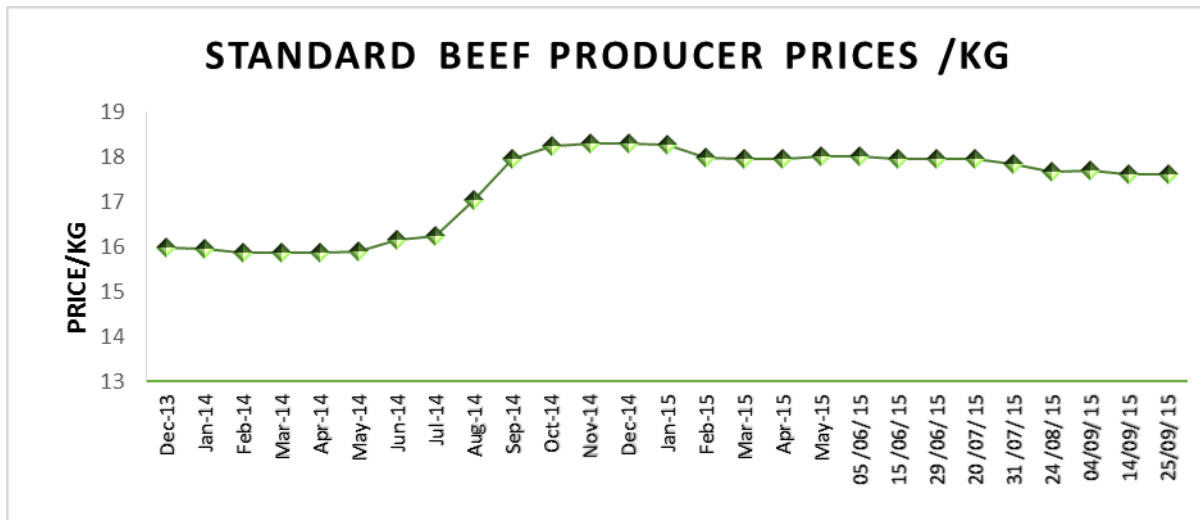
## Brent Crude Oil Futures \$/barrel



Source: BBC Business, 2015

## Beef

- The news of Indonesia, re-opening its market to beef imports has created excitement in the world's major beef producing regions. Australia is anticipating to export 200,000 heads of cattle during the last quarter of 2015 while both Australia and New Zealand are reported to be eyeing to supply the 10,000MT of boxed beef that has been recommended for import by Indonesia's Ministry of Agriculture.
- 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 18<sup>th</sup> September 2015. Grade A retail beef prices were in the range of ZAR29.64-35.51/kg ( $\approx$ ZMW22.23-26.63/kg) on 21<sup>st</sup> September 2015.
- According to the ZNFU market price information system, dressed weight beef offer prices were averaging K17.6/Kg in the week ending 25<sup>th</sup> September 2015. The graph below shows local beef price trends;



Source: ZNFU, 4455 Market Price Information System

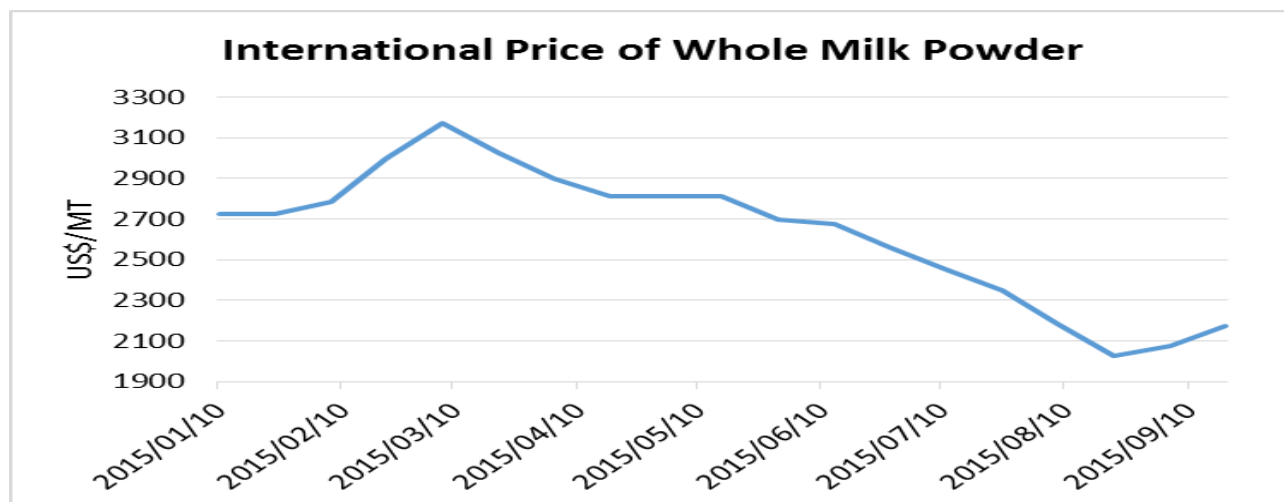
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## Dairy

### GLOBAL WHOLE MILK POWDER PRICE TRENDS

The Price of whole milk powder on the international market, between 5<sup>th</sup> and 19<sup>th</sup> September 2015, rose from US\$ 2,075 to 2,175 per metric ton



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

### LOCAL PRICES

#### Dairy Products

The graph below highlights the movements in local dairy prices between 21<sup>st</sup> and 25<sup>th</sup> September 2015. Price increments were only recorded in the 500mls Fresh milk sachet and 100mls yoghurt of 3 percent for each product. On the other hand, the prices of 1litre, fresh milk, 250mls UHT milk, 500mls UHT milk and 250 mls yoghurt registered price falls. This is despite the continued rise in production costs.

MILK PRODUC PRICES				
Copperbelt, Southern and Lusaka				
Ser.	PRODUCT	AVERAGE PRICE 21.09.15	AVERAGE PRICE 25.09.15	VAR (%)
1	500mls FRESH MILK	4.35	4.50	3%
2	1 Ltr FRESH MILK	8.40	8.35	-1%
3	2 Ltrs FRESH MILK	17.00	17.01	0%
4	250 mls UHT MILK	3.60	3.50	-3%
5	500mls UHT MILK	6.50	6.10	-6%
6	1 Ltr UHT MILK	10.30	10.29	0%
7	100mls YOGURT	2.90	3.00	3%
8	175 mls YOGURT	3.00	3.00	0%
9	250mls YOGURT	4.90	4.55	-7%
10	500mls YOGURT	11.00	10.95	0%

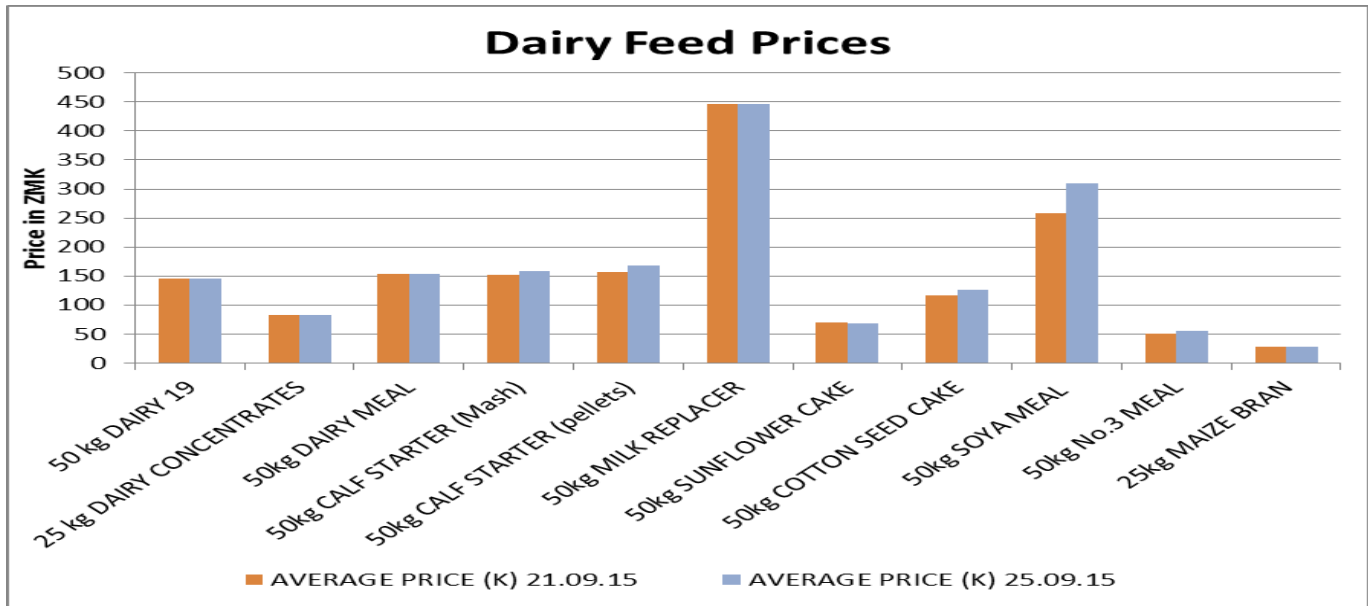
Source: DAZ, 2015

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## National Average Dairy Feed Prices

Average dairy feed prices are generally indicating an upward swing especially for calf starter, maize bran and cake (cotton,soya and sunflower)

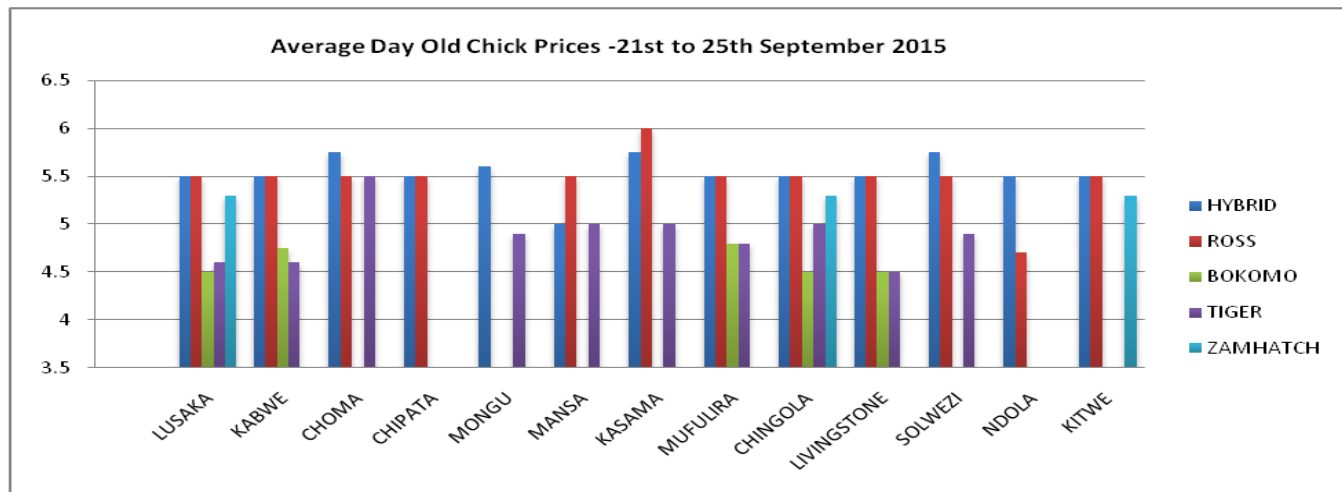


Source: DAZ, 2015

## Poultry Updates for the Week ending 25<sup>th</sup> September 2015

### AVERAGE DAY OLD CHICK PRICES

The graph below shows the price of different breeds of day old chicks in selected towns. There were upward price adjustments for some brands of day old chicks last week. Industry expectations are for more upward price adjustments over the next few weeks.



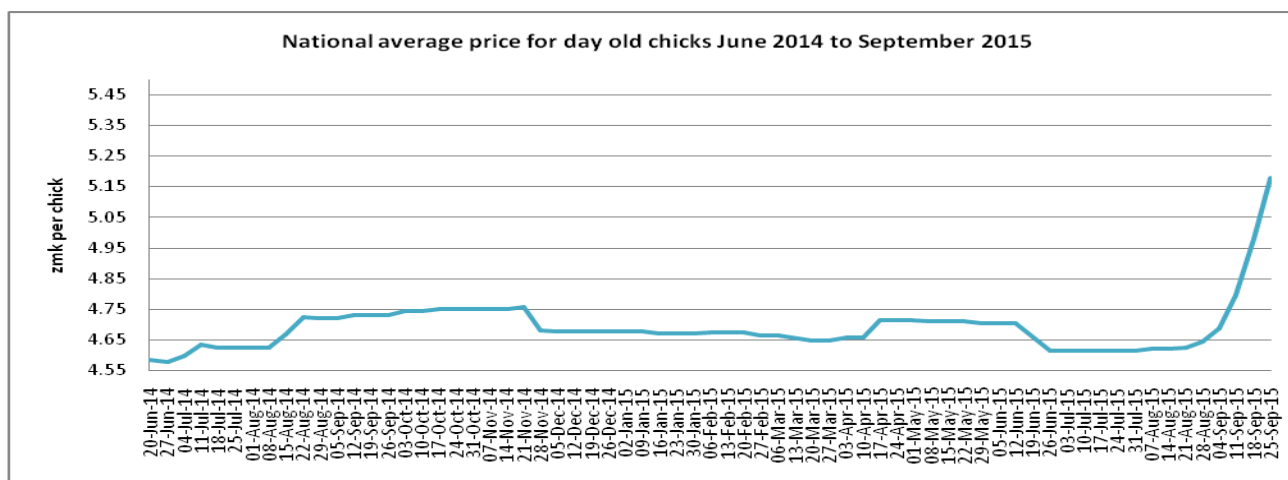
Source: Poultry Association of Zambia

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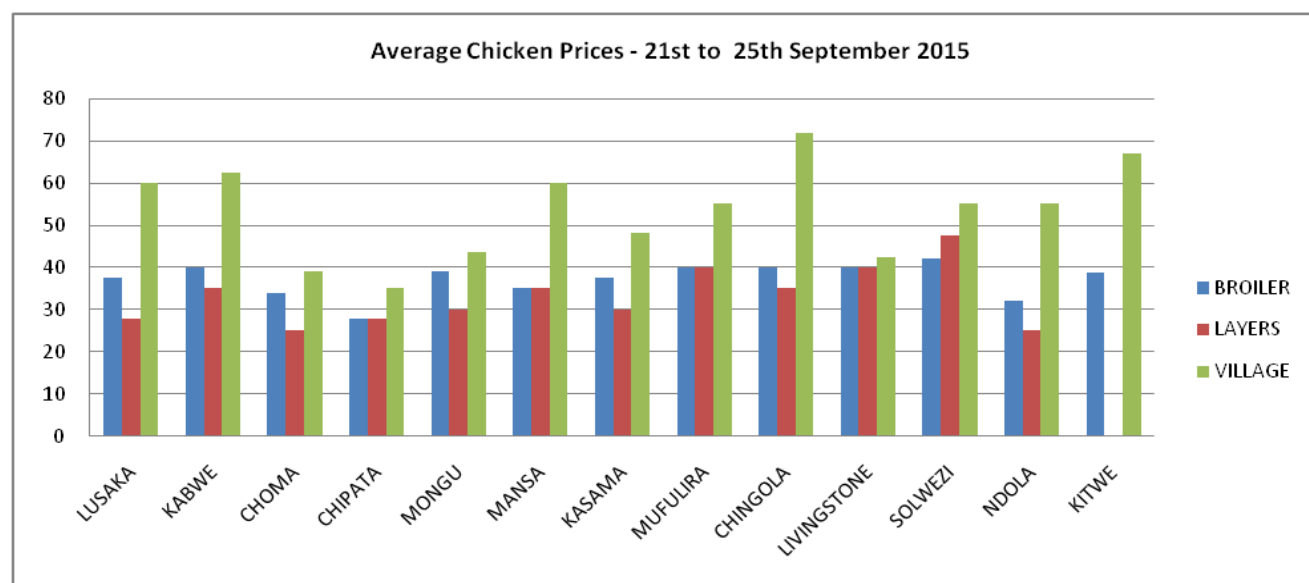
The graph below shows the national average price trend for day old chicks from June 2014 to September 2015. The graph shows that the national average price of day old chicks has continued rising and hit a record high of ZMW5.18 per chick last week.



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 price of broiler live birds in Solwezi increased by 12% from ZMW37.5 to ZMW40 while the price of ex layers in Chingola and Solwezi rose from ZMW35 to ZMW47.5 and from ZMW32.5 to ZMW35 representing 35.7% and 7.7% price increases respectively. Prices of village chicken in Chingola and Solwezi rose from ZMW62.5 to ZMW71.67 and from ZMW47.5 to ZMW55 representing 14.7 and 15.8% price increments respectively. The increase in the price of village chicken may be attributed to rising demand of village chickens in these markets.

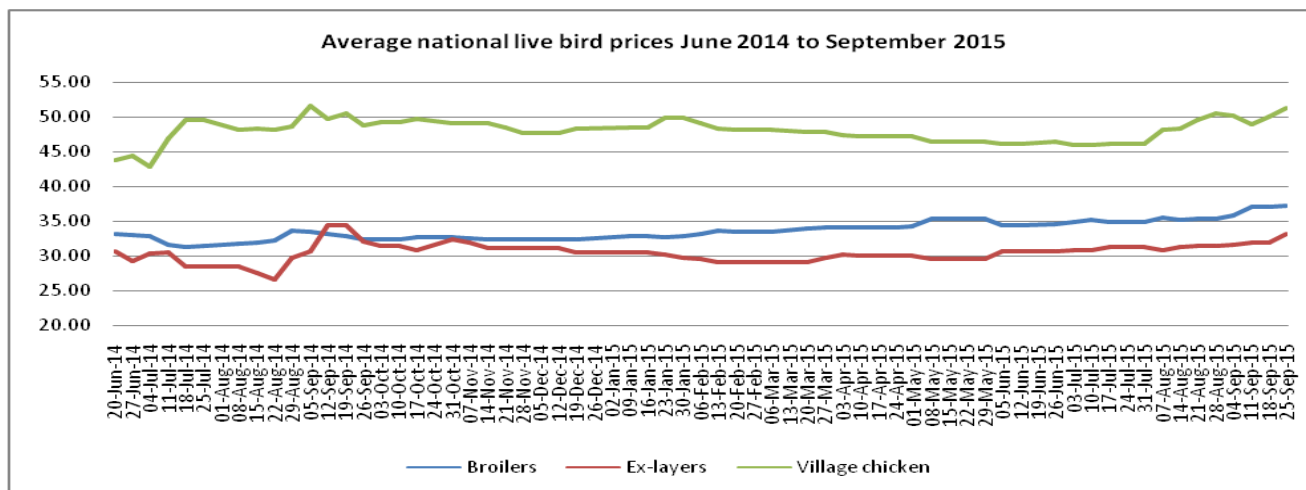


Source: Poultry Association of Zambia

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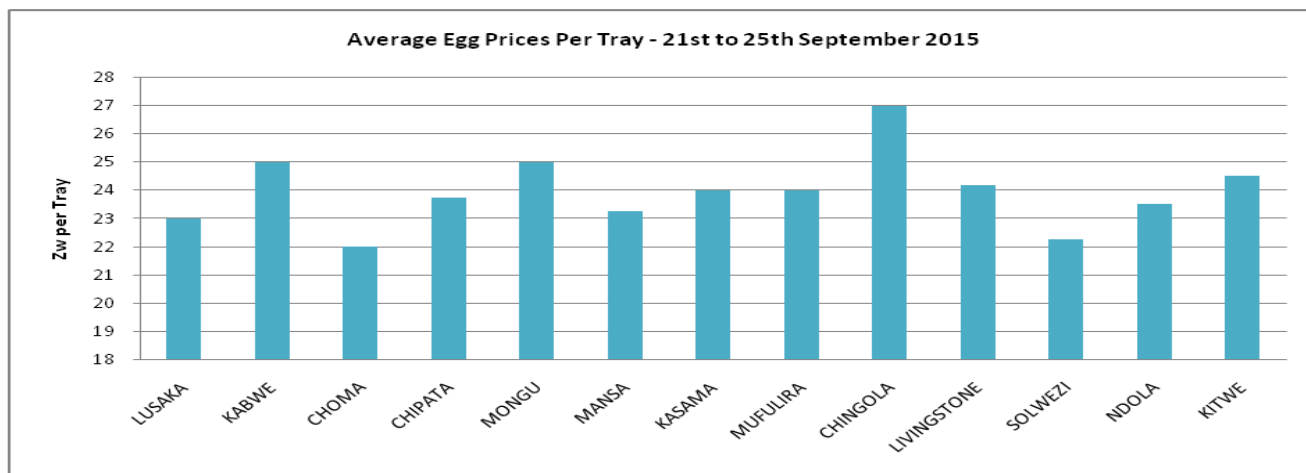
The graph below on the other hand shows the national average price trends for broilers, ex-layers and village chickens. The graph shows that the national average price of broilers, ex-layers and village chickens rose during the course of the week under review. The national average price of broilers, ex-layers and village chickens during the week was ZMW37.21, ZMW33.21 and ZMW51.27.



Source: Poultry Association of Zambia

### AVERAGE EGG PRICES

The graph below shows average retail prices of table eggs in selected towns around the country. The price of eggs in Solwezi and Chingola has risen from ZMW20.5 to ZMW22.5 and from ZMW24 to ZMW27 representing 8.5% and 12.5% price increases respectively. This price increase is due to the general increase of production costs in the industry.

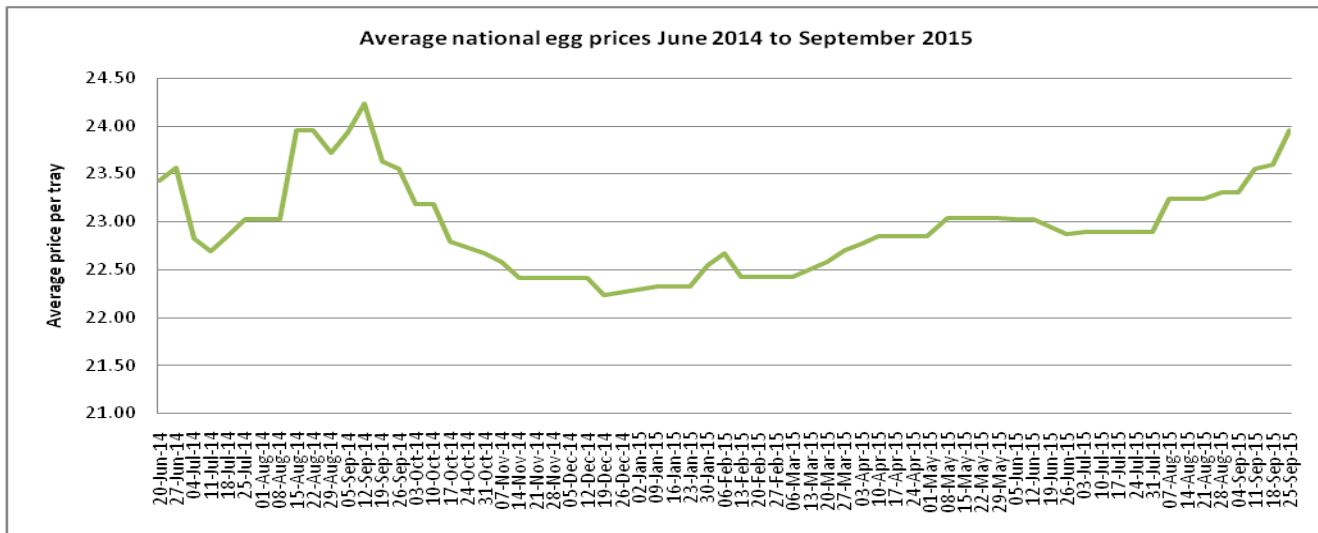


Source: Poultry Association of Zambia

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 continued with an uptrend and was at ZMW23.96 per tray last week.

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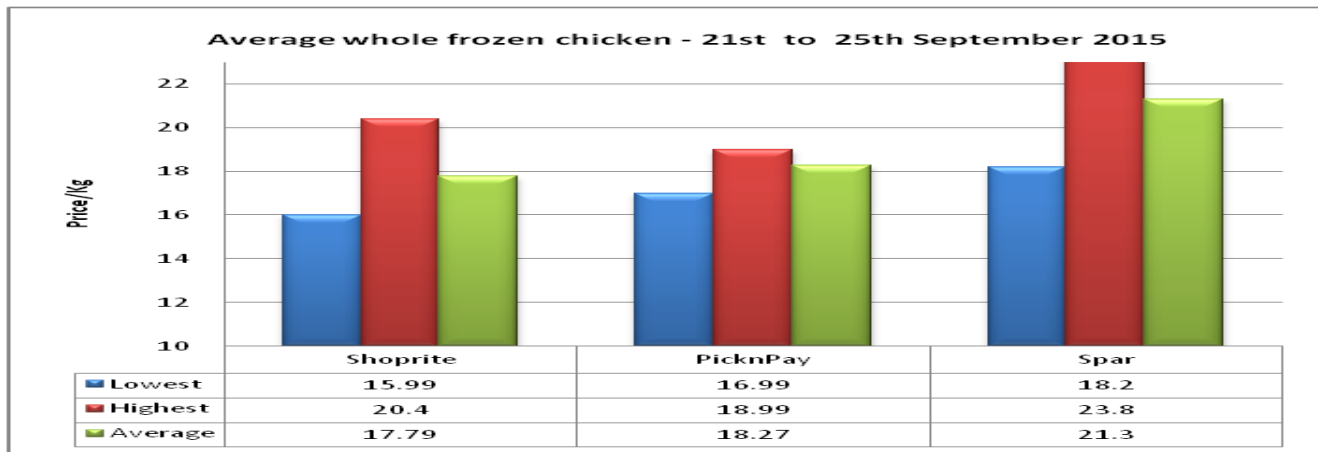




Source: Poultry Association of Zambia

### AVERAGE WHOLE DRESSED CHICKEN PRICES

**Graph 1** shows average prices of whole frozen chickens in the three chain stores around Lusaka. The average price for frozen whole chicken in Pick n' Pay, Spar and Shoprite was ZMW18.27, ZMW21.30 and ZMW17.79 per Kg respectively.

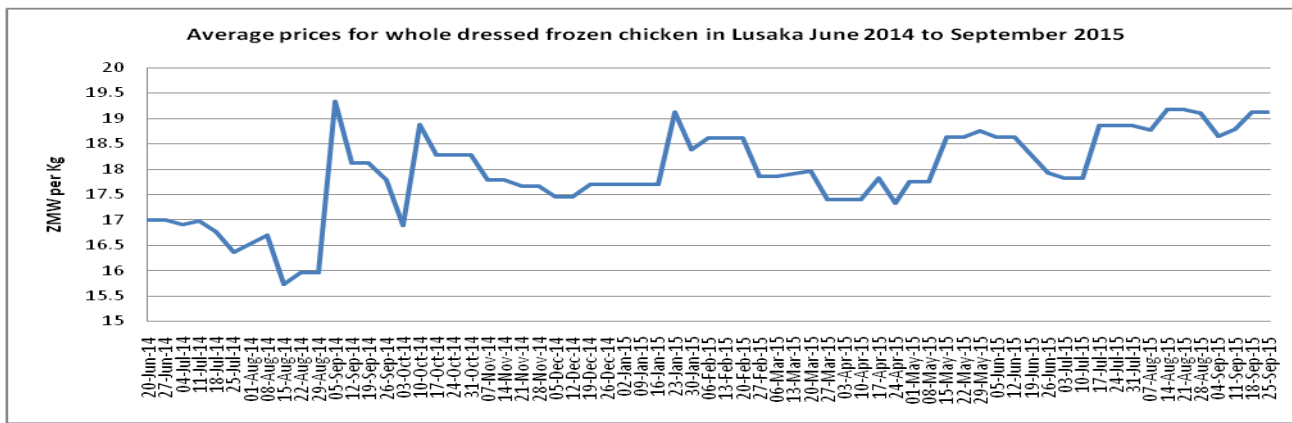


Source: Poultry Association of Zambia

The graph below shows the average price trend for whole frozen dressed chicken in Lusaka from June 2014 to September 2015. The average price of frozen whole chicken remained relatively stable during the course of last week at ZMW19.12 per Kg.

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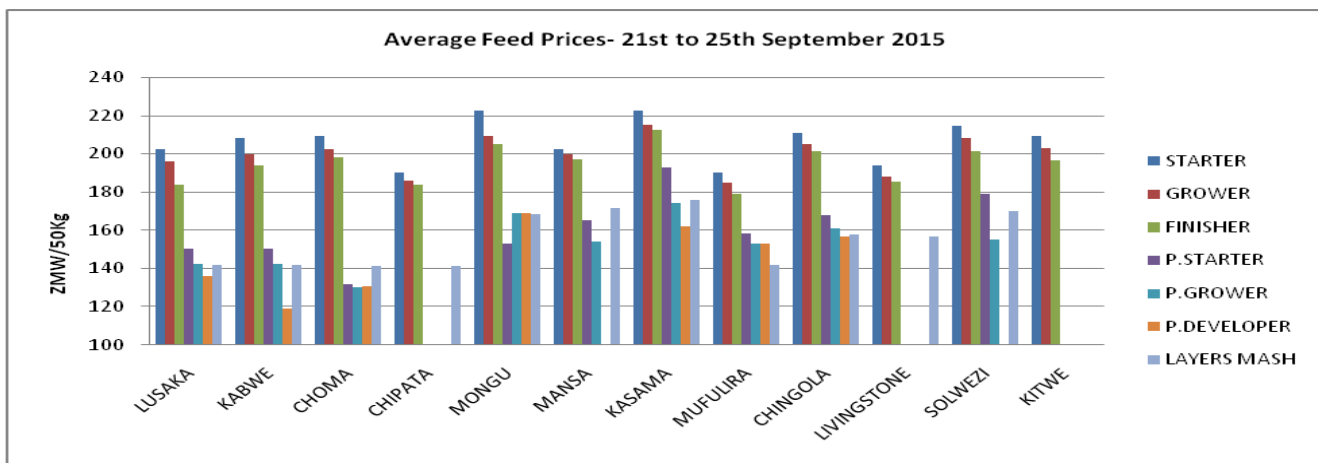




Source: Poultry Association of Zambia

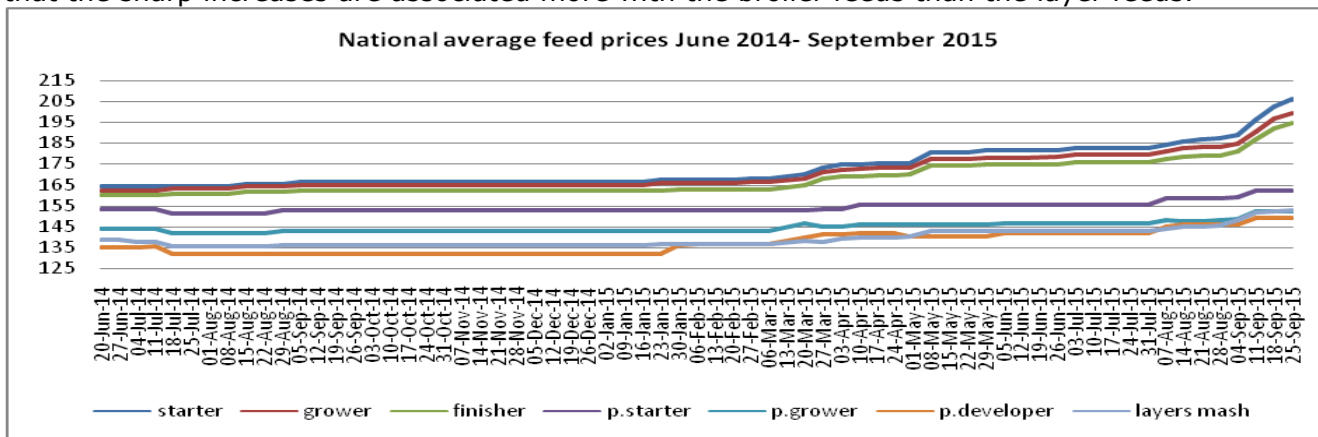
**AVERAGE FEED PRICES**

The graph below shows average weekly feed prices in selected towns. A number of towns experienced upward adjustments in the price of stock feeds with Mongu and Kasama posting highest prices. The price adjustments are attributed to the devaluation of the Kwacha against the dollar which has caused the price of feed inputs to increase.



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 a continued upward trend in the price of broiler stock feeds. It also shows that the sharp increases are associated more with the broiler feeds than the layer feeds.



Source: Poultry Association of Zambia

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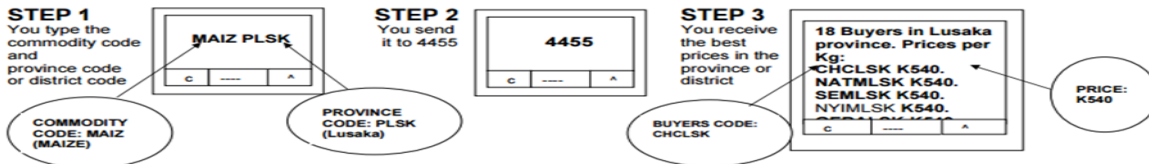


# ALERTS!!!!!!!

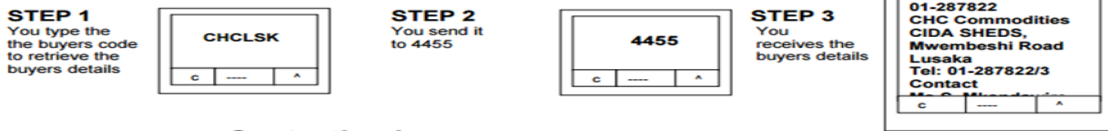
Look out for the *Zambian Farmer TV Programme* every Monday at 18:25 hours on ZNBC TV1

## ZNFU Market Price Information

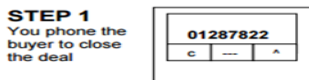
### STAGE 1: Getting market prices



### STAGE 2: Getting buyers details



### STAGE 3: Contacting buyer



ZNFU System Operator 097 773 003  
ZNFU Operator Email [marketinfo@znfu.org.zm](mailto:marketinfo@znfu.org.zm)  
Find the information on [www.farmprices.co.zm](http://www.farmprices.co.zm)

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