



THE WEEKLY AGRO WATCH



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12th October, 2015 Vol.40

Industry Updates

The 110th ZNFU Annual Congress will be held at the New Government Complex in Lusaka, on the 14th and 15th October, 2015 under the theme **"Growth through Agri-finance and Technology"**. It will be graced by His Excellence, The President of the Republic of Zambia, Mr. Edgar Chaqwa Lunqu.

Zambia's GDP Targets revised Downwards

In his pre-ambule to the 2016 national budget, The Minister of Finance – Hon. Alexander Chikwanda, last Friday 9th October 2015 stated that 2015 has been economically challenging for Zambia. The poor economic performance of the country has been attributed to the slowdown in the Eurozone and the reduced demand for copper by China. With copper being the main source of Zambia's foreign exchange earnings, the fall in price has put pressure on the value of the Kwacha and lowered the country's tax receipts from the mining sector. The Minister of Finance further recognized the adverse effects that the poor 2014/15 rains have had on the agricultural sector and the country's ability to generate sufficient electricity. The 2015 national growth estimates have since been revised downwards to 4.6% from 7 percent mainly due to the fall in copper output. By the end of August, the country's copper output was only

about 55% of the 2015 annual target of 808,000MT.

The forecast El Nino, China's continued economic re-structuring and the anticipated higher interest rates on dollar denominated loans as the United States Federal Reserve Bank System ends its cheap money programme known as quantitative easing are some of the reasons for the maintained air of pessimism on Zambia's 2016 economic performance. The government is thus aiming for a GDP growth of 4.6 percent in 2016. The Other Macroeconomic objectives for 2016 are as stipulated below:

- Increase domestic revenue mobilisation to at least 20.4 percent of GDP from 18.1 percent of GDP projected in 2015;
- Reduce the budget deficit to 3.8 percent of GDP from 6.9 percent of GDP projected in 2015 and limit domestic borrowing to 1.2 percent of GDP;
- Maintain single digit inflation with an end-year target rate of no more than 7.7 percent.
- Accelerate the diversification of the economy, particularly towards tourism, energy, agriculture and agro-processing;
- Maintain international reserves at no less than 4 months of import cover; and
- Create employment opportunities through accelerated implementation of programmes such as the Industrialisation and Job Creation Strategy and the Youth Empowerment Action Plan.

In respect to the agriculture sector, Government hopes to expedite implementation of activities under the Irrigation Development Support Programme (IDSP) to bring a further 5,000 hectares under irrigation in 2016. This will bring the total area under irrigation, as a result of the IDSP, to 22,500 hectares since 2011. The areas to be covered include Lusitu in Chirundu, Mwomboshi in Chisamba and Musakashi in Mufulira. The diversification agenda is expected to be further enhanced by the electronic voucher scheme which will widen the choice of inputs available as farmers will not only be

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limited to maize inputs but will also be able to access inputs for other crops, fisheries and livestock. Further, government plans to establish more breeding centres for sheep and goats and continue with the establishment of fish hatcheries in provinces whilst supporting establishment of private hatcheries in line with the target to achieve fish-sufficiency by 2018

Exchange Rates

CURRENCY	12/10/2015						06/10/2015					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
FNB	11.65	11.89	0.88	0.90	17.87	18.24	12.07	12.32	0.89	0.91	18.28	18.65
Standard Chartered Bank	11.64	11.87	0.88	0.90	17.86	18.22	12.08	12.32	0.89	0.91	18.31	18.67
ZANACO	11.64	11.88	0.88	0.89	17.83	18.18	12.09	12.34	0.89	0.91	18.24	18.71
Bank of Zambia	11.73	11.75	0.884	0.885	18.02	18.06	12.18	12.20	0.890	0.892	18.48	18.51

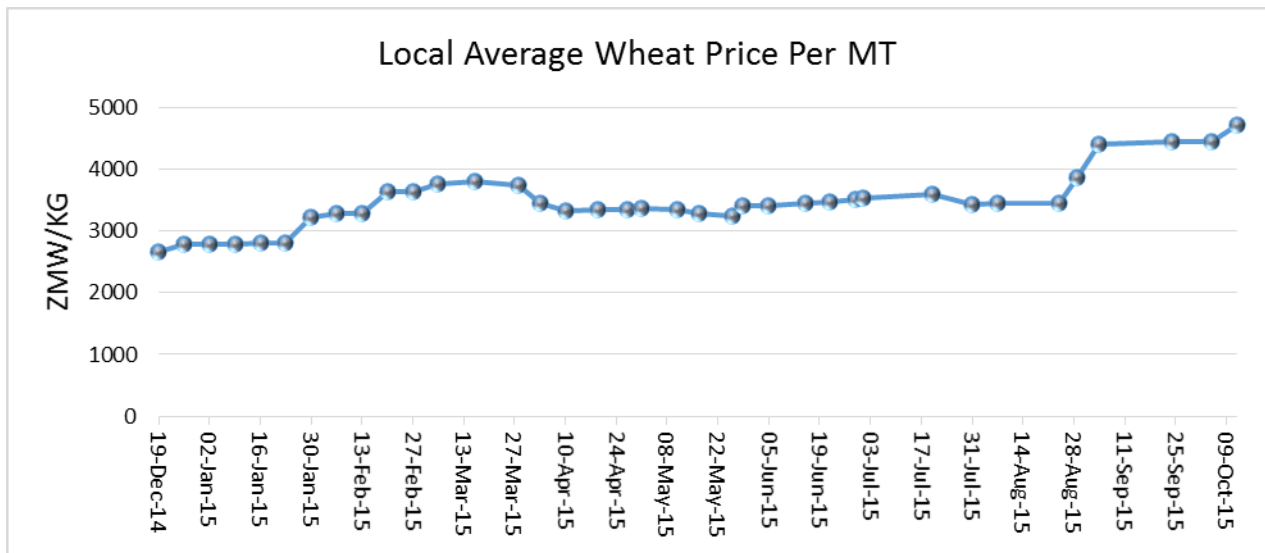
Wheat

Highlights

- Provisional wheat production estimates by the UK are indicating a 2015 harvest of 16.129 million tons. Though this is below the 2014 crop by about 3 percent, it is still a record crop and the second largest over the last five years.
- Increased wheat supply on the international market has continued to put pressure on the US wheat sales, with the Western powerhouse forecasting its wheat exports in the 2015/16 year (ending May 2016) to hit a 44 year low. Ample supplies from the European Union, Canada and the black sea region are expected to continue exerting downward pressure on international prices in the 2015/16 marketing year.
- In its second production forecast, South Africa has revised its 2015 wheat downwards by 3.29% from its initial estimate to 1.635 million tons. Last year, the country had a crop harvest of 1.75 million tons.
- The Chicago soft red wheat future price for delivery in December 2015 were hovering around US\$ 199.36/MT on 12th October 2015.
- Indicative local offer prices, captured through the ZNFU market price Information system were hovering around US\$380-405/ton in the week ending 8th October 2015.

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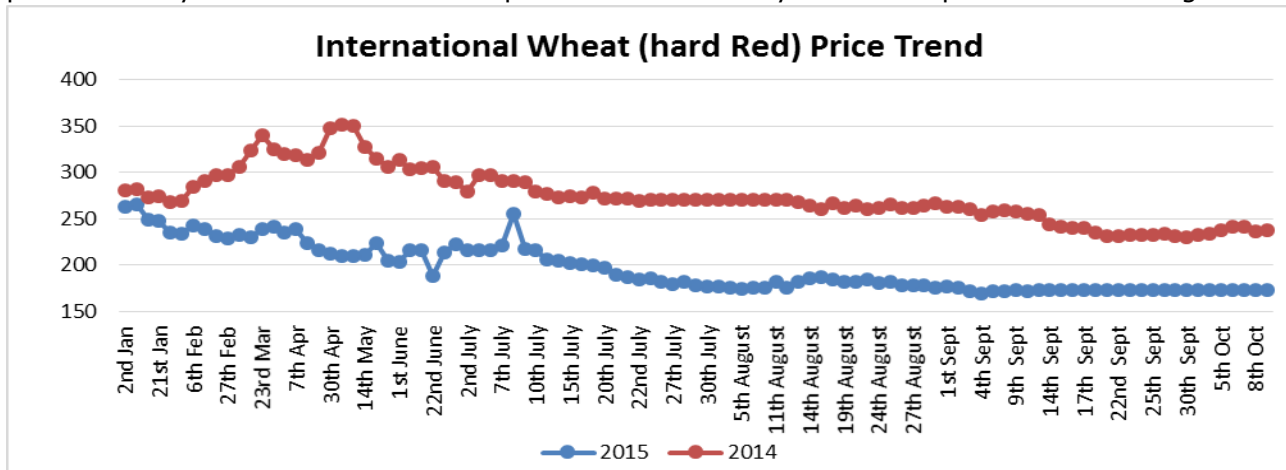




Source: ZNFU 4455 Information System.

Price trends

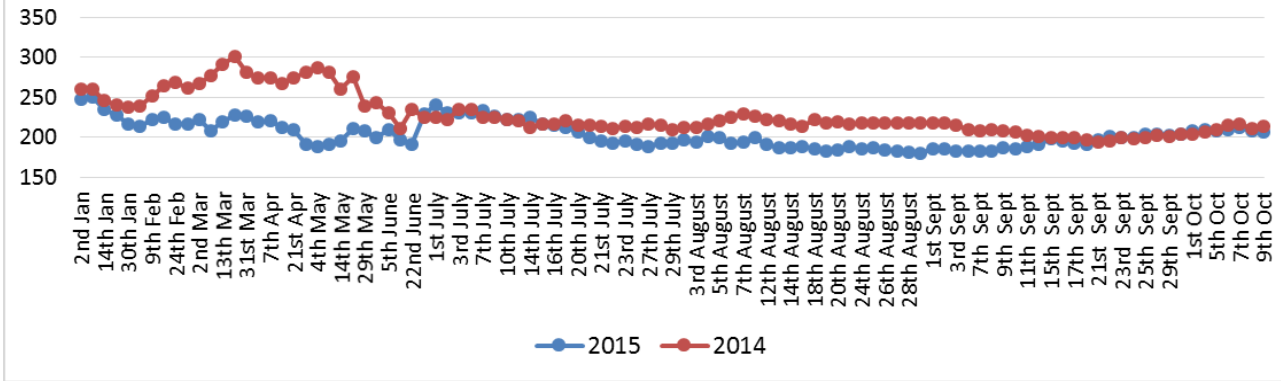
The Safex international soft red and hard red wheat averaged US\$205.025/ton and US\$173.98/ton respectively in the week ending 8th October 2015. In comparison to the previous week, soft red prices rose by 1.49% while hard red prices were relatively stable. All prices are fob US gulf.



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International Wheat (Soft Red) Price Trend



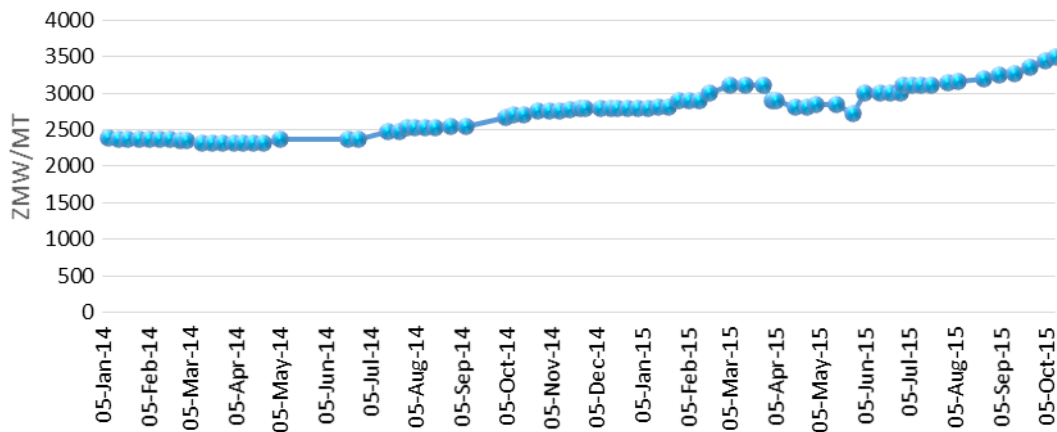
Source: Safex

Soya Beans

Highlights

- The latest USDA data indicates that Brazil's 2015/16 soya beans production will be above the previous year's output by almost 4 million tons. The depreciation of the Brazilian Real has given Brazil a competitive advantage, in dollar terms, and hence boosted the country's export sales whilst stimulating interest by farmers to increase their acreage.
- After hitting a 6.5 year low in August, Palm oil prices rose by almost 20 percent by 8th October 2015 mainly due to the dryness prevailing in Malaysia and Indonesia, the top palm oil producers. According to the Malaysian Palm Oil Council, industry expectations are for prices to continue rising to about US\$606.06/ton in the first quarter of 2016 due to the anticipated yield loss as a result of the forecast El Nino.
- On the local scene, the Minister of Finance has proposed to increase import duty on refined edible oils in 2016 to K4/litre from the current K2.2/litre so as to level the playing field.
- Soya beans for November 2015 delivery on Chicago Mercantile Exchange were hovering around US\$328.19/ton on 12th October 2015.
- Soybeans offer prices by traders captured by the ZNFU 4455 price information system were averaging K3, 500/ton in the week ending 8th October, 2015.

National Average Soybeans Price



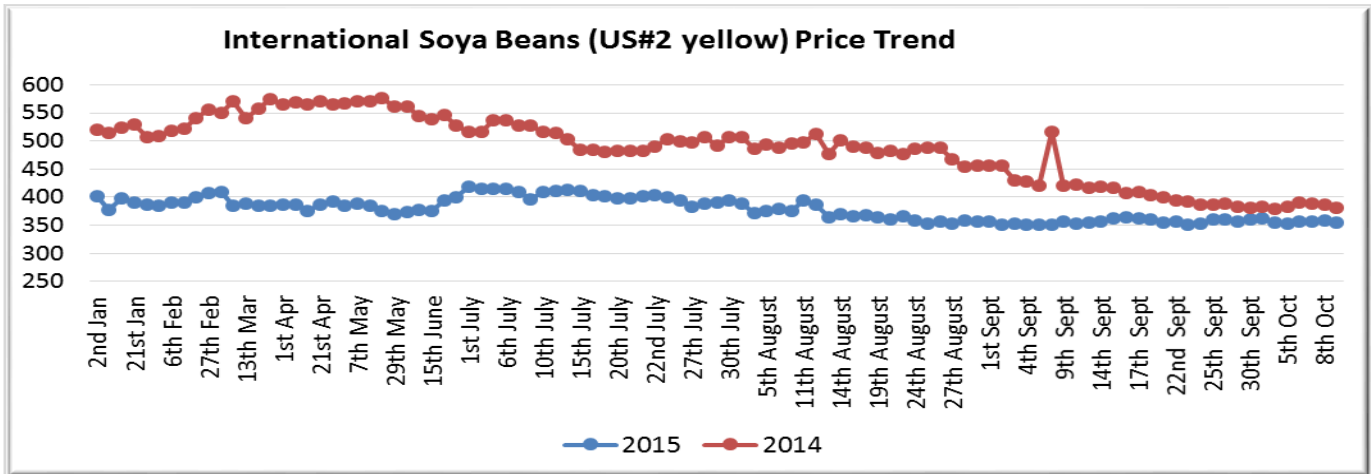
Source: ZNFU, 4455 Market Price Information System

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Price trends

International prices of US No. 2 yellow soya beans on Safex traded lower by 0.71 percent and averaged US\$356.02/ton during the week ending 8th October 2015. All prices are fob US gulf.

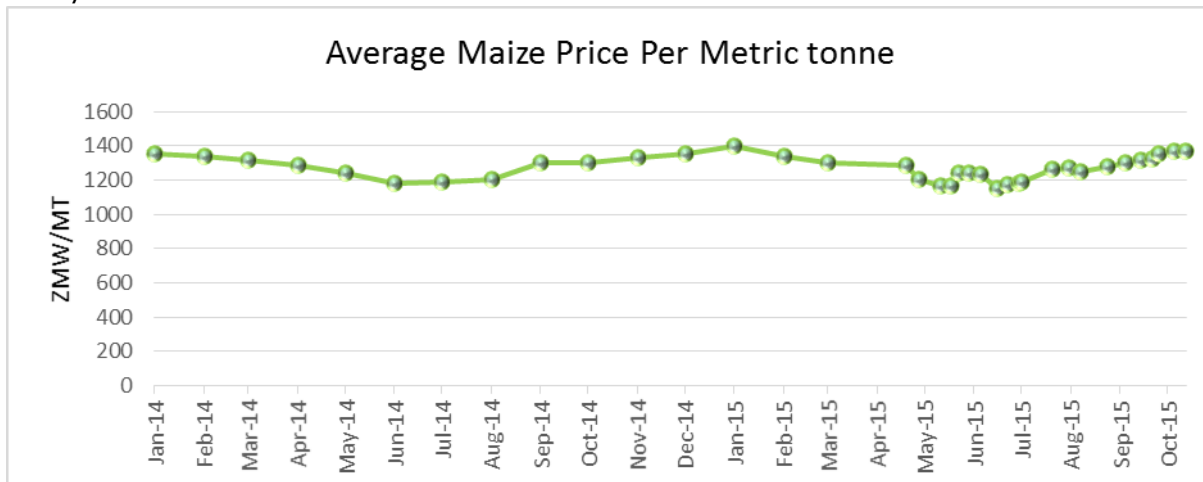


Source: Safex

Maize

Highlights

- Despite Brazil's larger crop, global maize production for the 2015/16 year has been forecast lower by the USDA. Current estimates on the 2015/16 crop production are at 972.6 million tons down from the previous year's 1.008 billion production. Sub-Sahara's 2015/16 production is anticipated to drop by about 1.7 million tons from the previous year.
- The Chicago maize futures price for delivery in December 2015 was pegged at US\$ 149.84/MT on 12th October 2015.
- Indicative local offer prices were averaging K1.370/Kg on the ZNFU market price information system.



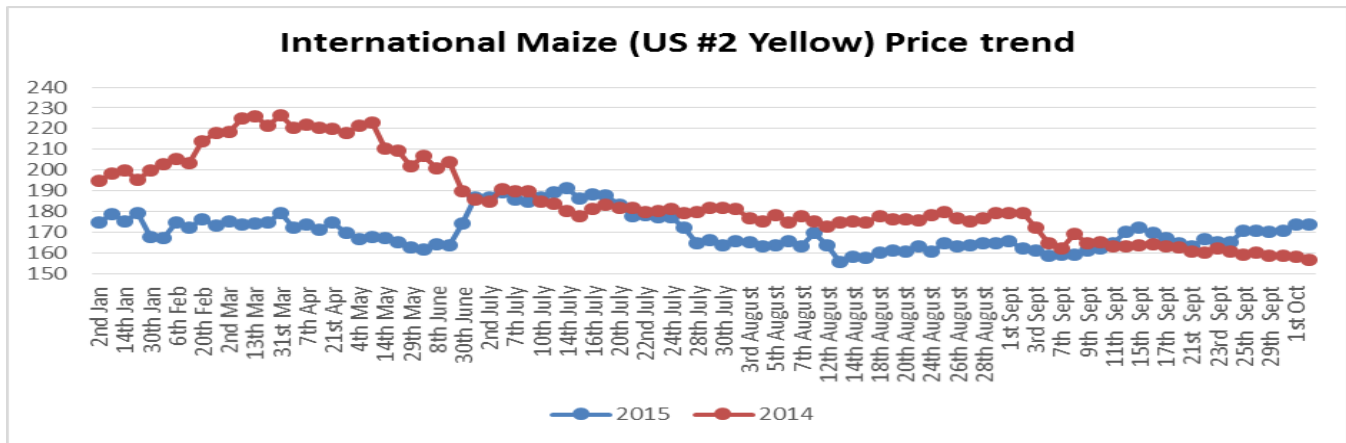
Source: ZNFU, 4455 Market Price Information System

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Price trends

During the week ending 8th October 2015, international maize fob prices as recorded by Safex averaged US\$174.70/ton, above the previous week's average by 1.59 percent.



Source: Safex

Cotton

Highlights

- China's cotton purchases in the 2015/16 year are forecast to drop for the fifth consecutive year. The USDA estimated Chinese imports of 1.25 million for the year that begun August 1 2015 are below the 2008/09 imports, the year just before China begun its stockpiling programme. The lowered global production estimates are however expected to balance off the reduced import appetite and international prices anticipated to continue moving sideways.
- New York Market cotton prices for December delivery pegged at US\$0.6196/pound (US\$1.36/kg) on 12th October 2015 while Cotlook "A" index prices were pegged at US\$0.6840/pound (\approx US\$1.50/kg) on 9th October 2015.

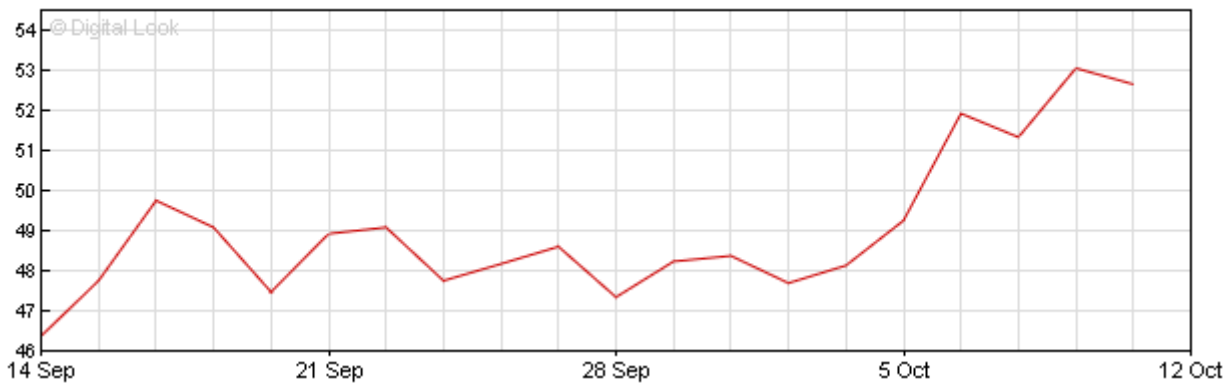
Crude oil

- Market sentiments are that the OPEC countries are optimistic of a recovery in crude oil prices next year on the back drop of increasing demand from emerging countries and reduced supply by non-OPEC countries. Meanwhile the US Energy Information Agency has projected that Brent crude oil prices will average US\$54/barrel in 2015 and US\$59/barrel in 2016.
- Brent crude oil prices were about US\$51.84/barrel while WTI was pegged at US\$48.67/barrel on 12th October 2015.
- Oman's settlement price for December delivery was pegged at US\$49.63/barrel on the Dubai Mercantile Exchange during the early hours of trade on 12th October 2015.10.13

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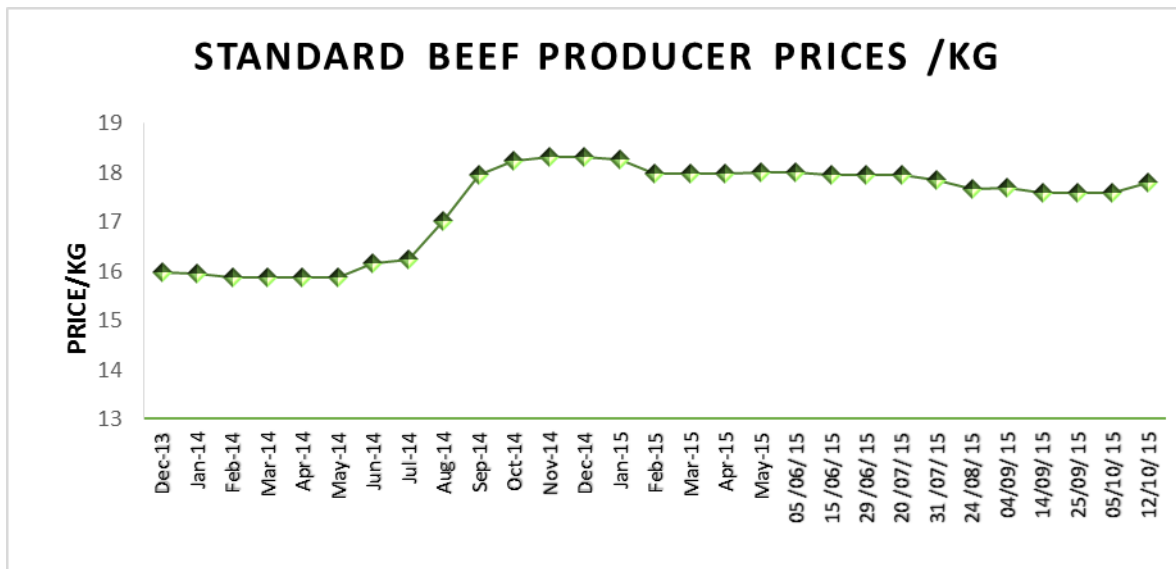
Brent Crude Oil Futures \$/barrel



Source: BBC Business, 2015

Beef

- About 4 percent growth has been projected by the European Union with the EU’s beef and veal production forecast at 6.9 million tons in 2015. Despite a lower output forecast for the UK and Ireland, the region’s growth in production has been driven by France, Spain and Italy. Production is expected to be relatively unchanged in 2016 as Germany lowers its output while Ireland maintains its output levels and France raises its production.
- According to the ZNFU market price information system, local dressed weight beef offer prices were in the range of K17-20/Kg in the week ending 12th October 2015. The graph below shows local beef price trends;



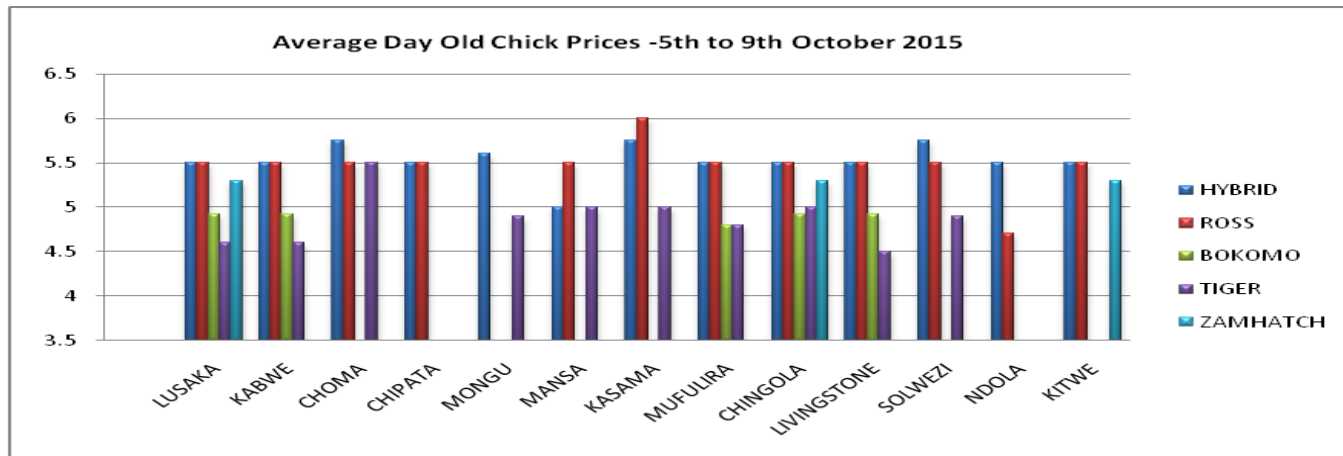
Source: ZNFU, 4455 Market Price Information System

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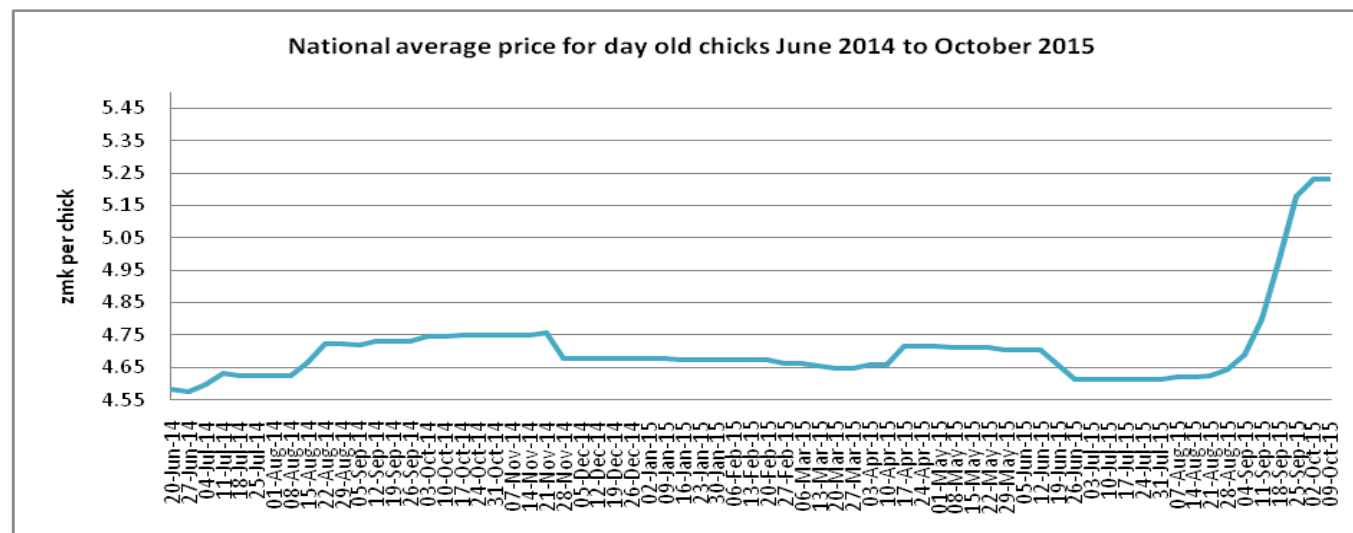
AVERAGE DAY OLD CHICK PRICES

The graph below shows the price of different breeds of day old chicks in selected towns. The average price of day old chicks in the towns displayed remained stable during the course of the week with no notable changes.



Source: Poultry Association of Zambia

The graph below shows the national average price trend for day old chicks from June 2014 to October 2015. The national average price for day old chicks during the course of the week was ZMW5.23 per chick.



Source: Poultry Association of Zambia

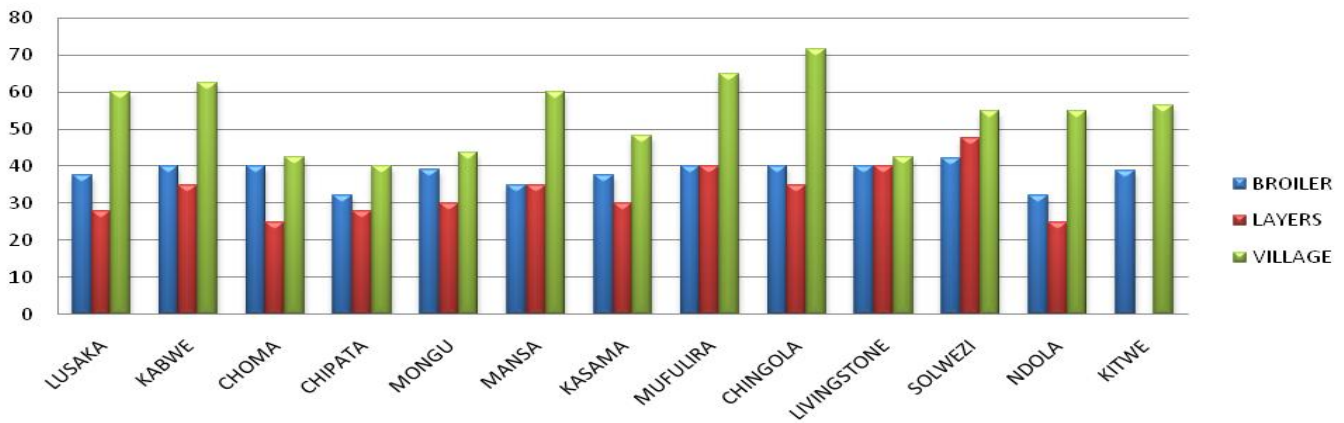
AVERAGE LIVE BIRDS PRICES

The graph below shows the average live bird prices in Lusaka, Choma, Kabwe, Chipata, Mongu, Mansa, Mufulira, Chingola, Solwezi, Ndola, Kitwe and Livingstone. Despite a rise in the cost of feed prices, the average price of live birds in the towns displayed was stable during the course of the week except for a 16% reduction in the price of village chicken in Kitwe from ZMW67 to ZMW56.25 per bird.

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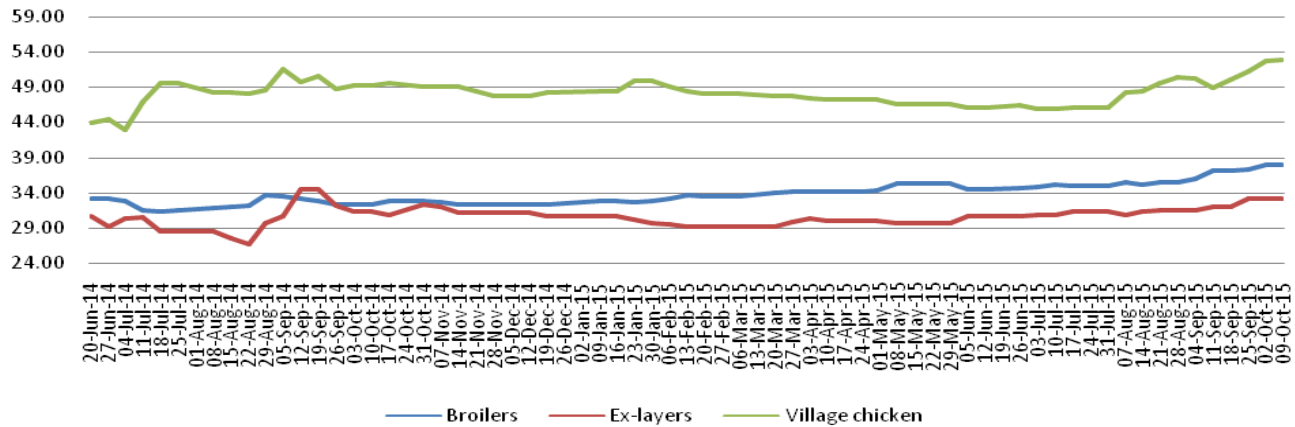
Average Chicken Prices - 5th to 9th October 2015



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 live birds was relatively stable during the course of the week with no significant changes. The national average price of broilers, ex-layers and village chickens during the week was ZMW37.98, ZMW33.21 and ZMW52.95 per bird respectively.

Average national live bird prices June 2014 to October 2015



Source: Poultry Association of Zambia

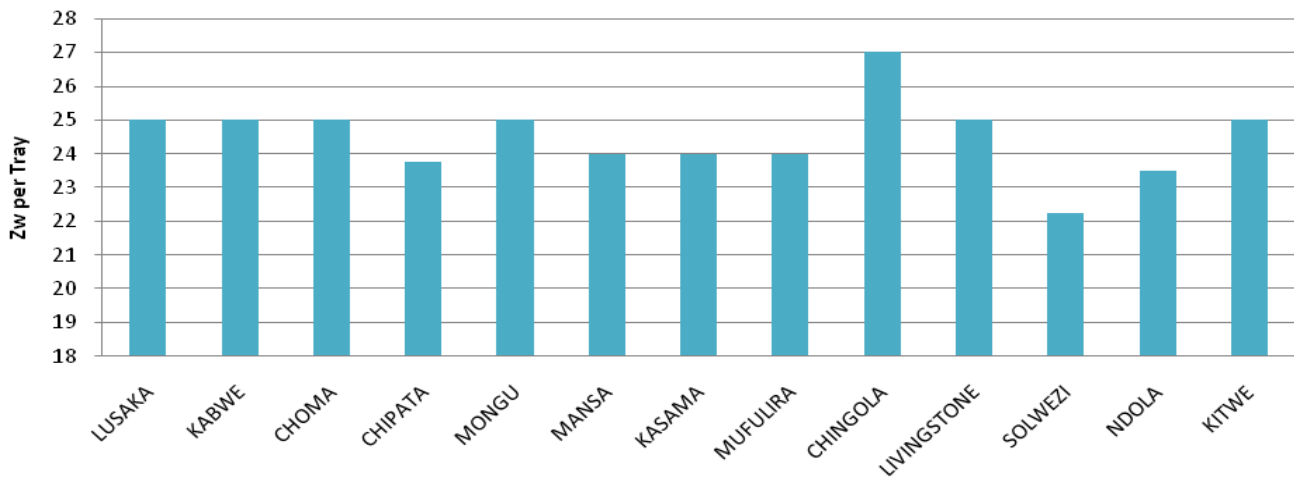
AVERAGE EGG PRICES

The graph below shows average retail prices of table eggs in selected towns around the country. The graph shows that egg prices were highest in Chingola at an average of ZMW27 and lowest in Solwezi at an average of ZMW22.5 per tray.

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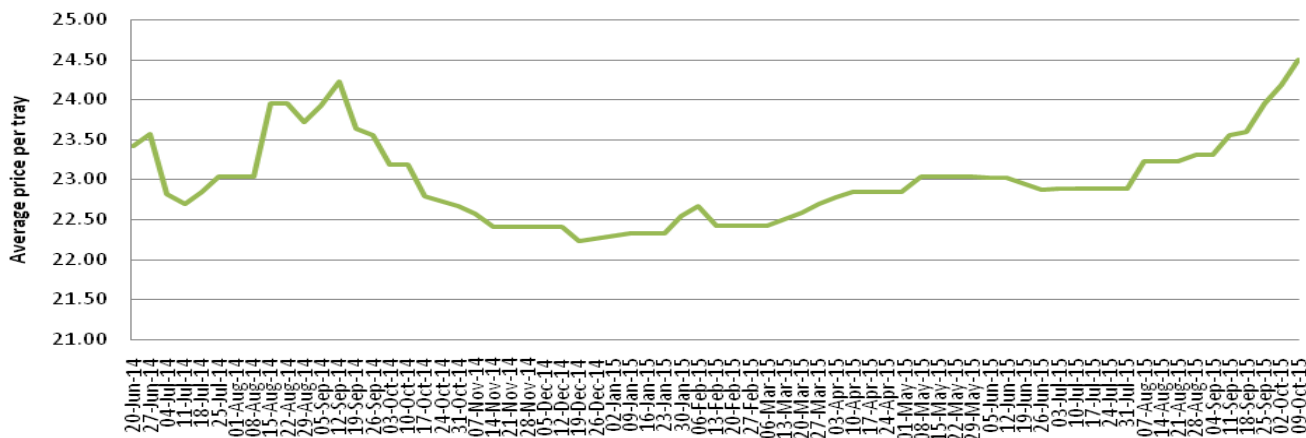
Average Egg Prices Per Tray - 5th to 9th October 2015



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 to progress upwards and was at ZMW24.5 per tray during the course of the week under review.

Average national egg prices June 2014 to October 2015



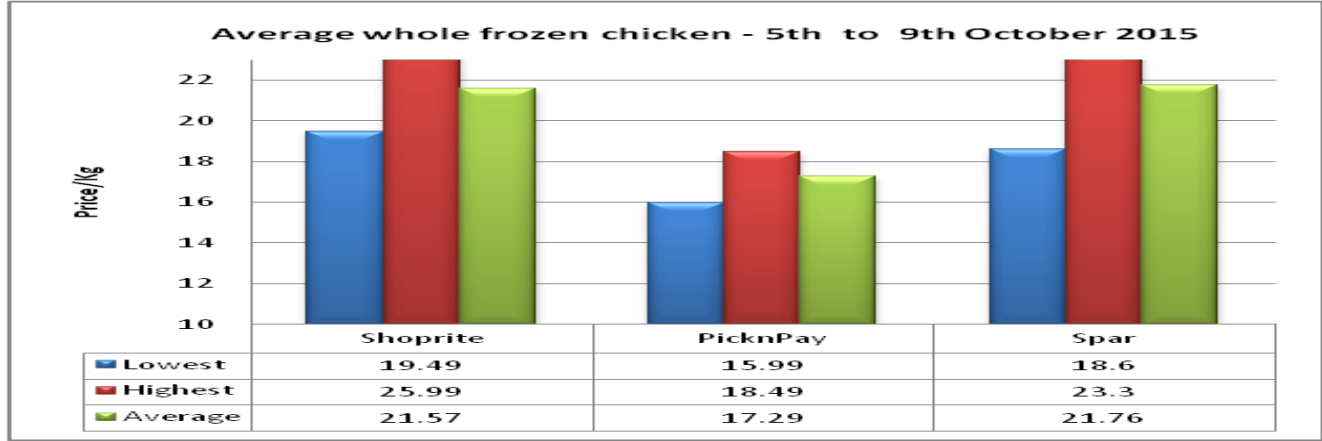
Source: Poultry Association of Zambia

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 Spar was ZMW21.76 with the commodity trading in the range of ZMW18.60 to ZMW23.30 per kg. The average price of frozen whole chicken in Pick n' Pay was ZMW17.29 with the lowest and highest going for ZMW15.99 and ZMW18.49 respectively. On the other hand, Prices in Shoprite were in the range of ZMW 19.49-25.99 per kg and averaging ZMW21.57 per kg.

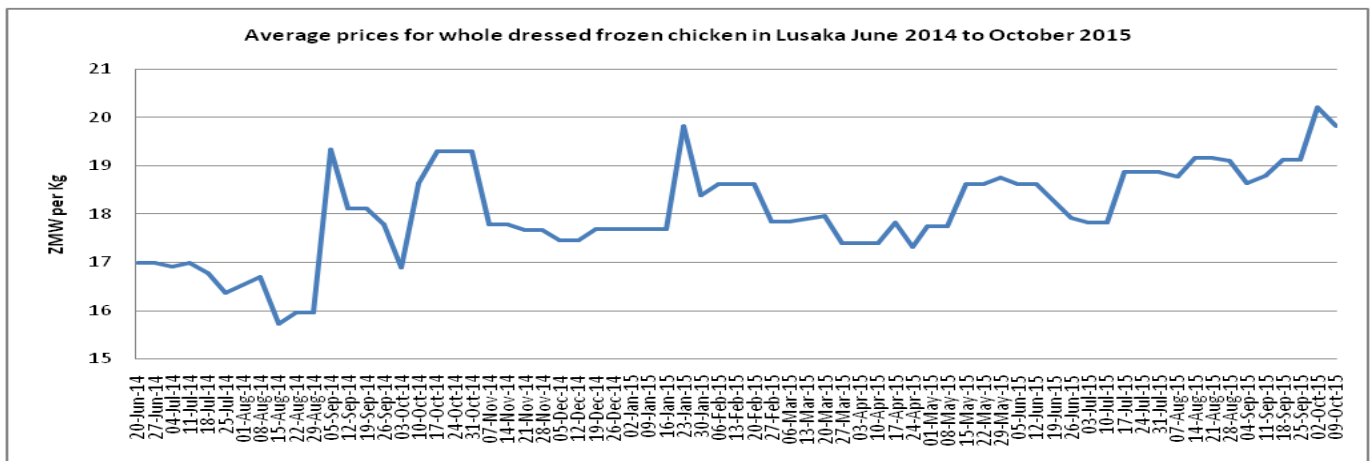
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Source: Poultry Association of Zambia

Graph 2 below shows the average price trend for whole frozen chicken in Lusaka between June 2014 and October 2015. The graph shows a decline in the average price of frozen whole chickens in Lusaka. This is attributed to promotions being run on some brands of frozen whole chicken.



Source: Poultry Association of Zambia

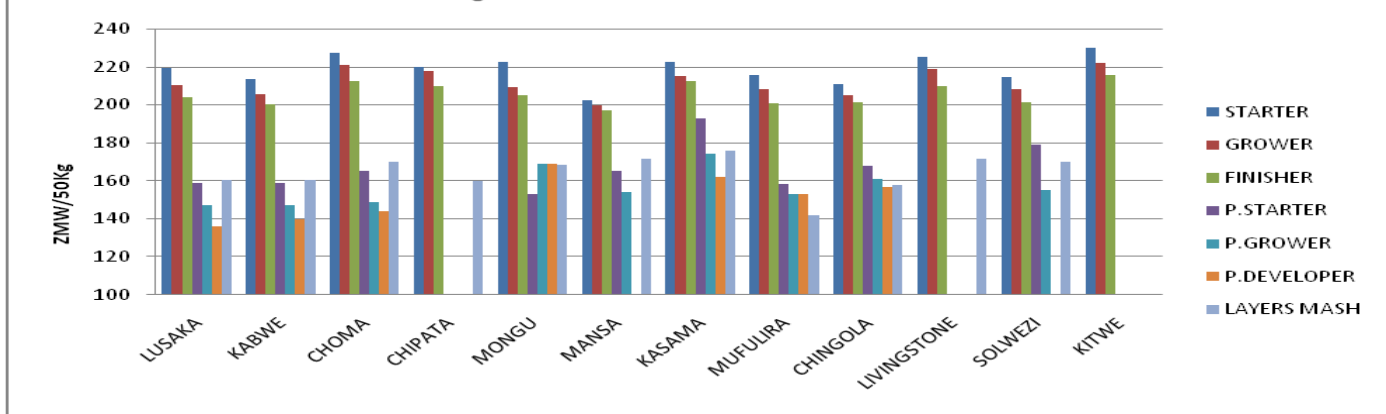
AVERAGE FEED PRICES

The graph below shows average feed prices in selected towns. The cost of feed has risen in most of the towns displayed while some towns are still adjusting prices hence causing a time lag from the time that price changes are announced to the time that they are effected. The price changes are attributed to the devaluation of the kwacha against the dollar and rising cost of inputs such as soya beans. However it must be noted that over the past few days the kwacha has posted some marginal gains against the dollar.

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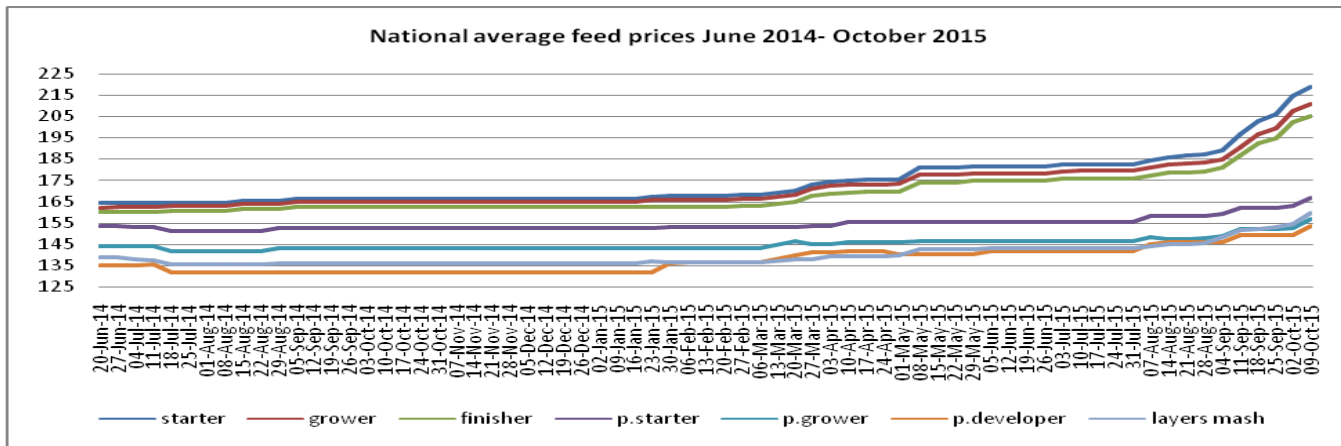


Average Feed Prices- 5th to 9th October 2015



Source: Poultry Association of Zambia

The graph below shows the national average price trend of feed prices from June 2014 to September 2015. The graph shows that feed prices have continued with an uptrend. This trend is caused by the rising cost of inputs such as soya beans.



Source: Poultry Association of Zambia

ALERTS!!!!!!

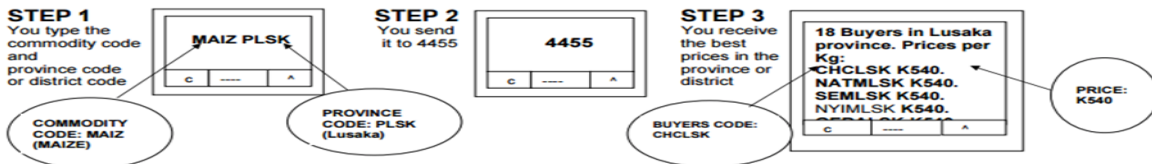
Look out for the *Zambian Farmer TV Programme* every Monday at 18:25 hours on ZNBC TV1

ZNFU Market Price Information

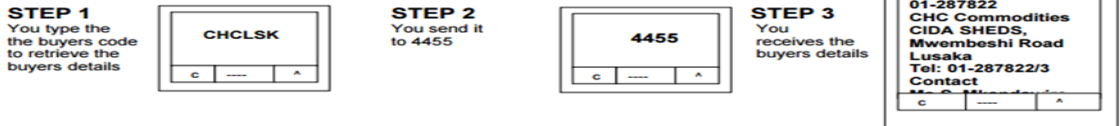
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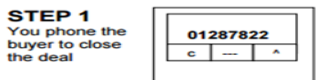
STAGE 1: Getting market prices



STAGE 2: Getting buyers details



STAGE 3: Contacting buyer

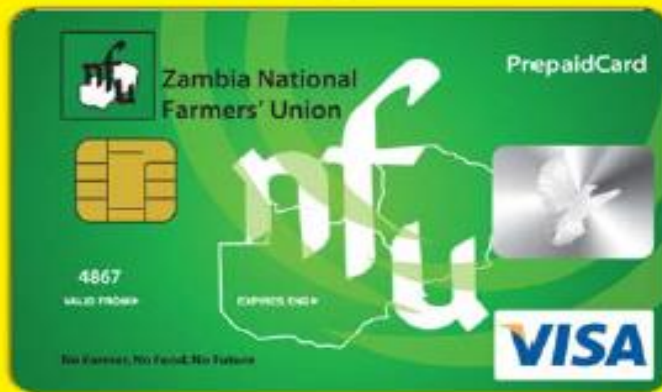


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