



Livestock & Meat Advisory Council

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Livestock Market Update: October 2015¹

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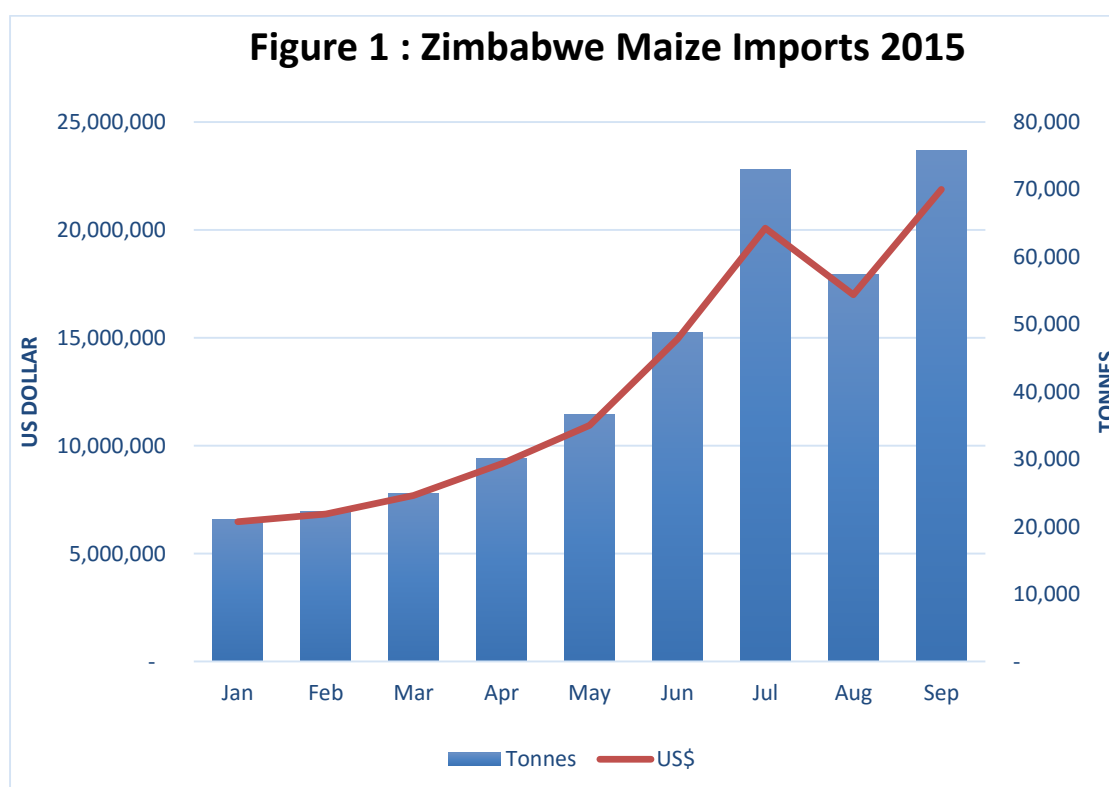
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1.0 Stockfeeds Sector

1.1 Raw Materials Supply

Maize

Due to the drought experienced in the 2014/15 season, maize has been imported from January 2015. About 390,000 metric tonnes (mt) have been imported to date at an average landing price of US\$295/mt. Tonnage peaked in September at 75,800mt as shown in Figure 1 below and most imports are from Zambia.



On the local market, the producer price being offered to farmers ranges from US\$260 to 300/mt for cash and credit buyers, respectively.

Soyabean Meal

The sourcing of genetically modified organisms free (GM-free) soya beans has been a limiting factor in accessing cheaper sources of the product from South Africa. Zambia and Malawi, the only GM-free sources, have reduced stocks and their governments have limited quotas for export. The only other source that currently provides GM-free soyabean meal is India but this will attract an import duty of 5%. Additionally, the lead time is two months for the consignment to arrive through Beira.

Cotton Cake

Cumulative deliveries of seed cotton as at 25th September were 102,135mt, a decrease of 24% from what was sold last year during the same period. This has impacted on the supply of cotton cake which is likely to decline in relation to cotton supply. Despite the decrease in cotton deliveries to ginners, local needs for cotton cake are likely to be satisfied by the current crop with a surplus available for export to traditional markets in South Africa. For the nine months to September, 8,920mt of cotton cake has been exported at an average CIF (cost, insurance and freight) price of \$301/mt.

Maize and Wheat Bran

Maize and wheat bran are in short supply and indicative prices are between \$200 - \$210/mt and \$205 - \$210/mt, respectively. The upward pressure on bran prices reflect low local milling of grains exacerbated by liberal imports of processed grains.

1.2 Feed Manufacturing

Raw materials procured in the third quarter of 2015 averaged 46,356mt (\$16.8m worth) per month representing an increase of 9% (0% change in value) over the same period last year (Figure 2). Feeds produced averaged 46,072mt (\$25.4m worth) per month, being an increase of 6% (3% increase in value) over the same period last year (Figure 3).

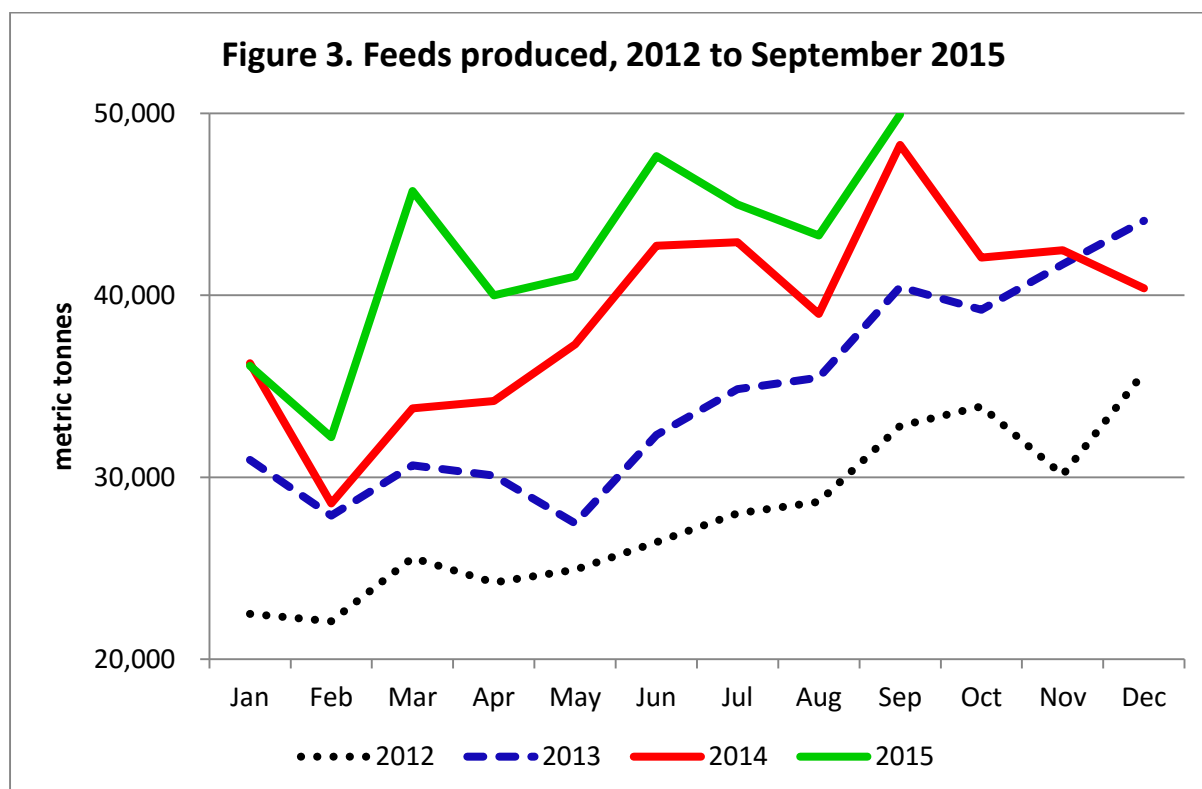
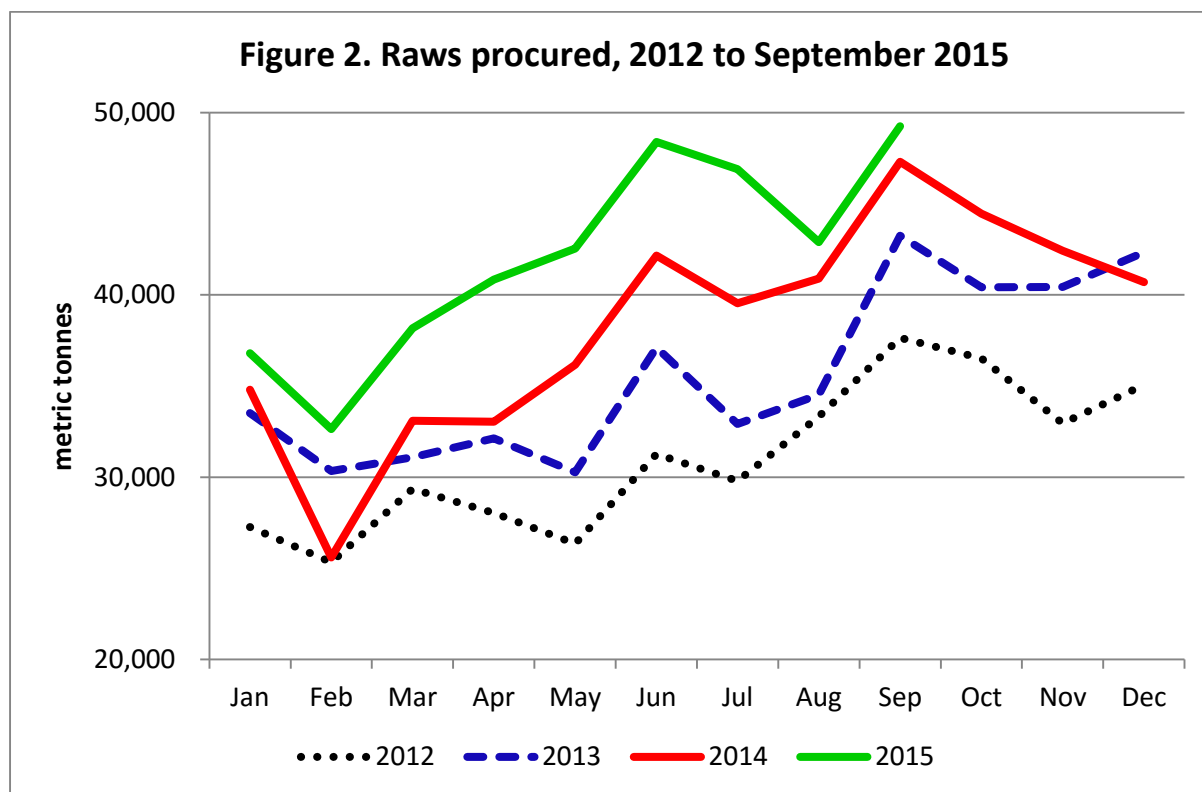
Average monthly maize and soya bean equivalent procurements in the third quarter of 2015 were 18,746mt (\$5.7m worth) and 13,402mt/month (\$7.0m worth) respectively. The value of maize procured decreased by 3% while soya bean procurement increased by 10% compared to the same period in 2014. Maize and soya procurements accounted for 63% of all raw materials procured by weight and 75% by monetary value.

Production of poultry feeds in the third quarter of 2015 averaged 31,821mt/mo, an increase of 3% for both the same period in 2014 and the second quarter in 2015. The value of poultry feeds was \$18.1m, representing decreases of 4% compared to the same period last year and 1% compared to the second quarter of 2015. Poultry feeds accounted for 79% of all feeds produced by weight and 75% by monetary value. By comparison, pig and ruminant feeds accounted for 5 and 10% of the total value of feeds produced, respectively.

Compared to the third quarter of 2014, manufacture of broiler grower, layer rearing and layer production feeds increased by 33, 44 and 18%, respectively, while broiler starter, broiler finisher and poultry concentrate feeds decreased by 13%. These changes were impacted upon by an increase of 20% in layer sexed pullet production and a decrease of 15% in day old broiler chick production over the same period in 2015.

Prices of most raw materials and finished feeds in the third quarter of 2015 softened compared to the second quarter. Exceptions were the prices of whole cotton, soya beans, methionine and maize bran which increased by 7, 10, 10 and 21%, respectively. The average procurement prices of maize and solvent extracted soyameal were \$306 and \$654/mt,

respectively while the average weighted broiler and layer feed prices were \$600 and \$491/mt, respectively, both being 4% lower than prices in the second quarter.



2.0 Beef Sector

2.1 Beef Market

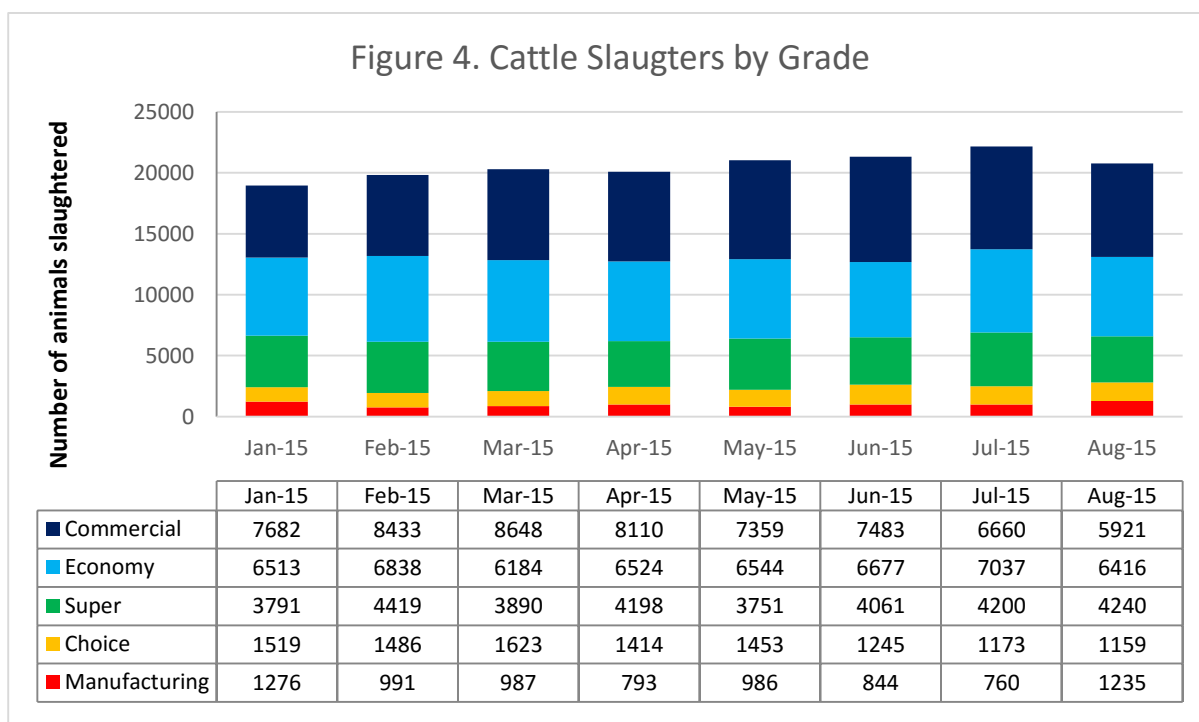
At a meeting of abattoir operators in September, it was reported that beef sales had decreased and prices had reduced. In October, prices recovered significantly though the quality of animals slaughtered was reported to be relatively poor (Table 1).

Table 1. Beef prices in September and October 2015 by grade

Grade	September, \$/kg	October, \$/kg
Super	3.75 – 3.80	4.20 – 4.30
Commercial	3.10 – 3.30	3.90
Economy	2.80 – 2.90	3.50

Live cattle prices as at the end of September ranged from \$1.67/kg for weaner steers to \$1.84/kg for feeder steers. This is in contrast to the prices for feeder steers in September 2014 which averaged \$1.93/kg.

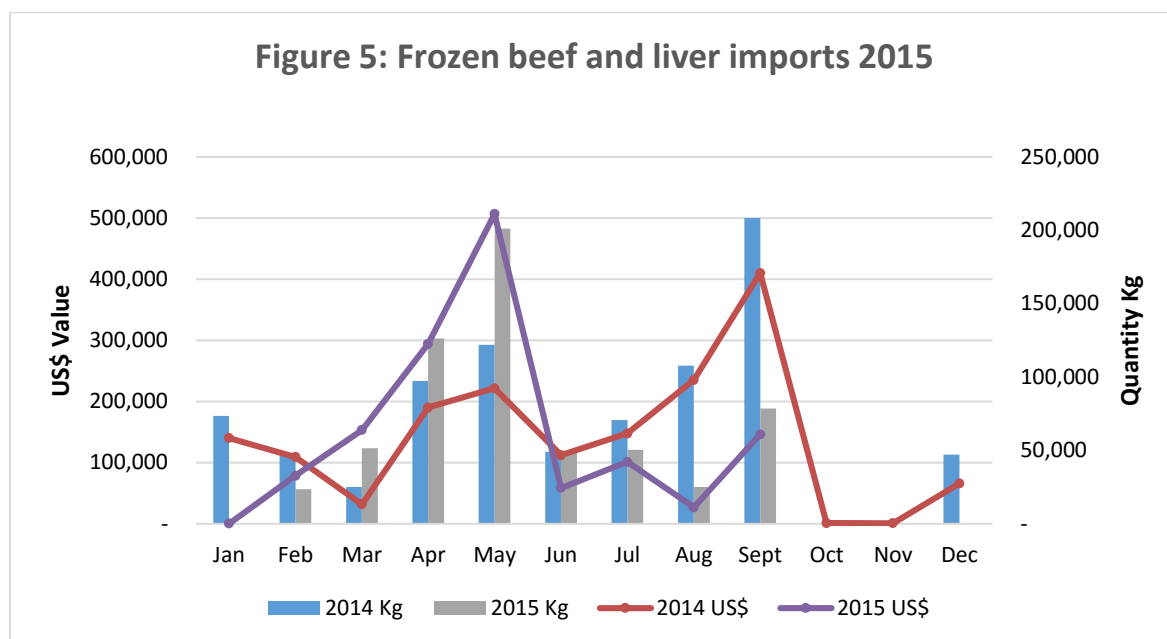
After peaking in July, total cattle slaughters declined in August. Cattle slaughters for the last eight months has been dominated by Commercial and Economy grades being delivered to abattoirs with Super and Choice grades accounting for less than a quarter of slaughters (see Figure 4 below). This is a result of the prevailing economic situation as the income levels of most households have been reduced due to unemployment and inconsistency in the payment of salaries by most companies, including the civil service.



2.2 Beef Trade

No live cattle imports were reported between January and October 2015. During the same period in 2014, an equivalent of 1,032mt of beef meat (1,984mt live-weight of cattle) worth US\$2.68 million, was imported.

Frozen beef and liver imports continue filtering in, following the same pattern as 2014 but with varying volumes and values for each comparative month. At the end of September 2015, a cumulative total of 606mt had been imported, a decrease of 32% over the same period last year (see Figure 5).



2.3 Production Issues

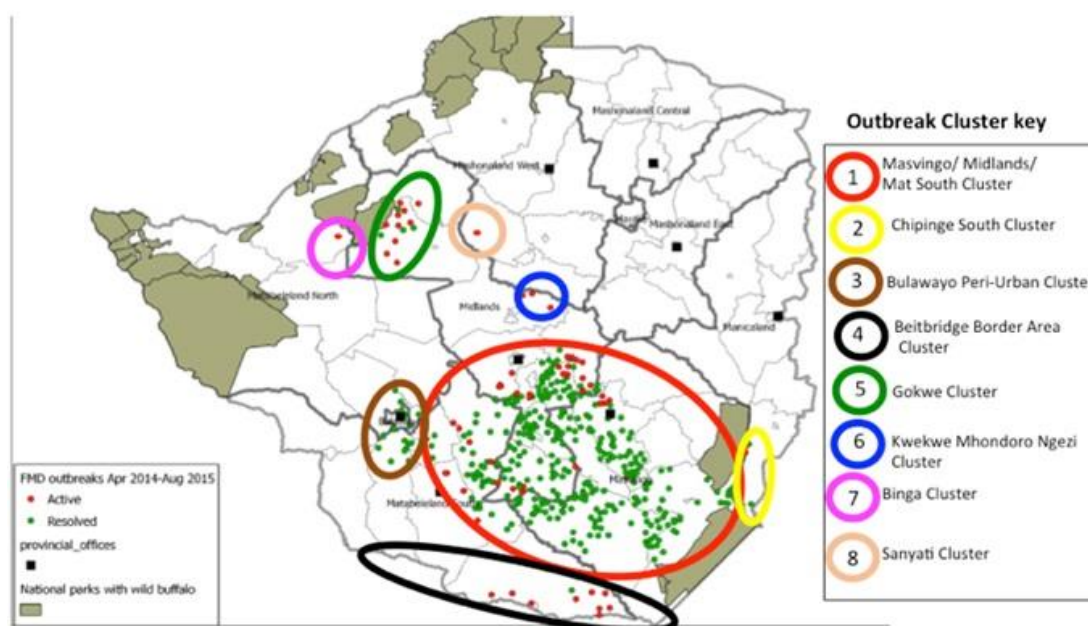
Reports by the Department of Livestock and Veterinary Services (DLVS) indicate that Foot and Mouth Disease (FMD) continues to spread and new infections have since been reported in Binga and Mhondoro-Ngezi (see Figure 6). Veterinary authorities attribute the disease spread to unsanctioned cattle movement out of red and quarantine zones. The Ministry of Agriculture, Mechanisation and Irrigation Development has urged its officers to strictly enforce the law on movement controls and proposed stricter penalties for those found in breach of movement permits, including destroying all cattle that are moved illegally from red zones as practiced in Namibia and Botswana.

DLVS and abattoir operators are currently engaged in discussions about implementing a mechanism to raise funds to purchase vaccines through a levy charged on cattle slaughtered at all registered abattoirs. A levy of US\$5 per head for cattle slaughtered has been suggested and stakeholder meetings were held in the last two weeks of October in Harare and Bulawayo to brief abattoir operators about the levy and how it will be implemented. The proposed date of commencement for collecting the levy is 1st November. This is in addition to efforts being

undertaken by the Food and Agriculture Organisation to develop a strategy to manage and mitigate future FMD outbreaks.

Figure 6: FMD Outbreak Situation (Source: DLVS)

FMD Outbreak Situation as at 13 October 2015



The Zimbabwe Herd Book Beef School 2015 was held in October. It attracted 70 participants and focused on a variety of topics including breeding, nutrition and health. The Beef School was facilitated by a strong line-up of ten international experts in the beef value chain from within the country, South Africa and USA.

3.0 Poultry Sector

3.1 Chicken Production

Table 2 below summarises trends in broiler production and marketing parameters up to September 2015. The table shows that large scale sector broiler meat production in the third quarter of 2015 averaged 3,063mt per month, a decline from 3,382mt per month in the second quarter. In addition, average monthly stocks of broiler meat in the large scale sector increased from 884mt in the second quarter to 1,403mt in the third quarter.

Based on broiler day old chick sales, average monthly broiler production in the small scale sector dropped from 5.8 million to 5.2 million day old chicks raised, or a decrease of 612,000 chicks. This represents a decline in monthly meat production of 1,013mt in this sector, based on an estimated mortality rate of 8% and dressing weight of 1.7 kg per bird.

The main drivers of reduced production in both sectors and the stock build-up seems to be an influx of unrecorded imports (discussed below) as well as softened demand. As a result, average wholesale prices of whole birds declined from \$3.27/kg in the second quarter to

\$3.02/kg in the third quarter. During the period, live broiler producer prices also dropped from \$1.99/kg to \$1.97/kg live-weight.

Table 2. Zimbabwe Poultry Association average monthly broiler production, January 2013 to September 2015

	2013	2014	2015		
			Jan-Mar	Apr-Jun	Jul-Sep
BROILER PRODUCTION					
<u>Female Parent Stock</u>					
Chick Sales - including exports	29,058	32,542	32,433	31,867	29,133
Chick Retentions/Placements	55,533	38,715	27,185	28,054	43,213
Growing	335,298	321,219	290,609	265,882	267,236
In Production	416,631	427,152	354,997	365,503	326,672
Chick Exports	26,808	29,619	32,433	31,867	29,133
<u>Hatching Eggs</u>					
Produced (ea)	6,595,316	6,824,403	6,270,520	6,093,697	6,534,855
Imported (ea)	657,877	1,672,047	2,143,048	3,225,095	2,433,780
Sales - including exports (ea)	512,130	742,390	331,920	280,000	235,320
Price		0.35	0.36	0.36	0.36
Exported (ea)	150	104,580	-	-	-
<u>Day Old Chicks</u>					
Retentions/Placings	1,115,985	1,053,060	918,500	1,150,066	1,157,074
Sales - including exports	4,251,959	5,478,107	5,032,649	5,935,582	5,335,906
Price per 100 chicks	79	70	72	73	67
Exports	21,167	63,123	114,533	148,126	149,037
<u>Broilers</u>					
Number slaughtered	1,719,340	1,738,026	1,766,629	2,113,180	1,897,403
Average live weight	1.54	1.87	1.82	1.88	1.96
Producer price, \$/kg		2.04	1.99	1.99	1.97
Total dressed weight, tonnes	2,627	2,690	2,841	3,382	3,063
Wholesale - whole bird		3.26	3.22	3.27	3.02
Leg quarters		3.74	3.88	3.86	3.40
Breast		5.05	5.18	5.14	5.02
1kg IQF		3.12	3.21	3.22	2.90
2kg IQF		3.06	3.07	3.09	2.77
Exports (tonnes)	-	-	-	-	-
Stock Holding (tonnes)	744	688	346	884	1,403

3.2 Chicken Imports

As highlighted in section 3.1, the poultry sector is in serious crisis. Reduced sales, build-up of broiler meat stocks and the plunge in prices has created decreased production. The industry is cognisant of a number of factors that are not conducive to business such as the erratic electricity supply, job losses and delays in wage payments.

However, of particular concern, are the statistics reported by the South African Revenue Service (SARS) which show that chicken is being imported into Zimbabwe which is not reflected in the national trade databases (see Table 3 below).

Table 3. Chicken imports into Zimbabwe in 2015 as reported by South African Revenue Services

Month	Quantity (Kgs)	\$ value
Jan	178,392	95,872
Feb	-	-
Mar	303,314	171,594
Apr	276,254	157,436
May	201,316	102,237
Jun	159,398	81,127
Jul	280,636	134,172
Aug	52,280	19,334
Sep	98,408	37,046

According to the SARS dataset, between March and September 2015, an average of 196mt of chicken have entered the country each month. On average, the formal supermarkets absorb approximately 2,500mt broiler meat per month. Thus, this quantity of imports represents 8% of the formal broiler market and hence the impact on the sector. In addition, because the imports have not been reflected in ZimSTATS records, it implies that they are illicit and no duties have been paid. Furthermore, the average price per kg of \$0.52 suggests that product is being under-declared or is time-expired.

3.3 Table Egg Production

Table 4 below summarises layer production in the large scale sector. The table shows a continued drop in table egg production in this sector as average monthly production in the third quarter was 1.4 million dozen, down from 1.5 million dozen in the second quarter.

The decline in production was accompanied by an increase in average monthly stocks of eggs from 178,000 to 251,000 dozen between the second and third quarters. Prices also dropped from \$4.14 to \$3.46 per tray over the same period, putting severe strain on the bottom line of large scale producers. In contrast, production in the small scale sector continued to rise (see Table 5) as average monthly production increased from 2.6 million to 2.9 million dozen.

Table 4: Zimbabwe Poultry Association average monthly large scale layer production, January 2013 to September 2015

	2013	2014	2015		
			Jan-Mar	Apr-Jun	Jul-Sep
TABLE EGG PRODUCTION					
<u>Female Parent Stock</u>					
Chick Sales - including exports	1,327	767	1,114	2,796	-
Chick Retentions/Placements	5,212	1,983	2,447	5,140	3,727
Growing	25,475	21,843	13,316	17,793	28,086
In Production	50,656	41,173	30,641	29,879	25,584
Chick Exports	894	800	1,114	2,796	-
<u>Hatching Eggs</u>					
Produced (ea)	888,319	813,477	521,759	558,923	505,081
Imported (ea)	13,350	54,030	232,240	224,000	329,280
Sales - including exports (ea)	26,340	39,483	10,680	10,920	3,360
Price		0.27	0.28	0.28	0.28
Exported (ea)	2,340	-	-	-	-
<u>Day Old Chicks</u>					
Retentions/Placings	84,571	48,710	94,937	63,507	64,958
Sales - including exports	115,948	145,728	164,424	251,319	225,579
Price per 100 chicks	120	129	134	138	135
Exports	20,794	23,092	6,600	17,800	13,200
<u>Point of Lay</u>					
Sales	16,191	11,789	21,761	27,935	30,268
Price per bird		10	10	10	10
<u>Layers</u>					
Growing	407,963	330,973	354,068	375,331	289,186
In-lay	1,090,607	1,009,925	850,277	831,951	791,941
Sale price of spent hens		4.05	4.11	3.82	3.56
<u>Table Eggs</u>					
Produced (doz)	2,050,442	1,819,507	1,522,087	1,462,280	1,426,884
Wholesale price per tray		4.21	4.31	4.14	3.46
Exported (doz)	117,511	9,750	-	-	-
Stockholding (doz)	232,315	178,686	158,780	177,570	250,910
<u>Egg Pulp</u>					
Sold (kg)	15,180	2,748	174	1,166	3,584
Exported (kg)	-	-	-	-	-

Table 5: Small scale egg production

2015	Egg Production (dozen)	3-Month Average
April	2, 556, 000	2, 604, 667
May	2, 614, 000	
June	2, 644, 000	
July	2, 737, 000	2, 852, 667
August	2, 811, 000	
September	3, 010, 000	

3.4 Veterinary Report

Newcastle Disease has been reported in the peri-urban areas of Greendale, Borrowdale, Tynwald and Waterfalls and the source of the disease is thought to have originated from Mbare. All poultry breeders have been urged to improve their bio-security to avert the continual spread of the disease.

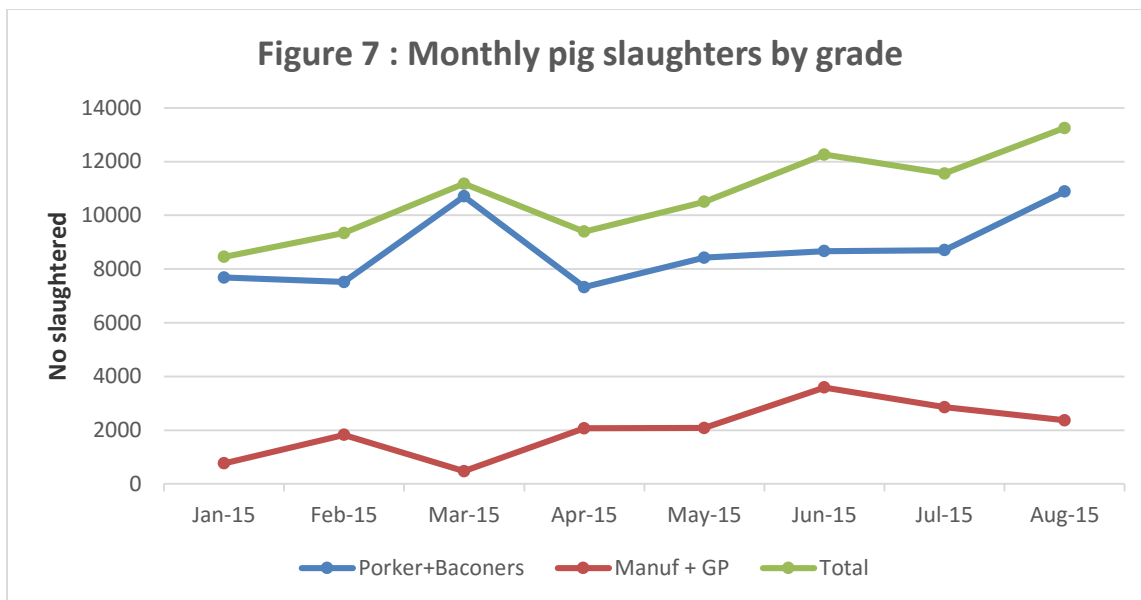
4.0 Pork Sector

There has been significant softening of pork prices over the past six months as shown in Table 6. The wholesale price as at September 2015 decreased by 17% from April, while the producer price reduced by 10-14% during the same period.

Table 6: Pork prices for April and September 2015

	September	April
Producer Price / kg	2.75 – 2.85	3.20
Wholesale Price / kg	3.20	3.90

Pig slaughter figures from the Department of Livestock Production and Development show a gradual increase in slaughter of porker and baconers grade from April (see Figure 7). This upward trend comes on the back of price reductions during the same period. Of concern however, is the trend of cull grade pigs. In the first four months of 2015, slaughters of manufacturing and general purpose pigs averaged less than 2,000 pigs per month. In contrast, slaughters of these classes of pigs averaged more than 2,000 pigs per month between May and August 2015, which suggests that farmers may be destocking.



The outbreak of African Swine Fever is still a challenge in Mashonaland Central Province. Rigorous live pig and meat movement controls have been put in place to ensure that the disease is contained within the affected area. However, the risk of re-eruption of the epidemic still remains and authorities are planning more stringent measures, including depopulating disease zones to ensure total eradication of the disease. In addition to depopulation, a census of pigs in Mukumbura district was carried out so that estimates for compensation for euthanized pigs and adequate quarantine facilities to house affected pigs can be assessed and planned accordingly.

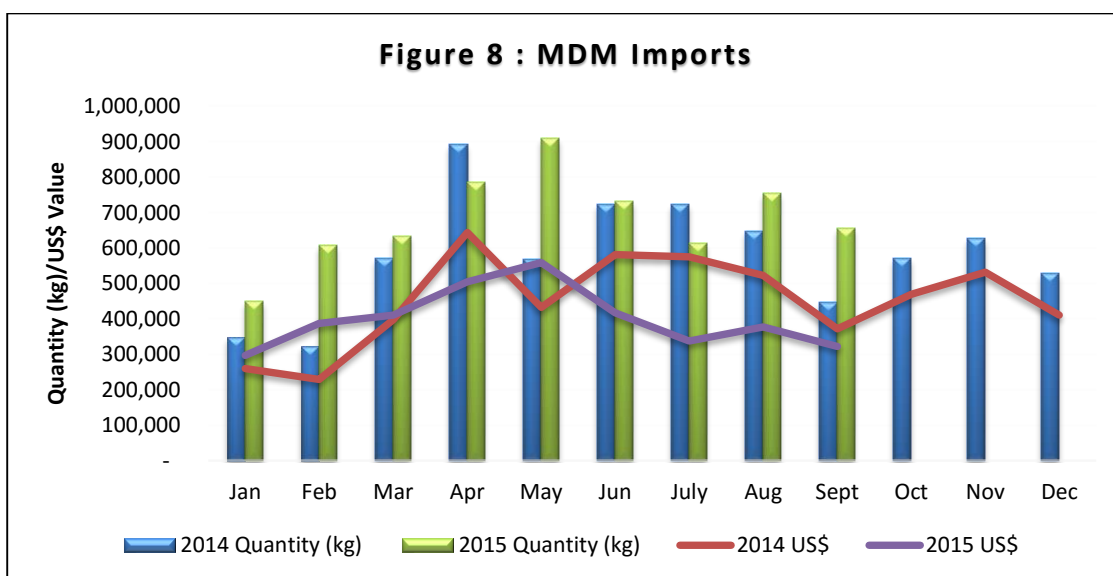
5.0 Meat Processing Sector

A new business member organization, Meat Processors Association of Zimbabwe (MPAZ), was launched at the end of the second quarter to spearhead issues affecting the meat processing industry which is currently performing below expected capacity as demand for processed meat products has softened due to low disposable income. As a result revenues among industry players has declined by one half compared with 2014 sales.

Since its inception, MPAZ has drafted a position paper highlighting the importance of the processing industry in national economic development as well as key challenges currently being faced. This has been submitted to the Ministries of Industry and Commerce, Agriculture, Mechanisation and Irrigation Development and Finance and Economic Development as well as to the National Budget Review consultations for 2016. The major issue being championed by MPAZ relates to the current import duty of 40% on Mechanically Deboned Meat (MDM), a key raw material in meat processing. All other raw materials attract low import duties in recognition of their role in value addition and employment creation in the country.

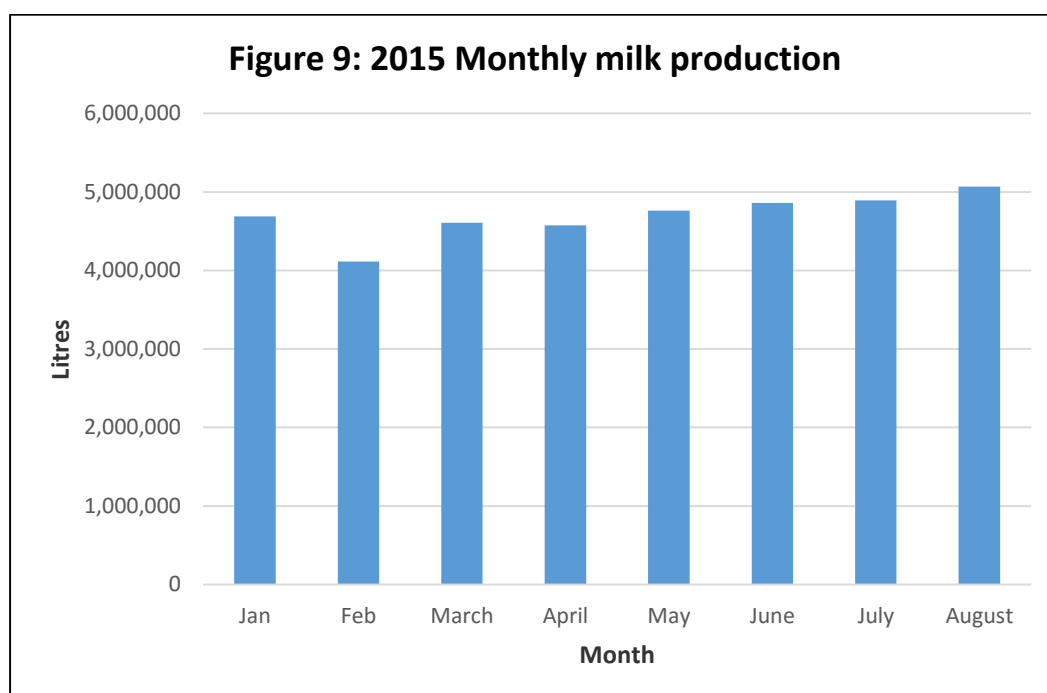
The high import duties have partly been mitigated by the current low landed prices of MDM and imports have increased significantly compared to 2014 volumes on the back of reduced

prices which averaged US\$0.59/kg in the first nine months of 2015 compared to an average of US\$0.77/kg in 2014 (see Figure 8). Consequently, total value of imports to September 2015 dropped by 10% compared to the same period in 2014.

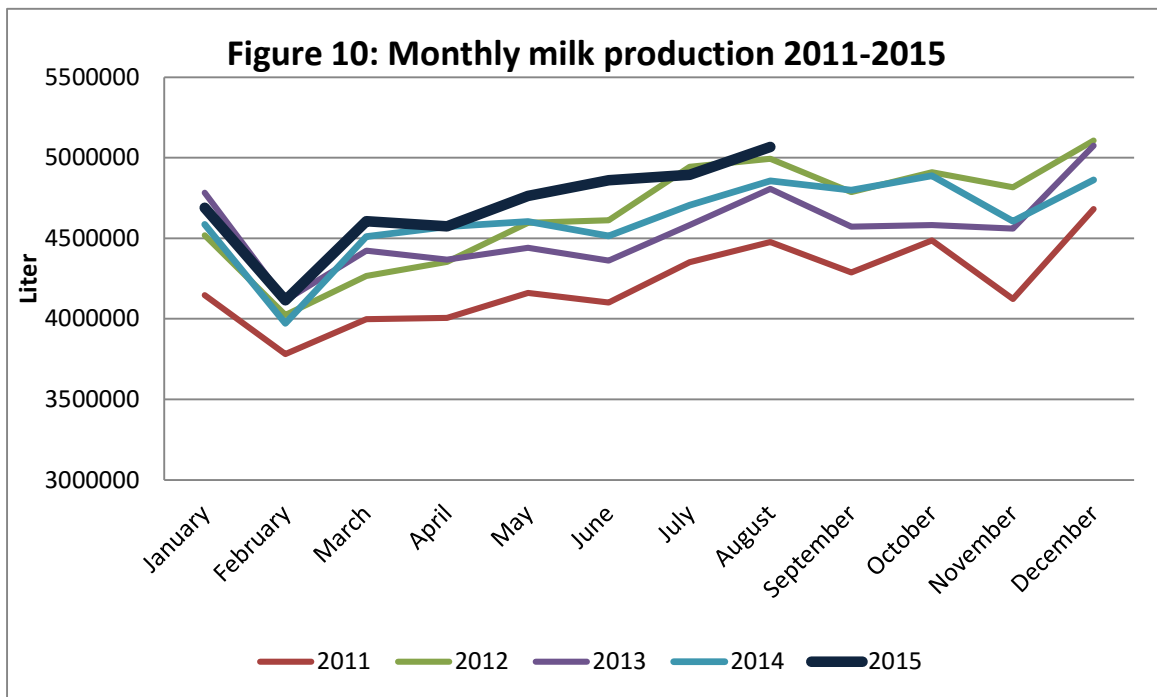


6.0 Dairy Sector

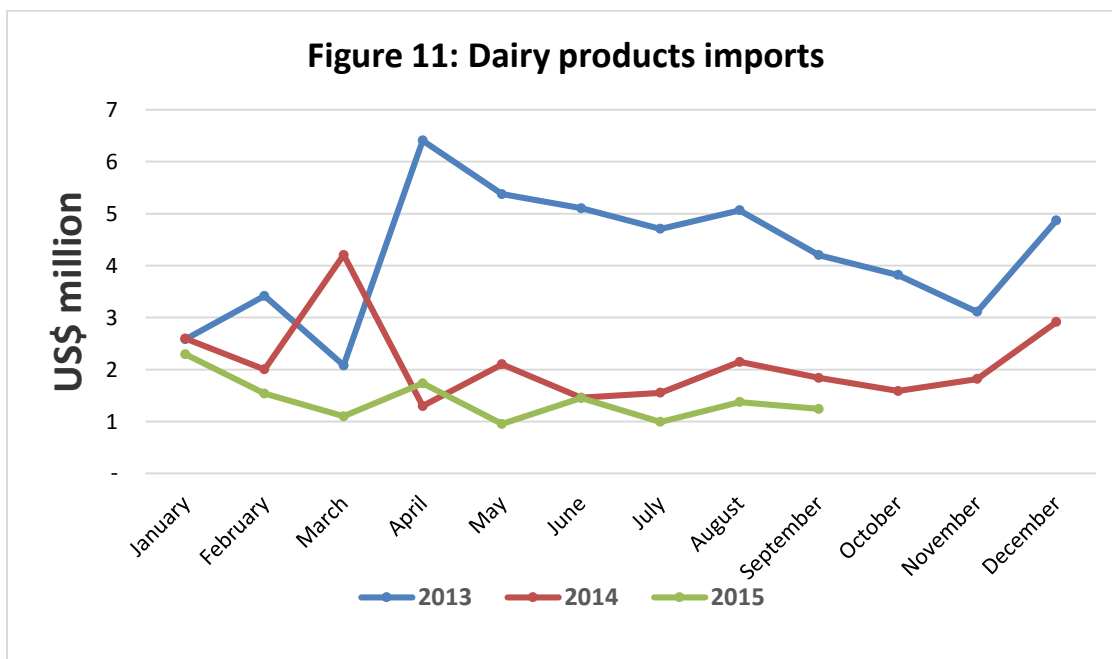
Milk production figures for August 2015 show a steady increase of 4% over July 2015, a general trend since February 2015 as shown in Figure 9 below. A year-on-year comparison shows a marginal increase in milk production of 3.4% from January to August.



A comparison of the last 5 years shows that production figures on a monthly basis in 2015 has increased over the same period from 2011 to 2014 as illustrated in Figure 10 below.



From Figure 11 below, it can be noted that there has been a slowdown in imported dairy products from 2013 to 2015 in value terms. A year-on-year comparison shows a significant decrease of 376% in imports between September 2013 and September 2014. A further slump of 117% was also recorded from US\$1.84 million in September 2014 to US\$1.24 million in September 2015.



A levy of 10c per litre on imported UHT milk is being collected to revitalise the dairy sector with a targeted growth of 7% per year over the next five years. The levy will support an increase in the number of cows in milk as well as reduce costs of production.

The Zimbabwe Association of Dairy Farmers hosted the Small Scale Dairy Farmer of the Year Awards in Tsonzo, Manicaland Province in October and the overall winner won prizes comprising a dairy bull, a pregnant dairy heifer and a milking machine. Ten dairy farmers, including the overall winner, walked away with various other prizes on the day. 700 participants attended the ceremony held at the dairy farm of the winner. SNV sponsored the event in collaboration with other dairy stakeholders.

7.0 Value Chain Studies

Finally, LMAC is currently undertaking a number of activities aimed at improving the operating environment for livestock sector value chains. The Livestock Identification Traceability System (LITS) Review is being spearheaded by Dr Patrick Tawonezwi. The Trade and Private Sector Development Program funded by the European Union in collaboration with the International Trade Centre is collaborating with LMAC in conducting a benchmarking study to compare performance and business operating environments of local beef, poultry and pork value chains relative to their counterparts in Zambia, South Africa, Namibia and Botswana. A stakeholder workshop to review preliminary results is planned for November 2015.

An analysis of reported trade flows in livestock products between Zimbabwe and its trading partners is currently underway to determine whether or not there are illegal imports of animal proteins into Zimbabwe. The products that are being focused on in the current phase of the study are dairy produce, meat and stockfeeds.