



THE WEEKLY AGRO WATCH



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14th March, 2016 Vol.3. No.11

In this week's issue:

- ❖ Country has enough maize stocks
- ❖ Farmers bemoan falling beef offer prices
- ❖ New range of poultry feeds introduced

EVENT BROCHURE

AGRItech
EXPO
ZAMBIA

14 – 16 April 2016
GART Research Centre,
Chisamba, Zambia

FREE TO ATTEND

14 April: Commercial Farmers Focus day
15 – 16 April: Open to all agriculture professionals

Exchange Rates

CURRENCY	14/03/2016						07/03/2016					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
FNB	11.28	11.49	0.73	0.74	16.13	16.49	11.27	11.50	0.74	0.75	16.01	16.33
Standard Chartered Bank	11.26	11.48	0.74	0.76	16.18	16.50	11.26	11.50	0.73	0.75	15.92	16.24
ZANACO	11.28	11.48	0.74	0.75	16.22	16.51	11.28	11.48	0.73	0.75	16.03	16.31
Bank of Zambia	11.37	11.39	0.738	0.739	16.33	16.36	11.37	11.39	0.741	0.743	16.09	16.13

Parity Prices

Domestic Import Parity Prices as at 11/03/2016

US\$/ZAR=15.24 US\$/ZMW=11.48

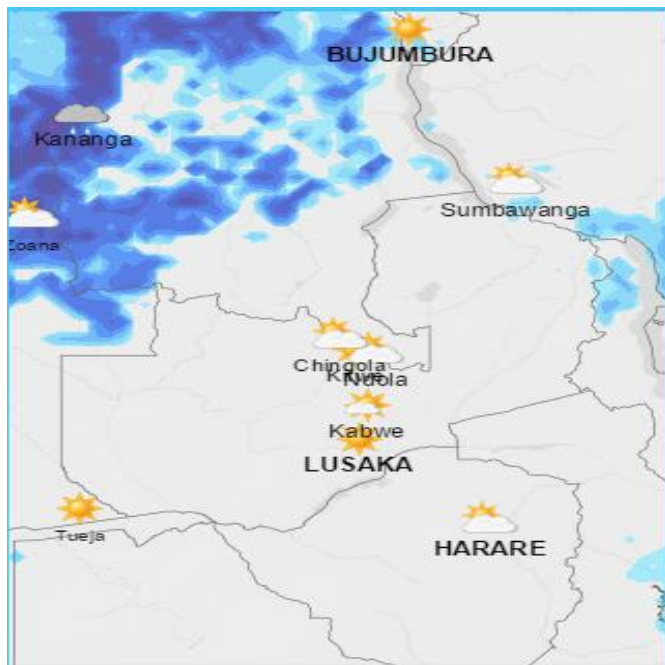
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		11.48	478.5	562.9	470.64
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	23.95	502.45	586.85	494.59
Mkushi	225	19.60	498.10	582.50	490.24
Ndola	250	21.78	500.28	584.68	492.42
Kitwe	250	21.78	500.28	584.68	492.42

Export Parity Price Ranges (EPP) Harare-Lusaka (4th March 2016)

Soya Beans	505-525
Wheat	310-427
Maize	232-286.12

Weather Forecast

The table below summarizes the weather forecast for some selected towns for the period 15th March to 22nd March, 2016. All the selected districts are forecast to have general decrease in rain activity. Upper average temperatures are expected to rise.



TOWN	WEATHER SUMMARY
Ndola	<ul style="list-style-type: none"> ➤ Normal rains for 15th, 16th, 17th, 19th and 20th. Heavy rains forecast for 18th, 21st, 22nd and 23rd. ➤ Average daily Temps: 18-27°C
Mkushi	<ul style="list-style-type: none"> ➤ Light to heavy rains is forecast for the entire period under review. Heavy rains of up to 22.2mm expected on 18th. ➤ Average daily Temps: 18-28°C
Kabwe	<ul style="list-style-type: none"> ➤ Light rain forecast for 16th. Normal rains is forecast for 15th, 17th, 18th, 20th, 22nd and 23rd whereas 21st is expected to receive heavy rains. No rain activity on 19th March is forecast. ➤ Average daily Temps: 19-28°C
Lusaka	<ul style="list-style-type: none"> ➤ Light rain forecast for 16th, 17th. Normal rains are forecast for 15th, 19th, 20th and 22nd. Meanwhile 18th and 21st is expected to have heavy rains. 23rd March will not have any rainfall activity. ➤ Average daily Temps: 19-27°C

Mazabuka	<ul style="list-style-type: none"> ➤ Light to heavy rains expected throughout the period under review except for 23th where no rain activity is forecast. ➤ Average daily Temps: 20-29°C.
Choma	<ul style="list-style-type: none"> ➤ Light to normal rains expected for the period 15th to 22nd March while 23rd is forecast to have no rain activity. ➤ Average daily Temps: 18 to 26°C
Livingstone	<ul style="list-style-type: none"> ➤ Normal rains on 16th and 18th-21st, heavy rains on 15th and 17th March while 22nd and 23rd is forecast to receive no rains. ➤ Average daily Temps: 20-26°C
Mongu	<ul style="list-style-type: none"> ➤ The whole period under review is expected to receive normal to heavy rains. ➤ Average daily Temps: 20-28°C.
Mansa	<ul style="list-style-type: none"> ➤ Light to heavy rains is expected for the period under review except on 19th where no rain activities are forecast. ➤ Average daily Temps: 19-28°C.
Kasama	<ul style="list-style-type: none"> ➤ Normal to heavy rain forecast for the period under review. ➤ Average daily Temps: 18-28°C.
Solwezi	<ul style="list-style-type: none"> ➤ Light rains for 19th. The rest of the period under review is forecast to receive normal to heavy rains (15-18th, 20-23rd). ➤ Average daily Temps: 18-26°C.
Chipata	<ul style="list-style-type: none"> ➤ Heavy rains forecast for 16-18th and 21st. Normal rains forecast for 19-20th and 22-23rd while 15th is forecast to have no rain activities. ➤ Average daily Temps: 19-27°C.

Source: Norway meteorological Institute

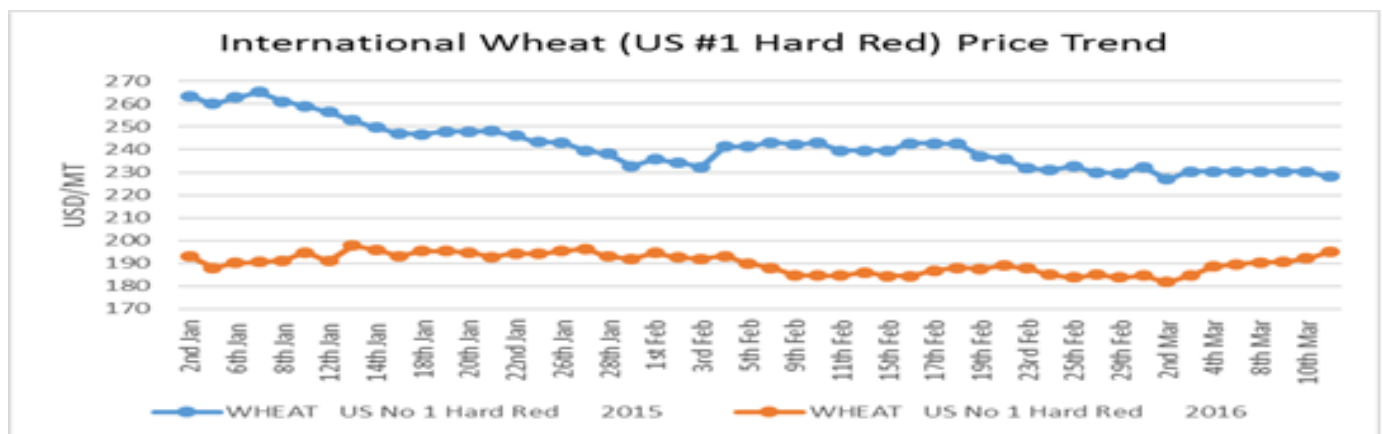
Wheat

Highlights

- India, the world's second largest producer of wheat is also battling with the effects of El Niño as poor weather has reduced the harvest expectations. The country is expecting a total harvest of about 93.38 million tons, below the targeted harvest of about 95 million tons.
- The reduced harvest prospects in India and Australia helped ease of the pressure on international prices of the commodity last week. While forecasts on global ending stocks for the 2015/16 year have been lowered by 1.275 million tons by USDA, they are still substantially high and likely to keep suppressing the wheat prices on the global market.
- CME wheat futures prices for May 2016 opened trading at US\$175.63/MT on 15th March 2016.
- Local Trader wheat offer prices on the local scene were still in the range of ZMW 420-433/MT last week.

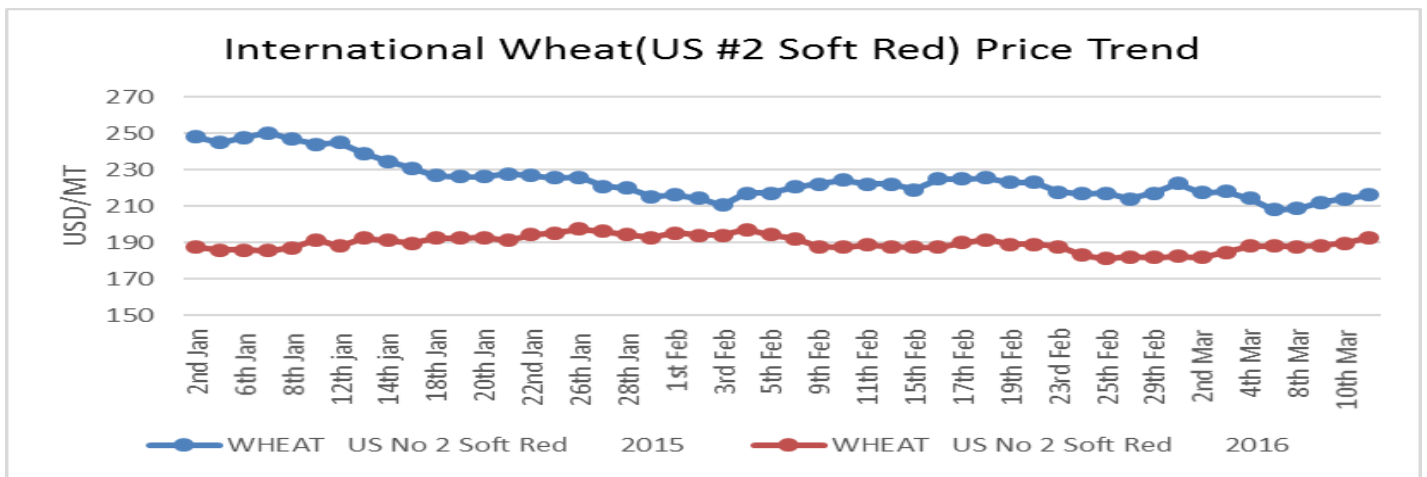
Price trends

The Safex international soft red and hard red wheat prices averaged US \$ 189.30/MT and US\$ 191.58/MT during the week ending 11th March respectively. All prices are fob gulf. The graphs below show international price trends for soft and hard red wheat:



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Source: Safex

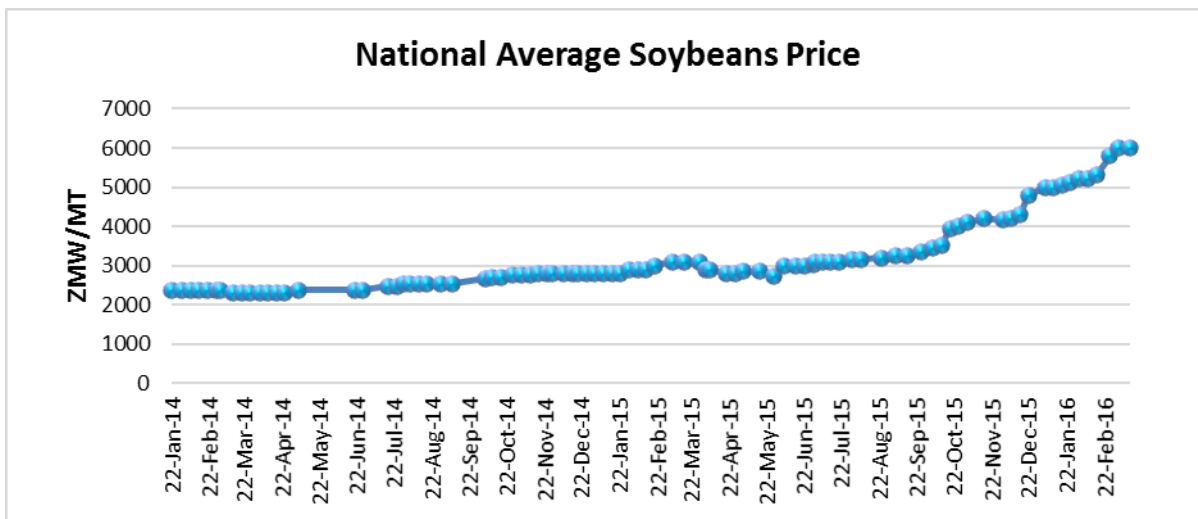
Soya Beans

Highlights

- The USDA report released last week has shown a reduction in global ending stocks of soya beans mainly on increased crushing by Argentina as the devaluated peso gives the country a more competitive export edge. Further support has been a rise in global demand of soya meal. The over 2 million reductions in global ending stocks estimates will provide some relief to the downward pressure on soya beans prices during the 2016/16 year. China’s renewed import impetus is also aiding the international prices of the oilseed resist the gravitational pull.
- CME Soya futures price for May 2016 delivery opened trading at US\$312.17/MT on 15th March 2016.
- Local Soya beans spot prices were hovering around ZMW5,900-6,200/MT (~US\$533-550/ton) last week according to information captured on the ZNFU market price information system.

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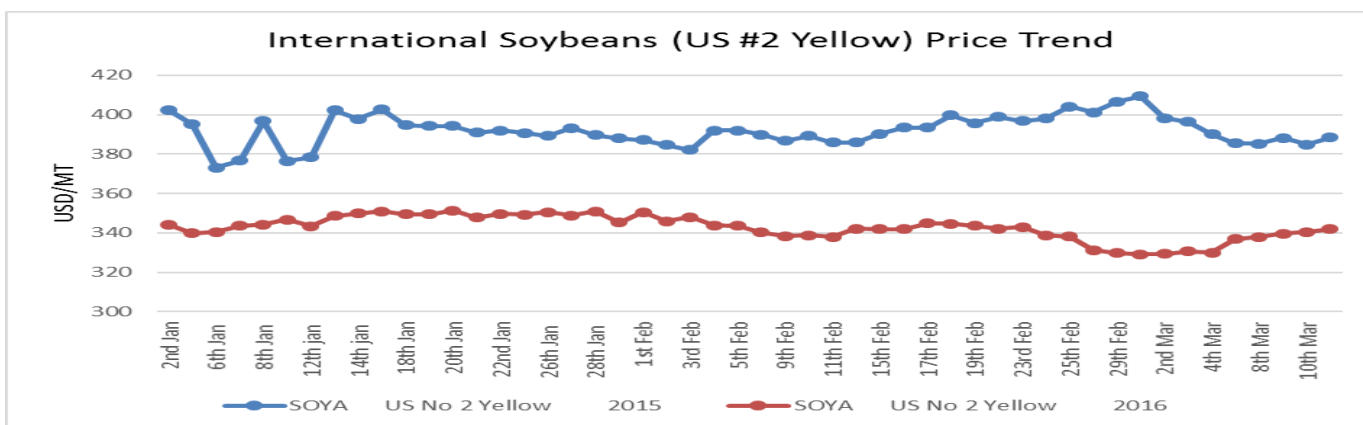




Source: ZNFU, 4455 Market Price Information System

Price trends

International spot prices for US No. 2 yellow soya beans on Safex settled at an average of US\$339.34/MT in the week ending 11th March 2016, 2.90% higher than the average price of US\$329.76/MT recorded in the previous week. Prices are fob gulf.



Source: Safex

Maize

Highlights

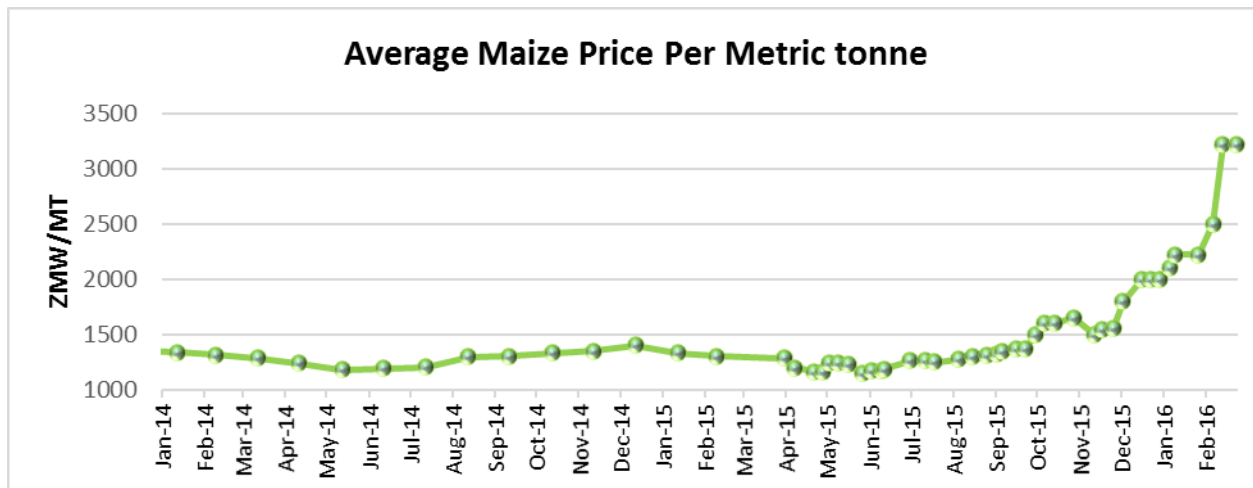
- The Minister of Agriculture, Hon. Given Lubinda, indicated in a press statement that the country had an estimated stock position of about 821,496MT. The total stock with the Food Reserve Agency was 518,781MT out of which 209,618 was uncommitted while the rest was committed to millers. According to the 2015/16 food balance sheet, the total national maize requirements for human consumption and industrial use was estimated at 1.858 million tons for the year. This

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translates into a monthly consumption requirement of 154,794 metric tons. The available national stocks are therefore sufficient to see the country through to the next harvest in June.

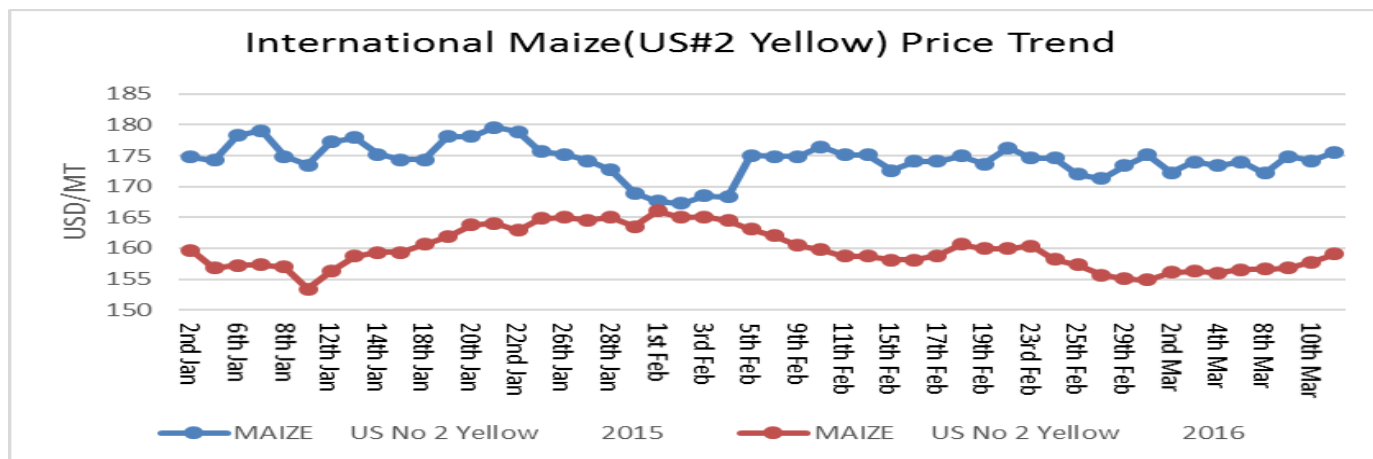
- The CME Corn futures price for March 2016 delivery opened trading at US\$144.72/MT on 15th March 2016.
- Maize offer price in Zambia during the week ending 26th February 2016 were in in the range of ZMW 2,700-3,400/MT (≈US\$240-300/ton).



Source: ZNFU, 4455 Market Price Information System

Price trends

International maize spot prices traded at an average of US\$ 157.37/ MT during the week ending 11th March 2016, 1.09% higher than the previous week's average. All prices are fob gulf.



Source: Safex

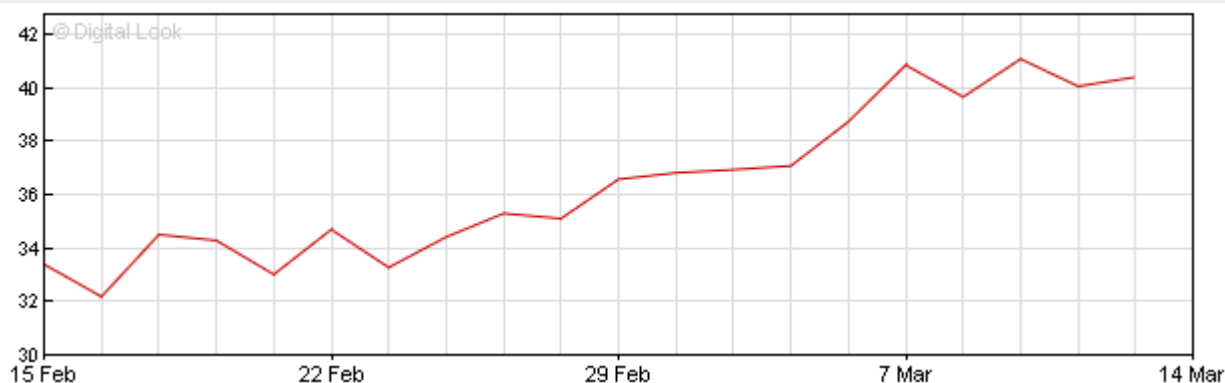
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Crude oil

- The gains in oil prices achieved were lost on news from Iran on Sunday that the country would only join the oil freeze after it hit a production of 4 million barrels/ day.
- Meanwhile the International Energy Agency has revealed in its oil market report that global oil supplies eased by about 90,000 million barrels in February 2016 to a still-robust 32.61 million barrels/d with losses from Iraq, Nigeria and the UAE partly offset by a substantial rise in flows from post-sanctions Iran. Saudi Arabia, OPEC's largest producer, on the other hand held supplies steady. The agency forecasts an appreciation in crude oil prices during the second half of 2016 as the gap between supply and demand narrow.
- By end of day on 14th March 2016, the Brent futures price was US\$39.22/barrel while the spot price closed Friday's trading session at US\$40.49/barrel.
- The Dubai Mercantile exchange crude oil marker price for May 2016 delivery was settled at US\$31.21/barrel on 11th March, down from the settlement price of US\$35.35/ barrel on 4th March 2016.

Brent Crude Oil Futures \$/barrel



Source: BBC News, 2016.

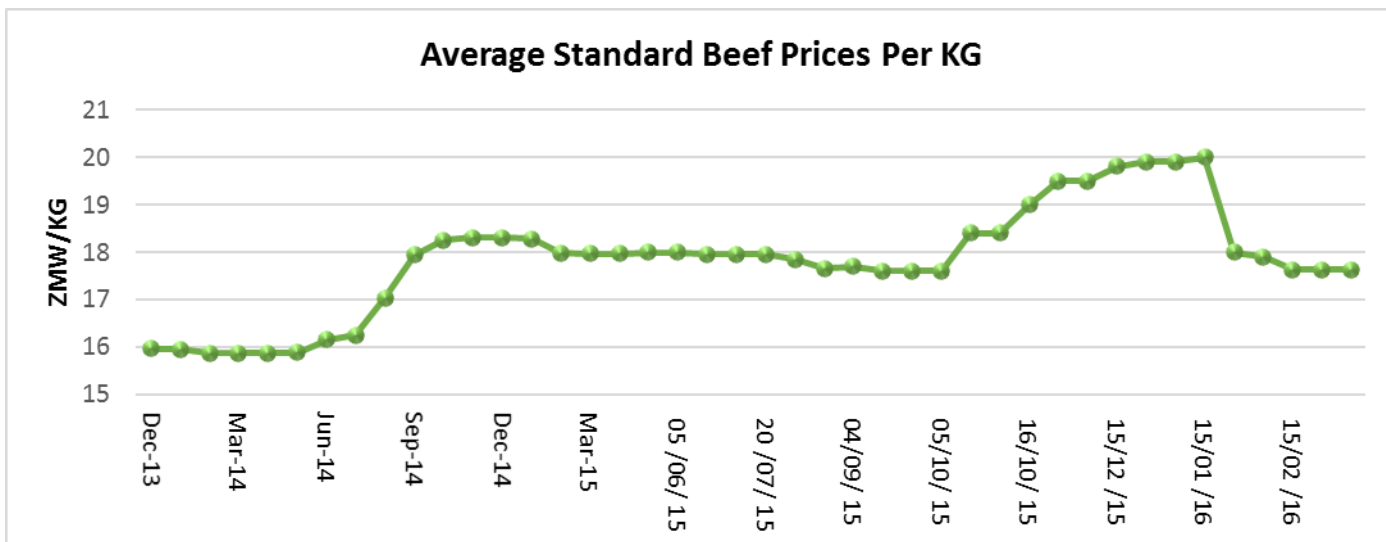
Beef

Highlights

- Zambian farmers have bemoaned the reducing trend in local beef offer prices despite the rising feed costs. The average standard beef dressed weight prices, captured on the ZNFU market price information system, have dipped by about 12 percent between January and Mid-March 2016.
- Dressed weight beef prices in Zambia were in the range of ZMW14-22/kg during the week ending 7th March 2016. This is as monitored by the ZNFU 4455 system.

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Source: ZNFU, 4455 Market Price Information System

POULTRY UPDATES FOR THE WEEK ENDING 11TH MARCH 2016

Lower Cost Feed Introduced

The poultry industry in Zambia has continued to face high feed costs, which are putting margins under pressure in almost all sectors in the industry. Since 2015, price and profitability swings have become an ongoing issue for the industry and broiler farmers in particular lack the ability to pass on feed costs as they please. This has led to a reduction in the number of birds being produced especially by small scale farmers since continuing with the same level of production entails incremental resources to finance operations. It is expected that this has an impact on both day old chick sales as well as day old chick production.

Some of the poultry feed producers have responded by introducing different types of feeds with lower specifications alongside the feeds that are already known on the market. These new feeds that have a cheaper combination of ingredients are being sold at lower prices and therefore give farmers a cheaper option as far as feeding birds is concerned. Farmers have however, been advised that the performance of the birds will not be the same when using feed with lower specifications.

While using cheaper rations for feed production enables feed producers to sale cheaper feed, there may be differences in the length of time it takes to reach marketable weight when using this type of feed compared to the feed on the market. Regardless of the technical details of this development, it can be agreed that continued production using alternative feed rations is better than a cut back in production or seeing famers pull out of the industry. The introduction of these cheaper feeds has therefore been seen by

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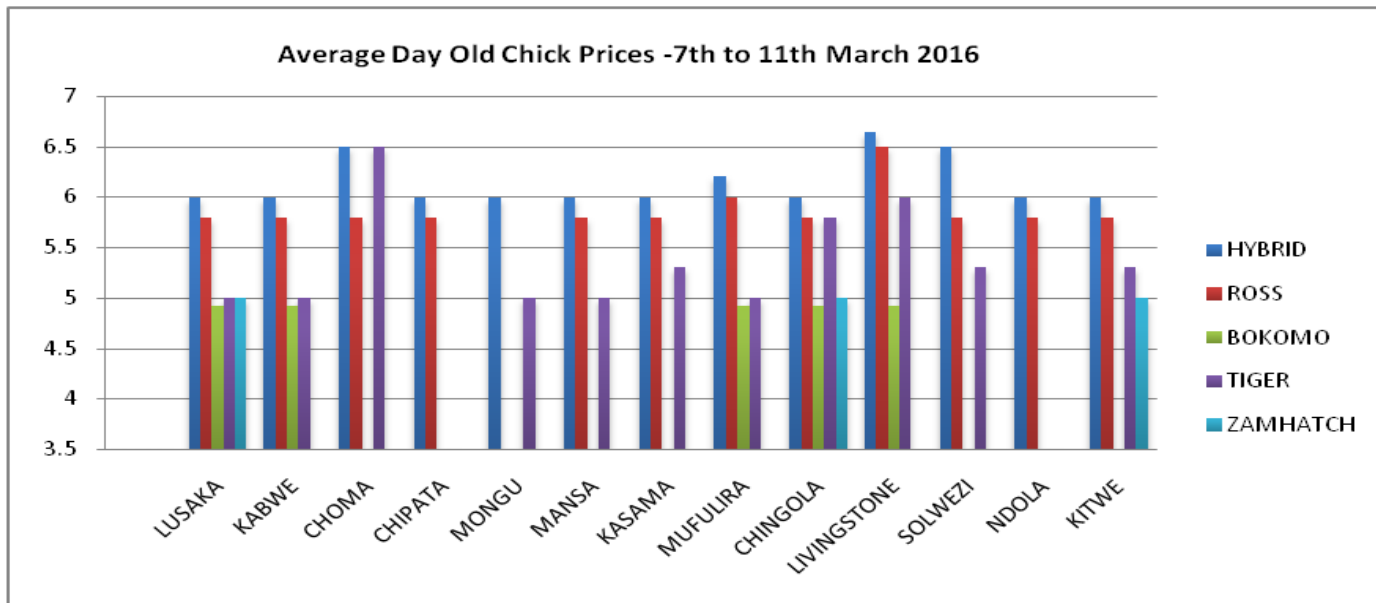


many as a sign that feed producers are also thinking of ways to ensure poultry feed is made affordable to farmers.

DOMESTIC PRICES

AVERAGE DAY OLD CHICK PRICES

The graph below shows the price of different breeds of day old chicks in selected towns. Day old chick prices were static during the course of the week with no major changes in the towns displayed.



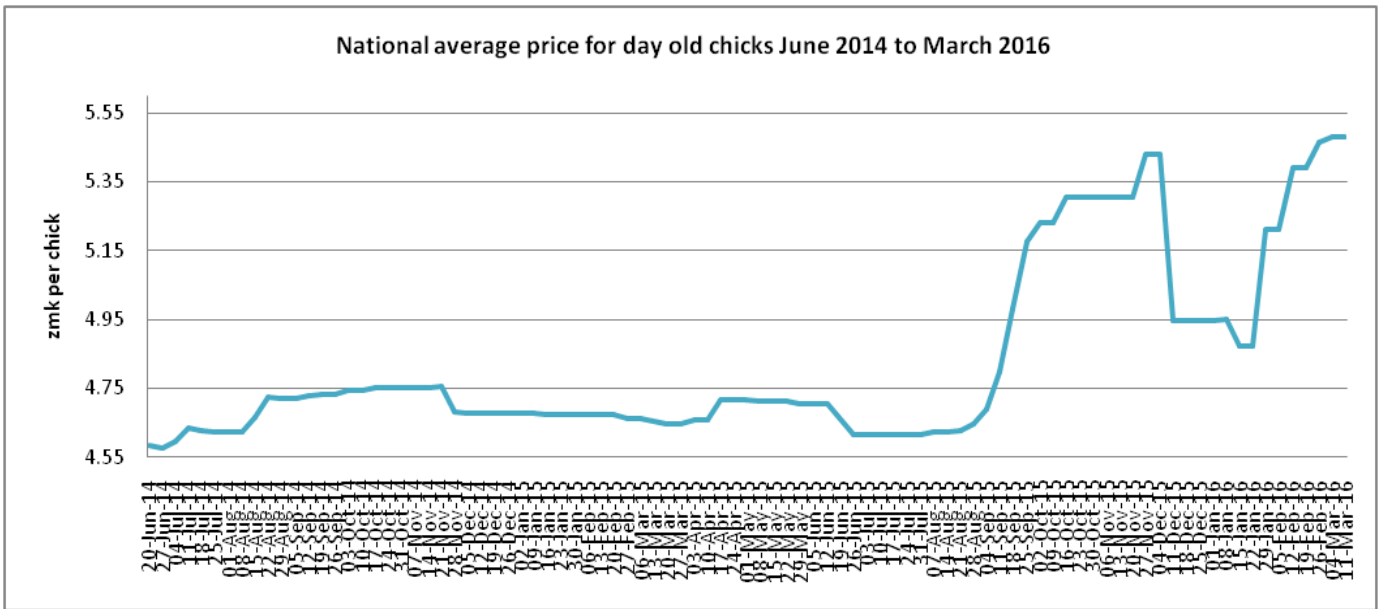
Source: Poultry Association of Zambia

The graph below shows the national average price trend for day old chicks from June 2014 to March 2016. The graph also shows that the national average price for day old chicks is ZMW5.48.

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National average price for day old chicks June 2014 to March 2016

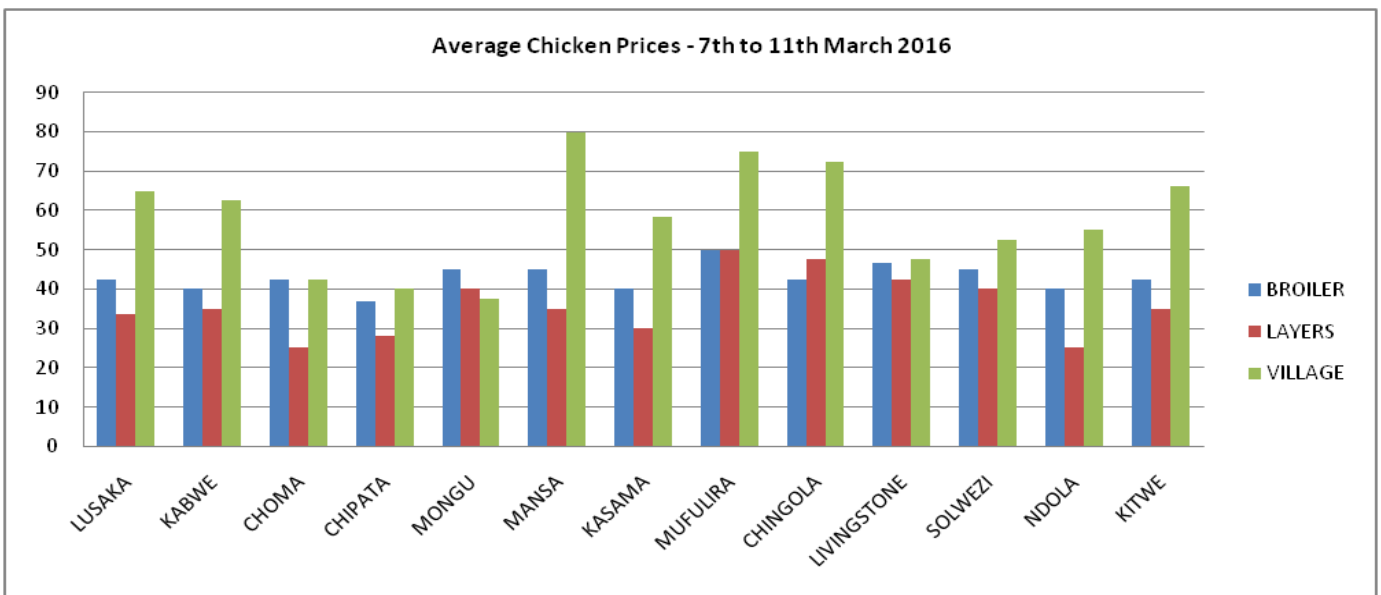


Source: Poultry Association of Zambia

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 average price for live birds in the towns displayed remained stable during the course of the week.

Average Chicken Prices - 7th to 11th March 2016

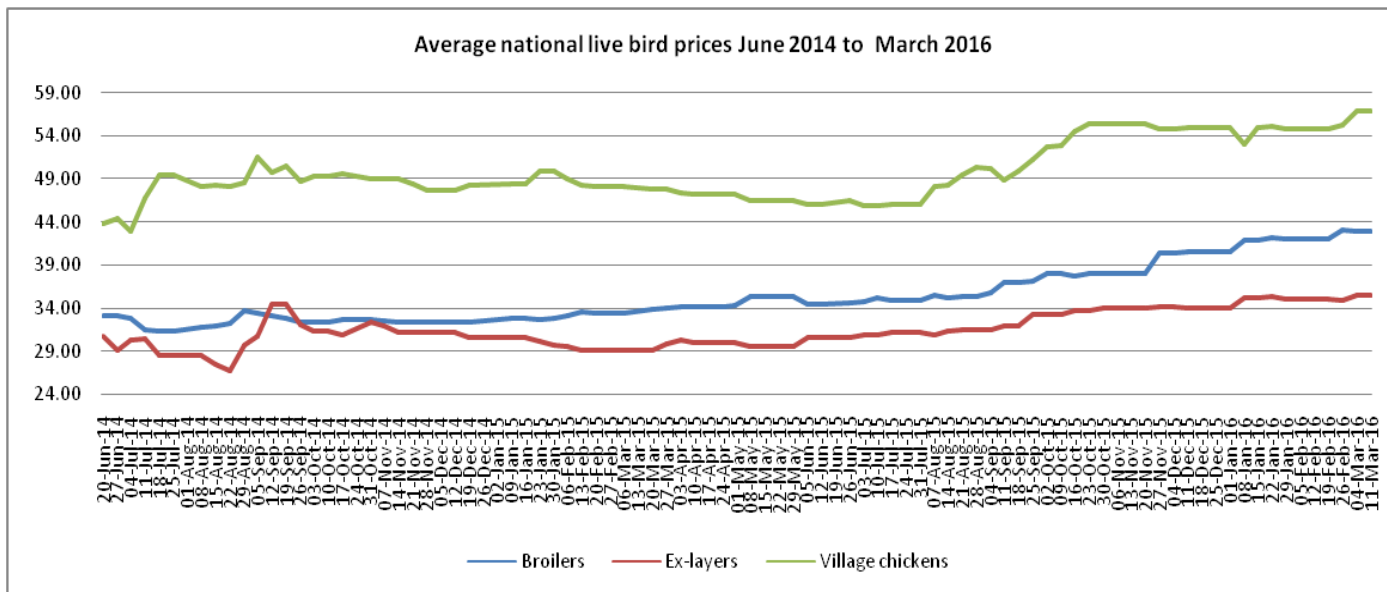


Source: Poultry Association of Zambia

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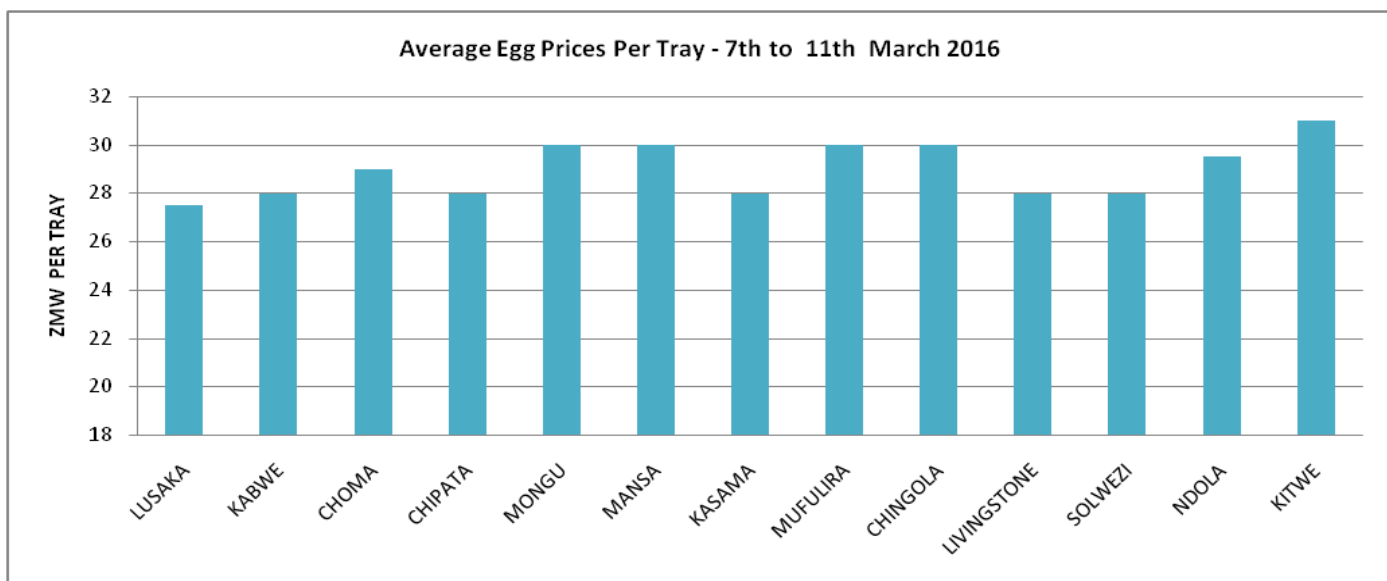
The graph below shows the national average price trends for broilers, ex-layers and village chickens. The national average price for broilers, ex-layers and village chickens during the course of the week was ZMW42.96, ZMW35.46 and ZMW56.93 respectively.



Source: Poultry Association of Zambia

AVERAGE EGG PRICES

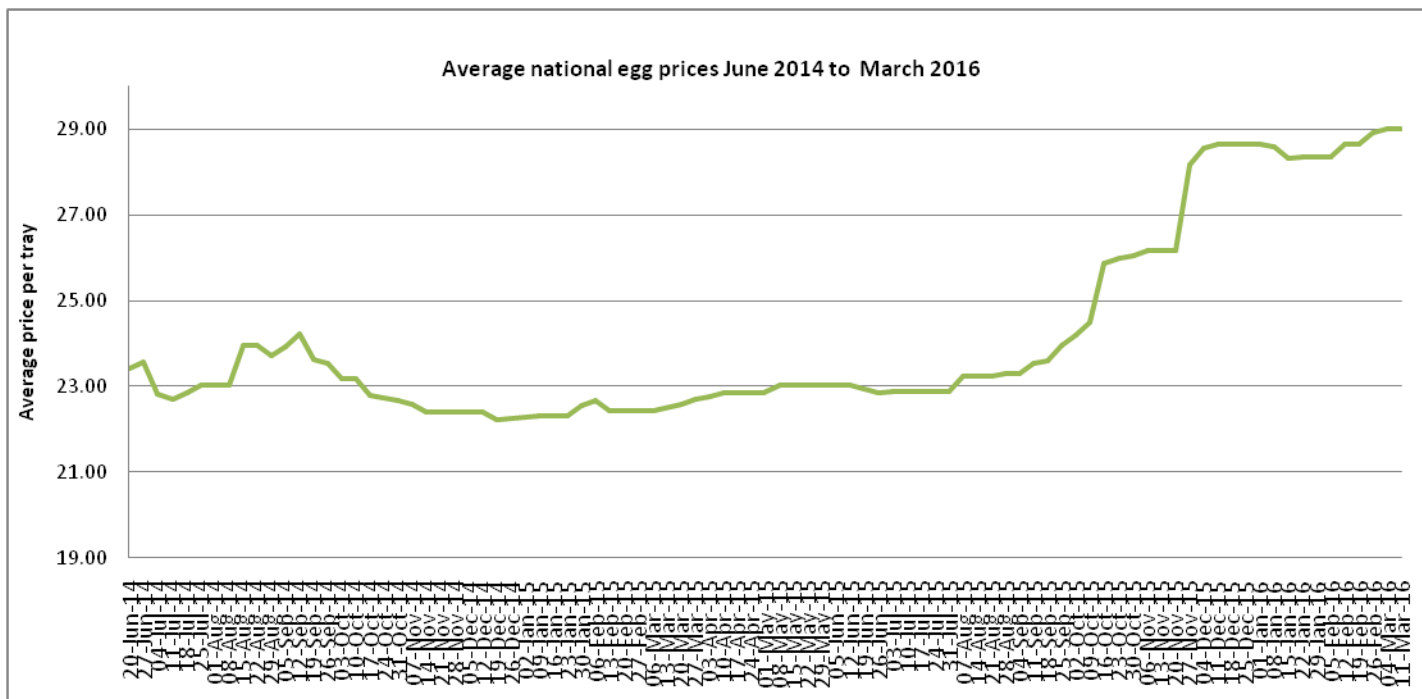
The graph below shows average retail prices of table eggs in selected towns around the country. The graph shows that the average price for a tray of eggs during the course of the week was ZMW31 while the lowest was ZMW28.



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The graph below shows the price trend for a tray of eggs from mid-June 2014 to March 2016. As can be seen from the graph, the national average price of eggs is ZMW29 per tray.



Source: Poultry Association of Zambia

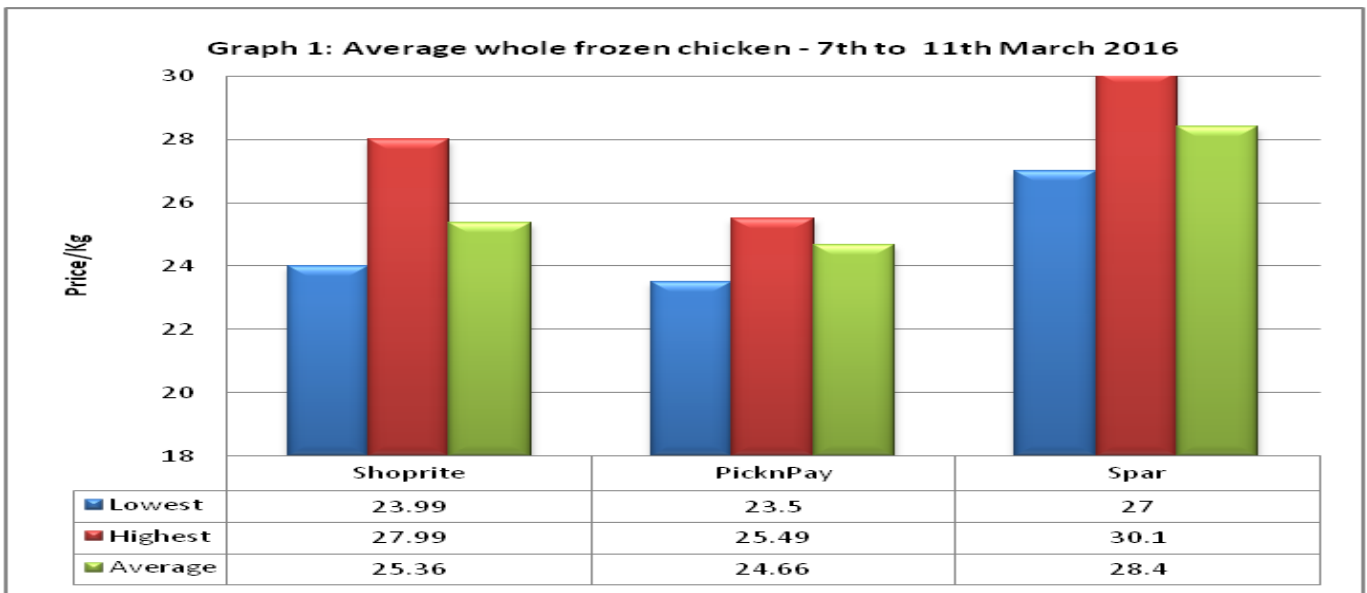
AVERAGE WHOLE DRESSED CHICKEN PRICES

Graph 1 shows average prices of whole frozen chickens in the three chain stores around Lusaka. Pick n’ Pay has the lowest average price of frozen whole chicken at ZMW24.66 with the lowest going at ZMW23.5 and the highest going for ZMW25. On the other hand, Spar has the highest average price at ZMW28.40 with the lowest and highest going for ZMW27 and ZMW30.10 respectively. In Shoprite, the average price is ZMW25.36 with the lowest going for ZMW23.99 and the highest going for ZMW27.99.

Graph 2 compares the average price of frozen whole chicken to the average price of pork, tbone and fish in the three chain stores in Lusaka.

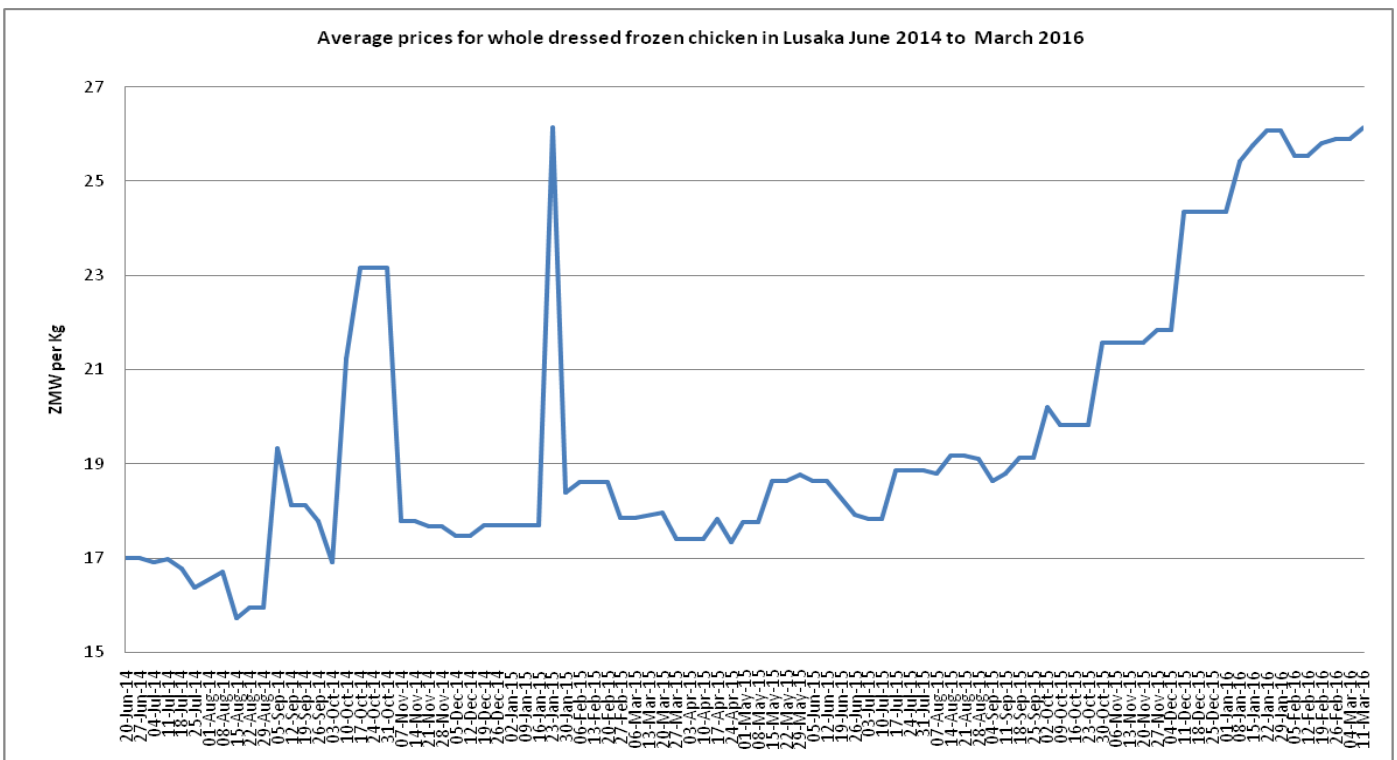
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Source: Poultry Association of Zambia

The graph below shows the average price trend for whole frozen chicken in Lusaka from June 2014 – March 2016. The average price for frozen whole chickens in Lusaka went up during the course of the week to ZMW26.14 per kilogram.



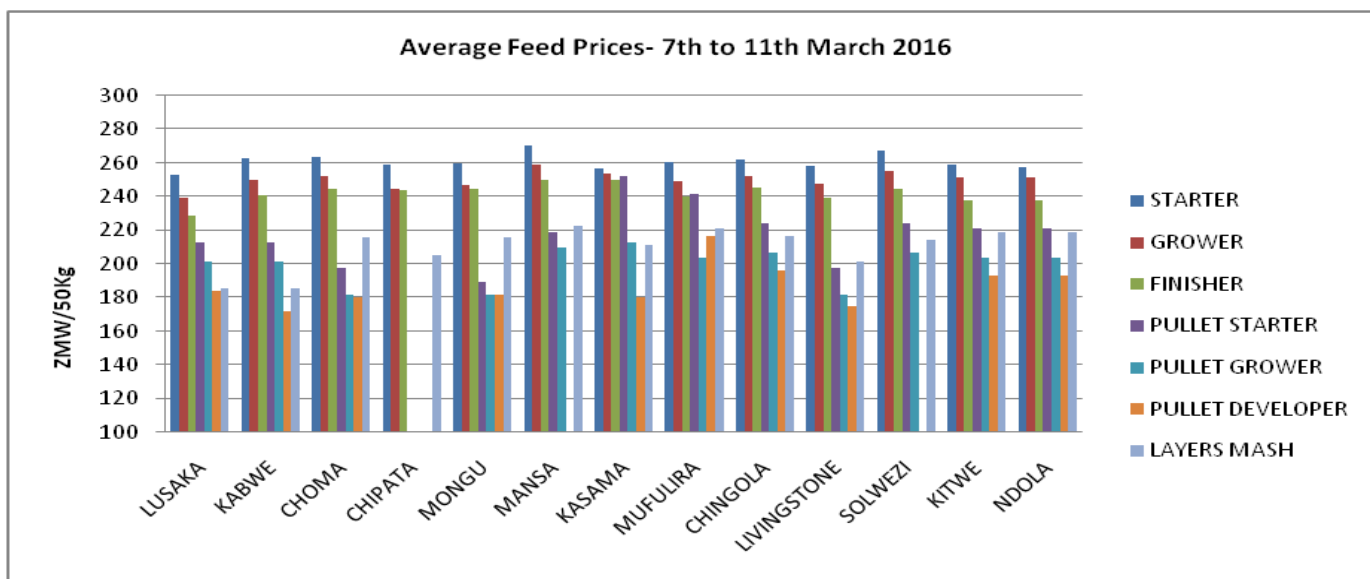
Source: Poultry Association of Zambia

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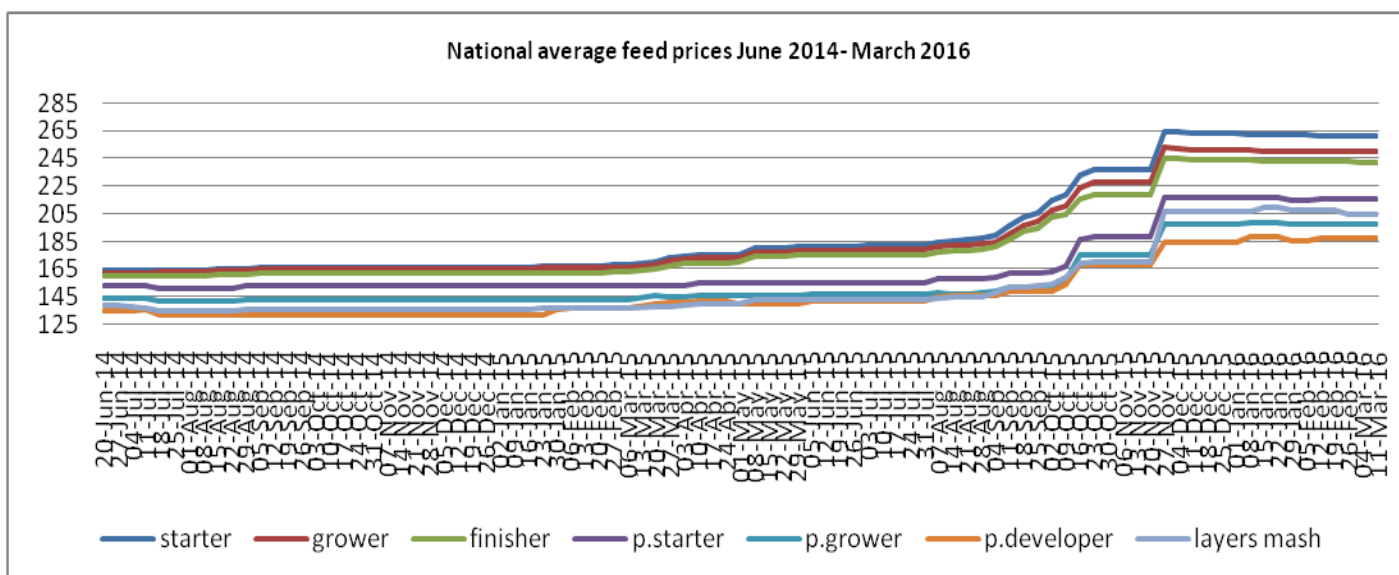
AVERAGE FEED PRICES

The graph below shows average feed prices in selected towns. While feed prices have remained relatively stable the past few weeks, they remain undoubtable high thereby affecting national poultry margins.



Source: Poultry Association of Zambia

The graph below shows the national average price trend of feed from June 2014 to March 2016. The graph shows that feed prices remained static during the course of the week with no noticeable changes.



Source: Poultry Association of Zambia

Note: Visit the Poultry Association Of Zambia website at www.paoz.org for technical information on poultry.

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