



THE WEEKLY AGRO WATCH



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In this week's issue:

- ❖ *Rainfall increases optimism on Zambia's maize crop*
- ❖ *Saudi to wholly depend on wheat imports*

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

Industry Updates

Water levels still low for increased electricity generation

In a press statement released on 11th March 2016, ZESCO has indicated that the water levels in Kariba, Itezhi-tezhi and Kafue Gorge reservoirs are still too low to warrant increased generation, especially that the water harvested during the rainy season is meant to support power generation for the whole year. According to information from the Zambezi River Authority, Lake Kariba was about 14% full by 16th March 2016 while around the same time last year the lake was 50% full.

At the beginning of 2016, Zambezi River Authority allocated ZESCO Limited and Kariba Hydro Power Company of Zimbabwe 20 billion cubic metres of water for power generation compared to 40.25 billion cubic metres that was allocated last year. This further reduction in water allocation translates to reduced generation at Kariba from 500MW last year to 275 MW currently. ZESCO has further indicated that the water levels at Itezhi-tezhi and Kafue Gorge reservoirs have not appreciated sufficiently to allow for normal generation, hence ZESCO's decision to maintain the generation level at 540 MW out of a capacity of 990 MW. The generation at the newly commissioned Itezhi -tezhi Hydro Power Station is at 60 MW out of a capacity of 120MW.

Due to the low levels of water at Kariba, Itezhi-tezhi and Kafue Gorge, ZESCO cannot increase electricity generation. Increased generation will only be done should the rainfall be significant enough to bring the water in the reservoirs up to the required levels. As part of the mitigation measures to reduced electricity generation, ZESCO indicated that the 100MW of electricity from Karpowership in Mozambique would be available from 15th March 2016.

Exchange Rates

CURRENCY	21/03/2016						14/03/2016					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
FNB	11.25	11.47	0.74	0.75	16.21	16.54	11.28	11.49	0.73	0.74	16.13	16.49
Standard Chartered Bank	11.22	11.45	0.74	0.75	16.18	16.50	11.26	11.48	0.74	0.76	16.18	16.50
ZANACO	11.27	11.47	0.73	0.75	16.27	16.56	11.28	11.48	0.74	0.75	16.22	16.51
Bank of Zambia	11.34	11.36	0.740	0.742	16.32	16.35	11.37	11.39	0.738	0.739	16.33	16.36

Parity Prices

Domestic Import Parity Prices as at 07/02/2016

US\$/ZAR=15.38 US\$/ZMW=11.47

Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		11.47	471.42	563.84	465.3
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	23.98	495.40	587.82	489.28
Mkushi	225	19.62	491.04	583.46	484.92
Ndola	250	21.80	493.22	585.64	487.10
Kitwe	250	21.80	493.22	585.64	487.10

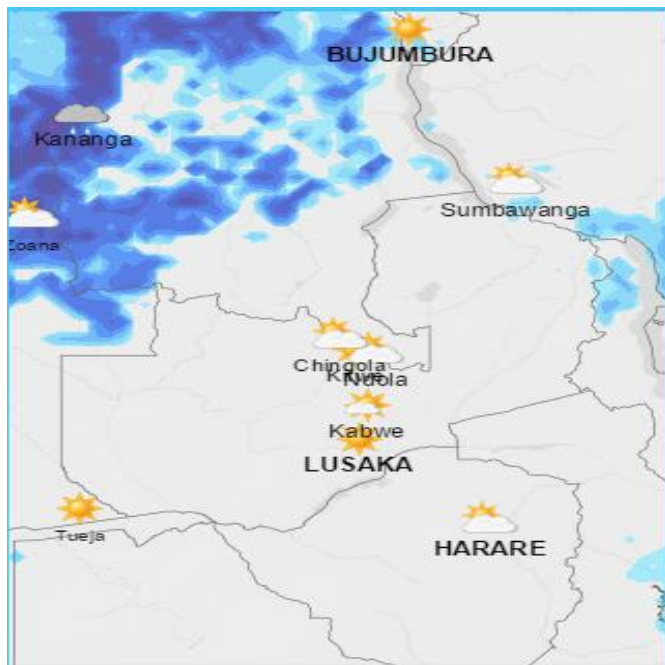
*Note: wheat import parity is based on May delivery, while soya beans and maize are based on April delivery.

Export Parity Price Ranges (EPP) Harare-Lusaka (11th March 2016)

Soya Beans	505-525
Wheat	300-427
Maize	232-281.25

Weather Forecast

The table below summarizes the weather forecast for some selected towns for the period 22nd March to 30th March, 2016. All the selected districts are forecast to have general increase in rain activity. Upper average temperatures are expected to fall.



TOWN	WEATHER SUMMARY
Ndola	<ul style="list-style-type: none"> ➤ Normal to heavy rains throughout the period under review is forecast. Heavy rains of up to 34.3mm is forecast for 23rd March. ➤ Average daily Temps: 19-26°C
Mkushi	<ul style="list-style-type: none"> ➤ Light rain is forecast for 25th. Normal rains are forecast for 22nd, 24th, 26th and 30th whereas 23rd, and 27th-29th is forecast to receive heavy rains. Heavy rains of up to 31.2 mm is expected on 23rd. ➤ Average daily Temps: 18-25°C
Kabwe	<ul style="list-style-type: none"> ➤ Heavy rain is forecast for 22nd, 23rd and 29th March. Light to normal rains for 24th, 25th, 27th, 28th and 30th. However, 26th is forecast to have no rain activities. ➤ Average daily Temps: 19-27°C
Lusaka	<ul style="list-style-type: none"> ➤ Heavy rains for 22nd and 23rd is forecast. The rest of days are forecast to receive light to normal rains except for 24th and 25th which is forecast to have no rain activities. ➤ Average daily Temps: 18-26°C

Mazabuka	<ul style="list-style-type: none"> ➤ Light rain is forecast for 24th and 26th. Forecast for 27, 29 and 30th is normal rains whereas 22nd, 23rd, 27th and 28th is forecast to receive heavy rains. 23rd is forecast to receive up to 24.3mm of rains. No rain activities are forecast for 25th. ➤ Average daily Temps: 20-28°C.
Choma	<ul style="list-style-type: none"> ➤ Light to normal rains is forecast for the whole period under review. ➤ Average daily Temps: 18 -25°C
Livingstone	<ul style="list-style-type: none"> ➤ Heavy rains are forecast for 27th. Light to normal rains is forecast for 23rd, 24th, 26th and 28th-30th while 22nd and 25th is forecast to have no rainfall. ➤ Average daily Temps: 20-28°C
Mongu	<ul style="list-style-type: none"> ➤ 22nd -27th is forecast to receive normal rains whereas 28th-30th is expected to be partly cloudy to clear sky with no chance of rains. ➤ Average daily Temps: 20-30°C.
Mansa	<ul style="list-style-type: none"> ➤ Normal to heavy rains is expected for the period under review. ➤ Average daily Temps: 19-28°C.
Kasama	<ul style="list-style-type: none"> ➤ Light to heavy rain forecast for the period under review. ➤ Average daily Temps: 18-28°C.
Solwezi	<ul style="list-style-type: none"> ➤ Normal to heavy rains for the whole period under review (22nd to 30th). Heavy rains of up to 23.1mm and 22mm for 25th and 26th, respectively. ➤ Average daily Temps: 18-28°C.
Chipata	<ul style="list-style-type: none"> ➤ Normal to heavy rains is forecast for the entire period under review except for 23rd March where no rain activities are forecast. ➤ Average daily Temps: 19-25°C.

Source: Norway meteorological Institute

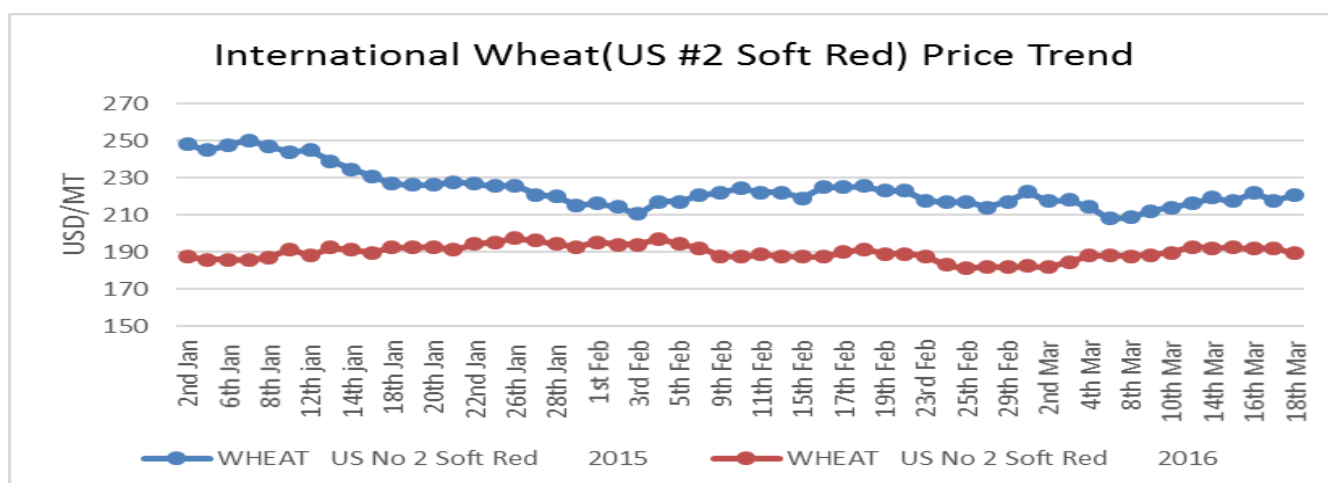
Wheat

Highlights

- In accordance with a decree passed eight years ago, the Saudi government has ended its domestic wheat production and purchase programs in the current 2015/16 (July'15-June'16) marketing year. The aim is to avoid the depletion of the country's scarce water resource. Going forward, the country will depend wholly on imports. Small farmers may however continue producing minute quantities for traditional bakery products. Saudi Arabia's wheat consumption is currently estimated to be around 3.45 million tons.
- CME wheat futures prices for May 2016 opened trading at US\$172.18/MT on 21st March 2016.
- Local Trader wheat offer prices on the local scene were still in the range of ZMW 420-433/MT last week.

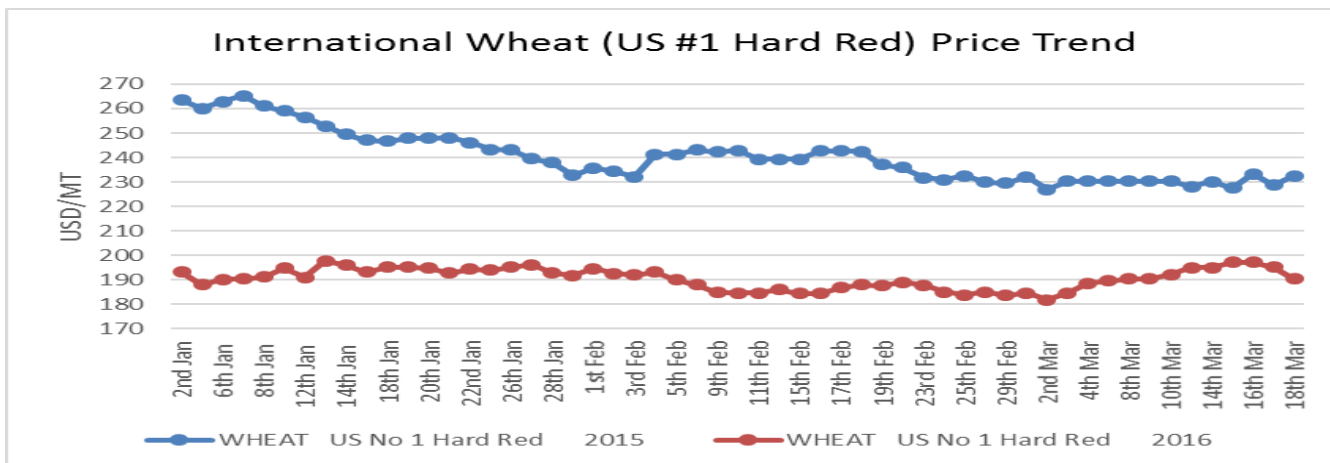
Price trends

The Safex international soft red and hard red wheat prices averaged US \$ 191.62/MT and US\$ 194.96/MT during the week ending 18th March respectively. All prices are fob gulf. The graphs below show international price trends for soft and hard red wheat:



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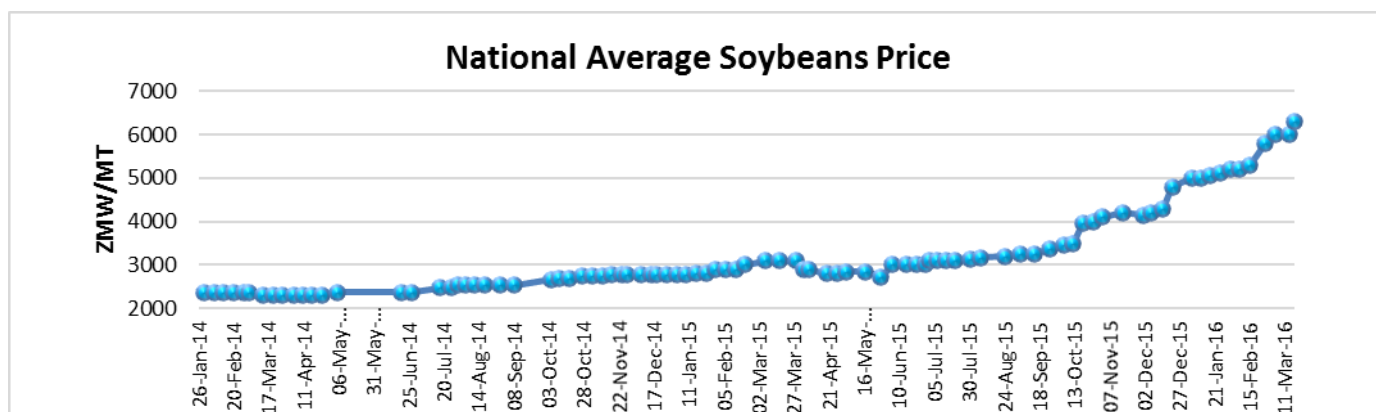


Source: Safex

Soya Beans

Highlights

- CME Soya futures price for May 2016 delivery opened trading at US\$328.86/MT on 21st March 2016.
- Local Soya beans spot prices were hovering around ZMW5, 900-6,400/MT (≈US\$533-550/ton) last week according to information captured on the ZNFU market price information system.



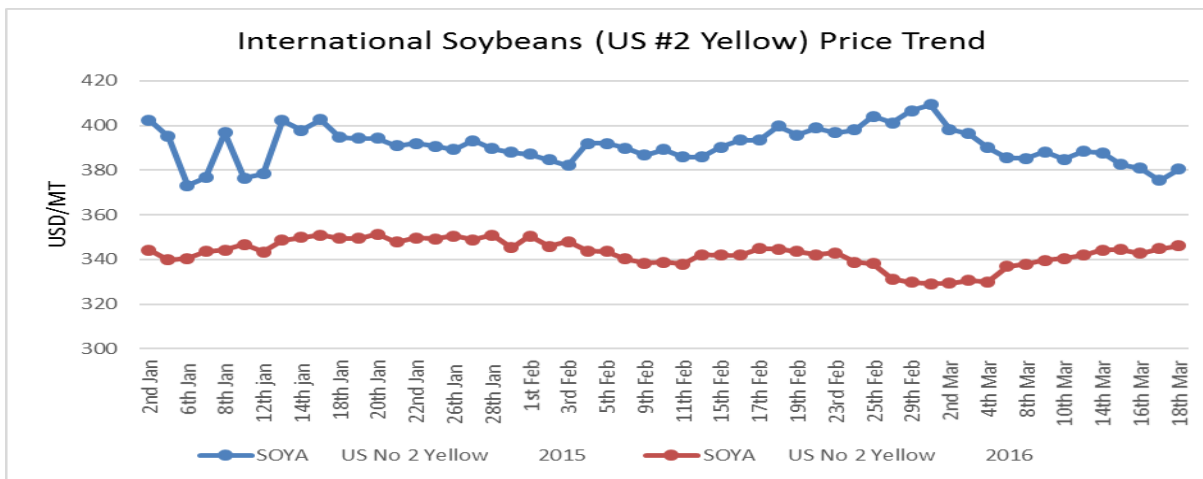
Source: ZNFU, 4455 Market Price Information System

Price trends

International spot prices for US No. 2 yellow soya beans on Safex averaged US\$381.37/MT in the week ending 18th March 2016, 9% above the average price of US\$329.76/MT recorded in the previous week. Prices are fob gulf.

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Source: Safex

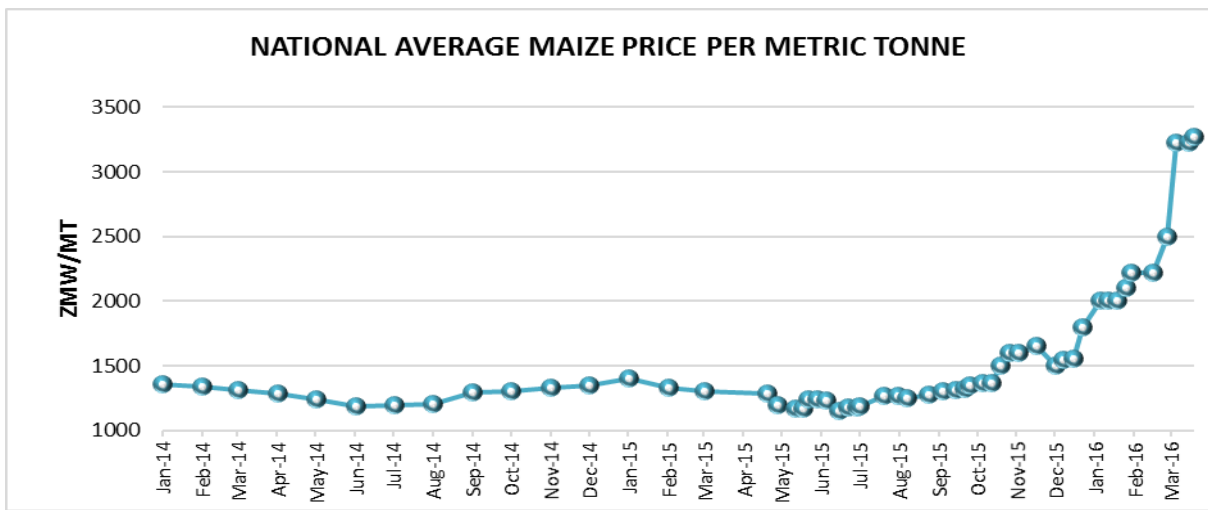
Maize

Highlights

- India is reported to have cancelled a tender to import 240, 000MT of maize from Ukraine in anticipation of a bigger than expected harvest. India is a popular global source of non-genetically modified maize.
- Meanwhile back home, the Ministry of Agriculture has expressed confidence that the 2015/16 maize harvest may be better than initially anticipated as a result of the improved rainfall pattern experienced over the past few weeks.
- The CME Corn futures price for March 2016 delivery opened trading at US\$144.24/MT on 21st March 2016.
- Maize offer price in Zambia during the week ending 18th February 2016 were in the range of ZMW 2,700-3,400/MT (≈US\$240-300/ton).

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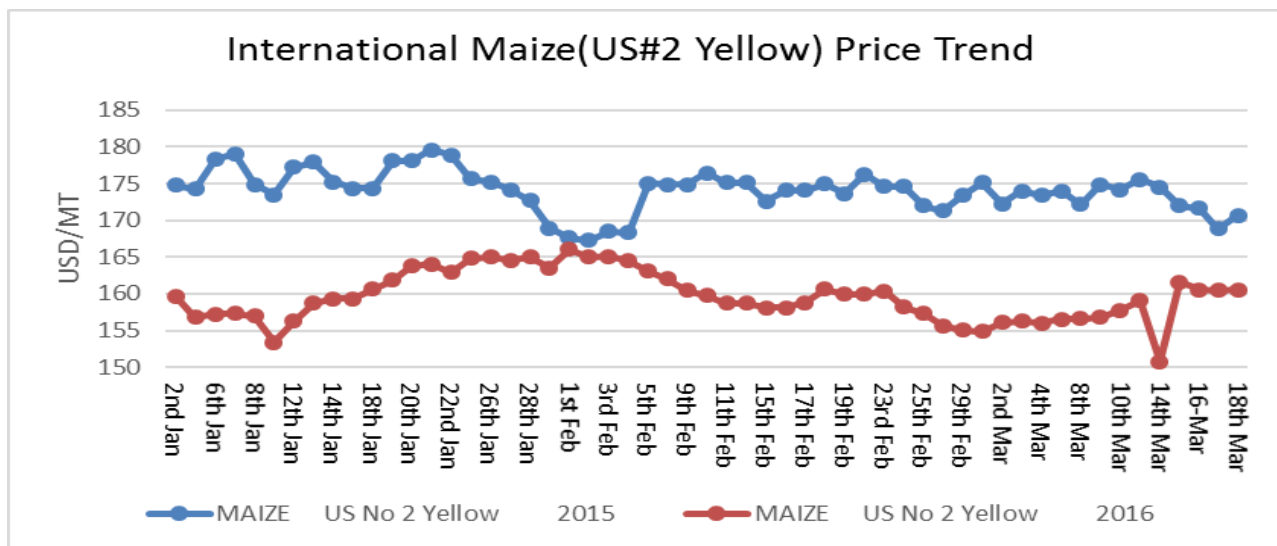




Source: ZNFU, 4455 Market Price Information System

Price trends

International maize spot prices traded at an average of US\$ 171.53/ MT during the week ending 18th March 2016, 9% higher than the previous week's average. All prices are fob gulf.



Source: Safex

Crude oil

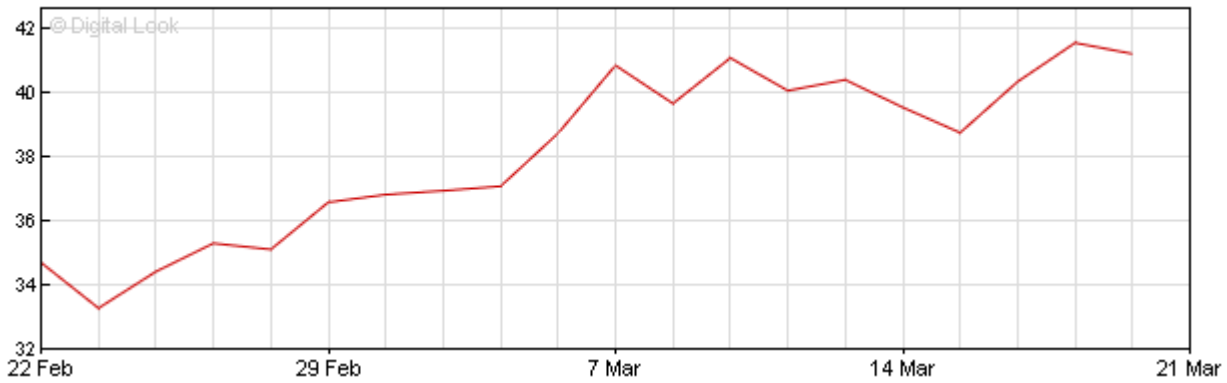
- On the local scene, sporadic fuel shortages have been reported in Lusaka and Copperbelt provinces.

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- International crude oil prices were on an upward trend last week, only to retrieve slightly with the onset of a new week. The retrogression has been supported by the US increase in rig count for the first time this year.
- By 10:45 CAT on 21st March 2016, the Brent futures price was US\$40.80/barrel while the spot price closed Friday's trading session at US\$41.58/barrel.
- The Dubai Mercantile exchange crude oil marker price for May 2016 delivery was settled at US\$38.29/barrel on 18th March, up from the settlement price of US\$35.35/ barrel on 11th February 2016.

Brent Crude Oil Futures \$/barrel



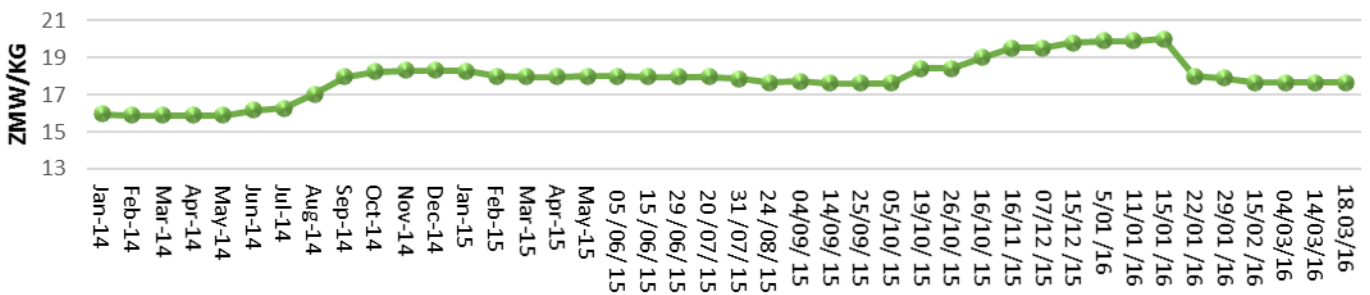
Source: BBC News, 2016.

Beef

Highlights

- According to the Namibian Meat Board, beef prices in Namibia during the week ending 14th March 2016 for class A meat was in the range of ZAR 31.22-37.45/Kg, weaners and heifers were auctioning for ZAR18.89 and ZAR17.22 per Kg respectively on 11th March 2016.
- Dressed weight beef prices in Zambia were in the range of ZMW14-22/kg during the week ending 19th March 2016. This is as monitored by the ZNFU 4455 system.

Average Standard Beef Prices Per KG



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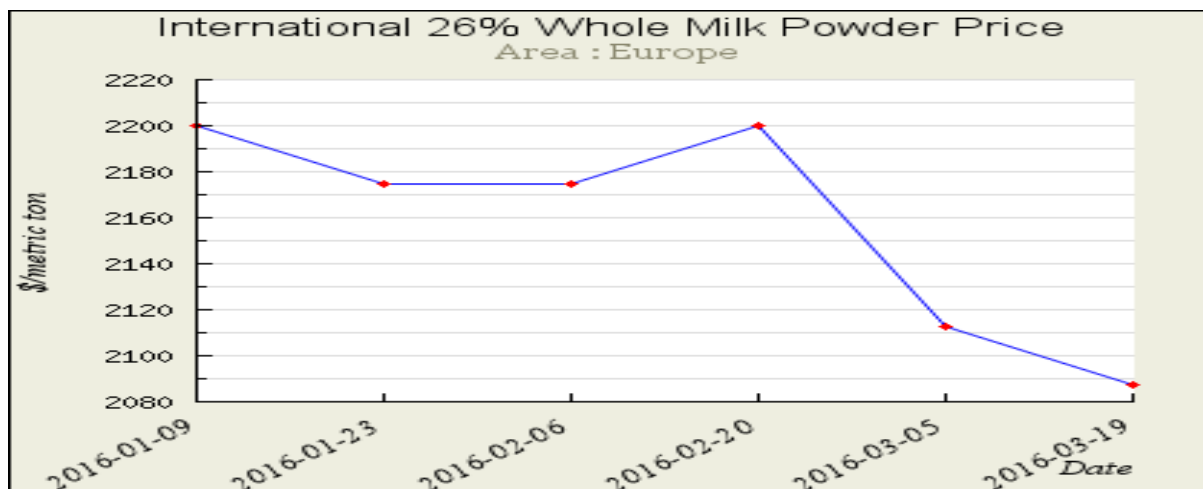


DAIRY UPDATES FOR THE WEEK ENDING 18TH MARCH 2016

Global Whole Milk Powder Price Trends

Price of whole milk powder on the international market slumped from US\$ 2,200 on 9th January 2016 to US\$ 2,087.50 on 18th March 2016 as seen below;

Figure 1 Average Monthly Whole Milk Powder Prices 18th March 2016



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

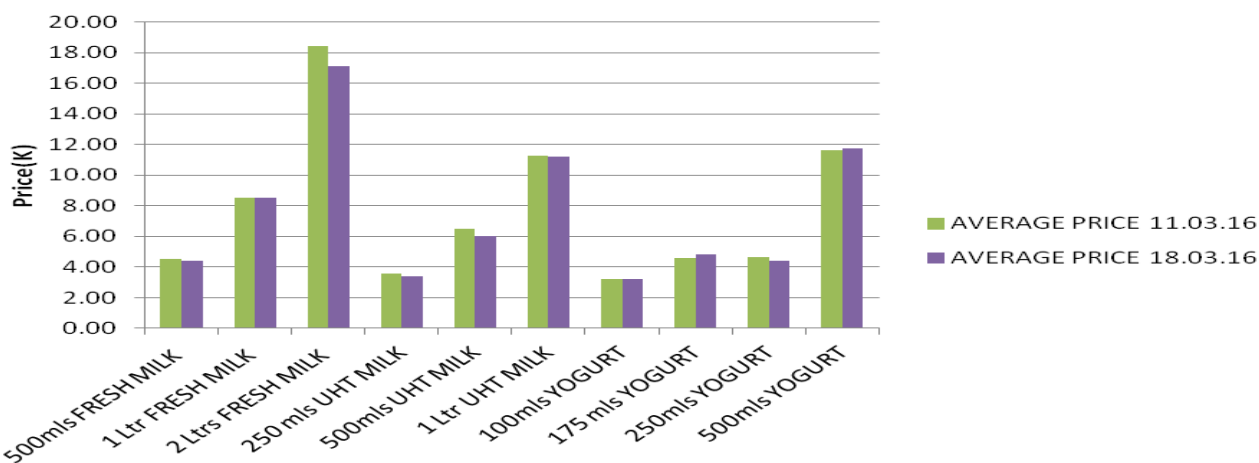
Local Prices of Dairy Products

The graph below compares the prices of local dairy products between 11th and 18th March 2016. The Average prices of 500mls fresh milk sachet slumped slightly by 8% from K4.84 on 11th March to K4.45 on the 18th while the price for a 2 Litre container saw a 10% reduction. The average price for 500mls UHT milk reduced by 11 % while that for a cup of yogurt increased by 3% during the period under review.

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DAIRY PRODUCTS PRICE TRENDS



National Average Dairy Feed Prices

NATIONAL DAIRY FEED AVERAGE PRICES										
SER.	PRODUCT	AVERAGE PRICE (K) 24.05.15	AVERAGE PRICE (K) 26.06.15	AVERAGE PRICE (K) 25.09.15	AVERAGE PRICE (K) 23.10.15	AVERAGE PRICE (K) 06.11.15	AVERAGE PRICE (K) 22.01.2016	AVERAGE PRICE (K) 5.02.2016	AVERAGE PRICE (K) 18.03.2016	% Increase 24 May 2015-18th Mar 2016
1	50 kg DAIRY 19	125	129	146	161	168	179	179	206	65%
2	25 kg DAIRY CONCENTRATES	80	82	83	86	86	133	133	135	69%
3	50kg DAIRY MEAL	140	143	153	157	171	175	178	179	28%
4	50kg CALF STARTER (Mash)	150	149	159	171	177	219	221	233	55%
5	50kg CALF STARTER (pellets)	176.0	143.0	167.7	174	220	225	233	243	38%
6	50kg MILK REPLACER	455	460	447	550	651	612	625	635	40%
7	50kg SUNFLOWER CAKE	50	57	68.75	75	75	99	99	105	110%
8	50kg COTTON SEED CAKE	90	105	126.5	130	130	169	173	178	98%
9	50kg SOYA MEAL	280	285	310	320	390.5	393	393	379	35%
10	50kg No.3 MEAL	40	42	55	57	71	67.7	68	72	80%
11	25kg MAIZE BRAN	22	24	28.5	39	42	40	42	45	105%

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