



# THE WEEKLY AGRO WATCH



Zambia National Farmers' Union, Farmers Village, Showgrounds P.O Box 30395 Tel 260-1-252649 Fax: 260-1-252648 E-mail: znfu@zamnet.zm web: www.znfu.org.zm

29<sup>th</sup> February, 2016 Vol.4. No.9



### *In this week's issue:*

- ❖ *Zambia's debt ceiling more than doubles*
- ❖ *Rainfall activity forecast to increase in most districts.*
- ❖ *Commodity prices continue to trade lower than last year's prices*

EVENT BROCHURE



---

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

### Zambia's Debt ceiling hiked

The Zambian Parliament on Thursday 26<sup>th</sup> February 2016 agreed to raise, by Statutory Instrument, the maximum amount outstanding at any one time on external loans raised outside Zambia and payable over a period of more than one year from K60 billion to K160 billion as proposed by the Minister of Finance, Hon. Alexander Chikwanda. This move increases the leverage of the country to increase its external debt.

Meanwhile, on 24<sup>th</sup> February 2016, Fitch ratings on Zambia's long term foreign and local currency issuer default ratings (IDR) to negative from stable and affirmed both ratings at B. This negative rating suggests that the capacity for the country's continued payment is vulnerable to deterioration in the business and economic environment. A downgrade from stable to B- further implies that the perceived default risk on credit has increased.

## Exchange Rates

CURRENCY	29/02/2016						23/02/2016					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Bid		Offer		Bid		Offer		Bid		Offer	
FNB	11.27	11.50	0.70	0.72	15.64	15.96	11.28	11.50	0.75	0.76	15.91	16.23
Standard Chartered Bank	11.25	11.47	0.70	0.72	15.57	15.88	11.26	11.48	0.75	0.76	15.89	16.20
ZANACO	11.28	11.48	0.70	0.71	15.65	15.93	11.27	11.47	0.74	0.75	15.90	16.19
Bank of Zambia	11.36	11.38	0.707	0.709	15.74	15.78	11.35	11.37	0.7416	0.7434	15.99	16.02

## Parity Prices

### Domestic Import Parity Prices as at 26/02/2016

US\$/ZAR=15.60

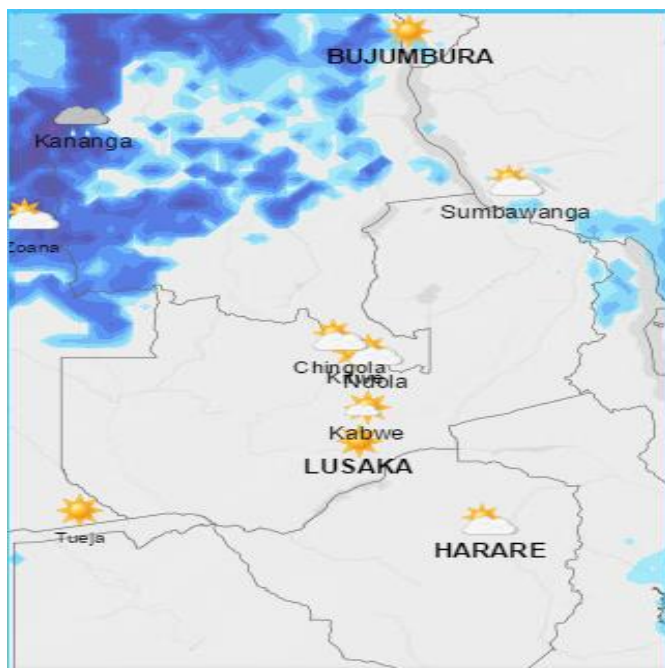
US\$/ZMW=11.50

Parity Prices		US\$/ZMW Maize	Soya	Wheat	
Lusaka		11.5	480.05	549.93	454.15
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	23.91	503.96	573.84	478.06
Mkushi	225	19.57	499.62	569.50	473.72
Ndola	250	21.74	501.79	571.67	475.89
Kitwe	250	21.74	501.79	571.67	475.89

\*Note: All futures prices are for March 2016 delivery.

## Weather Forecast

The table below summarizes the weather forecast for some selected towns for the period 1<sup>st</sup> March to 9<sup>th</sup> 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"> <li>➤ Light to heavy rains is forecast for the whole period under review (1<sup>st</sup>-9<sup>th</sup> March).</li> <li>➤ Average daily Temps: 18-27°C</li> </ul>
Mkushi	<ul style="list-style-type: none"> <li>➤ Light to heavy rains expected throughout the period under review expect on 8<sup>th</sup> when no rain activities are expected. Heavy rains of up to 21.6mm is expected on 1<sup>st</sup> march.</li> <li>➤ Average daily Temps:19-27°C</li> </ul>
Kabwe	<ul style="list-style-type: none"> <li>➤ Light rains are expected throughout the period under review. Heavy rains expected on 2<sup>nd</sup> March.</li> <li>➤ Average daily Temps:20-27°C</li> </ul>
Lusaka	<ul style="list-style-type: none"> <li>➤ Light to heavy rains expected throughout the period under review.</li> <li>➤ Average daily Temps: 19-25°C</li> </ul>

Mazabuka	<ul style="list-style-type: none"> <li>➤ Light to heavy rains expected throughout the period under review.</li> <li>➤ Average daily Temps: 20-28°C.</li> </ul>
Choma	<ul style="list-style-type: none"> <li>➤ Light to heavy rains expected throughout the period under review (1<sup>st</sup> to 9<sup>th</sup>). However, rainfall activities will reduce on 6<sup>th</sup>-9<sup>th</sup> march.</li> <li>➤ Average daily Temps: 18 to 28°C</li> </ul>
Livingstone	<ul style="list-style-type: none"> <li>➤ Light to heavy rains expected on 1<sup>st</sup>, 4<sup>th</sup>-8<sup>th</sup>. 2<sup>nd</sup>, 3<sup>rd</sup> and 9<sup>th</sup> is forecast to be partly cloudy with no chance of rains.</li> <li>➤ Average daily Temps: 20-28°C</li> </ul>
Mongu	<ul style="list-style-type: none"> <li>➤ The whole period under review is expected to receive light to heavy rains.</li> <li>➤ Average daily Temps: 20-28°C.</li> </ul>
Mansa	<ul style="list-style-type: none"> <li>➤ Heavy rains forecast for the 3<sup>rd</sup>, 8<sup>th</sup> and 9<sup>th</sup> and normal rains the rest of the week.</li> <li>➤ Average daily Temps: 19-26°C.</li> </ul>
Kasama	<ul style="list-style-type: none"> <li>➤ Heavy rain forecast for the 3<sup>rd</sup> while the rest of the days are forecast to receive normal rains.</li> <li>➤ Average daily Temps: 18-27C.</li> </ul>
Solwezi	<ul style="list-style-type: none"> <li>➤ The whole period under review, rain activity is forecast from light to heavy.</li> <li>➤ Average daily Temps: 18-27°C.</li> </ul>
Chipata	<ul style="list-style-type: none"> <li>➤ Light to heavy rains is forecast from 1-6<sup>th</sup> and 9<sup>th</sup> march, whereas 7<sup>th</sup> and 8<sup>th</sup> expected to be partly cloudy with no chance of rains. Heavy rains of up to 19.0mm expected on 1<sup>st</sup> March.</li> <li>➤ Average daily Temps: 20-27°C.</li> </ul>

Source: Norway meteorological Institute

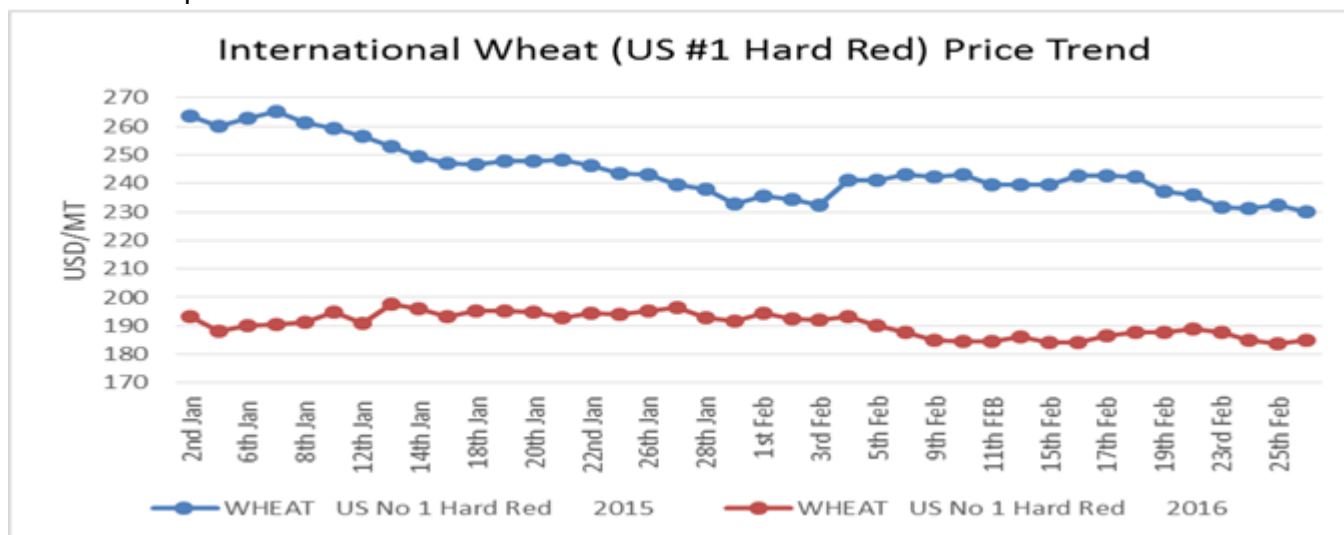
## Wheat

### Highlights

- The international Grain Council (IGC) has projected a 3.4 % drop, on a year-on-year comparison, in the global 2016/17 wheat production (beginning Jun/Jul 2016). While only a small drop in area planted is anticipated, average yields are expected to drop in comparison to the previous year. Poor autumn sowings in Ukraine are expected to facilitate some reduction in world ending stocks from the current season's projected record of 213 million tons.
- CME wheat futures prices for March 2016 were hovering around US\$164.46/MT on 29<sup>th</sup> February 2016.
- Trader wheat offer prices on the local scene were still in the range of ZMW 400-430/MT last week.

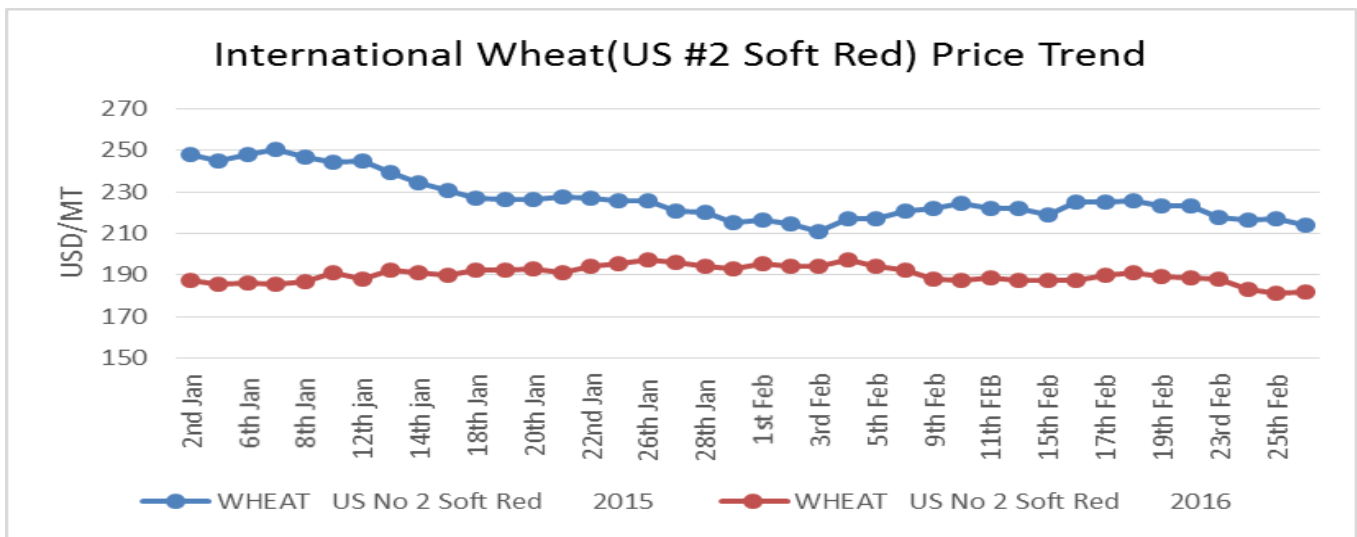
### Price trends

The Safex international soft red and hard red wheat prices averaged US \$ 186.18/MT and US\$ 184.65/MT during the week ending 26<sup>th</sup> February respectively. All prices are fob gulf. The graphs below show international price trends for soft and hard red wheat:



### ZNFU CORPORATE SPONSORS





Source: Safex

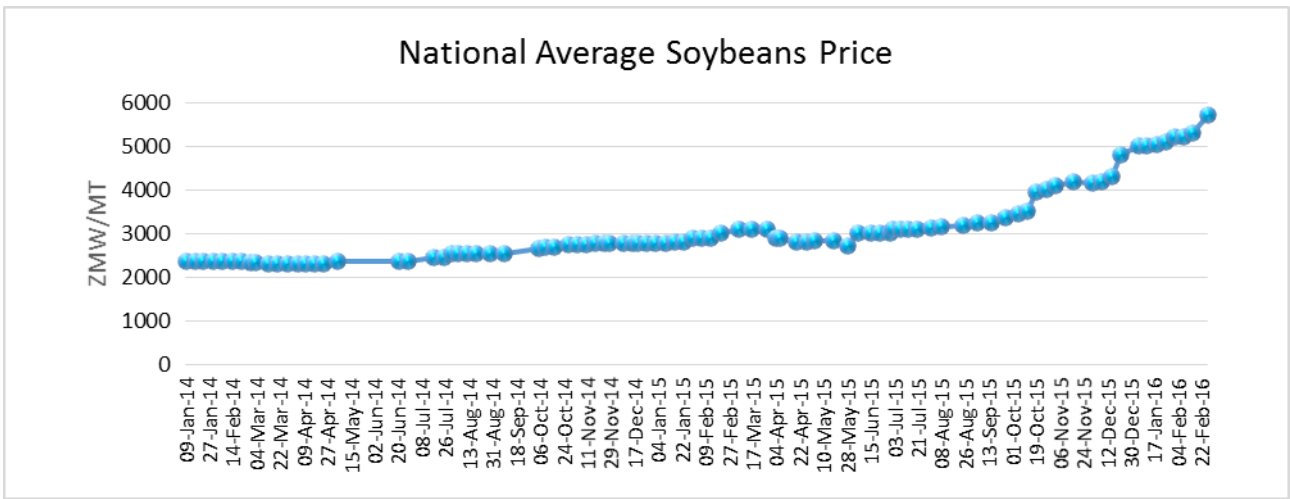
## Soya Beans

### Highlights

- Russia has temporarily restricted its importation of US soybeans citing violation of international and Russian phytosanitary requirements. According to the USDA, the US soya beans exports to Russia last year reached nearly US\$190 million, the highest export level since 1970. The growth of the US soya beans industry has been largely motivated by the expansion of Russia’s livestock sector. While the U.S has now been left with the burden of searching for alternative markets, the restriction of US imports leaves room for countries that can meet the Russian phytosanitary requirements and rules over genetically modified crops to expand their markets.
- Last week, South Africa revised its expectations on the 2016 soya beans harvest further
- CME Soya futures price for February 2016 delivery opened trading at US\$313.79/MT on 29<sup>th</sup> February 2016.
- Local Soya beans spot prices were hovering around ZMW5, 300-6,297/MT last week according to information captured on the ZNFU market price information system.

#### ZNFU CORPORATE SPONSORS

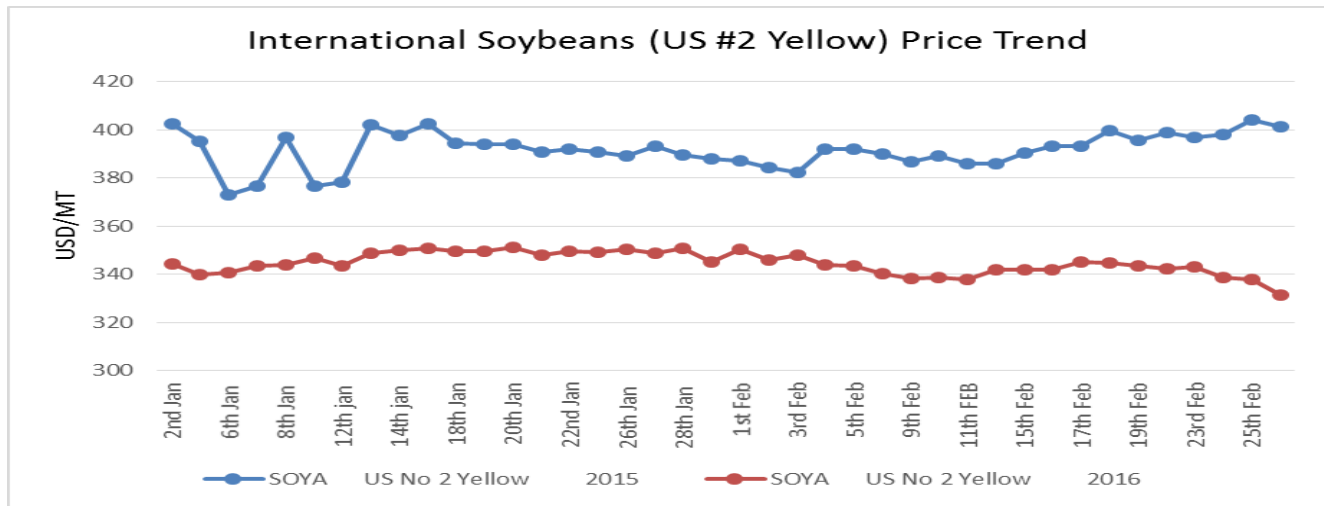




Source: ZNFU, 4455 Market Price Information System

**Price trends**

International spot prices for US No. 2 yellow soya beans on Safex settled at an average of US\$338.63/MT in the week ending 26<sup>th</sup> February 2016, 1.38% lower than the average price of US\$343.36/MT recorded in the previous week. Prices are fob gulf.



Source: Safex

**Maize**

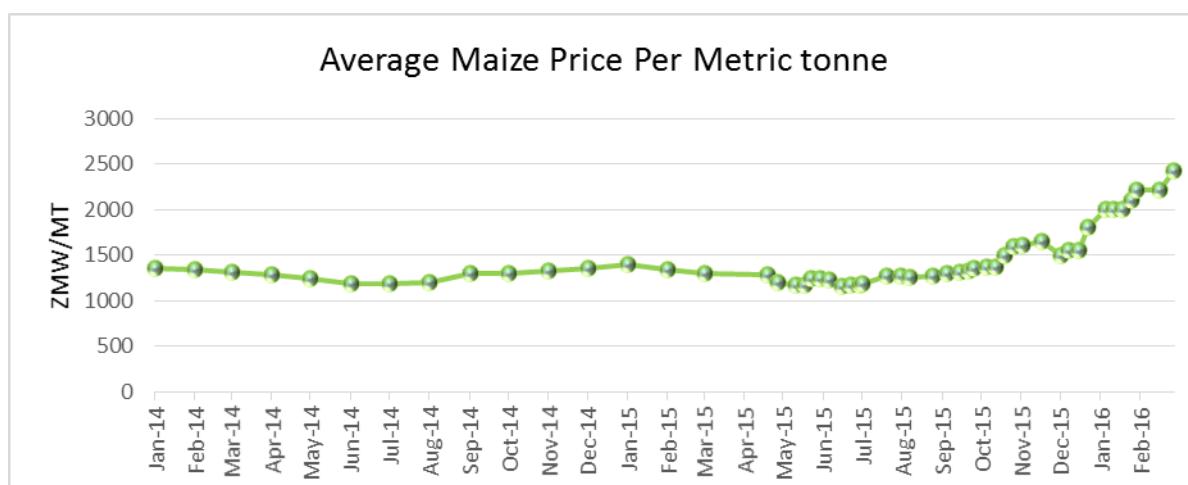
**Highlights**

- In the latest report released on 25<sup>th</sup> February 2015 by South Africa’s Department of Agriculture, a more pessimistic South African maize harvest projection of 7.256 million tons was made. This is about half of the 2014 record crop of 14.25 million tons.

**ZNFU CORPORATE SPONSORS**



- Increased rainfall activity in most parts of the Southern half of Zambia over the past week and forecast rains for the upcoming week has helped alleviate fears of crop failures. Continued rainfall in March would aid the maturity of some crops and minimize the effects of the late onset of the rain season.
- Meanwhile Zambia continued to be a source of maize for the region in January 2016 with about 66,069MT of maize exports captured by ZRA the bulk of which was destined for Zimbabwe. Other export destinations were Malawi, Namibia and Mozambique.
- The CME Corn futures price for March 2016 delivery opened trading at US\$139.76/MT on 29<sup>th</sup> February 2016.
- Maize offer price in Zambia during the week ending 26<sup>th</sup> February 2016 were in in the range of ZMW 1800-2805/MT.



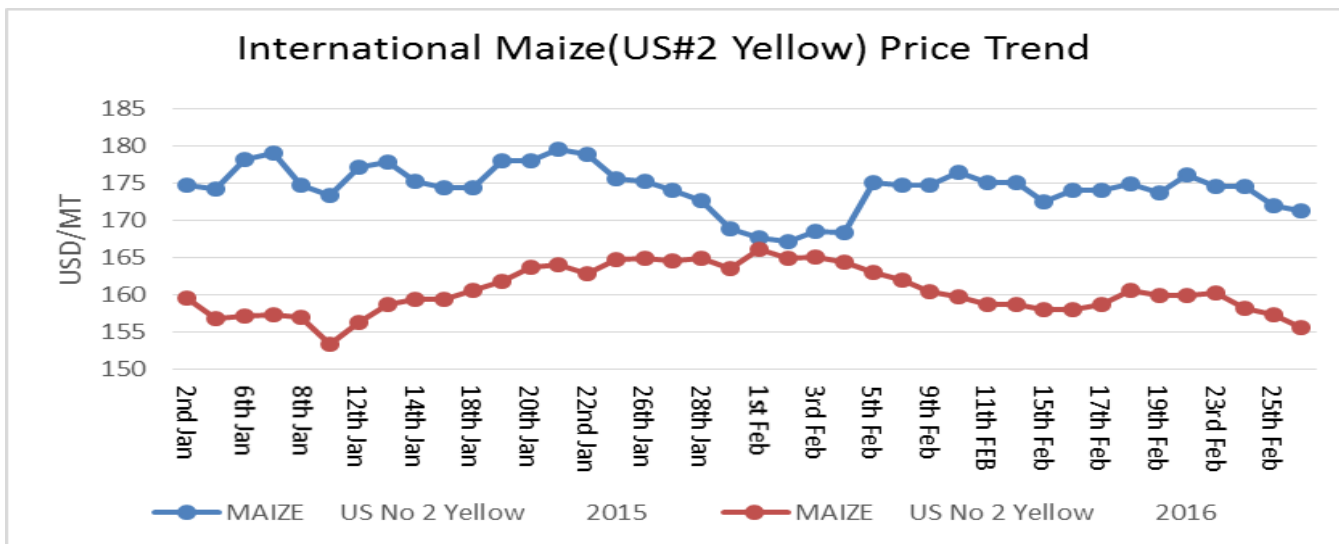
Source: ZNFU, 4455 Market Price Information System

### Price trends

International maize spot prices traded at an average of US\$ 158.29/ MT during the week ending 26<sup>th</sup> February 2016, 0.52% lower than the previous week's average. All prices are fob gulf.

#### ZNFU CORPORATE SPONSORS



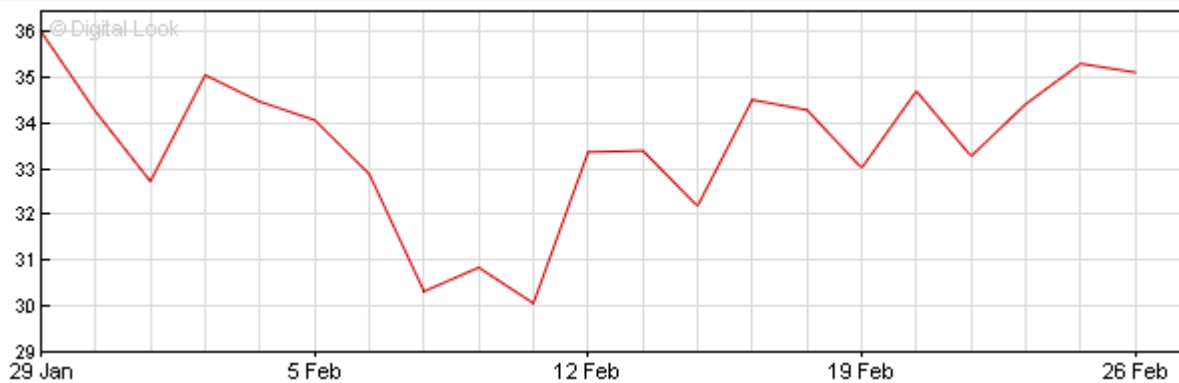


Source: Safex

### Crude oil

- The news of possible bottoming up of crude oil production saw crude oil prices pick up in the last 7 days. The drop in the US crude oil output added further anti-gravitational support to the crude oil prices.
- By 11:15 CAT on 29<sup>th</sup> February 2016, the Brent futures price was US\$35.15/barrel while the spot price closed Friday's trading session at US\$36.12/barrel.
- The Dubai Mercantile exchange crude oil marker price for April 2016 delivery was pegged at US\$31.90/ barrel on 26<sup>th</sup> February 2016.

### Brent Crude Oil Futures \$/barrel



Source: BBC News, 2016.

### Beef

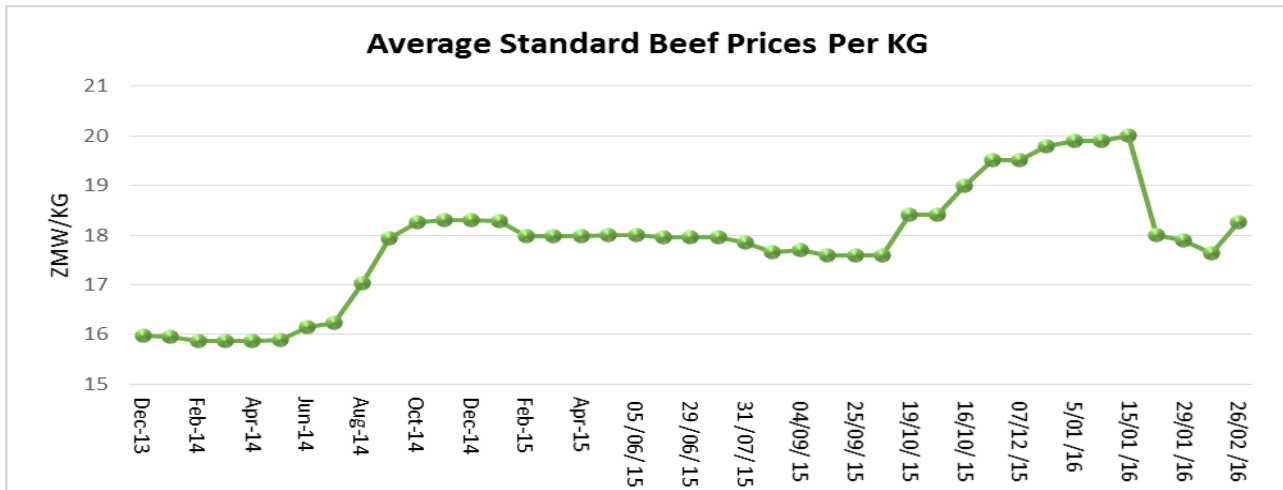
#### Highlights

#### ZNFU CORPORATE SPONSORS





- The Johannesburg Stock Exchange, early this year, re-introduced the beef carcass futures contract with contracts worth 4 million rands being traded between January and 25<sup>th</sup> February 2016. The last time a beef carcass contract was in 1995 and trade in the commodity failed to tick. The contract will help players along the beef value chain minimize their price risk. According to the beef site, the beef carcass contract will help mitigate against the price volatility likely to arise from the drought in South Africa this year. A weaner's contract is scheduled to be listed on the JSE later in the year.
- Dressed weight beef prices in Zambia were in the range of ZMW14-22/kg during the week ending 26<sup>th</sup> February 2016. This is as monitored by the ZNFU 4455 system.



Source: ZNFU, 4455 Market Price Information System

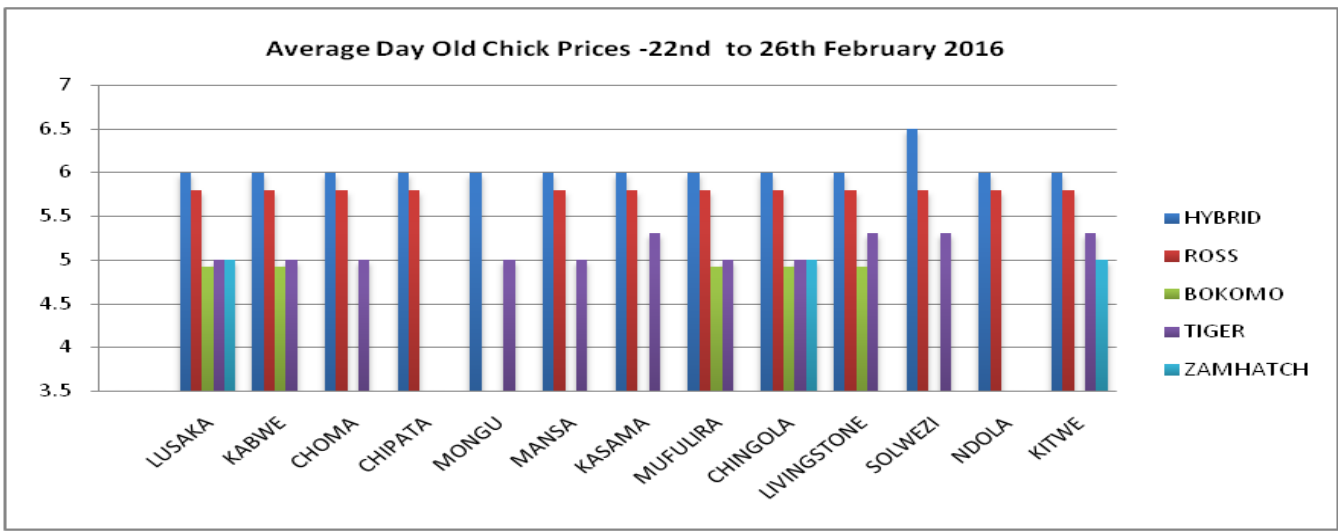
**POULTRY UPDATES FOR THE WEEK ENDING 26<sup>TH</sup> FEBRUARY 2016**

**AVERAGE DAY OLD CHICK PRICES**

The graph below shows the price of different breeds of day old chicks in selected towns. The graph shows that the highest average price for day old chicks was ZMW6.5 in Solwezi while the lowest was ZMW5 per chick during the week under review.

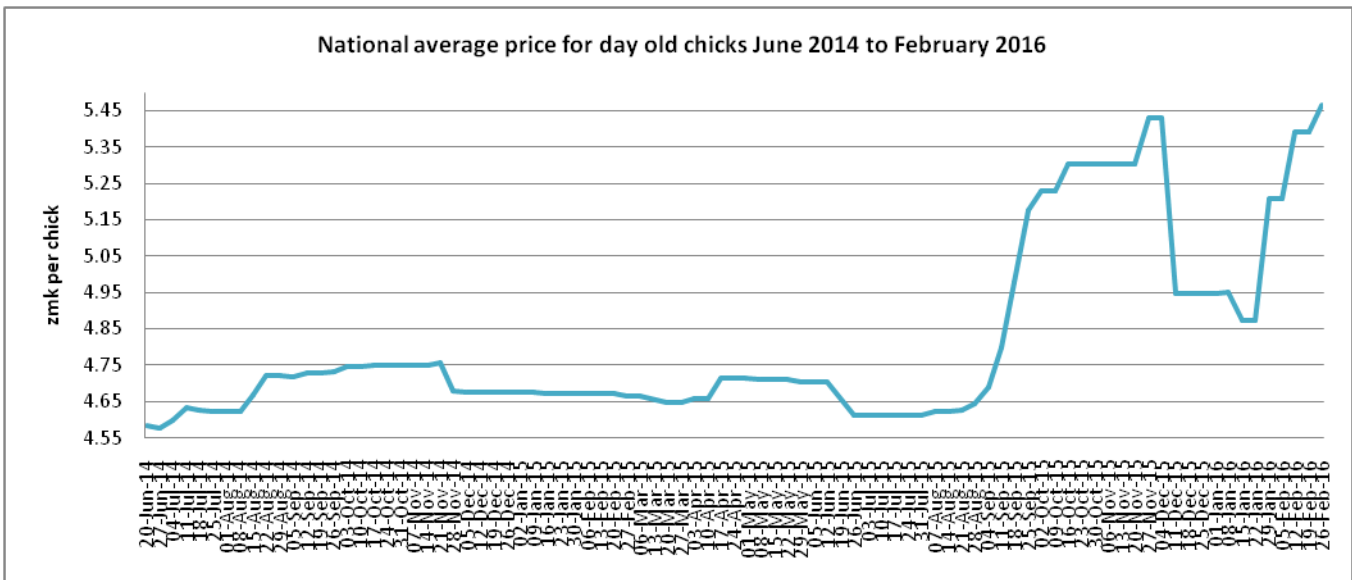
**ZNFU CORPORATE SPONSORS**





Source: Poultry Association of Zambia

The graph below shows the national average price trend for day old chicks from June 2014 to February 2016. The graph shows a rise in the national average price of day old chicks during the week under review to ZMW5.47. The graph further shows that this is the highest average price the industry has recorded since June 2014.



Source: Poultry Association of Zambia

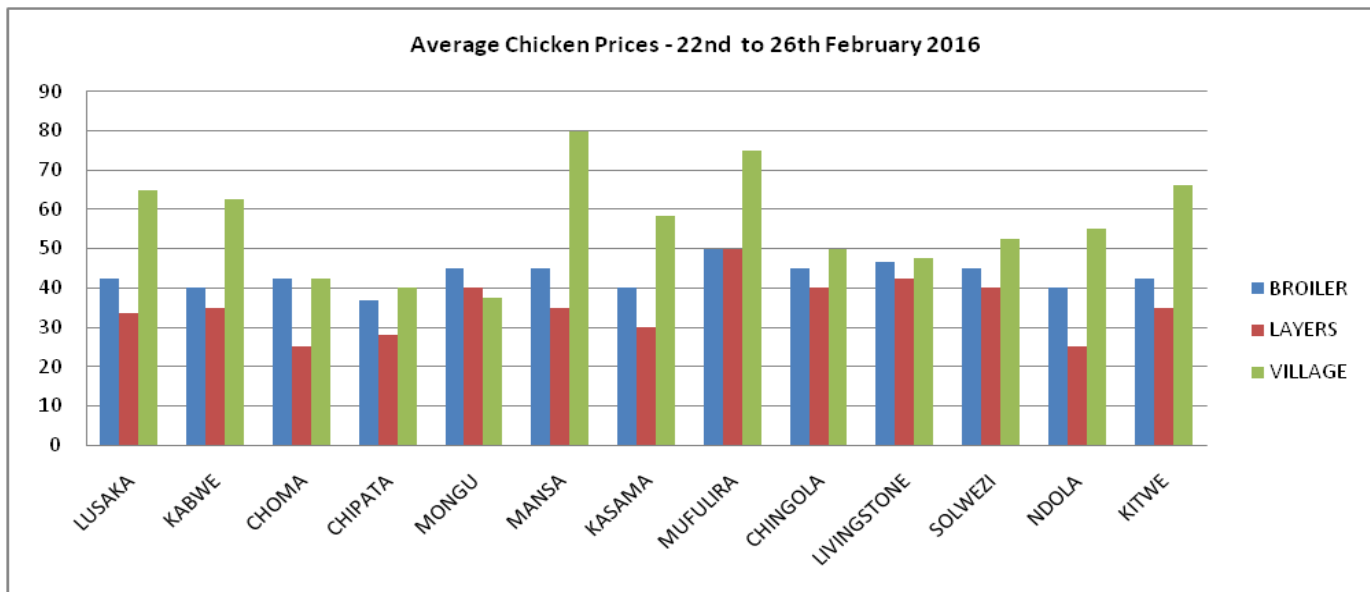
### AVERAGE LIVE BIRDS PRICES

The graph below shows the average live bird prices in selected districts. The average price for broiler live birds in Choma and Mansa went up from ZMW37.5 to ZMW42.5 and from ZMW42.5 to ZMW45

#### ZNFU CORPORATE SPONSORS

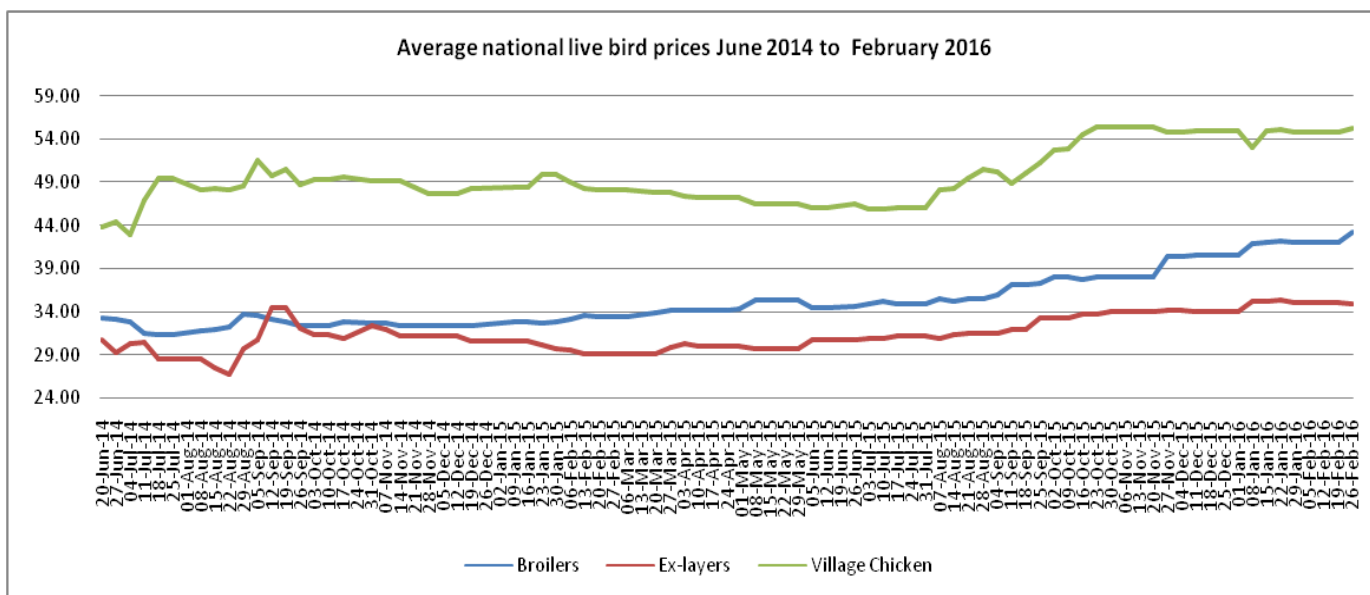


representing 13% and 5.9% increase respectively over the last two weeks. The average price of village chickens in Mufulira and Livingstone also increased from ZMW70 to ZMW75 and from ZMW45 to ZMW47.5 representing 7% and 5.6% price increments respectively.



Source: Poultry Association of Zambia

The graph below shows the national average price trends for broilers, ex-layers and village chickens. While the national average price of broilers and village chickens rose during the course of the week, the graph shows that the national average price of ex-layers declined. The national average price for broilers, ex-layers and village chickens during the week ending 26<sup>th</sup> February 2016 ZMW43.15, ZMW34.93 and ZMW55.33 respectively.

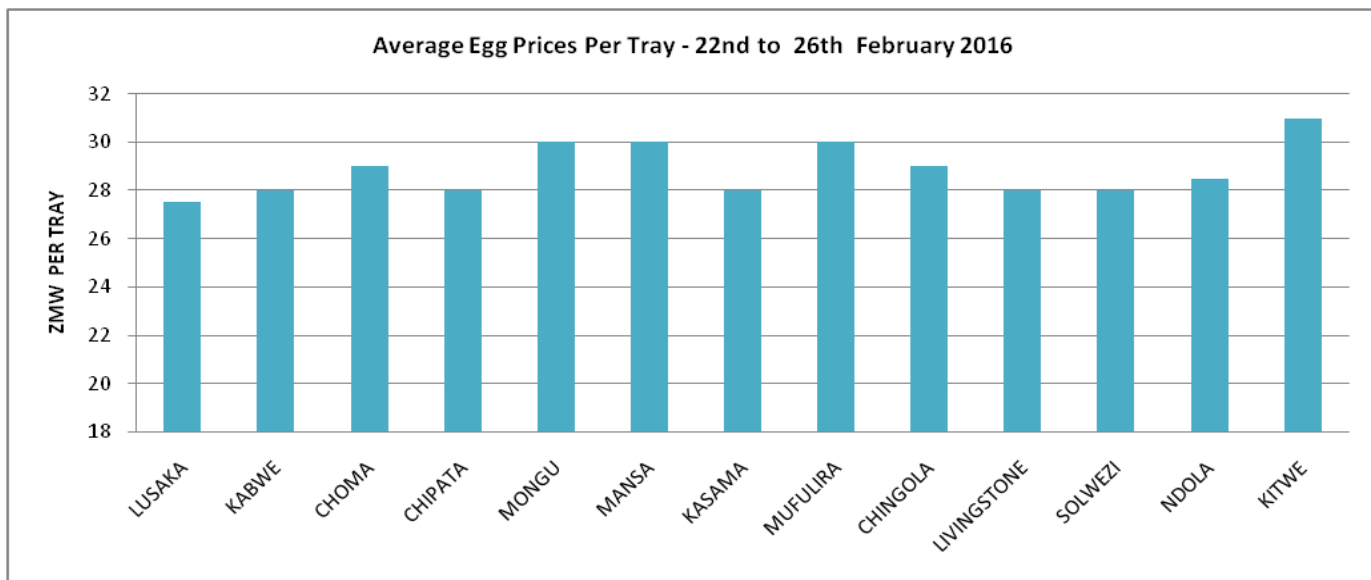


**ZNFU CORPORATE SPONSORS**



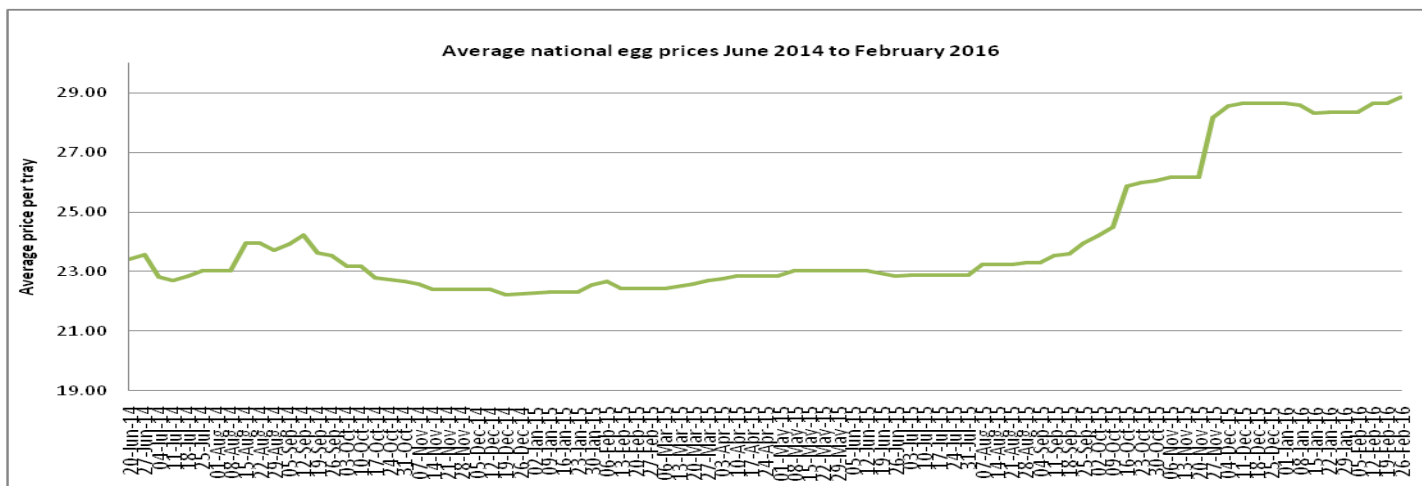
### AVERAGE EGG PRICES

The graph below shows average retail prices of table eggs in selected towns around the country. During the course of the week, the average price of a tray of eggs in Mansa rose from ZMW28.5 to ZMW30 representing a 5% increment. In Choma, the average price rose from ZMW28 to ZMW29 representing a 3% increment.



Source: Poultry Association of Zambia

The graph below shows the price trend for a tray of eggs from mid-June 2014 to February 2016. The graph shows an increase in the national average price of eggs to ZMW28.92 per tray.



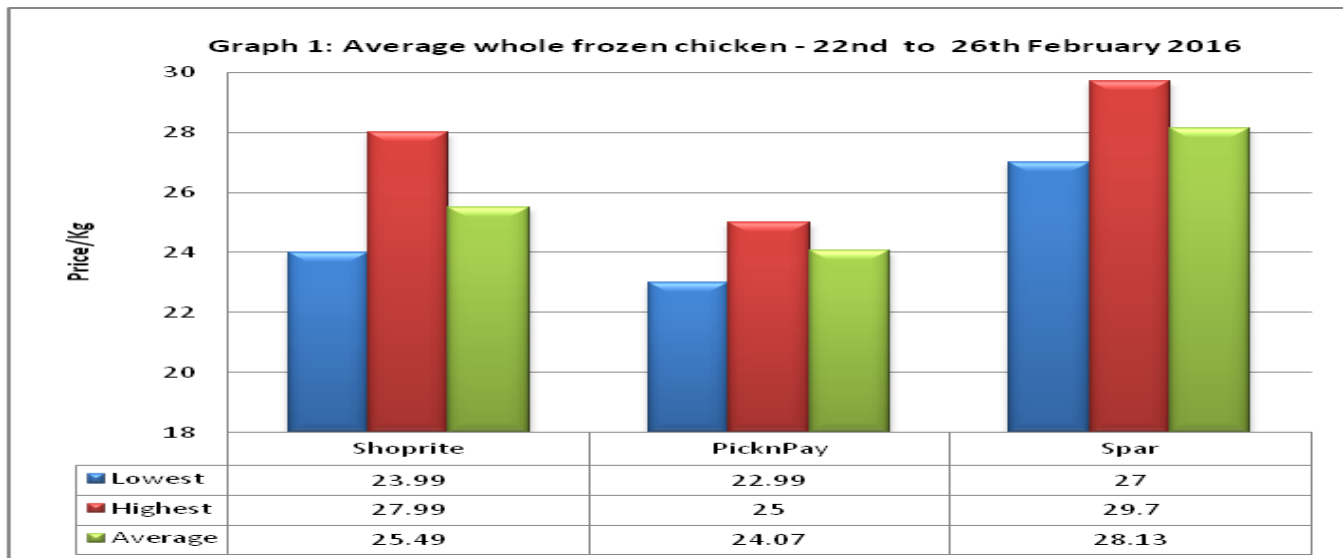
Source: Poultry Association of Zambia

**ZNFU CORPORATE SPONSORS**



## AVERAGE WHOLE DRESSED CHICKEN PRICES

**Graph 1** shows average prices of whole frozen chickens in the three chain stores around Lusaka. Spar had the highest average price at ZMW28.13 per Kg, Pick ‘n’ Pay and Shoprite were, on the other hand, averaging ZMW24.07 and ZMW25.49 per kg respectively.

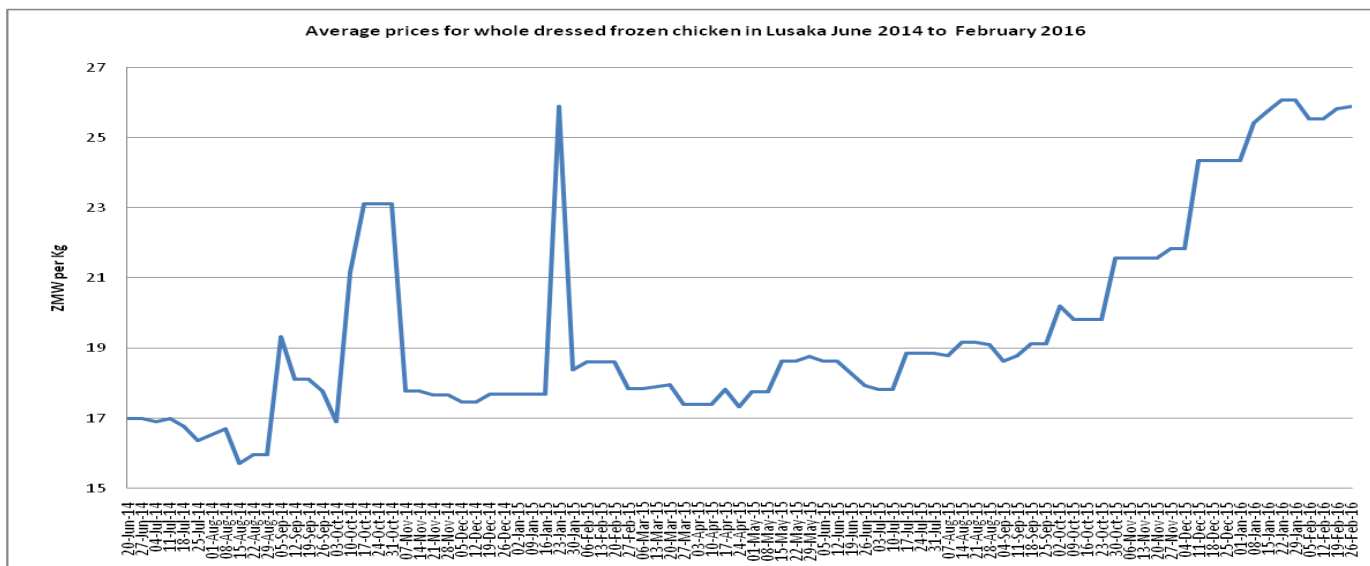


Source: Poultry Association of Zambia

The graph below shows the average price trend for whole frozen chicken in Lusaka from June 2014 – February 2016. Last week’s price only edged slightly upwards in comparison to the previous week.

### ZNFU CORPORATE SPONSORS

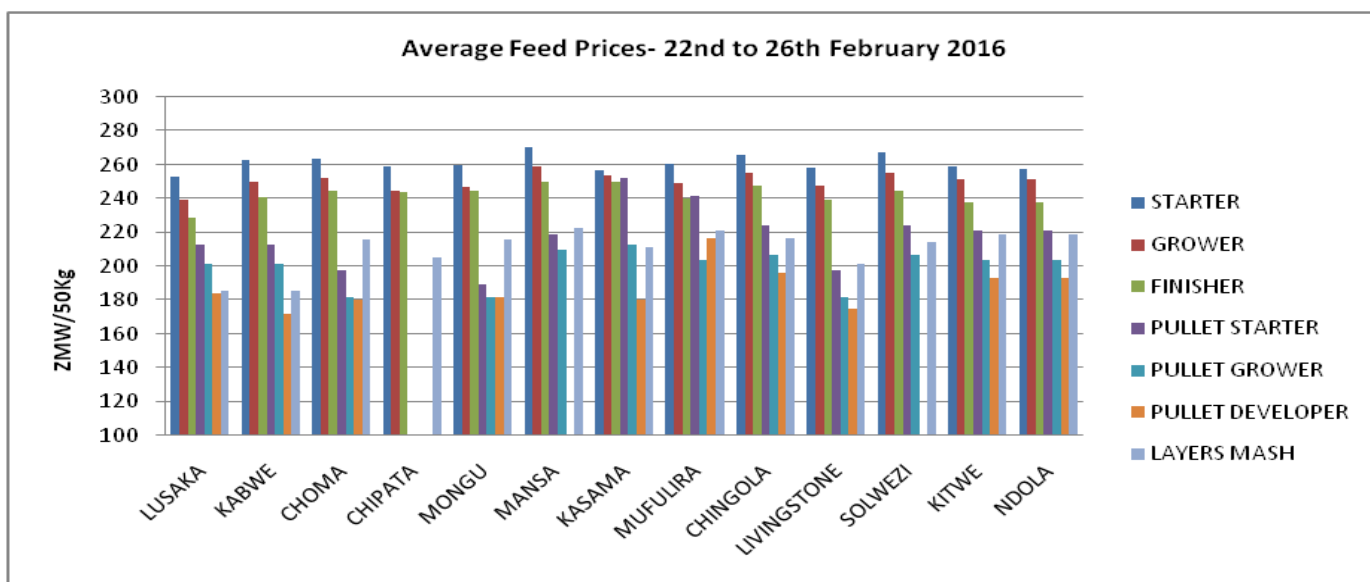




Source: Poultry Association of Zambia

### AVERAGE FEED PRICES

The graph below shows average feed prices in selected towns. There were both upward and downward price adjustments on some brands of feed in selected towns.

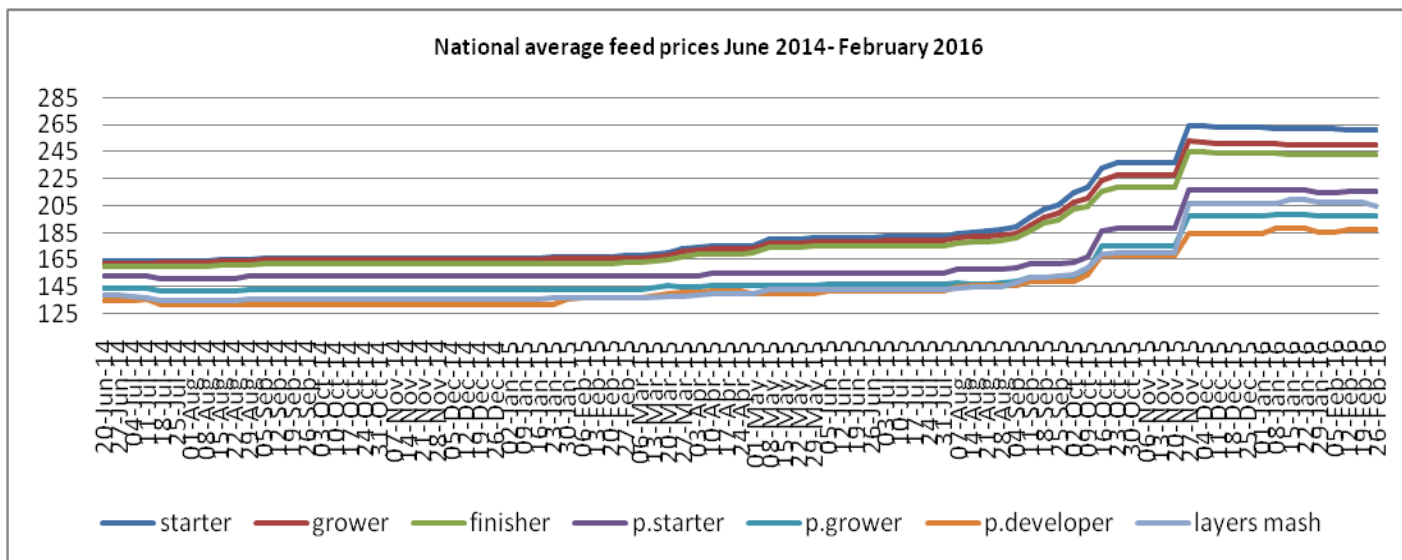


Source: Poultry Association of Zambia

The graph below shows the national average price trend of feed from June 2014 to February 2016. February saw feed prices edged slightly downwards.

#### ZNFU CORPORATE SPONSORS





Source: Poultry Association of Zambia

*Note:* Visit the Poultry Association Of Zambia website at [www.paoz.org](http://www.paoz.org) for technical information on poultry.

**ZNFU CORPORATE SPONSORS**

