



Livestock & Meat Advisory Council

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Livestock Market Update: January 2016¹

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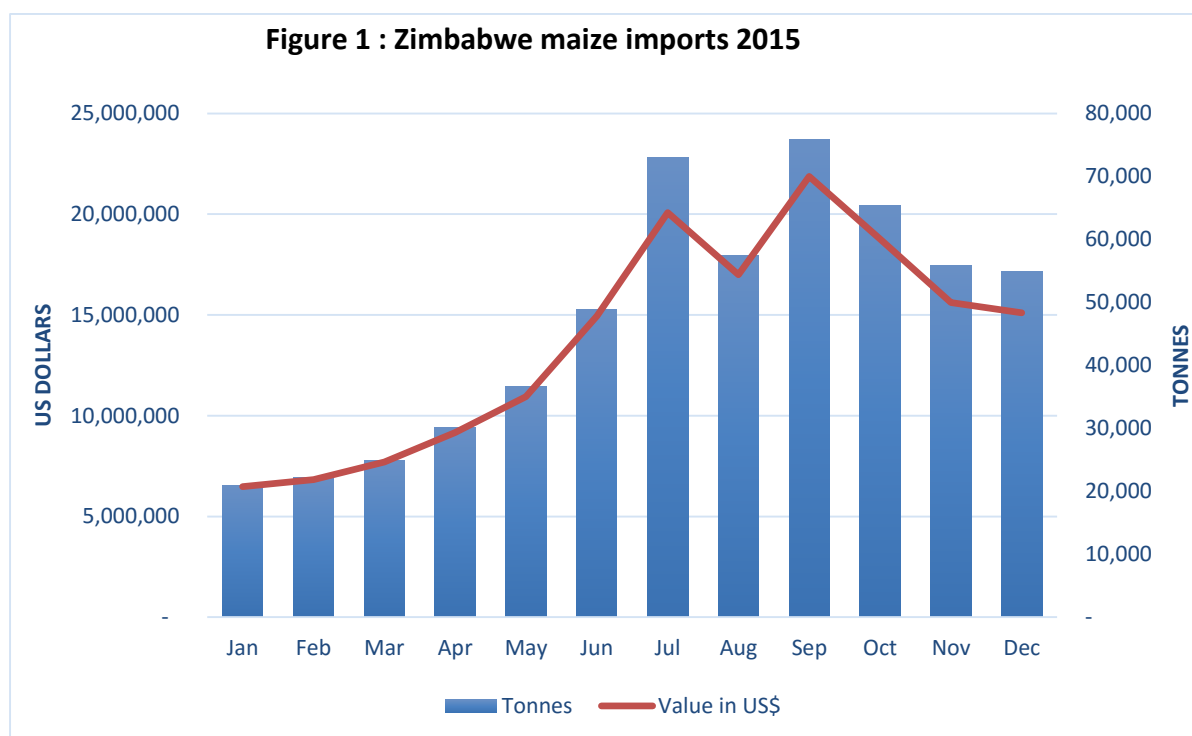
1.0 Stock Feeds Sector

1.1 Raw materials supply

Maize

In 2015, maize imports increased by 99% from 283,900 tonnes (t) imported in 2014 to 566,000t in 2015. Total value of imported maize in 2015 was \$165 million, an increase of 49% over 2014. The average price per tonne of maize in 2015 was lower by 22% from \$377/t in 2014 to \$295/t.

Figure 1 summarises maize imports trends for 2015, with volumes peaking at 76,000t in September. The country is projected to continue importing maize and the volumes are expected to be much higher in 2016 than 2015 as the maize harvest is forecast to be much lower as a result of the El Nino weather phenomenon being experienced throughout the southern African region.



Zambia is likely to be self-sufficient in maize in 2016 but the rest of the region, will have to import 18 million tonnes over the next 18 months and the bulk of these imports will be via deep sea. This will put pressure on transport logistics as the major ports have never been tested to handle such huge volumes of grain.

The government has mobilised a finance facility of \$200 for the importation of maize and the Grain Marketing Board has been tasked to coordinate the imports. Meanwhile, the

private sector is continually engaging with the government to ensure smooth flow of logistical protocols within and outside the country.

Soyabean Meal

Estimates of soyabean production for the 2015/16 season are still to be undertaken. However, the contracted crop is projected to harvest between 25 and 30,000t, well below requirements for chicken, pig and fish stockfeed manufacture. In January, soyameal was trading at \$650/t on a cash basis.

ZimSTAT data for December shows that a total of 16,400t of soya-meal was imported in 2015. The average price of imported soyameal was \$610/t. Zambia is still the key supplier of GM-free soyameal.

In the 2016 marketing season, Zambian soya-meal is likely to be expensive due to high demand as other regional countries are also forecasting below normal harvests. India is an alternative source of GM free soya-meal but it does not have surplus stocks to export. GM soyameal in South Africa is trading at \$500 – 550/t. Importing GM soyameal is not currently an option for Zimbabwe due to a ban on GM products unless the policy shifts to facilitate supplies to avert the impact of the drought.

Maize and wheat bran

Maize and wheat bran are in short supply. The non-availability of wheat bran is a direct consequence of the continued importation of wheat flour. Both maize and wheat bran imports are landing at \$185 – 205/t.

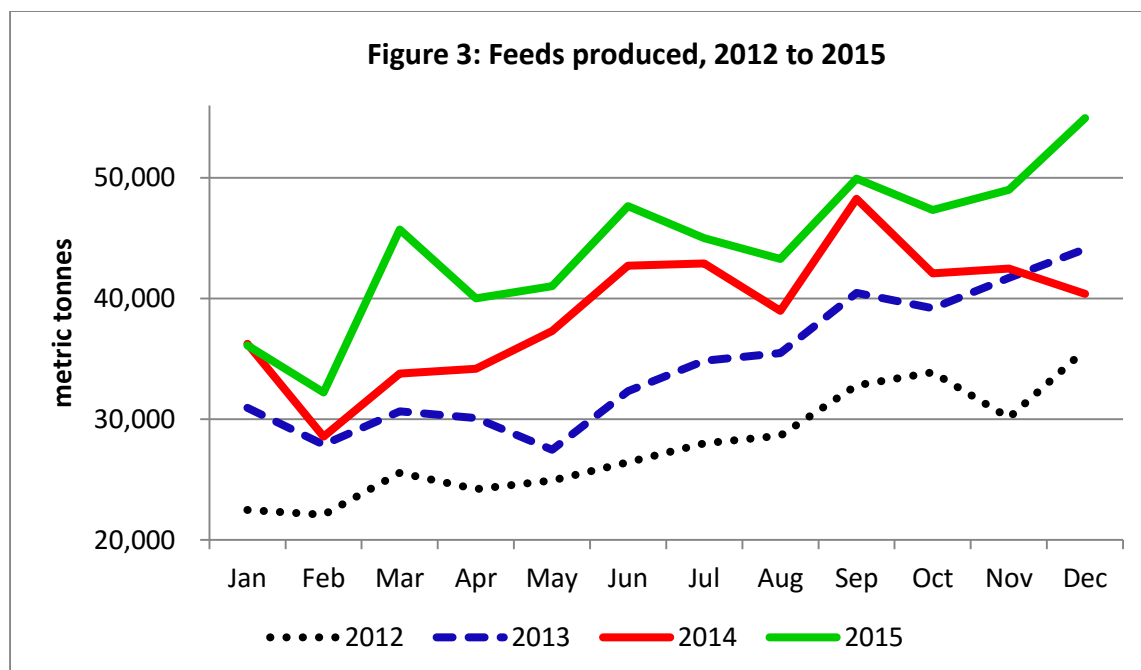
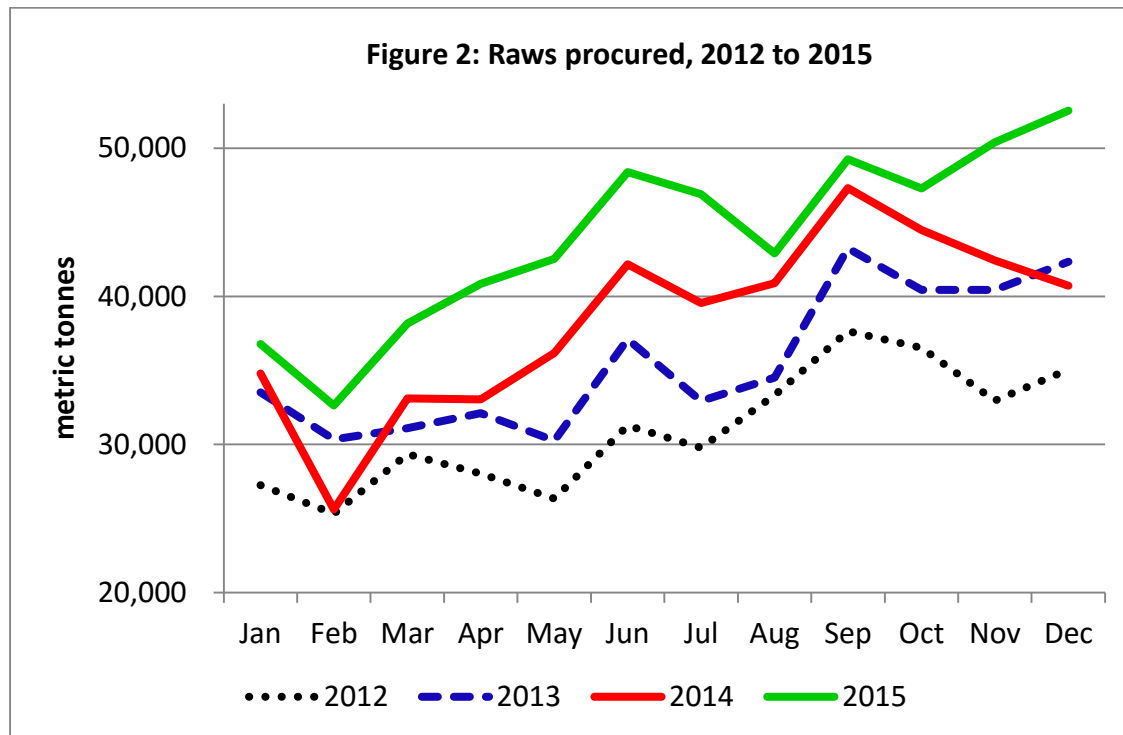
The livestock industry has been advocating for a reduction in the imports of processed wheat flour and maize meal and an increase in wheat and maize grain imports to ensure that local millers operate at capacity and feed manufacturers have access to cheap wheat and maize bran by products.

Molasses and Cotton Cake

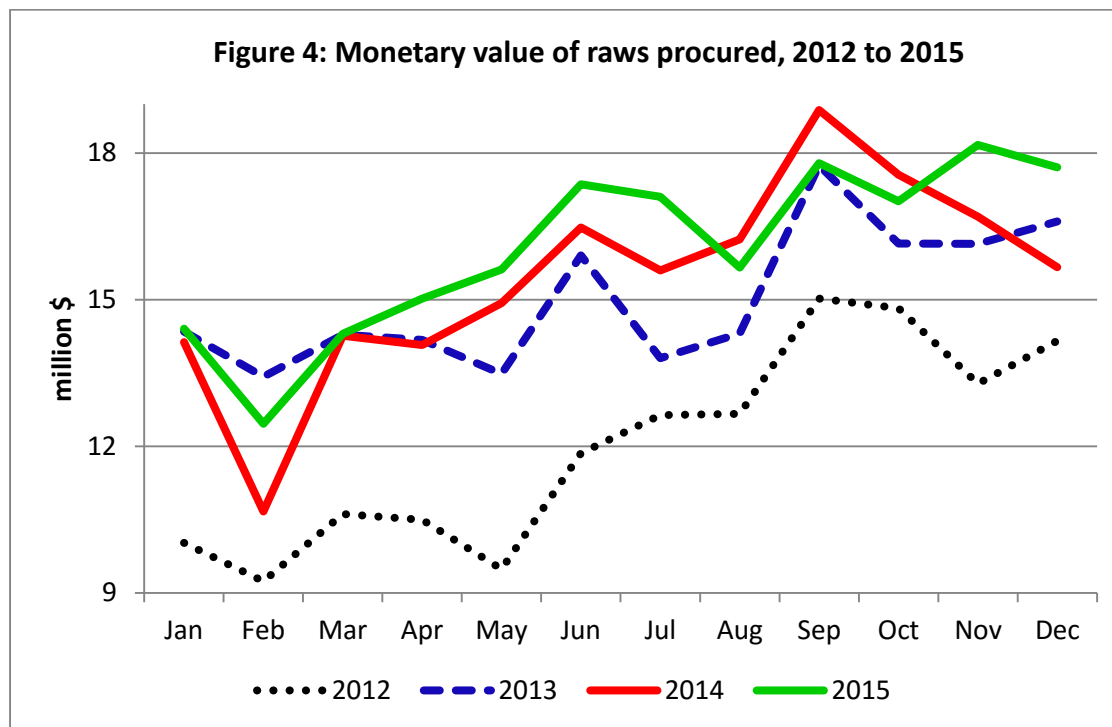
Due to the current drought, there will be a significant increase in the demand for cattle feed in which molasses and cotton cake are key ingredients. Despite decreased production in 2014/15, there is enough cotton cake to last until the 2016 harvest. However, the projected low harvest for the 2015/16 season will create shortages later in the year. Equally, molasses is in short supply due to the annual shut down of sugarcane plants. The current low rainfall will most likely negatively impact upon sugarcane production and molasses output in the coming season.

1.2 Feed Manufacture

Raw materials procured and feeds produced in 2015 averaged 44,054 and 44,351t/month respectively, being increases of 15 and 14% over 2014 (see Figures 2 and 3).



The total value of raw materials procured and feeds produced in 2015 were \$193 million and \$280 million, respectively, increases of 4 and 7% over the same period in 2014 (see Figure 4). While the average price of feed raw materials procured in 2015 were 10% lower than prices in 2014, driven by softer maize and solvent extracted soya meal prices which decreased by an average of 13% and 7%, respectively, the prices of a number of other raw materials increased such as high CP cotton meal (18%), molasses (11%), salt (12%), cotton hulls (16%), hay (13%) and methionine (15%).



The softening poultry feed sales in the last six months of 2015 were partly offset by a 35% increase in cattle feeds and fourth quarter cattle feed production was 61% up on the same period in 2014, led by demand for maintenance cubes.

In December 2015, 55,000mt of livestock feed was produced, 36% higher when compared to the same month in 2014 (Figure 3) and the highest manufacture of stockfeeds was achieved in 2015.

2.0 Beef Sector

2.1 Beef Market

There is a glut on the beef market as farmers have been encouraged to destock to salvage some income from their cattle before they succumb to the drought. As a result, average auction prices softened by 17% in December 2015 while wholesale prices started falling from December into January (see Table 1).

Table 1: Beef wholesale price: December 2015

Grade	Wholesale \$/kg
Super	4.20 – 4.40
Commercial	3.70 – 3.90
Economy	3.20 – 3.40
Manufacturing	2.90

Live cattle prices provided by the Department of Livestock Production and Development (DLPD) as shown in Table 2 indicate a decrease in sales at auction centres and in communal areas. Average auction prices softened by 17% in December 2015 compared to November. Average prices marginally increased by 2% in the communal areas.

Table 2: Live cattle sales and average prices.

	Nov 2015		Dec 2015	
	Number sold	Average price (US\$)	Number sold	Average price (US\$)
CC Sales	1 115	1.70	960	1.41
Communal Areas	422	1.30	86	1.33

Table 3 shows an increase in cattle slaughters from 20,099 in November to 23,599 in December and super grade slaughters registered the most significant increase of 37%.

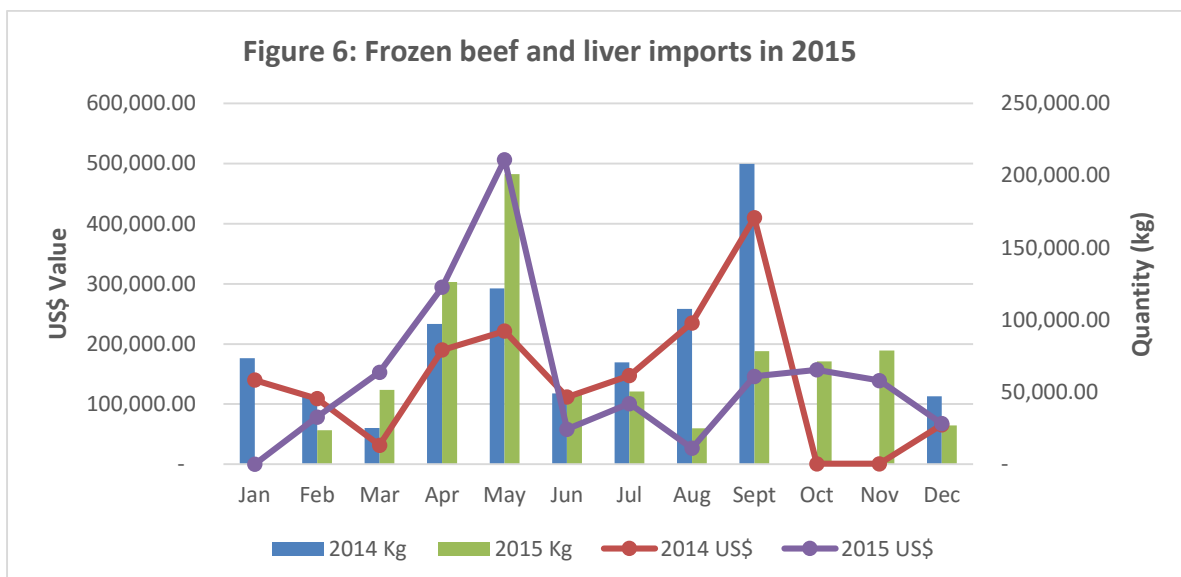
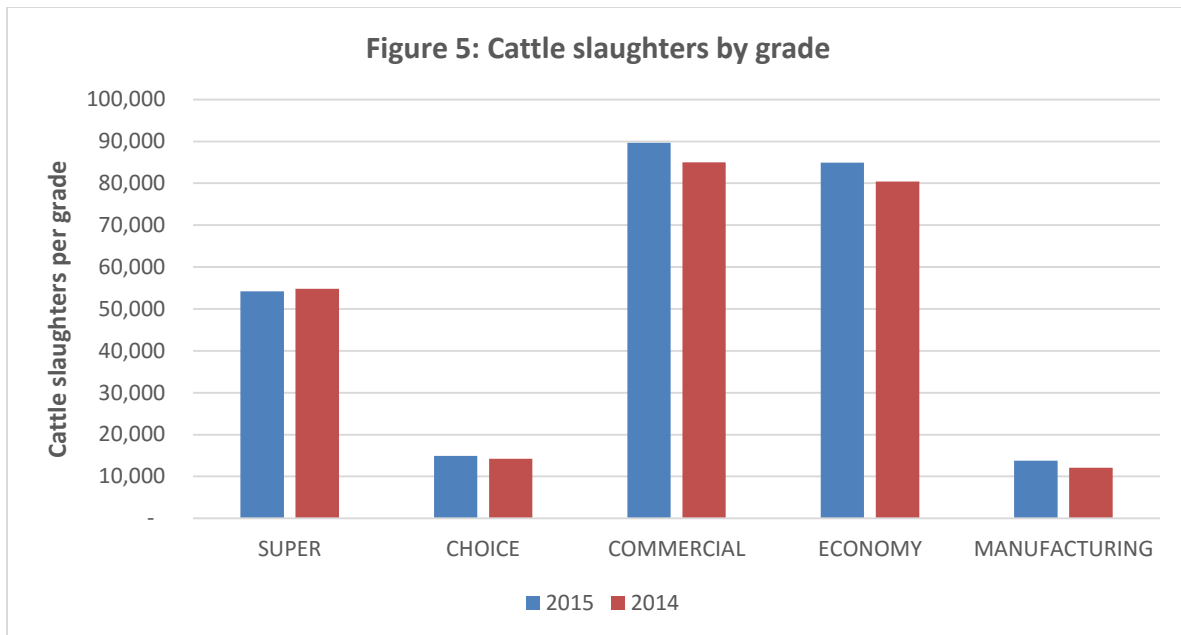
Table 3: Cattle slaughters by grade

Grade	Super	Choice	Commercial	Economy	Manufacturing	CSC	Total
Nov	3, 771	768	5, 360	6, 968	1, 430	1, 802	20, 099
Dec	5, 179	907	6, 125	8, 109	1, 440	1, 749	23, 599

Commercial and economy grades have dominated the slaughters for the last two years and total cattle slaughters in 2015 were 257,525, an increase of 4% compared to 2014 (see Figure 5).

2.2 Beef Trade

Statistics from ZimSTAT (Figure 6 below) show a declining trend in imports in 2015 compared to 2014. This is shown by an overall decrease in volume of 8%, nearly 783,000kg. An increase in value was noted from \$1.66 million in 2014 to \$1.73 million in 2015.



2.3 Production Issues

By the third week of January, approximately 14,000 cattle had died due to the effects of the drought (see Table 4). Matabeleland North and South, Midlands, Masvingo and Manicaland recorded most cattle deaths. A partnership has been proposed between government, abattoir operators and cattle producers experiencing drought stress which facilitates the establishment of feedlots, the procurement of raw materials for feed manufacture and the distribution of survival feeds to preserve core breeding animals.

Table 4: Summary of cattle deaths due to drought as at 20th January 2016

Province	Number of deaths
Masvingo	4, 925
Manicaland	3, 111
Matabeleland North	3, 451
Matabeleland South	1, 268
Midlands	1, 301
Grand Total	14, 056

Source: Department of Livestock Production and Development

The spread of Foot and Mouth Disease (FMD) has significantly reduced through vaccination efforts. Stakeholders are concerned that the outbreak may resurface as cattle are being moved in search of grazing pastures, increasing the risk of contact with buffaloes, the host of the FMD virus.

Trade in hides and skins on the domestic market has been minimal as the price has significantly declined to between \$0.50 - \$0.60/kg. While the export market is offering competitive prices of \$0.70 - \$0.85/kg, the current \$0.75 cents/kg surtax on exported hides effectively acts as an export ban on unprocessed hides, a policy meant to promote value addition and beneficiation of raw hides to wet blue. In order to restore access to international markets, the Zimbabwe Association of Abattoirs submitted a position paper to assist policymakers appreciate the impact of the policy on the sector and the economy as a whole.

The Beef Carcass Classification and Grading System has been reviewed to ensure that it does not discriminate against carcasses from smaller cattle breeds such as the Mashona. It is envisaged that the new classification system will also be applied to goat and sheep meat.

3.0 Poultry Sector

3.1 Chicken Production

The broiler industry continues to contract. In 2015, breeder stocks, growing, in-lay and chick production, were 12, 22 and 18% down when compared to 2014. Production of hatching eggs was 6% lower but these were partly offset by imports which increased by 29% over the previous year (see Table 5).

After peaking at 6.9 million chicks in June, chick sales and retentions continued to decline to the end of year and totalled 74.5 million in 2015, 4% lower than 2014. Similarly, chick prices declined from \$74 per 100 chicks in June to \$64 in December.

The number of birds slaughtered and total dressed weight of broiler meat in the large scale chicken abattoirs in 2015 were 1.85 million birds and 2,960mt per month, which was 7% and

10% higher than in 2014. However, abattoirs experienced difficulties in offloading meat, leading to stock build-ups, 26% higher than in 2014 and averaging 868mt/month.

The average producer price was 4% lower than in 2014 and declined to \$2.55/kg CDM for the last quarter of 2015, while wholesale prices in 2015 of whole birds and chicken portions were 0% to 5% lower than in 2014.

Table 5: Zimbabwe Poultry Association Broiler Monthly Average Production Returns, 2013 to 2015

BROILER PRODUCTION	2013	2014	2015
<u>Female Parent Stock</u>			
Chick Sales - including exports	29,058	32,542	28,875
Chick Retentions/Placements	55,533	38,715	34,157
Growing	335,298	321,219	282,157
In Production	416,631	427,152	332,256
Chick Exports	26,808	29,619	28,875
<u>Hatching Eggs</u>			
Produced (ea)	6,595,316	6,824,403	6,395,463
Imported (ea)	657,877	1,672,047	2,161,994
Sales - including exports (ea)	512,130	742,390	267,340
Price	0.37	0.35	0.35
Exported (ea)	150	104,580	-
<u>Day Old Chicks</u>			
Retentions/Placings	1,115,985	1,053,060	1,050,543
Sales - including exports	4,251,959	5,478,107	5,276,657
Price per 100 chicks	79	70	69
Exports	21,167	63,123	115,457
<u>Broilers</u>			
Number slaughtered	1,719,340	1,738,026	1,851,737
Average live weight	1.54	1.87	1.90
Producer price, \$/kg	2.12	2.04	1.95
Total dressed weight, tonnes	2,627	2,690	2,960
Wholesale - whole bird	3.38	3.26	3.13
Leg quarters	3.90	3.74	3.67
Breast	5.40	5.05	5.08
1kg IQF	3.34	3.12	3.05
2kg IQF	3.27	3.06	2.91
Exports (tonnes)	-	-	-
Stock Holding (tonnes)	744	688	868

3.2 Market Issues

Demand for poultry products picked up during the festive season and early January 2016. Despite a low influx of imports, local demand has started showing signs of slowing down due to other factors, among them reduced buying power and increased competition from lower priced beef products.

The producer price for broilers is between \$1.85 – 1.9/kg live weight whilst wholesale broiler meat prices are between \$2.50 – 2.80/kg.

3.3 Chicken Imports

Imports drastically reduced since November 2015 but concerns have been raised once again regarding the resurgence of imports, driven by the weakening rand and the AGOA agreement between South Africa and USA which includes beef, pork and poultry products. The Division of Veterinary Services has reassured stakeholders that no permits are being issued for the importation of beef, pork and chicken. This policy needs support from all industry stakeholders for it to be effective and to minimize the inflow of illegal imports by reporting such malpractices to relevant government authorities.

3.4 Table Egg Production

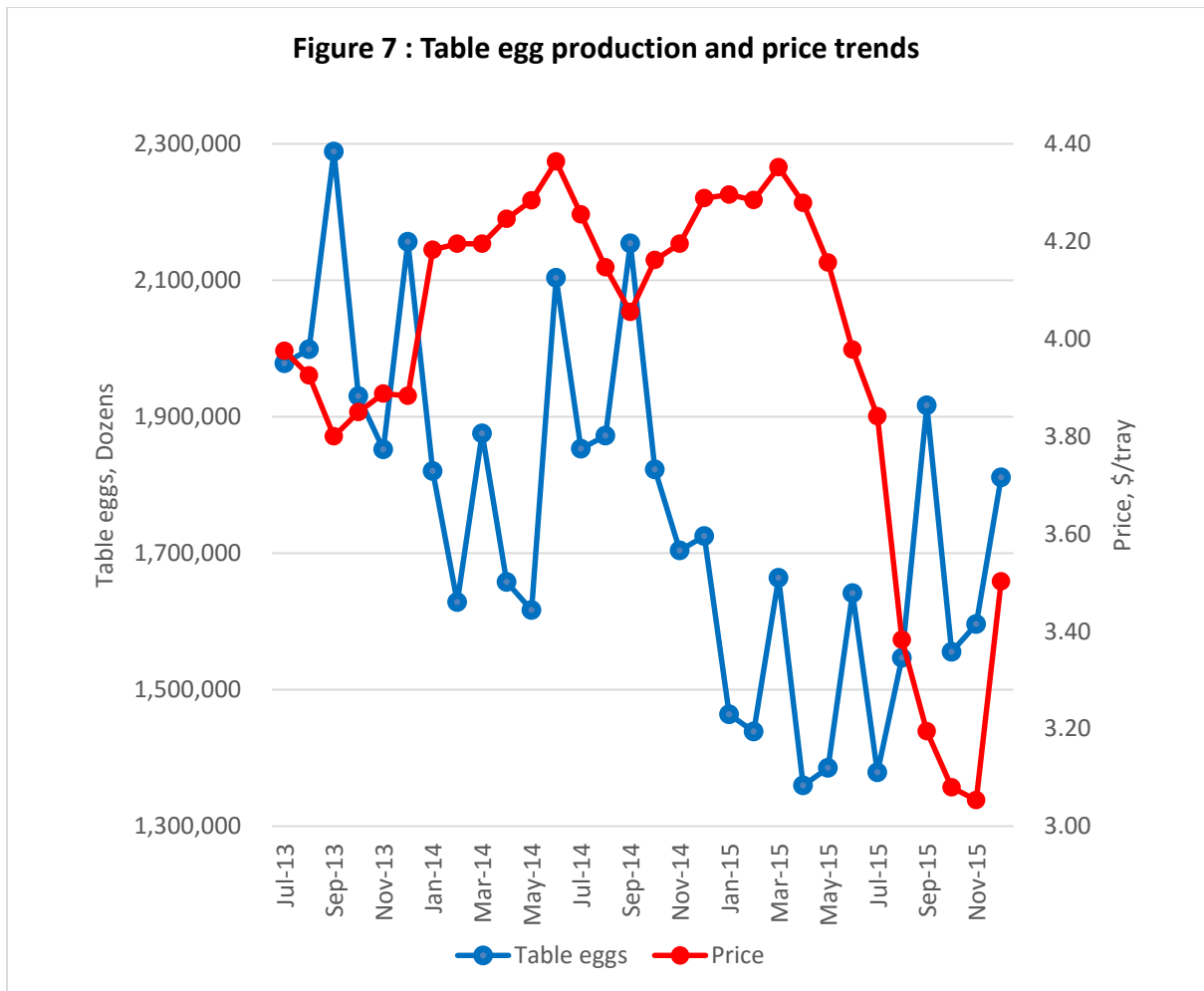
While growing and in-production layer breeder stocks declined in 2015 compared to 2014, breeder chicks increased by 84%. The reduced production of layer hatching eggs in 2015 by 36% was offset by a large (309%) increase in imports which resulted in record production of sexed pullets of 3.21 million compared to 2.33 million in 2014.

Production of table eggs in the large scale sector continues to decline and averaged 1.56 million dozen eggs per month in 2015, being 19% lower than that of 2014 (Figure 7). However, production in the small to medium scale sector based on sexed pullet sales is estimated to have peaked at 3.5 million dozen in December, yielding a grand total of 5.3 million dozen per month. This is in contrast to the long-term (January 2011 to July 2015) average of 4.1 million dozen per month. This estimated increase in egg production is thought to be the main reason for the collapse in the producer price for table eggs which was 10% lower than 2014 and averaged \$3.21 per tray in the last quarter of 2015 (Figure 7).

3.5 Veterinary Report

Incidence of Newcastle Disease have been quiet due to reduced live bird market activity at Mbare Msika.

Quail producers are forming an Association to promote production and to ensure that their activities are regularised for the good of their industry.



4.0 Pork Sector

A total of 140,445 pigs were slaughtered in 2015, an increase of 4% over 2014. Predominant grades slaughtered were porkers and baconers and prices have continued to decline as demand for pork is being affected by depressed buying power due to low household incomes and fall in the price of alternative meat products. The producer price is currently \$2.45 – 2.50/kg (Figure 8).

In South Africa, the producer price declined from \$1.65/kg in November to \$1.29/kg in January 2016, a price below the international price of \$1.45/kg (Table 6).

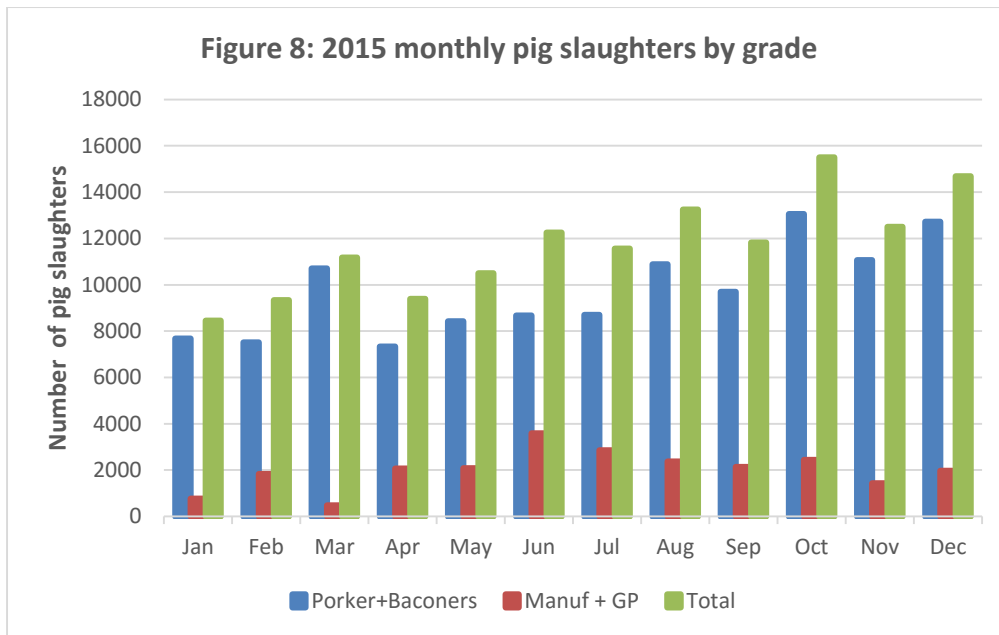
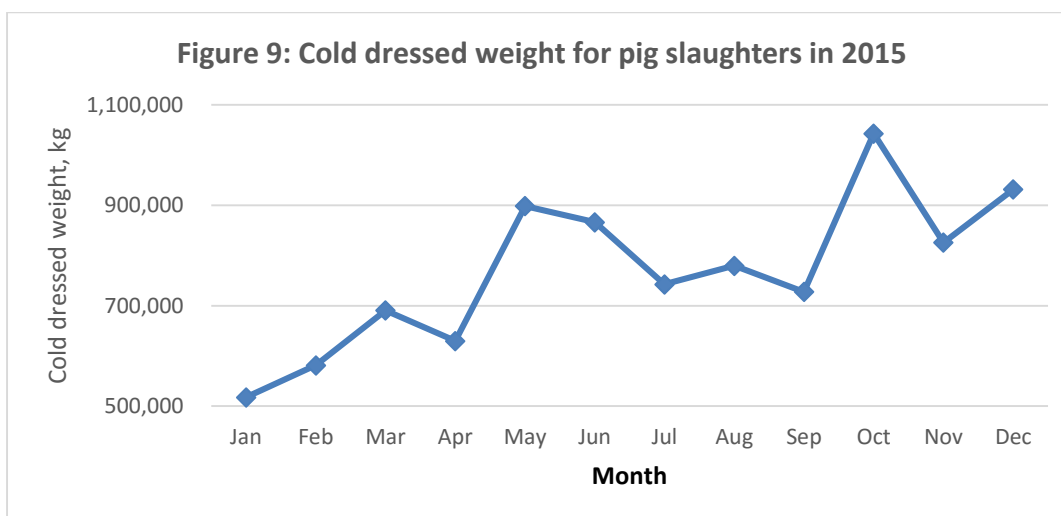


Table 6: Pork producer prices

		January 2016 (US\$/kg)	Nov 2015 (US\$/kg)
Producer price	Zimbabwe	2.45 – 2.50	2.70
	South Africa	1.29	
	International	1.45	

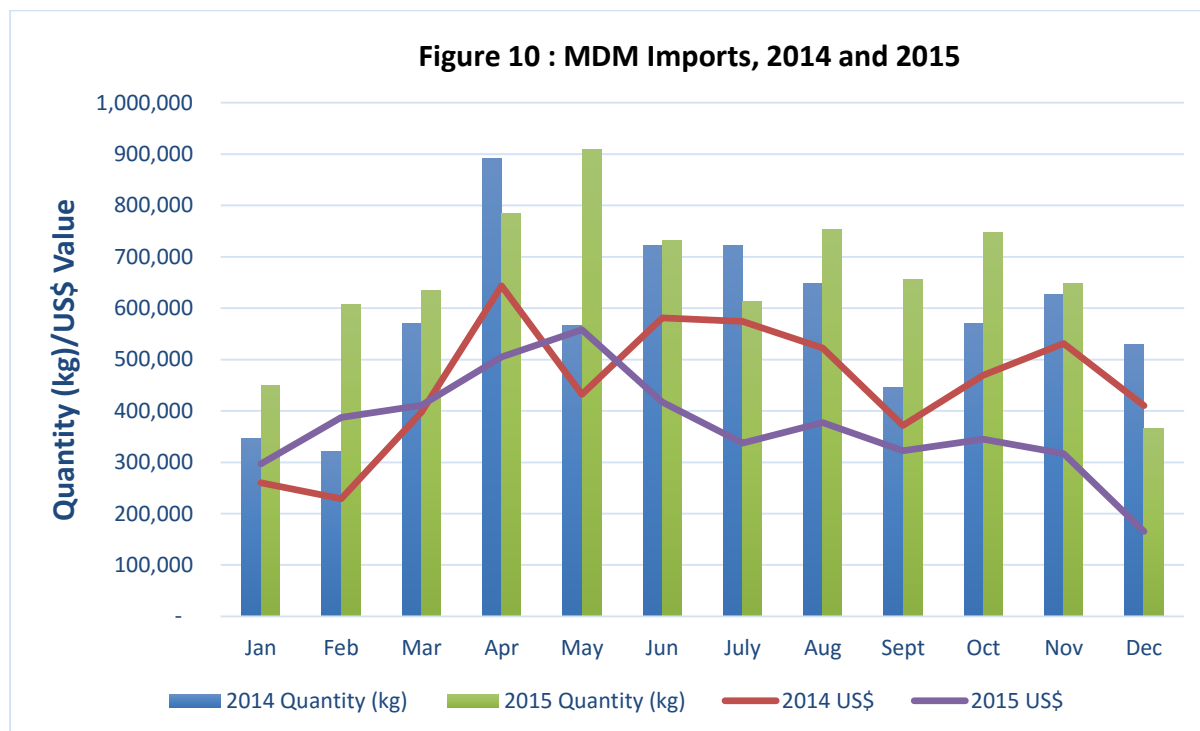
Source: Pig Producers Association of Zimbabwe

The cold dressed weight for pigs slaughtered in December 2015 was 932,000kg, an increase of 13% over November (Figure 9).



5.0 Meat Processing Sector

To December 2015, the cumulative total imports of mechanically deboned meat (MDM), a key raw material in making processed meats, registered a 12% slump in volume compared to the same period during 2014 (Figure 10). The unit price declined by 42% in December 2015 to \$0.45/kg. The corresponding total value of imports in 2015, shown in Figure 10, was \$3.6 million against a figure of \$4.5 million in 2014. This decrease has been mainly attributed to the continual depreciation of the Rand.

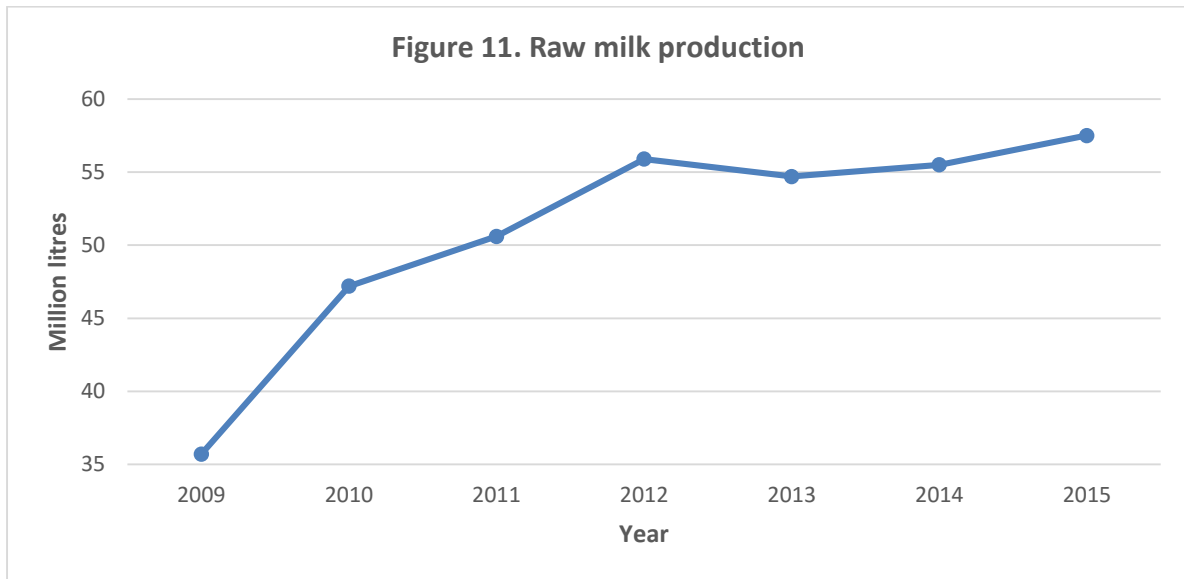


In the last week of October 2015, World Health Organisation (WHO) released a statement claiming that the consumption of red and processed meats causes stomach and colon cancer. The report classified unprocessed red and processed meat as highly carcinogenic, which ranks in the same category as tobacco. The Livestock and Meat Advisory Council refuted the claims and published an article noting the importance of consuming a balanced diet, including protein derived from livestock products. It is important to note that WHO have since qualified its statement which was largely based on eating habits in rich developed countries.

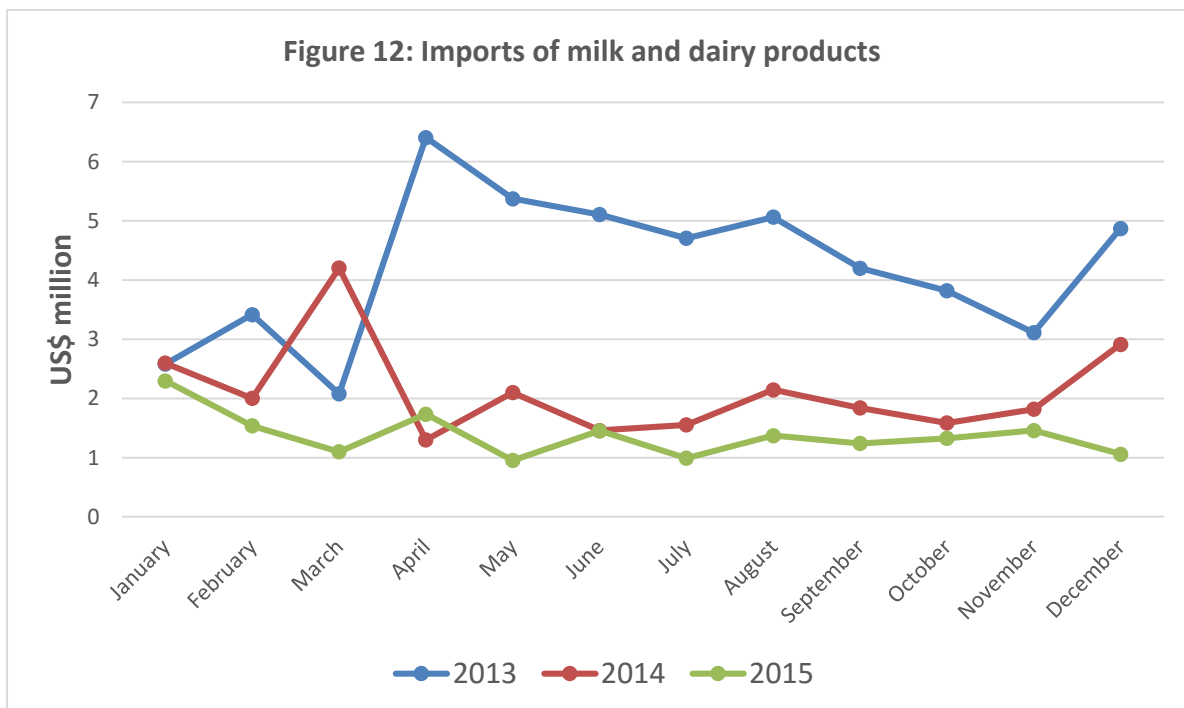
6.0 Dairy Sector

The dairy industry continues to record a gradual increase in raw milk production and the year on year comparison shows an increase of 4% from 55.5 million litres in 2014 to 57.5 million litres in 2015 (Figure 11 below). The increase is partly attributable to the Dairy

Revitalization Program which seeks to revive the dairy sector. However, production still falls short of the national raw milk requirement of 120 million litres.



A significant decrease of 35% was recorded in the total value of dairy imports for 2015 (Figure 12). This compares favourably to 2014 where a total of \$26 million was spent on milk imports. This trend is encouraging for the resuscitation of the local dairy industry.



7.0 Fish Sector

Fish trade in Zimbabwe has been dominated by imports and Namibia is the major source (Table 7). Zimbabwe has the potential to be a net fish exporter if the right policies are put in place such as the promotion of aquaculture to complement catch fisheries and concerted efforts are made to promote a fish eating culture among Zimbabweans. The Zimbabwe Fish Producers Association will be formally launched on 17th March with the primary objective of promoting fish production in Zimbabwe.

Table 7: Fish trade balance in Zimbabwe: US\$ thousands

Code	2010	2011	2012	2013	2014	2015
Exports	3, 247	4, 701	6, 599	5, 290	15, 300	12, 262
Imports	12, 937	20, 172	20, 207	22, 920	23, 359	23, 675
Trade balance	(9, 690)	(15, 471)	(13, 608)	(17, 630)	(8, 059)	(11, 413)

Source: ITC Trademap and ZimSTATS 2015 data.

Table 8 shows Zimbabwe's production relative to global fish production, a contribution of only 0.012%. The sector has the capacity to grow as it has many underutilised water bodies conducive for fish production and low cost fish production systems can be introduced to prop up production in unconventional fishing sites.

Table 8: Global fish production

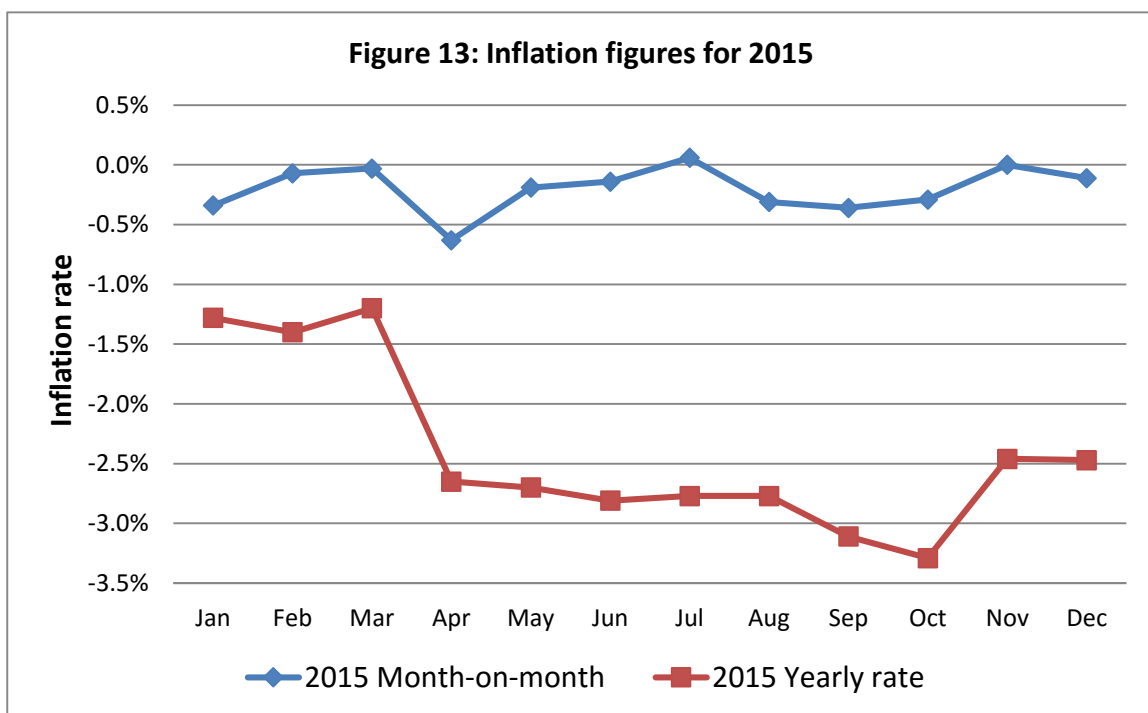
Country	Capture (t)	Aquaculture (t)	Total (t)	% of global production
Zambia	76, 214	12, 988	89, 202	0.056
Tanzania	29, 410	10	29, 420	0.019
Zimbabwe	10, 500	8, 010	18, 510	0.012
Global production	91, 336, 230	66, 633, 253	157, 969, 483	

Source: Agribusiness in Zimbabwe. Dutch Embassy in Zimbabwe (2015)

8.0 Economic Highlights

The Reserve Bank of Zimbabwe presented the monetary policy statement in January 2016 which outlined the key drivers of economic performance in the country and the impediments to achieving the country's projected economic growth prospects. Illicit financial outflows have been pinpointed as one of the major sources of financial leakages in the country. Others mentioned in the monetary report are tax evasion; porous border posts; smuggling and non-payment of loans. These factors have also contributed to liquidity shortages obtaining in the country. The authorities have suggested a raft of measures which has been termed as "plugging the leakages approach" to complement other efforts being pursued by the government which include the rapid results framework to improve the ease doing of business in the country.

The country's inflation rate has remained in negative territory (figure 13) since the last quarter of 2014 due to the lack of economic stimuli to increase money supply in the economy through exports and investments; low aggregate demand and low productivity in key sectors of the economy. The year closed with an inflation rate of -2.47%. This trend is likely to persist into 2016 as the performance of the agriculture sector has been undermined by the drought caused by the El Nino weather phenomenon. The mining sector is facing pressure from low demand for commodities which has led to a drop in major metal prices throughout 2015 and a slowdown in the Chinese economy. The strengthening of the US dollar also poses major challenges to growth of an economy such as Zimbabwe which uses the currency but competing in a region where local currencies (e.g. the Rand and the Kwacha) are depreciating.



Source: ZimSTAT