



# THE WEEKLY AGRO WATCH



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30<sup>th</sup> May, 2016 Vol.3. No.22



## *In this week's issue:*

- SA wheat import tariff anticipated to rise
- Russia foresees meat supply glut

### Zambia's Trade Deficit Declines

Zambia's trade deficit marginally declined in April 2016 to K751.3 million. This is four percent lower than the March Trade deficit of K782.3 million according to the Central Statistical Office. The percentage share of non-traditional exports declined to 30.8 percent of total exports in April 2016. Between March and April 2016, there was a general drop in the value of agricultural exports. The value of maize exports dropped from K130.6 million to K93.1 million partly due to export controls. The slight appreciation of the local unit against the US dollar also aided in the reduction in the nominal kwacha value of the agricultural exports.

## Exchange Rates

| CURRENCY                       | 30/05/2016 |       |        |        |          |       | 23/05/2016 |       |       |       |          |       |
|--------------------------------|------------|-------|--------|--------|----------|-------|------------|-------|-------|-------|----------|-------|
|                                | US Dollar  |       | RAND   |        | GB Pound |       | US Dollar  |       | RAND  |       | GB Pound |       |
|                                | Buy        | Sell  | Buy    | Sell   | Buy      | Sell  | Buy        | Sell  | Buy   | Sell  | Buy      | Sell  |
| <b>FNB</b>                     | 10.32      | 10.51 | 0.66   | 0.67   | 15.06    | 15.36 | 10.18      | 10.39 | 0.66  | 0.67  | 14.78    | 15.08 |
| <b>Standard Chartered Bank</b> | 10.34      | 10.54 | 0.66   | 0.68   | 15.11    | 15.40 | 10.15      | 10.35 | 0.65  | 0.66  | 14.73    | 15.01 |
| <b>ZANACO</b>                  | 10.26      | 10.45 | 0.65   | 0.66   | 15.0     | 15.28 | 10.16      | 10.36 | 0.65  | 0.66  | 14.75    | 15.03 |
| <b>Bank of Zambia</b>          | 10.37      | 10.42 | 0.6566 | 0.6598 | 15.17    | 15.24 | 10.24      | 20.28 | 0.651 | 0.654 | 14.81    | 14.87 |

## Parity Prices

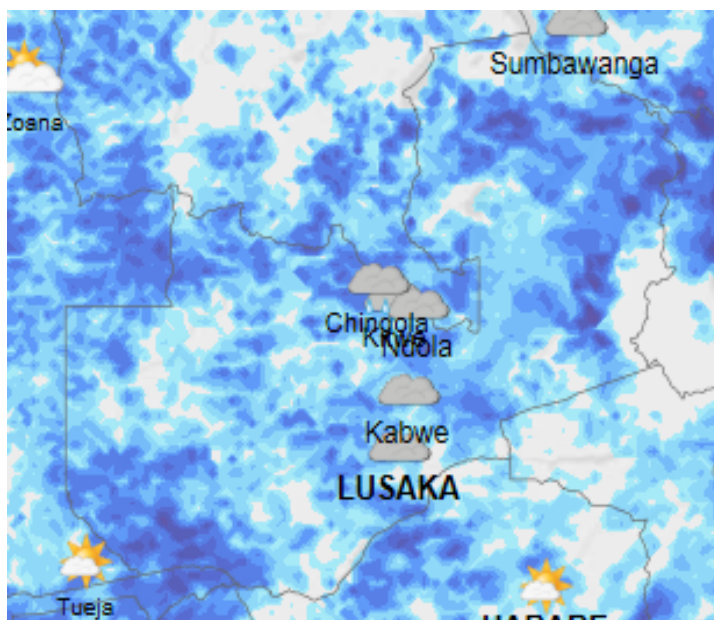
| Domestic Import Parity Prices as at 27/05/2016 |                         |         |        |        |        |
|--|-------------------------|---------|--------|--------|--------|
| US\$/ZAR=15.57 US\$/ZMW=10.45                  |                         |         |        |        |        |
| Parity Prices                                  |                         | U\$/ZMW | Maize  | Soya   | Wheat  |
| Lusaka   |                         | 10.45   | 471.88 | 637    | 484.83 |
| Town   | Ex-Lusaka freight (ZMW) | \$      | \$     | \$     | \$     |
| Chipata  | 275                     | 26.32   | 498.20 | 663.32 | 511.15 |
| Mkushi   | 225                     | 21.53   | 493.41 | 658.53 | 506.36 |
| Ndola  | 250                     | 23.92   | 495.80 | 660.92 | 508.75 |
| Kitwe  | 250                     | 23.92   | 495.80 | 660.92 | 508.75 |

Note: Import parity based on July delivery

| Export Parity Price Ranges (EPP) Harare-Lusaka as at 23/05/15 |               |
|---|---------------|
| Soya Beans  | 456.75-472.77 |
| Wheat   | 330-349.5     |
| Maize   | 240.3-291     |

## Weather Forecast

The table below summarizes the weather forecast for some selected towns for the period, 31<sup>st</sup> May to 6<sup>th</sup> June 2016. No rains are forecast and light to gentle winds are expected.



| TOWN   | WEATHER SUMMARY                |
|--------|--------------------------------|
| Ndola  | ➤ Average daily Temps: 11-25°C |
| Mkushi | ➤ Average daily Temps: 12-25°C |
| Kabwe  | ➤ Average daily Temps: 11-24°C |

|             |                                      |
|-------------|--------------------------------------|
| Lusaka      | ➤ Average daily Temps: 11-23°C       |
| Mazabuka    | ➤ Average daily Temps: 11°C to 25°C. |
| Choma       | ➤ Average daily Temps: 11 -23°C      |
| Livingstone | ➤ Average daily Temps: 11-25°C       |
| Mongu       | ➤ Average daily Temps: 14-27°C.      |
| Mansa       | ➤ Average daily Temps: 14-26°C.      |
| Kasama      | ➤ Average daily Temps: 12-26 °C.     |
| Solwezi     | ➤ Average daily Temps: 11-26°C.      |
| Chipata     | ➤ Average daily Temps: 13-26°C.      |

Source: Norway meteorological Institute

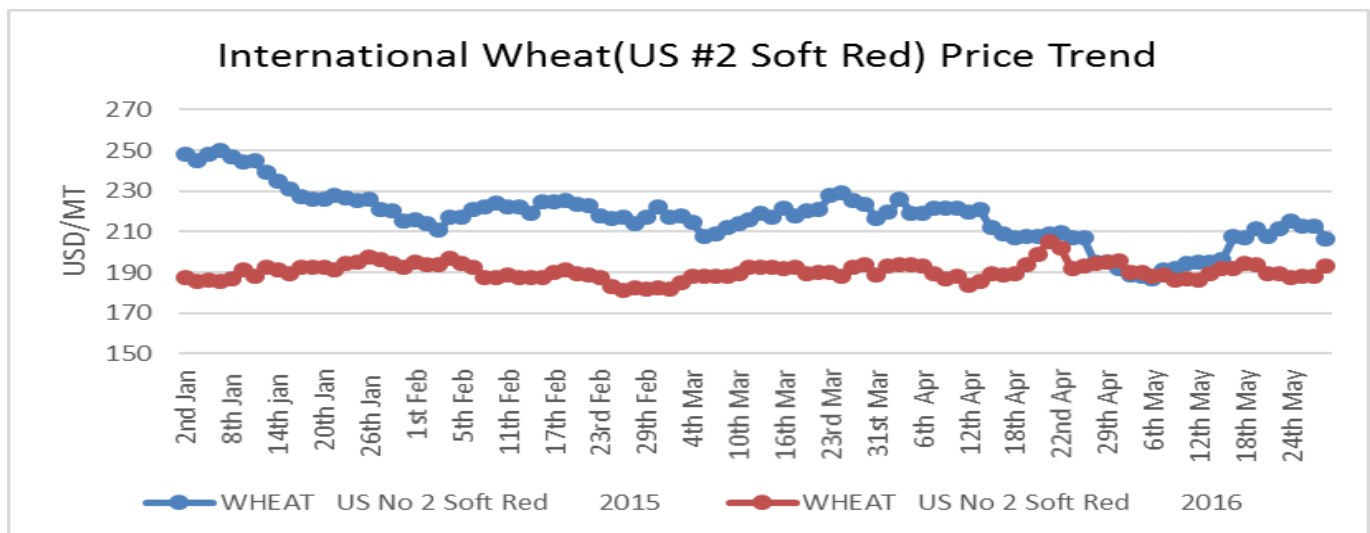
## Wheat

### Highlights

- The continued drop in US hard red wheat prices may lead to the South African government adjusting its wheat import tariff further upwards by about US\$15/ ton barely a month after tariffs were adjusted according to computations by the South African Grain Information Services as at 24<sup>th</sup> May 2016. The depreciation of the South African Rand will also aid an increase in the calculated tariff by almost 30%. South Africa's wheat import tariff system slides in response to changes in international US hard red wheat prices as quoted by the International Grain Council (IGC).
- Meanwhile, wheat prices quoted by IGC on 26<sup>th</sup> May however show that European Union (EU) France grade 1 wheat (priced at US\$177/ton) is cheaper than US wheat by about US\$11.6/ton. The EU therefore offers more lucrative prices for Southern African wheat importers.

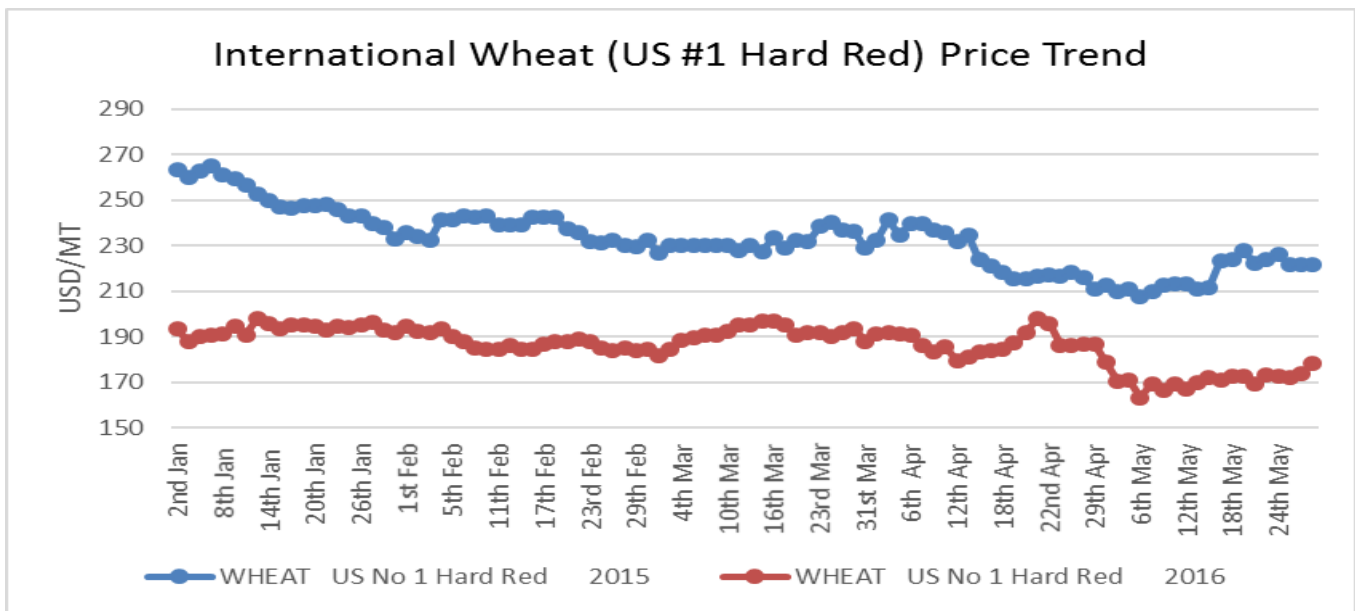
### Price trends

The Safex international soft red and hard red wheat prices averaged US\$174.03 /MT and US\$ 189.15/MT during the week ending 27<sup>th</sup> May 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

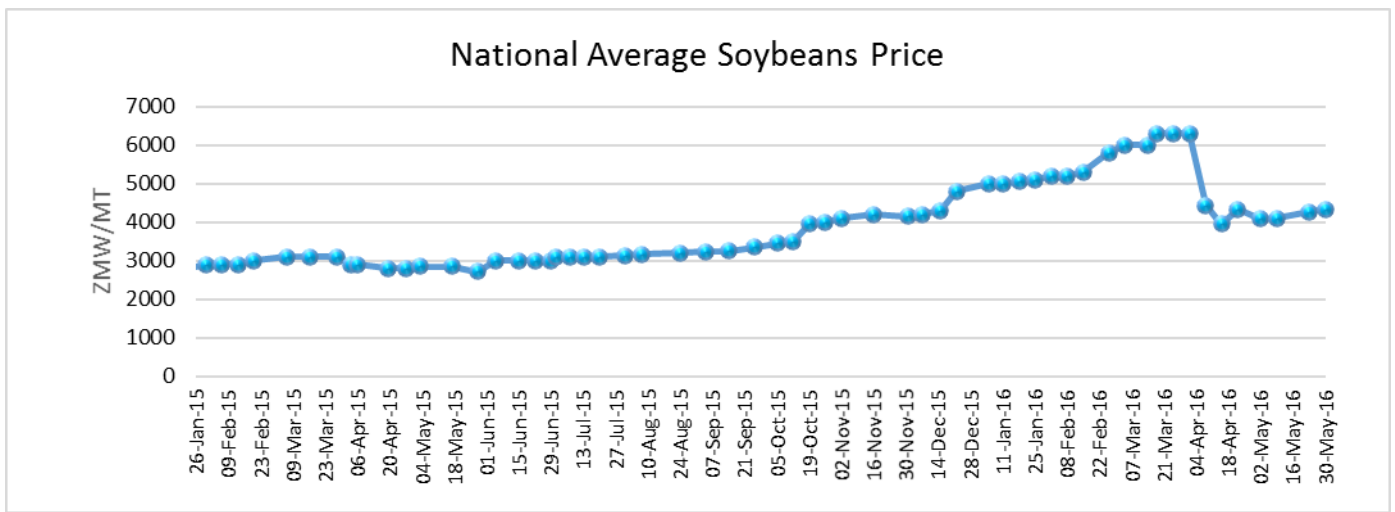
## Soya Beans

### Highlights

- Despite 1.65 million hectares of Argentina’s crop being affected by floods, the Buenos Aires Grain Exchange (BAGE) of Argentina is optimistic that the country will still meet their 56 million tons forecasted soya beans output for the current season on the backdrop of higher yields being experienced in key growing area. The National average yield has been projected at 3 tons per hectare with 72 percent of the crop being harvested. A harvest of 56 million tons will be another record high despite being lower than last year’s harvest.
- According to the ZNFU market Price Information System, average national offer prices were in the range of ZMW 3,000 – 5,800/MT with an average of ZMW4,300/MT last week as shown in the graph below;

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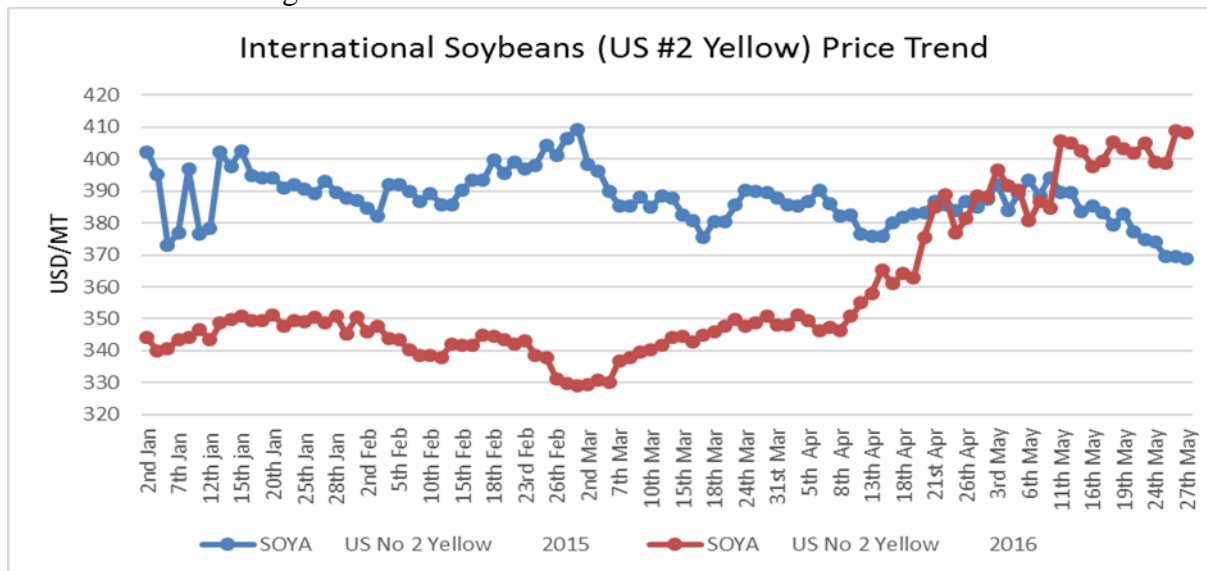




Source: ZNFU, 4455 Market Price Information System

### Price trends

International spot prices for US No. 2 yellow soya beans on Safex averaged US\$403.90/MT in the week ending 27<sup>th</sup> May 2016, a meagre 0.35% above the average price of US\$402.48/MT recorded in the previous week. Prices are fob gulf.



Source: Safex

## Maize

### Highlights

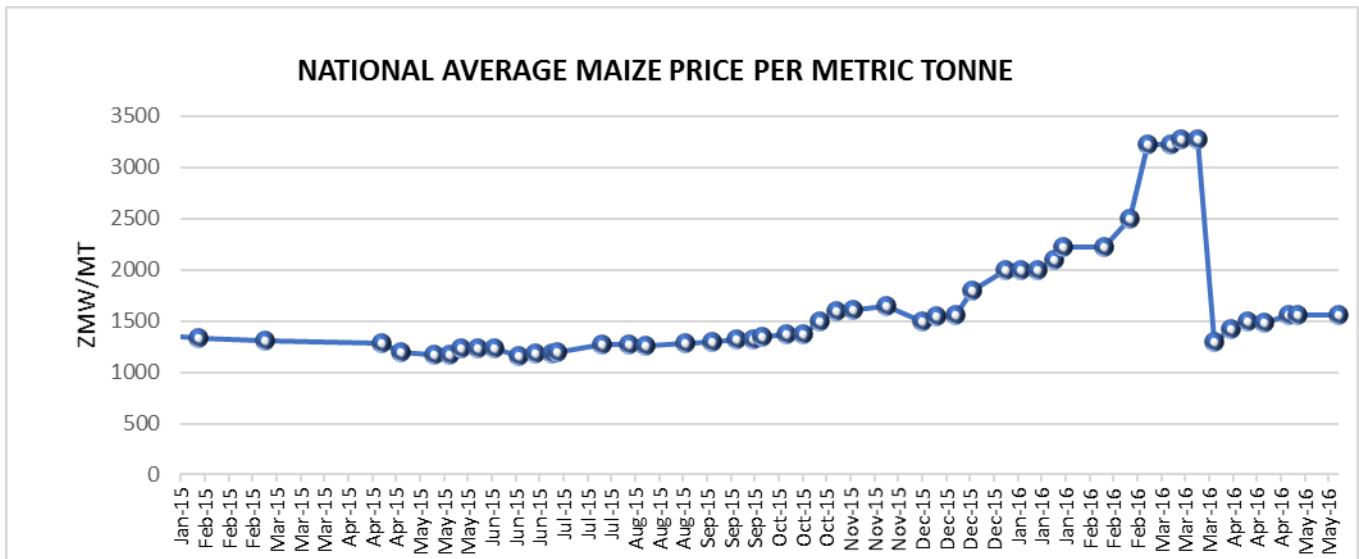
- Market indications are that Russia is likely to increase its maize plantings in the year beginning October 2016 by 7.1 percent to 3 million hectares. SovEcon, A Russian based agro consultant and the Russian Institute for Agricultural Studies have been quoted stating that the expanding demand

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of maize by the Russian Livestock Industry is supporting the increased plantings. Furthermore, government interference in the wheat market, the country's main staple is discouraging growth of the commodity. Russia's non GM crop is already attracting Indian markets.

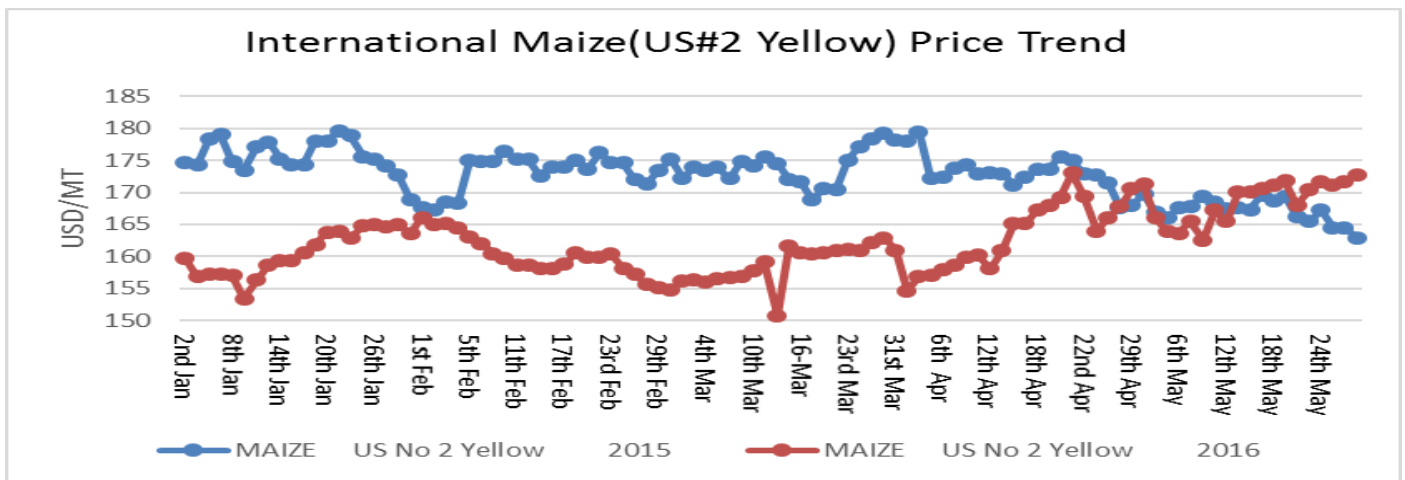
- Maize purchase offer prices were hovering around ZMK1300-1900/MT last week according to the ZNFU market information system.



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 27<sup>th</sup> May 2016, 0.66% above the previous week's average. All prices are fob gulf.



Source: Safex

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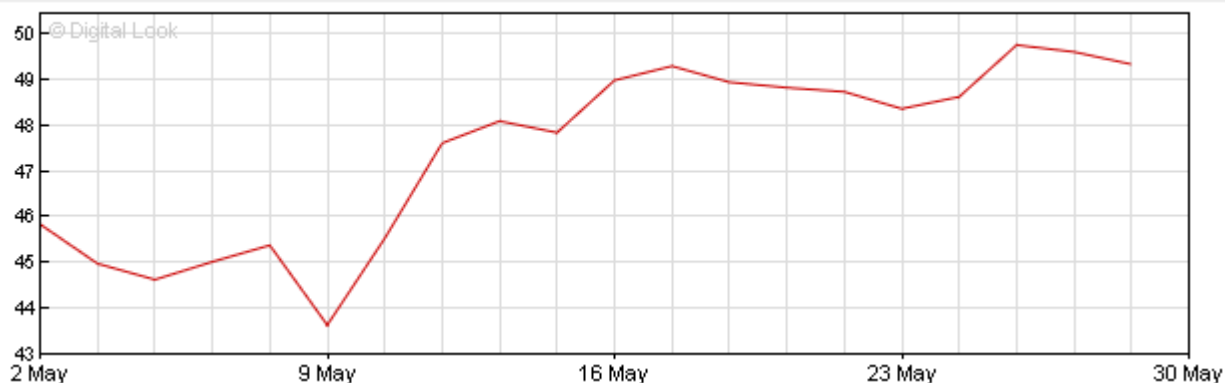




## Crude oil

- Mohammed bin Saleh, Qatar's Minister of Energy and current President of OPEC has not ruled out the possibility of the oil cartel revisiting the possibility of freezing production despite the OPEC member states failing to agree last month. Saleh, in an interview with Associated Press, cautioned that the security of future supply is at risk due to the slump in prices and indicated that a minimum price of US\$65/barrel was badly needed at the moment.
- Brent crude oil futures prices around 11:15hrs CAT on 30<sup>th</sup> May 2016 were pegged at US\$48.97/barrel.
- The Dubai Mercantile exchange crude oil marker price for July 2016 delivery settled at US\$46/barrel on 27<sup>th</sup> May 2016, slightly up from the settlement price of US\$45.59/ barrel on 20<sup>th</sup> May 2016.

### Brent Crude Oil Futures \$/barrel



Source: BBC, 2016.

## Beef

### Highlights

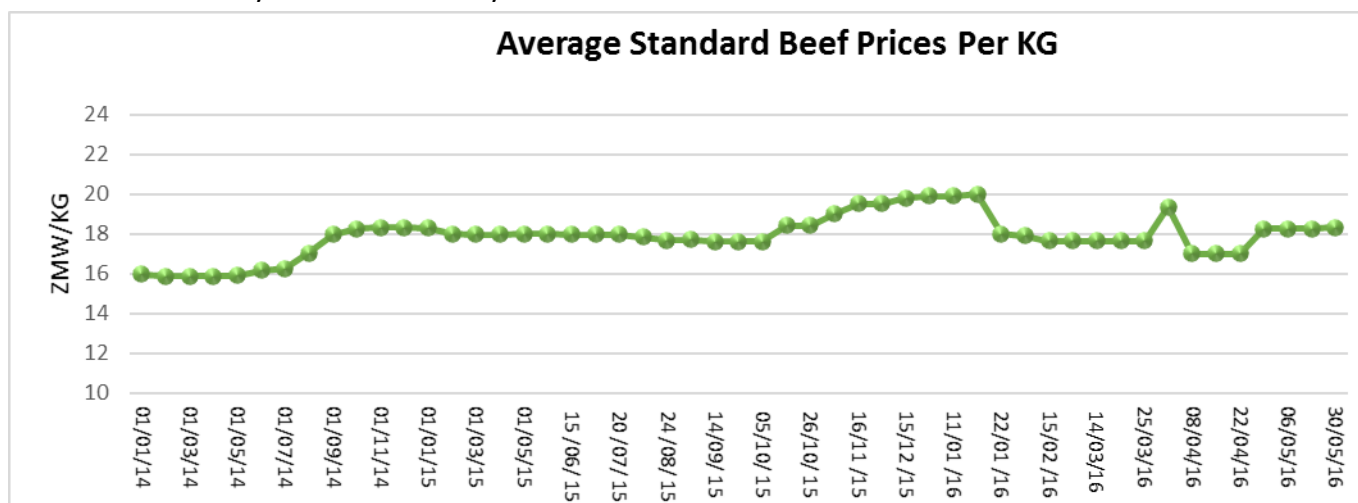
- The Russian government's continued subsidies to its meat industry has raised concern by some market players due to the threat of oversupply over the next five years as the industry continues to record spontaneous growth. According to Global meat news, meat output increased by 13.5 percent during the first four months of 2016 in comparison to last year. A glut in supply would render non-subsidized farmers bankrupt and increase Russia's propensity for cheap exports.
- Namibian grade A beef prices in abattoirs, captured by the Namibian Meat board, were in the range of ZAR32-37/kg during the week ending 23<sup>rd</sup> May 2016 to trade. The auction price for heifers and weaners

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also increased from ZAR 15.60/kg and ZAR16.25/Kg to ZAR16.03/kg and ZAR 18.37kg respectively between 13<sup>th</sup> and 30<sup>th</sup> May 2016.

- Dressed weight beef prices were averaging ZMW18.3/kg during the week ending 27<sup>th</sup> May 2016. This is as monitored by the ZNFU 4455 system.

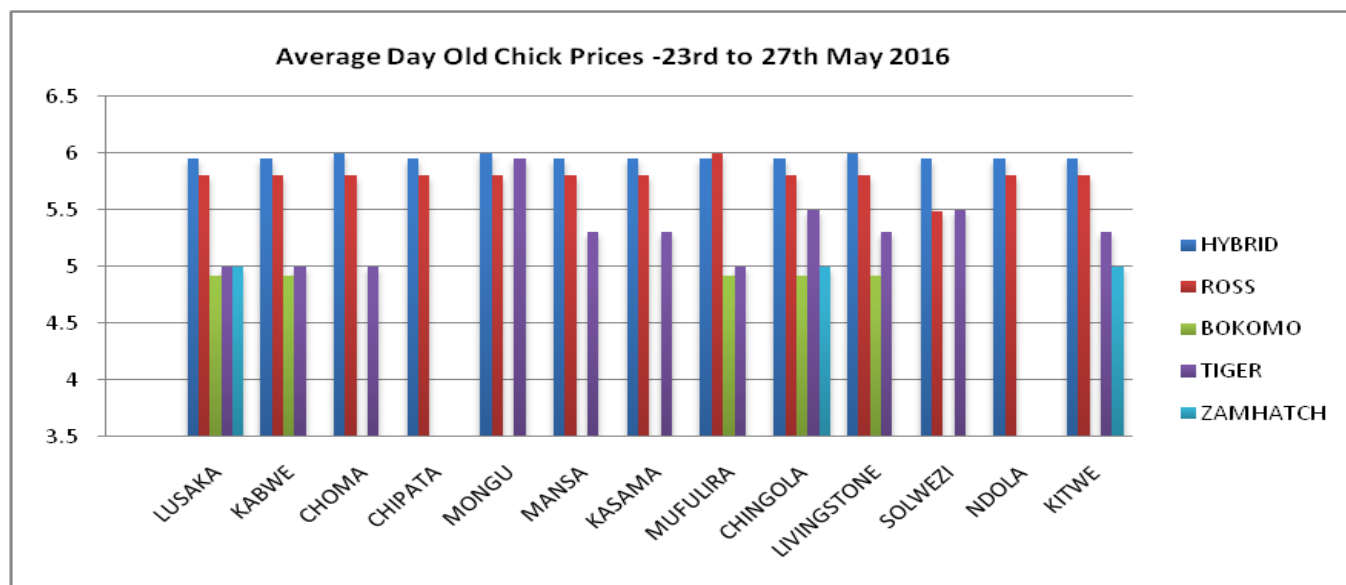


Source: ZNFU, 4455 Market Price Information System

## POULTRY UPDATES FOR THE WEEK ENDING 27<sup>th</sup> MAY 2016

### AVERAGE DAY OLD CHICK PRICES

The graph below shows the price of different breeds of day old chicks in selected towns. Prices of day old chicks were stable during the course of the week. However, industry players have expressed concern at the high cost of poultry production in the sector which in turn is affecting the sales of day old chicks.



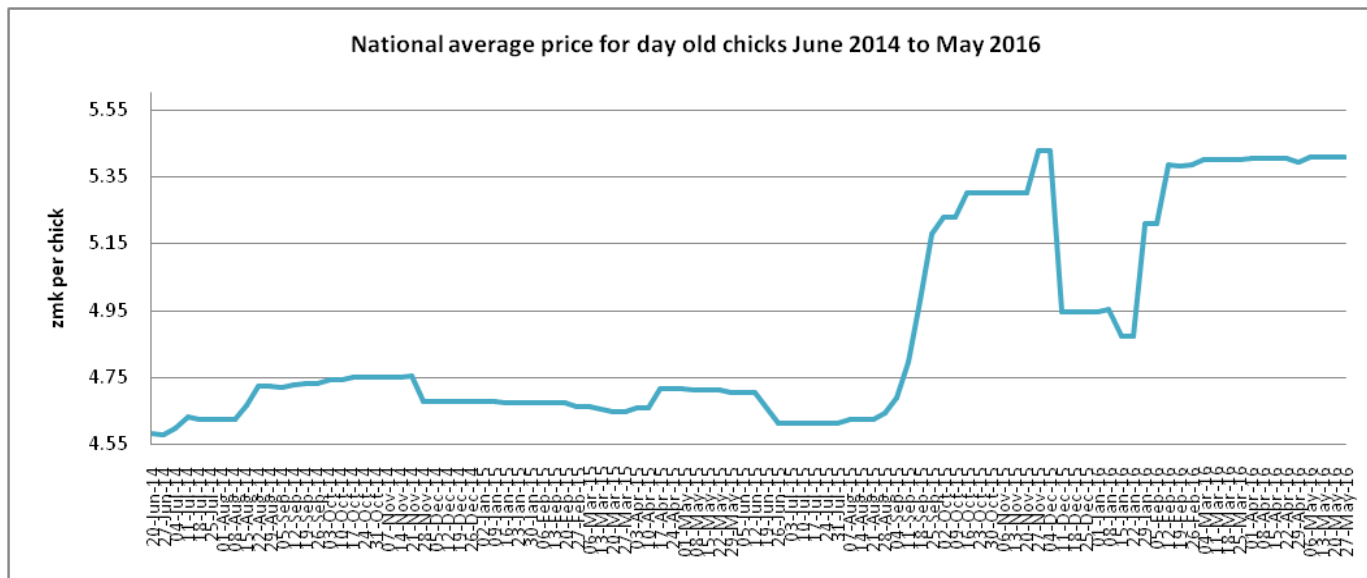
Source: Poultry Association of Zambia

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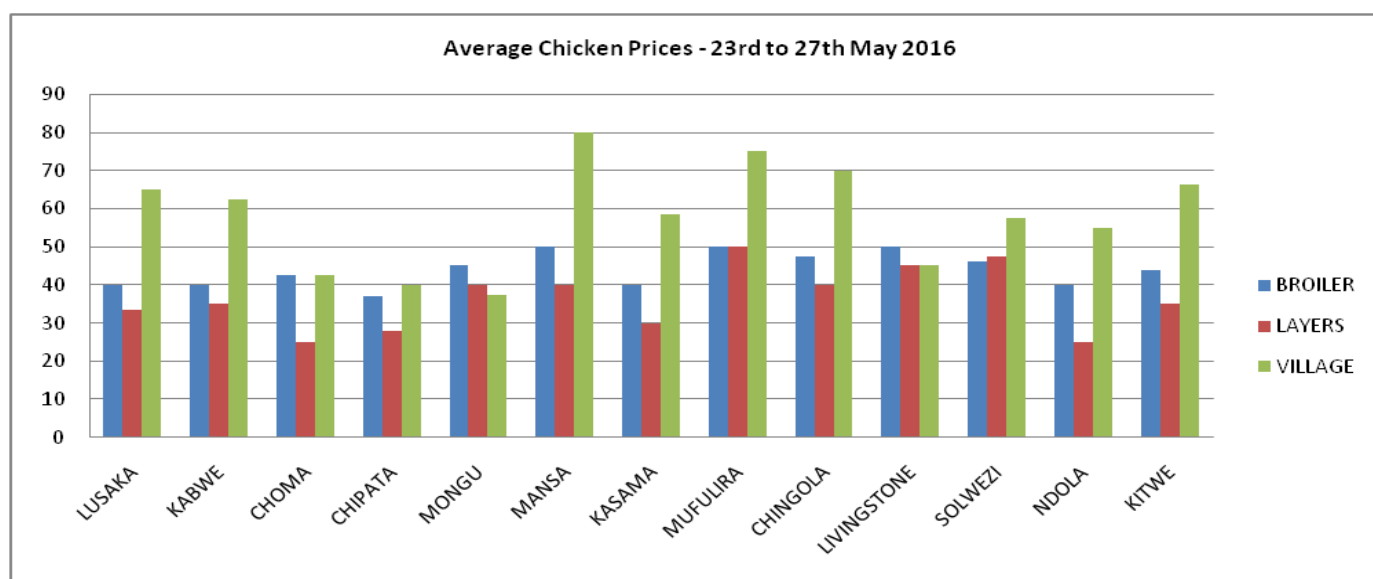
The graph below shows the national average price trend for day old chicks from June 2014 to May 2016. The graph shows that the national average price of day old chicks is ZMW5.41.



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. Low prices, in relation to input costs, have continued to prevail in the live bird market. Bulk sales of broiler birds in Lusaka were averaging ZMW35 per bird.

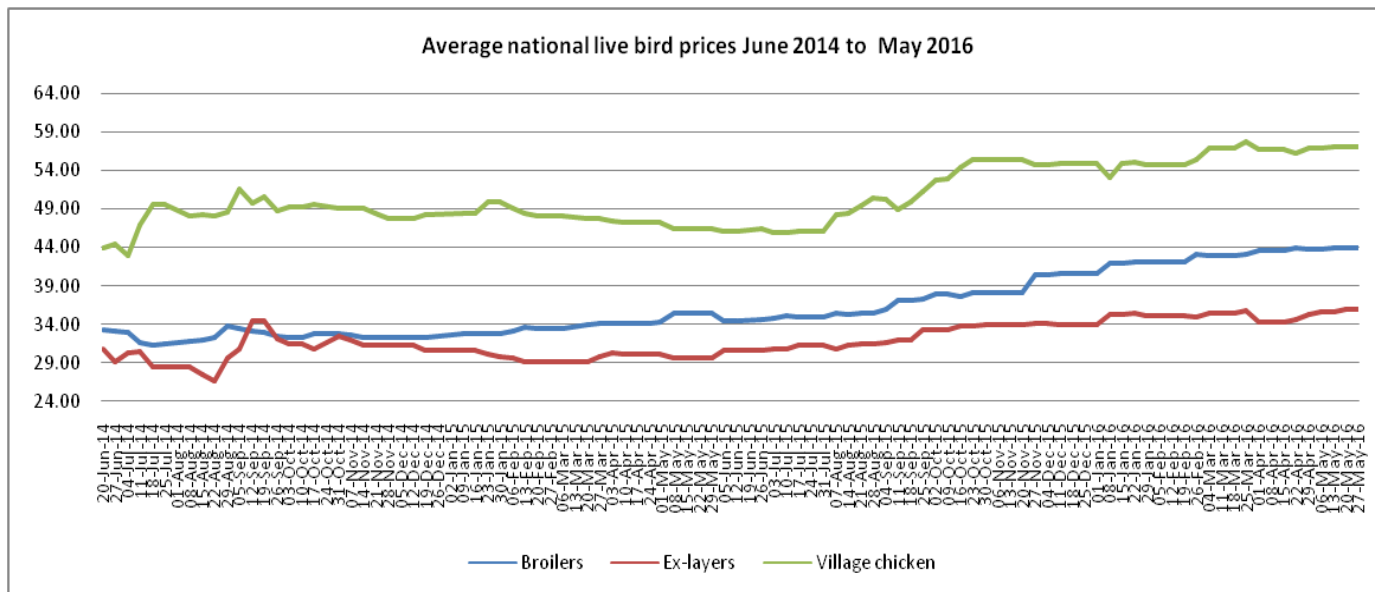


Source: Poultry Association of Zambia

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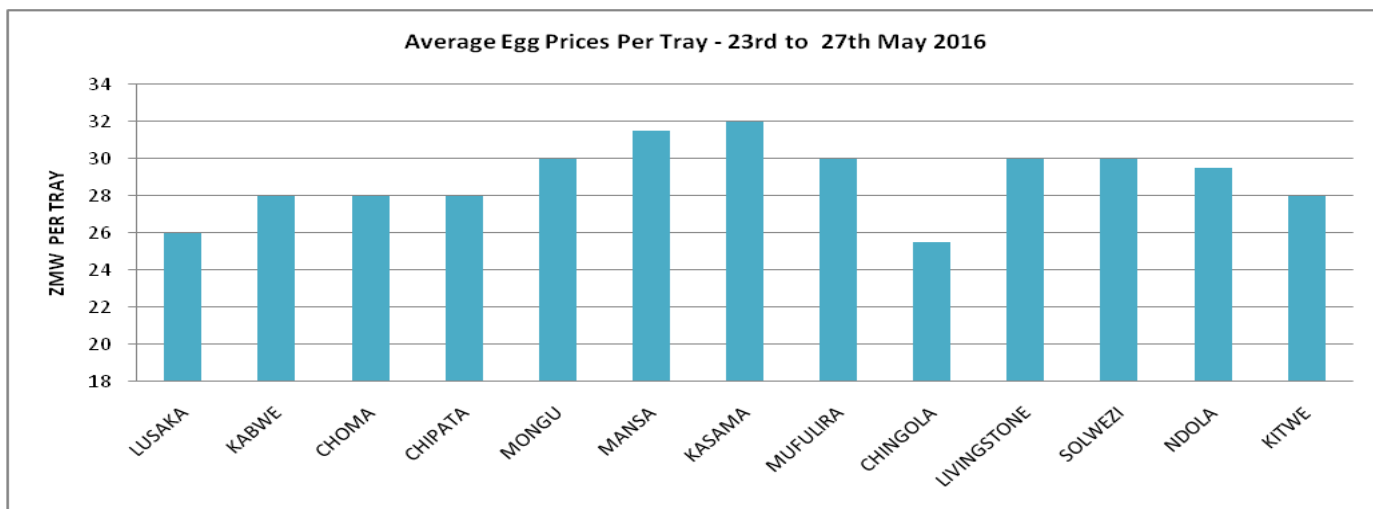
The graph below shows the national average price trends for broilers, ex-layers and village chickens. The national average price for broilers, ex-layers and village chickens during the course of the week was ZMW44, ZMW36 and ZMW57.04 respectively.



Source: Poultry Association of Zambia

### AVERAGE EGG PRICES

The graph below shows average retail prices of table eggs in selected towns around the country. Egg farmers have been faced with reduced demand for their produce partly due to the reduced purchasing power of consumers and reduced demand from the Democratic Republic of Congo market, one of Zambia’s major export destination of poultry products.

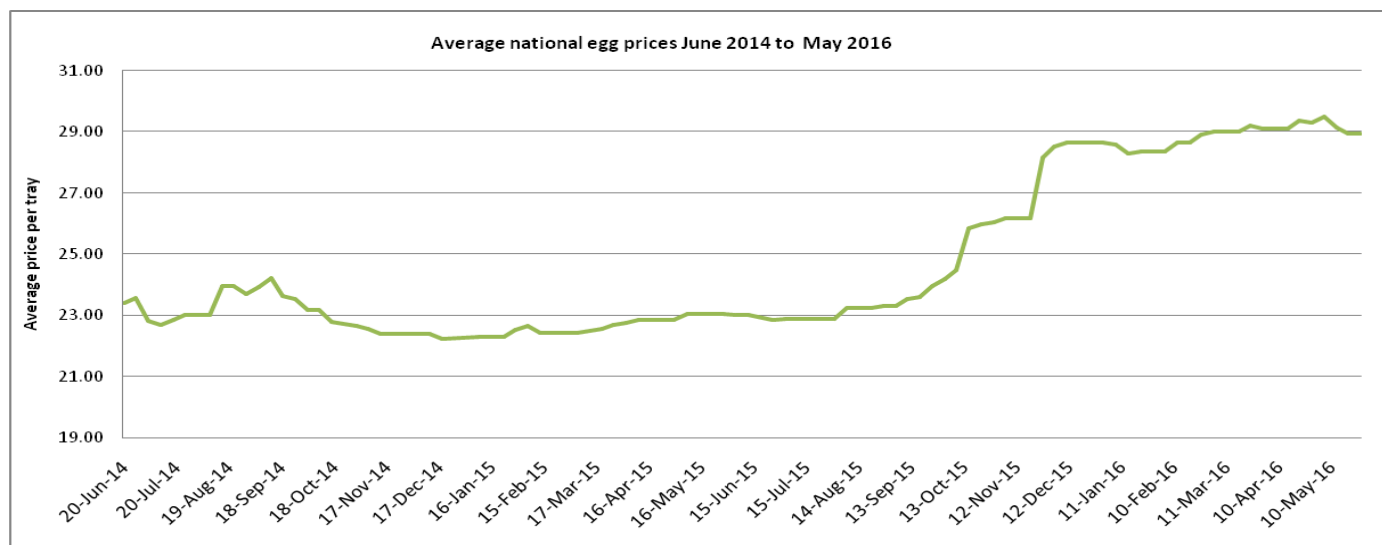


Source: Poultry Association of Zambia

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The graph below shows the price trend for a tray of eggs from mid-June 2014 to May 2016. The graph shows that the national average price for a tray of eggs was stagnant at ZMW28.96 over the past two weeks.



Source: Poultry Association of Zambia

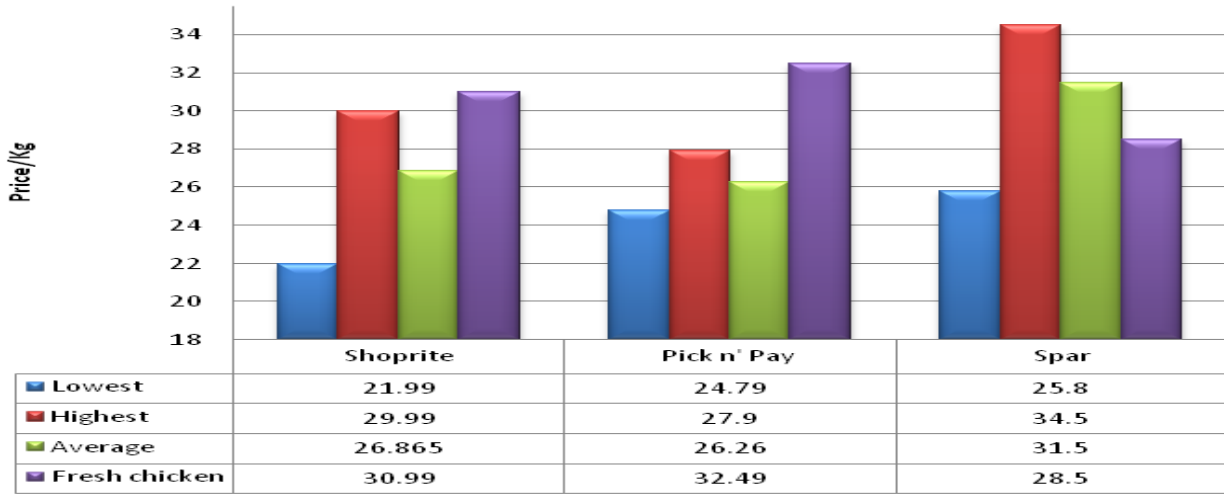
### AVERAGE WHOLE DRESSED CHICKEN PRICES

**Graph 1** shows average prices of whole frozen chickens in the three chain stores around Lusaka. The average price in most of the supermarkets declined during last week due to promotions being run on some brands of chicken. The average price for fresh whole chickens in Shoprite, Pick n Pay and Spar was ZMW30.99, ZMW32.49 and ZMW28.50 respectively. Meanwhile, prices of frozen whole chicken in Zambeef outlets and Melissa Supermarket were pegged at ZM25.90/ kg and ZMW30/Kg respectively.

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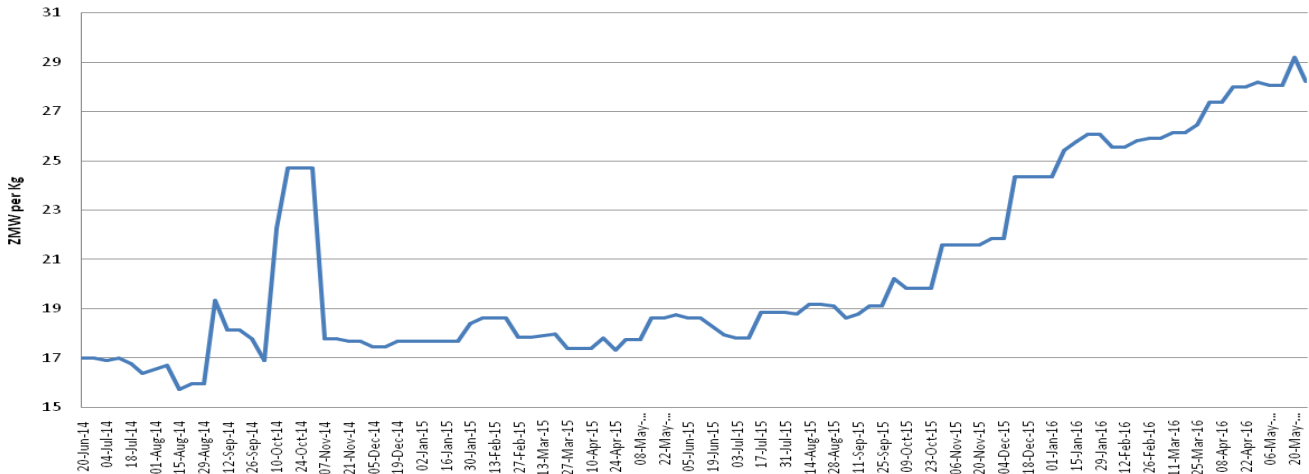
**Graph 1: Average whole frozen chicken - 23rd to 27th May 2016**



Source: Poultry Association of Zambia

The graph below shows the average price trend for whole frozen chicken in Lusaka from June 2014 – May 2016. The graph shows that the average price of frozen whole chicken declined during the course of the week to ZMW28.21/kg.

**Average prices for whole dressed frozen chicken in Lusaka June 2014 to May 2016**

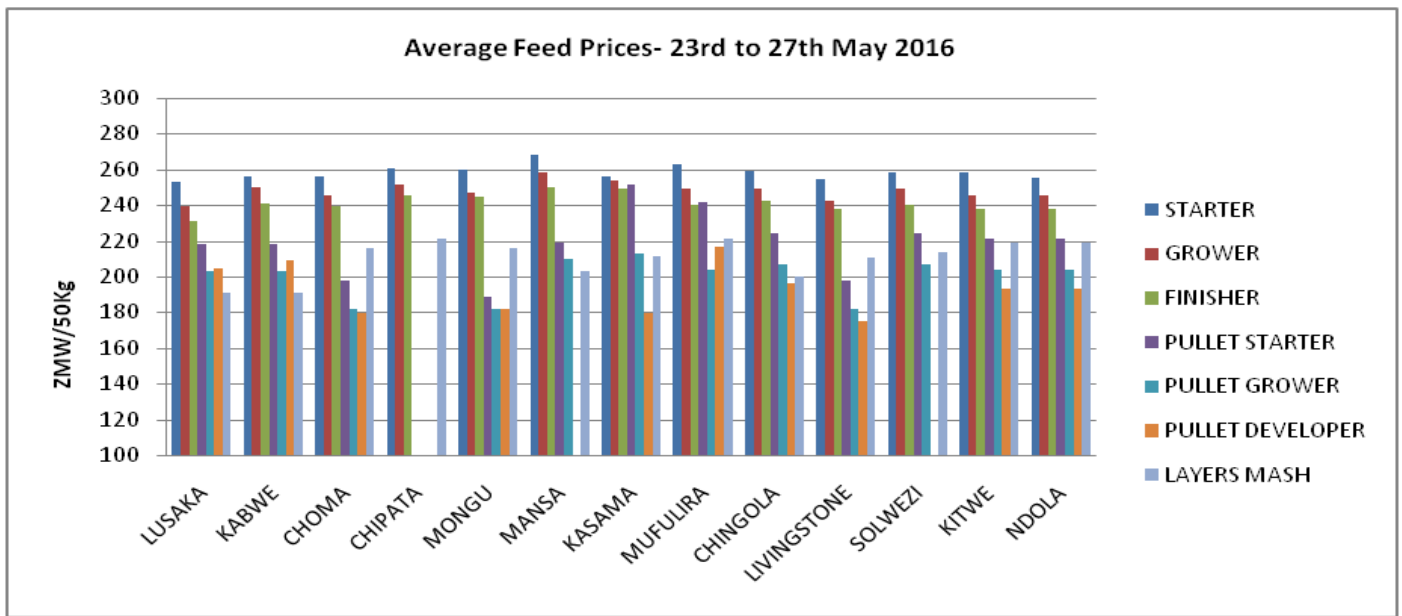


Source: Poultry Association of Zambia

The graph below shows average feed prices in selected towns. While the average price of feed is still high, there were some downward adjustments in the price of feed in the very recent past in most towns for some brands. This brought some much needed relief to farmers.

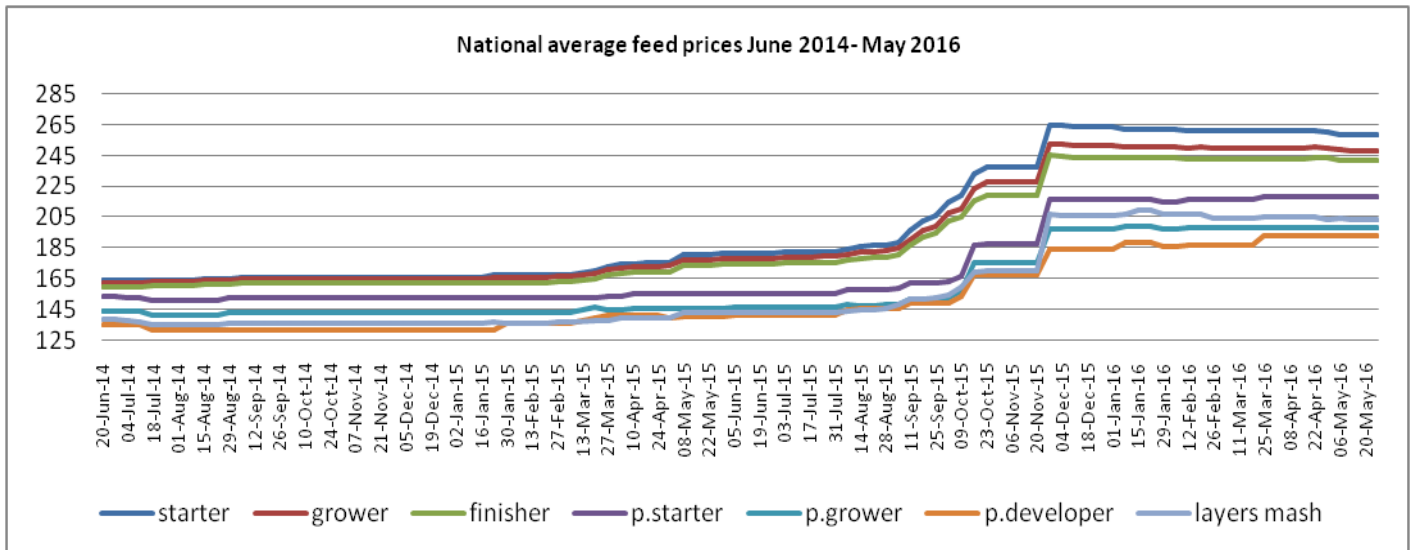
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Source: Poultry Association of Zambia

The graph below shows the national average price trend of feed from June 2014 to May 2016. Compared to the first quarter of 2015 prices of feed have gone up by over 60%.



Source: Poultry Association of Zambia

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

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