



# THE WEEKLY AGRO WATCH



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13<sup>th</sup> June, 2016 Vol.3. No.24



## *In this week's issue:*

- French wheat harvest prospects drop
- A drop in minimum temps is forecast

## SADC signs EPAs

The European Union (EU) signed the Economic Partnership Agreement (EPAs) with the Southern Africa Development Community (SADC) group on 10<sup>th</sup> June 2016 at a ceremony held in Botswana. The EPA SADC group comprises Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland. Angola opted to hold back from signing for now. Zambia together with five other SADC countries- the Democratic Republic of the Congo, Madagascar, Malawi, Mauritius and Zimbabwe – are negotiating Economic Partnership Agreements with the EU under Central Africa or Eastern and Southern Africa.

## Call for 2017 National Budget Submissions

The Ministry of Finance has called for Tax and Non Tax Proposals for the 2017 National Budget. Kindly send us your tax and non-tax proposals for submission to Ministry of Finance by **Monday 20<sup>th</sup> June 2016**. Your submissions should clearly indicate the **proposed measure** and **justification** in terms of expected impact.

## Exchange Rates

CURRENCY	06/06/2016						30/05/2016					
	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>	10.66	10.87	0.71	0.72	15.14	15.45	10.45	10.66	0.69	0.71	15.00	15.31
<b>Standard Chartered Bank</b>	10.65	10.86	0.70	0.72	15.14	15.44	10.47	10.68	0.70	0.72	15.09	15.39
<b>ZANACO</b>	10.68	10.88	0.70	0.71	15.16	15.45	10.45	10.65	0.69	0.70	15.04	15.32
<b>Bank of Zambia</b>	10.76	10.81	0.708	0.711	15.27	15.34	10.53	10.58	0.705	0.708	15.18	15.24

## Parity Prices

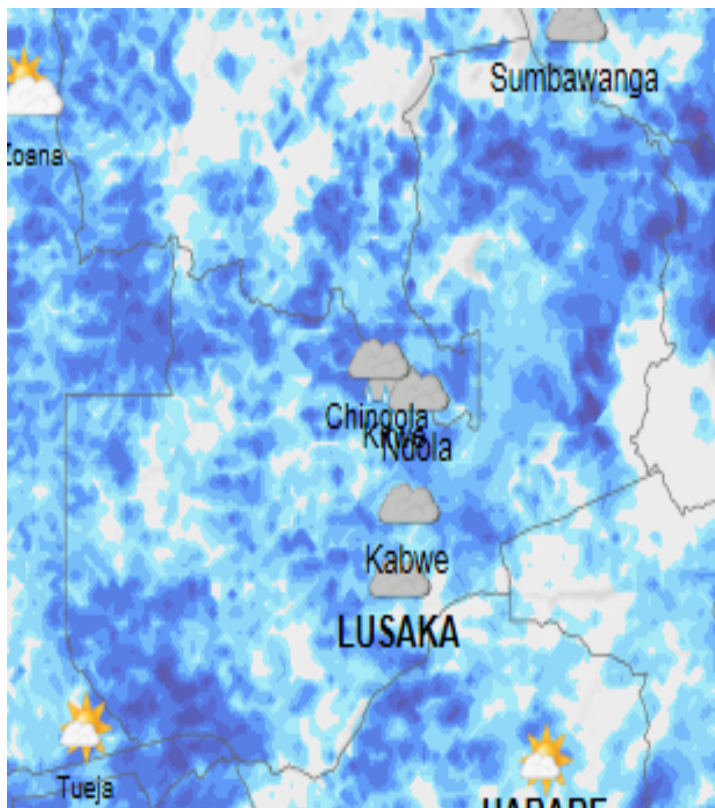
Domestic Import Parity Prices as at 10/06/2016					
US\$/ZAR=15.00 US\$/ZMW=10.87					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		10.87	488.33	692.18	484.51
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	25.30	513.63	717.48	509.81
Mkushi	225	20.70	509.03	712.88	505.21
Ndola	250	23.00	511.33	715.18	507.51
Kitwe	250	23.00	511.33	715.18	507.51

Note: Import parity based on July delivery

Export Parity Price Ranges (EPP)Harare-Lusaka as at 03/06/16	
Soya Beans	458.7-495.7
Wheat	330-349.5
Maize	240-281

## Weather Forecast

The table below summarizes the weather forecast for some selected towns for the period 14<sup>th</sup> to 21<sup>st</sup> June, 2016. No rains are forecast, however a drop in minimum temperatures is forecast.



Mansa	➤ Average daily Temps: 11-25°C.
Kasama	➤ Average daily Temps: 10-25 °C.
Solwezi	➤ Average daily Temps: 9-24°C.
Chipata	➤ Average daily Temps: 11-26°C.

Source: Norway meteorological Institute

TOWN	WEATHER SUMMARY
Ndola	➤ Average daily Temps: 9-25°C
Mkushi	➤ Average daily Temps: 10-25°C
Kabwe	➤ Average daily Temps: 10-25°C
Lusaka	➤ Average daily Temps: 9-24°C
Mazabuka	➤ Average daily Temps: 10 -25°C.
Choma	➤ Average daily Temps: 8 -23°C
Livingstone	➤ Average daily Temps: 10-26°C
Mongu	➤ Average daily Temps: 13-27°C.

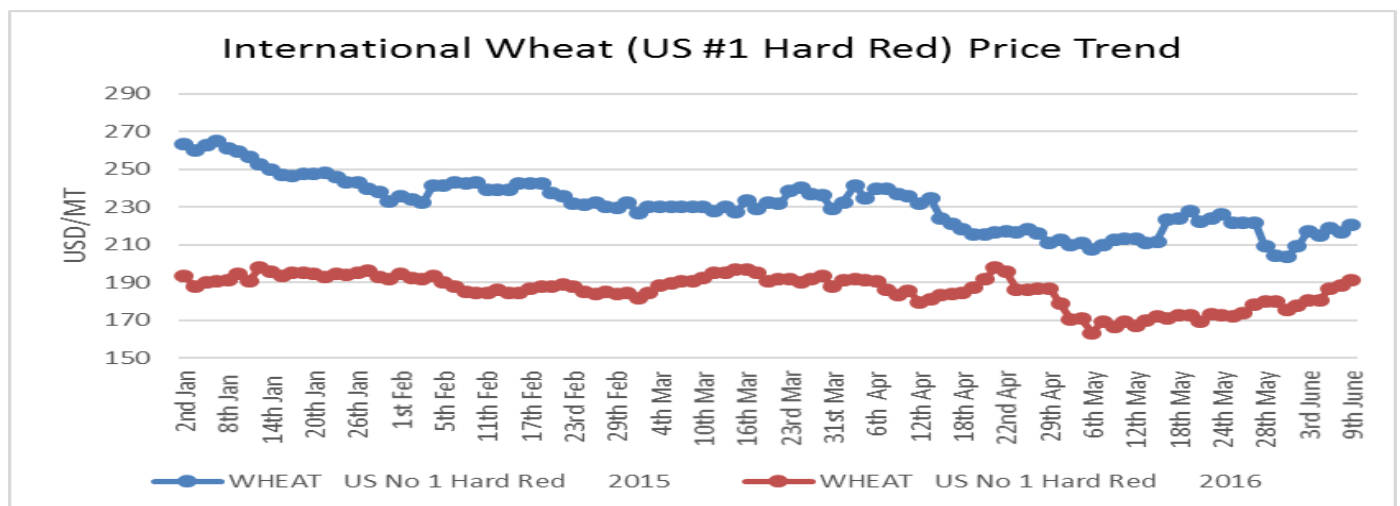
## Wheat

### Highlights

- The forecasted EU crop for the 2016/17 year of 142.8 million tons is under threat as the floods experienced in France recently are likely to lead to a deterioration in both quality and yield of the French wheat. French farmers are now fearing the possible breeding of Fusarium (head bight or scab) due to the wheat conditions that could cause further damage to the crop.
- Soft red, for July delivery, on the Chicago Mercantile Exchange (CME) opened trading at US\$182.03/MT on 13<sup>th</sup> June 2016.
- On the local scene, the reduced electricity rationing period (load shedding) to 4 hours is good news to the wheat farmers as the wheat planting season reaches its climax. It is however hoped that the increased power supply will be sustained throughout the season, especially during the grain filling stage when water needs of the plant are heightened.
- Local wheat offer prices were in the range of US\$400-415/ton last week.

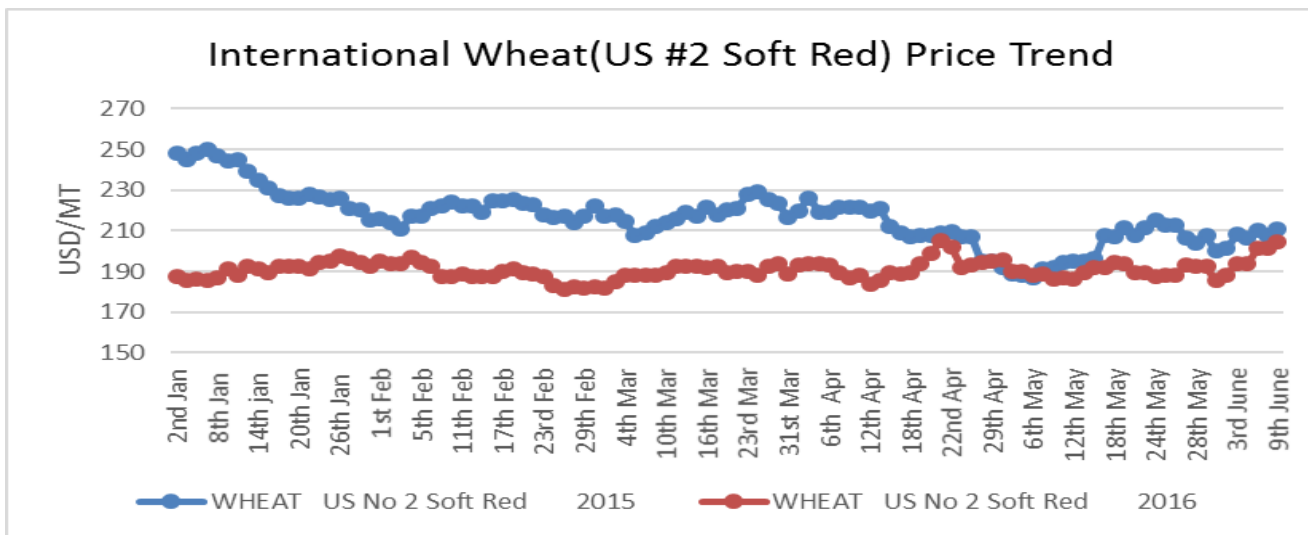
### Price trends

The Safex international soft red and hard red wheat prices averaged US\$186.82 /MT and US\$ 200.16/MT during the week ending 10<sup>th</sup> June respectively. All prices are fob gulf. The graphs below show international price trends for soft and hard red wheat:



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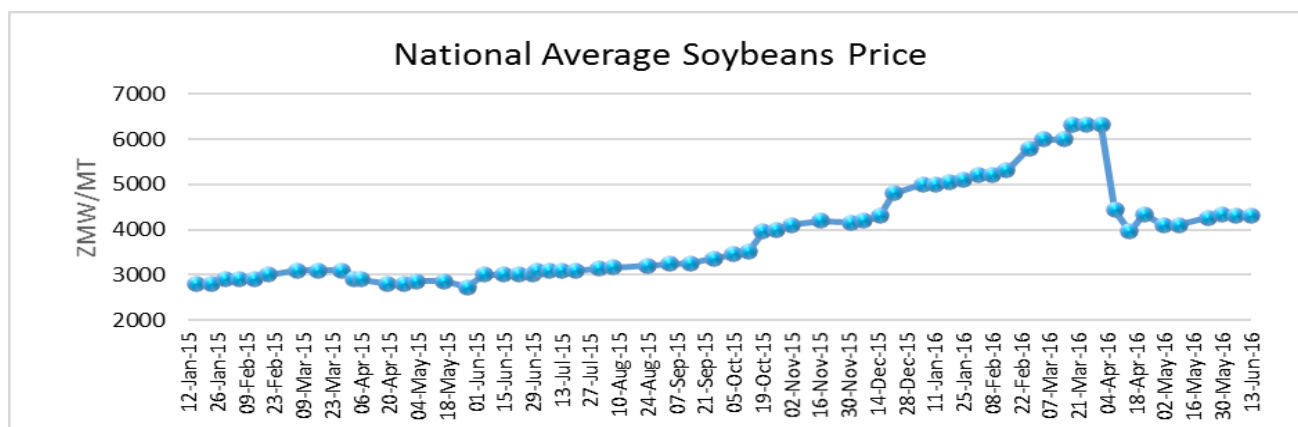




Source: Safex

## Soya Beans Highlights

- The USDA has revised downwards its global 2015/15 soya beans production estimates to 313.256 million tons on account of lower harvest estimates from Brazil, Uruguay and China. The anticipated reduction in USDA’s soya beans estimate has kept the international soya beans prices high.
- Soy beans for July delivery opened trading on CME at US\$437.84/MT on 13<sup>th</sup> June 2016.
- According to the ZNFU market Price Information System, average national offer prices were in the range of ZMW 3,000 – 5,300/MT with an average of ZMW4,300/MT last week as shown in the graph below;



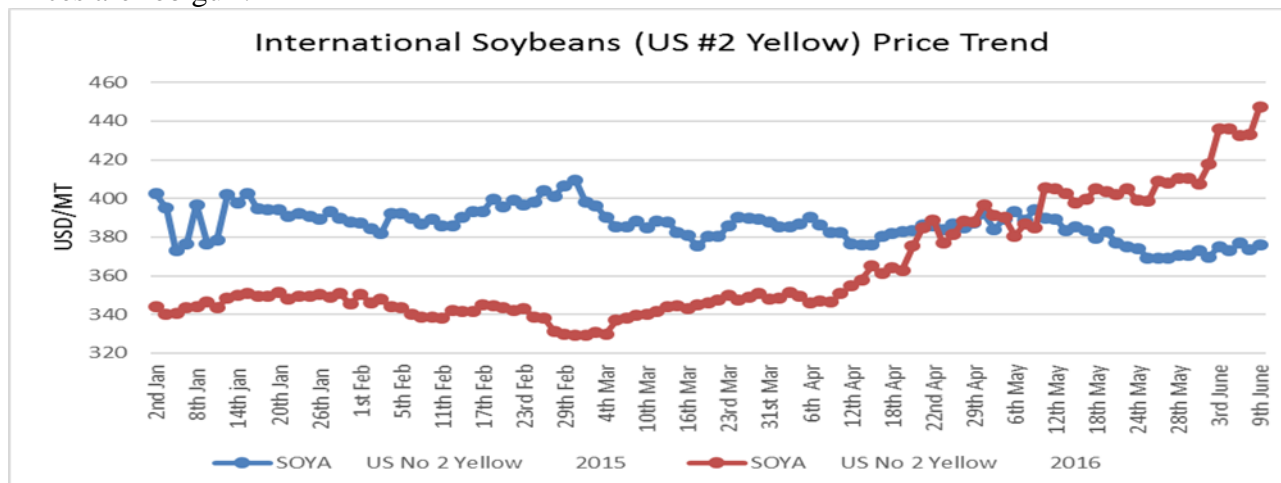
Source: ZNFU, 4455 Market Price Information System

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## Price trends

International spot prices for US No. 2 yellow soya beans on Safex averaged US\$437.34/MT in the week ending 10<sup>th</sup> June 2016, 5.04% above the average price of US\$416.34/MT recorded in the previous week. Prices are fob gulf.



Source: Safex

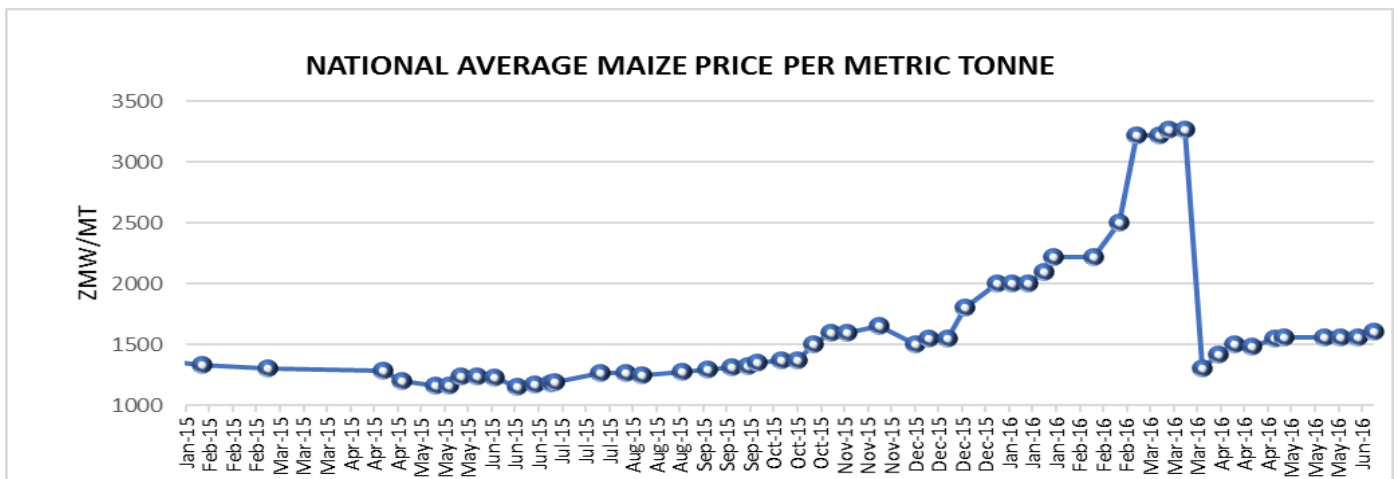
## Maize

### Highlights

- Malawi may need to import 375,000- 493,000MT of maize as humanitarian assistance that its vulnerable population meet their annual food requirements until the next harvest. The Malawian Vulnerability Assessment has revealed that 6.5 million out of the country's total population of 16.8 million will not meet their annual food requirement. This is 129 percent higher than last year's vulnerability levels.
- Maize for July delivery opened trading on CME at US\$170.86/MT on 13<sup>th</sup> June 2016.
- Maize purchase offer prices were hovering around ZMK1300-2100/MT last week according to the ZNFU market information system.

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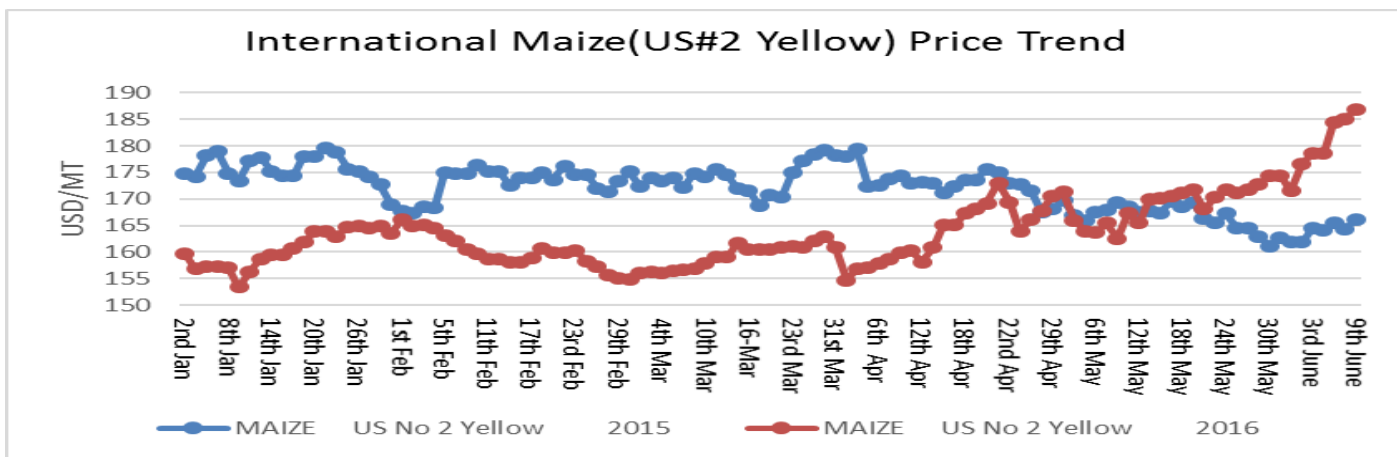




Source: ZNFU, 4455 Market Price Information System

### Price trends

International maize spot prices traded at an average of US\$ 183.75/ MT during the week ending 10<sup>th</sup> June 2016, 4.93% above the previous week's average. All prices are fob gulf.



Source: Safex

### Crude oil

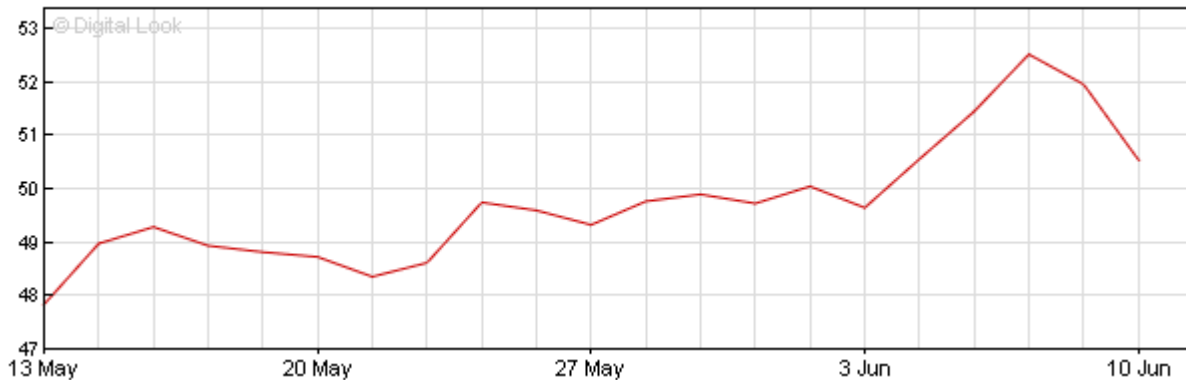
- The sustenance of international crude oil prices above the US\$50/barrel is under threat by the strengthening US dollar and some negative sentiments on the Chinese economy.
- Meanwhile the US Energy Information Administration has forecast Brent crude oil prices to average \$43/barrel in 2016 and \$52/barrel in 2017, \$3/barrel and \$1/barrel, higher than forecast in last month's short term energy outlook, respectively.

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- Brent crude oil futures prices around 11:00hrs CAT on 13<sup>th</sup> June 2016 were pegged at US\$50.06/barrel.
- The Dubai Mercantile exchange crude oil marker price for August 2016 delivery settled at US\$47.44/barrel on 10<sup>th</sup> June.

### Brent Crude Oil Futures \$/barrel



Source: BBC, 2016.

## Beef

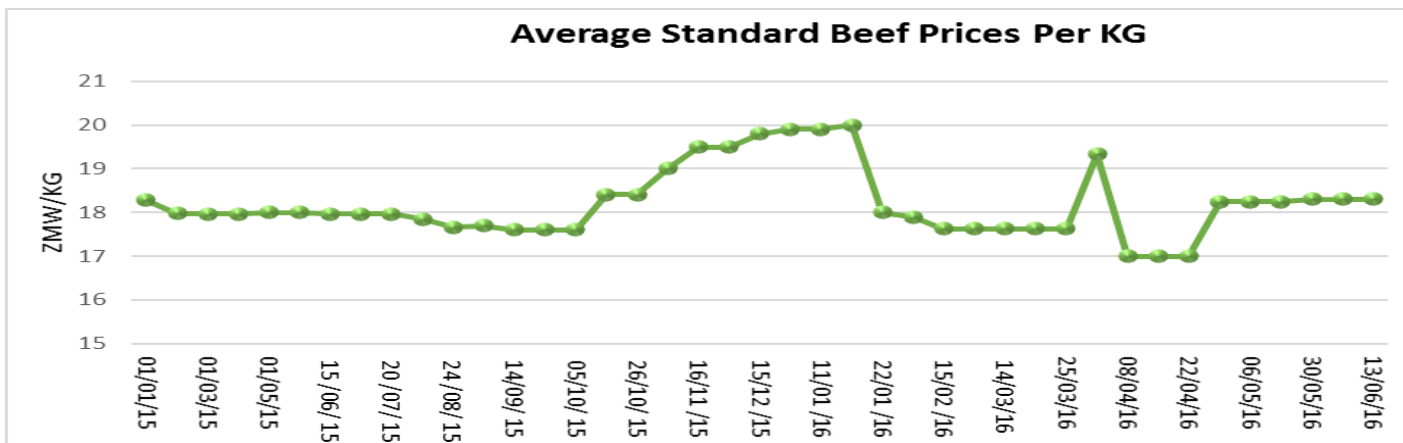
### Highlights

- Japan seems to be under pressure to open up its beef market as seven European Member states are reportedly in queue to enter into bilateral beef based relations with the Asian State. The Restoration of Beef trade with Italy, after Italian beef was found to be free from mad cow disease, by Japan seems to have resuscitated the appetite of other EU member countries to supply Japan. Meanwhile Global meat news has indicated that Australia is in talks with Japan over the lifting of the ban on live cattle from Australia implemented on 2<sup>nd</sup> June due to a viral outbreak.
- Namibian grade A beef prices in abattoirs, captured by the Namibian Meat board, were in the range of ZAR28.46-36.67/kg during the week ending 6<sup>th</sup> June 2016. The auction price for heifers and weaners were ZAR14.47kg and ZAR 17.38kg respectively on 3<sup>rd</sup> June 2016.
- Dressed weight beef prices were averaging ZMW18.3/kg during the week ending 10<sup>th</sup> June 2016. This is as monitored by the ZNFU 4455 market price information system.

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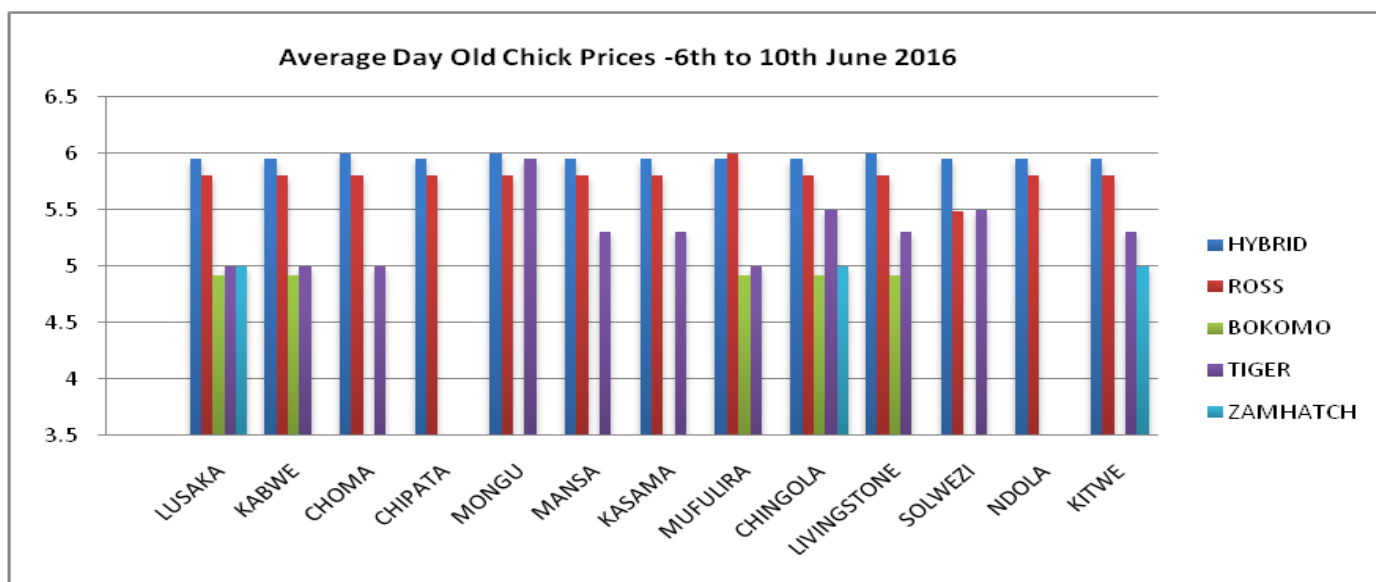


Source: ZNFU, 4455 Market Price Information System

## POULTRY UPDATES FOR THE WEEK ENDING 10<sup>th</sup> JUNE 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.

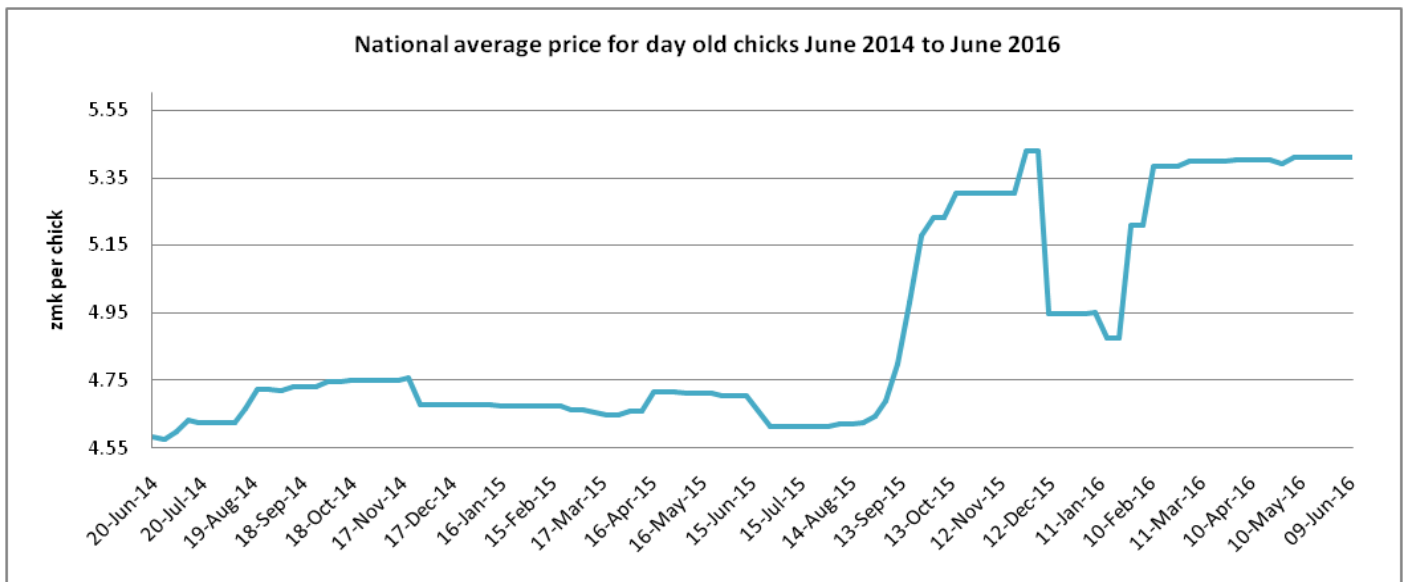


Source: Poultry Association of Zambia

The graph below shows the national average price trend for day old chicks from June 2014 to June 2016. The graph shows the national average of price of day old chicks at ZMW5.41. This is 14.8% higher than the national average price during the same period of 2015.

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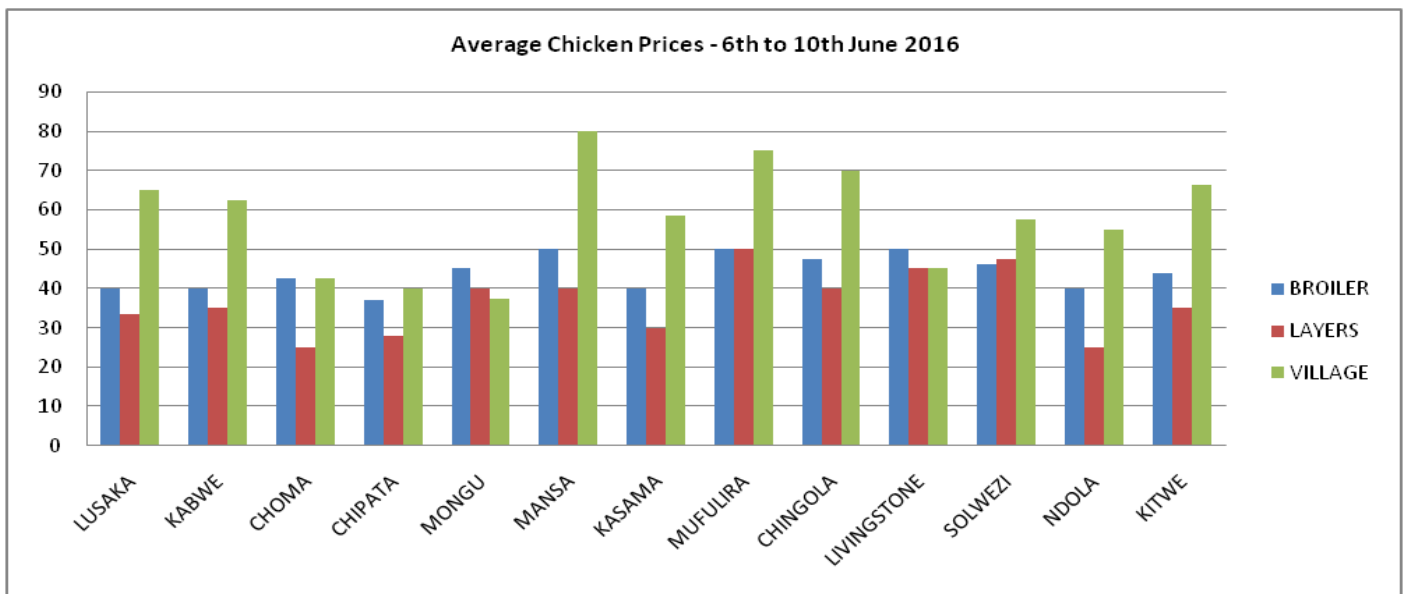




Source: Poultry Association of Zambia

### 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. Poultry producers especially broiler producers in most districts have continued to face low prices. Despite the fact that retail prices of broiler live birds are above ZMW40, farmers are forced to accept prices as low as ZMW35 to ZMW38.

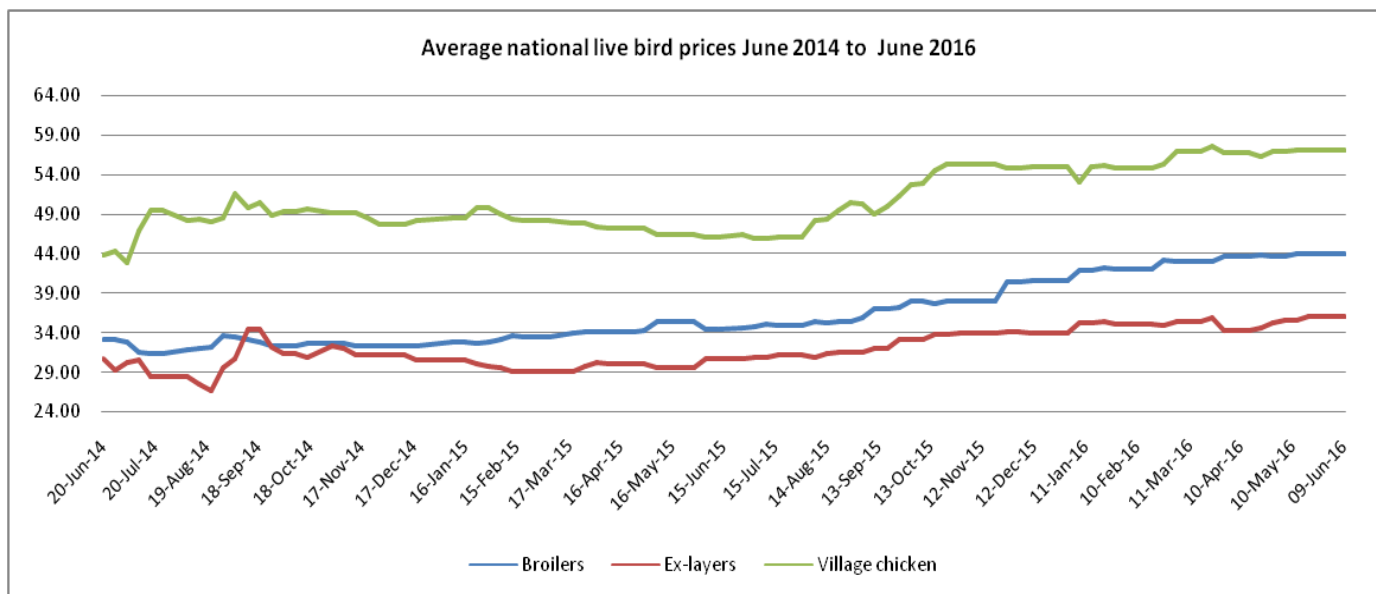


Source: Poultry Association of Zambia

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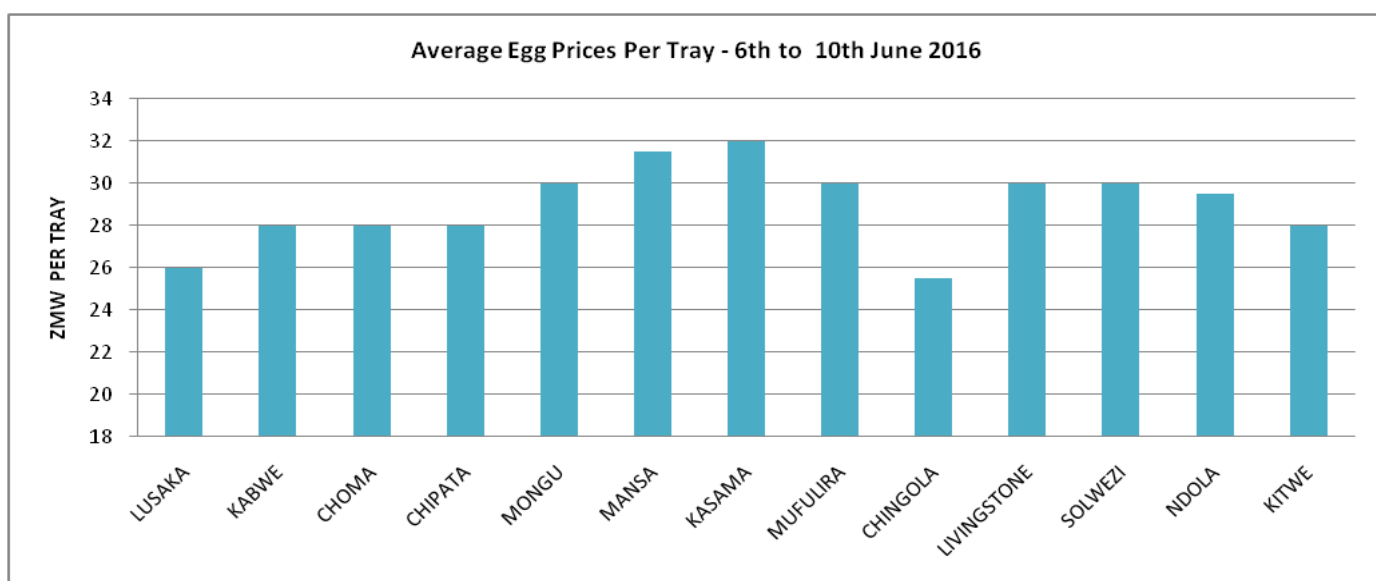
The graph below shows the national average price trends for broilers, ex-layers and village chickens. The national average price for broilers, ex-layers and village chickens during the course of the week was ZMW44, ZMW36 and ZMW57.04 respectively.



Source: Poultry Association of Zambia

### AVERAGE EGG PRICES

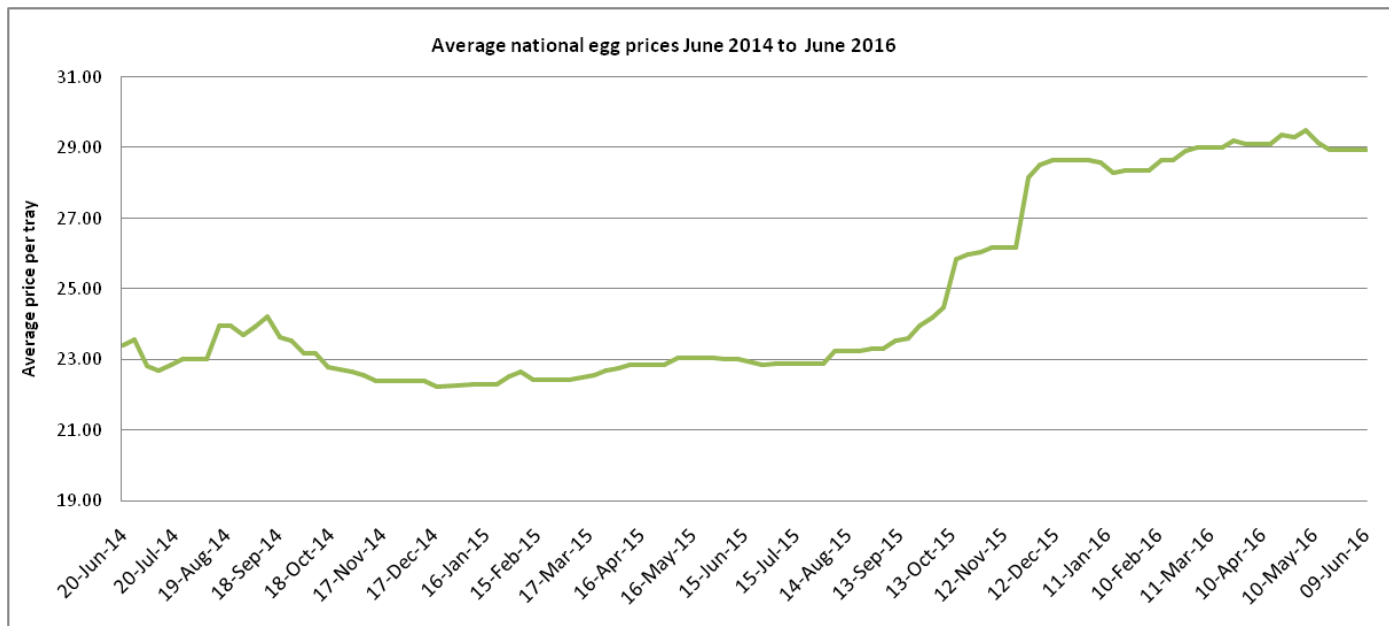
The graph below shows average retail prices of table eggs in selected towns around the country. Despite the high cost of production, the producer price of eggs has been declining and has gone to levels as low as ZMW23 in Lusaka.



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The graph below shows the price trend for a tray of eggs from mid-June 2014 to June 2016. The graph shows that the national average price for a tray of eggs has stayed at ZMW28.96 the past four weeks.



Source: Poultry Association of Zambia

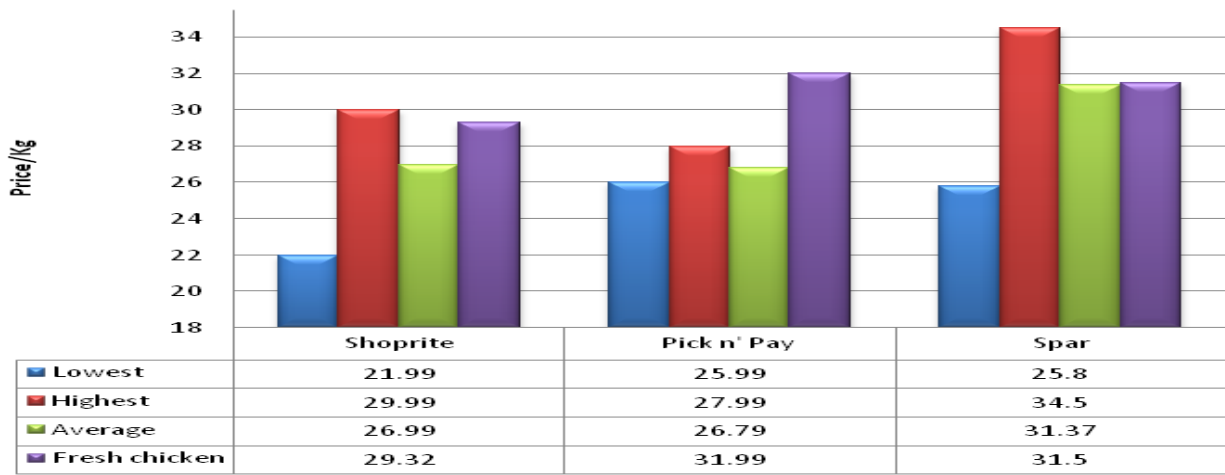
### AVERAGE WHOLE DRESSED CHICKEN PRICES

**Graph 1** shows average prices of whole frozen chickens in three chain stores around Lusaka. Pick n’ Pay maintained the lowest average price for frozen whole chicken at ZMW26.79 per kg while Spar had the highest average price at ZMW31.37/kg. The average price for frozen whole chicken in Shoprite was ZMW26.99 per kg with the lowest going for ZMW21.99 per kg and the highest going for ZMW29.99 per kg. Meanwhile the average price for fresh whole chickens in Shoprite, Pick n Pay and Spar was ZMW29.32, ZMW31.99 and ZMW31.50 respectively. The prices of frozen whole chicken in Zambeef outlets and Melissa Supermarkets were averaging ZM25.90 /kg and ZMW30/Kg respectively.

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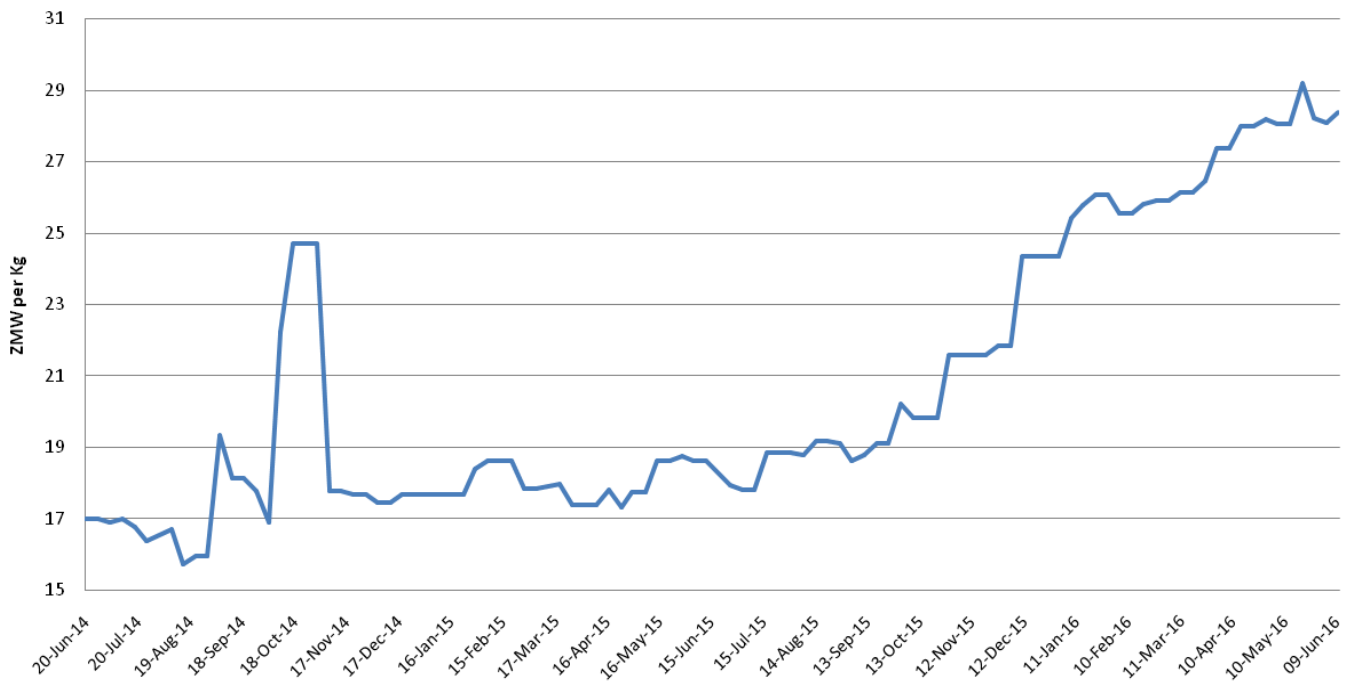
**Graph 1: Average whole frozen chicken - 6th to 10th June 2016**



Source: Poultry Association of Zambia

The graph below shows the average price trend for whole frozen chicken in Lusaka from June 2014 – June 2016. There was an increase in the average price for frozen whole chickens during the course of the week to ZMW28.38.

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



Source: Poultry Association of Zambia

**AVERAGE FEED PRICES**

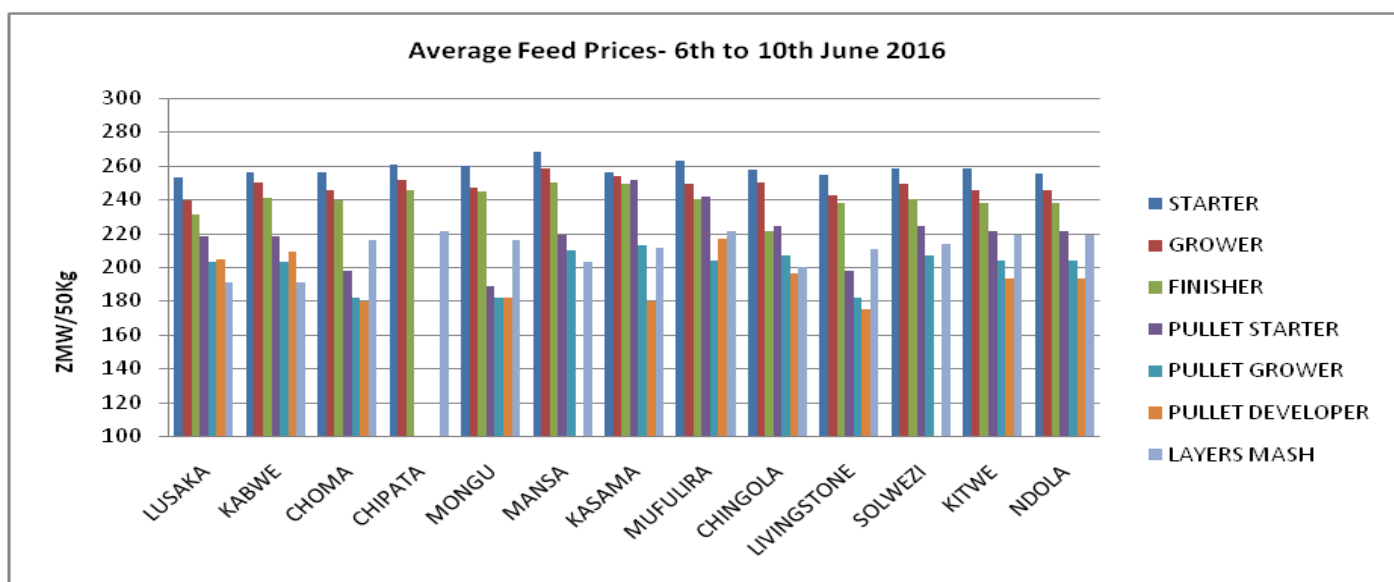
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The graph below shows the price of some of the most important ingredients that are used in feed production per 50 kilogram bag.

	SOYA MEAL FULL FAT	SOYA MEAL SOLVENT EXTR	SOYA MEAL SOLVENT EXTR	NO.3 MEAL	FISHMEAL
<b>PRICE (ZMW)</b>	310.30	316.12	320.52	55	512.86

The graph below shows average feed prices in selected towns. Accounting for over 65% of poultry production costs, stock feed is one of the most important factors in the poultry industry. For the past couple of weeks, the price of stock feed, though still high, has remained relatively stable with only minimal adjustments.

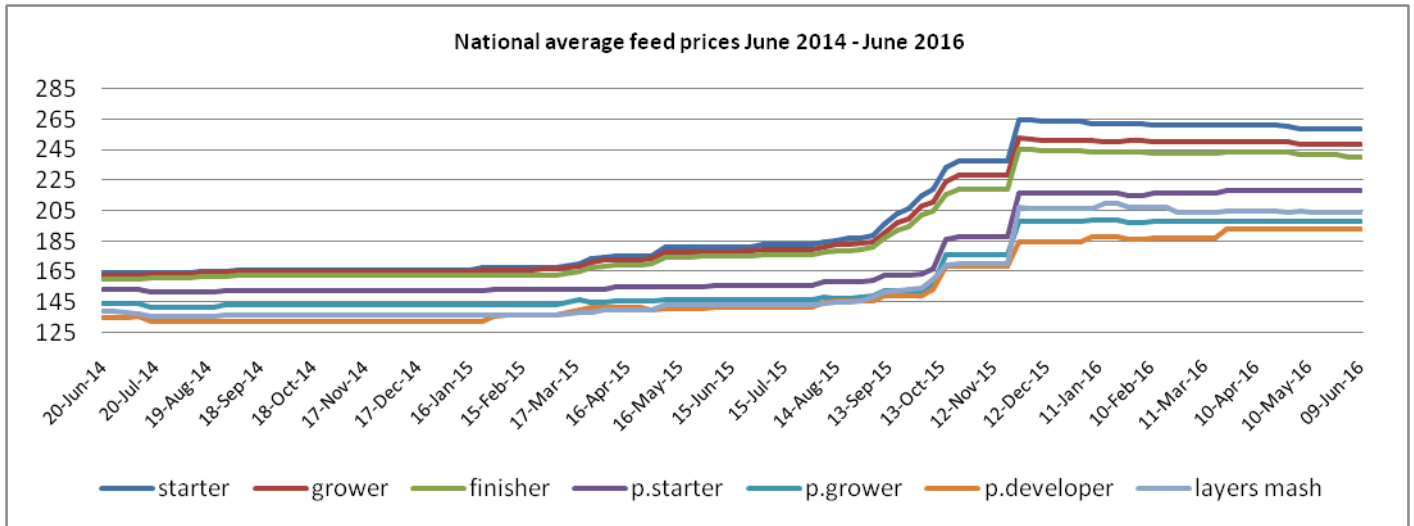


Source: Poultry Association of Zambia

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The graph below shows the national average price trend of feed from June 2014 to June 2016. The graph shows that poultry stock feed prices were stable during the course of the week.



Source: Poultry Association of Zambia

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