



# THE WEEKLY AGRO WATCH



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27<sup>th</sup> June, 2016 Vol.3. No.26



## *In this week's issue:*

- Kenya's maize stocks drying up
- Local Maize offer prices edge upwards

## **Zambia's Growth to Slow in 2016**

The June 2016 edition of the Economic Intelligence Unit (EIU) on Zambia has projected that Zambia's economic growth in 2016 will slow down to about 3.1% in 2016, the slowest since 2008. Factors attributed to this slow down include a cut in public investment, high inflation rates which is denting local confidence in the economy, a tight monetary policy stance by the central bank and election uncertainties. The growth rate is however expected to pick up beyond 2016 to a projected 4.6% in 2018. The EIU has further projected that the annual rate of inflation will average 21% in 2016 and decelerate to 15.3% in 2017. Meanwhile the Bank of Zambia, last month forecasted Zambia's 2016 end year inflation

at 8.7 percent.

## **EU Cracks down**

During a referendum held on Thursday 23<sup>rd</sup> June 2016, the United Kingdom, voted to break away from the European Union (EU). The EU has a membership of 28 European countries with a main objective of building a single market for goods and people. For the UK to officially leave the EU, it has to invoke article 50 of the Lisbon treaty and negotiate for its exit within 2 years. Before the negotiations are concluded, the UK is expected to abide by the laws of the European Union but will not take part in any decision making process.

## **Upcoming Events**

- Oilseed Commodity Committee meeting at the ZNFU HQ offices on 29<sup>th</sup> June 2016 at 09:00 hrs.
- Oilseed Stakeholders meeting at the ZNFU HQ offices on 29<sup>th</sup> June 2016 at 10:30hrs.

## Exchange Rates

CURRENCY	27/06/2016						06/06/2016 (BoZ 20/06/16)					
	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>	10.70	10.92	0.71	0.73	10.41	14.70	10.81	11.03	0.73	0.74	15.77	16.09
<b>Standard Chartered Bank</b>	10.66	10.87	0.70	0.72	14.15	14.44	10.88	11.09	0.74	0.75	16.00	16.32
<b>ZANACO</b>	10.69	10.90	0.71	0.72	14.89	15.46	10.93	11.14	0.74	0.75	16.09	16.40
<b>Bank of Zambia</b>	10.83	10.87	0.719	0.722	14.87	14.95	10.94	10.99	0.736	0.74	16.03	10.11

## Parity Prices

Domestic Import Parity Prices as at 27/06/2016					
US\$/ZAR=15.14 US\$/ZMW=11.01					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		11.01	474.56	674.09	480.91
Town	<b>Ex-Lusaka freight (ZMW)</b>	\$	\$	\$	\$
Chipata	275	24.98	499.54	699.07	505.89
Mkushi	225	20.44	495.00	694.53	501.35
Ndola	250	22.71	497.27	696.80	503.62
Kitwe	250	22.71	497.27	696.80	503.62

Note: Import parity based on July delivery

Export Parity Price Ranges (EPP) Harare-Lusaka as at 17/06/16	
Soya Beans	458.7-495.75
Wheat	330-349.5
Maize	240.3-300.7

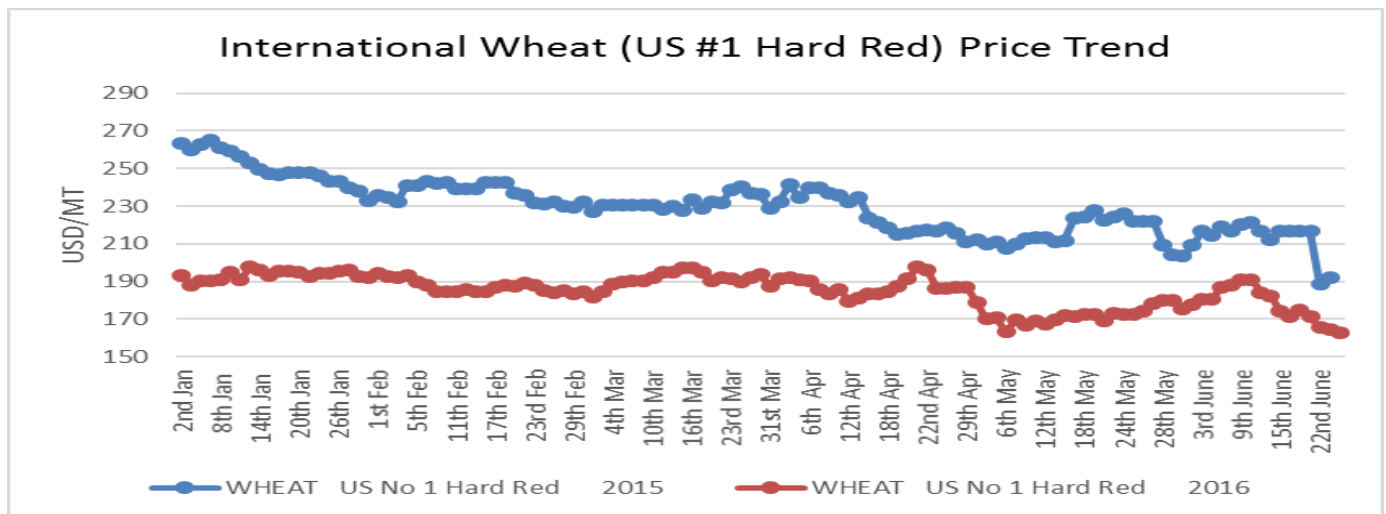
## Wheat

### Highlights

- Argentina's Minister responsible for Agriculture, Ricardo Buryaile, has indicated that the country is expecting an increase in its winter wheat plantings by 1 million hectares due to the removal of export duties, quotas as well as the country embracing a free exchange rate. Argentina's local news has quoted the Minister to have stated that the country's cereal exports doubled in the first six months of the year in comparison to last year. Argentina is among the top six wheat exporting countries.
- Soft red wheat, for July delivery, on the Chicago Mercantile Exchange (CME) opened trading at US\$167.04/MT on 27<sup>th</sup> June 2016.
- Local wheat offer prices were still in the range of US\$400-415/ton last week.

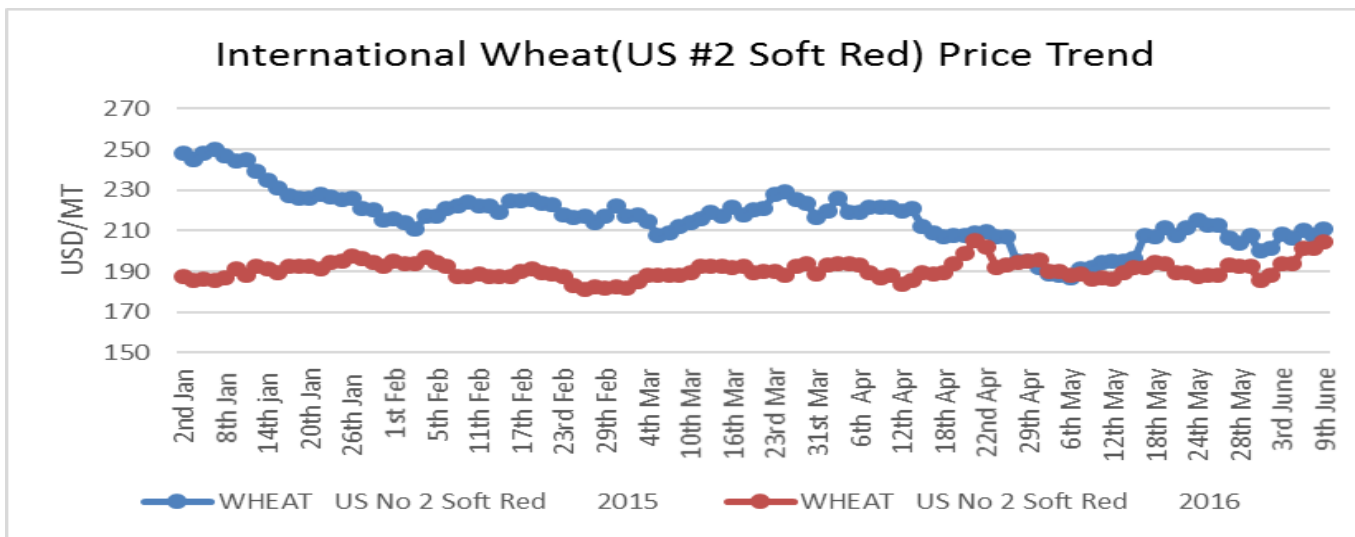
### Price trends

The Safex international soft red and hard red wheat prices averaged US\$183.04 /MT and US\$ 167.75/MT during the week ending 24<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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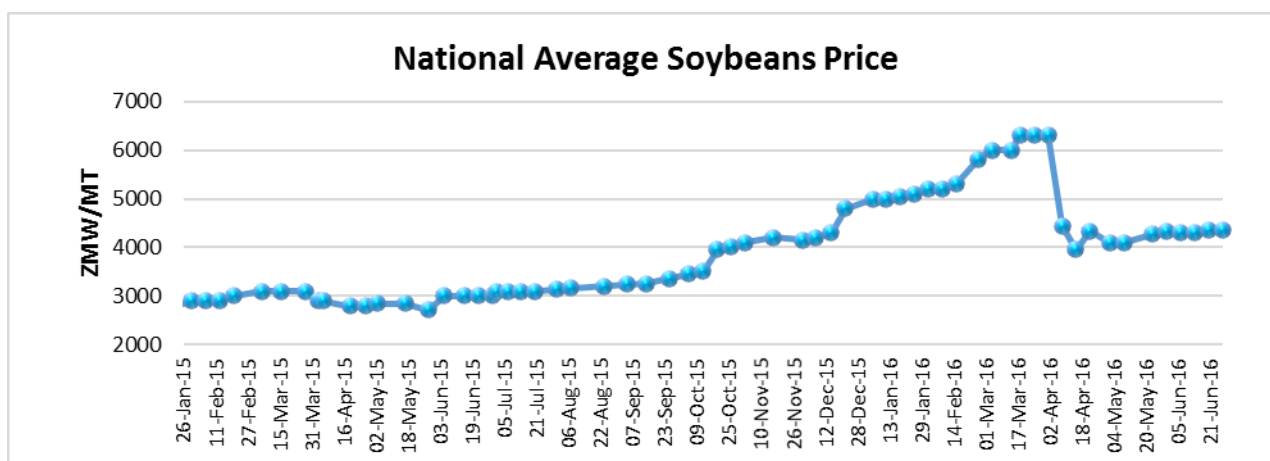


Source: Safex

## Soya Beans

### Highlights

- Soya beans for July delivery opened trading on CME at US\$404.70/MT on 27<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 ZMW4,340MT last week as shown in the graph below;



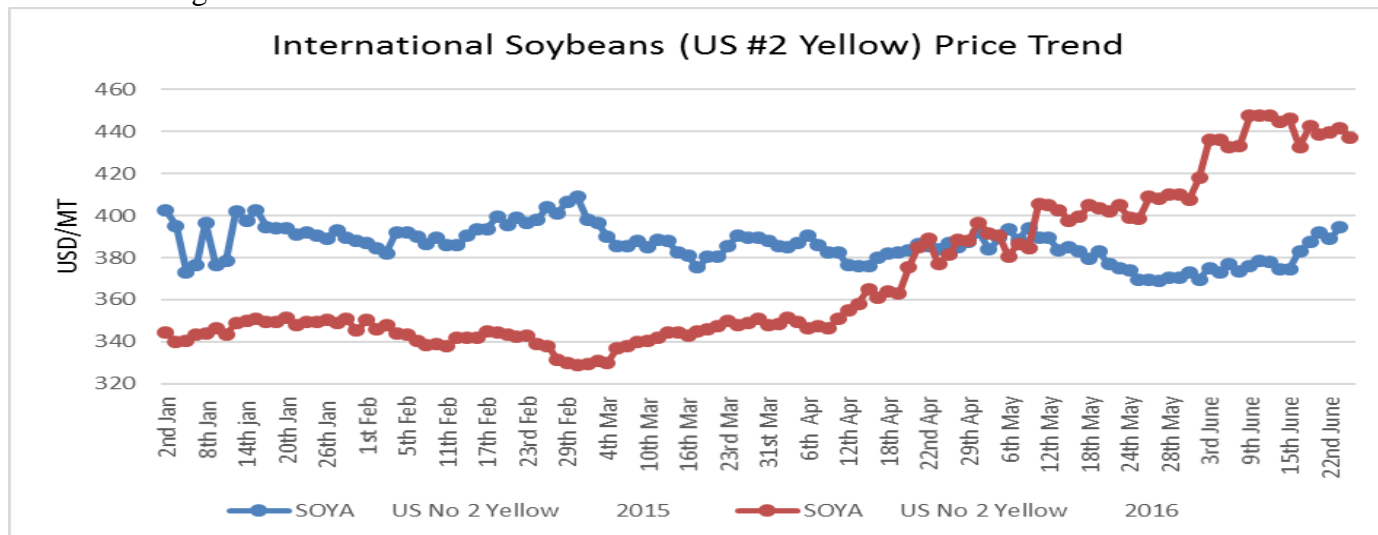
Source: ZNFU, 4455 Market Price Information System

### Price trends

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International spot prices for US No. 2 yellow soya beans on Safex averaged US\$439.76/MT in the week ending 24<sup>th</sup> June 2016, 0.67% below the average price of US\$443.67/MT recorded in the previous week. Prices are fob gulf.



Source: Safex

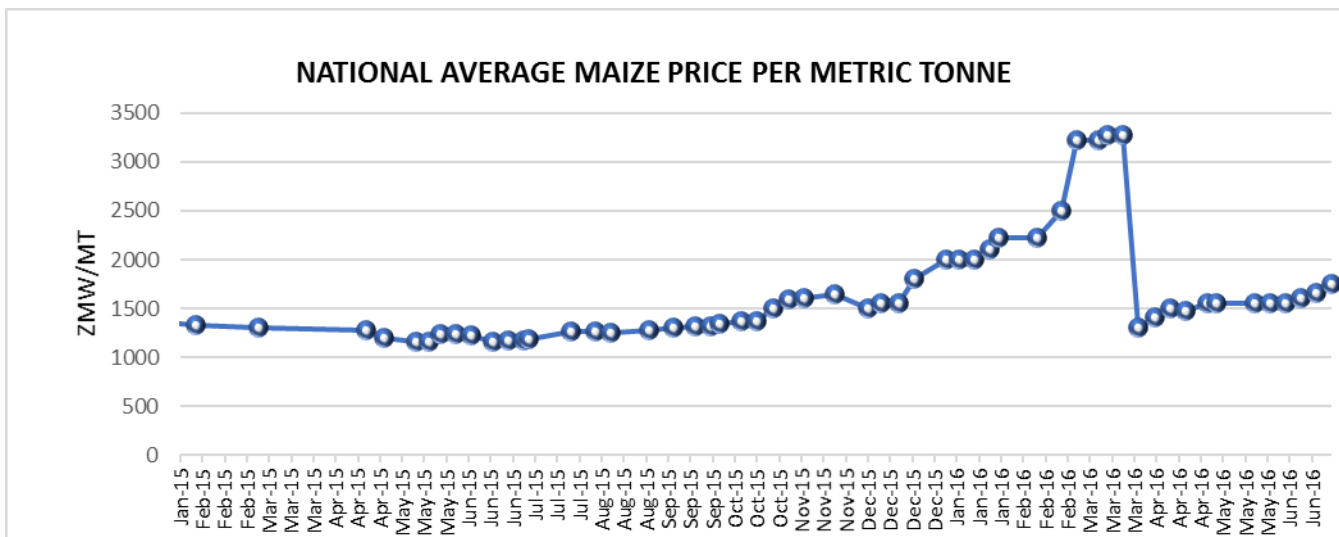
## Maize

### Highlights

- Maize for July delivery opened trading on CME at US\$151.25/MT on 27<sup>th</sup> June 2016.
- Kenya has been reported to be eyeing Tanzania’s upcoming maize harvest as its local stocks dwindle to levels almost crippling its milling industry. Kenya’s Minister of Agriculture has been quoted to have stated last week that the country only had 2.5 million 90kg bags in reserves against a monthly consumption requirement of 3 million bags. According to RATIN, maize wholesale prices at Kisumu market in Nairobi where pegged at US\$352.54/MT on 27<sup>th</sup> June 2016.
- Local maize prices have continued edging upward averaging K1748/ton nationally last week according to the ZNFU market price information system.

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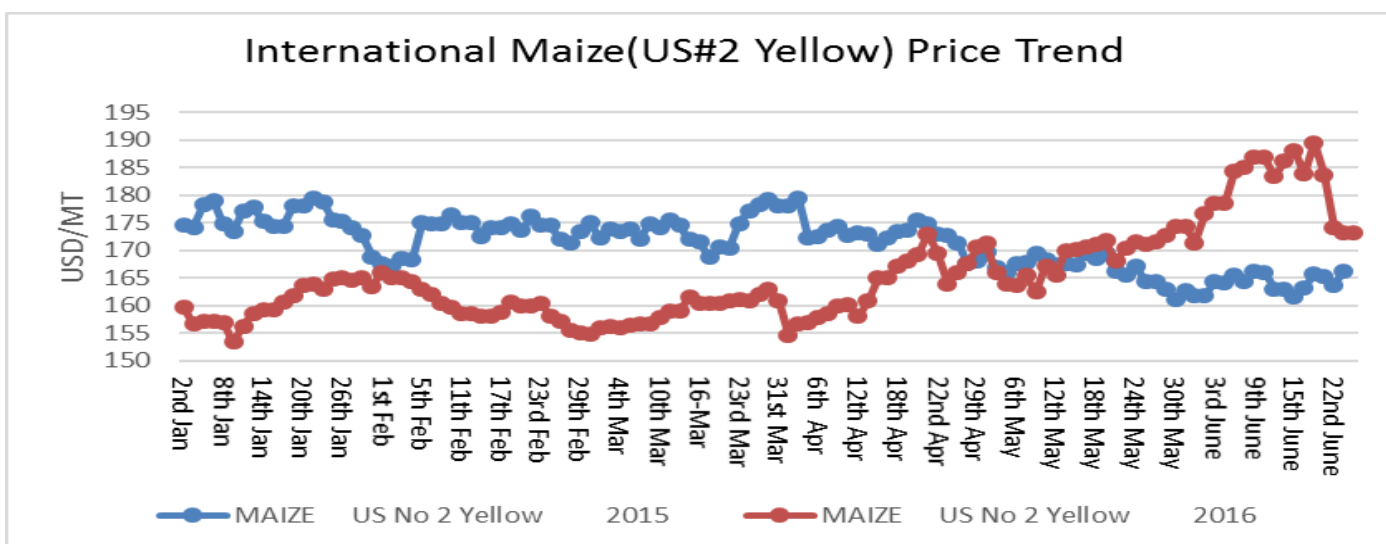




Source: ZNFU, 4455 Market Price Information System

### Price trends

International maize spot prices traded at an average of US\$ 178.80/ MT during the week ending 27<sup>th</sup> June 2016, 3.56% below the previous week's average. All prices are fob gulf.



Source: Safex

### Crude oil

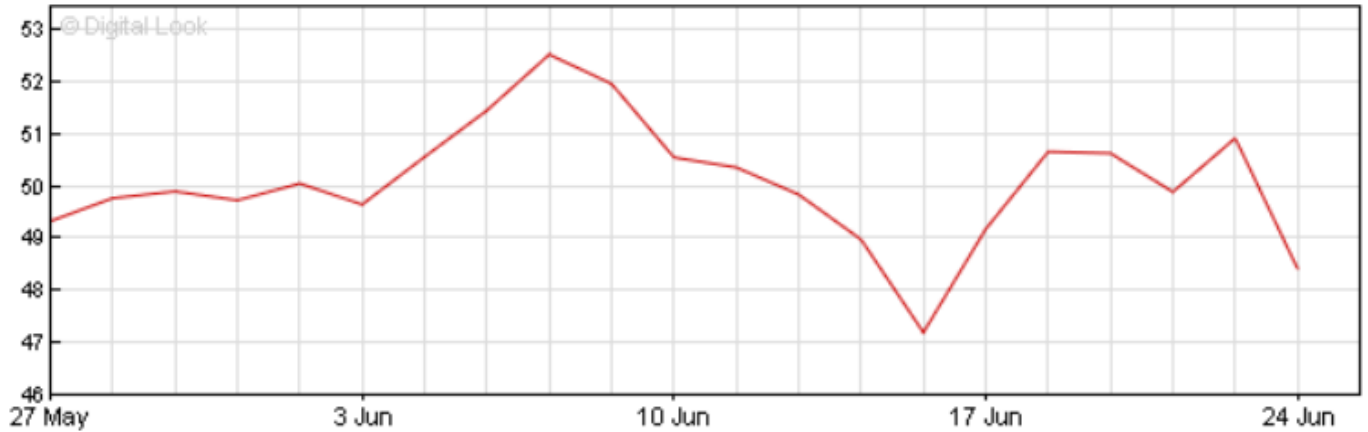
- Brent crude oil futures prices around 15:00hrs CAT on 27<sup>th</sup> June 2016 were pegged at US\$47.54/barrel.

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- The Dubai Mercantile exchange crude oil marker price for August 2016 delivery settled at US\$45.12/barrel on 24<sup>th</sup> June.

### Brent Crude Oil Futures \$/barrel

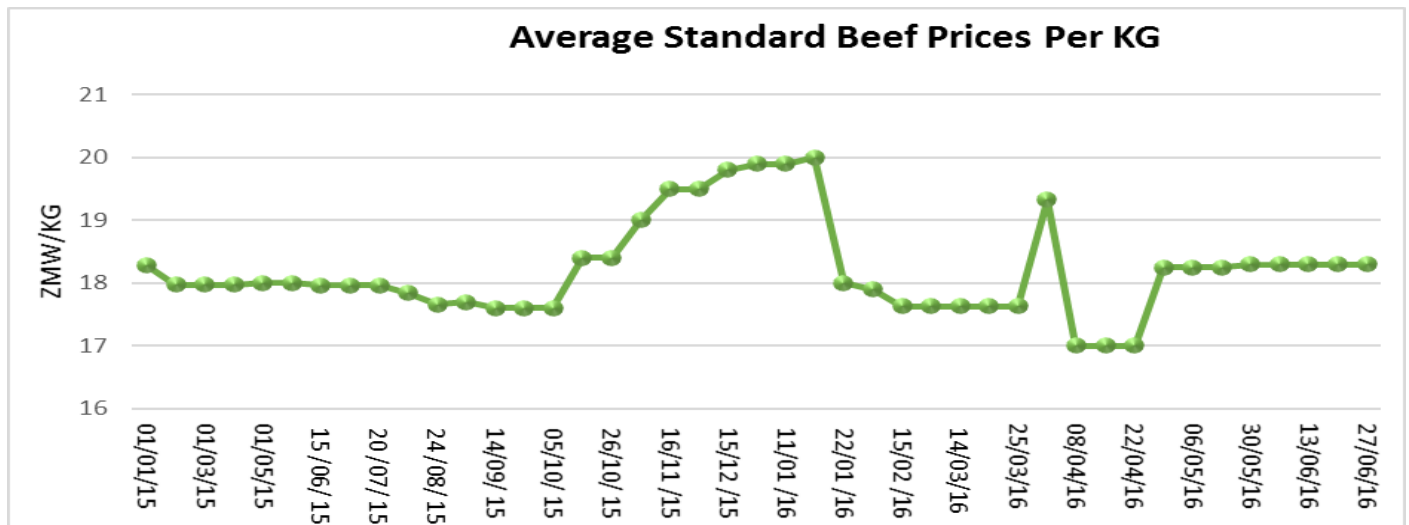


Source: BBC, 2016.

### Beef

#### Highlights

- Namibian grade A beef prices in abattoirs, captured by the Namibian Meat board, were in the range of ZAR28.44-36.67/kg during the week ending 13<sup>th</sup> June 2016. The auction price for heifers and weaners were ZAR15.01kg and ZAR 17.30kg respectively on 10<sup>th</sup> June 2016.
- Dressed weight beef prices were averaging ZMW18.3/kg during the week ending 24<sup>th</sup> June 2016. This is as monitored by the ZNFU 4455 market price information system.



Source: ZNFU, 4455 Market Price Information System

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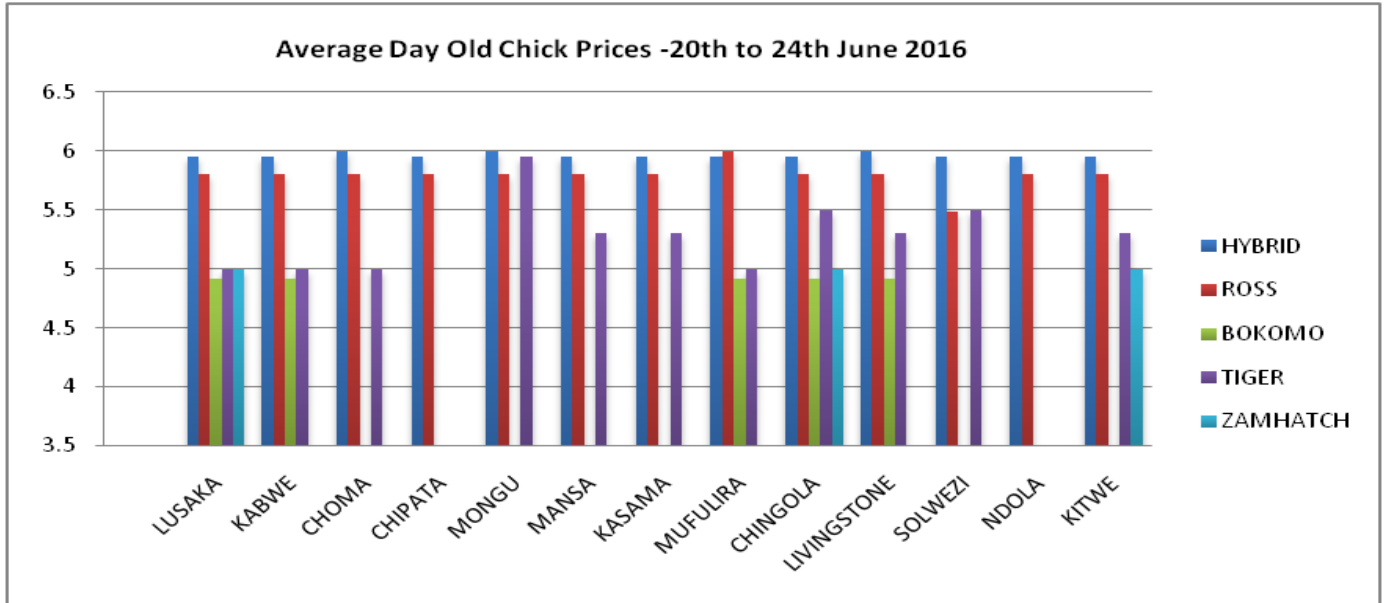




## POULTRY UPDATES FOR THE WEEK ENDING 24<sup>th</sup> JUNE 2016

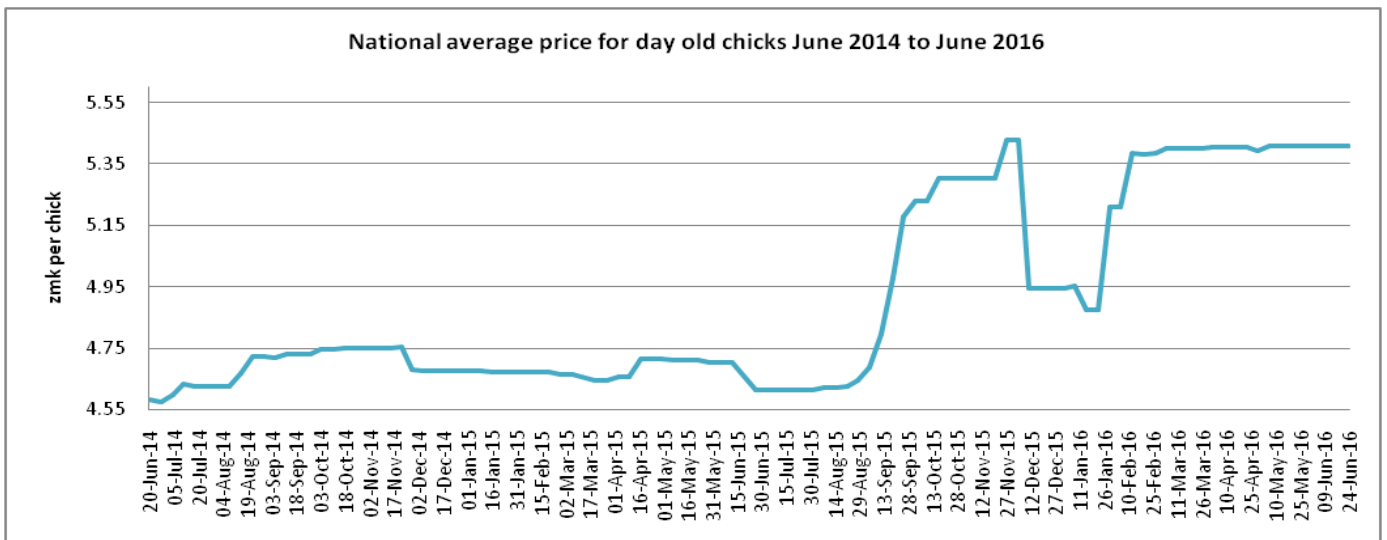
### Average Day Old Chick Prices

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/chick.



Source: Poultry Association of Zambia

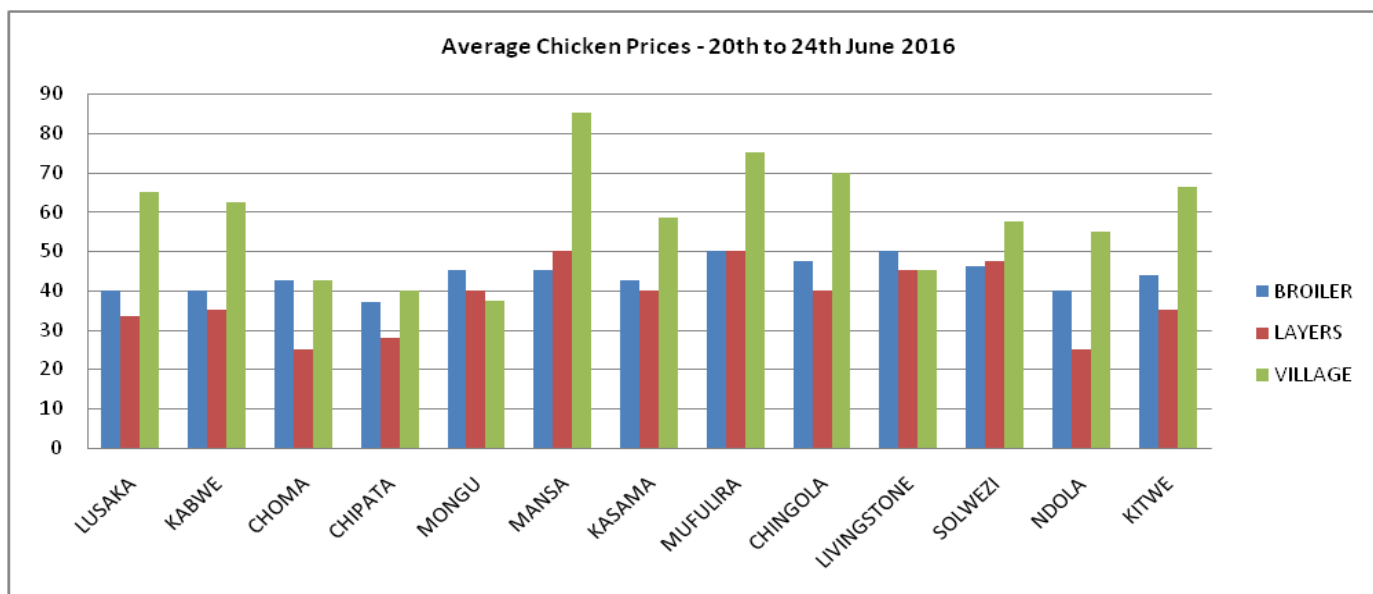
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### Average Live Birds Prices

The graph below shows the average live bird prices in selected districts. During the course of the week, Mansa experienced a decline in the average price of broiler live birds. This may have been caused by a reduction in the demand thereby reducing prices in the town, as well as consumer resistance to pay higher prices for the live birds.

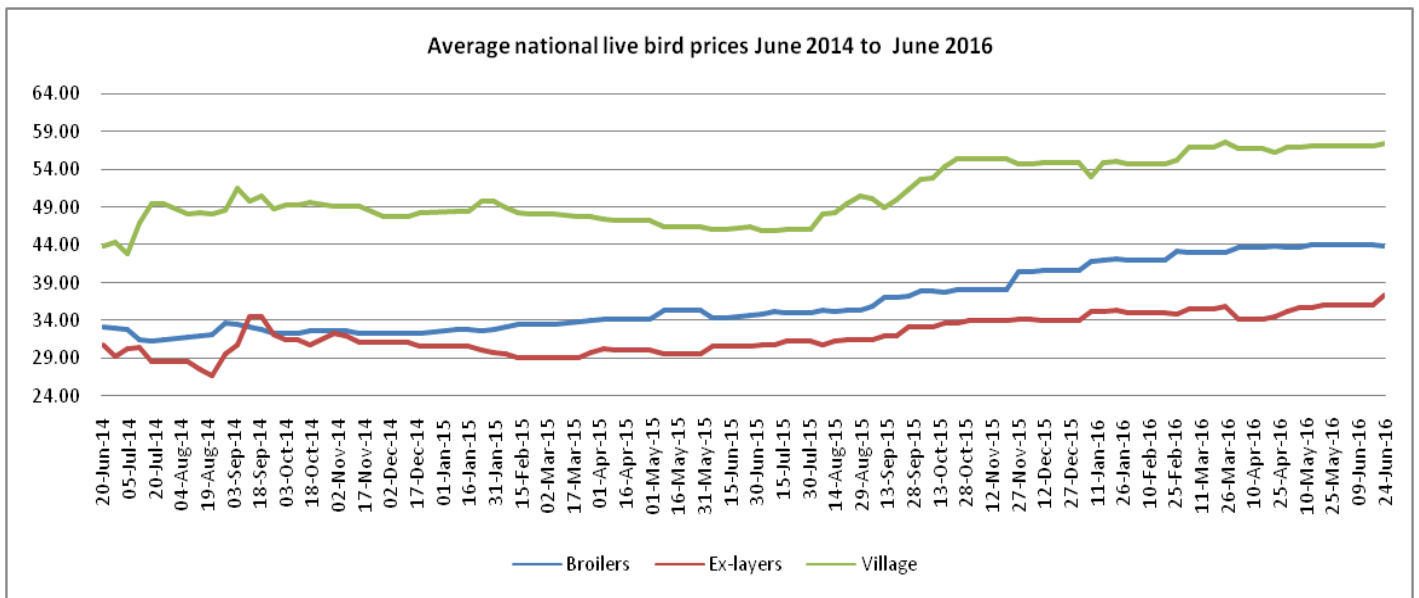


Source: Poultry Association of Zambia

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 ZMW43.81, ZMW37.43 and ZMW57.40 per bird respectively.

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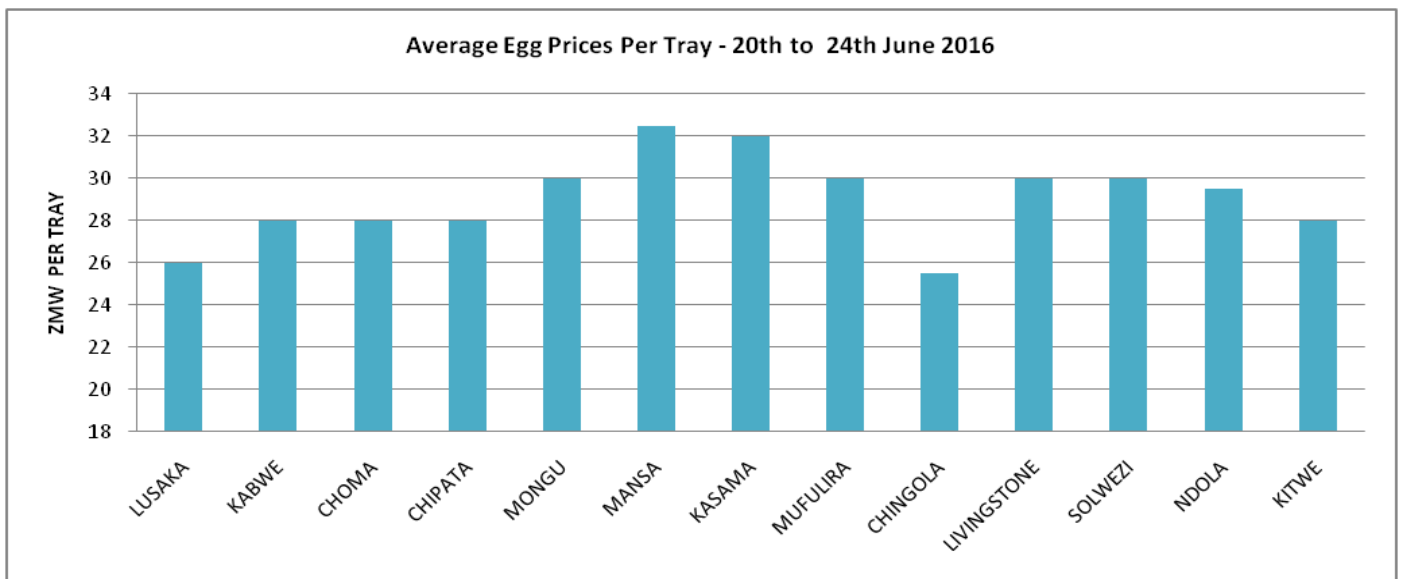




Source: Poultry Association of Zambia

### 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 eggs in Mansa rose by 3% from ZMW31.5 to ZMW32.5 per tray. This was caused by the continued high cost of production which is putting pressure on egg producers. Producer prices in Lusaka during the course of the week were ranging between ZMW24 - ZMW24.5 per tray.

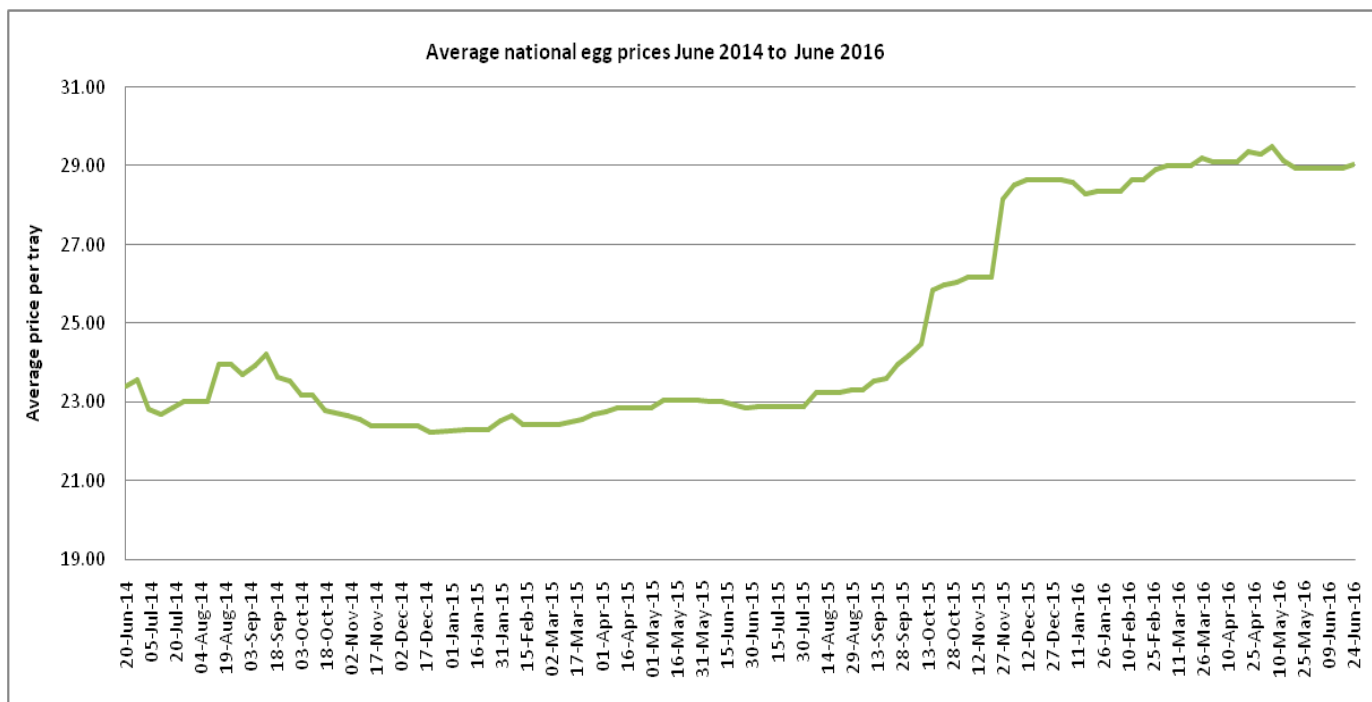


Source: Poultry Association of Zambia

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The graph below shows the price trend for a tray of eggs from mid-June 2014 to June 2016. As can be seen from the graph, the national average price for eggs has slightly risen to ZMW28.96 per tray.



Source: Poultry Association of Zambia

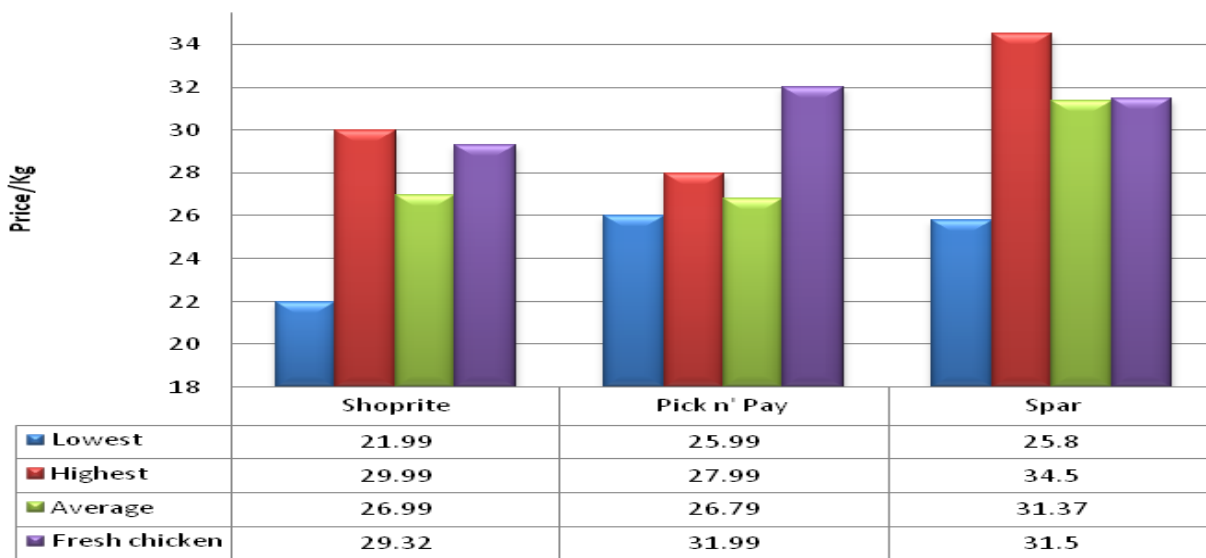
### Average Whole Dressed Chicken Prices

**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 per 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 per kilogram respectively. Frozen whole chicken in Zambeef outlets and Melissa Supermarket was pegged at ZM25.90/Kg and ZMW30/Kg respectively.

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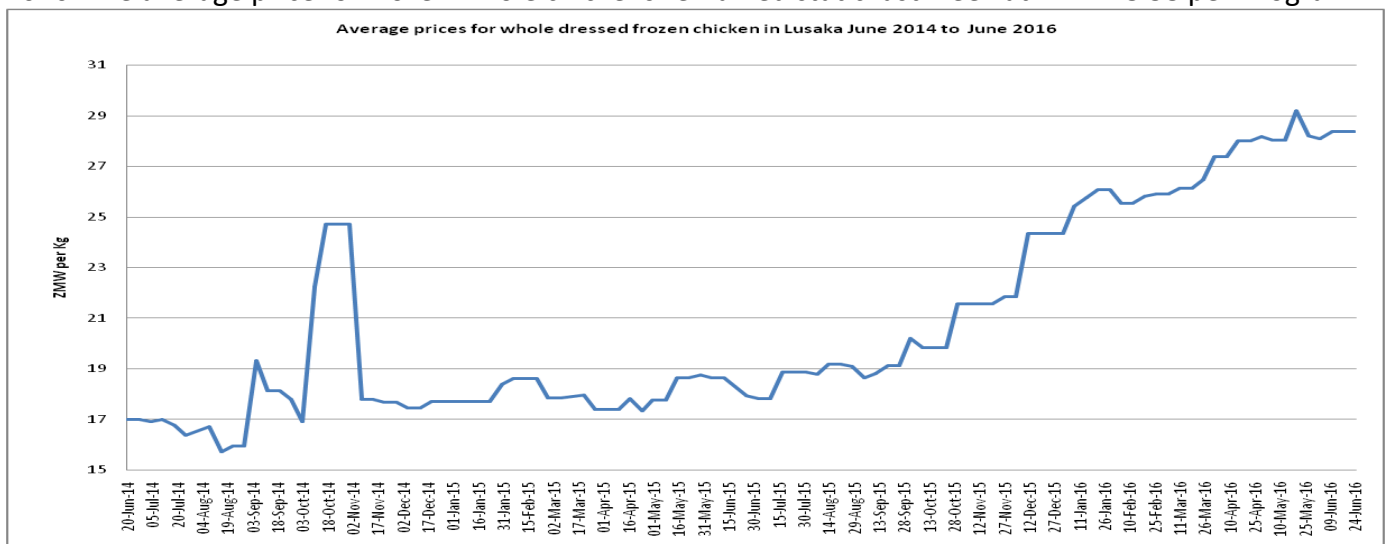


**Graph 1: Average whole frozen chicken - 20th to 24th June 2016**



Source: Poultry Association of Zambia

The graph below shows the average price trend for whole frozen chicken in Lusaka from June 2014 – June 2016. The average price for frozen whole chickens remained static last week at ZMW28.38 per kilogram.



Source: Poultry Association of Zambia

### AVERAGE FEED PRICES

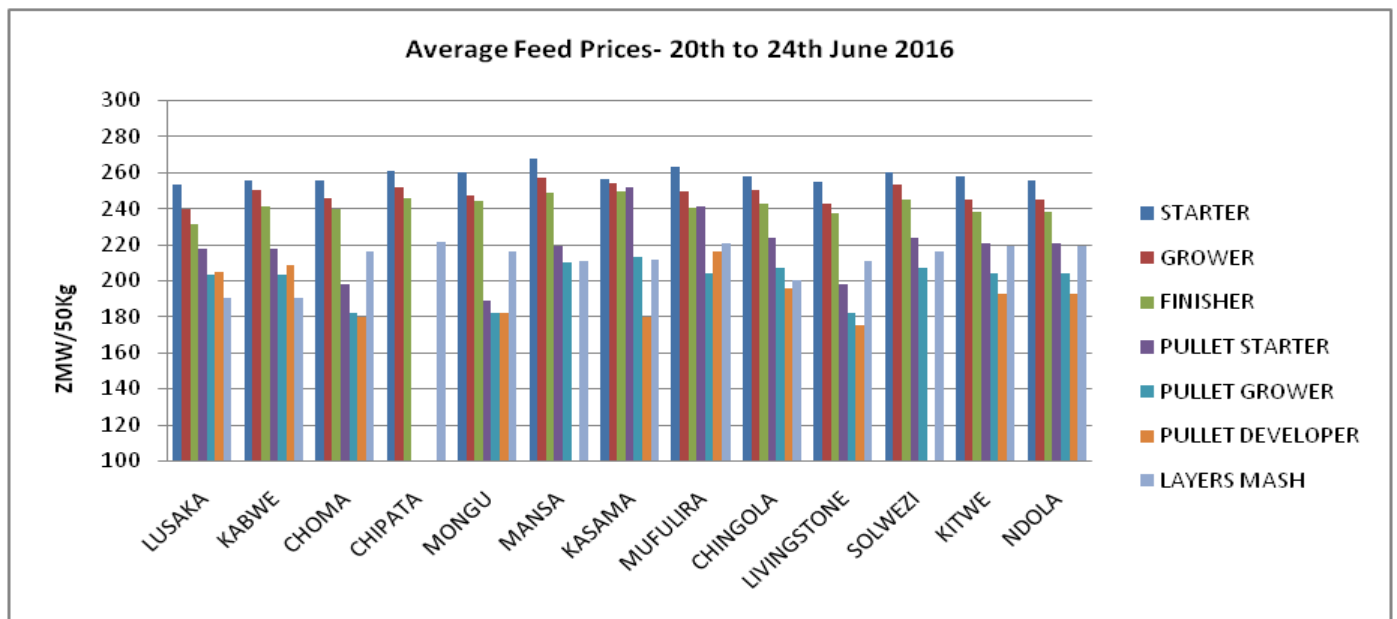
The graph below shows the price of selected ingredients that are used in feed production per 50 kilogram bag. It is expected that if the kwacha continues with the current depreciating trend, the price of most of the items shown below will begin to rise again.

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

The graph below shows average feed prices in selected towns. During the week under review, there was an upward adjustment in the price of stock feeds in Solwezi while Mansa experienced a downward price adjustment.

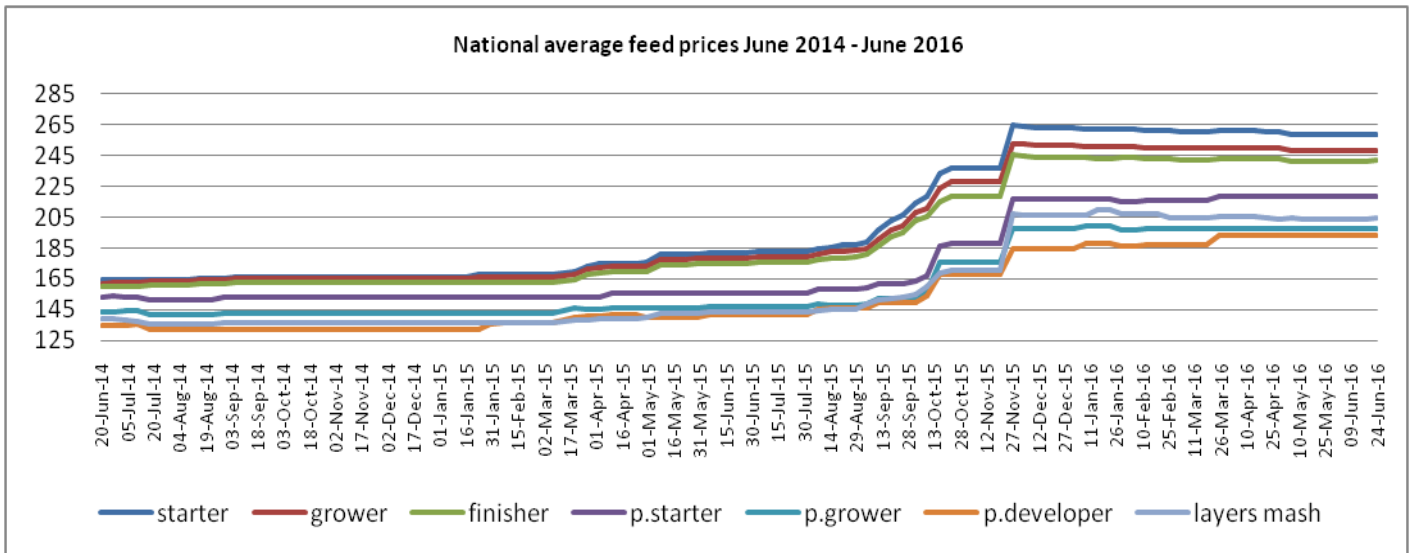


Source: Poultry Association of Zambia

The graph below shows the national average price trend of feed from June 2014 to June 2016. The graph shows that the national average price of stockfeeds remained relatively stable despite some adjustments having being made in some towns. This was because the reduction in the price of some brands of stock feeds was offset by an increase in the price of other brands.

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Source: Poultry Association of Zambia

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