



# THE WEEKLY AGRO WATCH



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6<sup>th</sup> July, 2016 Vol.3. No.27



## *In this week's issue:*

- Supply of soya beans from small scale farmers' rises
- Rains threatening Russian wheat quality
- Kwacha gains

## **International Agricultural Prices to Remain Flat**

The latest OECD-FAO agricultural outlook report for the period 2016 to 2025 is projecting that inflation-adjusted agricultural commodity prices will remain relatively flat overall in the coming decade. However, livestock prices are expected to rise relative to those for crops. Emerging economies are expected to drive the projected increase in demand of meat products. The growing demand for food and feed is expected to be met mostly by increase in productivity levels. With respect to Sub-Saharan Africa, food imports are foreseen to rise as the region's total production is anticipated to rise by only 2.6 percent against a 3 percent rise in food demand during the period under review.

## **Upcoming Events**

The Poultry Association of Zambia (PAZ) National Annual General Meeting is on 26<sup>th</sup> July 2016 at the Mulungushi National Conference Centre from 8:00Hrs to 13:00hrs

## Exchange Rates

The Kwacha seems to be making gains as the US dollar flows in from corporates who are settling their tax obligations.

CURRENCY	06/07/2016						27/06/2016 (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>	9.53	9.72	0.65	0.66	12.34	12.59	10.70	10.92	0.71	0.73	10.41	14.70
<b>Standard Chartered</b>	9.57	9.76	0.65	0.66	12.37	12.62	10.66	10.87	0.70	0.72	14.15	14.44
<b>ZANACO</b>	9.41	9.60	0.63	0.65	12.15	12.38	10.69	10.90	0.71	0.72	14.89	15.46
<b>Bank of Zambia</b>	9.56	9.61	0.64	0.65	12.38	12.45	10.83	10.87	0.719	0.722	14.87	14.95

## Parity Prices

Domestic Import Parity Prices as at 05/07/2016					
US\$/ZAR=14.75 US\$/ZMW=9.69					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		9.69	477.8	702.31	486.12
Town	<b>Ex-Lusaka freight (ZMW)</b>	\$	\$	\$	\$
Chipata	275	28.38	506.18	730.69	514.50
Mkushi	225	23.22	501.02	725.53	509.34
Ndola	250	25.80	503.60	728.11	511.92
Kitwe	250	25.80	503.60	728.11	511.92

Note: Import parity based on July September delivery for soya beans and August delivery for Maize and wheat

Export Parity Price Ranges (EPP) Harare-Lusaka as at 24/06/16	
Soya Beans	458.7-495.75
Wheat	330-349.5
Maize	240.5-320.25

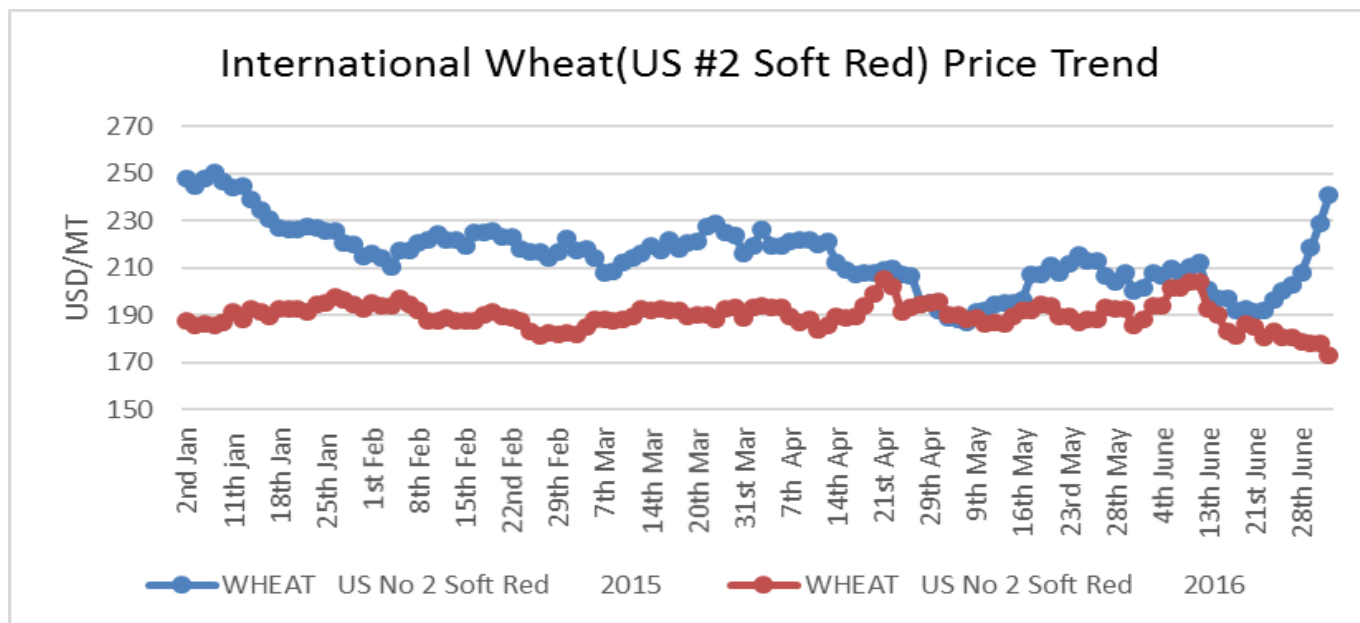
## Wheat

### Highlights

- Russia's wheat harvesting season is underway and the markets are anticipating the country to harvest the largest crop on record, estimated at 110 million tons, since Russia became a sovereign state in 1990. Russia, together with other countries in the black sea region, have continued to have a domineering role in trade of wheat with the UkrAgroConsult market researcher estimating the black sea region's share of global wheat trade at 29% in the 2015/16 season, ending 30<sup>th</sup> June.
- Russia, however, is anticipated to have some setbacks on quality of its wheat due to the torrential rains experienced last week in a key producing area. Rains are also anticipated to affect the French wheat crop both in terms of quality and yields.
- Locally, most, if not all, farmers have concluded their wheat plantings. while we are yet to get indications on the harvest prospects based on area planted, the crop looks healthy in a few sampled fields in the central part of the country.
- Soft red, for September delivery, on the Chicago Mercantile Exchange (CME) opened trading at US\$128.82MT on 6<sup>th</sup> July 2016.
- Local wheat offer prices were still in the range of US\$400-415/ton last week.

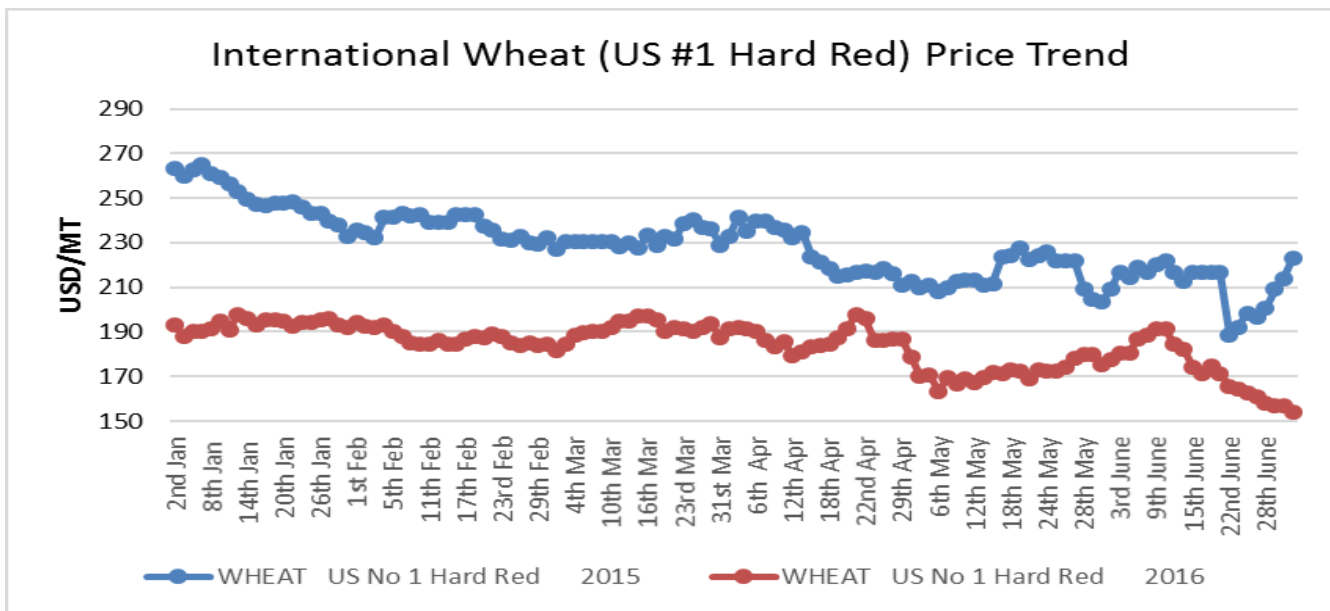
### Price trends

The Safex international soft red and hard red wheat prices averaged US\$157.37 /MT and US\$ 177.60/MT during the week ending 1<sup>st</sup> July 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

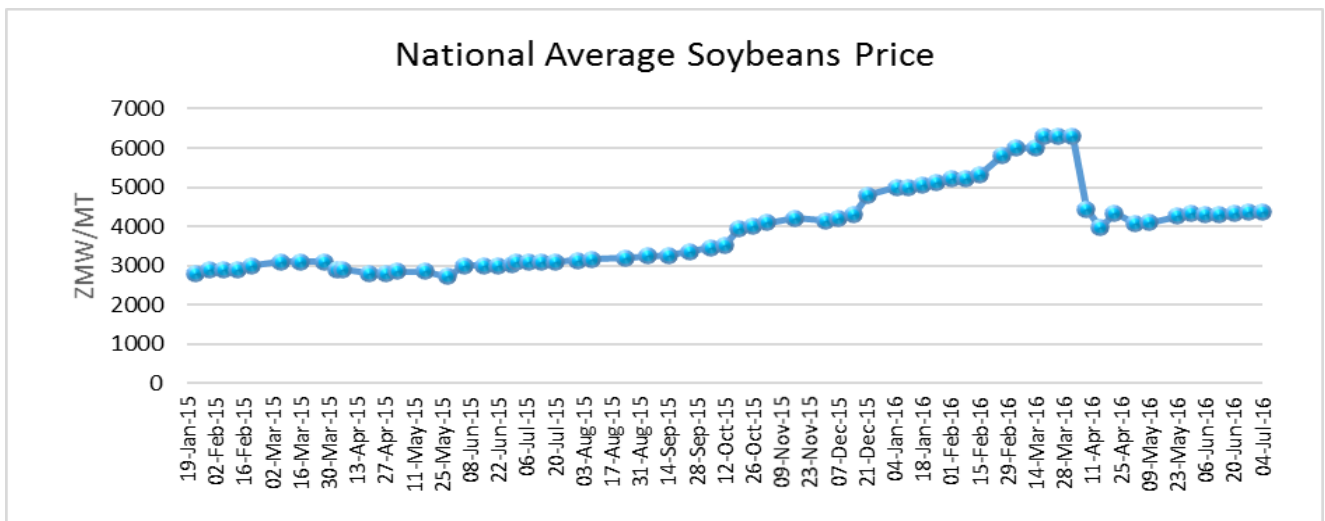
## Soya Beans

### Highlights

- The US has increased its soya beans plantings this year to record high 33.78 million hectares, one percent above last year’s plantings. Continued good crop prospects report on the US soya crop are likely to keep international soya beans prices suppressed especially if, come September, Argentina and Brazil increase their plantings.
- Soy beans for November delivery opened trading on CME at US\$387.43/MT on 6<sup>th</sup> July 2016.
- On the local scene, traders seem to be happy with the flow of soya beans especially from the small-scale farmers with indication that small and medium scale supply of the beans could have more than doubled in comparison to last year. The forecasted 267,000MT of soya beans in 2016 is more than adequate to meet the country’s current needs.
- According to the ZNFU market Price Information System, average national offer prices were still in the range of ZMW 3,000 – 5,300/MT with an average of ZMW4,348MT last week as shown in the graph below;

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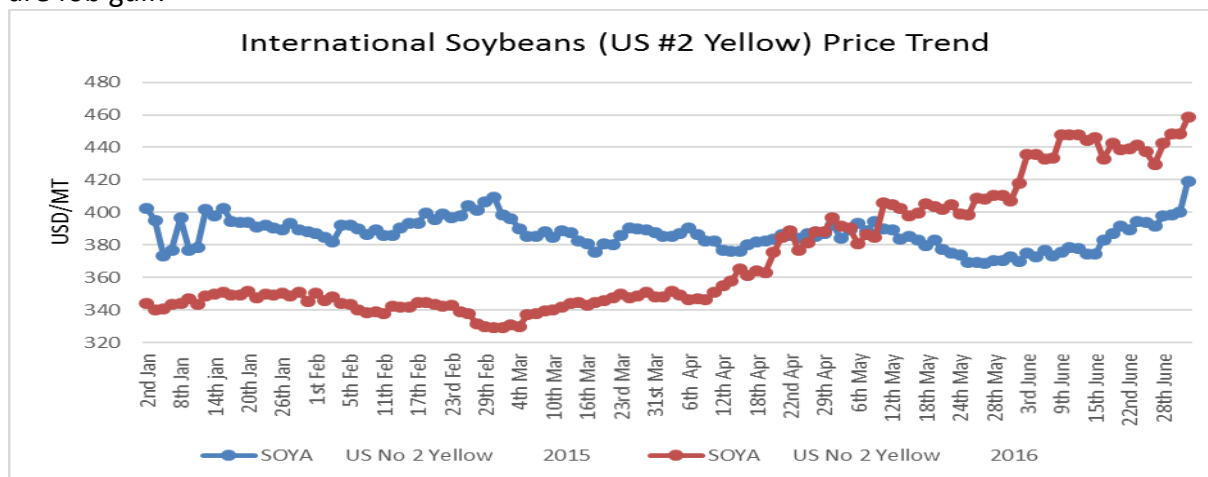




Source: ZNFU, 4455 Market Price Information System

**Price trends**

International spot prices for US No. 2 yellow soya beans on Safex averaged US\$445.38/MT in the week ending 1<sup>st</sup> July 2016, 1.28% above the average price of US\$439.76//MT recorded in the previous week. Prices are fob gulf.



Source: Safex

**Maize**

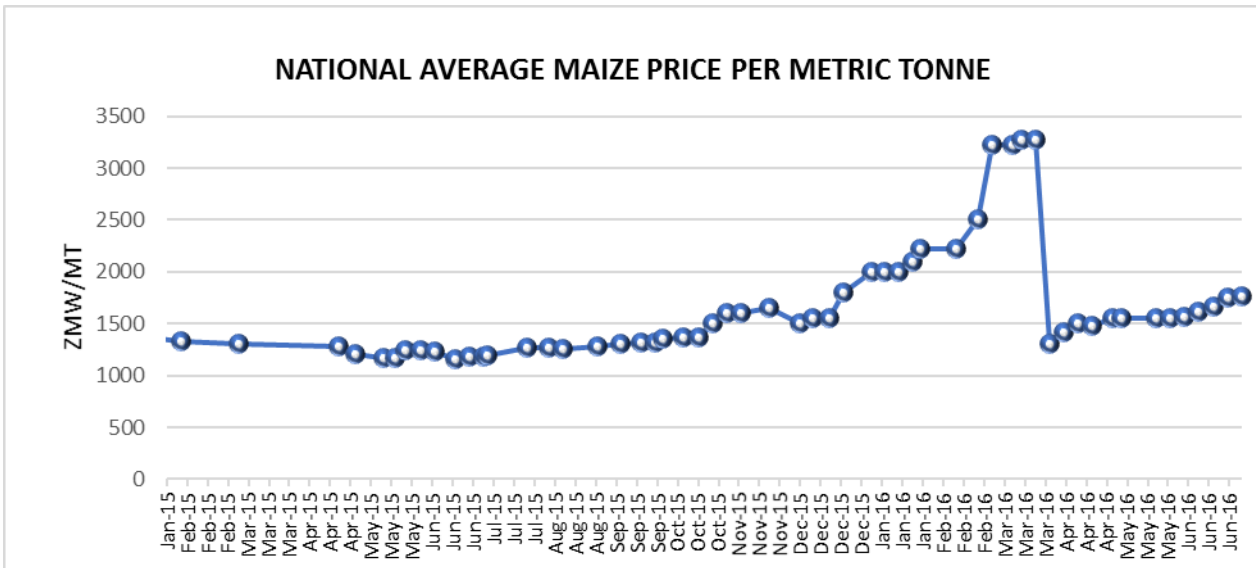
**Highlights**

- Similar to the trend in wheat and soya beans futures prices, maize prices on the international market have also taken a nose dive over the last week. Maize for December delivery opened trading on CME at US\$138.18/MT on 6<sup>th</sup> July 2016.

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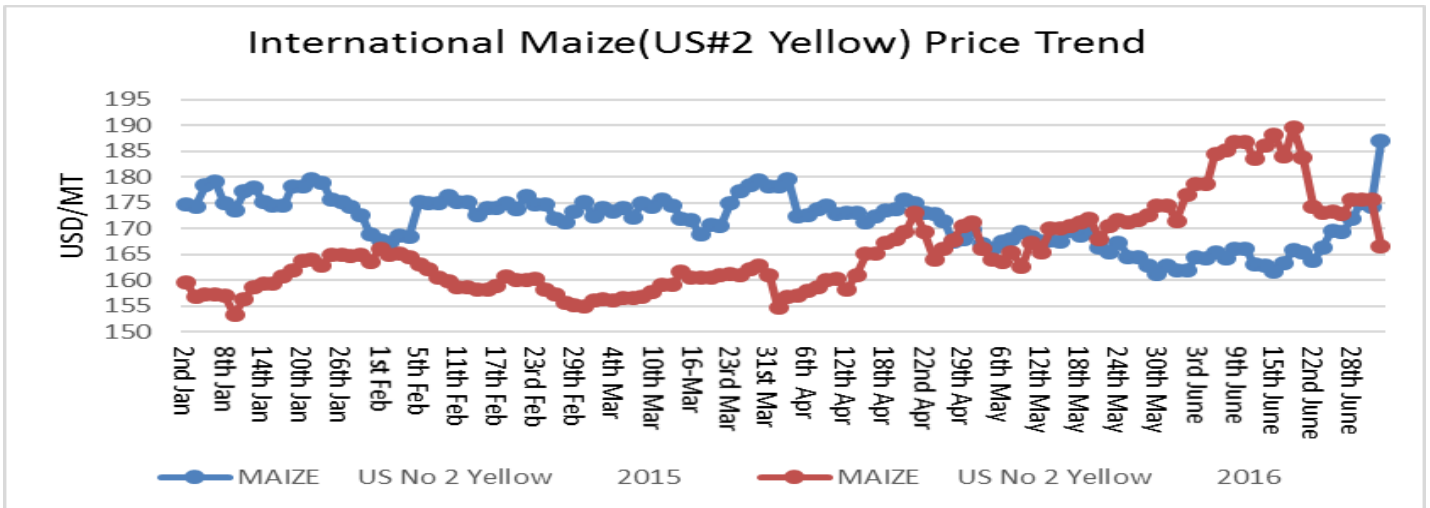
- South Africa has maintained its 2016 maize production estimate at 7.16 million tons in the 6<sup>th</sup> summer crop production estimate report released last week.
- The national average of the local maize price by private traders has continued trading above the FRA price of ZMK1700/MT. Last week, the price was averaging K 1,767/ton on the ZNFU market information system



Source: ZNFU, 4455 Market Price Information System

### Price trends

International maize spot prices traded at an average of US\$ 173.24/ MT during the week ending 1<sup>st</sup> July 2016, 3.11% below the previous week's average. All prices are fob gulf.



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Source: Safex

## Crude oil

- Brent crude oil futures prices around 15:09hrs CAT on 6<sup>th</sup> July 2016 were pegged at US\$47.25/barrel.
- The Dubai Mercantile exchange crude oil marker price for September 2016 delivery settled US\$44.80/barrel on 5<sup>th</sup> July 2016.

## Brent Crude Oil Futures \$/barrel



Source: BBC, 2016.

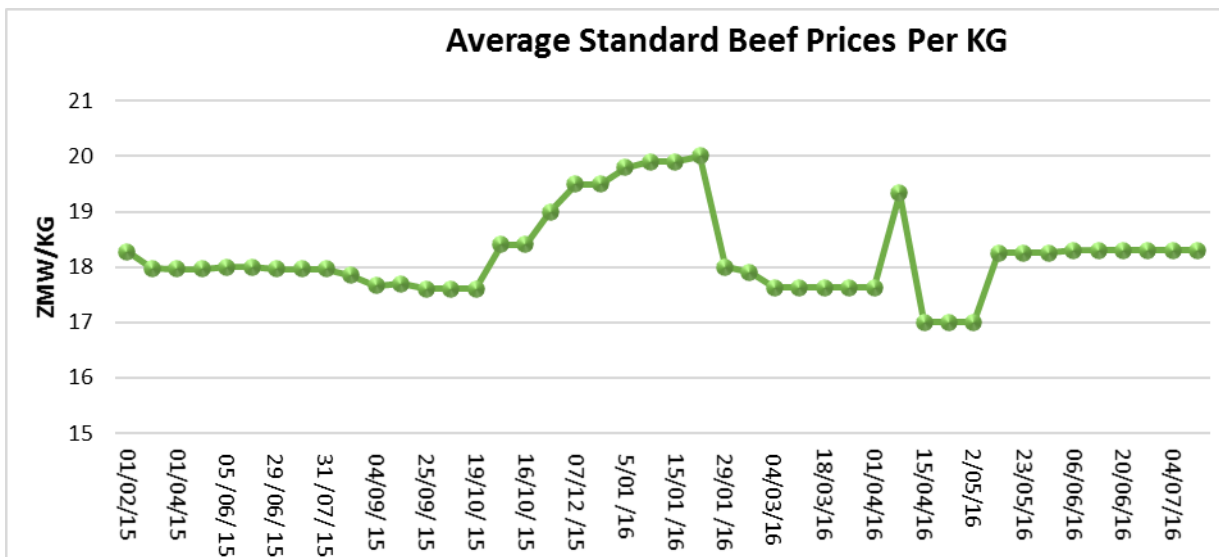
## Beef

### Highlights

- Namibian grade A beef prices in abattoirs, captured by the Namibian Meat board, were in the range of ZAR30.70-36.67/kg during the week ending 27<sup>th</sup> June 2016. The auction price for heifers and weaners were ZAR14.84/kg and ZAR 16.54/kg respectively on 17<sup>th</sup> June 2016.
- Dressed weight beef prices were still averaging ZMW18.3/kg during the week ending 1<sup>st</sup> July 2016. This is as monitored by the ZNFU 4455 market price information system.

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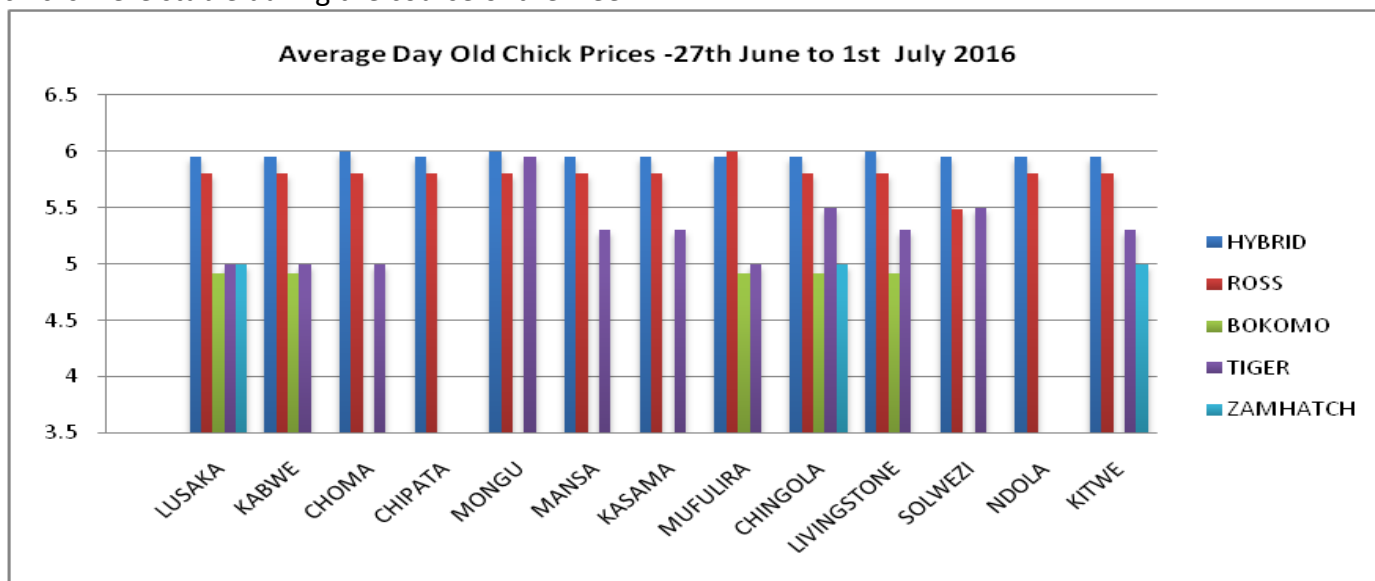


Source: ZNFU, 4455 Market Price Information System

## POULTRY UPDATES FOR THE WEEK ENDING 1<sup>st</sup> July 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.



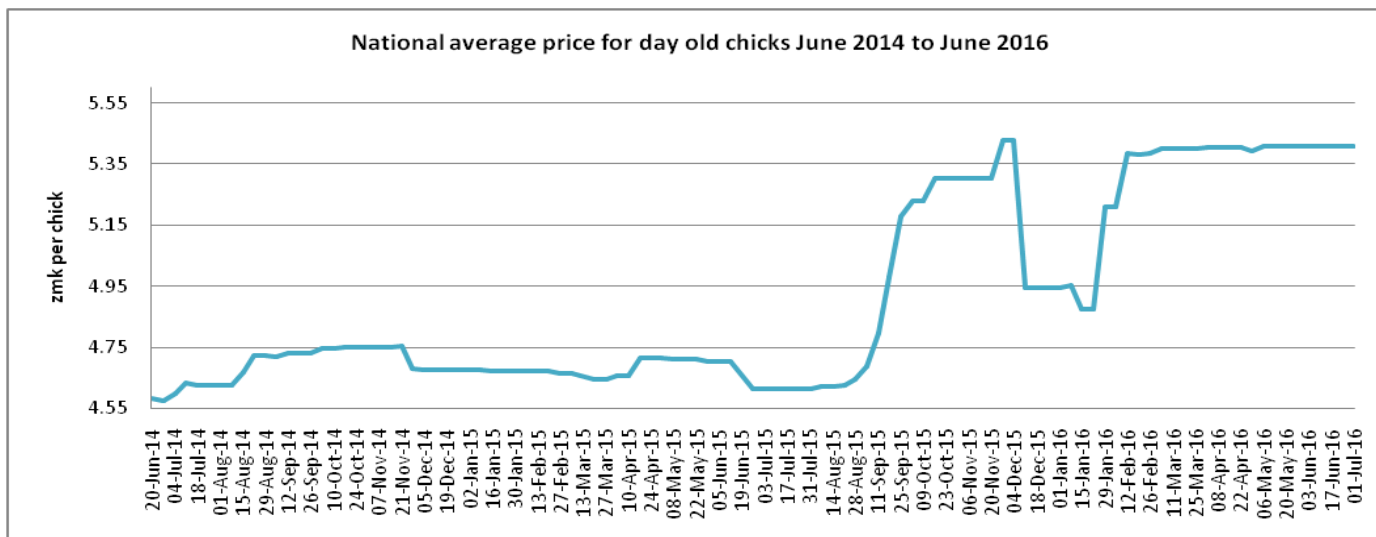
Source: Poultry Association of Zambia

The graph below shows the national average price trend for day old chicks from June 2014 to July 2016. The graph shows that the national average price of day old chicks was ZMW5.41 last week.

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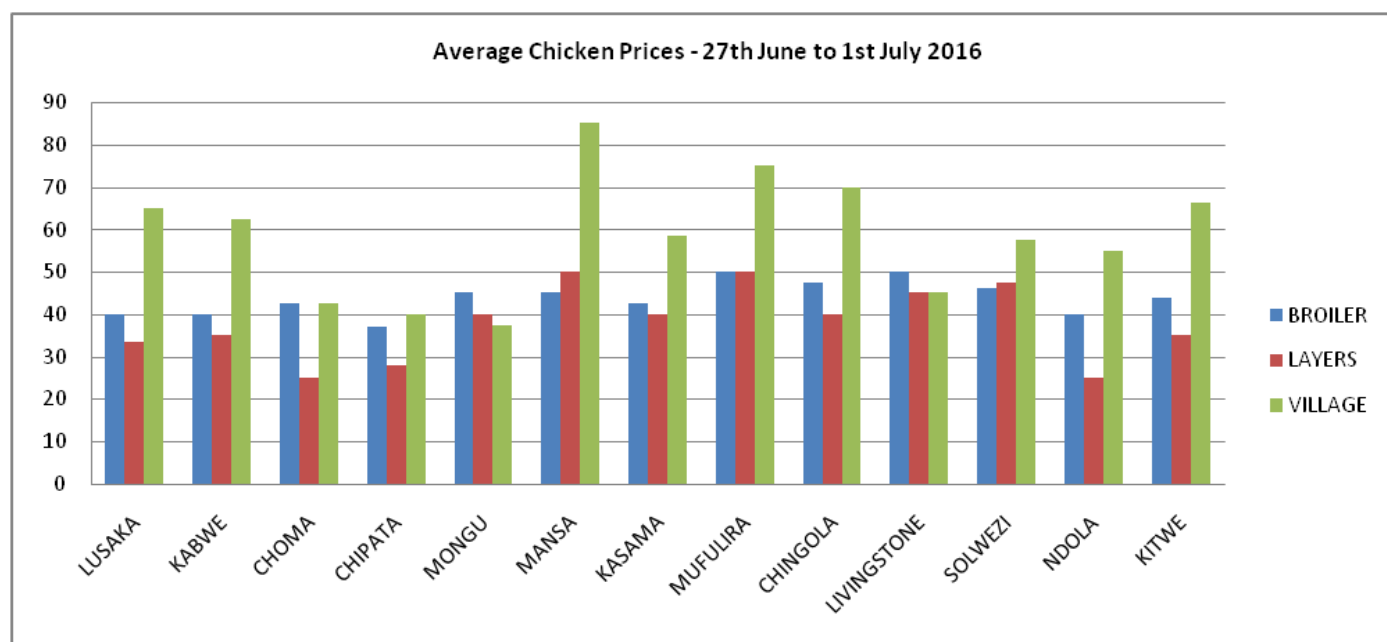




Source: Poultry Association of Zambia

### 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. During the month of June, producer prices of live birds remained relatively low with minimal fluctuations.

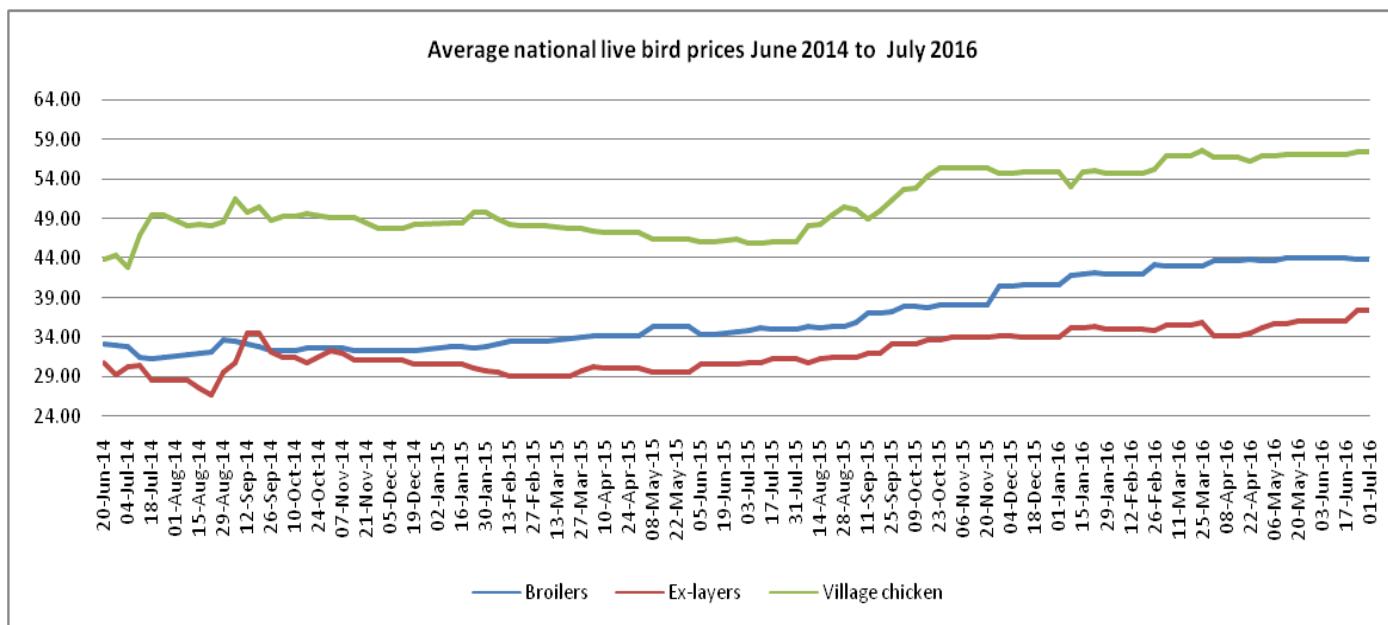


Source: Poultry Association of Zambia

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



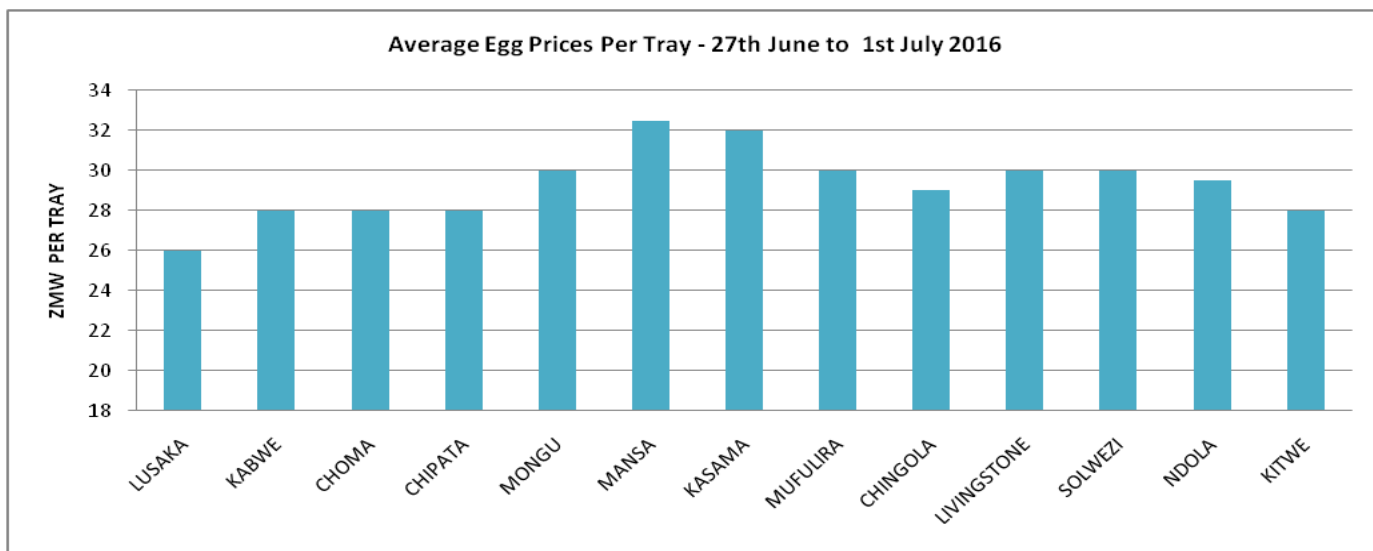
Source: Poultry Association of Zambia

### Average Egg Prices

The graph below shows average retail prices of table eggs in selected towns around the country. Farm gate prices for eggs have begun to recover slowly after taking a plunge during the months of May and June. This can be attributed to an increase in demand as well as a slow-down in production caused by lower temperature.

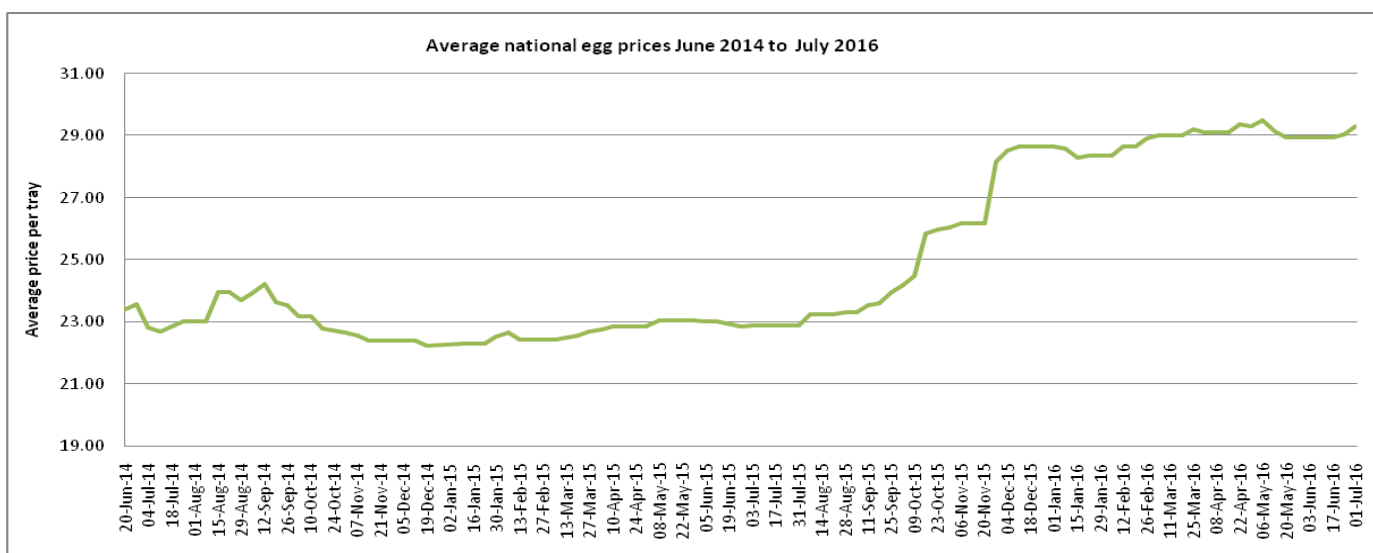
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Source: Poultry Association of Zambia

The graph below shows the price trend for a tray of eggs from mid-June 2014 to July 2016. As can be seen from the graph, the national average price for eggs went up during the course of the week to ZMW29.31 per tray of eggs.



Source: Poultry Association of Zambia

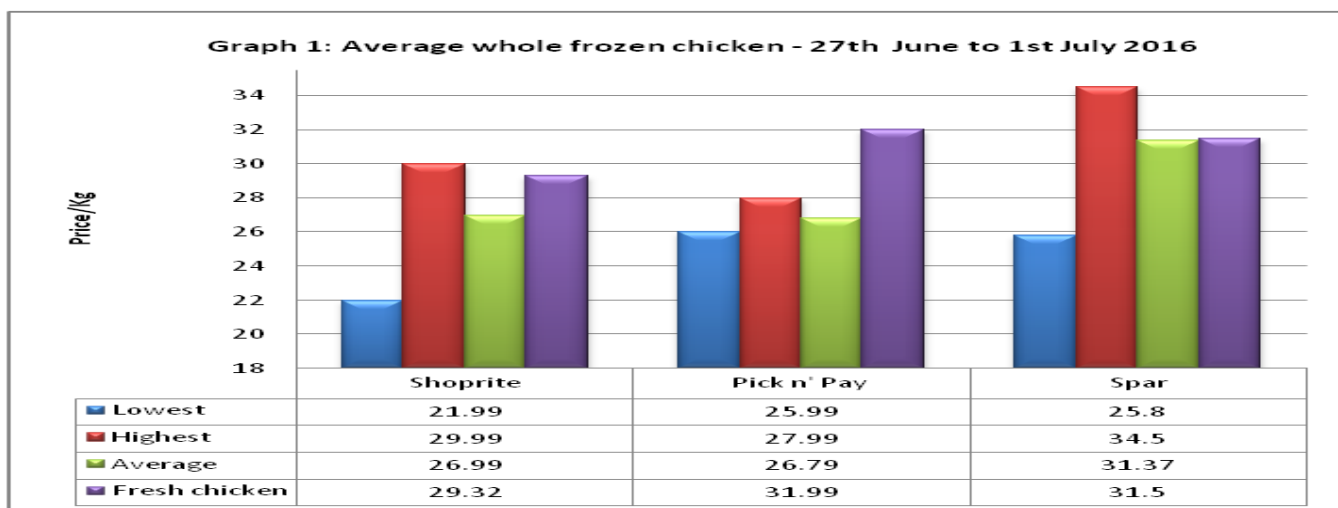
### Average Whole Dressed Chicken Prices

Graph 1 shows average prices of whole frozen chickens in the three chain stores around Lusaka. 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. Meanwhile the average price for fresh whole chickens in Shoprite, Pick n Pay and Spar

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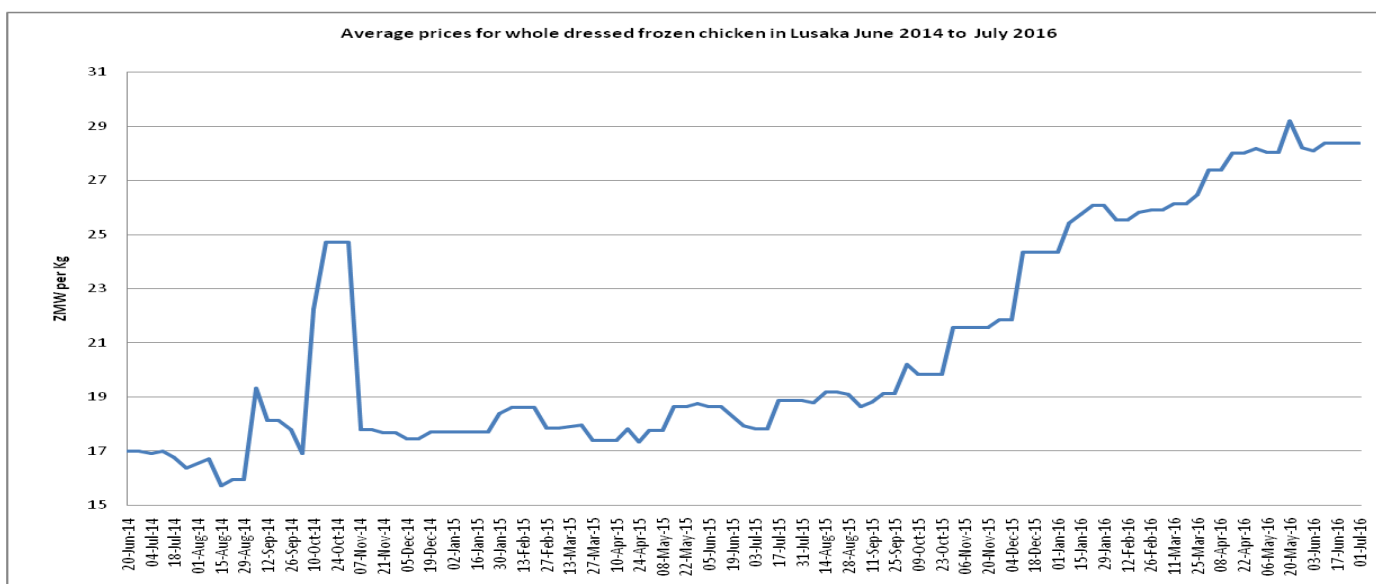


was ZMW29.32, ZMW31.99 and ZMW31.50 per kg respectively. Other prices include frozen whole chicken in Zambeef outlets at ZM25.90/Kg and ZMW30/Kg in Melissa Supermarket.



Source: Poultry Association of Zambia

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



Source: Poultry Association of Zambia

### Average Feed Prices

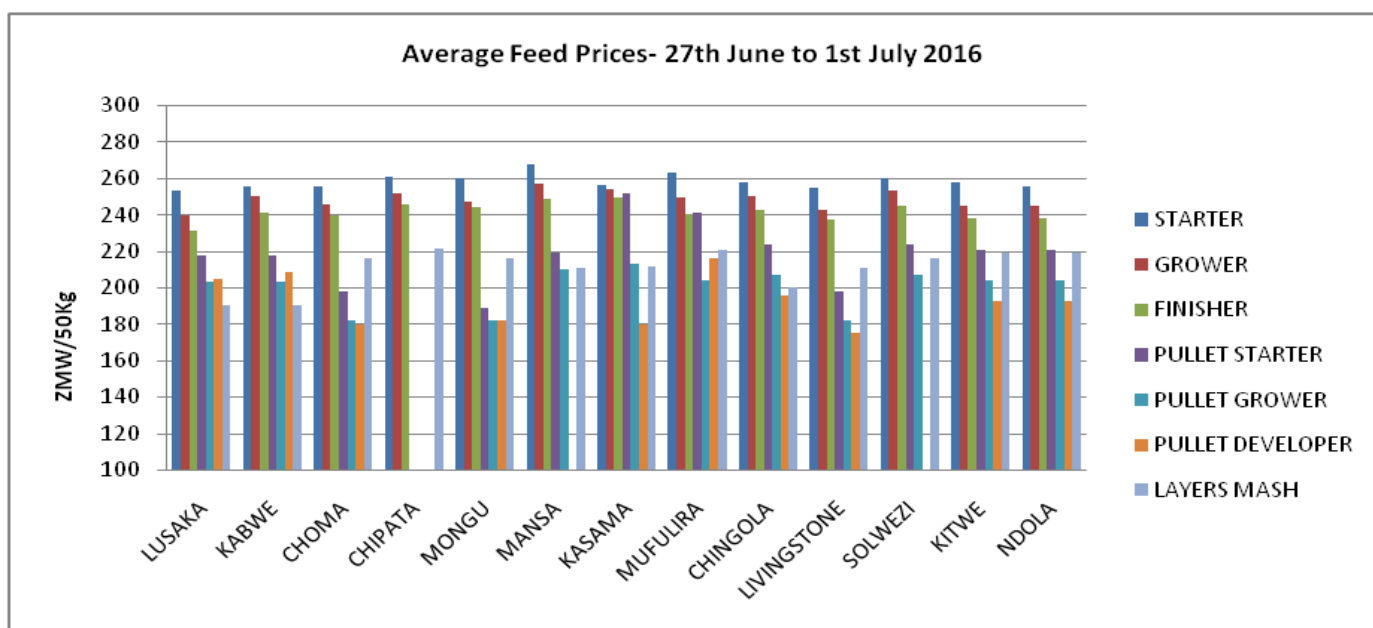
The graph below shows the price of some of the most important ingredients that are used in feed production per 50 kilogram bag. Movement in the exchange rate affect prices of some feed ingredients.

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	SOYA MEAL FULL FAT	SOYA MEAL SOLVENT EXTR	NO.3 MEAL	FISHMEAL
PRICE (ZMW)	331.70	340.02	49.50	547.92

The graph below shows average feed prices in selected towns. Stock feed prices have remained high but stable. However it is hoped that the Kwacha can continue to gain against the US\$ so that inputs that are traded in dollars can become cheaper so that production costs decline.

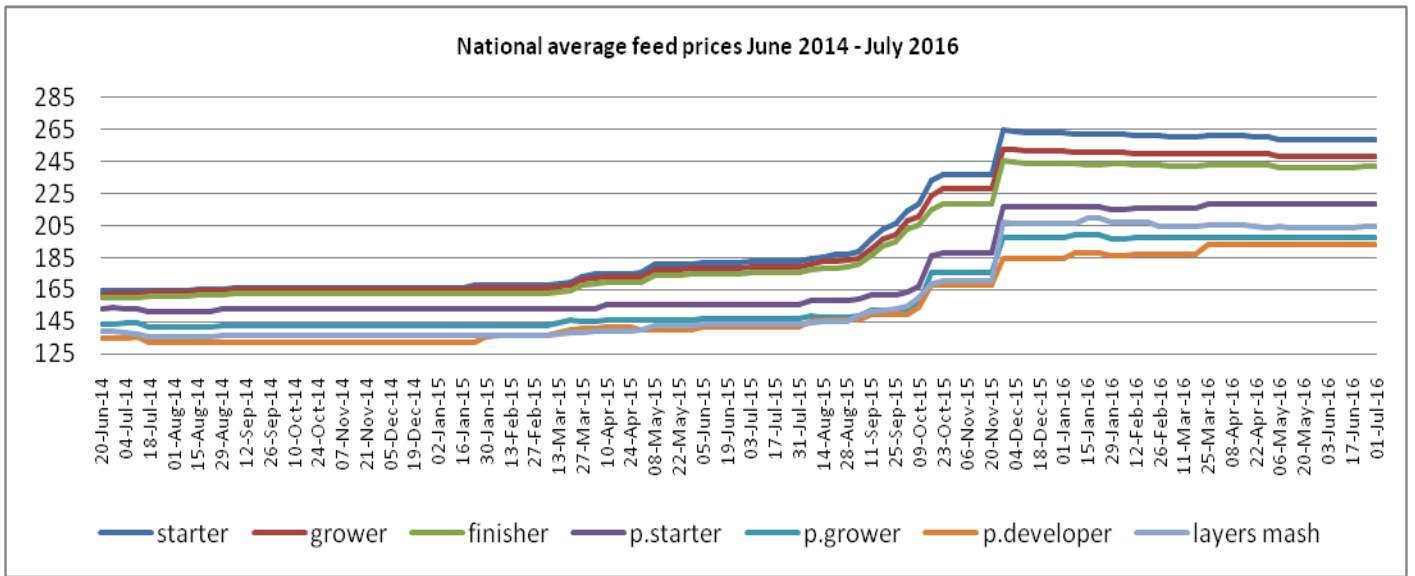


Source: Poultry Association of Zambia

The graph below shows the national average price trend of feed from June 2014 to July 2016. Prices of stock feed have remained high with no improvements leading to a perpetual outcry from poultry farmers over production costs.

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Source: Poultry Association of Zambia

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