



THE WEEKLY AGRO WATCH



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In this week's issue:

- US wheat farmers receive support.
- International crude oil prices spiral down.
- FRA to enter market this week.
- Kwacha still volatile



Upcoming Events

PAZ Constitutional Amendments

The Poultry Association of Zambia (PAZ) Secretariat would like to inform members of the poultry industry that the annual general meeting is scheduled for the 26th July 2016 at the Mulungushi International Conference Center. One of the key issues to consider at this year's AGM, are the proposed amendments to the PAZ constitution. Submissions have already been received from members and have since been sent to all internet enabled members. The PAZ members are therefore urged to take time to be familiarized with the proposed amendments.

Exchange Rates

The marginal gains that the kwacha registered against the US dollar at the June month-end up to early last week seem to have been eroded with Kwacha trading at about ZMK10/US\$ on 11th July 2016. The local unit remains volatile with more propensity towards depreciation as demand for the US dollar continues to rise.

CURRENCY	06/07/2016						06/07/2016					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
FNB	9.96	10.17	0.69	0.70	12.89	13.15	9.53	9.72	0.65	0.66	12.34	12.59
Standard Chartered	9.94	10.14	0.69	0.70	12.90	13.15	9.57	9.76	0.65	0.66	12.37	12.62
ZANACO	10.05	10.20	0.69	0.70	12.97	13.21	9.41	9.60	0.63	0.65	12.15	12.38
Bank of Zambia	10.17	10.22	0.70	0.71	13.21	13.27	9.56	9.61	0.64	0.65	12.38	12.45

Parity Prices

Domestic Import Parity Prices as at 08/07/2016					
US\$/ZAR=14.70 US\$/ZMW=10					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		10	488.96	670.58	486.24
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	27.50	516.46	698.08	513.74
Mkushi	225	22.50	511.46	693.08	508.74
Ndola	250	25.00	513.96	695.58	511.24
Kitwe	250	25.00	513.96	695.58	511.24

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

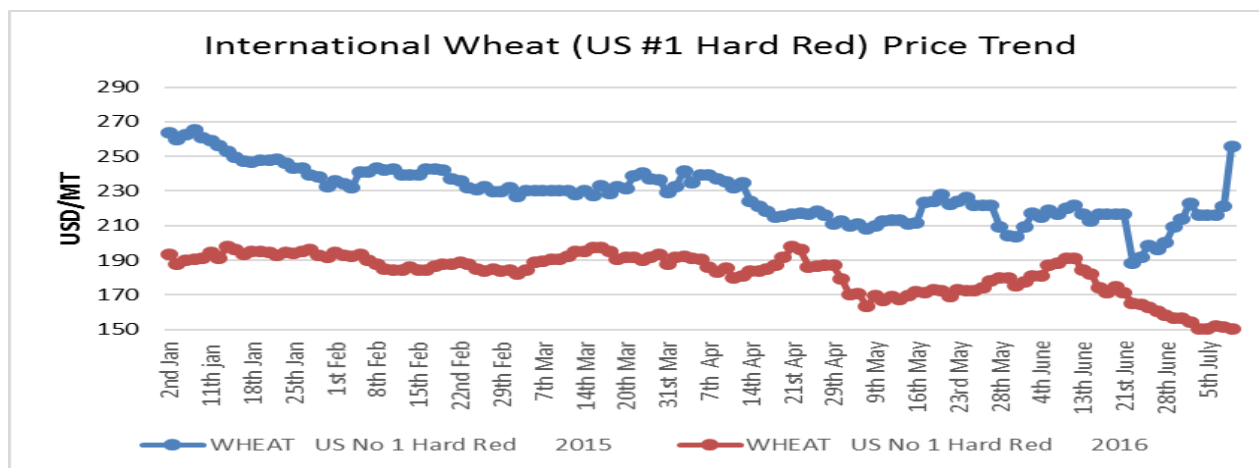
Wheat

Highlights

- Brazil is anticipating that the forecasted La Nina will boost its 2016/17 wheat output to 6.29 million tons. Brazil's crop Bureau, CONAB in a report released last week further estimated the country's import requirement at 5.3 million tons of wheat with over 90% of being met by South American countries.
- With the sustained fall in US local wheat and international wheat prices due to raised supply, the US government last week effected the Loan Deficiency Payments (LDP's) support to Farmers in Kansas City. LDP's and grain commodity Marketing Assistance Loans (MAL's) by the USDA Provide producers interim financing at harvest time without having to sell their commodities when market prices are typically at harvest-time low so as to facilitate more orderly marketing of commodities throughout the year.
- Meanwhile, Zimbabwe has been projected to have a wheat import demand of 280,000MT in the 2016/17 marketing year by the USDA. South Africa is currently the dominant source of Zimbabwe's wheat imports.
- Soft red, for September delivery, on the Chicago Mercantile Exchange (CME) opened trading at US\$160.57MT on 11th July 2016.
- Local wheat offer prices were still in the range of US\$400-415/ton last week.

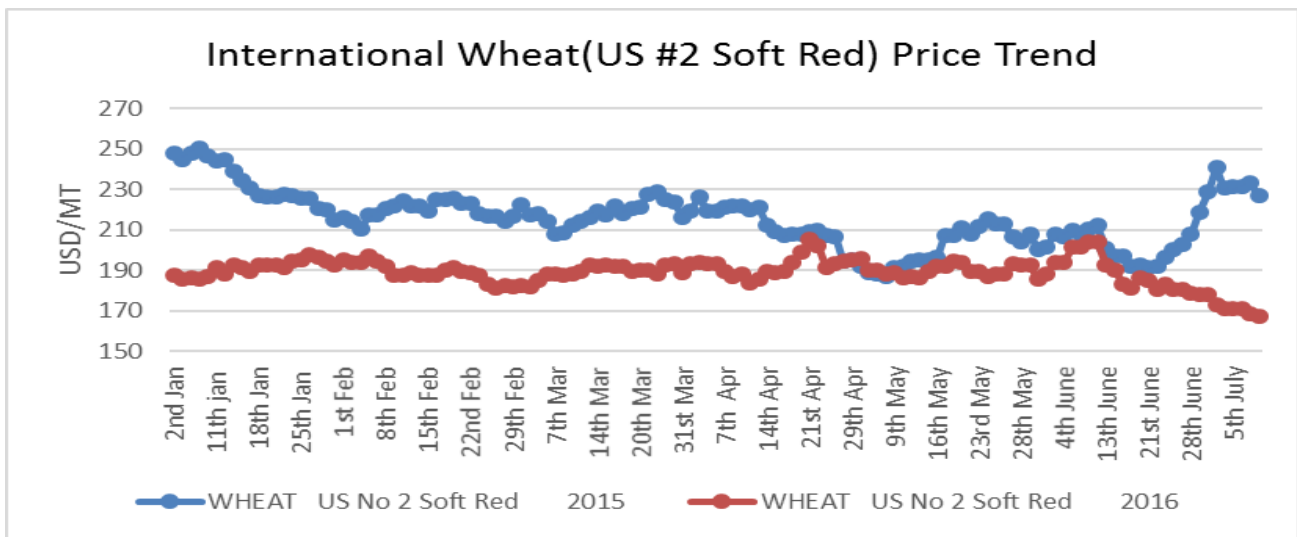
Price trends

The Safex international soft red and hard red wheat prices averaged US\$150.94 /MT and US\$ 169.64/MT during the week ending 1st 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

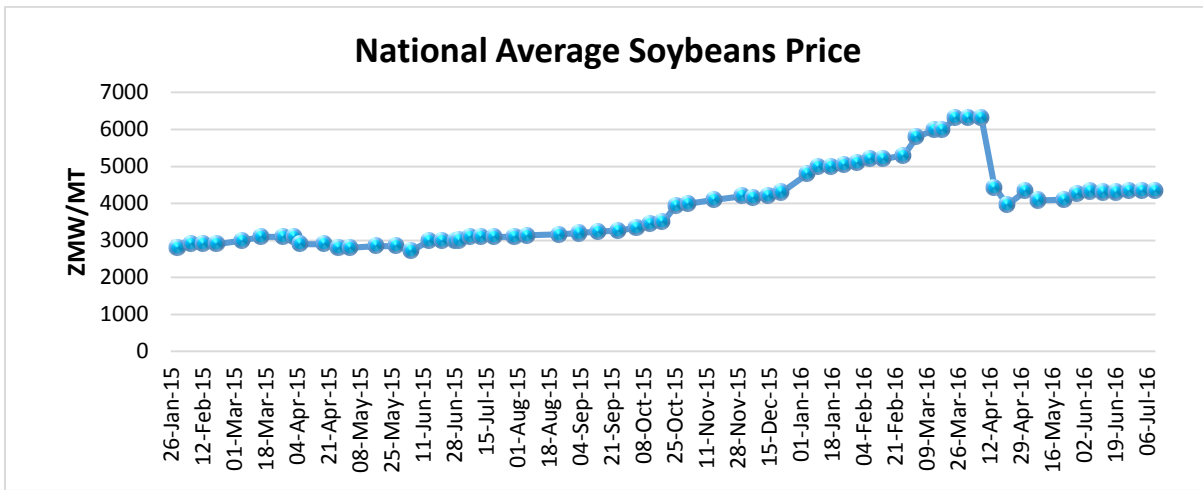
Soya Beans

Highlights

- Brazil's latest crop estimate released last week has revealed a 0.7% drop in its estimated 2015/16 soya crop to 95.6 million tons. This news aided the slight pick-up in the international prices of the oilseed last week as Brazil is not only the second largest producer of soya beans but currently the leading exporting country.
- Soy beans for September delivery opened trading on CME at US\$396.83/MT on 11th July 2016.
- 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 ZMW4,348/MT last week as shown in the graph below;

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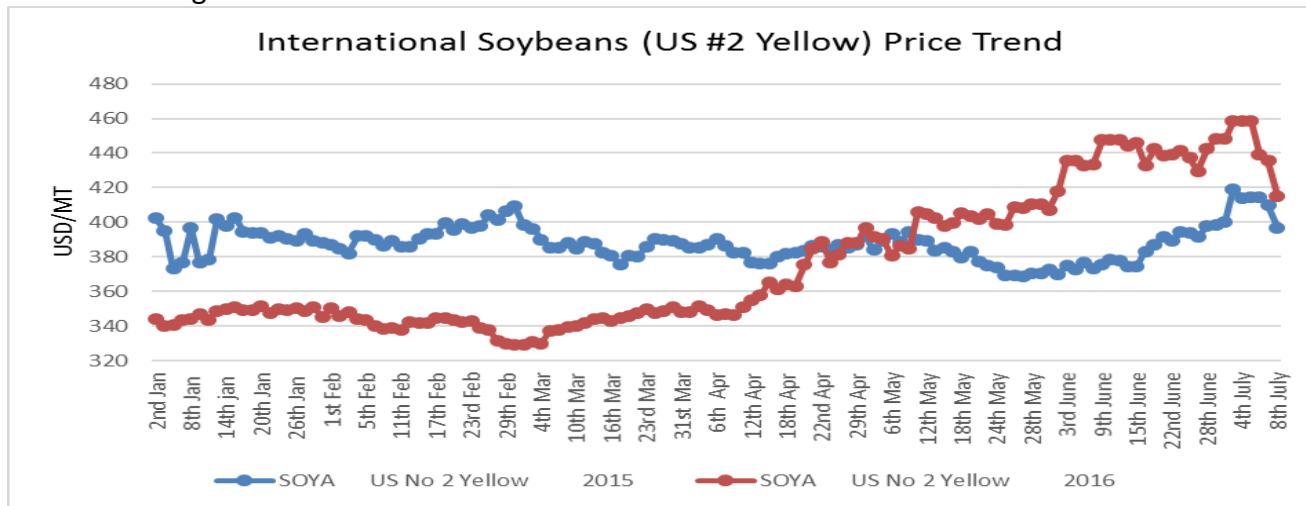




Source: ZNFU, 4455 Market Price Information System

Price trends

International spot prices for US No. 2 yellow soya beans on Safex averaged US\$441.39/MT in the week ending 11th July 2016, 0.89% below the average price of US\$445.38//MT recorded in the previous week. Prices are fob gulf.



Source: Safex

Maize

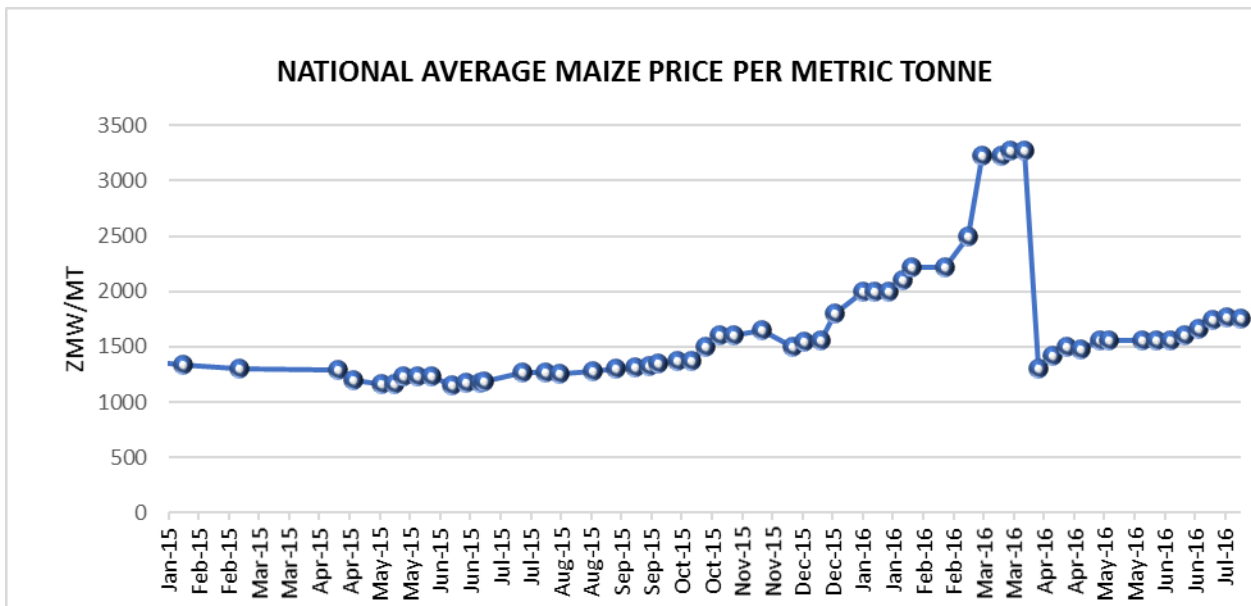
Highlights

- A Global Agricultural Information Network Report on Zimbabwe released end of last month indicates that Zimbabwe may need to import 900,000MT of maize in order to meet it's 1.7 million tons national requirements as the country's 2015/16 maize output reduced by half to about 700,000MT on the backdrop of poor weather.

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- Maize for December delivery opened trading on CME at US\$141.73/MT on 11th July 2016.
- On the local scene, the Food Reserve Agency (FRA) is expected to begin its maize purchases this week at a price of K85/ 50kg bag.
- The national average local maize offer price by private traders was K 1,756/ton on the ZNFU market information system.



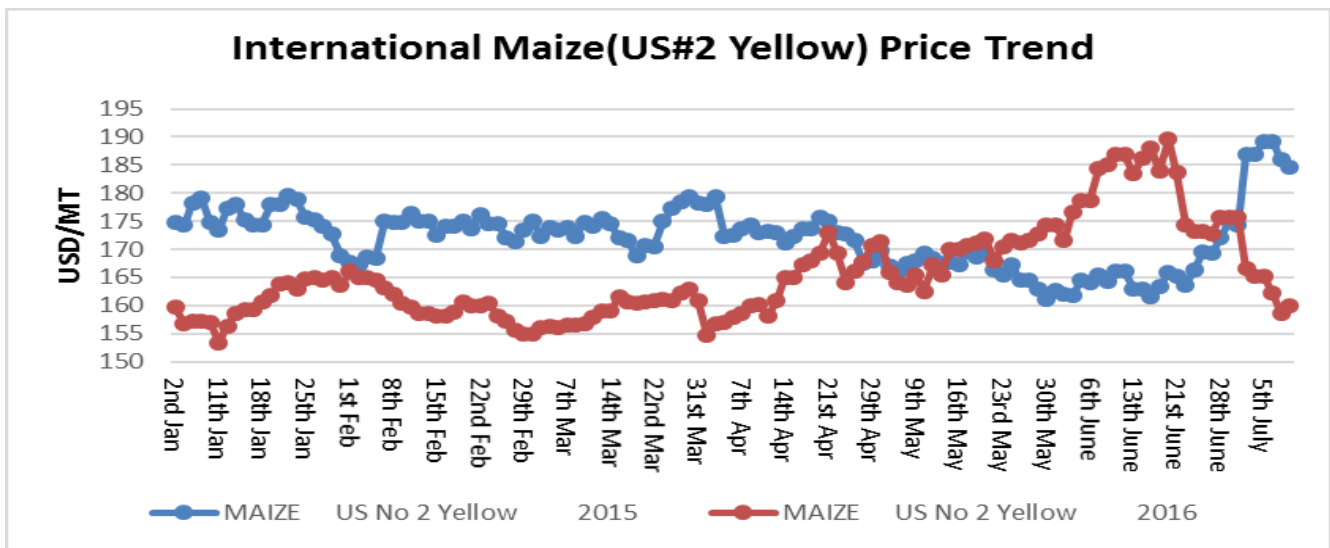
Source: ZNFU, 4455 Market Price Information System

Price trends

International maize spot prices traded at an average of US\$ 162.25/ MT during the week ending 8th July 2016, 6.35% below the previous week’s average. All prices are fob gulf.

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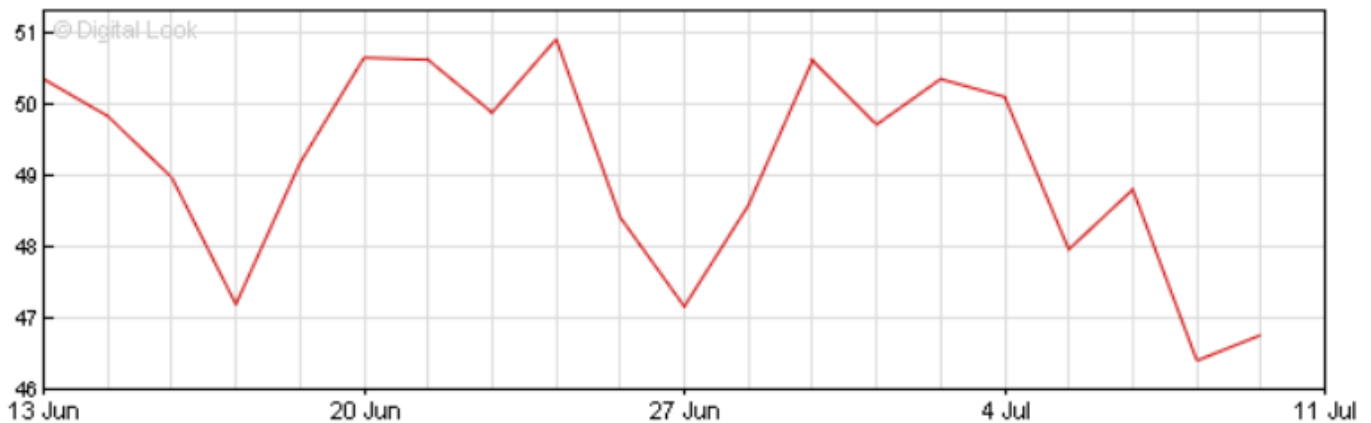


Source: Safex

Crude oil

- The trading of crude oil at above US\$50/barrel seems to have been short lived. Reduced concern on supply disruptions and the weakening Asian market supported the spiral down of international crude oil prices that began last week.
- Brent crude oil futures prices around 15:00hrs CAT on 11th July 2016 were pegged at US\$46.78/barrel.
- The Dubai Mercantile exchange crude oil marker price for September 2016 delivery settled US\$43.14/barrel on 5th July 2016.

Brent Crude Oil Futures \$/barrel



Source: BBC, 2016.

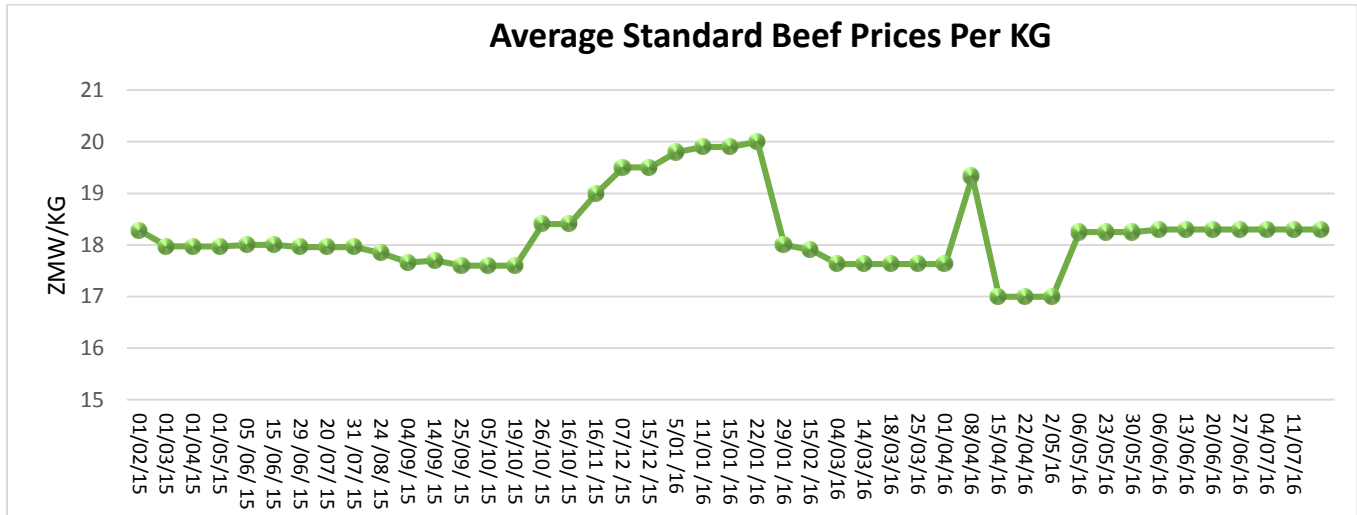
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Beef

Highlights

- The Rabobank second quarter report released last week has projected that international beef prices will continue to be volatile as the strengthening Australian and Brazilian prices battle it out with the weakening beef prices in the US and Canada. The Chinese beef market is anticipated to be balanced in the third quarter as Brazil continues to domineer the export markets with support from a weakening Brazilian real.
- On the Zambian scene, dressed weight beef prices were still averaging ZMW18.3/kg during the week ending 11th July 2016. This is as monitored by the ZNFU 4455 market price information system.



Source: ZNFU, 4455 Market Price Information System

DAIRY UPDATES FOR THE WEEK ENDING 8th July 2016

Global Whole Milk Powder Price Trends

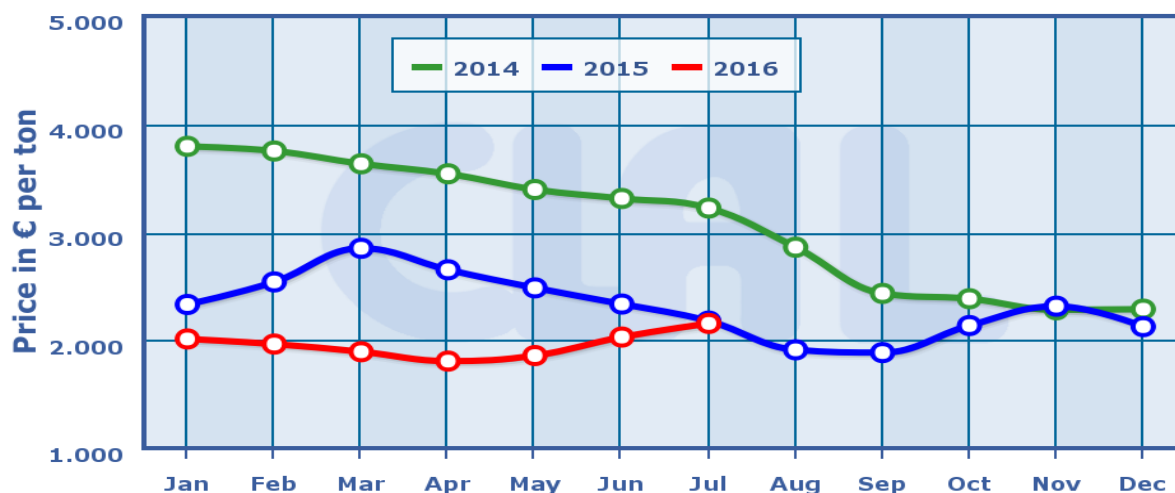
Price of whole milk powder on the international market was at 2,155 Euro per metric ton as at 8th July 2016 as shown in the figure below:

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Western Europe (International Market) - Price of WMP Whole Milk Powder, 26% butterfat

Source: USDA



Source: USDA

Average Prices of Fresh Milk, UHT and Yogurt

Average prices for dairy products remained relatively constant during the period 1st to 8th July, 2016. Notable price adjustments were that for 1 litre UHT milk that reduced by 4 % from K12.59 to K11.99 and for 2 liters fresh milk that slumped by 1.1%.

AVERAGE DAIRY PRODUCT PRICES LUSAKA, SOUTHERN & COPPERBELT			
Dairy Product	Avg Price 1st July	Avg Price 8th July	Var(%)
1Ltr UHT Milk	12.50	11.99	-4.1%
2Ltrs Fresh Milk	17.70	17.50	-1.1%
500mls Fresh milk	4.85	4.79	-1.2%
250mls Drinking Yogurt	3.99	3.99	0.0%
175g Yogurt	6.08	6.06	-0.3%
500mls UHT Milk	6.39	6.39	0.0%
500mls Yogurt	14.02	14.01	0.0%
500mls Drinking Yogurt	8.39	8.39	0.0%
250 UHT Milk	4.29	4.29	0.0%

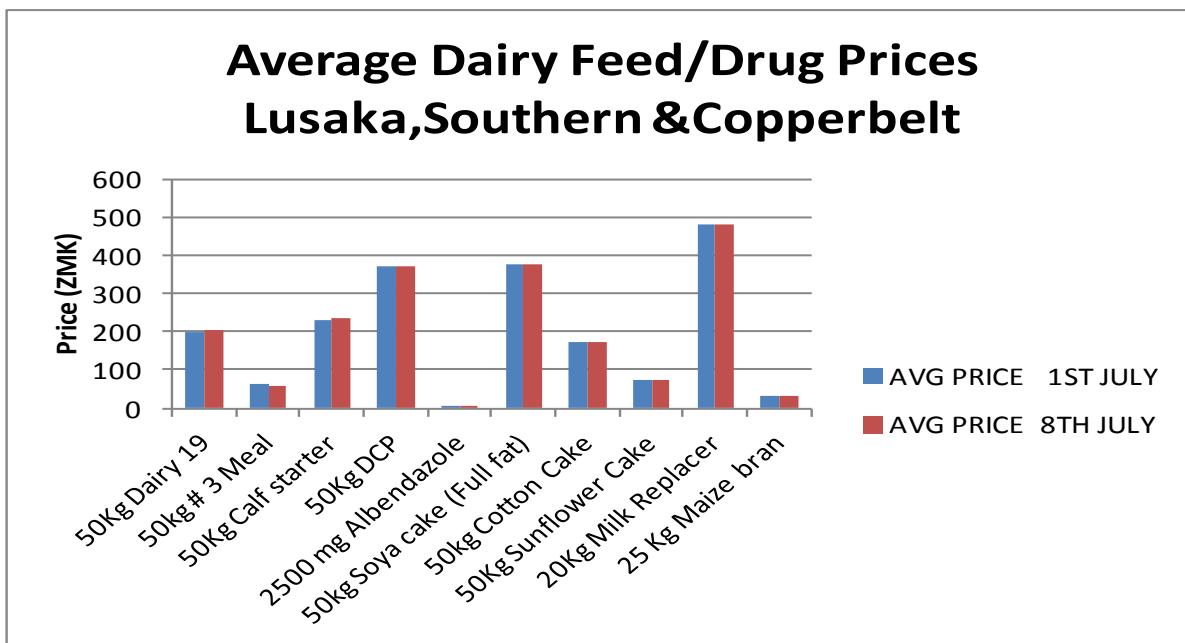
Source: DAZ, 2016

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Average Dairy Feed/Drug Prices-Lusaka, Southern and Copperbelt

Average dairy feed prices and that of drugs generally remained constant during the period 1st to 8th July 2016 but for the price of No.3 meal and maize bran that reduced slightly by 4% and 1% respectively. The average price for calf starter increased by 2% from K230.5 to K235 during the same reporting period.



Source: DAZ, 2016

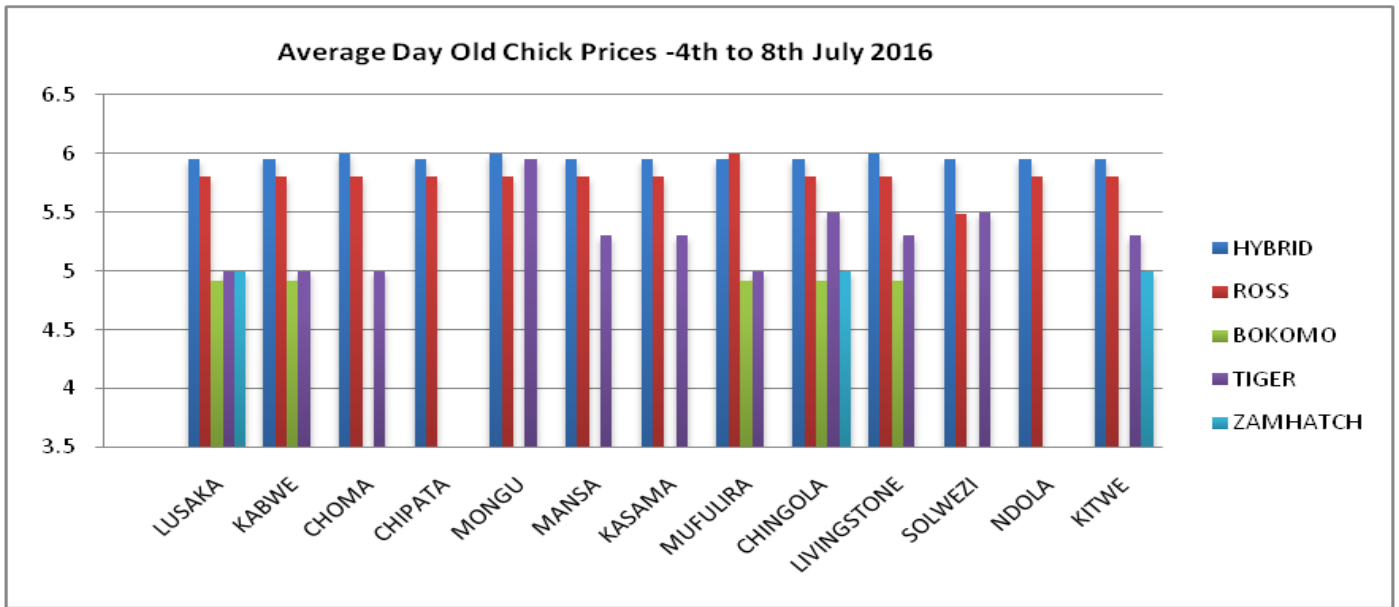
POULTRY UPDATES FOR THE WEEK ENDING 8th July 2016

Average Day Old Chick Prices

The graph below shows the price of different breeds of day old chicks in selected towns. According to industry players, day old chick sales have continued to fluctuate but are generally better than the previous couple of months.

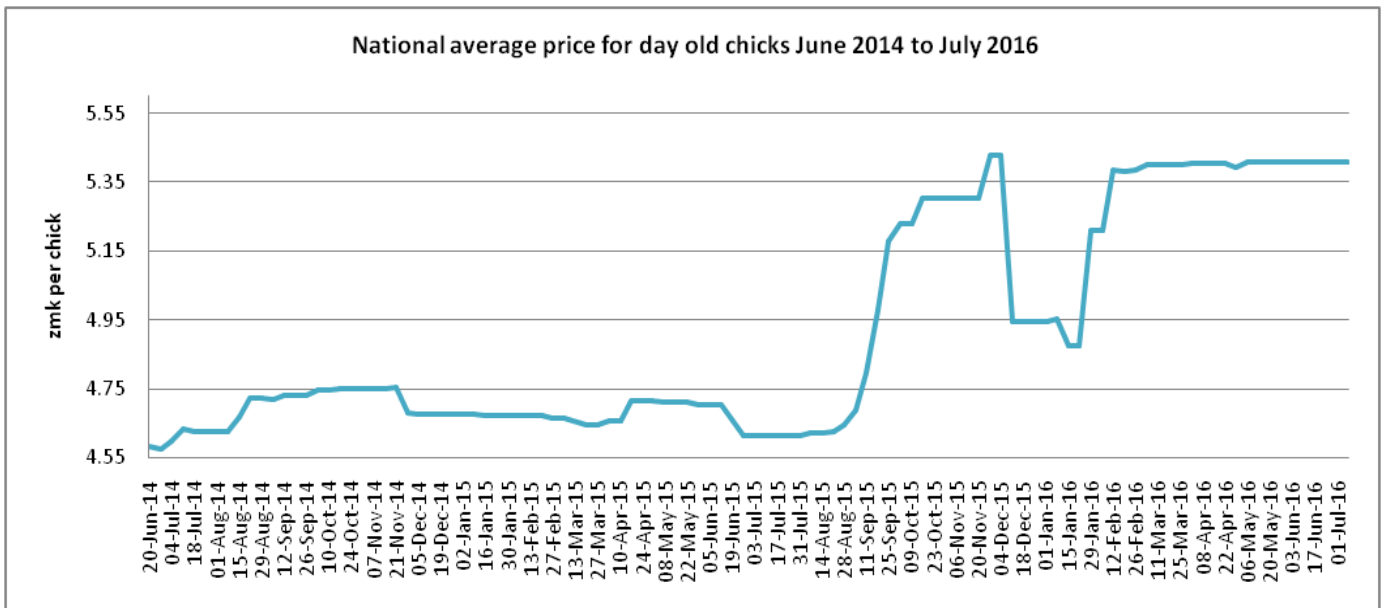
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Source: Poultry Association of Zambia

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 has remained at ZMW5.41 per chick the past few months.



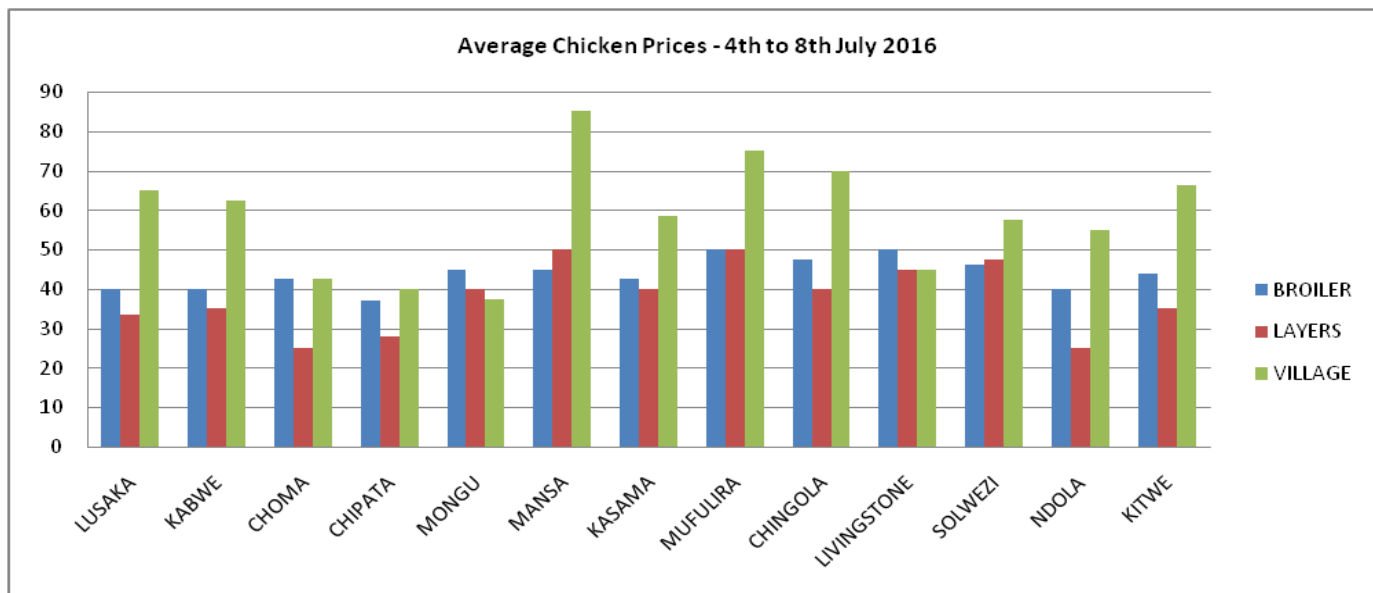
Source: Poultry Association of Zambia

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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. While producer prices are still not at desirable levels, some broiler farmers have reported that there is an improvement in the demand for live birds compared to the month of June. However, most are still struggling to cover the cost of production.

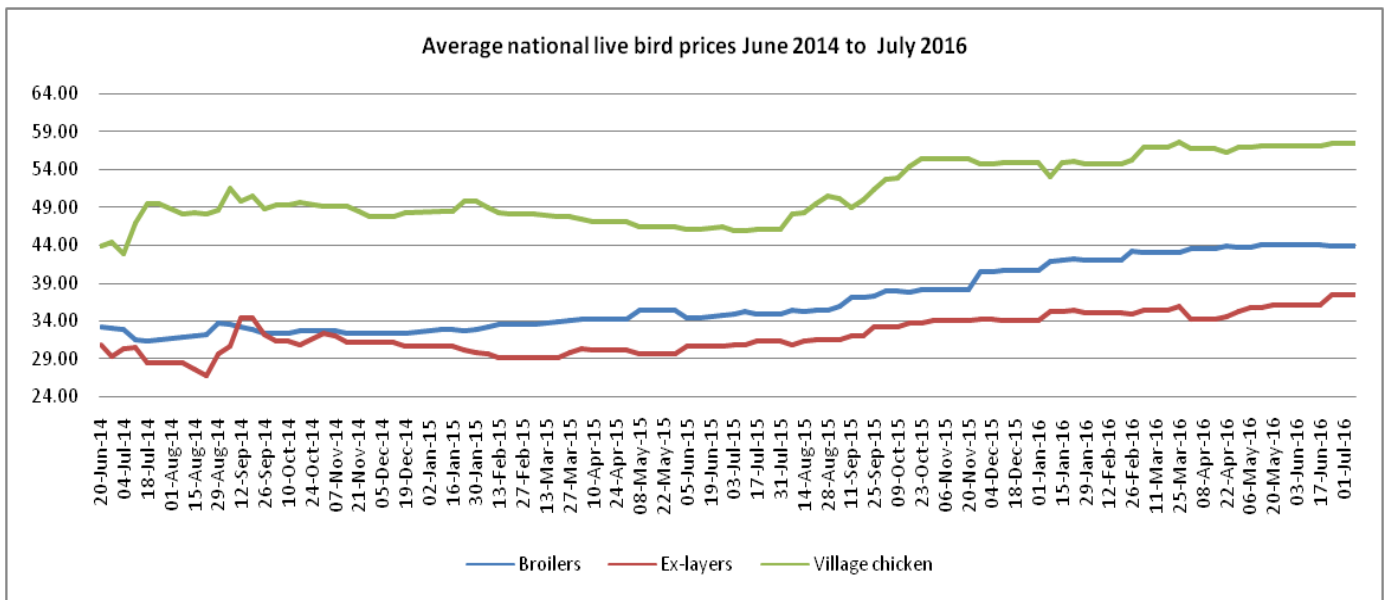


Source: Poultry Association of Zambia

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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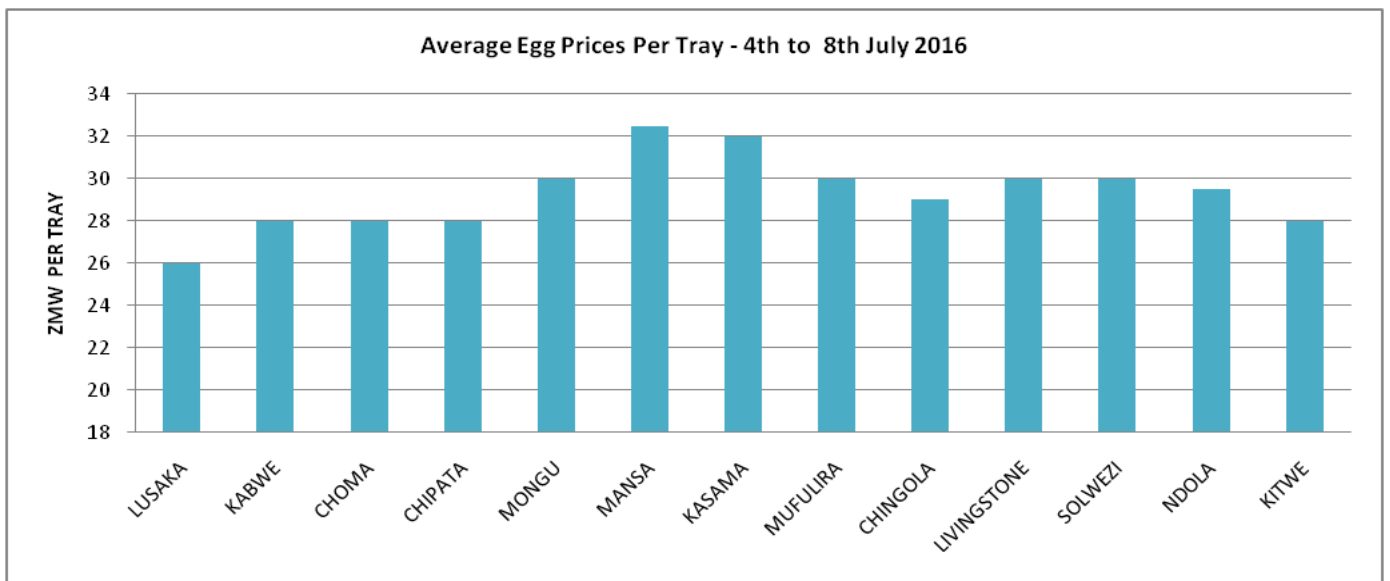




Source: Poultry Association of Zambia

Average Egg Prices

The graph below shows average retail prices of table eggs in selected towns around the country. Egg farmers have reported that farm gate prices are beginning to recover and thereby enabling the farmers recover more of their production costs.

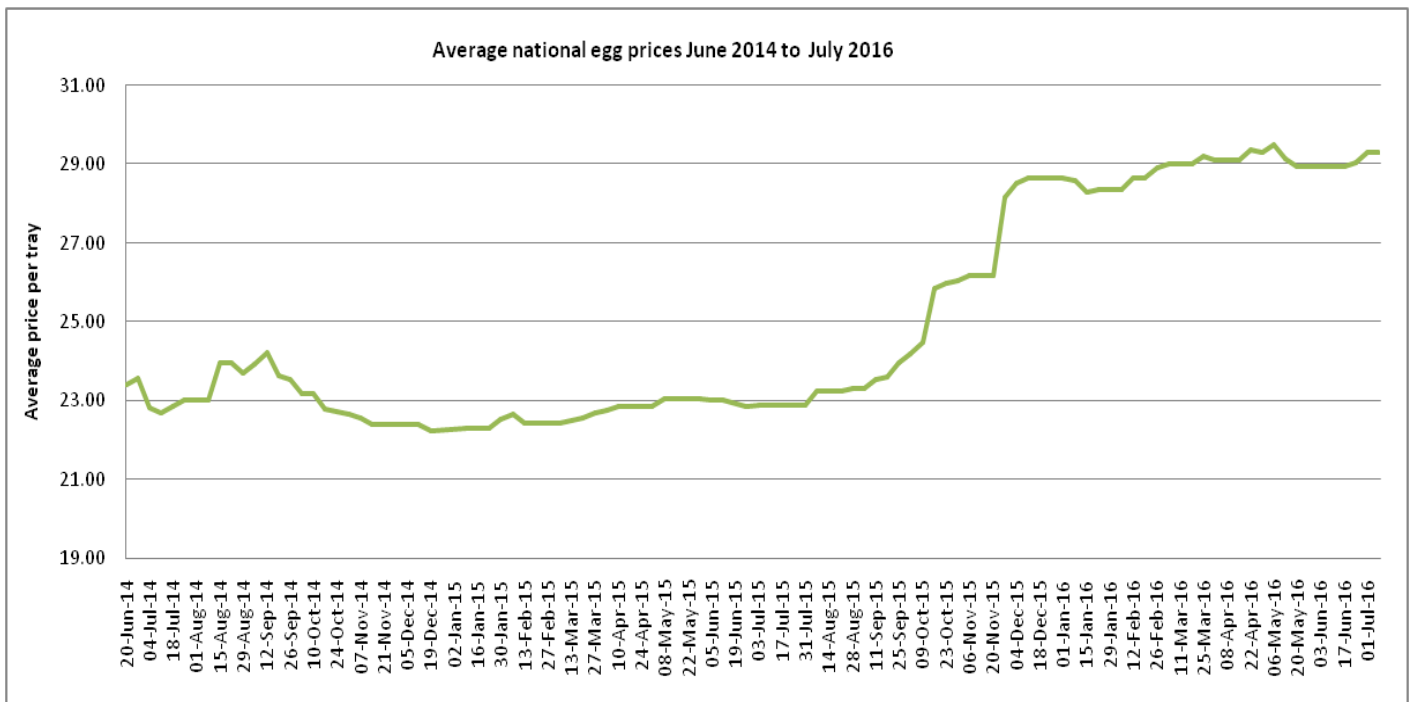


Source: Poultry Association of Zambia

The graph below shows the price trend for a tray of eggs from mid-June 2014 to July 2016. Similar to the previous week, the national average price during the course of last week was ZMW29.31 per tray of eggs.

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Source: Poultry Association of Zambia

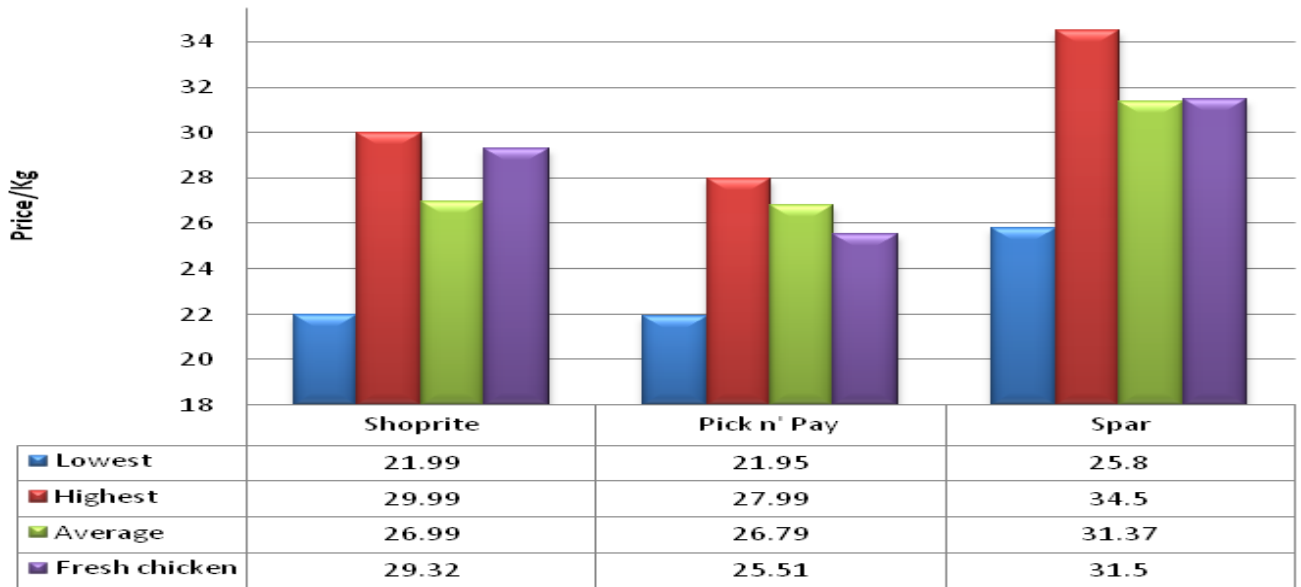
Average Whole Dressed Chicken Prices

Graph 1 shows average prices of whole frozen chickens in the three chain stores around Lusaka. There was a reduction in the average price of frozen chickens in Pick n’ Pay to ZMW25.51 per kg. Spar maintained the highest average price at ZMW31.37 per kg while 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 kg respectively. Meanwhile, frozen whole chicken was pegged at ZM25.90 per Kg in Zambeef outlets and ZMW30 per Kg in Melissa Supermarket.

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Graph 1: Average whole frozen chicken - 4th to 8th July 2016

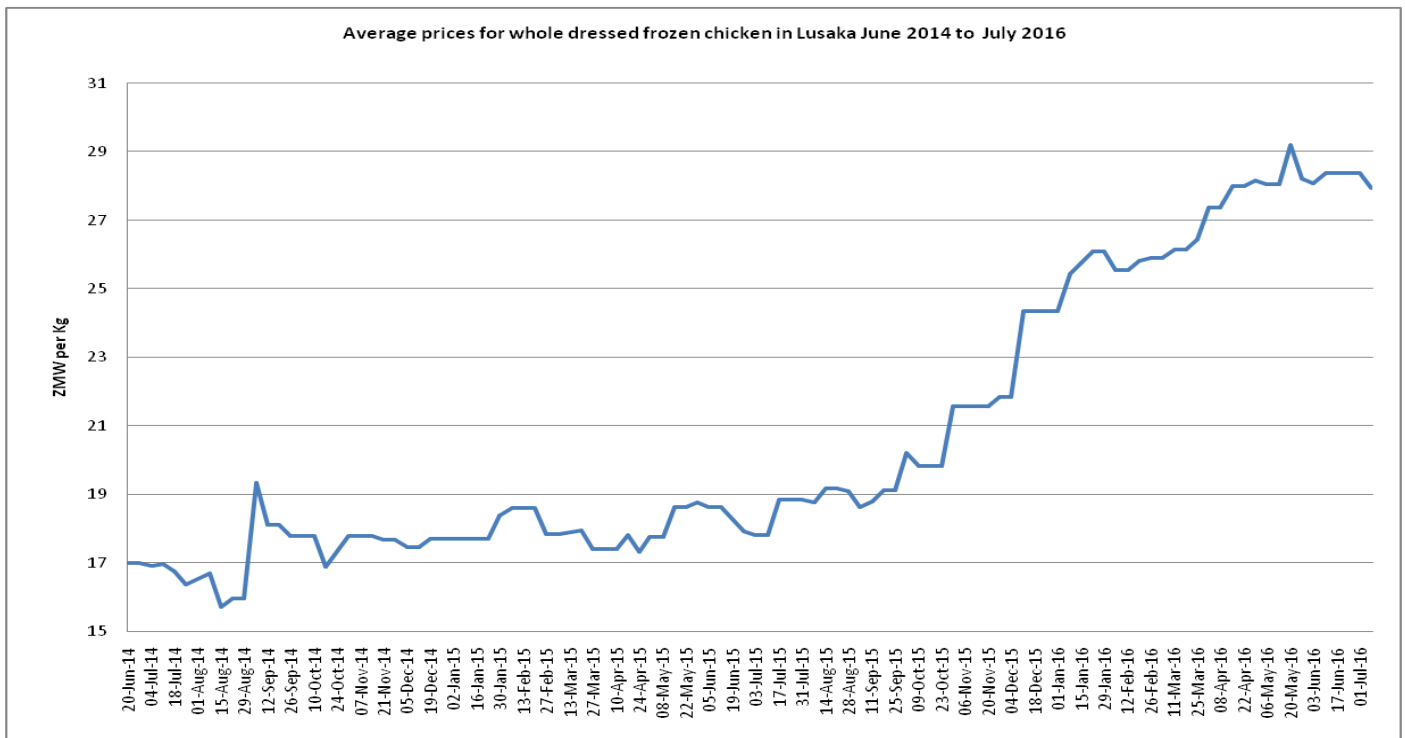


Source: Poultry Association of Zambia

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 declined during the course of the week and was at ZMW27.96 per kilogram during the course of the week.

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Source: Poultry Association of Zambia

Average Feed Prices

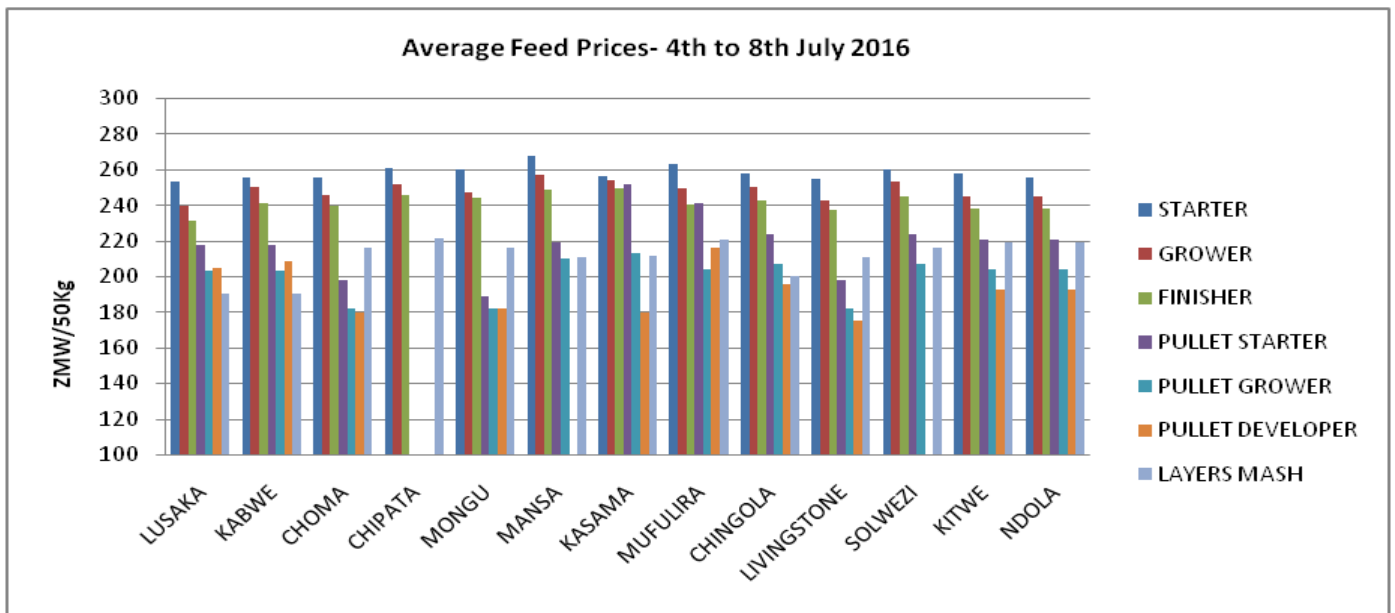
The graph below shows the price of some of the most important ingredients that are used in feed production per 50 kilogram bag.

	SOYA MEAL FULL FAT	SOYA ME	SOYA MEAL SOLVENT EXTR	NO.3 MEAL	FISHMEAL
PRICE (ZMW)	331.70	333.31	340.02	49.50	547.92

The graph below shows average feed prices in selected towns. Stock feed prices have remained high but stable. And farmers have continued to bemoan high prices of stock feed as they take up over 70% of production costs.

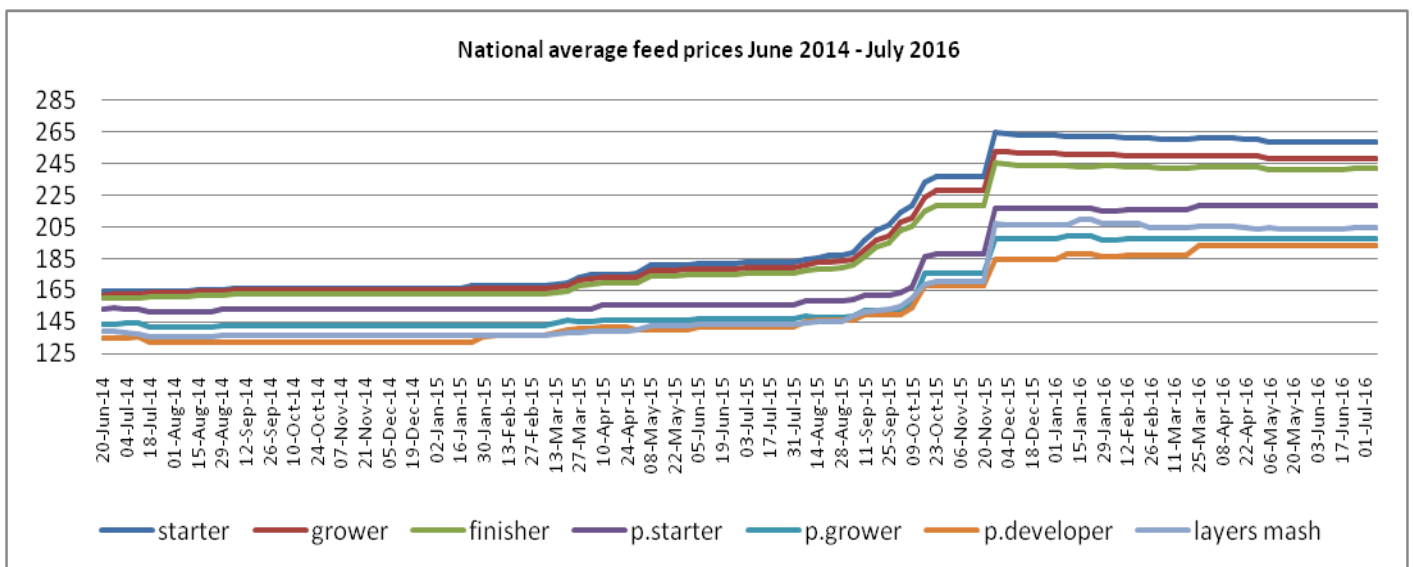
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Source: Poultry Association of Zambia

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



Source: Poultry Association of Zambia

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