



THE WEEKLY AGRO WATCH



Zambia National Farmers' Union, Farmers Village, Showgrounds P.O Box 30395 Tel 260-1-252649 Fax: 260-1-252648 E-mail: znfu@zamnet.zm web: www.znfu.org.zm

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In this week's issue:

- South Africa's Wheat Plantings Up
- Zimbabwe to increase support to Maize production
- US grows its beef export markets
- Local maize prices edge upwards

Zambia's Trade Deficit More than Doubles

Zambia recorded a trade deficit in June 2016 valued at K1, 905.5 million compared to K79.2 million recorded in May 2016. According to the Central Statistical Office, the increase in the total imports by 41.2% between May and June 2016 more than outweighed the 8% increase in the value of exports over the same period of time. Between May and June 2016, the percentage share of non- traditional exports increased from 25.7% to 28.7%.

Meanwhile Zambia's annual rate of inflation decreased to 20.1% in July 2016 from the June 2016 record of 21%.

Exchange Rates

Over the last week, the South African rand has seemingly gained some ground against the Zambian Kwacha. The local unit has also suffered some setbacks in its appreciation drive against the US\$.

CURRENCY	02/08/2016						18/07/2016 (BOZ-15/07/16)					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
FNB	10.22	10.42	0.74	0.75	13.48	13.75	9.93	10.13	0.70	0.71	13.13	13.39
Standard Chartered Bank	10.14	10.34	0.73	0.74	13.43	13.69	9.79	9.99	0.67	0.7	12.98	13.24
ZANACO	10.21	10.41	0.73	0.75	13.47	13.73	9.91	10.09	0.69	0.71	13.28	13.53
Bank of Zambia	10.25	10.30	0.73	0.74	13.6	13.67	10.07	10.12	0.70	0.71	13.43	13.50

Parity Prices

Domestic Import Parity Prices as at 01/08/2016					
US\$/ZAR=13.84 US\$/ZMW=10.43					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		10.43	476.13	553.1	473.72
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	26.37	502.50	579.47	500.09
Mkushi	225	21.57	497.70	574.67	495.29
Ndola	250	23.97	500.10	577.07	497.69
Kitwe	250	23.97	500.10	577.07	497.69

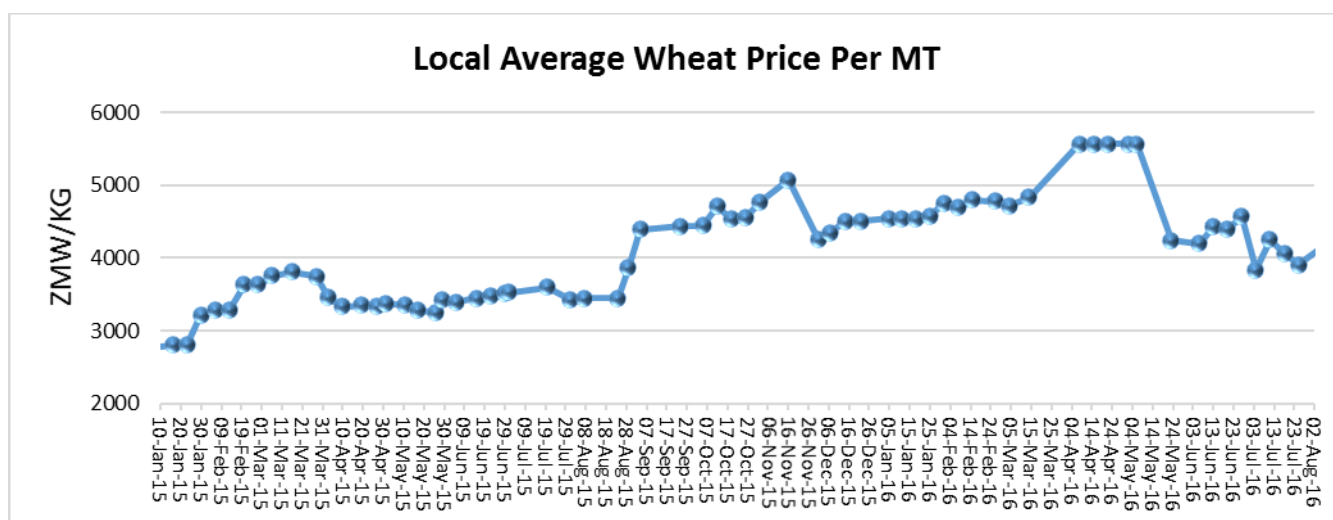
Note: Import parity based on September delivery

Export Parity Price Ranges (EPP) Harare-Lusaka as at 29/07/16	
Soya Beans	458.7-495.75
Wheat	330-349.5
Maize	240.3-320

Wheat

Highlights

- Currently, focus of the international wheat market is on the quality of the French wheat. Estimates for the 2016 French wheat crop are in the range of 28-30 million tons, the lowest output the country has recorded since the late 1980s. The export volumes will however be determined by the extent of deterioration in quality as a result of rain damage. Indications are that France may have the worst wheat quality this year in at least half a decade.
- South Africa's 2016 wheat plantings have increased by 0.87% from the previous year to 486,360 hectares this year according to information from the country's department of agriculture. While the 2016 hectareage is the third smallest area planted on record, the country's wheat plantings have steadily been increasing over the last three years from the 2014 ultimate low of 476,570MT. One of the possible reasons for this could be some policy decisions which are aimed at safeguarding the country's wheat production base.
- Soft red wheat for September delivery on the Chicago Mercantile Exchange (CME) opened trading at US\$149.18MT on 2nd August 2016.
- Local wheat offer prices for the 2016 crop are about US\$355-375/ton.



Source: ZNFU Market Price Information System, 2016

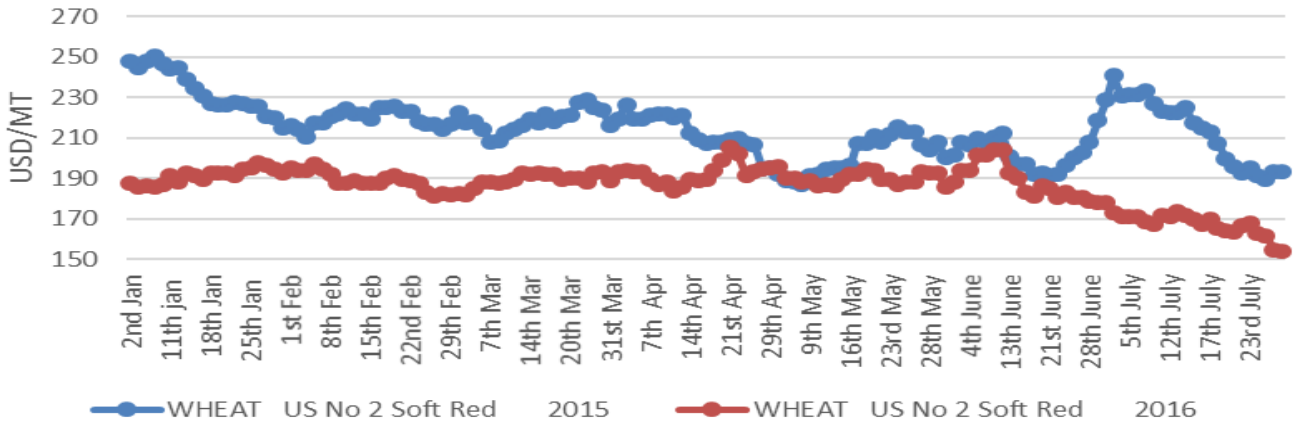
Price trends

The Safex international soft red and hard red wheat prices averaged US\$151.62 /MT and US\$ 162.53/MT during the week ending 29th July respectively. All prices are fob gulf. The graphs below show international price trends for soft and hard red wheat:

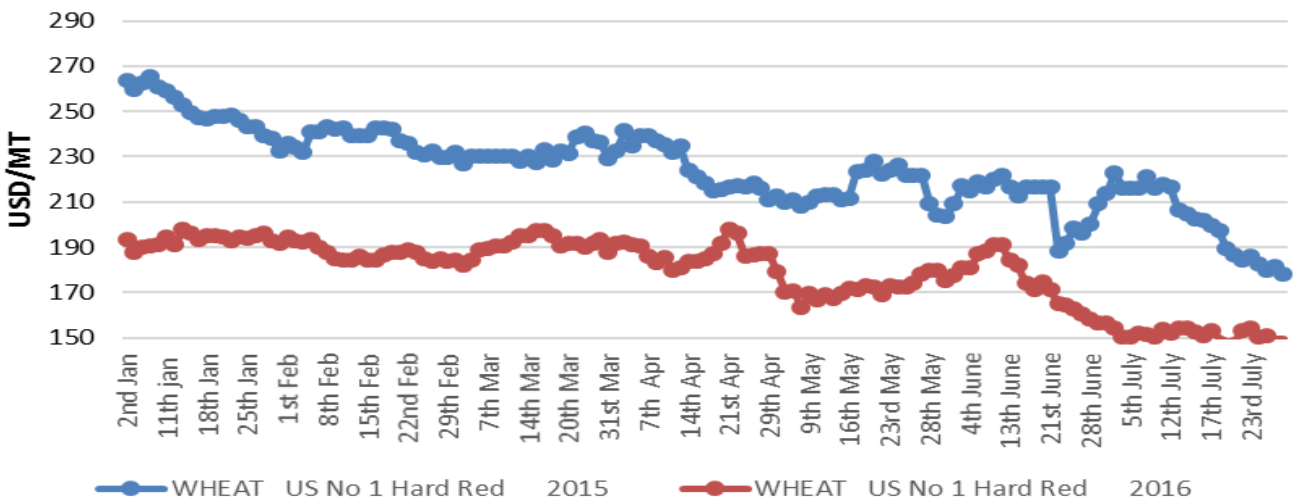
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International Wheat(US #2 Soft Red) Price Trend



International Wheat (US #1 Hard Red) Price Trend



Source: Safex

Soya Beans

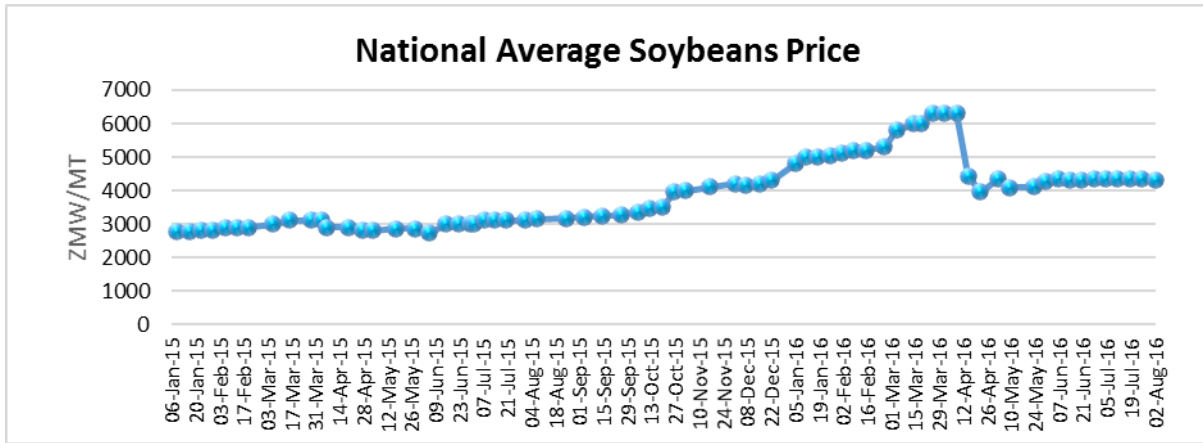
Highlights

- The Chinese demand for soya beans imports is expected to drop in the 2016/17 year, which begins August 2016. According to Oil world, Chinese imports are likely to drop to 80-82 million tons from the 83.3 million tons imported in 2015/16 as the Chinese government sells its stockpiles from previous year to its domestic market.
- Soy beans for September delivery opened trading on CME at US\$359.87/MT on 2nd August 2016.

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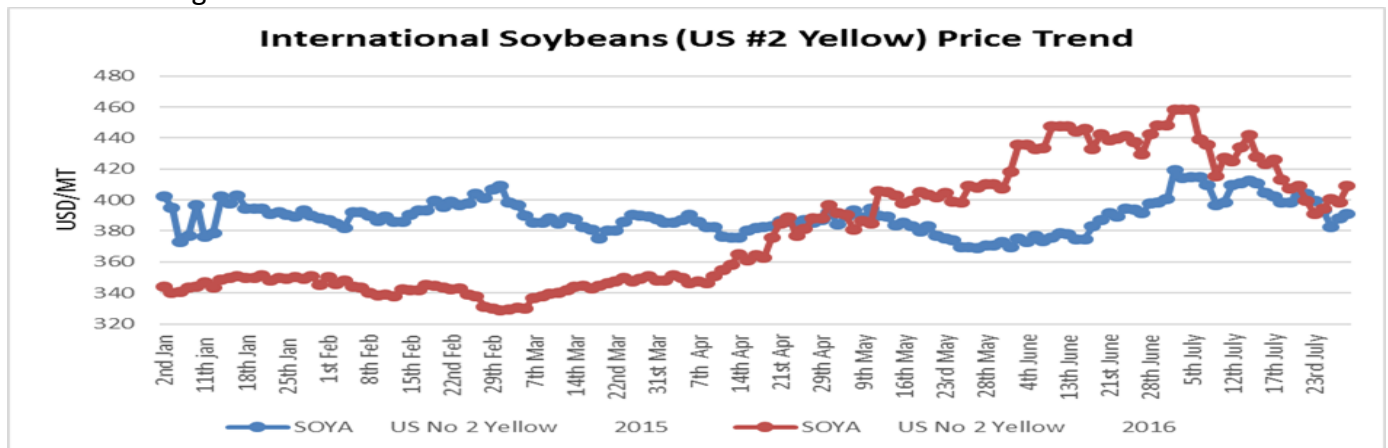
- According to the ZNFU market Price Information System, average national offer prices were in the range of ZMW 3,000 – 5,200/MT with an average of ZMW4,293/MT last week as shown in the graph below;



Source: ZNFU, 4455 Market Price Information System

Price trends

International spot prices for US No. 2 yellow soya beans on Safex averaged US\$396.73/MT in the week ending 29th July 2016, 4.54% below the average price of US\$415.65/MT recorded in the previous week. Prices are fob gulf.



Source: Safex

Maize

Highlights

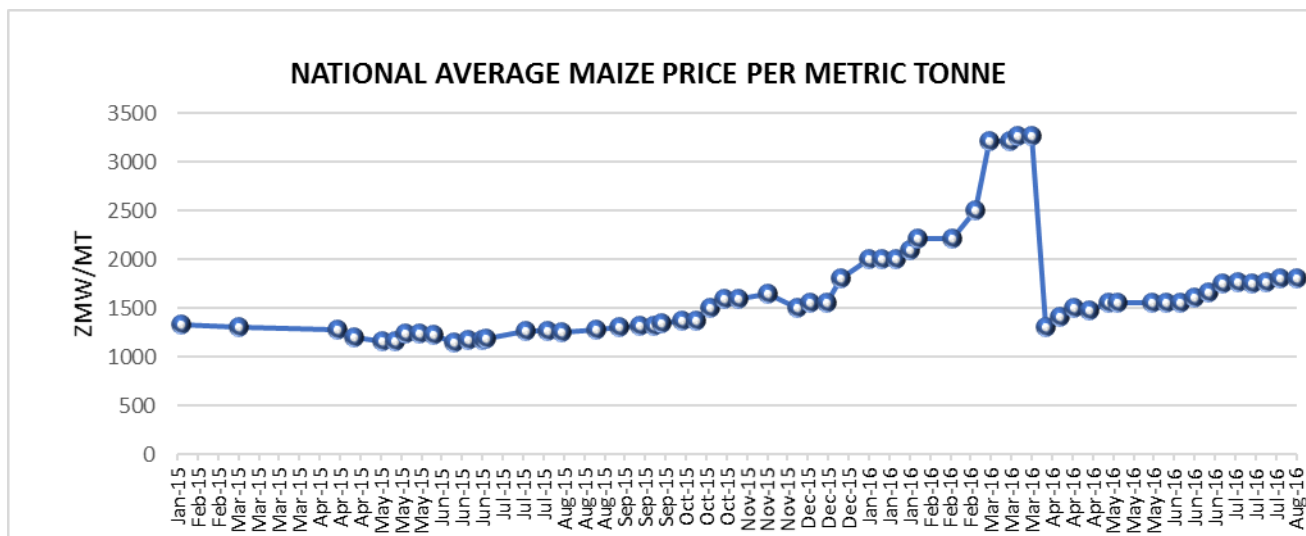
- In a bid to reduce food insecurity, Zimbabwe is this year expected to roll-out a US\$500 million three-year plan. Under the programme, the Zimbabwean government is expected to supply an identified

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set of farmers with production inputs on a cost-recovery basis to cultivate about 400,000 hectares of maize annually to produce at least 2 million tons of maize annually.

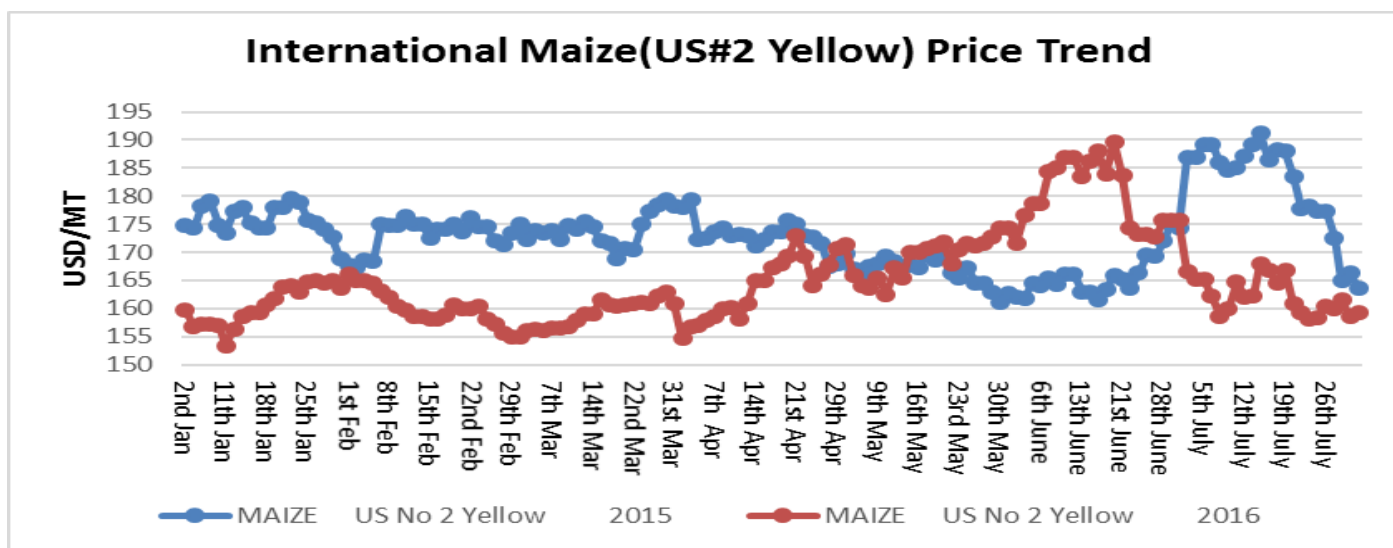
- Maize for September delivery opened trading on CME at US\$128/MT on 2nd August 2016.
- The national average local maize offer price by private traders was averaging K 1,807/ton on the ZNFU market information system.



Source: ZNFU, 4455 Market Price Information System

Price trends

International maize spot prices traded at an average of US\$ 159.79/ MT during the week ending 29th July 2016, 1.34% below the previous week’s average. All prices are fob gulf.



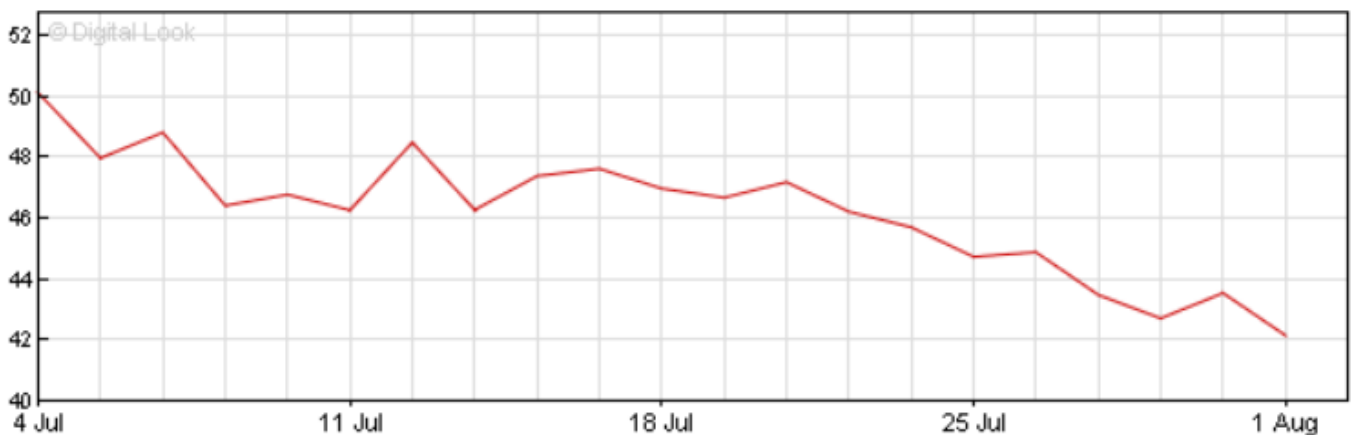
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Crude oil

- International crude oil prices closed July on a tumbling note on the backdrop of an increase in the July output by OPEC. Meanwhile market indications are that Saudi Arabia has decided to offer its Asian customers the biggest discount so far this year for its crude oil.
- Brent crude oil futures prices around 12:00hrs CAT on 2nd August 2016 were pegged at US\$42.49/barrel.
- The Dubai Mercantile exchange Oman crude oil marker price for October 2016 delivery settled US\$39.30/barrel on 2nd August 2016. Zambia's major sources of crude oil are Oman and Murban.

Brent Crude Oil Futures \$/barrel



Source: BBC, 2016.

Beef

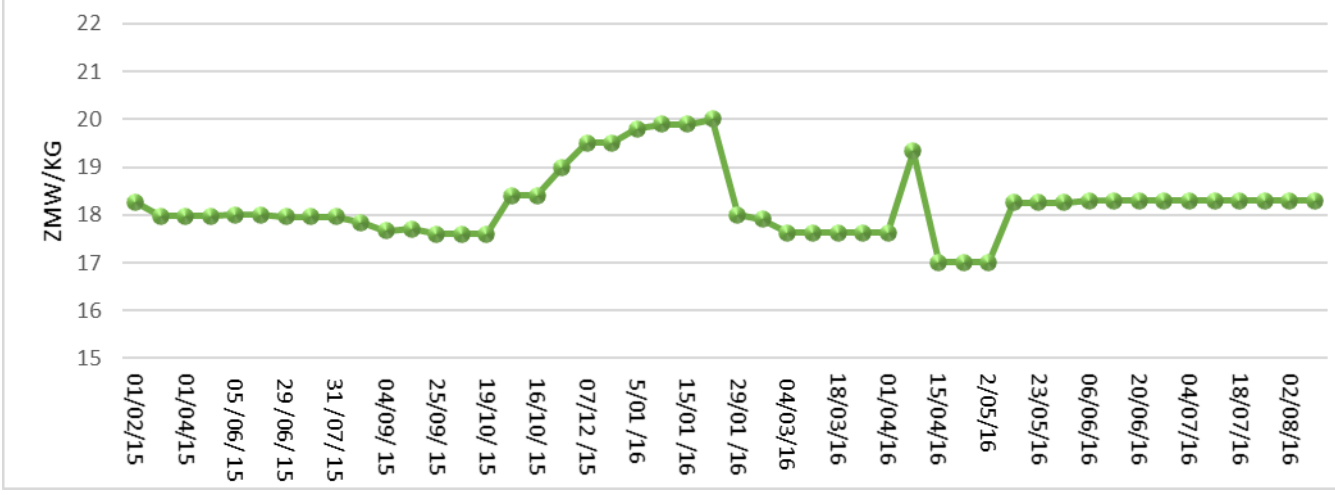
Highlights

- The United States has reached an agreement with Brazil to allow access for US beef and Beef products to the Brazilian market for the first time since 2003. The United States Department of Agriculture has further determined that Brazil's food safety system governing meat products remains equivalent to that of the United States and that fresh (chilled or frozen) beef can be safely imported from Brazil. Since January 2015, the U.S has been aggressive at eliminating BSE- related restrictions to its meat imports by 16 countries among which are South Africa and Egypt.
- On the Zambian scene, dressed weight beef prices were still averaging ZMW18.3/kg during the week ending 29th July 2016. This is as monitored by the ZNFU 4455 market price information system.

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Average Standard Beef Prices Per KG



Source: ZNFU, 4455 Market Price Information System

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