



# THE WEEKLY AGRO WATCH



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29<sup>th</sup> August, 2016 Vol.3. No.35



## *In this week's issue:*

- ❖ *Broiler prices increase in Solwezi*
- ❖ *Wheat harvest season begins*
- ❖ *Local soy prices tinker downwards*

## Industry Updates

### Trade Deficit 33% Higher

Zambia's July 2016 trade deficit increased by 33% in comparison to the previous month to K473.9 million. The trade deficit implies that the value of imports was more than that of exports in nominal terms. According to the Central Statistical Office, the value of both metal and non-traditional exports decreased by 4.9% and 7.1% respectively between June and July 2016. Cotton, Tobacco, Maize and raw cane sugar collectively accounted for about 19.6% of the total non-traditional exports value in July 2016.

## ZAMACE to Issue First Receipts in September

The Zambia Agricultural Commodities Exchange (ZAMACE) is scheduled to issue its first warehouse receipts by the second week of September 2016 in the following certified locations under the indicated traders;

- Afgri Corporation Ltd- Mkushi, Mpongwe and Petauke
- NWK Agri-Services- Mpongwe, Kabwe, Petauke and Katete
- CHC Commodities- Kapiri Mposhi and Lusaka
- Zdenakie- Lusaka

The above indicated warehouses have a total storage capacity of about 400,000MT. Wheat is the main targeted commodity to stimulate activity on the ZAMACE platform in September. Some maize and soya beans trading is also anticipated.

## Exchange Rates

	30/08/2016						22/08/2016					
CURRENCY	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
FNB	9.58	9.77	0.67	0.68	12.52	12.77	9.77	9.96	0.72	0.73	12.79	13.05
Standard Chartered Bank	9.56	9.75	0.66	0.68	12.50	12.75	9.83	10.02	0.73	0.74	12.82	13.08
ZANACO	9.58	9.77	0.66	0.68	12.53	12.67	9.81	9.99	0.72	0.73	12.79	13.03
Bank of Zambia (29/08/16)	9.70	9.74	0.667	0.713	12.68	12.74	9.86	9.90	0.725	0.729	12.92	12.97

## Parity Prices

Domestic Import Parity Prices as at 29/08/2016					
US\$/ZAR=14.48 US\$/ZMW=9.77					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		9.77	449.92	639.61	451.69
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	28.15	478.07	667.76	479.84
Mkushi	225	23.03	472.95	662.64	474.72
Ndola	250	25.59	475.51	665.20	477.28
Kitwe	250	25.59	475.51	665.20	477.28

Note: Import parity based on September delivery

Export Parity Price Ranges (EPP) Harare-Lusaka as at 19/08/16	
Soya Beans	456.7-495.7
Wheat	330
Maize	261.7-320

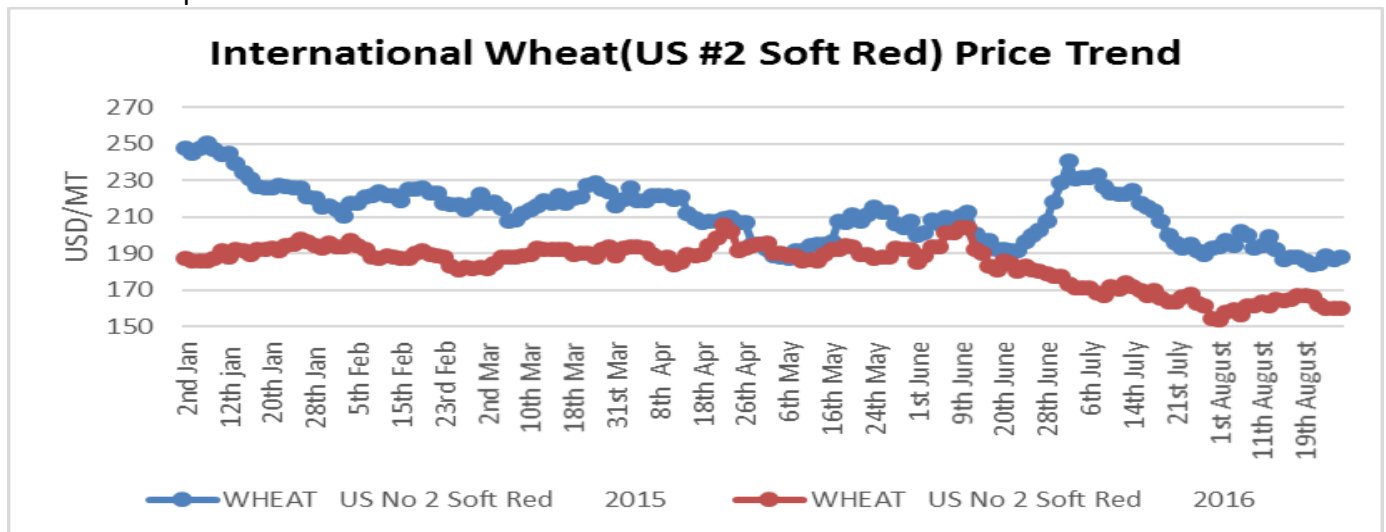
## Wheat

### Highlights

- Egypt, a leading wheat importer, last week banned importation of wheat with any traces of Ergot. This is despite the countries general supply of commodities (GASC) regulations stating that consumption of wheat with up to 0.05% ergot levels was permissible. The move by Egypt has not amused international traders and has brought speculations on where the North African state can find wheat that meets its specifications.
- South Africa's first wheat production forecast is indicating a 16.88% increase in the 2016 wheat output to 1.683million tons. The estimated average yield is 3.88tons/ha.
- On the local scene, the wheat harvest period officially begins this week. Indications are that the wheat growing season has been favourable with good yields anticipated despite some farmers not planting wheat this year due to water concerns.
- Soft red wheat for December delivery on the Chicago Mercantile Exchange (CME) opened trading at US\$145.65/MT on 30<sup>th</sup> August 2016.
- Local wheat offer prices for the 2016 crop are about US\$370/ton.

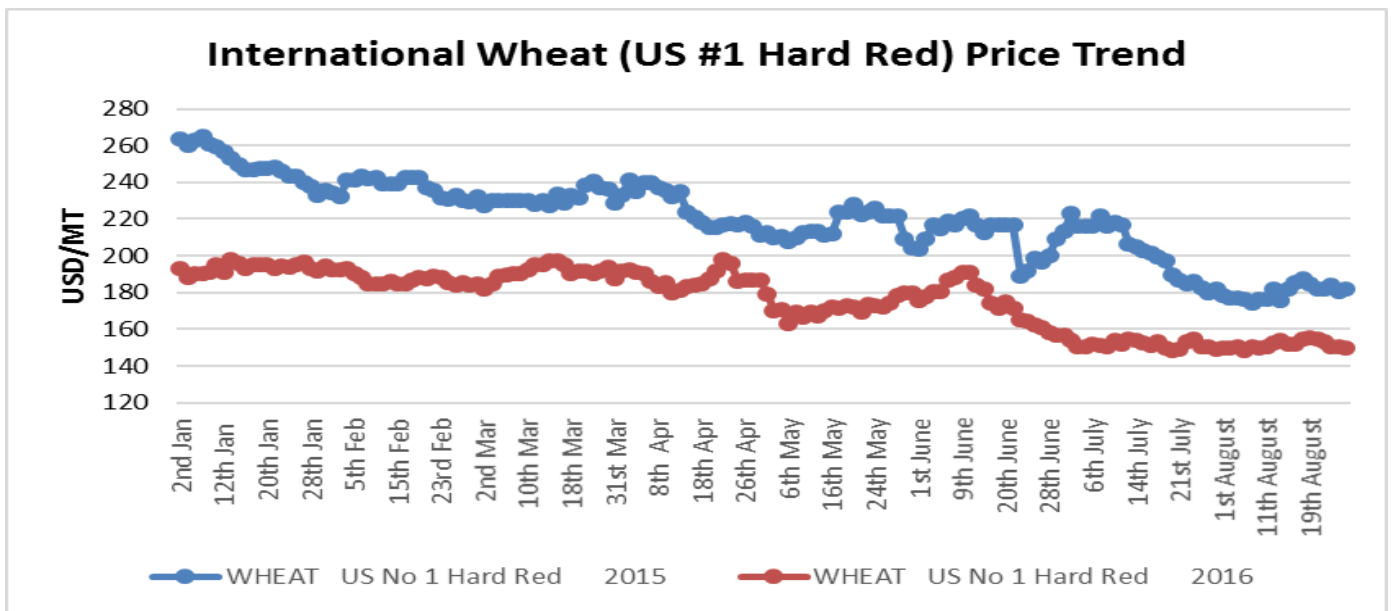
### Price trends

The Safex international soft red and hard red wheat prices averaged US\$151.17 /MT and US\$ 161.48/MT during the week ending 26<sup>th</sup> August 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

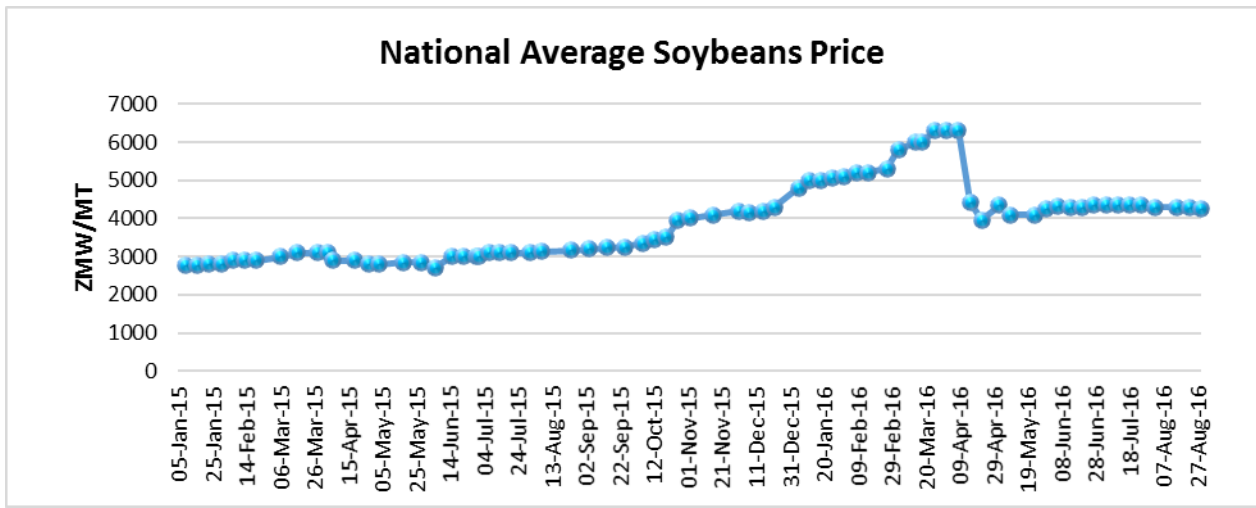
## Soya Beans

### Highlights

- South Africa has maintained its 2016 soya beans production estimate at 750,250MT at an average yield of 1.49tons/ha in its 8<sup>th</sup> Production forecast. This is slightly below Zambia’s national average yields recorded at 1.84tons/ha in this year’s crop forecast survey. Yields from Zambia’s large scale producers were averaging 3tons/ha despite the El-Nino and use of Non-GM seed.
- Soy beans for November delivery opened trading on CME at US\$354.36/MT on 30<sup>th</sup> August 2016.
- According to the ZNFU market Price Information System, average national offer prices have continued to trend downwards and were averaging ZMW4,246MT last week as shown in the graph below. This could be an indication that local off-takers are meeting their requirements.

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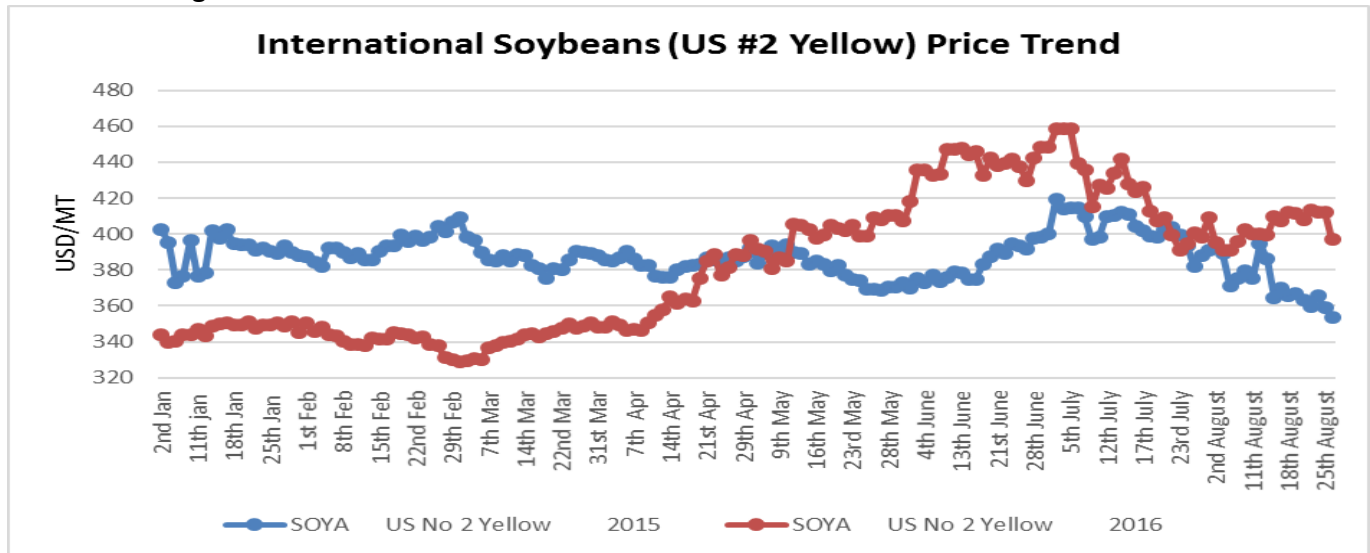




Source: ZNFU, 4455 Market Price Information System

### Price trends

International spot prices for US No. 2 yellow soya beans on Safex averaged US\$408.46/MT in the week ending 26<sup>th</sup> August 2016, 0.11% above the average price of US\$408.01/MT recorded in the previous week. Prices are fob gulf.



Source: Safex

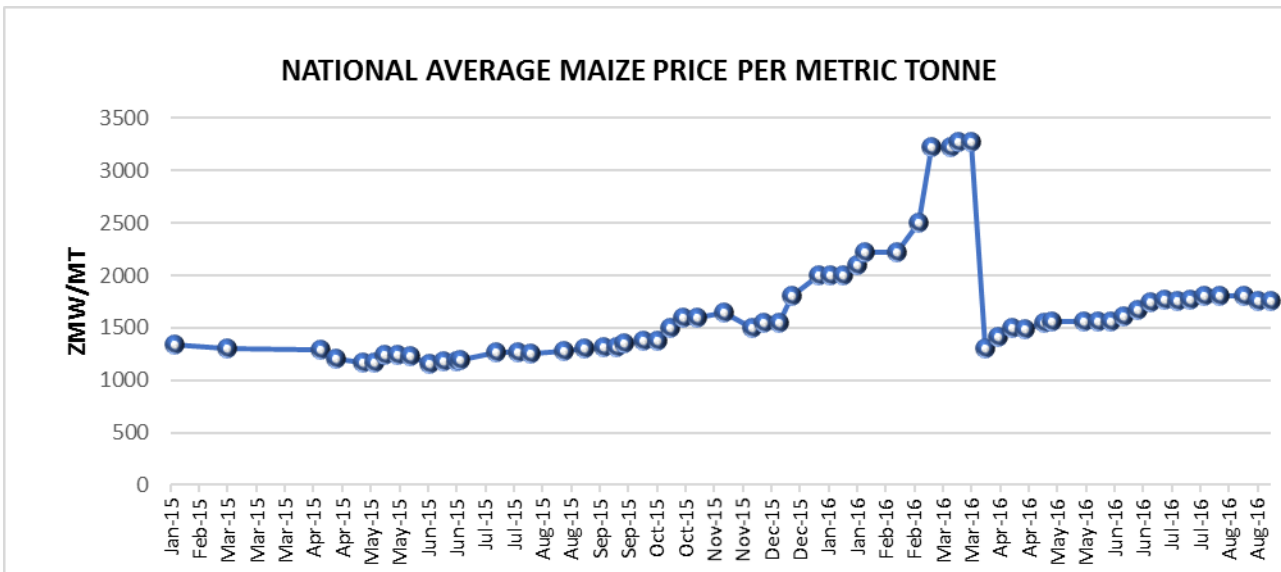
## Maize

### Highlights

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- On the local scene, Maize exports of the 2015 crop during the first three months of the new marketing season which began in May 2016 totalled 66,740MT. This leaves about 100,000MT of the carry-over stock earmarked for exports.
- Wholesale maize prices in Gitega, Burundi and Kisumu, Kenya were pegged at US\$453.84/ton and US\$350.78/ton respectively on 29<sup>th</sup> August 2016. Meanwhile, prices in Dar es Salaam, Tanzania were about US\$349.22/ton. This is as captured by the East African Grain Council intelligence network (RATIN).
- Maize for December delivery opened trading on CME at US\$126.21/MT on 30<sup>th</sup> August 2016.
- The national average local maize offer price by private traders was averaging K 1,751/ton on the ZNFU market information system.



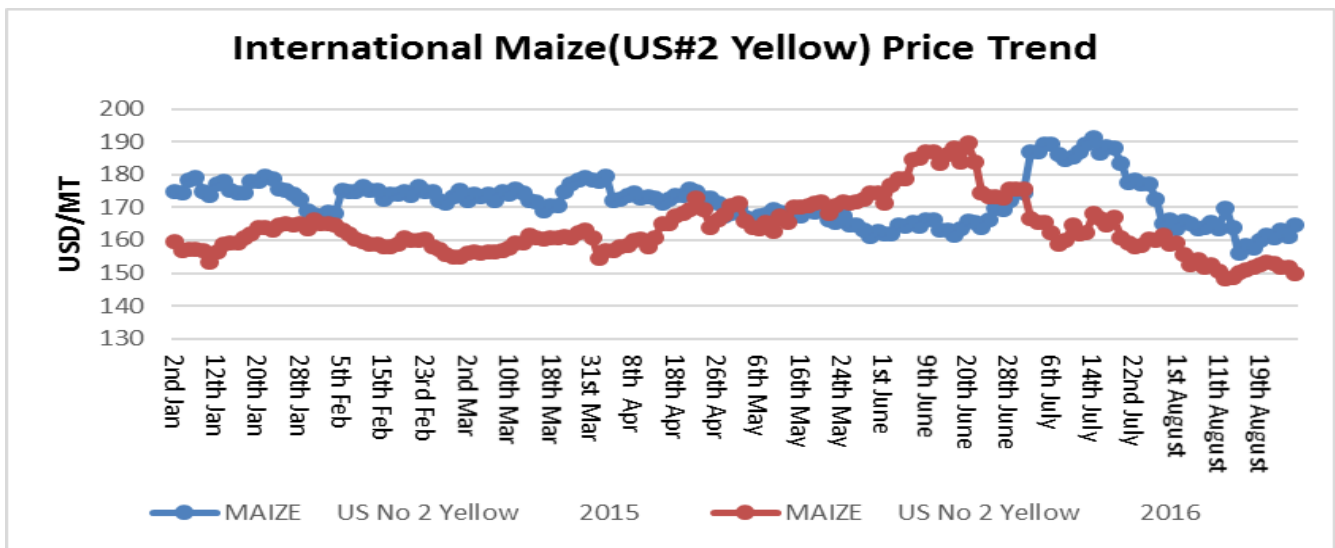
Source: ZNFU, 4455 Market Price Information System

### Price trends

International maize spot prices traded at an average of US\$ 152.01/ MT during the week ending 26<sup>th</sup> August 2016. All prices are fob gulf.

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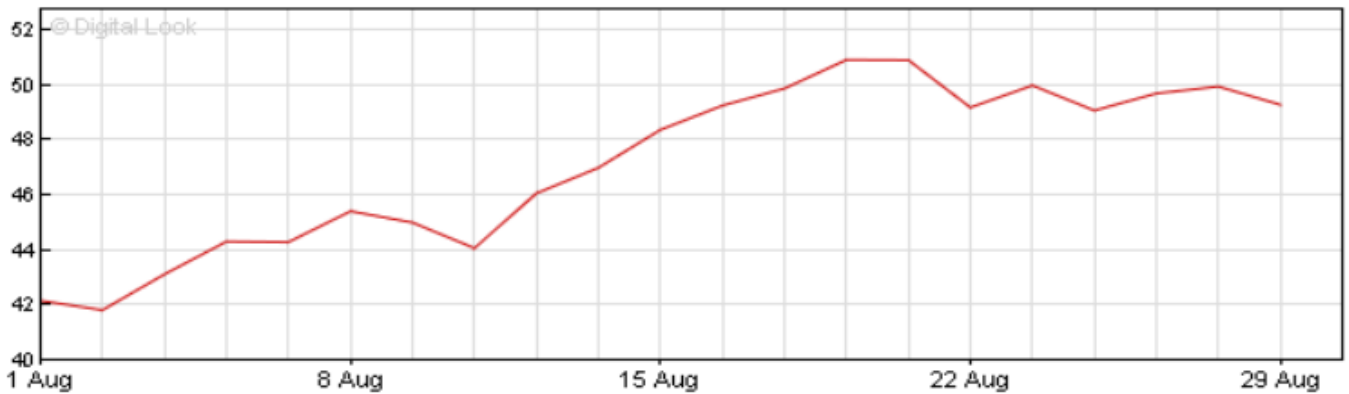


Source: Safex

### Crude oil

- Brent crude oil futures prices around 10:45hrs CAT on 30<sup>th</sup> August 2016 were pegged at US\$49.57barrel.
- The Dubai Mercantile exchange Oman crude oil marker price for October 2016 delivery settled at US\$46.00/barrel on 29<sup>th</sup> August 2016, below the 19<sup>th</sup> August settlement price of US\$47.90/barrel.

### Brent Crude Oil Futures \$/barrel



Source: BBC, 2016.

### Beef

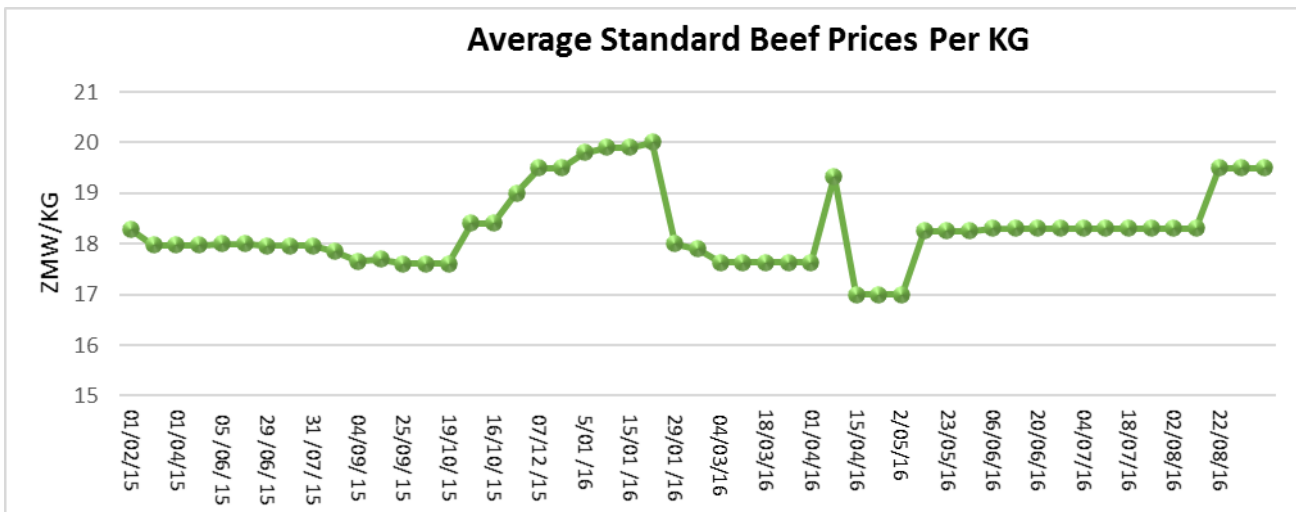
#### Highlights

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- Blue tongue disease, which has over the past couple of months been detected in France, has now also been found in a Brazilian zoo in Panarama Province. while the 7 cases reported by France to the World Organization for Animal health were in cattle, beef site has indicated that the disease has so far been detected in Deers' in Brazil.
- The price of grain fed beef carcasses on the South African market during the week ending 21<sup>st</sup> August 2016, were hovering around ZAR 37.94/Kg whilst live animals were being sold for about ZAR22.23/Kg. this is as captured by the South African Feedlot Association.
- Namibian Grade A beef prices for the week ending 29<sup>th</sup> August 2016 were in the range of ZAR30.06-36/Kg. Auction prices for weaners and heifers were pegged at ZAR15.75/kg and ZAR13.24/kg respectively on 25<sup>th</sup> August 2016. This is according to the Namibian Meat Board.
- On the Zambian scene, dressed weight beef prices averaged ZMW19.5/kg during the week ending 26<sup>th</sup> August 2016. This is as monitored by the ZNFU 4455 market price information system.



Source: ZNFU, 4455 Market Price Information System

**Poultry Updates for the Week Ending 26<sup>th</sup> August 2016**

**Average Day Old Chick Prices**

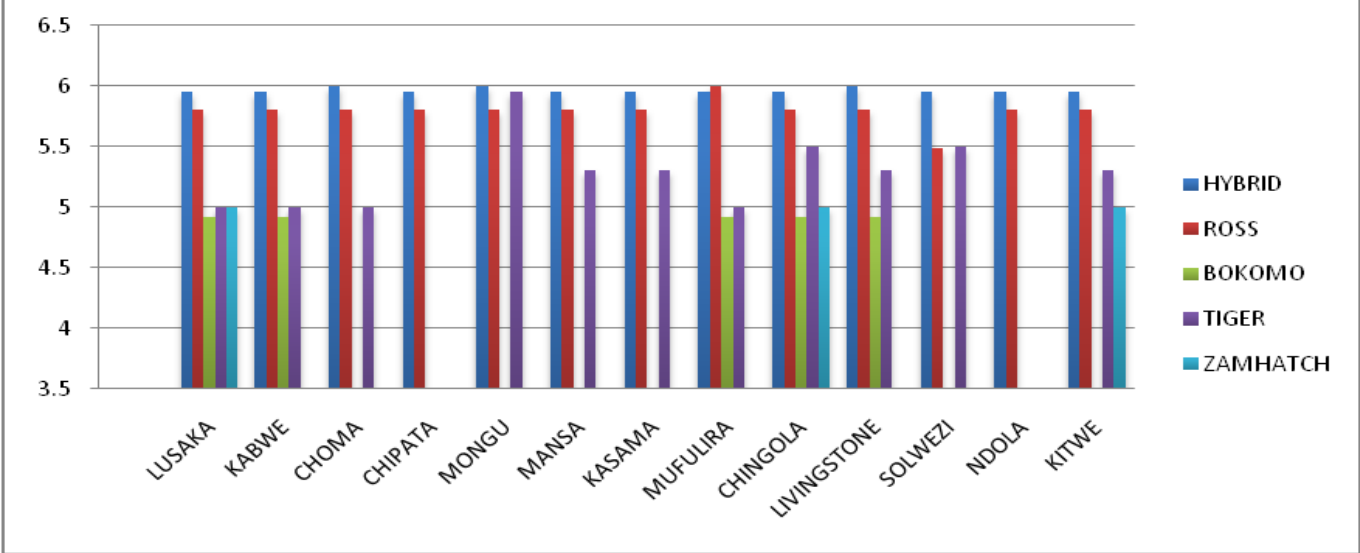
The graph below shows the price of different breeds of day old chicks in selected towns. There were no notable changes during the course of the week.

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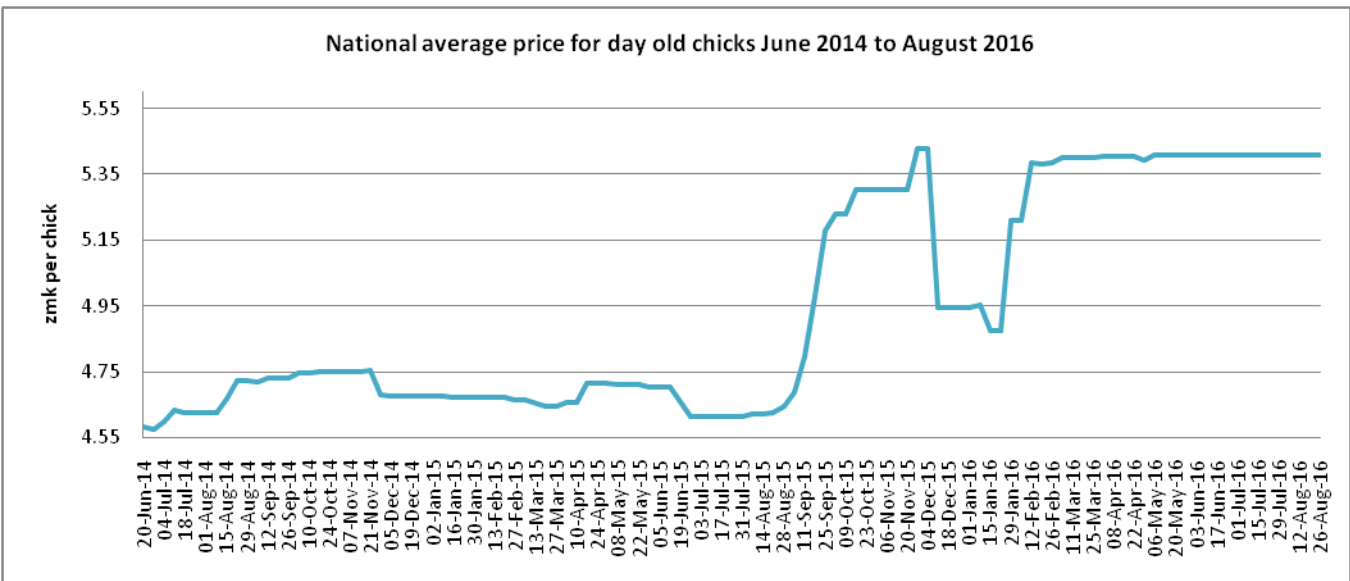
Average Day Old Chick Prices -22nd to 26th August 2016



Source: Poultry Association of Zambia

The graph below shows the national average price trend for day old chicks from June 2014 to August 2016. The graph shows that the national average price of day old chicks has remained at ZMW5.41 for over four months.

National average price for day old chicks June 2014 to August 2016



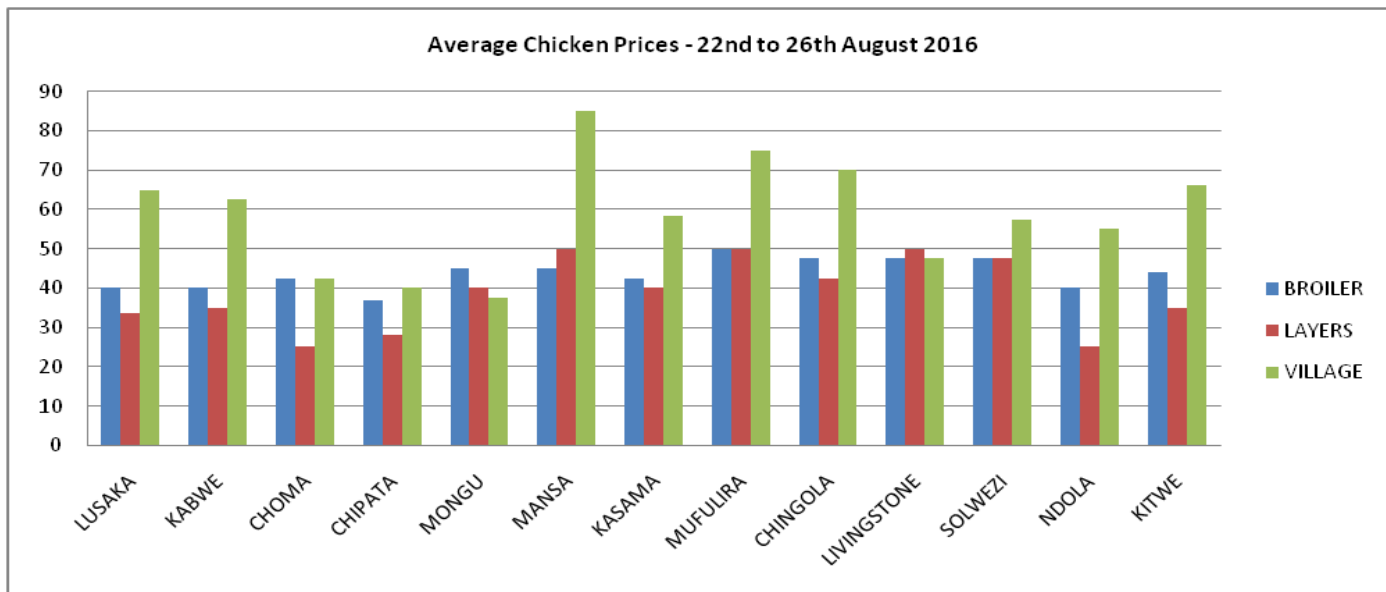
Source: Poultry Association of Zambia

### Average Live Birds Prices

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The graph below shows the average live bird prices in Lusaka, Choma, Kabwe, Chipata, Mongu, Mansa, Mufulira, Chingola, Solwezi, Ndola, Kitwe and Livingstone. The price for broiler live birds in Solwezi went up from ZMW46 to ZMW47.5 representing a 3% increase in price. This may be attributed to an increase in demand for broiler live birds. Meanwhile the farm gate prices of broiler live birds were ranging between ZMW38 to ZMW40 per bird.

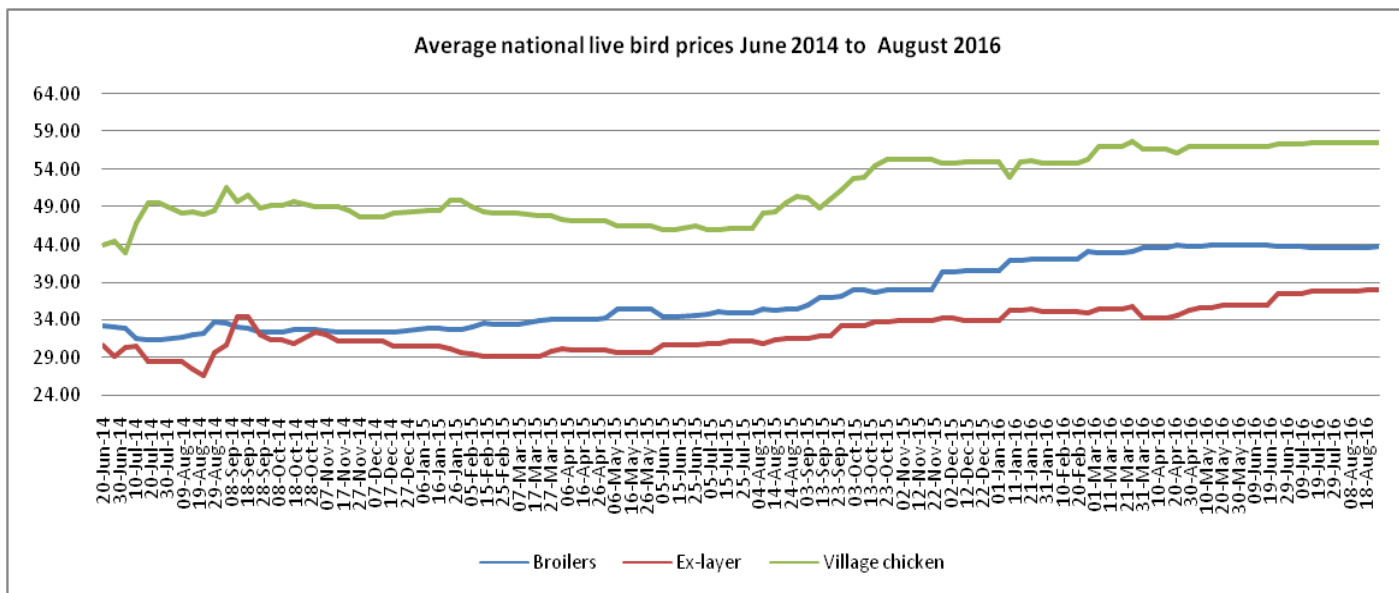


Source: Poultry Association of Zambia

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 last week was ZMW43.73, ZMW37.43 and ZMW57.40 respectively per bird respectively.

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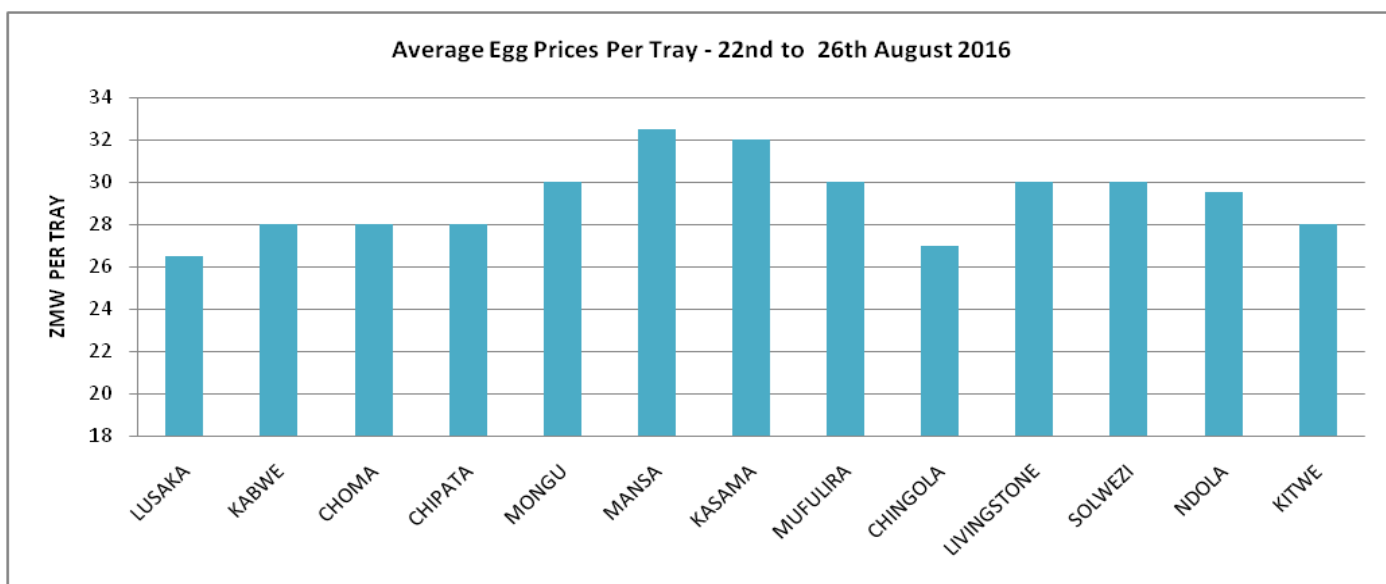




Source: Poultry Association of Zambia

### Average Egg Prices

The graph below shows average retail prices of table eggs in selected towns around the country. Prices were static during the course of the week with farm gate prices ranging between ZMW23 to ZMW25 per tray.

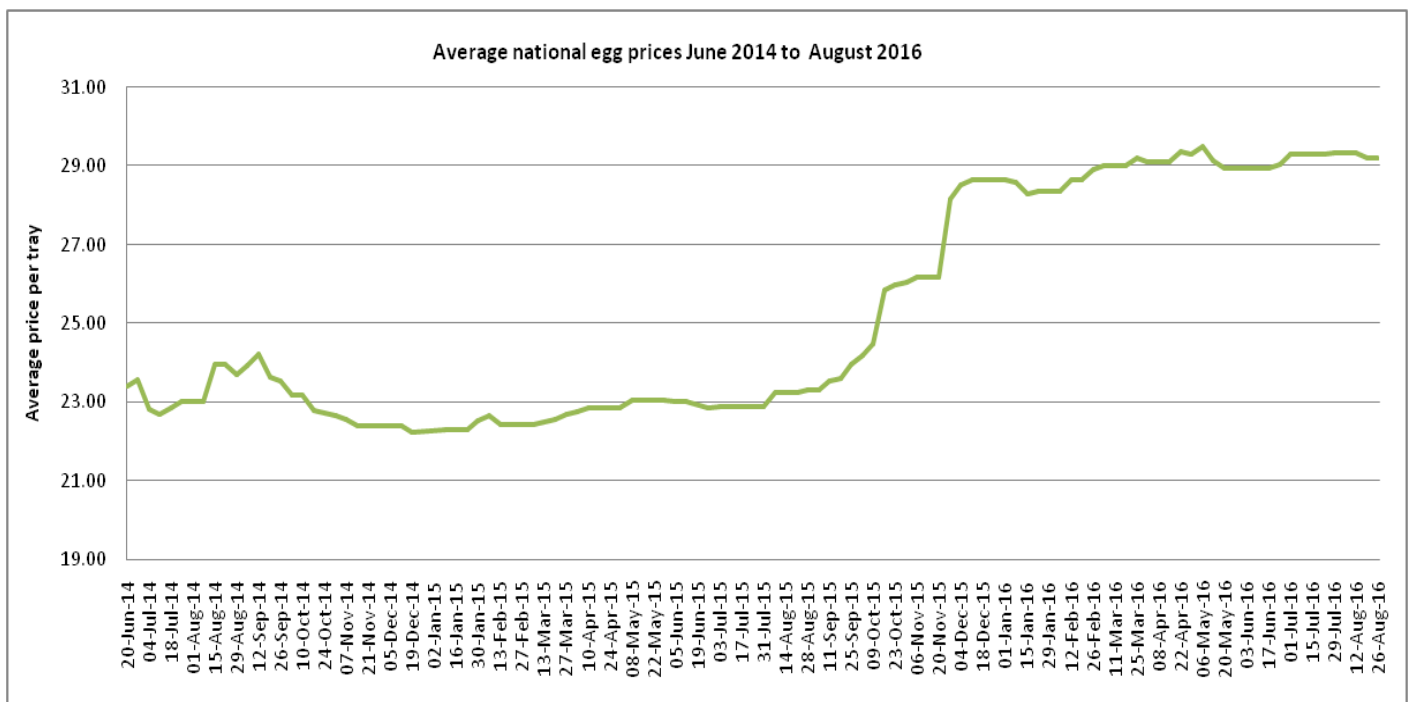


Source: Poultry Association of Zambia

The graph below shows the price trend for a tray of eggs from mid-June 2014 to August 2016. The national average price for a tray of eggs was ZMW29.19 per tray during the course of last week.

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Source: Poultry Association of Zambia

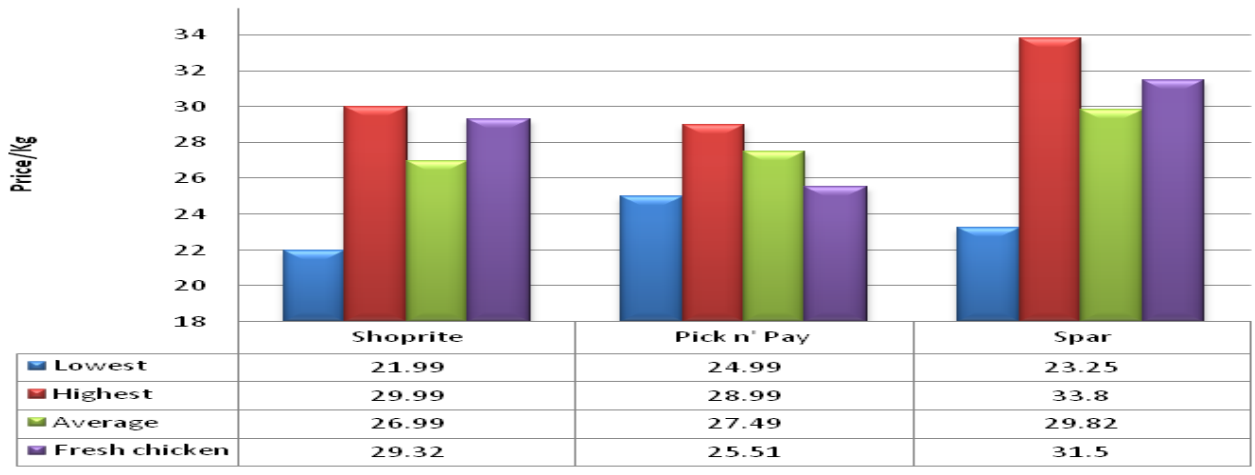
### Average Whole Dressed Chicken Prices

**Graph 1** shows average prices of whole frozen chickens in the three chain stores around Lusaka. The average price of frozen whole chicken in Pick n’ Pay during the course of the week was ZMW27.49 per kg with the lowest priced chicken at ZMW24.99 per kg and the highest going for ZMW28.99 per kg. In Spar the average price was at ZMW29.82 per kg with the lowest and highest going for ZMW23.25 per kg and ZMW33.80 per kg respectively. On the other hand, 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. Frozen whole chicken in Zambeef outlets was pegged at ZM21.90 per Kg and ZMW30 per Kg in Melissa Supermarket.

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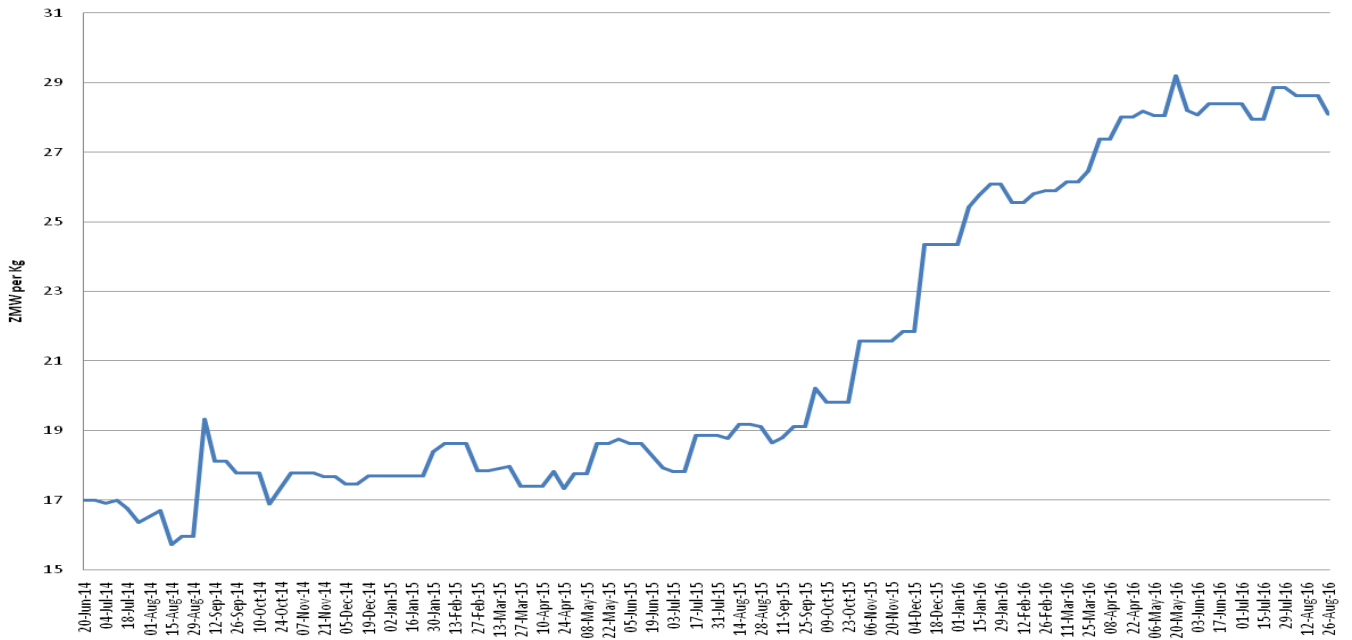
**Graph 1: Average whole frozen chicken - 22nd to 26th August 2016**



Source: Poultry Association of Zambia

The graph below shows the average price trend for whole frozen chicken in Lusaka from June 2014 – August 2016. The average price for frozen whole chickens was ZMW28.10 per kilogram last week.

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



Source: Poultry Association of Zambia

**Average Feed Prices**

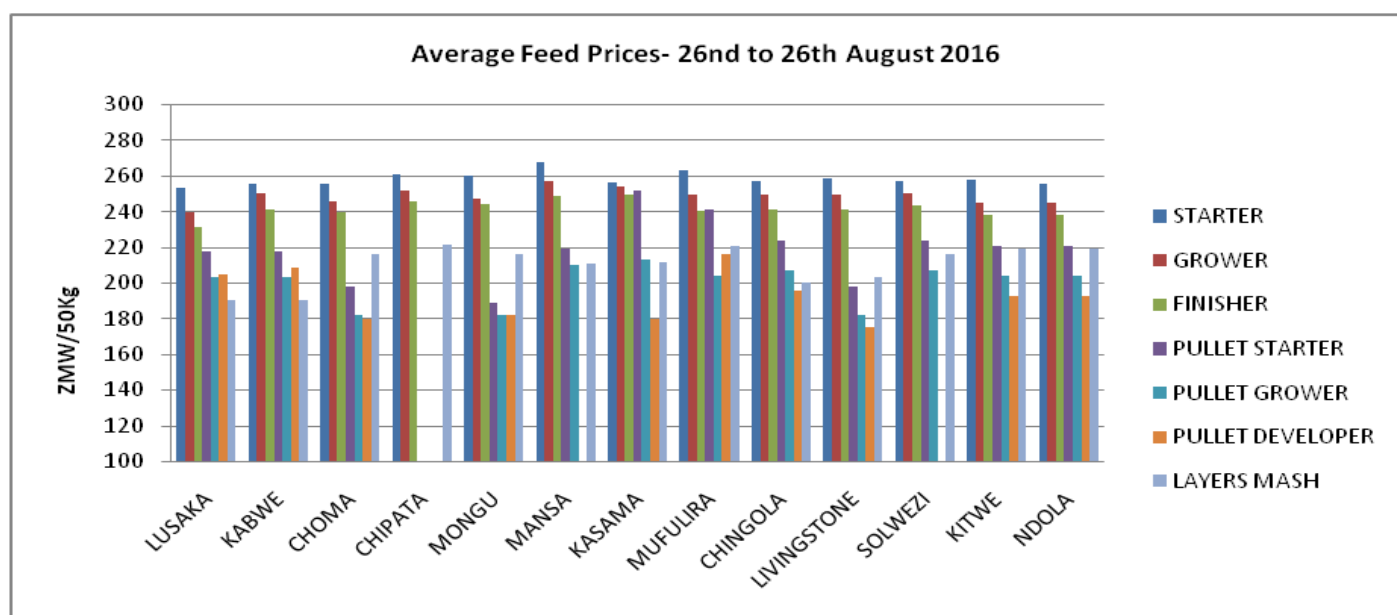
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The graph below shows the price of some of the most important ingredients that are used in feed production per 50 kilogram bag.

	SOYA MEAL FULL FAT	SOYA MEAL	SOYA MEAL SOLVENT EXTR	NO.3 MEAL	FISHMEAL
<b>PRICE (ZMW/50kg )</b>	331.70	333.31	340.02	49.50	547.92

The graph below shows average feed prices in selected towns. Stockfeed prices remained stable during the course of the week with no significant changes.



Source: Poultry Association of Zambia

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