



# THE WEEKLY AGRO WATCH



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12<sup>th</sup> September, 2016 Vol.3. No.37



## *In this week's issue:*

- ❖ *Chinese appetite for soya beans grows*
- ❖ *Russia to scrap off wheat export duty*
- ❖ *Local chicken eggs supply to increase*
- ❖ *Local Dairy Products prices slump*

## Exchange Rates

CURRENCY	12/09/2016						05/09/2016					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
FNB	10.07	10.27	0.70	0.72	13.37	13.64	9.78	9.97	0.68	0.70	13.02	13.28
Standard Chartered Bank	10.1	10.3	0.71	0.72	13.41	13.68	9.77	9.96	0.68	0.70	13.05	13.31
ZANACO	10.06	10.26	0.70	0.71	13.36	13.61	9.67	9.86	0.67	0.68	12.88	13.12
Bank of Zambia (09/09/16)	10.21	10.25	0.710	0.713	13.58	13.64	9.79	9.84	0.681	0.685	13.04	13.10

## Parity Prices

Domestic Import Parity Prices as at 09/09/2016					
US\$/ZAR=14.22 US\$/ZMW=10.27					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		10.27	452.67	607.47	450.87
Town	<b>Ex-Lusaka freight (ZMW)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Chipata	275	26.78	479.45	634.25	477.65
Mkushi	225	21.91	474.58	629.38	472.78
Ndola	250	24.34	477.01	631.81	475.21
Kitwe	250	24.34	477.01	631.81	475.21

*Note: Import parity based on October delivery*

Export Parity Price Ranges (EPP) Harare-Lusaka as at 02/09/16	
Soya Beans	456.7-505.5
Maize	232.5-286.12

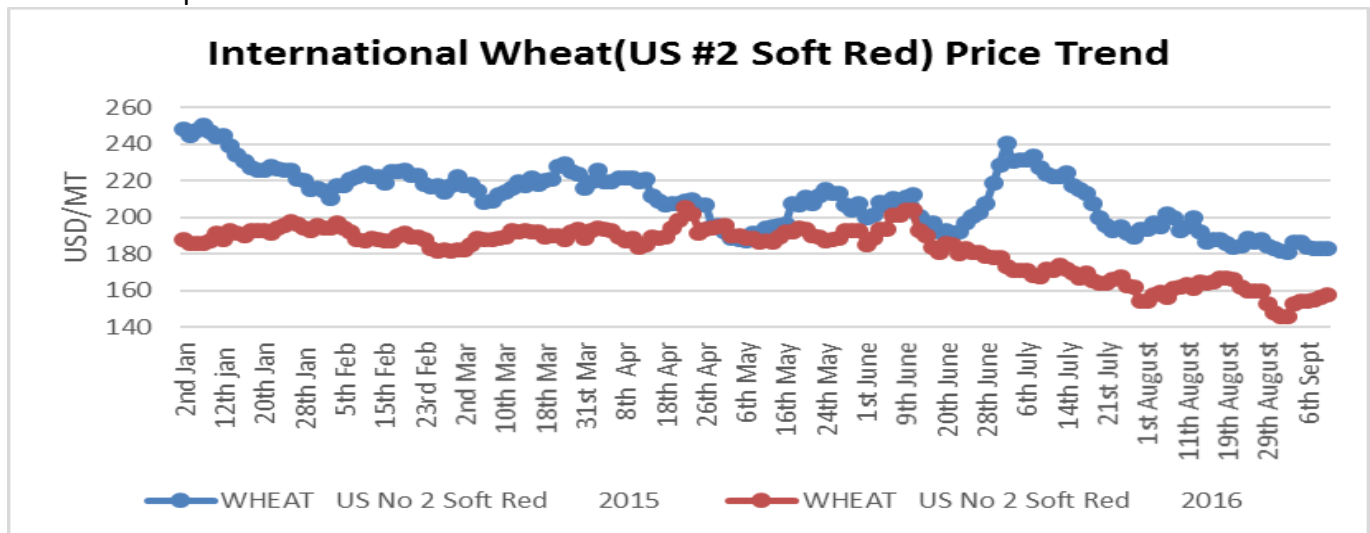
## Wheat

### Highlights

- Russia has announced that it will scrap off its wheat export duty from 15<sup>th</sup> September for a period of two years. This measure is likely to further increase Russian wheat export doors. The biggest factor that might affect the extent of exports is the strength of the Russian Ruble against the US dollar.
- Soft red wheat for December delivery on the Chicago Mercantile Exchange (CME) settled at US\$148.08/MT on 12<sup>th</sup> September 2016.
- Local wheat offer prices for the 2016 crop are still about US\$370/ton with indication that millers are not yet active in the local purchases on the crop just being harvested.

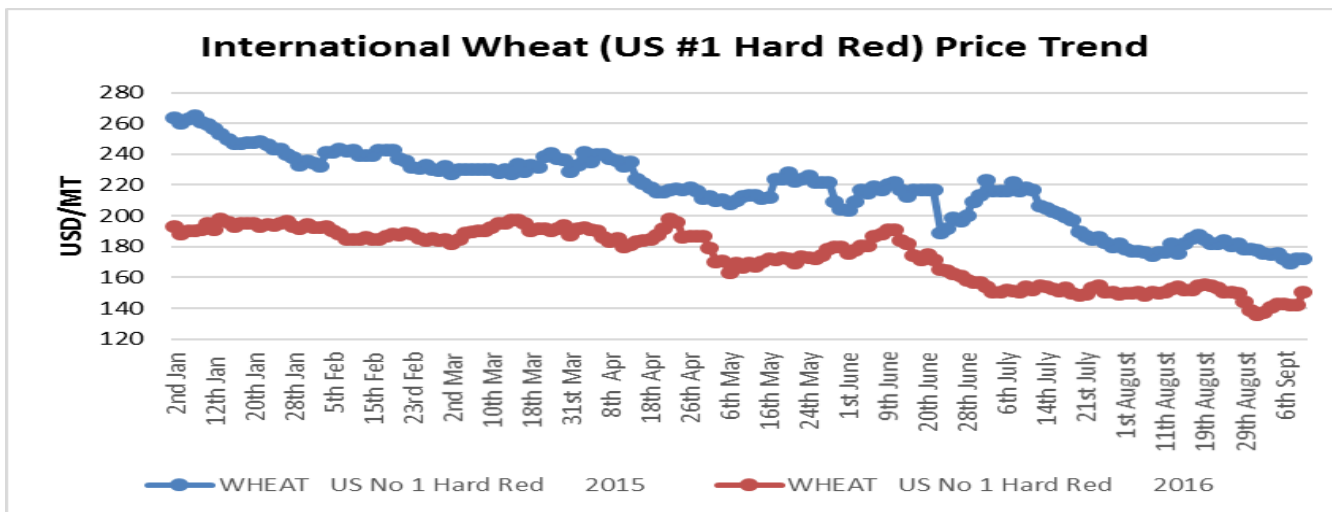
### Price trends

The Safex international soft red and hard red wheat prices averaged US\$144.16/MT and US\$159.25/MT during the week ending 9<sup>th</sup> September respectively. All prices are fob gulf. The graphs below show international price trends for soft and hard red wheat:



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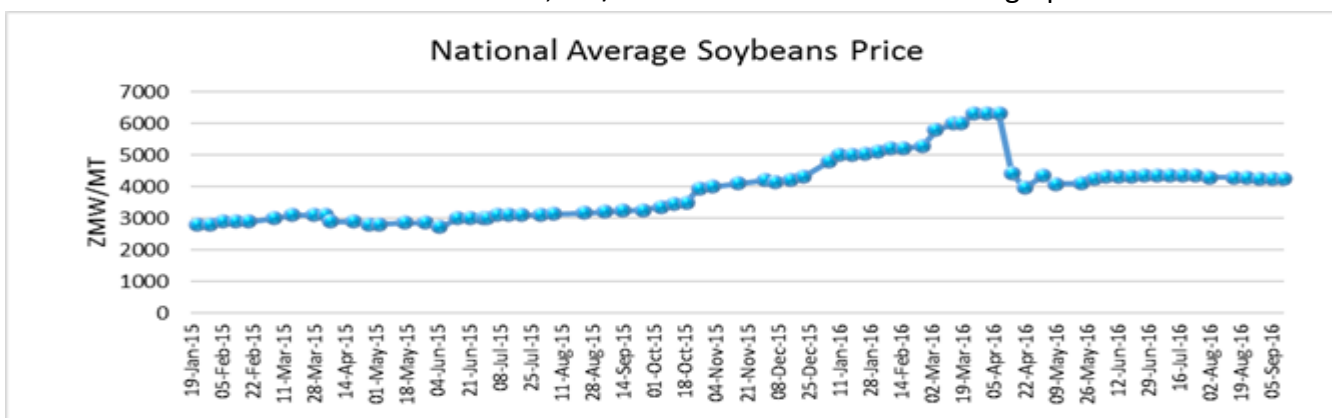


Source: Safex

## Soya Beans

### Highlights

- Stimulated by the recovery of its swine industry, China’s soya beans imports for the marketing year beginning 1<sup>st</sup> October have been projected to hit 86 million tons, up by about 3million tons from the previous year’s estimates. The United States Department of Agriculture Report on China’s soya beans and soya products released endo of August 2016 further highlights that China continues to restrict usage of biotech soya beans for food processing. Mid-August soya beans import prices at Chines ports were about US\$530/ton.
- Soy beans for November delivery opened trading on CME at US\$359.35/MT on 12<sup>th</sup> September 2016.
- According to the ZNFU market Price Information System, average national soya beans offer prices continued to trade at an of ZMW4,246/MT last week as shown in the graph below.



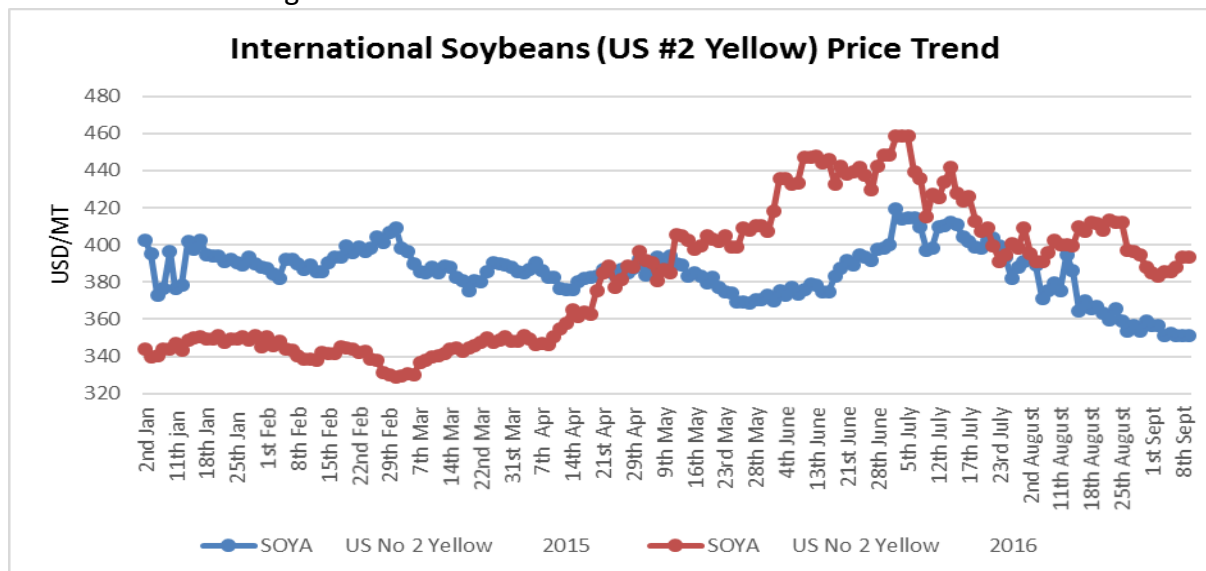
Source: ZNFU, 4455 Market Price Information System

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## Price trends

International spot prices for US No. 2 yellow soya beans on Safex averaged US\$155.29/MT in the week ending 9<sup>th</sup> September 2016, 4.28% above the average price of US\$389.40/MT recorded in the previous week. Prices are fob gulf.



Source: Safex

## Maize

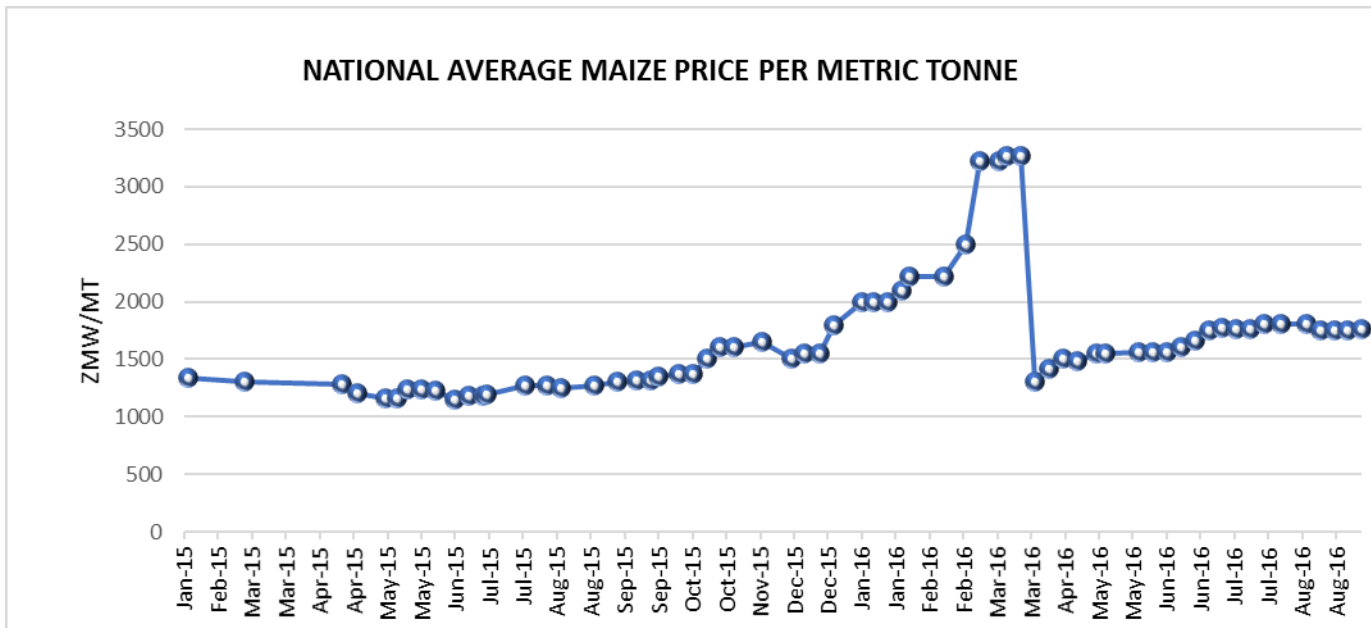
### Highlights

- International attention for maize supply is likely to turn to the Northern hemisphere as Brazil records a 24% reduction in its maize output during the 2015/16 season. This is despite the country recording a 10.3 percent increase in area planted. CONAB, Brazil's National Crop Supply Agency, has attributed this to yield reductions due to water stresses that came with the El Nino.
- Meanwhile, Zimbabwe has been sourcing its maize from as far as Mexico at prices floating above the US\$400/ton mark in August for its imports from the South American States. Zimbabwe's Commercial Farmers' Union further stated in its weekly newsletter that dwindling cash resources were affecting foreign payments for maize imports by private buyers.
- Wholesale maize prices in Gitega, Burundi and Kisumu, Kenya were pegged at US\$455.81/ton and US\$351.63/ton respectively on 9<sup>th</sup> September, 2016. Meanwhile, prices in Dar es Salaam, Tanzania were about US\$352.18/ton. This is as captured by the East African Grain Council intelligence network (RATIN).
- Maize for December delivery on CME opened trading at US\$134/MT on 12<sup>th</sup> September 2016.

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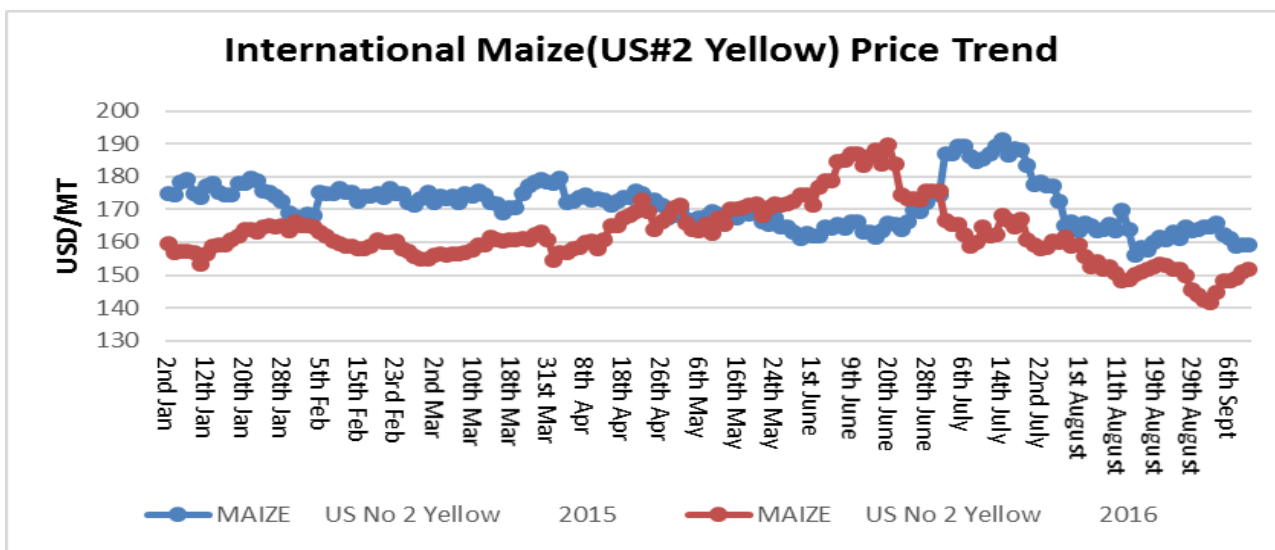
- The national average local maize offer price by private traders was averaging K 1,760/ton on the ZNFU market information system last week. This was slightly above the previous weeks' average price of ZMK 1,751/ton



Source: ZNFU Market Price Information System

### Price trends

International maize spot prices traded at an average of US\$ 149.62/MT during the week ending 9<sup>th</sup> September 2016. All prices are fob gulf.



Source: Safex

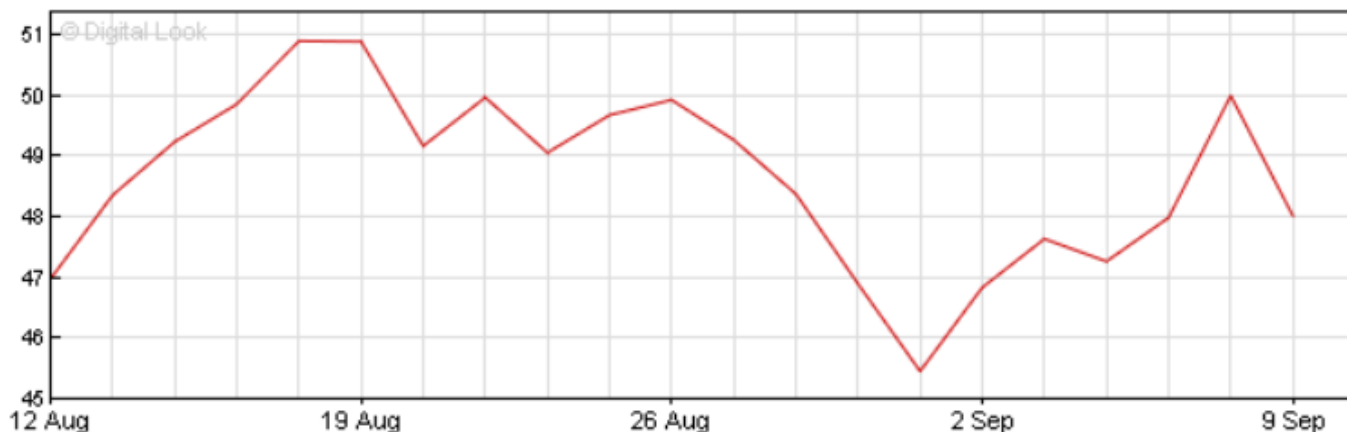
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## Crude oil

- Brent crude oil futures prices around 09:39hrs CAT on 12<sup>th</sup> September, 2016 were pegged at US\$47.38 barrel.
- The Dubai Mercantile exchange Oman crude oil marker price for November 2016 delivery settled at US\$44.60/barrel on 9<sup>th</sup> September 2016.

### Brent Crude Oil Futures \$/barrel



Source: BBC, 2016.

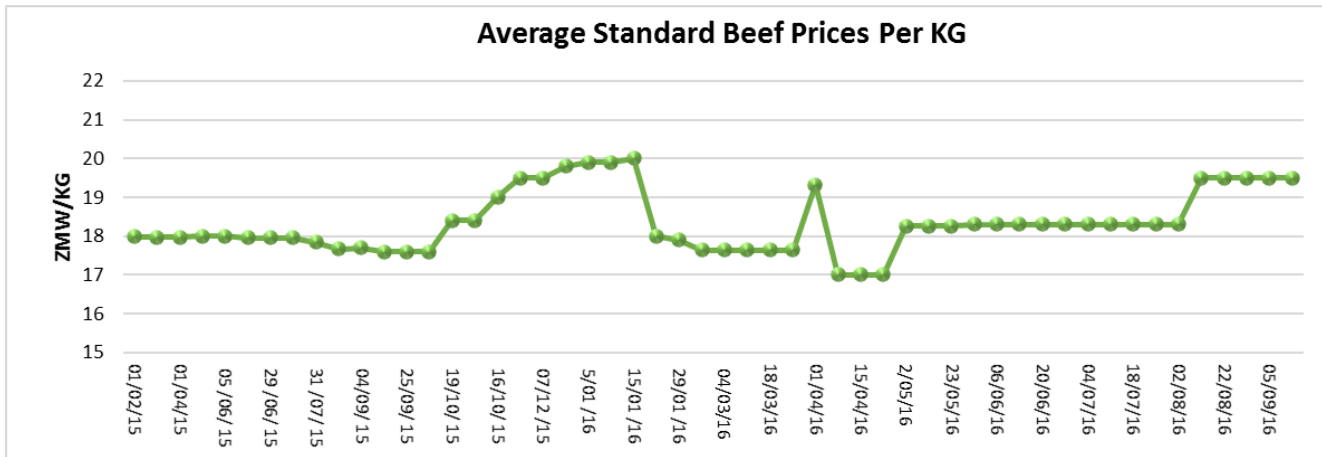
## Beef

### Highlights

- After battling and successfully managing to overcome export restrictions to 16 countries, South Africa inclusive, the United States is forecasting to up its beef exports in 2017 by 800,000 million tons. An increase in beef supply on the South African market is likely to increase import pressure on Zambia as South Africa is one of Zambia's major sources of imports especially consumable goods.
- Namibian Grade A beef prices for the week ending 5<sup>th</sup> September 2016 were in the range of ZAR29.96-36.19/Kg. Auction prices for weaners and heifers were pegged at ZAR14.43/kg and ZAR13.39/kg respectively on 2<sup>nd</sup> September 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 8<sup>th</sup> September 2016. This is as monitored by the ZNFU 4455 market price information system.

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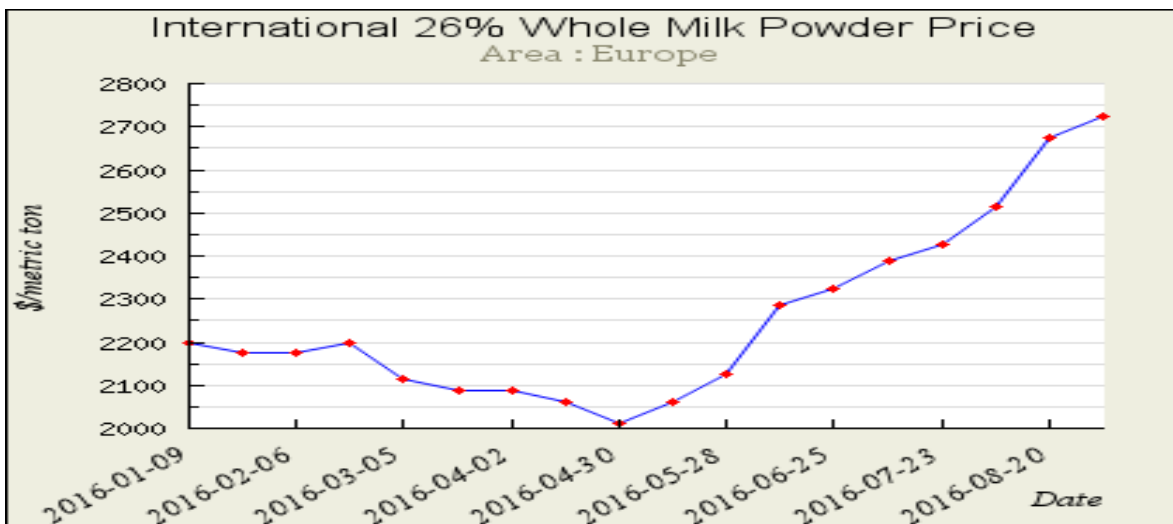
Source: ZNFU, 4455 Market Price Information System

## Dairy Updates for the Week Ending 9<sup>th</sup> September 2016

### Global Whole Milk Powder Price Trends

Price of whole milk powder on the international market was at US\$2,725 per metric ton as at 3<sup>rd</sup> September 2016 indicating a 29% increase in price from US\$2,112.50 per metric ton recorded in March, 2016. Refer to figure 1 below;

**FIGURE 1 AVERAGE MONTHLY WHOLE MILK POWDER PRICES**



Source: <http://future.aae.wisc.edu/data/weekly>

### AVERAGE PRICES of FRESH MILK, UHT AND YOGURT

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Average prices for dairy products generally slumped during the period 12<sup>th</sup> August to 9<sup>th</sup> September, 2016. Notable price adjustments were that for 500mls fresh milk that reduced by 11%, 250mls drinking yogurt reduced by 4.8%, 500mls UHT milk reduced by 3% and 500mls drinking yogurt reduced by 3.5%.

<b>AVERAGE DAIRY PRODUCT PRICES LUSAKA, SOUTHERN &amp; COPPERBELT</b>			
<b>Dairy Product</b>	<b>Avg Price 12th August</b>	<b>Avg Price 9th September</b>	<b>Var(%)</b>
1Ltr Fresh Milk	8.99	8.99	0.0%
2Ltrs Fresh Milk	18.42	17.50	-5.0%
500mls Fresh milk	5.12	4.55	-11.1%
250mls Drinking Yogurt	4.20	4.00	-4.8%
175g Yogurt	6.27	6.27	0.0%
500mls UHT Milk	7.74	7.50	-3.1%
500mls Yogurt	14.01	14.20	1.4%
500mls Drinking Yogurt	8.39	8.10	-3.5%
250 UHT Milk	4.29	4.29	0.0%

Source: DAZ September 2016

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

Average dairy feed prices and that of selected drugs generally remained constant during the period 12<sup>th</sup> August to 9<sup>th</sup> September, 2016 but for the price of No.3 meal and DCP that recorded 13% and 10% increase respectively. The price of albendazole, cotton cake and sunflower cake recorded 20%, 3% and 3% reductions.

<b>AVERAGE DAIRY FEED/DRUG PRICES LUSAKA, SOUTHERN &amp; COPPERBELT</b>			
<b>PRODUCT</b>	<b>AVG PRICE 12TH AUGUST</b>	<b>AVG PRICE 9TH SEPTEMBER</b>	<b>VAR (%)</b>
50Kg Dairy 19	215	218	1%
50kg # 3 Meal	54	61	13%
50Kg Calf starter	228	228	0%
50Kg DCP	379.37	419	10%
2500 mg Albendazole	5	4	-20%
50kg Soya cake (Full fat)	325	321	-1%
50kg Cotton Cake	175.72	170	-3%
50Kg Sunflower Cake	86	83	-3%
20Kg Milk Replacer	460	460	0%
25 Kg Maize bran	36.5	37	1%

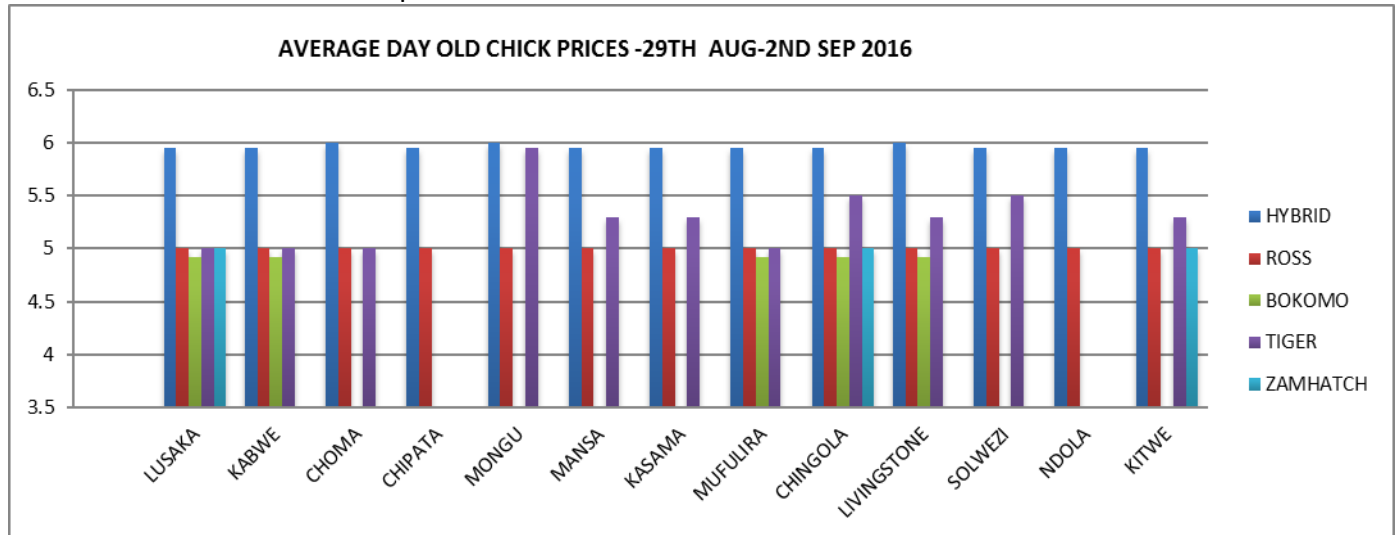
Source: DAZ September 2016

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**Average Day Old Chick Prices**

The prices for the day old chicks remain stable during the course of the week in different selected districts. Please note that these are average prices collected at district level by district Associations and might not be reflection of the prices obtaining in districts that are not being captured. These are average prices collected between the 5th to the 9th September 2016.



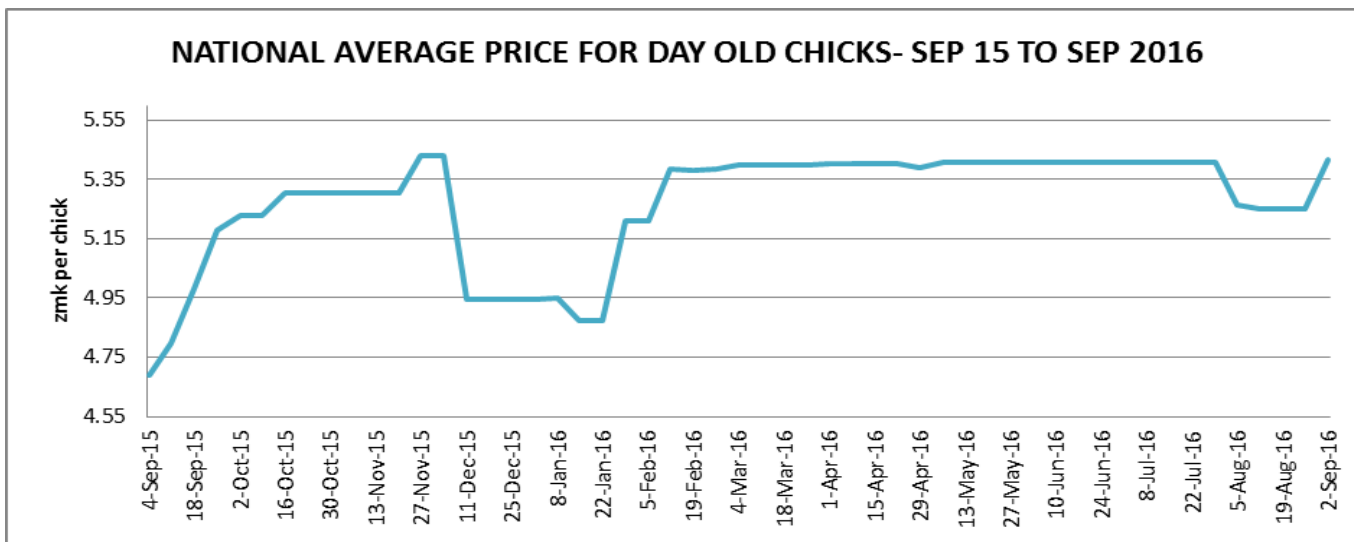
Source: Poultry Association of Zambia

**National Average Day Old Prices**

The graph below shows the national average price trend for day old chicks from September 2015 to September 2016. The graph shows that the national average price of day old chicks has remained at ZMW5.41 for over four months after a week of promotions by some brands. The political uncertainty facing the country has had a toll on the industry in the last three months forcing some poultry farmers to scale down on placements.

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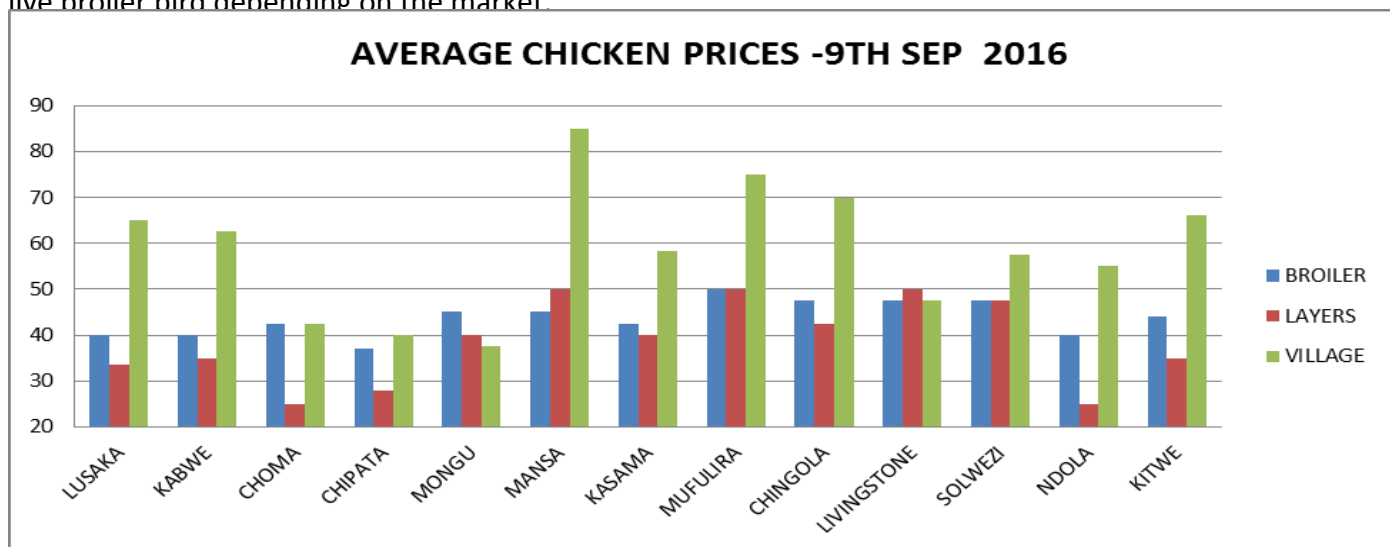




Source: Poultry Association of Zambia

### Average Live Birds Prices at District Level

The graph below shows the average live bird prices different districts. No major movements were observed in the price of fully grown birds. The national farm gate prices of broiler live birds were in the range of ZMW38 to ZMW40 per bird. The retail prices in different markets ranges between ZMK 40 to ZMK50 per live broiler bird depending on the market.



Source: Poultry Association of Zambia

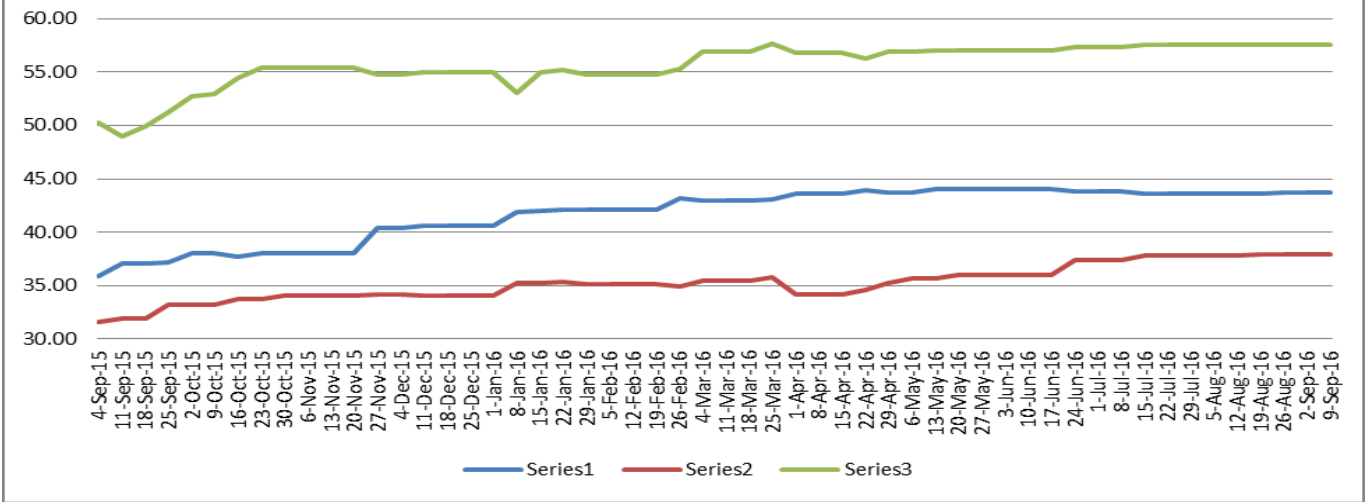
### National Average Live Bird Prices

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 ZMW43.75, ZMW37.96 and ZMW57.58 respectively.

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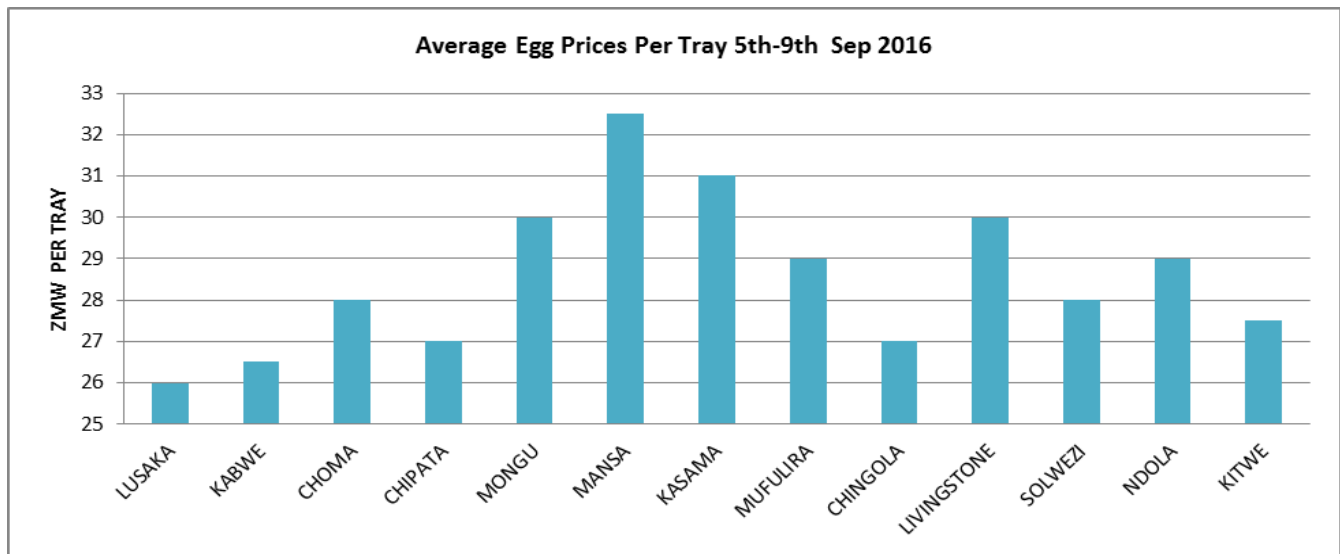
## NATIONAL LIVEBIRD PRICES- SEP 2015 TO SEP 2016



Source: Poultry Association of Zambia

### Average Egg Prices at District Level

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 for large eggs and between ZMK 17 to ZMK 19 for small-eggs. As the production heads towards peak production, it is anticipated the price movement might be very flat resulting from over supply. The stability in price has to a greater extent been attributed to fall in eggs prices in Kasumbalesa, which is the biggest market for both eggs on the Copperbelt and this has resulted in a number of major players resorting to local market.



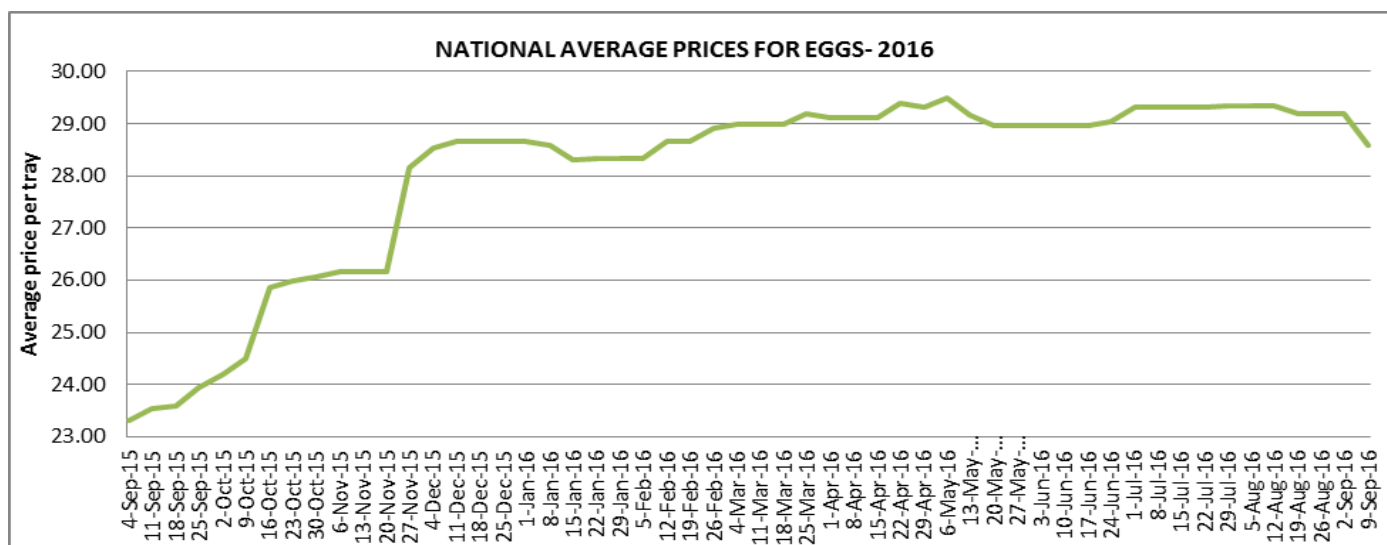
Source: Poultry Association of Zambia

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## National Average Egg Prices

The graph below shows the retail price trend for a tray of eggs from September 2015 to September 2016. The national average price for a tray of eggs was ZMW28.54 per tray during the course of the week which is 3% reduction in the prices recorded last week. The reduction in price is due to increase in production related to weather.



Source: Poultry Association of Zambia

## Average Whole Dressed Chicken Prices for Lusaka

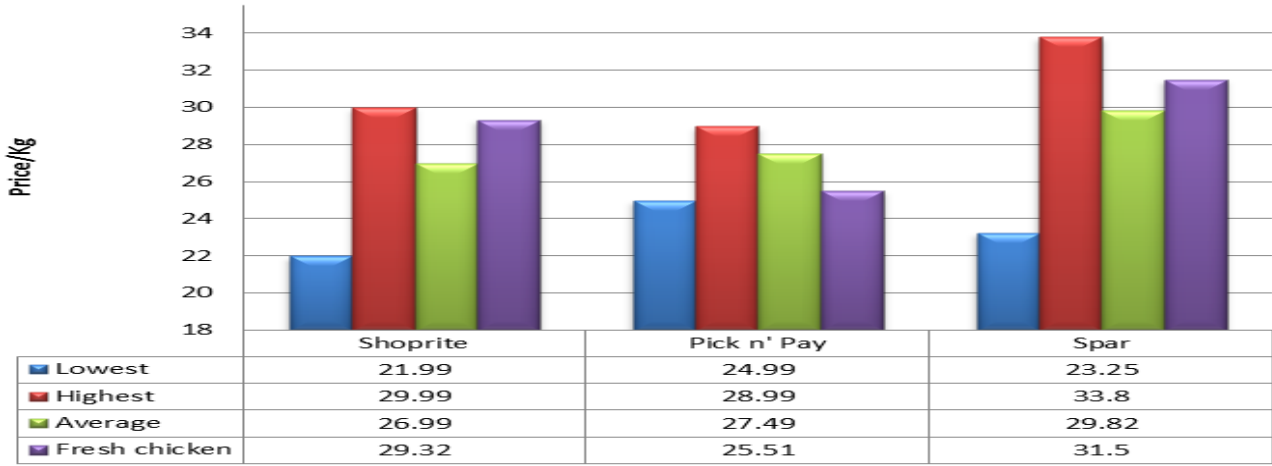
The average prices of whole frozen chickens in the three chain stores around Lusaka remained stable during the course of the week. The average price for the frozen whole chicken in Pick n' Pay averaged ZMW27.49 per kg with the lowest priced chicken at ZMW24.99 per kg and the highest going for ZMW28.99 per kg. The same scenario was observed in SPAR with an average price ranging between ZMW23.25 per kg and ZMW33.80 per kg respectively.

On the other hand, the average price for frozen whole chicken in Shoprite was ZMW21.99 per kg and ZMW29.99 per kg. Other prices include frozen whole chicken in Zambeef outlets at ZM21.90 per kilo and ZMW30 per kilo in Melissa Supermarket.

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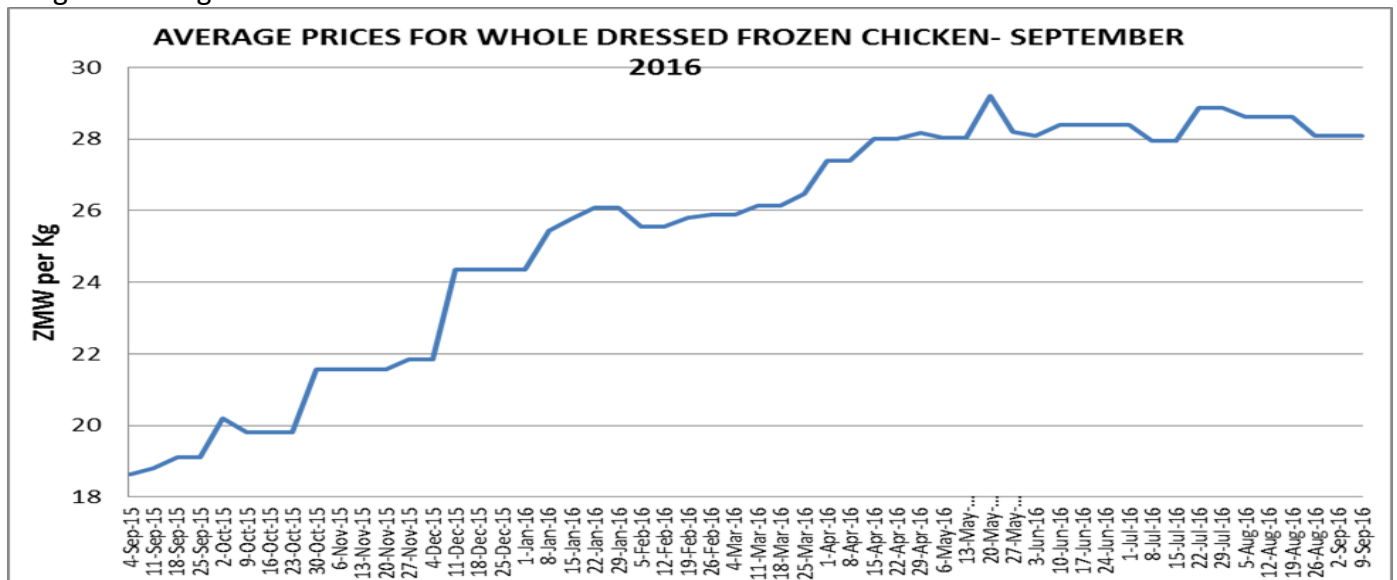


**GRAPH 1: AVERAGE WHOLE FROZEN CHICKEN - 9TH SEPTEMBER 2016**



Source: Poultry Association of Zambia

The graph below shows the average price trend for whole frozen chicken in Lusaka for a one year period from September 2015 – September 2016. The average price for frozen whole chickens was ZMW28.10 per kilogram during the course of the week.



Source: Poultry Association of Zambia

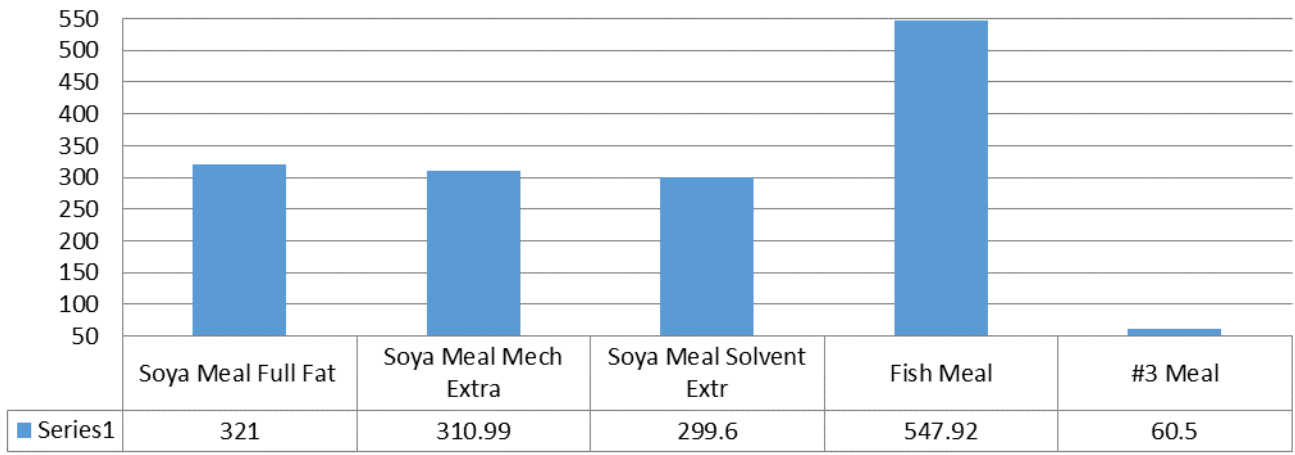
### Average Prices of Selected Stockfeed Ingredients

There was no movements in the prices of key ingredients in the stockfeed industry despite the kwacha depreciating against the USD. The graph below shows the price of some of the most important ingredients that are used in feed production per 50 kilogram bag. These prices are obtained from livestock services limited and note that these are indicative prices which may change without notice.

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## POULTRY STOCKFEED INGREDIENTS

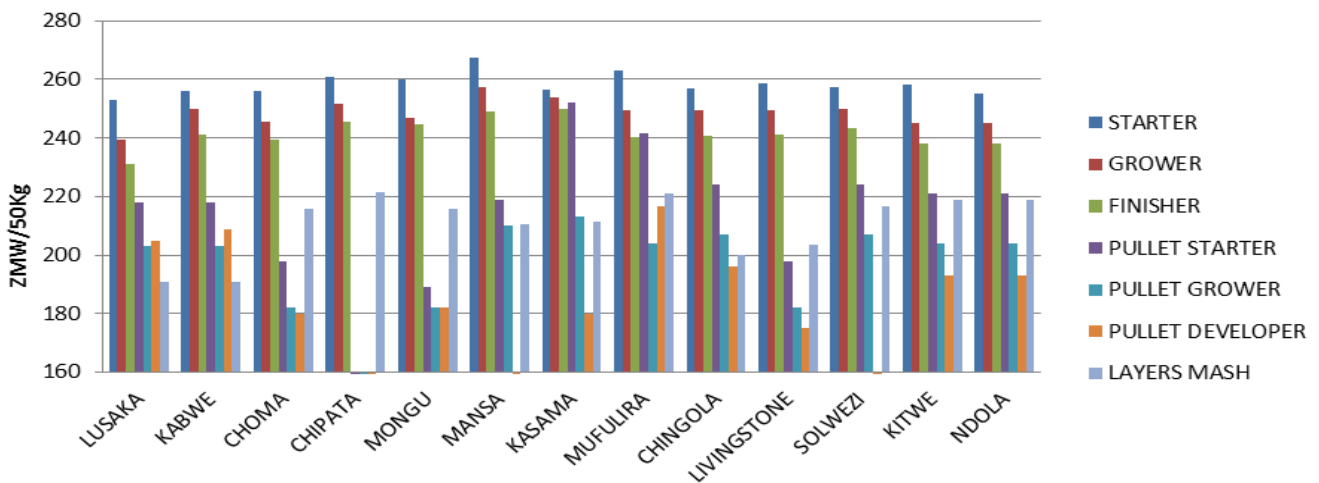


Source: Poultry Association of Zambia

### Average Stockfeed Prices at District Level

Stockfeed prices remained stable during the course of the week with no significant changes. These are indicative prices obtaining at district level.

### AVERAGE FEED PRICES- 9TH SEPTEMBER 2016



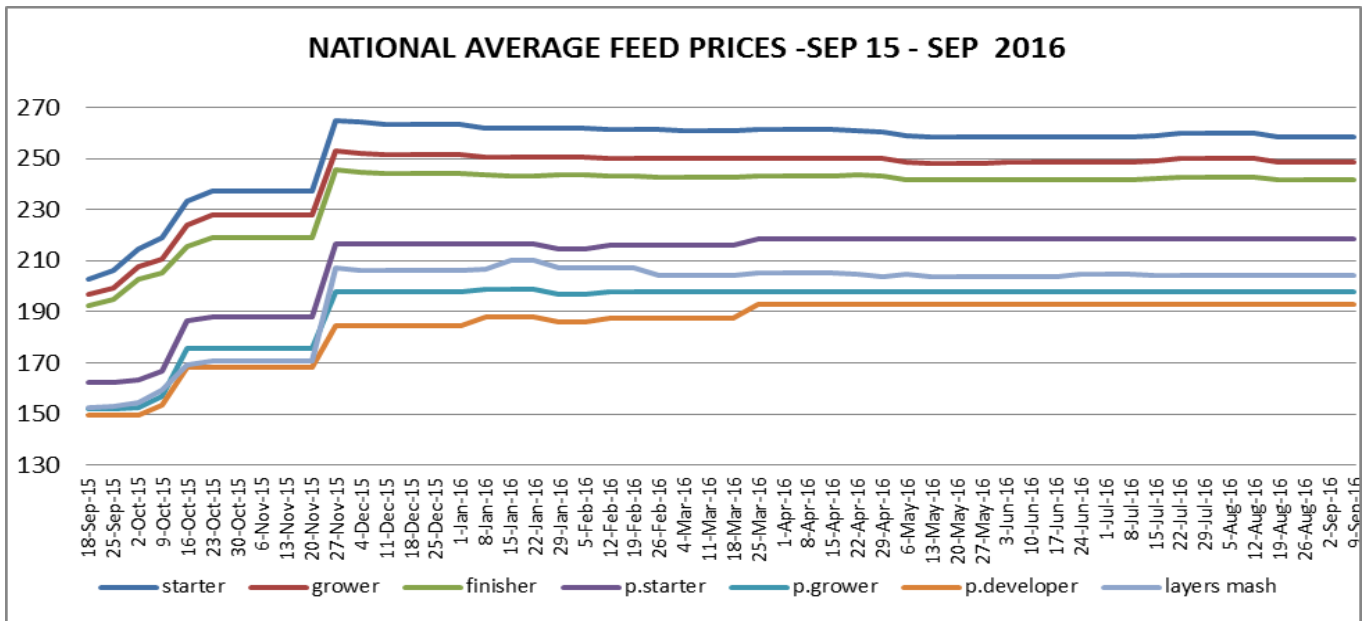
Source: Poultry Association of Zambia

### National Average Prices for Stockfeed

The graph below shows the national average price trend of feed from a one period starting from September 2015 to September 2016. The graph shows that national average prices for feed were static during the week.

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Source: Poultry Association of Zambia

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