



# THE WEEKLY AGRO WATCH



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26<sup>th</sup> September, 2016 Vol.3. No.39

## *In this Issue:*

- *Local Egg Prices fall*
- *National Maize stocks to be verified*
- *Egypt U-turns on its wheat import standards*



## **La Nina to Increase Zambia's rainfall in 2016/17**

The Zambia Meteorological Department, in a seasonal forecast released early this month, has indicated that Zambia is likely to receive normal to above normal rainfall during the 2016/17 agricultural season. For the period October to December, normal to above normal rainfall is expected except for the north-eastern parts of the country which are likely to receive normal rains. During the period November to January

2016; Southern, Eastern Western districts of Central and the Southern districts of Western Province are likely to receive normal to below normal rains while the rest of Zambia will experience normal to above normal rains. The whole country is likely to receive normal to above normal rains for the period January to March 2017. Normal rains are defined as rainfall between 75% and 125% of the average for the period 1981 to 2015. Anything greater than 125% is defined as above normal while rainfall amounts below the 75% average for the period 1981 to 2015 is defined as below normal.

The 2016/17 season is anticipated to be influenced by the La Nina condition which is mostly characterised by normal to above normal rainfall performances in Zambia. Weather patterns in other Southern African states are also expected to be influenced by the La Nina occurrence. This is likely to result into higher production output of crops in the 2016/17 farming season in regional markets.

## Exchange Rates

	26/09/2016						19/09/2016					
CURRENCY	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
FNB	9.93	10.13	0.73	0.75	12.87	13.13	10.02	10.23	0.72	0.73	13.08	13.34
Standard Chartered Bank	9.38	10.0	0.72	0.74	12.69	12.94	10.08	10.28	0.72	0.73	13.15	13.41
ZANACO	9.93	10.12	0.73	0.74	12.88	13.14	10.08	10.27	0.71	0.73	13.15	13.40
Bank of Zambia	9.98	10.03	0.73	0.74	12.92	12.99	10.12	10.17	0.720	0.725	13.23	13.29

## Parity Prices

Domestic Import Parity Prices as at 23/09/2016					
US\$/ZAR=13.60 US\$/ZMW=10.12					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		10.12	457.83	636.38	484.09
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	27.17	485.00	663.55	511.26
Mkushi	225	22.23	480.06	658.61	506.32
Ndola	250	24.70	482.53	661.08	508.79
Kitwe	250	24.70	482.53	661.08	508.79

Note: Import parity based on October delivery for maize and soya beans and December delivery for wheat

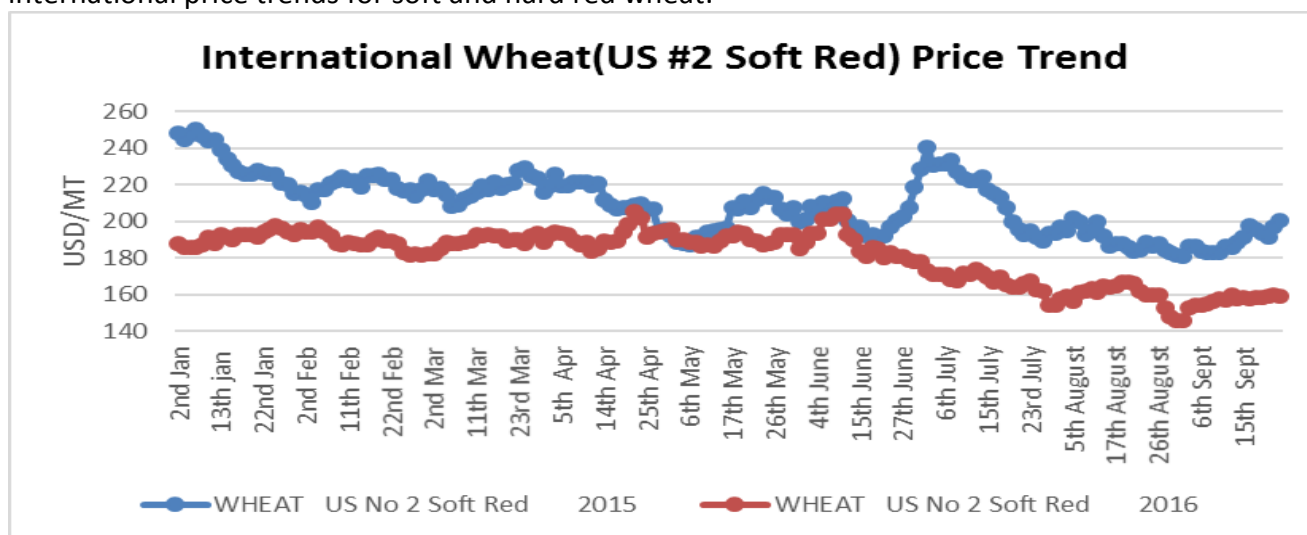
## Wheat

### Highlights

- Egypt, the world's largest wheat importer, has reversed its Zero-Ergot tolerance policy as it struggled to receive tenders for wheat supplies. It has now returned to International standards that permit trade in wheat that has not more than 0.05 percent of the ergot fungus contamination. This is the second time this year Egypt is reversing its wheat import standards.
- Meanwhile Australia is forecasting a 17% increase in its 2016-17 wheat exports due to the expected bumper crop as well as the large carry over stocks.
- Hard red wheat for December delivery on the Chicago Mercantile Exchange (CME) settled at US\$153.59/MT on 26<sup>th</sup> September 2016.
- Local wheat offer prices for the 2016 crop are about US\$375/ton.

### Price trends

The Safex international soft red and hard red wheat prices averaged US\$153.61/MT and US\$159.02/MT during the week ending 23<sup>rd</sup> September respectively. All prices are fob gulf. The graphs below show international price trends for soft and hard red wheat:



Source: Safex

## Soya Beans

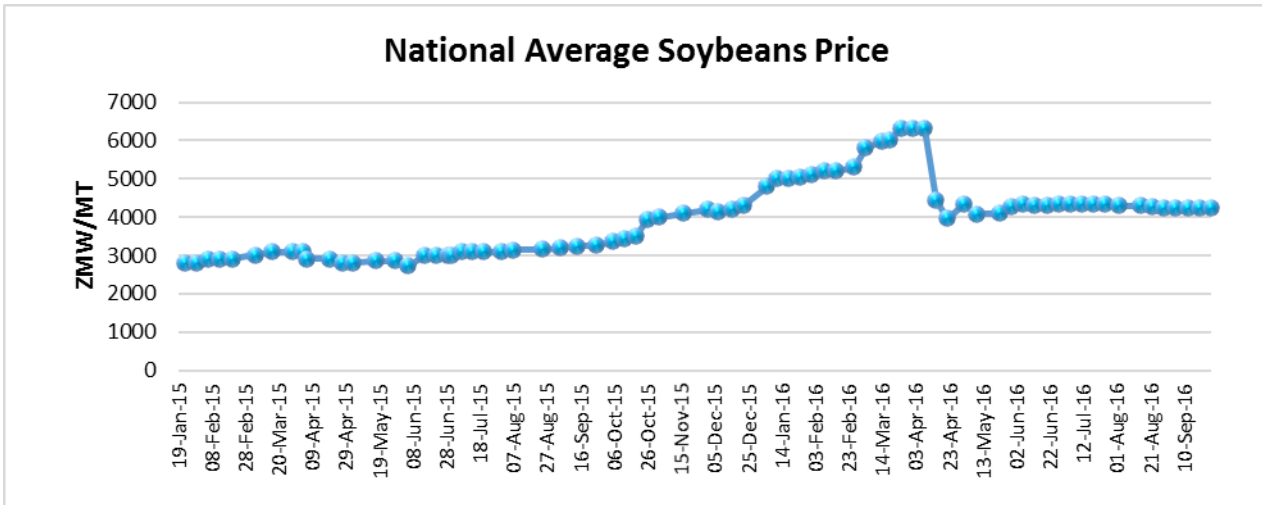
### Highlights

- Supported by a weak national currency, Nigeria's largest soya beans crushing plant has so far exports 15,000MT of soya products to European and North African feed mills. Flour Mills plant of Nigeria is one of the largest in Africa with an annual soya beans crushing capacity of 150,000MT.

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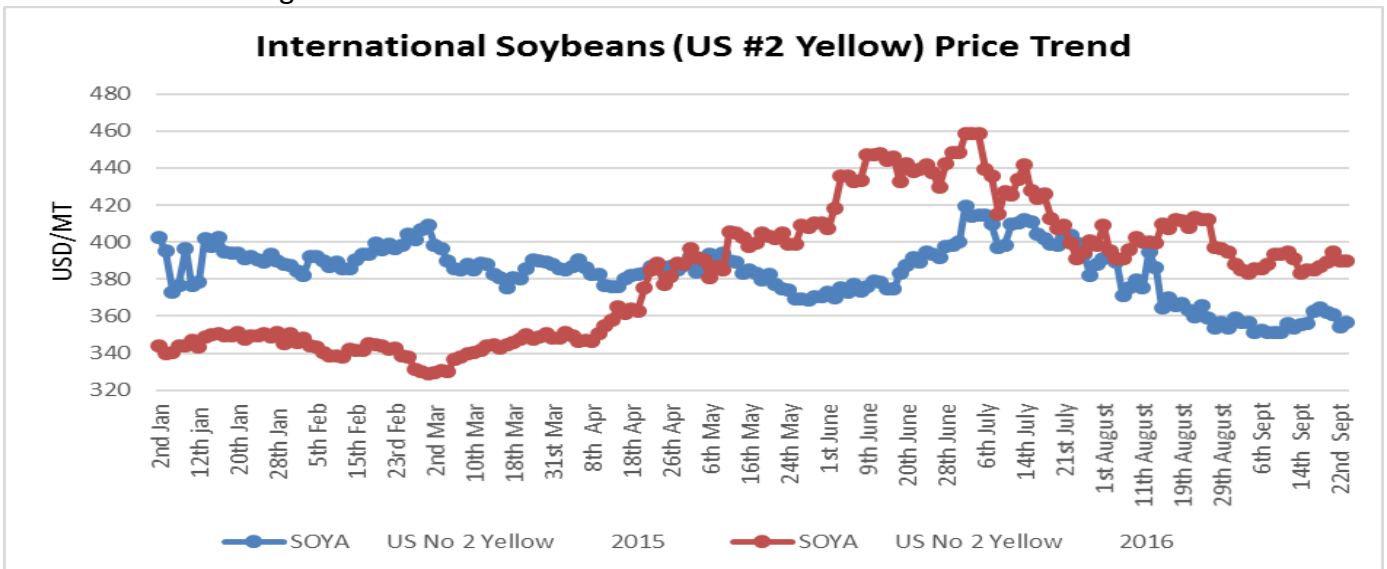
- Soy beans for November delivery opened trading on CME at US\$349.58/MT on 26<sup>th</sup> September 2016.
- According to the ZNFU market Price Information System, national soya beans offer prices continued to trade at an average of ZMW4,250/MT last week as shown in the graph below.



Source: ZNFU, 4455 Market Price Information System

### Price trends

International spot prices for US No. 2 yellow soya beans on Safex averaged US\$389.90/MT in the week ending 23<sup>rd</sup> September 2016, 0.57% above the average price of US\$387.69/MT recorded in the previous week. Prices are fob gulf.



Source: Safex

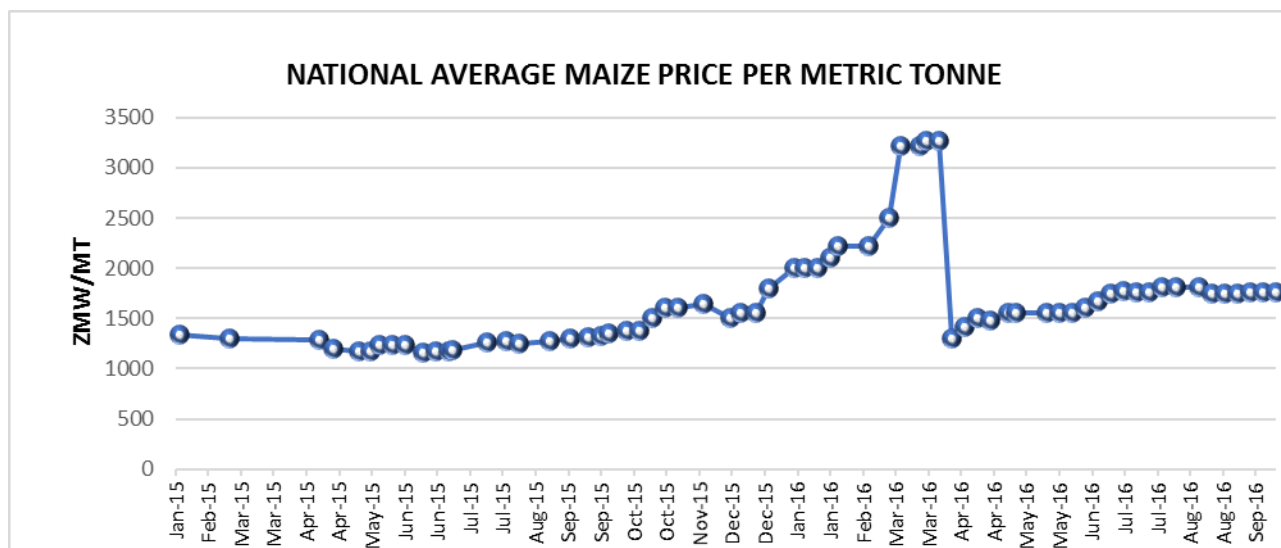
### Maize

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## Highlights

- Following the request by the Malawian President during the 71<sup>st</sup> UN General Assembly last week, Malawi's Minister of Finance has been quoted by local media to have confirmed that the country currently did not have money for maize purchases from both the local and international markets. Malawi is however expected to continue seeking for international support.
- On the local scene, a team led by the Ministry of Agriculture is expected to undertake a maize stock verification exercise this week. The information obtained is expected to feed into the national policy direction on maize marketing for the rest of the 2016/17 marketing season. Indications however are that government has already decided to tighten further the current maize export restrictions.
- Wholesale maize prices in Gitega, Burundi and Kisumu, Kenya were pegged at US\$455.296/ton on 26<sup>th</sup> September, 2016. Meanwhile, prices in Iringa, Tanzania were about US\$211.18/ton. This is as captured by the East African Grain Council intelligence network (RATIN).
- Maize for December delivery on CME opened trading at US\$131.49/MT on 26<sup>th</sup> September 2016.
- The national average local maize offer price by private traders was averaging K 1,761/ton on the ZNFU market information system last week.



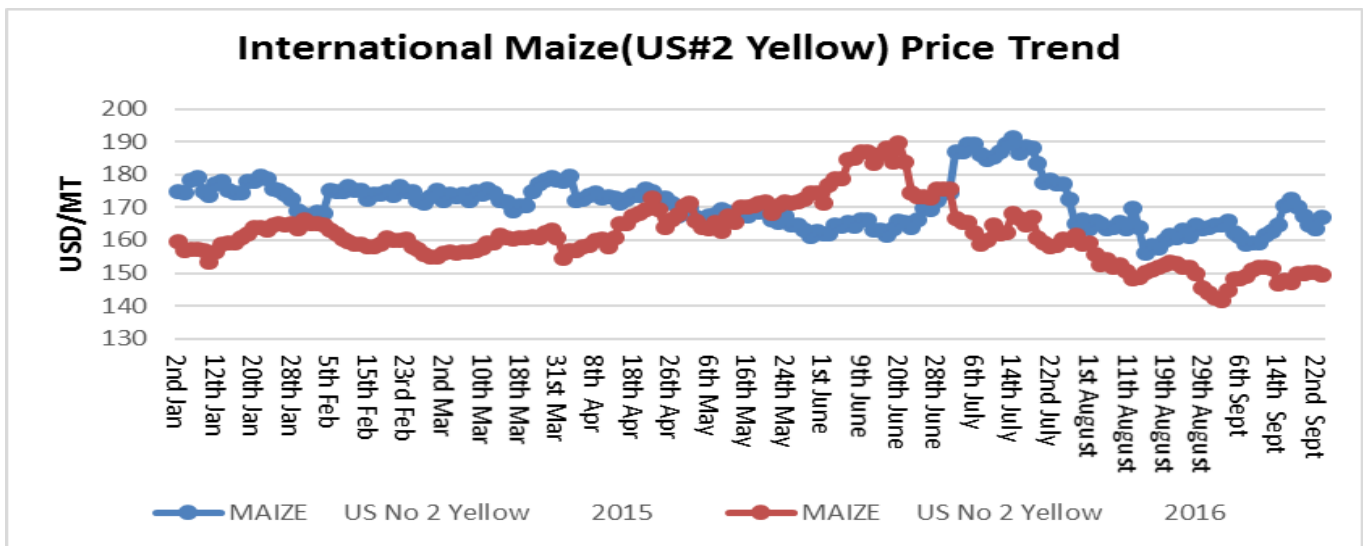
Source: ZNFU Market Price Information System

## Price trends

International maize spot prices traded at an average of US\$ 149.92/MT during the week ending 23<sup>rd</sup> September 2016. All prices are fob gulf.

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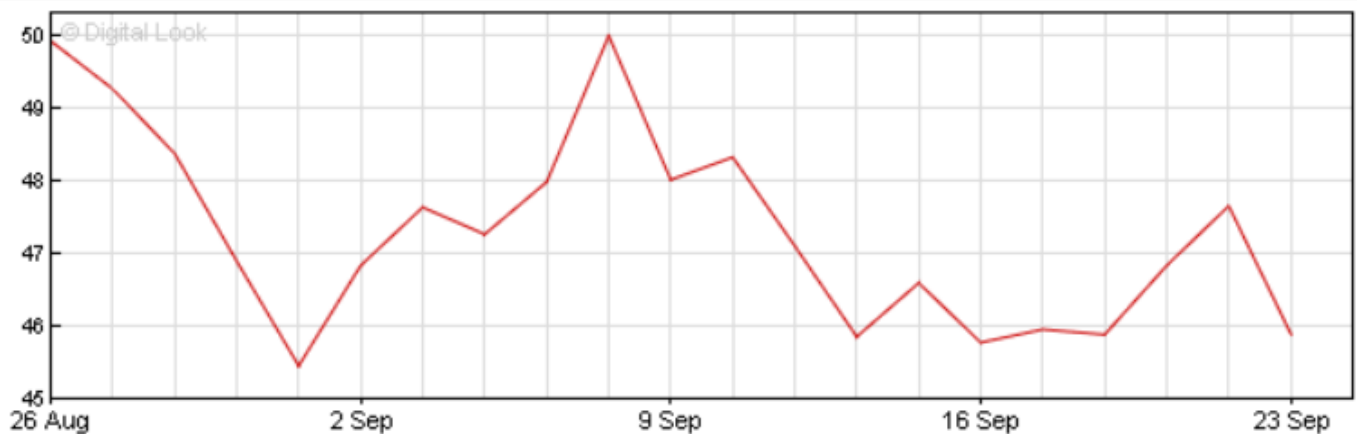


Source: Safex

### Crude oil

- The Organization of the Petroleum Exporting Countries (OPEC) member states are currently meeting along the sidelines of the International Energy Forum being held in Algeria from 26-28<sup>th</sup> September 2016. The main agenda item by the oil cartel is the possibility of agreeing to an output limitation. Markets are however skeptical about any agreement being reached.
- Brent crude oil futures prices around 14:15hrs CAT on 26<sup>th</sup> September, 2016 were pegged at US\$46.67 barrel.
- The Dubai Mercantile exchange Oman crude oil marker price for November 2016 delivery settled at US\$43.00/barrel on 23<sup>rd</sup> September, up from the 19<sup>th</sup> September settlement of US\$42.6/barrel.

### Brent Crude Oil Futures \$/barrel



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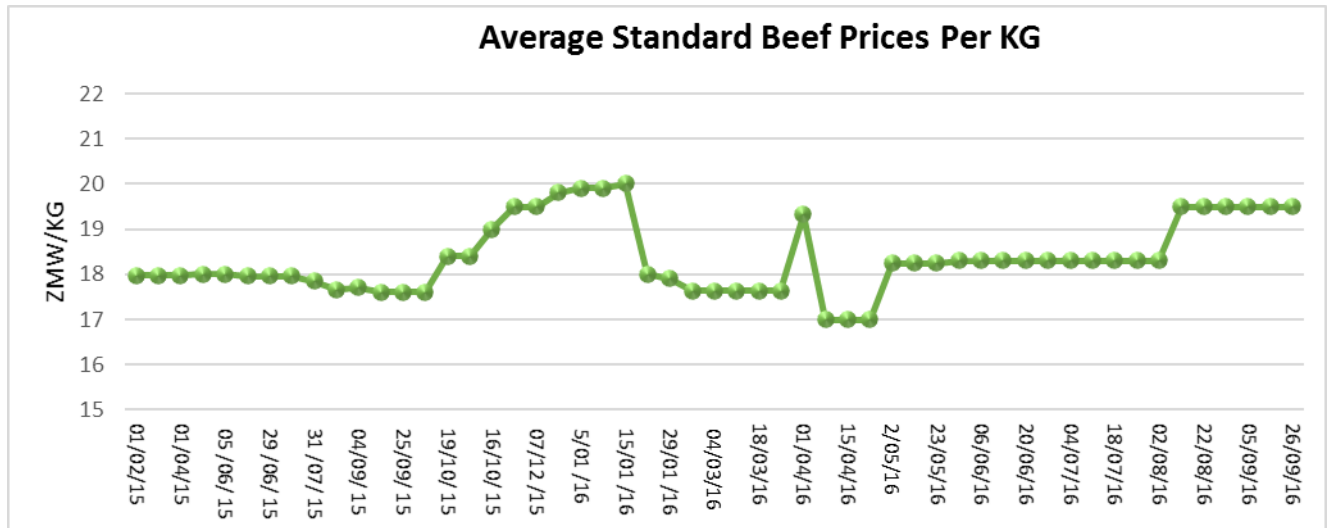


Source: BBC, 2016.

## Beef

### Highlights

- Namibian Grade A beef prices for the week ending 19<sup>th</sup> September 2016 were in the range of ZAR27.82-36.19/Kg. Auction prices for weaners and heifers were pegged at ZAR11.66/kg and ZAR15.51/kg respectively on 15<sup>th</sup> September 2016. This is according to the Namibian Meat Board.
- Dressed weight beef prices averaged ZMW19.5/kg during the week ending 23<sup>rd</sup> September 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 23<sup>rd</sup> September 2016

### Average Prices of Fresh Milk, UHT and Yogurt

Average prices for dairy products generally remained constant during the period 16<sup>th</sup> to 23<sup>rd</sup> September, 2016. Notable price adjustments were that for 2litres fresh milk container, 500mls fresh milk sachet and 500g smooth yogurt cup that recorded a slight increase of 0.3%,0.7% and 0.3 % respectively.

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AVERAGE DAIRY PRODUCT PRICES LUSAKA,SOUTHERN & COPPERBELT			
Dairy Product	Avg Price 16th September	Avg Price 23rd September	Var(%)
1Ltr Fresh Milk	8.99	8.99	0.0%
2Ltrs Fresh Milk	17.50	17.55	0.3%
500mls Fresh milk	4.57	4.60	0.7%
250mls Drinking Yogurt	4.02	4.02	0.0%
175g Yogurt	6.29	6.30	0.2%
500mls UHT Milk	7.50	7.50	0.0%
500g Yogurt	14.35	14.40	0.3%
500mls Drinking Yogurt	8.10	8.10	0.0%
250 UHT Milk	4.30	4.29	-0.2%

Source: DAZ September 2016

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

Average dairy feed prices and that of selected drugs generally indicated some slight increase during the period 16<sup>th</sup> to 23<sup>rd</sup> September, 2016. Notable price adjustments were for 50kg no.3 meal and 50kg cotton cake that recored a 3 % increase whilst average price of a 50kg bag of sunflower cake increased by 2% .

AVERAGE DAIRY FEED/DRUG PRICES LUSAKA,SOUTHERN & COPPERBELT			
PRODUCT	AVG PRICE 16TH SEPTEMBER 2016	AVG PRICE 23RD SEPTEMBER 2016	VAR (%)
50Kg Dairy 19	218	220	1%
50kg # 3 Meal	61	63	3%
50Kg Calf starter	230	230	0%
50Kg DCP	419	419	0%
2500 mg Albendazole	3	3	0%
50kg Soya cake (Full fat)	333	335	1%
50kg Cotton Cake	170	175	3%
50Kg Sunflower Cake	85	87	2%
20Kg Milk Replacer	460	460	0%
25 Kg Maize bran	37	37.5	1%

Source: DAZ September 2016

## Poultry Updates for the Week Ending 23<sup>rd</sup> September 2016

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## INTERNATIONAL NEWS

### South African Poultry Producers Allege USA Meat Poses Health Risk

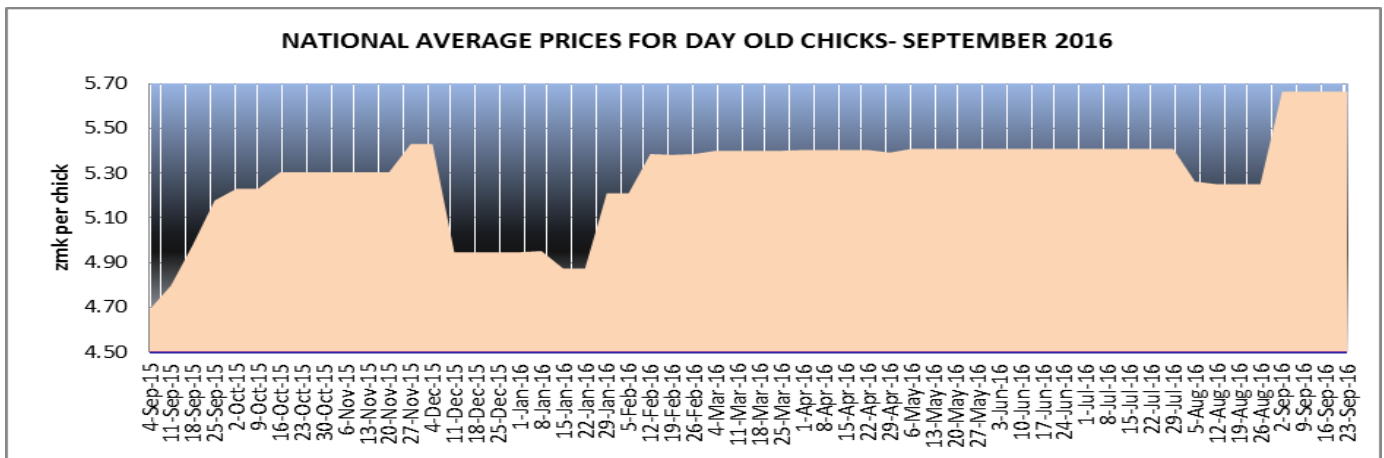
The South African Poultry Association and Pork Producers Organisation are taking the South African Government to court due to concessions made for meat imported from the United States under the African Growth and Opportunity Act. Glenneis Kriel reports. Trade negotiations between the United States and South Africa were shrouded with controversy last year, after the United States threatened to withdraw African Growth and Opportunity Act (AGOA) benefits if South Africa did not agree to certain trade concessions. These concessions included the removal of anti-dumping duties on up to 65,000 tons of bone-in chicken portions as well as more lenient health and safety regulations for imported meat products in general.

While the South African Government has agreed to the new concessions at the start of this year, the South African meat industry is still concerned over the potential threat that the allowance of some of these concessions pose to human or animal health. The South African Poultry Association (SAPA) and South African Pork Producers Organisation (SAPPO) have therefore recently appealed against some of these concessions in court. SAPA is appealing against concessions concerning the standard *Salmonella* protocol for the testing of imported products, because of the risk of people getting sick if contaminated poultry entered the country. Kevin Lovell, CEO of SAPA said their appeals should not have a negative impact on the AGOA agreement, as it is not an attack on agreed quotas: "All we want is for the United States to follow the same protocols as any other country". (Source: poultry site)

## LOCAL PRICE UPDATES

### National Average Day Old Prices

The graph below shows the national average price trend for day old chicks for a one year period up to September 2016. The graph shows that the national average price of day old chicks has remained at ZMW5.66 for one month now.



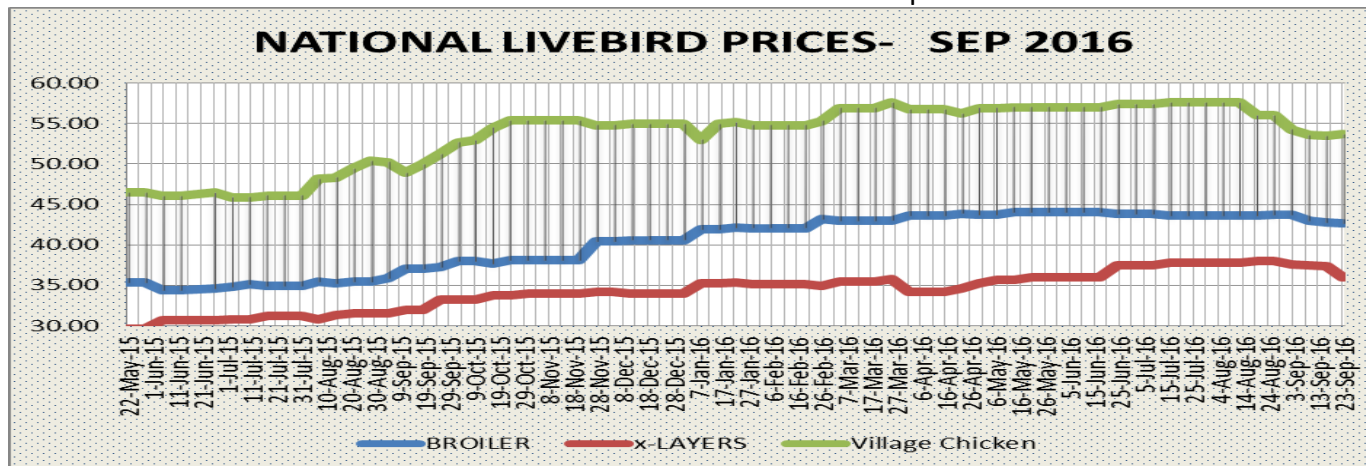
Source: Poultry Association of Zambia

### National Average Live Bird Prices

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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 ZMW42.65, ZMW36.04 and ZMW53.67 per bird respectively. The broilers and ex-layers posted a reduction of ZMW 0.15 and ZMW 1.36 on the average price of a live bird while Village chickens posted an increase of ZMW0.21. Comparing with the prices that were prevailing in August 2016, all the three types of birds posted price reduction of ZMK 1.08, ZMK1.93 and ZMK2.39 per bird for broiler, ex-layers and village chickens respectively. The decline in prices being experienced is resulting from pick up in day old uptake by the small-scale farmers as the uncertainties that locked the elections period calm down.



Source: Poultry Association of Zambia

### Average Whole Dressed Chicken Prices in Lusaka

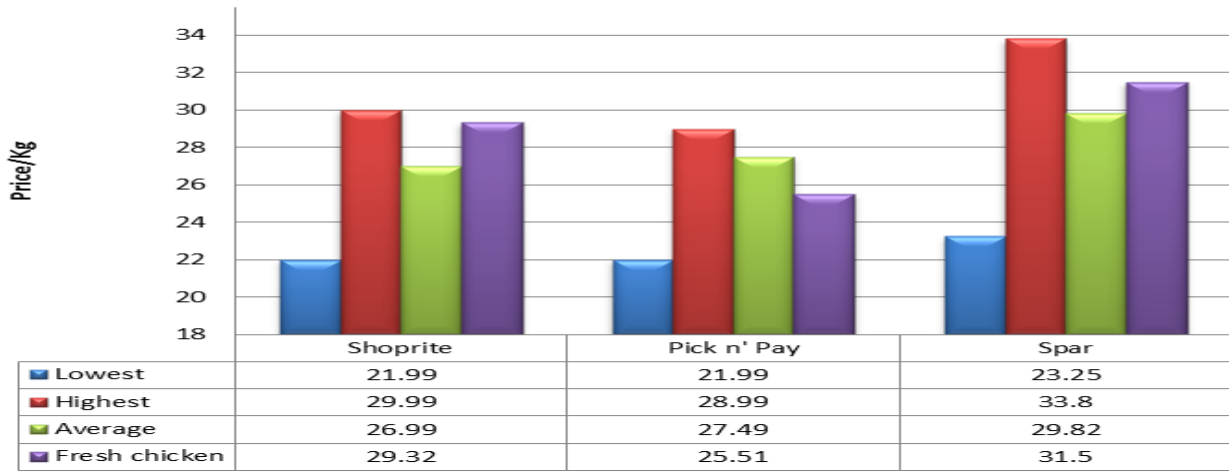
The average prices of whole frozen chickens in the three chain stores around Lusaka remained stable during the course of the week with one noticeable brand running a promotion on frozen chicken. The average price for the frozen whole chicken in Pick n’ Pay averaged ZMW 25.65 per kg with the lowest priced chicken at ZMW21.99 per kg and the highest going for ZMW28.99 per kg. The average price in SPAR was ranging between ZMW24.25 per kg and ZMW33.80 per kg. On the other hand, the average price for frozen whole chicken in Shoprite was in the range of ZMW22.99 per kg and ZMW29.99 per kg. Other prices include frozen whole chicken in Zambeef outlets at ZM26.99.90 per Kg and ZMW30 per kg in Melissa Supermarket.

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 increased marginally from ZMK 28.11 recorded at the end of last week to ZMW28.38 per kg.

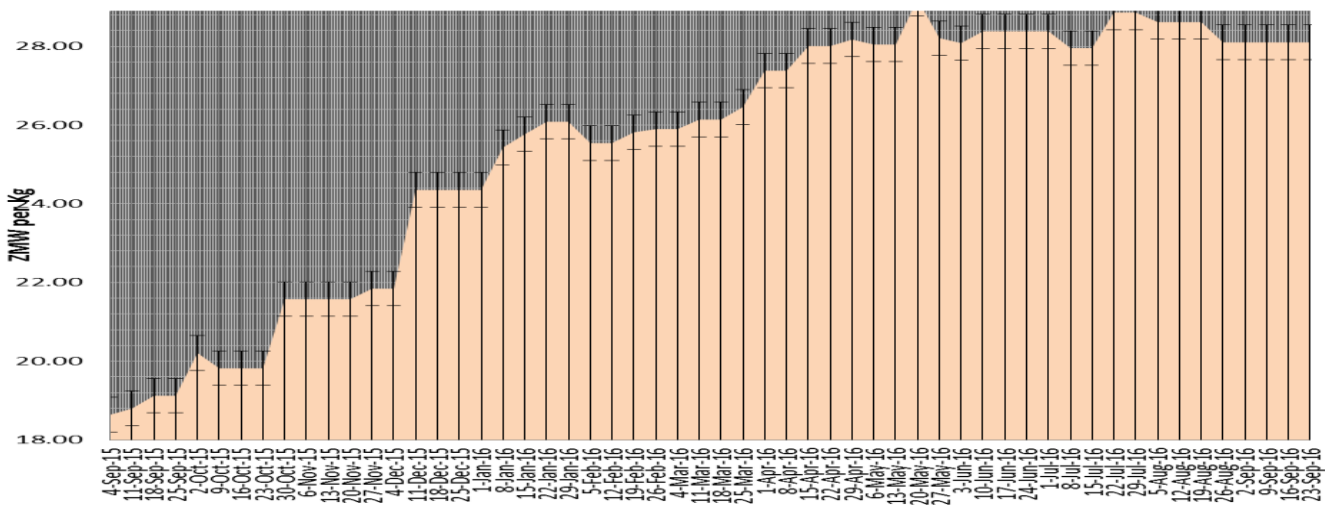
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**GRAPH 1: AVERAGE WHOLE FROZEN CHICKEN 23RD SEP 2016**



**AVERAGE PRICES FOR DRESSED CHICKEN IN LUSAKA 2016**



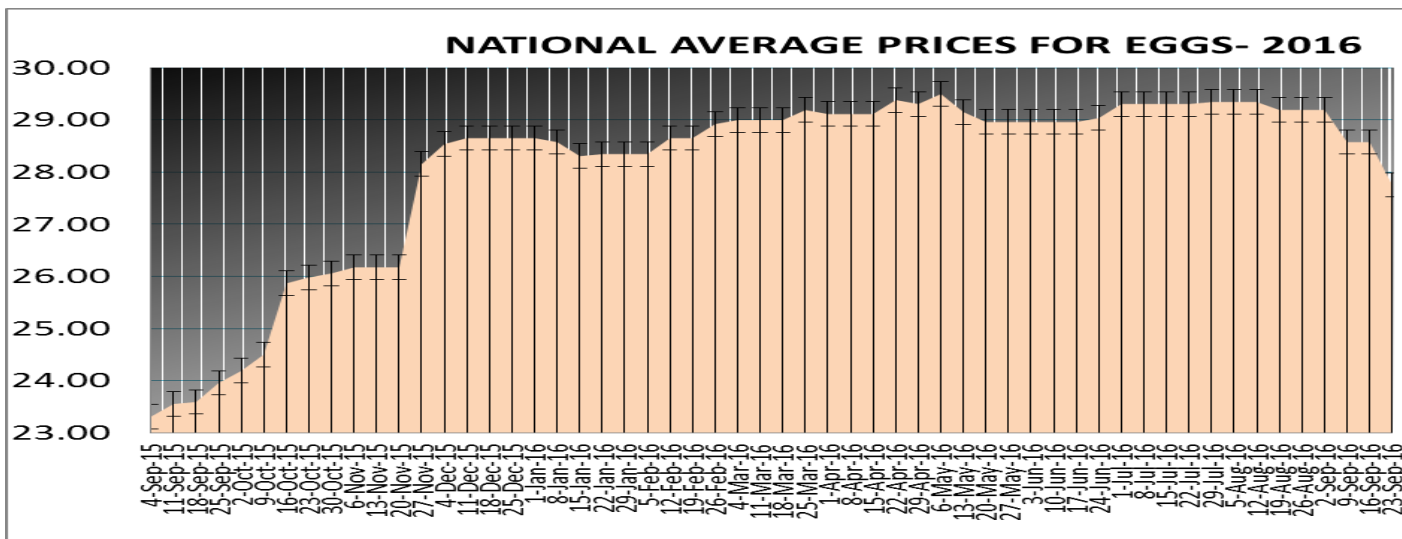
Source: Poultry Association of Zambia

**National Average Egg Prices**

The graph below shows the retail price trend for a tray of table eggs. The national average price for a tray of eggs has continued with its downward trend as the market experiences over supply of eggs from the commercial, large, medium and small scale producers. During the course last week, the national average egg price was ZMK 27.57 per tray, a reduction of ZMK 0.82 from the previous week's prevailing price. Within a period of four weeks, egg prices have dropped by ZMK 1.59 per tray.

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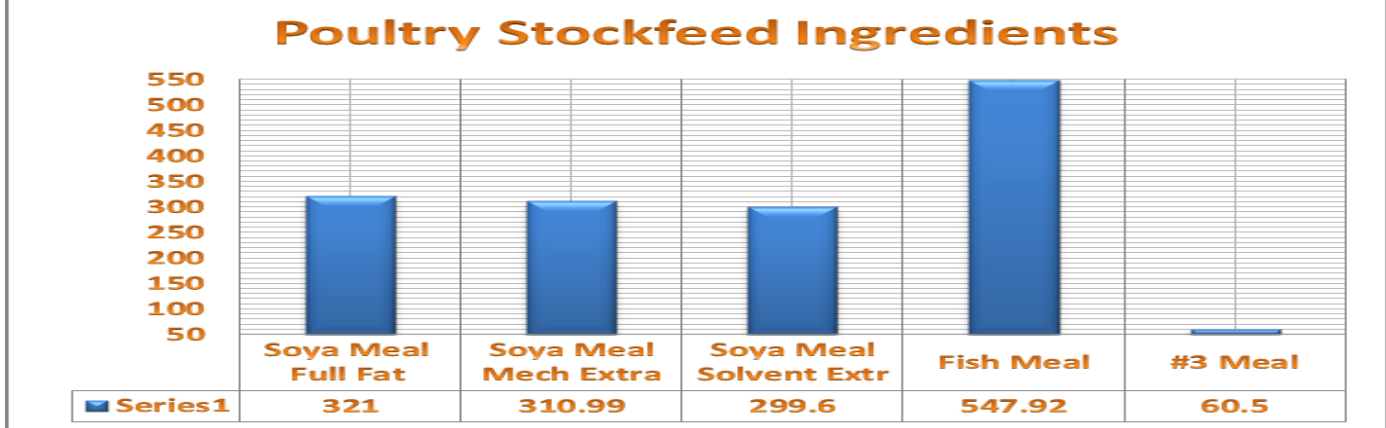




Source: Poultry Association of Zambia

### Average Prices of Selected Stockfeed Ingredients

There was no movements in the prices of key ingredients in the stockfeed industry despite the kwacha posting some positive gains 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 indicative prices are obtained from Livestock Services limited and may change without notice.



Source: Poultry Association of Zambia

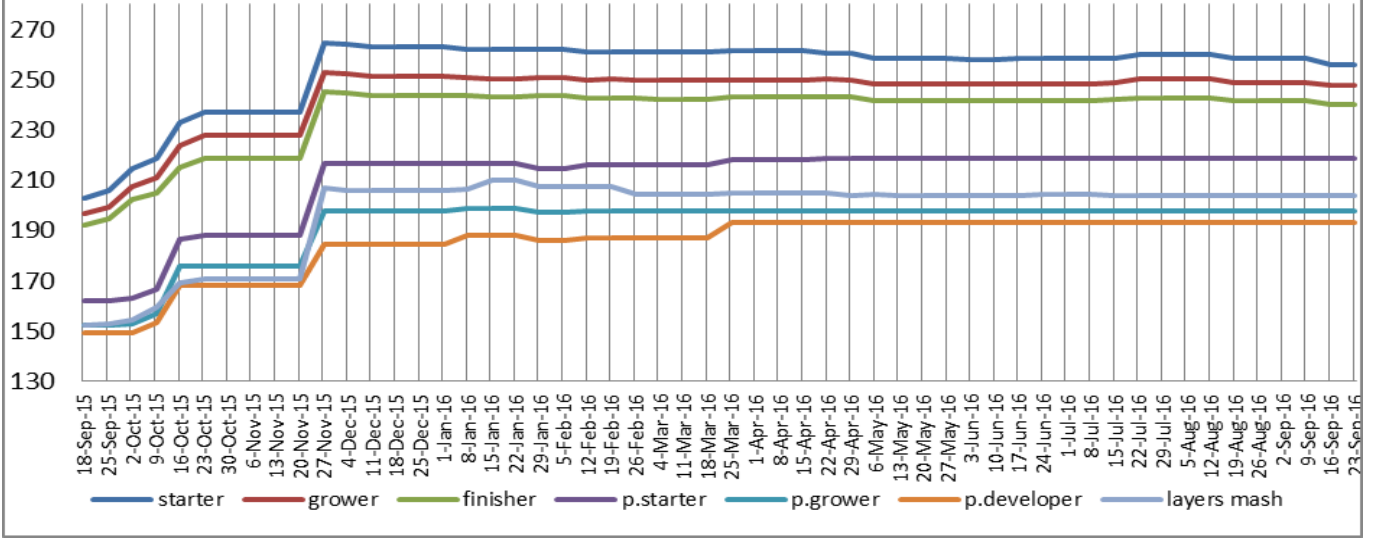
### National Average Prices For Stockfeed

The graph below shows the national average price trend of feed over a one year 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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## NATIONAL AVERAGE FEED PRICES - 23RD SEP 2016



Source: Poultry Association of Zambia

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