



# THE WEEKLY AGRO WATCH



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3<sup>rd</sup> October, 2016 Vol.3. No.40

## *In this Issue:*

- Rain season begins
- Demand for local poultry products on the decline
- Pakistan increases wheat import duty
- OPEC to curtail crude oil production



## **Inflation continues to decline and Zambia's Trade Deficit Increases**

Zambia's annual rate of inflation for the month of September 2016 was recorded at 18.9%, down from the previous month's record of 19.6 percent. The third quarter 2016 average annual inflation rate has fallen short of the targeted 17.7% average by the bank of Zambia in May 2016. Whilst the annual rate of inflation has been consistently declining since February this

year, the fourth quarter projected average of 8.7% seems farfetched.

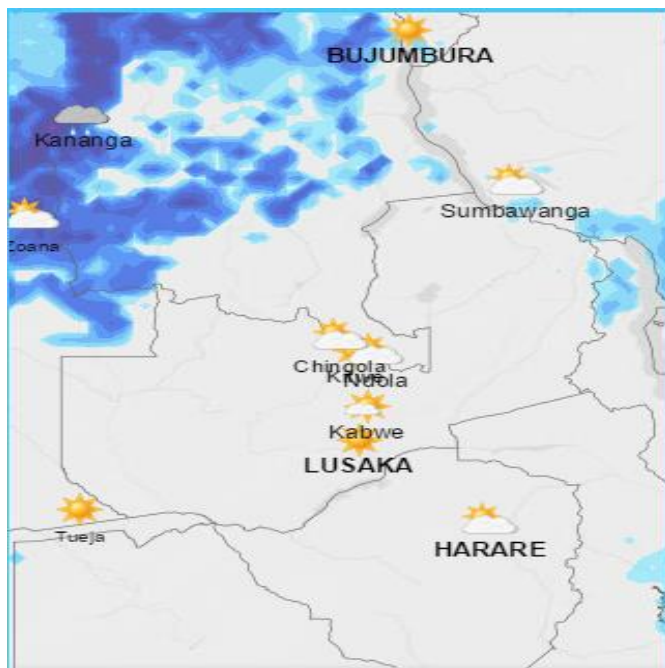
Meanwhile Zambia recorded a trade deficit in August 2016 valued at ZMK 708.7 million, 49% higher than the July 2016 deficit valued at ZMK476.1 million. The Central Statistical Office has attributed the increase in the proportion of the trade deficit to the marginal decline in international copper prices.

## **Zambia's Energy Diversification to Include Nuclear**

As part of the solutions to the current energy crisis, the Republican President, His Excellency Edgar Chagwa Lungu during the official opening of the 12<sup>th</sup> National Assembly last week indicated that progress had been made with nuclear energy partners both at governmental and private sector levels. He further highlighted that due to various efforts made from last year, load shedding had reduced from eight hours to four hours per day. The President stated that Public investments in energy projects at the Kafue gorge lower, Lusiwasi, chishimba, and Kariba North bank are on course and are expected to be Completed on schedule. He applauded the positive response to the new policy Environment by the private sector. Over the next three years, investors, such as the Ndola Energy Company, EMCO energy Zambia and Maamba collieries were expected to provide an Additional 655 megawatts to the national grid. The head of state stated that construction works had advanced on the two solar plants of 50 megawatts each at the Lusaka South Multi-Facility Economic Zone, giving a total of 100 megawatts.

## Weather Forecast

Some rainfall activity has been recorded in some parts of the country over the last few days especially in North-Western and yesterday in selected areas of Lusaka and central provinces of Zambia. North-Western Province is expected to continue receiving some rains on 4<sup>th</sup> October 2016. The table below summarizes the weather forecast for some selected towns for the period 4<sup>th</sup> to 10<sup>th</sup> October, 2016.



TOWN	WEATHER SUMMARY	
Ndola	➤	No rainfall forecast
	➤	Average daily Temps: 18-33°C
Mkushi	➤	No rainfall forecast
	➤	Average daily Temps: 17-35°C
Kabwe	➤	No rainfall forecast
	➤	Average daily Temps: 16-35°C
Lusaka	➤	No rainfall forecast.
	➤	Average daily Temps: 15-34°C

Mazabuka	➤	No rainfall forecast.
	➤	Average daily Temps: 17-35°C.
Choma	➤	No rainfall forecast.
	➤	Average daily Temps: 14-34°C
Livingstone	➤	No rainfall forecast.
	➤	Average daily Temps: 18-38°C
Mongu	➤	No rainfall forecast. Some cloud cover is expected on the night of the 7 <sup>th</sup> .
	➤	Average daily Temps: 21-38°C.
Mansa	➤	No rainfall forecast. Some cloud cover is forecast in the late evenings of the 4 <sup>th</sup> .
	➤	Average daily Temps: 21-34°C.
Kasama	➤	No rainfall forecast. Periods of cloudy weather are however anticipated on most days.
	➤	Average daily Temps: 18-33C.
Solwezi	➤	1.6mm of rains forecast on 4 <sup>th</sup> with some cloud cover on the 5 <sup>th</sup> and 10 <sup>th</sup> .
	➤	Average daily Temps: 16-34°C.
Chipata	➤	No rainfall forecast but some cloud cover is anticipated on the 4 <sup>th</sup> and 5 <sup>th</sup> .
	➤	Average daily Temps: 17-34°C.

Source: Norway meteorological Institute

## Exchange Rates

	03/10/2016						26/09/2016					
CURRENCY	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
FNB	9.90	10.00	0.73	0.74	12.80	13.06	9.93	10.13	0.73	0.75	12.87	13.13
Standard Chartered Bank	9.92	10.12	0.72	0.74	12.84	13.09	9.38	10.0	0.72	0.74	12.69	12.94
ZANACO	9.90	10.09	0.72	0.73	12.81	13.05	9.93	10.12	0.73	0.74	12.88	13.14
Bank of Zambia	10.00	10.05	0.735	0.740	12.86	12.93	9.98	10.03	0.73	0.74	12.92	12.99

## Parity Prices

Domestic Import Parity Prices as at 30/09/2016					
US\$/ZAR=13.91 US\$/ZMW=10.10					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		10.1	428.66	620.74	470.37
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	27.23	455.89	647.97	497.60
Mkushi	225	22.28	450.94	643.02	492.65
Ndola	250	24.75	453.41	645.49	495.12
Kitwe	250	24.75	453.41	645.49	495.12

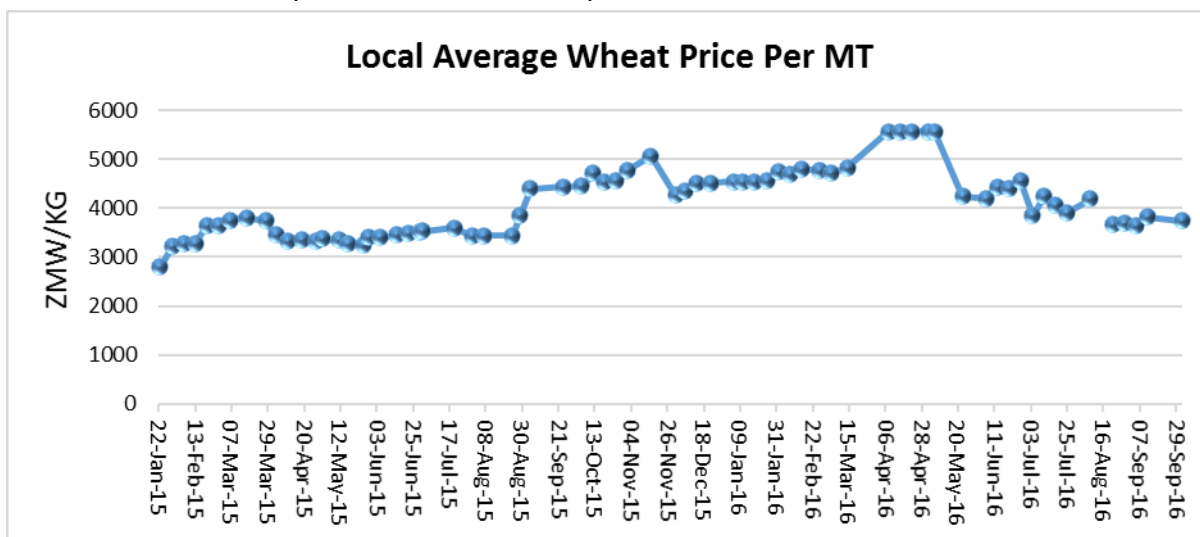
Note: Import parity based on November delivery for maize and December delivery for wheat and soya beans

Export Parity Price Ranges (EPP) Harare-Lusaka as at 19 <sup>th</sup> September 2016	
Soya Beans	456.7-495.7
Maize	261.7-286.12

## Wheat

### Highlights

- The International Grain Council in its September monthly report raised the global wheat output estimate to 747 million tons from the previous month's 743 million tons as forecast increases by China, Australia and Kazakhstan outweighed cuts in the European Union outlook. International markets are however concerned about the quality of Australia's wheat due to frost attacks experienced last week. Further concerns from International traders, according to *Reuters*, is accessibility to high protein wheat.
- South Africa's current 2016 wheat production estimates are at 1.7 million tons, above the 2015 output of 1.44 million tons.
- Meanwhile, Pakistan allowed exports of 900,000MT of subsidized wheat as at 29<sup>th</sup> August 2016 in a bid to increase the competitiveness of the wheat on the international market. The country further increased the regulatory duty on its wheat imports from 40 to 60% in a bid to protect the local wheat from cheaper imports.
- Hard red wheat for December delivery on the Chicago Mercantile Exchange (CME) settled at US\$152.12/MT on 3<sup>rd</sup> October 2016.
- Local wheat offer prices for the 2016 crop are about US\$378/ton.



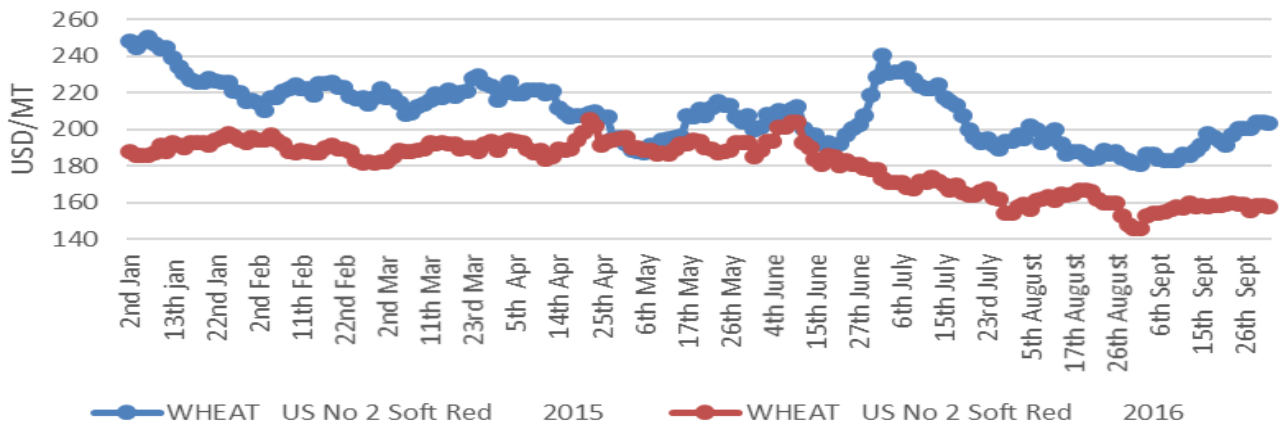
### Price trends

The Safex international soft red and hard red wheat prices averaged US\$153.83/MT and US\$157.78/MT during the week ending 30<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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## International Wheat(US #2 Soft Red) Price Trend



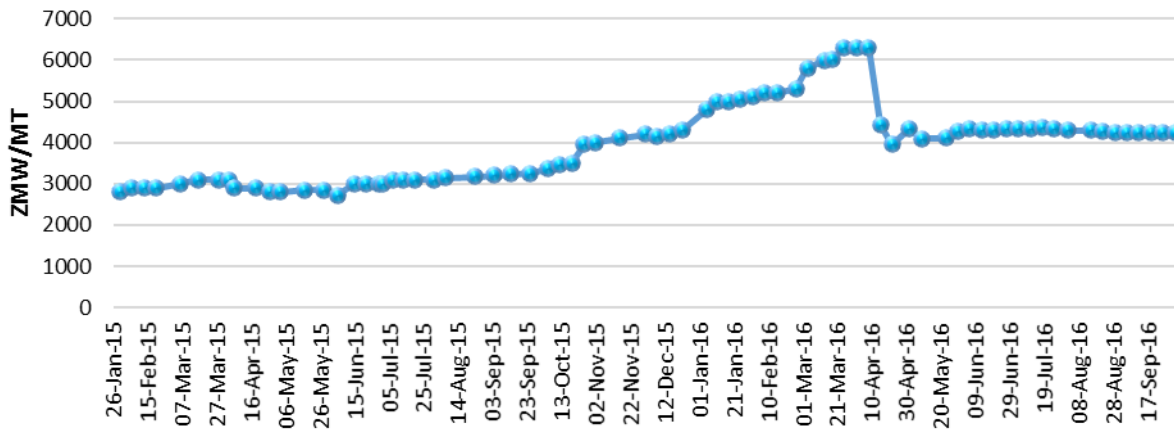
Source: Safex

## Soya Beans

### Highlights

- Optimism continues Asia's soya beans demand during the 2016/17 season according to the latest International Grains Council (IGC) Report. The report further indicates that growing soya beans demand is outweighing the recorded increases in output levels.
- Soy beans for November delivery opened trading on CME at US\$349.95/MT on 3<sup>rd</sup> October 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.

## National Average Soybeans Price



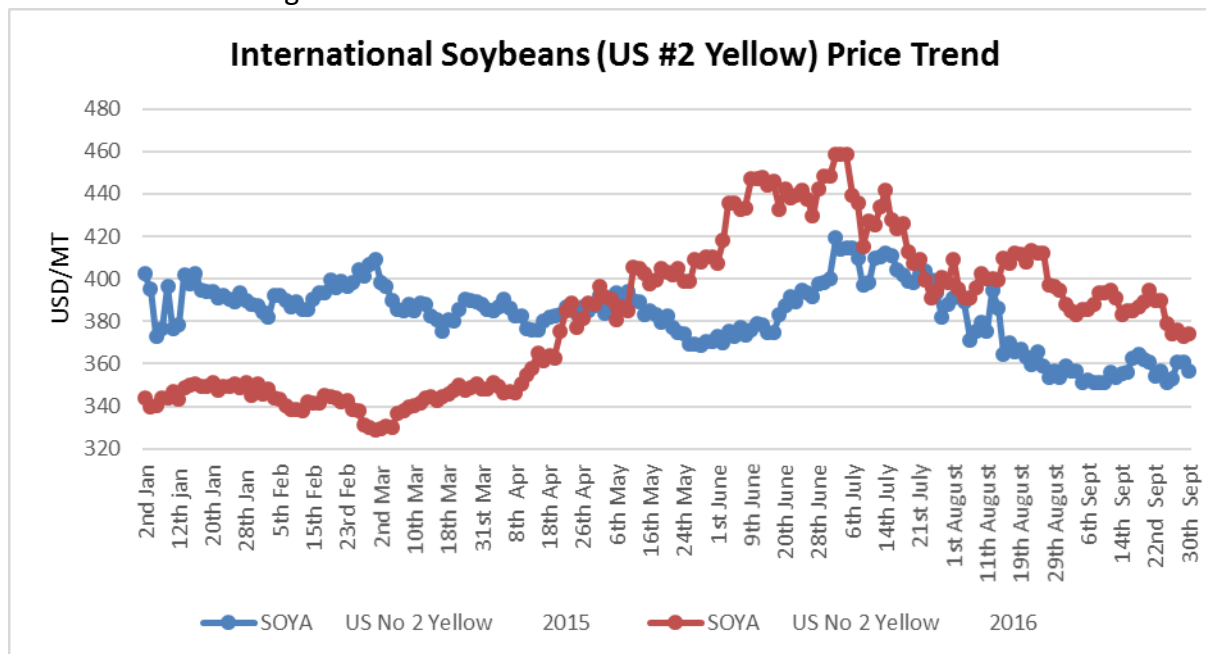
Source: ZNFU, 4455 Market Price Information System

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## Price trends

International spot prices for US No. 2 yellow soya beans on Safex averaged US\$375.22/MT in the week ending 30<sup>th</sup> September 2016, 3.77% below the average price of US\$389.90/MT recorded in the previous week. Prices are fob gulf.



Source: Safex

## Maize

### Highlights

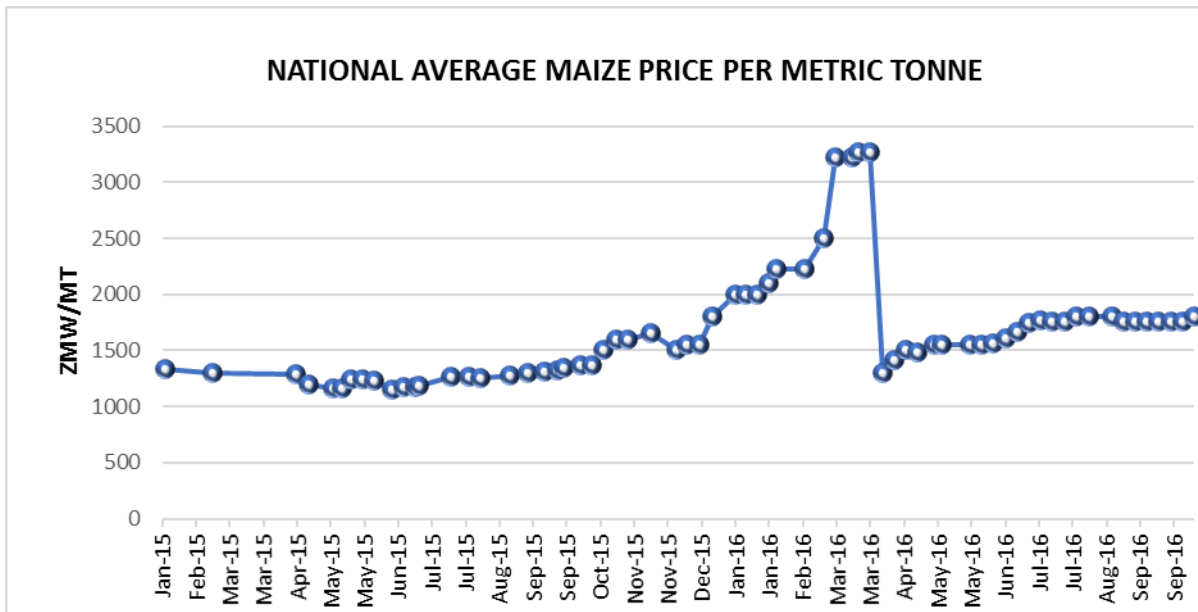
- South Africa has raised its 2016 total maize output in its final maize production forecast to 7.54 million tons, 3.29% above an earlier estimate. South Africa's national average yields of White and yellow maize have been estimated at 3.21tons/ha and 4.60tons/ha respectively.
- Locally, government has been engaging private sector players on possibility of government buying off some of the maize stocks as well as production of early maize to ensure that there are no internal maize supply shocks as the regional demand of the commodity continues to be strong. Meanwhile the maize stock verification team is expected to compile the report on their findings this week.
- Wholesale maize prices in Gitega, Burundi and Kisumu, Kenya were pegged at US\$455.32/ton on 3<sup>rd</sup> October, 2016. Meanwhile, prices in Iringa, Tanzania were about US\$233.55/ton. This is as captured by the East African Grain Council intelligence network (RATIN).
- Maize for December delivery on CME opened trading at US\$132.36/MT on 3<sup>rd</sup> October 2016.

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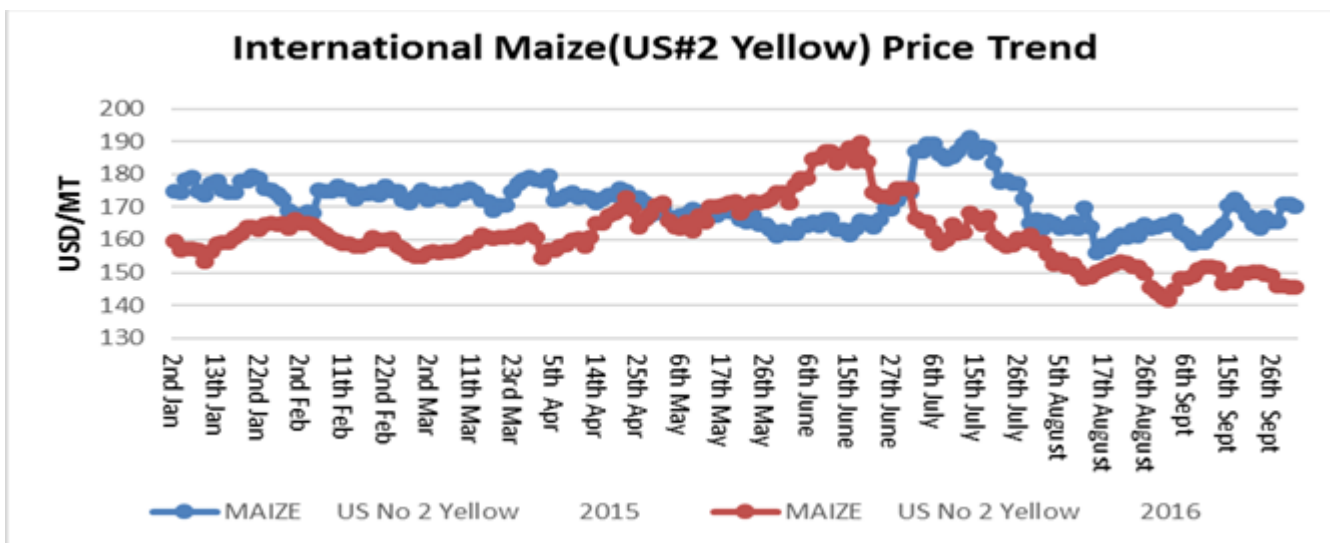
- The national average local maize offer price by private traders was averaging K 1,800/ton on the ZNFU market information system last week.



Source: ZNFU Market Price Information System

### Price trends

International maize spot prices traded at an average of US\$ 164.43/MT during the week ending 30<sup>th</sup> September 2016. All prices are fob gulf.



Source: Safex

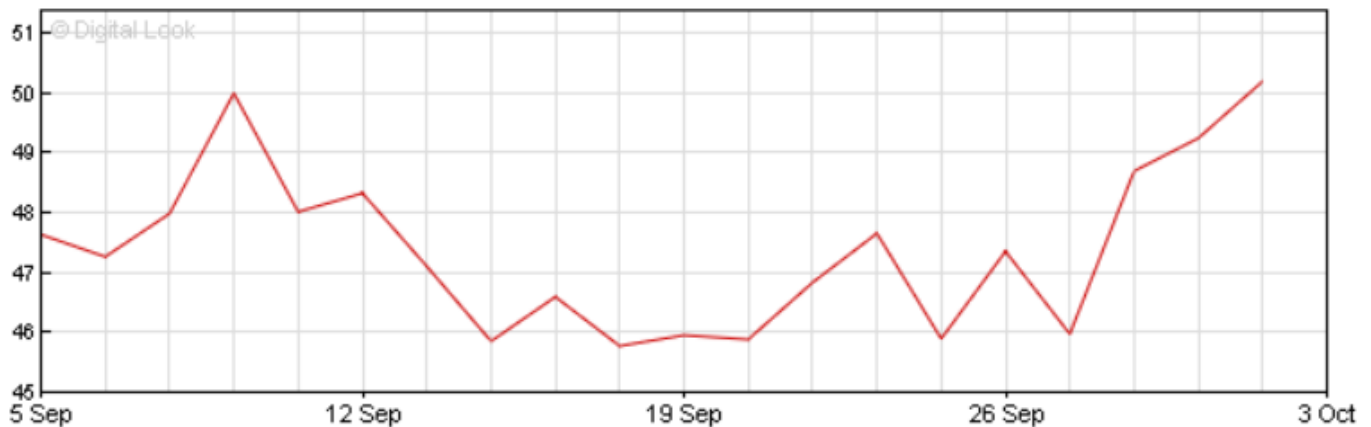
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## Crude oil

- The Organization of the Petroleum Exporting Countries (OPEC) member states last week tentatively agreed to cut back crude oil production to 32.5-33 billion barrels per day. The deal is however expected to be finalized in November.
- This news seems to have fueled international crude oil prices upwards. Brent crude oil futures prices around 15:15hrs CAT on 3<sup>rd</sup> October, 2016 were pegged at US\$50.40 barrel.
- The Dubai Mercantile exchange Oman crude oil marker price for November 2016 delivery settled at US\$45.70/barrel on 30<sup>th</sup> September, up from the 23<sup>rd</sup> September settlement of US\$43.00/barrel.

## Brent Crude Oil Futures \$/barrel



Source: BBC, 2016.

## Beef

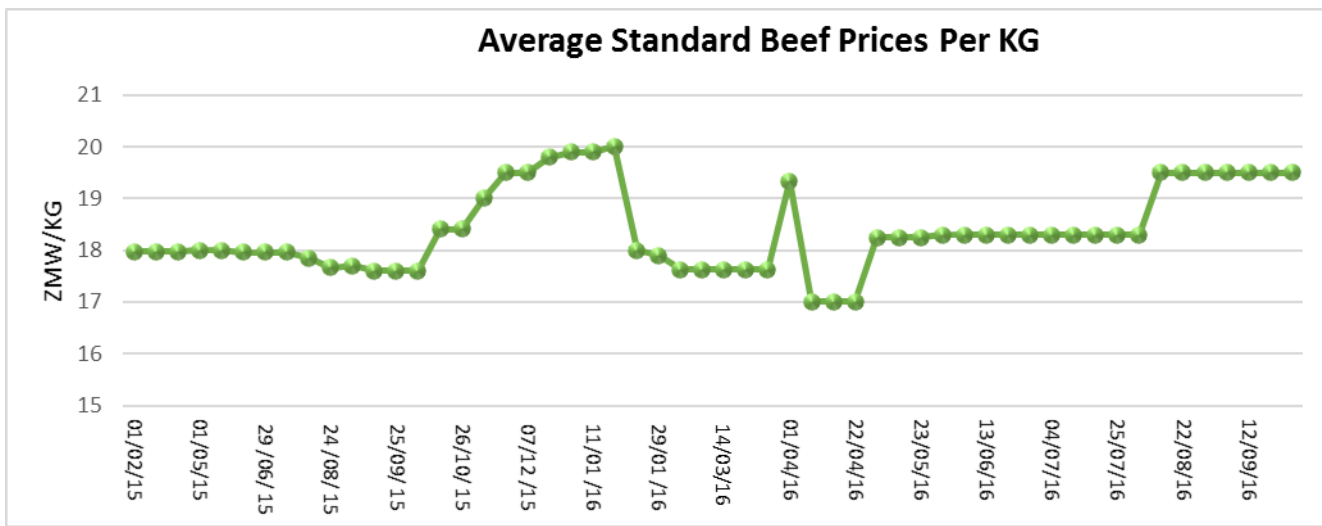
### Highlights

- The US beef export markets have continued to grow with the latest being China to lift a longstanding US beef export ban on both boneless and bone in beef from cattle below the age of 30 months. China and the U.S are however yet to negotiate export protocol conditions for US beef and China still needs to conduct an audit in the United States on export protocols before exchange of beef between the two countries begins to take place.
- Namibian Grade A beef prices for the week ending 26<sup>th</sup> September 2016 were in the range of ZAR27.82-36.19/Kg. Auction prices for oxen and heifers were pegged at ZAR14.94/kg and ZAR14.61/kg respectively by the Blaauberg auction market on 21<sup>st</sup> September 2016. This is according to the Namibian Meat Board.
- Dressed weight beef prices averaged ZMW19.5/kg during the week ending 30<sup>th</sup> September 2016. This is as monitored by the ZNFU 4455 market price information system.

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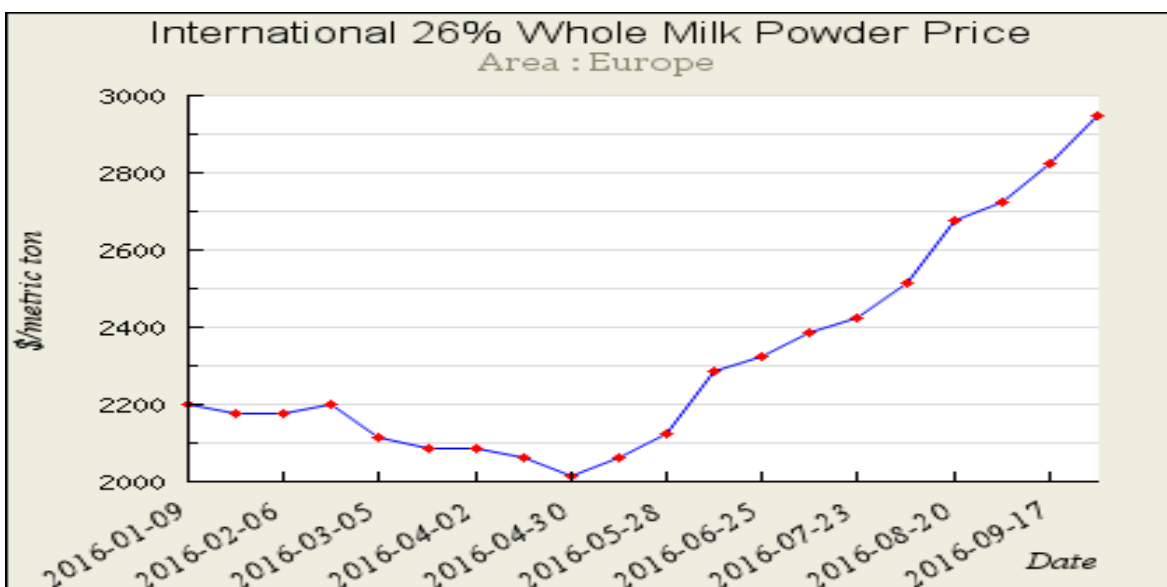
Source: ZNFU, 4455 Market Price Information System

## Dairy Updates for the Week Ending 30<sup>th</sup> September 2016

### Global Whole Milk Powder Price Trends

Price of whole milk powder on the international market were pegged at US\$2,825 per metric ton as at 17<sup>th</sup> September 2016 indicating a 34% increase in price from US\$2,112.50 per metric ton recorded in March, 2016. This is depicted in the graph below:

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



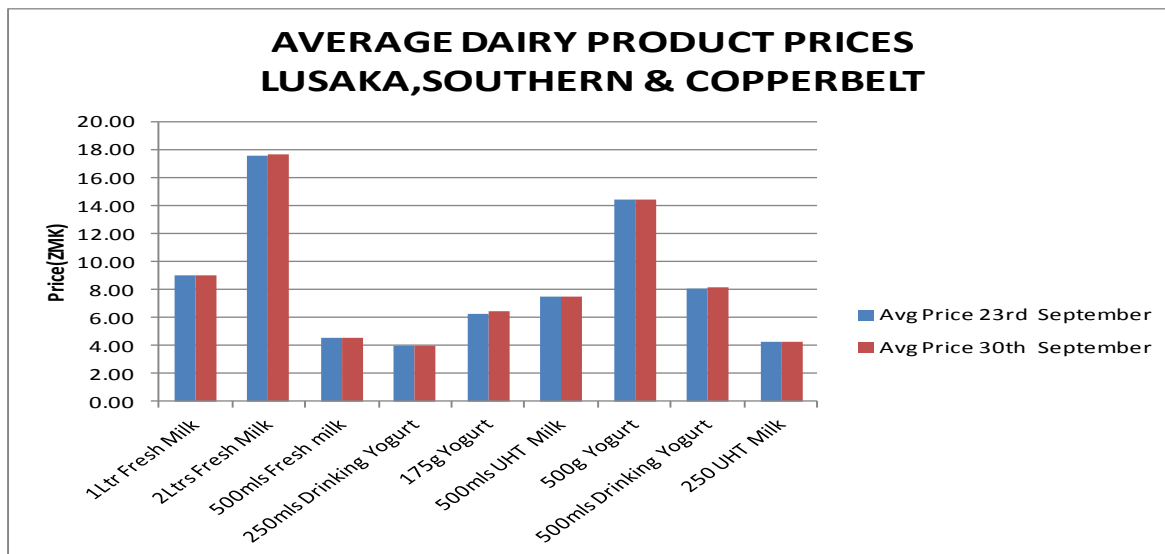
Source: <http://future.aae.wisc.edu/data/weekly>

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

Average prices for dairy products generally remained constant during the period 23<sup>rd</sup> to 30<sup>th</sup> September, 2016. Notable price adjustments were that for 175g smooth yogurt cup that increased by 3.2% ,2 Liter fresh milk container that increased by 0.9% and 500mls drinking yogurt that increased by 0.6% .



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 23<sup>rd</sup> to 30<sup>th</sup> September, 2016. Notable price adjustments were for 50kg no.3 meal, 50kg soya cake and 50 kg sunflower cake that increased slightly. No.3 meal increased by 1% whilst average price of a 50kg bag of sunflower cake increased by 2% .

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<b>AVERAGE DAIRY FEED/DRUG PRICES LUSAKA,SOUTHERN &amp; COPPERBELT</b>			
<b>PRODUCT</b>	<b>AVG PRICE 23RD SEPTEMBER 2016</b>	<b>AVG PRICE 30 TH SEPTEMBER 2016</b>	<b>VAR (%)</b>
50Kg Dairy 19	220	220	0%
50kg # 3 Meal	63	63.5	1%
50Kg Calf starter	230	230	0%
50Kg DCP	419	420	0%
2500 mg Albendazole	3	3	0%
50kg Soya cake (Full fat)	335	338	1%
50kg Cotton Cake	175	175	0%
50Kg Sunflower Cake	87	89	2%
20Kg Milk Replacer	460	460	0%
25 Kg Maize bran	37.5	37.5	0%

## Poultry Updates for the Week Ending 30<sup>th</sup> September 2016

### Scheme Aimed At Defrauding Poultry Layers Farmers Unearthed

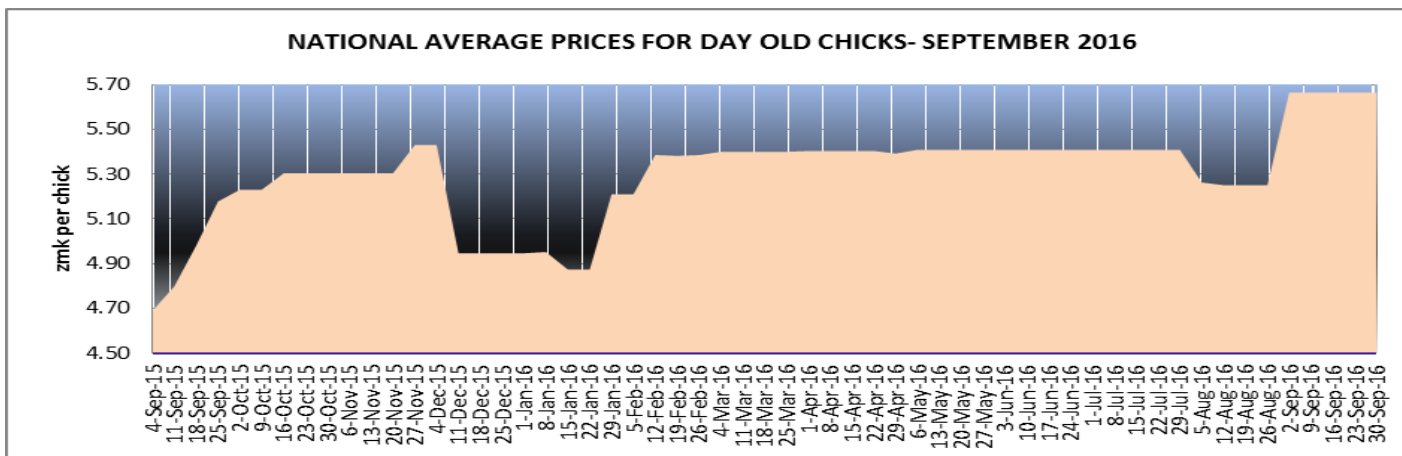
The scheme aimed at defrauding poultry farmers of their fortunes has been unearthed. A group of individuals going around the poultry farmers purportedly working for a suspected non-government Organisation (NGO) are going around the poultry farms collecting both chickens and eggs and in the process issuing fake Cheques to the farmers. This group has since swindled a number of poultry farmers of their fortunes. The Poultry Association of Zambia is warning all the poultry farmers to beware of this scheme and ensure that they do not give up their fortunes to these suspected groups of individuals with criminal minds.

### National Average Day Old Prices

There was no change in the prices of day old chicks in the market. The market for day old chicks has not yet recovered compared to last year as a number of hatcheries continue to drown day old chicks due to the shrinking market.

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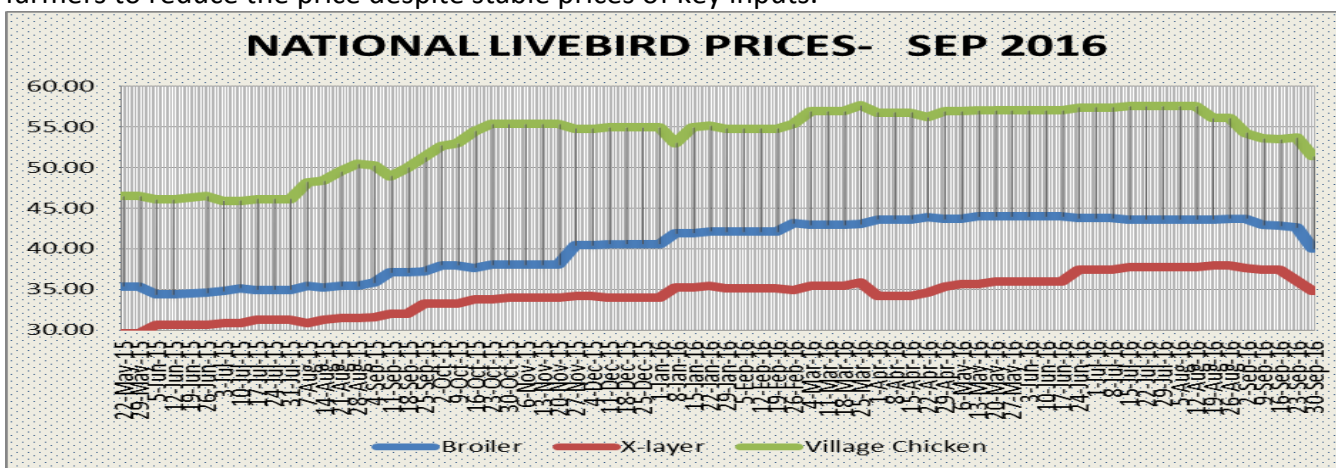




Source: Poultry Association of Zambia

### National Average Live Bird Prices

The national average prices for chickens has continued declining with Lusaka posting the greatest decline of 2% compared to what was obtaining last week. The national average price was about ZMK 40.04 for broilers, posting a ZMK 2.61 price reduction from what was the previous week. Ex- layers were selling at an average price of ZMK 34.8/bird last week, ZMK1.24 lower than what was obtaining the previous week. Village chickens were selling at an average price of ZMK 51.36 per bird, posting a ZMK 2.31 price reduction. The price reduction has been attributed to low demand for chicken products which has forced a number of farmers to reduce the price despite stable prices of key inputs.



Source: Poultry Association of Zambia

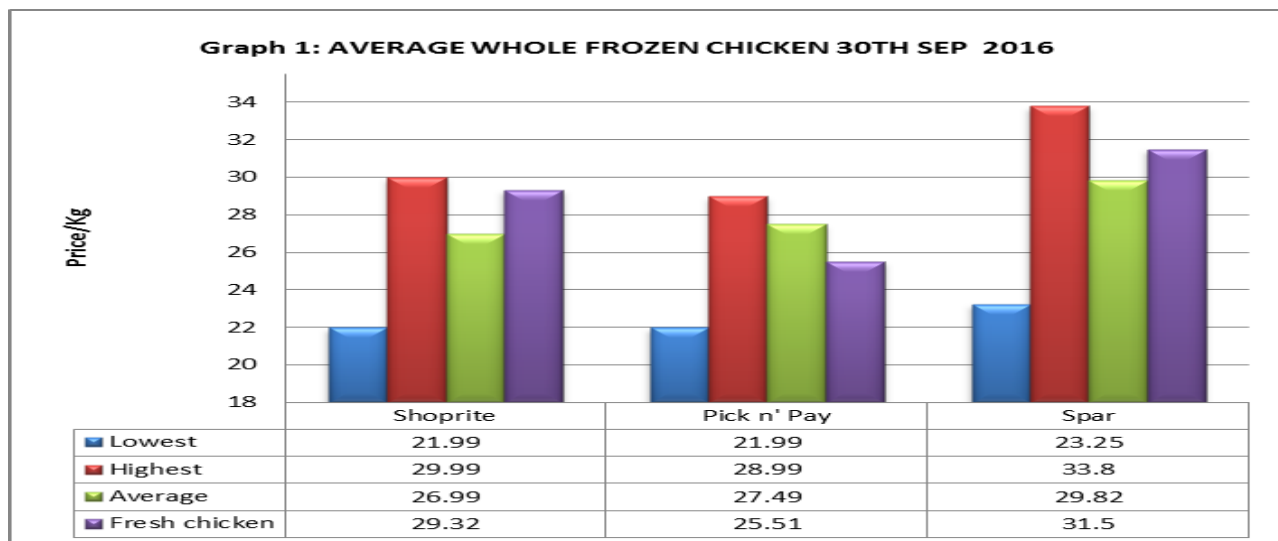
### Average Whole Dressed Chicken Prices - Lusaka

The average prices of whole frozen chickens in three chain stores around Lusaka remained stable during the course of last 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 same scenario was observed in SPAR with an average price ranging between ZMW24.25 per kg and ZMW33.80 per kg respectively. On the other hand, the average price range for frozen whole chicken in Shoprite was ZMW22.99 - 29.99 per

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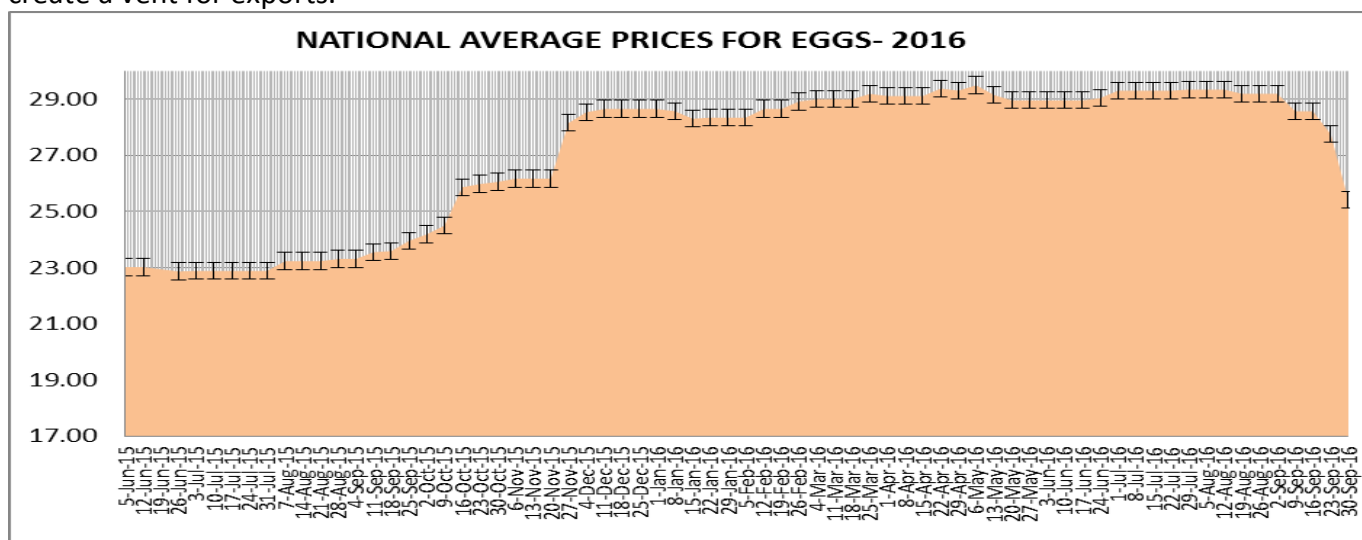
kg. Other prices include frozen whole chicken in Zambeef outlets at ZM26.99/Kg and ZMW30/Kg in Melissa Supermarket. The average price for frozen whole chickens increased marginally from ZMK 28.11 recorded in the week ending 23<sup>rd</sup> September 2016 to ZMW28.38 per kg last week.



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. The national average egg price during the course of last week was ZMK 25.42, a reduction of ZMK 2.15 from the previous week's prevailing price of ZMK 27.57. The farm gate price also drastically reduced from ZMK 23 per tray to ZMK21 per tray. The shrinking DRC market has impacted the egg industry greatly in Zambia. Sustaining this industry in the long run requires opening other regional markets such as Angola which can create a vent for exports.



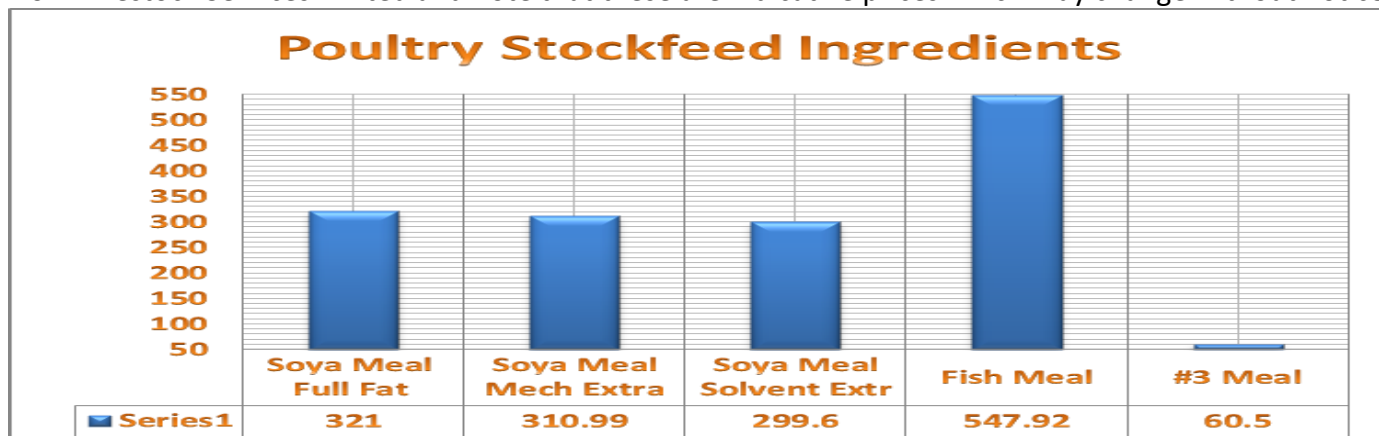
Source: Poultry Association of Zambia

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### Average Prices for Selected Stockfeed Ingredients

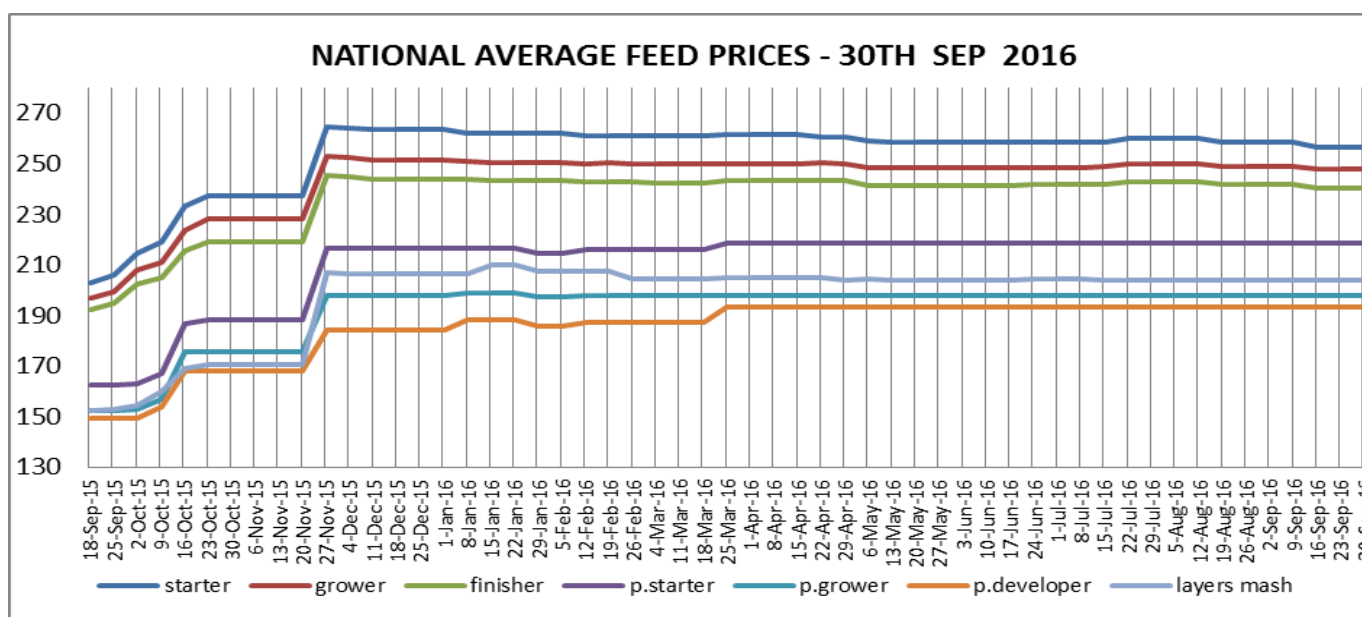
There was no movements in the prices of key ingredients in the stockfeed industry despite the kwacha posting some positive gains against the USD. The graph below shows the price of some of the most important ingredients that are used in feed production per 50 kilogram bag. These prices are obtained from Livestock Services limited and note that these are indicative prices which 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 from 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.



Source: Poultry Association of Zambia

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