



THE WEEKLY AGRO WATCH



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10th October, 2016 Vol.3. No.41

In this Issue:

- ❖ Soya beans exports progress slowly
- ❖ Temperatures to edge upwards in the week
- ❖ FRA purchases still below 300,000MT



ZAMACE to Hold Futures Grains Contracts Meetings

ZAMACE in conjunction with Johannesburg Stock Exchange (JSE) will be offering a half day discussion forum for Zambian Futures Grain Contracts for white maize, wheat and soya beans which will be available to the Zambian market soon.

The meetings in Lusaka will take place at ZAMACE offices on 19th and 20th October 2016. In Mkushi, the meeting will be on the 18th October, 2016, at Forest Inn from 12:00hrs

The JSE team will be led by the Director Commodities & key Client Management – Capital Markets, Chris Sturgess. Also in the team coming is the Expert on Agriculture Futures Markets, Rod Blondin with a number of South African Brokers and Trading business.

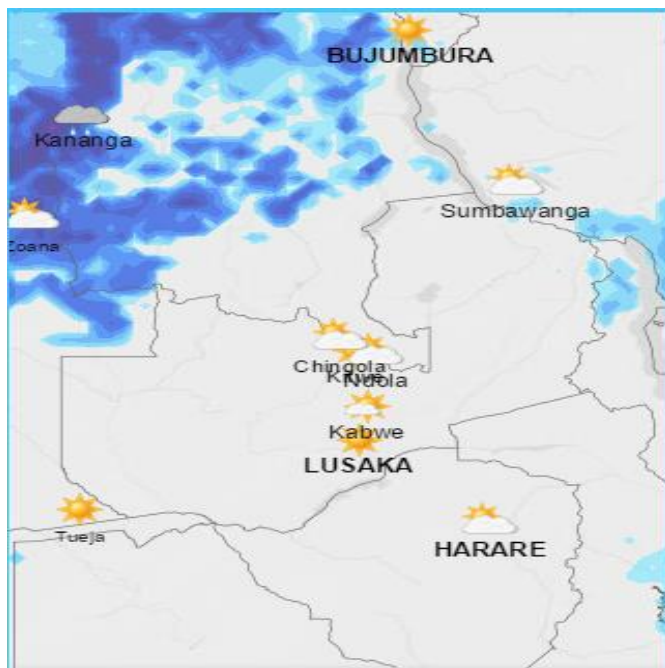
The meetings will consider:

- The Structure of the Exchange
- Trading system
- The Clearing system
- Payment of margins
- The warehouse Receipt system

Participation is upon confirmation with ZAMACE. If interested in participating, please send ZAMACE an email or contact ZAMACE as soon as possible on the following contact details: Phone: +260960432266, Email: info@zamace.co.zm

Weather Forecast

The table below summarizes the weather forecast for some selected towns for the period 11th to 17th October, 2016. Temperatures during the period under review are generally expected to edge upwards.



TOWN	WEATHER SUMMARY
Ndola	<ul style="list-style-type: none"> ➤ No rainfall forecast and mostly clear sunny skies during the week. ➤ Average daily Temps: 20-34°C
Mkushi	<ul style="list-style-type: none"> ➤ No rainfall forecast and mostly clear sunny skies during the week. Cloudy skies anticipated on morning of 14th October. ➤ Average daily Temps: 18-36°C
Kabwe	<ul style="list-style-type: none"> ➤ No rainfall forecast and mostly clear sunny skies expected during the week. ➤ Average daily Temps: 21-36°C

Lusaka	<ul style="list-style-type: none"> ➤ No rainfall forecast and mostly clear sunny skies expected during the week. ➤ Average daily Temps: 19-34°C
Mazabuka	<ul style="list-style-type: none"> ➤ No rainfall forecast and mostly clear sunny skies expected during the week. ➤ Average daily Temps: 21-36°C.
Choma	<ul style="list-style-type: none"> ➤ No rainfall forecast and mostly clear sunny skies expected during the week. ➤ Average daily Temps: 18-34°C
Livingstone	<ul style="list-style-type: none"> ➤ The week will mostly have clear sunny skies with some 0.6mm of light showers forecast for the 11th. ➤ Average daily Temps: 21-38°C
Mongu	<ul style="list-style-type: none"> ➤ No rainfall forecast and mostly clear sunny skies expected during the week. ➤ Average daily Temps: 24-38°C.
Mansa	<ul style="list-style-type: none"> ➤ No rainfall forecast and mostly clear sunny skies expected during the week. ➤ Average daily Temps: 20-35°C.
Kasama	<ul style="list-style-type: none"> ➤ No rainfall forecast and mostly clear sunny skies expected during the week. ➤ Average daily Temps: 18-34°C.
Solwezi	<ul style="list-style-type: none"> ➤ No rainfall forecast and mostly clear sunny skies expected during the week. ➤ Average daily Temps: 19-35°C.
Chipata	<ul style="list-style-type: none"> ➤ The week is anticipated to be mostly cloudy on most days ➤ Average daily Temps: 20-35°C.

Source: Norway meteorological Institute

Exchange Rates

CURRENCY	10/10/2016						03/10/2016					
	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	0.72	0.74	12.31	12.56	9.90	10.00	0.73	0.74	12.80	13.06
Standard Chartered Bank	9.81	10.00	0.71	0.73	12.17	12.41	9.92	10.12	0.72	0.74	12.84	13.09
ZANACO	9.87	10.06	0.72	0.73	12.23	12.48	9.90	10.09	0.72	0.73	12.81	13.05
Bank of Zambia	9.91	9.96	0.71	0.72	12.31	12.36	10.00	10.05	0.735	0.740	12.86	12.93

Parity Prices

Domestic Import Parity Prices as at 07/10/2016

US\$/ZAR=13.93 US\$/ZMW=10.10

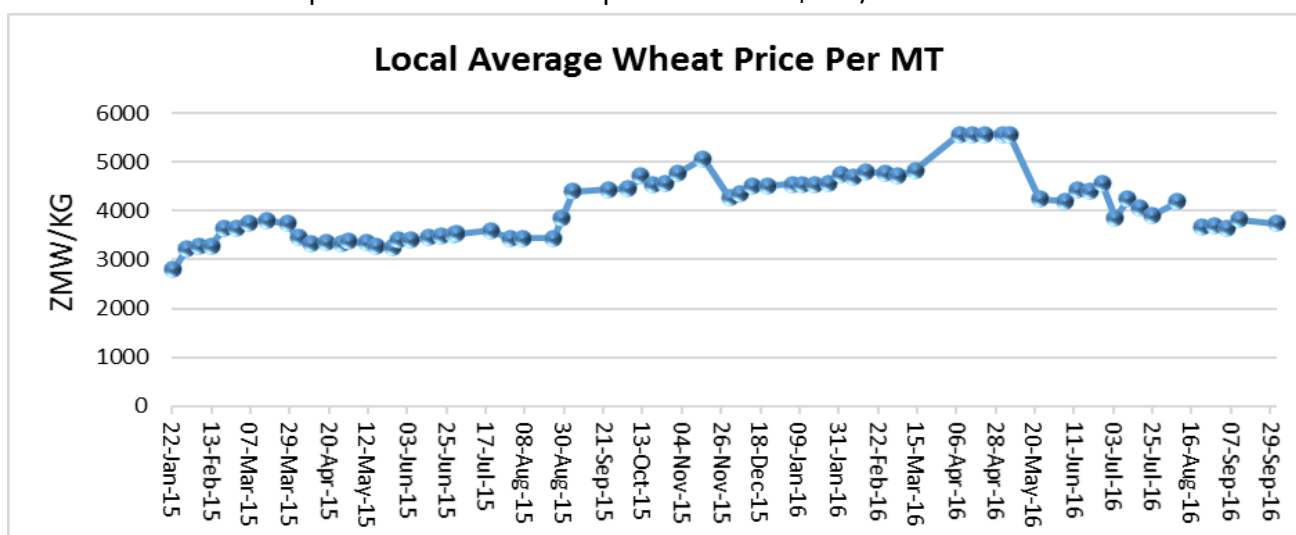
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		10.1	417.46	628.67	467.78
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	27.23	444.69	655.90	495.01
Mkushi	225	22.28	439.74	650.95	490.06
Ndola	250	24.75	442.21	653.42	492.53
Kitwe	250	24.75	442.21	653.42	492.53

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

Wheat

Highlights

- Russia might be poised for a fourth consecutive bumper crop in 2017. According to Russia's Institute for Agricultural Market Studies (IKAR), the weather has so far been supportive to their winter plantings and the planned area to be planted is expected to increase its 2017 wheat plantings by 6% to 17.35 million tons. Russia has so far harvested about 88% of its 2016 planted area which translates into about 109.2 million tons.
- Locally, Farmers are in their final stages of combining. The rains received early in the week in some parts of the country poised some potential threat to the positive outlook of yield so far received. However, the holding back of rains for the two weeks would result in no major losses in yield or quality, if any, and provide a window for almost all the crop to be harvested. Meanwhile Wheat import permits issued by the Ministry of Agriculture were for only 850MT as at end of September 2016.
- Hard red wheat for December delivery on the Chicago Mercantile Exchange (CME) opened trading at US\$148.44/MT on 10th October 2016.
- Local wheat offer prices for the 2016 crop are about US\$378/ton.

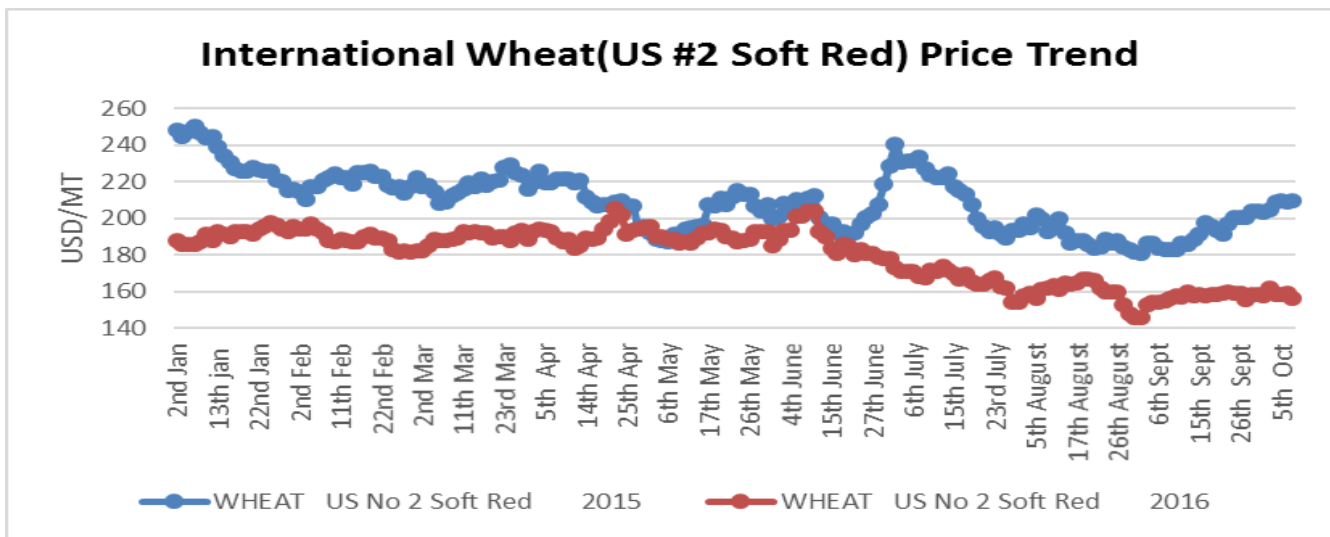


Price trends

The Safex international soft red and hard red wheat prices averaged US\$150.31/MT and US\$158.64/MT during the week ending 7th October 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

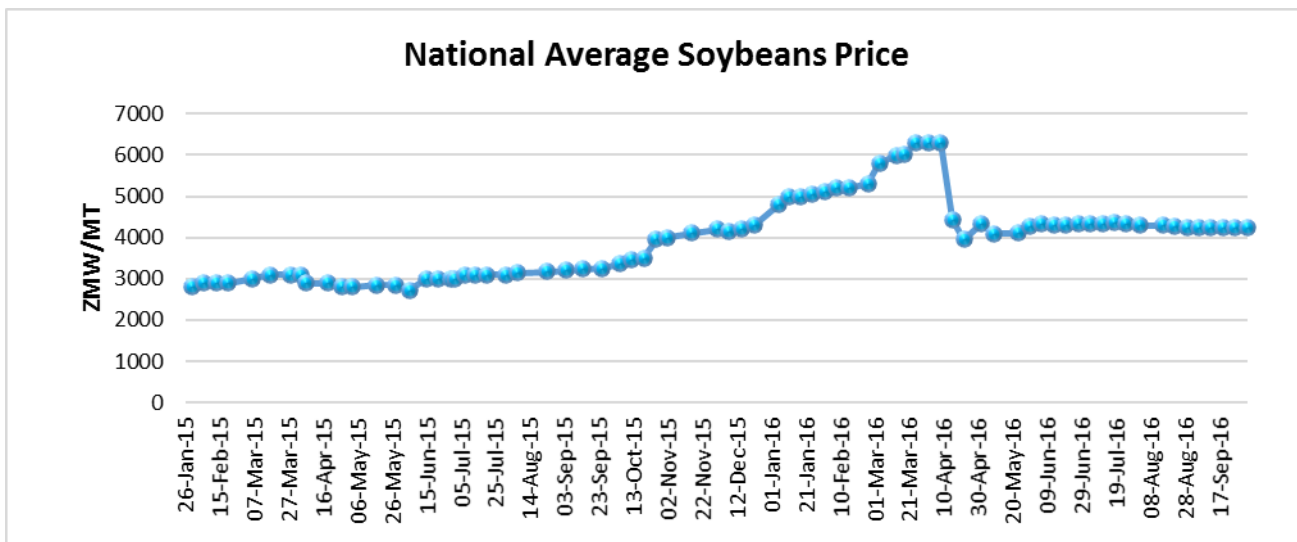
Soya Beans

Highlights

- Budgetary constraints have led to Argentina, the world’s third largest soya beans producer, to postpone its soya beans export tax cuts to 2018. The first cut from 35% to 30% was made in December last year while the second cut was scheduled for 2017 with the aim of increasing the competitiveness of the country’s agricultural sector. The tax will now be reduced by 0.5% every month from January to December 2018.
- On the local scene, Soya beans export permits are being issued by the Ministry though the activity is slow with a total of 7,100MT of permits issued as at end of September 2016.
- Soy beans for November delivery opened trading on CME at US\$351.12/MT on 7th 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;

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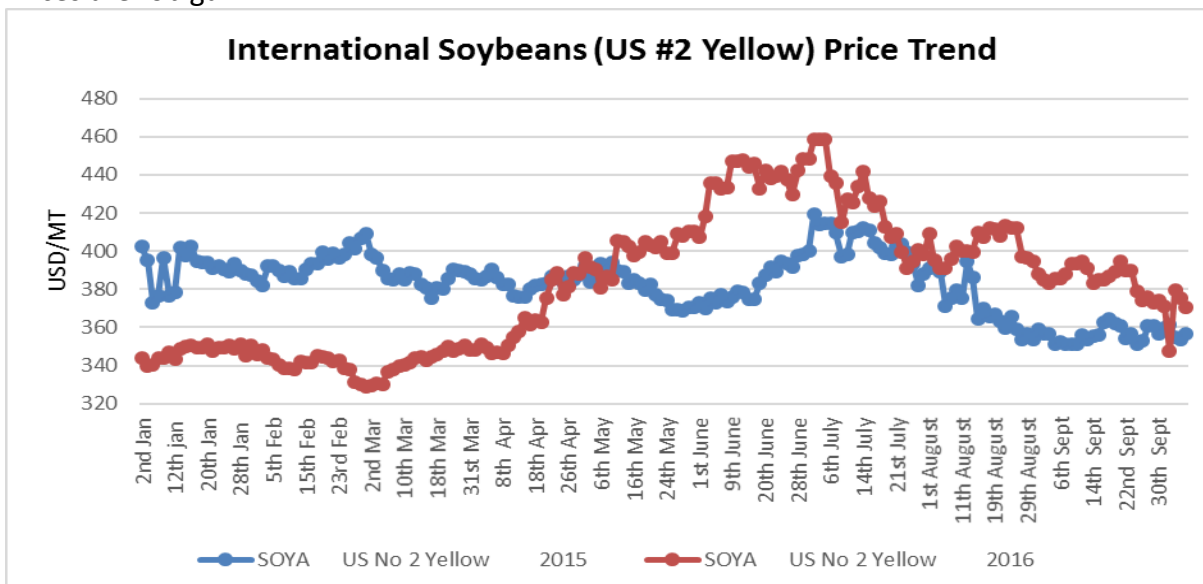




Source: ZNFU, 4455 Market Price Information System

Price trends

International spot prices for US No. 2 yellow soya beans on Safex averaged US\$368.74/MT in the week ending 7th October 2016, 1.73% below the average price of US\$375.22/MT recorded in the previous week. Prices are fob gulf.



Source: Safex

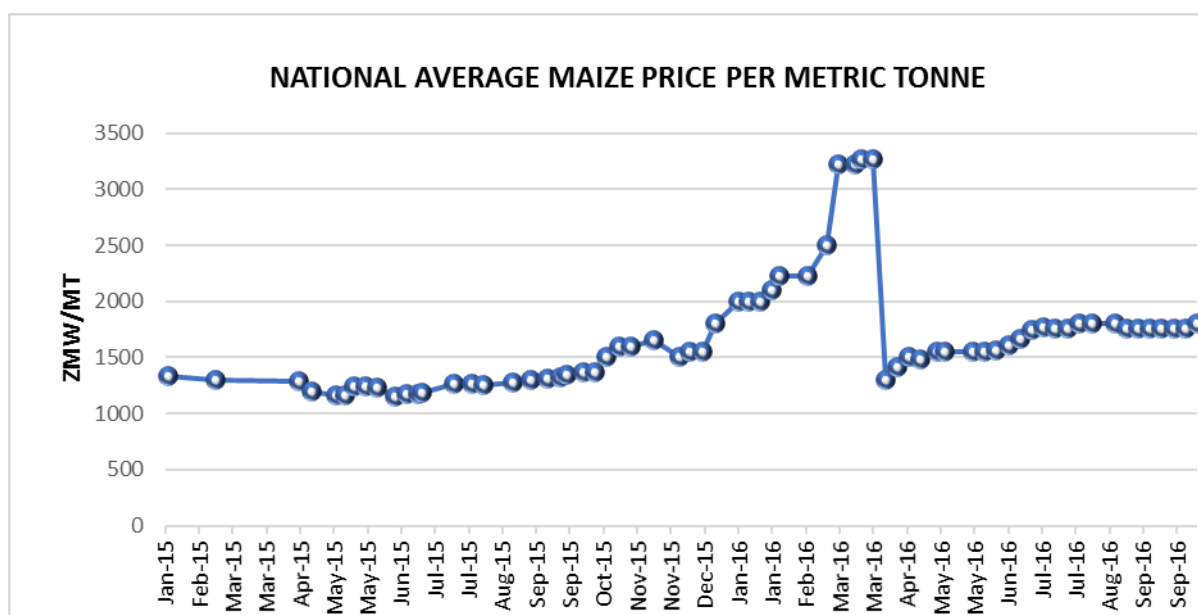
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Maize

Highlights

- Locally, the Food Reserve Agency (FRA) purchases are still just over 276,000MT. Carry-over stock from the previous season are likely to push the agency's stock levels to just over 300,000MT. Meanwhile, effective 1st October 2016, FRA has been scheduled to close 213 inactive maize satellite depots and open about 23 new ones in area with potential to supply the agency more maize.
- Wholesale maize prices in Gitega, Burundi and Kisumu, Kenya were pegged at US\$473.89/ton on 10th October, 2016. Meanwhile, prices in Iringa, Tanzania were about US\$257.02/ton. This is as captured by the East African Grain Council intelligence network (RATIN).
- Maize for December delivery on CME opened trading at US\$133.62/MT on 7th October 2016.
- The national average local maize offer price by private traders was averaging K 1,800/ton on the ZNFU market information system last week.



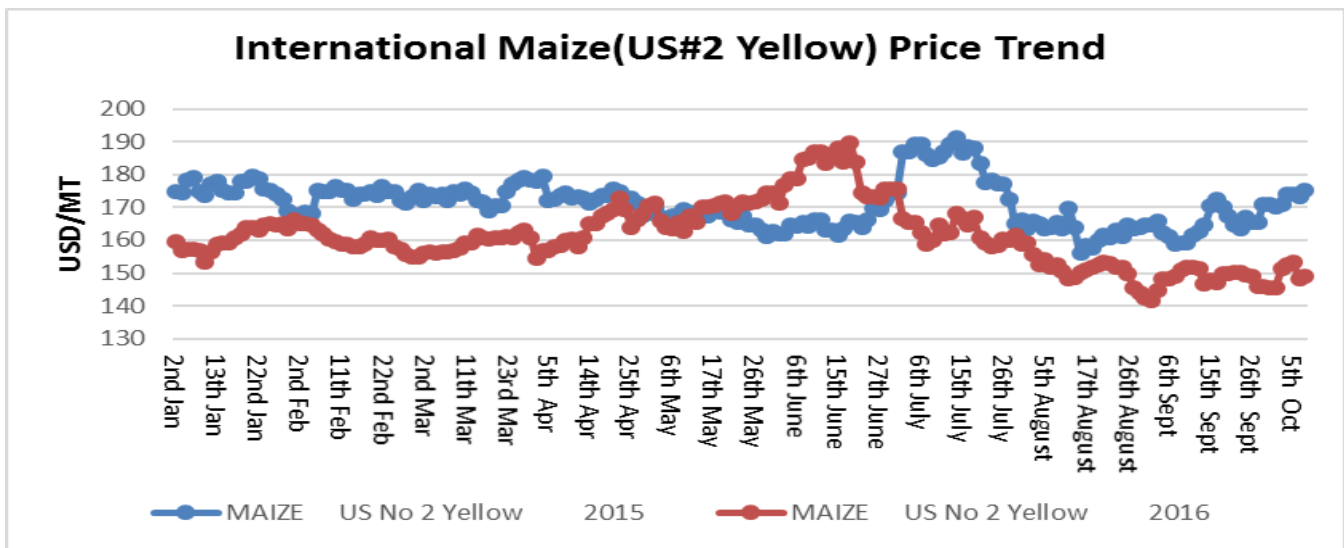
Source: ZNFU Market Price Information System

Price trends

International maize spot prices traded at an average of US\$ 150.88/MT during the week ending 7th October 2016. All prices are fob gulf.

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Source: Safex

Crude oil

- International crude oil prices have maintained their trade at above US\$50/barrel 10 days into the new month. Brent crude oil futures prices around 08:25 CAT on 7th October, 2016 were pegged at US\$51.72 barrel.
- The Dubai Mercantile exchange Oman crude oil marker price for December 2016 delivery settled at US\$49.21/barrel on 7th October 2016.

Brent Crude Oil Futures \$/barrel



Source: BBC, 2016.

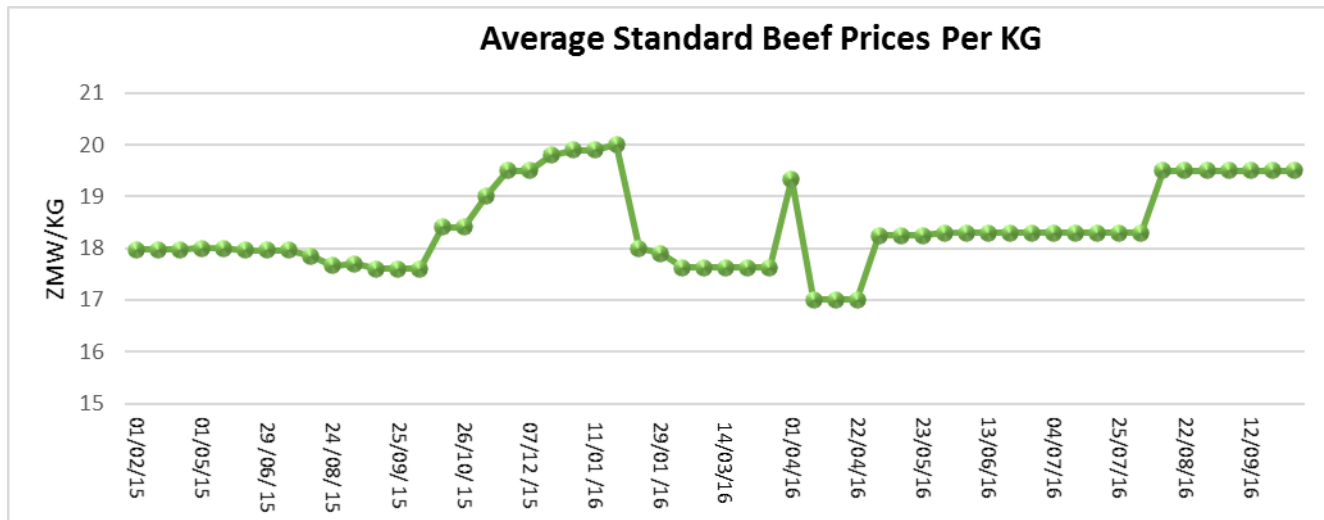
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Beef

Highlights

- Namibian Grade A beef prices for the week ending 26th 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 21st September 2016. This is according to the Namibian Meat Board.
- Dressed weight beef prices averaged ZMW19.5/kg during the week ending 7th September 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 7th October 2016

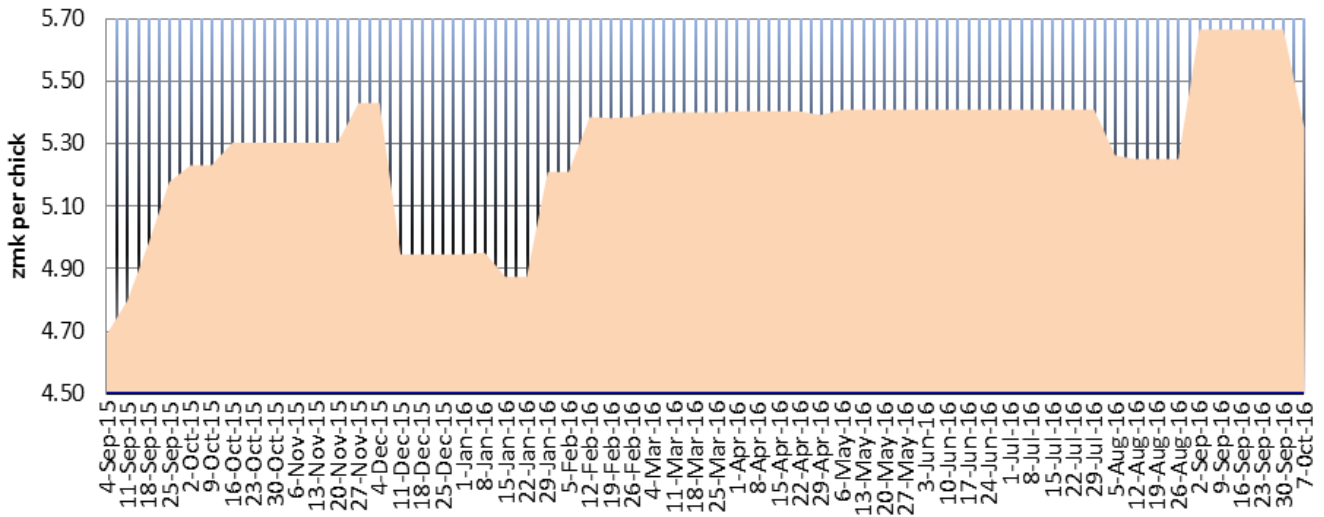
National Average Day Old Prices

The national average prices for the day-old broiler chicks posted a decline of ZMW 0.3, now standing at ZMW 5.35 per chick compared with ZMW 5.66 posted last week. This reduction has come as a result of the promotions being conducted by Hybrid, Ross Breeders and Quantum foods which are now costing ZMW5.5 for the former two and ZMW 4.4 per day old chick for the later. In the same vain the prices for the day-old pullets Isa Brown is averaging ZMW 9.45 whilst Roman brown is costing ZMW 6.8 per day old. The redbro day old chicks are selling at ZMW6.0 per bird. It should also be noted that despite the fact that this is a peak period for the poultry industry, sales for the day-old chicks are still below average for most of the Hatcheries.

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NATIONAL AVERAGE PRICES FOR DAY OLD CHICKS- OCTOBER 2016

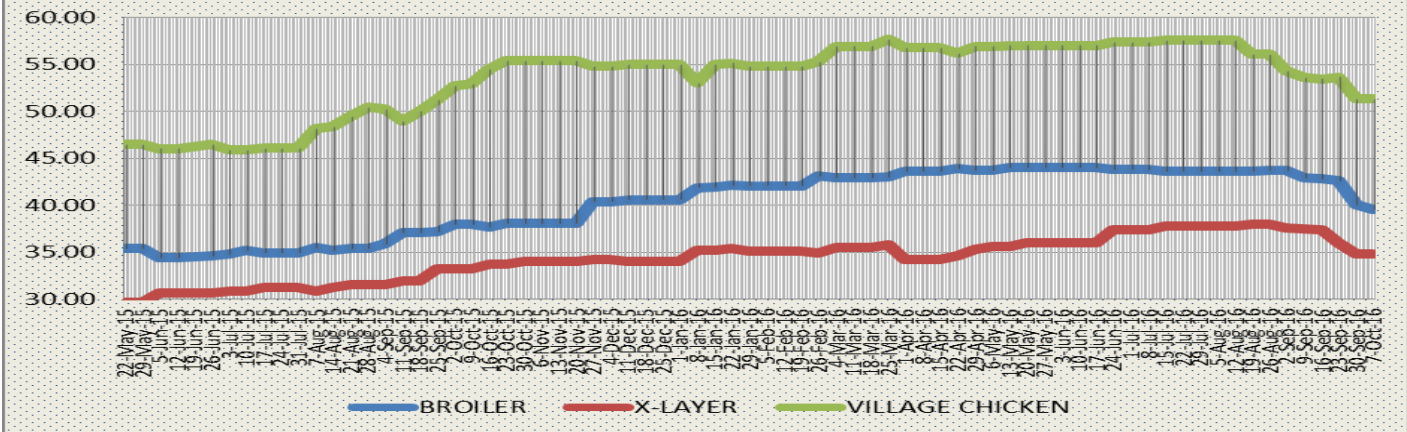


Source: Poultry Association of Zambia

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 is about ZMW 40.04 for broiler posting a ZMW 2.61 price reduction from what was obtaining last week. Ex-layers are now selling at an average price of ZMW 34.8 for ex-layers posting a ZMW1.24 price reduction from what was obtaining last week. Village chicken is now selling at an average price of ZMW 51.36, posting a ZMW 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.

NATIONAL LIVEBIRD PRICES- OCT 2016



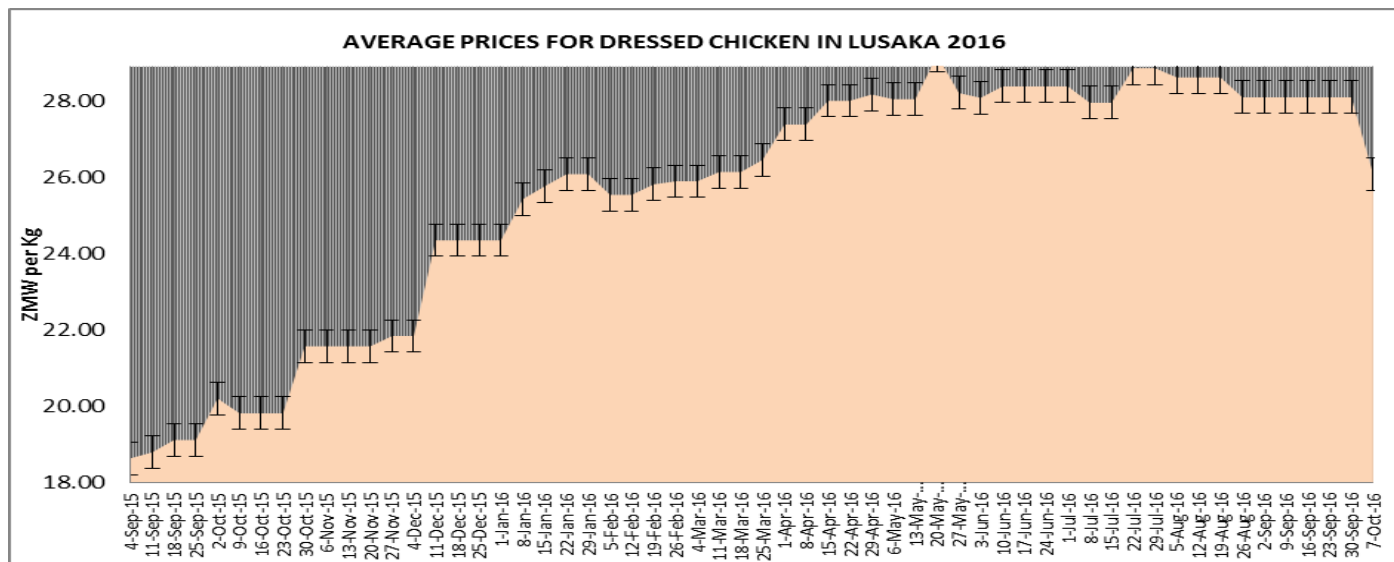
Source: Poultry Association of Zambia

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Average Whole Dressed Chicken Prices for Lusaka

The frozen market is experiencing a drastic price reduction in the same way the live bird and egg market are experiencing. A check at the major chain stores in Lusaka revealed a price downward trend on the prices for the whole frozen. The average price for the frozen whole chicken in Pick n' Pay averaged ZMW 24.99 per kg with the lowest priced chicken at ZMW20.99 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. The average price for frozen whole chicken in Shoprite was ZMW20.99 per kg and ZMW28.49 per kg. Other prices include frozen whole chicken in Zambeef outlets at ZM26.99 per Kg and ZMW30 per kilo 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 – 7th October 2016.

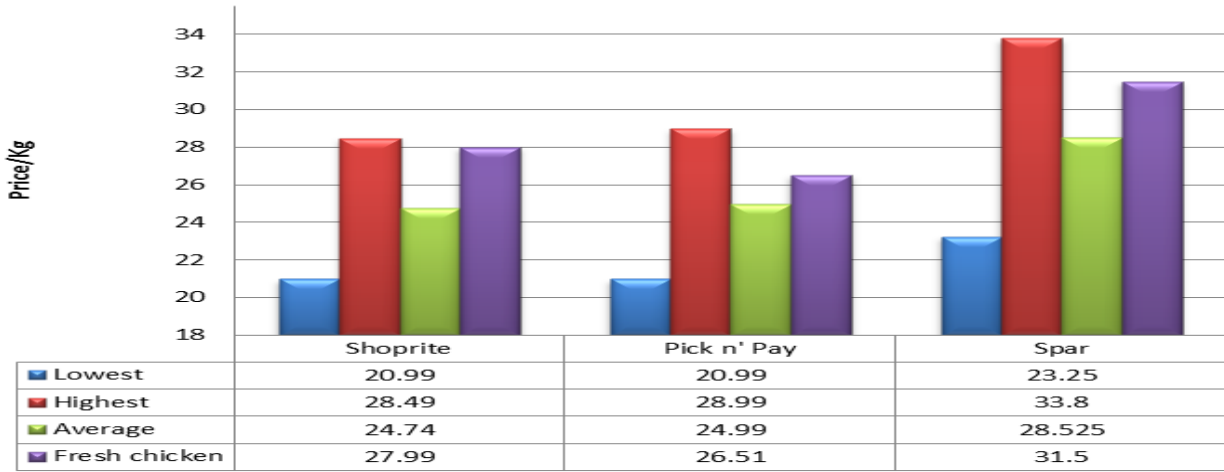


Source: Poultry Association of Zambia

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GRAPH 1: AVERAGE WHOLE FROZEN CHICKEN 7th OCT- 2016

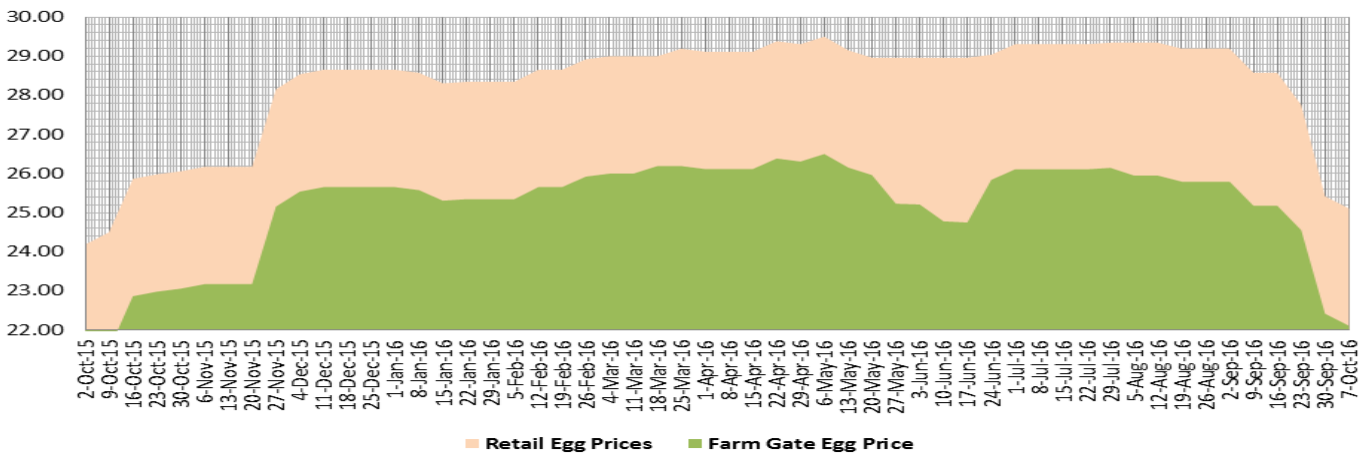


Source: Poultry Association of Zambia

National Average Egg Prices

The egg price continues its downward trend for both retail and farm gate prices. The downward trend is devastating to the layer’s farmers as most of them cannot sustain the costs of production with a knock on the egg prices in the market. This price reduction has affected all the players regardless of the size. The national egg retail and farm gate prices are now seating at ZMW 24.11 and ZMW21.98 respectively. The prices are a reduction from the ZMW 25.42 for the retail and ZMW 22.99 for the farm gate prices obtained last week. The gluts in egg industry has been attributed to lower uptakes of eggs in the major exporting country – DRC resulting from political instability as the country head to the polls. Favourable weather condition is supporting high production in the layers sub-sector.

NATIONAL RETAIL AND FARM GATE EGG PRICES -OCTOBER 2016



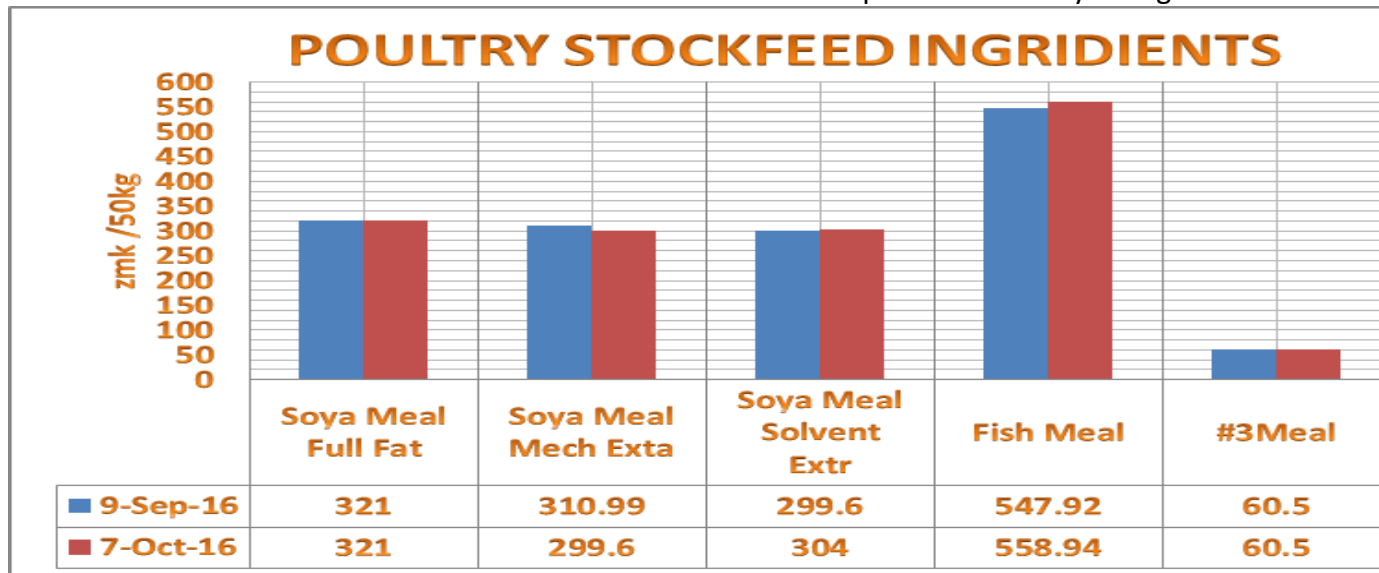
Source: Poultry Association of Zambia

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Average Prices for Selected Stockfeed Ingredients

The graph below outlines the prices of some of the ingredients for poultry stockfeed as captured at Livestock Services. Major movements have been observed on the prices of soya meal mechanically extracted which has posted a 3.66% price reduction from ZMW 310.99 last month to ZMW 299.60 this week. On the other hand, solvent extracted soya meal posted an increase of 1.47% from ZMW 299.6 recorded last month to ZMW 304 per 50 kg bag this week. In the same vein, fish meal has also recorded an increase of 2% from ZMW 547.92 recorded last month to ZMW 558.94 this week. The prices for number three meal and soya meal full fat remained static during the period under review. These prices are obtained from Livestock Services limited and note that these are indicative prices which may change without notice.



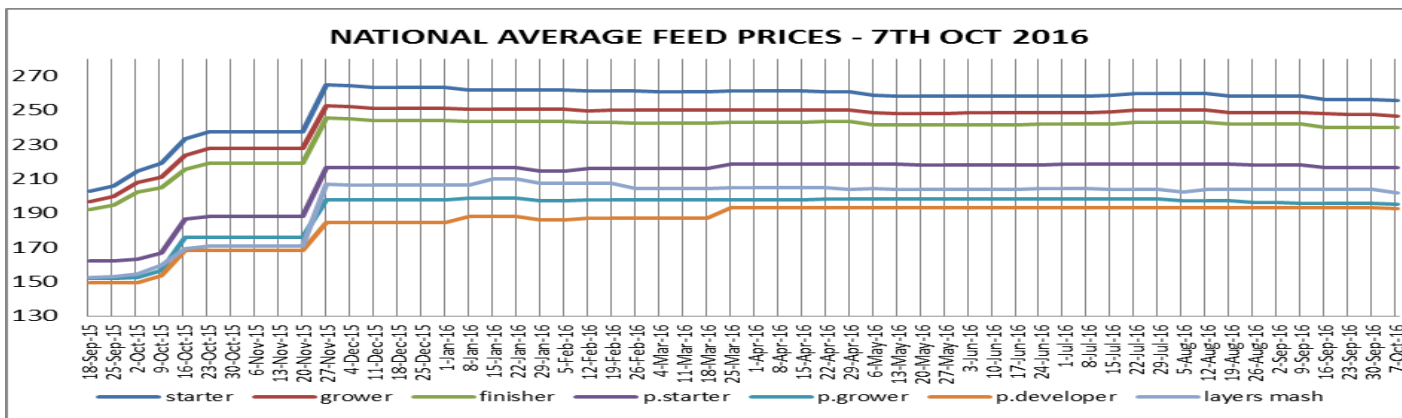
Source: Poultry Association of Zambia

National Average Prices For Stockfeed

The graph below shows the national average price trend of feed from a period starting from September 2015 to October 2016. There are no major movements in the prices of stockfeed on almost all the brands. Price stability of both broiler birds and eggs in the market is needed in order to sustain the dwindling poultry industry. The poultry sector in other neighbouring countries is facing several challenges resulting from drought related price of poultry feed. The stockfeed price increase coupled with broiler and egg price decline has put a strain on the poultry farmers across the region as farmer margins have been squeezed. New regulations under ZMRA and maize prices might contribute greatly to the sustained high prices of poultry feed in the country.

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Source: Poultry Association of Zambia

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