



# THE WEEKLY AGRO WATCH



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31<sup>st</sup> October, 2016 Vol.3. No.44

## Zambia's grows by 3.1 % in 1<sup>st</sup> Quarter

The year on year national growth rate, as computed by the Central Statistical Office (CSO), in the first quarter of 2016 was estimated at 3.1%. This is lower than the 2015 first quarter growth rate recorded at 3.9%. The key drivers for the growth in the first quarter of 2016 were the Mining & quarrying, Construction and Agriculture, forestry and fishing industries which recorded 7.9 percent, 9.1 percent and 3.0 percent, respectively.

Meanwhile the annual rate of inflation declined by a significant 6.4% in October to 12.5% from 18.9% in September 2016. This means that, on average, prices reduced by 12.5% between October 2015 and October 2016. CSO has attributed this drop to the impact of unusual price changes in 2015 on the annual inflation rate. The October 2015 annual rate of inflation recorded a huge jump to 14.3% from the September rate of 7.7%. Thereafter the annual rate of inflation has been skyrocketing until it begun its descent in March 2016. The sharp movements in the annual rates of inflation could be attributed to the spikes and drops in the exchange rate especially that Zambia is a net importer of goods. The monthly inflation rate on the other hand recorded a 0.5% increase in October 2016.

On the merchandizing trade front, Zambia recorded a trade deficit valued at K998.8 million Kwacha in September 2016, an increase from the K705.2 million recorded in the previous month.

## Exchange Rates

CURRENCY	01/11/2016 (BoZ -31/10/16)						25/10/2016					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
FNB	9.53	9.72	0.71	0.73	11.66	11.89	9.82	10.02	0.71	0.73	12.01	12.25
Standard Chartered Bank	9.51	9.71	0.71	0.72	11.64	11.87	-	-	-	-	-	-
ZANACO	9.53	9.72	0.71	0.72	11.66	11.89	9.78	9.97	0.70	0.72	11.96	12.19
Bank of Zambia	9.68	9.73	0.71	0.72	11.76	11.83	9.86	9.91	0.71	0.72	12.03	12.10

## Parity Prices

### Domestic Import Parity Prices as at 28/10/2016

US\$/ZAR=13.64 US\$/ZMW=9.72

Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		9.72	449.43	643.14	465.15
Town	<b>Ex-Lusaka freight (ZMW)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Chipata	275	28.29	477.72	671.43	493.44
Mkushi	225	23.15	472.58	666.29	488.30
Ndola	250	25.72	475.15	668.86	490.87
Kitwe	250	25.72	475.15	668.86	490.87

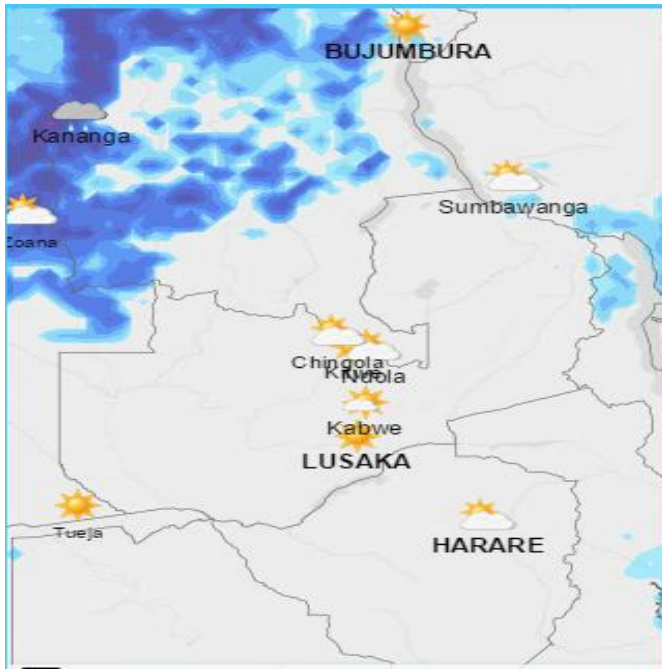
Note: Import parity based on December delivery

### Export Parity Price Ranges (EPP) Harare-Lusaka as at 21/10/16

Soya Beans	476.25- 495.75
Wheat	330-476.25
Maize	261.7- 291

## Weather Forecast

The table below summarizes the weather forecast for some selected towns for the period 2<sup>nd</sup> to 7<sup>th</sup> November, 2016. Rain showers are forecast in many districts around the country with the anticipation of more rainfall activity next week.



Livingstone	➤ Fairly Cloudy to sunny skies with no rainfall forecast. ➤ Average daily Temps: 25-38°C
Mongu	➤ 1mm of rain forecast for the 5 <sup>th</sup> with the rest of the week being mostly fairly cloudy. ➤ Average daily Temps: 22-36°C.
Mansa	➤ 0.9mm of rain showers forecast for the 7 <sup>th</sup> with the rest of the week being mostly partially cloudy ➤ Average daily Temps: 21-32°C.
Kasama	➤ 3mm & 0.8mm forecast for the 2 <sup>nd</sup> & 7 <sup>th</sup> respectively with the rest of the week being mostly partially cloudy to cloudy. ➤ Average daily Temps: 18-30°C.
Solwezi	➤ 1.2mm of rains forecast for the 7 <sup>th</sup> with the rest of the week being mostly partially cloudy. ➤ Average daily Temps: 18-33°C.
Chipata	➤ 0.9mm, 1.7mm & 0.8mm of rains forecast for the 4 <sup>th</sup> , 6 <sup>th</sup> & 7 <sup>th</sup> respectively. ➤ Average daily Temps: 20-32°C.

*Source: Norway meteorological Institute*

TOWN	WEATHER SUMMARY
Ndola	➤ Partially cloudy to sunny skies forecast with no rainfall activity. ➤ Average daily Temps: 19-32°C
Mkushi	➤ 0.7mm & 1.4 mm of showers forecast for the 2 <sup>nd</sup> & 7 <sup>th</sup> with partially cloudy to sunny skies the rest of the week. ➤ Average daily Temps: 19-33°C
Kabwe	➤ 0.7mm of showers forecast for the 3 <sup>rd</sup> & 4 <sup>th</sup> with the rest of the week being partially cloudy to sunny ➤ Average daily Temps: 20-33°C
Lusaka	➤ The week will mostly have fairly cloudy to sunny skies with 1.1mm of rain forecast for the 7 <sup>th</sup> . ➤ Average daily Temps: 21-33°C
Mazabuka	➤ 0.6mm & 0.8 mm of showers forecast for the 2 <sup>nd</sup> & 7 <sup>th</sup> respectively with the rest of the week being mostly sunny. ➤ Average daily Temps: 24-34°C.
Choma	➤ Mostly sunny skies forecast with no rains. ➤ Average daily Temps: 22-33°C

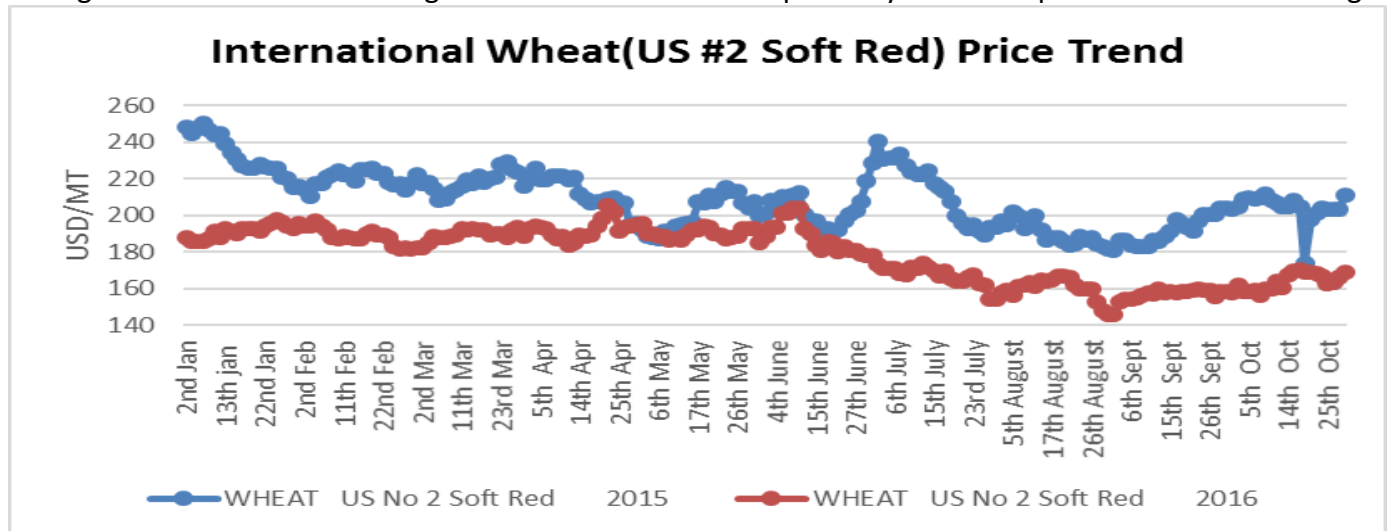
## Wheat

### Highlights

- The purchase of 420,000MT of wheat by Egypt end of last week, the largest purchase since 2014, is expected to relieve some downward pressure on the International wheat prices in the short term. The wheat has been purchased from Russia and Romania.
- The International futures price of hard red wheat for December Delivery opened trading at US\$ 152.19/ton on 1<sup>st</sup> November 2016.
- Local trader offer prices were averaging US\$390/ton as at end of October 2016

### International Price trends

The Safex international soft red and hard red wheat prices averaged US\$152.96/MT and US\$165.55/MT during the week ending 28<sup>th</sup> October respectively. All prices are fob gulf.



Source: Safex

## Soya Beans

### Highlights

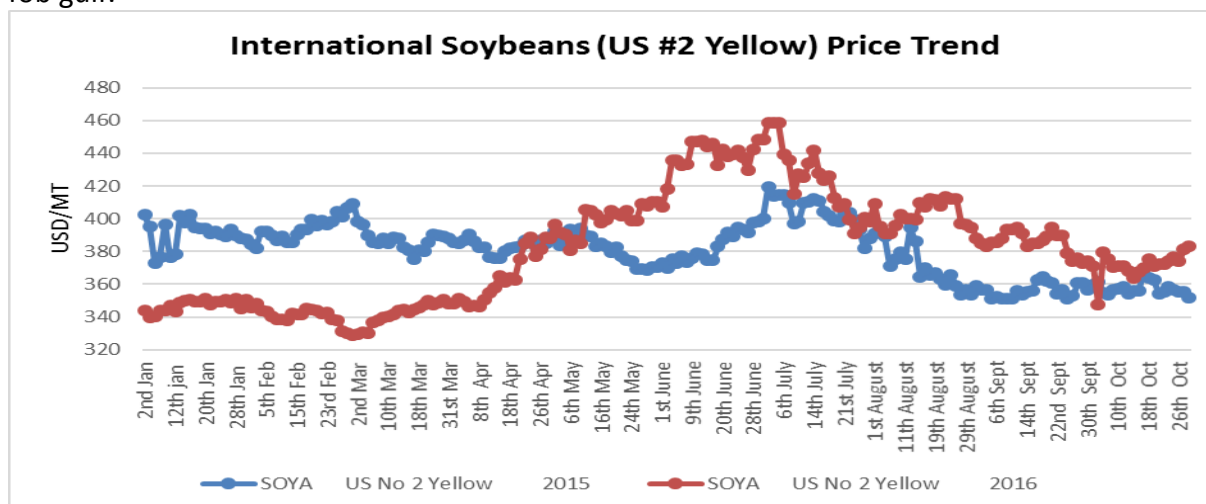
- Indications from the South African Department of Agriculture are that the country will increase its soya beans plantings by 2.6% to 516,000 hectares in the 2016/17 season.
- U.S. soybean futures on CME for January 2017 delivery opened trading at US\$371.63/ton on 1<sup>st</sup> November 2016
- By end of October, Zambia's local trader offer prices were averaging US\$509/ton

### International Price trends

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International spot prices for US No. 2 yellow soy beans on Safex averaged US\$377.87MT in the week ending 28<sup>th</sup> October 2016 posting a 1.5% increase from the price recorded in the previous week. Prices are fob gulf.



Source: Safex

## Maize

### Highlights

- The South African farmers intend to increase their white maize plantings by about 43% and yellow maize by about 8.2% in the 2016/17 farming season. The country has forecasted the total area under maize to increase from 1.95 million hectares to 2.45 million hectares mainly due to a favourable weather forecast. Rainfall could however still affect the farmers’ decision.
- CME maize prices for December delivery were hovering around US\$139.60/MT when trading opened on 1<sup>st</sup> November 2016.
- The national average local maize offer price by private traders was averaging US\$230/ton by the end of October 2016.

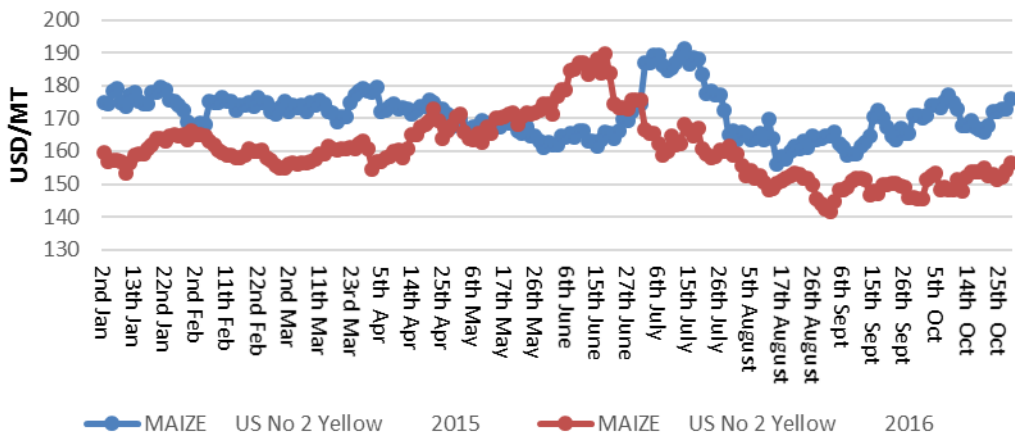
### Price trends

International maize spot prices traded at an average of US\$ 153.46 during the week ending 28<sup>th</sup> October 2016. All prices are fob gulf.

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## International Maize(US#2 Yellow) Price Trend

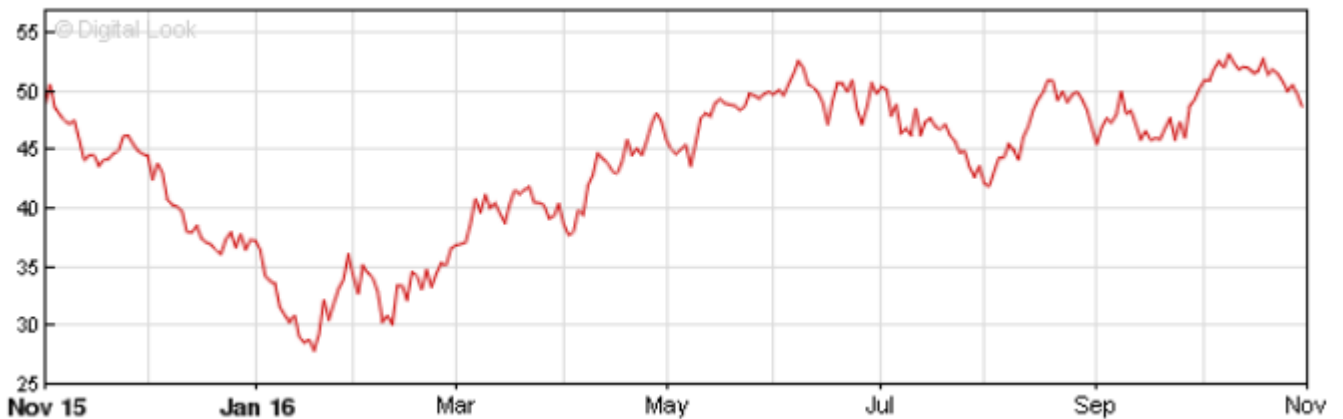


Source: Safex

## Crude oil

- Pessimistic sentiments on an oil production freeze have grown after meetings held last Friday and Saturday by crude oil producers failed to yield results. While Russia is seemingly willing to cut its output, indications are that Iran is reluctant. Prices of crude oil are thus expected to have a strong inclination to fall unless there is a drastic change in market expectations
- Brent crude oil futures prices around 09:35hrs CAT on 1<sup>st</sup> November, 2016 were pegged at US\$48.57 barrel.
- The Dubai Mercantile exchange Oman crude oil marker price for December delivery was pegged at US\$47.46/barrel on 31<sup>st</sup> October 2016.

## Brent Crude Oil Futures \$/barrel



Source: BBC, 2016.

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## Beef

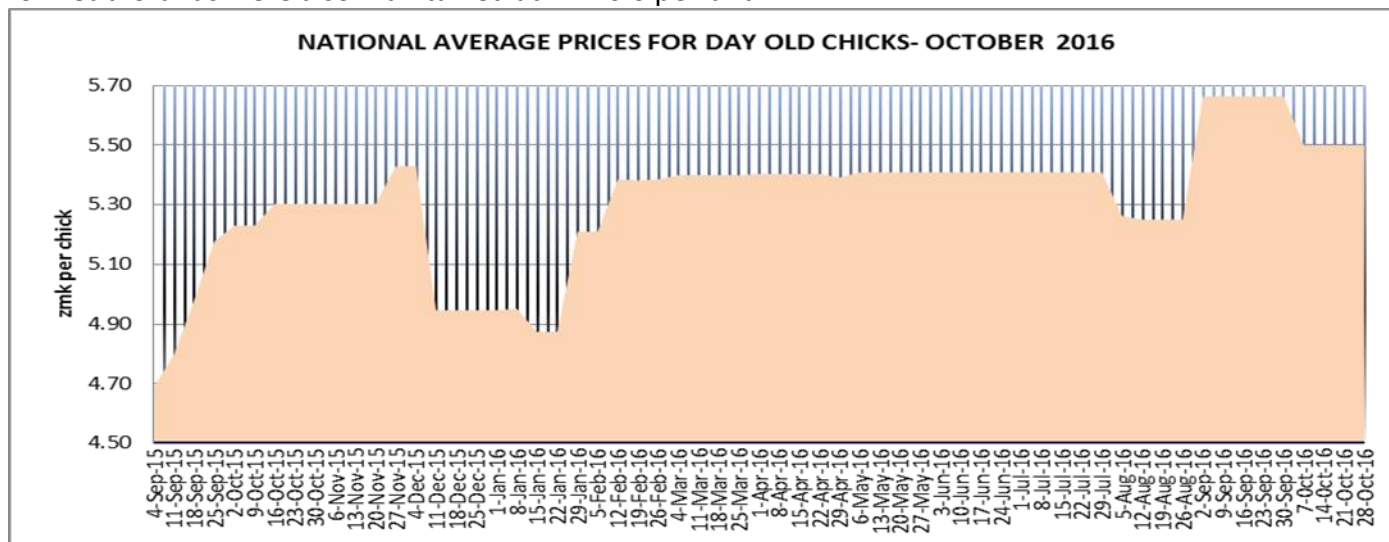
### Highlights

- The Canadian- EU Comprehensive Economic Trade Agreement (CETA) has been signed by the two parties involved. Expectations are that the agreement will increase Canadian beef exports to the European Union, a move EU beef farmers may not be very pleased with.
- Namibian Grade A beef prices for the week ending 24<sup>th</sup> October 2016 were in the range of ZAR30.37-36.19/Kg.
- Dressed weight beef offer prices are still averaging ZMW19.5/kg on the local market. It is hoped that prices will slightly pick up as we edge towards the festivities as this would help farmers recoup some of the costs incurred this year due to the unprecedented rise in production costs.

## Poultry Updates for the Week Ending 28<sup>th</sup> October 2016

### National Average Prices of Day Old Chicks

There were no movements in the national average prices of day old chicks in the market. The national average prices were still trading at an average price of ZMK 5.50 due to the promotions being conducted by the hatcheries. In the same vein, there were no movements in the prices for the day-old pullets which are averaging ZMK 9.45 for ISA Brown whilst Roman brown is costing ZMK 6.8 per day old chick. The prices for Redbro birds were also maintained at ZMK6.0 per bird.



Source: Poultry Association of Zambia

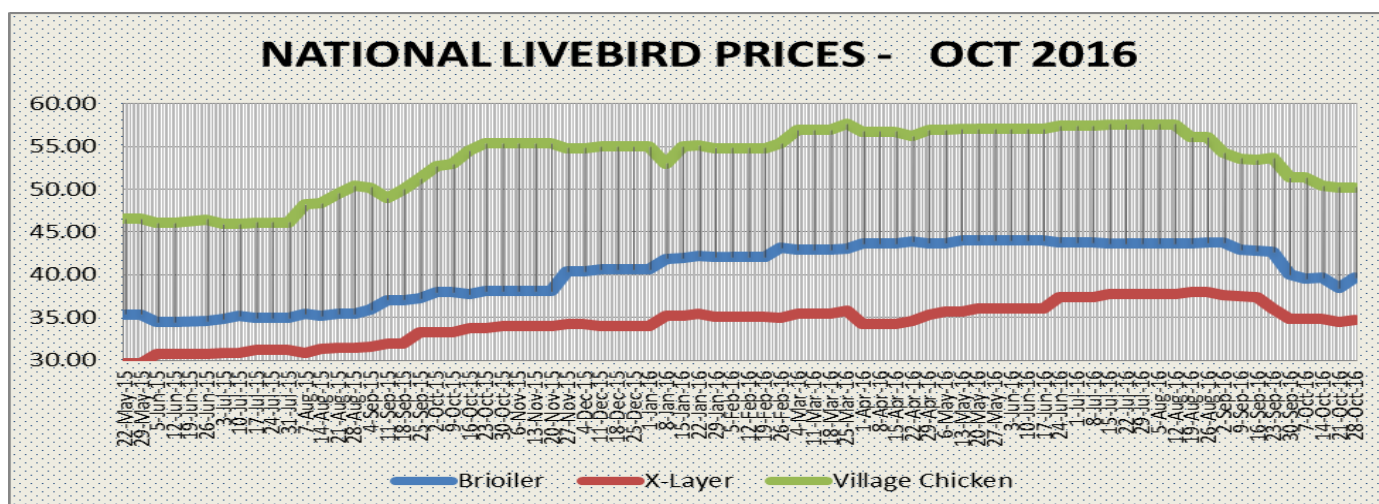
### National Average Live Bird Prices

The national average prices for live chickens showed some stability last week. The national average price of a live broiler bird was averaging K 39.68, which is ZMK1.28 higher than the price of K 38.40 recorded the previous week. The Ex-layer prices showed some gains with a bird selling at an average price of K 34.77 compared with the ZMK 34.50 recorded the previous week.

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On the other hand, the Village chicken posted a marginal price decline of ZMK 0.03 to a national average price of ZMK 50.2 compared with ZMK 50.23 recorded the previous week. It should be noted that these are national average prices and prices differ from one district to another. In Lusaka's Soweto and Mtendere markets, the prices drastically reduced to average at K 34.32/bird, which is K 7.36 below the national average.



Source: Poultry Association of Zambia

### Average Whole Dressed Chicken Prices - Lusaka

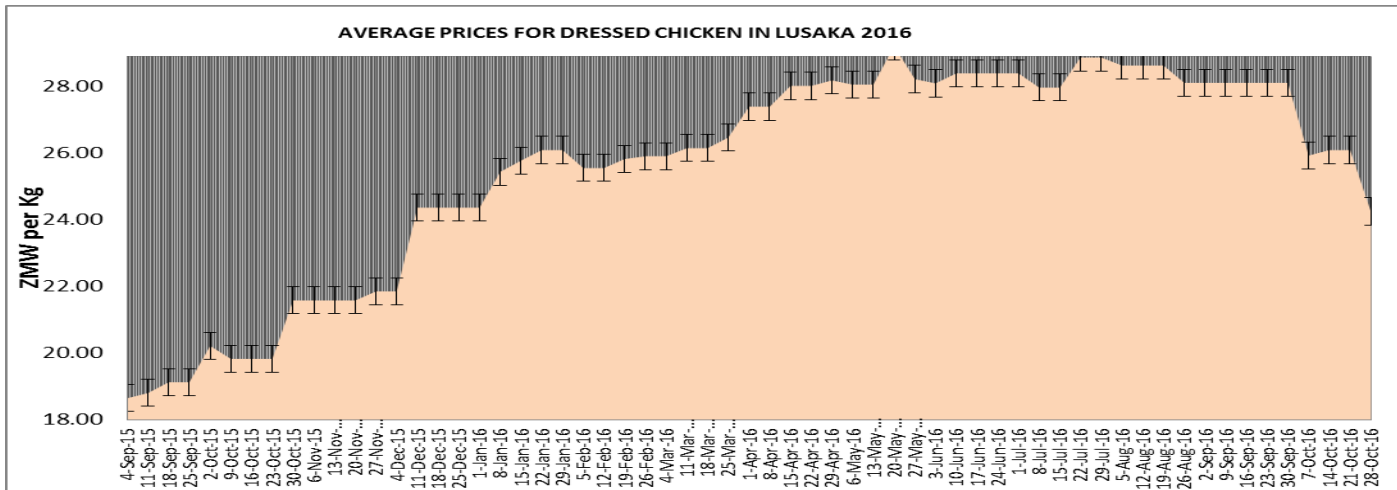
There were some marginal downward movements in the prices of frozen chickens in some super markets in Lusaka. A number of chicken processors have continued running promotional sales. The average price for the whole frozen chicken in Pick n' Pay was still averaging ZMW 24.99 per kg while the lowest priced whole frozen chicken was selling at ZMW20.99 per kg with the highest priced whole frozen chicken going for ZMW28.99 per kg.

The price of frozen chicken in SPAR was ranging between ZMW23.25 per kg and ZMW33.80 per kg respectively. The average price for frozen whole chicken in Shoprite outlets was still trading in the range of ZMW19.99 - 28.49 per kg. Other prices include frozen whole chicken in Zambeef outlets which was still trading at ZMW26.99 per kg and ZMW30 per kg in Melissa Supermarket outlets. The graph below shows the average price trend for the whole frozen chicken in Lusaka for a one year period from September 2015 to 28<sup>th</sup> October 2016.

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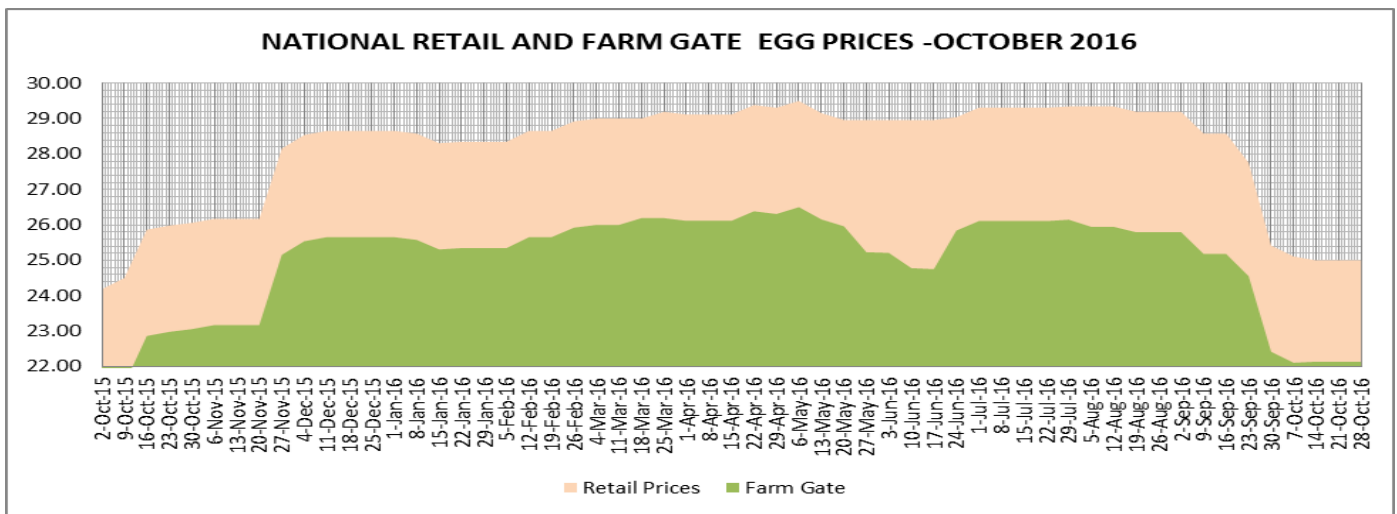




Source: Poultry Association of Zambia

### National Average Egg Prices

The national average egg prices have shown some stability in the past few days trading at an average price of K 25.11 and K22.14 per tray for open market retail and farm gate prices respectively. The delivery prices at Soweto, which is the biggest market in Lusaka, averaging K16 for pullet eggs, K18 for medium eggs and K20 for large eggs. The retail prices at the same market were averaging K18 for pullet eggs, K20 for medium and K25 for large eggs. On the other hand, the retail egg prices in the chain stores in Lusaka were still averaging K 27.99 per tray for mixed tray of 30 eggs, K 34.99 for medium and K35.99 per tray for large eggs. The quail eggs were trading at an average price of K17.49 per tray. If this downward egg price trend continues, it is likely that small-scale layers' farmers will be pushed out of production and major production cuts in terms of flock sizes on the part of large and corporate layer farmers.



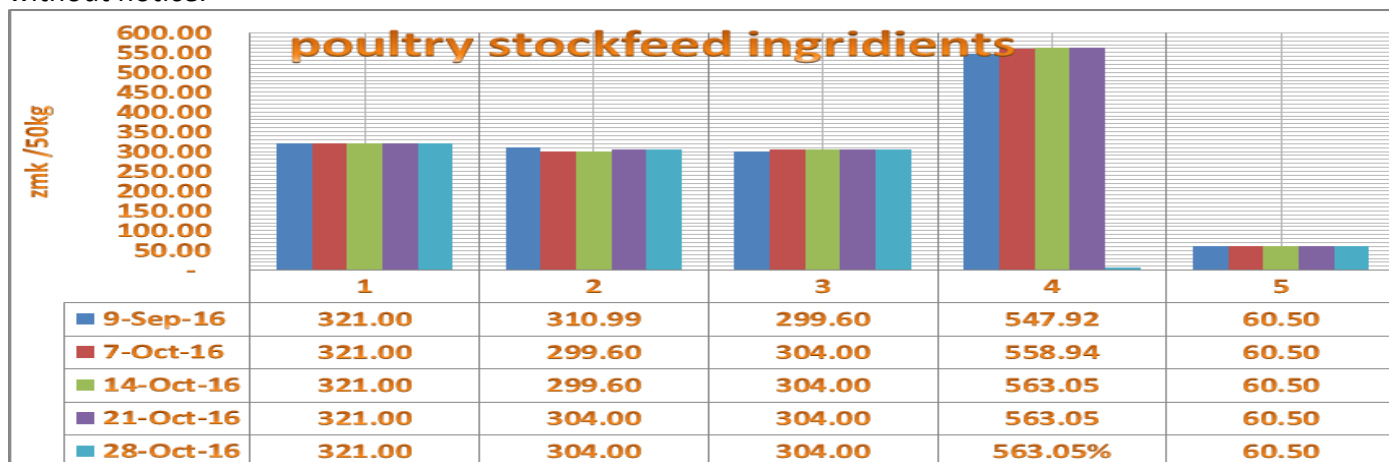
Source: Poultry Association of Zambia

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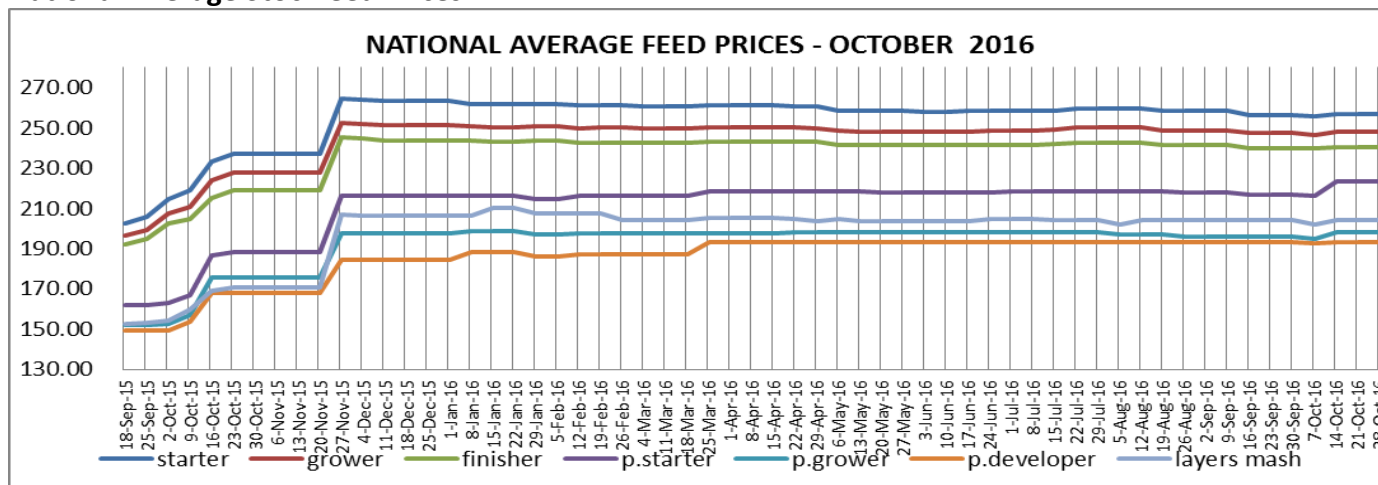
## Average Prices of Selected Stockfeed Ingredients

There were no movements in the prices of stockfeed for all the stockfeed brands for broiler and layer birds within the course of last week. The cost of feed remains one of the cost centres in the poultry industry and price fluctuation has a greater implication on the sustainability of the industry as it accounts for more than 70% of the total input costs. The chart below outlines the prices of some of the ingredients for poultry stockfeed as captured at Livestock Services. Note that these are indicative prices which may change without notice.



Source: Poultry Association of Zambia

## National Average Stockfeed Prices



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