



# THE WEEKLY AGRO WATCH



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12<sup>h</sup> December, 2016 Vol.3. No.50

## Zambia's Net FDI inflow fell by over 50% in 2015

The Bank of Zambia (BoZ) on Foreign Private Investment and Investor Perceptions 2016 Survey has revealed that Zambia's foreign net investment inflow fell by about 59% to US\$1,324 million in 2015 from US\$3,195 million in 2014. This reflected both a drop in foreign direct investment liability inflows, which is explained by a reduction in retained earnings, as well as a reversal of the drawdown of foreign direct investment assets by resident enterprises. According to the central bank, the drop in retained earnings was evident across sectors and reflected the impact of the economic challenges businesses faced such as exchange rate depreciation, power shortages and high cost of doing business generally which impacted on the profitability of businesses.

The survey findings further revealed that the private sector external debt grew from US\$12.5 billion in 2014 to US\$13.4 billion in 2015. While 54 percent of the respondents indicated they would expand their production, only 37 % indicated they would do so through diversification. Generally, the survey results revealed that most businesses found the fiscal and monetary policy environment challenging in 2015.

## ZAMACE Calls for Registration to Participate on Trade Platform

ZAMACE is now registering participants to the Commodity Exchange trading platform at a fee of ZMK1,250 for Farmer Groups and K5,000 for business entities (either in farming or other corporate entities) for the year 2017. Registration will give participants an opportunity to trade in their own right on the commodity exchange.

ZAMACE is currently carrying out its final trials of the trading platform and will communicate immediately when the platform is fully active. Prospective participants can however still register for consideration to trade and payments will only be made once the application is approved by ZAMACE. For more information, visit: [www.zamace.co.zm](http://www.zamace.co.zm) or call 0960 432 266.

## WARMA Gives Farmers up to 31<sup>st</sup> December 2016 to Register All Water Facilities

WARMA Management is urging all farmers with unregistered water facilities on farms to register by 31<sup>st</sup> December 2016. This follows ZNFU request to WARMA to allow farmers with unregistered water facilities to comply with the law given that most farmers had missed the advert by government in 2015. Registration fee for each dam or water structure is ZMW500. All applications **MUST be with WARMA** by the 31<sup>st</sup> of December 2016.

For those members who had already made applications to WARMA and are waiting for water permits, kindly **re-submit your applications to WARMA or ZNFU Head Office** but without the registration fee. Kindly find below a check list to facilitate your water permit application. Please treat this matter with urgency as the amnesty by WARMA is only valid up to the end of this year 2016.

**WATER RESOURCES MANAGEMENT AUTHORITY**

**APPLICATION FOR A WATER PERMIT**

**CHECKLIST**

|                          |   |        |          |  |                    |
|--------------------------|---|--------|----------|--|--------------------|
| <input type="checkbox"/> | Application Fee (K500)                                  |        |          |  |                    |
| <input type="checkbox"/> | Two copies of application forms                         |        |          |  |                    |
| <input type="checkbox"/> | A copy of Engineer's Report (To be done by WARMA)       |        |          |  |                    |
| <input type="checkbox"/> | Title deed or a letter from the Chief if customary land |        |          |  |                    |
| <input type="checkbox"/> | Design Report of hydraulic structure                    |        |          |  |                    |
| <input type="checkbox"/> | Design drawing of hydraulic structure                   |        |          |  | For storage Permit |
| <input type="checkbox"/> | Hydraulic structure wholly on owner's property          |        |          |  |                    |
| <input type="checkbox"/> | Does an application need an EIA?                        |        |          |  |                    |
| <input type="checkbox"/> | Is application advertised in the papers?                |        |          |  |                    |
| <input type="checkbox"/> | Has Application been considered by WARMA TC?            |        |          |  |                    |
| <input type="checkbox"/> | Has Application been considered by WARMA Board?         |        |          |  |                    |
|                          | Approved  | Denied | Deferred |  |                    |
|                          | Has client been written to?                             |        |          |  |                    |
|                          | Notified  |        | Granted  |  |                    |
| Remark                   | -----   |        |          |  |                    |
|                          | -----   |        |          |  |                    |
|                          | -----   |        |          |  |                    |
|                          | Submitted by  | -----  |          |  |                    |
|                          | Received by   | -----  |          |  |                    |
|                          | Verified by   | -----  |          |  |                    |
|                          | Date  | -----  |          |  |                    |

## Exchange Rates

| CURRENCY                | 12/12/2016 |      |       |       |          |       | 05/12/2016 |      |       |       |          |       |
|-------------------------|------------|------|-------|-------|----------|-------|------------|------|-------|-------|----------|-------|
|                         | US Dollar  |      | RAND  |       | GB Pound |       | US Dollar  |      | RAND  |       | GB Pound |       |
|                         | Buy        | Sell | Buy   | Sell  | Buy      | Sell  | Buy        | Sell | Buy   | Sell  | Buy      | Sell  |
| FNB                     | 9.76       | 9.96 | 0.71  | 0.72  | 12.29    | 12.54 | 9.68       | 9.87 | 0.70  | 0.72  | 12.28    | 12.53 |
| Standard Chartered Bank | 9.77       | 9.96 | 0.71  | 0.72  | 12.29    | 12.54 | 9.66       | 9.87 | 0.70  | 0.71  | 12.27    | 12.51 |
| ZANACO                  | 9.75       | 9.94 | 0.71  | 0.72  | 12.28    | 12.51 | 9.70       | 9.89 | 0.70  | 0.71  | 12.32    | 12.55 |
| Bank of Zambia          | 9.82       | 9.87 | 0.717 | 0.721 | 12.37    | 12.43 | 9.86       | 9.90 | 0.708 | 0.711 | 12.22    | 12.28 |

## Parity Prices

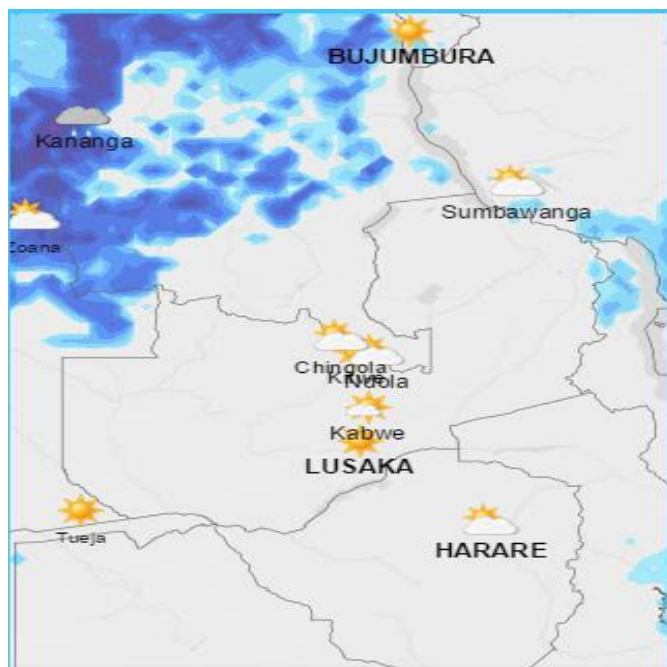
| Domestic Import Parity Prices as at 09/12/2016 |                         |         |        |        |        |
|--|-------------------------|---------|--------|--------|--------|
| US\$/ZAR=13.67 US\$/ZMW=9.9                    |                         |         |        |        |        |
| Parity Prices                                  |                         | U\$/ZMW | Maize  | Soya   | Wheat  |
| Lusaka   |                         | 9.9     | 460.95 | 655.59 | 462.45 |
| Town   | Ex-Lusaka freight (ZMW) | \$      | \$     | \$     | \$     |
| Chipata  | 275                     | 27.78   | 488.73 | 683.37 | 490.23 |
| Mkushi   | 225                     | 22.73   | 483.68 | 678.32 | 485.18 |
| Ndola  | 250                     | 25.25   | 486.20 | 680.84 | 487.70 |
| Kitwe  | 250                     | 25.25   | 486.20 | 680.84 | 487.70 |

Note: Import parity based on December delivery

| Export Parity Price Ranges (EPP) Harare-Lusaka as at 02/12/16 |              |
|---|--------------|
| Soya Beans  | 456.75-525   |
| Wheat   | 388.5-427.25 |
| Maize   | 261.7-300.75 |

## Weather Forecast

The table below summarizes the weather forecast for some selected towns for the period 13<sup>th</sup> to 19<sup>th</sup> December, 2016.



| TOWN     | WEATHER SUMMARY  |
|----------|--|
| Ndola    | <ul style="list-style-type: none"> <li>➤ Heavy rains forecast for the 13<sup>th</sup> &amp; 14<sup>th</sup> with normal rains the rest of the week.</li> <li>➤ Average daily Temps: 17-26°C</li> </ul>                                     |
| Mkushi   | <ul style="list-style-type: none"> <li>➤ Heavy rains forecast for most of the week save for the 15<sup>th</sup>&amp;16<sup>th</sup> when normal rains are anticipated.</li> <li>➤ Average daily Temps: 18-25°C</li> </ul>                  |
| Kabwe    | <ul style="list-style-type: none"> <li>➤ Heavy rains forecast for most of the week save for the 13<sup>th</sup>&amp;16<sup>th</sup> when normal rains are anticipated.</li> <li>➤ Average daily Temps:18-27°C</li> </ul>                   |
| Lusaka   | <ul style="list-style-type: none"> <li>➤ Heavy rains forecast for most of the week save for the 13<sup>th</sup>,14<sup>th</sup> &amp;16<sup>th</sup> when normal rains are anticipated.</li> <li>➤ Average daily Temps: 18-24°C</li> </ul> |
| Mazabuka | <ul style="list-style-type: none"> <li>➤ Except for the 14<sup>th</sup> &amp; 17<sup>th</sup> when normal rains are forecast, heavy rains are anticipated for the rest of the week.</li> <li>➤ Average daily Temps: 20-27°</li> </ul>      |
| Choma    | <ul style="list-style-type: none"> <li>➤ The 13<sup>th</sup> &amp; 18<sup>th</sup> are forecast to have normal rains and heavy rains anticipated the rest of the week</li> <li>➤ Average daily Temps: 18-24°C</li> </ul>                   |

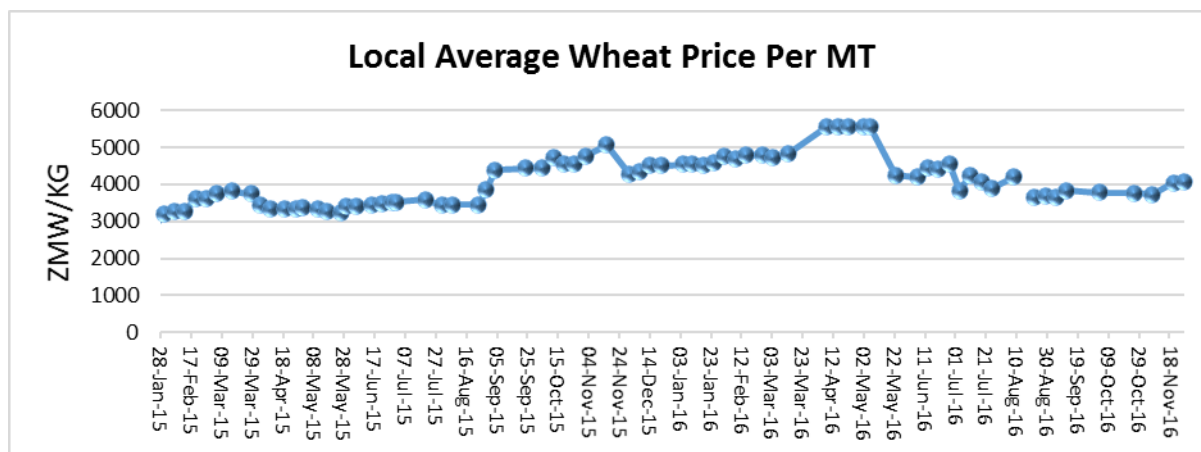
|             |  |
|-------------|--|
| Livingstone | <ul style="list-style-type: none"> <li>➤ Normal rains forecast for the 15<sup>th</sup>, 18<sup>th</sup> &amp; 19<sup>th</sup> and heavy rains the rest of the week.</li> <li>➤ Average daily Temps: 20-27°C</li> </ul>   |
| Mongu       | <ul style="list-style-type: none"> <li>➤ Normal rains forecast for the 13<sup>th</sup>, 15<sup>th</sup> &amp; 16<sup>th</sup> and heavy rains the rest of the week.</li> <li>➤ Average daily Temps:19-29°C.</li> </ul>   |
| Mansa       | <ul style="list-style-type: none"> <li>➤ Partially cloudy skies forecast for the 17<sup>th</sup>, normal rains on the 14<sup>th</sup> &amp; 18<sup>th</sup> and heavy rains the rest of the week.</li> <li>➤ Average daily Temps: 18-26°C.</li> </ul>                          |
| Kasama      | <ul style="list-style-type: none"> <li>➤ Heavy rains forecast for the 15<sup>th</sup>, 18<sup>th</sup> &amp; 19<sup>th</sup> with normal rains the rest of the week.</li> <li>➤ Average daily Temps: 17-26°C.</li> </ul>   |
| Solwezi     | <ul style="list-style-type: none"> <li>➤ Cloudy skies forecast for the 17<sup>th</sup>, heavy rains on the 14<sup>th</sup> – 15<sup>th</sup> and normal rains the rest of the week.</li> <li>➤ Average daily Temps: 16-26°C.</li> </ul>  |
| Chipata     | <ul style="list-style-type: none"> <li>➤ Partly cloudy skies forecast for the 14<sup>th</sup>, showers on the 15<sup>th</sup>, normal rains on the 16<sup>th</sup> and heavy rains from 17<sup>th</sup> – 19<sup>th</sup>.</li> <li>➤ Average daily Temps: 19-27°C.</li> </ul> |

Source: Norway meteorological Institute on 13/12/16

## Wheat

### Highlights

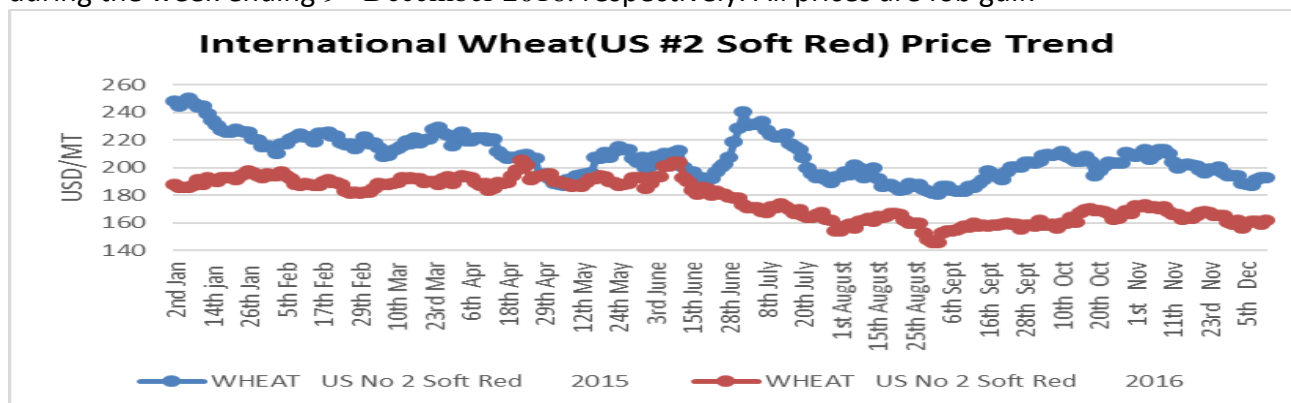
- After experiencing droughts for two consecutive seasons that led to the depletion of stocks and escalation of prices, the Indian government last week lifted its 10% wheat import duty. Meanwhile, latest estimates on the Canadian wheat crop are for a harvest of more than 31 million tons, the second highest on the country's records. It is hoped that the Canadian crop will bring in more high quality wheat on the market as despite the huge global crop, quality remains a challenge on the international market.
- The International futures price of soft red wheat for March Delivery opened trading at US\$ 152.85/ton on 12<sup>th</sup> December 2016.
- Local wheat offer prices by traders have been averaging at about US\$380/ton.



Source: ZNFU Market Price Information System

### International Price trends

The Safex international soft red and hard red wheat prices averaged US\$139.78/MT and US\$160.46/MT during the week ending 9<sup>th</sup> December 2016. respectively. All prices are fob gulf.



Source: Safex

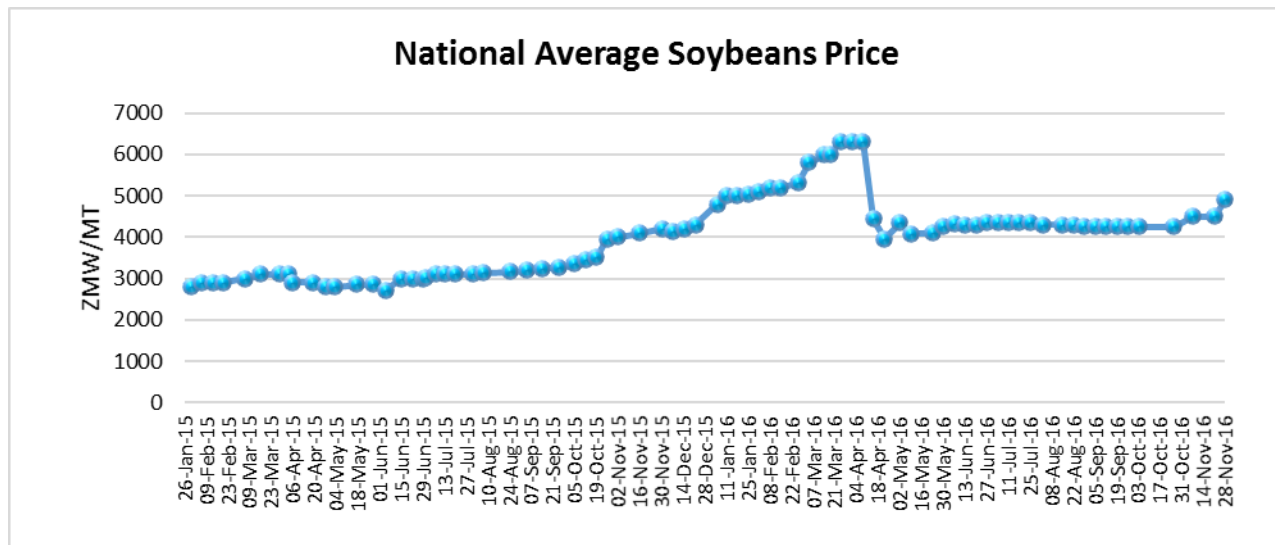
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## Soya Beans

### Highlights

- Global ending stocks of soya beans meal have been estimated at 10.77 million tons for the 2016/17 year, about 5 percent lower than the previous season's ending stocks.
- Meanwhile on the local scene, traders and processors have bemoaned the reduced export market of Zambia's soya beans meal. It is further anticipated that local offer prices of soya beans may drop for the 2016/17 crop due to a large carry over stock of the oilseed from the 2015/16 harvest.
- U.S. soybean futures on CME for March 2017 delivery opened trading at US\$386.62/ton on 12<sup>th</sup> December 2016.
- Zambia's local trader offer prices averaged US\$491/ton as at end of November 2016.



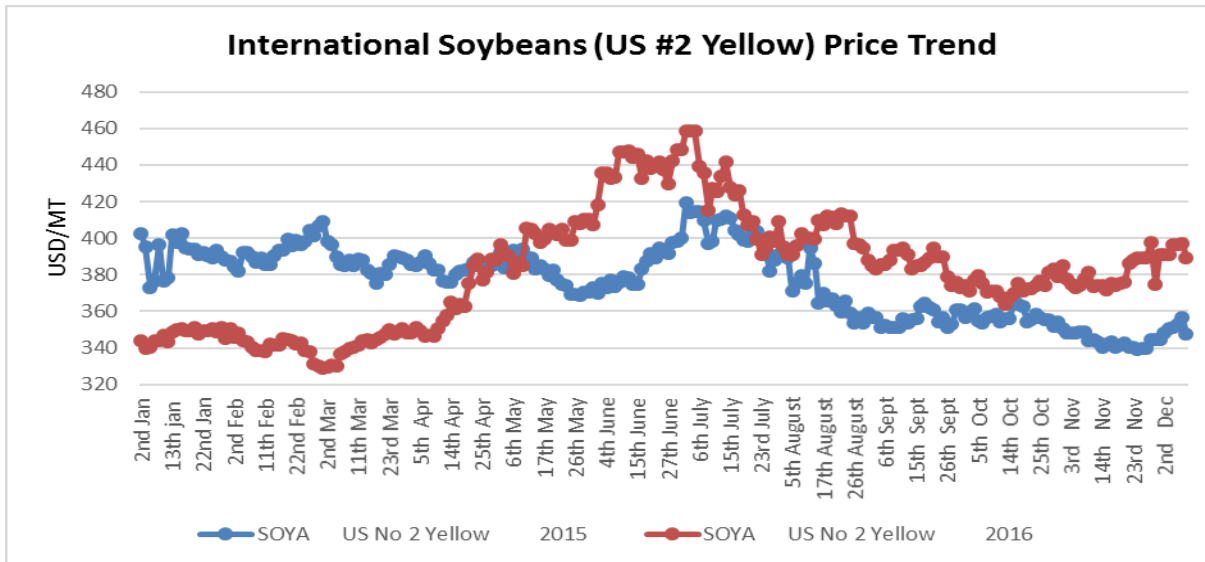
Source: ZNFU Market Price Information System

### International Price trends

International spot prices for US No. 2 yellow soya beans on Safex averaged US\$394.12/MT in the week ending 9<sup>th</sup> December 2016 posting a rise of 1.4% from the price recorded in the previous week. Prices are fob gulf.

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Source: Safex

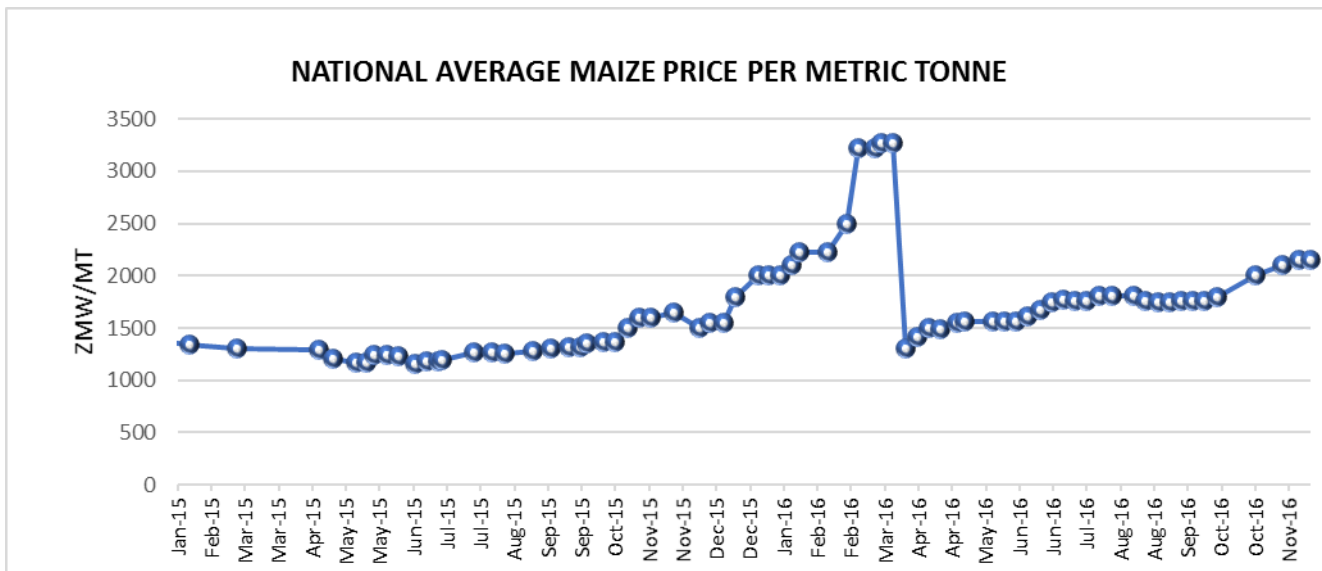
## Maize

### Highlights

- Zimbabwe is set to sign a contract with Mexico for the supply of an additional 100,000MT of maize. According to the Commercial Farmers Union of Zimbabwe, the country has since January imported over 630,000MT of maize with Mexico supplying 571,000MT of Zimbabwe’s total imports.
- Meanwhile, Zambia’s maize exports continue to be controlled with the country exporting slightly over 124,000MT formally between January and November 2016 mostly on humanitarian grounds
- U.S. maize futures on CME for March 2017 delivery opened trading at US\$141.33/ton on 12<sup>th</sup> December 2016.
- Zambia’s local trader offer prices are averaging at about US\$241/ton (~ZMW2400/ton).

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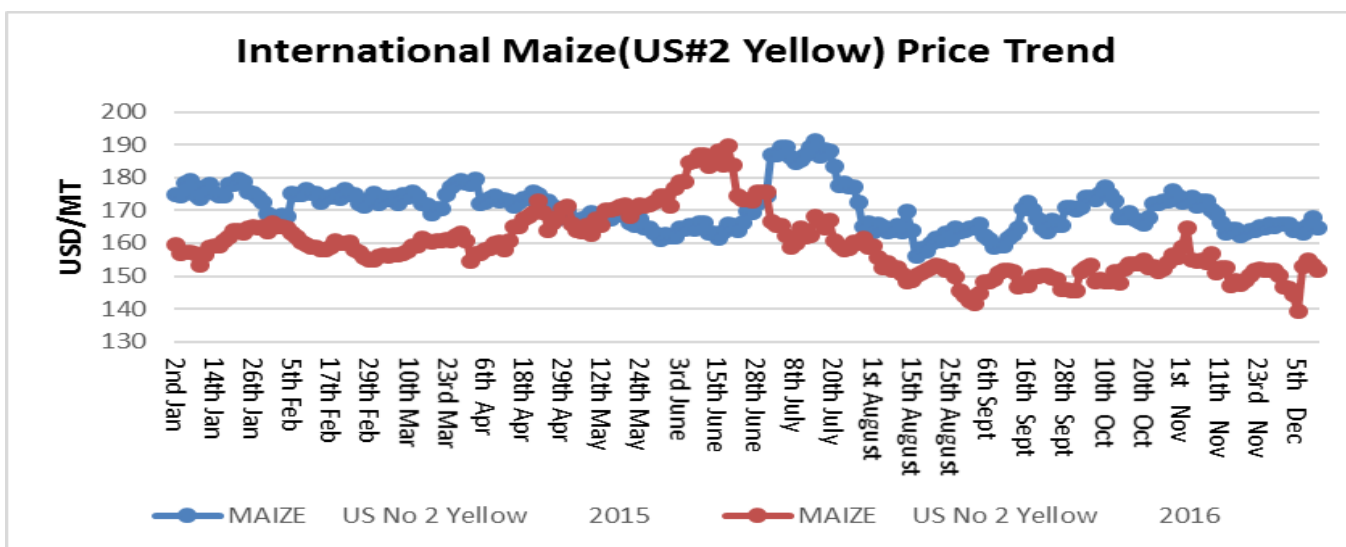




Source: ZNFU Market Price Information System

### Price trends

International maize spot prices traded at an average of US\$ 150.40/ton during the week ending 9<sup>th</sup> December 2016. All prices are fob gulf.



Source: Safex

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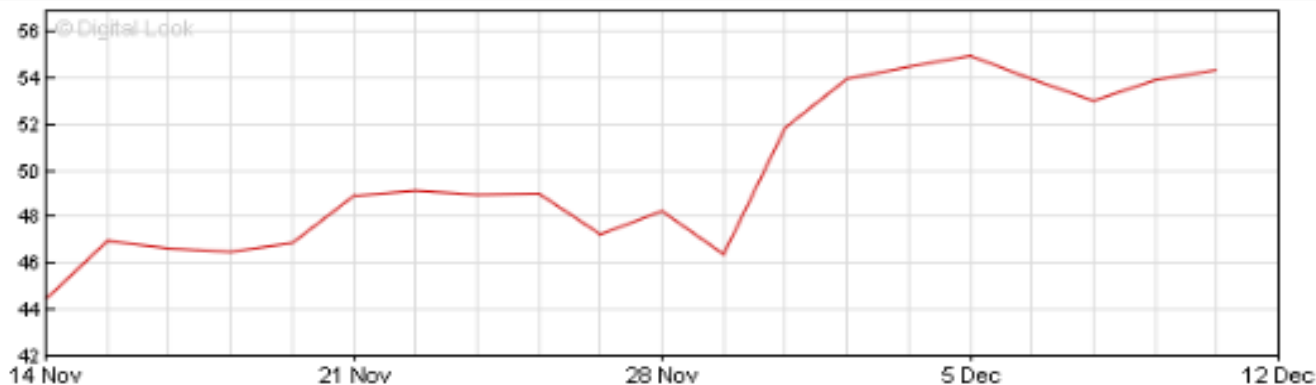




## Crude oil

- Crude oil prices have continued to be supported by OPEC's decision to cut output by 1.2million barrels per day for six months effective January 1, 2017. The current price increments are therefore mainly on speculations.
- The Dubai Mercantile exchange Oman crude oil marker price for February 2017 delivery was settled at US\$52.15/barrel on 9<sup>th</sup> December 2016.
- Brent crude oil futures were pegged at US\$56.81 per barrel at 12:11hrs CAT on 12<sup>th</sup> December 2016.

### Brent Crude Oil Futures \$/barrel



Source: BBC, 2016.

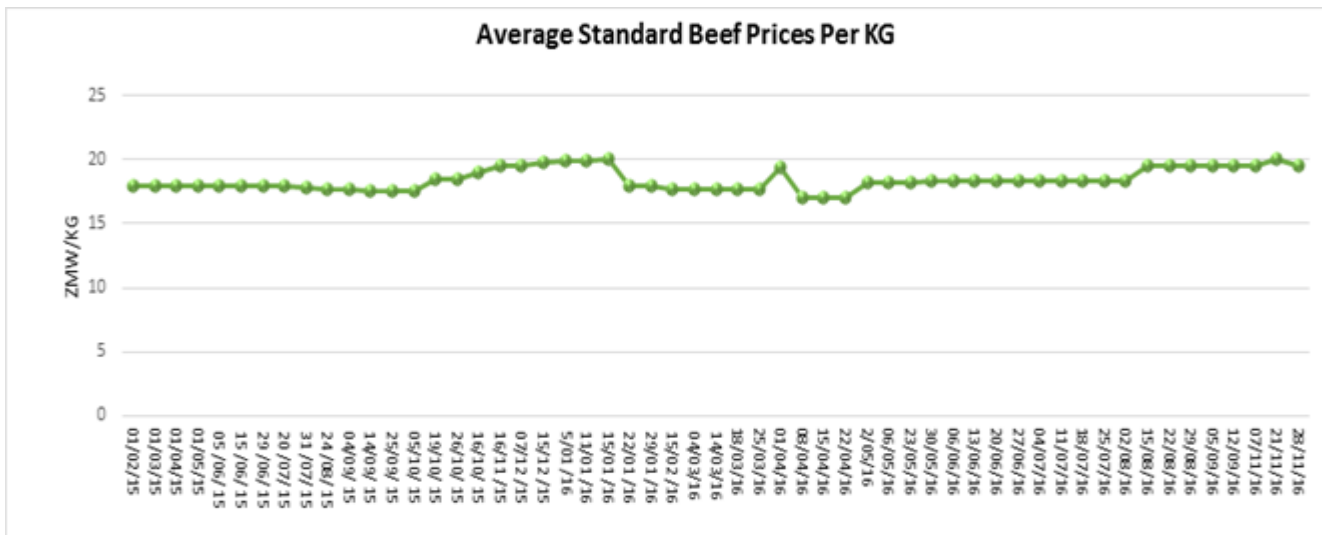
## Beef

### Highlights

- Despite Namibia claiming its cattle are TB free, South Africa has insisted that all its cattle exports to South Africa must undergo TB testing. According to South Africa's Department of Agriculture, the surveillance information Namibia had submitted to South Africa was not scientific proof of Namibia's freedom from TB.
- Namibian Grade A beef prices for the week ending 5<sup>th</sup> December 2016 were in the range of ZAR30.40-38.69/Kg. Meanwhile auction prices for weaners and heifers were about ZAR 18.21/Kg and ZAR19.18/Kg on 30<sup>th</sup> November 2016.
- National Dressed weight average beef prices are about ZMW19.5/kg.

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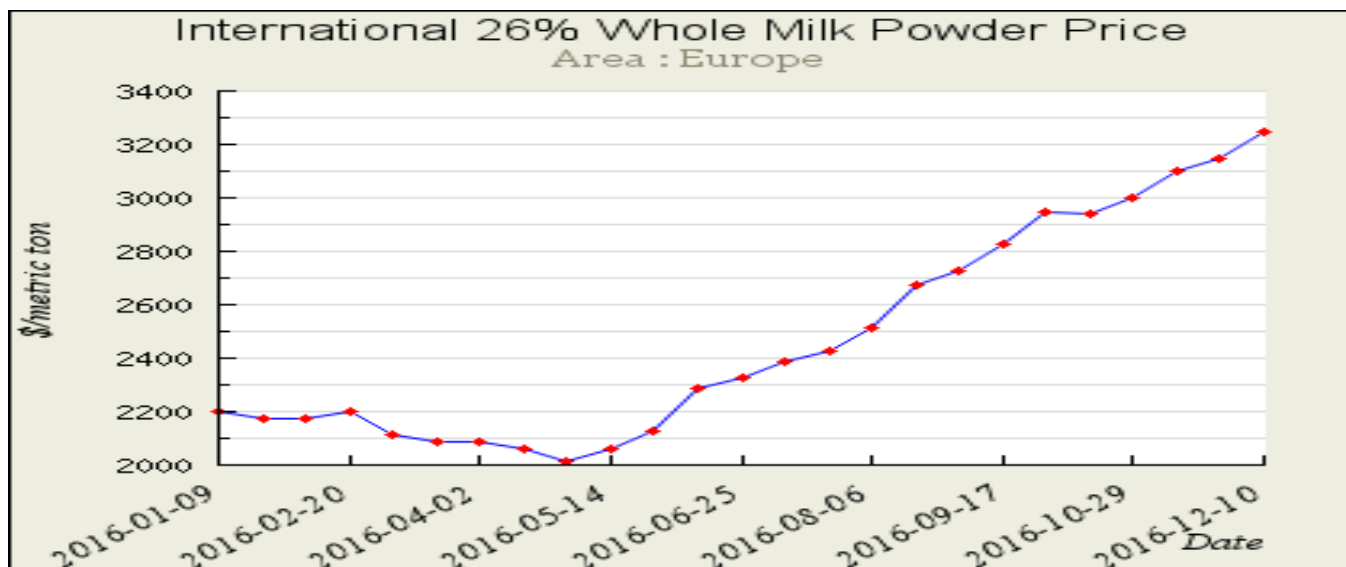




## Dairy Updates for the Week Ending 10<sup>th</sup> December 2016

### Global Whole Milk Powder Price Trends

Price of whole milk powder on the international market has continued to increase in recent weeks and reached US\$3,250 per metric ton on 10<sup>th</sup> December, 2016 indicating a 53.8% increase from US\$2,112.50 per metric ton recorded in March, 2016 as highlighted in the graph below;



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

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

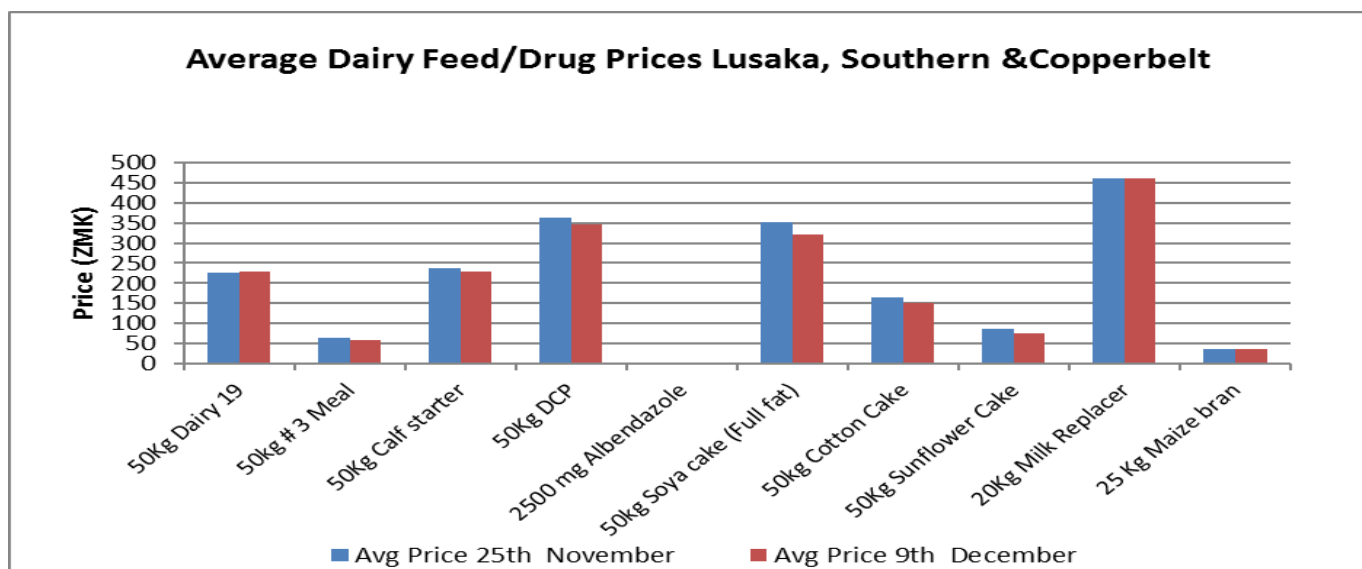
Average prices for dairy products generally slumped during the period 25<sup>th</sup> November to 9<sup>th</sup> December, 2016. Notable price adjustments were for 250 mls drinking yogurt, 175g yogurt and 500g yogurt that reduced by 4.9%, 4.8% and 6.9% respectively.

| AVERAGE DAIRY PRODUCT PRICES LUSAKA, SOUTHERN & COPPERBELT |                         |                        |        |
|--|-------------------------|------------------------|--------|
| Dairy Product  | Avg Price 25th November | Avg Price 9th December | Var(%) |
| 1Ltr Fresh Milk  | 8.99                    | 9.20                   | 2.3%   |
| 2Ltrs Fresh Milk   | 17.55                   | 18.00                  | 2.6%   |
| 500mls Fresh milk  | 4.70                    | 4.86                   | 3.4%   |
| 250mls Drinking Yogurt                                     | 4.00                    | 3.80                   | -4.9%  |
| 175g Yogurt  | 6.30                    | 6.00                   | -4.8%  |
| 500mls UHT Milk  | 7.50                    | 7.20                   | -4.0%  |
| 500g Yogurt  | 14.40                   | 13.40                  | -6.9%  |
| 500mls Drinking Yogurt                                     | 8.20                    | 8.30                   | 1.2%   |
| 250 UHT Milk   | 4.30                    | 4.30                   | 0.0%   |

Source: DAZ, 2016

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

Average dairy feed prices and that of selected drugs generally reduced during the period 25<sup>th</sup> November to 9<sup>th</sup> December, 2016. Notable price adjustments were for 50 kgs No. 3 meal, 2500 mg Albendazole, 50kg soya cake, 50kg cotton cake and 50kg Sunflower cake that reduced by 5%, 13%, 9%, 10% and 14% respectively.



Source: DAZ, 2016

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