



# THE WEEKLY AGRO WATCH



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2<sup>nd</sup> May, 2017 Vol.4. No.10

## Highlights

- No rainfall activity in most of the selected parts of the country
- Annual inflation rate for April 2017 same as March 2017
- Australian 2017 wheat crop forecast to reach 24 million tonnes
- Soybeans hit 3-week high on dollar weakness
- South Africa is set to harvest the second largest maize crop on record
- Zimbabwe anticipating 'bumper harvest' of maize

## Exchange Rates

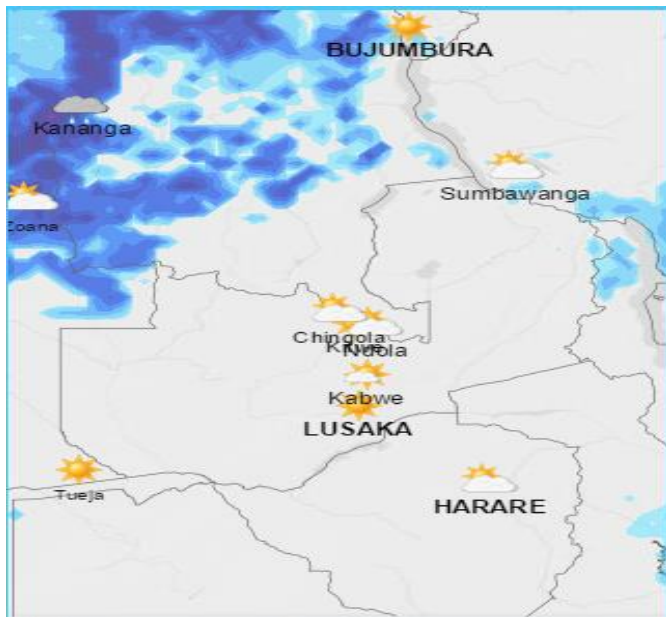
CURRENCY	02/05/2017						24/04/2017					
	US Dollar		RAND		GB Pound		US Dollar		RAND		GB Pound	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
<b>FNB</b>	9.2256	9.4248	0.6904	0.7086	11.8678	12.1764	9.2603	9.4600	0.7101	0.7290	11.8099	12.1149
<b>ZANACO</b>	9.2372	9.4128	0.6916	0.7047	11.9151	12.1415	9.3326	9.5174	0.7184	0.7326	11.9383	12.1746
<b>Bank of</b>	9.3099	9.3599	0.6997	0.7046	12.0145	12.0818	9.3727	9.4220	0.7210	0.7253	11.9820	12.0480

## Parity Prices

Domestic Import Parity Prices as at 02/05/2017					
US\$/ZAR=13.29 US\$/ZMW=9.42					
Parity Prices		U\$/ZMW	Maize	Soya	Wheat
Lusaka		<b>9.42</b>	<b>316.57</b>	<b>518.85</b>	<b>528.02</b>
Town	Ex-Lusaka freight (ZMW)	\$	\$	\$	\$
Chipata	275	29.18	345.75	548.03	557.20
Mkushi	225	23.87	340.44	542.72	551.89
Ndola	250	26.53	343.10	545.38	554.55
Kitwe	250	26.53	343.10	545.38	554.55

## Weather Forecast

The table below summarizes the weather forecast for some selected towns for the period 3<sup>rd</sup> to 9<sup>th</sup> May 2017.



TOWN	WEATHER SUMMARY
Ndola	<ul style="list-style-type: none"> <li>➤ Light rain showers forecast on 9<sup>th</sup>.</li> <li>➤ Clear skies, fair to partly cloudy skies are expected, with parts of the 6<sup>th</sup> and 7<sup>th</sup> being cloudy.</li> <li>➤ Average daily Temps: 14-27°C</li> </ul>
Mkushi	<ul style="list-style-type: none"> <li>➤ No rainfall activity forecast for the whole period.</li> <li>➤ Clear skies, partly cloudy to cloudy skies are expected the whole period.</li> <li>➤ Average daily Temps: 13-25°C</li> </ul>
Kabwe	<ul style="list-style-type: none"> <li>➤ No rainfall activity forecast for the whole period.</li> <li>➤ Clear to fair skies are expected most of the period.</li> <li>➤ Average daily Temps: 14-26°C</li> </ul>
Lusaka	<ul style="list-style-type: none"> <li>➤ No rainfall activity forecast for the whole period.</li> <li>➤ Clear to partly cloudy skies are expected for the whole period.</li> <li>➤ Average daily Temps: 15-24°C</li> </ul>

Mazabuka	<ul style="list-style-type: none"> <li>➤ No rainfall activity forecast for the period.</li> <li>➤ Clear skies, fair to partly cloudy skies are expected for the whole of the period.</li> <li>➤ Average daily Temps: 16-26°C</li> </ul>
Choma	<ul style="list-style-type: none"> <li>➤ No rainfall activity forecast for the whole period.</li> <li>➤ Clear to partly cloudy skies are expected for the whole period.</li> <li>➤ Average daily Temps: 14-24°C</li> </ul>
Livingstone	<ul style="list-style-type: none"> <li>➤ No rainfall activity forecast for the whole period.</li> <li>➤ Clear skies are expected for the whole period with skies being partly cloudy on the 3<sup>rd</sup>.</li> <li>➤ Average daily Temps: 13-26°C</li> </ul>
Mongu	<ul style="list-style-type: none"> <li>➤ No rainfall activity forecast for the whole period.</li> <li>➤ Clear, fair to partly cloudy skies are expected for the entire period.</li> <li>➤ Average daily Temps: 16-29°C.</li> </ul>
Mansa	<ul style="list-style-type: none"> <li>➤ No rainfall activity forecast for the whole period.</li> <li>➤ Clear, fair to partly cloudy skies are expected for the entire period.</li> <li>➤ Average daily Temps: 15-27°C.</li> </ul>
Kasama	<ul style="list-style-type: none"> <li>➤ Rain showers forecast on 9<sup>th</sup>.</li> <li>➤ Clear skies, partly cloudy to cloudy skies are expected the whole period.</li> <li>➤ Average daily Temps: 16-24°C.</li> </ul>
Solwezi	<ul style="list-style-type: none"> <li>➤ No rainfall activity forecast for the whole period.</li> </ul>

- The rest of the period is expected to have clear, fair to partly cloudy skies except for parts of 9<sup>th</sup> being cloudy.
- Average daily Temps: 15-26°C.

- Chipata
- No rainfall activity forecast for the whole period.
  - The whole period is expected to have clear skies, fair skies, partly cloudy to cloudy skies.
  - Average daily Temps: 16-26°C.

*Source: Norway meteorological Institute on 02/05/17*

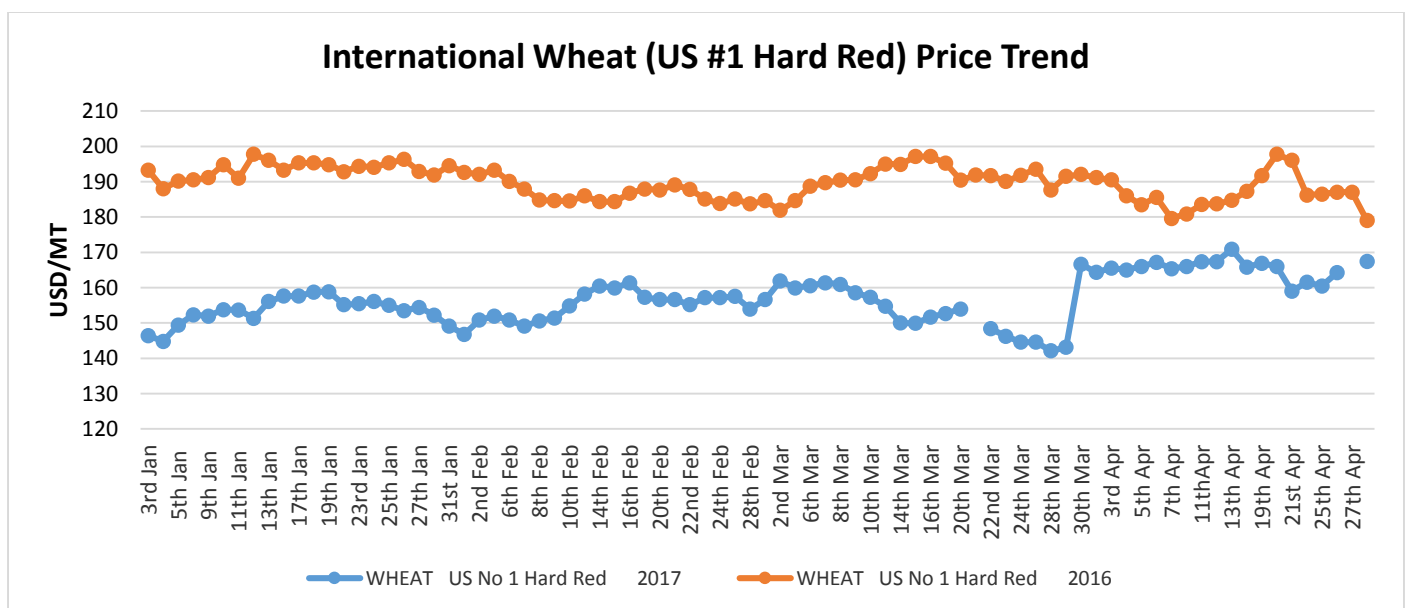
## Wheat

### Highlights

- Wheat production in India is set to touch a record 98 million tonnes (MT) in the ongoing 2016-17 crop year ending June, on account of higher yields. In its second estimate, the agriculture ministry had pegged a record wheat output of 96.64 MT for the current crop year (July-June) as against the actual output of 92.29 MT last year. (Source: Blackseagrain)
- Australia's 2017 wheat crop is forecast to be 24 million tonnes, down from a record 35Mt in 2016, due to depressed cereal prices and an autumn which is forecast to be drier and warmer than average, according to the latest USDA Grain and Feed Annual report. (Source: Blackseagrain)
- Over the reporting week (April 13-21) CBOT wheat prices slumped -6.23%, reports [UkrAgroConsult](#). Price reduction in Chicago was triggered by the weather factor. Rains in winter wheat producing regions improved crop conditions. (Source: Blackseagrain)

### International Price trends

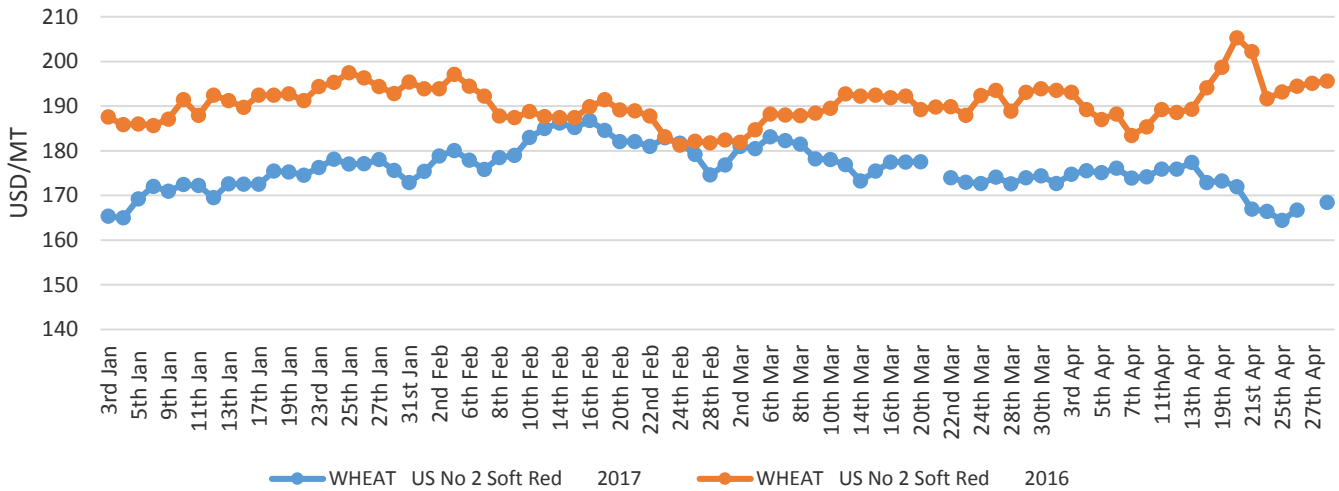
The SAFEX international soft red and hard red wheat prices averaged US\$168.47/MT and US\$ 167.46/MT the week ending 28<sup>th</sup> April 2017 respectively. All prices are fob gulf.



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## International Wheat(US #2 Soft Red) Price Trend



Source: SAFEX

## Soya Beans

### Highlights

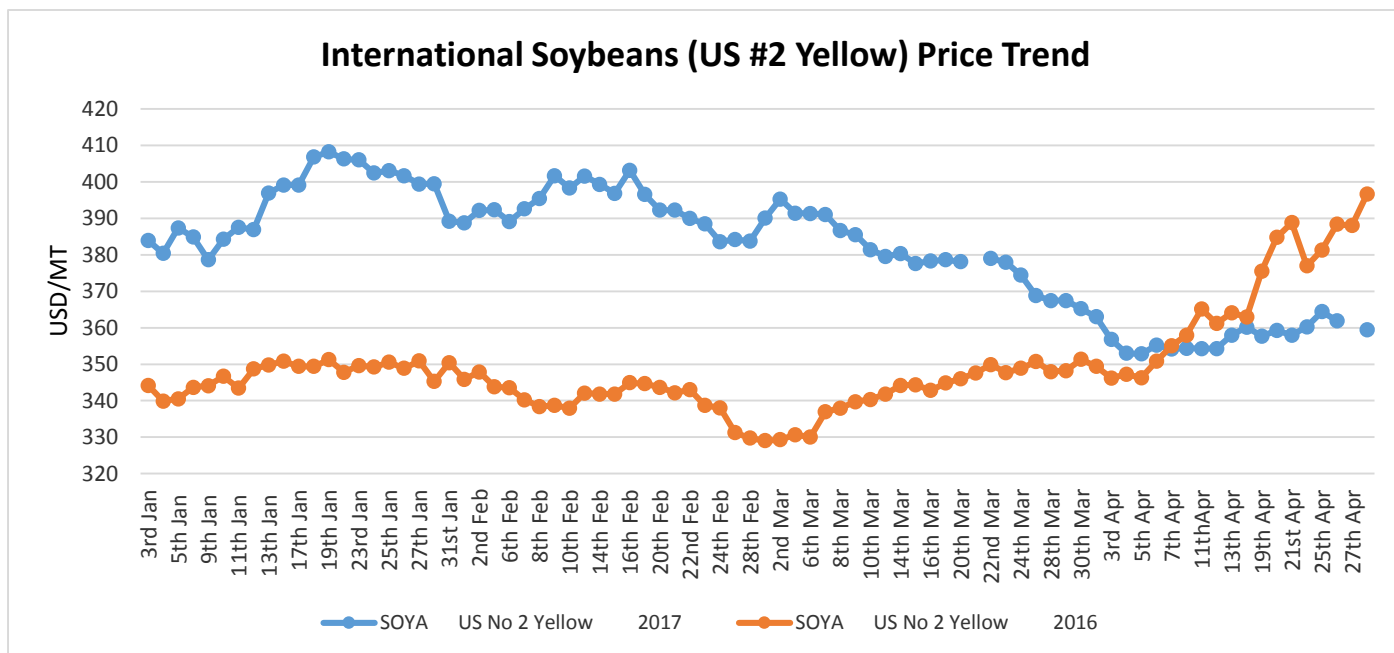
- Rabobank (a food and agriculture financing and sustainability-oriented bank) slashed its price forecast for soybeans, citing ample crop in South America and expectations of record US sowings. The bank forecast soybean prices to average \$9.30 a bushel in the last 3 months of 2017, compared to the \$10.10 a bushel average forecast last month. November soybean futures are currently trading at around \$9.60 a bushel. And Rabobank suggested that Chinese soybean buying could slow until the start of July, as buyers wait for a drop in the country's agricultural import tariff to 11 from 13%. (Source: Agrimoney)
- South Africa will potentially harvest the biggest soybean crop on record this season. This comes after the National Crop Estimate Committee (CEC) revised up its production estimates by 6% from the previous March estimate to 1.23 million tonnes. This is due to increased area planted, as well as expected higher yields. (Source: Agbiz)
- CBOT soybeans lost ground on Tuesday with the market falling from last session's three-week high as rapid U.S. planting weighed on the market. CBOT's most-active soybean contract fell 0.4 percent to \$9.68 a bushel. It touched \$9.72-1/2 a bushel on Monday, highest since March 29. (Source: The News)

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## International Price trends

International spot prices for US No. 2 yellow soya beans on SAFEX averaged US\$ 359.44/MT in the week ending 28<sup>th</sup> April 2017. Prices are fob gulf.



Source: SAFEX

## Maize

### Highlights

- Corn imports to China in March plunged 99.1 % from a year ago to their lowest since September 2013, customs data showed on Tuesday, as buying dried up after the gap between international prices and the domestic market closed. Imports last month dropped to 5,262 tonnes, data from the General Administration of Customs showed. (Source: Reuters)
- South Africa is set to harvest the second largest maize crop on record, estimated at 14.5 million tonnes. This is 87% higher than the previous season's crop. This is due to an increase in area plantings, as well as expected higher yields, following favourable weather conditions. White and yellow maize production are estimated at 8.6 million tonnes and 5.9 million tonnes, respectively. (Source: Agbiz)
- After years of relying on food handouts, Zimbabwe expects this year to have a substantial maize harvest. But the government must make the crop more attractive to farmers to further ease the perennial hunger problem. For the first time in almost two decades, Zimbabwe will produce enough maize to be able to export the grain. (Source: relief web)

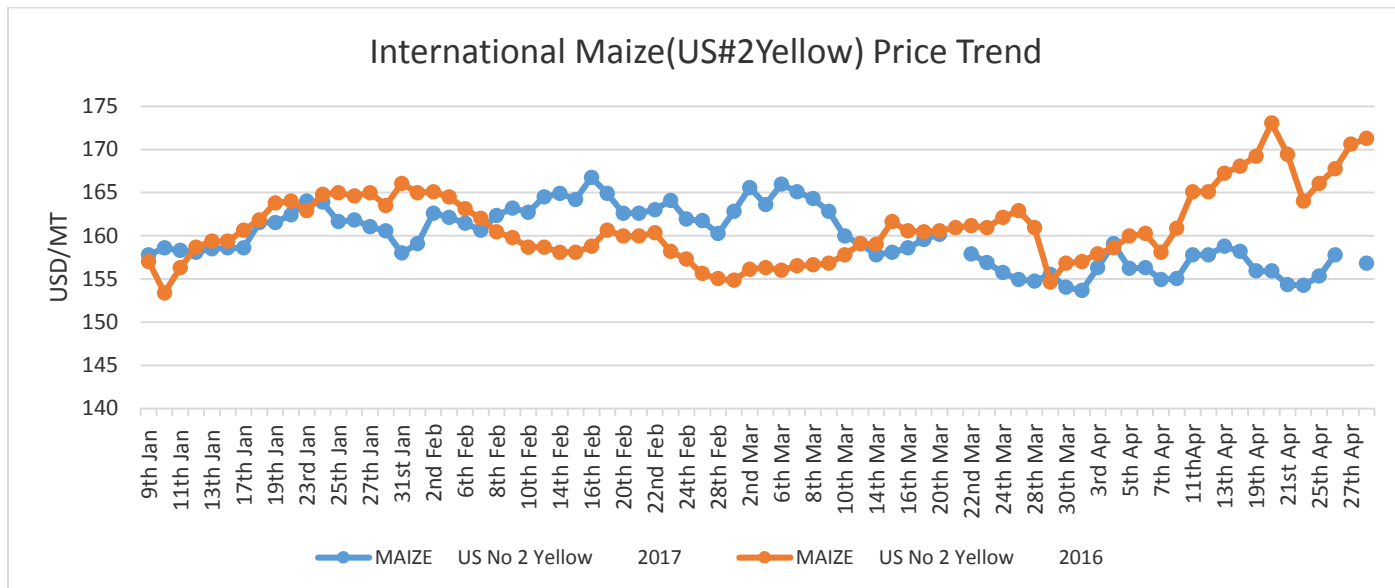
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- World corn production reached a new high of 1,054 million tonnes (MT) in 2016-17, thanks to a rebound in harvest in Argentina and Brazil. Brazilian corn harvests this year is 40% higher than in the previous year and has set a new record of 93.5 MT. World corn trade will remain largely unchanged from last year's record of 145 MT. (Source: Business line)

### International Price trends

International maize spot prices traded at an average of US\$ 156.81/ton during the week ending 28<sup>th</sup> April 2017. All prices are fob gulf.



Source: SAFEX

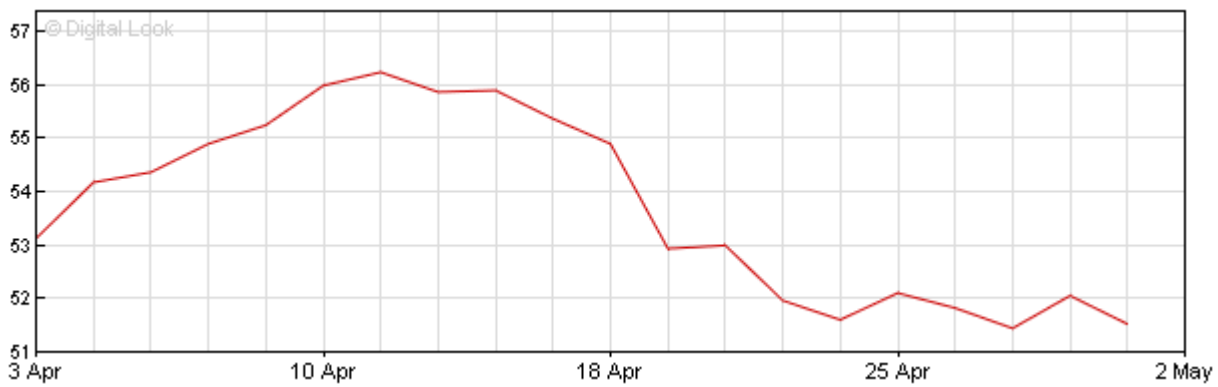
### Crude oil

#### Highlights

- Oil prices fell on Thursday after news that two key oilfields in Libya had restarted, pumping crude for export into an already bloated market. Benchmark Brent crude fell \$1.14 a barrel to a low of \$50.68 before recovering slightly to trade around \$50.85 by 1220 GMT. The contract has fallen more than 10 percent from this month's peak. U.S. light crude oil hit a low of \$48.51, down \$1.11 a barrel on the day. (Source: CNBC)
- Brent Crude oil reduced by 1.2% to reach US\$51.54 per barrel as of 2<sup>nd</sup> May 2017.

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Source: BBC

## Beef

### Highlights

- The SAFEX beef market saw another quiet week, typified by lower traded volumes. The price remained unchanged from the previous week's levels at R46.00 per kilogramme. Despite the aforementioned, the market sentiment remains bullish due to easing slaughter activity, as farmers continue to restock their herds after a drought spell. (Source: Agbiz)

## Annual Inflation Rate – April 2017

### Highlights

The CPI for food and non-food commodities for the month of April were 194.09 and 194.93 respectively. The CPI for all items for the month of April was at 194.48 while the year on year inflation rate for April 2017 remained the same as last month at 6.7%. This means that prices on average increased by 6.7% between April 2016 and April 2017. Lusaka province made the highest contribution to last months' inflation rate with 1.9% followed by Eastern and Southern provinces with 1.1%. Western province had the lowest contribution of 0.1%.

The annual food inflation rate for April 2017 recorded at 6.1% compared to the 6.7% recorded in March 2017. This represents a 0.6% decrease. This annual food inflation rate decrease is mainly attributed to price changes for cereals (i.e. Breakfast mealie meal, roller mealie meal and maize grain), vegetables and fruits. The annual non-food inflation rate for April 2017 was recorded at 7.5% from 6.6% recorded in March 2017. This shows an increase of 0.9% which can be attributed to transport. This increase is mainly attributed to price changes for purchase of motor vehicles.

Of the total 0.4% monthly inflation rate recorded in April 2017, Food and Non-alcoholic beverages accounted for 0.1% while non-food items accounted for the 0.3%. Of the total 6.7% annual inflation rate for April 2017, food and Non-alcoholic beverages accounted for 3.3% while non-food items accounted for a total of 3.4%.

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