



Livestock & Meat Advisory Council

Exhibition Park, Samora Machel Ave West, P O Box BE 209, Belvedere, Harare
Phone: (024) 2756 600, 2772 915, 2777 391 **Fax:** 774 800 **Email:** admin@lit.co.zw

Livestock Market Update

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Executive Summary

The Livestock and Meat Advisory Council, inaugurated as the Meat Advisory Council, was formed at a meeting held at the Ministry of Lands, Agriculture and Water Development on 2nd December 1994. The aims and objectives of the Advisory Council “shall be to protect, promote and further the interests of those persons engaged in the Livestock and Meat Industry in Zimbabwe, to further the promotion and development of a sound, healthy and economically viable Livestock and Meat Industry...”

The Council meets to discuss and deliberate upon issues that affect the livestock industry. It draws together representatives of its allied Associations to create partnerships for lobbying and advocacy to ensure a viable and sound livestock and meat industry.

Representative bodies that have attended and participated in the affairs of Council in 2018 include the Department of Livestock and Veterinary Services, Department of Research and Specialist Services and Zimbabwe Republic Police Anti-Stocktheft Unit. Farmer’s Unions, Auctioneers, Abattoirs, Dairy and Beef cattle, Pigs, Poultry, Sheep and Goats, Stockfeeds, Leather, Livestock Identification Trust, Zimbabwe Herd Book and Bankers have attended meetings and supported Council activities.

Preamble

The Council takes pleasure in presenting its’ review of the livestock sector for 2018. They are drawn from quarterly Returns from the poultry and stockfeed sector as well as from trade and data statistics from Zimbabwe National Statistical Agency, Department of Crop and Livestock, Dairy Services and from various reports that are received by the Secretariat.

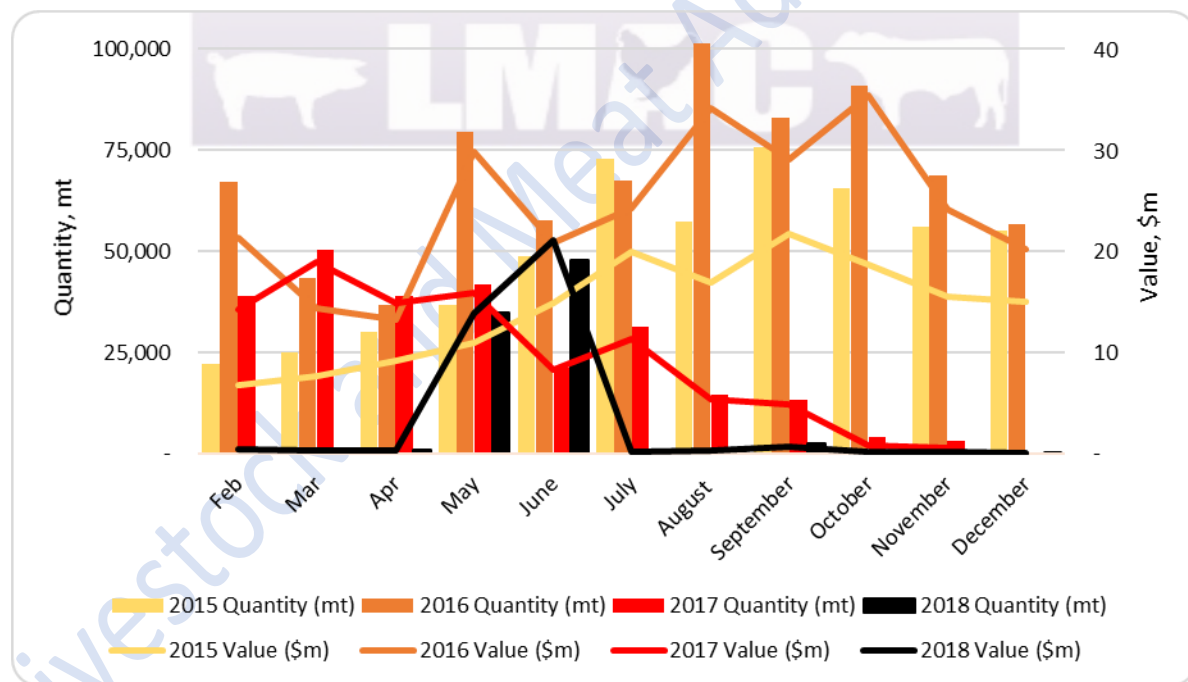
1 Stockfeed Sector

Maize

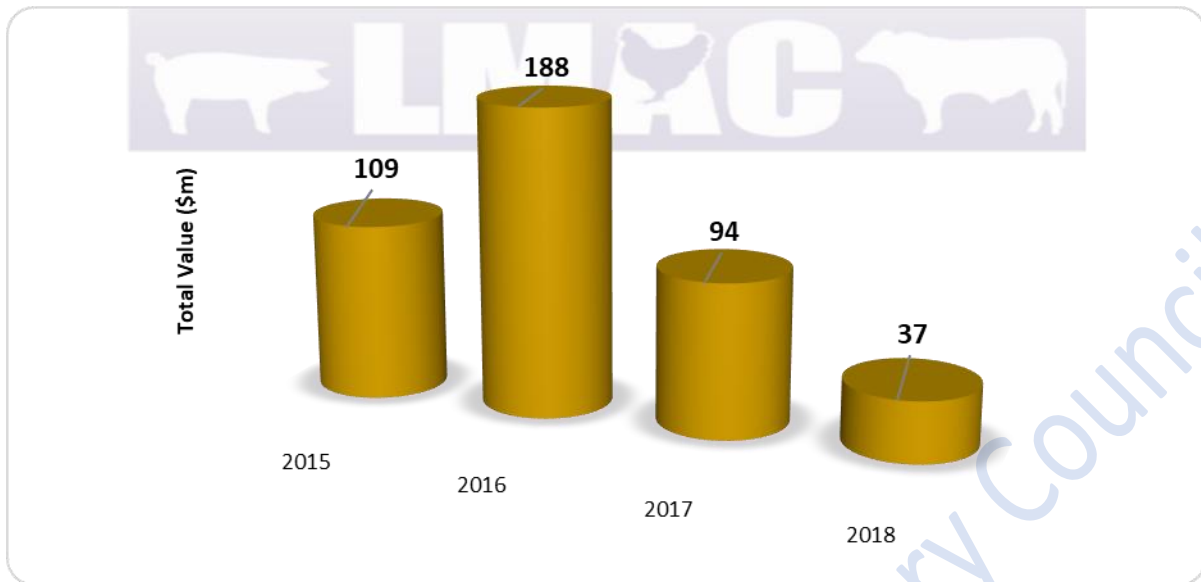
The maize farming season for 2017/2018 produced a significant crop estimated to be in the region of 2.2million mt. As at November 2018, the Grain Marketing Board (GMB) reported maize receipts of 1.1 million mt since April of which 318,673mt was contracted under Command Agriculture. Total stock levels in November at GMB, including carryover stocks, were estimated at 1.3million mt.

Imports

In the eleven months to November 2018, 88, 649mt of maize worth approximately \$37.6million was imported at an average price of \$424/mt. This represents a decline of 71% and 67% over the corresponding period in 2017 in quantity and value, respectively and the high level of local maize production curtailed imports.

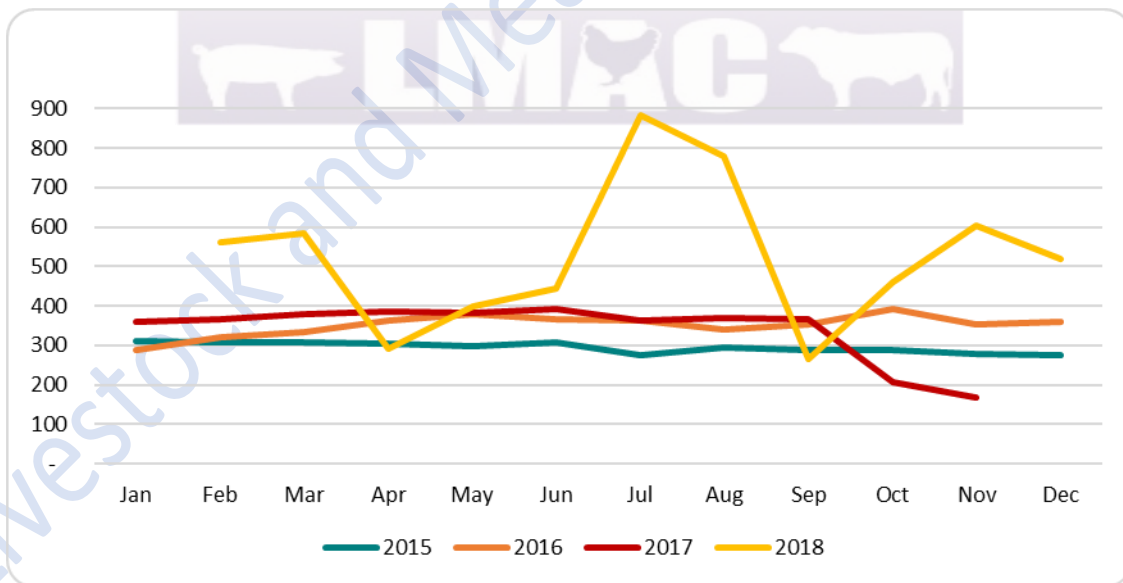


Monthly Maize Imports, 2015 – 2018



Total Value (\$m) of Maize Imports, 2015 – 2018

Some maize was imported from South Africa while the rest was from Mexico, Zambia, Mauritius, United Kingdom, Russia and Mozambique and price differentials over the course of the year attest to the different source countries.



Average Maize Import Price (US\$/mt), 2015 – 2018

2018/2019 Maize Season

The country is expected to experience erratic rainfall in the 2018/19 agricultural season according to regional climate experts. This, together with reduced support for government funded programs such as Command Agriculture, is likely to reduce maize production to between only 800,000 and 1.2million mt. Zimbabwe requires 1.5million mt per annum for both human and livestock consumption.

The stock levels and current season production is expected to be sufficient for requirements in 2019, although maize imports may be required in the last quarter of the year.

Maize in the Region

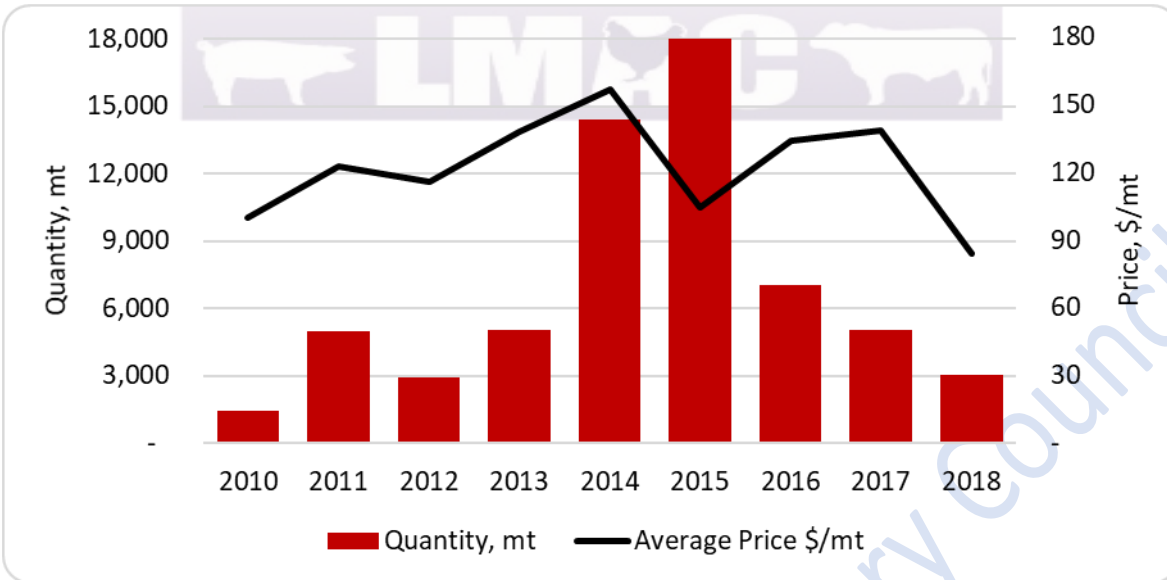
Zambia produced an estimated 2.6million mt of maize in the 2017/2018 season. However, the yield in the 2018/2019 season is expected to be reduced on the back of many weeks of below-average rainfall to 2.4million mt. As at December 2018, stocks were estimated to be at 770,000mt and with national annual consumption standing at 2.5million mt, imports are not expected to be prioritized. An administrative requirement has been established to monitor the exports of maize.

Extended dry weather in Angola, Namibia, southern Zambia, Botswana, Zimbabwe and South Africa is also likely to affect maize crop yields.

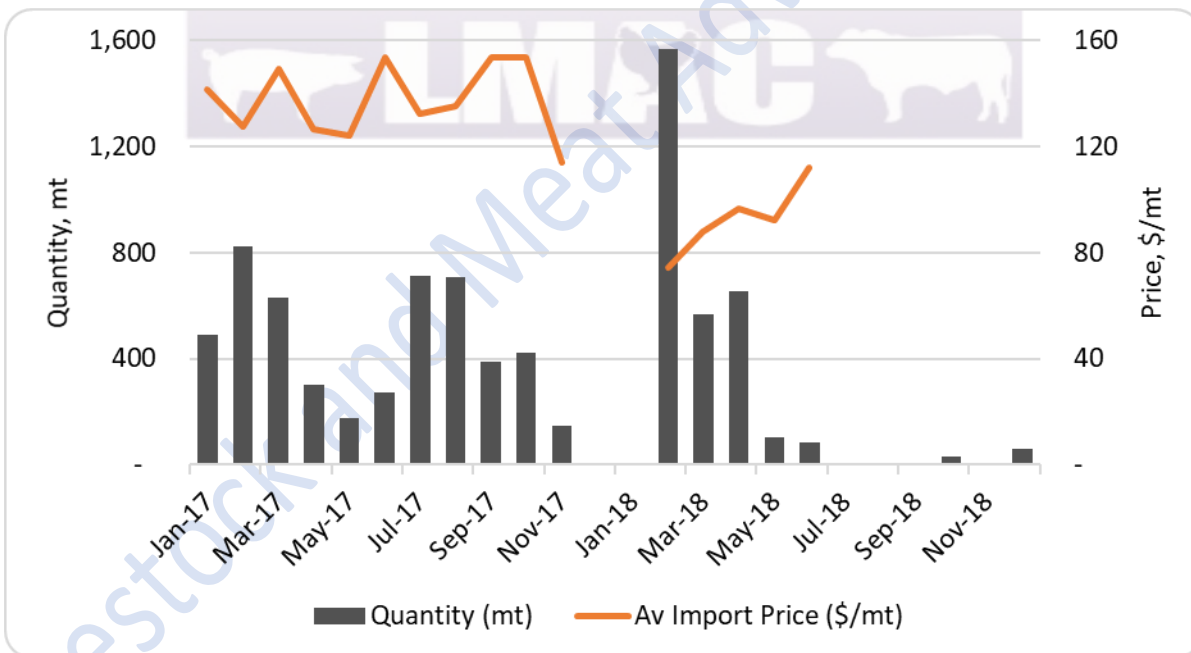
Malawi produced an estimated 3.5million mt of maize in the 2017/2018 season and the harvest in the 2018/2019 will also be reduced as a result of uneven rainfall patterns in maize growing regions.

Maize Bran

Total imports for the eleven months to December stood at 3,070mt, a decline of 39% over the same period in 2017. The average price decreased from \$138/mt to \$84/mt, also a decrease of 39%.

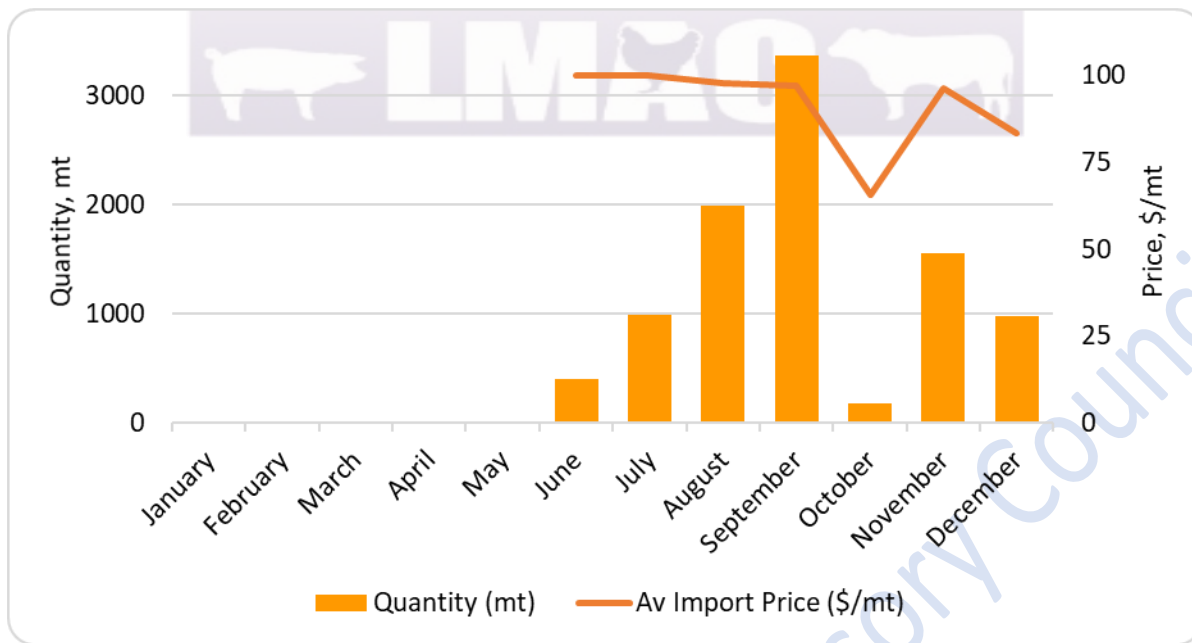


Annual Maize Bran Imports, 2010 – 2018



Monthly Maize Bran Imports, 2017 and 2018

In 2018, 9,450mt of maize bran was exported at a total value of \$901,922 (average price of \$95/mt). In 2017, total exports were 1.5mt for a total of \$240.

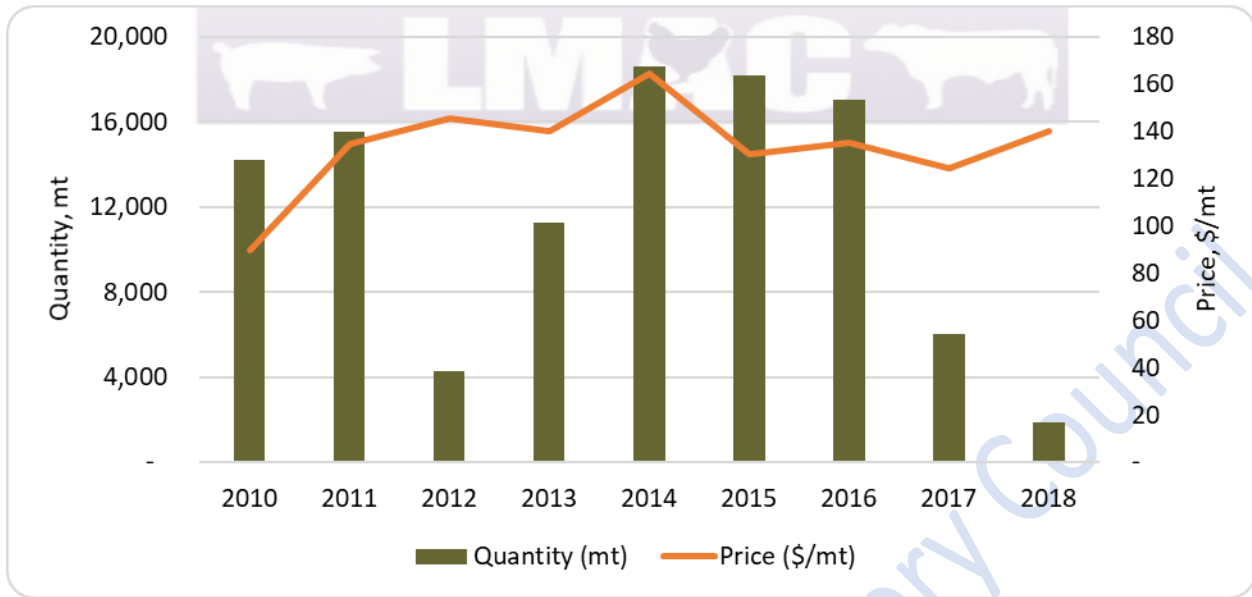


Monthly Exports of Maize Bran, 2018

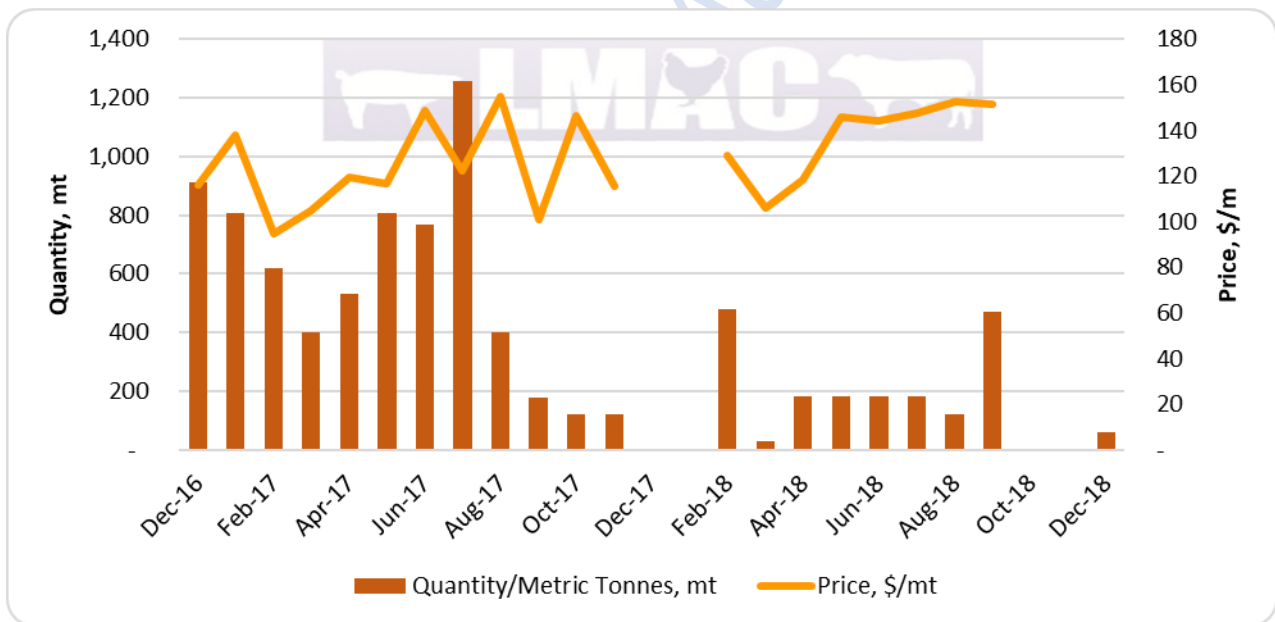
Domestic market supply conditions have been erratic over the course of the year due to the increased incentive to export maize bran to raise Nostro liquidity as opposed to satisfying the domestic market and local demand for maize bran needs to be better coordinated.

Wheat Bran

In the eleven months to December 2018, wheat bran imports amounted to 1,878mt, declines of 69% and 90% over 2017 and average imports for 2014 to 2016, respectively. The collapse in imports is driven by the difficulties surrounding the acquisition of nostro funding and the high crop yield in the 2017/2018 season. The average price rose by 13% from \$124/mt to \$140/mt.

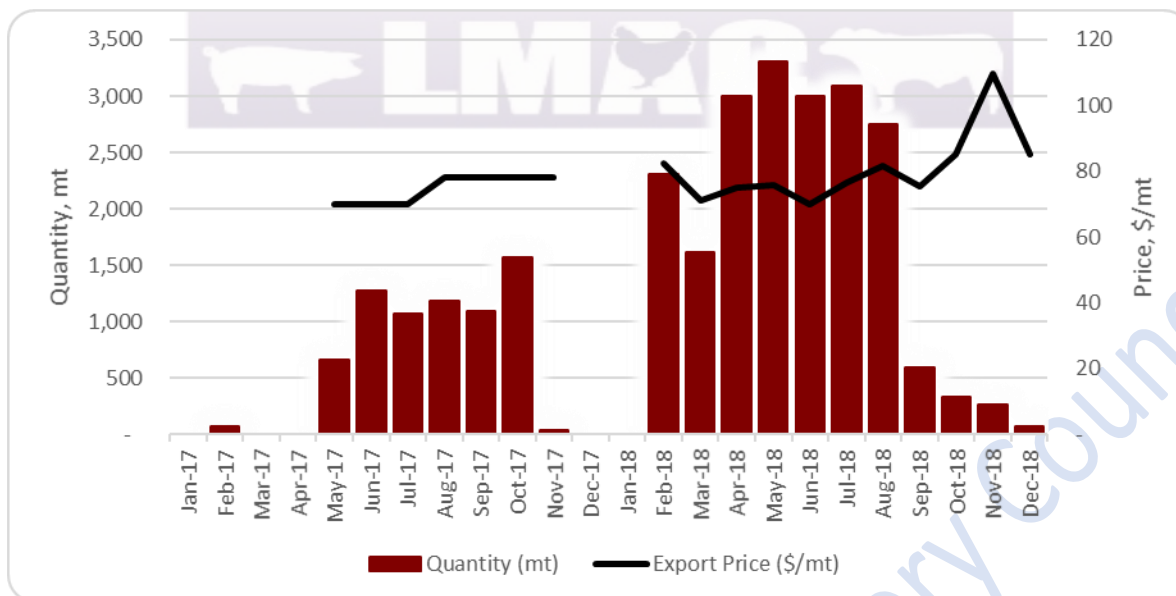


Annual Wheat Bran Imports, 2010 – 2018



Monthly Imports of Wheat Bran, 2016 – 2018

Total wheat exports in 2018 from February to December totaled 20,327mt at a value of \$1.6million, an increase of 193% for the eleven months to November 2017 of 6,937mt. Local supply of wheat bran has been negatively affected as producers are exporting to generate much needed foreign currency.

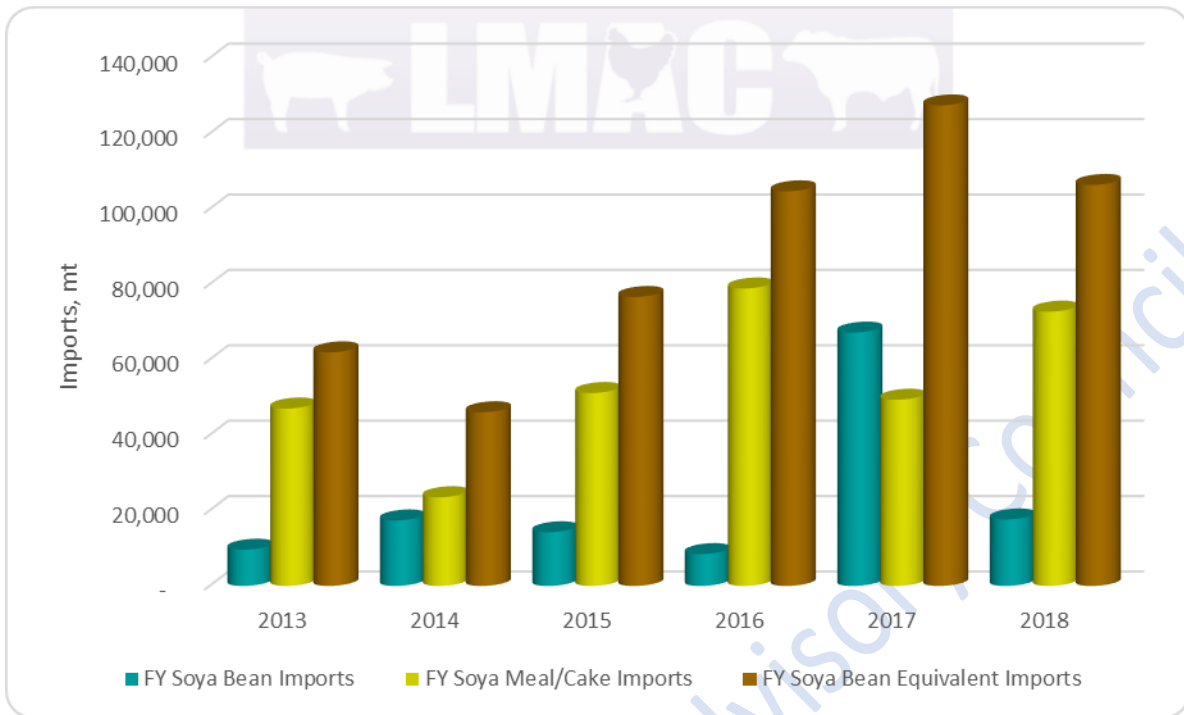


Exports of Wheat Bran, 2017 and 2018

Soyabean and Soyabean Derivatives

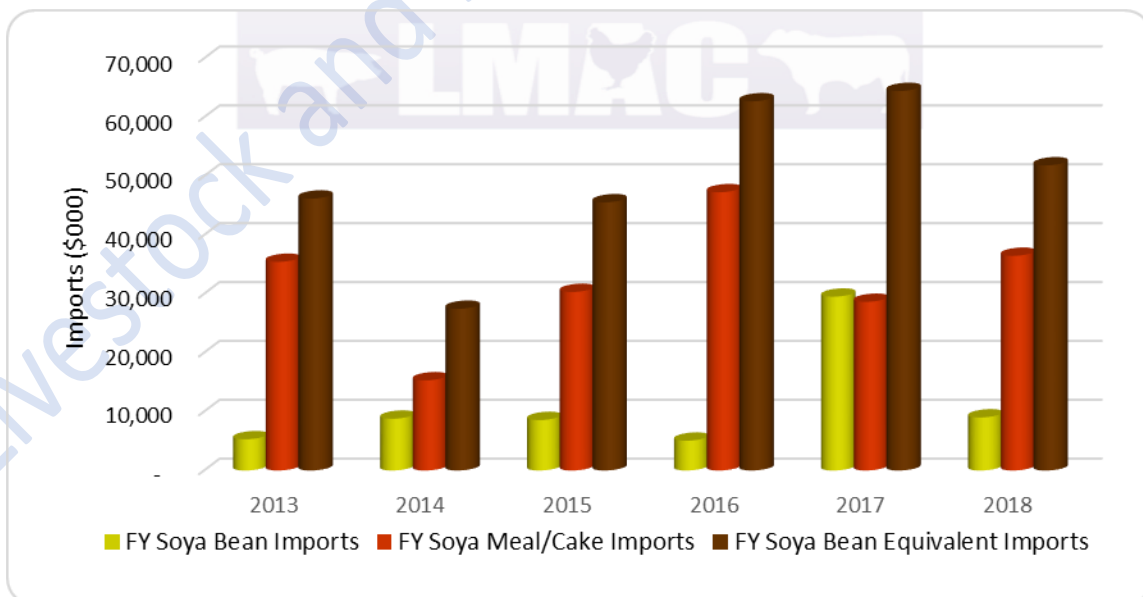
Total imports of soyabean equivalent for the eleven months to December 2018 amounted to 106,362mt, a reduction of 17% compared with the period January to November 2017. Traditionally, the trend has been to import soyameal and cake rather than raw soyabeans, but traders were encouraged to import soyabeans for local processing and value addition and in 2017, imports of soyabeans grew by 695% to 67,197mt when compared with 2016. However, in 2018, foreign currency bottlenecks affected the supply of soyabeans and imports declined by 74%.

The annual usage of soyabean equivalent by the stockfeed industry is approximately 130 – 150,000mt and with local production between 15 – 30,000mt in the recent past, the import requirement remains significant.



Imports of Soya (mt), 2013 – 2018

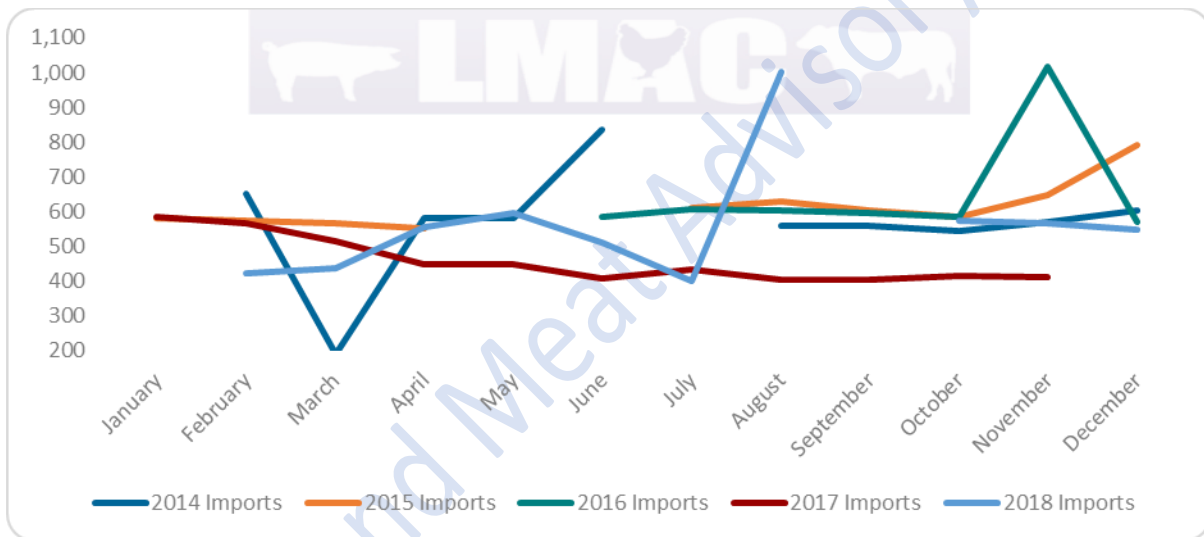
Imports of soya bean equivalent between February and November 2018 were 106,362mt at a value of \$51.8 million, a decline of 20% and 24% respectively over the eleven months to November 2017 of 127,442mt valued at \$64.5million.



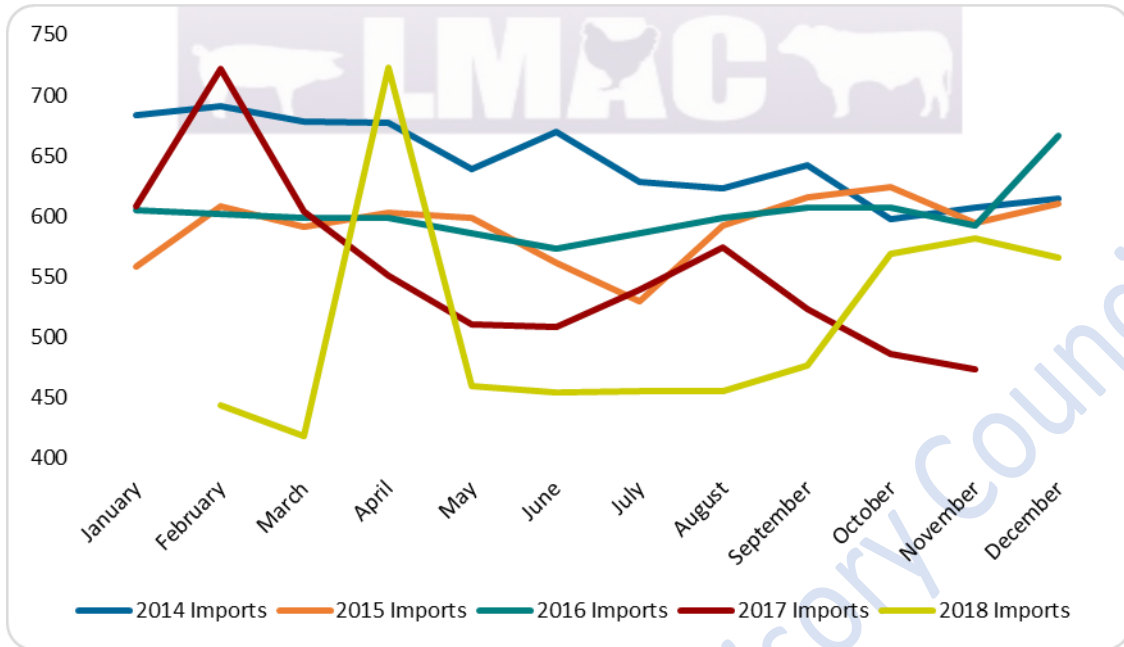
Aggregated Soya Imports (\$000), 2013 – 2018

Import prices of soya meal in 2018 displayed a high degree of volatility and the variation in price may be a reflection of Nostro financing sourced on the open market which drives commodity prices up and is prone to significant variability. Prices varied in 2018 between \$389 – 1,000/mt for the import of soyabeans, whereas prices for soyameal ranged from \$419 – 723/mt.

The cost per ton of imported soyabeans is distorted by the effects of RTGS balance premiums that emerged in the economy over the year. As at December 2018, the total cost using RTGS balances was between \$1,200 – 1,500/mt. The prices shown in the figures below are better approximations of the actual cost in hard currency.



Soyabean Import Prices (\$/mt), 2014 – 2018

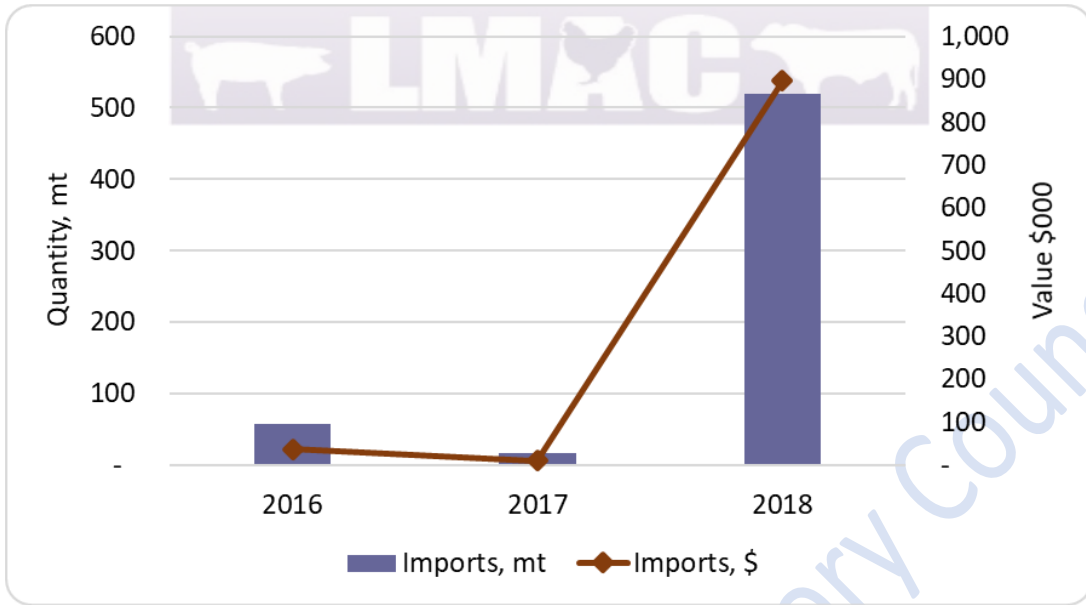


Monthly Soyameal Import Prices (\$/mt), 2014 – 2018

Local production continues to be grossly inadequate to supply domestic demand and in 2018, was estimated to be 55,000mt. A soyabean price of \$750/mt was announced and government continues to review its support for soyabean production to satisfy local demand.

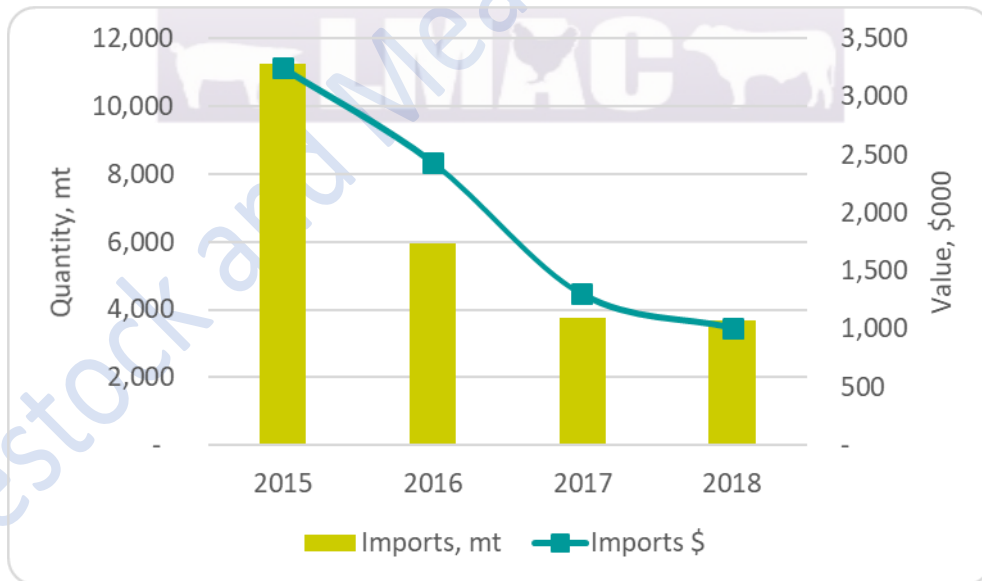
Sunflower and Sunflower Derivatives

Total imports of sunflower seed for the eleven months to December 2018 amounted to 519mt at a value of \$896, 077, an increase of 310% compared with the eleven months to November 2017.



Imports of Sunflower Seed, 2016 – 2018

Total imports of sunflower meal for the eleven months to December 2018 amounted to 3,674mt at a value of \$1 million, a reduction of 3% from the eleven months to November 2017.

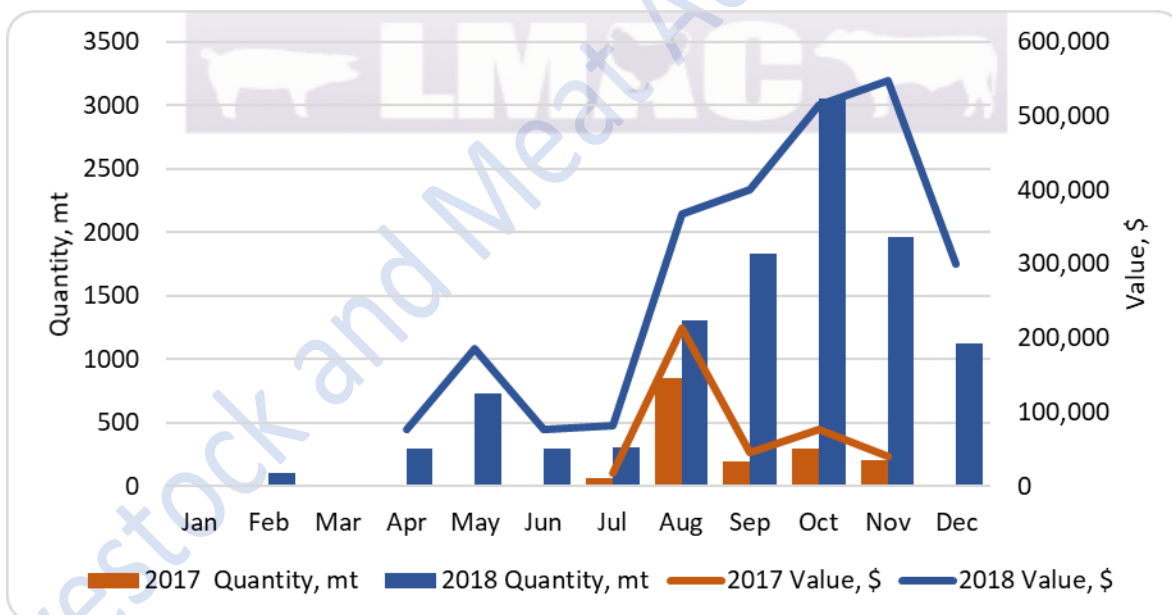


Imports of Sunflower Meal, 2015 - 2018

Cotton

The cotton sector recorded a significant increase in the 2018 harvest due to generous input support by the government. From a yield of only 28,425mt during the 2016 – 17 marketing season, the yield grew to 143,000mt in the 2018 – 19 marketing season.

However, despite this remarkable growth, stockfeed manufacturers, dairy and beef producers and feedlotters have reported difficulties in accessing adequate supplies of cotton meal, cake and hulls from oil expressers, especially during the last quarter of 2018 with prices rising dramatically. During the same period, oil expressers exported meal to neighboring countries, raising concerns by stakeholders in the livestock sector that the country may run out of cotton meal in 2019 where demand is likely to be elevated due to poor rainfall in the main livestock production areas. In the eleven months to December 2018, 10,899mt was exported at a value of \$2.5million, an increase of 575% on the eleven months to November 2017.



Cotton Cake Exports, 2017 and 2018

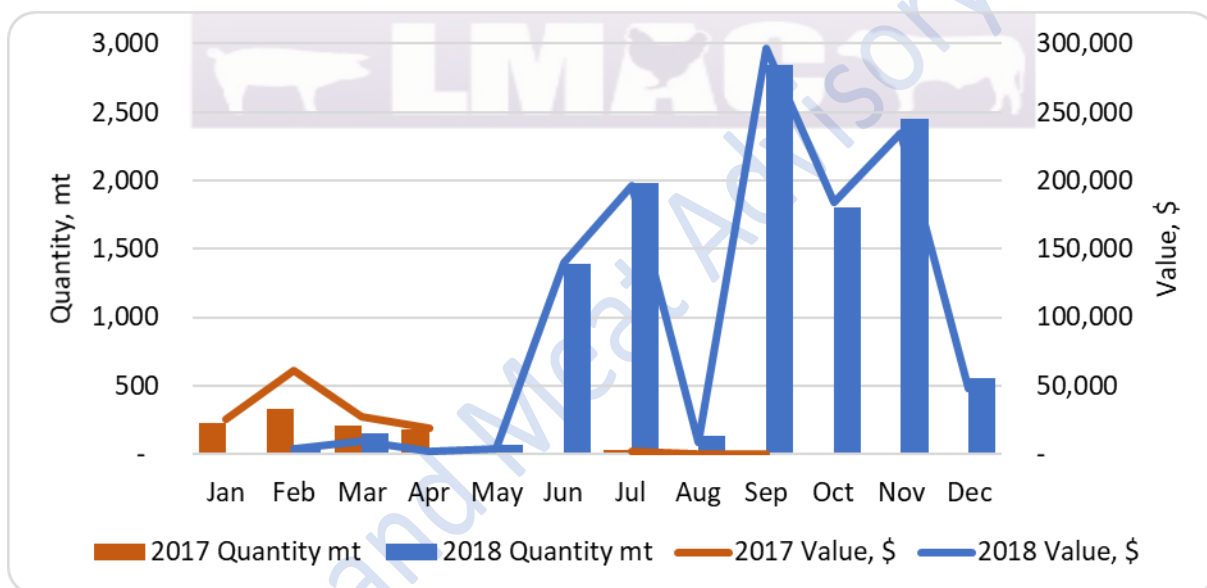
Molasses

Molasses is a key ingredient in the making of feeds for ruminants including beef and dairy, sheep and goat. In the past two years, the supply of this ingredient to the feed sector has been very erratic, leading to increased cost, dependency on imports and the

foreign currency this entails. The inconsistent supply has been due to the increased demand for molasses, mainly driven by the demand for ethanol for fuel and the needs of the Lesaffre yeast factory in Gweru.

Average monthly procurements of molasses by stockfeed manufacturers have come down from a peak of 1,474mt/month in 2017 to 774mt/month in 2018. Prices have also risen from \$147/mt in December 2017 to \$515/mt in December 2018, an increase of 250%. Imports of molasses for the eleven months to December 2018 was 11,471mt, an increase of 1,066% on the eleven months to November 2017.

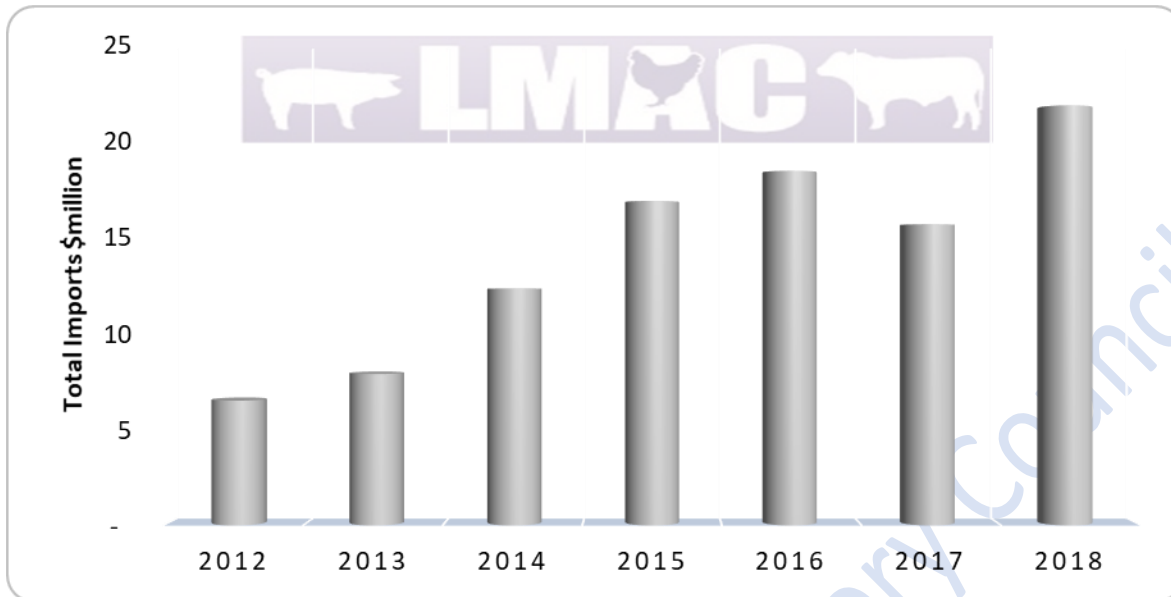
On the local market, small parcels are being traded for RTGS \$ 270/mt.



Imports of Molasses, 2017 and 2018

Premixes, Vitamins and Additives for the Manufacture of Stockfeeds

Premixes, vitamins and additives worth \$21.8m were imported for the eleven months to December, an increase of 39% from the eleven months to November in 2017. Their availability is driven by access to Nostro balances as allocated by the central bank or sourced from free funds on the market and the different cost structures have given rise to significant price differentials for these products. Indications are that procurement constraints are expected to persist in the short to medium term.



Imports of Premixes, Vitamins and Additives for the Manufacture of Stockfeeds, 2012 – 2018

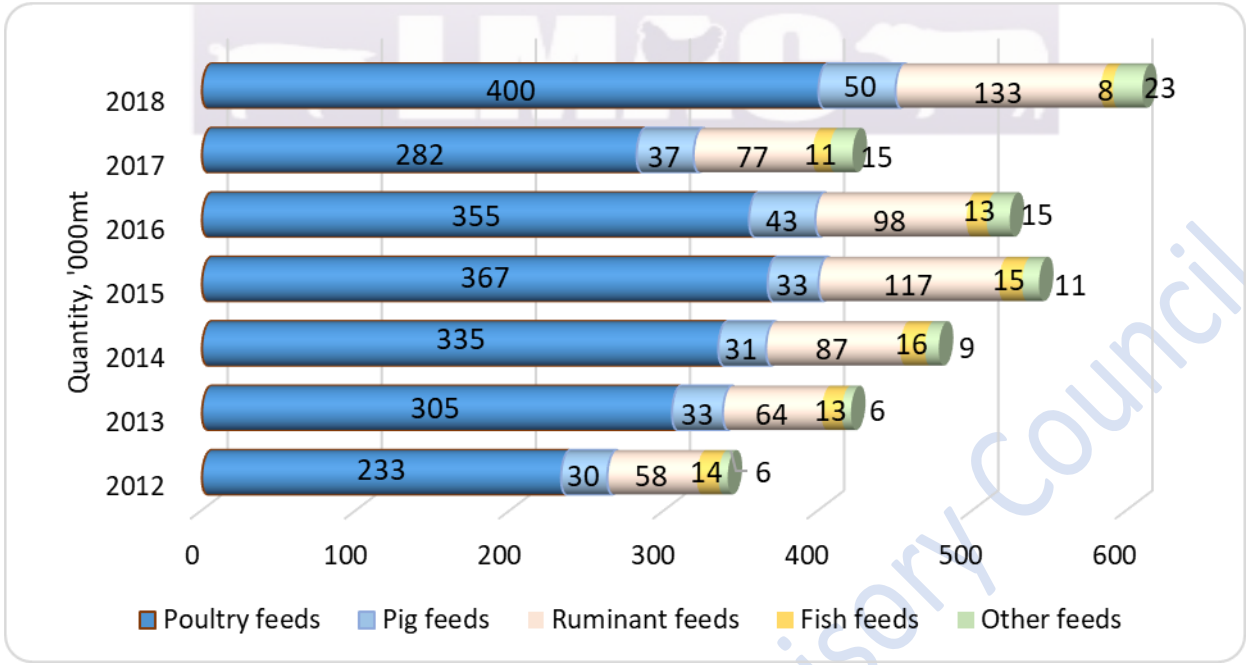
Stockfeeds

In 2018, returns were collated from the following companies: Agrifoods, Berghaan Feeds, Capital Feeds, Country Feeds, Edurate Investments, Fairhill Farm, Feedmix, Fivet Animal Health, Fairhill Farm, Hamara Feeds, Hyperfeeds, Ice Feeds, Irvine’s Zimbabwe, Kudu Creek, Lake Harvest, Meadow Enterprises, Muller Bros, National Foods Ltd, Natkam Piggeries, Profeeds, Sunset Marketing, Triple C Pigs and Windmill.

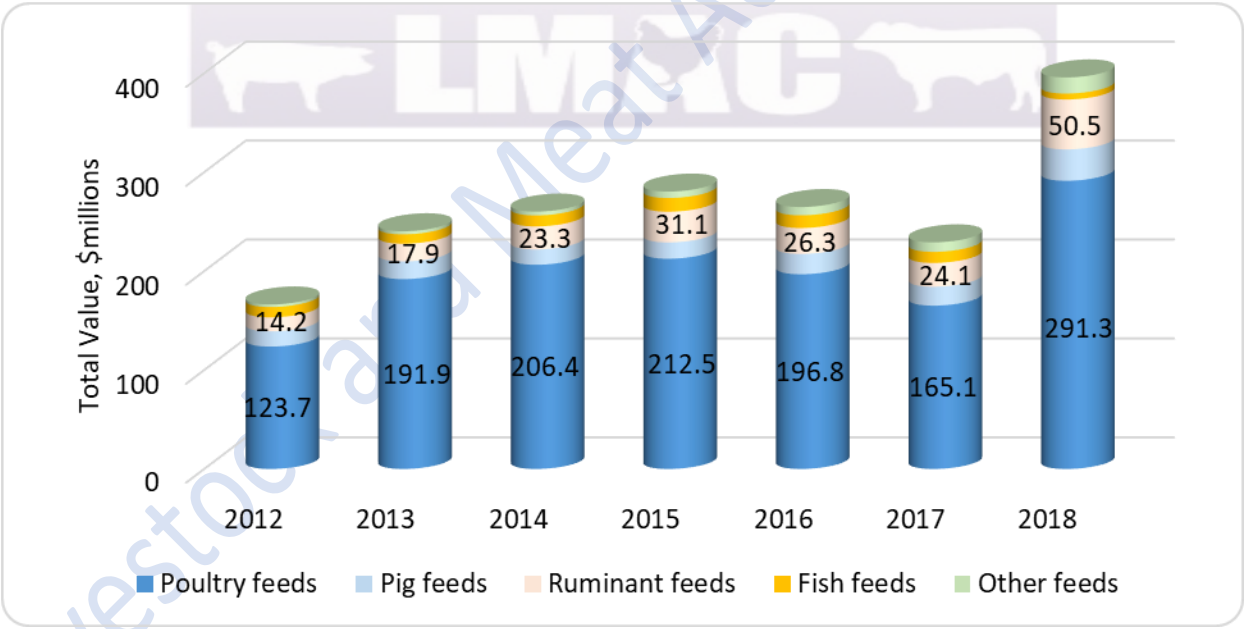
Annual procurement of raw materials and production of stockfeeds in 2018 was 598,000mt and 613,000mt respectively, representing increases of 39 and 45% respectively over the same period in 2017.

Poultry feeds continue to dominate the stockfeed industry and in 2018, production was 400,000mt (worth \$291m), being increases of 42% in quantity and 76% in value over the same period in 2017. By comparison, pig and ruminant feeds accounted for 8 and 13% of the total value of feeds produced, respectively.

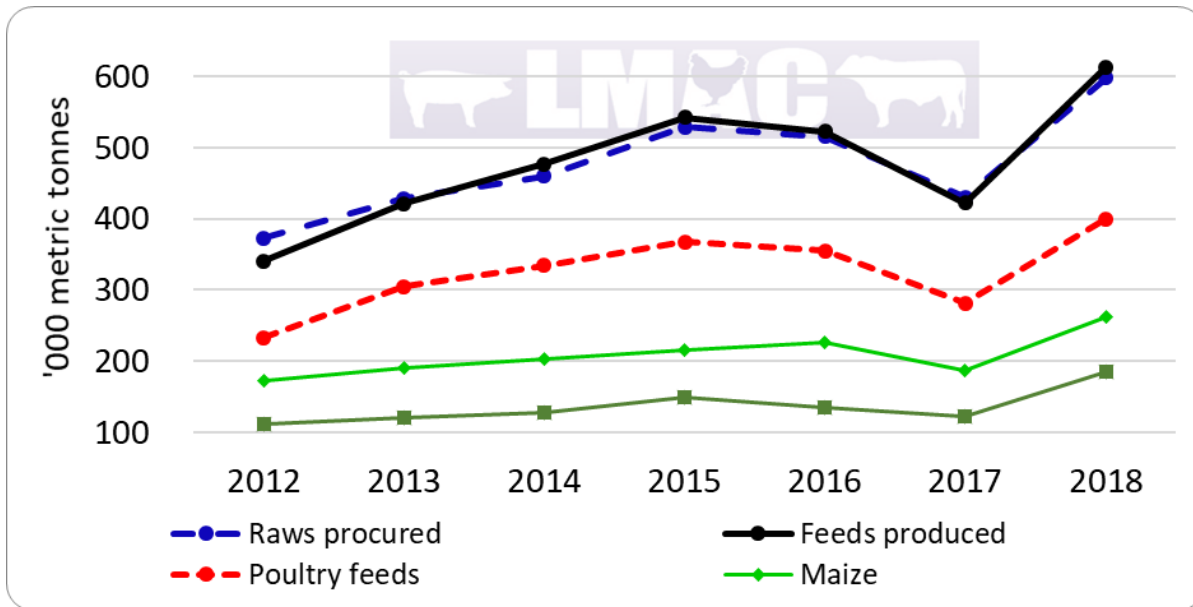
Production of feeds in the fourth quarter remained firm on the back of strong upward trend in the first three quarters of 2018. Over the year, production of broiler, layer, pig and ruminant feeds increased by 59, 12, 35 and 73%, respectively while fish feeds decreased by 27% compared to the same period in 2017.



Tonnages of Stockfeed Produced, 2012 – 2018

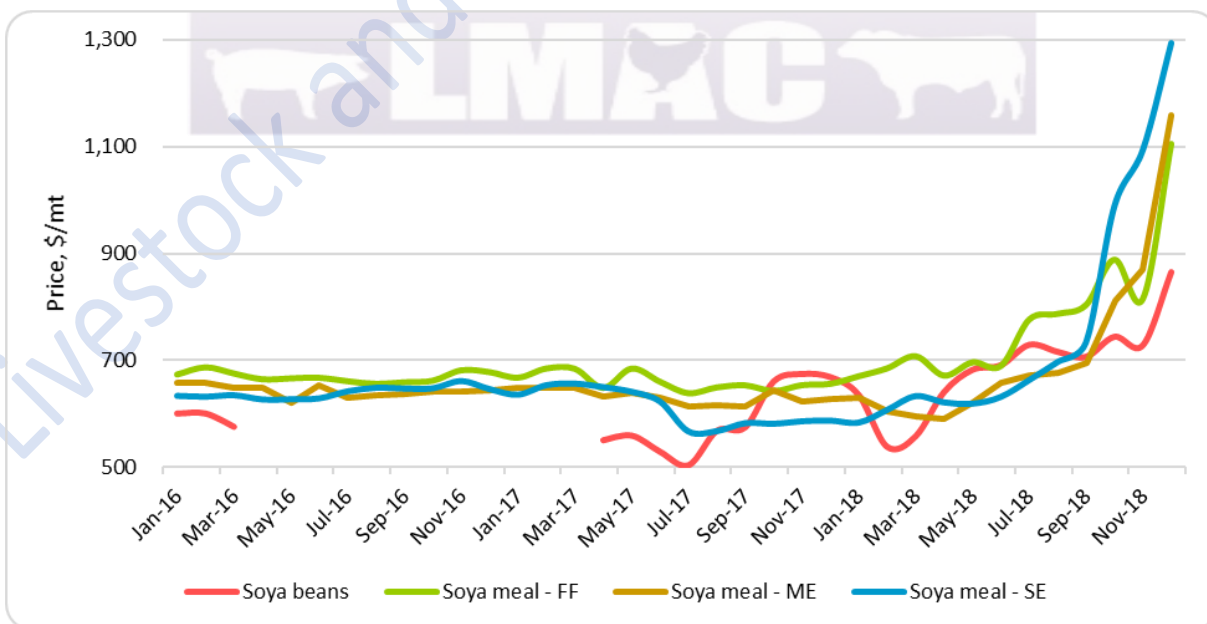


Value of Stockfeed Produced, 2012 – 2018

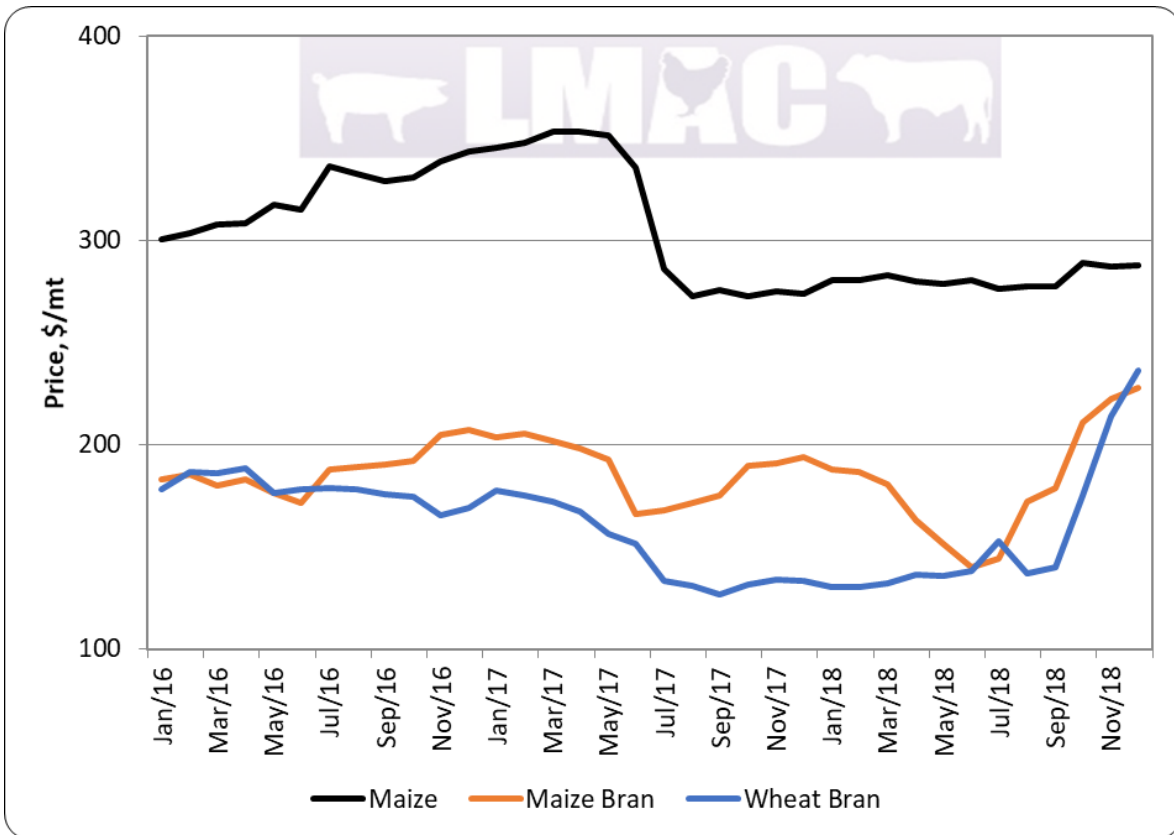


Tonnages of Raws Procured and Feeds Produced, 2012 - 2018

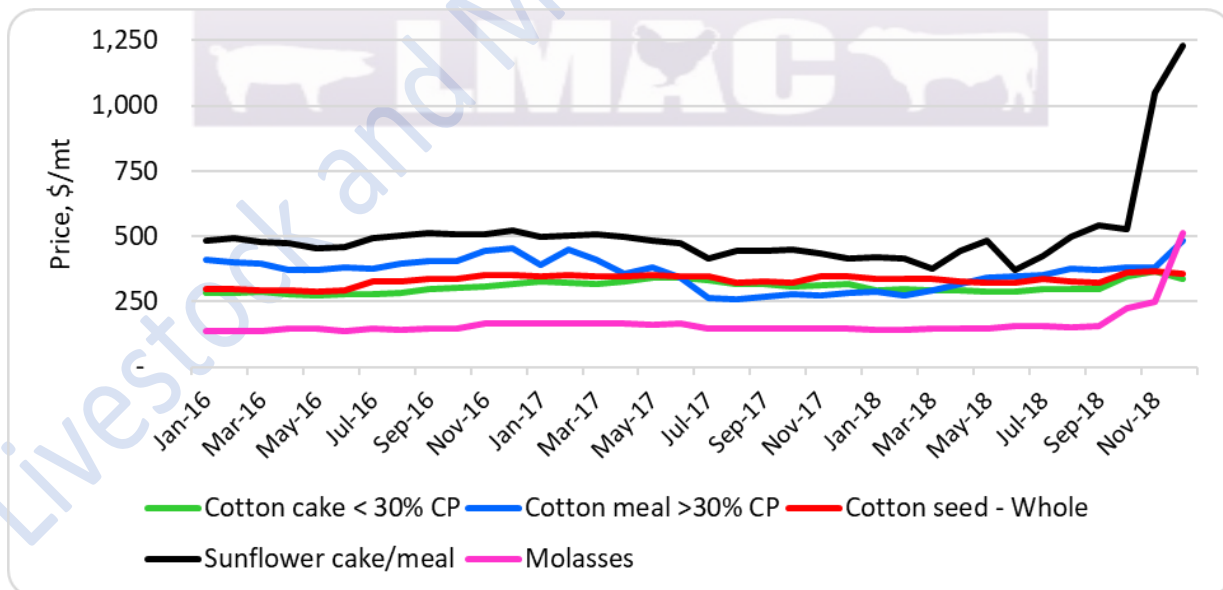
The prices of most raws procured in 2018 increased significantly compared to prices at the end of 2017. While price changes of maize and cotton hulls were negligible, prices of all other products increased dramatically, including local by-products (wheat bran: 77%; maize bran: 17%; molasses: 263%) and were particularly notable for solvent extracted soya meal: 91%; sunflower cake/meal: 192%; urea: 95%; salt: 212%; fine limestone flour: 45%; coarse limestone flour: 223%; methionine: 152%; lysine: 205%; and vitamins and premixes: 496%.



Prices of Soybeans and Soybean Products, 2016 – 2018



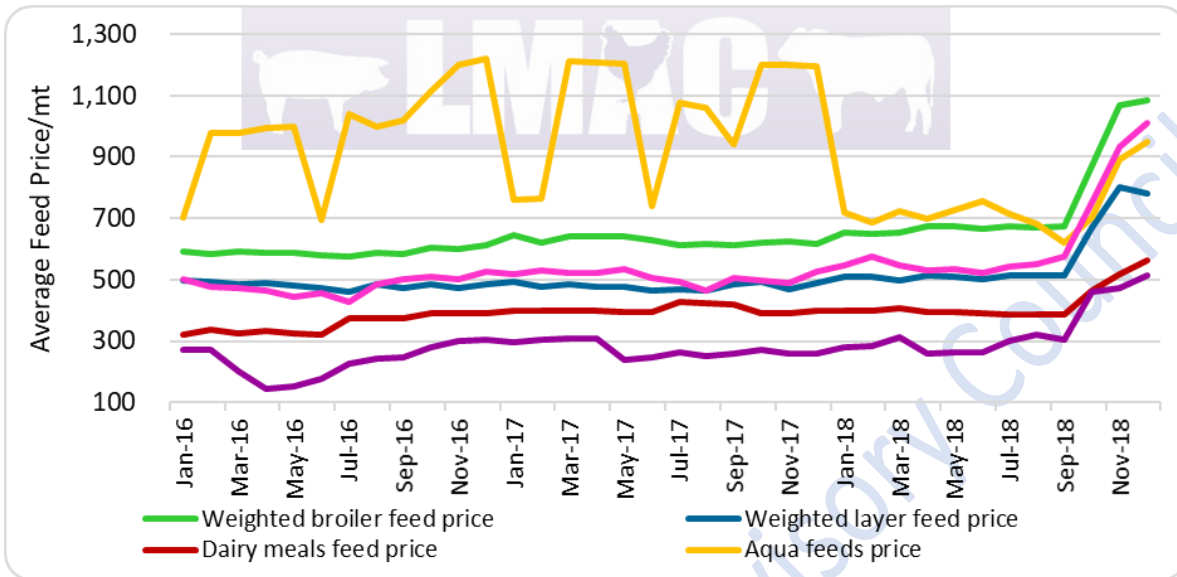
Prices of Maize and Maize and Wheat Brans, 2016 – 2018



Prices, 2016 – 2018

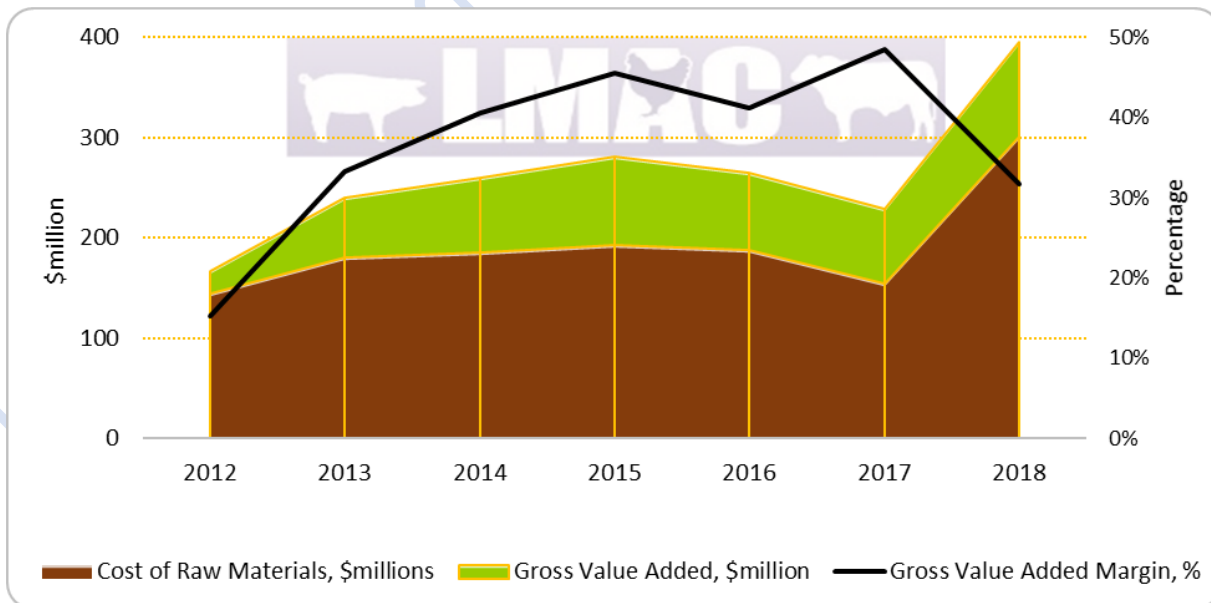
On average, prices of feeds for broilers, layers, dairy, beef and pigs increased by 75, 60, 42, 98 and 92%, respectively in 2018. However, the price of fish feeds decreased by

20%. Average weighted broiler and layer feed prices in December of 2018 were \$1,084 and \$780/mt, respectively, being 75% and 60% higher than prices in December 2017.



Weighted Average Prices/mt, 2016 – 2018

Using wholesale prices, the stockfeed industry grossed \$395million in 2018, of which gross value added was \$95million. The downward trajectory of the gross value-added margin in 2018 from 48% to 32%, as shown in the figure below, was a result of the increasing cost pressures of raw materials, and while the industry has absorbed some of the increases, profit margins have been squeezed.

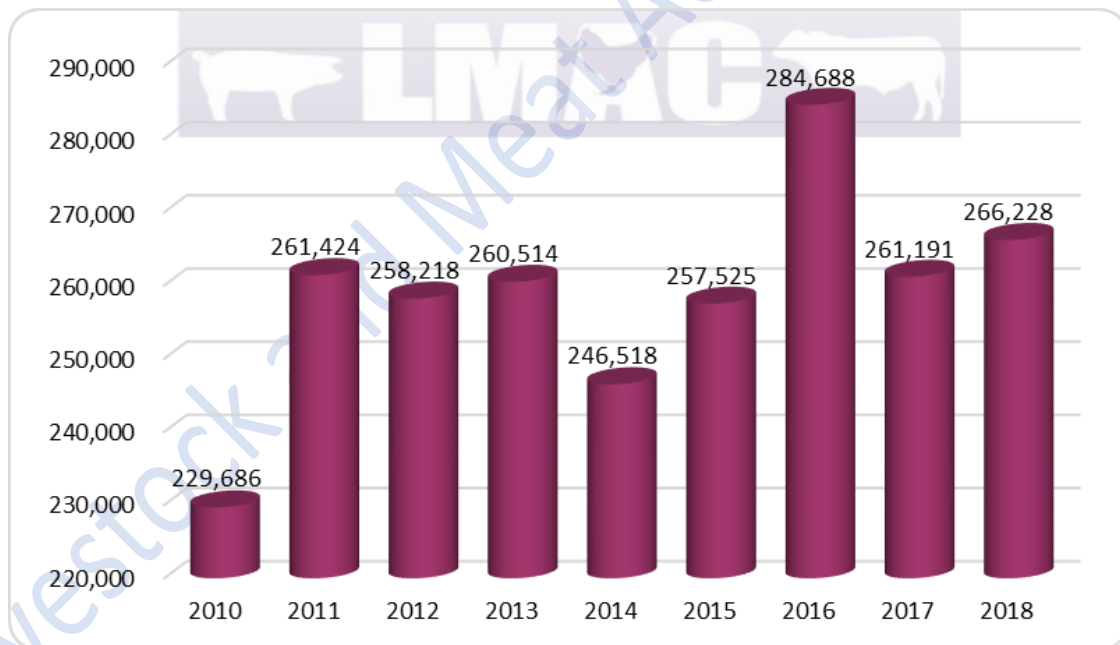


Value Accumulation in Stockfeed Industry, 2012 - 2018

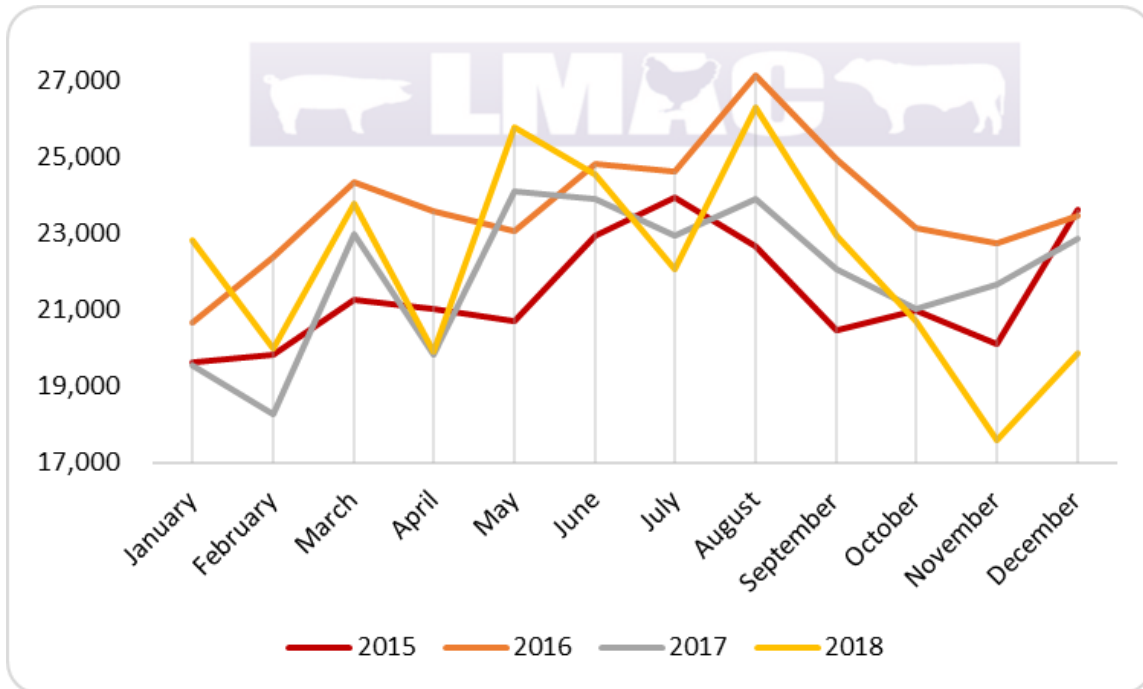
2 Beef Sector

Total cattle slaughters for 2018 were 266,228, a marginal increase of 2% on the previous year's figure of 261,191. The increase was partly attributed to increased coverage of monitored abattoirs by meat inspectors from the Department of Crop and Livestock in Mashonaland Central.

This was the second highest slaughters since 2010, achieved against the background of numerous constraints ranging from escalating procurement costs and disease outbreaks reported from around the country that resulted in large cattle producing regions being put under quarantine throughout the year. A large variability was recorded in the number of cattle slaughtered on a month by month basis in 2018, with August recording the highest monthly figure of 26,292. Thereafter, slaughters declined in consecutive months, with November recording the lowest figure of 17,595 and is the lowest on record since January 2010. Cattle producers were purportedly holding onto their cattle due to currency and pricing uncertainty towards the end of the year.

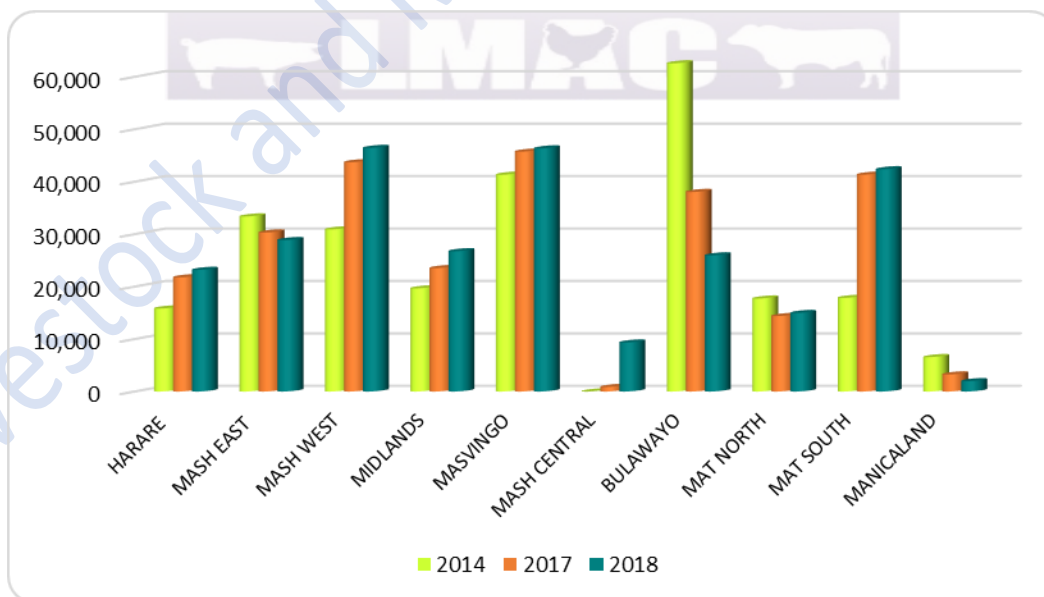


Annual Cattle Slaughters, 2010 – 2018



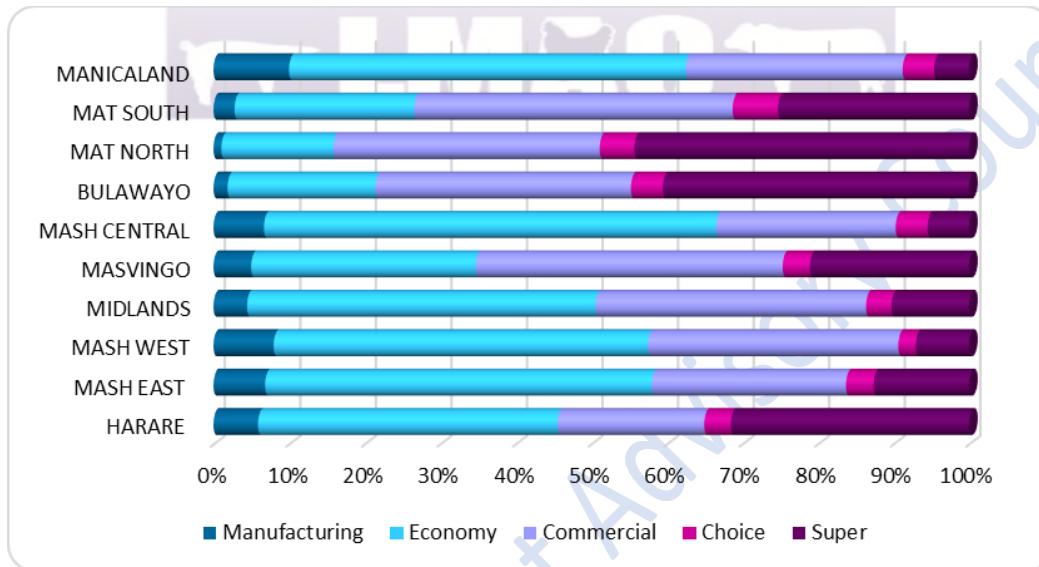
Monthly Cattle Slaughters, 2015 – 2018

Mashonaland West and Masvingo recorded the highest cattle slaughters in the country in 2018 of 46,444 and 46,357, respectively. Slaughters from Bulawayo province declined by 47% year on year to 25,956 in 2018.

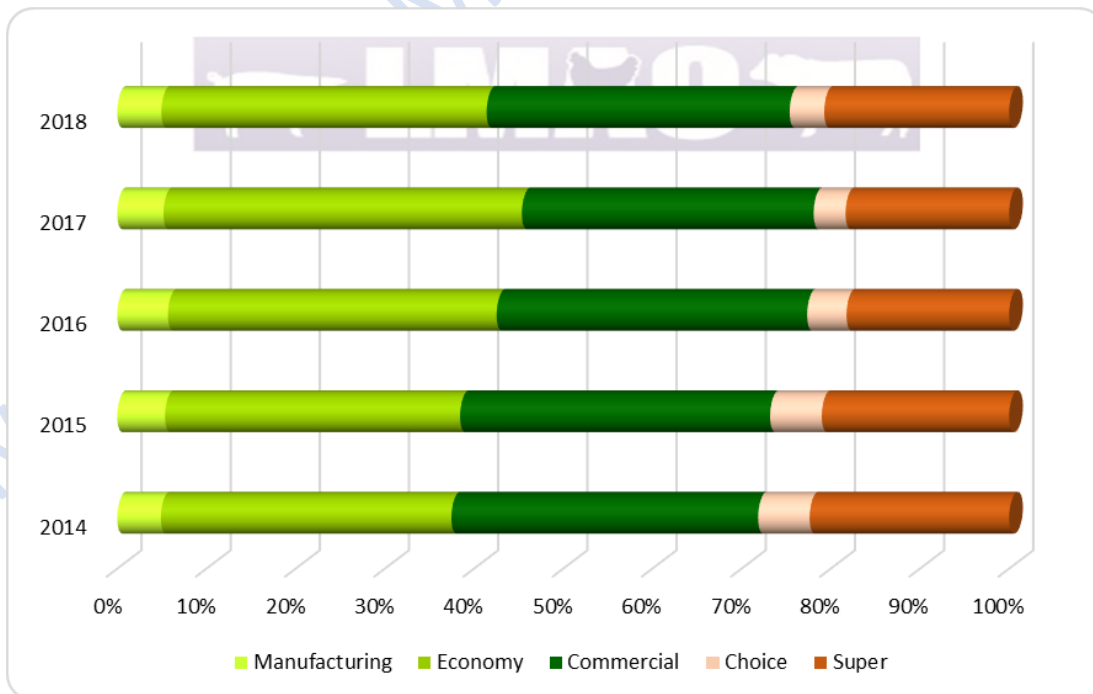


Annual Cattle Slaughters by Province, 2018

Cattle slaughters classified by grade in each province for 2018 show that 84% of cattle slaughtered in Mataberland North were classified as either Commercial, Choice or Super grades while in Bulawayo, it was 79%. Manicaland and Mashonaland Central had the lowest percentage of 37% and 33%, respectively.

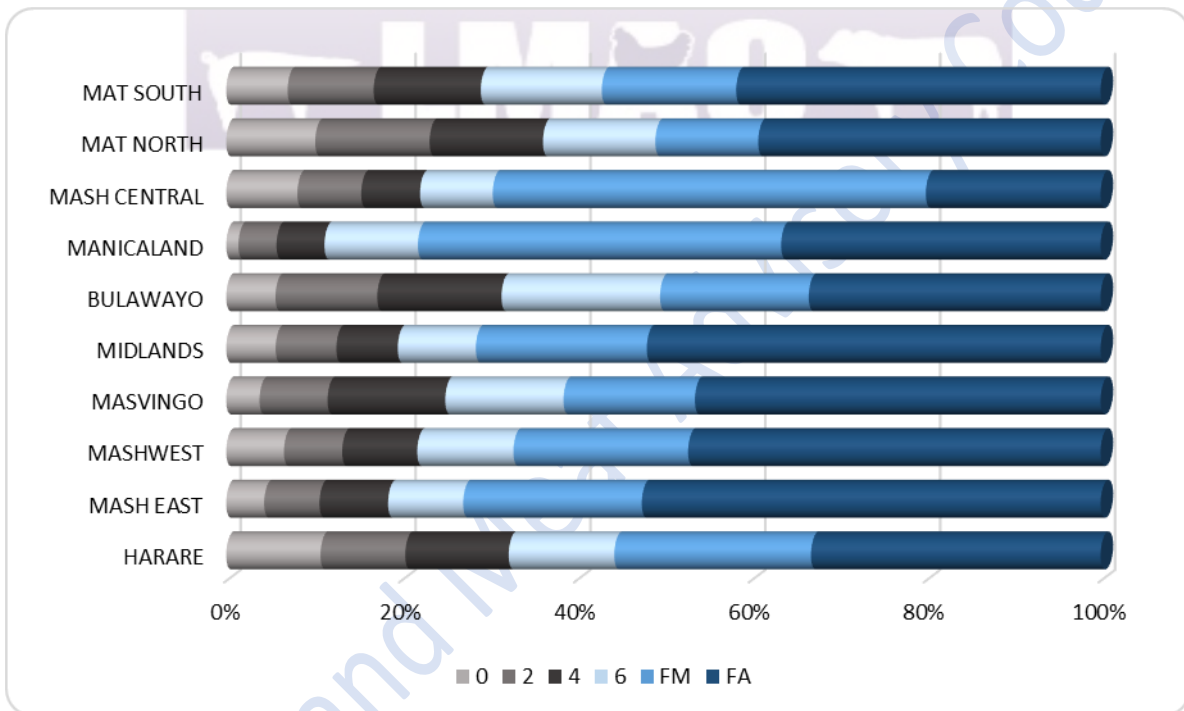


Grade Classification by Province, 2018

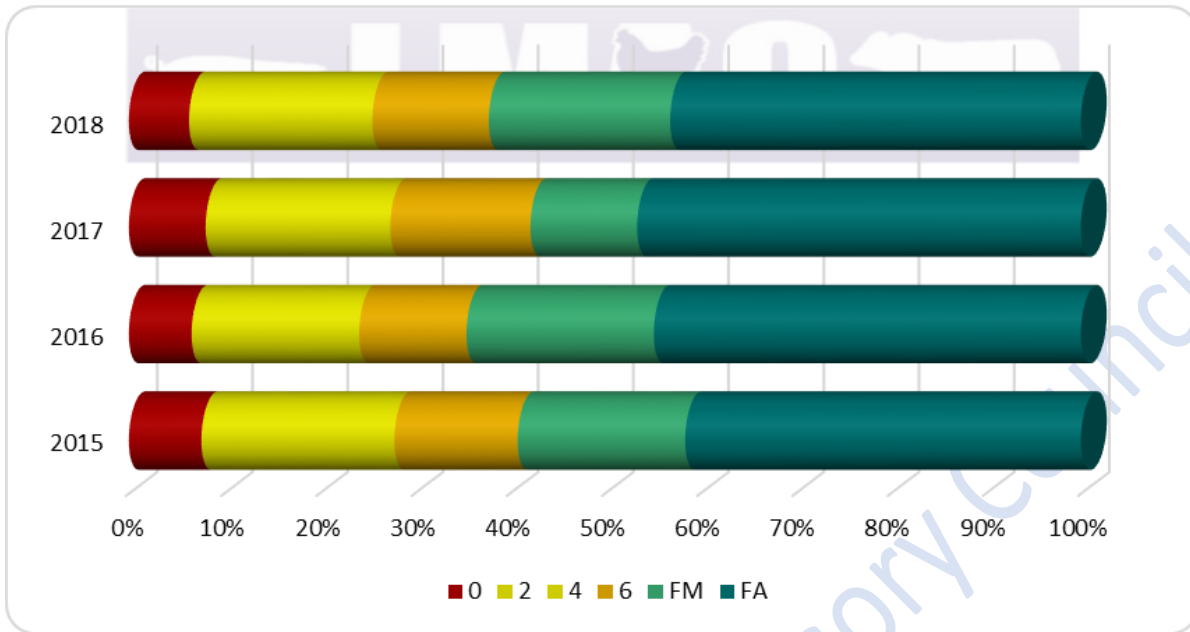


Annual Quality Composition by Grade, 2014 - 2018

The 2018 cattle slaughters classified by age and broken down by province reflect the supply of cattle into the formal market being dominated by small holder producers, with full mouth and full attrition making up more than 50% in all the provinces. Within the small holder sector, cattle have a number of functions with slaughtering for meat serving as a residual value recoupment strategy. In Manicaland and Mashonaland East, 78% and 73% of slaughtered cattle respectively were classified as full mouth and full attrition.

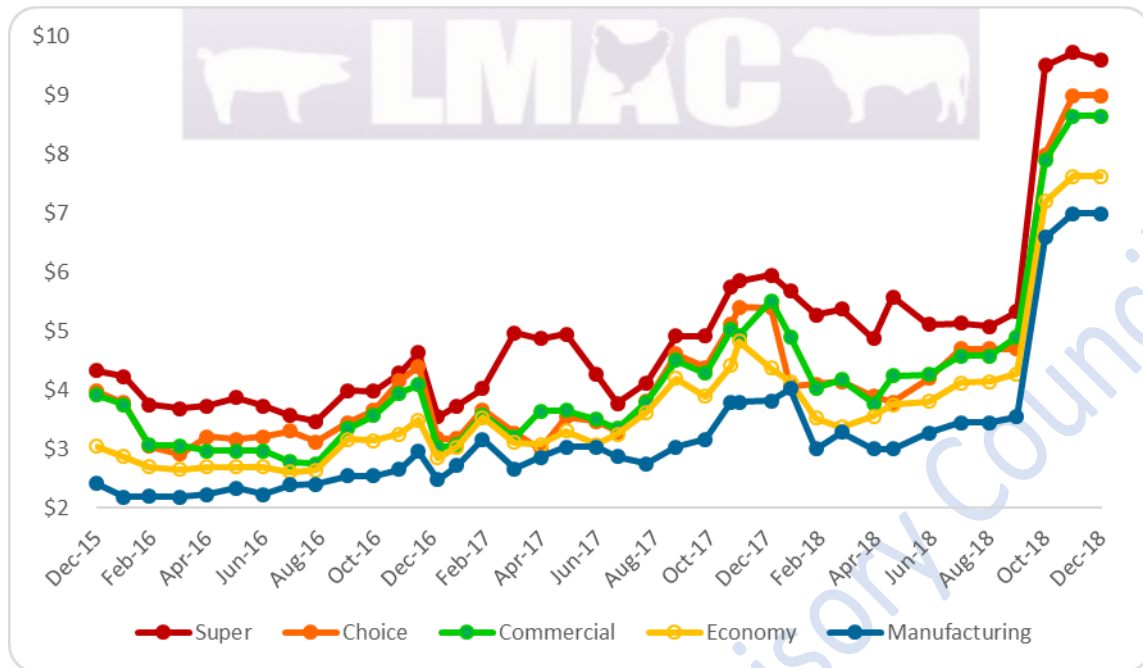


Provincial Cattle Slaughters Classified by Age, 2018



Annual Cattle Slaughters by Age, 2015 – 2018

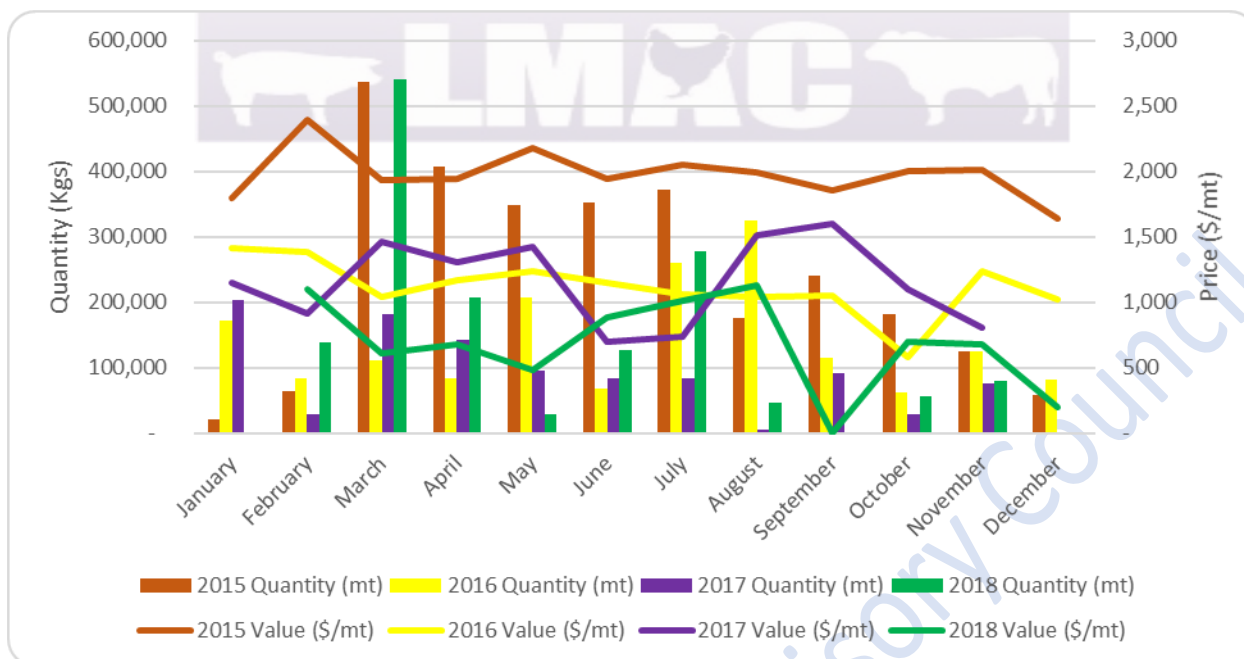
The wholesale price of economy grade increased by 58% in 2018 from \$3.80/kg to \$7.00/kg. The highest increase of 75% was for commercial grade, rising from \$4.93/kg to \$8.65/kg. In September 2018, prices of all meat grades with the exception of Choice recorded a marginal increase on August prices. Cattle slaughters peaked in August and then began a consecutive month on month decline, recording a slight recovery in December. This would imply that, amongst other factors, the dwindling supply in a seasonally peak demand period, pushed prices up. Between September and December, prices for economy and super increased by 78% and 80% respectively.



Indicative Wholesale Prices of Beef, 2015 – 2018

Exports of wet blue hides to December 2018 amounted to 1,505mt, valued at \$1.2 million. The average price per ton was \$782/mt, a decline of 34% on the 2017 price of \$,1191/mt. This is a continuation of the downward trend in prices realised by exporters which had peaked at \$2,400/mt in 2015.

On the domestic market, Statutory Instrument 274 of 2018 was gazetted which grants export tax relief to listed hide merchants. Representations had been made by stakeholders in the value chain who were struggling to contract offtakers for their unbeneftiated hides on the domestic market and as a result, were sitting on stockpiles of raw hides.



Exports of Wet Blue Hides, 2015 – 2018

3 Poultry Sector

The fourth quarter of 2018 continued the upward trend in broiler production witnessed in the first three quarters fueled by increased demand over the Christmas period.

Going forward however, the situation is likely to be quite different. Increased inflation noticeable in Q4 will negatively impact consumer spending power. Consumers in Q1 of 2019 are likely to face increased cash demands for school fees and transport costs as fuel supply constraints push up costs of commuting. Shortages of foreign currency as well as the poor start to the rainy season will likely maintain pressure on feed raw material costs forcing farmers to maintain high producer prices. This is expected to translate into reduced demand for poultry products. Thus, after the traditional festive season rise in demand, the first half of 2019 is likely to witness a slowdown.

In 2018, limited imports of poultry products occurred although suspected illicit imports of chicken offal were noted. However, going forward there is likely to be an upsurge in both legal and illicit imports of cheap poultry products as the industry starts to feel the impact of increased costs of production and the reduced purchasing power of consumers.

Broiler Breeding: Breeding stocks have recovered to levels before the outbreak of Avian Influenza and in 2018, broiler breeder stocks (growing and in-lay) averaged 582,890 birds per month, being 8% up on 2017. In the fourth quarter of 2018, broiler breeder stocks (growing and in-lay) averaged 636,193 birds per month, being 4% up on the third quarter of 2018.

<u>Female Parent Stock</u>	2016	2017	2018	Q3 2018	Q4 2018
Chick Sales and Retentions	61,545	26,110	48,652	41,190	60,641
Growing	294,261	216,156	270,602	263,511	284,629
In-Production	341,316	322,328	312,288	347,463	351,564
<u>Hatching Eggs</u>					
Produced (ea)	6,856,947	6,146,285	5,935,189	5,767,567	7,855,552
Imported (ea)	1,335,807	1,440,416	3,910,386	4,998,829	2,245,098
Total (ea)	8,192,754	7,586,700	9,845,574	10,766,395	10,100,650
<u>Day-Old Chicks</u>					
Chick Sales and Retentions	6,236,559	5,740,854	7,563,116	7,758,307	7,975,831
Price per 100 chicks	62	76	116	107	165

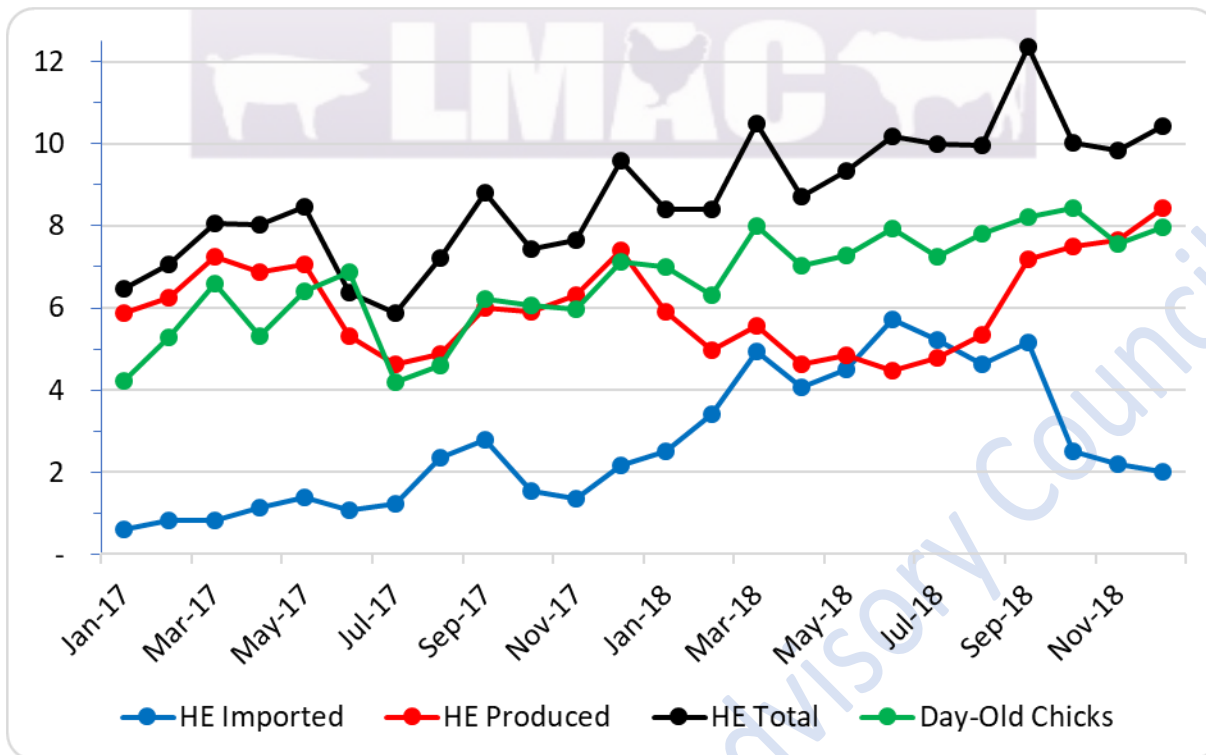
Broiler Average Monthly Production Returns, 2016 – 2018

Hatching egg production from local broiler breeders averaged 5.9 million per month in 2018, being 3% lower than in 2017. The fourth quarter average was 7.9 million, 33% higher than the monthly average for 2018, and 36% higher than the third quarter of 2018.

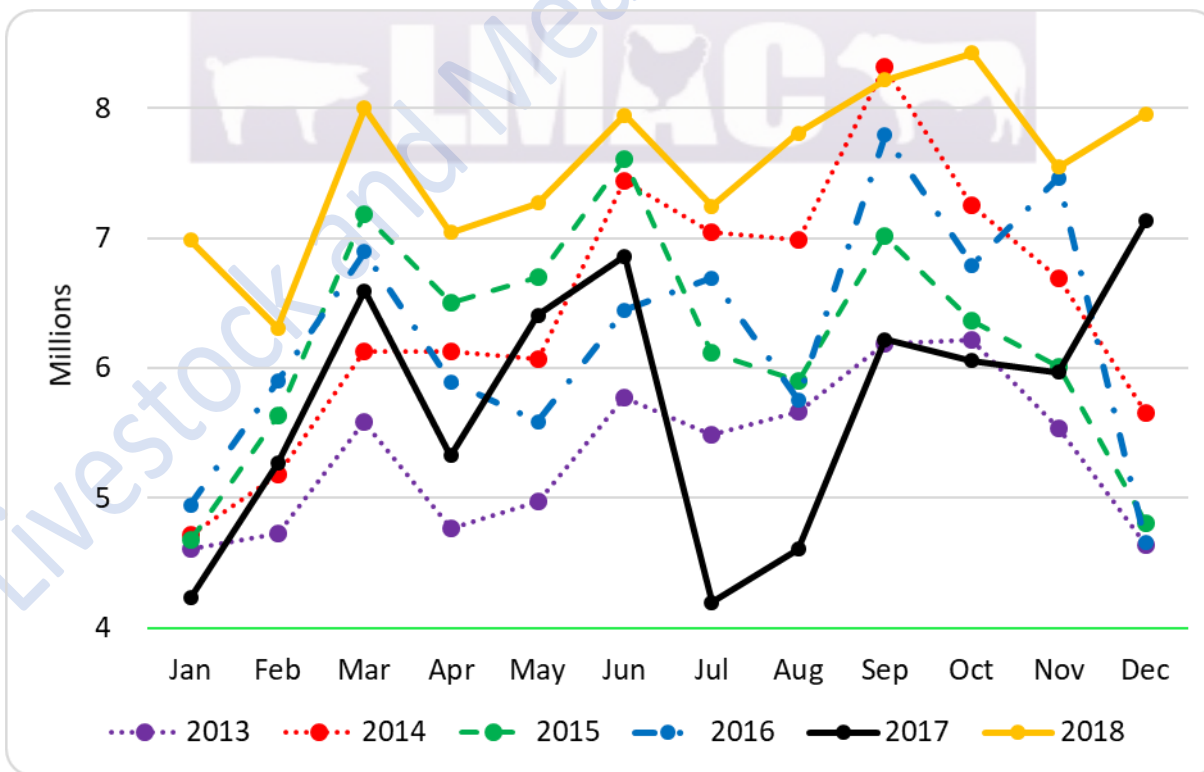
The monthly average Import of hatching eggs for 2018 was 3.9 million, an increase of 171% on the monthly average for 2017. In the fourth quarter however, the monthly average (2.2 million) declined by 43% and 55%, respectively on the monthly annual average and third quarter monthly average, reflecting the reduced reliance of imports as the year progressed.

Total hatching eggs put through local hatcheries averaged 9.8 million per month in 2018, 30% higher than 2017.

In 2018, a record total of 90.8 million day-old chicks were produced. The price of chicks in the fourth quarter increased by 55% to \$165 per 100 chicks compared to Q3.



Broiler hatching eggs (HE) and day-old chicks, 2017 and 2018

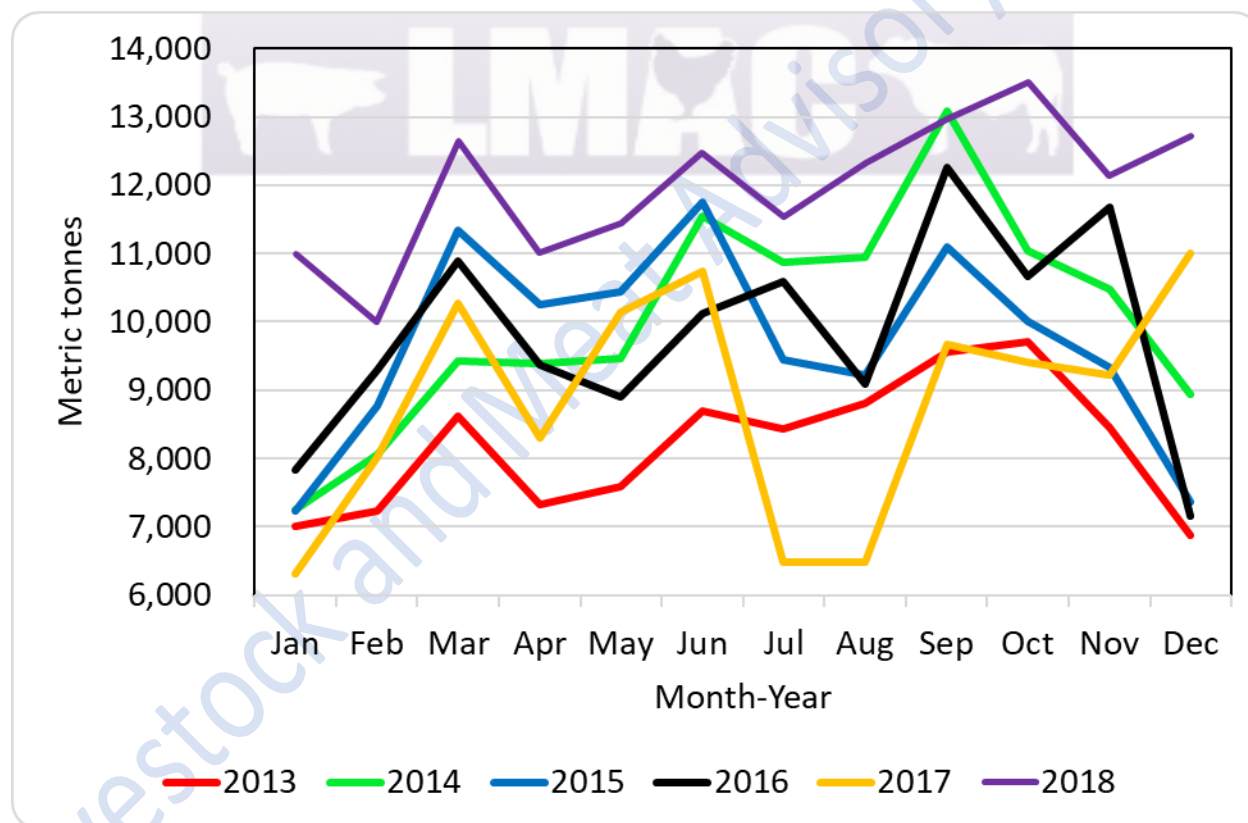


Production of Broiler Day Old Chicks, 2013 – 2018

Broiler Meat Production: Average monthly broiler meat production in 2018 was 11,972mt (143,667mt for the year), being an increase of 36% compared with 2017.

<u>Large-scale broilers</u>	2016	2017	2018	Q3 2018	Q4 2018
Number slaughtered	1,817,258	1,891,055	2,271,395	2,248,578	2,348,471
Average live weight	1.78	1.76	1.84	1.87	1.87
Producer price, \$/kg	1.82	1.91	2.30	2.02	3.12
<u>Dressed weight, tonnes</u>					
Large-scale	2,992	2,943	3,809	3,721	4,097
Small-scale	6,832	5,894	8,164	8,521	8,694
Total	9,824	8,837	11,972	12,242	12,791

Broiler Average Monthly Production Returns, 2016 – 2018



Total Meat Production (mt), 2013 - 2018

Fourth quarter 2018 wholesale prices for whole birds increased by 104% on third quarter prices from \$3.46/kg to 7.05/kg.

Wholesale prices, \$/kg	2016	2017	2018	Q3 2018	Q4 2018
Whole bird	2.85	3.35	4.39	3.46	7.05
Leg quarters	3.41	3.88	5.07	4.33	7.56
Breast	4.61	4.85	5.91	4.99	8.93
1kg IQF	2.77	3.30	4.52	3.77	6.80
2kg IQF	2.66	3.20	3.92	3.30	5.60

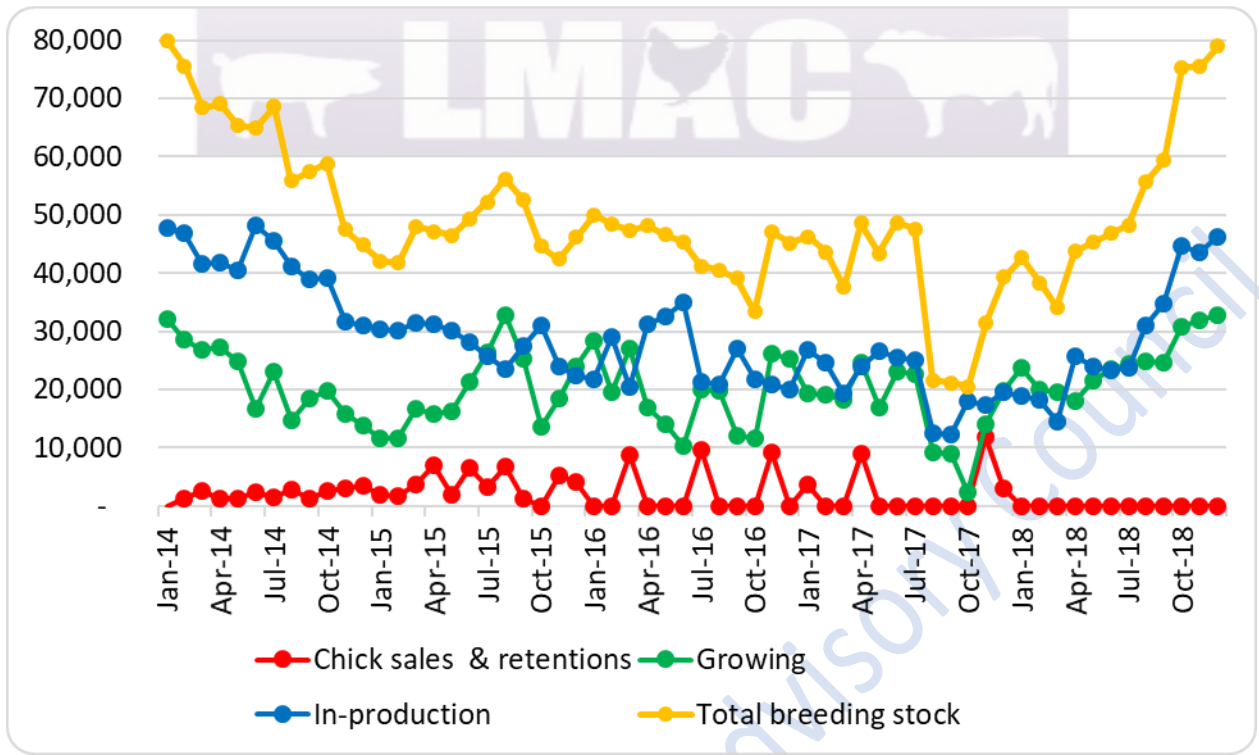
Broiler Wholesale Prices, 2016 – 2018

Layer Breeding: The layer breeding industry witnessed tremendous growth in the last half of 2018 on the back of continued breeder investments. Total layer breeder stocks (growing and in-lay) averaged 53,676 birds per month in 2018, an increase of 43% over 2017.

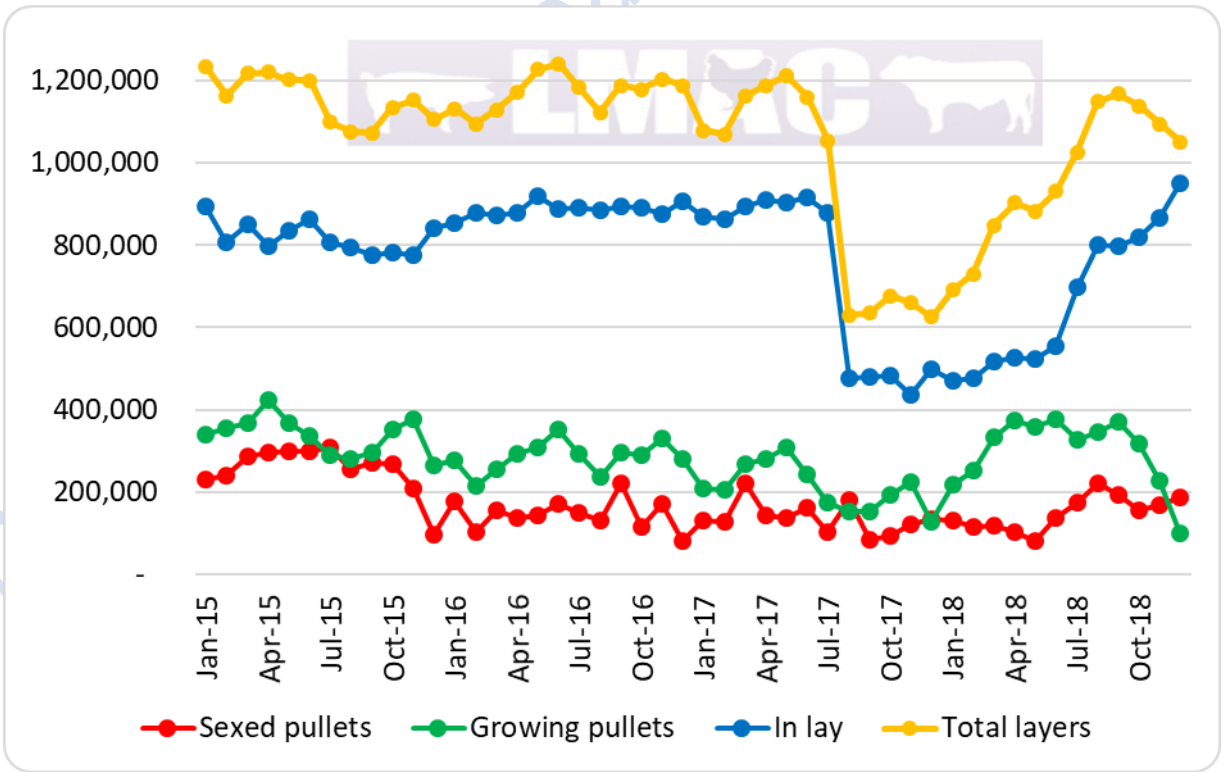
Layer hatching egg production increased by 38% in 2018. Sexed pullet production (i.e. layer day-old chicks) averaged 182,848 per month in 2018 which was an increase of 29% compared with 2017. The average price of layer day old chicks increased by 32% to \$220 per 100.

Female Parent Stock	2016	2017	2018	Q3 2018	Q4 2018
Chick Sales and Retentions	2,284	2,296	26,873	59,120	42,514
Growing	19,247	16,510	24,615	24,602	31,809
In-Production	25,123	20,970	29,061	29,843	44,786
<u>Hatching Eggs, thousands</u>					
Produced (ea)	575,743	417,646	575,616	621,491	902,054
Imported (ea)	30,317	22,229	-	-	-
Total (ea)	606,059	439,875	575,616	621,491	902,054
<u>Day-Old Chicks</u>					
Chick Sales and Retentions	168,242	142,262	182,848	196,219	169,620
Price per 100 chicks	116.15	126.33	166.67	171	220

Layer Average Monthly Production Returns, 2016 – 2018



Layer Breeding Stocks, 2014 – 2018



Growing and In-lay Layer Production Stocks, 2015 – 2018

Table Egg Production: Large-scale table egg production decreased by 15% in 2018 to 1.2 million dozen per month when compared to 2017. However, table egg production in Q4 registered an increase of 32% compared to the yearly average.

In contrast, estimated small-scale production increased by 5% to 1.8 million dozen per month in 2018, up from the previous year.

Total egg production in 2018 was 3.0 million dozen per month, being a decrease of 4% compared with 2017. However, production in Q4 of 2018 was 14% higher than the monthly average for 2018.

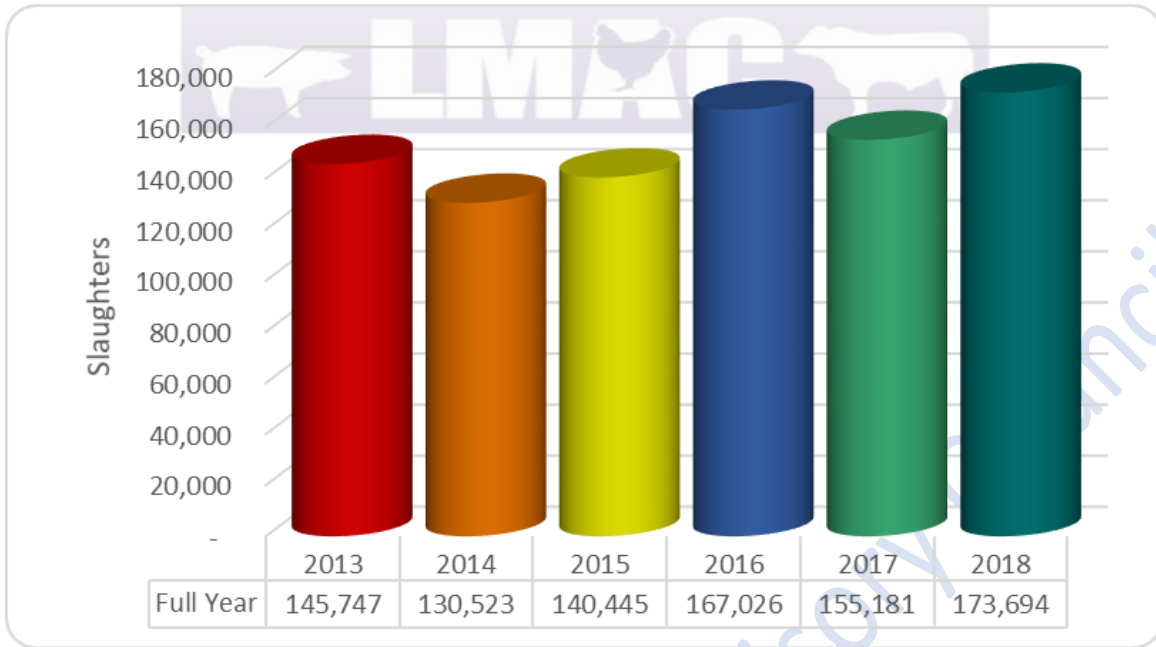
The wholesale price of table eggs averaged \$6.34 per tray of 30 eggs in Q4, being an increase of 47% on Q3.

Table Eggs, dozens	2016	2017	2018	Q3 2018	Q4 2018
Large-scale	1,858,380	1,419,407	1,208,254	1,258,418	1,594,697
Small-scale	2,748,206	1,731,392	1,824,124	1,863,308	1,847,121
Total	4,606,587	3,150,799	3,032,377	3,121,726	3,441,818
Wholesale price per tray	3.18	3.82	4.90	4.30	6.34
Stockholding (doz)	235,771	103,508	82,024	94,607	132,455

Average Monthly Table Egg Production, 2016 – 2018

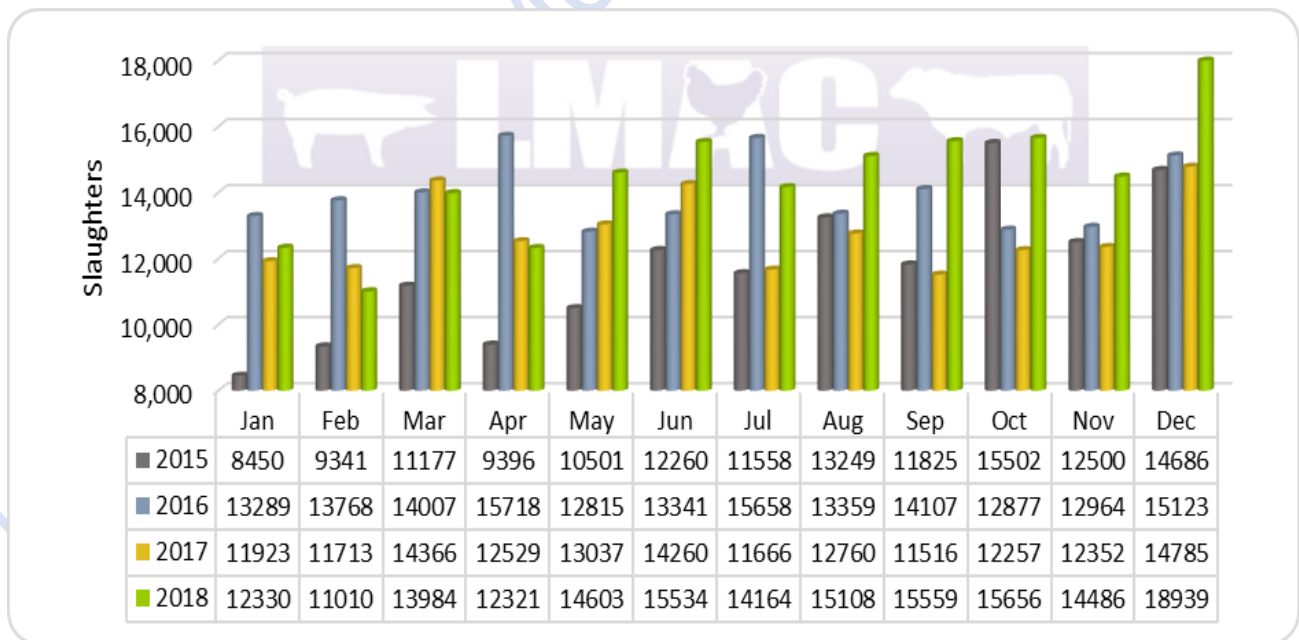
4 Pork Sector

Cumulative pig slaughters for 2018 were 173,694 head, 12% higher than the corresponding period in 2017 and 4% greater than in 2016. The slaughters were the highest since 2013 and have shown a general upward trend to date.



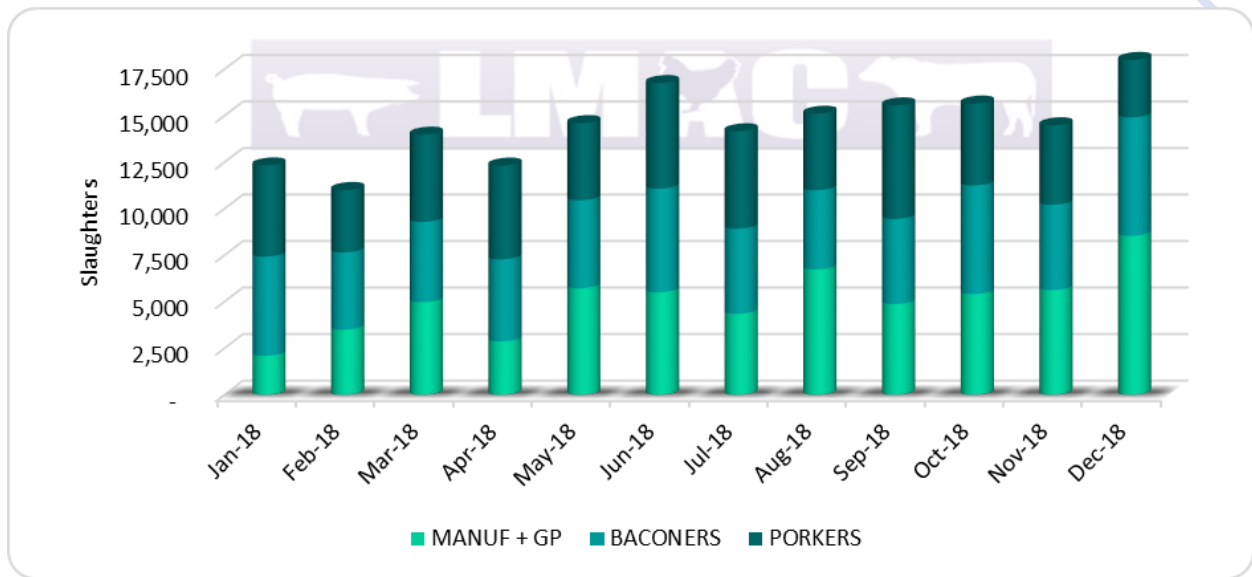
Annual Pig Slaughters, 2013 – 2018

Monthly pig slaughters in 2018 averaged 14,475 head, with February and December recording the lowest and highest slaughters of 11,010 and 18,939 head, respectively.

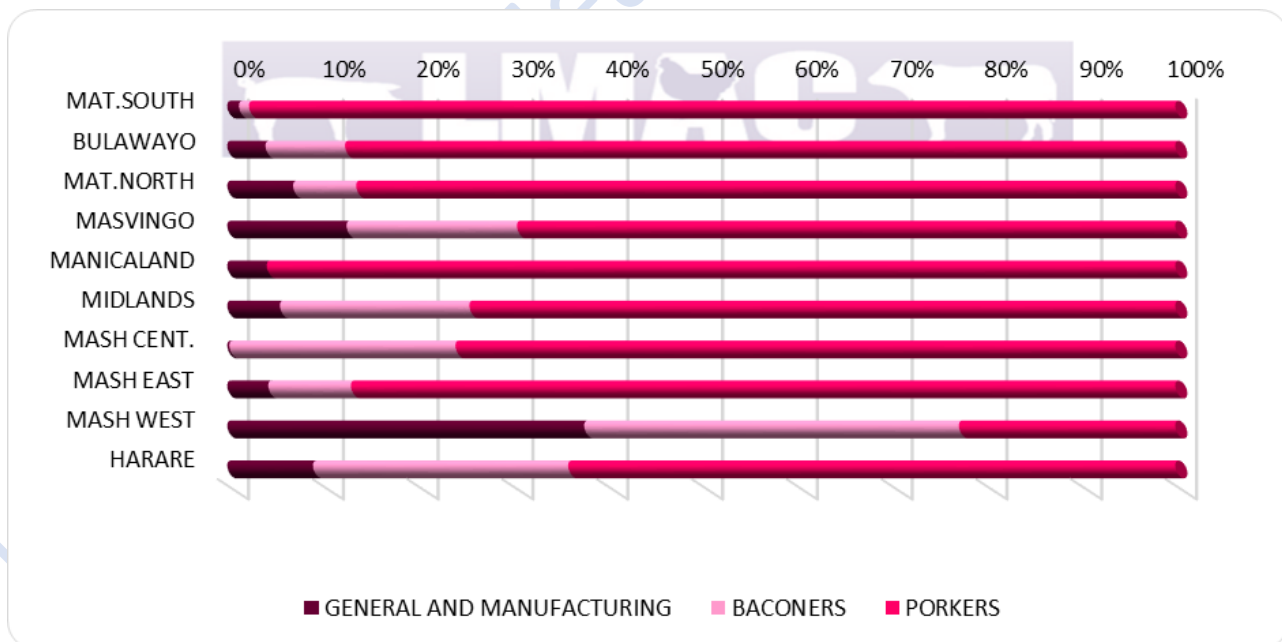


Monthly Pig Slaughters, 2015 – 2018

On a national scale for 2018, the average composition of grades was 34% for both Manufacturing and General Purpose as well as 34% for Baconers while Porkers made up 32% of the total slaughters.



Pig Slaughters by Grade, 2018

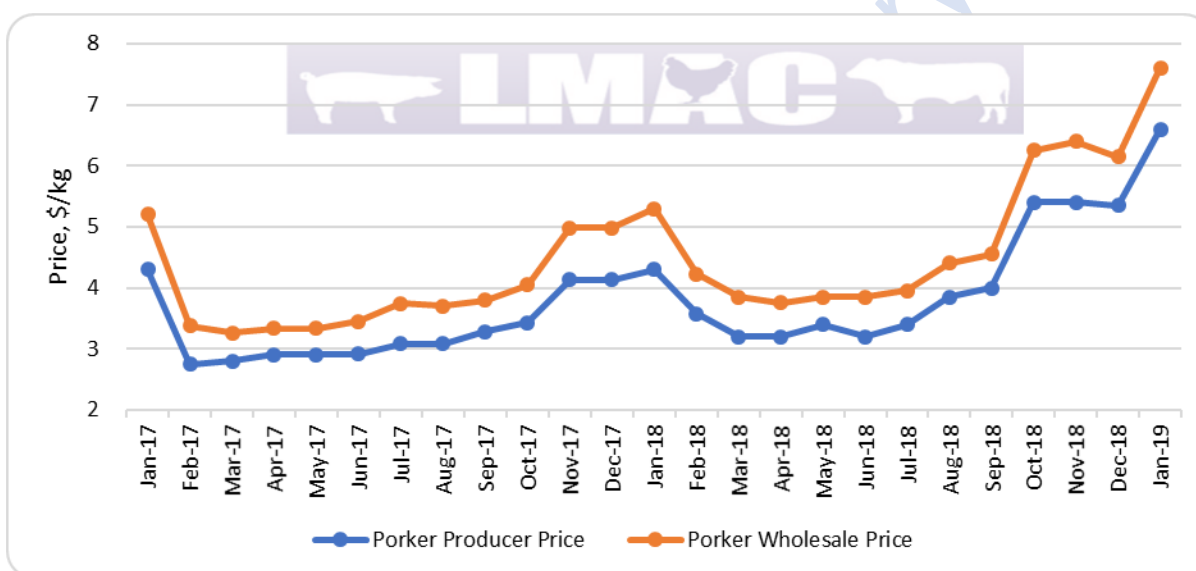


Proportionate Provincial Slaughters by Grade, 2018

Pig producer and wholesale prices in 2018 rose by 23% and 30% respectively. Wholesale prices, when compared to producer prices, carried premiums ranging between 13 – 23%, largely in line with the previous year of similar margins between 15 – 23%.

In 2018, fourth quarter wholesale and producer prices increased noticeably by 46% and 34% respectively, as prices of stockfeed increased, putting significant upward pressure on pork production costs.

Pig producers reported supply bottlenecks in the provision of premixes and veterinary drugs and, when available, suppliers were demanding settlement in hard currency or at prices benchmarked to its equivalent.

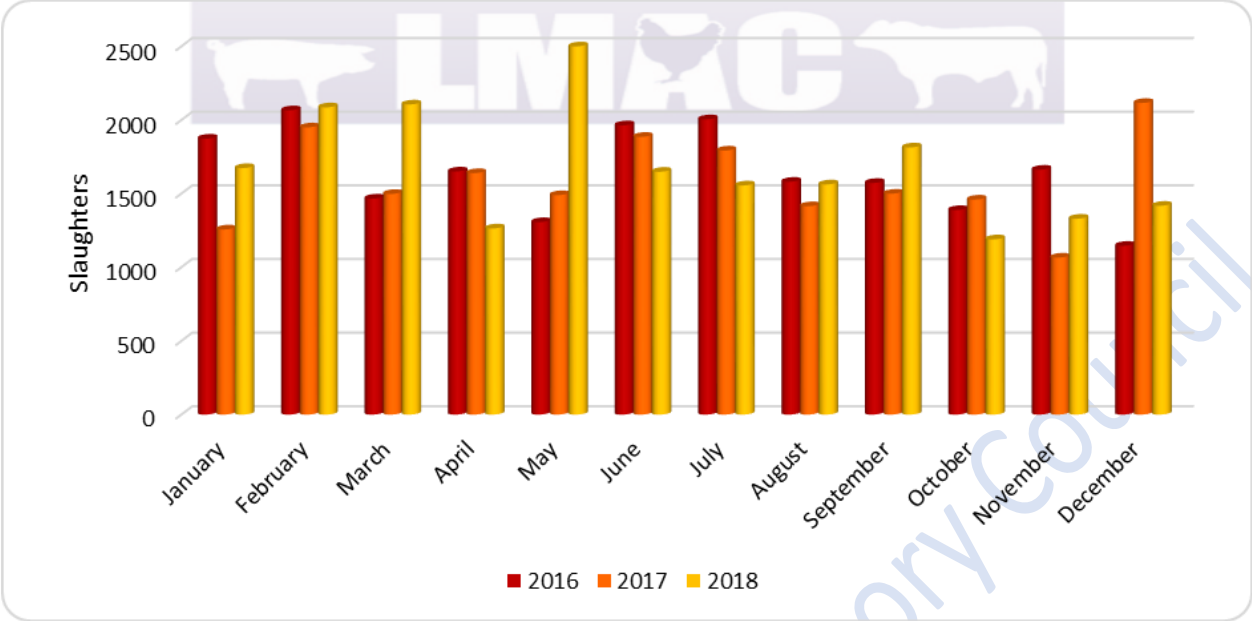


Pig Producer and Wholesale Prices, 2017 and 2018

5 Goat Sector

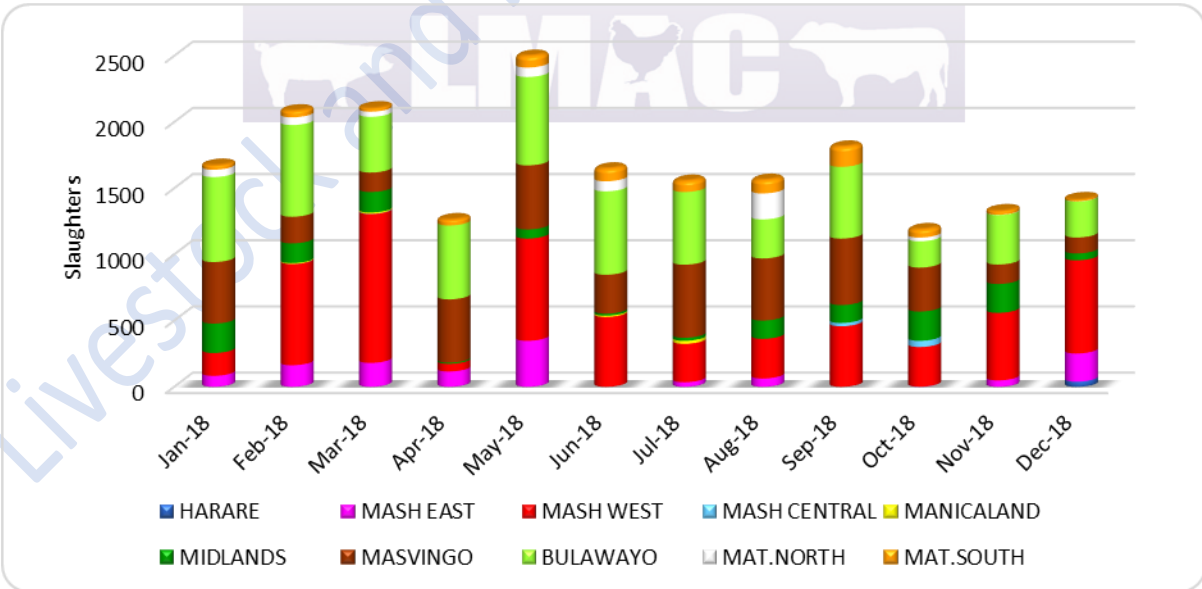
Total goat slaughters at abattoirs monitored by the Department of Crop and Livestock for 2018 were 20,179, increases of 3 and 6% over 2016 and 2017, respectively.

Average monthly slaughters for 2018 were 1,682 compared with 1,589 in 2017.



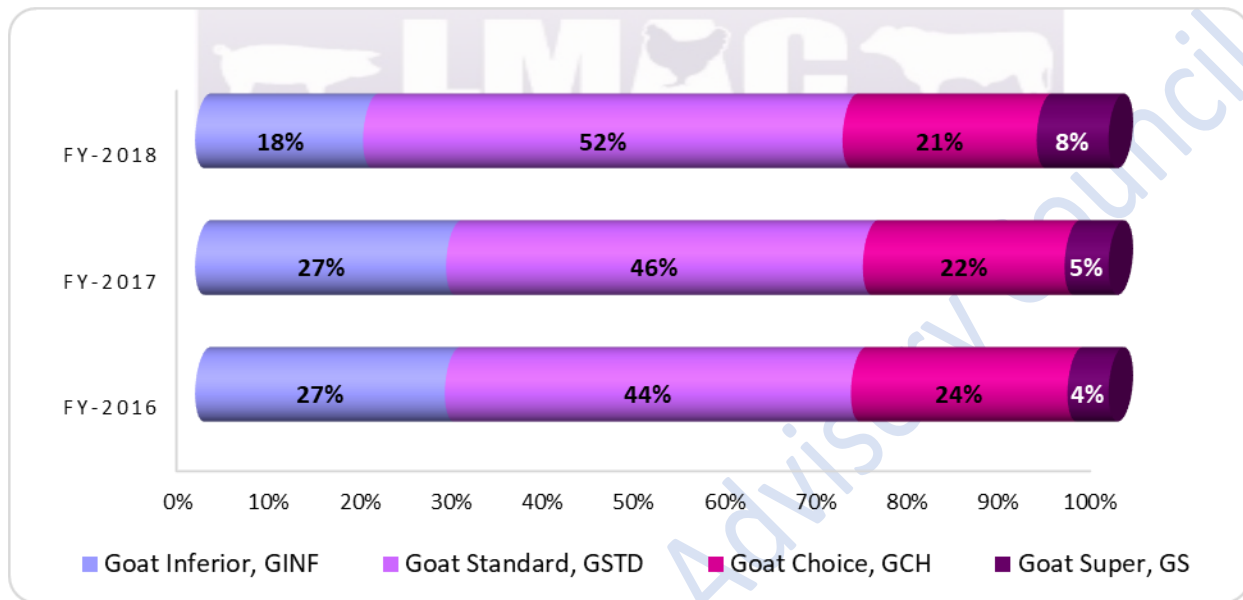
Goat Slaughters, 2016 – 2018

Cumulative goat slaughters for 2018 show that Mashonaland West province recorded the highest number, accounting for 30% of the total slaughter. Bulawayo and Masvingo provinces had the second and third highest slaughters, accounting for 29% and 21%, respectively.



Monthly Goat Slaughters Disaggregated by Province, 2018

Goat meat grade classification for 2018 saw a reduction in Goat Choice and Goat Inferior when compared to 2017 by 1 and 9%, respectively. As the figure below shows, Goat Standard grade continues to be the dominant grade.

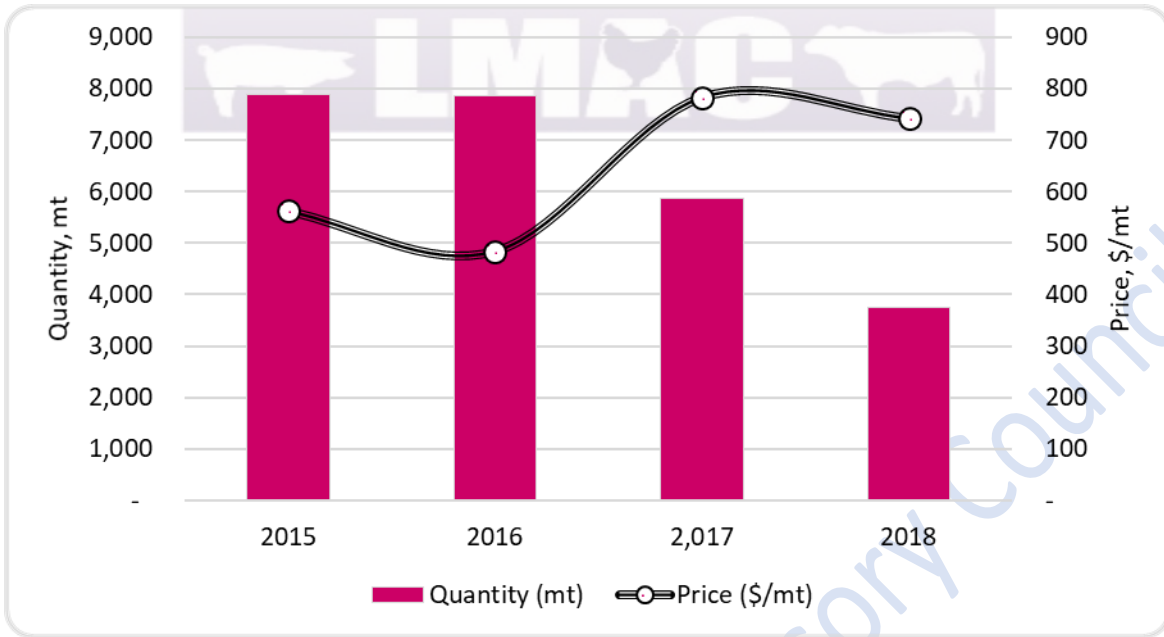


Proportionate Goat Slaughters by Grade, 2016 – 2018

The Zimbabwe Agricultural Growth Programme, an initiative funded by the European Union, has selected the goat value chain for technical and financial support.

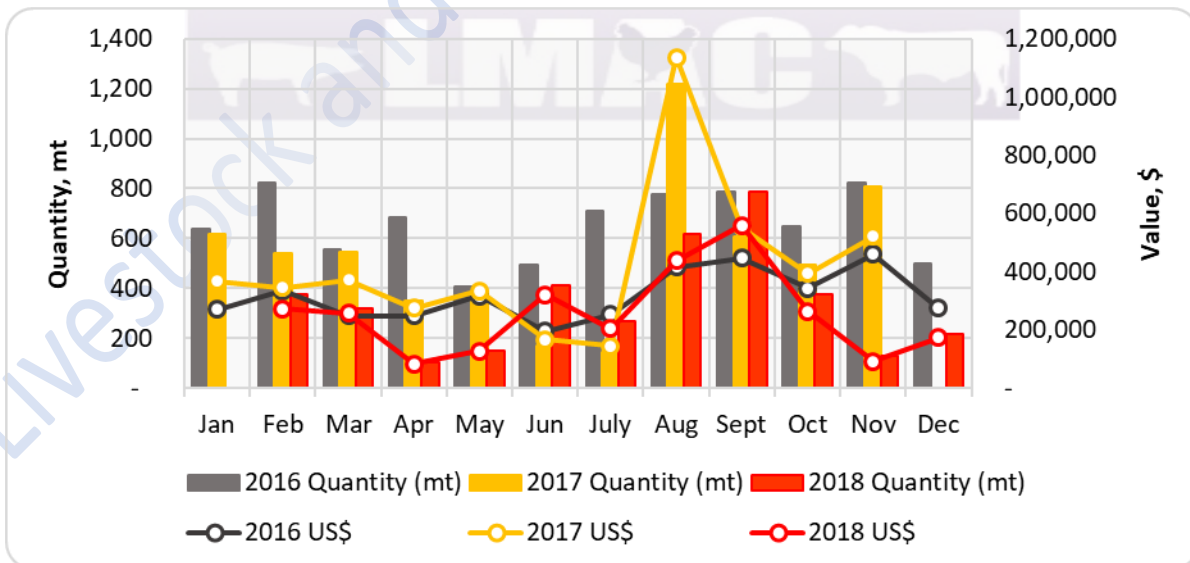
6 Meat Processing Sector

Cumulative imports of mechanically deboned meat (MDM) for February to December 2018 was 3,758mt, a decline of 36% on imports for the period January to November 2017 and the average cost decreased by 5% from \$783/mt to \$743/mt.



Imports of Mechanically Deboned Meat, 2015 – 2018

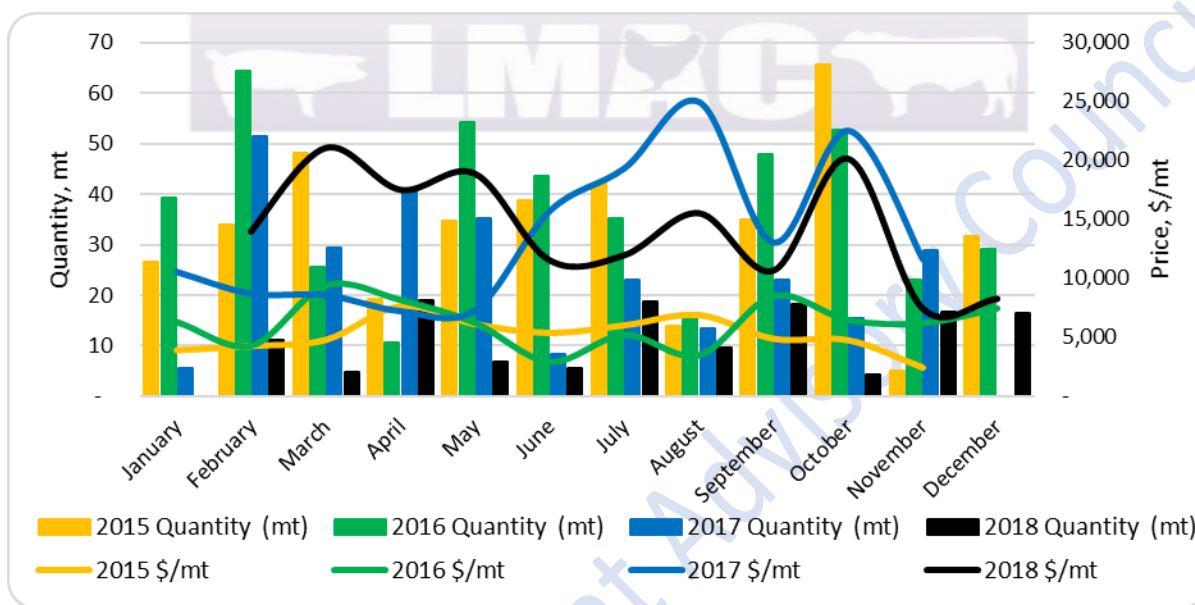
The average monthly imports over the eleven months to December 2018 was 313mt, a decline of 41% on the average monthly imports of 534mt over the eleven months from January to November 2017 and have continued to decline as the relative cost differential between MDM and locally sourced animal meat protein alternatives has shrunk. Monthly import quantities and costs are shown in the figure below.



Monthly Imports of Mechanically Deboned Meat, 2016 – 2018

Sausage Casings

Imports of sausage casings for the eleven months to December 2018 amounted to 313mt, a decline of 52% on imports between January and November 2017 at a value of \$1.7m, a decrease of 47% when compared with 2017.



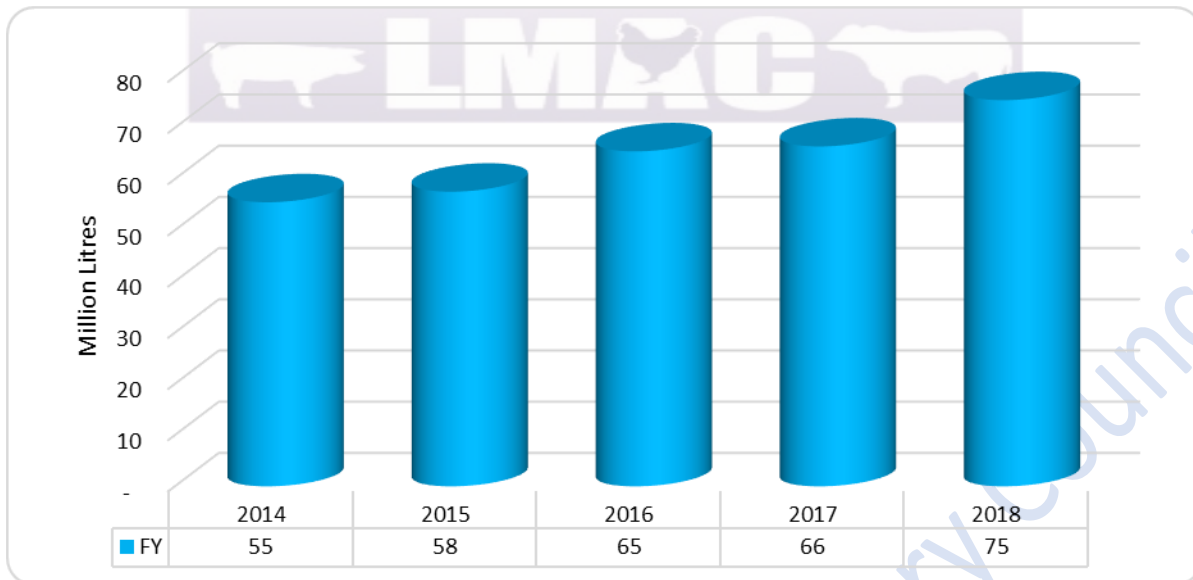
Monthly Imports of Sausage Casings, 2015 – 2018

The average import cost of sausage casings between February and December 2018 was \$12,950/mt, an increase of 11% over the eleven months between January and November 2017 and is 141% higher than the average cost price in 2015.

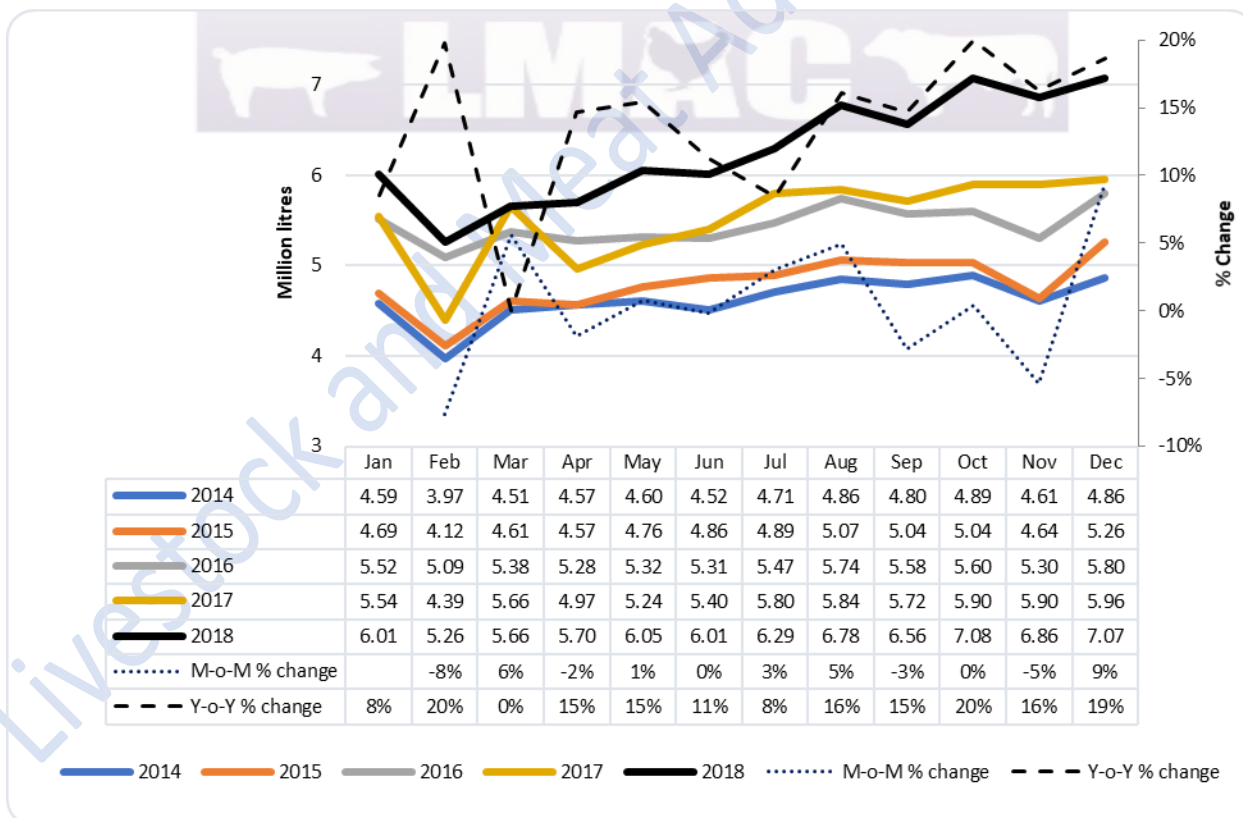
Tight supply conditions on the global market have exacerbated availability on the local market because of deteriorating macroeconomic factors and the shortage of foreign currency.

7 Dairy Sector

Milk production for the year 2018 totalled 75.4 million litres, an increase of 14% over the same period in 2017. All months of the year registered growth when compared with the corresponding period in 2017, with February and October registering the largest increase of 20% year on year. The industry is targeting an annual production of 100 million litres in 2019. In 1992 at its peak, annual production was more than 262 million litres per annum.

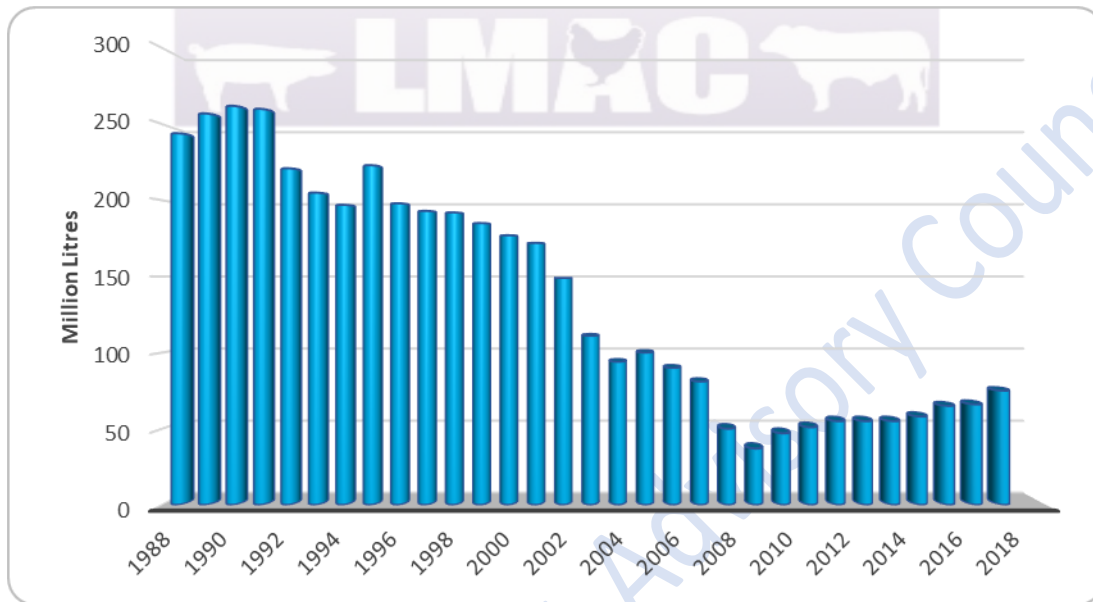


Annual Milk Production, million litres, 2014 – 2018



Monthly Raw Milk Production, 2014 – 2018

Milk production peaked at an estimated 262 million litres in 1992 from a dairy cow herd of 122,000. Currently, the dairy cow population is estimated at 32,000 and the total demand for milk is 120 million litres.

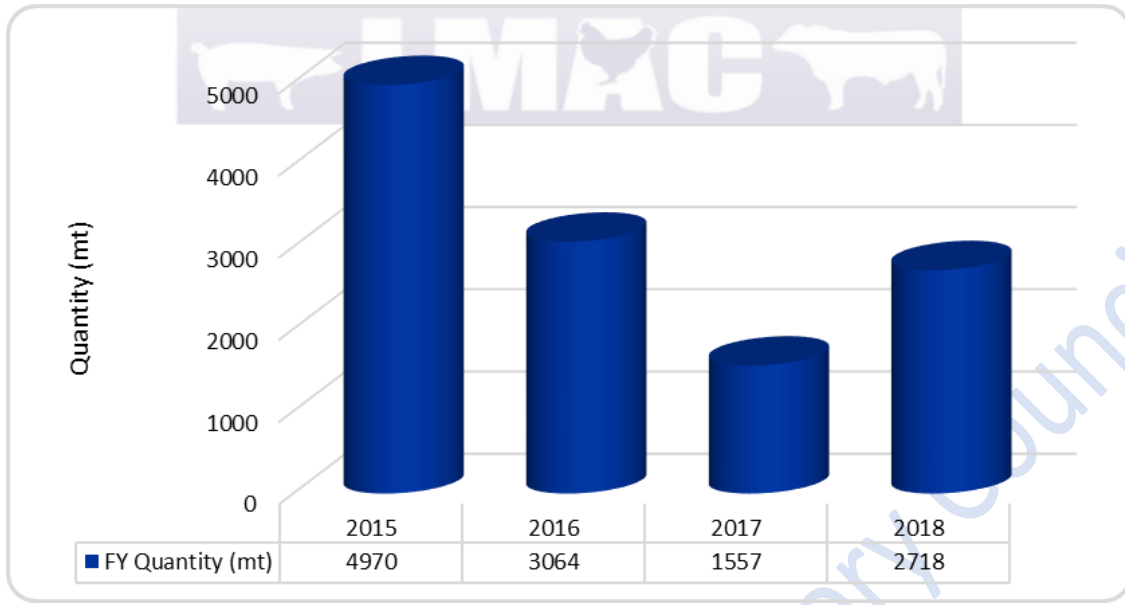


Annual Milk Production, 1988 - 2018

8 Aquaculture Sector

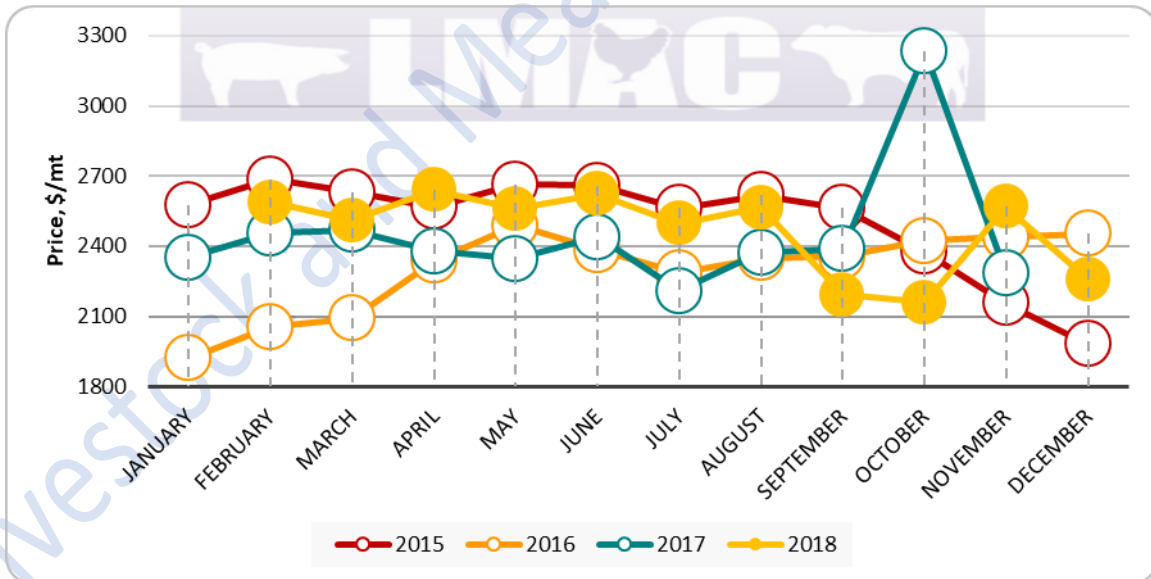
Exports of fish between February and December 2018 were 2,718mt, valued at \$6.7m. This represents a decline of 75% and 81% in quantity and value, respectively when compared to the same period in 2017. The exports were dominated by frozen fresh water fish and tilapia that made up 57% and 34%, respectively in quantity of total exports.

Notwithstanding the increase in exports, little progress has been achieved in making fish exports from Zimbabwe more competitive as the cost of doing business continued to grow. Inflationary increases in inputs such as feed and no relief from the costs of stringent regulatory compliance weighed negatively on the profitability of farmed fish.



Annual Exports of Fish (mt), 2015 – 2018

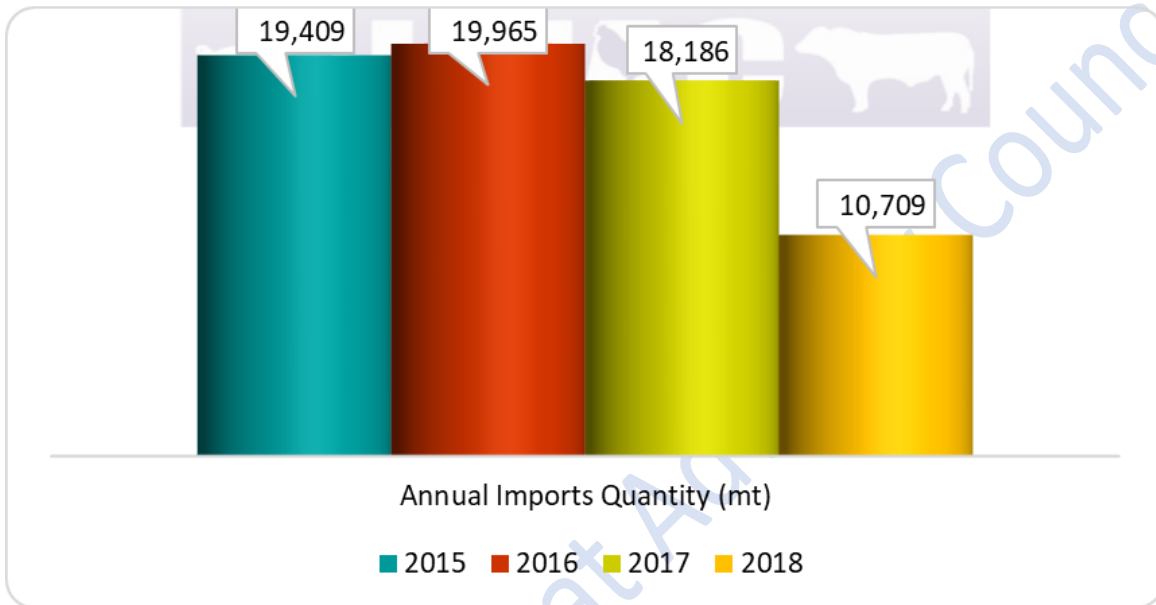
Fish exports between February and December 2018 averaged \$2,431/mt, a marginal increase of just under 1% over the corresponding eleven months in 2017. However, the price was 9% less than the average price in 2015 of \$2,671/mt as the figure below shows.



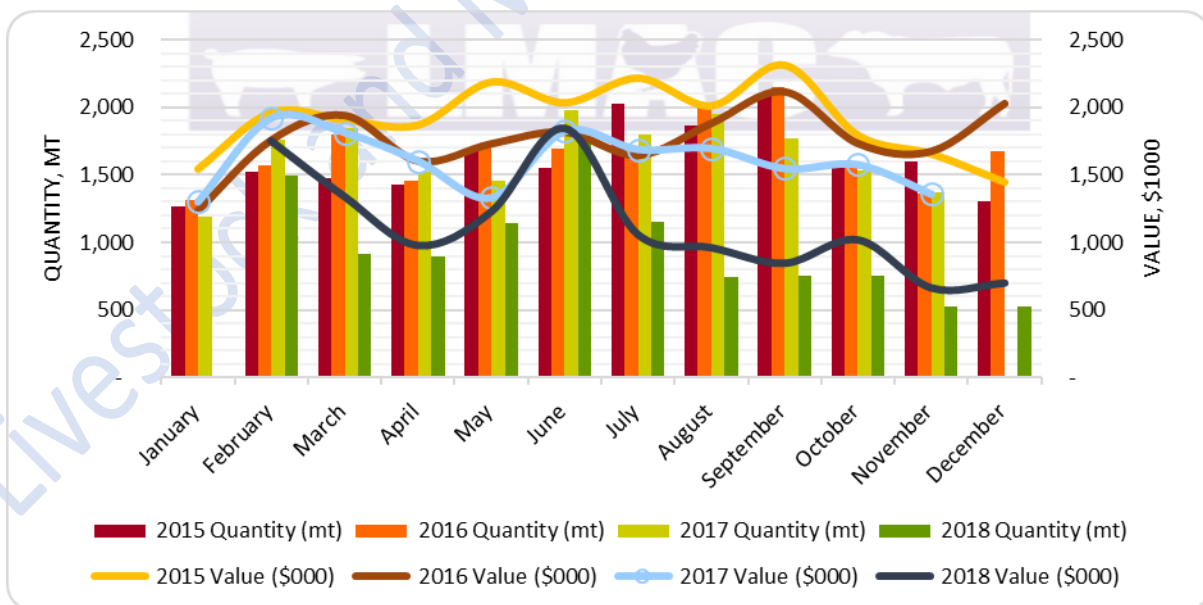
Price of Fish Exports (\$/mt), 2015 - 2018

Imports

Imports of fish from February to December 2018 totaled 10,709mt, a decline of 41% over the same period in 2017. Foreign currency shortages appear to have negatively impacted upon imports of fish.

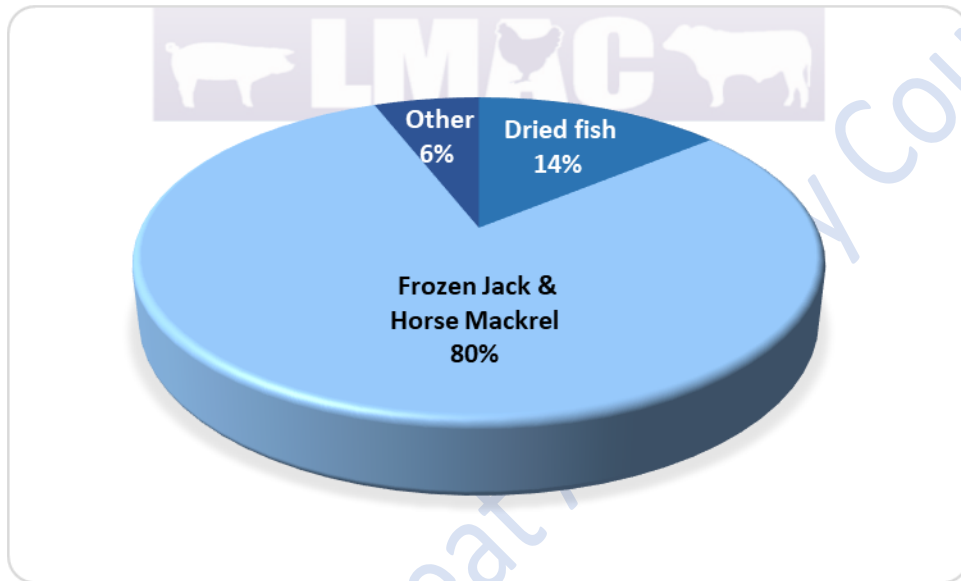


Annual Fish Imports, 2015 – 2018

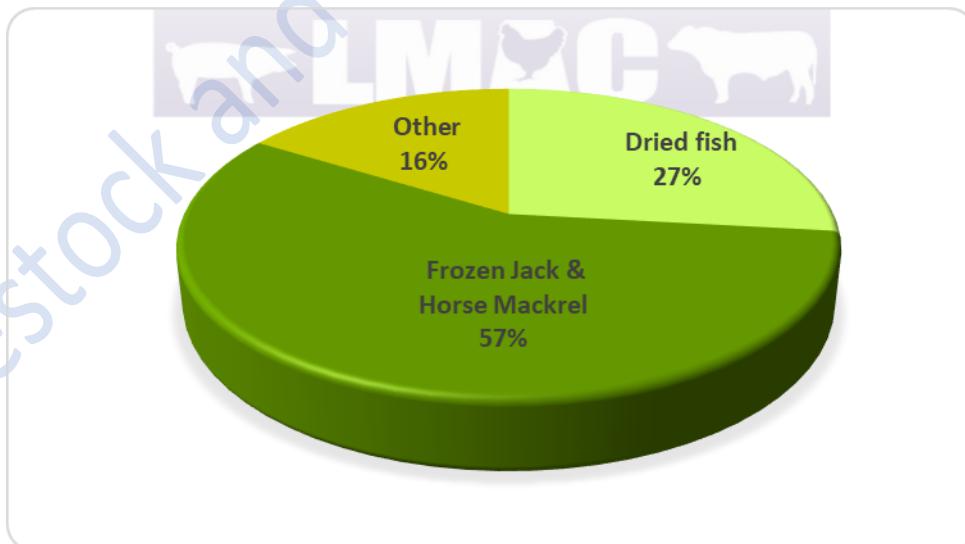


Monthly Fish Imports, 2015 – 2018

Total imports in 2018 were mainly comprised of frozen Jack and Horse Mackerel along with dried fish that were 80% and 14%, respectively in quantity. In dollar terms, dried fish increased their contribution to total imports to 27%, and imports of frozen Jack and Horse Mackerel declined to 57%. However, the continued importation of cheap frozen mackerel has the potential to impede the expected growth of the local fish industry.



Percentage Breakdown of Annual Fish Imports by Quantity (mt), 2018

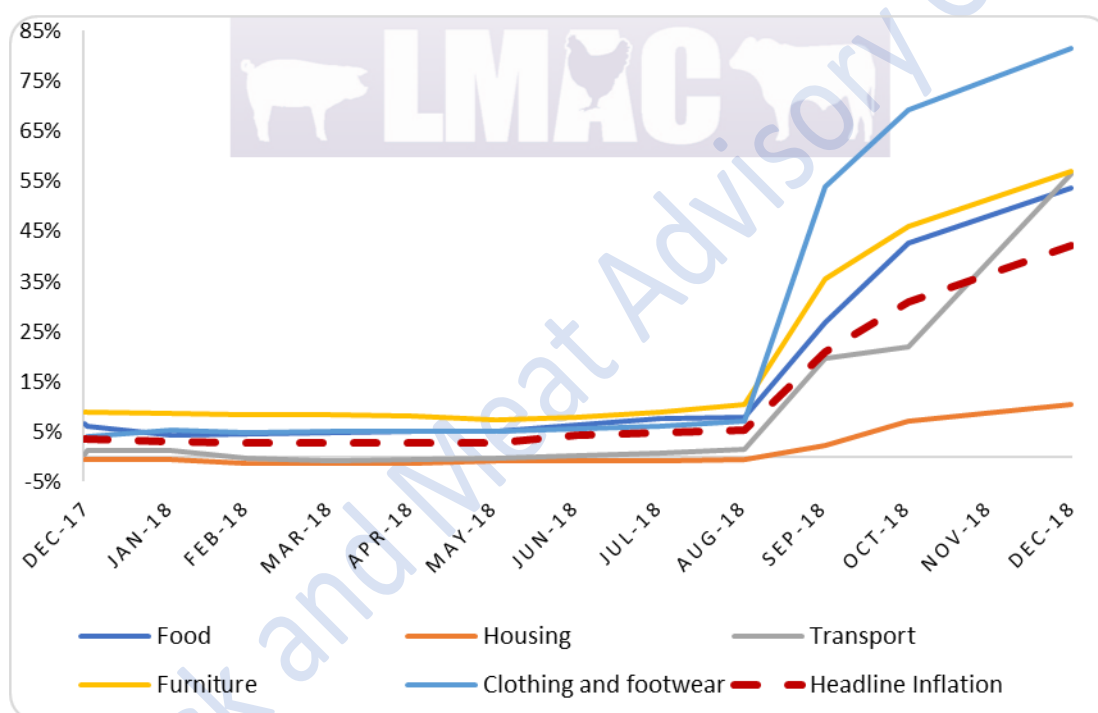


Percentage Breakdown of Annual Fish Imports by Value (\$), 2018

9 Economic Review

The economy performed better than expected in 2018, expanding by an estimated 3.5%, driven by agriculture. Cash shortages and the three-tier pricing system coupled with foreign exchange shortages continued to constrain the goods and factory markets.

Inflationary pressures re-emerged in 2018 with Zimbabwe's annual inflation ending the year at 42.1%, a gain of 11.08% from the November rate of 31.0%, putting further pressure on the austerity budget. According to the Zimbabwe National Statistics Agency, the Consumer Price Index (CPI) for December 2018 stood at 141.36 compared to 99.49 in December 2017.



Headline and Sub-Inflation Indices, 2018

The upsurge in the annual inflation rate for December was driven by food inflation, which carries a 32.0% weight of the total CPI basket. The year-on-year food and non-alcoholic beverages inflation rate stood at 52.7% in December 2018, gaining 11% on the November 2018 rate of 42.7%.

The fiscal deficit was an estimated 10.7% of Gross Domestic Product (GDP) in 2018, compared with 12.5% of GDP in 2017, financed mainly through domestic borrowing and in 2018, the unsustainable budget deficit was addressed with strong fiscal consolidation

measures. The deficit was driven mainly by election-related spending, civil servant salary increases, and transfers to the agricultural sector.

Total external debt was an estimated 45.3% of GDP in 2018, down from 53.8% in 2017.

The current account deficit was an estimated 3.7% of GDP in 2018, with imports of merchandise continuing to exceed exports, putting pressure on the supply of urgently needed foreign exchange and making it critical to diversify exports.

The economy is still projected to grow by 4.2% in 2019 and by 4.4% in 2020. The high and unsustainable debt-to-GDP ratio, high fiscal deficit, cash shortages, three-tier pricing, and limited availability of foreign exchange continue to constrict economic activity, and the persistent shortage of essential goods, including fuel and consumer goods, remain the major headwinds for any meaningful economic recovery. The agricultural and mining sectors are expected to be the main drivers of growth, backed by increased public and private investment but these forecasts are predicted on achieving a reasonable measure of success in maintaining price volatility within an acceptable range.

Disease control in livestock and cost containment in the stockfeed manufacturing sector will be major drivers of the fortunes of the livestock industry. Subsidy measures in maize production and supply, a major input in the manufacture of stockfeed, has allowed manufacturers to contain costs within reason and policy direction with respect to the maize price in 2019 will have a significant effect on cost pressures in the stockfeed industry and by consequence, the broader livestock industry.

High costs of regulatory compliance fees continue to weigh down efforts to create a regionally cost competitive livestock sector. Industry stakeholders are also concerned about at the lack of coordination amongst government entities in levying the industry, giving rise to levies purportedly for the same purpose. Going forward, stakeholders have proposed a clear link between levies charged and services delivered.