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Livestock Market Update: October 2017

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1.0 Stockfeed Sector

Maize Imports

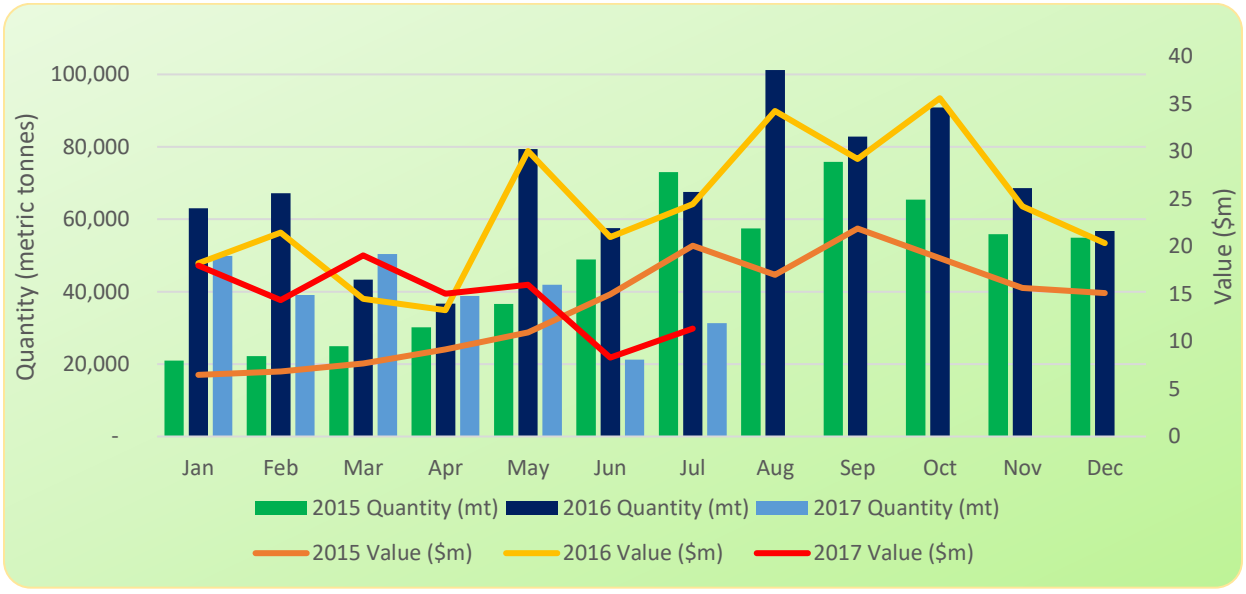
Total maize imported for the seven months to July 2017 was 272,614mt, a decrease of 34% on the previous year but higher than the 256,654mt imported over the same period in 2015 (Figure 1).

$102m was used for maize procurement compared with $143m and US$76m in 2016 and 2015, respectively.

The average price to July is $375, 9% higher than $344 over the corresponding period in 2016 and 25% higher than 2015. Maize sourced from Zambia was the cheapest at an average price of US$294/mt while Mexico was the most expensive at US$399/mt.

56 and 23% of maize imports were sourced from South Africa and Mexico, respectively.

Figure 1: Maize Imports 2015 – July 2017



The spot price on the South African Futures Exchange (SAFEX) has been on a downward trend since the beginning of the year (Figure 2). The average weighted import price for July 2017 stands at $363/mt, one dollar above the price in July 2016.

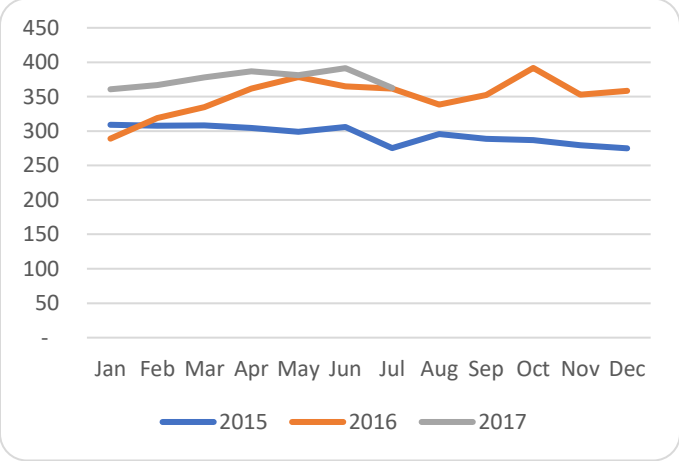
Locally, government policies have dominated activity at both the production and marketing levels of the maize crop. The provision of inputs through the Presidential

Input Scheme and Command Agriculture programs and the guaranteed price of $390/mt encouraged producers to prioritise maize production.

The maize price for industrial users buying from the Grain Marketing Board (GMB) ranges between $240 – 280/mt (Figure 3). The reported total intake to July at the GMB is 563,519mt. Using deliveries from April to July, 303,162mt was delivered by farmers and imports and stocks carried accounting for the balance. The projected harvest of 1.2million tonnes is unlikely to be realised. In South Africa, 90% of the 15 million metric tonnes has been delivered to date.

Figure 2: SAFEX White Maize Spot Price $/mt

Figure 3: Average Maize Import Price ($/mt)



Statutory Instrument 79 of 2017 prohibiting the purchase of maize contracted under the Command Maize program did not extend to all maize produced. Purchases direct from

maize producers' range between $180 – 220m/t, depending on whether cash or transfer payment is made.

The policy of setting the purchase price of maize at $390/mt while selling the same maize at $270/mt to industry and financing the deficit using Treasury Bills is expected to have a stimulatory effect in the short run. The downside is it that it has the potential to induce inflationary pressures in the medium to long term as the method of financing the deficit is unsustainable.

Soya Cake and Meal

Soyabean meal and cake imports totalled 42,792mt for the seven months to July 2017 (Figure 4). This was 23% down on the same period in 2016 but higher than 2015. The average price is marginally down by 1% from $595/mt in 2016 to $589/mt in 2017. 3,187mt of soyabean meal and cake was imported at an average price of $539/mt (Figure 5). In July 2016, 5,195mt was imported at an average price of $586/mt.

Figure 4: Soya meal and Cake Imports, 2010 – July 2017

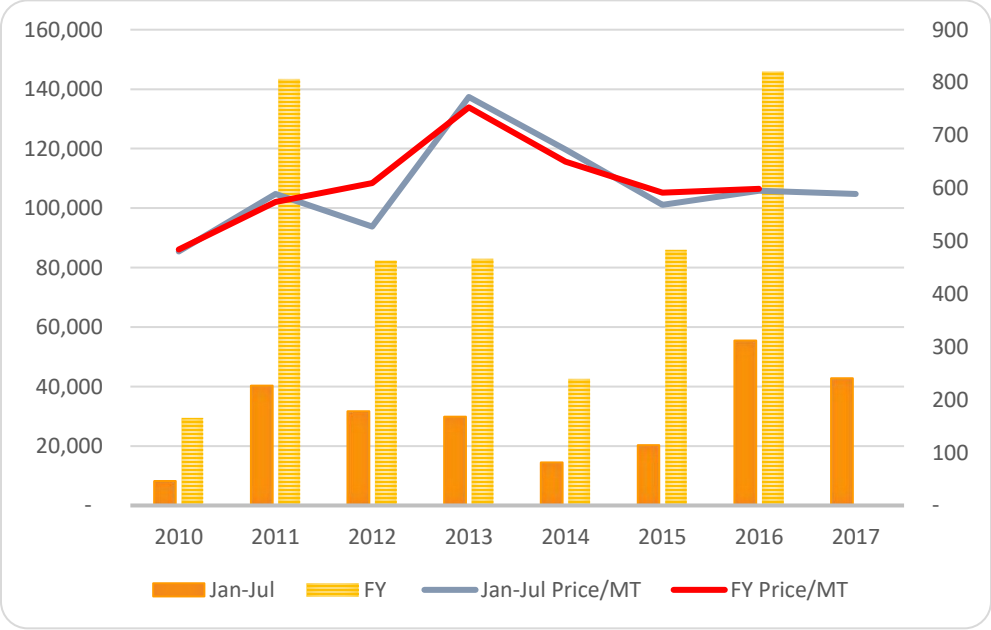
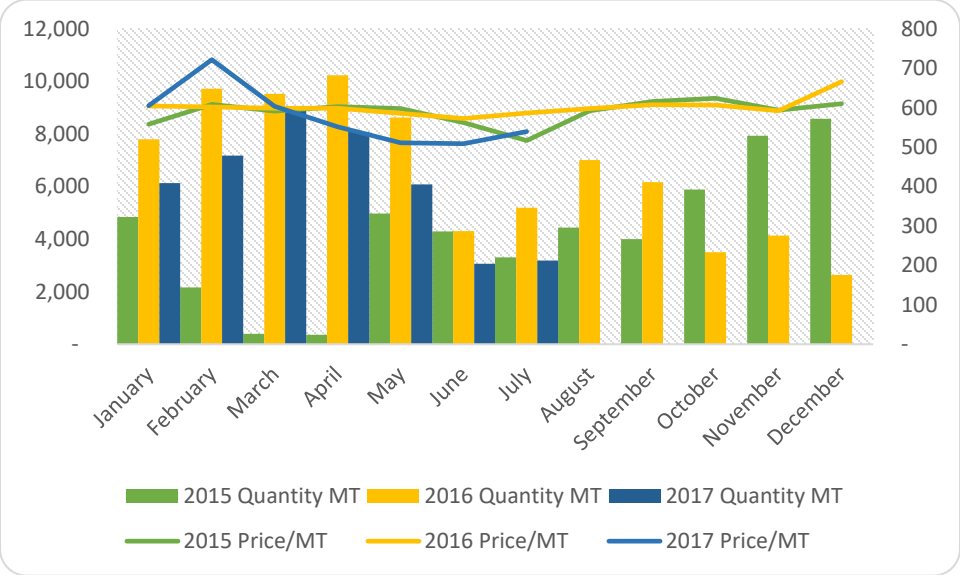


Figure 5: Monthly Soyabean Imports, 2015 – July 2017



Maize Bran

Total imports for the seven months to July stood at 3,400mt, a decline of 21% over the same period in 2016 (Figure 6). The average price increased from $131.60/mt to $136.40/mt, an increase of 4% (Figure 7 & Table 1).

Figure 6: Maize Bran Imports, 2010 – July 2017

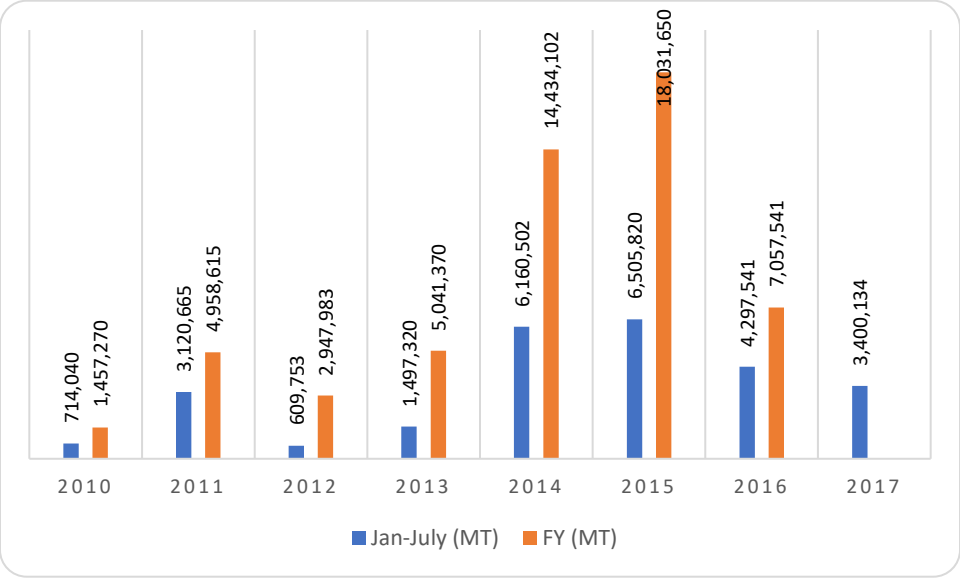


Figure 7: Monthly Maize Bran Imports

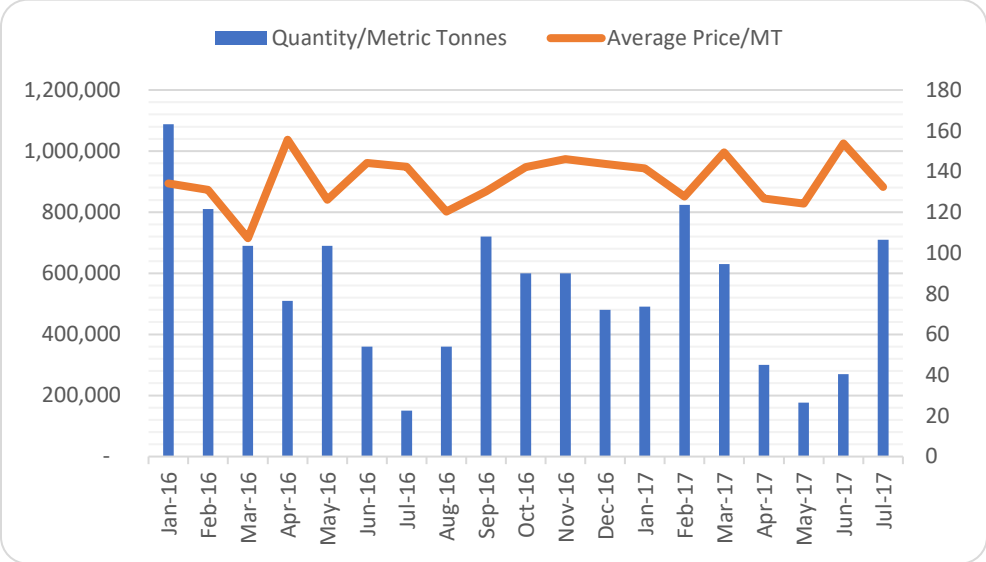


Table 1: Average Maize Bran Prices, 2010 – July 2017

	2010	2011	2012	2013	2014	2015	2016	2017
Jan-July ($/mt)	75.19	118.03	113.95	150.21	137.31	94.25	131.60	136.43
FY ($/mt)	99.69	122.38	115.70	138.02	156.84	104.34	133.82	

Wheat Bran

In the seven months to July 2017, wheat bran imports amounted to 5,184mt, 61% down on last years' figure of 13,200/mt (Figure 8). The average price in the same period declined by 11% from $138.54/mt to $122.78/mt (Figure 9 & Table 2).

Figure 8: Wheat Bran Imports (mt), 2010 – July 2017

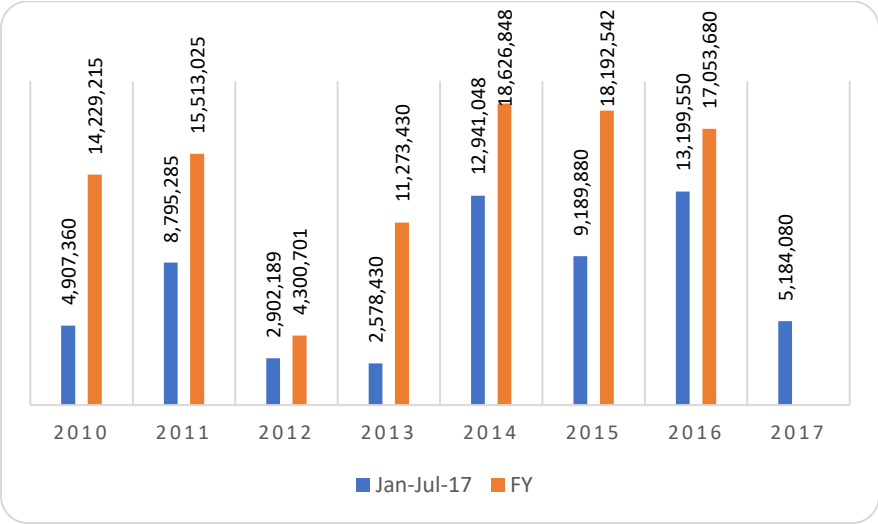


Figure 9: Monthly Imports of Wheat Bran, 2016 – July 2017

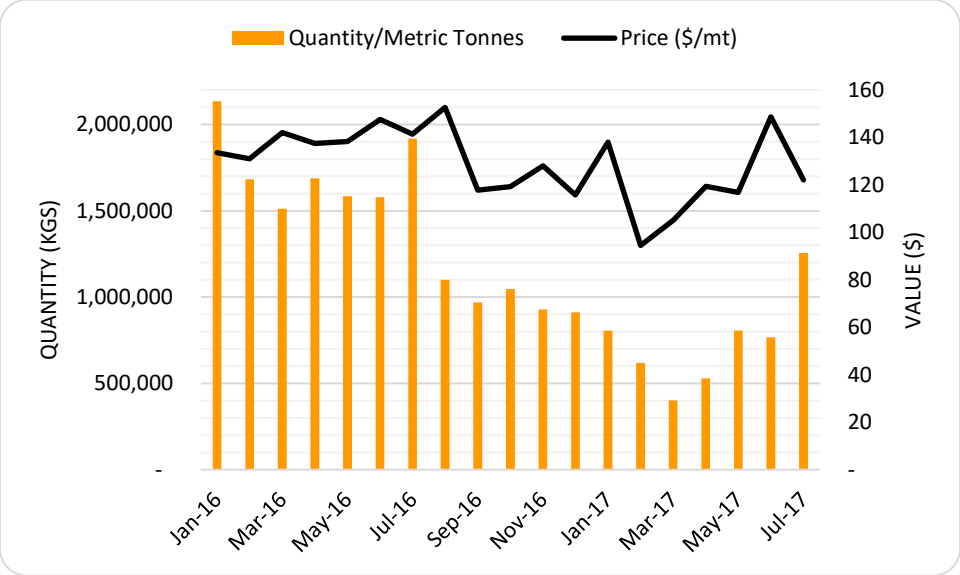


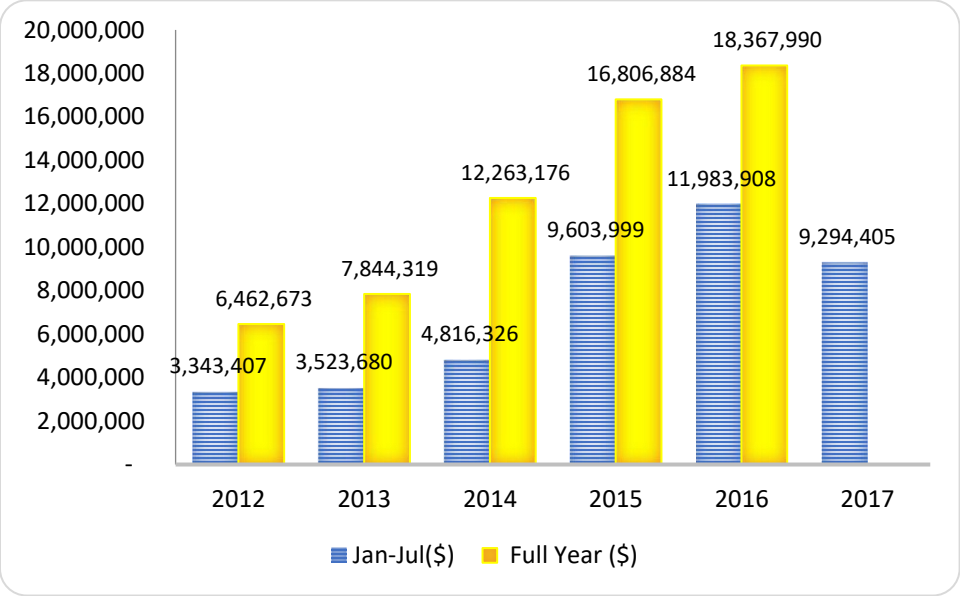
Table 2: Average Wheat Bran Prices

	2010	2011	2012	2013	2014	2015	2016	2017
Jan-Jul ($/mt)	71.12	111.25	126.75	173.20	177.60	126.79	138.54	122.78
FY ($/mt)	89.72	134.86	145.68	139.78	164.65	130.18	135.30	

Premixes, Vitamins and Additives for the Manufacture of Stockfeeds

Premixes worth $9.3m have been imported for the seven months to July, a decline of 22% from the same period in 2016 (Figure 10). Their availability is wholly driven by access to Nostro balances as allocated by the central bank. Indications are that constraints around procurement are expected to become more acute.

Figure 10: Premixes, Vitamins and Additives for the Manufacture of Stockfeeds 2012 – July 2017



Cotton

Low protein cotton cake is available at $260/mt ex-factory but high protein has not been available. The market expects adequate domestic supplies because of higher cotton production.

Molasses

The resumption of cane milling has meant that molasses is available $140/mt delivered to Harare.

Stockfeeds

The total quantity of raw materials used in the manufacture of stockfeeds in the first half of 2017 was 208,920mt which produced 193,428mt of stockfeeds (Figure 11). This represents an increase of 9% and a decline of 26% in the quantity of raw materials utilised and in stockfeeds manufactured, respectively, compared with the same period in 2016 (Figure 12).

Figure 11: Raw Material Utilisation (mt), 2012 - June 2017

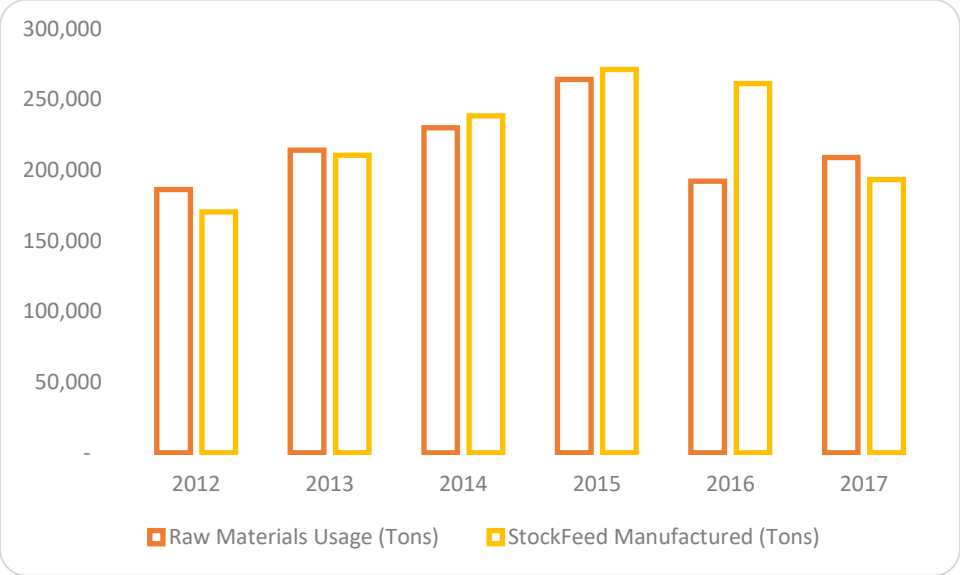
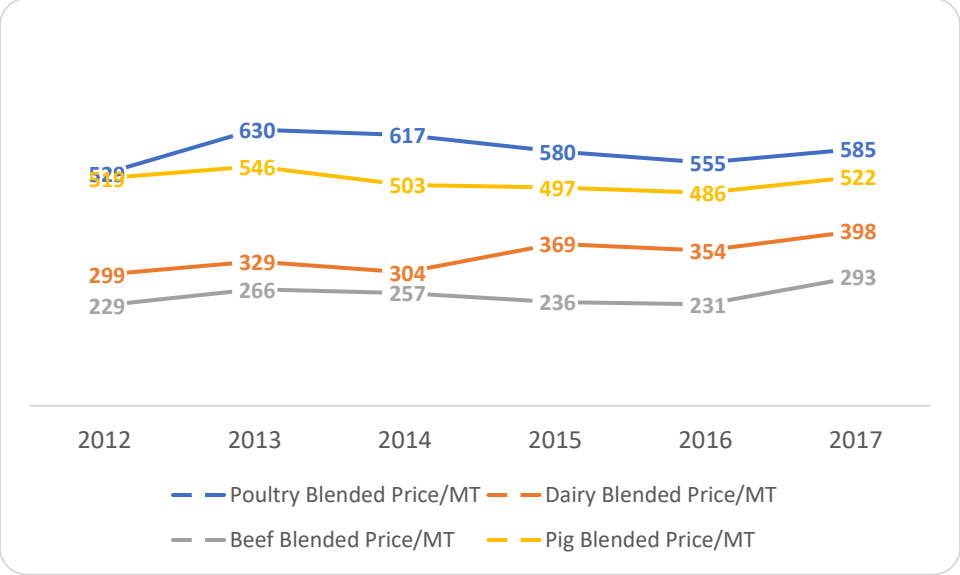


Figure 12: Stock Feed Wholesale Prices by Species $/mt



2.0 Beef Sector

The Department of Livestock and Veterinary Services (DLVS) has reported active clinical infections of Foot and Mouth Disease (FMD) in Chipinge South, Mwenezi, Chivi and Chiredzi. FMD vaccine supplies are increasingly inconsistent with stocks at critically low levels. Botswana has donated 473,200 doses of vaccine to be used in areas surrounding its borders.

Cumulative cattle slaughters to August 2017 were 173,575, a decline of 9% and an increase of 1% over the corresponding periods in 2016 on 2015, respectively (Figures 13 and 14).

The supply of beef into the market is affected by producers restocking their herds following the drought induced destocking exercise in 2016. The outbreak of FMD could further constrain market supply as the year draws to a close and monthly demand traditionally peaks.

Figure 13: National Cattle Slaughters

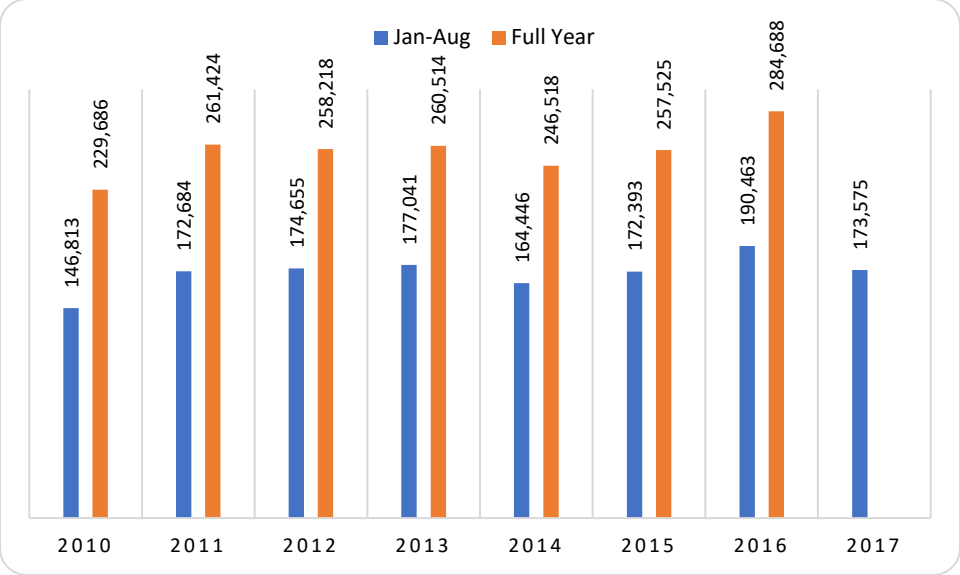
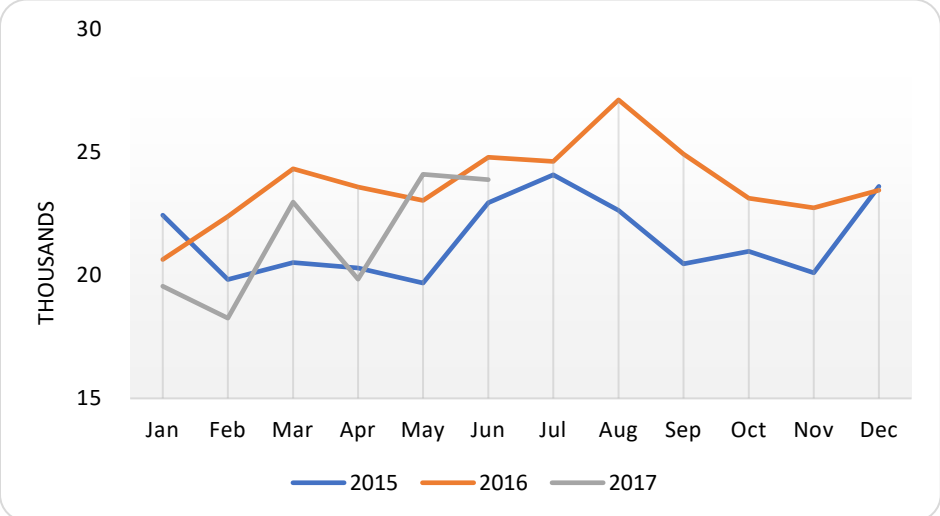
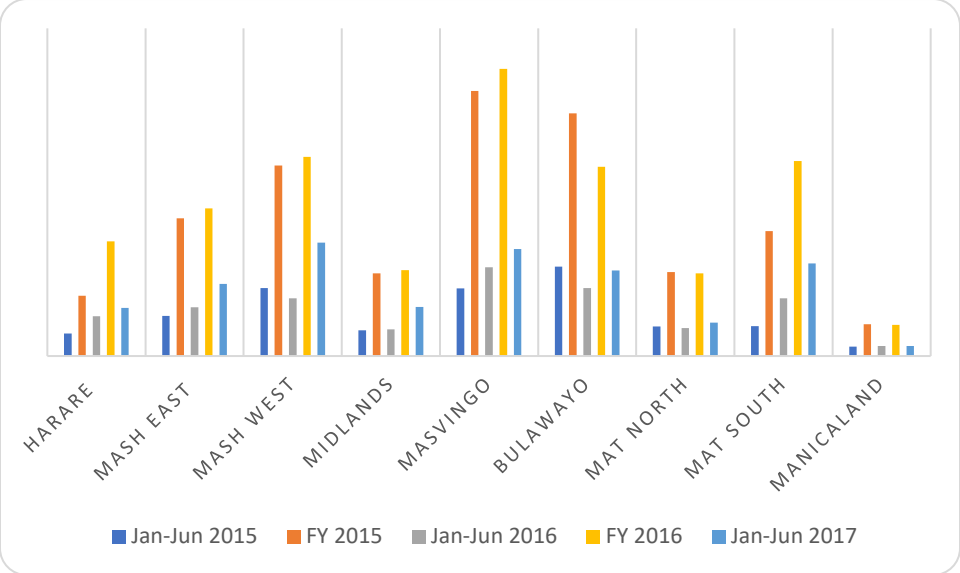


Figure 14: Monthly Cattle Slaughters



To August 2017, Mashonaland West recorded the highest number of slaughters, making up 18% of the total slaughters at abattoirs monitored by DLVS (Figure 15). Masvingo province recorded the seconded highest number of slaughters, with Matebeleland and South Bulawayo, third and fourth respectively. Mashonaland Central had the lowest number of 139, which is reflective of the lack of monitored abattoirs and not the absence of cattle slaughters in the province.

Figure 15: Slaughters by Province



The composition reflects a decline in the quality of meat supplied by producers over the years with supers constituting 22% of the full year slaughters in 2014 whereas they account for only 17% so far in 2017 (Figures 16 & 17). The proportion of economy carcasses rose by 3% over the same period in 2016. Commercial meats have declined by 3% in 2017.

Figure 16: Quality Composition by Grade, January to August 2017

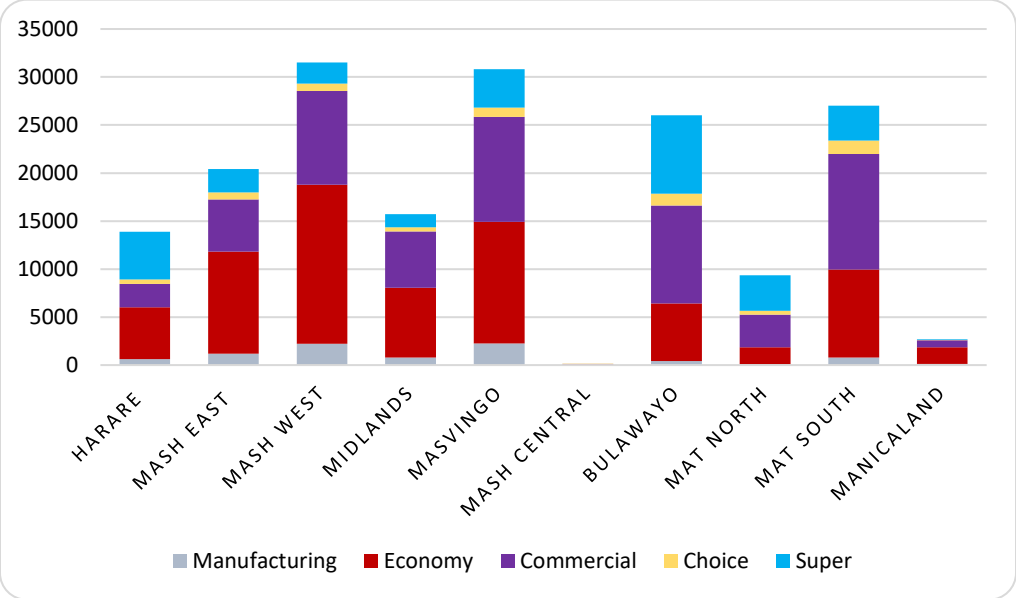
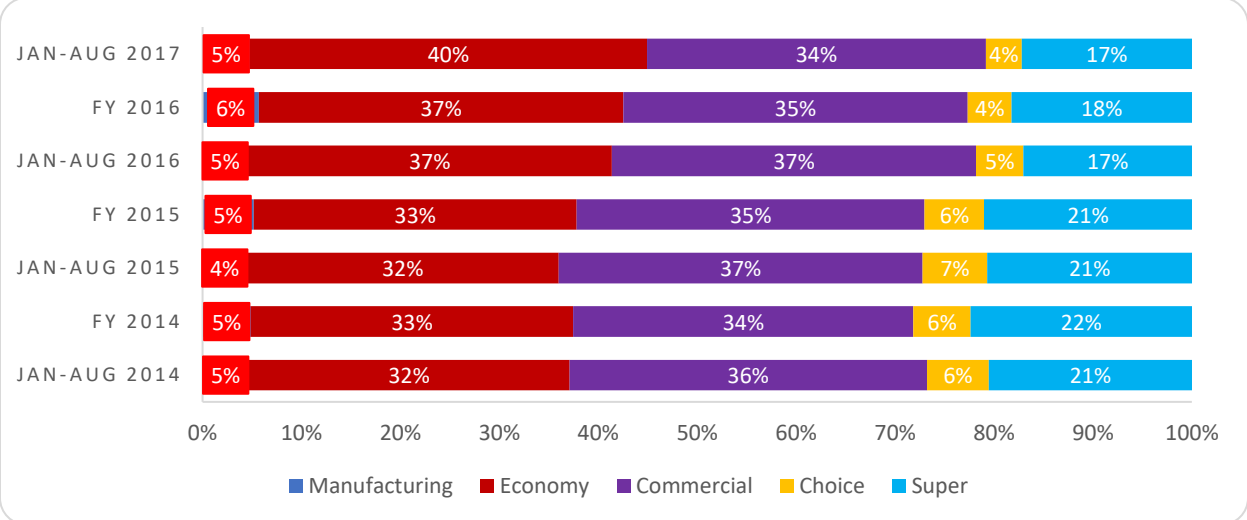
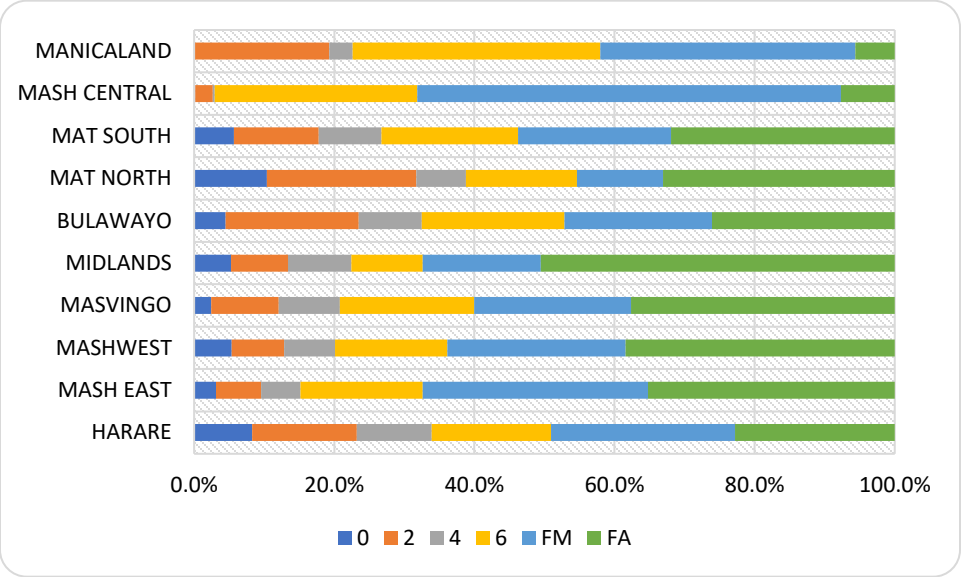


Figure 17: Quality Composition in Percentage Terms by Grade, January to August 2017



The breakdown of cattle slaughtered over the period January to August 2017 according to age, reveals the dominance of mature livestock (Figure 18).

Figure 18: Cattle Slaughters Classified by Age



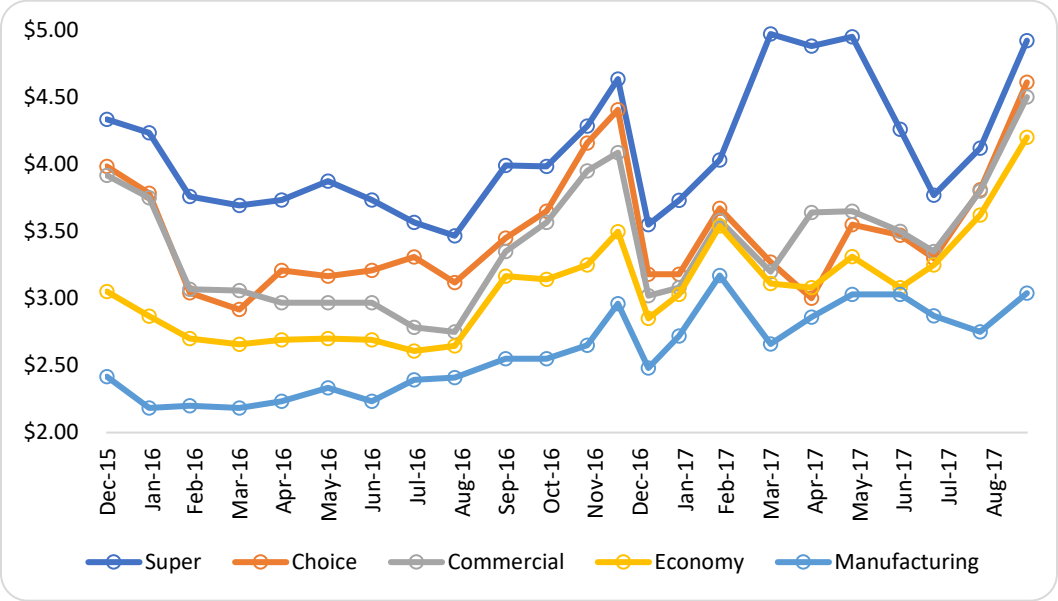
Market Price

Wholesale beef prices rose across the board in the nine months to September 2017. Economy and commercial meat recorded the highest gains, increasing from $3.50 to $4.20/kg (20%) $4.09/kg up from $4.50 (10%), respectively (Figure 19). Abattoir operators continue to report challenges in acquiring higher grade meat.

The Competition and Tariff Commission held stakeholder workshops in Bulawayo, Masvingo and Harare to review the pricing practices within the beef value chain amid reports of collusion among operators to the detriment of cattle producers. Although the report has yet to be published, it was noted that there is a need to improve the marketing and delivery system in the beef value chain and to increase the number of buyers present at the purchase of cattle within the small holder sector.

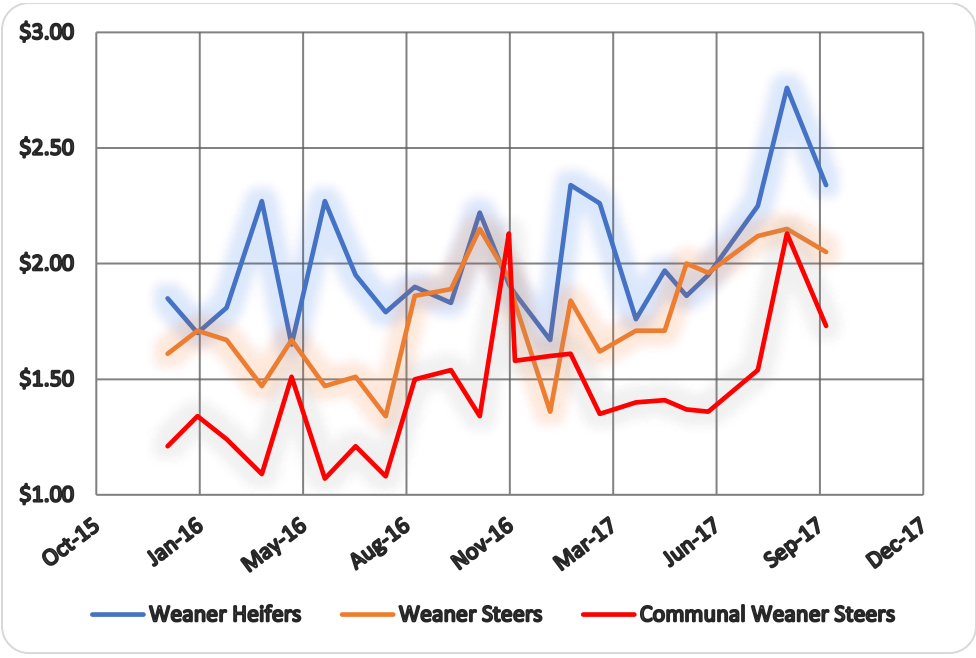
The matter of the fifth quarter has been the source of misunderstanding. Two alternate models were discussed: the Zambian system where cattle are bought by the hoof and where a fixed percentage of the total carcass value is charged as a marketing cost. It was also noted that out of the 129 licensed abattoirs, meat graders were stationed at only 57 as the number of slaughters at some abattoirs make it uneconomic to avail meat graders. CTC expressed concern at the high beef prices relative to the region.

Figure 19: Indicative Wholesale Beef Prices, 2016 – August 2017



There was a modest recovery in auction prices for commercial weaners while prices for communal weaners remained unchanged during 2017 as shown in Figure 20. Auction prices for Weaner Steers increased by 25% from December 2016 to September 2017, rising to $2.34/kg from $1.87/kg. Weaner Heifers and Communal Weaner Steers both rose over 12% and 9%, respectively.

Figure 20: Live Cattle Prices



3.0 Poultry Sector

Broiler Breeding

Breeder chick retentions and growing birds in the first half of 2017 were 24 and 13% lower respectively than the same period last year and the lowest first half figures since 2013.

Breeders in-lay which were showing strong growth in the first five months of 2017, plummeted 34% in a single month as 180,000 breeder hens were culled at Lanark Farm following the confirmation of the outbreak of Avian Influenza. Thus, for the first half of 2017, the average breeders in-lay are only 4% up on the first half of 2016. This, together with declining numbers of breeder chicks retained and growing breeders, point to a decline in locally produced broiler hatching eggs for the rest of the year and into 2018.

Production of broiler hatching eggs in the first half of 2017 was 1% up on the same period in 2016, but imports (accounting for 12.5% of local chick production) were 43% lower, yielding a decrease of 8% in total broiler hatching eggs put into hatcheries. Similarly, total day-old chick production was 4% lower. As a result, chick prices have increased by 6% and averaged $66 per 100 chicks in the first half of 2017.

Figure 21: Broiler Hatching Eggs and Chicks

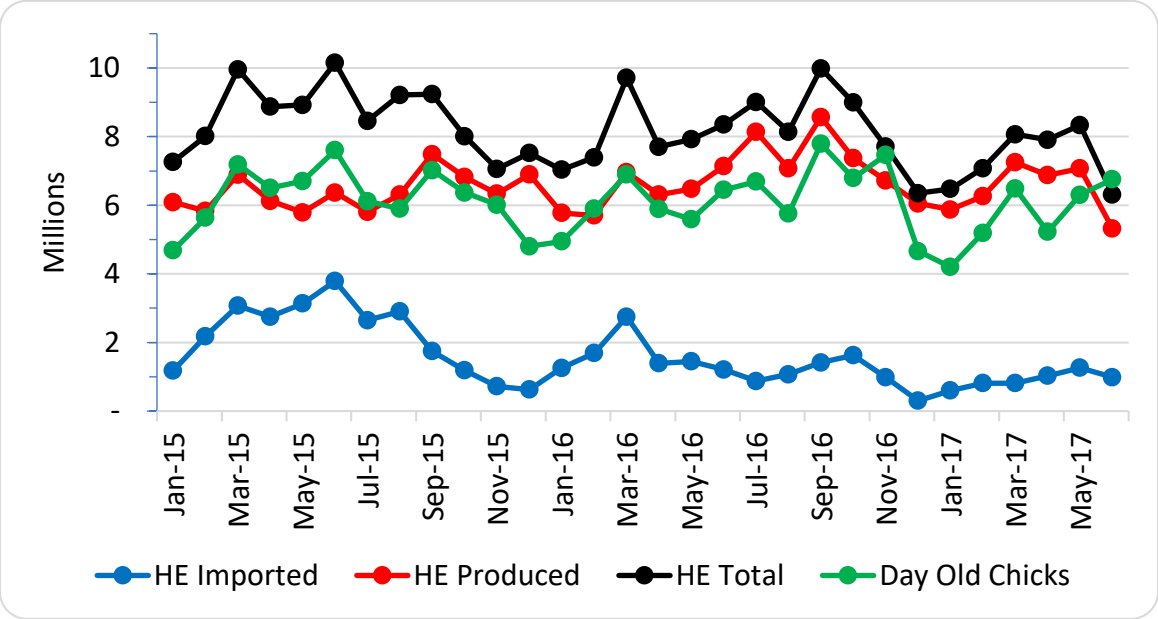
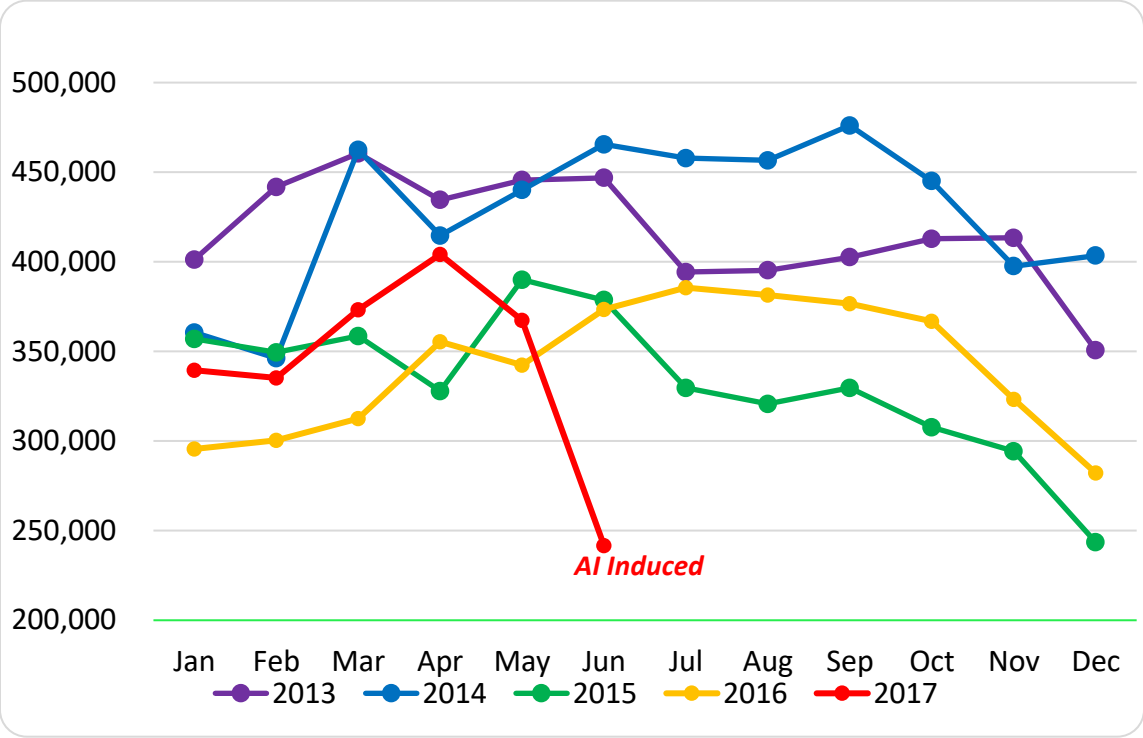


Figure 22: Broiler Breeders - In Production



Broiler Meat Production

The number of birds processed and broiler meat production in the large scale formal sector in the first half of 2017 was 2% and 8% lower respectively than the same period in 2016. This is reflected in whole bird wholesale prices having risen by 11% from an average of $2.88/kg in the first half of 2016 to $3.19/kg in the first half of 2017.

Small-scale broiler meat production is estimated to have declined by 5% in the first half of 2017 relative to the same period in 2016. Together with the 8% decline noted for the large-scale sector, this resulted in first half total broiler meat production being 6% lower than during the same period of 2016. Monthly average broiler meat production during the first half of 2017 was 8,823mt.

Table 23: Broiler Meat Production

	2013	2014	2015	2016	2017
Large-scale	2,676	2,516	3,111	3,050	2,796
Small-scale	5,070	6,675	6,855	6,358	6,027
Total	7,745	9,191	9,967	9,408	8,823

Layer Breeding

The number of in-lay layer breeders in the first half of 2017 were 13% lower than during the same period of 2016. While growing breeder layers were the same during the first halves of 2016 and 2017, retained breeder chicks placed were 43% higher during the first half of 2017, signalling a positive response by breeders to boost layer production following precipitous declines in table egg production experienced in late 2015 to 2016.

The in-lay breeder stock decline between the first halves of 2016 and 2017 is reflected in an 18% decline in locally produced layer hatching eggs. The 22% increase in imported hatching eggs between the two periods were inadequate to bridge the gap, leading to a 16% decline in total layer hatching eggs put through local hatcheries. However, chick production had shown a marginal increase of 4% while chick price had firmed from $117 per 100 chicks in the first half of 2016 to $124 in the first half of 2017.

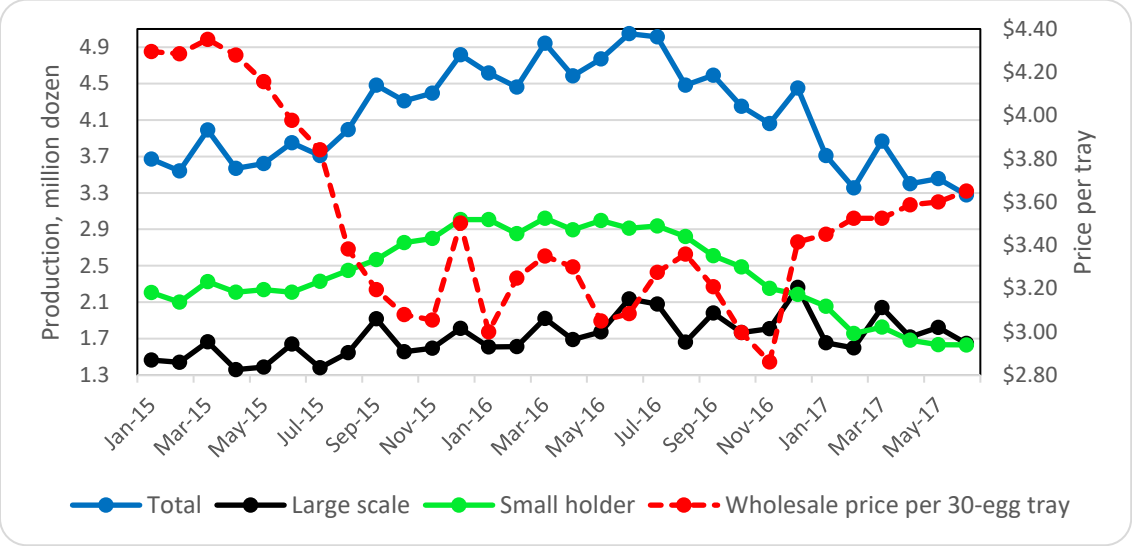
Table Egg Production

The number of layer birds in-production in the large-scale poultry sector during the first half of 2017 was marginally higher (1%) than the same period in 2016. However, table egg production during the period was 2% lower at an average of 1.75 million dozen per month. The situation was more severe in the small-scale producer sector where average egg production in the first half of 2017 was 40% lower than in the same period of 2016. As a result, the national average table egg production was only 3.5 million dozen per month during the first half of 2017 compared to 4.7 million dozen in the same period of 2016. This is reflected in the wholesale prices which averaged $3.56 per tray during the first half of 2017 compared to $3.17 per tray during the same period of 2016.

Table 24: Table Egg Production

	2013	2014	2015	2016	2017
Large-scale	2.1	1.8	1.5	1.8	1.7
Small-scale	1.9	1.9	2.2	2.9	1.8
Total	4	3.6	3.7	4.7	3.5

Figure 25: Table Egg Production and Prices



4.0 Pork Sector

The total number of pigs slaughtered for the first eight months to August 2017 was 102,254, a decline of 9% over the same period in 2016. Assuming that slaughters will occur at the same rate as 2016, the full year slaughters is estimated to be 153 000.

Figure 26: Pig Slaughters 2013 – August 2017

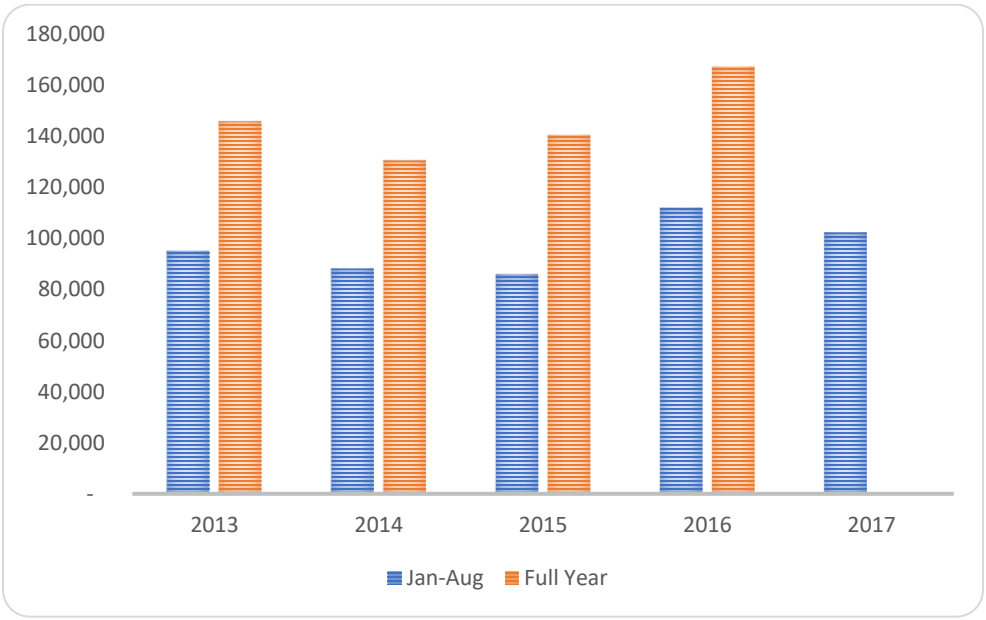
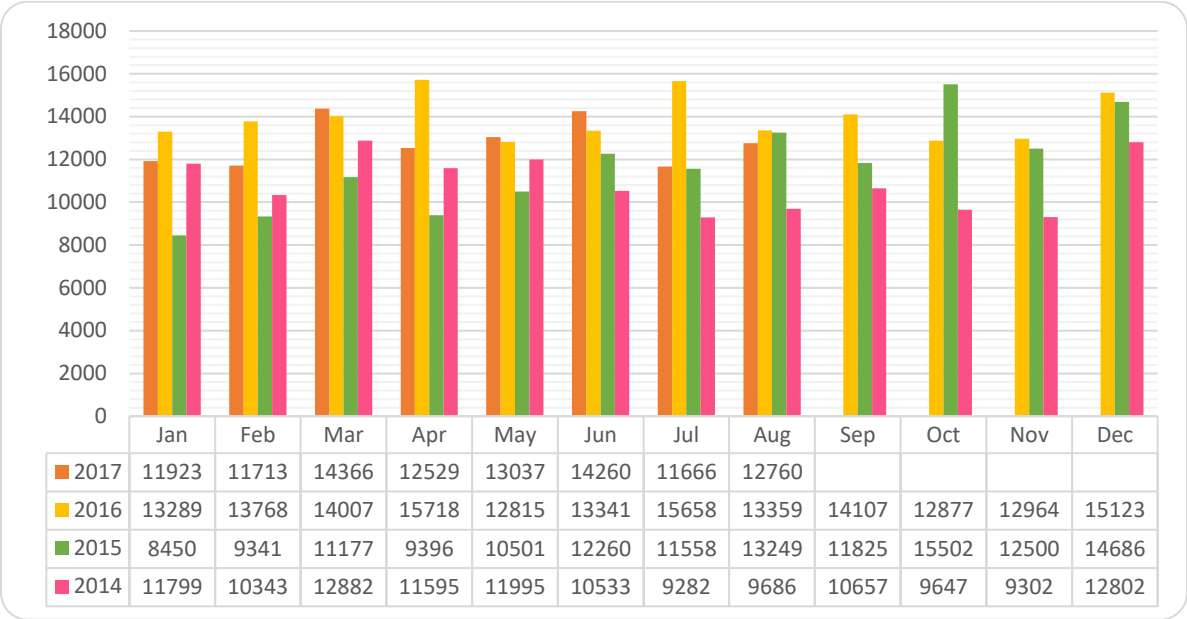


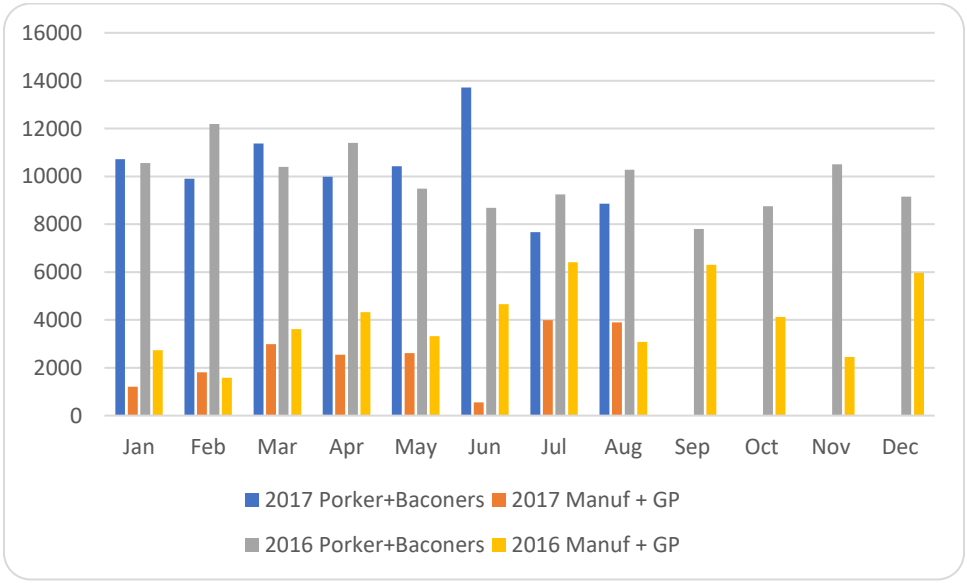
Figure 27: Monthly Pig Slaughters, 2014 – August 2017



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017	11923	11713	14366	12529	13037	14260	11666	12760				
2016	13289	13768	14007	15718	12815	13341	15658	13359	14107	12877	12964	15123
2015	8450	9341	11177	9396	10501	12260	11558	13249	11825	15502	12500	14686
2014	11799	10343	12882	11595	11995	10533	9282	9686	10657	9647	9302	12802

Slaughters to August 2017 were composed of 81% Porkers and Baconers with the remaining 19% made up of Manufacturing and General Purpose grades. This represents an increase of 3% over the same period in 2016 where Porkers and Baconers constituted 78% of total slaughters.

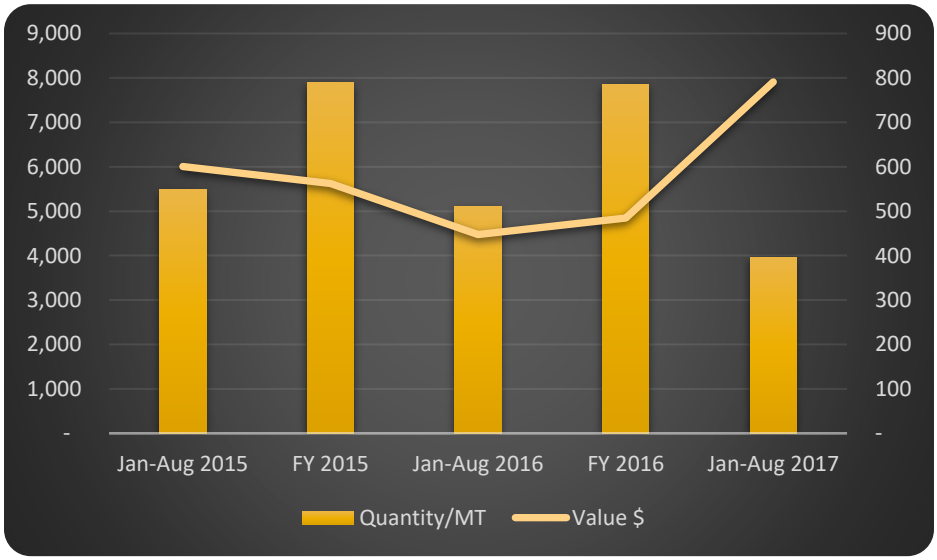
Figure 28: Monthly Pig Slaughters by Grade, 2015 - August 2017



5.0 Meat Processing Sector

Eight-month imports to August of mechanically deboned meat (MDM) were 3,967mt, 22% below the same period the previous year. The average weighted price for MDM was $791/mt, an increase of 63% over January to August of 2016.

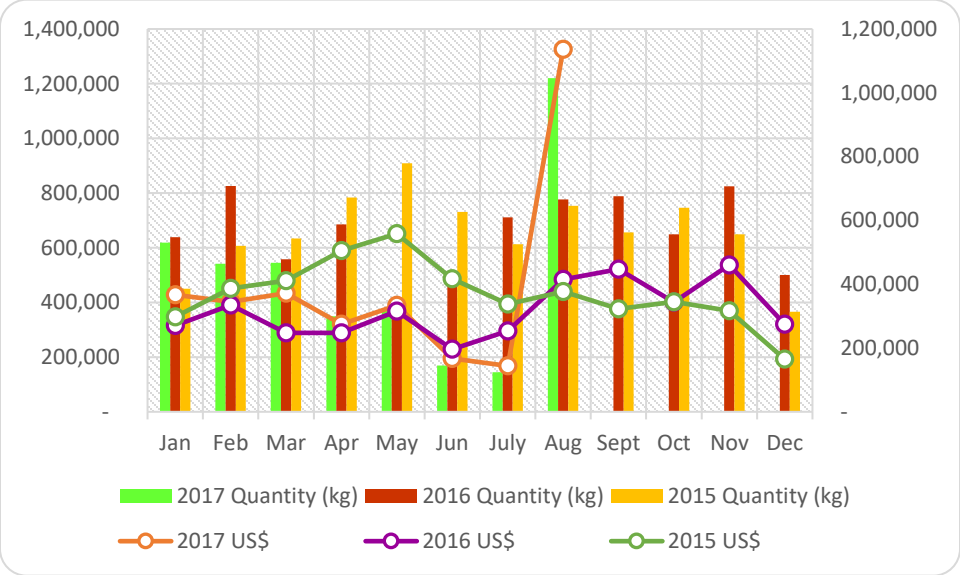
Figure 29: Imports of Mechanically Deboned Meat, 2015 – August 2017



Imports have been at their lowest since the same period 2015 due to uncertainty following the ban of MDM imports from Brazil in May after the scandal where meat companies in that country came under investigation over concerns of the safety of their meat products. This was followed by the ban on imports of poultry related products from South Africa in August following the outbreak of Avian Influenza in that country.

However, in August, a spike in imports of MDM occurred and 1,220mt was imported at an average price of $931/mt.

Figure 30: Monthly Imports of Mechanically Deboned Meat, 2015 – August 2017



6.0 Dairy Sector

Milk production for the year to July totalled 37.0 million litres, a decline of slightly under 1% over the same period in 2016. Three out of seven months have registered negative growth when compared with the corresponding period in 2016, with February registering the largest decline of 13% month on month, attributed to the heavy rainfall that made milk collection difficult. The industry is targeting an annual production of 100 million litres by 2019. In 1999 at its peak, annual production was over 150 million litres per annum.

Figure 31: Raw Milk Production Cumulative Total, 2014 – July 2017

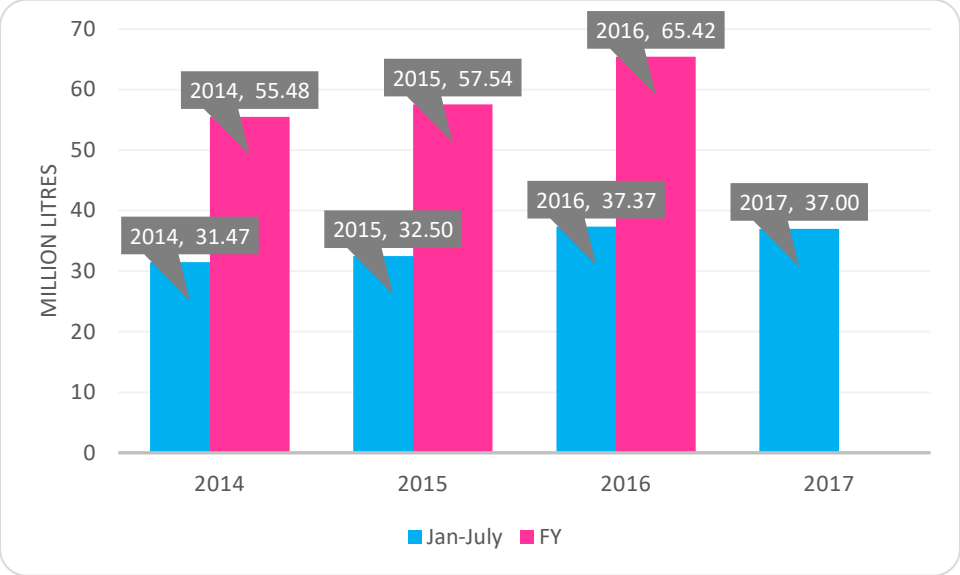
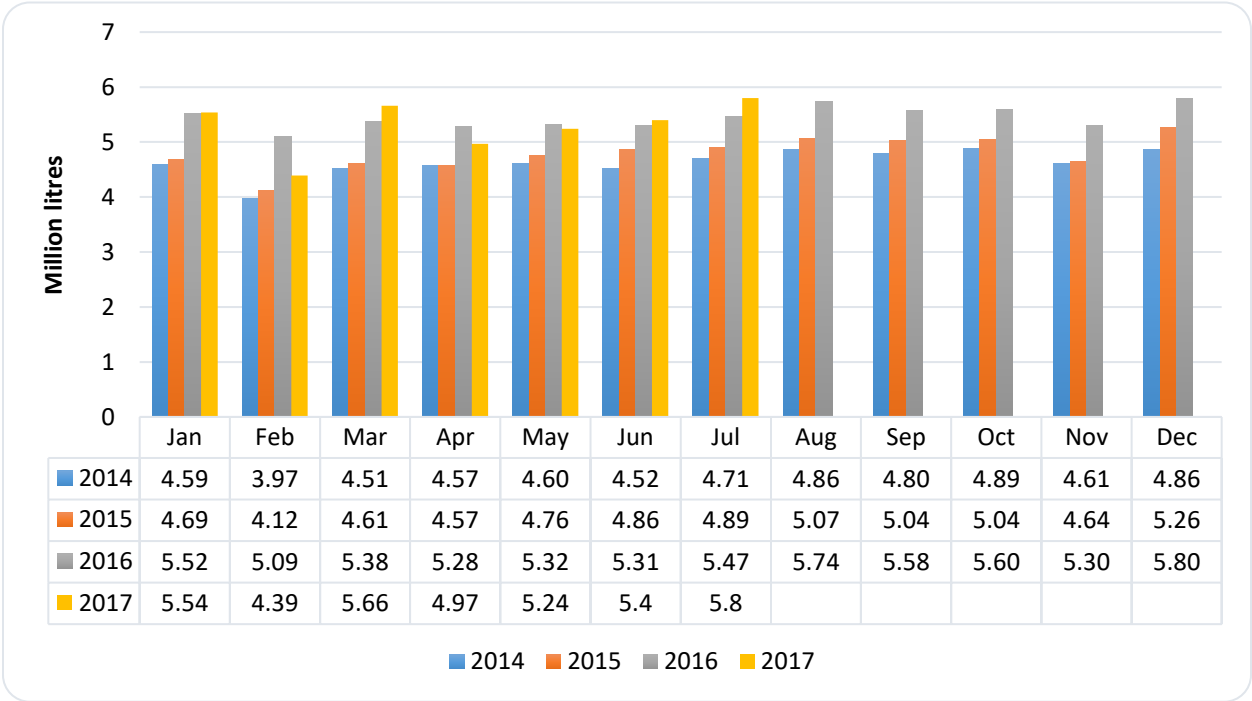


Figure 32: Monthly Milk Production, 2014 – July 2017



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	4.59	3.97	4.51	4.57	4.60	4.52	4.71	4.86	4.80	4.89	4.61	4.86
2015	4.69	4.12	4.61	4.57	4.76	4.86	4.89	5.07	5.04	5.04	4.64	5.26
2016	5.52	5.09	5.38	5.28	5.32	5.31	5.47	5.74	5.58	5.60	5.30	5.80
2017	5.54	4.39	5.66	4.97	5.24	5.4	5.8					

Total milk production in 2016 was 65.42 million litres. The Zimbabwe Association of Dairy Farmers has targeted the production of 77 million litres of milk for 2017. Milk production peaked at an estimated 254 million litres in 1990 from a dairy cow herd of

122,000. Currently, the dairy cow population is estimated at 29,000 and the total demand for milk is 120 million litres.

7.0 Aquaculture Sector

The export of fish from Zimbabwe continues to decline as illustrated below, weighed down by the increase in the cost of doing business. Exports for the seven months to July 2017 were $2.9 million, 27% and 66% below the same periods in 2016 and 2015, respectively.

Fish Exports

Figure 33: Monthly Fish Exports, 2015 – March 2017

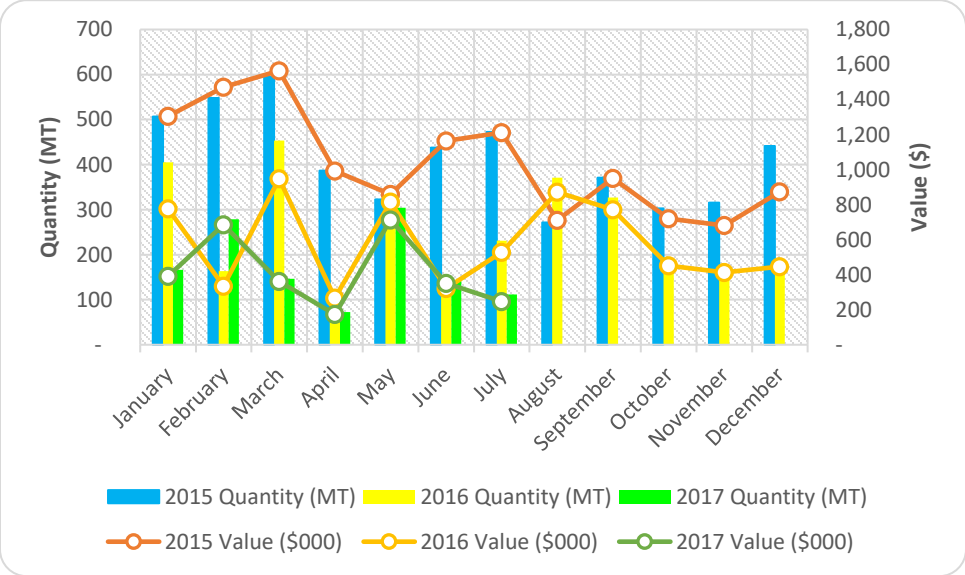
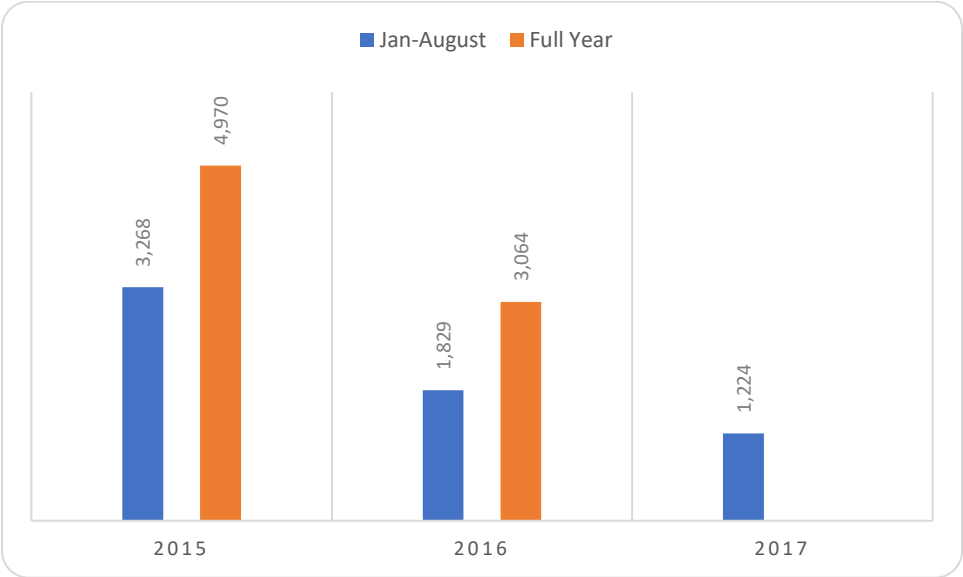
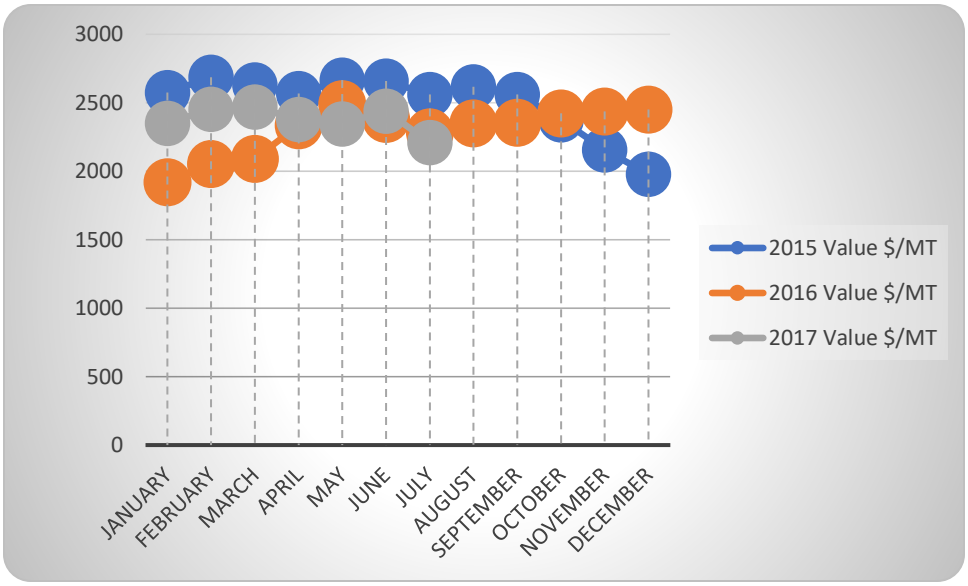


Figure 34: Fish exports (mt), January – August 2017



Total quantity of fish exported in 2017 to date amount to 1,224mt, a decline of 33% and 63% in the same period in 2016 and 2015, respectively.

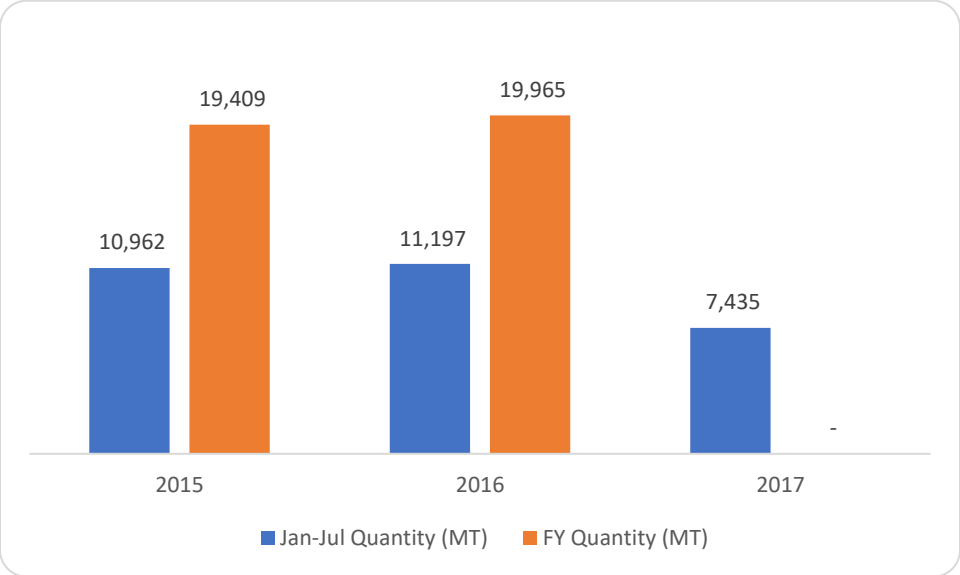
Figure 35: Fish Exports Value/mt, 2015 – July 2017



The value of the fish exported has traded within the range of $1,900 – 2,600 since January 2015. The average price of fish exported in July 2017 was $2,209/mt, 1.4% below the previous month and 3,28% below the same period in 2016.

Imports

Figure 36: Fish Imports (mt), January – July 2017



Imports for the first seven months of 2017 amounted to 7,435mt, 34% and 32% below the corresponding period in 2016 and 2015, respectively.

Figure 37: Monthly Fish Imports

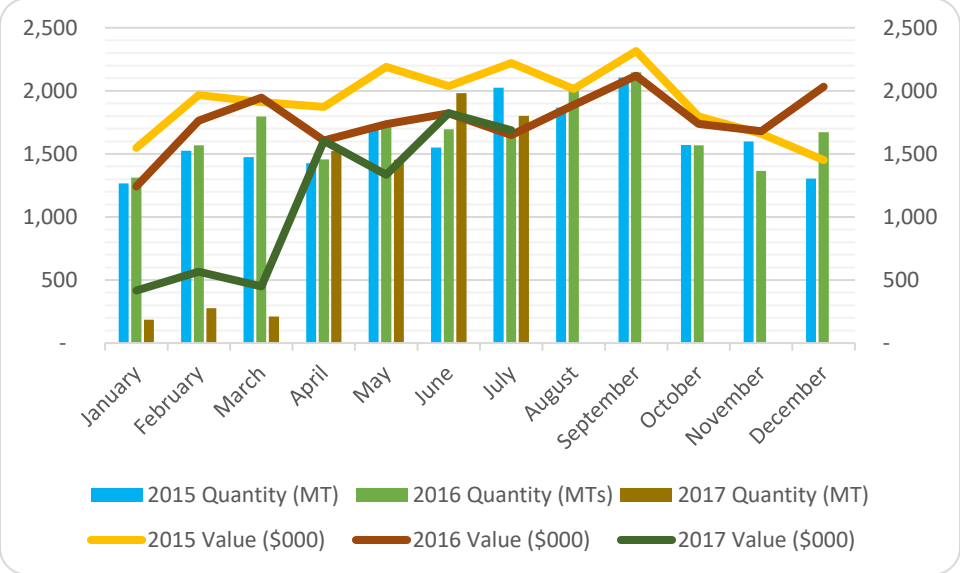


Figure 38: Value ($000)

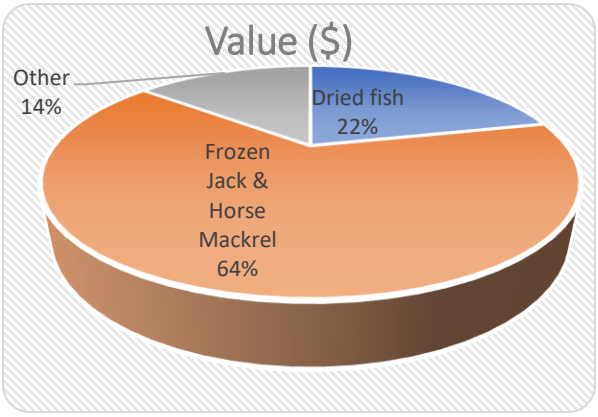
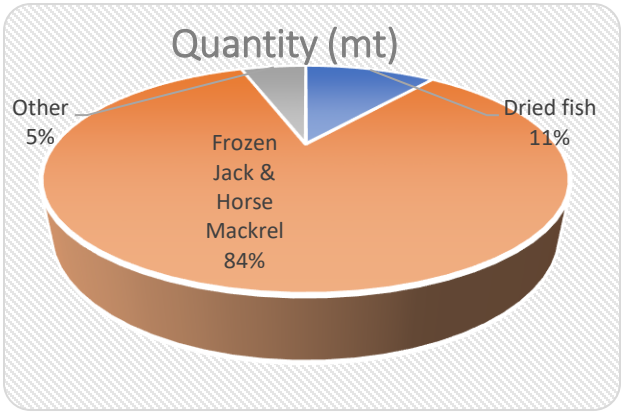


Figure 39: Quantity (m/t)



Total imports to July amounted to $7.8 million, 11% below the same period in 2016. Of this value, frozen Jack and Horse Mackerel accounted for 64% while dried fish was 22%.

8.0 Livestock and Meat Advisory Council and General Economic Trends

Zimbabwe's consumer prices recorded an increase in September as households paid more for meat, liquid fuels and other goods, indicating that inflationary pressures could be accelerating as the inflation rate for September was higher than the August rate of 0.14% percent. Inflation, which averaged 1.6% in 2013, now stands at 0.78%.

Items which registered increases include meat at 6.56%, fish and sea food at 6.68% and liquid fuels at 17.46%, among others. However, decreases were observed in actual rentals for housing by 4.13% and education by 3.28%.

The World Economic Outlook released early this month by the International Monetary Fund (IMF) is forecasting average consumer prices to increase by 2.5% this year, rising to 9.5% next year. The Fund also expects Zimbabwe's inflation to rise and close the year at 7%.

Growth in the country's exports has seen the trade deficit falling significantly. Data for the first eight months of the year released by ZimSTAT show that exports increased 47% to $2.227 billion compared to $1.508 billion during the same period last year. Imports increased modestly by 6.99% to $3.565 billion. Accordingly, the trade deficit contracted by 26.6% to $1.338 billion, from the $1.824 billion registered during the first eight months of last year.

Global growth is forecast to grow by 3.6% in 2017 and by 3.7% percent in 2018. According to the IMF, notable pickups in investment, trade, and industrial production, coupled with strengthening business and consumer confidence, are supporting global recovery.

Rapid Results Initiative (RRI)

The RRI Agriculture is expected to make its final presentation for the first 100 days review on the ease of doing business on 24th October. It is expected that recommendations made by the various sub-committees that consist of Regulation, Policy, Research and Information Systems will result in legislative and regulatory compliance cost burdens being rationalised to support growth of industry.