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Raw Materials Supply: January 2018

Important! Retrospective spot prices for small volumes traded are being quoted.

Maize

Yields per hectare are expected to come under pressure due to late and sporadic rainfall, resulting in a delay in planting in some parts of the country. There also reports of a resurgence in Army worm infestation, a situation likely to adversely affect crops, particularly in the communal areas.

Command Agriculture is expected to focus on increasing the yield, although non-payment of loans could have a negative impact on the programme. Seed supply is reported to be adequate, but the availability of fertiliser, dependent on the availability of Nostro balance allocation by the central bank, has been constrained with top dressing fertiliser in short supply. This has resulted in an increase in prices.

Pricing policy for the 2017/18 has yet to be announced but industry expect the \$39/mt offer price to be maintained. The Grain Marketing Board has significant stocks in excess of 1.2 million metric tons and maintenance of the silos and storage facilities is adequate, ensuring the quality of the maize in store.

Soya Bean

Initial indications are that soyabean production will be less than last year's harvest of 30,000mt. The main reason for this is reported to be the expected high producer price for maize. The return from maize over soyabeans at the listed price is more than 30%, giving farmers an economic incentive to prefer maize over soyabean production.

With an industrial requirement of more than 120,000mt of soyabeans, the deficit will have to be imported, with Zambia a key supplier of Zimbabwe's soyabean requirements. As a significant portion of the crop has already been purchased under forward contracts, mostly by oil crushing companies, prices in Zambia are reported to be on the rise with quotes of US\$500/mt at the farmgate. Oil

crushers in Zambia are believed to be lobbying government to ban the export of soyabeans. This would leave Malawi as the only other major exporter of non-gentically modified soyabeans in the SADC region.

The supply of soyameal is reported to be severely constrained with prices as high as \$880/mt.

Wheat Bran

Wheat bran is available, bagged, at \$135/mt.

Maize Bran

Maize bran is not available.

Cotton Cake

Low protein cotton cake is available at \$285/mt.

Molasses

Low yields by sugar cane producers coupled with increased demand by yeast manufacturers and ethanol producers have resulted in an acute shortage of molasses in the country. Information on the stock levels situation from suppliers of molasses has not been forthcoming, while alternative markets in Mozambique and Zambia are proving expensive when transport is factored in.

Premixes, Vitamins and Additives

The availability of premixes and additives are currently driven by allocated Nostro balances. There are significant variances in prices on the market caused by the different acquisition costs faced by importers. Importers purchasing supplies using free funds are costing in currency premiums while those receiving an allocation from the central bank are pricing exclusive of the premiums. It has been reported that some importers of premixes and additives who receive Nostro allocations are claiming the use of free funds instead and are including currency premiums in their pricing.