



Stockfeed Manufactures Association of Zimbabwe

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Raw Materials Supply: March 2020

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

Maize

It has been reported that government has contracted several entities to import an estimated 760,000mt of maize, but payment delays have caused intermittent interruptions in the supply of maize to the Grain Marketing Board (GMB).

The large requirement for maize has created a logistical challenge as the majority of current imports are from South Africa while the remainder is from Mexico through Beira and Maputo.

As most of the maize imports are GMO-positive, police and military escorts have had to be provided from the border to the depot, adding further complexity to logistics. Smaller amounts of non-GM positive maize are being imported, bagged and distributed into the rural areas by both government and non-governmental organisations. Imports being directed to the GMB are earmarked for grain millers who are currently owed outstanding supplies by government.

Following the gazetting of statutory instrument (SI) 60 of 2020, Control of Goods (Open General Import Licence) (Amendment) Notice 2020, (No 7), placing grain, maize meal and wheat flour on the Open General Import Licence regime, private imports of maize are on the increase. However, the continued depreciation of the exchange rate implies that mealie meal from private importers is becoming too costly compared to the subsidised roller meal from GMB supplied maize. Based

on current parallel-market exchange rates, maize meal subsidies are more than US\$60/mt, which is putting severe strain on government fiscal resources.

Maize meal that has not been subsidised costs ZWL 220 for a 10kg bag and imported South African maize meal at prices higher than subsidised maize has severely impacted upon the demand.

Stockfeed manufacturers are not expected to receive significant support from government through the GMB, especially in light of current selling price of ZWL 6,858/t.

Domestic Maize Production

Local maize crop production is reported to have shown partial recovery and independent crop estimates for this season currently stand at between 500,000 – 600,000mt, up from the previous estimates of between 400 and 450,000mt. However, this is still way below the country's food and feed needs and implying another season of imports.

SI 145 of 2019 banning the private sale of maize remains in place although there is optimism that this may be reviewed as GMB are not likely to attract local maize supplies from farmers at the current low prices.

Regional Supply Situation

The South African maize crop for the 2019/20 season is estimated to be 16 million metric tonnes, equally split between yellow and white, and 38% higher than the previous season. As a result, maize prices have declined from their previous highs, informed by the expectations of a bigger crop although high levels of volatility characterise this trend. However, the outlook is mitigated by South Africa recording its lowest carry-over stock in more than 10 years.

Current landed prices ex-South Africa are USD 330 to 335/mt for non-GM maize and USD 290/mt for GM-positive maize. However, the current logistical constraints to import GM-positive maize significantly nullifies the price advantage.

Zambia is expected to be self-sufficient after this year's crop. It was expected that they would have to import an additional 220,000mt following a drought affected

harvest last season, but private imports of maize and mealie meal from Zimbabwe and Malawi as well as the late good rains appear to have plugged the projected deficit. The pre-planting price of USD 300/mt will make maize exports uneconomic.

Malawi is expected to produce another harvest that is surplus to domestic requirements. However, the large surplus and low prices expected from the South African harvest this year will render the imports from Malawi less attractive.

Soyabeans

The local crop is estimated to be about 40,000mt, inadequate for domestic requirements and the balance is expected to be imported from the region. The crop, severely affected by the dry spell late in 2019, did not recover as well as the maize crop following the rains in January and February.

There are reports that some producers are lobbying for a ban on soyabean imports when the crop is harvested, a scenario that could raise supply risks. The highly volatile exchange rates may encourage large-scale farmers to use soyabeans as a store of value, drip releasing to the market when they need cash.

Prices are on a downward trend, affected by regional developments and is currently trading between USD 450 – 470 /mt, declining from USD 500 – 520/mt. GM-positive soyabean out of South America can land in Zimbabwe for USD 400/mt.

Regional Supply Situation

The region is expected to have a surplus to requirements of between 130 – 150,000mt. Malawi is expected to harvest one of its biggest crops ever, but demand may decline on the back of lower import demand from China and India although increased demand from Tanzania, Kenya and Uganda may mitigate this.

Zambia is expecting a reduced tonnage following the relatively higher maize producer price announced by their government.

South Africa is not expected to have a surplus, but soyameal may be available for export.

Wheat Bran

Supply and pricing conditions now vary daily. Prices quoted in foreign currency range between USD 190 – 200/mt.

Maize Bran

Limited quantities are available and the spot price is currently ZWL 8,640/mt.

Molasses

No molasses is available from the Lowveld until the beginning of the crushing season in late May. Limited quantities of molasses from Country Classic Sugar refinery is available at ZWL 5,200/mt but the waiting period is between 1 and 2 weeks.

Cotton Cake

Ginneries in Chegutu and Norton are reportedly charging the equivalent of USD 340/mt for high crude protein cake, collected.

Sunflower

Limited quantities of imports from Malawi are available.

Premixes

Availability is driven by the supply of foreign exchange and it was reported that the outbreak of COVID – 19 in China has affected the import and prices of amino acid and vitamins. In the previous two weeks, Vitamins B7 and B9 have increased in price by 68 and 65% respectively.