



Africa Update

May 2017

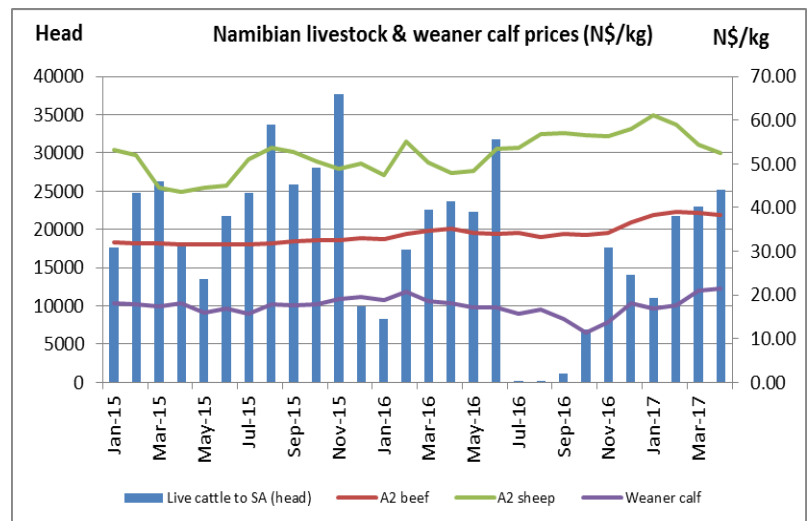
Namibia

The average South African weaner calf prices have continued to see good gains in recent weeks due to improved demand and fewer supplies available in the market. This strong demand is good news for Namibian producers too, with support from the South African market over spilling in this market.

Weaner prices in Namibia are also following an upward trend mainly due to high demand for Namibian weaners in the South African feedlots where most of the Namibian weaners are destined to. Latest data suggest that the Namibian weaner prices increased by 22%, from N\$17.59/kg¹ in February of 2017 to a high of N\$21.38/kg during the month of April 2017.

As a result of the herd rebuilding by South African producers, a lot of the weaners are being held back. This has brought about an opportunity for Namibian weaners to fill up this space, hence the increase in prices. The increase in prices is a welcome relief for Namibian producers. The low cost of maize and higher meat prices in South Africa are positive to the profitability of the industry, which may have been the driving forces in this weaner market.

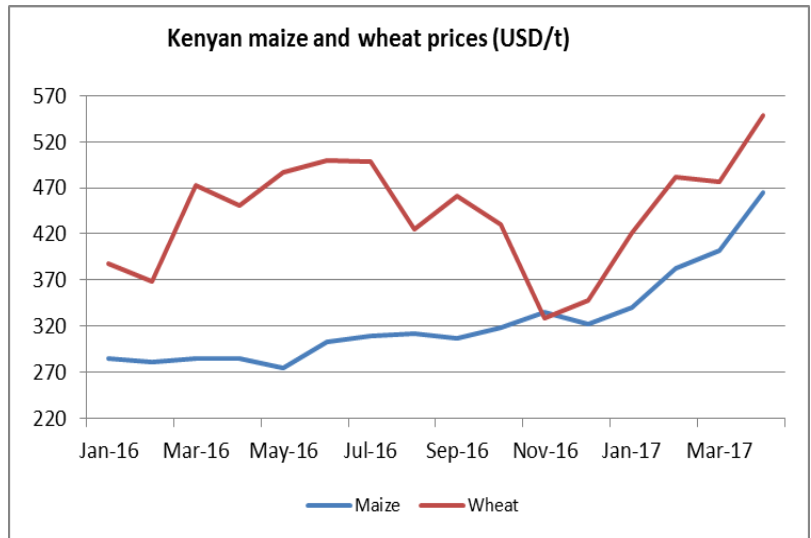
The number of cattle units marketed during the four months of 2017 has shown good increases. Higher rainfall and improved grazing are contributing factors to the increase of marketing stock.



¹ 1N\$= 1rand

Kenya

In late March, the Government of Kenya issued an alert on the outbreak of the Fall Armyworm (FAW). The Fall Armyworm (FAW) has infested crops in Western, North and South Rift regions affecting the following counties: Baringo, Bungoma, Busia, Kakamega, Kericho, Nakuru, Nandi, Narok, Siaya and Uasin Gishu. The army worm infestation has also been reported in other areas, but official communication from the ministry is yet to confirm. The pest poses a risk to the long rains crops that are still at early stages of development. The FAW also has the potential to affect pasture fields, which could intensify the problem of forage scarcity currently being experienced. In response, the Government has formed a platform to coordinate the development of intervention strategies. However, budget constraints may be a limiting factor to the implementation of control measures.



Planting of long-rains² main season crops normally starts in March in major growing areas of Central, Rift Valley and Western provinces. Early season dryness prevailed over most cropping areas, thus delaying planting operations and affecting conditions of early, dry-planted crops. Meanwhile, the harvesting of the 2016/17 short-rains³ season crops is normally completed in March. The harvest was delayed by about one month and its output is expected to be lower due to the failure of the October-December rainy season.

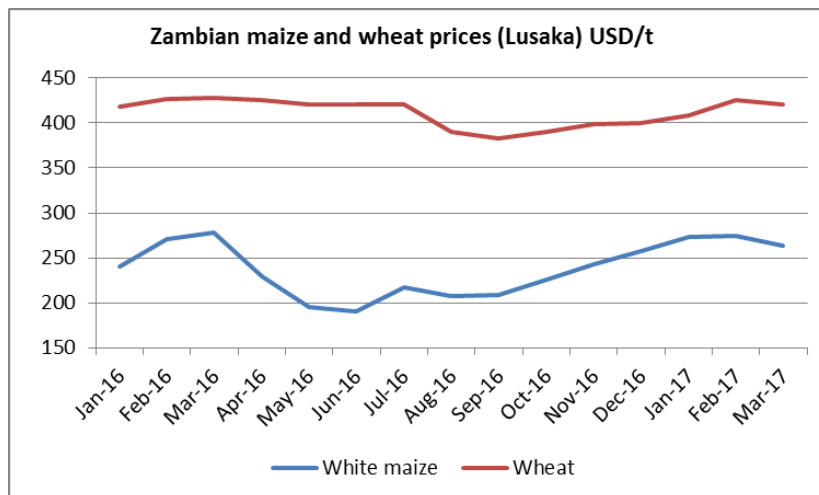
The failure of the 2016 short rains harvest due to drought concerns and performance worries regarding the 2017 long rains harvest due to a delayed start of seasonal rains have triggered maize prices to follow an upward trend in recent months. Average maize prices in April of 2017 represent an increase of 63% when compared to the prices realized in April of 2016. The highly priced imports from neighbouring Uganda and the United Republic of Tanzania, where the supply situation is tight also added some support to prices. Wheat prices represent a 22% increase in April of 2017 compared to April of 2016.

² The "long rains" season occurs from March/April to May/June

³ The "short rains" season occurs from October to November/December

Zambia

The Government of Zambia has recently lifted all restrictions on maize exports. Meanwhile, the minister of finance is deciding if the export levy should be put aside due to pressure from producers calling for it to be scrapped in order to benefit from the removal of the export restrictions. There is currently a 10 percent duty on maize exports. Main export destinations for Zambian maize may be Tanzania, Kenya and Rwanda until when new crops should become available in those countries.



The Government of Zambia released their production estimate this month, and expects 3.6 million tons of maize to be produced mainly due to beneficial weather conditions. The maize required for human, consumption, industrial use and other commitments amounts to 2,9 million tons which means that Zambia should have a good exportable surplus taking into consideration the reported carry-over stocks amounting to 569,317 metric tons. The anticipated bumper output brings about increased export opportunities. However, as neighbouring countries, especially Malawi and Zimbabwe are also expecting a good maize crop harvest; this may mean that export destinations may need to be sought outside of the sub region. Production of wheat is also expected to increase in 2017, due to a combination of improved water availabilities and a more stable electricity supply.

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