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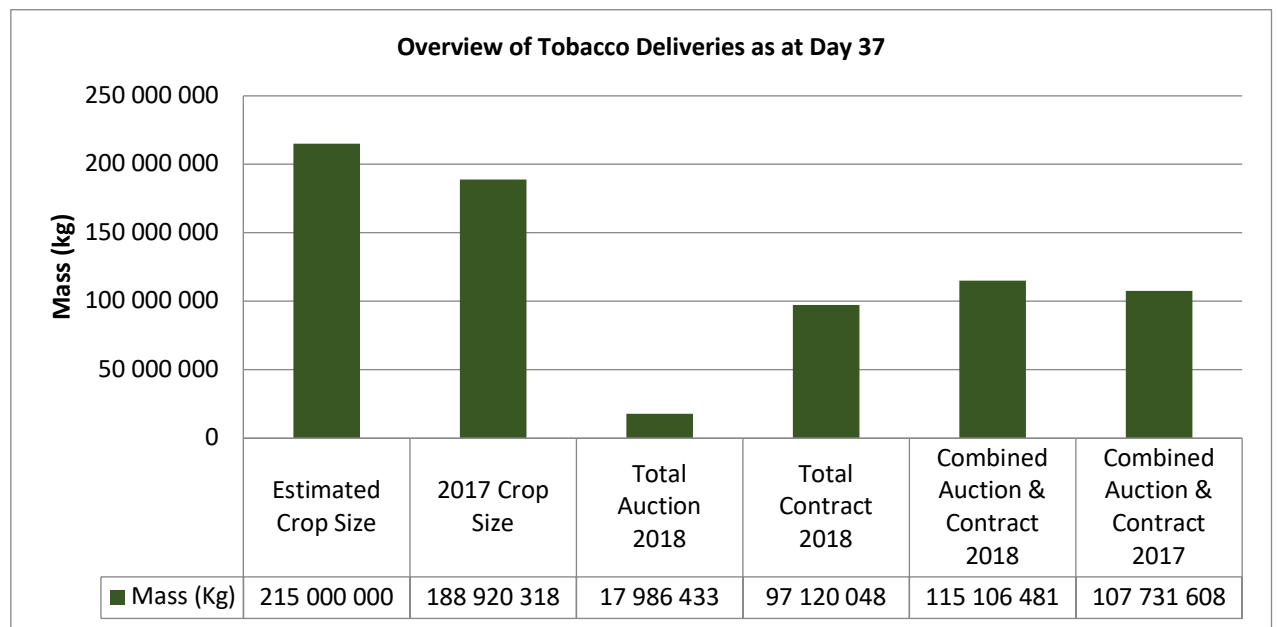
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Zimbabwean FCV Market Report As of Day 37.

1.0 Crop Volume.

- Total crop production for the 2016 / 17 season was 188,920,318 kg with the estimated crop size for 2018 season now at 210,000,000 Kg.
- Total crop sold to date (day 37) at the Auction floors is 17,986,433 kg, while the total crop sold to date (day 37) at the Contract floors is 97,120,048 Kg.
- Auction floor deliveries constitute 16 % of total tobacco deliveries to date while contract floor deliveries constitute 84 % of total tobacco deliveries.
- The current volume delivered to date in the 2018 season is 115,106,481 kg which is 7% more than the 2017 total of 107,731,608 at the same time.



Deliveries in the current selling season have been dominated by contracted growers who have delivered 4% more than the previous season.



SEASON	2018	2017	VARIANCE %
Contracted	68,150	65,780	4
Non Contracted	17,975	23,156	- 22

High tobacco deliveries can be attributed to merchants' Agronomy Departments pushing farmers to deliver their crops early to secure volumes and also the higher average prices of lower stalk primings, lugs and middle stalk cutters.

2.0 Commercial Growers.

CTP contract floor commercial deliveries are still being inundated by small scale deliveries as small holder farmers have brought in their crop quicker than usual.

In general, small scale growers have delivered more tobacco than commercial growers in both Auction and Contract platforms.

The deliveries from the commercial grower sector will increase over the next coming weeks, and we foresee that these deliveries will sell until mid/end August.

Commercial deliveries, so far, have only contributed 25 % of the total deliveries at CTP compared to 75 % small scale crop deliveries.

The slow commercial deliveries are attributed to the commercial farmer's preference to sell towards the mid/end of the marketing season when there is less on farm operations.



2.1 Small Scale Growers.

Small holder sector volumes have reached their peak as growers are taking advantage of the higher average prices of lower stalk primings and lugs on both Auction and Contract platforms.

Small Scale farmers have become very knowledgeable of the market prices, coupled with a desperate need for cash, the deliveries of lower stalk priming's, lugs and middle stalk cutters are higher compared to the previous season, as shown in the table below.

Leaf Quality	2018 Av Price (\$/kg)	2017 Av Price (\$/kg)	% Variance
Lower Quality Primings	1.58	1.48	6.7
Lower Quality Lugs	1.87	1.78	5.1
Medium Quality Primings	2.20	2.11	4.5
Medium Quality lugs	2.99	2.93	2.1
Top Quality Primings	2.82	2.65	6.4
Top Quality Lugs	3.77	3.70	2.0

Higher average prices of lower stalk primings, lugs and middle stalk cutters have enhanced the peak in small scale deliveries hence we expect a shorter marketing season than usual.

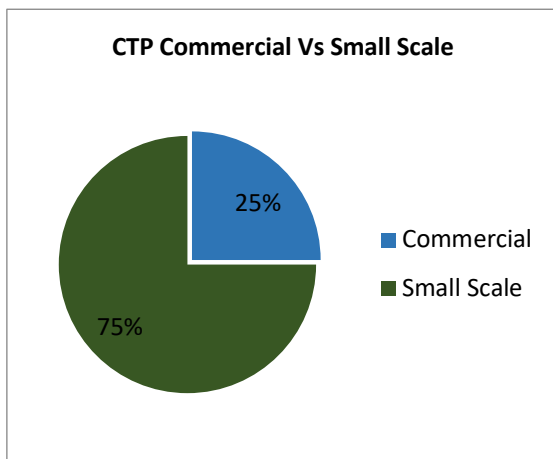
The small scale crop on offer is comprised of approximately 50 % lower and middle stalk reappings and 50% upper stalk reappings.

Deliveries from slow ripening areas in Manicaland have also increased and are characterized by lemon to light orange tobacco with light to heavy "K" and "J" styles.

In general, small scale deliveries are predominantly good quality lower and upper stalk heavily bodied primings, lugs and leaf.



Standard orange to deep Mahogany styles of tobacco are more prominent within the upper stalk leaf, while lemon to standard orange styles are typical of the lower stalk primings and lugs.



Over the period, the small scale crop has dominated the total CTP purchases contributing 75% of the total purchases.

3.0 Auction Figures as at Day 37.

Seasonal	TSF	BOKA	PREMIER	Total Auction 2018
Mass (kg)	11,956,419	3,452,833	2,577,181	17,986,433
Avg. Price (US\$/kg)	2.86	2.78	2.67	2.82

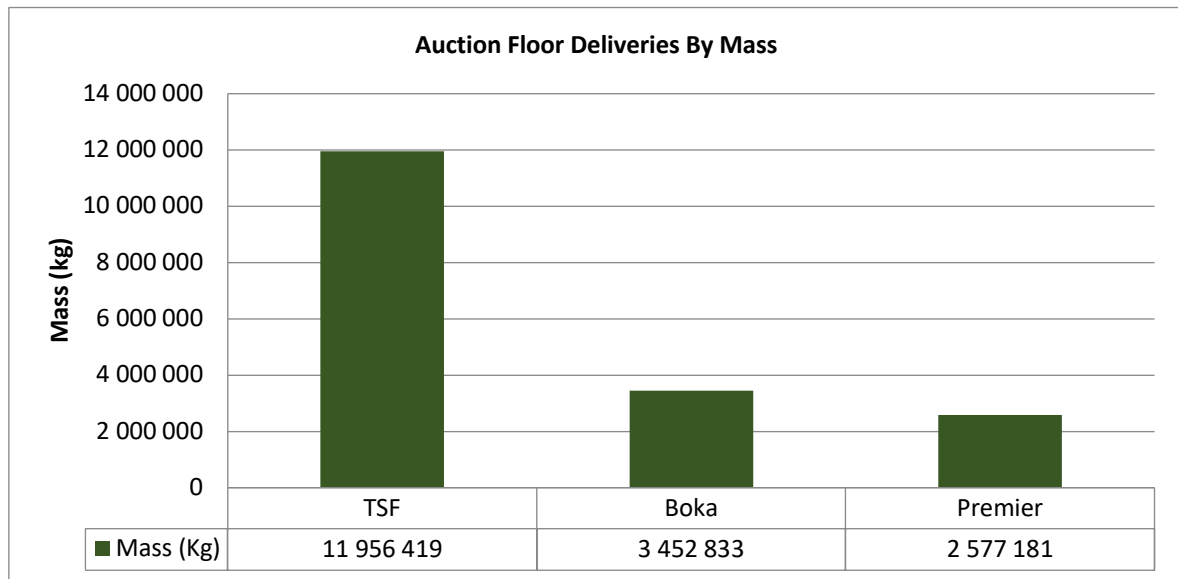
3.1 Auction Floors.

TSF has been the market leader in terms of volumes sold as of day 37 having sold 66% of the total auction sales.



The crop on offer at the auction floors is represented by an even distribution of lower stalk, middle stalk and upper stalk leaf of medium to good quality.

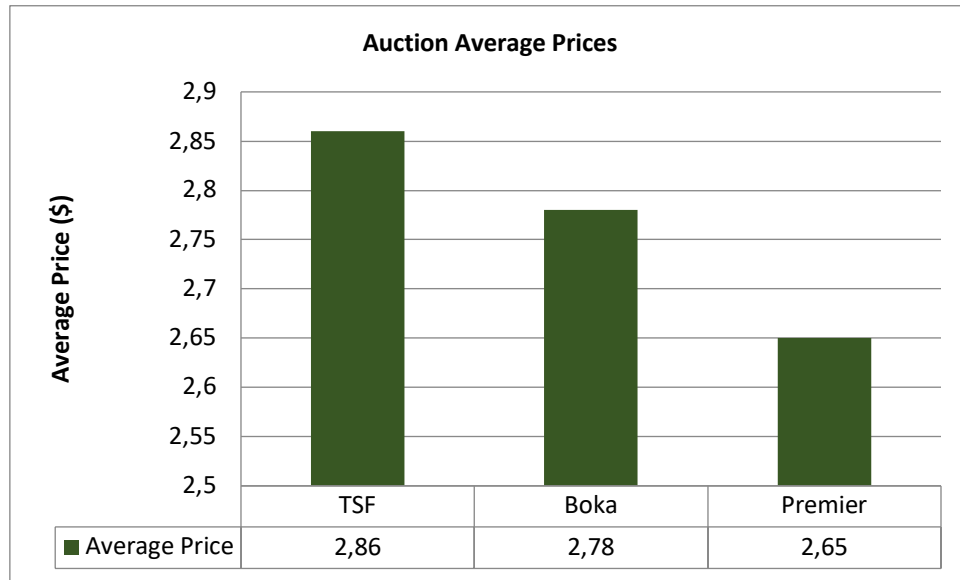
Loose leaf and strips are also on offer, but as is normal practice, we expect more of these offerings towards the end of the marketing season.



The combined average price for the Auction market is \$2.82 compared to \$2.90 for the Contract floors as of day 37.

Prices of lower stalk and middle stalk leaf have remained firm and higher than previous seasons.

At this stage of the season green prices of medium and top upper stalk qualities have remained relatively consistent with 2017.



Deliveries are higher than the previous season, prices of upper stalk medium and top quality leaf have been lower compared to the previous season as shown below.

Leaf Quality	2018 Av Price (\$/kg)	2017 Av Price (\$/kg)	% Variance
Lower Quality Leaf	2.52	2.49	1.3
Medium Quality Leaf	4.03	4.05	- 0.5
Top Quality leaf	4.85	4.92	- 1.5

4.0 CTP Contract Overview.

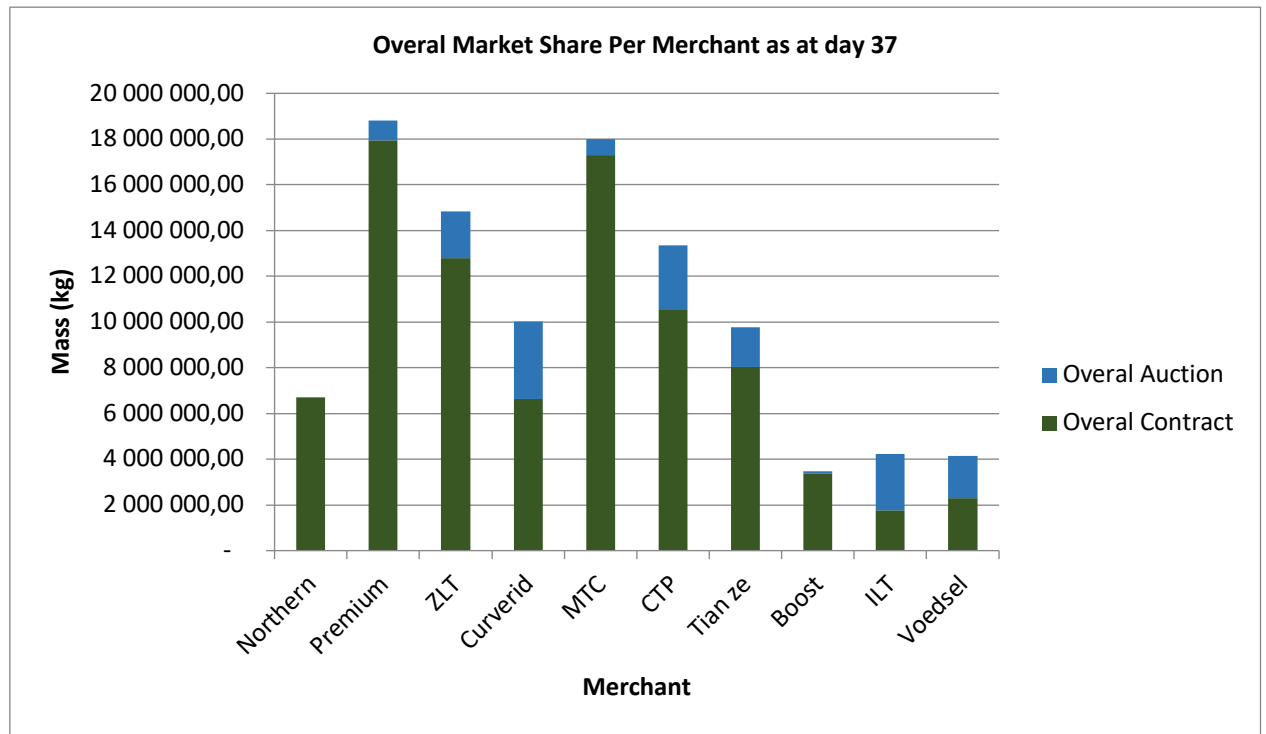
The deliveries and quality of tobacco from CTP contracted growers continue to be in line expectations.

Deliveries have reached their peak as small scale farmers seek to attain worthy prices for their crops.

The adherence to the Central banks' regulation of \$US dollar cash payments by CTP contract floor has also been a motivational factor for CTP contracted growers to deliver.



4.1 Combined Auction and Contract Purchases per Merchant.



Summary

Currently, tobacco purchases to date have surpassed the previous years' (2017) purchases by 7 % in the same period.

Small scale deliveries have attained their peak sooner than expected, hence we expect a shorter marketing season.

To date, small scale farmers have contributed 75% of the crop at CTP compared to 25% commercial.

Industry wise, contract floors have a higher average price of \$2.90 compared to \$2.82 at the auction floors, while the overall industry average price is at \$2.89 as of day 37.



The contract floor top price, for top quality leaf, recorded for the period was \$6.20 compared to \$4.99 for the auction market.

The crop on offer on all platforms is constituted by variable styles of tobacco with an even distribution of lower, middle and upper stalk leaf.

The growers have also begun receiving the 12.5% export incentive from the Central bank which could be a motivational factor for new growers in the next season.

End Report Date – 18th May 2018

DISCLAIMER: The information provided in this document is merely intended for the use of an indicative opinion on the market trends and statistics relating to the 2018 Zimbabwean tobacco selling season. All descriptions and advice relating to the market are subjective and should not be used other than for an insight into the market from a Consolidated Tobacco Processors (CTP) perspective. Consolidated Tobacco Processors (CTP) and its employees accept no legal liability relating to the opinions and representations expressed in this document.