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1.0 Weather Patterns

Farming Region 1, Zimbabwe's predominant tobacco growing region was forecast to receive normal rainfall totals during December 2017 and January 2018. However, Meteorological Department statistics detail normal to below normal rainfall concurrent with high temperatures instead.

1.2 Rainfall

Mashonaland East, Mashonaland West and Mashonaland Central received low rainfall in the range of 150 – 200mm between December 2017 and January 2018. Prolonged dry spells were also experienced during this period. These conditions have hindered growth slightly and some small-scale dryland crops have been hampered negatively in these provinces.

In contrast, dry spells reduced disease on irrigated upper stalk tobaccos, thus increasing yields. These dry spells in some instances induced ideal stress periods that encouraged root development prior to topping for small scale dry land crops.

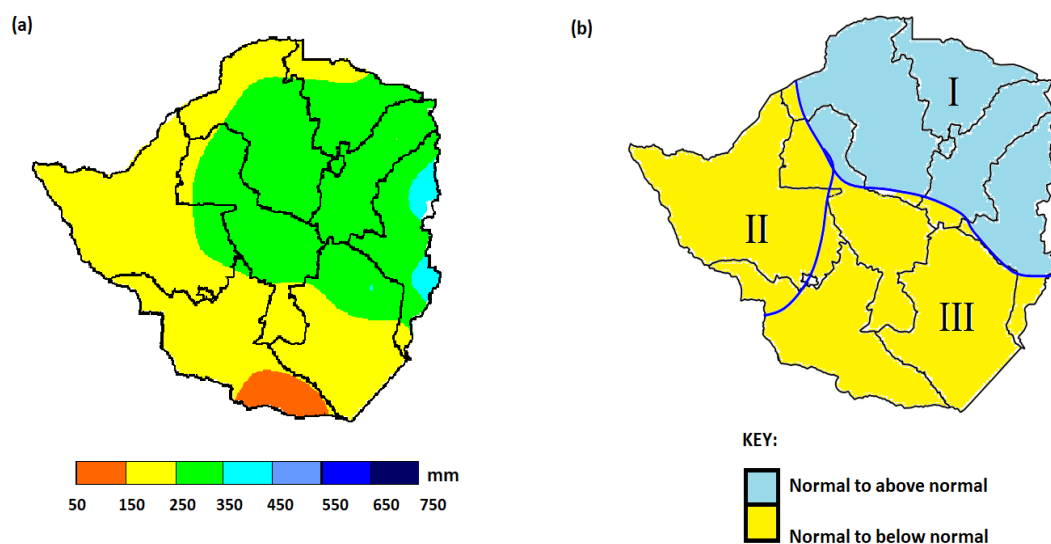


Fig 1. Meteorological Dept. Rainfall Predictions



MEAN RAINFALL DECEMBER 2017 (mm)

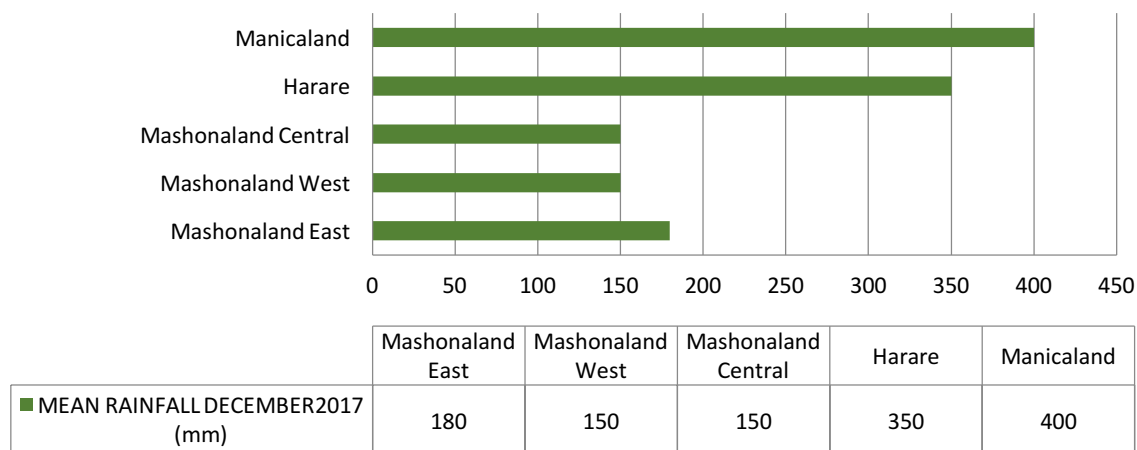


Chart 1. Region 1 Mean Rainfall December 2017

Forecasts depicted in **Figure 1, Meteorological Department Rainfall Predictions** indicate normal to above normal rainfall in region 1 between December 2017 and January 2018. However, analysis of the forecasts in **Figure 1** and the actual mean rainfall readings in **Chart 1, Region 1 Mean Rainfall December 2017** indicate that only Harare and Manicaland have received normal rainfall while the rest of region 1 has received poor and below normal rainfall. Harare and Manicaland received the highest rainfall ranging between 300mm and 750mm, most of the dry land crop accelerated in growth and is at topping and reaping stages in these provinces.

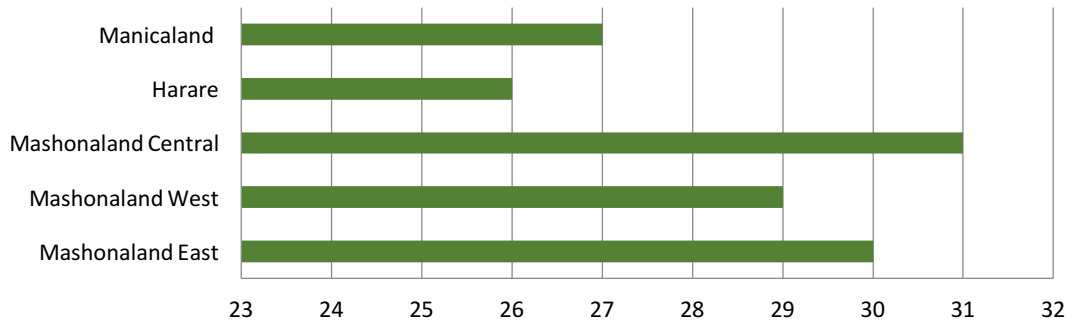
While the rains may have been sufficient to sustain the dry land crops there has been some delays in production. With this, we foresee a slight delay in the onset of the 2018 marketing season.

1.3 Temperatures

Very high temperatures shown in **Chart 2, Region 1 Mean Temperatures December 2017**, negatively impacted plant growth rates throughout all the tobacco growing regions.



MEAN TEMPERATURES BY PROVINCE °C



	Mashonaland East	Mashonaland West	Mashonaland Central	Harare	Manicaland
■ MEAN TEMPERATURE °C	30	29	31	26	27

Chart 2. Region 1 Mean Temperatures December 2017

2.0 National Crop Size

2.1 Tobacco Seed Sales

Total seed sales for the 2017 / 18 season were 873,620 grams compared to 805,834 grams for the 2016 / 17 season indicating an 8.4 % increase.

2.2 Grower Registration

The number of growers registered with TIMB continues to increase with a 40% increase in the 2017/2018 season compared to the 2016/2017 season. This increase is expected to take the 2017 / 18 national crop size beyond 200 million kg. The number of registered growers as at 5 January 2018 is shown below at **Table 1, Grower Registration by Province as at 5 January 2018.**



	January 2016 / 17	January 2017 / 18	Variance %
Mash Central	41,096	29,645	39
Mash West	39,891	31,010	29
Manicaland	17,673	10,550	68
Mash East	14,438	9,734	48
Midlands	320	162	98
Masvingo	110	68	62
Matabeleland	2	2	
Total	113,530	81,172	40

Table 1: Grower Registration by Province as at 5 January 2018

2.3 Planted Area

Total planted hectares of irrigated crop in the 2017/ 2018 season indicated in Chart 3, **Area planted as at 5 January 2018** increased by 1.2% compared to the 2016/2017 season. Conversely, due to weather patterns the dry land planted crop decreased by -2.2% in the 2017/2018 season over the same period. It is important to note that end of season figures are yet to be compiled by TIMB, predictions are that the current season’s dry land crop will surpass 2016/ 2017 figures. To date, a combined 93,212 hectares have been planted compared to 92,610 hectares in the 2016/2017 season registering a 0.65% increase.

IRRIGATED VS DRY LAND AS AT 5 JANUARY 2018

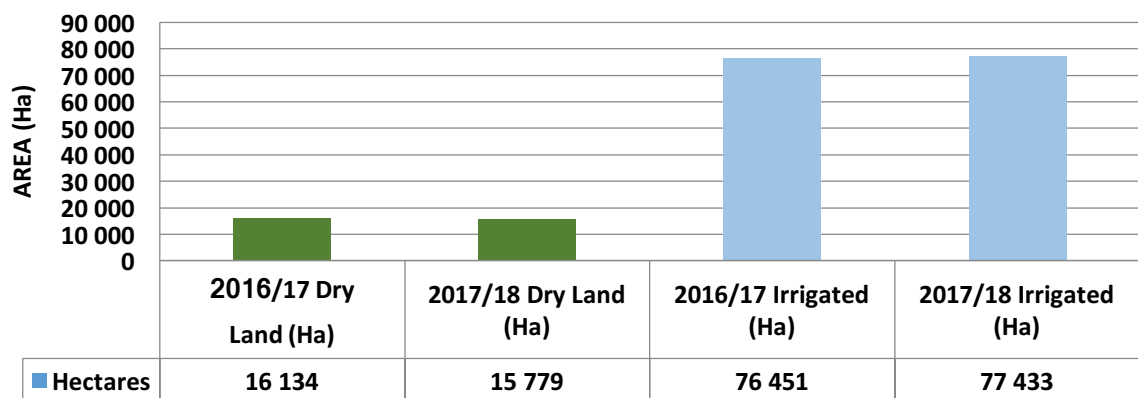


Chart 3: Area planted as at 5 January 2018



2.3.1 Area Planted by Province.

Mashonaland West province as at January 2018 had the highest planted area of 32,465 hectares, this is attributable to good rains received in this area mid December 2017. The majority of the small holder farmers who constitute the bulk of tobacco farmers planted their dry land crop at this time. Area planted by province per below **Chart 4, Area planted per province as at 5 January 2018.**

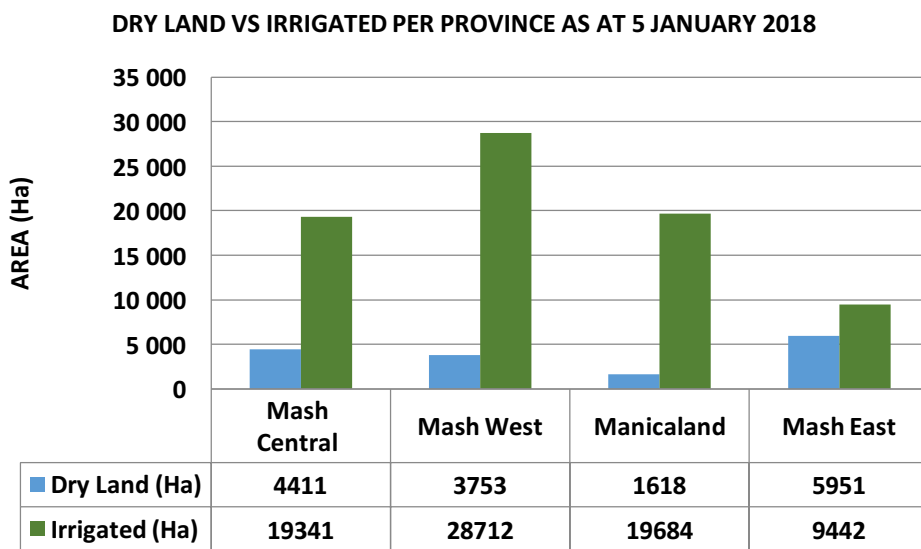


Chart 4: Area planted per province as at 5 January 2018

Planting of both dry land and irrigated crop is expected to be complete, some dryland crops are nearing the topping stage whilst the rest is at the 6 to 10 leaf stage. The bulk of the irrigated crop is ready to be harvested.

3.0 Outlook

3.1 Agronomic

Poor rainfall in Farming region 1 has deterred the growth of late planted dry land crops. However, early rain planted crops have shown good growth from the dry spell as the water stress period encourages good root growth and crop establishment before the next rains. Across the country, to note, estimates outside TIMB figures suggest a 13% increase in tobacco area planted which could culminate into a national crop size of +/- 230 million kgs.



3.2 Economic

Agribank has established a \$28 million tobacco fund intended to support auction floors that are losing tobacco volume to merchants. This could stimulate greater competition causing market prices to firm, demand could be dampened by a large national crop.

The Government of Zimbabwe that continues to rely heavily on tobacco exports proceeds has made forex available to fertilizer manufacturers. In addition fertiliser supplies have also improved due to the access to foreign currency from the Afreximbank-RBZ and NSSA fertiliser facilities.

At this stage, there is no definitive start date to the buying season. However, with the demand for foreign currency as well as grower's eagerness to sell we anticipate the season to commence mid/end of March.

DISCLAIMER: The information provided in this document is merely intended for the use as an indicative opinion on the growing conditions of the 2017 / 18 tobacco growing season and statistics relating to the 2017 / 18 Zimbabwean tobacco growing season. All descriptions and advice relating to the growing season are subjective and should not be used other than for an insight from a Chidziva Tobacco Processors perspective. Chidziva Tobacco Processors and its employees accept no legal liability relating to the opinions and representations expressed in this document.