



**CHIDZIVA TOBACCO PROCESSORS
(PRIVATE) LIMITED**

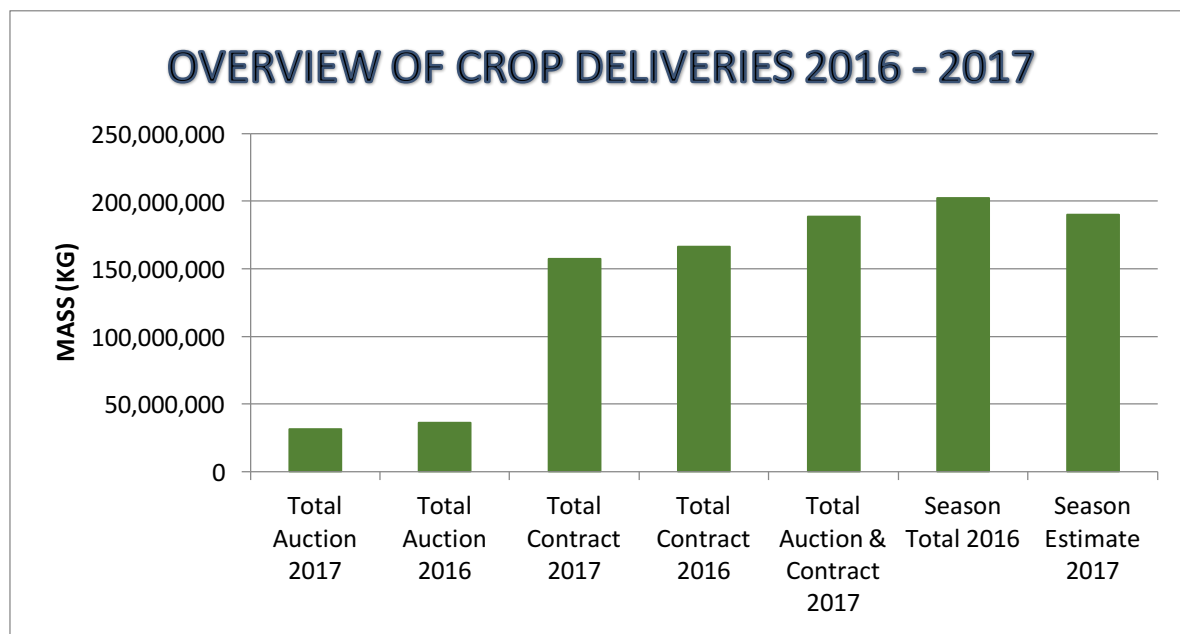




Zimbabwe FCV Final 2017 Market Report

15th September 2017

Crop Review:



Total Auction Deliveries 2017 (Kgs)	Total Auction Deliveries 2016 (Kgs)	Total Contract Deliveries to Date 2017 (Kgs)	Total Contract Deliveries 2016 (Kgs)	Total Auction & Contract 2017 (Kgs)	Season Total 2016 (Kgs)	Season Estimate 2017 (Kgs)
31,150,424	35,915,132	157,250,576	166,360,556	188,401,000	202,275,688	190,000,000

Total crop production for the 2016 season was 202,275,688 Kg.

The current volume delivered in the 2017 season is 188,401,000 kg. Although we deem this as the final report there is still some insignificant contract volumes still to be delivered.

The estimated crop size for 2017 season was at 190,000,000 Kg which is 6% less than the 2016 season crop size.

Total crop sold at the Auction floors was 31,150,424 Kg for the 2017 season which is 13 % less than the 2016 season's Auction sales of 35,915,132 kg.

Total crop sold to date at the Contract floors is currently 157,250,576 Kg which is 5 % less than the 2016 total contract sales of 166,360,556 kg.

Total crop sold to date (Auction combined with Contract) is 188,401,000 Kg which is 7 % less than the 2016 season total of 202,275,688 kg.



Commercial Growers:

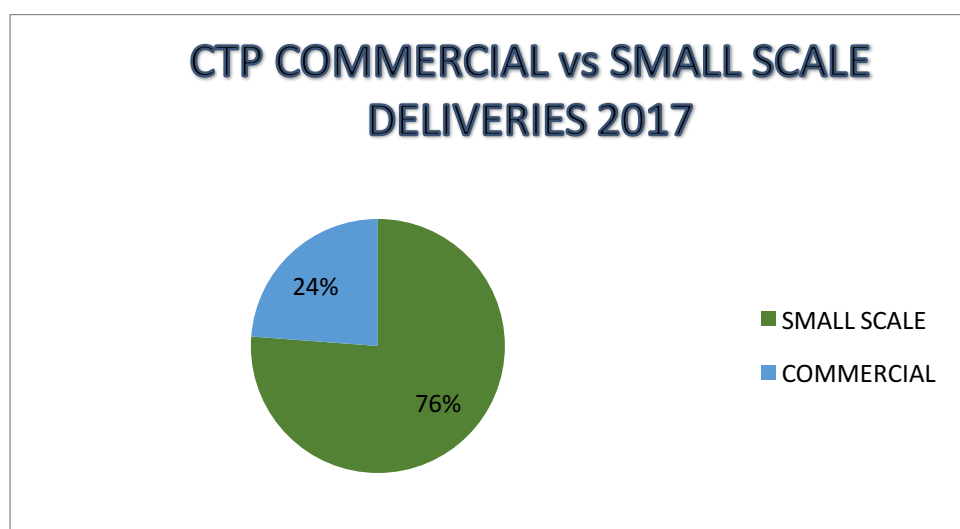
Deliveries on the CTP contract floor are now at the very end. We expect a few clean up sales to take place within the next 2 weeks.

Offerings consist of mainly loose leaf and strips of medium to good quality.

Few runs of bundle tobacco are also on offer dominated by third to fifth quality orange to mahogany styles.

Small Scale Growers:

Small scale volumes have now come to an end. During the past 2 weeks the majority of the small scale crop on offer were deemed “clean up” and consisted of low quality loose leaf and strips, with scarce runs of third to fifth quality upper stalk leaf of mixed styles ranging from lemon to deep mahogany (R tobacco).



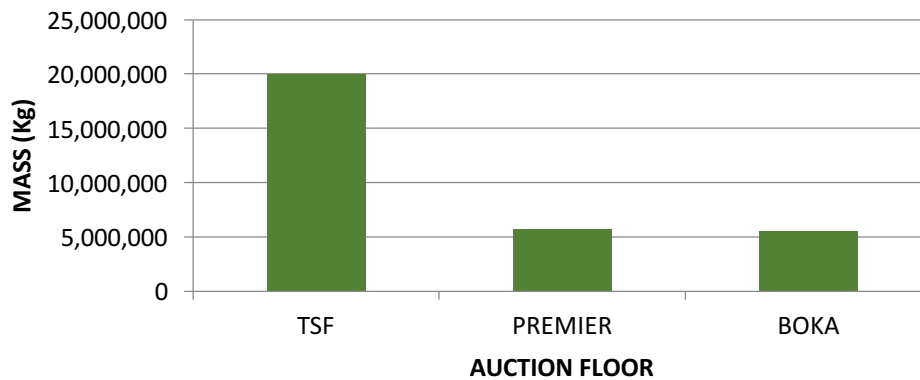
Over the 2017 season, the small scale crop has dominated the total purchases contributing 76% of the total purchases compared to 24% of the commercial crop.

SEASONAL AUCTION FIGURES 2017 VS 2016

Seasonal	TSF	PREMIER	BOKA	Total Auction 2017	Total Auction 2016	Percent Change %
Mass (kg)	19,923,804	5,784,949	5,441,671	31,150,424	35,915,132	13.%
Avg. Price (US\$/kg)	\$2.87	\$2.81	\$2.76	\$2.84	\$2.54	10.6%



AUCTION FLOOR DELIVERIES BY MASS



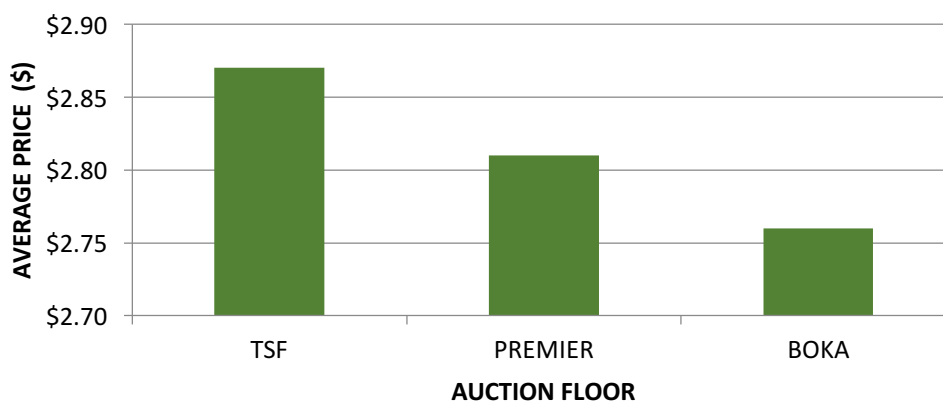
Auction Floors:

The auction floors closed on the 11th of August 2017

TSF led other auction floors in terms of volumes sold and average price during the 2017 season. The volume sold at TSF is 19,923,804 kg, double what the other two auction floors combined sold in the 2017 marketing season.

2016 Auction floor sales by volume were higher than 2017 Auction floor sales by a margin of 13 %.

AUCTION FLOOR AVERAGE PRICES



Combined average price for the Auction market in 2017 is \$2.84 compared to US\$2.54 in 2016 marketing season.

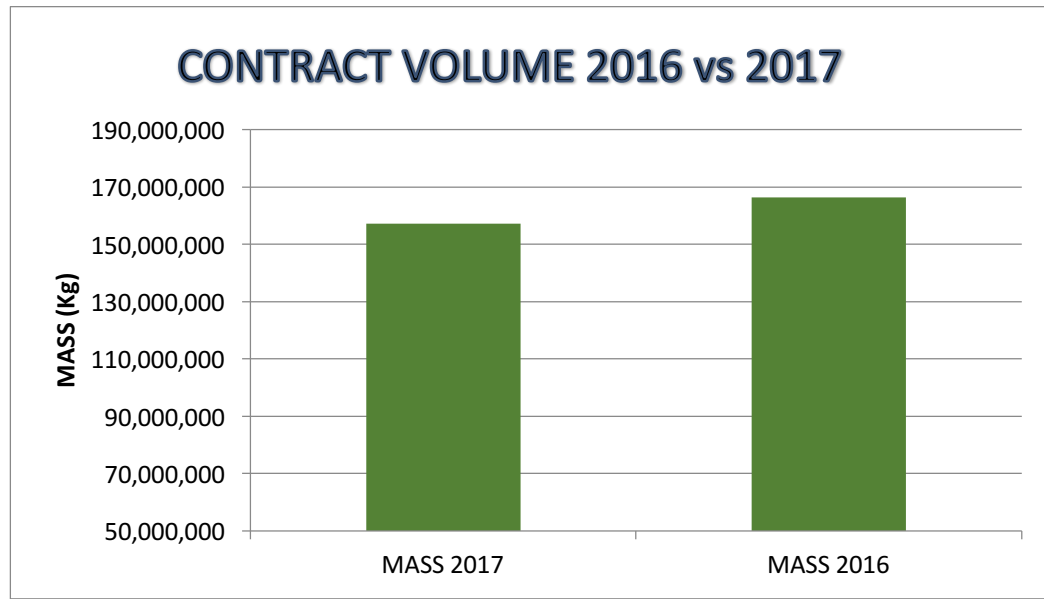
Overall throughout the selling season the auction market was highly competitive. This was a direct result of the various strategies applied by merchants to procure tobacco on the auction market.

The Auction average price in 2016 was lower compared to 2017 by a margin of 10.6%.

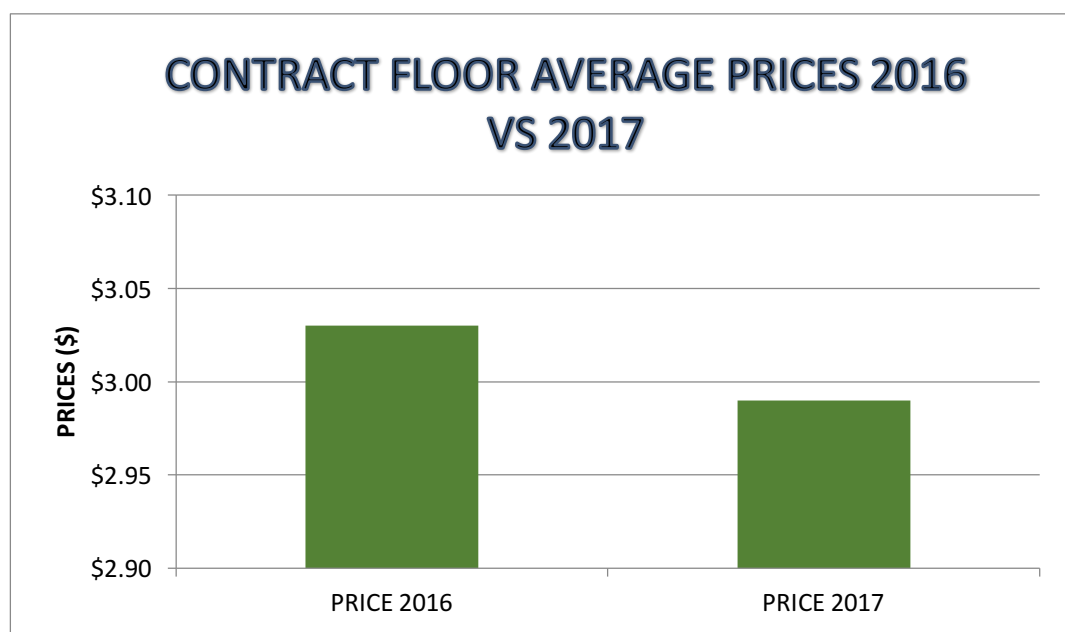


Combined Seasonal Contract Floor Figures 2016 vs 2017

Total 2017 Contract Deliveries to Date (Kgs)	Total 2016 Contract Deliveries (Kgs)	Percentage Change (2016 to 2017 %)	Contract Average Price 2017 (\$)	Contract Average Price 2016 (\$)	Percentage price change (2016 to 2017 %)
157,250,576	166,360,556	5%	\$2.99	\$3.03	1%



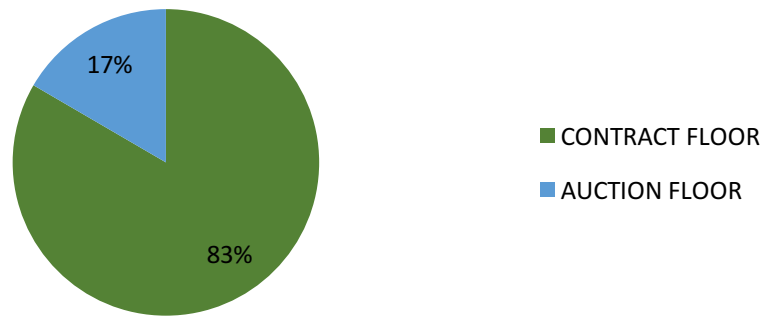
Contact floor deliveries were higher in 2016 compared to 2017 by a margin of 5%.



Contract floor average prices in 2016 were higher compared to 2017 by a margin of 1 %.



AUCTION vs CONTACT FLOOR DELIVERIES (2017)

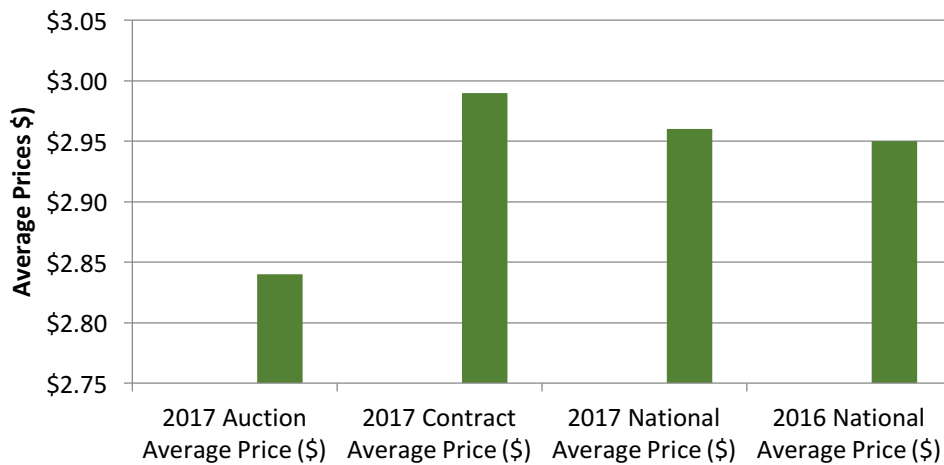


In the 2017 season, the volume of Contract sales have been higher than Auction sales by 66%.

Combined National Average Prices

2017 Auction Average Price (\$)	2017 Contract Average Price (\$)	2017 National Average Price (\$)	2016 National Average Price (\$)	% Change
2.84	2.99	2.96	2.95	0.54

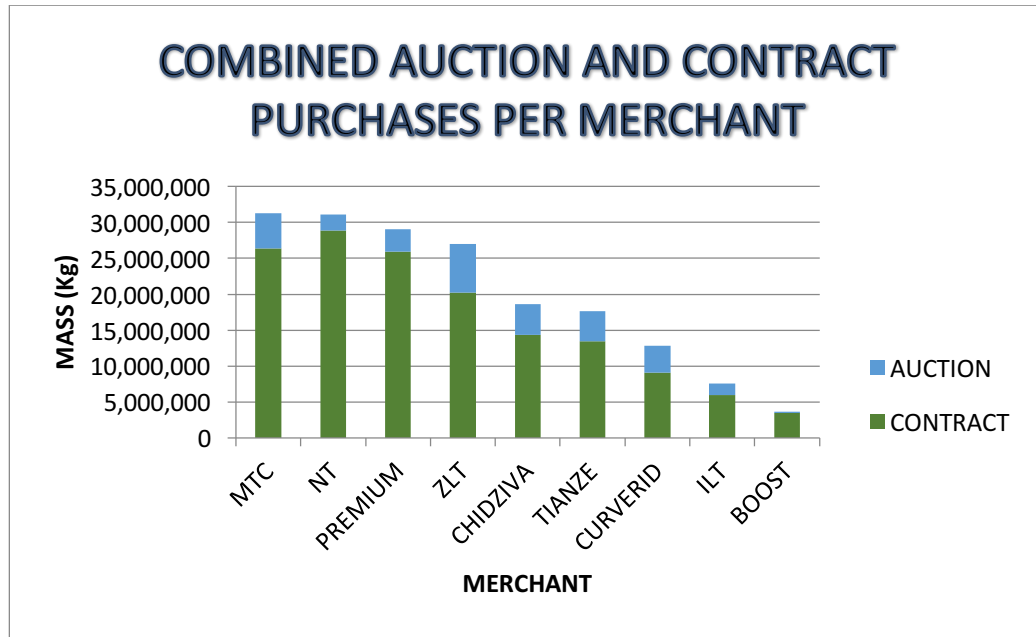
COMBINED NATIONAL AVG 2016 vs 2017



The combined national average price for the 2017 season is \$2.96 compared to \$2.95 for the 2016 season representing 0.54% difference.



Total Purchases on Contract and Auction Floors per Merchant:



Summary

The current Tobacco purchases have been less than the previous season’s (2016) total purchases by 7%.

Contract tobacco farming continues to be the mainstay of the industry as 83% of the crop is sold through the contract floors.

Tobacco sales across all Auction floors have closed down and the season average price for Auction floors was \$2.84 which is higher than the 2016 Auction average price of \$2.54 by 10.6%

The industry as a whole has reached the tail end of the season and the contract floors that are still open are dominated by low quality leaf, strips and loose leaf from both commercial and small scale crops.

Considering the heavy rains the overall 2017 crop quality was a good standard. Generally the crop was above average, soft natured, ripe with slightly lower chemistry levels than 2016.

Prices in general for the crop remained firm throughout the season. Seasonal average prices showed a 0.54 % difference between the 2016 season average price of \$2.95 compared to \$2.96 in the 2017 season

CY2018 – currently seed sales are 7.0% ahead of 2016 overall sales. Seedbed area sown cover +/-34,800 hectares for the 2017/18 season. An increase from +/-31,100 hectares for the same period in CY2017.

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 2017 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 Chidziva Tobacco Processors perspective. Chidziva Tobacco Processors and its employees accept no legal liability relating to the opinions and representations expressed in this document.