





Consolidated Tobacco Processors

Zimbabwe FCV Market Report 2

1.0 Industry Highlights.

Tobacco sales revenue is up 73% at \$172.3 million after 30 days of trade, compared to \$99.4 million achieved last season.

Deliveries are also up 34% at 74,857,774 kg from 55,734,431 kg delivered in the same period last year.

The price being offered for the crop is also 29% higher than last year at an average of \$2.30 per kg, up from \$1.78 per kg at the same time last year.

As at day 30, the highest price fetched at the auction floors is \$4, 99 per kg, up from the \$4, 66 last year.

This year's target of 220 - 230 million kg is still attainable.

The bulk of the crop sold so far came through the contract floors. A total of 72,382,343 kg have been sold through the contract system worth USD\$166 million while 2,475,431 kg have been sold through the Auction system worth USD\$ 6.1 million.

Contract floors have also offered the highest price of USD\$5.60 per kg, while the highest price at the auction floors is USD\$4.99 per kg.

Deliveries in the current selling season have been dominated by growers from Mashonaland West province who have delivered 26,539,307 kgs representing 39% of the total crop sold to date.

TSF auction floor has sold the bulk of auction tobaccos; being 67% of the total auctioned lots.

Contract floors have a lower average price of \$2.29 compared to \$2.45 at the auction floors. The combined industry average price is at \$2.30 as of day 30.



1.1 Impact of Covid 19 on tobacco sales

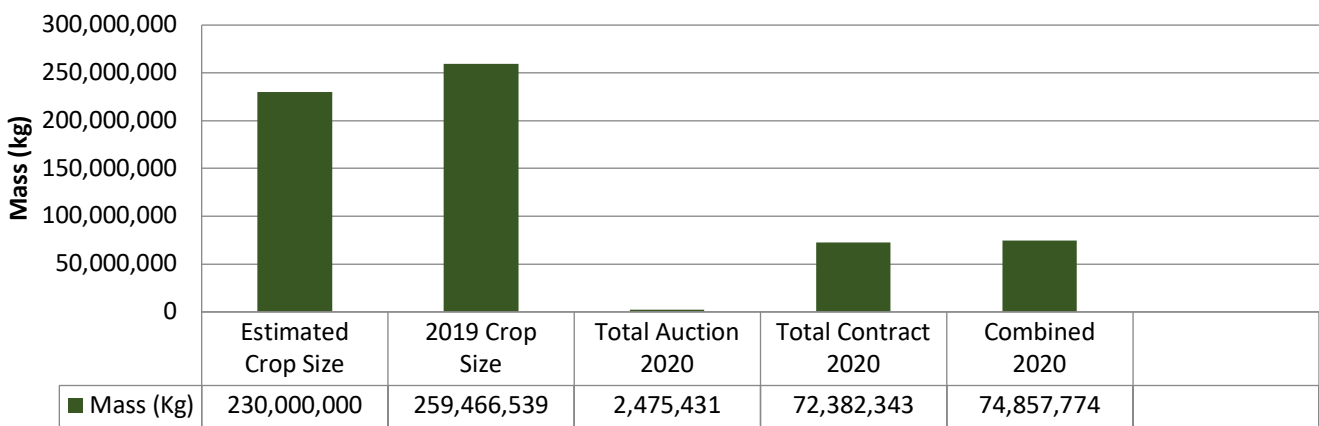
Decentralization of contract floors has drastically reduced deliveries in Harare with the most impact felt among the Auction floors who have sold only 3% of the total volume to date.

2.0 Crop Volume

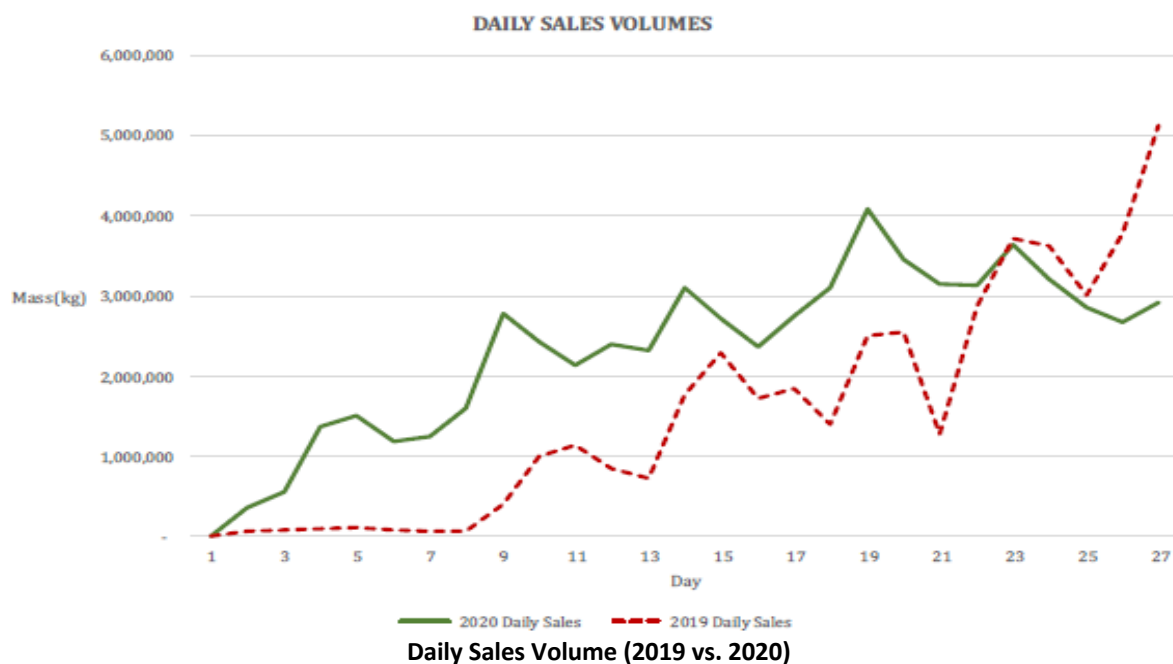
Total crop size for the 2018 / 19 season was a record breaking 259,466,539 kg; the estimated crop size for 2020 season remains at 220 - 230 million kgs.

Total crop sold as at day 30 at the Auction floors was 2,475,431 kgs and 72,382,343 kgs on Contract floors.

Overview of Tobacco Deliveries as at Day 30



2.1 Daily Crop Sales Review

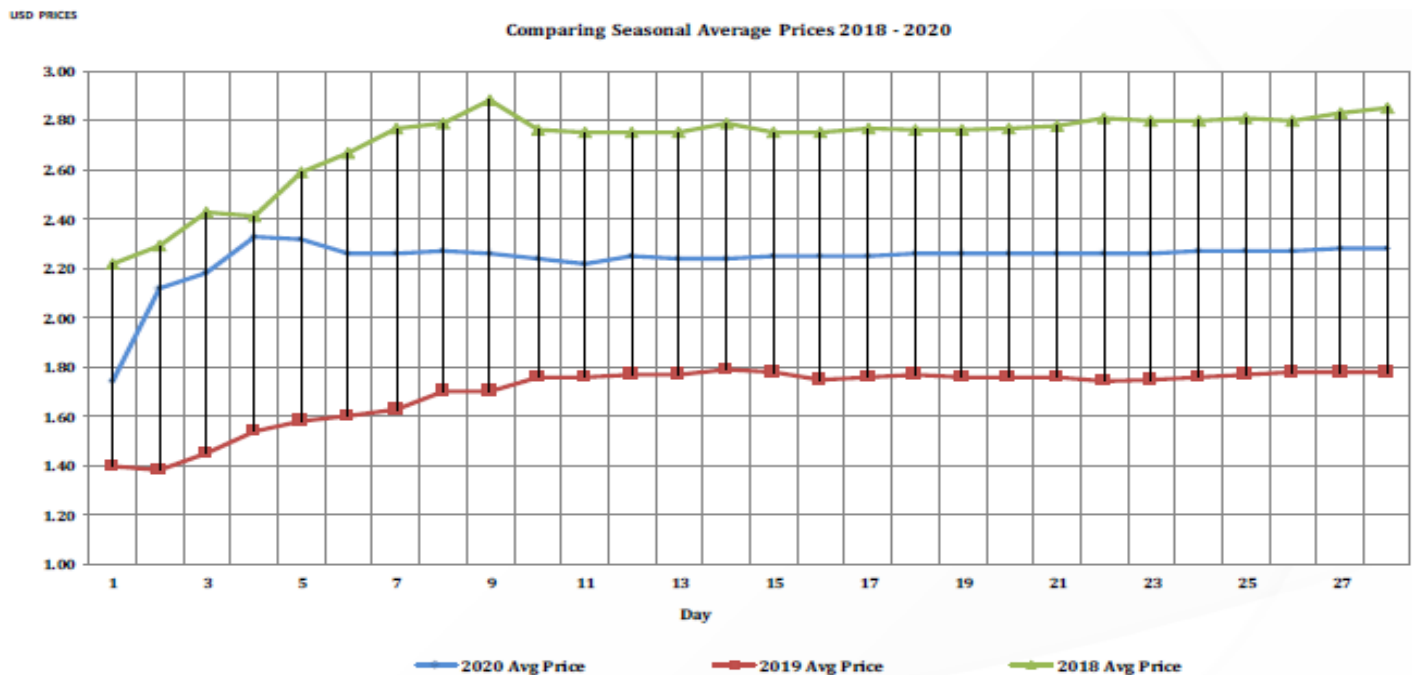




Volumes in the 2020 marketing season started off higher than those in the 2019 marketing season with a bias towards contract floor deliveries.

The full inception of commercial deliveries on contract floors has also heightened the total sales volumes.

However, due to the odd nature of the 2020 season, most small holder growers are skeptical of delivering their crops to Harare because of the Covid 19 lockdown hence volumes have not been consistently increasing as in the 2019 season.



Source: TIMB Weekly Bulletin

The 2020 marketing season has been characterized by higher average market prices compared to the preceding season as shown in the chart.

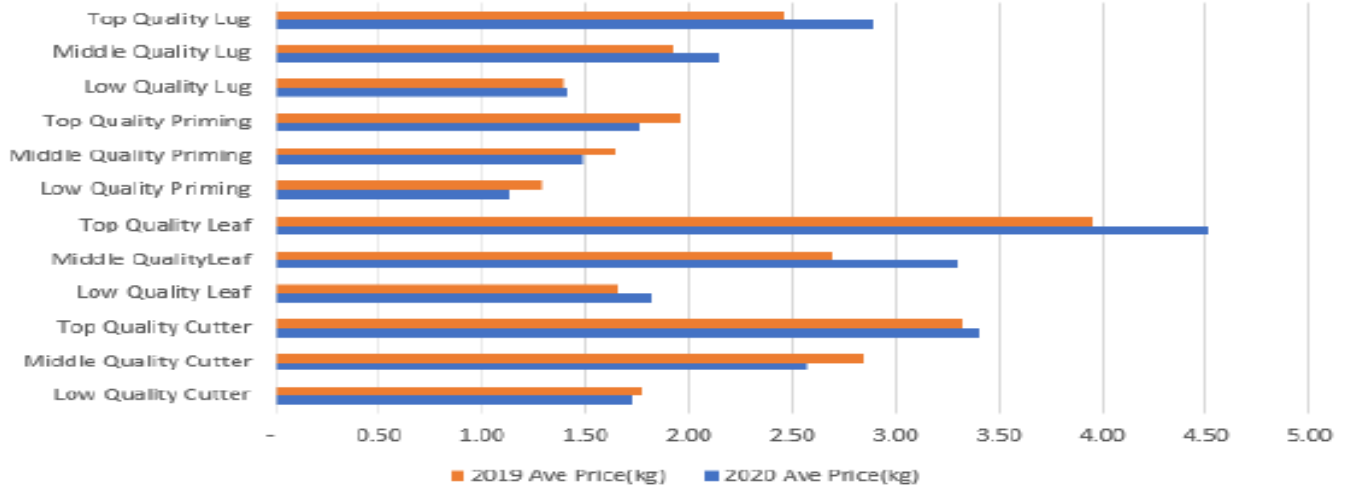
Prices have remained firm on both auction and contract sales. In addition to the higher average is an improved crop throw.

2.2 Market Pricing

Combined auction and contract average market price for the current season is at \$2.30 vs. \$1.78 (2019) - +29%. Overall the demand pattern is firm for lower stalk tobaccos, whilst middle quality upper stalk tobaccos remains somewhat unsettled and early signs of higher pricing for top quality leaf; which is in accordance to the improved leaf quality.



FCV TOBACCO PRICES BY GRADE 2019 VS 2020



Source: TIMB Weekly Bulletin

As shown in the chart, all upper stalk leaf grades are fetching at least +/- 30% higher prices compared to the preceding season.

Generally demand for lower and middle stalk tobaccos has been firm since the start of the season.

3.0 Commercial Growers.

Commercial grower deliveries are increasing on a weekly basis. This is typically expected as growers prefer to sell towards the mid/end of the marketing season.

Commercial deliveries are currently dominated by medium to good quality lower to middle stalk leaf of standard lemon and orange styles with a minor portion of upper stalk leaf on offer.

In general, a large portion of the remaining crop within the commercial sector is upper stalk leaf which is still undergoing grading and bailing.

3.1 Small Scale Growers.

The bulk of the small scale crops on offer are from Mashanoland West and Mashanoland Central which are considerably fast growing areas hence deliver the bulk of their crops early/mid marketing season.

The small-scale crop on offer is comprised of approximately 60 % lower and middle stalk reappings and 40% upper stalk reappings.



Spotted lemon to orange styles are more prominent from all stalk positions, with a bias towards the orange coloured styles.

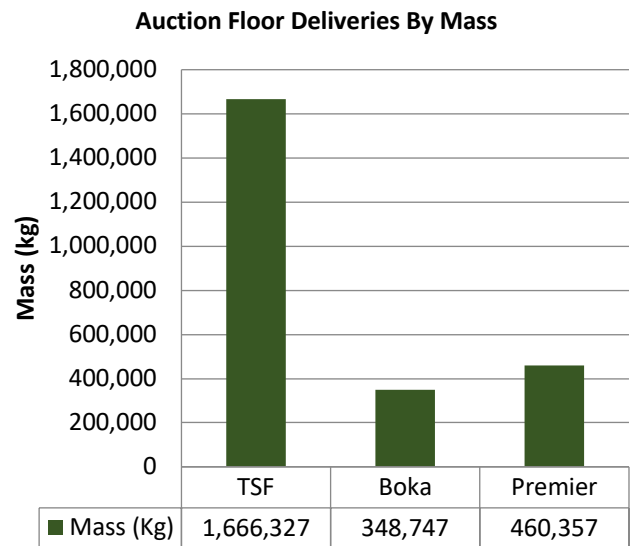
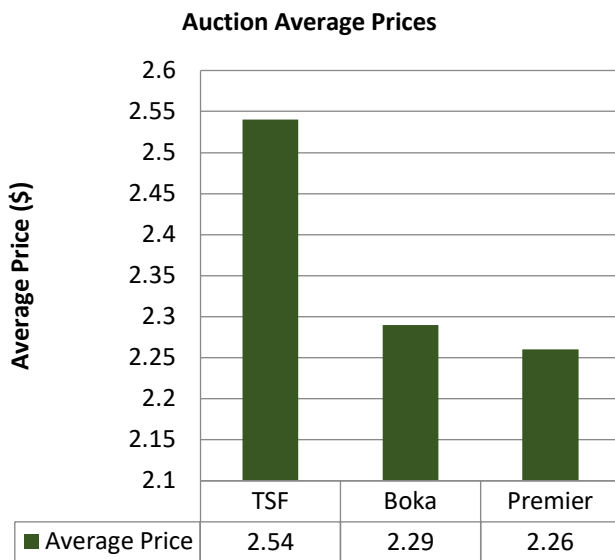
The lower stalk offerings are in general ripe and soft natured medium to good quality while the upper stalk offerings are wholesome and more open grained compared to the proceeding season.

4.0 Auction Figures as at Day 30.

Seasonal	TSF	BOKA	PREMIER	Total Auction 2020
Mass (kg)	1,666,327	348,747	460,357	2,475,431
Avg. Price (US\$/kg)	2.54	2.29	2.26	2.45

Despite subdued Auction volumes, TSF has been the market leader in terms of volumes sold and average prices.

As of day 30, TSF had secured 66% of total auction sales with the highest average price of \$2.54.



Combined average price for the auction market is \$2.45 compared to \$2.29 on the contract floors.

The combined volume delivered to the auction market is 2,475,431 kg compared to 72,382,343 kg delivered to the contract floors. This is indicative of the shift to contract growing being the mainstay of the tobacco industry in the near future.

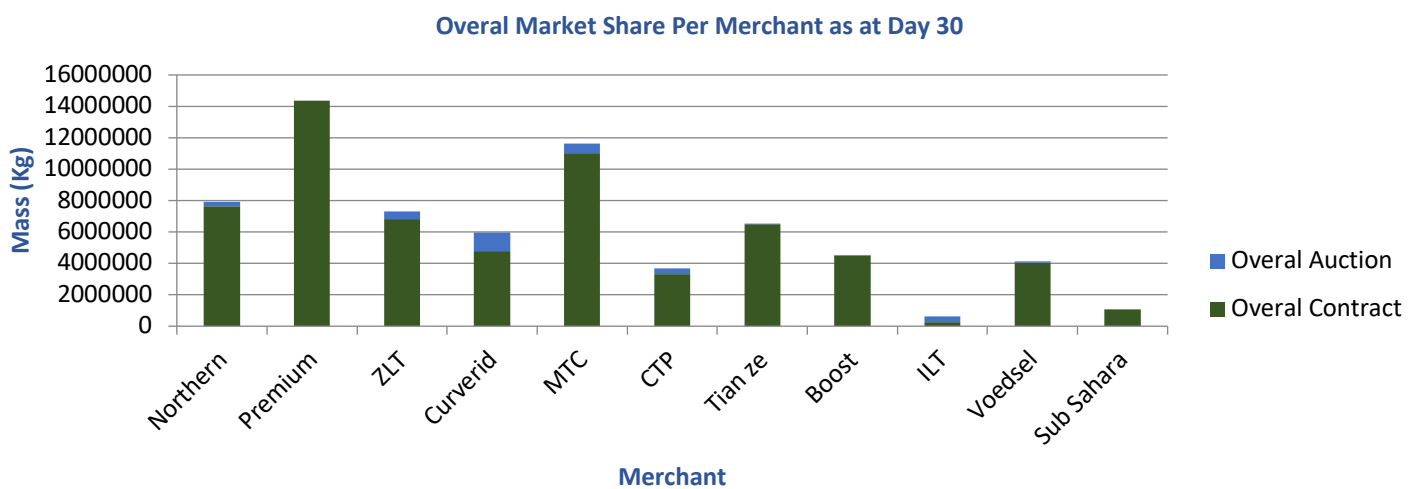


5.0 CTP Contract Overview.

From the onset CTP sales average has increased weekly. This is in order to maintain and protect the contracted tobaccos.

Commercial and Small Holder offerings on CTP contract floor have also been consistent with offerings across the rest of the industry and in line with CTP agronomic expectations.

In line with other contractors and government mandates CTP has decentralized (sales floor/s +200km from Harare) to Mvurwi and Karoi to broaden the market catchment area.



6.0 Summary.

Tobacco sales revenue is up 73% at \$172.3 million after 30 days of trade, compared to \$99.4 million achieved last season according to data from the industry regulator.

Decentralization of contract floors has drastically reduced deliveries in Harare with the most impact felt among the Auction floors who have sold only 3% of the total volume to date.

The 2020 marketing season has been characterized by higher average market prices compared to the proceeding season, partly driven by improved crop quality.

DISCLAIMER: The information provided in this document is merely intended for the use as an indicative opinion on the market conditions of the 2020 tobacco selling season and statistics relating to the 2020 Zimbabwean tobacco marketing season. All descriptions and advice relating to the growing season are subjective and should not be used other than for an insight from a Consolidated Tobacco Processors perspective. Consolidated Tobacco Processors and its employees accept no legal liability relating to the opinions and representations expressed in this document.