



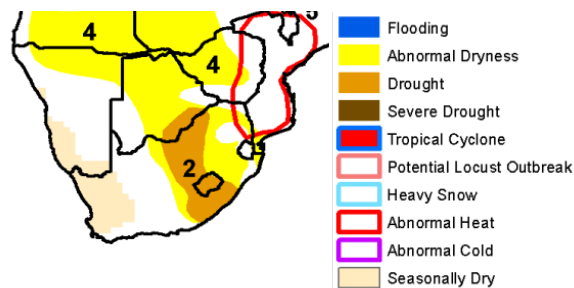


Consolidated Tobacco Processors Zimbabwe FCV 2019 Crop Report 2

1.0 Season Climate Outlook

According to the Meteorological Services Department as depicted in the picture below, Zimbabwe's 2019 weather forecast is characterised by low rainfall and abnormal heat. Poor rainfall and anomalous dryness were expected to negatively impact cropping conditions for the tobacco crops.

Rainfall Outlook 2018 – 2019 Season.



Source: Meteorological Services Department (2018).

Fortunately weather patterns have turned out to be inaccurate, the impact of El Nino has been limited as water tables, river, and dam levels remain high following heavy rains in February and March 2018, especially in high rainfall areas. Most reservoirs have already exceeded average water levels due to current and above-normal rains from the previous season. This has facilitated good establishment of all irrigated crops across the country. However, some traditionally arid tobacco growing areas in the north such as Hurungwe and some eastern areas in Manicaland delayed planting due to late rains. Below are current pictures of rain fed late planted small scale crops in Hurungwe.

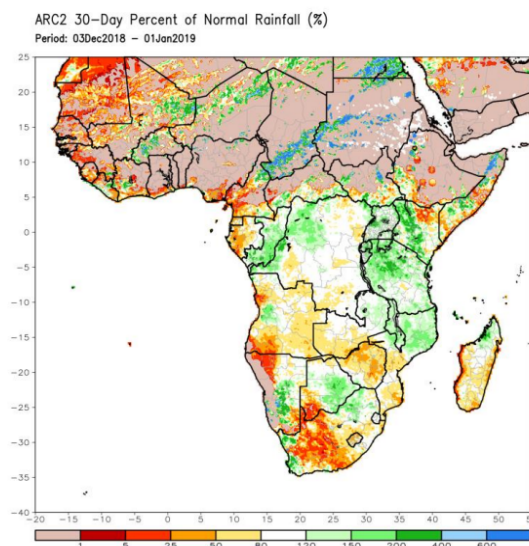


Late planted rain fed small holder dry land crops in Hurungwe



The short term weather outlook for December 2018 to January 2019 period as shown in the picture below suggests the resurgence of moisture relief for many traditionally dry areas within the country. Widespread rainfall with weekly accumulations in excess of 50mm has alleviated tobacco crops country wide. Periodic wet spells and high temperatures have greatly enhanced the development of all tobacco crops in the country. This has raised the optimism for the national crop size to increase by +/- 30 million kilograms in the 2019 marketing season. This short term seasonal outcome is evidence that not all El Nino years result in drought as indicated in the preceding crop report.

Rainfall Outlook Dec 2018 – Jan 2019



Source: Meteorological Services Department (2018).

In some tobacco growing areas in Zimbabwe namely the Eastern Highlands, wet spells also brought about hail storms in December 2018. Hail storms destroyed some tobacco crops in Rusape as shown in the picture below.



Tobacco crops in Rusape destroyed by a hail storm



2.0 Agronomic Outlook

Short term weather conditions experienced between December 2018 and January 2019 enabled good establishment of all rain fed dry land small holder crops as shown in the pictures below. Most rain fed dry land crops are in the 8 and 12 leaf stage while some water planted dry land crops at 16 and 18 leaf stage are due for topping. Good crop establishment and absence of diseases in the current tobacco crops have raised the optimism over the early onset of the 2019 marketing season.



Small scale rain fed crop

Small scale water planted crop

Early planted commercial Irrigated crops are being harvested while late water planted dry land commercial crops have been topped and are almost ready for harvesting. Ripening of crops has generally been gradual due to intermittent rains. This has been beneficial from a barn capacity point of view in comparison to the previous seasons where insistent rains resulted in speedy crop ripening that in turn put intense pressure on barn space.

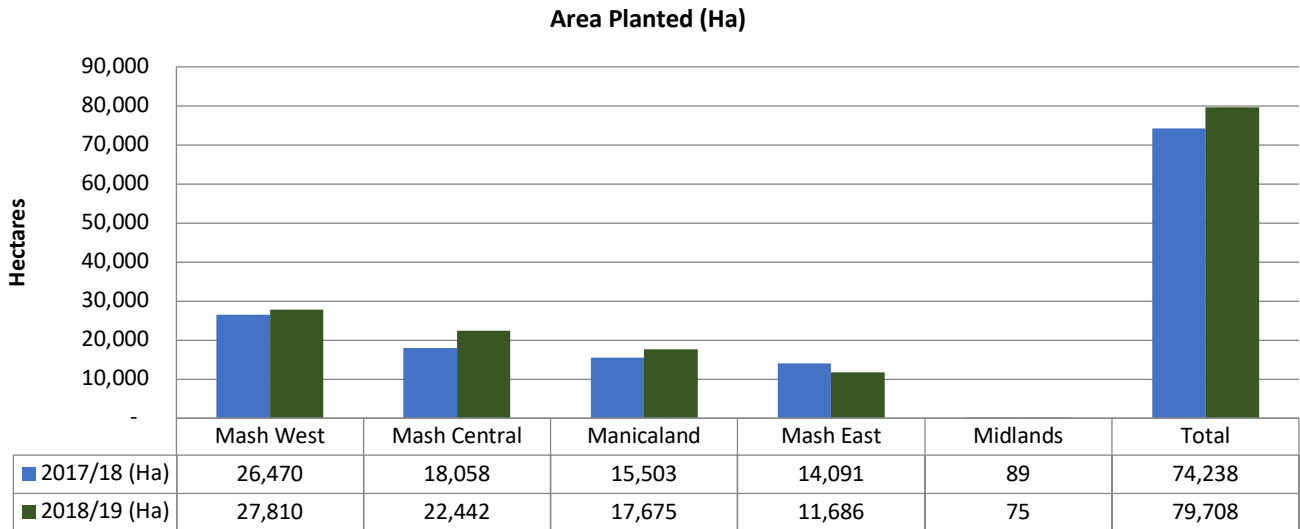


Water planted commercial dry land crop

First reaps of irrigated commercial crop curing.

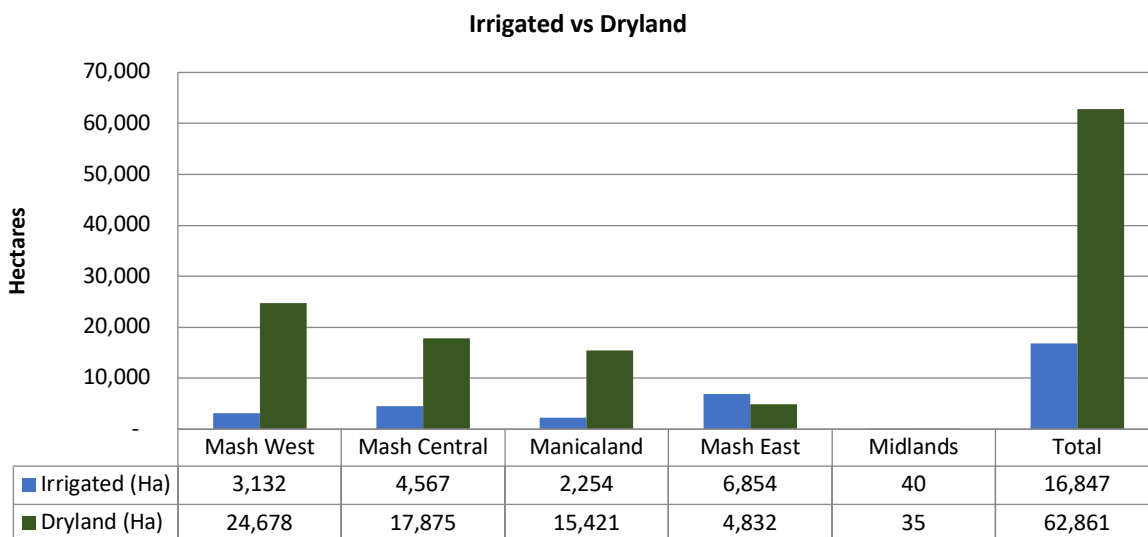


2.1 Area Planted 2018 vs. 2019



The 2018 / 19 season despite predicted sporadic and below average rainfall, has a greater area planted of 79,708 hectares compared to 74,238 hectares in the 2017 / 18 season. There has been a 7% increase in the area planted.

2.2 Irrigated vs. Dry land





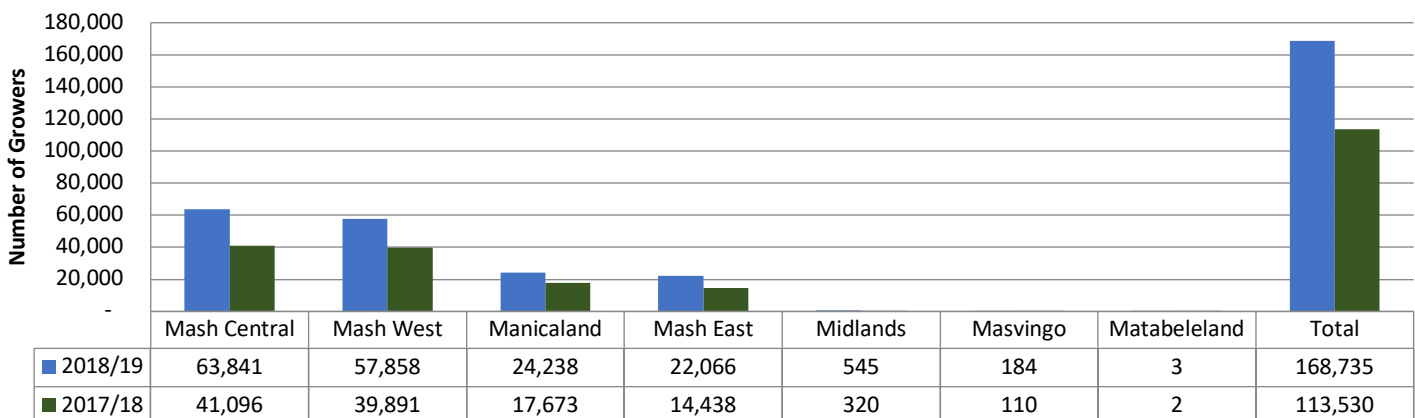
On a national scale, 62, 861 hectares of dry land crops have been planted compared to 16,847 hectares of irrigated crops as at January 2019. This is an indication that most of the tobacco growing in Zimbabwe is rain fed.

Mashonaland East has the highest irrigated crop of 6,854 hectares as there is abundance of irrigation facilities in the area. It is the only area where irrigated crops are more prevalent compared to dry land crops.

2.3 Growers Registrations 2017 / 18 vs. 2018 / 19 Season

168,735 growers had registered to grow tobacco as at 31 December 2018 compared to 113,530 growers reported during the same period the previous season. This does initially indicate an increase of 49% in the number of growers that have been reported/registered to date. However, this is misleading as growers are registering and selling under new/individual growers numbers in order to take advantage of the US\$ payments. With a marginal increase in “new” growers, combined with the increase of hectares planted further supports predictions of a national crop size of 260 to 280 million kgs.

Registrations (2018/19 vs 2017/18)



Mash central has the highest number of growers with 63,841 growers in the area. The area is considered a fast-growing area and produces very good quality orange to deep mahogany smoking leaf.



3.0 CTP Agronomic Outlook

3.1 CTP Contract Growers.

CTP contracted growers in all regions planted their crops timeously in line with TIMB planting regulations, as well as taking into consideration prevailing weather conditions.

As stated above, the majority of small holder crops are at 8 to 12 leaf stage. Small holder farmers are currently engaged in topping their crops, pest and weed control and suckering. Commercial farmers have begun curing due to their crops ripening gradually.

Sustainable agricultural management practices and grower education (GAP) remains a leading priority.

3.2 Inputs

All CTP contracted growers received inputs on time hence we anticipate all other agronomic processes to be in line with the CTP agronomy plan for the season. Farmers are expected to produce a good crop in terms of both quality and quantity.

4.0 Economic Outlook

Tobacco remains one of the country's major foreign currency earners, government recognizes the sector's contribution to the economy as evidenced by the incentives the Reserve Bank of Zimbabwe has introduced to boost the crop's output.

The cost of production for the current season has significantly increased especially for the self-financing farmers. The cost of all inputs including labour has gone beyond the reach of most farmers, inputs increased in excess of 50% in 2018. Farmers still require significant support to overcome production challenges.



5.0 Summary

Weather forecasts for the 2018 / 19 tobacco growing season predicted poor rainfall and anomalous dryness which would negatively impact cropping conditions for the tobacco crops. However there has been widespread resurgence of rainfall with weekly accumulations in excess of 50mm which have alleviated the tobacco crops country wide.

Most small scale dry land crops are between 8 and 12 leaf stage while some water planted dry land crops are due for topping at 16 and 18 leaf stage.

Early planted commercial Irrigated crops are being harvested while late water planted dry land commercial crops have been topped and are very close to harvesting.

There has been a 7% increase in the area planted hence estimated national crop size of between 260 and 280 million kgs in the 2019 marketing season.

Finally, rainfall is forecasted to fall countrywide during the next period (+/- 3weeks). Based on this the production cycle outlook looks generally pleasing. At this stage quality is expected to be more than satisfactory.

DISCLAIMER: The information provided in this document is merely intended for the use as an indicative opinion on the growing conditions of the 2018 / 19 tobacco growing season and statistics relating to the 2018 / 19 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 Consolidated Tobacco Processors perspective. Consolidated Tobacco Processors and its employees accept no legal liability relating to the opinions and representations expressed in this document.