





## Zimbabwe FCV Market Report 2021

No 2. – 6<sup>th</sup> May

### 1.0 Industry Highlights

Tobacco sales revenue is up 87% at \$144.7 million after 18 days of trade, compared to \$77.3 million achieved last season according to data from the industry regulator.

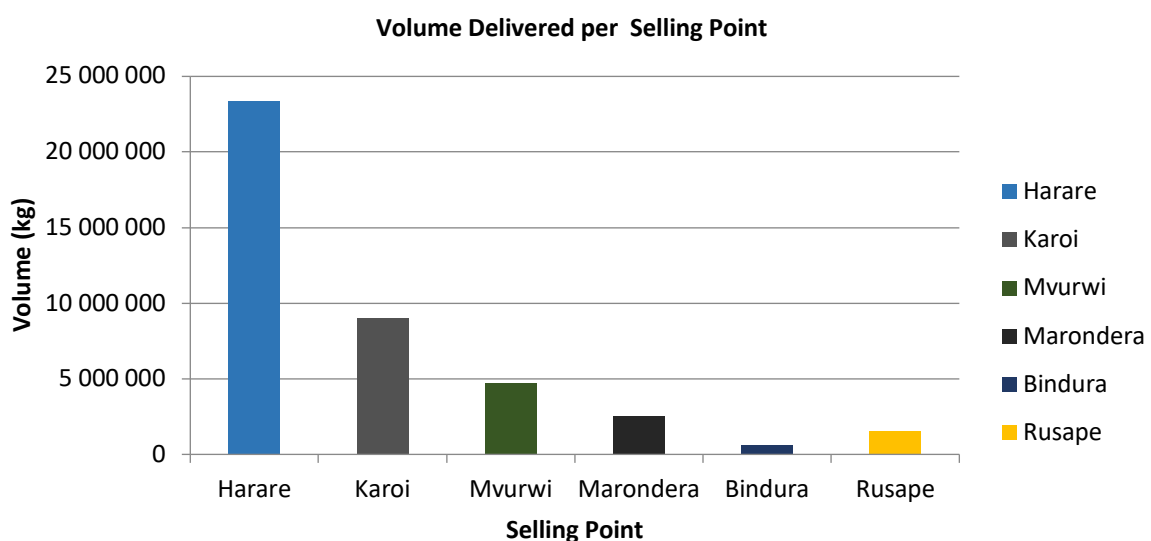
Deliveries are also up 61% at 55,380,615 kg from 34,341,634 kg delivered in the same period last year.

The average price for the crops on offer is also 16% up from last year's \$2.25 per kg to \$2.61 per kg in the current season at the same time.

Current national crop volume estimation remains at 180 - 190 million kg.

The bulk of the crop sold so far came through the contract floors. A total of 51,512,407 kg has been sold through the contract system worth USD\$134.3 million while 3,868,208 kg have been sold through the auction system worth USD\$ 10.4 million.

Despite the decentralization of selling points, Harare remains the tobacco marketing hub as shown below:



TSF auction floor has been the market leader in terms of volumes sold as of day 18 having sold 74% of the total auction sales. With certain major merchants participating strongly on specific auction floor/s directly or via third party buying teams.

Contract floors have a lower average price of \$2.61 compared to \$2.69 at the auction floors. The combined industry average price is at \$2.61 as of day 18.

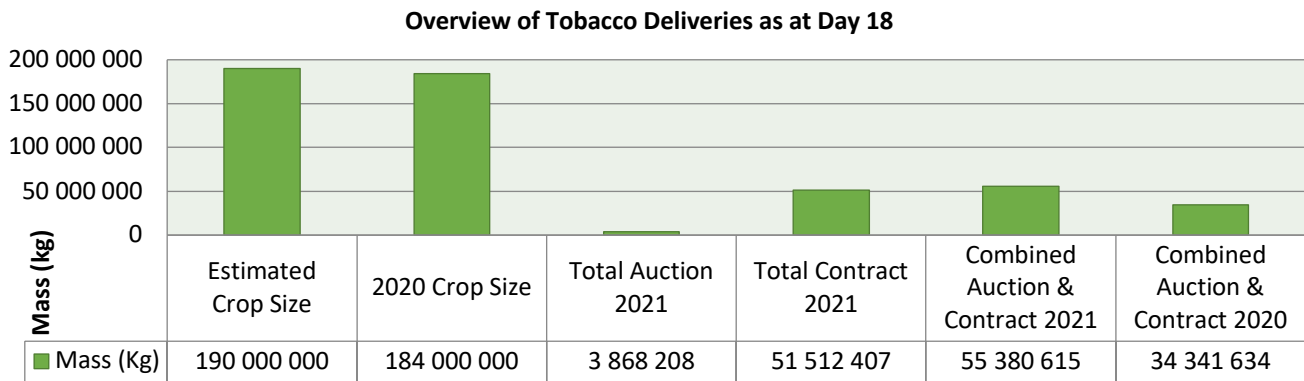


## 1.1 Impact of Covid 19 on tobacco sales

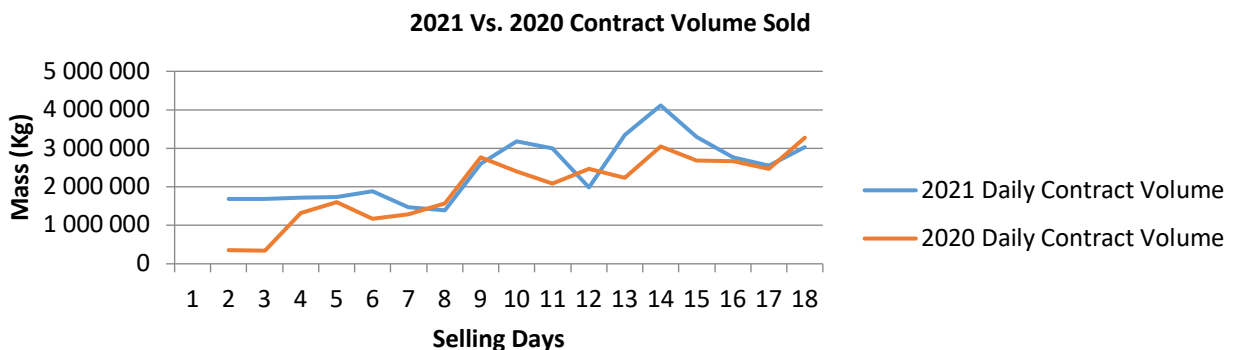
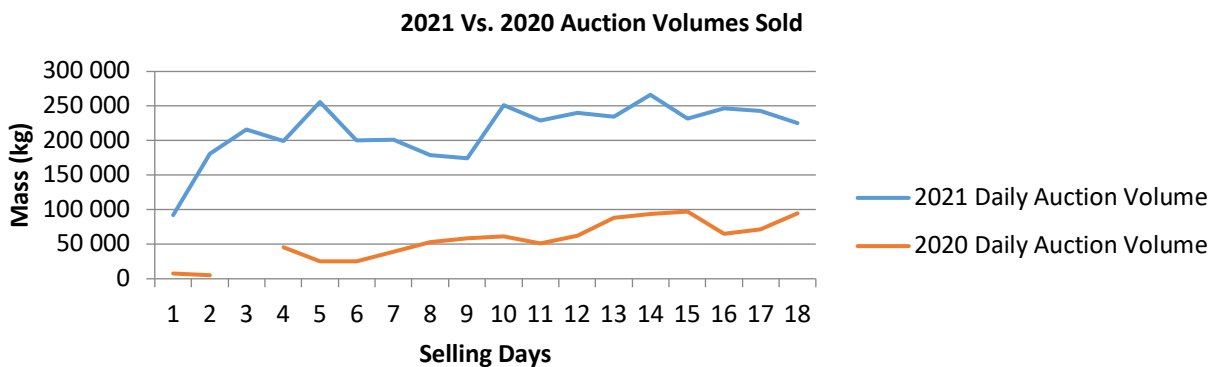
Amid the successful containment of the Covid 19 outbreak in Zimbabwe, the government has relaxed travel restrictions for growers to market their crops at any marketing location of their choice hence the peak in volumes delivered thus far compared to the same time in the previous season.

## 2.0 Crop Volume.

Total crop sold as at day 18 at the Auction floors was 3,868,208 kgs and 51,512,407 kgs on Contract floors which constitutes 7 % auction and 93 % contract.



## 2.1 Daily Crop Sales Review

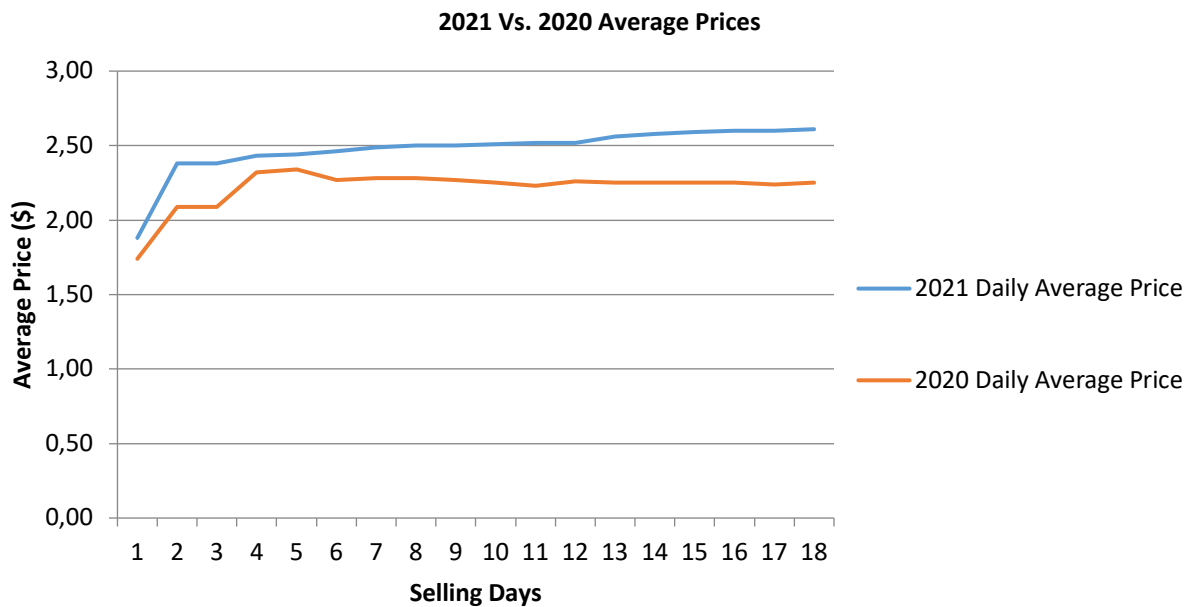




The early inception of commercial deliveries on contract floors has also heightened the total volumes compared to the previous season.

With the improved controls and checks regarding Covid 19 regulations, improved payment modalities and, importantly a firm demand for auction tobaccos should contribute to larger volumes than initially predicted passing over this selling platform.

## 2.2 Market Pricing

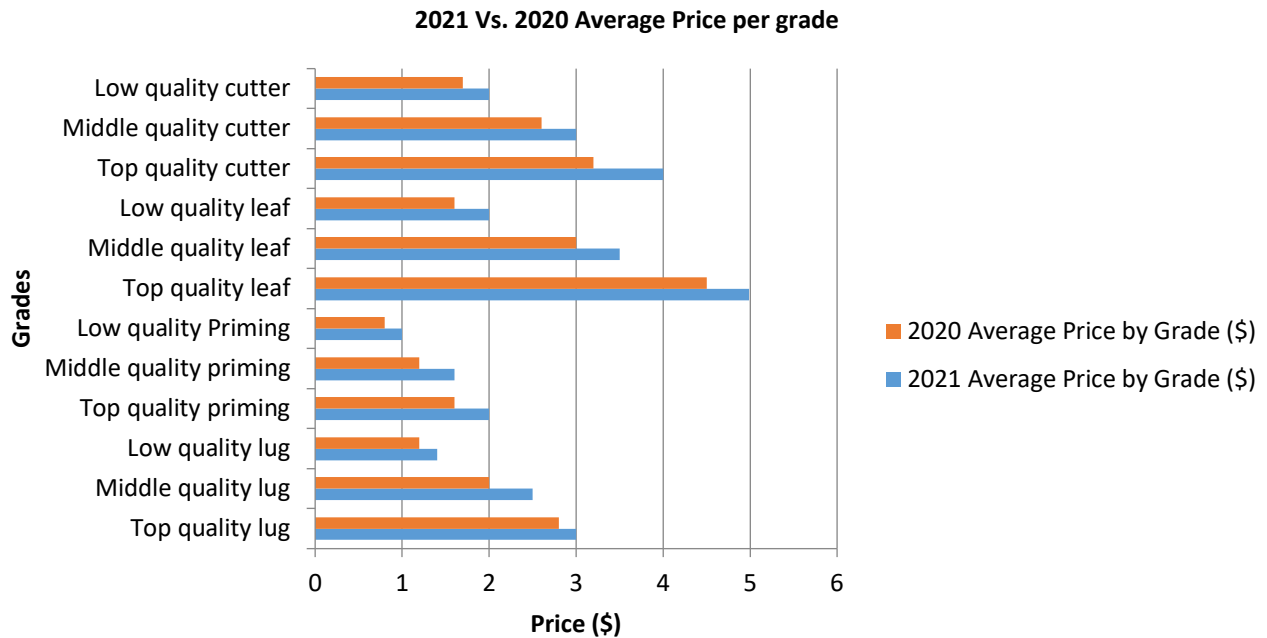


The 2021 marketing season has been characterized by higher average market prices (grade for grade) compared to the preceding season.

Apart from day 1 the auction the prices have remained firm and subsequently deliveries have increased; whilst offerings have varied with a full range of qualities and plant positions being made available.

Combined auction and contract average market price for the current season is at \$2.61 compared to \$2.25 in the preceding season at the same time. This represents a 16% increase.

The improved 60 percent earnings in foreign currency compared to 50% in the previous season has proved lucrative to growers who in response have pushed for early deliveries.



As expected, top quality leaf is fetching high value on the market between \$4.80 - 5.40 range/s.

Lower and middle stalk leaf prices, especially cleaner “J” tobaccos have increased vs. previous seasons. Whilst the lower stalk offerings have also realised an increase which is mainly due to improved qualities; being soft, ripe and open grain tobaccos.

### 3.0 Commercial Growers.

Commercial deliveries set off on a high note as most early planted irrigated crops benefited from the rains.

Dry land crops were also ready earlier than usual also because of the normal to above normal rains received.

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

Most commercial crops are soft natured and open grained of moderate to good quality.

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

### 3.1 Small Scale Growers.

Crops from both fast-growing areas and slow growing areas matured considerably around the same time due to the good rains hence the upturn in early season deliveries.

Overall the small-scale crop on offer is comprised of an equal proportion of lower stalk, middle stalk and upper stalk leaf.



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

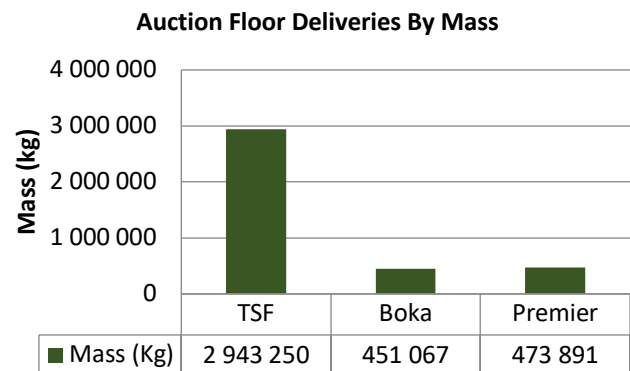
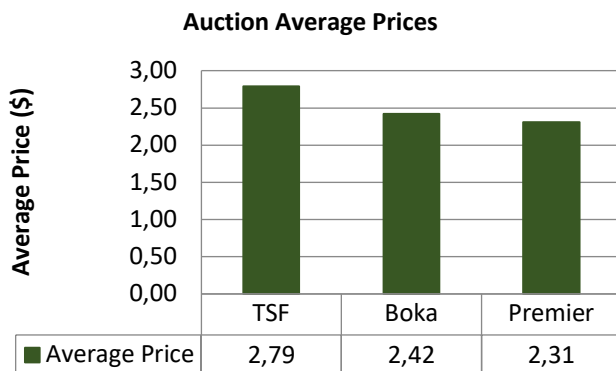
The lower stalk offerings are in general ripe and soft natured medium to good quality while the upper stalk offerings are wholesome and more open grained.

#### 4.0 Auction Figures as at Day 18.

Seasonal	TSF	BOKA	PREMIER	Total Auction 2021
Mass (kg)	2,943,250	451,067	473,891	3,868,208
Avg. Price (US\$/kg)	2.79	2.42	2.31	2.69

TSF has been the market leader in terms of volumes sold and average prices as we have reached a quarter of the anticipated national crop volume.

As of day 18, TSF had secured 76% of total auction sales with the highest average price of \$2.79.



The combined volume delivered to the auction market is 2,943,250 kg compared to 51,512,407 kg delivered to the contract floors. This is indicative of the contract support growers are receiving from contracting merchants.

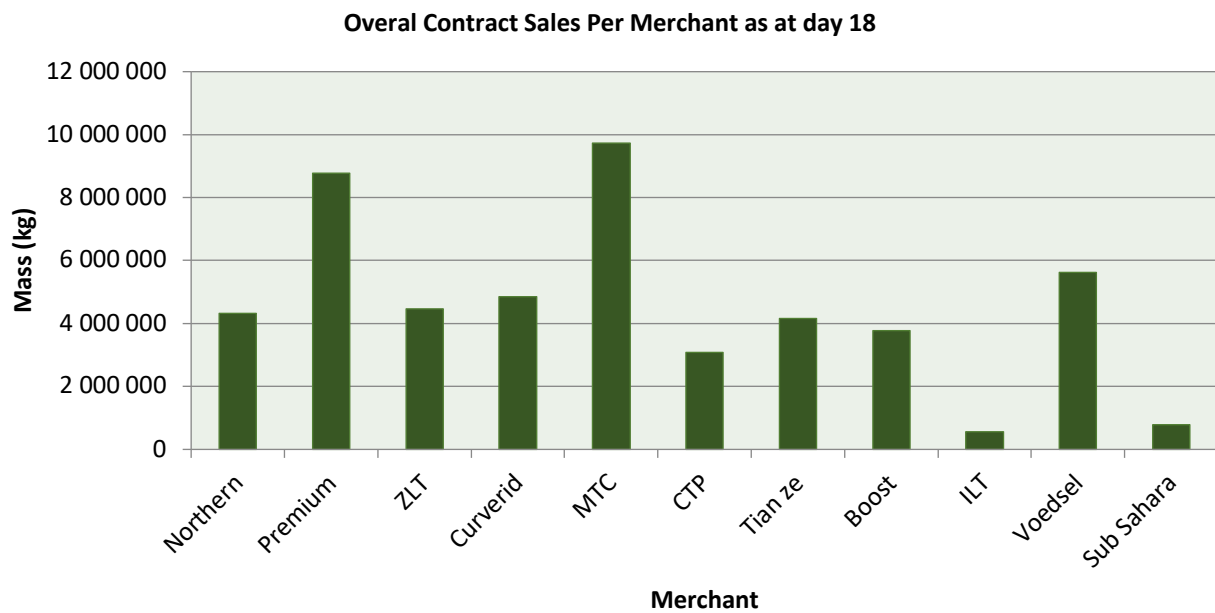
#### 5.0 CTP Contract Overview.

Prices of all offerings on CTP contract floor have remained firm and competitive in line with the rest of the industry.

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



CTP has also decentralised to Mvurwi, Karoi and Marondera in order to broaden the market catchment area in line with current industry developments.



## 6.0 Summary.

Deliveries - up 61% at 55,380,615 kg from 34,341,634 kg delivered in the same period last year. This trend will continue making for a shorter buying season.

The average price for the crops on offer is also 16% higher than last year at an average of \$2.61 per kg, up from \$2.25 per kg at the same time last year.

Largely, improved crop quality with majority of offerings being soft natured and open grained. Despite the above average rainfall pattern experienced during the growing stage/s the small holder sector has produced some decent 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 2021 tobacco selling season and statistics relating to the 2021 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.