



# *Chidziva Tobacco Processors*



**Zimbabwe Crop Report  
Day 79 Week 17 13.06.14**





# Week 17 - Zimbabwean FCV market Report

## SEASONAL AUCTION FIGURES UP TO DAY 79

Seasonal	TSF	BTF	PTF	Total Auction 2014	Total Auction 2013	Percent Change %
Mass sold(kg)	24,295,302	12,010,547	11,852,856	48,158,705	50,514,347	-4.66%
Value(US\$)	68,993,576	31,254,903	31,598,102	131,846,581	179,922,764	-26.72%
Avg.price US\$/kg	2.84	2.60	2.67	2.74	3.56	-23.14%
Rejected %	10.23%	11.98%	12.66%	11.30	8.21	37.60%
Bales laid	378,290	202,114	196,989	777,393	806,481	-3.61%
Bales Sold	339,577	177,902	172,053	689,532	740,239	-6.85%
Rejected Bales	38,713	24,212	24,936	87,861	66,242	32.64%
Avg.Bale Weight (kg)	71.55	67.51	68.89	69.84	68.2	2.35%

### Auction Floor Quality, Styles and Offerings:

•As the season comes to an end the offerings and prices on the auction floors continue the progressive decline on lower quality leaf and lower stalk tobacco. Top quality tobacco prices still remain firm. As less tobacco comes in we see the market being dominated with larger volumes of lower stalk and less top end leaf.

We continue to see the trend of lemon tobacco price declining on the auction floor market. In some cases fetching a dollar to \$0,80 less then it did a month ago.

In an opposite trend to the styles mentioned above, deep orange and mahogany styles of tobacco, although in short supply, are fetching firm prices as merchants continue the search for acceptable nicotine percentages in the crop.

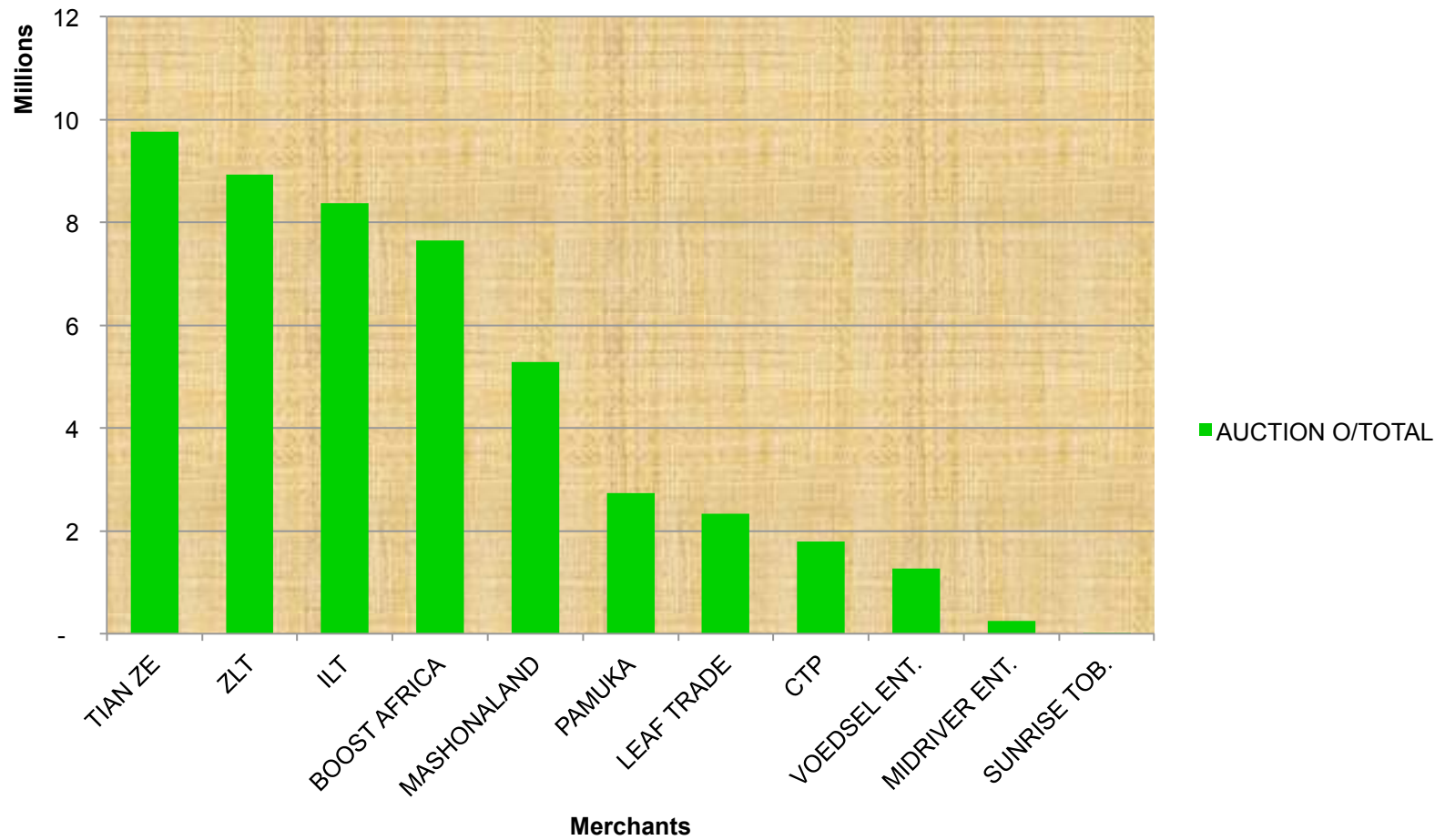
• As the selling season comes to an official end next week ,the overall average price is still lower than last year. Again we see the trend in 2014 remaining constant with lower to middle quality lugs fetching +/- 40c less than 2013. This also applies to middle quality cutters as we see these styles fetching 50c - \$1.00 less than the previous season. Top quality lemon leaf tobacco is being bought between \$2,50-\$3,50 compared to last month where it was going for \$4,00-\$4,99. Riper styles with more attractive characteristics are fetching over \$4.00 on the floors today.

•Up to day 79 we have seen a decrease of 4.66% in mass sold compared to the same period in 2013. This is a result of more farmers being directly contracted to tobacco companies. The average price still remains down this year at \$2.74/kg compared to last years \$3.56 at the same stage.



## Auction Floor Comparison with all Merchants

### Auction Floor - All Merchants





## SEASONAL CONTRACT FIGURES PER COMPANY (DAY 79)



COMPANY	Mass sold (kg's)	Value \$US	Ave Price \$US	Rejection %	Bales Laid	Bales Sold	Rejected Bales	Ave bale Weight (kg' s)
CHIDZIVA	10,181,295	29,922,075	2.94	3.99	142,701	137,009	5,692	74.31
BOOSTAFRICA	10,059,472	29,520,142	2.93	0.95	141,766	140,422	1,344	71.64
CURVERRID	11,033,502	33,590,324	3.04	2.84	149,941	145,676	4,265	75.74
GOLDEN LEAF	4,343,064	13,106,990	3.02	0.00	54639	54639	0	79.49
KM	1,899,299	5,818,115	3.06	0.00	23069	23069	0	82.33
ILT	568,531	2,110,271	3.71	0.00	5749	5749	0	98.89
LEAF TRADE	133,727	382,877	2.86	7.33	1923	1782	141	75.04
MTC	24,979,092	76,802,540	3.07	4.19	392,377	375,937	16,440	66.44
TSL CLASSIC	2,575,450	8,577,534	3.33	6.00	29,123	27,375	1,748	94.08
TRIBAC	12,712,127	45,919,532	3.61	1.50	154,261	151,944	2,317	83.66
SHASHA	1,863,822	6,554,093	3.52	1.30	20230	19968	262	93.34
TIAN ZE	16,664,755	64,887,592	3.89	1.94	158,644	155,562	3,082	107.13
ZPTFU	131,760	379,204	2.88	0.00	1721	1721	0	76.56
ZLT	23,066,710	74,162,698	3.22	4.49	294,597	281,377	13,220	81.98
MIDRIVER	1,155,805	3,772,969	3.26	2.56	11545	11249	296	102.75
NORTHERN	22,427,765	83,187,514	3.71	5.10	251,373	238,541	12,832	94.02
<b>TOTAL CONTRACT 2014</b>	<b>143,796,176</b>	<b>478,694,470</b>	<b>3.33</b>	<b>3.36</b>	<b>1,833,659</b>	<b>1,772,020</b>	<b>61,639</b>	<b>81.15</b>
<b>TOTAL CONTRACT 2013</b>	<b>94,709,231</b>	<b>357,595,783</b>	<b>3.78</b>	<b>3.05</b>	<b>1,177,891</b>	<b>1,141,998</b>	<b>35,893</b>	<b>82.93</b>
<b>PERCENTAGE CHANGE %</b>	<b>34.14%</b>	<b>25.30%</b>	<b>-13.42%</b>	<b>9.35%</b>	<b>35.76%</b>	<b>35.55%</b>	<b>41.77%</b>	<b>-2.20%</b>



## Contract Buying and 2015 out look

### Contract Buying Floor Quality Styles and Offerings:

- As predicted there has been a notable increase in contract tobacco deliveries equating to 34.14% more than that of 2013 at the equivalent selling day. This percentage increase equates to an addition of +/- 40 million kg's. Now that we approach the closing of the season the daily volumes are slowly slowing down in line with normal trends at this time of the season. Zimbabwe looks absolutely certain to exceed the 200 million kg mark for FCV, and we even have some members of the trade who continue to predict +210 million kgs as the total crop size. The average price of contracted tobacco is currently at \$3.33, this equates to \$0.45 less than that of \$3.78 in 2013.
- The quality of tobacco on offer at the contract floors still remains of good quality with each passing week and as expected relative quantities of leaf and tips are still being delivered, which are of a high standard. These deliveries that are being received from the commercial and small scale farmers are of good quality and continue to show case the capability of Zimbabwe farmers and their high motivation to grow good quality tobacco.
- The contract market has also seen prices ease over the last couple of weeks with the middle range of tobacco reducing in price against equivalent prices earlier in the season. The average price on contract has retracted as depicted by the graph on page 6. Although there has been a noticeable reduction, the seasonal contract average is still slightly higher than that of the auction floors. The rational explanation for this relates directly to the quality produced by contract growers compared to that who sell on auction. The volumes sold on contract floors to date is also 49 million more kilograms then that which was sold in 2013.





# 2015 Outlook

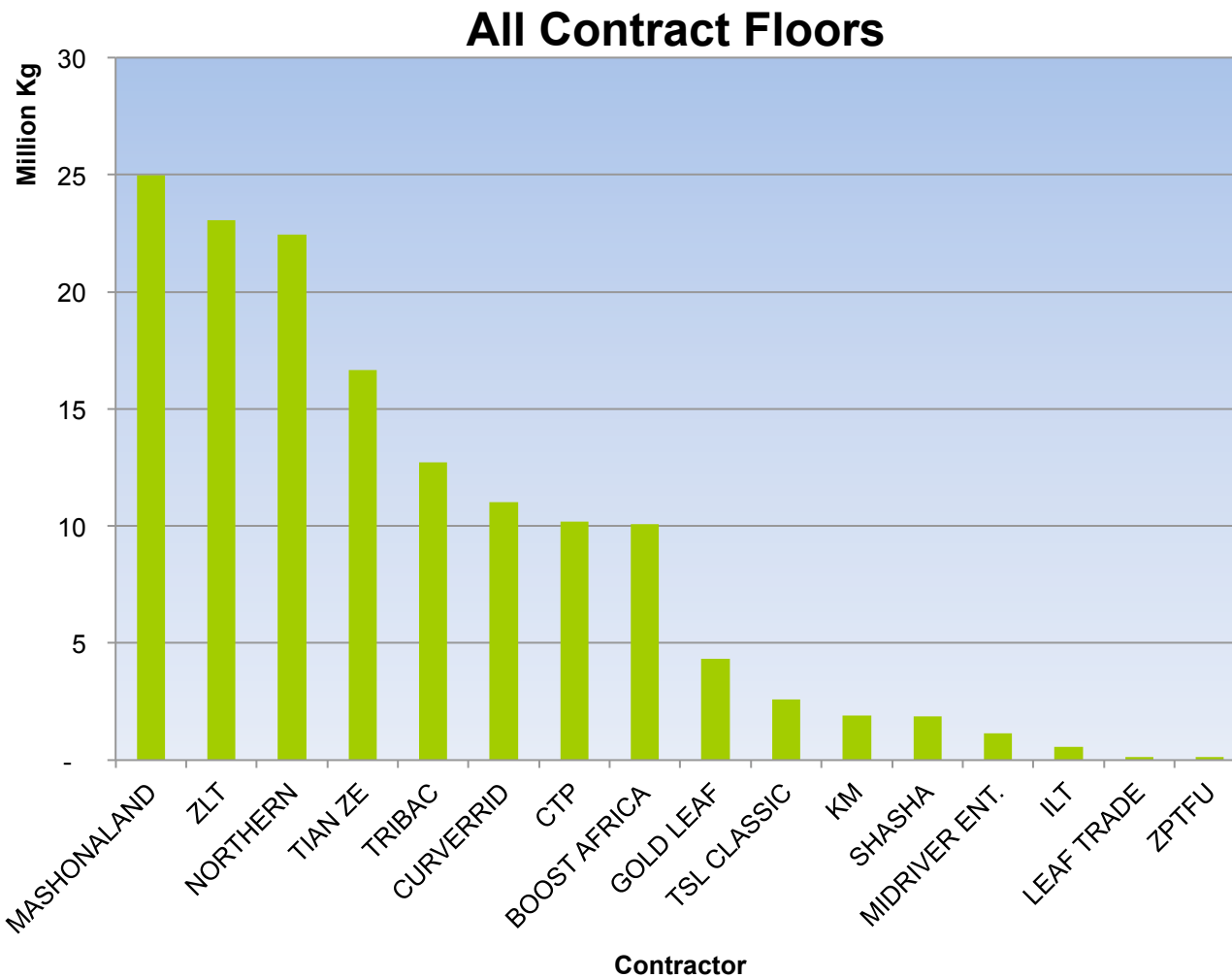
• Seed sales figures for the 2015 crop are suggesting a very similar crop size to that of 2014. However the final outcome of the future crop size will depend largely on the climatically conditions that prevail from October 2014 to February 2015. Long term weather forecast are suggesting a predicted El Nino weather system, which, for Southern Africa this system leads to normally a below average rainfall. These potential dry conditions could possibly lead to an even larger crop than 2014. We feel that caution needs to be executed at these potential production levels in Zimbabwe, which in conjunction with levels of world FCV production will undoubtedly see further reduction in price for certain styles placing pressure on viability. Strategic and intelligent contracting needs to prevail with 2015 growers. CTP will focus their resources and efforts with growers who have historically proven to produce sound, fair quality and cost efficient tobacco. These fundamentals are essential for a merchant, but more so in a world market where production exceeds demand. Below shows a table on total seed sales in 2014 for the 2015 season compared to that at the same time in 2013 for the 2014 season:

## Seed sales as at 20 June 2014

Distributor		Grams	Hectares	As at 20/06/14	Hectares	% Change
ZTSA	Burley	0		0		
TRB	Burley	20		15		
	<b>Total B (g)</b>	<b>20</b>	<b>3.3</b>	<b>15</b>	<b>2.50</b>	
ZTSA	Flue-cured	148474		129230		
TRB	Flue-cured	544845		505815		
	<b>Total FC (g)</b>	<b>693319</b>	<b>115553.2</b>	<b>635045</b>	<b>105840.8</b>	<b>-8.4</b>



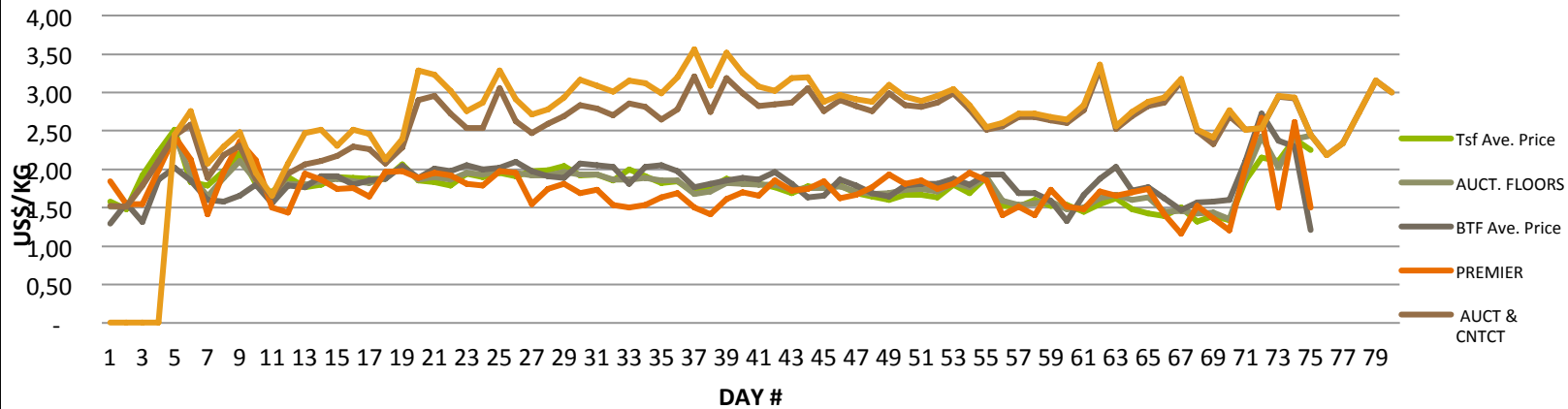
## Contract Floor Quantity Comparison with all Merchants





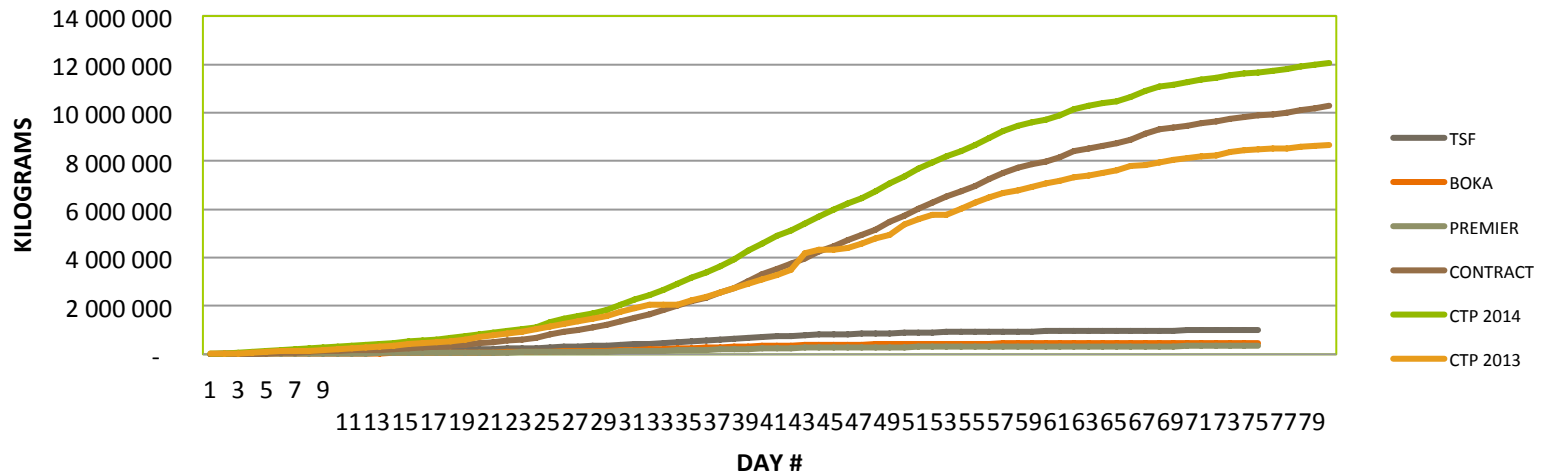
## CTP AVERAGE PRICE PER FLOOR UP TO DAY 79 13.06.14

### CTP AVE. PRICE



## CTP PURCHASES UP TO DAY 79 - 13.06.14

### CTP PURCHASES







## PRICE TRENDS RELATING TO STYLES BEING OFFERED ON AUCTION AND DIRECT CONTRACT

Price indications (US\$/KG)	Week 17
Low quality Priming's(4 <sup>th</sup> and 5 <sup>th</sup> )	\$0.50 - \$1.00
Middle quality Priming's (2 <sup>nd</sup> and 3 <sup>rd</sup> )	\$1.20 – \$1.90
Good quality Priming's(1 <sup>st</sup> and 2 <sup>nd</sup> )	\$2.10 - \$2.50
Middle quality Cutters (2 <sup>nd</sup> and 3 <sup>rd</sup> )	\$2.80 - \$3.60
Good quality Cutters (1 <sup>st</sup> )	\$3.60 - \$4.20
Low quality leaf (4 <sup>th</sup> and 5 <sup>th</sup> )	\$1.50 - \$2.00
Middle quality Leaf (2 <sup>nd</sup> and 3 <sup>rd</sup> )	\$2.50 - \$3.50
Good quality leaf (1 <sup>st</sup> )	\$4.80 - \$4.99

**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 2014 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 it's employees accept no legal liability relating to the opinions and representations expressed in this document.*