

SUMMARY

- The acute food security situation remains favorable supported by the large 2016/17 harvest resulting in lower than normal prices for maize and some cash crops. This has resulted in increased access to these foods for both farmers and market dependent households. Generally, the lean period is expected to be mild and commence a month later than usual.
- Given the unattractive maize prices and limited regional market, private sector participation in the maize market has significantly reduced especially among the large traders most of whom still have last season's maize in stock. Most maize grain is still at farm level which may result in panic selling as the rainy season approaches and is likely to push prices further down. This will impact negatively on household non-food expenditure such as inputs, education and health.
- Although the regional forecast is projecting a likelihood of normal to above normal rainfall for Zambia, farmers may cut back on area planted due to reduced income from sale of crops. Planting is likely to be timely given the forecast and already Government has shortlisted e voucher agro-dealers in readiness for Farmer Input Support Program implementation.

CURRENT SITUATION

Food availability and access

The acute food security situation in the country remains generally favorable following a good 2017 harvest. Most rural households are accessing staple food from own harvest while most urban population continue typically depending on the market. While the staple food supply is exceptionally high following the record maize harvest of 3.6 million MT, seasonal foods such as pumpkins, sweet potatoes (reduced quantities), remain available both at household level and on the market providing food variety. Supply of other cash crops (soybeans, groundnuts, sunflower) also significantly increased in response to the good prices offered in the previous marketing season.

In visited chronically food insecure districts of Eastern Province (Nyimba valley and Mambwe) and Southern Province (Sinazongwe), most households are relying on own produced staple food, a sign of increased harvest even in marginal producing areas with fewer than usual households depending on the market. Additionally, maize is readily available for sale within the communities except for a few wards. Income sources for the poor wealth groups already depending on the market include sale of charcoal, fish, small livestock crafts and petty trading. While livestock (mostly goats and chicken) in Eastern Province were in good condition, the cattle in Southern Province is in fair to poor condition due to inadequate pasture and low water supply. Generally, water for both domestic and livestock is seasonally in short supply in parts of these districts, an area of great concern.

Most farmers are yet to acquire inputs for the next marketing season as they continue sourcing market for their produce. Inputs (fertilizer and seeds) are adequately available on the market to meet effective demand. Government has already shortlisted agro-dealers in preparation for implementation of the e voucher across the country under the Farmer Input Support Program (FISP) which will target 1 million small scale farmers.

Markets and trade

The maize market performance has generally been slow since the start of the marketing season in May with a weaker than usual private sector participation which can be attributed to the limited local and regional demand with respect to the level of supply. Most large traders have stayed away from the market as they 're still holding last season's maize which they failed to export despite the lucrative regional market in the last season as there was an export ban in place. The number of small and medium maize traders has also reduced due to unattractive market. The Food Reserve Agency which entered the market very late (August) only effectively commenced maize purchases in late August targeting to purchase no more than 500,000MT maize for strategic grain reserves.

Given the large maize supply, limited market and fewer traders, buying price of maize, soybeans, groundnuts and sunflower have drastically reduced by as much as 50 percent with respect to last season. Traders are mostly buying maize at ZMW 0.80 to ZMW 0.90/Kg while the FRA price is higher at ZMW1.20/Kg (29% below last season). Despite the Agency offering a higher price, farmers have been selling low volumes (to meet immediate needs) in most areas except Eastern and Luapula Province, hoping for better prices later in the season. In line with lower buying prices, maize retail prices have steeply declined to average levels except in towns influenced by DRC and Tanzanian demand (Solwezi, Chingola, Mpulungu, Mbala, Nakonde) as well as major urban towns of Lusaka and Kitwe whose prices are still above average. Maize meal prices have also fallen to almost average levels and significantly below last season, due to supply outstripping demand.

Maize export opportunities in the Southern Africa region where other countries also produced above average, remain limited. Although demand for maize in the East African markets remained high (Kenya, Rwanda, Tanzania), formal exports have been below expectation mostly due to logistical problems. Informal maize and meal exports to the DRC continued at normal levels while export volumes to Tanzania (partly for Kenyan market) doubled in response to the increased demand.

FOOD SECURITY OUTLOOK

- The acute food security situation is generally expected to remain stable from October through November period, with a one month delay in commencement of a mild lean season because of higher household food supply. Market dependent households will continue benefiting from lower staple food improving access. Generally, the food security situation is expected to remain stable throughout the remaining marketing season from a combination of good household supply and significantly reduced prices for staple food.
- Small scale farmers are expected to increase maize sales on the market in October/November period as the rainy season approaches and they procure inputs for the 2017/18 production season which could also result in panic selling. Consequently, maize prices are expected to continue falling until November then stabilize up to December. As household staple food dwindle, increased maize demand is expected to push prices up gently starting January until reaching the peak in February/March at levels lower than normal. Throughout the October to March period, maize prices are likely to remain below the previous season and the five-year average given the large maize supply and limited market. Similarly, maize meal prices are likely to fall to below the five-year average despite the increased cost of processing.
- Given the regional rainfall forecast for the 2017/18 season that Zambia is likely to receive normal to above normal rainfall for the October to December period, it is anticipated that farmers will plant on time. However, farmers are likely to access less inputs due to much lower returns from their harvest as prices for major cash crops in the current marketing season have collapsed. Farmers are likely to cut back on area planted to maize, soybeans and groundnuts.