Implementation of Warehouse Receipt System

22 May 2015

Pamodzi Hotel
Lusaka-Zambia
ZAMACE is implementing the warehouse receipt system

**Mission:** To provide an efficient and vibrant agricultural commodity exchange, supported by a warehouse certification and receipt system to enhance market access, liquidity and credibility in the commodities market.

ZAMACE is working on expanding and transforming its services to generate more benefits to a broader range of buyers and sellers, and positively affect farmers.
Core Functions:

- Certification of storage sites (Warehouse/Silo)
- Issuance of *Warehouse Receipt* (Negotiable)
- Commodity Exchange
- Oversight in storage management (assurance of the underlying commodity grade and standard)
A centralised reference price

- Two delivery points (reference points)
  - Lusaka
  - Kitwe
- Transport differential
  - Transport rate to market
Registering of Warehouses

- Rules and regulations (derived from ACA 2010)
- Rules and requirements for warehouse certification

Continuous Licencing & Monitoring
- Inspection of warehouses
Potential Warehouses (Pilot Phase)

- Eastern Province 30,000mt
- Central Province 73,000mt
- Copperbelt Province 15,000mt
- Lusaka Province 110,000mt
- Southern Province 18,500mt

Five warehouse operators licenced by August, 2015
Commodities to be stored and traded

ZAMACE Grades and Standards existing
• Maize
• Soya Beans
• Wheat
• Sunflower

Grades and Standards to be developed
▪ Groundnuts
▪ Edible Beans
The New ZAMACE Timeline

June
• Warehouse Receipt Software Training
• Warehouse Licence – pilot phase

July
• Training of Warehouse Operators
• Live trail run with different Warehouse operators

August
• Training, workshops and promotion materials
The New ZAMACE Timeline

Sept
- Training with Banks/Insurance
- Broker Services Training registration

Oct
- Trading system implementation commences

Nov
- Banks engaged in lending against warehouse receipt
Warehouse Receipt and Trading System

![Diagram of Warehouse Receipt and Trading System]

- **Farmer**
  - Deposit Grain
  - Warehouse Receipt Options: WHR
  - Certified Storage Site
  - Issuance WHR, Grades & Standards

- **Bank**
  - WHR: Collateral for Trade

- **LuSE**
  - Certification
  - Negotiable WHR
  - ZAMACE Authorized
  - Local Market Miller
    - Buy WHR - OTC Commodity Exchange
  - Local and International Commodity Exchange

- **JSE**
  - Risk Mitigation
  - Future Prices International

**Key Entities:***
- **Farmer**
- **Bank**
- **LuSE**
- **JSE**
We can achieve Transparency, Price risk-mitigation!

<table>
<thead>
<tr>
<th>Instrument</th>
<th>QtyB</th>
<th>Bid</th>
<th>Offer</th>
<th>QtyO</th>
<th>Change</th>
<th>Last</th>
<th>Time</th>
<th>High</th>
<th>Low</th>
<th>Volume</th>
<th>OpenInt</th>
<th>Row</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 OCT 14 WEAT</td>
<td>2</td>
<td>3590.00</td>
<td>3653.00</td>
<td>4</td>
<td>0.00</td>
<td>3598.00</td>
<td>00:00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>21 NOV 14 WEAT</td>
<td>0</td>
<td>0.00</td>
<td>3720.00</td>
<td>4</td>
<td>0.00</td>
<td>3688.00</td>
<td>00:00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>22 DEC 14 WEAT</td>
<td>3</td>
<td>3849.00</td>
<td>3753.00</td>
<td>4</td>
<td>0.00</td>
<td>3650.00</td>
<td>11:59</td>
<td>3666.00</td>
<td>3647.00</td>
<td>531</td>
<td>13803</td>
<td>0</td>
</tr>
<tr>
<td>24 MAR 15 WEAT</td>
<td>3</td>
<td>3715.00</td>
<td>3723.00</td>
<td>4</td>
<td>0.00</td>
<td>3716.00</td>
<td>00:00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>22 MAY 15 WEAT</td>
<td>3</td>
<td>3689.00</td>
<td>3798.00</td>
<td>4</td>
<td>0.00</td>
<td>3742.00</td>
<td>00:00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>24 OCT 14 WMAZ</td>
<td>3</td>
<td>1892.00</td>
<td>1897.00</td>
<td>4</td>
<td>23.00</td>
<td>1897.00</td>
<td>11:59</td>
<td>1897.00</td>
<td>1870.00</td>
<td>213</td>
<td>648</td>
<td>0</td>
</tr>
<tr>
<td>21 NOV 14 WMAZ</td>
<td>3</td>
<td>1892.00</td>
<td>1907.00</td>
<td>4</td>
<td>0.00</td>
<td>1871.00</td>
<td>00:00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>22 DEC 14 WMAZ</td>
<td>2</td>
<td>1906.00</td>
<td>1909.00</td>
<td>4</td>
<td>22.00</td>
<td>1909.00</td>
<td>11:59</td>
<td>1911.80</td>
<td>1870.00</td>
<td>2474</td>
<td>12900</td>
<td>0</td>
</tr>
<tr>
<td>24 MAR 15 WMAZ</td>
<td>2</td>
<td>1931.00</td>
<td>1936.80</td>
<td>2</td>
<td>23.00</td>
<td>1936.00</td>
<td>11:59</td>
<td>1938.00</td>
<td>1886.00</td>
<td>408</td>
<td>11993</td>
<td>0</td>
</tr>
<tr>
<td>22 MAY 15 WMAZ</td>
<td>2</td>
<td>1931.00</td>
<td>1939.80</td>
<td>2</td>
<td>0.00</td>
<td>1925.00</td>
<td>09:47</td>
<td>1925.00</td>
<td>1925.00</td>
<td>4</td>
<td>243</td>
<td>0</td>
</tr>
<tr>
<td>24 JUL 15 WMAZ</td>
<td>2</td>
<td>1941.20</td>
<td>1944.80</td>
<td>2</td>
<td>12.00</td>
<td>1944.00</td>
<td>11:59</td>
<td>1955.00</td>
<td>1921.00</td>
<td>397</td>
<td>2867</td>
<td>0</td>
</tr>
<tr>
<td>24 OCT 15 YMAZ</td>
<td>2</td>
<td>1888.00</td>
<td>1903.80</td>
<td>1</td>
<td>15.00</td>
<td>1900.00</td>
<td>11:55</td>
<td>1900.00</td>
<td>1875.00</td>
<td>119</td>
<td>525</td>
<td>0</td>
</tr>
<tr>
<td>21 NOV 15 YMAZ</td>
<td>3</td>
<td>1900.00</td>
<td>1917.80</td>
<td>1</td>
<td>0.00</td>
<td>1892.00</td>
<td>00:00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>22 DEC 15 YMAZ</td>
<td>2</td>
<td>1925.00</td>
<td>1930.00</td>
<td>2</td>
<td>9.00</td>
<td>1928.00</td>
<td>11:59</td>
<td>1934.00</td>
<td>1900.00</td>
<td>949</td>
<td>9397</td>
<td>0</td>
</tr>
<tr>
<td>24 MAR 15 YMAZ</td>
<td>2</td>
<td>1957.00</td>
<td>1965.80</td>
<td>2</td>
<td>8.00</td>
<td>1960.00</td>
<td>11:59</td>
<td>1969.00</td>
<td>1839.00</td>
<td>150</td>
<td>6308</td>
<td>0</td>
</tr>
<tr>
<td>22 MAY 15 YMAZ</td>
<td>2</td>
<td>1937.00</td>
<td>1950.00</td>
<td>2</td>
<td>29.00</td>
<td>1950.00</td>
<td>11:59</td>
<td>1950.00</td>
<td>1923.00</td>
<td>11</td>
<td>114</td>
<td>0</td>
</tr>
<tr>
<td>24 JUL 15 YMAZ</td>
<td>3</td>
<td>1943.00</td>
<td>1946.80</td>
<td>3</td>
<td>-6.00</td>
<td>1943.00</td>
<td>11:59</td>
<td>1960.00</td>
<td>1928.00</td>
<td>156</td>
<td>1881</td>
<td>0</td>
</tr>
</tbody>
</table>

ZAMACE “Powered by LuSE”
THANK YOU

jmwale@zamace.co.zm

0963 719 723