



National Agricultural
Marketing Council
Promoting market access for South African agriculture

Markets and Economic Research Centre



Input cost monitoring

An update on selected items

January 2015

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1. International price trends for selected fertilisers:

As depicted in Figure 1, the prices of international fertilisers moved mostly sideways from the beginning of 2009. From January 2009 to January 2015 the prices of Muriate of Potash (MOP) decreased by 60.6%, while the price of Urea and Di-Ammonium Phosphate (DAP) increased by 59.6% and 46.8% respectively. During the same period the R/\$ exchange rate depreciated by 18.2 %.

From January 2014 to Jan 2015, the international price of DAP, Urea and MOP increased by 5.2%, 0.8 % and 0.5 % respectively. During the same period the R/\$ exchange rate depreciated by 4.5 %.

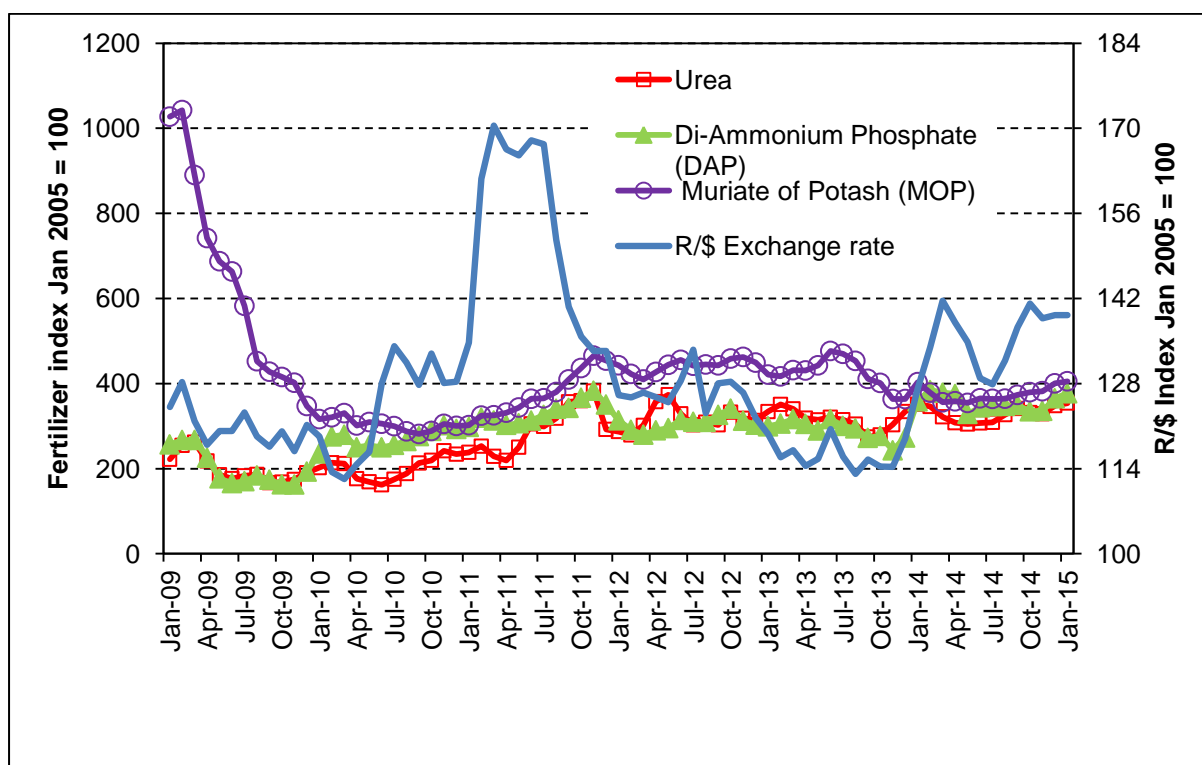


Figure 1: International price trends for selected fertilisers

Source: Own calculations based on data from Grain SA, 2015.

2. Local price trends for selected fertilisers:

As depicted in Figure 2, the prices of local fertilisers show similar trends in prices. From January 2009 to January 2015 the prices of Potassium chloride, Urea, and Mono-Ammonium Phosphate (MAP) decreased by 37.9%, 16,7%, and 4.0% respectively.

From January 2014 to January 2015, the local price of MAP, Potassium chloride and Urea increased by 18.9 %, 2.8% and 2.4 % respectively.

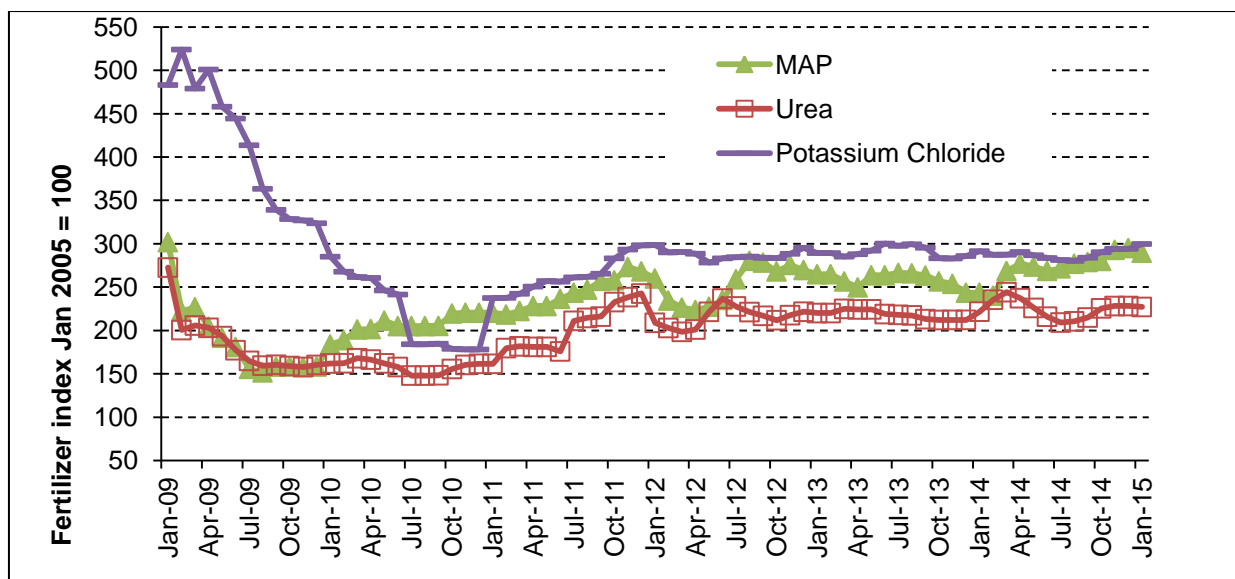


Figure 2: Local price trends for selected fertilisers
 Source: Own calculations from price lists, 2014.

3. Fuel prices

As depicted in Figure 3, the prices of crude oil, petrol and diesel followed mostly the same trends. From January 2009 to January 2015 the price of petrol and diesel increased by 87.0 % and 57.1% respectively, whilst the US\$ price of crude oil increased by 15.7 %. The Rand price of crude oil increased by 36.8 % during the same period. From June 2014, the price of crude oil noticeably decreases with a further decline in November 2014 and January 2015. The decrease in the price of crude oil is due to a decrease in the demand of oil by major countries such as China and the U.S. Another contributing factor to the drop in oil prices is the current turmoil in Libya and Iraq, two large producers of oil.

From January 2014 to January 2015, the price of crude oil, diesel and petrol decreased by 52.1%, 20.1%, 17.2% respectively, with a further depreciation of the R/\$ exchange rate by 4.5%.

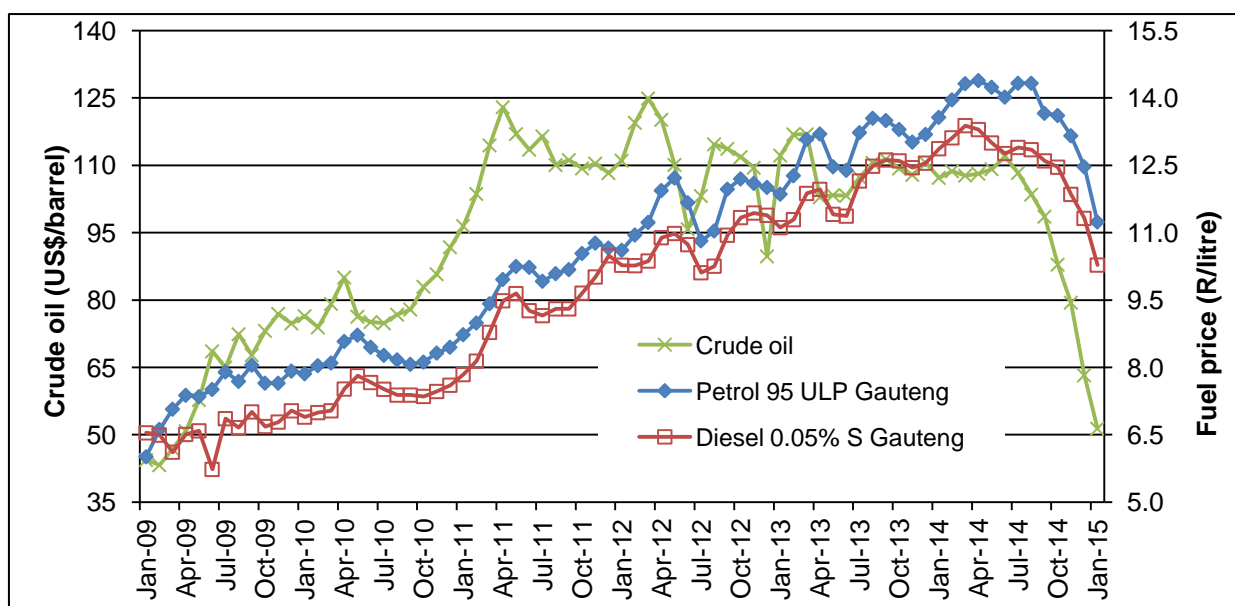


Figure 3: Crude oil and fuel prices
 Source: Grain SA and Department of Energy, 2015.

4. Baltic Freight Index

The Baltic Dry Index (BDI) measures international freight rates for dry bulk cargo, and is significantly influenced by the demand to move raw materials internationally and the supply of shipping capacity. Figure 4 shows that during the depicted period the index decreased by 18.0 %.

The BDI for January 2015 was 731 index points, a 49.6% decrease in comparison with January 2014.

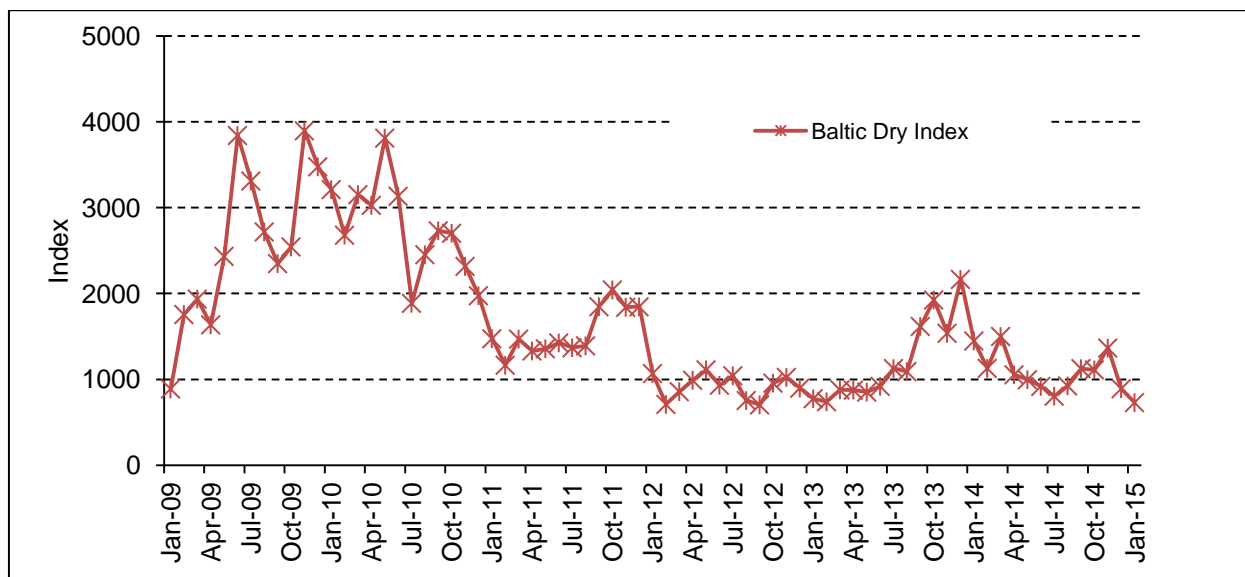


Figure 4: Baltic Dry Index

Source: SAGIS, 2015.

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