



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 2017

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1. International price trends for selected fertilisers:

In **Figure 1**, the price of international fertilisers show continuous increasing trends since 2010, but not to the record levels reached during 2008. From December 2010 to December 2016 the international prices (Rand terms) of Muriate of Potash (MOP), Urea and Di-Ammonium Phosphate (DAP) and increased by 14.0%, 13.8%, and 10.5% respectively. During the same period the R/\$ exchange rate depreciated by 103.8%. Measured in US Dollar terms the prices of Di-Ammonium Phosphate (DAP), Urea and Muriate of Potash (MOP) decreased by 45.8%, 44.2%, and 44.1%, respectively.

From December 2015 to December 2016, the international price (Rand terms) of DAP, MOP and Urea decreased by 27.0%, 25.0% and 18.7%, respectively. During the same period the R/\$ exchange rate appreciated by 7.7%.

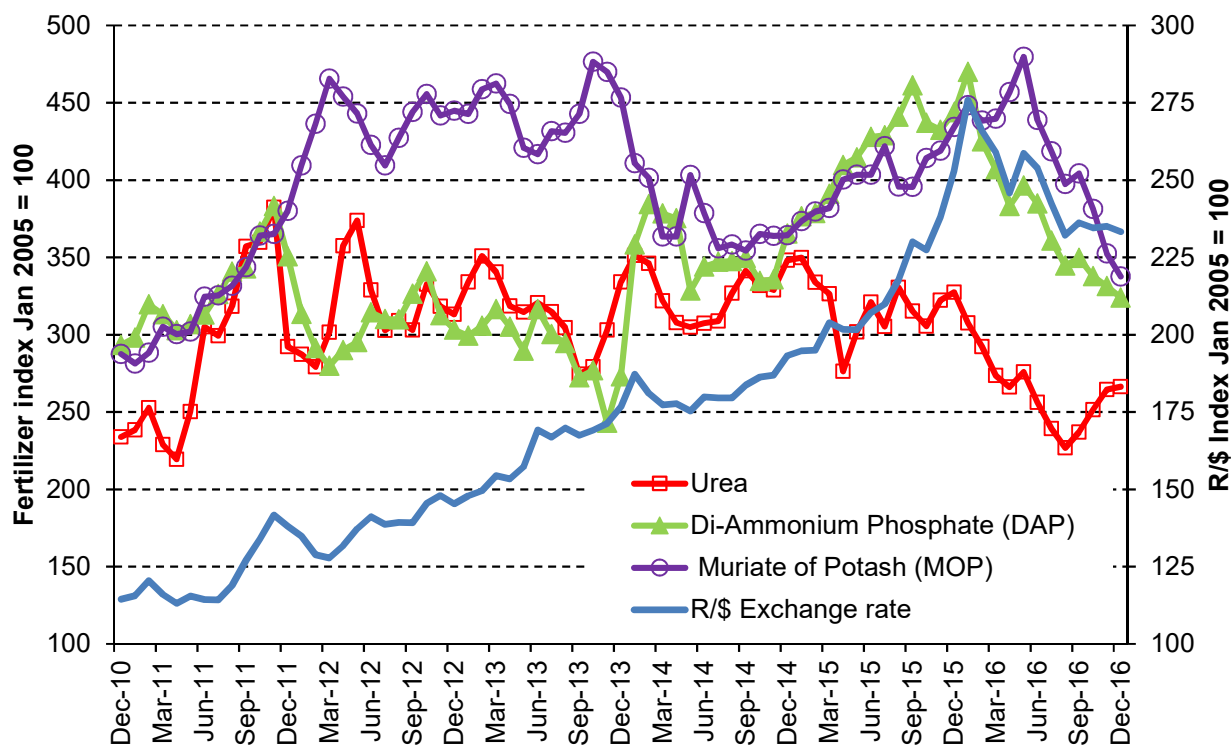


Figure 1: International price trends for selected fertilisers
 Source: Own calculations based on data from Grain SA, 2017.

2. Local price trends for selected fertilisers

In **Figure 2**, the prices of local fertilisers showed similar increasing movements as the international prices since the end of 2009. From December 2010 to December 2016 the prices of Mono-Ammonium Phosphate (MAP), Urea and Potassium chloride (KCL) increased by 35.6%, 24.7% and 16.6%, respectively. From December 2015 to December 2016, the local price of KCL, Urea and MAP decreased by 13.6%, 10.8% and 9.4%, respectively.

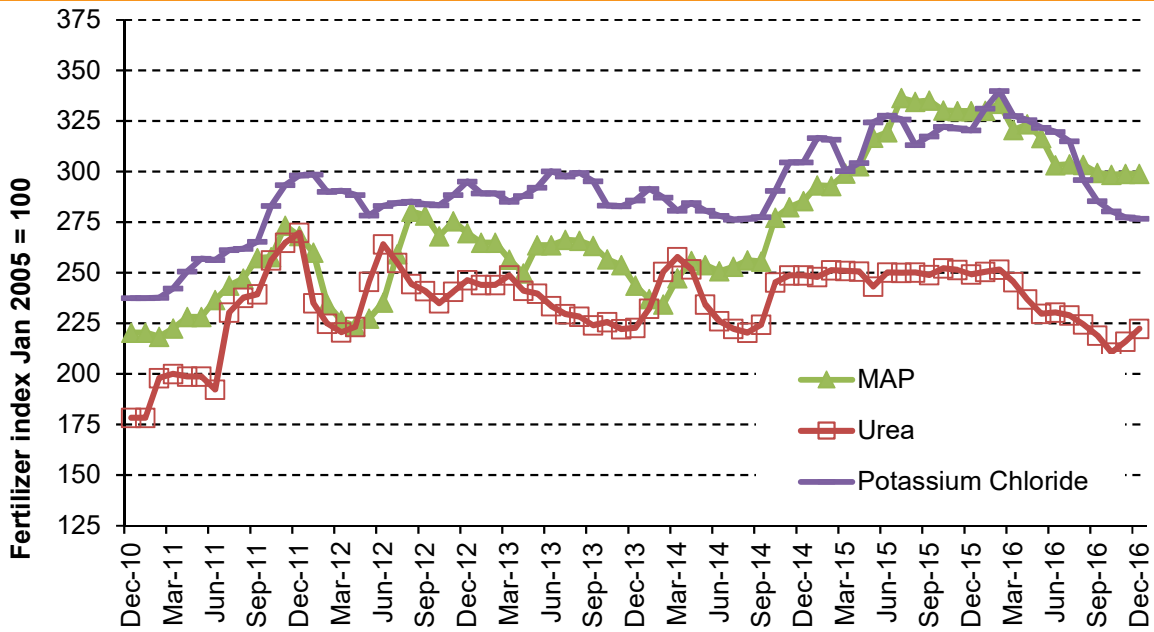


Figure 2: Local price trends for selected fertilisers
 Source: Own calculations from price lists, 2017.

3. Fuel prices

In **Figure 3**, the prices of crude oil, petrol and diesel followed mostly the same trends. From January 2011 to January 2017 the price of diesel and petrol increased by 2.1% and 2.7%, respectively, whilst the US\$ price of crude oil decreased by 24.2%. The Rand price of crude oil increased by 38.2% during the same period mainly due to a depreciation by 3.7% of the rand per US\$ exchange rate.

From January 2016 to January 2017 the prices of diesel and petrol increased by 13.5% and 7.8%, respectively. The price of crude oil (US\$ terms) increased by 71.1%, with an appreciation of the R/\$ exchange rate by 19.0%.

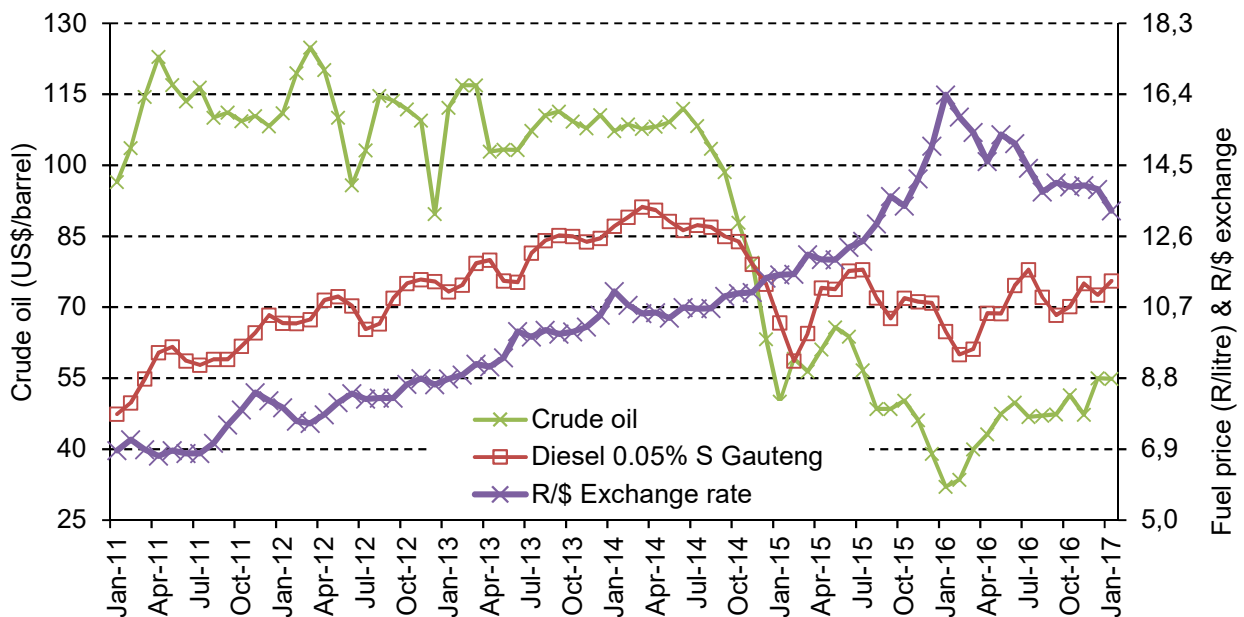


Figure 3: Crude oil and fuel prices
 Source: Grain SA and Department for Energy, 2017.

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 36.27%. The BDI for January 2017 was 940 index points, a 138.15% increase compared to January 2016.

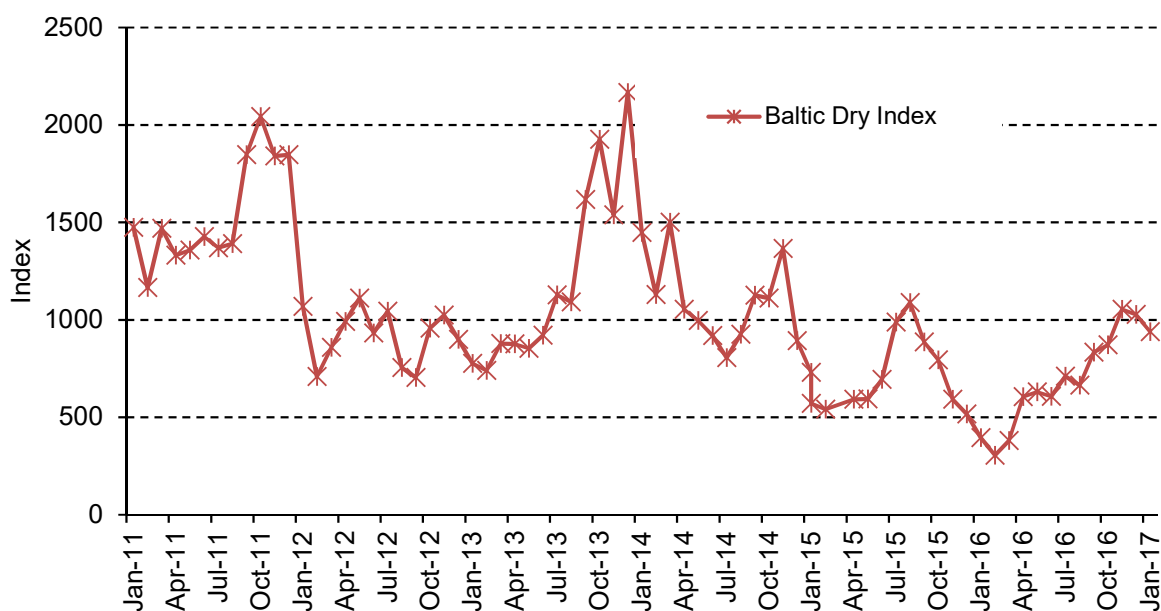


Figure 4: Baltic Dry Index

Source: SAGIS, 2017.

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