



National Agricultural  
Marketing Council  
Promoting market access for South African agriculture

# Markets and Economic Research Centre



## Input cost monitoring

*An update on selected items*

*June 2017*

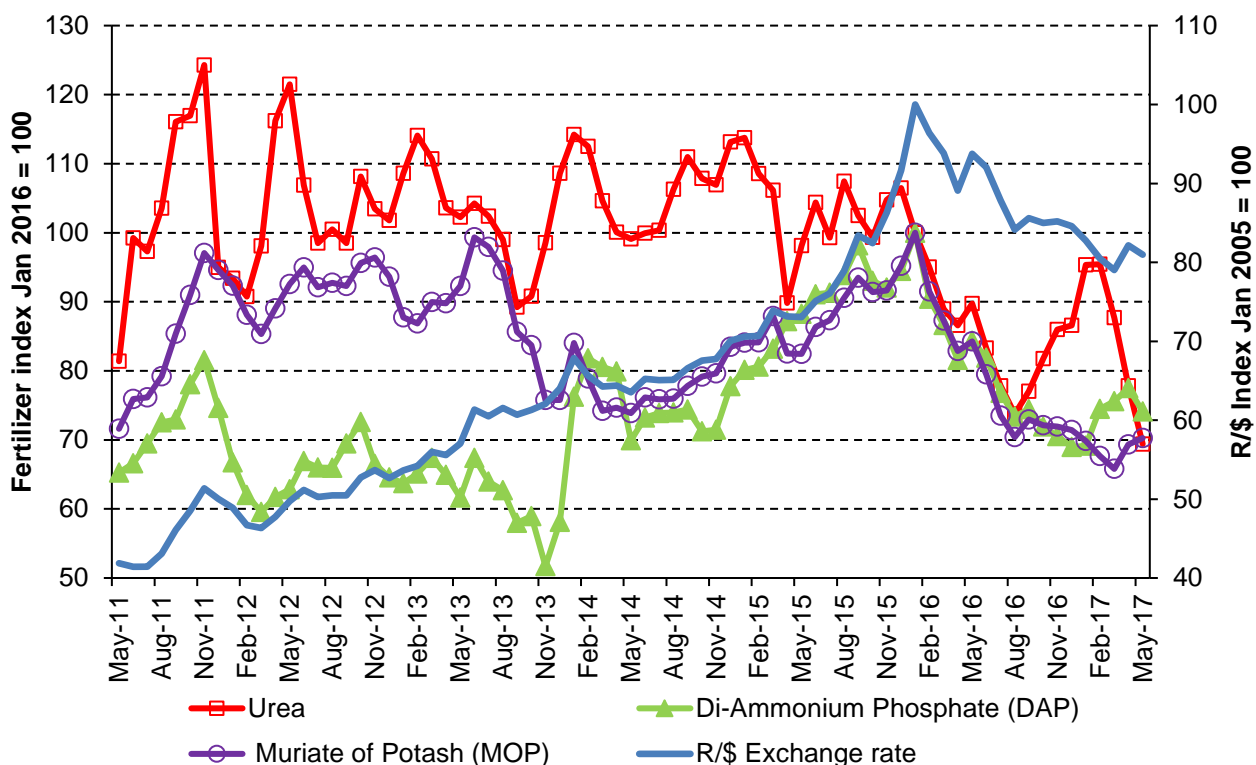
## Table of Contents:

|  | Page |
|--|------|
| 1. International price trends for selected fertilisers | 1    |
| 2. Local price trends for selected fertilisers         | 1    |
| 3. Fuel prices   | 2    |
| 4. Baltic Dry Index                                    | 3    |
| 5. Illuminated paraffin price                          | 4    |

### 1. International price trends for selected fertilisers:

In **Figure 1**, the prices of international fertilisers show continuous increasing trends since 2010, but not to the record levels experienced during 2008. From May 2011 to May 2017, the international prices (Rand terms) of Di-Ammonium Phosphate (DAP) increased by 13.5%, while Muriate of Potash (MOP) and Urea decreased by 1.9% and 14.7% respectively. During the same period the R/\$ exchange rate depreciated by 93.4%. Measured in US Dollar terms the prices of Urea, MOP and DAP decreased by 55.9%, 49.3% and 41.3% respectively.

From May 2016 to May 2017, the international price (Rand terms) of Urea, MOP and DAP decreased by 22.6%, 16.6% and 12.1%, respectively. During the same period the R/\$ exchange rate appreciated by 13.6%.

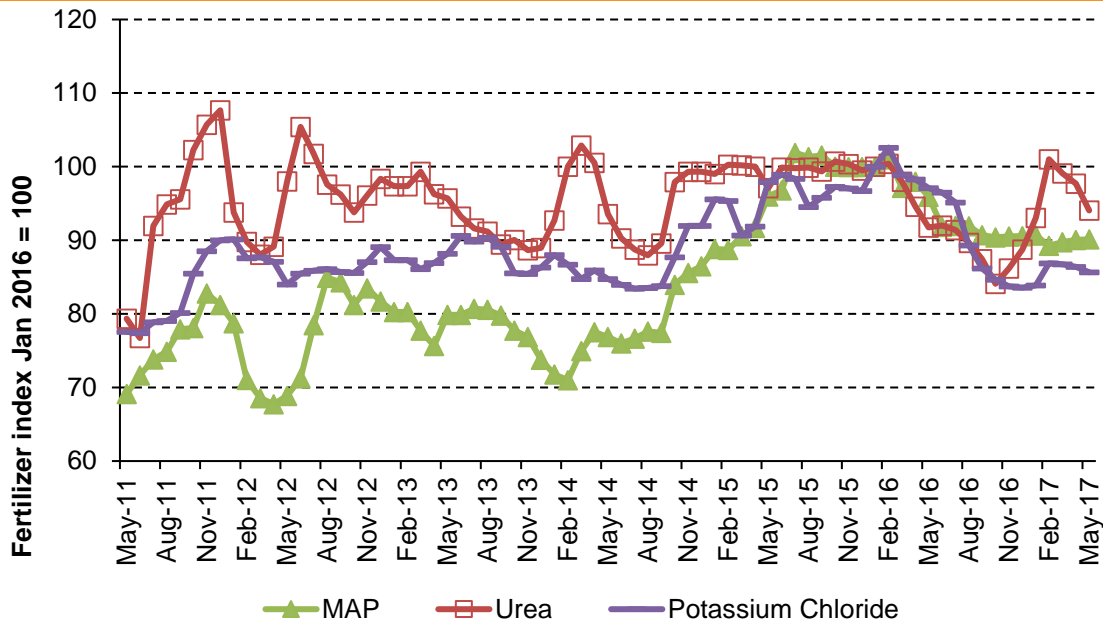


**Figure 1: International price trends for selected fertilisers**

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 May 2011 to May 2017, the prices of Mono-Ammonium Phosphate (MAP), Urea and Potassium chloride (KCL) increased by 30.4%, 18.5% and 10.4%, respectively. From May 2016 to May 2017, the local price of KCL and MAP decreased by 11.8% and 6.0% respectively, while Urea increased by 2.5%.

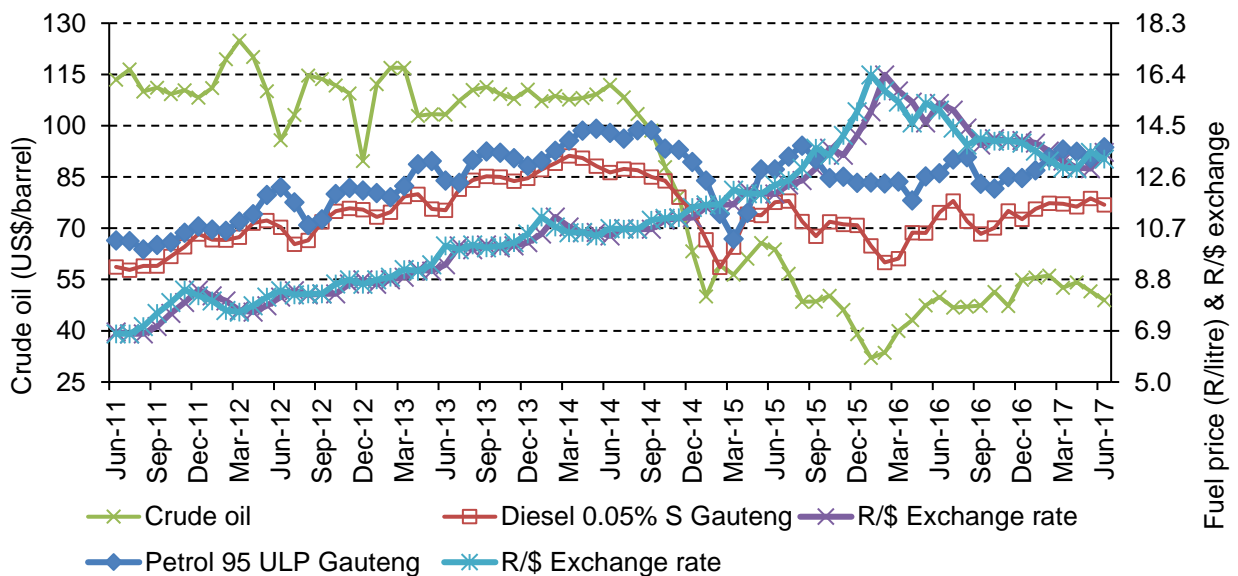


**Figure 2: Local price trends for selected fertilisers**  
 Source: Own calculations from price lists, 2017.

### 3. Fuel prices

The petrol price in South Africa is linked to the international price of crude oil (US\$ per barrel). Crude oil prices combined with the Rand/Dollar (R/\$) exchange rate have a major impact on domestic fuel prices (Department of Energy, 2017). In **Figure 3**, the prices of crude oil, petrol and diesel followed similar trends. From June 2011 to June 2017, the price of petrol and diesel increased by 1.9% and 1.3% respectively, whilst the US\$ price of crude oil decreased by 36.5%. The Rand price of crude oil decreased by 68.6% during the same period mainly due to a depreciation of 3.7% of the rand per US\$ exchange rate.

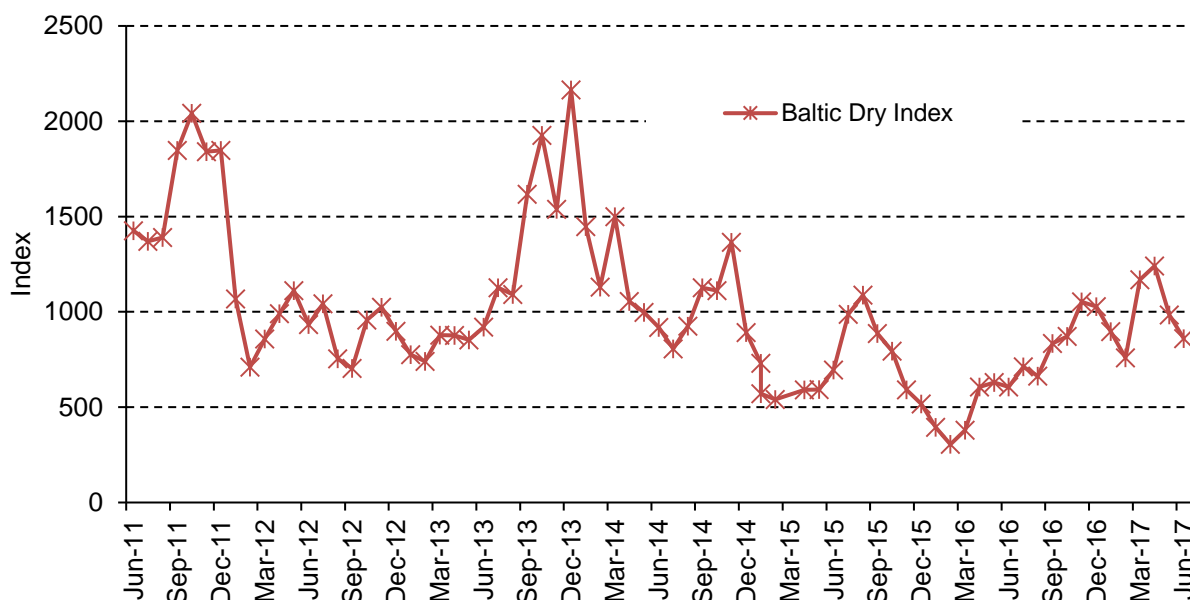
From June 2016 to June 2017, the prices of diesel and petrol increased by 2.5% and 2.1%, respectively. The price of crude oil (US\$ terms) decreased by 1.8%, with an appreciation of the R/\$ exchange rate of 12.0%.



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

#### 4. Baltic Dry Index

The Baltic Dry Index (BDI) measures international freight rates for dry bulk cargo, and is greatly impacted by both 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 39.72%. The BDI for June 2017 was 860 index points, a 41.77% increase compared to June 2016.

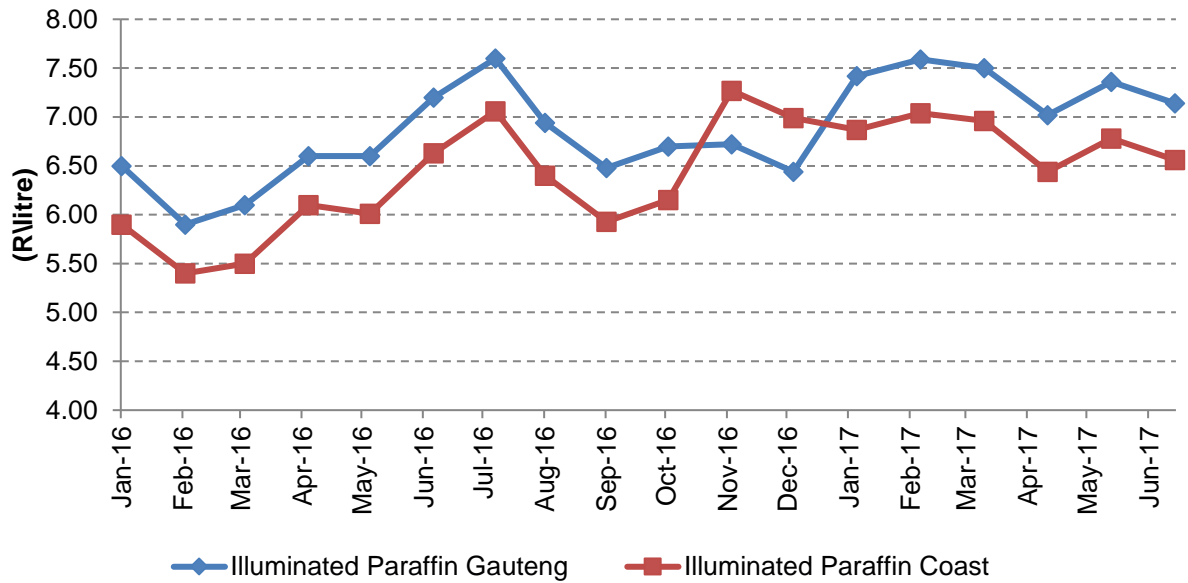


**Figure 4: Baltic Dry Index**  
 Source: SAGIS, 2017.

#### 5. Illuminated paraffin price

Consumers see paraffin as an important part of their household energy mix, classifying it as an essential backup fuel. **Figure 5** depicts the price of illuminated paraffin prices between coast and Gauteng regions during January 2016 and June 2017. During January 2016, the price of illuminated paraffin in Gauteng and coastal regions were R6.50/litre and R5.90/litre, respectively.

From the depicted period, prices of illuminated paraffin in coastal and Gauteng regions both increased by 11.2% and 9.9%, respectively. In June 2017, the price of illuminated paraffin in Gauteng was R7.14/litre and in the coastal regions was R6.56/litre.



**Figure 5: Comparison of illuminated paraffin price between coast and Gauteng**  
 Source: Dept of Energy, 2017.

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