



National Agricultural
Marketing Council
Promoting market access for South African agriculture

Markets and Economic Research Centre



Input cost monitoring

An update on selected items

November 2016

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 Freight Index	3

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 October 2010 to October 2016 the international prices (Rand terms) of Muriate of Potash (MOP), Di-Ammonium Phosphate (DAP) and Urea increased by 19.9%, 17.0% and 14.5%, respectively. During the same period the R/\$ exchange rate depreciated by 102.4%. Measured in US Dollar terms the prices of Urea, Di-Ammonium Phosphate (DAP) and Muriate of Potash (MOP) decreased by 43.4%, 42.2% and 40.7%, respectively.

From October 2015 to October 2016, the international price (Rand terms) of DAP, MOP and Urea decreased by 22.7%, 21.1% and 17.7%, respectively. During the same period the R/\$ exchange rate depreciated by 3.1%.

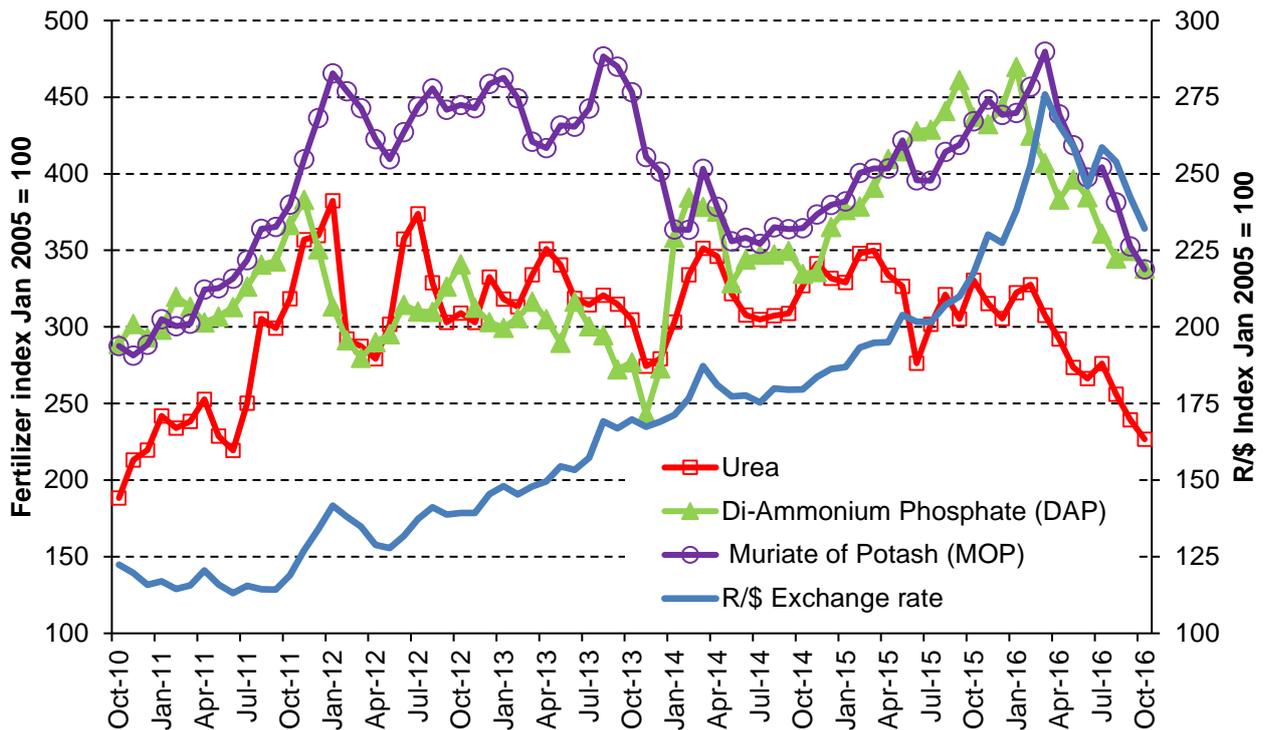


Figure 1: International price trends for selected fertilisers
 Source: Own calculations based on data from Grain SA, 2016.

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 October 2010 to October 2016 the prices of Mono-Ammonium Phosphate (MAP), Urea and Potassium chloride (KCL) increased by 38.2%, 30.7% and 24.1%, respectively. From October 2015 to October 2016, the local price of Urea, KCL and MAP decreased by 11.0%, 8.2% and 8.1%, respectively.

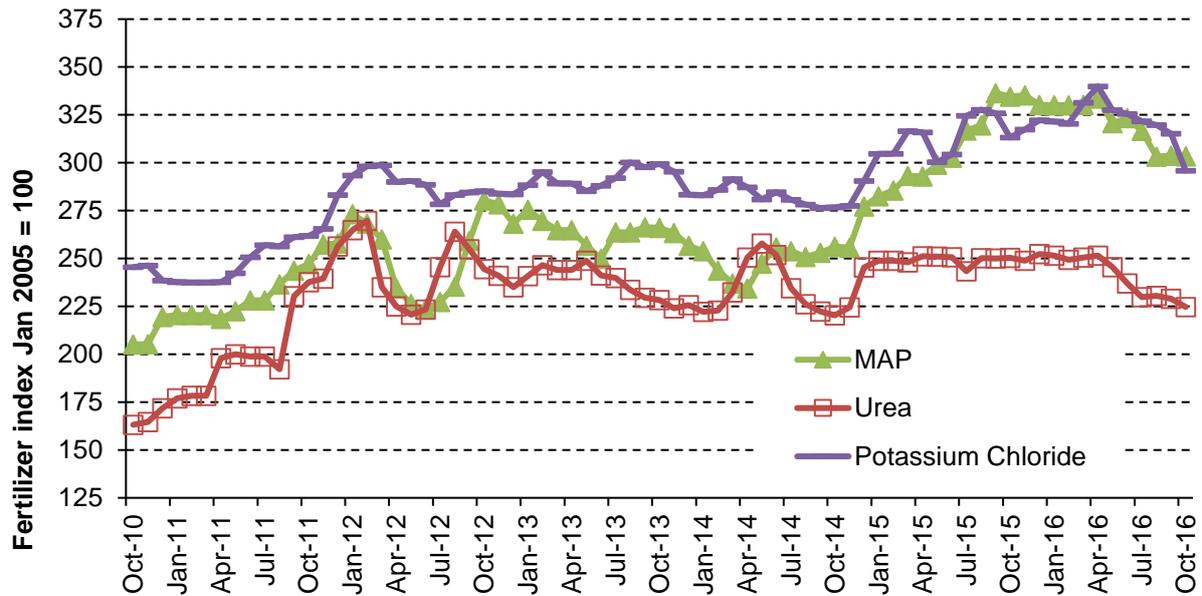


Figure 2: Local price trends for selected fertilisers

Source: Own calculations from price lists, 2016.

3. Fuel prices

In **Figure 3**, the prices of crude oil, petrol and diesel followed mostly the same trends. From November 2010 to November 2016 the price of diesel and petrol increased by 51.9% and 51.1%, respectively, whilst the US\$ price of crude oil decreased by 41.0%. The Rand price of crude oil increased by 18.7% during the same period mainly due to a depreciation by 101.2% of the rand per US\$ exchange rate.

From November 2015 to November 2016 the prices of crude oil (US\$ terms) and petrol increased by 9.5% and 1.5%, respectively. The price of diesel increased by 4.5%, with a appreciation of the R/\$ exchange rate by 1.1%.

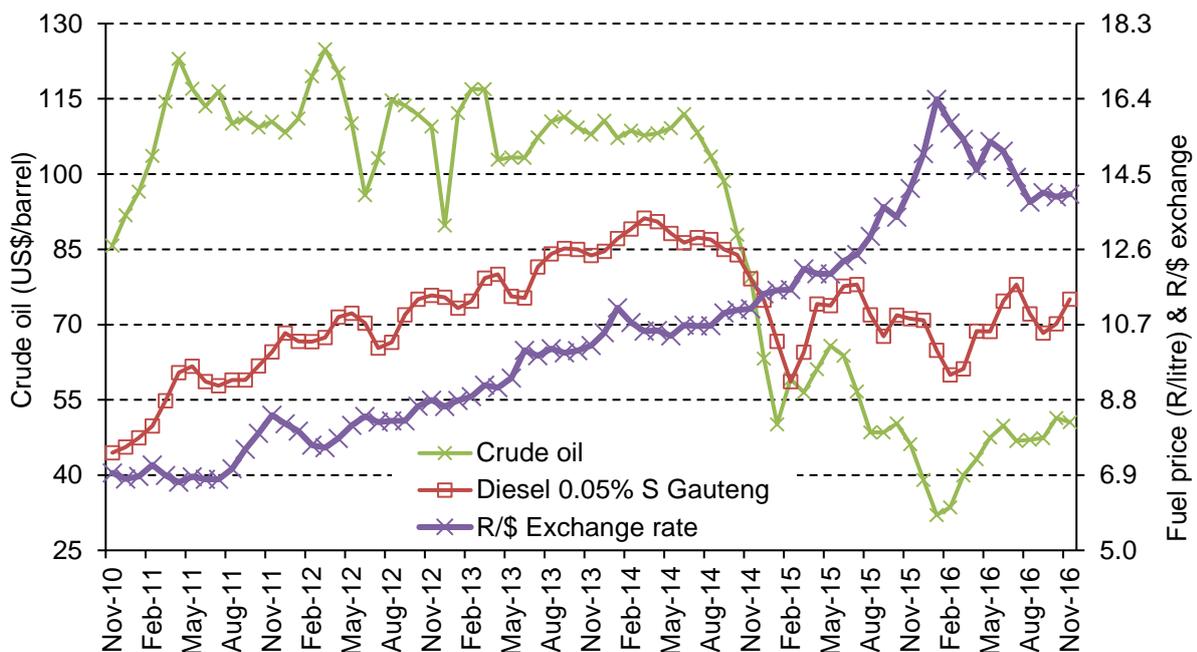


Figure 3: Crude oil and fuel prices

Source: Grain SA and Department for Energy, 2016.

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 59.24%. The BDI for November 2016 was 944 index points, a 59.58% increase compared to November 2015.

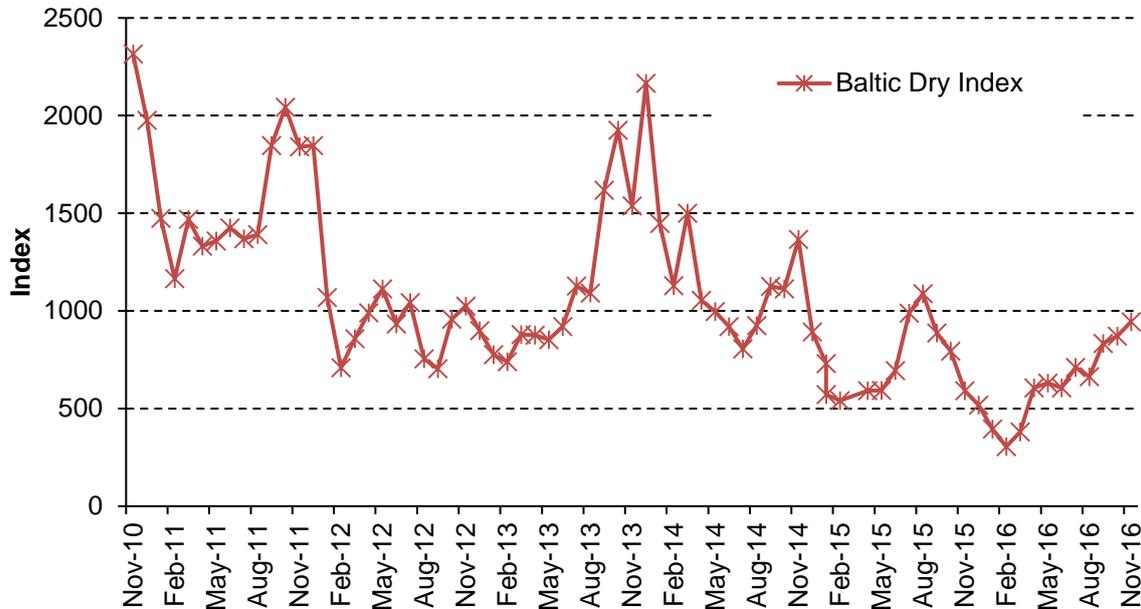


Figure 4: Baltic Dry Index

Source: SAGIS, 2016.

Compiled by:

Trends and discussion on selected topics:

Corné Dempers
 Fezeka Matebeni

Enquiries: Christo Joubert: +27 12 341 1115

© 2016 National Agricultural Marketing Council

Disclaimer:

Information contained in this document results from research funded wholly or in part by the NAMC, acting in good faith. Opinions, attitudes and points of view expressed herein do not necessarily reflect the official position or policies of the NAMC. The NAMC makes no claims, promises or guarantees about the accuracy, completeness or adequacy of the contents of this document and expressly disclaims liability for errors and omissions regarding the content thereof. No warranty of any kind, implied, expressed, or statutory, including but not limited to the warranties of non-infringement of third party rights, title, merchantability, fitness for a particular purpose or freedom from computer virus is given with respect to the contents of this document in hardcopy, electronic format or electronic links thereto. Reference made to any specific product, process, and service by trade name, trade mark, manufacturer or another commercial commodity or entity are for informational purposes only and do not constitute or imply approval, endorsement or favouring by the NAMC.