



National Agricultural
Marketing Council
Promoting market access for South African agriculture

Markets and Economic Research Centre



Input cost monitoring

An update on selected items

July 2014

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1. International price trends for selected fertilisers:

As depicted in Figure 1, the prices of international fertilisers showed moderate fluctuations since the end of 2009 after a series of price increases in 2008. From June 2009 to June 2015 the prices of Di-Ammonium Phosphate (DAP) and Urea increased by 140.2% and 70.7% respectively. Muriate of Potash (MOP) decreased by 35.1%. During the same period the R/\$ exchange rate depreciated by 53.1 %.

From June 2014 to June 2015, the international price of Urea decreased by 2.0%. The price for MOP and DAP increased by 17.9% and 15.8% respectively, on a year-on-year basis. During the same period the R/\$ exchange rate depreciated by 14.0 %.

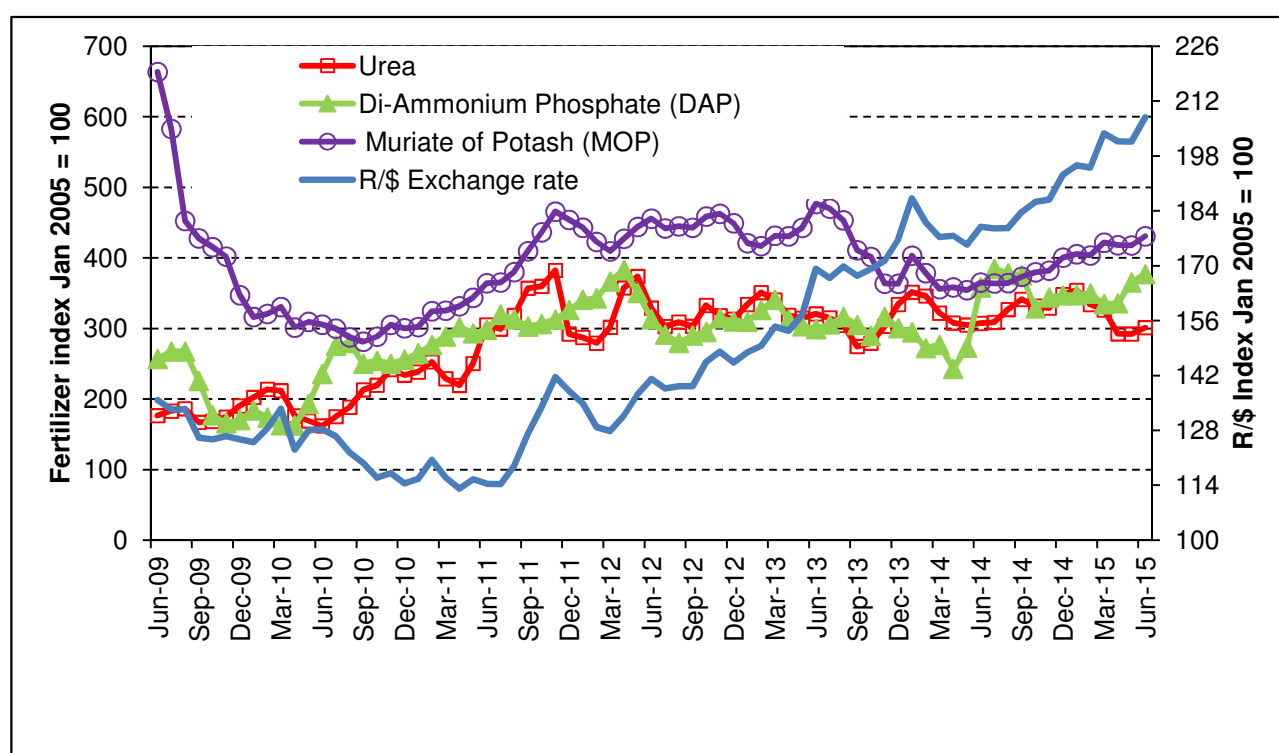


Figure 1: International price trends for selected fertilisers

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 showed similar sideways movements as the international prices since the end of 2009. From June 2009 to June 2015 the prices of Mono-Ammonium Phosphate (MAP) and Urea increased by 68.1% and 23.5% respectively, while the price Potassium chloride decreased by 32.7%.

From June 2014 to June 2015, the local price of MAP, Potassium chloride and Urea increased by 13.2%, 5.5% and 1.4% respectively.

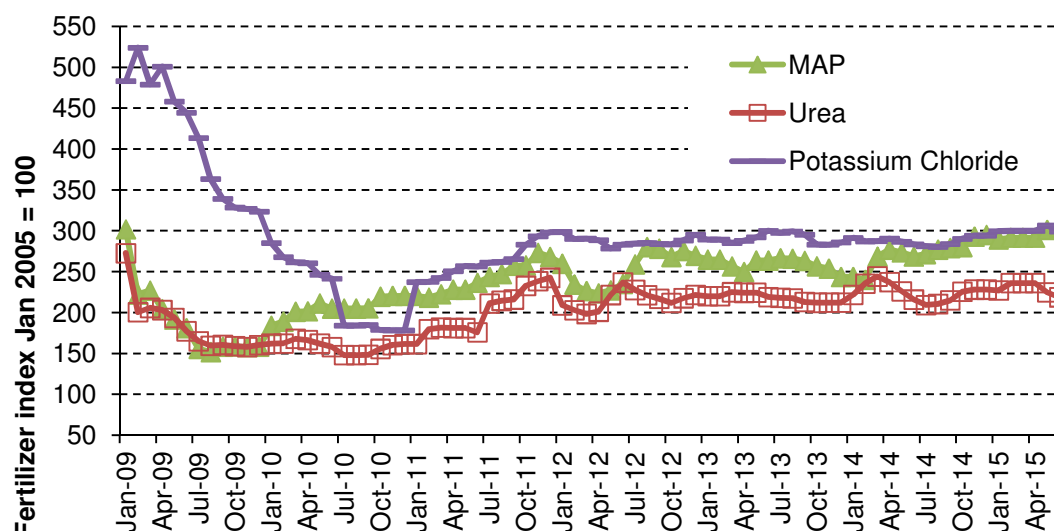


Figure 2: Local price trends for selected fertilisers

Source: Own calculations from price lists, 2015.

3. Fuel prices

As depicted in Figure 3, the prices of crude oil, petrol and diesel followed mostly the same trends. From June 2009 to June 2015 the price of diesel and petrol increased by 103.6% and 77.9%, respectively, whilst the US\$ price of crude oil decreased by 6.3%. The Rand price of crude oil increased by 44.1 % during the same period mainly due to a depreciation by 58.3% of the rand per US\$ exchange rate. From June 2014 until September 2014, the price of crude oil decreased substantially due to a decrease in the demand of oil by major countries such as China and the U.S. The decrease in demand led to an increase in inventory stock and thus the decrease in the price per barrel. In January 2015 crude oil prices increases steadily, increasing the consumer price of petrol and diesel.

From June 2014 to June 2015, the prices of crude oil, diesel and petrol decreased by 42.6%, 8.6% and 5.0% respectively, with a further depreciation of the R/\$ exchange rate by 15.5%.

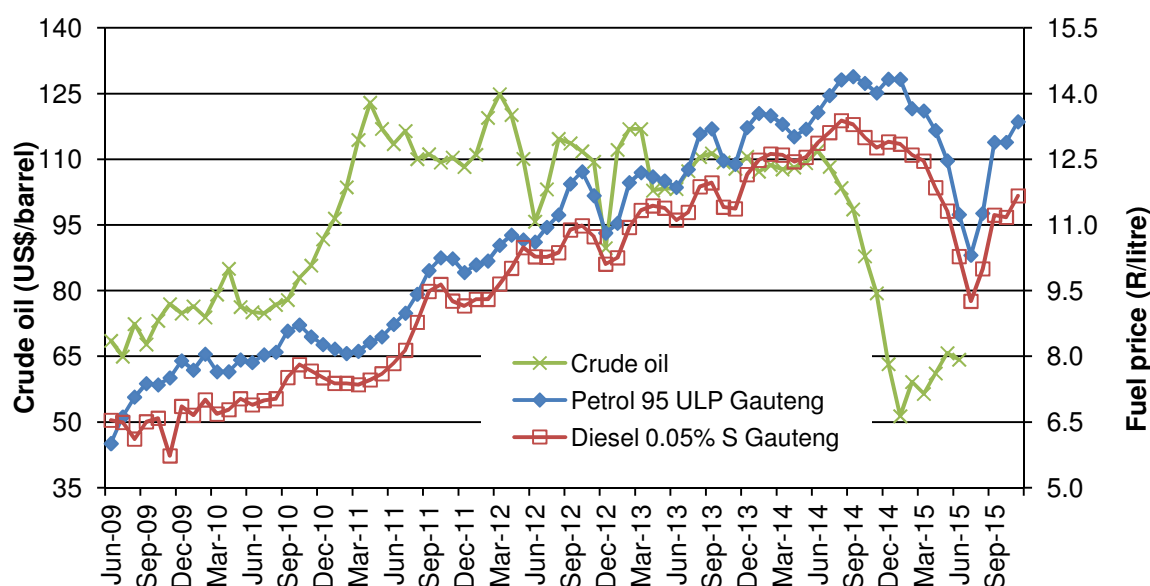


Figure 3: Crude oil and fuel prices

Source: Grain SA and SAPIA, 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 81.9%.

The BDI for June 2015 was 695 index points, a 24.4% decrease in comparison with June 2014.

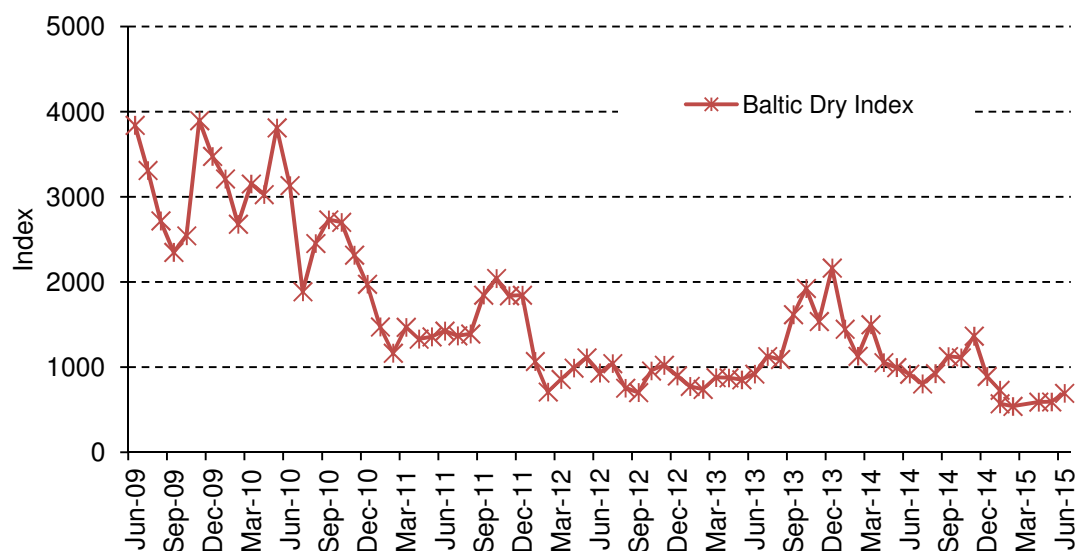


Figure 4: Baltic Dry Index

Source: SAGIS, 2015.

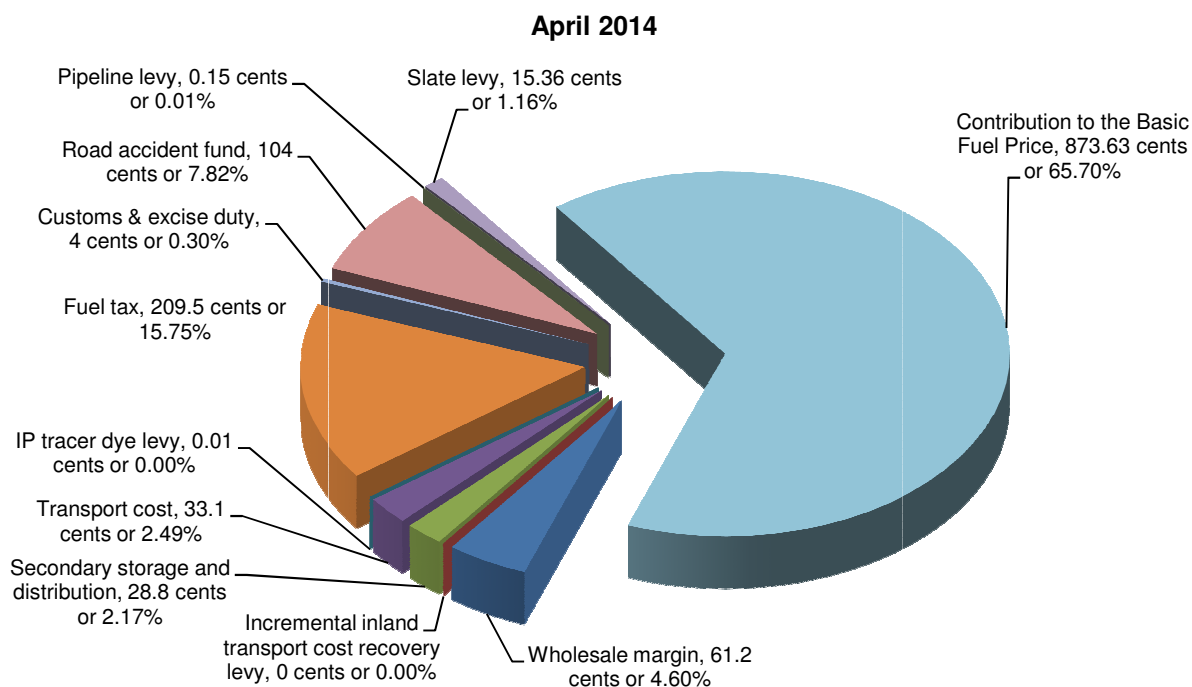
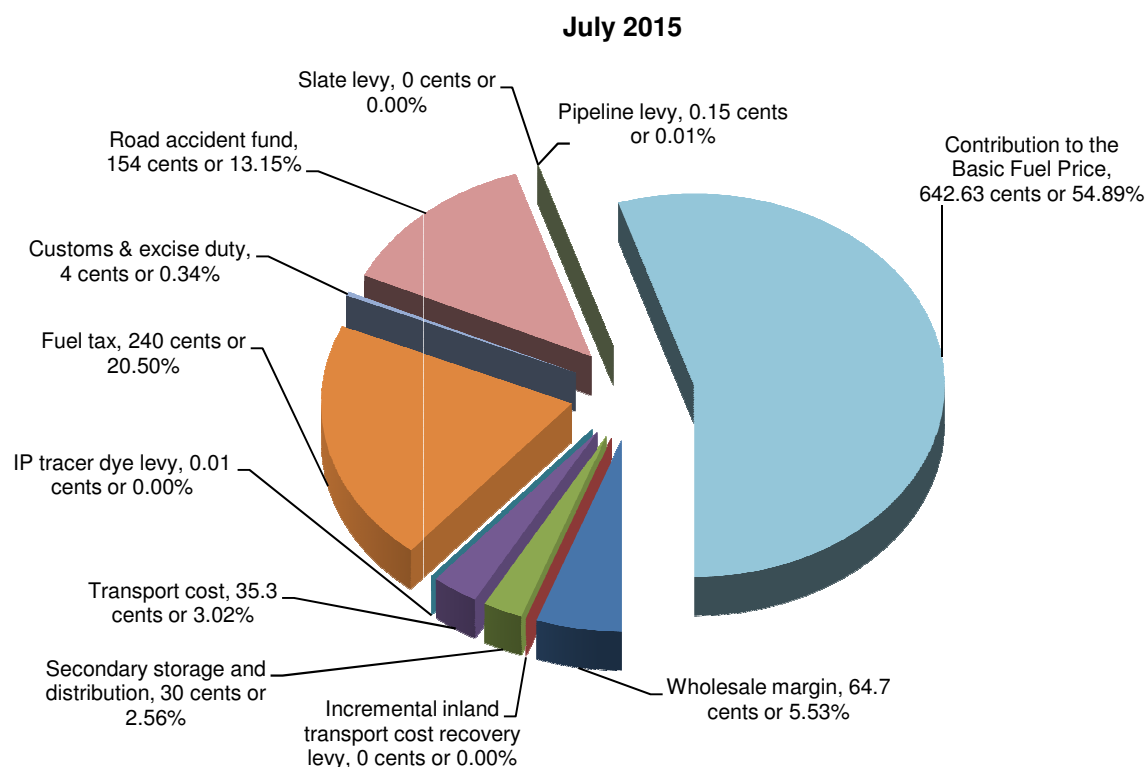
5. Composition of diesel price

Figure 5 depicts the composition of the inland 0.05 % sulphur diesel price during April 2014 and July 2014. During April 2014 the total margins, taxes and levies increased to 456.12 cent or 34.3 % of the wholesale pump price of diesel. The Basic Fuel Price was 873.63 cents or 65.7% of the wholesale pump price of 0.05% sulphur diesel in Gauteng.

During July 2015 the Basic Fuel Price was 642,63 cents or 54.89% of the wholesale pump price of 0.05% sulphur diesel in Gauteng. During this time the total margins, taxes and levies accounted for 240 cents or 20.50% of the wholesale price of diesel.

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Source: Dept of Energy, 2014.

6. Barometer Logistics South Africa

Stellenbosch University's (SU) Department of Logistics launched the *Logistics Barometer South Africa* on the 1st June 2015. The exciting new product by the University is said to be of great importance to the industry. According to an article by Stephanie Nieuwoudt (2015), the barometer will further contribute to the extensive knowledge base that has been created with the State of Logistics surveys over the past ten years.

South Africa's economy is transport intensive, and the *Logistics Barometer* identifies transport as the most significant portion of logistics costs in the country. South Africa's GDP constitutes only 0.44% of the global GDP, yet 0.6% of the world's road network and 2% of the world's rail network is in this country.

As depicted in figure 6, logistics costs have been fluctuating over the period of 2003- 2014. Logistics costs contributed significantly to GDP in 2003, 2007 and 2008 with a percentages of 13.6%, 13.6% and 13.5% respectively. The increase in costs in 2003 was due to South Africa being robust in industrialisation and trading activities. The figures for 2007/8 are attributed to the global financial crisis.



Figure 6: Logistics costs as a percentage of GDP

Source: Stellenbosch University. 2015. Logistics Barometer South Africa.

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