



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 record highs during 2008. From June 2008 to June 2014 the prices of Di-Ammonium Phosphate (DAP), Muriate of Potash (MOP) and Urea decreased by 48.3 %, 38.8 % and 31.6 % respectively. During the same period the R/\$ exchange rate depreciated by 35.7 %.

From June 2013 to June 2014, the international price of Urea and MOP decreased by 3.9 % and 23.1 % respectively and the price of DAP increased by 9.1 % on a year-on-year basis. During the same period the R/\$ exchange rate depreciated by 22.6 %.

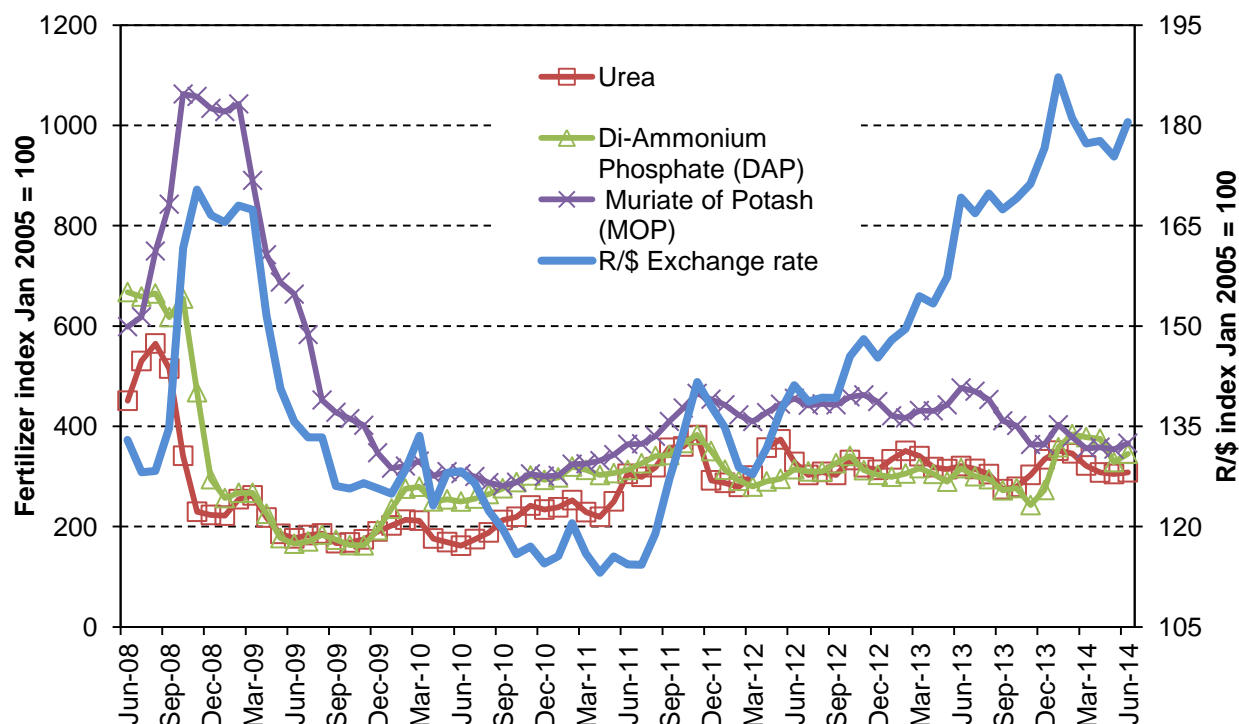


Figure 1: International price trends for selected fertilisers

Source: Own calculations based on data from Grain SA, 2014.

2. Local price trends for selected fertilisers:

As depicted in Figure 2, the prices of local fertilisers showed similar sideway movements as the international prices since the end of 2009. From June 2008 to June 2014 the prices of Mono-Ammonium Phosphate (MAP), Potassium chloride and Urea decreased by 36 %, 31.3 % and 21.6 % respectively.

From June 2013 to June 2014, the local price of Potassium chloride and Urea decreased by 5.5 % and 0.2 % respectively, whilst the price of MAP increased by 2.6 %.

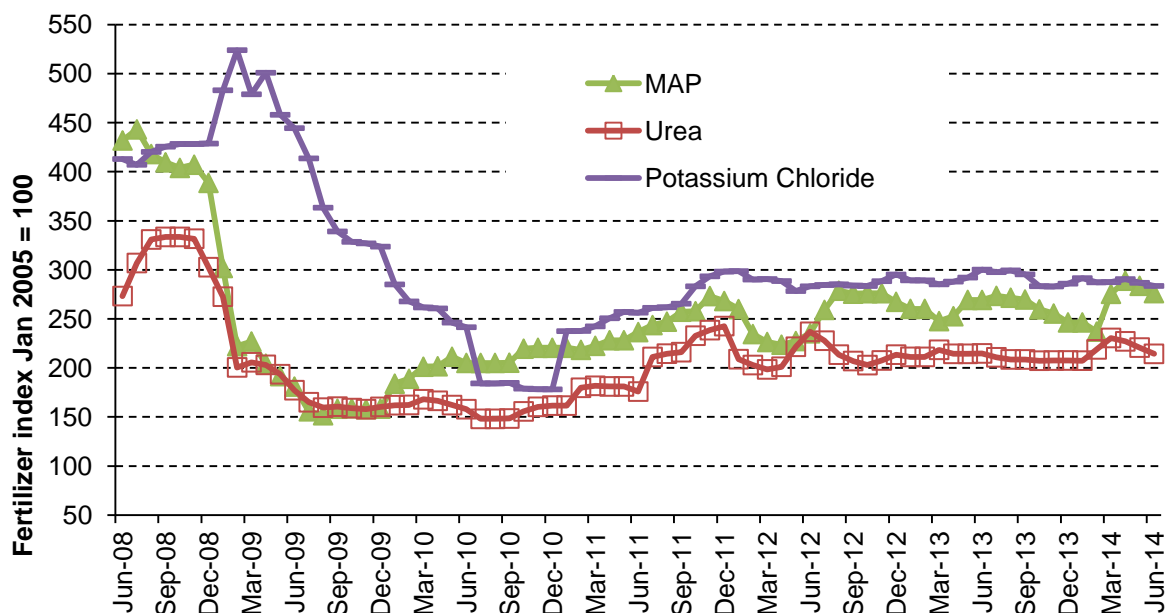


Figure 2: Local price trends for selected fertilisers

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 June 2008 to June 2014 the price of petrol and diesel increased by 40.8 % and 18.2 %, respectively, whilst the US\$ price of crude oil decreased by 15.7 %. The Rand price of crude oil increased by 14.1 % during the same period mainly due to a depreciation by 35.4 % of the rand per US\$ exchange rate.

From June 2013 to June 2014, the prices of petrol, diesel and crude oil increased by 13.2 %, 12.3 % and 8.4 % respectively, with a further depreciation of the R/\$ exchange rate by 6.4 %.

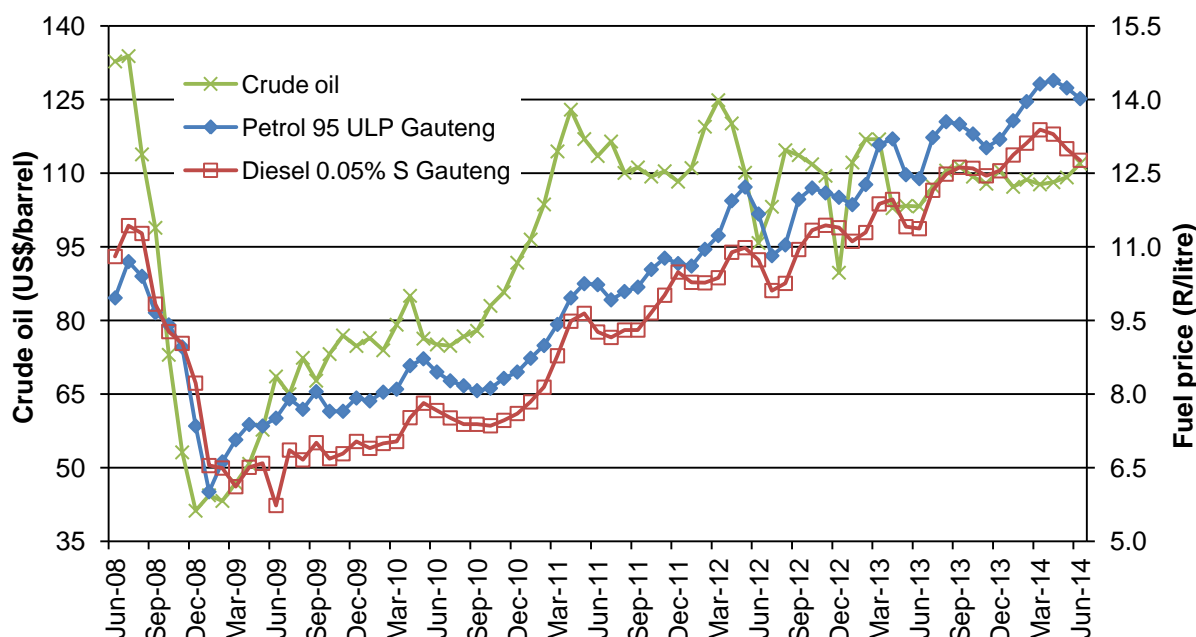


Figure 3: Crude oil and fuel prices

Source: Grain SA and SAPIA, 2014.

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 91.1 %.

The BDI for June 2014 was 919 index points, a 0.1 % decrease in comparison with June 2013.

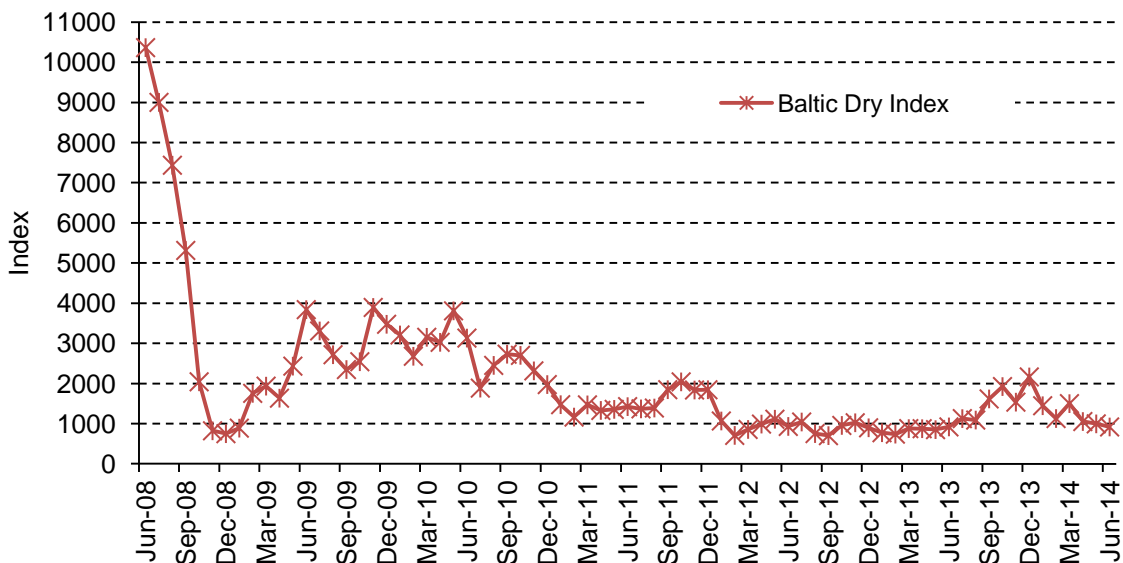
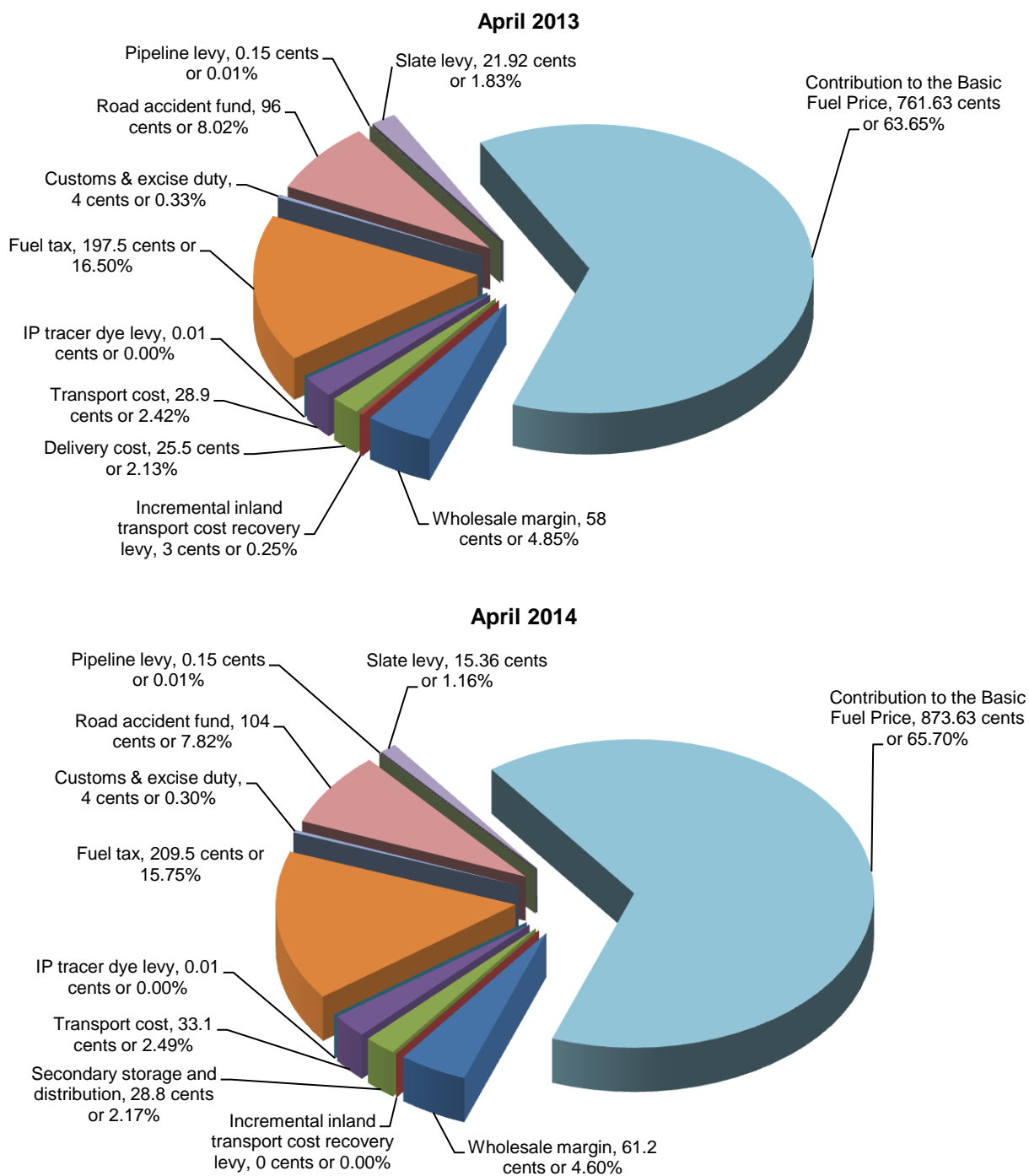


Figure 4: Baltic Dry Index
 Source: SAGIS, 2014.

5. Composition of diesel price

Figure 5 depicts the composition of the inland 0.05 % sulphur diesel price during April 2013 and April 2014. During April 2013 the Basic Fuel Price was 761.63 cents or 63.65 % of the wholesale pump price of 0.05% sulphur diesel in Gauteng. During this time the total margins, taxes and levies accounted for 434.98 cents or 36.4 % of the wholesale price of diesel.

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. The wholesale pump price of diesel increased by 11.1 % from April 2013 to April 2014.



Source: Dept of Energy, 2014.

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