



National Agricultural  
Marketing Council  
Promoting market access for South African agriculture

# Markets and Economic Research Centre



## Input cost monitoring

*An update on selected items*

*October 2015*

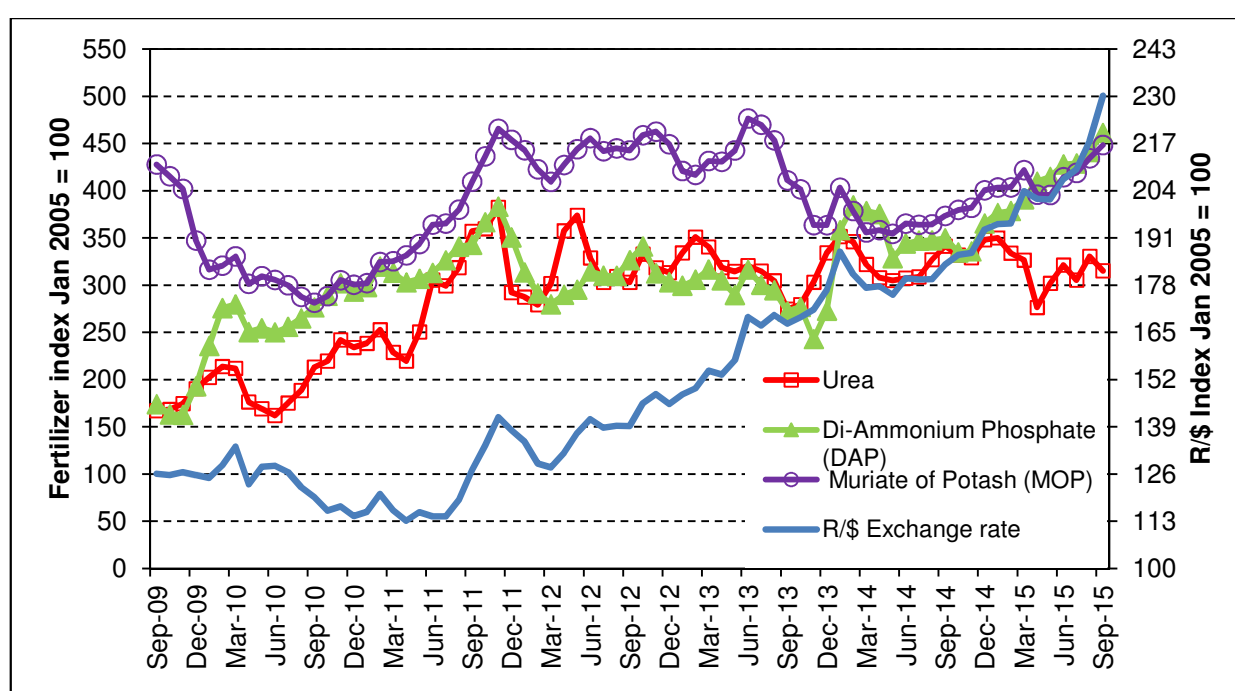
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## 1. International price trends for selected fertilisers:

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 September 2009 to September 2015 the international prices (in Rand terms) of Di-Ammonium Phosphate (DAP), Urea and Muriate of Potash (MOP) increased by 165.1%, 88.8% and 4.8% respectively. During the same period the R/\$ exchange rate depreciated by 82.5%.

From September 2014 to September 2015, the international price of Urea decreased by 7.6%. The price for DAP and MOP increased by 31.9% and 20.1% respectively. During the same period the R/\$ exchange rate depreciated by 25.3%.



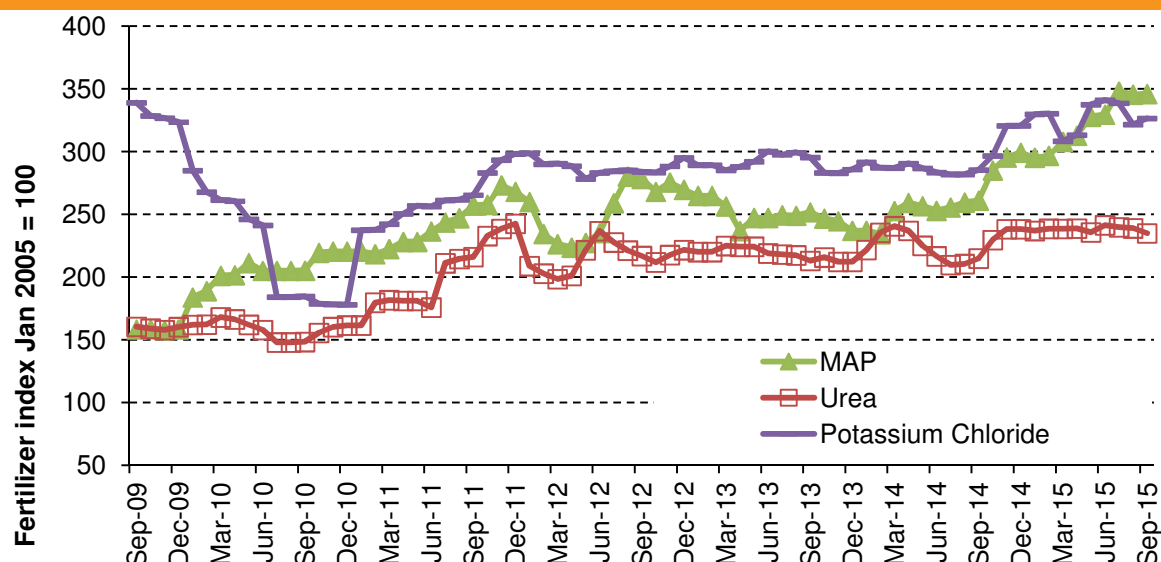
**Figure 1: International price trends for selected fertilisers**

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 September 2009 to September 2015 the prices of Mono-Ammonium Phosphate (MAP) and Urea increased by 118.5% and 46.4% respectively, while the price Potassium chloride decreased by 3.7%.

From September 2014 to September 2015, the local price of MAP, Potassium chloride and Urea increased by 32.6%, 14.4% and 9.3% respectively.



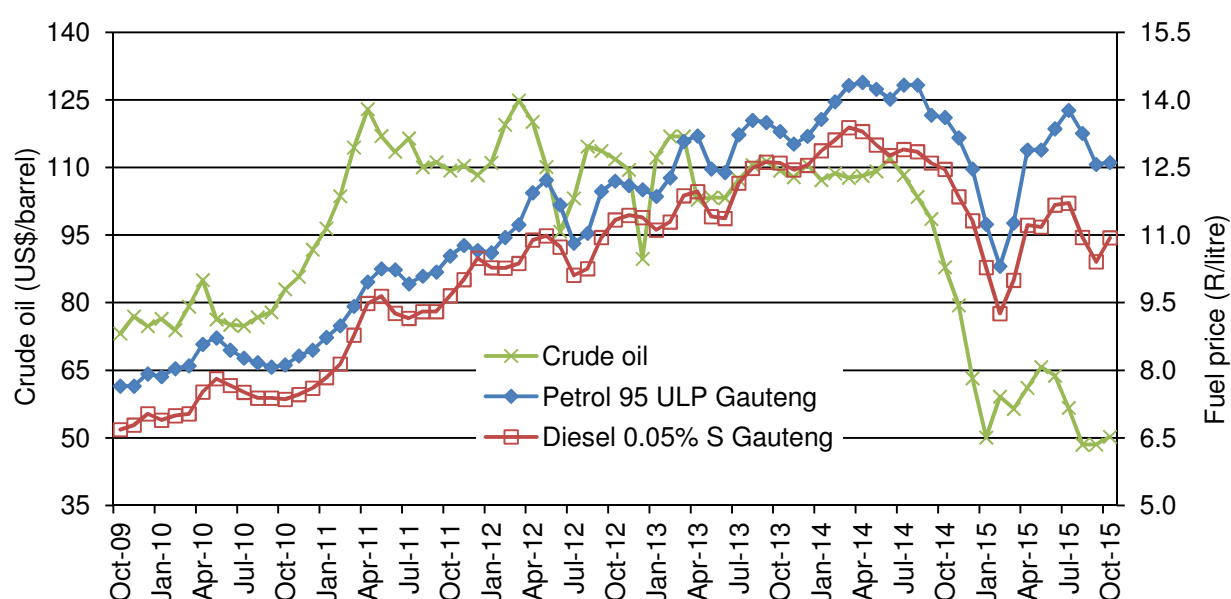
**Figure 2: Local price trends for selected fertilisers**

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 October 2009 to October 2015 the price of petrol and diesel increased by 64.8% and 63.7%, respectively, whilst the US\$ price of crude oil decreased by 31.3%. The Rand price of crude oil increased by 23.4% during the same period mainly due to a depreciation by 79.6% 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 October 2014 to October 2015, the prices of crude oil, diesel and petrol decreased by 42.8%, 12.2% and 7.3% respectively, with a further depreciation of the R/\$ exchange rate by 20.8%.



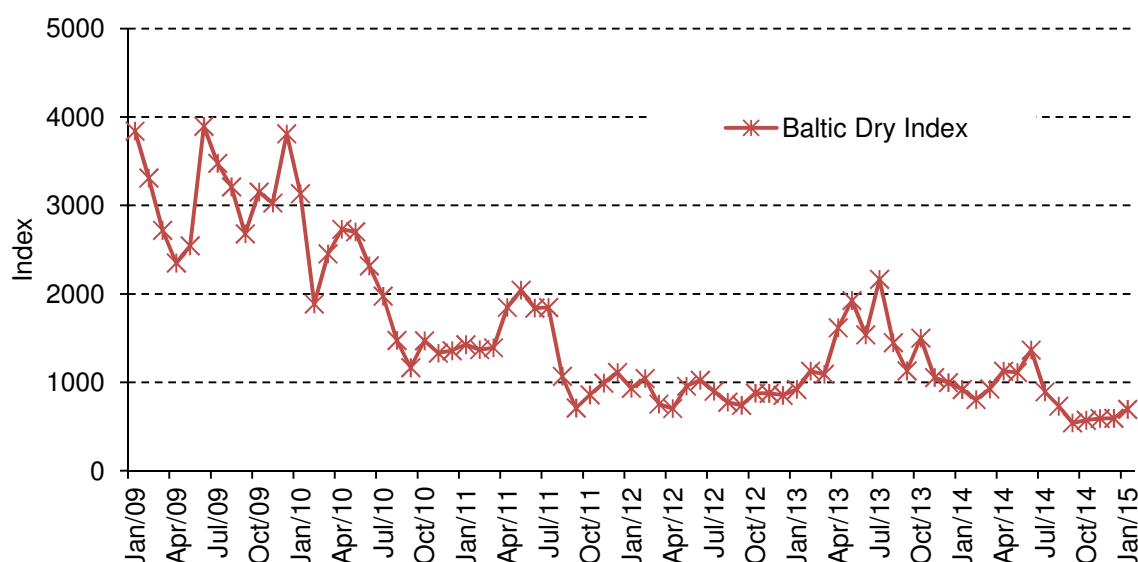
**Figure 3: Crude oil and fuel prices**

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 67.1%.

The BDI for October 2015 was 837 index points, a 24.8% decrease in comparison with October 2014.

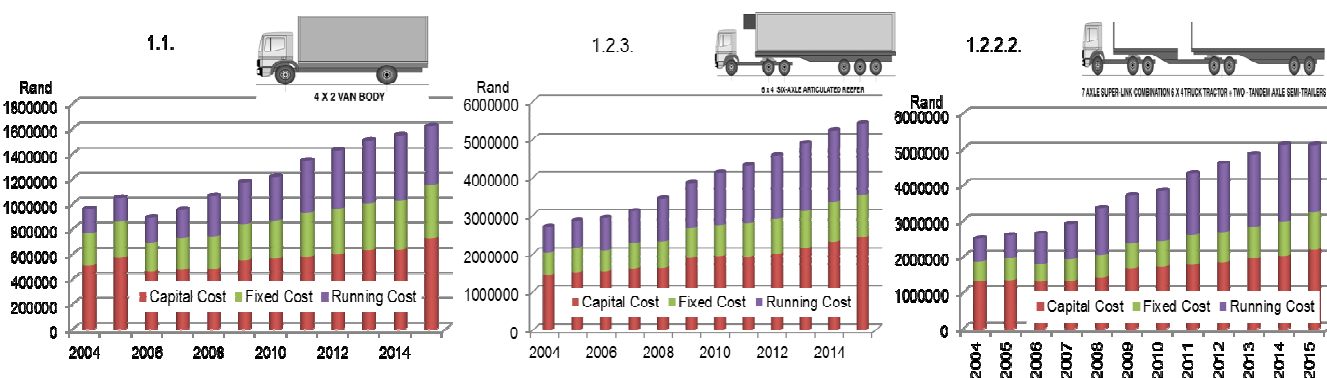


**Figure 4: Baltic Dry Index**

Source: SAGIS, 2015.

## 5. Composition of diesel price vehicle costs over time for different sized vehicles

Figure 5 depicts the vehicle costs trends from 2004 to 2015.



	2-axis vehicle	6-axis vehicle	7-axis vehicle
Capital cost	42.5% increase	67.3% increase	67.9% increase
Fixed cost	64.7% increase	87.7% increase	88.8% increase
Running cost	142.2% increase	181.2% increase	194% increase

Source: Max Braun Consulting Services, 2015.

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