



NAMMC

Promoting market access for South African agriculture



Input

COST MONITORING

An update on selected items

December 2024

INPUT COST MONITORING

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EXECUTIVE SUMMARY

❖ International and domestic price trends for selected fertilizers

International prices for Di-Ammonium Phosphate (DAP), measured in US dollars per ton (US\$/ton), increased by 73% from US\$353 in October 2020 to US\$610 in October 2024, followed by Ammonia, which increased by 71% from US\$245 to US\$420. During the same period, Urea increased by 43% from US\$263 to US\$375, while Muriate of Potash (MOP) increased by 42% from US\$202 to US\$286. Between October 2023 and October 2024, the international prices for Urea, DAP and MOP increased by 10%, 7% and 6%, respectively, while Ammonia decreased by 15%. On month-to-month basis (September 2024 and October 2024), international prices for Urea, Ammonia and DAP increased by 11%, 6% and 1%, respectively while prices for MOP decreased by 1%.

The domestic pricing per ton of fertilizers shows an increasing trend. Notably, Mono-ammonium Phosphate (MAP) increased significantly by 73% (from R9 150 to R15 864), followed by Ammonium Nitrate (LAN) with an increase of 50% (from R6 233 to R9 362). Urea granular increased by 39% (from R7 241 or R10 045) and Potassium Chloride (KCL) by 38% (from R6 467 to R8 899). The fluctuation of fertilizer prices can be attributed to the exchange rate instability. The depreciation of the rand against major currencies has made the importation of raw materials more expensive for local producers, leading to rising costs throughout the supply chain of fertilizers.

❖ Fuel prices and illuminated paraffin

On a year-to-year basis (November 2023 and November 2024), petrol and diesel prices decreased by 12.2% (from R23.90 to R20.98 /litre) and 22.8% (from R24.16 to R18.66/litre), respectively. During the same period, crude oil prices in US dollars also decreased by 15.4% (from US\$88.72/barrel to US\$75.07/barrel), while prices in Rands decreased by 20.0% (from R1 643.98/barrel to R1 315.98/barrel). During this time, the Rand appreciated by 5.4% against the US dollar, from R18.53 to R17.53.

Fluctuations in paraffin prices in South Africa have been a persistent concern for both consumers and policymakers, as this essential commodity plays a crucial role in the daily lives of many households, particularly in low-income communities. The reliance of South Africa on imported fuel sources, such as crude oil, has made the domestic paraffin market vulnerable to global price movements. Between November 2023 and November 2024, the price of illuminated paraffin in Gauteng and Coastal regions decreased by 28.30% (from R17.95/litre to R12.87/litre) and 30.24% (from R17.03/litre to R11.88/litre, respectively).

❖ Freight Indices

When comparing November 2023 to November 2024, the Grain and Oilseeds Freight Index (GOFI) and Baltic Dry Index (BDI) decreased by 18.019% and 15.89%, respectively. This shows that the crude oil price fluctuations have a significant impact on the movements of both the GOFI and BDI. As of November 2024, the BDI had reached 1 557.67 index points, while the GOFI had dropped to 132.0 index points from 161.0 in November 2023.

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Introduction

Agricultural inputs such as fertilizers and fuel play a significant role in increasing agricultural productivity. The Input Cost Monitoring (ICM) report, published by the National Agricultural Marketing Council (NAMC) is a quarterly report analysing historic and current price trends of selected agricultural production inputs in both domestic and international markets. The data for this publication is obtained from Grain South Africa (Grain SA), the Department of Energy (DoE) and the South African Grain Information Service (SAGIS).

International price trends for selected fertilizers

Figure 1 presents international fertiliser prices for selected fertilisers between October 2020 and October 2024. The international prices for Di-Ammonium Phosphate (DAP), measured in US dollars per ton (US\$/ton), increased by 73% from US\$353 in October 2020 to US\$610 in October 2024, followed by Ammonia, which increased by 71% from US\$245 to US\$420. During the same period, Urea increased by 43% from US\$263 to US\$375, while Muriate of Potash (MOP) increased by 42% from US\$202 to US\$286. Between October 2023 and October 2024, international prices for Urea, DAP and MOP increased by 10%, 7% and 6%, respectively, while Ammonia decreased by 15%. On a month-to-month basis (September 2024 and October 2024), international prices for Urea, Ammonia and DAP increased by 11%, 6% and 1%, respectively while prices for MOP decreased by 1%.

The international prices, measured in Rands per ton (R/ton), increased significantly between October 2020 and October 2024. Notably, Di-Ammonium Phosphate (DAP), Ammonia, Urea and MOP increased by 85% (from R5 807 to R10 724), 83% (from R4 030 to R7 384), 52% (from R4 326 to R6 593) and 51% (from R3 323 to R5 028), respectively. The exchange rate (Rand per US dollar - R/US\$), which is vital for importing inputs from the global market, depreciated by approximately 7% between October 2020 and October 2024 from R16.45 to R17.58. On a month-to-month basis, prices in Rand value for Urea, Ammonia and DAP increased by 11%, 6% and 1%, respectively, while prices for MOP decreased by 1%. Furthermore, the international prices for Urea (R/ton) increased by 2% while international prices for DAP, MOP and Ammonia decreased by 1%, 2% and 22%, respectively on a year-to-year basis.

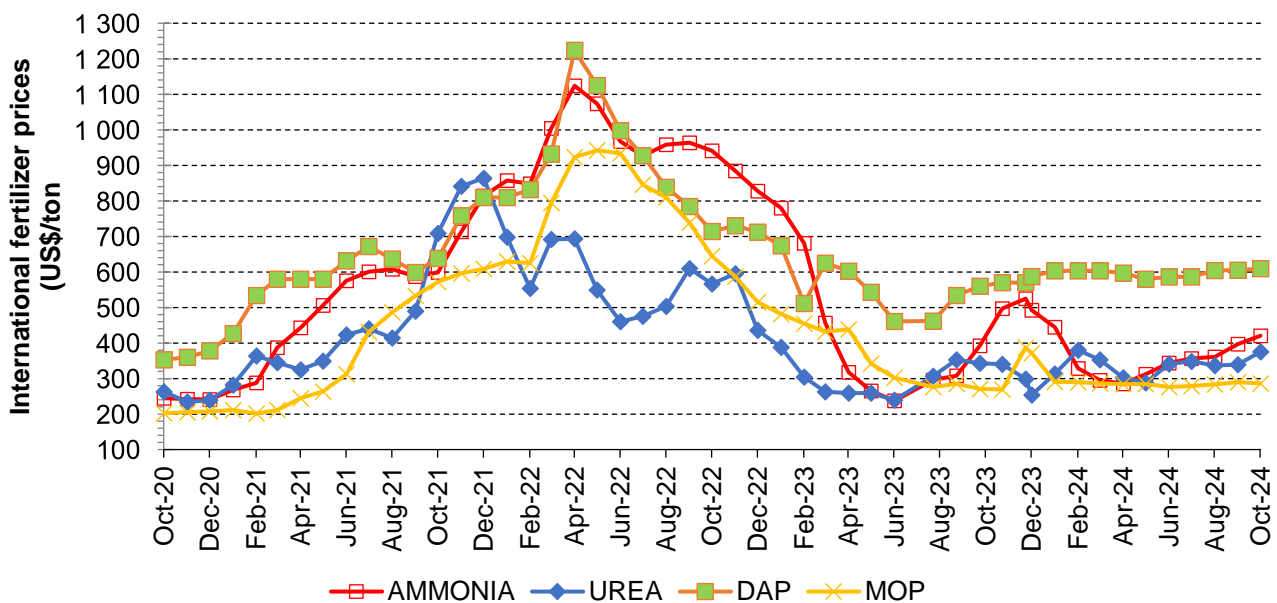


Figure 1: International price trends for selected fertilizers

Source: Own calculations based on data from Grain SA, 2024.

Domestic price trends for selected fertilizers

Figure 2 illustrates domestic price trends for fertilisers from October 2020 to October 2024. The domestic pricing per ton of fertilizers shows an increasing trend. Notably, Mono-ammonium Phosphate (MAP) increased significantly by 73% (from R9 150 to R15 864), followed by Ammonium Nitrate (LAN) with an increase of 50% (from R6 233 to R9 362), Urea granular which increased by 39% (from R7 241 or R10 045) and Potassium Chloride (KCL) by 38% (from R6 467 to R8 899). The fluctuation of fertilisers prices can be attributed to the un stable exchange rate. The depreciation of the rand against major currencies has made the importation of raw materials more expensive for local producers, leading to rising costs throughout the supply chain of fertilizers.

The year-on-year comparison reveals that domestic fertiliser prices for MAP, LAN, Urea granular and KCL decreased between October 2023 and October 2024. Notably MAP, LAN, Urea granular and KCL decreased by 1% (from 16 005 to 15 864), 13% (from 10 711 to 9 362), 14% (from R11 697 to R10 045) and 21% (from R11 297 to R8 899) respectively during this period.

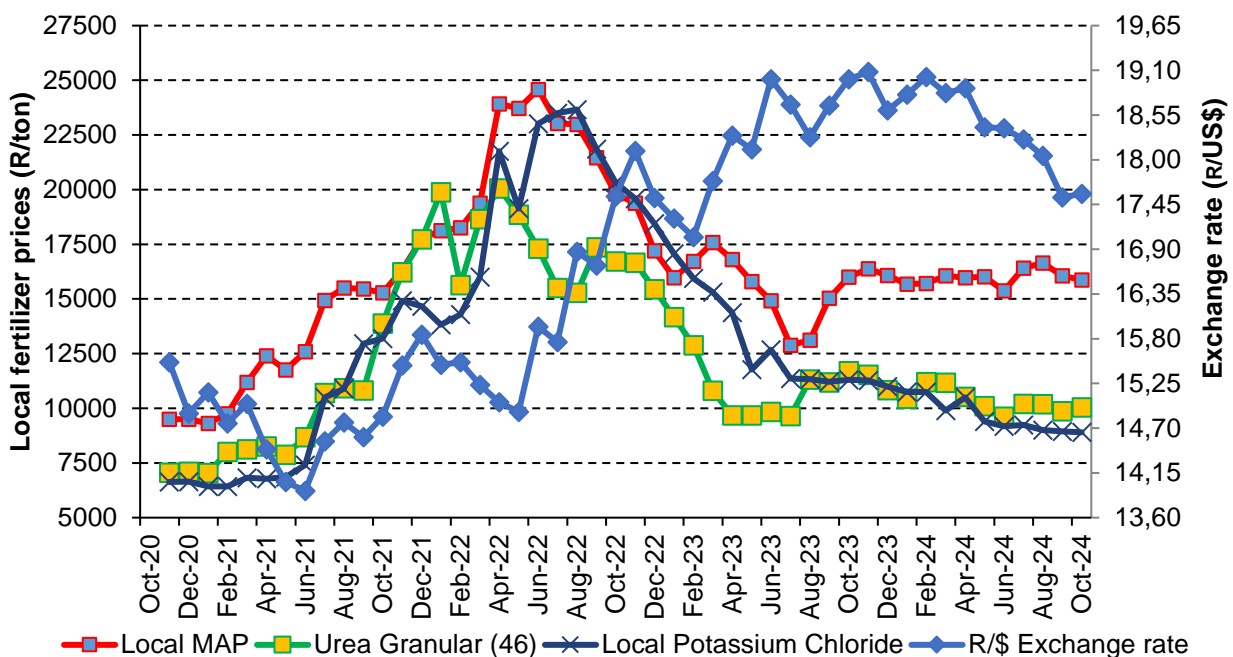


Figure 2: Domestic price trends for selected fertilizers and exchange rate (R/US\$)

Source: Own calculations based on data from Grain SA, 2024.

Fuel prices

Figure 3 shows price trends for crude oil, petrol, diesel, and the exchange rate from November 2018 to November 2024. During this period, petrol and diesel prices increased by 22.8% (from R17.08/litre to R20.98/litre) and 15.7% (from R16.13/litre to R18.66/litre), respectively. Meanwhile, international crude oil prices decreased by 6.8% (from US\$80.54/barrel to US\$75.07/barrel), while in terms of Rands, crude oil prices increased by 12.5% (from R1 169.44/barrel to R1 315.98) during the same period.

On a year-to-year basis (November 2023 and November 2024), petrol and diesel prices decreased by 12.2% (from R23.90 to R20.98 /litre) and 22.8% (from R24.16 to R18.66/litre), respectively. During the same period, crude oil prices expressed in US dollars also decreased by 15.4% (from US\$88.72/barrel to US\$75.07/barrel), while prices in Rands decreased by 20.0% (from R1 643.98/barrel to R1 315.98/barrel). During this time, the Rand appreciated by 5.4% compared to the US dollar, from R18.53 to R17.53.

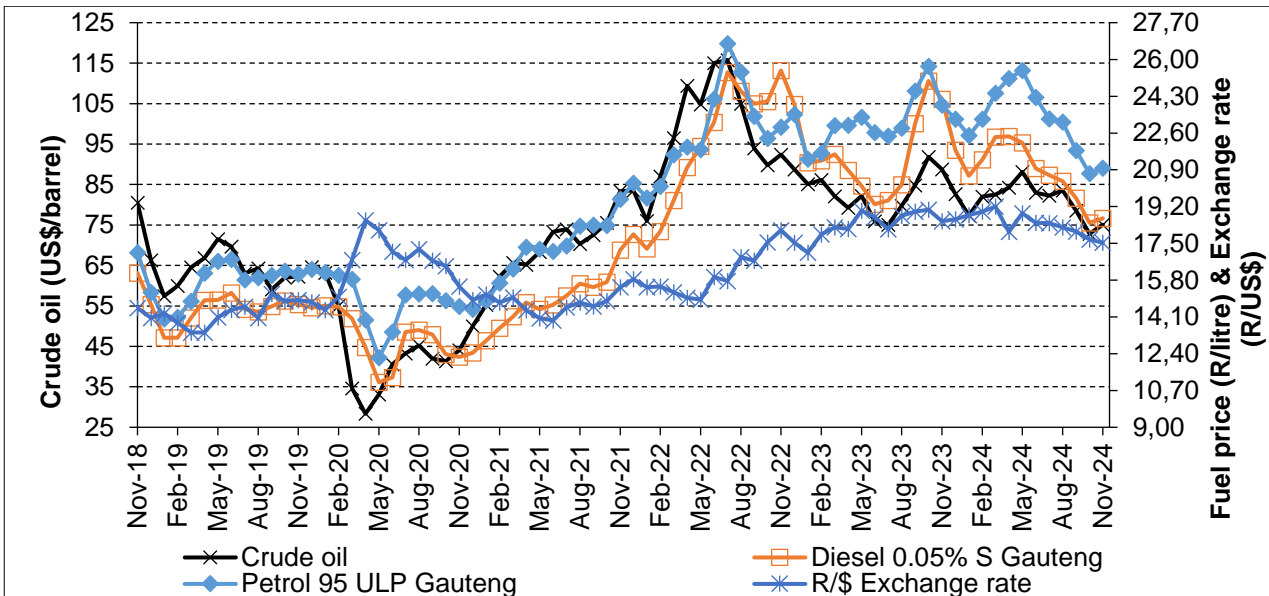


Figure 3: Price trends for crude oil, fuel and exchange rate trend

Source: DoE, 2024.

Freight rates

The Baltic Dry Index (BDI) is used to monitor international freight rates for dry bulk cargo across the world. Specific to grains and oilseeds, the International Grains Council (IGC) introduced the Grain and Oilseeds Freight Index (GOFI) which is used to track international freight rates on grains and oilseeds globally. Using January 2013 as a base year for the GOFI, at least 68 key grains and oilseeds routes are monitored.

Figure 4 shows the developments of the Baltic Dry Index (BDI) and the Global Oilseeds Freight Index (GOFI) between November 2018 and November 2024. During this time, the BDI increased by 29.8%, while the GOFI decreased by 9.2%. When comparing November 2023 to November 2024, the GOFI and BDI decreased by 18.0% and 15.9%, respectively. This shows that the crude oil price fluctuations have a significant impact on the movements of both the GOFI and BDI. As of November 2024, the BDI had reached 1 558 index points, while the GOFI had dropped to 132 index points from 161 in November 2023.

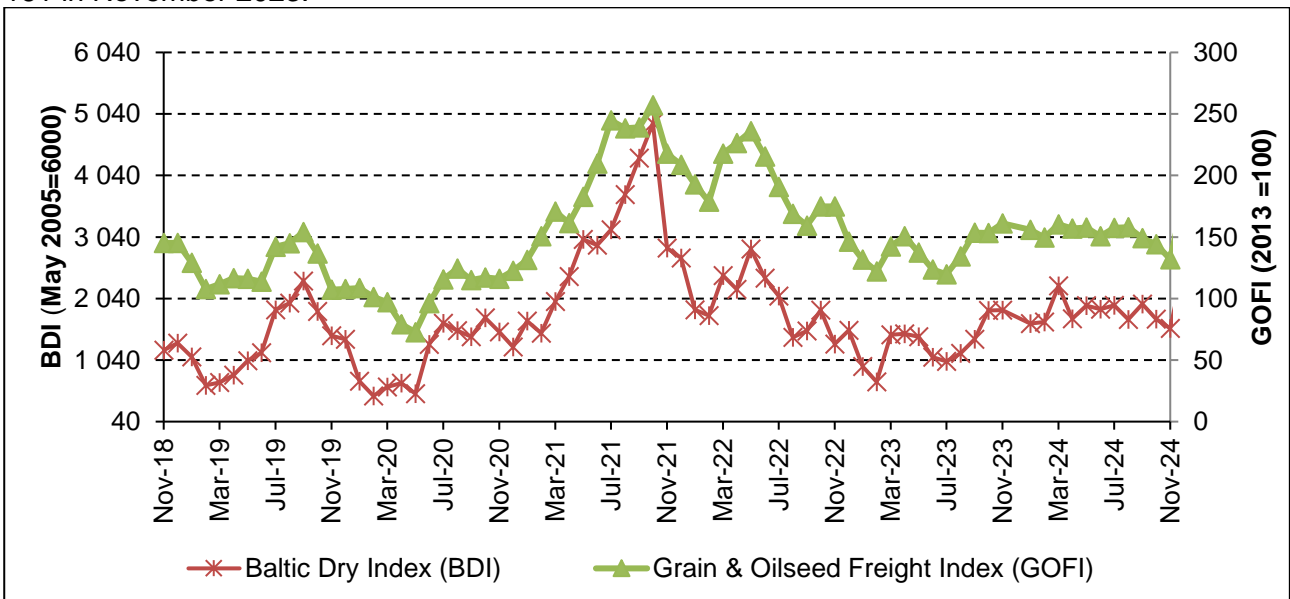


Figure 4: Baltic Dry Index versus Grain and Oilseeds Freight Index

Source: SAGIS, 2024.

Illuminated paraffin price

Figure 5 shows the price trend for illuminated paraffin in the Coastal and Gauteng areas from November 2018 to November 2024. Over this period, illuminated paraffin prices for Gauteng and Coastal regions increased by 18.6% (from R10.85/litre to R12.87/litre) and 15.9% (from R10.25/litre to R11.88/litre), respectively.

The fluctuations in paraffin prices in South Africa have been a persistent concern for both consumers and policymakers, as this essential commodity plays a crucial role in the daily lives of many households, particularly in low-income communities. The reliance of South Africa on imported fuel sources, such as crude oil, has made the domestic paraffin market vulnerable to global price movements. Between November 2023 and November 2024, the price of illuminated paraffin in Gauteng and Coastal regions decreased by 28.3% (from R17.95/litre to R12.87/litre) and 30.2% (from R17.03/litre to R11.88/litre), respectively.

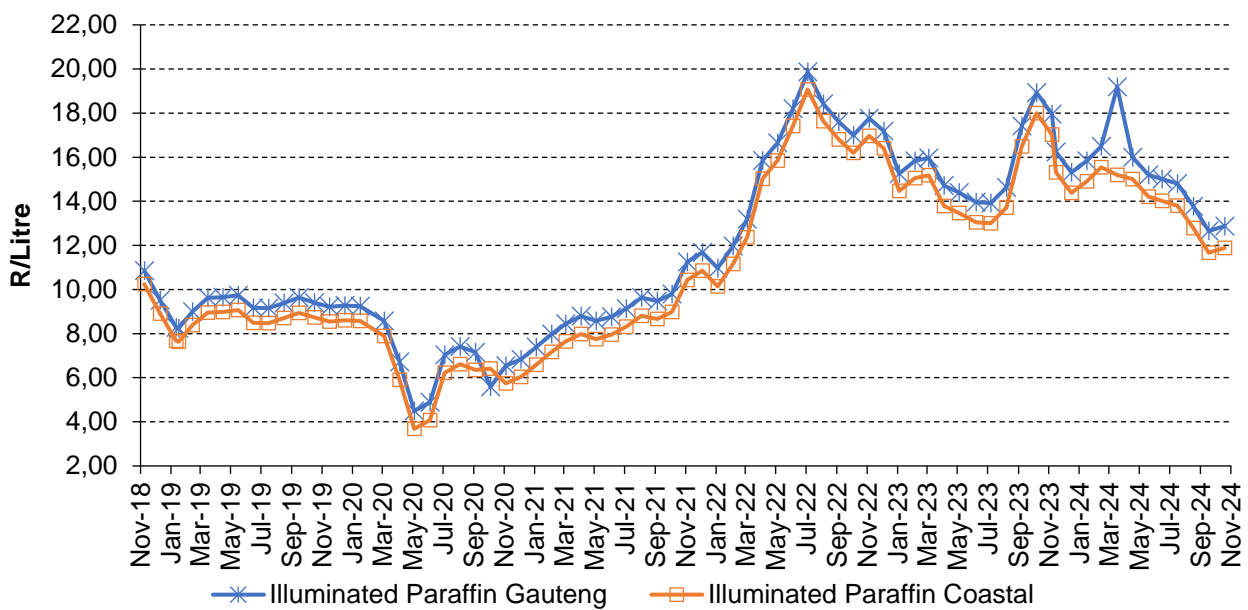


Figure 5: Comparison of illuminated paraffin price between Coastal and Gauteng regions
Source: Department of Energy, 2024.

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