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PURPOSE

This report aims to highlight agricultural input prices and present the monthly input price trends.

Energy: Fuel prices

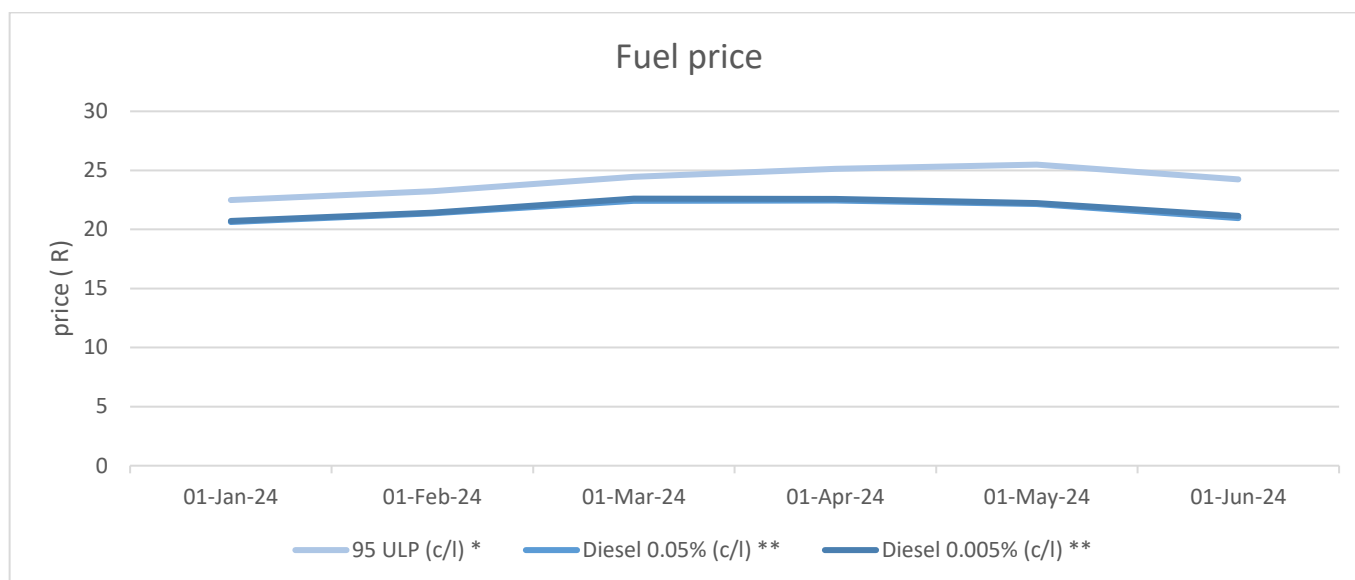
Global crude oil trends impact the South African economy, as the country depends heavily on imported oil to produce its fuel products. Over the past months, there has been a steady increase in global crude oil prices, attributed to factors such as rising tensions in the Middle East and higher interest rates among major global central banks.

We saw the Rand appreciating against the US dollar on average in May. The average Rand/US Dollar exchange rate for the period from 26 April to 30 May 2024, was R18.46, compared to R18.90 during the previous period. This led to a lower contribution to the basic fuel price of petrol.

Since January 2024, local fuel prices have been increasing, mirroring the global pricing of Brent crude oil. Over the past months, petrol prices have steadily risen, going from R22.49 per litre in January to R25.49 in May 2024. Similarly, diesel prices have increased from R20.72 per litre in January to R22.23 per litre in May 2024.

However, petrol prices dropped in June due to the Rand being significantly stronger than the Dollar on average in May, causing the price of crude oil to ease up that month. Petrol prices decreased from R25.49 to R24.25, and diesel prices went down from R22.23 to R21.14.

Analysts still anticipate that Brent crude prices will average US\$84 per barrel throughout the year, leading to elevated fuel prices in South Africa for the remainder of the year. The domestic currency exchange rate will also influence the fuel price outlook.



Source: SAIPA

INPUT PRICES

Fertilizer prices

Month to Month Change in International Fertilizer Prices (Dollar Terms)			
Fertilizer	Mar-24 (\$/ton)	Apr-24 (\$/ton)	% Change
Ammonia (Middle East)	295	285	-3.4%
Urea (46) (Eastern Europe)	353	302	-14.4%
DAP (USA Gulf)	603	597	-1.0%
KCL (CIS)	286	284	-0.7%
Month to Month Change in Local Fertilizer Prices (Rand Terms)			
Fertilizer	Apr-24 (R/ton)	May-24 (R/ton)	% Change
LAN (28)	9890	9548	-3.5%
Urea (46)	10532	10107	-4.0%
MAP	15966	16011	0.3%
KCL	10501	9396	-10.5%

Source: GrainSA

“China is the world's largest glyphosate supplier and significantly influences global supply by exporting over 80% of its production to more than 20 destinations”. Data from Grain SA suggests a general decrease in herbicide, insecticide, and fungicide prices in China from March to April 2024 in dollar terms. However, glyphosate prices have risen in rand terms. The rand's depreciation has mitigated local price decreases, meaning that international price reductions are not fully reflected locally. Urea

prices are under pressure due to inventory build-up and low demand, while ammonia prices are declining, influenced by falling DAP prices. Phosphate prices, particularly DAP, have dropped, with Indian prices below \$520/t CFR. Potash prices remain steady, with typically low demand in May and pending key pricing decisions.

Summary

The agriculture industry faces opportunities and challenges due to current global fertiliser price trends. South African farmers continue to incur higher costs because of the rand's depreciation, even though some fertilisers are declining in global prices. Farmers must employ strategic procurement methods and closely monitor local and global market movements to manage this complex landscape, reduce input costs, and maintain profitability.