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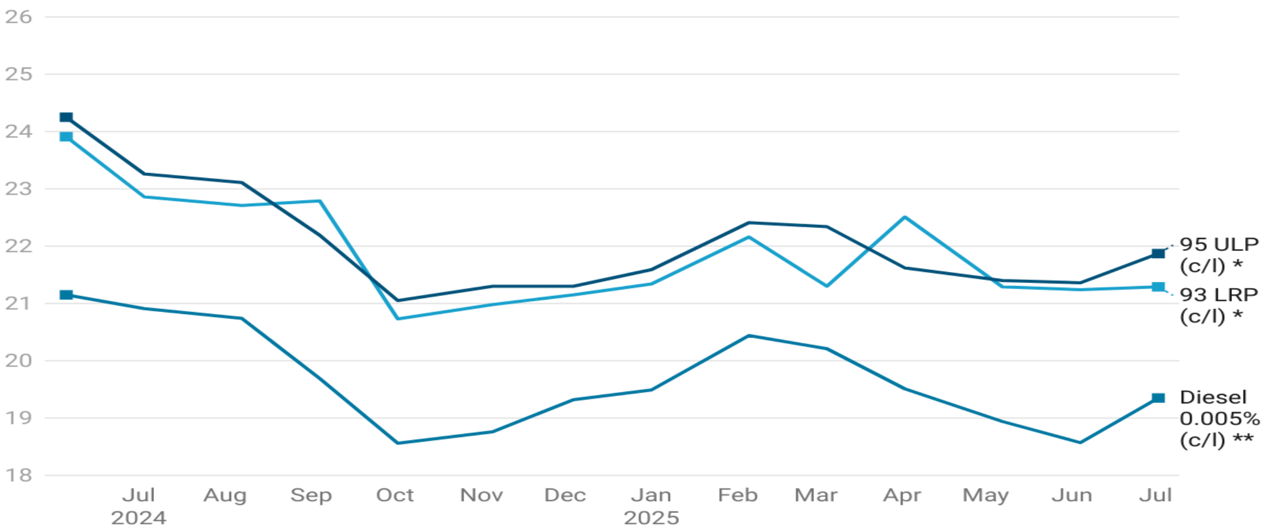
## INPUT COST TRENDS

In the first half of 2025, we saw some relief from rising input costs, with lower fuel and fertilizer prices providing brief breathing room. This helped ease margin pressures during a critical production period. However, the overall picture remains uneven, while some input costs declined, others started climbing again, creating a volatile cost environment.

**Fuel Prices**




*source: Fuels Industry Association of South Africa*

## FUEL PRICE DEVELOPMENTS

Between January and July 2025, South African inland fuel prices displayed a generally declining trend, offering partial cost relief to producers, particularly in the agricultural and transport sectors. Diesel (0.005%), a vital input for mechanised farming and logistics, fell from R19.49 per litre in January to a low of R18.57 in June, before rising modestly to R19.35 in July. This cumulative drop of approximately 0.14c/l from the start of the year suggests that farmers benefited from relatively lower diesel costs during peak land preparation and planting activities. However, the July increase in diesel prices, although modest, may signal an emerging upward trend heading into the harvest season. Projections for August point to a sharper increase of up to 64 cents per litre for diesel, which could place additional cost pressure on harvesting and transport operations if sustained.

Similarly, 95 ULP petrol commonly used in transport declined from R21.59 in January to R21.36 in June, but climbed to R21.87 in July, reflecting growing global oil price pressures and domestic levy adjustments. 93 LRP petrol followed the same path, easing from R21.34 in January to R21.24 in June, then ticking up slightly to R21.29 in July. However, the anticipated 24 cents per litre reduction in petrol prices in August offers some relief for general transport costs and may slightly cushion inflationary pressures for consumers.

Data shows that a combination of global and local factors drove changes in South Africa's fuel prices in June. On the international front, Brent crude oil prices rose notably from an average of $64 to $69 per barrel briefly peaking at $75 following geopolitical tensions. This uptick directly influenced the underlying prices for both petrol and diesel.

On the domestic side the [1]DMRE reported that, the rand provided some relief. It strengthened slightly against the US dollar, averaging R17.90/USD compared to R18.11 in the previous month. This modest improvement helped absorb some of the upward pressure from global oil prices, easing the blow for local fuel importers. However, the benefit was short-lived due to tax adjustments. As of June, the general fuel levy was increased by 16 cents per litre for petrol and 15 cents for diesel, pushing the total petrol levies to about R6.37 per litre. These higher levies eroded the savings from earlier price declines and played a part in the pump price increases observed in July.

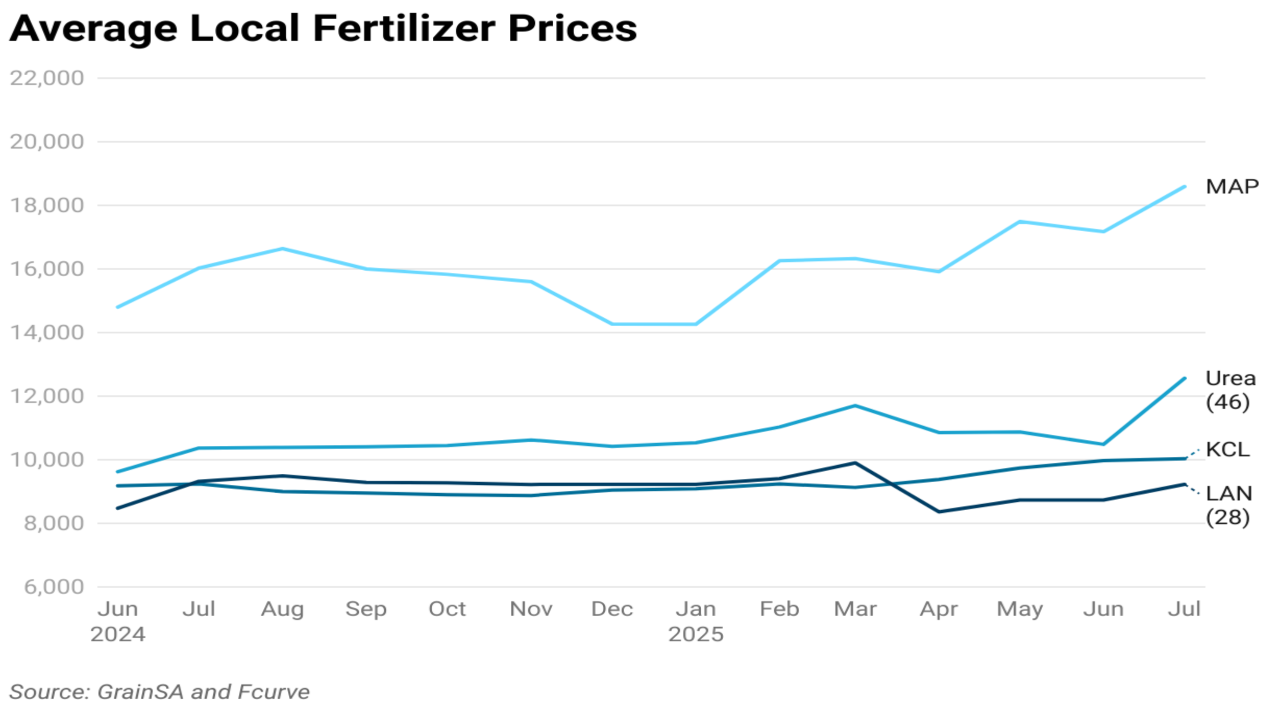
## LOCAL FERTILIZER PRICES

Global fertilizer prices have softened in 2025, and a stronger rand during early-year procurement cycles further aided in lowering local input costs. Fertilizer prices continue to exert pressure on farm input costs, with some major products reflecting notable year-on-year increases.

MAP remains significantly more expensive than last year, up 17.74%. Urea (46) recorded a sharp 19.85% MOM increase, now priced at R12,563/ton, and is 26.29% more expensive than the same time last year.

LAN (28) stands at R9,226/ton, reflecting a moderate 5.62% MOM rise, but interestingly it's 2.88% cheaper than last year, suggesting some price stabilisation compared to other products.

Potassium Chloride (granular) remains elevated at R10,030/ton, with a modest 0.59% MOM increase and a notable 11.88% rise year on year.




[1] Department of Mineral Resources and Energy (DMRE). 2025. CEF Press Release for July 2025: Fuel Price Adjustment Statement. Available at:

https://www.dmre.gov.za/Portals/0/Resources/Fuel%20Prices%20Adjustments/CEF%20Fuel%20Price%20Statements/2025/CEF%20Press%20Release%20for%20July%202025.pd f [Accessed 31 July 2025 ]

## GLOBAL FERTILIZER MARKET

The global fertilizer market continues to reflect high volatility and regional disparities across its three core segments nitrogen, phosphate, and potash driven by ongoing supply constraints, geopolitical instability, and shifting demand patterns.

Nitrogen fertilizers, particularly urea, are showing divergent price trends across regions. Chinese urea prices dropped by over 12% due to oversupply and sustained export restrictions aimed at protecting domestic markets. Conversely, Middle Eastern urea prices surged by more than 30% amid tightening supply. [2] A recent Indian import tender accepting bids at $494/t CFR further lifted global prices, with benchmarks in Egypt and Brazil nearing or exceeding $500/t. Ammonium sulphate remains firm, supported by strong demand from Southeast Asia and South America, while ammonia and ammonium nitrate markets remain largely stable on the back of balanced supply and seasonal demand.

Phosphate fertilizers (such as DAP and MAP) are becoming more expensive globally due to constrained supply and depleted inventories. DAP prices alone rose 23% in the second quarter of 2025. China's ongoing export restrictions, coupled with reduced phosphate supply from Morocco and the imposition of import duties in the US and EU, are collectively driving up prices. Buyers in India, Europe, and the US are left with few alternatives and are having to pay significantly more to restock inventories. [3]The World Bank forecasts a 6% increase in DAP prices for 2025, with a potential softening expected in 2026.

Potash markets remain relatively stable but under growing pressure. Brazil still needs to fulfil a large portion of its seasonal demand, which is likely to support current price levels. Although China has secured favourable contract prices, the market remains tight due to persistent production and export issues in Belarus and Russia both key global suppliers. With limited spare capacity, particularly in Canada, any new disruption could lead to renewed price increases. The World Bank projects a 5% increase in MOP prices in 2025.

Across all segments, the global fertilizer market remains highly exposed to external shocks including geopolitical conflicts, new trade restrictions, extreme weather, and supply chain disruptions. These global dynamics continue to keep prices elevated, making fertilizer increasingly unaffordable, particularly for farmers in economies like ours. In fact, affordability indices for key products like DAP have now exceeded the peaks seen during the 2022 price crisis.

Given the uncertainty, farmers and agribusinesses are encouraged to adopt a more strategic and flexible approach to procurement. Monitoring currency movements, international tender outcomes, and trade policy developments will be key to navigating the months ahead.

## LOOKING AHEAD: SUMMER PLANTING SEASON

As the 2025/26 summer planting season draws near, farmers are preparing for key input and production decisions. While there was some early-year relief in fuel and fertilizer costs, recent upward shifts may influence planning and budgeting.

Agbiz will continue to closely monitor production conditions and fuel price developments over the coming months.

[2] Genesis Fertilizers, Fertilizer Market Report – July 2025, available at: https://genesisfertilizers.com/market-report/fertilizer-prices-gain-momentum/
[3] World Bank (2025), Fertilizer prices gain momentum amid strong demand and geopolitical tensions, https://blogs.worldbank.org/en/opendata/fertilizer-prices-gain-momentum-amid-strong-demand-and-geopolitical-tensions