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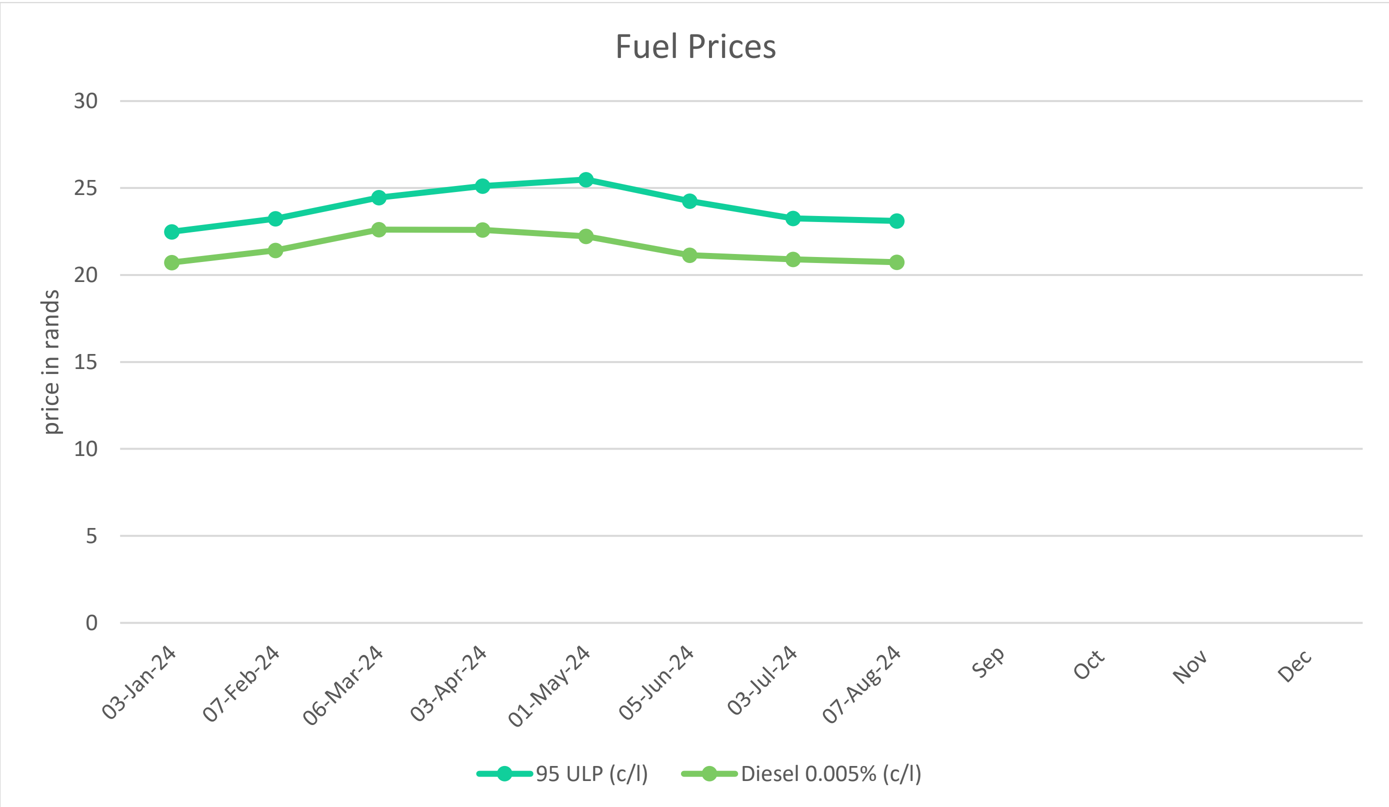
FUEL PRICES

Over the past two months, South Africans have benefitted from a notable decrease in fuel prices. Specifically, the cost of inland 95 unleaded petrol has fallen by 15 cents per litre, while diesel 0.005% has seen a reduction of 17 cents per litre. As a result, the current prices stand at R23.11 per litre for petrol and R20.73 per litre for diesel ,

This decrease in fuel costs can be attributed to two key factors. Firstly, global oil prices have softened, allowing for more favourable pricing. Secondly, the South African Rand has appreciated against the US Dollar, strengthening from R18.44 to R18.23. This appreciation has slightly reduced the cost of importing oil, further contributing to the decline in local fuel prices.

However, despite these positive developments, global dynamics present a complex outlook. Economists caution that geopolitical tensions in the Middle East will likely keep oil prices volatile for some time, thus presenting upside price risks.



source: Sapia

FERTILIZER PRICES

Data from Fcurve show that Phosphate prices are climbing due to limited supply, with MAP (Monoammonium Phosphate) rising by 3.7% to R12,545 per ton and phosphate nutrient costs increasing by 4.3% to R47.49 per kg. In the nitrogen sector, urea prices saw a modest 0.7% rise to R7,385 per ton, with nitrogen nutrient costs also up by 0.7% to R16.05 per kg. Despite currently weak demand, urea prices might drop in August but are expected to steadily increase from September onward.

Potash prices slightly declined, with KCl falling by 0.3% to R6,518 per ton, and potash nutrient costs also decreased by 0.3% to R13.04 per kg. Lower contract prices in India and China are affecting global markets. Additionally, a weaker Rand and a reduced U.S. crop outlook have increased crop values both locally and globally. Futures and swaps for urea and MAP were reduced by $5/t, indicating expected price drops in the weeks of August , but a steady rise in urea prices is anticipated starting in September.

The current trends in the phosphate, nitrogen, and potash markets highlight the complex dynamics within the agricultural input sector. While rising phosphate and nitrogen prices present challenges for farmers, the slight dip in potash prices offers some relief. However, the broader economic environment remains uncertain, with potential impacts on food prices, inflation, and agricultural profitability.

Ultimately, stakeholders need to navigate these challenges with care, considering both short-term price fluctuations and long-term supply chain risks.