

## SA fuel prices at a record high in March 2022

This week South Africa's petrol (95 ULP inland) and diesel (0.05% wholesale inland) prices increased by R1,46 cents per litre (c/l) and R1,44 (c/l), respectively. The retail price of petrol is now at a record R21,60 per litre from the current level of R20,14 per litre. Simultaneously, the wholesale diesel price is R19,48 per litre from R18,04 in February 2022 (see Exhibit 3).

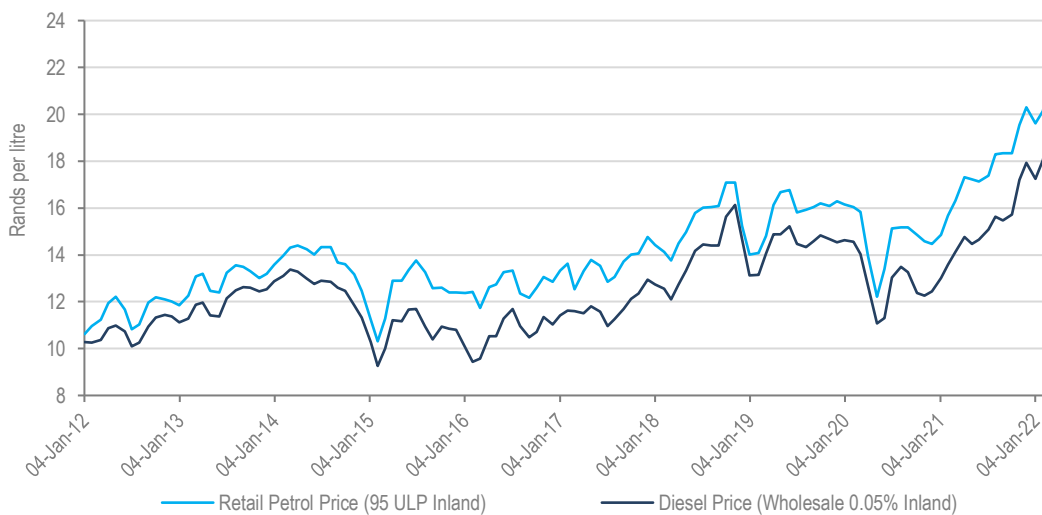
The underpinning driver of the fuel price increase is the rising Brent crude oil price on the back of the current geopolitics and supply constraints that existed before the intensification of the Russia-Ukraine conflict, amongst other factors.

While this fuel price uptick will increase farmers' input costs, it, fortunately, comes at a quiet period in the primary agricultural sector, specifically the summer crop-producing areas where the crops are at reasonably early stages of growth.

However, the same cannot be said for agribusinesses; those in the logistics business will experience cost increases. This is a busy period of wheat imports and maize exports. At the same time, there are horticulture exports underway. This is in addition to general movements of agricultural products in various provinces for domestic consumption. In this case, it is worth noting that roughly 81% of maize, 76% of wheat and 69% of soybeans in South Africa are transported by road. On average, 75% of national grains and oilseeds are transported by road and a substantial share of other agricultural products.

Moreover, the winter crop season is ahead of us, with planting activity set to commence in various regions set to start next month. The higher fuel prices will be an additional cost burden for farmers. This is specifically wheat, barley, canola and oats farmers. This is at a time when fertilizer prices are also generally elevated, and the ongoing war in the Black Sea region adds further upside risks to costs.

### Exhibit 1: South Africa's retail petrol and wholesale diesel prices



Source: Central Energy Fund and Agbiz Research

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