GRAAN SA/GRAIN SA

Perspektief
PERSPECTIVE

NUUSBRIEF
NEWSLETTER

KLIK HIER VIR DIE AFRIKAANSE WEERGAWE | CLICK HERE FOR ENGLISH VERSION

19/10/2012
WEEK 42 - 2012

In this issue...

Fuel prices for November 2012

Petru Fourie (economist: Industry Services, Grain SA)

» According to the most recent information from the Central Energy Fund, the petrol price can INCREASE with 14 cents per litre and the diesel price with 17 cents per litre on 7 November. The weakening of the rand/dollar exchange rate has the biggest share in this possible increase. Up to now, the rand has weakened on a month to month basis with 4,8% and thus has a direct impact which leads to higher fuel prices.

The wholesale price of diesel increased on a year to year basis (October 2011 - October 2012) with 17,4% from R8,49 to R10,04, which is R1,55 more per litre. This increase has an impact on producer's fuel and productions costs as a whole and it also holds detrimental consequences for the transporting of products en and not only for the planting and harvesting thereof.

Back to the top

Fertiliser price expectations for November 2012

Corné Louw (senior economist: Industry Services, Grain SA)

» **International fertiliser prices move relatively sidewards**

» **The weakening of the rand can however lift local prices International trends in fertiliser prices can be used with relative accuracy to predict changes in local fertiliser prices. From September 2012 to 11 October 2012 international fertiliser prices was seen to change as follows:**

Table 1: Average international fertiliser prices (dollar value).

Fertiliser	**September 2012**	**11 October 2012**	**% change**
	dollar/ton	dollar/ton	%
Ammonia (Middle East)	676	685	+1,3%
Urea (46) (Eastern Europe)	410	425	+3,7%
DAP (USA Gulf)	537	541	+0,7%
Potassium chloride (CIS)	470	467	-0,6%
R/$ exchange rate	8,271	8,664	+4,8%

Table 2 shows the international fertiliser price movements in rand terms. From this table it can be seen that the international price of ammonia, urea, DAP and potassium chloride has increased with 6,1%, 8,5%, 5,6% and 4,0% respectively. Should this

trend continue for the rest of October, an increase in fertiliser prices can be expected for November.

Table 2: Average International fertiliser prices (rand value).

Fertiliser	**September 2012**	**11 October 2012**	**% change**
	rand/ton	rand/ton	%
Ammonia (Middle East)	5 594	5 935	+6,1%
Urea (46) (Eastern Europe)	3 390	3 678	+8,5%
DAP (USA Gulf)	4 440	4 689	+5,6%
Potassium chloride (CIS)	3 887	4 043	+4,0%

Historical fertiliser price statistics

Tables 3 and 4 indicate the movement of international fertiliser prices in dollar and rand terms over a period of a year.

Table 3: Average international fertiliser prices over a year period (dollar value).

Fertiliser	**September 2011**	**September 2012**	**% change**
	dollar/ton	dollar/ton	%
Ammonia (Middle East)	540	676	+25,3%
Urea (46) (Eastern Europe)	529	410	-22,5%
DAP (USA Gulf)	618	537	-13,1%
Potassium chloride (CIS)	476	470	-1,3%
R/$ exchange rate	7,552	8,271	+9,5%

Table 4: Average international fertiliser prices over a year period (rand value).

Fertiliser	**September 2011**	**September 2012**	**% change**
	rand/ton	rand/ton	%
Ammonia (Middle East)	4 077	5 595	+37,2%
Urea (46) (Eastern Europe)	3 995	3 390	-15,1%
DAP (USA Gulf)	4 663	4 441	-4,8%
Potassium chloride (CIS)	3 596	3 887	+8,1%

Table 5 shows what happened with local fertiliser prices over a year period.

Table 5: Local fertiliser prices over a year period.

Fertiliser	**October 2011**	**October 2012**	**% change**
	rand/ton	rand/ton	%
KAN (28)	4 992	4 774	-4,4%
Ures (46)	6 635	6 005	-9,5%
MAP	7 839	8 244	+5,2%
Potassium chloride	6 578	7 016	+6,7%

From **Table 5** it shows that local fertiliser price changes compare well with international price changes. As far as KAN is concerned, it seems that the local market has largely benefited, while in the case of MAP, it seems that the local market has been negatively affected.

Back to the top

Agricultural conditions for winter crops as at 17 October 2012

Petru Fourie (economist: Industry Services, Grain SA)

» Winter planting areas

Wheat in the Western Cape is generally looking very good and fine yields are expected. Good rainfall has been experienced for the past few days, which hampered the harvesting process.

Swartland

Conditions in the Swartland are looking excellent and above average yields are expected. This season is later than normal and producers should start harvesting by the end of October/beginning of November.

Southern Cape, R�ens area

Agricultural conditions in the **Overberg Agri service area** has been favourable for winter crop cultivating during the past season due to timely and good rainfall. The harvesting process was hampered by rain occurring these past few days en further rain is predicted for the rest of the week as well for next week. Producers should hopefully be able to begin harvesting by the end of next week. Above average yields are expected.

In the **SSK area** (Swellendam, Riversdale, Heidelberg and Mossel Bay) the crops look very good. Producers are in the process of cutting their barley and should start threshing their wheat within a week. Good rains have occurred over the past few days and the effect thereof on the quality of barley that has already been cut, is not yet known. Above average yields are expected for these crops.

Summer planting areas

Winter crops in the summer planting area are generally looking good. The wheat is still relatively young and good follow-up rains are still essential.

Free State

Producers in the **central areas** of the Free State report that their wheat looks very good. Average yields are expected providing that follow-up rains occur for the rest of the season.

The wheat crop in the **Eastern Free State** is currently looking promising. The wheat is still young, but with good follow-up rains during October and middle November, average to above average yields can be expected.

Back to the top

Base trading of silo certificates soon becoming a reality

Wessel Lemmer (senior economist: Industry Services, Grain SA)

» The base trading of silo certificates can be done as from Monday, 15 October 2012.

Producers who keep stock, can now present their silo certificates at a delivery point of their choice. Buyers can also offer prices for the producer's stock. Premiums are offered at specific delivery points by buyers or asked by producers at specific delivery points. It is however not possible to offer a discount at a specific delivery point.

Since Grain SA's initiatives concerning the NAMC investigation and the Roberts report led to the effective functioning of the futures market, and the latter report indicated that market transparency should be improved, the JSE started working on a solution by which market transparency for cash market prices can be bettered in this way. Grain SA welcomes the putting into operation of this youngest development and would like to thank each authority who has positively contributed to making this project a success.

Producers are encouraged to take part in this. Through transparent information regarding premiums that is offered at delivery

points, the weight carried by the location differential in determining the cash market price, should largely be minimised.

In future the following factors should play a part in price forming at specific delivery points. These factors include the supply and demand at the specific delivery point, transporting costs by road or rail between the delivery point and the point of use, handling and storage costs as well as the quality of grain (for example wheat) that is applicable to the specific delivery point.

Back to the top

Tips for the buying and use of inputs

Corné Louw (senior economist: Industry Services, Grain SA)

» Producers should first take note of the purchasing of soil enhancers, leaf nutrition, organic products, etc. The functioning of these products is not being questioned, but producers should be aware that many of these products are not properly tested or registered under Act 36 of 1947.

When considering using such a product, the following should be considered:

- Ensure that it is registered under Act 36 of 1947.
- Insist on long term statistical and preferably independent, test results.
- Never start using such a product on a large scale; rather make use of small scale galley proofs which can be statistically evaluated to measure the performance of the product.
- Determine if it is cost-effective to use the product.

Grain SA is of the opinion that all these types of products should first be tested by a recognised local independent authority for sustainable improvement of production for an economic benefit, before it is registered and marketed.

General tips are hereby given with regards to inputs.

Each year producers are exposed to risks due to the use of untested inputs and the purchasing of inputs from unknown

Each year producers are exposed to risks due to the use of untested inputs and the purchasing of inputs from unknown distributors. Note the following tips for when inputs are purchased and used:

- Ensure that the input supplier is an acknowledged company with a proven record.
- Take care that all recommendations are put in writing and safely kept on file.
- Try to keep record as far as possible.
- Check the quality of the input, for example with seed, the germination of the specific seed lot can be requested.
- Seed treatment must be done by the seed company themselves or with certified seed treatment equipment.

When agricultural chemicals is bought:

- Ensure that the product is registered for its function of use.
- Ensure that the company whose product it is, is a member of AVCASA.
- Ensure that the distributing company is a member of ACDASA and that the agent is qualified.
- Consult the 2012 MIG publication of the LNR Institute for Grain Crops.

Generally make use of small control plots to test new inputs before it is put to use on a large scale.

Where Rhizobium bacteria are concerned, it is important that only registered products are used. The specific product must preferably be recommended by the seed company whose seed is planted. Do not use new products on a large scale.

Back to the top

GRAAN SA • GRAIN SA
Posbus 74087 • PO Box 74087
Lynnwood Ridge 0040,
Suid-Afrika • South Africa
+27 (012) 807-6023 +27 (012) 807-3166
www.grainsa.co.za

Subskripsie-navrae/Subscription enquiries: rialeen@grainsa.co.za

GRAIN SA
GRAAN SA