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WEEK 4 - 2013

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Fuel prices for February 2013

Petru Fourie (economist: Industry Services, Grain SA)

» According to the most recent information from the Central Energy Fund, the petrol price can **INCREASE** on 6 February with 27 cents per litre and the diesel price with 8 cents per litre.

This expected increase is mainly due to the price of oil increasing from an average of \$109,13 per barrel in December, to an average of \$114,41 per barrel in January. During the same period, the rand depreciated with 0.7%.

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Fertiliser price expectations for February 2013

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

» **International fertiliser prices will possibly be under pressure until the start of the USA summer planting season**

» **Decreases are expected in the short term**

International trends in fertiliser prices can be used with relative accuracy to predict changes in local fertiliser prices. From December 2012 to 17 January 2013 international fertiliser prices was seen to change as follows:

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

Fertiliser	December 2012 dollar/ton	January 2013 dollar/ton	% change %
Ammonia (Middle East)	690	663	-3,9%
Urea (46) (Eastern Europe)	406	415	+2,2%
DAP (USA Gulf)	478	465	-2,7%
Potassium chloride (CIS)	457	438	-4,2%
R/\$ exchange rate	8,63	8,67	+0,46%

Table 2 shows the international fertiliser price movements in rand terms. From this table it can be seen that the international price of ammonia, DAP and potassium chloride has decreased with 3,5%, 2,2% and 3,6% respectively. The price of urea increased during this period with 2,8%. Should this trend continue for the rest of January, a decrease in the price of most local

fertiliser products can be expected in February. In international markets it is expected that this trend will continue until the start of the USA summer planting season (March/April).

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

Fertiliser	December 2012	January 2013	% change
	rand/ton	rand/ton	%
Ammonia (Middle East)	5 955	5 744	-3,5%
Urea (46) (Eastern Europe)	3 501	3 598	+2,8%
DAP (USA Gulf)	4 121	4 032	-2,2%
Potassium chloride (CIS)	3 941	3 799	-3,6%

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 (dollar value).

Fertiliser	December 2011	December 2012	% change
	dollar/ton	dollar/ton	%
Ammonia (Middle East)	551	690	+25,2%
Urea (46) (Eastern Europe)	399	406	+1,8%
DAP (USA Gulf)	582	478	-17,9%
Potassium chloride (CIS)	486	457	-6,0%
R/\$ exchange rate	8,199	8,630	+5,3%

Table 4: Average international fertiliser prices (rand value).

Fertiliser	December 2011	December 2012	% change
	rand/ton	rand/ton	%
Ammonia (Middle East)	4 514	5 955	+31,9%
Urea (46) (Eastern Europe)	3 269	3 501	+7,1%
DAP (USA Gulf)	4 771	4 121	-13,6%
Potassium chloride (CIS)	3 985	3 941	-1,1%

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

Table 5: Average local fertiliser prices.

Fertiliser	January 2012	January 2013	% change
	rand/ton	rand/ton	%
LAN (28)	5 064	5 177	+2,2%
Urea (46)	6 609	6 199	-6,2%
MAP	7 760	7 908	+1,9%
Potassium chloride	6 804	7 036	+3,4%

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The latest information on diesel rebate audits

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

» Since the beginning of the year, Grain SA and Agri SA have experienced many of our members being audited by the South African Revenue Service (SARS), and when they couldn't provide evidence of their diesel usage by means of logbooks, SARS demanded two year's worth of diesel rebate claims back from those producers.

Grain SA and Agri SA are still working at the highest level to argue this logbook requirement with SARS. The latest feedback from SARS is that work is being done internally to try and find a mutually acceptable solution for the past. It is currently being finalised by SARS, where after it is submitted for approval to Treasury. The details of the solution are not yet clear.

It is imperative that a logbook is kept of diesel usage and application, in order to qualify for the diesel rebate. Typical information that such a logbook should contain is as follows:

- How many litres of diesel was put in the vehicle
- A clear description or identification of the vehicle
- The purpose for which the vehicle is used

Grain SA would once again like to appeal to all agricultural producers to follow to the letter the requirements of claiming a diesel rebate, and to protect the system from illegal activities at all times. The latest diesel rebate reference guide can be downloaded from the following link: http://www.grainsanews.co.za/EN/2013/Week_4/67169_VAT.html

In order to clarify any uncertainties, a helpdesk has been created for members of Grain SA who is being audited in order to answer questions regarding the correct procedures that has to be followed. Your Grain SA membership number is required to make use of this service. For more information, Soné Becker at MALAN SCHOLE'S Attorneys can be contacted at SBecker@malanscholes.co.za or (011) 684-2500 or Corné Louw at Grain SA at corne@grainsa.co.za or 08600 47246.

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