

Record high input costs continue to erode farmer margins

South Africa: Fuel prices escalating and interest rate outlook is worsening

The South Africa's Minister of Mineral Resources and Energy announced a further upward adjustment to the fuel prices with petrol increasing by R2.37/litre and R2.57/litre respectively for the two grades effective from today. The diesel prices were hiked by R2.31/l and R2.30/l respectively to R25.53/l and R25.39/l for the 0.05% and 0.005% sulphur content.

Meanwhile, the producer prices have recently accelerated faster than the consumer prices which reflects the impact of the mounting cost pressures emanating from a combination of fuel prices and limited availability of certain inputs due to the global supply chain bottlenecks. The May 2022 agriculture producer price index increased by 19.3% y/y with sharp increases of 30.8% y/y for the cereals and other crops and 20.8% y/y for the fruit and vegetable subcategories.

The combination of higher debt serving costs in a record high input cost environment will continue to erode farmer producer margins and may force those that had already been in a dire financial situation to quit.

[R1= €0.058]

Source: farmersreviewafrica.com

Photo source: Dreamstime.com

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