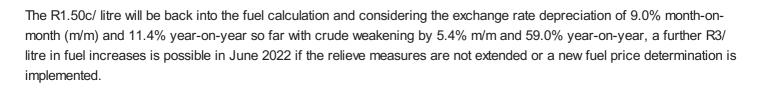
## BIZCOMMUNITY

## Cost pressures unrelenting for agriculture as fuel price outlook shows steep accent from June

By Paul Makube

Following the Finance Minister's generous accommodation of an almost two months reprieve in the fuel price that entailed a R1.50c per litre reduction in the general fuel levy, farmers face a hefty fuel bill next month as the intervention period lapses.



Furthermore, indications are that the interest rates hikes will be aggressive going forward following a second increase of 25 basis points in March which brought the repurchase rate to 4.25%. Farmers, therefore, face higher debt serving costs in a record-high input cost environment.

We are heading into increased activity in the agriculture calendar and demand and consumption of fuel is high. The escalation in fuel costs does not bode well for producers as production costs are likely to escalate across the value chains that manifest differently from planting, harvesting, distribution and packaging.





Summer grain and oilseed harvest is at its infancy and will start ramping up in June while cultivation operations for winter crops are currently in full swing. Grain producers and logistics companies in the agriculture value chain will feel the pain as closer to 80% of grain is transported by road.

Livestock and horticulture with citrus harvest in its infancy will also be affected in terms of distribution across the country and for exports. This will obviously push food inflation to remain above 6% in the near term.

## ABOUT PAUL MAKUBE

Paul Makube is Senior Agricultural Economist at FNB. 1% upward revision for maize estimates, still down 18.5% year-on-year - 26 Apr 2024

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