A slight reprieve at the pump still positive for farmers

By Paul Makube

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Fuel prices eased for the first time in 2021 on the back of a 2% decrease in international Brent crude oil prices and the rand strengthening by 3% in April relative to the previous month. As of today, petrol prices are 9 cents lower while the two grades of diesel fell by 34 and 30 cents respectively for the 0.05% and the 0.005% sulphur content.

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Although the decrease is still small, it is most welcome as farmers are busy harvesting the summer grains and oilseed crops and getting on with the planting of winter crops.

Any reprieve at the pump is positive as we head into increased activity in the agriculture calendar with high demand and consumption of fuel. This will help prevent further escalation in input costs across the value chains with varying impact on planting, harvesting, distribution and packaging.

It is important to note that closer to 80% of grain is transported by road from farms to silos, to the various harbours, as well as milling areas across the country and this has an impact of profit margins of grain producers and logistics companies in the agriculture value chain.

Horticulture with citrus harvest in its infancy will also be affected in terms of distribution across the country and for exports. Livestock producers face cost pressures as they transport animals from production areas and finally to slaughterhouses.

Moreover, the prices of inputs such as fertilizer, herbicides and pesticides are highly influenced by the levels of both the crude oil prices and the rand exchange rate.

It is hoped that the current developments of rand strength and easing of international crude oil prices would persist and provide the much needed relieve for farmers and consumers and further contribute positively to containing inflation.

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