MPO Pointer 9: Key Farm Input Costs remain Elevated in 2026 **28 September 2026**

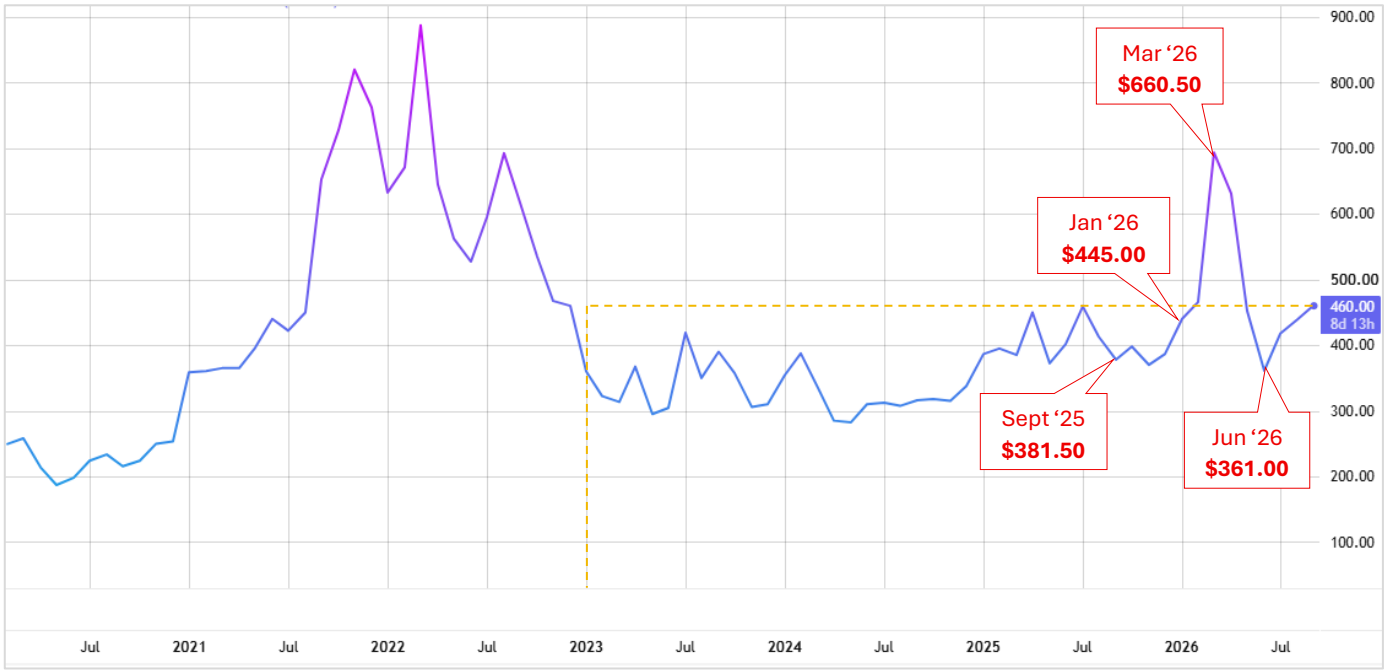
Abstract:
Key farm input costs remain under pressure, with recent increases in fertiliser, freight and feed prices adding renewed pressure to dairy production costs.

Urea and Superphosphate:
Urea prices peaked in early 2022 due to supply disruptions linked to the Russia-Ukraine conflict. However, as natural gas costs declined and supply chains stabilised, prices moderated throughout late 2022 and 2023.

A significant increase in price was recorded during the first quarter of 2026, with prices surging from $455/ton (R7 257.95/ton) in January to $660.50/ton (R11 056.77/ton) in March, representing a 52.3% increase in rand terms. Prices subsequently declined sharply, reaching a low of $361/ton (R 5 931.23/ton) in June, before returning to $460/ton (R7 452/ton) by September 2026. Markets remain jittery with the ongoing uncertainty regarding geopolitical conflict in the Middle East.

Table 1 shows the future prices for Urea up to March 2027. Future prices are trending upward, with the October futures price at 475.5 USD/ton, a 3.4% increase from the current spot price.

Figure 1: Urea Black Sea FOB Prices (USD per metric ton); February 2020 to September 2026



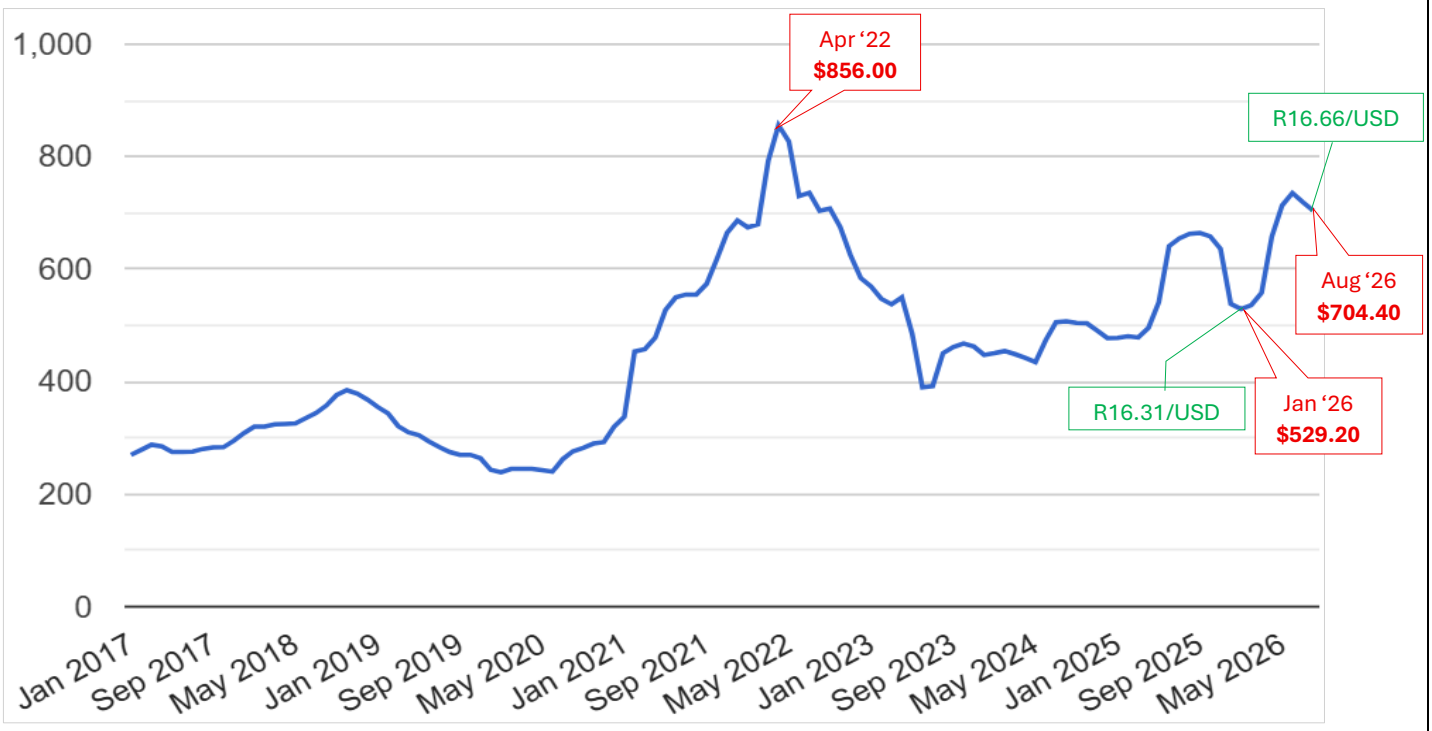
Source: Tradingview

Table 1: Urea spot price in September '26 and future prices up to March '27

Month	Urea (US $ price per ton) Sept '26 Spot Price and future prices
Sept '26	460.00
Oct '26	475.50
Nov '26	472.50
Dec '26	471.50
Jan '27	480.00
Feb '27	480.00
Mar '27	482.50

Source: Chicago Mercantile Exchange; US Gulf FOB prices

Figure 2: Superphosphate Black Sea FOB Prices; January 2017 to August 2026 (USD per metric ton)

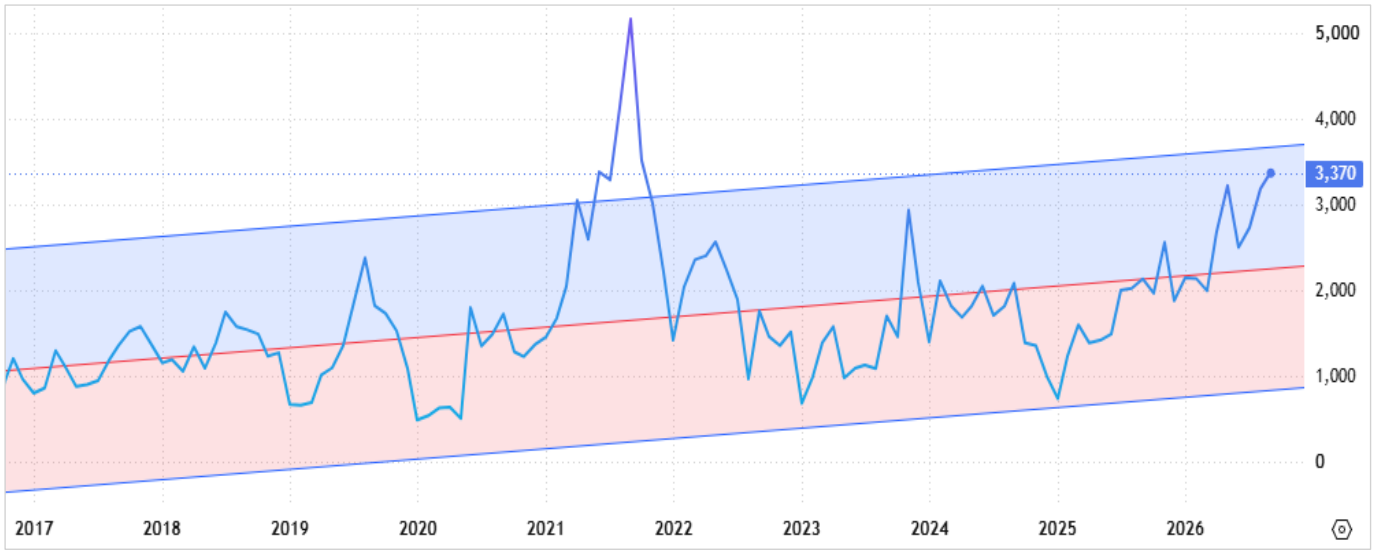


Source: The Global Economy

In January 2026, the price of superphosphate was $529.20 (R8 631.25) per ton. By August 2026, the price had increased to $704.40 (R11 735.30) per ton; a 36.0% increase in ZAR terms.

Kindly note that Figure 1 and 2 excludes freight and insurance costs. Figure 3 illustrates the freight costs.

Figure 3: Baltic Dry Index; 2017 to 2026



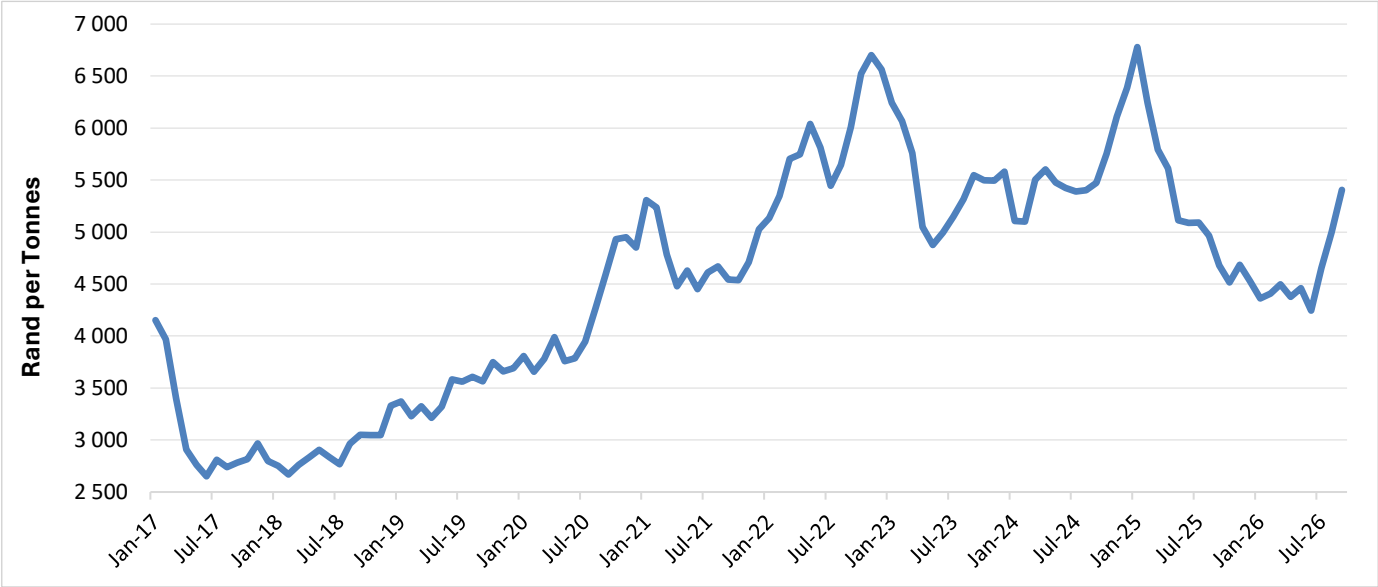
Source: Trading Economics

The Baltic Dry Index (BDI) measures shipping costs for raw materials such as grain and fertilizer. The upward-sloping regression indicates a gradual upward trend since 2017, with the index fluctuating between resistance and support. The index reached 3 623 points on 4 September 2026 and currently stands at 3 370 points, 56.7% higher than during the corresponding period in 2025. Increased geopolitical uncertainty and disruptions to major shipping routes have contributed to greater volatility in global freight markets. As South Africa relies on imported fertiliser inputs, elevated international freight costs can add further pressure to landed fertiliser costs.

Feed costs:

The feed meal combination (70% yellow maize and 30% soya) has historically shown considerable price volatility, with notable peaks in November 2022 and January 2025. Although prices subsequently declined, a renewed upward trend has emerged since June 2026, with the feed combination increasing by 27.3%. Compared with September 2025, the feed price is currently approximately 15.5% higher.

Figure 4: Feed concentrate (70% YMAZ, 30% SOYA), January 2017 to September 2026



Source: Grain SA

Fuel prices:

Fuel prices have increased significantly over the past year, particularly due to the USA-Iran conflict that disrupted the Strait of Hormuz, a key shipping route. Compared with September of 2025, the diesel price has increased around 51%.

Taken together, these trends point to renewed pressure on dairy farm production costs. Elevated fertiliser prices, higher international freight costs and the recent increase in feed prices could place further pressure on producer margins if sustained over the coming months.

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