

Fuel price drop on the horizon for June

Date: 29 May 2017

By Michelle Mokone

It's expected that fuel prices for June could be going down. According to the information from the Central Energy Fund, petrol and diesel prices are likely to decrease on 07 June 2017.

Petrol (95) is expected to decrease by 22 cent per litre (c/l) and diesel (0.05%) by 20 c/l.

Final fuel price changes will however depend on the performance of the rand and the movements in international product prices. As seen on the table below, both the movements in international product prices and exchange rate are contributing towards a price decrease.

ANALYSIS MOVEMENT OF AVERAGE OVER/(UNDER) RECOVERY			
	Petrol 95	Diesel 0.05%	Diesel 0.005%
Movement in International Product Prices	12.764	10.909	11.272
Movement in Exchange Rate	9.049	8.686	8.743
Average Unit Over/(Under) Recovery	21.813	19.595	20.015

Source: Central Energy Fund

Economic factors affecting fuel prices

Following an agreement by OPEC-led members to extend oil cuts by 9 months on Thursday last week, Brent crude oil prices fell by 6%. This was due to the fact that the market expected longer oil cuts however, prices have seemed to rationalise slightly over the weekend, showing modest gains. At the time of writing, oil prices were trading at around US\$51.95 per barrel

The local currency was trading above the R13 mark in May but strengthened below the R12 mark towards the end of the month. A stronger rand was a result of better-than-expected local inflation numbers which decelerated from the previous month. The rand also cheered at the news that the Top ANC leaders were planning to discuss a motion of no confidence against President Zuma, who once again, survived the vote to oust him from power. At the time of writing, the rand was trading at around R12.97 to the dollar.

Disclaimer: The information herein has been obtained from various sources, the accuracy and/or completeness of which Grain SA does not guarantee and for which Grain SA accepts no liability. Any prices or levels contained herein are preliminary and indicative only and do not represent bids or offers. These indications are provided solely for your information and consideration.