

Fuel price expectations for February 2017

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Fuel prices are likely to increase in February for the second consecutive month. Information from the Central Energy Fund suggests that petrol and diesel prices are headed for an increase on 01 February 2017.

It is expected that Petrol (95) could go up by 37 cents per litre (c/l) and diesel (0.05%) by 30 c/l.

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

ANALYSIS MOVEMENT OF AVERAGE OVER/(UNDER) RECOVERY			
	<i>Petrol 95</i>	<i>Diesel 0.05%</i>	<i>Diesel 0.005%</i>
Movement in International Product Prices	(46.933)	(39.086)	(38.736)
Movement in Exchange Rate	9.643	9.220	9.262
Average Unit Over/(Under) Recovery	(37.290)	(29.866)	(29.473)

Source: Central Energy Fund

Economic factors affecting fuel prices

Brent crude oil prices have had a steady start to the year and were up 54% year-on-year on 02 January 2017. Improvements in oil prices were seen today following a report that the biggest oil exporter, Saudi Arabia, has reduced oil output by less than the target of 10 million barrels per day and will consider renewing its pledge to cut production in 6 months. At the time of writing, Brent crude oil was trading at US\$56.49 per barrel.

Since the start to the year, the Rand has remained within the R13/US\$ range with influences mainly on the international political stance. By Monday midday, 16 January, the Rand has slipped 0.8% ahead of the Brexit confirmation speech delivered by Theresa May. It has since recovered on Tuesday following a dollar drop. At the time of writing, the Rand was trading at R13.48 to the dollar.

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