



## FUEL PRICES SET TO RISE IN FEBRUARY

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By Michelle Mokone

According to the press release from the Central Energy Fund, on Wednesday, the 1<sup>st</sup> of February 2017; petrol price is going to increase by 29 cents per litre (c/l) and diesel price is going to increase by 21 c/l.

Domestic fuel prices are mainly influenced by the international price movements as well as movements in the exchange rate. As per the below table, it's clear that the movements in international product prices contributed to the current under recovery of fuel prices.

ANALYSIS MOVEMENT OF AVERAGE OVER/(UNDER) RECOVERY			
	Petrol 95	Diesel 0.05%	Diesel 0.005%
Movement in International Product Prices	(42.42)	(34.155)	(33.944)
Movement in Exchange Rate	12.874	12.281	12.334
Average Unit Over/(Under) Recovery	(29.546)	(21.874)	(21.610)

Source: Central Energy Fund

### ***Economic factors affecting the Petrol and Diesel Prices***

The average Rand/US dollar for the current period is R13.58, stronger than R13.85 of the previous period. The appreciation of the rand has led to a decrease in the contribution to the Basic Fuels Price, as seen in the movements in exchange rate. At the time of writing, the Rand was trading at around R13.57 to the dollar.

On the oil markets, Brent crude oil prices gained support towards the end November 2016 and although very volatile, the prices managed to remain above the US\$55 mark on average. At the time of writing, Brent crude oil was trading at around US\$55.25 per barrel.