

Possibility of a small decrease in March fuel prices

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Fuel price changes for March are currently providing a mixed picture; with petrol prices showing a decline movement and diesel prices showing a sideways movement. According to the information from the Central Energy Fund, petrol prices are likely to decline while diesel prices are likely for a small increase on 01 March 2017.

It is expected that Petrol (95) could go down by 1 cent per litre (c/l) and diesel (0.05%) could go up by 1 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, the movements in international 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	(9.727)	(10.726)	(10.780)
Movement in Exchange Rate	11.110	10.617	10.661
Average Unit Over/(Under) Recovery	1.382	(0.109)	(0.119)

Source: Central Energy Fund

Economic factors affecting fuel prices

Brent crude oil prices still remain above the US\$55 mark and have been trading between the 55-56 dollar range this month. In last week's weekly report, the IAE reported that oil stocks rose to more than 518.1 million barrels. However, OPEC still remains serious about oil cuts with Russia indicating that it would have reduced production by end of April. At the time of writing, Brent crude oil prices were quoted at US\$56.37 per barrel.

Recently, the Rand/US dollar exchange rate has been stronger with strength emanating from improved emerging market sentiment. A stronger rand is likely to ease fuel hikes which offset international prices. At the time of writing, the Rand was trading at R13.14 to the dollar.