

## FUEL PRICES SET TO RISE IN FEBRUARY

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According to the press release from the Central Energy Fund, on Wednesday, the 1<sup>st</sup> of March 2017; petrol price is going to decrease by 8 cents per litre (c/l) and diesel price is going to decrease by 2 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 exchange rates contributed to the current over recovery of fuel prices.

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	(6.234)	(11.283)	(11.351)
Movement in Exchange Rate	13.443	12.925	12.978
Average Unit Over/(Under) Recovery	7.209	1.642	1.627

Source: Central Energy Fund

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

The average Rand/US dollar for the current period is R13.29, stronger than R13.58 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 R12.95 to the dollar.

Brent crude oil prices still remain above the US\$55 mark and have been trading between the 55-56 dollar range this month. Earlier in the month, IAE reported that oil stocks rose to more than 518.1 million barrels and thus can be attributed to the US shale production that has seemed to raise stocks. 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\$56.75 per barrel.