



## FUEL PRICES CHANGES SET TO DECLINE FOR APRIL 2017

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By Michelle Mokone

According to the press release from the Central Energy Fund, on Wednesday, the 5<sup>th</sup> of April 2017; petrol price (95) is going to decrease by 24 cents per litre (c/l) in Gauteng and 25 c/l at the Coast. Diesel price is going to decrease by 10.50 c/l in Gauteng and 23 c/l at the Coast. Price changes will differ in Magisterial District zones due to different transport increases implemented into the fuel price structures.

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. The below fuel prices changes do not take into account the new levies of 39 c/l.

<b>ANALYSIS MOVEMENT OF AVERAGE OVER/(UNDER) RECOVERY</b>			
	<i>Petrol 95</i>	<i>Diesel 0.05%</i>	<i>Diesel 0.005%</i>
Movement in International Product Prices	47.520	34.075	33.427
Movement in Exchange Rate	15.984	15.659	15.745
Average Unit Over/(Under) Recovery	63.504	49.734	49.172

Source: Central Energy Fund

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

The average Rand/US dollar for the current period is R12.94, stronger than R13.28 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 R13.55 to the dollar.

Brent crude oil prices gained strength following reports that global crude stocks have started to decline indicating that production cuts implemented this year could bring the market to balance. While US stockpiles increased last week putting pressure on oil prices, it was also reported that crude stockpiles in China, Japan and floating storage around the world have declined by 72 million barrels this year. At the time of writing, Brent crude oil was trading at US\$53.57 per barrel.

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