

REPORT: DAILY FUEL PRICE EXPECTATION

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FUEL PRICE EXPECTATIONS FOR AUGUST 2014

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According today's Central Energy Fund Fuel report, on the 6th of August petrol and diesel prices might increase by 28 cents per litre and 5 cents per litre, respectively.

The domestic fuel prices are mainly influenced by the international price movements as well as the exchange rate movements. Both of these factors are currently contributing to the under recovery of the expected domestic fuel prices.

ANALYSIS MOVEMENT OF AVERAGE OVER/ (UNDER) RECOVERY			
	Petrol 95	Diesel 0.05%	Diesel 0.005%
Movement in International Product Prices	(25.925)	(2.304)	(4.087)
Movement in Exchange Rate	(2.392)	(2.319)	(2.333)
Average Unit Over/ (Under) Recovery	(28.317)	(4.623)	(6.420)

Source: Central Energy Fund

This morning (08:48am), the rand was trading around R10.7147 to the US Dollar. Much pressure was due to disappointing domestic mining data. South African mining production declined by 6.5% year-on-year in May.

Brent crude prices are expected to continue softening, due to weak demand in the US, coupled with easing concerns over tension in Iraq, as well as prospects of Libyan oil production returning to normal. However, next week's Chinese data will give a clear indication of the demand side.

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