



REPORT: DAILY FUEL PRICE EXPECTATION

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FUEL PRICE EXPECTATIONS FOR JULY 2014

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Petrol price is expected to increase by 8 cents per litre on the 2nd of July, at the same time diesel price might decrease by 7 cents per litre.

Domestic fuel prices are mainly influenced by the international price movements as well as the exchange rate movements. Currently, the exchange rate movement is contributing to the under-recovery of domestic fuel prices; but for diesel is still outweighed by the international price movements (*over-recovery*).

ANALYSIS MOVEMENT OF AVERAGE OVER/ (UNDER) RECOVERY			
	Petrol 95	Diesel 0.05%	Diesel 0.005%
Movement in International Product Prices	12.757	27.723	28.259
Movement in Exchange Rate	(20.942)	(20.794)	(20.882)
Average Unit Over/ (Under) Recovery	(8.185)	6.929	7.377

Source: Central Energy Fund

The rand is still trading at low levels; this morning (09:54am) was trading around R10.7416 to the US Dollar. Mining production slightly increased by 0.2% year on year in April, following a decline of 4.4% year on year in March. This morning, it was reported that Fitch rating agency has revised their outlook for South Africa's credit rating from stable to negative, hence adding pressure to the domestic currency. Standard & Poor are due to give their South Africa's credit rating decision later today.

On the oil markets, Brent crude prices continue to be supported by the potential threat of supply disruption, owing to geopolitical tensions in Iraq, Iran and Libya.

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