

REPORT: DAILY FUEL PRICE EXPECTATION

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FUEL PRICE EXPECTATIONS FOR NOVEMBER 2014

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Petrol and diesel prices are expected to respectively decrease by 6 and 29 cents per litre on the 5th of November 2014.

The domestic fuel prices are mainly influenced by the international product prices, as well as the exchange rate movements. Currently, the exchange rand movement is pointing to the upward price trend (under-recovery), but outweighed by international product prices (*see table below*).

ANALYSIS MOVEMENT OF AVERAGE OVER/ (UNDER) RECOVERY			
	Petrol 95	Diesel 0.05%	Diesel 0.005%
Movement in International Product Prices	25.552	48.448	48.373
Movement in Exchange Rate	(19.521)	(19.598)	(19.739)
Average Unit Over/ (Under) Recovery	6.031	28.850	28.634

Source: Central Energy Fund

The rand is trading at low levels, after Eurozone August industrial production data came out slightly weaker than expected, down 1.8% month-on-month, rather than market expectations of 1.7%; hence raising global growth worries. There was no major local data releases today, the eyes are on tomorrow's retail sales data to be released by Stats SA at 13h00. At mid-day (12h00), the rand was trading around R11.1160 to the US dollar.

Brent crude fell to the lowest level in almost four years after the International Energy Agency said oil demand will expand this year at the slowest pace since 2009. Additionally, oil prices are pressured by increasing supplies from the United States and Saudi Arabia.

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