

REPORT: DAILY FUEL PRICE EXPECTATION

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FUEL PRICE EXPECTATIONS FOR OCTOBER 2014

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Petrol and diesel prices might decrease on the 1st of October 2014; by 12 and 11 cents per litre, respectively.

The domestic fuel prices are mainly influenced by the international product prices, as well as the exchange rate movements. The weakening of the rand is limiting the expected decreases, but it is still outweighed by the 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	21.755	20.839	21.366
Movement in Exchange Rate	(10.058)	(10.333)	(10.393)
Average Unit Over/ (Under) Recovery	11.697	10.506	10.973

Source: Central Energy Fund

The rand is under pressure; ahead of the US Fed rate decision due tomorrow. In addition, on Thursday, the South African Reserve Bank's is also expected to announce their decision on interest rate. Most analysts expect the rates to stay on hold, at 5.75%. This morning (11:33am), the rand was trading at R10.9397 to the US dollar.

The Brent crude oil prices are still at soft levels, at 11:39am was trading around \$97.7 a barrel. Reports of slowing industrial production in China raised concerns about slacking demand, hence further pressured the oil prices.