

REPORT: DAILY FUEL PRICE EXPECTATION

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FUEL PRICE EXPECTATIONS FOR AUGUST 2014

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Today's Central Energy Fund fuel report shows that petrol prices might increase on the 6th of August by 8 cents per litre; while diesel prices might decrease by 7 cent per litre.

Domestic fuel prices are mainly influenced by the international price and exchange rate movements. Both of these factors are currently contributing to the under recovery of expected petrol prices. However, for diesel price; the exchange rate movement (under-recovery) is outweighed by the international price movements (over-recovery), hence the expected decrease.

ANALYSIS MOVEMENT OF AVERAGE OVER/ (UNDER) RECOVERY			
	Petrol 95	Diesel 0.05%	Diesel 0.005%
Movement in International Product Prices	(7.188)	7.251	5.626
Movement in Exchange Rate	(0.685)	(0.669)	(0.673)
Average Unit Over/ (Under) Recovery	(7.873)	6.582	4.954

Source: Central Energy Fund

There rand continues to gain support after the CPI data came out better than expected. CPI for June remained steady at 6.6% year-on-year, better than expectations of 6.7%. The rand is currently (11:38am) trading around R10.5052. There are hopes of resolution in the strikes in the metal sector.

Brent crude prices might gain support, owing to expected increase in demand in the United States. Additionally, there are talks that Chinese Brent crude demand might also increase, after HSBC Chinese PMI came out at 52 in July, well above June's final reading of 50.7.

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