



REPORT: DAILY FUEL PRICE EXPECTATION

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FUEL PRICE EXPECTATIONS FOR APRIL 2014

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According to today's Central Energy Fund Fuel update report, petrol price is expected to DECREASE on the 2nd of April 2014 by 14 cents per litre, while the diesel price is expected to DECREASE by 30 cents per litre.

However, due to an increase in the fuel levy of 12 cents per litre, and an increase in the contribution towards the Road Accident Fund of 8 cents per litre which sums up to an additional 20 cents per litre increase in the fuel price; petrol price is expected to increase by 6 cents per litre, while diesel price is still expected to decrease by 10 cent per litre.

Domestic fuel prices are mainly influenced by the international price movements as well as the exchange rate movements. The strengthening of the exchange rate is contributing to the over recovery of domestic fuel prices; 20 cents per litre to both petrol and diesel expected prices.

This morning (11:50am) the Rand was seen trading around R10.8607 to the US Dollar. The main focus this week is on the Reserve Bank's Monetary Policy Committee (MPC) meeting, which will focus on the interest rates, the announcement of their decision will be on Thursday. Due to continued economic underperformance and domestic currency improvements, since the last MPC meeting, the expectations are that the Reserve Bank might keep the rates unchanged at 5.5%. There are also major concerns of the Chinese economic growth, a major trading partner to South Africa. HSBC's China purchasing managers index (PMI) dropped to 48.1 in March from the 48.5 in February.

On the oil markets, the Brent crude prices softened also on concerns of Chinese economic growth, the country's manufacturing activity contracted to its lowest level in eight months.

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