

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 35 and 52 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 rate movement is contributing to the under-recovery of fuel prices, 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	49.892	67.305	66.918
Movement in Exchange Rate	(15.055)	(15.213)	(15.332)
Average Unit Over/ (Under) Recovery	34.837	52.093	51.586

Source: Central Energy Fund

The rand gained a bit of support at the back of the weaker US dollar. Additionally, the medium term budget added positive note to the rand as it lessened the chances of a rating downgrade from Fitch, and further signalled a positive note on domestic spending, which would reduce imports. At mid-day (12h00), the rand was trading around R10.9912 to the US dollar.

Brent crude prices are expected to remain at soft levels, owing to the increasing supplies from the Organisation of the Petroleum Exporting Countries, as well as weak global demand. Concerns over Ebola further pressured the oil prices as restrictions over travel might decrease the oil demand.

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