

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 41 and 58 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 overshadowed 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 | 55.012 | 71.218 | 70.914 |
| Movement in Exchange Rate | (13.408) | (13.569) | (13.674) |
| Average Unit Over/ (Under) Recovery | 41.604 | 57.649 | 57.239 |

Source: Central Energy Fund

The rand along with emerging market currencies gained support against the US dollar, owing to expectations that the US Federal Reserve will reiterate its intention to wait longer before hiking interest rates. This morning (09:57am), the rand was trading around R10.8515 to the US dollar.

Brent crude price is expected to remain at soft levels, owing to the increasing supplies from the Organisation of the Petroleum Exporting Countries and United States. Weak global demand also adds to the bearish oil price outlook, coupled with rising concerns over Ebola which is restricting travel in the western parts of Africa.

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