

## Fuel prices push higher for the New Year!

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Fuel prices are likely to increase in January after a just a month's ease on consumers. Information from the Central Energy Fund suggests that petrol and diesel prices are headed for an increase on 04<sup>th</sup> January 2017.

It is expected that Petrol (95) could go up by 31 cents per litre (c/l) and diesel (0.05%) by 28 c/l.

Final fuel price changes will depend on the performance of the rand and the movements in international product prices. As seen on the table below, the movements in international product prices are contributing towards a price increase.

<b>ANALYSIS MOVEMENT OF AVERAGE OVER/(UNDER) RECOVERY</b>			
	<i>Petrol 95</i>	<i>Diesel 0.05%</i>	<i>Diesel 0.005%</i>
Movement in International Product Prices	(37.088)	(33.90)	(31.750)
Movement in Exchange Rate	5.663	5.500	5.519
Average Unit Over/(Under) Recovery	(31.424)	(28.400)	(26.231)

*Source: Central Energy Fund*

### Economic factors affecting fuel prices

Brent crude oil prices were volatile in November, averaging US\$47.28 per barrel. That changed after a meeting held between OPEC and non-OPEC producers resolved in a joint agreement to curb output in support of oil prices. At the time of writing, Brent crude oil was trading at US\$55.25 per barrel.

The Rand was stronger in the beginning of the month and has since retreated post the Federal Reserve's interest rate hike. The Rand inched weaker, currently over the R14/US\$ mark. The US dollar extended its gains against its major market peers last week, trading at a 10-month high against the Yen and rallied close to its highest in 14 years. At the time of writing, the rand was trading at around R14.15 to the dollar.