

Fuel prices set to rise in September

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It's expected that fuel prices for September could be increasing again. According to the information from the Central Energy Fund, petrol and diesel prices are likely to increase on 06 September 2017.

Petrol (95) is expected to decrease by 61 cent per litre (c/l) and diesel (0.05%) by 48 c/l.

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

ANALYSIS MOVEMENT OF AVERAGE OVER/(UNDER) RECOVERY			
	Petrol 95	Diesel 0.05%	Diesel 0.005%
Movement in International Product Prices	(55.762)	(43.388)	(44.453)
Movement in Exchange Rate	(4.756)	(4.564)	(4.615)
Average Unit Over/(Under) Recovery	(60.518)	(57.952)	(49.068)

Source: Central Energy Fund

Economic factors affecting fuel prices

Brent crude oil prices have recovered from a one-week low as markets struggled to maintain gains. There have been no big news in the oil market, however continued rise in US oil stocks have weighed on the market, causing prices to trade lower despite demand in the market. US oil production is forecast to grow by almost 1 million barrels per day in 2018 and this suggests that local fuel price increases would be limited. At the time of writing, Brent crude oil was trading at around US\$52.44 per barrel.

The local currency depreciated against the US dollar during the period under review, averaging R13.28 versus R13.15 of the previous period. Local unit came in under pressure at the back of political tension as President Zuma survived the vote of no confidence against him. Recently, the rand found support at the back of a weaker dollar which was caused by

political tension between the US and North Korea. At the time of writing, the rand was trading at around R13.19 to the dollar.