

## MODERATE FUEL PRICE DROP FOR DECEMBER

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According to the press release from the Central Energy Fund, on Wednesday, the 7<sup>th</sup> of December 2016; petrol price is going to decrease by 20 cents per litre (c/l) and diesel price is going to decrease by 32 c/l.

Domestic fuel prices are mainly influenced by the international price movements as well as movements in the exchange rate. As per the below table, it's clear that both factors contributed to the current over recovery of fuel prices. Furthermore, the Minister of Energy has approved an increase in retail margin of 4.9 c/l to cater for wage increases which has impacted the total price decreases.

ANALYSIS MOVEMENT OF AVERAGE OVER/(UNDER) RECOVERY			
	<i>Petrol 95</i>	<i>Diesel 0.05%</i>	<i>Diesel 0.005%</i>
Movement in International Product Prices	37.913	35.731	34.964
Movement in Exchange Rate	2.0127	1.960	1.976
Average Unit Over/(Under) Recovery	39.930	37.691	36.940

Source: Central Energy Fund

### ***Economic factors affecting the Petrol and Diesel Prices***

The average Rand/US dollar for the current period is R13.94, stronger than R13.95 of the previous period. The appreciation of the rand has led to a decrease in the contribution to the Basic Fuels Price, as seen in the movements in exchange rate. At the time of writing, the Rand was trading at around R13.89 to the dollar.

On the oil markets, Brent crude oil prices gained support towards the end of the period under review trading above the US\$50 mark but averaging US\$47.71 per barrel. The recent uptrend in oil prices came after an agreement was reached to curb supply in hopes to increase prices. Brent crude oil is currently trading at US\$53.96 per barrel.