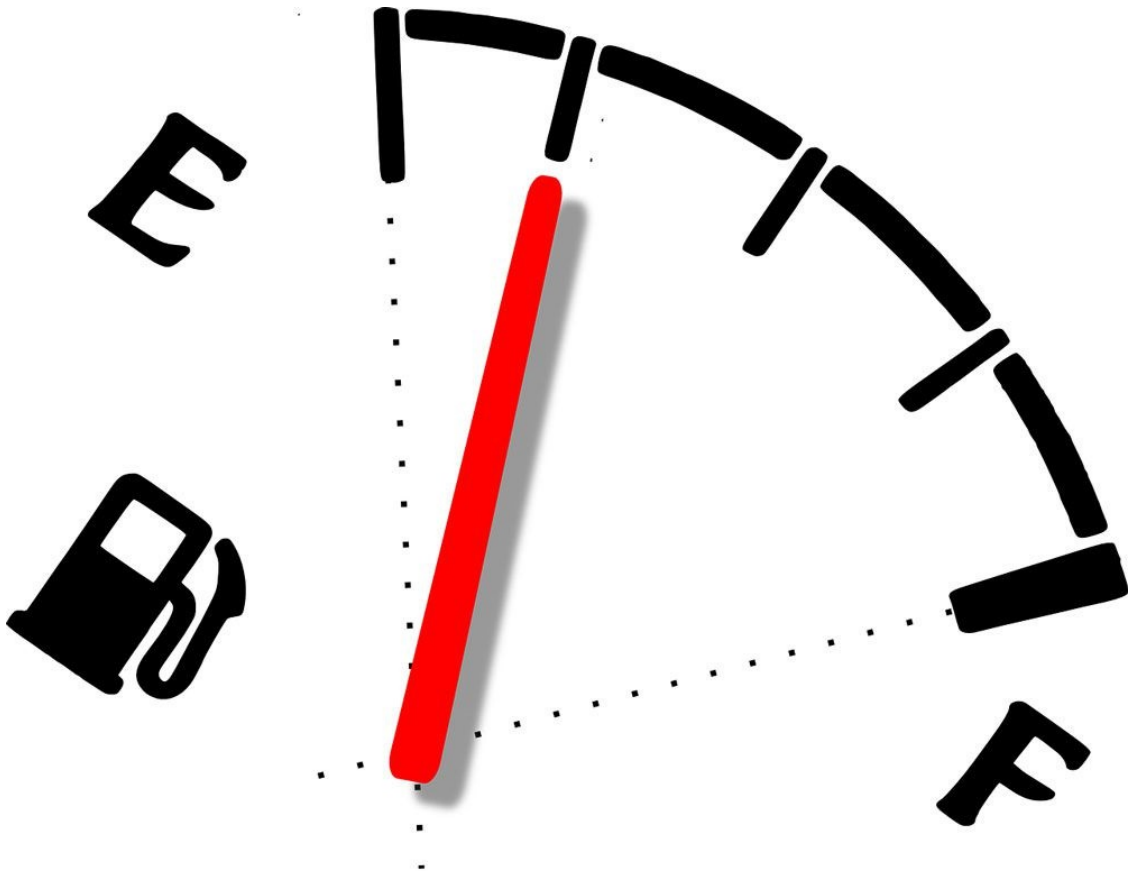


# Petrol price takes a plunge

As of today, 5 December 2018, motorists can now go to the filling stations with a sense of relief.



Source: [pixabay.com](http://pixabay.com)

The price of petrol plummeted by R1.84/l on Wednesday, 5 December 2018, thanks to a stronger rand exchange rate and a sharp fall in international oil prices. The cost of petrol reached an all-time high of R17.08/l in October, but with the latest adjustment, a litre of petrol costs R15.69.

According to a statement by The Department of Energy, based on current local and international factors, the fuel prices will be adjusted as follows:

- Petrol (93 Octane, ULP and LRP): 184.00 c/l decrease;
- Petrol (95 Octane, ULP and LRP): 184.00 c/l decrease;
- Diesel (0.05% sulphur): 145.41 c/l decrease;
- Diesel (0.005% sulphur): 147.41 c/l decrease;
- Illuminating Paraffin (wholesale): 133.41 c/l decrease;
- SMNRP for IP: 178.00 c/l decrease;
- Maximum LPGas Retail Price: 243.00 c/kg decrease

The main reasons for the fuel price adjustments are due to:

## 1. The contribution of the Rand/US Dollar exchange rate

The Rand appreciated, on average, against the US Dollar (from 14.79 to 13.67 Rand per USD) during the period under review when compared to the previous one. The led to lower contributions to the Basic Fuel Prices of petrol,

diesel and illuminating paraffin by 18.50 c/l, 21.53 c/l and 21.66 c/l respectively.

## **2. The prices of crude oil**

The average Brent Crude oil price decreased from 81.15USD to 65.79USD per barrel during the period under review. The main contributing factors were (a) the start-up of Nghi Son refinery in Vietnam, and a new RFCC at Onsan refinery in South Korea which contributed to increased supply of crude oil and (b) the USA stock levels remain high and weak export economics into the Atlantic Basin persist. The demand is expected to fall throughout the remainder of the year.

## **3. Import prices of Petroleum Products**

The international prices of all the petroleum products decreased on average during the period under review. This led lower contributions on the Basic Fuel Prices of petrol, diesel and illuminating paraffin by 174.00 c/l, 130.00 c/l and 116.00 c/l respectively.

## **4. Annual adjustment of the Industry Margins**

In line with the application of the Regulatory Accounts System the Minister of Energy has approved a net increase of 7.70 c/l in the annual margin adjustments on petrol and a net increase of 4.59 cents per litre on diesel and illuminating paraffin wholesale prices, with effect from 05 December 2017

## **5. Adjustment to the Maximum Retail Price of LPGas**

The Minister of Energy has also approved the adjustment of some of the pricing elements of the Maximum Retail Price structure of LPGas by 65.00 c/kg increase with effect from 5 December 2018.

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