

Fuel price jumps up in Level 3 lockdown

The price of fuel for the month of May has been the lowest this year, however, this will change from Wednesday, 3 June 2020. The retail price of all grades of petrol will increase by R1.18 cents per litre, whereas diesel will increase by 22 cents.



Source: pixabay.com

Based on current local and international factors, the fuel prices for June 2020 will be adjusted as follows:

- Petrol (both 93 ULP and LRP): (118.00c/l) increase;
- Petrol (both 95 ULP and LRP): (118.00 c/l) increase;

- Diesel (0.05% sulphur): (00.22 c/l) increase;
- Diesel (0.005% sulphur): (00.21 c/l) increase;
- Illuminating Paraffin (wholesale): (00.40 c/l) increase;
- SMNRP for IP: (00.54 c/l) increase;
- Maximum LPGas Retail Price: (198.00 c/kg) increase

Factors

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

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

The Rand appreciated slightly, on average, against the US Dollar (from 18.47 to 18.17 Rand per USD) during the period under review when compared to the previous one. This led to lower contributions to the Basic Fuel Prices of petrol, diesel and illuminating paraffin by over 6.00 c/l.

2. The increase in the prices crude oil

The average Brent Crude oil price increased from 20.00 USD/barrel to 27.63 USD/barrel. The main reason for the higher oil prices is that OPEC, Russia and other oil-producing nations agreed to reduce oil production by about 10 million barrels per day during a meeting in April 2020. This effectively removed about 10% of the global supply of oil.

3. The Petroleum Products Prices

On the finished products, the international prices of all refined petroleum products also increased following that of crude oil resulting in average under-recoveries of over 125.87 c/l on petrol and 28.90 c/l on diesel and 46.41 c/l on Illuminating Paraffin. The demand for refined products also increased as the easing of lockdown started in the US and other countries.

It is important to note that the price of petrol is still on average R2.00 lower than it was at the beginning of the lockdown.

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