

Get ready for prolonged fuel price increases, warns economics academic

Meshel Muzuva, a finance and economics lecturer at Mancosa, says that South African motorists will have to contend with sky-high petrol and diesel prices for some time. The looming increase in fuel prices from 7 July is due to the international price of oil, which has skyrocketed over the past month, resulting in higher costs for petroleum products.



Oil prices are trading at approximately \$75 (R1,066) a barrel and are close to their highest level since 2018. The increase in petrol and diesel prices is a direct consequence of the sharp increase in global world crude oil prices, which in turn is a result of the key global economies like the USA, Europe and China swinging back into work mode after the impact of the pandemic. Even some marginal gains on the Rand were unable to control the impact of higher oil prices, says Muzuva.

“With these global trends, oil prices are not expected to fall anytime soon. So South African motorists will have to deal with high prices unless the government decides to reduce the taxes on fuel which account for 36% of fuel costs.



Fuel price hike for July

Imran Salie 29 Jun 2021



“Consumers are being placed under increasing pressure to keep up, especially the poor and vulnerable who use paraffin for cooking, lighting and heating.

“With the country being in lockdown the fluctuating fuel costs will see many South Africans burning even larger holes in their pockets, with many spending considerable amounts of their income on fuel costs restricting their spending potential in other, sometimes necessary, areas,” says Muzuva.

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