

Fuel prices may drop in January

Fuel prices may bring welcome news in January after the exchange rate has appreciated significantly due to the election of Cyril Ramaphosa as the new president of the ANC, says independent economist Fanie Brink.



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According to the latest information from the Department of Energy, the prices of gasoline 93 (ULP and LRP) in Gauteng on Wednesday, 3 January 2017 could possibly decrease by 7,8 cents per litre and the price of diesel with a 0,005% sulphur content possibly by 7,1 cents per litre, despite the fact that the international price of crude oil has risen to almost \$65 a barrel over the last two weeks, the highest level since April 2015.

The work on one of the most important oil pipelines in the world, the North Sea oil pipeline, which will take two weeks to repair a crack, has put pressure on the Brent crude oil price. The members of the Organisation for Petroleum Exporting Countries also decided two weeks ago to extend their agreement to reduce their production further from April next year until the end of 2018.

Because of this further increase in the crude oil price, it is expected that the average international price of gasoline may increase by 16,0 cents per litre in January and the diesel price by 17,7 cents per litre.

The daily average R/\$ exchange rate that has strengthened to almost R/\$13 over the last two weeks is expected to result in a decrease of 23,8 cents per litre in the gasoline price and 24,8 cents per litre in the diesel price.

The final price changes will be announced by the Minister of Energy. Source: Department of Energy.

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