

AA warns of a fuel price shock for April 2022

The Automobile Association (AA) has commented on monthly fuel data released by the Central Energy Fund (CEF), saying that South Africans can expect record fuel price increases in April. The current data is projecting fuel prices to touch on R24/l for petrol and R23.60 for diesel.



Source: Nuttakit Sukjaroensuk - [123RF.com](https://www.123RF.com)

Based on the current data, 95 octane petrol is set to increase by R2.15/l, 93 octane is expected to climb by R2.07/l, diesel by between R2.94/l and R3.08/l and illuminating paraffin by R2.51/l.

"If realised at month-end, these will be the biggest increases to fuel prices in South Africa's history and will, undoubtedly, have major ramifications for all consumers and the economy in general. We must note, though, that this is the mid-month outlook, and oil prices are, for the moment, see-sawing significantly so there may yet be some relief before the official adjustment by the Department of Mineral Resources and Energy is made going into April.



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"The main driver behind the increases is the movement in international oil prices which have soared to record levels in recent weeks because of the conflict in Ukraine and concerns over Russian oil supplies. Russia is the third top producer of crude oil and supply worries are seen in increased oil prices," the AA said.

Based on the current data, the increase in oil prices is contributing 98% to the predicted price hikes, with the Rand – which stabilised around R15.11 to the US dollar, contributing the other 2%. Effectively, though, the Rand's value against the US dollar is having a nominal impact on the price of fuel locally.

"We are seeing record fuel prices around the world as the high oil prices exact their toll in every market. Locally there is little to cushion the blow for millions of South Africans who are struggling to cope with a fragile economy that is hurting their personal financial situation. Consumers should brace themselves and prepare for what is likely to be a long winter if the conflict in Ukraine is drawn out," the AA noted.

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