

Huge fuel price increase predicted for February 2021

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The Automobile Association (AA) is predicting a steep increase in the prices of petrol, diesel and paraffin for February 2021.



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Based on unaudited mid-month fuel price data released by the Central Energy Fund, the AA estimates petrol will increase by 80 cents a litre, diesel will increase of around 61 cents a litre, and illuminating paraffin for an increase of 63 cents.

"The problem is international oil prices, which have been consistently climbing with each passing day," the AA says. "A general increase in positive sentiment as Covid-19 vaccines are rolled out has combined with upticks in global economic activity, pushing up demand for oil - and taking prices with it."

Thankfully, we have the current Rand/US Dollar exchange rate which has been relatively stable. "Despite some wild swings in the daily exchange rate, and the average rate creeping up from around R14.60 to just over R15, only four cents of the substantial predicted increases come from Rand weakness."

"With the Rand relatively strong by recent standards, the only hope for a reprieve relies on a pullback by oil. Unfortunately, the trend lines suggest that the situation may deteriorate further before month-end," the AA concludes.

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