

REPORT: DAILY FUEL PRICE EXPECTATION

Date: 10 November 2014

FUEL PRICE EXPECTATIONS FOR NOVEMBER 2014

For any queries, please contact:

Wandile Sihlobo at Tel: +2786 004 7446 or Email: wandile.sihlobo@grainsa.co.za

Early forecasts from the Central Energy Fund show that on the 3rd of December 2014, petrol and diesel prices might respectively decrease by 72 and 59 cents per litre.

The domestic fuel prices are mainly influenced by the international product prices, as well as the exchange rate movements. Currently, both of these factors are contributing to the expected fuel price decreases (*see table below*).

ANALYSIS MOVEMENT OF AVERAGE OVER/ (UNDER) RECOVERY			
	Petrol 95	Diesel 0.05%	Diesel 0.005%
Movement in International Product Prices	71.276	58.991	58.888
Movement in Exchange Rate	0.267	0.277	0.280
Average Unit Over/ (Under) Recovery	71.543	59.268	59.168

Source: Central Energy Fund

The rand has slightly firmed against the US dollar after US jobs data came out weaker than the market expectations. The US Department of Labour reported Friday that the economy created 214,000 jobs in October, falling below Wall Street expectations of 243,000. At mid-day (12:00pm), the rand was trading around R11.1988 to the US dollar.

Brent crude price gained a bit of support at the back of US jobs data. The US unemployment rate dropped to 5.8%, down from 5.9% the previous month. Additionally, there are expectations for a surge in fuel demand during winter month in the northern hemisphere. There are also fears of geopolitical tension in the Ukraine-Russia region, following reports of violence in the eastern Ukraine. Russia is one of the world's major oil producing countries.

Disclaimer: The information herein has been obtained from various sources, the accuracy and/or completeness of which Grain SA does not guarantee and for which Grain SA accepts no liability. Any prices or levels contained herein are preliminary and indicative only and do not represent bids or offers. These indications are provided solely for your information and consideration.