

Fuel Prices

June 2015

<i>\$TOP</i>	Jun 15	May 15	Apr 15	Mar 15
Petrol	2.50	2.36	2.32	2.25
Diesel	2.43	2.32	2.30	2.30
Kerosene	1.84	1.73	1.70	1.74

**Rounding errors may not show exact changes*

Domestic fuel prices continue to rise

Retail prices for all fuel types continued to increase over June. Petrol prices increased by 14 seniti, Diesel prices by 11 seniti, and Kerosene prices by 11 seniti. These new price changes were higher than the monthly increase over May and became effective on Tuesday, 16th June 2015. The rise in domestic fuel prices reflects the 11.7% increase in Brent Crude Oil prices from April to May. Additionally, the statement released by the Ministry of Commerce, Tourism and Labour stated that the freight rate rose and the Tongan Pa'anga depreciated over May, further contributing to the increase in domestic prices. This movement in fuel prices equate roughly to a 0.3 percentage point addition to the monthly inflation.

However, over the year, domestic fuel prices were lower than June 2014. Specifically, Petrol prices had decreased by 38 seniti, Diesel by 49 seniti, and Kerosene by 44 seniti. The decline in year-ended prices was driven by the weak global oil prices. This equates roughly to a 0.8 percentage point subtraction from the annual headline inflation.

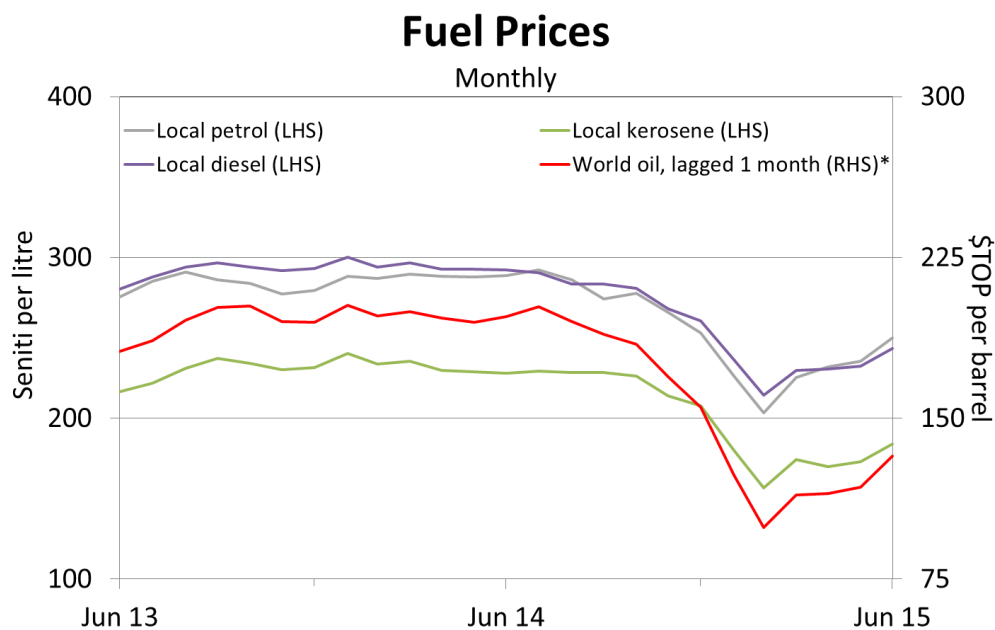
Looking forward, NRBT expects domestic fuel prices to rise again in mid-July 2015. According to Reuters, analysts predict prices will resume to normal by second half of the year. However, there is an expected recovery in U.S. production and the chance of extra Iranian volumes hitting the market which will keep prices under pressure. Reuters has kept its forecast of Brent oil price for 2016 relatively stable at US\$70.90 up from the current level of US\$64. However, the movement of global oil prices remain uncertain due to conflicting expectations for production and the high supply of product stocks.

	Fuel Prices					
	As at mid-month (\$T/litre)				Year-ended growth^ (%)	
	Jun 15	May 15	Apr 15	Jun 14	Jun 15	Jun 14
Petrol	2.50	2.36	2.32	2.89	-11.95	1.95
Diesel	2.43	2.32	2.30	2.92	-13.40	2.09
Kerosene	1.84	1.73	1.70	2.28	-14.74	2.49
World oil price*	126.58	131.22	112.83	199.91	-25.91	6.28

* Converted to TOP, per barrel; ^ Average over the year percentage change

Please note: rounding errors may not show exact changes

Sources: Reuters; Ministry of Commerce, Tourism and Labour



* Average price, month-ended

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