



## **PRESS RELEASE**

### **NEW FUEL AND LPG PRICES**

**FRIDAY 30 JULY 2021**

The Fijian Competition and Consumer Commission (FCCC) has determined the new regulated prices of Unleaded Petrol, Premix, Kerosene, Diesel and LPG for August 2021.

The new Fuel and LPG prices comes into effect from **Sunday, 1 August 2021** and are as follows:

#### **Retail Fuel Prices**

- Motor Spirit from \$2.41 to \$2.46 per litre, an increase of 5 cents per litre;
- Premix from \$2.03 to \$2.08 per litre, an increase of 5 cents per litre;
- Kerosene from \$1.47 to \$1.63 per litre, an increase of 16 cents per litre; and
- Diesel from \$1.97 to \$2.05 per litre, an increase of 8 cents per litre.

#### **Retail LPG Prices**

- 4.5kg Cylinder from \$13.08 to \$13.78, an increase of 70 cents per 4.5kg Cylinder;
- 12kg Cylinder from \$34.88 to \$36.74, an increase of \$1.86 per 12kg Cylinder;
- 13kg Cylinder from \$37.79 to \$39.80, an increase of \$2.01 per 13kg Cylinder;
- Bulk Gas from \$2.47 to \$2.60, an increase of 13 cents per kg; and
- Autogas from \$1.65 to \$1.74, an increase of 9 cents per litre.

The Fuel and LPG price review implemented by FCCC follows a one-month lag period, as such the August 2021 Fuel and LPG regulated prices are based on the importations made in June 2021 by the Fuel and LPG Companies in Fiji.

#### **Fuel Price Change Reasons**

The Fuel price in Fiji is impacted by the movement in Means of Platts Singapore (MOPS), the international freight rate and the exchange rate. The fluctuations noted in local fuel prices for August 2021 are due to unfavourable movements noted in the international prices for Motor Spirit, Premix, Kerosene and Diesel and favourable movements in the international freight rates for all refined oil products. These fluctuations in international prices and international freight rate were supported by the strengthening of the USD against the Fijian dollar based on June 2021 imports.

## **Crude Oil Market**

The crude oil rose firmly in June 2021, extending the previous month's gains due to the following reasons driven by demand factors:

1. Investors turned increasingly optimistic about the outlook for oil demand recovery and expectations of a stronger global oil market in the second half of 2021.
2. The market optimism was supported by accelerating vaccination rates in several countries and easing of travel restrictions.
3. A continued recovery in road transportation, specifically in the US and Europe, which coincided with the start of the holiday driving season.
4. Supportive economic data indicated higher vaccination rates and continued easing of COVID-19-related mobility restrictions further supported demand of crude oil product in June 2021.
5. A further global decline in new COVID-19 infections, including in India and other Asian countries added confidence to the market and brightened the oil demand outlook and supported oil prices higher.
6. The surge of daily infections of the COVID-19 Delta variant in several countries including in the UK, Russia, and some Asian and African countries however raised concerns about a potential reinstatement of travel restrictions and slowing oil demand recovery, which weighed on market sentiment and limited oil price gains.

On the supply side, the strengthening of the oil market was reflected in the continued drop of global oil stocks, specifically the sharp decline in US crude oil stocks in recent weeks. According to the US Energy Information Administration (EIA) report, US crude oil stocks fell for six consecutive weeks, declining by nearly 34 million barrels between the week to 14 May and the week to 25 June, amid limited growth of US oil supply and higher refinery intakes. The decision of OPEC and non-OPEC producers in the Declaration of Cooperation (DoC) on 1 June to maintain their production adjustments unchanged for July 2021 added further support to the oil market in June 2021.

Furthermore, the US dollar strengthened against other main currencies after the Federal Reserve signaled to raise interest rates, which also had limited oil price gains. By late June, the US dollar index rose to its highest since mid-April against a basket of other currencies. These global economic factors in June 2021 contributed to the change in the local Fijian prices for refined oil products which will be effective from 1 August 2021.

## **LPG Price Change Reasons**

The LPG price in Fiji is impacted by the movement in Saudi Aramco Butane Contract Price (CP), the international freight rate and the exchange rate.

The major reasons for the movement in prices for all LPG products in August 2021 in Fiji are due to the unfavourable movement of Saudi Aramco Butane CP and the international freight rate. These fluctuations in Saudi Aramco Butane CP and the international freight rate were supported by the strengthening of the USD against the Fijian dollar based on June 2021 imports.

The demand for Middle East LPG cargoes in Asia helped support the butane CPs to increase in June 2021. Platts has stated that the healthy Middle East supply, with major producers accepting June nominations without cuts, helped offset the relative shortfall of US LPG due to multiple cancellations of June-loading cargoes.

According to world industry experts, the surging LPG prices had been due to the tightening demand for the commodity as global economies recover from Covid-19 lockdowns and more roll-out of covid-19 vaccine in big economies, whereby China, the United States and European nations have been leading the recoveries in their fight against the global pandemic. These international market forces impacted the price of LPG products in the Fijian market.

Fiji is directly impacted by the world market prices for both refined oils and LPG. As such, any changes to the world market prices will be reflected in Fuel and LPG prices in Fiji. The FCCC will conduct the next Fuel and LPG price review on 1 September 2021.

**For more information/details on this please contact the FCCC at their Facebook page: <https://www.facebook.com/FijianCCC/>, on their website: [www.fccc.gov.fj](http://www.fccc.gov.fj) or call 8921991.**

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