

MEDIA RELEASE

New Fuel and LPG Prices for July 2024

Friday, 28 June 2024

The Fijian Competition and Consumer Commission (FCCC) has determined the new regulated price for Unleaded Petrol (Motor Spirit), Premix, Kerosene, Diesel and LPG products for July 2024. The new prices come into effect from **Monday, 1 July 2024** and are as follows:

Table 1: New Approved Retail Fuel Price for July 2024.

Product	Current Price (Until 30 June 2024)	New Approved Price (From & Including 1 July 2024)	Price Change (Decrease)	
			(\$)	(%)
Motor Spirit	\$3.08 (VIP)	\$2.91 (VIP)	\$0.17	-5.52 %
Premix	\$2.92 (VIP)	\$2.74 (VIP)	\$0.18	-6.16 %
Kerosene*	\$2.02 (VAT exempt)	\$1.91 (VAT exempt)	\$0.11	-5.45 %
Diesel	\$2.63 (VIP)	\$2.50 (VIP)	\$0.13	-4.94 %
Note: <i>*Kerosene price is the VAT exempt price.</i>				

Table 2: New Approved Retail LPG Prices for July 2024.

Product	Current Price (Until 30 June 2024)	New Approved Price (From & Including 1 July 2024)	Price Change (Decrease)	
			(\$)	(%)
4.5 Kg Cylinder*	\$15.55 (VAT exempt)	\$15.05 (VAT exempt)	\$0.50	-3.22 %
12 Kg Cylinder*	\$41.47 (VAT exempt)	\$40.12 (VAT exempt)	\$1.35	-3.26 %
Bulk** (Kg)	\$3.20 (VEP)	\$3.10 (VEP)	\$0.10	-3.13 %
Autogas*** (Litre)	\$2.24 (VIP)	\$2.17 (VIP)	\$0.07	-3.13 %
Note: <i>* Cylinder price is VAT exempt price.</i> <i>**Bulk price is Wholesale VAT exclusive price (VEP).</i> <i>*** Autogas retail price is VAT inclusive price (VIP).</i>				

The Fuel & LPG product price review in Fiji follows a one-month lag period. Therefore, the local Fuel and LPG prices for July 2024 are based on Refined Fuel and Butane imports made by Fuel and LPG companies in May 2024.

FCCC CEO, Joel Abraham, emphasised the importance of maintaining prudent fuel usage habits despite price changes.

"Even though we are seeing a decrease in fuel prices now, it is important for everyone to remain mindful of their fuel usage. Being conscious of our consumption is not only financially wise but also supports our collective efforts to protect the environment."

Fuel Price Change Factors

Fuel prices in Fiji are impacted by movements in the Means of Platts Singapore (MOPS), international freight rates and foreign exchange rates. The major reason(s) for the fluctuations noted in the prices of refined fuel products in the Fijian market in July 2024 based on May 2024 imports are due to the following reasons:

A. Motor Spirit and Premix

The price of motor spirit and premix is based on same the international refined price and international freight benchmarks. FCCC's independent analysis revealed that price of motor spirit and premix will decrease in July 2024 due to the following factors:

- a. Favourable movement was noted in the international refined fuel price of motor spirit, that is the cost price of refined motor spirit decreased compared to last month's review.
- b. Unfavourable movement was noted in the international freight rate marker for motor spirit, that is international freight rate marker increased when compared to last month's review.
- c. The US dollar weakened against the Fijian dollar for motor spirit and premix.

B. Kerosene and Diesel

The price for kerosene and diesel will decrease in July 2024 in the Fijian market, and this has been attributed to the following factors:

- a. Favourable movement was noted in the international refined fuel price of kerosene and diesel, that is, the cost price of refined kerosene and diesel decreased compared to last month's review.
- b. Unfavourable movement was noted in the international freight rate marker for kerosene and diesel, that is international freight rate marker increased when compared to last month's review.
- c. The US dollar weakened against the Fijian dollar for kerosene and diesel.

Crude Oil Market

The crude oil prices averaged lower in May 2024, with OPEC reference basket declining by 6.2%, reversing all previous gains, mainly due to heavy selling in the crude oil market and changes in the market's perception of short-term oil market outlooks. The crude oil price decreased in May 2024 due to the following reasons:

- a. The crude oil market experienced a significant decline in May 2024, amid speculative selloffs, expectations of easing geopolitical risks, uncertainty about monetary policies from central banks, and mixed economic indicators that weighed on market sentiment.
- b. There was uncertainty in the monetary policies from central banks, specifically the US Federal Reserve (Fed), amid the potential for prolonged higher interest rates and ongoing inflation.
- c. There was weaker-than-expected US GDP growth in the first quarter of 2024 (Q1, 2024) and disappointing jobs data, which further dampened market sentiment, with uncertainty surrounding the direction of the Fed's monetary policy weighing particularly heavily on the market.
- d. There was uncertainty regarding the strength of China's economic and demand growth in May 2024.
- e. Speculative selloffs throughout the month of May 2024 contributed to a crude oil price decline, as crude oil supply increased in comparison to the demand for the crude oil which further increased market volatility.
- f. Traders' perceptions of easing geopolitical tensions played a significant role in reducing risk premiums, which alleviated some upward pressure on oil prices.
- g. A timid start to the driving season with lower gasoline and middle distillate margins in the Atlantic Basin also weighed on market sentiment in May 2024.

The US Energy Information Administration (EIA) weekly data showed a decline in the US gasoline demand ahead of the Memorial Day holiday weekend, which added to the overall bearish sentiment in the refining margins outlook. This was coupled with a solid month-on-month increase in the US crude production and the supply concerns connected to wildfires in Canada. These global economic factors in May 2024 contributed to the changes in the local Fijian prices for refined fuel products for which the prices will be effective from 1 July 2024.

LPG Price Change Factors

The FCCC used the May 2024 Saudi Aramco Butane Contract Price (CP), international freight rates and foreign exchange rate to determine the local LPG product prices for July 2024. The price for LPG products will decrease in July 2024 in the Fijian market and major contributors of LPG product price changes in July 2024 are as follows:

- a. Butane Contract Price (CP) decreased from USD 620/MT to USD 585/MT or 5.65% when compared to last review,
- b. The average international freight increased when compared to the last review, and
- c. The exchange rate weakened against the USD dollar when compared to the last review.

Butane Contract Price Movement

Saudi Arabia's state-controlled Saudi Aramco lowered Propane Contract Prices (CP) from USD 615.00/tonne in April 2024 to USD 580.00/tonne in May 2024, while Butane Contract Price decreased from USD 620.00/tonne in April 2024 to USD 585.00/tonne in May 2024, respectively, down from the previous month. The end of seasonal refinery maintenance in the first quarter of 2024, coupled with falling demand in the summer, pressured prices to further decrease in May 2024 for both Propane CP and Butane CP.

The primary driver behind this price drop was an abundance of LPG on the global market. Several factors contributed to this oversupply. The first quarter traditionally saw periodic refinery maintenance, which sometimes led to temporary shortages. However, in 2024, the maintenance concluded without causing disruptions, leaving the market well-stocked. Moreover, the transition from winter to summer in Asia, a major LPG consumer, resulted in a decline in demand for heating fuel. This lessened demand created an imbalance between supply and consumption.

The switch from winter-grade to summer-grade gasoline also played a role. Butane, a key component of LPG, became less valuable as the blending sector, responsible for creating gasoline specifications, which led the large firms to adjust their prices negatively.

Following the Ramadan celebration, May 2024 saw a smooth supply chain operation for LPG in Saudi Arabia due to the opening and successful operation of multiple firms in the market. Since more readily available stockpiles were registered during this period than previously, lower production costs for LPG were achieved concurrently with a decline in the price of the feedstock, crude oil. This, together with a large number of businesses operating and a high level of industrial activity, improved LPG availability generally during this period.

Asian LPG prices lagged gains in crude benchmarks as supply exceeded demand in the run up to the summer. In May 2024, the US exported nearly 2.9 million tonnes of LPG to Asia-Pacific, up 29% (percent) from the same month last year. While China's import appetite grew by 21% (percent) during the first four months of 2024, rising supply was also seen from the Mideast Gulf region, where producers increased exports by 4.7% (percent) over the same period.

The front-month Asian propane-naphtha spread averaged USD 93.00/tonne discount in April 2024, which led crackers to maximize the use of LPG. Ethylene makers from China and South Korea snapped up May and June 2024 shipments of propane and butane as operating rates

stayed above 81% (percent) in the wake of firm ethylene prices. These international market forces impacted the price of Butane and Propane Contract Price in May 2024 and LPG products prices in the Fijian market in July 2024.

Enforcement and Compliance

As part of the FCCC's enforcement and compliance of fuel prices, our Enforcement Team will conduct inspections at wholesale / retail outlets and service stations to ensure prices of authorised petroleum and LPG products comply with the allowable maximum prices. The following FCCC officers will conduct inspections in various divisions:

- The Central team** can be reached via mobile phone number 9984035.
- The Western Team** can be reached via mobile phone number 8911623 or 9982437 for **Sigatoka residents**.
- The Northern Team** can be reached via mobile phone number 9984983.

The prices issued by FCCC are maximum wholesale and retail prices, and the wholesalers and retailers can sell the refined fuel and LPG products on the maximum wholesale and retail prices or below the authorised prices. The inspectors will continue to conduct checks during the coming weeks to ensure ongoing compliance.

Consumers are advised to report any instances of unfair trading practice, such as hoarding and overcharging by traders to the FCCC enforcement teams via mobile phone 8921991 or via email at helpdesk@fccc.gov.fj. Our regional offices, located in the Western Division can be contacted on 8911623 (9982437 for Sigatoka residents) and Northern Division can be contacted via mobile on 8911624.

Follow FCCC on Facebook at www.facebook.com/FijianCCC/ for the latest update.

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