



MEDIA RELEASE

New Fuel and LPG Prices for August 2024

Wednesday, 31 July 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 August 2024. The new prices come into effect from **Thursday, 1 August 2024** and are as follows:

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

| Product | Current Price (Until 31 July 2024) | New Approved Price (Effective 1 August 2024) | Price Change Increase / (Decrease) | |
|--|---------------------------------------|---|---------------------------------------|---------|
| | | | (\$) | (%) |
| Motor Spirit | \$2.91 (VIP) | \$2.87 (VIP) | (\$0.04) | (1.37)% |
| Premix | \$2.74 (VIP) | \$2.71 (VIP) | (\$0.03) | (1.09)% |
| Kerosene* | \$1.91 (VAT exempt) | \$1.95 (VAT exempt) | \$0.04 | 2.09% |
| Diesel | \$2.50 (VIP) | \$2.52 (VIP) | \$0.02 | 0.80% |
| Note: <i>*Kerosene price is the VAT exempt price and Zero rated.</i> | | | | |

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

| Product | Current Price (Until 31 July 2024) | New Approved Price (Effective 1 August 2024) | Price Change (Decrease) | |
|---|---------------------------------------|---|-------------------------|---------|
| | | | (\$) | (%) |
| 4.5 Kg Cylinder* | \$15.05 (VAT exempt) | \$14.73 (VAT exempt) | (\$0.32) | (2.13)% |
| 12 Kg Cylinder* | \$40.12 (VAT exempt) | \$39.28 (VAT exempt) | (\$0.84) | (2.09)% |
| Bulk** (Kg) | \$3.10 (VEP) | \$3.03 (VEP) | (\$0.07) | (2.26)% |
| Autogas*** (Litre) | \$2.17 (VIP) | \$2.12 (VIP) | (\$0.05) | (2.30)% |
| Note: <i>* Cylinder price is VAT exempt price. **Bulk price is Wholesale VAT exclusive price (VEP). *** 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 August 2024 are based on Refined Fuel and Butane imports made by Fuel and LPG companies in June 2024.

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 August 2024 based on June 2024 imports are due to the following reasons:

A. Motor Spirit and Premix

The price of motor spirit and premix is based on same international refined price and international freight benchmarks. FCCC's independent analysis revealed that price of motor spirit and premix will decrease in August 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 market for motor spirit, that is international freight rate market increased when compared to last month's review.
- c. The US dollar weakened against the Fijian dollar for motor spirit, while the US dollar strengthened against the Fijian dollar for premix, as price setters for motor spirit and premix were not same in August 2024.

B. Kerosene and Diesel

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

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

Crude Oil Market

The global economic factors in June 2024 which contributed to changes in the local Fijian prices for refined fuel products in August 2024 are noted as follows:

- a. North Sea Dated and West Texas Intermediate (WTI) crude oil prices showed a recovery in the second half of June 2024. This upward movement was primarily linked to strong purchasing activities from physical trading houses, and improved market sentiment regarding physical market fundamentals for crude fuel grades.
- b. Crude oil futures faced selling pressure in the first week of June 2024, reflecting traders' expectations and speculative activities.

- c. Additionally, a rise in US crude stocks in two out of the first three weeks of June 2024, combined with a drop in refining margins, particularly gasoline margins, limited the upward momentum of light sweet spot benchmarks.
- d. Medium sour crude in the East of Suez market faced downward pressure due to increasing availability in the spot market, resulting in a decline in prices for medium sour grades.
- e. Crude oil differentials of light sweet grades mostly strengthened in June 2024, maintained by firm demand in the spot crude market and reduced availability of prompt loading cargoes.
- f. Market sentiment was additionally dampened by mixed economic data from the US and China, along with comments from the US Federal Reserve (the Fed) indicating it was too early to consider rate cuts.
- g. US Energy Information Administration (EIA) weekly data reported weak fuel demand in the US and an unexpected build in gasoline and distillate stocks amid the onset of the summer holiday and driving season, which added downward pressure in the gasoline market.
- h. However, oil futures prices rebounded in the second week of June 2024 and continued to recover gradually in the second half of the month to levels recorded in late April 2024 and early May 2024.
- i. The recovery was primarily driven by a change in market sentiment on the global oil supply and demand outlook and by a technical correction, as speculators looked to close a large volume of short positions.

Upward price momentum was further supported by a risk-on sentiment in broader financial markets, the European Central Bank's (ECB's) decision to cut interest rates, and weaker-than-expected US retail sales data in May 2024, which increased the likelihood of the Fed cutting interest rates next quarter. Additionally, the physical market in the Atlantic Basin showed growing signs of strength following renewed demand from European refiners as the heavy maintenance season ended. These global economic factors in June 2024 contributed to the changes in the local Fijian prices for refined fuel products for which the prices will be effective from 1 August 2024.

LPG Price Change Factors

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

- a. Butane Contract Price (CP) decreased from USD 585/MT to USD 565/MT or 3.42% when compared to last review,
- b. The average international freight decreased 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 maintained the June 2024 Propane Contract Price (CP) at USD 580/MT, unchanged from the previous month, to reflect strong demand and limited supply. The June 2024 Butane Contract Price (CP) was lowered from USD 585/MT to USD 565/MT, by USD 20/MT, rendering the propane-butane differential at USD 15/MT.

Higher butane exports from the United States in May 2024 led to an oversupplied Butane market in June 2024 as Asia buyers focused on procuring Propane as opposed to Butane to feed Chinas Propane Dehydrogenation (PHD¹) sector.

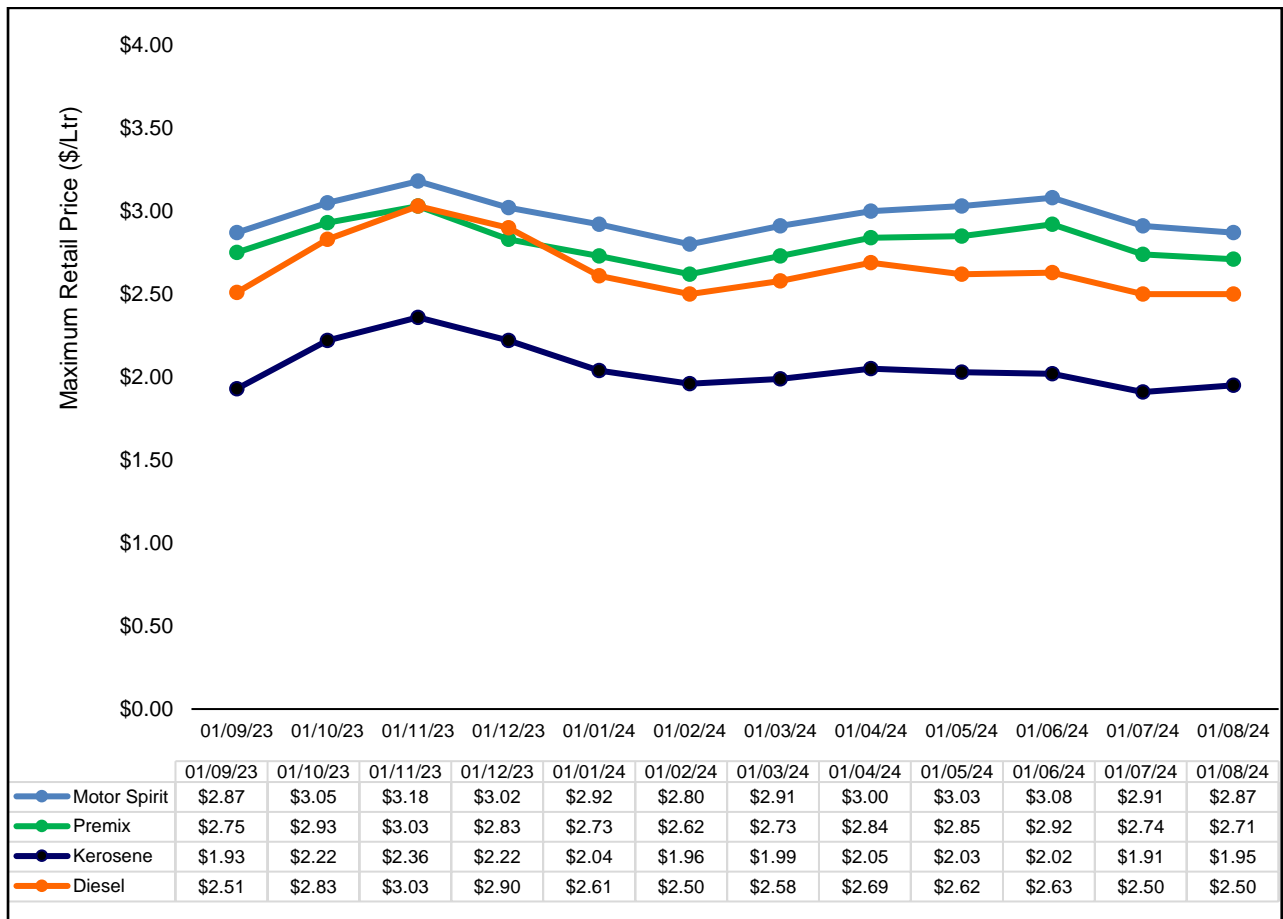
The global propane prices firmed in June 2024 owing to strong import demand from China. Rebounding domestic polypropylene prices in China stimulated importer's appetites as they increased the operating rates at PDH plants to 75 percent in June 2024, demanding more propane feedstock. Chinese polypropylene futures prices jumped to a six-month high after Beijing announced stimulus measures for the property sector in mid – May 2024.

Propane prices were also impacted by a supply crunch in June 2024 shipments to Asia due to transit delays of US cargoes in May 2024. The availability of propane loading from the Mideast Gulf was limited owing to gas plant maintenance and higher domestic consumption in producing countries. These international market forces impacted the price of Butane and Propane Contract Price in June 2024 and LPG products prices in the Fijian market in August 2024.

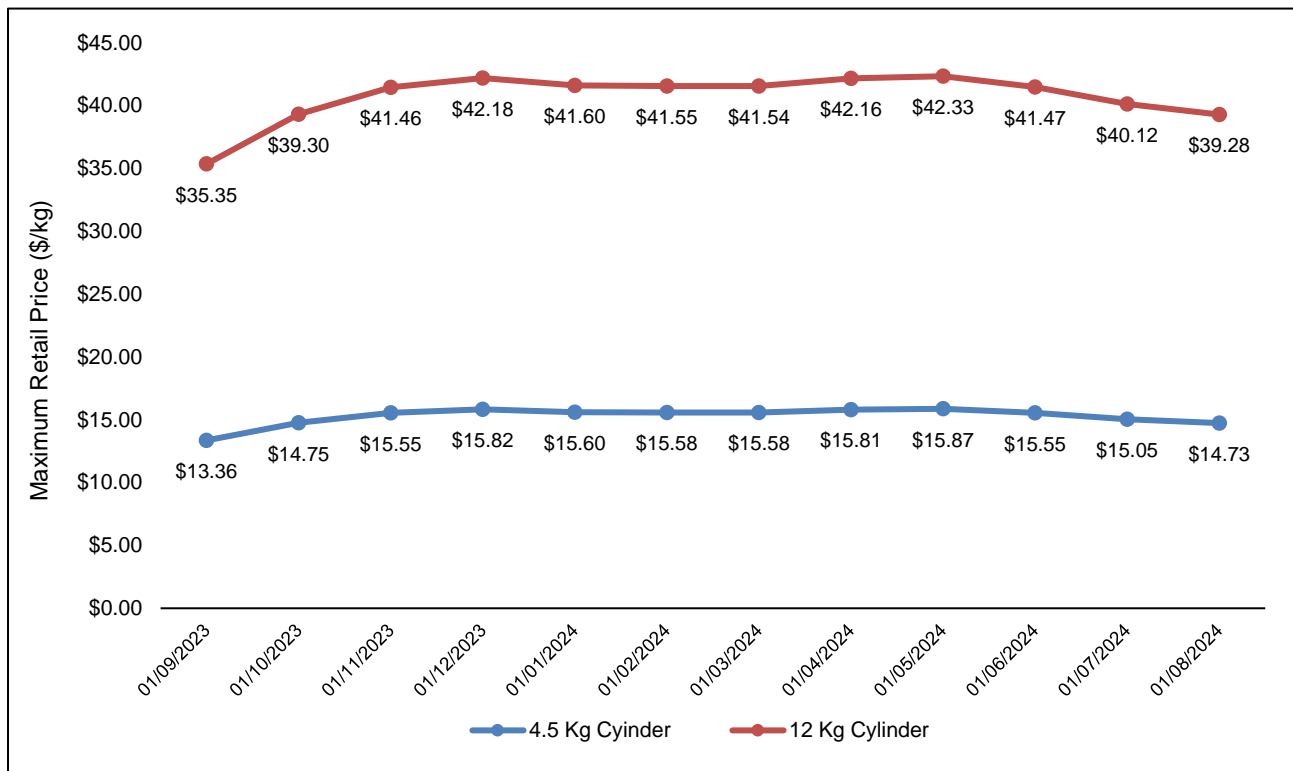
The graphs below illustrate fuel products and LPG 4.5kg & 12kg cylinder price movement from January 2023 to August 2024.

¹ **Propane dehydrogenation (PDH)** industry is revolutionizing the petrochemical industry worldwide. PDH plants convert propane feedstock into propylene, a highly sought-after raw material used in the production of various chemicals and plastics. The demand for propylene has been growing rapidly, outpacing the supply from traditional sources like steam crackers and refineries.

Graph 1: Maximum Retail Price for Refined Fuel Price Products from 1 Jan 2023 to 1 Aug 2024.



Graph 2: Maximum Retail Price of 12kg and 4.5kg Cylinder in Fiji from 1 Jan 2023 to 1 Aug 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@fcc.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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