



## mineral resources & energy

Department:  
Mineral Resources and Energy  
REPUBLIC OF SOUTH AFRICA

### **MEDIA STATEMENT**

## **MINISTER OF MINERAL RESOURCES AND ENERGY, MR GWEDE MANTASHE, ANNOUNCES ADJUSTMENT OF FUEL PRICES EFFECTIVE FROM THE 5<sup>TH</sup> OF OCTOBER 2022**

The Minister of Mineral Resources and Energy, Mr Gwede Mantashe, announces the adjustment of fuel prices based on current local and international factors with effect from the 5<sup>th</sup> of October 2022.

South Africa's fuel prices are adjusted on a monthly basis, informed by international and local factors. International factors include the fact that South Africa imports both crude oil and finished products at a price set at the international level, including importation costs, e.g. shipping costs.

The main reasons for the fuel price adjustments are due to:

### **1. Crude oil prices**

The average Brent Crude oil price decreased from 94.00 US Dollars (USD) per barrel to 89.79 USD per barrel during the period under review. The main contributing factors are:

- (a) Low demand from China, although they're now slowly reopening their economy.
- (b) The release of crude oil stocks by the International Energy Agency (IEA) member countries and the US which assisted in supplementing tight supply and keeping the prices lower.
- (c) Saudi Arabia cutting oil prices to compete with cheaper oil sold by Russia.

- (d) Oil prices are dropping amid fears of global recession that could affect the demand for finished products.

## **2. International petroleum product prices**

The average international product prices of petrol, Illuminating Paraffin, diesel and LPG have decreased during the period under review due to the following reasons;

- (a) The high demand and continued low supply of diesel led to lower decrease of diesel prices compared to petrol.
- (b) Petrol prices decreased but at a lesser amount compared to the previous period as a result of lower inventories emanating from routine refinery maintenance season in the Northern Hemisphere.
- (c) The movement in product prices has led to lower contributions to the Basic Fuel Price of petrol ULP 95 by 159.99 c/l, ULP 93 by 145.71 c/l, illuminating paraffin was 133.99 cents per litre and diesel 500ppm and 50ppm by 64.83 c/l and 60.88 c/l respectively.

## **3. Rand/US Dollar exchange rate**

- 3.1 The Rand depreciated on average against the USD, (from 16.70 to 17.55) Rand per USD, during the period under review when compared to the previous one. The Rand was at the weakest level against the USD since May 2020. The situation worsened due to the recent announcement by the US Federal Reserve to increase the interest rates by 75 basis points amid continued recession fears. This resulted in more demand and strengthening of the USD, while emerging market currencies were depicted as risky and the USD a safer currency to accumulate.
- 3.2 The weaker Rand led to higher contributions to the Basic Fuel Prices of petrol, diesel and illuminating paraffin by 57.36 c/l, 74.67 c/l and 72.55 c/l respectively.

## **4. Implementation of the Slate Levy**

- 4.1 The negative slate balance on petrol and diesel amounted to R9.7 billion in August 2022. The slate levy applicable in the price structures of petrol and diesel will thus remain unchanged at 83.28 cents per litre.

## 5 Octane differentials between 95 and 93 petrol grades

5.1 In line with the Working Rules to determine the Basic Fuels Prices (BFP), the 95 octane (unleaded) grade is the price-marker grade and the BFP-differential between 95 and 93 octanes is adjusted on the first Wednesday of each quarter. The BFP Octane differential has changed during the previous quarter and therefore the retail prices of 95 and 93 petrol octanes will be different in each fuel-pricing zone with effect from the 5<sup>th</sup> of October 2022.

Based on current local and international factors, the fuel prices for October 2022 will be adjusted as follows:

- ❖ Petrol (93 ULP and LRP): eighty-nine cents per litre (89.00 c/l) **decrease**;
- ❖ Petrol (95 ULP and LRP): one hundred and two cents per litre (102.00 c/l) **decrease**;
- ❖ Diesel (0.05% sulphur): ten cents per litre (10.00 c/l) **increase**;
- ❖ Diesel (0.005% sulphur): fifteen cents per litre (15.00 c/l) **increase**;
- ❖ Illuminating Paraffin (wholesale): sixty-one cents per litre (61.00 c/l) **decrease**;
- ❖ SMNRP for IP: eighty-two cents per litre (82.00 c/l) **decrease**;
- ❖ Maximum LPGas Retail Price: nineteen cents per kilogram (19.00 c/kg) **increase**; and

The fuel prices schedule for the different zones will be published on Tuesday, the 4<sup>th</sup> of October 2022.

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