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CEDI DEPRECIATION, WORLD OIL PRICES TO DRIVE FUEL PRICE BEYOND GH¢5 PER LITRE

REVIEW OF SEPTEMBER FIRST PRICING-WINDOW

Local Fuel Market Performance

The window under review saw prices of Gasoline and Gasoil remain unchanged as the Institute projected. Current national average prices of both Gasoline and Gasoil at the pump is GH¢4.90 and GH¢4.93 respectively. IES Market-scan shows Fraga, Benab, Frimps Oil, Zen Petroleum, Lucky Oil, and Alinco Oil among others sell the lowest-priced fuel on the market relative to other OMCs.

World Oil Market

As a result of strict tightening of sanctions against Iran by the United States, Analysts are projecting tighter oil markets between now and November even as militancy in Libyan terminals have risen. Average Brent crude price within the window has also shot up sharply from \$73.03 to \$77.52 per barrel. Prices of finished products based on Standard and Poor's Platts Benchmark, Gasoline and Gasoil prices have shot up by 5.01% and 1.64% respectively. Gasoil which was previously selling for \$653.33 per metric tonne is now trading at \$685.32 per metric tonne. Gasoline is also selling at \$747.23 per metric tonne up from its previous lower price of \$735.18 per metric tonne.

Local Forex and Fuel Stock

The Ghana Cedi continues to depreciate against major currencies; with the local currency depreciating 3.03% within two weeks against the US Dollar as IES Economic Desk's computed figures show. The Cedi which sold at GH¢4.80 at the last window is currently selling at GH¢4.95. Despite initial challenges with a Loading arm leakage and a TOR-Sahara inter-depot product transfer over the past Pricing-window that led to delays and change in discharge schedules, the country received 12,000 metric tonnes of LPG, 21,300 metric tonnes of Gasoline, 30,000 metric tonnes of Gasoil and 18,000 metric tonnes of ATK.

OUR PROJECTION FOR SEPTEMBER 2018 SECOND PRICING-WINDOW

Every single indicator IES examined is pointing to an increment in local fuel prices for September 2nd Pricing-window. Brent crude is up by 6.2%; finished products prices have shot up by 1.64% and 5.01% for Gasoline and Gasoil respectively. The Cedi has depreciated by over 3% against the dollar within the period. While it remains a viable possibility that competition over market volumes could see some OMCs keep prices stable, the Institute projects that fuel prices will cross GH¢5 per litre. It is our considered proposition that given how ineffective the Price Stabilization and Recovery Levy (PSRL) under the National Petroleum Authority (NPA) has been in stabilizing fuel prices at the pumps, there is the need for government to take a strong decision on scrapping the Special Petroleum Tax in the Price Build Up (PBU) to provide relief to the Ghanaian public.

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