

Fuel Prices

August 2014

Release date: 28 August 2014

\$T	Aug 14	Jul 14	Jun 14	May 14
Petrol	2.86	2.92	2.89	2.88
Diesel	2.83	2.90	2.92	2.93
Kerosene	2.28	2.29	2.28	2.29

All domestic fuel prices decline in August

The retail price for all fuel products fell in August. This follows July's 3.4 per cent decline in world oil prices, which usually passes through to domestic prices with a one month lag. According to the Ministry of Commerce, Tourism & Labour, the impact of Fiji's annual Petroleum Price Review contributed to the fall this month. The price decline comes despite a 1.3 per cent depreciation of the Tongan pa'anga (TOP) against the US dollar over the month. The average TOP price of oil over August to date is around 2.4 per cent lower than over July.

Retail fuel prices also declined in year-ended terms, particularly for diesel (-3.6 per cent), consistent with a 0.4 per cent fall in the world oil price. This equates roughly to a 0.1 percentage point subtraction from inflation over the year.

NRBT anticipates all local fuel price categories to fall between 1-3 per cent by mid-September, reflecting August's 3 per cent decline in world oil prices. However, elevated political tensions in some oil-producing countries together with unforeseeable events pose an upside risk September's prices on-balance.

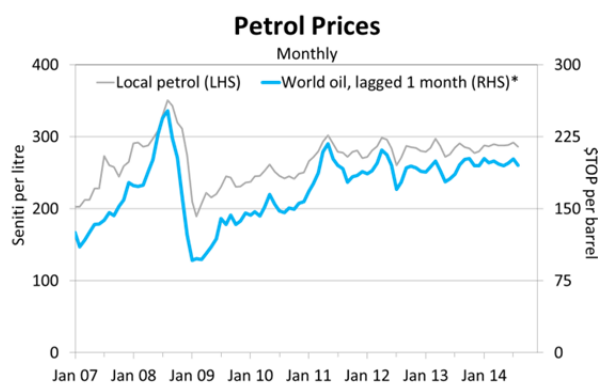
Fuel Prices

	\$TOP as at:*			Per cent change over the past:			
	Aug 14	Jul 14	Aug 13	1 month		3 months	1 year
	Actual	Actual	Actual	Actual	Last forecast	Actual	Actual
Petrol	2.86	2.92	2.91	-2.05	-2.44	-0.68	-1.62
Diesel	2.83	2.90	2.94	-2.39	-2.17	-3.13	-3.60
Kerosene	2.28	2.29	2.31	-0.42	-2.94	-0.27	-1.15
First round contribution to inflation (ppts)**	N/A	N/A	N/A	-0.11	-0.12	-0.08	-0.12
Oil lagged 1 month	0.00	204.01	194.61	-3.41	N/A	0.22	-0.37

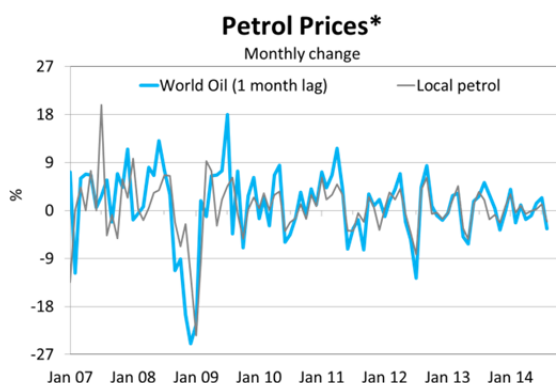
* Fuel prices are per litre and oil prices are per barrel.

** NRBT estimate.

Sources: Bank of England; Bloomberg; Ministry of Commerce, Tourism and Labour.



* Average price, month-ended
Sources: Bank of England; Bloomberg; Ministry of Commerce, Tourism and Labour



*Average monthly price
Sources: Bank of England; Bloomberg; Ministry of Commerce, Tourism and Labour