

Fuel Prices

June 2014

Release date: 27 June 2014

| \$T | Jun 14 | May 14 | Apr 14 | Mar 14 |
|----------|--------|--------|--------|--------|
| Petrol | 2.89 | 2.88 | 2.88 | 2.90 |
| Diesel | 2.92 | 2.93 | 2.93 | 2.97 |
| Kerosene | 2.28 | 2.29 | 2.30 | 2.35 |

Fuel prices mixed changes over month

Changes in retail fuel prices in June were mixed. Diesel and kerosene prices fell coinciding with a 1.1 per cent appreciation in the Tongan pa'anga against the US dollar whilst market prices in Singapore were quite stable. However, petrol prices increased slightly, reflecting an increase in world petrol prices.

In year-ended terms, domestic retail fuel prices increased by an average 4.8 per cent, less than half the pace of world oil price rises in TOP terms. The changes appear to have made a negligible first round contribution to inflation over the year.

The average TOP price of oil over June to date is around 0.89 per cent higher than over May. The current outlook is for local fuel prices to rise by around 0.4 per cent by mid-July. If the increase takes place, it would roughly add 0.02 percentage points to monthly inflation in July 2014. Other factors affecting world oil price over the remainder of June will have an important bearing on the July outcome.

The deteriorating security situation in oil producing nations, Iraq and Syria, poses a risk of upwards pressure on world oil prices in the near term.

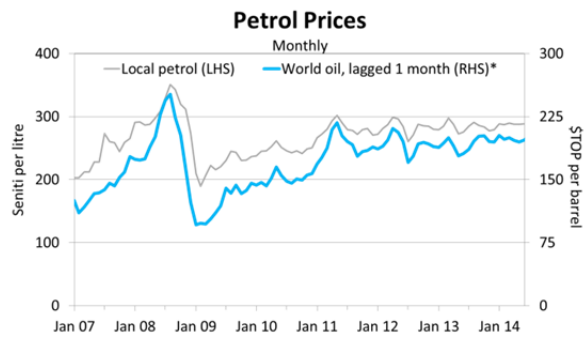
Fuel Prices

| | \$TOP as at:* | | | Per cent change over the past: | | | |
|---|---------------|--------|--------|--------------------------------|---------------|----------|--------|
| | Jun 14 | May 14 | Apr 14 | 1 month | | 3 months | 1 year |
| | Actual | Actual | Actual | Actual | Last forecast | Actual | Actual |
| Petrol | 2.89 | 2.88 | 2.88 | 0.21 | 0.20 | -0.42 | 4.75 |
| Diesel | 2.92 | 2.93 | 2.93 | -0.20 | -0.59 | -1.57 | 4.13 |
| Kerosene | 2.28 | 2.29 | 2.30 | -0.35 | -0.83 | -3.08 | 5.38 |
| First round contribution to inflation (ppts)** | N/A | N/A | N/A | 0.00 | 0.00 | -0.04 | 0.23 |
| Oil lagged 1 month | 199.91 | 196.85 | 194.79 | 1.33 | N/A | -1.30 | 8.83 |

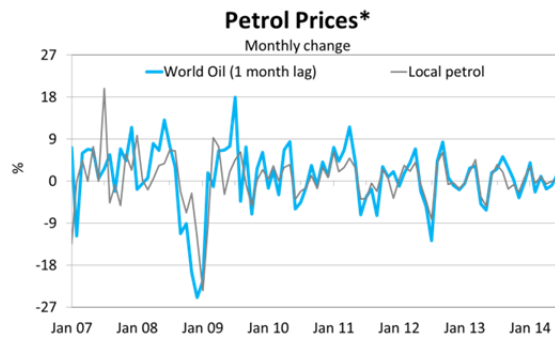
* Fuel prices are per litre and oil prices are per barrel.

** 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