

Fuel Prices

March 2015

<i>\$TOP</i>	Mar 15	Feb 15	Jan 15	Dec 14
Petrol	2.25	2.03	2.26	2.53
Diesel	2.30	2.14	2.36	2.60
Kerosene	1.74	1.57	1.80	2.08

All domestic fuel prices begin to rise

All retail prices for domestic fuel increased over March. These price changes follow a month of low domestic fuel prices with Kerosene prices rising the most by 11.4%. Additionally, Petrol and Diesel prices increased by 10.7% and 7.2% respectively. This is the first rise in all domestic fuel prices in four to nine months, and was due to an increase in crude oil prices in February 2015. This was caused by a reduction in the number of oil drilling rigs in the US. In addition, the Tongan pa'anga continued to depreciate against the U.S Dollar, further exacerbating the rise in the local fuel prices.

Over the year, retail prices for all domestic fuel decreased. Kerosene prices dropped the most by 8.0%; Diesel prices by 7.8%, and Petrol prices by 6.9%. The lower global oil prices was due mainly to excess supply of crude oil. This equates roughly to a 1.2 percentage point subtraction from headline inflation.

NRBT projects that domestic fuel prices will continue to rise in mid-April 2015 reflecting the increase in crude oil prices during March. According to Reuters, global oil prices are expected to continue rising throughout the year to around US\$60 per barrel from the current level of US\$56. Crude oil prices have been stabilizing but supply remains high and there is conflicting analyses regarding production which indicates an uncertain outlook.

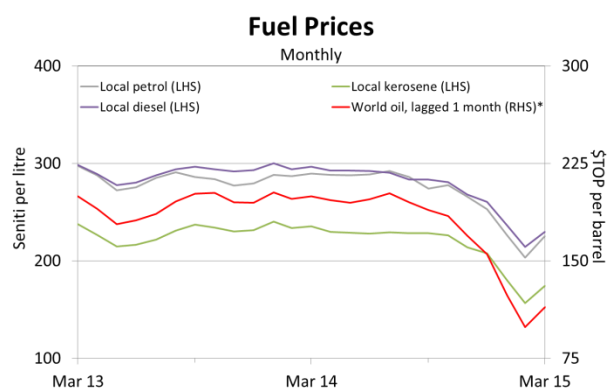
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	As at mid-month (\$/litre)				Year-ended growth^ (%)	
	Mar 15	Feb 15	Jan 15	Mar 14	Mar 15	Mar 14
Petrol	2.25	2.03	2.26	2.90	-6.87	-0.21
Diesel	2.30	2.14	2.36	2.97	-7.76	0.07
Kerosene	1.74	1.57	1.80	2.35	-8.04	-0.12
World oil price*	101.14	96.65	112.24	199.43	-15.87	2.13

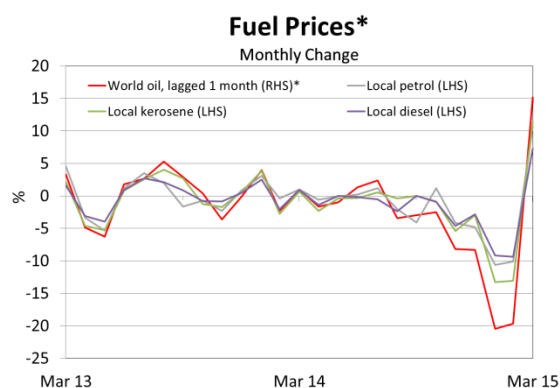
* Converted to TOP, per barrel

Sources: Reuters; Ministry of Commerce, Tourism and Labour

^Average over the year percentage change



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



* Average price, month-ended
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