

## Good news for motorists as fuel prices drop

According to the Automobile Association (AA), there will be a decrease in fuel prices across-the-board from 5 January 2022. The AA commented on price movements announced by the Department of Mineral Resources and Energy (DMRE).



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According to an official announcement by the Minister of Mineral Resources and Energy, Mr Gwede Mantashe, petrol is set to drop by between 68 and 71c a litre, with diesel down by between 67.8 and 69.8c a litre. Illuminating paraffin will be lower by 95c. The prices of all fuels will be adjusted at midnight on Tuesday and are effective from Wednesday, 5 January.

“The Rand has strengthened against the US dollar, pulling away from the lows of mid-December when worries mounted over the economic impact of travel bans imposed as the Omicron variant of Covid-19 swept the world. The Rand has since clawed its way back to around the R15.88 mark, some forty cents stronger than its mid-December low,” the AA says.

The AA comments that nett oil prices for December have also been more favourable.

“Benchmark international oil prices were mostly flat through the first three weeks of December, although they climbed back

above \$70 a barrel on concerns over the impact of the Omicron variant,” it notes.

The association also says that with Omicron resulting in considerable infection rates in the Northern Hemisphere, the possibility of lower consumer and industrial demand for petroleum products may follow, as was seen in the initial waves of Covid-19 in 2020 especially.

“This could lead to a depressed oil price in the short to medium term. If so, that would bring some relief to South African fuel users. However, this should not distract from the fact that the current fuel prices are still far in excess of what South Africans were paying just a few months ago.”

The AA says the current high fuel prices must still be a driving force for a review of the fuel price structure, as well as an audit of the existing prices within that structure.

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