



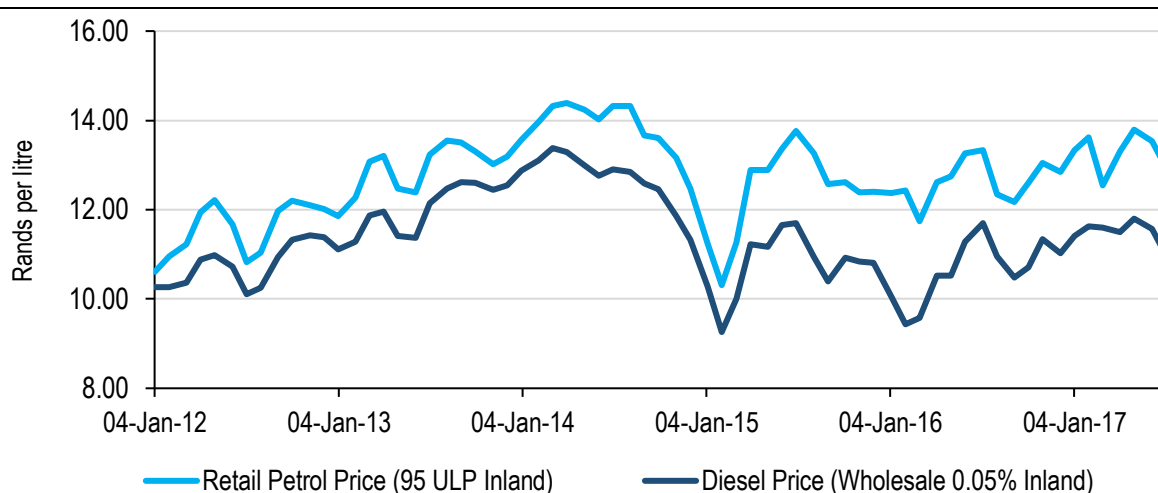
19 June 2017

## A 5% cut in fuel price on the cards in July 2017

Fuel price is set to decline for a second consecutive month on 05 July 2017. This time around, we expect a significant cut of 5% from the previous month for both diesel and petrol price. Although this relief is set to come during a relatively quiet period in the agricultural sector, maize and some horticultural growing areas will still be harvesting and thus, stand a chance to benefit from the possible fuel price cut.

- Diesel (0.05% Wholesale Inland) and petrol (95 ULP Inland) prices could decline by 59 cents per litre (c/l) and 60 c/l respectively, on 05 July 2017. This cut could bring the wholesale diesel price down to R10.98 per litre from R11.57 per litre in June 2017. At the same time, the retail price of petrol could ease at R12.94 per litre from the current level of R13.54 per litre.
- This expected fuel price decrease is largely on the back of lower Brent crude oil prices, which averaged US\$49 a barrel this month, down 5% from May 2017. The ZAR/USD exchange also played a major role, after strengthening by 4% from the previous month, averaging R12.81 this month.
- The primary agricultural sector is expected to benefit from a decrease in fuel prices, as this coincides with the harvesting period for maize and some horticulture growing areas of the country. In addition, agribusinesses that operate in the aforementioned industries may also get relief, particularly the ones that transport goods. Worth noting, over 80% of South Africa's maize is transported by road which mirrors the exposure of the sector in fuel price fluctuations.

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**Chart 1: SA retail petrol and wholesale diesel prices**

Source: Central Energy Fund, Agbiz Research

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