

Fuel price increase on the cards in March 2021

While we are still early in the month and more data is yet to be available, the Central Energy Fund's preliminary estimates suggest that South Africa could experience another increase in fuel prices. Petrol (95 ULP Inland) and Diesel (0.05% Wholesale Inland) prices could increase by 59 cents per litre (c/l) and 45 (c/l) respectively, on 03 March 2021. This adjustment means the retail price of petrol could rise to R16,26 per litre from the current level of R15,67 per litre. Simultaneously, the wholesale diesel price could increase to R14,03 per litre from R13,58 per litre in February 2021. This will be the highest level for petrol since December 2019, while for diesel it's the highest level since March 2020.

The underpinning driver of the price increase is the rising Brent crude price, which on 10 February 2021, traded at US\$61,16 per barrel, which is 15% higher than the corresponding period last year.

While this expected fuel price uptick will increase farmers' input costs, it, fortunately, comes at a quiet period in the agricultural sector. This is except the agribusinesses in logistics, who will most likely experience an increase in activity due to an expected uptick in wheat imports and summer grains exports. It is worth noting that roughly 81% of maize, 76% of wheat and 69% of soybeans in South Africa are transported by road. On average, 75% of national grains and oilseeds are transported by road.

Overall, these are preliminary estimates, and we will most likely provide further updates towards the end of the month should there be a notable deviation from the estimates mentioned above.

Exhibit 1: South Africa's retail petrol and wholesale diesel prices



Source: Central Energy Fund and Agbiz Research

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