Another fuel price hike on the cards in September

Following a notable increase in fuel prices over the past few months, September 2018 could bring a further uptick to an all-time high. It is still early to be certain about the scale, but the current estimates suggest that prices of petrol and diesel could rise by a percentage point, respectively, from August 2018 levels. While this fuel price increase is set to come during a relatively quiet period in the agricultural sector, farmers in the eastern parts of the country will be at the initial stages of soil preparations for the 2018/19 production season which commences around mid-October 2018. The agribusinesses that operate in the transport industry will also feel a bit of pressure on input costs due to their exposure to road transport. Roughly 81% of maize, 76% of wheat and 69% of soybeans in South Africa are transported by road. On average, 75% of national grain and oilseed are transported by road.

- Petrol (95 ULP inland) and diesel (0.05% wholesale inland) prices could increase by 16 cents per litre (c/l) and 15 (c/l) respectively, on 05 September 2018. This means the retail price of petrol could rise to R16.19 per litre from the current level of R16.03 per litre. At the same time, the wholesale diesel price could increase to R14.55 per litre from R14.40 per litre in August 2018.

- This expected fuel price increase is largely driven by the ZAR/USD exchange, after weakening by 5% from July 2018, averaging R14.00 this month at the time of writing.

- The Brent crude oil price had minimal impact this time around. At the time of writing, the monthly oil price averaged US$72.74 per barrel, down by 3% from July 2018.

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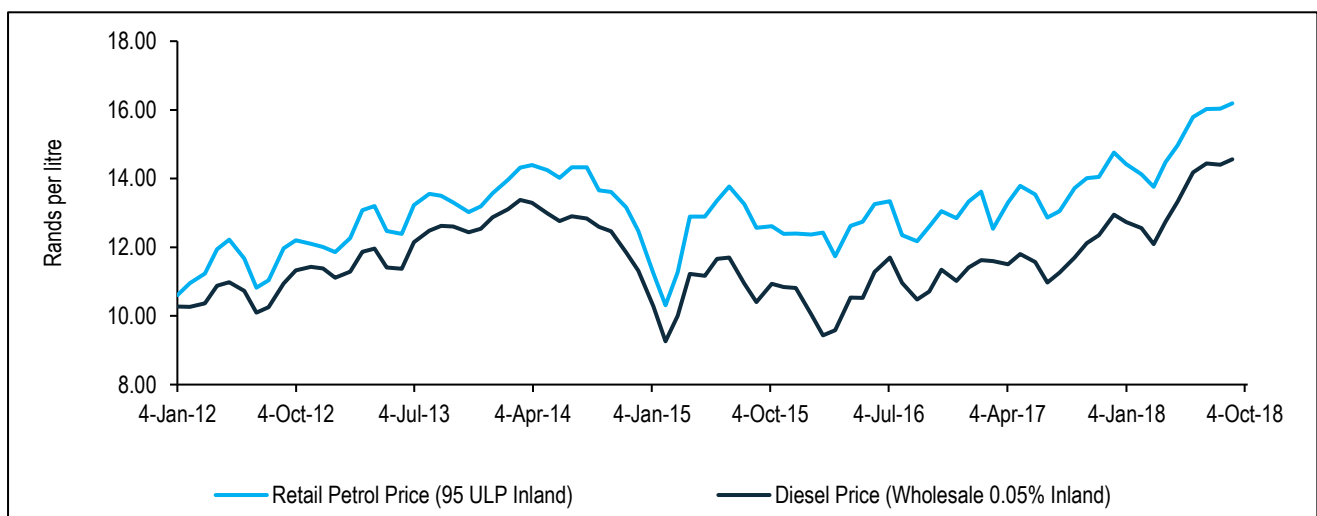**Chart 1: SA retail petrol and wholesale diesel prices**
Source: Central Energy Fund, Agbiz Research