

# More pain at pumps for motorists in 2014

Early indications are that consumers are in for more pain at the pumps this year.



The petrol price is set to rise further in 2014 as the rand weakens and the oil prices remain high. Image: Cooledesign [Free Digital Photos](#)

The petrol price could rise by as much as 50c/l next month and diesel by more than 30c/l, according to data from the Central Energy Fund for the first week of the year.

This comes only a week after fuel prices rose to new all-time highs. On New Year's day, the price of petrol was bumped up by 39c/l, but if the rand remains at the level it was last week that increase will look tame by comparison.

The rand last week fell to its lowest level against the dollar in nearly five years. The currency was trading at about R10.65 to the dollar last Friday (3 January). Moreover, uncertainty about the impact of monetary policies in the US still dampens the rand's prospects of appreciating in the coming months.

The Central Energy Fund's most recent daily update shows an average under-recovery on petrol of about 49c/l on 95-octane and about 47c/l on 93-octane.

And it is not only the weakening of the rand that contributes to the under-recovery. The price of crude oil was responsible for about 75% of the under-recovery so far this month. The price of Brent crude is trading comfortably above US\$100 a barrel. The average under-recovery in the fund's daily update is an indication of the monthly adjustment the Department of Energy makes on the first Wednesday of every month.

An over-recovery usually means that the fuel price will be lowered, but an under-recovery suggests a further rise in the

price of petrol.

The increase could push the price of 95-octane petrol to above R14/l, the first time it will break this barrier.

In January last year, 95-octane petrol was selling for R11.86/l and 93-octane for R11.65/l. On diesel, the under-recovery so far this month was around 31c/l, also indicating its price could climb to a new high next month and break the R13/l barrier for the first time.

The Department of Energy makes the fuel price adjustment on the last Friday of the month and the data for the next three weeks will determine what its decision will be.

Source: The Times via I-Net Bridge

For more, visit: <https://www.bizcommunity.com>