



REPUBLIC OF NAMIBIA

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MEDIA RELEASE

The Ministry of Mines and Energy has to announce that both diesel fuel pump prices will **decrease at 00h01 on Wednesday, the 6th January 2016** and petrol price shall **remain unchanged**,

By the start of 2015, the price of crude was falling fast and has continued its general downtrend through today currently at roughly \$36.75 per barrel. Although being a challenge for oil producing exporting nations, it has brought some relief to consumers of the importing nations such as Namibia as it resulted in acceptable over-recoveries leading to fuel pump prices to decrease.

Oil fell to the lowest level in more than six years on 21 December 2015, amid speculation that suppliers from the Middle East to the U.S. will exacerbate a glut as they fight for market share. 30 December 2015 saw Crude oil falling around half a dollar early on Wednesday as the market remained under pressure from slowing demand and high supplies, while forecasts that a cold snap in Europe and the United States would be short-lived also hurt prices.

The 2016 outlook and beyond:

The 2016 has been characterized as better for lower prices. Many traders are closing their last long positions for the year today as nobody wants to come back in January and be surprised badly.

Iran, which expects sanctions over its nuclear program to be lifted by the first week of January, has secured customers for its planned supply expansion, with plans to add 500,000 barrels a day of exports within a week of the removal of sanctions and 1 million within six months, said the country's deputy oil minister.

However, OPEC does not see oil prices returning to triple-digit territory within the next 25 years, a strikingly bearish conclusion. The group expects oil prices to rise by an average of about US\$ 5 per year over the course of this decade,

only reaching US\$ 80 per barrel in 2020. From there, it sees oil prices rising slowly, hitting US\$ 95 per barrel in 2040.

Oil trading is conducted with the USD around international markets from which Namibian companies import refined hydrocarbons. Still the NAD remains relatively weak against the USD. The average exchange rate stands at NAD 14.7915 per USD compared to NAD 14.0187 per USD for the preceding period.

Unleaded Petrol 95 traded at an average FOB price of USD 54.869/BBL or NAD 849.54/BBL as compared to USD 57.914/BBL or NAD 896.68/BBL for the preceding period. Furthermore, Diesel 500 ppm traded at an average FOB price of USD 46.891/BBL or NAD 726.01/BBL as compared to USD 56.964/BBL or NAD 881.97/BBL for the preceding period. Moreover, Diesel 50 ppm traded at an average FOB price of USD 47.299/BBL or NAD 732.33/BBL as compared to USD 57.763/BBL or NAD 894.34/BBL for the preceding period.

The analysis indicates import price stability for refined hydrocarbons since BBL prices came down by very low margins especially on ULP 95. Therefore, the over recoveries recorded on ULP 95 are too low to warrant any adjustments. However, both diesel products recorded high over-recoveries and are to be adjusted accordingly.

The (under)/over-recoveries per product on the BFP import parity landed in Walvis Bay calculated as at **25 December 2015** are indicated below:

| | | |
|----------------------------------|---|-------------------|
| 95 Octane Unleaded Petrol | - | 21.409 c/ℓ |
| Diesel 500ppm | - | 80.148 c/ℓ |
| Diesel 50ppm | - | 86.334 c/ℓ |

The pump prices for Walvis Bay will change as follows:

| | | |
|----------------------------------|---|----------------------------|
| 95 Octane Unleaded Petrol | - | N\$ 10.54 per liter |
| Diesel 500ppm | - | N\$ 9.72 per liter |
| Diesel 50ppm | - | N\$ 9.77 per liter |

Petrol pump prices will remain unchanged and diesel pump prices at various inland destinations countrywide will be adjusted accordingly.

Your Sincerely



HON. OBETH MBUI KANDJOZE MP,
MINISTER OF MINES AND ENERGY