



REPUBLIC OF NAMIBIA

MINISTRY OF MINES AND ENERGY

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MEDIA RELEASE

The Ministry of Mines and Energy announces that fuel pump prices **will increase on 6th September 2017 at 00h01.**

The International Energy Agency (IEA) and Organization of Petroleum Exporting Countries (OPEC) monthly reports revised demand forecasts higher but maintained that the rebalancing process remains slow. OPEC compliance faltered in July 2017, but the last meeting in Abu Dhabi raised hopes of better compliance in August and September 2017. Looking at supply side fundamentals, OPEC output rose by 173,000 bpd in July to 32.87 million bpd on the back of increased output from Libya and Nigeria. Consequently, OPEC's exports rose to a record high in July 2017, touching 26.11 million bpd. The rise was largely due to Nigeria, whose exports jumped by 260,000 bpd. Saudi's oil exports have averaged 7.26 million bpd in the first seven months of 2017, down 0.3 million bpd from the 2016 average. Overall, the re-balancing process remains slow and resumption in Nigerian and Libyan output has complicated the OPEC strategy.

Nigerian production is back at a 17 month high of 1.8 million bpd while Libyan output has nearly tripled from last year with production nearing 1.0 million bpd. US oil production also continues to edge higher and weekly data from EIA shows that total US oil production is close to 9.5 million bpd, the highest since June 2015. EIA forecasts show that US shale oil production is expected to rise further and touch a record high in September 2017. The EIA drilling productivity report shows that shale oil output will likely touch 6.1 million bpd in August 2017.

The EIA also forecasts total oil output to reach a new record and surpass 9.9 million bpd next year. This is going to remain the biggest head-wind for oil prices.

The results of the latest fuel price review indicate that the average Free On Board prices per barrel increased by about US\$ 4 for ULP 95 and US\$ 3 for both Diesel grades. Barrel prices for refined oil traded at an average of US\$ 65.696 for ULP95, US\$ 62.603 and US\$ 62.722 for Diesel 500ppm and Diesel 50ppm respectively. The Basic Fuel Price Unit Rate State calculations for the past month recorded under-recoveries on all the price regulated petroleum products. The under-recoveries recorded are sufficient enough to trigger an increase in local pump prices.

The average exchange rate remained stable at about N\$ 13.2395 per US\$ over the period reviewed. Despite the exchange rate stability in the financial markets the prices of fuel products were affected by an increase in barrel prices.

The under-recoveries per product on the BFP import parity landed in Walvis Bay calculated as at **23 August 2017** are indicated below:

95 Octane Unleaded Petrol	-	(47.804) c/ℓ
Diesel 500ppm	-	(48.497) c/ℓ
Diesel 50ppm	-	(44.492) c/ℓ

Fuel pump prices in Walvis Bay will increase as follows:

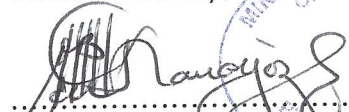
95 Octane Unleaded Petrol	- increase by 30 c/l (retail)
Diesel (all grades)	- increase by 30 c/l (wholesale)

Thus, the new Walvis Bay pump prices will be:

95 Octane Unleaded Petrol	-	N\$ 10.80 per liter
Diesel 500ppm	-	N\$ 10.63 per liter
Diesel 50ppm	-	N\$ 10.68 per liter

Fuel pump prices countrywide will also be adjusted accordingly.

Yours Sincerely,


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

