



REPUBLIC OF NAMIBIA

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## MINISTRY OF MINES AND ENERGY

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### **MEDIA RELEASE**

### **ANNOUNCEMENT OF FUEL PRICE REVIEW**

The Ministry of Mines and Energy finalised its monthly fuel price review and the Minister wishes to inform the public as follows:

The alliance between the Organization of Petroleum Exporting Countries (OPEC) and independent oil producer(s) such as Russia reached an agreement last month (*April*) to cut oil production by close to 10 million barrels per day in May and June as a response to falling oil demand caused by the coronavirus pandemic. These cuts are expected to aid the recovery of crude prices on the supply side of the crude oil business equation. Saudi Arabia, the biggest oil producer in OPEC, has further announced to cut production by 1 million barrels per day in June. On the demand side of the refined products business equation, increases are expected in the near term as more and more countries continue to ease their respective lockdown restrictions.

In terms of the pricing of refined oil products, the prices of refined oil recorded an increase in petrol prices while diesel prices remained stable. One barrel of petrol traded at an average of about USD 28 in comparison to an average of USD 20 at the end of April 2020. In addition, a single barrel of diesel traded at average of about USD 27 in comparison to an average of USD 26 at the end of April 2020. The significant fluctuation in petrol prices and the stability in diesel prices can be attributed to the movements of supply and demand, i.e. product flows, in a very dynamic market.

In terms of the international money market, the USD maintained its status as the main currency used for conducting foreign transactions. The latest data indicates a minor appreciation (value gain) of the N\$ against the USD. On average, 1USD exchanged for N\$18.4 in comparison to an average of N\$ 18.5 per USD at the end of April 2020.

The monthly review above has revealed an over recovery on **Diesel 50ppm - 33.024 c/ℓ** and a under recovery on **95 Octane Unleaded Petrol - 48.586 c/ℓ** on the Basic Fuel Price (BFP) "import parity price" landed in Walvis Bay as was calculated on 22 May 2020. The under-recovery on petrol has found the National Energy Fund in a healthy financial position and will thus, be absorbed in its entirety on the behalf of local fuel consumers. Whereas the over-recovery on diesel and under- recoveries on petrol are relatively low amounts, this does not call for a current adjustment. In an effort to create price stability in the market, **the Ministry has therefore, resolved to keep the fuel pump prices countrywide unchanged for the month of June 2020.**

The fuel pump prices in Walvis Bay (port of entry) will remain N\$10.35 p/l on Petrol and N\$11.13 p/l on Diesel respectively. The review above is made taking into account the need to ensure the orderly importation of fuel products into the country.

**Ends**

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