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PRESS RELEASE

FUEL PRICE REVISION OF THE CONTROLLED PETROLEUM PRODUCTS: PETROL AND DIESEL

The Ministry of Mines and Energy announces that fuel prices for September 2011 will remain **unchanged**.

Crude oil prices started off with sharp rises in July, but afterwards stabilized and ended the month with moderate falls. The same cannot, however, be said for August which started with very sharp falls. During the period under review, crude oil traders had to deal with the conflict in Libya, hurricane Irene, a weak GDP number in the United States.

Oil prices have experienced a downward trend in recent days as the concerns over the economic progress of the USA might affect its demand. Traders hoping for a quick resolution to the Libyan civil war and an increase in that nation's oil production sold crude oil initially, but by the end of the month, may have been paring positions on the thought that the conflict is going to continue to last.

Petroleum prices for August are mainly determined by the movement of FOB prices in the Singapore market, based on the August 2011 average prices of the daily published Means of platts' Singapore benchmark prices. Singapore prices for refined products were relatively steady for most of July and the beginning of August 2011. This led to strong market demand.

As we may have seen, crude oil prices hit record high this year, a situation that comes at a time when the biggest oil producer (Saudi Arabia) is pumping more oil than it has done in any other years. From

the supply side, there are speculations that OPEC (mainly Saudi Arabia) increased its output at the beginning of August. During the last couple of days the U.S dollar strengthened against other major currencies, which also causes oil prices to trade down. It is, however, not clear as to how long the downward trend will last.

In the local market, slight under-recoveries were experienced on petrol grades, but diesel pulled through with some slight over recoveries throughout the month. Due to the burden that oil prices exert on basic commodities in retail shops and consumers at the pump, the Ministry has decided to keep them at their current levels to spare consumers any further pain in terms of prices.

Thus, the present Walvis Bay fuel pump prices for the controlled petroleum products, Petrol and Diesel, remain unchanged as follows:

93 Octane Leaded Replacement Petrol	-	N\$ 8.77 per liter
95 Octane Unleaded Petrol	-	N\$ 8.84 per liter
Diesel	-	N\$ 9.25 per liter

Pump prices at various inland destinations countrywide will also remain unchanged at their current levels.


ISAK KATALI, MP
MINISTER

