



REPUBLIC OF NAMIBIA

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MEDIA RELEASE

The Ministry of Mines and Energy has to announce that petrol and diesel pump prices for June 2015 will **increase at 00h01 on Wednesday, the 3rd June 2015.**

Due to a relatively strong exchange rate and a sharp increase in freight rates, the BFP unit rate slate for May 2015 recorded lower unit rate under-recoveries for all the fuel products in comparison to the figures recorded for the previous month. Last month, the average exchange rate was N\$12.0267 for every US\$ in comparison to N\$11.9341 this month for a single US\$. This explains the improvement in the unit rate under-recoveries. However, the BFP failed to record any unit rate over-recoveries for any fuel product due to a sharp increase of US\$12.7000 in the average freight rates since the last fuel price review took place last month.

Despite the fact that Namibian fuel pump prices continue to be pushed upwards by a strong exchange rate and other escalating import related cost components such as freight rates, the prices of crude oil throughout global markets continue to fall due to a continuous oversupply of the product. This is where the international fuel market needs to strike a balance to stabilize pump prices.

Interestingly, Iraq is taking OPEC's strategy to defend its share of the global oil market to a new level. The nation plans to boost crude exports by about 26 percent to a record 3.75 million barrels a day next month, according to shipping programs, signalling an escalation of OPEC strategy to undercut U.S. shale drillers in the current market rout. The additional Iraqi oil is equal to about 800,000 barrels a day, or more than what comes from OPEC member Qatar.

The rest of the Organization of Petroleum Exporting Countries are expected to rubber stamp its policy to maintain output levels. For the consumer, the future looks bright in terms of lower oil prices due to oversupply.

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

95 Octane Unleaded Petrol	-	(43.779) c/ℓ
Diesel 500ppm	-	(39.454) c/ℓ
Diesel 50ppm	-	(31.691) c/ℓ

The present Walvis Bay fuel pump prices for the controlled petroleum products petrol and diesel will change as follows:

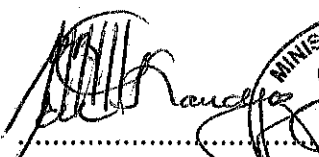
95 Octane Unleaded Petrol	- increase by 20 c/l (retail)
Diesel (all grades)	- increase by 20 c/l (wholesale)

Thus, the new Walvis Bay pump prices will be:

95 Octane Unleaded Petrol	-	N\$ 10.59 per liter
Diesel 500ppm	-	N\$ 10.52 per liter
Diesel 50ppm	-	N\$ 10.62 per liter

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

Sincerely yours,


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OBETH KANDJOZE, MP
MINISTER

