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MEDIA RELEASE

The Ministry of Mines and Energy announces that petrol and diesel pump prices for January 2018 will **remain unchanged**.

Oil prices has rallied this year and are trading near $64 a barrel, close to the highest since 2015, supported by the OPEC led- effort. This is above the $60 floor that OPEC would like to see in 2018. The Organization for Petroleum Exporting Countries (OPEC), plus Russia and nine other producers have cut overall output by about 1.8 million barrels per day since January. The pact runs to March 2018, but the producers are considering extending it. The situation looks promising for investors in the oil market, and worse for price takers. Oil prices have begun surging at a faster pace than the ability of net oil importers to contain them.

During the period under review, the average price for a refined barrel of oil did not change from US$73 for both, petrol and diesel as reported last month. This remain US$5 higher same as November's month average of US$73 per barrel. Oil importers are still feeling the pinch of bringing fuel to their shores.

Moreover, the exchange rate between the Namibia Dollar against the US Dollar has now strengthened due to the African National Congress that took place in December 2017 to signal a new political leadership for South Africa. Oil is priced in US dollar and the exchange rate during the period under review has played a major and effective role. The Namibian dollar is pegged to the South African Rand, and whatever happens to the Rand directly affects our currency. The South African Rand appreciated to an average of N$13.52 from a whopping N$14.11 recorded last month. This led to a lower under-recoveries recorded, that in the end does not warrant any fuel adjustment.

A combination of the aforementioned factors led to lower and manageable under-recoveries on the local Unit Rate Slate. Since fuel prices in Namibia are subsidized, the National Energy Fund as usual, will take up the under-recoveries and reimburse the oil importers accordingly.

The year 2018 Outlook

Libya's output has been cut by 70,000-100,000 barrels per day as an attack by the army blew up a pipeline pumping crude oil to Es Sider port on Tuesday, 26 December 2017. If Libya's unrest does not ease, it may contribute significant changes to the crude oil price and specifically, a short supply of crude oil.

It seems the oil exploration companies would see new heights in 2018 as global oil inventories decreased to an acceptable level and there were positive signs that oil market prices would improve significantly in 2018. The Organisation for Petroleum Exporting Countries (OPEC), Russia and non-OPEC producers on Nov. 30 extended an oil output -cutting deal until the end of 2018 in a bid to finish clearing a supply glut. However, the news making headlines is that Saudi Arabia would like to stay on course for the rest of 2018, as they want to see commercial stocks going down. In addition, OPEC's feeling is that the price of $60 (barrels) should be the floor for oil prices in 2018.

The under-recoveries per product on the BFP import parity landed in Walvis Bay calculated as at **22 December 2017** are indicated below:

95 Octane Unleaded Petrol	-	**(11.078) c/ℓ**
Diesel 500ppm	-	**(22.353) c/ℓ**
Diesel 50ppm	-	**(20.893) c/ℓ**

The present Walvis Bay fuel pump prices for the controlled petroleum products (Petrol & Diesel - and all other localities around the country - are to remain unchanged.

Thus, the Walvis Bay pump prices will remain:

95 Octane Unleaded Petrol	-	**N$ 11.70 per liter**
Diesel 500ppm	-	**N$ 11.73 per liter**
Diesel 50ppm	-	**N$ 11.78 per liter**

Fuel pump prices countrywide will also remain the same.

Sincerely yours

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OBETH KANDJOZE, MP
MINISTER

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