

Fuel Prices

February 2015

<i>\$TOP</i>	Feb 15	Jan 15	Dec 14	Nov 14
Petrol	2.03	2.26	2.53	2.66
Diesel	2.14	2.36	2.60	2.68
Kerosene	1.57	1.80	2.08	2.14

Domestic fuel prices continue to drop

Retail prices for all domestic fuel decreased further over the month of February. Kerosene prices dropped the most by 13.1% followed by Petrol prices which fell by 10.1%, and Diesel prices which decreased by 9.4%. The fall in global oil prices in January 2015 as a result of high supply lowered domestic fuel prices. However, the Tongan pa'anga depreciated slightly against the U.S Dollar over the month, somewhat offsetting the decline in international prices.

In year ended terms, all domestic fuel prices decreased. Retail domestic prices for Petrol, Diesel and Kerosene fell around 6% over the year. This decline was due to excess supply of crude oil which drove global oil prices down. Additionally, the low product prices have inevitably affected inflationary pressures, equating roughly to a 1.5 percentage point subtraction from inflation over the year.

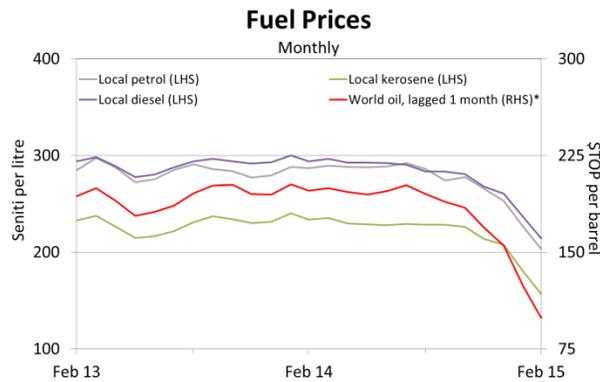
Looking forward, NRBT expects that domestic fuel prices will begin to rise in the near term reflecting February's 15.2% increase in crude oil prices. Global oil prices are expected to continue increasing throughout the year to slightly over USD\$60 per barrel. The Ministry of Commerce, Tourism & Labour stated in its February press release that prices have risen over February due to a reduction in the number of oil rigs drilling in the US, indicating a potential production drop. However, supply still remains high and therefore, unforeseeable events and price changes may alter domestic fuel prices for the upcoming months.

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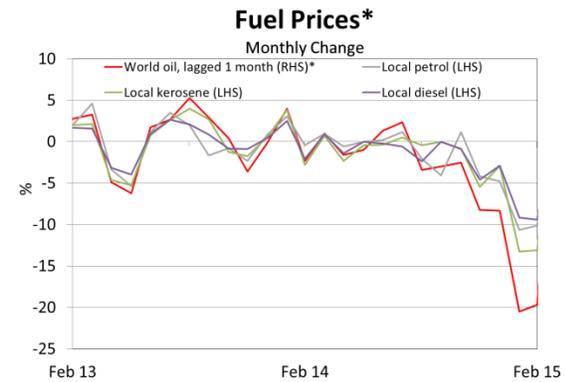
	As at mid-month (\$T/litre)				Year-ended growth (%)	
	Feb 15	Jan 15	Dec 14	Feb 14	Feb 15	Feb 14
Petrol	2.03	2.26	2.53	2.87	-5.19	0.33
Diesel	2.14	2.36	2.60	2.94	-5.90	0.28
Kerosene	1.57	1.80	2.08	2.34	-5.91	0.28
World oil price*	96.65	112.24	139.87	199.98	-11.46	1.48

* Converted to TOP, per barrel

Sources: Reuters; Bloomberg; Ministry of Commerce, Tourism and Labour



* Average price, month-ended
Sources: Reuters; Ministry of Commerce, Tourism and Labour



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Sources: Reuters; Ministry of Commerce, Tourism and Labour