

Release date: 30 January 2015

# Fuel Prices

## January 2015

<i>\$TOP</i>	Jan 15	Dec 14	Nov 14	Oct 14
Petrol	2.26	2.53	2.66	2.78
Diesel	2.36	2.60	2.68	2.81
Kerosene	1.80	2.08	2.14	2.26

### All domestic fuel prices still on a downturn

Retail prices of all fuel products declined further in January 2015. Kerosene prices dropped the most, by 13.5%, followed by petrol and diesel by 10.7% and 9.2%, respectively. The fall is in line with a 19.8% drop in world oil prices in December 2014. Similarly, all fuel prices also fell over the year to January 2015. A continued decline in global oil prices, particularly due to the increases in world oil supply, largely contributed to the lower domestic fuel prices. The Tongan pa'anga remained steady against the US dollar over the month which had a negligible impact on local prices.

According to Global Economic Prospects by the World Bank, lower oil prices, if sustained, may lead to sizeable income shifts from oil exporters to oil importers. As an oil-importing country, weak oil prices could potentially support economic activity in Tonga and reduce inflationary, external and fiscal pressures. The changes in fuel prices equates roughly to 0.6 percentage point subtraction from inflation over the year.

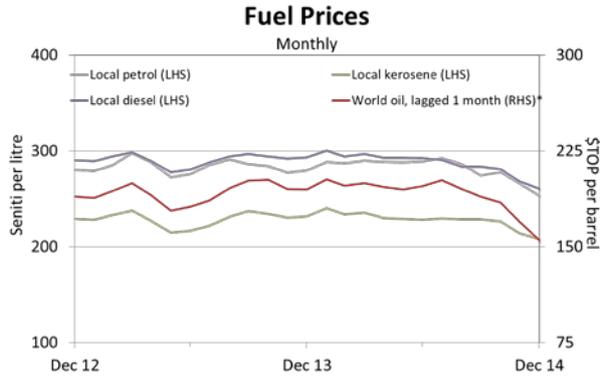
NRBT anticipates that all local fuel prices will continue to decline by mid-February to reflect January's 16.8% decline of world oil prices. Global oil prices are predicted to remain below USD\$60 a barrel throughout the year which supports expectations. Nonetheless, unforeseeable events and price fluctuations in the Singapore market may have an important bearing on February's prices.

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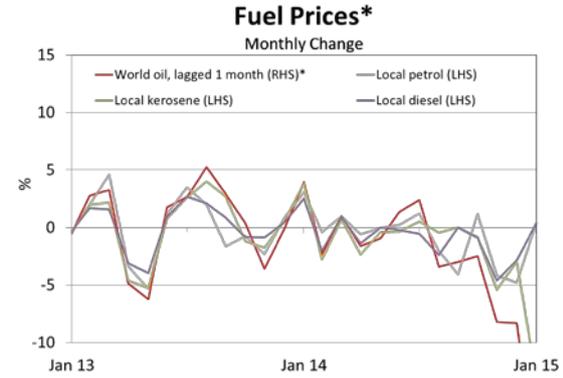
	As at mid-month (\$T/litre)				Year-ended growth (%)	
	Jan 15	Dec 14	Nov 14	Jan 14	Jan 15	Jan 14
<b>Petrol</b>	2.26	2.53	2.66	2.88	-2.67	0.36
<b>Diesel</b>	2.36	2.60	2.68	3.00	-3.61	0.37
<b>Kerosene</b>	1.80	2.08	2.14	2.40	-3.08	0.50
<b>World oil price*</b>	112.24	139.87	163.75	203.93	-6.96	1.93

\* Converted to TOP, per barrel

Sources: Bank of England; Bloomberg; Ministry of Commerce, Tourism and Labour



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



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