

Fuel Prices

May 2015

<i>\$TOP</i>	May 15	Apr 15	Mar 15	Feb 15
Petrol	2.36	2.32	2.25	2.03
Diesel	2.32	2.30	2.30	2.14
Kerosene	1.73	1.70	1.74	1.57

**Rounding errors may not show exact changes*

All domestic fuel prices increase

Retail prices for all fuel types rose over the month of May. Petrol prices increased by 1.6%, Diesel prices (0.8%), and Kerosene prices (1.6%). These new price changes became effective from Monday, 18th May 2015. The rise coincides with the 3.1% increase in crude oil prices over April 2015. According to the statement released by the Ministry of Commerce, Tourism and Labour, the freight rate and the Tongan Pa'anga were steady during April which indicates that the domestic price rises were a result of higher Singapore product prices. This movement in May prices equates roughly to a 0.1 percentage point addition to the monthly inflation. However, in annual terms, Domestic fuel prices decreased. Kerosene prices fell by 12.8%, Diesel prices (11.7%), and Petrol prices (10.5%). The decline in year-ended prices was driven by the weak global oil prices. This equates roughly to a 1.0 percentage point subtraction from the annual headline inflation.

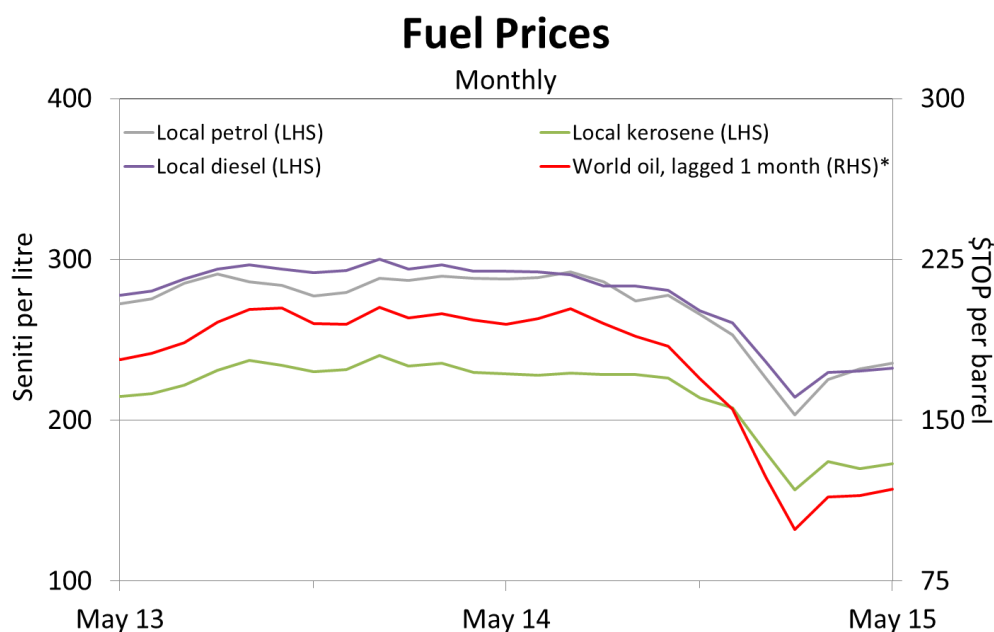
Looking forward, NRBT expects domestic fuel prices to rise again in mid-June 2015. This projection would reflect the increase of crude oil prices over May. According to Reuters, the oil market has already touched its low this year but ample supplies, and the chance of extra Iranian volumes hitting the market if sanctions are lifted mid-year, will keep prices under pressure. Reuters has reduced its forecast of Brent oil price for 2016 to US\$70.80 from US\$72.10, up from the current level of US\$66. However, the movement of global oil prices remain uncertain due to conflicting expectations for production and the high supply of product stocks.

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	As at mid-month (\$T/litre)				Year-ended growth^ (%)	
	May 15	Apr 15	Mar 15	May 14	May 15	May 14
Petrol	2.36	2.32	2.25	2.88	-10.49	1.30
Diesel	2.32	2.30	2.30	2.93	-11.73	1.50
Kerosene	1.73	1.70	1.74	2.29	-12.80	1.65
World oil price*	131.20	112.83	119.34	196.85	-22.24	5.37

* Converted to TOP, per barrel; ^ Average over the year percentage change

Please note: rounding errors may not show exact changes

Sources: Reuters; Ministry of Commerce, Tourism and Labour



* Average price, month-ended

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