**15TH AUGUST 2021**

**FUEL PRICES SET TO REDUCE IN SECOND HALF OF AUGUST**

***REVIEW OF AUGUST FIRST PRICING-WINDOW***

**Local Fuel Market Performance**

Monitored on a 15-day rolling basis, the price of fuel on the local Ghanaian market remained stable within the window under assessment. Price of petroleum products within the first Pricing-window of August 2021 saw the Oil Marketing Companies (OMCs) continue to maintain prices at the pump from the first pricing window of July. The current national average price of fuel per litre at the pump remains pegged at Gh¢5.97 for both Gasoline and Gasoil on account of the relative price stability.

This Pricing-window also saw, Zen Petroleum, Benab Oil, Cash Oil, Goodness Oil, Top Oil and Frimps Oil recorded as the OMCs that sold the least-priced fuel on the local market according to the IES Market-Scan.

**World Oil Market**

On the world market, the international benchmark for Ghana, Brent crude saw its price on average terms selling at about $72.10 per barrel mark representing a 1.49 percent decrease from the previous window's average price of $73.19 per barrel mark.

**Source:** IES Construct 2021, with data from oilprice.com, Daily FX

The price of the Brent Crude suffered the usual volatilities sourced from the constant geopolitical issues and the spread of the Delta variant of the COVID-19.

Prices dipped in this Windows in response to fears that the rising COVID-19 cases will affect demand for oil and its products. The rise in cases has been fueled almost entirely by the Delta Variant of the virus and the new Delta Plus variant both of which have highly contagious infection rates.

The place of concern was largely China which is the world's largest importer of oil where cases continued to rise amid the Delta Variant spread from its shores.

The prices bounced back as the market seemed to shrug off the fears brought on by the lockdowns in China and other parts of Asia. The rise in demand across the Atlantic outweighed the impact from the COVID restrictions. The increase was also boosted by the passage of the $1.2 trillion infrastructure bill in the US Senate which is assumed will increase demand in oil products and improve the economic performance of US in the short-to-mid-term, providing the much needed support for prices.

The rebound in fuel demand in India following the lifting of restrictions on New Delhi in July, the highest since April this year also incentivized the markets hope of rebound in demand for oil products. The country’s crude oil imports in June-July dropped to an average of the 2014-2015 levels of 3.5 million barrels per day (mbpd) but saw a leap in the July-August loading of 4.2 mbpd on the back of the demand recovery.

The refined products, Gasoline and Gasoil prices as monitored on Standard and Poor’s global Platts platform show that price of the two international commodities experienced marginal dips within the period. For Gasoline there was a decrease in price by about 2.17 percent to close the window at $726.15 per metric tonne from an earlier price of $742.25 per metric tonne. For Gasoil, the price saw marginal decrease of 1.77 percent to close trading at $588.67 per metric tonne from the earlier window's price of $599.25 per metric tonne.

**Local Forex**

IES Economic Desk data from the Foreign Exchange (Forex) market shows that the Cedi marginally depreciated against the U.S. Dollar by 0.17 percent to close trading in the window at Gh¢5.867 to the US Dollar from the previous window’s Gh¢5.86 to the US Dollar.

**PROJECTIONS FOR AUGUST 2021 SECOND PRICING-WINDOW**

The various change in prices of the commodities on the international market is expected to affect local market prices in Ghana. For this window, with the 1.49 percent reduction in the price of the International Benchmark- Brent crude, the 2.17 percent decrease in price of Gasoline, the 1.77 percent decrease in Gasoil price and the marginal depreciation of 0.17 percent of the local currency against the US Dollar; the Institute for Energy Security (IES) projects that price of fuel on the domestic market at the various pumps are set to dip as we enter the second Pricing-Window of August 2021.

The downward adjustment may however be offset by the adjustments from the largest local market shareholder, GOIL, TOTAL and Shell.

Signed:

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