31st May 2022

**A GALLON OF PETROL TO SELL ABOVE GH**¢**45, WHILE DIESEL PRICE SET TO HIT GH**¢**54 PER GALLON**

***REVIEW OF MAY 2022 SECOND PRICING-WINDOW***

**Local Fuel Market Performance**

Prices of fuel on the local market saw significant increases in the just ended Pricing-window as predicted by the institute (IES). The price of Gasoil and Gasoline increased by about 5% on average terms for both products. Some Oil Marketing Companies (OMCs) however increased their prices marginally to maintain their market share. Per the IES Marketscan, the current national average price is pegged at Gh¢9.75 per litre, and Gh¢11.71 per litre for Gasoline and Gasoil respectively. This is an increase of 5.06% on the previous average per litre price of Gh¢9.28 for Gasoline, and a 5.30% increase over the previous Gasoil average price of Gh¢11.12 per litre.

For the window under assessment, the IES Marketscan picked Benab Oil, Zen Petroleum, and Goodness Oils as the OMCs with the least-priced fuel on the local market, with Total, Shell/Vivo, and Sel, being picked as OMCs with the highest-priced fuel on the downstream petroleum market.

**World Oil Market**

Price of the international benchmark Brent, stayed largely beyond the $110 per barrel mark for the most part of the window closing near $120 per barrel for the window under assessment. Brent price averaged $111.875 per barrel, representing a 3.94% increase over the previous window's average price of $107.63 per barrel.

**IES Construct**, with data from Oilprice.com

Prices of oil have over the window under review seen jumps that have been influenced largely by four main market movers. One is the rising demand across the world and, in Europe and the Americas especially as summer nears.

The second factor has also been the fall in supply, which has been aided by the decline in Russian exports to the European region as a result of sanctions and caution placed on trading with Russia for its invasion of Ukraine. According to the draft resolution, "the sixth package of sanctions against Russia will cover crude oil, as well as petroleum products, delivered from Russia into Member States, with a temporary exception for crude oil delivered by pipeline."

Third, the United States of America's inventory build has declined due to its reliance on reserves to offset the catastrophic impact of Russian oil exports ceasing on the global energy space. For the first time since August 2021, the US refinery intake surpassed 16 million barrel per day.

And lastly, for bullish oil traders the hope that China would soon lift its COVID-related restrictions to prop demand could yield to an increase in prices as the previous supply issues linger.

**World Fuel Market**

The various finished petroleum products as monitored on Standard & Poor's (S&P's) Platts platform within the past window experienced some increments. Gasoline price jumped by 11.05%, from its initial price of $1138.23 per metric tonne to the end date price of $1264.00 per metric tonne. The price of Gasoil saw a drop of $63.71 per metric tonne (5.49%), from an earlier price of $1159.98 per metric tonne to its present price of $1096.27 per metric tonne. The price of LPG too closed the window lower at $857.61 per metric tonne from an earlier price of $894.53 per metric tonne, representing a 4.13% reduction over the period.

**Local Forex**

IES Economic Desk’s analysis of the foreign exchange (Forex) market over the last two weeks revealed that the Cedi experienced some depreciation in value against the US Dollar. The Ghana Cedi depreciated by a marginal 0.66% from the previous rate of Gh¢7.927 to the current rate of Gh¢7.980 to the US Dollar.

**IES PROJECTIONS FOR JUNE 2022 FIRST PRICING-WINDOW**

Beginning June 2022, the Institute for Energy Security (IES) projects a rise in price of Gasoline (Petrol) ranging from 5% to 9% over current price, but some form of stability in the prices of Gasoil (Diesel) and liquefied petroleum gas (LPG). The 5.49 and 4.13 percentage drops in the prices of Gasoil and LPG respectively on the international market may not necessarily lead to a reduction at local retail outlets as most marketers will look to maintain their prices to offset the losses from the depreciation of the Cedi.

On the back of the Cedi’s depreciation and the 11.05% jump in the price of Gasoline on the international fuel market, Gasoline in Ghana is set to sell above Gh¢10.00 per litre, which translates into Gh¢45 per gallon. Meanwhile the price of Gasoil may cross the Gh¢12.00 per litre mark (Gh¢54.00 per gallon) across most OMCs in spite of the drop in price on the world market, owing to the decline in the value of the Cedi against the greenback.

**Signed:**

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