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14th January 2023

FUEL PRICES EXPECTED TO DROP IN FEBRUARY'S SECOND PRICING-WINDOW

REVIEW OF FEBRUARY 2023 FIRST PRICING-WINDOW

Local Fuel Market Performance

The first pricing-window for February 2023 saw price increases for petroleum products on the domestic market, the first week saw prices increased by some 12.30% and 3.5% for Gasoline and Gasoil respectively. The Institute for Energy Security's (IES') monitoring of various Oil Marketing Companies (OMCs) for the pricing-window under review saw the price of Gasoil dropped by about 4.26% from Gh¢15.90 to about Gh¢15.25 in the second week of the pricing-window as a government intervention to set the price. At the close of the pricing-window, the national average of Gasoline and Gasoil stood at about GH¢15.20 and GH¢15.30 respectively. The national average price of liquefied petroleum gas (LPG) as monitored on various LPG Marketing Companies (LPGMCs) is pegged at Gh¢13.51 per kilogram.

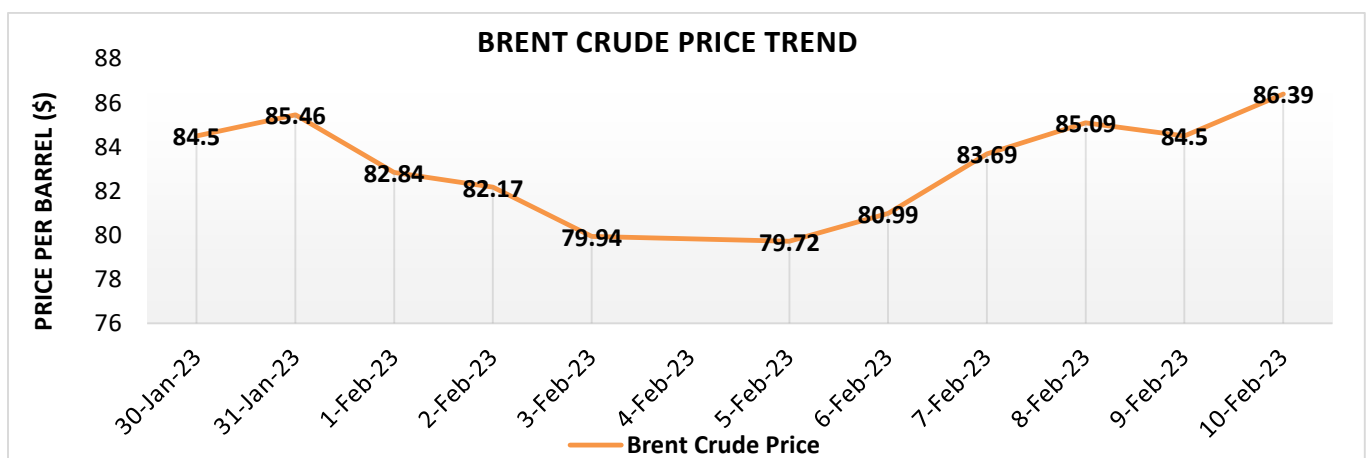
The changes in the price of Gasoil was largely as a result of a directives by the National Petroleum Authority directive for price adjustment to reflect government Gold for Oil Policy.

In the pricing-window under assessment, the IES Marketscan picked Goil, Total, Shell/Vivo, Engen, Nasona, and Puma as OMCs with the highest-priced fuels on the market; with Star Oil, Goodness, Benab, Allied, and Zen Petroleum representing some of the OMCs with the least-priced fuels on the market.

World Oil Market

The international crude oil benchmark Brent fell to about \$82.89 per barrel on average terms from a previous average rate of \$86.14 per barrel, representing a 3.77% fall in average price over the last two weeks. The window saw the price drop to about \$79.72 per barrel at close of trading day February 5, after which price has seen slow increases and closed the window trading day at about \$86.39 on February 10, 2023.

This largely was attributed to rebound of China's Oil demand after review of COVID 19 restrictions. The International Energy Agency (IEA) reports an expected upward pressure on global oil demand, with China accounting for half of this year's demand growth.



Source: IES Construct with data from Oilprice.com



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Crude oil production in the United States is risen to 700,000 barrels per day (bpd) from the previous year. According to the most recent weekly EIA estimates, crude oil output in the United States climbed 100,000 barrels per day to 12.3 million barrels per day in the week ending February 3.

World Fuel Market

The Global Standard & Poor (S&P) Platts averages monitored during the first pricing-window of February 2023 show price decreases for all major finished petroleum products. The price of Gasoline and Gasoil fell by approximately -1.61% and -12.82%, respectively. Price for Gasoline decreased from \$889.59 per metric tonne to \$875.48 per metric tonne, while Gasoil price decreased from \$961.91 per metric tonne to \$852.61 per metric tonne. However, LPG price on the international market increased by about 9.13%, from \$611.95 per metric tonne to the present \$667.80 per metric tonne.

Local Forex

Data from the IES Economic Desk on the domestic foreign exchange (Forex) market over the last two weeks show the Ghana Cedi made a gain of roughly -0.96% against the U.S. Dollar, closing the window at Gh¢12.38 to the Dollar, from a previous rate of Gh¢12.50 to the U.S. Dollar.

IES ESTIMATIONS FOR FEBRUARY 2023 SECOND PRICING-WINDOW

Following a global market drop in the price of Gasoline and Gasoil by some -1.60% and -12.80%, respectively, an increase in the price of LPG by 9.13% on the foreign market, and a marginal appreciation of the Ghana Cedi against the US dollar, the domestic fuel market is expected to see significant price changes at the pumps.

On the back of the falling international liquid fuel prices as observed on the global S&P Platts platform, linked with the local currency's marginal gains against the U.S. Dollar, the Institute for Energy Security (IES) estimates a drop in the prices of Gasoline and Gasoil. However, LPG consumers may have to contend with a price increase for the commodity over the next two weeks ending February 28, 2023.

The IES projects Gasoline to sell at about GH¢14.40, and Gasoil to sell for about GH¢13.90 in the coming days. The price of a Kilogram of LPG may hinged up to sell at GH¢14.70 before close of second pricing-window for February 2023.

Signed:

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