



EX-PUMP PRICES OF FUEL TO SURGE IN THE 1ST WINDOW OF JANUARY (1ST TO 16TH JANUARY, 2022)

Brent crude plunged by 10.7% to \$73.45/barrel on the 26th November, 2021 and the OPEC Reference Basket (OPB) plunged by 6.9% to \$76.09/barrel on the same date. The OPB further tumbled to \$70.07/barrel on 2nd December, 2021. The plummeting crude oil prices was due to the new Omicron Variant new COVID-19 Omicron (B.1.1.529) variant which restricted mobility in some countries, and the expectation of gradual increment of oil production by Organisation of Petroleum Exporting Countries (OPEC) +.

However, Brent crude futures settled up \$1.56, or 2.1%, at \$76.85 a barrel, the highest close since Nov. 26, and a gain of 4.5% on the week as at 23rd December, 2021. Additionally the U.S. West Texas Intermediate (WTI) crude futures ended up \$1.03, or 1.4%, at \$73.79 a barrel, to rise 4.1% on the week as at 23rd December, 2021. The surge in crude oil prices is due to Libyan supply disruptions cutting supply of about 300,000 b/d and the lower anxiety towards the new Omicron variant because of the perception that, the variant is containable than previously feared.

In Ghana, the National Petroleum Authority (NPA) indicated that the benchmark price for petrol/MT for setting ex-pump price of petrol in the 1st Window of January, 2022 is \$707.95/MT. Again, the Benchmark price for diesel/MT for setting ex-pump price in the same window is \$641.38/MT. The NPA set the Ghana Cedi at Ghc6.4040 against a dollar.

Findings

Using the conversion factor of 1324.4 for petrol from a metric tonne to litres, 1183.43 for diesel from a metric tonne to litres and a maximum total marketer's margin and dealer's margin of Ghc0.75 based on the flexibility of OMC margins, as well as a forward rate of Ghc6.4040 to a dollar, the ex-pump prices for petrol is expected to surge by 3.7% and diesel is expected to surge by 2.5%. Averagely ex-pump prices are expected to surge by 3.1% in the 1st Window of January, 2022 from 1st to 16th January.

Table 1 presents the ex-pump price outlook for petrol in the 1st window of January, 2022.

Window	FOB Price/MT in \$	FOB Price/L in \$	Dollar Rate /GHS	FOB Price/L- /GHS	BDC Rate /GHS	Tax-Levies /GHS	OMC-Dealers Marg/GHS	Ex-Pump Price /GHS	Percentage Change
Window 2, Dec 2021	662.95	0.5005	6.3530	3.180	0.3	2.27	0.75	6.500	3.7%
Window 1, Jan 2022	707.95	0.5345	6.4040	3.4229	0.3	2.27	0.75	6.7429	

Source: NPA, 2022

Table 1 indicates that ex-pump prices of petrol (Gasoline) have surged by 3.7% from the last window in 2021. In nominal terms, ex-pump prices of petrol could increase by 24 pesewas if Bulk Distribution Companies (BDCs) and Oil Marketing Companies (OMCs) will charge all their supplier's premium and marketers' (Dealers' inclusive) margins respectively.

Table 2 presents the ex-pump price outlook for diesel in the 1st window of January, 2022.

Window	FOB Price/MT in \$	FOB Price/L in \$	Dollar Rate /GHS	FOB Price/L- /GHS	BDC Rate /GHS	Tax-Levies /GHS	OMC-Dealers Marg/GHS	Ex-Pump Price /GHS	Percentage Change
Window 2, Dec 2021	615.75	0.5203	6.3530	3.306	0.3	2.27	0.75	6.626	2.5
Window 1, Jan 2022	641.38	0.5420	6.4040	3.4708	0.3	2.27	0.75	6.7908	

Source: NPA, 2022

Table 2 shows that ex-pump prices of diesel (Gasoil) have surged by 2.5% from the last window in 2021. In nominal terms, ex-pump prices of diesel could increase by 17 pesewas if Bulk Distribution Companies (BDCs) and Oil Marketing Companies (OMCs) will charge all their supplier's premium and marketers' (Dealers' inclusive) margins respectively.

Conclusion

The ex-pump prices of petrol and diesel are expected to surge by 3.7% and 2.5% respectively. In nominal terms, ex-pump prices of petrol and diesel are expected to increase by 24 pesewas and 17 pesewas respectively. The average surge for both products in nominal terms is 20 pesewas representing 3.1%. Some OMCs could increase their prices less than the 20 pesewas increase due to competition.

Note: If the government suspends the zeroing of the PSRL on diesel, petrol and LPG, then ex-pump prices could surge by at least 34 pesewas.

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