

Fuel price cuts for August 2022?

By [Gero Lilleike](#)

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Unaudited mid-month fuel price data has been released by the Central Energy Fund (CEF) and fuel price cuts are on the cards for August 2022. Fuel prices in South Africa have ballooned in the first half of 2022 putting huge strain on household budgets while also having a negative impact on commodity prices.



Source: [Fxabay](#)

At the halfway mark of July 2022, mid-month fuel price is indicating that the price of fuel will be slashed in August 2022.

At this stage, 95ULP petrol could be reduced by roughly 90 c/l while 93ULP could see reductions of R1.07 c/l. As for diesel, prices could be cut down by 91 c/l while the price of paraffin may be slashed by 91 c/l.

This relief, if it materialises, will be most welcomed by motorists and the public at large.

However, the public must be reminded that these figures are only based on mid-month data and the remaining days in July will have an impact on the final adjustments made in August.

The main driver for the anticipated decline is the drop in international petroleum prices but this is being offset by a weak Rand/US Dollar exchange rate. Therefore, if the Rand's performance was stronger, we would see much larger fuel price cuts come to the fore, but sadly, the Rand's weakness is eroding this outlook.



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Earlier this year, the SA government intervened by cutting the General Fuel Levy (GFL) by R1.50 p/l in April and May and then halved it to 75 c/l for June and July to take the sting out of the increases, but that relief will not be extended and from August 2022, the full GFL of R3.93 p/l will be applied, which will water-down any projected decreases.

The Automobile Association (AA), commented, "Given this, and based on the current data, the decreases to the prices for petrol and diesel are expected to be around 15c/l and 32c/l. Although these would be more significant if the GFL relief was still in play, a reduction is nonetheless welcome, and will ease some pressure on consumers."

The Association further notes that despite the forecast decreases, fuel prices in South Africa remain high and that the previous sizable increases will still impact the economy in coming months.

"Decreases offer immediate relief but increases filter into the economy over time, especially as those sectors affected by them don't immediately adjust their prices downward but instead wait for more consistent fuel cuts that lower their input costs. We stand by our call that a review of the fuel price structure, and an audit of the components that comprise the fuel price, is essential and long overdue to offer sustainable solutions that mitigate against rising fuel costs in the country," concludes the AA.

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ABOUT THE AUTHOR

Gero Lilleike is a published writer and photographer with most of his work appearing in the fields of travel and motoring. Gero has worked as a motoring journalist for Cars.co.za for the past eight years and takes every opportunity to go on an adventure whether it be offroad or in the ocean. For Gero, a car's worth is measured by how many surfboards it's able to carry.

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