



*Regulating Energy for Sustainable Development*

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## **PRESS RELEASE**

### **REVIEW OF PRICES OF PETROL, DIESEL AND PARAFFIN IN THE MONTH OF JULY, 2016.**

#### **BACKGROUND**

Malawi Energy Regulatory Authority (MERA) considered recent trends in the world petroleum products' prices and changes in other macroeconomic fundamentals in the local market and their impact on energy prices.

#### **PETROLEUM PRODUCTS INTERNATIONAL PRICES**

The average FOB price of Petrol slightly declined while FOB prices of Diesel and Paraffin increased when compared to the averages obtained in the month of May, 2016 used in determining the ruling pump prices.

The FOB price of petrol decreased by 0.11% while Diesel and Paraffin FOB prices increased by 6.37% and 6% respectively in the month of June, 2016 when compared to FOB prices obtained in May, 2016 attributed to declining production from the United States of America and Iran which has exerted pressure on the prices.

#### **EXCHANGE RATE MOVEMENT**

Since the last review of the In Bond Landed Cost (IBLC) of petroleum products in June, 2016, the Malawi kwacha has depreciated by 1.05 % against the United States Dollar trading at K722.5/USD from K715.00/USD.

#### **PUMP PRICES**

The combined effect of the movement of the FOB prices and exchange rate of the Malawi Kwacha to the US Dollar has resulted in increase of the landed cost of Petrol, Diesel and Paraffin by 6.93, 3.00% and 11.51% respectively. According to the Automatic Fuel Pricing Mechanism (APM), Petrol and Paraffin qualified for an upward price revision since the change in the landed costs was beyond the  $\pm 5\%$  trigger limit.

However, the MERA Board considered the low premiums offered by suppliers in the 2016/17 supply contracts effective 1<sup>st</sup> July 2016 that resulted in lower landing costs for petroleum products. The Board also considered the accumulated funds in the Price Stabilisation Fund account and resolved to cushion the increase in the landed costs of Petrol and Paraffin through the Price Stabilization Fund.

Therefore pump prices have been maintained as implemented on 10<sup>th</sup> June, 2016 as presented below:

<b>Product</b>	<b>Current Pump Price (MWK/Litre)</b>	<b>Recommended maximum pump price (MWK/Litre)</b>	<b>% Change</b>
<b>Petrol</b>	788.30	788.30	-
<b>Diesel</b>	766.90	766.90	-
<b>Paraffin</b>	609.80	609.80	-

All operators are required to sell petroleum products at prices not exceeding these recommended maximum pump prices.

**SEAL** \_\_\_\_\_

**Rt. Rev. Dr. Joseph P. Bvumbwe**  
**BOARD CHAIRPERSON**  
**MALAWI ENERGY REGULATORY AUTHORITY**  
**8<sup>th</sup> July, 2016**