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PRESS RELEASE

New Petroleum Prices for May - June 2017

The Ministry of Commerce, Consumer, Trade, Innovation & Labour wishes to advise that the Tonga Competent Authority (TCA) has approved the new *petroleum prices* for May - June 2017 to be effective **Tuesday 16th May 2017**.

The *petroleum prices* for May – June 2017 increased with the *Retail prices* of petrol, diesel and kerosene by 5.60 seniti/litre, 3.64 seniti/litre and 4.54 seniti per litre respectively.

Crude oil prices continued to rise in the first half of April although then declined in the second half in response to rising output from Libya and US shale oil. Dated Brent averaged USD 52.54/bbl or USD0.97/bbl higher than March.

OPEC members maintained a strong compliance with their agreed production cuts although rising non-OPEC production (US shale oil) and weak second quarter demand is putting downward pressure on crude oil prices. Therefore, to support crude oil prices, the joint OPEC/non-OPEC Ministerial Monitoring Committee (JMMC) met on 28th April and there are positive signals that they intend to extend production cuts beyond June.

Product prices rose more than crude during April. Comparing the April month average prices with March, crude oil (Dated Brent) is marginally up by USD 0.97/bbl (1.9%). Petrol was up by USD 2.87/bbl, jet by USD 1.97/bbl and diesel by USD 1.75/bbl. Product prices rose more than crude due to tightening supply for products (driven by refinery maintenance). Petrol demand is relatively strong as the Northern Hemisphere moves into summer (higher petrol demand as people drive more). This is putting upward pressure on petrol prices combined with the impact of reducing stock in Singapore which is further supporting the market.

The freight rate and Tongan Pa'anga have been steady, so the rise in regional product prices will flow through to increasing local prices.

Overall, this month all product prices will increase. *Wholesale price* for kerosene and diesel will rise by 4.25 seniti/litre and 3.64 seniti/litre respectively, while petrol recorded the largest increase of 5.61 seniti/litre. All price changes include consumption tax

The next petroleum monthly pricing for June – July 2017 and the quarterly LPG pricing for June – September 2017 will be effective on the 16th June 2017.

For further information please contact the Ministry of Commerce, Consumer, Trade, Innovation & Labour at telephone 23-688 ext 130

Ministry of Commerce, Consumer, Trade, Innovation & Labour
16th May 2017
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