

16 August, 2011. **The Competent Authority has approved the new petroleum prices for August-September 2011 to be effective from Tuesday 16th August 2011 and therefore wish to notify the public accordingly.**



Retail price for all products have decreased compared to the price for July-August 2011. The retail price for August-September 2011 for Diesel have decreased by 3.90 seniti to \$2.84 per litre (equivalent to 1.35% reduction) followed by Kerosene by 2.99 seniti down to \$2.22 per litre (equivalent to 1.33% reduction) and Petrol is decreased by 1.28 seniti to \$2.78 per litre (equivalent to 0.46% reduction)

Petroleum prices for August-September 2011 are mainly determined by the movement of FOB prices in the Singapore market based on July 2011 average prices of the daily published Means of Platt's Singapore (MOPS) benchmark prices. The slight decrease in August-September 2011 price is attributed to the following reasons:

- Singapore prices for refined products were relatively steady for most of July 2011.
- Strong market demand and therefore refinery runs. This makes it more closely linked with the demand for crude.
- On a month average basis crude prices were up US\$2-3/bbl, more than reversing the small decline seen in June. Diesel and jet fuel in Singapore were up by a similar amount(US\$2.50/bbl) whereas petrol with a bounce back in demand was up US\$5.50/bbl.

- The Tongan Pa'anga was up more than 4% against the US dollar for July in comparison to June. This strengthening Pa'anga meant in local currency terms to price of petrol held steady (it offset the rise in the benchmark price) and jet fuel and diesel prices fell.
- The introduction of the new petroleum pricing template resulted in a minor reduction of the price of fuel as compared to the old template.

The decline in Tonga Power diesel price is sharper than it would have been. In summary for August, wholesale prices including consumption tax will decrease by 0.4 seniti/litre for petrol, 3.0 seniti/litre for jet fuel and diesel, and 7.3 seniti/litre for Tonga Power diesel.

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