



# STC PRESS RELEASE

The Petroleum Pricing Committee (PPC) met on Monday 8<sup>th</sup> October 2018 and after verification of the computation of the retail prices of Mogas and Gas Oil, as provided for under Regulation 8 of the Consumer Protection (Control of Price of Petroleum Products) Regulations 2011 (as amended), approved that the retail prices be maintained at their present level as per Regulation 5(3):

Product	Retail Price Rs / Litre
<b>Mogas</b>	<b>49.65</b>
<b>Gas Oil</b>	<b>40.00</b>

The retail prices of Mogas and Gas Oil were fixed at Rs49.65 and Rs40.00 per litre respectively at the meeting of the PPC held on 14<sup>th</sup> June 2018. The Reference Prices used at that time were US\$729.98 per M.Ton for Mogas and US\$88.62 per barrel for Gas Oil. Since then, the FOB prices on the world market have evolved as shown in the graphs below.

As stated in the press release of 14<sup>th</sup> June 2018, the Price Stabilisation Account (PSA) had a negative balance of Rs165.7 million. However, decision has been taken to transfer an amount of Rs350 million from the “Subsidy Reserve Fund” to the PSA. As such, at 8<sup>th</sup> October 2018 the PSA shows a positive balance of Rs296 million.

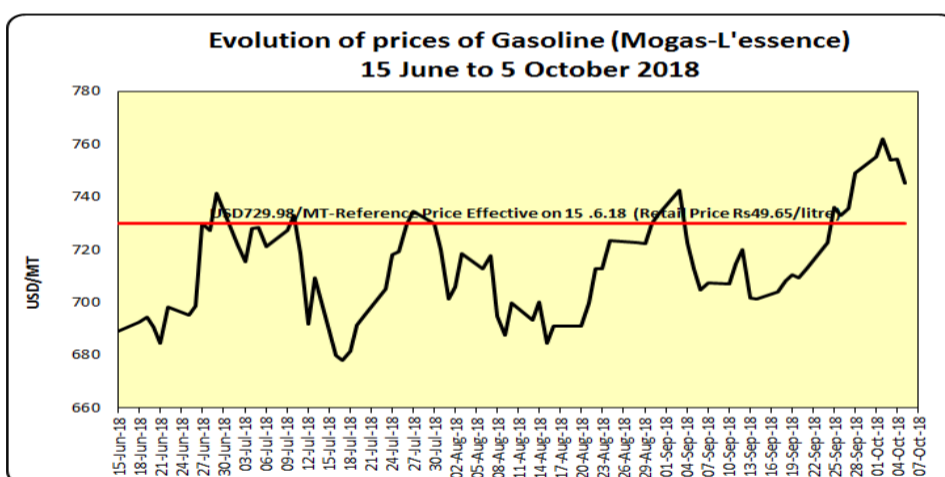
The Reference Prices used for the present exercise, that is the actual prices for July to September 2018 and the future prices for October to December 2018 are US\$729.46 per M.Ton for Mogas, representing a decrease of US\$0.52 per M Ton (0.07%), and US\$93.15 per barrel for Gas Oil, representing an increase of US\$4.53 per barrel (5.11%) compared to June 2018.

Based on the above Reference Prices and the exchange rate of Rs35/US\$, the retail price of Mogas should have been increased by Re0.85 per litre or 1.72%. Since the percentage increase is below 4%, the retail price has been maintained as provided in the Regulations. The retail price of Gas Oil should have been increased by Rs2.05 per litre or 5.13%, but has been maintained at its present level by using fund from the PSA in line with the Regulations.

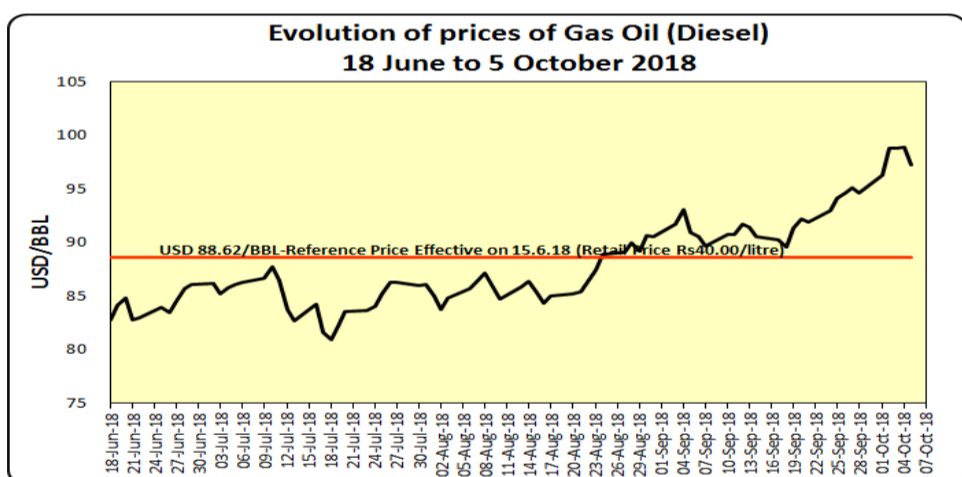
As per Government decision, margins for Oil Companies and Petrol Service Stations have been reviewed for both Mogas and Gas Oil. The “Contribution to the construction of storage facilities for petroleum products” has also been reviewed to make provision for the Mer Rouge Oil Storage Terminal Co. Ltd (MOST) project for the additional storage of 15,000 M.Tons of Mogas and 10,000 M.Tons of Gas Oil.

The evolution of the world prices of Mogas and Gas Oil since June 2018 is shown in the graphs below.

**Graph 1 – Mogas**



**Graph 2 – Gas Oil**



Based on the new Reference Prices, the retail prices of Mogas and Gas Oil are Rs49.65 per litre and Rs40.00 per litre respectively as shown below:

	<b>Mogas</b>	<b>Gas Oil</b>
Reference Price - US\$ per metric ton	<b>729.4600</b>	-
Reference Price - US\$ per barrel	-	<b>93.1500</b>
CIF - US\$/litre	0.5829	0.6103
Exchange rate – Rs/US\$	35.0000	35.0000
	<b>Rupees per litre</b>	
CIF	20.4015	21.3605
Excise duty	14.8000	7.3000
Contribution to Road Development Authority	1.8500	1.7500
Contribution to Rodrigues transportation and storage	0.4100	0.4100
Contribution to the construction of storage facilities for petroleum products	0.3000	0.3000
Contribution to subsidy on LPG, Flour and Rice	1.7500	1.2000
STC's operational expenses	0.3500	0.4000
Adjustment	(0.7416)	-
Fund from Price Stabilisation Account	-	(1.7859)
<b>TRANSFER PRICE TO OIL COMPANIES</b>	<b>39.1199</b>	<b>30.9346</b>
Oil Companies' operational expenses and wholesale margin	2.1500	1.9800
VAT (15%)	6.4761	5.2174
<b>WHOLESALE PRICE</b>	<b>47.7460</b>	<b>38.1320</b>
Retail margin	1.9040	1.8680
<b>RETAIL PRICE (Price at Petrol Service Station)</b>	<b>49.6500</b>	<b>40.0000</b>

8 October 2018