



STC PRESS RELEASE

The Petroleum Pricing Committee (PPC) met on Friday 11 January 2019 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 decreased as shown below as per Regulation 5(3):

Product	Retail Price Rs / Litre
Mogas	47.00
Gas Oil	38.00

The retail prices of Mogas and Gas Oil were brought down to Rs49.65 and Rs40.00 per litre respectively at the meeting of the PPC held on 14th 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. It is to be noted that the average FOB price of Mogas for the year 2018 was US\$659.26 per M.Ton with a peak of US\$763 per M.Ton. The average FOB price of Gas Oil during 2018 was US\$82.89 per barrel with a peak of US\$98.84 per barrel.

At the meeting of the PPC held on 8 October 2018, it was decided to maintain the retail prices of Mogas and Gas Oil following Government decision to transfer an amount of Rs350 million to the "Price Stabilisation Account" on 30 June 2018. At 11 January 2019, the PSA has a positive balance of Rs631.3 million.

The Reference Prices used for the present exercise, that is, the actual prices for October to December 2018 and the future prices for January to March 2019 are US\$554.68 per M.Ton for Mogas, representing a decrease of US\$175.30 per M Ton (24.01%), and US\$73.63 per barrel for Gas Oil, representing a decrease of US\$14.99 per barrel (16.91%) compared to June 2018.

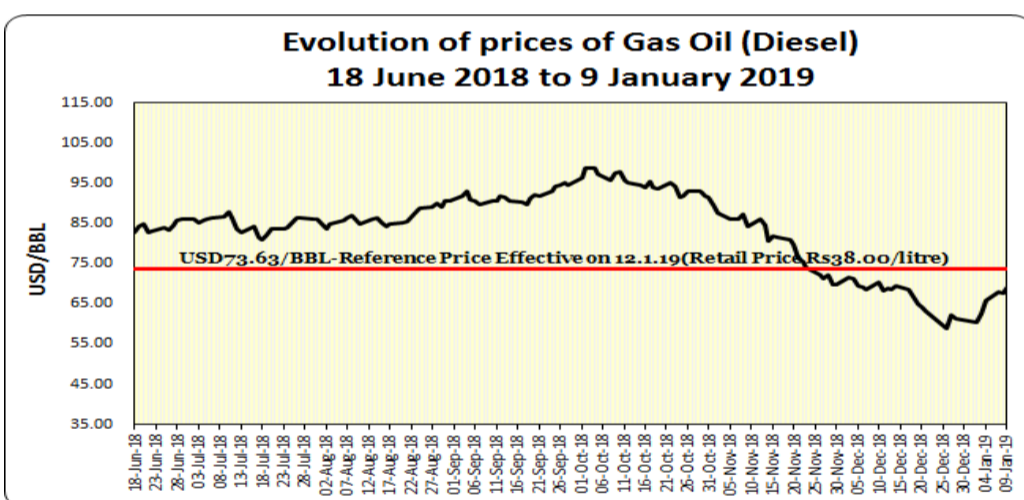
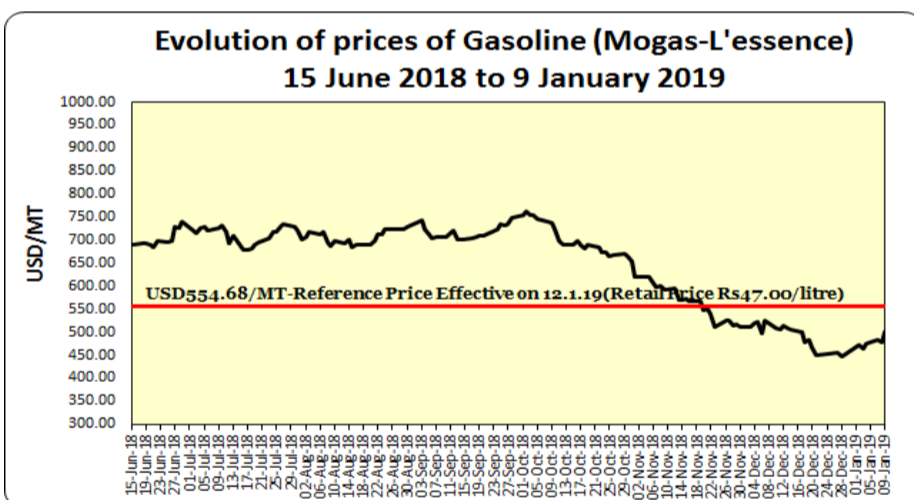
Based on the above Reference Prices and the exchange rate of Rs34.80/US\$, the retail price of Mogas has been decreased by Rs2.65 per litre or 5.34%. The retail price of Gas Oil has been decreased by Rs2.00 per litre or 5 %.

As per Government decision, the "Contribution to the construction of storage facilities for petroleum products" has been increased by 35 cents per litre of Mogas and by 20 cents per litre of Gas Oil to make provision for infrastructural projects related to storage and supply of petroleum products including LPG. Also, the item "Contribution to subsidy on LPG, Flour and Rice" has been increased by Rs1.25 per litre on Mogas to make provision for additional subsidy required on Flour and LPG.

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 effective as from 00.00 hour on Saturday 12 January 2019 are Rs47.00 per litre and Rs38.00 per litre respectively as shown below:

	Mogas	Gas Oil
Reference Price - US\$ per metric ton	554.68	-
Reference Price - US\$ per barrel	-	73.63
CIF - US\$/litre	0.4520	0.5064
Exchange rate – Rs/US\$	34.8000	34.8000
Rupees per litre		
CIF	15.7296	17.6227
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	0.6500	0.5000
Contribution to subsidy on LPG, Flour and Rice	3.0000	1.2000
STC's operational expenses	0.3500	0.4000
Rounding of figures	0.0260	0.0128
TRANSFER PRICE TO OIL COMPANIES	36.8156	29.1955
Oil Companies' operational expenses and wholesale margin	2.1500	1.9800
VAT (15%)	6.1304	4.9565
WHOLESALE PRICE	45.0960	36.1320
Retail margin	1.9040	1.8680
RETAIL PRICE (Price at Petrol Service Station)	47.0000	38.0000