



All letters to be addressed to:
CEO, MINISTRY OF TRADE AND ECONOMIC
DEVELOPMENT

PRESS RELEASE

New Petroleum Prices for December 2019 – January 2020

The Ministry of Trade and Economic Development wishes to advise that the Tonga Competent Authority (TCA) has approved the new petroleum prices for December 2019 – January 2020 to be effective from **Monday, 16th December 2019**.

Oil markets remain steady with crude oil prices continuing to trade around US\$60-65 per barrel. Overall, the monthly average crude oil price increased to USD 62.70/bbl for crude oil (Dated Brent up by USD 3.04/bbl from October average). Talk of strong demand for diesel ahead of the IMO 2020 regulations (lower sulphur bunker fuel) are yet to have a significant impact, albeit some refiners are now seeking lighter crude to maximise production of compliant low sulphur fuel oil.

The IMO 2020 regulations are effective from 1st January 2020 are causing increasing demand for low sulphur fuel oil, supporting prices for medium and lighter crudes. There is a general market expectation that the IMO impact will flow through the medium range tanker freight cost. For the Tonga market supplied via Fiji, the MR freight rate will be available via 2020 Worldscale flatrate available next month.

While crude oil prices increased, product prices were variable. Petrol prices rose although less than crude. Regional petrol prices were supported by strong demand, although prices now seem to have peaked with refining margins in retreat. Diesel and kerosene prices continued to decline despite rising crude oil prices due to high inventory and weak regional demand. Comparing the November 2019 month average prices with October:

- Crude oil (Dated Brent) was up by USD 3.04/bbl (5.1%);
- Petrol was up by USD 2.23/bbl (3.0%);
- Jet was down by USD 0.47/bbl (0.6%); and
- Diesel was down by USD 1.10/bbl (1.4%).

The freight rate has reduced marginally (1.9%) while the Tongan Pa'anga has been steady and as a result product prices movements are mixed.

The overall impact on this month's product prices is variable. Wholesale petrol will have an increase of 3.32 seniti/litre, while wholesale kerosene and diesel will decrease by 1.43 seniti/litre and 2.57 seniti/litre respectively. The retail price in Tongatapu for Petroleum increase by 3.32 seniti/litre while Kerosene and Diesel decrease by 1.43 seniti/litre and 2.57 seniti/litre respectively. All price changes include consumption tax.

For full details on prices including outer islands, please contact our office (below) or visit our facebook page: *Consumer Affairs Tonga*.

For further information, please contact the Ministry of Trade & Economic Development, Price Control Unit on telephone: (676) 7400105 ext 131 or email: ilaisaanem@mted.gov.to.