

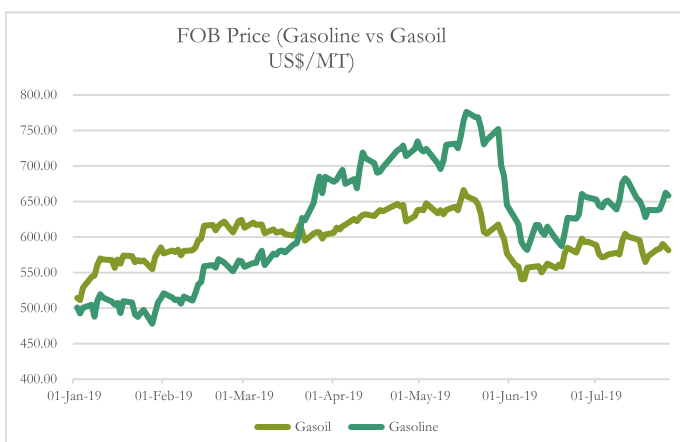
CBOD PETROLEUM PRICE OUTLOOK

Refined Products Review and Outlook

The international market prices of gasoline and gasoil averaged \$648.98/mt and \$584.73/mt respectively in the first pricing window of July (12th-26th July 2019), \$5.70/mt lower than the previous window in the case of gasoline and \$0.89/mt higher than the previous window for gasoil. These prices (12th-26th July) were 29% and 7% higher than average prices observed in the beginning pricing window of the year. Average international market prices have been sporadic during the year, starting the first window of January at \$504/mt for gasoline and \$545.63/mt for gasoil.

Prices for gasoline and gasoil peaked in the first selling window of June at \$749.68/mt and \$639.88/mt respectively. This was 49% and 17% higher than prices observed in the first window of January 2019.

International market prices are expected to drop between 1%-2% for both gasoline and gasoil in the second pricing window of July (27th July-11th August 2019). This is attributable to the ongoing trade war between USA and China which has slowed the growth in China's demand.



FuFeX60

The forward FX rate (FuFeX) used is the average of the quoted indicative forward forex rate from major oil financing banks adjusted by the covered-interest parity pricing model. The FuFex60 is computed as the average 60-day forward fx rate of selected major oil financing banks. The Fufex60 to be applied for the first selling window of August 2019 is Ghs5.60/USD.

The adoption of a FuFeX30 (30-day forward rate) instead of FuFeX60 can reduce pump prices by about 2%. It is therefore necessary that BDCs revise their trade credit tenor downwards to help reduce consumer prices at the pump.

The Ex-refinery Price Indicator (Xpi)

The Ex-ref price indicator (Xpi) is computed using the referenced international market prices as observed to be usually adopted by BDCs, factoring the CBOD economic breakeven benchmark premium for a given window and converted from USD/mt to Ghs/ltr using the FuFeX.

$$XPI = \frac{(\text{International Market Price} + \text{CBOD Benchmark Premium}) \times \text{FuFeX60}}{\text{Conversion Factor}}$$

Ex-ref Price for 1st- 15th August 2019

PRICE COMPONENT	PMS	AGO
Average World Market Price (US\$/MT) 12 th -26 th July Pricing window	648.98	548.73
CBOD Benchmark Breakeven Premium (US\$/MT)	60	80
FuFeX60 (GHS/USD)	5.6	5.6
Volume Conversion Factor (ltrs/mt)	1324.50	1183.43
Ex-ref Price (Ghs/ltr)	2.998	3.146
Price Tolerance	+2%/-0.25%	+2%/-0.25%

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