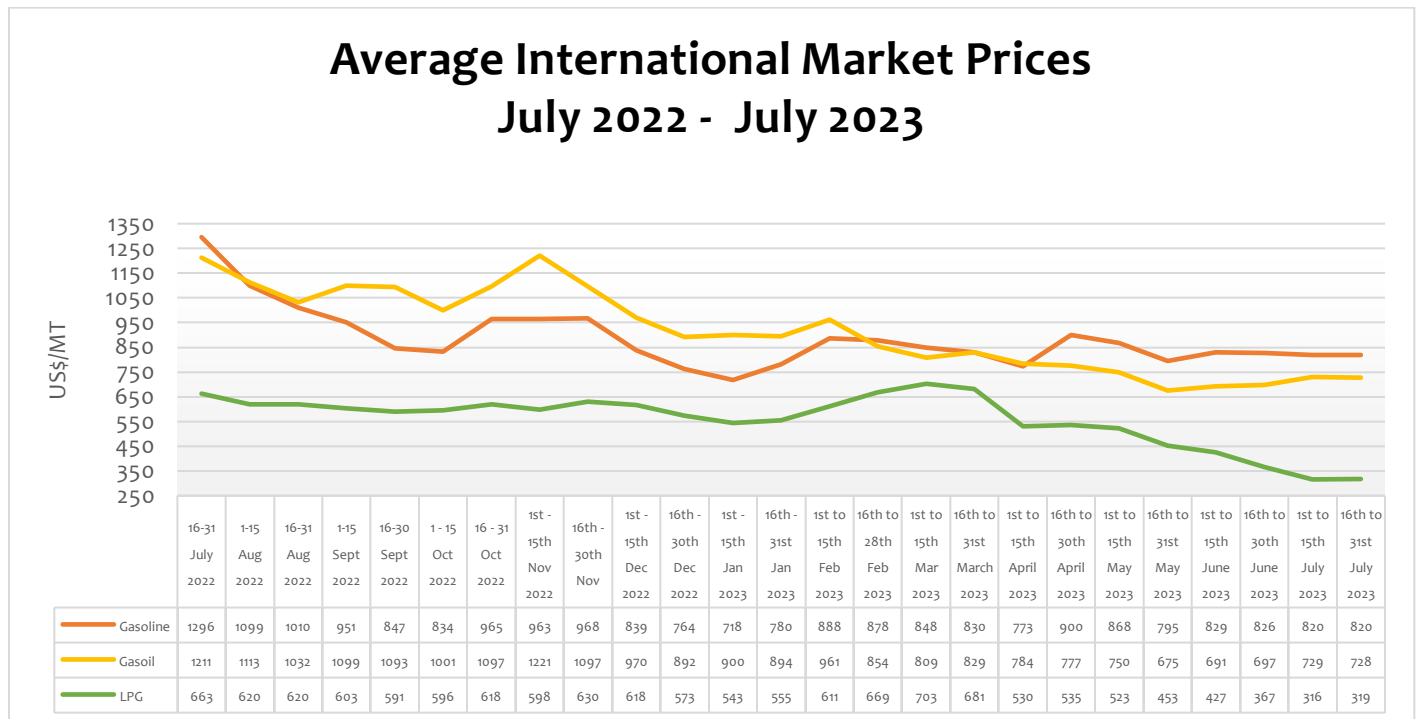


CBOD MARKET OUTLOOK

16th to 31st July 2023 Pricing Window

Refined Products Price Review and Outlook

The international market prices of finished petroleum products in the 27th June to 11th July 2023 pricing window, which are the premiums used in pricing petroleum products from 16th to 31st July 2023, changed marginally compared to the previous selling window. Crude oil prices on the world market within the period rose slightly by about USD1.48/bbl (2.13%) to about USD75.85/bbl majorly attributed to a cut in supply by giant oil-producing countries such as Saudi Arabia and Russia. It is worth noting that the recent stability in the global crude oil and petroleum product price is largely attributed to the uncertainties surrounding the global economic outlook amidst fears of interest rate hikes by various central banks. Worries over hiking interest rates by some central banks due to the rising inflation in the US and EU reduced global demand for petroleum products in quarter two.



As indicated in the figure above, while the price of Petrol and LPG on the world market over the period rose by 0.1% and 1.0% respectively, diesel declined marginally by 0.1%. The international market prices of Petrol, Diesel, and LPG changed from an average of USD819.61/mt, USD729.07/mt, and USD316.02/mt

to USD820.27/mt, USD728.11/mt, and USD319.09/mt respectively. LPG price rose slightly in this window after falling consistently in the previous five selling windows.

Although the global petroleum products prices were largely affected by the bleak global economic outlook and the rising interest and inflation rates in the US in quarter 2, the uncertainties regarding the US debt ceiling bill also accounted for the volatile petroleum product prices in quarter 2.

These notwithstanding, some industry experts are attributing the recent slump in demand to the gloomy global economic outlook, fostered by the weak economic performance of China, which has resulted in an oversupply of crude.

On a year-on-year basis, Petrol, Diesel, and LPG declined by 36.7%, 39.9%, and 51.9% respectively. On a year-to-date basis, Diesel and LPG have declined by 19.1% and 41.3% respectively, while Petrol surged by 14.3%.

According to Reuters News, oil prices in quarter 3 will increase as a result of the weakening of the dollar, optimism about demand from China, and the expected surge in demand from developing countries. Moreover, on the supply side, Saudi Arabia has indicated its willingness to cut production by about one million barrels per day in August while Russia has also agreed to cut exports by about 500,000 barrels per day. As a result, the International Energy Agency (IEA) has projected a rise in crude and petroleum product prices in quarter 3.

FuFeX30 And Spot Rates

The Fufex30¹ is a 30-day forward GHS/USD FX rate for the petroleum downstream industry. It is estimated using the average quoted indicative forward forex rate from major oil financing banks adjusted by the covered-interest parity pricing model. The Fufex30 for the second selling window of July (16th to 31st July 2023) is estimated at **GHS12.0000/USD**, which is the weighted average of quoted indicative 30-day forward forex rate from major oil financing banks as monitored on the market and the Bank of Ghana FX auction rate to the BIDECS. The applicable indicative spot rate for cash sales is **GHS11.8000/USD** based on average spot rates from commercial banks.

¹ The Fufex30 is a 30-day Ghs/USD forward fx rate used as a benchmark rate for BIDECS ex-ref price estimations.

The Ex-refinery Price Indicator (Xpi)

The Ex-ref price indicator (Xpi) is computed using the referenced international market prices usually adopted by BIDECS, factoring the CBOD economic breakeven benchmark premium for a given window and converted from USD/mt to GHS/ltr using the *FuFex30* for sales on credit and spot *FX* rate for sales on cash.

$$XPI = \frac{(\text{International Market Price} + \text{CBOD Benchmark Premium}) \times \text{Fufex30/Spot FX}}{\text{Conversion Factor}}$$

Taxes, Levies, and Regulatory Margins

The National Petroleum Authority reviewed the UPPF and Fuel Marking Margins upwards by GHP28/ltr and GHP5/ltr respectively in the second pricing window of May. The upward review of the UPPF, according to the Regulator, is to ensure effective freight rates for the transportation of petroleum products to retail outlets. The review of the Fuel Marking Margin is to guarantee consumers quality fuels. Hence, Total taxes, levies, and regulatory margins on petroleum products for the 16th to 30th July 2023 selling window stood at GHP296/ltr for petrol, GHP294/ltr for diesel, and GHP201/kg for LPG. These accounted for 25% of the ex-pump prices of petrol and diesel and 17% of the ex-pump price of LPG in the selling window under consideration.

Selling Window 1st to 15th July 2023

TRM Components	Gasoline (GHP/ltr)	Gasoil (GHP/ltr)	LPG (GHP/KG)
ENERGY DEBT RECOVERY LEVY	49	49	41
ROAD FUND LEVY	48	48	-
ENERGY FUND LEVY	1	1	-
PRICE STABILISATION & RECOVERY LEVY	16	14	14
SANITATION & POLLUTION LEVY	10	10	-
ENERGY SECTOR RECOVERY LEVY	20	20	18
PRIMARY DISTRIBUTION MARGIN	13	13	-
BOST MARGIN	9	9	-
FUEL MARKING MARGIN	5	9	-
SPECIAL PETROLEUM TAX	46	46	48
UPPF	75	75	75
DISTRIBUTION/PROMOTION MARGIN	-	-	5
TOTAL	296	294	201

OMC Pricing Performance: 1st to 15th July 2023

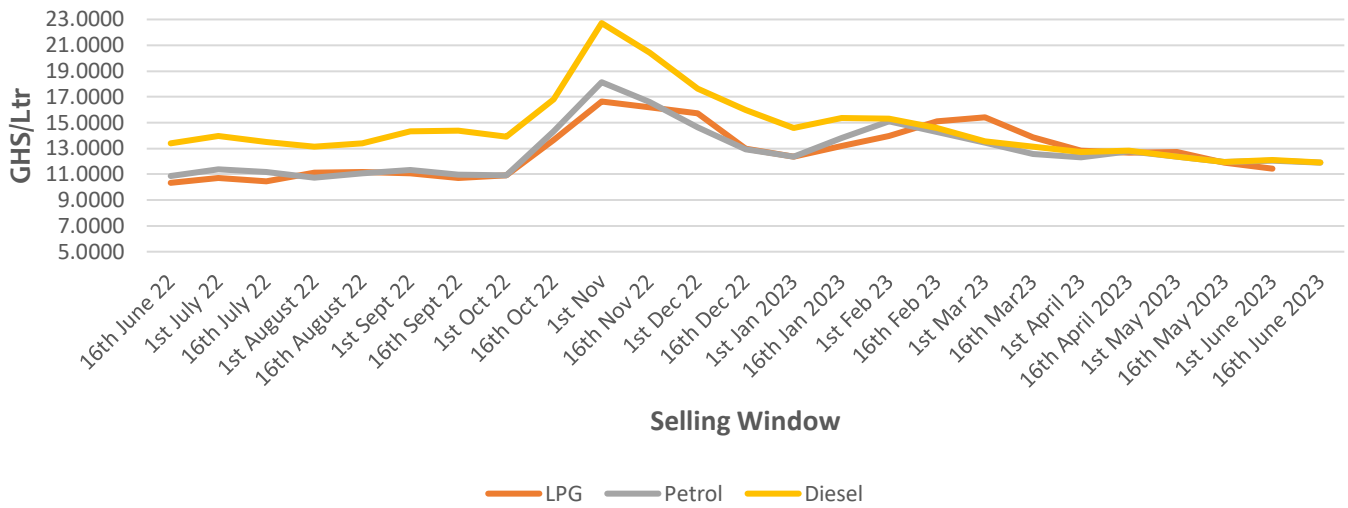
Several factors continue to push down the pump prices of petroleum products in the country since the beginning of the year. These include the strengthening of the local currency, plummeting international prices, and the sharp decline in the suppliers' premiums. The local currency has been stable since the beginning of the year. Its volatility has been reduced especially after the country got approval from the IMF Board for the credit facility. Moreover, the premiums of suppliers on the importation of products have reduced significantly for both Petrol and Diesel since the beginning of the year.

Pump prices of petroleum products escalated significantly to about GHS18.1370 and GHS20.4270 per liter of petrol and diesel in November 2022. However, ex-pump prices fell by about 4% and 18% for petrol and diesel respectively year to date. On a year-on-year basis, petrol rose by about 5% to GHS11.9170/ltr while diesel fell by about 14% to GHS11.9520/ltr.

SUMMARY REPORT OF BANK OF GHANA FX AUCTIONS TO BIDECS		
Window	Percentage Offered	Auction FX Rate (GHS/USD)
1 st – 15 th Dec 2022	59%	13.3390
16 th – 31 st Dec 2022	83%	9.4656
1 st – 15 th Jan 2023	60%	9.5579
16 th – 31 st Jan 2023	48%	10.5151
1 st – 15 th Feb 2023	29%	10.9875
16 th – 28 th Feb 2023	27%	11.9095
1 st – 15 th March 2023	29%	12.1203
16 th – 31 st March 2023	21%	12.0158
1 st – 15 th April 2023	20%	12.0000
16 th – 30 th April 2023	24%	11.4467
1 st – 15 th May 2023	20%	11.7575
16 th – 31 st May 2023	26%	11.6943
1 st – 15 th June 2023	39%	11.1657
16 th – 30 th June 2023	33%	11.1781
1st – 15th July 2023	25%	11.3737

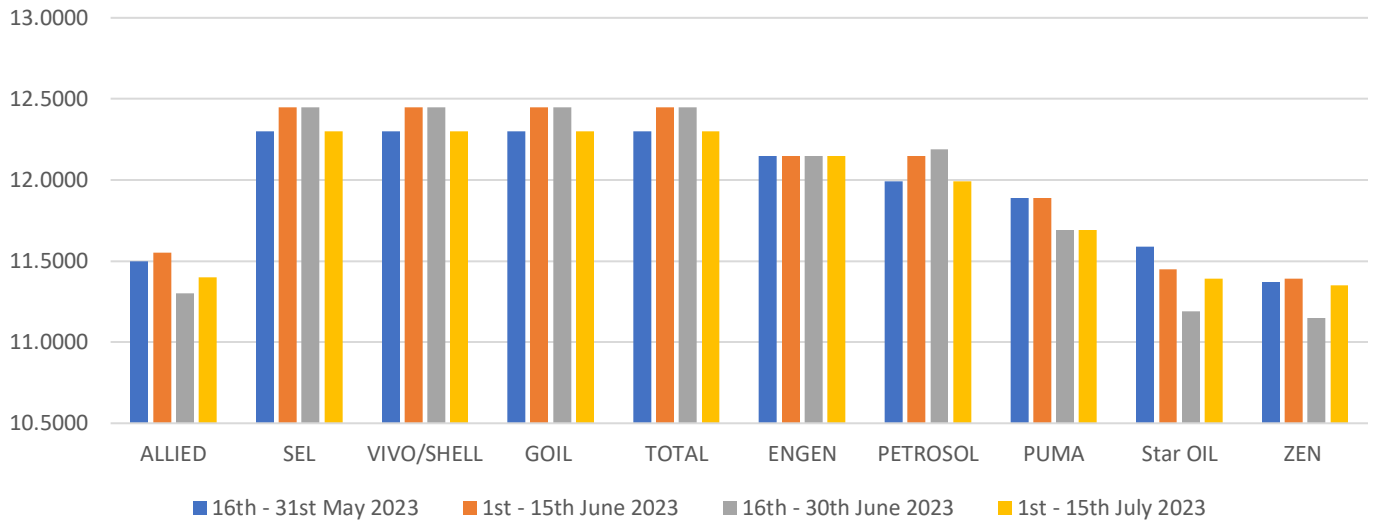
The BoG's bi-weekly FX auction to BIDECS in the window under review for the purchase of petroleum products was 25% of BIDECS' bid. BoG auctioned US\$20 million at a rate of GHS11.3737/USD to BIDECS for the purchase of petroleum products in the 1st to 15th July selling window. The FX rate auctioned by BOG to BIDECS was a slight depreciation of 1.72% compared to the previous auction rate.

Year-on-Year Average Ex-Pump Prices 2022-2023



The pump price of Petrol and Diesel declined marginally by 0.3% and 0.1% to an average of GHS11.9170/ltr and GHS11.9520/ltr respectively in the selling window. LPG price per kilogram declined from an average of GHS15.4300/kg mid-February this year to an average of GHS12.6500/kg in the first selling window of April, representing a fall of about 18%. This represents a year-on-year LPG price increase of about 7%, further indicating that the pump price of LPG has declined by about 9% since the first of January 2023. For the first time since October 2022, LPG per Kg is being sold below GHS11.000.

Average Petrol Ex-Pump Prices (GHS/Ltr)



Average Diesel Ex-pump prices (GHS/ltr)

