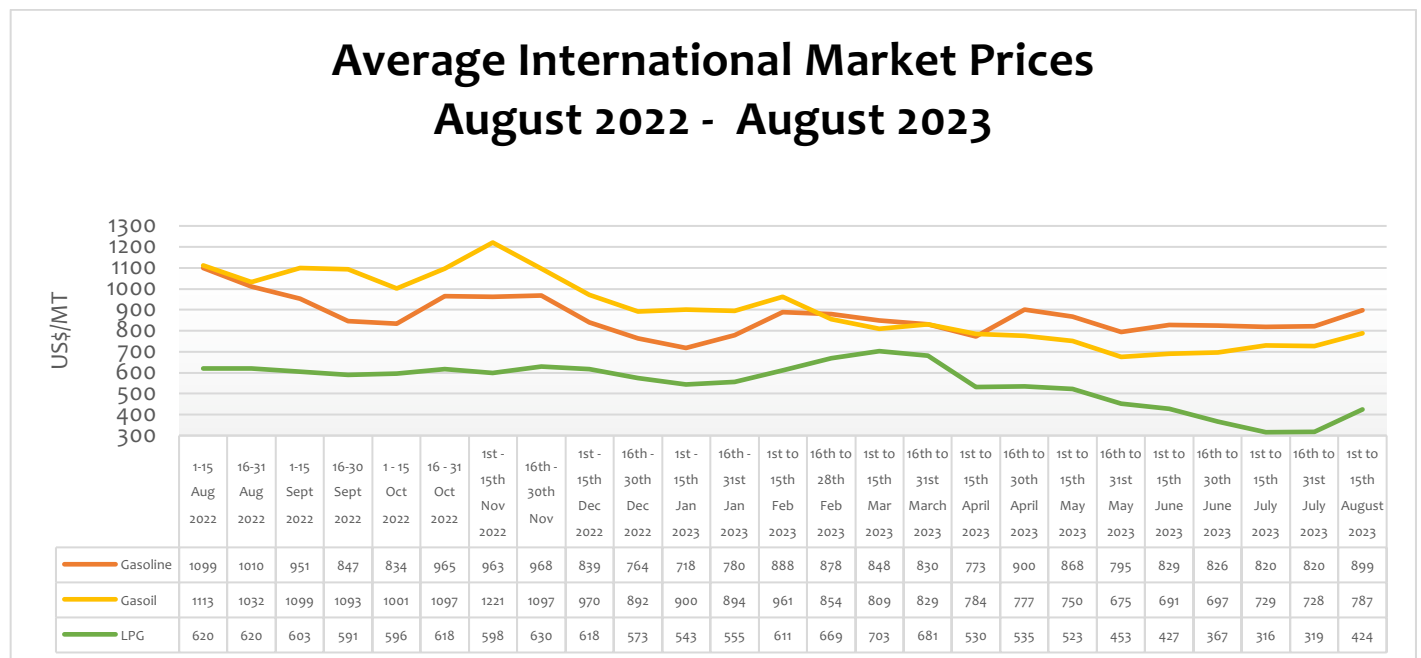


CBOD MARKET OUTLOOK

1st to 15th August 2023 Pricing Window

Refined Products Review and Outlook

Global crude prices rose significantly in the month of July largely due to supply tightness owing to OPEC+ production cuts and renewed optimism over Chinese demand and global growth. High inflation and interest rates in the US and Europe and the weak economic indicators from economies like the US, EU, and China resulted in a significant slump in global crude prices in Q2. However, crude oil prices remained stable in June after they fell by about 5 percent from Q1 to Q2 2023. Prices fell significantly in April 2023, forcing some OPEC+ nations to voluntarily cut down output by about 1.2mn b/d to influence prices. This intervention by the oil-producing countries escalated prices to about USD85/bbl in the first week of April. However, prices fell significantly thereafter due to the continual hikes in US interest rates and the weak economic performance of China. Crude oil prices fell by about 13 percent from USD85/bbl in April to USD74/bbl in July.



These notwithstanding, the last pricing window of July witnessed crude oil prices rising back to about USD80/bbl largely because of favorable inflation data from the US and the improved optimism over the Chinese economic performance.

International market prices of refined petroleum products in the 12th to 26th July 2023 pricing window, which are the premiums applicable in pricing petroleum products from 1st to 15th August 2023, increased significantly compared to the previous selling window. As a result of these significant increases in petroleum product prices in the world market, pump prices in Ghana are expected to rise proportionately in the 1st to 15th of August pricing window if all other contributing factors remain unchanged.

In the Pricing Window under review, Petrol, Diesel, and LPG prices in the world market rose by 9.5%, 8.1%, and 32.8% respectively relative to the previous window. The major factors accounting for the significant rise in prices are the reduced supply of crude by oil-producing countries, the significant fall in US crude stock, the renewed economic performance of China as well as the optimism over favorable interest rates in the US.

The international market price of Petrol, Diesel, and LPG surged from USD820.27/MT, USD728.11/MT, and USD319.09/MT in the previous window to USD898.55/MT, USD786.73/MT, and USD423.75/MT respectively in the Window under review. Consumers in Ghana are expected to see a significant rise in the price of LPG per kg at the pumps in the 1st to 15th August Pricing window. On a year-on-year basis, Petrol, Diesel, and LPG prices declined by 18.3%, 29.3%, and 31.7% respectively. On a year-to-date basis, Diesel and LPG prices have declined by 12.6% and 22.0% respectively, while that of Petrol surged by 25.2%. According to Reuters News, efforts by the Chinese authorities to boost economic growth are expected to increase energy demand in the world's largest importer of crude, which will most likely maintain global hikes in crude prices amidst the decreasing supply of crude.

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 first selling window of August (1st to 15th August 2023) is estimated at **GHS11.9000/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. Hence, the estimated FX for a 30-day or 45-day

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

credit sale is estimated at **GHS11.9000/USD**. The applicable spot rate for cash sales is **GHS11.7000/USD** based on average spot rates from commercial banks.

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.

Taxes, Levies, and Regulatory Margins

Total taxes, levies, and regulatory margins on petroleum products for the 16th to 31st July 2023 selling window remained unchanged relative to the previous window at GHS2.96/ltr for Petrol, GHS2.94/ltr for Diesel, and GHS2.01/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.

The National Petroleum Authority (NPA) reviewed the Suppliers' Premium for Residual Fuel Oil (RFO) effective 16th July from USD230.97/MT to USD110.00/MT. The NPA reviewed the Suppliers' premium of RFO in September 2022 to incentivize BIDECs to supply RFO when local refineries which were the usual suppliers were unable to meet market demand due to supply disruptions. According to the NPA, local refineries have resumed the production of RFO in their usual capacities and are able to meet the local demand, hence the need to revise the suppliers' premiums of the product to correspond to the cost of production.

Selling Window 16th to 31st July 2023

TRM Components	Petrol (GHP/ltr)	Diesel (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	-

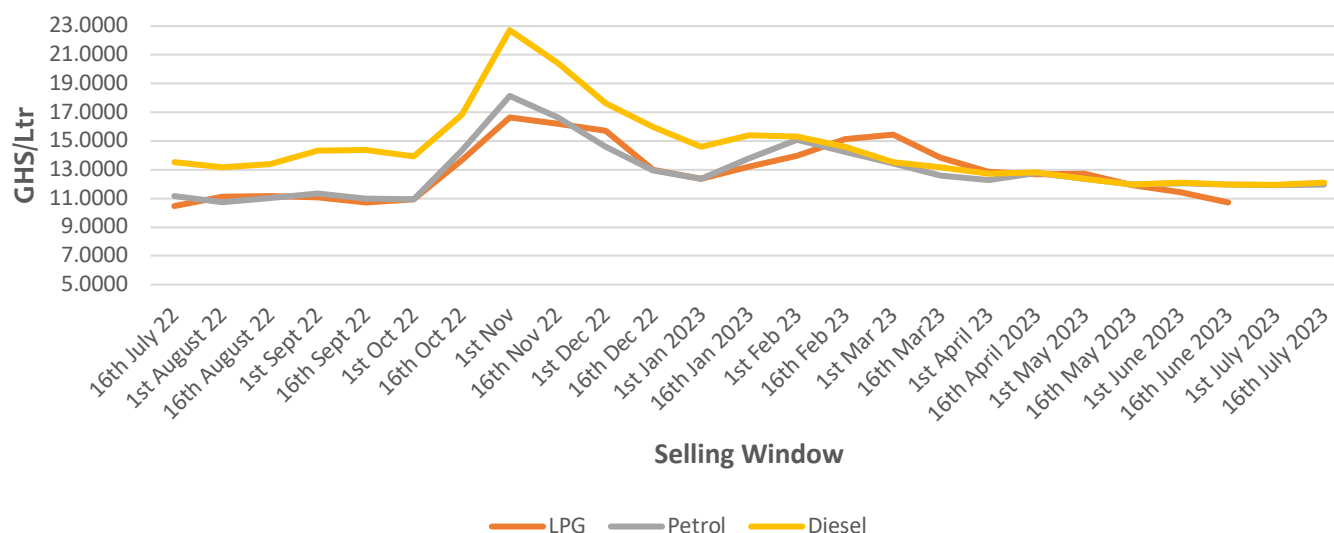
SPECIAL PETROLEUM TAX	46	46	48
UPPF	75	75	75
DISTRIBUTION/PROMOTION MARGIN	-	-	5
TOTAL	296	294	201

OMC Pricing Performance: 16th to 31st July 2023

Due to the slight increase in global petroleum product prices in the previous window, pump prices within the 16th to 31st July 2023 selling window surged, reversing the relief consumers enjoyed from the fall in prices in the past five windows. Thus, Petrol and Diesel prices at the pump surged by an average of 0.6% and 1.2% respectively.

Unlike in April 2023 when the pump prices surged because of the depreciation of the Cedi, the escalation of pump prices in the selling window under review was largely attributed to the significant surge in international oil prices due to the cut in production by some OPEC+ countries. Although the international prices surged significantly, a similar change was not witnessed at the pumps due to the steady performance of the Cedi against the dollar within the period. This reinforces the need for government policies aimed at achieving lower pump prices to target the stabilization of the local currency and making FX available to BDCs at competitive rates. Moreover, interventions by BoG to increase the allocation of FX to BDCs and stabilize the Cedi against the Dollar will largely stabilize the volatilities in pump prices of fuel in the country.

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



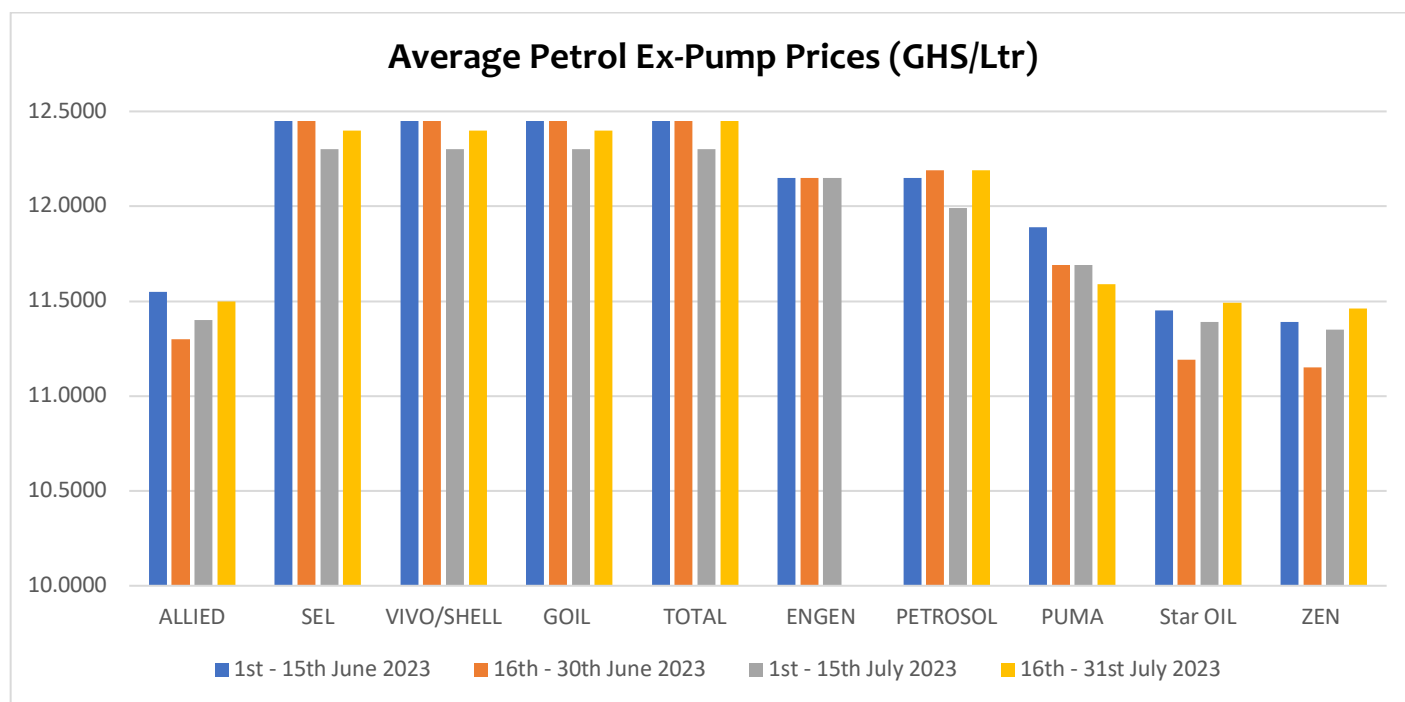
BoG continues to auction FX to BDCs for the importation of petroleum products. The intervention was initiated to ensure that the Bulk importers of petroleum products have access to stable FX at the required volumes for the importation of petroleum products. The intervention was also aimed at providing relief to consumers from the adverse impact of the escalating pump prices because of the sharp volatility and unavailability of FX.

SUMMARY REPORT OF BANK OF GHANA FX AUCTIONS TO BIDECS

Window	Percentage Offered	Auction FX Rate (GHS/USD)
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
1 st – 15 th July 2023	25%	11.3737
16 th – 31 st July 2023	30%	11.3737

The BoG's bi-weekly FX auction to BIDECS in the window under review for the purchase of petroleum products was 30% 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 16th to 31st July selling window. The FX rate auctioned by BOG to BIDECS was the same as the previous auction rate.

The pump price of Petrol and Diesel rose from an average of GHS11.9170/ltr and GHS11.9520/ltr in the previous selling window (1st to 15th July 2023) to GHS11.9867/ltr and GHS12.80933/ltr. On a year-on-year basis, pump prices of Petrol experienced approximately 7% increase while Diesel fell by 11% over the period. From January 2023 to the end of July 2023, pump prices of Petrol and Diesel fell by about 3% and 11% respectively.



Average Diesel Ex-pump prices (GHS/ltr)

