

PRESS RELEASE

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CHEAPER PETROL IN DECEMBER “A TEMPORARY RELIEF”

Economist Dawie Roodt has warned that the anticipated fall in the petrol price later this week is likely to be a temporary relief and that consumers should not count on it lasting much beyond the New Year.

“The current low price is primarily due to a temporary strength in the rand, which is expected to depreciate over the medium to longer term, resulting in a weaker rand. This combined with the fact that the Minister of Finance is likely to increase the tax on petrol significantly next year, as well as an anticipated rise in the oil price, means that consumers should budget for increased petrol prices next year.”

Petrol is expected to drop another 27 cents a litre although diesel and illuminating paraffin are both set to rise by 13 cents and 22 cents per litre respectively.

Neil Roets, CEO of Debt Rescue, one of South Africa’s largest debt counselling companies says too many consumers pin their hopes on a reduced petrol price to provide them with additional cash at the end of the month.

“Fuel prices have been even more erratic than usual this year, driven by fluctuations in the strength of South African rand against the US dollar and the international price of refined fuels. All the signs point to these gains being reversed in January if the price of Brent Crude starts to trade over \$50 dollars a barrel, or the dollar strengthens against the rand.”

The price of Brent Crude is currently hovering around the \$47 per barrel mark.

Roets said that consumers would do well to prepare themselves financially for a difficult 2021 and to bank any savings as a result of the favourable petrol price as it is unlikely to last.

“There is a temptation to see any reduction in the petrol price as the light at the end of the tunnel but it’s an illusion. The gains are temporary and unpredictable and easily reversed. Given the unprecedented levels of indebtedness facing South African households, every cent should go toward reducing debt where possible.

“It’s critical that consumers continue to be vigilant and make every cent count,” he added.

A recent survey conducted by Debt Rescue showed that 85% of South Africans have been negatively affected by the Covid-19 pandemic, either financially or emotionally.

Even before the COVID pandemic and the resultant lockdown, gross consumer debt hovered around the R2.8 trillion mark for South Africans, while just under half of all credit-active consumers were behind on their debt repayments (2018/19 Stats SA).

*Note to subs and **not for publication**: For more information, please contact Debt Rescue on 0861123644 or email media@debtrescue.co.za. URL: www.debtrescue.co.za.*

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