



# Press Statement

## MONTHLY BULLETIN ON IMPORT PARITY PRICING OF PETROLEUM PRODUCTS

### 1.0 FACTORS AFFECTING INTERNATIONAL OIL PRICES

The oil markets remained very volatile in the month of June, 2006. The Oil prices continued being driven by rising global demand and worries that the world's limited supply cushion would not be adequate to offset a lengthy disruption to output by geopolitical factors.

In the last week of June 2006, the United States (US) benchmark crude oil West Texas Intermediate (WTI) rose to US\$73.18/barrel due to persistent high demand for gasoline emanating from the summer driving season.

Iran and Nigeria remained the focal points of the oil markets. The stand off between Iran and the West over Iran's nuclear ambitions is far from being resolved. Iran has threatened on more than one occasion to use oil as a weapon, if the United Nations uses economic sanctions or some other punishment in its dispute with Tehran over its nuclear program.

The Niger Oil Delta also remained volatile, as militants continued attacking oil installations. Meanwhile, there are also concerns about the risks hurricanes pose to the US production.

### 2.0 EXCHANGE RATE

The Kwacha **depreciated significantly** by **8.80%** from K3,216 to US\$1, used at the last adjustment, to **K3,499** to US\$1 being the actual average inter-bank exchange selling rate for the month ending 30<sup>th</sup> June 2006.

### 3.0 DOMESTIC PRICES

### 3.1 Wholesale Prices

The impact on the domestic wholesale prices of the movements in the international prices and the exchange rate reflected above is as follows:

	Kwacha Prices ZMK/m <sup>3</sup>			% Change
	Current	New	Absolute Change	
<b>Petrol</b>	2,438,443	2,503,110	64,667	2.65
<b>Diesel</b>	2,405,713	2,470,694	64,981	2.70
<b>Kerosene</b>	2,402,396	2,514,514	112,118	4.67
<b>Jet A1</b>	2,233,627	2,346,425	112,798	5.05

From the table above:

- Petrol wholesale prices will **increase** to K2,503/L.
- Diesel wholesale prices will also **increase** to K2,471/L.
- The price of Kerosene will also **increase** to K2,515/L.
- Jet A1 wholesale prices will **increase** to K2,346/L.

### 3.2 Expected Pump Prices

In light of the wholesale prices shown above, the indicative pump prices in Lusaka will be as follows:

PRODUCT	AVERAGE PUMP PRICES K/Litre		ABSOLUTE VARIANCE (K/Litre)
	CURRENT	NEW	
<b>PETROL</b>	5,699	5,864	165
<b>DIESEL</b>	4,549	4,691	142
<b>KEROSENE</b>	3,621	3,728	107

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