

# OIL MONITOR

As of 09 August 2017

## WORLD OIL PRICES (July 31-August 4 trading days)

Dubai crude increased week-on-week by more than US\$2.00/bbl. MOPS gasoline increased as well by about US\$3.20/bbl; both diesel and kerosene rose by more than US\$3.00 per barrel.

Reasons for the adjustment:

- The Asian and Middle Eastern gasoline market continued to strengthen amid unexpected refinery maintenance, tighter supply, and higher consumption. A market trader said that supply was really tight, while another said Middle East demand seemed to be quite high.
- Tight supply continued to provide support to the Asian gasoline market, while demand was seen as steady to strong, with seasonal summer demand more pronounced in the Persian Gulf than in Northeast Asia.
- The market has yet to see gasoil fixtures following the shutdown at Europe's biggest refinery, Pernis.
- A fire accident at Pernis in The Netherlands, Europe's largest refinery. The incident, which led to a number of units going offline, provided some support to prices. If the outage was prolonged, it could potentially pull barrels from Asia and the Middle East to plug the gap in the West of Suez.
- The Asian gasoil market was poised for further increases in the near term, buoyed by still-healthy demand coupled with improving arbitrage economics.

**FOREX:** Philippine peso appreciated further against the US dollar by P0.26 to P50.37, from P50.50 in preceding week.

Other recommended reference sites:

- <http://www.aip.com.au/pricing>;
- <http://www.indexmundi.com/commodities/?commodity=crude-oil-dubai>
- [https://www.quandl.com/data/ODA/POILDUB\\_USD-Dubai-Crude-Oil-Price](https://www.quandl.com/data/ODA/POILDUB_USD-Dubai-Crude-Oil-Price)

## DOMESTIC OIL PRICES

Effective 08 August 2017, most of the oil companies decreased their prices of gasoline by P1.00/liter, diesel by P0.80/liter and kerosene by P0.85/liter.

Year-to-date adjustments stands now at net increase of P1.79/liter in gasoline and P1.70/liter in diesel. LPG remain at a net increase of P2.94/kg.

As monitored, shown below are the prevailing prices in Metro Manila beginning August 08, 2017.

Products	Price Range	Common Price
	P/liter	
Diesel	26.63-34.85	32.85
Gasoline*	38.95-49.76	45.25
LPG, P/11-kg cylinders	474.00-719.00	

\*RON 95



For more information, call the  
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# LPG Price Monitor

As of 09 August 2017

## LPG Contract Price (CP)

LPG Contract Price (CP), commonly called the "Saudi CP" is the primary driver of LPG pricing in the Far East including the Philippines. It is an international price benchmark set at the beginning of each month by Saudi Arabia's state-owned oil company Saudi Aramco.

The DOE refer to the LPG/Saudi CP and forex monthly average changes in determining/monitoring the price adjustments of LPG in the domestic market. Following the timing of the monthly changes in CP, domestic price of LPG also vary every first day of the month and remain constant throughout the whole month.

Like all other petroleum products, the Philippines has no influence over the LPG CP as the country's domestic requirement is very small versus the world demand.

For the month of August, LPG Contract Price increased by 25% or US\$89.00 per metric ton to US\$448.00/MT, from US\$359/MT in July. This would translate to a per-kilogram adjustment of P5.35.

## Reasons of LPG CP Adjustments

- The increase in August CPs is on the back of strong crude prices
- The higher CPs in August come amid stronger demand in Asia
- Demand emerged in India before the onset of winter in the fourth quarter
- India's LPG imports are expected to rebound from July onwards and is on track for a 10% annual increase
- India is competing with China and Japan to be the world's largest importer of LPG.

## Domestic Price

Most of the LPG companies increased their domestic prices by P5.35/kg, effective 01 August 2017, resulting to a net increase of P2.94/kg since January of this year.

Per monitoring among twenty nine (29) LPG brands in Metro Manila as of 03 August 2017, prices of 11-kilogram cylinder ranges from P450.00-680.00. A table containing the details of monitored prices in Metro Manila is also posted under the Price Watch of the DOE website.



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