

Price of oil decreases, petrol in Poland becomes more expensive. Why?

The price of a barrel of oil has decreased by half in comparison to last year. However, this good news for drivers does not convert to the price of petrol in Poland. Why does one litre of petrol cost over 5 PLN? Marcin Lipka, Cinkciarz.pl currency analyst, comments on this matter.

Slate revolution in the United States and the attempts of Saudi Arabia and the other OPEC members to keep their share of the market have caused oil to be record-breakingly cheap. Currently, it costs only 56 USD per Brent barrel. Last year this price was approximately 110 dollars.

Unfortunately, this situation is not bringing much profit to Polish drivers, especially those who fill their cars with unleaded petrol. According to the Polish Chamber of Liquid Fuels, the average cost of the popular "95" is 5.05 PLN per litre. It is surprising if we consider that one year ago Brent oil cost twice as much as it does now and one litre of "95" was worth 5.45 PLN.

Why can't Polish drivers take advantage of the positive trends on the petrol market?

There are at least a few reasons. The price of petrol is determined not only by the value of oil, but also by the cost of its processing and refining margins. The final price also includes fees related to distribution, retail margins, taxes and seasonal changes in price. One should also keep in mind the fluctuations in the USD rate, because the value of oil in the international market is expressed in the American currency.

However, most of all it is worth noting what is happening with fuel around the world. Initially the price of fuel decreased at a similar tempo as the value of Brent oil, which is a global indicator of the cost of fuel. The situation started to change at the beginning of the year. Decreases in fuel prices stopped and their later rebound was more sudden than the increases in oil value indicated.

As a result, the price of petrol decreased by only 25% this June, despite the fact that oil was 40% cheaper than one year ago. Additionally, when considering that during this time the value of the dollar increased by a few percent, the real cost of petrol expressed in PLN was momentarily only 10-15% lower than one year ago. In the end, when noticing that the retail price consists of 50% of taxes, it is not surprising that petrol is only by a few percent cheaper than one year ago. However, there is one important question...

Why is the wholesale price of unleaded fuel so high, despite the low price of oil?

It is the result of a few factors. First of all, according to the EIA (Energy Information Administration) there were some breaks in refineries at the beginning of the year, due to their modernisation.

The market also reacted negatively to strikes that occurred in the USA at the break of February and March this year.

Additionally, a record-breaking increase in demand for fuel has been quoted in the United States. It causes the prices of fuel to remain on a high level. According to the EIA information, the number of miles travelled by Americans during holidays will increase year on year by 2.2%. This will be the biggest hike for 11 years.

A strong demand for oil products and the market disturbances from the beginning of the year mentioned above have caused the petrochemical companies to quote record margins for processing oil. It has a direct impact on the retail price of fuel all over the world. Luckily for drivers this situation will not last for long. According to the IEA (International Energy Agency), in the forthcoming months the availability of refined oil will be greater than the demand. As the IEA claims - this raises doubts that the record high refining margins will be maintained.

Conclusions which are advantageous for drivers come also from the Short-Term Energy Outlook (STEO). It says that in December the average retail price of one gallon of petrol in the USA will decrease from the current 2.80 USD to 2.27 USD. When adjusting this information to our market it is possible that in a few months from now the popular Polish "95" can cost 4.5 PLN per litre.

INFORMATION ABOUT THE BRAND

Cinkciarz.pl provides online FX services, using state-of-the-art FX technology for everybody, including individuals, entrepreneurs, travelers and those repaying loans in foreign currencies.

Cinkciarz.pl presents the most favorable rates of all the 24 currencies in its offer. Categories of services offered are: online currency exchange (in three transaction models) and currency cards. The transactions can be concluded via internet transfers from any bank account 24/7. Cinkciarz.pl is the first FX company in Poland to join the SWIFT organization which includes only the largest banks and financial institutions.

The company is also amongst Bloomberg data and analysis suppliers. Cinkciarz.pl EUR/PLN forecasts have been awarded first place in the world for four consecutive quarters in Bloomberg's rank Best EMEA Currency Forecasters Q3 2013 and the first place for the CZK/EUR and ZAR/USD forecasts for the first three quarters of 2014. The forecasts of Cinkciarz.pl's analysts for the currency pair CZK/EUR have also been awarded the first place in the world for 2015 Q1.

FOR ADDITIONAL INFORMATION CONTACT:

Kamil Sahaj
Marketing Manager
ks@cinkciarz.pl
+48 726 666 633

Kalina Stawiarz
PR Specialist
kst@cinkciarz.pl
+48 726 666 644

Cinkciarz.pl Sp. z o. o.
C | Sienkiewicza 9 | 65-001 Zielona Góra
B | Jerozolimskie 123a | 00-965 Warszawa
press: www.cinkciarz.pl