



FROM OUR INSIGHTS TO

# YOUR INBOX

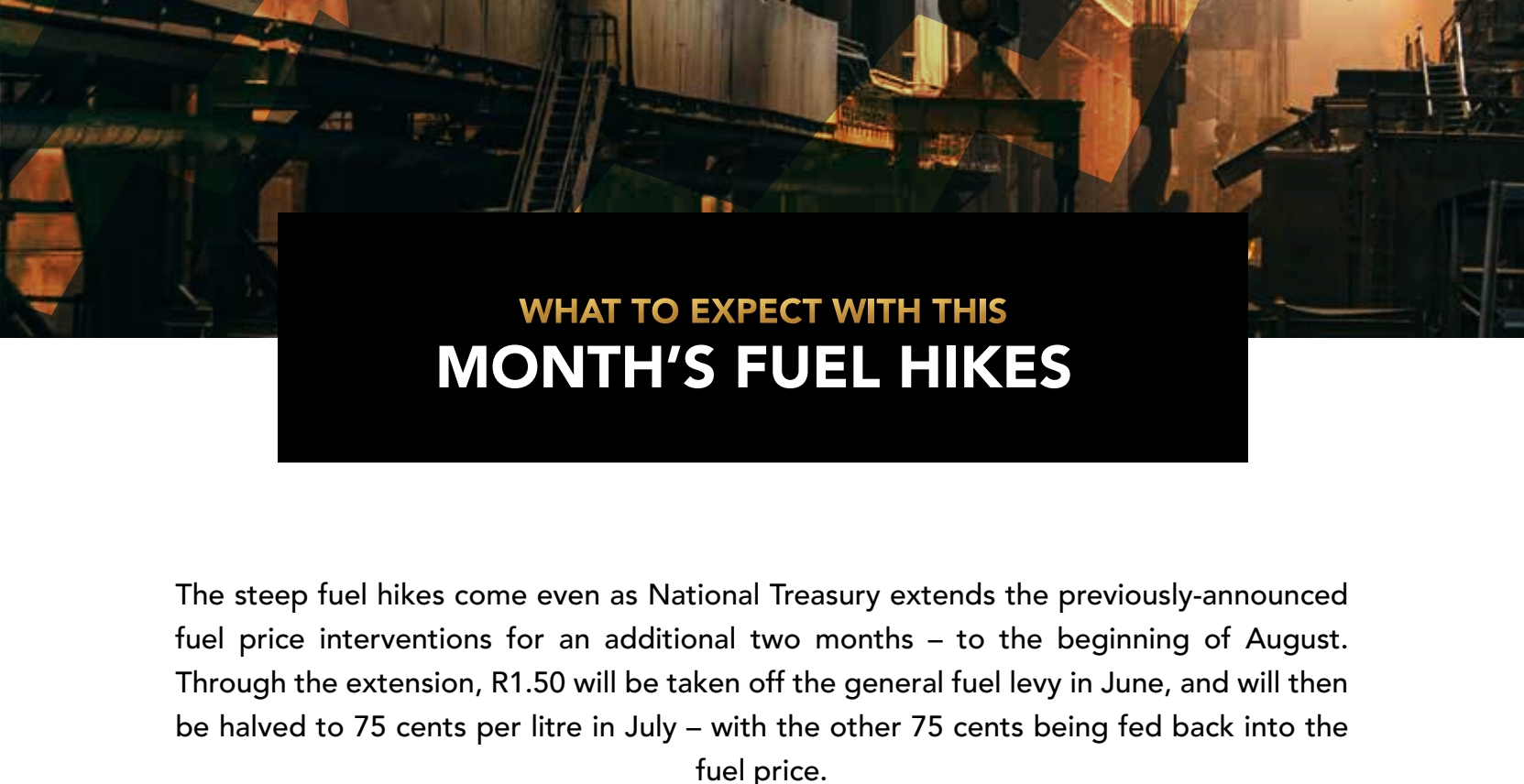
Drive your business forward with swift turnaround times, nationwide delivery, and convenient finance options with Diesel Bro's premium fuel products, and customised turnkey solutions.

DEAR PROSPECTIVE PARTNERS

At Diesel Bro's, we understand that businesses' fuel and logistics needs are changing at a rapid pace. Some businesses may have a need for regular use of our fuel solutions, while others only require them for specific deliverables and short-term projects. That is why we offer tailored solutions that you can benefit from if you are a Diesel Bro's customer, like prompt delivery turnaround times, dedicated relationship managers, and sustainable long-term relationships within the industry.

We have our finger on the pulse and have some great insights to share with you as we enter the next half of 2022. Read on to discover what we think you need to know if the world of fuel. In this newsletter, you will discover more about:

**June's Fuel Hikes | Outa Taking on SA's Fuel Relief Deadline | Tensions with Taxi Fares | The Global State of Energy | The Energy Gap**



## WHAT TO EXPECT WITH THIS MONTH'S FUEL HIKES

The steep fuel hikes come even as National Treasury extends the previously-announced fuel price interventions for an additional two months – to the beginning of August. Through the extension, R1.50 will be taken off the general fuel levy in June, and will then be halved to 75 cents per litre in July – with the other 75 cents being fed back into the fuel price.

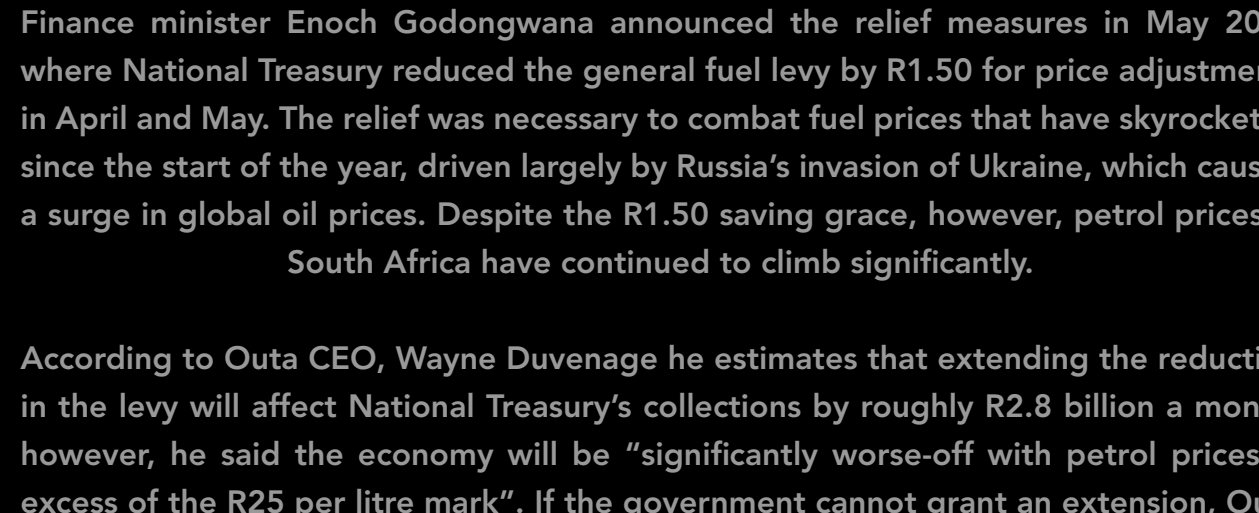
As an additional, more permanent intervention, the DMRE will scrap 10 cents per litre from the price of petrol 95 (inland) by removing a demand-side management levy. The rand is currently trading around its worst levels since November last year, while Brent crude remains close to \$110 per barrel.

**Petrol and diesel prices have surged by more than a third over the past year.**

FUEL	INLAND	COASTAL
<b>Petrol 95</b>	INCREASE OF 233 cents per litre	INCREASE OF 243 cents per litre
<b>Petrol 93</b>	INCREASE OF 243 cents per litre	INCREASE OF 243 cents per litre
<b>Diesel 0.05%</b>	INCREASE OF 110 cents per litre	INCREASE OF 110 cents per litre
<b>Diesel 0.05%</b>	INCREASE OF 107 cents per litre	INCREASE OF 107 cents per litre
<b>Illuminating Parafin</b>	INCREASE OF 156 cents per litre	INCREASE OF 156 cents per litre

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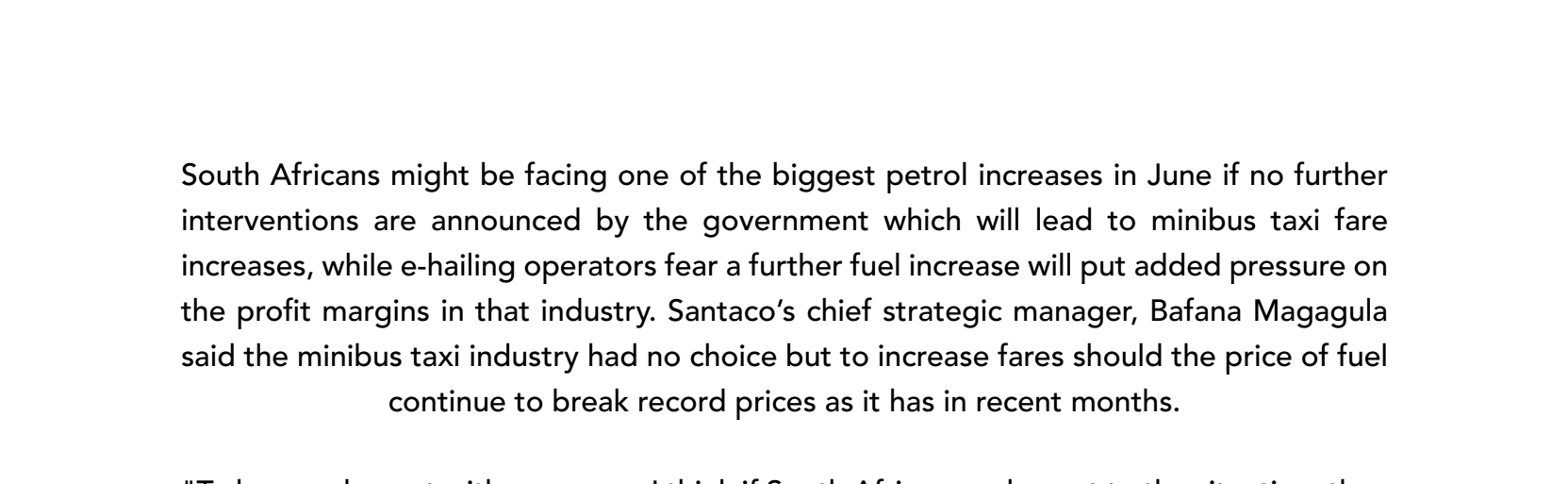
## TAX RELIEF NOT YET AT END

The government has extended its temporary relief on fuel taxes to be to end August. Finance minister Enoch Godongwana announced the relief measures in May 2022 where National Treasury reduced the general fuel levy by R1.50 for price adjustments in April and May. The relief was necessary to combat fuel prices that have skyrocketed since the start of the year, driven largely by Russia's invasion of Ukraine, which caused a surge in global oil prices. Despite the R1.50 saving grace, however, petrol prices in South Africa have continued to climb significantly.

According to Outa CEO, Wayne Duvenage he estimates that extending the reduction in the levy will affect National Treasury's collections by roughly R2.8 billion a month; however, he said the economy will be "significantly worse-off with petrol prices in excess of the R25 per litre mark". If the government cannot grant an extension, Outa has suggested that the R1.50 fuel levy be phased in over three months at 50c a month as a compromise.

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## HOW LONG UNTIL WE HAVE TAXI WARS OVER PRICE HIKES

South Africans might be facing one of the biggest petrol increases in June if no further interventions are announced by the government which will lead to minibus taxi fare increases, while e-hailing operators fear a further fuel increase will put added pressure on the profit margins in that industry. Santaco's chief strategic manager, Bafana Magagula said the minibus taxi industry had no choice but to increase fares should the price of fuel continue to break record prices as it has in recent months.

"To be very honest with everyone, I think if South African are honest to the situation, they will understand that the taxi industry has taken a knock for too long now and it's unable to continue taking the knock.

"It is now imminent that taxis will increase, at the moment we can't say by how much, but definitely all commuters need to expect a taxi hike. If we don't do this, there will be no taxi business left," Magagula said.

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## WE ARE RUNNING OUT OF ENERGY WORLWIDE

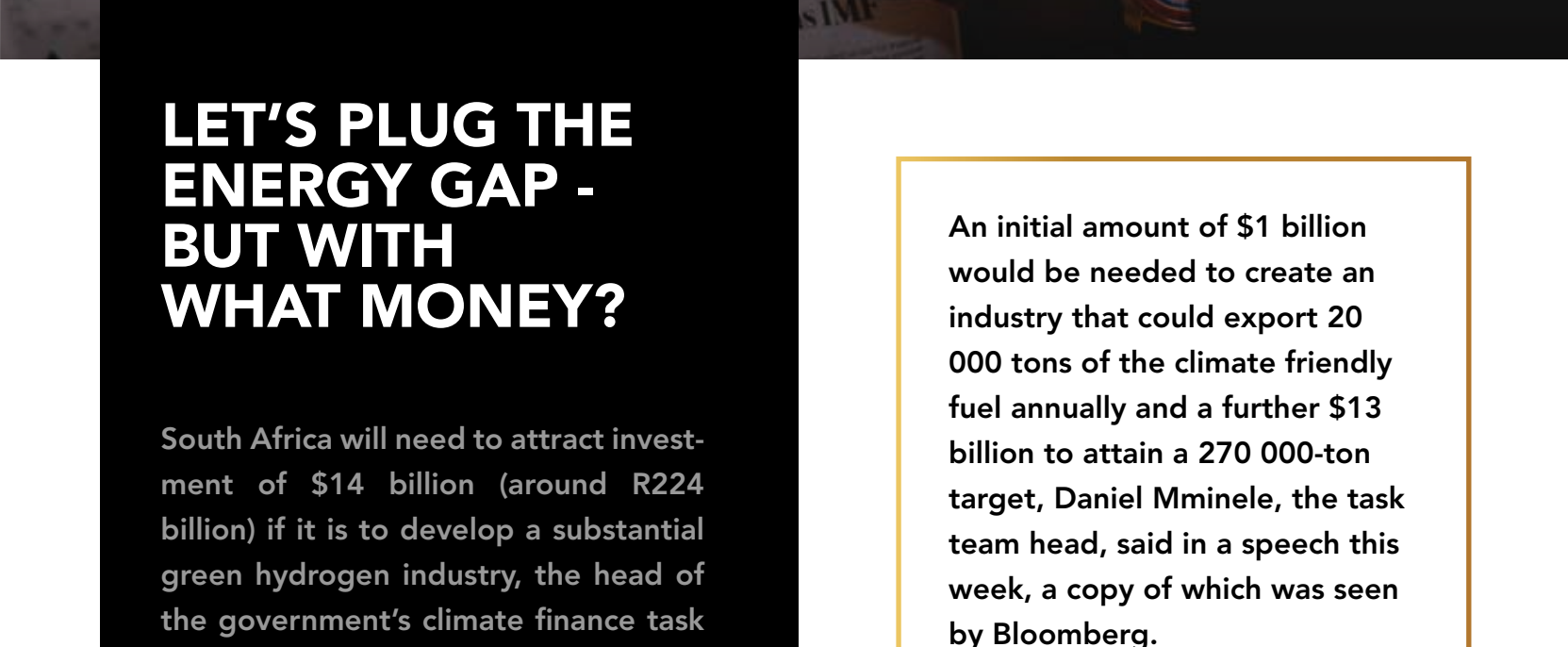
The amount of unused capacity that the world can tap to produce more energy products is running out, warned top oil ministers. Referring to recent price spikes for refined products, Saudi Oil Minister Prince Abdulaziz bin Salman said, "I am a dinosaur, but I have never seen these things," according to Bloomberg. "The world needs to wake up to an existing reality. The world is running out of energy capacity at all levels," he added. The United Arab Emirates' oil minister said OPEC+ may not be able to deliver on sufficient energy supplies down the line without more investments.

"We've been warning about the lack of investment," Suhail al Mazrouei said in an interview in Abu Dhabi, Bloomberg reported. "That lack of investment is catching up with a lot of countries." Mazrouei added that "politicisation" of the oil market has pushed supply prices higher.

Meanwhile, the European Union is weighing a full embargo on Russian oil in an attempt to ramp up economic pressure on Moscow for its war on Ukraine. In the event of the oil ban, one analyst predicted Russia would have to slash its oil production within "a year or two."

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## LET'S PLUG THE ENERGY GAP - BUT WITH WHAT MONEY?

South Africa will need to attract investment of \$14 billion (around R224 billion) if it is to develop a substantial green hydrogen industry, the head of the government's climate finance task team said.

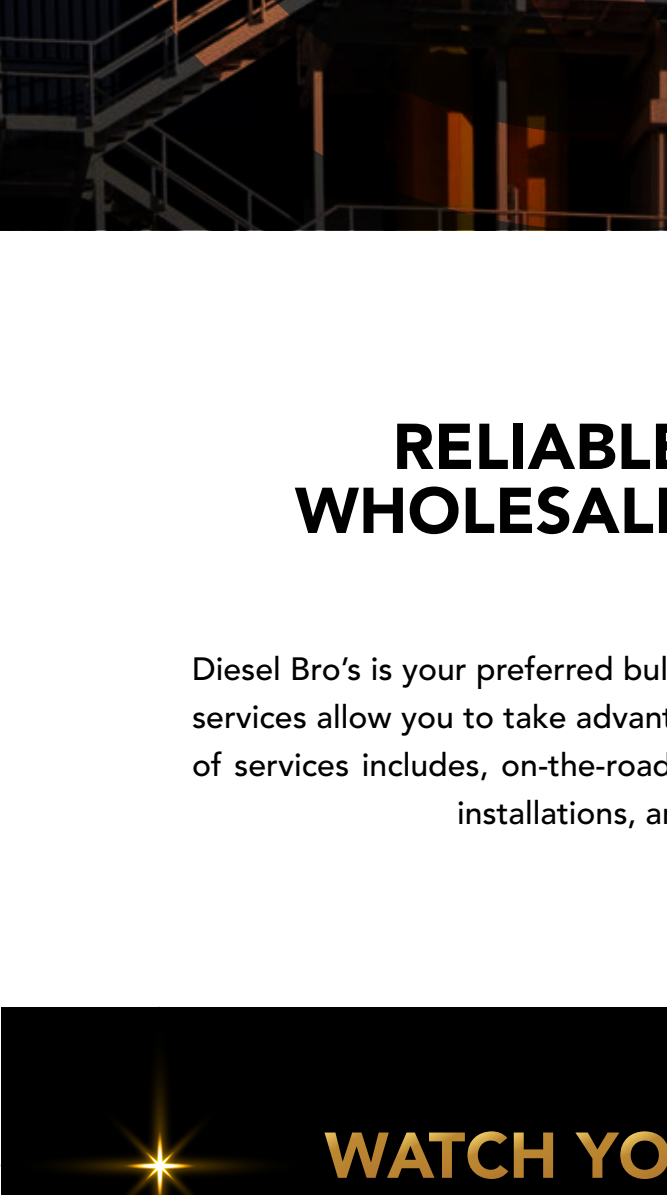
An initial amount of \$1 billion would be needed to create an industry that could export 20 000 tons of the climate friendly fuel annually and a further \$13 billion to attain a 270 000-ton target, Daniel Mminele, the task team head, said in a speech this week, a copy of which was seen by Bloomberg.

Mminele, a former central banker, was this year appointed to negotiate details of an offer of \$8.5 billion in climate finance from some of the world's richest nations to help South Africa cut its reliance on coal. Still, he told a think-tank this week, some of that money would need to go toward developing green hydrogen and electric-vehicle industries in South Africa.

"By decommissioning coal-fired power stations through a managed process and rapidly expanding alternative sources of power, South Africa can achieve greater security of supply," he told the Mapungubwe Institute for Strategic Reflection. "In addition, investments in green hydrogen and electric vehicles are essential complementary investments." Mminele's comments highlight South Africa's desire to strike a balance between developed countries' aims of seeing their funding reduce climate-warming emissions and the African nation's need to transition its coal-dependent economy to clean energy without jeopardising jobs and income.

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## ESKOM IS OUT OF DIESEL

There really doesn't seem to be a light at the end of the loadshedding tunnel, with Eskom down 3 405MW on planned maintenance, while another 15 534MW of capacity is unavailable due to breakdowns.

Eskom has been dealing with a number of breakdowns at power stations across the country. Earlier in the week, the power company admitted acts of sabotage had been uncovered at its Tutuka power station, and that it suspected an inside job.

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## RELIABLE AND SAFE LOCAL WHOLESALE FUEL DISTRIBUTORS

Diesel Bro's is your preferred bulk fuel distributor of choice, where related products and services allow you to take advantage of a full turnkey solution. Our comprehensive suite of services includes, on-the-road networks, fuel management systems, tank and pump installations, and bowser deliveries amongst others.

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