



DIESEL BRO'S
PREMIUM FUEL SUPPLIERS
SOUTH AFRICA

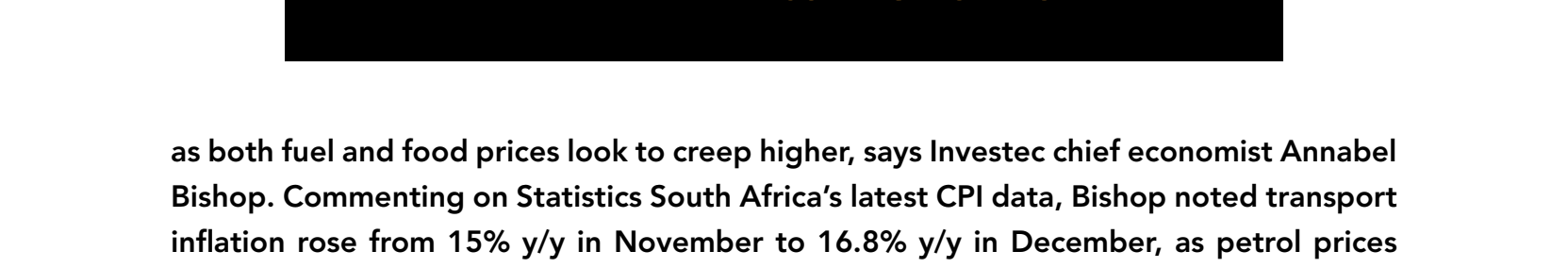
FALL BACK IN LOVE WITH

WITH THE BUSINESS OF DOING BUSINESS

DEAR LOYAL PARTNERS

Would you believe that the first month of 2022 is already under our belts? February is the perfect time to fall back in love with your business as you forge ahead into 2022. Whether it's ticking off your 'to do' lists or loving the fact that you are sticking to your new year's resolutions for your own business goals - there are many reasons to love February.

We invite you to read on and discover hot topics on this month's radar as we take an in-depth look into our country's fuel, energy and logistics news.



SOUTH AFRICAN CONSUMERS FACE LITTLE REPRIEVE IN THE COMING MONTHS

as both fuel and food prices look to creep higher, says Investec chief economist Annabel Bishop. Commenting on Statistics South Africa's latest CPI data, Bishop noted transport inflation rose from 15% y/y in November to 16.8% y/y in December, as petrol prices rose by 75c/litre.

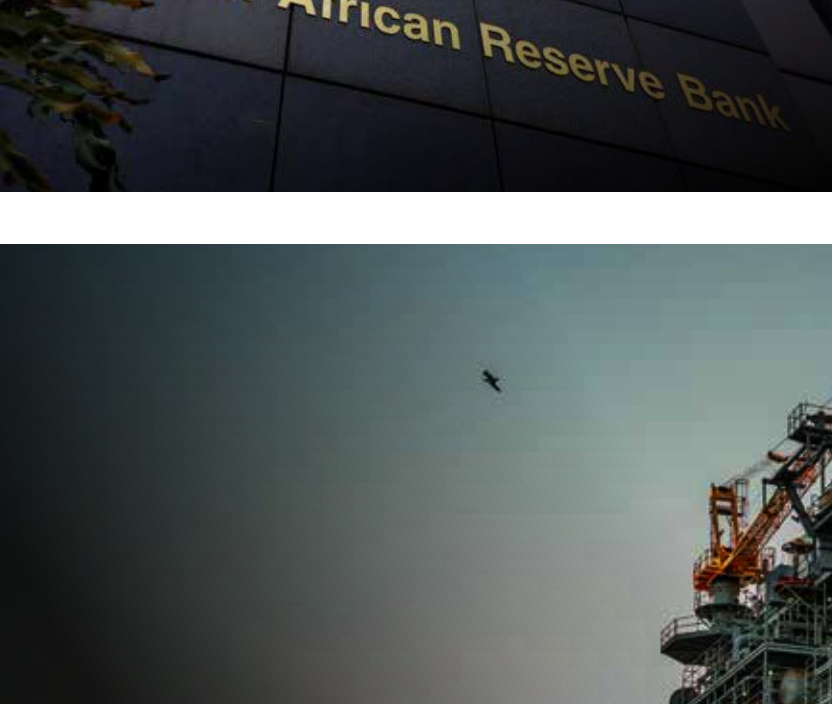
"While there was a 68c/litre cut in January, a huge increase of around R1.30/litre is building for February on the back of a rising global oil price. Brent crude oil price has reached \$87.5 a barrel from closer to \$73.5 a barrel a month ago," she said. Looking ahead, food price inflation is expected to climb higher as heavy rains have caused crop damage and delayed planting, Bishop added.

ACCORDING TO BISHOP DECEMBER'S CPI

print is also likely to give impetus to the South African Reserve Bank's hawkish tone, following the 25bp repo rate hike in November. This is the highest annual increase since March 2017 when the rate was 6.1%, the statistics body said in a statement on Wednesday the 19th of January.

Statistics South Africa has published its latest consumer price index, showing that annual headline inflation jumped to 5.9% in December 2021, up from 5.5% in November 2021.

The main contributors to the 5.9% annual inflation rate were food and non-alcoholic beverages; housing and utilities; transport; and miscellaneous goods and services. Food and non-alcoholic beverages increased by 5.5% year on year and contributed a percentage point to the total CPI annual rate.

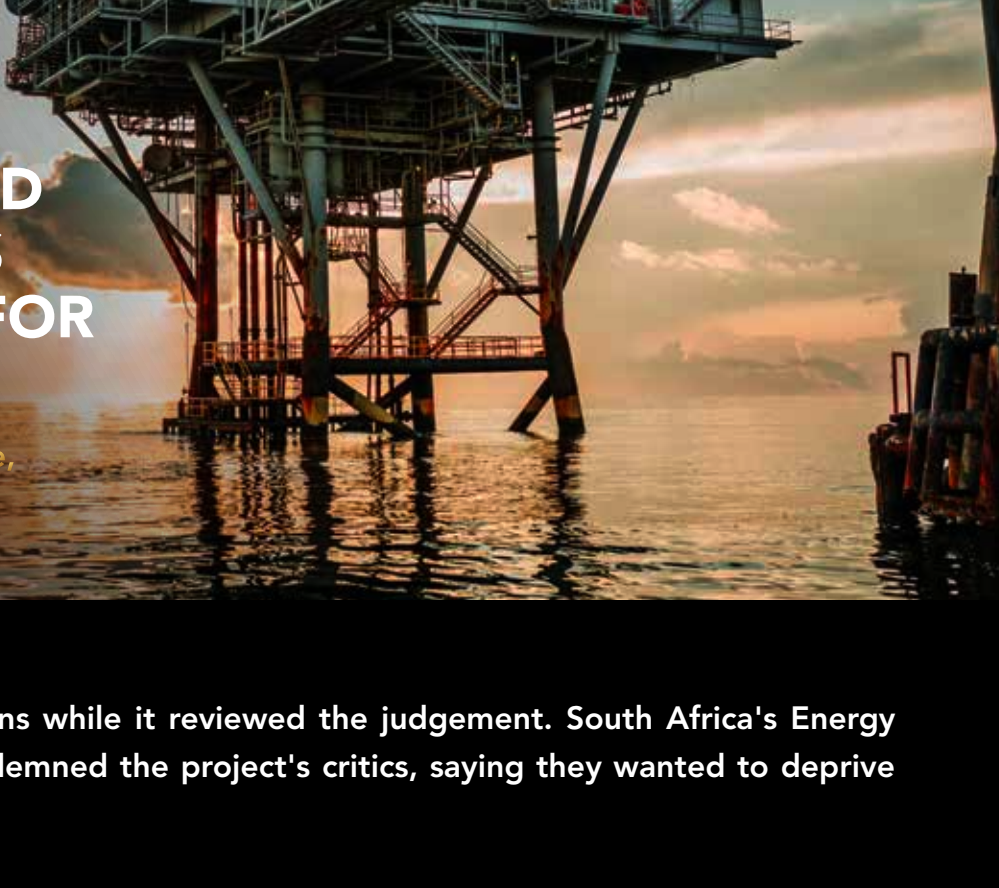


SOME OF THE LARGEST ANNUAL PRICE INCREASES (December 2020 vs December 2021) were recorded for the following goods and services:

- Fuel | **+40.5%**
- Oils and fats | **+20.8%**
- Meat | **+8.6%**
- Wine | **+7.8%**
- Electricity and other fuels | **+14%**
- Milk, eggs and cheese | **+5.3%**

A SOUTH AFRICAN COURT HAS HALTED OIL GIANT SHELL'S SEISMIC TESTING FOR OIL AND GAS

along the country's eastern coastline, pending a final ruling.



Shell said it had "paused" operations while it reviewed the judgement. South Africa's Energy Minister Gwede Mantashe had condemned the project's critics, saying they wanted to deprive Africa of energy resources.

In his ruling, High Court Judge Gerald Bloem said that Shell's right to explore the waters near the Wild Coast "was awarded on the basis of a substantially flawed consultation process". The 250km (155-mile) stretch of coastline in Eastern Cape Province is known for its natural beauty and marine life. Campaigners argued that many sea creatures - including whales, dolphins and seals - would be affected by the seismic testing.

Local communities, who were also represented in the case, said that their customary rights to the land and fishing had not been respected.

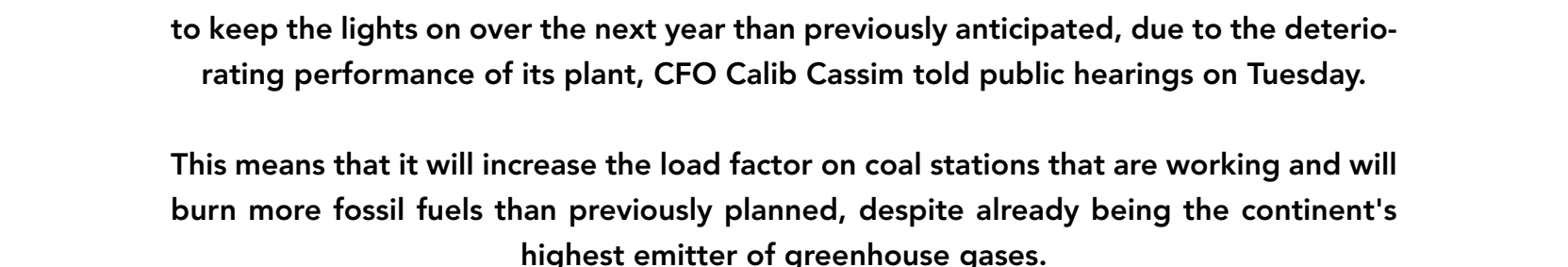
Welcoming the ruling, local campaigner Nonhle Mbuthuma said: "As coastal communities we have relied on the sea for centuries - and we are glad that the judge has recognised that our ocean livelihoods must not be sacrificed for short term profit."

Shell had earlier warned that if the case went against it, it might cancel the entire operation, losing the chance to extract millions of dollars' worth of oil and gas.

On the flip side of the coin, however, as the lifeblood of industrialised nations, oil and gas are valuable sources of energy that underpin socio-economic development and ensure energy security. Serving as the foundation for the world's energy and economic development, oil and gas has the potential to eradicate energy poverty while assisting developing nations in their adoption of renewable energy. Africa, positioned as the world's final frontier for hydrocarbon exploration, has been accelerating its oil and gas exploration activities with significant discoveries made over the past year, marking the beginning of a promising decade for the continent.

[CLICK HERE](#)

to read and insightful article regarding the oil and gas discoveries within the African continent.



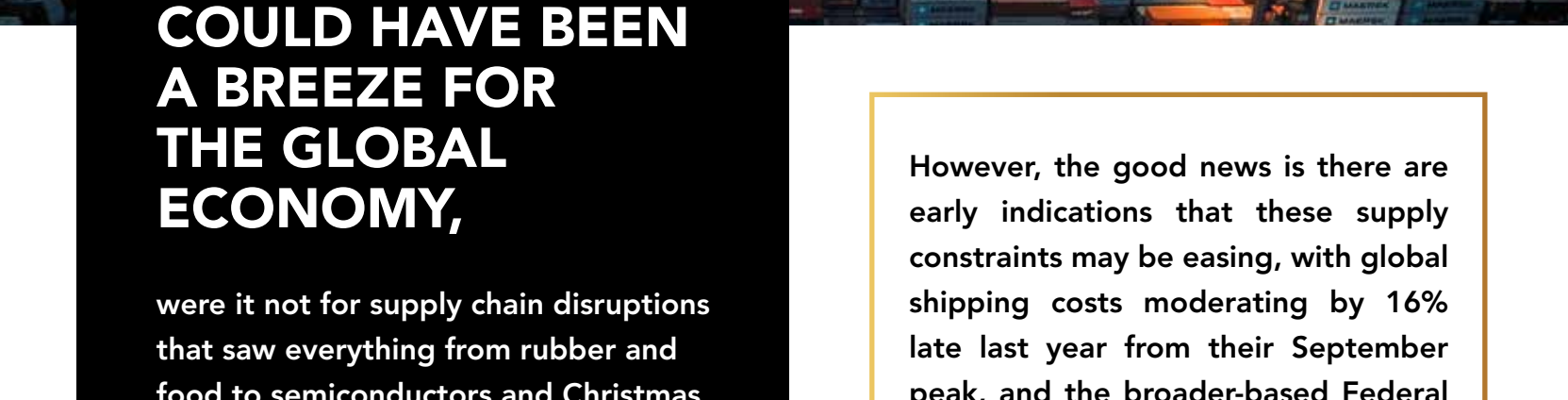
ON THE ESKOM FRONT, THE UTILITY GIANT WILL BURN MORE COAL AND DIESEL

to keep the lights on over the next year than previously anticipated, due to the deteriorating performance of its plant, CFO Calib Cassim told public hearings on Tuesday.

This means that it will increase the load factor on coal stations that are working and will burn more fossil fuels than previously planned, despite already being the continent's highest emitter of greenhouse gases.

At the same time, the share of electricity generated by renewable energy will be lower than previously planned due to delays in procurement by the Department of Mineral Resources and Energy.

In closing, there are early signs of an easing in the supply chain dislocations that caused economic upheaval during 2021. But they are not likely to be resolved quickly and risks still lie ahead. Also, some are structural problems that will need to be addressed in the years to come.



THE YEAR 2021 COULD HAVE BEEN A BREEZE FOR THE GLOBAL ECONOMY,

were it not for supply chain disruptions that saw everything from rubber and food to semiconductors and Christmas gifts not only cost much more, but also take significantly longer to reach their respective destinations.

However, the good news is there are early indications that these supply constraints may be easing, with global shipping costs moderating by 16% late last year from their September peak, and the broader-based Federal Reserve Bank of New York's gauge of global supply constraints slowing from its October high point.

Unfortunately though, container costs remain four times the pre-pandemic rate. The IMF suggests there could be light at the end of the tunnel, but cautions that pressures do remain and that shipping rates could stay elevated through 2022.

In addition to backlogs and port delays, there are no quick fixes for labour shortages, supply chain disruptions moving inland and shipping industry challenges, such as slow capacity growth and the highly concentrated nature of the global market in carriers.

To solve what could otherwise remain long-term headwinds, the IMF says: "Returning to pre-pandemic shipping rates will require greater investment in infrastructure, digitalisation in the freight industry and implementation of trade facilitation measures."

KEEP YOUR EYES PEELED FOR NEXT MONTH'S HOT TOPICS AND RELEVANT NEWS

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