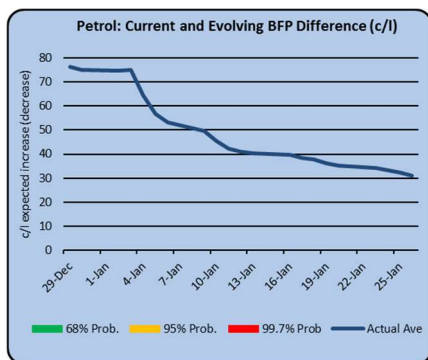


February 2017 fuel price increases confirmed
27 January 2017

Today the CEF will announce price increases in Petrol 95 of 31c/l and for Diesel 500 23 c/l. this is 1c/l different to what our forecast of last week indicated. However, we did warn against a small calculation error in CEF's publications which if corrected, will result in increases 1c/l higher than those mentioned above.

The next cycle runs from 1 February to 1 March. Despite our view over the previous 2 forecasts we released that there might be some relief on the horizon for consumers, the data is not yet strong enough to place a probability on a March price reduction.

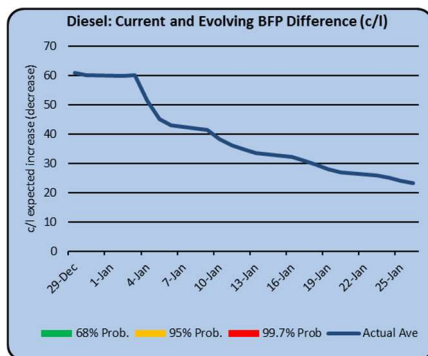
Next price change takes place on 01-Feb-17	Inland Price (R/l)	Current (Under)/Over recovery (c/l)	Probability of increase	Probability of decrease	Price Change Expected (c/l)	Margin of error (c/l)
Petrol 95 Retail	13.33	(30.95)	100.0%	0.0%	30	0
Diesel 500ppm Wholesale	11.41	(23.36)	100.0%	0.0%	23	0



The graphs to the left show the current average price difference between market rates and the current Basic Fuel Price (BFP) and varying ranges of future outcomes based on 1,2 and 3 standard deviations.

They are based on market data from 29 Dec – 19 Jan, comprising 16 of the 21 data points in the current cycle, and 10,000 possible price scenarios for the remaining 5 business days.

The forecasts are formulated based on actual historical moves, using specifically designed forecasting tools, and not on subjective market predictions for the oil price or the USD/ZAR exchange rate.



As with any statistical forecast, as more data becomes available, the forecast will become increasingly accurate, and the range of possible price changes will reduce.

Back testing of our forecasts shows that at this stage of the cycle our forecast is within the margin of error 65% of the time, as opposed to the statistically expected outcome of 68%.

All data is sourced from data published by CEF, including historical data from March 2014. <http://www.cefgroup.co.za/petrol-price/>

Contact Jayson Dunne on 082 900 1561 or 010 900 4951 for more information.

Rubicon Risk Advisory Services specialises in Monte Carlo simulation, assisting executives in their decision-making processes, avoiding many common psychological traps such as Confirmation Bias, Cognitive Dissonance and Group Think.