

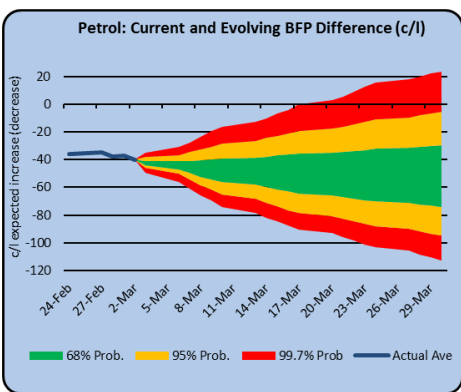
**High likelihood that taxes on petrol won't be noticed in April as BFP falls**

3 March 2017

The likelihood of a price decrease in April for Petrol is already extremely high at 99%, despite being only 20% of the way through the pricing cycle. Diesel is less certain, but still enjoys an 83% chance of a price cut. The margins of errors on the forecasts are still quite high because of the remaining 80% of data points which need to be collected, but these will drop by about 8c/l by next week, allowing much stronger forecasts.

The expected cut in the petrol price at this stage is about 52c/l (+/- 22c/l) which means there is a very good chance that prices will drop even when the 39c/l increase in taxes and levies is factored in. Diesel users may be less excited as the forecast drop in the diesel price is 20c/l (+/- 20c/l).

Next price change takes place on 01-Mar-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	13.54	40.15	1.4%	98.6%	(52)	22.2
Diesel 500ppm Wholesale	11.61	15.27	16.6%	83.4%	(20)	20.4



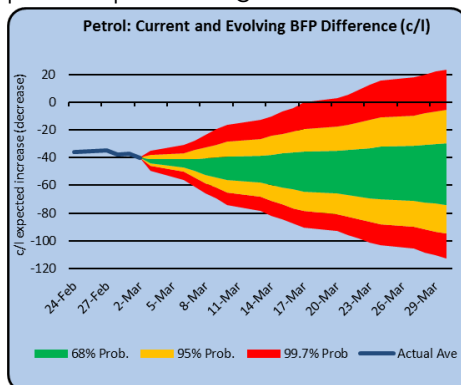
The graphs to the left show the current average price difference between market rates and the current Basic Fuel Price (BFP).

They are based on market data from 23 February – 2 March, comprising 5 of 25 data points in the current cycle.

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 75% 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, or email him on [jayson@rubiconrisk.com](mailto:jayson@rubiconrisk.com)

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.