

OIL MONITOR

As of January 31, 2012

WORLD OIL PRICES (For January 23-27, 2012 trading days)

Oil prices declined by more than a dollar Wednesday following the two-day trading holiday in Singapore in celebration of the Lunar New Year. While they moderately recovered in the next two trading days, averages for the week were still lower than in the preceding week except gasoline. Dubai crude and diesel decreased week-on-week by more than one dollar, while gasoline increased nearly one dollar.

Among the reasons of the week's price movements are as follows:

- The bigger-than-expected jump in US crude inventories pulled prices down Wednesday. The US Department of Energy said that the country's crude stockpiles jumped by 3.6 million barrels last week -- five times the amount expected by analysts -- and indicating weak demand in the world's biggest consumer of oil.
- Oil markets were also tracking tensions between Iran and the West after the European Union agreed last Monday on an immediate ban on oil imports from Iran and phase-out of existing contracts effective 1 July 2012. In retaliation for the embargo, Iran's Parliament warned that lawmakers will work on a plan to stop Iran's oil exports to Europe before July.
- Oil prices responded as well to weakness of the US dollar as a result of the Federal Reserve's extension of the time frame of its ultra-loose monetary policy to bolster US growth. The US central bank's policy-setting, Federal Open Market Committee, said its key interest rate would remain near zero through at least 2014, extending a prior timeframe of mid-2013.

Analysts believed Fed's announcement supported crude oil prices in two ways: (1) the long-term accommodative policy should help support economic growth and, accordingly, energy demand from the world's largest crude user; (2) the decision has pressured the dollar – a weaker US currency makes dollar-denominated crude cheaper for buyers holding other currencies, tending to boost demand.

Meanwhile, Citi Futures Perspective analyst noted that the faster-than-expected recovery of the Libyan oil production would add to a likely first half 2012 supply/demand surplus. By this time Libya is expected to hit output of 1.3 million a day, nearly back to its prior civil war output of 1.6 million per day.

FOREX: The week-on-week average of the peso appreciated against the US dollar by P0.55, from P43.55 two weeks ago to P43.00 P last week.

Other recommended reference sites:

(1) <http://www.aip.com.au/pricing> (2) http://www.med.govt.nz/ers/oil_pet/prices/prices.html

DOMESTIC OIL PRICES

Effective 29 January 2012, most of the oil companies implemented a decrease of P0.15/l for unleaded gasoline, P0.90/l for diesel and P0.70 for kerosene.

The net increase this month stands at P2.85/l for gasoline and P1.00/l for diesel

As monitored, shown below are the retail prices in Metro Manila beginning 22 January 2012.

Products	Price Range	Common Price
	P/liter	
Diesel	45.44-48.03	46.79
Gasoline	50.88-57.90	56.83
Auto LPG	30.63-30.85	
LPG, P/11-kg cylinders	691.00-765.00	



For more information, call the
Department of Energy:
Pricing: 840-2187
LPG: 840-2130
Fuels: 840-5669

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