

Year of the Golden Pig Begins with the Cheaper Oil Prices

Due to the high US reserves and the unusual warm weather, the demand for oil had been stable since the first day of 2007. On January, crude oil and gasoline prices were decreased from 56.63 US\$/Barrel and 67.49 US\$/Barrel approximately to 52.28 US\$/Barrel and 62.29 US\$/Barrel or the decrease of 4.35 and 5.20 US\$/Barrel accordingly. Meanwhile, diesel price was slightly decreased by 1.63 US\$/Barrel from 67.79 US\$/Barrel to 66.16 US\$/Barrel. Every USD1/barrel change of world market price would result in the cost of the domestic price by 22.6satang/liter (at the exchange rate of Bt36/1 USD.) For the retail price of ULG 95 in Thailand, the oil trader decreased the price from Bt 26.49/Liter to Bt 25.19/Liter (a total deduction of Bt 1.30/ Liter) following the decrease of the world market price. Also, diesel price was dropped off by Bt 0.80/ Liter from Bt 23.34/Liter to Bt 22.54/Liter on the last day of January. In a nutshell, refined product prices in the world market and the domestic retail prices both were lowered in line with the world market prices.

To accurately compare the world market prices with the domestic retail prices, we need to look at the overall average world market prices on a weekly or monthly basis because the world prices are fluctuated everyday whereas the retail prices are adjusted approximately once a week at the rate of 30-40 Satang/ Liter. This adjustment method is a standard used when the world prices either increase or decrease.

PTT always delays the increase of oil prices or sometimes not to adjust the prices at all which will help alleviate the oil price burden for consumers. While the world prices move downward, PTT is the first to immediately reduce its product prices. For the past 2 weeks, world prices has been bouncing back especially the refined product prices which have been moving up more USD 6/barrel, giving us all the warning signal to consume energy economically.