

# Petrol price nightmare hitting South Africa next month



South African motorists are in for a world of pain next month, with the latest data from the Central Energy Fund (CEF) pricing an almost R4.00 per litre hike for petrol for April, before fuel levy hikes are included.

The CEF's market snapshot for the end of the second week of March shows that recoveries have continued to deteriorate.

Petrol prices are showing an under-recovery of between R3.62 and R3.98 per litre, while diesel prices are even worse, with an under-recovery between R6.63 and R6.75 per litre.

Those who depend on illuminating paraffin are also in for a shock, with the fuel showing the worst under-recovery at R8.53 per litre.

These are the projected levels at the end of week 2:

- **Petrol 93:** increase of 362 cents per litre
- **Petrol 95:** increase of 398 cents per litre
- **Diesel 0.05% (wholesale):** increase of 663 cents per litre
- **Diesel 0.005% (wholesale):** increase of 675 cents per litre
- **Illuminating paraffin:** increase of 853 cents per litre

These under-recoveries reflect a significant deterioration since the start of the month, brought about by ongoing conflict in the Middle East.

On 28 February, the United States and Israel launched “Operation Epic Fury” against Iran, bombing its capital and killing its former Supreme Leader Ali Khamenei.

Iran retaliated, hitting US military bases in neighbouring countries, with the war escalating from there.

While markets were immediately rattled, the biggest disruption has come from the surging oil price, which rocketed from under \$60 a barrel at the start of the year to over \$110 a barrel in recent weeks.

Prices have simmered down, but remain elevated above \$100 a barrel.

The war also put an end to the rand’s winning streak, as investors pulled out of risky markets into safe-haven assets.

This saw the rand retreat from lofty levels under R16/\$, pushing it back towards R17/\$ and almost reversing the gains made over the past few months.

The rand’s decline has been slightly offset by a boost in commodities like gold and platinum, but this has not been enough to counter the wider drop in sentiment.

Because of this, the nightmare scenario of a steep rise in oil and a much weaker rand is now a reality, with petrol and diesel price shocks almost guaranteed to follow.

## Fuel taxes will add to the pain



On top of the damaging global market equation, April also marks the start of South Africa’s new state financial year, which includes the implementation of tax measures.

While South Africans were spared R20 billion in new tax measures for 2026—and will actually get some inflationary tax bracket relief—the country did not escape fuel levy hikes.

From 1 April, the government will add 21 cents per litre in fuel levies, which will push the petrol prices even higher.

The coming tax changes include:

- The general fuel levy is increasing by 9 cents per litre for petrol and 8 cents per litre for diesel, to **R4.10/litre** and **R3.93/litre**, respectively.
- The carbon fuel levy is increasing by 5 cents per litre for petrol and 6 cents per litre for diesel.
- The Road Accident Fund levy is going up by 7 cents per litre to **R2.25/litre**.

Civil rights organisation AfriForum has **urged the government to scrap the coming tax hikes** to shield motorists and industry from the fuel price blow in April.

The organisation has written to the Minister of Finance, Enoch Godongwana, urging him to halt the planned increase in the general fuel levy and instead introduce a temporary tax cut to cushion consumers from the expected surge.

The government previously introduced a similar measure in 2022, temporarily reducing the general fuel levy by R1.50 per litre.

This was done to help ease pressure on households during the global energy shock triggered by the war between Russia and Ukraine.

The fuel levy was slowly raised back to normal (i.e., re-adding the R1.50 per litre) as markets normalised, and the tax was frozen until 2025.