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Drivers facing rising forecourt prices as barrel of oil hits 13-month high

With the price of a barrel of oil back up to January 2020 levels and some analysts predicting prices could hit \$80 this year as pandemic restrictions ease, the RAC is warning UK drivers need to brace themselves for further potentially dramatic pump price increases.

With oil now at around \$64 a barrel, the only thing stopping forecourts from raising their prices is the stronger pound to dollar exchange rate (\$1.39 today, compared to \$1.30 in January 2020), as oil is traded in US dollars. This means any weakening of the pound or further increases to the oil price are

very likely to lead to higher costs for drivers and businesses.

While it can be impossible to predict currency exchange rate changes, there appears to be a strong likelihood that the cost of oil will increase as a result of global vaccination programmes rolling out and the resulting increase in travel, signalling higher pump prices for UK drivers.

[Having dropped to just \\$13 last April](#), the price of a barrel of oil has now recovered, jumping by \$20 in just three months. With some analysts predicting oil could reach \$80 a barrel this year, a price last seen in October 2018, petrol prices could rise to around 130p and diesel to 134.5p based on today's exchange rate remaining constant – and more if the exchange rate falls. At \$100 a barrel – a price that JPMorgan has said is a possibility next year – petrol and diesel could hit records high of 143p and 148p respectively (previous highs were in April 2012 – unleaded 142.48p and diesel 147.93p).

[RAC Fuel Watch data](#) shows that petrol prices have already been rising for 13 straight weeks, with a litre now 8.03p more expensive than 22 November 2020 at 121.84p per litre, and the situation with diesel is even more pronounced, with prices now having risen for 14 weeks (up 7.68p since 15 November 2020) at 124.91p per litre.*

RAC fuel spokesman Simon Williams said:

“When the pandemic hit last year, the effect on forecourt prices was nothing if not dramatic – those still driving through March and April paid less to fill up than they had done since mid-2016, when the price of oil plummeted as a result of deliberate over production.

“But by the summer the oil price had rebounded and today is at a level not seen since the start of 2020, meaning storm clouds are once again gathering over UK forecourts. Ironically and rather unfortunately, as economic confidence grows as measures to combat the coronavirus take effect, it's likely to mean drivers end up paying more to fill up in the coming weeks.

“With the Chancellor's Budget now less than two weeks away, the last thing drivers, and possibly the economy, need is a fuel duty increase – not least as petrol prices have now been rising for 13 consecutive weeks. A hike in duty at a time of rising fuel prices could put unprecedented pressure on lower-

income households and might have the negative effect of forcing everyone who depends on their cars to consider cutting back on other spending.”

Motorists can keep abreast of the latest fuel prices by visiting: rac.co.uk/fuelwatch or following [#racfuelwatch on Twitter](https://twitter.com/racfuelwatch).

Notes to Editors

* Fuel prices correct as of 17 February 2021

The press office email address is press.enquiries@rac.co.uk. **Please note:** the press office is unable to help with individual customer enquiries - please visit the [RAC contacts page](#) to find the right contact.

ISDN radio studio facilities are available for interviews Monday to Friday.

About the RAC

The RAC provides complete peace of mind to 12m UK private and business drivers, whatever their motoring needs. Its services include:

- **[Breakdown assistance](#)**. Its highly-skilled, 1,600-strong branded patrol workforce attends more than two million breakdowns every year, fixing on average four out of five vehicles at the roadside. The RAC's patrol fleet is one of the most advanced in the UK, and was the first to roll out both an [All-Wheels-Up recovery system](#), allowing the vast majority of vehicles to be recovered from a single patrol van, and [EV Boost](#) mobile electric vehicle charging units
- **[Insurance](#)**. The RAC is a top-five [car insurance](#) broker having surpassed the 500,000 policies-in-force milestone in 2018. It also offers '[black box](#)' [telematics policies](#), as well as home and travel insurance
- **Other motoring services**. The RAC leads in the development of

new solutions for business, fleets, electric vehicles and future car technology. Its additional products and services include a [personal loans offering](#), a [used car buying website](#), [vehicle inspections and checks](#), [legal services](#) or up-to-the-minute [traffic and travel information](#). It also has a network of [Approved Dealers](#) and [Approved Garages](#) which combine the trust of RAC brand with local service and convenience

The RAC also works to support the interests of its members and UK drivers on the most important motoring issues which it identifies via the annual [RAC Report on Motoring](#) and the RAC Opinion Panel. The Report on Motoring is the longest running analysis of driver opinion in the UK having been published every year since 1989.

For more information about the RAC, visit the [RAC website](#).

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