RAC
Media Centre

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Feb 12, 2022 00:01 GMT

RAC says oil nearing $100 is no grounds for significantly increasing pump prices

The RAC is urging retailers to hold firm and not hike pump prices, despite a barrel of oil nearing $100 – a price last seen in September 2014, nearly seven and a half years ago.

The cost of oil has increased by more than 60% in the last 12 months, from around $60 last February, due to global oil production continuing to be out of kilter with demand which is now increasing as the pandemic begins to wane, with a barrel having risen as high as $98 in the last week. Recent tensions between Ukraine and Russia, with the latter being the world's third biggest oil producer, have also caused prices to rise.

Nonetheless, based on retailers taking a normal margin of around 6p a litre, RAC Fuel Watchdata shows there is no justification for average forecourt prices to rise very much from their current levels of 147.67p for petrol and 151.21p for diesel. But so far in February, retailers have already increased pump prices by around 1p per litre.

RAC fuel spokesman Simon Williams said:

"With the price of oil now at a level not seen in more than seven years and a 'cost of living' crisis mounting, we're on a knife-edge when it comes to pump prices.

"On the face of it, the prospect of $100 a barrel oil is a frightening one but from a driver's point of view it's only going to spell bad news if major retailers decide to take bigger margins. At the moment, we can't see any justification for a big leap in forecourt prices so we're urging retailers to continue taking normal margins on each litre they sell. This will ensure drivers, many of whom depend on their vehicles, aren't forced to pay even higher prices.

"Oil – and therefore wholesale fuel prices – may have gone up in recent weeks, but the profit made by retailers on the sale of fuel has come back down from December's unbelievable heights to more normal levels, meaning the prices charged at forecourts today are actually much fairer than they were. The fact prices at the pumps have hardly changed despite oil approaching $100 demonstrates just how incredibly unfair retailer margins were in December – it was as if oil was already $100 a barrel then when it actually averaged just $87 across the month.

"Of course, if the cost of oil continues to climb or the pound loses value against the dollar then retailers will have no option but to pass on the increases at the pumps. Our Fuel Watch data shows we're not quite at that point yet, but if oil were to reach $110 a barrel, and retailers kept their current margin, it would add about 7p to a litre of unleaded diesel, taking average prices to astronomic new levels of 154p and 158p respectively."

Find out more about UK petrol and diesel prices on the RAC website.

The press office email address is press.enquiries@rac.co.uk and media centre is at media.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.

About the RAC

The RAC, an iconic UK brand, provides complete peace of mind to 13 million UK private and business drivers, whatever their motoring needs. As well as its premium nationwide breakdown assistance service – with an expert branded patrol workforce attending more than two million breakdowns every year – it offers a wide range of market-leading products across insurance, legal services, vehicle inspections and service, maintenance and repair. The RAC is also at the forefront in helping drivers make the switch to electric vehicles and leads in the development of new solutions for businesses and OEMs, partnering with the best in the motoring and mobility space.

Visit the RAC website.

Contacts

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