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FOR IMMEDIATE RELEASE

Fuel Price - Reduction

The Utility Regulation and Competition Office (OfReg) continually tracks fuel costs and prices worldwide. The decline in prices is due in part to the effects of the COVID-19 Pandemic which has reduced the global demand for fuel.

On average, fuel takes about 4 to 6 weeks to reach the Cayman Islands after purchase from the various sources, including from the Gulf and East Coast of the United States. As such, consumers in the Cayman Islands can expect to see reductions at the pump delayed by a similar period when prices are observed to be declining. In contrast, in some States in the USA, the price from a refinery to the pump, can see a reduction in as little as 4 to 5 days. To give some perspective, bulk fuel arriving into the Cayman Islands on the 20 April 2020 was typically purchased and loaded on the vessel around mid-March 2020¹

OfReg's focus is on ensuring the reduction in prices from the importers passed through to the gas stations are reflected at the pump. Based upon the reduction of fuel prices in the USA, OfReg will be assessing the purchase price and comparing it with the sale price when the next shipment arrives in the Cayman Islands. The Office tracks and assess the First Cost as well as the CIF (Cost, Insurance, Freight), trading differential, landed cost of product, wholesale price (margins), and retail price (margins).

The price of gasoline will always be driven by the economics of demand and supply globally. While prices in the Cayman Islands are based primarily on acquisition and other generally fixed cost per unit gallon, changes in prices at the pump are heavily influenced by the time it takes to finish a batch of fuel and move on to a new either lower or higher cost batch of fuel. The reduction in demand for fuel locally means, fuel in bulk tanks and at the gas station will take a longer time to sell out, hence consumers may not see prices reducing as fast as when consumption is normal. As of today's date, the lowest price for regular gas is at \$2.99 per gallon and the lowest price for premium gas is at \$4.43 per gallon. Fuel prices around the three islands are posted on a weekly basis on www.ofreg.ky

¹ Mainly due to the logistic of import whereby Oil Tankers deliver to a number of other Ports prior to arriving into Cayman on their 'milk run' to supply a network of jurisdictions. This time can vary as the entities has the option to divert ships to counties most in need of supplies.



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Utility Regulation and Competition Office

The cost of gasoline and diesel imported year to date (2020) fell by \$0.90 cents average for gasoline and diesel product, while Propane fell by \$0.20 on average. OfReg's analysis shows that a further reduction in wholesale prices can be expected within the next week, while changes in price at the pump will be determined by inventory turnover in their tanks.

If you have any questions, please feel free to contact OfReg at 946-4282 or by emailing info@ofreg.ky.

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