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Fuel prices drop again in December but remain too high

Pump prices fell for the second consecutive month in December, but not by the level they should have done considering the sharp drop in the price of oil, data from [RAC Fuel Watch](#)* shows.

The average price of unleaded went down 2.75p from 123.67p to 120.92p and diesel reduced by 3.08p from 133.09p to 130.01p. Oil, however, crashed 14.5% from \$60.31 at the start of the month to \$51.52 on 27 December which should have meant prices at the pump were considerably lower.

RAC Fuel Watch data shows the price of unleaded should come down in the next fortnight by more than 8p a litre to 113p a litre and diesel by 10p a litre to 120p if retailers passed on savings in the lower wholesale price. This would see the supermarkets charging around 110p a litre for petrol and 117p for diesel.

At the end of December it cost on average £66.51 to fill up a 55-litre family car with unleaded – £1.51 less than November – and £71.51 for the equivalent diesel vehicle, and a saving of £1.69 on the previous month.

A litre of unleaded cost an average of 117.23p at the four biggest supermarkets, and diesel 126.76p. The average price at an Asda forecourt, however, was 114.7p a litre for petrol and 125.53p for diesel. At motorway service areas petrol was sold for an average of 138.48p and diesel for 148.14p.

But despite the overall picture showing a reduction in the cost of fuel in December, the RAC fears fuel retailing among the big four supermarkets may have changed forever – to the detriment of every driver – as only Asda is

close to reflecting the lower wholesale prices at the pumps.

Since mid-October the other supermarket fuel retailers have chosen not to compete as closely on the price of unleaded as they usually do – they are currently charging up to 4p a litre more for unleaded than Asda. As a result drivers across the UK have lost out as the average price of petrol should have dropped by that amount through the ripple effect caused by independents trying to match their closest supermarket rivals' prices.

RAC fuel spokesperson Simon Williams said: “While it’s good news fuel prices have fallen for the second month in a row, drivers should feel cheated they have not come down further. The problem is twofold: firstly, there should be a cut in the price of petrol to properly reflect lower wholesale prices and secondly, three of our biggest supermarkets appear no longer to be competing on the price of unleaded, in particular, as closely with the lowest price supermarket retailer, Asda.

“Normally, the other three supermarkets are 1p to 1.5p more expensive on unleaded, but our data shows that since October they have abandoned this strategy in favour of pricing 2.5p to 4p higher for a litre of petrol. The decision by all supermarkets to take more profit on a litre has led to every driver having to pay more to fill up than they should have to. This is because the UK average is negatively affected as other retailers are not being forced through competition to lower their prices.

“This is a highly unusual situation, the likes of which we haven’t seen before. If this new pricing behaviour continues into 2019 this could spell a bleaker year for drivers at the pumps no matter what happens to the price of wholesale fuel. Drivers could be paying around 3p a litre more for their fuel simply because of a retail pricing decision at three supermarkets which together sell a high volume of fuel. This is important as supermarkets only operate [18% of the UK’s 8,422 forecourts but sell around 45% of all the fuel.](#)

“Of course, it should also be the case that smaller retailers ought to be moving their prices down on their own without having to be forced to do so by nearby supermarkets. We commend those smaller retailers that proactively do this.

“Unfortunately, unless you live near the cheapest supermarket fuel retailer or an independent retailer that is very price-competitive, the amount you pay for

your petrol and diesel is likely to be far higher than it should be.

“It is important to point out that every fuel retailer is at liberty to charge what they want for their petrol or diesel so aside from the Government taking the unlikely step of capping retailer margins there is little that can be done to change this. Sadly, it means motorists are completely at the mercy of retailers because just one major supermarket passing on savings in the wholesale price isn't enough to change prices across the majority of UK forecourts.

“Fortunately, despite the weakness of the pound against the dollar drivers are enjoying a cheaper time at the pumps than they were in the middle of 2018. This is due to the price of oil falling substantially due a glut in supply caused by a global economic slow-down. Even though oil producers group OPEC has agreed to limit supply there is still too much oil in circulation which has led to the price of barrel coming down.”

Regional fuel price variation

Regional average unleaded pump prices

Northern Ireland saw the biggest drop in the price of unleaded with a 3.91p reduction in a litre from 123.81p to 119.90p. The North East, however, while only seeing a 3p decrease had the cheapest petrol in the UK, finishing December at 119.20p. The East was charging the most for a litre of unleaded at the beginning of the month, but by the close the South East had regained its customary title, with an average price of 121.87p.

Unleaded	03/12/2018	27/12/2018	Change
UK average	123.67	120.92	-2.75
Northern Ireland	123.81	119.90	-3.91
East	125.01	121.69	-3.32
North West	123.62	120.49	-3.13
South West	124.50	121.37	-3.13
Scotland	123.35	120.23	-3.12

Yorkshire And The Humber	123.48	120.40	-3.08
East Midlands	124.11	121.04	-3.07
North East	122.24	119.20	-3.04
South East	124.89	121.87	-3.02
West Midlands	123.81	120.83	-2.98
London	124.09	121.17	-2.92
Wales	123.40	120.65	-2.75

Regional average diesel pump prices

Scotland enjoyed the biggest UK average reduction in the price of diesel, with 3.15p coming off a litre to a price of 130.27p. Northern Ireland once again had the cheapest diesel at both the start and finish of the month and the South East was the dearest place in the UK to buy diesel with a litre costing 131.22p at the end of December.

Diesel	03/12/2018	27/12/2018	Change
UK average	133.09	130.01	-3.08
Scotland	133.42	130.27	-3.15
East Midlands	133.47	130.33	-3.14
North East	132.51	129.37	-3.14
North West	133.29	130.21	-3.08
London	133.76	130.72	-3.04
Wales	133.00	129.97	-3.03
Yorkshire And The Humber	132.84	129.82	-3.02
East	133.90	130.92	-2.98
South East	134.19	131.22	-2.97
Northern Ireland	131.65	128.70	-2.95
West Midlands	132.92	129.98	-2.94

South West	133.51	130.58	-2.93
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Motorists can keep abreast of the latest fuel prices by visiting the [RAC Fuel Watch webpage](#).

Notes to Editors

* UK average fuel prices quoted in the RAC Fuel Watch December 2018 report are based on Experian Catalist data from 1 to 29 December 2018 (pump prices). Regional prices are based on Experian Catalist data from 3-27 December. Wholesale prices, oil price and the value of sterling are based on data from 3 to 27 December 2018.

About the RAC

First formed in 1897, the RAC has been looking after the needs of its members and championing the interests of drivers for more than 120 years.

Today it has more than eight million members and is one of the UK's most progressive motoring organisations, providing services for both private and business motorists. Whether it's [roadside assistance](#), [insurance](#), [buying a used car](#), [vehicle inspections and checks](#), [legal services](#) or up-to-the-minute [traffic and travel information](#) – the RAC offers a solution for all motoring needs. The RAC is committed to making motoring easier, safer, more affordable and more enjoyable for drivers and road users.

The RAC is the motorist's champion and campaigns to support the interests of its members and UK drivers at a national level. This includes voicing concerns about the increasing cost of motoring, particularly the price of fuel and the high level of tax levied on it, advancing levels of road safety, and supporting the needs of all drivers, from young to old.

The RAC's annual [Report on Motoring](#) – first published in 1989 – is one of a kind and provides a clear insight into the concerns and issues facing today's motorists.

For the very latest news on UK fuel prices, check [RAC Fuel Watch](#). It provides a comprehensive guide to the latest UK unleaded petrol and diesel prices –

both at the wholesale level and at the pump - and tracks these prices daily to help drivers check if the price they pay to fill up is a fair one.

Contacts



RAC Press Office

Press Contact

press.office@rac.co.uk

Emails monitored during normal office hours. For breakdown queries, call 0330 159 0740

ISDN number on request