

Jan 10, 2018 14:13 GMT

RAC warns of pump price misery as oil hits \$70 a barrel for first time in more than three years

The price of a barrel of oil has gone above \$70 for the first time in more than three years, potentially spelling misery for motorists at the pump throughout 2018.

Data from RAC Fuel Watch shows that the cost of a barrel was last over \$70 on 3 December 2014 when a price of \$70.22 was recorded. As a result there is likely to be a knock-on effect on the forecourt due the increase causing the wholesale price of fuel to rise.

The UK average price of unleaded currently stands at 121.27p a litre and diesel is 123.97p – both having risen from a 2017 low of 114.33p for petrol and 115.02p for diesel. The RAC, however, expects this to rise further – sadly the price of petrol has risen for the last two months, going up nearly 5p a litre since the start of November (diesel has risen 3p in the same period).

The RAC is fearful that \$70 a barrel could become the new norm for 2018, something that would be bad news for motorists without a significant strengthening of the pound which would keep wholesale prices in check due to fuel being traded in dollars.

The RAC's current two-week forecast for pump prices shows a fairly static picture but this could fast change if the oil price remains above \$70. Even prior to the recent oil high two supermarket retailers added 0.5p to the prices in one day, and the UK average prices of both petrol and diesel have gone up by nearly a penny since Christmas.

RAC fuel spokesman Simon Williams said: “Oil hitting \$70 a barrel is potentially very bad for motorists who are already having to get used to paying 7p a litre more for petrol and 9p more for diesel than they did last July.

“If oil stays at this level, pump price hikes will be almost inevitable. With households across the country still feeling the cost of Christmas this is not the start to 2018 anyone would have wanted. It could also negatively affect business and further fuel inflation.”

The last time oil was at \$70 the price was falling due to the decision of OPEC – the Organization of the Petroleum Exporting Countries – to deliberately overproduce oil with a view to lowering the barrel price and making it financially unviable for the United States to produce oil from fracking.

From the middle of 2014 motorists in the UK began to benefit from falling pump prices, culminating in December 2015 when a few low-cost retailers sold both petrol and diesel for under £1 a litre. The oil price bottomed out in early 2016 at \$26 a barrel leading to national average pump prices of 101.65p a litre for unleaded and 100.78p for diesel.

Since then prices have risen, averaging 118p a litre for unleaded in 2017 and 120p for diesel. The cost of filling an average 55-litre family car is now £66.69 for petrol and £68.18 for diesel.

Simon Williams added: “Looking at the global oil picture it seems as if the glut of oil stocks is disappearing due to the production cuts imposed by OPEC along with non-member Russia as the United States’ crude oil inventories have fallen for eight weeks in a row. The US is now producing far more from fracking but this isn’t filling the gap from the OPEC cuts.

“If, however, the US’s fracking production increases substantially there is a hope that the price of oil may fall back and settle at the mid-\$60 a barrel mark. This would, of course, be far better news for UK motorists.”

Notes to Editors

Oil price is a dated Brent crude price, correct as of close of play on 9 January

2018.

About the RAC

First formed in 1897 the RAC has been looking after the needs of its members and championing the interests of motorists for 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 motorists 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 – 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](#) or follow [#racfuelwatch on Twitter](#). RAC Fuel Watch is a comprehensive guide to the latest UK unleaded petrol and diesel prices – both at the wholesale level and at the pump. RAC Fuel Watch analyses how prices changed through the previous month and compares the most recent prices with those from three, six and 12 months before.

Key facts:

- RAC patrols fix four out of five vehicles at the roadside and on average within 30 minutes
- RAC vans carry more than 500 parts and tools to get members' vehicles going again
- 92% of members would recommend RAC Rescue to their friends and family

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