

Fuel price commentary

In our last fuel price commentary, we highlighted the initial impact of the COVID-19 pandemic on the Chinese consumption of oil, noting how this reduction in demand had led to a fall in the price of crude oil, which was beginning to feed through to heating oil in the UK. This certainly turned out to be prophetic, although in January we can hardly have imagined just how much of an impact the virus would go on to have around the world.

The immediate effect has seen the street price of kerosene fall to unprecedented

degree, reaching prices lower than at any time in the last decade. By the end of March, households were probably thinking they had done well to get quotes of around 35ppl; however, two weeks later, prices were as low as 22ppl, and still falling! For households able to take advantage of these low prices, it is a fantastic opportunity to fill tanks depleted after the winter. However, for those facing financial hardship as a result of COVID-19, it will only increase frustration.

So, are low prices a good thing for consumers? In the short term, the answer

seems to be yes. If it continues into the autumn, consumers will be able to refuel cheaply ahead of the next heating season. It will also ensure that oil heating remains competitive against other options. But in the longer term, the impact may be less positive. In its April bulletin, the IEA reported "Low prices threaten the stability of an industry that will remain central to the functioning of the global economy. Even with demand falling by a record amount this year, oil companies still face the challenges of investing to offset natural production declines and to meet future growth. So, 'enjoy it while it lasts' may be the message.

Comparative space and water heating costs for a three-bedroom home in Great Britain, Northern Ireland and the Republic of Ireland

GREAT BRITAIN

	Average: Apr 16-Apr20	April 19	April 20	Price change	% difference
Anthracite Grains	£1,153	£1,127	£1,209	£82	7.28%
Electricity (Economy 7)	£1,897	£2,022	£2,082	£60	2.97%
Gas (British Gas - condensing)	£985	£989	£938	-£51	-5.16%
LPG	£1,864	£1,874	£1,885	£11	0.59%
LPG (condensing)	£1,535	£1,542	£1,551	£9	0.58%
Oil	£1,201	£1,322	£983	-£339	-25.64%
Oil (condensing)	£984	£1,083	£808	-£275	-25.39%
Wood Pellets	£1,422	£1,531	£1,502	-£29	-1.89%
Air source heat pump radiators	£1,683	£1,802	£1,819	£17	0.94%
Air source heat pump underfloor	£1,389	£1,379	£1,392	£13	0.94%

NORTHERN IRELAND

	Average: Apr 16-Apr20	April 19	April 20	Price change	% difference
Anthracite Grains	£996	£1,027	£1,075	£48	4.67%
Electricity (Economy 7)	£1,648	£1,871	£2,034	£163	8.71%
Gas (Phoenix - condensing)	£937	£1,050	£987	-£63	-6.00%
LPG	£2,467	£2,708	£2,510	-£198	-7.31%
LPG (condensing)	£2,023	£2,219	£2,059	-£160	-7.21%
Oil	£1,173	£1,326	£1,123	-£203	-15.31%
Oil (condensing)	£961	£1,086	£922	-£164	-15.10%
Wood Pellets	£1,125	£1,118	£1,199	£81	7.25%
Air source heat pump radiators	£1,522	£1,654	£1,752	£98	5.93%
Air source heat pump underfloor	£1,257	£1,246	£1,320	£74	5.94%

REPUBLIC OF IRELAND

	Average: Apr 16-Apr20	April 19	April 20	Price change	% difference
Anthracite Peas	€1,566	€1,628	€1,628	€0	0.00%
Electricity (Urban Night Saver)	€2,060	€2,142	€2,169	€27	1.26%
Gas (Bord Gais condensing)	€1,351	€1,420	€1,378	-€42	-2.96%
LPG	€2,740	€3,135	€2,998	-€137	-4.37%
LPG (condensing)	€2,254	€2,574	€2,463	-€111	-4.31%
Oil	€1,604	€1,940	€1,408	-€532	-27.42%
Oil (condensing)	€1,313	€1,585	€1,154	-€431	-27.19%
Wood Pellets	€1,357	€1,398	€1,404	€6	0.43%
Air source heat pump radiators	€1,809	€1,875	€1,898	€23	1.23%
Air source heat pump underfloor	€1,492	€1,476	€1,492	€16	1.08%

Notes. The tables above are based on quarterly data published by the Sutherland Tables. They show the annual average cost of a range of heating options for a typical pre-1980 three bedroomed semi-detached home with a heat requirement of approximately 16,000 kWh.