

## Static High Petrol Prices Deprive High Street Shops of Potential 120 Million

Car fuel prices have stayed near their highest ever level for over a month, siphoning off 120 million that could have been spent in UK high street shops, says The AA Motoring Trust.

Between mid-April and mid-May, petrol prices averaged 85.6 pence per litre and diesel 89.7 pence, only 0.4 pence lower than the month before. In January, petrol prices averaged 79.6 pence per litre and diesel 84.8 pence.

This six pence difference in petrol prices, January compared to May, took more than 120 million from family budgets last month and reduced their spending power in UK shops and entertainment centres.

Individual motorists have seen the monthly cost of petrol for a typical privately owned car rise from 87.43 in January to 94.02 in May. In households with two car-owning adults, this represents a 13.18 hit on family expenditure for the month.

"Families, particularly those with two working adults, have very little room for cutting car fuel expenditure: they have to go to work, the kids have to go to school, and the family has to go shopping or visiting grandparents at weekends," says Bert Morris, director of The AA Motoring Trust.

"Families have to make economies elsewhere in their budgets and these cutbacks tend to fall on leisure and entertainment spending and consumer purchases, for instance, putting off buying a new television, suit or bathroom. As well as a consumer spending slowing down, businesses also feel the squeeze of higher transport costs, which they are loath to pass on to customers for fear of a further drop in sales."

Friday's two-pence reduction in supermarket petrol and diesel prices is taking time to have an impact on average petrol prices. Four days after the cut was announced, average daily petrol prices across the UK had dropped less than half a penny to 85.15 pence per litre while diesel had fallen 0.38 pence to 89.37 pence per litre.

NOTES: \* UK consumption of unleaded petrol in 2003 was 19.72 million tonnes (source: DTI) or 73 million litres per day. With a six pence difference between January and May unleaded petrol prices, motorists spend 4.38 million extra on petrol each day.

The average mileage of a typical privately owned car is 8,700 miles. Averaging 30 miles per gallon of petrol, it consumes 290 gallons or 1,318 litres of petrol per year.

The average car-owning family spends more on motoring than on housing, food and leisure. The AA Motoring Trust's report "[Cost of Motoring 2005](#)" (PDF 74K) shows that the cost of running a petrol car has risen by 6 per cent since last year, with diesel cars 5.3 per cent higher. The increases are due mainly to the soaring cost of car fuel and unusually high depreciation.