

Gloomy start to 2006 for petrol prices

Petrol and diesel prices start the new year around 10 pence per litre higher than this time last year. And, with the average cars annual fuel use up by 45 litres, car owner and family budgets will remain under heavy strain this year, says The AA Motoring Trust.

Januaries UK average petrol price of 89.4 pence per litre compares with 79.6 pence at the start of 2005. Diesel prices now average 93.5 pence per litre as opposed to 84.8 pence at the same time last year.

Average annual mileage for a private car has risen from 8,700 to 9000 miles* raising the average annual petrol consumption from 1318 litres to 1363 litres**. The combined 10 pence-a-litre increase, plus 45 extra litres per year, leaves average two-car owning households facing potential annual petrol costs around 340 above what families would have budgeted for at the same time last year.

The only glimmer in an otherwise gloomy picture of higher petrol prices comes with a comparison of petrol price rises across Europe, with the UKs 12 per cent*** petrol price increase amongst the lowest in Europe. Ireland and Portugal enjoyed 10 per cent price increases while Greece saw a 34 per cent price increase. In the United States, the cost of a litre of petrol rose 32 per cent, an impact magnified by the relatively lower tax burden compared to that in most European countries.

"The rising cost of crude oil and the prospect of political pressure on Iran, the worlds fourth biggest oil producer, does not augur well for the cost of car fuel this year. Oil market speculators showed themselves to be extremely jittery last year and motorists must expect crude oil and car fuel prices to be very volatile," says Ruth Bridger. petrol price analyst for The AA Motoring Trust.

"The apparently lower rise in the price of diesel masks the fact that this more efficient fuel remained around four pence per litre more expensive than petrol throughout the year, when previously the price would drop outside winter months. Car owners who invest an extra 1,000 or more to buy diesel models will hope that the difference between the two fuels closes again, helping to justify the extra cost of cars that produce less carbon dioxide."

Bridger adds: "The competitive difference of supermarket versus non-supermarket car fuel retailers will come under closer brand-by-brand scrutiny this year. Supermarkets are on average 1.5 pence cheaper than the UK average, compared to two pence in January 2005. However, localised "price-watch" policies operated by most supermarkets allowed petrol prices to stay high in some areas last year, while Asdas national low pricing policy called the shots in towns where it sold petrol."

* Personal Travel Survey 2004, Department for Transport

** Average petrol car consumption is 30mpg, Transport Statistics Great Britain 2005, Department for Transport

*** Petrol price rises (equivalent pence per litre rise, percentage rise):

Austria: 63.83 (Jan 2005) to 74.02 pence (Jan 2006), 16%

Belgium: 80.33 to 93.41, 16%**Denmark: 81.21 to 90.76, 12%**

France: 74.59 to 85.56, 15%**Germany: 76.02 to 88.03, 16%****Greece: 53.79 to 72.04, 34%****Netherlands: 88.93 to 99.14, 11%**

Ireland: 71.00 to 77.77, 10%**Italy: 77.46 to 85.63, 11%****Portugal: 76.02 to 83.65, 10%****Spain: 60.25 to 69.49, 15%**

Switzerland: 63.32 to 71.64, 13%

USA: 26.82 to 35.27, 32%

Diesel price rises (equivalent pence per litre rise, percentage rise):

Austria: 60.25 to 68.36, 13.5%**Belgium: 63.83 to 74.02, 16%**

Denmark: 73.54 to 81.43, 11%**France: 65.98 to 74.45, 13%****Germany: 67.42 to 77.56, 15%****Greece: 53.79 to 70.13, 30%**

Netherlands: 65.27 to 74.80, 15%**Ireland: 70.29 to 78.41, 11.5%****Italy: 71.72 to 78.76, 10%****Portugal: 63.11 to 69.07, 9%**

Spain: 58.09 to 64.89, 12%**Switzerland: 70.26 to 77.08, 10%****USA: 29.56 to 39.32, 33%**

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