



MEDIA RELEASE

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INTERIM FINDINGS FROM CCS'S RETAIL PETROL STUDY

1. The Competition Commission of Singapore ("CCS") commenced a study into the retail petrol market in Singapore in 2015 and studied the factors affecting the movement of petrol prices in Singapore since 2010. For the purpose of the study, CCS requested information from the petrol companies¹ and the interim findings are as follows:

2. **The petrol companies use Mean of Platts Singapore ("MOPS") prices, not crude oil prices in their cost accounting and pricing decisions for retail petrol.** Crude oil price is the price of unrefined oil while MOPS price is the price at which petrol companies purchase the refined wholesale petrol from the refineries. MOPS price tends to be higher than crude oil price as it includes the cost of refining the crude oil into wholesale petrol.

3. **In 2015, MOPS price (i.e. wholesale petrol price) made up less than one-third of the listed retail petrol price.** Other components of retail petrol price include operating costs, taxes and duties, land costs, discounts and rebates. These non-fuel components have generally increased in the past few years. The operating income margin of the petrol companies has also increased, but the increase is smaller relative to the increase in the non-fuel components.

4. **The retail petrol price that consumers generally pay includes the petrol levy as well as discounts and rebates. Consumers enjoyed an average² of about 18% in discounts and rebates off the listed price** for Octane 95³ petrol in 2014. These discounts and rebates comprised 5% from site discount, 4% from loyalty programmes, and 9% from credit card payment⁴.

5. **The listed retail petrol price was observed to move in tandem with the price of MOPS over a six-year period between 1 January 2010 and 31 January 2016. While the pass-through was neither complete nor immediate, the effect was the same whether the price of MOPS increased or decreased⁵.** The lack of complete pass-through could be due to factors such as changes in the non-fuel components. There was no significant difference between the time taken to raise the

¹ The four petrol companies were Esso, Shell, Caltex and SPC.

² This is the average savings for per litre of Octane 95 petrol sold in 2014 by all four petrol companies.

³ Octane 95 petrol is the most pumped petrol in Singapore.

⁴ Although there is a credit card component, the total discounts and rebates is an average of all transactions, including those paid by credit card and non-credit card holders.

⁵ Between 1 January 2010 and 31 January 2016, it was observed that for every 10 SGD cents change in the price of MOPS, the listed petrol price changed by 7 SGD cents in the same direction, and this took place over a 10-day period on average.

listed price and the time taken to lower the price.

6. For the period of June 2014 to January 2016, crude oil price fell by an average of 59 SGD cents (-67%), MOPS price fell by 52 SGD cents (-53%)⁶ and the listed price of Octane 95 fell by 35 SGD cents (-15%)⁷. After taking into account the discounts, rebates and levy increase in February 2015, the effective price⁸ that consumers paid for Octane 95 was found to have fallen by 45 SGD cents (-24%) instead. There appears to be a relatively high level of pass-through of the fall in MOPS price to consumers over this period.

7. **Based on the information gathered, there is no evidence to suggest collusion in petrol pricing**, even though petrol companies monitor and react to each other's published prices.

8. CCS will be conducting a consumer survey on petrol demand in Singapore to understand consumer choices and switching behavior on petrol purchases. CCS will release the final report when the analysis of the survey result is completed.

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⁶ Crude and MOPS prices are converted from US to Singapore dollar to account for changes in exchange rates. MOPS prices are from Platts.

⁷ For the time period between June 2014 and January 2016, the pass-through of the change in MOPS price (52 SGD cents) to listed Octane 95 price (35 SGD cents) was approximately 67%.

⁸ Effective price that consumers pay for Octane 95 petrol excludes the 15 SGD cents levy hike introduced in February 2015 and an average of 18% discounts and rebates enjoyed by consumer.

About The Competition Commission of Singapore (CCS)

CCS is a statutory board established under the Competition Act (Chapter 50B) on 1 January 2005 to administer and enforce the Act. It comes under the purview of the Ministry of Trade and Industry. The Act empowers CCS to investigate alleged anti-competitive activities, determine if such activities infringe the Act and impose suitable remedies, directions and financial penalties.

For more information, please visit www.ccs.gov.sg.

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