

## MEDIA RELEASE

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*Thursday, January 31, 2008*

### **All maximum fuel prices decrease**

Effective 12:01 a.m. Thursday, January 31, 2008, new maximum fuel prices will be established by the Public Utilities Board, through its Petroleum Pricing Office, for all areas of Newfoundland and Labrador (NL) except where a price freeze is in effect.

Maximum fuel prices will decrease as follows:

- ◆ all types of gasoline by 2.9/3.0 cents per litre (cpl) – variations may occur due to HST rounding;
- ◆ ultra low sulphur diesel by 2.2/2.3 cpl;
- ◆ No. 2 blend furnace oil by 2.75 cpl and stove oil by 2.35 cpl; and,
- ◆ residential propane used for home heating purposes by 2.8 cpl.

Uncertainty surrounding the U.S. economy, the world's largest consumer of fuel and energy, continued to dominate market-pricing data for refined fuels during the past two weeks (Jan. 16-29, 2008). The beginning of this session saw markets react to the U.S. Federal Reserve's surprise cut to interest rates in its attempt to boost the economy. This move helped markets recover slightly, including fuel prices, but did not completely ease fears. Last week, the U.S. government announced it was working on an economic stimulus plan to help the economy rebound from its current slump. A slowing U.S. economy is not only expected to curb demand for natural resources, but analysts believe it will have far-reaching negative effects into other economic sectors. Commodity markets also fluctuated on whether or not further cuts from the Federal Reserve would occur.

Demand/supply fundamentals remained a mitigating factor for fuel pricing, particularly for distillates (heating oils and diesel), as the northern hemisphere deals with winter conditions. Gasoline inventories are in upper end of the average range for this time of year yet demand is strong despite high prices, while distillate supplies hover in the middle of the range and hinge on whether there are sufficient supplies to meet the demand for the rest of the heating season. Any recent positive news regarding stockpiles, however, has been somewhat overshadowed by economic worries out of the U.S.

Overall, the average of market data from this pricing period has been enough to pull all maximum NL fuel prices downward from the Jan. 17 pricing adjustment; however, there aren't solid indicators of whether this trend will continue in the coming weeks because of heightening global economic uncertainty. The Board will continue to ensure that local maximum prices are set based on actual and complete data information as required by its mandate.

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