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Diesel fuel costs, weaker rand to place pressure on inflation, export-competitiveness

14TH APRIL 2026 BY: SCHALK BURGER - CREAMER MEDIA SENIOR DEPUTY EDITOR

Financial brokerage and asset management firm EBC Financial Group (EBC) warns that the R3-a-litre levy cut will provide relief only for a month, while Brent-linked diesel costs and a weaker South African rand will continue to put pressure on inflation and South Africa's export competitiveness.

Official price calculations show why the levy cut is not designed to be a permanent offset when global inputs move quickly, the firm says.

Over the period used for April pricing, the average Brent crude oil price increased to \$93.67 from \$69.08, while the average rand:dollar exchange rate weakened to R16.64 from R16, according to Department of Mineral and Petroleum Resources data.

International refined product prices added R9.49/ℓ to diesel's basic fuel price during the same April pricing review period, and currency weakness added 78.07c/ℓ to diesel's basic fuel price during this period, EBC points out.

“The levy cut trims the tax line for a month, but it does not change the pricing mathematics. Diesel is set by global refined product costs and paid for in US dollars. When Brent is higher, and the rand is weaker, local pump-price pressure can compound quickly, even with temporary tax relief,” says EBC Financial Group senior market analyst **David Precious**.

South Africa’s fuel levy relief may reduce the tax component of pump prices for just over a month, but three strains can offset the temporary support, namely a large diesel price jump, a weaker currency that lifts the US dollar import bill and export supply chains that rely heavily on road freight at the same time that logistics capacity remains constrained.

Government has also described the levy cut as fiscally neutral and has indicated it plans to recover the revenue through other measures, thereby highlighting that the relief is not designed as an open-ended subsidy.

Diesel tends to transmit into the economy faster than petrol because it underpins road freight, industrial transport and heavy equipment used across mining and agriculture.

When diesel rises by R7.51 a litre in a single regulated adjustment, the risk that higher diesel costs feed into prices is that transport-intensive goods and services can push prices higher sooner than household fuel spending alone would suggest, EBC says.

Additionally, the South African Reserve Bank (SARB) has explicitly flagged the inflation channel. In its March 2026 Monetary Policy Committee statement, the SARB projected fuel inflation of more than 18% for the second quarter and expected headline inflation to accelerate to around 4% in the second quarter, given the oil price shock.

The SARB also described the Middle East conflict-driven oil shock as a supply shock that raises prices while weakening demand, which is a difficult mix for growth-sensitive sectors.

With the levy reduction expiring on May 5 and the underlying inputs recalculated monthly, exchange-rate moves remain a key swing factor in the regulated fuel price formula, the financial firm says.

“Temporary relief can soften one adjustment, but it cannot offset a sustained move in oil prices or the exchange rate. Diesel feeds directly into freight and export logistics, meaning that the strain often appears first in transport-heavy parts of the economy, before it spreads more broadly through prices,” Precious adds.

Further, the export strain is not only about demand, but also about the cost and reliability of moving goods to ports.

South Africa recorded a preliminary trade balance surplus of R36.9-billion in February, driven by exports of R168.1-billion and imports of R131.2-billion, including trade with Botswana, Eswatini, Lesotho and Namibia.

However, a higher fuel import bill can narrow that buffer, and higher diesel costs can land directly on export supply chains that depend on road transport.

For example, South Africa shipped a record 3.05-million tonnes of citrus in 2025, and industry organisation the Citrus Growers Association of Southern Africa (CGA) says the industry relies on trucks to move 95% of citrus to ports, thereby increasing sensitivity to diesel prices and availability.

Bulk exports also illustrate the second constraint, namely that

export volumes are shaped by rail and port capacity.

A Richards Bay Coal Terminal (RBCT) briefing to the Portfolio Committee on Mineral and Petroleum Resources said coal exports from RBCT rose 11% to 57.66-million tonnes in 2025, but remained below the 76-million tonnes recorded in 2017, with the shortfall linked to limited capacity at State-owned Transnet to haul commodities to export markets.

When freight costs rise while physical capacity is constrained, exporters can face a squeeze between higher logistics costs and limited flexibility to increase volumes, EBC notes. 

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