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Inflation threat looms

South African motorists are facing unprecedented fuel costs after petrol price climbed above R30 a litre for the first time, adding further pressure to already stretched household budgets.

The October fuel price adjustment announced by the Department of Mineral and Petroleum Resources on Monday 5 October came into effect on Wednesday last week (7 October).

Petrol 93 increased by R3,12/l, while 95 unleaded increased by R3,33/l.

Meanwhile, diesel increased by R2,84/l to R3,24/l, depending on the grade.

At the new price of R30,08 a litre, filling a 45-litre tank now cost motorists about R1353,60, compared with R913,50 in March when 95 unleaded petrol was selling for around R20 a litre.

The latest increase follows a significant hike last month (September), when the price of petrol climbed above R26 a litre.

HOUSEHOLDS UNDER PRESSURE

Neil Roets, CEO of Debt Rescue and a consumer debt specialist, said the speed of the increases was making it increasingly difficult for households to adjust their budgets.

"It is just not possible for family budgets to absorb repeated large increases such as these over such a short period of time. For many already financially distressed households, increases of this magnitude can be the point at which an already stretched monthly budget becomes unsustainable," he warned.

He said households could be forced to make difficult choices between essential expenses, while some may increasingly rely on credit to cover basic living costs.

RISING TRANSPORT COSTS

The impact is also expected to be felt by public transport users, with taxi fares reportedly increasing by between R3 and R6 on shorter routes and R10 to R30 on longer routes during 2026 as operators respond to rising fuel costs.

Higher fuel prices are also likely to affect the cost of goods as increased transport and logistics expenses filter through supply chains.

"Higher diesel and transport costs increase operating expenses across South Africa's logistics, agricultural and freight sectors, where road transport plays a major role," Roets said.

NO IMMEDIATE RELIEF

The latest increase comes as households head into the expensive year-end period, with no immediate relief expected.

Government previously introduced temporary relief by cutting the General Fuel Levy by at least R3 a litre for two months.

FILLING A 45L TANK IS 6,3% OF AVG SALARY

However, Mineral and Petroleum Resources Minister Gwede Mantashe said in September that there were no immediate plans for similar measures to cushion households and businesses from rising fuel costs.

Roets said higher fuel and transport costs would leave households with less money for groceries, electricity, savings, insurance and debt repayments."Many families have already reduced discretionary spending and are now being forced to cut back on essential expenses, including healthcare and medical aid, potentially leaving them more financially exposed when illness or accidents occur," he said.

FUEL COSTS COULD ADD TO INFLATION

The increase could also have wider implications for inflation and interest rates.

Investec chief economist Annabel Bishop has warned that October's fuel price increase could push consumer price inflation towards the 5% mark, potentially adding pressure ahead of the South African Reserve Bank's next Monetary Policy Committee meeting on 19 November.

Roets said any further interest rate increase would add to the financial strain on indebted households. "For indebted consumers, another interest rate increase would place additional pressure on already financially constrained households at precisely the time that fuel, transport and other essential living costs are rising. When households have less disposable income, they have less capacity to spend elsewhere in the economy," he said.

Roets said consumers who consistently struggle to meet their financial obligations should seek professional assistance from a registered debt counsellor before their debt becomes unmanageable.

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