MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

AIDE MEMOIRE

Information on fuel price paths

Date:	17 March 2026	**Priority:**	Urgent
Security classification:	Sensitive	**Tracking number:**	BRIEFING-REQ-0029490

Information for Minister(s)
Hon Nicola Willis **Minister for Economic Growth**

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Jeff de Jong	Policy Manager	Privacy of natural persons	✓

The following departments/agencies have been consulted

Minister's office to complete:

☐ Approved
☐ Declined
☐ Noted
☐ Needs change
☐ Seen
☐ Overtaken by Events
☐ See Minister's Notes
☐ Withdrawn

Comments

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Purpose

To provide information on potential fuel price paths for discussion at your meeting with officials at 4:45pm on 17 March.

Summary

1. Crude oil pricing is elevated at about $100/bbl, but futures pricing declines gradually from there to long-run averages – so **markets do not have a clear sense of how high crude oil prices might go.** The return to averages probably reflects uncertainty about how long the disruption will go on, not confidence prices won't go any higher.

2. The IEA considers this the largest supply disruption in history. Previous shocks are unlikely to give a good indication of impacts here.

3. Anecdotally, Westpac NZ suggests each (USD) $10/bbl increase in crude oil translates into an 11 cent per litre increase at the pump here in NZ. This rule of thumb applied to some crude oil prices for illustrative purposes yields:

Brent Crude Price (USD)	Petrol price (dollars per litre)	Diesel price (dollars per litre)
101.19	3.01	2.63
130	3.33	2.95
150	3.55	3.17
185	3.93	3.55
200	4.10	3.72

4. While it can take a few days to weeks for crude oil prices to flow through to refined products, once it does, Commerce Commission analysis suggests fuel companies will pass about 70-80 percent of their cost increases on to customers within the first week.

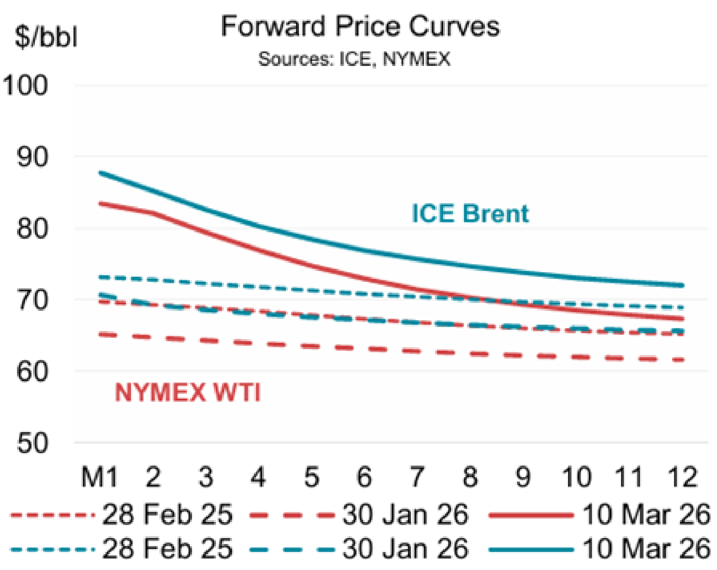
Analysis

Where are Crude oil prices expected to go?

5. The IEA says the war is creating the largest supply disruption in the history of the global oil market, and that the extent of the losses will depend on the duration of the conflict and disruptions to flows.

6. Futures pricing for Brent Crude is elevated,[1] with 1-month out prices about $25/bbl higher than a year ago, but 6-month out prices easing to about $5/bbl higher than a year ago. This probably reflects uncertainty about how the conflict will evolve more than strong estimates of actual pricing that far out. But it suggests market participants have no clear sense at this stage of whether/how high prices might go.

Figure 1: Forward price curves (IEA March 2026 oil market report)



7. From a supply perspective, the IEA forecasts that supply will increase modestly over the year as previously-planned capacity comes onstream – but says "the March [supply] forecast and beyond carry a high level of uncertainty."

What is the relationship between crude oil prices and fuel prices at the pump?

8. Westpac NZ has publicly said as a guide that a USD $10/bbl increase in crude oil translates to 11 cents per litre increase to domestic fuel prices. The adjustment can take time to flow through, and not always the same amount of time, but provides an indication of where prices will "settle" following a phase of adjustment.

9. Shorter-term fluctuations in NZ fuel pricing tend to track Singapore benchmark prices for refined fuels. We are adding these to the monitoring dashboard as a lead indicator for NZ fuel prices.

10. Commerce Commission analysis from 2024 suggests fuel companies are quick to raise prices when their costs rise, with about 70%-80% of cost increased being passed through to

[1] -12MAR2026_OilMarketReport.pdf

prices within the first week.[2] This suggests almost all of the impact of higher benchmark prices will flow through prices at the pump in a matter of days. How long it takes for crude oil prices to show up in benchmark prices can vary from a few days to a few weeks depending on eg refinery stocks.

What does that suggest for fuel prices at the pump?

11. Without good estimates of how high Crude oil prices might rise it is hard to estimate how high NZ fuel prices might go.

12. Table 1 shows historic crude oil and fuel prices during some shocks. These have not been adjusted for inflation, or for other factors like exchange rates or changes in taxes. We will look to provide a more comparable figures to your office soon. The IEA also notes that this is a more significant shock than any previous, and so these may be incomplete comparators.

Table 1: Historic crude oil and fuel prices

Brent Crude (USD)	Week ended Friday that this value occurred	Petrol price (cents per litre)	Petrol price excluding tax (cents per litre)	Diesel price (cents per litre)	Diesel price excluding tax (cents per litre)
120.24 Peak level in Ukraine conflict	03/06/2022	299.40	181.08	268.84	203.68
49.51 Peak value during COVID March to December 2020	18/12/2020	205.06	84.94	123.9	90.95
141.79 All time high value, during the GFC	04/07/2008	212.3	133.16	185.30	161.84

13. Agencies like the IEA as well as other analysts have given a wide range of figures. Table 2 collects some of these and uses Westpac's rule of thumb to illustrate the potential flow on to fuel prices, using the prices from today's SitRep as a baseline. These should be treated as a crude illustration only.

[2] Focus-report-Impact-of-changing-costs-on-retail-fuel-prices.pdf

Table 2: Illustrative fuel prices applying Westpac rule of thumb to crude prices

Brent Crude Price (USD)	Petrol price (dollars per litre)	Diesel price (dollars per litre)
101.19	3.01	2.63
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14. Bank commentary in NZ is similarly uncertain – most estimates of impacts on fuel prices have already been overtaken. The banks agree that the key driver will be how long the conflict lasts.

Lead indicators for monitoring

15. We plan to add these to the monitoring dashboard:

    a. Changes in crude oil prices, including futures – this will help us understand market expectations about the length and severity of the shock

    b. Changes in Singapore benchmark prices, and potentially interruptions in their supply lines – this will help us assess the likely short term price paths for fuel prices at the pump.

Next steps

16. We seek your feedback on any further information that would be helpful.