

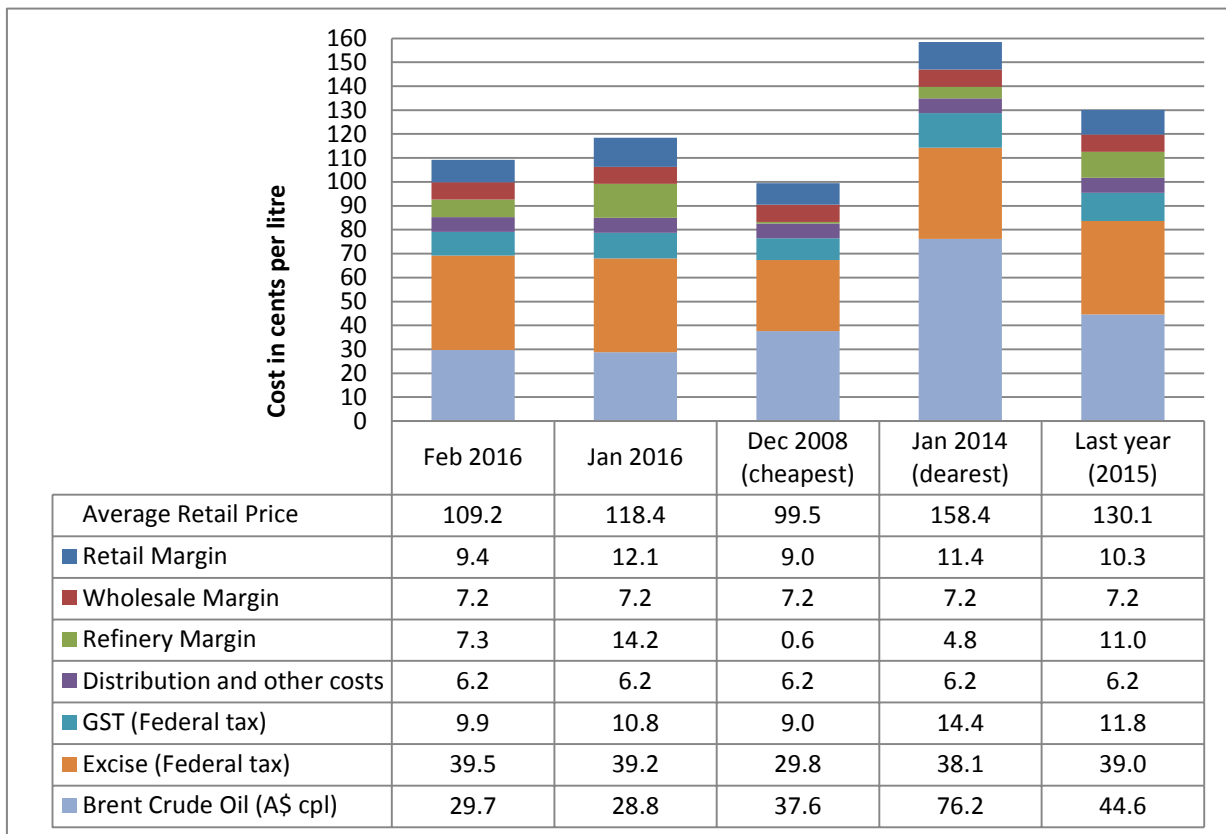
4 March 2016

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for February 2016.

**Key points**

- Retail margins on diesel remain high, 22 cpl in February compared to a historic average of 11 cpl.
- The average price of diesel in Brisbane was 115.4 cpl in February. Applying reasonable costs and margins, the price would have been 11.3 cents cheaper at 104.1 cpl.
- The average price of ULP in Brisbane was 109.2 cpl in February, 9.2 cpl lower than January.
- Following the reintroduction of fuel excise indexation by the Federal Government in 2014, on 1 February 2016 the excise charged on petrol and diesel increased from 39.2 cpl to 39.5 cpl.
- ULP sold in Brisbane was 3.9 cpl more expensive than Adelaide, and 2.4 cpl more than Melbourne and Sydney.
- The diesel price in Brisbane was more expensive than Adelaide, Melbourne, Sydney and Canberra (by 11.1 cpl, 6.1 cpl, 5.9 cpl and 2.3 cpl, respectively).
- Retailers in Ayr were selling the cheapest ULP and diesel in Queensland (3.3 cpl and 17.9 cpl cheaper than Brisbane, respectively). Ayr has been the cheapest town in Queensland for nine consecutive months.
- Despite substantial falls in recent months in the Saudi CP, the retail price of LPG remained largely unchanged since December 2015.

**ULP cost breakdown in Brisbane**



Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

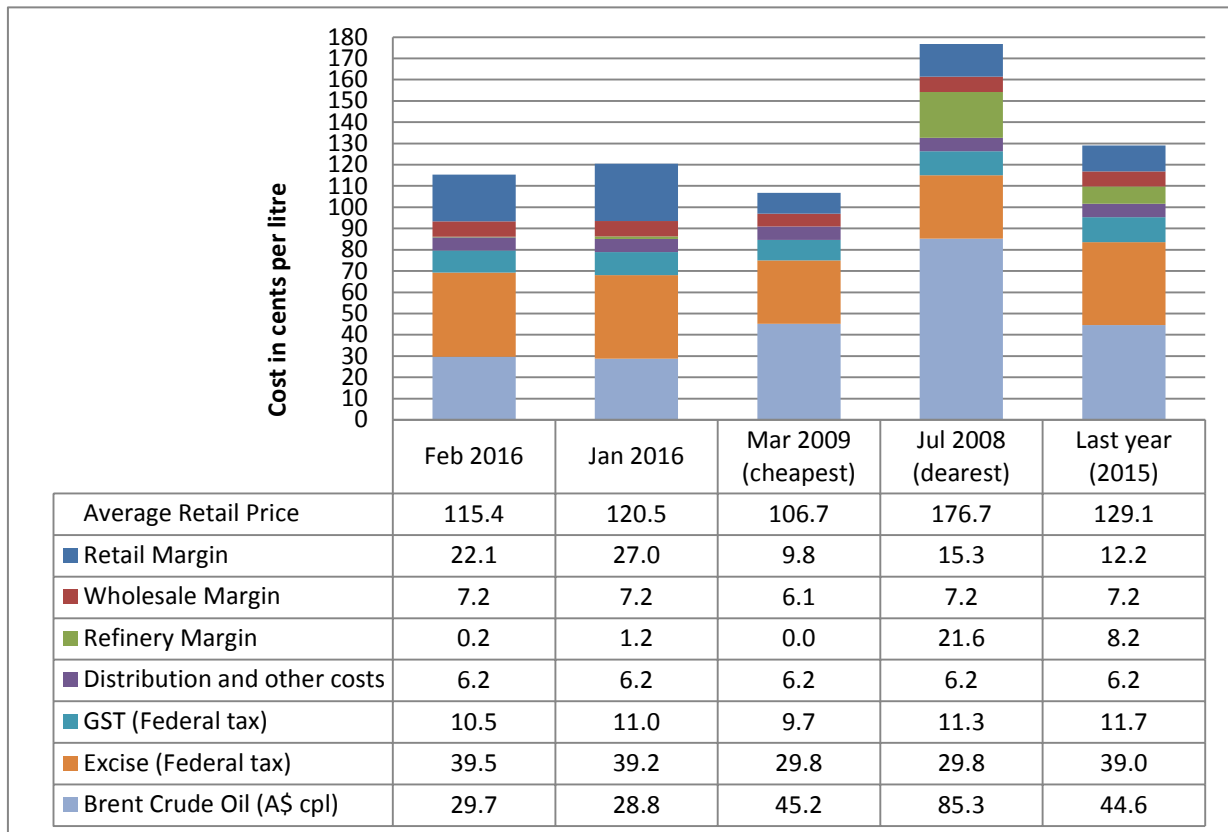


The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for February 2016. For comparison, the cost breakdown for last month, last year, December 2008 - the cheapest month and January 2014 - the most expensive month observed in recent years (since 2008), is also displayed.

The average price of ULP in February was 109.2 cpl, 9.2 cpl lower than January.

The price of Brent oil in February 2016 was 29.7 cpl (A\$). This was lower than December 2008 (37.6 cpl A\$) when retail prices were cheapest. Due to higher margins and the 8.5 cpl Queensland fuel subsidy in place in 2008, the average retail price in February 2016 was higher than December 2008 despite the very low crude oil price.

### Diesel cost breakdown in Brisbane



Note: 2008 and 2009 prices included the 8.5cpl Queensland fuel excise subsidy

The chart above shows the cost breakdown for a litre of diesel sold in Brisbane for February 2016. For comparison the cost breakdown for last month, last year, March 2009 - the cheapest month and July 2008 - the most expensive month observed in recent years (since 2008), is also displayed.

The average price of diesel in February was 115.4 cpl, 5.1 cpl lower than January. RACQ considers that this price was inflated. For example, replacing current costs and margins with reasonable fuel company costs and margins would see the average diesel price 11.3 cpl lower, at 104.1 cpl.

### Fuel excise indexation

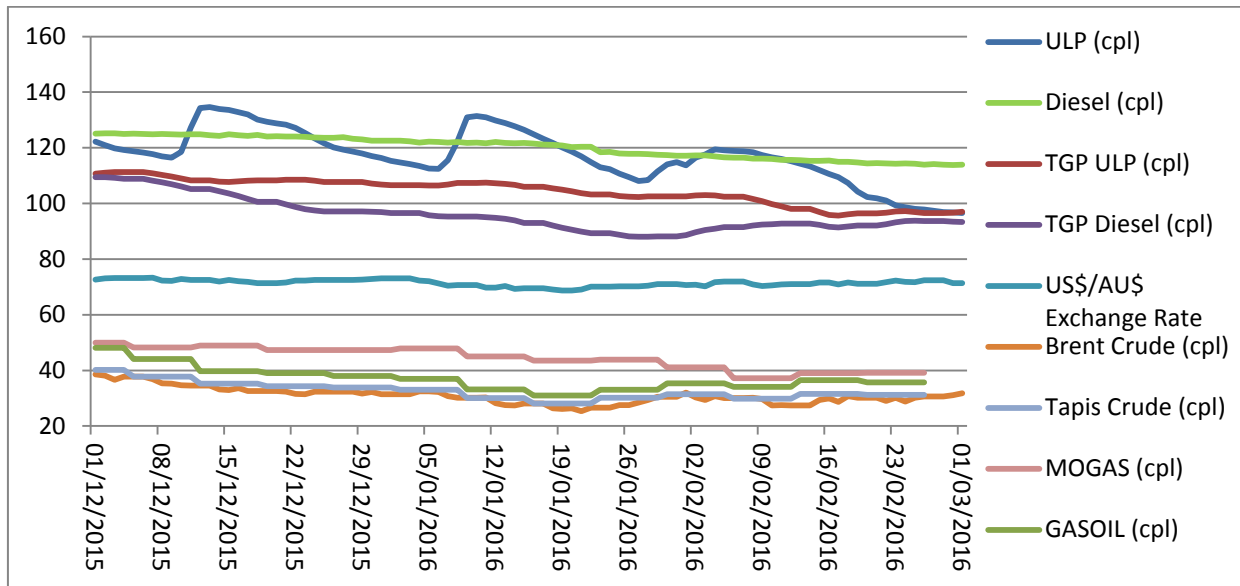
Following the reintroduction of fuel excise indexation by the Federal Government in 2014, the excise charged on petrol and diesel increased from 39.2 cpl to 39.5 cpl, and from 12.8 cpl to 12.9 cpl on LPG on 1 February 2016.

### Price trends

There was one partial price cycle observed in February 2016. The cycle started on 28 January, the average price then peaked on 4 February. Prices fell slowly throughout February and the average ULP price ended the month the same as the average TGP. At the time of writing the Brisbane ULP market was moving into the price hike phase of the cycle.



The graph below displays the average Brisbane retail ULP and diesel prices, the TGP, the daily Brent crude oil price, the weekly Tapis crude oil, the weekly MOGAS and GASOIL prices in cents per litre (A\$), and the US\$/A\$ exchange rate in A\$ cents per US\$.



Brent started February at A\$50.9/bbl (US\$36.0/bbl) and ended the month at A\$49.4/bbl (US\$35.3/bbl). The trend observed in Brent price was also observed in the Tapis, MOGAS and GASOIL prices. The price of Brent in A\$ fell to a low of A\$43.8/bbl (US\$31.0/bbl) on 11 February. The Brent price was last this low on 6 April 2004, when the price was A\$41.5/bbl (US\$31.5/bbl).

The low oil price observed in February 2016 was due to an oversupply of oil and soft demand. China's economic slowdown has resulted in falling oil and gas prices. The price of diesel is particularly correlated to Chinese economic performance. The slowdown has led to falls in the GASOIL and diesel TGP. However, fuel companies did not pass these savings on to motorists, preferring to bolster their margins.

### Comparison to other capital cities

The table below presents the average February prices and retail margins on ULP and diesel for Australia's capital cities, with the change compared to January in parentheses.

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Adelaide	105.3 (-7.4)	6.0 (-1.1)	104.3 (-6.3)	11.0 (-6.0)
Brisbane	109.2 (-9.1)	9.4 (-2.7)	115.4 (-5.1)	22.1 (-4.9)
Canberra	116.1 (-6.1)	16.5 (0.2)	113.1 (-6.7)	19.9 (-6.4)
Darwin	121.3 (-4.0)	17.7 (2.3)	119.5 (-13.0)	22.7 (-12.6)
Hobart	121.2 (-7.7)	16.8 (-1.3)	120.1 (-9.2)	22.0 (-10.0)
Melbourne	106.8 (-5.0)	7.7 (1.4)	109.3 (-6.5)	16.6 (-6.2)
Perth	110.0 (-8.9)	10.4 (-2.7)	115.7 (-6.7)	22.6 (-6.5)
Sydney	106.8 (-5.5)	7.2 (0.8)	109.5 (-6.5)	16.3 (-6.2)

\* The retail margin is the average retail price minus the average local TGP and local freight costs (assumed to be the same as Brisbane: 1.12cpl). The TGP varies between cities.

Adelaide was the cheapest capital for ULP, 3.9 cpl cheaper than Brisbane. Melbourne and Sydney were both 2.4 cpl cheaper than Brisbane. Darwin was the most expensive capital for ULP, 12.1 cpl more expensive than Brisbane.

Diesel sold in Adelaide, Melbourne, Sydney and Canberra was cheaper than Brisbane. Adelaide was 11.1 cpl cheaper than Brisbane, Melbourne was 6.1 cpl cheaper, Sydney was 5.9 cpl cheaper and Canberra was 2.3 cpl cheaper.



## Fuel prices across Queensland

Ayr had Queensland's cheapest ULP in February 2016, 3.3 cpl cheaper than Brisbane. Ayr has been the cheapest town in Queensland since June 2015. Indicative retail margins in Ayr, at 2.2 cpl, remain exceptionally low. Ayr is substantially cheaper than neighbouring Townsville, where the average ULP price in February was 118.2 cpl.

ULP sold in Moranbah, Mackay, and the Gold Coast was also cheaper than Brisbane. All other centres were more expensive than Brisbane.

Ayr also had the cheapest diesel in Queensland (17.9 cpl cheaper than Brisbane), followed by Moranbah and Bundaberg (15.9 cpl and 14.5 cpl cheaper, respectively). Gympie, Maryborough, Yeppoon, Rockhampton, Bowen, Childers, Gladstone, Charters Towers, Townsville, Mackay, Miles, Charleville, Kingaroy, Biloela, Dalby, Goondiwindi, Hervey Bay, Emerald, Sunshine Coast, Blackwater, Toowoomba and Ingham were also cheaper than Brisbane. All the other centres were more expensive.

The table below presents the average February prices and retail margins on ULP and diesel for Queensland localities, with the change compared to January in parentheses.

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin*	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	109.2 (-9.1)	9.4 (-2.7)	115.4 (-5.1)	22.1 (-4.9)
Gold Coast	108.2 (-11.1)	7.8 (-4.7)	116.5 (-5.6)	22.9 (-5.3)
Sunshine Coast	112.1 (-6.9)	11 (-0.6)	113.3 (-5.5)	18.9 (-5.2)
Atherton	121.3 (-6.5)	18.9 (0.1)	120.9 (-4.3)	25.4 (-4.0)
Ayr	105.9 (-4.2)	2.2 (2.3)	97.5 (-6.6)	1.2 (-6.5)
Biloela	122.2 (-5.1)	18.6 (1.5)	110.4 (-8.0)	13.5 (-7.9)
Blackall	147.7 (0.0)	Nd	125.6 (-3.7)	nd
Blackwater	126.7 (-5.0)	20.6 (1.6)	113.9 (-8.8)	14.4 (-8.7)
Bowen	114.9 (-3.5)	10.8 (3.1)	105.0 (-6.3)	8.3 (-6.1)
Bundaberg	115.7 (-3.9)	12.5 (2.5)	100.9 (-11)	4.5 (-10.7)
Cairns	122.2 (-6.6)	20.1 (0)	120.2 (-7.3)	25.0 (-7.1)
Charleville	119.2 (-6.3)	11 (0.1)	109.7 (-8.2)	8.4 (-7.9)
Charters Towers	119.7 (-3.6)	15.6 (3)	106.5 (-3.9)	9.7 (-3.8)
Childers	114.6 (-5.0)	nd	105.6 (-11.2)	nd
Cloncurry	130.0 (-7.4)	20.5 (-0.8)	126.5 (-9.1)	24.4 (-8.9)
Cunnamulla	144.6 (-1.8)	36.8 (4.6)	138.2 (-7.2)	37.1 (-6.8)
Dalby	118.5 (-2.2)	17 (4.2)	111.6 (-1.6)	16.8 (-1.3)
Emerald	129.6 (-3.0)	24.6 (3.6)	112.7 (-10.9)	14.3 (-10.8)
Gladstone	112.3 (-6.5)	9.3 (0.1)	106.2 (-9.5)	9.7 (-9.3)
Goondiwindi	122.8 (-2.0)	18.8 (4.3)	112.6 (-7.1)	15.3 (-6.7)
Gympie	114.6 (-4.7)	13.3 (1.7)	102.0 (-6.6)	7.4 (-6.2)
Hervey Bay	120.3 (-4.9)	18.5 (1.5)	112.6 (-6.8)	17.6 (-6.4)
Ingham	119.0 (-5.6)	nd	114.4 (-6.0)	nd
Innisfail	119.6 (-8.1)	16.8 (-1.5)	120.1 (-7.1)	24.1 (-6.9)
Ipswich	109.6 (-8.1)	9.2 (-1.8)	115.5 (-3.6)	21.9 (-3.3)
Kingaroy	119.6 (-4.5)	17 (1.8)	110.1 (-4.0)	14.3 (-3.6)
Longreach	127.8 (-3.5)	15.9 (3.1)	120.1 (-9.3)	14.8 (-9.1)
Mackay	108.0 (-7.1)	5 (-0.5)	108.9 (-7.3)	13.3 (-7.2)
Mareeba	119.1 (-6.8)	16.1 (-0.3)	118.9 (-5.5)	22.7 (-5.3)
Maryborough	115.4 (-2.6)	13.3 (3.8)	102.7 (-8.6)	7.5 (-8.2)
Miles	119.1 (-5.2)	nd	109.3 (-3.8)	nd



Moranbah	106.5 (-8.0)	0.4 (-1.4)	99.5 (-10.0)	0.8 (-9.9)
Mt Isa	123.2 (-8.9)	12.8 (-2.3)	125.0 (-6.4)	21.9 (-6.3)
Rockhampton	114.9 (-4.1)	11.3 (2.5)	103.8 (-13.5)	6.8 (-13.3)
Roma	126.3 (-3.0)	22.4 (3.4)	119.4 (-3.3)	22.4 (-3.0)
Toowoomba	112.4 (-8.9)	11.3 (-2.5)	113.9 (-6.8)	19.6 (-6.5)
Townsville	118.2 (-1.5)	15.7 (5.1)	108.0 (-5.0)	12.9 (-4.8)
Tully	120.6 (-6.2)	nd	117.8 (-6.5)	nd
Warwick	112.4 (-7.0)	11.1 (-0.6)	116.0 (-2.9)	21.5 (-2.5)
Whitsunday	114.4 (-3.6)	nd	118.2 (-6.4)	nd
Yeppoon	119.7 (-5.0)	15.4 (1.6)	103.7 (-14.1)	6.1 (-13.9)

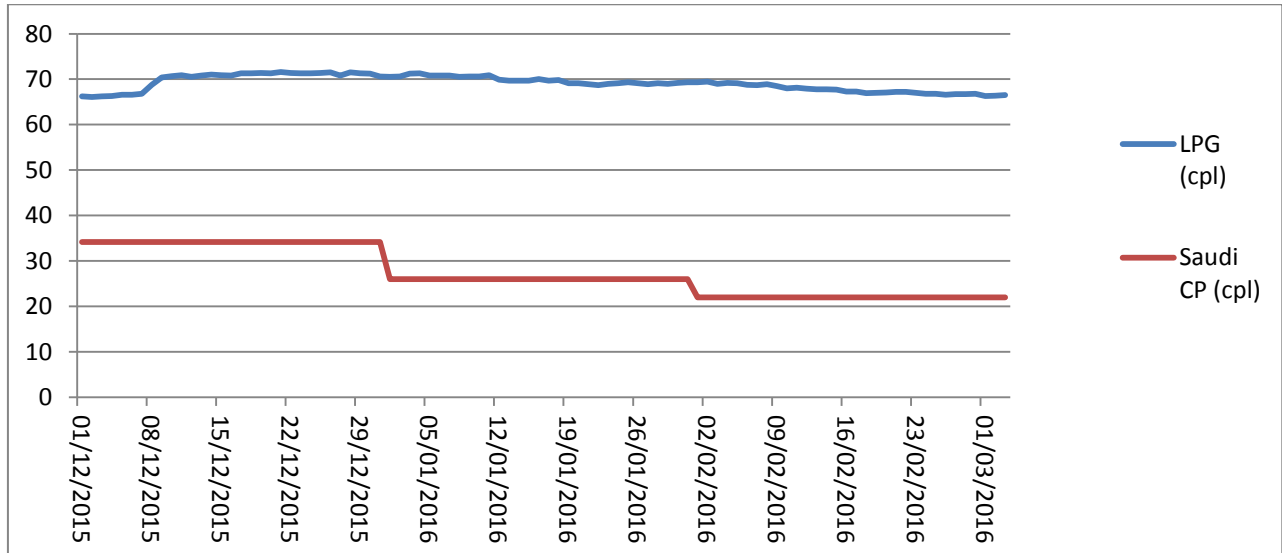
\* The retail margin is the average retail price minus the average local TGP and local freight costs. The TGP and freight costs vary between cities. This indicative margin is calculated on the monthly average TGP and retail price. A time lag is not included in this calculation.

## Liquid Petroleum Gas (LPG)

The average price of LPG in Brisbane decreased by 2.0 cpl in February 2016 to 67.8 cpl. The average difference between the Brisbane retail LPG price (excluding excise and GST) and the international benchmark price – the Saudi Aramco Contract Price (the Saudi CP) – in February 2016 was 26.7 cpl, 2.0 cpl greater than January.

The Saudi CP for March 2016 is unchanged from February at 22.0 cpl. This is 4.0 cpl lower than January and 12.2 cpl lower than December. The February and January reductions are yet to flow through to the retail price of LPG in Queensland. The Saudi CP was last this low 12 years ago, in April 2004, when the average price of LPG in Brisbane was 46.7 cpl (applying the current excise regime), or 32.5 cpl (applying the excise regime from 2004).

The chart below displays the retail price of LPG in Brisbane and Saudi CP.



## Outlook

The price of crude oil is likely to stay relatively low in February. Although the record lows observed in January are unlikely to be repeated. An oversupply of oil and weak demand are likely to dominate the oil market for some time yet.

The next monthly fuel price report will be released in early April. For more information about recent movements in retail fuel prices, please view RACQ's Fair Fuel Price service at [www.racq.com.au](http://www.racq.com.au).

## Data sources

All data presented in this report are RACQ calculations using MotorMouth.com.au, FUELtrac, RBA, AIP, Bloomberg.com, BP, Viva Energy, Caltex, Mobil, United, Freedom and Puma data.