

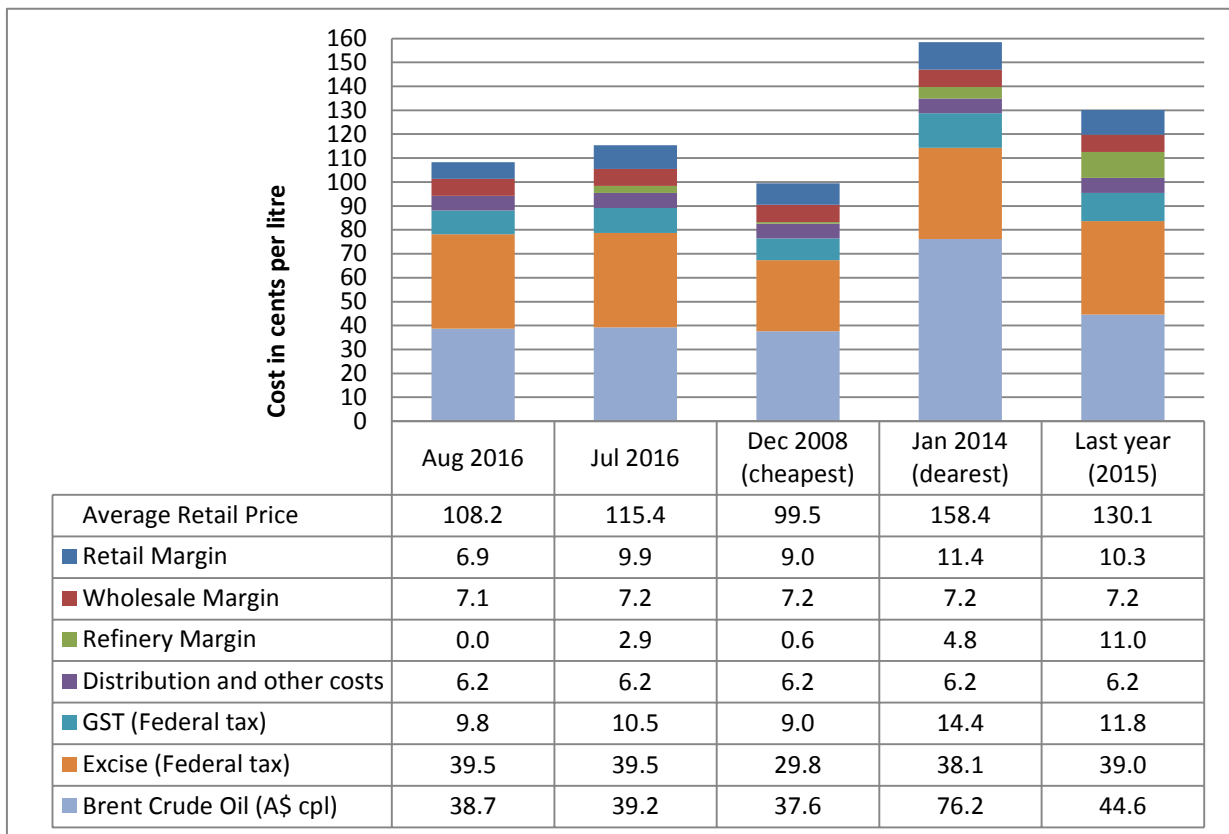
6 September 2016

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

**Key points**

- At 108.2 cpl, ULP sold in Brisbane was 7.2 cpl lower than July and indicative retail margins were 3.0 cpl lower, at 6.9 cpl.
- After being the most expensive capital city for ULP in June, Brisbane was the cheapest capital city in August. This was due to the most expensive part of the last price cycle falling in late July, and the discounting and cheap phases falling in August.
- The average price of diesel in Brisbane was 118.0 cpl in August, 2.5 cpl lower than July.
- Diesel sold in Adelaide, Sydney, and Melbourne was cheaper than Brisbane by 7.7 cpl, 4.4 cpl and 3.8 cpl, respectively.
- The Gold Coast had the cheapest ULP in Queensland, while Townsville had the cheapest Diesel (0.7 cpl and 7.8 cpl cheaper than Brisbane, respectively).
- The average price of LPG in Brisbane was largely unchanged at 64.6 cpl.

**ULP cost breakdown in Brisbane**



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

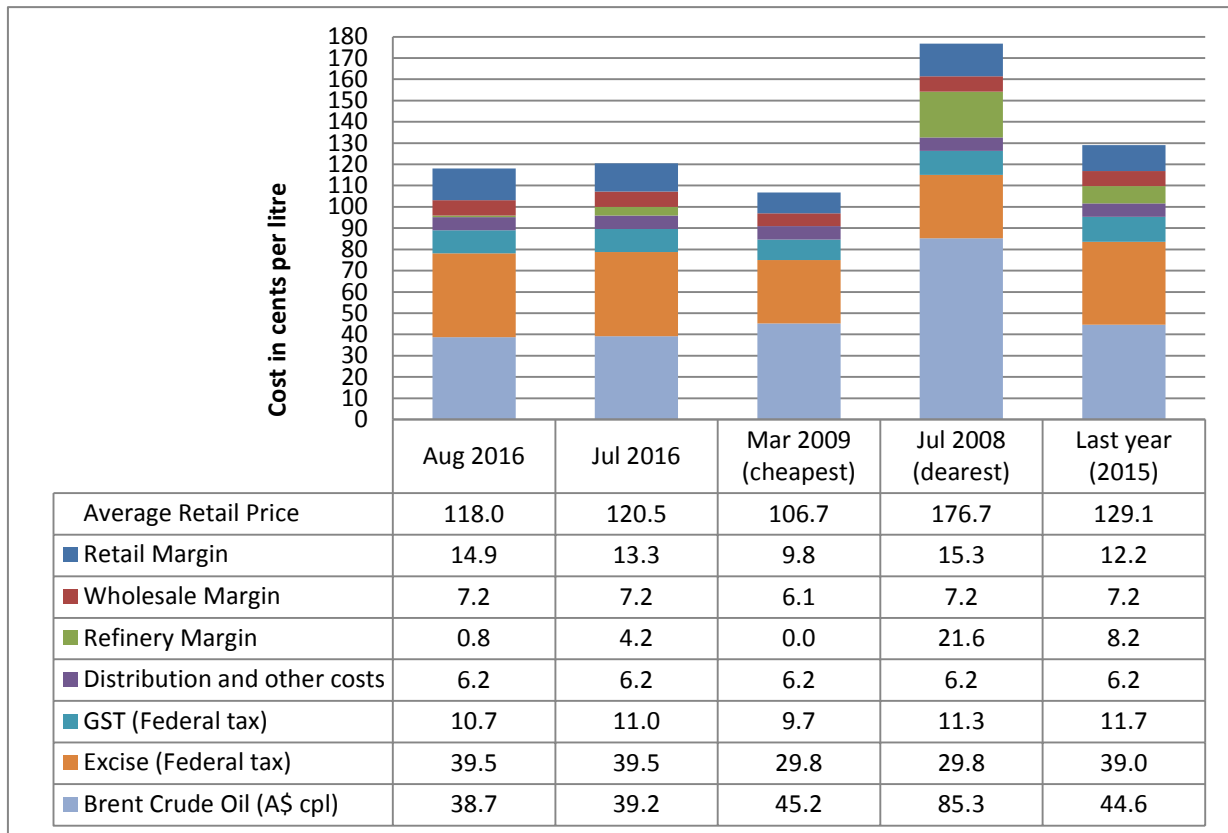
The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for August 2016. For comparison, the cost breakdown for last month, last year, December 2008 – the cheapest month and January 2014 – the most expensive month observed in recent years (since 2008), is also displayed.

The average price of ULP in August was 108.2 cpl, 7.2 cpl lower than July. This price decrease was due to a protracted fuel price cycle that included an extended period of highly discounted petrol



prices in August – the cheap phase. During the cheap phase the average ULP indicative retail margin in Brisbane was relatively low (at or below 6 cpl) for 16 days, compared to 20 and 10 days in the previous two cycles.

## 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 August 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 August was 118 cpl, 2.5 cpl lower than July. However, indicative retail margins increased by 1.6 cpl to 14.9 cpl, as retailers failed to pass on savings from a lower wholesale price to consumers.

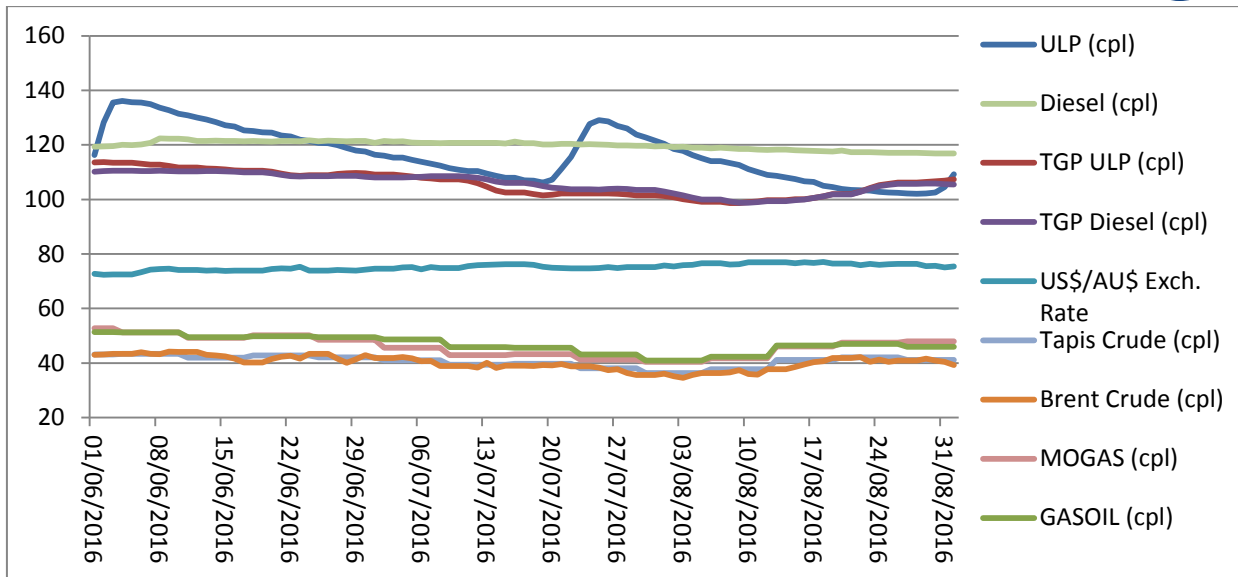
## Price trends

There were two partial Brisbane ULP price cycles observed in August 2016. The first cycle started on 20 July and the average price peaked on 25 July. Prices fell slowly throughout the rest of July and August, ending at a low point on 28 August. In the last three days of August the Brisbane ULP market experienced a price hike signifying the start of the next price cycle.

Brent started August at A\$57.4/bbl (US\$43.5/bbl) and after a brief initial dip, the price increased to a local high of A\$67.0/bbl (US\$50.9/bbl) on 18 August. The Brent price then fell, ending the month at A\$64.4/bbl (US\$48.4/bbl).

The Tapis crude oil and Singapore MOGAS and GASOIL prices followed the trend set by Brent. MOGAS started August at A\$65.7/bbl and ended the month at A\$76.3/bbl.

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\$.



## Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Adelaide	109.2 (-3.8)	6.9 (-1.4)	110.3 (-6.6)	7.1 (-2.5)
Brisbane	108.2 (-7.2)	5.2 (-4.7)	118.0 (-2.5)	14.9 (1.6)
Canberra	116.6 (-7.4)	14.0 (-5.0)	119.0 (-2.7)	15.9 (1.4)
Darwin	115.9 (-3.7)	9.1 (-1.3)	120.2 (-1.5)	17.0 (2.6)
Hobart	121.4 (-2.7)	13.9 (-0.4)	122.3 (-1.6)	19.1 (2.4)
Melbourne	108.9 (-4.9)	6.6 (-2.3)	114.2 (-3.7)	11.1 (0.4)
Perth	112.9 (-7.1)	10.2 (-4.8)	121.2 (-4.1)	18.1 (-0.1)
Sydney	109.7 (-7.8)	7.0 (-5.3)	113.6 (-3.5)	10.5 (0.6)

\* 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.

After being the most expensive capital city for ULP in June and the third cheapest in July, Brisbane was the cheapest capital for ULP in August. This was due to the way the price cycle fell. In the last cycle the discounting and cheap phases were both in August, whereas the most expensive phase was in late July. The average ULP price across the whole cycle, at 112.7 cpl, was similar to the other capitals.

Diesel sold in Adelaide, Sydney, and Melbourne was cheaper than Brisbane by 7.7 cpl, 4.4 cpl and 3.8 cpl, respectively. Hobart was 4.3 cpl more than Brisbane and was the most expensive capital.

## Fuel prices across Queensland

The Gold Coast had Queensland's cheapest ULP in August 2016, 0.7 cpl cheaper than Brisbane. The average price in Ipswich and Ayr was the same as Brisbane. All other centres were more expensive than Brisbane. In regional Queensland, Toowoomba had the cheapest ULP price after Ayr, but it was still 2.8 cpl more expensive than Brisbane.

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

This is not an exhaustive list of regional centres in Queensland. In discussing the cheapest or dearest centre in Queensland, it is implied that this only refers to the centres listed below. Other centres not listed maybe more or less expensive than those in the table.



Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin*	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	108.2 (-7.2)	5.2 (-4.7)	118.0 (-2.5)	14.9 (1.6)
Gold Coast	107.5 (-6.5)	4.0 (-4.1)	118.9 (-1.7)	15.3 (2.4)
Sunshine Coast	115.4 (-4.1)	11.2 (-1.7)	116.9 (-2.6)	12.6 (1.5)
Atherton	125.9 (-0.3)	20.0 (2.0)	nd	nd
Ayr	108.2 (-12.6)	1.0 (-10.3)	nd	nd
Biloela	129.2 (-0.7)	22.2 (1.6)	125.2 (-0.1)	21.1 (4.0)
Blackall	137.2 (-1.0)	24.4 (1.4)	123.4 (-2.4)	13.3 (1.7)
Blackwater	128.6 (-1.3)	19.1 (1)	115.5 (-7.1)	8.9 (-3.0)
Bowen	119.3 (-2.9)	11.8 (-0.6)	113.1 (-2.8)	8.7 (1.2)
Bundaberg	112.8 (-5.4)	6.5 (-3.0)	115.8 (-5.7)	9.5 (-1.7)
Cairns	129.9 (-0.7)	24.3 (1.6)	125.0 (-4.3)	22 (-0.2)
Charleville	125.3 (-0.8)	14.0 (1.6)	124.3 (-0.2)	13.0 (3.9)
Charters Towers	124.0 (-3.9)	16.4 (-1.6)	116.9 (-2.8)	12.5 (1.3)
Childers	116.0 (-5.2)	7.4 (-2.9)	nd	nd
Cloncurry	130.5 (-2.2)	17.5 (0.1)	127.4 (-1.2)	17.5 (2.9)
Cunnamulla	146.1 (-0.3)	35.1 (2.1)	144.9 (0.2)	33.9 (4.3)
Dalby	118.4 (-1.7)	13.8 (0.8)	117.3 (-1.8)	12.6 (2.2)
Emerald	128.6 (-1.7)	20.2 (0.6)	116.1 (-1.4)	10.6 (2.7)
Gladstone	114.4 (-8.7)	8.0 (-6.4)	119.4 (-7.1)	15.9 (-3.1)
Goondiwindi	119.0 (-2.3)	11.8 (0.2)	119.6 (-2.3)	12.4 (1.8)
Gympie	116.3 (-5.7)	11.8 (-3.2)	117.3 (-5.1)	12.8 (-1.1)
Hervey Bay	125.4 (-5.6)	20.5 (-3.2)	126.1 (-3.0)	21.1 (1.1)
Ingham	128.2 (-0.8)	21.6 (1.5)	123.8 (-0.3)	19.9 (3.7)
Innisfail	128.2 (-1.7)	21.9 (0.6)	124.8 (-3.1)	21.1 (1.0)
Ipswich	108.2 (-4.6)	4.7 (-2.1)	118.6 (-2.0)	15.1 (2.1)
Kingaroy	120.4 (-8.1)	14.7 (-5.7)	118.9 (-0.8)	13.1 (3.3)
Longreach	129.9 (-2.8)	14.7 (-0.5)	123.1 (-3.5)	10.7 (0.5)
Mackay	127.7 (-1.4)	21.3 (0.9)	124.1 (-1.8)	21.2 (2.2)
Mareeba	125.8 (-0.8)	19.3 (1.6)	119.6 (-0.5)	15.7 (3.5)
Maryborough	116.9 (-5.3)	11.7 (-2.8)	115.7 (-3.9)	10.5 (0.2)
Miles	117.0 (-2.5)	8.1 (-0.2)	119.9 (-3.6)	13.6 (0.5)
Moranbah	118.9 (-0.7)	9.5 (1.7)	115.9 (-0.3)	9.9 (3.8)
Mt Isa	123.6 (-3.8)	9.8 (-1.5)	121.0 (-2.5)	10.2 (1.5)
Rockhampton	127.8 (-1.9)	20.8 (0.4)	124.0 (-0.8)	19.9 (3.3)
Roma	125.4 (-4.3)	18.5 (-1.8)	129.6 (-2.4)	22.6 (1.7)
Toowoomba	111.0 (-12.7)	6.8 (-10.3)	118.1 (-5.4)	13.9 (-1.3)
Townsville	115.1 (-12.6)	9.2 (-10.3)	110.2 (-13.5)	7.4 (-9.5)
Tully	124.9 (0.0)	17.7 (2.3)	125.6 (-0.1)	21.0 (3.9)
Warwick	120.0 (-3.4)	15.6 (-0.9)	119.1 (-1.3)	14.7 (2.8)
Whitsunday	nd	nd	123.3 (-5.8)	19.0 (-1.7)
Yeppoon	128.9 (-1.0)	21.2 (1.3)	nd	nd

\* 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.

Townsville had the cheapest diesel in Queensland (7.8 cpl cheaper than Brisbane), followed by Bowen and Blackwater (4.9 cpl and 2.5 cpl cheaper than Brisbane, respectively). Maryborough,



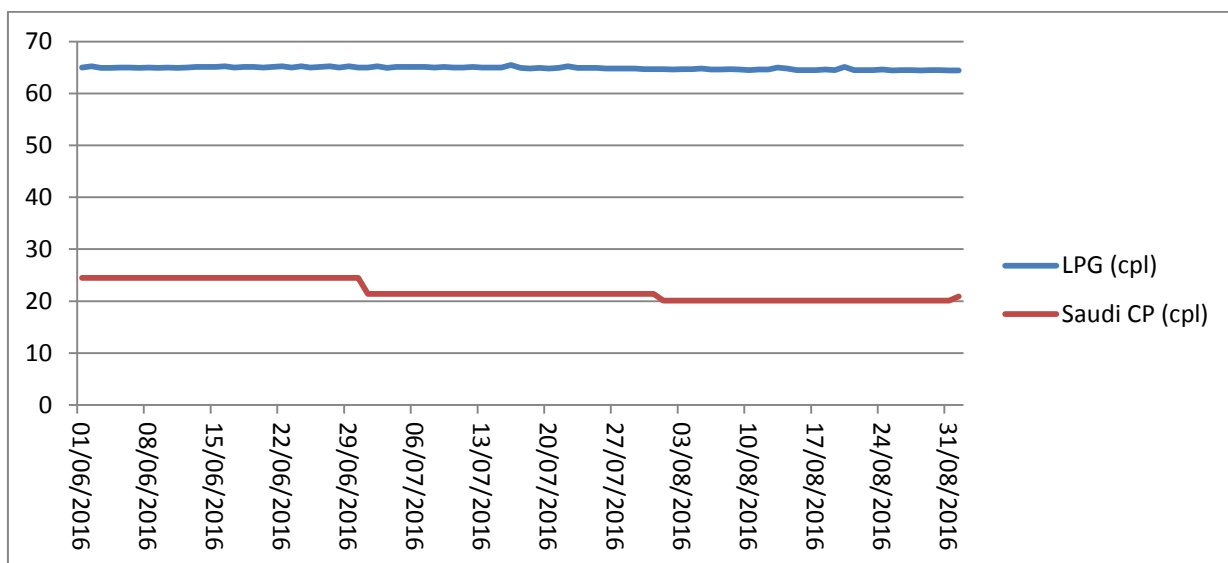
Bundaberg, Moranbah, Emerald, Sunshine Coast, Charters Towers, Dalby and Gympie were also cheaper than Brisbane. All the other centres were more expensive.

## Liquid Petroleum Gas (LPG)

The average retail price of LPG in Brisbane in August was 64.6 cpl, 0.4 cpl lower than July. The LPG price has been largely unchanged since March. However, due to a fall in the international benchmark price – the Saudi Aramco Contract Price (the Saudi CP) – fuel company margins increased. The average difference between the Brisbane retail LPG price (excluding excise and GST) and the Saudi CP in August was 25.7 cpl, 0.9 cpl higher than July.

The Saudi CP for September 2016 is 0.8 cpl higher than August at 20.9 cpl. This should not lead to an increase in the retail LPG price as margins and retail prices are current substantially higher than historic prices relative to the Saudi CP.

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



## Outlook

The oversupply and weak demand for oil that has dominated markets recently is expected to continue until at least the end of 2016.

The increase in oil prices observed in mid-August was caused by rumours of an OPEC production freeze. However, prices started to fall when the rumours proved unfounded. In the past OPEC have used production cuts to increase the oil price, but considering the current situation a freeze in the near future appears unlikely.

Over the longer term, oil prices are likely to revert to an upward trend.

The next monthly fuel price report will be released in early October. 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.