

Monthly Fuel Price Report - February 2019



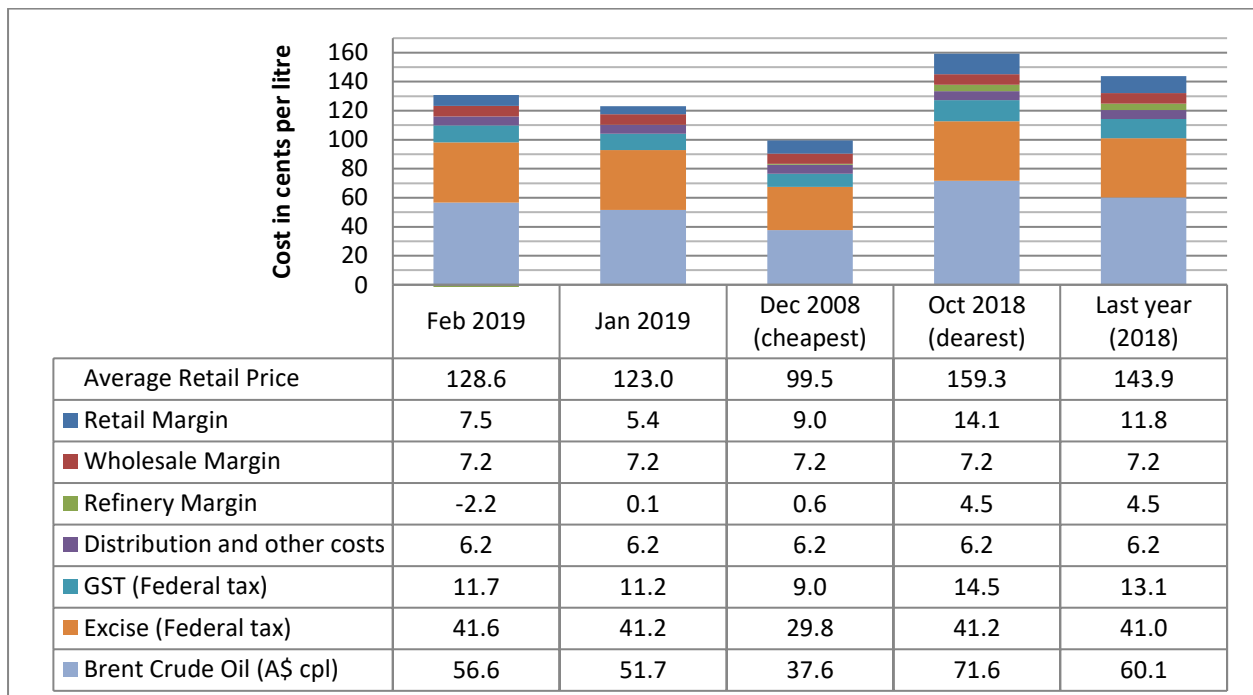
5 March 2019

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for February 2019.

Key points

- At 128.6 cpl, the average ULP price in Brisbane in February was 5.6 cpl higher than January.
- Brisbane was the second cheapest capital in February. Unusually Darwin was the cheapest capital city to buy ULP in February. With a ULP price of at 127.2 cpl, Darwin was 1.4 cpl cheaper than Brisbane.
- At 141.6 cpl, the average Brisbane diesel price in February was 3.6 cpl higher than January.
- Brisbane was the joint third cheapest of all the capital cities. Diesel sold in Perth cost the same as Brisbane. Darwin and Adelaide were cheaper than Brisbane by 1.3 cpl and 0.7 cpl, respectively.
- Indicative retail margins on ULP sold in Brisbane were 7.5 cpl, 2.1 cpl higher than January. Diesel margins were 8.6 cpl, 2.1 cpl lower than January. Margins for both were lower than the 2018 average for the second month. This trend could be due to heightened competition because of the fuel price reporting scheme.
- The average ULP price in regional Queensland in February was 129.7 cpl, 1.1 cpl higher than January. The average diesel price in regional Queensland was up 2.2 cpl, at 141.0 cpl.
- The cheapest ULP and diesel in February was found in Miles, where the average price for ULP and diesel was 117.0 cpl and 131.2 cpl, respectively.
- On 4 February 2019 the excise charged on petrol and diesel increased from 41.2 cpl to 41.6 cpl, and from 13.4 cpl to 13.6 cpl on LPG.

ULP cost breakdown in Brisbane



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

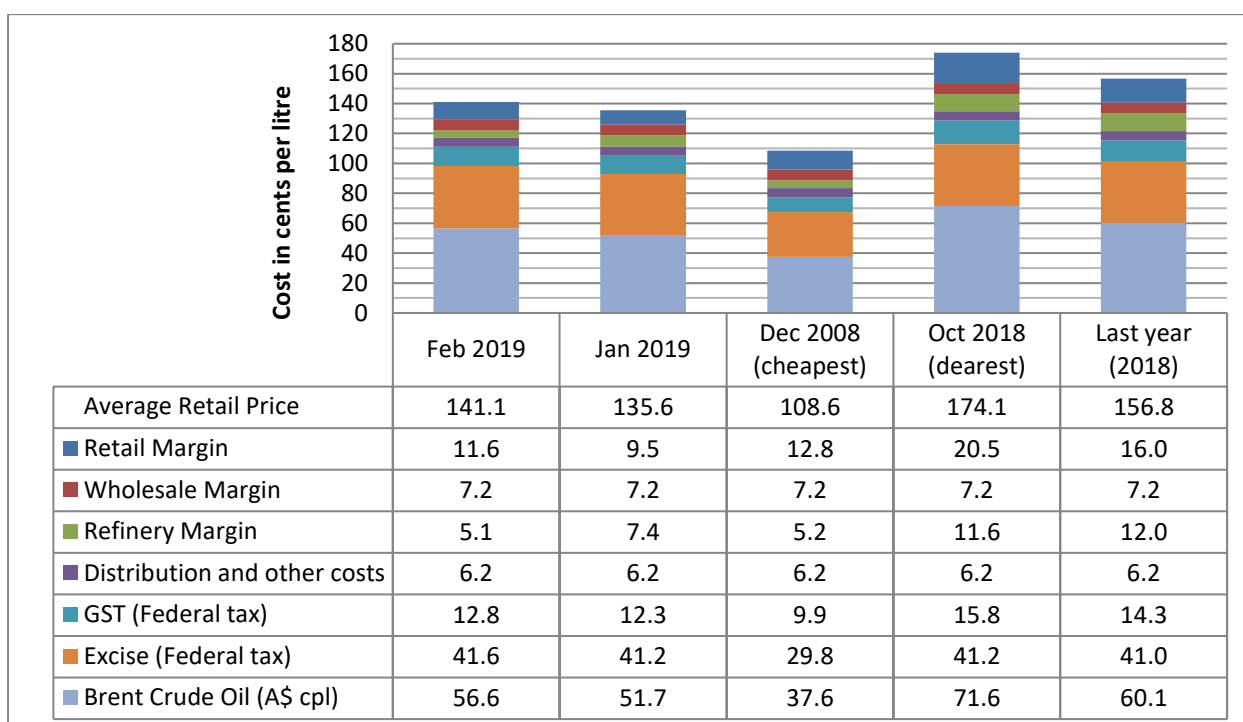
The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for February. For comparison, the cost breakdown for last month, last year, October 2018 - the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

At 128.6 cpl the average price of ULP in Brisbane in February was 5.6 cpl higher than the January average. While, indicative retail margins, at 7.5 cpl, were 2.1 cpl higher than January, they remain below the longer-term trend. The average indicative retail margin in 2018 was 11.8 cpl. This fall in indicative retail margins in 2019 could be due to heightened competition following the introduction of the Queensland Government’s mandatory fuel price reporting scheme.

Indicative ULP refinery margins at negative 2.2 cpl were 2.3 cpl lower than January. The average price of Brent crude oil, at 56.6 cpl, was 4.9 cpl higher than January.

PULP 95 cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of 95 RON Premium ULP sold in Brisbane in February. For comparison, the cost breakdown for last month, last year, October 2018 – the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.



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

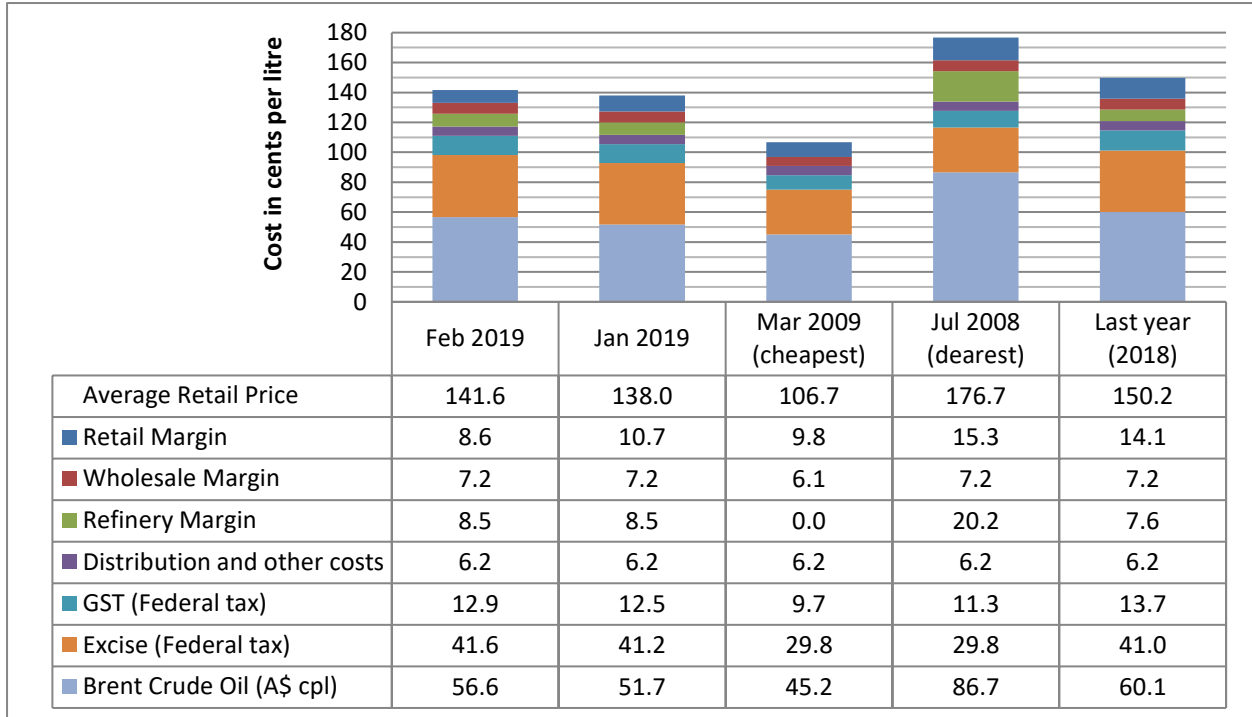
The average PULP 95 price in Brisbane in February was 141.1 cpl, 5.5 cpl higher than January. The price difference between ULP and PULP 95 was 12.5 cpl, 0.1 cpl narrower than in January. Indicative retail margins for PULP 95, at 11.6 cpl, were 2.1 cpl higher than January. Refinery margins were down at 5.1 cpl, 2.3 cpl lower than January.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for February. 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, at 141.6 cpl, was 3.6 cpl higher than January. Indicative retail margins at 8.6 cpl were down by 2.1 cpl and refinery margins were unchanged at 8.5 cpl.



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

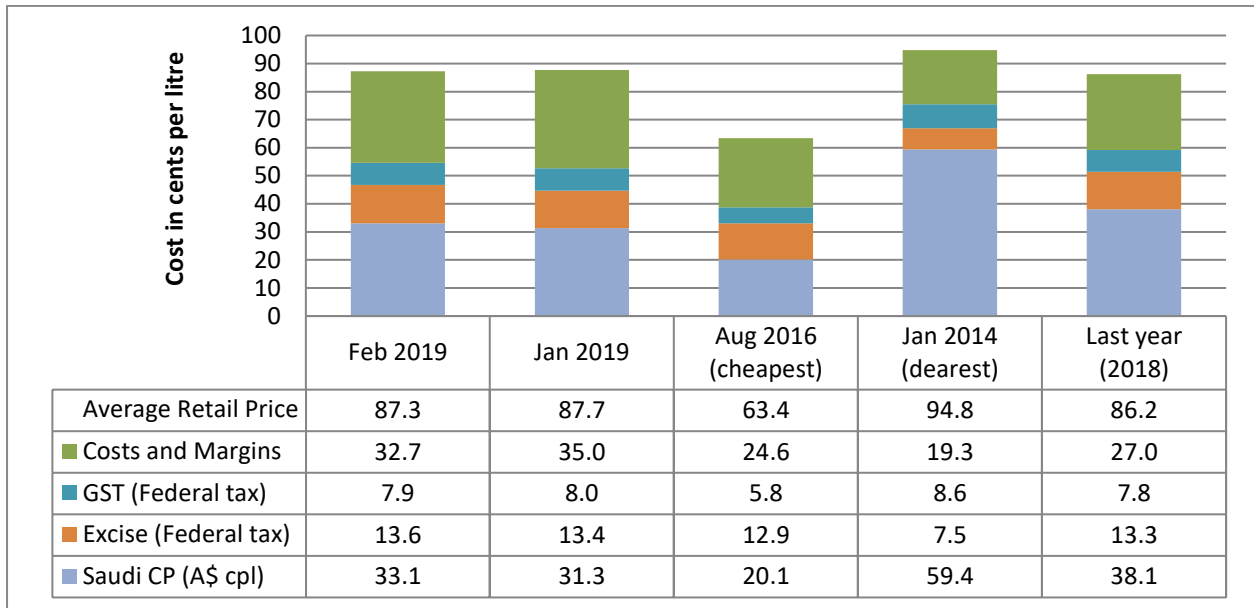
Liquid Petroleum Gas (LPG)

The chart below shows the cost breakdown for a litre of LPG sold in Brisbane for February. For comparison, the cost breakdown for last month, last year, August 2016 – the cheapest month and January 2014 – the most expensive month observed in recent years (since 2012), is also displayed.

Data on LPG pricing is limited compared to petrol and diesel. Subsequently, it is not possible to calculate retail, wholesale and refinery margins. The alternative measure calculates the difference between the international benchmark price (the Saudi Aramco Contract Price – the Saudi CP) and the pre-tax retail price. This measure captures all fuel company margins and costs.

The average retail price of LPG in Brisbane in February was 87.3 cpl, 0.4 cpl lower than January. Fuel company margins and costs decreased to 32.7 cpl, 2.3 cpl lower than January. However, fuel company costs and margins remain elevated compared to 2018.

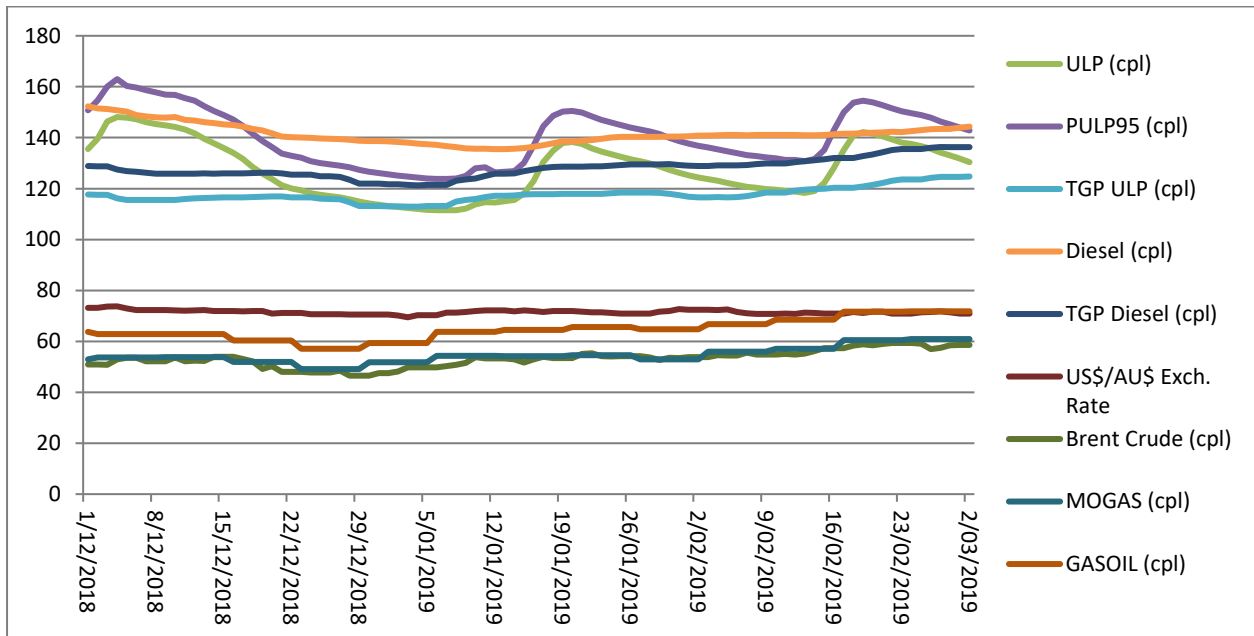
The Saudi CP for March was 36.8 cpl, 3.7 cpl higher than February. Despite this slight increase in the Saudi CP there is no reason for fuel companies to further increase LPG prices. However, the evidence suggests fuel companies will quickly pass costs increases on to motorists.



Fuel excise

In 2014 the Federal Government reintroduced fuel excise indexation and mandated twice-yearly increases. As a result, on 4 February the excise charged on petrol and diesel increased from 41.2 cpl to 41.6 cpl, and from 13.4 cpl to 13.6 cpl on LPG. Since the reintroduction of excise indexation in 2014, the excise rate on petrol and diesel has increased by 3.5 cpl, this equates to an extra \$46 per year for a passenger car in Queensland¹.

Price trends



Two partial price cycles were observed in Brisbane in February. The first cycle started on 9 January and prices peaked on 20 January. Prices then fell steadily through the rest of January and in to early February. The second cycle started on 13 February and prices peaked on 19 February. Average ULP

¹ Calculated using average VKT and fuel use of 13300 km pa and 10 litres/100km. Source ABS 2016, Survey of Motor Vehicle Use.

prices then fell steadily for the rest of February, and at the time of writing the Brisbane ULP market was in the cheap phase of the cycle.

The average price of Brent in February at A\$90.0/bbl (US\$64.3/bbl) or 56.6cpl, was A\$6.3/bbl higher than January. Brent started February at A\$85.5/bbl (US\$61.9/bbl), strengthened throughout February, ending the month at A\$92.9/bbl (US\$66.4/bbl). From the start of 2019 to the end of February 2019, the Brent oil price (in A\$) increased by 21%.

Comparison to other capital cities

The table below presents the average February prices and retail margins on ULP and diesel for Australian 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)
Brisbane	128.6 (5.6)	7.5 (2.1)	141.6 (3.6)	8.6 (-2.1)
Adelaide	132.8 (11.6)	12.1 (8.3)	140.9 (6.3)	7.9 (0.6)
Canberra	140.6 (-2.6)	20.4 (-6.0)	150.4 (0.3)	17.6 (-5.3)
Darwin	127.2 (-1.8)	2.4 (-5.4)	140.3 (0.5)	3.7 (-5.3)
Hobart	140.6 (-4.2)	13.8 (-7.5)	155.0 (-1.8)	16.3 (-7.2)
Melbourne	129.1 (4.9)	8.9 (1.5)	142.7 (2.9)	9.9 (-2.8)
Perth	129.4 (2.2)	9.2 (-1.3)	141.6 (2.0)	8.9 (-3.8)
Sydney	129.8 (9.8)	9.6 (6.4)	143.1 (3.3)	10.4 (-2.3)

* The retail margin is the average retail price minus the average local TGP and local freight costs (assumed to be the same as Brisbane: 1.04cpl). The TGP varies between cities.

Brisbane was the second cheapest capital in February. Unusually, Darwin was the cheapest capital city to buy ULP in February. At 128.6 cpl, Brisbane was 1.4 cpl more expensive than Darwin. Melbourne, Perth, Sydney, Adelaide, Canberra and Hobart were dearer by 0.5 cpl, 0.8 cpl, 1.2 cpl, 4.2 cpl, 12.0 cpl and 12.0 cpl, respectively.

Similar to ULP, Darwin had the cheapest diesel in February, followed by Adelaide, with Brisbane and Perth the joint third cheapest. Diesel sold in Brisbane was more expensive than Darwin and Adelaide by 1.3 cpl and 0.7 cpl, respectively. All other capitals were more expensive than Brisbane. Melbourne, Sydney, Canberra and Hobart were more expensive than Brisbane by 1.1 cpl, 1.5 cpl, 8.8 cpl and 13.4 cpl, respectively.

Comparison of the SEQ metropolitan centres

The table below presents the average February prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to January in parentheses. This analysis separates Brisbane into central, northern, southern and bayside regions.

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Central Brisbane	129.8 (5.4)	8.8 (1.9)	142.1 (3.2)	9.2 (-2.5)
Brisbane North	128.3 (5.8)	7.2 (2.3)	141.1 (4.0)	8.2 (-1.7)
Brisbane South	129.6 (6.3)	8.5 (2.8)	141.3 (3.3)	8.4 (-2.4)

Brisbane Bayside/ Redlands	132.1 (8.6)	11.1 (5.1)	142.5 (2.0)	9.5 (-3.7)
Logan	128.1 (5.0)	7.1 (1.5)	142.2 (3.6)	9.3 (-2.0)
Ipswich	126.8 (5.2)	5.4 (1.7)	141.6 (4.2)	8.4 (-1.5)
Moreton Bay	127.7 (5.3)	6.3 (1.8)	141.1 (3.9)	7.8 (-1.8)
Gold Coast	125.5 (5.0)	3.8 (1.5)	141.2 (3.6)	7.6 (-2.1)
Sunshine Coast	130.4 (3.8)	8.6 (0.3)	140.8 (2.5)	7.0 (-3.2)

* The retail margin is the average retail price minus the average Brisbane TGP and varying local freight costs.

Like in January, the Gold Coast was the cheapest centre in SEQ to buy ULP in February, with an average price of 125.5 cpl. It was followed by Ipswich, Moreton Bay and Logan with average prices of 126.8 cpl, 127.7 cpl and 128.1 cpl, respectively. Brisbane Bayside and Redlands was the most expensive SEQ centre at 132.1 cpl, 6.6 cpl dearer than the Gold Coast.

The Sunshine Coast was the cheapest SEQ centre to buy diesel with an average price of 140.8 cpl, followed by Brisbane North and Moreton Bay, both of which were 0.3 cpl dearer. Brisbane Bayside and Redlands was the most expensive at 142.5 cpl, 1.7 cpl dearer than the Sunshine Coast.

ULP and diesel prices in all SEQ centres were higher than those observed in January. Average ULP prices in SEQ were 4 cpl to 9 cpl higher than January. Diesel sold in SEQ in February was 2 cpl to 4 cpl higher than January.

Fuel prices across Queensland

The average price of ULP across regional Queensland in February was 129.7 cpl, 1.1 cpl higher than January when the average price was 128.6 cpl. The average diesel price was 141.0 cpl, 2.2 cpl higher than January when the average price was 138.8 cpl.

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* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	128.6 (5.6)	7.5 (2.1)	141.6 (3.6)	8.6 (-2.1)
Atherton	137.1 (-2.5)	12.2 (-5.8)	140.6 (-0.1)	4.3 (-5.6)
Beaudesert	132.1 (1.9)	10.2 (-1.6)	142.9 (2.6)	9.2 (-3.0)
Biloela	135.6 (-2.0)	11.5 (-5.3)	144.4 (-1.8)	8.6 (-7.3)
Blackwater	159.9 (0.5)	34.1 (-2.8)	148.6 (-1.4)	11.1 (-6.9)
Bowen	124.8 (2.7)	-1.4 (-0.4)	139.5 (6.6)	2.7 (1.2)
Bundaberg	124.9 (0.0)	0.4 (-3.6)	138.0 (1.9)	1.7 (-3.8)
Cairns	131.2 (-1.5)	7.1 (-4.8)	142.1 (-0.1)	6.6 (-5.5)
Charters Towers	132.1 (-1.0)	6.6 (-4.1)	138.7 (0.1)	2.6 (-5.3)
Childers	127.2 (1.5)	3.2 (-2.0)	141.8 (3.5)	5.9 (-2.2)
Dalby	129.5 (-1.2)	6.4 (-4.7)	139.2 (0.3)	4.3 (-5.4)
Emerald	145.2 (-1.3)	18.7 (-4.6)	147.5 (-0.5)	9.3 (-6.0)
Gladstone	124.1 (0.5)	1.2 (-2.8)	140.7 (3.8)	6.1 (-1.7)
Goondiwindi	141.3 (-13.0)	16.9 (-16.5)	144.2 (2.6)	7.9 (-3.1)
Gympie	127.0 (4.1)	4.4 (0.6)	140.6 (3.8)	6.2 (-1.9)

Hervey Bay	126.6 (1.0)	2.9 (-2.5)	141.1 (1.5)	5.4 (-4.2)
Ingham	136.6 (-1.8)	11.2 (-4.9)	141.1 (-0.3)	5.2 (-5.7)
Innisfail	141.9 (-3.0)	17.0 (-6.3)	153.9 (-2.0)	17.5 (-7.5)
Kingaroy	122.3 (2.1)	-0.7 (-1.5)	137.2 (3.7)	2.3 (-1.9)
Lockyer Valley	129.4 (4.6)	7.4 (1.1)	141.1 (1.0)	7.2 (-4.7)
Longreach	151.4 (0.0)	20.7 (-3.3)	153.1 (0.1)	10.7 (-5.5)
Mackay	129.2 (-1.5)	5.4 (-4.8)	141.6 (-0.3)	6.8 (-5.9)
Mareeba	135.8 (-1.0)	11.1 (-4.3)	140.4 (-1.3)	4.3 (-6.7)
Maryborough	124.5 (3.3)	1.1 (-0.2)	139.0 (3.0)	3.7 (-2.7)
Miles	117.0 (-0.3)	-7.3 (-3.8)	131.2 (0.4)	-4.9 (-5.3)
Moranbah	134.5 (-1.3)	8.7 (-4.6)	137.8 (-1.0)	1.1 (-6.6)
Mount Isa	148.3 (1.3)	15.0 (-1.8)	144.8 (3.5)	1.0 (-1.9)
Nambour	130.8 (3.6)	8.9 (0.1)	140.2 (2.5)	6.5 (-3.2)
Noosa	129.6 (5.3)	7.6 (1.8)	140.9 (4.7)	7.0 (-1.0)
Rockhampton	135.8 (0.9)	11.8 (-2.4)	140.0 (4.1)	4.3 (-1.4)
Roma	120.0 (-3.0)	-5.7 (-6.6)	135.2 (-1.5)	-2.4 (-7.2)
Somerset	125.0 (1.1)	3.0 (-2.4)	135.0 (0.7)	1.1 (-4.9)
Toowoomba	123.9 (5.8)	1.8 (2.3)	142.2 (5.7)	8.1 (0.0)
Townsville	129.0. (-0.8)	4.7 (-3.9)	138.3 (2.8)	3.5 (-2.6)
Tully	140.1 (-6.6)	14.6 (-9.9)	143.0 (-3.4)	6.1 (-8.8)
Warwick	121.4 (0.9)	-1.1 (-2.6)	137.5 (4.0)	3.2 (-1.7)
Whitsunday	133.8 (-4.4)	8.7 (-7.7)	138.4 (-2.3)	2.3 (-7.9)
Yeppoon	133.6 (-0.7)	9.1 (-4.0)	139.0 (2.6)	2.9 (-2.9)

* 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.

With an average ULP price of 117.0 cpl, Miles was the cheapest Queensland regional centre to buy ULP (and diesel) in February. Miles was 11.6 cpl cheaper than Brisbane. Neighbouring Roma at 120.0 cpl was the second cheapest centre in Queensland. Warwick, Kingaroy, Toowoomba, Gladstone, Maryborough, Bowen, Bundaberg, Somerset, Hervey Bay, Gympie and Childers were also cheaper than Brisbane. The most expensive regional centre for ULP listed was Blackwater². With an average ULP price of 159.9 cpl, Blackwater was 31.3 cpl more expensive than Brisbane.

Miles also had the cheapest diesel in Queensland at 131.2 cpl, 10.4 cpl cheaper than Brisbane. Somerset, Roma, Kingaroy, Warwick, Moranbah, Bundaberg, Townsville, Whitsunday, Charters Towers, Maryborough, Yeppoon, Dalby, Bowen, Rockhampton, Nambour, Mareeba, Atherton, Gympie, Gladstone, Noosa, Hervey Bay, Ingham, Lockyer Valley were also cheaper than Brisbane. Innisfail was the most expensive regional centre for diesel at 153.9 cpl², 12.3 cpl higher than Brisbane.

In nineteen out of the 37 regional centres monitored by RACQ, ULP retail margins were lower than those charged in Brisbane. The lowest indicative retail margin was observed in Miles (negative 7.3 cpl), 14.8 cpl lower than Brisbane, and the highest in Blackwater (34.1 cpl), 26.6 cpl higher than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 31 out of 37 regional centres. As with ULP, the lowest diesel indicative retail margins were observed in Miles (negative 4.9 cpl). At 17.5 cpl,

² RACQ does not have 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 in the table. There may be other centres, not listed, that are more or less expensive.

indicative retail margins in Innisfail were the highest of the monitored centres and 8.9 cpl higher than Brisbane.

Outlook

Warmer relations between the US and China, and the increased likelihood of a trade deal has buoyed markets and economic growth. The prospect of a new US-China trade deal, combined with the OPEC+ cuts and turmoil in Venezuela and Iran, has led to an increase in the oil price.

The new OPEC+ production cut has led to a significant reduction in oil production with Saudi Arabia, the UAE and Kuwait making the greatest reduction. Russia has only lowered its production by 90,000 barrels per day (bpd), 230,000 bpd lower than they promised. Russian non-compliance is an on-going issue with the OPEC+ deal and has in the past brought the deal close to collapse.

Despite the reductions in oil supply (discussed above), the latest forecast for the US Energy Information Agency suggests that production will remain greater than supply in 2019. In their February Short-Term Energy Outlook, the EIA forecasted an average Brent price of US\$61/bbl for 2019.

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

Data sources

All data presented in this report are RACQ calculations using OPIS, FUELtrac, RBA, AIP and Bloomberg.com data.