

Monthly Fuel Price Report

– April 2021



6 May 2021

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for April 2021.

Key points

- Despite a fall in the oil price, retail fuel prices for all products increased in April.
- At 145.0 cpl, the average ULP price in Brisbane in April was 4.6 cpl higher than March.
- The Brisbane monthly average ULP price for April was a 15-month record high. The average price last exceeded 145 cpl in January 2020 during the onset of COVID-19 pandemic.
- At 18.3 cpl, indicative ULP retail margins in Brisbane in April were up 3.8 cpl compared to March.
- ULP total margins (retail, wholesale and refinery), at 30.6 cpl, were the second highest on record.
- Brisbane was the third most expensive Australian capital city to buy ULP. Melbourne and Sydney were more expensive by 3.1 cpl and 1.5 cpl, respectively.
- At 135.2 cpl, the average Brisbane diesel price in April was 0.5 cpl dearer than March.
- Brisbane was the fourth most expensive capital city for diesel. Hobart, Canberra and Melbourne were more expensive by 7.3 cpl, 4.2 cpl and 0.2 cpl, respectively.
- ULP prices in regional Queensland in April were cheap compared to SEQ. Indicative retail margins on ULP were lower than in Brisbane in 36 out of 37 regional centres, and 31 out of 37 for diesel.
- The average ULP price in regional Queensland was 138.2 cpl, 2.9 cpl higher than March. The average diesel price in regional Queensland was up 2.1 cpl, at 135.4 cpl.
- Miles was again the cheapest Queensland regional centre to buy ULP in April. The average price of ULP was 126.7 cpl. Roma was the cheapest regional centre to buy diesel, at 129.9 cpl.
- Noosa was the most expensive centre to buy ULP in April, with an average ULP price of 153.4 cpl and Longreach had the highest diesel price of 144.6 cpl.

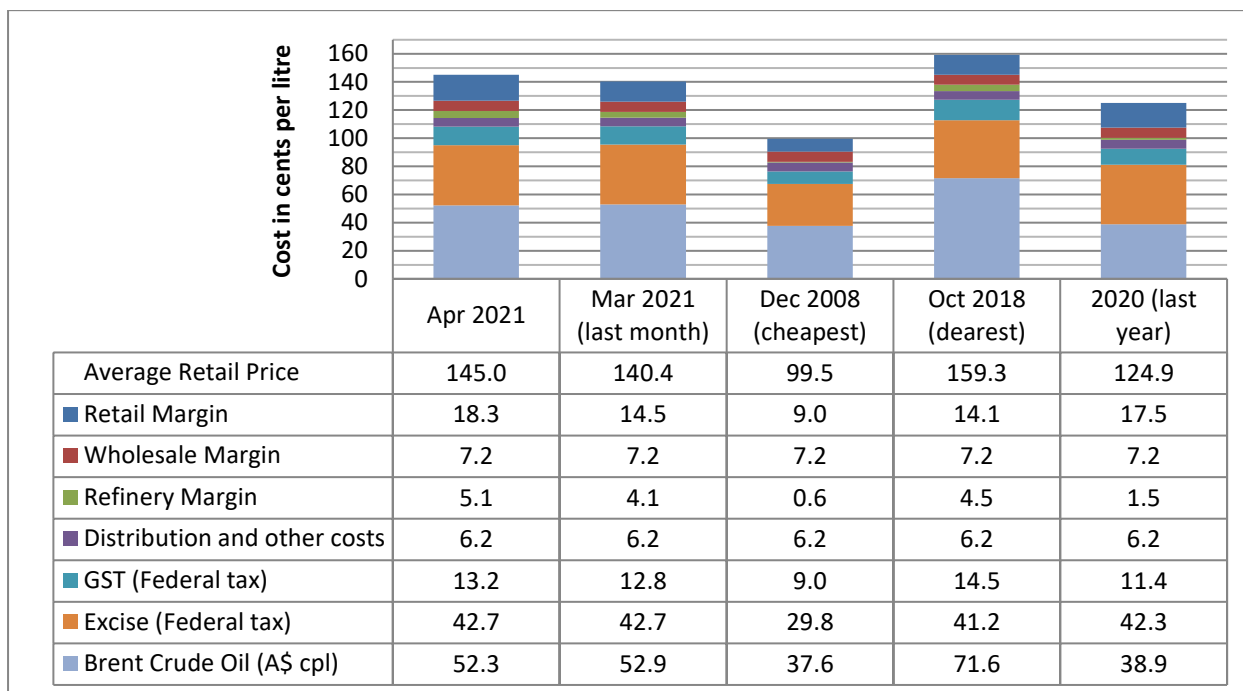
ULP cost breakdown in Brisbane

Despite a fall in the oil price, retail fuel prices for all products increased in April. At 145.0 cpl, the average price of ULP in Brisbane in April was 4.6 cpl dearer than March and a 15-month record high. A monthly average ULP price exceeding 145 cpl was last observed in January 2020 during the onset of COVID-19 pandemic, when the monthly average was 147.9 cpl.

The monthly average indicative retail margin for April was up by 3.8 cpl, at 18.3 cpl. At 5.1 cpl, the average indicative refinery margin was up by 1.0 cpl. Total margins (retail, wholesale and refinery) at 30.6 cpl, were 4.8 cpl higher than the March average of 25.8 cpl, and 4.4 cpl higher than the 2020 annual average of 26.2 cpl, and second highest observed in Brisbane. Record high total margins of 38.4 cpl were observed in October 2019.

The RACQ pricing model assumes that oil is imported to Australia and refined locally. However, Australia's refinery capacity will be reduced with the imminent closure of two (of four) refineries, with the third (Ampol Lytton) under review. RACQ's alternate pricing model assumes that fuel consumed in Queensland is refined in overseas refineries and imported into Australia as refined product. In this model, indicative importer margins replace refinery margins. Gross indicative importer margins on ULP in April were 2.7 cpl, 0.2 cpl higher than March at 2.5 cpl.

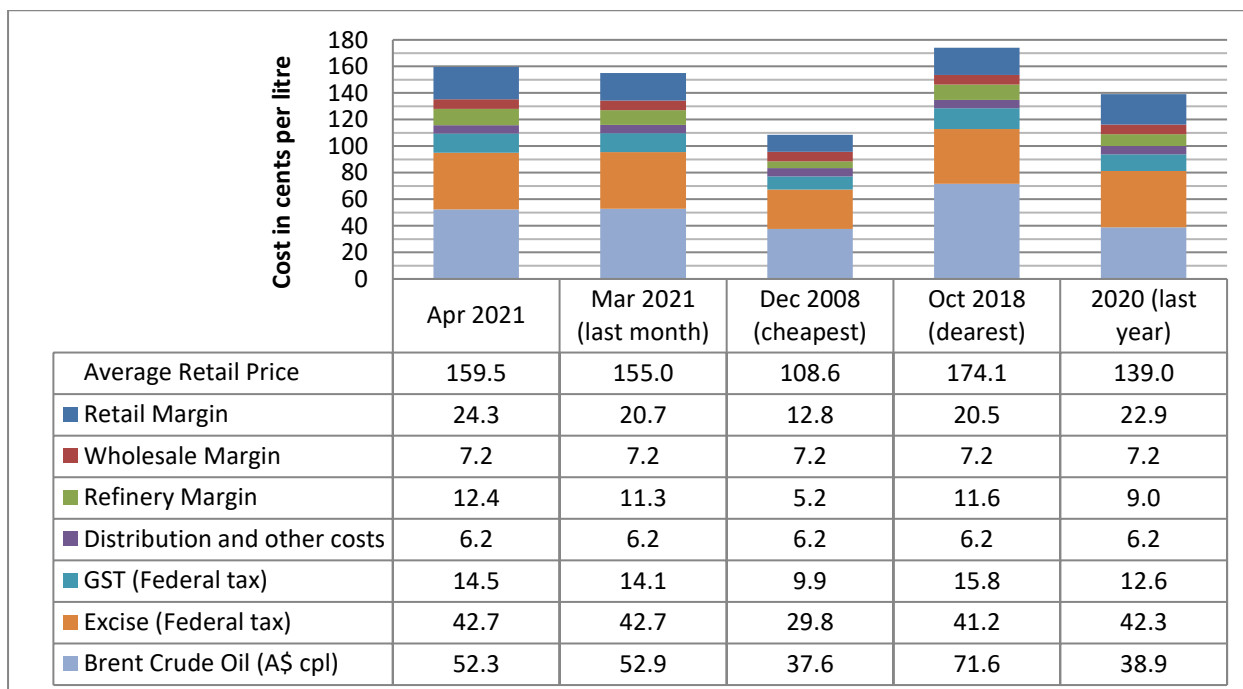
The chart below shows the cost breakdown for a litre of ULP sold in Brisbane for April 2021. For comparison, the cost breakdown for last month, last year, October 2018 – the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.



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

PULP 95 cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of PULP 95 sold in Brisbane in April 2021. 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.

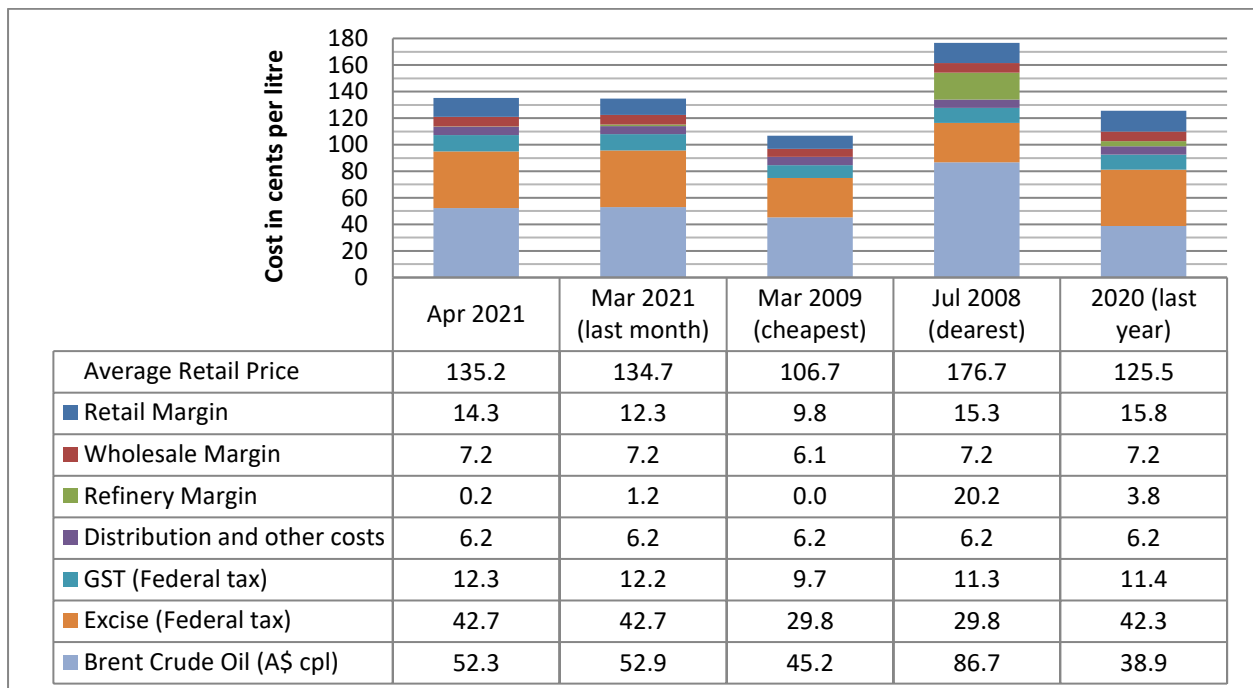


Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The average PULP 95 price in Brisbane in April was 159.5 cpl, 4.5 cpl higher than March. The price difference between ULP and PULP 95 was 14.5 cpl, largely the same as March (14.6 cpl). Indicative retail margins for PULP 95, at 24.3 cpl, were 3.6 cpl higher than March, and 1.4 cpl higher than the average for 2020. Refinery margins at 12.4 cpl, were 1.1 cpl higher than March. Total margins, at 43.9 cpl, were 4.7 cpl higher than March, when they were 39.2 cpl. Total margins in April were the second highest observed in Brisbane. Record high total margins of 51.3 cpl were observed in October 2019.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for April 2021. 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.



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

The average price of diesel in April, at 135.2 cpl, was 0.5 cpl higher than March. Indicative retail margins at 14.3 cpl were up 2.0 cpl, and refinery margins were down, at 0.2 cpl. Total margins (retail, wholesale and refinery) in April were 21.7 cpl, 1.0 cpl higher than March, when they were 20.7 cpl.

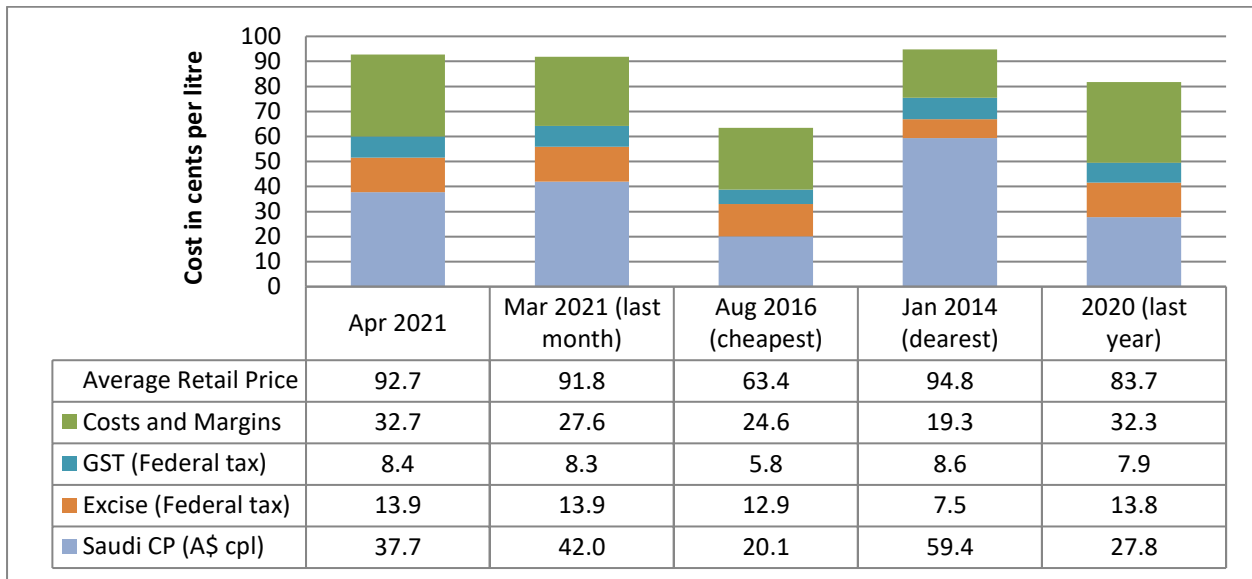
Liquid Petroleum Gas (LPG)

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 chart below shows the cost breakdown for a litre of LPG sold in Brisbane for April 2021. 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.

The average retail price of LPG in Brisbane in April was 92.7 cpl, 0.9 cpl higher than March (91.8 cpl).

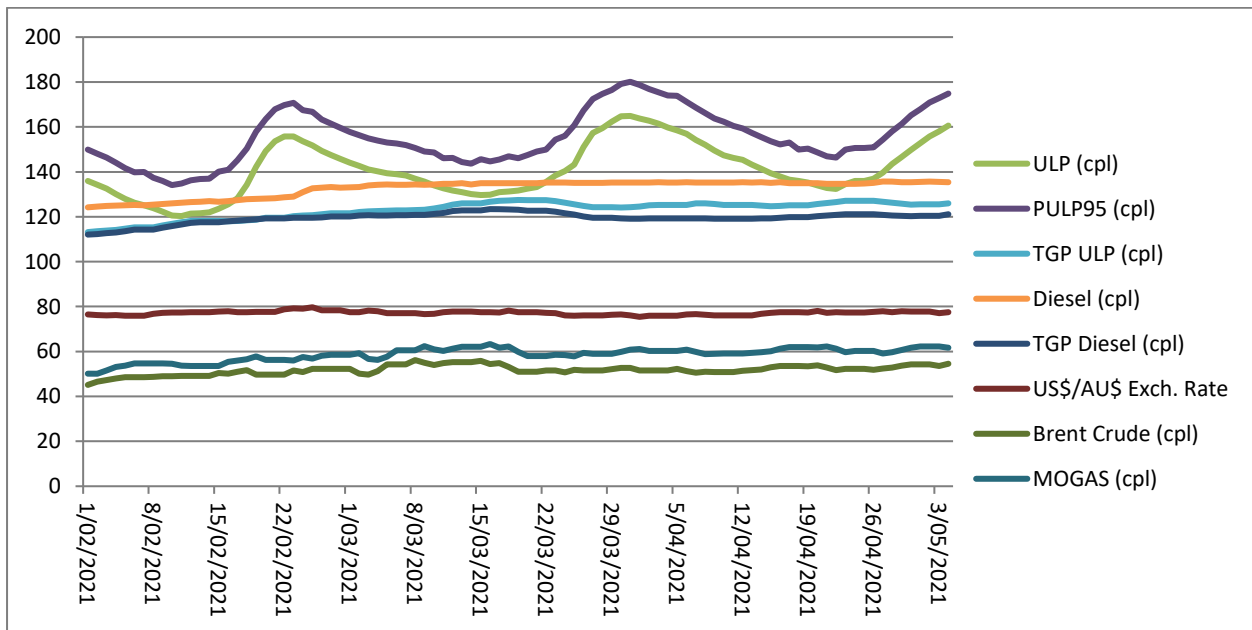
Fuel company margins and costs in April increased by 5.1 cpl, to 32.7 cpl.



The recently published Saudi CP for May, at 33.5 cpl, was 4.2 cpl lower than April (42.0 cpl). This decrease in the Saudi CP should lead to a similar decrease in the average LPG retail price. This follows a similar decrease in April. However, fuel companies used the fall in the Saudi CP in April to bolster margins rather than pass this saving on to LPG users.

Price trends

Two partial price cycles were observed in the Brisbane ULP market in April. The first price cycle started on 16 March and prices peaked at 164.9 cpl on 31 March. Prices then slowly fell through most April, falling to a low of 132.4 cpl on 22 April. The second price cycle started on 23 April and at the time of writing the Brisbane ULP market was entering the expensive phase of the cycle.



The price of Brent crude oil in April was lower compared to the 13- and 14-month record highs observed

in March. The average price of Brent in April at 83.1 A\$/bbl (63.9 US\$/bbl) or 52.3 cpl, was 1.0 A\$/bbl or 1.8 cpl-A\$ lower than March (at 84.1 A\$/bbl, 64.9 US\$/bbl, 52.9 cpl-A\$).

Brent started April at 82.1 A\$/bbl (61.9 US\$/bbl) on a downward trend. At this time prices were falling from a local high in late March. However, oil prices soon reverted to an upward trend in early April, reaching a local high of 85.1 A\$/bbl (65.9 US\$/bbl) on 16 April. Oil prices dipped slightly in the second half of April, before reverting to an upward trend and the ending the month at 86.3 A\$/bbl (67.1 US\$/bbl).

Comparison to other capital cities

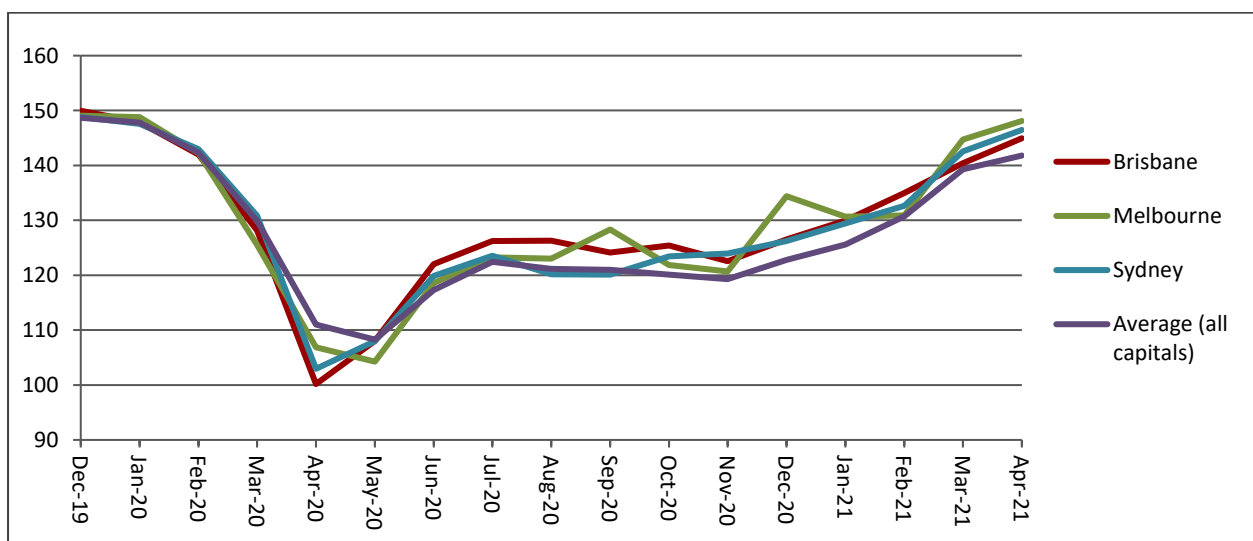
The table below presents the average April prices and retail margins on ULP and diesel for Australian capital cities, with the change compared to March in parentheses.

City	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	145.0 (4.6)	18.3 (3.7)	135.2 (0.5)	14.3 (2.0)
Adelaide	131.9 (-6.1)	4.9 (-7.0)	134.0 (0.7)	12.9 (2.1)
Canberra	140.0 (2.4)	13.6 (1.5)	139.4 (2.0)	18.4 (3.4)
Darwin	139.8 (5.6)	8.2 (4.8)	132.4 (1.1)	7.1 (2.6)
Hobart	143.4 (3.6)	10.8 (2.8)	142.5 (2.0)	15.5 (3.3)
Melbourne	148.1 (3.4)	22.0 (2.5)	135.4 (1.4)	14.5 (2.9)
Perth	139.5 (2.5)	12.7 (1.5)	133.6 (1.2)	12.4 (2.5)
Sydney	146.5 (3.9)	20.1 (3.1)	135.1 (1.4)	14.1 (2.8)

* 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.

April was the second month that Melbourne and Sydney were more expensive than Brisbane. This is a new and unusual trend. Melbourne and Sydney are usually among the cheaper capital cities, and Darwin and Hobart are usually amongst the more expensive.

The chart below shows the monthly average ULP price in Brisbane, Sydney and Melbourne compared to the average price of all the Australian capital cities.



In early 2020, the average ULP prices in Melbourne, Sydney and Brisbane were consistently priced close to the all-capitals average. However, from May 2020 onwards, as ULP prices trended up after the COVID-19 induced price crash, the average price in Brisbane, Sydney and Melbourne increased compared to average. Since September 2020, the monthly average price in Brisbane, Sydney and Melbourne has been consistently higher than the average of all capitals.

Like in March, Brisbane was the third most expensive of all capital cities in April. Melbourne and Sydney were more expensive than Brisbane (as they were in March) by 3.1 cpl and 1.5 cpl, respectively. The average ULP prices in Adelaide, Perth, Darwin, Canberra and Hobart were cheaper than Brisbane by 13.1 cpl, 5.5 cpl, 5.2 cpl, 5.0 cpl and 1.6 cpl, respectively.

Adelaide was the cheapest capital city to buy ULP in April, at 131.9 cpl. Adelaide was a massive 13.1 cpl cheaper than Brisbane.

For diesel, Brisbane was the fourth most expensive of all capital cities in April. Melbourne, Canberra and Hobart were more expensive than Brisbane by 0.2 cpl, 4.2 cpl and 7.3 cpl, respectively. The average diesel prices in Darwin, Perth, Adelaide and Sydney were cheaper than Brisbane by 2.8 cpl, 1.6 cpl, 1.2 cpl and 0.1 cpl, respectively.

Comparison of the SEQ metropolitan centres

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

City	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Central Brisbane	148.9 (4.1)	22.2 (3.3)	138.6 (1.1)	17.7 (2.7)
Brisbane North	141.2 (6.4)	14.5 (5.5)	134.5 (0.0)	13.6 (1.6)
Brisbane South	141.9 (3.9)	15.2 (3.1)	135.1 (1.0)	14.2 (2.5)
Brisbane Bayside/Redlands	148.2 (6.1)	21.5 (5.3)	135.8 (0.2)	14.9 (1.7)
Logan	146.2 (5.5)	19.5 (4.6)	134.5 (-0.5)	13.6 (1.0)
Ipswich	143.7 (5.4)	16.7 (4.5)	134.8 (1.0)	13.6 (2.5)
Moreton Bay	145.2 (5.0)	18.2 (4.2)	134.5 (0.6)	13.3 (2.1)
Gold Coast	144.6 (5.3)	17.3 (4.4)	135.5 (1.1)	14.0 (2.7)
Sunshine Coast	141.7 (3.5)	14.2 (2.7)	134.6 (1.0)	12.9 (2.5)

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

Brisbane North was the cheapest centre in SEQ to buy ULP in April (as it was in March), with an average price of 141.2 cpl. The second cheapest was the Sunshine Coast at 141.7 cpl. Central Brisbane was the most expensive area in SEQ at 148.9 cpl, 7.7 cpl dearer than Brisbane North. The average ULP price increased in all SEQ centres compared to March. The changes ranged from an increase of 3.5 cpl on the Sunshine Coast, to 6.4 cpl in Brisbane North.

Brisbane North, Logan and Moreton Bay were the joint cheapest SEQ centres to buy diesel in April, at 134.5 cpl. The Sunshine Coast was a close fourth at 134.6 cpl. Central Brisbane was the most expensive

area in SEQ to buy diesel at 138.6 cpl, 4.1 cpl dearer than the cheapest centres. Average diesel prices were up slightly in most SEQ centres compared to March, by up to 1.1 cpl. The average price in Brisbane North was unchanged from March and the price in Logan was down by 0.5 cpl.

The price difference between the cheapest and dearest diesel price in SEQ, at 4.1 cpl, was lower than ULP, for which the difference was 7.7 cpl.

Fuel prices across Queensland

The average price of ULP across regional Queensland in April was 138.2 cpl, 2.9 cpl higher than March when the average price was 135.3 cpl. The average diesel price was 135.4 cpl, 2.1 cpl higher than March when the average price was 133.3 cpl.

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	145.0 (4.6)	18.3 (3.7)	135.2 (0.5)	14.3 (2.0)
Atherton	139.9 (3.5)	9.5 (2.6)	139.4 (4.2)	14.3 (5.6)
Beaudesert	139.9 (2.1)	12.4 (1.3)	138.1 (1.1)	16.4 (2.7)
Biloela	133.9 (4.2)	4.2 (3.3)	131.6 (2.2)	7.9 (3.7)
Blackwater	136.9 (0.1)	5.5 (-0.7)	139.4 (1.8)	14.0 (3.2)
Bowen	135.5 (1.9)	4.0 (1.0)	133.9 (0.8)	8.7 (2.2)
Bundaberg	129.9 (0.8)	-0.2 (0.0)	132.6 (1.7)	8.3 (3.2)
Cairns	137.6 (2.9)	8.0 (2.0)	137.1 (2.7)	12.8 (4.1)
Charters Towers	141.4 (5.2)	10.5 (4.3)	139.0 (4.0)	14.4 (5.4)
Childers	139.9 (5.0)	10.3 (4.2)	134.3 (3.3)	10.5 (4.9)
Dalby	141.3 (2.9)	12.6 (2.0)	135.7 (2.2)	12.9 (3.7)
Emerald	144.9 (3.3)	12.7 (2.4)	140.3 (0.7)	14.2 (2.2)
Gladstone	134.3 (2.0)	5.8 (1.1)	133.7 (1.4)	11.3 (2.8)
Goondiwindi	135.1 (1.3)	5.1 (0.4)	134.3 (1.5)	10.0 (3.1)
Gympie	139.7 (4.0)	11.5 (3.1)	131.6 (1.8)	9.2 (3.3)
Hervey Bay	136.8 (2.7)	7.4 (1.9)	133.7 (1.5)	10.1 (3.0)
Ingham	135.3 (2.8)	4.6 (1.9)	136.9 (4.6)	12.5 (6.1)
Innisfail	141.4 (4.0)	11.0 (3.1)	140.8 (3.7)	15.7 (5.1)
Kingaroy	133.7 (2.1)	5.1 (1.2)	132.9 (1.5)	10.0 (3.1)
Lockyer Valley	137.5 (2.6)	9.8 (1.8)	135.3 (0.6)	13.4 (2.1)
Longreach	146.6 (2.5)	10.3 (1.6)	144.6 (4.2)	14.4 (5.6)
Mackay	140.7 (3.6)	11.7 (2.8)	138.3 (2.6)	15.5 (4.0)
Mareeba	142.8 (6.2)	12.6 (5.3)	138.7 (3.0)	13.7 (4.5)
Maryborough	131.9 (1.7)	2.9 (0.9)	132.0 (2.0)	8.8 (3.5)
Miles	126.7 (-0.3)	-3.2 (-1.1)	130.4 (4.7)	6.3 (6.3)
Moranbah	129.1 (0.4)	-1.8 (-0.4)	130.0 (0.7)	5.2 (2.1)
Mount Isa	150.0 (-2.5)	11.5 (-3.5)	143.6 (1.1)	11.4 (2.6)
Nambour	136.9 (3.8)	9.4 (3.0)	134.3 (1.5)	12.6 (3.0)
Noosa	153.4 (7.1)	25.7 (6.3)	131.0 (-0.8)	9.1 (0.7)

Rockhampton	136.2 (2.5)	6.6 (1.6)	136.4 (2.8)	12.9 (4.3)
Roma	130.9 (1.1)	-0.4 (0.3)	129.9 (2.7)	4.4 (4.3)
Somerset	132.4 (3.0)	4.7 (2.2)	130.4 (1.2)	8.6 (2.8)
Toowoomba	145.7 (3.1)	17.9 (2.3)	133.5 (0.8)	11.5 (2.3)
Townsville	139.9 (4.9)	10.3 (4.0)	135.1 (3.0)	11.8 (4.4)
Tully	139.4 (3.3)	8.4 (2.3)	138.8 (3.6)	13.2 (5.0)
Warwick	132.6 (1.5)	4.4 (0.6)	133.1 (2.1)	10.8 (3.6)
Whitsunday/Proserpine	130.3 (2.0)	0.1 (1.2)	131.4 (2.0)	7.3 (3.4)
Yeppoon	138.3 (3.7)	8.3 (2.8)	138.1 (3.3)	14.2 (4.7)

* 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 126.7 cpl, Miles retained its usual position as the cheapest regional centre in April, as it was in March, February and January (albeit sharing the honours with Bundaberg). Miles was 18.3 cpl cheaper than Brisbane. Moranbah was the second cheapest with an average ULP price of 129.1 cpl, and Bundaberg was the third cheapest at 129.9 cpl. Whitsunday/Proserpine, Roma, Maryborough, Somerset, Warwick, Kingaroy, Biloela, Gladstone, Goondiwindi, Ingham, Bowen, Rockhampton, Hervey Bay, Blackwater, Nambour, Lockyer Valley, Cairns, Yeppoon, Tully, Gympie, Atherton, Beaudesert, Childers, Townsville, Mackay, Dalby, Charters Towers, Innisfail, Mareeba and Emerald were also cheaper than Brisbane. Only Toowoomba, Longreach, Mount Isa and Noosa were more expensive than Brisbane¹. At 153.4 cpl, the most expensive centre for ULP was Noosa (8.4 cpl more expensive than Brisbane).

Roma had the cheapest diesel in Queensland in April, at 129.9 cpl, 5.3 cpl cheaper than Brisbane. Moranbah, at 130.0 cpl, was the second cheapest regional centre in April and Miles, at 130.4 cpl was third. Somerset, Noosa, Whitsunday/Proserpine, Biloela, Gympie, Maryborough, Bundaberg, Kingaroy, Warwick, Toowoomba, Gladstone, Hervey Bay, Bowen, Childers, Goondiwindi, Nambour and Townsville were also cheaper than Brisbane. Longreach¹ was the most expensive regional centre for diesel at 144.6 cpl, 9.4 cpl higher than Brisbane.

Of the 37 regional centres monitored by RACQ, 36 had an average indicative ULP retail margin lower than that charged in Brisbane. The lowest indicative retail margin on ULP, at negative 3.2 cpl, was charged in Miles, 21.5 cpl lower than Brisbane. Only in Noosa were indicative retail margins higher than Brisbane, where they reached a massive 25.7 cpl.

Diesel indicative retail margins were lower than Brisbane in 31 out of 37 regional centres. At 4.4 cpl, the lowest diesel indicative retail margin was observed in Roma, 9.9 cpl lower than Brisbane. Beaudesert had the highest indicative retail margin, at 16.4 cpl, 2.1cpl higher than Brisbane. Diesel indicative retail margins in Atherton, Charters Towers, Longreach, Mackay and Innisfail were also higher than Brisbane.

Outlook

The on-going COVID-19 pandemic is having mixed impact on oil prices. On one hand the rapid vaccinations programs in the US and UK have led to, and are likely to continue to, lead to an increase in demand for oil and subsequent price increases. However, a new wave of COVID-19 is surging in many

¹ RACQ does not monitor in all regional centres in Queensland. In discussing the cheapest or dearest centre, it is implied that this only refers to the centres listed in this report. Other centres may be more or less expensive.

countries, notably India, and has dampened demand for oil and is placing downward pressure on prices.

The oil market in late April was highly optimistic that demand would return in the second half of 2021. This is evidenced by the cancelling of the OPEC+ ministers meeting in late April. This meeting was considered unnecessary as OPEC's technical committee had forecasted strong growth in oil demand. This was reflected in the demand data from China and the US, both showing strong growth.

The return to a positive trend in the US economy (and a related increase in demand for oil) was confirmed by the US Federal Reserve's announcement the US economy was at an "inflection point" with a strong performance against many indicators.

COVID-19 remains the major threat to economic growth and oil demand. A resurgence of COVID-19 in several markets could significantly reduce demand and lead to falls in the oil price. However, if vaccine rollouts continue and become more widespread, and COVID retreats, the oil price will continue to strengthen.

A strengthening oil price will place upward pressure on local retail prices. Substantial increases in fuel company margins are already leading to close to record high retail prices in parts of Queensland, especially in SEQ. A sustained oil price rally could lead to new record high retail prices in the near future.

The next monthly fuel price report will be released in early June 2021.

Data sources

All data presented in this report are RACQ calculations using OPIS data.