

Monthly Fuel Price Report – August 2021



3 September 2021

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

Key points

- At 157.7 cpl, the average ULP price in Brisbane in August was 5.5 cpl higher than July.
- The Brisbane monthly average ULP price for August was the second highest on record. The record highest was 159.4 cpl, observed in October 2018.
- At 18.3 cpl, indicative ULP retail margins in Brisbane in August were up compared to July.
- ULP total margins (retail, wholesale and refinery) were up, at 33.6 cpl. This was due to an increase in retail margins and refinery margins.
- On 2 August, the excise charged on petrol and diesel increased from 42.7 cpl to 43.3 cpl.
- Brisbane was the most expensive Australian capital city to buy ULP. Brisbane was 14.6 cpl dearer than Adelaide, the cheapest capital.
- At 147.6 cpl, the average Brisbane diesel price in August was 1.7 cpl dearer than July.
- Brisbane was most expensive of the large capital cities for diesel. Brisbane was 5.5 cpl dearer than Perth, the cheapest capital.
- ULP prices in regional Queensland in August were cheap compared to SEQ. Indicative retail margins on ULP were lower than in Brisbane in 35 out of 37 regional centres.
- Diesel prices in most regional Queensland centres were lower than Brisbane. Indicative retail margins on diesel were lower than in Brisbane in 32 out of 37 regional centres.
- The average ULP price in regional Queensland was 150.2 cpl, 4.6 cpl higher than July. The average diesel price in regional Queensland was up 2.7 cpl, at 148.5 cpl.
- Roma was the cheapest Queensland regional centre to buy ULP and diesel in August, at 142.9 cpl and 141.8 cpl for ULP and diesel respectively.
- Longreach was the most expensive Queensland regional centre to buy ULP and diesel in August, at 162.4 cpl and 156.0 cpl for ULP and diesel respectively.

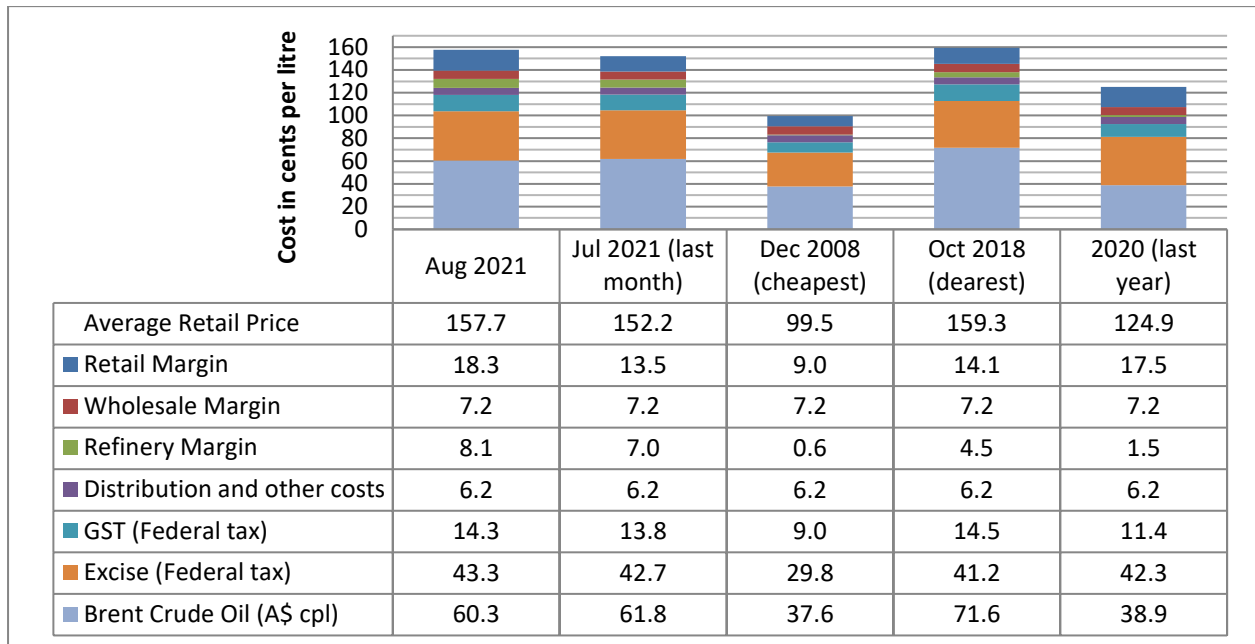
ULP cost breakdown in Brisbane

At 157.7 cpl, the average price of ULP in Brisbane in August was 5.5 cpl dearer than July. The average ULP price in August 2021 was the second highest on record. The record highest monthly average ULP price for Brisbane was 159.4 cpl, observed in October 2018.

The monthly average indicative retail margin for August was up 4.8 cpl, at 18.3 cpl. At 8.1 cpl, the average indicative refinery margin was up by 1.1 cpl. Total margins (retail, wholesale and refinery) at 33.6 cpl, were 5.9 cpl higher than the July average of 27.7 cpl, and 7.4 cpl higher than the 2020 annual average of 26.2 cpl.

The RACQ pricing model assumes that oil is imported into Australia and refined locally. However, Australia's refinery capacity will be reduced with the closure of two (of four) refineries. The two remaining refineries will be Ampol's refinery in Brisbane and Viva Energy's refinery in Geelong. 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

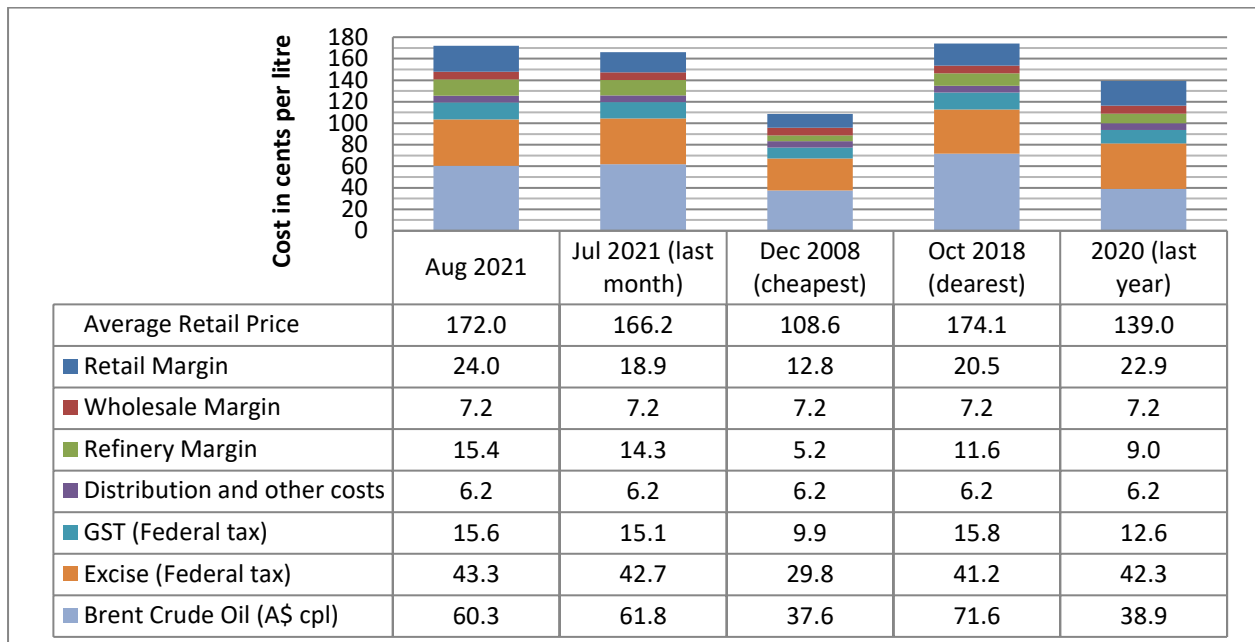
margins. Gross indicative importer margins on ULP in August were 3.4 cpl, 1.5 cpl higher than July, when they were 1.9 cpl.



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 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.

PULP 95 cost breakdown in Brisbane



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

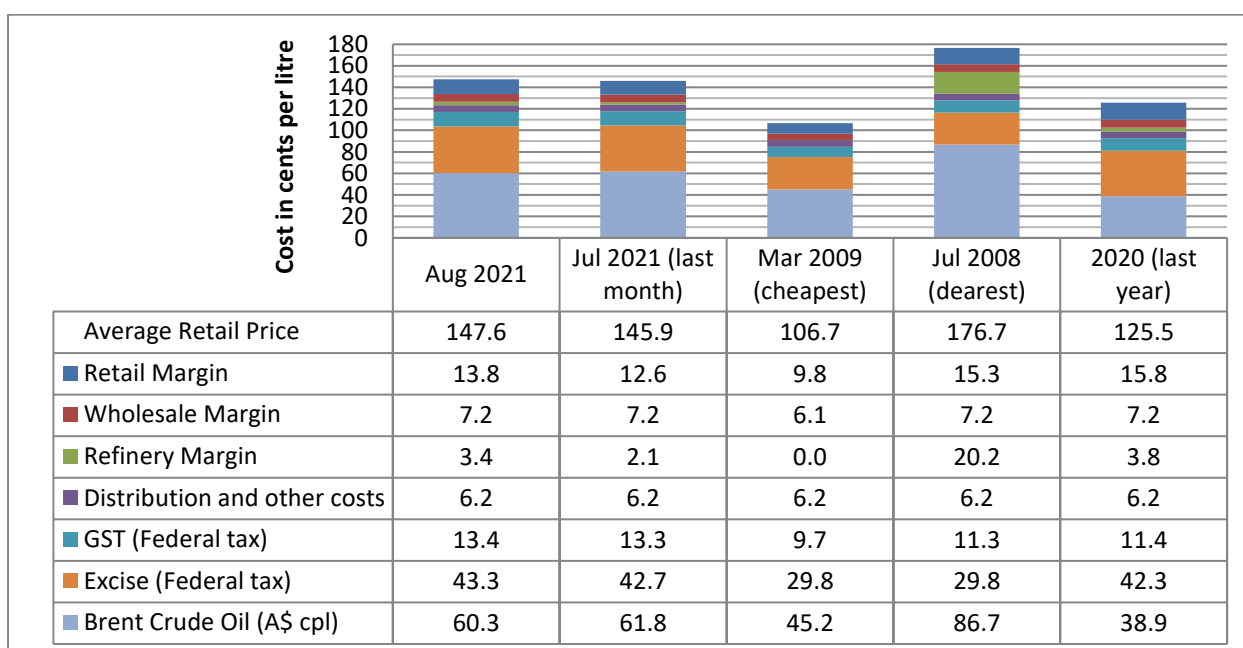
The chart above shows the cost breakdown for a litre of PULP 95 sold in Brisbane in August 2021. For comparison, the cost breakdown for last month, last year, October 2018 – the most expensive month

and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

The average PULP 95 price in Brisbane in August was 172.0 cpl, 5.8 cpl higher than July. The price difference between ULP and PULP 95 was 14.3 cpl, slightly greater than July when the difference was 14.0 cpl. Indicative retail margins for PULP 95, at 24.0 cpl, were 5.1 cpl higher than July, and 1.1 cpl higher than the average for 2020. Refinery margins at 15.4 cpl, were 1.1 cpl higher than July. Total margins, at 46.6 cpl, were 6.2 cpl higher than July, when they were 40.4 cpl.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for August 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 August, at 147.6 cpl, was 1.7 cpl higher than July. Indicative retail margins at 13.8 cpl were up 1.2 cpl, and refinery margins were up by 1.3 cpl, at 3.4 cpl. Total margins (retail, wholesale and refinery) in August were 24.4 cpl, 2.5 cpl higher than July, when they were 21.9 cpl.

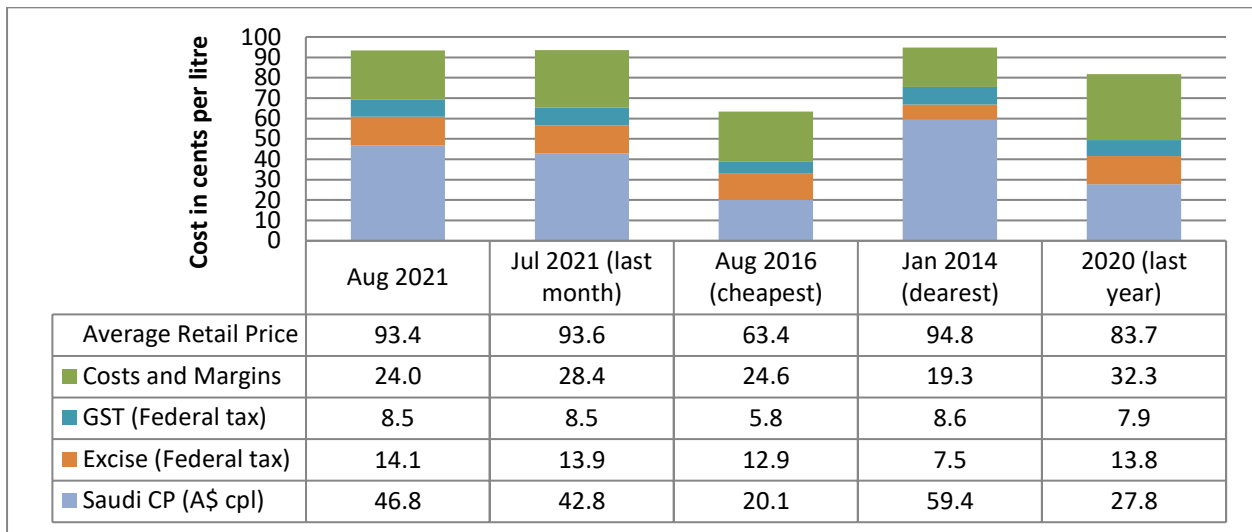
Liquid Petroleum Gas (LPG)

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 average retail price of LPG in Brisbane in August was 93.4 cpl, down 0.2cpl from July. Fuel company margins and costs in August decreased by 4.4 cpl, to 24.0 cpl.

The recently published Saudi CP for September, at 48.1 cpl, was 1.3 cpl higher than August (46.8 cpl).

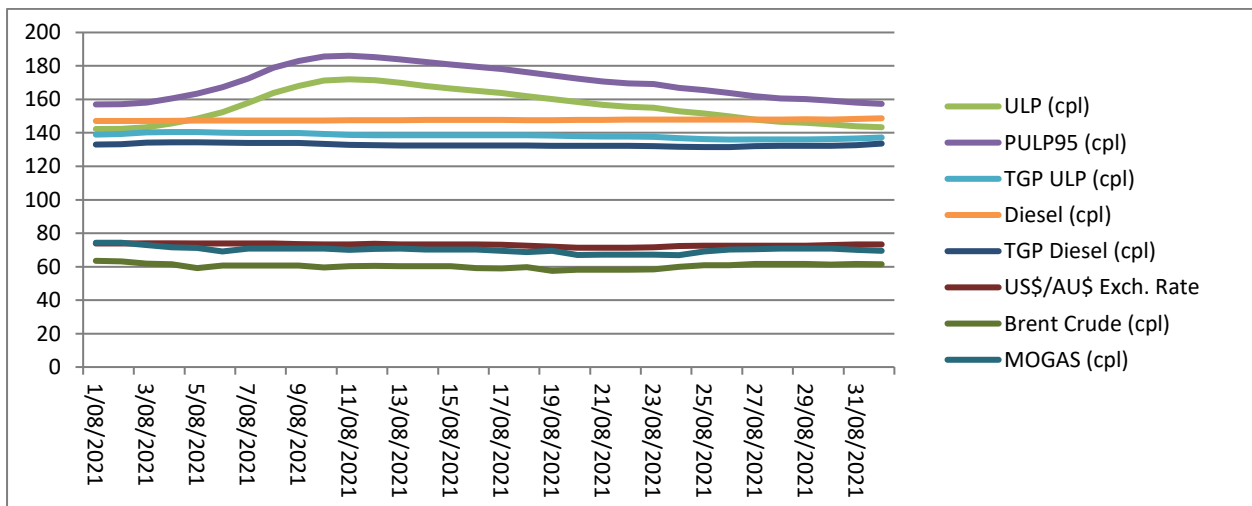
The chart below shows the cost breakdown for a litre of LPG sold in Brisbane for August 2021. For comparison, the cost breakdown for last month, last year, August 2016 – the cheapest month and January 2014 – the most expensive month observed in recent years (since 2012), is also displayed.



Fuel excise

In 2014, the Federal Government reintroduced fuel excise indexation and mandated twice-yearly increases in line with CPI. As a result, on 2 August the excise charged on petrol and diesel increased from 42.7 cpl to 43.3 cpl, from 39.8 cpl to 40.4 cpl on E10 and from 13.9 cpl to 14.1 cpl on LPG. Since the reintroduction of excise indexation in 2014, the excise rate on petrol and diesel has increased by 5.2 cpl. This equates to an extra \$66.4 per year for the average passenger car in Queensland¹.

Price trends



Most of a single price cycle was observed in the Brisbane ULP market in August. This price cycle started on 28 July and prices peaked at 172.0 cpl on 11 August. Prices then slowly fell throughout the rest of August and into early September. At the time of writing the Brisbane ULP market was in the cheap phase of the cycle.

The average price of Brent in August at 95.8 A\$/bbl (70.0 US\$/bbl) or 60.3 cpl-A\$, was 2.5 A\$/bbl or 1.5

¹ Calculated using average Queensland passenger vehicle VKT and fuel use of 11,100 km pa and 11.5 litres/100km.

cpl-A\$ lower than July (at 98.3 A\$/bbl, 73.0 US\$/bbl, or 61.8 cpl-A\$).

Brent started August at 100.5 A\$/bbl (74.2 US\$/bbl) and was starting to trend down. On 30 July, the Brent price peaked at a local record high of 101.0 A\$/bbl (74.5 US\$/bbl) – a 2-year and 2-month record high. A Brent price (in A\$-terms) this high was last observed in May 2019, when prices peaked at 105.9 A\$/bbl (observed 15/05/2019).

The price of Brent trended down for most of the first three weeks in August and reached a local low point of 91.4 A\$/bbl (65.8 US\$/bbl) on 19 August. The Brent price strengthened for the rest of August, ending the month at 98.0 A\$/bbl (71.9 US\$/bbl).

Comparison to other capital cities

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

City	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	157.7 (5.5)	18.3 (4.9)	147.6 (1.7)	13.8 (1.2)
Adelaide	143.1 (-6.8)	3.5 (-7.5)	142.6 (3.5)	9.3 (-0.1)
Canberra	152.1 (1.2)	13.2 (0.6)	147.9 (5.1)	14.6 (1.5)
Darwin	151.2 (3.2)	7.0 (2.8)	146.6 (4.5)	8.7 (0.7)
Hobart	154.9 (3.8)	9.4 (2.8)	149.8 (3.3)	10.7 (-0.2)
Melbourne	154.5 (-0.3)	15.8 (-1.0)	143.3 (5.1)	10.2 (1.5)
Perth	148.7 (-0.5)	9.5 (-0.8)	142.1 (5.7)	8.6 (2.0)
Sydney	152.9 (-3.3)	14.0 (-3.9)	145.0 (4.7)	11.8 (1.1)

* 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 most expensive of all capital cities for ULP in August. The average ULP prices in Adelaide, Perth, Darwin, Canberra, Sydney, Melbourne and Hobart were cheaper than Brisbane by 14.6 cpl, 9.0 cpl, 6.5 cpl, 5.6 cpl, 4.8 cpl, 3.2 cpl and 2.8 cpl, respectively.

For diesel, Brisbane was the most expensive of the five largest capital cities. Canberra and Hobart were more expensive than Brisbane by 0.3 cpl and 2.2 cpl, respectively. The average diesel prices in Perth, Adelaide, Melbourne, Sydney and Darwin were cheaper than Brisbane by 5.5 cpl, 5.0 cpl, 4.3 cpl, 2.6 and 1.0 cpl, respectively.

Comparison of the SEQ metropolitan centres

The Sunshine Coast was the cheapest centre in SEQ to buy ULP (and diesel) in August, with an average price of 150.6 cpl. Second was the Brisbane North at 151.8 cpl. Brisbane Bayside and Redlands was the most expensive area in SEQ at 159.5 cpl, 8.9 cpl dearer than the Sunshine Coast. The average ULP price increased in six (of the nine) SEQ centres, compared to July. The average ULP price on the Sunshine Coast fell by 7.4 cpl compared to July, Brisbane North was down by 1.2 cpl and the Gold Coast average was largely unchanged (down 0.2 cpl).

Like with ULP, the Sunshine Coast was the cheapest SEQ centre to buy diesel in August, at 146.8 cpl. Logan was second at 147.5 cpl. Central Brisbane was the most expensive area in SEQ to buy diesel at

150.8 cpl, 4.0 cpl dearer than the Sunshine Coast. Average diesel prices increased in all SEQ centres compared to July, by up to 2.4 cpl. The average price in Moreton Bay was up 2.4 cpl, and Brisbane South was up by 0.9 cpl.

The price difference between the cheapest and dearest average diesel price in SEQ centres, at 4.0 cpl, was lower than ULP, for which the difference was 8.9 cpl.

The table below presents the average August prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to July 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	159.2 (2.1)	19.9 (1.5)	150.8 (1.9)	17.0 (1.4)
Brisbane North	151.8 (-1.2)	12.5 (-1.8)	148.7 (1.9)	14.9 (1.4)
Brisbane South	155.4 (0.6)	16.1 (0.0)	148.0 (0.9)	14.2 (0.4)
Brisbane Bayside/ Redlands	159.5 (2.4)	20.2 (1.8)	148.9 (1.6)	15.1 (1.1)
Logan	154.4 (1.3)	15.0 (0.7)	147.5 (1.2)	13.7 (0.7)
Ipswich	155.4 (2.2)	15.7 (1.6)	148.1 (2.0)	14.0 (1.5)
Moreton Bay	156.2 (0.2)	16.6 (-0.4)	149.3 (2.4)	15.2 (1.9)
Gold Coast	154.2 (-0.2)	14.3 (-0.8)	149.0 (1.8)	14.5 (1.2)
Sunshine Coast	150.6 (-7.4)	10.4 (-8.0)	146.8 (1.3)	12.2 (0.8)

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

Fuel prices across Queensland

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.

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	157.7 (5.5)	18.3 (4.9)	147.6 (1.7)	13.8 (1.2)
Atherton	151.5 (5.2)	8.3 (4.6)	151.9 (6.1)	14.0 (5.5)
Beaudesert	148.2 (-0.9)	8.0 (-1.5)	144.0 (-1.3)	9.4 (-1.9)
Biloela	146.9 (4.7)	4.6 (3.9)	144.6 (3.6)	8.2 (3.1)
Blackwater	149.3 (1.9)	5.3 (1.1)	151.8 (2.3)	13.6 (1.8)
Bowen	151.2 (7.7)	7.1 (7.1)	147.0 (3.8)	8.9 (3.3)
Bundaberg	146.0 (3.2)	3.3 (2.6)	144.8 (2.7)	7.6 (2.2)
Cairns	151.3 (5.2)	8.8 (4.5)	151.1 (4.5)	13.9 (4.0)
Charters Towers	150.7 (4.1)	7.2 (3.4)	148.5 (4.6)	11.0 (4.1)
Childers	150.4 (3.7)	8.2 (3.1)	145.8 (1.6)	9.1 (1.1)
Dalby	150.0 (2.5)	8.8 (1.9)	148.8 (1.1)	13.0 (0.6)
Emerald	152.6 (3.6)	7.8 (2.8)	152.0 (1.9)	13.1 (1.4)
Gladstone	148.5 (5.3)	7.3 (4.5)	147.7 (1.6)	12.4 (1.1)
Goondiwindi	152.5 (4.7)	9.8 (4.1)	149.8 (1.6)	12.7 (1.1)

Gympie	147.0 (3.5)	6.2 (2.9)	148.5 (4.7)	13.2 (4.2)
Hervey Bay	146.9 (3.6)	4.8 (3.0)	146.5 (3.8)	10.0 (3.3)
Ingham	146.8 (3.6)	3.5 (3.0)	151.3 (3.8)	14.0 (3.3)
Innisfail	150.8 (5.4)	7.5 (4.8)	150.8 (5.5)	12.8 (5.0)
Kingaroy	146.4 (3.1)	5.1 (2.5)	145.9 (3.0)	10.2 (2.5)
Lockyer Valley	148.6 (3.8)	8.3 (3.2)	145.9 (2.1)	11.1 (1.6)
Longreach	162.4 (2.9)	13.4 (2.1)	156.0 (-0.3)	12.9 (-0.8)
Mackay	150.1 (2.1)	8.2 (1.3)	149.4 (1.4)	13.8 (0.9)
Mareeba	151.9 (3.3)	8.8 (2.7)	151.7 (4.2)	13.9 (3.7)
Maryborough	144.5 (3.9)	2.9 (3.2)	145.0 (2.6)	8.9 (2.1)
Miles	143.6 (2.4)	1.0 (1.8)	145.0 (2.2)	8.0 (1.7)
Moranbah	148.9 (3.0)	5.2 (2.2)	148.6 (2.1)	11.0 (1.7)
Mount Isa	158.8 (1.4)	7.6 (0.7)	152.2 (1.6)	7.0 (1.1)
Nambour	154.2 (-3.4)	14.1 (-4)	146.2 (1.2)	11.5 (0.7)
Noosa	151.5 (-11.1)	11.2 (-11.7)	144.0 (0.4)	9.2 (-0.1)
Rockhampton	149.5 (4.4)	7.3 (3.6)	149.2 (2.0)	12.9 (1.5)
Roma	142.9 (3.5)	-1.1 (2.9)	141.8 (0.6)	3.4 (0.1)
Somerset	146.3 (3.9)	6.1 (3.3)	142.5 (2.9)	7.7 (2.3)
Toowoomba	159.6 (10.9)	19.2 (10.3)	148.5 (2.1)	13.5 (1.6)
Townsville	147.1 (3.0)	4.9 (2.4)	148.1 (3.2)	11.9 (2.8)
Tully	151.7 (5.5)	7.8 (4.8)	151.5 (5.2)	12.9 (4.6)
Warwick	144.7 (3.0)	3.9 (2.3)	147.8 (1.8)	12.6 (1.3)
Whitsunday/Proserpine	145.8 (3.0)	2.7 (2.2)	143.3 (2.5)	6.4 (2.0)
Yeppoon	150.6 (4.2)	8.0 (3.4)	150.5 (3.3)	13.7 (2.8)

* 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.

The average price of ULP across regional Queensland in August was 150.2 cpl, 4.6 cpl higher than July when the average price was 145.6 cpl. The average diesel price was 148.5 cpl, 2.7 cpl higher than July when the average price was 145.8 cpl.

Roma, with an average ULP price of 142.9 cpl, was the cheapest centre to buy ULP in August, as it was in July and June, and 14.8 cpl cheaper than Brisbane. Miles was the second cheapest with an average ULP price of 143.6 cpl, and Maryborough was the third cheapest at 144.5 cpl. Warwick, Whitsunday/Proserpine, Bundaberg, Somerset, Kingaroy, Ingham, Biloela, Hervey Bay, Gympie, Townsville, Beaudesert, Gladstone, Lockyer Valley, Moranbah, Blackwater, Rockhampton, Dalby, Mackay, Childers, Yeppoon, Charters Towers, Innisfail, Bowen, Cairns, Atherton, Noosa, Tully, Mareeba, Goondiwindi, Emerald and Nambour were all cheaper than Brisbane². At 162.4 cpl, the most expensive centre for ULP was Longreach (4.7 cpl more expensive than Brisbane and 19.5 cpl more expensive than Roma – the cheapest centre in Queensland).

Roma also had the cheapest diesel in Queensland in August, at 141.8 cpl, 5.8 cpl cheaper than Brisbane. Somerset, at 142.5 cpl, was second cheapest and 5.1 cpl cheaper than Brisbane.

Whitsunday/Proserpine, Beaudesert, Noosa, Biloela, Bundaberg, Maryborough, Miles, Childers, Kingaroy, Lockyer Valley, Nambour, Hervey Bay and Bowen were also cheaper than Brisbane. Longreach²

² 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.

was the most expensive regional centre for diesel at 156.0 cpl, 8.4 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 1.1 cpl, was charged in Roma, 19.4 cpl lower than Brisbane. Only in Toowoomba were indicative retail margins higher than Brisbane, where they reached 19.2 cpl.

Diesel indicative retail margins were lower than Brisbane in 32 out of 37 regional centres. At 3.4 cpl, the lowest diesel indicative retail margin was observed in Roma, 10.4 cpl lower than Brisbane. Ingham and Atherton had the highest indicative retail margin, at 14.0 cpl, 0.2 cpl higher than Brisbane.

Outlook

Oil prices reached a local high point at the end of July. Prices softened up until 19 August due to market concern about surging COVID-19 delta variant cases and new travel restrictions (especially in the US and China) and the resulting drop in the demand for oil. Oil prices reverted to an upward trend in the last 10 days of August. This followed indications of an increase in demand from China, after they had successfully contained their most recent COVID outbreak.

Despite concerns to the contrary, OPEC+ met in early August and agreed to continue with their gradual winding back of their production cut. Prior to this meeting, analysts were concerned that OPEC+ would abandon their schedule for resuming production. OPEC+ are scheduled to increase production by 400,000 bpd each month until late 2022. At which point OPEC+ oil production will have returned to pre-COVID level.

The start of the hurricane season in the US and the arrival of Hurricane Ida in the southern US has led to concerns about production reductions and refinery closures – especially as Hurricane Ida tracks close to the oil producing and refining areas in the southern US. These concerns have added to the upward pressure on oil prices in late August.

Oil prices will continue an upward trend if demand increases and supply remains constrained. Demand for oil and refined products had returned in markets with successful COVID vaccine programmes, notably the US and UK. While this may be case, the emergence of the COVID-19 Delta strain in many markets is a substantial and emerging threat.

COVID-19 remains the major threat to economic growth and oil demand. A resurgence of COVID-19, especially the delta variant or another similar variant, could significantly reduce demand and lead to falls in the oil price. However, if vaccine rollouts continue and become more widespread, and demand returns, the oil price is likely to strengthen. A strengthening oil price will place upward pressure on local retail prices.

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

Data sources

Data and analyses presented in this report use an updated methodology compared to previous monthly fuel price reports. The data and analyses presented in this report supersede all previous reports.

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