

# Monthly Fuel Price Report – Dec 2016



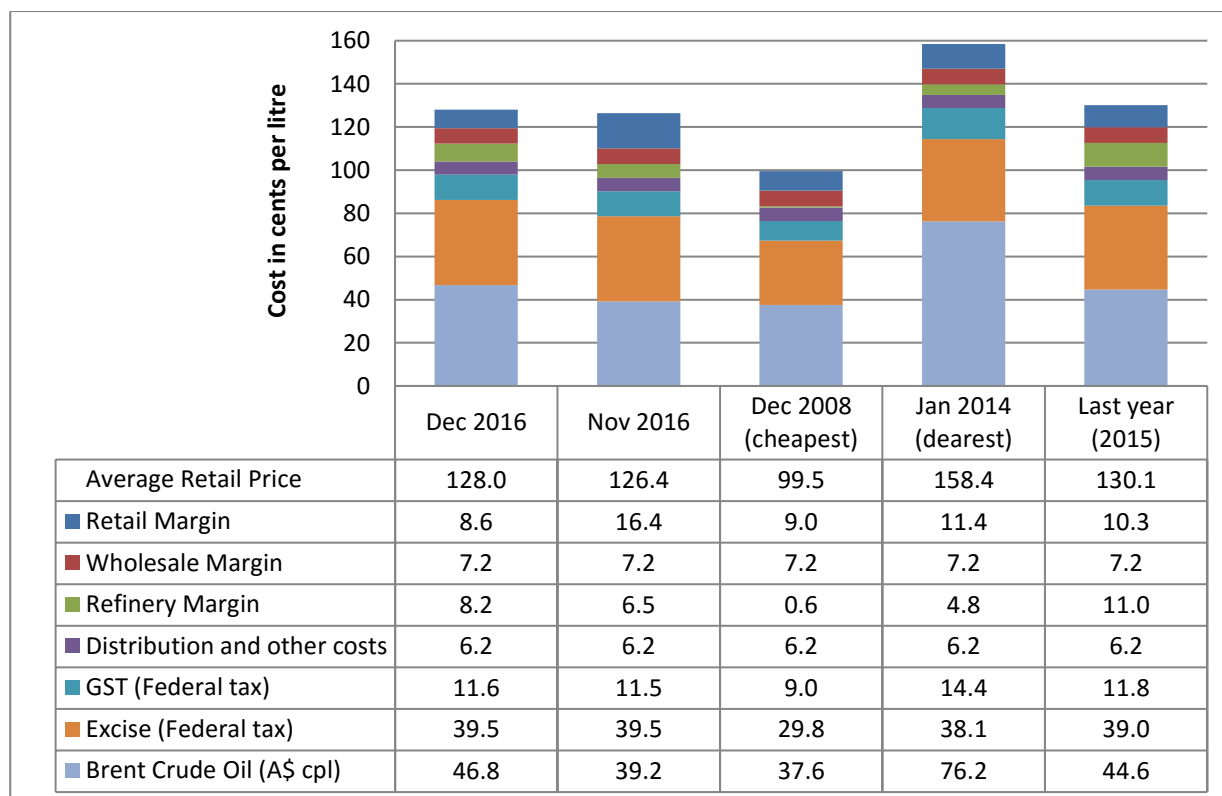
4 January 2017

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

## Key points

- At 128.0 cpl, the average Brisbane ULP price for December was 1.6 cpl higher than November and indicative retail margins were 7.8 cpl lower, at 8.6 cpl.
- Brisbane was the second most expensive capital city in December, only Darwin was more expensive.
- The average price of diesel in Brisbane was 129.0 cpl in December, 4.9 cpl more expensive than November. At 15.4 cpl, indicative diesel retail margins were 1.1 cpl lower than November.
- Diesel sold in Brisbane was more expensive than Sydney, Canberra, Darwin, Hobart and Melbourne.
- In SEQ, Ipswich had the cheapest average ULP for December and the Sunshine Coast was the cheapest for diesel.
- Of the 36 regional centres monitored by RACQ, ULP sold in 22 centres and diesel sold in 30 centres was cheaper than Brisbane
- Ayr had the cheapest ULP in Queensland, and Warwick had the cheapest Diesel (10.5 cpl and 9.4 cpl cheaper than Brisbane, respectively).
- The average price of LPG in Brisbane was 69.8 cpl, 1.6 cpl higher than November.

## ULP cost breakdown in Brisbane

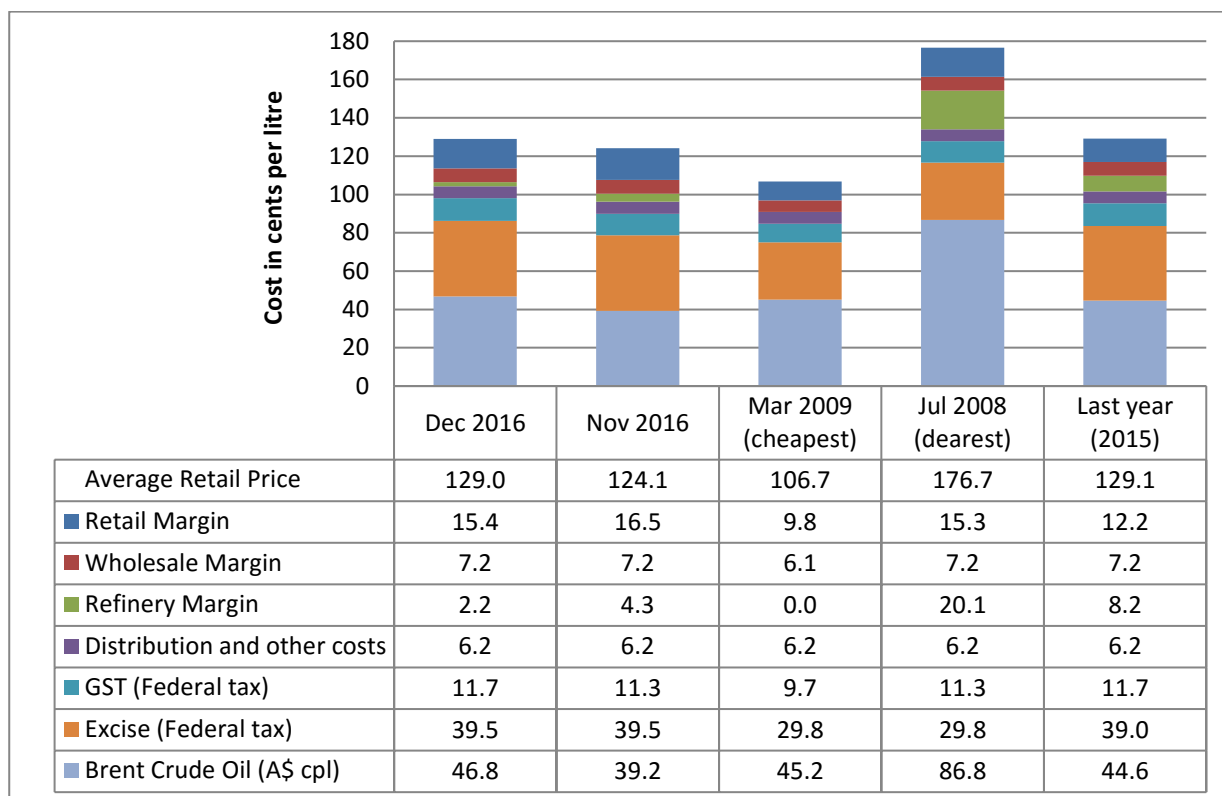


Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for December 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 Brisbane in December was 128.0 cpl, 1.6 cpl more than November. Indicative retail margins, at 8.6 cpl, were 7.8 cpl lower than November. Refiner margins increased in December, and were 1.7 cpl higher than November.

### 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 December 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 December, at 129.0 cpl, was 4.9 cpl higher than November. Indicative retail margins decreased in December by 1.1 cpl and refinery margins decreased by 2.1 cpl.

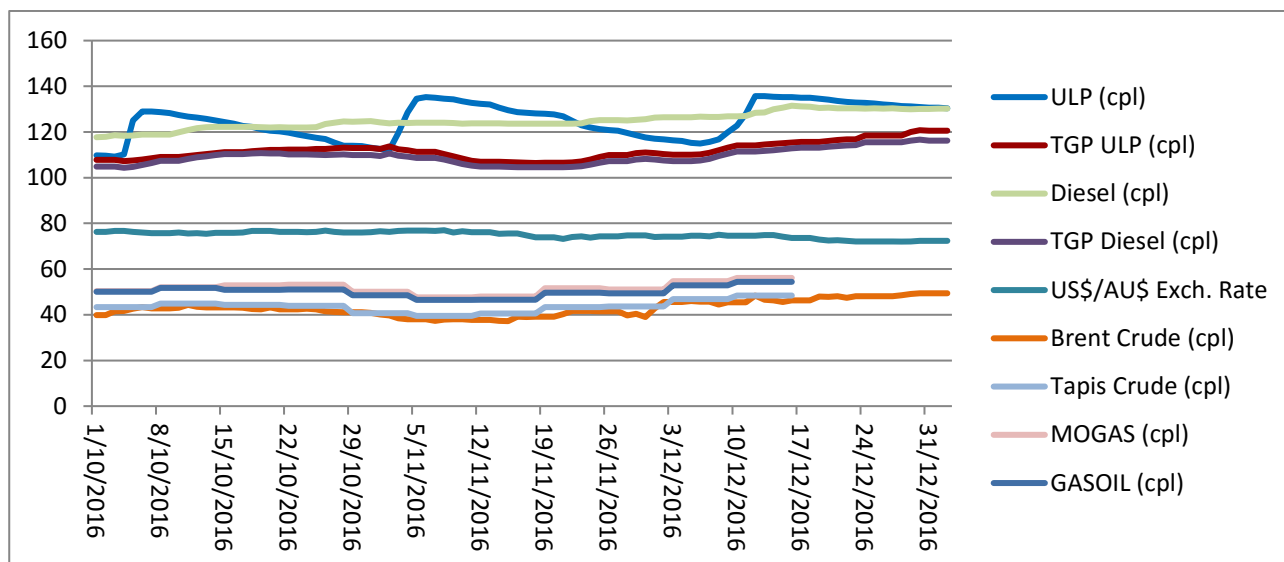
### Price trends

There was one price cycle observed in Brisbane in December 2016. This cycle started on 7 December and the average price peaked on 12 and 13 December. Prices fell slowly throughout the rest of December. At the time of writing the Brisbane ULP market was in the discounting phase of the cycle.

The average price of Brent in December was A\$74.3/bbl (US\$54.7/bbl) or 46.8 cpl, A\$11.9 or 7.6 cpl higher than November. The price of Brent crude strengthened throughout December. It started the month at A\$68.1/bbl (US\$50.5/bbl) and ended the month at A\$78.5/bbl (US\$56.8/bbl). The price increases are

attributed to the production cuts agreed between OPEC producers and some non-OPEC producers, most notably Russia. The Australian dollar lost value in December, falling from 74.5 US cents to 72.4 US cents. The weak dollar led to further increases in the Australian landed prices of imported crude oil.

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\$. The Tapis, MOGAS and GASOIL data is limited to the first two weeks of December 2016.



Note: Tapis, MOGAS and GASOIL price data was not published over the holiday period.

## Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Adelaide	124.2 (6.9)	8.6 (0.6)	129.4 (8.5)	15.9 (2.7)
Brisbane	128.0 (1.6)	11.6 (-4.8)	129.0 (4.9)	15.4 (-1.1)
Canberra	127.9 (-0.5)	12.3 (-6.9)	125.8 (0.7)	12.3 (-5.1)
Darwin	129.2 (0.0)	13.6 (-6.3)	126.0 (1.8)	12.6 (-4.0)
Hobart	127.0 (1.2)	11.4 (-5.1)	127.2 (1.3)	13.8 (-4.6)
Melbourne	125.2 (3.6)	9.7 (-2.7)	127.9 (5.3)	14.4 (-0.5)
Perth	127.0 (3.7)	11.5 (-2.6)	130.8 (4.3)	17.3 (-1.5)
Sydney	125.3 (8.0)	9.7 (1.7)	124.6 (3.9)	11.1 (-1.9)

\* The retail margin is the average retail price minus the average local TGP and local freight costs (assumed to be the same as Brisbane: 1.05cpl). The TGP varies between cities.

Brisbane was the most expensive large capital city in December, only Darwin was more expensive. Adelaide was 3.8 cpl cheaper than Brisbane, Melbourne was 2.8 cpl cheaper, Sydney was 2.7 cpl cheaper, Perth and Hobart were both 1.0 cpl cheaper. Canberra was effectively the same price as Brisbane and Darwin was 1.2 cpl more expensive.

Diesel sold in Sydney, Canberra, Darwin, Hobart and Melbourne was cheaper than Brisbane by 4.4 cpl, 3.2 cpl, 3.0 cpl, 1.8 cpl and 1.1 cpl, respectively. Adelaide was 0.4 cpl dearer than Brisbane, and Perth was the most expensive capital, at 2.3 cpl more than Brisbane.

## Comparison of the SEQ metropolitan centres

The table below presents the average December prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to November in parentheses.

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane North	128.6 (1.4)	12.2 (-5.0)	129.5 (4.5)	16.0 (-1.4)
Brisbane South	127.8 (1.7)	11.4 (-4.7)	128.8 (4.9)	15.2 (-1.0)
Gold Coast	129.7 (1.4)	12.7 (-5.0)	129.3 (4.5)	15.1 (-1.4)
Ipswich	125.0 (-0.7)	8.3 (-7.1)	127.1 (4.6)	13.3 (-1.3)
Moreton Bay	125.6 (2.7)	8.9 (-3.7)	128.7 (5.1)	14.8 (-0.8)
Sunshine Coast	128.9 (8.1)	11.7 (1.7)	126.7 (3.3)	12.4 (-2.6)

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

Ipswich was the cheapest centre in SEQ to buy ULP in December, with an average price of 125.0 cpl. Moreton Bay was the second cheapest, 0.6 cpl dearer than Ipswich. The Gold Coast was the most expensive SEQ centre, 4.7 cpl dearer than Ipswich.

The Sunshine Coast was the cheapest SEQ centre to buy diesel, with an average price of 126.7 cpl, followed by Ipswich 0.4 cpl dearer. Brisbane North and the Gold Coast were the most expensive, with diesel selling for 129.5 cpl and 129.3 cpl respectively.

## Fuel prices across Queensland

Twenty two of the 36 regional centres monitored by RACQ were cheaper than Brisbane for ULP. Ayr had Queensland's cheapest ULP, 10.5 cpl cheaper than Brisbane. Dalby was 8.2 cpl cheaper and Roma was 8.1 cpl cheaper than Brisbane. Toowoomba, Mount Isa, Bundaberg, Goondiwindi, Miles, Moranbah, Childers, Ingham, Kingaroy, Maryborough, Whitsunday, Mareeba, Tully, Emerald, Gympie, Mackay, Innisfail, Rockhampton and Blackwater were also cheaper than Brisbane. The most expensive regional centre listed was Blackall, with an average price of 138.6 cpl in December. However, the list of regional centres is not exhaustive<sup>1</sup>.

Thirty of the 36 regional centres monitored by RACQ were cheaper than Brisbane for diesel. Warwick had the cheapest diesel in Queensland (9.4 cpl cheaper than Brisbane), followed by Dalby, Charters Towers and Moranbah (9.3 cpl, 9.1 cpl and 8.8 cpl cheaper than Brisbane, respectively). Miles, Blackall, Goondiwindi, Maryborough, Ayr, Toowoomba, Childers, Kingaroy, Ingham, Bowen, Innisfail, Bundaberg, Emerald, Tully, Mount Isa, Townsville, Hervey Bay, Mackay, Mareeba, Blackwater, Gympie, Atherton, Roma, Charleville, Longreach and Gladstone were also cheaper than the Brisbane price in December. Cairns was the most expensive listed regional centre for diesel, at 133.0 cpl.

<sup>1</sup> 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.

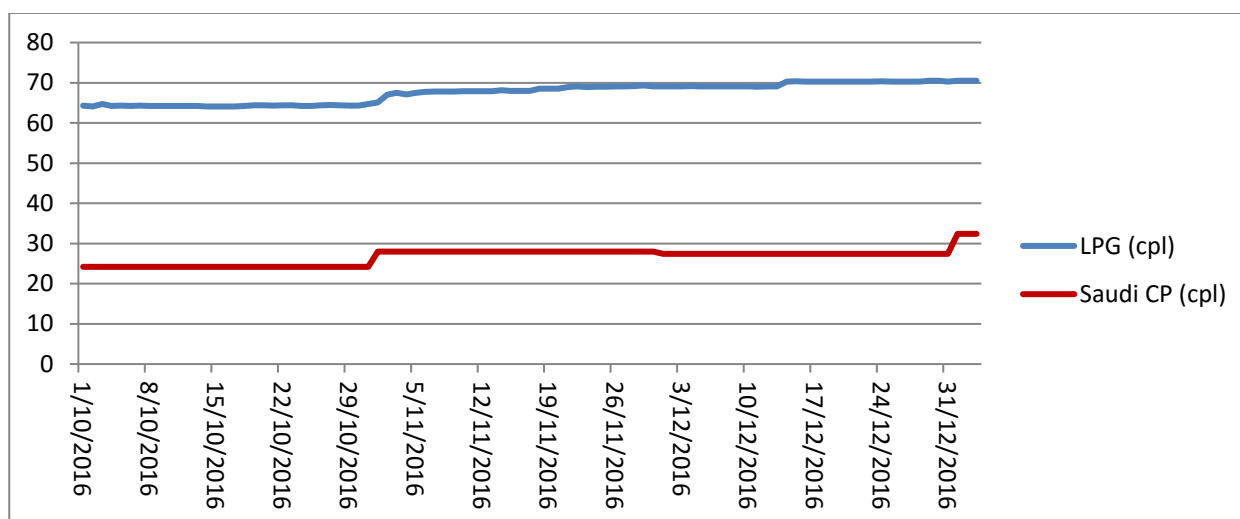
The table below presents the average December prices and retail margins on ULP and diesel for Queensland localities, with the change compared to November in parentheses.

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	128.0 (1.6)	11.6 (-4.8)	129.0 (4.8)	15.4 (-1.1)
Gold Coast	129.7 (1.4)	12.7 (-5.0)	129.3 (4.5)	15.1 (-1.4)
Sunshine Coast	128.9 (8.1)	11.7 (1.7)	126.7 (3.3)	12.4 (-2.6)
Atherton	129.9 (0.0)	10.0 (-6.3)	126.6 (1.7)	9.9 (-4.2)
Ayr	117.5 (-0.6)	-2.1 (-6.9)	122.6 (2.7)	6.2 (-3.2)
Biloela	129.7 (0.0)	9.5 (-6.4)	132.7 (2.9)	15.6 (-3.0)
Blackall	138.6 (1.7)	12.5 (-4.7)	122.1 (-1.7)	-0.8 (-7.6)
Blackwater	127.9 (-0.2)	6.0 (-6.5)	126.3 (4.8)	7.6 (-1.1)
Bowen	129.8 (-0.1)	9.1 (-6.5)	123.3 (1.9)	5.8 (-4.0)
Bundaberg	120.9 (0.9)	-1.5 (-5.4)	123.4 (1.1)	4.1 (-4.8)
Cairns	131.0 (0.4)	11.8 (-5.9)	133.0 (3.0)	17.0 (-2.9)
Charleville	129.4 (1.2)	3.1 (-5.1)	127.6 (2.5)	4.6 (-3.4)
Charters Towers	128.2 (0.0)	8.1 (-6.3)	119.9 (2.4)	3.0 (-3.5)
Childers	122.2 (1.6)	0.3 (-4.7)	122.9 (1.8)	4.2 (-4.1)
Dalby	119.8 (0.0)	-1.1 (-6.4)	119.7 (1.1)	1.9 (-4.8)
Emerald	125.4 (-0.2)	2.7 (-6.5)	123.4 (4.5)	3.9 (-1.4)
Gladstone	128.0 (10)	9.0 (-5.3)	127.7 (1.7)	11.8 (-4.2)
Goondiwindi	120.9 (0.8)	-1.4 (-5.5)	122.1 (0.7)	2.9 (-5.2)
Gympie	125.4 (-2.1)	4.9 (-8.4)	126.4 (2.6)	9.1 (-3.3)
Hervey Bay	128.1 (0.6)	6.4 (-5.7)	125.0 (-1.7)	6.5 (-7.5)
Ingham	122.4 (0.3)	2.5 (-6.0)	123.2 (1.7)	6.5 (-4.2)
Innisfail	126.7 (1.5)	6.7 (-4.8)	123.3 (2.6)	6.5 (-3.3)
Ipswich	124.8 (-0.4)	5.5 (-6.7)	126.6 (4.5)	10.5 (-1.3)
Kingaroy	122.5 (1.6)	1.6 (-4.7)	123.1 (1.4)	5.4 (-4.5)
Longreach	132.1 (-0.4)	5.3 (-6.8)	127.6 (0.4)	3.9 (-5.4)
Mackay	126.0 (1.7)	7.1 (-4.6)	125.3 (1.7)	9.5 (-4.2)
Mareeba	124.7 (0.7)	4.9 (-5.7)	126.1 (1.8)	9.6 (-4.1)
Maryborough	122.6 (1.6)	1.3 (-4.7)	122.3 (1.5)	4.2 (-4.4)
Miles	121.2 (1.3)	-1.0 (-5.0)	121.2 (1.1)	2.2 (-4.7)
Moranbah	121.6 (1.1)	0.7 (-5.2)	120.2 (-0.4)	2.5 (-6.2)
Mount Isa	120.5 (-0.4)	-7.2 (-6.7)	123.5 (0.5)	-1.1 (-5.3)
Rockhampton	127.2 (0.4)	7.1 (-5.9)	129.9 (2.7)	13.0 (-3.2)
Roma	119.9 (0.3)	-3.7 (-6.1)	126.8 (0.5)	6.3 (-5.4)
Toowoomba	120.2 (-2.0)	0.1 (-8.4)	122.8 (0.3)	5.9 (-5.6)
Townsville	129.6 (0.0)	10.9 (-6.3)	124.2 (1.5)	8.6 (-4.4)
Tully	125.0 (0.1)	4.6 (-6.2)	123.4 (-6.8)	6.1 (-12.7)
Warwick	129.7 (-0.1)	9.3 (-6.4)	119.6 (1.4)	2.4 (-4.5)
Whitsunday	124.6 (0.6)	4.4 (-5.7)	131.3 (0.0)	14.3 (-5.8)
Yeppoon	128.0 (0.1)	7.5 (-6.2)	131.6 (1.7)	14.3 (-4.1)

\* 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 chart below displays the average retail price of LPG in Brisbane and Saudi CP.



The average retail price of LPG in Brisbane in December was 69.8 cpl, 1.6 cpl higher than November. The average difference between the Brisbane retail LPG price (excluding excise and GST) and the Saudi CP in December was 23.2 cpl, 2.1 cpl higher than November.

The Saudi CP for January 2017 is 5.0 cpl higher than December 2016 at 32.4 cpl. This is likely to lead to an increase in the retail LPG price. Retail margins and retail prices are currently substantially higher than historic prices relative to the Saudi CP.

### Outlook

The recent OPEC agreement to cut oil production by 1.2 million bbl/day and non-OPEC producers (notably Russia) agreeing to cuts totalling cutting 600,000 bbl/day, led to the substantial increase in the Brent price observed in December. At the time of writing (4 January 2017), Brent was selling for 55.6 US\$/bbl, down slightly from a local peak of 56.8 US\$/bbl. Possible increases in shale oil production in the USA are likely to keep oil prices below 60 US\$/bbl.

The next monthly fuel price report will be released in early February 2017 and the 2016 annual fuel price report will be released mid-January 2017.

### Data sources

All data presented in this report are RACQ calculations using Informed Sources (Australia), FUELtrac, RBA, AIP and Bloomberg.com data.

