

Monthly Fuel Price Report – December 2017



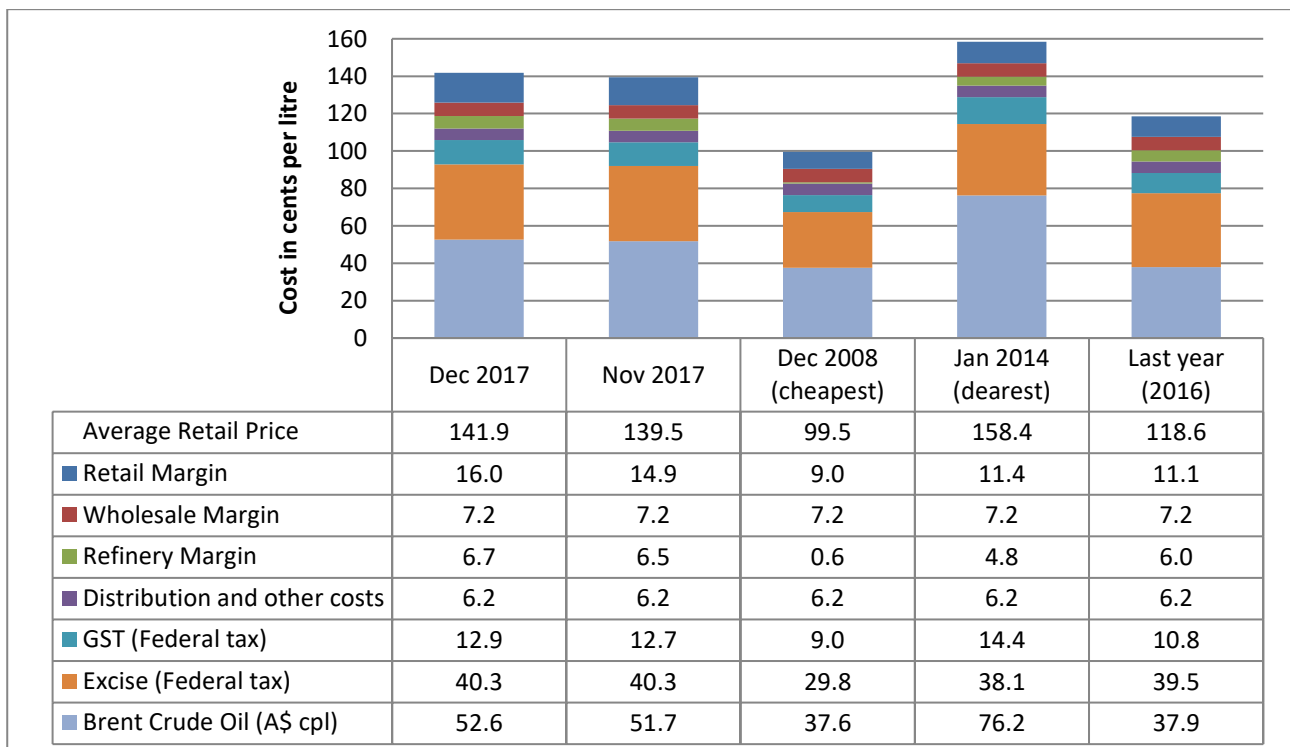
3 January 2018

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for December 2017.

Key points

- The average price of ULP in Brisbane in December was 141.9 cpl, 2.4 cpl higher than November. Indicative retail margins were 1.1 cpl higher at 16.0 cpl and refiner margins were up 0.2 cpl at 6.7 cpl.
- Brisbane was the most expensive of all the five large capitals. ULP sold Sydney, Adelaide, Perth and Melbourne was cheaper by 5.6 cpl, 5.4 cpl, 4.9 cpl and 2.1 cpl respectively. Brisbane was also more expensive than 28 of the 33 regional Qld centres monitored by RACQ.
- Indicative retail margins on ULP in Brisbane, at 16.0 cpl, were the highest observed in any Queensland centre and the highest of the five large capital cities.
- The average price of diesel in Brisbane in December at 136.7 cpl was 2.8 cpl higher than November. Brisbane was more expensive than Sydney and Adelaide by 1.7 cpl, and 1.3 cpl, respectively.
- The average price of ULP across regional Queensland in December was 140.0 cpl, 2.1 cpl higher than November. The average diesel price was 136.3 cpl, 2.8 cpl higher than November.
- Miles had the cheapest average ULP and diesel price in regional Queensland in December. At 132.9 cpl, ULP sold in Miles was 9.0 cpl cheaper than Brisbane and diesel at 130.5 cpl was 6.2 cpl cheaper than Brisbane.
- The average price of LPG in Brisbane was 85.8 cpl, 2.4 cpl higher than November. The price difference between the Brisbane LPG retail price and the Saudi CP was 24.5 cpl, 0.9 cpl higher than November.

ULP cost breakdown in Brisbane

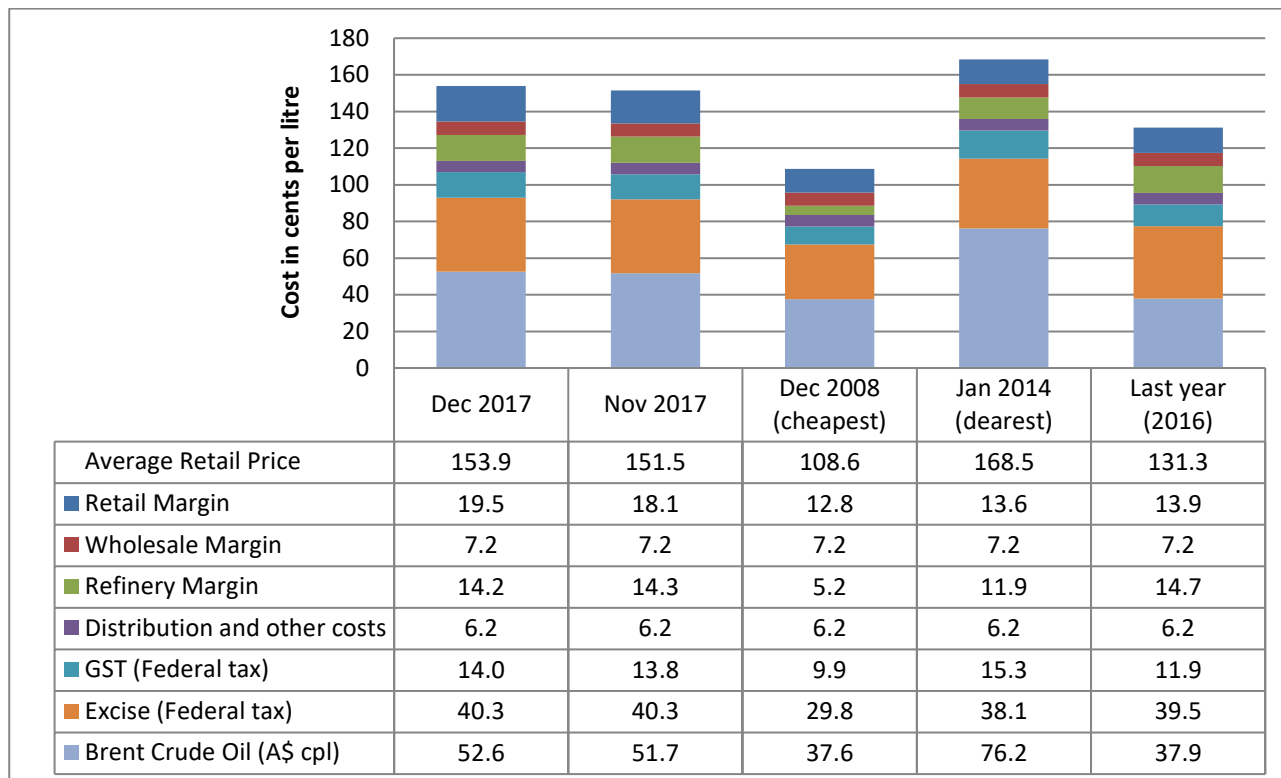


Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for December 2017. 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 141.9 cpl, 2.4 cpl higher than November. Indicative retail margins, at 16.0 cpl, were 1.1 cpl higher than November and the highest observed in any Queensland centre and the highest of the five large capital cities. Refiner margins were 0.2 cpl higher in December.

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 95 RON Premium ULP sold in Brisbane for December 2017. 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.

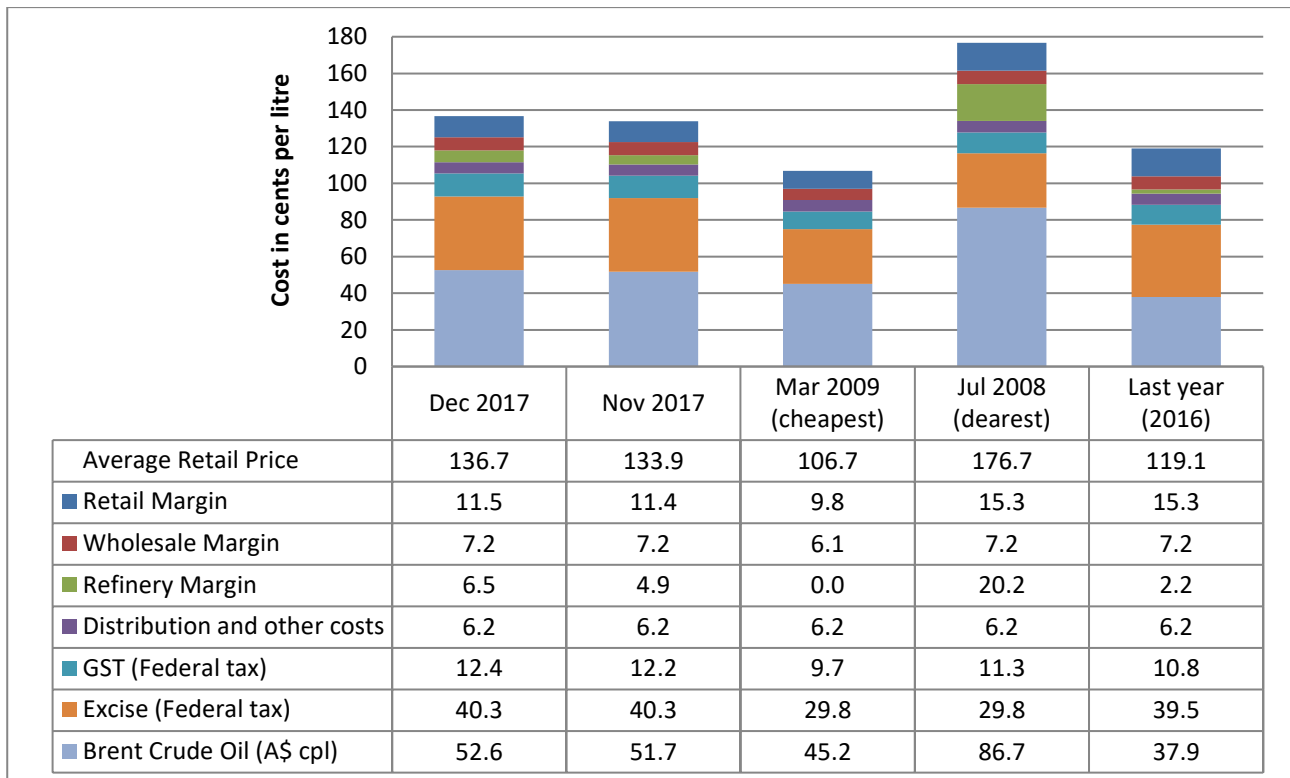
The average price of PULP 95 in Brisbane in December was 153.9 cpl, 2.4 cpl higher than November, and 12.0 cpl more expensive than the ULP 91 price. The price difference between ULP and PULP 95 in November was also 12.0 cpl and the average for 2016 was 12.7 cpl. Indicative retail margins for PULP 95, at 19.5 cpl, were 1.4 cpl higher than November. Refiner margins decreased by 0.1 cpl in December.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for December 2017. 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 136.7 cpl, was 2.8 cpl higher than November. Indicative retail

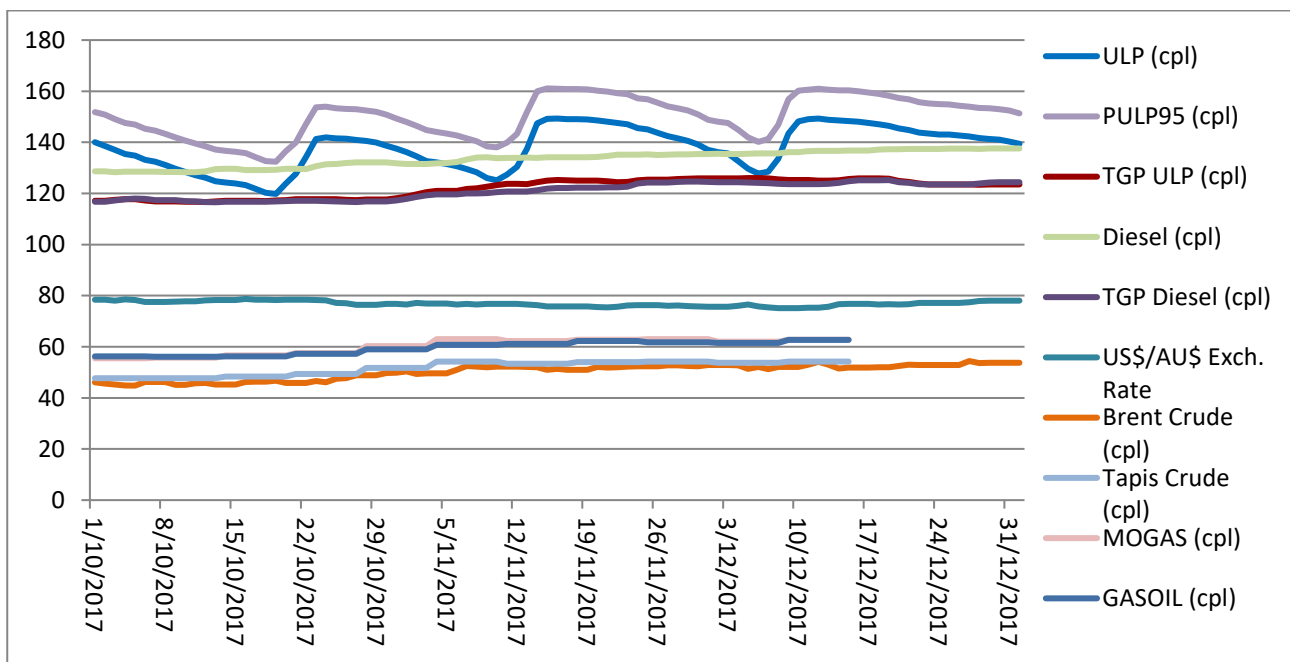
margins increased in December by 0.1 cpl, and refinery margins increased by 1.6 cpl.



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

Price trends

There were two partial price cycles observed in the Brisbane ULP market in December 2017. The first cycle started on 11 November, prices peaked on 16 November, and the cycle ended on 6 December. The second cycle started on 7 December and peaked on 12 December. At the time of writing the Brisbane ULP market was in the discounting phase of the cycle.



The graph above displays the average Brisbane retail ULP, PULP95 and diesel prices, the ULP 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 US\$ cents per A\$. Tapis, MOGAS and GASOIL prices for the second half of December were not available at the time of writing.

The average price of Brent in December was A\$1.5/bbl higher than November, at A\$83.7/bbl (US\$63.9/bbl) or 52.6 cpl. Brent started December at A\$84.0 /bbl (US\$63.6/bbl), maintaining a relatively stable price for the first three week of December, before rising sharply between Christmas and New Year. Brent ended the month A\$1.8 higher at A\$85.5/bbl (US\$66.7/bbl). On 27 December the price of Brent peaked at A\$86.5/bbl or US\$67.0/bbl, a two and half year high. The price of Brent was last this high on 7 May 2015, when it reached a local high of 67.8 US\$/bbl.

The increase in the oil price has been driven by OPEC’s 1.8 million barrel per day production cut deal, and increasing demand. However, the sharp increase followed an explosion at a Libyan oil pipeline which cut Libya’s output by 10%.

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	136.5 (1.4)	10.6 (0.2)	135.4 (2.8)	9.4 (0.2)
Brisbane	141.9 (2.4)	16.0 (1.1)	136.7 (2.8)	11.5 (0.1)
Canberra	147.7 (6.2)	21.9 (5.2)	140.5 (3.4)	15.1 (1.0)
Darwin	149.5 (5.9)	19.8 (4.8)	144.6 (5.5)	16.0 (3.1)
Hobart	144.3 (3.5)	13.8 (2.5)	142.0 (2.3)	11.7 (-0.4)
Melbourne	139.8 (4.4)	14.3 (3.2)	137.6 (4.1)	12.4 (1.6)
Perth	137.0 (1.4)	11.8 (0.3)	139.4 (5.2)	14.5 (2.7)
Sydney	136.3 (-0.3)	10.5 (-1.3)	135.0 (2.9)	9.6 (0.5)

* 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 the five large capitals, in December for ULP. ULP sold in Brisbane was more expensive than Sydney, Adelaide, Perth and Melbourne by 5.6 cpl, 5.4 cpl, 4.9 cpl and 2.1 cpl respectively. Hobart, Canberra and Darwin were 2.4 cpl, 5.8 cpl and 7.6 cpl more expensive than Brisbane respectively.

Diesel sold in Brisbane was more expensive than Sydney and Adelaide by 1.7 cpl, and 1.3 cpl, respectively. Melbourne, Perth, Canberra, Hobart and Darwin were more expensive by 0.9 cpl, 2.7 cpl, 3.8 cpl, 5.3 cpl and 7.9 cpl respectively.

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	143.7 (3.5)	17.8 (2.2)	138.4 (2.4)	13.3 (-0.3)
Brisbane South	141.2 (2.0)	15.4 (0.7)	136.1 (2.9)	10.9 (0.3)
Gold Coast	142.4 (2.1)	15.9 (0.8)	136.0 (1.2)	10.2 (-1.5)
Ipswich	140.7 (1.7)	14.5 (0.3)	134.2 (2.7)	8.7 (0.1)
Moreton Bay	141.0 (2.2)	14.8 (0.9)	137.4 (2.4)	11.9 (-0.2)
Sunshine Coast	142.4 (2.9)	15.7 (1.5)	137.3 (2.6)	11.3 (-0.1)

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

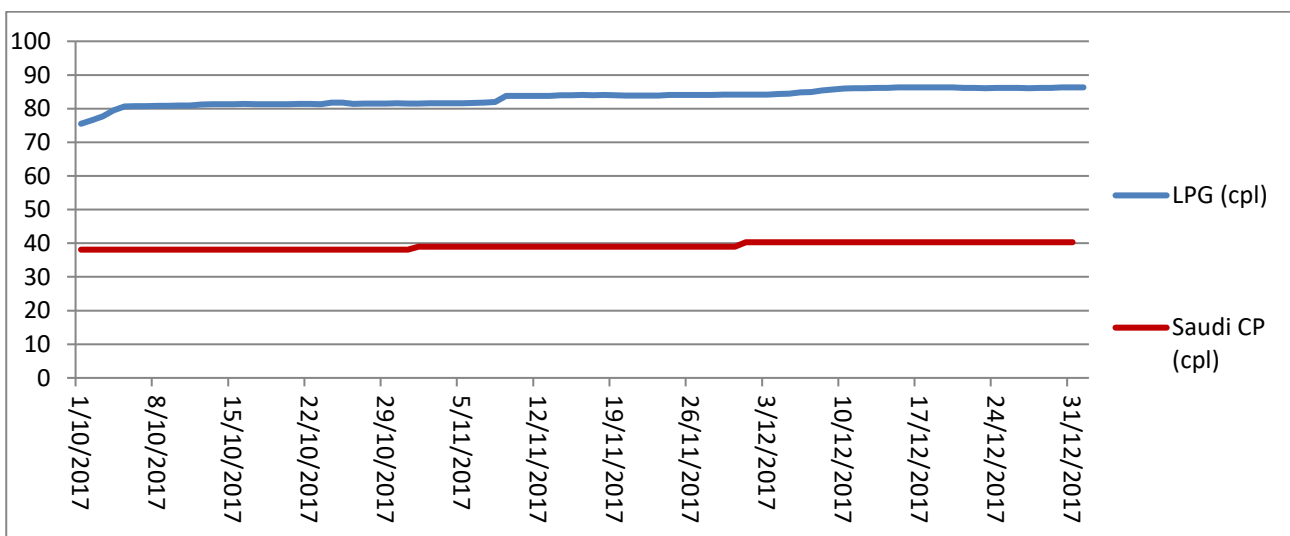
Ipswich was the cheapest centre in SEQ to buy ULP (and diesel) in December, with an average price of 140.7 cpl. It was followed by Moreton Bay, with an average price of 141.0 cpl. SEQ average ULP prices in December were two to four cents higher than in November. Brisbane North was the most expensive SEQ centre, at 3.0 cpl dearer than Ipswich.

Indicative retail margins on ULP sold in all SEQ centres, at 14.5 cpl to 17.8 cpl, were greater than all other centres in Queensland. Outside SEQ the highest retail margins were observed in Warwick (13.1 cpl).

Ipswich was also the cheapest SEQ centre to buy diesel with an average price of 134.2 cpl, followed by the Gold Coast and Brisbane South, that were 1.8 cpl and 1.9 cpl dearer than Ipswich respectively. Brisbane North was the most expensive, at 4.2 cpl dearer than Ipswich.

Liquid Petroleum Gas (LPG)

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



The average retail price of LPG in Brisbane in December was 85.8 cpl, 2.4 cpl higher than November. The average difference between the Brisbane retail LPG price (excluding excise and GST) and the Saudi CP in December was 24.5 cpl, 0.9 cpl higher than November, and 6.8 cpl higher than February.

Fuel prices across Queensland

The average price of ULP across regional Queensland in December was 140.0 cpl, 2.1 cpl higher than the November average. The average diesel price was 136.3 cpl, 2.8 cpl higher than November.

Twenty eight of the 33 regional centres monitored by RACQ were cheaper than Brisbane for ULP, two centres were the same price and two centres were more expensive than Brisbane. Miles was the cheapest centre in Queensland to buy ULP (and diesel) in December, at 9.0 cpl less than Brisbane. Maryborough, Moranbah, Charters Towers, Goondiwindi, Bundaberg, Whitsunday, Childers, Ingham, Mareeba, Toowoomba, Gladstone, Cairns, Dalby, Innisfail, Gympie, Atherton, Blackwater, Roma, Tully, Hervey Bay, Warwick, Emerald, Kingaroy, Mackay, Rockhampton, Townsville and Bowen were also cheaper than Brisbane. Biloela and Yeppoon were the same price as Brisbane, and Longreach and Mount Isa were more expensive. The most expensive regional centre listed was Mount Isa with an average price of 148.2 cpl in December 6.3 cpl more expensive than Brisbane. However, the list of regional centres is not exhaustive and prices in other centres are likely to exceed these prices¹.

Indicative retail margins on ULP sold in Brisbane, at 16.0cpl, were greater than all other monitored centres in Queensland. Retail margins on the Gold and Sunshine Coast were the next highest at 15.9 cpl and 15.7 cpl respectively. Retail margins in all regional centres were lower than Brisbane, the Gold and Sunshine Coasts.

Seventeen of the 33 regional centres monitored by RACQ were cheaper than Brisbane for diesel. Miles had the cheapest diesel in Queensland (at 130.5 cpl, 6.2 cpl cheaper than Brisbane). Maryborough, Moranbah, Mareeba, Goondiwindi, Gladstone, Kingaroy, Hervey Bay, Warwick, Tully, Cunnamulla, Toowoomba, Childers, Bundaberg, Innisfail, Gympie and Dalby were also cheaper than the Brisbane. Whitsunday was the most expensive regional centre for diesel, at 143.9 cpl¹, 7.2 cpl higher than Brisbane.

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	141.9 (2.4)	16.0 (1.1)	136.7 (2.8)	11.5 (0.1)
Gold Coast	142.4 (2.1)	15.9 (0.8)	136.0 (1.2)	10.2 (-1.5)
Sunshine Coast	142.4 (2.9)	15.7 (1.5)	137.3 (2.6)	11.3 (-0.1)
Atherton	140.0 (0.1)	10.5 (-1.1)	139.5 (6.0)	11.0 (3.4)
Biloela	141.9 (2.1)	12.1 (1.0)	139.9 (1.3)	10.7 (-1.3)
Blackwater	140.0 (0.3)	8.4 (-0.9)	138.5 (5.0)	7.6 (2.4)
Bowen	141.8 (5.4)	11.0 (4.3)	138.9 (5.7)	9.9 (3.2)
Bundaberg	137.1 (4.1)	7.8 (2.8)	136.0 (4.2)	7.5 (1.5)
Cairns	139.6 (0.2)	10.9 (-1.0)	137.4 (1.9)	9.6 (-0.7)
Charters Towers	136.4 (0.1)	6.3 (-1.0)	139.0 (6.8)	10.6 (4.3)
Childers	137.6 (3.4)	8.8 (2.1)	135.9 (4.2)	7.8 (1.6)
Cunnamulla	nd	nd	135.6 (0.3)	2.3 (-2.4)
Dalby	140.4 (1.1)	12.6 (-0.2)	136.6 (4.8)	9.5 (2.1)
Emerald	139.8 (1.8)	7.5 (0.7)	137.4 (1.4)	5.7 (-1.2)
Gladstone	140.7 (1.6)	12.0 (0.4)	134.6 (1.1)	6.6 (-1.5)
Goondiwindi	139.5 (2.1)	10.3 (0.8)	134.5 (3.7)	6.0 (1.0)
Gympie	136.4 (3.6)	9.1 (2.3)	136.2 (2.4)	9.6 (-0.2)
Hervey Bay	139.9 (1.9)	11.3 (0.5)	135.2 (3.5)	7.3 (0.8)
Ingham	140.4 (1.7)	10.5 (0.6)	136.8 (6.7)	8.5 (4.1)

¹ 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.

Innisfail	137.6 (0.1)	8.0 (-1.1)	136.0 (2.1)	7.3 (-0.6)
Kingaroy	140.8 (1.4)	13.0 (0.1)	134.6 (3.7)	7.6 (1.0)
Longreach	146.6 (0.6)	10.1 (-0.5)	139.5 (1.5)	3.7 (-1.0)
Mackay	141.1 (2.1)	11.8 (1.0)	137.3 (1.8)	9.6 (-0.7)
Mareeba	138.5 (3.0)	9.2 (1.7)	134.1 (2.7)	5.7 (0.1)
Maryborough	135.7 (4.9)	7.5 (3.6)	132.8 (2.8)	5.3 (0.1)
Miles	132.9 (5.4)	3.8 (4.1)	130.5 (1.7)	2.1 (-1.0)
Moranbah	135.8 (0.3)	4.7 (-0.8)	133.9 (0.2)	4.3 (-2.3)
Mount Isa	148.2 (3.2)	10.4 (2.1)	138.5 (6.1)	2.4 (3.6)
Rockhampton	141.1 (1.8)	11.4 (0.6)	137.5 (2.6)	8.4 (0.0)
Roma	140.0 (0.1)	9.5 (-1.3)	143.2 (4.4)	13.4 (1.7)
Toowoomba	139.0 (1.3)	12.1 (-0.1)	135.6 (1.5)	9.4 (-1.2)
Townsville	141.5 (2.0)	12.7 (0.9)	137.4 (4.8)	10.3 (2.3)
Tully	140.2 (4.8)	10.1 (3.6)	135.5 (3.1)	6.3 (0.5)
Warwick	140.4 (0.5)	13.1 (-0.9)	135.4 (4.1)	8.8 (1.5)
Whitsunday	137.1 (2.8)	6.6 (1.7)	143.9 (2.4)	15.0 (-0.1)
Yeppoon	141.9 (1.3)	11.7 (0.2)	137.3 (1.9)	7.8 (-0.6)

* 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.

Outlook

Demand for oil is expected to continue to strengthen throughout 2018. The oil price will continue to be governed by the conflicting pressures of OPEC limiting production and other producers attempting to increase production (most notably US shale oil producers).

The combination of increasing demand and limited production is likely to continue to place upward pressure on prices. Looking forward there may be further local spikes in the oil price as the market responds to new information, however the underlying trend is likely to be a slow and steady increase. In the next few months prices are likely to sit between US\$65 and US\$70 per barrel.

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

Data sources

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