

Monthly Fuel Price Report - December 2019



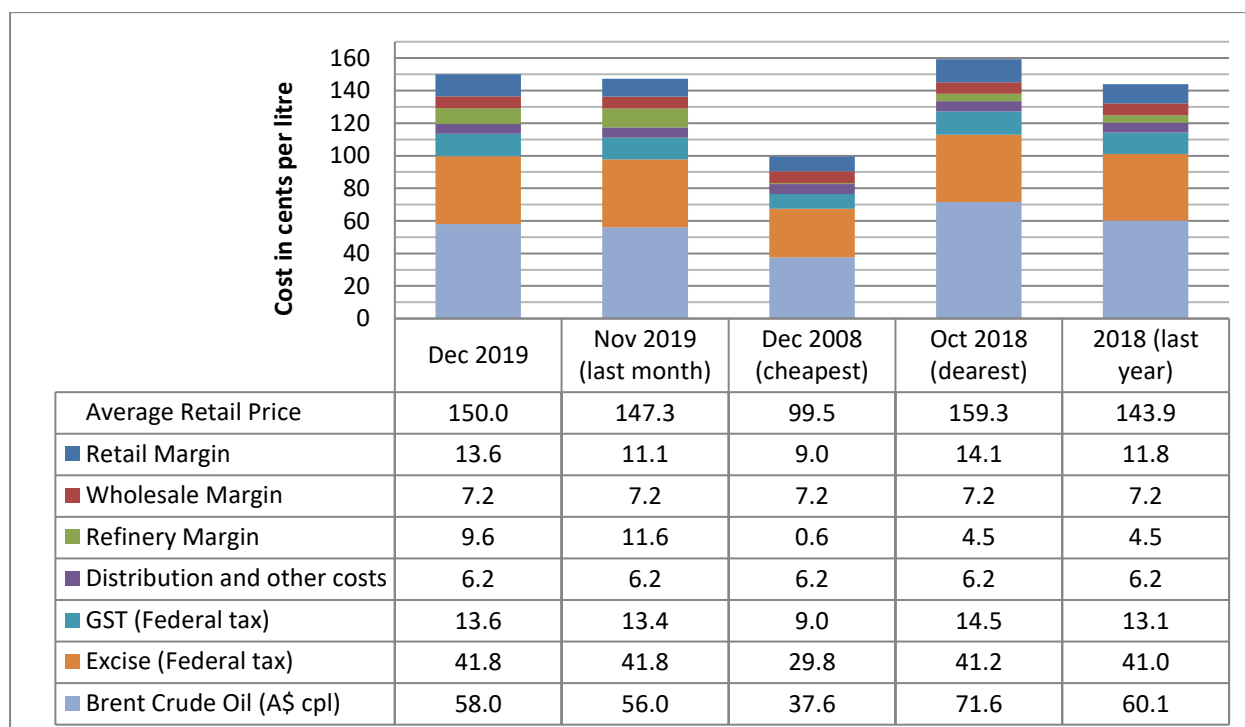
16 January 2020

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

Key points

- At 150.0 cpl, the average ULP price in Brisbane in December was 2.7 cpl higher than November.
- The increase was largely due to an increase in the oil price, rather than a substantial increase in fuel company margins.
- Indicative retail margins in Brisbane, at 13.6 cpl, were 2.5 cpl higher than November. Indicative ULP refinery margins, at 9.6 cpl, were 2.0 cpl lower than November.
- Brisbane was the second most expensive large capital city in December for ULP, and the third most expensive of all capitals. Only Adelaide and Hobart were dearer than Brisbane.
- At 148.7 cpl, the average Brisbane diesel price in December was the same as November.
- Brisbane was the third cheapest of the large capital city for diesel. Of the large capitals, only Adelaide and Sydney were more expensive, with an average diesel price 0.3 cpl higher than Brisbane. With an average price of December of 148.8 cpl and 149.1 cpl, respectively.
- The average ULP price in regional Queensland in December was 144.7 cpl, 0.9 cpl lower than November. The average diesel price in regional Queensland was down 0.1 cpl, at 149.0 cpl.
- Miles regained its usual place as the cheapest Queensland regional centre to buy ULP in December, with an average price of 137.0 cpl.
- Miles was also the cheapest Queensland regional centre to buy diesel in December, with an average price of 140.0 cpl.

ULP cost breakdown in Brisbane



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

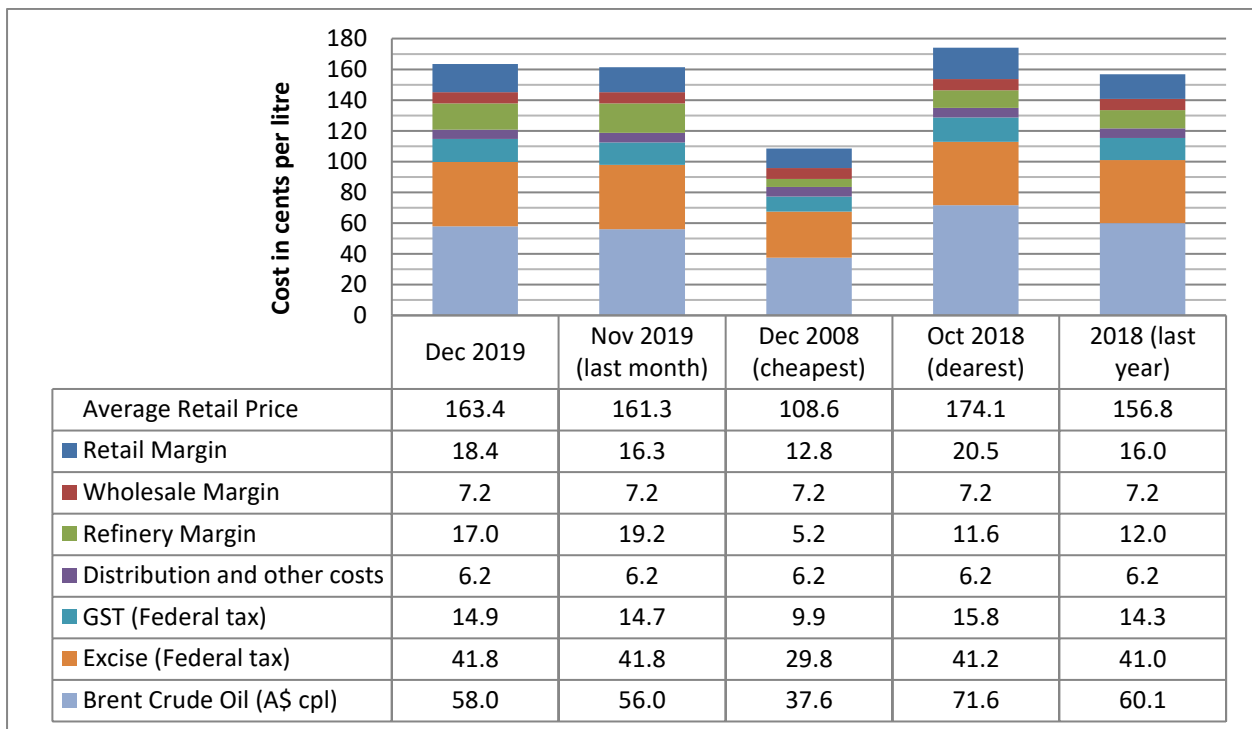
The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for December 2019. For comparison, the cost breakdown for last month, last year, October 2018 - the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

At 150.0 cpl the average price of ULP in Brisbane in December was 2.7 cpl higher than the November average. Indicative retail margins, at 13.6 cpl, were 2.5 cpl higher than November. Indicative ULP refinery margins, at 9.6 cpl, were 2.0 cpl lower than November. Total margins (retail, wholesale and refinery) at 30.4 cpl, were 0.5 cpl higher than November, when they were 29.9 cpl.

The increase in the December average ULP price was largely due to an increase in the price of oil, rather than a substantial increase in fuel company margins.

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 December. 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.



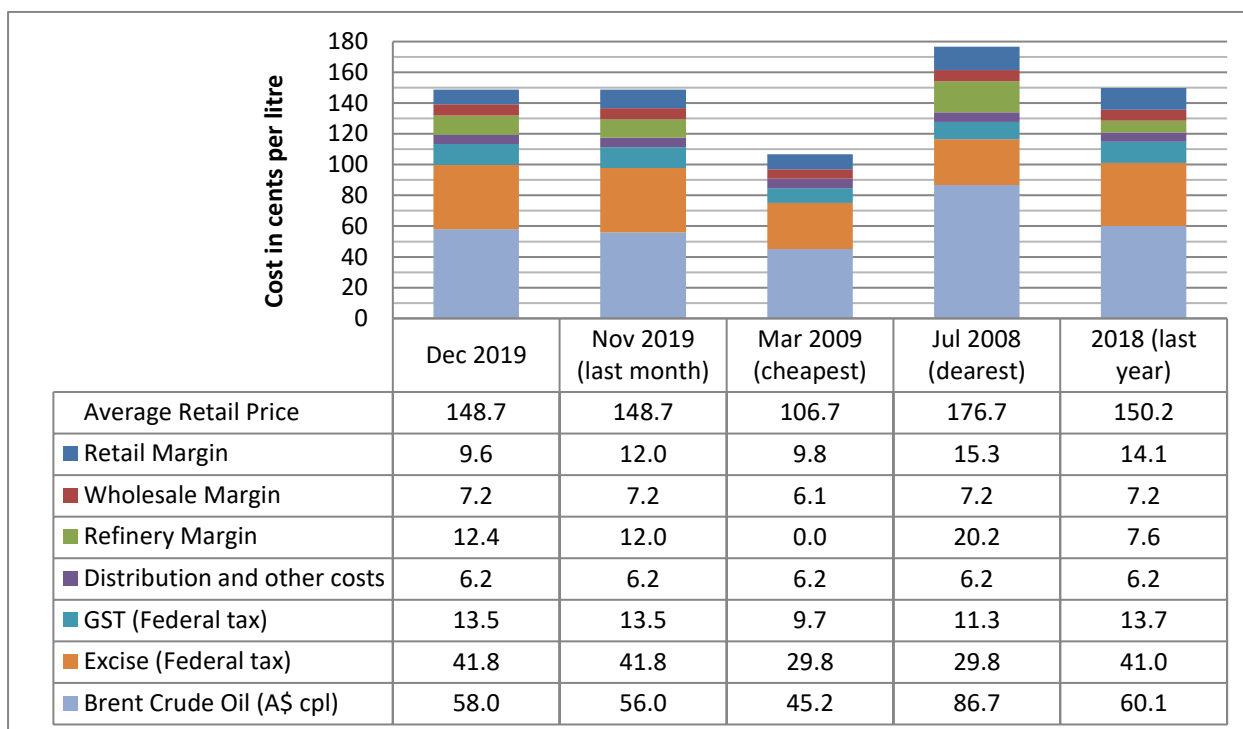
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The average PULP 95 price in Brisbane in December was 163.4 cpl, 2.1 cpl lower than November. The price difference between ULP and PULP 95 was 13.4 cpl, 0.6 cpl lower than November (when it was 14.0 cpl). Indicative retail margins for PULP 95, at 18.4 cpl, were 2.1 cpl higher than November. Refinery margins at 17.0 cpl, were 2.2 cpl lower than November. Total margins, at 42.5 cpl were 0.2 cpl lower than November when they were 42.7 cpl.

Diesel cost breakdown in Brisbane

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

comparison, the cost breakdown for last month, last year, March 2009 – the cheapest month and August 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 December, at 148.7 cpl, the same as November. Indicative retail margins, at 9.6 cpl, were down by 2.4 cpl, but refinery margins were up by 0.4 cpl at 12.4 cpl. Total margins (retail, wholesale and refinery) in December at 29.2 cpl, were 2.0 cpl lower than the those in November (31.2 cpl).

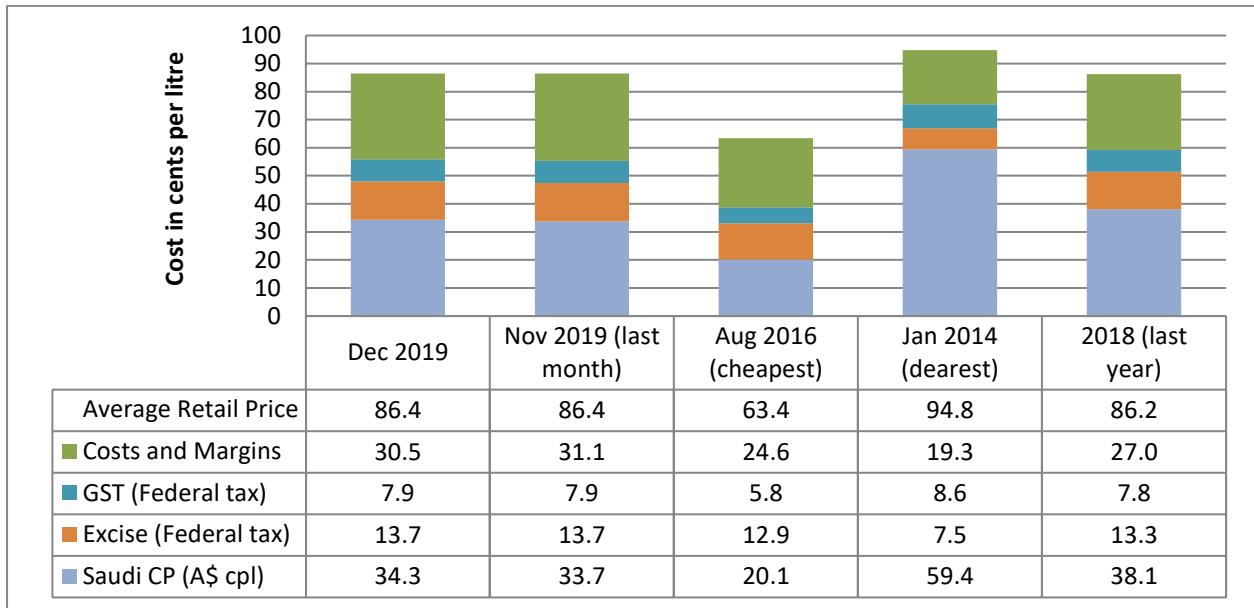
Liquid Petroleum Gas (LPG)

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 December was 86.4 cpl, the same as November. Fuel company margins and costs in December, at 30.5 cpl, were 0.6 cpl lower than November.

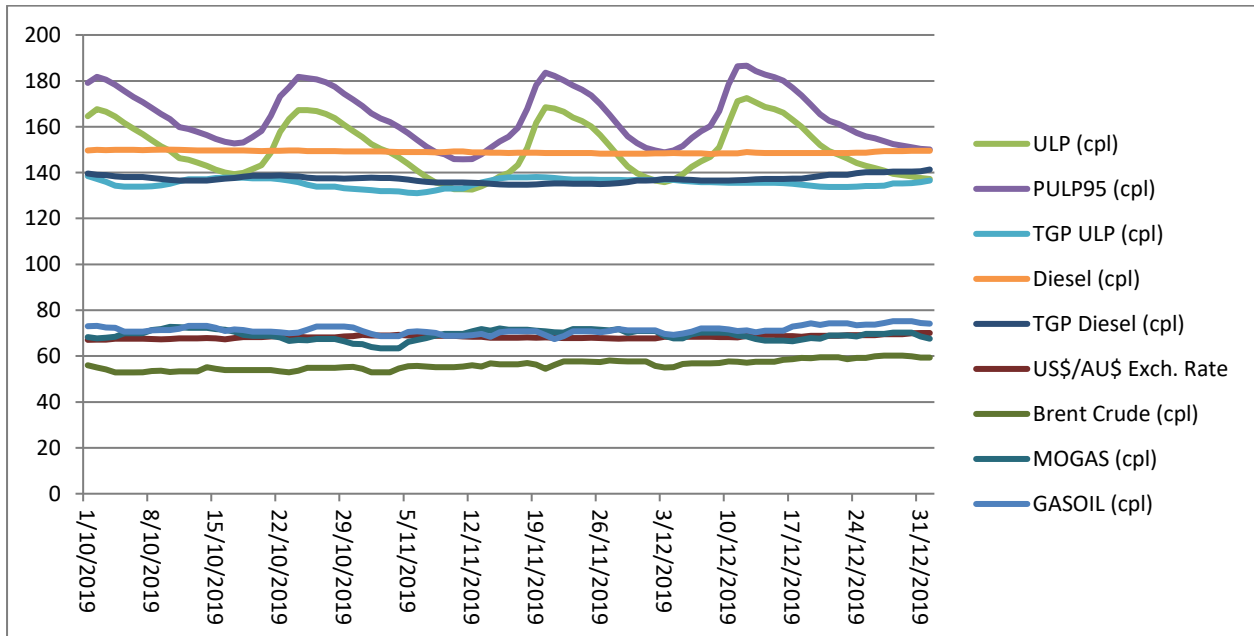
The recently published Saudi CP for December, at 43.9 cpl, was 9.6 cpl higher than December. This increase has led to an increase in the average ULP price in Brisbane. At the time of publishing the average price of LPG in Brisbane was 91.9 cpl, 5.5 cpl higher than December.

The chart below shows the cost breakdown for a litre of LPG sold in Brisbane for December. 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.



Price trends

Two partial price cycles and one high point were observed in the Brisbane ULP market in December. The first cycle started on 13 November and prices peaked on 20 November. Average ULP prices then fell steadily until they reached a low point on 3 December, at which point prices started to rise again before peaking 12 December. Prices then slowly quickly for the rest of December and early January, as discounting stagnated over the Christmas and New Year period, reaching a low point on 5 January 2020.



The average price of Brent in December at 92.2 A\$/bbl (63.5 US\$/bbl) or 58.0 cpl, was 3.1 A\$/bbl higher than November. Brent started December at 88.6 A\$/bbl (60.0 US\$/bbl). It slowly increased throughout December and ended the month at 94.4 A\$/bbl (66.2 US\$/bbl).

Price Records

A new record high daily average RULP price of 172.5 cpl was observed in Brisbane on 12 December

2019. This exceeded the previous record of 169.0 cpl, observed on 12 October 2018. Despite the new record high daily average price, the monthly average price, at 150.0 cpl, for December 2019 fell short of the all-time record high of 159.3 cpl (observed in October 2018).

New record high daily average RULP prices were also observed in Ipswich, Sunshine Coast and Gold Coast, where the average RULP price spiked at 168.5 cpl, 173.5 cpl and 173.0 cpl respectively. These prices were observed between 12 December and 14 December 2019.

The monthly average ULP price in SEQ centres, diesel prices across Queensland and regional ULP prices remained substantially lower than the all-time record highs.

Record High Average RULP Prices

City	Record High Daily Average Price	Observed	Record High Monthly Average Price	Observed
Brisbane	172.5	12/12/2019	159.3	Oct-18
Ipswich	168.5	12/12/2019	157.3	Oct-18
Gold Coast	173.0	12-13/12/2019	158.5	Oct-18
Sunshine Coast	173.5	14/12/2019	158.7	Oct-18

Comparison to other capital cities

Brisbane was the second most expensive large capital city in December, and the third most expensive of all capitals to buy ULP. The average ULP prices in Darwin, Perth, Canberra, Sydney and Melbourne were cheaper than Brisbane by 8.0 cpl, 5.7 cpl, 2.7 cpl, 1.2 cpl and 0.9 cpl, respectively. Adelaide and Hobart were more expensive than Brisbane by 2.2 cpl and 5.8 cpl, respectively.

For diesel, Brisbane was the third cheapest large capital city in December, and the fourth cheapest of all capitals. The average diesel prices in Darwin, Melbourne and Perth were cheaper than Brisbane by 4.5 cpl, 0.5 cpl and 0.2 cpl respectively. Adelaide, Sydney, Canberra and Hobart were more expensive than Brisbane.

The table below presents the average December prices and retail margins on ULP and diesel for Australian 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)
Brisbane	150.0 (2.6)	13.6 (2.5)	148.7 (0.0)	9.6 (-2.4)
Adelaide	152.2 (3.0)	16.3 (3.0)	148.8 (0.5)	9.8 (-1.8)
Canberra	147.3 (0.1)	11.8 (-0.1)	154.6 (0.3)	15.6 (-2.2)
Darwin	142.0 (-1.3)	1.9 (-1.1)	144.2 (-0.4)	1.8 (-2.5)
Hobart	155.8 (0.1)	14.2 (0.0)	161.9 (0.5)	16.9 (-2.4)
Melbourne	149.1 (0.1)	13.6 (0.0)	148.2 (-0.3)	9.5 (-2.7)
Perth	144.3 (0.3)	9.2 (0.3)	148.5 (0.0)	10.2 (-2.3)
Sydney	148.8 (2.2)	13.4 (2.0)	149.1 (0.0)	10.1 (-2.5)

* 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.

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. 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	150.9 (0.8)	14.6 (0.7)	150.1 (0.1)	11.0 (-2.2)
Brisbane North	151.7 (4.0)	15.4 (4.0)	148.1 (-0.3)	9.0 (-2.6)
Brisbane South	150.1 (3.4)	13.7 (3.4)	148.6 (0.2)	9.5 (-2.2)
Brisbane Bayside/Redlands	153.0 (5.8)	16.7 (5.7)	148.9 (-0.3)	9.8 (-2.6)
Logan	151.1 (1.8)	14.8 (1.8)	148.7 (-0.1)	9.6 (-2.5)
Ipswich	146.7 (2.0)	10.1 (1.9)	148.0 (-0.1)	8.6 (-2.5)
Moreton Bay	148.7 (1.3)	12.0 (1.3)	148.1 (-0.1)	8.7 (-2.4)
Gold Coast	148.0 (2.2)	11.0 (2.1)	148.6 (0.2)	8.9 (-2.1)
Sunshine Coast	153.8 (2.3)	16.7 (2.2)	148.7 (-0.2)	8.8 (-2.5)

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

The cheapest centre in SEQ to buy ULP was Ipswich, with an average price of 146.7 cpl, followed by the Gold Coast at 148.0 cpl. The Sunshine Coast was the most expensive area in SEQ at 153.8 cpl, 7.1 cpl dearer than Ipswich.

Ipswich was also the cheapest SEQ centres to buy diesel with an average price of 148.0 cpl, closely followed by Brisbane North and Moreton bay, both at 148.1 cpl. Central Brisbane was the most expensive at 150.1 cpl, 2.1 cpl dearer than Ipswich. The price difference between the cheapest and dearest diesel price at 2.1 cpl was substantially lower than ULP, for which the difference was 7.1 cpl.

The ULP price SEQ centres were up to 6 cpl higher than November. Diesel prices in SEQ in December were similar to November, all prices were within 0.3 cpl of the November averages.

Fuel prices across Queensland

The average price of ULP across regional Queensland in December was 144.7 cpl, 0.9 cpl lower than November when the average price was 145.6 cpl. The average diesel price was 149.0 cpl, 0.1 cpl lower than November when the average price was 149.1 cpl.

Miles regained its usual place as the cheapest Queensland regional centre to buy ULP in December. At 137.0 cpl, Miles was 13.0 cpl cheaper than Brisbane. Bundaberg and Hervey Bay were the second and third cheapest at 138.2 cpl and 138.3 cpl, respectively, 11.8 cpl and 11.7 cpl cheaper than Brisbane. Toowoomba, Whitsunday, Gympie, Goondiwindi, Roma, Maryborough, Dalby, Warwick, Moranbah, Gladstone, Somerset, Kingaroy, Rockhampton, Townsville, Yeppoon, Cairns, Bowen, Lockyer Valley, Tully, Innisfail, Mackay, Atherton, Childers, Ingham, Biloela, Charters Towers, Beaudesert, Emerald and Mareeba were also cheaper than Brisbane. At 159.9 cpl, the most expensive regional centre for ULP was Blackwater¹, 9.9 cpl more expensive 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.

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 the table. Other centres may be more or less expensive.

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	150.0 (2.6)	13.6 (2.5)	148.7 (0.0)	9.6 (-2.4)
Atherton	147.7 (-0.9)	7.0 (-0.8)	149.7 (0.0)	6.9 (-2.4)
Beaudesert	149.9 (0.0)	12.7 (0.0)	155.1 (0.6)	15.2 (-1.7)
Biloela	149.7 (0.0)	10.1 (0.0)	152.9 (0.0)	11.1 (-2.3)
Blackwater	159.9 (0.0)	18.6 (0.0)	152.9 (0.5)	9.3 (-1.8)
Bowen	146.7 (0.0)	4.7 (0.0)	147.1 (-1.9)	4.0 (-4.3)
Bundaberg	138.2 (-0.2)	-1.5 (-0.2)	146.4 (0.9)	3.9 (-1.4)
Cairns	146.5 (-0.6)	6.5 (-0.5)	149.1 (-0.7)	7.0 (-3.1)
Charters Towers	149.8 (0.0)	8.5 (0.0)	151.8 (1.0)	9.4 (-1.4)
Childers	147.9 (0.0)	8.7 (-0.1)	147.4 (-2.0)	5.4 (-4.3)
Dalby	143.3 (-0.5)	5.0 (-0.5)	148.3 (0.1)	7.2 (-2.3)
Emerald	149.9 (0.0)	7.8 (0.0)	149.7 (-0.2)	5.4 (-2.5)
Gladstone	144.2 (3.8)	5.8 (3.9)	146.3 (0.9)	5.7 (-1.5)
Goondiwindi	140.1 (3.1)	0.5 (3.0)	148.2 (-0.2)	5.8 (-2.5)
Gympie	139.9 (0.0)	2.1 (-0.1)	147.3 (-0.8)	6.7 (-3.1)
Hervey Bay	138.3 (-2.1)	-0.7 (-2.2)	148.1 (0.4)	6.3 (-2.0)
Ingham	148.7 (-1.2)	7.5 (-1.2)	150.9 (-0.9)	8.6 (-3.3)
Innisfail	147.2 (-0.9)	6.4 (-0.9)	150.2 (-0.2)	7.2 (-2.6)
Kingaroy	144.9 (0.0)	6.7 (-0.1)	147.2 (0.3)	6.2 (-2.1)
Lockyer Valley	146.7 (0.8)	9.5 (0.7)	150.1 (0.6)	10.0 (-1.7)
Longreach	158.8 (-1.1)	12.5 (-1.1)	161.8 (1.6)	13.4 (-0.7)
Mackay	147.4 (-1.1)	8.0 (-1.1)	150.4 (0.0)	9.5 (-2.2)
Mareeba	149.9 (0.0)	9.3 (0.0)	152.8 (0.0)	10.0 (-2.4)
Maryborough	142.1 (-1.3)	3.4 (-1.3)	146.5 (0.7)	5.1 (-1.6)
Miles	137.0 (-1.4)	-2.5 (-1.5)	140.0 (-0.5)	-2.4 (-2.9)
Moranbah	144.0 (-0.5)	2.7 (-0.5)	147.4 (-0.5)	4.6 (-2.7)
Mount Isa	155.7 (-0.5)	6.7 (-0.5)	148.6 (-2.0)	-1.5 (-4.4)
Nambour	153.8 (-3.6)	16.7 (-3.7)	148.8 (-0.2)	8.8 (-2.6)
Noosa	154.6 (0.9)	17.4 (0.8)	145.7 (0.6)	5.7 (-1.7)
Rockhampton	145.6 (-1.6)	6.1 (-1.6)	148.4 (-0.1)	6.7 (-2.4)
Roma	140.9 (-4.8)	0.0 (-4.9)	147.9 (-1.3)	4.2 (-3.6)
Somerset	144.4 (-3.8)	7.1 (-3.9)	146.2 (-1.1)	6.1 (-3.4)
Toowoomba	138.5 (-3.1)	1.1 (-3.2)	148.7 (-0.3)	8.5 (-2.6)
Townsville	145.7 (-1.4)	5.7 (-1.4)	150.8 (0.3)	9.7 (-2.1)
Tully	146.9 (-1.3)	5.5 (-1.2)	149.9 (0.2)	6.4 (-2.2)
Warwick	143.7 (0.0)	6.0 (-0.1)	147.9 (0.1)	7.3 (-2.2)
Whitsunday	139.8 (-0.2)	-0.9 (-0.2)	140.7 (1.0)	-1.5 (-1.3)
Yeppoon	145.8 (0.0)	5.9 (0.0)	149.8 (0.0)	7.7 (-2.3)

* 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.

Like with ULP, Miles had the cheapest diesel in Queensland at 140.0 cpl, 8.7 cpl cheaper than Brisbane. Whitsunday, Noosa, Somerset, Gladstone, Bundaberg, Maryborough, Bowen, Kingaroy, Gympie, Childers, Moranbah, Roma, Warwick, Hervey Bay, Goondiwindi, Dalby, Rockhampton and Mount Isa were also cheaper than Brisbane. At 148.7 cpl, the average price of ULP in Toowoomba was the same as

Brisbane. Longreach¹ was the most expensive regional centre for diesel at 161.8 cpl, 13.1 cpl higher than Brisbane.

In 34 out of the 37 regional centres monitored by RACQ, ULP indicative retail margins were lower than those charged in Brisbane. The lowest indicative retail margin was observed in Miles (negative 2.5 cpl), 15.1 cpl lower than Brisbane, and the highest margins were observed in Blackwater (18.6 cpl), 5.0 cpl higher than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 31 out of 37 regional centres. The lowest diesel indicative retail margin was observed in Miles (negative 2.4 cpl), 12.0 cpl lower than Brisbane. Beaudesert had the highest indicative retail margin (15.2 cpl), 5.6 cpl greater than Brisbane.

Outlook

Oil prices steadily increased throughout December, as a result of the extension in depth and duration of the OPEC/OPEC+ production cut. Meeting on 6 December 2019 the oil producer cartel and their allies agreed to deepen the production cut from 1.2 to 1.8 million barrels per day, and to extend the cut into 2020.

There was a brief spike in oil prices in early January 2020, following the US killing of the high-ranking Iranian General Soleimani, and the Iranian retaliatory missile strike on US assets in Iraq. While the Brent oil price briefly spiked at 70 US\$/bbl, within a week of the attacks oil prices had reverted to their pre-attack levels.

Looking forward to 2020, the price of oil will depend on the competing factors of increases in US production, the efficacy of the further OPEC+ production cuts and tension in the Middle East. Predictions suggest the average price of Brent for 2020 will be about 65 US\$/bbl, similar to the 2019 average of 63.5 US\$/bbl. This should lead to retail fuel prices in 2020 being similar to those observed in 2019.

The next monthly fuel price report will be released in early February 2020.

Data sources

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