Monthly Fuel Price Report – December 2020

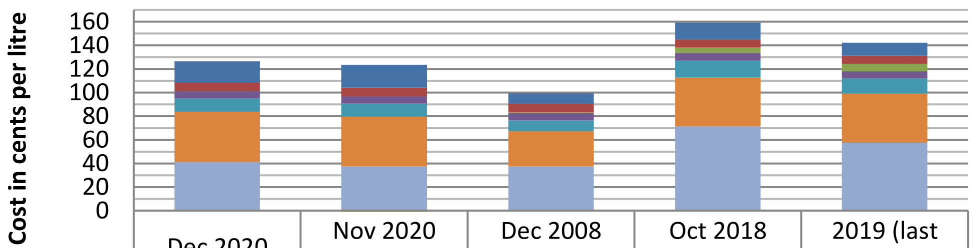
19 January 2021

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for December 2020.

Key points

- At 126.5 cpl, the average ULP price in Brisbane in December was 4.0 cpl higher than November.
- At 18.0 cpl, indicative ULP retail margins in Brisbane in December were down by 1.3 cpl compared to November.
- Brisbane was the second most expensive Australian capital city in which to buy ULP in December.
- At 117.7 cpl, the average Brisbane diesel price in December was 0.8 cpl dearer than November.
- Brisbane was the third cheapest capital city for diesel (as it was in October and November). Adelaide and Darwin were cheaper than Brisbane by 1.5 cpl and 1.3 cpl, respectively.
- ULP prices in regional Queensland in December were cheap compared to SEQ. Indicative retail margins on ULP were lower than in Brisbane in 33 out of 37 regional centres, and 32 for diesel.
- The average ULP price in regional Queensland was 117.9 cpl, 2.0 cpl higher than November. The average diesel price in regional Queensland was up 0.5 cpl, at 117.9 cpl.
- Gladstone was the cheapest Queensland regional centre to buy ULP in December (as it was in October and November), with an average price of 107.3 cpl, 19.2 cpl cheaper than Brisbane.
- Whitsunday/Proserpine was the cheapest Queensland regional centre to buy diesel (as it was for the last four months), with an average price of 109.2 cpl, 8.5 cpl cheaper than Brisbane.
- Mount Isa was the most expensive regional centre to buy ULP in December, with an average price of 143.1 cpl. Longreach had the most expensive diesel at 125.4 cpl.
- Oil prices increased in December, following the rollout of COVID-19 vaccines.

ULP cost breakdown in Brisbane



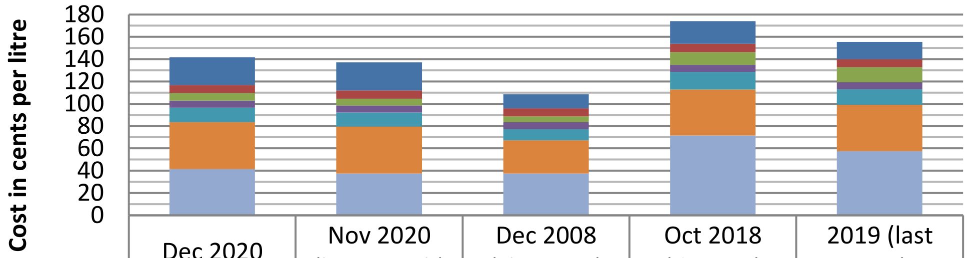
	Dec 2020	Nov 2020 (last month)	Dec 2008 (cheapest)	Oct 2018 (dearest)	2019 (last year)
Average Retail Price	126.5	122.5	99.5	159.3	142.1
Retail Margin	18.0	19.3	9.0	14.1	10.7
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	-0.1	-1.0	0.6	4.5	6.0
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	11.5	11.1	9.0	14.5	12.9
Excise (Federal tax)	42.3	42.3	29.8	41.2	41.6
Brent Crude Oil (A$ cpl)	41.4	37.4	37.6	71.6	57.5

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 2020. 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 126.5 cpl, the average price of ULP in Brisbane in December was 4.0 cpl dearer than November. The monthly average indicative retail margin for December was down by 1.3 cpl, at 18.0 cpl. At negative 0.1 cpl, the average indicative refinery margin was up by 0.9 cpl. Total margins (retail, wholesale and refinery) at 25.1 cpl, were 0.4 cpl lower than November, and 1.2 cpl higher than the 2019 annual average of 23.9 cpl.

PULP 95 cost breakdown in Brisbane



	Dec 2020	Nov 2020 (last month)	Dec 2008 (cheapest)	Oct 2018 (dearest)	2019 (last year)
Average Retail Price	141.7	137.1	108.6	174.1	155.5
Retail Margin	24.9	25.3	12.8	20.5	15.4
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	6.9	6.3	5.2	11.6	13.5
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	12.9	12.5	9.9	15.8	14.1
Excise (Federal tax)	42.3	42.3	29.8	41.2	41.6
Brent Crude Oil (A$ cpl)	41.4	37.4	37.6	71.6	57.5

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

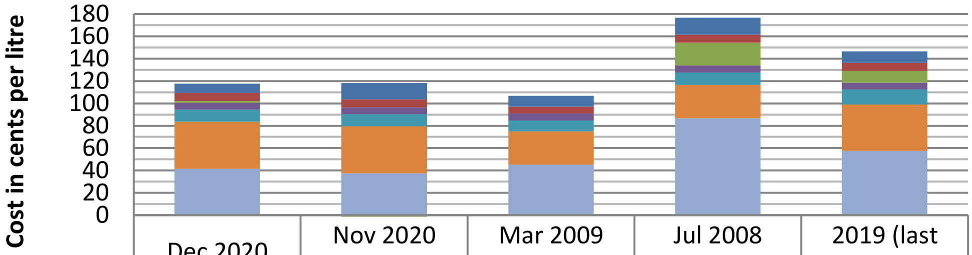
The chart above shows the cost breakdown for a litre of PULP 95 sold in Brisbane in December 2020. For comparison, the cost breakdown for last month, last year, October 2018 – the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

The average PULP 95 price in Brisbane in December was 141.7 cpl, 4.6 cpl higher than November. The price difference between ULP and PULP 95 was 15.2 cpl, 0.6 higher than November when the difference was 14.6 cpl. Indicative retail margins for PULP 95, at 24.9 cpl, were 0.4 cpl lower than November, and 9.5 cpl higher than the average for 2019. Refinery margins at 6.9 cpl, were 0.6 cpl higher than November. Total margins, at 39.0 cpl, were marginally higher (0.2 cpl) than November, when they were 38.8 cpl.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for December 2020. 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 117.7 cpl, was 0.8 cpl higher than November. Indicative retail margins at 8.4 cpl were down 6.2 cpl and refinery margins were up by 2.9 cpl, at 1.5 cpl. Total margins (retail, wholesale and refinery) in December were 17.1 cpl, 3.3 cpl lower than November when they were 20.4 cpl.



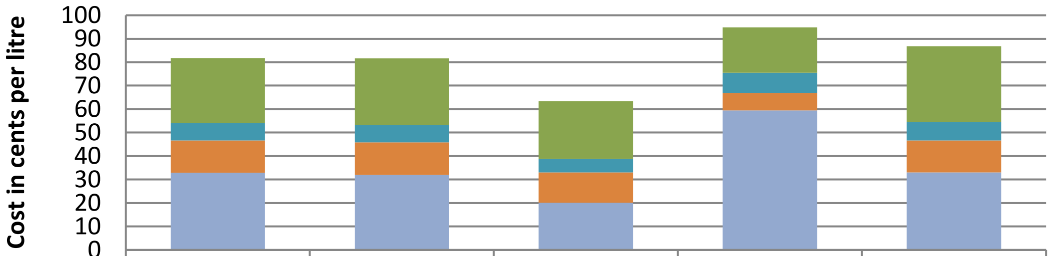
	Dec 2020	Nov 2020 (last month)	Mar 2009 (cheapest)	Jul 2008 (dearest)	2019 (last year)
Average Retail Price	117.7	116.9	106.7	176.7	146.5
Retail Margin	8.4	14.6	9.8	15.3	10.1
Wholesale Margin	7.2	7.2	6.1	7.2	7.2
Refinery Margin	1.5	-1.4	0.0	20.2	10.6
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	10.7	10.6	9.7	11.3	13.3
Excise (Federal tax)	42.3	42.3	29.8	29.8	41.6
Brent Crude Oil (A$ cpl)	41.4	37.4	45.2	86.7	57.5

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

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 December 2020. 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.



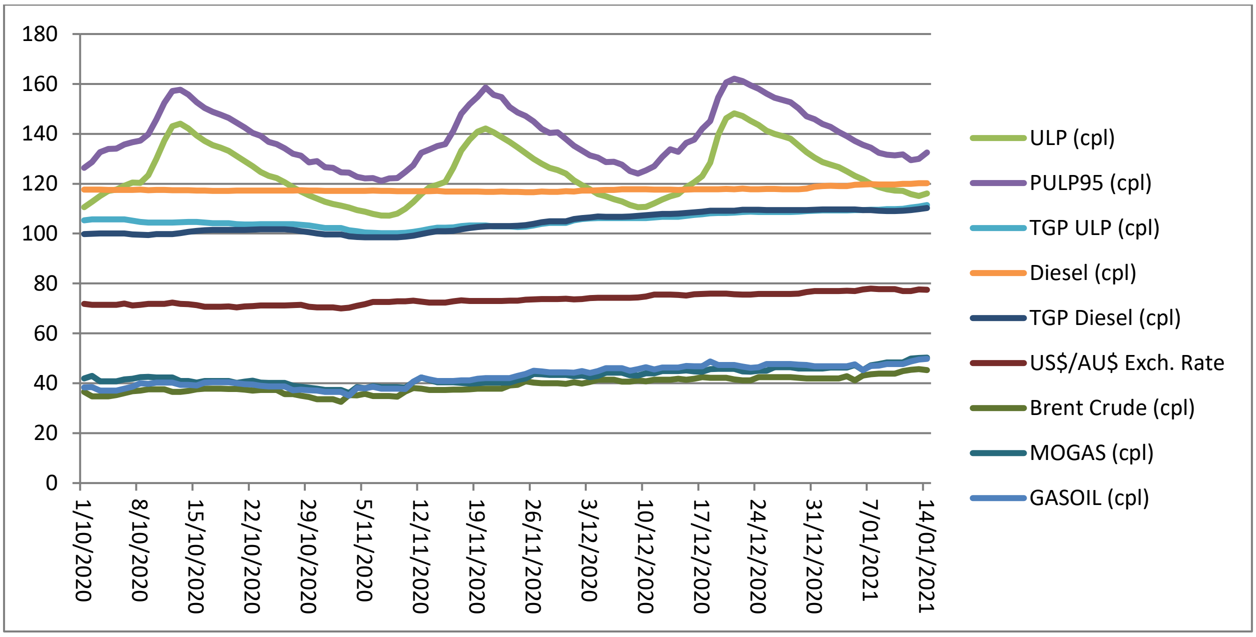
	Dec 2020	Nov 2020 (last month)	Aug 2016 (cheapest)	Jan 2014 (dearest)	2019 (last year)
Average Retail Price	81.8	81.6	63.4	94.8	86.8
Costs and Margins	27.7	28.4	24.6	19.3	32.3
GST (Federal tax)	7.4	7.4	5.8	8.6	7.9
Excise (Federal tax)	13.8	13.8	12.9	7.5	13.6
Saudi CP (A$ cpl)	32.9	32.0	20.1	59.4	33.0

The average retail price of LPG in Brisbane in December was 81.8 cpl, was marginally higher (0.2 cpl) than November (81.6 cpl). Fuel company margins and costs in December decreased by 0.7 cpl to 27.7 cpl.

The recently published Saudi CP for December, at 38.2 cpl, was 5.3 cpl higher than December (32.9 cpl). This increase in the Saudi CP is likely to lead to a similar increase in the average LPG retail price.

Price trends

Two partial price cycles were observed in the Brisbane ULP market in December. The first price cycle started on 9 November and prices peaked at 142.1 cpl on 20 November. Prices then slowly fell through the rest of November and into December, falling to a low of 110.6 cpl on 9 December. The second price cycle started on 10 December and prices peaked at 148.2 cpl on 21 December. Prices then slowly fell through the rest of December and into January 2021, to a low point of 115.1 cpl on 13 January 2021. At the time of writing the Brisbane ULP market was in the price hike phase of the cycle.



The average price of Brent in December at 65.8 A$/bbl (49.5 US$/bbl) or 41.4 cpl, was 6.3 A$/bbl higher than November (at 59.5 A$/bbl or 43.2 US$/bbl).

Brent started December at a local point of 64.2 A$/bbl (47.3 US$/bbl). Oil prices generally trended up throughout December, ending the month at 66.7 A$/bbl (51.3 US$/bbl).

Oil prices were buoyed in December on news of rollout of COVID-19 vaccines in Europe and North America. Increases in oil price in A$ were tempered slightly by the strengthening Australia dollar. The A$ started December buying 74.7 US cents and ended the month buying 77.0 US cents.

Comparison to other capital cities

Brisbane was the second most expensive of all capital cities in December. Melbourne was the most expensive capital city in December, 7.9 cpl more expensive than Brisbane. The price difference between Brisbane and Melbourne was amplified by a misalignment of the price cycles. The average ULP prices in Darwin, Adelaide, Perth, Canberra, Hobart and Sydney were cheaper than Brisbane by 10.7 cpl, 10.1 cpl, 7.9 cpl, 5.3 cpl, 3.4 cpl and 0.3 cpl, respectively.

For diesel, Brisbane was the third cheapest capital city in December (as it was in November and October). The average diesel prices in Adelaide and Darwin were cheaper than Brisbane by 1.5 cpl and 1.3 cpl, respectively. Perth, Sydney, Melbourne, Canberra and Hobart were more expensive than Brisbane by 1.0 cpl, 1.5 cpl, 1.7 cpl, 5.9 cpl and 14.6 cpl, respectively.

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)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	126.5 (4.0)	18.0 (-1.2)	117.7 (0.8)	8.4 (-6.2)
Adelaide	116.4 (3.6)	7.9 (-1.5)	116.2 (4.3)	6.7 (-2.6)
Canberra	121.2 (1.0)	13.3 (-4.2)	123.6 (1.6)	14.4 (-5.3)
Darwin	115.8 (-0.1)	2.7 (-5.2)	116.4 (0.4)	2.8 (-6.4)
Hobart	123.1 (0.4)	8.7 (-4.8)	132.3 (0.4)	17.2 (-6.5)
Melbourne	134.4 (13.7)	26.9 (8.6)	119.4 (1.5)	10.2 (-5.4)
Perth	118.6 (3.2)	11.0 (-1.8)	118.7 (0.9)	9.4 (-5.9)
Sydney	126.2 (2.3)	18.3 (-2.9)	119.2 (2.0)	10.0 (-4.9)

* The retail margin is the average retail price minus the average local TGP and local freight costs (assumed to be the same as Brisbane: 1.04cpl). 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)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Central Brisbane	131.3 (6.4)	22.8 (1.2)	119.7 (1.1)	10.5 (-5.8)
Brisbane North	127.1 (4.9)	18.7 (-0.3)	116.6 (1.0)	7.4 (-6.0)
Brisbane South	123.9 (0.9)	15.4 (-4.4)	118.0 (0.7)	8.8 (-6.3)
Brisbane Bayside/ Redlands	131.8 (2.7)	23.4 (-2.5)	119.9 (0.7)	10.6 (-6.2)
Logan	125.7 (2.8)	17.2 (-2.4)	115.6 (0.4)	6.3 (-6.5)
Ipswich	122.9 (5.1)	14.1 (-0.2)	116.8 (0.9)	7.2 (-6.1)
Moreton Bay	125.7 (4.3)	16.9 (-0.9)	118.1 (0.7)	8.5 (-6.3)
Gold Coast	122.3 (1.8)	13.2 (-3.5)	118.4 (0.6)	8.5 (-6.3)
Sunshine Coast	122.5 (-0.3)	13.2 (-5.5)	117.4 (0.5)	7.3 (-6.4)

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

The Gold Coast was the cheapest centre in SEQ to buy ULP in December, with an average price of 122.3 cpl. The second cheapest was the Sunshine Coast at 122.5 cpl. Brisbane Bayside/Redlands was the most expensive area in SEQ at 131.8 cpl, 9.5 cpl dearer than the Gold Coast.

The average ULP price increased in all SEQ centres compared to November, except the Sunshine Coast. The changes ranged from an increase of 6.4 cpl in Central Brisbane, to a decrease of 0.3 cpl on the

Sunshine Coast.

Logan was the cheapest SEQ centre to buy diesel in December (as it was in November), at 115.6 cpl. Brisbane North was the second cheapest, at 116.6 cpl. Brisbane Bayside/Redlands was the most expensive area in SEQ to buy diesel at 119.9 cpl, 4.3 cpl dearer than Logan. Average diesel prices were higher in all SEQ centres compared to November.

The price difference between the cheapest and dearest diesel price in SEQ, at 4.3 cpl, was lower than ULP, for which the difference was 9.5 cpl.

Fuel prices across Queensland

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	126.5 (4.0)	18.0 (-1.2)	117.7 (0.8)	8.4 (-6.2)
Atherton	119.9 (0.0)	8.0 (-5.2)	119.9 (0.1)	6.7 (-6.8)
Beaudesert	119.9 (-0.4)	10.6 (-5.6)	118.2 (1.6)	8.1 (-5.3)
Biloela	119.9 (0.0)	8.8 (-5.2)	119.9 (-1.4)	8.0 (-8.4)
Blackwater	119.9 (0.0)	7.0 (-5.2)	123.2 (-0.4)	9.6 (-7.3)
Bowen	115.9 (0.0)	2.9 (-5.2)	115.8 (3.0)	2.4 (-3.9)
Bundaberg	109.0 (1.0)	-2.9 (-4.2)	118.0 (2.0)	5.3 (-4.9)
Cairns	118.1 (0.2)	6.9 (-5.0)	118.7 (0.3)	6.2 (-6.6)
Charters Towers	119.9 (0.0)	7.5 (-5.2)	120.8 (0.0)	8.1 (-6.8)
Childers	119.1 (0.2)	7.7 (-5.0)	119.2 (0.3)	7.1 (-6.6)
Dalby	119.7 (-0.2)	9.3 (-5.4)	119.4 (-0.7)	8.1 (-7.7)
Emerald	133.8 (0.0)	20.2 (-5.2)	123.9 (-0.8)	9.6 (-7.8)
Gladstone	107.3 (1.3)	-2.7 (-3.9)	115.5 (1.2)	4.8 (-5.8)
Goondiwindi	112.0 (1.4)	0.2 (-3.8)	117.1 (0.5)	4.5 (-6.4)
Gympie	118.7 (-0.2)	8.8 (-5.4)	116.3 (0.5)	5.6 (-6.5)
Hervey Bay	116.4 (0.6)	5.2 (-4.6)	122.3 (1.4)	10.3 (-5.6)
Ingham	119.8 (0.3)	7.6 (-4.9)	124.1 (0.1)	11.6 (-6.7)
Innisfail	122.3 (0.8)	10.3 (-4.4)	121.3 (0.4)	8.0 (-6.5)
Kingaroy	113.2 (0.3)	2.8 (-4.9)	116.5 (0.6)	5.3 (-6.3)
Lockyer Valley	116.0 (5.2)	6.5 (0.0.)	117.5 (2.0)	7.3 (-5.0)
Longreach	131.9 (0.0)	14.1 (-5.3)	125.4 (-0.2)	6.8 (-7.1)
Mackay	118.6 (1.1)	8.1 (-4.1)	118.4 (1.4)	7.4 (-5.5)
Mareeba	123.1 (-0.5)	11.3 (-5.6)	120.4 (0.6)	7.3 (-6.3)
Maryborough	110.8 (0.9)	0.0 (-4.3)	114.1 (1.2)	2.5 (-5.8)
Miles	109.0 (1.1)	-2.7 (-4.1)	112.2 (-1.9)	-0.3 (-8.8)
Moranbah	114.1 (-0.2)	1.7 (-5.4)	116.2 (-0.7)	3.2 (-7.6)
Mount Isa	143.1 (0.3)	23.1 (-4.9)	123.4 (-1.2)	3.1 (-8.1)
Nambour	119.5 (-3.7)	10.2 (-9.0)	116.2 (1.4)	6.1 (-5.5)
Noosa	128.1 (0.0)	18.6 (-5.2)	113.2 (-0.5)	3.0 (-7.4)
Rockhampton	115.9 (1.2)	4.9 (-4.0)	116.6 (2.0)	4.8 (-5.0)

Roma	116.6 (-0.7)	3.5 (-6.0)	115.4 (-1.8)	1.5 (-8.7)
Somerset	114.0 (0.1)	4.6 (-5.2)	115.9 (0.0)	5.7 (-6.9)
Toowoomba	134.5 (16.4)	24.9 (11.2)	118.3 (-0.9)	7.9 (-7.8)
Townsville	112.2 (-0.6)	1.1 (-5.8)	116.1 (0.2)	4.8 (-6.7)
Tully	119.8 (0.0)	7.3 (-5.1)	119.9 (0.3)	6.1 (-6.6)
Warwick	117.2 (0.1)	7.3 (-5.2)	120.5 (0.3)	9.8 (-6.6)
Whitsunday/Proserpine	109.0 (0.6)	-2.8 (-4.6)	109.2 (3.8)	-3.1 (-3.1)
Yeppoon	115.2 (-2.3)	3.7 (-7.5)	114.6 (-3.6)	2.4 (-10.6)

* 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.

The average price of ULP across regional Queensland in December was 117.9 cpl, 2.0 cpl higher than November when the average price was 115.9 cpl. The average diesel price was also 117.9 cpl, 0.5 cpl higher than November when the average price was 117.4 cpl.

The upward trend in regional prices has been observed in many regional centres. This increase is in line with recent increases in the TGP and oil price.

With an average ULP price of 107.3 cpl, Gladstone was the cheapest regional centre in December (as it was in November and October), 19.2 cpl cheaper than Brisbane. Having been the cheapest for several months (May to September 2020), Miles slipped to joint second place with an average ULP price of 109.0 cpl. Bundaberg and Whitsunday/Proserpine also recorded an average ULP price of 109.0 cpl. Maryborough, Goondiwindi, Townsville, Kingaroy, Somerset, Moranbah, Yeppoon, Bowen, Rockhampton, Lockyer Valley, Hervey Bay, Roma, Warwick, Cairns, Mackay, Gympie, Childers, Nambour, Dalby, Ingham, Tully, Atherton, Beaudesert, Biloela, Blackwater, Charters Towers, Innisfail and Mareeba were also cheaper than Brisbane. Only Noosa, Longreach, Emerald, Toowoomba and Mount Isa were more expensive than Brisbane[1]. At 143.1 cpl, the most expensive regional centre for ULP was Mount Isa (16.6 cpl more expensive than Brisbane).

Whitsunday/Proserpine had the cheapest diesel in Queensland in December, as it did in August, September, October and November. At 109.2 cpl, Whitsunday/Proserpine was 8.5 cpl cheaper than Brisbane. Miles, Noosa, Maryborough, Yeppoon, Roma, Gladstone, Bowen, Somerset, Townsville, Moranbah, Nambour, Gympie, Kingaroy, Rockhampton, Goondiwindi and Lockyer Valley were also cheaper than Brisbane. Longreach[1] was the most expensive regional centre for diesel at 125.4 cpl, 7.7 cpl higher than Brisbane. However, the average diesel price in Longreach returned an indicative retail margin of 6.8 cpl, a margin RACQ considers to be reasonable.

Out of the 37 regional centres monitored by RACQ, 33 had an average indicative ULP retail margin lower than that charged in Brisbane. The lowest indicative retail margin on ULP, at negative 2.9 cpl, was charged in Bundaberg, 20.9 cpl lower than Brisbane. The highest margins were observed in Toowoomba at 24.9 cpl, 6.9 cpl higher than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 32 out of 37 regional centres. At negative 3.1 cpl, the lowest diesel indicative retail margin was observed in Whitsunday/Proserpine, 11.5 cpl lower than Brisbane. Ingham had the highest indicative retail margin (11.6 cpl), 3.2 cpl greater than Brisbane.

[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.

Outlook

The oil price strengthened throughout December. Prices were buoyed by the rollout of three potential COVID-19 vaccines (produced by Pfizer, Moderna and University of Oxford/AstraZeneca). Vaccines are likely to deliver relief in 2021 and potentially see a return in demand for oil. However, it is expected that the COVID-19 pandemic is going to get worse before it gets better, and this is likely to lead to on-going weak demand for oil. It is yet to be seen if the vaccine optimism will continue to bolster prices in the face of the underlying fundamental of weak demand.

Oil markets and oil prices were further strengthened in early and mid-January following reports of a reduction in US oil inventories – a key indicator of demand in the influential US market.

Market sentiment, and subsequently oil prices, have been buoyed by the prospect of the in-coming Biden administration in the US (despite Biden's policy goal of transitioning the US economy away from fossil fuels). The announcement of a 1.9 trillion-dollar COVID economic stimulus package led to a jump in oil prices.

It is difficult to predict where oil prices will go from here. Many countries (especially in Europe and the USA) appear to have failed to contain the latest wave of COVID-19 as they move through their winter months. This has led to new lockdowns in the UK, France and Germany, and has placed downward pressure on the price of oil. However, markets appear to be highly optimistic about COVID-19 vaccines and the incoming Biden administration, which has substantially buoyed prices.

It is unclear whether the underlying fundamentals of weak demand will reassert influence on the oil price, or whether optimism will keep prices elevated.

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

Data sources

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

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