Monthly Fuel Price Report – December 2021

19 January 2022

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

Key points

- At 159.3 cpl, the monthly average ULP price in Brisbane for December was substantially lower than the all-time record high 170.6 cpl observed in November.
- At 13.1 cpl, indicative ULP retail margins in Brisbane in December were down 3.3 cpl compared to November.
- ULP total margins (retail, wholesale and refinery) were 30.3 cpl, 6.0 cpl lower than November, and 4.1 cpl higher than the average for 2020.
- Brisbane was the third cheapest of the large Australian capital cities to buy ULP. Only Melbourne and Adelaide were cheaper than Brisbane by 5.8 cpl and 5.6 cpl, respectively.
- At 162.7 cpl, the monthly average Brisbane diesel price in December was 2.1 cpl cheaper than November.
- Brisbane was the second most expensive of the large capital cities for diesel. Perth was the most expensive, at 0.6 cpl more expensive than Brisbane. Brisbane was 4.7 cpl dearer than Adelaide, the cheapest capital.
- For the first time in many months ULP and diesel prices in regional Queensland in December were relatively more expensive compared to SEQ.
- The average ULP price in regional Queensland was 162.9 cpl, 2.0 cpl lower than November.
- The average diesel price in regional Queensland was down 2.0 cpl, at 161.5 cpl.
- Nambour was the cheapest Queensland regional centre to buy ULP at 155.6 cpl and Gympie was the cheapest for diesel at 157.5 cpl.
- Longreach was the most expensive Queensland regional centre to buy ULP and diesel in December, at 176.6 cpl and 170.9 cpl for ULP and diesel, respectively.

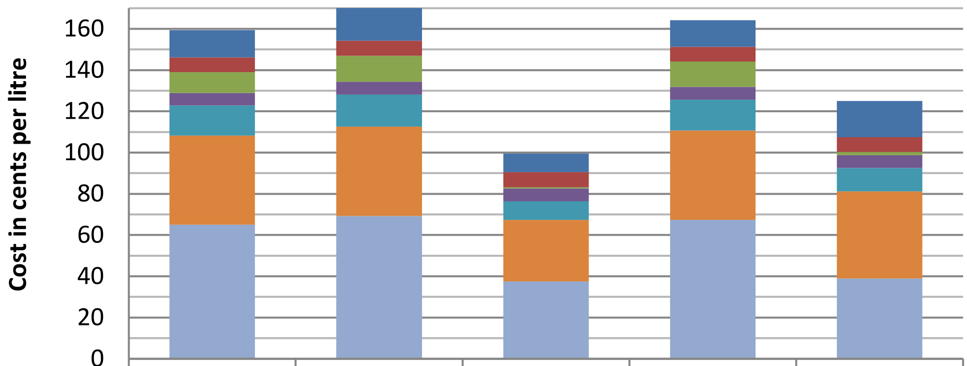
ULP cost breakdown in Brisbane

At 159.3 cpl, the average price of ULP in Brisbane for December was 11.3 cpl lower than the record high of 170.6 cpl observed in November. The average retail price was down because of the extra-long price cycle observed in December.

The monthly average indicative retail margin for December was down 3.3 cpl, at 13.1 cpl. At 10.0 cpl, the average indicative refinery margin was down by 2.7 cpl. Total margins (retail, wholesale and refinery) at 30.3 cpl, were 6.0 cpl lower than the November average of 36.3 cpl, and 4.1 cpl higher than the 2020 annual average of 26.2 cpl.

The main RACQ pricing model assumes that oil is imported into Australia and refined locally. 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 December were 2.8 cpl, 1.0 cpl lower than November, when they were 3.8 cpl.

The chart below shows the cost breakdown for a litre of ULP sold in Brisbane for December 2021. For comparison, the cost breakdown for last month – November 2021 the most expensive on record, last year, October 2021 – the second most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.



	Dec 2021	Nov 2021 (last month and dearest)	Dec 2008 (cheapest)	Oct 2021 (2nd dearest)	2020 (last year)
Average Retail Price	159.3	170.6	99.5	164.2	124.9
Retail Margin	13.1	16.4	9.0	12.9	17.5
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	10.0	12.7	0.6	12.3	1.5
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	14.5	15.5	9.0	14.9	11.4
Excise (Federal tax)	43.3	43.3	29.8	43.3	42.3
Brent Crude Oil (A$ cpl)	65.0	69.3	37.6	67.4	38.9

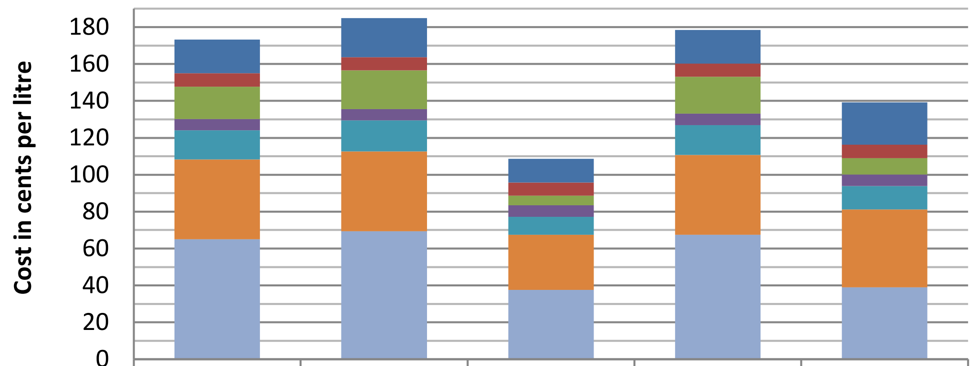
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

PULP 95 cost breakdown in Brisbane

The average PULP 95 price in Brisbane in December was 173.3 cpl and 11.5 cpl lower than the all-time record high of 184.8 cpl observed in November 2021.

The price difference between ULP and PULP 95 was largely unchanged from November, at 14.0 cpl. Indicative retail margins for PULP 95, at 18.4 cpl, were 2.7 cpl lower than November, and 4.5 cpl lower than the average for 2020. Refinery margins at 17.5 cpl, were 3.5 cpl lower than November. Total margins, at 43.1 cpl, were 6.2 cpl lower than November, when they were 49.3 cpl.

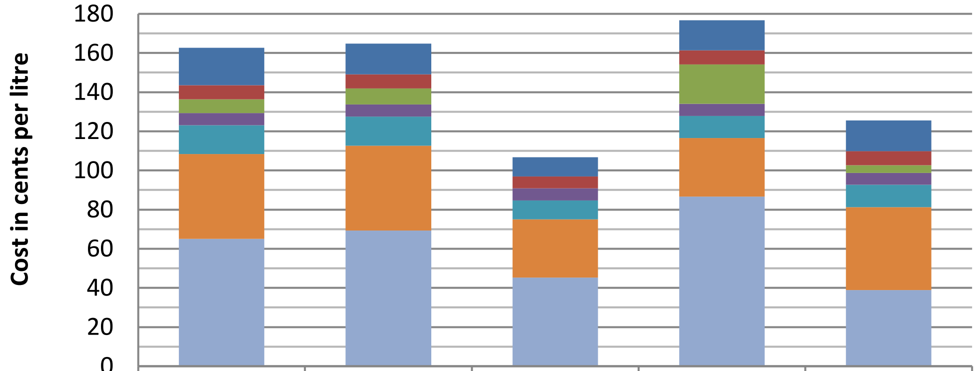
The chart below shows the cost breakdown for a litre of PULP 95 sold in Brisbane in December 2021. For comparison, the cost breakdown for last month – November 2021 the most expensive on record, last year, October 2021 – the second most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.



	Dec 2021	Nov 2021 (last month and dearest)	Dec 2008 (cheapest)	Oct 2021 (2nd dearest)	2020 (last year)
Average Retail Price	173.3	184.8	108.6	178.5	139.0
Retail Margin	18.4	21.1	12.8	18.3	22.9
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	17.5	21.0	5.2	19.9	9.0
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	15.8	16.8	9.9	16.2	12.6
Excise (Federal tax)	43.3	43.3	29.8	43.3	42.3
Brent Crude Oil (A$ cpl)	65.0	69.3	37.6	67.4	38.9

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

Diesel cost breakdown in Brisbane



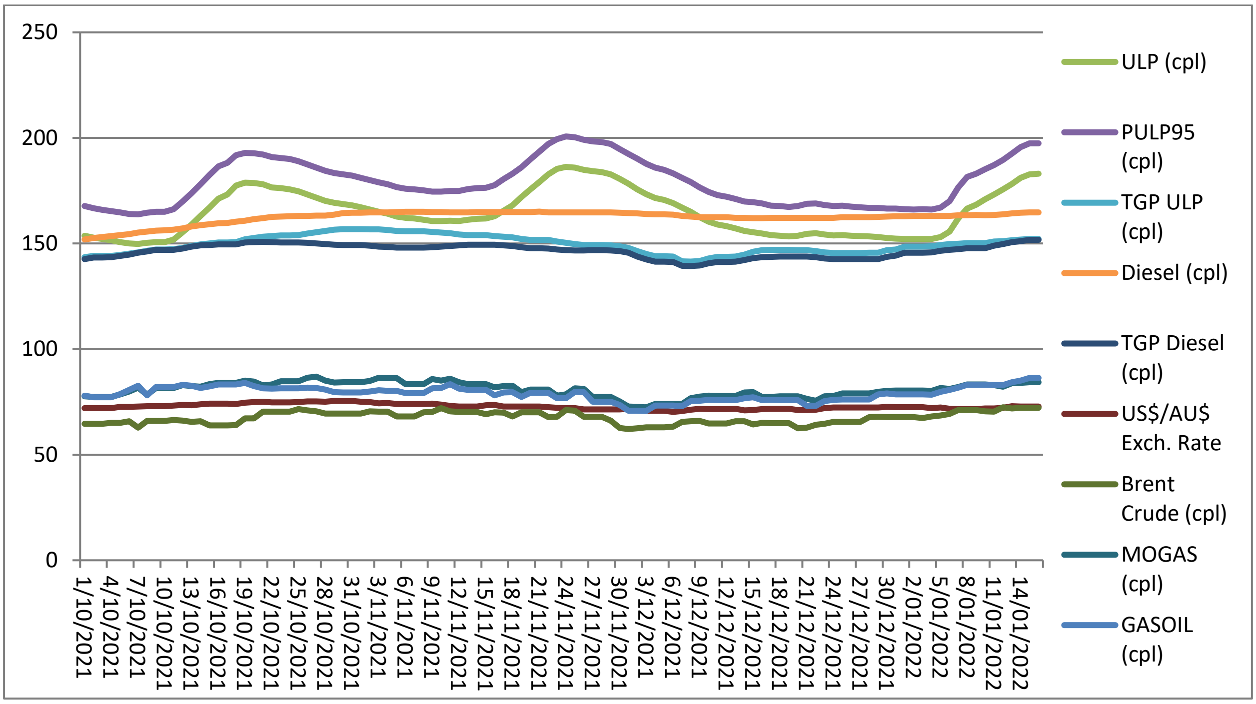
	Dec 2021	Nov 2021 (last month)	Mar 2009 (cheapest)	Jul 2008 (dearest)	2020 (last year)
Average Retail Price	162.7	164.8	106.7	176.7	125.5
Retail Margin	19.2	15.7	9.8	15.3	15.8
Wholesale Margin	7.2	7.2	6.1	7.2	7.2
Refinery Margin	7.0	8.1	0.0	20.2	3.8
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	14.8	15.0	9.7	11.3	11.4
Excise (Federal tax)	43.3	43.3	29.8	29.8	42.3
Brent Crude Oil (A$ cpl)	65.0	69.3	45.2	86.7	38.9

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 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.

The average price of diesel in December, at 162.7 cpl, was 2.1 cpl lower than November. Indicative retail margins at 19.2 cpl were up 3.5 cpl, and refinery margins were down by 1.1 cpl, at 7.0 cpl. Total margins (retail, wholesale and refinery) in December were 33.4 cpl, 2.4 cpl higher than November, when they were 31.0 cpl.

Price trends



The middle and later stages of a single price cycle was observed in the Brisbane ULP market in December. This price cycle started on 13 November (following a low point of 160.7 cpl on 12 November). Average retail prices increased for the next 12 days and peaked at 186.3 cpl on 24 November (a new record high). Prices then slowly fell throughout the rest of November, throughout December and into early January. There was a failed attempt to hike prices in the week before Christmas (20 to 24 December), this failed hike appears to have been initiated by Coles Express. After the failed hike, ULP prices in Brisbane remained low over the Christmas and New Year holidays and fell to a low point of 152.2 cpl on 4 January 2022. A successful hike started on January 5 and at the time of writing the Brisbane ULP market was in the expensive phase of the cycle.

The ULP market in Brisbane stagnated over the Christmas – New Year period, and retail price remained relative cheap for 20 days. That is indicative retail margins remained at or below 6 cpl. This was the longest cheap period observed in 2021. The retail ULP market tends to stagnate over the Christmas – New Year period. This is caused by low sales volumes dampening competition – when sales volumes are low aggressive discounting does not tend to drive substantial increases in volume, but also price hikes risk losing what little volume is available. The outcome is prices tend to remain stable over the holidays. If prices are expensive going into the holidays they will remain so over the holidays, similar if prices are cheap (like they were this year) they will stay cheap.

There is a popular belief that fuel companies always hike their prices before Christmas and other holidays. However, the evidence suggests this is not true. RACQ has completed comprehensive analysis of this question and concluded there is no relationship between holidays and price hikes. Occasional price hikes occur just before a holiday, but this is a coincidence rather planned fuel company behaviour.

The average price of Brent in December at 103.4 A$/bbl (74.0 US$/bbl) or 65.0 cpl-A$, was 6.7 A$/bbl or 4.3 cpl-A$ lower than November (at 110.1 A$/bbl, 80.6 US$/bbl, or 69.3 cpl-A$).

Brent started December at 98.8 A$/bbl (70.8 US$/bbl). The oil price trended up through most of December (although a local peak and trough was observed in mid-December). Brent ended December at 107.7 A$/bbl (78.1 US$/bbl) on an upward trajectory. Brent continued to trend up in early January 2022. At the time of writing the latest Brent price was 114.8 A$/bbl or 83.6 US$/bbl (observed 14 January 2022).

Comparison to other capital cities

Brisbane was relatively cheap in December, the third cheapest of the five largest capital cities for ULP. Only Melbourne and Adelaide were cheaper than Brisbane by 5.8 cpl and 5.6 cpl, respectively. The average ULP prices in Perth, Darwin, Canberra, Sydney and Hobart were more expensive than Brisbane by 2.2 cpl, 9.7 cpl, 10.1 cpl, 10.1cpl and 18.0 cpl, respectively.

For diesel, Brisbane was the second most expensive of the five largest capital cities and was only marginally (0.6 cpl) cheaper than Perth (the most expensive of the five largest). However, Brisbane was only marginally more expensive than Melbourne and Sydney, by 0.7 cpl and 0.3 cpl, respectively. Adelaide was the cheapest capital city at 4.7 cpl cheaper than Brisbane. Darwin, Canberra and Hobart were more expensive than Brisbane by 3.1 cpl, 4.0 cpl and 11.9 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	159.3 (-11.3)	13.1 (-3.3)	162.7 (-2.1)	19.2 (3.5)
Adelaide	153.7 (-9.9)	7.1 (-1.9)	158.0 (-2.6)	14.4 (3.0)
Canberra	169.4 (-1.6)	23.3 (6.1)	166.7 (-1.1)	23.1 (4.4)
Darwin	169.0 (-0.2)	17.9 (8.1)	165.8 (-0.1)	18.0 (5.5)
Hobart	177.3 (0.1)	25.0 (8.0)	174.6 (-0.1)	24.9 (5.3)
Melbourne	153.5 (-16.0)	7.8 (-7.9)	162.0 (-0.9)	18.7 (4.6)
Perth	161.5 (-5.4)	15.4 (2.6)	163.3 (-2.4)	19.9 (3.1)
Sydney	169.4 (6.1)	23.3 (13.9)	162.4 (-1.4)	18.9 (4.1)

* 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.

Comparison of the SEQ metropolitan centres

Brisbane North and Logan were the joint cheapest centres in SEQ to buy ULP in December, with an average price of 155.8 cpl. Third was Brisbane South at 156.8 cpl. The Gold Coast was the most expensive area in SEQ at 164.3 cpl, 8.5 cpl dearer than the Brisbane North and Logan areas. The average ULP price fell in all SEQ centres compared to November. The average ULP price on the Sunshine Coast fell by 5.2 cpl compared to November and the Logan average fell by 14.7 cpl.

The Sunshine Coast was the cheapest SEQ centre to buy diesel in December at 160.6 cpl. Ipswich was a close second at 161.1 cpl. Brisbane Inner/West was the most expensive area in SEQ to buy diesel at 165.4 cpl, 4.8 cpl dearer than the Sunshine Coast. Average diesel prices fell in all SEQ centres compared to November, by up to 3.5 cpl. The average price in Logan was down 3.5 cpl, and Brisbane Bayside and Moreton Bay were both down by 1.3 cpl. The price difference between the cheapest and dearest average diesel price in SEQ centres, at 4.8 cpl, was lower than ULP, for which the difference was 8.5 cpl.

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 inner/west[1], northern, southern, and bayside regions.

City	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane Inner/West	160.8 (-12.9)	14.6 (-4.9)	165.4 (-2.4)	21.9 (3.2)
Brisbane North	155.8 (-13.9)	9.5 (-5.9)	165.1 (-1.5)	21.6 (4.2)
Brisbane South	156.8 (-12.6)	10.5 (-4.6)	162.4 (-2.4)	18.9 (3.2)
Brisbane Bayside/Redlands	163.0 (-11.1)	16.7 (-3.1)	165.1 (-1.3)	21.6 (4.3)
Logan	155.8 (-14.7)	9.6 (-6.7)	161.5 (-3.5)	18.0 (2.1)
Ipswich	163.8 (-5.4)	17.2 (2.6)	161.1 (-2.1)	17.3 (3.5)
Moreton Bay	158.5 (-12.0)	11.9 (-4.0)	162.9 (-1.3)	19.1 (4.3)
Gold Coast	164.3 (-9.5)	17.4 (-1.5)	163.9 (-1.4)	19.7 (4.2)
Sunshine Coast	160.5 (-5.2)	13.5 (2.7)	160.6 (-2.7)	16.2 (2.9)

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

Fuel prices across Queensland

The average price of ULP across regional Queensland in December was 162.9 cpl, 2.0 cpl lower than November when the average price was 164.9 cpl. The average diesel price was 161.5 cpl, 2.0 cpl lower than November when the average price was 163.5 cpl.

Nambour, with an average ULP price of 155.6 cpl, was the cheapest centre to buy ULP in December and was 3.7 cpl cheaper than Brisbane. Bundaberg was second cheapest with an average ULP price of 156.6 cpl, and Whitsunday/Proserpine third cheapest at 157.1 cpl. Gympie, Biloela, Maryborough and Warwick were also cheaper than Brisbane[2].

ULP prices in regional centres were unusually high compared to Brisbane in December 2021. Throughout 2021, the majority of regional centres have been cheaper than Brisbane. In December only seven regional centres were cheaper than Brisbane. This is due to the extended price cycle in Brisbane leading to an artificially low average price.

[1] The old region of Central Brisbane has been renamed Brisbane Inner/West. It has been renamed to better reflect the geography of this region. The boundaries of this region have not been changed.

[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.

At 176.6 cpl, Longreach was the most expensive centre for ULP. Longreach was 17.3 cpl more expensive than Brisbane and 21.0 cpl more expensive than Nambour – the cheapest centre in Queensland.

Gympie had the cheapest diesel in Queensland in December, at 157.5 cpl, 5.2 cpl cheaper than Brisbane. Lockyer Valley at 158.0 cpl, was a close second cheapest and 4.7 cpl cheaper than Brisbane. Nambour, Bundaberg, Somerset, Whitsunday/Proserpine, Bowen, Maryborough, Noosa, Warwick, Gladstone, Yeppoon, Townsville, Beaudesert, Toowoomba, Kingaroy, Miles, Roma, Charters Towers, Hervey Bay, Moranbah, Childers, Dalby and Biloela were also cheaper than Brisbane. Like with ULP, Longreach[2] was the most expensive regional centre for diesel at 170.9 cpl, 8.2 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	159.3 (-11.3)	13.1 (-3.3)	162.7 (-2.1)	19.2 (3.5)
Atherton	165.8 (-1.0)	15.9 (6.9)	165.1 (-0.1)	17.6 (5.3)
Beaudesert	164.9 (0.2)	17.9 (8.2)	160.6 (0.8)	16.3 (6.4)
Biloela	158.7 (-4.7)	9.6 (3.2)	162.6 (-0.4)	16.5 (5.2)
Blackwater	166.2 (0.3)	15.4 (8.2)	165.1 (0.2)	17.3 (5.7)
Bowen	163.9 (0.2)	13.0 (8.1)	159.4 (-0.4)	11.7 (5.1)
Bundaberg	156.6 (-4.7)	7.0 (3.2)	158.3 (-1.6)	11.4 (4.0)
Cairns	163.9 (-2.5)	14.7 (5.4)	163.2 (-2.4)	16.4 (3.1)
Charters Towers	169.0 (-2.5)	18.7 (5.5)	161.2 (-1.1)	14.1 (4.3)
Childers	165.9 (0.1)	16.7 (8.1)	162.0 (0.1)	15.6 (5.7)
Dalby	161.6 (-4.1)	13.4 (3.9)	162.5 (-2.6)	17.1 (3.0)
Emerald	174.6 (0.4)	23.1 (8.3)	163.6 (-1.3)	15.1 (4.3)
Gladstone	161.8 (-3.9)	14.0 (4.1)	159.6 (-2.1)	14.7 (3.5)
Goondiwindi	164.6 (-1.9)	15.0 (6.1)	163.2 (-1.0)	16.3 (4.6)
Gympie	157.3 (-5.5)	9.6 (2.4)	157.5 (-4.2)	12.5 (1.4)
Hervey Bay	160.3 (-2.1)	11.4 (5.8)	161.4 (-1.2)	15.2 (4.4)
Ingham	162.0 (-0.6)	12.0 (7.3)	163.0 (-0.3)	16.1 (5.2)
Innisfail	164.0 (-1.8)	14.1 (6.1)	164.0 (-1.2)	16.4 (4.2)
Kingaroy	160.3 (-3.4)	12.1 (4.5)	160.7 (-3.2)	15.2 (2.5)
Lockyer Valley	161.3 (1.1)	14.0 (9.1)	158.0 (-1.7)	13.5 (3.9)
Longreach	176.6 (0.4)	20.9 (8.3)	170.9 (1.4)	18.2 (6.9)
Mackay	162.8 (-0.9)	14.3 (7.1)	163.3 (-1.4)	18.1 (4.2)
Mareeba	168.4 (-1.7)	18.6 (6.2)	165.3 (-1.8)	17.9 (3.6)
Maryborough	158.9 (-2.6)	10.3 (5.4)	159.5 (-0.9)	13.6 (4.8)
Miles	161.4 (-3.3)	12.0 (4.7)	160.9 (0.2)	14.2 (5.8)
Moranbah	162.6 (-0.6)	12.2 (7.4)	161.5 (-0.9)	14.3 (4.7)
Mount Isa	162.1 (-4.0)	4.2 (3.9)	164.8 (0.2)	10.0 (5.7)
Nambour	155.6 (-7.8)	8.5 (0.2)	158.1 (-3.5)	13.7 (2.1)
Noosa	172.2 (2.8)	25.0 (10.7)	159.5 (-3.1)	15.0 (2.5)
Rockhampton	164.2 (-1.2)	15.2 (6.7)	165.3 (-0.2)	19.3 (5.4)

Roma	161.5 (-0.1)	10.6 (7.8)	160.9 (-0.1)	12.7 (5.5)
Somerset	161.7 (-2.3)	14.5 (5.7)	158.5 (-1.7)	14.0 (3.9)
Toowoomba	166.3 (2.0)	18.9 (10.0)	160.6 (-2.6)	16.0 (3.0)
Townsville	162.7 (-3.7)	13.7 (4.2)	160.4 (-3.7)	14.6 (1.8)
Tully	164.7 (-1.7)	14.1 (6.2)	163.5 (-2.6)	15.3 (2.9)
Warwick	159.2 (-1.1)	11.5 (6.8)	159.5 (-0.3)	14.6 (5.3)
Whitsunday/Proserpine	157.1 (-3.3)	7.3 (4.6)	158.7 (-1.7)	12.2 (3.9)
Yeppoon	159.6 (-4.1)	10.3 (3.8)	160.2 (-1.8)	13.9 (3.8)

* 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.

Of the 37 regional centres monitored by RACQ, 16 had average indicative ULP retail margins lower than that charged in Brisbane. The lowest indicative retail margin on ULP, at 4.2 cpl, was charged in Mount Isa, 8.9 cpl lower than Brisbane. The highest margin in regional Queensland of 25.0 cpl was observed in Noosa and was 11.9 cpl greater than that observed in Brisbane. For diesel, indicative ULP retail margins were lower than that charged in Brisbane for all centres (36 centres) except Rockhampton. However, the average indicative retail margin in Rockhampton was only 0.1 cpl greater than Brisbane. At 10.0 cpl, the lowest diesel indicative retail margin was also observed in Mount Isa, 9.2 cpl lower than Brisbane.

Outlook

Following the emergence of a new Covid variant Omicron in late November, oil prices fell sharply only to recover much of these falls in late December 2021 and early 2022.

Concerns about the reimposition of widespread travel restrictions as well as the possibility of new lockdowns and a potential substantial reduction for oil and refined products, led to falls in late November. However, in December evidence emerged that suggested Omicron led to a less severe disease, and subsequently the oil price recovered. At the time of writing in mid-January 2022 the Brent oil price had recovered all of the Omicron induced loses and had returned to a pre-Omicron price of about 85 US$/bbl.

If the oil price continues the current upward trend, the record high retail ULP prices observed in November 2021 are likely to be exceeded in the next few months, most likely in February.

Longer-term resumption of oil production will hopefully start to balance supply and demand, and oil prices should ease somewhat.

The next monthly fuel price report will be released on 3 February 2022.

Data sources

Data and analyses presented in this report supersedes all previous reports. All data presented in this report are RACQ calculations using OPIS data.