

Monthly Fuel Price Report – February 2018



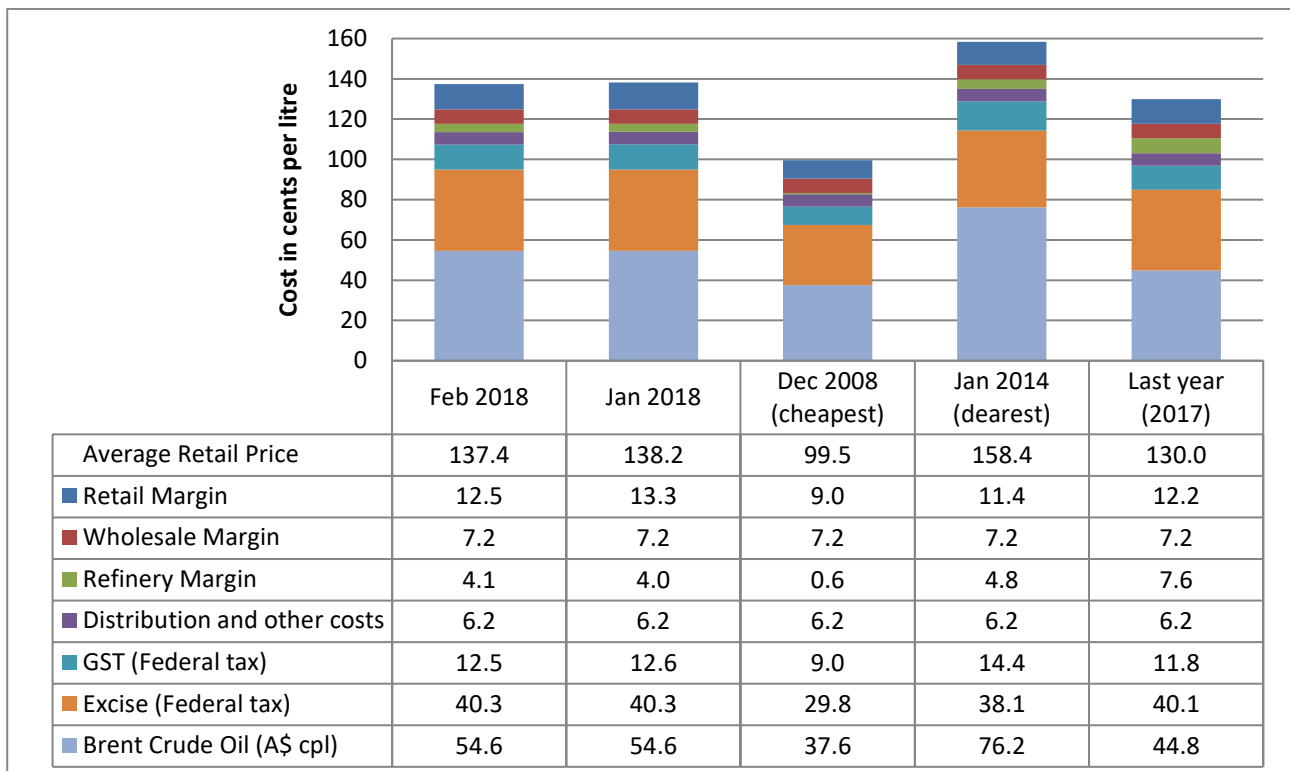
5 March 2018

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for February 2018.

Key points

- The average price of ULP in Brisbane in February was 137.4 cpl, 0.8 cpl lower than January. Indicative retail margins at 12.5 cpl were down by 0.8 cpl, and refiner margins were largely unchanged.
- Brisbane ULP was more expensive than Sydney, Adelaide, Melbourne and Perth by 4.5 cpl, 4.3 cpl, 0.5 cpl and 0.1 cpl respectively.
- The average price of diesel in Brisbane in February at 139.1 cpl, 0.3 cpl higher than January. Brisbane was more expensive than Sydney and Adelaide by 2.2 cpl, and 1.9 cpl, respectively.
- The average price of ULP across regional Queensland in February was 139.2 cpl, 0.9 cpl lower than January. The average diesel price in regional Queensland was 137.9 cpl, 0.2 cpl higher than January.
- Miles had the cheapest average ULP price in regional Queensland in February. At 134.8 cpl, ULP sold in Miles was 2.6 cpl cheaper than Brisbane
- Mareeba had the cheapest average diesel price in regional Queensland in February. At 133.9 cpl, ULP sold in Mareeba was 5.2 cpl cheaper than Brisbane
- At 30.4 cpl, fuel company's charged record high margins and costs on LPG in February.
- The average price of LPG in Brisbane was 86.0 cpl, 0.4 cpl lower than January. However, the Saudi CP fell by 5.8 cpl leading to the record high margins and costs.

ULP cost breakdown in Brisbane



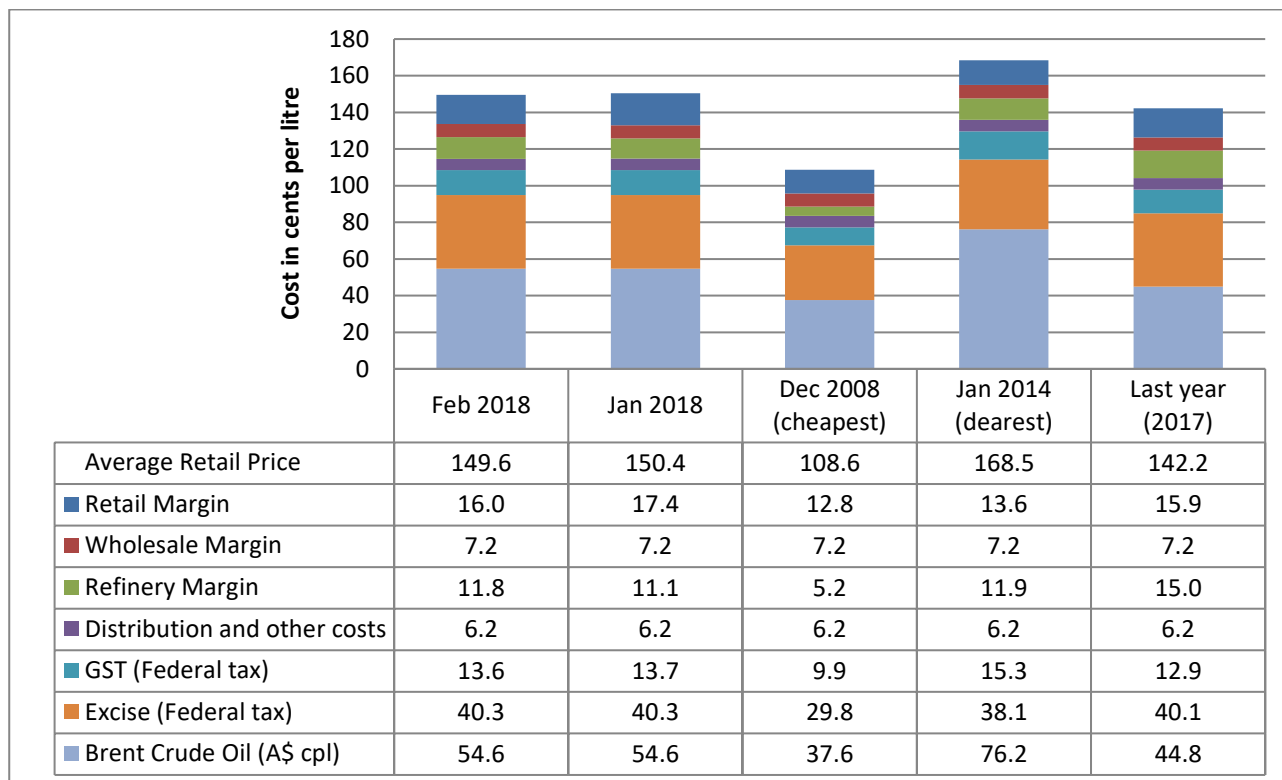
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for February. 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 February was 137.4 cpl, 0.8 cpl lower than January. Indicative retail margins, at 12.5 cpl, were 0.8 cpl lower than January. Refiner margins were largely unchanged at 4.1 cpl.

While indicative retail margins were lower than January, they remained higher than the 2017 average of 12.2 cpl.

PULP 95 cost breakdown in Brisbane



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

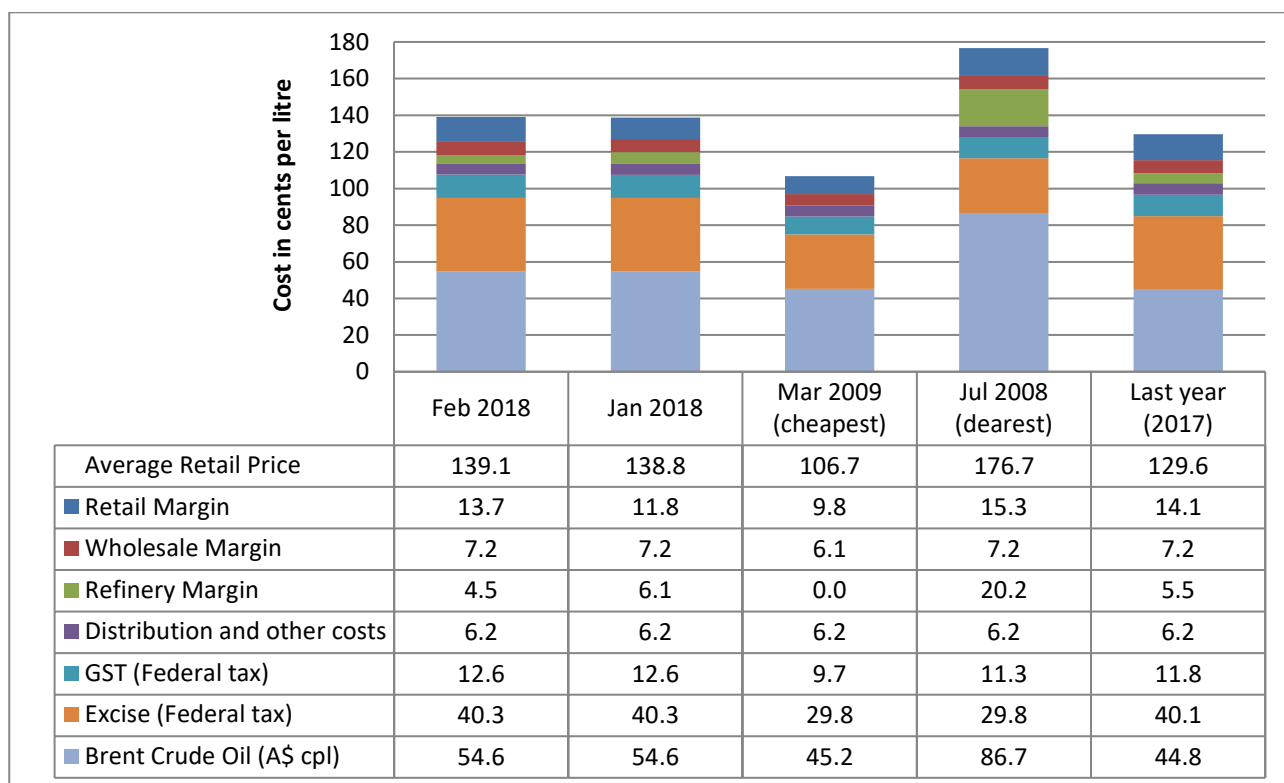
The chart above shows the cost breakdown for a litre of 95 RON Premium ULP sold in Brisbane for February. For comparison, the cost breakdown for last month, last year, December 2008 – the cheapest month and January 2014 – the most expensive month observed in recent years (since 2008), is also displayed.

The average price of PULP 95 in Brisbane in February was 149.6 cpl, 0.8 cpl lower than January, and 12.2 cpl more expensive than the ULP 91 price. The price difference between ULP and PULP 95 in January was also 12.2 cpl, as was the average price difference in 2017. Indicative retail margins for PULP 95, at 16.0 cpl, were 1.4 cpl lower than January. Refiner margins increased by 0.7 cpl in February.

Diesel cost breakdown in Brisbane

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

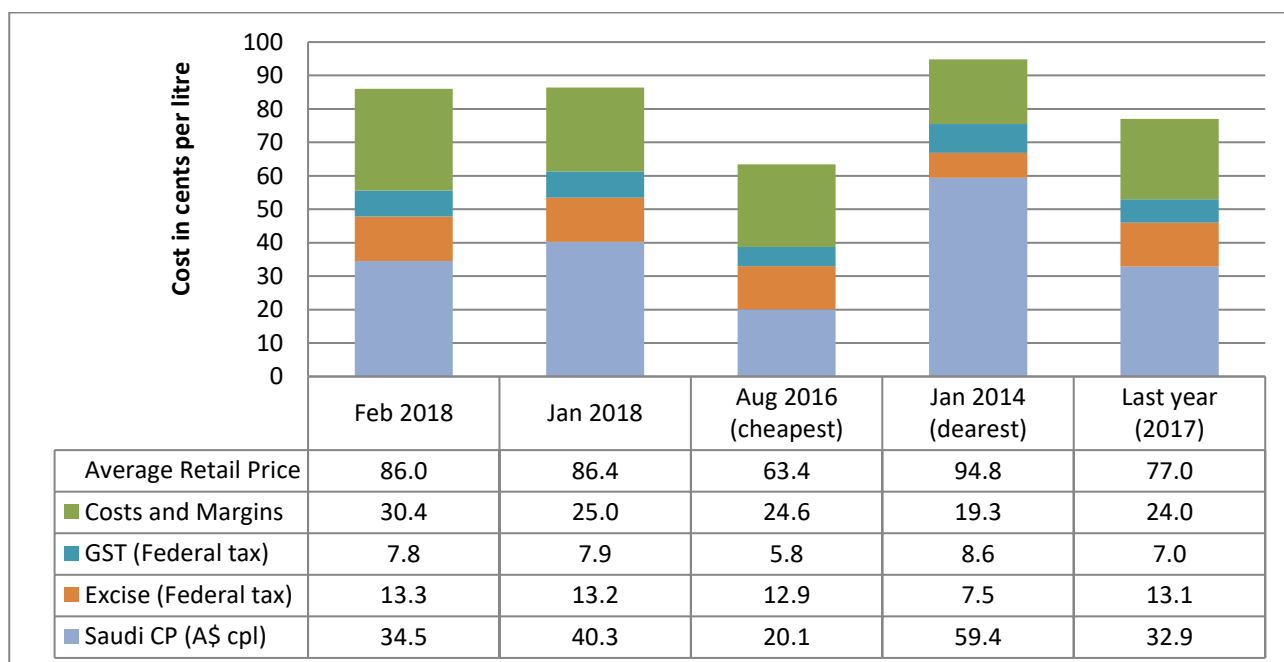
The average price of diesel in February, at 139.1 cpl, was 0.3 cpl higher than January. Indicative retail margins increased in February by 1.9 cpl, but refinery margins decreased by 1.6 cpl.



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

Liquid Petroleum Gas (LPG)

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



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 February was 86.0 cpl, 0.4 cpl lower than January. However, fuel company margins and costs increased to 30.4 cpl, 5.4 cpl higher than January and the highest difference on record.

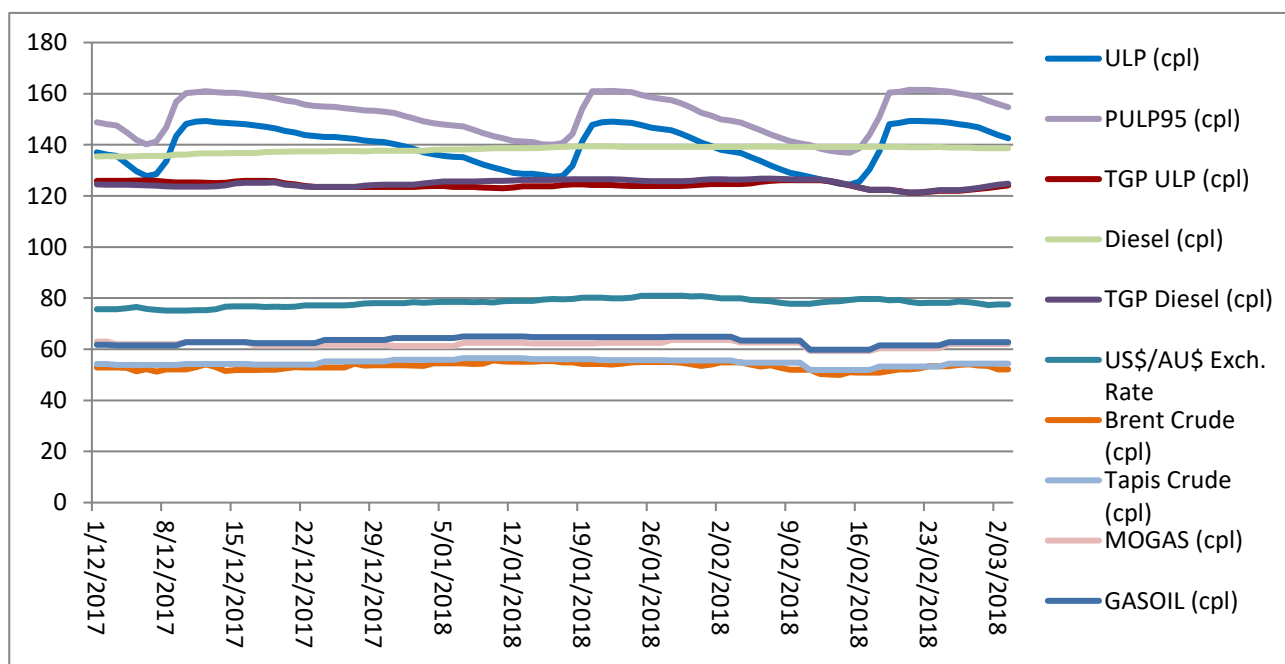
The Saudi CP for March is 31.8 cpl, 2.7 cpl lower than February. There is no good reason for retailers not to pass this savings on to consumers, and the retail LPG price should fall.

Fuel excise

In 2014 the Federal Government reintroduced fuel excise indexation and mandated twice-yearly excise increases in line with CPI. As a result, on 5 February 2018 the excise charged on petrol and diesel increased from 40.3 cpl to 40.9 cpl, from 36.3 cpl to 36.8 cpl on E10 and from 13.2 cpl to 13.3 cpl on LPG. The increase was delayed from 1 February to 5 February because of a delay in the publication of the CPI data.

Price trends

There were two partial price cycles observed in the Brisbane ULP market in February. The first cycle started on 17 January, prices peaked on 22 January, and the cycle ended on 15 February. The second cycle started on 16 February and peaked on 21 and 22 February. At the time of writing the Brisbane ULP market was in the most expensive 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\$.

The average price of Brent in February was A\$3.2/bbl lower than January, at A\$83.5/bbl (US\$65.8/bbl) or

52.5 cpl. Brent started February at A\$85.8/bbl (US\$69.1/bbl), softened in the first half of February, falling to a local low of A\$79.4/bbl (US\$62.6/bbl), observed on 14 February. Brent strengthened in the second half of February, ending the month at A\$85.3/bbl (US\$66.5/bbl).

Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane	137.4 (-0.8)	12.5 (-0.8)	139.1 (0.3)	13.7 (1.9)
Adelaide	133.1 (2.9)	8.0 (2.8)	137.2 (0.0)	11.0 (1.4)
Canberra	147.8 (-0.3)	22.8 (-0.4)	141.8 (-0.2)	16.0 (1.3)
Darwin	149.4 (-1.0)	20.4 (-1.0)	148.1 (1.6)	18.9 (3.1)
Hobart	146.1 (0.2)	16.9 (0.2)	144.6 (0.1)	14.7 (1.9)
Melbourne	136.9 (-0.6)	12.4 (-0.6)	139.1 (-0.1)	13.6 (1.5)
Perth	137.3 (-1.0)	12.9 (-1.1)	142.6 (0.7)	17.2 (2.2)
Sydney	132.9 (-2.6)	8.0 (-2.6)	136.9 (0.4)	11.1 (1.8)

* 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.

ULP sold in Brisbane was more expensive than Sydney, Adelaide, Melbourne and Perth by 4.5 cpl, 4.3 cpl, 0.5 cpl and 0.1 cpl respectively. Hobart, Canberra and Darwin were 8.7 cpl, 10.4 cpl and 12.0 cpl more expensive than Brisbane respectively.

Diesel sold in Brisbane was more expensive than Sydney and Adelaide by 2.2 cpl, and 1.9 cpl, respectively. Melbourne was the same price as Brisbane. Canberra, Perth, Hobart and Darwin were more expensive by 2.7 cpl, 3.5 cpl, 5.5 cpl and 9.0 cpl respectively.

Comparison of the SEQ metropolitan centres

The table below presents the average February prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to January in parentheses. This analysis considers Brisbane North separate to Brisbane South.

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane North	139.3 (-1.9)	14.4 (-1.9)	140.3 (0.1)	14.9 (1.7)
Brisbane South	136.7 (-0.4)	11.8 (-0.4)	138.7 (0.5)	13.4 (2.0)
Gold Coast	137.0 (-2.3)	11.5 (-2.3)	137.5 (0.3)	11.5 (1.9)
Ipswich	134.5 (-1.9)	9.3 (-1.9)	136.4 (0.1)	10.7 (1.6)
Moreton Bay	135.8 (0.0)	10.6 (0.0)	138.7 (0.6)	13.0 (2.1)
Sunshine Coast	141.0 (0.3)	15.3 (0.3)	138.6 (0.1)	12.4 (1.6)

* 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 February, with an average price of 134.5 cpl. It was followed by Moreton Bay, with an average price of 135.8 cpl. SEQ average ULP prices in February were up to two cents higher than in January. Sunshine Coast was the most expensive SEQ centre, at 6.5 cpl dearer than Ipswich.

Ipswich was also the cheapest SEQ centre to buy diesel with an average price of 136.4 cpl, followed by the Gold Coast, which was 1.1 cpl dearer than Ipswich. Brisbane North was the most expensive, at 3.9 cpl dearer than Ipswich.

Fuel prices across Queensland

The average price of ULP across regional Queensland in February was 139.2 cpl, 0.9 cpl lower than January when the average price was 140.1 cpl. The average diesel price was 137.9 cpl, 0.2 cpl higher than January.

Miles was the cheapest centre in Queensland to buy ULP in February, at 134.8 cpl, was 2.6 cpl cheaper than Brisbane. Miles, Gympie, Charters Towers, Gladstone, Bundaberg, Whitsunday, Maryborough, Mareeba, Childers and Innisfail were also cheaper than Brisbane. The most expensive regional centre listed was Mount Isa with an average price of 148.2 cpl in January 10.8 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.

Twenty four of the 33 regional centres monitored by RACQ were cheaper than Brisbane for diesel. Mareeba had the cheapest diesel in Queensland (at 133.9 cpl, 5.2 cpl cheaper than Brisbane). Miles, Kingaroy, Warwick, Gladstone, Gympie, Maryborough, Goondiwindi, Cairns, Moranbah, Bundaberg, Ingham, Emerald, Hervey Bay, Childers, Cunnamulla, Toowoomba, Townsville, Bowen, Mackay, Innisfail, Dalby, Tully and Atherton were also cheaper than the Brisbane. Whitsunday was the most expensive regional centre for diesel, at 143.6 cpl¹, 4.5 cpl higher than Brisbane.

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	137.4 (-0.8)	12.5 (-0.8)	139.1 (0.3)	13.7 (1.9)
Gold Coast	137.0 (-2.3)	11.5 (-2.3)	137.5 (0.3)	11.5 (1.9)
Sunshine Coast	141.0 (0.3)	15.3 (0.3)	138.6 (0.1)	12.4 (1.6)
Atherton	138.9 (-0.8)	10.6 (-0.8)	138.9 (-1.0)	10.2 (0.6)
Biloela	141.9 (0.0)	12.9 (-0.1)	141.4 (1.2)	12.0 (2.6)
Blackwater	141.9 (1.3)	11.2 (1.2)	140.1 (0.9)	9.0 (2.3)
Bowen	141.7 (-0.1)	11.5 (-0.2)	138.4 (-0.3)	8.7 (1.1)
Bundaberg	135.8 (-2.7)	7.6 (-2.7)	137.6 (-1.4)	8.8 (0.2)
Cairns	137.7 (-1.5)	10.1 (-1.5)	137.0 (-0.7)	9.1 (0.8)
Charters Towers	135.5 (-0.4)	5.9 (-0.5)	139.5 (0.0)	10.4 (1.4)
Childers	136.9 (-1.0)	9.2 (-1.0)	137.9 (-0.4)	9.6 (1.2)
Cunnamulla	nd	nd	138.0 (0.1)	4.4 (1.6)
Dalby	139.9 (0.0)	13.1 (0.0)	138.6 (0.2)	11.2 (1.7)
Emerald	140.9 (0.0)	9.5 (-0.1)	137.8 (-1.2)	5.9 (0.2)
Gladstone	135.7 (-3.9)	7.9 (-4.0)	135.9 (-0.4)	7.7 (1.0)
Goondiwindi	139.4 (-0.3)	11.2 (-0.4)	136.9 (0.2)	8.2 (1.8)
Gympie	135.3 (-0.9)	9.0 (-1.0)	136.2 (-1.5)	9.3 (0.0)
Hervey Bay	140.2 (-0.3)	12.6 (-0.3)	137.8 (0.3)	9.7 (1.9)
Ingham	141.0 (-0.2)	11.6 (-0.3)	137.6 (0.4)	8.7 (1.8)
Innisfail	137.3 (-0.2)	8.8 (-0.2)	138.5 (0.0)	9.7 (1.5)

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.

Kingaroy	140.9 (-0.2)	14.1 (-0.2)	135.2 (-0.1)	7.9 (1.4)
Longreach	146.6 (0.2)	11.0 (0.1)	142.5 (2.1)	6.4 (3.5)
Mackay	139.9 (-1.1)	11.1 (-1.5)	138.4 (-0.1)	10.1 (1.1)
Mareeba	136.8 (-1.3)	8.6 (-1.3)	133.9 (-0.6)	5.3 (1.0)
Maryborough	136.3 (-0.4)	9.1 (-0.4)	136.2 (0.1)	8.5 (1.7)
Miles	134.8 (1.1)	6.7 (1.1)	134.5 (1.1)	5.9 (2.6)
Moranbah	138.7 (1.6)	7.9 (1.2)	137.5 (0.4)	7.3 (1.6)
Mount Isa	148.2 (0.0)	10.9 (-0.1)	139.7 (0.1)	2.9 (1.5)
Rockhampton	141.0 (-0.4)	12.1 (-0.5)	139.9 (0.9)	10.6 (2.4)
Roma	139.9 (0.0)	10.4 (0.0)	142.1 (-1.6)	12.2 (-0.1)
Toowoomba	139.1 (-1.6)	13.1 (-1.6)	138.1 (1.1)	11.6 (2.6)
Townsville	139.5 (-1.3)	11.2 (-1.4)	138.2 (-0.1)	10.5 (1.3)
Tully	139.9 (0.0)	10.9 (0.0)	138.7 (1.6)	9.4 (3.2)
Warwick	140.1 (0.2)	13.8 (0.2)	135.7 (-0.8)	8.9 (0.8)
Whitsunday	136.1 (-0.6)	6.0 (-1.0)	143.6 (-0.6)	14.0 (0.6)
Yeppoon	142.2 (0.2)	12.9 (0.1)	139.6 (0.8)	9.8 (2.2)

* 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

In early February, oil prices fell on reports of rising inventories and record high US oil production. Falls in the stock markets in early February added further impetus to the downward trend. Prices continued to fall until mid-February when the US EIA reported an unexpected draw down in US oil. This precipitated a change in direction and the oil price strengthened until the end of March.

Further market turmoil, exacerbated by US plans to impose import tariffs on steel and aluminium, led to the oil price softening in the first few days of March.

The on-going increases in US Shale oil production, the OPEC production cut and increasing demand for oil, will continue to be the dominant forces on oil prices. While it is difficult to predict future price movements, it is likely that oil will continue to trade between 60 and 70 US\$/bbl.

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

Data sources

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