

Monthly Fuel Price Report – February 2020



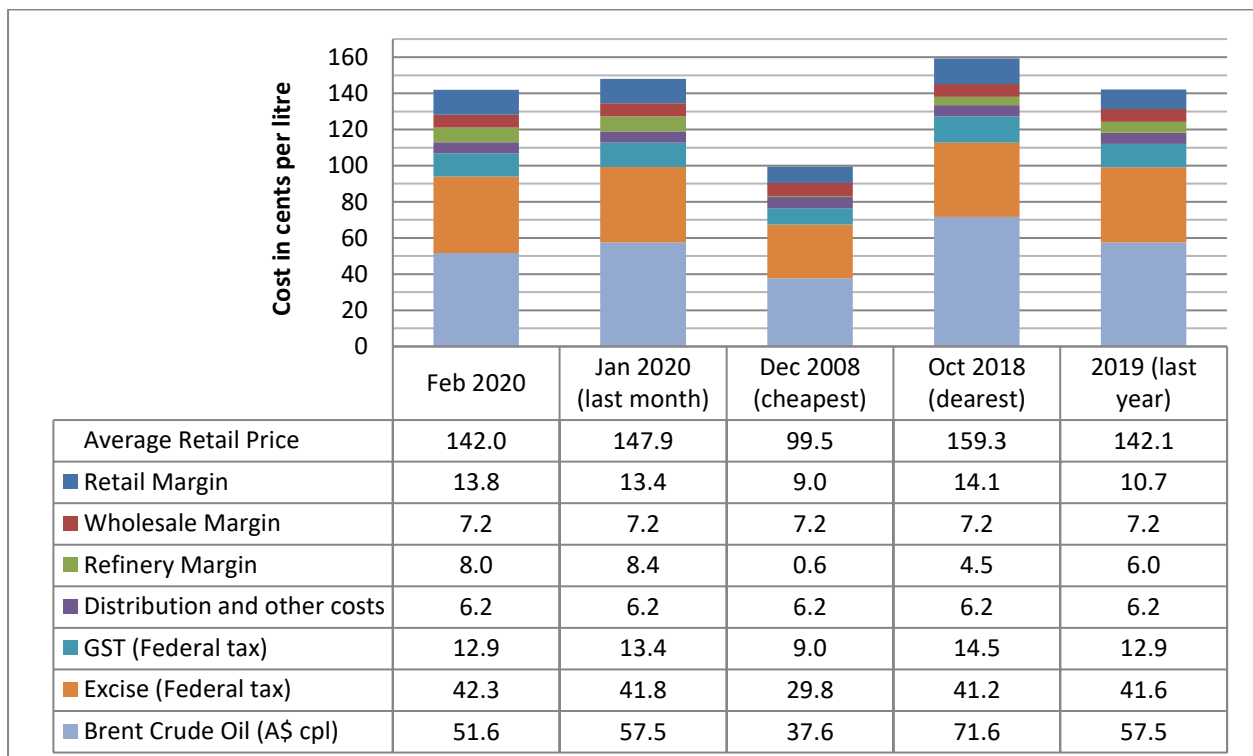
4 March 2020

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

Key points

- At 142.0 cpl, the average ULP price in Brisbane in February was 5.9 cpl lower than January.
- The decrease was due to a fall in the oil price rather than a change in fuel company margins.
- Indicative retail margins in Brisbane, at 13.8 cpl, were 0.4 cpl higher than January. Indicative ULP refinery margins, at 8.0 cpl, were 0.4 cpl lower than January, leaving total margins unchanged.
- Brisbane was the third cheapest of the five large capital cities in February for ULP, and the fourth cheapest of all capitals. Perth, Darwin and Adelaide were cheaper than Brisbane.
- At 148.4 cpl, the average Brisbane diesel price in February was 1.6 cpl cheaper than January.
- Brisbane was the most expensive of the large capital cities in February for diesel. Of all the capitals, only Canberra and Hobart were dearer than Brisbane.
- The average ULP price in regional Queensland in February was 143.9 cpl, 1.1 cpl lower than January. The average diesel price in regional Queensland was down 1.5 cpl, at 148.2 cpl.
- Maryborough was the cheapest Queensland regional centre to buy ULP in February, with an average price of 135.4 cpl.
- Like January, Whitsunday was the cheapest Queensland regional centre to buy diesel in February, with an average price of 139.7 cpl.

ULP cost breakdown in Brisbane



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

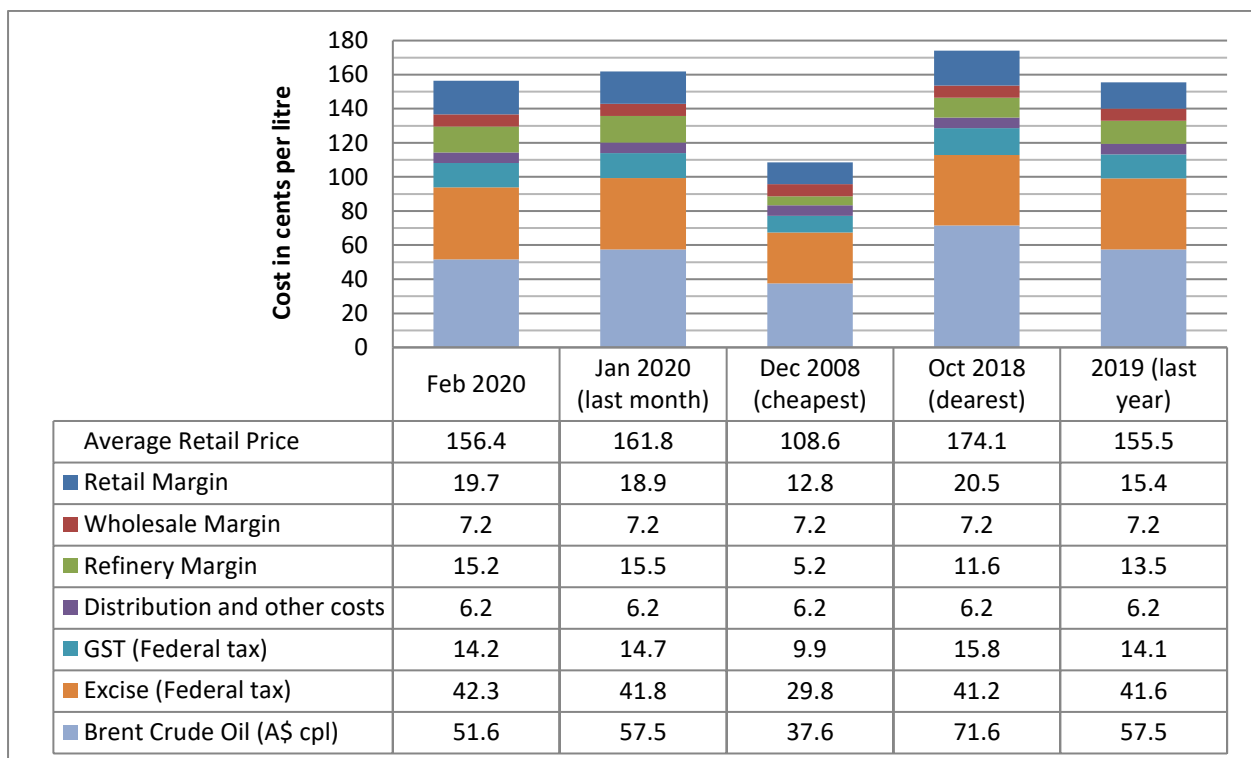
The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for February. For comparison, the cost breakdown for last month, last year, October 2018 - the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

At 142.0 cpl, the average price of ULP in Brisbane in February was 5.9 cpl lower than the January average. Indicative retail margins, at 13.8 cpl, were 0.4 cpl higher than January. Indicative ULP refinery margins, at 8.0 cpl, were 0.4 cpl lower than January. Total margins (retail, wholesale and refinery) at 29.0 cpl, were unchanged from January.

The decrease in the February average ULP price was due to a decrease in oil prices. Total fuel company margins were unchanged from January.

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 February. 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.



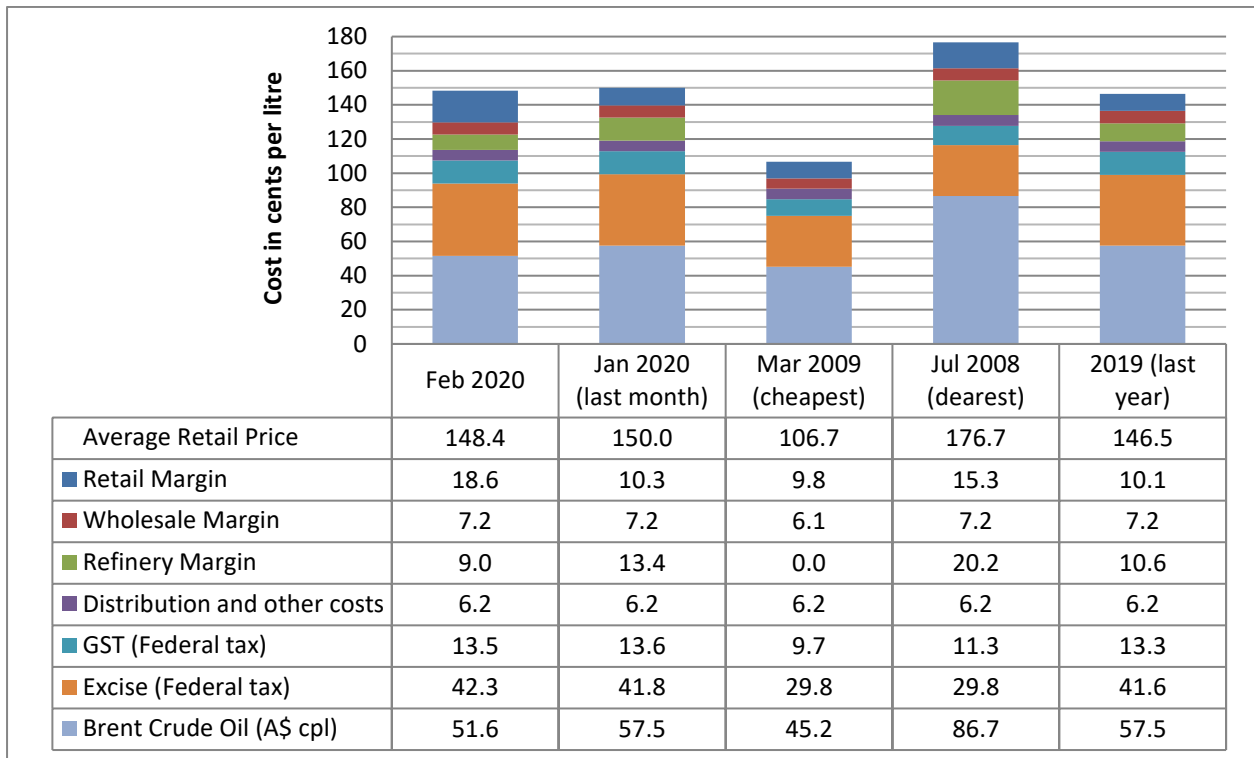
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The average PULP 95 price in Brisbane in February was 156.4 cpl, 5.4 cpl lower than January. The price difference between ULP and PULP 95 was 14.4 cpl, 0.5 cpl greater than January (when it was 13.9 cpl). Indicative retail margins for PULP 95, at 19.7 cpl, were 0.8 cpl higher than January. Refinery margins at 15.2 cpl, were 0.3 cpl lower than January. Total margins, at 42.1 cpl were 0.5 cpl higher than January when they were 41.6 cpl.

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.



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

The average price of diesel in February, at 148.4 cpl, was 1.6 cpl lower than January. Indicative retail margins, at 18.6 cpl, were up by 8.3 cpl, and refinery margins were down by 4.4 cpl at 9.0 cpl. Total margins (retail, wholesale and refinery) in February at 34.8 cpl, were 3.9 cpl higher than the those in January (30.9 cpl).

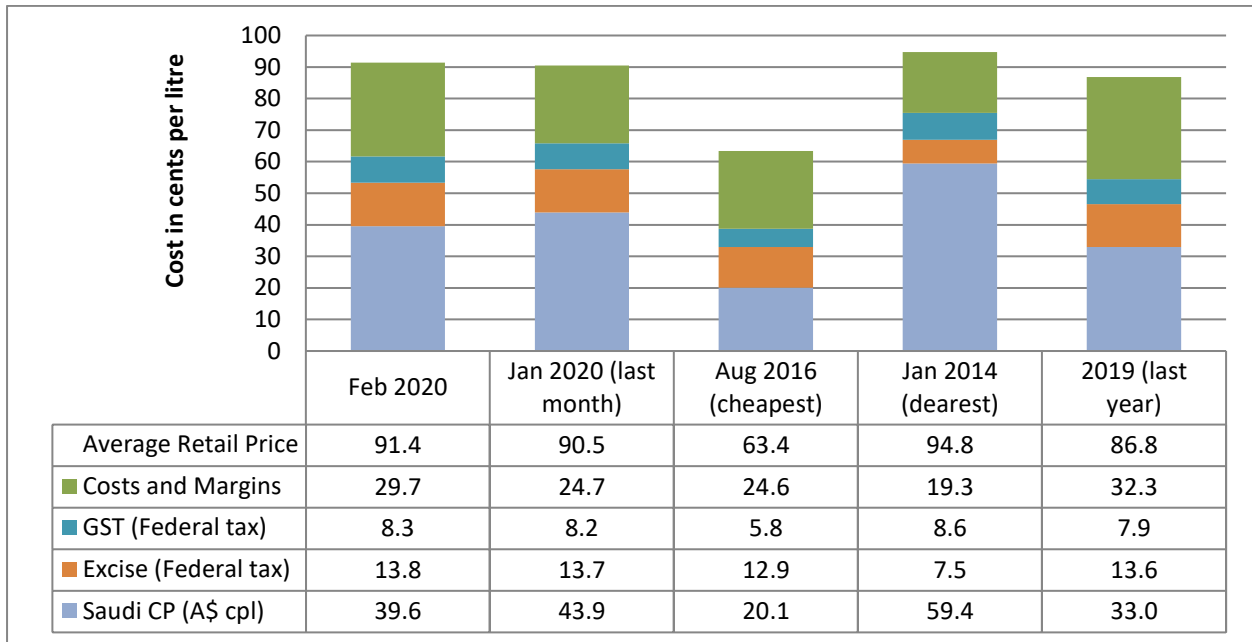
Liquid Petroleum Gas (LPG)

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 February was 91.4 cpl, 0.9 cpl higher than January. Fuel company margins and costs in February, at 29.7 cpl, were 5.0 cpl higher than January.

The recently published Saudi CP for March, at 35.1 cpl, was 4.5 cpl lower than February. This decrease should lead to a fall in the average LPG price in Brisbane. However, recent evidence suggests that fuel companies will use this fall to bolster margins, rather than pass the savings on to motorists.

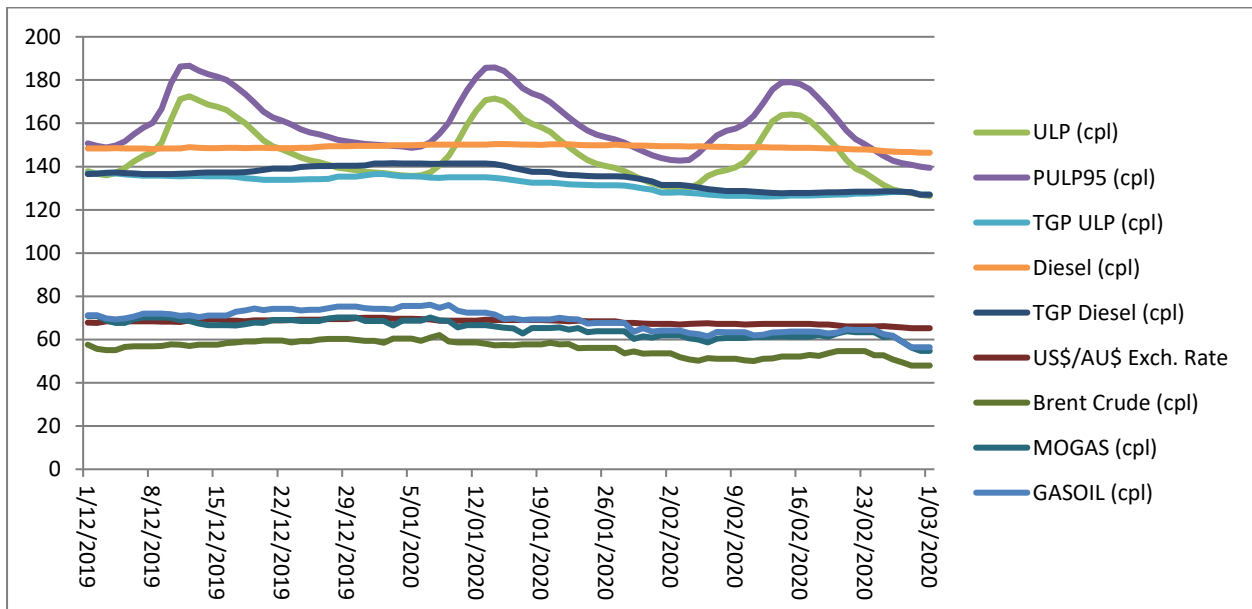
The chart below shows the cost breakdown for a litre of LPG sold in Brisbane for February. For comparison, the cost breakdown for last month, last year, August 2016 – the cheapest month and January 2014 – the most expensive month observed in recent years (since 2012), is also displayed.



Fuel excise

In 2014, the Federal Government reintroduced fuel excise indexation and mandated twice-yearly increases in line with CPI. As a result, on 3 February the excise charged on petrol and diesel increased from 41.8 cpl to 42.3 cpl, and from 13.7 cpl to 13.8 cpl on LPG. Since the reintroduction of excise indexation in 2014, the excise rate on petrol and diesel has increased by 4.2 cpl, this equates to an extra \$54 per year for a passenger car in Queensland¹.

Price trends



The last days of January price cycle and the majority of a second cycle were observed in the Brisbane ULP market in February. The February cycle started on 4 February and prices peaked at 164.0 cpl on 15 February. Prices then fell for the rest of February and early March. At the time of writing the Brisbane

¹ Calculated using average VKT and fuel use of 12,400 km pa and 10.4 litres/100km. Source ABS 2019, Survey of Motor Vehicle Use.

ULP market was in cheap phase of the cycle.

Unlike previous cycles, the February cycle was largely symmetrical. That is, it took 11 days for the cycle to move from the cheapest day to the most expensive and 11 days for retail prices to fall back to the average TGP. This change is likely to be due to the increased competition in the Brisbane retail ULP market, following the introduction of the mandatory fuel price reporting scheme.

The difference between the new common high price and the eventual maximum daily average increased in February. In early February the first fuel companies to hike their prices increased their ULP price to 173.9 cpl. When the average ULP price eventually peaked, it peaked 9.9 cpl lower at 164.0 cpl (observed 15 February). Historically, the average price would peak between no more than two cents lower than the new high price. Like the other change in the price cycle, this is likely to be a result of the price reporting scheme and the subsequent increase in competition.

These changes to the price cycle offer motorists more opportunities to buy cheaper ULP. Motorists should use the price comparison services and always buy from the cheapest site in their local area.

The average price of Brent in February at 82.0 A\$/bbl (54.7 US\$/bbl) or 51.6 cpl, was 9.5 A\$/bbl lower than January. Brent started February at 82.4 A\$/bbl (55.2 US\$/bbl). Despite a brief rally in the third week of February, the Brent price trended down substantially in February. Brent ended the month at 76.3 A\$/bbl (49.8 US\$/bbl) – the lowest price (in A\$) observed so far in 2020 and the lowest since January 2019. This fall in the oil price was due to the economic slowdown caused by the outbreak of the new Coronavirus COVID-19.

Comparison to other capital cities

The table below presents the average February prices and retail margins on ULP and diesel for Australian 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	142.0 (-5.9)	13.8 (0.3)	148.4 (-1.6)	18.6 (8.3)
Adelaide	140.7 (-11.1)	12.6 (-5.2)	144.9 (-4.8)	14.8 (4.8)
Canberra	144.4 (-2.4)	16.7 (3.6)	152.7 (-2.7)	22.9 (7.0)
Darwin	136.7 (-3.8)	4.3 (2.0)	142.4 (-1.5)	8.8 (7.8)
Hobart	154.6 (-1.2)	20.4 (4.1)	161.5 (-0.8)	25.5 (8.3)
Melbourne	142.3 (-6.5)	14.7 (-0.5)	147.4 (-1.8)	17.8 (7.9)
Perth	134.9 (-8.6)	7.5 (-2.8)	147.6 (-1.6)	18.2 (7.8)
Sydney	143.0 (-4.6)	15.3 (1.3)	148.1 (-2.4)	18.3 (7.2)

* 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 third cheapest of the five large capital cities in February, and the fourth cheapest of all capitals to buy ULP. The average ULP prices in Perth, Darwin and Adelaide were cheaper than Brisbane by 7.1 cpl, 5.3 cpl and 1.3 cpl, respectively. Melbourne, Sydney, Canberra and Hobart were more expensive than Brisbane by 0.3 cpl, 1.0 cpl, 2.4 cpl and 12.6 cpl, respectively.

For diesel, Brisbane was the most expensive large capital city in February. Considering all capitals, only Canberra and Hobart were more expensive than Brisbane. The average diesel prices in Darwin, Adelaide,

Melbourne, Perth and Sydney were cheaper than Brisbane by 6.0 cpl, 3.5 cpl, 1.0 cpl, 0.8 cpl and 0.3 cpl, respectively. Canberra and Hobart were more expensive than Brisbane by 4.3 cpl and 13.1 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 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	144.3 (-6.5)	16.1 (-0.3)	150.6 (-1.1)	20.8 (8.7)
Brisbane North	143.8 (-3.1)	15.6 (3.2)	148.7 (-1.0)	18.9 (8.9)
Brisbane South	140.5 (-5.9)	12.3 (0.3)	148.2 (-1.4)	18.4 (8.5)
Brisbane Bayside/ Redlands	142.8 (-6.1)	14.6 (0.1)	149.2 (-1.5)	19.4 (8.4)
Logan	142.6 (-6.0)	14.4 (0.2)	148.6 (-2.0)	18.8 (7.9)
Ipswich	138.9 (-6.1)	10.4 (0.2)	147.0 (-1.6)	17.0 (8.3)
Moreton Bay	142.2 (-6.0)	13.7 (0.2)	147.7 (-1.9)	17.6 (8.0)
Gold Coast	138.7 (-9.1)	9.9 (-2.9)	148.4 (-1.1)	18.0 (8.8)
Sunshine Coast	141.4 (-8.9)	12.3 (-2.7)	147.5 (-2.1)	16.9 (7.8)

* 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 Gold Coast, with an average price of 138.7 cpl, closely followed by the Ipswich (the cheapest centre in January) at 138.9 cpl. Central Brisbane was the most expensive area in SEQ at 144.3 cpl, 5.6 cpl dearer than the Gold Coast. ULP prices in SEQ centres were approximately 3 to 9 cpl lower than January.

Like in January, Ipswich was the cheapest SEQ centre to buy diesel with an average price of 147.0 cpl, followed by the Sunshine Coast at 147.5 cpl. Central Brisbane was the most expensive at 150.6 cpl, 3.6 cpl dearer than Ipswich. The price difference between the cheapest and dearest diesel price at 3.6 cpl was lower than ULP, for which the difference was 5.6 cpl. Diesel prices in SEQ in February were approximately 1 to 2 cpl lower than the January averages.

Fuel prices across Queensland

The average price of ULP across regional Queensland in February was 143.9 cpl, 1.1 cpl lower than January when the average price was 145.0 cpl. The average diesel price was 148.2 cpl, 1.5 cpl lower than January when the average price was 149.7 cpl.

With an average ULP price of 135.4 cpl, Maryborough was the cheapest regional centre in February, 6.6 cpl cheaper than Brisbane. With an average ULP price of 135.5 cpl, Miles lost its usual crown as the cheapest Queensland regional centre by 0.1 cpl. Bundaberg was the third cheapest at 136.2 cpl, 5.8 cpl cheaper than Brisbane. Nambour, Roma, Whitsunday, Goondiwindi, Hervey Bay, Gympie, Somerset, Gladstone, Ingham, Townsville and Lockyer Valley were also cheaper than Brisbane. At 159.5 cpl, the most expensive regional centre for ULP was Blackwater², 17.5 cpl more expensive than Brisbane.

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

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	142.0 (-5.9)	13.8 (0.3)	148.4 (-1.6)	18.6 (8.3)
Atherton	149.6 (0.3)	17.0 (6.3)	149.0 (-0.9)	15.4 (8.8)
Beaudesert	147.4 (-2.4)	18.3 (3.8)	150.5 (-4.5)	19.9 (5.4)
Biloela	149.7 (0.0)	18.1 (5.9)	151.7 (-1.2)	19.1 (8.4)
Blackwater	159.5 (-0.4)	26.2 (5.5)	152.4 (-1.7)	18.1 (7.9)
Bowen	144.3 (-2.4)	10.4 (3.5)	147.0 (-1.9)	13.0 (7.6)
Bundaberg	136.2 (-1.9)	4.6 (4.3)	145.0 (-2.6)	11.8 (7.3)
Cairns	144.6 (-1.4)	12.8 (4.6)	149.4 (-0.5)	16.5 (9.2)
Charters Towers	149.8 (0.0)	16.5 (5.9)	151.5 (-0.4)	18.0 (9.1)
Childers	147.6 (-0.3)	16.5 (5.9)	148.8 (-0.5)	16.2 (9.4)
Dalby	143.9 (-1.9)	13.7 (4.3)	147.9 (-0.4)	16.2 (9.5)
Emerald	149.9 (0.0)	15.9 (5.9)	149.4 (-2.8)	14.3 (6.8)
Gladstone	140.7 (-2.8)	10.3 (3.1)	146.8 (-2.1)	15.4 (7.5)
Goondiwindi	137.9 (-2.0)	6.4 (4.2)	146.3 (-1.5)	13.2 (8.4)
Gympie	138.3 (-1.6)	8.6 (4.6)	143.7 (-5.0)	12.4 (4.9)
Hervey Bay	137.9 (-0.3)	7.0 (5.9)	148.9 (-0.7)	16.4 (9.2)
Ingham	141.0 (-3.6)	7.9 (2.3)	146.3 (-1.3)	13.1 (8.2)
Innisfail	144.9 (-0.8)	12.2 (5.3)	150.9 (-0.4)	17.2 (9.3)
Kingaroy	145.2 (0.0)	15.1 (6.2)	145.9 (-2.5)	14.2 (7.4)
Lockyer Valley	141.9 (-4.8)	12.8 (1.4)	148.5 (-1.3)	17.7 (8.5)
Longreach	155.2 (-2.9)	17.0 (3.1)	162.3 (-0.3)	23.0 (9.2)
Mackay	146.4 (-0.7)	15.0 (5.2)	150.0 (-1.1)	18.1 (8.4)
Mareeba	149.7 (-0.1)	17.3 (5.9)	151.1 (-1.7)	17.6 (8.0)
Maryborough	135.4 (-5.0)	4.8 (1.2)	144.0 (-4.2)	11.9 (5.7)
Miles	135.5 (-1.4)	4.1 (4.8)	141.8 (-1.2)	8.8 (8.6)
Moranbah	143.9 (0.0)	10.6 (5.9)	147.3 (-0.4)	13.5 (9.1)
Mount Isa	156.4 (0.6)	15.5 (6.5)	148.8 (-0.7)	7.7 (8.8)
Nambour	136.6 (-9.9)	7.5 (-3.6)	147.5 (-1.4)	16.9 (8.5)
Noosa	146.4 (-8.2)	17.2 (-2.0)	147.8 (-1.1)	17.0 (8.8)
Rockhampton	145.0 (-0.4)	13.5 (5.5)	148.4 (-1.0)	15.9 (8.6)
Roma	136.6 (-3.9)	3.8 (2.3)	145.5 (-2.0)	11.1 (7.9)
Somerset	140.4 (-2.9)	11.3 (3.3)	145.4 (-1.2)	14.7 (8.7)
Toowoomba	147.7 (4.4)	18.3 (10.6)	147.7 (-1.6)	16.8 (8.3)
Townsville	141.5 (-3.6)	9.5 (2.4)	148.9 (-2.4)	16.8 (7.1)
Tully	145.2 (-1.6)	12.0 (4.4)	149.5 (-0.4)	15.3 (9.3)
Warwick	143.3 (-0.3)	13.7 (5.9)	146.8 (-1.4)	15.6 (8.5)
Whitsunday	137.6 (-1.7)	4.9 (4.3)	139.7 (-2.1)	6.5 (7.5)
Yeppoon	145.8 (0.0)	13.9 (5.9)	149.8 (0.0)	16.9 (9.5)

* 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 January, Whitsunday had the cheapest diesel in Queensland at 139.7 cpl, 8.7 cpl cheaper than

Brisbane. Miles, Gympie, Maryborough, Bundaberg, Somerset, Roma, Kingaroy, Goondiwindi, Ingham, Gladstone, Warwick, Bowen, Moranbah, Nambour, Toowoomba, Noosa and Dalby were also cheaper than Brisbane. With an average diesel price of 148.4 cpl, Rockhampton was the same price as Brisbane. Longreach¹ was the most expensive regional centre for diesel at 162.3 cpl, 13.9 cpl higher than Brisbane.

In 22 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 Roma (3.8 cpl), 10.0 cpl lower than Brisbane, and the highest margins were observed in Blackwater (26.2 cpl), 12.4 cpl higher than Brisbane.

Indicative retail margins on ULP increased in every Queensland centre except Nambour and Noosa. The largest increase in retail margin was observed in Toowoomba.

Diesel indicative retail margins were lower than Brisbane in 34 out of 37 regional centres. The lowest diesel indicative retail margin was observed in Whitsunday (6.5 cpl), 12.1 cpl lower than Brisbane. Longreach had the highest indicative retail margin (23.0 cpl), 4.4 cpl greater than Brisbane.

Diesel indicative retail margins increased in February in every centre monitored by RACQ. Diesel indicative retail margins across regional Queensland in February were 5 to 10 cpl greater than those observed in January.

Outlook

Oil prices fell substantially in February and are likely to fall further. These falls were the result of the spread of the new Coronavirus – COVID-19, and world government's responses to prevent the virus spreading further. The threat of the spread of the new virus, and the efforts to contain the disease, have caused a downturn in global economic activity and a subsequent reduction in demand for oil which has led to lower prices.

In response to the new Coronavirus outbreak and the subsequent fall in demand for crude oil, some OPEC members, most notably Saudi Arabia, have called for the cartel and their allies to further cut production in an attempt to bolster oil prices. This call has, so far, been opposed by Russia. OPEC and OPEC+ are due to meet in Vienna on March 5 and 6. If OPEC and OPEC+ agree to further cuts, this could curb the recent falls in the oil price.

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

Data sources

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