

Monthly Fuel Price Report – February 2021



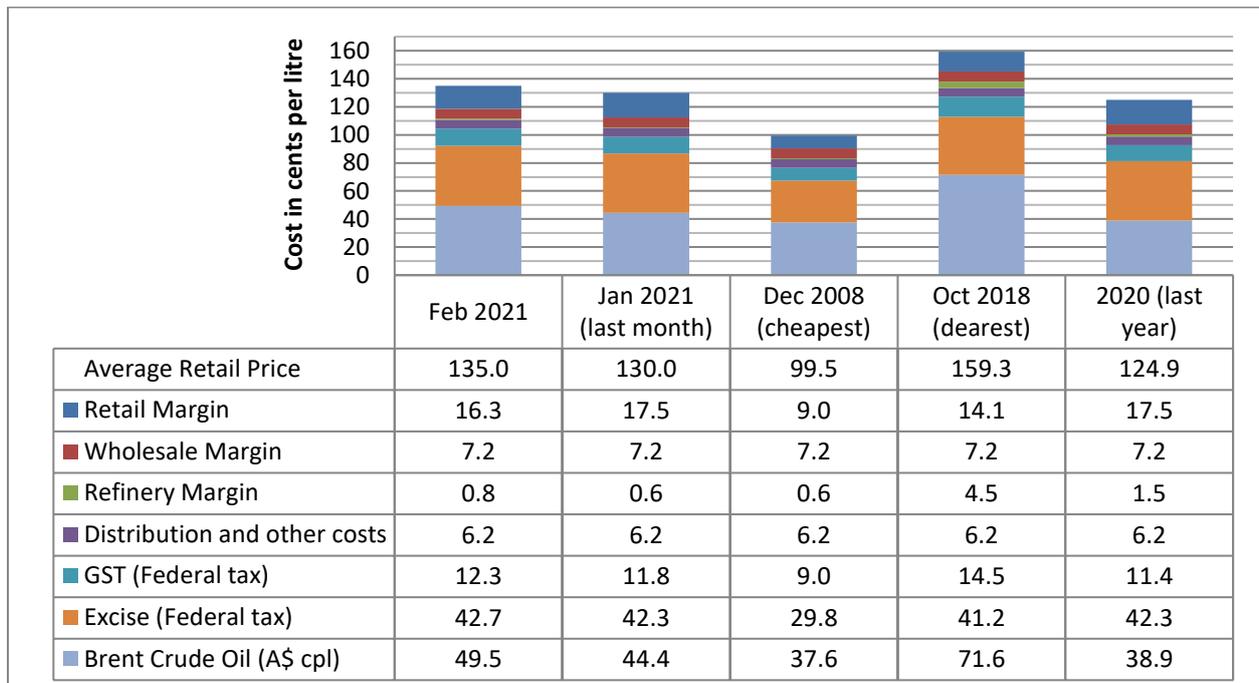
3 March 2021

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

Key points

- At 135.0 cpl, the average ULP price in Brisbane in February was 5.0 cpl higher than January.
- At 16.3 cpl, indicative ULP retail margins in Brisbane in February were down by 1.2 cpl compared to January. Indicative retail margins in Brisbane were the highest in Queensland, no other city (regional or SEQ) had higher margins.
- Brisbane was also the most expensive Australian capital city to buy ULP.
- On 1 February, the excise charged on petrol and diesel increased from 42.3 cpl to 42.7 cpl.
- At 127.5 cpl, the average Brisbane diesel price in February was 6.6 cpl dearer than January.
- Brisbane was the fourth cheapest capital city for diesel. Darwin, Perth and Adelaide were cheaper than Brisbane by 2.5 cpl, 1.2 cpl and 0.1 cpl, respectively.
- ULP prices in regional Queensland in February were cheap compared to SEQ. Indicative retail margins on ULP were lower than in Brisbane in all 37 regional centres, and 36 out of 37 for diesel.
- The average ULP price in regional Queensland was 128.1 cpl, 7.0 cpl higher than January. The average diesel price in regional Queensland was up 6.2 cpl, at 126.3 cpl.
- Miles was the cheapest Queensland regional centre to buy ULP and diesel in February. The average price of ULP was 119.0 cpl, 16.0 cpl cheaper than Brisbane, the diesel was 120.2 cpl, 7.3 cpl cheaper than Brisbane.
- Mount Isa was the most expensive regional centre to buy ULP and diesel in February, with an average ULP price of 143.6 cpl and diesel price of 133.8 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 2021. 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.

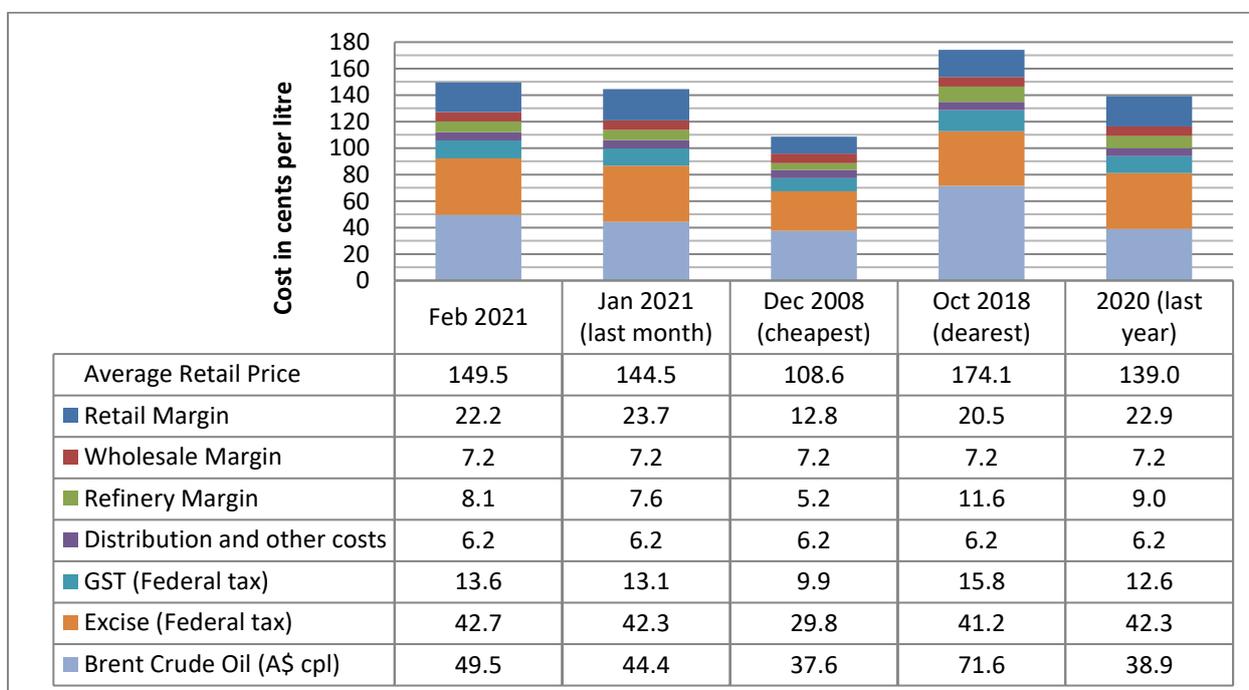
At 135.0 cpl, the average price of ULP in Brisbane in February was 5.0 cpl dearer than January. The monthly average indicative retail margin for February was down by 1.2 cpl, at 16.3 cpl. At 0.8 cpl, the average indicative refinery margin was up by 0.2 cpl. Total margins (retail, wholesale and refinery) at 24.3 cpl, were 1.0 cpl lower than the January average of 25.3 cpl, and 1.9 cpl lower than the 2020 annual average of 26.2 cpl.

The RACQ pricing model assumes that oil is imported to Australia and refined locally. However, Australia’s refinery capacity is set to reduce after ExxonMobil announced they are planning to close their refinery in Altona, Melbourne, and convert the facility to an import terminal. This follows a similar announcement from BP, who plan to do the same with their refinery in Kwinana near Perth.

Following these closures there will only be two remaining refineries in Australia – the Ampol (previously Caltex) refinery in Lytton, Brisbane and the Viva Energy refinery in Geelong. However, Ampol are considering the future of the Lytton refinery, with a decision due mid-2021.

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 February were 1.7 cpl, 0.5 cpl lower than January at 2.2 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 PULP 95 sold in Brisbane in February 2021. For comparison, the cost breakdown for last month, last year, October 2018 – the most expensive month

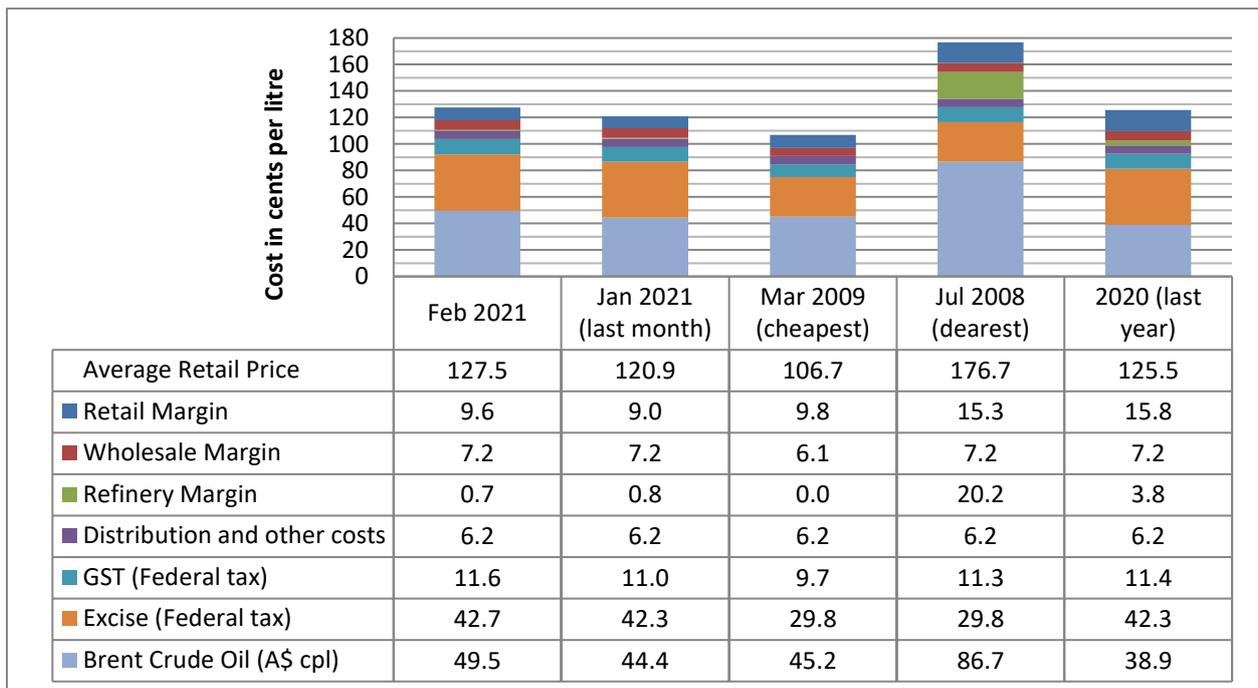
and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

The average PULP 95 price in Brisbane in February was 149.5 cpl, 5.0 cpl higher than January. The price difference between ULP and PULP 95 was 14.5 cpl, the same as January. Indicative retail margins for PULP 95, at 22.2 cpl, were 1.5 cpl lower than January, and 0.7 cpl lower than the average for 2020. Refinery margins at 8.1 cpl, were 0.5 cpl higher than January. Total margins, at 37.5 cpl, were 1.0 cpl lower than January, when they were 38.5 cpl.

Diesel cost breakdown in Brisbane

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

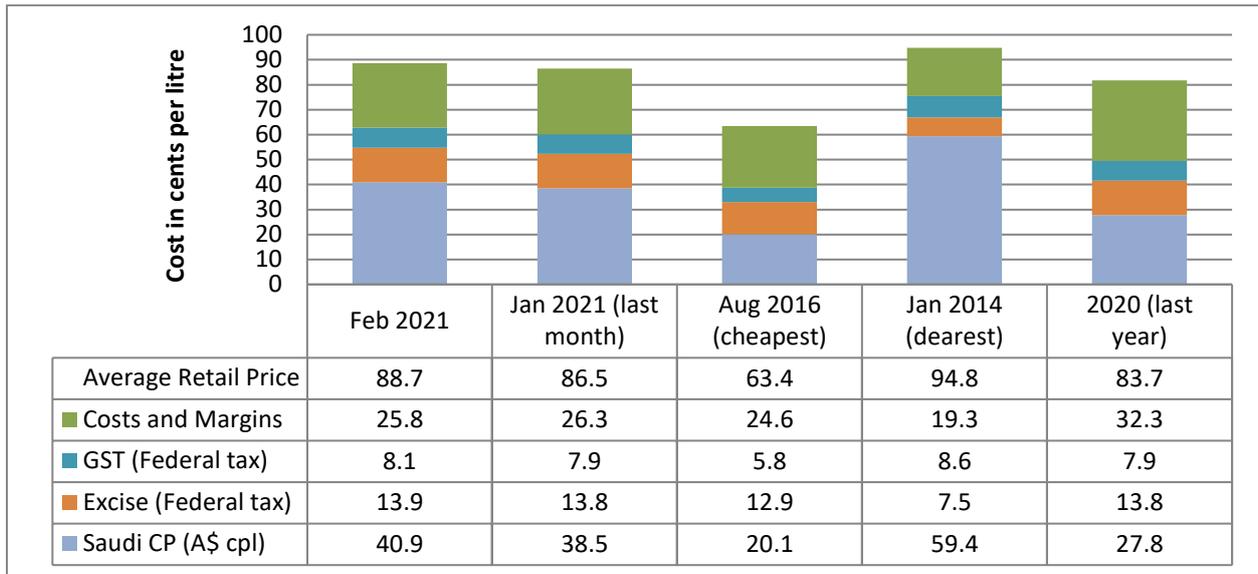
The average price of diesel in February, at 127.5 cpl, was 6.6 cpl higher than January. Indicative retail margins at 9.6 cpl were up 0.6 cpl, and refinery margins were marginally down, at 0.7 cpl. Total margins (retail, wholesale and refinery) in February were 17.5 cpl, 0.5 cpl higher than January, when they were 17.0 cpl.



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 above shows the cost breakdown for a litre of LPG sold in Brisbane for February 2021. 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.

The average retail price of LPG in Brisbane in February was 88.7 cpl, 2.2 cpl higher than January (86.5 cpl). Fuel company margins and costs in February decreased by 0.5 cpl, to 25.8 cpl.

The recently published Saudi CP for March, at 42.0 cpl, was 1.1 cpl higher than February (40.9 cpl). This increase in the Saudi CP should not lead to a substantial increase in the average LPG retail price.

Fuel excise

In 2014, the Federal Government reintroduced fuel excise indexation and mandated twice-yearly increases in line with CPI. As a result, on 1 February the excise charged on petrol and diesel increased from 42.3 cpl to 42.7 cpl, and from 13.8 cpl to 13.9 cpl on LPG. Since the reintroduction of excise indexation in 2014, the excise rate on petrol and diesel has increased by 4.6 cpl. This equates to an extra \$58.7 per year for a passenger car in Queensland¹.

Price trends

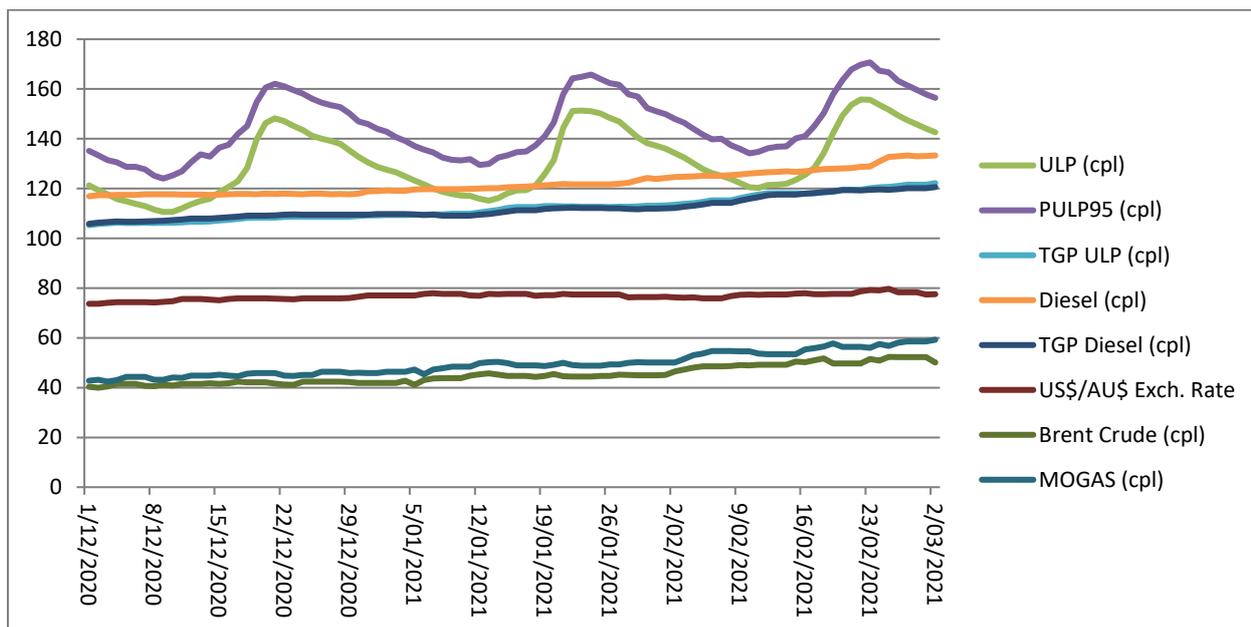
Two partial price cycles were observed in the Brisbane ULP market in February. The first price cycle started on 14 January and prices peaked at 151.3 cpl on 23 January. Prices then slowly fell through the rest of January and into February 2021, falling to a low of 120.3 cpl on 11 February. The second price cycle started on 12 February and prices peaked at 155.8 cpl on 22 February. Prices then slowly fell through the rest of February and into early March. At the time of writing the Brisbane ULP market was in the discounting phase of the cycle.

The average price of Brent in February at 78.7 A\$/bbl (61.1 US\$/bbl) or 49.5 cpl, was 8.1 A\$/bbl higher than January (at 70.6 A\$/bbl (54.6 US\$/bbl)).

Brent started February at a local low point of 71.8 A\$/bbl (54.9 US\$/bbl). Oil prices trended up throughout February, peaking at 83.2 A\$/bbl (66.3 US\$/bbl) on 25 February, before softening slightly

¹ Calculated using average Queensland passenger vehicle VKT and fuel use of 11,100 km pa and 11.5 litres/100km. Source ABS 2020, Survey of Motor Vehicle Use.

the last business day in February, to end the month at 83.1 A\$/bbl (65.1 US\$/bbl).



The Brent price of 83.2 A\$/bbl (66.3 US\$/bbl) observed on 25 February was a 13-month record high. An A\$ Brent price this high was last observed on 3 February 2020. At that time the Australian dollar was worth 66.92 US cents, substantially weaker than it was at the end of February (78.29 US cents on 26 February 2021). The strong A\$ has somewhat offset some of the recent gains in the oil price in US\$-terms. The Brent price in US\$ hit a 14-month record, it was last this high in early January 2020.

The rollout of COVID-19 vaccines in Europe and North America bolstered oil prices in February. Oil prices increased further following a record cold period in Texas which caused major disruption to oil production and supply. In February, Texas experienced the coldest weather for 30 years.

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)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	135.0 (5.0)	16.3 (-1.2)	127.5 (6.7)	9.6 (0.5)
Adelaide	131.1 (5.6)	12.1 (-0.7)	127.4 (7.1)	9.4 (1.0)
Canberra	129.0 (5.1)	10.4 (-1.3)	131.2 (5.2)	13.1 (-1.0)
Darwin	126.4 (8.4)	2.5 (1.9)	125.0 (6.3)	2.4 (0.1)
Hobart	130.5 (5.3)	5.8 (-0.9)	135.3 (2.3)	11.4 (-3.8)
Melbourne	130.9 (0.3)	12.9 (-6.1)	128.1 (5.5)	10.2 (-0.6)
Perth	130.3 (8.1)	11.4 (1.6)	126.3 (5.7)	8.0 (-0.5)
Sydney	132.6 (3.2)	14.1 (-3.2)	128.4 (5.9)	10.3 (-0.4)

* 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 most expensive of all capital cities in February, as it was in January. Sydney was the second most expensive capital city in February, 2.4 cpl cheaper than Brisbane. The average ULP prices in

Darwin, Canberra, Perth, Hobart, Melbourne, Adelaide and Sydney were cheaper than Brisbane by 8.6 cpl, 6.0 cpl, 4.7 cpl, 4.5 cpl, 4.1 cpl, 3.9 cpl and 2.4 cpl, respectively.

For diesel, Brisbane was the fourth cheapest capital city in February (after being the third cheapest in January). The average diesel prices in Darwin, Perth and Adelaide were cheaper than Brisbane by 2.5 cpl, 1.2 cpl and 0.1 cpl, respectively. Melbourne, Sydney, Canberra and Hobart were more expensive than Brisbane by 0.6 cpl, 0.9 cpl, 3.7 cpl and 7.8 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)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Central Brisbane	140.0 (5.7)	21.2 (-0.5)	129.9 (7.6)	11.9 (1.4)
Brisbane North	133.5 (4.2)	14.8 (-2.0)	127.7 (7.1)	9.7 (0.9)
Brisbane South	132.5 (3.8)	13.7 (-2.5)	127.4 (6.3)	9.4 (0.1)
Brisbane Bayside/Redlands	138.5 (2.6)	19.8 (-3.7)	128.4 (6.4)	10.4 (0.2)
Logan	133.8 (5.2)	15.1 (-1.1)	127.0 (6.7)	9.1 (0.5)
Ipswich	132.5 (5.8)	13.5 (-0.5)	126.8 (6.9)	8.6 (0.7)
Moreton Bay	134.2 (4.8)	15.1 (-1.4)	126.8 (6.3)	8.4 (0.2)
Gold Coast	132.6 (5.6)	13.2 (-0.7)	128.0 (6.8)	9.4 (0.6)
Sunshine Coast	131.8 (5.5)	12.3 (-0.8)	126.8 (6.5)	8.0 (0.3)

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

The Sunshine Coast was the cheapest centre in SEQ to buy ULP in February (as it was in January), with an average price of 131.8 cpl. The joint second cheapest were Ipswich and Brisbane South both at 132.5 cpl. Central Brisbane was the most expensive area in SEQ at 140.0 cpl, 8.2 cpl dearer than the Sunshine Coast. The average ULP price increased in all SEQ centres compared to January. The changes ranged from an increase of 2.6 cpl in Brisbane Bayside/Redlands, to 5.8 cpl in Ipswich.

Ipswich, Moreton Bay and the Gold Coast shared the honours as the cheapest SEQ centre to buy diesel in February, at 126.8 cpl. Logan was a close fourth, at 127.0 cpl. Central Brisbane was the most expensive area in SEQ to buy diesel at 129.9 cpl, 3.1 cpl dearer than the cheapest centres. Average diesel prices were higher in all SEQ centres compared to January, by between 6.3 cpl and 7.6 cpl.

The price difference between the cheapest and dearest diesel price in SEQ, at 3.1 cpl, was lower than ULP, for which the difference was 8.2 cpl.

Fuel prices across Queensland

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	135.0 (5.0)	16.3 (-1.2)	127.5 (6.7)	9.6 (0.5)
Atherton	128.4 (6.5)	6.0 (0.1)	126.7 (5.2)	4.5 (-1.0)
Beaudesert	129.8 (7.9)	10.2 (1.7)	129.6 (8.2)	10.8 (2.1)
Biloela	121.8 (1.8)	0.2 (-4.6)	122.6 (2.3)	1.9 (-3.8)
Blackwater	129.9 (7.2)	6.5 (0.9)	128.4 (5.0)	6.0 (-1.2)
Bowen	128.1 (7.1)	4.5 (0.8)	126.0 (6.1)	3.7 (-0.1)
Bundaberg	121.4 (8.0)	-0.7 (1.7)	125.6 (4.7)	4.2 (-1.5)
Cairns	127.5 (6.6)	5.8 (0.2)	126.3 (6.0)	4.9 (-0.3)
Charters Towers	129.9 (6.6)	7.0 (0.2)	127.7 (5.4)	6.0 (-0.8)
Childers	125.2 (5.2)	3.5 (-1)	125.3 (5.3)	4.4 (-0.8)
Dalby	128.3 (6.9)	7.6 (0.6)	124.9 (4.5)	5.0 (-1.7)
Emerald	134.9 (1.0)	10.7 (-5.4)	132.2 (6.9)	9.0 (0.8)
Gladstone	126.1 (10.2)	5.6 (3.9)	125.9 (6.8)	6.4 (0.7)
Goondiwindi	123.0 (7.5)	0.9 (1.2)	123.9 (5.9)	2.5 (-0.2)
Gympie	129.8 (7.4)	9.6 (1.1)	124.6 (5.2)	5.1 (-0.9)
Hervey Bay	124.9 (6.2)	3.5 (-0.1)	126.9 (2.9)	6.2 (-3.3)
Ingham	127.4 (4.6)	4.7 (-1.8)	126.8 (2.2)	5.3 (-4.1)
Innisfail	130.1 (5.7)	7.6 (-0.7)	129.0 (6.4)	6.8 (0.2)
Kingaroy	124.3 (6.4)	3.6 (0.1)	124.6 (6.0)	4.7 (-0.1)
Lockyer Valley	124.3 (7.1)	4.6 (0.8)	127.9 (7.8)	9.0 (1.7)
Longreach	136.9 (3.7)	8.7 (-2.6)	133.5 (4.3)	6.2 (-1.8)
Mackay	130.0 (6.7)	9.0 (0.3)	128.7 (7.9)	8.8 (1.7)
Mareeba	130.0 (3.1)	7.7 (-3.3)	130.5 (8.7)	8.5 (2.5)
Maryborough	122.0 (5.7)	0.9 (-0.5)	124.6 (5.8)	4.2 (-0.4)
Miles	119.0 (5.5)	-2.9 (-0.7)	120.2 (7.2)	-1.0 (1.0)
Moranbah	122.7 (6.7)	-0.3 (0.4)	125.7 (8.0)	3.9 (1.8)
Mount Isa	143.6 (0.9)	13.1 (-5.5)	133.8 (7.0)	4.4 (0.8)
Nambour	129.9 (5.9)	10.4 (-0.3)	125.6 (6.3)	6.7 (0.1)
Noosa	131.2 (5.7)	11.5 (-0.6)	124.9 (5.8)	6.0 (-0.3)
Rockhampton	129.8 (7.5)	8.2 (1.2)	126.4 (6.9)	5.8 (0.8)
Roma	121.3 (2.6)	-2.0 (-3.7)	121.5 (4.7)	-1.1 (-1.5)
Somerset	123.8 (8.2)	4.1 (1.9)	122.4 (5.3)	3.5 (-0.8)
Toowoomba	134.7 (4.3)	14.8 (-2.0)	126.3 (6.1)	7.2 (-0.1)
Townsville	128.8 (10.9)	7.2 (4.5)	124.9 (6.2)	4.6 (-0.1)
Tully	129.9 (7.3)	6.9 (0.9)	126.6 (5.0)	3.9 (-1.2)
Warwick	123.0 (5.3)	2.9 (-1.0)	125.7 (3.8)	6.3 (-2.3)
Whitsunday/Proserpine	121.6 (7.4)	-0.7 (1.0)	122.3 (7.6)	1.1 (1.4)
Yeppoon	128.4 (7.1)	6.4 (0.8)	127.0 (8.3)	6.0 (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.

The average price of ULP across regional Queensland in February was 128.1 cpl, 7.0 cpl higher than January when the average price was 121.1 cpl. The average diesel price was 126.3 cpl, 6.2 cpl higher than January when the average price was 120.1 cpl.

The upward trend in regional prices has been observed in all regional centres. These increases are in line with recent increases in the TGP and oil price, and retail margins remain fair in most centres. Most centres in regional Queensland were relatively cheap compared to Brisbane.

With an average ULP price of 119.0 cpl, Miles retained its usual position as the cheapest regional centre in February, as it was in January (albeit sharing the honours with Bundaberg). Miles was 16.0 cpl cheaper than Brisbane. Roma was the second cheapest with an average ULP price of 121.3 cpl, and Bundaberg was the third cheapest at 121.4 cpl. Whitsunday/Proserpine, Biloela, Maryborough, Moranbah, Goondiwindi, Warwick, Somerset, Kingaroy, Lockyer Valley, Hervey Bay, Childers, Gladstone, Ingham, Cairns, Bowen, Dalby, Atherton, Yeppoon, Townsville, Beaudesert, Gympie, Rockhampton, Blackwater, Charters Towers, Nambour, Tully, Mackay, Mareeba, Innisfail, Noosa, Toowoomba and Emerald were also cheaper than Brisbane. Only Longreach and Mount Isa were more expensive than Brisbane². At 143.6 cpl, the most expensive regional centre for ULP was Mount Isa (8.6 cpl more expensive than Brisbane).

Miles also had the cheapest diesel in Queensland in February, at 120.2 cpl, 7.3 cpl cheaper than Brisbane. Roma, at 121.5 cpl was the second cheapest regional centre in February. Whitsunday/Proserpine, Somerset, Biloela, Goondiwindi, Gympie, Kingaroy, Maryborough, Dalby, Noosa, Townsville, Childers, Bundaberg, Nambour, Moranbah, Warwick, Gladstone, Bowen, Cairns, Toowoomba, Rockhampton, Tully, Atherton, Ingham, Hervey Bay and Yeppoon were also cheaper than Brisbane. Like ULP, Mount Isa¹ was also the most expensive regional centre for diesel at 133.8 cpl, 6.3 cpl higher than Brisbane. However, the average diesel price in Mount Isa returned an indicative retail margin of 4.4 cpl, a margin RACQ considers to be reasonable.

All of the 37 regional centres monitored by RACQ 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 Miles, 19.2 cpl lower than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 36 out of 37 regional centres. At negative 1.1 cpl, the lowest diesel indicative retail margin was observed in Roma, 10.7 cpl lower than Brisbane. Beaudesert had the highest indicative retail margin (10.8 cpl) and was the only centre with an indicative retail margin higher than Brisbane (1.2 cpl higher).

Outlook

The oil price strengthened throughout most of January as prices were buoyed by the rollout of COVID-19 vaccines and by the supply restrictions caused by the freezing weather in Texas.

There are indications that the average oil price for 2021 will be higher than previously expected. Recently Barclays Bank (in the UK) increased their forecast for the 2021 average Brent price to 67 US\$/bbl (up from 62 US\$/bbl). They stated this increase was due to supply disruptions (like the recent disruptions in the southern US) rather than an increase in demand.

Looking further out Bank of America are forecasting WTI price of 50 to 70 US\$/bbl in the next two years. Typically, WTI is about 5 US\$/bbl (about 6% or 7%) lower than Brent. They are also predicting the fastest growth in oil prices since those observed during the oil crisis of the early 1970's. They attribute this

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.

possible price gain to the management of supply by OPEC+, rather than an increase in demand.

While weak demand is a common theme among many of the oil price predictions. Instead, they attribute price increases to on-going supply restrictions, both from OPEC+ and the diminished US Shale Oil industry.

The increase in the oil price has been somewhat offset by the strengthening Australian dollar. Up until 25 February, the A\$ had strengthened by 3.2 US cents or 4.2%. However, on the last business day of February the A\$ fell sharply following falls in the ASX and bond markets.

Oil prices also softened in the last few days of February and the first days of March. This fall was attributed to expectations that OPEC+ were about to increase production. OPEC and OPEC+ were planning to meet on March 3 to decide how to proceed with their production cut.

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

Data sources

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