

# Monthly Fuel Price Report – January 2020



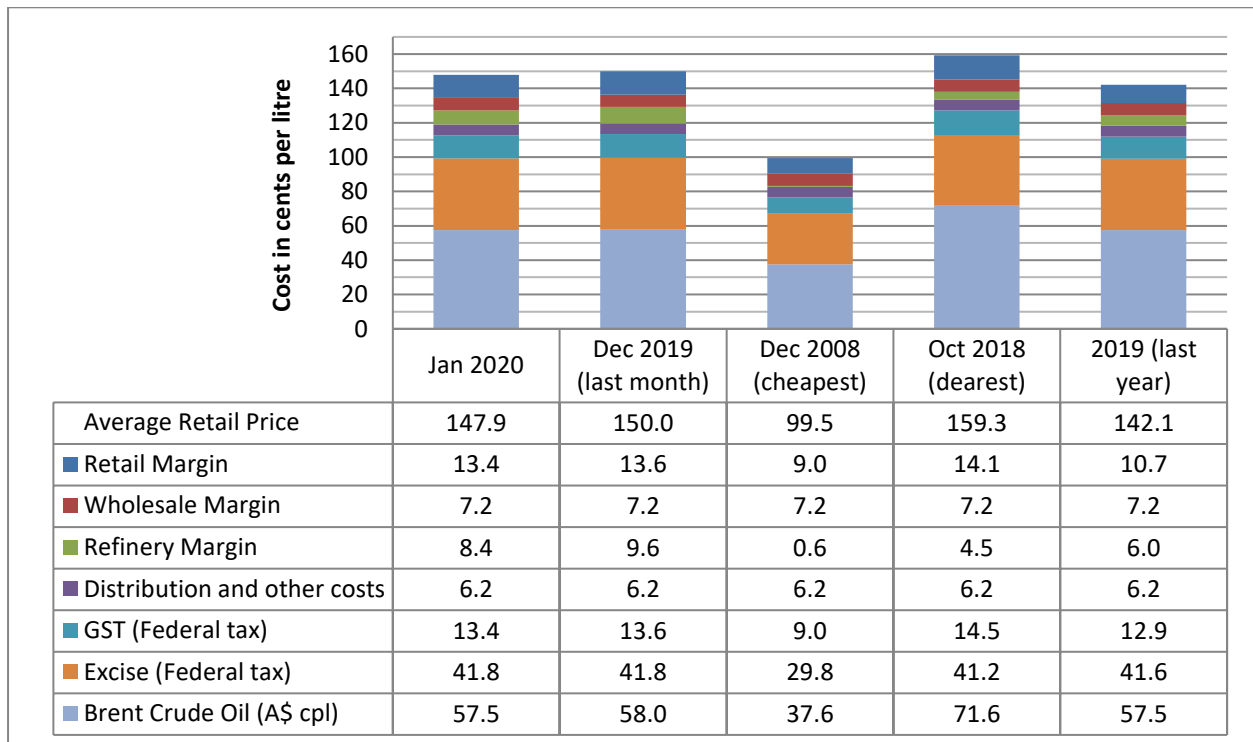
4 February 2020

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

## Key points

- At 147.9 cpl, the average ULP price in Brisbane in January was 2.1 cpl lower than December.
- The decrease was largely due to a decrease in fuel company margins.
- Indicative retail margins in Brisbane, at 13.4 cpl, were 0.2 cpl lower than December. Indicative ULP refinery margins, at 8.4 cpl, were 1.2 cpl lower than December.
- Brisbane was the third cheapest of the large capital city in January for ULP, and the fifth cheapest of all capitals. Melbourne, Adelaide and Hobart were dearer than Brisbane.
- At 150.0 cpl, the average Brisbane diesel price in January was 1.3 cpl more expensive than December.
- Brisbane was the fourth cheapest of the large capital city in January for diesel, and the fifth cheapest of all capitals. Sydney, Canberra and Hobart were dearer than Brisbane.
- The average ULP price in regional Queensland in January was 145.0 cpl, 0.3 cpl higher than December. The average diesel price in regional Queensland was up 0.7 cpl, at 149.7 cpl.
- Miles retained its usual place as the cheapest Queensland regional centre to buy ULP in January, with an average price of 136.9 cpl.
- Whitsunday was the cheapest Queensland regional centre to buy diesel in January, with an average price of 141.7 cpl.

## ULP cost breakdown in Brisbane



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

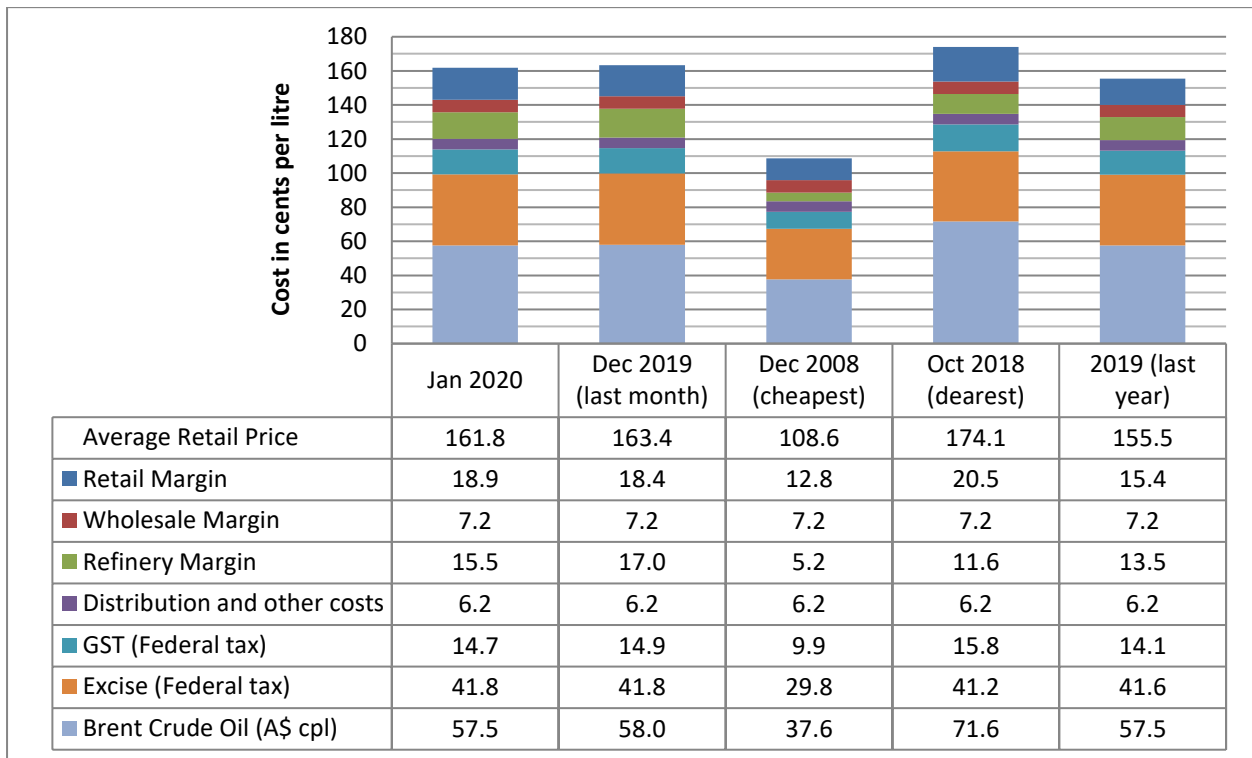
The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for January 2020. For comparison, the cost breakdown for last month, last year, October 2018 - the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

At 147.9 cpl the average price of ULP in Brisbane in January 2020 was 2.1 cpl lower than the December 2019 average. Indicative retail margins, at 13.4 cpl, were 0.2 cpl lower than December. Indicative ULP refinery margins, at 8.4 cpl, were 1.2 cpl lower than December. Total margins (retail, wholesale and refinery) at 29.0 cpl, were 1.4 cpl lower than December, when they were 30.4 cpl.

The decrease in the January average ULP price was largely due to a decrease in fuel company margins. A slight fall in the oil price (down 0.5 cpl compared to December) also contributed to lower retail ULP prices.

### 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 January. 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.

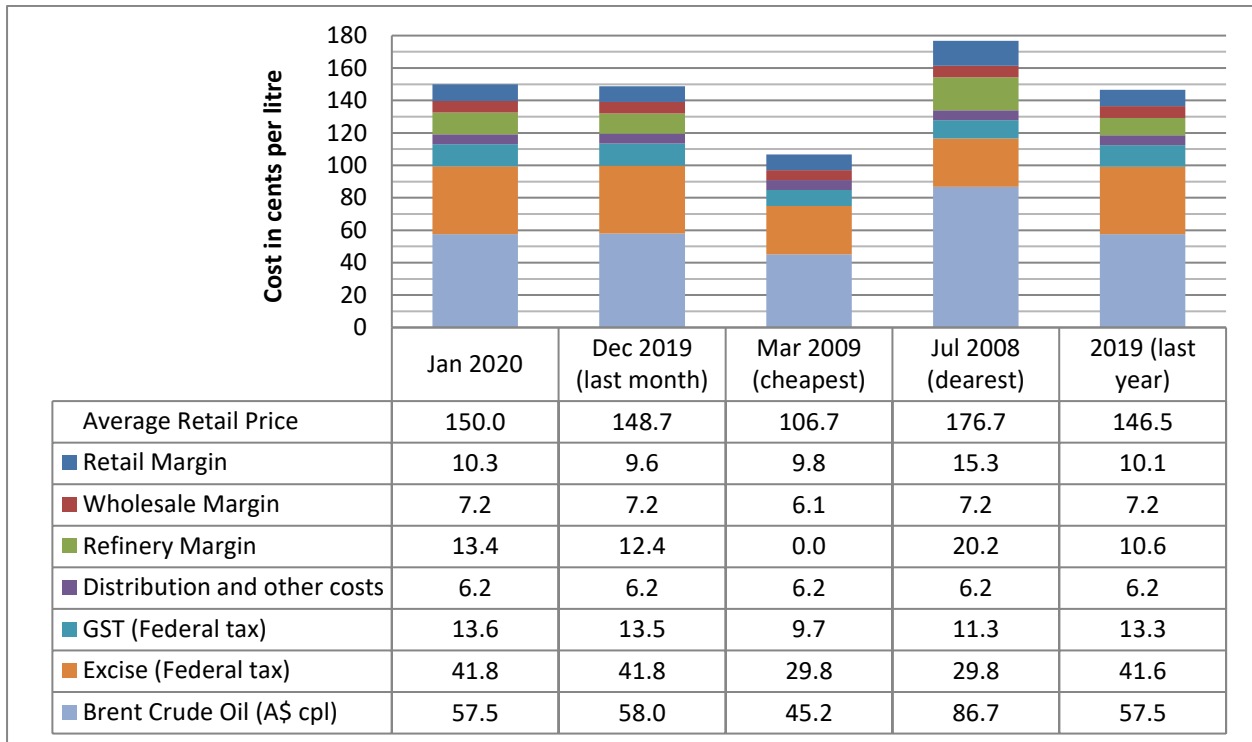


Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The average PULP 95 price in Brisbane in January was 161.8 cpl, 1.6 cpl lower than December. The price difference between ULP and PULP 95 was 13.9 cpl, 0.5 cpl greater than December (when it was 13.4 cpl). Indicative retail margins for PULP 95, at 18.9 cpl, were 0.5 cpl higher than December. Refinery margins at 15.5 cpl, were 1.5 cpl lower than December. Total margins, at 41.6 cpl were 0.9 cpl lower than December when they were 42.5 cpl.

## Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for January. For comparison, the cost breakdown for last month, last year, March 2009 – the cheapest month and August 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 January, at 150.0 cpl, was 1.3 cpl lower than December. Indicative retail margins, at 10.3 cpl, were up by 0.7 cpl, and refinery margins were up by 1.0 cpl at 13.4 cpl. Total margins (retail, wholesale and refinery) in January at 30.9 cpl, were 1.7 cpl higher than the those in December (29.2 cpl).

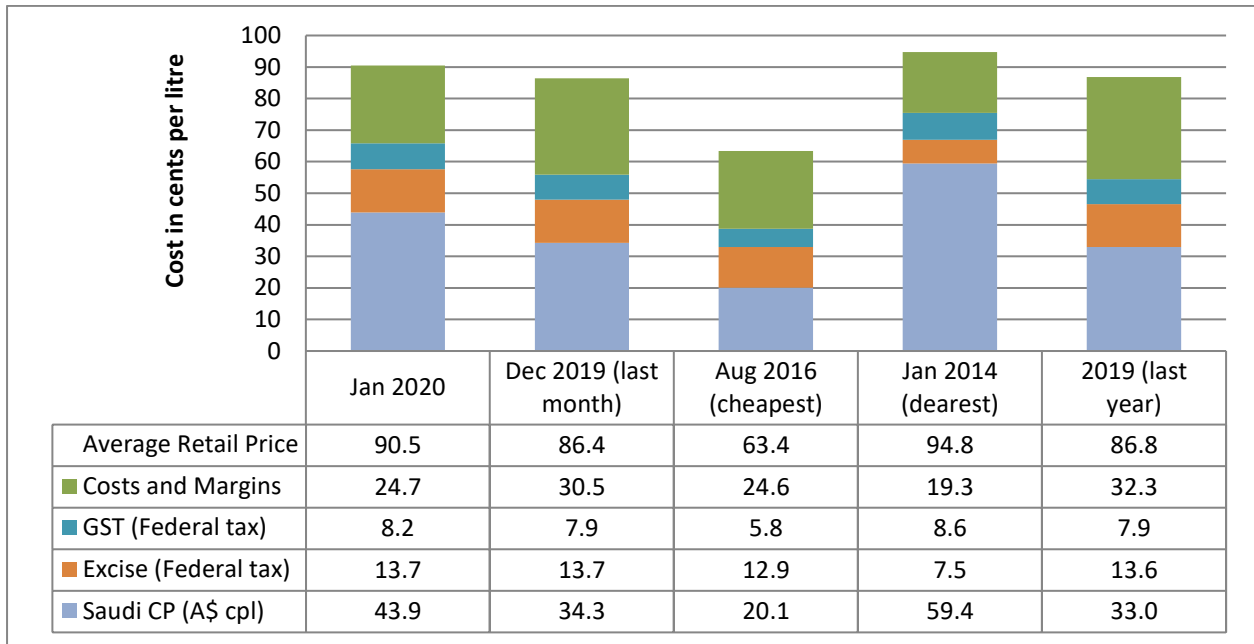
## Liquid Petroleum Gas (LPG)

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 January was 90.5 cpl, 4.1 cpl higher than December. Fuel company margins and costs in January, at 24.7 cpl, were 5.8 cpl lower than December.

The recently published Saudi CP for February, at 39.6 cpl, was 4.3 cpl lower than January. This decrease should lead to a fall in the average ULP 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.

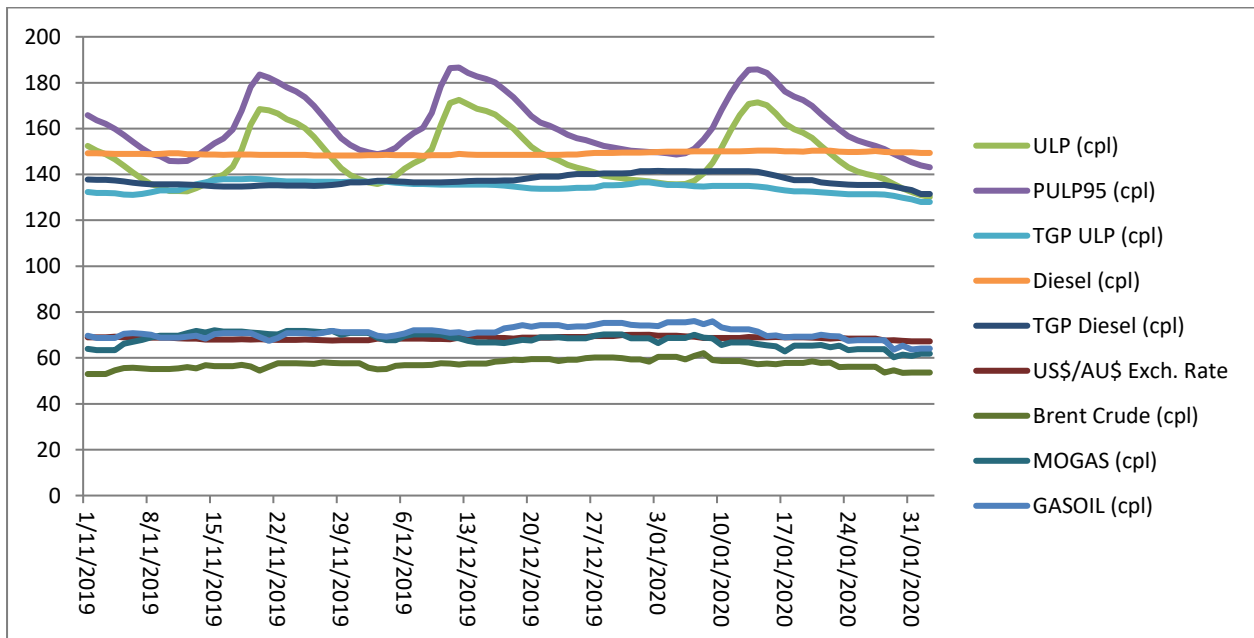
The chart below shows the cost breakdown for a litre of LPG sold in Brisbane for January. For comparison, the cost breakdown for last month, last year, August 2016 – the cheapest month and January 2014 – the most expensive month observed in recent years (since 2012), is also displayed.



## 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 Queensland<sup>1</sup>.

## Price trends



Two partial price cycles and one high point were observed in the Brisbane ULP market in January. The first cycle started on 4 December and prices peaked at a record high of 172.5 cpl on 12 December.

<sup>1</sup> 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.

Average ULP prices then fell steadily until they reached a low point on 5 January, at which point prices started to rise again before peaking 15 January. Prices then slowly quickly for the rest of January and early February. At the time of writing the Brisbane ULP market was in cheap phase of the cycle.

The average price of Brent in January at 91.5 A\$/bbl (62.9 US\$/bbl) or 57.5 cpl, was 0.8 A\$/bbl lower than December. Brent started January at 92.9 A\$/bbl (65.1 US\$/bbl). It is increased to a high point 98.7 A\$/bbl (67.8 A\$/bbl) on 8 January, before falling for the rest of January and ended the month at 85.3 A\$/bbl (57.4 US\$/bbl) – the lowest price observed so far in 2020 and the lowest since late October 2019.

## Comparison to other capital cities

Brisbane was the third cheapest large capital city in January, and the fifth cheapest of all capitals to buy ULP. The average ULP prices in Darwin, Perth, Canberra and Sydney were cheaper than Brisbane by 7.4 cpl, 4.5 cpl, 1.1 cpl and 0.3 cpl, respectively. Melbourne, Adelaide and Hobart were more expensive than Brisbane by 0.9 cpl, 4.0 cpl and 8.0 cpl, respectively.

For diesel, Brisbane was the fourth cheapest large capital city in January, and the fifth cheapest of all capitals. The average diesel prices in Darwin, Melbourne, Perth and Adelaide were cheaper than Brisbane by 6.1 cpl, 0.8 cpl, 0.8 cpl and 0.3 cpl respectively. Sydney, Canberra and Hobart were more expensive than Brisbane by 0.6 cpl, 5.3 cpl and 12.3 cpl respectively.

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane	147.9 (-2.1)	13.4 (-0.2)	150.0 (1.3)	10.3 (0.7)
Adelaide	151.9 (-0.3)	17.7 (1.4)	149.7 (0.9)	9.9 (0.2)
Canberra	146.8 (-0.5)	13.1 (1.4)	155.3 (0.7)	15.9 (0.3)
Darwin	140.5 (-1.4)	2.3 (0.5)	143.9 (-0.3)	1.0 (-0.8)
Hobart	155.9 (0.0)	16.3 (2.1)	162.3 (0.4)	17.2 (0.3)
Melbourne	148.8 (-0.3)	15.1 (1.5)	149.2 (1.0)	9.8 (0.4)
Perth	143.4 (-0.9)	10.2 (1.0)	149.2 (0.7)	10.4 (0.2)
Sydney	147.6 (-1.2)	13.9 (0.6)	150.6 (1.5)	11.1 (1.0)

\* 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

Like in December, the cheapest centre in SEQ to buy ULP was Ipswich, with an average price of 145.0 cpl, followed by the Brisbane South at 146.5 cpl. Central Brisbane was the most expensive area in SEQ at 150.9 cpl, 5.9 cpl dearer than Ipswich.

Ipswich was also the cheapest SEQ centres to buy diesel with an average price of 148.7 cpl, followed by Brisbane South and Gold Coast, both at 149.5 cpl. Central Brisbane was the most expensive at 151.7 cpl, 3.0 cpl dearer than Ipswich. The price difference between the cheapest and dearest diesel price at 3.0 cpl was lower than ULP, for which the difference was 5.9 cpl.

The ULP price SEQ centres were up to 5 cpl lower than December. Diesel prices in SEQ in January were

up to 2 cpl higher than the December averages.

The table below presents the average January prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to December 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	150.9 (-0.1)	16.4 (1.8)	151.7 (1.6)	12.0 (1.0)
Brisbane North	146.9 (-4.8)	12.4 (-3.0)	149.7 (1.6)	10.0 (1.1)
Brisbane South	146.5 (-3.6)	12.0 (-1.7)	149.5 (0.9)	9.8 (0.3)
Brisbane Bayside/ Redlands	148.9 (-4.0)	14.5 (-2.1)	150.7 (1.8)	11.1 (1.3)
Logan	148.7 (-2.5)	14.2 (-0.6)	150.6 (1.9)	10.9 (1.3)
Ipswich	145.0 (-1.7)	10.2 (0.2)	148.7 (0.6)	8.7 (0.1)
Moreton Bay	148.2 (-0.4)	13.5 (1.4)	149.6 (1.5)	9.6 (0.9)
Gold Coast	147.8 (-0.1)	12.7 (1.7)	149.5 (0.8)	9.1 (0.3)
Sunshine Coast	150.3 (-3.5)	15.0 (-1.6)	149.6 (0.9)	9.1 (0.3)

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

## Fuel prices across Queensland

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	147.9 (-2.1)	13.4 (-0.2)	150.0 (1.3)	10.3 (0.7)
Atherton	149.3 (1.6)	10.7 (3.7)	149.9 (0.2)	6.6 (-0.3)
Beaudesert	149.8 (-0.1)	14.5 (1.8)	155.0 (-0.1)	14.5 (-0.7)
Biloela	149.7 (0.0)	12.2 (2.1)	152.9 (0.0)	10.7 (-0.4)
Blackwater	159.9 (0.0)	20.7 (2.1)	154.2 (1.3)	10.3 (1.0)
Bowen	146.7 (0.0)	6.9 (2.2)	148.9 (1.8)	5.3 (1.3)
Bundaberg	138.1 (-0.2)	0.3 (1.7)	147.6 (1.1)	4.5 (0.6)
Cairns	146.1 (-0.4)	8.2 (1.7)	149.9 (0.8)	7.3 (0.4)
Charters Towers	149.8 (0.0)	10.6 (2.2)	151.8 (0.0)	8.9 (-0.5)
Childers	147.9 (0.0)	10.6 (1.9)	149.4 (2.0)	6.8 (1.4)
Dalby	145.8 (2.5)	9.4 (4.4)	148.3 (0.0)	6.7 (-0.5)
Emerald	149.9 (0.0)	9.9 (2.1)	152.2 (2.4)	7.5 (2.1)
Gladstone	143.5 (-0.7)	7.2 (1.4)	148.9 (2.6)	7.9 (2.2)
Goondiwindi	139.9 (-0.2)	2.1 (1.7)	147.8 (-0.4)	4.8 (-1.0)
Gympie	139.9 (0.0)	4.0 (1.9)	148.7 (1.4)	7.6 (0.9)
Hervey Bay	138.2 (-0.1)	1.1 (1.8)	149.6 (1.5)	7.2 (1.0)
Ingham	144.6 (-4.1)	5.6 (-1.9)	147.6 (-3.3)	4.9 (-3.8)
Innisfail	145.7 (-1.5)	7.0 (0.6)	151.3 (1.1)	7.9 (0.7)
Kingaroy	145.2 (0.3)	8.8 (2.2)	148.4 (1.2)	6.8 (0.6)
Lockyer Valley	146.7 (0.0)	11.3 (1.9)	149.8 (-0.3)	9.2 (-0.8)
Longreach	158.1 (-0.7)	14.0 (1.4)	162.6 (0.8)	13.8 (0.4)

Mackay	147.1 (-0.3)	9.8 (1.7)	151.1 (0.7)	9.7 (0.2)
Mareeba	149.9 (0.0)	11.4 (2.1)	152.8 (0.0)	9.6 (-0.4)
Maryborough	140.4 (-1.7)	3.6 (0.2)	148.2 (1.7)	6.2 (1.1)
Miles	136.9 (-0.1)	-0.7 (1.8)	143.1 (3.1)	0.2 (2.6)
Moranbah	143.9 (-0.1)	4.7 (2.0)	147.8 (0.3)	4.4 (-0.2)
Mount Isa	155.8 (0.1)	9.0 (2.3)	149.5 (0.9)	-1.1 (0.4)
Nambour	146.4 (-7.4)	11.2 (-5.5)	148.9 (0.1)	8.4 (-0.5)
Noosa	154.6 (0.0)	19.2 (1.9)	148.8 (3.1)	8.2 (2.5)
Rockhampton	145.4 (-0.2)	8.0 (1.8)	149.4 (1.0)	7.3 (0.6)
Roma	140.5 (-0.4)	1.4 (1.5)	147.5 (-0.4)	3.2 (-1.0)
Somerset	143.4 (-1.0)	8.0 (0.9)	146.6 (0.4)	6.0 (-0.2)
Toowoomba	143.3 (4.8)	7.7 (6.7)	149.2 (0.5)	8.4 (-0.1)
Townsville	145.1 (-0.7)	7.2 (1.5)	151.3 (0.4)	9.7 (0.0)
Tully	146.8 (-0.1)	7.6 (2.0)	149.9 (-0.1)	6.0 (-0.5)
Warwick	143.6 (-0.1)	7.7 (1.8)	148.2 (0.4)	7.1 (-0.2)
Whitsunday	139.3 (-0.5)	0.7 (1.5)	141.7 (1.1)	-0.9 (0.6)
Yeppoon	145.8 (0.0)	8.0 (2.1)	149.8 (0.0)	7.4 (-0.3)

\* 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 January was 145.0 cpl, 0.3 cpl higher than December when the average price was 144.7 cpl. The average diesel price was 149.7 cpl, 0.7 cpl higher than December when the average price was 149.0 cpl.

Miles retained its usual place as the cheapest Queensland regional centre to buy ULP in January. At 136.9 cpl, Miles was 11.0 cpl cheaper than Brisbane. Bundaberg and Hervey Bay were the second and third cheapest at 138.1 cpl and 138.2 cpl, respectively, 9.8 cpl and 9.7 cpl cheaper than Brisbane. Whitsunday, Goondiwindi, Gympie, Maryborough, Roma, Toowoomba, Somerset, Gladstone, Warwick, Moranbah, Ingham, Townsville, Kingaroy, Rockhampton, Innisfail, Dalby, Yeppoon, Cairns, Nambour, Bowen, Lockyer Valley, Tully and Mackay were also cheaper than Brisbane. At 147.9 cpl, the average price of ULP in Childers was the same as Brisbane. At 159.9 cpl, the most expensive regional centre for ULP was Blackwater<sup>2</sup>, 12.0 cpl more expensive than Brisbane.

Whitsunday had the cheapest diesel in Queensland at 141.7 cpl, 8.3 cpl cheaper than Brisbane. Miles, Somerset, Roma, Bundaberg, Ingham, Goondiwindi, Moranbah, Maryborough, Warwick, Dalby, Kingaroy, Gympie, Noosa, Bowen, Gladstone, Nambour, Toowoomba, Childers, Rockhampton, Mount Isa, Hervey Bay, Lockyer Valley, Yeppoon, Atherton, Cairns and Tully were also cheaper than Brisbane. Longreach<sup>1</sup> was the most expensive regional centre for diesel at 162.6 cpl, 12.6 cpl higher than Brisbane.

In 33 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 Miles (negative 0.7 cpl), 14.1 cpl lower than Brisbane, and the highest margins were observed in Blackwater (20.7 cpl), 7.3 cpl higher than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 33 out of 37 regional centres. The lowest diesel indicative retail margin was observed in Mount Isa (negative 1.1 cpl), 11.4 cpl lower than

<sup>2</sup> 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.



Brisbane. Beaudesert had the highest indicative retail margin (14.5 cpl), 4.2 cpl greater than Brisbane.

## Outlook

Oil prices steadily increased in early January, as a result of the extension in depth and duration of the OPEC/OPEC+ production cut. Meeting on 6 December 2019 the oil producer cartel and their allies agreed to deepen the production cut from 1.2 to 1.8 million barrels per day, and to extend the cut into 2020.

There was a brief spike in oil prices following the US killing of the high-ranking Iranian General Soleimani (on 3 January), and the Iranian retaliatory missile strike on US assets in Iraq. While the Brent oil price briefly spiked at 70 US\$/bbl, within a week of the attacks oil prices had reverted to their pre-attack levels.

In the second half of January the spread of the new Coronavirus in China started to have an impact of oil prices. 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 subsequent reduced demand for oil. A similar downturn and fall in the oil price were observed during the 2003 SARS outbreak. However, comparisons between the new Coronavirus and SARS are limited, as the SARS outbreak coincided with the US invasion of Iraq. It appears that SARS caused a 10 US\$/bbl fall in the oil price before the invasion of Iraq. It would also appear that the new Coronavirus is less lethal than SARS and Chinese authorities have acted quickly to contain the spread of the disease.

OPEC members are considering an emergency meeting in February and may further extend their production cut. With many and conflicting pressures on the oil price, it is difficult to predict future price movements.

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

## Data sources

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