Monthly Fuel Price Report – January 2021

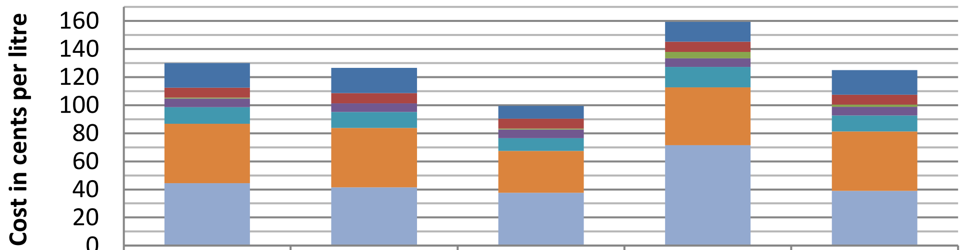
2 February 2021

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

Key points

- At 130.0 cpl, the average ULP price in Brisbane in January was 3.5 cpl higher than December.
- At 17.5 cpl, indicative ULP retail margins in Brisbane in January were down by 0.5 cpl compared to December. They were the second highest in Queensland, only Mount Isa saw a higher margin.
- Like December, Brisbane was the second 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 120.9 cpl, the average Brisbane diesel price in January was 3.2 cpl dearer than December.
- Brisbane was the fourth cheapest capital city for diesel. Darwin, Adelaide and Perth were cheaper than Brisbane by 2.3 cpl, 0.5 cpl and 0.3 cpl, respectively.
- ULP prices in regional Queensland in January were cheap compared to SEQ. Indicative retail margins on ULP were lower than in Brisbane in 36 out of 37 regional centres, and 35 for diesel.
- The average ULP price in regional Queensland was 121.1 cpl, 3.2 cpl higher than December. The average diesel price in regional Queensland was up 2.2 cpl, at 120.1 cpl.
- Miles and Bundaberg were the joint cheapest Queensland regional centres to buy ULP in January, with an average price of 113.5 cpl, 16.5 cpl cheaper than Brisbane.
- Miles was also the cheapest Queensland regional centre to buy diesel, with an average price of 113.0 cpl, 7.9 cpl cheaper than Brisbane.
- Mount Isa was the most expensive regional centre to buy ULP in January, with an average price of 142.8 cpl. Longreach had the most expensive diesel at 129.2 cpl.

ULP cost breakdown in Brisbane



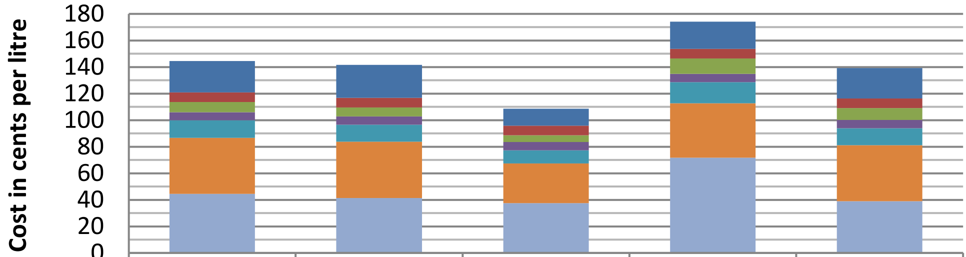
	Jan 2021	Dec 2020 (last month)	Dec 2008 (cheapest)	Oct 2018 (dearest)	2020 (last year)
Average Retail Price	130.0	126.5	99.5	159.3	124.9
Retail Margin	17.5	18.0	9.0	14.1	17.5
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	0.6	-0.1	0.6	4.5	1.5
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	11.8	11.5	9.0	14.5	11.4
Excise (Federal tax)	42.3	42.3	29.8	41.2	42.3
Brent Crude Oil (A$ cpl)	44.4	41.4	37.6	71.6	38.9

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 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 130.0 cpl, the average price of ULP in Brisbane in January was 3.5 cpl dearer than December. The monthly average indicative retail margin for January was down by 0.5 cpl, at 17.5 cpl. At 0.6 cpl, the average indicative refinery margin was up by 0.7 cpl. Total margins (retail, wholesale and refinery) at 25.3 cpl, were 0.1 cpl higher than December, and 0.9 cpl lower than the 2020 annual average of 26.2 cpl.

PULP 95 cost breakdown in Brisbane



	Jan 2021	Dec 2020 (last month)	Dec 2008 (cheapest)	Oct 2018 (dearest)	2020 (last year)
Average Retail Price	144.5	141.7	108.6	174.1	139.0
Retail Margin	23.7	24.9	12.8	20.5	22.9
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	7.6	6.9	5.2	11.6	9.0
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	13.1	12.9	9.9	15.8	12.6
Excise (Federal tax)	42.3	42.3	29.8	41.2	42.3
Brent Crude Oil (A$ cpl)	44.4	41.4	37.6	71.6	38.9

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

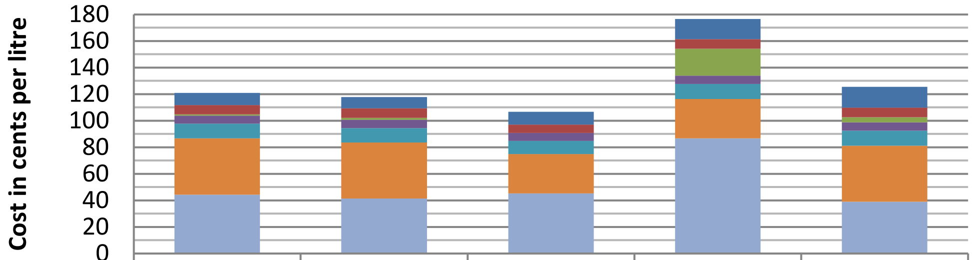
The chart above shows the cost breakdown for a litre of PULP 95 sold in Brisbane in January 2021. For comparison, the cost breakdown for last month, last year, October 2018 – the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

The average PULP 95 price in Brisbane in January was 144.5 cpl, 2.8 cpl higher than December. The price difference between ULP and PULP 95 was 14.5 cpl, 0.7 lower than December when the difference was 15.2 cpl. Indicative retail margins for PULP 95, at 23.7 cpl, were 1.2 cpl lower than December, and 0.8 cpl higher than the average for 2020. Refinery margins at 7.6 cpl, were 0.7 cpl higher than December. Total margins, at 38.5 cpl, were 0.5 cpl lower than December, when they were 39.0 cpl.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for January 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 January, at 120.9 cpl, was 3.2 cpl higher than December. Indicative retail margins at 9.0 cpl were up 0.6 cpl, and refinery margins were down by 0.7 cpl, at 0.8 cpl. Total margins (retail, wholesale and refinery) in January were 17.0 cpl, largely unchanged from December, when they were 17.1 cpl.

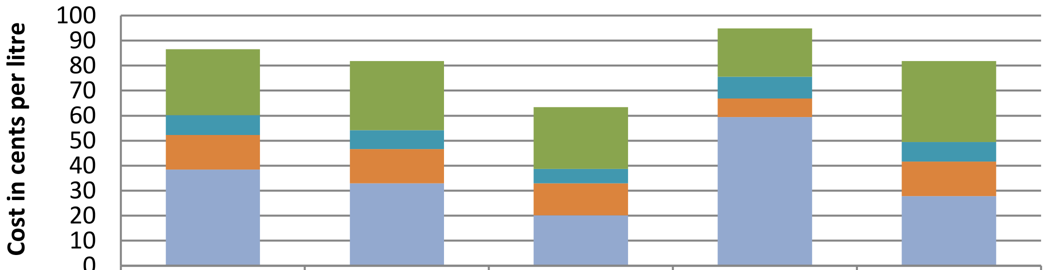


	Jan 2021	Dec 2020 (last month)	Mar 2009 (cheapest)	Jul 2008 (dearest)	2020 (last year)
Average Retail Price	120.9	117.7	106.7	176.7	125.5
Retail Margin	9.0	8.4	9.8	15.3	15.8
Wholesale Margin	7.2	7.2	6.1	7.2	7.2
Refinery Margin	0.8	1.5	0.0	20.2	3.8
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	11.0	10.7	9.7	11.3	11.4
Excise (Federal tax)	42.3	42.3	29.8	29.8	42.3
Brent Crude Oil (A$ cpl)	44.4	41.4	45.2	86.7	38.9

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.



	Jan 2021	Dec 2020 (last month)	Aug 2016 (cheapest)	Jan 2014 (dearest)	2020 (last year)
Average Retail Price	86.5	81.8	63.4	94.8	83.7
Costs and Margins	26.3	27.7	24.6	19.3	32.3
GST (Federal tax)	7.9	7.4	5.8	8.6	7.9
Excise (Federal tax)	13.8	13.8	12.9	7.5	13.8
Saudi CP (A$ cpl)	38.5	32.9	20.1	59.4	27.8

The chart above shows the cost breakdown for a litre of LPG sold in Brisbane for January 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 January was 86.5 cpl, 4.7 cpl higher than December (81.8 cpl). Fuel company margins and costs in January decreased by 1.4 cpl, to 26.3 cpl.

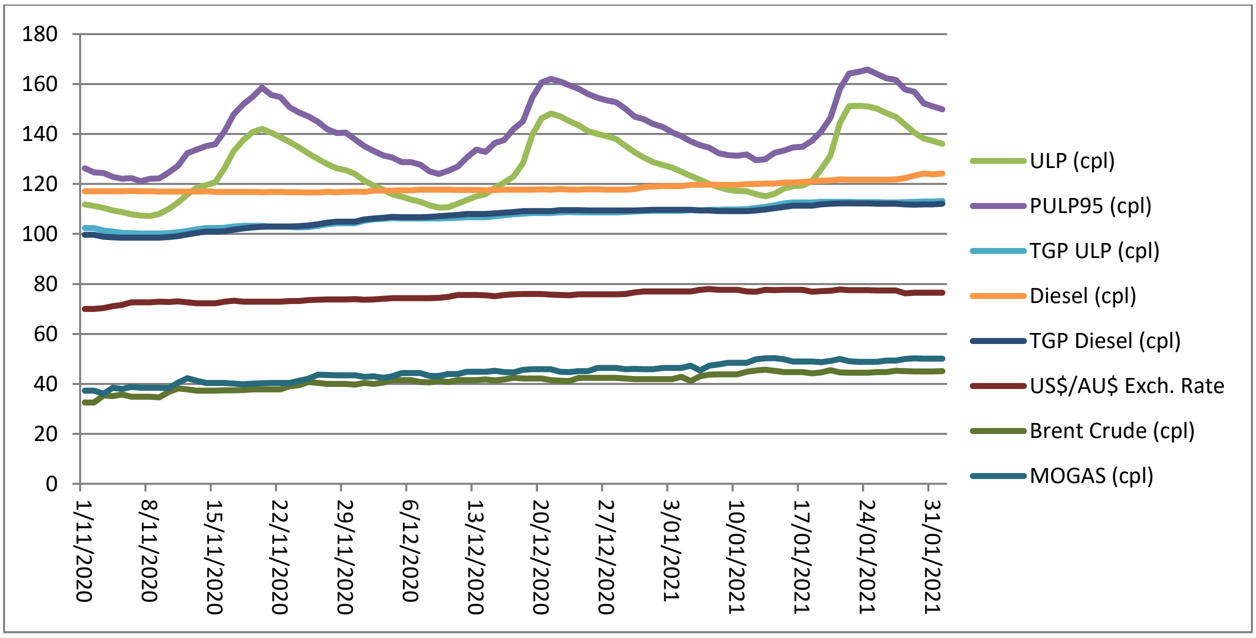
The recently published Saudi CP for February, at 40.9 cpl, was 2.4 cpl higher than January (38.5 cpl). This increase in the Saudi CP is likely to lead to a similar increase in the average LPG retail price.

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 $59.3 per year for a passenger car in Queensland[1].

Price trends

Two partial price cycles were observed in the Brisbane ULP market in January. The first price cycle started on 10 December 2020 and prices peaked at 148.2 cpl on 21 December. Prices then slowly fell through the rest of December and into January 2021, falling to a low of 115.1 cpl on 13 January. The second 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. At the time of writing the Brisbane ULP market was in the discounting phase of the cycle.



The average price of Brent in January at 70.6 A$/bbl (54.6 US$/bbl) or 44.4 cpl, was 4.8 A$/bbl higher than December (at 65.8 A$/bbl or 49.5 US$/bbl).

Brent started January at 68.1 A$/bbl (52.4 US$/bbl) before falling to a local low point of 65.4 A$/bbl (50.4 US$/bbl) on 5 January. Oil prices then trended up until mid-January, peaking at 72.6 A$/bbl (56.4

[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.

US$/bbl) on 13 January. Prices softened slightly in the second half of January, ending the month at 71.4 A$/bbl (54.6 US$/bbl).

News of rollout of COVID-19 vaccines in Europe and North America buoyed oil prices in early January. However, in late January news of further COVID-19 lockdowns dampened optimism and prices.

Comparison to other capital cities

Brisbane was the second most expensive of all capital cities in January. Melbourne was the most expensive capital city in January, marginally (0.7 cpl) more expensive than Brisbane. The average ULP prices in Darwin, Perth, Canberra, Hobart, Adelaide and Sydney were cheaper than Brisbane by 12.0 cpl, 7.8 cpl, 6.0 cpl, 4.9 cpl, 4.5 cpl and 0.6 cpl, respectively.

In recent months, the larger capital cities of south eastern Australia, those with longer price cycles (lasting several weeks) have been more expensive than the smaller capitals and the weekly cycling capital Perth. Historically, the smaller capitals were more expensive than the larger capitals, and the average in Perth was similar to the other large capitals.

For diesel, Brisbane was the fourth cheapest capital city in January (after being the third cheapest in December, November and October). The average diesel prices in Darwin, Adelaide and Perth were cheaper than Brisbane by 2.3 cpl, 0.5 cpl and 0.3 cpl, respectively. Melbourne, Sydney, Canberra and Hobart were more expensive than Brisbane by 1.7 cpl, 1.7 cpl, 5.1 cpl and 12.1 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)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	130.0 (3.5)	17.5 (-0.5)	120.9 (3.2)	9.0 (0.6)
Adelaide	125.5 (9.0)	12.8 (4.9)	120.4 (4.2)	8.3 (1.7)
Canberra	124.0 (2.8)	11.8 (-1.5)	126.0 (2.4)	14.2 (-0.2)
Darwin	118.0 (2.2)	0.6 (-2.1)	118.6 (2.2)	2.3 (-0.5)
Hobart	125.1 (2.0)	6.7 (-1.9)	133.0 (0.7)	15.2 (-2.0)
Melbourne	130.7 (-3.7)	19.0 (-7.8)	122.6 (3.2)	10.8 (0.7)
Perth	122.2 (3.6)	9.8 (-1.2)	120.6 (1.9)	8.5 (-0.9)
Sydney	129.4 (3.2)	17.3 (-1.1)	122.6 (3.3)	10.7 (0.7)

* 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

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.

The Sunshine Coast was the cheapest centre in SEQ to buy ULP in January, with an average price of 126.4 cpl. The second cheapest was the Ipswich at 126.7 cpl. Brisbane Bayside/Redlands was the most expensive area in SEQ at 135.9 cpl, 9.5 cpl dearer than the Sunshine Coast. The average ULP price increased in all SEQ centres compared to December. The changes ranged from an increase of 2.1 cpl in

Brisbane North, to 4.7 cpl on the Gold Coast and Brisbane South.

Ipswich was the cheapest SEQ centre to buy diesel in January, at 120.0 cpl. Logan was a close second cheapest, at 120.4 cpl. Central Brisbane was the most expensive area in SEQ to buy diesel at 122.3 cpl, 2.3 cpl dearer than Ipswich. Average diesel prices were higher in all SEQ centres compared to December.

The price difference between the cheapest and dearest diesel price in SEQ, at 2.3 cpl, was substantially lower than ULP, for which the difference was 9.5 cpl.

City	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Central Brisbane	134.2 (2.9)	21.8 (-1.0)	122.3 (2.6)	10.5 (0.0)
Brisbane North	129.3 (2.1)	16.8 (-1.8)	120.6 (4.0)	8.8 (1.4)
Brisbane South	128.7 (4.7)	16.2 (0.8)	121.1 (3.1)	9.3 (0.5)
Brisbane Bayside/ Redlands	135.9 (4.1)	23.5 (0.1)	122.0 (2.1)	10.1 (-0.5)
Logan	128.6 (2.9)	16.1 (-1.1)	120.4 (4.8)	8.6 (2.2)
Ipswich	126.7 (3.8)	13.9 (-0.2)	120.0 (3.2)	7.8 (0.6)
Moreton Bay	129.3 (3.6)	16.5 (-0.4)	120.4 (2.3)	8.3 (-0.3)
Gold Coast	127.0 (4.7)	13.9 (0.7)	121.2 (2.8)	8.8 (0.3)
Sunshine Coast	126.4 (3.8)	13.1 (-0.2)	120.4 (3.0)	7.7 (0.5)

* 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	130.0 (3.5)	17.5 (-0.5)	120.9 (3.2)	9.0 (0.6)
Atherton	121.9 (2.0)	5.9 (-2.1)	121.4 (1.6)	5.5 (-1.1)
Beaudesert	121.8 (1.9)	8.5 (-2.0)	121.4 (3.2)	8.8 (0.7)
Biloela	120.0 (0.1)	4.7 (-4.0)	120.2 (0.3)	5.7 (-2.3)
Blackwater	122.7 (2.8)	5.7 (-1.3)	123.4 (0.2)	7.2 (-2.4)
Bowen	120.9 (5.0)	3.7 (0.9)	119.9 (4.1)	3.8 (1.4)
Bundaberg	113.5 (4.5)	-2.4 (0.5)	120.9 (2.9)	5.7 (0.4)
Cairns	120.9 (2.7)	5.6 (-1.4)	120.4 (1.7)	5.2 (-1.0)
Charters Towers	123.3 (3.4)	6.8 (-0.7)	122.3 (1.4)	6.8 (-1.3)
Childers	119.9 (0.8)	4.6 (-3.2)	119.9 (0.7)	5.2 (-1.8)
Dalby	121.4 (1.7)	7.0 (-2.3)	120.4 (1.0)	6.6 (-1.5)
Emerald	133.9 (0.1)	16.1 (-4.1)	125.2 (1.3)	8.2 (-1.3)
Gladstone	115.9 (8.6)	1.8 (4.4)	119.0 (3.5)	5.7 (0.9)
Goondiwindi	115.5 (3.5)	-0.3 (-0.5)	117.9 (0.8)	2.8 (-1.7)
Gympie	122.4 (3.7)	8.5 (-0.3)	119.3 (3.0)	6.0 (0.4)
Hervey Bay	118.8 (2.4)	3.6 (-1.6)	124.0 (1.7)	9.5 (-0.9)
Ingham	122.9 (3.0)	6.5 (-1.1)	124.6 (0.5)	9.4 (-2.2)

Innisfail	124.4 (2.1)	8.3 (-2.0)	122.6 (1.4)	6.6 (-1.3)
Kingaroy	117.9 (4.7)	3.5 (0.7)	118.6 (2.1)	4.8 (-0.4)
Lockyer Valley	117.2 (4.8)	3.7 (0.8)	120.1 (2.6)	7.3 (0.0)
Longreach	133.2 (1.3)	11.3 (-2.8)	129.2 (3.8)	8.0 (1.2)
Mackay	123.3 (4.7)	8.7 (0.5)	120.8 (2.4)	7.1 (-0.3)
Mareeba	127.0 (3.8)	11.0 (-0.3)	121.8 (1.4)	6.0 (-1.2)
Maryborough	116.2 (5.4)	1.4 (1.4)	118.8 (4.6)	4.6 (2.1)
Miles	113.5 (4.5)	-2.2 (0.5)	113.0 (0.8)	-2.0 (-1.8)
Moranbah	116.0 (1.9)	-0.6 (-2.3)	117.7 (1.5)	2.0 (-1.2)
Mount Isa	142.8 (-0.4)	18.6 (-4.5)	126.7 (3.3)	3.7 (0.6)
Nambour	124.0 (4.4)	10.7 (0.5)	119.3 (3.1)	6.6 (0.6)
Noosa	125.6 (-2.5)	12.1 (-6.5)	119.1 (5.9)	6.3 (3.4)
Rockhampton	122.3 (6.4)	7.1 (2.2)	119.5 (2.8)	5.0 (0.2)
Roma	118.7 (2.1)	1.7 (-1.9)	116.8 (1.4)	0.3 (-1.2)
Somerset	115.6 (1.6)	2.1 (-2.4)	117.1 (1.2)	4.3 (-1.4)
Toowoomba	130.4 (-4.2)	16.8 (-8.2)	120.2 (1.9)	7.3 (-0.6)
Townsville	117.9 (5.8)	2.7 (1.6)	118.7 (2.6)	4.6 (-0.1)
Tully	122.6 (2.8)	5.9 (-1.3)	121.6 (1.7)	5.1 (-1.0)
Warwick	117.7 (0.5)	3.8 (-3.4)	121.9 (1.4)	8.6 (-1.2)
Whitsunday/Proserpine	114.3 (5.3)	-1.7 (1.1)	114.7 (5.4)	-0.3 (2.8)
Yeppoon	121.3 (6.1)	5.7 (1.9)	118.7 (4.1)	3.9 (1.5)

* 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.

The average price of ULP across regional Queensland in January was 121.1 cpl, 3.2 cpl higher than December when the average price was 117.9 cpl (as was the diesel average in December). The average diesel price was 120.1 cpl, 2.2 cpl higher than December when the average price was 117.9 cpl.

The upward trend in regional prices has been observed in many regional centres. This increase is 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 chep compared to Brisbane. This mirrors the recent trend of the smaller capitals being cheaper than the large capitals (except Perth).

With an average ULP price of 113.5 cpl, Miles regained its usual position as the cheapest regional centre in January, sharing the honours with Bundaberg, also with an average ULP price of 113.5 cpl. Miles and Bundaberg were 16.5 cpl cheaper than Brisbane. Whitsunday/Proserpine was the third cheapest with an average ULP price of 114.3 cpl. Goondiwindi, Somerset, Gladstone, Moranbah, Maryborough, Lockyer Valley, Warwick, Kingaroy, Townsville, Roma, Hervey Bay, Childers, Biloela, Bowen, Cairns, Yeppoon, Dalby, Beaudesert, Atherton, Rockhampton, Gympie, Tully, Blackwater, Ingham, Charters Towers, Mackay, Nambour, Innisfail, Noosa and Mareeba were also cheaper than Brisbane. Only Toowoomba, Longreach, Emerald and Mount Isa were more expensive than Brisbane[2]. At 142.8 cpl, the most expensive regional centre for ULP was Mount Isa (12.8 cpl more expensive than Brisbane).

Miles also had the cheapest diesel in Queensland in January, at 113.0 cpl, 7.9 cpl cheaper than Brisbane. Whitsunday/Proserpine, at 114.7 cpl was the second cheapest regional centre in January. Roma,

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[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.

Somerset, Moranbah, Goondiwindi, Kingaroy, Townsville, Yeppoon, Maryborough, Gladstone, Noosa, Gympie, Nambour, Rockhampton, Bowen, Childers, Lockyer Valley, Biloela, Toowoomba, Cairns, Dalby and Mackay were also cheaper than Brisbane. Longreach[1] was the most expensive regional centre for diesel at 129.2 cpl, 8.3 cpl higher than Brisbane. However, the average diesel price in Longreach returned an indicative retail margin of 8.0 cpl, a margin RACQ considers to be reasonable.

Out of the 37 regional centres monitored by RACQ, 36 had an average indicative ULP retail margin lower than that charged in Brisbane. The lowest indicative retail margin on ULP, at negative 2.4 cpl, was charged in Bundaberg, 19.9 cpl lower than Brisbane. Only ULP sold in Mount Isa returned an indicative retail margin higher than Brisbane. Indicative retail margins on ULP sold in Mount Isa were 18.6 cpl, 1.1 cpl higher than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 35 out of 37 regional centres. At negative 2.0 cpl, the lowest diesel indicative retail margin was observed in Miles, 11.0 cpl lower than Brisbane. Hervey Bay had the highest indicative retail margin (9.5 cpl), 0.5 cpl greater than Brisbane.

Outlook

The oil price strengthened throughout January as prices were buoyed by the rollout of COVID-19 vaccines. However, it is becoming evident that vaccination programmes are a longer-term project, and the COVID-19 pandemic is going to get worse before it gets better. The COVID pandemic continues to lead to on-going weak demand for oil, and subsequent relatively low oil prices.

US oil inventories remain a key indicator of demand in the influential US market, and therefore globally. Builds in US inventories led to falls in oil prices and draws led to increases in oil prices.

In their Short-Term Energy Outlook, the US EIA (Energy Information Administration) forecasted that crude oil production would increase throughout 2021 but remain below the peak production observed in 2019. The EIA reported that global consumption of petroleum production in 2020 was 92.2 million barrels per day, 9% lower than 2019, the largest fall on record (since 1980).

The EIA are predicting an average Brent price of 56 US$/bbl for the first quarter of 2021 (the March quarter), falling to 51 US$/bbl in the second half of 2021. The average Brent price for January was 54.6 US$/bbl, suggesting that oil prices will increase in February and March, before a potential softening later in the year. While these predictions give the best indicator of future prices, they are often proven to be inaccurate.

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

Data sources

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