

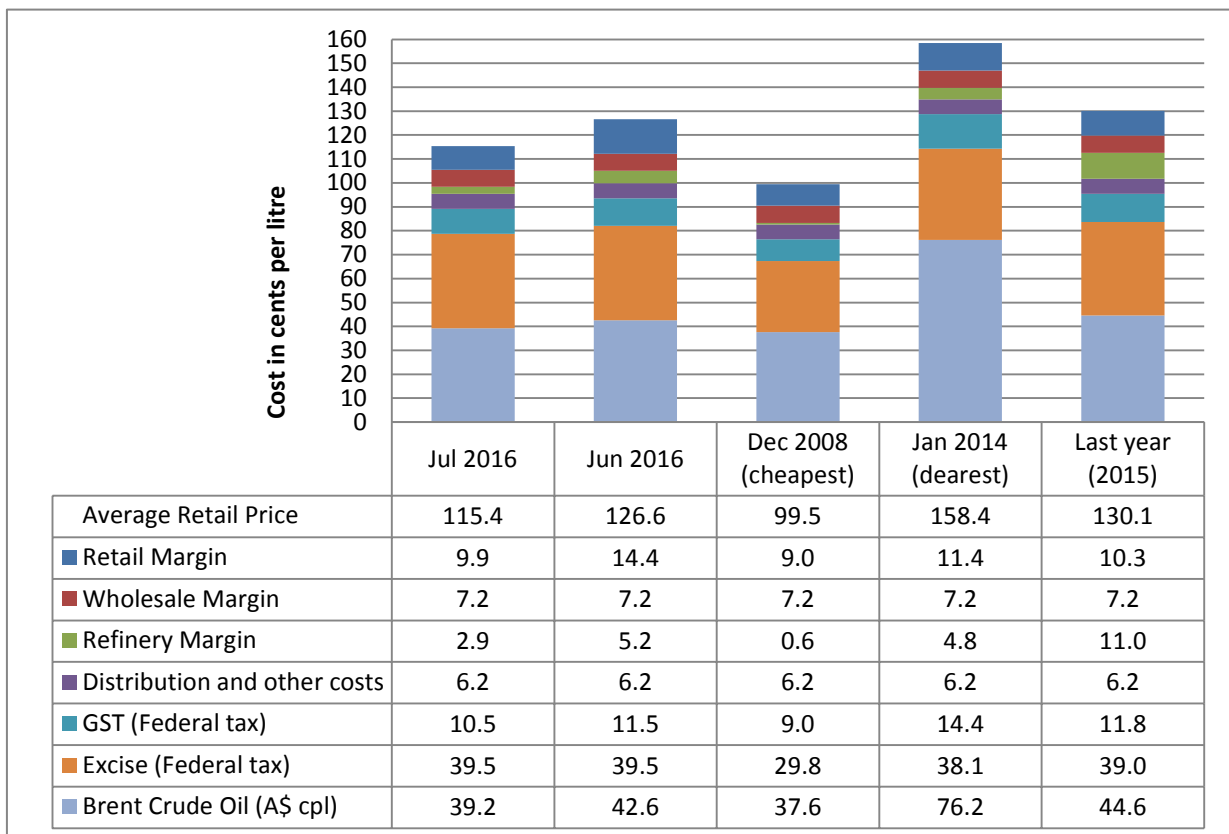
3 August 2016

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for July 2016.

Key points

- At 115.4 cpl, ULP sold in Brisbane was 11.2 cpl lower than June and indicative retail margins were 4.5 cpl lower, at 9.9 cpl.
- After being the most expensive capital city for ULP in June, ULP sold in Brisbane in July was relatively inexpensive. Only Adelaide and Melbourne were cheaper than Brisbane (by 2.4 cpl and 1.6 cpl, respectively).
- The average price of diesel in Brisbane was 120.5 cpl in July, 0.7 cpl lower than June.
- Diesel sold in Adelaide, Sydney, and Melbourne was cheaper than Brisbane by 3.7 cpl, 3.4 cpl and 2.6 cpl, respectively.
- Following the reintroduction of six-monthly fuel excise indexation by the Federal Government in 2014, the excise charged on petrol and diesel increased from 39.5 cpl to 39.6 cpl on 1 August
- Ipswich had the cheapest ULP in Queensland, while Bowen had the cheapest Diesel (2.7 cpl and 4.6 cpl cheaper than Brisbane, respectively).
- The average price of LPG in Brisbane was unchanged at 65.0 cpl.
- The international LPG benchmark price for August fell to a new 12 year low of 20.5 cpl, breaking the previous record low of 21.4 cpl set in July 2016.

ULP cost breakdown in Brisbane



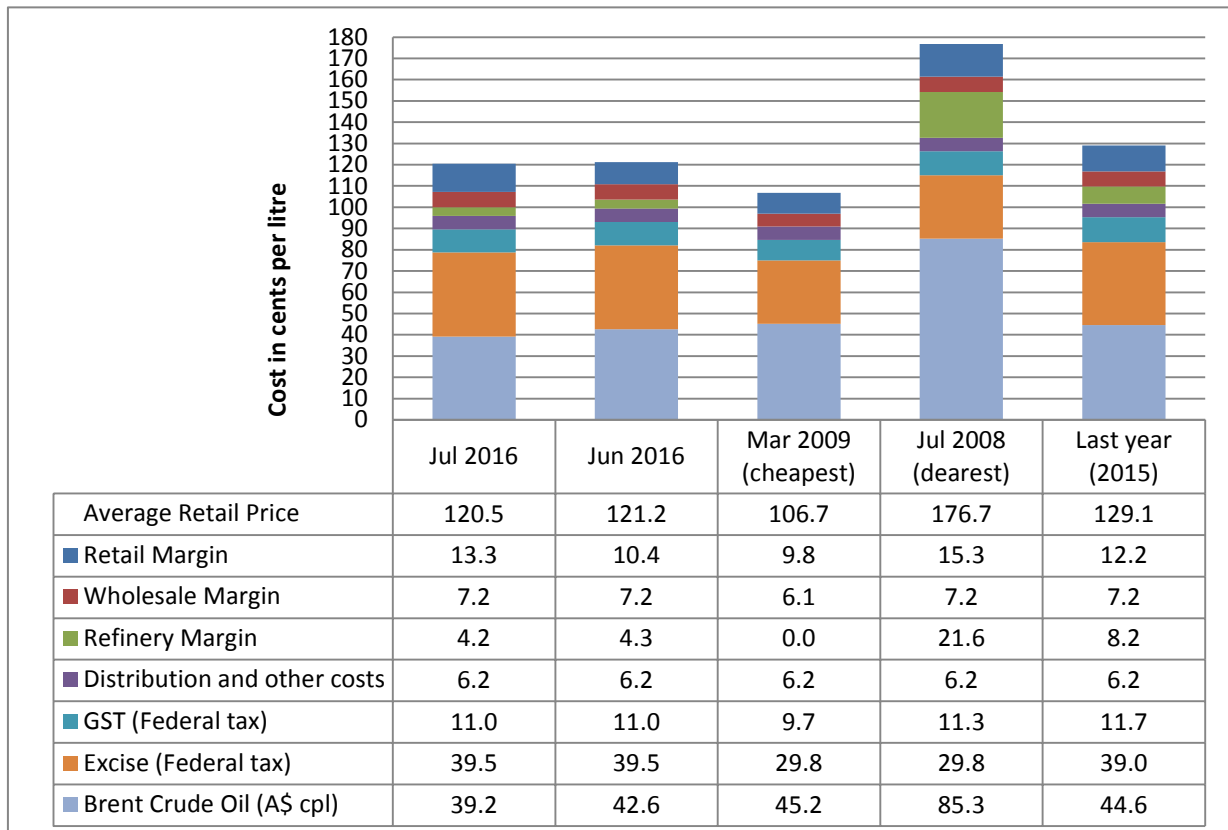
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy



The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for July 2016. 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 July was 115.4 cpl, 11.2 cpl lower than June. This price decrease was due to a protracted fuel price cycle that included an extended period of highly discounted petrol prices in July – the cheap phase. During the cheap phase the average ULP indicative retail margin in Brisbane was relatively low (at or below 6 cpl) for 20 days, compared to 10 days in the previous cycle.

Diesel cost breakdown in Brisbane



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

The chart above shows the cost breakdown for a litre of diesel sold in Brisbane for July 2016. 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 July was 120.5 cpl, 0.7 cpl lower than June. However, indicative retail margins increased by 2.9 cpl to 13.3 cpl, as retailers failed to pass on savings from a lower wholesale price to consumers.

Fuel excise indexation

Following the reintroduction of six-monthly fuel excise indexation by the Federal Government in 2014, the excise charged on petrol and diesel increased from 39.5 cpl to 39.6 cpl on 1 August 2016. Excise on LPG was unchanged at 12.9 cpl.

The excise increase of 0.1 cpl on petrol and diesel is lower than the 0.3 cpl increased applied in February. This is due to the low CPI observed in the first half of 2016. The twelve-month CPI to the June quarter 2016 was 1.0%, the lowest observed since 1999.



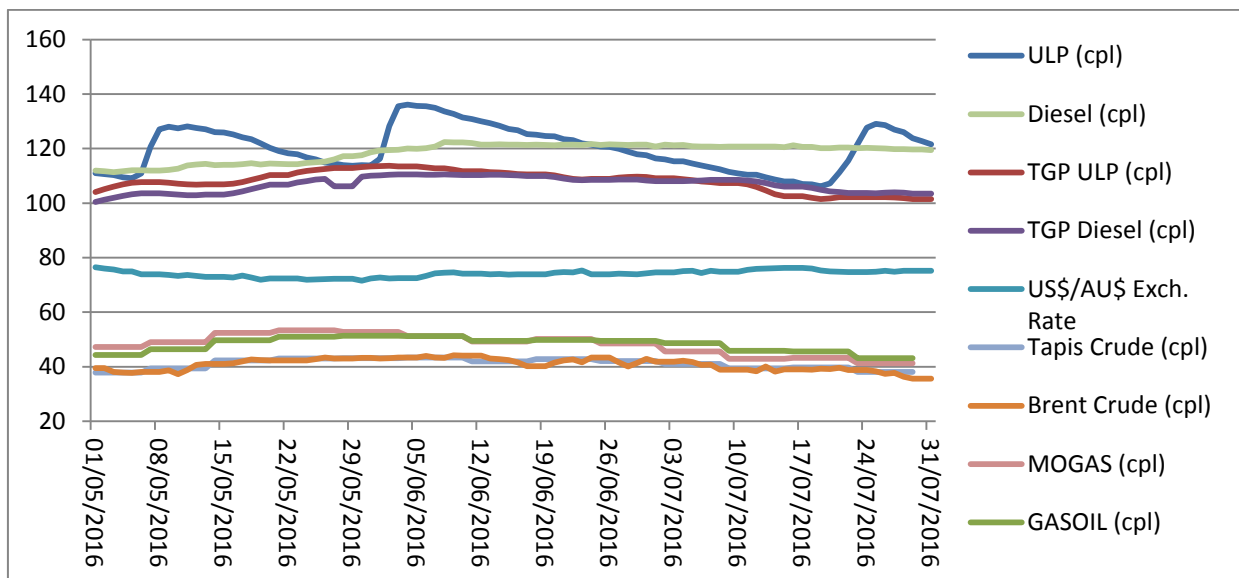
Price trends

There were two partial price cycles observed in July 2016. The first cycle started on 30 May and the average price peaked on 4 June. Prices fell slowly throughout the rest of June and the first half of July, ending at a low point on 19 July. At 51 days this was the longest cycle observed in 2016 so far, and the second longest cycle ever observed in Brisbane. The longest cycle was 83 days long and went from 12 November 2014 to 2 February 2015.

The second cycle observed in July 2016 started on 20 July, and prices peaked at 129.1 cpl on 25 July. This price cycle was on-going at the time of writing and the cycle was in the discounting phase.

Brent started July at A\$66.6/bbl (US\$49.7/bbl) and ended the month A\$10 lower at A\$56.7/bbl (US\$42.6/bbl). The Brent price had been strengthening through the first half of 2016, but started to fall on 28 June following the UK referendum on EU membership (Brexit). The Tapis crude oil and Singapore MOGAS and GASOIL prices followed the trend set by Brent. MOGAS started July at A\$78.7/bbl and ended the month at A\$65.7/bbl.

The graph below displays the average Brisbane retail ULP and diesel prices, the 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 A\$ cents per US\$.



Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Adelaide	113.0 (-3.9)	8.2 (2.8)	116.8 (-0.7)	9.6 (2.9)
Brisbane	115.4 (-11.2)	9.9 (-4.6)	120.5 (-0.7)	13.3 (2.9)
Canberra	124.0 (-2.3)	19.0 (4.4)	121.6 (0.8)	14.4 (4.5)
Darwin	119.7 (0.1)	10.4 (6.6)	121.7 (0.7)	14.5 (4.3)
Hobart	124.1 (-1.1)	14.2 (5.7)	123.9 (-1.1)	16.7 (2.5)
Melbourne	113.8 (-10.4)	8.9 (-3.9)	117.9 (-0.7)	10.7 (2.9)
Perth	120.0 (-3.1)	14.9 (3.5)	125.4 (1.5)	18.2 (5.1)
Sydney	117.4 (-7.9)	12.3 (-1.3)	117.1 (-0.4)	9.9 (3.2)

* The retail margin is the average retail price minus the average local TGP and local freight costs (assumed to be the same as Brisbane: 1.12cpl). The TGP varies between cities.



After being the most expensive capital city for ULP in June, prices in Brisbane in July were relatively low as a result of the extended fuel price cycle. Only Adelaide and Melbourne were cheaper than Brisbane (by 2.4 cpl and 1.6 cpl, respectively). All the other capitals were more expensive than Brisbane. Hobart – the most expensive capital – was 8.7 cpl dearer than Brisbane.

Diesel sold in Adelaide, Sydney, and Melbourne was cheaper than Brisbane by 3.7 cpl, 3.4 cpl and 2.6 cpl, respectively. Perth, at 4.9 cpl more than Brisbane, was the most expensive capital.

Fuel prices across Queensland

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin*	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	115.4 (-11.2)	9.9 (-4.6)	120.5 (-0.7)	13.3 (2.9)
Gold Coast	114.0 (-13.2)	8.1 (-6.5)	120.6 (-0.2)	13.0 (3.4)
Sunshine Coast	119.5 (-8.4)	12.8 (-1.7)	119.4 (-0.1)	11.1 (3.5)
Atherton	126.2 (-2.5)	18.0 (4.1)	nd	nd
Ayr	120.8 (-8.6)	11.3 (-1.9)	nd	nd
Biloela	129.9 (1.5)	20.6 (8.2)	125.3 (2.7)	17.1 (6.3)
Blackall	138.1 (-0.8)	23.0 (5.9)	125.8 (-0.2)	11.6 (3.4)
Blackwater	129.9 (0.6)	18.1 (7.4)	122.6 (2.5)	12.0 (6.1)
Bowen	122.3 (-5.1)	12.4 (1.6)	115.9 (-3.1)	7.5 (0.5)
Bundaberg	118.2 (-6.2)	9.5 (0.4)	121.5 (-1.0)	11.1 (2.6)
Cairns	130.6 (0.5)	22.7 (7.2)	129.2 (0.5)	22.2 (4.1)
Charleville	126.1 (1.1)	12.4 (7.7)	124.5 (1.9)	9.1 (5.5)
Charters Towers	127.9 (0.1)	18.0 (6.7)	119.7 (0.1)	11.2 (3.8)
Childers	121.2 (-4.9)	10.3 (1.7)	nd	nd
Cloncurry	132.7 (0.8)	17.4 (7.4)	128.6 (1.2)	14.7 (4.8)
Cunnamulla	146.4 (0.4)	33.0 (7.1)	144.7 (0.6)	29.6 (4.2)
Dalby	120.1 (-1.3)	13.1 (5.4)	119.1 (-0.6)	10.4 (3.0)
Emerald	130.3 (0.9)	19.7 (7.7)	117.5 (-0.3)	7.9 (3.3)
Gladstone	123.1 (-2.9)	14.4 (3.9)	126.6 (1.3)	18.9 (4.9)
Goondiwindi	121.3 (-1.2)	11.7 (5.5)	121.8 (0.9)	10.5 (4.6)
Gympie	121.9 (-5.8)	15.1 (0.8)	122.5 (-1.1)	13.9 (2.5)
Hervey Bay	131.0 (1.0)	23.7 (7.7)	129.0 (-0.4)	20.0 (3.3)
Ingham	129.0 (0.8)	20.1 (7.5)	124.2 (1.7)	16.2 (5.3)
Innisfail	129.9 (2.0)	21.3 (8.6)	127.9 (1.7)	20.2 (5.3)
Ipswich	112.7 (-13.1)	6.8 (-6.5)	120.6 (0.4)	13.0 (4.0)
Kingaroy	128.5 (0.7)	20.4 (7.4)	119.7 (0.2)	9.9 (3.8)
Longreach	132.7 (-0.5)	15.2 (6.2)	126.6 (-0.2)	10.2 (3.4)
Mackay	129.1 (0.8)	20.4 (7.5)	125.9 (-1.1)	18.9 (2.5)
Mareeba	126.5 (1.2)	17.7 (7.8)	120.1 (-0.1)	12.2 (3.5)
Maryborough	122.2 (-1.4)	14.6 (5.3)	119.6 (-0.7)	10.3 (2.9)
Miles	119.5 (0.2)	8.3 (6.9)	123.4 (0.3)	13.1 (3.9)
Moranbah	119.6 (0.2)	7.8 (6.9)	116.2 (1.7)	6.1 (5.3)
Mt Isa	127.5 (-0.4)	11.3 (6.2)	123.5 (-1.8)	8.7 (1.8)
Rockhampton	129.7 (1.1)	20.4 (7.8)	124.9 (1.0)	16.6 (4.6)
Roma	129.7 (1.9)	20.3 (8.6)	132.0 (1.0)	21.0 (4.6)
Toowoomba	123.8 (-2.5)	17.1 (4.1)	123.5 (-0.6)	15.2 (3.0)



Townsville	127.8 (-0.2)	19.5 (6.4)	123.7 (-1.4)	16.9 (2.2)
Tully	124.9 (0.0)	15.4 (6.7)	125.7 (0.8)	17.1 (4.4)
Warwick	123.4 (-2.9)	16.6 (3.8)	120.4 (-2.6)	11.9 (1.0)
Whitsunday	nd	nd	129.1 (-1.9)	20.8 (1.8)
Yeppoon	129.9 (1.4)	19.9 (8.1)	nd	nd

* 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. A time lag is not included in this calculation.

Ipswich had Queensland's cheapest ULP in July 2016, 2.7 cpl cheaper than Brisbane, followed by the Gold Coast at 1.4 cpl cheaper than Brisbane. All other centres were more expensive than Brisbane. In regional Queensland, Bundaberg had the cheapest ULP price, but it was still 2.8 cpl more expensive than Brisbane.

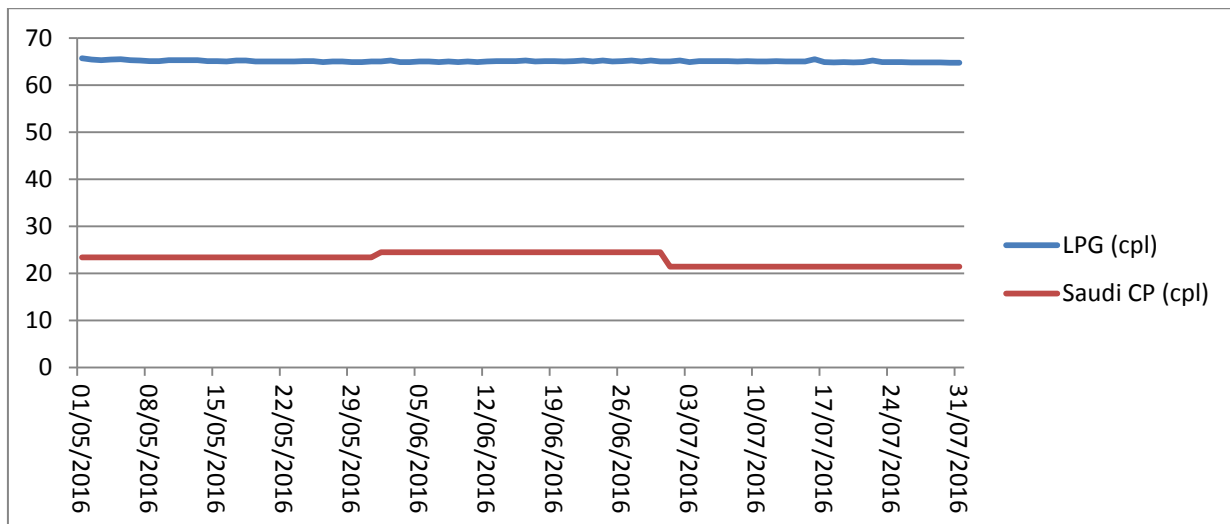
Bowen had the cheapest diesel in Queensland (4.6 cpl cheaper than Brisbane), followed by Moranbah and Emerald (4.3 cpl and 3.0 cpl cheaper than Brisbane, respectively). Dalby, Sunshine Coast, Maryborough, Charters Towers, Kingaroy, Mareeba and Warwick were also cheaper than Brisbane. All the other centres were more expensive.

Liquid Petroleum Gas (LPG)

The average retail price of LPG in Brisbane in July was 65.0 cpl, the same price as June. The LPG price has been largely unchanged since March. However, due a fall the international benchmark price – the Saudi Aramco Contract Price (the Saudi CP) – fuel company margins increased. The average difference between the Brisbane retail LPG price (excluding excise and GST) and the Saudi CP in July was 24.8 cpl, 3.1 cpl higher than June.

The Saudi CP for August 2016 is 3.1 cpl lower than July at 20.1 cpl. This is the lowest Saudi CP observed for 12 years. It was last this low in April 2004 (20.5 cpl), when the equivalent average retail price of LPG in Brisbane was 46.7 cpl (applying the current excise regime), or 32.5 cpl (applying the excise regime from 2004).

The chart below displays the retail price of LPG in Brisbane and Saudi CP.



Outlook

Uncertainty following Brexit appears to have dampened the global economy and slowed the increase in the price of oil. Confidence was further dampened following the attempted coup in Turkey. It is difficult to forecast where the oil price will move from here. The oversupply of oil that has dominated markets recently is likely to continue until at least the end of 2016. While the price could fall for some time yet, in the longer term prices are likely to revert to a steady upward trend.



The next monthly fuel price report will be released in early September. For more information about recent movements in retail fuel prices, please view RACQ's Fair Fuel Price service at www.racq.com.au.

Data sources

All data presented in this report are RACQ calculations using MotorMouth.com.au, FUELtrac, RBA, AIP, Bloomberg.com, BP, Viva Energy, Caltex, Mobil, United, Freedom and Puma data.