

# Monthly Fuel Price Report

## – July 2021



4 August 2021

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

### Key points

- At 154.8 cpl, the average ULP price in Brisbane in July was 4.5 cpl higher than June.
- The Brisbane monthly average ULP price for July was the second highest on record. The record highest was 159.4 cpl, observed in October 2018.
- The daily average retail ULP prices across SEQ hit new record highs in July, but these records may be exceeded in August.
- A new average daily record high ULP price of 173.5 cpl was observed in Greater Brisbane on 5 & 6 July.
- At 16.1 cpl, indicative ULP retail margins in Brisbane in July were down compared to June.
- ULP total margins (retail, wholesale and refinery) were up, at 30.0 cpl. This was due to an increase in refinery margins, up 4.4 cpl, at 6.7 cpl.
- On 2 August, the excise charged on petrol and diesel increased from 42.7 cpl to 43.3 cpl.
- Brisbane was the second most expensive Australian capital city to buy ULP. It was 3.1 cpl cheaper than Sydney, the most expensive, and 6.9 cpl dearer than Darwin, the cheapest capital.
- At 146.9 cpl, the average Brisbane diesel price in July was 6.6 cpl dearer than June.
- Brisbane was most expensive of the large capital cities for diesel.
- ULP prices in regional Queensland in July were cheap compared to SEQ. Indicative retail margins on ULP were lower than in Brisbane in 35 out of 37 regional centres, and 36 out of 37 for diesel.
- The average ULP price in regional Queensland was 145.6 cpl, 4.9 cpl higher than June. The average diesel price in regional Queensland was up 5.9 cpl, at 145.8 cpl.
- Roma was the cheapest Queensland regional centre to buy ULP in July, at 139.4 cpl. The cheapest centre for diesel was Somerset at 139.6 cpl.
- Noosa was the most expensive centre to buy ULP in July, with an average ULP price of 162.6 cpl and Longreach had the highest diesel price of 156.2 cpl.

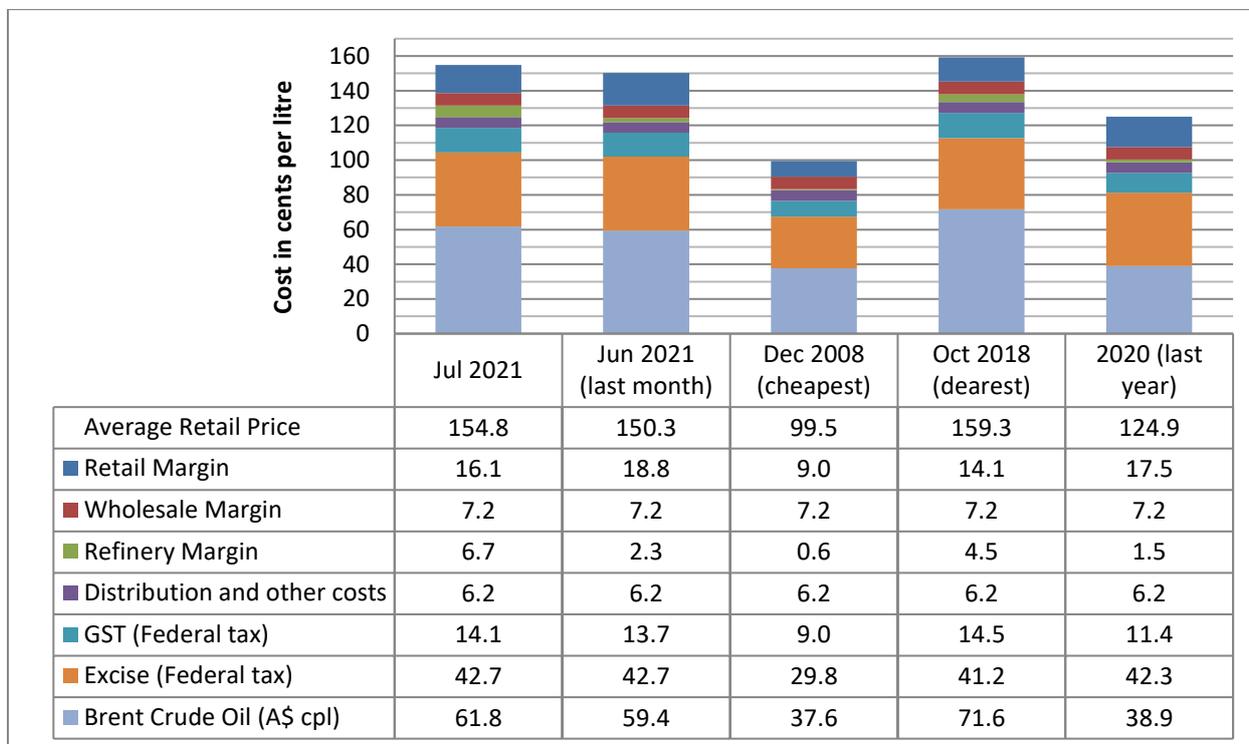
### ULP cost breakdown in Brisbane

At 154.8 cpl, the average price of ULP in Brisbane in July was 4.5 cpl dearer than June. The average ULP price in July 2021 was the second highest on record. The record highest monthly average ULP price for Brisbane was 159.4 cpl, observed in October 2018.

The monthly average indicative retail margin for July was down 2.7 cpl, at 16.1 cpl. At 6.7 cpl, the average indicative refinery margin was up by 4.4 cpl. Total margins (retail, wholesale and refinery) at 30.0 cpl, were 1.7 cpl higher than the June average of 28.3 cpl, and 3.8 cpl higher than the 2020 annual average of 26.2 cpl.

The RACQ pricing model assumes that oil is imported into Australia and refined locally. However, Australia's refinery capacity will be reduced with the imminent closure of two (of four) refineries. The two remaining refineries will be Ampol's refinery in Lytton, Brisbane and Viva energy's refinery in Geelong. 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 July were 1.9 cpl, marginally (0.1 cpl) lower than June.



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 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.

## Price Records

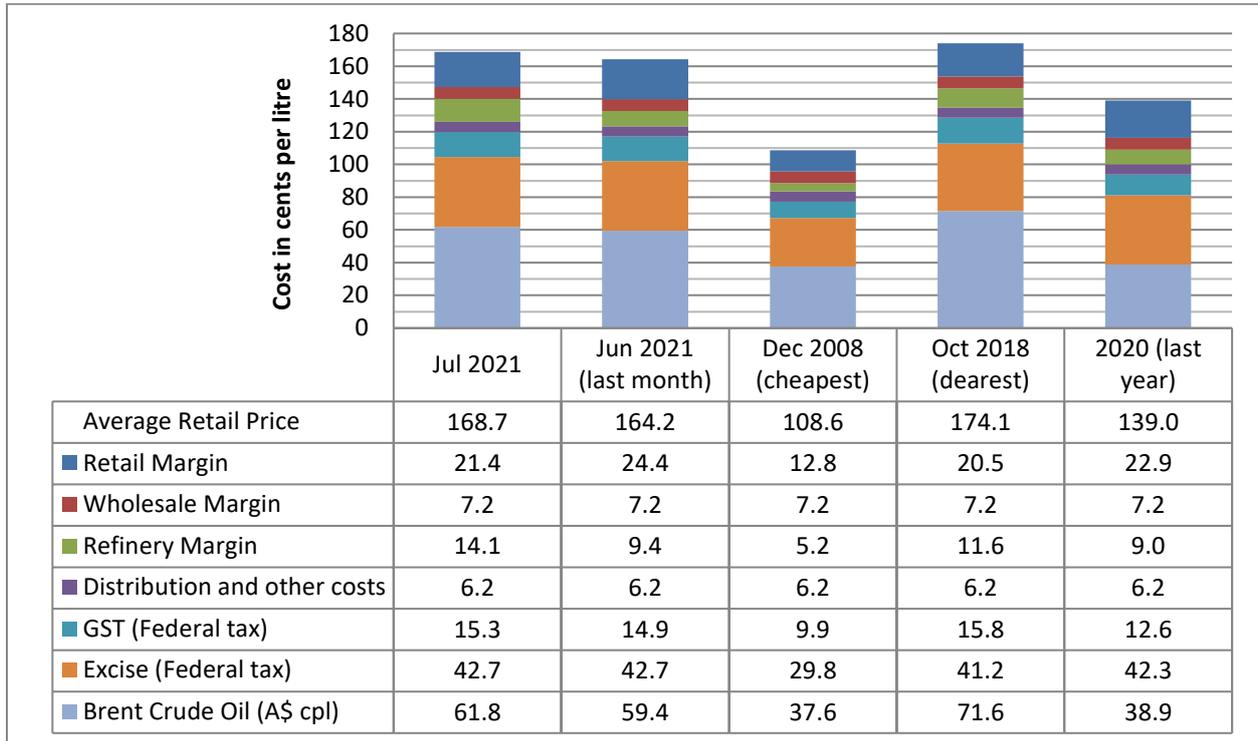
The maximum daily average ULP prices in Greater Brisbane, Ipswich and the Gold Coast reached new all-time record high levels in July. A record high daily average of 173.5 cpl was observed in Brisbane on 5 & 6 July 2021. This exceeded the previous record of 172.5 cpl, observed on 12 December 2020.

While the monthly average ULP price in SEQ remained below the all-time records, at 154.8 the average ULP price in Brisbane in July 2021 was the second highest on record. The all-time record high monthly average for Greater Brisbane of 159.3 cpl was observed in October 2018.

## Record High Average RULP Prices

City	Record High Daily Average Price	Observed	Previous Record High Daily Average	Observed	Record High Monthly Average Price	Observed
Brisbane	173.5	5-6/07/21	172.5	12/12/19	159.3	Oct-18
Ipswich	172.4	7/07/21	168.5	12/12/19	157.3	Oct-18
Gold Coast	173.3	5/07/21	173.0	12-13/12/19	158.5	Oct-18
Sunshine Coast	173.5	14/12/19			158.7	Oct-18

## PULP 95 cost breakdown in Brisbane



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

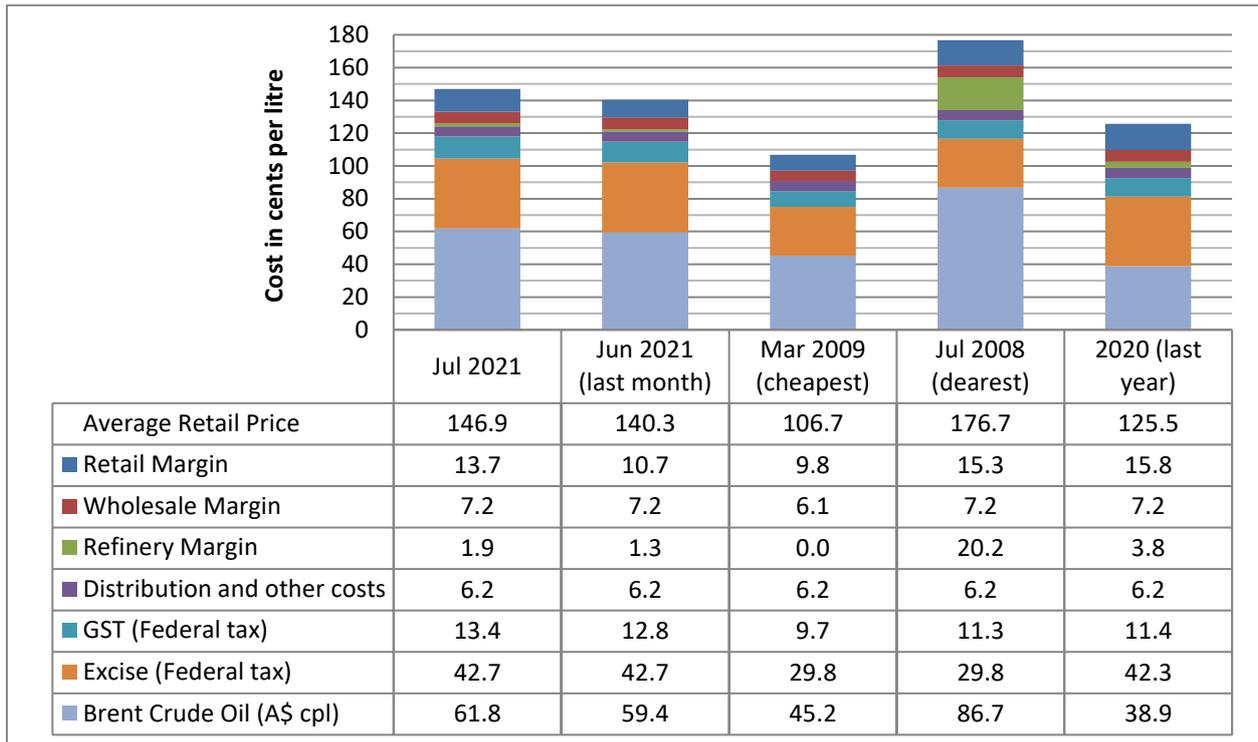
The chart above shows the cost breakdown for a litre of PULP 95 sold in Brisbane in July 2021. For comparison, the cost breakdown for last month, last year, October 2018 – the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

The average PULP 95 price in Brisbane in July was 168.7 cpl, 4.5 cpl higher than June. The price difference between ULP and PULP 95 was 13.9 cpl, the same as June. Indicative retail margins for PULP 95, at 21.4 cpl, were 3.0 cpl lower than June, and 1.5 cpl lower than the average for 2020. Refinery margins at 14.1 cpl, were 4.7 cpl higher than June. Total margins, at 42.7 cpl, were 1.7 cpl higher than June, when they were 41.0 cpl.

## Diesel cost breakdown in Brisbane

The average price of diesel in July, at 146.9 cpl, was 6.6 cpl higher than June. Indicative retail margins at 13.7 cpl were up 3.0 cpl, and refinery margins were up, at 1.9 cpl. Total margins (retail, wholesale and refinery) in July were 22.8 cpl, 3.6 cpl higher than June, when they were 19.2 cpl.

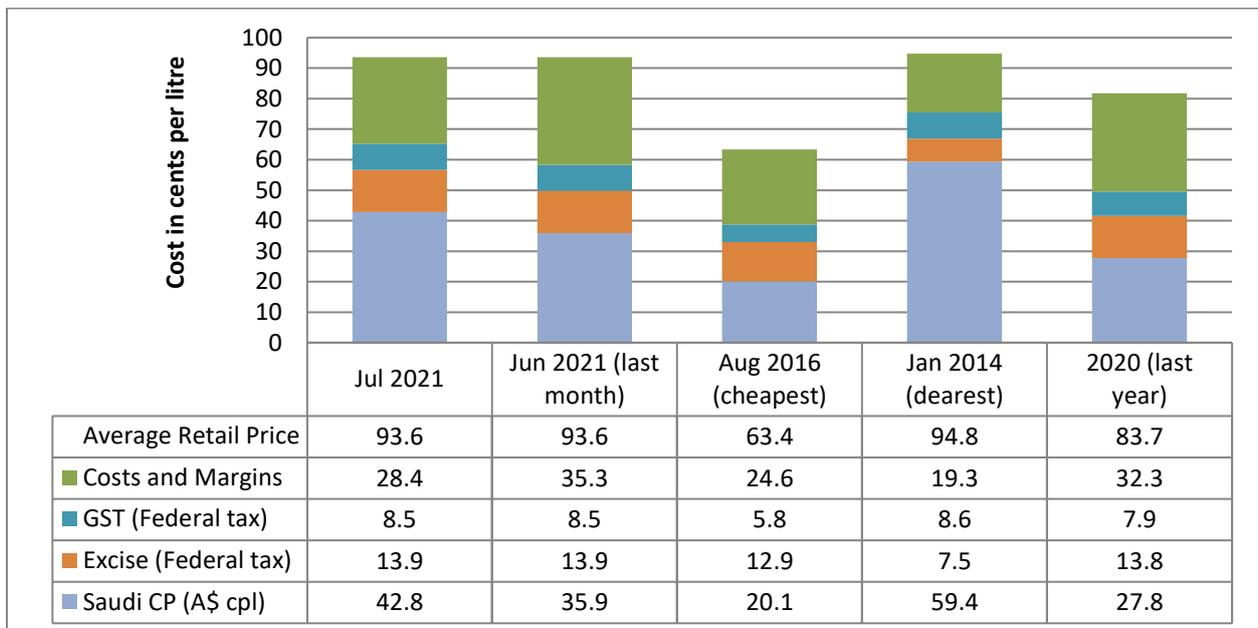
The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for July 2021. For comparison, the cost breakdown for last month, last year, March 2009 – the cheapest month and July 2008 – the most expensive month observed in recent years (since 2008), is also displayed.



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

## Liquid Petroleum Gas (LPG)

The chart below shows the cost breakdown for a litre of LPG sold in Brisbane for July 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.



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 July was 93.6 cpl, unchanged from June. Fuel company margins and costs in July decreased by 6.9 cpl, to 28.4 cpl.

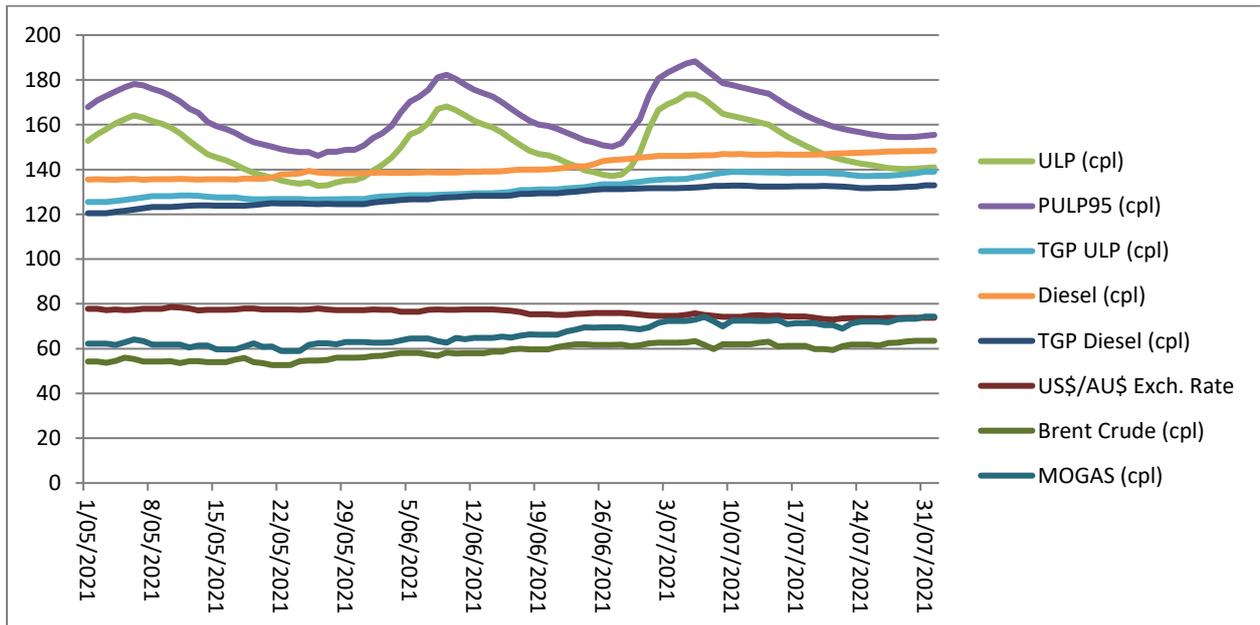
The recently published Saudi CP for July, at 46.8 cpl, was 4.0 cpl higher than July (42.8 cpl).

## Fuel excise

In 2014, the Federal Government reintroduced fuel excise indexation and mandated twice-yearly increases in line with CPI. As a result, on 2 August the excise charged on petrol and diesel increased from 42.7 cpl to 43.3 cpl, from 39.8 cpl to 40.4 cpl on E10 and from 13.9 cpl to 14.1 cpl on LPG. Since the reintroduction of excise indexation in 2014, the excise rate on petrol and diesel has increased by 5.2 cpl. This equates to an extra \$66.4 per year for a passenger car in Queensland<sup>1</sup>.

## Price trends

Most of a single price cycle and the early days of a second were observed in the Brisbane ULP market in July. The first price cycle started on 28 June and prices peaked at (a new record high) 173.5 cpl on 5 & 6 July. Prices then slowly fell throughout July, to a low of 140.2 cpl on 29 July. The second price cycle started on 30 July and at the time of writing the Brisbane ULP market was in the price hike phase of the cycle.



The price of Brent crude oil increased in July (to 98.3 A\$/bbl) hitting a 2-year and 2-month record high in Australian dollar terms. Oil prices in Australian dollars were last this high in May 2019. In US dollar terms the average price of Brent in July (73.0 US\$/bbl) was a 2-year and 9-month record high, the Brent oil price in US\$-terms was last this high in October 2018.

The average price of Brent in July at 98.3 A\$/bbl (73.0 US\$/bbl) or 61.8 cpl-A\$, was 3.9 A\$/bbl or 2.4 cpl-A\$ higher than June (at 94.4 A\$/bbl, 72.2 US\$/bbl, or 59.4 cpl-A\$).

<sup>1</sup> 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.

Brent started July at 99.2 A\$/bbl (74.2 US\$/bbl) on an upward trend. At that time prices had been increasing throughout June. There were two local peaks and subsequent dips in the first half of July. Local peaks of 100.8 A\$/bbl and 100.3 A\$/bbl were observed on 6 July and 14 July. The oil price then fell to a local low of 94.5 A\$/bbl on 21 July, (following the announcement of a drawn-out schedule to end to OPEC+ production cut). However, demand continued to outstrip supply and oil price trended up for the rest of July, ending the month at local record high of 101.0 A\$/bbl (74.5 US\$/bbl) - a 2-year and 2-month record high. A Brent price (in A\$-terms) this high was last observed in May 2019, when prices peaked at 105.9 A\$/bbl (observed 15/05/2019).

## Comparison to other capital cities

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

City	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	154.8 (4.5)	16.1 (-2.7)	146.9 (6.6)	13.7 (3.0)
Adelaide	150.5 (13.7)	11.6 (6.6)	143.6 (4.6)	10.4 (0.9)
Canberra	150.7 (7.5)	12.4 (0.5)	147.5 (4.8)	14.3 (1.2)
Darwin	147.9 (7.9)	4.0 (0.5)	146.6 (4.5)	8.7 (0.7)
Hobart	151.3 (5.7)	6.8 (-1.4)	150.3 (3.8)	11.2 (0.3)
Melbourne	154.1 (14.8)	16.0 (7.6)	143.6 (5.3)	10.4 (1.7)
Perth	148.2 (7.8)	9.3 (0.5)	142.0 (5.6)	8.5 (1.9)
Sydney	157.9 (11.9)	19.6 (4.9)	146.1 (5.8)	12.9 (2.2)

\* 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 second most expensive of all capital cities for ULP in July, after Sydney (which was 3.1cpl dearer than Brisbane). The average ULP prices in Darwin, Perth, Adelaide, Canberra, Hobart and Melbourne were cheaper than Brisbane by 6.9 cpl, 6.6 cpl, 4.3 cpl, 3.5 cpl and 0.7 cpl, respectively.

For diesel, Brisbane was the most expensive of the five largest capital cities. Canberra and Hobart were more expensive than Brisbane by 0.6 cpl and 3.4 cpl, respectively. The average diesel prices in Perth, Adelaide, Melbourne, Sydney and Darwin were cheaper than Brisbane by 4.9 cpl, 3.3 cpl, 3.3 cpl, 0.8 cpl and 0.3 cpl, respectively.

## Comparison of the SEQ metropolitan centres

The table below presents the average July prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to June 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	157.1 (2.9)	18.4 (-4.4)	148.8 (6.4)	15.6 (2.8)
Brisbane North	153.0 (11.3)	14.3 (4.1)	146.8 (6.8)	13.6 (3.2)
Brisbane South	154.8 (6.0)	16.1 (-1.2)	147.1 (6.6)	13.8 (3.0)

Brisbane Bayside/ Redlands	157.1 (2.3)	18.4 (-5.0)	147.2 (7.5)	14.0 (3.9)
Logan	153.0 (3.8)	14.3 (-3.5)	146.3 (6.8)	13.0 (3.2)
Ipswich	153.2 (4.4)	14.2 (-2.9)	146.1 (6.5)	12.5 (2.9)
Moreton Bay	156.0 (5.9)	17.0 (-1.4)	146.9 (6.8)	13.3 (3.2)
Gold Coast	154.4 (1.7)	15.0 (-5.6)	147.2 (6.2)	13.3 (2.6)
Sunshine Coast	157.9 (10.0)	18.4 (2.7)	145.5 (5.7)	11.4 (2.1)

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

Brisbane North and Logan were the cheapest centres in SEQ to buy ULP in July, both with an average price of 153.0 cpl. A close third cheapest was the Ipswich at 153.2 cpl. The Sunshine Coast was the most expensive area in SEQ at 157.9 cpl, 4.9 cpl dearer than the Brisbane North and Logan. The average ULP price increased in all SEQ centres, compared to June. The changes ranged from an increase of 11.3 cpl in Brisbane North, to 1.7 cpl on the Gold Coast.

The Sunshine Coast was the cheapest SEQ centre to buy diesel in July, at 145.5 cpl. Ipswich was second at 146.1 cpl. Central Brisbane was the most expensive area in SEQ to buy diesel at 148.8 cpl, 3.3 cpl dearer than the Sunshine Coast. Average diesel prices increased in all SEQ centres compared to June, by up to 7.5 cpl. The average price on the Sunshine Coast was up 5.7 cpl, and Brisbane Bayside/ Redlands was up by 7.5 cpl.

The price difference between the cheapest and dearest diesel price in SEQ, at 3.3 cpl, was lower than ULP, for which the difference was 4.9 cpl.

## 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* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	154.8 (4.5)	16.1 (-2.7)	146.9 (6.6)	13.7 (3.0)
Atherton	146.3 (5.3)	3.7 (-2.1)	145.9 (4.8)	8.5 (1.2)
Beaudesert	149.1 (8.4)	9.5 (1.2)	145.4 (3.9)	11.3 (0.3)
Biloela	142.2 (5.4)	0.6 (-1.7)	141.1 (5.4)	5.1 (1.8)
Blackwater	147.5 (7.2)	4.2 (0.2)	149.4 (8.8)	11.8 (5.2)
Bowen	143.5 (5.7)	0.0 (-1.6)	143.2 (5.0)	5.5 (1.2)
Bundaberg	142.8 (7.1)	0.7 (-0.1)	142.1 (5.7)	5.4 (2.1)
Cairns	146.2 (5.2)	4.4 (-2.2)	146.5 (5.2)	9.9 (1.6)
Charters Towers	146.6 (3.1)	3.8 (-4.2)	144.0 (3.5)	6.9 (-0.2)
Childers	146.7 (6.5)	5.1 (-0.7)	144.2 (5.5)	8.0 (1.9)
Dalby	147.5 (5.1)	6.9 (-2.1)	147.6 (7.5)	12.4 (3.9)
Emerald	149.0 (2.2)	5.0 (-4.9)	150.1 (7.3)	11.6 (3.6)
Gladstone	143.2 (5.1)	2.8 (-2.0)	146.1 (7.5)	11.3 (3.8)
Goondiwindi	147.8 (6.9)	5.7 (-0.3)	148.2 (6.3)	11.6 (2.7)
Gympie	143.5 (3.6)	3.3 (-3.6)	143.8 (6.4)	9.0 (2.8)
Hervey Bay	143.3 (3.9)	1.9 (-3.3)	142.6 (7.0)	6.7 (3.4)

Ingham	143.2 (6.2)	0.5 (-1.0)	147.5 (4.4)	10.7 (0.7)
Innisfail	145.4 (3.6)	2.8 (-3.8)	145.3 (4.1)	7.8 (0.4)
Kingaroy	143.3 (5.9)	2.6 (-1.4)	142.9 (6.7)	7.7 (3.1)
Lockyer Valley	144.8 (4.5)	5.2 (-2.8)	143.8 (6.9)	9.5 (3.3)
Longreach	159.6 (7.7)	11.4 (0.7)	156.2 (6.9)	13.7 (3.3)
Mackay	148.0 (5.9)	6.9 (-1.3)	148.0 (4.9)	12.9 (1.3)
Mareeba	148.5 (4.5)	6.1 (-2.9)	147.5 (4.1)	10.2 (0.4)
Maryborough	140.7 (5.7)	-0.4 (-1.5)	142.4 (6.1)	6.8 (2.5)
Miles	141.2 (3.2)	-0.7 (-4.1)	142.7 (4.9)	6.2 (1.3)
Moranbah	145.9 (5.6)	2.9 (-1.6)	146.5 (6.5)	9.4 (2.9)
Mount Isa	157.4 (4.5)	6.9 (-2.7)	150.6 (4.1)	5.9 (0.4)
Nambour	157.6 (15.6)	18.1 (8.4)	144.9 (4.3)	10.8 (0.7)
Noosa	162.6 (3.9)	23.0 (-3.4)	143.6 (5.1)	9.4 (1.5)
Rockhampton	145.1 (4.8)	3.7 (-2.2)	147.3 (5.9)	11.4 (2.3)
Roma	139.4 (5.3)	-3.9 (-2.0)	141.2 (6.9)	3.3 (3.3)
Somerset	142.5 (4.0)	2.8 (-3.2)	139.6 (4.2)	5.4 (0.7)
Toowoomba	148.8 (5.9)	8.9 (-1.3)	146.4 (6.4)	12.0 (2.8)
Townsville	144.1 (2.2)	2.5 (-5.0)	144.9 (5.9)	9.1 (2.1)
Tully	146.2 (5.4)	3.0 (-2.0)	146.3 (4.6)	8.3 (0.9)
Warwick	141.7 (5.8)	1.6 (-1.4)	146.0 (7.3)	11.3 (3.7)
Whitsunday/Proserpine	142.8 (7.1)	0.4 (-0.1)	140.8 (5.4)	4.4 (1.8)
Yeppoon	146.4 (5.1)	4.5 (-2.0)	147.2 (4.8)	10.9 (1.2)

\* 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 July was 145.6 cpl, 4.9 cpl higher than June when the average price was 140.7 cpl. The average diesel price was 145.8 cpl, 5.9cpl higher than June when the average price was 139.9 cpl.

Roma, with an average ULP price of 139.4 cpl, was the cheapest centre to buy ULP in July, as it was in June, and 15.4 cpl cheaper than Brisbane. Maryborough was the second cheapest with an average ULP price of 140.7 cpl, and Miles was the third cheapest at 141.2 cpl. Warwick, Biloela, Somerset, Bundaberg, Whitsunday/Proserpine, Gladstone, Ingham, Hervey Bay, Kingaroy, Bowen, Gympie, Townsville, Lockyer Valley, Rockhampton, Innisfail, Moranbah, Cairns, Tully, Atherton, Yeppoon, Charters Towers, Childers, Blackwater, Dalby, Goondiwindi, Mackay, Mareeba, Toowoomba, Emerald and Beaudesert were also cheaper than Brisbane. Only Mount Isa, Nambour, Longreach and Noosa were more expensive than Brisbane<sup>2</sup>. At 162.6 cpl, the most expensive centre for ULP was Noosa (7.8 cpl more expensive than Brisbane and 23.2 cpl more expensive than Roma - the cheapest centre in Queensland).

Somerset had the cheapest diesel in Queensland in July, at 139.6 cpl, 7.3 cpl cheaper than Brisbane. Whitsunday/Proserpine, at 140.8 cpl, was second cheapest, 6.1 cpl cheaper than Brisbane. Biloela, Roma, Bundaberg, Maryborough, Hervey Bay, Miles, Kingaroy, Bowen, Noosa, Gympie, Lockyer Valley, Charters Towers, Childers, Nambour, Townsville, Innisfail, Beaudesert, Atherton, Warwick, Gladstone, Tully, Toowoomba, Cairns and Moranbah were also cheaper than Brisbane. Longreach<sup>1</sup> was the most

<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 this report. Other centres may be more or less expensive.

expensive regional centre for diesel at 156.2 cpl, 9.3 cpl higher than Brisbane.

Of the 37 regional centres monitored by RACQ, 35 had an average indicative ULP retail margin lower than that charged in Brisbane. The lowest indicative retail margin on ULP, at negative 3.9 cpl, was charged in Roma, 20.0 cpl lower than Brisbane. Only in Nambour and Noosa were indicative retail margins higher than Brisbane, where they reached 18.1 cpl and 23.0 cpl, respectively.

Diesel indicative retail margins were lower than Brisbane in 36 out of 37 regional centres. At 3.3 cpl, the lowest diesel indicative retail margin was observed in Roma, 10.4 cpl lower than Brisbane. Longreach and Brisbane shared the dubious honour of the highest indicative retail margin, at 13.7 cpl.

## Outlook

Oil prices and retail fuel prices appeared to have reached a local high point at the end of July. However, prices could return to an upward trend if demand increases, and supply remains constrained. Demand for oil and refined products had returned in markets with successful COVID vaccine programmes, notably the US and UK. While this may be case, the emergence of the COVID-19 Delta strain in many markets is a substantial and involving threat.

Despite the recent agreement by the OPEC+ cartel to wind back their production cut, demand for oil outstripped supply in July. This was evident in the US inventory data published by the American institute of Petroleum and the US Energy Information Agency both reporting falls in the volume of crude oil stored by the fuel industry in the US.

After failing to reach agreement in early July, and the UEA threatening to leave OPEC, OPEC+ finally agreed to a revised schedule for returning to pre-COVID production levels. Starting in August OPEC+ agreed to monthly increases in the production quota of 400,000 bpd (barrels per day). These increases would continue until late 2022, when pre-COVID production levels would be restored. This agreement also included an adjustment to allow greater increases for the UEA, who successfully argued their baseline production estimates were incorrect and they had been required to disproportionately reduce their production.

COVID-19 remains the major threat to economic growth and oil demand. A resurgence of COVID-19, especially the Delta strain, could significantly reduce demand and lead to falls in the oil price. However, if vaccine rollouts continue and become more widespread, and demand returns, the oil price is likely to strengthen.

A strengthening oil price will place upward pressure on local retail prices. Substantial increases in fuel company margins and high oil prices led to record high retail prices in SEQ in July. An on-going oil price rally is likely to lead to new record high oil prices and record high retail prices in SEQ in the coming months.

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

## Data sources

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