

Monthly Fuel Price Report

– June 2021



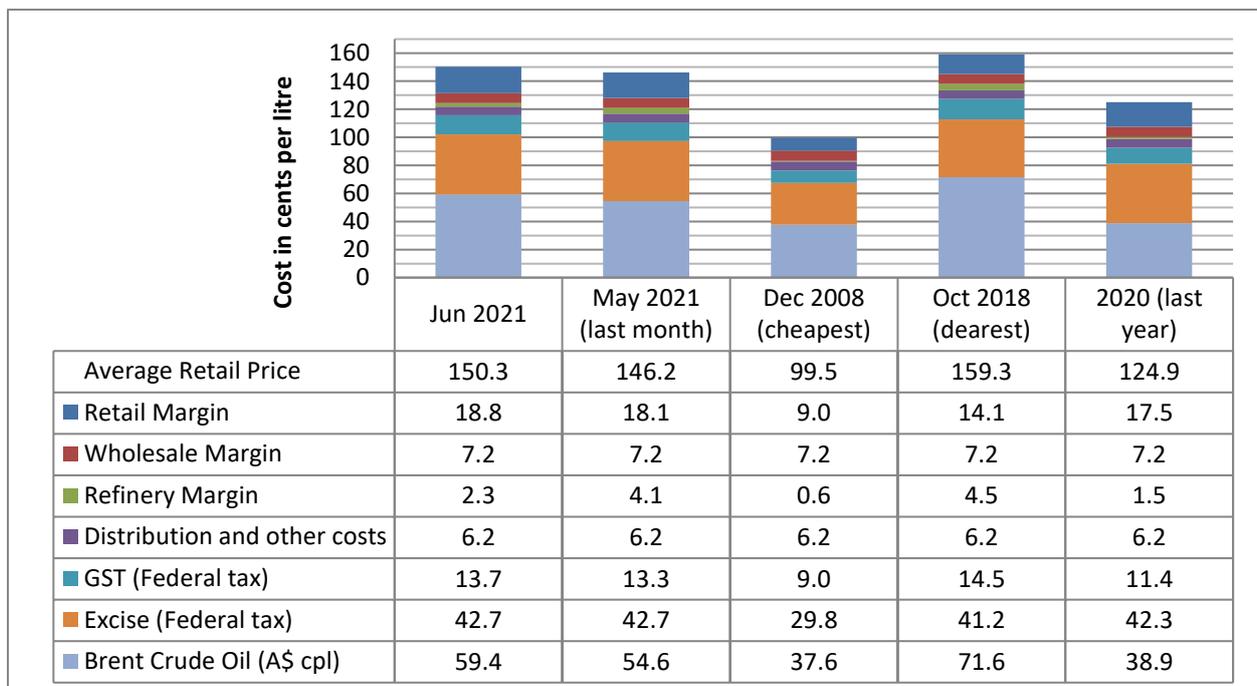
5 July 2021

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

Key points

- At 150.3 cpl, the average ULP price in Brisbane in June was 4.1 cpl higher than May.
- Retail ULP prices across SEQ are approaching record highs and new records may be set in July.
- The Brisbane monthly average ULP price for June was a 32-month record high. The monthly average price last exceeded 150 cpl in October 2019, prior to the onset of COVID-19 pandemic.
- At 18.8 cpl, indicative ULP retail margins in Brisbane in June were up compared to May.
- ULP total margins (retail, wholesale and refinery) were down, at 28.3 cpl.
- Brisbane was the most expensive Australian capital city to buy ULP. It was 4.3 cpl dearer than Sydney, the second most expensive and 13.5 cpl dearer than Adelaide, the cheapest capital.
- At 140.3 cpl, the average Brisbane diesel price in June was 3.8 cpl dearer than May.
- Brisbane, with Sydney, were the joint most expensive of the large capital cities for diesel.
- ULP prices in regional Queensland in June were cheap compared to SEQ. Indicative retail margins on ULP were lower than in Brisbane in 36 out of 37 regional centres, and 33 out of 37 for diesel.
- The average ULP price in regional Queensland was 140.7 cpl, 1.4 cpl higher than May. The average diesel price in regional Queensland was up 2.9 cpl, at 139.9 cpl.
- Roma was the cheapest Queensland regional centre to buy ULP and diesel in June. The average price of ULP was 134.1 cpl and the diesel price was 134.2 cpl.
- Noosa was the most expensive centre to buy ULP in June, with an average ULP price of 158.8 cpl and Longreach had the highest diesel price of 149.3 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 June 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 150.3 cpl, the average price of ULP in Brisbane in June was 4.1 cpl dearer than May. The average ULP price in June 2021 was among the highest on record (the sixth highest) and a 2-year and 8-month record high. A monthly average ULP price exceeding 150 cpl was last observed in October 2019 when the monthly average was 154.7 cpl. The monthly average price has exceeded 150 cpl on five previous occasions (June and July 2008, September and October 2018, and October 2019).

The monthly average indicative retail margin for June was up 0.7 cpl, at 18.8 cpl. At 2.3 cpl, the average indicative refinery margin was down by 1.8 cpl. Total margins (retail, wholesale and refinery) at 28.3 cpl, were 1.1 cpl lower than the May average of 29.4 cpl, and 2.1 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 June were 2.0 cpl, 0.7 cpl lower than May.

Price Records

Daily average ULP prices in SEQ are approaching record high levels. The record high daily average of 172.5 cpl was observed in Brisbane on 12 December 2019. This exceeded the previous record of 169.0 cpl, observed on 12 October 2018. The all-time record high monthly average of 159.3 cpl was observed in October 2018.

The daily and monthly record high ULP retail prices for SEQ centres are presented below.

Record High Average RULP Prices

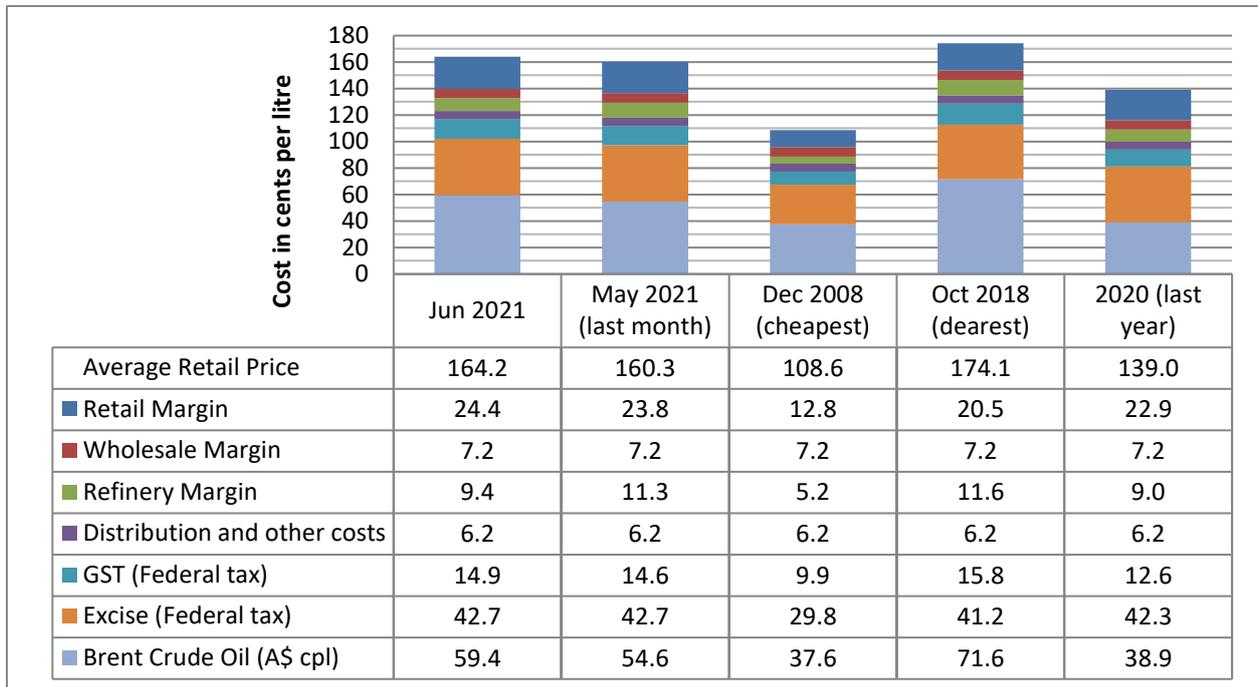
City	Record High Daily Average Price	Observed	Record High Monthly Average Price	Observed
Brisbane	172.5	12/12/2019	159.3	Oct-18
Ipswich	168.5	12/12/2019	157.3	Oct-18
Gold Coast	173.0	12-13/12/2019	158.5	Oct-18
Sunshine Coast	173.5	14/12/2019	158.7	Oct-18

PULP 95 cost breakdown in Brisbane

The average PULP 95 price in Brisbane in June was 164.2 cpl, 3.9 cpl higher than May. The price difference between ULP and PULP 95 was 13.9 cpl, 0.2 cpl lower than May (14.1 cpl). Indicative retail margins for PULP 95, at 24.4 cpl, were 0.6 cpl higher than May, and 1.5 cpl higher than the average for 2020. Refinery margins at 9.4 cpl, were 1.9 cpl lower than May. Total margins, at 41.0 cpl, were 1.2 cpl lower than May, when they were 42.2 cpl.

The chart below shows the cost breakdown for a litre of PULP 95 sold in Brisbane in June 2021. For

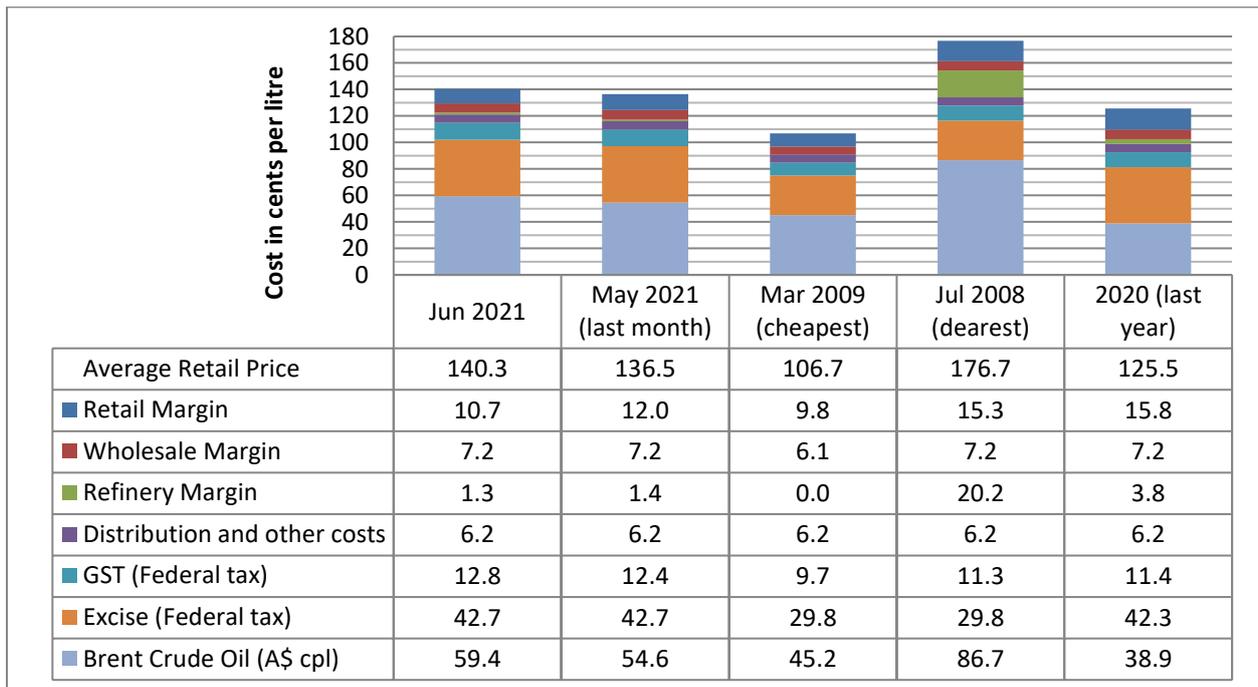
comparison, the cost breakdown for last month, last year, October 2018 – the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.



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

Diesel cost breakdown in Brisbane

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



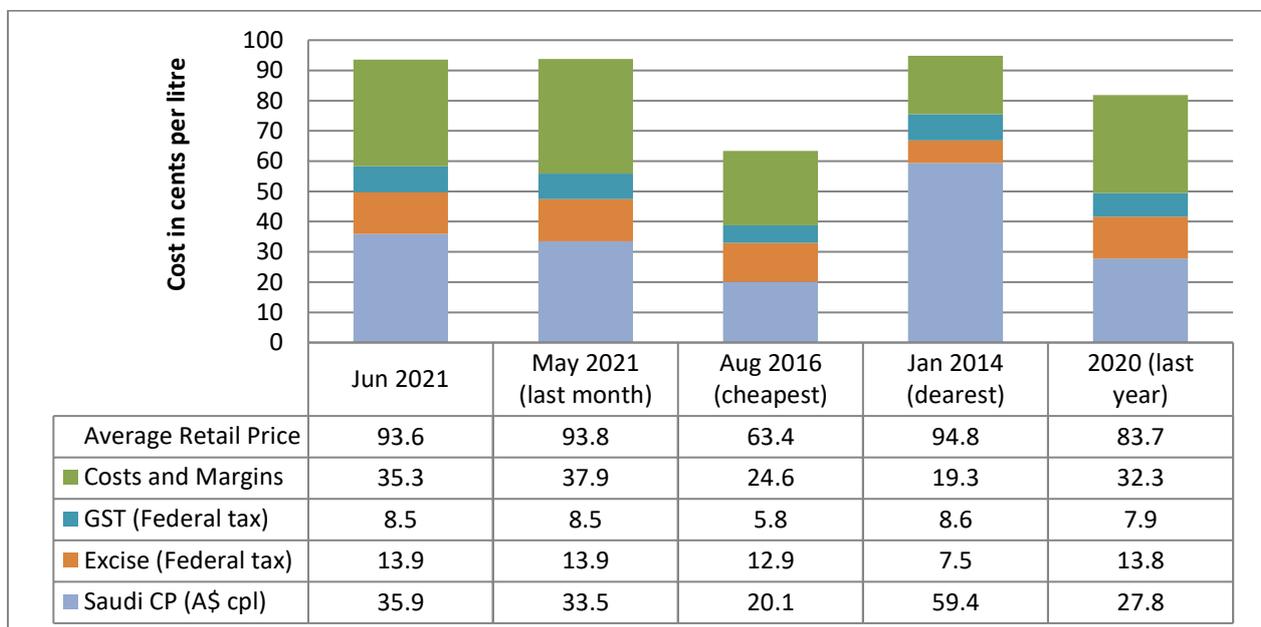
Note: 2008 and 2009 prices included the 8.5cpl Queensland fuel excise subsidy

The average price of diesel in June, at 140.3 cpl, was 3.8 cpl higher than May. Indicative retail margins at 10.7 cpl were down 1.3 cpl, and refinery margins were down slightly, at 1.3 cpl. Total margins (retail, wholesale and refinery) in June were 19.2 cpl, 1.4 cpl lower than May, when they were 20.6 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 chart below shows the cost breakdown for a litre of LPG sold in Brisbane for June 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.

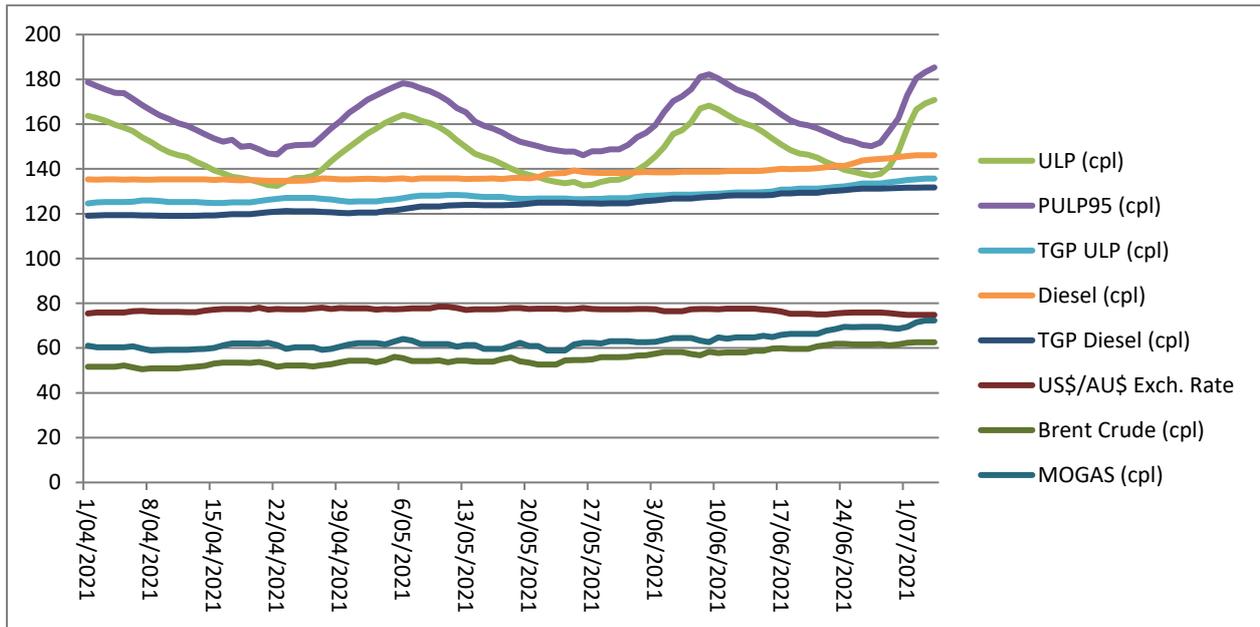


The average retail price of LPG in Brisbane in June was 93.6 cpl, 0.2 cpl lower than May (93.8 cpl). Fuel company margins and costs in June decreased by 2.6 cpl, to 35.3 cpl.

The recently published Saudi CP for July, at 42.8 cpl, was 6.9 cpl higher than June (35.9 cpl). This is likely to lead to increases in the retail LPG price. Fuel companies have been quick to pass on increases in the wholesale price, but slow to pass on savings, preferring to bolster their margins.

Price trends

Most of a single price cycle and the early days of a second were observed in the Brisbane ULP market in June. The first price cycle started on 27 May and prices peaked at 168.2 cpl on 9 June. Prices then slowly fell through most of June, falling to a low of 137.1 cpl on 27 June. The second price cycle started on 28 June and at the time of writing the Brisbane ULP market was entering the expensive phase of the cycle.



The price of Brent crude oil increased in June (to 94.4 A\$/bbl) hitting a 2-year 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 June (72.2 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 June at 94.4 A\$/bbl (72.2 US\$/bbl) or 59.4 cpl-A\$, was 7.6 A\$/bbl or 4.8 cpl-A\$ higher than May (at 86.8 A\$/bbl, 67.4 US\$/bbl, 54.6 cpl-A\$).

Brent started June at 90.2 A\$/bbl (69.8 US\$/bbl) on an upward trend. At that time prices were increasing from a local low in late May. Despite a slight dip in late June, oil prices continued a steady upward trend for the whole of June and ended the month at 97.9 A\$/bbl (73.6 US\$/bbl).

Comparison to other capital cities

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

City	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	150.3 (4.1)	18.8 (0.7)	140.3 (3.8)	10.7 (-1.3)
Adelaide	136.8 (-0.2)	5.0 (-3.6)	139.1 (3.6)	9.4 (-1.4)
Canberra	143.2 (3.1)	11.8 (-0.4)	142.7 (3.0)	13.1 (-2.0)
Darwin	140.0 (0.2)	3.6 (-3.2)	142.0 (8.4)	8.0 (3.3)
Hobart	145.6 (1.4)	8.2 (-2.0)	146.5 (2.5)	10.9 (-2.5)
Melbourne	139.2 (-5.1)	8.4 (-8.5)	138.2 (3.0)	8.7 (-2.0)
Perth	140.4 (2.1)	8.8 (-1.2)	136.3 (2.6)	6.6 (-2.4)
Sydney	146.0 (1.1)	14.6 (-2.4)	140.3 (4.1)	10.7 (-0.9)

* 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 for ULP in June, as it was in May. The average ULP prices in Adelaide, Melbourne, Darwin, Perth, Canberra, Hobart and Sydney were cheaper than Brisbane

by 13.5 cpl, 11.1 cpl, 10.3 cpl, 9.9 cpl, 7.1 cpl, 4.7 cpl and 4.3 cpl, respectively.

Adelaide was the cheapest capital city to buy ULP in June, at 136.8 cpl. Adelaide was a massive 13.5 cpl cheaper than Brisbane.

For diesel, Brisbane and Sydney shared the dubious honour as the most expensive of the five largest capital cities. Darwin, Canberra and Hobart were more expensive than Brisbane (and Sydney) by 1.7 cpl, 2.4 cpl and 6.2 cpl, respectively. The average diesel prices in Perth, Melbourne and Adelaide were cheaper than Brisbane (and Sydney) by 4.0 cpl, 2.1 cpl and 1.2 cpl, respectively.

Comparison of the SEQ metropolitan centres

The table below presents the average June prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to May 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	154.2 (4.0)	22.8 (0.5)	142.4 (3.3)	12.8 (-1.8)
Brisbane North	141.7 (-1.2)	10.2 (-4.6)	140.1 (3.8)	10.4 (-1.3)
Brisbane South	148.8 (5.0)	17.3 (1.6)	140.4 (3.4)	10.8 (-1.7)
Brisbane Bayside/Redlands	154.9 (4.0)	23.4 (0.6)	139.7 (3.5)	10.0 (-1.6)
Logan	149.3 (5.0)	17.8 (1.6)	139.4 (4.3)	9.8 (-0.8)
Ipswich	148.8 (5.9)	17.0 (2.5)	139.5 (3.8)	9.5 (-1.3)
Moreton Bay	150.2 (2.9)	18.4 (-0.5)	140.1 (3.7)	10.1 (-1.4)
Gold Coast	152.7 (7.9)	20.6 (4.5)	141.0 (3.3)	10.7 (-1.8)
Sunshine Coast	147.9 (6.0)	15.6 (2.5)	139.9 (4.2)	9.4 (-0.9)

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

Brisbane North was the cheapest centre in SEQ to buy ULP in June, with an average price of 141.7 cpl it was substantially cheaper than the rest of SEQ. Second cheapest was the Sunshine Coast at 147.9 cpl. Brisbane Bayside/Redlands was the most expensive area in SEQ at 154.9 cpl, 13.2 cpl dearer than the Brisbane North. The average ULP price increased in all SEQ centres, except Brisbane North, compared to May. The changes ranged from an increase of 7.9 cpl on the Gold Coast, to a fall of 1.2 cpl in Brisbane North.

Logan was the cheapest SEQ centre to buy diesel in June, at 139.4 cpl, as it was in May. Ipswich was a close second at 139.5 cpl. Central Brisbane was the most expensive area in SEQ to buy diesel at 142.4 cpl, 3.0 cpl dearer than Logan. Average diesel prices increased in all SEQ centres compared to May, by up to 4.3 cpl. The average price in Logan was up 4.3 cpl, and Central Brisbane and Gold Coast were up by 3.3 cpl.

The price difference between the cheapest and dearest diesel price in SEQ, at 3.0 cpl, was substantially lower than ULP, for which the difference was 13.2 cpl.

Fuel prices across Queensland

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	150.3 (4.1)	18.8 (0.7)	140.3 (3.8)	10.7 (-1.3)
Atherton	140.9 (1.0)	5.8 (-2.5)	141.1 (1.3)	7.3 (-3.8)
Beaudesert	140.6 (0.7)	8.3 (-2.7)	141.4 (2.1)	10.9 (-3.0)
Biloela	136.9 (1.1)	2.3 (-2.4)	135.6 (2.4)	3.3 (-2.6)
Blackwater	140.3 (1.0)	4.0 (-2.5)	140.7 (1.3)	6.6 (-3.8)
Bowen	137.9 (2.7)	1.6 (-0.8)	138.3 (3.7)	4.3 (-1.5)
Bundaberg	135.6 (3.6)	0.8 (0.2)	136.4 (3.0)	3.3 (-2.2)
Cairns	141.0 (1.1)	6.6 (-2.4)	141.3 (1.7)	8.3 (-3.4)
Charters Towers	143.6 (1.0)	7.9 (-2.5)	140.4 (0.8)	7.1 (-4.3)
Childers	140.2 (0.3)	5.8 (-3.1)	138.7 (3.2)	6.1 (-1.9)
Dalby	142.4 (0.2)	9.0 (-3.2)	140.1 (3.1)	8.5 (-2.0)
Emerald	146.8 (0.4)	9.9 (-3.1)	142.8 (2.8)	8.0 (-2.3)
Gladstone	138.1 (2.7)	4.8 (-0.8)	138.6 (4.0)	7.5 (-1.1)
Goondiwindi	140.9 (3.6)	6.1 (0.2)	141.9 (4.3)	8.9 (-0.8)
Gympie	139.9 (0.0)	6.9 (-3.4)	137.4 (1.8)	6.2 (-3.3)
Hervey Bay	139.4 (-0.1)	5.2 (-3.6)	135.6 (2.0)	3.3 (-3.1)
Ingham	137.0 (0.2)	1.5 (-3.3)	143.1 (3.6)	10.0 (-1.5)
Innisfail	141.8 (-0.4)	6.6 (-3.8)	141.2 (0.6)	7.4 (-4.5)
Kingaroy	137.4 (1.8)	4.0 (-1.6)	136.2 (2.6)	4.6 (-2.5)
Lockyer Valley	140.4 (3.4)	7.9 (-0.1)	136.9 (2.5)	6.3 (-2.6)
Longreach	151.8 (2.8)	10.7 (-0.7)	149.3 (3.9)	10.4 (-1.1)
Mackay	142.1 (0.5)	8.2 (-3.0)	143.1 (3.3)	11.5 (-1.8)
Mareeba	144.0 (1.2)	9.0 (-2.3)	143.4 (4.2)	9.8 (-0.8)
Maryborough	135.0 (1.5)	1.1 (-2.0)	136.3 (3.0)	4.3 (-2.1)
Miles	138.0 (10.2)	3.3 (6.7)	137.8 (5.2)	5.0 (0.1)
Moranbah	140.3 (8.3)	4.5 (4.8)	140.0 (5.9)	6.5 (0.8)
Mount Isa	152.9 (0.4)	9.5 (-3.1)	146.5 (2.1)	5.5 (-3.0)
Nambour	142.0 (1.5)	9.7 (-2.0)	140.6 (4.6)	10.1 (-0.5)
Noosa	158.8 (4.2)	26.3 (0.8)	138.5 (5.5)	7.9 (0.3)
Rockhampton	140.3 (3.1)	5.9 (-0.4)	141.4 (2.9)	9.2 (-2.2)
Roma	134.1 (2.3)	-1.9 (-1.2)	134.2 (2.9)	-0.1 (-2.2)
Somerset	138.5 (5.4)	6.0 (1.9)	135.4 (6.1)	4.7 (1.0)
Toowoomba	142.8 (-1.2)	10.2 (-4.6)	139.9 (4.2)	9.1 (-0.9)
Townsville	141.9 (0.3)	7.5 (-3.2)	139.0 (2.6)	7.0 (-2.5)
Tully	140.8 (0.9)	5.0 (-2.6)	141.7 (1.9)	7.4 (-3.1)
Warwick	135.9 (1.5)	3.0 (-1.9)	138.7 (3.2)	7.6 (-2.0)
Whitsunday/Proserpine	135.7 (1.8)	0.6 (-1.7)	135.4 (3.0)	2.6 (-2.1)
Yeppoon	141.3 (1.5)	6.5 (-2.0)	142.4 (2.4)	9.7 (-2.7)

* 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 June was 140.7 cpl, 1.4 cpl higher than May when the average price was 139.3 cpl. The average diesel price was 139.9 cpl, 2.9 cpl higher than May when the average price was 137.0 cpl.

Roma, with an average ULP price of 134.1 cpl, was the cheapest centre to buy ULP in June and 16.2 cpl cheaper than Brisbane. Miles, the cheapest centre for the last five months fell to tenth cheapest in June. Maryborough was the second cheapest with an average ULP price of 135.0 cpl, and Bundaberg was the third cheapest at 135.6 cpl. Whitsunday/Proserpine, Warwick, Biloela, Ingham, Kingaroy, Bowen, Miles, Gladstone, Somerset, Hervey Bay, Gympie, Childers, Blackwater, Moranbah, Rockhampton, Lockyer Valley, Beaudesert, Tully, Atherton, Goondiwindi, Cairns, Yeppoon, Innisfail, Townsville, Nambour, Mackay, Dalby, Toowoomba, Charters Towers, Mareeba and Emerald were also cheaper than Brisbane. Only Longreach, Mount Isa and Noosa were more expensive than Brisbane¹. At 158.8 cpl, the most expensive centre for ULP was Noosa (8.5 cpl more expensive than Brisbane).

Roma also had the cheapest diesel in Queensland in June, at 134.2 cpl, 6.1 cpl cheaper than Brisbane. Somerset and Whitsunday/Proserpine, both at 132.4 cpl, were the joint second cheapest, 4.9 cpl cheaper than Brisbane. Biloela, Hervey Bay, Kingaroy, Maryborough, Bundaberg, Lockyer Valley, Gympie, Miles, Bowen, Noosa, Gladstone, Childers, Warwick, Townsville, Toowoomba, Moranbah and Dalby were also cheaper than Brisbane. Longreach¹ was the most expensive regional centre for diesel at 149.3 cpl, 9.0 cpl higher than Brisbane.

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 1.9 cpl, was charged in Roma, 20.7 cpl lower than Brisbane. Only in Noosa were indicative retail margins higher than Brisbane, where they reached a massive 26.3 cpl.

Diesel indicative retail margins were lower than Brisbane in 35 out of 37 regional centres. At negative 0.1 cpl, the lowest diesel indicative retail margin was observed in Roma, 10.8 cpl lower than Brisbane. Mackay had the highest indicative retail margin, at 11.5 cpl, 0.8 cpl higher than Brisbane. Diesel indicative retail margins in Beaudesert were also higher than Brisbane.

Outlook

Oil prices and retail fuel prices are likely to continue to increase in the coming months. Demand for oil and refined products has returned in markets with successful COVID vaccine programmes, notably the US and UK. In mid-June S&P Platts predicted the returning oil demand in June to August would increase consumption by an additional 8 million barrels per day. In 2019 prior to COVID the average daily oil demand was about 100 million barrels per day, this fell to about 90 million in 2020.

The short-term oil supply volumes depend on the size of the OPEC+ production cut which is currently being discussed at the delayed OPEC+ meeting (rescheduled for 5 July 2021). At the time of writing discussions about the OPEC+ production cut were on-going, with Saudi Arabia reported to be supporting on-going production cuts and Russia arguing for increased production.

¹ 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.

Negotiations about the Iran nuclear deal and the removal of sanctions continued in June and but are yet to be resolved. A conclusion to this deal and the removal sanction would see Iranian oil return to global market, somewhat easing supply concerns and potentially lowering prices. It is hopeful that a new deal could be negotiated before the inauguration of new in-coming Iranian President-Elect Raeisi, who is seen by many as more hard-line than the out-going President Rouhani.

COVID-19 remains the major threat to economic growth and oil demand. A resurgence of COVID-19, especially one of the new strains, could significantly reduce demand and lead to falls in the oil price. However, if vaccine rollouts continue and become more widespread, and COVID retreats, the oil price will continue to strengthen.

A strengthening oil price will place upward pressure on local retail prices. Substantial increases in fuel company margins are already leading to close to record high retail prices in parts of Queensland, especially in SEQ. A sustained 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 August 2021.

Data sources

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