Monthly Fuel Price Report – March 2017

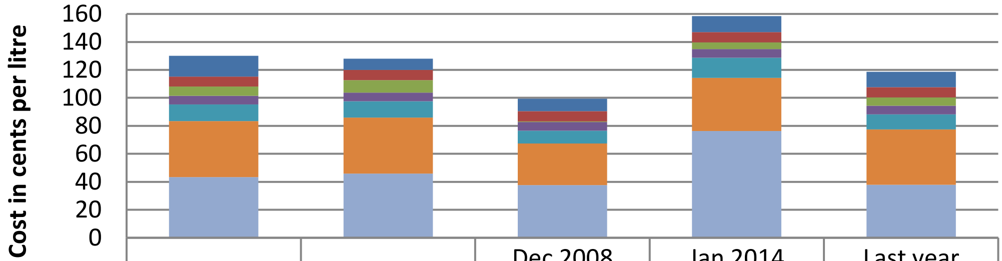
5 April 2017

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for March 2017.

Key points

- At 130.0 cpl, the average Brisbane ULP price for March was 1.9 cpl more than February, and indicative retail margins were 6.5 cpl higher at 14.7 cpl.
- ULP sold in Brisbane was the most expensive of the five large capital cities. Sydney, Adelaide, Perth and Melbourne were 8.9 cpl, 7.0 cpl, 1.0 cpl and 0.7 cpl cheaper, respectively.
- The inflated ULP price in Brisbane was due to the positioning of the price cycle, which was at higher points than the previous month.
- Diesel sold in Adelaide, Sydney and Melbourne was cheaper than Brisbane by 6.1 cpl, 1.8 cpl and 0.8 cpl, respectively.
- The average price of ULP across regional Queensland in March was 132.0 cpl, 4.2 cpl lower than February. The average diesel price was 130.3 cpl, 1.1 cpl less expensive than February.
- Miles had the cheapest average ULP price in Queensland in March, 12.1 cpl cheaper than Brisbane.
- Of the 34 regional centres monitored by RACQ, five had a cheaper ULP price than Brisbane, and diesel sold in 14 centres was cheaper than Brisbane.
- Miles had the cheapest diesel in Queensland (11.0 cpl cheaper than Brisbane), followed by Mount Isa, Childers and Goondiwindi.
- The average price of LPG in Brisbane was 76.4 cpl, 0.9 cpl higher than February.

ULP cost breakdown in Brisbane



	Mar 2017	Feb 2017	Dec 2008 (cheapest)	Jan 2014 (dearest)	Last year (2016)
Average Retail Price	130.0	128.1	99.5	158.4	118.6
Retail Margin	14.7	8.2	9.0	11.4	11.1
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	6.6	8.9	0.6	4.8	6.0
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	11.8	11.6	9.0	14.4	10.8
Excise (Federal tax)	40.1	40.1	29.8	38.1	39.5
Brent Crude Oil (A$ cpl)	43.4	45.9	37.6	76.2	37.9

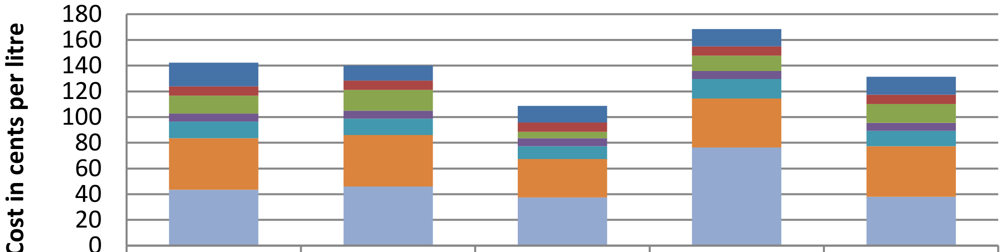
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for March 2017. 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 Brisbane in March was 130.0 cpl, 1.9 cpl higher than February. Indicative retail margins, at 14.7 cpl, were 6.5 cpl higher than February. Refiner margins decreased in March and were 2.3 cpl lower than February.

The difference between March and February in the average retail price is due to the positioning of the price cycle. The most expensive phase of the previous cycle was in late January, and the discounting and cheapest phases fell in February. The price hike at the end of the previous cycle and most expensive phase of the current cycle fell in mid-March. Subsequently, February was relatively cheap, and January and March were relatively expensive.

PULP 95 cost breakdown in Brisbane



	Mar 2017	Feb 2017	Dec 2008 (cheapest)	Jan 2014 (dearest)	Last year (2016)
Average Retail Price	142.2	140.0	108.6	168.5	131.3
Retail Margin	18.4	11.8	12.8	13.6	13.9
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	14.0	16.1	5.2	11.9	14.7
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	12.9	12.7	9.9	15.3	11.9
Excise (Federal tax)	40.1	40.1	29.8	38.1	39.5
Brent Crude Oil (A$ cpl)	43.4	45.9	37.6	76.2	37.9

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

The chart above shows the cost breakdown for a litre of 95 RON Premium ULP sold in Brisbane for March 2017. 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.

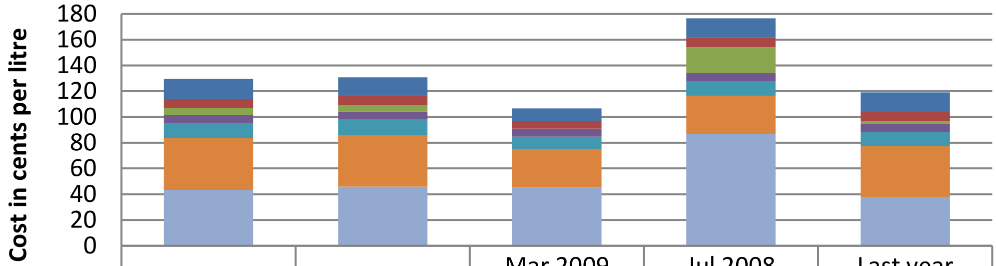
The average price of PULP 95 in Brisbane in March was 142.2 cpl, 2.2 cpl higher than February, and 12.2 cpl more expensive than the ULP 91 price. The price difference between ULP and PULP 95 in February was 11.9 cpl and the average for 2016 was 12.7 cpl. Indicative retail margins for PULP 95, at 18.4 cpl, were 6.6 cpl higher than February. Refiner margins fell in March and were 2.1 cpl less than February.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for March 2017. 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 March, at 129.6 cpl, was 1.1 cpl lower than February. Despite the fall in the retail price, indicative retail margins increased in March by 1.3 cpl and refinery margins increased by 0.2 cpl.

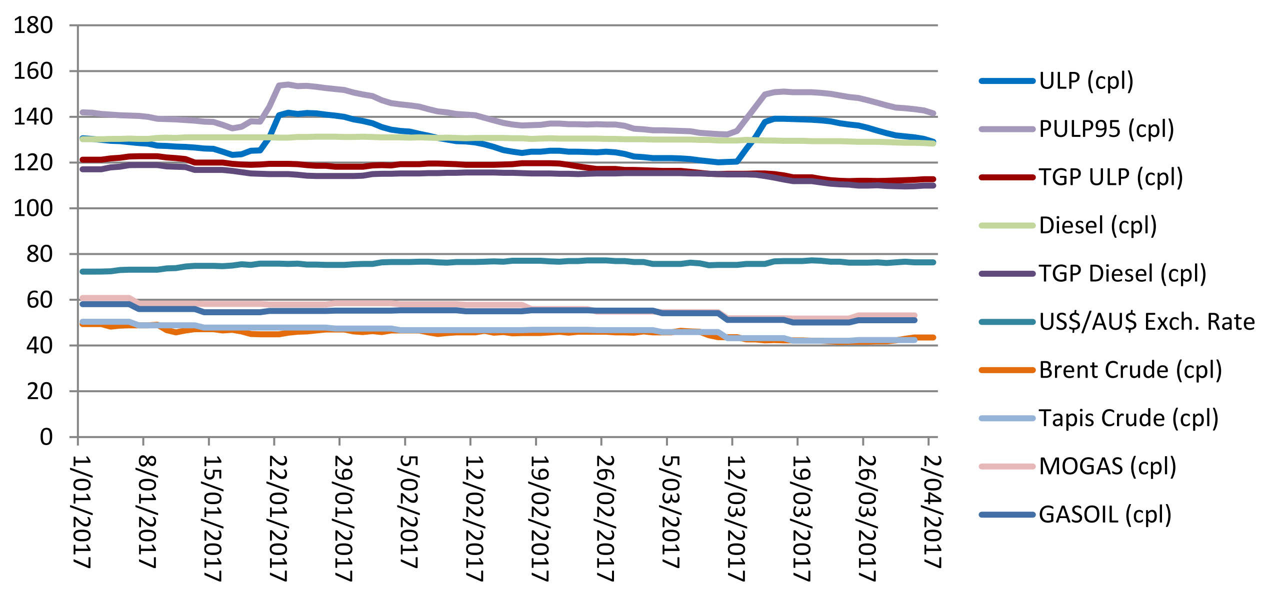


	Mar 2017	Feb 2017	Mar 2009 (cheapest)	Jul 2008 (dearest)	Last year (2016)
Average Retail Price	129.6	130.7	106.7	176.7	119.1
Retail Margin	15.6	14.3	9.8	15.3	15.3
Wholesale Margin	7.2	7.2	6.1	7.2	7.2
Refinery Margin	5.3	5.1	0.0	20.2	2.2
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	11.8	11.9	9.7	11.3	10.8
Excise (Federal tax)	40.1	40.1	29.8	29.8	39.5
Brent Crude Oil (A$ cpl)	43.4	45.9	45.2	86.7	37.9

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

Price trends

The graph below displays the average Brisbane retail ULP, PULP95 and diesel prices, the ULP 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$.



There were two partial price cycles observed in Brisbane in March 2017. The first of these started on 18 January, with average price peaking on 23 January. Prices then fell slowly throughout February and early March, with the cycle ending on 10 March. At 52 days, this was the second longest cycle recorded in Brisbane[1]. The second cycle started on 11 March, with prices peaking on 17 March. At the time of writing the Brisbane ULP market was in the discounting phase.

The average price of Brent in March was lower than February at A$69.1/bbl (US$52.6/bbl) or 43.4 cpl. Following a sharp price increase in December, the price of Brent crude softened throughout January, February and early March. Brent started March at A$72.6/bbl (US$55.6/bbl) and ended the month at A$69.3/bbl (US$53.0/bbl). It fell to a local low point of A$66.1/bbl (US$50.6/bbl) on 23/03/2017, before strengthening in the last week of March.

Currently the price of oil is fluctuating in line with the status of an OPEC deal brokered three months ago. In December 2016 the oil price increased as a result of production cuts agreed between OPEC producers and some non-OPEC producers, most notably Russia. Since then prices have fallen as rumours surface that the OPEC deal is unwinding. However, in the last week of March the price of oil has strengthened as sentiment improved over compliance with the current OPEC deal and talks of an extension become more widespread.

A recent US EIA[2] report identified a reduction in refined petroleum stocks and only a small increase in crude oil stocks. This has been taken as an indication that demand is increasing, contributing to the recent increase in the oil price.

Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Adelaide	123.0 (-6.7)	8.4 (-2.1)	123.5 (-1.6)	9.5 (0.8)
Brisbane	130.0 (1.8)	14.7 (6.5)	129.6 (-1.1)	15.6 (1.3)
Canberra	137.5 (-1.2)	22.9 (3.4)	131.8 (0.2)	17.7 (2.5)
Darwin	136.1 (-3.9)	21.6 (0.7)	130.0 (0.3)	15.9 (2.7)
Hobart	142.1 (-1.3)	27.5 (3.4)	138.0 (1.3)	23.9 (3.7)
Melbourne	129.3 (3.0)	14.8 (7.7)	128.8 (-0.7)	14.7 (1.7)
Perth	129.0 (-3.3)	14.5 (1.3)	132.3 (-1.1)	18.2 (1.3)
Sydney	121.1 (-5.9)	6.5 (-1.3)	127.8 (-0.9)	13.7 (1.5)

* 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 the five large capitals for ULP in March. Sydney was 8.9 cpl cheaper than Brisbane, Adelaide was 7.0 cpl cheaper, Perth was 1.0 cpl cheaper and Melbourne was 0.7 cpl cheaper. Darwin, Canberra and Hobart were more expensive by 6.1 cpl, 7.5 cpl and 12.1 cpl, respectively.

Diesel sold in Adelaide, Sydney and Melbourne was cheaper than Brisbane by 6.1 cpl, 1.8 cpl and 0.8 cpl, respectively. Darwin, Canberra, Perth and Hobart were more expensive by 0.4 cpl, 2.2 cpl, 2.7 cpl and 8.4 cpl, respectively.

[1] The longest cycle lasted for 83 days and was observed between 11 November 2014 and 2 February 2015.

[2] The US Energy Information Administration

Comparison of the SEQ metropolitan centres

Ipswich was the cheapest centre in SEQ to buy ULP in March, with an average price of 126.4 cpl, 5.2 cpl higher than the February average for Ipswich. Moreton Bay was the second cheapest centre in SEQ, 1.3 cpl dearer than Ipswich. The Sunshine Coast was the most expensive SEQ centre, 6.4 cpl dearer than Ipswich. The Sunshine Coast was the only SEQ centre that was cheaper in March compared to February.

Ipswich was also the cheapest SEQ centre to buy diesel, with an average price of 127.4 cpl, followed by Moreton Bay and Brisbane South, 1.7 cpl and 1.8 cpl dearer, respectively. Brisbane North was the most expensive, with diesel selling for 130.3 cpl.

The table below presents the average March prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to February in parentheses.

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane North	130.8 (0.5)	12.9 (5.2)	130.3 (-1.3)	14.0 (1.1)
Brisbane South	129.6 (2.3)	11.7 (7.0)	129.2 (-1.0)	12.9 (1.4)
Gold Coast	128.7 (2.5)	10.2 (7.2)	129.5 (-0.8)	12.5 (1.6)
Ipswich	126.4 (5.2)	8.2 (9.9)	127.4 (-1.4)	10.8 (1.1)
Moreton Bay	127.7 (2.1)	9.5 (6.8)	129.1 (-1.2)	12.4 (1.3)
Sunshine Coast	132.8 (-0.9)	14.1 (3.8)	130.2 (0.0)	13.1 (2.5)

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

Fuel prices across Queensland

The average price of ULP across regional Queensland in March was 132.0 cpl, 4.2 cpl lower than the February average of 136.2 cpl. The average diesel price was 130.3 cpl, 1.1 cpl less expensive than the February average of 131.4 cpl.

Miles was the cheapest centre to buy ULP in March, and was 12.1 cpl cheaper than Brisbane. The average price of ULP in Miles was 117.9 cpl. Retailers in Miles were selling ULP at below cost and indicative retail margins in Miles were less than zero, at negative 3.2 cpl. Whitsunday, Maryborough, Gympie and Moranbah were also cheaper than Brisbane.

The most expensive regional centres listed were Blackwater, Innisfail and Mount Isa, all with an average price of 144.9 cpl in March. However, the list of regional centres is not exhaustive and prices in other centres are likely to exceed these prices[3].

Fourteen of the 34 regional centres monitored by RACQ were cheaper than Brisbane for diesel. Miles had the cheapest diesel in Queensland (11.0 cpl cheaper than Brisbane), followed by Ayr and Maryborough (both 3.7 cpl cheaper than Brisbane). Mount Isa, Childers, Goondiwindi, Kingaroy, Warwick, Townsville, Gladstone, Bowen, Ingham, Charters Towers and Hervey Bay were also cheaper than the Brisbane price in March. Cairns was the most expensive listed regional centre for diesel, at 137.5 cpl[3].

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

[3] RACQ does not have an exhaustive list of regional centres in Queensland. In discussing the cheapest or dearest centre in Queensland, it is implied that this only refers to the centres listed in the table. There may be other centres, not listed, that are more or less expensive.

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	130.0 (1.8)	14.7 (6.5)	129.6 (-1.1)	15.6 (1.3)
Gold Coast	128.7 (2.5)	12.8 (7.2)	129.5 (-0.8)	14.9 (1.6)
Sunshine Coast	132.8 (-0.9)	16.8 (3.8)	130.2 (0.0)	15.4 (2.4)
Atherton	143.5 (-0.7)	24.7 (4.0)	135.9 (-0.1)	18.7 (2.4)
Ayr	130.4 (-3.5)	11.9 (1.2)	125.9 (-1.6)	9.0 (0.9)
Biloela	139.6 (-0.3)	20.5 (4.4)	133.0 (-2.3)	15.4 (0.1)
Blackwater	144.9 (0.0)	24.1 (4.7)	135.9 (-0.1)	16.7 (2.3)
Bowen	138.8 (-4.4)	19.2 (0.3)	128.2 (-0.4)	10.2 (2.0)
Bundaberg	130.2 (-5.4)	8.9 (-0.7)	131.6 (-1.0)	11.9 (1.5)
Cairns	144.0 (-0.1)	26.0 (4.6)	137.5 (0.1)	21.0 (2.5)
Charleville	130.6 (-1.0)	5.4 (3.7)	129.9 (0.0)	6.3 (2.4)
Charters Towers	135.9 (-3.8)	16.9 (0.9)	129.4 (-1.4)	12.0 (1.1)
Childers	130.3 (-3.3)	9.5 (1.4)	126.5 (-2.1)	7.3 (0.4)
Dalby	140.0 (-3.4)	20.1 (1.3)	130.9 (-1.7)	12.7 (0.7)
Emerald	143.4 (-1.4)	21.9 (3.3)	129.8 (-1.5)	9.8 (0.9)
Gladstone	133.2 (-6.6)	15.3 (-1.9)	127.9 (-1.5)	11.5 (0.9)
Goondiwindi	136.2 (-1.2)	15.0 (3.5)	127.2 (-0.3)	7.6 (2.2)
Gympie	129.2 (-4.3)	9.8 (0.4)	129.8 (-1.3)	12.1 (1.1)
Hervey Bay	139.7 (-1.1)	19.1 (3.6)	129.5 (0.1)	10.5 (2.5)
Ingham	139.0 (-5.0)	20.2 (-0.3)	128.2 (-1.3)	11.1 (1.1)
Innisfail	144.9 (0.0)	26.0 (4.7)	134.9 (0.0)	17.6 (2.4)
Kingaroy	136.6 (-1.3)	16.8 (3.4)	127.3 (-0.3)	9.1 (2.1)
Longreach	143.1 (-0.3)	17.3 (4.4)	130.1 (-0.8)	5.9 (1.6)
Mackay	133.3 (-6.2)	15.4 (-1.5)	131.2 (-2.7)	14.9 (-0.2)
Mareeba	140.3 (-0.1)	21.6 (4.6)	132.2 (-0.8)	15.2 (1.7)
Maryborough	127.8 (-0.7)	7.6 (4.0)	125.9 (-1.6)	7.2 (0.8)
Miles	117.9 (-1.0)	-3.2 (3.7)	118.6 (1.9)	-0.9 (4.3)
Moranbah	129.6 (0.0)	9.8 (4.7)	129.6 (0.3)	11.4 (2.7)
Mount Isa	144.9 (0.0)	18.3 (4.7)	126.4 (-1.4)	1.3 (1.1)
Rockhampton	142.6 (-1.3)	23.6 (3.4)	131.0 (-2.2)	13.6 (0.3)
Roma	133.4 (-8.8)	10.9 (-4.1)	136.2 (0.6)	15.3 (3.1)
Toowoomba	134.0 (-2.6)	15.0 (2.1)	132.1 (-0.6)	14.7 (1.8)
Townsville	133.9 (-5.8)	16.2 (-1.1)	127.6 (-3.9)	11.6 (-1.5)
Tully	143.1 (-1.7)	23.7 (3.0)	134.2 (-2.4)	16.4 (0.0)
Warwick	139.8 (-3.0)	20.5 (1.7)	127.4 (-1.7)	9.7 (0.8)
Whitsunday	127.7 (-0.9)	8.6 (3.8)	136.6 (1.0)	19.1 (3.4)
Yeppoon	144.1 (-1.5)	24.7 (3.2)	135.3 (-1.1)	17.4 (1.3)

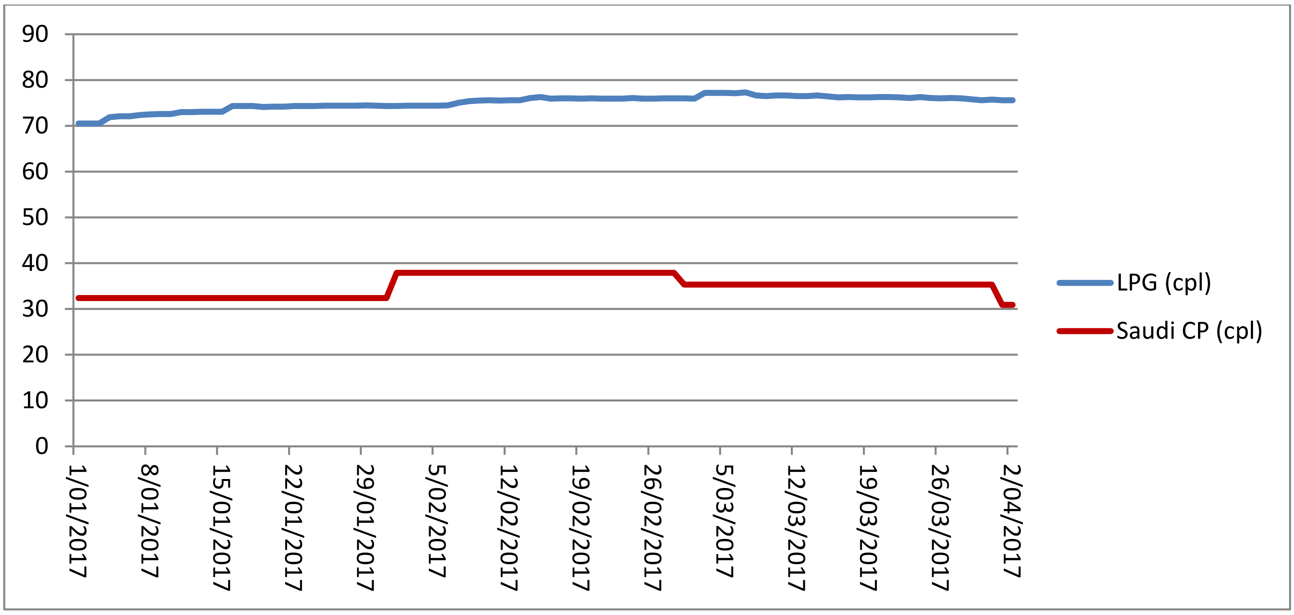
* The retail margin is the average retail price minus the average local TGP and local freight costs. The TGP and freight costs vary between cities. This indicative margin is calculated on the monthly average TGP and retail price.

Liquid Petroleum Gas (LPG)

The average retail price of LPG in Brisbane in March was 76.4 cpl, 0.9 cpl higher than February. The average difference between the Brisbane retail LPG price (excluding excise and GST) and the Saudi CP in March was 21.0 cpl, 3.7 cpl higher than February.

The Saudi CP for April 2017 is 4.4 cpl lower than March 2017 at 30.9 cpl. This should lead to a fall in the retail LPG price.

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



Outlook

The price of oil continues to trade in a range between US$50 and US$60 per barrel. This trend is likely to continue. Oil prices increase when there is widespread talk of OPEC/non OPEC production cuts, and oil prices fall when there are rumours that the deal has fallen through. The oil prices strengthened with positive sentiment of the current OPEC/non-OPEC production reduction deal and oil prices softened with negative rumours. However, a potential further upturn in production of shale oil in the US is likely to limit any price increases.

The next monthly fuel price report will be released in early May 2017.

Data sources

All data presented in this report are RACQ calculations using Informed Sources (Australia), FUELtrac, RBA, AIP and Bloomberg.com data.