

Monthly Fuel Price Report

– March 2021



7 April 2021

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

Key points

- At 140.4 cpl, the average ULP price in Brisbane in March was 5.4 cpl higher than February.
- A monthly average ULP price exceeding 140 cpl was last observed in February 2020 during the onset of COVID-19 pandemic.
- At 14.5 cpl, indicative ULP retail margins in Brisbane in March were down by 1.8 cpl compared to February.
- Brisbane was the third most expensive Australian capital city to buy ULP (and diesel). Melbourne and Sydney were more expensive by 4.3 cpl and 2.2 cpl, respectively.
- At 134.7 cpl, the average Brisbane diesel price in March was 7.2 cpl dearer than February.
- A record longest price hike was observed in Brisbane. The hike that ended on 31 March lasted for 16 days.
- Brisbane was also the third most expensive capital city for diesel. Hobart and Canberra were more expensive by 5.8 cpl and 2.7 cpl, respectively.
- ULP prices in regional Queensland in March were cheap compared to SEQ. Indicative retail margins on ULP were lower than in Brisbane in 34 out of 37 regional centres, and 36 out of 37 for diesel.
- The average ULP price in regional Queensland was 135.3 cpl, 7.2 cpl higher than February. The average diesel price in regional Queensland was up 7.0 cpl, at 133.3 cpl. Average ULP and diesel prices were up in all regional centres, typically by 5 cpl to 10 cpl.
- Miles was the cheapest Queensland regional centre to buy ULP and diesel in March. The average price of ULP was 127.0 cpl, 13.4 cpl cheaper than Brisbane, and diesel was 125.7 cpl, 9.0 cpl cheaper than Brisbane.
- Mount Isa was the most expensive regional centre to buy ULP and diesel in March, with an average ULP price of 152.6 cpl and diesel price of 142.4 cpl.
- At 84.1 A\$/bbl (64.9 US\$/bbl), the average price of Brent crude oil hit a 14-month record high, oil prices were last this high in January 2020, during the onset of the COVID pandemic.

ULP cost breakdown in Brisbane

At 140.4 cpl, the average price of ULP in Brisbane in March was 5.4 cpl dearer than February and a 13-month record high. A monthly average ULP price exceeding 140 cpl was last observed in February 2020 during the onset of COVID-19 pandemic, when the average was 142.0 cpl.

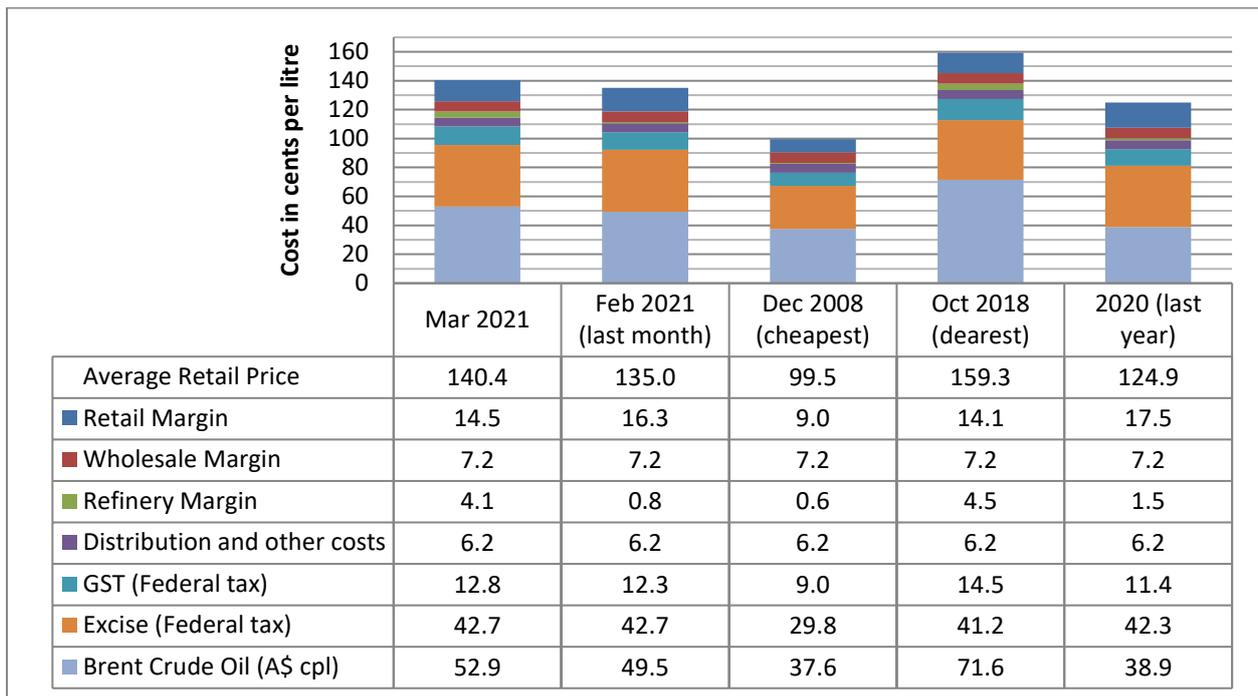
The monthly average indicative retail margin for March was down by 1.8 cpl, at 14.5 cpl. At 4.1 cpl, the average indicative refinery margin was up by 3.3 cpl. Total margins (retail, wholesale and refinery) at 25.8 cpl, were 1.5 cpl higher than the February average of 24.3 cpl, and 0.4 cpl lower than the 2020 annual average of 26.2 cpl.

The RACQ pricing model assumes that oil is imported to Australia and refined locally. However, Australia's refinery capacity is set to reduce after the planned closure of ExxonMobil's refinery in Altona,

Melbourne and BP’s refinery in Kwinana near Perth.

Following these closures there will only be two remaining refineries in Australia – the Ampol (previously Caltex) refinery in Lytton, Brisbane and the Viva Energy refinery in Geelong. However, Ampol are considering the future of the Lytton refinery, with a decision due mid-2021.

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 March were 2.5 cpl, 0.8 cpl higher than February at 1.7 cpl.



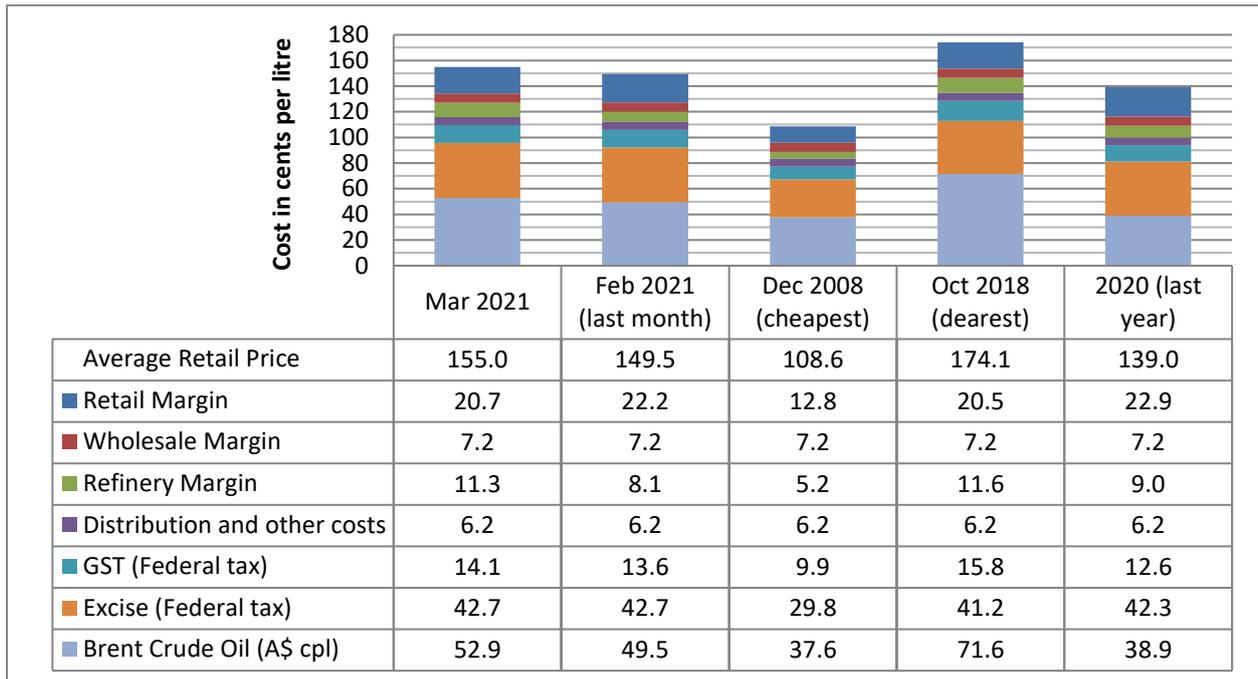
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

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

PULP 95 cost breakdown in Brisbane

The average PULP 95 price in Brisbane in March was 155.0 cpl, 5.5 cpl higher than February. The price difference between ULP and PULP 95 was 14.6 cpl, largely the same as February (14.5 cpl). Indicative retail margins for PULP 95, at 20.7 cpl, were 1.5 cpl lower than February, and 2.2 cpl lower than the average for 2020. Refinery margins at 11.3 cpl, were 3.2 cpl higher than February. Total margins, at 39.2 cpl, were 1.7 cpl higher than February, when they were 37.5 cpl.

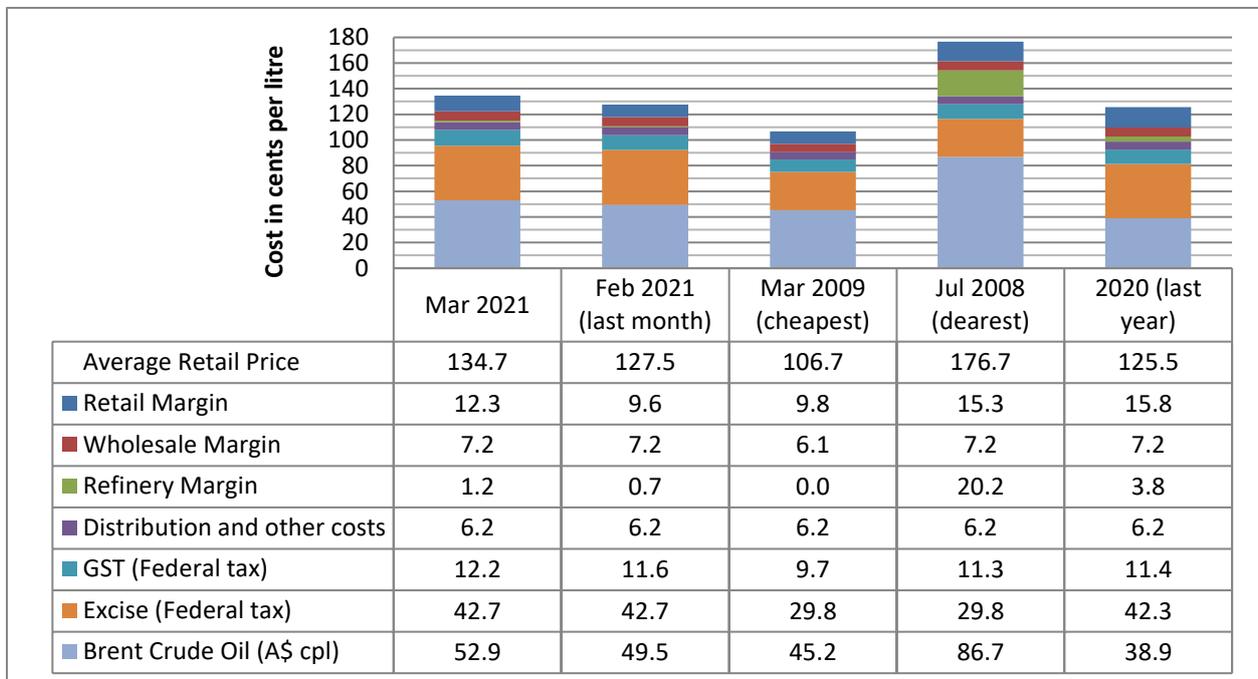
The chart below shows the cost breakdown for a litre of PULP 95 sold in Brisbane in March 2021. For comparison, the cost breakdown for last month, last year, October 2018 – the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.



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 March 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.



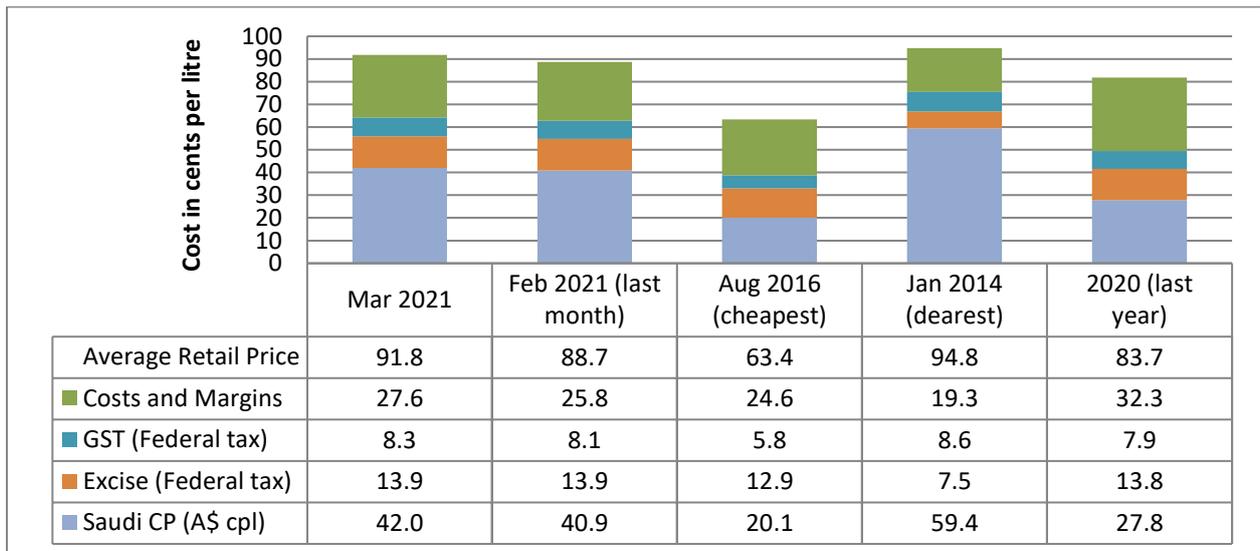
Note: 2008 and 2009 prices included the 8.5cpl Queensland fuel excise subsidy

The average price of diesel in March, at 134.7 cpl, was 7.2 cpl higher than February. Indicative retail margins at 12.3 cpl were up 2.7 cpl, and refinery margins were up, at 1.2 cpl. Total margins (retail, wholesale and refinery) in March were 20.7 cpl, 3.2 cpl higher than February, when they were 17.5 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 March 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 March was 91.8 cpl, 3.1 cpl higher than February (88.7 cpl). Fuel company margins and costs in March increased by 1.8 cpl, to 27.6 cpl.

The recently published Saudi CP for April, at 37.7 cpl, was 4.3 cpl lower than March (42.0 cpl). This decrease in the Saudi CP should lead to a similar decrease in the average LPG retail price.

Price trends

Two partial price cycles were observed in the Brisbane ULP market in March. The first price cycle started on 12 February and prices peaked at 155.8 cpl on 22 February. Prices then slowly fell through the rest of February and into March, falling to a low of 129.7 cpl on 15 March. The second price cycle started on 16 March and prices peaked at 164.9 cpl on 31 March. This price hike was unusually long at 16 days (the longest observed in Brisbane), previous price hikes in 2021 lasted for 10 or 11 days. The previous longest price hikes were 13 days long and observed in May and October 2020.

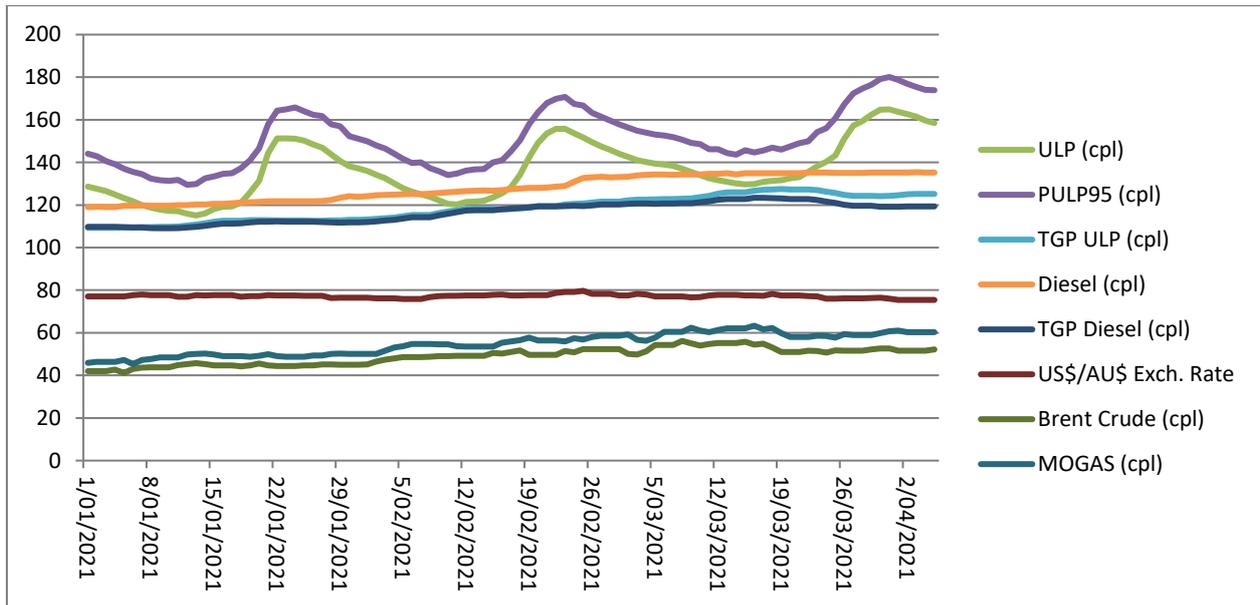
The extended price hike also led to a relatively long cheap phase. At 10 days long the cheap phase in March was the longest observed so far in 2021. Previous cheap phases in 2021 lasted 6 or 7 days.

At the time of writing the Brisbane ULP market was in the expensive phase of the cycle and approaching the discounting phase.

The average price of Brent in March at 84.1 A\$/bbl (64.9 US\$/bbl) or 52.9 cpl, was 5.4 A\$/bbl or 3.4 cpl higher than February (at 78.7 A\$/bbl, 61.1 US\$/bbl, 49.5 cpl-A\$). Oil prices were last this high in January

2020, during the onset of the COVID pandemic.

Brent prices were highly volatile with two local high points observed in mid-March and three local troughs. Brent started March on a downward trend, following a local high in late February, at 83.1 A\$/bbl (64.4 US\$/bbl). Oil prices trended down to local trough in the middle of the first week of March. Prices then increased to first local high point of 89.3 A\$/bbl (64.4 US\$/bbl) on 8 March – this was the highest Brent price since January 2020 during the onset of the COVID-19 pandemic. Oil price dipped slightly in the second week of March, before increasing the second local high on March 15 (88.7 A\$/bbl or 68.8 US\$/bbl). Brent prices trended down for the next 10 days, to local low of 80.7 A\$/bbl (61.3 US\$/bbl) on 24 March. Brent strengthened in the last week of March, to end the month at 83.8 A\$/bbl (63.7 US\$/bbl).



The local high Brent price of 89.3 A\$/bbl (64.4 US\$/bbl) observed on 8 March was a 14-month record high. An A\$ Brent price this high was last observed on 22 January 2020. At that time, the Australian dollar was worth 68.39 US cents, substantially weaker than it was in March (77.02 US cents on 8 March 2021). The strong A\$ has somewhat offset some of the recent gains in the oil price in US\$-terms. The Brent price in US\$ hit a 15-month record, it was last this high in early January 2020.

Comparison to other capital cities

Brisbane was the third most expensive of all capital cities in March. Melbourne and Sydney were more expensive than Brisbane by 4.3 cpl and 2.2 cpl, respectively. The average ULP prices in Darwin, Perth, Canberra, Adelaide and Hobart were cheaper than Brisbane by 6.2 cpl, 3.4 cpl, 2.7 cpl, 2.4 cpl and 0.6 cpl, respectively.

For diesel, Brisbane was the third most expensive of all capital cities in March. Hobart and Canberra were more expensive than Brisbane by 5.8 cpl and 2.7 cpl, respectively. The average diesel prices in Darwin, Perth, Adelaide, Sydney and Melbourne were cheaper than Brisbane by 3.4 cpl, 2.2 cpl, 1.4 cpl, 1.0 cpl and 0.7 cpl, respectively.

The table below presents the average March prices and retail margins on ULP and diesel for Australian

capital cities, with the change compared to February in parentheses.

| City | Average ULP Price (cpl) | Indicative ULP Retail Margin* (cpl) | Average Diesel Price (cpl) | Indicative Diesel Retail Margin* (cpl) |
|-----------|-------------------------|-------------------------------------|----------------------------|----------------------------------------|
| Brisbane | 140.4 (5.4) | 14.5 (-1.7) | 134.7 (7.2) | 12.3 (2.7) |
| Adelaide | 138.0 (6.9) | 11.9 (-0.2) | 133.3 (5.9) | 10.8 (1.4) |
| Canberra | 137.7 (8.6) | 12.1 (1.6) | 137.4 (6.2) | 15.0 (1.8) |
| Darwin | 134.2 (7.8) | 3.4 (0.9) | 131.3 (6.3) | 4.4 (2.0) |
| Hobart | 139.8 (9.3) | 8.0 (2.2) | 140.5 (5.2) | 12.1 (0.7) |
| Melbourne | 144.7 (13.8) | 19.5 (6.6) | 134.0 (5.9) | 11.7 (1.4) |
| Perth | 137.0 (6.8) | 11.2 (-0.2) | 132.5 (6.2) | 9.9 (2.0) |
| Sydney | 142.6 (9.9) | 17.0 (2.9) | 133.7 (5.2) | 11.2 (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.

Comparison of the SEQ metropolitan centres

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. 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 | 144.8 (4.8) | 18.9 (-2.3) | 137.4 (7.6) | 15.0 (3.1) |
| Brisbane North | 134.9 (1.4) | 9.0 (-5.8) | 134.5 (6.8) | 12.0 (2.3) |
| Brisbane South | 138.0 (5.5) | 12.1 (-1.6) | 134.0 (6.7) | 11.6 (2.2) |
| Brisbane Bayside/ Redlands | 142.1 (3.6) | 16.2 (-3.5) | 135.5 (7.2) | 13.1 (2.7) |
| Logan | 140.8 (6.9) | 14.9 (-0.2) | 135.0 (7.9) | 12.5 (3.5) |
| Ipswich | 138.3 (5.8) | 12.1 (-1.4) | 133.8 (6.9) | 11.1 (2.5) |
| Moreton Bay | 140.2 (6.1) | 14.0. (-10) | 133.9 (7.2) | 11.2 (2.7) |
| Gold Coast | 139.3 (6.8) | 12.8 (-0.4) | 134.4 (6.4) | 11.3 (1.9) |
| Sunshine Coast | 138.1 (6.3) | 11.4 (-0.8) | 133.7 (6.8) | 10.4 (2.4) |

* 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 March, with an average price of 134.9 cpl. The second cheapest was Brisbane South at 138.0 cpl. Central Brisbane was the most expensive area in SEQ at 144.8 cpl, 9.9 cpl dearer than Brisbane North. The average ULP price increased in all SEQ centres compared to February. The changes ranged from an increase of 1.4 cpl in Brisbane North, to 6.9 cpl in Logan.

The Sunshine Coast was the cheapest SEQ centre to buy diesel in March, at 133.7 cpl. Ipswich was a close second at 133.8 cpl and Moreton Bay a close third at 133.9 cpl. Central Brisbane was the most expensive area in SEQ to buy diesel at 137.4 cpl, 3.7 cpl dearer than the Sunshine Coast. Average diesel prices were higher in all SEQ centres compared to February, by between 6.4 cpl and 7.9 cpl.

The price difference between the cheapest and dearest diesel price in SEQ, at 3.7 cpl, was lower than ULP, for which the difference was 9.9 cpl.

Fuel prices across Queensland

The average price of ULP across regional Queensland in March was 135.3 cpl, 7.2 cpl higher than February when the average price was 128.1 cpl. The average diesel price was 133.3 cpl, 7.0 cpl higher than February when the average price was 126.3 cpl.

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.

| Locality | Average ULP Price (cpl) | Indicative ULP Retail Margin* (cpl) | Average Diesel Price (cpl) | Indicative Diesel Retail Margin* (cpl) |
|-----------------|-------------------------|-------------------------------------|----------------------------|----------------------------------------|
| Brisbane | 140.4 (5.4) | 14.5 (-1.7) | 134.7 (7.2) | 12.3 (2.7) |
| Atherton | 136.4 (8.0) | 6.9 (0.9) | 135.2 (8.6) | 8.8 (4.2) |
| Beaudesert | 137.8 (8.0) | 11.1 (0.9) | 137.0 (7.3) | 13.7 (2.9) |
| Biloela | 129.7 (7.9) | 0.9 (0.7) | 129.3 (6.8) | 4.3 (2.4) |
| Blackwater | 136.8 (6.9) | 6.2 (-0.3) | 137.6 (9.2) | 10.8 (4.8) |
| Bowen | 133.6 (5.5) | 3.0 (-1.5) | 133.1 (7.1) | 6.5 (2.8) |
| Bundaberg | 129.1 (7.7) | -0.1 (0.6) | 130.9 (5.3) | 5.1 (0.8) |
| Cairns | 134.7 (7.2) | 6.0 (0.2) | 134.4 (8.1) | 8.7 (3.7) |
| Charters Towers | 136.2 (6.3) | 6.2 (-0.7) | 135.0 (7.3) | 9.0 (3.0) |
| Childers | 134.9 (9.7) | 6.1 (2.6) | 131.0 (5.7) | 5.7 (1.3) |
| Dalby | 138.4 (10.1) | 10.6 (3.0) | 133.5 (8.6) | 9.1 (4.2) |
| Emerald | 141.5 (6.7) | 10.2 (-0.5) | 139.5 (7.4) | 12.0 (3.0) |
| Gladstone | 132.3 (6.2) | 4.6 (-1.0) | 132.3 (6.5) | 8.5 (2.1) |
| Goondiwindi | 133.8 (10.8) | 4.6 (3.7) | 132.7 (8.9) | 7.0 (4.4) |
| Gympie | 135.7 (5.9) | 8.4 (-1.3) | 129.8 (5.3) | 5.9 (0.8) |
| Hervey Bay | 134.1 (9.1) | 5.5 (2.0) | 132.3 (5.4) | 7.1 (1.0) |
| Ingham | 132.5 (5.1) | 2.7 (-2.0) | 132.2 (5.5) | 6.4 (1.2) |
| Innisfail | 137.4 (7.3) | 7.9 (0.3) | 137.1 (8.1) | 10.6 (3.8) |
| Kingaroy | 131.6 (7.4) | 3.9 (0.3) | 131.3 (6.7) | 7.0 (2.3) |
| Lockyer Valley | 134.9 (10.6) | 8.0 (3.5) | 134.7 (6.8) | 11.3 (2.4) |
| Longreach | 144.1 (7.2) | 8.7 (0.0) | 140.4 (7.0) | 8.8 (2.6) |
| Mackay | 137.1 (7.0) | 8.9 (-0.1) | 135.7 (7.0) | 11.5 (2.7) |
| Mareeba | 136.7 (6.6) | 7.3 (-0.4) | 135.6 (5.1) | 9.3 (0.7) |
| Maryborough | 130.2 (8.2) | 2.0 (1.1) | 130.1 (5.5) | 5.3 (1.1) |
| Miles | 127.0 (7.9) | -2.1 (0.8) | 125.7 (5.5) | 0.0 (1.1) |
| Moranbah | 128.7 (6.0) | -1.4 (-1.1) | 129.4 (3.7) | 3.2 (-0.7) |
| Mount Isa | 152.6 (8.9) | 15.0 (1.9) | 142.4 (8.7) | 8.8 (4.3) |
| Nambour | 133.1 (3.2) | 6.4 (-4.0) | 132.8 (7.3) | 9.6 (2.8) |
| Noosa | 146.2 (15.0) | 19.4 (7.9) | 131.7 (6.8) | 8.4 (2.4) |
| Rockhampton | 133.7 (3.9) | 4.9 (-3.3) | 133.6 (7.2) | 8.6 (2.8) |
| Roma | 129.8 (8.5) | -0.7 (1.4) | 127.1 (5.7) | 0.1 (1.2) |
| Somerset | 129.4 (5.6) | 2.5 (-1.5) | 129.2 (6.8) | 5.8 (2.3) |
| Toowoomba | 142.6 (7.9) | 15.6 (0.8) | 132.7 (6.4) | 9.2 (2.0) |
| Townsville | 135.0 (6.1) | 6.3 (-0.9) | 132.1 (7.1) | 7.4 (2.8) |
| Tully | 136.1 (6.2) | 6.0 (-0.9) | 135.2 (8.6) | 8.1 (4.3) |

| | | | | |
|-----------------------|-------------|-------------|-------------|-----------|
| Warwick | 131.1 (8.1) | 3.8 (1.0) | 131.0 (5.3) | 7.2 (0.9) |
| Whitsunday/Proserpine | 128.3 (6.7) | -1.1 (-0.4) | 129.4 (7.2) | 3.9 (2.8) |
| Yeppoon | 134.6 (6.2) | 5.5 (-1.0) | 134.8 (7.8) | 9.5 (3.4) |

* 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 upward trend in the average regional Queensland price was observed in all regional centres. These increases are in line with recent increases in the TGP and oil prices, and retail margins remain fair in most centres. Most centres in regional Queensland were relatively cheap compared to Brisbane.

With an average ULP price of 127.0 cpl, Miles retained its usual position as the cheapest regional centre in March, as it was in February and January (albeit sharing the honours with Bundaberg). Miles was 13.4 cpl cheaper than Brisbane. Whitsunday/Proserpine was the second cheapest with an average ULP price of 128.3 cpl, and Moranbah was the third cheapest at 128.7 cpl. Bundaberg, Somerset, Biloela, Roma, Maryborough, Warwick, Kingaroy, Gladstone, Ingham, Nambour, Bowen, Rockhampton, Goondiwindi, Hervey Bay, Yeppoon, Cairns, Childers, Lockyer Valley, Townsville, Gympie, Tully, Charters Towers, Atherton, Mareeba, Blackwater, Mackay, Innisfail, Beaudesert and Dalby were also cheaper than Brisbane. Only Emerald, Toowoomba, Longreach, Noosa and Mount Isa were more expensive than Brisbane¹. At 152.6 cpl, the most expensive regional centre for ULP was Mount Isa (12.2 cpl more expensive than Brisbane).

Miles also had the cheapest diesel in Queensland in March, at 125.7 cpl, 9.0 cpl cheaper than Brisbane. Roma, at 127.1 cpl, was the second cheapest regional centre in March. Somerset, Biloela, Moranbah, Whitsunday/Proserpine, Gympie, Maryborough, Bundaberg, Childers, Warwick, Kingaroy, Noosa, Townsville, Ingham, Gladstone, Hervey Bay, Goondiwindi, Toowoomba, Nambour, Bowen, Dalby, Rockhampton and Cairns were also cheaper than Brisbane. The average diesel price in the Lockyer Valley, at 134.7 cpl, was the same as Brisbane. Like ULP, Mount Isa¹ was the most expensive regional centre for diesel at 142.4 cpl, 7.7 cpl higher than Brisbane.

Of the 37 regional centres monitored by RACQ, 34 had an average indicative ULP retail margin lower than that charged in Brisbane. The lowest indicative retail margin on ULP, at negative 2.1 cpl, was charged in Miles, 16.6 cpl lower than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 36 out of 37 regional centres. At zero cpl, the lowest diesel indicative retail margin was observed in Miles, 12.3 cpl lower than Brisbane. Beaudesert had the highest indicative retail margin (13.7 cpl) and was the only centre with an indicative retail margin higher than Brisbane (1.4 cpl higher).

Outlook

The oil price strengthened in early March reaching local peak of 89.3 A\$/bbl (64.4 US\$/bbl) observed on 8 March, which was a 14-month record high.

Markets were buoyed by hopes of increased demand following the roll out of COVID-19 vaccines and a potential return to normal economic activity. However, vaccine-led optimism proved to be premature as a resurgence of COVID cases led to lockdowns in Europe. This led to oil price falls unseen since the onset

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.

of the COVID pandemic. On 18 March, the oil price fell more than 7%.

The on-going conflict between the Yemeni Houthi rebels and Saudi Arabia continued in March, with the Houthi launching drone attacks on Saudi oil infrastructure. These tended to be small compared to the dramatic attack on the Abqaiq and Khurais oil processing facilities in September 2019. The recent attacks had a minimal impact on Saudi Arabian oil production and very limited effect on oil prices.

On 23 March, a massive container ship (the *Ever Given*) ran aground while passing through the Suez Canal. High winds and a dust storm caused the *Ever Given* to veer off course in one of the narrowest parts of the canal, wedging the ship diagonally across the canal and closing the canal. The *Ever Given* was finally fully freed on 29 March, having caused a 6-day closure of the Suez Canal. The traffic backlog caused by the blockage took a week to clear. Egyptian authorities reported that the last of the delayed ships transited the Suez Canal on 4 April, 6 days after the refloating of the *Ever Given*.

The Suez Canal is estimated to carry about 12% of global trade and 9% of global oil supplies.

Oil prices continued to soften in early April. Prices were down following the OPEC+ decision to gradually reduce their production cut (this will lead to increase of production from the OPEC+ cartel). Starting in May the OPEC+ cut will be reduced 1 million bpd (barrels per day), with cut continuing to taper off from May to July. The current OPEC+ production cut is about 8 million bpd and will fall to 7 million bpd in May.

OPEC+'s relaxation of their production cut should see oil prices stabilise or ease slightly in the coming months. On the demand side, COVID restrictions and limited vaccinations will continue to limit demand and will continue to limit price increases. Combined this should lead to lower Singapore prices, TGPs and retail fuel prices in Queensland. The 13-month record high retail ULP price observed in Brisbane should not be repeated in the coming months.

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

Data sources

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