

Monthly Fuel Price Report

– May 2022



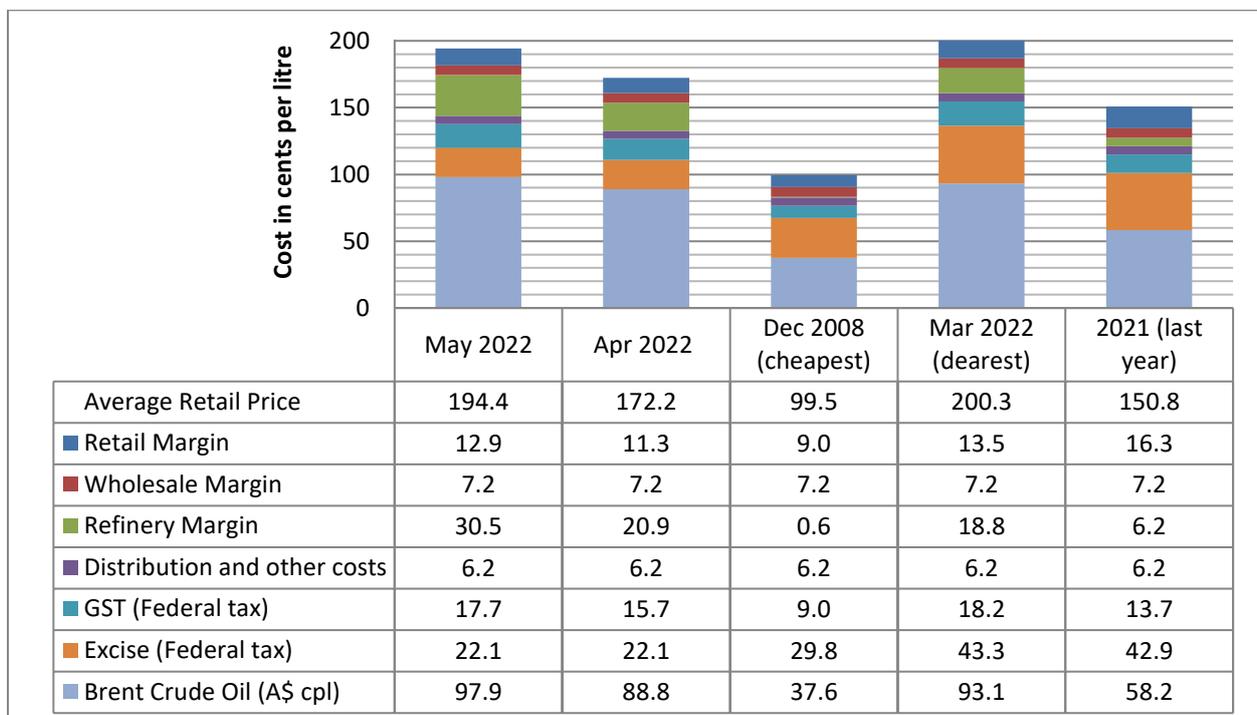
3 June 2022

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for May 2022.

Key points

- At 194.4 cpl, the average retail price of ULP in Brisbane for May 2022 was the second highest monthly average record. It was 5.9 cpl lower than March 2022, the all-time record high.
- Indicative retail margins in Brisbane, at 12.9 cpl, were similar to those observed prior to the excise cut, suggesting the excise cut has been passed on in full.
- At 207.8 cpl, the average price of diesel for May 2022 was also the second highest monthly average record in Brisbane. Like ULP, retail margins remained consistent with recent months.
- Brisbane was the second most expensive capital city to buy ULP, after Hobart. For diesel, Brisbane was the most expensive of the five largest capital cities. Only Canberra and Hobart were more expensive.
- The average ULP price in regional Queensland was 188.8 cpl, 11.2 cpl higher than April.
- The average diesel price in regional Queensland was up 9.6 cpl, at 207.2 cpl.
- Blackwater was the cheapest Queensland regional centre to buy ULP at 180.4 cpl. Bundaberg was the cheapest for diesel at 202.5 cpl.
- Mount Isa, at 211.3 cpl, was the most expensive regional centre to buy ULP, and Longreach had the most expensive diesel at 216.3 cpl.
- While retail prices remained below the record highs observed in March. The war in Ukraine and the subsequent sanctions against Russia are causing significant tightness in international oil and fuel markets, which in turn is resulting in high retail prices in Queensland.

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 May 2022. For comparison, the cost breakdown for last month April 2022, March 2022 – the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008) and for last year - 2021, is also displayed.

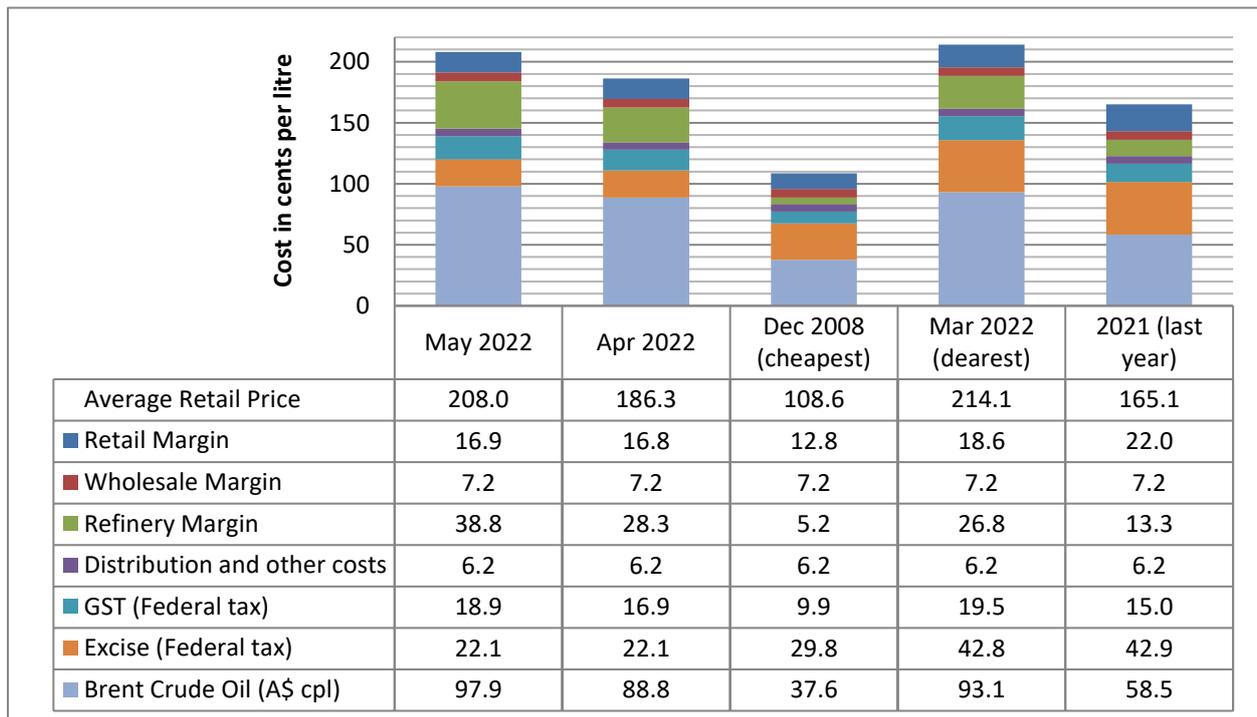
At 194.4 cpl, the average price of ULP in Brisbane for May was 22.2 cpl¹ greater than April.

Indicative retail margins charged on ULP in Brisbane in May, at 12.9 cpl were similar to those charged in April, at 11.3 cpl, and were lower than those charged in 2021. Suggesting that fuel companies have passed on the full excise cut to motorists.

Refinery margins were unusually high in May 2022. This is due to the current high price of the refined fuel benchmarks in Singapore.

The main RACQ pricing model assumes that oil is imported into Australia and refined locally – the onshore refining model. RACQ’s alternate pricing model – the offshore refining 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 May were 2.8 cpl, 4.4 cpl lower than April.

PULP 95 cost breakdown in Brisbane



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

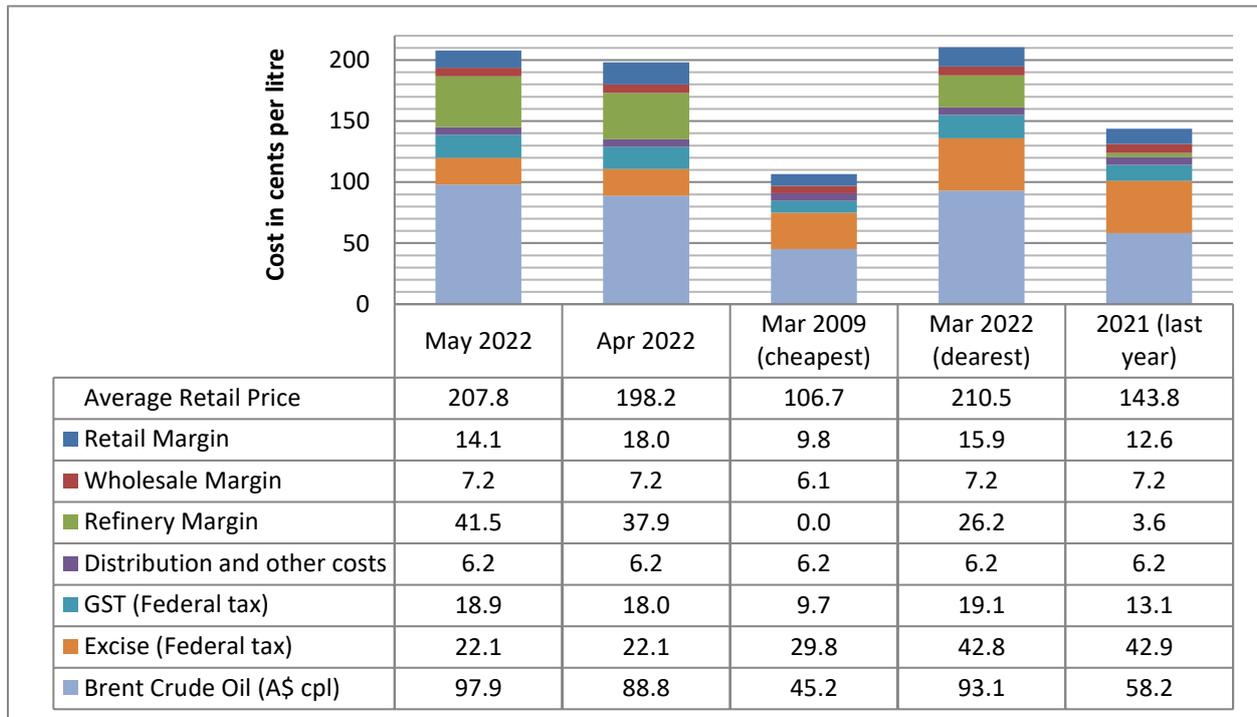
The chart above shows the cost breakdown for a litre of PULP 95 sold in Brisbane for May 2022. For comparison, the cost breakdown for April 2022, March 2022 – the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008) and for last year - 2021, is also displayed.

¹ Prices and price differences may not add up due to rounding

The average PULP 95 price in Brisbane in May was 208.0 cpl, 21.7 cpl greater than April.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for May 2022. For comparison, the cost breakdown for the previous month, last year, March 2009 – the cheapest month and March 2022 – the most expensive month observed in recent years (since 2008), is also displayed.



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

The average price of diesel in May, at 207.8 cpl, was 9.6 cpl greater than April.

Fuel excise

On 29 March, in the 2022 Federal Budget, fuel excise was cut by 50% for six months. This measure was introduced on 30 March 2022 and is set to continue until 29 September 2022. This has resulted in a new excise rate for ULP and diesel of 22.1 cpl. When combined with the GST foregone the cut equates to a 24.3 cpl reduction in the wholesale price of ULP and diesel.

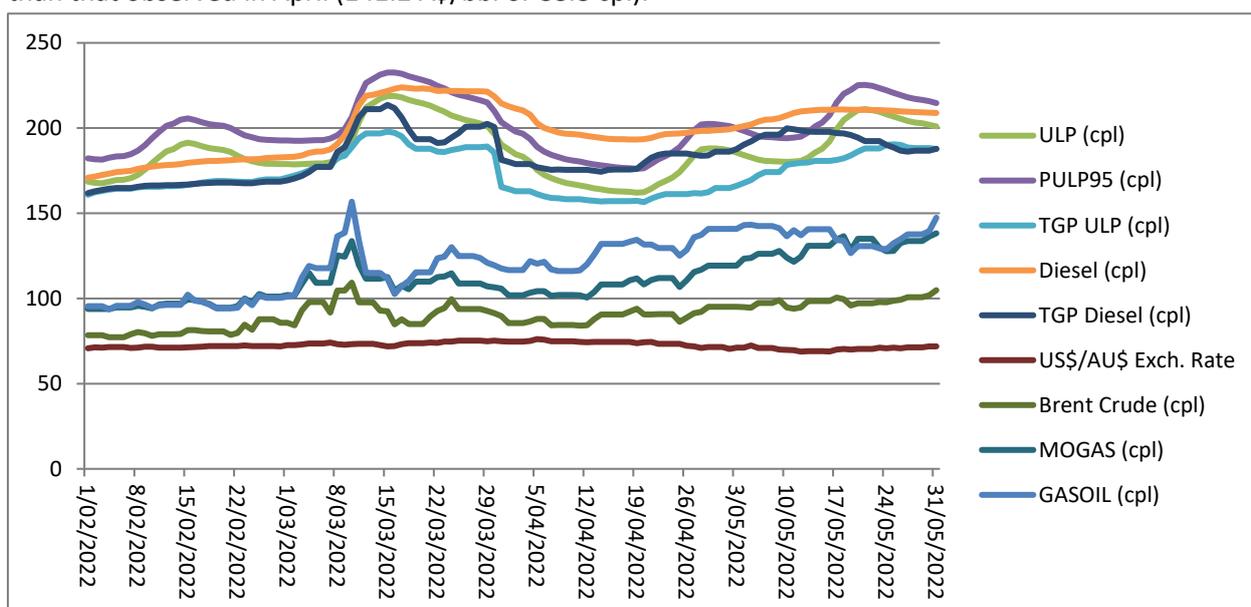
Considering indicative retail margins on ULP and diesel in Queensland have remained largely unchanged, RACQ has concluded that the fuel industry passed the full excise cut on to consumers.

Price trends

The final third of one cycle, and the majority of a second were observed in the Brisbane ULP market in May. The last 10 days of the April price cycle fell in early May. This cycle ended at a low point of 180.1 cpl on 10 May 2022. The second cycle started on 11 May, average retail ULP prices increased for the next 11 days and peaked at 211.0 cpl on 21 May. Prices then slowly fell throughout the rest of May and into early June. At the time of writing the Brisbane ULP market was in the cheap phase of the cycle.

The average price of Brent crude oil in May 2022 at 155.6 A\$/bbl or 97.9 cpl, was 14.4 A\$/bbl greater

than that observed in April (141.2 A\$/bbl or 88.8 cpl).



Comparison to other capital cities

Brisbane was the second most expensive of the capital cities for ULP. Only Hobart was more expensive than Brisbane for ULP. For diesel Brisbane was the most expensive of the five largest capital cities. Only Canberra and Hobart were more expensive than Brisbane for diesel.

In May, Adelaide was the cheapest Australian capital city to buy ULP and Perth the cheapest for diesel.

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

City	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	194.4 (22.2)	12.9 (1.5)	207.8 (9.6)	14.1 (-4.0)
Adelaide	184.9 (20.2)	3.5 (0.0)	204.2 (13.3)	11.2 (-0.1)
Canberra	193.1 (14.2)	12.1 (-5.8)	209.4 (11.2)	16.0 (-1.7)
Darwin	193.6 (6.9)	12.9 (-11.9)	207.8 (8.1)	16.5 (-3.4)
Hobart	195.2 (10.0)	6.7 (-9.6)	216.8 (14.1)	16.8 (1.7)
Melbourne	190.4 (19.5)	9.2 (-0.8)	205.2 (10.4)	11.8 (-3.1)
Perth	186.3 (17.2)	6.1 (-2.0)	203.2 (10.2)	11.8 (-1.7)
Sydney	193.7 (23.5)	12.7 (3.5)	205.6 (11.5)	12.2 (-1.4)

* 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 May prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to April in parentheses. This analysis separates Brisbane into inner/west, northern, southern, and bayside regions.

City	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane Inner/West	196.9 (22.2)	15.3 (1.6)	209.5 (9.1)	15.8 (-4.5)
Brisbane North	195.8 (25.4)	14.2 (4.7)	208.8 (9.1)	15.1 (-4.5)
Brisbane South	192.4 (23.7)	10.9 (3.0)	207.6 (9.4)	13.8 (-4.2)
Brisbane Bayside/Redlands	201.1 (25.6)	19.5 (4.9)	209.4 (9.7)	15.7 (-3.8)
Logan	194.9 (23.1)	13.3 (2.4)	207.8 (10.6)	14.1 (-3.0)
Ipswich	193.1 (20.3)	11.3 (-0.4)	206.7 (9.3)	12.6 (-4.3)
Moreton Bay	192.4 (20.5)	10.5 (-0.1)	206.8 (10.0)	12.7 (-3.5)
Gold Coast	195.2 (20.8)	13.0 (0.1)	208.1 (8.3)	13.6 (-5.2)
Sunshine Coast	192.9 (22.6)	10.5 (1.9)	206.7 (11.5)	12.1 (-2.0)

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

Brisbane South and Moreton Bay were the joint cheapest centres in SEQ to buy ULP in May, both with an average price of 192.4 cpl. Third was the Sunshine Coast at 192.9 cpl. Brisbane Bayside/Redlands was the most expensive area in SEQ at 201.1 cpl. The average ULP price rose by up to 25 cpl in all SEQ centres compared to April.

Ipswich and Sunshine Coast were the joint cheapest SEQ centres to buy diesel in May at 206.7 cpl. Moreton Bay was a close third at 206.8 cpl. Brisbane Inner/West was the most expensive area in SEQ to buy diesel at 209.5 cpl. Average diesel prices increased by about 10 cpl in all SEQ centres compared to April.

Fuel prices across Queensland

The average price of ULP across regional Queensland in May was 188.8 cpl, 11.2 cpl higher than April. The average diesel price was 207.2 cpl, 9.6 cpl higher than April.

Blackwater, with an average ULP price of 180.4 cpl, was the cheapest centre to buy ULP in May. Miles was second cheapest with an average ULP price of 181.5 cpl. Bundaberg, Hervey Bay, Warwick, Maryborough, Kingaroy, Whitsunday, Roma, Innisfail, Gympie, Ingham, Somerset, Yeppoon, Lockyer Valley, Gladstone, Townsville, Rockhampton, Goondiwindi, Tully, Childers, Dalby, Mackay, Beaudesert, Nambour, Cairns, Bowen, Biloela, Charters Towers, Atherton, Mareeba, Emerald, Toowoomba and Noosa were also cheaper than Brisbane². At 211.3 cpl, Mount Isa was the most expensive centre for ULP.

Bundaberg had the cheapest diesel in Queensland in May, at 202.5 cpl. Whitsunday at 203.0 cpl, was second cheapest. Roma, Somerset, Lockyer Valley, Gympie, Miles, Innisfail, Hervey Bay, Blackwater, Goondiwindi, Maryborough, Warwick, Biloela, Toowoomba, Noosa, Nambour, Gladstone, Kingaroy, Bowen, Rockhampton, Charters Towers and Atherton were also cheaper than Brisbane. Longreach³ was the most expensive regional centre for diesel at 216.3 cpl.

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

² 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.

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	194.4 (22.2)	12.9 (1.5)	207.8 (9.6)	14.0 (-4.0)
Atherton	190.6 (2.0)	8.6 (-21.5)	207.5 (5.9)	13.5 (-10.3)
Beaudesert	189.4 (6.7)	7.0 (-14.0)	209.8 (9.5)	15.2 (-4.0)
Biloela	190.4 (6.4)	7.9 (-17.1)	205.7 (7.8)	11.6 (-8.3)
Blackwater	180.4 (13.8)	-3.8 (-9.7)	205.2 (15.8)	9.4 (-0.3)
Bowen	190.0 (8.3)	7.1 (-15.3)	207.0 (8.5)	13.1 (-7.6)
Bundaberg	181.6 (8.0)	-3.3 (-12.6)	202.5 (11.3)	5.3 (-2.3)
Cairns	189.8 (9.3)	8.6 (-14.2)	209.3 (8.7)	16.1 (-7.5)
Charters Towers	190.4 (4.6)	8.2 (-19.0)	207.4 (5.9)	14.1 (-10.2)
Childers	189.2 (6.2)	4.7 (-14.4)	209.9 (11.3)	13.2 (-2.3)
Dalby	189.2 (7.5)	5.7 (-13.2)	208.4 (9.2)	12.6 (-4.4)
Emerald	192.1 (6.2)	7.1 (-17.3)	207.9 (6.7)	11.4 (-9.4)
Gladstone	188.5 (10.6)	7.2 (-13.0)	206.4 (11.6)	13.6 (-4.5)
Goondiwindi	188.7 (7.4)	3.8 (-13.3)	205.4 (10.0)	8.2 (-3.6)
Gympie	186.1 (15.9)	3.1 (-4.8)	204.8 (13.1)	9.6 (-0.5)
Hervey Bay	182.0 (9.0)	-2.3 (-11.7)	205.2 (12.8)	8.7 (-0.7)
Ingham	186.4 (11.2)	4.3 (-12.4)	209.5 (6.1)	16.4 (-10)
Innisfail	184.2 (8.9)	2.1 (-14.6)	205.1 (7.4)	11.1 (-8.8)
Kingaroy	183.2 (4.7)	-0.3 (-16.0)	206.6 (9.6)	10.9 (-4.0)
Lockyer Valley	188.4 (15.7)	5.9 (-4.9)	204.8 (8.9)	10.1 (-4.6)
Longreach	200.3 (-2.5)	11.2 (-26.0)	216.3 (3.6)	15.6 (-12.5)
Mackay	189.3 (9.8)	7.4 (-13.8)	208.8 (8.4)	15.5 (-7.5)
Mareeba	192.0 (6.6)	10.1 (-16.9)	212.0 (8.1)	18.2 (-8.1)
Maryborough	182.9 (7.0)	-1.0 (-13.7)	205.4 (10.1)	9.2 (-3.5)
Miles	181.5 (7.0)	-3.3 (-13.7)	204.9 (13.3)	8.0 (-0.3)
Moranbah	198.1 (-0.4)	14.2 (-24)	210.7 (9.1)	15.6 (-6.8)
Mount Isa	211.3 (6.3)	21.4 (-17.3)	Not available	Not available
Nambour	189.4 (20.9)	7.0 (0.2)	206.3 (13.2)	11.7 (-0.4)
Noosa	193.4 (18.1)	10.9 (-2.6)	205.9 (11.5)	11.2 (-2.1)
Rockhampton	188.6 (6.7)	6.3 (-16.8)	207.3 (8.8)	13.4 (-7.4)
Roma	184.2 (-1.9)	-2.0 (-22.6)	203.9 (6.2)	5.5 (-7.4)
Somerset	187.1 (13.7)	4.6 (-7.0)	204.0 (7.5)	9.2 (-6.1)
Toowoomba	192.7 (19.9)	10 (-0.8)	205.8 (12.0)	10.8 (-1.5)
Townsville	188.5 (16.5)	7.6 (-7.0)	208.5 (8.6)	16.5 (-7.5)
Tully	189.1 (6.4)	6.5 (-17.1)	209.6 (8.9)	15.0 (-7.3)
Warwick	182.9 (11.5)	-0.1 (-9.2)	205.6 (9.7)	10.4 (-3.9)
Whitsunday	183.7 (18.0)	0.5 (-5.5)	203.0 (11.0)	8.5 (-4.9)
Yeppoon	188.3 (10.8)	5.5 (-12.8)	208.8 (11.6)	14.5 (-4.5)

* 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.

Oil markets and price outlook

The Russia invasion of Ukraine and the subsequent international sanctions against Russia have continued to cause substantial volatility in global oil prices and large price spikes. Most recently the strengthening of EU sanctions caused the Brent crude oil price to briefly exceed 120 US\$/bbl, however oil prices have subsequently eased slightly. This behaviour is typical of the uncertainty and volatility of the current oil market.

Meeting in early June, the OPEC+ group of oil producers decided to increase their production by 650,000 bpd (barrels per day), higher than the planned 432,000 bpd increase. This larger increase was due to reduction in oil production from Russia (one of the OPEC+ members). This may ease oil prices somewhat, but the additional 218,000 bpd is far lower than the estimated 1,000,000 bpd reduction in Russian oil production due to the sanctions.

Despite the slow resumption of production, the on-going production cut put in place by the OPEC+ oil producer cartel to bolster prices during COVID, continues to constrain supplies and place upward pressure on oil prices.

Further upward pressure is likely to be placed on oil prices as China winds back its recent COVID lockdowns. As Chinese cities reopen the demand for fuel will increase, which in turn is likely to place upward pressure on oil prices.

Looking forward it is difficult to predict oil price movements as there remains massive uncertainty as the war in Ukraine continues. Brent oil prices in early June have been between 115 and 120 US\$/bbl.

Assuming a relatively stable oil price, retail ULP prices in regional Queensland should sit at about 195 to 200 cpl in the larger centres. In SEQ the average ULP price is likely to fall to about 190 cpl on the cheapest days and exceed 220 cpl on the most expensive.

Average retail ULP prices in SEQ in June are likely to reach a new all-time record high nominal price, and real prices are likely to exceed the pre-GFC July 2008 high point.

The next monthly fuel price report will be released on 5 July 2022.

Data quality and data sources

Prices, price differences, margins and differences in margins presented in this report may not add up due to rounding.

Data and analyses presented in this report supersedes all previous reports.

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