Monthly Fuel Price Report - November 2019

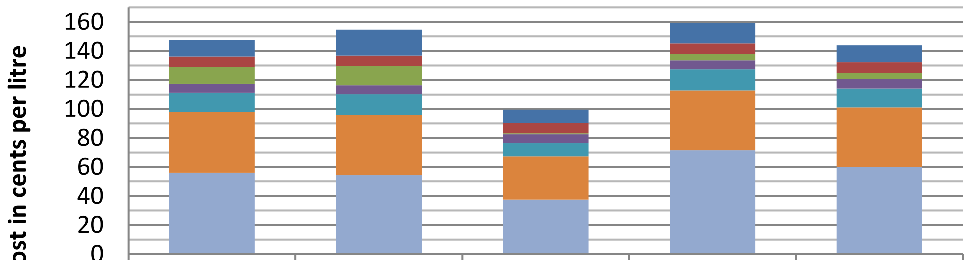
4 December 2019

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for November 2019.

Key points

- At 147.3 cpl, the average ULP price in Brisbane in November was 7.4 cpl lower than October.
- The decrease was due to the shortening of the price cycle, leading to single high point being observed in November, whereas two high points were observed in October.
- Indicative retail margins in Brisbane, at 11.1 cpl, were 6.8 cpl lower than October. Indicative ULP refinery margins, at 11.6 cpl, were 1.7 cpl lower than October.
- Brisbane was the third most expensive large capital city in November for ULP, and the fourth most expensive of all capitals.
- At 148.7 cpl, the average Brisbane diesel price in November was 0.9 cpl lower than October.
- Brisbane was the second most expensive large capital city for diesel. Of the large capitals, only Sydney was more expensive, with an average diesel price 0.3 cpl higher than Brisbane.
- The average ULP price in regional Queensland in November was 145.6 cpl, 1.5 cpl lower than October. The average diesel price in regional Queensland was down 0.3 cpl, at 149.1 cpl.
- Goondiwindi was, like in October, the cheapest Queensland regional centre to buy ULP in November, with an average price of 137.1 cpl.
- Whitsunday was the cheapest Queensland regional centre to buy diesel in November, with an average price of 139.7 cpl.

ULP cost breakdown in Brisbane



	Nov 2019	Oct 2019 (last month)	Dec 2008 (cheapest)	Oct 2018 (dearest)	2018 (last year)
Average Retail Price	147.3	154.7	99.5	159.3	143.9
Retail Margin	11.1	17.9	9.0	14.1	11.8
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	11.6	13.3	0.6	4.5	4.5
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	13.4	14.1	9.0	14.5	13.1
Excise (Federal tax)	41.8	41.8	29.8	41.2	41.0
Brent Crude Oil (A$ cpl)	56.0	54.2	37.6	71.6	60.1

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

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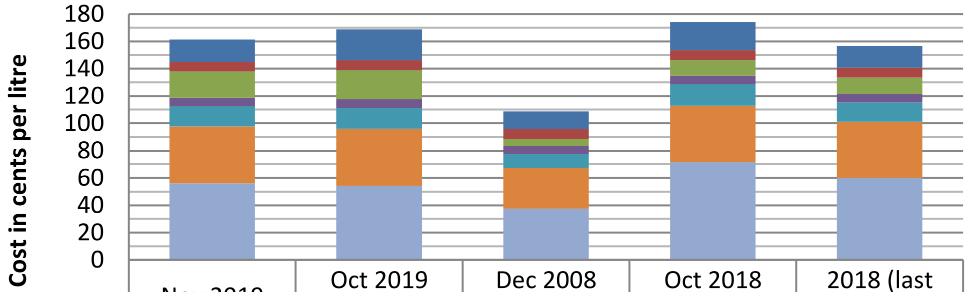
The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for November 2019. For comparison, the cost breakdown for last month, last year, October 2018 - the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

At 147.3 cpl the average price of ULP in Brisbane in November was 7.4 cpl lower than the October average. Indicative retail margins, at 11.1 cpl, were 6.8 cpl lower than October. Indicative ULP refinery margins, at 11.6 cpl, were 1.7 cpl lower than October. Total margins (retail, wholesale and refinery) at 29.9 cpl, were 8.5 cpl lower than October, when they were 38.4 cpl.

The decrease in the Brisbane average ULP price was partly due to changes in the price cycle. In recent years the price cycle has been about a month long. This alignment led to the whole-of-cycle and monthly averages being reasonably similar. In recent months the price cycle has shortened, with the last cycle being 23 days long. Subsequently, two high points were observed in October, with only one high point observed in November (and September). This led to a higher average price in October, relative to November (and September).

PULP 95 cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of 95 RON Premium ULP sold in Brisbane in November. 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.



	Nov 2019	Oct 2019 (last month)	Dec 2008 (cheapest)	Oct 2018 (dearest)	2018 (last year)
Average Retail Price	161.3	168.8	108.6	174.1	156.8
Retail Margin	16.3	22.8	12.8	20.5	16.0
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	19.2	21.3	5.2	11.6	12.0
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	14.7	15.3	9.9	15.8	14.3
Excise (Federal tax)	41.8	41.8	29.8	41.2	41.0
Brent Crude Oil (A$ cpl)	56.0	54.2	37.6	71.6	60.1

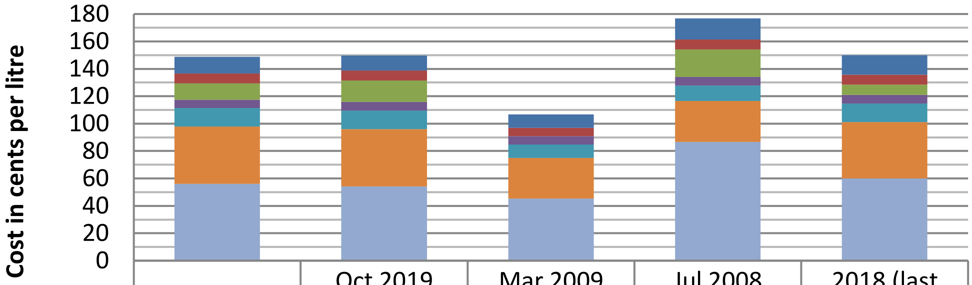
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The average PULP 95 price in Brisbane in November was 161.3 cpl, 7.5 cpl lower than October. The price difference between ULP and PULP 95 was 14.0 cpl, largely unchanged from October (when it was 14.1 cpl). Indicative retail margins for PULP 95, at 16.3 cpl, were 6.5 cpl lower than October. Refinery margins at 19.2 cpl, were 2.1 cpl lower than October. Total margins, at 42.7 cpl were 8.6 cpl lower than October when they were 51.3 cpl.

Like ULP, the fall in PULP 95 price due to changes in the length of the price cycle and one high point falling in November, compared to two in October.

Diesel cost breakdown in Brisbane

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



	Nov 2019	Oct 2019 (last month)	Mar 2009 (cheapest)	Jul 2008 (dearest)	2018 (last year)
Average Retail Price	148.7	149.6	106.7	176.7	150.2
Retail Margin	12.0	10.8	9.8	15.3	14.1
Wholesale Margin	7.2	7.2	6.1	7.2	7.2
Refinery Margin	12.0	15.8	0.0	20.2	7.6
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	13.5	13.6	9.7	11.3	13.7
Excise (Federal tax)	41.8	41.8	29.8	29.8	41.0
Brent Crude Oil (A$ cpl)	56.0	54.2	45.2	86.7	60.1

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

The average price of diesel in November, at 148.7 cpl, was 0.9 cpl lower than October. Indicative retail margins, at 12.0 cpl, were up by 1.2 cpl, but refinery margins were down by 3.8 cpl at 12.0 cpl. Total margins (retail, wholesale and refinery) in November at 31.2 cpl, were 2.6 cpl lower than the those in October (33.8 cpl).

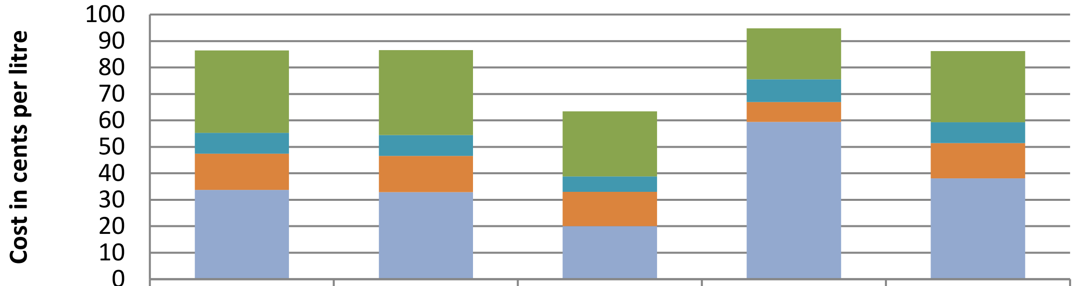
Liquid Petroleum Gas (LPG)

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 average retail price of LPG in Brisbane in November was 86.4 cpl, 0.2 cpl lower than October. Fuel company margins and costs in November, at 31.1 cpl, were 1.0 cpl lower than October.

The recently published Saudi CP for December, at 34.3 cpl, was 0.6 cpl higher than November. As fuel company margins on LPG are substantial higher than historic margins, fuel companies should be able to absorb this increase in the Saudi CP without increasing retail prices.

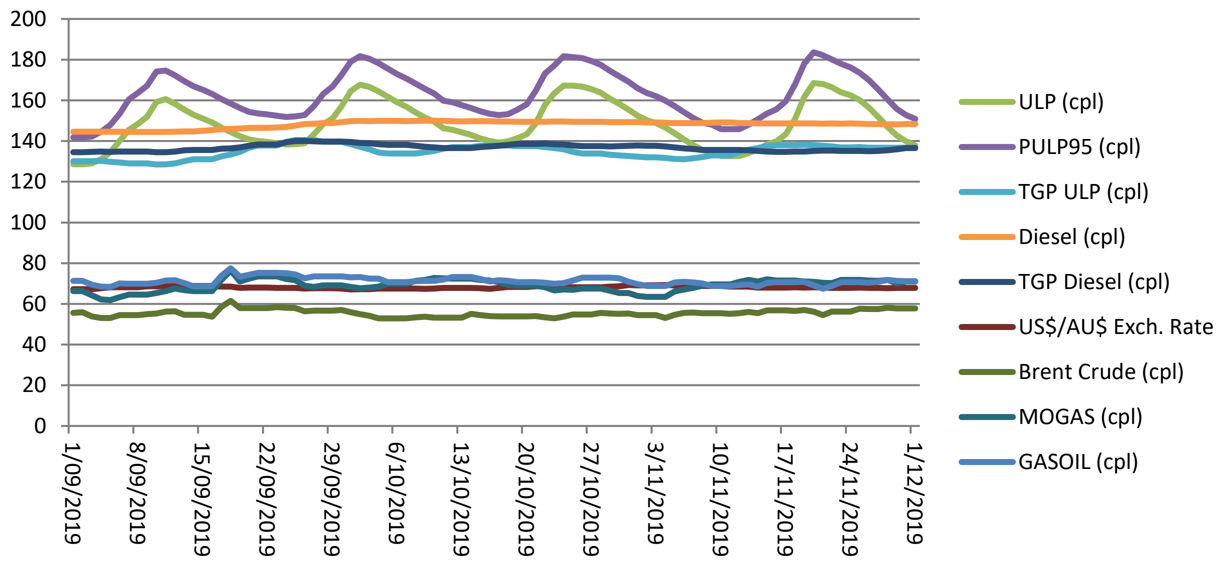
The chart below shows the cost breakdown for a litre of LPG sold in Brisbane for November. For comparison, the cost breakdown for last month, last year, August 2016 – the cheapest month and January 2014 – the most expensive month observed in recent years (since 2012), is also displayed.



	Nov 2019	Oct 2019 (last month)	Aug 2016 (cheapest)	Jan 2014 (dearest)	2018 (last year)
Average Retail Price	86.4	86.6	63.4	94.8	86.2
Costs and Margins	31.1	32.1	24.6	19.3	27.0
GST (Federal tax)	7.9	7.9	5.8	8.6	7.8
Excise (Federal tax)	13.7	13.7	12.9	7.5	13.3
Saudi CP (A$ cpl)	33.7	32.9	20.1	59.4	38.1

Price trends

Two partial price cycles and one high point were observed in the Brisbane ULP market in November. The first cycle started on 18 October and prices peaked on 24 and 25 October. Average ULP prices then fell steadily until they reached a low point on 12 November, at which point prices started to rise again before peaking 20 November. Prices then fell quickly for the rest of November. The average Brisbane ULP price fell over 30 cents in 11 days (a 30.6 cpl fall was observed between 20 November and 1 December). At the time of writing the Brisbane ULP market was in the cheap phase of the cycle.



The average price of Brent in November at 89.1 A$/bbl (60.8 US$/bbl) or 56.0 cpl, was 6.8 A$/bbl higher than October. Brent started November at 86.5 A$/bbl (59.8 US$/bbl). It was stable throughout most November, before increasing in the last week of November. Brent ended November at 91.6 A$/bbl (62.1 US$/bbl).

Changes to the price cycle

Like October, the November price hike was unusually long, and the discounting phase was relatively short. Prior to 2019 the Brisbane ULP market took six days to move from the lowest to highest price, the November price hikes took eight days for all retailers to hike their prices, with other recent price hikes lasting 10 days. This change was due to many retailers holding a cheaper price for longer than usual, and when they eventually hiked their prices, they hiked to an intermediate price rather than the common high price.

The changes in the price cycle have led to an increase in the number of days when cheaper fuel was available in the Greater Brisbane ULP market. In 2019 (1 Jan to 30 Sept), the average ULP price in Brisbane was cheap (returning an indicative retail margins of 6 cpl or less, or a gross margin of 7 cpl or less) on 35.3 days per quarter, nine more days than 2018. In 2018, 26.3 cheap days per quarter were observed.

Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane	147.3 (-7.4)	11.1 (-6.9)	148.7 (-0.9)	12.0 (1.2)
Adelaide	149.2 (-0.5)	13.3 (0.1)	148.2 (-0.8)	11.6 (1.3)
Canberra	147.1 (-0.9)	11.9 (-0.9)	154.3 (-0.2)	17.8 (1.7)
Darwin	143.3 (-3.8)	3.0 (-3.4)	144.6 (-1.2)	4.3 (0.8)
Hobart	155.7 (0.3)	14.1 (0.7)	161.4 (0.7)	19.3 (2.8)
Melbourne	149.0 (-0.5)	13.6 (-0.1)	148.4 (-0.9)	12.2 (1.2)
Perth	144.0 (-0.7)	8.9 (-0.1)	148.5 (-0.5)	12.5 (1.8)
Sydney	146.6 (-5.5)	11.4 (-5.4)	149.0 (-1.2)	12.6 (0.8)

* 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 third most expensive large capital city in November, and the fourth most expensive of all capitals to buy ULP. The average ULP prices in Darwin, Perth, Sydney and Canberra were cheaper than Brisbane by 4.0 cpl, 3.3 cpl, 0.7 cpl and 0.2 cpl respectively. Melbourne, Adelaide and Hobart were more expensive than Brisbane.

Foe diesel, Brisbane was the second most expensive large capital city in November, and the fourth most expensive of all capitals. The average diesel prices in Darwin, Adelaide, Melbourne and Perth were cheaper than Brisbane by 4.1 cpl, 0.5 cpl, 0.3 cpl and 0.2 cpl respectively. Sydney, Canberra and Hobart were more expensive than Brisbane.

Comparison of the SEQ metropolitan centres

The table below presents the average November prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to October in parentheses. This analysis separates Brisbane into central, northern, southern and bayside regions.

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Central Brisbane	150.1 (-8.3)	13.9 (-7.9)	150.0 (-1.0)	13.3 (1.1)
Brisbane North	147.7 (-8.7)	11.4 (-8.2)	148.3 (-1.3)	11.6 (0.8)
Brisbane South	146.6 (-7.1)	10.3 (-6.6)	148.5 (-0.7)	11.7 (1.4)
Brisbane Bayside/ Redlands	147.2 (-8.8)	10.9 (-8.3)	149.2 (-1.3)	12.4 (0.8)
Logan	149.3 (-5.2)	13.0 (-4.7)	148.8 (-0.7)	12.1 (1.4)
Ipswich	144.8 (-6.5)	8.2 (-6.0)	148.2 (-0.9)	11.1 (1.2)
Moreton Bay	147.4 (-6.8)	10.8 (-6.3)	148.2 (-0.9)	11.1 (1.2)
Gold Coast	145.8 (-7.3)	8.9 (-6.8)	148.4 (-0.4)	11.0 (1.7)
Sunshine Coast	151.5 (-1.4)	14.5 (-0.9)	148.9 (-0.8)	11.3 (1.3)

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

The cheapest centre in SEQ to buy ULP was Ipswich, with an average price of 144.8 cpl, followed by the Gold Coast at 145.8 cpl. The Sunshine Coast was the most expensive area in SEQ at 151.5 cpl, 6.7 cpl dearer than Ipswich.

Ipswich and Moreton Bay were the joint cheapest SEQ centres to buy diesel with an average price of 148.2 cpl, closely followed by Brisbane North, Gold Coast and Brisbane South at 148.3 cpl, 148.4 cpl and 148.5 cpl, respectively. Central Brisbane was the most expensive at 150.0 cpl, 1.8 cpl dearer than Ipswich and Moreton Bay. The price difference between the cheapest and dearest diesel price at 1.8 cpl was substantially lower than ULP, for which the difference was 6.7 cpl.

The ULP price in most SEQ centres were 5 cpl to 9 cpl lower than October. The exception was the Sunshine Coast, which was 1.4 cpl lower in November. Diesel prices in SEQ in November were slightly lower than October. The largest fall was observed in Brisbane North and Brisbane Bayside/Redlands were diesel prices were down by 1.3 cpl.

Fuel prices across Queensland

The average price of ULP across regional Queensland in November was 145.6 cpl, 1.5 cpl lower than October when the average price was 147.1 cpl. The average diesel price was 149.1 cpl, 0.3 cpl lower than October when the average price was 149.4 cpl.

Goondiwindi was the cheapest Queensland regional centre to buy ULP in November. At 137.1 cpl, Goondiwindi was 10.2 cpl cheaper than Brisbane. Bundaberg and Miles were the joint second cheapest at 138.4 cpl, 8.9 cpl cheaper than Brisbane. Gympie, Whitsunday, Gladstone, Hervey Bay, Toowoomba, Maryborough, Warwick, Dalby, Moranbah, Kingaroy, Roma, Yeppoon, Lockyer Valley, Bowen, Cairns, Rockhampton and Townsville were also cheaper than Brisbane. At 159.9 cpl, the joint most expensive regional centres for ULP were Blackwater and Longreach[1], 12.6 cpl more expensive than Brisbane.

Whitsunday had the cheapest diesel in Queensland at 139.7 cpl, 9.0 cpl cheaper than Brisbane. Miles, Noosa, Bundaberg, Gladstone, Maryborough, Kingaroy, Somerset, Hervey Bay, Warwick, Moranbah, Gympie, Dalby, Goondiwindi and Rockhampton were also cheaper than Brisbane. Longreach[1] was the most expensive regional centre for diesel at 160.2 cpl, 11.5 cpl higher than Brisbane.

[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 the table. Other centres may be more or less expensive.

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	147.3 (-7.4)	11.1 (-6.9)	148.7 (-0.9)	12.0 (1.2)
Atherton	148.6 (-0.8)	7.8 (-0.5)	149.7 (0.0)	9.3 (2.1)
Beaudesert	149.9 (-0.1)	12.8 (0.4)	154.5 (1.1)	16.9 (3.2)
Biloela	149.7 (0.0)	10.0 (0.3)	152.9 (0.0)	13.4 (2.1)
Blackwater	159.9 (0.0)	18.5 (0.3)	152.4 (-1.2)	11.1 (0.8)
Bowen	146.7 (-0.2)	4.7 (0.0)	149.0 (-0.7)	8.3 (1.3)
Bundaberg	138.4 (-3.1)	-1.2 (-2.7)	145.5 (-0.3)	5.3 (1.8)
Cairns	147.1 (-1.7)	7.1 (-1.5)	149.8 (-0.5)	10.1 (1.6)
Charters Towers	149.8 (-0.1)	8.5 (0.1)	150.8 (0.1)	10.8 (2.0)
Childers	147.9 (-0.6)	8.7 (-0.1)	149.4 (-0.4)	9.7 (1.7)
Dalby	143.8 (-2.2)	5.5 (-1.8)	148.2 (-0.2)	9.5 (1.9)
Emerald	149.9 (0.0)	7.8 (0.3)	149.9 (-0.2)	7.9 (1.9)
Gladstone	140.3 (0.8)	1.9 (1.1)	145.5 (0.3)	7.1 (2.4)
Goondiwindi	137.1 (-1.6)	-2.5 (-1.1)	148.4 (-0.4)	8.3 (1.7)
Gympie	140.0 (-1.2)	2.2 (-0.7)	148.1 (-1.4)	9.8 (0.7)
Hervey Bay	140.4 (-5.1)	1.4 (-4.6)	147.7 (-2.8)	8.2 (-0.7)
Ingham	149.9 (0.0)	8.7 (0.2)	151.8 (0.0)	11.9 (2.0)
Innisfail	148.1 (-1.4)	7.3 (-1.2)	150.3 (-0.6)	9.9 (1.5)
Kingaroy	144.9 (0.0)	6.7 (0.5)	146.9 (0.0)	8.2 (2.1)
Lockyer Valley	146.0 (-3.6)	8.7 (-3.1)	149.5 (0.0)	11.7 (2.1)
Longreach	159.9 (0.2)	13.6 (0.5)	160.2 (0.4)	14.0 (2.5)
Mackay	148.5 (-0.5)	9.1 (-0.1)	150.4 (0.0)	11.8 (2.1)
Mareeba	149.9 (0.0)	9.3 (0.2)	152.7 (-0.1)	12.4 (2.0)
Maryborough	143.3 (-2.5)	4.7 (-2.0)	145.9 (-0.9)	6.7 (1.2)
Miles	138.4 (-1.3)	-1.0 (-0.8)	140.5 (-0.5)	0.5 (1.6)
Moranbah	144.5 (-0.1)	3.2 (0.3)	147.9 (-0.4)	7.3 (1.7)
Mount Isa	156.2 (-2.4)	7.2 (-2.2)	150.6 (-1.1)	2.8 (0.8)
Nambour	157.4 (8.4)	20.3 (8.9)	149.0 (-0.1)	11.4 (2.0)
Noosa	153.7 (-6.6)	16.5 (-6.1)	145.1 (-4.1)	7.4 (-2.0)
Rockhampton	147.2 (-1.6)	7.7 (-1.3)	148.5 (-0.3)	9.1 (1.8)
Roma	145.7 (4.0)	4.8 (4.5)	149.2 (0.1)	7.8 (2.2)
Somerset	148.2 (0.1)	11.0 (0.6)	147.3 (0.2)	9.6 (2.3)
Toowoomba	141.6 (-2.8)	4.3 (-2.3)	149.0 (-0.4)	11.1 (1.7)
Townsville	147.2 (-1.7)	7.1 (-1.5)	150.5 (0.0)	11.8 (1.9)
Tully	148.1 (-1.3)	6.8 (-1.0)	149.7 (-0.1)	8.7 (1.9)
Warwick	143.7 (0.0)	6.0 (0.5)	147.7 (0.7)	9.5 (2.8)
Whitsunday	140.0 (-3.3)	-0.7 (-2.9)	139.7 (-2.4)	-0.2 (-0.3)
Yeppoon	145.8 (-0.1)	5.9 (0.3)	149.8 (0.4)	10.0 (2.4)

* 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.

In 32 out of the 37 regional centres monitored by RACQ, ULP indicative retail margins were lower than those charged in Brisbane. The lowest indicative retail margin was observed in Goondiwindi (negative 2.5 cpl), 13.6 cpl lower than Brisbane, and the highest margins were observed in Nambour (20.3 cpl), 9.2 cpl higher than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 33 out of 37 regional centres. The lowest diesel indicative retail margin was observed in Miles (negative 0.2 cpl), 12.2 cpl lower than Brisbane. Beaudesert had the highest indicative retail margin (16.9 cpl), 4.9 cpl greater than Brisbane.

Outlook

Oil prices were relatively stable in early and mid-November, with the Brent oil price sitting close to 60 US$/bbl. The weakness in the global economy (caused in part by the US/China trade war) has dampened economic growth and demand for oil. The fall in demand remains greater than the supply restrictions caused by the OPEC+ production cut.

The price of oil in December and moving into 2020 will depend on the outcome of the OPEC and OPEC+ meetings on 5 and 6 December 2019. It is widely expected that OPEC will agree to deepen their production cut in an attempt to bolster prices. However, there are concerns that Russia would not agree to further cuts. There are also concerns about Russian non-compliance with the current agreement. In recent years, Russia has exceeded their production quota on many occasions. Without the agreement of Russia and the other OPEC+ members, a production cut by the OPEC members would have limited effect.

The next monthly fuel price report will be released in mid-January 2020, following the publication of the RACQ Annual Fuel Price Report for 2019.

Data sources

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