Monthly Fuel Price Report – November 2020

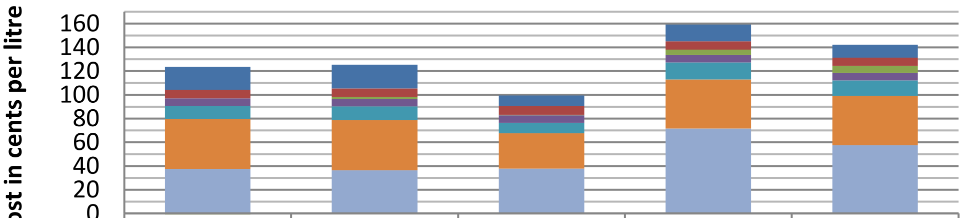
3 December 2020

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for November 2020.

Key points

- At 122.5 cpl, the average ULP price in Brisbane in November was 2.9 cpl lower than October.
- At 19.3 cpl, indicative ULP retail margins in Brisbane in November were down compared to October and slightly below the all-time record high of 21.2 cpl observed in August 2020.
- Brisbane was the third most expensive Australian capital city in which to buy ULP in November. For the first time in recent years, Sydney was the most expensive capital city in November.
- At 116.9 cpl, the average Brisbane diesel price in November was 0.4 cpl cheaper than October.
- Brisbane was the third cheapest capital city for diesel (as it was in October). Adelaide and Darwin were cheaper than Brisbane by 5.0 cpl and 0.8 cpl, respectively.
- ULP prices in regional Queensland in November were cheap compared to SEQ. Indicative retail margins on ULP were lower than in Brisbane in 33 out of 37 regional centres, and 28 for diesel.
- The average ULP price in regional Queensland was 115.9 cpl, 0.8 cpl lower than October. The average diesel price in regional Queensland was down 0.3 cpl, at 117.4 cpl.
- Gladstone was the cheapest Queensland regional centre to buy ULP in November (as it was in October), with an average price of 106.0 cpl, 16.5 cpl cheaper than Brisbane.
- Whitsunday/Proserpine was the cheapest Queensland regional centre to buy diesel (as it was for the last three months), with an average price of 105.4 cpl, 11.5 cpl cheaper than Brisbane.
- Mount Isa was the most expensive regional centre to buy ULP in November, with an average price of 142.8 cpl. Longreach had the most expensive diesel at 125.6 cpl.
- Oil prices increased in November, following news of three promising Covid-19 vaccines.

ULP cost breakdown in Brisbane



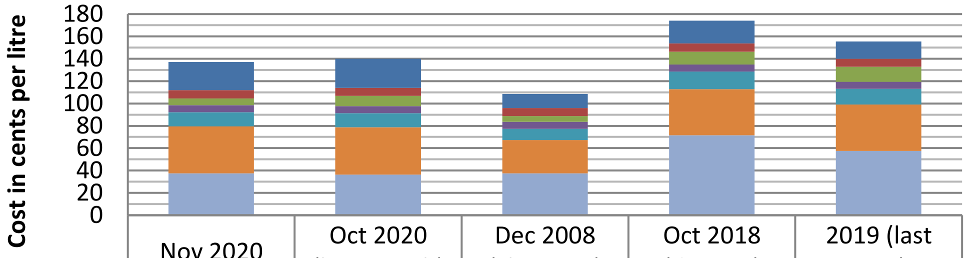
	Nov 2020	Oct 2020 (last month)	Dec 2008 (cheapest)	Oct 2018 (dearest)	2019 (last year)
Average Retail Price	122.5	125.4	99.5	159.3	142.1
Retail Margin	19.3	20.1	9.0	14.1	10.7
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	-1.0	1.8	0.6	4.5	6.0
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	11.1	11.4	9.0	14.5	12.9
Excise (Federal tax)	42.3	42.3	29.8	41.2	41.6
Brent Crude Oil (A$ cpl)	37.4	36.4	37.6	71.6	57.5

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 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.

At 122.5 cpl, the average price of ULP in Brisbane in November was 2.9 cpl lower than October. The monthly average indicative retail margin for November was down by 0.8 cpl, at 19.3 cpl. At negative 1.0 cpl, the average indicative refinery margin was down by 2.8 cpl. Total margins (retail, wholesale and refinery) at 25.5 cpl, were 3.6 cpl lower than October, and 1.6 cpl higher than the 2019 annual average of 23.9 cpl.

PULP 95 cost breakdown in Brisbane



	Nov 2020	Oct 2020 (last month)	Dec 2008 (cheapest)	Oct 2018 (dearest)	2019 (last year)
Average Retail Price	137.1	140.0	108.6	174.1	155.5
Retail Margin	25.3	26.1	12.8	20.5	15.4
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	6.3	9.1	5.2	11.6	13.5
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	12.5	12.7	9.9	15.8	14.1
Excise (Federal tax)	42.3	42.3	29.8	41.2	41.6
Brent Crude Oil (A$ cpl)	37.4	36.4	37.6	71.6	57.5

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

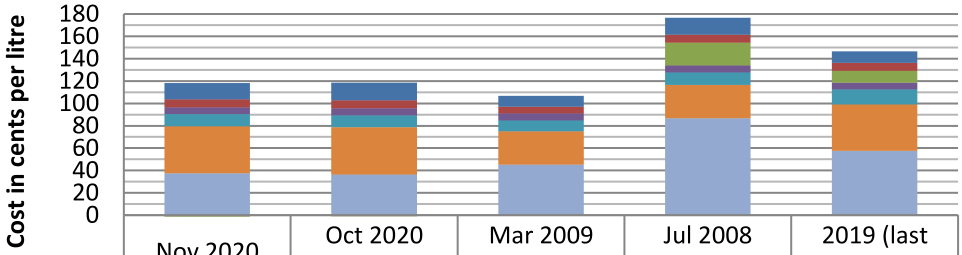
The chart above shows the cost breakdown for a litre of PULP 95 sold in Brisbane in November. For comparison, the cost breakdown for last month, last year, October 2018 – the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

The average PULP 95 price in Brisbane in November was 137.1 cpl, 2.9 cpl lower than October. The price difference between ULP and PULP 95 was 14.6 cpl, unchanged from October, and 0.7 cpl higher than September when the difference was 13.9 cpl. Indicative retail margins for PULP 95, at 25.3 cpl, were 0.8 cpl lower than October, and 9.9 cpl higher than the average for 2019. Refinery margins at 6.3 cpl, were 2.8 cpl lower than October. Total margins, at 38.8 cpl were 3.6 cpl lower than October, when they were 42.4 cpl.

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 July 2008 – the most expensive month observed in recent years (since 2008), is also displayed.

The average price of diesel in November, at 116.9 cpl, was 0.4 cpl lower than October. Indicative retail margins at 14.6 cpl were down 1.1 cpl and refinery margins were down slightly at negative 1.4 cpl. Total margins (retail, wholesale and refinery) in November were 20.4 cpl, 1.3 cpl lower than October when they were 21.7 cpl.



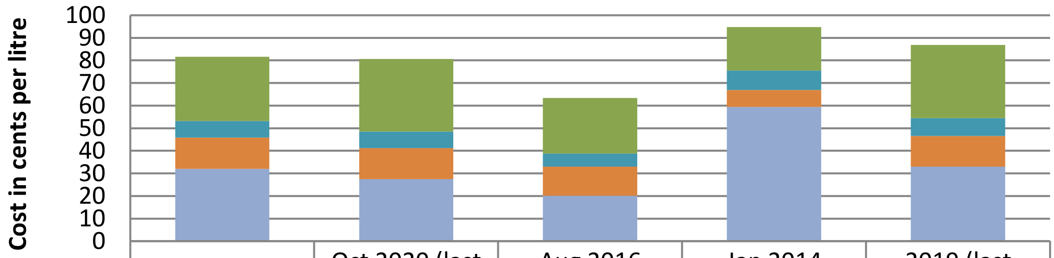
	Nov 2020	Oct 2020 (last month)	Mar 2009 (cheapest)	Jul 2008 (dearest)	2019 (last year)
Average Retail Price	116.9	117.3	106.7	176.7	146.5
Retail Margin	14.6	15.7	9.8	15.3	10.1
Wholesale Margin	7.2	7.2	6.1	7.2	7.2
Refinery Margin	-1.4	-1.2	0.0	20.2	10.6
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	10.6	10.7	9.7	11.3	13.3
Excise (Federal tax)	42.3	42.3	29.8	29.8	41.6
Brent Crude Oil (A$ cpl)	37.4	36.4	45.2	86.7	57.5

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

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 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 2020	Oct 2020 (last month)	Aug 2016 (cheapest)	Jan 2014 (dearest)	2019 (last year)
Average Retail Price	81.6	80.7	63.4	94.8	86.8
Costs and Margins	28.4	32.2	24.6	19.3	32.3
GST (Federal tax)	7.4	7.3	5.8	8.6	7.9
Excise (Federal tax)	13.8	13.8	12.9	7.5	13.6
Saudi CP (A$ cpl)	32.0	27.4	20.1	59.4	33.0

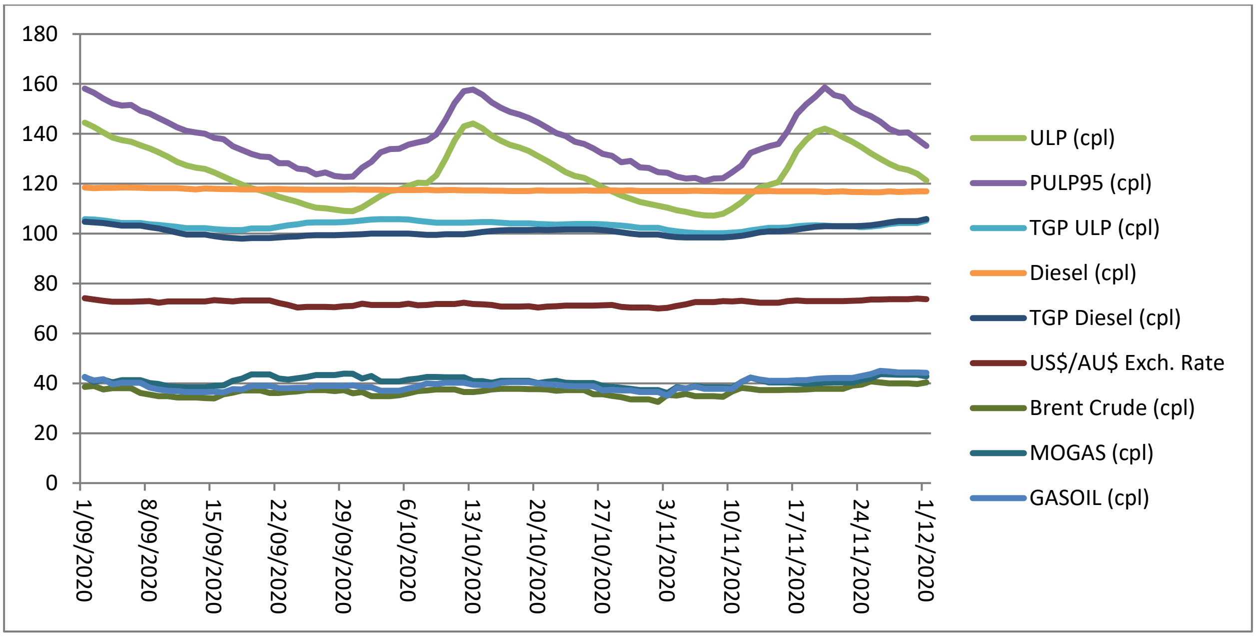
The average retail price of LPG in Brisbane in November was 81.6 cpl, 0.9 cpl higher than October (80.7 cpl). Fuel company margins and costs in November decreased by 3.8 cpl to 28.4 cpl.

The recently published Saudi CP for December, at 32.9 cpl, was 0.9 cpl higher than November (32.0 cpl). As current margins are elevated compared to historic margins, this increase should not lead to a substantial increase in the average LPG price.

Price trends

Two partial price cycles were observed in the Brisbane ULP market in November. The first price cycle started on 1 October and prices peaked at 144.1 cpl on 13 October. Prices then slowly fell through the rest of October and into November, falling to a low of 107.2 cpl on 8 November. The second price cycle started on 9 November and prices peaked at 142.1 cpl on 20 November. Prices then slowly fell through the rest of November and into early December. At the time of writing the Brisbane ULP market was in the discounting phase of the cycle.

The cheap phase in early November was exceptionally short, with average indicative retail margins falling below 6cpl only on a single day – 8 November.



The average price of Brent in November at 59.5 A$/bbl (43.2 US$/bbl) or 37.4 cpl, was 1.6 A$/bbl higher than October (at 57.9 A$/bbl or 41.9 US$/bbl).

Brent started November at a local point of 51.8 A$/bbl (36.2 US$/bbl). Oil prices had fallen in late October due to a resurgence of Covid-19 in Europe and North America, with several countries reimposing lockdowns.

The Brent price increased throughout most of November, reaching a local high point of 64.8 A$/bbl (47.7 US$/bbl) on 25 November - a nine-and-a-half-month record high. Oil prices were last this high in early March 2020. The last few days of November saw a marginal easing of oil prices, with Brent ending the month at 63.3 A$/bbl (46.8 US$/bbl).

Oil prices were buoyed in November on news of three different successful Covid-19 vaccines. Increases in oil price in A$ were tempered slightly by the strengthening Australia dollar. The A$ started November buying 70.0 US cents and ended the month buying 73.9 US cents.

Comparison to other capital cities

Brisbane was the third most expensive of all capital cities in November after Hobart and Sydney (by 0.3 cpl and 1.5 cpl, respectively). Sydney was the most expensive capital city in November, the first time in recent years that Sydney had claimed this dubious honour. The average ULP prices in Adelaide, Perth, Darwin, Canberra and Melbourne were cheaper than Brisbane by 9.7 cpl, 7.1 cpl, 6.6 cpl, 2.3 cpl and 1.8 cpl, respectively.

For diesel, Brisbane was the third cheapest capital city in November (as it was in October). The average diesel prices in Adelaide and Darwin were cheaper than Brisbane by 5.0 cpl and 0.8 cpl, respectively. Sydney, Perth, Melbourne, Canberra and Hobart were more expensive than Brisbane by 0.3 cpl, 0.9 cpl, 1.1 cpl, 5.1 cpl and 15.0 cpl, respectively.

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)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	122.5 (-2.9)	19.3 (-0.8)	116.9 (-0.4)	14.6 (-1.1)
Adelaide	112.8 (0.9)	9.4 (3.0)	111.9 (-1.3)	9.3 (-2.0)
Canberra	120.2 (0.0)	17.5 (2.0)	122.0 (0.2)	19.7 (-0.5)
Darwin	115.9 (-1.4)	7.9 (0.7)	116.1 (-1.1)	9.2 (-2.1)
Hobart	122.8 (-0.1)	13.5 (2.0)	131.9 (-0.9)	23.7 (-1.6)
Melbourne	120.7 (-1.1)	18.3 (1.0)	118.0 (-0.6)	15.6 (-1.3)
Perth	115.4 (-2.4)	12.8 (-0.3)	117.8 (-0.7)	15.3 (-1.5)
Sydney	124.0 (0.5)	21.3 (2.5)	117.2 (-0.4)	15.0 (-1.1)

* 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 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.

Ipswich was the cheapest centre in SEQ to buy ULP in November, with an average price of 117.8 cpl. The second cheapest was the Gold Coast at 120.6 cpl. Brisbane Bayside/Redlands was the most expensive area in SEQ at 129.1 cpl, 11.3 cpl dearer than Ipswich.

The average ULP price fell in all SEQ centres compared to October, except the Sunshine Coast. The changes ranged from a fall of 5.7 cpl in Ipswich, to an increase of 1.3 cpl on the Sunshine Coast.

Logan was the cheapest SEQ centre to buy diesel in November, at 115.2 cpl. Brisbane North was marginally more expensive than Logan, at 115.7 cpl. Brisbane Bayside/Redlands was the most expensive area in SEQ to buy diesel at 119.2 cpl, 4.0 cpl dearer than Logan. Average diesel prices were down in all

SEQ centres compared to October.

The price difference between the cheapest and dearest diesel price in SEQ, at 4.0 cpl, was lower than ULP, for which the difference was 11.3 cpl.

City	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Central Brisbane	124.9 (-3.7)	21.7 (-1.6)	118.6 (-0.2)	16.3 (-0.9)
Brisbane North	122.2 (-0.8)	18.9 (1.3)	115.7 (-0.7)	13.3 (-1.4)
Brisbane South	123.1 (-3.2)	19.8 (-1.1)	117.4 (-0.5)	15.0 (-1.1)
Brisbane Bayside/ Redlands	129.1 (-1.6)	25.9 (0.5)	119.2 (-0.3)	16.9 (-1.0)
Logan	122.9 (-0.1)	19.6 (2.0)	115.2 (-0.9)	12.9 (-1.6)
Ipswich	117.8 (-5.7)	14.2 (-3.6)	115.9 (-0.6)	13.3 (-1.3)
Moreton Bay	121.4 (-4.5)	17.8 (-2.4)	117.5 (-0.2)	14.8 (-0.9)
Gold Coast	120.6 (-2.6)	16.7 (-0.5)	117.7 (-0.5)	14.8 (-1.2)
Sunshine Coast	122.8 (1.3)	18.8 (3.4)	116.9 (-0.4)	13.7 (-1.1)

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

Fuel prices across Queensland

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	122.5 (-2.9)	19.3 (-0.8)	116.9 (-0.4)	14.6 (-1.1)
Atherton	119.9 (0.0)	13.1 (2.1)	119.8 (0.0)	13.4 (-0.8)
Beaudesert	120.2 (-1.6)	16.2 (0.5)	116.5 (-0.4)	13.4 (-1.1)
Biloela	119.9 (0.0)	14.0 (2.1)	121.3 (-0.6)	16.4 (-1.3)
Blackwater	119.9 (0.0)	12.2 (2.1)	123.6 (-2.3)	16.9 (-3.0)
Bowen	115.9 (0.0)	8.0 (2.1)	112.8 (-4.0)	6.3 (-4.8)
Bundaberg	108.0 (-0.6)	1.3 (1.5)	116.0 (0.8)	10.2 (0.1)
Cairns	118.0 (-0.1)	12.0 (2.1)	118.4 (-0.3)	12.8 (-1.0)
Charters Towers	119.9 (0.0)	12.7 (2.1)	120.8 (0.0)	15.0 (-0.8)
Childers	118.9 (0.0)	12.7 (2.1)	118.9 (-0.8)	13.7 (-1.5)
Dalby	119.9 (-2.1)	14.7 (0.0)	120.1 (0.1)	15.8 (-0.5)
Emerald	133.8 (0.0)	25.4 (2.1)	124.7 (-4.6)	17.3 (-5.3)
Gladstone	106.0 (0.0)	1.2 (2.1)	114.4 (-0.2)	10.6 (-0.9)
Goondiwindi	110.6 (0.1)	4.0 (2.2)	116.6 (0.1)	10.9 (-0.6)
Gympie	118.9 (-0.7)	14.2 (1.4)	115.9 (0.0)	12.1 (-0.7)
Hervey Bay	115.7 (0.0)	9.8 (2.1)	120.9 (2.7)	15.9 (2.0)
Ingham	119.5 (0.6)	12.5 (2.7)	123.9 (-1.1)	18.3 (-1.9)
Innisfail	121.5 (0.6)	14.7 (2.7)	120.9 (0.0)	14.5 (-0.7)
Kingaroy	112.9 (-1.1)	7.7 (1.1)	115.9 (-0.1)	11.6 (-0.7)
Lockyer Valley	110.8 (1.2)	6.6 (3.3)	115.5 (-0.9)	12.2 (-1.6)
Longreach	131.9 (-0.8)	19.4 (1.3)	125.6 (-0.2)	14.0 (-0.9)

Mackay	117.5 (0.0)	12.2 (2.2)	117.0 (-0.1)	12.8 (-0.8)
Mareeba	123.6 (-1.2)	17.0 (0.9)	119.8 (0.0)	13.6 (-0.7)
Maryborough	109.9 (0.0)	4.3 (2.1)	113.0 (-0.1)	8.3 (-0.7)
Miles	107.9 (0.0)	1.4 (2.1)	114.1 (0.3)	8.5 (-0.4)
Moranbah	114.4 (-1.3)	7.1 (0.8)	116.9 (-1.3)	10.8 (-2.0)
Mount Isa	142.8 (0.0)	28.0 (2.2)	124.6 (-0.7)	11.1 (-1.5)
Nambour	123.3 (3.6)	19.2 (5.7)	114.7 (-0.4)	11.5 (-1.1)
Noosa	128.1 (-2.5)	23.9 (-0.4)	113.7 (-1.4)	10.4 (-2.1)
Rockhampton	114.7 (0.1)	8.8 (2.2)	114.7 (-1.4)	9.8 (-2.1)
Roma	117.4 (-0.2)	9.5 (1.9)	117.2 (-0.6)	10.2 (-1.3)
Somerset	113.9 (0.0)	9.7 (2.1)	115.9 (0.0)	12.6 (-0.7)
Toowoomba	118.1 (-4.4)	13.7 (-2.3)	119.2 (1.1)	15.8 (0.5)
Townsville	112.8 (-1.0)	6.9 (1.2)	115.9 (-0.1)	11.4 (-0.8)
Tully	119.8 (-0.1)	12.4 (2.0)	119.6 (-0.1)	12.6 (-0.9)
Warwick	117.1 (-0.1)	12.4 (2.0)	120.2 (0.7)	16.4 (0.1)
Whitsunday/Proserpine	108.4 (-0.1)	1.8 (2.0)	105.4 (-4.2)	0.0 (-4.9)
Yeppoon	117.5 (-1.8)	11.3 (0.3)	118.2 (-1.5)	13.0 (-2.2)

* 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 November was 115.9 cpl, 0.8 cpl lower than October when the average price was 116.7 cpl. The average diesel price was 117.4 cpl, 0.3 cpl lower than October when the average price was 117.7 cpl.

With an average ULP price of 106.0 cpl, Gladstone was the cheapest regional centre in November (as it was in October), 16.5 cpl cheaper than Brisbane. Having been the cheapest for several months (May to September 2020), Miles retained its second place with an average ULP price of 107.9 cpl. Bundaberg, Whitsunday/Proserpine, Maryborough, Goondiwindi, Lockyer Valley, Townsville, Kingaroy, Somerset, Moranbah, Rockhampton, Hervey Bay, Bowen, Warwick, Roma, Mackay, Yeppoon, Cairns, Toowoomba, Childers, Gympie, Ingham, Tully, Atherton, Biloela, Blackwater, Charters Towers, Dalby, Beaudesert and Innisfail were also cheaper than Brisbane. Only Nambour, Mareeba, Noosa, Longreach, Emerald and Mount Isa were more expensive than Brisbane[1]. At 142.8 cpl, the most expensive regional centre for ULP was Mount Isa (20.3 cpl more expensive than Brisbane).

Whitsunday/Proserpine had the cheapest diesel in Queensland in November, as it did in August, September and October. At 105.4 cpl, Whitsunday/Proserpine was 11.5 cpl cheaper than Brisbane. Bowen, Maryborough, Noosa, Miles, Gladstone, Nambour, Rockhampton, Lockyer Valley, Gympie, Kingaroy, Somerset, Townsville, Bundaberg, Beaudesert and Goondiwindi were also cheaper than Brisbane, and Moranbah was priced the same as Brisbane. Longreach[1] was the most expensive regional centre for diesel at 125.6 cpl, 8.7 cpl higher than Brisbane. Emerald was the second most expensive centre to buy diesel (124.7 cpl).

Out of the 37 regional centres monitored by RACQ, 33 had an average indicative ULP retail margin lower than that charged in Brisbane. The lowest indicative retail margin on ULP, at 1.2 cpl, was charged in Gladstone, 18.1 cpl lower than Brisbane. The highest margins were observed in Mount Isa at 28.0 cpl,

[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.

8.7 cpl higher than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 28 out of 37 regional centres. At 0.0 cpl, the lowest diesel indicative retail margin was observed in Whitsunday/Proserpine, 14.6 cpl lower than Brisbane. Ingham had the highest indicative retail margin (18.3 cpl), 3.7 cpl greater than Brisbane.

Outlook

The oil price strengthened throughout November. Prices were buoyed on positive news of the effectiveness of three potential Covid-19 vaccines (produced by Pfizer, Moderna and University of Oxford/AstraZeneca). Vaccines are likely to deliver relief in 2021 and potentially see a return in demand for oil. However, it is expected that the Covid-19 pandemic is going to get worse before it gets better and this is likely to lead to on-going weak demand for oil. It is yet to be seen if the vaccine optimism will continue to bolster prices in the face of the underlying fundamental of weak demand.

Prior to their meeting on 30 November and 1 December, the oil producer cartel and their allies (OPEC+), looked set to delay the production increase planned for January 2021. OPEC+ was set to increase production by 2 million barrels per day (bpd), from a cut of 7.7 million bpd to a cut of 5.7 million bpd. At the time of writing the OPEC+ meeting is on-going, as disunity led to the second day of meetings being postponed. At this point it is unclear if the current production cut of 7.7 million bpd will be extended into 2021.

It is difficult to predict where oil prices will go from here. Many countries (especially in Europe and the USA) appear to have failed to contain a third wave of COVID-19 as they enter the winter months. This has led to new lockdowns in the UK, France and Germany, and has placed downward pressure on the price of oil. However, markets appear to be highly optimistic about Covid-19 vaccines, which has substantially buoyed prices. It is unclear whether the underlying fundamentals of weak demand will reassert influence on the oil price, or whether vaccine-led optimism will keep prices buoyed until the vaccines can be approved and deployed.

The next monthly fuel price report will be released in mid-January 2021, after the publication of 2020 RACQ Annual Fuel Price Report.

Data sources

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