

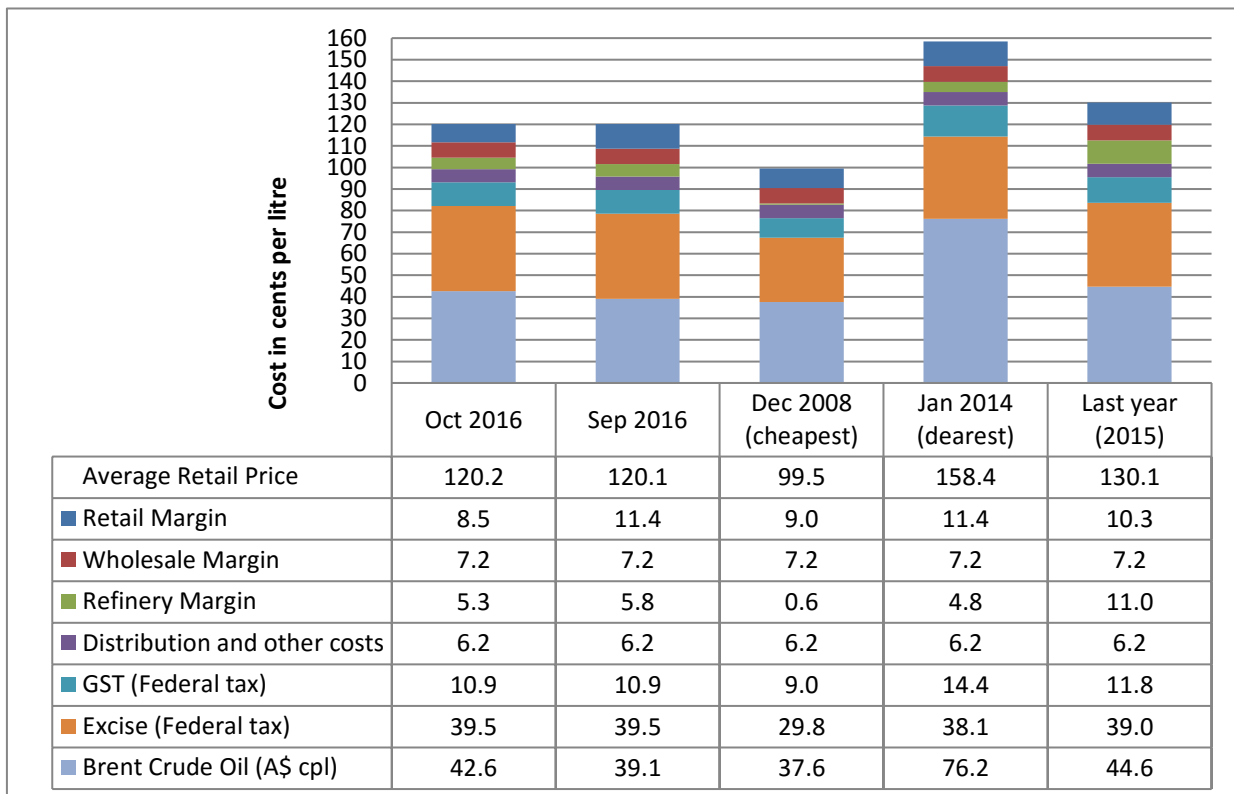
3 November 2016

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for October 2016.¹

Key points

- At 120.2 cpl, the average Brisbane ULP price was largely unchanged from September (when the average price was 120.1 cpl) and indicative retail margins were 2.9 cpl lower, at 8.5 cpl.
- Brisbane was the most expensive of the large capital cities in October. ULP sold in Brisbane was 5.0 cpl dearer than Perth, and 2.2 cpl dearer than Darwin. Brisbane was 2.0 cpl, 1.2 cpl and 0.6 cpl more expensive than Adelaide, Sydney and Melbourne, respectively.
- The average price of diesel in Brisbane was 121.4 cpl in October, 3.4 cpl more expensive than September. At 11.7 cpl, indicative retail diesel retail margins were 0.8 cpl lower than September.
- Diesel sold in Brisbane was more expensive than Sydney, Adelaide, Melbourne and Darwin by 2.9 cpl, 2.3 cpl, 2.1 cpl and 0.4 cpl, respectively.
- Ipswich was the cheapest city in SEQ to buy both ULP and diesel. The average ULP and diesel prices were 2.0 cpl and 1.8 cpl lower than Brisbane, respectively.
- Bundaberg had the cheapest ULP in Queensland, and Emerald had the cheapest Diesel (2.5 cpl and 4.6 cpl cheaper than Brisbane, respectively).
- The average price of LPG in Brisbane was 64.3 cpl, 0.5 cpl lower than September.

ULP cost breakdown in Brisbane



¹ On 22 September 2016 there was a slight change to the boundary that defines the Brisbane, Gold Coast and Sunshine Coast areas. It appears to have had minimal impact on prices.

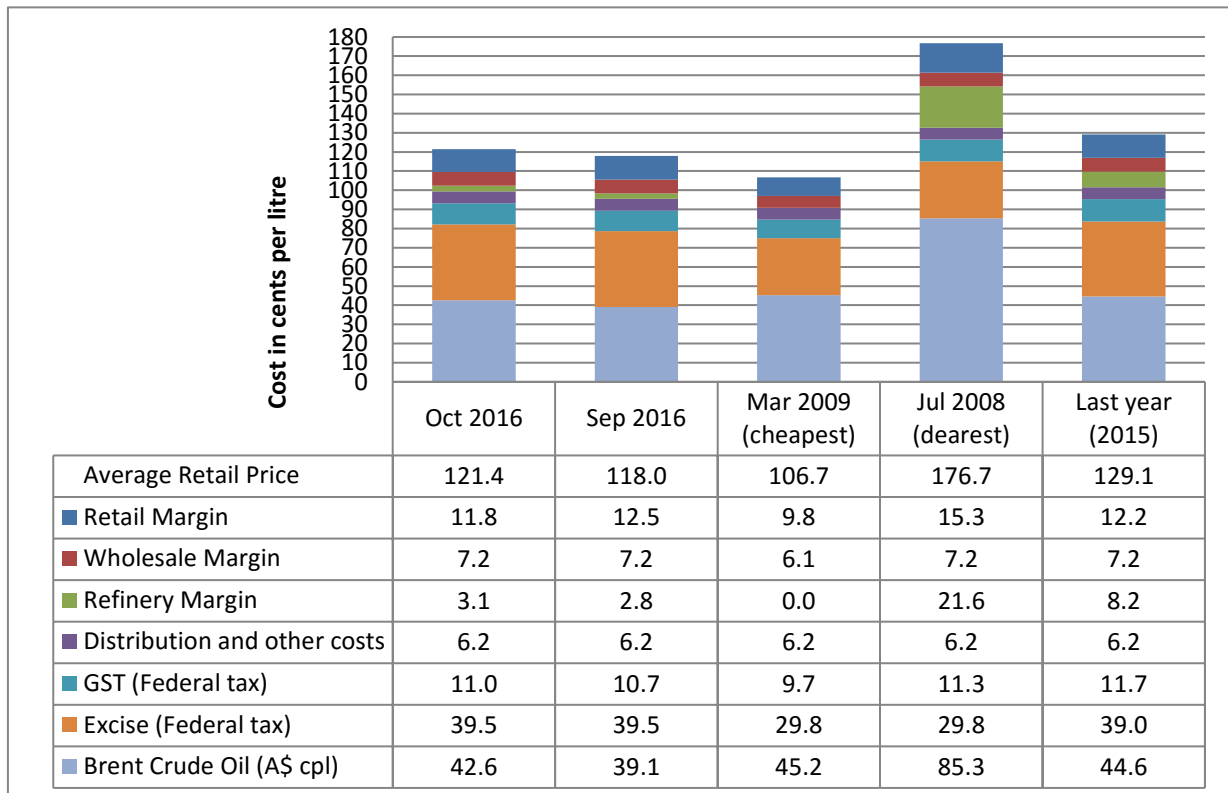


Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for October 2016. 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 October was 120.2 cpl, 0.1 cpl more than September. Indicative retail margins, at 8.5 cpl, were 2.9 cpl lower than September.

Diesel cost breakdown in Brisbane



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

The chart above shows the cost breakdown for a litre of diesel sold in Brisbane for October 2016. 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 October was 121.5 cpl. This was 3.4 cpl higher than September. The increase was due to an increase in the price of oil, rather than an increase in fuel company margins. Indicative retail margins dropped in October by 0.8 cpl. However, retail margins on diesel are high compared to ULP.

Price trends

There was one price cycle observed in Brisbane in October 2016. This cycle started on 4 October and the average price peaked on 7 October. Prices fell slowly throughout the rest of October. At the time of writing the Brisbane ULP market was in the cheapest phase of the cycle and indicative ULP retail margins had fallen below zero.

The price of Brent crude increased in early October 2016 and softened in the second half of the month. Brent started the month at A\$66.0/bbl (US\$50.6/bbl) and increased to local high of A\$70.4/bbl (US\$53.1/bbl) on 11 October. The Brent price then fell, ending the month at A\$64.8/bbl (US\$49.4/bbl).

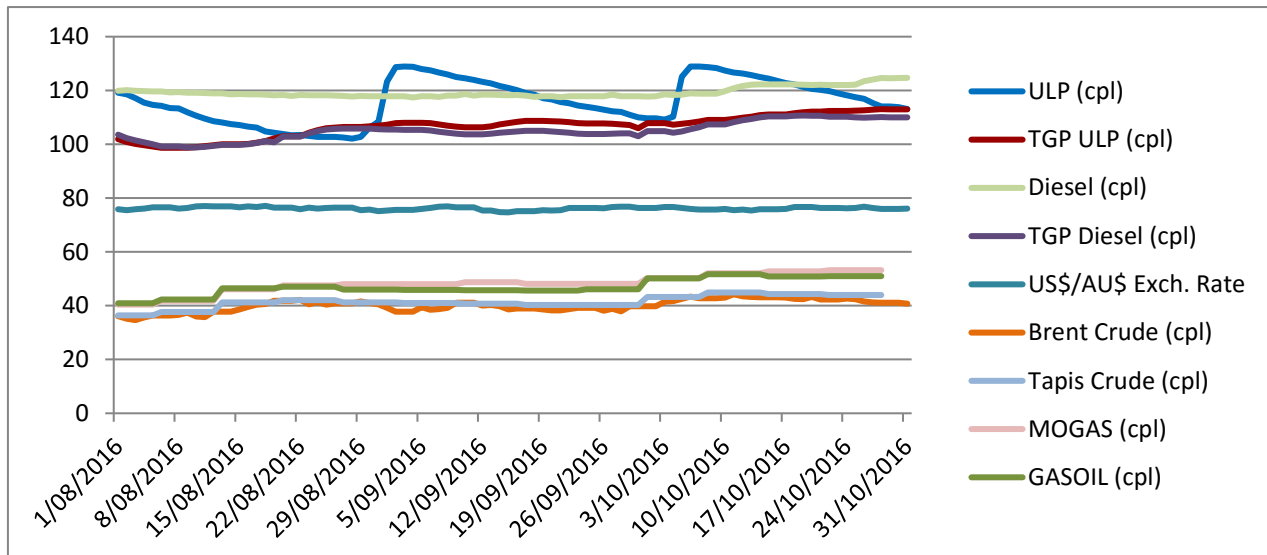
The local high price observed on 11 October followed an in-principle agreement between OPEC members and Russia to cut production levels and reduce supply. By the end of October, OPEC



members and Russia had failed to agree on the details of the agreement and the price of oil softened.

The Tapis crude oil price followed the same trend as Brent. Singapore MOGAS and GASOIL prices both strengthened throughout October. MOGAS started October at A\$76.5/bbl and ended the month at A\$84.6/bbl. However, it is likely that MOGAS and GASOIL will start to trend down in early November.

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



Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Adelaide	118.2 (1.9)	7.3 (-1.2)	119.1 (7.3)	9.4 (3.0)
Brisbane	120.2 (0.1)	8.5 (-3.0)	121.4 (3.4)	11.7 (-0.9)
Canberra	124.5 (7.5)	13.5 (4.4)	122.2 (2.6)	12.5 (-1.8)
Darwin	118.0 (7.7)	7.1 (4.5)	121.0 (1.5)	11.3 (-2.9)
Hobart	122.5 (1.8)	11.5 (-1.3)	122.9 (0.5)	13.1 (-3.9)
Melbourne	119.6 (2.8)	8.6 (-0.4)	119.3 (4.5)	9.5 (0.1)
Perth	115.2 (4.2)	4.3 (1.0)	122.5 (1.5)	12.8 (-2.8)
Sydney	119.0 (1.5)	8.1 (-1.6)	118.5 (3.9)	8.7 (-0.4)

* The retail margin is the average retail price minus the average local TGP and local freight costs (assumed to be the same as Brisbane: 1.12cpl). The TGP varies between cities.

Brisbane was the most expensive large capital city in October, only Hobart and Canberra were more expensive. Perth was 5.0 cpl cheaper than Brisbane and Darwin was 2.2 cpl cheaper. Adelaide, Sydney and Melbourne were cheaper by 2.0 cpl, 1.2 cpl and 0.6 cpl, respectively.

Diesel sold in Sydney, Adelaide, Melbourne and Darwin was cheaper than Brisbane by 2.9 cpl, 2.3 cpl, 2.1 cpl and 0.4 cpl, respectively. Hobart was the most expensive capital, at 1.5 cpl more than Brisbane.



Comparison of the SEQ metropolitan centres

Ipswich was the cheapest centre in SEQ to buy ULP in October, with an average price of 118.2 cpl. Moreton Bay, Gold Coast and Brisbane South were all about a cent dearer than Ipswich. The Sunshine Coast was the most expensive SEQ centre, 4.4 cpl dearer than Ipswich.

Ipswich was also the cheapest SEQ centre to buy diesel, with an average price of 119.6 cpl. Brisbane North and the Gold Coast were the most expensive, with diesel selling for 122.1 cpl and 122.2 cpl respectively.

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane North	122.1 (1.8)	10.4 (-1.4)	122.1 (3.0)	12.4 (-1.3)
Brisbane South	119.5 (-1.1)	7.8 (-4.3)	121.1 (3.3)	11.4 (-1.0)
Gold Coast	119.3 (1.0)	7.0 (-2.2)	122.2 (3.0)	11.9 (-1.3)
Ipswich	118.2 (-2.0)	6.2 (-5.1)	119.6 (3.1)	9.7 (-1.2)
Moreton Bay	119.2 (1.9)	7.2 (-1.3)	120.7 (3.3)	10.7 (-1.0)
Sunshine Coast	122.6 (-2.1)	10.1 (-5.2)	121.8 (3.8)	11.3 (-0.4)

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

Fuel prices across Queensland

Bundaberg had Queensland's cheapest ULP, 2.5 cpl cheaper than Brisbane. Miles was 2.1 cpl cheaper than Brisbane. Maryborough, Goondiwindi, Childers, Mount Isa and Roma were also cheaper than Brisbane. The most expensive regional centre listed was Blackall, with an average price of 138.0 cpl in October. However, the list of regional centres is not exhaustive².

Emerald had the cheapest diesel in Queensland (4.6 cpl cheaper than Brisbane), followed by Moranbah, Blackwater and Charters Towers (4.3 cpl, 4.2 cpl and 4.1 cpl cheaper than Brisbane, respectively). Nearly half of the regional centres listed were cheaper than the Brisbane price of 121.4 cpl in October. Tully was the most expensive listed regional centre for diesel, 132.5 cpl.

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	120.2 (0.1)	8.5 (-3.0)	121.4 (3.4)	11.7 (-0.9)
Gold Coast	119.3 (1.0)	7.0 (-2.2)	122.2 (3.0)	11.9 (-1.3)
Sunshine Coast	122.6 (-2.1)	10.1 (-5.2)	121.8 (3.8)	11.3 (-0.4)
Atherton	127.0 (1.1)	11.8 (-2.1)	122.0 (2.1)	9.0 (-2.2)
Ayr	121.1 (14.2)	6.2 (11.0)	118.8 (5.9)	6.2 (1.6)
Biloela	128.8 (1.0)	13.3 (-2.2)	124.9 (1.0)	11.6 (-3.3)
Blackall	138.0 (0.7)	16.5 (-2.5)	124.0 (0.7)	4.8 (-3.6)
Blackwater	127.9 (0.0)	10.6 (-3.2)	117.2 (1.9)	2.2 (-2.5)
Bowen	128.3 (9.4)	12.3 (6.2)	119.9 (8.5)	6.1 (4.2)
Bundaberg	117.7 (6.2)	-0.1 (3.0)	119.5 (4.3)	4.0 (0.0)
Cairns	130.4 (0.2)	15.8 (-3.0)	125.3 (0.3)	13 (-4.1)

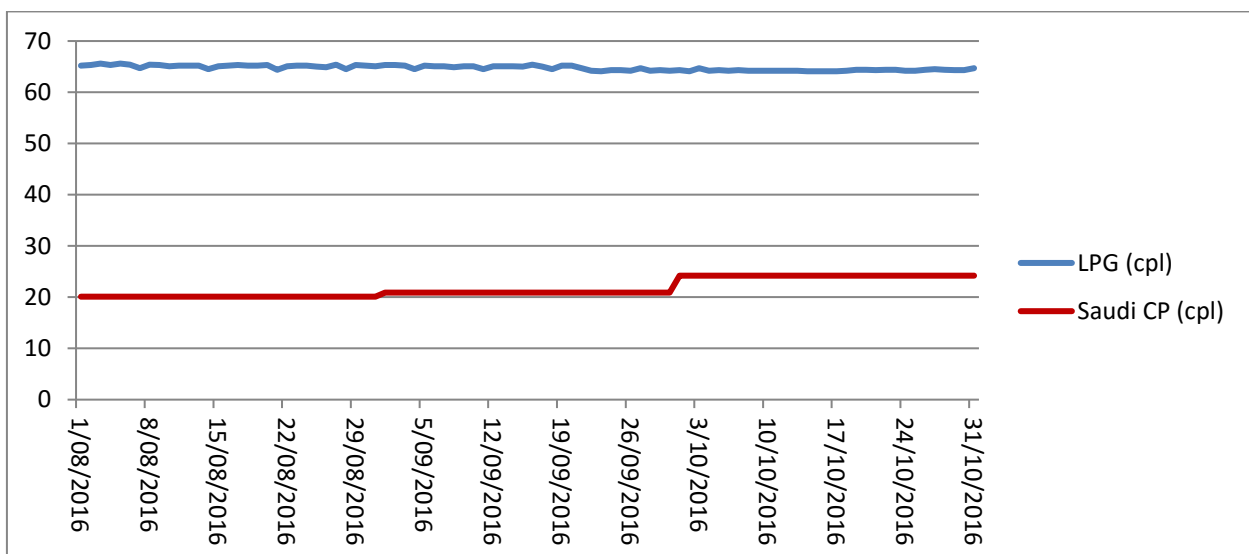
² RACQ does not have an exhaustive list of regional centres in Queensland. In discussing the cheapest or dearest centre in Queensland, it is implied that this only refers to the centres listed in the table. There may be other centres, not listed, that are more or less expensive.



Charleville	124.9 (0.7)	3.3 (-2.5)	123.9 (0.0)	4.5 (-4.3)
Charters Towers	127.2 (4.3)	11.7 (1.1)	117.3 (0.5)	4.1 (-3.9)
Childers	119.7 (3.3)	2.4 (0.1)	119.4 (4.0)	4.5 (-0.4)
Dalby	120.2 (3.1)	3.9 (-0.1)	118.4 (0.5)	4.4 (-3.9)
Emerald	125.9 (0.0)	7.8 (-3.2)	116.8 (1.1)	1.1 (-3.2)
Gladstone	124.0 (9.4)	9.6 (6.2)	121.1 (5.2)	9.0 (0.9)
Goondiwindi	118.7 (0.7)	1.0 (-2.5)	119.1 (1.6)	3.7 (-2.7)
Gympie	125.6 (7.7)	9.8 (4.5)	123.4 (4.5)	9.8 (0.2)
Hervey Bay	125.4 (7.2)	8.3 (4.0)	124.7 (0.2)	9.9 (-4.2)
Ingham	121.9 (6.6)	6.6 (3.4)	118.1 (1.8)	5.2 (-2.5)
Innisfail	124.9 (0.0)	9.6 (-3.2)	120.0 (0.1)	7.0 (-4.2)
Ipswich	118.2 (-2.0)	6.2 (-5.1)	119.6 (3.1)	9.7 (-1.2)
Kingaroy	120.6 (0.7)	4.3 (-2.5)	120.3 (1.4)	6.3 (-2.9)
Longreach	130.1 (0.4)	7.8 (-2.8)	124.2 (1.3)	4.2 (-3.1)
Mackay	124.5 (-0.5)	10.2 (-3.7)	122.7 (1.2)	10.7 (-3.1)
Mareeba	123.9 (-0.4)	8.8 (-3.6)	120.2 (1.4)	7.4 (-2.9)
Maryborough	118.4 (2.7)	1.7 (-0.5)	118.6 (3.0)	4.2 (-1.3)
Miles	118.1 (3.9)	0.5 (0.7)	119.6 (0.8)	4.4 (-3.6)
Moranbah	120.4 (0.8)	4.1 (-2.3)	117.1 (1.7)	3.2 (-2.6)
Mount Isa	119.8 (-0.5)	-3.3 (-3.7)	119.7 (0.3)	-1.1 (-4.1)
Rockhampton	126.8 (-0.2)	11.3 (-3.4)	123.6 (0.6)	10.4 (-3.8)
Roma	120.1 (-1.0)	1.1 (-4.2)	127.1 (-0.6)	10.4 (-5)
Toowoomba	121.1 (13.5)	5.6 (10.3)	120.5 (3.3)	7.3 (-1.0)
Townsville	127.1 (14.1)	13.0 (10.9)	120.5 (8.7)	8.7 (4.4)
Tully	125.1 (0.2)	9.2 (-3.0)	132.5 (0.1)	18.9 (-4.2)
Warwick	127.8 (10.6)	12.0 (7.4)	117.9 (1.2)	4.4 (-3.1)
Whitsunday	121.9 (3.1)	6.3 (-0.1)	129.7 (4.6)	16.4 (0.3)
Yeppoon	127.9 (0.0)	12.0 (-3.2)	126.5 (1.2)	12.9 (-3.2)

* 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. A time lag is not included in this calculation.

Liquid Petroleum Gas (LPG)





The average retail price of LPG in Brisbane in October was 64.3 cpl, 0.5 cpl lower than September. The LPG price has been largely unchanged since March. The average difference between the Brisbane retail LPG price (excluding excise and GST) and the Saudi CP in October was 21.3 cpl, 3.8 cpl less than September.

The Saudi CP for November 2016 is 3.8 cpl higher than October at 28.0 cpl. This should not lead to an increase in the retail LPG price, as margins and retail prices are currently substantially higher than historic prices relative to the Saudi CP. The chart above displays the retail price of LPG in Brisbane and Saudi CP.

Outlook

The outlook for oil prices remains uncertain. In the first half of October news of a possible deal between OPEC members and Russia to cut production and reduce supply bolstered oil prices. By the end of October, it became evident that the talks had failed and that immediate production cuts were unlikely. This led to the drop in the oil price observed in late October.

There remains a desire among some OPEC members and Russia to cut production and if all sides can agree to a deal, production may be reduced. Until then the oversupply conditions that have dominated markets in 2016 are likely to continue, and oil prices are likely to sit below US\$ 50 per barrel.

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

Data sources

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