

Monthly Fuel Price Report – October 2020



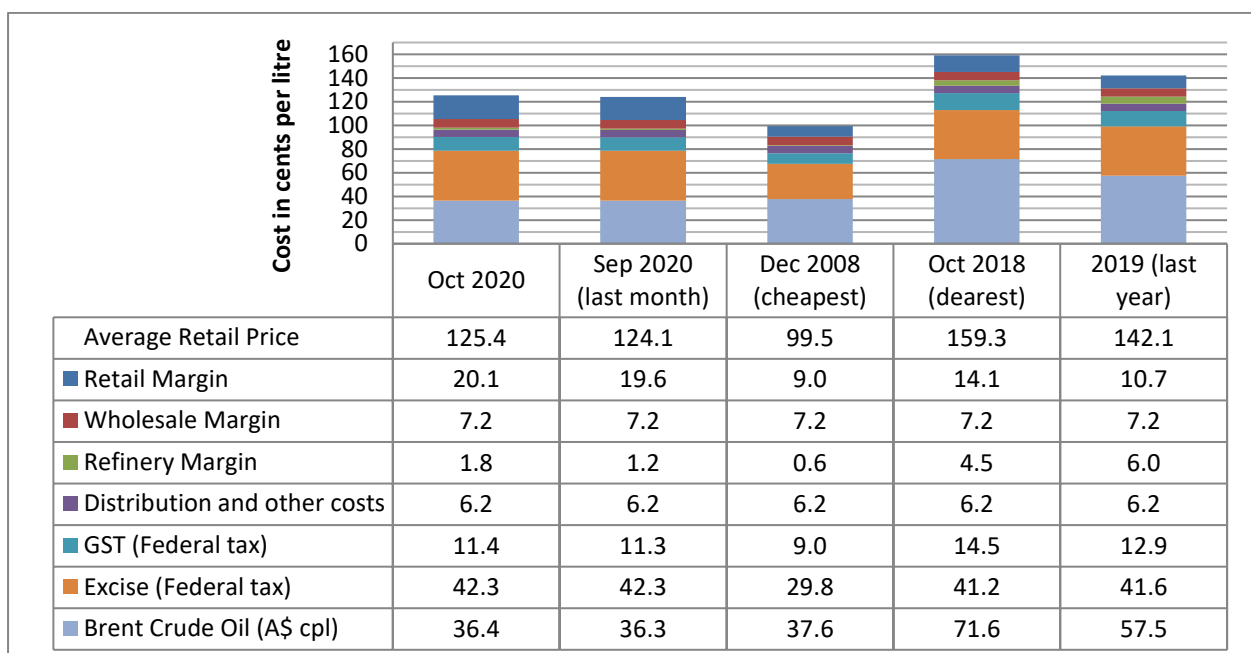
4 November 2020

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

Key points

- Brisbane was the most expensive Australian capital city in which to buy ULP in October.
- At 20.1 cpl, indicative ULP retail margins in Brisbane in October were up compared to September but remained slightly below the all-time record high of 21.2 cpl observed in August 2020.
- At 125.4 cpl, the average ULP price in Brisbane in October was 1.3 cpl higher than September.
- At 117.3 cpl, the average Brisbane diesel price in October was 0.7 cpl cheaper than September.
- Brisbane was the third cheapest capital city for diesel. Adelaide and Darwin were cheaper than Brisbane by 4.1 cpl and 0.2 cpl, respectively.
- ULP prices in regional Queensland in October were cheap compared to SEQ. Indicative retail margins on ULP were lower than those charged in Brisbane in 34 out of 37 regional centres and 30 out of 37 for diesel.
- The average ULP price in regional Queensland was 116.7 cpl, 1.7 cpl lower than September. The average diesel price in regional Queensland was down 0.4 cpl, at 117.7 cpl.
- Gladstone was the cheapest Queensland regional centre to buy ULP in October, with an average price of 106.0 cpl, 19.4 cpl cheaper than Brisbane.
- Whitsunday/Proserpine was the cheapest Queensland regional centre to buy diesel (as it was in August and September), with an average price of 109.6 cpl, 7.7 cpl cheaper than Brisbane.
- Mount Isa was the most expensive regional centre to buy ULP in October, with an average price of 142.8 cpl. Emerald had the most expensive diesel at 129.3 cpl.
- Oil prices fell in late October, due to a resurgence of COVID-19 in the northern hemisphere.

ULP cost breakdown in Brisbane

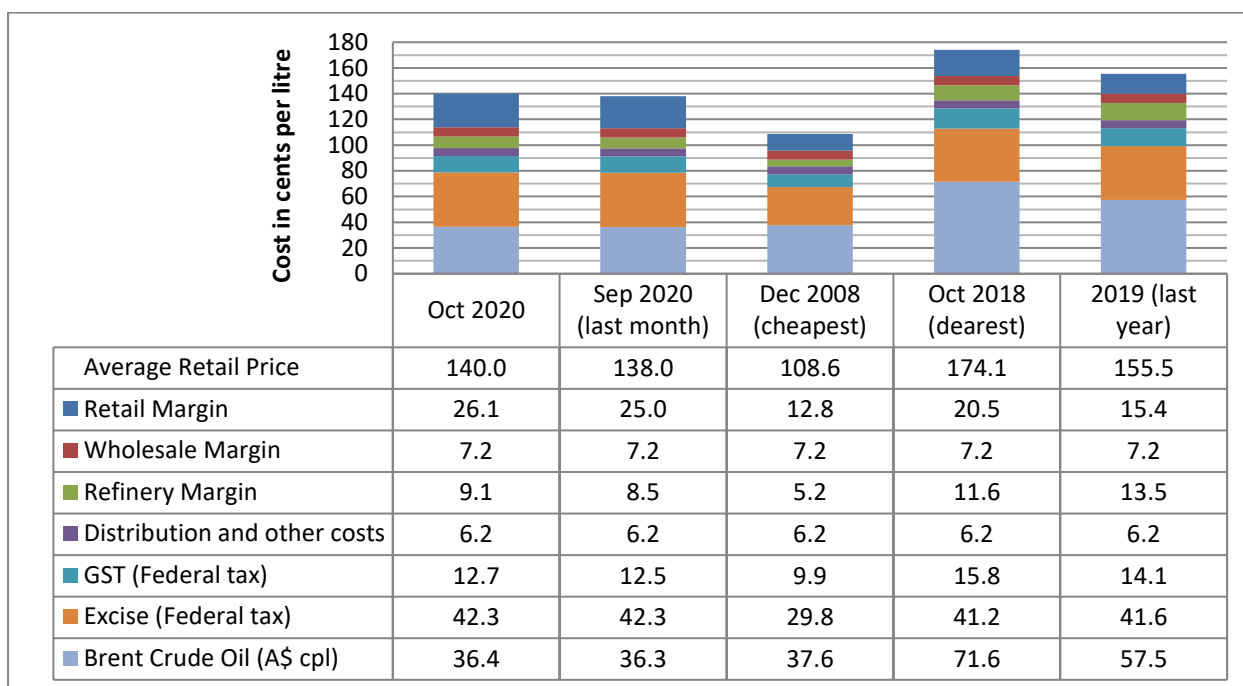


Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for October. 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 125.4 cpl, the average price of ULP in Brisbane in October was 1.3 cpl higher than September. The monthly average indicative retail margin for October was up by 0.5 cpl, at 20.1 cpl. At 1.8 cpl, the average indicative refinery margin was up by 0.6 cpl. Total margins (retail, wholesale and refinery) at 29.1 cpl, were 1.1 cpl higher than September, and 5.2 cpl higher than the 2019 annual average of 23.9 cpl.

PULP 95 cost breakdown in Brisbane



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

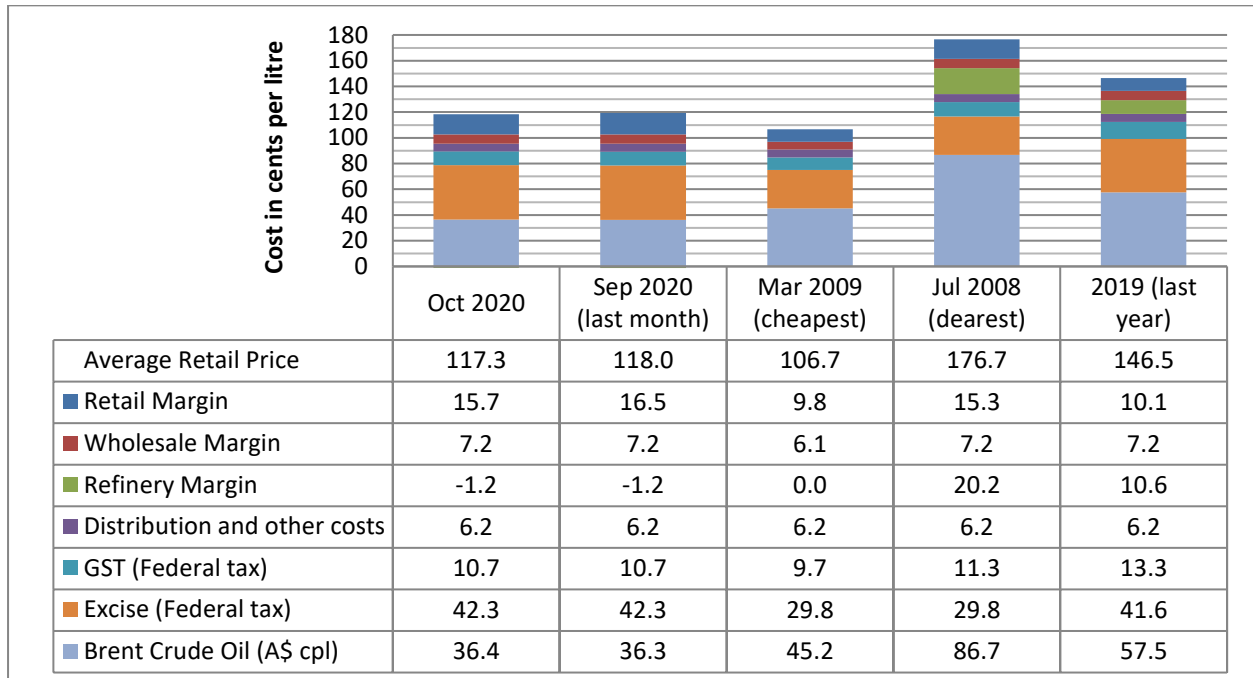
The chart above shows the cost breakdown for a litre of PULP 95 sold in Brisbane in October. For comparison, the cost breakdown for last month, last year, October 2018 – the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

The average PULP 95 price in Brisbane in October was 140.0 cpl, 2.0 cpl higher than September. The price difference between ULP and PULP 95 was 14.6 cpl, 0.7 cpl greater than September, when the difference was 13.9 cpl. Indicative retail margins for PULP 95, at 26.1 cpl, were 1.1 cpl higher than September, and 10.7 cpl higher than the average for 2019. Refinery margins at 9.1 cpl, were 0.6 cpl higher than September. Total margins, at 42.4 cpl were 1.7 cpl higher than September, when they were 40.7 cpl.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for October. 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.

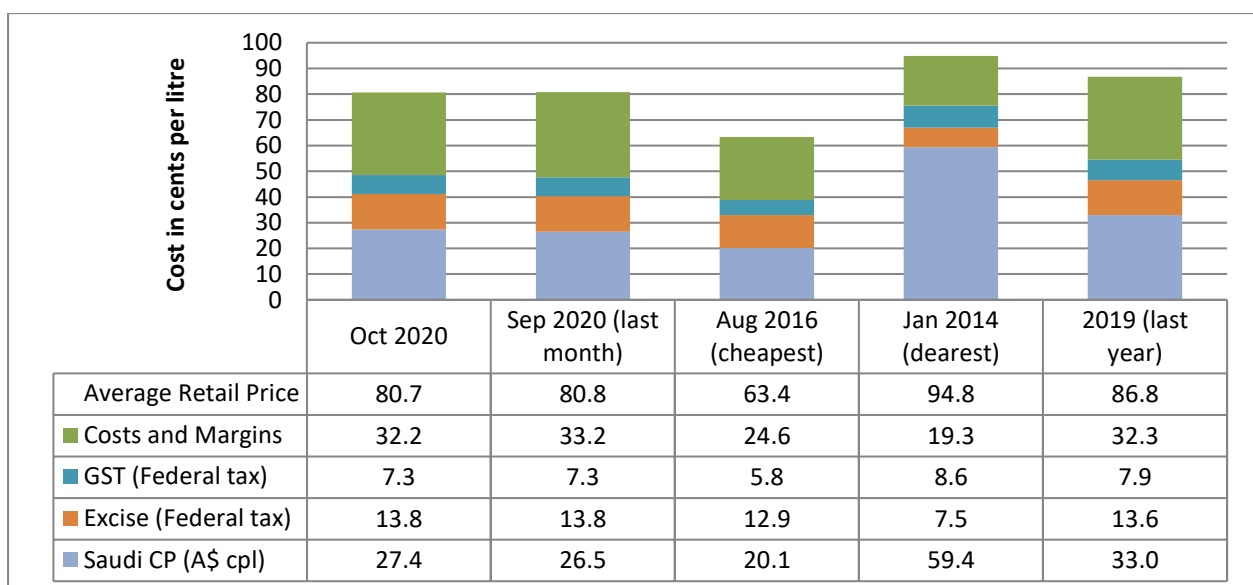
The average price of diesel in October, at 117.3 cpl, was 0.7 cpl lower than September. Indicative retail margins at 15.7 cpl were down 0.8 cpl, and refinery margins were unchanged at negative 1.2 cpl. Total margins (retail, wholesale and refinery) in October were 21.7 cpl, 0.8 cpl lower than September when they were 22.5 cpl.



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 above shows the cost breakdown for a litre of LPG sold in Brisbane for October. 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.

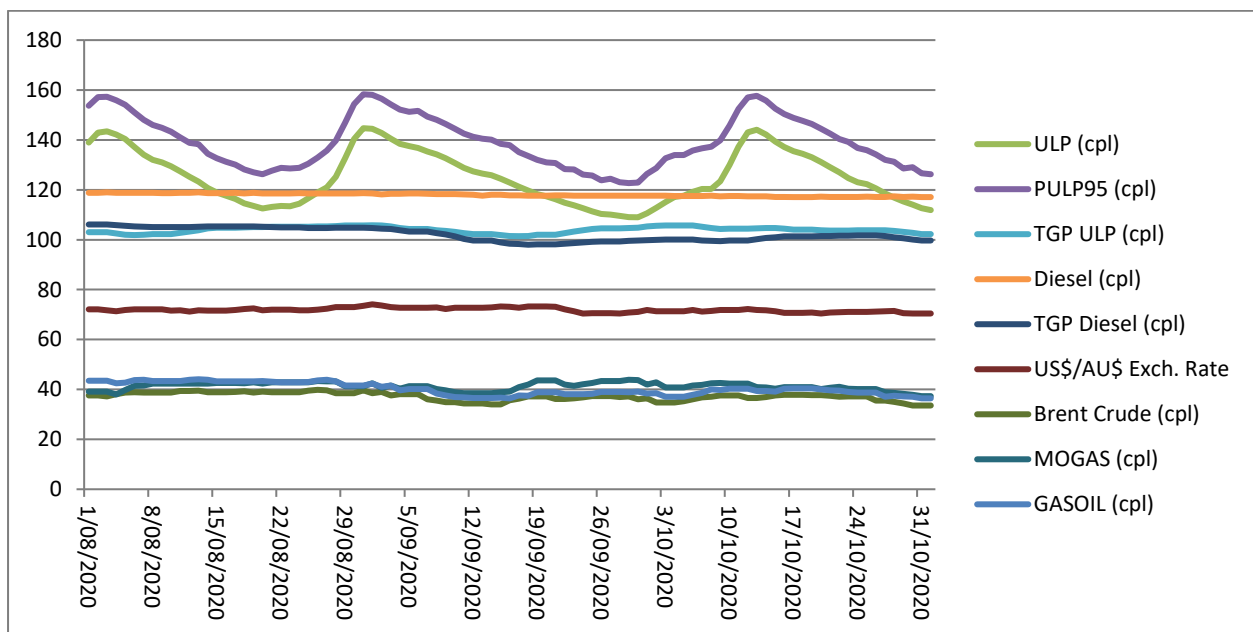
The average retail price of LPG in Brisbane in October was 80.7 cpl, largely unchanged from September (80.8 cpl). Fuel company margins and costs in October decreased by 1.0 cpl to 32.2 cpl.

The recently published Saudi CP for October, at 32.0 cpl, was 4.6 cpl higher than October (27.4 cpl). As current margins are substantially elevated compared to historic margins, this increase should not lead to a substantial increase in the average LPG price. However, fuel companies are likely to quickly pass this increase in costs on to LPG users.

Price trends

Most of a single price cycle was observed in the Brisbane ULP market in October. This price cycle started 1 October and prices peaked at 144.1 cpl on 13 October. Prices then slowly fell through the rest of October and into early November. At the time of writing the Brisbane ULP market was in the cheap phase of the cycle.

The average price of Brent in October at 57.9 A\$/bbl (41.3 US\$/bbl) or 36.4 cpl, was marginally lower than September (at 57.7 A\$/bbl or 41.8 US\$/bbl). Brent started October at 55.3 A\$/bbl (39.5 US\$/bbl). The Brent price increased in the first three weeks of October, reaching a local high point of 59.6 A\$/bbl (42.2 US\$/bbl) on 21 October. The last week and a half in October saw a fall in oil prices as a resurgence of COVID-19 and a return to lockdowns in Europe raised concerns of reduced demand. Brent ended the month at 53.4 A\$/bbl (37.6 US\$/bbl).



Comparison to other capital cities

Brisbane was the most expensive of all capital cities in October. The average ULP prices in Adelaide, Darwin, Perth, Canberra, Melbourne, Hobart and Sydney were cheaper than Brisbane by 13.4 cpl, 8.1 cpl, 7.7 cpl, 5.2 cpl, 3.5 cpl, 2.5 cpl and 1.9cpl, respectively.

For diesel, Brisbane was the third cheapest capital city in October. The average diesel prices in Adelaide and Darwin were cheaper than Brisbane by 4.1 cpl and 0.2 cpl, respectively. Sydney, Perth, Melbourne, Canberra and Hobart were more expensive than Brisbane by 0.4 cpl, 1.2 cpl, 1.3 cpl, 4.5 cpl and 15.5 cpl, respectively.

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

City	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	125.4 (1.3)	20.1 (0.4)	117.3 (-0.6)	15.7 (-0.8)
Adelaide	112.0 (-6.1)	6.4 (-7.1)	113.2 (-1.6)	11.2 (-1.7)
Canberra	120.2 (-1.0)	15.5 (-1.8)	121.8 (-0.3)	20.2 (-0.6)
Darwin	117.3 (-0.1)	7.2 (-0.8)	117.1 (-0.1)	11.3 (-0.1)
Hobart	122.9 (-0.1)	11.6 (-1.0)	132.8 (-1.4)	25.3 (-1.6)
Melbourne	121.9 (-6.5)	17.4 (-7.4)	118.6 (-0.5)	16.9 (-0.7)
Perth	117.7 (1.9)	13.1 (1.1)	118.5 (-0.6)	16.8 (-0.8)
Sydney	123.5 (3.4)	18.8 (2.6)	117.7 (-1.0)	16.1 (-1.2)

* 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 October prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to September 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	128.6 (2.7)	23.2 (1.8)	118.8 (-0.3)	17.1 (-0.5)
Brisbane North	123.0 (-2.7)	17.6 (-3.5)	116.4 (-0.6)	14.7 (-0.8)
Brisbane South	126.2 (0.8)	20.9 (-0.1)	117.8 (-0.6)	16.2 (-0.7)
Brisbane Bayside/Redlands	130.7 (2.0)	25.3 (1.1)	119.6 (-0.4)	17.9 (-0.6)
Logan	123.0 (-2.2)	17.6 (-3.1)	116.1 (-1.7)	14.5 (-1.9)
Ipswich	123.5 (1.7)	17.9 (0.8)	116.6 (-0.5)	14.6 (-0.7)
Moreton Bay	125.9 (4.1)	20.2 (3.3)	117.7 (-0.3)	15.7 (-0.5)
Gold Coast	123.2 (1.8)	17.2 (0.9)	118.3 (-0.2)	16.0 (-0.4)
Sunshine Coast	121.5 (1.2)	15.3 (0.3)	117.3 (-0.6)	14.8 (-0.8)

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

Like in August and September, the Sunshine Coast was the cheapest centre in SEQ to buy ULP in October, with an average price of 121.5 cpl. The joint second cheapest were Brisbane North and Logan, both at 123.0 cpl. Brisbane Bayside/Redlands was the most expensive area in SEQ at 130.7 cpl, 9.2 cpl dearer than the Sunshine Coast.

The average ULP price fell in Brisbane North and Logan but rose in the other SEQ centres. The changes compared to September ranged from a fall of 2.7 cpl in Brisbane North, to an increase of 4.1 cpl in Morton Bay.

Logan was the cheapest SEQ centre to buy diesel in October, at 116.1 cpl. Brisbane North was marginally more expensive than Logan at 116.4 cpl. Brisbane Bayside/Redlands was the most expensive area in SEQ to buy diesel at 119.6 cpl, 3.5 cpl dearer than Brisbane North. Average diesel prices were down in all SEQ centres.

The price difference between the cheapest and dearest diesel price in SEQ, at 3.5 cpl, was lower than ULP, for which the difference was 9.2 cpl.

Fuel prices across Queensland

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	125.4 (1.3)	20.1 (0.4)	117.3 (-0.6)	15.7 (-0.8)
Atherton	119.9 (0.0)	11.0 (-0.9)	119.8 (0.0)	14.2 (-0.2)
Beaudesert	121.8 (-1.3)	15.6 (-2.2)	117.0 (-1.2)	14.5 (-1.4)
Biloela	119.9 (0.0)	11.8 (-1.0)	121.9 (0.0)	17.6 (-0.3)
Blackwater	119.9 (0.0)	10.1 (-1.0)	125.9 (-2.0)	19.9 (-2.3)
Bowen	115.9 (-0.8)	5.9 (-1.7)	116.8 (-0.2)	11.1 (-0.3)
Bundaberg	108.6 (0.0)	-0.2 (-0.9)	115.2 (-0.9)	10.2 (-1.1)
Cairns	118.0 (-0.4)	9.9 (-1.3)	118.7 (0.0)	13.8 (-0.1)
Charters Towers	119.9 (0.0)	10.6 (-0.9)	120.8 (0.0)	15.7 (-0.1)
Childers	118.9 (0.0)	10.6 (-0.9)	119.7 (-0.2)	15.1 (-0.4)
Dalby	122.0 (-2.3)	14.7 (-3.1)	119.9 (-0.2)	16.3 (-0.4)
Emerald	133.8 (0.0)	23.3 (-1.0)	129.3 (-3.3)	22.6 (-3.6)
Gladstone	106.0 (-2.8)	-0.9 (-3.8)	114.5 (-0.4)	11.5 (-0.7)
Goondiwindi	110.5 (0.3)	1.8 (-0.5)	116.5 (-0.1)	11.5 (-0.3)
Gympie	119.6 (0.0)	12.8 (-0.9)	115.9 (-0.1)	12.7 (-0.3)
Hervey Bay	115.7 (-0.1)	7.7 (-0.9)	118.3 (1.0)	13.9 (0.8)
Ingham	118.9 (-0.8)	9.7 (-1.7)	125.1 (-0.8)	20.2 (-0.9)
Innisfail	120.9 (0.4)	11.9 (-0.6)	120.9 (0.0)	15.2 (-0.2)
Kingaroy	114.0 (-0.7)	6.7 (-1.6)	115.9 (0.0)	12.3 (-0.2)
Lockyer Valley	109.5 (-1.3)	3.2 (-2.1)	116.4 (-2.4)	13.8 (-2.6)
Longreach	132.8 (-0.1)	18.1 (-1.1)	125.7 (-1.2)	14.9 (-1.5)
Mackay	117.5 (-0.1)	10.0 (-1.1)	117.0 (-0.3)	13.6 (-0.5)
Mareeba	124.8 (0.0)	16.0 (-1.0)	119.8 (-1.0)	14.3 (-1.2)
Maryborough	109.9 (-1.1)	2.2 (-2.0)	113.0 (-0.8)	9.0 (-1.0)
Miles	107.9 (1.5)	-0.7 (0.6)	113.8 (-0.3)	8.9 (-0.4)
Moranbah	115.7 (-1.0)	6.3 (-2.0)	118.2 (-0.7)	12.9 (-0.9)
Mount Isa	142.8 (-0.1)	25.8 (-1.0)	125.3 (-1.0)	12.6 (-1.1)
Nambour	119.7 (0.8)	13.5 (-0.1)	115.1 (0.2)	12.6 (0.0)
Noosa	130.6 (3.7)	24.3 (2.8)	115.1 (-0.4)	12.5 (-0.6)
Rockhampton	114.5 (-0.3)	6.6 (-1.3)	116.0 (-0.1)	11.9 (-0.4)
Roma	117.6 (0.0)	7.6 (-0.8)	117.8 (-0.3)	11.5 (-0.5)

Somerset	114.0 (0.0)	7.7 (-0.8)	115.9 (0.0)	13.3 (-0.2)
Toowoomba	122.5 (-11.7)	16.0 (-12.6)	118.1 (0.0)	15.3 (-0.1)
Townsville	113.7 (-0.8)	5.7 (-1.7)	116.0 (-0.3)	12.2 (-0.4)
Tully	119.9 (0.1)	10.4 (-0.9)	119.7 (-0.1)	13.5 (-0.2)
Warwick	117.2 (-0.5)	10.4 (-1.3)	119.5 (0.6)	16.4 (0.4)
Whitsunday/Proserpine	108.5 (-0.5)	-0.2 (-1.5)	109.6 (-3.3)	4.9 (-3.6)
Yeppoon	119.3 (-0.5)	11.0 (-1.6)	119.7 (-0.1)	15.2 (-0.4)

* 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 average price of ULP across regional Queensland in October was 116.7 cpl, 1.7 cpl lower than September when the average price was 118.4 cpl. The average diesel price was 117.7 cpl, 0.4 cpl lower than September when the average price was 118.1 cpl.

With an average ULP price of 106.0 cpl, Gladstone was the cheapest regional centre in October, 19.4 cpl cheaper than Brisbane. Having been the cheapest for several months (May to September 2020), Miles was pushed in to second place with an average ULP price of 107.9 cpl. Most centres in regional Queensland were cheaper than Brisbane. Whitsunday/Proserpine, Bundaberg, Lockyer Valley, Maryborough, Goondiwindi, Townsville, Kingaroy, Somerset, Rockhampton, Hervey Bay, Moranbah, Bowen, Warwick, Mackay, Roma, Cairns, Childers, Ingham, Yeppoon, Gympie, Nambour, Atherton, Biloela, Blackwater, Charters Towers, Tully, Innisfail, Beaudesert, Dalby, Toowoomba and Mareeba were also cheaper than Brisbane. Only Noosa, Longreach, Emerald and Mount Isa were more expensive than Brisbane¹. At 142.8 cpl, the most expensive regional centre for ULP was Mount Isa (17.4 cpl more expensive than Brisbane).

Whitsunday/Proserpine had the cheapest diesel in Queensland in October, as it did in August and September. At 109.6 cpl, Whitsunday/Proserpine was 7.7 cpl cheaper than Brisbane. Maryborough, Miles, Gladstone, Nambour, Noosa, Bundaberg, Gympie, Kingaroy, Somerset, Rockhampton, Townsville, Lockyer Valley, Goondiwindi, Bowen, Beaudesert and Mackay were also cheaper than Brisbane. Emerald¹ was the most expensive regional centre for diesel at 129.3 cpl, 12.0 cpl higher than Brisbane. Blackwater was the second most expensive centre to buy diesel (125.9 cpl).

Out 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 0.9 cpl, was charged in Gladstone, 21.0 cpl lower than Brisbane. The highest margins were observed in Mount Isa at 25.8 cpl, 5.7 cpl higher than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 30 out of 37 regional centres. At 4.9 cpl, the lowest diesel indicative retail margin was observed in Whitsunday/Proserpine, 10.8 cpl lower than Brisbane. Emerald had the highest indicative retail margin (22.6 cpl), 6.9 cpl greater than Brisbane.

Outlook

The oil price strengthened in the first half of October, only to fall in the final weeks of October. Concerns over a resurgence in COVID-19 and the associated drop in demand for oil led to the recent falls.

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.

It is difficult to predict where oil prices will go from here. However, many countries (especially in Europe and the USA) are failing 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 is likely to lead to another substantial fall in demand of oil.

Signs of disagreement are emerging in the OPEC+ oil producer cartel, with the three largest producers after Saudi Arabia appearing to be unwilling to extend the current massive production cut. Any increase in production would place a further downward pressure on prices already suffering from weak and falling demand due to the COVID-19 restrictions.

In the coming month it is looking likely that the underlying fundamentals of a reduction in demand and a possible increase in supply will lead to a fall in prices. Oil prices are likely to trend down, with Brent falling into the 30 US\$/bbl price range. While another substantial price fall is possible, it is unlikely as oil producers are more actively managing supply.

The next monthly fuel price report will be released in early December 2020.

Data sources

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