

Monthly Fuel Price Report - September 2019



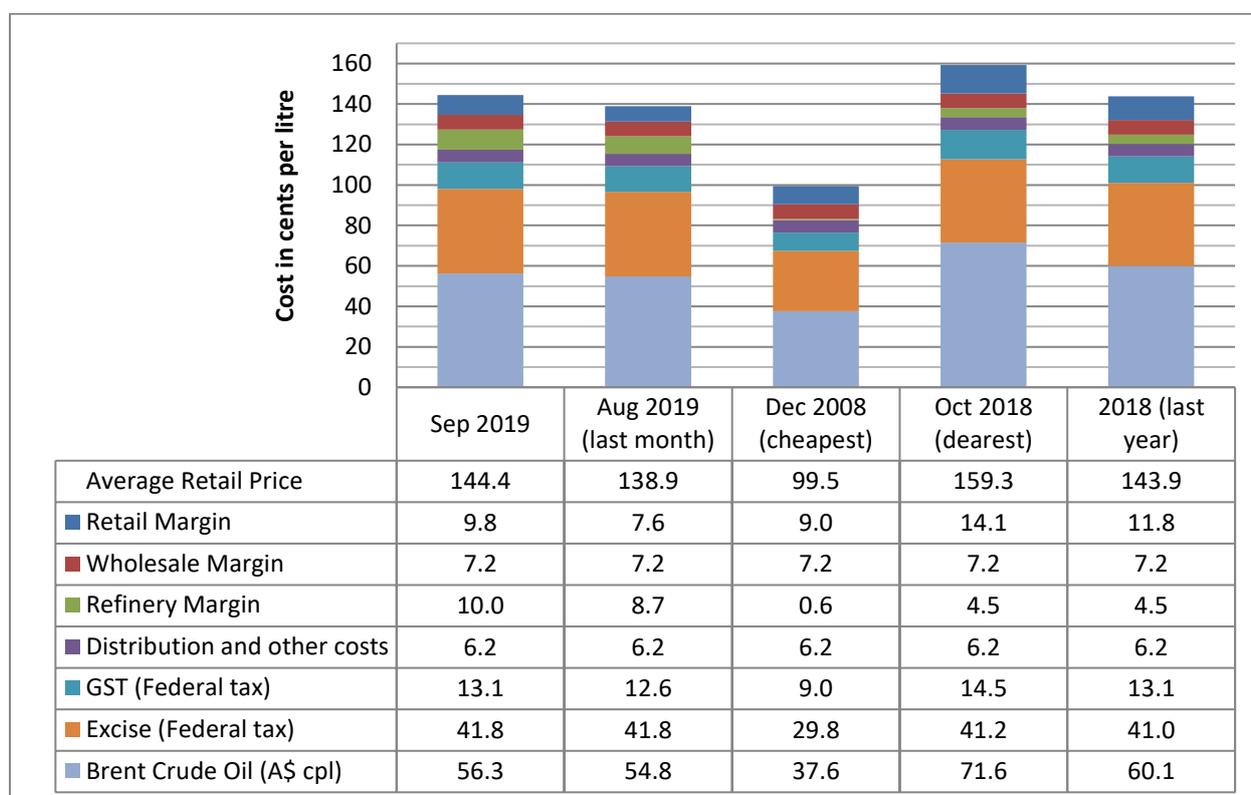
3 October 2019

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

Key points

- At 144.4 cpl, the average ULP price in Brisbane in September was 5.5 cpl higher than August.
- This increase in the retail price was partly due an increase in fuel company margins. Indicative retail ULP margins in Brisbane were up by 2.2 cpl from August, indicative refinery ULP margins were up by 1.3 cpl.
- Brisbane was the second cheapest of the large capital cities in September. Of the large five, only Perth, at 141.2 cpl, was cheaper than Brisbane.
- At 145.9 cpl, the average Brisbane diesel price in September was 0.6 cpl higher than August.
- Brisbane was the cheapest capital city for diesel. Darwin, Melbourne, Perth and Adelaide were dearer than Brisbane by 0.3 cpl, 0.3 cpl, 0.7 cpl and 0.9 cpl, respectively.
- The average ULP price in regional Queensland in September was 139.7 cpl, 1.5 cpl higher than August. The average diesel price in regional Queensland was up 0.6 cpl, at 146.6 cpl.
- Indicative retail margins, on ULP and diesel, decreased in most (but not all) centres in regional Queensland.

ULP cost breakdown in Brisbane



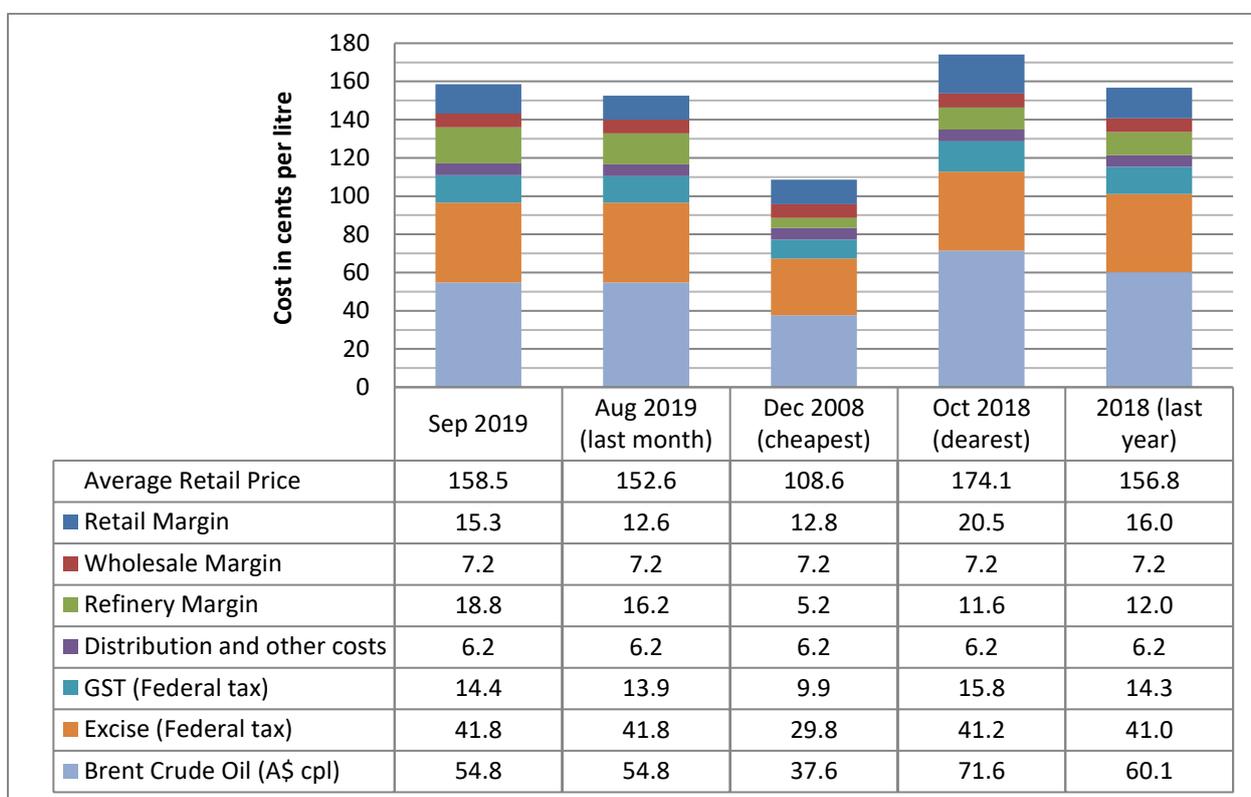
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for September. 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 144.4 cpl the average price of ULP in Brisbane in September was 5.5 cpl higher than the August average. Indicative retail margins, at 9.8 cpl, were 2.2 cpl higher than August. Indicative ULP refinery margins, at 10.0 cpl, were 1.3 cpl higher than August. Total margins (retail, wholesale and refinery) at 27.0 cpl, were 3.5 cpl higher than August, when they were 23.5 cpl.

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 September. 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.

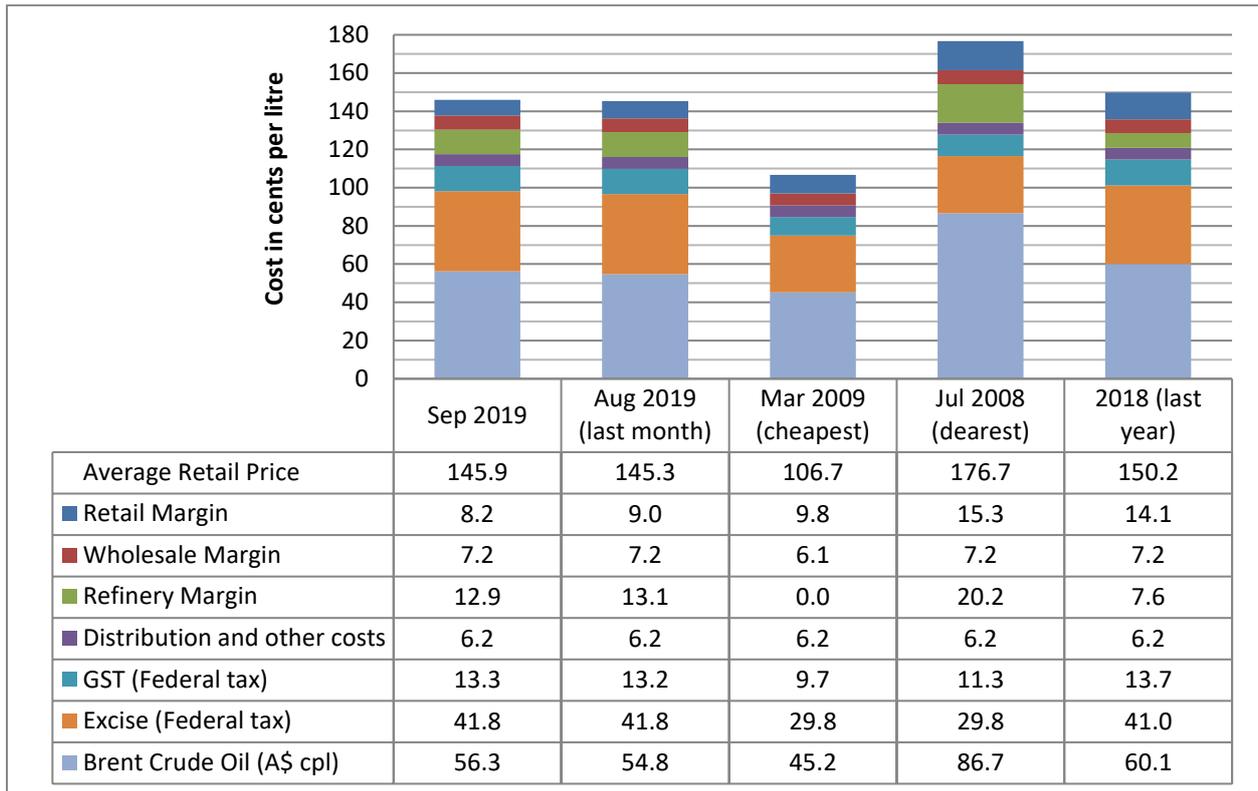


Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The average PULP 95 price in Brisbane in September was 158.5 cpl, 5.9 cpl higher than August. The price difference between ULP and PULP 95 was 14.1 cpl, 0.4 cpl wider than in August. Indicative retail margins for PULP 95, at 15.3 cpl, were 2.7 cpl higher than August. Refinery margins at 18.8 cpl, were 2.6 cpl higher than August. Total margins, at 41.3 cpl were 5.3 cpl higher than August when they were 36.0 cpl.

Diesel cost breakdown in Brisbane

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



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

The average price of diesel in September, at 145.9 cpl, was 0.6 cpl higher than August. Indicative retail margins, at 8.2 cpl, were down by 0.8 cpl and refinery margins were down by 0.2 cpl at 12.9 cpl. Total margins (retail, wholesale and refinery) in September at 28.3 cpl, were 1.0 cpl lower than the those in August (29.3 cpl).

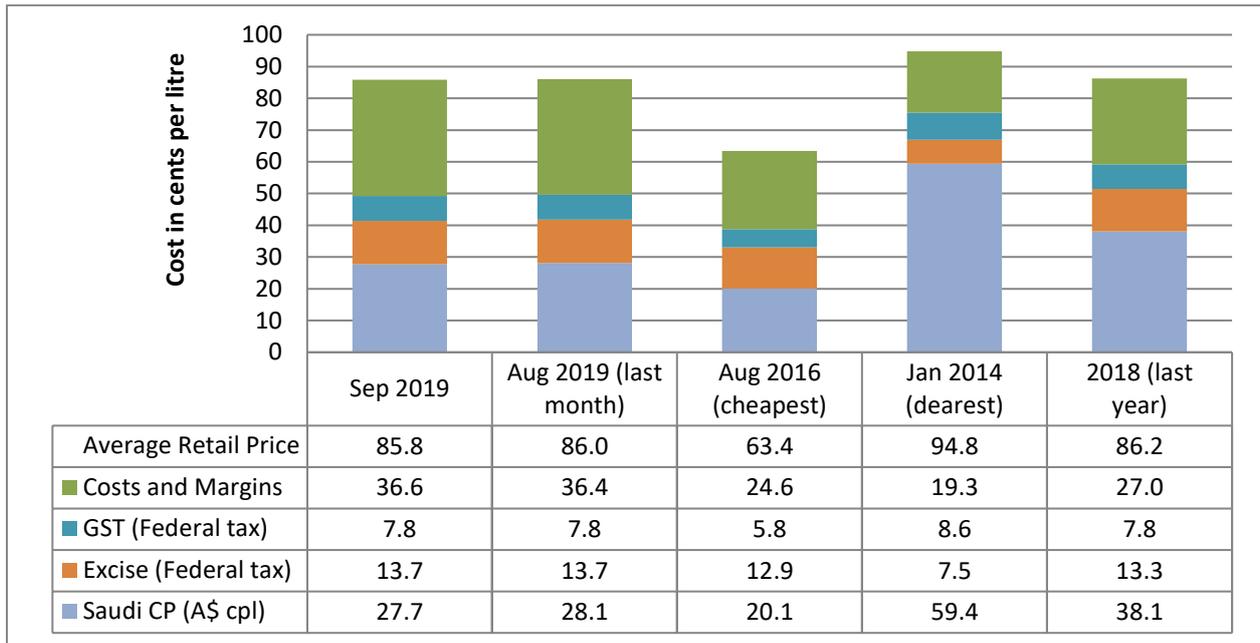
Liquid Petroleum Gas (LPG)

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 September was 85.8 cpl, 0.2 cpl lower than August. In recent months larger falls in the Saudi CP have been observed, which fuel companies have used to bolster margins rather than passing the savings on to motorists. Fuel company margins and costs in September, at 36.6 cpl, were 9.6 cpl higher than the average for 2018.

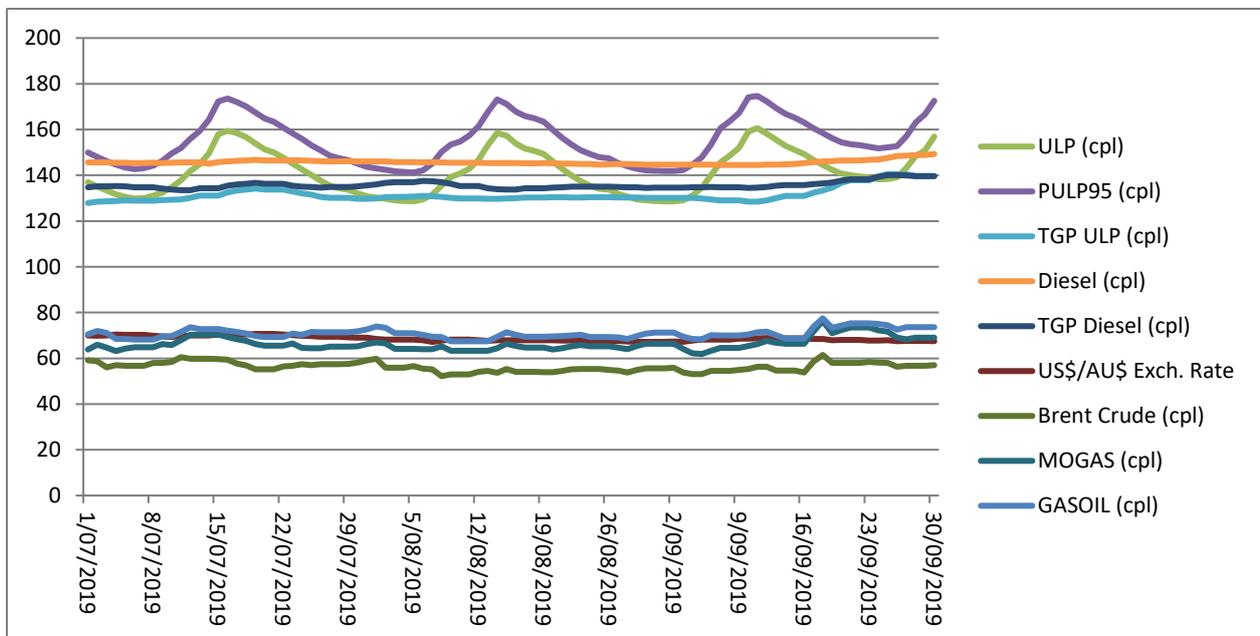
The recently published Saudi CP for October at 32.9 cpl, was 5.2 cpl higher than September. As fuel company margins on LPG are substantial higher than historic margins, fuel companies should be able to absorb this increase in the Saudi CP without increasing retail prices. However, history suggests that the fuel companies will pass this increase in the Saudi CP on to motorists in higher retail prices.

The chart below shows the cost breakdown for a litre of LPG sold in Brisbane for September. 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.



Price trends

One complete and one partial price cycle was observed in the Brisbane ULP market in September. The complete cycle started on 3 September and prices peaked on 11 September. Average ULP prices then fell steadily until they reached a low point on 24 September, at which point prices started to rise again indicating the start of the incomplete price cycle. At the time of writing the Brisbane ULP market was in the expensive phase of the cycle.



Like August, the September price hike was unusually long. Prior to 2019 the Brisbane ULP market took six days to move from the lowest to highest price, the September price hike took nine for all retailers to hike their prices. This 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. This is likely to be a result of the Queensland Government's mandatory fuel price reporting programme.

The average price of Brent in September at 89.5 A\$/bbl (60.69 US\$/bbl) or 56.3 cpl, was 2.3 A\$/bbl lower than August. Brent started September at 88.9 A\$/bbl (58.8 US\$/bbl). Brent stayed below 90 A\$/bbl until 16 September. In the aftermath of the drone strikes on a Saudi Arabian oil process plant, the daily average Brent price spiked to 97.7 A\$/bbl (66.9 US\$/bbl). However, oil prices quickly fell and by the end of September oil prices were close to their pre-attack levels. Brent ended the month at 90.5 A\$/bbl (60.0 US\$/bbl), up 1.0 A\$/bbl or 1.1cpl over the month.

Despite the fall in oil price in late September, the Singapore MOGAS price and local TGPs have remained elevated since the attack on Saudi Arabia.

Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane	144.4 (5.5)	9.8 (2.2)	145.9 (0.6)	8.2 (-0.8)
Adelaide	148.8 (8.0)	14.6 (4.8)	146.8 (-0.5)	9.2 (-1.7)
Canberra	143.3 (1.7)	10.0 (-1.5)	152.5 (0.4)	15.2 (-0.9)
Darwin	139.7 (0.9)	0.9 (-2.3)	146.2 (-0.7)	4.8 (-2.0)
Hobart	151.8 (0.8)	11.8 (-2.3)	159.3 (0.3)	16.1 (-0.9)
Melbourne	146.0 (6.3)	12.5 (3.1)	146.2 (0.4)	8.9 (-0.9)
Perth	141.2 (2.4)	7.6 (-0.8)	146.6 (-0.2)	9.2 (-1.4)
Sydney	144.6 (5.0)	11.3 (1.8)	147.5 (0.4)	10.1 (-1.0)

* 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 fourth cheapest capital city in September, and the second cheapest of the five large capitals. The average ULP prices in Darwin, Perth and Canberra were cheaper than Brisbane by 4.7 cpl, 3.2 cpl and 1.1 cpl, respectively. Sydney, Melbourne, Adelaide and Hobart were 0.2 cpl, 1.6 cpl, 4.4 cpl and 7.4 cpl dearer, respectively dearer than Brisbane.

At 145.9 cpl, Brisbane Diesel was cheaper than all the other capitals. Brisbane was cheaper than Darwin, Melbourne, Perth and Adelaide by 0.3 cpl, 0.3 cpl, 0.7 cpl and 0.9 cpl, respectively.

Comparison of the SEQ metropolitan centres

The cheapest centre in SEQ to buy ULP was Gold Coast, with an average price of 140.5 cpl, followed by Ipswich at 141.2 cpl. Central Brisbane was the most expensive area in SEQ at 147.9 cpl, 7.4 cpl dearer than the Gold Coast.

Logan was the cheapest SEQ centre to buy diesel with an average price of 145.0 cpl, closely followed by Ipswich at 145.2 cpl. Like ULP, Central Brisbane was the most expensive at 148.3 cpl, 3.3 cpl dearer than Logan.

The table below presents the average September prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to August 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	147.9 (7.1)	13.3 (3.8)	148.3 (0.2)	10.6 (-1.1)
Brisbane North	146.9 (7.9)	12.3 (4.6)	145.3 (1.0)	7.6 (-0.3)
Brisbane South	142.3 (5.2)	7.7 (1.9)	145.3 (0.6)	7.6 (-0.8)
Brisbane Bayside/ Redlands	142.5 (2.0)	8.0 (-1.3)	146.7 (-0.4)	9.0 (-1.8)
Logan	144.2 (4.5)	9.6 (1.2)	145.0 (0.6)	7.4 (-0.7)
Ipswich	141.2 (5.2)	6.3 (1.9)	145.2 (0.4)	7.2 (-0.9)
Moreton Bay	144.0 (4.7)	9.0 (1.4)	145.5 (0.7)	7.5 (-0.6)
Gold Coast	140.5 (3.7)	5.2 (0.4)	145.3 (0.3)	7.0 (-1.0)
Sunshine Coast	145.4 (5.2)	10.0 (1.9)	146.3 (1.0)	7.8 (-0.3)

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

ULP prices in all SEQ centres were higher than those observed in August. Average ULP prices across SEQ were 2 cpl to 8 cpl higher than August. Diesel prices in most centres in September were largely unchanged from August.

Fuel prices across Queensland

The average price of ULP across regional Queensland in September was 139.7 cpl, 1.5 cpl higher than August when the average price was 138.2 cpl. The average diesel price was 146.6 cpl, 0.6 cpl higher than August when the average price was 146.0 cpl.

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	144.4 (5.5)	9.8 (2.2)	145.9 (0.6)	8.2 (-0.8)
Atherton	143.9 (-0.1)	5.0 (-3.5)	149.7 (0.0)	8.4 (-1.4)
Beaudesert	146.0 (-2.3)	10.6 (-5.6)	149.7 (-0.3)	11.2 (-1.7)
Biloela	149.7 (0.0)	11.9 (-3.3)	153.1 (0.0)	12.6 (-1.2)
Blackwater	159.9 (0.0)	20.3 (-3.3)	150.3 (0.7)	8.1 (-0.5)
Bowen	141.9 (1.1)	1.8 (-2.3)	147.7 (0.0)	6.1 (-1.4)
Bundaberg	136.1 (2.7)	-1.9 (-0.6)	142.4 (1.0)	1.3 (-0.3)
Cairns	139.5 (1.2)	1.4 (-2.2)	148.0 (0.5)	7.4 (-0.9)
Charters Towers	145.5 (0.8)	6.0 (-2.6)	150.2 (0.4)	9.2 (-0.9)
Childers	143.7 (0.2)	6.2 (-3.1)	146.3 (0.1)	5.7 (-1.3)
Dalby	138.9 (3.1)	2.4 (-0.2)	146.9 (-0.4)	7.3 (-1.8)
Emerald	149.9 (0.0)	9.6 (-3.3)	149.6 (0.2)	6.7 (-1.0)
Gladstone	135.4 (-0.7)	-1.3 (-4.1)	142.9 (-0.6)	3.5 (-1.8)
Goondiwindi	134.2 (2.4)	-3.7 (-0.9)	144.9 (2.1)	3.9 (0.7)
Gympie	136.8 (4.6)	0.7 (1.3)	144.9 (0.6)	5.8 (-0.8)

Hervey Bay	142.0 (1.2)	4.7 (-2.1)	149.4 (0.1)	9.0 (-1.2)
Ingham	148.2 (0.5)	9.0 (-2.9)	150.1 (0.4)	9.3 (-0.9)
Innisfail	140.2 (2.7)	1.2 (-0.8)	149.5 (0.3)	8.1 (-1.2)
Kingaroy	141.2 (1.3)	4.7 (-2.1)	143.3 (0.9)	3.7 (-0.5)
Lockyer Valley	141.2 (3.0)	5.6 (-0.3)	147.2 (-0.3)	8.5 (-1.6)
Longreach	155.1 (1.7)	10.6 (-1.6)	155.9 (0.9)	8.7 (-0.3)
Mackay	139.2 (-0.8)	1.6 (-4.1)	147.8 (0.1)	8.2 (-1.1)
Mareeba	145.7 (0.9)	6.9 (-2.6)	151.9 (0.3)	10.8 (-1.2)
Maryborough	138.6 (0.9)	1.6 (-2.4)	143.0 (2.5)	3.0 (1.2)
Miles	135.1 (1.6)	-2.7 (-1.8)	139.3 (1.1)	-1.5 (-0.2)
Moranbah	138.9 (0.1)	-0.7 (-3.2)	146.1 (1.3)	4.6 (0.1)
Mount Isa	148.7 (0.4)	1.5 (-3.0)	148.4 (0.5)	-0.3 (-0.9)
Nambour	144.7 (7.5)	9.3 (4.2)	145.5 (0.5)	7.0 (-0.8)
Noosa	147.8 (4.5)	12.3 (1.2)	144.2 (1.0)	5.6 (-0.3)
Rockhampton	141.0 (-0.8)	3.2 (-4.1)	145.3 (1.0)	5.0 (-0.2)
Roma	134.4 (2.1)	-4.8 (-1.2)	143.0 (1.7)	0.7 (0.4)
Somerset	141.4 (0.5)	5.8 (-2.9)	143.6 (1.4)	4.9 (0.1)
Toowoomba	138.8 (4.9)	3.1 (1.6)	145.1 (1.0)	6.3 (-0.3)
Townsville	137.7 (2.1)	-0.5 (-1.3)	147.8 (0.7)	8.1 (-0.6)
Tully	142.9 (-0.8)	3.5 (-4.2)	149.8 (0.0)	7.9 (-1.4)
Warwick	134.6 (2.3)	-1.4 (-1.0)	143.5 (1.5)	4.4 (0.1)
Whitsunday	133.4 (2.5)	-5.5 (-0.8)	141.4 (0.0)	0.6 (-1.2)
Yeppoon	137.6 (2.6)	-0.5 (-0.7)	143.5 (2.0)	2.7 (0.7)

* 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.

With an average ULP price of 133.4 cpl, Whitsunday was the cheapest Queensland regional centre to buy ULP in September, as it was in August. Whitsunday was 11.0 cpl cheaper than Brisbane.

Goondiwindi was the second cheapest at 134.2 cpl, 0.8 cpl dearer than Whitsunday, and 10.2 cpl cheaper than Brisbane. Roma, Warwick, Miles, Gladstone, Bundaberg, Gympie, Yeppoon, Townsville, Maryborough, Toowoomba, Dalby, Moranbah, Mackay, Cairns, Innisfail, Rockhampton, Kingaroy, Lockyer Valley, Somerset, Bowen, Hervey Bay, Tully, Childers and Atherton were also cheaper than Brisbane. The most expensive regional centres for ULP was Blackwater¹. With an average ULP price of 159.9 cpl, Blackwater was 15.5 cpl more expensive than Brisbane.

Miles had the cheapest diesel in Queensland at 139.3 cpl, 6.6 cpl cheaper than Brisbane. Whitsunday, Bundaberg, Gladstone, Maryborough, Roma, Kingaroy, Warwick, Yeppoon, Somerset, Noosa, Goondiwindi, Gympie, Toowoomba, Rockhampton and Nambour were also cheaper than Brisbane. Longreach was the most expensive regional centre for diesel at 155.9 cpl¹, 10.0 cpl higher than Brisbane.

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 Whitsunday (negative 5.5 cpl), 15.3 cpl lower than Brisbane, and the highest margins were observed in Blackwater (20.3 cpl), 10.5 cpl higher than Brisbane.

¹ 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.

Diesel indicative retail margins were lower than Brisbane in 27 out of 37 regional centres. The lowest diesel indicative retail margin was observed in Miles (negative 1.5 cpl), 9.7 cpl lower than Brisbane. Biloela had the highest indicative retail margin (12.6 cpl), 4.4 cpl greater than Brisbane.

Outlook

The drone and missile attack on a Saudi Arabian oil processing facility was the most prominent news story about oil production in September. However, the impact on oil prices was relatively small and short-lived. The attack caused an immediate reaction in oil markets, with the daily average oil price spiking at 66.9 US\$/bbl on 16 September. However, Saudi Arabia quickly restored the lost production and within a week oil prices had fallen and were close to their pre-attack levels.

While the attack on the Saudi Arabia oil facility caused a brief increase in the oil price, it has had no long-term impact on oil supply or oil prices. Factors constraining oil supply and those reducing demand were evenly balanced throughout the rest of September, leading to a relatively stable oil price.

Unless there is a further escalation in conflict or political instability in the Middle East, it is most likely that supply-side restrictions and demand-side weakness would balance out in October, leading to a Brent oil price sitting close to 60 US\$/bbl.

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

Data sources

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