

Monthly Fuel Price Report – September 2020



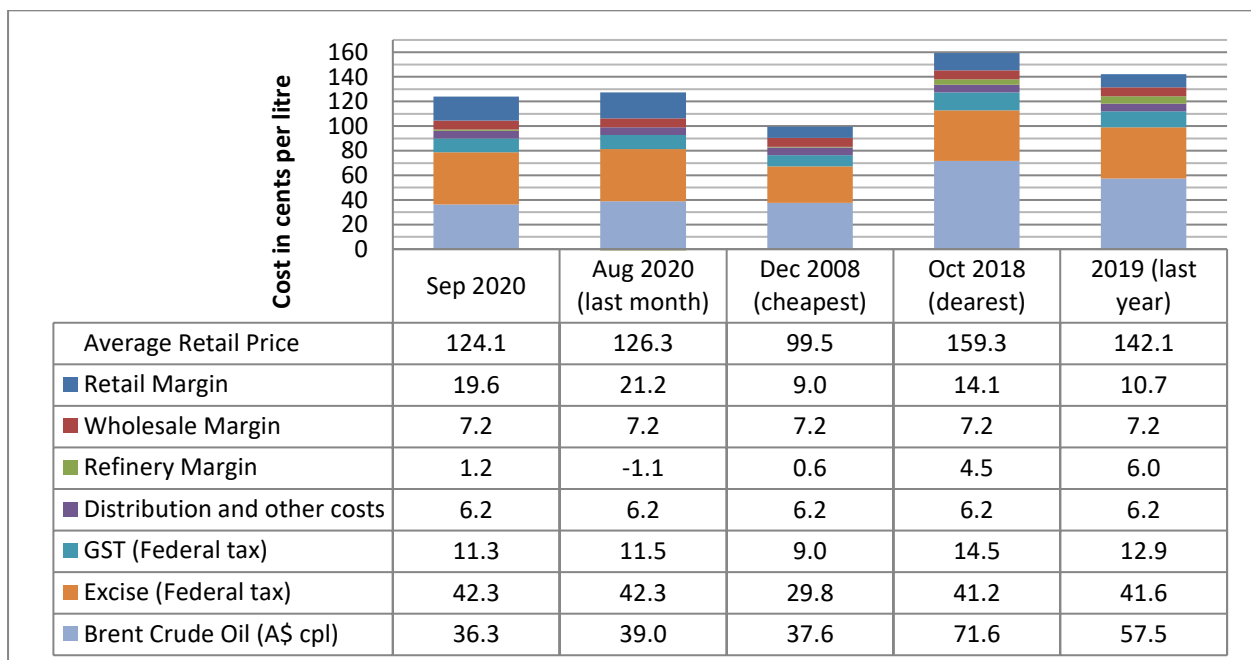
2 October 2020

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

Key points

- At 19.6 cpl, indicative ULP retail margins in Brisbane in September retreated from the all-time record high of 21.2 cpl observed in August. However, margins remained exceptionally high.
- At 124.1 cpl, the average ULP price in Brisbane in September was 2.2 cpl lower than August.
- Brisbane was the second most expensive Australian capital city in which to buy ULP, only (COVID locked down) Melbourne was more expensive.
- At 118.0 cpl, the average Brisbane diesel price in September was 0.7 cpl cheaper than August.
- Brisbane was the third cheapest capital city for diesel. Adelaide and Darwin were cheaper than Brisbane by 3.2 cpl and 0.7 cpl, respectively.
- ULP prices in regional Queensland in September were cheap compared to SEQ. Indicative retail margins on ULP were lower than those charged in Brisbane in 33 out of 37 regional centres and 32 out of 37 for diesel.
- The average ULP price in regional Queensland was 118.4 cpl, 0.6 cpl higher than August. The average diesel price in regional Queensland was down 0.5 cpl, at 118.1 cpl.
- Miles was the cheapest Queensland regional centre to buy ULP in September (as it was in May, June, July and August), with an average price of 106.4 cpl, 17.7 cpl cheaper than Brisbane.
- Whitsunday/Proserpine was the cheapest Queensland regional centre to buy diesel (as it was in August), with an average price of 112.9 cpl, 5.1 cpl cheaper than Brisbane.
- Mount Isa was the most expensive regional centre to buy ULP in September, with an average price of 142.9 cpl. Emerald had the most expensive diesel at 132.6 cpl.

ULP cost breakdown in Brisbane

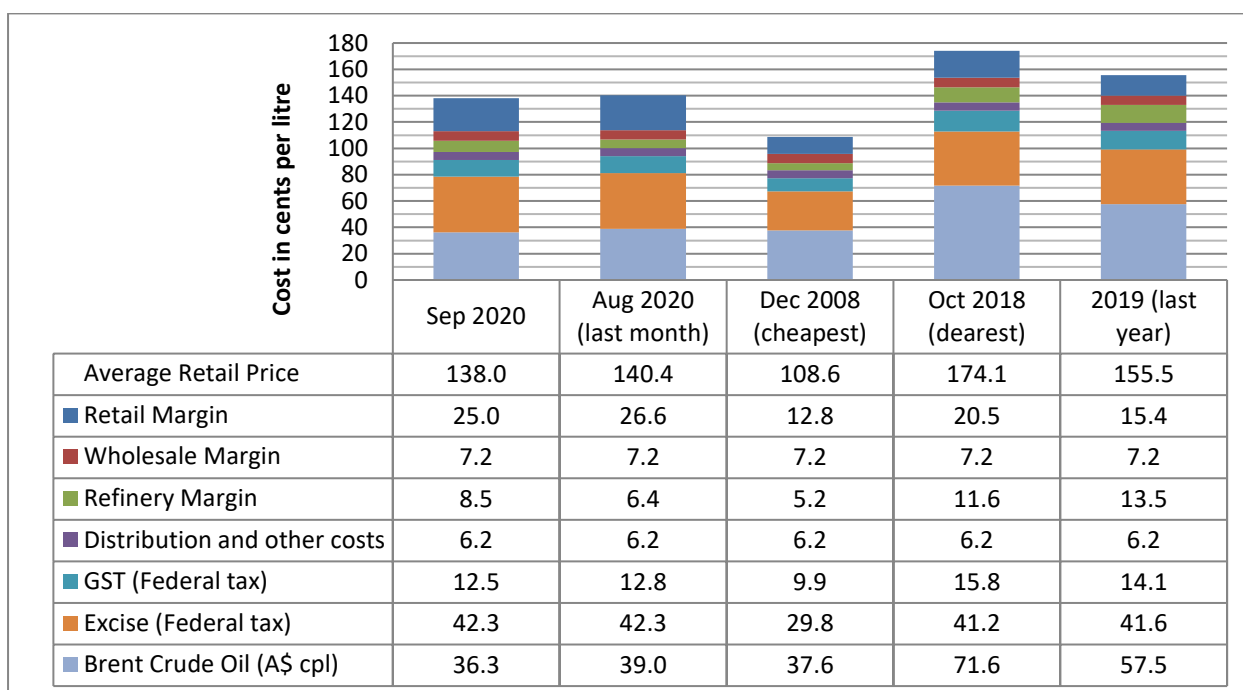


Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

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 124.1 cpl, the average price of ULP in Brisbane in September was 2.2 cpl lower than August. The monthly average indicative retail margin for September was 1.6 cpl lower, at 19.6 cpl. At 1.2 cpl, the average indicative refinery margin was up by 2.3 cpl. Total margins (retail, wholesale and refinery) at 28.0 cpl, were 0.7 cpl higher than August, and 4.1 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 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.

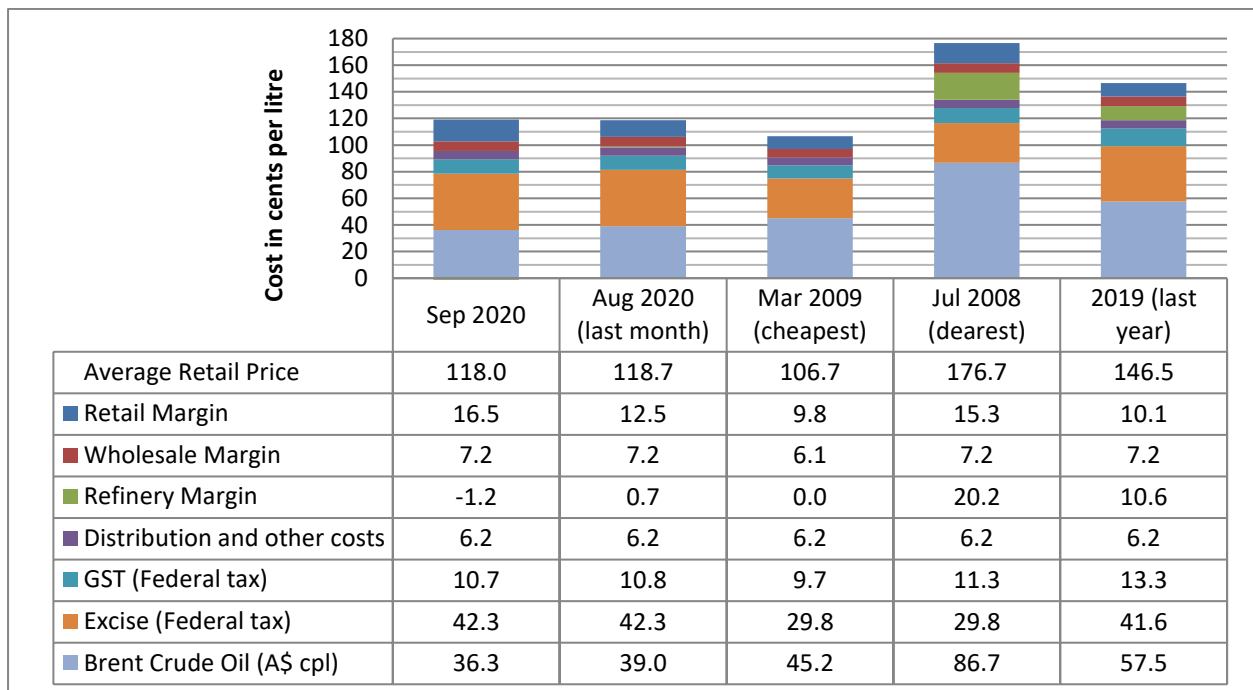
The average PULP 95 price in Brisbane in September was 138.0 cpl, 2.4 cpl lower than August. The price difference between ULP and PULP 95 was 13.9 cpl, marginally slimmer than August, when the difference was 14.1 cpl. Indicative retail margins for PULP 95, at 25.0 cpl, were 1.6 cpl lower than August, but 9.6 cpl higher than the average for 2019. Refinery margins at 8.5 cpl, were 2.1 cpl higher than August. Total margins, at 40.7 cpl were 0.6 cpl higher than August, when they were 40.1 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 July 2008 – the most expensive month observed in recent years (since 2008), is also displayed.

The average price of diesel in September, at 118.0 cpl, was 0.7 cpl lower than August. Indicative retail margins at 16.5 cpl, were up by 4.0 cpl, and refinery margins decreased by 1.9 cpl to negative 1.2 cpl.

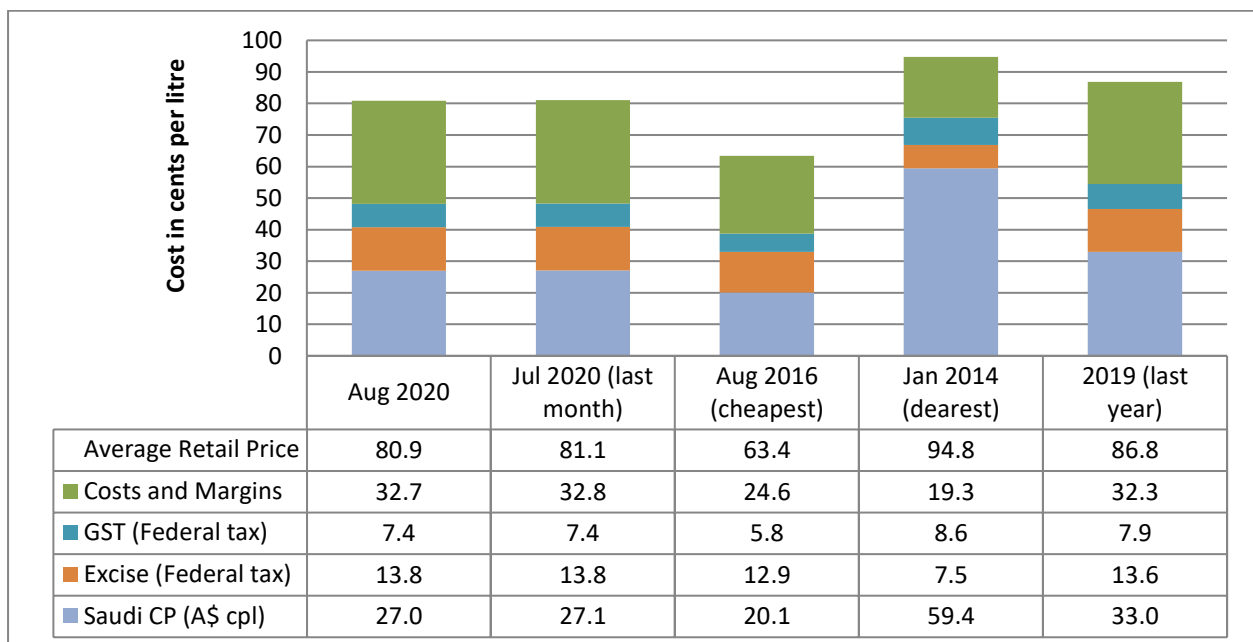
Total margins (retail, wholesale and refinery) in September were 22.5 cpl, were 2.1 cpl higher than August, when they were 20.4 cpl.



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 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.

The average retail price of LPG in Brisbane in September was 80.9 cpl, largely unchanged from August (81.1 cpl). Fuel company margins and costs in September increased by 0.5 cpl to 33.2 cpl.

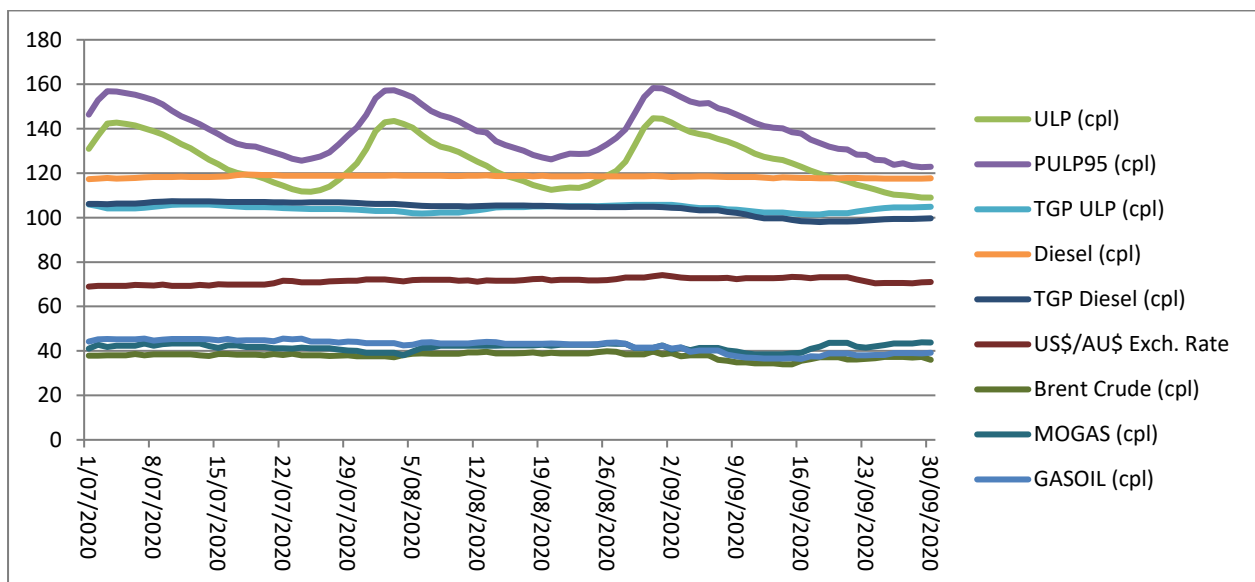
The recently published Saudi CP for October, at 27.4 cpl, was 0.9 cpl higher than September (26.5 cpl). This increase should not lead to a substantial increase in the average LPG price.

Price trends

Most of a single price cycle was observed in the Brisbane ULP market in September. This price cycle started on 21 August and prices peaked at 144.7 cpl on 31 August. Prices then slowly fell throughout September to a low point of 109.0 cpl on 30 September. Prices started to rise on 1 October. At the time of writing the Brisbane ULP market was in the early stages of a price hike.

The average price of Brent in August at 57.7 A\$/bbl (41.8 US\$/bbl) or 36.3 cpl, was 4.3 A\$/bbl lower than August (at 62.0 A\$/bbl or 44.6 US\$/bbl). Brent started September at 61.6 A\$/bbl (46.4 US\$/bbl). The Brent price fell in the first half of August, reaching a local low point of 54.0 A\$/bbl (39.6 US\$/bbl) on 15 September. The second half of September saw moderately turbulent oil prices, Brent strengthened in week 3 before falling in the final week of September. Brent ended the month at 57.2 A\$/bbl (40.7 US\$/bbl).

The Australian dollar hit a two-year high of 74.12 US cents on 1 September. The Australian dollar was last this strong August 2018. The Australian dollar weakened in September and ended the month buying 71.08 US cents.



Comparison to other capital cities

Brisbane was the second most expensive of all capital cities in September, only (COVID locked down) Melbourne was more expensive. The average ULP prices in Perth, Darwin, Adelaide, Sydney, Canberra and Hobart were cheaper than Brisbane by 8.3 cpl, 6.7 cpl, 6.0 cpl, 4.0 cpl, 2.9 and 1.1 cpl, respectively. Melbourne was 4.2 cpl more expensive than Brisbane.

For diesel, Brisbane was the third cheapest capital city in September. The average diesel prices in Adelaide and Darwin were cheaper than Brisbane by 3.2 cpl and 0.7 cpl, respectively. Sydney, Melbourne, Perth, Canberra and Hobart were more expensive than Brisbane by 0.6 cpl, 1.1 cpl, 1.1 cpl, 4.1 cpl and 16.2 cpl, respectively.

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)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	124.1 (-2.2)	19.6 (-1.5)	118.0 (-0.7)	16.5 (4.0)
Adelaide	118.1 (-1.9)	13.6 (-1.6)	114.8 (-4.1)	13.0 (0.5)
Canberra	121.2 (-0.5)	17.3 (0.0)	122.1 (-0.4)	20.8 (4.3)
Darwin	117.4 (-0.7)	8.1 (0.0)	117.3 (-0.1)	11.5 (4.7)
Hobart	123.0 (0.0)	12.5 (0.7)	134.2 (-1.1)	26.9 (3.7)
Melbourne	128.3 (5.3)	24.7 (5.9)	119.1 (-0.2)	17.6 (4.5)
Perth	115.8 (-1.0)	12.0 (-0.4)	119.1 (-0.7)	17.6 (4.0)
Sydney	120.1 (-0.1)	16.2 (0.5)	118.6 (-0.7)	17.3 (4.0)

* 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.

Comparison of the SEQ metropolitan centres

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)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Central Brisbane	125.9 (-2.0)	21.4 (-1.3)	119.1 (-1.3)	17.6 (3.4)
Brisbane North	125.7 (0.1)	21.2 (0.8)	117.0 (-0.8)	15.5 (3.9)
Brisbane South	125.4 (1.2)	20.9 (1.9)	118.4 (-0.5)	16.9 (4.3)
Brisbane Bayside/Redlands	128.7 (-4.7)	24.2 (-4.1)	120.0 (-0.3)	18.5 (4.5)
Logan	125.2 (-0.3)	20.7 (0.4)	117.9 (-0.7)	16.4 (4.1)
Ipswich	121.8 (-1.6)	17.0 (-0.9)	117.1 (-0.7)	15.3 (4.1)
Moreton Bay	121.8 (-3.9)	17.0 (-3.3)	118.0 (-0.8)	16.2 (4.0)
Gold Coast	121.4 (-2.3)	16.2 (-1.7)	118.5 (0.0)	16.4 (4.8)
Sunshine Coast	120.3 (-1.9)	15.0 (-1.2)	117.9 (-0.9)	15.6 (3.9)

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

Like in August, the Sunshine Coast was the cheapest centre in SEQ to buy ULP in September, with an average price of 120.3 cpl. The second cheapest was the Gold Coast at 121.4 cpl. Brisbane Bayside/Redlands was the most expensive area in SEQ at 128.7 cpl, 8.4 cpl dearer than the Sunshine Coast.

The average ULP price fell in most SEQ centres but rose in Brisbane North and Brisbane South. The changes compared to August ranged from a fall of 4.7 cpl in Brisbane Bayside/Redlands, to an increase of 1.2 cpl in Brisbane South.

Brisbane North retained its position as the cheapest SEQ centre to buy diesel in September (as it was in August), at 117.0 cpl. Ipswich was marginally more expensive than Brisbane North at 117.1 cpl. Brisbane Bayside/Redlands was the most expensive area in SEQ to buy diesel at 120.0 cpl, 3.0 cpl dearer than Brisbane North.

The price difference between the cheapest and dearest diesel price in SEQ, at 3.0 cpl, was lower than ULP, for which the difference was 8.4 cpl. Diesel prices in SEQ in September were slightly lower than those observed in August.

Fuel prices across Queensland

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	124.1 (-2.2)	19.6 (-1.5)	118.0 (-0.7)	16.5 (4.0)
Atherton	119.9 (0.0)	12.0 (0.7)	119.9 (0.0)	14.4 (4.8)
Beaudesert	123.2 (-1.7)	17.8 (-1.0)	118.2 (-2.0)	15.9 (2.8)
Biloela	119.9 (0.0)	12.9 (0.7)	121.9 (0.0)	17.9 (4.8)
Blackwater	119.9 (0.0)	11.1 (0.7)	127.9 (-1.0)	22.2 (3.8)
Bowen	116.7 (-3.2)	7.6 (-2.5)	117.0 (-0.8)	11.4 (4.0)
Bundaberg	108.6 (-0.2)	0.7 (0.4)	116.2 (-0.9)	11.3 (3.9)
Cairns	118.4 (-0.5)	11.2 (0.3)	118.7 (-0.7)	14.0 (4.2)
Charters Towers	119.9 (0.0)	11.5 (0.7)	120.8 (-0.4)	15.8 (4.3)
Childers	118.9 (0.0)	11.5 (0.7)	119.9 (0.0)	15.5 (4.8)
Dalby	124.2 (3.6)	17.8 (4.3)	120.1 (-0.3)	16.7 (4.5)
Emerald	133.8 (0.0)	24.3 (0.7)	132.6 (-0.9)	26.2 (3.8)
Gladstone	108.8 (-1.7)	2.9 (-1.0)	115.0 (-0.7)	12.2 (4.0)
Goondiwindi	110.2 (0.4)	2.4 (1.0)	116.7 (1.6)	11.9 (6.4)
Gympie	119.6 (-0.1)	13.7 (0.5)	116.0 (-0.1)	13.0 (4.6)
Hervey Bay	115.8 (-0.1)	8.6 (0.6)	117.3 (-0.2)	13.1 (4.6)
Ingham	119.7 (-0.1)	11.5 (0.6)	125.9 (-0.7)	21.1 (4.0)
Innisfail	120.5 (0.6)	12.5 (1.4)	120.9 (0.0)	15.4 (4.8)
Kingaroy	114.7 (0.9)	8.3 (1.6)	115.9 (0.0)	12.5 (4.7)
Lockyer Valley	110.8 (-5.6)	5.4 (-4.9)	118.8 (-0.9)	16.4 (3.8)
Longreach	132.8 (0.5)	19.2 (1.1)	127.0 (0.1)	16.4 (4.9)
Mackay	117.6 (-0.5)	11.2 (0.2)	117.3 (-0.6)	14.1 (4.1)
Mareeba	124.8 (0.0)	17.0 (0.7)	120.8 (-0.9)	15.5 (3.9)
Maryborough	111.0 (-2.5)	4.2 (-1.8)	113.8 (-1.9)	10.0 (2.9)
Miles	106.4 (3.3)	-1.3 (4.0)	114.0 (0.1)	9.3 (4.9)
Moranbah	116.7 (0.4)	8.3 (1.1)	118.9 (-0.1)	13.8 (4.7)
Mount Isa	142.9 (0.0)	26.8 (0.7)	126.4 (-1.7)	13.7 (3.0)
Nambour	118.9 (-0.4)	13.6 (0.2)	114.9 (-1.2)	12.6 (3.5)
Noosa	127.0 (-2.9)	21.5 (-2.3)	115.5 (-0.8)	13.0 (4.0)
Rockhampton	114.9 (-0.9)	7.9 (-0.2)	116.2 (-0.5)	12.3 (4.2)

Roma	117.5 (0.0)	8.4 (0.6)	118.1 (-1.5)	12.0 (3.3)
Somerset	114.0 (0.6)	8.5 (1.3)	115.9 (0.0)	13.5 (4.7)
Toowoomba	134.2 (10.5)	28.6 (11.2)	118.0 (-0.4)	15.4 (4.4)
Townsville	114.5 (-0.9)	7.4 (-0.2)	116.3 (-0.9)	12.7 (3.9)
Tully	119.8 (-0.1)	11.2 (0.7)	119.8 (-0.1)	13.7 (4.7)
Warwick	117.7 (0.0)	11.8 (0.6)	118.9 (0.0)	16.0 (4.8)
Whitsunday/Proserpine	109.0 (-0.5)	1.3 (0.2)	112.9 (-0.5)	8.5 (4.3)
Yeppoon	119.8 (-1.5)	12.5 (-0.8)	119.9 (-1.3)	15.6 (3.4)

* 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 September was 118.4 cpl, 0.6 cpl higher than August when the average price was 117.8 cpl. The average diesel price was 118.1 cpl, 0.5 cpl lower than August when the average price was 118.6 cpl.

With an average ULP price of 106.4 cpl, Miles was the cheapest regional centre in September (as it was in May, June, July and August), 17.7 cpl cheaper than Brisbane. Most centres in regional Queensland were cheaper than Brisbane. Bundaberg, Gladstone, Whitsunday/Proserpine, Goondiwindi, Lockyer Valley, Maryborough, Somerset, Townsville, Kingaroy, Rockhampton, Hervey Bay, Bowen, Moranbah, Roma, Mackay, Warwick, Cairns, Childers, Nambour, Gympie, Ingham, Tully, Yeppoon, Atherton, Biloela, Blackwater, Charters Towers, Innisfail and Beaudesert were also cheaper than Brisbane. Only Noosa, Longreach, Emerald, Toowoomba and Mount Isa were more expensive than Brisbane¹. At 142.9 cpl, the most expensive regional centre for ULP was Mount Isa (18.8 cpl more expensive than Brisbane), followed by Toowoomba at 134.2 cpl.

Whitsunday/Proserpine had the cheapest diesel in Queensland in September, as it did in August. At 112.9 cpl, Whitsunday/Proserpine was 5.1 cpl cheaper than Brisbane. Maryborough, Miles, Nambour, Gladstone, Noosa, Kingaroy, Somerset, Gympie, Bundaberg, Rockhampton, Townsville, Goondiwindi, Bowen, Hervey Bay and Mackay were also cheaper than Brisbane. Emerald¹ was the most expensive regional centre for diesel at 132.6 cpl, 14.6 cpl higher than Brisbane. Blackwater was the second most expensive centre to buy diesel (127.9 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 negative 1.3 cpl, was charged in Miles, 20.9 cpl lower than Brisbane. The highest margins were observed in Toowoomba at 28.6 cpl, 9.0 cpl higher than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 32 out of 37 regional centres. At 8.5 cpl, the lowest diesel indicative retail margin was observed in Whitsunday/Proserpine, 8.0 cpl lower than Brisbane. Emerald had the highest indicative retail margin (26.2 cpl), 9.7 cpl greater than Brisbane.

Outlook

The oil price softened in September, as demand remained weak as countries struggled to contain the COVID-19 pandemic. Oil prices were turbulent for the first half of 2020, but have stabilised, somewhat, in recent months. Following the oil price collapse of late February, March and April, oil prices rose

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.

strongly in May and June, stabilising in July and August, before trending slowly down in September.

In the current environment it appears unlikely that Brent will move away from the low 40 US\$/bbl price range. It is likely that supply will remain strong compared to demand and limit any dramatic upward price movement. However, if there was a resurgence of COVID-19 and a widespread return to lockdowns, this could lead to substantial falls in the oil price.

The US inventory data continues to cause short-term price oil price movements. Each week, both the American Petroleum Institute and the US Energy Information Agency report on the volume of stored oil and refined products – US inventory levels. It is assumed that a build in inventories indicates weak demand and subsequently oil prices fall. Conversely, a fall in US inventories is considered a sign of improved demand and oil prices increase.

In the coming month there is unlikely to be any substantial change in the underlying fundamentals of a steady return of demand and reduced, but steady, supply. Oil prices are likely to be stable or trend slightly up, with Brent selling in the mid to low 40 US\$/bbl price range. However, if there is resurgence in COVID-19 cases and governments reimpose restrictions, oil demand and prices will fall again.

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

Data sources

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