

Monthly Fuel Price Report - April 2019



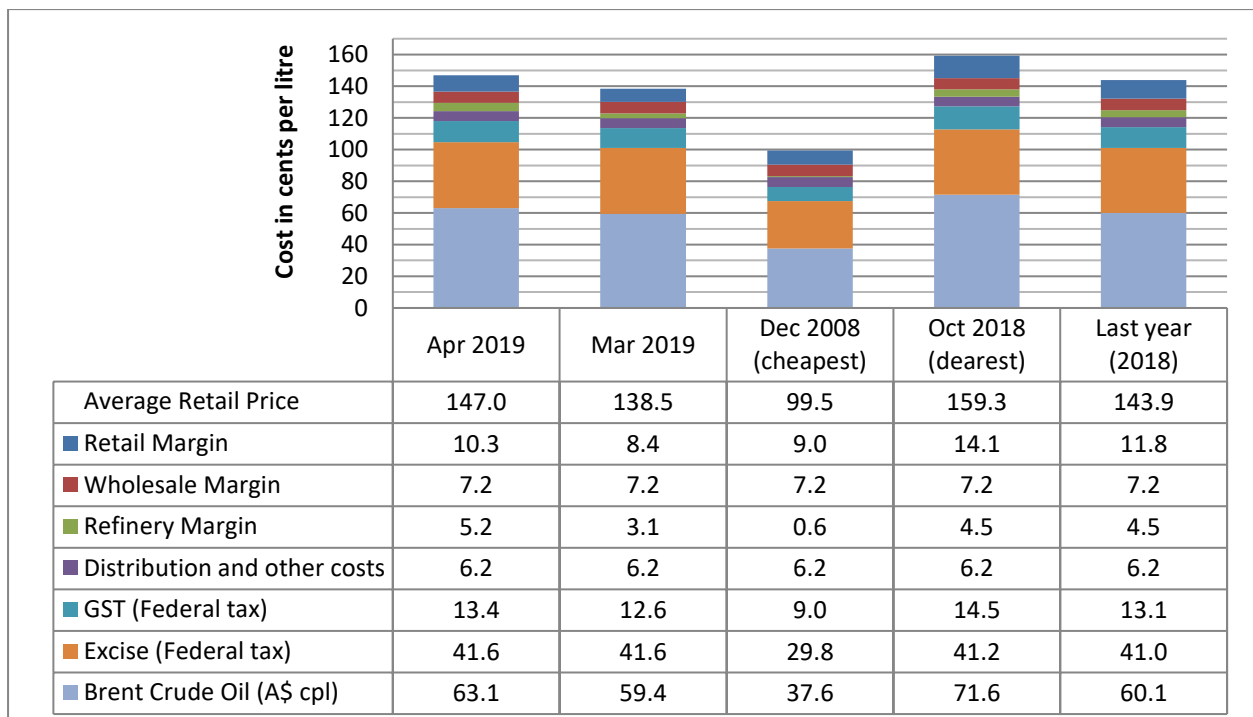
3 May 2019

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

Key points

- At 147.0 cpl, the average ULP price in Brisbane in April was 8.5 cpl higher than March.
- This increase was predominantly due to an increase in fuel company margins. Combined indicative retail and refinery margins were up 4.0 cpl compared to March.
- Brisbane was the dearest large capital in April for ULP. Darwin was the cheapest capital city with a ULP price of at 141.2 cpl, 5.8 cpl cheaper than Brisbane.
- At 149.6 cpl, the average Brisbane diesel price in April was 2.6 cpl higher than March.
- Brisbane was the fourth cheapest of all the capital cities for diesel. Diesel sold in Darwin, at 147.5 cpl, was cheaper than Brisbane by 2.1 cpl.
- The average ULP price in regional Queensland in April was 146.1 cpl, 9.1 cpl higher than March. The average diesel price in regional Queensland was up 3.1 cpl, at 148.4 cpl.
- The cheapest ULP and diesel in April was found in Miles, where the average price for ULP and diesel was 134.1 cpl and 143.0 cpl, respectively.
- Indicative retail margins were unusually low in many centres in regional Queensland. Indicative retail margins in Miles were negative 5.8 cpl on ULP and 1.0 cpl on diesel.

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 April. 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.

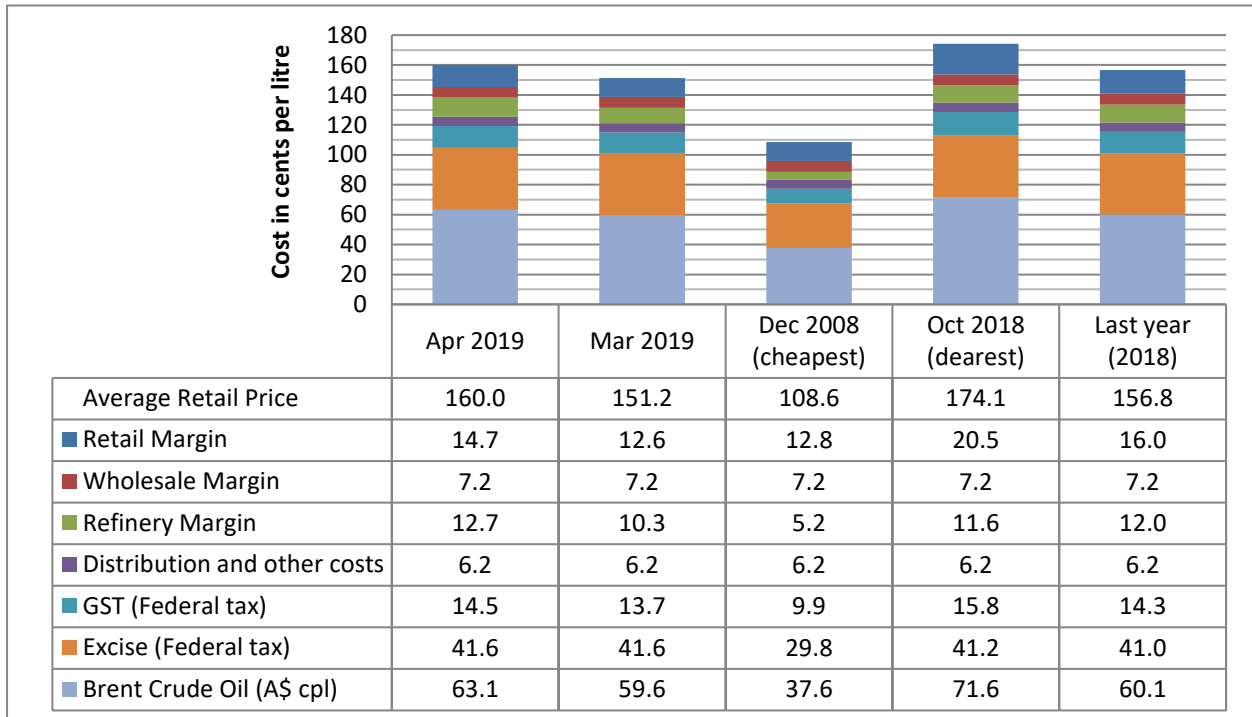
At 147.0 cpl the average price of ULP in Brisbane in April was 8.5 cpl higher than the March average. While, indicative retail margins, at 10.3 cpl, were 1.9 cpl higher than March, they remain below the longer-term trend. April was the fourth consecutive month of indicative retail margins lower than the 2018 average of 11.8 cpl. This fall in indicative retail margins in the first four months of 2019 is evidence of heightened competition possibly due to the introduction of the Queensland Government’s mandatory fuel price reporting scheme.

Indicative ULP refinery margins at 5.2 cpl were 2.1 cpl greater than March. The increase in indicative refinery margins has been caused by an increase in the Singapore benchmark price for wholesale MOGAS. In recent months, the Singapore MOGAS price has been relatively low compared to the oil price. Subsequently, indicative refinery margins on ULP were negative 2.2 cpl in February, before increasing to 3.1 cpl in March and 5.2 cpl in April.

The substantial price increase observed in April was partly due to the increase in the oil price, Brent crude was 3.7 cpl dearer in April compared to March. However, the increase in fuel company margins was the main contribution to the increase in the retail price. In April the increase in indicative retail and refinery margins added 4.0 cpl to the retail price of ULP in Brisbane.

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 April. 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.



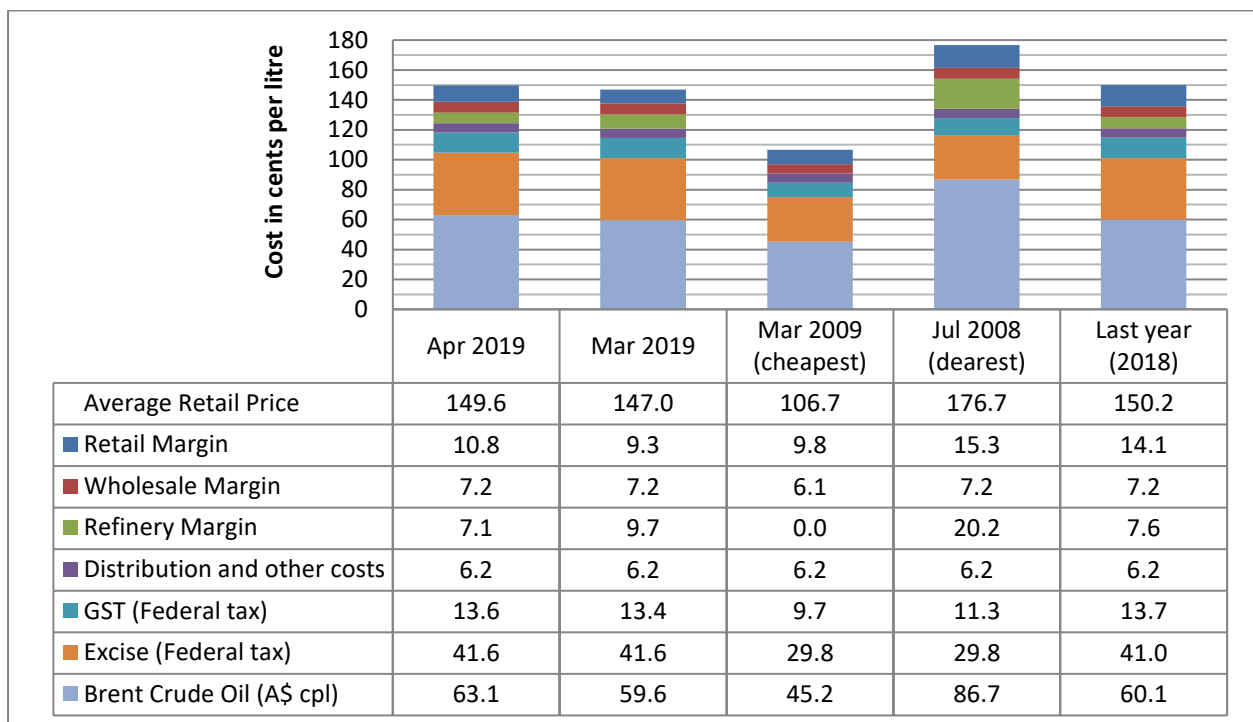
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The average PULP 95 price in Brisbane in April was 160.0 cpl, 8.8 cpl higher than March. The price difference between ULP and PULP 95 was 13.0 cpl, 0.3 cpl wider than in March. Indicative retail margins for PULP 95, at 12.7 cpl, were largely unchanged from March. Refinery margins were up substantially at 12.7 cpl, 2.4 cpl higher than March.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for April. 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 April, at 149.6 cpl, was 2.6 cpl higher than March. Indicative retail margins at 10.8 cpl were up by 1.5 cpl and refinery margins were down by 2.6 cpl at 7.1 cpl.



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

Liquid Petroleum Gas (LPG)

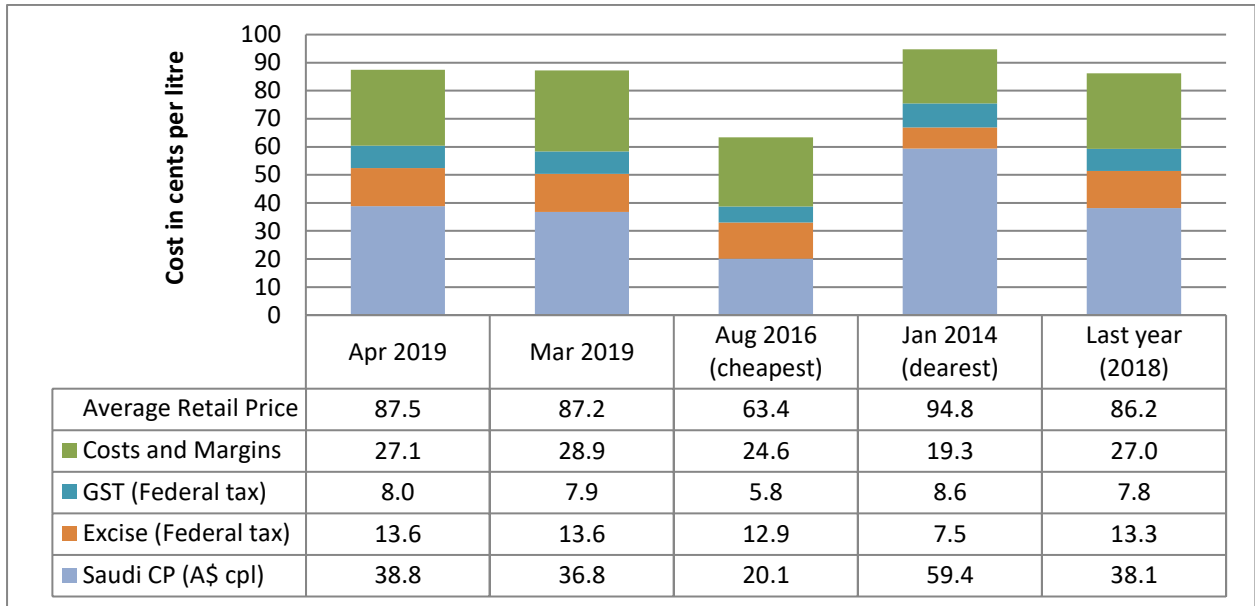
Data on LPG pricing is limited compared to petrol and diesel. Subsequently, it is not possible to calculate retail, wholesale and refinery margins. The alternative measure calculates the difference between the international benchmark price (the Saudi Aramco Contract Price – the Saudi CP) and the pre-tax retail price. This measure captures all fuel company margins and costs.

The average retail price of LPG in Brisbane in April was 87.5 cpl, 0.3 cpl higher than March. Fuel company margins and costs decreased to 27.1 cpl, 1.8 cpl lower than March. Fuel company costs and margins in March were consistent with those charged in 2018.

The Saudi CP for May was 39.0 cpl, 0.2 cpl higher than April. This slight increase should not lead to a change in retail LPG prices.

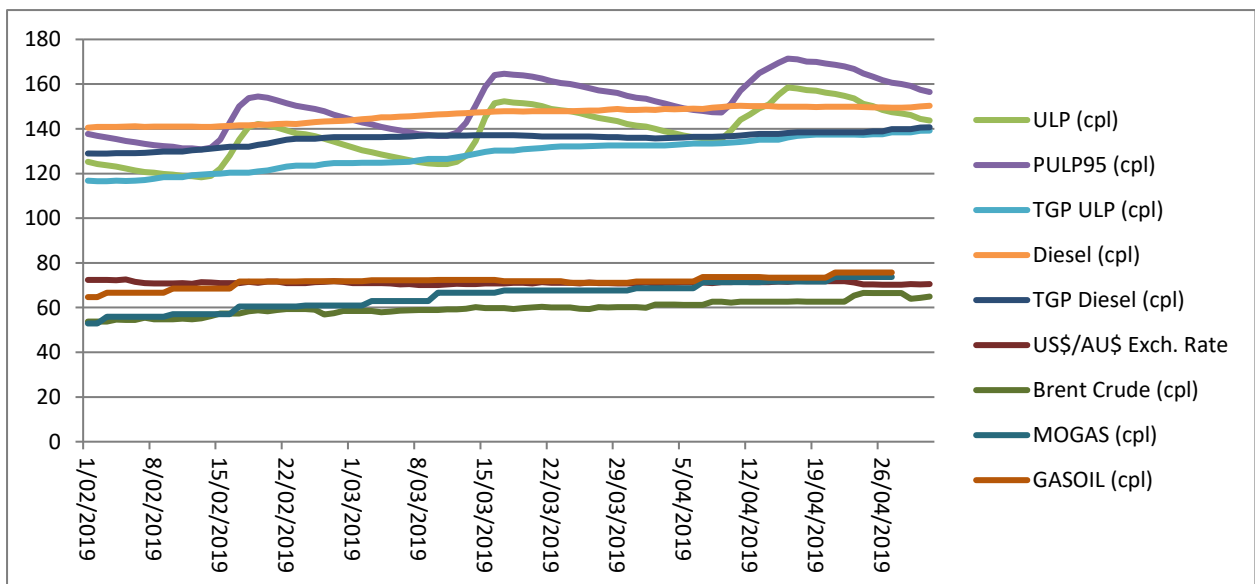
The chart below shows the cost breakdown for a litre of LPG sold in Brisbane for April. For comparison,

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

Two partial price cycles were observed in Brisbane in April. The first cycle started on 11 March and prices peaked on 17 March. Prices then fell steadily through the rest of March and in to early April. The second cycle started on 10 April and prices peaked on 16 April. Average ULP prices then fell steadily for the rest of April and in to early May, and at the time of writing the Brisbane ULP market was in the cheap phase of the cycle.



The average price of Brent in April at A\$100.3/bbl (US\$71.3/bbl) or 63.1cpl, was A\$5.8/bbl higher than March. Brent started April at A\$95.3/bbl (US\$67.9/bbl), strengthened throughout most of April. A sharp increase was observed April 23 following the US announcement of toughening of sanctions against Iran. The Brent price peaked at A\$105.9/bbl (US\$74.5/bbl) on April 24, the highest oil price observed so far in

2019. The Brent price eased somewhat in the last few days of April, ending the month slightly down at A\$102.1/bbl (US\$72.0/bbl).

Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane	147.0 (8.5)	10.3 (1.9)	149.6 (2.6)	10.8 (1.5)
Adelaide	145.3 (8.1)	9.0 (1.6)	151.3 (2.4)	12.4 (1.3)
Canberra	143.7 (1.7)	8.0 (-4.8)	153.3 (1.9)	14.7 (0.8)
Darwin	141.2 (6.8)	0.6 (0.2)	147.5 (2.1)	4.9 (1.0)
Hobart	149.5 (7.0)	7.2 (0.5)	159.1 (2.3)	14.7 (1.1)
Melbourne	146.3 (9.3)	10.5 (2.7)	148.8 (0.9)	10.2 (-0.2)
Perth	144.0 (6.9)	8.1 (0.4)	149.2 (2.9)	10.6 (1.8)
Sydney	146.2 (9.4)	10.5 (2.8)	149.8 (1.5)	11.3 (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: 1.04cpl). The TGP varies between cities.

Brisbane retained its usual position as the most expensive of the large capital cities in April. Darwin retained its position as the cheapest capital city to buy ULP with Canberra as the second cheapest. At 147.0 cpl, Brisbane was 5.8 cpl more expensive than Darwin, and more expensive than Canberra, Perth, Adelaide, Sydney and Melbourne by 3.3 cpl, 3.0 cpl, 1.7 cpl, 0.8 cpl and 0.7 cpl, respectively. Only Hobart was dearer than Brisbane by 2.5 cpl.

Similar to ULP, Darwin had the cheapest diesel in April, followed by Melbourne and Perth, with Brisbane the fourth cheapest. Diesel sold in Brisbane was more expensive than Darwin, Melbourne and Perth by 2.1 cpl, 0.8 cpl and 0.4 cpl, respectively. All other capitals were more expensive than Brisbane. Sydney, Adelaide, Canberra and Hobart were more expensive by 0.2 cpl, 1.7 cpl, 3.7 cpl and 9.5 cpl, respectively.

Comparison of the SEQ metropolitan centres

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Central Brisbane	150.3 (10.0)	13.6 (3.4)	150.8 (3.2)	12.0 (2.1)
Brisbane North	147.2 (9.7)	10.5 (3.1)	149.4 (2.9)	10.6 (1.7)
Brisbane South	145.7 (7.0)	9.0 (0.4)	149.5 (2.6)	10.7 (1.5)
Brisbane Bayside/ Redlands	150.4 (8.2)	13.7 (1.6)	150.9 (3.0)	12.1 (1.9)
Logan	147.2 (10.1)	10.5 (3.5)	150.6 (3.0)	11.8 (1.8)
Ipswich	144.7 (7.5)	7.8 (0.9)	148.4 (2.8)	9.3 (1.6)
Moreton Bay	146.4 (8.3)	9.4 (1.7)	148.6 (2.0)	9.5 (0.8)
Gold Coast	142.1 (7.2)	4.8 (0.6)	147.8 (2.8)	8.4 (1.6)
Sunshine Coast	147.9 (9.0)	10.4 (2.4)	148.6 (3.0)	9.0 (1.9)

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

The table above presents the average April prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to March in parentheses. This analysis separates

Brisbane into central, northern, southern and bayside regions.

Like in January, February and March, the Gold Coast was the cheapest centre in SEQ to buy ULP in April, with an average price of 142.1 cpl. It was followed by Ipswich, Brisbane South, Moreton Bay, Brisbane North, Logan, Sunshine Coast, Central Brisbane and Brisbane Bayside/Redlands. Brisbane Bayside/Redlands was the most expensive SEQ centre at 150.4 cpl, 8.3 cpl dearer than the Gold Coast.

The Gold Coast was also the cheapest SEQ centre to buy diesel with an average price of 147.8 cpl, followed by Ipswich, Sunshine Coast and Moreton Bay 0.6 cpl, 0.8 cpl and 0.8 cpl dearer, respectively. Brisbane Bayside/Redlands was the most expensive at 150.9 cpl, 3.1 cpl dearer than the Gold Coast.

ULP and diesel prices in all SEQ centres were higher than those observed in March. Average ULP prices in SEQ were 7 cpl to 10 cpl higher than March. Diesel sold in SEQ in April was about 3 cpl higher than March.

Fuel prices across Queensland

The average price of ULP across regional Queensland in April was 146.1 cpl, 9.1 cpl higher than March when the average price was 137.0 cpl. The average diesel price was 148.4 cpl, 3.1 cpl higher than March when the average price was 145.3 cpl.

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	147.0 (8.5)	10.3 (1.9)	149.6 (2.6)	10.8 (1.5)
Atherton	147.5 (9.1)	6.8 (2.5)	150.6 (6.5)	8.2 (5.3)
Beaudesert	145.8 (6.8)	8.3 (0.2)	149.3 (1.5)	9.7 (0.4)
Biloela	149.0 (6.8)	9.1 (0.2)	150.2 (1.5)	8.4 (0.3)
Blackwater	159.9 (0.0)	18.3 (-6.5)	152.9 (3.0)	9.3 (1.9)
Bowen	148.7 (11.7)	6.6 (5.1)	149.8 (1.9)	6.9 (0.7)
Bundaberg	137.9 (6.6)	-2.2 (0.0)	143.4 (2.6)	1.2 (1.4)
Cairns	148.9 (10.5)	8.9 (3.9)	149.1 (3.9)	7.5 (2.8)
Charters Towers	148.7 (9.3)	7.3 (2.8)	151.0 (5.6)	8.8 (4.5)
Childers	146.8 (8.5)	7.2 (1.9)	149.9 (2.0)	8.2 (0.8)
Dalby	144.1 (8.8)	5.5 (2.2)	148.2 (3.2)	7.4 (2.1)
Emerald	155.7 (5.8)	13.3 (-0.8)	151.9 (3.5)	7.6 (2.3)
Gladstone	139.6 (7.4)	0.9 (0.8)	147.5 (3.1)	6.9 (1.9)
Goondiwindi	149.3 (6.4)	9.3 (-0.2)	151.6 (2.7)	9.5 (1.6)
Gympie	148.7 (12.7)	10.5 (6.1)	145.1 (2.4)	4.8 (1.3)
Hervey Bay	149.9 (12.8)	10.6 (6.2)	151.7 (5.3)	10.2 (4.1)
Ingham	141.3 (2.9)	0.0 (-3.6)	145.9 (2.3)	3.9 (1.2)
Innisfail	153.3 (7.7)	12.5 (1.2)	155.3 (0.7)	12.9 (-0.5)
Kingaroy	140.1 (9.3)	1.5 (2.7)	149.4 (2.9)	8.6 (1.7)
Lockyer Valley	145.4 (5.9)	7.8 (-0.6)	146.6 (1.5)	6.9 (0.4)
Longreach	158.4 (7.0)	11.9 (0.5)	155.2 (2.1)	6.8 (1.0)
Mackay	148.2 (11.9)	8.7 (5.4)	149.8 (3.7)	9.1 (2.5)

Mareeba	147.5 (8.4)	6.9 (1.8)	149.8 (5.6)	7.6 (4.4)
Maryborough	142.1 (11.2)	3.1 (4.6)	148.8 (3.6)	7.6 (2.4)
Miles	134.1 (8.6)	-5.8 (2.0)	143.0 (4.7)	1.0 (3.6)
Moranbah	139.9 (0.4)	-1.5 (-6.1)	148.9 (5.1)	6.3 (3.9)
Mount Isa	159.7 (5.9)	10.6 (-0.7)	153.2 (3.9)	3.3 (2.7)
Nambour	149.0 (10.4)	11.5 (3.8)	148.2 (2.5)	8.5 (1.4)
Noosa	147.5 (6.2)	9.9 (-0.4)	148.7 (2.8)	9.0 (1.7)
Rockhampton	148.0 (5.5)	8.2 (-1.0)	147.3 (3.1)	5.6 (2.0)
Roma	136.0 (6.9)	-5.3 (0.3)	145.4 (2.3)	2.0 (1.1)
Somerset	141.3 (8.1)	3.6 (1.6)	144.6 (1.8)	4.9 (0.7)
Toowoomba	139.9 (8.9)	2.1 (2.3)	148.5 (2.4)	8.6 (1.2)
Townsville	148.1 (12.0)	8.0 (5.4)	148.0 (3.1)	7.1 (1.9)
Tully	146.4 (4.6)	5.1 (-2.0)	147.7 (2.7)	4.7 (1.5)
Warwick	144.9 (12.1)	6.8 (5.5)	147.2 (5.2)	7.0 (4.1)
Whitsunday	140.3 (4.1)	-0.4 (-2.5)	146.0 (2.7)	4.0 (1.6)
Yeppoon	147.3 (9.7)	7.1 (3.1)	146.2 (2.7)	4.1 (1.6)

* 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 134.1 cpl, Miles was the cheapest Queensland regional centre to buy ULP (and diesel) in April. Miles was 12.9 cpl cheaper than Brisbane. Neighbouring Roma at 136.0 cpl was the second cheapest centre in Queensland. Bundaberg, Gladstone, Moranbah, Toowoomba, Kingaroy, Whitsunday, Ingham, Somerset, Maryborough, Dalby, Warwick, Lockyer Valley, Beaudesert, Tully and Childers were also cheaper than Brisbane. The most expensive regional centre for ULP listed was Blackwater¹. With an average ULP price of 159.9 cpl, Blackwater was 12.9 cpl more expensive than Brisbane.

Miles also had the cheapest diesel in Queensland at 143.0 cpl, 6.6 cpl cheaper than Brisbane. Bundaberg, Somerset, Gympie, Roma, Ingham, Whitsunday, Yeppoon, Lockyer Valley, Warwick, Rockhampton, Gladstone, Tully, Townsville, Dalby, Nambour, Toowoomba, Noosa, Maryborough, Moranbah, Cairns, Beaudesert and Kingaroy were also cheaper than Brisbane. Innisfail was the most expensive regional centre for diesel at 155.3 cpl¹, 5.7 cpl higher than Brisbane.

Indicative retail margins were unusually low in many centres in regional Queensland. This is likely to be due to the time lag between movements in the oil price and TGP, and movements in the retail price.

In 29 out of the 37 regional centres monitored by RACQ, ULP retail margins were lower than those charged in Brisbane. The lowest indicative retail margin was observed in Miles (negative 5.8 cpl), 16.1 cpl lower than Brisbane, and the highest in Blackwater (18.3 cpl), 8.0 cpl higher than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 36 out of 37 regional centres. As with ULP, the lowest diesel indicative retail margins were observed in Miles (1.0 cpl), 9.8 cpl lower than Brisbane. Only in Innisfail were indicative retail margins greater than Brisbane. At 12.9 cpl, indicative retail margins in Innisfail were 2.1 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.

Outlook

The combination of reduced oil supply from Venezuela and Iran (due to political unrest in Venezuela, and US sanctions against both countries), the new OPEC+ production cuts and falling production in the US placed upward pressure on oil prices in April.

On April 22, the US announced a toughening of its sanctions against Iran, by ending the sanctions waivers currently given to countries including India, China, South Korea, Japan and Turkey. The US reinstated the sanctions last year after abandoning the 2015 deal between Iran and six world powers, which led to a suspension of Iran's nuclear programme. This led to an immediate jump in the oil price, pushing the Brent price up to US\$75/bbl.

While imposing tougher sanctions, the US also requested that OPEC increase production to offset the lost Iranian production. There are no signs OPEC will heed this request. On the contrary, on April 30 the Saudi Arabian oil minister talking to the Russian press, reconfirming Saudi Arabia's commitment to the OPEC+ production cut deal and stated that the deal should be extended into the second half of 2019.

Looking forward it is difficult to predict oil price movements. In recent months analysts have suggested Brent is unlikely to exceed US\$70/bbl. In light of the tougher US sanctions against Iran this limit has been revised up to US\$75/bbl. Brent nudged this price in the late April, before retreating slightly and ending the April selling for US\$72/bbl.

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

Data sources

All data presented in this report are RACQ calculations using OPIS, FUELtrac, RBA, AIP and Bloomberg.com data.