Monthly Fuel Price Report – January 2019

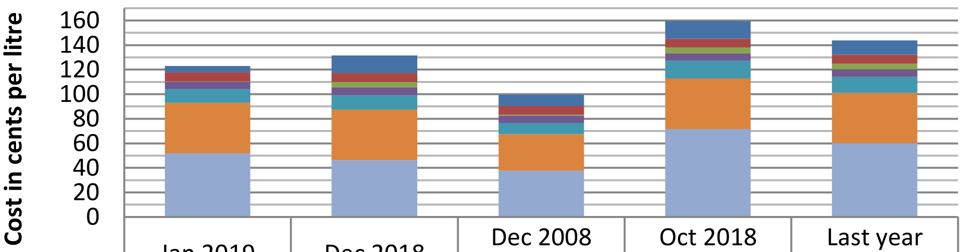
5 February 2019

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

Key points

- At 123.0 cpl, the average ULP price in Brisbane in January 2019 was 8.5 cpl lower than December 2018 and 36.3 cpl lower than the record high monthly average price of 159.3 cpl, observed in October 2018.
- Brisbane was third cheapest capital in January. Only Sydney and Adelaide were cheaper than Brisbane, at 119.9 cpl and 121.2 cpl, respectively.
- At 138.0 cpl, the average Brisbane diesel price in January was 6.5 cpl lower than December. Brisbane was the second cheapest of all the capital cities. At 134.7 cpl, only Adelaide was cheaper than Brisbane.
- Indicative retail margins on ULP sold in Brisbane were 5.4 cpl, 9.0 cpl lower than December and diesel margins were 10.7 cpl, 7.1 cpl lower than December.
- The average ULP price in regional Queensland in January was 128.6 cpl, 9.0 cpl lower than December. The average diesel price in regional Queensland was down 6.2 cpl, at 138.8 cpl.
- The cheapest ULP and diesel in January was found in Miles, where the average price for ULP and diesel was 117.2 cpl and 130.8 cpl respectively.
- Indicative retail margins on ULP and diesel across Queensland remained elevated and, in most centres, higher than RACQ would consider fair.
- On 4 February 2019 the excise charged on petrol and diesel increased from 41.2 cpl to 41.6 cpl, and from 13.4 cpl to 13.6 cpl on LPG.

ULP cost breakdown in Brisbane



	Jan 2019	Dec 2018	Dec 2008 (cheapest)	Oct 2018 (dearest)	Last year (2018)
Average Retail Price	123.0	131.5	99.5	159.3	143.9
Retail Margin	5.4	14.4	9.0	14.1	11.8
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	0.1	4.3	0.6	4.5	4.5
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	11.2	12.0	9.0	14.5	13.1
Excise (Federal tax)	41.2	41.2	29.8	41.2	41.0
Brent Crude Oil (A$ cpl)	51.7	46.2	37.6	71.6	60.1

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

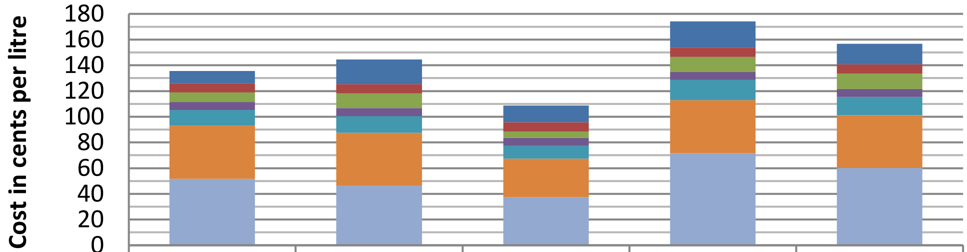
The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for January 2019. For comparison, the cost breakdown for last month, last year, October 2018 - the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

At 123.0 cpl the average price of ULP in Brisbane in January was 8.5 cpl lower than the December average. Indicative retail margins, at 5.4 cpl, were 9.0 cpl lower than December. The average ULP price in January was 22.8% or 36.3 cpl lower than the record high monthly average ULP price of 159.3 cpl observed in October 2018.

Indicative ULP refinery margins at 0.1 cpl were 4.2 cpl lower than December. The average price of Brent crude oil at 51.7 cpl was 5.5 cpl higher than December.

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 January. 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.



	Jan 2019	Dec 2018	Dec 2008 (cheapest)	Oct 2018 (dearest)	Last year (2017)
Average Retail Price	135.6	144.4	108.6	174.1	156.8
Retail Margin	9.5	19.1	12.8	20.5	16.0
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	7.4	11.4	5.2	11.6	12.0
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	12.3	13.1	9.9	15.8	14.3
Excise (Federal tax)	41.2	41.2	29.8	41.2	41.0
Brent Crude Oil (A$ cpl)	51.7	46.2	37.6	71.6	60.1

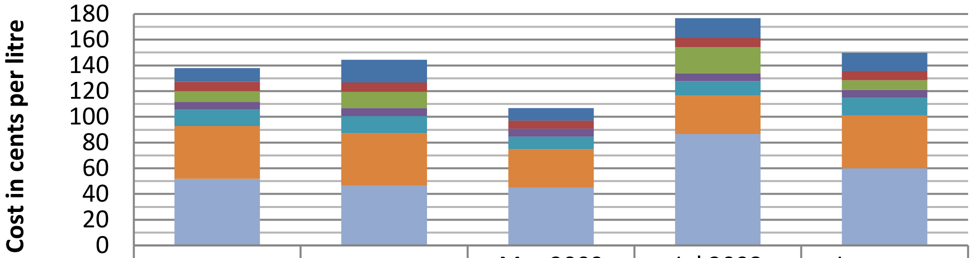
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The average PULP 95 price in Brisbane in January was 135.6 cpl, 8.8 cpl lower than December. The price difference between ULP and PULP 95 was 12.6 cpl, 0.3 cpl narrower than in December. Indicative retail margins for PULP 95, at 9.5 cpl, were 9.6 cpl lower than December. Refinery margins were also down at 7.4 cpl, 4.0 cpl lower than December.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for January. 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 January, at 138.0 cpl, was 6.5 cpl lower than December. Indicative retail margins at 10.7 cpl were down by 7.1 cpl and refinery margins decreased by 4.3 cpl to 8.5 cpl.



	Jan 2019	Dec 2018	Mar 2009 (cheapest)	Jul 2008 (dearest)	Last year (2018)
Average Retail Price	138.0	144.5	106.7	176.7	150.2
Retail Margin	10.7	17.8	9.8	15.3	14.1
Wholesale Margin	7.2	7.2	6.1	7.2	7.2
Refinery Margin	8.5	12.8	0.0	20.2	7.6
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	12.5	13.1	9.7	11.3	13.7
Excise (Federal tax)	41.2	41.2	29.8	29.8	41.0
Brent Crude Oil (A$ cpl)	51.7	46.2	45.2	86.7	60.1

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

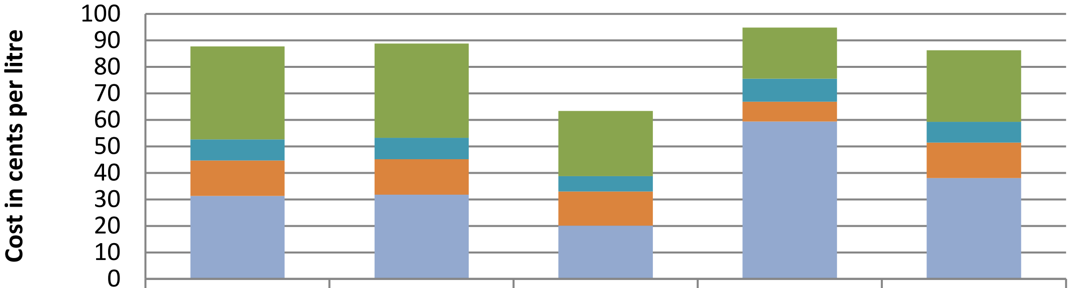
Liquid Petroleum Gas (LPG)

The chart below shows the cost breakdown for a litre of LPG sold in Brisbane for January 2019. 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.

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 January was 87.7 cpl, 1.1 cpl lower than December. Fuel company margins and costs decreased slightly to 35.0 cpl, 0.5 cpl lower than December. However, fuel company costs and margins remain elevated. The high margins were due to recent substantial falls in the Saudi CP and the failure of fuel companies to pass on these savings.

The Saudi CP for February 2019 is 33.1 cpl, 1.8 cpl higher than January. Despite this slight increase in the Saudi CP there is no reason for fuel companies to further increase LPG prices. However, the evidence suggests fuel companies will quickly pass costs increases on to motorists.

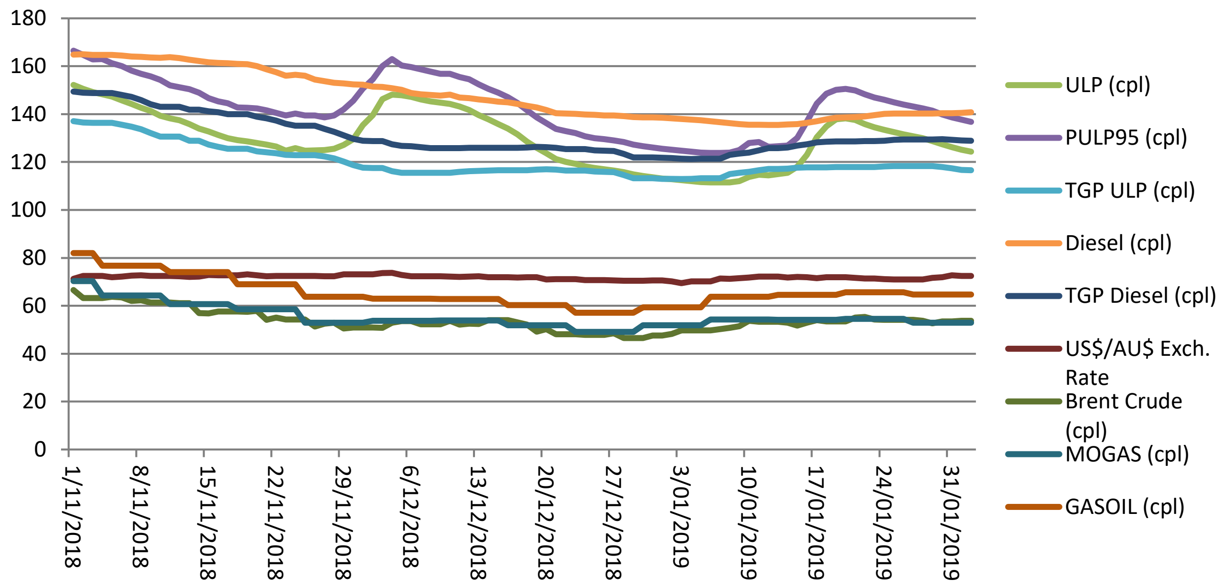


	Jan 2019	Dec 2018	Aug 2016 (cheapest)	Jan 2014 (dearest)	Last year (2018)
Average Retail Price	87.7	88.8	63.4	94.8	86.2
Costs and Margins	35.0	35.5	24.6	19.3	27.0
GST (Federal tax)	8.0	8.1	5.8	8.6	7.8
Excise (Federal tax)	13.4	13.4	12.9	7.5	13.3
Saudi CP (A$ cpl)	31.3	31.8	20.1	59.4	38.1

Fuel excise

In 2014 the Federal Government reintroduced fuel excise indexation and mandated twice-yearly increases. As a result, on 4 February 2019 the excise charged on petrol and diesel increased from 41.2 cpl to 41.6 cpl, and from 13.4 cpl to 13.6 cpl on LPG. Since the reintroduction of excise indexation in 2014, the excise rate on petrol and diesel has increased by 3.5 cpl, this equates to an extra $46 per year for a passenger car in Queensland[1].

Price trends



Two partial price cycles were observed in Brisbane in January. The first cycle started on 24 November 2018 and prices peaked on 4 December 2018. Prices then fell steadily throughout December and in to early January 2019. The second cycle started on 8 January and prices peaked on 20 January 2018. Average ULP prices then fell steadily for the rest of January, and at the time of writing the Brisbane ULP

[1] Calculated using average VKT and fuel use of 13300 km pa and 10 litres/100km. Source ABS 2016, Survey of Motor Vehicle Use.

market was in the cheap phase of the cycle.

The average price of Brent in January at A$82.2/bbl (US$58.7/bbl) or 51.7 cpl, was A$1.0/bbl higher than December. This moderate increase follows a substantial fall in the last quarter on 2018.

Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane	123.0 (-8.5)	5.4 (-9.0)	138.0 (-6.5)	10.7 (-7.0)
Adelaide	121.2 (-1.5)	3.8 (-2.1)	134.7 (-4.9)	7.2 (-5.7)
Canberra	143.2 (-6.5)	26.4 (-7.1)	150.1 (-4.1)	23.0 (-4.9)
Darwin	129.0 (-12.4)	7.8 (-12.5)	139.8 (-11.0)	8.9 (-11.2)
Hobart	144.8 (-8.1)	21.3 (-8.9)	156.9 (-6.1)	23.5 (-6.8)
Melbourne	124.1 (-6.7)	7.4 (-7.2)	139.8 (-6.5)	12.8 (-7.2)
Perth	127.3 (-1.5)	10.5 (-1.9)	139.5 (-9.6)	12.7 (-10.2)
Sydney	119.9 (-9.6)	3.1 (-10.2)	139.8 (-6.4)	12.7 (-7.2)

* 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.

Brisbane was third cheapest capital in January. Sydney and Adelaide were cheaper than Brisbane by 3.1 cpl and 1.8 cpl, respectively. Melbourne, Perth, Darwin, Canberra and Hobart were more expensive than Brisbane by 1.1 cpl, 4.3 cpl, 6.0 cpl, 20.2 cpl and 21.8 cpl, respectively.

Diesel sold in Brisbane was more expensive than Adelaide (by 3.3 cpl) and cheaper than the other capitals. Perth, Darwin, Melbourne, Sydney, Canberra and Hobart, were more expensive than Brisbane by 1.5 cpl, 1.8 cpl, 1.8 cpl, 1.8 cpl, 12.1 cpl and 18.9 cpl, respectively.

Comparison of the SEQ metropolitan centres

The table below presents the average January prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to December 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	124.4 (-7.8)	6.9 (-8.4)	139.0 (-7.8)	11.7 (-8.3)
Brisbane North	122.4 (-9.5)	4.9 (-10.0)	137.1 (-7.2)	9.8 (-7.7)
Brisbane South	123.2 (-8.0)	5.7 (-8.5)	138.0 (-7.1)	10.7 (-7.6)
Brisbane Bayside/ Redlands	123.6 (-11.9)	6.0 (-12.4)	140.5 (-6.2)	13.2 (-6.7)
Logan	123.2 (-8.0)	5.6 (-8.5)	138.6 (-7.0)	11.3 (-7.5)
Ipswich	121.5 (-7.6)	3.7 (-8.1)	137.4 (-5.9)	9.8 (-6.4)
Moreton Bay	122.4 (-10.8)	4.5 (-11.3)	137.2 (-6.1)	9.6 (-6.6)
Gold Coast	120.5 (-10.7)	2.3 (-11.3)	137.6 (-6.5)	9.7 (-7.0)
Sunshine Coast	126.6 (-11.2)	8.3 (-11.7)	138.3 (-7.9)	10.2 (-8.4)

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

The Gold Coast was the cheapest centre in SEQ to buy ULP in January, with an average price of 120.5 cpl. It was followed by Ipswich, Brisbane North and Moreton Bay with average prices of 121.5 cpl, 122.4 cpl and 122.4 cpl, respectively. The Sunshine Coast was the most expensive SEQ centre at 126.6 cpl, 6.1 cpl dearer than Gold Coast.

Brisbane North was the cheapest SEQ centre to buy diesel with an average price of 137.1 cpl, followed closely by Moreton Bay, which was 0.1 cpl dearer. Brisbane Bayside and Redlands was the most expensive at 140.5 cpl, 3.4 cpl dearer than Brisbane North.

ULP and diesel prices in all SEQ centres were lower than those observed in December 2018. Average ULP prices in SEQ were 7 cpl to 12cpl lower than December. Diesel sold in SEQ in January was 5 cpl to 8 cpl cheaper than December.

Fuel prices across Queensland

The average price of ULP across regional Queensland in January was 128.6 cpl, 9.0 cpl lower than December when the average price was 137.6 cpl. The average diesel price was 138.8 cpl, 6.2 cpl lower than December when the average price was 145.0 cpl.

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	123.0 (-8.5)	5.4 (-9.0)	138.0 (-6.5)	10.7 (-7.0)
Atherton	139.6 (-7.5)	18.0 (-8.2)	140.7 (-8.5)	9.9 (-9.2)
Beaudesert	130.2 (-3.0)	11.8 (-3.5)	140.3 (-7.2)	12.2 (-7.7)
Biloela	137.5 (-11.7)	16.7 (-12.3)	146.2 (-6.7)	15.9 (-7.3)
Blackwater	159.4 (-0.4)	36.9 (-1.0)	150.0 (-3.9)	18.0 (-4.6)
Bowen	122.1 (-16.8)	-1.0 (-17.4)	132.9 (-8.1)	1.5 (-8.8)
Bundaberg	125.0 (-4.6)	4.0 (-5.1)	136.2 (-5.1)	5.5 (-5.6)
Cairns	132.7 (-12.4)	11.9 (-13)	142.2 (-8.5)	12.1 (-9.2)
Charters Towers	133.1 (-10.6)	10.7 (-11.2)	138.6 (-5.2)	7.9 (-5.9)
Childers	125.7 (-5.2)	5.2 (-5.8)	138.3 (-4.2)	8.1 (-4.7)
Dalby	130.7 (-13.8)	11.2 (-14.3)	138.9 (-9.4)	9.7 (-9.9)
Emerald	146.6 (-5.4)	23.3 (-6.0)	148.0 (-5.2)	15.3 (-5.9)
Gladstone	123.5 (-10.9)	3.9 (-11.4)	136.9 (-3.3)	7.8 (-4.0)
Goondiwindi	154.3 (-5.2)	33.4 (-5.8)	141.6 (-4.2)	11.0 (-4.7)
Gympie	122.9 (-4.5)	3.8 (-5.0)	136.7 (-3.0)	8.0 (-3.5)
Hervey Bay	125.6 (-8.5)	5.3 (-9.0)	139.5 (-7.0)	9.6 (-7.5)
Ingham	138.3 (-14.2)	16.1 (-14.9)	141.5 (-9.5)	10.9 (-10.2)
Innisfail	145.0 (-8.3)	23.3 (-9.0)	155.9 (-4.5)	25.0 (-5.2)
Kingaroy	120.3 (-8.1)	0.8 (-8.6)	133.5 (-7.3)	4.3 (-7.9)
Lockyer Valley	124.8 (-7.5)	6.3 (-8.0)	140.0 (-6.3)	11.8 (-6.8)
Longreach	151.4 (-3.5)	24.0 (-4.0)	153.0 (-3.8)	16.1 (-4.4)
Mackay	130.7 (-7.0)	10.1 (-7.6)	141.9 (-6.6)	12.6 (-7.2)
Mareeba	136.8 (-11.4)	15.4 (-12)	141.7 (-10.1)	11.0 (-10.8)
Maryborough	121.1 (-3.7)	1.2 (-4.2)	136.0 (-3.7)	6.4 (-4.2)

Miles	117.2 (-6.1)	-3.5 (-6.6)	130.8 (-7.3)	0.4 (-7.8)
Moranbah	135.8 (-15.1)	13.3 (-15.7)	138.8 (-12.8)	7.7 (-13.5)
Mount Isa	147.0 (-6.9)	16.9 (-7.6)	141.3 (-5.0)	3.0 (-5.8)
Nambour	127.2 (-12.2)	8.8 (-12.8)	137.7 (-9.2)	9.6 (-9.8)
Noosa	124.4 (-12.7)	5.8 (-13.2)	136.2 (-8.8)	8.0 (-9.4)
Rockhampton	134.9 (-5.6)	14.2 (-6.2)	136.0 (-3.7)	5.8 (-4.4)
Roma	123.0 (-21.7)	0.8 (-22.2)	136.7 (-11.9)	4.8 (-12.4)
Somerset	123.9 (-8.3)	5.4 (-8.8)	134.3 (-6.9)	6.1 (-7.4)
Toowoomba	118.2 (-6.4)	-0.5 (-6.9)	136.4 (-6.5)	8.1 (-7.0)
Townsville	129.8 (-7.8)	8.7 (-8.5)	135.5 (-3.9)	6.1 (-4.6)
Tully	146.7 (-3.6)	24.5 (-4.3)	146.4 (-7.3)	14.9 (-8.0)
Warwick	120.4 (-12.2)	1.4 (-12.7)	133.5 (-7.3)	4.8 (-7.8)
Whitsunday	138.2 (-9.6)	16.4 (-10.1)	140.7 (-10.5)	10.2 (-11.1)
Yeppoon	134.2 (-6.6)	13.1 (-7.2)	136.4 (-6.1)	5.8 (-6.8)

* 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 117.2 cpl, Miles was the cheapest Queensland regional centre to buy ULP (and diesel) in January. Miles was 5.8 cpl cheaper than Brisbane. Toowoomba, Kingaroy, Warwick, Maryborough, Bowen and Gympie were also cheaper than Brisbane. The most expensive regional centre for ULP listed was Blackwater[2]. With an average ULP price of 159.4 cpl, Blackwater was 36.4 cpl more expensive than Brisbane.

Miles also had the cheapest diesel in Queensland at 130.8 cpl, 7.2 cpl cheaper than Brisbane. Bowen, Kingaroy, Warwick, Somerset, Townsville, Maryborough, Rockhampton, Bundaberg, Noosa, Toowoomba, Yeppoon, Gympie, Roma, Gladstone and Nambour were also cheaper than Brisbane. Innisfail was the most expensive regional centre for diesel at 155.9 cpl[2], 17.9 cpl higher than Brisbane.

In twelve 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 3.5 cpl), 8.9 lower than Brisbane, and the highest in Blackwater (36.9 cpl), 31.5 cpl higher than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 24 out of 37 regional centres. As with ULP, the lowest diesel margins were observed in Miles (0.4 cpl). At 25.0 cpl, indicative retail margins in Innisfail were the highest of the monitored centres and 14.3 cpl higher than Brisbane.

Indicative retail margins on ULP were higher than RACQ would consider fair in 21 out of 37 regional centres. Indicative retail margins in Miles, Bowen, Toowoomba, Kingaroy, Roma, Maryborough, Warwick, Gympie, Gladstone, Bundaberg, Childers, Hervey Bay, Brisbane, Somerset, Noosa and Lockyer Valley were at a level RACQ considers to be fair.

Indicative retail margins on diesel were higher than RACQ would consider fair in 23 out of 37 regional centres. Indicative retail margins in Miles, Bowen, Mount Isa, Kingaroy, Roma, Warwick, Bundaberg, Rockhampton, Yeppoon, Somerset, Townsville, Maryborough, Moranbah and Charters Towers were at a level RACQ considers to be fair.

[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.

Outlook

The US-China trade war is dampening global trade, reducing demand for oil and refined product, and subsequently softening oil prices. Weak demand for refined ULP placed downward pressure on Singapore prices and has led to negative refiner margins. However, diesel/gasoil demand remains high and refiner margins remain high, compared to ULP.

The new OPEC+ production cut has led to a significant reduction in oil production with Saudi Arabian production In January estimated at 10.2 million bbl/day, down from a local peak of 11.0 million bbl//day in November 2018. In addition to the OPEC+ production cut, Venezuela's humanitarian and political crisis has further reduced oil production.

However, the impact of the OPEC+ production cut does not appear to have reduced the high levels of oil and refined product inventories (the overhang) that accumulated in the second half of 2018. While the overhang remains, oil prices are likely to remain subdued.

The next monthly fuel price report will be released in early March 2019.

Data sources

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