

Monthly Fuel Price Report

- March 2019



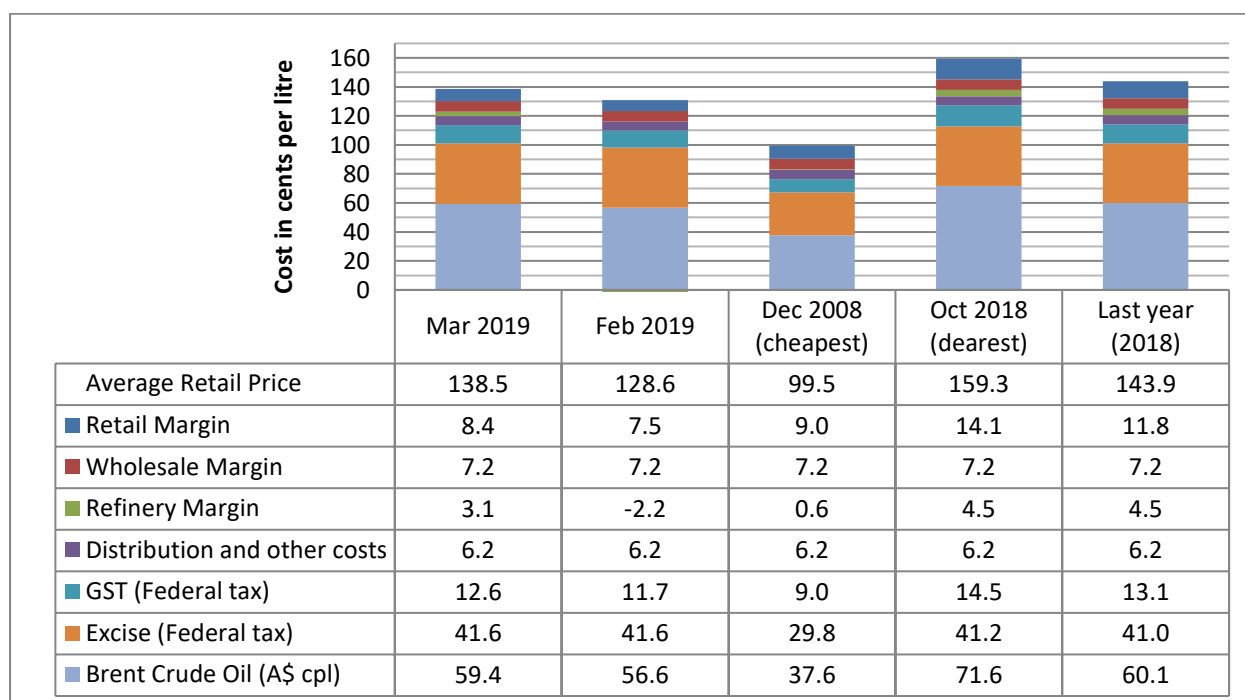
3 April 2019

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

Key points

- At 138.5 cpl, the average ULP price in Brisbane in March was 9.9 cpl higher than February.
- Brisbane regained its position as the dearest large capital in March for ULP. Darwin was the cheapest capital city with a ULP price of at 134.4 cpl, 4.1 cpl cheaper than Brisbane.
- At 147.0 cpl, the average Brisbane diesel price in March was 5.4 cpl higher than February.
- Brisbane was the third cheapest of all the capital cities for diesel. Diesel sold in Darwin and Perth was cheaper than Brisbane by 1.6 cpl and 0.7 cpl, respectively.
- Early evidence suggests the fuel price reporting trial is leading to relatively lower fuel prices in Brisbane. Indicative retail margins in March for ULP and diesel were lower than the 2018 average for the third consecutive month. Margins on ULP sold in Brisbane were 8.4 cpl, and diesel margins were 9.3 cpl.
- The average ULP price in regional Queensland in March was 137.2 cpl, 7.5 cpl higher than February. The average diesel price in regional Queensland was up 4.5 cpl, at 145.5 cpl.
- The cheapest ULP and diesel in March was found in Miles, where the average price for ULP and diesel was 125.5 cpl and 138.3 cpl, respectively.
- Indicative retail margins were unusually low in many centres in regional Queensland. Indicative retail margins in Miles fell to negative 7.8 cpl on ULP and negative 2.6 cpl on diesel.

ULP cost breakdown in Brisbane



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

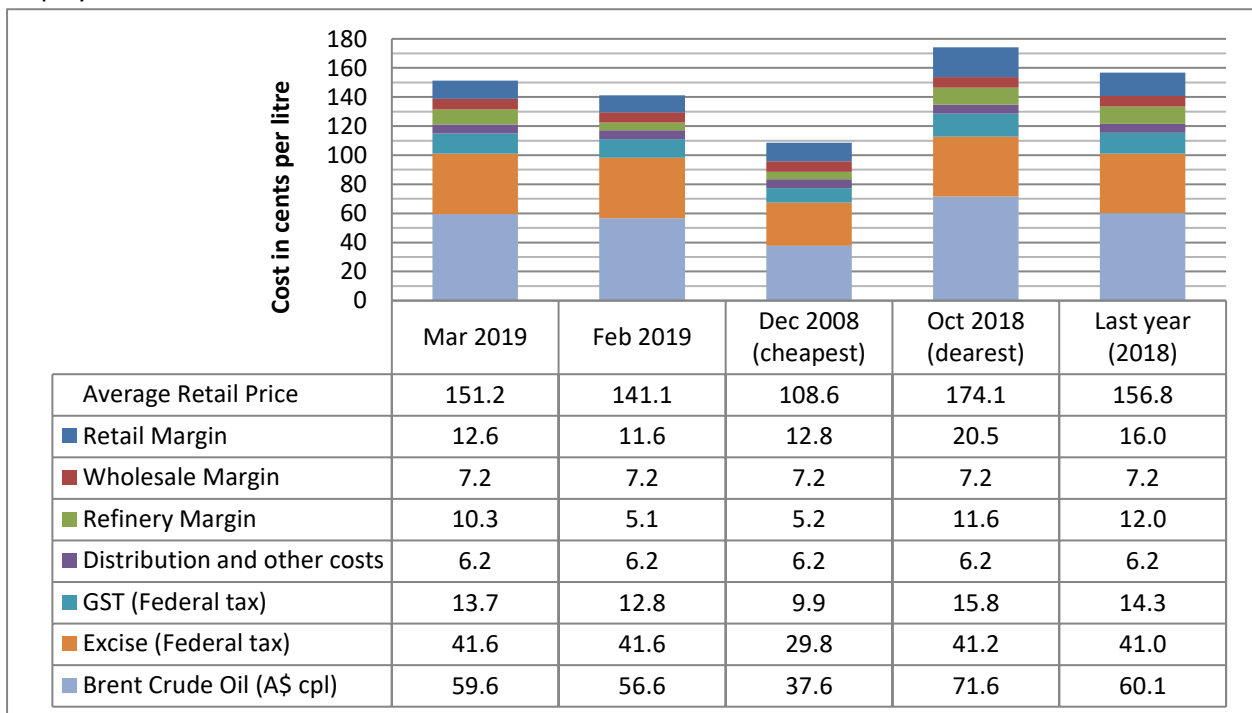
The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for March. For comparison, the cost breakdown for last month, last year, October 2018 - the most expensive month and December 2008 – the cheapest month observed in recent years (since 2008), is also displayed.

At 138.5 cpl the average price of ULP in Brisbane in March was 9.9 cpl higher than the February average. While, indicative retail margins, at 8.4 cpl, were 0.9 cpl higher than February, they remain below the longer-term trend. March was the third consecutive month of indicative retail margins lower than the 2018 average of 11.8 cpl. This fall in indicative retail margins in the first quarter 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 3.1 cpl were 5.3 cpl greater than February. 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.

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 March. 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.



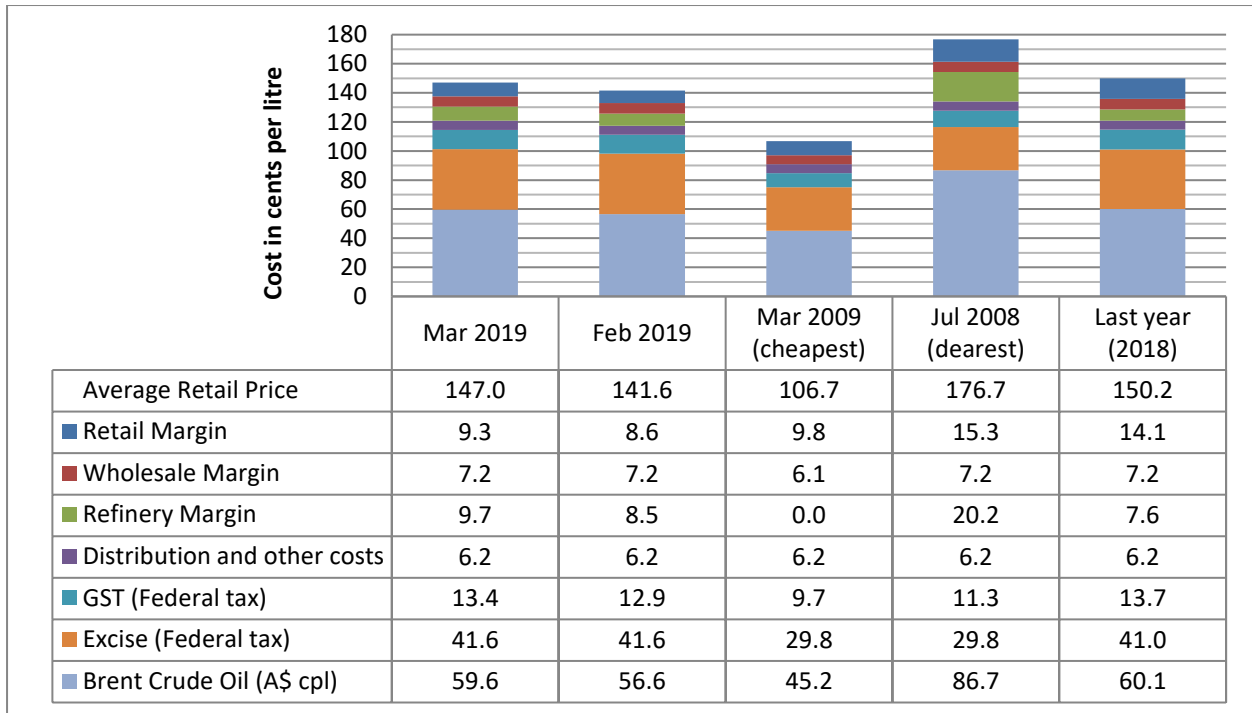
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The average PULP 95 price in Brisbane in March was 151.2 cpl, 10.1 cpl higher than February. The price difference between ULP and PULP 95 was 12.7 cpl, 0.2 cpl wider than in February. Indicative retail margins for PULP 95, at 12.6 cpl, were 1.0 cpl higher than February. Refinery margins were up substantially at 10.3 cpl, 5.2 cpl higher than February.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for March. 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 March, at 147.0 cpl, was 5.4 cpl higher than February. Indicative retail margins at 9.3 cpl were up by 0.7 cpl and refinery margins were up by 1.2 cpl at 9.7 cpl.



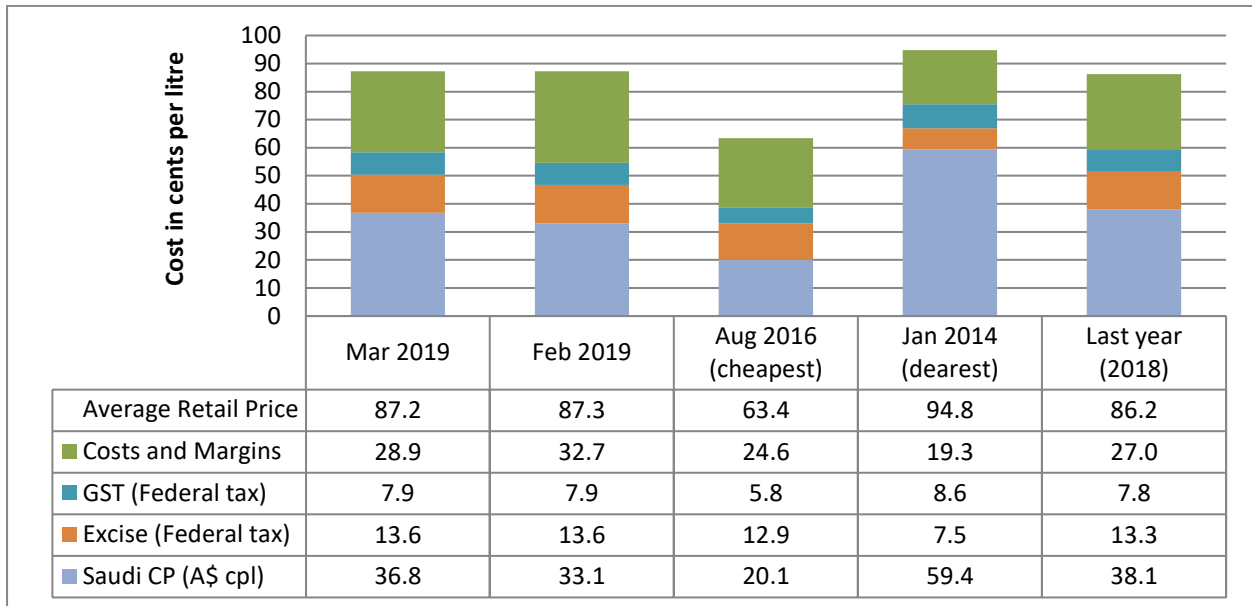
Note: 2008 and 2009 prices included the 8.5cpl Queensland fuel excise subsidy

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 March was 87.2 cpl, 0.1 cpl lower than February. Fuel company margins and costs decreased to 28.9 cpl, 3.8 cpl lower than February. However, fuel company costs and margins remain elevated compared to 2018.

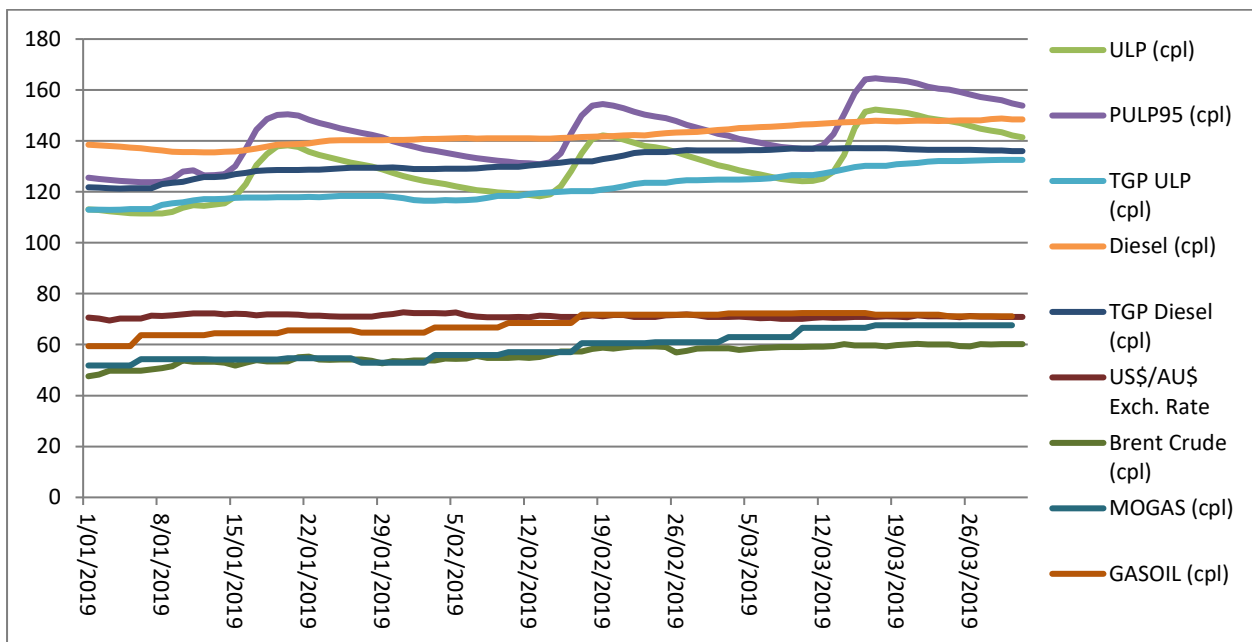
The chart below shows the cost breakdown for a litre of LPG sold in Brisbane for March. For comparison, the cost breakdown for last month, last year, August 2016 – the cheapest month and January 2014 – the most expensive month observed in recent years (since 2012), is also displayed.



The Saudi CP for April was 38.8 cpl, 2.0 cpl higher than March. Despite this slight increase in the Saudi CP there is no reason for fuel companies to further increase LPG prices.

Price trends

Two partial price cycles were observed in Brisbane in March. The first cycle started on 14 February and prices peaked on 19 February. Prices then fell steadily through the rest of February and in to early March. The second cycle started on 11 March and prices peaked on 17 March. Average ULP prices then fell steadily for the rest of March and in to early April, and at the time of writing the Brisbane ULP market was in the cheap phase of the cycle.



The average price of Brent in March at A\$94.5/bbl (US\$66.9/bbl) or 59.4cpl, was A\$4.5/bbl higher than February. Brent started March at A\$93.1/bbl (US\$66.0/bbl), strengthened throughout March, ending the month at A\$95.7/bbl (US\$67.8/bbl).

From the start of 2019 to the end of March 2019, the Brent oil price (in A\$) increased by A\$19.1/bbl or 25%. This was the strongest oil price rally observed since 2009. At the end of March, Brent hit the highest oil price observed in 2019 of A\$95.7/bbl (US\$67.8/bbl). At the time of writing the oil price had continued to strengthen in to early April, reaching a new high of A\$98.0/bbl (US\$ 69.4/bbl) on 3 April.

As can be observed in above chart, the average price of Singapore MOGAS increased relative to the Brent oil price in March. The price difference between Brent oil and Singapore MOGAS was 1.5 cpl (A\$) in February, increasing to 6.4 cpl in March.

Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane	138.5 (9.9)	8.4 (0.9)	147.0 (5.4)	9.3 (0.7)
Adelaide	137.2 (4.4)	7.4 (-4.7)	148.9 (8.0)	11.1 (3.2)
Canberra	142.0 (1.4)	12.8 (-7.6)	151.3 (1.0)	13.9 (-3.7)
Darwin	134.4 (7.2)	0.4 (-2.0)	145.4 (5.2)	3.9 (0.3)
Hobart	142.5 (1.9)	6.8 (-7.0)	156.8 (1.8)	13.6 (-2.8)
Melbourne	137.0 (7.9)	7.8 (-1.1)	147.8 (5.2)	10.4 (0.4)
Perth	137.1 (7.6)	7.7 (-1.5)	146.3 (4.8)	8.8 (-0.1)
Sydney	136.8 (7.1)	7.7 (-1.9)	148.3 (5.2)	10.8 (0.5)

* 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 regained its usual position as the most expensive of the large capital cities in March. Unusually, Darwin retained its position as the cheapest capital city to buy ULP in March. At 138.5 cpl, Brisbane was 4.1 cpl more expensive than Darwin, and more expensive than Sydney, Melbourne, Perth and Adelaide by 1.7 cpl, 1.5 cpl, 1.4 cpl and 1.3 cpl, respectively. Canberra and Hobart were dearer than Brisbane by 3.5 cpl and 4.0 cpl, respectively.

Similar to ULP, Darwin had the cheapest diesel in March, followed by Perth, with Brisbane the third cheapest. Diesel sold in Brisbane was more expensive than Darwin and Perth by 1.6 cpl and 0.7 cpl, respectively. All other capitals were more expensive than Brisbane. Melbourne, Sydney, Adelaide, Canberra and Hobart were more expensive by 0.8 cpl, 1.3 cpl, 1.9 cpl, 4.3 cpl and 9.8 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	140.3 (10.4)	10.2 (1.4)	147.5 (5.4)	9.9 (0.7)
Brisbane North	137.5 (9.2)	7.4 (0.2)	146.5 (5.4)	8.8 (0.7)
Brisbane South	138.6 (9.1)	8.6 (0.1)	146.9 (5.6)	9.2 (0.9)
Brisbane Bayside and Redlands	142.2 (10.1)	12.1 (1.0)	147.9 (5.4)	10.2 (0.7)
Logan	137.1 (9.0)	7.1 (0.0)	147.7 (5.4)	10.0 (0.7)
Ipswich	137.2 (10.5)	6.8 (1.4)	145.6 (4.0)	7.7 (-0.7)

Moreton Bay	138.1 (10.4)	7.7 (1.4)	146.7 (5.6)	8.7 (0.9)
Gold Coast	134.9 (9.4)	4.2 (0.4)	145.0 (3.8)	6.7 (-0.9)
Sunshine Coast	138.8 (8.4)	7.9 (-0.6)	145.7 (4.9)	7.2 (0.2)

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

The table above presents the average March prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to February in parentheses. This analysis separates Brisbane into central, northern, southern and bayside regions.

Like in January and February, the Gold Coast was the cheapest centre in SEQ to buy ULP in March, with an average price of 134.9 cpl. It was followed by Logan, Ipswich, Brisbane North, Moreton Bay, Brisbane South, Sunshine Coast and Central Brisbane. Brisbane Bayside and Redlands was the most expensive SEQ centre at 142.2 cpl, 7.3 cpl dearer than the Gold Coast.

The Gold Coast was also the cheapest SEQ centre to buy diesel with an average price of 145.0 cpl, followed by Ipswich and the Sunshine Coast 0.6 cpl and 0.7 cpl dearer, respectively. Brisbane Bayside and Redlands was the most expensive at 147.9 cpl, 2.9 cpl dearer than the Gold Coast.

ULP and diesel prices in all SEQ centres were higher than those observed in February. Average ULP prices in SEQ were 8 cpl to 10 cpl higher than February. Diesel sold in SEQ in March was 3 cpl to 6 cpl higher than February.

Fuel prices across Queensland

The average price of ULP across regional Queensland in March was 137.2 cpl, 7.5 cpl higher than February when the average price was 129.7 cpl. The average diesel price was 145.5 cpl, 4.5 cpl higher than February when the average price was 141.0 cpl.

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	138.5 (9.9)	8.4 (0.9)	147.0 (5.4)	9.3 (0.7)
Atherton	138.5 (1.4)	4.3 (-7.9)	144.1 (3.5)	2.9 (-1.4)
Beaudesert	139.0 (6.9)	8.1 (-2.1)	147.8 (4.8)	9.3 (0.1)
Biloela	142.2 (6.7)	8.9 (-2.6)	148.8 (4.4)	8.1 (-0.5)
Blackwater	159.9 (0.0)	24.8 (-9.2)	149.8 (1.2)	7.4 (-3.7)
Bowen	137.0 (12.2)	1.5 (2.9)	147.9 (8.4)	6.2 (3.5)
Bundaberg	131.3 (6.4)	-2.2 (-2.7)	140.9 (2.8)	-0.2 (-1.9)
Cairns	138.4 (7.2)	5.0 (-2.1)	145.2 (3.1)	4.7 (-1.8)
Charters Towers	139.4 (7.3)	4.5 (-2.1)	145.3 (6.6)	4.3 (1.7)
Childers	138.3 (11.1)	5.3 (2.1)	148.0 (6.2)	7.4 (1.5)
Dalby	135.4 (5.9)	3.3 (-3.1)	145.0 (5.8)	5.4 (1.0)
Emerald	149.9 (4.6)	14.1 (-4.6)	148.4 (0.8)	5.2 (-4.0)
Gladstone	132.3 (8.2)	0.1 (-1.0)	144.5 (3.8)	5.0 (-1.1)
Goondiwindi	142.9 (1.6)	9.4 (-7.5)	148.9 (4.8)	7.9 (0.0)
Gympie	136.0 (9.0)	4.4 (0.0)	142.7 (2.1)	3.5 (-2.6)

Hervey Bay	137.2 (10.5)	4.4 (1.5)	146.4 (5.3)	6.0 (0.6)
Ingham	138.3 (1.8)	3.7 (-7.5)	143.6 (2.4)	2.7 (-2.5)
Innisfail	145.5 (3.6)	11.3 (-5.7)	154.6 (0.7)	13.3 (-4.2)
Kingaroy	130.8 (8.4)	-1.2 (-0.6)	146.5 (9.3)	6.9 (4.6)
Lockyer Valley	139.5 (10.1)	8.5 (1.1)	145.1 (4.1)	6.5 (-0.7)
Longreach	151.3 (-0.1)	11.3 (-9.3)	153.1 (0.0)	5.8 (-4.9)
Mackay	136.3 (7.0)	3.3 (-2.0)	146.1 (4.5)	6.6 (-0.2)
Mareeba	139.1 (3.3)	5.1 (-6.0)	144.2 (3.7)	3.1 (-1.2)
Maryborough	130.9 (6.4)	-1.5 (-2.6)	145.2 (6.2)	5.2 (1.5)
Miles	125.5 (8.5)	-7.8 (-0.5)	138.3 (7.1)	-2.6 (2.3)
Moranbah	139.5 (5.0)	4.6 (-4.0)	143.8 (6.0)	2.4 (1.3)
Mount Isa	153.9 (5.6)	11.3 (-3.7)	149.4 (4.6)	0.6 (-0.4)
Nambour	138.6 (7.8)	7.7 (-1.2)	145.6 (5.4)	7.1 (0.7)
Noosa	141.3 (11.7)	10.3 (2.7)	145.9 (5.0)	7.3 (0.3)
Rockhampton	142.4 (6.7)	9.2 (-2.6)	144.2 (4.2)	3.6 (-0.7)
Roma	129.1 (9.1)	-5.6 (0.1)	143.2 (8.0)	0.9 (3.3)
Somerset	133.1 (8.1)	2.1 (-0.9)	142.8 (7.7)	4.2 (3.0)
Toowoomba	131.0 (7.1)	-0.2 (-2.0)	146.1 (3.9)	7.3 (-0.8)
Townsville	136.1 (7.1)	2.5 (-2.2)	144.9 (6.6)	5.1 (1.7)
Tully	141.9 (1.8)	7.1 (-7.5)	144.9 (2.0)	3.2 (-2.9)
Warwick	132.8 (11.5)	1.3 (2.4)	142.0 (4.5)	2.9 (-0.3)
Whitsunday	136.3 (2.5)	2.0 (-6.6)	143.2 (4.8)	2.4 (0.1)
Yeppoon	137.7 (4.1)	4.0 (-5.1)	143.5 (4.5)	2.5 (-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.

With an average ULP price of 125.5 cpl, Miles was the cheapest Queensland regional centre to buy ULP (and diesel) in March. Miles was 13.0 cpl cheaper than Brisbane. Neighbouring Roma at 129.1 cpl was the second cheapest centre in Queensland. Kingaroy, Maryborough, Toowoomba, Bundaberg, Gladstone, Warwick, Somerset, Dalby, Gympie, Townsville, Mackay, Whitsunday, Bowen, Hervey Bay, Yeppoon, Childers, Ingham and Cairns 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 21.4 cpl more expensive than Brisbane.

Miles also had the cheapest diesel in Queensland at 138.3 cpl, 8.7 cpl cheaper than Brisbane. Miles, Bundaberg, Warwick, Gympie, Somerset, Roma, Whitsunday, Yeppoon, Ingham, Moranbah, Atherton, Mareeba, Rockhampton, Gladstone, Townsville, Tully, Dalby, Lockyer Valley, Cairns, Maryborough, Charters Towers, Nambour, Noosa, Mackay, Toowoomba and Hervey Bay were also cheaper than Brisbane. Innisfail was the most expensive regional centre for diesel at 154.6 cpl², 7.6 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 27 out of the 37 regional centres monitored by RACQ, ULP retail margins were lower than those

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.

charged in Brisbane. The lowest indicative retail margin was observed in Miles (negative 7.8 cpl), 16.2 cpl lower than Brisbane, and the highest in Blackwater (24.8 cpl), 16.4 cpl higher than Brisbane.

Diesel indicative retail margins were lower than Brisbane in 35 out of 37 regional centres. As with ULP, the lowest diesel indicative retail margins were observed in Miles (negative 2.6 cpl), 11.9 cpl lower than Brisbane. At 13.3 cpl, indicative retail margins in Innisfail were the highest of the monitored centres and 4.0 cpl higher than Brisbane.

Outlook

The combination of reduced oil supply from Venezuela and Iran (due to political unrest in Venezuela, and US sanctions against both countries), and the new OPEC+ production cuts continued to place upward pressure on oil prices. Supply concerns in the US added to the upward pressure on prices. The latest data from the US Energy Information Administration showed a down-turn in US production in January. However, commentators suggest the down-turn in US production, was a consequence of the oil price collapse observed in late 2018. These supply constrictions appear to have over shadowed concerns about global growth and the US-China trade war.

In the coming weeks, there may be further modest increases in the oil price. However, with WTI and Brent are pushing the US\$ 60 and US\$ 70 boundaries, respectively, and price may stabilise for a while. Price stickiness around the multiples for ten is often observed in oil and other commodity markets, and can also be observed in Australia's retail fuel markets.

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

Data sources

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