Monthly Fuel Price Report – April 2018

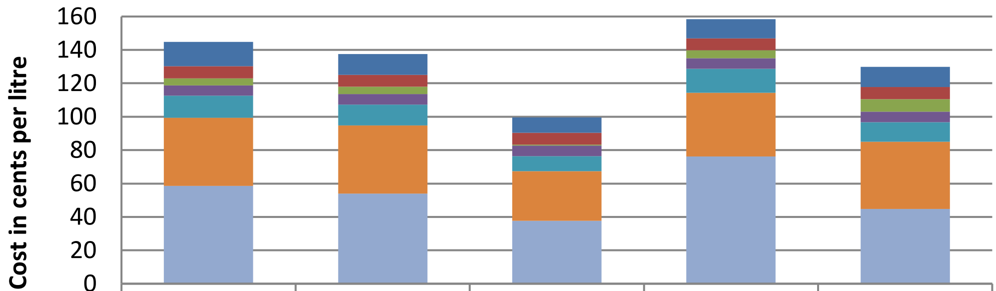
3 May 2018

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for April 2018.

Key points

- The average price of Brent crude oil for April was A$7.4/bbl higher than March, at A$93.1/bbl per barrel. This is the highest monthly average since October 2014. The oil price increases have been caused by geopolitical conflict in the Middle East and the OPEC production cut.
- The average price of ULP in Brisbane in April was 144.9 cpl, 7.3 cpl higher than March. While most of the price increase was due to the increase in the oil price, indicative retail margins also increased in April.
- Indicative retail margins on regular ULP at 14.7 cpl (the highest observed this year) were up by 2.2 cpl, and refinery margins were down by 0.2 cpl at 4.2 cpl. Retail margins on PULP 95 at 18.3 cpl were 2.6 cpl higher than March, refiner margins were down by 0.4 cpl.
- The average price of diesel in Brisbane in April at 143.0 cpl, was 4.6 cpl higher than March.
- The average price of ULP across regional Queensland in April was 144.0 cpl, 5.9 cpl higher than March. The average diesel price in regional Queensland was 141.3 cpl, 4.2 cpl higher than March.
- Miles was the cheapest centre in regional Queensland, 6.9 cpl cheaper than Brisbane. Mareeba had the cheapest average diesel price in regional Queensland in April, 4.5 cheaper than Brisbane.
- The average price of LPG in Brisbane was 82.6 cpl, 1.9 cpl lower than March. Fuel company margins and costs decreased to 29.6 cpl, 2.1 cpl lower than March.

ULP cost breakdown in Brisbane



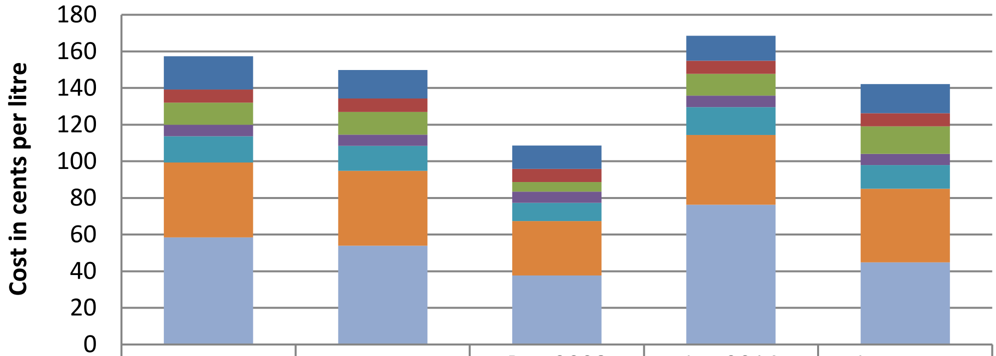
	Apr 2018	Mar 2018	Dec 2008 (cheapest)	Jan 2014 (dearest)	Last year (2017)
Average Retail Price	144.9	137.6	99.5	158.4	130.0
Retail Margin	14.7	12.5	9.0	11.4	12.2
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	4.2	4.4	0.6	4.8	7.6
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	13.2	12.5	9.0	14.4	11.8
Excise (Federal tax)	40.9	40.9	29.8	38.1	40.1
Brent Crude Oil (A$ cpl)	58.5	53.9	37.6	76.2	44.8

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, December 2008 – the cheapest month and January 2014 – the most expensive month observed in recent years (since 2008), is also displayed.

The average price of ULP in Brisbane in April was 144.9 cpl, 7.3 cpl higher than March. Indicative retail margins, at 14.7 cpl, were 2.2 cpl higher than March and the highest observed so far in 2018. Indicative refinery margins were 0.2 cpl lower at 4.2 cpl. Most of the increase in the retail price (5.0 cpl) was due to the increase in the oil price.

PULP 95 cost breakdown in Brisbane



	Apr 2018	Mar 2018	Dec 2008 (cheapest)	Jan 2014 (dearest)	Last year (2017)
Average Retail Price	157.4	149.9	108.6	168.5	142.2
Retail Margin	18.3	15.7	12.8	13.6	15.9
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	12.0	12.4	5.2	11.9	15.0
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	14.3	13.6	9.9	15.3	12.9
Excise (Federal tax)	40.9	40.9	29.8	38.1	40.1
Brent Crude Oil (A$ cpl)	58.5	53.9	37.6	76.2	44.8

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

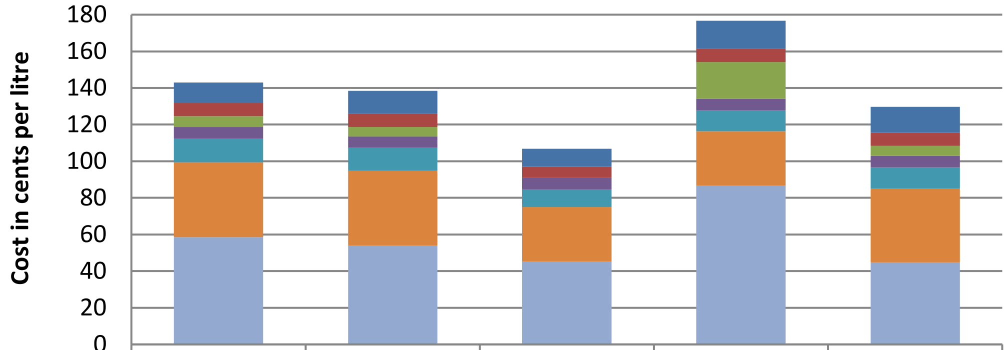
The chart above shows the cost breakdown for a litre of 95 RON Premium ULP sold in Brisbane for April. For comparison, the cost breakdown for last month, last year, December 2008 – the cheapest month and January 2014 – the most expensive month observed in recent years (since 2008), is also displayed.

The average price of PULP 95 in Brisbane in April was 157.4 cpl, 7.5 cpl higher than March, and 12.5 cpl more expensive than the ULP 91 price. The price difference between ULP and PULP 95 is 0.2 cpl higher than March, when it was 12.3 cpl. Indicative retail margins for PULP 95, at 18.3 cpl, were 2.6 cpl higher than March. Refinery margins decreased by 0.4 cpl in April.

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 143.0 cpl, was 4.6 cpl higher than March. Indicative retail margins fell by 1.4 cpl and refinery margins increased by 1.0 cpl.

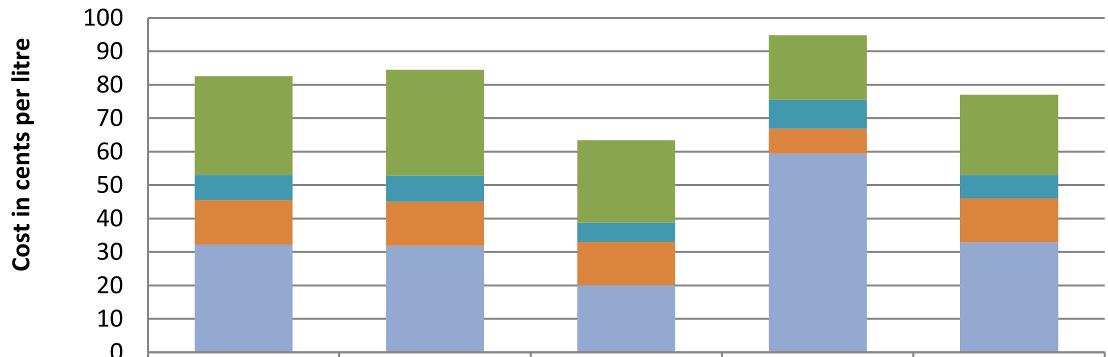


	Apr 2018	Mar 2018	Mar 2009 (cheapest)	Jul 2008 (dearest)	Last year (2017)
Average Retail Price	143.0	138.4	106.7	176.7	129.6
Retail Margin	11.2	12.6	9.8	15.3	14.1
Wholesale Margin	7.2	7.2	6.1	7.2	7.2
Refinery Margin	6.0	5.0	0.0	20.2	5.5
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	13.0	12.6	9.7	11.3	11.8
Excise (Federal tax)	40.9	40.9	29.8	29.8	40.1
Brent Crude Oil (A$ cpl)	58.5	53.9	45.2	86.7	44.8

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 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.



	Apr 2018	Mar 2018	Aug 2016 (cheapest)	Jan 2014 (dearest)	Last year (2017)
Average Retail Price	82.6	84.5	63.4	94.8	77.0
Costs and Margins	29.6	31.7	24.6	19.3	24.0
GST (Federal tax)	7.5	7.7	5.8	8.6	7.0
Excise (Federal tax)	13.3	13.3	12.9	7.5	13.1
Saudi CP (A$ cpl)	32.2	31.8	20.1	59.4	32.9

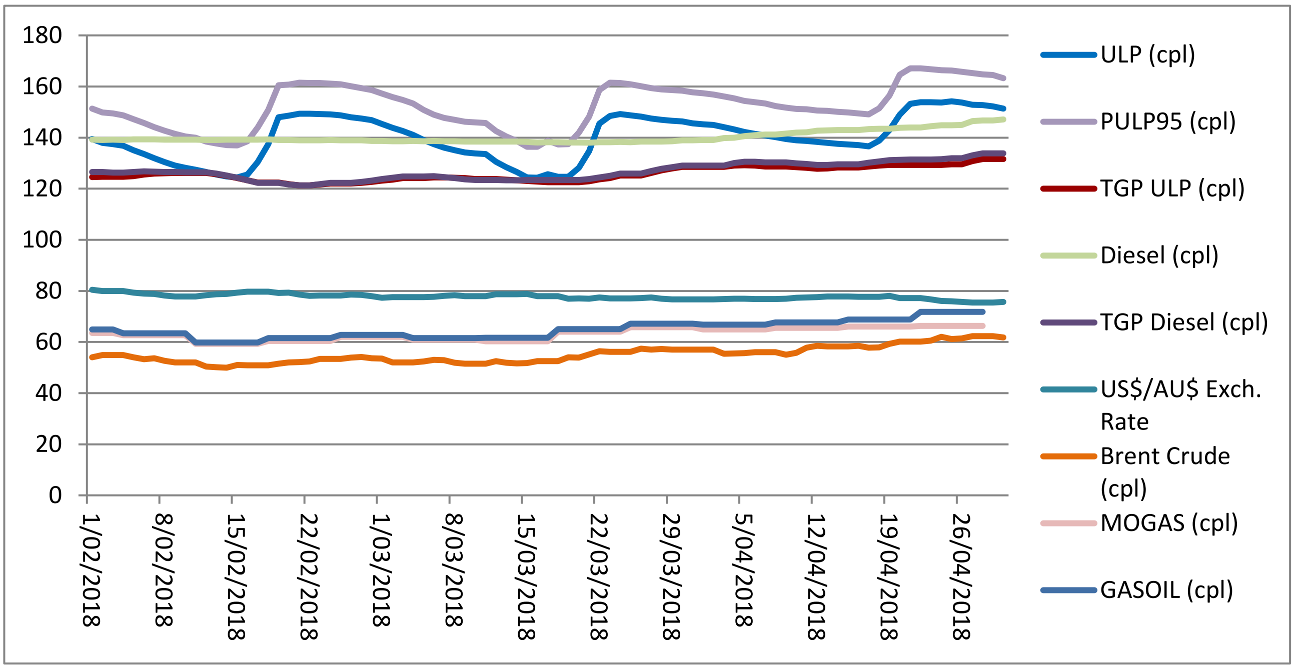
Data on LPG pricing is limited compared to petrol and diesel. Subsequently, it is not possible to calculate retail, wholesale and refinery margins. The alternative measure calculates the difference between the international benchmark price (the Saudi Aramco Contract Price – the Saudi CP) and the pre-tax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

The average retail price of LPG in Brisbane in April was 82.6 cpl, 1.9 cpl lower than March. Fuel company margins and costs decreased to 29.6 cpl, 2.1 cpl lower than March. This remains close to record breaking margins and costs observed in February and March.

The Saudi CP for May is 34.4 cpl, 2.2 cpl higher than April. As fuel company costs and margins are currently at record highs there is no good reason for retailers to further increase prices.

Price trends

There were two partial price cycles observed in the Brisbane ULP market in April. The first cycle started on 20 March, prices peaked on 24 March, and the cycle ended on 16 April. The second cycle started on 17 April and prices peaked on 25 April. At the time of writing the Brisbane ULP market was in the discounting phase of the cycle.



The graph above displays the average Brisbane retail ULP, PULP95 and diesel prices, the ULP TGP, the daily Brent crude oil price, the weekly MOGAS and GASOIL prices in cents per litre (A$), and the US$/A$ exchange rate in US$ cents per AS$.

The average price of Brent in April was A$7.4/bbl higher than March, at A$93.1/bbl (US$71.6/bbl) or 58.5 cpl. The highest monthly average since October 2014. Brent started April at A$88.0/bbl (US$65.8/bbl), strengthen throughout April and ended the month at A$98.3/bbl (US$74.4/bbl) – a three and a half year high.

Comparison to other capital cities

The table below presents the average April prices and retail margins on ULP and diesel for Australia's 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	144.9 (7.2)	14.7 (2.5)	143.0 (4.5)	11.2 (-1.4)
Adelaide	139.4 (5.3)	9.0 (0.6)	143.6 (8.2)	11.1 (2.2)
Canberra	147.3 (-0.2)	17.2 (-5.0)	145.1 (3.6)	12.9 (-2.4)
Darwin	148.9 (0.5)	14.8 (-4.2)	148.8 (0.1)	13.4 (-5.8)
Hobart	148.5 (3.2)	13.7 (-1.7)	148.1 (3.4)	11.5 (-2.7)
Melbourne	140.6 (7.0)	10.8 (2.2)	142.5 (4.0)	10.7 (-1.9)
Perth	139.6 (4.2)	10.1 (-0.5)	145.1 (3.1)	13.6 (-2.8)
Sydney	140.4 (9.1)	10.3 (4.3)	140.9 (4.2)	8.8 (-1.7)

* 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.

Adelaide was the cheapest capital, with an average ULP price 5.5 cpl lower than Brisbane. ULP sold in Brisbane was more expensive than Adelaide, Perth, Sydney and Melbourne by 5.5 cpl, 5.3 cpl, 4.5 cpl and 4.3 cpl respectively. Canberra, Hobart and Darwin were 2.4 cpl, 3.6 cpl and 4.0 cpl more expensive than Brisbane respectively.

Diesel sold in Brisbane was more expensive than Sydney and Melbourne by 2.1 cpl, and 0.5 cpl, respectively. Adelaide, Canberra, Perth, Hobart and Darwin were more expensive by 0.6 cpl, 2.1 cpl, 2.1 cpl, 5.1 cpl and 5.8 cpl, respectively.

Comparison of the SEQ metropolitan centres

The table below 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 considers Brisbane North separate to Brisbane South.

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane North	146.5 (7.6)	16.3 (2.8)	143.9 (4.5)	12.1 (-1.5)
Brisbane South	144.3 (7.1)	14.1 (2.4)	142.7 (4.6)	10.8 (-1.4)
Gold Coast	143.9 (7.6)	13.1 (2.8)	143.2 (6.0)	10.8 (0.0)
Ipswich	144.0 (7.1)	13.6 (2.3)	141.1 (5.8)	9.0 (-0.2)
Moreton Bay	141.9 (6.9)	11.4 (2.1)	142.1 (4.2)	9.9 (-1.7)
Sunshine Coast	143.9 (5.0)	12.9 (0.2)	141.3 (4.0)	8.7 (-1.9)

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

Moreton Bay was the cheapest centre in SEQ to buy ULP in April, with an average price of 141.9 cpl. It was followed by Gold Coast, with an average price of 143.9 cpl. Brisbane North was the most expensive SEQ centres, at 4.6 cpl dearer than neighbouring Moreton Bay.

Ipswich was the cheapest SEQ centre to buy diesel with an average price of 141.1. cpl, followed by the Sunshine Coast, which was 0.2 cpl dearer than Ipswich. Brisbane North was the most expensive, at 2.8 cpl dearer than Ipswich.

ULP and diesel prices across SEQ were four to seven cents dearer than March. ULP indicative retail margins were higher by up to three cents per litre.

Fuel prices across Queensland

The average price of ULP across regional Queensland in April was 144.0 cpl, 5.9 cpl higher than March when the average price was 138.1 cpl. The average diesel price was 141.3 cpl, 4.2 cpl higher than March when the average price was 137.1 cpl.

Miles was the cheapest centre in Queensland to buy ULP in April, at 138.0 cpl, was 6.9 cpl cheaper than Brisbane. Moranbah, Gympie, Cairns, Bundaberg, Whitsunday, Innisfail, Mareeba, Maryborough, Charters Towers, Atherton, Childers, Gladstone, Kingaroy, Tully, Goondiwindi and Toowoomba were also cheaper than Brisbane. The most expensive regional centre listed was Mount Isa with an average price of 149.7 cpl in April 4.8 cpl more expensive than Brisbane. However, the list of regional centres is not exhaustive and prices in other centres are likely to exceed these prices[1].

Mareeba had the cheapest diesel in Queensland (at 138.5 cpl, 4.5 cpl cheaper than Brisbane). Miles, Kingaroy, Gympie, Goondiwindi, Maryborough, Gladstone, Moranbah, Cairns, Tully, Atherton, Warwick, Ingham, Toowoomba, Hervey Bay, Mackay, Charters Towers, Dalby, Bowen, Childers, Townsville, Blackwater, Emerald, Bundaberg and Innisfail were also cheaper than the Brisbane. Cunnamulla was the most expensive regional centre for diesel, at 149.1 cpl[1], 6.1 cpl higher than Brisbane.

Starting in the second week of April, a price correction was observed in regional Queensland. In many centres the ULP price increased by six or seven cents and the diesel price by four to six cents. This price increase was largely due to the increase in the oil price, however many fuel companies took the opportunity to increase retail ULP margins. In contrast, diesel retail margins fell in most centres.

Retail margins throughout regional Queensland on ULP and diesel were lower than those charged in Brisbane.

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	144.9 (7.2)	14.7 (2.5)	143.0 (4.5)	11.2 (-1.4)
Gold Coast	143.9 (7.6)	13.1 (2.8)	143.2 (6.0)	10.8 (0.0)
Sunshine Coast	143.9 (5.0)	12.9 (0.2)	141.3 (4.0)	8.7 (-1.9)
Atherton	142.9 (5.1)	9.2 (0.2)	140.9 (2.3)	5.7 (-3.8)
Biloela	147.4 (5.1)	13.1 (0.3)	143.8 (4.0)	7.9 (-2.0)
Blackwater	146.9 (5.0)	10.9 (0.2)	142.5 (4.0)	4.9 (-2.0)
Bowen	146.1 (6.2)	10.5 (1.4)	142.4 (5.0)	6.4 (-0.9)
Bundaberg	141.7 (9.3)	8.1 (4.5)	142.8 (6.5)	7.6 (0.5)
Cairns	141.0 (8.5)	8.0 (3.7)	140.7 (4.1)	6.3 (-1.9)
Charters Towers	142.5 (6.6)	7.5 (1.8)	141.7 (2.2)	6.3 (-3.7)
Childers	143.0 (7.8)	9.9 (3.0)	142.4 (5.7)	7.6 (-0.3)
Cunnamulla	nd	nd	149.1 (10.5)	9.1 (4.6)
Dalby	145.9 (5.8)	13.7 (1.0)	142.1 (3.5)	8.3 (-2.5)
Emerald	146.5 (5.6)	9.8 (0.8)	142.5 (4.8)	4.2 (-1.2)
Gladstone	143.1 (8.6)	10.0 (3.7)	140.4 (5.5)	5.7 (-0.5)

[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.

Goondiwindi	143.9 (4.4)	10.4 (-0.4)	140.1 (3.3)	4.9 (-2.7)
Gympie	140.5 (6.0)	8.8 (1.2)	139.7 (4.9)	6.4 (-1.1)
Hervey Bay	145.0 (5.1)	12.2 (0.4)	141.6 (5.2)	7.1 (-0.8)
Ingham	145.2 (4.0)	10.4 (-0.8)	141.2 (3.2)	5.9 (-2.7)
Innisfail	142.2 (8.3)	8.4 (3.5)	142.8 (5.1)	7.6 (-1.0)
Kingaroy	143.5 (3.4)	11.4 (-1.3)	139.1 (4.1)	5.4 (-1.9)
Longreach	149.0 (2.3)	8.0 (-2.6)	147.1 (4.5)	4.6 (-1.5)
Mackay	145.5 (7.7)	11.3 (2.9)	141.6 (4.5)	6.9 (-1.5)
Mareeba	142.3 (7.0)	8.7 (2.1)	138.5 (4.9)	3.4 (-1.1)
Maryborough	142.4 (7.0)	9.9 (2.2)	140.3 (5.5)	6.2 (-0.5)
Miles	138.0 (3.9)	4.6 (-0.8)	139.0 (4.5)	3.9 (-1.5)
Moranbah	138.9 (0.5)	2.8 (-4.4)	140.6 (3.0)	4.0 (-2.9)
Mount Isa	149.7 (1.5)	7.1 (-3.3)	144.4 (5.2)	1.3 (-0.7)
Rockhampton	146.0 (5.9)	11.8 (1.0)	143.0 (4.1)	7.3 (-1.9)
Roma	146.0 (6.1)	11.2 (1.3)	143.0 (3.1)	6.6 (-2.9)
Toowoomba	144.0 (6.1)	12.7 (1.3)	141.3 (4.4)	8.3 (-1.6)
Townsville	146.0 (6.9)	12.3 (2.1)	142.4 (4.9)	8.3 (-1.1)
Tully	143.6 (3.6)	9.3 (-1.2)	140.8 (2.1)	5.0 (-3.9)
Warwick	146.2 (6.1)	14.6 (1.4)	141.0 (5.1)	7.7 (-0.8)
Whitsunday	141.9 (7.3)	6.5 (2.4)	145.1 (2.2)	9.2 (-3.7)
Yeppoon	147.2 (6.4)	12.6 (1.5)	144.7 (5.4)	8.5 (-0.6)

* 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.

Outlook

Geopolitical conflict in the Middle East has led to significant increases in the oil price and looks set to dominant oil prices in May. The deal between Iran and the five permanent members of the UN security council, that saw Iran curtail its nuclear programme, is due for renewal on 12 May 2018. The US have indicated that they will withdraw from the agreement and would reintroduce sanctions on Iran. This would lead to a significant reduction in oil supply and therefore an increase in the oil price.

The OPEC production cuts, increases in US shale oil production and strong demand remain significant influences on oil prices. The threat of a global trade war remains but appears less likely. A trade war would lead to lower oil prices as the global economy would suffer and demand of oil would fall.

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

Data sources

All data presented in this report are RACQ calculations using Informed Sources (Australia), FUELtrac, RBA, AIP and Bloomberg.com data.