

Monthly Fuel Price Report

– June 2018



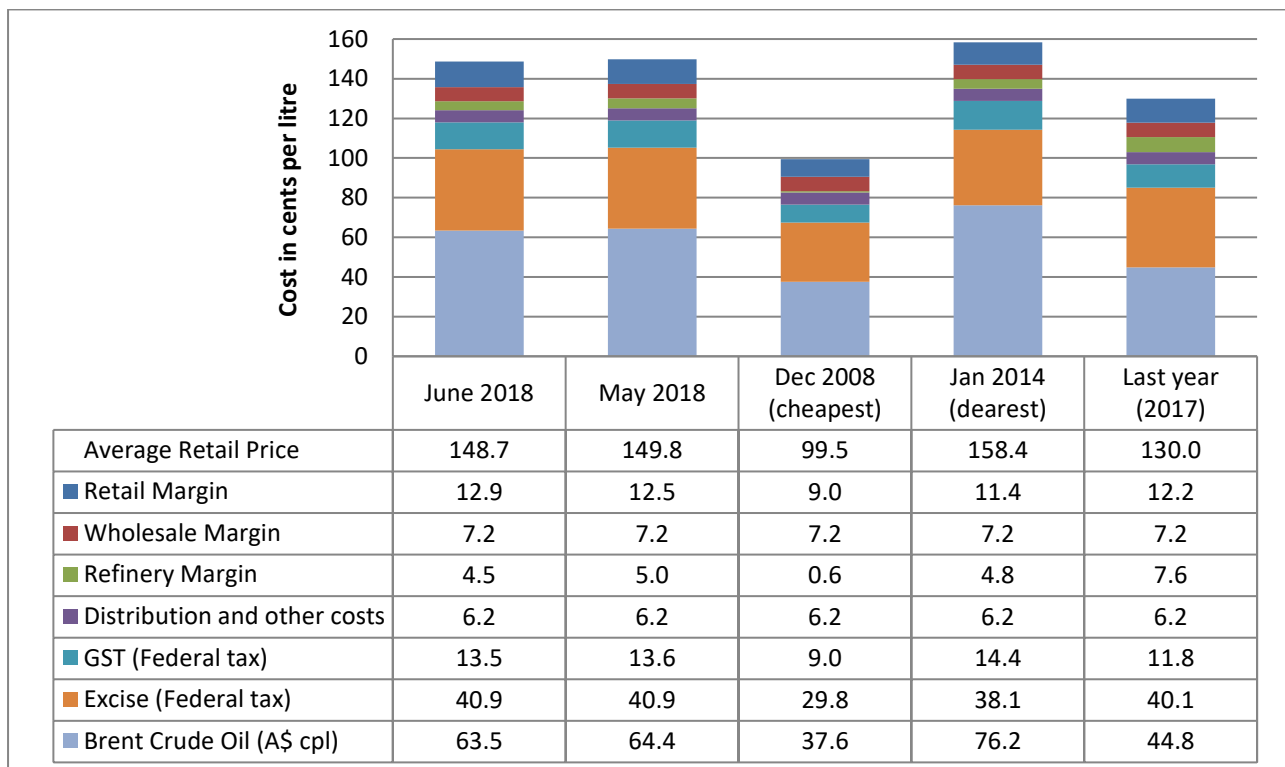
4 July 2018

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

Key points

- The average price of ULP in Brisbane in June was 148.7 cpl, 1.1 cpl lower than May. This decrease was due to a slight drop in the oil price, and overall fuel margins were relatively unchanged in June.
- Brisbane ULP was more expensive than Adelaide, Sydney, Melbourne and Perth by 6.2 cpl, 2.4 cpl, 0.9 cpl and 0.6 cpl respectively.
- The average Brisbane price of diesel in June was 4.2 cpl higher than May, at 156.5 cpl. This was due to an increase in fuel company margins. Indicative retail margins rose steeply in June and averaged 18.3 cpl. This was 5.3 cpl more than May, an increase of 40%. In two months the retail price of diesel in Brisbane has increased
- The average price of ULP across regional Queensland in June was 154.3 cpl, 3.6 cpl higher than May. This follows a 6.7 cpl increase last month, resulting in a total rise of 10.3 cpl since April. The average diesel price in regional Queensland was 153.3 cpl, 4.2 cpl higher than May. The increase last month was 7.8 cpl, so the resulting two-month rise has been 12 cpl.
- Gympie had the cheapest average ULP price in regional Queensland in June. At 148.4 cpl, ULP sold in Gympie was 0.3 cpl cheaper than Brisbane.
- Mount Isa had the cheapest diesel price (but highest ULP price) in June. At 149.2 cpl, diesel sold in Mount Isa was 7.3 cpl cheaper than Brisbane.

ULP cost breakdown in Brisbane



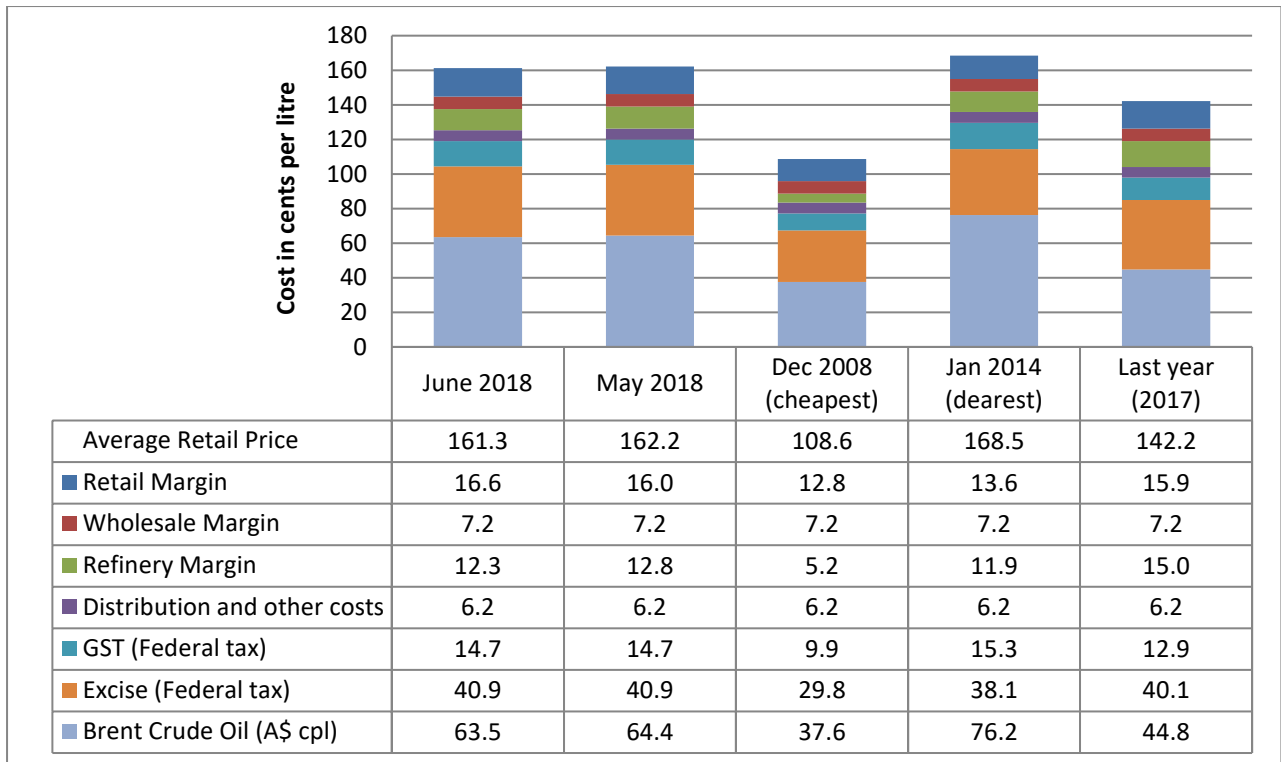
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for June. 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 June was 148.7 cpl, 1.1 cpl lower than May. Indicative retail margins, at 12.9 cpl, were 0.4 cpl higher than May. Indicative refinery margins were 0.5 cpl lower at 4.5 cpl. The drop in the retail price was due to a slight reduction in the oil price (down \$A 0.9 cpl), rather than an overall change in fuel company margins.

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 June. 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.



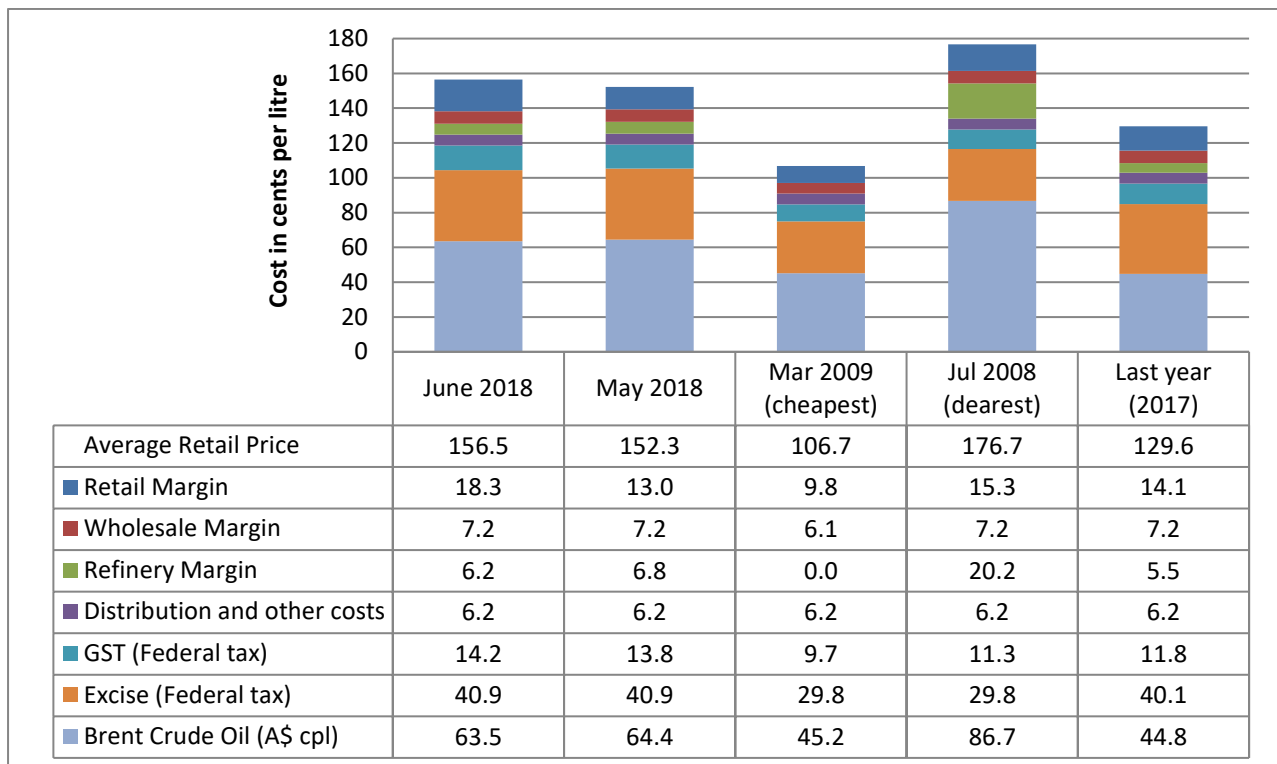
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The average price of PULP 95 in Brisbane in June was 161.3 cpl, 0.9 cpl lower than May, and 12.6 cpl more expensive than the ULP 91 price. The price difference between ULP and PULP 95 is 0.2 cpl higher than May, when it was 12.4 cpl. Indicative retail margins for PULP 95, at 16.6 cpl, were 0.6 cpl higher than May. Refinery margins fell by 0.5 cpl in June.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for June. 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.

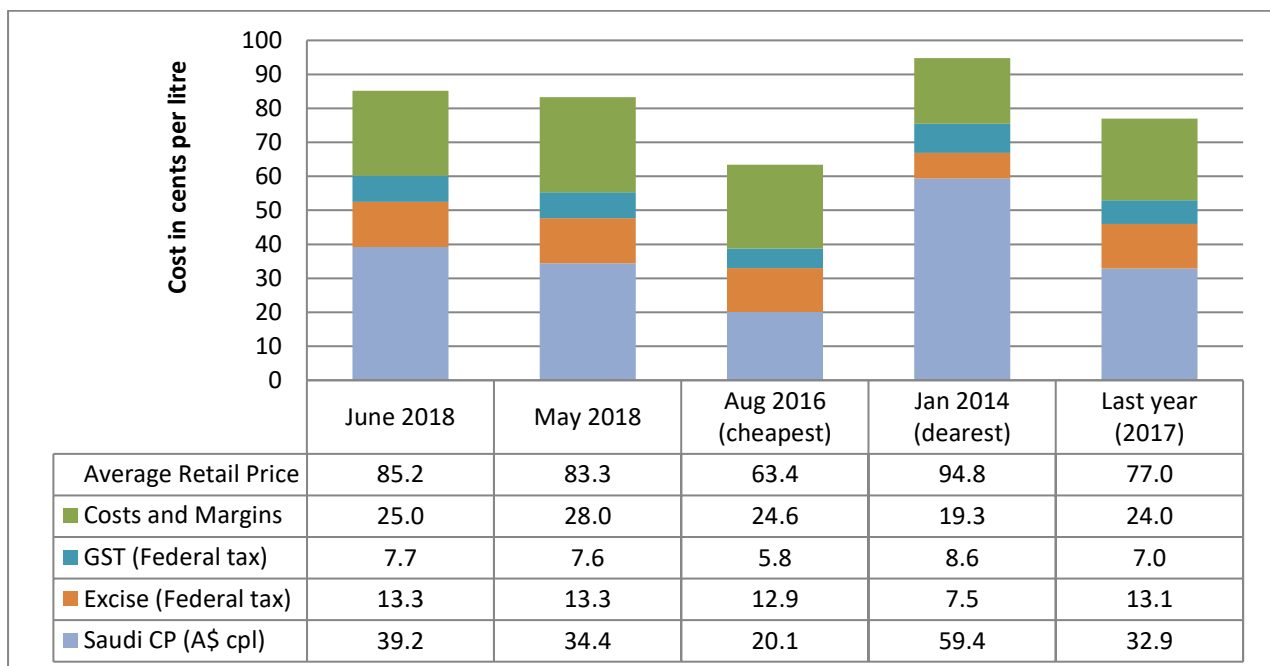
The average price of diesel in June, at 156.5 cpl, was 4.2 cpl higher than May. Indicative retail margins increased by 5.3 cpl (a 40% increase), and refinery margins fell by 0.6 cpl.



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 June. 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.



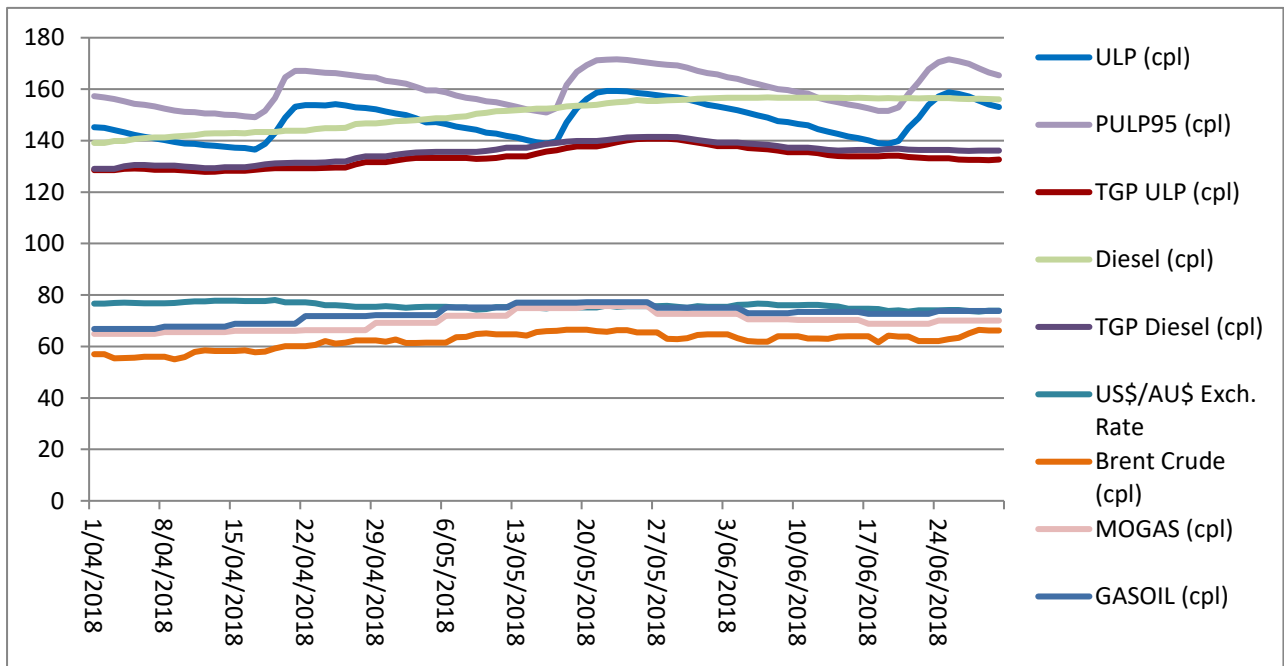
Data on LPG pricing is limited compared to petrol and diesel. Subsequently, it is not possible to calculate retail, wholesale and refinery margins. The alternative measure calculates the difference between the international benchmark price (the Saudi Aramco Contract Price – the Saudi CP) and the pre-tax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

The average retail price of LPG in Brisbane in June was 85.2 cpl, 1.9 cpl higher than May. Fuel company margins and costs decreased to 25.0 cpl, 3 cpl lower than May.

The Saudi CP for July is 39.3 cpl, 0.1 cpl higher than June.

Price trends

There were two partial price cycles observed in the Brisbane ULP market in June. The first cycle started on 17 May, prices peaked on 22 and 23 May, and the cycle ended on 18 June. The second cycle started on 19 June and prices peaked on 25 June. 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 A\$.

The average price of Brent in June was A\$1.4/bbl lower than May, at A\$101.0/bbl (US\$75.8/bbl) or 63.5 cpl. In May Brent had hit a 3.5 year high, and this saw prices remain elevated for most of June. Brent started June at A\$102.9/bbl (US\$77.6/bbl) and softened to a local low point on 18 June of A\$98.0/bbl (US\$73.0/bbl). Brent ended the month at A\$105.3/bbl (US\$77.9/bbl).

Comparison to other capital cities

The table below presents the average June prices and retail margins on ULP and diesel for Australia's capital cities, with the change compared to May in parentheses.

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane	148.7 (-1.1)	12.9 (0.4)	156.5 (4.2)	18.3 (5.3)
Adelaide	142.5 (-2.4)	6.7 (-0.8)	153.3 (2.2)	14.4 (3.4)
Canberra	154.8 (6.5)	19.1 (8)	156.7 (4)	18.1 (5.1)
Darwin	155.6 (4.4)	15.9 (5.9)	155.6 (4.9)	13.8 (6)
Hobart	157.5 (4.4)	17.4 (6.2)	160.4 (5.5)	17.6 (6.9)
Melbourne	147.8 (1.3)	12.6 (2.8)	154.8 (3.5)	16.6 (4.8)
Perth	148.1 (0.9)	13.2 (2.5)	157.1 (3.8)	19.2 (5)
Sydney	146.3 (-0.7)	10.7 (0.9)	153.0 (4.2)	14.4 (5.3)

* 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 6.2 cpl lower than Brisbane. ULP sold in Brisbane was more expensive than Adelaide, Sydney, Melbourne and Perth by 6.2 cpl, 2.4 cpl, 0.9 cpl and 0.6 cpl respectively. Canberra, Darwin and Hobart were 6.1 cpl, 6.9 cpl and 8.8 cpl more expensive than Brisbane respectively.

Diesel sold in Brisbane was more expensive than Sydney, Adelaide, Melbourne and Darwin by 3.5 cpl, 3.2 cpl, 1.7 cpl and 0.9 cpl, respectively. Canberra, Perth and Hobart were more expensive by 0.2 cpl, 0.6 cpl and 3.9 cpl, respectively.

Comparison of the SEQ metropolitan centres

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane North	151.3 (-0.4)	15.5 (1.1)	157.7 (4.6)	19.6 (5.8)
Brisbane South	147.7 (-1.3)	11.9 (0.2)	156.1 (4)	17.9 (5.2)
Gold Coast	145.1 (-1.5)	8.6 (-0.1)	154.7 (3.1)	15.9 (4.3)
Ipswich	148.0 (-1.4)	11.9 (0)	154.3 (3)	15.8 (4.2)
Moreton Bay	147.4 (-1.1)	11.3 (0.4)	154.9 (3.6)	16.4 (4.7)
Sunshine Coast	147.4 (-3.5)	10.8 (-2)	153.0 (2.1)	14.0 (3.3)

* 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 June, with an average price of 145.1 cpl. It was followed by Moreton Bay and the Sunshine Coast, both with an average price of 147.4 cpl. Brisbane North was the most expensive SEQ centre, at 6.2 cpl dearer than the Gold Coast.

The Sunshine Coast was the cheapest SEQ centre to buy diesel with an average price of 153 cpl, followed by Ipswich, which was 1.3 cpl dearer than the Sunshine Coast. Brisbane North was the most expensive, at 4.7 cpl dearer than the Sunshine Coast.

ULP prices across SEQ were 0.4 cpl to 3.5 cpl cheaper than May. ULP indicative retail margins were 1.1 cpl higher than May in Brisbane North, 2 cpl lower on the Sunshine Coast and fairly constant elsewhere in SEQ. Diesel prices were 2.1 cpl to 4.6 cpl dearer than May, and margins were up between 3.3 cpl and 5.8 cpl.

Fuel prices across Queensland

The average price of ULP across regional Queensland in June was 154.3 cpl, 3.6 cpl higher than May, when the average price was 150.7. The average diesel price was 153.3, 4.2 cpl higher than May when the average price was 149.1 cpl.

Gympie was the cheapest Queensland regional centre (outside SEQ) to buy ULP in June. At 148.4 cpl, Gympie was 0.3 cpl cheaper than Brisbane. All other centres outside of SEQ were more expensive than Brisbane. The most expensive regional centre listed was Mount Isa. With an average price of 159.6 cpl in June, it was 10.9 cpl more expensive than Brisbane. However, the list of regional centres is not exhaustive and prices in other centres are likely to exceed these prices¹.

Mount Isa had the cheapest diesel in Queensland (149.2 cpl, 7.3 cpl cheaper than Brisbane). Of the 34 regional centres monitored by RACQ, 28 were cheaper than Brisbane. These centres were: Mount Isa, Gympie, Roma, Miles, Moranbah, Maryborough, Gladstone, Ingham, Sunshine Coast, Bundaberg, Warwick, Whitsunday, Goondiwindi, Childers, Mareeba, Emerald, Toowoomba, Hervey Bay, Gold Coast, Blackwater, Kingaroy, Townsville, Cairns, Mackay, Dalby, Longreach, Bowen and Rockhampton.

Biloela was the most expensive regional centre for diesel, at 159.7 cpl¹, 3.2 cpl higher than Brisbane.

Regional ULP retail margins were higher than those charged in Brisbane with the exception of the Gold Coast, Moranbah, Bundaberg, Sunshine Coast, Gympie, Blackwater, Mount Isa, Miles and Longreach. Diesel retail margins in all regional centres were lower than Brisbane.

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	148.7 (-1.1)	12.9 (0.4)	156.5 (4.2)	18.3 (5.3)
Gold Coast	145.1 (-1.5)	8.6 (-0.1)	154.7 (3.1)	15.9 (4.3)
Sunshine Coast	147.4 (-3.5)	10.8 (-2)	153.0 (2.1)	14.0 (3.3)
Atherton	155.1 (4.1)	15.8 (5.6)	157.0 (5.5)	15.4 (6.7)
Biloela	156.0 (3.6)	16.1 (5.2)	159.7 (6.3)	17.5 (7.5)
Blackwater	152.9 (2)	11.4 (3.5)	154.8 (5.8)	10.9 (7)
Bowen	155.9 (4)	14.7 (5.5)	155.9 (4.8)	13.3 (5.9)
Bundaberg	149.6 (0.7)	10.4 (2.2)	153.0 (2.8)	11.4 (4)
Cairns	155.9 (4.6)	17.4 (6.2)	155.0 (5.1)	14.1 (6.3)
Charters Towers	156.4 (5.6)	15.9 (7.2)	157.3 (5.7)	15.4 (6.9)
Childers	152.3 (2.4)	13.6 (3.8)	153.8 (3.6)	12.7 (4.8)
Dalby	155.1 (3.2)	17.4 (4.7)	155.4 (3.4)	15.2 (4.6)

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.

Emerald	156.4 (4.7)	14.2 (6.2)	154.0 (3.8)	9.3 (5)
Gladstone	153.5 (3.3)	14.9 (4.9)	152.3 (3)	11.3 (4.3)
Goondiwindi	154.9 (4.1)	15.8 (5.6)	153.4 (4)	11.9 (5.2)
Gympie	148.4 (1.5)	11.1 (3)	149.3 (3.2)	9.7 (4.3)
Hervey Bay	154.8 (4.3)	16.4 (5.8)	154.5 (4.1)	13.6 (5.2)
Ingham	156.2 (5.1)	15.9 (6.7)	152.6 (4.3)	10.9 (5.4)
Innisfail	157.8 (5.4)	18.5 (6.9)	157.8 (6.1)	16.2 (7.3)
Kingaroy	153.8 (2.6)	16.1 (4.1)	154.8 (3.5)	14.7 (4.6)
Longreach	159.0 (4)	12.6 (5.6)	155.6 (3.1)	6.8 (4.3)
Mackay	157.1 (5.3)	17.4 (6.9)	155.3 (5.2)	14.3 (6.4)
Mareeba	155.4 (4.2)	16.2 (5.7)	153.8 (5.7)	12.3 (6.9)
Maryborough	152.0 (3)	13.8 (4.4)	152.0 (3.8)	11.5 (5)
Miles	150.5 (4.4)	11.5 (5.8)	150.7 (2.2)	9.4 (3.4)
Moranbah	151.1 (5.9)	9.5 (7.5)	150.9 (8.4)	7.9 (9.6)
Mount Isa	159.6 (6.7)	11.4 (8.3)	149.2 (1.6)	-0.3 (2.7)
Rockhampton	156.0 (4.6)	16.3 (6.2)	156.0 (5.2)	13.9 (6.4)
Roma	155.5 (4.9)	15.1 (6.4)	150.5 (3)	7.7 (4.2)
Toowoomba	152.5 (1.5)	15.7 (2.9)	154.1 (3.7)	14.8 (4.9)
Townsville	155.5 (3.8)	16.3 (5.4)	154.8 (4.2)	14.2 (5.3)
Tully	156.8 (5.7)	16.9 (7.2)	156.5 (6.5)	14.3 (7.7)
Warwick	154.3 (2.2)	17.1 (3.7)	153.2 (3.1)	13.6 (4.3)
Whitsunday	154.2 (4.8)	13.2 (6.4)	153.3 (3.8)	11.0 (5)
Yeppoon	158.2 (6.3)	18.1 (7.9)	157.6 (3.6)	15.1 (4.8)

* 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.

Outlook

The meeting of OPEC oil ministers on 22 June (and all the speculation leading up to it), created volatility in the oil market for much of June. Early in the month there had been signs of disunity in the group of OPEC and non-OPEC producers and hints that Russia and Saudi Arabia were discussing a production increase. The official announcement from the OPEC meeting was to confirm that OPEC's production cut deal remained intact, and this news saw the oil price strengthen. While the meeting concluded that total volume produced by the OPEC and non-OPEC producers subject to the deal would not increase, it was agreed some individual countries would increase production. Due to recent substantial falls in production in Libya and Venezuela, OPEC production has been below the agreed volume. It was decided that Russia and Saudi Arabia would increase production to offset this.

The other large influence on the oil price in June was the movement in US crude inventories. On 27 June the US Energy Information Administration reported a larger than expected draw down in US crude oil inventories. The report showed US crude inventories dropped by 9.9 million barrels in the week ending June 22, the largest decline since September 2016. Analysts had expected a drawdown of less than half that. The led to an increase in the price of Brent crude.

US inventories, shale oil production and the OPEC production cuts will remain a significant influence on oil prices in July. Domestically there was a 2% drop in the Australian dollar in June. This has put upward pressure on local petrol prices and added about 1.5 cents to the retail price at the bowser.

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

Data sources

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