Monthly Fuel Price Report –March 2018

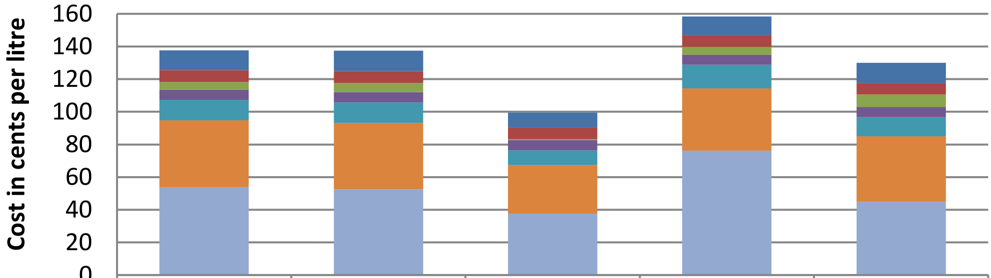
5 April 2018

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

Key points

- Cairns was the second cheapest centre in regional Queensland, 5.1 cpl cheaper than Brisbane and missing out to Bundaberg by 0.1 cpl for the cheapest centre.
- In late March the price of Brent crude oil exceeded A$90 per barrel for the first time since November 2014.
- The average price of ULP in Brisbane in March was 137.6 cpl, 0.2 cpl higher than February. Indicative retail margins at 12.2 cpl were down by 0.3 cpl, and refinery margins were down by 1.0 cpl at 4.7 cpl. Sydney, Adelaide, Melbourne and Perth where cheaper by 6.2 cpl, 3.8 cpl, 3.7 cpl and 2.8 cpl respectively.
- The average price of diesel in Brisbane in March at 138.4 cpl, 0.7 cpl lower than February. Brisbane was more expensive than Adelaide and Sydney by 2.8 cpl, and 1.7 cpl, respectively.
- The average price of ULP across regional Queensland in March was 138.1 cpl, 1.1 cpl lower than February. The average diesel price in regional Queensland was 137.1 cpl, 0.8 cpl lower than February.
- Mareeba had the cheapest average diesel price in regional Queensland in March. At 133.6 cpl, ULP sold in Mareeba was 4.8 cpl cheaper than Brisbane
- At 31.7 cpl, fuel companies charged record high margins and costs on LPG in March, the second month in a row of record high margins and costs. The average price of LPG in Brisbane was 84.5 cpl, 1.5 cpl lower than February.

ULP cost breakdown in Brisbane



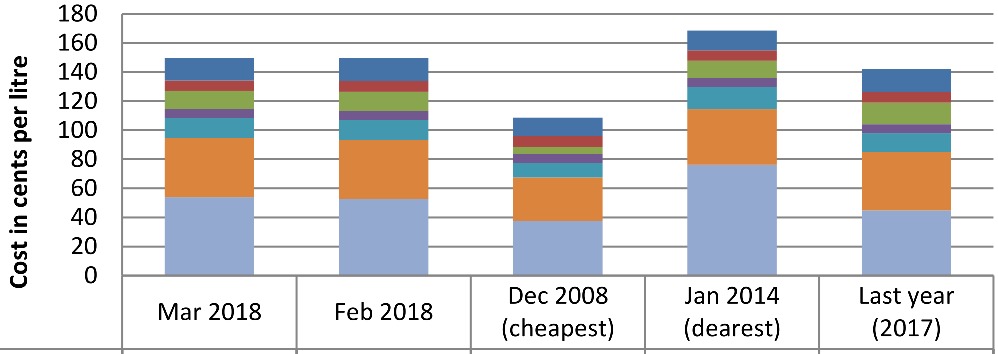
	Mar 2018	Feb 2018	Dec 2008 (cheapest)	Jan 2014 (dearest)	Last year (2017)
Average Retail Price	137.6	137.4	99.5	158.4	130.0
Retail Margin	12.2	12.5	9.0	11.4	12.2
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	4.7	5.7	0.6	4.8	7.6
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	12.5	12.5	9.0	14.4	11.8
Excise (Federal tax)	40.9	40.8	29.8	38.1	40.1
Brent Crude Oil (A$ cpl)	53.9	52.5	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 March. 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 March was 137.6 cpl, 0.2 cpl higher than February. Indicative retail margins, at 12.2 cpl, were 0.3 cpl lower than February. Indicative refinery margins were 1.0 cpl lower at 4.7 cpl.

PULP 95 cost breakdown in Brisbane



	Mar 2018	Feb 2018	Dec 2008 (cheapest)	Jan 2014 (dearest)	Last year (2017)
Average Retail Price	149.9	149.6	108.6	168.5	142.2
Retail Margin	15.7	16.0	12.8	13.6	15.9
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	12.4	13.4	5.2	11.9	15.0
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	13.6	13.6	9.9	15.3	12.9
Excise (Federal tax)	40.9	40.8	29.8	38.1	40.1
Brent Crude Oil (A$ cpl)	53.9	52.5	37.6	76.2	44.8

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

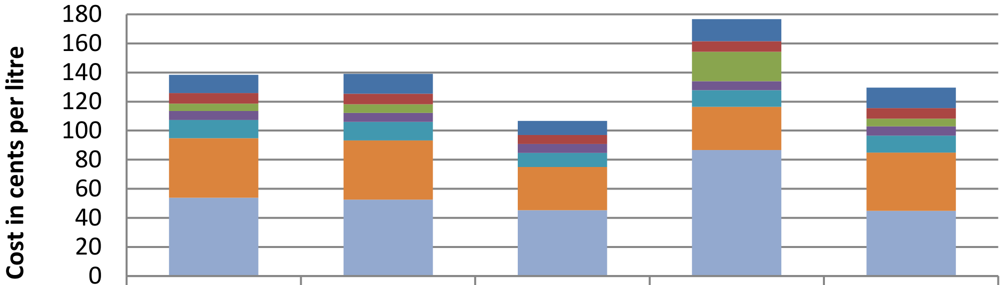
The chart above shows the cost breakdown for a litre of 95 RON Premium ULP sold in Brisbane for March. For comparison, the cost breakdown for last month, last year, December 2008 – the cheapest month and January 2014 – the most expensive month observed in recent years (since 2008), is also displayed.

The average price of PULP 95 in Brisbane in March was 149.9 cpl, 0.3 cpl higher than February, and 12.3 cpl more expensive than the ULP 91 price. The price difference between ULP and PULP 95 is 0.1cpl higher than February, when it was 12.2 cpl. Indicative retail margins for PULP 95, at 15.7 cpl, were 0.3 cpl lower than February. Refinery margins decreased by 1.0 cpl in March.

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 138.4 cpl, was 0.7 cpl lower than February. Indicative retail margins and refinery margins both decreased by 1.1 cpl.

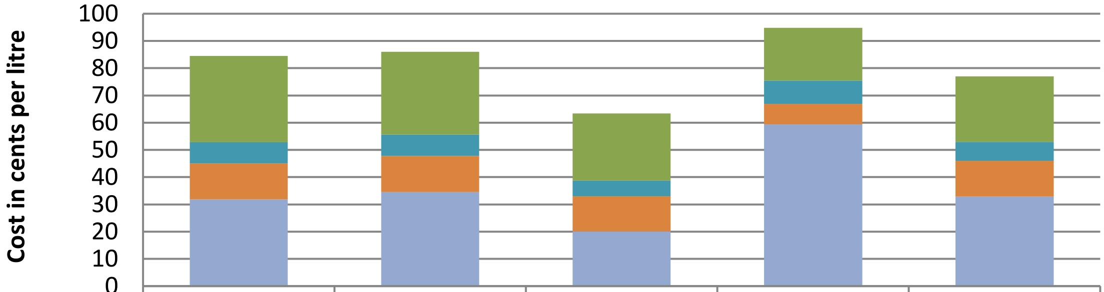


	Mar 2018	Feb 2018	Mar 2009 (cheapest)	Jul 2008 (dearest)	Last year (2017)
Average Retail Price	138.4	139.1	106.7	176.7	129.6
Retail Margin	12.6	13.7	9.8	15.3	14.1
Wholesale Margin	7.2	7.2	6.1	7.2	7.2
Refinery Margin	5.0	6.1	0.0	20.2	5.5
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	12.6	12.6	9.7	11.3	11.8
Excise (Federal tax)	40.9	40.8	29.8	29.8	40.1
Brent Crude Oil (A$ cpl)	53.9	52.5	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 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.



	Mar 2018	Feb 2018	Aug 2016 (cheapest)	Jan 2014 (dearest)	Last year (2017)
Average Retail Price	84.5	86.0	63.4	94.8	77.0
Costs and Margins	31.7	30.4	24.6	19.3	24.0
GST (Federal tax)	7.7	7.8	5.8	8.6	7.0
Excise (Federal tax)	13.3	13.3	12.9	7.5	13.1
Saudi CP (A$ cpl)	31.8	34.5	20.1	59.4	32.9

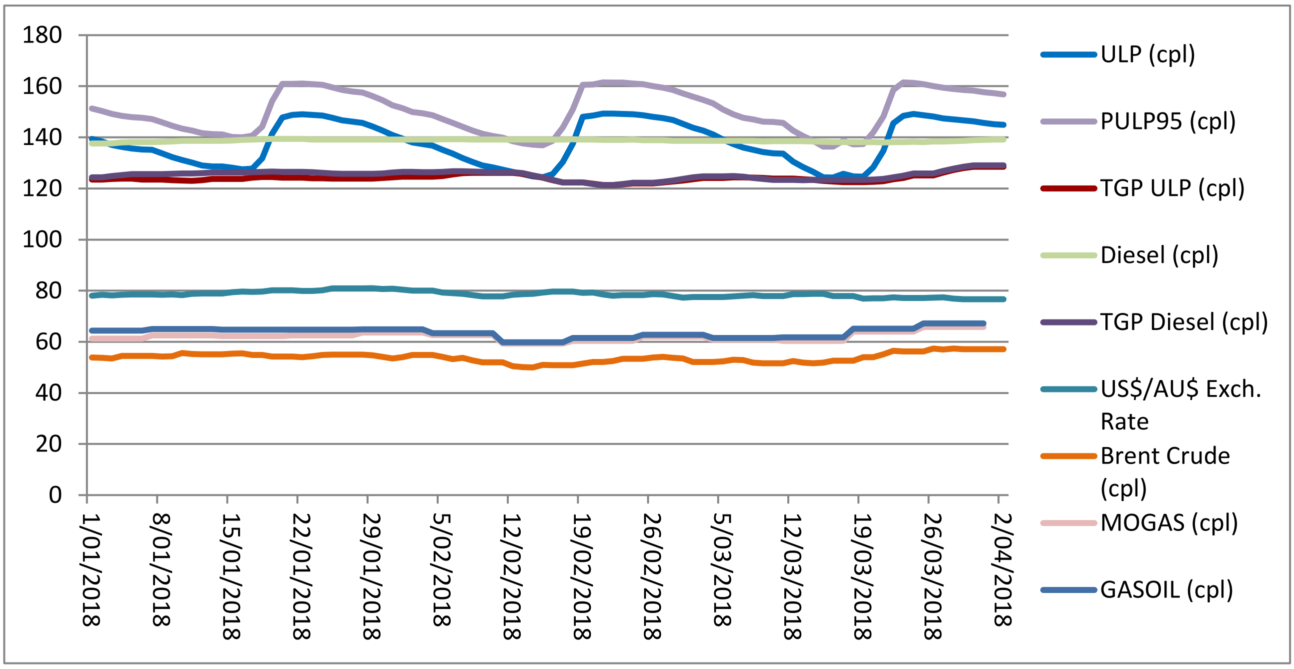
Data on LPG pricing is limited compared to petrol and diesel. Subsequently, it is not possible to calculate retail, wholesale and refinery margins. The alternative measure calculates the difference between the international benchmark price (the Saudi Aramco Contract Price – the Saudi CP) and the pre-tax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

The average retail price of LPG in Brisbane in March was 84.5 cpl, 1.5 cpl lower than February. However, fuel company margins and costs increased to 31.7 cpl, 1.3 cpl higher than February, breaking the record highest margins and costs for the second month in a row.

The Saudi CP for April is 32.2 cpl, 0.4 cpl higher than March. 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 March. The first cycle started on 16 February, prices peaked on 21 and 22 February, and the cycle ended on 19 March. The second cycle started on 20 March and prices peaked on 24 March. 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 March was A$2.2/bbl higher than February, at A$85.7/bbl (US$66.5/bbl) or 53.9 cpl. Brent started March at A$85.1/bbl (US$65.8/bbl), softened in the first half of March, falling to a local low of A$82.1/bbl (US$64.6/bbl) observed on 14 March. Brent strengthened in the second half of March to a local high of A$91.2/bbl (US$70.4/bbl) observed on 26 March, before softening slightly and ending the month at A$90.7/bbl (US$69.5/bbl). The Brent price last exceeded US$70 in January 2018 and last exceeded A$90 on 26 November 2014.

Comparison to other capital cities

The table below presents the average March prices and retail margins on ULP and diesel for Australia's 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	137.6 (0.2)	12.2 (-0.3)	138.4 (-0.7)	12.6 (-1.1)
Adelaide	133.8 (0.7)	8.2 (0.2)	135.6 (-1.6)	9.0 (-2.0)
Canberra	147.5 (-0.2)	22.2 (-0.6)	141.5 (-0.3)	15.4 (-0.7)
Darwin	148.4 (-1.0)	18.9 (-1.4)	148.7 (0.6)	19.2 (0.3)
Hobart	145.4 (-0.7)	15.4 (-1.4)	144.7 (0.2)	14.2 (-0.5)
Melbourne	133.9 (-3.0)	8.9 (-3.4)	138.5 (-0.6)	12.7 (-0.9)
Perth	134.8 (-2.5)	10.0 (-2.9)	142.1 (-0.5)	16.4 (-0.9)
Sydney	131.4 (-1.5)	6.1 (-1.9)	136.7 (-0.2)	10.6 (-0.6)

* 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.

Sydney was the cheapest capital, with an average ULP price 2.4 cpl lower than Adelaide – the second cheapest capital. ULP sold in Brisbane was more expensive than Sydney, Adelaide, Melbourne and Perth by 6.2 cpl, 3.8 cpl, 3.7 cpl and 2.8 cpl respectively. Hobart, Canberra and Darwin were 7.8 cpl, 9.9 cpl and 10.8 cpl more expensive than Brisbane respectively.

Diesel sold in Brisbane was more expensive than Adelaide and Sydney by 2.8 cpl, and 1.7 cpl, respectively. Melbourne was slightly dearer than Brisbane (by 0.1 cpl). Canberra, Perth, Hobart and Darwin were more expensive by 3.1 cpl, 3.7 cpl, 6.3 cpl and 10.3 cpl respectively.

Comparison of the SEQ metropolitan centres

The table below 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 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	138.9 (-0.4)	13.5 (-0.9)	139.4 (-0.8)	13.6 (-1.3)
Brisbane South	137.2 (0.5)	11.8 (0.0)	138.1 (-0.6)	12.3 (-1.1)
Gold Coast	136.3 (-0.7)	10.3 (-1.2)	137.2 (-0.3)	10.8 (-0.7)
Ipswich	137.0 (2.5)	11.3 (2.0)	135.3 (-1.0)	9.2 (-1.5)
Moreton Bay	135.0 (-0.8)	9.3 (-1.3)	137.8 (-0.9)	11.7 (-1.4)
Sunshine Coast	138.9 (-2.1)	12.7 (-2.6)	137.3 (-1.3)	10.6 (-1.8)

* 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 March, with an average price of 135.0 cpl. It was followed by Gold Coast, with an average price of 136.3 cpl. Sunshine Coast and Brisbane North were the most expensive SEQ centres, at 3.9 cpl dearer than Ipswich.

Ipswich was also the cheapest SEQ centre to buy diesel with an average price of 135.3. cpl, followed by the Gold Coast, which was 1.9 cpl dearer than Ipswich. Brisbane North was the most expensive, at 4.1 cpl dearer than Ipswich.

Fuel prices across Queensland

The average price of ULP across regional Queensland in March was 138.1 cpl, 1.1 cpl lower than February when the average price was 139.2 cpl. The average diesel price was 137.1 cpl, 0.8 cpl lower than February when the average price was 137.9 cpl.

Bundaberg was the cheapest centre in Queensland to buy ULP in March, at 132.4 cpl, was 5.2 cpl cheaper than Brisbane. Second cheapest was Cairns at 132.5 cpl, 5.1 cpl cheaper than Brisbane. Innisfail, Miles, Gympie, Gladstone, Whitsunday, Childers, Mareeba, Maryborough and Charters Towers were also cheaper than Brisbane. The most expensive regional centre listed was Mount Isa with an average price of 148.2 cpl in March 10.6 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].

In the past year Cairns has gone from one of the most expensive centres in Queensland to one of the cheapest. In March 2017 the ULP price in Cairns (at 144.0 cpl) was 14.0 cpl greater than Brisbane and only 0.9 cpl lower than Mount Isa – the most expensive centre. In the last year the ACCC released its report on the Cairns petrol market and several independents have opened sites in Cairns. Subsequently, the average Cairns ULP price, benchmarked against the average Brisbane ULP price, has fallen by 19.2 cpl. In March 2018, Cairns was the second cheapest centre in regional Queensland, missing out to Bundaberg by 0.1 cpl.

Mareeba had the cheapest diesel in Queensland (at 133.6 cpl, 4.8 cpl cheaper than Brisbane). Miles, Gympie, Maryborough, Gladstone, Kingaroy, Warwick, Bundaberg, Hervey Bay, Cairns, Childers, Goondiwindi, Toowoomba, Mackay, Bowen, Moranbah, Townsville, Emerald, Innisfail and Ingham were also cheaper than the Brisbane. Whitsunday was the most expensive regional centre for diesel, at 142.9 cpl[1], 4.5 cpl higher than Brisbane.

In the last week of March ULP prices increased in many regional centres, this was due to the increase in the oil price rather than an increase in fuel company margins. ULP prices in Biloela, Yeppoon, Townsville, Mackay, Charters Towers, Gladstone, Maryborough, Rockhampton, Whitsunday, Bundaberg and Gympie increased by one to three cpl in the last week of March.

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	137.6 (0.2)	12.2 (-0.3)	138.4 (-0.7)	12.6 (-1.1)
Gold Coast	136.3 (-0.7)	10.3 (-1.2)	137.2 (-0.3)	10.8 (-0.7)
Sunshine Coast	138.9 (-2.1)	12.7 (-2.6)	137.3 (-1.3)	10.6 (-1.8)
Atherton	137.8 (-1.1)	8.9 (-1.6)	138.6 (-0.3)	9.5 (-0.8)
Biloela	142.3 (0.5)	12.8 (-0.1)	139.8 (-1.6)	9.9 (-2.1)
Blackwater	141.9 (0.0)	10.7 (-0.5)	138.5 (-1.6)	6.9 (-2.1)
Bowen	139.9 (-1.8)	9.1 (-2.3)	137.4 (-1.0)	7.3 (-1.4)
Bundaberg	132.4 (-3.4)	3.6 (-3.9)	136.3 (-1.3)	7.1 (-1.8)
Cairns	132.5 (-5.3)	4.3 (-5.8)	136.6 (-0.4)	8.2 (-0.8)
Charters Towers	135.8 (0.3)	5.7 (-0.2)	139.5 (0.0)	10.0 (-0.4)
Childers	135.2 (-1.7)	6.9 (-2.3)	136.7 (-1.2)	7.9 (-1.7)
Cunnamulla	nd	nd	138.6 (0.6)	4.5 (0.2)
Dalby	140.0 (0.1)	12.7 (-0.4)	138.6 (0.0)	10.8 (-0.4)
Emerald	140.9 (0.0)	8.9 (-0.5)	137.7 (-0.1)	5.4 (-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.

Gladstone	134.6 (-1.1)	6.2 (-1.6)	134.9 (-1.0)	6.2 (-1.5)
Goondiwindi	139.5 (0.1)	10.7 (-0.4)	136.8 (-0.2)	7.6 (-0.6)
Gympie	134.5 (-0.9)	7.6 (-1.4)	134.8 (-1.3)	7.5 (-1.8)
Hervey Bay	139.9 (-0.3)	11.8 (-0.8)	136.4 (-1.3)	7.9 (-1.8)
Ingham	141.2 (0.1)	11.2 (-0.4)	137.9 (0.3)	8.7 (-0.1)
Innisfail	133.9 (-3.4)	4.9 (-3.9)	137.8 (-0.7)	8.6 (-1.2)
Kingaroy	140.1 (-0.8)	12.7 (-1.4)	135.0 (-0.1)	7.3 (-0.6)
Longreach	146.7 (0.0)	10.6 (-0.5)	142.7 (0.2)	6.2 (-0.2)
Mackay	137.8 (-2.1)	8.4 (-2.6)	137.2 (-1.3)	8.4 (-1.7)
Mareeba	135.3 (-1.6)	6.5 (-2.1)	133.6 (-0.3)	4.6 (-0.7)
Maryborough	135.5 (-0.9)	7.7 (-1.4)	134.8 (-1.4)	6.7 (-1.9)
Miles	134.0 (-0.7)	5.4 (-1.3)	134.5 (0.0)	5.4 (-0.5)
Moranbah	138.4 (-0.3)	7.1 (-0.8)	137.5 (0.0)	6.9 (-0.5)
Mount Isa	148.2 (0.0)	10.4 (-0.5)	139.2 (-0.5)	2.1 (-0.9)
Rockhampton	140.2 (-0.8)	10.8 (-1.3)	138.9 (-0.9)	9.2 (-1.4)
Roma	139.9 (0.0)	9.9 (-0.5)	139.9 (-2.2)	9.4 (-2.7)
Toowoomba	138.0 (-1.1)	11.5 (-1.6)	136.9 (-1.2)	9.9 (-1.7)
Townsville	139.1 (-0.4)	10.3 (-0.9)	137.6 (-0.7)	9.4 (-1.1)
Tully	140.0 (0.1)	10.4 (-0.4)	138.6 (0.0)	8.9 (-0.5)
Warwick	140.1 (0.1)	13.3 (-0.5)	135.8 (0.1)	8.6 (-0.4)
Whitsunday	134.7 (-1.4)	4.0 (-2.0)	142.9 (-0.7)	12.9 (-1.2)
Yeppoon	140.9 (-1.3)	11.1 (-1.8)	139.3 (-0.3)	9.1 (-0.7)

* 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 OPEC production cuts, increases in US shall oil production and strong demand remain the main influences on oil prices. On news of a reduction in oil reserves, the oil price increases and when reserves start to build up the price falls. However, a looming trade war has dampened oil prices. In early March following the initial US announcement of import tariffs on steel and aluminium, the price of oil fell. Only to rise again as markets settled and details of the tariffs and tariff exemptions came to light. If there is escalation in a global trade war, oil prices are likely to fall as the global economy will suffer and demand of oil will fall.

While it is difficult to predict future price movements, it is likely that oil will continue to trade between 60 and 70 US$/bbl.

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

Data sources

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