

Monthly Fuel Price Report – November 2017



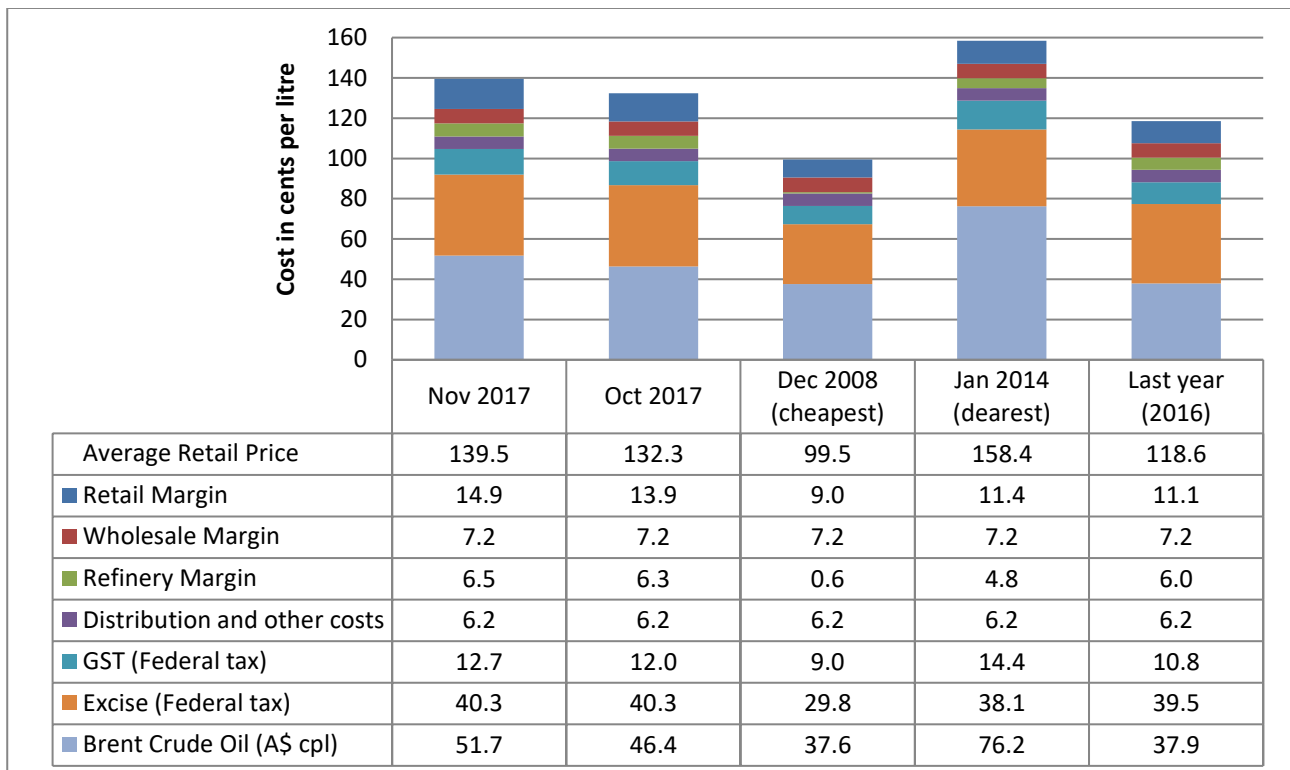
5 December 2017

The RACQ monthly fuel price report presents a summary of the fuel price trends in Queensland for November 2017.

Key points

- The average price of ULP in Brisbane in November was 139.5 cpl, 7.2 cpl higher than October. Indicative retail margins were 1.0 cpl higher at 14.9 cpl and refiner margins were up 0.2 cpl at 6.5 cpl.
- Brisbane was the most expensive of all the five large capitals. ULP sold Adelaide, Melbourne, Perth and Sydney was cheaper than Brisbane by 4.4 cpl, 4.0 cpl, 3.9 cpl and 2.9 cpl respectively.
- The average price of diesel in Brisbane in November at 133.9 cpl was 4.2 cpl higher than October. Brisbane was more expensive than Sydney, Adelaide and Melbourne by 1.8 cpl, 1.3 cpl, and 0.4 cpl, respectively.
- The average price of ULP across regional Queensland in November was 137.9 cpl, 6.2 cpl higher than the October average of 131.7 cpl. The average diesel price was 133.5 cpl, 2.8 cpl higher than October.
- Miles had the cheapest average ULP and diesel price in regional Queensland in November. At 127.5 cpl, ULP sold in Miles was 12.0 cpl cheaper than Brisbane and diesel at 128.8 cpl was 5.1 cpl cheaper than Brisbane.
- The average price of LPG in Brisbane was 83.4 cpl, 2.7 cpl higher than October. The price difference between the Brisbane LPG retail price and the Saudi CP was 23.6 cpl, 1.5 cpl higher than October.

ULP cost breakdown in Brisbane



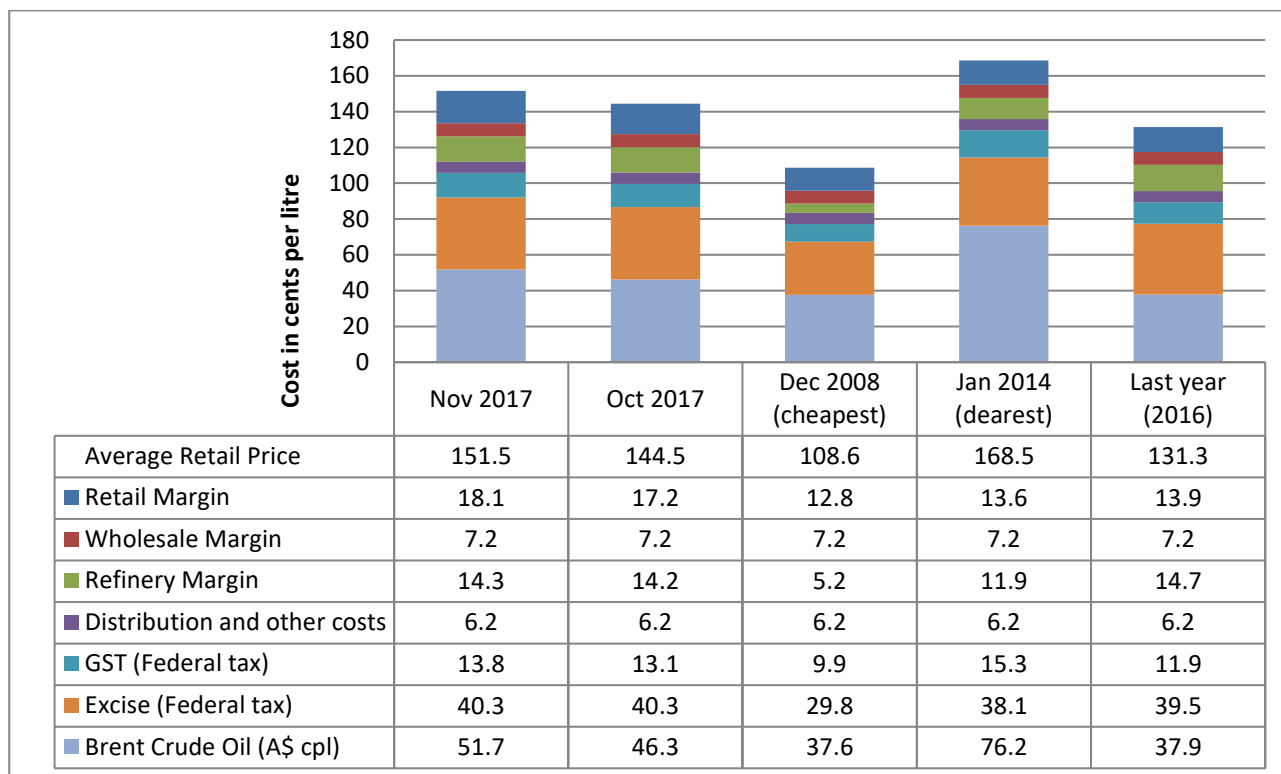
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for November 2017. 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 November was 139.5 cpl, 7.2 cpl higher than October. Indicative retail margins, at 14.9 cpl, were 1.0 cpl higher than October. Refiner margins were 0.2 cpl higher in November.

PULP 95 cost breakdown in Brisbane



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

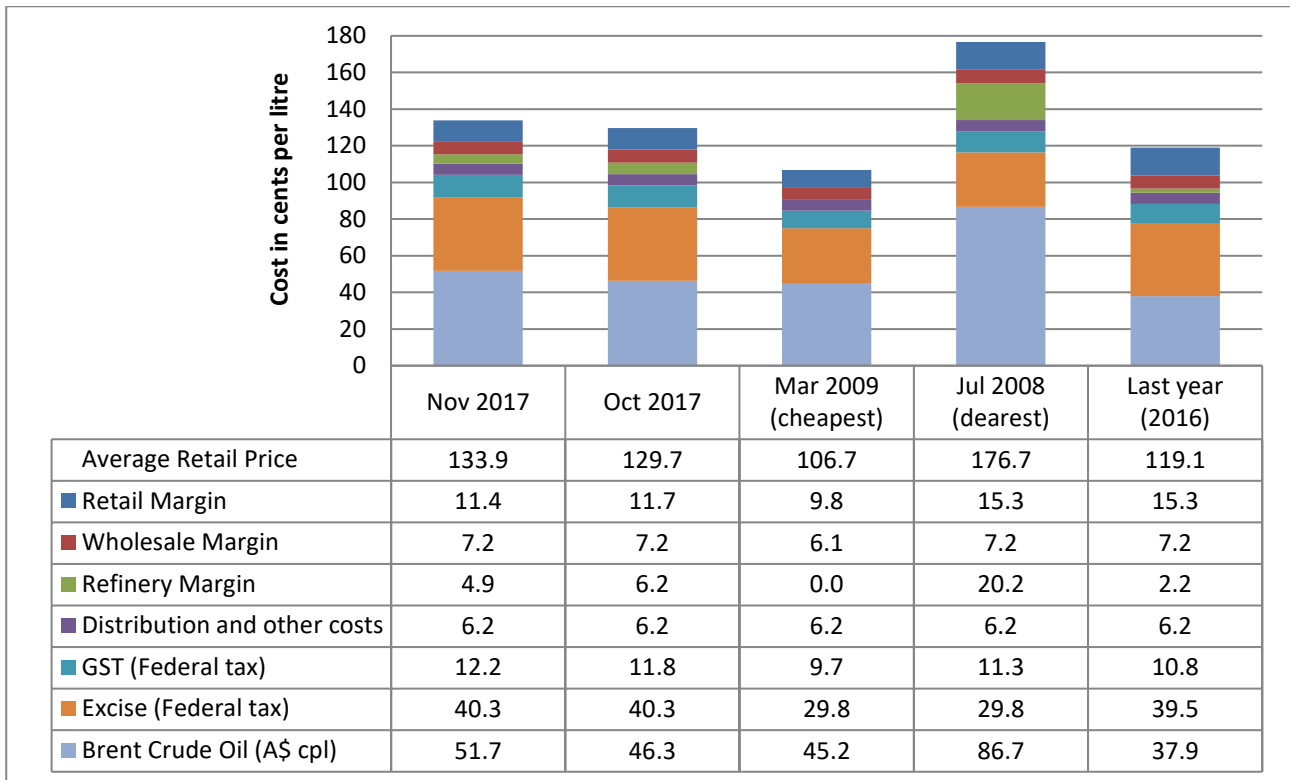
The chart above shows the cost breakdown for a litre of 95 RON Premium ULP sold in Brisbane for November 2017. For comparison, the cost breakdown for last month, last year, December 2008 – the cheapest month and January 2014 – the most expensive month observed in recent years (since 2008), is also displayed.

The average price of PULP 95 in Brisbane in November was 151.5 cpl, 7.0 cpl higher than October, and 12.0 cpl more expensive than the ULP 91 price. The price difference between ULP and PULP 95 in October was 12.2 cpl and the average for 2016 was 12.7 cpl. Indicative retail margins for PULP 95, at 18.1 cpl, were 0.9 cpl higher than October. Refiner margins increased by 0.1 cpl in November.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for November 2017. 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 November, at 133.9 cpl, was 4.2 cpl higher than October. Indicative retail margins decreased in November by 0.3 cpl, and refinery margins decreased by 1.3 cpl.

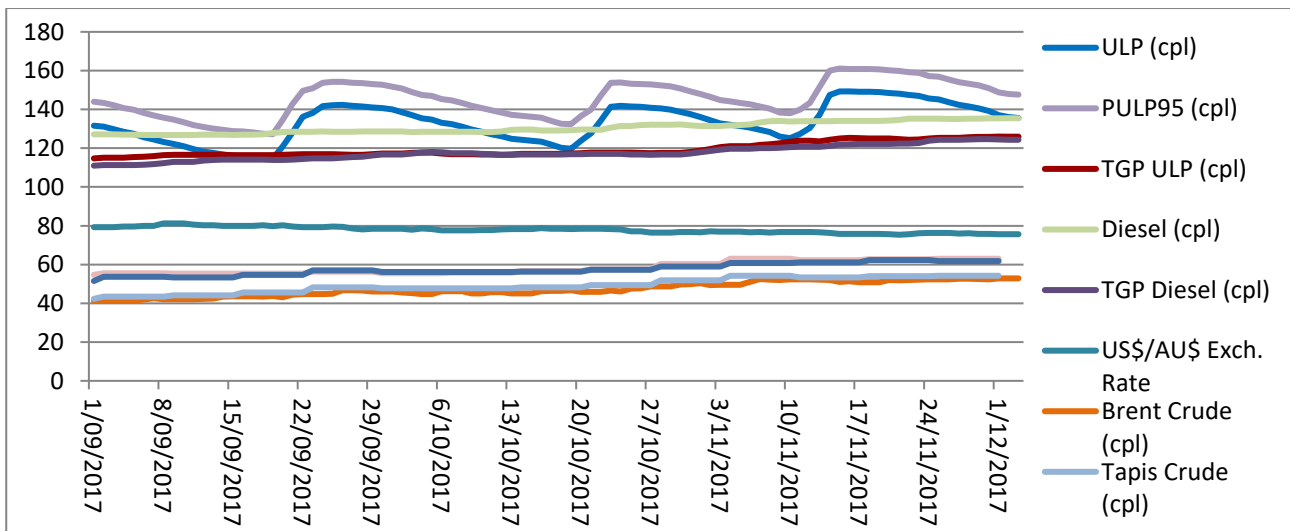


Note: 2008 and 2009 prices included the 8.5cpl Queensland fuel excise subsidy

Price trends

There were two partial price cycles observed in the Brisbane ULP market in November 2017. The first cycle started on 20 October, prices peaked on 24 October, and the cycle ended on 10 November. At 22 days long this was the shortest cycle observed in Brisbane for 21 months. The previous shortest cycle lasted 21 days and was observed in January 2016. The second cycle started on 11 November and peaked on 16 November. At the time of writing the Brisbane ULP market was in the discounting phase of the cycle.

The graph below displays the average Brisbane retail ULP, PULP95 and diesel prices, the ULP TGP, the daily Brent crude oil price, the weekly Tapis crude oil, 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 November was A\$8.4/bbl higher than October, at A\$82.2/bbl (US\$62.7/bbl) or 51.7 cpl. Brent started November at A\$80.1 /bbl (US\$61.4/bbl) and steadily strengthened throughout November. Brent ended the month A\$3.1 higher at A\$83.2/bbl (US\$63.1/bbl). The steady increase in the oil price has been driven by OPEC's 1.8 million barrel per day production cut deal, and increasing demand.

Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Adelaide	135.1 (9.1)	10.3 (2.9)	132.6 (5.9)	9.2 (1.4)
Brisbane	139.5 (7.2)	14.9 (1.0)	133.9 (4.2)	11.4 (-0.3)
Canberra	141.5 (9.8)	16.7 (3.5)	137.1 (4.7)	13.7 (0.2)
Darwin	143.6 (12.9)	18.8 (6.6)	139.0 (7.9)	15.7 (3.4)
Hobart	140.7 (5.2)	15.9 (-1.0)	139.7 (2.5)	16.3 (-2.1)
Melbourne	135.5 (5.2)	10.7 (-1.0)	133.5 (5.5)	10.1 (1.0)
Perth	135.6 (5.8)	10.8 (-0.4)	134.2 (5.2)	10.9 (0.7)
Sydney	136.6 (5.1)	11.8 (-1.1)	132.1 (4.8)	8.7 (0.3)

* 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.

Brisbane was the most expensive of the five large capitals, in November for ULP. ULP sold in Brisbane was more expensive than Adelaide, Melbourne, Perth and Sydney by 4.4 cpl, 4.0 cpl, 3.9 cpl and 2.9 cpl respectively. Hobart, Canberra and Darwin were 1.2 cpl, 2.0 cpl and 4.1 cpl more expensive than Brisbane respectively.

Diesel sold in Brisbane was more expensive than Sydney, Adelaide and Melbourne by 1.8 cpl, 1.3 cpl, and 0.4 cpl, respectively. Perth, Canberra, Darwin and Hobart were more expensive by 0.3 cpl, 3.2 cpl, 5.1 cpl and 5.8 cpl respectively.

Comparison of the SEQ metropolitan centres

The table below presents the average November prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to October in parentheses.

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane North	140.2 (7.5)	12.8 (1.2)	136.1 (4.9)	13.6 (0.4)
Brisbane South	139.2 (7.0)	11.9 (0.7)	133.2 (4.0)	10.7 (-0.5)
Gold Coast	140.3 (9.0)	12.3 (2.6)	134.8 (5.2)	11.7 (0.8)
Ipswich	139.0 (10.1)	11.3 (3.7)	131.4 (3.7)	8.6 (-0.7)
Moreton Bay	138.8 (8.1)	11.1 (1.7)	135.0 (5.5)	12.1 (1.0)
Sunshine Coast	139.5 (5.4)	11.3 (-0.9)	134.7 (4.3)	11.4 (-0.2)

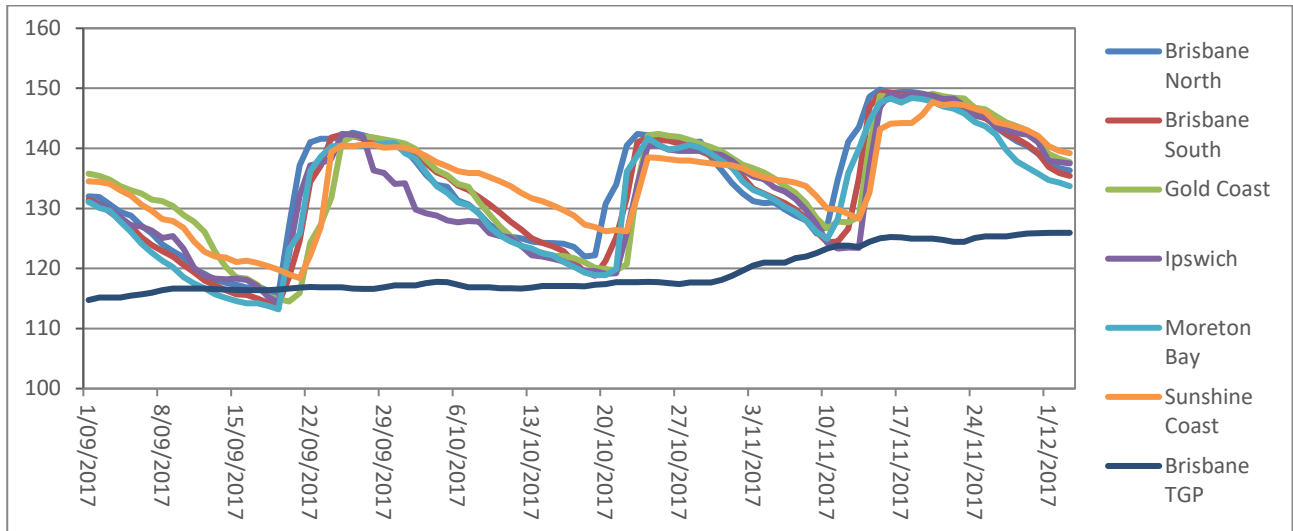
* The retail margin is the average retail price minus the average Brisbane TGP and varying local freight costs.

Moreton Bay was the cheapest centre in SEQ to buy ULP in November, with an average price of 138.8 cpl. It was followed by Ipswich, with an average price of 139.0 cpl. SEQ average ULP prices in November were five to ten cents higher than in October. The Gold Coast was the most expensive SEQ centre, at 1.5 cpl dearer

than Moreton Bay.

Ipswich was the cheapest SEQ centre to buy diesel with an average price of 131.4 cpl, followed by Brisbane South and Sunshine Coast, that were 1.8 cpl and 3.3 cpl dearer than Ipswich respectively. Brisbane North was the most expensive, at 4.7 cpl dearer than Ipswich.

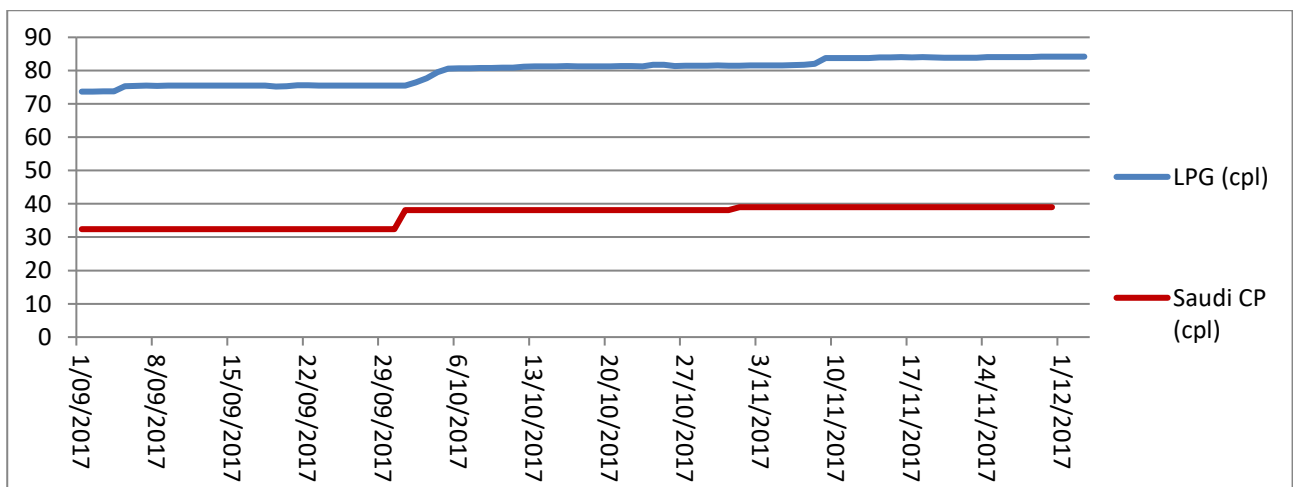
The graph below displays the average retail ULP in the six regions in South East Queensland, and the average TGP in Brisbane for September, October and November.



As can be observed in the graph above, all the centres in SEQ follow a distinct price cycle. A higher level of discounting can be observed in Ipswich and Moreton Bay, reflecting the more competitive nature of these markets. In contrast, ULP prices on the Sunshine Coast were higher through the discounting and cheap phase of the price cycle, reflecting the lower level of competition on the Sunshine Coast. Sunshine Coast retailers were often the last to increase their prices, and the average price did not reach the same high price as was observed in the rest of SEQ.

Liquid Petroleum Gas (LPG)

The chart below displays the average retail price of LPG in Brisbane and the Saudi CP.



The average retail price of LPG in Brisbane in November was 83.4 cpl, 2.7 cpl higher than October. The

average difference between the Brisbane retail LPG price (excluding excise and GST) and the Saudi CP in November was 23.6 cpl, 1.5 cpl higher than October, and 5.9 cpl higher than February.

Fuel prices across Queensland

The average price of ULP across regional Queensland in November was 137.9 cpl, 6.2 cpl higher than the October average. The average diesel price was 133.5 cpl, 2.8 cpl higher than October.

Twenty three of the 33 regional centres monitored by RACQ were cheaper than Brisbane for ULP. Miles was the cheapest centre in Queensland to buy ULP (and diesel) in November, at 12.0 cpl less than Brisbane. Maryborough, Gympie, Bundaberg, Childers, Whitsunday, Tully, Mareeba, Moranbah, Charters Towers, Bowen, Goondiwindi, Innisfail, Toowoomba, Emerald, Hervey Bay, Ingham, Mackay, Gladstone, Dalby, Cairns, Kingaroy and Rockhampton were also cheaper than Brisbane. The most expensive regional centre listed was Longreach with an average price of 146.0 cpl in November, 6.5 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.

Twenty one of the 33 regional centres monitored by RACQ were cheaper than Brisbane for diesel. Miles had the cheapest diesel in Queensland (at 128.8 cpl, 5.1 cpl cheaper than Brisbane), followed by Maryborough (at 130.0 cpl, 3.9 cpl cheaper than Brisbane). Ingham, Goondiwindi, Kingaroy, Warwick, Mareeba, Childers, Hervey Bay, Bundaberg, Dalby, Charters Towers, Tully, Mount Isa, Townsville, Bowen, Atherton, Blackwater, Gladstone, Moranbah and Gympie were also cheaper than the Brisbane. Whitsunday was the most expensive regional centre for diesel, at 141.5 cpl¹, 7.6 cpl higher than Brisbane.

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	139.5 (7.2)	14.9 (1.0)	133.9 (4.2)	11.4 (-0.3)
Gold Coast	140.3 (9.0)	15.2 (2.8)	134.8 (5.2)	11.7 (0.8)
Sunshine Coast	139.5 (5.4)	14.2 (-0.8)	134.7 (4.3)	11.4 (-0.2)
Atherton	139.9 (1.7)	11.6 (-4.6)	133.5 (-0.5)	7.6 (-5.1)
Biloela	139.8 (3.6)	11.3 (-2.7)	138.6 (3.8)	12.4 (-0.7)
Blackwater	139.7 (1.4)	9.4 (-4.9)	133.5 (1.5)	5.6 (-3.0)
Bowen	136.4 (4.9)	7.3 (-1.4)	133.2 (3.5)	6.5 (-1.1)
Bundaberg	133.0 (7.5)	2.2 (1.2)	131.8 (3.0)	3.4 (-1.6)
Cairns	139.3 (1.2)	11.8 (-5.1)	135.5 (2.2)	10.4 (-2.3)
Charters Towers	136.3 (6.3)	7.9 (0.0)	132.2 (3.0)	6.1 (-1.5)
Childers	134.2 (6.5)	3.9 (0.2)	131.6 (3.4)	3.7 (-1.2)
Cunnamulla	nd	nd	135.4 (1.5)	2.2 (-3.1)
Dalby	139.2 (14.3)	10.0 (8.0)	131.8 (4.6)	4.9 (0.1)
Emerald	138.0 (-0.2)	7.0 (-6.5)	136.0 (2.4)	7.3 (-2.1)
Gladstone	139.1 (10.5)	11.7 (4.2)	133.5 (4.5)	8.5 (-0.1)
Goondiwindi	137.4 (2.9)	6.7 (-3.5)	130.8 (2.7)	2.5 (-1.8)
Gympie	132.8 (3.2)	4.0 (-3.1)	133.8 (3.4)	7.3 (-1.2)
Hervey Bay	138.0 (8.7)	7.9 (2.4)	131.7 (3.2)	4.0 (-1.3)

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.

Ingham	138.8 (4.6)	10.6 (-1.7)	130.1 (2.5)	4.3 (-2.0)
Innisfail	137.5 (5.1)	9.2 (-1.3)	133.9 (1.4)	7.9 (-3.2)
Kingaroy	139.4 (6.2)	10.1 (-0.1)	131.0 (3.1)	4.1 (-1.4)
Longreach	146.0 (0.9)	10.8 (-5.4)	138.0 (2.2)	5.1 (-2.3)
Mackay	139.0 (8.2)	11.7 (1.9)	135.4 (1.6)	10.5 (-2.9)
Mareeba	135.6 (5.3)	7.5 (-1.0)	131.4 (3.0)	5.6 (-1.6)
Maryborough	130.8 (5.3)	1.1 (-1.0)	130.0 (3.6)	2.7 (-0.9)
Miles	127.5 (1.8)	-3.1 (-4.5)	128.8 (3.6)	0.6 (-0.9)
Moranbah	135.6 (2.4)	6.3 (-3.9)	133.7 (1.8)	6.8 (-2.7)
Mount Isa	144.9 (3.7)	8.8 (-2.6)	132.5 (1.6)	-1.3 (-2.9)
Rockhampton	139.4 (5.5)	10.9 (-0.8)	134.9 (3.6)	8.8 (-0.9)
Roma	139.9 (12.1)	7.9 (5.8)	138.7 (2.0)	9.1 (-2.5)
Toowoomba	137.8 (10.4)	9.3 (4.1)	134.2 (4.0)	8.0 (-0.5)
Townsville	139.5 (11.0)	12.4 (4.7)	132.6 (1.4)	7.8 (-3.1)
Tully	135.4 (3.3)	6.6 (-3.0)	132.4 (5.3)	5.8 (0.7)
Warwick	139.9 (9.8)	11.2 (3.5)	131.3 (2.5)	4.8 (-2.1)
Whitsunday	134.3 (7.7)	5.7 (1.4)	141.5 (2.2)	15.3 (-2.3)
Yeppoon	140.6 (7.5)	11.7 (1.2)	135.4 (3.1)	8.9 (-1.4)

* 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.

Outlook

The oil producer cartel OPEC, together with Russia agreed on 30 November to extend their 1.8 million barrels per day production cut until the end of 2018. Additionally, they gained agreement from Libya and Nigeria to limit production to 2017 levels. This announcement was widely anticipated and the Brent oil price had already increased prior to the meeting. Following the announcement, further increases were modest. The price of Brent in A\$ increased by almost 4% (A\$3.1) in November, or 2.7% in US\$ (US\$1.7). The Australian dollar softened in November, thus amplifying the oil price increase in A\$.

For much of 2017, increases in US shale oil production offset the loss of production from OPEC. However, from mid-year the balance appeared to tip towards the OPEC cut, leading to a reduction in inventories and a subsequent price increase. Further price increases have made shale oil and other unconventional oil more profitable and more attractive to investors. It is yet to be seen whether an increase in US production will again lead to an increase in inventories and a price reduction.

Demand for oil is expected to continue to strengthen throughout 2018. The combination of increasing demand and limited production appears to have had OPEC's desired effect of increasing prices, and this trend looks like it will continue. Looking forward there may be further local spikes in the oil price as the market responds to new information, however the underlying trend is likely to be a slow and steady increase. In the next few months prices are likely to sit between US\$60 and US\$65 per barrel.

The next monthly fuel price report will be released in early January, and the 2017 annual fuel price report will be published in mid-January.

Data sources

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