

Monthly Fuel Price Report – October 2018



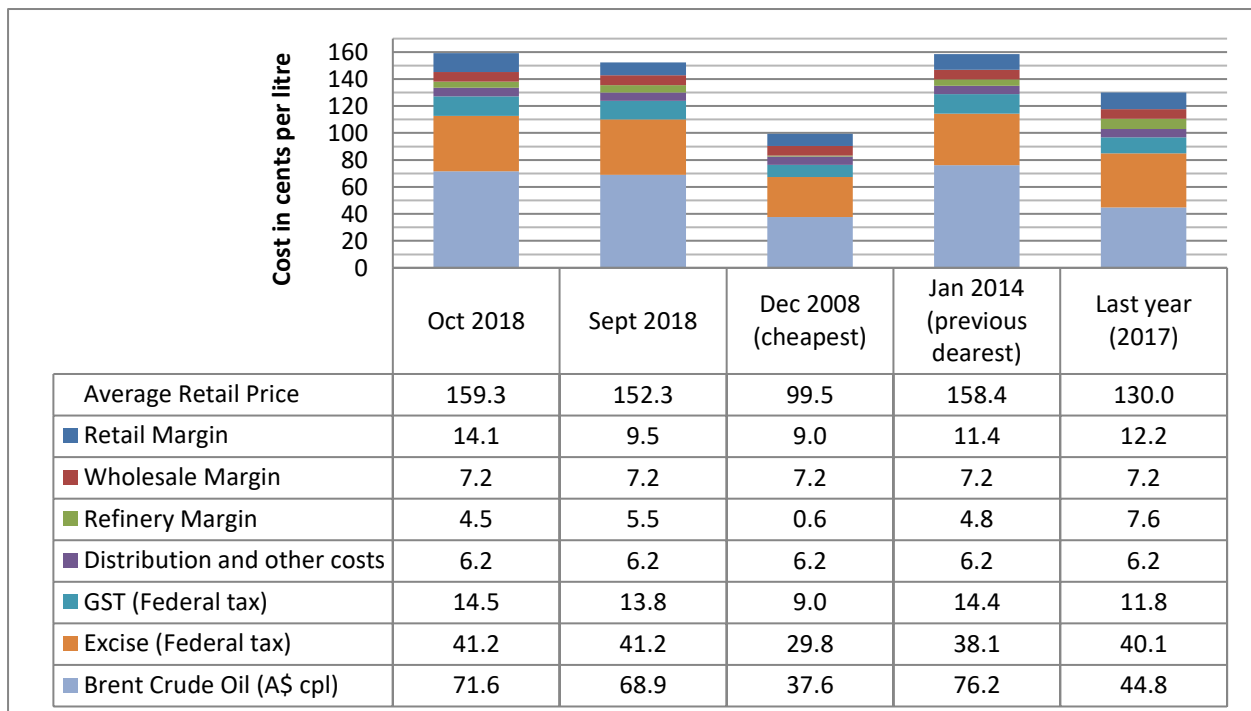
5 November 2018

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

Key points

- At 159.3 cpl the average ULP price in Brisbane was highest ever observed. The average price was 0.9 cpl higher than the previous most expensive month of January 2014. Record highs were also observed in Ipswich, Gold and Sunshine Coast.
- The average ULP price in Brisbane in October was 7.0 cpl higher than September. This was due to the increase in the oil price, the weak Australian dollar and an increase in fuel company margins.
- Brisbane ULP was the most expensive of the five large capitals. Brisbane was more expensive than Sydney, Perth, Melbourne and Adelaide were 2.7 cpl, 2.1cpl, 1.5 cpl and 1.3 cpl, respectively.
- The average Brisbane diesel price in October was 7.0 cpl higher than September, at 164.7 cpl. This was due to the increase in the oil price, the weak Australia dollar and an increase in fuel company margins. Brisbane was more expensive than Adelaide, Sydney and Melbourne by 2.2 cpl, 0.7 cpl and 0.4 cpl, respectively.
- The average ULP price in regional Queensland in October was 160.0 cpl, 6.6 cpl higher than September. The average diesel price in regional Queensland was up 7.6 cpl, at 163.8 cpl.
- Maryborough had the cheapest average ULP and diesel prices in regional Queensland. At 153.8 cpl, ULP sold in Maryborough was 5.5 cpl cheaper than Brisbane, and at 159.6 cpl, diesel was 5.1 cpl cheaper than Brisbane.
- Twenty-four towns and cities in Queensland recorded new all-time record high ULP prices.

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 October – the most expensive month recorded for Brisbane. For comparison, the cost breakdown for last month, last year, December 2008 – the cheapest month and January 2014 – the second most expensive month observed in recent years (since 2008), is also displayed.

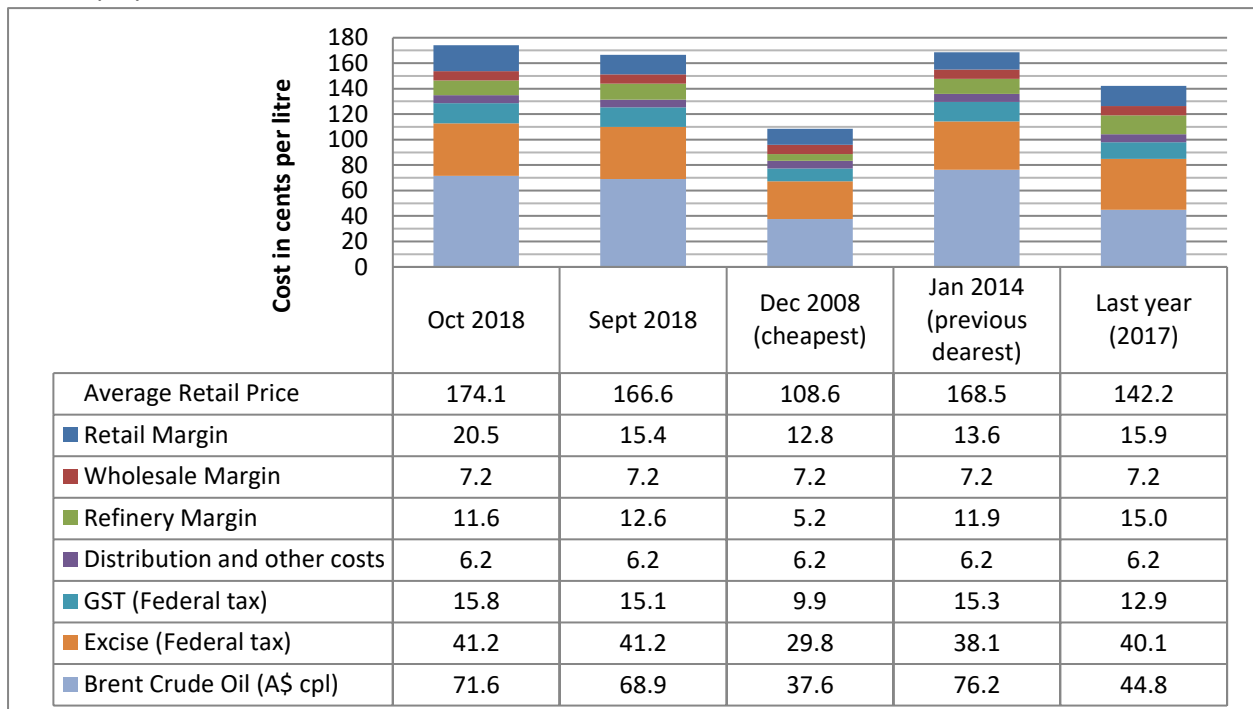
At 159.3 cpl the average price of ULP in Brisbane in October was highest ever observed in Brisbane. The average price was 7.0 cpl higher than September and 0.9 cpl higher than the previous most expensive month of January 2014. Indicative retail margins, at 14.1 cpl, were 4.6 cpl higher than September and 2.7 cpl higher than January 2014.

Indicative refinery margins were 1.0 cpl lower at 4.5 cpl. The increase in the retail price of ULP was largely due to an increase in the oil price and the relatively weak Australian dollar, however it was exacerbated by the substantial increase in the indicative retail margin. Had retail margins been maintained at the September average, the average ULP price in October would have remained below the January 2014 record.

The cost of Brent crude oil at 71.6 cpl was 4.6 cpl lower than in January 2014. Fuel Excise in October 2018 was 41.2 cpl, 3.1 cpl higher than January 2014.

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 October. For comparison, the cost breakdown for last month, last year, December 2008 – the cheapest month and January 2014 – the second most expensive month observed in recent years (since 2008), is also displayed.



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

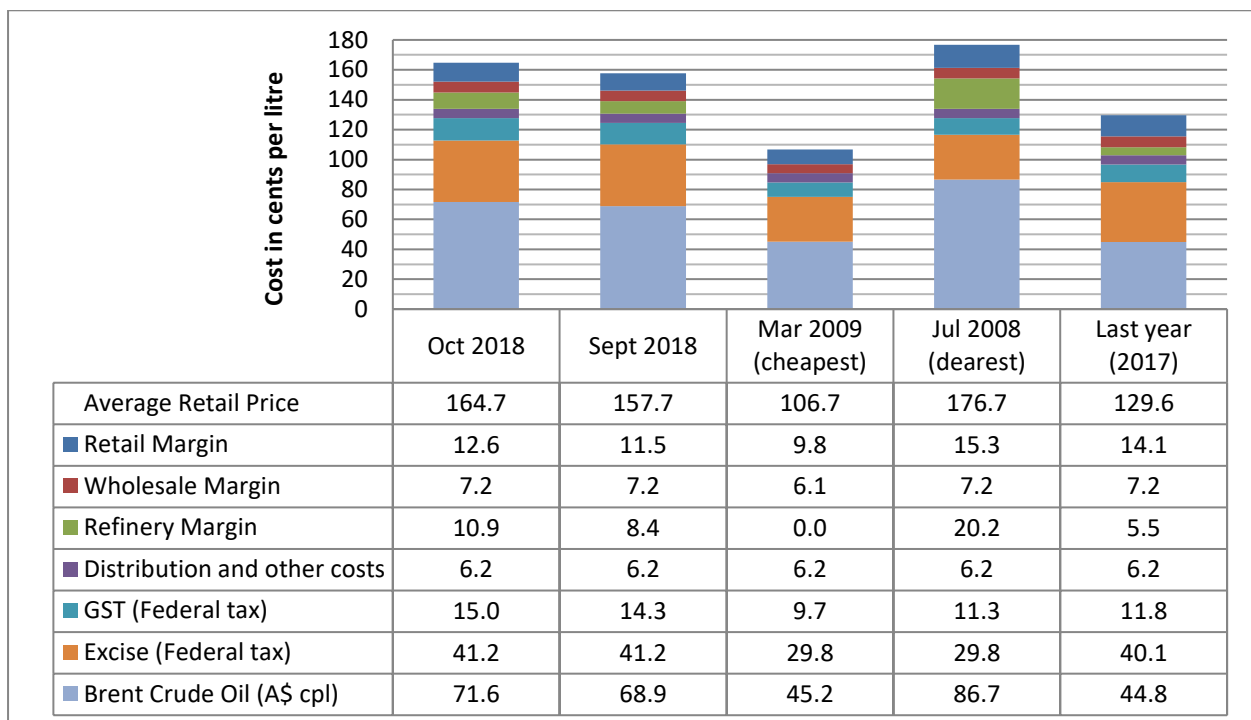
The average price of PULP 95 reached a new all-time record high. The average price in Brisbane in October was 174.1 cpl, 7.5 cpl higher than September and 5.6 cpl higher than the previous record high month. The price difference between ULP and PULP 95 was 14.8 cpl, 0.5 cpl wider than in September,

when it was 14.3 cpl. Indicative retail margins for PULP 95, at 20.5 cpl, were 5.1 cpl higher than September. However, refinery margins decreased by 1.0 cpl in October.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for October. For comparison, the cost breakdown for last month, last year, March 2009 – the cheapest month and August 2008 – the most expensive month observed in recent years (since 2008), is also displayed.

The average price of diesel in October, at 164.7 cpl, was 7.0 cpl higher than September. Indicative retail margins increased by 1.1 cpl and refinery margins increased by 2.5 cpl, and total margins - the sum of retail, wholesale and refinery margins at 30.7 cpl were 3.4 cpl higher than September.



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

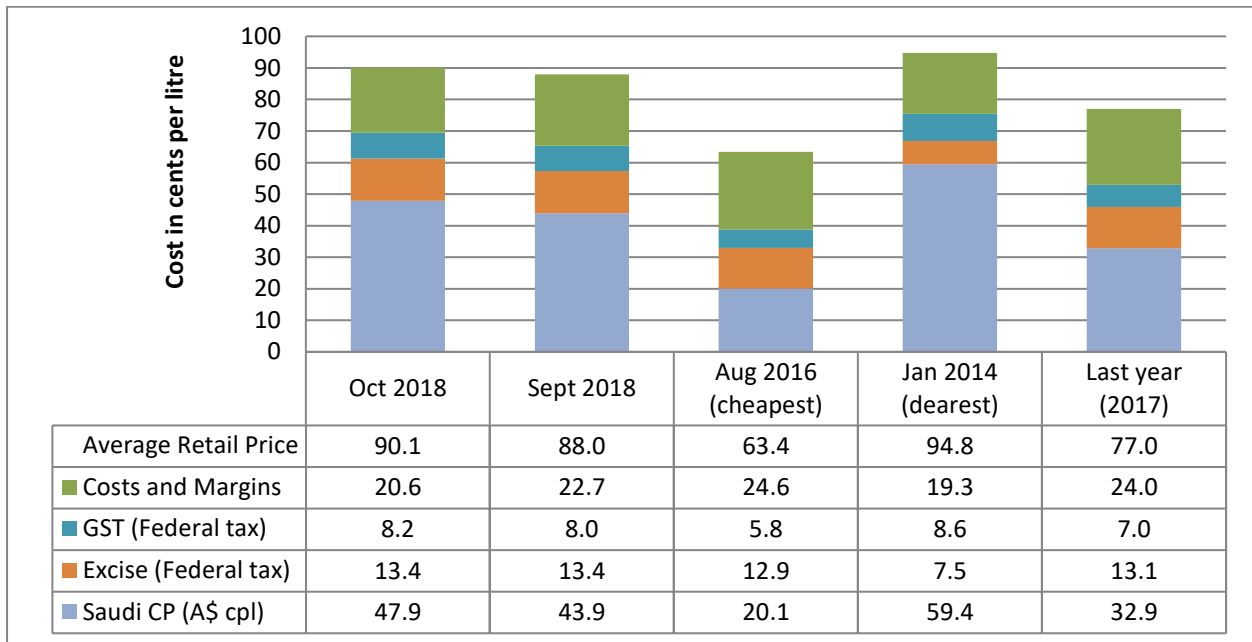
Liquid Petroleum Gas (LPG)

The chart below shows the cost breakdown for a litre of LPG sold in Brisbane for October. 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.

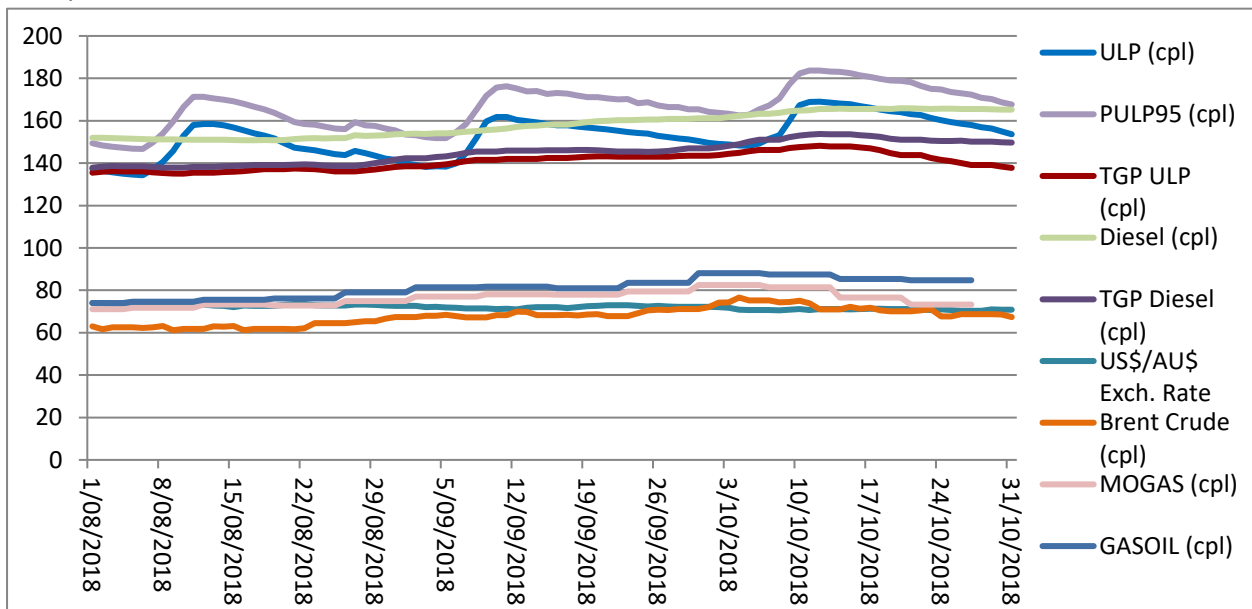
The average retail price of LPG in Brisbane in October was 90.1 cpl, 2.1 cpl higher than September. Fuel company margins and costs decreased to 20.6 cpl, 2.1 cpl lower than September.

The Saudi CP for November is 38.9 cpl, 9.0 cpl lower than October. This is a substantial drop in the Saudi CP and these savings should be passed on to motorists in lower LPG retail prices.



Price trends

The tail end of one price cycle and majority of a second price cycle were observed in the Brisbane ULP market in October. The first cycle ended on 5 October. The second cycle started on 6 October and prices peaked on 12 October. At the time of writing the Brisbane ULP market was in the discounting phase of the cycle.



The average price of Brent in October was A\$4.3/bbl higher than September, at A\$113.9/bbl (US\$81.0/bbl) or 71.6 cpl. Brent started October at A\$114.55/bbl (US\$82.73/bbl), strengthened to a local high point on 4 October of A\$121.79/bbl (US\$86.29/bbl) or 76.6 cpl. This high point was a 4 years and 9 months record high, Brent was last this high on 2 January 2014. In January 2014, the Brent price was falling from a local high of A\$126.5/bbl observed on 30 December 2013. Brent softened for the rest

of October, ending the month at A\$107.14/bbl (US\$75.91/bbl) or 67.4 cpl, 12% or 9.2 cpl lower than the peak price.

Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane	159.3 (7.0)	14.1 (4.6)	164.7 (7.0)	12.6 (1.1)
Adelaide	158.0 (5.6)	13.2 (3.4)	162.5 (9.1)	10.6 (3.4)
Canberra	163.7 (7.9)	19.6 (5.6)	167.2 (8.0)	15.8 (2.2)
Darwin	161.5 (6.4)	11.7 (3.9)	166.9 (10.9)	10.5 (5.0)
Hobart	163.5 (3.9)	12.9 (1.6)	170.4 (7.2)	12.5 (1.4)
Melbourne	157.8 (4.4)	13.4 (2.0)	164.3 (7.5)	12.7 (1.6)
Perth	157.2 (9.1)	12.6 (6.8)	165.7 (7.7)	13.8 (1.9)
Sydney	156.6 (2.6)	12.4 (0.4)	164.0 (7.1)	12.6 (1.3)

* 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 returned to its usual position as the most expensive of the five large capitals in October. Sydney, Perth, Melbourne and Adelaide were 2.7 cpl, 2.1cpl, 1.5 cpl and 1.3 cpl cheaper than Brisbane respectively. Darwin, Hobart and Canberra were 2.2 cpl, 4.2 cpl and 4.4 cpl more expensive than Brisbane respectively.

Diesel sold in Brisbane was more expensive than Adelaide, Sydney and Melbourne by 2.2 cpl, 0.7 cpl and 0.4 cpl, respectively. Perth, Darwin, Canberra and Hobart were more expensive by 1.0 cpl, 2.2 cpl, 2.5 cpl and 5.7 cpl, respectively.

Comparison of the SEQ metropolitan centres

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Central Brisbane	161.2 (7.1)	16.0 (4.7)	166.1 (7.0)	13.9 (1.1)
Brisbane North	160.8 (6.5)	15.5 (4.1)	164.9 (7.2)	12.8 (1.3)
Brisbane South	158.8 (7.0)	13.6 (4.6)	164.5 (7.2)	12.4 (1.3)
Brisbane Bayside/ Redlands	161.2 (7.8)	15.9 (5.4)	164.7 (6.5)	12.5 (0.6)
Logan	159.8 (7.1)	14.6 (4.7)	165.8 (6.9)	13.7 (1.0)
Ipswich	157.3 (5.6)	11.7 (3.2)	163.2 (6.9)	10.7 (1.0)
Moreton Bay	158.0 (6.3)	12.4 (3.9)	164.4 (6.9)	11.9 (1.0)
Gold Coast	158.5 (8.5)	12.6 (6.1)	164.2 (7.2)	11.4 (1.3)
Sunshine Coast	158.7 (7.6)	12.7 (5.2)	162.6 (6.6)	9.7 (0.7)

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

Ipswich was the cheapest large centre in SEQ to buy ULP in October, with an average price of 157.3 cpl. It was followed by Moreton Bay, Gold Coast and Sunshine Coast with average prices of 158.0 cpl, 158.5 cpl and 158.7 cpl, respectively. Brisbane Bayside/Redlands and Central Brisbane were the joint most expensive SEQ centres, at 3.9 cpl dearer than Ipswich.

The Sunshine Coast was the cheapest SEQ centre to buy diesel with an average price of 162.6 cpl, followed by Ipswich, which was 0.6 cpl dearer. Central Brisbane was the most expensive, at 3.5 cpl dearer than the Sunshine Coast.

ULP prices in all SEQ centres were greater than those observed in September. ULP sold on the Gold Coast was on average 8.5 cpl more expensive than September. Similarly, diesel sold on the Gold Coast, Brisbane North and South in October was 7.2 cpl dearer than September.

Fuel prices across Queensland

The average price of ULP across regional Queensland in October was 160.0 cpl, 6.6 cpl higher than September, when the average price was 153.4 cpl. The average diesel price was 163.8 cpl, 7.6 cpl higher than September when the average price was 156.2 cpl.

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	159.3 (7.0)	14.1 (4.6)	164.7 (6.9)	12.6 (1.1)
Atherton	161.9 (7.7)	12.7 (5.4)	164.3 (8.9)	8.7 (3.1)
Beaudesert	158.3 (6.0)	12.3 (3.6)	166.7 (6.5)	13.7 (0.7)
Biloela	164.3 (4.6)	15.9 (2.3)	166.2 (6.7)	11.2 (0.9)
Blackwater	162.3 (5.0)	12.2 (2.7)	166.0 (8.7)	9.3 (2.9)
Bowen	159.7 (5.3)	8.9 (2.9)	162.4 (7.5)	6.2 (1.6)
Bundaberg	155.3 (6.1)	6.6 (3.7)	161.0 (6.9)	5.5 (1.0)
Cairns	162.4 (7.1)	13.9 (4.8)	164.6 (8.9)	9.8 (3.1)
Charters Towers	160.0 (6.2)	9.9 (3.9)	162.0 (6.4)	6.5 (0.6)
Childers	156.6 (5.0)	8.4 (2.6)	163.1 (7.6)	8.1 (1.8)
Dalby	158.5 (5.4)	11.3 (3.0)	162.2 (6.6)	8.2 (0.7)
Emerald	163.9 (5.5)	13.0 (3.2)	166.1 (7.2)	8.6 (1.4)
Gladstone	160.5 (8.8)	13.3 (6.4)	162.7 (7.3)	8.9 (1.4)
Goondiwindi	164.5 (5.7)	15.9 (3.3)	163.4 (7.5)	7.9 (1.6)
Gympie	157.4 (6.8)	10.6 (4.4)	162.1 (6.6)	8.5 (0.7)
Hervey Bay	161.3 (4.9)	13.3 (2.5)	163.7 (6.4)	8.9 (0.6)
Ingham	159.9 (3.4)	10.0 (1.1)	161.9 (6.3)	6.6 (0.4)
Innisfail	161.7 (3.7)	12.4 (1.3)	164.5 (6.2)	8.9 (0.3)
Kingaroy	158.5 (4.5)	11.3 (2.1)	161.8 (5.6)	7.8 (-0.2)
Lockyer Valley	157.7 (5.9)	11.5 (3.5)	162.9 (6.5)	9.9 (0.7)
Longreach	167.2 (6.2)	12.2 (3.8)	170.0 (6.5)	8.4 (0.6)
Mackay	162.5 (5.6)	14.3 (3.3)	164.3 (7.9)	10.3 (2.1)
Mareeba	163.5 (9.0)	14.4 (6.6)	164.3 (9.5)	8.9 (3.6)
Maryborough	153.8 (3.5)	6.2 (1.1)	159.6 (5.8)	5.2 (0.0)

Miles	156.1 (6.6)	7.7 (4.2)	159.9 (6.0)	4.5 (0.1)
Moranbah	160.1 (10.5)	10.0 (8.2)	161.0 (8.6)	5.1 (2.7)
Mount Isa	167.1 (7.3)	9.4 (4.9)	166.7 (7.1)	3.5 (1.3)
Nambour	158.3 (9.8)	12.2 (7.4)	161.6 (6.4)	8.6 (0.5)
Noosa	161.1 (6.8)	14.9 (4.4)	161.9 (5.2)	8.8 (-0.7)
Rockhampton	163.0 (7.5)	14.7 (5.2)	163.8 (8.1)	8.9 (2.3)
Roma	155.9 (3.0)	6.0 (0.6)	160.3 (8.9)	3.6 (3.1)
Somerset	157.6 (6.4)	11.4 (4.0)	162.0 (7.2)	8.9 (1.4)
Toowoomba	157.2 (7.6)	10.8 (5.2)	163.9 (7.4)	10.7 (1.6)
Townsville	160.7 (6.9)	12.0 (4.6)	163.7 (8.5)	9.5 (2.6)
Tully	157.3 (3.4)	7.4 (1.1)	164.5 (7.9)	8.3 (2.1)
Warwick	157.6 (9.2)	10.9 (6.8)	162.8 (7.4)	9.2 (1.5)
Whitsunday	159.3 (6.5)	9.9 (4.2)	163.7 (8.3)	8.4 (2.4)
Yeppoon	162.3 (7.0)	13.5 (4.7)	165.0 (7.6)	9.7 (1.8)

* 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.

With an average ULP price of 153.8 cpl, Maryborough was the cheapest Queensland regional centre to buy ULP (and diesel) in October. Maryborough was 5.5 cpl cheaper than Brisbane. Bundaberg, Roma, Miles, Childers, Toowoomba, Tully, Gympie, Somerset, Warwick, Lockyer Valley, Beaudesert, Nambour, Dalby and Kingaroy were also cheaper than Brisbane. The most expensive regional centre listed was Longreach, with an average ULP price of 167.2 cpl in October. Longreach was 7.9 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.

Maryborough also had the cheapest diesel in Queensland at 159.6 cpl, 5.1 cpl cheaper than Brisbane. Miles, Roma, Bundaberg, Moranbah, Nambour, Kingaroy, Ingham, Noosa, Charters Towers, Somerset, Gympie, Dalby, Bowen, Gladstone, Warwick, Lockyer Valley, Childers, Goondiwindi, Hervey Bay, Townsville, Whitsunday, Rockhampton, Toowoomba, Atherton, Mackay, Mareeba, Innisfail, Tully and Cairns were also cheaper than Brisbane. Longreach was also the most expensive regional centre for diesel at 170.0 cpl¹, 5.3 cpl higher than Brisbane.

Of the 37 regional centres monitored by RACQ, ULP retail margins in six centres were higher than those charged in Brisbane. The lowest indicative retail margin was observed in Roma (6.0 cpl) and the highest in Goondiwindi (15.9 cpl), 1.8 cpl higher than Brisbane. Diesel indicative retail margins were lower than Brisbane in all but one centre. Only Beaudesert (at 13.7 cpl) recorded higher diesel margins than Brisbane (12.6 cpl).

Record high prices

The average monthly ULP prices observed in October 2018 in many centres hit new record highs. Twenty-four centres recorded a new record high in October. New record highs were observed in Brisbane, Atherton, Biloela, Blackwater, Cairns, Emerald, Gladstone, Gold Coast, Goondiwindi, Gympie, Hervey Bay, Ingham, Innisfail, Ipswich, Kingaroy, Mackay, Mareeba, Mount Isa, Rockhampton, Sunshine Coast, Toowoomba, Townsville, Warwick and Yeppoon. The monthly record high ULP prices are

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.

displayed in the table below. For towns and cities that did not record a new record high the average ULP for October is presented in parenthesis.

Diesel prices across Queensland remained substantially lower than the record highs observed in July 2008. In July 2008 the monthly average diesel price in Brisbane was 176.7 cpl, 12.0 cpl higher than the October 2018 average.

Locality	New All-time Record High (October 2018)	Previous (or Current) Record High Price	Month Observed - Previous Record
Brisbane	159.3	158.4	Jan-14
Atherton	161.9	159.9	Jun-14 and Jul-14
Biloela	164.3	160.2	Jan-14
Blackwater	162.3	159.1	Jan-14
Bowen	No new record (159.7)	160.2 (current record)	Jan-14
Bundaberg	No new record (155.3)	157.4 (current record)	Jul-08
Cairns	162.4	160.9	Mar-14
Childers	No new record (156.6)	157.1 (current record)	Aug-13 and Jan-14
Dalby	No new record (158.5)	160.3 (current record)	Apr-14
Emerald	163.9	158.6	Jul-08
Gladstone	160.5	159.4	Mar-14
Gold Coast	164.2	158.4	Jan-14
Goondiwindi	164.5	159.8	Jan-14
Gympie	157.4	155.5	Aug-13
Hervey Bay	161.3	156.5	Aug-13
Ingham	159.9	159.1	Jan-14
Innisfail	161.7	159.9	Jan-14 to Aug-13
Ipswich	157.3	157.0	Jan-14
Kingaroy	158.5	158.4	Sep-13
Longreach	No new record (167.2)	168.4 (current record)	Feb-14
Mackay	162.5	158.0	Jan-14
Mareeba	163.5	158.7	Jun-14
Maryborough	No new record (153.8)	157.0 (current record)	Aug-13
Miles	No new record (156.1)	164.4 (current record)	Jan-14 and Mar-14
Moranbah	No new record (160.1)	165.7 (current record)	Feb-14
Mount Isa	167.1	162.5	Sep-14
Rockhampton	163.0	159.5	Jan-14
Roma	No new record (155.9)	163.2 (current record)	Jul-08
Sunshine	158.7	156.6	Feb-14
Toowoomba	157.2	154.5	Jul-08
Townsville	160.7	156.2	Jan-14
Tully	No new record (157.3)	159.9 (current record)	Jan-14 to Aug-14
Warwick	157.6	155.2	Jul-08
Yeppoon	162.3	158.0	Mar-14

Outlook

In the last month the underlying market fundamentals appear to have shifted with supply now exceeding demand, and global oil and gasoline inventories have increased. Subsequently the oil price has fallen. After hitting a four year and nine month record high in early October, the Brent price has fallen by 12% or US\$10.38.

The all-time record high Brent Price was US\$144.0/bbl, A\$149.6/bbl and was observed on 3 July 2008. This price was observed immediately prior to the onset of the Global Financial Crisis. In the following months the oil price collapsed to a low of US\$33.7/bbl, A\$51.3/bbl. At the same time the value of the Australian dollar fell from 96 US cents to 66 US cents.

The OPEC production cut deal, the imminent US reintroduction of sanctions against Iran (fully implemented from November 5), and the collapse of the Venezuelan economy have led to softening global oil production. However, the reduction in demand and the build-up in inventories appears to be outweighing these concerns.

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

Data sources

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