Monthly Fuel Price Report – September 2018

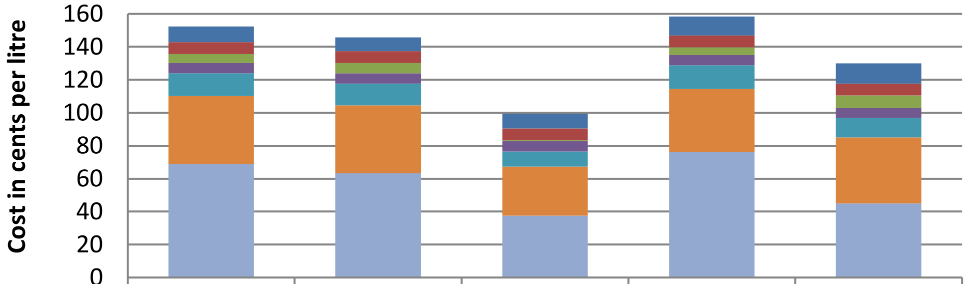
4 October 2018

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

Key points

- The average price of ULP in Brisbane in September was 152.3 cpl, 6.5 cpl higher than August. The increase was driven by a 5.7 cpl increase in the oil price and 1.1 cpl increase in retail margins.
- Unusually, Brisbane ULP was cheaper than most capital cities and cheaper than Adelaide, Melbourne and Sydney by 0.1 cpl, 1.1 cpl and 1.6 cpl respectively. Only Perth was cheaper than Brisbane, by 4.2 cpl.
- The average Brisbane diesel price in September was 6.2 cpl higher than August, at 157.7 cpl. This was due to the increase in the oil price. Margins on diesel were largely unchanged from August.
- ULP retail margins in Brisbane were higher than 29 of the 37 regional centres monitored by RACQ, and Brisbane diesel margins were higher than 36 of the 37 regional centres. Only Beaudesert recorded diesel retail margins higher than Brisbane.
- The average Nambour ULP price was lowest in SEQ in September. At 148.5 cpl, it was 3.8 cpl lower than Brisbane.
- The average ULP price in regional Queensland in September was 153.4 cpl, 3.6 cpl higher than August. The average diesel price in regional Queensland was 156.2 cpl, 5.2 cpl higher than August.
- Warwick had the cheapest average ULP price and Roma the cheapest diesel price in regional Queensland. At 148.7 cpl, ULP sold in Warwick was 3.6 cpl cheaper than Brisbane. At 151.4 cpl, diesel sold in Roma was 6.3 cpl cheaper than Brisbane.

ULP cost breakdown in Brisbane



	Sept 2018	Aug 2018	Dec 2008 (cheapest)	Jan 2014 (dearest)	Last year (2017)
Average Retail Price	152.3	145.8	99.5	158.4	130.0
Retail Margin	9.5	8.4	9.0	11.4	12.2
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	5.5	6.3	0.6	4.8	7.6
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	13.8	13.3	9.0	14.4	11.8
Excise (Federal tax)	41.2	41.2	29.8	38.1	40.1
Brent Crude Oil (A$ cpl)	68.9	63.2	37.6	76.2	44.8

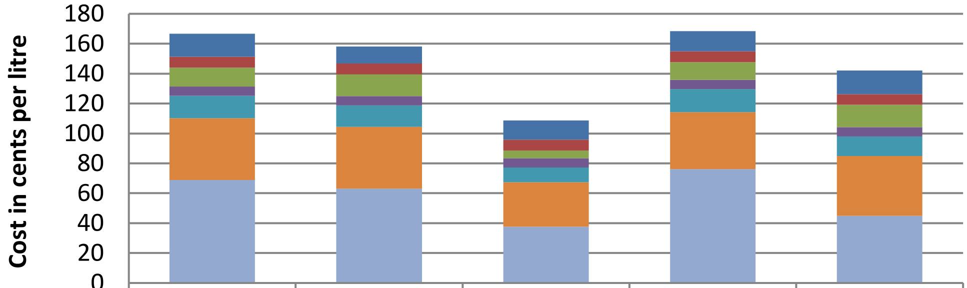
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The chart above shows the cost breakdown for a litre of ULP sold in Brisbane for September. 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 September was 152.3 cpl, 6.5 cpl higher than August. Indicative retail margins, at 9.5 cpl, were 1.1 cpl higher than August. Indicative refinery margins were 0.8 cpl lower at 5.5 cpl. The increase in the retail price of ULP was largely due to an increase in the oil price, however it was exacerbated by an increase in the indicative retail margin.

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 September. 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.



	Sept 2018	Aug 2018	Dec 2008 (cheapest)	Jan 2014 (dearest)	Last year (2017)
Average Retail Price	166.6	158.2	108.6	168.5	142.2
Retail Margin	15.4	11.5	12.8	13.6	15.9
Wholesale Margin	7.2	7.2	7.2	7.2	7.2
Refinery Margin	12.6	14.6	5.2	11.9	15.0
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	15.1	14.4	9.9	15.3	12.9
Excise (Federal tax)	41.2	41.2	29.8	38.1	40.1
Brent Crude Oil (A$ cpl)	68.9	63.2	37.6	76.2	44.8

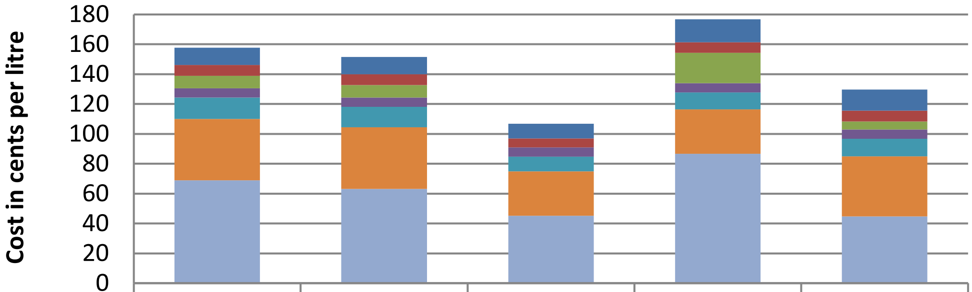
Note: 2008 prices included the 8.5cpl Queensland fuel excise subsidy

The average price of PULP 95 in Brisbane in September was 166.6 cpl, 8.4 cpl higher than August. The price difference between ULP and PULP 95 was 14.3 cpl, 1.9 cpl wider than in August, when it was 12.4 cpl. Indicative retail margins for PULP 95, at 15.4 cpl, were 3.9 cpl higher than August. However, refinery margins decreased by 2.0 cpl in September.

Diesel cost breakdown in Brisbane

The chart below shows the cost breakdown for a litre of diesel sold in Brisbane for September. 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 September, at 157.7 cpl, was 6.2 cpl higher than August. Indicative retail margins decreased by 0.1 cpl and refinery margins increased by 0.1 cpl, and total margins - the sum of retail, wholesale and refinery margins were unchanged at 27.1 cpl.

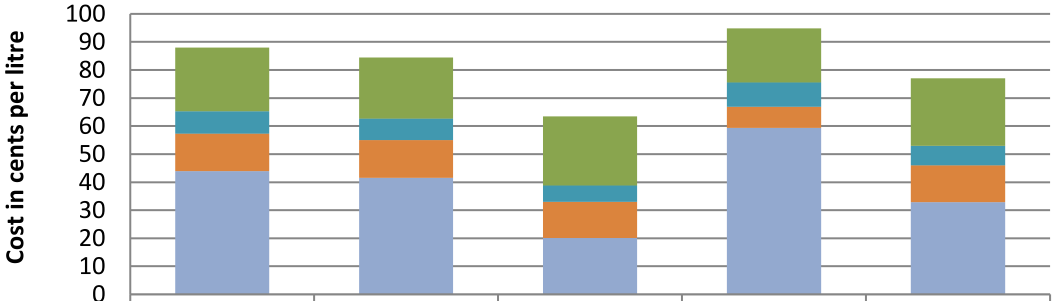


	Sept 2018	Aug 2018	Mar 2009 (cheapest)	Jul 2008 (dearest)	Last year (2017)
Average Retail Price	157.7	151.5	106.7	176.7	129.6
Retail Margin	11.5	11.6	9.8	15.3	14.1
Wholesale Margin	7.2	7.2	6.1	7.2	7.2
Refinery Margin	8.4	8.3	0.0	20.2	5.5
Distribution and other costs	6.2	6.2	6.2	6.2	6.2
GST (Federal tax)	14.3	13.8	9.7	11.3	11.8
Excise (Federal tax)	41.2	41.2	29.8	29.8	40.1
Brent Crude Oil (A$ cpl)	68.9	63.2	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 September. 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.



	Sept 2018	Aug 2018	Aug 2016 (cheapest)	Jan 2014 (dearest)	Last year (2017)
Average Retail Price	88.0	84.5	63.4	94.8	77.0
Costs and Margins	22.7	21.8	24.6	19.3	24.0
GST (Federal tax)	8.0	7.7	5.8	8.6	7.0
Excise (Federal tax)	13.4	13.4	12.9	7.5	13.1
Saudi CP (A$ cpl)	43.9	41.6	20.1	59.4	32.9

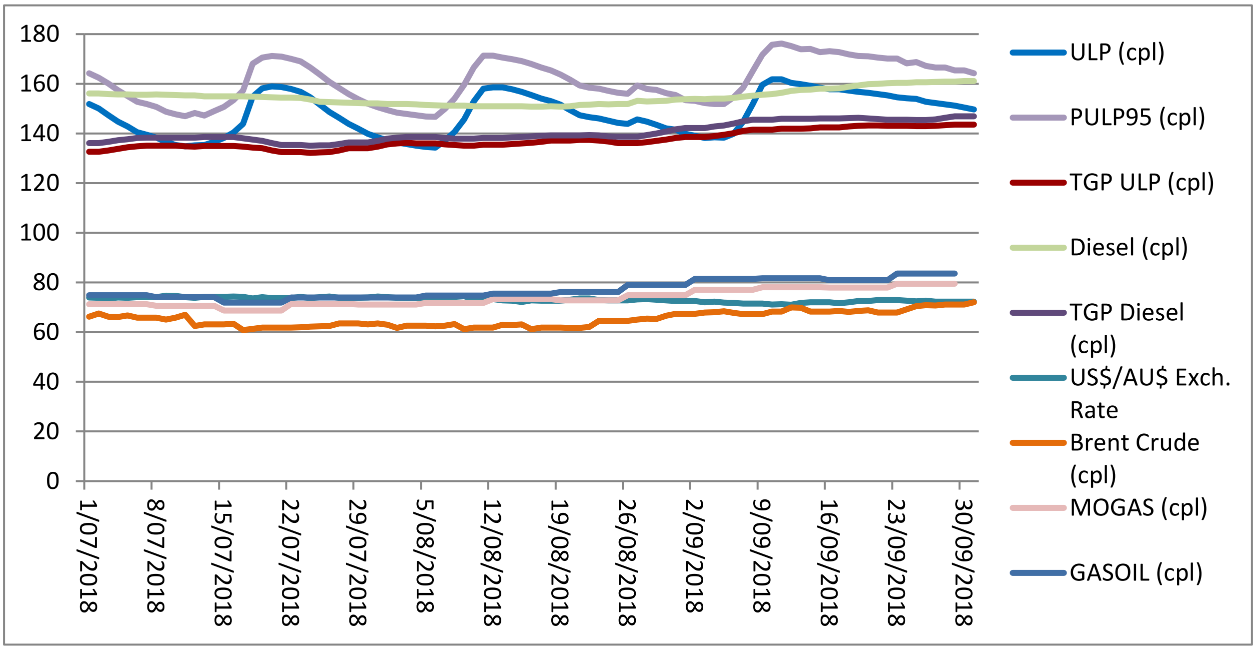
Data on LPG pricing is limited compared to petrol and diesel. Subsequently, it is not possible to calculate retail, wholesale and refinery margins. The alternative measure calculates the difference between the international benchmark price (the Saudi Aramco Contract Price – the Saudi CP) and the pre-tax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

The average retail price of LPG in Brisbane in September was 88.0 cpl, 3.5 cpl higher than August. Fuel company margins and costs increased to 22.7 cpl, 0.9 cpl higher than August.

The Saudi CP for October is 47.9 cpl, 4.0 cpl higher than September.

Price trends

The tail end of one price cycle and majority of a second price cycle were observed in the Brisbane ULP market in September. The first cycle ended on 3 September. The second cycle started on 4 September and prices peaked on 10 and 11 September. At the time of writing the Brisbane ULP market was in the cheap 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 September was A$9.0/bbl higher than August, at A$109.6/bbl (US$78.9/bbl) or 68.9 cpl. Brent started September at A$108.0/bbl (US$77.8/bbl), softened to a local low point on 7 September of A$107.0/bbl (US$76.5/bbl). Brent strengthened for the rest of September, ending the month at A$113.2/bbl (US$81.7/bbl) which was a four-year record high. At the time of writing, Brent had reached a new four-year record high of A$118.0/bbl (US$85.0/bbl), observed on 2 October 2018. The Brent price last reached A$118/bbl in July 2014. At that time the Brent price was falling from a local high of A$126.5/bbl observed on 30 December 2013.

Comparison to other capital cities

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

City	Average ULP Price (cpl)	ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Diesel Retail Margin* (cpl)
Brisbane	152.3 (6.5)	9.5 (1.1)	157.7 (6.3)	11.5 (-0.1)
Adelaide	152.4 (12.6)	9.8 (7.5)	153.4 (8.3)	7.3 (2.8)
Canberra	155.9 (4.5)	13.9 (-0.2)	159.2 (3.8)	13.5 (-1.6)
Darwin	155.1 (-0.3)	7.8 (-6.1)	156.0 (0.6)	5.5 (-6.3)
Hobart	159.6 (1.4)	11.3 (-4.9)	163.2 (2.7)	11.2 (-4.7)
Melbourne	153.4 (10.1)	11.4 (5.1)	156.9 (7.2)	11.1 (1.4)
Perth	148.1 (4.6)	5.8 (-1.0)	158.0 (3.5)	11.9 (-2.9)
Sydney	153.9 (7.8)	11.9 (3.1)	156.9 (6.2)	11.3 (0.8)

* 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 second cheapest capital in September after Perth. Perth was 4.2 cpl cheaper than Brisbane. Adelaide, Melbourne, Sydney, Darwin, Canberra and Hobart were 0.1 cpl, 1.1 cpl, 1.6 cpl, 2.8 cpl, 3.6 cpl and 7.3 cpl more expensive than Brisbane respectively.

Diesel sold in Brisbane was more expensive than Adelaide, Darwin, Melbourne and Sydney by 4.3 cpl, 1.7 cpl, 0.8 cpl and 0.8 cpl, respectively. Perth, Canberra and Hobart were more expensive by 0.3 cpl, 1.5 cpl and 5.5 cpl, respectively.

Comparison of the SEQ metropolitan centres

The table below presents the average September prices and retail margins on ULP and diesel for SEQ metropolitan centres, with the change compared to August 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	154.1 (nd)	11.3 (nd)	159.1 (nd)	12.9 (nd)
Brisbane North	154.3 (6.4)	11.5 (0.9)	157.7 (4.4)	11.4 (-2.0)
Brisbane South	151.8 (6.9)	8.9 (1.4)	157.3 (6.5)	11.1 (0.2)
Brisbane Bayside/ Redlands	153.4 (nd)	10.6 (nd)	158.2 (nd)	11.9 (nd)
Logan	152.7 (nd)	9.8 (nd)	158.9 (nd)	12.7 (nd)
Ipswich	151.7 (6.8)	8.5 (1.3)	156.3 (6.8)	9.7 (0.4)
Moreton Bay	151.7 (4.9)	8.5 (-0.7)	157.5 (6.6)	10.9 (0.2)
Gold Coast	150.0 (8.2)	6.5 (2.7)	157.0 (5.9)	10.2 (-0.5)
Sunshine Coast	151.1 (5.5)	7.4 (0.0)	156.0 (5.4)	9.0 (-1.0)

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

The Gold Coast was the cheapest large centre in SEQ to buy ULP in September, with an average price of 150.0 cpl. It was followed by the Sunshine Coast, Ipswich and Moreton Bay with average prices of 151.1 cpl, 151.7 cpl and 151.7 cpl, respectively. Brisbane North was the most expensive SEQ centre, at 4.3 cpl dearer than the Gold Coast and 2.5 cpl dearer than Brisbane South.

The Sunshine Coast was the cheapest SEQ centre to buy diesel with an average price of 156.0 cpl, followed by Ipswich, which was 0.3 cpl dearer. Central Brisbane was the most expensive, at 3.1 cpl dearer than the Sunshine Coast.

ULP prices in all SEQ centres were greater than those observed in August. ULP sold on the Gold Coast was on average 8.2 cpl more expensive than August. Similarly, diesel sold in Ipswich in September was 6.8 cpl dearer than August.

Fuel prices across Queensland

The average price of ULP across regional Queensland in September was 153.4 cpl, 3.6 cpl higher than August, when the average price was 149.8. The average diesel price was 156.2 cpl, 5.2 cpl higher than August when the average price was 151.0 cpl.

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

Locality	Average ULP Price (cpl)	Indicative ULP Retail Margin* (cpl)	Average Diesel Price (cpl)	Indicative Diesel Retail Margin* (cpl)
Brisbane	152.3 (6.5)	9.5 (1.1)	157.7 (6.3)	11.5 (-0.1)
Atherton	154.2 (1.3)	7.3 (-3.5)	155.4 (1.5)	5.7 (-4.3)
Beaudesert	152.3 (nd)	8.6 (nd)	160.2 (nd)	13.1 (nd)
Biloela	159.7 (3.8)	13.6 (-0.7)	159.5 (0.6)	10.3 (-4.6)
Blackwater	157.3 (nd)	9.4 (nd)	157.3 (6.3)	6.4 (1.1)
Bowen	154.4 (6.5)	6.1 (1.3)	154.9 (5.4)	4.6 (-0.5)
Bundaberg	149.2 (5.5)	3.0 (0.0)	154.2 (5.5)	4.5 (-0.8)
Cairns	155.3 (2.5)	9.2 (-2.4)	155.7 (3.4)	6.7 (-2.4)
Charters Towers	153.7 (2.0)	6.0 (-3.2)	155.6 (0.1)	5.9 (-5.9)
Childers	151.6 (3.9)	5.9 (-1.7)	155.5 (5.2)	6.3 (-1.2)
Dalby	153.1 (3.8)	8.3 (-1.8)	155.7 (2.1)	7.5 (-4.3)
Emerald	158.4 (2.5)	9.8 (-2.0)	158.9 (7.1)	7.3 (1.9)
Gladstone	151.7 (3.8)	6.8 (-0.7)	155.5 (6.6)	7.5 (1.4)
Goondiwindi	158.8 (4.8)	12.6 (-0.7)	155.9 (6.2)	6.3 (-0.2)
Gympie	150.6 (7.3)	6.3 (1.8)	155.5 (8.6)	7.8 (2.3)
Hervey Bay	156.4 (4.4)	10.8 (-1.1)	157.3 (4.9)	8.4 (-1.4)
Ingham	156.5 (2.3)	8.9 (-2.9)	155.6 (2.4)	6.2 (-3.5)
Innisfail	158.1 (0.2)	11.1 (-4.7)	158.4 (0.5)	8.6 (-5.3)
Kingaroy	153.9 (4.0)	9.2 (-1.6)	156.2 (3.3)	8.0 (-3.1)
Lockyer Valley	151.7 (nd)	7.9 (nd)	156.4 (nd)	9.2 (nd)
Longreach	161.0 (3.4)	8.3 (-1.1)	163.6 (8.3)	7.8 (3.1)
Mackay	156.8 (5.4)	11.0 (1.1)	156.4 (4.6)	8.2 (-0.8)
Mareeba	154.6 (3.3)	7.8 (-1.6)	154.9 (3.6)	5.3 (-2.2)
Maryborough	150.3 (5.0)	5.1 (-0.5)	153.8 (5.8)	5.2 (-0.5)
Miles	149.6 (7.6)	3.5 (2.0)	153.9 (5.2)	4.4 (-1.2)
Moranbah	149.5 (0.9)	1.8 (-3.4)	152.4 (2.2)	2.4 (-3.2)
Mount Isa	159.9 (1.9)	4.5 (-3.3)	159.6 (9.7)	2.3 (3.7)
Nambour	148.5 (nd)	4.9 (nd)	155.2 (nd)	8.1 (nd)
Noosa	154.3 (nd)	10.5 (nd)	156.7 (nd)	9.5 (nd)
Rockhampton	155.5 (3.2)	9.5 (-1.3)	155.7 (3.2)	6.7 (-2.0)
Roma	152.9 (-0.7)	5.5 (-6.2)	151.4 (4.3)	0.5 (-2.1)
Somerset	151.2 (nd)	7.4 (nd)	154.7 (nd)	7.5 (nd)

Toowoomba	149.6 (6.7)	5.6 (1.2)	156.5 (5.3)	9.1 (-1.1)
Townsville	153.8 (4.0)	7.4 (-1.2)	155.2 (3.8)	6.8 (-2.1)
Tully	153.9 (-2.0)	6.4 (-6.9)	156.6 (2.3)	6.3 (-3.5)
Warwick	148.7 (1.6)	4.4 (-3.9)	155.4 (4.6)	7.7 (-1.7)
Whitsunday	152.8 (2.7)	5.7 (-1.6)	155.4 (4.2)	6.0 (-1.2)
Yeppoon	155.3 (4.3)	8.9 (-0.2)	157.4 (4.2)	7.9 (-1.0)

* 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 148.7 cpl, Warwick was the cheapest Queensland regional centre (outside SEQ) to buy ULP in September. Although Nambour at 148.5 cpl was the cheapest centre considering all of Queensland. Warwick was 3.6 cpl cheaper than Brisbane. Bundaberg, Moranbah, Miles, Toowoomba, Maryborough, Gympie, Somerset, Childers, Gladstone and Lockyer Valley were also cheaper than Brisbane. The most expensive regional centre listed was Longreach, with an average ULP price of 161.0 cpl in September. Longreach was 8.7 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].

Roma had the cheapest diesel in Queensland at 151.4 cpl, 6.3 cpl cheaper than Brisbane. Moranbah, Maryborough, Miles, Bundaberg, Somerset, Bowen, Mareeba, Nambour, Townsville, Atherton, Warwick, Whitsunday, Childers, Gladstone, Gympie, Charters Towers, Ingham, Cairns, Dalby, Rockhampton, Goondiwindi, Kingaroy, Lockyer Valley, Mackay, Toowoomba, Tully, Noosa, Blackwater, Hervey Bay and Yeppoon were also cheaper than Brisbane. Longreach was also the most expensive regional centre for diesel at 163.6 cpl[1], 5.9 cpl higher than Brisbane.

Of the 37 regional centres monitored by RACQ, ULP retail margins in eight centres were higher than those charged in Brisbane and lower in 29. The lowest indicative retail margin was observed in Moranbah (1.8 cpl) and the highest in Biloela (13.6 cpl). Diesel indicative retail margins were lower than Brisbane in all but one centre. Only Beaudesert recorded higher diesel margins than Brisbane.

Record high prices

The average monthly ULP prices observed in September 2018 approached record highs. Although prices came close, no centres recorded a new record high in September. With an average ULP price of 159.7 cpl Biloela was the closest to a new high, however the September average was 0.5 cpl lower than the record high of 160.2 cpl observed in January 2014. The monthly record high ULP prices are displayed in the table below.

Diesel prices across Queensland remain substantially lower than the record highs observed in July 2008. In July 2008 the monthly average diesel price in Brisbane was 176.7 cpl, 19.0 cpl higher than the September 2018 average.

Locality	Record High Price	Month Observed
Brisbane	158.4	January 2014
Atherton	159.9	June 2014 and July 2014
Ayr	159.9	November 2013 to March 2014

[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.

Biloela	160.2	January 2014
Blackwater	159.1	January 2014
Bowen	160.2	January 2014
Bundaberg	157.4	July 2008
Cairns	160.9	March 2014
Charleville	169.5	July 2008
Childers	157.1	August 2013 and January 2014
Dalby	160.3	April 2014
Emerald	158.6	July 2008
Gladstone	159.4	March 2014
Gold Coast	158.4	January 2014
Goondiwindi	159.8	January 2014
Gympie	155.5	August 2013
Hervey Bay	156.5	August 2013
Ingham	159.1	January 2014
Innisfail	159.9	January 2014 to August 2013
Ipswich	157.0	January 2014
Kingaroy	158.4	September 2013
Longreach	168.4	February 2014
Mackay	158.0	January 2014
Mareeba	158.7	June 2014
Maryborough	157.0	August 2013
Miles	164.4	January 2014 and March 2014
Moranbah	165.7	February 2014
Mount Isa	162.5	September 2014
Rockhampton	159.5	January 2014
Roma	163.2	July 2008
Sunshine Coast	156.6	February 2014
Toowoomba	154.5	July 2008
Townsville	156.2	January 2014
Tully	159.9	January 2014 to August 2014
Warwick	155.2	July 2008
Yeppoon	158.0	March 2014

Outlook

The underlying market fundamentals of demand exceeding supply have led (and are likely to continue to lead), to oil price increases. It is not clear at which price markets will stabilise, but commentators are again talking about US$100/bbl prices. The Brent price last exceeded US$100/bbl in September 2014.

The all-time record high Brent Price was US$144.0/bbl, A$149.6/bbl or 94.1 cpl 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 US$33.7/bbl, A$51.3/bbl or 32.3 cpl, observed on 26 December 2008. Over the same time period the value of the Australian dollar fell from 96.2 US cents to 65.7 US cents.

The main factors contributing to the current weak supply of oil are the OPEC production cut and further reductions in Iran's output. The US reintroduction of sanctions against Iran has led to substantial falls in

Iran's oil production. Other factors include the collapse of Venezuela's oil economy and a fall in exports, and infrastructure constraints for US shale oil exports.

The current high price is likely to drive renewed interest in US Shale oil. Projects that may have been considered unviable will start to look possible again if high oil prices are sustained.

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

Data sources

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