

Adelaide petrol prices under \$1 a litre

Wholesale petrol prices hit 11-year low

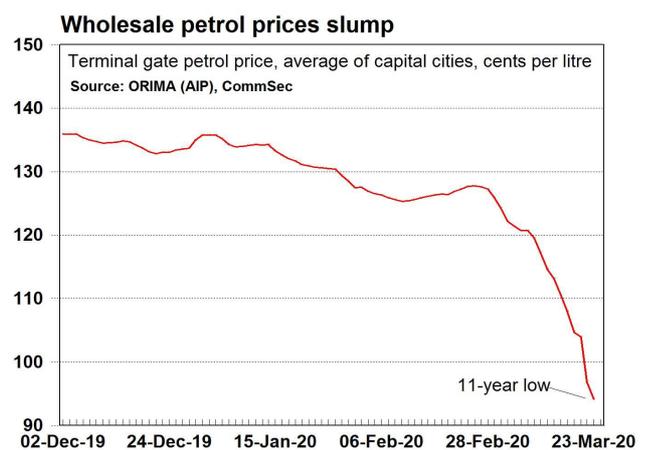
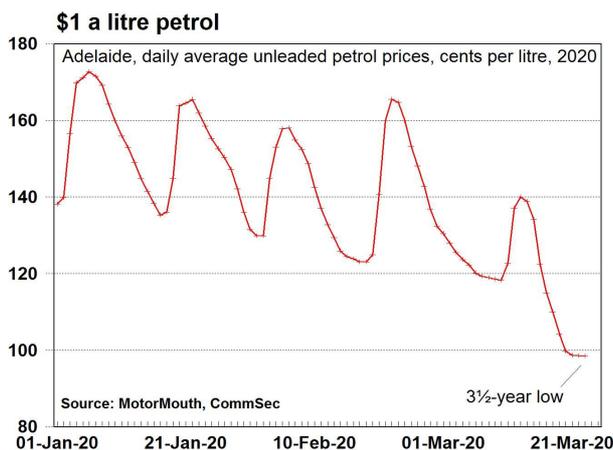
Weekly Petrol Prices

- **Petrol prices:** According to the Australian Institute of Petroleum, the national average price of unleaded petrol rose by 1.7 cents to 131.1 cents a litre last week. The metropolitan price rose by 4.6 cents to 130.2 cents a litre but the regional price fell by 4.2 cents to 132.9 cents a litre.
- **Capital city petrol prices:** Today, average daily unleaded retail petrol prices have hit 3½-year lows in Adelaide (98.5 c/l); 2½-year lows in Canberra (138.7 c/l); 14-month lows in Perth (115.3 c/l); 12-month lows in Darwin (130.7 c/l); and 11-month lows in Hobart (148.2 c/l), according to MotorMouth.
- **Wholesale prices:** The national average wholesale (terminal gate) unleaded petrol price stands at an 11-year low of 94.2 cents a litre, down by 16.4 cents over the week.

Movements in the petrol price can affect consumer spending, and in turn, prospects for retailers

What does it all mean?

- Two weeks ago CommSec predicted that petrol prices in Australia could hit \$1 a litre. Despite being criticised by some observers, prices have indeed hit \$1 litre. Today the average retail unleaded petrol price in Adelaide stands at 3½-year lows of 98.5 cents a litre according to real-time fuel app Motormouth. In Sydney, prices are below \$1 a litre in Fairfield and Villawood. Prices near \$1 a litre will become more commonplace across Sydney, Melbourne and Brisbane in the next fortnight.
- Pump prices are also falling in the smaller and less competitive capital city fuel markets of Canberra, Perth, Darwin and Hobart. In fact pump prices are at 2½-year lows in the nation's capital – Canberra – and prices are near 12-month lows in Perth, Darwin and Hobart.
- Of course the outliers are Australia's larger East Coast capital cities. Today, unleaded petrol prices in Brisbane,



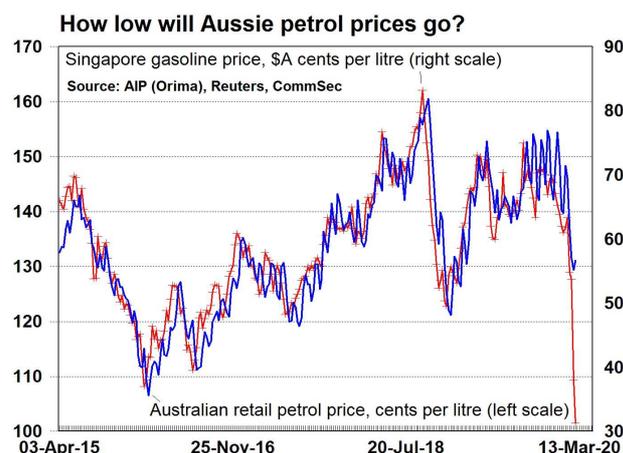
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Sydney and Melbourne are averaging between \$1.33 and \$1.47 a litre. That's a decent profit margin considering wholesale prices (or Terminal Gate Prices) are averaging around 94 cents a litre in those cities – an 11-year low. We do acknowledge, however, that petrol stations likely purchased their current fuel stock around two weeks ago. And there is also the 7-10 day lag between changes in Asian regional gasoline prices and domestic pump prices.

- In good news for motorists, unleaded petrol prices are beginning to fall in Sydney – now averaging around \$1.39 a litre – after peaking at \$1.42 a litre on Friday. And prices are near peaks in both Brisbane and Melbourne as the next retail discounting cycle is likely to commence later this week.
- The coronavirus crisis continues to roil global oil markets. Bloomberg estimates that global demand has been reduced by 10-20 million barrels a day or a fifth of global consumption due to industry lockdowns, self-isolation measures and travel bans impacting demand for gasoline, jet fuel and diesel.
- Global crude oil prices plunged to 18-year lows last week. Brent crude oil fell by US\$6.87 a barrel or 20.3 per cent and the Nymex price was down US\$9.20 or 29 per cent - the biggest weekly fall since January 1991. The Singapore benchmark gasoline price - the largest component of fuel prices paid by motorists - closed last week at US\$29.10 a barrel, down 23.6 per cent on the week. In Australian dollar terms, the Singapore gasoline price fell by 17.7 per cent to a record low (data going back to 2004) of \$49.72 a barrel or 31.27 cents a litre.



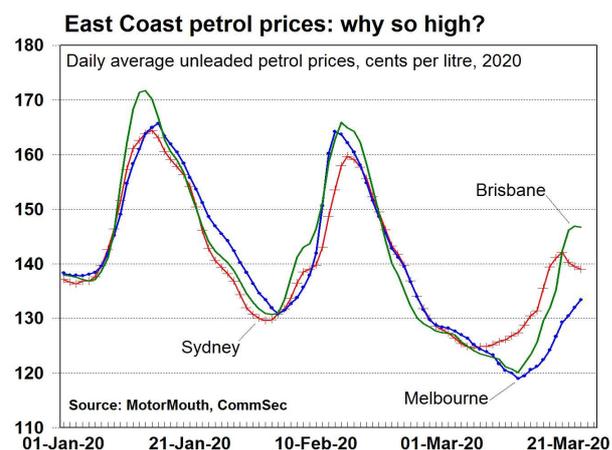
What do the figures show?

Petrol prices

- According to the **Australian Institute of Petroleum**, the national **average price of unleaded petrol** rose by 1.7 cents to 131.1 cents a litre last week. The metropolitan price rose by 4.6 cents to 130.2 cents a litre but the regional price fell by 4.2 cents to 132.9 cents a litre.
- **Average unleaded petrol prices across states and territories over the past week were:** Sydney (up 11.3 cents to 138.5 c/l), Melbourne (up by 6.0 cents to 126.6 c/l), Brisbane (up by 15.1 cents to 136.9 c/l), Adelaide (down by 23.0 cents to 107.0 c/l), Perth (down by 6.1 cents to 122.9 c/l), Darwin (down by 3.4 cents to 131.8 c/l), Canberra (down by 2.6 cents to 140.3 c/l) and Hobart (down by 2.5 cents to 150.5 c/l).
- **The smoothed gross retail margin (2-month rolling average)** for unleaded petrol rose from 14.50 cents a litre to 15.59 cents (24-month average: 13.2 cents a litre).
- The **national average diesel petrol price** fell by 3.8 cents to 140.6 cents a litre over the past week. The **metropolitan** price fell by 3.9 cents to 139.1 cents a litre and the **regional** price was down by 3.7 cents to 141.7 cents a litre.
- Today, the **national average wholesale (terminal gate) unleaded petrol price** stands at an 11-year low of 94.2 cents a litre, down by 16.4 cents over the week. The **terminal gate diesel price** stands at 105.8 cents a litre, down by 7.3 cents over the past week.
- **MotorMouth** records the following average retail prices for **unleaded fuel** in capital cities today: Sydney 139.0c; Melbourne 133.4c; Brisbane 146.7c; Adelaide 98.5c; Perth 115.3c; Canberra 138.7c; Darwin 130.7c; Hobart 148.2c.
- **The key Singapore gasoline price** closed last week at US\$29.10 a barrel, down US\$9.00 or 23.6 per cent on the week. In Australian dollar terms, the Singapore gasoline price fell by \$10.69 or 17.7 per cent to a record low (data going back to 2004) of \$49.72 a barrel or 31.27 cents a litre.

What is the importance of the economic data?

- **Weekly figures on petrol prices** are compiled by ORIMA Research on behalf of the Australian Institute of Petroleum (AIP). National average retail prices are calculated as the weighted average of each State/Territory metropolitan and non-metropolitan retail petrol prices, with the weights based on the number of registered petrol vehicles in each of these regions. AIP data for retail petrol prices is based on available market data supplied by MotorMouth.



What are the implications for interest rates and investors?

- Oil prices continue to tumble. Since the US Nymex crude oil price spiked to US\$63.27 a barrel on January 6 (due to US airstrikes in the Middle East), prices have fallen by almost 64 per cent to around US\$22.90 a barrel today. With the coronavirus crisis reducing oil demand, OPEC has initiated talks with Texas’ energy regulator in an effort to curtail crude oil production and stabilise prices.
- One factor that is working against motorists is the weaker Aussie dollar. Today the Aussie is near US57.40 cents after falling to 18-year lows of US55.10 cents against the greenback on March 19. The lower dollar increases the price of imported gasoline.
- What else can be done to keep petrol prices low as Australians confront potential financial hardship due to the COVID-19 enforced shutdowns? Well the fuel excise - currently levied by the government at 43 cents a litre - could be reduced significantly or fuel could be excluded from the Goods and Services Tax (GST). That said, it’s debatable at the moment whether drivers will benefit due to restrictions on “non-essential” travel.

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