Gasoline Report

a weekly summary

Ontario

FOR THE WEEK ENDING DECEMBER 22, 2008

- **World crude oil prices below US$34 a barrel, lower wholesale prices, and price wars in some markets caused the Ontario average retail price of regular unleaded gasoline to decline by 2.7 cents to 72.8 cents a litre, its lowest since January 2005.** Prices fell by 6.4 cents in Sault Ste. Marie (to a 23-month low), 4.7 cents in Windsor (to a 48-month low), 2.6 cents in Ottawa (to a 57-month low), 2.5 cents in both Toronto and North Bay (the latter to a 48-month low), 2.3 cents in London (to a 48-month low), 2.0 cents in both Sudbury (to a 48-month low) and Thunder Bay (to a 34-month low), and 0.5 cents in Timmins (to a 46-month low). Ottawa had the lowest average price for the twelfth straight week. The average price gap between northern and southern Ontario narrowed (slightly) for the second straight week, to 7.3 cents. The Ontario average retail diesel price declined for the 23rd straight week, by 1.9 cents to 89.9 cents, a 22-month low. **The Canadian average retail gasoline price declined for the fourteenth straight week, by 1.5 cents to 74.9 cents, its lowest since December 2004.** Prices fell by 4.1 cents in Toronto (to a 56-month low), 2.0 cents in Regina (to a 56-month low), and less than a cent in Calgary (to a 58-month low), Vancouver (to a 47-month low), and Edmonton (to a 59-month low). Prices rose by 3.4 cents in Saint John (from an 81-month low), 3.0 cents in St. John's (from a 59-month low), 2.2 cents in Halifax (from a 60-month low), and less than a cent in Montreal and Winnipeg (the latter from a 47-month low). The Canadian average retail diesel price declined for the eleventh straight week, by 2.8 cents to 92.0 cents, a 23-month low.

- **Improved fuel efficiency would account for 52% of the reductions in world transportation CO_2 emissions if countries agreed to cut global emissions on a lifecycle basis by 50% from 2000 levels by 2050, says the International Energy Agency.** Vehicle electrification would account for a further 17% of emissions reductions, biofuels another 17%, and fuel cell vehicles (FCVs) 14%. Light-duty vehicles would become 50% more efficient by 2030, at which time hybrids would dominate the market; plug-in hybrids would dominate by 2050. FCVs could begin to penetrate the market by 2025, steadily ramping up to 60-90% of sales by 2050. Biofuels (mostly second-generation diesel-like fuels) could achieve a 12% liquid fuel market share by 2030 and 26% by 2050. IEA says that, in spite of efforts to implement carbon capture and storage, the transportation sector would essentially have to decarbonize to achieve the emissions reductions highlighted in its Blue Scenario (Octane Week).

- **There will be 10-million fewer vehicles on the road in the U.S. by 2012, the greatest mass exodus of vehicles in American history, as high gasoline prices force a radical change in driving habits, says a recent study by CIBC World Markets.** Many of those giving up their vehicle will be low-income households. Average miles driven will decline by more than 15%, and the market share of light trucks, minivans, and SUVs will decline by more than 50%. In Canada, the effect will be more muted as the adjustment will come more from middle-class households, which will start giving up their second or third vehicles. CIBC expects 700,000 vehicles to be taken off the road in Canada by 2012, and average kilometres driven to decline by 10% (CIBC, Canadian Press, Toronto Star).

- **Lufthansa plans to use up to 10% biofuel in its jet fuel by 2020 as part of a plan to reduce carbon dioxide emissions per kilometre by 25%.** Lufthansa plans to use biofuel made from non-food sources, such as algae (Bloomberg).

- **Ontario gasoline sales (retail and non-retail) in the third quarter of 2008 totalled 4.05-billion litres, a decline of 1.4% from the same period in 2007, according to a Ministry analysis of Statistics Canada data.** Sales of regular unleaded fell by 0.7% and accounted for 89.8% of total sales, up slightly from a year earlier. Sales of the higher-octane grades dropped by 7.6%. Ontario diesel sales totalled 1.79-billion litres, up 0.4%, with ultra-low-sulphur diesel (the grade required for on-road use) rising by 1.7% to 1.62-billion litres. In the first nine months of the year, Ontario gasoline sales fell by 0.8% to 11.71-billion litres, but diesel sales grew by 1.8% to 5.22-billion litres, with ULSD rising by 4.8% to 4.78-billion litres. Canadian gasoline sales in the third quarter totalled 10.99-billion litres, down 2.4% from a year earlier, while diesel sales increased by 2.1% to 7.51-billion litres. Nine-month Canadian gasoline sales fell by 0.3% to 31.52-billion litres, while diesel sales rose by 1.8% to 20.95-billion litres (Statistics Canada, Ministry of Energy and Infrastructure).

Retail Prices

Regular Unleaded Gasoline
(Canadian Cents/Litre)

Ontario	**Dec 15**	**Dec 22**	**+/-**
Ottawa	71.9	69.3	-2.6
Toronto West	75.5	73.0	-2.5
Toronto East	75.5	73.0	-2.5
Windsor	74.5	69.8	-4.7
London	75.0	72.7	-2.3
Sudbury	77.8	75.8	-2.0
Sault Ste. Marie	81.2	74.8	-6.4
Thunder Bay	87.2	85.2	-2.0
North Bay	77.4	74.9	-2.5
Timmins	85.9	85.4	-0.5
Ontario Average	*75.5*	*72.8*	*-2.7*

Canada	**Dec 16**	**Dec 23**	**+/-**
St. John's, Nfld	82.2	85.2	3.0
Charlottetown	71.9	71.9	0.0
Halifax	73.3	75.5	2.2
Saint John, N.B.	71.1	74.5	3.4
Quebec City	78.4	78.4	0.0
Montreal	81.5	82.2	0.7
Toronto	74.5	70.4	-4.1
Winnipeg	76.5	76.8	0.3
Regina	76.9	74.9	-2.0
Edmonton	68.2	68.0	-0.2
Calgary	69.4	68.6	-0.8
Vancouver	82.9	82.5	-0.4
Canada Average	*76.4*	*74.9*	*-1.5*

Source: Ontario Ministry of Energy & Infrastructure; MJ Ervin & Associates

Rack Prices

Regular Unleaded Gasoline
(Canadian Cents/Litre, Ex-Tax)

Date	**At Toronto**	**At Buffalo**	**Differ-ential**	**Exchange (U.S.¢)**
Dec 12	39.93	35.06	4.87	79.92
Dec 19	37.23	34.26	2.97	81.77

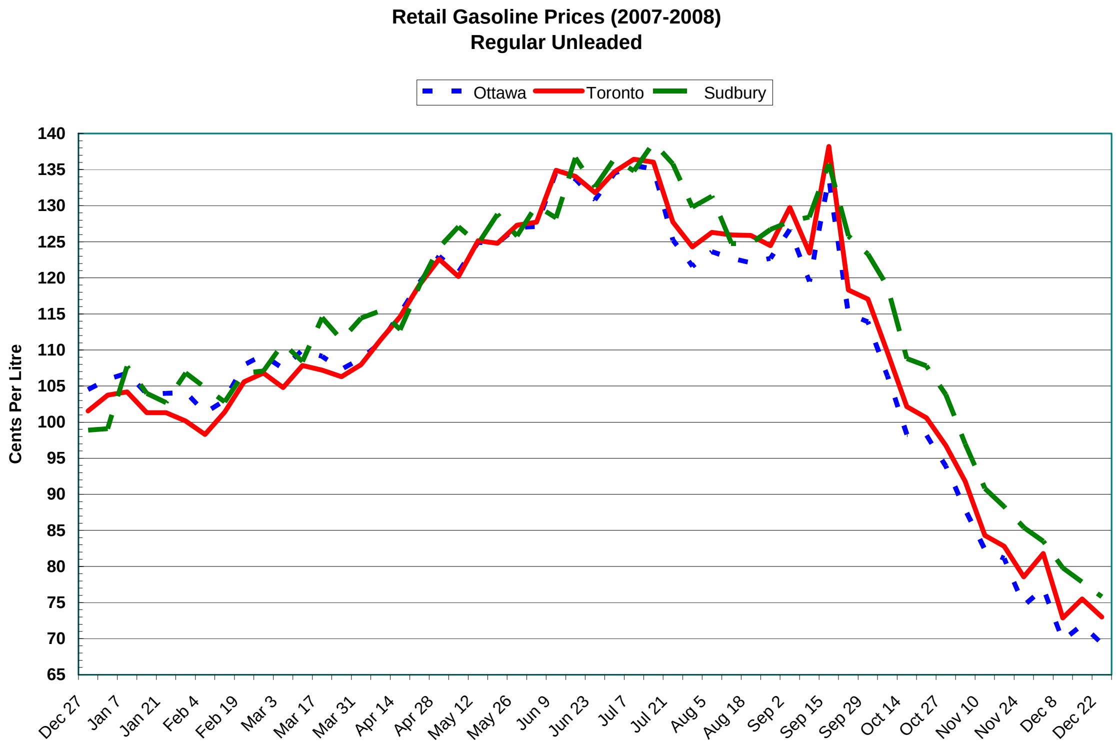
Source: Bloomberg Oil Buyer's Guide, Globe & Mail

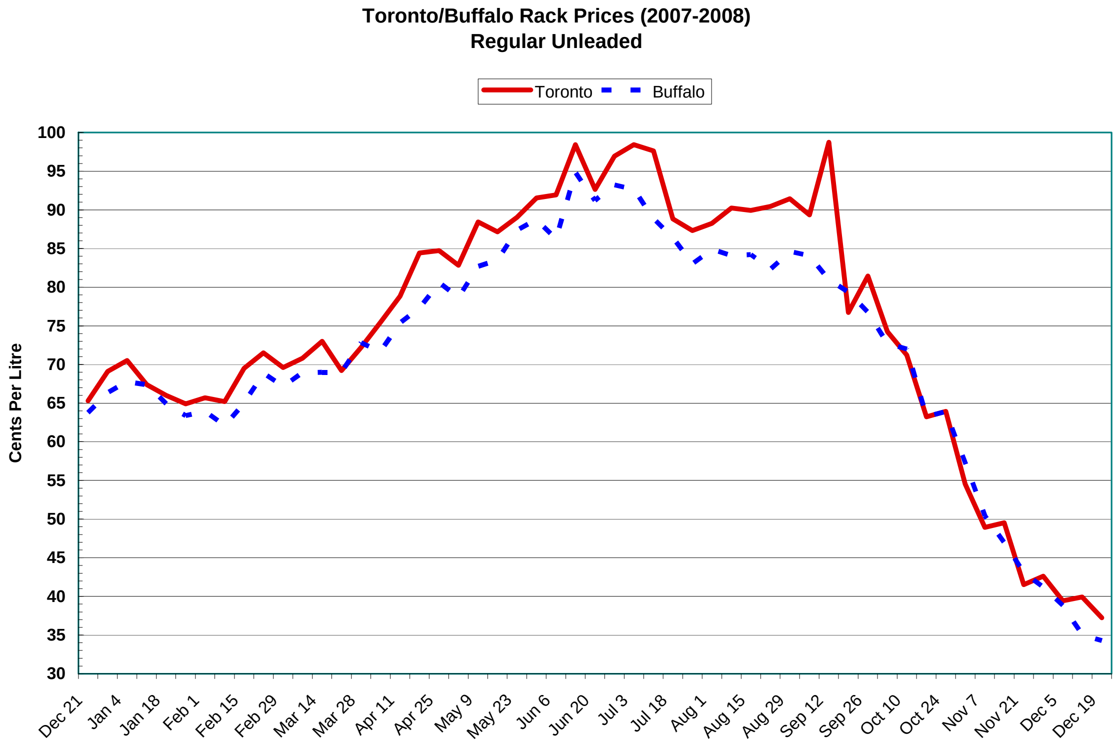
Futures Prices

Petroleum Futures Prices

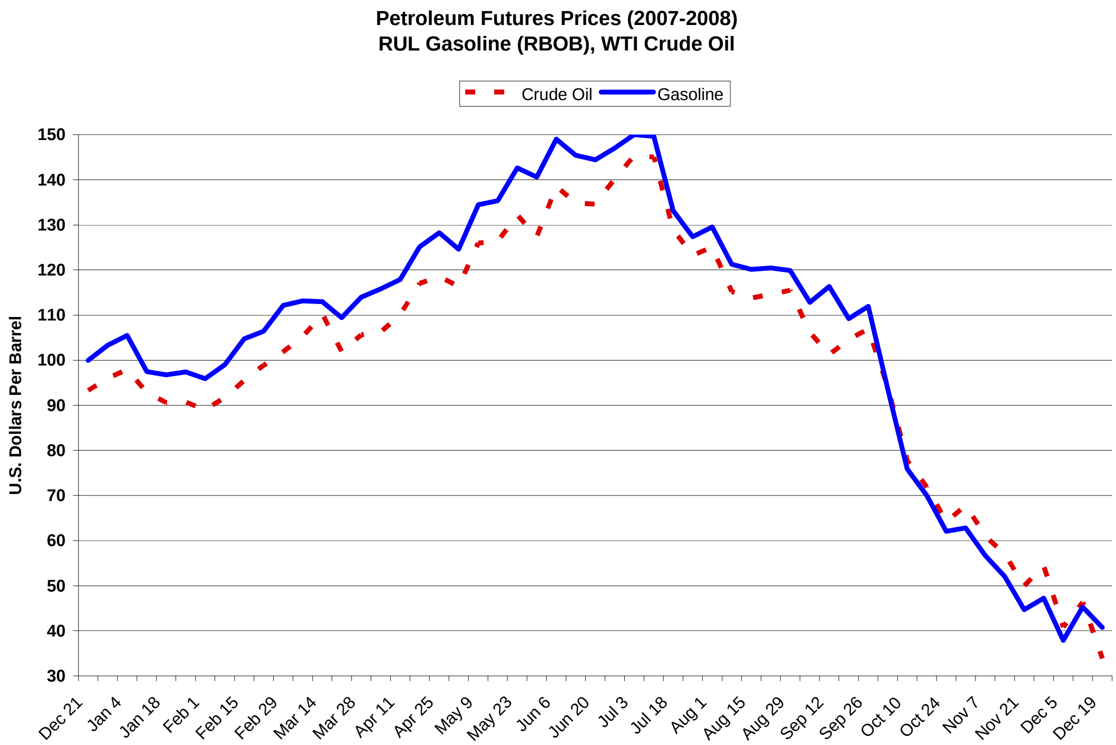
Date	**WTI Crude (Cushing) (US$/bbl)**	**Reg.Unleaded RBOB (NY) (USc/USgal)**	**Crack Spread (US$/bbl)**
Dec 12	46.28	107.77	-1.02
Dec 19	33.87	96.93	6.84

Source: Globe & Mail


Retail Gasoline Prices (2007-2008)
Regular Unleaded
Ottawa
Toronto
Sudbury
Cents Per Litre
140
135
130
125
120
115
110
105
100
95
90
85
80
75
70
65
Dec 27
Jan 7
Jan 21
Feb 4
Feb 19
Mar 3
Mar 17
Mar 31
Apr 14
Apr 28
May 12
May 26
Jun 9
Jun 23
Jul 7
Jul 21
Aug 5
Aug 18
Sep 2
Sep 15
Sep 29
Oct 14
Oct 27
Nov 10
Nov 24
Dec 8
Dec 22



Toronto/Buffalo Rack Prices (2007-2008)
Regular Unleaded
Toronto
Buffalo
Cents Per Litre
100
95
90
85
80
75
70
65
60
55
50
45
40
35
30
Dec 21
Jan 4
Jan 18
Feb 1
Feb 15
Feb 29
Mar 14
Mar 28
Apr 11
Apr 25
May 9
May 23
Jun 6
Jun 20
Jul 3
Jul 18
Aug 1
Aug 15
Aug 29
Sep 12
Sep 26
Oct 10
Oct 24
Nov 7
Nov 21
Dec 5
Dec 19



Petroleum Futures Prices (2007-2008)
RUL Gasoline (RBOB), WTI Crude Oil
Crude Oil
Gasoline
U.S. Dollars Per Barrel
150
140
130
120
110
100
90
80
70
60
50
40
30
Dec 21
Jan 4
Jan 18
Feb 1
Feb 15
Feb 29
Mar 14
Mar 28
Apr 11
Apr 25
May 9
May 23
Jun 6
Jun 20
Jul 3
Jul 18
Aug 1
Aug 15
Aug 29
Sep 12
Sep 26
Oct 10
Oct 24
Nov 7
Nov 21
Dec 5
Dec 19