Gasoline Report

a weekly summary

FOR THE WEEK ENDING JANUARY 2, 2018

- **Higher crude oil and North American wholesale prices and the end of price wars in North Bay, Windsor and Sudbury helped boost the Ontario average retail price of regular unleaded gasoline by 1.0 cents to 122.5 cents a litre, a two-month high.** Prices rose by 13.0 cents in North Bay (to a four-month high), 6.6 cents in Windsor, 5.4 cents in Sudbury, 2.9 cents in Timmins (from a two-month low), 1.2 cents in London and 0.5 cents in Toronto (to a two-month high). Prices fell by less than a cent in Ottawa and Thunder Bay (the latter to a two-month low). Windsor had the lowest average price for the 12th straight week. The Ontario average retail diesel price increased for the third straight week, by 0.9 cents to 122.0 cents, the highest since March 2015. **The Canadian average retail regular unleaded gasoline price increased by 0.7 cents to 121.4 cents.** Prices rose by 7.8 cents in Quebec City (to a two-month high), 6.6 cents in Montreal (from a three-month low), 4.6 cents in Charlottetown, 3.7 cents in Halifax, 3.0 cents in Saint John (from a two-month low) and St. John's (from a five-month low), and 0.5 cents in Toronto (to a two-month high). Prices fell by 7.7 cents in Winnipeg, 6.5 cents in Regina, 2.2 cents in Edmonton, 1.1 cents in Vancouver and 0.9 cents in Calgary. The Canadian average retail diesel price increased for the third straight week, by 1.2 cents to 123.6 cents, the highest since March 2015.

- **Regular unleaded gasoline marketing margins rose to record highs in Ottawa, Toronto, Hamilton, London and Timmins in 2017.** Margins increased for the fifth straight year in Ottawa (to 8.0 cents per litre), Toronto (to 9.5 cents) and Hamilton (to 9.0 cents) and for the fourth straight year in London (to 8.9 cents). Timmins' margin increased from a three-year low to 13.4 cents. Windsor had the lowest margin, 4.0 cents, and North Bay had the next-lowest, 5.0 cents. Sault Ste. Marie's margin fell to a six-year low of 7.3 cents, Thunder Bay's declined slightly to a three-year low of 11.1 cents, and Sudbury's edged up to 7.4 cents. Windsor experienced seven weeks of negative margins during the year, including a streak of five such weeks culminating on April 10th when the pump price was 4.7 cents below the wholesale cost. Ottawa experienced two weeks of negative margins and Sault Ste. Marie and North Bay experienced three (the latter ending the year with a margin of -2.3 cents). Thunder Bay experienced the widest range of margins, from a low of 2.7 cents on April 3rd to a high of 22.3 cents on September 11th. Margins (pump price minus wholesale or rack price) are the amount available to the dealer to cover operating costs and provide a return on investment (Ministry of Energy).

- **The world bus market share of electric powertrain buses (including all types of hybrids) will increase slightly from about 21% in 2017 to about 22% in 2027, says Navigant Research.** Growth in e-bus adoption (the world plug-in electric bus market grew by 40% in 2017) is currently being driven mostly by lower operations and maintenance costs. In future, other factors will become more prominent. Dynamic charging (charging while driving) will allow buses to have smaller batteries, thereby reducing costs. EVs on fixed routes are well-placed to become automated. Cities are increasingly concerned about air quality and climate change, and there is greater demand for vehicles with a low-carbon footprint. Diesel's share of the world bus market will decline from 58% in 2017 to 51% in 2027 and the share of alternative fuel powertrains will increase. Buses (including electrics) account for 17% of world commercial vehicle sales, and world bus sales will grow from about 800,000 in 2017 to more than one million in 2027 (Navigant, Green Car Congress).

- **U.S. biofuel developer Gevo will supply renewable alcohol-to-jet fuel (ATJ) to Virgin Australia Group, an airline, for blending into petroleum jet fuel at Brisbane Airport in Queensland, Australia.** Gevo produces isobutanol from starch or biomass and converts it into isobutylene. The isobutylene is converted into mixtures of aliphatic hydrocarbons, which are then blended to meet American Society for Testing and Materials standards as blend stocks for gasoline, jet fuel and diesel. Gevo believes its ATJ has a cost advantage over other renewable jet fuel alternatives made from carbohydrate-based feedstocks. The Queensland government wants to lever the state's abundant supplies of carbohydrate-based feedstocks and develop a renewable jet fuel production industry (Green Car Congress).

- **Charging an electric car, like the Nissan LEAF, at home consumes 2,800 kWh of energy annually, considerably less than heating the home (11,300 kWh) or heating the water (4,700 kWh), says the U.S. Department of Energy.** Charging a car consumes more than twice the energy of running a refrigerator (1,300 kWh) (Green Car Congress).

Retail Prices

Regular Unleaded Gasoline
(Canadian Cents/Litre)

Ontario	**Dec 27**	**Jan 2**	**+/-**
Ottawa	121.7	121.3	-0.4
Toronto West	123.1	123.3	0.2
Toronto East	122.0	122.8	0.8
Windsor	109.8	116.4	6.6
London	121.6	122.8	1.2
Sudbury	117.3	122.7	5.4
Sault Ste. Marie	123.9	123.9	0.0
Thunder Bay	125.3	125.0	-0.3
North Bay	110.5	123.5	13.0
Timmins	126.9	129.8	2.9
Ontario Average	*121.5*	*122.5*	*1.0*

Canada	**Dec 27**	**Jan 2**	**+/-**
St. John's, Nfld	112.9	115.9	3.0
Charlottetown	109.9	114.5	4.6
Halifax	110.7	114.4	3.7
Saint John, N.B.	109.9	112.9	3.0
Quebec City	112.3	120.1	7.8
Montreal	115.4	122.0	6.6
Toronto	123.0	123.5	0.5
Winnipeg	112.0	104.3	-7.7
Regina	111.8	105.3	-6.5
Edmonton	107.7	105.5	-2.2
Calgary	111.2	110.3	-0.9
Vancouver	139.6	138.5	-1.1
Canada Average	*120.7*	*121.4*	*0.7*

Source: Ministry of Energy; Kent Group Ltd.

Rack & Spot Prices

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

Date	**Toronto Rack**	**New York Spot Barge**	**Differ-ential**	**Exchange (U.S.¢)**
Dec 22	71.85	60.20	11.65	78.38
Dec 29	72.90	n/a	n/a	79.71

Source: Bloomberg Oil Buyer's Guide; Oil Price Information Service; Bank of Canada

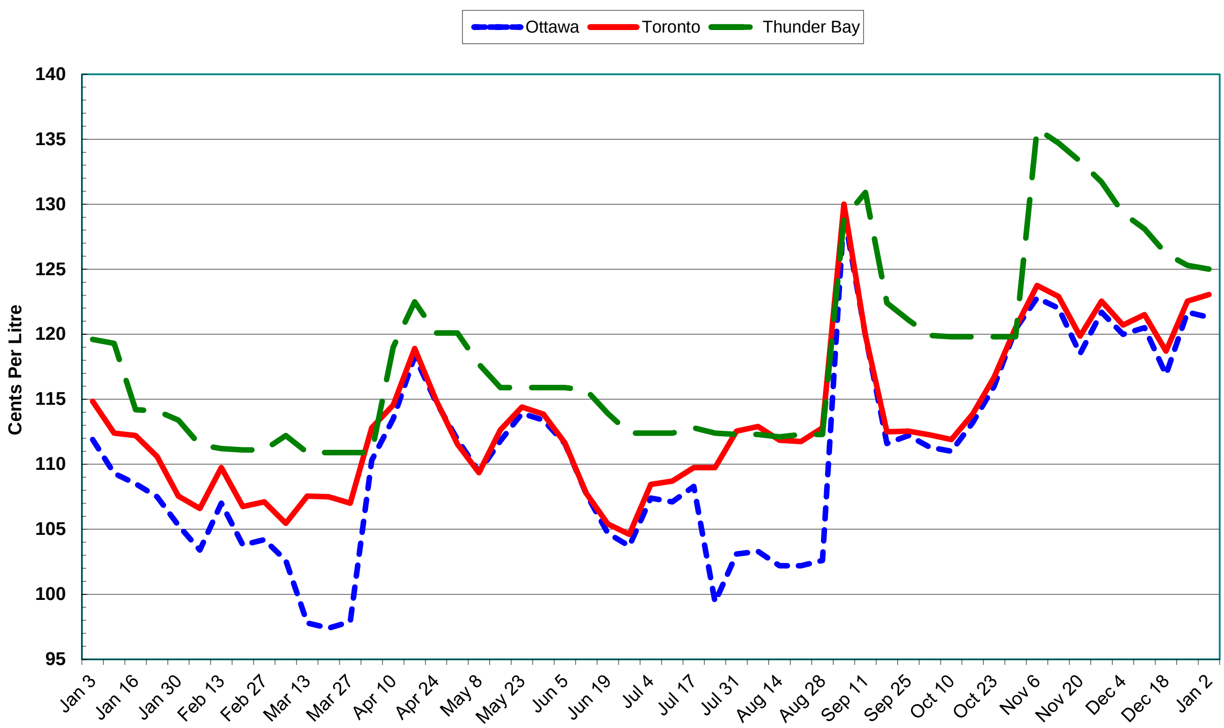
Futures Prices

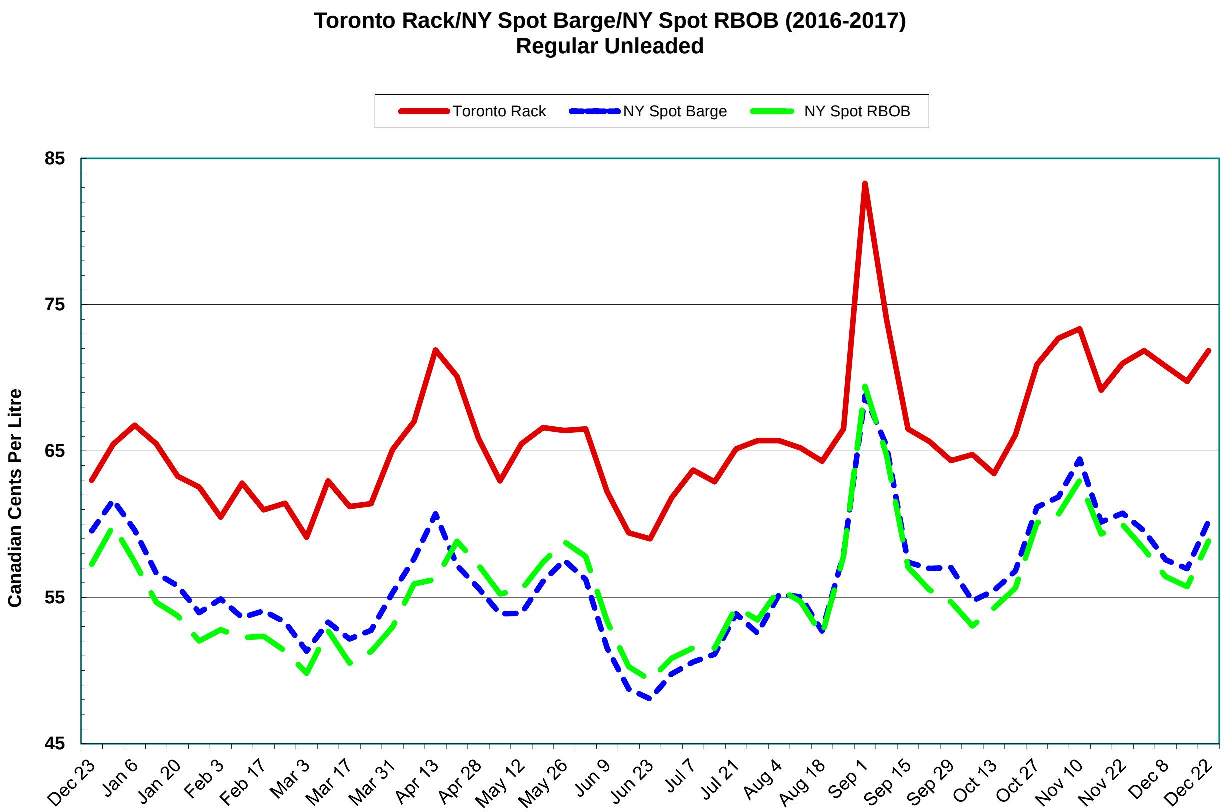
Petroleum Futures Prices

Date	**WTI Crude (NY) (US$/bbl)**	**Reg.Unleaded RBOB (NY) (US¢/USgal)**	**Crack Spread (US$/bbl)**
Dec 22	58.47	176.23	15.55
Dec 29	60.42	179.92	15.15

Source: CME Group (NYMEX)

Retail Gasoline Prices (2017-2018)
Regular Unleaded





Toronto Rack/NY Spot Barge/NY Spot RBOB (2016-2017)
Regular Unleaded
Toronto Rack
NY Spot Barge
NY Spot RBOB
Canadian Cents Per Litre
85
75
65
55
45
Dec 23
Jan 6
Jan 20
Feb 3
Feb 17
Mar 3
Mar 17
Mar 31
Apr 13
Apr 28
May 12
May 26
Jun 9
Jun 23
Jul 7
Jul 21
Aug 4
Aug 18
Sep 1
Sep 15
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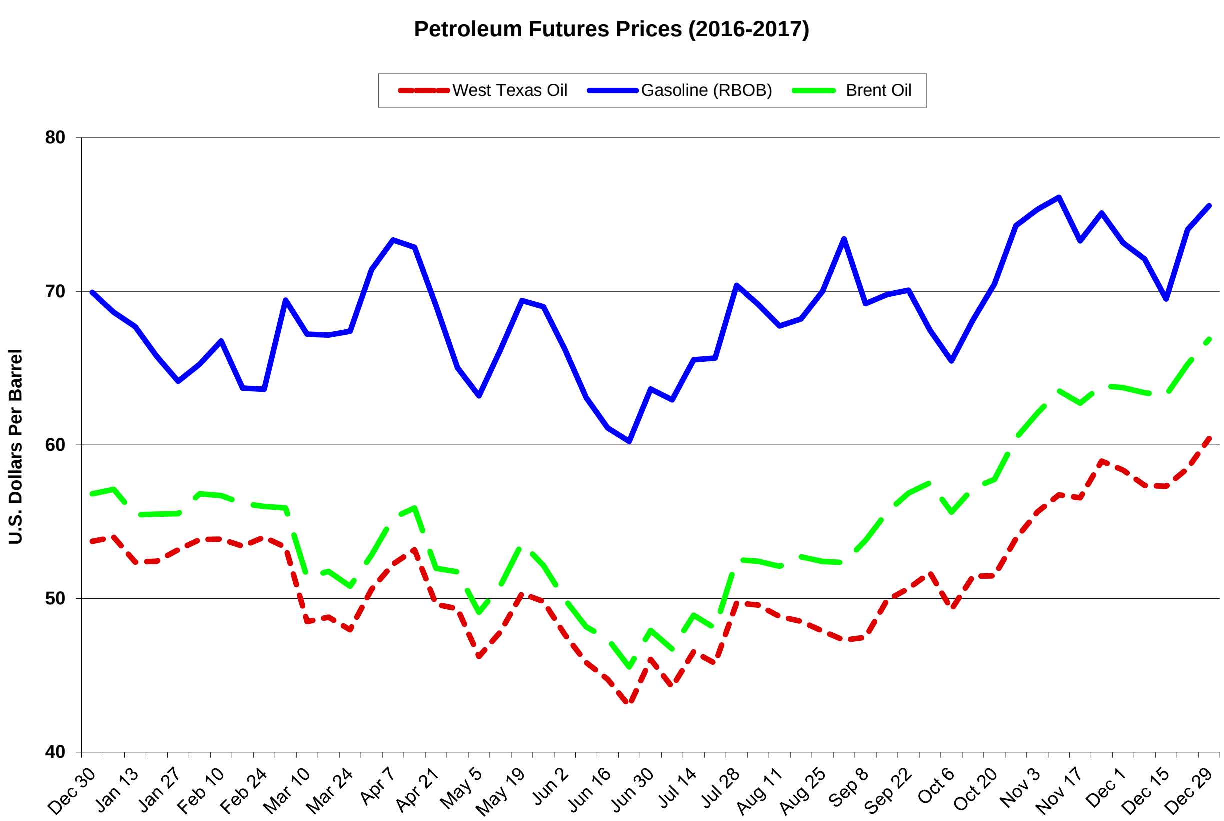
Oct 13
Oct 27
Nov 10
Nov 22
Dec 8
Dec 22



Petroleum Futures Prices (2016-2017)
West Texas Oil
Gasoline (RBOB)
Brent Oil
U.S. Dollars Per Barrel
80
70
60
50
40
Dec 30
Jan 13
Jan 27
Feb 10
Feb 24
Mar 10
Mar 24
Apr 7
Apr 21
May 5
May 19
Jun 2
Jun 16
Jun 30
Jul 14
Jul 28
Aug 11
Aug 25
Sep 8
Sep 22
Oct 6
Oct 20
Nov 3
Nov 17
Dec 1
Dec 15
Dec 29