

Gasoline Report

a weekly summary



FOR THE WEEK ENDING JANUARY 22, 2018

- o **The Ontario average retail price of regular unleaded gasoline increased by 1.9 cents to 124.7 cents a litre, a five-month high, reflecting higher North American wholesale prices.** Prices rose by 4.3 cents in Sudbury (to a two-month high), 4.1 cents in Windsor, 3.8 cents in North Bay, 2.5 cents in Timmins (to a two-month high), 2.4 cents in Toronto (to a five-month high), and 1.1 cents in Ottawa (to a five-month high). Prices fell by 1.0 cents in Thunder Bay (to a three-month low) and 0.3 cents in London (from a four-month high). Windsor had the lowest price for the 15th straight week. The Ontario average retail diesel price increased by 0.8 cents to 124.3 cents, the highest since November 2014. **The Canadian average retail regular unleaded gasoline price increased by 0.7 cents to 124.5 cents, a three-month high.** Prices rose by 6.7 cents in Quebec City (to a four-month high), 6.5 cents in Regina, 4.8 cents in Montreal (to the highest since October 2014), 2.6 cents in Halifax (to a two-month high), 1.1 cents in Toronto (to a five-month high), and 0.4 cents in St. John's (to a two-month high). Prices fell by 4.9 cents in Edmonton (from a two-month high), 3.9 cents in Winnipeg (to a two-month low), 3.5 cents in Calgary (from a two-month high), and 0.8 cents in Vancouver (from a two-month high). The Canadian average retail diesel price declined by 0.2 cents from a 34-month high to 125.9 cents.
- o **U.S. shale oil production will grow from 5.1 million barrels a day in 2017 to 7.5 million b/d in 2021, an increase of 47%, according to OPEC's *World Oil Outlook 2017*.** Last year, the Organization of the Petroleum Exporting Countries forecast that shale production would grow from 4.1 million b/d in 2017 to 4.8 million b/d in 2021, an increase of 17%. The new shale forecast for 2021 is 56% higher than forecast a year ago. OPEC now expects that world demand for its crude will not change very much until after U.S. shale production peaks after 2025. Shale production will then decline from about 2030, and world demand for OPEC crude will increase from 33 million b/d in 2025 to 41.4 million b/d in 2040. If electric vehicle sales grow faster than expected and EVs account for 25% of the world vehicle fleet, world oil demand will plateau at about 109 million b/d in the second half of the 2030s. OPEC, though, expects the pace of electrification to be only half that and oil demand will continue to grow for decades. Growth in world oil demand will slow from 1.3 million b/d in 2016-2020 to 300,000 b/d in 2035-2040, says OPEC (Bloomberg, Canadian Press).
- o **If all of the world's countries banned internal combustion engines (ICEs) for light-duty vehicles by 2040, the number of ICEs on the road would peak around 2030 and electric vehicles would account for 60% of the vehicles on the road by 2050, according to Peter Tertzakian, executive director of the ARC Energy Research Institute in Calgary.** The 1.2 billion passenger cars on the road at present account for 30-40% of world oil consumption. The great majority of the tens of millions of passenger cars sold every year are powered by ICEs and these are increasingly better built and more reliable, allowing them to remain on the road for longer. Even with more aggressive scenarios for EV adoption, a considerable portion of the world vehicle fleet will still run on hydrocarbons – and this does not even account for other vehicle types that use fuel, such as airplanes and locomotives. Because of the accumulation of ICE vehicles on the road, by the late 2030s the world will still be consuming about the same amount of oil that it does today, says Mr. Tertzakian (*Daily Oil Bulletin*).
- o **French shipping company CMA CGM says it will become the first to operate giant containerhips fuelled with liquefied natural gas (LNG).** A small amount of marine gas oil will be used to initiate ignition in the combustion chamber. The firm will take delivery of nine Ultra Large Container Vessels of 22,000 TEUs (20-foot equivalent units) in 2020, which will be larger than any container ship in operation today. Compared to heavy fuel oil, the main marine fuel, the use of LNG reduces CO₂ emissions by up to 25%, NO₂ by 85%, and fine particles and sulphur by 99%. Switching to LNG will enable CMA CGM to make steeper emission reductions than those from international regulations requiring fuel sulphur content to be reduced to 0.5% starting in 2020. The firm reduced its CO₂ emissions per container-kilometre by 50% from 2005-2015 and plans to reduce emissions by a further 30% from 2015-2025 (Green Car Congress).
- o **French engineering company Alstom will supply 14 Coradia iLint fuel cell trains to the Local Transport Authority of Lower Saxony in Germany.** The fuel cell systems will be supplied by Hydrogenics of Mississauga, Ont., which has a contract to supply at least 200 fuel cell systems over 10 years at a cost of over €50 million. Linde Group will supply the hydrogen fuel (Green Car Congress).

Retail Prices**Regular Unleaded Gasoline**
(Canadian Cents/Litre)

Ontario	<u>Jan 15</u>	<u>Jan 22</u>	<u>+/-</u>
Ottawa	123.1	124.2	1.1
Toronto West	124.0	126.4	2.4
Toronto East	123.1	125.4	2.3
Windsor	111.9	116.0	4.1
London	123.8	123.5	-0.3
Sudbury	119.0	123.3	4.3
Sault Ste. Marie	123.9	123.9	0.0
Thunder Bay	124.3	123.3	-1.0
North Bay	119.2	123.0	3.8
Timmins	<u>129.2</u>	<u>131.7</u>	<u>2.5</u>
<i>Ontario Average</i>	<i>122.8</i>	<i>124.7</i>	<i>1.9</i>
Canada	<u>Jan 16</u>	<u>Jan 23</u>	<u>+/-</u>
St. John's, Nfld	119.9	120.3	0.4
Charlottetown	114.5	114.5	0.0
Halifax	113.7	116.3	2.6
Saint John, N.B.	112.7	112.7	0.0
Quebec City	116.1	122.8	6.7
Montreal	127.4	132.2	4.8
Toronto	124.9	126.0	1.1
Winnipeg	105.5	101.6	-3.9
Regina	103.7	110.2	6.5
Edmonton	108.8	103.9	-4.9
Calgary	113.1	109.6	-3.5
Vancouver	<u>141.3</u>	<u>140.5</u>	<u>-0.8</u>
<i>Canada Average</i>	<i>123.8</i>	<i>124.5</i>	<i>0.7</i>

Source: Ministry of Energy; Kent Group Ltd.

Rack & Spot Prices**Regular Unleaded Gasoline**
(Canadian Cents/Litre, Ex-Tax)

<u>Date</u>	<u>Toronto Rack</u>	<u>New York Spot Barge</u>	<u>Differential</u>	<u>Exchange (U.S.¢)</u>
Jan 12	73.70	61.79	11.91	79.97
Jan 19	75.70	62.52	13.18	80.26

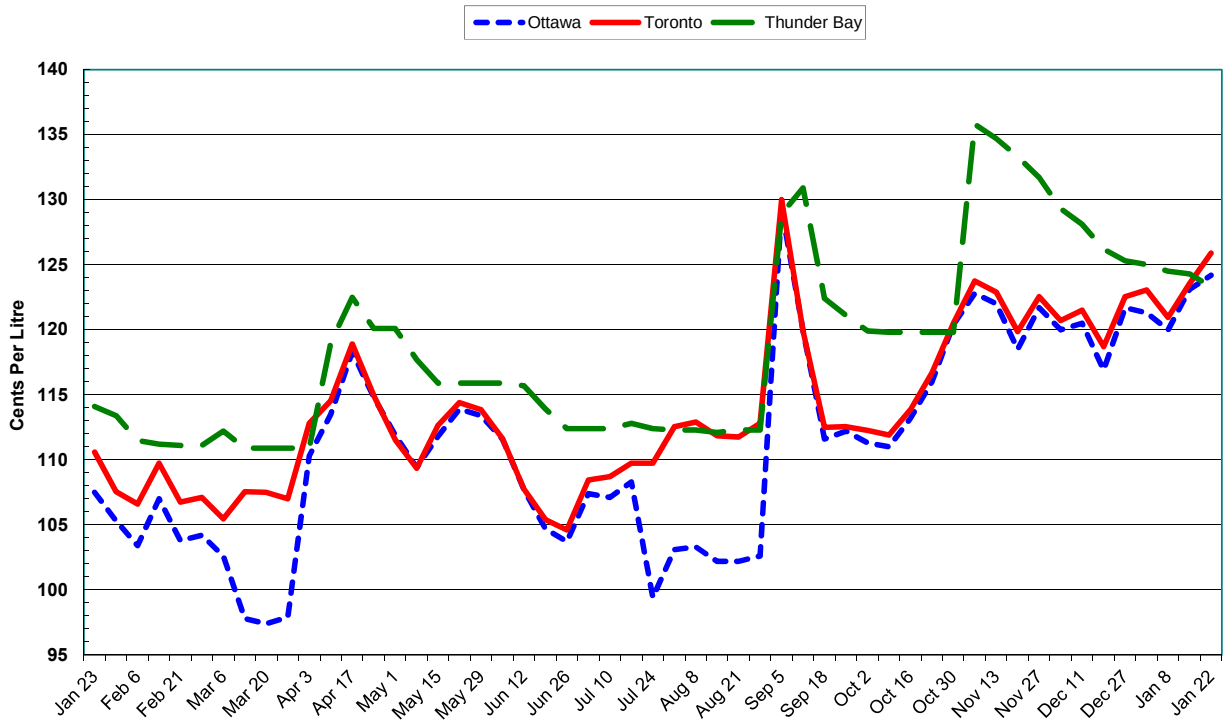
Source: Bloomberg Oil Buyer's Guide; Oil Price Information Service; Bank of Canada

Futures Prices**Petroleum Futures Prices**

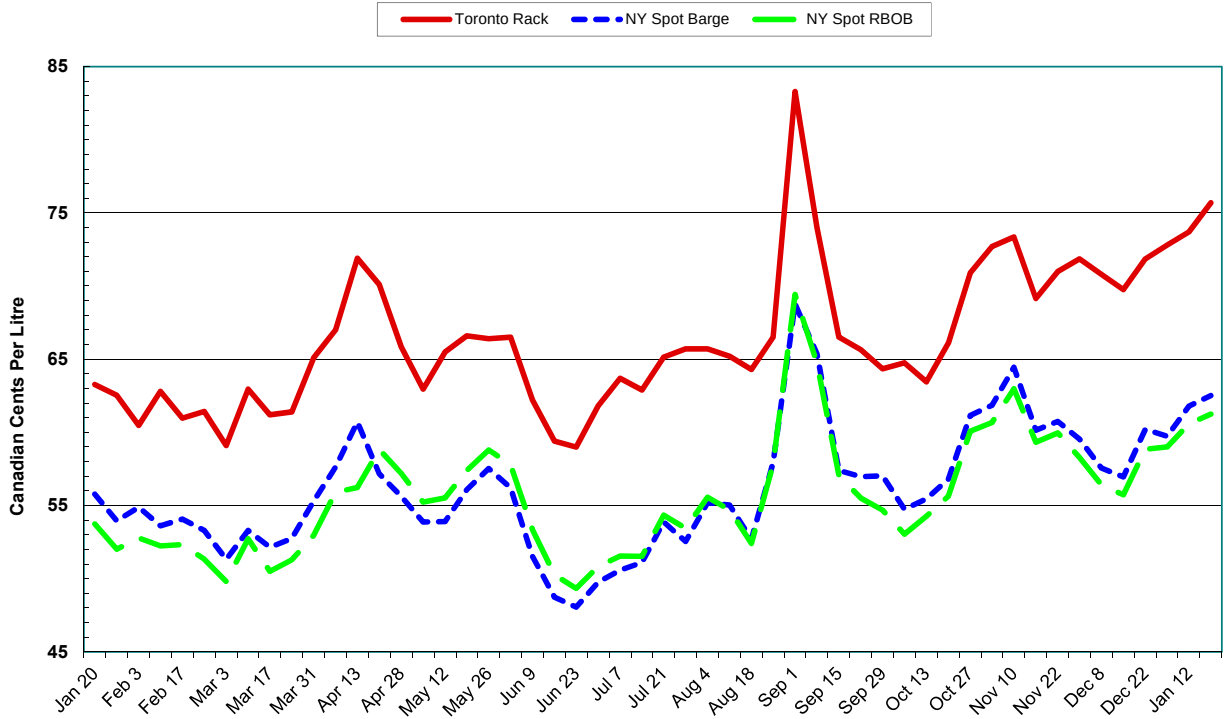
<u>Date</u>	<u>WTI Crude (NY) (US\$/bbl)</u>	<u>Reg.Unleaded RBOB (NY) (US¢/USgal)</u>	<u>Crack Spread (US\$/bbl)</u>
Jan 12	64.30	184.95	13.38
Jan 19	63.37	186.36	14.90

Source: CME Group (NYMEX)

Retail Gasoline Prices (2017-2018)
Regular Unleaded



Toronto Rack/NY Spot Barge/NY Spot RBOB (2017-2018)
Regular Unleaded



Petroleum Futures Prices (2017-2018)

