Gasoline Report

a weekly summary

FOR THE WEEK ENDING FEBRUARY 5, 2018

- **Although domestic wholesale prices barely budged, the Ontario average retail price of regular unleaded gasoline declined by 2.1 cents from a five-month high to 123.7 cents a litre.** Prices fell by 8.4 cents in Ottawa (thereby ending Windsor's 16-week reign as the lowest-priced market), 1.1 cents in Windsor (from a five-month high), and less than a cent in Toronto and London (both from a five-month high). Prices rose by 4.6 cents in North Bay (to a five-month high) and 1.8 cents in Sudbury (to a two-month high). For the first time in three weeks, the southern Ontario average price was below the northern Ontario average price. The Ontario average retail diesel price increased by 0.2 cents to 124.7 cents, the highest since September 2014. **The Canadian average retail regular unleaded gasoline price declined by 0.7 cents from a 40-month high to 126.4 cents.** Prices fell by 3.6 cents in Winnipeg, 2.3 cents in Regina, 1.5 cents in Calgary, 1.0 cents in Quebec City and Toronto (the latter from a 5-month high), and less than a cent in Edmonton and Montreal (the latter from a 40-month high). Prices rose by 1.3 cents in Saint John (to a five-month high) and 1.0 cents in St. John's (to a three-month high). The Canadian average retail diesel price declined by 0.1 cents from a 35-month high to 126.4 cents.

- **The world market share of pure internal combustion engine vehicles (ICEVs) will fall from 96% today to about 50% by around 2030 as electrified vehicles become increasingly prominent in response to changes in technology, regulatory mandates and the consumer cost of ownership, says the Boston Consulting Group.** In the first phase of the transition, ICEVs will continue to dominate until at least 2020 as EVs remain too expensive and automakers meet emission standards with advanced ICE technology. In the second phase, from 2020 to 2025, electrified vehicles including full hybrids, mild hybrids or 48-volt hybrids, plug-in hybrids, and battery electric vehicles will gain market share to enable automakers to meet increasingly stringent fuel efficiency and emission standards. In the third phase, after 2025, electrified vehicles, especially battery electrics, rapidly gain market share as falling battery costs help reduce EV total cost of ownership below that of ICEVs and boost consumer demand. Shared mobility vehicles will increasingly become electric as their higher mileage travelled enables a faster payback of the investment. In Europe, hybrids will achieve a market share of 33% and battery electrics a share of 17% by 2030. In the United States, with its low gasoline prices, most of the EV growth will occur in the smaller vehicle segments, with C segment vehicles being almost entirely electric. Pickups will continue to be mostly ICEVs. In Japan, hybrids will achieve 55% market share by 2030 (Green Car Congress).

- **It will be five years or more before the battery technology and charging infrastructure can support cross-country, heavy-duty electric trucking in the United States, says electric truck developer Chanje.** The California start-up recently supplied 125 all-electric vans to Ryder. Navigant Research says world sales of all-electric trucks will grow from 4,100 in 2016 to 70,600 in 2026, driven by falling battery costs and a wider selection of vehicle models. Most of these electric trucks will be medium-duty vehicles, like delivery vans and garbage trucks, and typically run on urban routes of 100 miles or less. Professional services company Deloitte says medium-duty electric trucks cost about $70,000 more than comparable diesel trucks. Heavy-duty trucks like electric semis cost about $150,000 more than comparable diesel trucks, in some cases more than double the cost of diesel tractor-trailers. Heavy-duty electrics face the additional challenges of long charging times and little highway charging infrastructure. Deloitte expects battery costs to drop by 53% from $260 per kilowatt-hour in 2016 to $122/kWh in 2026, which would reduce the cost of the battery in Daimler's prototype semi from $78,000 to $36,600 (*National Post*).

- **Electric vehicles will not kill world demand for gasoline but they will certainly limit growth in demand, according to Fereidun Fesharaki, chairman of industry consultant FGE.** There is no demand peak in sight for jet fuel and diesel. Gasoline demand will peak around 2030 and plateau for several years, then fall slowly. Gasoline demand will still grow by about 25% from now until then. In contrast, world refining capacity is not increasing as quickly as demand and the refined product market will get tighter and tighter. World spare refining capacity is at a record low and crude volumes processed are at a record high. The collapse in oil prices in 2014 sparked a furious rebound in oil demand and the boom will last for at least another 10 years. This will allow the refining industry to enjoy many decades of strong and profitable life, says Mr. Fesharaki (Bloomberg New Energy Finance).

Retail Prices

Regular Unleaded Gasoline
(Canadian Cents/Litre)

Ontario	**Jan 29**	**Feb 5**	**+/-**
Ottawa	125.9	117.5	-8.4
Toronto West	126.9	126.1	-0.8
Toronto East	126.4	125.5	-0.9
Windsor	118.8	117.7	-1.1
London	126.3	125.7	-0.6
Sudbury	121.7	123.5	1.8
Sault Ste. Marie	123.9	123.9	0.0
Thunder Bay	123.3	123.3	0.0
North Bay	121.3	125.9	4.6
Timmins	131.9	131.9	0.0
Ontario Average	*125.8*	*123.7*	*-2.1*

Canada	**Jan 30**	**Feb 6**	**+/-**
St. John's, Nfld	122.6	123.6	1.0
Charlottetown	119.1	119.1	0.0
Halifax	118.1	118.1	0.0
Saint John, N.B.	116.6	117.9	1.3
Quebec City	121.1	120.1	-1.0
Montreal	135.6	135.5	-0.1
Toronto	127.0	126.0	-1.0
Winnipeg	108.9	105.3	-3.6
Regina	106.0	103.7	-2.3
Edmonton	105.7	105.0	-0.7
Calgary	111.9	110.4	-1.5
Vancouver	147.5	147.5	0.0
Canada Average	*127.1*	*126.4*	*-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.¢)**
Jan 26	76.15	64.28	11.87	81.16
Feb 3	76.10	63.97	12.13	80.78

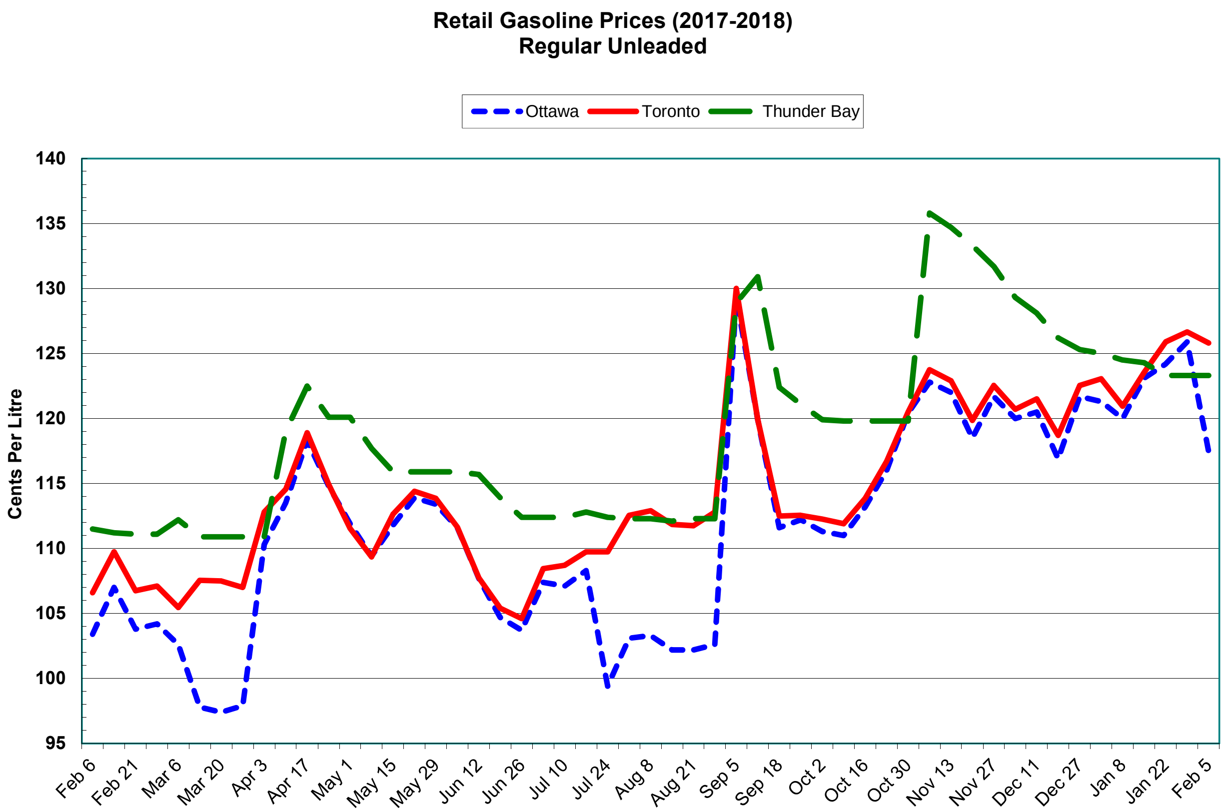
Source: Bloomberg Oil Buyer's Guide; Oil Price Information Service; Bank of Canada

Futures Prices

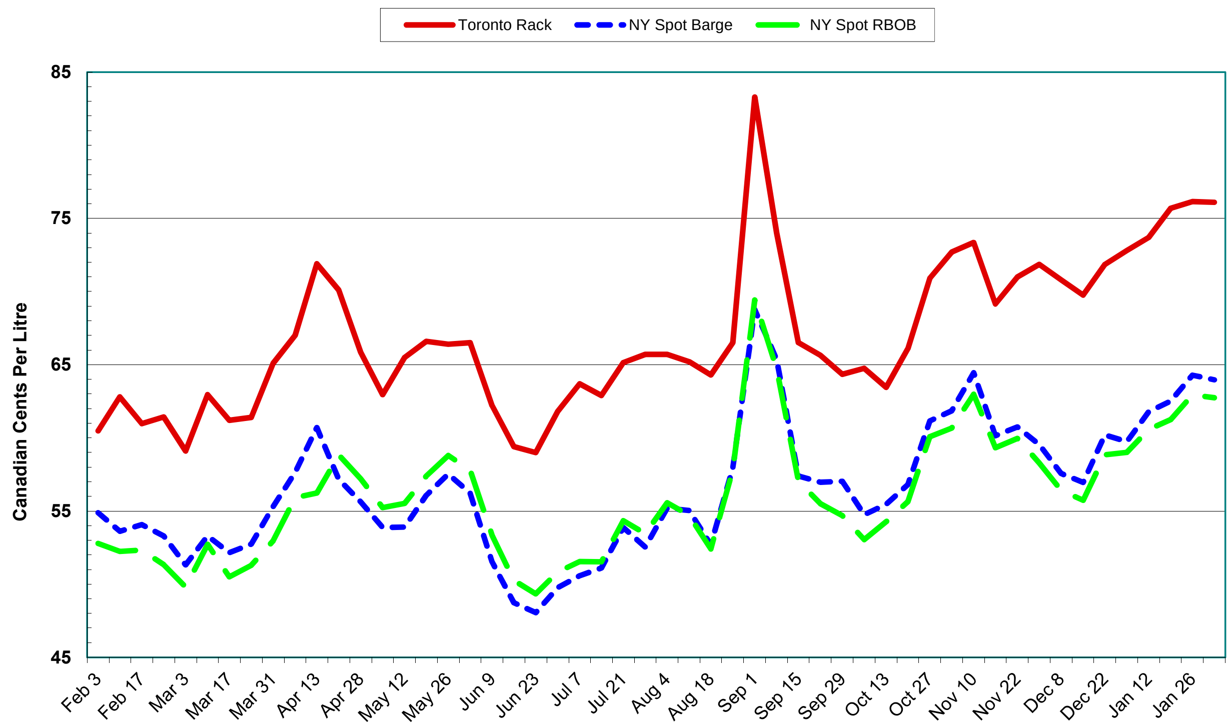
Petroleum Futures Prices

Date	**WTI Crude (NY) (US$/bbl)**	**Reg.Unleaded RBOB (NY) (US¢/USgal)**	**Crack Spread (US$/bbl)**
Jan 26	66.14	193.77	15.24
Feb 3	65.45	187.20	13.17

Source: CME Group (NYMEX)


Retail Gasoline Prices (2017-2018)
Regular Unleaded
Ottawa
Toronto
Thunder Bay
Cents Per Litre
140
135
130
125
120
115
110
105
100
95
Feb 6
Feb 21
Mar 6
Mar 20
Apr 3
Apr 17
May 1
May 15
May 29
Jun 12
Jun 26
Jul 10
Jul 24
Aug 8
Aug 21
Sep 5
Sep 18
Oct 2
Oct 16
Oct 30
Nov 13
Nov 27
Dec 11
Dec 27
Jan 8
Jan 22
Feb 5

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



Petroleum Futures Prices (2017-2018)