

Gasoline Report

a weekly summary



FOR THE WEEK ENDING FEBRUARY 26, 2018

- o **The Ontario average retail price of regular unleaded gasoline increased by 2.3 cents to 123.2 cents a litre as crude oil and North American wholesale prices, aided by a lower Canadian dollar, rose.** Prices rose by 3.1 cents in London, 2.9 cents in Toronto, and 2.3 cents in Ottawa and North Bay (the latter from a two-month low). Prices fell by less than a cent in Windsor (to a four-month low) and Timmins (to a two-month low). Northern Ontario gasoline prices, contrary to the usual pattern, were lower than southern prices - by one cent. The Ontario average retail diesel price was unchanged at a two-month low of 122.8 cents. **The Canadian average retail regular unleaded gasoline price increased by 3.5 cents to 124.3 cents.** Prices rose by 11.8 cents in Montreal (from a two-month low), 8.6 cents in Winnipeg (from a four-month low), 8.2 cents in Quebec City (to a six-month high), 6.2 cents in Vancouver (to the highest since July 2014), 3.5 cents in Toronto, 2.2 cents in Regina (from a two-month low), and 1.6 cents in Halifax (from a four-month low). Prices fell by 6.7 cents in Calgary, 4.7 cents in St. John's, and 4.1 cents in Edmonton (all to a two-month low). The Canadian average retail diesel price increased by 0.3 cents from a two-month low to 124.5 cents.
- o **The use of premium gasoline in vehicles which recommend, but do not require, premium grade may increase fuel economy and performance under certain driving conditions but these benefits may not be enough to offset the fuel's higher costs, says U.S. motoring organization AAA.** In 2016, nearly 1.5 million new vehicles sold in the United States recommended, but did not require, premium gasoline. The trend to recommend higher-octane grades has been growing as automakers seek to meet increasingly stringent corporate average fuel economy standards. AAA and the Automobile Club of Southern California subjected a number of vehicles which recommended premium gasoline to extreme driving conditions like towing, hauling cargo, and aggressive acceleration. They found that fuel economy improved by 2.7% and horsepower by 1.4% on average. Historically, premium gasoline has cost about 10% more than regular gasoline but this gap has now widened to 20-25% per gallon. The study concludes that the modest improvement in fuel economy does not offset the higher cost of premium gasoline. In 2016, AAA estimated that American drivers wasted more than \$2.1 billion by using premium gasoline in vehicles designed to run on regular gasoline (Green Car Congress, <http://newsroom.aaa.com/2016/09/u-s-drivers-waste-2-1-billion-annually-premium-gasoline/>).
- o **Vehicles which use primarily gasoline or diesel will still account for 62% of new vehicle sales in the United States, Europe, China and India in 2040, albeit down from 98% in 2016, says IHS Markit, a consulting firm.** The market share of cars running only on gasoline or diesel will fall below 50% by 2031. Oil's monopoly as a transport fuel will diminish but oil will continue to be a major part of the automotive landscape. Plug-in hybrid and battery electric vehicles' share of new vehicle sales will increase from 1% today to more than 30% in 2040 as battery costs fall to become competitive with internal combustion engines, which will likely occur in the 2030s. Vehicle miles travelled in the four key markets will grow by 65% to 11 billion from 2017-2040 and will keep on growing, but growth in light-duty vehicle sales will slow substantially as consumers shift from buying cars to buying "mobility". The mobility-as-a-service industry purchased 300,000 cars in 2017 and this will increase to more than 10 million cars in 2040. World oil demand will grow from 98 million barrels a day in 2017 to 115 million b/d in 2040 but this will increasingly be focused on chemical production rather than transportation fuels, says IHS (Green Car Congress, JWN).
- o **Nestlé Waters North America says it has deployed more than 400 additional propane-fuelled medium-duty beverage delivery trucks, bringing its propane fleet to more than 600 units, accounting for about 30% of its North American fleet.** The Ford F-650/750 trucks are equipped with a 6.8-litre Ford V10 3V engine and a ROUSH CleanTech propane fuel system. This engine is certified to 0.05 grams per brake horsepower-hour for NO_x emissions, making it 75% cleaner than the current U.S. Environmental Protection Agency standard and 99% cleaner than pre-2007 diesel vehicles. Nestlé Waters says that propane has a lower total cost of ownership than diesel, and, compared to other alternative fuel options, a more stable cost per gallon and much more cost-effective fuelling and maintenance infrastructures (Green Car Congress).

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

Ontario	<u>Feb 20</u>	<u>Feb 26</u>	<u>+/-</u>
Ottawa	120.5	122.8	2.3
Toronto West	122.1	124.9	2.8
Toronto East	121.3	124.2	2.9
Windsor	109.0	108.2	-0.8
London	121.7	124.8	3.1
Sudbury	120.3	120.3	0.0
Sault Ste. Marie	123.9	123.9	0.0
Thunder Bay	122.5	122.5	0.0
North Bay	118.2	120.5	2.3
Timmins	<u>129.1</u>	<u>129.0</u>	<u>-0.1</u>
 <i>Ontario Average</i>	 120.9	 123.2	 2.3

Canada	<u>Feb 20</u>	<u>Feb 27</u>	<u>+/-</u>
St. John's, Nfld	121.6	116.9	-4.7
Charlottetown	112.8	112.8	0.0
Halifax	109.6	111.2	1.6
Saint John, N.B.	109.9	109.9	0.0
Quebec City	116.7	124.9	8.2
Montreal	118.5	130.3	11.8
Toronto	122.0	125.5	3.5
Winnipeg	97.0	105.6	8.6
Regina	101.3	103.5	2.2
Edmonton	103.3	99.2	-4.1
Calgary	113.1	106.4	-6.7
Vancouver	<u>142.5</u>	<u>148.7</u>	<u>6.2</u>
 <i>Canada Average</i>	 120.8	 124.3	 3.5

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>
Feb 16	71.50	58.19	13.31	79.74
Feb 23	73.40	60.05	13.35	78.94

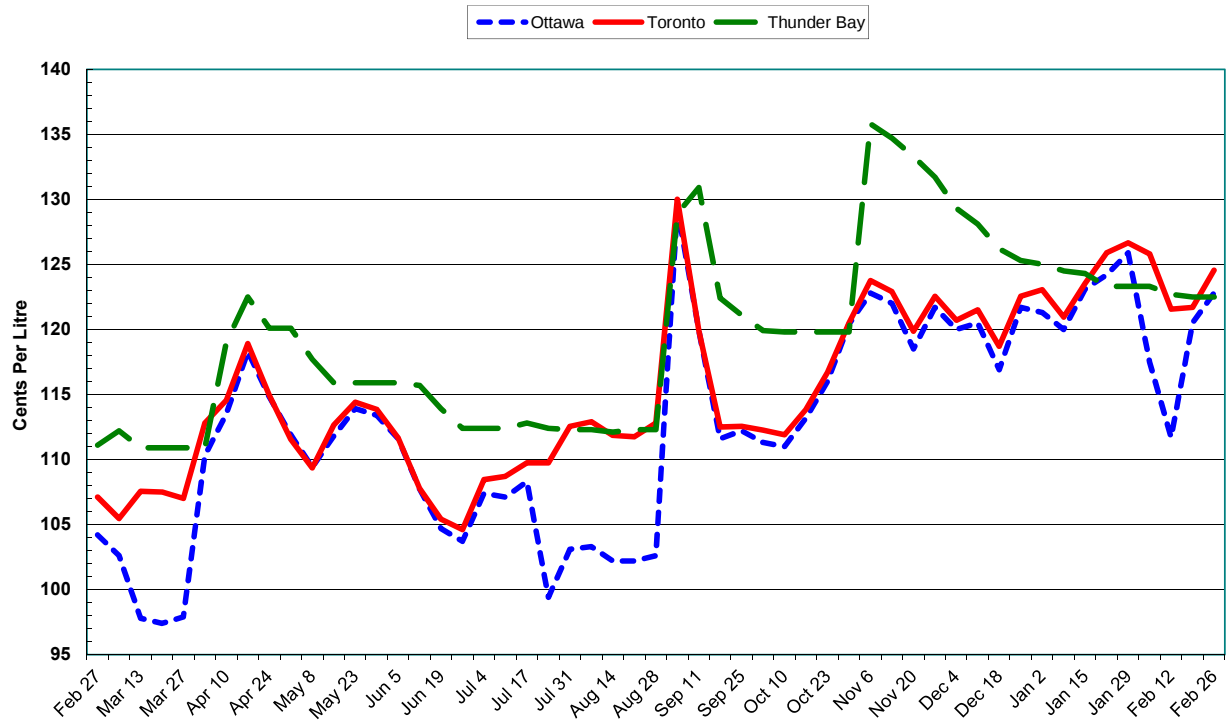
Source: Bloomberg Oil Buyer's Guide; Oil Price Information Service; Bank of Canada

Futures Prices**Petroleum Futures Prices**

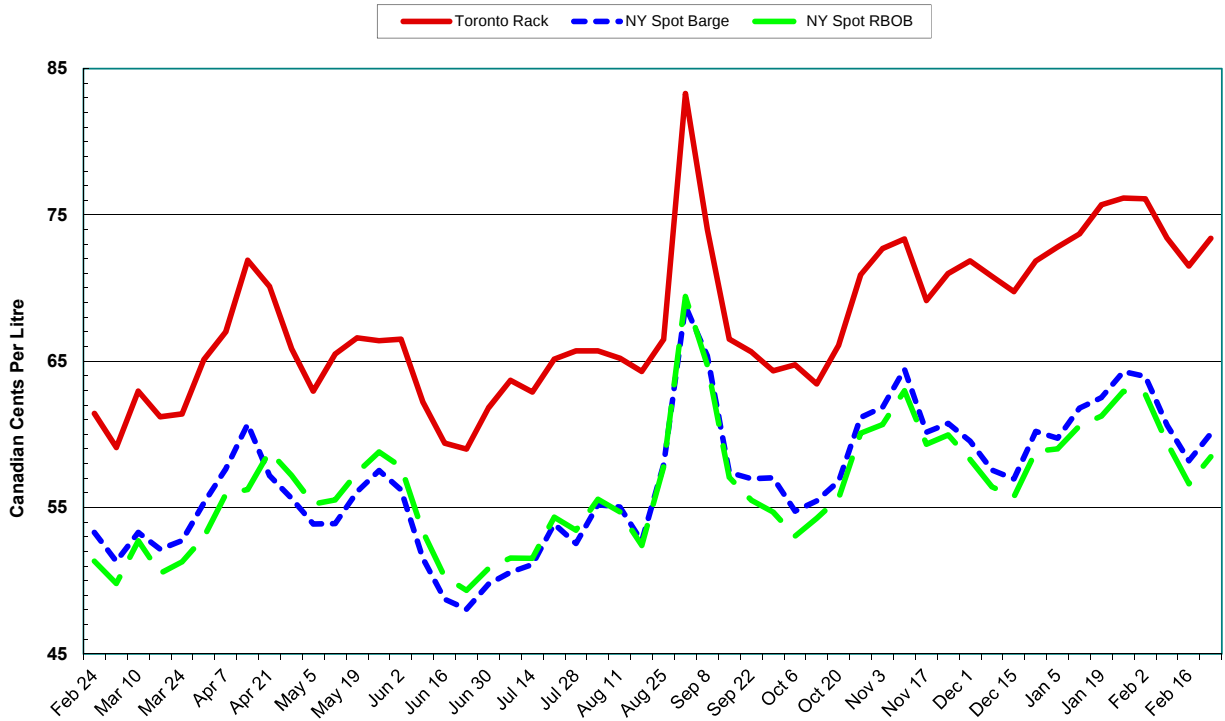
<u>Date</u>	<u>WTI Crude (NY) (US\$/bbl)</u>	<u>Reg.Unleaded RBOB (NY) (US¢/USgal)</u>	<u>Crack Spread (US\$/bbl)</u>
Feb 16	61.68	175.09	11.86
Feb 23	63.55	180.85	12.41

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)

