Gasoline Report

a weekly summary

Ontario

FOR THE WEEK ENDING MARCH 19, 2018

- **Higher crude oil and North American wholesale prices helped push up the Ontario retail price of regular unleaded gasoline by 3.4 cents to 125.1 cents a litre, a two-month high.** Prices rose by 4.2 cents in Toronto (to a two-month high), 4.1 cents in Ottawa (to a two-month high) and 3.5 cents in London. Prices fell by 4.3 cents in North Bay (to a five-month low), 2.4 cents in Sudbury, 1.0 cents in Windsor, and less than a cent in Timmins (from a three-month high), Sault Ste. Marie (to a four-month low), and Thunder Bay (to a five-month low). The Ontario average retail diesel price declined by 0.3 cents to 122.0 cents, a three-month low. **The Canadian average retail regular unleaded gasoline price rose by 4.8 cents to 128.6 cents, the highest since September 2014.** Prices rose by 12.3 cents in Edmonton (to a four-month high), 8.7 cents in Calgary (to a four-month high), 7.5 cents in Regina (to a three-month high), 6.8 cents in Winnipeg (to a two-month high), 5.3 cents in Vancouver (to a record 154.6 cents), 4.5 cents in Montreal, and 3.6 cents in Toronto (to a two-month high). Prices fell by 1.9 cents in Charlottetown, 1.2 cents in Saint John, 1.0 cents in Quebec City and 0.6 cents in Halifax. The Canadian average retail diesel price rose by 0.4 cents to 124.3 cents (from a two-month low).

- **World sales of passenger battery electric and plug-in hybrid electric vehicles (EVs) increased by 57% to 1.1 million in 2017, a new record, says Bloomberg New Energy Finance (BNEF).** There are currently almost 2 million EVs in the world. Growth in 2018 will slow to about 40% as China adjusts its EV incentives but this will still mean sales of nearly 1.5 million EVs. China will account for 50-60% of world EV sales this year. About 400,000 EVs will be sold in Europe (where Germany will become the third-largest market after China and the United States) and about 300,000 in North America. Lithium-ion battery prices will continue to decline in 2018, although much more slowly than before, as lower average pack prices offset slightly higher cell prices resulting from higher battery material costs. Economies of scale, larger average pack sizes, and ongoing energy density improvements of 5-7% annually will reduce average pack prices by 10-15% this year. China will continue to dominate the world electric bus market in 2018 as both producer and consumer; the city of Shenzhen has already replaced its 16,000-bus fleet with electric buses and other major cities are expected to do so by 2020. The number of public charging points worldwide grew by 38% from 363,337 at the end of 2016 to 500,000 at the end of 2017 and will grow a further 40% to nearly 700,000 at the end of 2018. EV support will begin shifting away from direct purchase subsidies this year because costs rise quickly beyond the first 3-5% of EV customers, says BNEF.

- **The average fuel economy of new light-duty vehicles (LDVs) sold in the United States in the 2016 model year was 24.7 miles per gallon, a record high, says the U.S. Environmental Protection Agency (EPA).** Since the 2004 model year, new vehicle fuel economy has increased by 28% (5.4 mpg) and CO_2 emissions per average vehicle have dropped by 22%. The average new LDV weighed 4,035 pounds, unchanged from 2015, and had an output rating of 230 horsepower, also unchanged from 2015. SUVs accounted for 41% of 2016 vehicle sales, a record high, and both car SUVs and truck SUVs achieved record high fuel economy (26.2 and 22.2 mpg, respectively) and record low CO_2 emissions. EPA expects more than 50% of 2017 model year vehicles to incorporate gasoline direct injection, up from less than 3% in the 2008 model year, and 25% will be equipped with turbochargers. Transmissions with seven speeds or more will be fitted in 24% of 2017 model year cars, and continuously variable transmissions will be fitted in another 24%; these types of transmissions are more fuel-efficient than previous ones (https://www.epa.gov/fuel-economy-trends/highlights-co2-and-fuel-economy-trends, Green Car Congress).

- **The anti-diesel rhetoric in Britain could cause the country to fail to meet 2021 European Union new vehicle CO_2 emissions standards, says cap hpi, an automotive data firm.** Emissions from new vehicles sold in Britain will have to be reduced from 130 grams per kilometre to 95 g/km starting in 2021. It will be a challenge to meet the 2021 standards even if diesel sales don't fall; if they do not grow, the standards will clearly be unachievable. If consumers, who have no option to buy a hybrid or an electric vehicle, buy a gasoline car, their CO_2 emissions will increase by 3-23% depending on the model. Even if British consumers decide to buy only electric over the next few years, there will not be enough EV and battery manufacturing capacity. Cap hpi says that consumer education is the key to offsetting any claims that might have led consumers to believe that all diesel is bad. According to Auto Trader, an online marketplace, the number of searches for diesel in Britain fell by 27% from 2016 to 2017 while those for gasoline increased by 28% (www.newspress.co.uk).

Retail Prices

Regular Unleaded Gasoline
(Canadian Cents/Litre)

Ontario	**Mar 12**	**Mar 19**	**+/-**
Ottawa	121.0	125.1	4.1
Toronto West	123.0	126.9	3.9
Toronto East	122.0	126.4	4.4
Windsor	113.6	112.6	-1.0
London	121.8	125.3	3.5
Sudbury	123.5	121.1	-2.4
Sault Ste. Marie	123.2	122.8	-0.4
Thunder Bay	122.4	122.2	-0.2
North Bay	114.3	110.0	-4.3
Timmins	128.9	128.0	-0.9
Ontario Average	*121.7*	*125.1*	*3.4*

Canada	**Mar 13**	**Mar 20**	**+/-**
St. John's, Nfld	120.6	120.6	0.0
Charlottetown	116.8	114.9	-1.9
Halifax	113.0	112.4	-0.6
Saint John, N.B.	112.4	111.2	-1.2
Quebec City	121.1	120.1	-1.0
Montreal	130.4	134.9	4.5
Toronto	123.4	127.0	3.6
Winnipeg	102.3	109.1	6.8
Regina	104.2	111.7	7.5
Edmonton	101.0	113.3	12.3
Calgary	107.0	115.7	8.7
Vancouver	149.3	154.6	5.3
Canada Average	*123.8*	*128.6*	*4.8*

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.¢)**
Mar 9	72.70	60.25	12.45	77.88
Mar 16	75.95	61.94	14.01	76.41

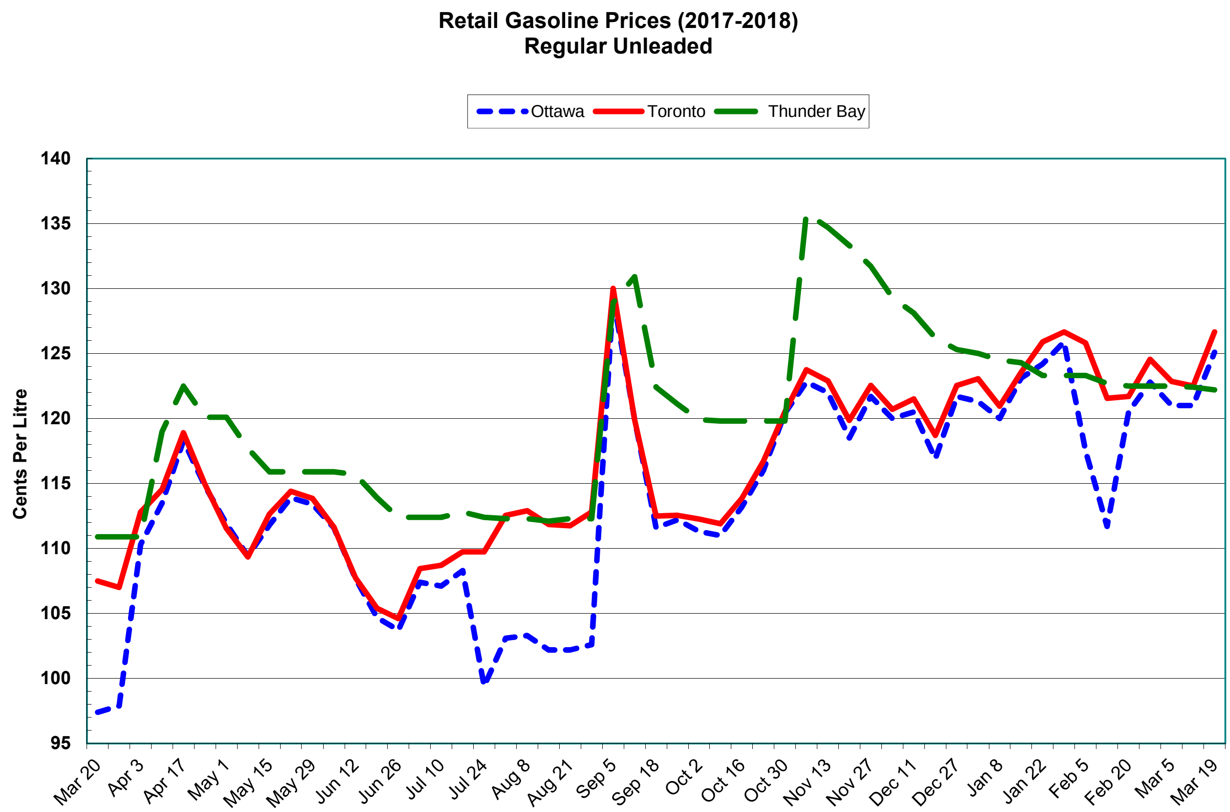
Source: Bloomberg Oil Buyer's Guide; Oil Price Information Service; Bank of Canada

Futures Prices

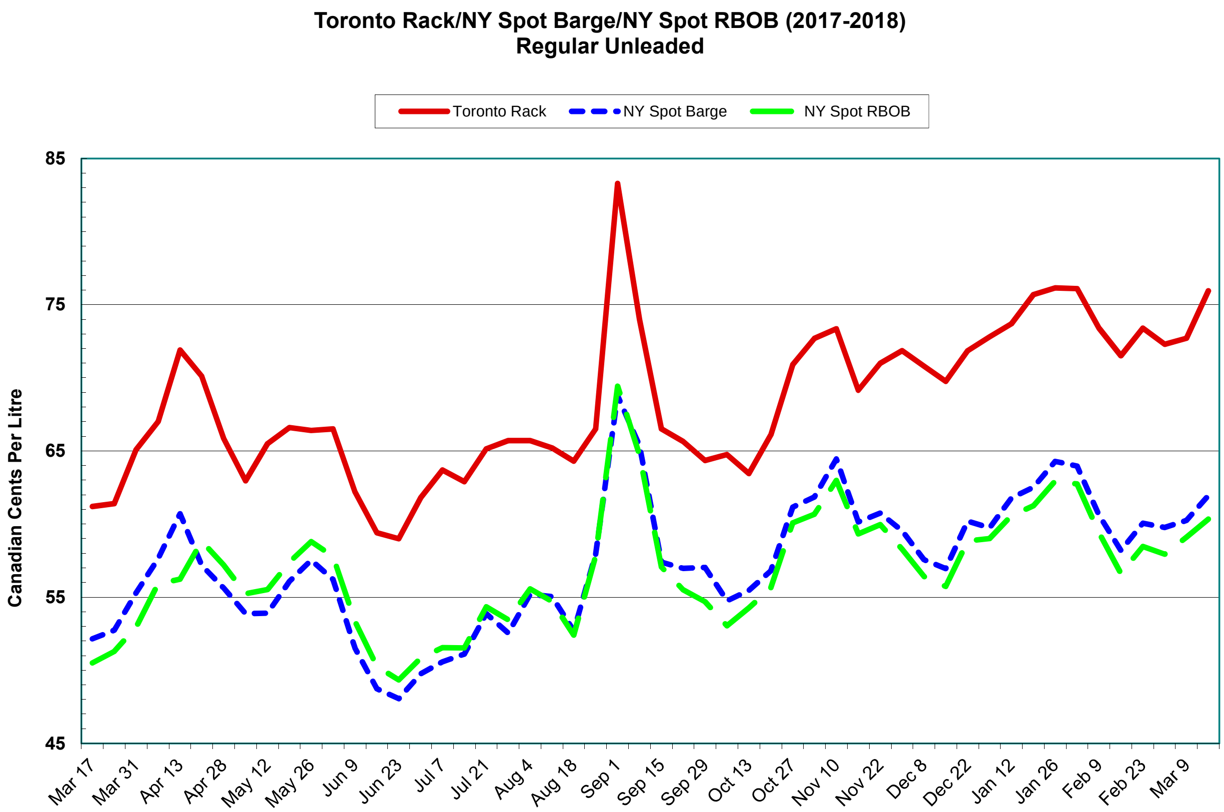
Petroleum Futures Prices

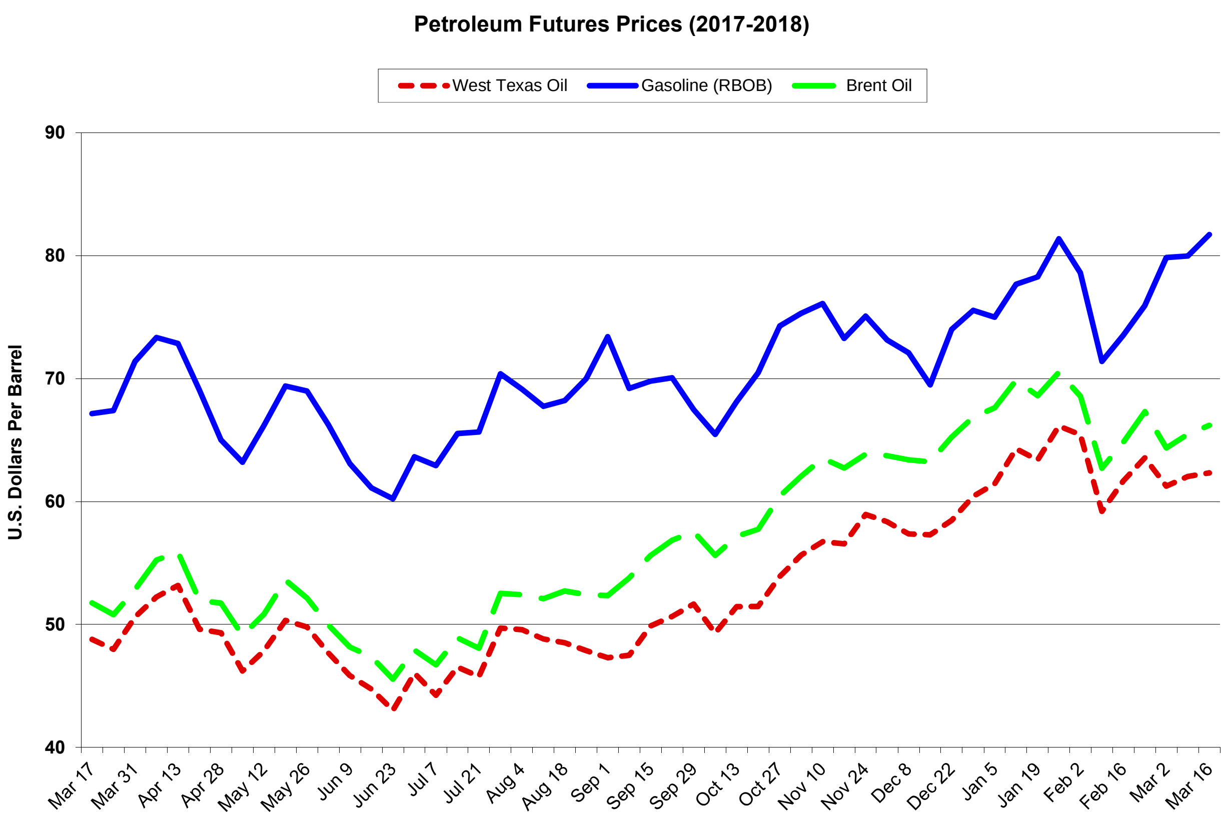
Date	**WTI Crude (NY) (US$/bbl)**	**Reg.Unleaded RBOB (NY) (US¢/USgal)**	**Crack Spread (US$/bbl)**
Mar 9	62.04	190.43	17.94
Mar 16	62.34	194.59	19.39

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
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
Feb 20
Mar 5
Mar 19


Toronto Rack/NY Spot Barge/NY Spot RBOB (2017-2018)
Regular Unleaded
Toronto Rack
NY Spot Barge
NY Spot RBOB
Canadian Cents Per Litre
85
75
65
55
45
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
Sep 29
Oct 13
Oct 27
Nov 10
Nov 22
Dec 8
Dec 22
Jan 12
Jan 26
Feb 9
Feb 23
Mar 9


Petroleum Futures Prices (2017-2018)
West Texas Oil
Gasoline (RBOB)
Brent Oil
U.S. Dollars Per Barrel
90
80
70
60
50
40
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
Sep 29
Oct 13
Oct 27
Nov 10
Nov 24
Dec 8
Dec 22
Jan 5
Jan 19
Feb 2
Feb 16
Mar 2
Mar 16