

Gasoline Report

a weekly summary



FOR THE WEEK ENDING MARCH 26, 2018

- o **The Ontario average retail price of regular unleaded gasoline rose by 4.0 cents to 129.1 cents a litre, a seven-month high.** Prices rose by 11.0 cents in North Bay, 9.4 cents in Sault Ste. Marie (to a 41-month high), 5.8 cents in Timmins (to a seven-month high), 5.2 cents in Thunder Bay (to a four-month high), 5.0 cents in London (to a 43-month high), 3.9 cents in Toronto (to a 43-month high), 3.7 cents in Ottawa (to a seven-month high), 2.6 cents in Sudbury (to a four-month high), and 1.9 cents in Windsor. The Ontario retail diesel price rose by 1.6 cents to 123.6 cents. In the first quarter of 2018, the Ontario gasoline price averaged 123.2 cents, up 15.3 cents from the same period in 2017, and the Ontario diesel price averaged 123.4 cents, up 14.7 cents. **The Canadian retail regular gasoline price rose by 3.4 cents to 132.0 cents, a 43-month high.** Prices rose by 9.1 cents in Quebec City (to a 41-month high), 6.7 cents in Calgary (to a 44-month high), 6.3 cents in Edmonton (to a 45-month high), 5.2 cents in Halifax (to a two-month high), 4.7 cents in Saint John (to a two-month high) and Winnipeg (to a 21-month high), 4.5 cents in Charlottetown (to a seven-month high), 4.0 cents in St. John's (to a four-month high), and 3.8 cents in Montreal (to a 42-month high) and Toronto (to a 43-month high). Prices fell by 1.9 cents in Regina and 0.8 cents in Vancouver. The Canadian retail diesel price rose by 0.4 cents to 124.3 cents. In the first quarter, the Canadian gasoline price averaged 124.6 cents, up 13.9 cents from a year earlier, and the Canadian diesel price averaged 125.2 cents, up 15.5 cents.
- o **U.S. cropland expanded by nearly 30,000 square kilometres from 2008-2012, coinciding with a period of high crop prices and federal policies incentivizing the production of biofuel feedstocks, and this expansion likely caused the release of 115 million tons of carbon stored in the converted natural vegetation and soils, says the University of Wisconsin, Madison.** This could significantly undermine the carbon savings expected to accrue from biofuel development. About 75% of the potential emissions came from soil organic carbon pools, which take longer both to emit and restore than vegetation biomass. Three field crops, corn, soy and wheat, all potential ethanol feedstocks, contributed to 85% of potential annual emissions. The study estimated that the median payback time required for the expected carbon savings of specific biofuels to offset the initial carbon debt incurred by land clearing was 54 years for corn ethanol, 556 years for soy biodiesel (owing to low fuel yields from a hectare of soybeans), and 88 years for wheat ethanol. Six states, including Minnesota, Wisconsin, North Dakota and South Dakota, accounted for more than 35% of the CO₂ emissions from cropland expansion, said the study (http://www.gibbs-lab.com/wp-content/uploads/2017/11/spawn_Summary.pdf, University of Wisconsin, Madison, Wisconsin Public Radio, National Wildlife Federation, Reuters, Energy Overviews).
- o **Electric cars won't be needed to solve environmental issues as long as conventional vehicles truly comply with regulations, according to Mazda.** Conventional engine technology is rapidly improving, so non-gasoline cars will not be needed on a mass scale to address pollution and climate issues. A gasoline-fuelled Mazda2 emits about 9% less CO₂ than an electric version of the car that runs on power generated by a coal-fired plant. Mazda is concentrating mostly on its SkyActiv fuel-efficient internal combustion engine technology, which features, among other things, higher compression ratios. Mazda plans to introduce in 2019 its new SkyActiv-X gasoline engine, which features spark-controlled compression ignition (a first in a commercially available gasoline engine) and improves fuel efficiency by up to 30%. Mazda points out that converting fully to electric cars would require a doubling of power generation capacity, which would mainly be accomplished by increasing the use of more expensive sources like solar and wind, thereby pushing up costs. Costs will rise further as electric car owners charge at the same time of day, pushing up peak demand, says Mazda (Bloomberg New Energy Finance).
- o **If a new oil pipeline from Western Canada to Eastern Canada equal in size to the cancelled Energy East pipeline were built, this would allow the eight refineries in Ontario, Quebec, New Brunswick, and Newfoundland and Labrador to replace 57% of the foreign crude they import with Canadian crude, saving them \$317 million in crude costs annually and reducing GHG emissions by 2 million tonnes, according to the Canadian Energy Research Institute (CERI).** Even if Canadian oil replaced foreign crude only by fully using existing pipeline, rail and ocean tanker capacity, this would reduce crude imports by 47%, saving the eight refineries \$210 million annually and cutting GHG emissions by more than 2 million tonnes, or 5.7%. The eight refineries process just over 1 million barrels a day of crude, of which 56% is foreign crude, 39% is Western Canadian crude, and 5% is Newfoundland and Labrador crude, says the study (Canadian Press, *Vancouver Sun*).

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

Ontario	<u>1Q17</u>	<u>1Q18</u>	<u>+/-</u>
Ottawa	104.4	121.8	17.4
Toronto West	109.2	124.7	15.5
Toronto East	108.5	124.0	15.5
Windsor	104.0	113.9	9.9
London	106.9	123.9	17.0
Sudbury	110.4	121.8	11.4
Sault Ste. Marie	106.6	124.4	17.8
Thunder Bay	113.1	123.5	10.4
North Bay	108.9	120.0	11.1
Timmins	<u>117.4</u>	<u>130.2</u>	<u>12.8</u>
<i>Ontario Average</i>	<i>107.9</i>	<i>123.2</i>	<i>15.3</i>
Canada	<u>1Q17</u>	<u>1Q18</u>	<u>+/-</u>
St. John's, Nfld	132.4	120.7	-11.7
Charlottetown	108.1	115.6	7.5
Halifax	106.5	114.4	7.9
Saint John, N.B.	107.2	113.4	6.2
Quebec City	107.3	120.7	13.4
Montreal	113.9	129.9	16.0
Toronto	109.6	124.7	15.1
Winnipeg	97.4	105.3	7.9
Regina	96.4	105.4	9.0
Edmonton	95.3	105.7	10.4
Calgary	98.3	111.3	13.0
Vancouver	<u>130.4</u>	<u>145.6</u>	<u>15.2</u>
<i>Canada Average</i>	<i>110.7</i>	<i>124.6</i>	<i>13.9</i>

Source: Ministry of Energy; Kent Marketing Services

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

<u>Period</u>	<u>At</u> <u>Toronto</u>	<u>At</u> <u>Buffalo</u>	<u>Differ-</u> <u>ential</u>	<u>Exchange</u> <u>(U.S.¢)</u>
1Q17	61.16	52.37	8.79	74.66
1Q18	74.43	61.45	12.98	79.20

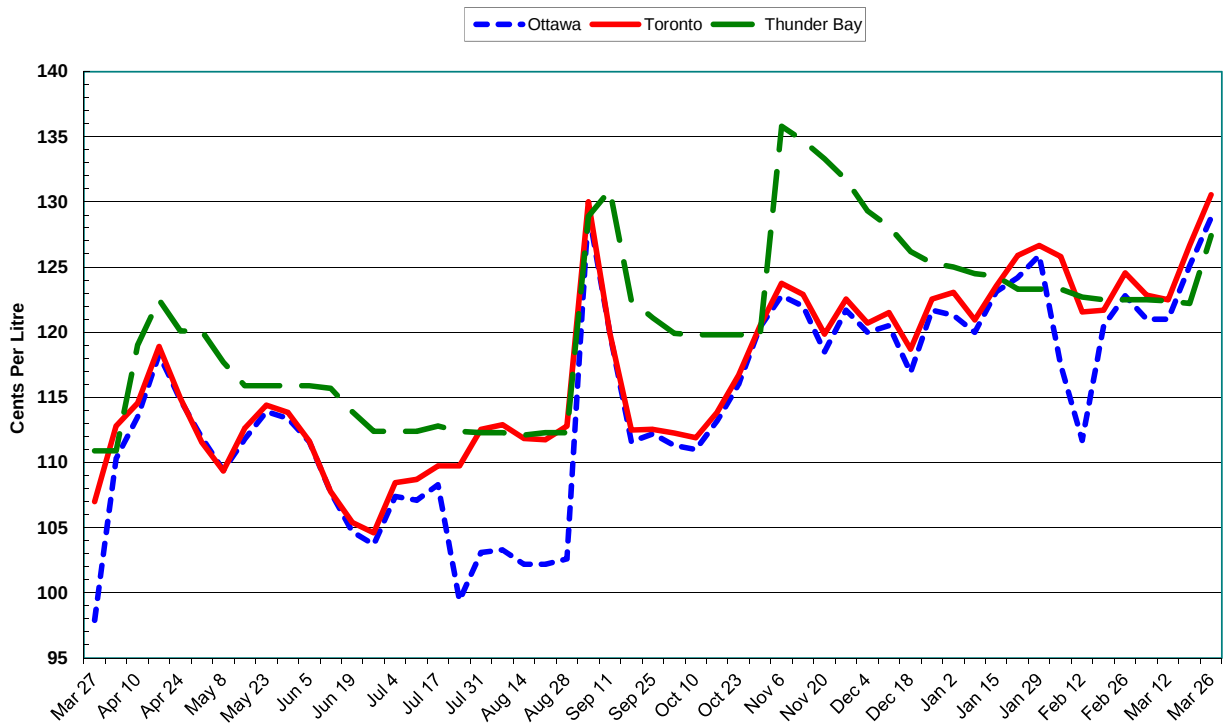
Source: Bloomberg Oil Buyer's Guide; Oil Price Information Service; Bank of Canada

Quarterly Futures Prices**Petroleum Futures Prices**

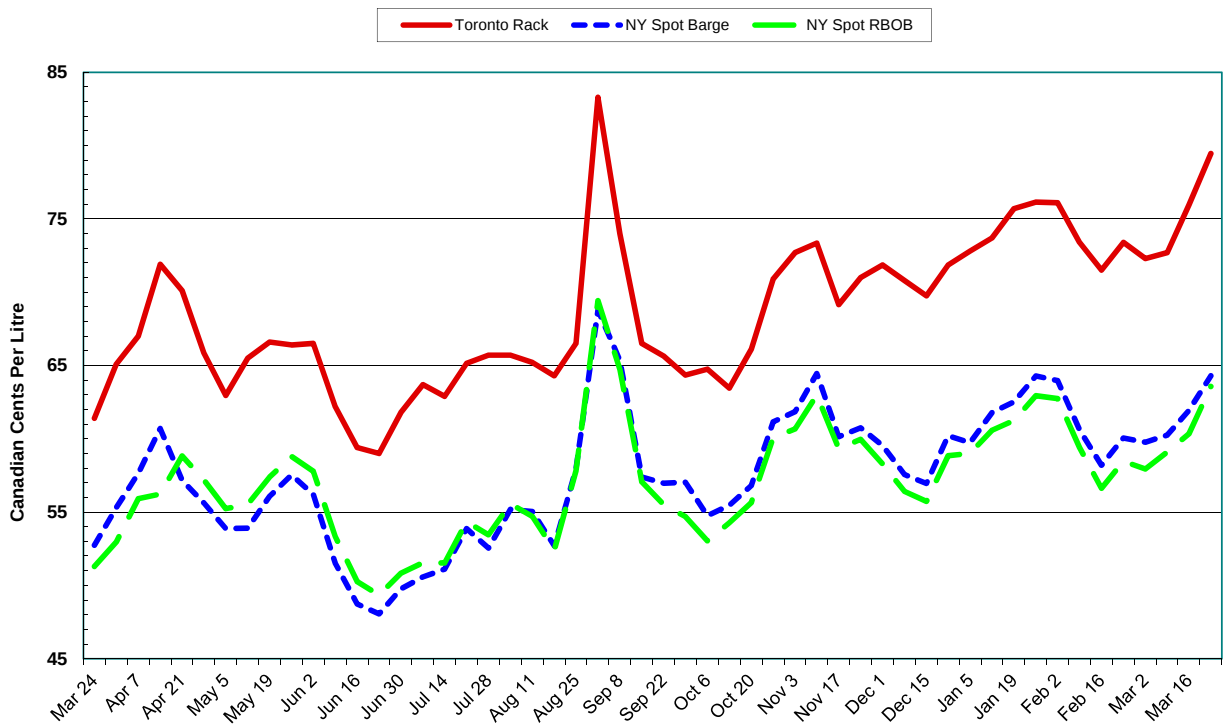
<u>Period</u>	<u>WTI Crude</u> <u>(NY)</u> <u>(US\$/bbl)</u>	<u>Reg.Unleaded</u> <u>RBOB (NY)</u> <u>(USc/USgal)</u>	<u>Crack</u> <u>Spread</u> <u>(US\$/bbl)</u>
1Q17	52.13	158.09	14.26
1Q18	63.05	186.28	15.18

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)

