Gasoline Report

a weekly summary

FOR THE WEEK ENDING APRIL 2, 2018

- **The Ontario retail price of regular unleaded gasoline rose by 0.8 cents to 129.9 cents a litre, the highest since September 2014.** Prices rose by 6.6 cents in North Bay (to a seven-month high), 5.9 cents in Sudbury (to the highest since October 2014), 4.9 cents in Timmins (to the highest since October 2014), 3.1 cents in Windsor (to a two-month high), and less than a cent in Toronto West (to the highest since September 2014) and Ottawa (to the highest since July 2014). Prices fell by 1.1 cents in Thunder Bay (from a four-month high) and Sault Ste. Marie (from a 41-month high). For the third straight week, the average price in Northern Ontario was below the Southern price. The Ontario average retail diesel price rose by 0.6 cents to 124.2 cents, a two-month high. **The Canadian average retail regular unleaded gasoline price rose by 0.3 cents to 132.3 cents, the highest since September 2014.** Prices rose by 8.3 cents in Regina (to the highest since September 2015), 5.8 cents in Halifax (to a seven-month high), 4.0 cents in St. John's (to a seven-month high), 3.9 cents in Saint John (to a seven-month high), 1.9 cents in Charlottetown (to the highest since November 2014), 1.8 cents in Vancouver (to a record high), and 0.7 cents in Toronto (to the highest since September 2014). Prices fell by 7.0 cents in Winnipeg, 5.7 cents in Edmonton, 4.0 cents in Calgary, and less than a cent in Quebec City and Montreal. The Canadian average retail diesel price rose by 0.5 cents to 126.9 cents, the highest since March 2015.

- **The shipping and petroleum refining industries face difficult decisions as the 2020 deadline for reducing the sulphur content of marine bunker fuel from 3.5% to 0.5% approaches.** UBS, a Swiss bank, says 74% of ship operators will likely switch to lower-sulphur fuel, 19% will install exhaust stack emissions scrubbers, 5% will switch to liquefied natural gas (LNG), and 2% will take other measures. Bloomberg New Energy Finance (BNEF) says refiners will invest in new desulphurization capacity and secondary units only if the expected price spread between high- and low-sulphur fuel is greater than the cost of converting high-sulphur fuel to low-sulphur. The price spread has ranged from $20-30 a barrel over the past two years, and BNEF expects this to widen significantly after 2020. The international shipping industry consumes about 200-250 million tons of heavy fuel oil annually and all of this will have to be desulphurized to fully comply with the regulation. The International Energy Agency expects there to be a 2-million-barrel-a-day shortfall in low-sulphur fuel supply in 2020 as demand accelerates. Only about 500 ships, out of 90,000 worldwide, are equipped with scrubbers and the Organization of the Petroleum Exporting Countries estimates there is capacity to install only 2,500-3,000 scrubbers annually. OPEC believes scrubber investments will only be made from 2020, when the spread between low- and high-sulphur fuel widens. French shipping company CMA CGM says switching to LNG will reduce a ship's sulphur emissions by 99% and carbon emissions by 25% compared to fuel oil. The International Maritime Organization, which oversees fuel sulphur regulation, says natural gas use in shipping is expected to grow from 8 million tons in 2012 to 12.7-14.5 million tons in 2020. Lack of available LNG refuelling ports is the main factor slowing down the adoption of LNG, says Helix Advisors, a marine investment advisor (BNEF).

- **The European Parliament recently voted to require that renewable sources account for 12% of transportation energy demand in the European Union (EU) by 2030.** The use of first-generation or food crop-based biofuels will be capped at 2017 levels, with a maximum content of 7% in road and rail transport. The use of palm oil to make transportation fuel will be banned from 2021. According to the European Commission, the executive arm of the EU, food-based biodiesel accounts for 80% of EU biofuel consumption and emits 80% more CO_2 than petroleum diesel. Palm oil biodiesel has three times more global warming impact than fossil diesel. The share of advanced biofuels (made from non-food crop or waste feedstocks), renewable transport fuels made from non-biological sources, waste-based fossil fuels, and renewable electricity will have to be at least 1.5% in 2021, rising to 10% by 2030. By 2022, 90% of the fuel stations along the roads of the Trans-European Networks must be equipped with high-power recharging points for electric vehicles (Green Car Congress, European Parliament, Transport & Environment, Energy Overviews).

- **Toyota plans to reduce the cost of the fuel cell system and other key components of a new fuel cell electric vehicle (FCEV) it plans to introduce in 2020 or later by more than 50%.** Costs will be cut by 75% for the next-generation model that will be introduced around 2025. Toyota introduced its first FCEV, the $63,000 Mirai, in 2014 and has sold about 5,000 so far. Toyota's goal is to sell 30,000 FCEVs annually (*Nikkei*, Green Car Congress).

Retail Prices

Regular Unleaded Gasoline
(Canadian Cents/Litre)

Ontario	**Mar 26**	**Apr 2**	**+/-**
Ottawa	128.8	129.4	0.6
Toronto West	130.5	131.3	0.8
Toronto East	130.6	130.6	0.0
Windsor	114.5	117.6	3.1
London	130.3	130.3	0.0
Sudbury	123.7	129.6	5.9
Sault Ste. Marie	132.2	131.5	-0.7
Thunder Bay	127.4	126.3	-1.1
North Bay	121.0	127.6	6.6
Timmins	133.8	138.7	4.9
Ontario Average	*129.1*	*129.9*	*0.8*

Canada	**Mar 27**	**Apr 3**	**+/-**
St. John's, Nfld	124.6	128.6	4.0
Charlottetown	119.4	121.3	1.9
Halifax	117.6	123.4	5.8
Saint John, N.B.	115.9	119.8	3.9
Quebec City	129.2	128.4	-0.8
Montreal	138.7	138.2	-0.5
Toronto	130.8	131.5	0.7
Winnipeg	113.8	106.8	-7.0
Regina	109.8	118.1	8.3
Edmonton	119.6	113.9	-5.7
Calgary	122.4	118.4	-4.0
Vancouver	153.8	155.6	1.8
Canada Average	*132.0*	*132.3*	*0.3*

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 23	79.45	64.30	15.15	77.78
Mar 29	79.70	65.81	13.89	77.56

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

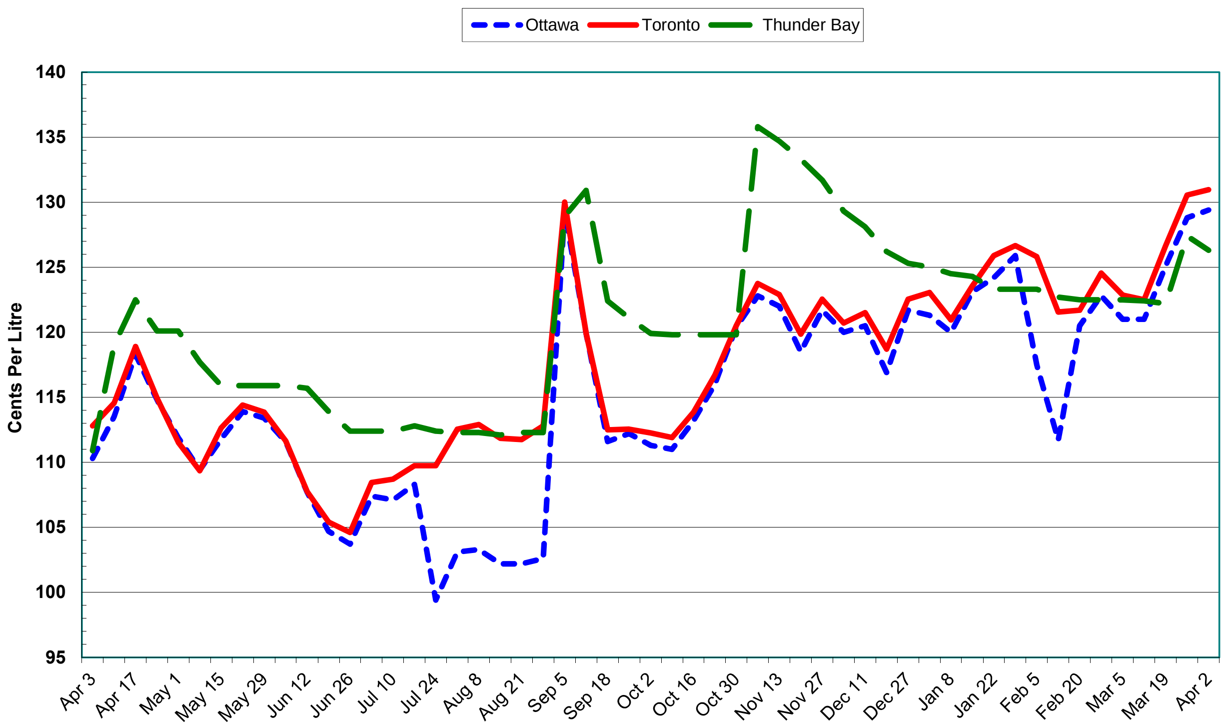
Futures Prices

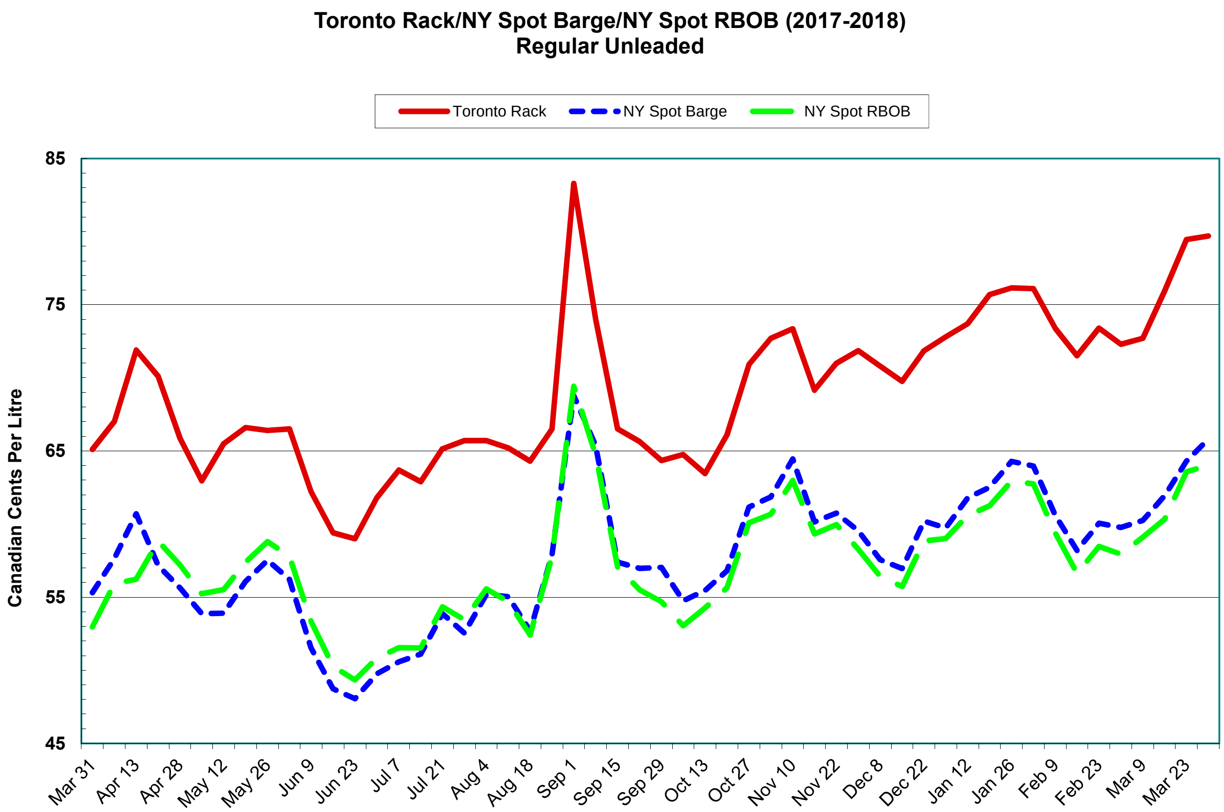
Petroleum Futures Prices

Date	**WTI Crude (NY) (US$/bbl)**	**Reg.Unleaded RBOB (NY) (US¢/USgal)**	**Crack Spread (US$/bbl)**
Mar 23	65.88	203.36	19.53
Mar 29	64.94	201.79	19.81

Source: CME Group (NYMEX)

Retail Gasoline Prices (2017-2018)
Regular Unleaded




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 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
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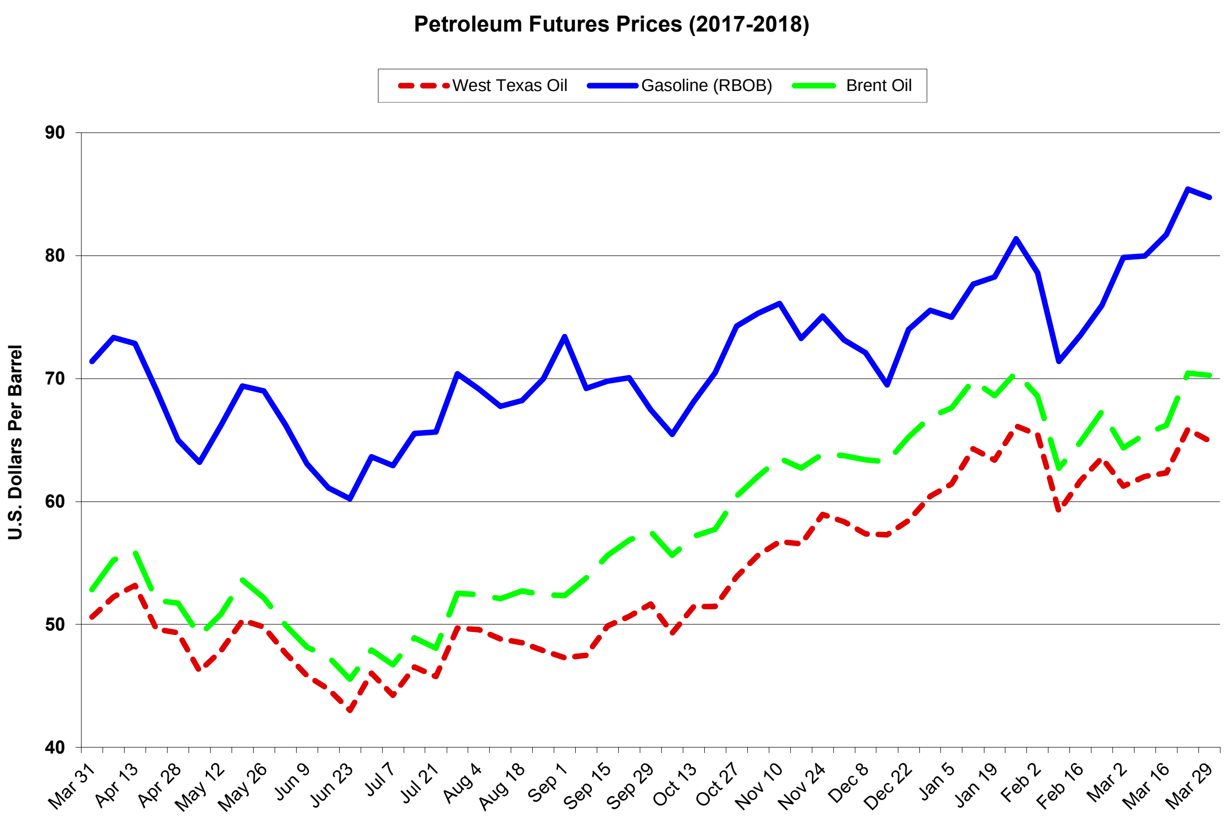
Jan 12
Jan 26
Feb 9
Feb 23
Mar 9
Mar 23


Petroleum Futures Prices (2017-2018)
West Texas Oil
Gasoline (RBOB)
Brent Oil
U.S. Dollars Per Barrel
90
80
70
60
50
40
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
Mar 29