



Economics | March 21, 2022

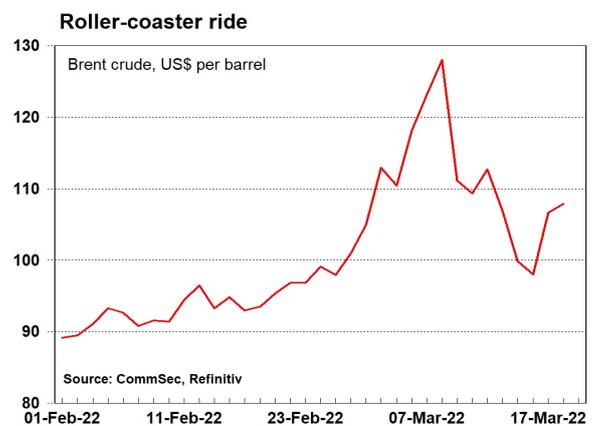
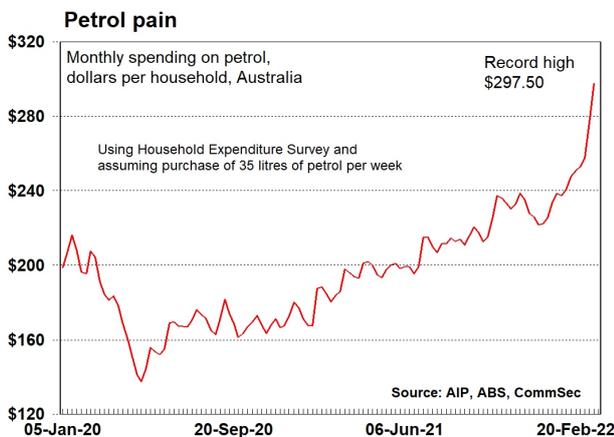
Petrol hits record highs before easing...for now

Weekly oil market update

- According to the Australian Institute of Petroleum, the national average unleaded petrol price rose by 14.9 cents a litre last week to a record high of 212.5 cents a litre. Petrol hit record highs in all capital cities.
- But daily terminal gate (wholesale) and retail prices have eased from peak levels by around 5-6 cents a litre.
- Today, the wholesale or Terminal Gate Price (TGP) price sits at 187.2 cents a litre, down 11 cents over the past week.
- Last week the benchmark Singapore gasoline price fell by US\$4.21 or 3.2 per cent to US\$126.60 a barrel.
- The smoothed gross retail petrol price margin received by fuel retailers lifted modestly from 2½-year lows of 11.30 cents a litre to 11.45 cents a litre last week.

State of play

- The good news for motorists is that world crude oil prices fell last week. The bad news is we still can't say for certain that the peak has passed – it all depends on the war in Ukraine. But wholesale petrol prices have fallen 11 cents a litre and capital city average prices have eased by 5-6 cents per litre from recent highs.
- The key influences on the oil market are the Ukraine war; talks on a nuclear deal between the US and Iran; any signs of increased production by OPEC oil producers; and the rising global cases of Covid.
- World crude oil prices fell by just under US\$5 a barrel last week. The ready reckoner is that a fall of US\$1 a barrel means Aussie pump prices will fall by around a cent a litre. Also putting downward pressure on pump prices is the firmer Aussie dollar, up from around US72 cents to US74 cents. Australia has to import refined gasoline for much of its domestic needs, so a firmer dollar keeps downward pressure on the domestic price of petrol.
- Higher oil prices represent a tax on spending so any reduction in oil prices is positive for discretionary or non-essential purchases. On the other side of the coin, any easing of oil prices tends to be negative for energy producers.
- It's certainly been a roller-coaster ride on global oil markets over the past few weeks. Brent crude has traded between



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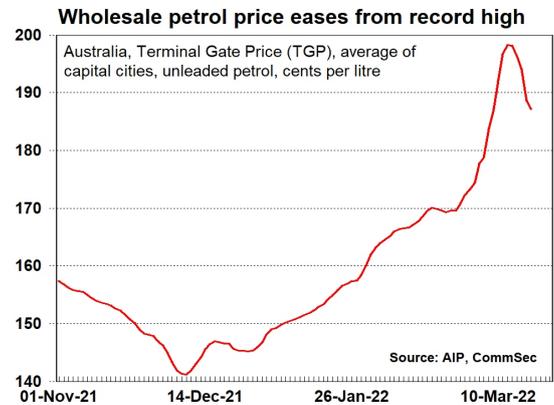
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US\$96.93 and US\$139.13 a barrel over the past fortnight – a 30 per cent move from the highs over the period.

- The Federal Treasurer said on Friday that the government would provide targeted assistance for families to deal with the higher cost of living. Assistance will be targeted to low and middle income earners. There is also speculation of a temporary cut to fuel excise. So we will have to wait just over a week for these measures to be unveiled.
- Filling up the car with petrol is the single biggest weekly purchase for most families. CommSec estimates that it is costing the average family \$297.50 a month to fill up the car with petrol, an extra \$75 compared with the start of the year.

Weekly oil market update

- Over the week **Brent crude oil price** fell by US\$4.74 or 4.2 per cent to US\$107.93 a barrel. **Nymex crude** fell by US\$4.63 or 4.2 per cent to US\$104.70 a barrel.
- Last week, the **benchmark Singapore gasoline price** fell by US\$4.21 or 3.2 per cent to US\$126.60 a barrel. In Aussie dollar terms, the Singapore gasoline price fell by \$5.74 or 3.2 per cent to \$172.57 a barrel or 108.54 cents a litre.
- According to the Australian Institute of Petroleum, **the national average unleaded petrol price** rose by 14.9 cents a litre to 212.5 c/l last week. **Metropolitan** prices rose 15.9 c/l to 214.3 c/l and **regional prices** rose 13 c/l to 208.8 c/l.
- Today, the **wholesale or Terminal Gate Price (TGP)** price sits at 187.2 c/l, down by 11 cents a litre over the week after lifting over 19 cents in the prior week. Since the low on December 8, and through to March 14 – a space of just 3½ months – the wholesale petrol price rose by a whopping 57 cents a litre, before falling 11 cents a litre over the past week.
- **MotorMouth** records the following average retail prices for unleaded fuel today: Sydney 212.1c/l; Melbourne 211.7c/l; Brisbane 213.8c/l; Adelaide 216.6c/l; Perth 197.0c/l; Hobart 223.1c/l; Darwin 209.6c/l; and Canberra 208.4c/l. The average capital city pump price has fallen by over 5 cents a litre over the past week to 211.3c/l.



Craig James, Chief Economist

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