



Natural Resources
Canada

Ressources naturelles
Canada



Fuel Focus

*Understanding Gasoline Markets in Canada
and Economic Drivers Influencing Prices*

Volume 10, Issue 6

April 17, 2015

Canada 

Copies of this publication may be obtained free of charge from:

Natural Resources Canada

Petroleum Resources Branch

580 Booth Street, 17th Floor

Ottawa, Ontario K1A 0E4

Phone: (613) 992-9612

TTY Service: (613) 996-4397 (Teletype for the hearing-impaired)

Fax (613) 992-0614

Web site: <http://www.nrcan.gc.ca/sources/petroleum-crude-prices/gazoline-reports/4793>

© Her Majesty the Queen in Right of Canada 2015

ISSN 1918-3321

Aussi offert en français sous le titre *Info-Carburant*



National Overview

Canadian Retail Gasoline Prices Increased 0.5 Cents per Litre from Last Week

For the week ending April 14, 2015, Canadian average retail gasoline prices decreased by 0.5 cents per litre from the previous week to reach an average of \$1.08 per litre. Prices are 29 cents per litre lower than last year at this time.

Diesel prices declined by 1.5 cents per litre to \$1.11 per litre over the same time period. This is 29 cents less than for the same period last year. Furnace oil prices decreased by 1.2 cents per litre, reaching \$1.08 per litre, a decrease of 20 cents per litre from a year ago.

Recent Developments

- **Alberta** announced an increase in its fuel tax, **effective March 27**. The increase impacts both gasoline and diesel by 4 cents per litre from 9 cents to 13 cents for both fuels. Propane taxes will also increase by 2.9 cents per litre to 9.4 cents per litre. This is the first change to the fuel tax since 1991. Source: Government of Alberta (<http://alberta.ca/budget-revenue-explained.cfm#revenuechanges>)
- **New Brunswick** announced an increase in its fuel tax **effective April 1**. The fuel tax on gasoline will rise by 1.9 cents per litre to 15.5 cents per litre, and the diesel tax will rise by 2.3 cents per litre to 21.5 cents per litre. Source: Government of New Brunswick (http://www2.gnb.ca/content/gnb/en/departments/finance/news/news_release.2015.03.0231.html)
- **January Crude Oil Exports up by 12%:** The National Energy Board released its crude oil export data for January 2015, which showed that Canadian exports in January 2015 were 12% higher than in January 2014. Exports of heavy crude made up two-thirds of these exports, and reached 330,000 m³/d (2.1 MMbbl/d), while exports of light crude were 167,000 m³ /d (1.1MMbbl/d). Source: National Energy Board Commodity Statistics (<http://www.neb-one.gc.ca/nrg/sttstc/crdlndprlmprdct/index-eng.html>)

Figure 1: Crude Oil and Regular Gasoline Price Comparison (National Average)

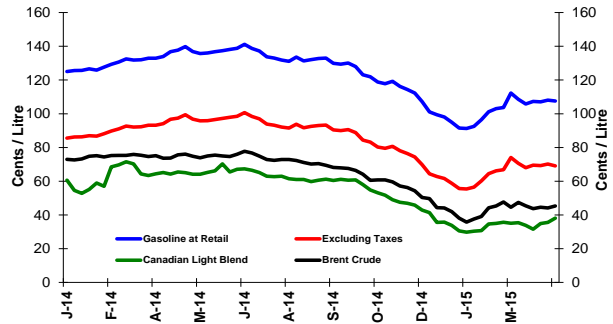
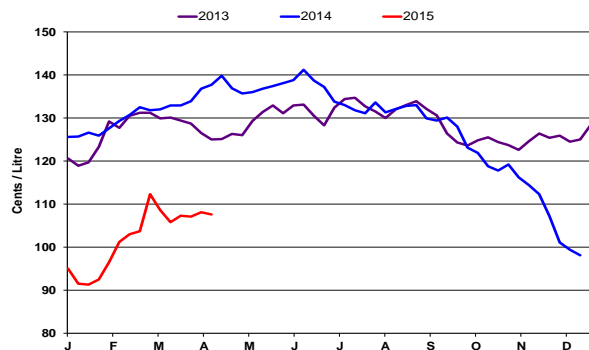


Figure 2: Weekly Regular Gasoline Prices



Changes in Fuel Prices

¢/L	Week of:		Change from:	
	2015-04-14	Previous Week	Last Year	
Gasoline	107.6	-0.5	-29.2	
Diesel	110.5	-1.5	-29.1	
Furnace Oil	108.8	-1.2	-20.3	
Natural Gas Prices in \$CA/GJ				
Alberta (NGX)	2.40	-0.08	-2.31	
Ontario (Dawn)	3.29	-0.16	-1.93	

Source: NRCan, Bloomberg, NGX

Natural Gas Prices for Vehicles

2015-04-14	¢/kilogram	¢/L gasoline equivalent	¢/L diesel equivalent
Vancouver	123.6	81.5	84.5
Edmonton	115.0	75.9	78.7
Toronto	128.4	84.7	87.8

Source: ¢/kg Kent Marketing Services Limited

In this Issue

	Page
National Overview	1
Recent Developments	1
Retail Gasoline Overview	2
Wholesale Gasoline Prices	3
Gasoline Refining and Marketing Margins	4
Crude Oil Overview	5





Retail Gasoline Overview

For the period ending April 14, 2015, the **four-week average** regular gasoline pump price in selected cities across Canada was \$1.07 per litre, the same as reported in the last report of April 8, 2015. Compared to the same period in 2014, the average Canadian pump price is 27 cents per litre lower.

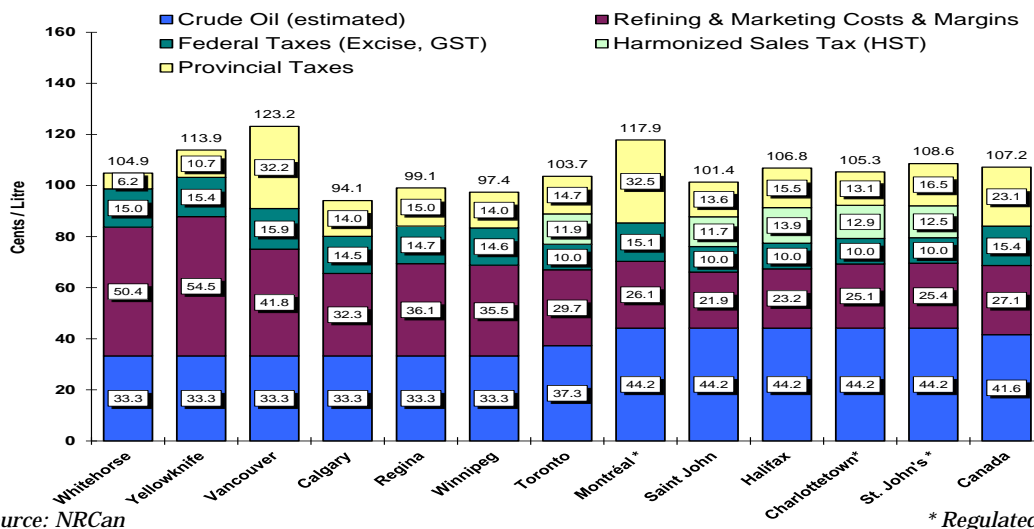
The **four-week average** crude component increased by 1.2 cents to 41.6 cents compared to two weeks ago. Compared to the same period in 2014, the crude oil price component of gasoline is 31 cents per litre lower.

Retail gasoline prices in most Western centres increased by 1.5 cents per litre compared to the previous report and ranged from 94 cents per litre to \$1.23 per litre. Prices in Eastern cities decreased by 1.6 cents per litre and ranged from \$1.01 to \$1.18 per litre.

The increase in retail gasoline prices in Western Canada may be partly explained by the increase in the gasoline tax in Alberta, which increased by 4 cents per litre on March 27, 2015.

At the national level, refining and marketing costs and margins decreased by 2 cents per litre to 27 cents per litre compared to the last report two weeks ago.

**Figure 3: Regular Gasoline Pump Prices in Selected Cities
Four-Week Average (March 17 to April 14, 2015)**



Source: NRCan

* Regulated Markets

Note: Toronto crude oil cost includes pipeline tolls of \$4 per barrel for light crude oil from Edmonton to Sarnia, Ontario.

Summer Fuels Outlook

According to its recent *Short-Term Energy and Summer Fuels Outlook*, the U.S. Energy Information Administration expects that regular-grade gasoline retail prices will decline to an average of \$2.45/gal (CAD 81.53 ¢/L) during the 2015 summer driving season (April through September), down from an average of \$3.59/gal (CAD 119.47 ¢/L) last summer. Diesel fuel retail prices are also projected to decline to an average of \$2.77/gal (CAD 92.18 ¢/L) this summer, down from an average of \$3.89 (CAD 129.45 ¢/L) last summer. These retail price projections reflect slowly rising prices for crude oil, best represented by the Brent crude oil price, which they expect will average about \$58/bbl (\$1.39/gal) (CAD 73.06, 46.26 ¢/L) this summer compared with an average of \$106/bbl (\$2.52/gal) (CAD 133.53, 83.86 ¢/L) last summer.

Many of the same factors that are influencing U.S. gasoline prices affect Canadian gasoline prices. Based on this EIA analysis, one would expect Canadian prices to remain significantly lower than last summer due to lower oil prices. Differences between gasoline prices in Canada and the United States are largely due to different tax levels. Gasoline taxes are generally higher in Canada, but vary by state and province. Canadian prices will differ from U.S. price, due not only to taxes, but also the Canadian-U.S. dollar exchange rate.

Driven in part by the significant decline in gasoline prices, the EIA projects that during the 2015 summer driving season, projected gasoline consumption will average 9.2 million bbl/d, an increase of 0.14 million bbl/d (1.6%) over last summer. Year-over-year increases in summer highway travel, projected to be 2.5%, are offset by a 0.9% increase in fleet-wide fuel efficiency.

Based on EIA's gasoline price forecast, the average U.S. household is expected to spend about \$700 less on gasoline in 2015 compared with 2014, as annual motor fuel expenditures are on track to fall to their lowest level in 11 years.

Source: U.S. EIA *Short Term Outlook and Summer Fuels Report*: <http://www.eia.gov/forecasts/steo/report/SummerFuels.cfm>





Wholesale Gasoline Prices

For the **week ending April 9, 2015**, wholesale gasoline prices increased in most Canadian and American cities compared to the previous week.

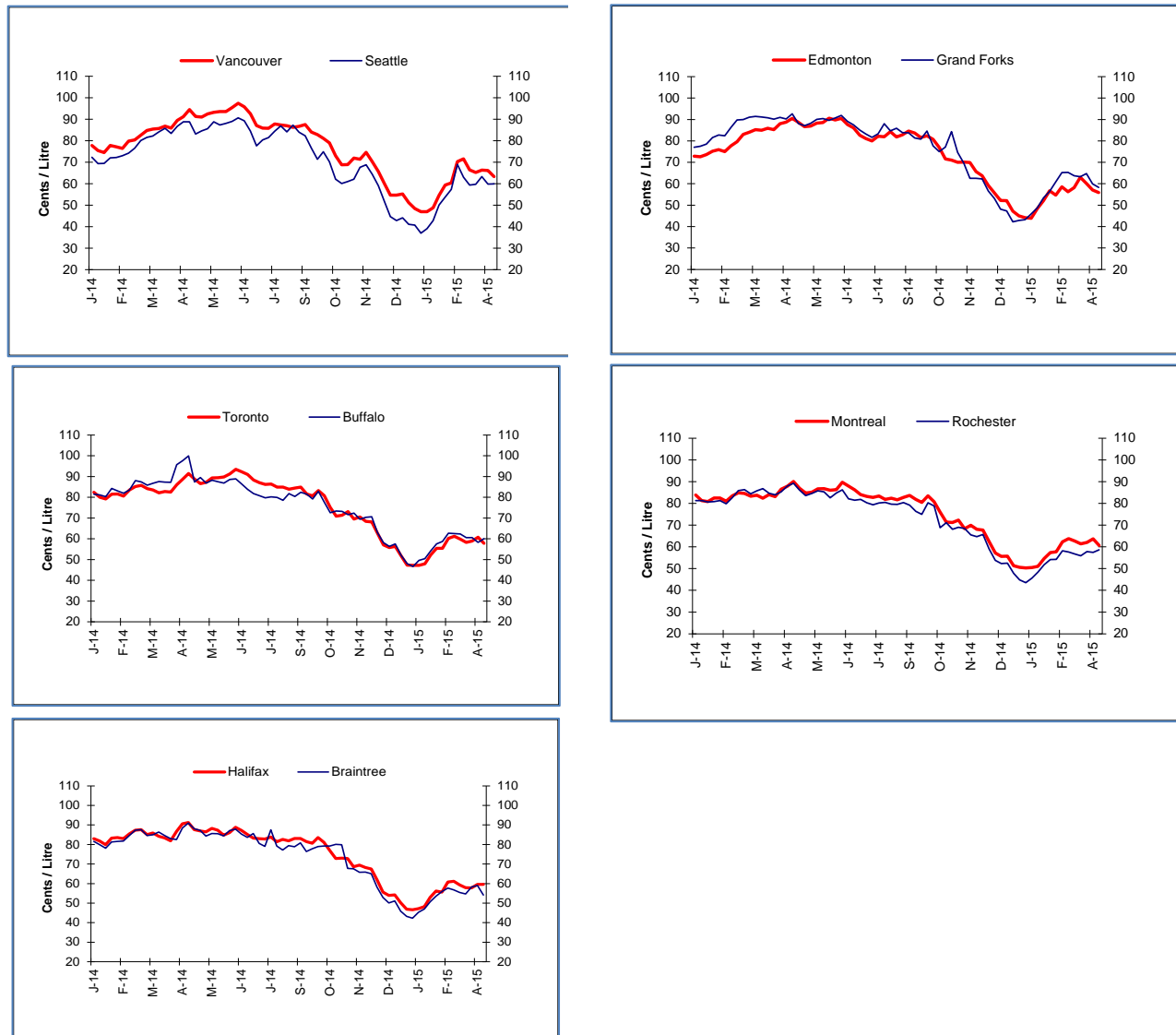
Wholesale gasoline price changes ranged from an increase of 5 cents to a decrease of 2 cents. Prices for the period ended in the 54 to 63 cent-per-litre range.

In the Eastern markets of Canada and the U.S., wholesale gasoline price changes, compared to the previous week ranged between a decrease of more than 4 cents to an increase of 2 cents per litre and ended in the 54 to 61 cent-per-litre range.

Wholesale gasoline prices in Western centres, decreased between 1.5 cents and 6 cents per litre and ended in the 56 to 63 cent-per-litre range. These decreases brings these prices into a more normal range following the price increases in February that were the result of unplanned refinery outages in California and Washington state, which affected the West Coast in particular.

In the **last four weeks**, wholesale price changes in selected Canadian and American centres ranged from an increase of 3 cents to a decrease of 7 cents.

Figure 4: Wholesale Gasoline Prices
Rack Terminal Prices for Selected Canadian and American Cities Ending April 9, 2015
(CAN ¢/L)



Sources: NRCan, Bloomberg Oil Buyers Guide





Gasoline Refining and Marketing Margins

Four-week rolling averages are used for gasoline refining and marketing margins.

Refining margins have been increasing steadily since the beginning of the year; however have recently begun to decline slightly, in response to downward pressure on wholesale gasoline prices. Nationally, refining margins have declined by 1.5 cents from the previous report, to reach 21 cents per litre.

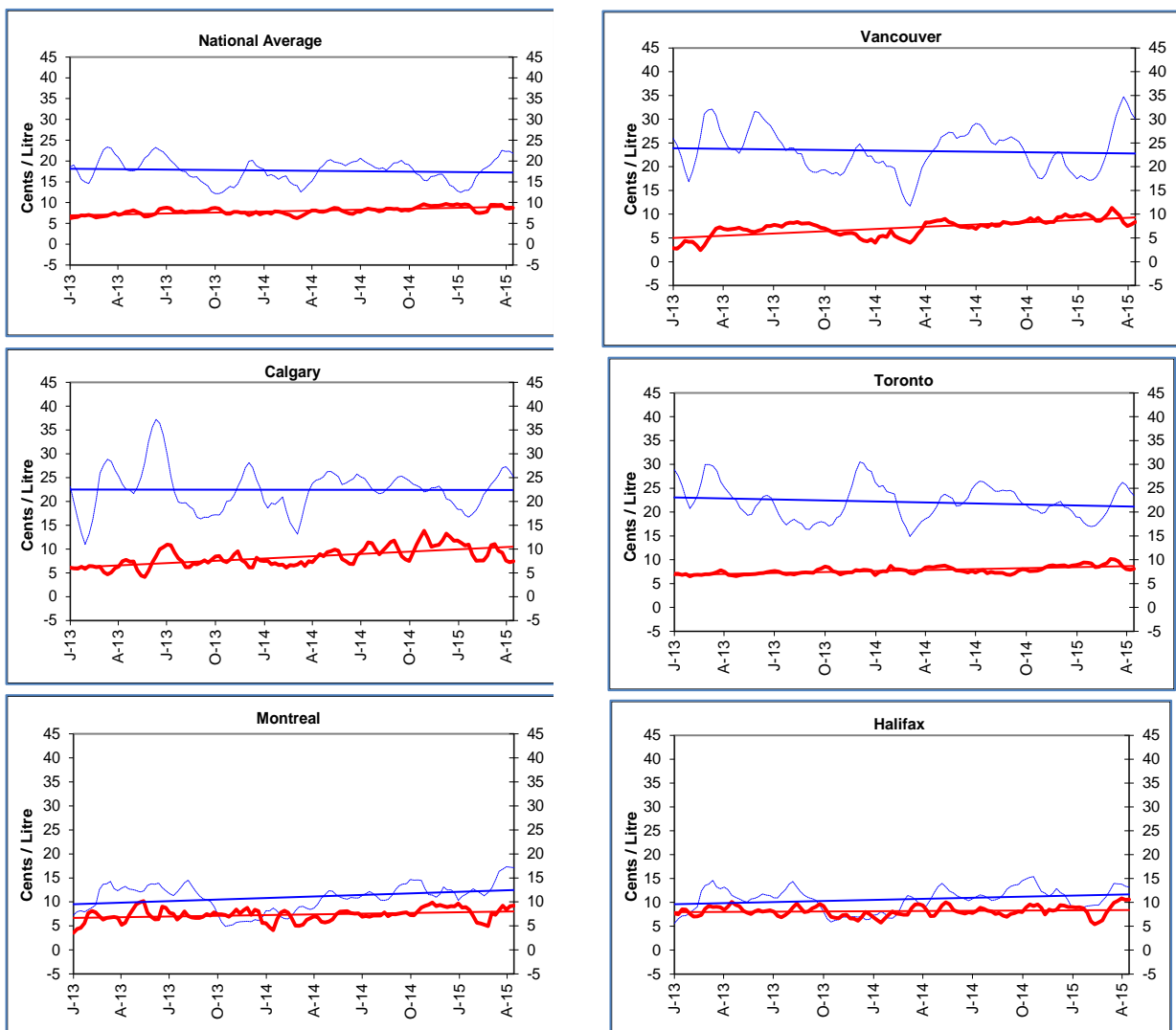
Nationally, marketing margins have been steady over the past several weeks, hovering around an average of 9 cents per litre. Marketing margins can vary quite substantially by region, as shown in the individual centres, and range from 6 cents to 12 cents per litre.

Figure 5: Gasoline Refining and Marketing Margins

Four-Week Rolling Average Ending April 14, 2015

----- Refining Margin

----- Marketing Margin



Source: NRCan





Crude Oil Overview

Prices remain relatively unchanged

For the week ending April 10, 2015, prices for the three light crude benchmarks averaged between \$380.52/m³ and \$452.51/m³ (US\$48.30 and US\$57.44 per barrel).

Compared to the previous week all three light crude benchmarks increased in the range of \$11.77/m³ and \$28.82/m³ (US\$ 2.02 and US\$ 4.07 per barrel). Canadian light crude oil prices at Edmonton increased by \$28.82/m³ (US\$ 4.07 per barrel) from the previous week, while WTI increased by \$21.86/m³ (US\$ 3.23 per barrel).

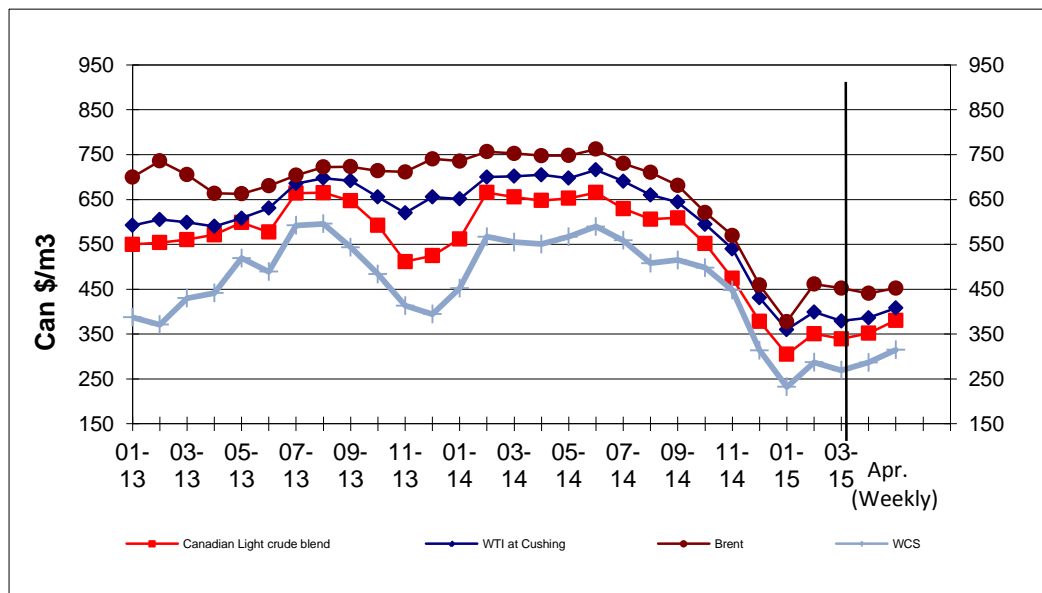
Canadian light crude oil prices remain significantly cheaper than imported global crudes. Currently Canadian light is \$3.55 per barrel less than Brent.

The Western Canada Select crude oil price increased by \$27.99/m³ (US\$ 3.89 per barrel) from the previous week, and has decreased by \$177/m³ (US\$37 per barrel) compared to last year.

Canadian heavy crude differentials tightened to their narrowest level since June 2013 this week, helped by improved market access and strengthening seasonal demand.

U.S. EIA data released on April 8 indicates that U.S. oil inventories rose in the week ending April 3 by 10.9 million barrels to a record 482 million barrels. This represents the largest weekly increase in over a decade.

Figure 6: Crude Oil Price Comparisons



Changes in Crude Oil Prices

Crude Oil Types	Week Ending: 2015-04-10		Change From:			
			Previous Week		Last Year	
	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl
Canadian Light	380.52	48.30	+28.82	+4.07	-216.32	-45.13
WTI	408.01	51.79	+21.86	+3.23	-198.46	-43.15
Brent	452.51	57.44	+11.77	+2.02	-236.10	-50.36
WCS	314.75	39.95	+27.99	+3.89	-176.57	-36.96

Source: NRCan

