



Fuel Focus

National Overview

Canadian Retail Gasoline Prices are Unchanged over the Last Two Weeks

For the **two-week period** ending March 29, 2016, the Canadian average retail gasoline price was \$0.98 per litre. This is the same as the two-week period ending March 15, 2016. Prices are 9 cents per litre lower than the same period last year.

Average retail diesel prices decreased by 1 cent per litre over the two weeks ending March 15, 2016 to reach \$0.94 per litre. This is 22 cents lower than to the same period last year. Over the same period, furnace oil prices increased by less than 1 cent and remain at \$0.94, 19 cents per litre less than a year ago.

Recent Developments

- Lower Gasoline Prices Contributing to Lower Inflation**
 On March 18, 2016, Statistics Canada released the Consumer Price Index (CPI) for February 2016, which showed that the CPI rose 1.4% over the previous 12 months, which is less than the 2% rate reported in January. Gasoline prices were down 13.1% year over year in February, while on a monthly basis, gasoline prices were down 6.9% in February 2016. Statistics Canada notes that this was the largest factor contributing to the overall deceleration in consumer prices. Excluding gasoline, the CPI rose 1.9% year over year in February.

Source: Statistics Canada

<http://www.statcan.gc.ca/daily-quotidien/160318/dq160318a-eng.htm>

- U.S. Vehicle Miles Travelled (VMT) expands by 3.5% in 2015**

A recent article by Peter Tertzakian of ARC Financial notes that U.S. VMT increased by 3.5% in 2015 to reach a record 3.15 trillion miles. VMT measures the collective distance driven in a year by all cars and trucks and is collected by the U.S. Department of Transportation. In addition to the increase in VMT, the analysis in article shows that there was also a trend in the purchase of heavier trucks and sport utility vehicles in the U.S., which are less fuel efficient than most light-duty vehicles. The author notes that both these trends are in line with economic theory, which suggests that consumers respond to lower gasoline prices by increasing consumption.

Source: ARC Financial Energy Charts

<http://www.arcenergyideas.com/?p=640>

- Clean Energy Canada Report on Biofuels in Canada**
 On March 29, 2016, Clean Energy Canada published a report, *Biofuels in Canada: Tracking progress in tackling greenhouse gas emissions from transportation fuels*. The report provides data on the performance of Canadian regulations (e.g., renewable and low-carbon fuel standards) and assesses the successes of other jurisdictions in lowering greenhouse gas emissions due to biofuel adoption. The analysis conducted by Clean Energy Canada showed that government policies have generally been successful in increasing biofuel adoption, reducing annual carbon pollution in 2014 by 4.3 megatonnes (MT) CO₂e, equivalent to taking one million cars off the road.

Source: Clean Energy Canada

<http://cleanenergycanada.org/wp-content/uploads/2016/03/FINAL-Report-Biofuel-Policy-Review-March-2016.pdf>

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

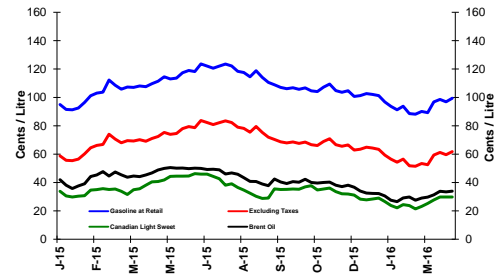
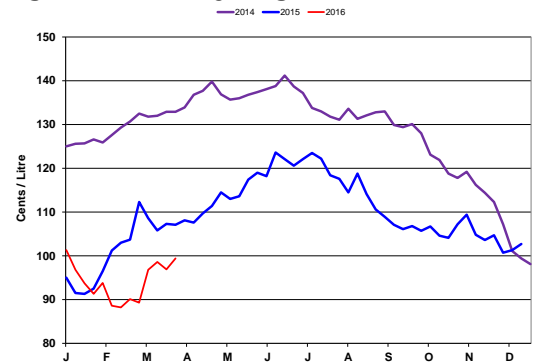


Figure 2: Weekly Regular Gasoline Prices



Changes in Fuel Prices

	Two week average ending:		Change from:	
	2016-03-29	2 Weeks Ago	Last Year	
¢/L				
Gasoline	98.3	0.6	-8.9	
Diesel	93.5	-1.3	-22.2	
Furnace Oil	94.1	0.8	-19.0	
Natural Gas Prices in \$CA/GJ				
Alberta (AECO)	1.34	0.07	-1.30	
Ontario (Dawn)	2.40	0.12	-1.10	

Source: NRCan, Bloomberg

Natural Gas Prices for Vehicles

2016-03-29	¢/kilogram	¢/L gasoline equivalent	¢/L diesel equivalent
Vancouver	120.1	79.2	82.1
Edmonton	115.0	75.9	78.7
Toronto	128.4	84.7	87.8

Source: ¢/kg Kent Marketing Services Limited

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Retail Gasoline Overview

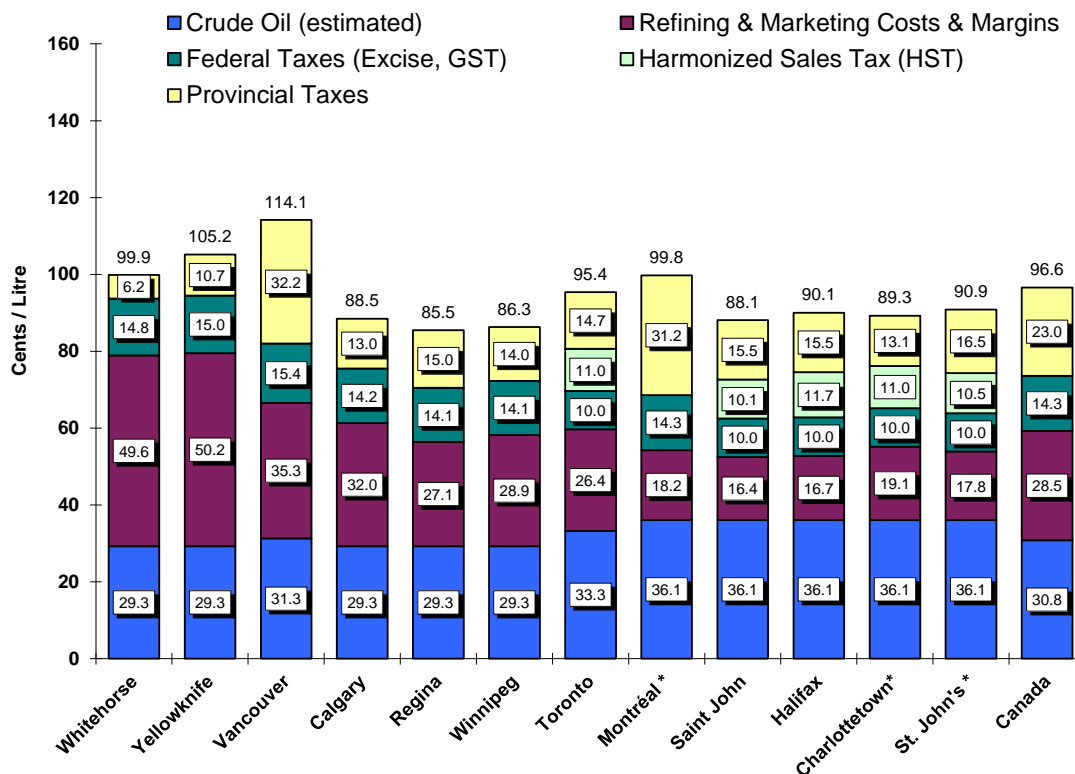
For the period ending March 29, 2016, the **four-week-average** regular gasoline pump price in selected cities across Canada increased by 4 cents per litre to \$0.97 per litre compared to the previous report of March 15, 2016. Compared to the same period in 2015, the average Canadian pump price is 11 cents per litre lower.

The **four-week-average** crude oil component increased by 3 cents, averaging 31 cents over the period. The crude oil price component of gasoline is 10 cents per litre lower than this time last year.

Retail gasoline prices in Western centres increased by 4 cents per litre compared to the previous report and ranged from \$0.86 per litre to \$1.14 per litre. Prices in Eastern cities increased by 4 cents and ranged from \$0.88 to \$1.00 per litre.

At the national level, refining and marketing costs and margins were 29 cents per litre, an increase of 2 cents from the previous report and the same as this time last year.

**Figure 3: Regular Gasoline Pump Prices in Selected Cities
Four-Week Average (March 8 to March 29, 2016)**



Source: NRCan

* Regulated Markets

An estimate of crude oil transportation costs is included in the crude oil estimate for Vancouver (2 cents per litre), Toronto, (4 cents per litre), and Atlantic Canada and Quebec (3 cents per litre)



Wholesale Gasoline Prices

For the two week period ending March 24, 2016, wholesale gasoline prices across selected North American cities increased in the East, while decreasing slightly in the West.

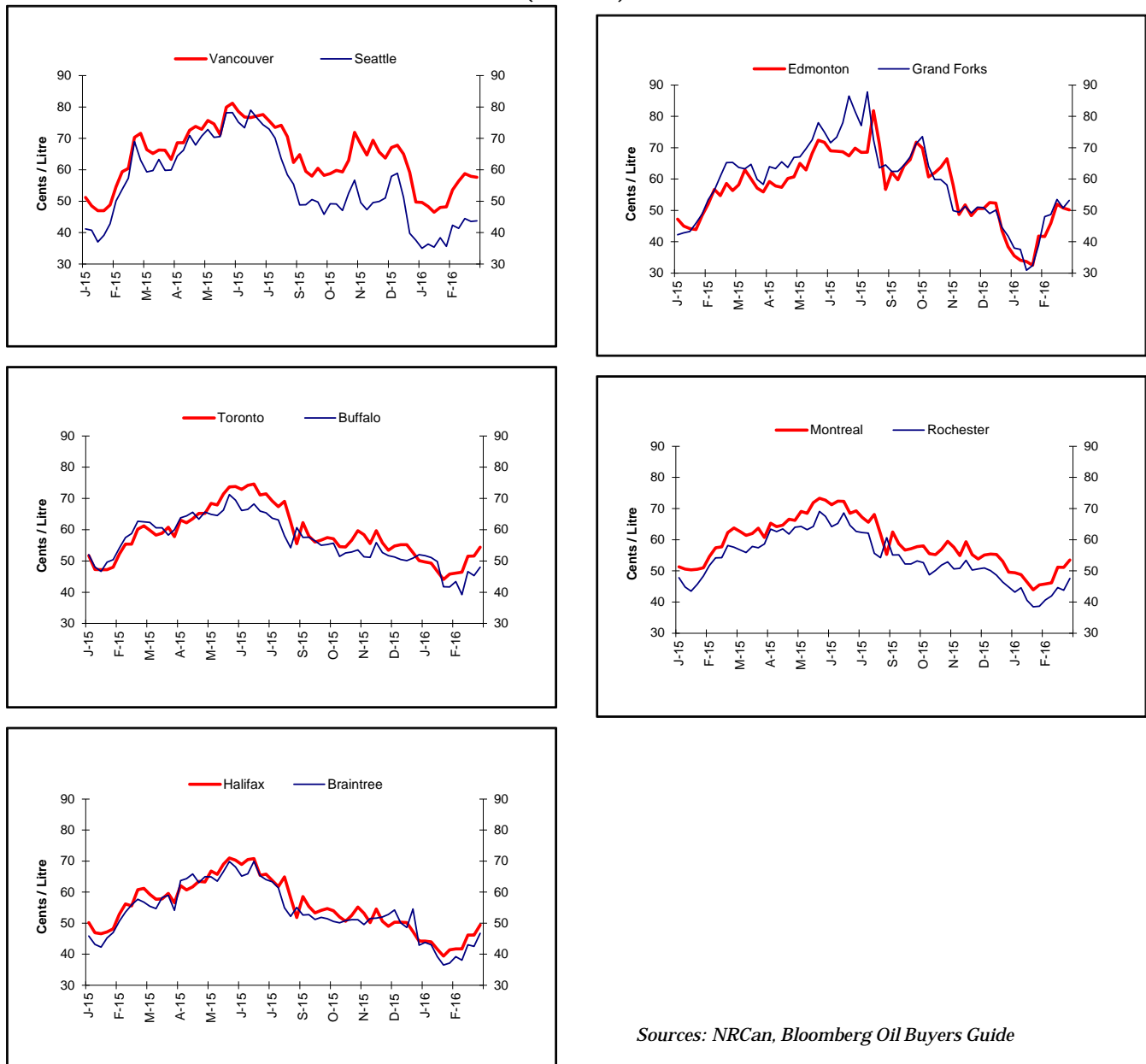
Wholesale gasoline prices for the two week period ended between 47 and 58 cents per litre. This compares to the previous two week period where prices were in the 43 and 59 cents per litre range.

In Western cities, wholesale gasoline prices decreased by between less than 1 cent and 2 cents per litre ending in the 44 to 58 cents per litre range.

Price changes in Eastern markets of Canada and the U.S. increased between 1 and 3 cents per litre ending in the 47 to 54 cents per litre range.

Wholesale prices are lower than last year in all markets. Prices are between 8 and 20 cents per litre lower than last year at this time.

Figure 4: Wholesale Gasoline Prices
Rack Terminal Prices for Selected Canadian and American Cities Ending March 24, 2016
(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.

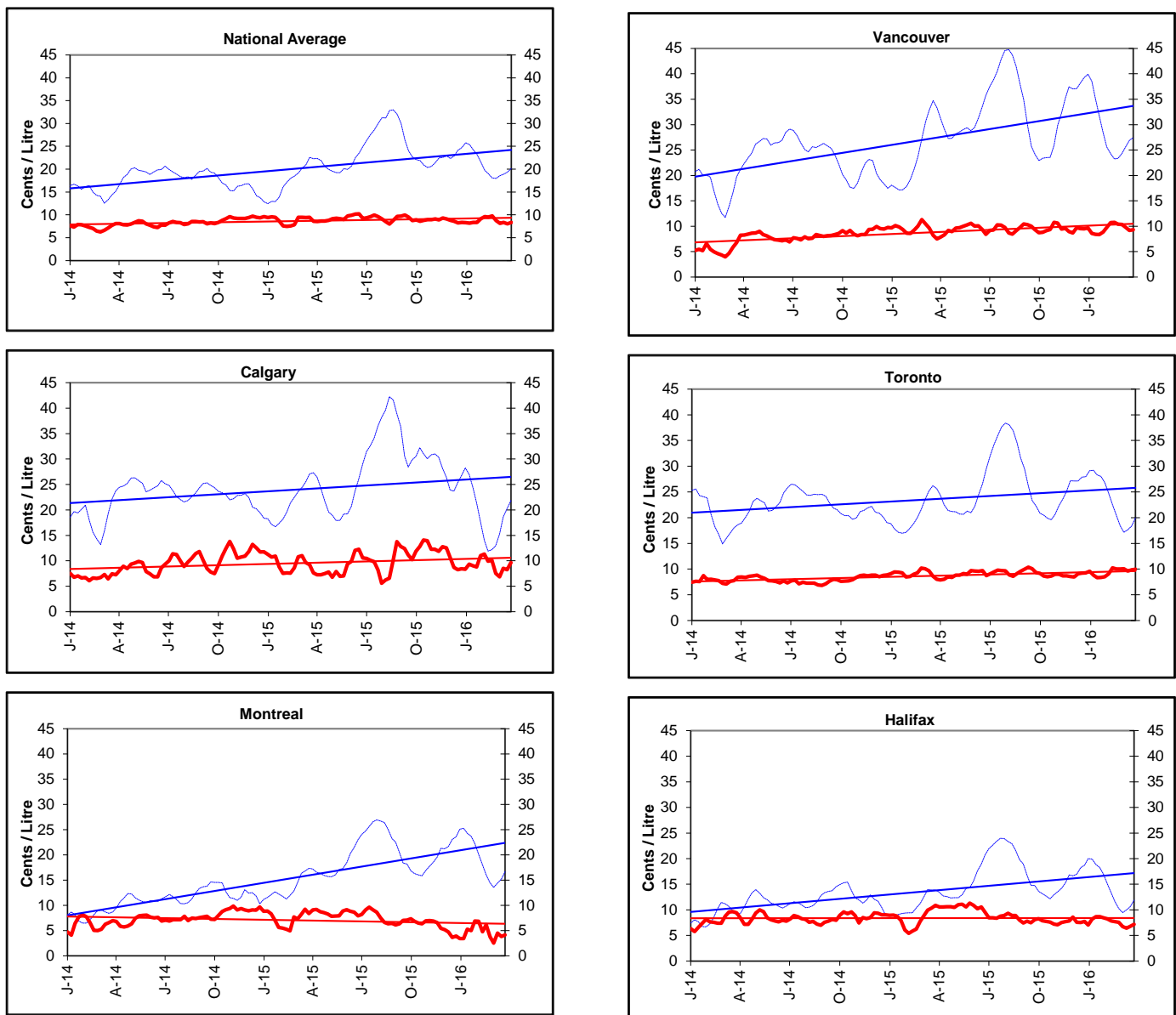
Gasoline refining margins refer to the difference between the price of crude oil and the wholesale price at which the refiner can sell gasoline. The margin includes the costs associated with refining the product as well as a profit for the refiner.

The gasoline marketing margins represent the difference between the wholesale and retail prices of gasoline. This margin pays for the costs associated with operating a service station.

Nationally, **the four-week rolling average** refining margin for the period ending March 29, 2016 was 20 cents per litre, the same as that in the previous report of March 15, 2016. Compared to the same time last year, margins in Canada are 2 cent per litre lower.

Overall, the national average for marketing margins remained at 8 cents per litre.

Figure 5: Gasoline Refining and Marketing Margins
Four-Week Rolling Average Ending March 15, 2016
----- Refining Margin — Marketing Margin





Crude Oil Overview

For the two weeks ending March 29, 2016, prices for the three light crude benchmarks averaged between CAD\$298.33 /m³ and CAD\$336.73/m³ (US\$36.10 and US\$40.75 per barrel).

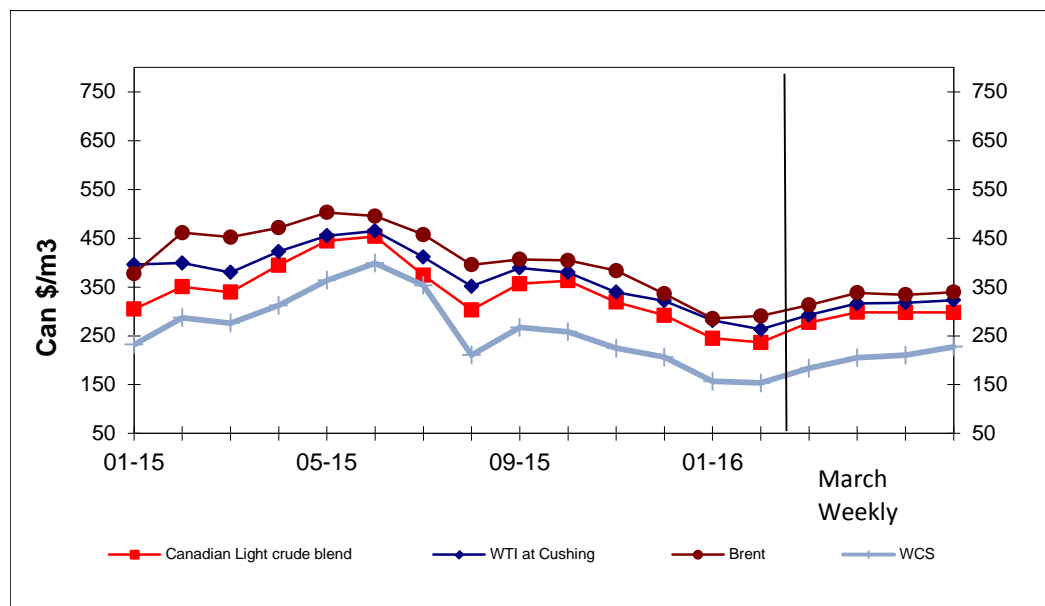
Canadian light crude oil prices at Edmonton increased by CAD\$7.90/m³ (U.S.\$1.48 per barrel) from two weeks ago, West Texas Intermediate (WTI) increased by CAD\$14.85/m³ (U.S.\$2.35 per barrel) and Brent increased by CAD\$7.08 /m³ (an increase of U.S.\$1.45 per barrel). The price of Western Canada Select increased by CAD \$25.30 / m³ (U.S.\$3.42) from two weeks ago.

The discount for Canadian heavy oil, as measured by the Western Canadian Select price differential to WTI averaged CAD\$101.25/m³ (U.S.\$12.25 per barrel) for the two weeks ending March 29, 2016.

For the week ending March 25, 2016, the U.S. Energy Information Administration (EIA) data showed a 2.3 million barrel increase in U.S. commercial crude inventories week-over-week, with total stocks now at 534.8 million barrels. U.S. crude oil inventories are at historically high levels for this time of year.

EIA data also showed an increase in U.S. refinery utilization, with rates rising by 2 percentage points to 90.4%.

Figure 6: Crude Oil Price Comparisons



Changes in Crude Oil Prices

Crude Oil Types	Two Weeks Ending: 2016-03-29		Change From:			
			2 Weeks Prior		Last Year	
	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl
Canadian Light	298.33	36.10	+7.90	+1.48	-40.72	-6.90
WTI	323.28	39.12	+14.85	+2.35	-53.37	-8.39
Brent	336.73	40.75	+7.08	+1.45	-107.44	-15.27
WCS	222.02	26.87	+25.30	+3.42	-51.01	-7.57

Source: NRCan