



Fuel Focus

National Overview

Canadian retail gasoline prices increased by 4 cents per litre over the last two weeks

For the **two-week** period ending November 10, 2015, the Canadian average retail gasoline price reached \$1.08 per litre. This is an increase of 4 cents compared to the two-week period ending October 27, 2015. Prices are 10 cents per litre lower than the same period last year.

Average retail diesel prices increased by 1 cent per litre over the past two weeks rising to \$1.06. This is 22 cents less compared to the same period last year. Over the same period, furnace oil prices increased by 0.4 cents per litre to reach \$1.00, almost 19 cents per litre less than a year ago.

Recent Developments

- Canadian drilling activity forecast for 2016**
 In its 2016 *Canadian Drilling Activity Forecast*, the Petroleum Services Association of Canada expects that 5,150 wells will be drilled in Canada for 2016 and that 2015 will close out with an estimated 5,340 wells drilled. These estimates represent a drop in activity of over 50% from a five-year average of 11,670 wells per year being drilled before oil prices fell at the beginning of 2015. **Source:** Petroleum Services Association of Canada <http://www.psac.ca/wp-content/uploads/2016DAFNOV15.pdf>
- Conférence Board of Canada report forecasts significant overall losses for oil sector in 2015**
 On October 26, the Conference Board of Canada released its report: *Canadian Industrial Outlook: Canada's Oil Extraction Industry*. According to the report, "the Canadian oil extraction industry is expected to report a pre-tax loss of \$2.1 billion this year, compared with a profit of \$5.6 billion in 2014." The report notes that despite low prices, investment cutbacks, and a sharp decrease in conventional drilling activity, Canadian crude oil production is expected to continue growing over the next five years, as oil sands projects require large upfront capital investments and project construction times span several years. **Source:** Conference Board of Canada, http://www.conferenceboard.ca/press/newsrelease/15-10-28/canadian_oil_industry_to_lose_more_than_2_billion_in_2015.aspx
- Quebec's Action Plan for Transport Electrification**
 On October 26, 2015, the Government of Quebec released its second five year Action Plan for the electrification of the transport sector called Propelling Quebec Forward with Electricity. The goal of the Action Plan is to reach 100 000 plug-in electric and hybrid vehicles registered in Québec in 2020 through an investment of \$420 million over 5 years. Among the specific measures are plans to continue the \$8,000 subsidy for the purchase of electric vehicles, the installation of 785 public-access charging stations, including 60 quick-charging stations by the end of 2016, and the addition of 1,000 vehicles to the Government's vehicle fleet by 2020. **Source:** Government of Quebec: <http://www.transportelectriques.gouv.qc.ca/en/>

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

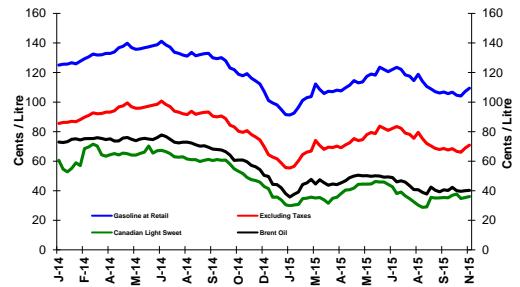
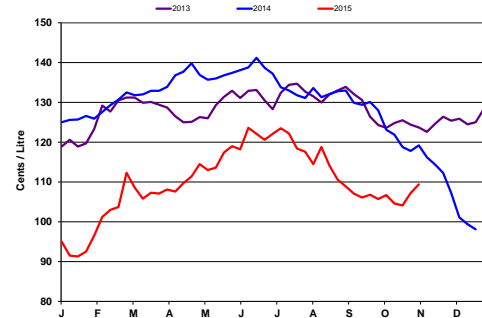


Figure 2: Weekly Regular Gasoline Prices



Changes in Fuel Prices

¢/L	Two week average ending:	Change from:	
	2015-11-10	2 Weeks Ago	Last Year
Gasoline	108.3	4.0	-10.2
Diesel	105.8	1.1	-22.4
Furnace Oil	100.3	0.4	-18.7
Natural Gas Prices in \$CA/GJ			
Alberta (AECO)	2.41	-0.04	-1.41
Ontario (Dawn)	2.88	-0.42	-2.08

Source: NRCAN, Bloomberg

Note: Effective this issue, Natural Gas prices in Alberta reflect AECO prices

Natural Gas Prices for Vehicles

2015-11-10	¢/kilogram	¢/L gasoline equivalent	¢/L diesel equivalent
Vancouver	115.6	76.2	79.0
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

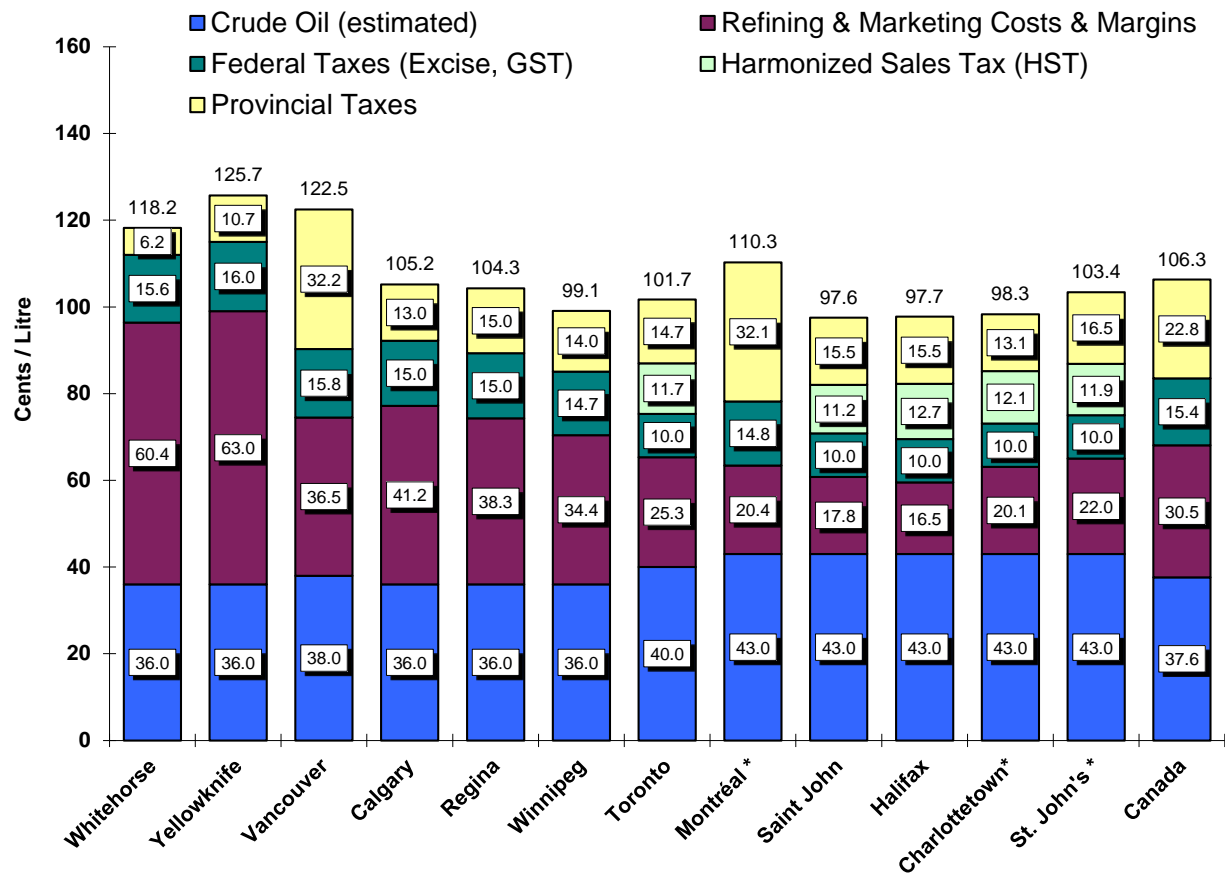
For the period ending November 10, 2015, the **four-week** average regular gasoline pump price in selected cities across Canada increased by 1 cent to \$1.06 per litre, compared to the previous report of October 30, 2015. Compared to the same period in 2014, the average Canadian pump price is 13 cents per litre lower.

The **four-week** average crude oil price component of gasoline decreased by 0.3 cents, averaging 37.6 cents per litre over the four-week period. This is 22 cents per litre lower than this time last year.

Retail gasoline prices in Western centres decreased by less than 1 cent per litre compared to the previous report and ranged from \$0.99 per litre to \$1.23 per litre. Prices in Eastern cities were unchanged and ranged from \$0.98 to \$1.10 per litre.

At the national level, refining and marketing costs and margins were 30.5 cents per litre, 1.2 cents higher compared to the previous report and 9 cents higher than the same time last year.

**Figure 3: Regular Gasoline Pump Prices in Selected Cities
Four-Week Average (October 20 to November 10, 2015)**



Source: NRCan

* Regulated Markets

Transportation costs are included in the crude oil estimate for Vancouver (\$2.20), Toronto (\$4.50) and Eastern Canada (\$3.40) all prices in USD.



Wholesale Gasoline Prices

For the **two-week** period ending November 5, 2015, wholesale gasoline prices in selected Canadian and U.S. cities increased except in Grand Forks, North Dakota. Prices were up especially in Vancouver (21 percent increase) and in Seattle, Washington (21 percent increase).

Wholesale gasoline prices for the two week period averaged between 51 and 72 cents per litre. This is lower than the previous two week period, where prices were in the 47 to 62 cents per litre range.

In Western Cities, prices increased between 5 cents

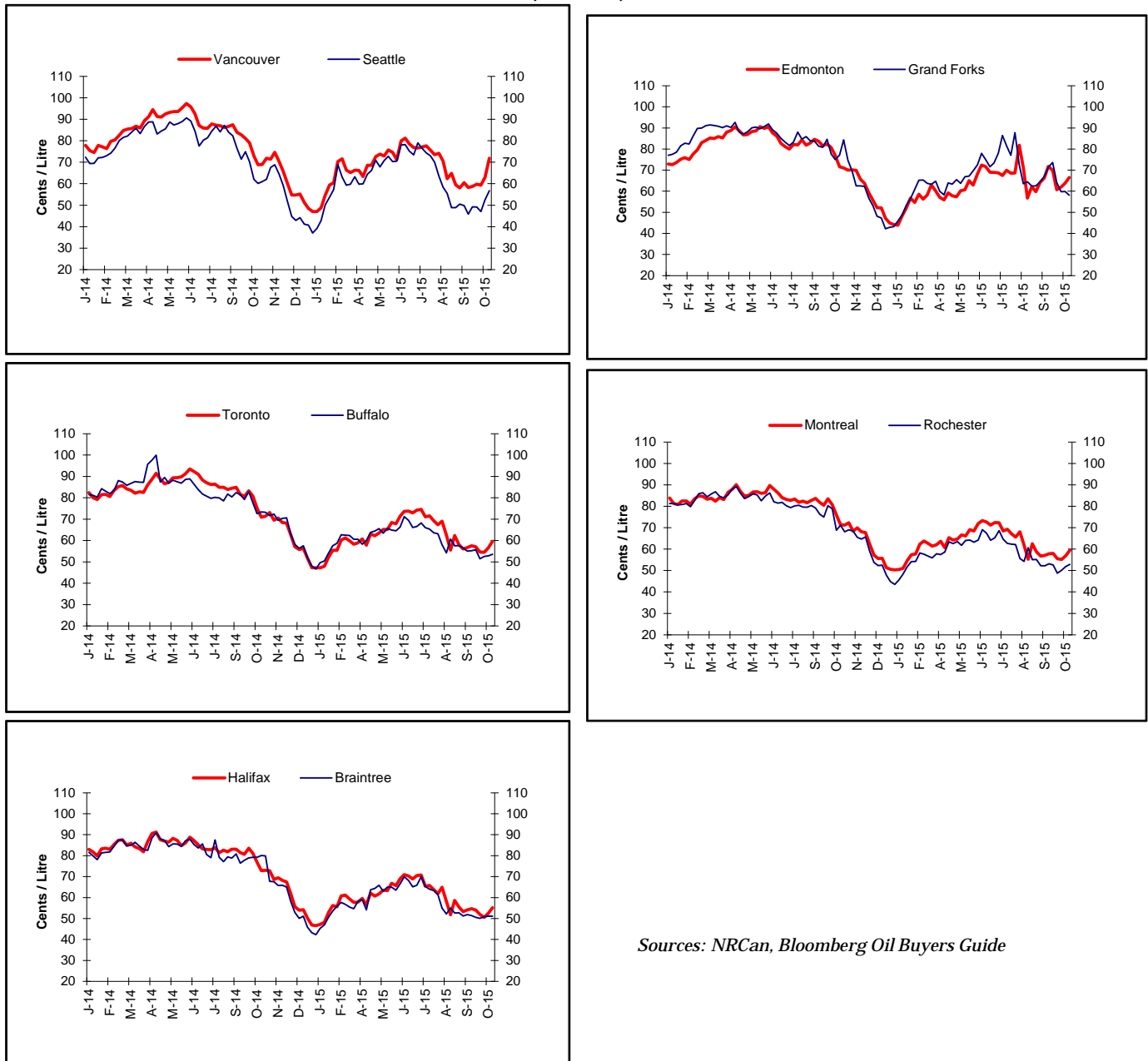
and nearly 13 cents per litre, except in Grand Forks where prices decreased slightly. Overall, prices in these markets ranged between 67 to 72 cents per litre.

Price changes in Eastern markets of Canada and the U.S. ranged between an increase of less than 1 cent to an increase of 5 cents per litre ending in the 51 to 59 cents per litre range.

Overall, prices have been trending upwards over the last four weeks. However, prices are between 7 and 19 cents per litre lower than in the same period last year, except for Vancouver where prices were higher than a year ago.

Figure 4: Wholesale Gasoline Prices

Rack Terminal Prices for Selected Canadian and American Cities Ending November 5, 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.

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

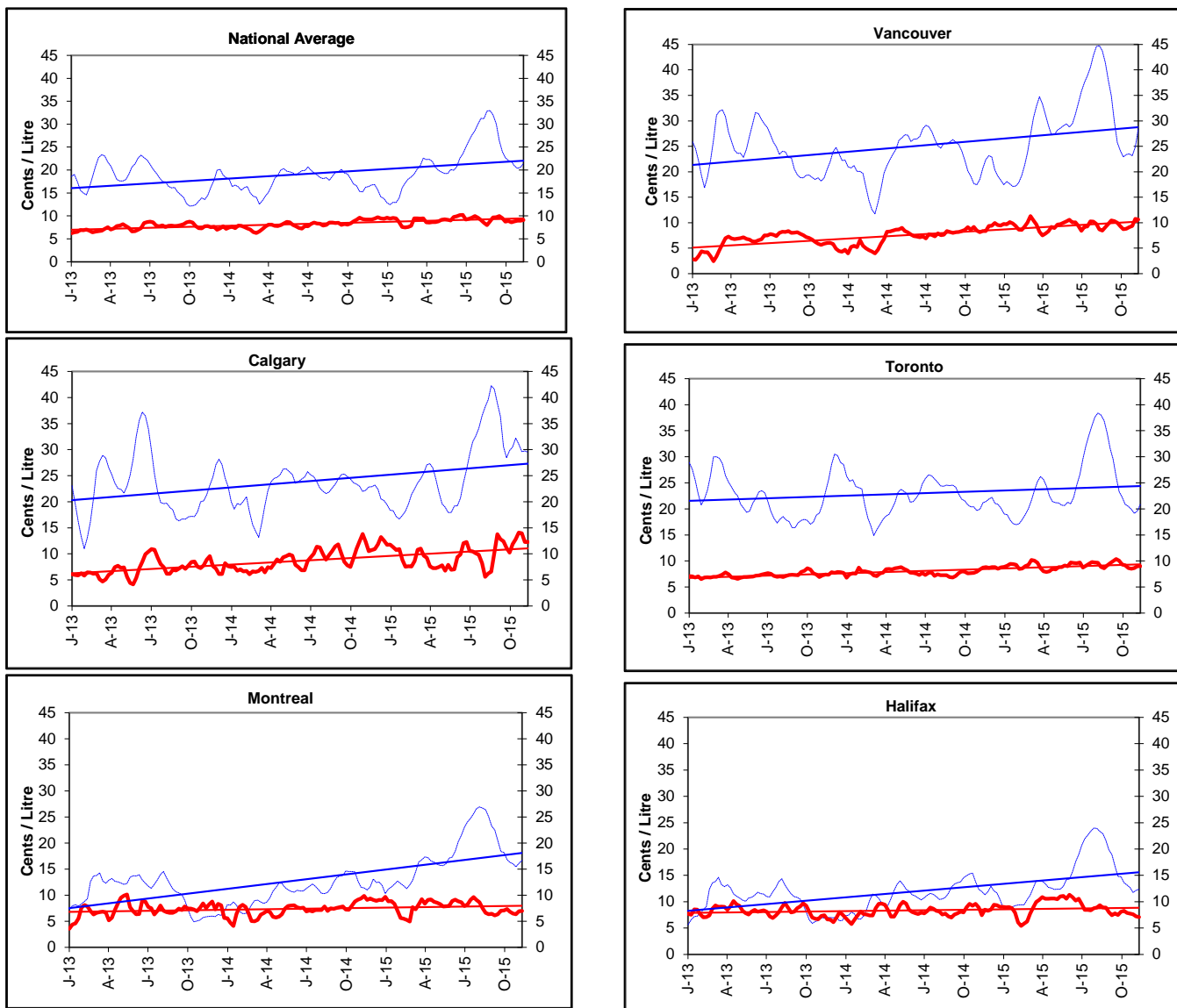
The gasoline marketing margins represent the difference between the wholesale and retail prices of gasoline. This margin pays for the costs associated with operating a service station.

Gasoline refining margins have been trending downwards over recent weeks in all of the major Canadian markets shown below.

Nationally, the four-week rolling average ending November 10, 2015 was 21.4 cents per litre, an increase of approximately 1 cent over the past two weeks. Compared to the same time last year, margins in Canada are 5 cents per litre higher.

Canadian marketing margins have been fairly stable over the past two weeks, averaging almost 9 cents per litre.

Figure 5: Gasoline Refining and Marketing Margins
Four-Week Rolling Average Ending November 10, 2015
----- Refining Margin — Marketing Margin



Source: NRCan



Crude Oil Overview

For the two weeks ending November 10, 2015, prices for the three light crude benchmarks averaged between CAD\$360.15 /m³ and CAD\$402.25/m³ (US\$43.46 and US\$48.54 per barrel).

Canadian light crude oil prices at Edmonton increased by CAD 7.64\$/m³ (US\$ 0.52 per barrel) from two weeks ago, West Texas Intermediate (WTI) increased by CAD\$ 7.26/m³ (US\$ 0.45 per barrel) and Brent increased by CAD\$ 6.37/m³ (a increase of US\$0.32 per barrel).

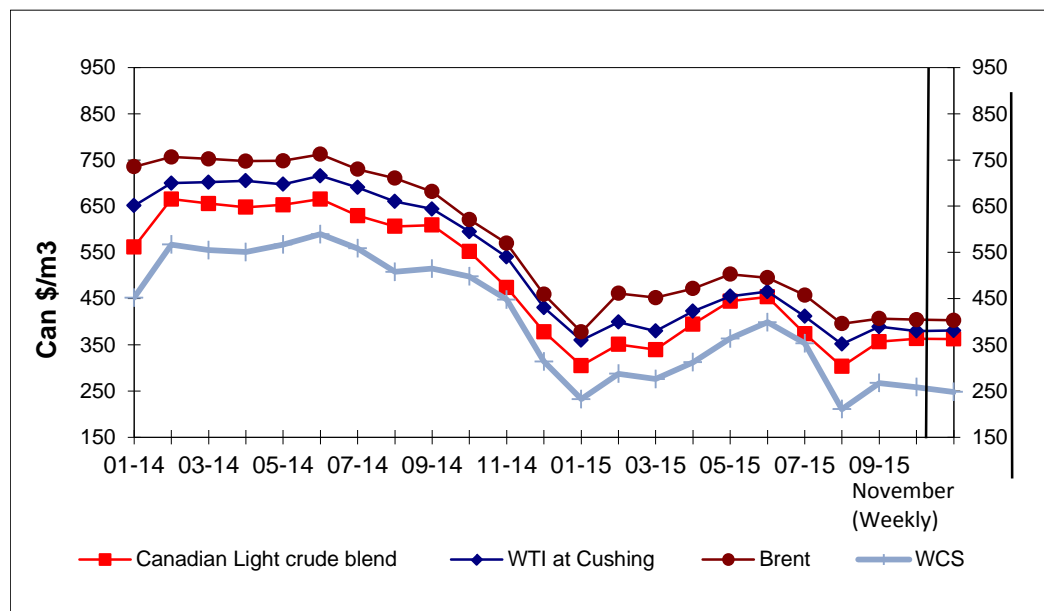
The differential between Canadian light crude and WTI for the two weeks ending November 10 was CAD \$18.20/m³, (US\$ 2.19 per barrel), a slight decrease from the previous two weeks where it averaged CAD \$18.58/m³ (US\$2.26 per barrel). Meanwhile, for the same period, the differential between Canadian light crude and Brent was CAD \$42.10/m³ (US\$5.08 per barrel). This differential decreased from the previous two week period where it averaged CAD \$43.37/m³ (US\$5.28 per barrel).

The discount for Canadian heavy oil, as measured by the Western Canadian Select (WCS) price differential to WTI averaged CAD\$122.70/m³ (US \$14.81 per barrel) for the two weeks ending November 10, 2015.

For the week ending October 30, the US Energy Information Administration (EIA) data showed that US crude inventories increased by 2.8 million barrels. At 482.8 million barrels, US crude oil inventories remain near record levels for this time of year.

In the U.S., gasoline stockpiles decreased by 3.3 million barrels and are above the upper limit of the average range. Distillate fuel inventories decreased by 3.0 million barrels last week but are in the average range for this time of year. EIA data showed a slight rise in US refinery utilization, with rates increasing 1.1 percentage points to 88.7%.

Figure 6: Crude Oil Price Comparisons



Changes in Crude Oil Prices

Crude Oil Types	Two Weeks Ending: 2015-11-10		Change From:			
			2 Weeks Prior		Last Year	
	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl
Canadian Light	360.15	43.46	+7.64	+0.52	-136.89	-26.38
WTI	378.34	45.65	+7.26	+0.45	-184.23	-33.04
Brent	402.25	48.54	+6.37	+0.32	-195.64	-35.47
WCS	255.64	30.85	+3.64	+0.15	-193.42	-48.17

Source: NRCan