



Fuel Focus

National Overview

Canadian Retail Gasoline Prices Increased by 3 cents Over the Last Two Weeks

For the **two-week period** ending June 7, 2016, the Canadian average retail gasoline price was \$1.10 per litre. This is an increase of 3 cents per litre over the two-week period ending May 24, 2016. Prices are 8 cents per litre lower than the same period last year.

Average retail diesel prices increased by 4 cents per litre over the two-week period ending June 7, 2016 to reach \$1.01 per litre. This is 13 cents less compared to the same period last year. Over the same period, furnace oil prices increased by 1 cent to reach \$0.98, 10 cents per litre less than a year ago.

Recent Developments

Fuel Shortages in Western Canada

Last week several Petro-Canada gasoline stations in Western Canada ran out of gasoline as a result of an unplanned outage at Suncor's Edmonton refinery. The company said that there would be shortages at Petro-Canada sites in Alberta, Saskatchewan, Manitoba and in the B.C. interior. Also contributing to the reduced supply were the shutdowns of oilsands production caused by the Fort McMurray, Alberta wildfire. Suncor is currently working to minimize the supply disruptions to its retail and wholesale customers, and expects that the affected refinery unit will be back in service by the end of this week.

Source: Suncor

<http://www.marketwired.com/press-release/suncor-energy-provides-rmwb-production-and-2016-corporate-guidance-update-tsx-su-2131749.htm>

Ontario Releases Climate Action Plan

On June 8, 2016, the Government of Ontario released its five-year *Climate Action Plan* for 2016-2020. The plan identifies a number of specific transportation industry related measures. Among these are an increase to the renewable content required in gasoline sold in the province, incentives for electric vehicles including rebates for both electric vehicles and charging stations, and support for natural gas and low-carbon fueling infrastructure for commercial vehicles. The government will report annually on the plan's implementation and renew the plan every five years.

Source: Government of Ontario

<https://www.ontario.ca/page/climate-change-action-plan>

U.S. Energy Information Administration (EIA) 2016 International Energy Outlook

On May 11, 2016, the EIA released its *International Energy Outlook 2016*. The EIA projects that world liquid fuels demand will grow from 90-million barrels a day in 2012 to 100-million b/d in 2020 and 121-million b/d in 2040. They project that demand for transportation liquid fuels (such as gasoline and diesel) will grow by 1.1% annually and account for 62% of the growth in liquid fuels demand over the 2012-2040 period. To meet this demand, world liquids production will have to rise by 30.5-million b/d over the next 25 years. World transportation energy demand is projected to grow by 1.4% annually, with 94% of the increase occurring in developing, non-OECD economies.

Source: EIA

<http://www.eia.gov/forecasts/ieo/>

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

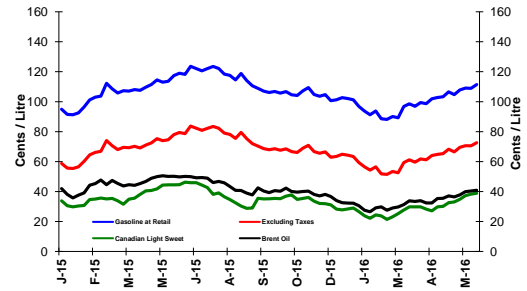
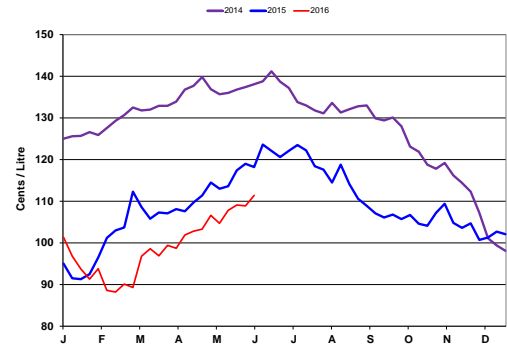


Figure 2: Weekly Regular Gasoline Prices



Changes in Fuel Prices

¢/L	Two week average ending:	Change from:	
	2016-06-07	2 Weeks Ago	Last Year
Gasoline	110.2	+3.0	-8.4
Diesel	100.7	+4.3	-12.6
Furnace Oil	97.9	+1.0	-10.1
Natural Gas Prices in \$CA/GJ			
Alberta (AECO)	1.41	+0.18	-0.98
Ontario (Dawn)	2.55	+0.13	-0.69

Source: NRCan, Bloomberg

Natural Gas Prices for Vehicles

2016-06-07	¢/kilogram	¢/L gasoline equivalent	¢/L diesel equivalent
Vancouver	122.0	80.5	83.4
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 June 7, 2016, the **four-week-average** regular gasoline pump price in selected cities across Canada increased by 2 cents to \$1.09 per litre compared to the previous report of May 24, 2016. Compared to the same period in 2015, the average Canadian pump price is 5 cents per litre lower.

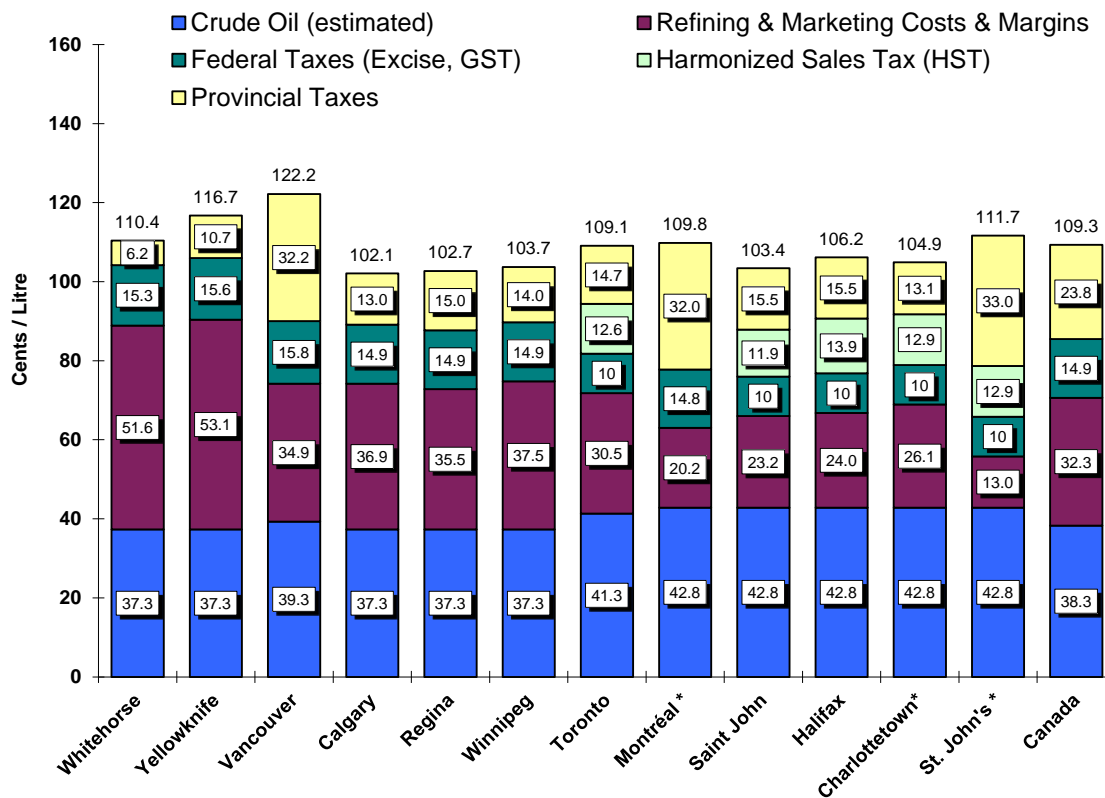
The **four-week-average** crude oil component increased by 3 cents to reach an average of 38 cents over the period. The crude oil price component of gasoline is 12 cents per litre lower than this time last year.

Over the past week, gasoline prices increased by as much as 11 cents per litre in the interior of B.C., an average of 9 cents across Alberta and by an average of 5 and 7 cents in Saskatchewan and Manitoba respectively. Prices also jumped in Thunder Bay by 8 cents per litre.

These areas are all part of the Western Canadian supply orbit largely served by refineries in Alberta which have been impacted by the wildfire situation in Fort McMurray, Alberta and the gasoline supply disruptions.

Overall, retail gasoline prices in Western centres increased by 5 cents per litre compared to the previous report and ranged from \$1.02 per litre to \$1.22 per litre. Prices in Eastern cities increased by 3 cents per litre and ranged from \$1.03 to \$1.12 per litre.

**Figure 3: Regular Gasoline Pump Prices in Selected Cities
Four-Week Average (May 17 to June 7, 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 June 2, 2016, wholesale gasoline prices across selected North American cities increased in Western cities while declining slightly in Eastern cities.

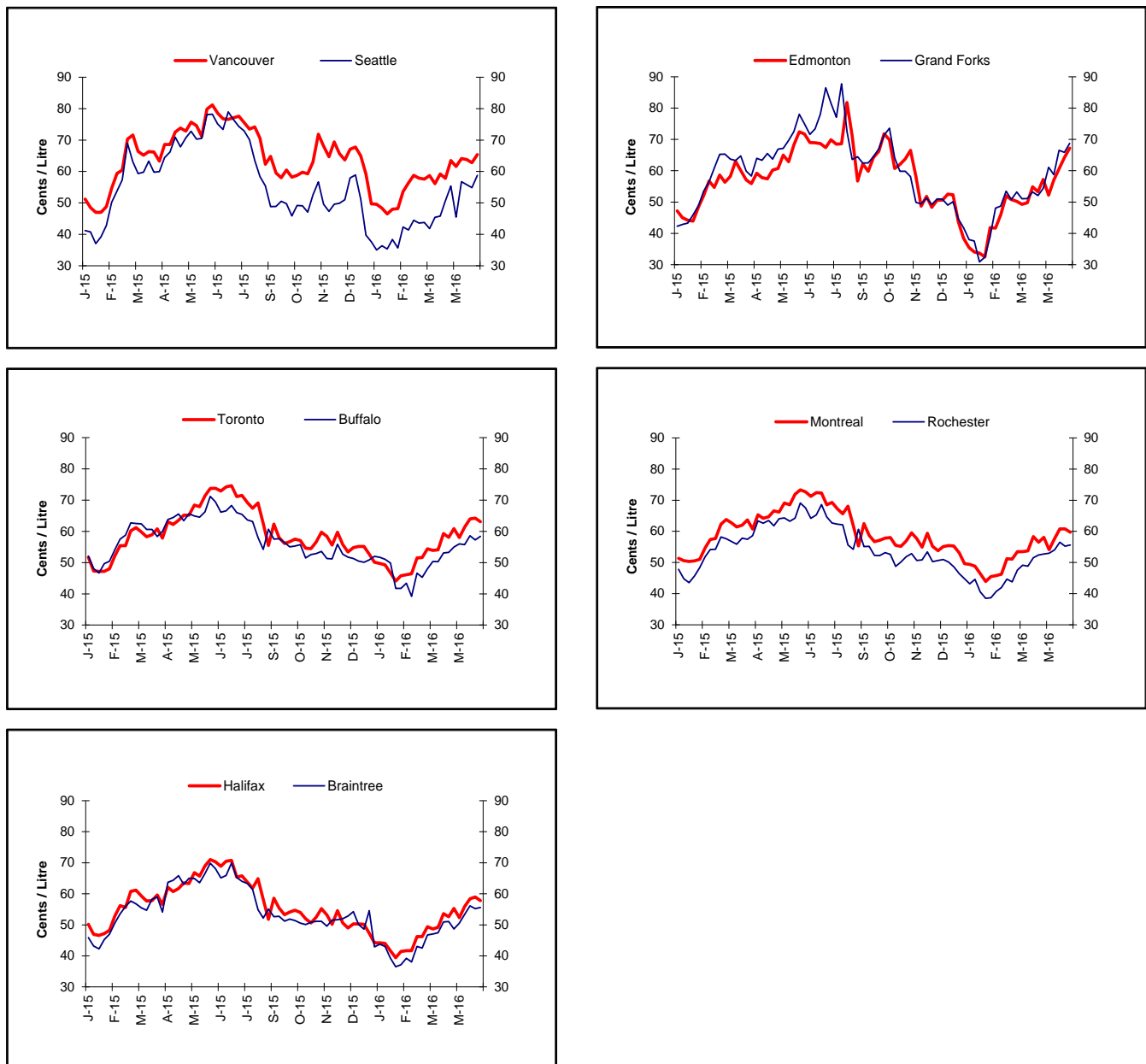
Wholesale gasoline prices for the two week period ended between 56 and 69 cents per litre. This compares to the previous two week period where prices were in the 56 to 67 cents per litre range.

In Western cities, wholesale gasoline prices increased by between 1 cent and 7 cents per litre, ending in the 59 to 67 cents per litre range.

Wholesale gasoline prices in Eastern markets of Canada and the U.S decreased by 1 cent per litre in each of the markets analyzed and ended in the 56 to 63 cents per litre range.

Wholesale prices remain lower than last year in all markets.

Figure 4: Wholesale Gasoline Prices
Rack Terminal Prices for Selected Canadian and American Cities Ending June 2, 2016
(CAN ¢/L)





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.

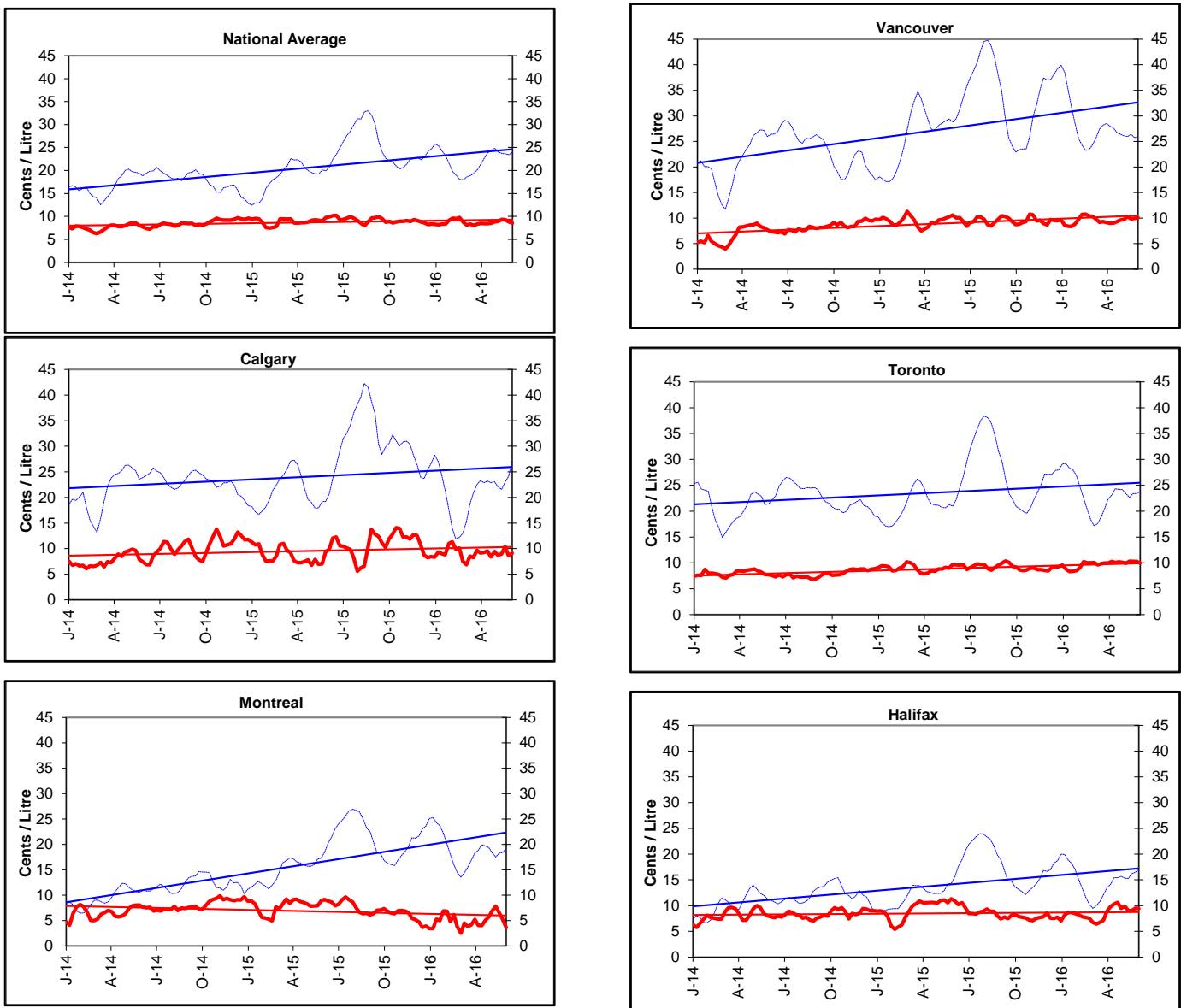
Nationally, the **four-week rolling average** refining margin for the period ending June 7, 2016 was 24 cents per litre, which is the same as it has been over the several weeks.

Compared to the same time last year, refining margins in Canada are 3 cents per litre higher.

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.

Overall, the national average for marketing margins remained at 9 cents, the same as the previous report of May 27, 2016.

Figure 5: Gasoline Refining and Marketing Margins
Four-Week Rolling Average Ending June 7, 2016
----- Refining Margin — Marketing Margin





Crude Oil Overview

The price of Brent and West Texas Intermediate (WTI) reached their highest closing prices of the year this past week, closing at \$52.51 U.S. per barrel (CAD \$422.39 / m³) and \$51.23 U.S. per barrel (CAD \$412.10) respectively on June 8, 2016.

For the two weeks ending June 7, 2016, prices for the three light crude benchmarks averaged between CAD\$388.48 /m³ and CAD\$408.13/m³ (U.S.\$47.54 and U.S.\$49.92 per barrel).

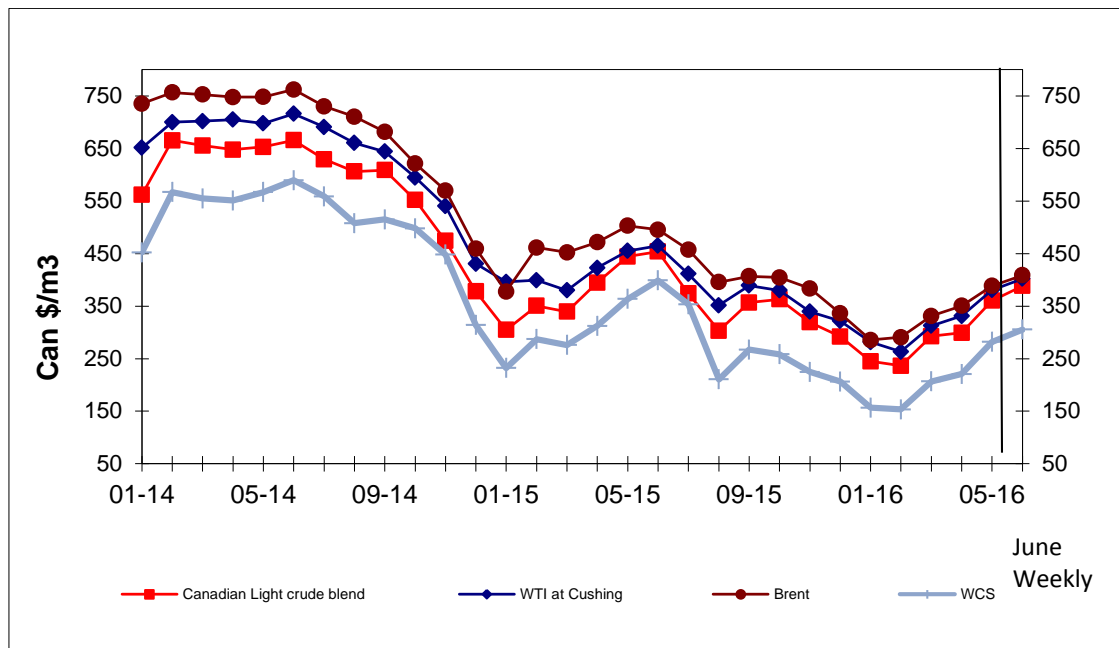
Canadian light crude oil prices at Edmonton increased by CAD\$20.49/m³ (U.S.\$2.49 per barrel) from two weeks ago, WTI increased by CAD\$15.16/m³ (U.S.\$1.83 per barrel) and Brent increased by CAD\$11.83/m³ (U.S.\$1.40 per barrel). The price of Western Canada Select increased by CAD \$16.02/ m³ (U.S.\$1.95) from two weeks ago.

The discount for Canadian heavy oil, as measured by the Western Canadian Select price differential to WTI, averaged CAD\$96.52/m³ (U.S.\$11.81 per barrel) for the two weeks ending June 7, 2016.

At its peak, the wildfires in Fort McMurray, Alberta resulted in approximately 1.5 million barrels per day (bpd) of shut-in oil sands production. The situation is improving and the disruption to production now stands at approximately 600,000 bpd. This represents less than 25% of Canada's oil sands production capacity of 2.5 million bpd. Production is expected to return to pre-fire production levels over the coming weeks.

For the week ending June 3, 2016, EIA data showed a 3.2 million barrel decrease in U.S. commercial crude inventories week-over-week, with total stocks now at 532.5 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 1.2 percentage points to 90.9%.

Figure 6: Crude Oil Price Comparisons



Changes in Crude Oil Prices

Crude Oil Types	Two Weeks Ending: 2016-06-07		Change From:			
			2 Weeks Prior		Last Year	
	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl
Canadian Light	388.48	47.54	+20.49	+2.49	-72.43	-11.48
WTI	403.09	49.32	+15.16	+1.83	-60.61	-9.88
Brent	408.13	49.92	+11.83	+1.40	-91.03	-13.81
WCS	306.57	37.51	+16.02	+1.95	-95.91	-13.87

Source: NRCan