



Fuel Focus

National Overview

Canadian Retail Gasoline Prices Increased by 1 cent per Litre over the Last Two Weeks

For the **two-week** period ending December 22, 2015, the Canadian average retail gasoline price fell to \$1.02 per litre. This is a decrease of 1 cent compared to the two-week period ending December 8, 2015. Prices are 2 cents per litre higher than the same period last year.

Average retail diesel prices decreased by 3 cents per litre over the same time period to \$1.00. This is 20 cents less compared to the same period last year. Over the same period, furnace oil prices decreased by 3 cents to reach \$0.97, 19 cents per litre less than a year ago.

Recent Developments

- Lower Energy Prices Continue to Moderate the Rise in the Consumer Price Index**

On December 18, 2015, Statistics Canada released the November Consumer Price Index (CPI). The CPI rose 1.4 percent in the 12 months leading up to November 2015. Gasoline prices were down 10.6 percent over the same period. Statistics Canada reports that overall, transportation prices (including for gasoline) decreased by 1.1 % compared to last year at this time. This represents the smallest decrease since November 2014. Source: Statistics Canada

<http://www.statcan.gc.ca/daily-quotidien/151218/dq151218b-eng.htm>

- International Energy Agency Predicts Slower Demand Growth in 2016**

On December 11, 2015, the International Energy Agency (IEA) released its December Oil Market Report. The IEA is currently projecting that world oil markets will remain oversupplied until at least late 2016. With respect to crude oil demand, they project incremental demand growth will slow in 2016, to 1.2 million barrels per day (bpd) by the end of 2016. This is down from the five-year high in 2015, which saw demand increase by 1.8 million bpd. The IEA also noted that incremental global production in 2015 increased by 1.8 million bpd over 2014 levels, with increased OPEC production accounting for roughly 85% of this annual increase.

Source: International Energy Agency

<https://www.iea.org/oilmarketreport/omrpublic/>

- The United States Repeals the Ban on the Export of Domestic Crude Oil**

On December 18, 2015, the U.S. Congress passed a spending bill that includes a repeal of the 40 year old ban on the export of U.S. produced crude oil. The legislation was signed by President Barack Obama on December 21, ending the ban on crude oil exports. The export ban reduced the potential market for U.S. crude and has led to lower North American crude oil prices, particularly in light of increasing U.S. crude oil production.

Source: CTV News

<http://www.ctvnews.ca/business/experts-see-positives-for-canada-s-oilpatch-if-u-s-oil-export-ban-ends-1.2703894>

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

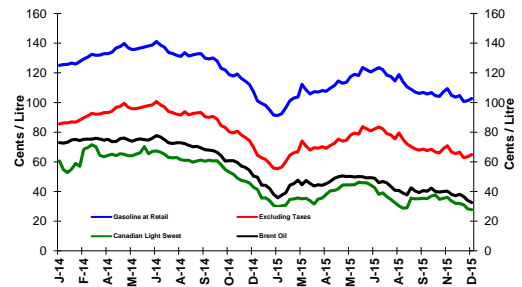
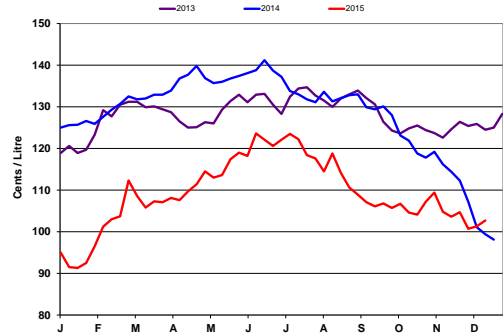


Figure 2: Weekly Regular Gasoline Prices



Changes in Fuel Prices

¢/L	Two week average ending:	Change from:	
	2015-12-22	2 Weeks Ago	Last Year
Gasoline	102.0	-0.7	1.8
Diesel	100.4	-3.2	-20.4
Furnace Oil	96.6	-2.7	-18.7
Natural Gas Prices in \$CA/GJ			
Alberta (AECO)	2.14	-0.07	-0.92
Ontario (Dawn)	2.39	-0.35	-2.60

Source: NRCAN, Bloomberg

Natural Gas Prices for Vehicles

2015-12-22	¢/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

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

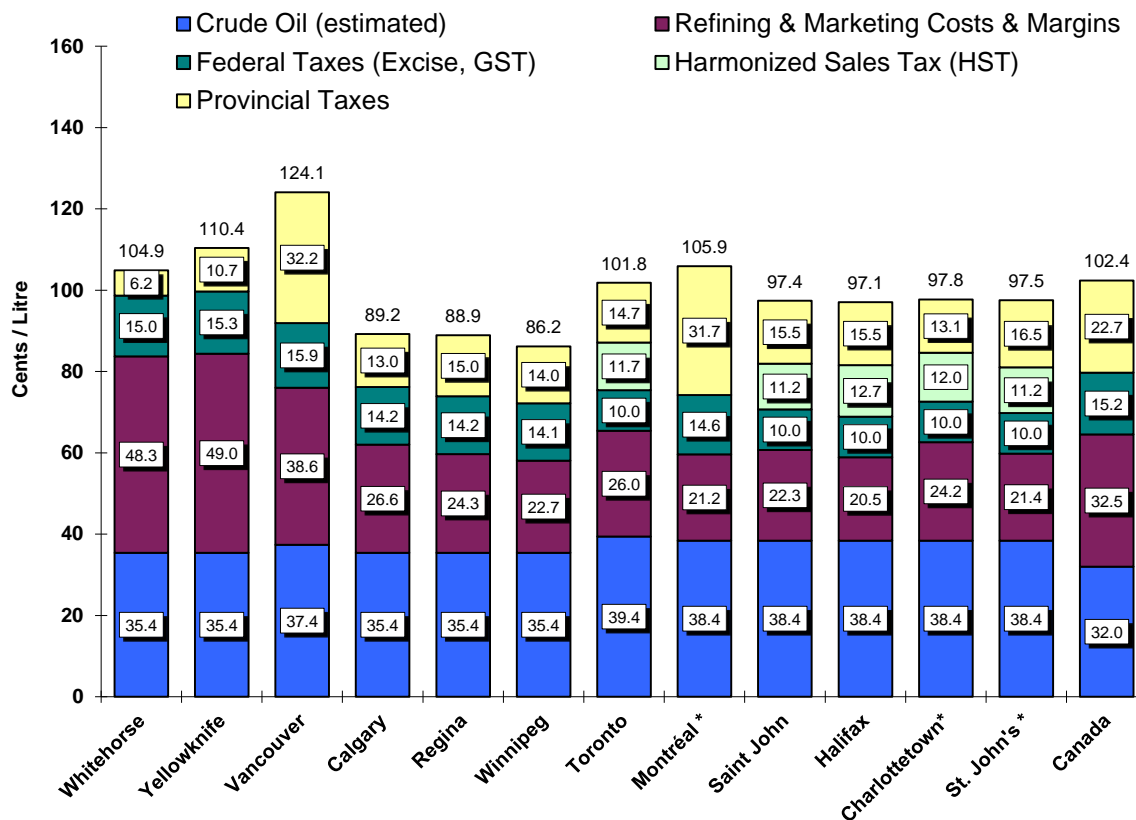
For the period ending December 22, 2015, regular gasoline pump prices in selected cities across Canada decreased to \$1.02 per litre compared to the previous report of December 8, 2015. Compared to the same period in 2014, the average Canadian pump price is 3 cents per litre lower.

The **four-week-average** crude oil component of gasoline decreased by 2 cents, averaging 32 cents over the period. This is 17 cents per litre lower than this time last year.

Retail gasoline prices in Western centres decreased by 2 cents per litre compared to the previous report and ranged from \$0.86 per litre to \$1.24 per litre. Prices in Eastern cities decreased by 2 cents per litre and ranged from \$0.97 to \$1.06 per litre.

At the national level, refining and marketing costs and margins were 32.5 cents per litre, 1.3 cents higher compared to the previous report and 13 cents higher than the same time last year.

**Figure 3: Regular Gasoline Pump Prices in Selected Cities
Four-Week Average (December 1 to December 22, 2015)**



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 December 17, 2015, wholesale gasoline prices across selected North American cities were fairly stable, and ranged from a decrease of less than 1 cent per litre to an increase of 8 cents per litre.

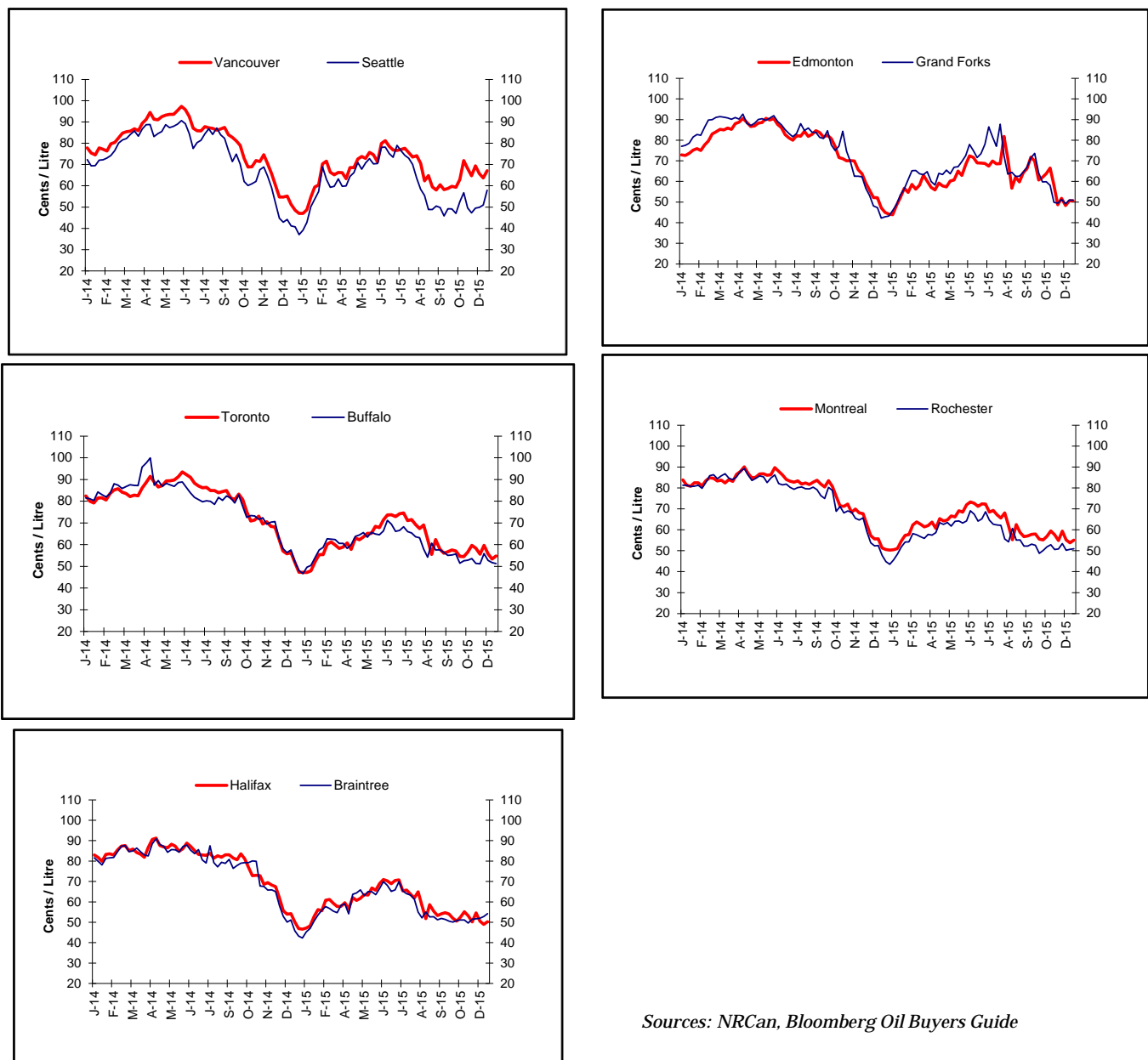
Wholesale gasoline prices for the two week period averaged between 50 and 67 cents per litre. This compares to the previous two week period where prices were in the 48 to 66 cents per litre range.

In Western cities, wholesale gasoline prices ranged from a decrease of 1 cent per litre to an increase of 8 cents per litre ending in the 50 to 67 cents per litre range.

Price changes in Eastern Canada and the U.S. ranged between an increase of less than 1 cent to an increase of 2 cents per litre ending in the 50 to 55 cents per litre range.

Wholesale prices in these Canadian cities are between 1 and 4 cents lower than last year with the exception of Vancouver, where prices are 12 cents higher.

Figure 4: Wholesale Gasoline Prices
Rack Terminal Prices for Selected Canadian and American Cities Ending December 17, 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.

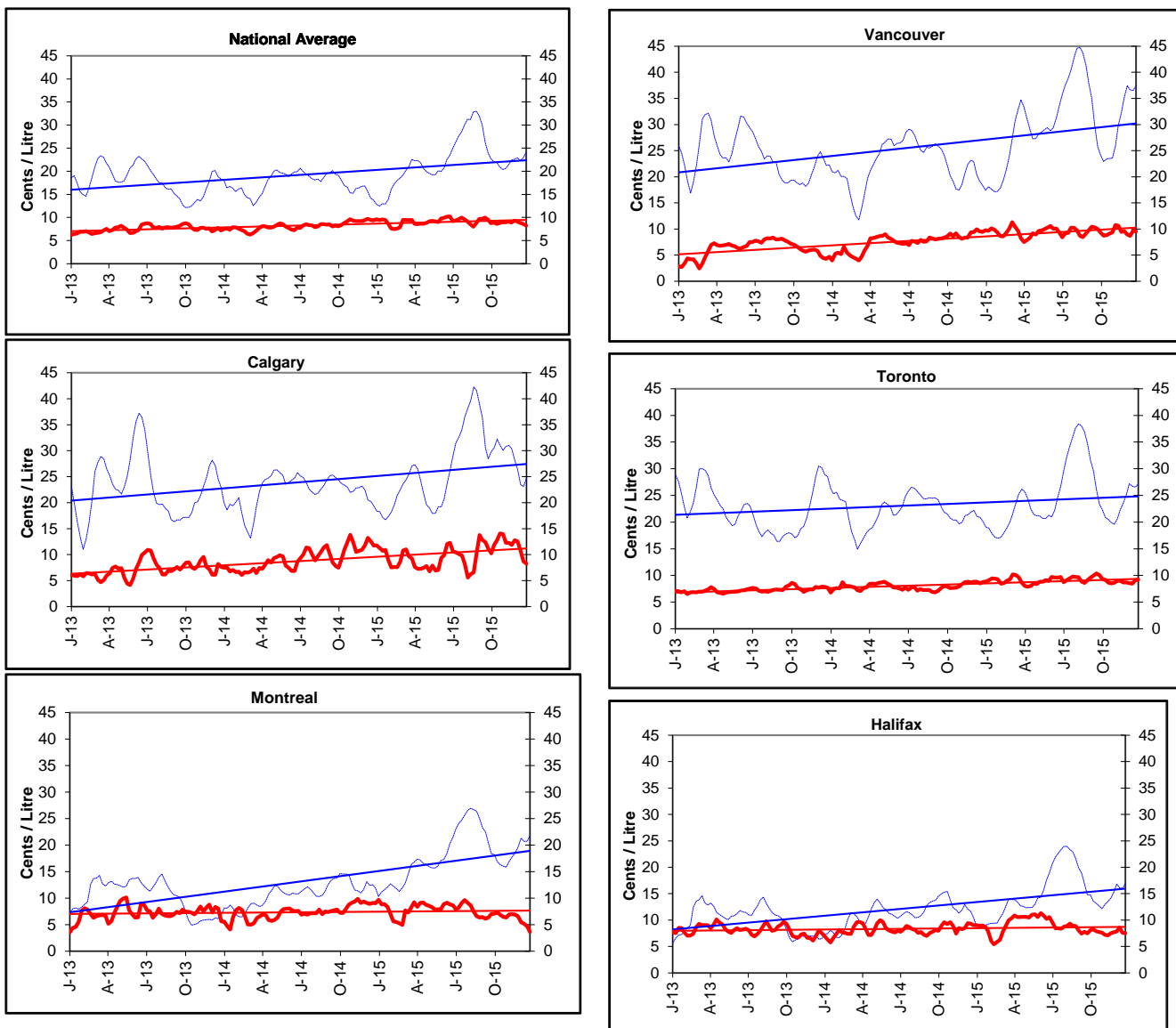
Gasoline refining margins refer to the difference between the price of crude oil and the wholesale price at which the refiner can sell gasoline. The margin includes the cost associated with refining the product as well as a profit for the refiner.

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.

Nationally, the four-week rolling average refining margin for the period ending December 22, 2015 was 24.2 cents per litre, a decrease of 2 cents over the past two weeks. Compared to the same time last year, margins in Canada are 10 cents per litre higher.

The Canadian average marketing margins have decreased by 1 cent over the past two weeks, averaging 8 cents per litre.

Figure 5: Gasoline Refining and Marketing Margins
Four-Week Rolling Average Ending December 22, 2015
----- Refining Margin — Marketing Margin



Source: NRCan



Crude Oil Overview

The Canadian dollar weakened by nearly 3% over the past two weeks, which is reflected in the relative price changes below. For the two weeks ending December 22, 2015, prices for the three light crude benchmarks averaged between CAD\$280.88/m³ and CAD\$327.81/m³ (U.S.\$32.38 and U.S.\$37.80 per barrel).

Canadian light crude oil prices at Edmonton increased by CAD 0.60\$/m³ (a decrease of U.S.\$4.58 per barrel) from two weeks ago, West Texas Intermediate (WTI) increased by CAD\$ 5.21/m³ (a decrease of U.S.\$ 4.47 per barrel) and Brent decreased by CAD\$ 39.69/m³ (U.S.\$5.85 per barrel).

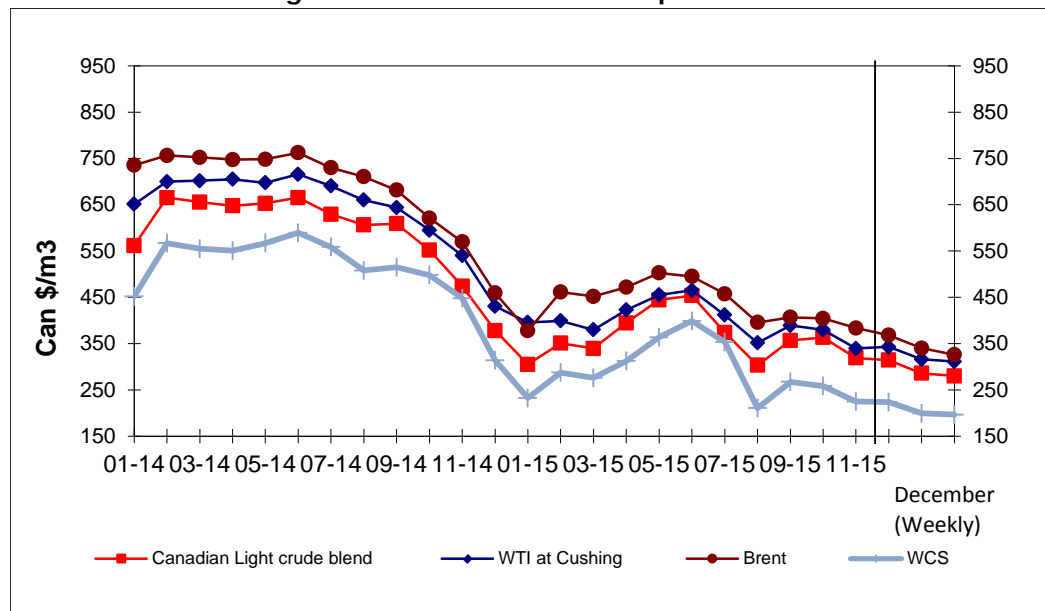
The differential between Canadian light crude and WTI for the two weeks ending December 22 was CAD \$29.92/m³, (U.S.\$ 3.45 per barrel), a slight increase from the previous two weeks where it averaged CAD \$25.31/m³ (U.S.\$3.34 per barrel). Meanwhile, for the same period, the differential between Canadian light crude and Brent was CAD \$46.93/m³ (U.S.\$5.41 per barrel). This differential decreased from the previous two week period.

The discount for Canadian heavy oil, as measured by the Western Canadian Select (WCS) price differential to WTI averaged CAD\$114.88/m³ (U.S.\$13.25 per barrel) for the two weeks ending December 22, 2015.

For the week ending December 18, U.S. Energy Information Administration (EIA) data showed that U.S. crude inventories decreased by 5.9 million, with total stocks reaching 484.8 million barrels.

EIA data showed a slight decline in U.S. refinery utilization, with rates decreasing 0.6 percentage points to 91.3%.

Figure 6: Crude Oil Price Comparisons



Changes in Crude Oil Prices

Crude Oil Types	Two Weeks Ending: 2015-12-22		Change From:			
			2 Weeks Prior		Last Year	
	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl
Canadian Light	280.88	32.38	0.60	-4.58	-82.58	-17.46
WTI	310.80	35.83	5.21	-4.47	-105.30	-21.23
Brent	327.81	37.80	-39.69	-5.85	-120.28	-23.65
WCS	195.92	22.59	-3.33	-3.69	-98.03	-17.73

Source: NRCan