



Fuel Focus

National Overview

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

For the **two-week** period ending November 24, 2015, the Canadian average retail gasoline price reached \$1.04 per litre. This is a decrease of 4 cents compared to the two-week period ending November 10, 2015. Prices are 11 cents per litre lower than the same period last year.

Average retail diesel prices decreased by less than 1 cent per litre over the past two weeks to reach \$1.05. This is 26 cents less compared to the same period last year. Over the same period, furnace oil prices remained at \$1.00, 20 cents per litre less than a year ago.

Recent Developments

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

On November 20, 2015 Statistics Canada released information on the October Consumer Price Index (CPI). The CPI rose 1.0 per cent in the 12 months leading up to October 2015. Gasoline prices were down 17.1 per cent over the same period. Statistics Canada reports that overall, transportation prices (including for gasoline) decreased by 3.2 % compared to last year at this time. **Source:** Statistics Canada <http://www.statcan.gc.ca/daily-quotidien/151120/dq151120a-eng.htm>

- Alberta Climate Change Strategy**

On November 22, 2015, the Government of Alberta released its climate change strategy. Key elements proposed in the strategy include: an economy-wide carbon tax that would also apply to transportation fuels; an accelerated phase-out of coal-fired electricity; support for renewable electricity; a legislated oil sands emission limit; measures to address methane emissions and an increased focus on energy efficiency and innovation. **Source:** Government of Alberta <http://alberta.ca/climate/leadership-plan.cfm>

- Canadian Crude Oil is a Growing Source of U.S. Imports**

On November 12, 2015, the U.S. Energy Information Agency (EIA) reported that although overall U.S. crude oil imports have been declining since 2005, crude oil imports from Canada have been increasing. As of August, Canada provided 45% of all crude oil imports to the U.S., almost three times as much as all Persian Gulf countries. The EIA also noted that more than half of Canada's crude oil exports went to petroleum refineries in the U.S. Midwest.

Source: U.S. Energy Information Administration: <http://www.eia.gov/todayinenergy/detail.cfm?id=23732>

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

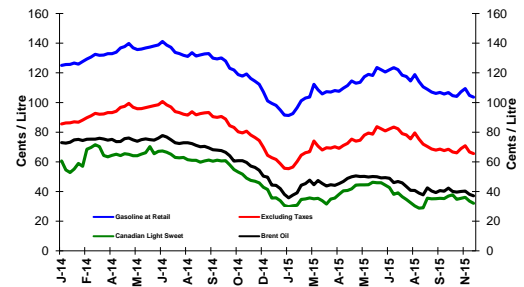
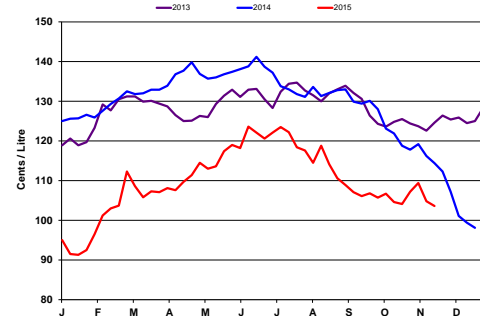


Figure 2: Weekly Regular Gasoline Prices



Changes in Fuel Prices

| ¢/L | Two week average ending: | Change from: | |
|-------------------------------|--------------------------|--------------|-----------|
| | 2015-11-24 | 2 Weeks Ago | Last Year |
| Gasoline | 104.2 | -4.1 | -11.1 |
| Diesel | 105.4 | -0.35 | -25.6 |
| Furnace Oil | 100.1 | -0.2 | -20 |
| Natural Gas Prices in \$CA/GJ | | | |
| Alberta (AECO) | 2.44 | +0.03 | -1.38 |
| Ontario (Dawn) | 2.80 | -0.15 | -2.17 |

Source: NRCAN, Bloomberg

Natural Gas Prices for Vehicles

| 2015-11-24 | ¢/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

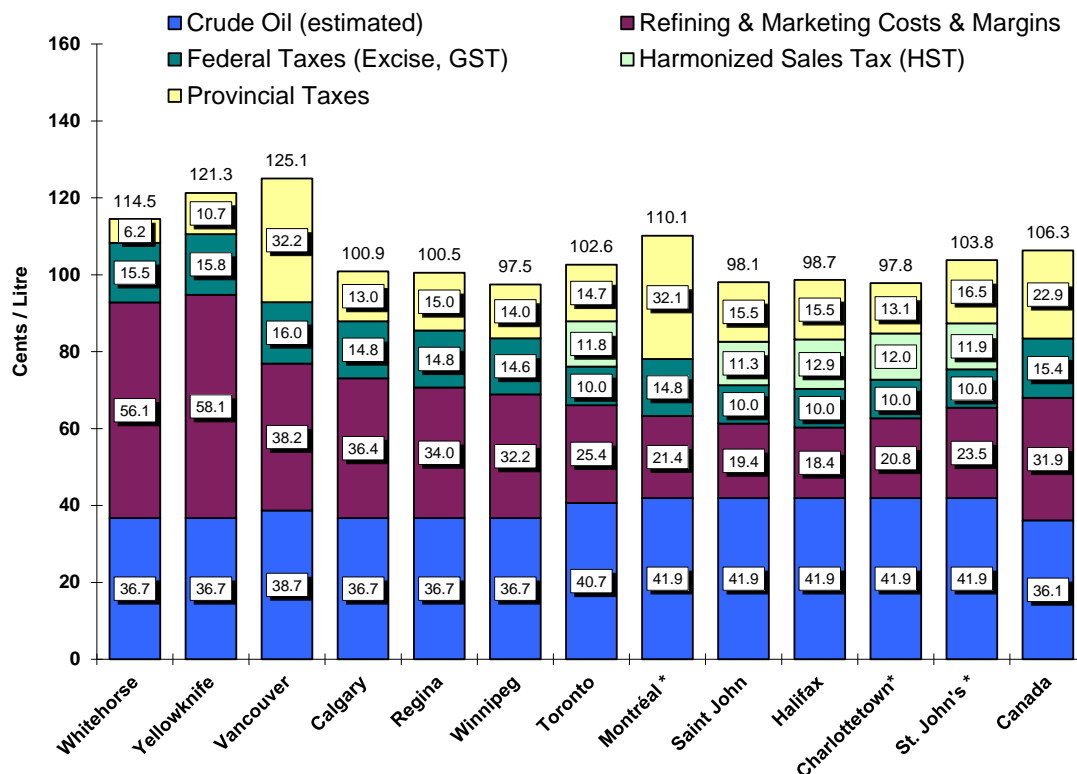
For the period ending November 24, 2015, the **four-week** average regular gasoline pump price in selected cities across Canada remained at \$1.06 per litre, compared to the previous report of November 10, 2015. Compared to the same period in 2014, the average Canadian pump price is 11 cents per litre lower.

The **four-week** average crude oil price component of gasoline decreased by 1.5 cents, averaging 36.1 cents per litre over the four-week period. This is 21 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 \$0.98 per litre to \$1.25 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 31.9 cents per litre, 1.4 cents higher compared to the previous report and 10 cents higher than the same period last year.

**Figure 3: Regular Gasoline Pump Prices in Selected Cities
Four-Week Average (November 3 to November 24, 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 19, 2015, wholesale gasoline prices decreased in the selected North American cities, except in Braintree, Massachusetts. Prices were down especially in Edmonton, Alberta (27%).

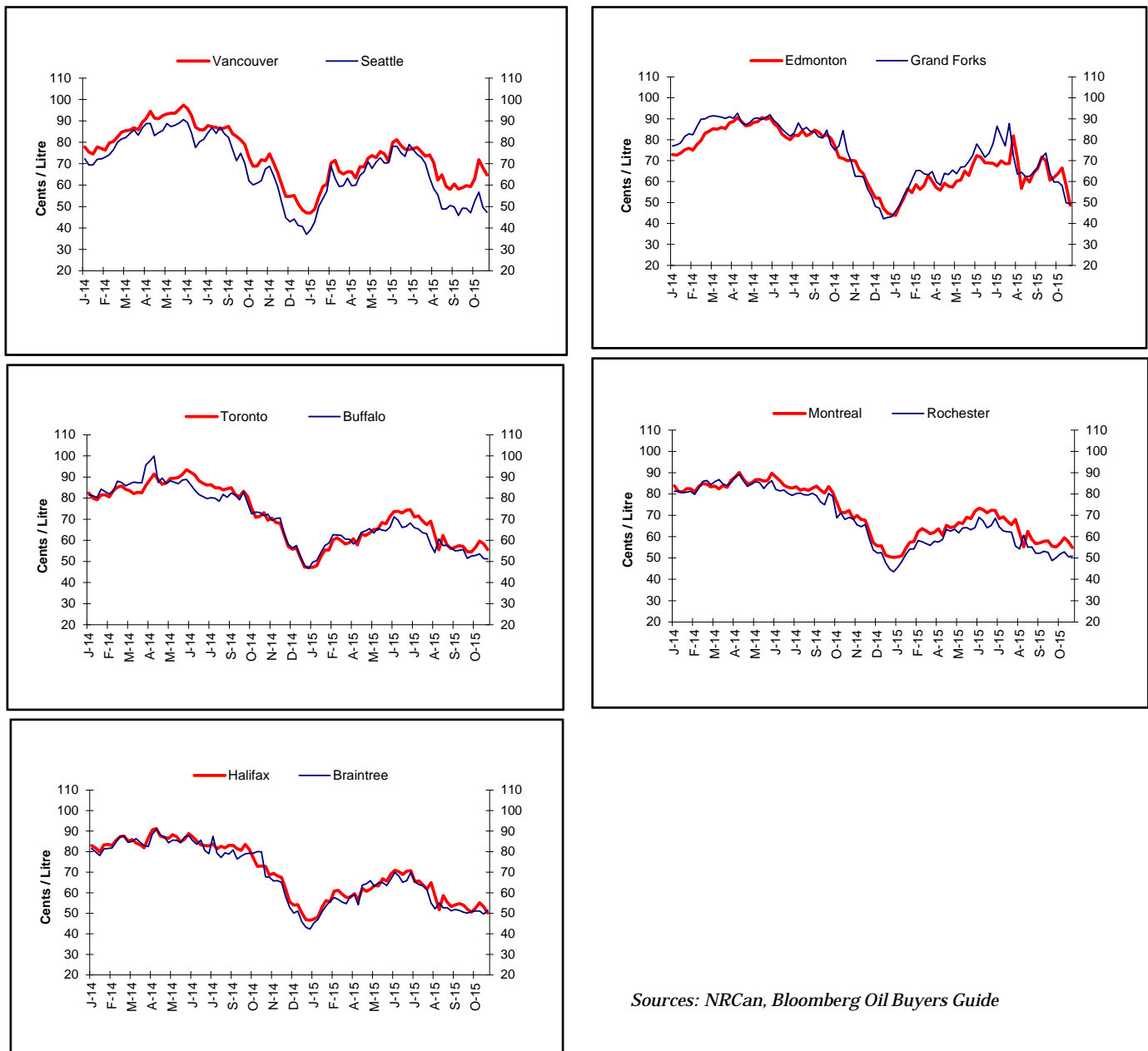
Wholesale gasoline prices for the two week period averaged between 47 and 65 cents per litre. This is similar to the the previous two week period, where prices were in the 47 to 62 cents per litre range.

In Western Cities, wholesale gasoline prices decreased between 7 and 18 cents per litre. Overall, prices in these markets ranged between 49 to 65 cents per litre.

Price changes in Eastern markets of Canada and the U.S. ranged between an increase of 2 cents and a decrease of 3 cents per litre ending in the 50 to 55 cents per litre range.

Overall, prices have been trending downwards over the last four weeks. Prices are between 6 and 19 cents per litre lower than in the same period last year.

Figure 4: Wholesale Gasoline Prices
Rack Terminal Prices for Selected Canadian and American Cities Ending November 19, 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 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.

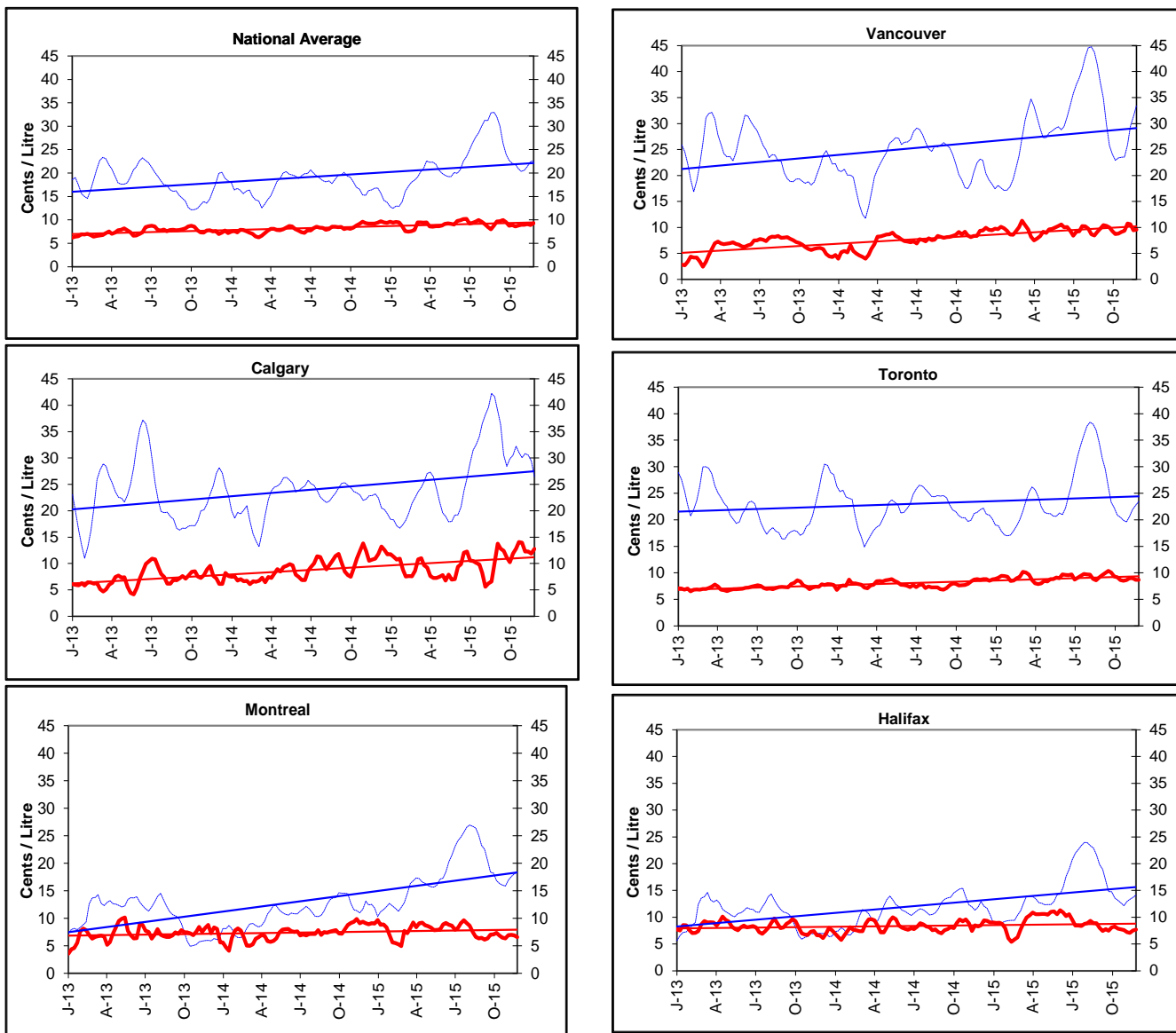
The gasoline marketing margins represent the difference between the wholesale and retail prices of gasoline. This margin pays for the costs associated with operating a service station.

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

Nationally, the four-week rolling average ending November 24, 2015 was 22.6 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 6 cents per litre higher.

Canadian marketing margins have been fairly stable over the past two weeks, averaging 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 24, 2015, prices for the three light crude benchmarks averaged between CAD\$322.42 /m³ and CAD\$373.27/m³ (US\$38.48 and US\$44.55 per barrel).

In the past two weeks, Canadian light crude oil prices at Edmonton decreased by CAD 37.73\$/m³ (US\$ 4.97 per barrel), West Texas Intermediate (WTI) decreased by CAD\$ 34.15/m³ (US\$ 4.57 per barrel) and Brent decreased by CAD\$ 30.80/m³ (US\$4.01 per barrel).

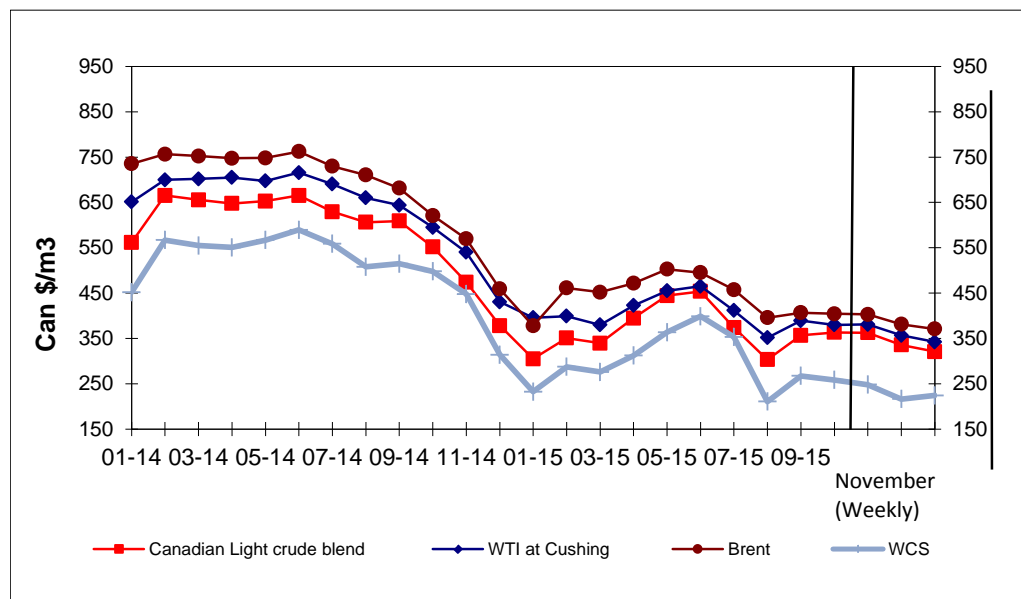
The differential between Canadian light crude and WTI for the two weeks ending November 24 was CAD \$21.77/m³, (US\$ 2.60 per barrel). This is a slight increase from the previous two weeks where it averaged CAD \$18.20/m³ (US\$2.19 per barrel). Meanwhile, for the same period, the differential between Canadian light crude and Brent was CAD \$50.85/m³ (US\$6.07 per barrel). This differential increased from the previous two week period where it averaged CAD \$42.10/m³ (US\$5.08 per barrel).

The discount for Canadian heavy oil, as measured by the Western Canadian Select (WCS) price differential to WTI, averaged CAD\$119.35/m³ (US \$14.25 per barrel) for the two weeks ending November 24, 2015.

For the week ending November 20, the U.S. Energy Information Administration (EIA) data showed that U.S. crude inventories increased by 1.0 million barrels. At 488.2 million barrels, US crude oil inventories remain near record levels for this time of year.

In the U.S., gasoline stockpiles increased by 2.5 million barrels and are above the upper limit of the average range. Distillate fuel inventories increased by 1.0 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 to 90.1%.

Figure 6: Crude Oil Price Comparisons



Changes in Crude Oil Prices

| Crude Oil Types | Two Weeks Ending: 2015-11-24 | | Change From: | | | |
|-----------------|---------------------------------|--------------|--------------------------|--------------|--------------------------|--------------|
| | | | 2 Weeks Prior | | Last Year | |
| | \$Can/ m ³ | \$US/ bbl | \$Can/ m ³ | \$US/ bbl | \$Can/ m ³ | \$US/ bbl |
| Canadian Light | 322.42 | 38.48 | -37.73 | -4.97 | -148.26 | -27.75 |
| WTI | 344.19 | 41.08 | -34.15 | -4.57 | -191.76 | -34.33 |
| Brent | 373.27 | 44.55 | -28.97 | -3.98 | -188.75 | -34.53 |
| WCS | 224.84 | 26.84 | -30.80 | -4.01 | -194.64 | -32.19 |

Source: NRCan