



Fuel Focus

National Overview

Canadian Retail Gasoline Prices Decreased by 1.5 Cents per Litre Over the Last Two Weeks

For the **two-week** period ending December 8, 2015, the Canadian average retail gasoline price fell to \$1.03 per litre. This is a decrease of 2 cents compared to the two-week period ending November 24, 2015. Prices are 7 cents per litre lower than the same period last year.

Average retail diesel prices decreased by 2 cents per litre over the same time period to \$1.04. This is 24 cents less compared to the same period last year. Over the same period, furnace oil prices decreased by less than 1 cent to reach \$0.99, 19 cents per litre less than a year ago.

Recent Developments

- Gross Domestic Product Declined in September**
 On December 1st, 2015, Statistics Canada reported that real gross domestic product fell by 0.5% in September, following three consecutive monthly increases. This was primarily the result of contraction in the oil and gas extraction sector, which fell by 5.5% in September. Support activities for mining and oil and gas extraction also fell by 13% due to a decline in both drilling and rigging services. Compared to September 2014, the output in these support activities is down by 49% and has decreased for five consecutive quarters.

Source: Statistics Canada

<http://www.statcan.gc.ca/dailyquotidien/151201/dq151201b-eng.htm>

- Conference Board Report on Reducing Canada's Road Transportation Emissions**

On November 12th, 2015, the Conference Board of Canada published the report, *Long, Hard Road: Reducing GHG Emissions in Canada's Road Transportation Sector by 2050*. The report highlights how greenhouse gas emissions in on-road transportation could be reduced through a variety of different approaches and policies including alternative technology vehicles, modal shifts, improved transportation planning, and behavioral change. Source: Conference Board

<http://www.conferenceboard.ca/e-library/abstract.aspx?did=7491>

- Ecofiscal Commission Report on Carbon Pricing**

On November 18, 2015, the Canadian Ecofiscal Commission published the report, *Getting the Facts on Carbon Pricing and Business Competitiveness*. This report explores the potential effect of carbon prices on business competitiveness. The report finds that carbon pricing will have the highest impact in sectors that have high and carbon intensive energy costs and a high level of trade exposure such as, refining, cement and fertilizer production.

Source: Ecofiscal Commission

<http://ecofiscal.ca/2015/11/18/carbon-competitiveness/>

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

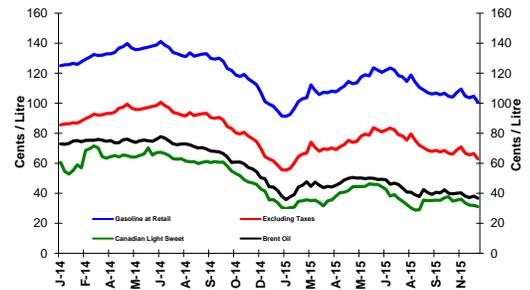
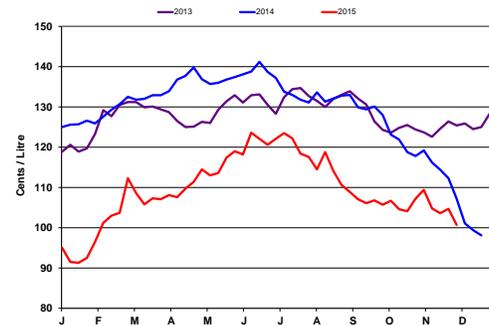


Figure 2: Weekly Regular Gasoline Prices



Changes in Fuel Prices

	Two week average ending:	Change from:	
		2 Weeks Ago	Last Year
¢/L	2015-12-08		
Gasoline	102.7	-1.5	-7.1
Diesel	103.6	-1.8	-23.7
Furnace Oil	99.3	-0.8	-19.2
Natural Gas Prices in \$CA/GJ			
Alberta (AECO)	2.21	-0.23	-1.28
Ontario (Dawn)	2.74	-0.06	-2.23

Source: NRCAN, Bloomberg

Natural Gas Prices for Vehicles

2015-12-08	¢/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

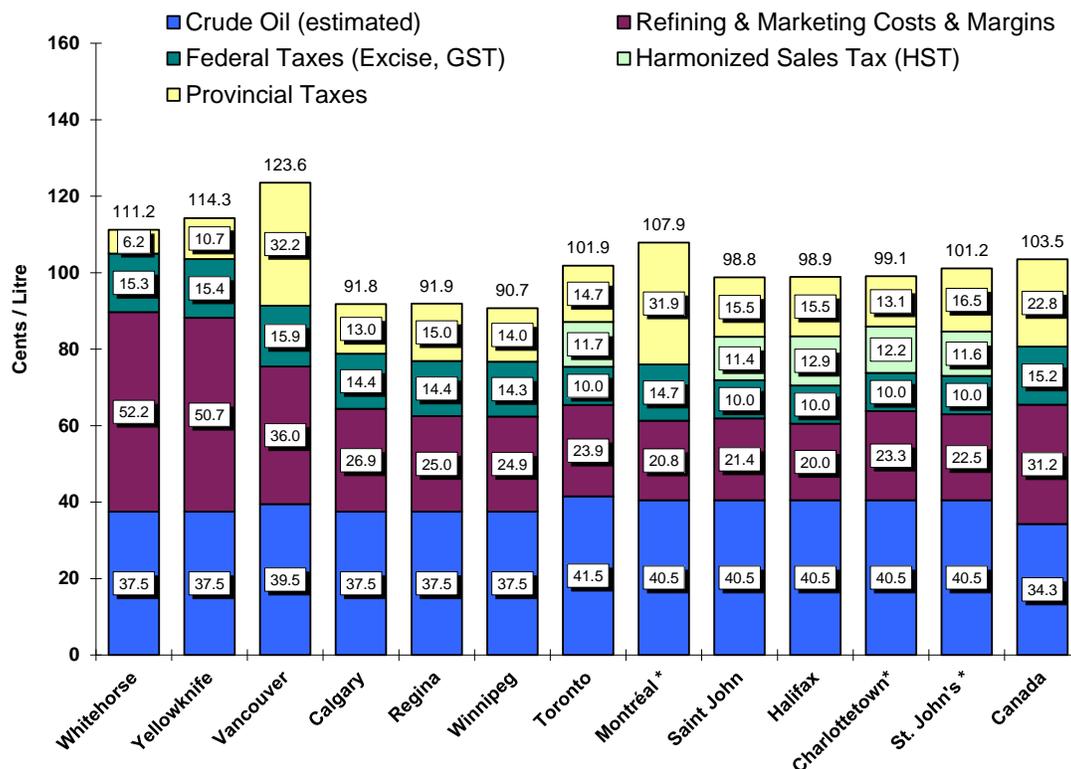
For the period ending December 8, 2015, regular gasoline pump prices in selected cities across Canada decreased to \$1.04 per litre compared to the previous report of November 24, 2015. Compared to the same period in 2014, the average Canadian pump price is 9 cents per litre lower.

The **four-week-average** crude oil component decreased by 1.8 cents, averaging 34.3 cents over the period. The crude oil price component of gasoline is 19 cents per litre lower than this time last year.

Retail gasoline prices in Western centres decreased by almost 7 cents per litre compared to the previous report and ranged from \$0.91 per litre to \$1.24 per litre. Prices in Eastern cities decreased by less than 1 cent and ranged from \$0.99 to \$1.08 per litre.

At the national level, refining and marketing costs and margins were 31.2 cents per litre, 0.7 cents lower compared to the previous report and 10 cents higher than the same time last year.

**Figure 3: Regular Gasoline Pump Prices in Selected Cities
Four-Week Average (November 17 to December 8, 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 3, 2015, wholesale gasoline prices across the selected North American cities were stable, and ranged from a decrease of less than 1 cent per litre to an increase of 2 cents per litre.

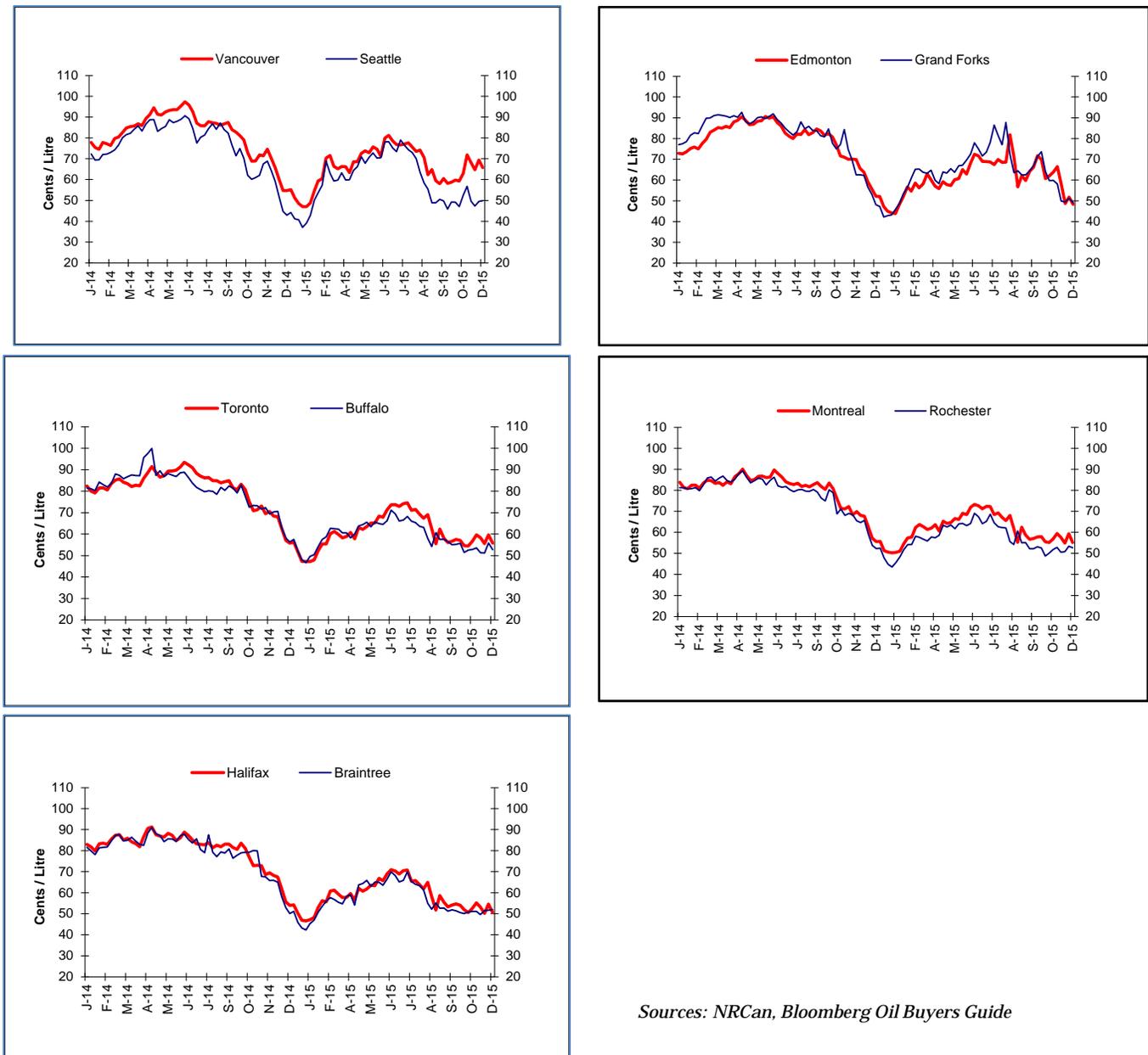
Wholesale gasoline prices for the two week period averaged between 48 and 66 cents per litre. This compares to the previous two week period where prices were in the 47 to 62 cents per litre range.

In Western cities, wholesale gasoline prices ranged from a decrease of less than 1 cent per litre to an increase of almost 3 cents per litre ending in the 48 to 66 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 56 cents per litre range.

Over the last four weeks, the gap between Canadian and U.S. wholesale prices has narrowed as Canadian prices have decreased, while U.S. prices have remained steady. Prices are between 5 and 12 cents per litre lower than in the same period last year, with the exception of Vancouver where prices are nearly 5 cents per litre higher.

Figure 4: Wholesale Gasoline Prices
Rack Terminal Prices for Selected Canadian and American Cities Ending December 3, 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.

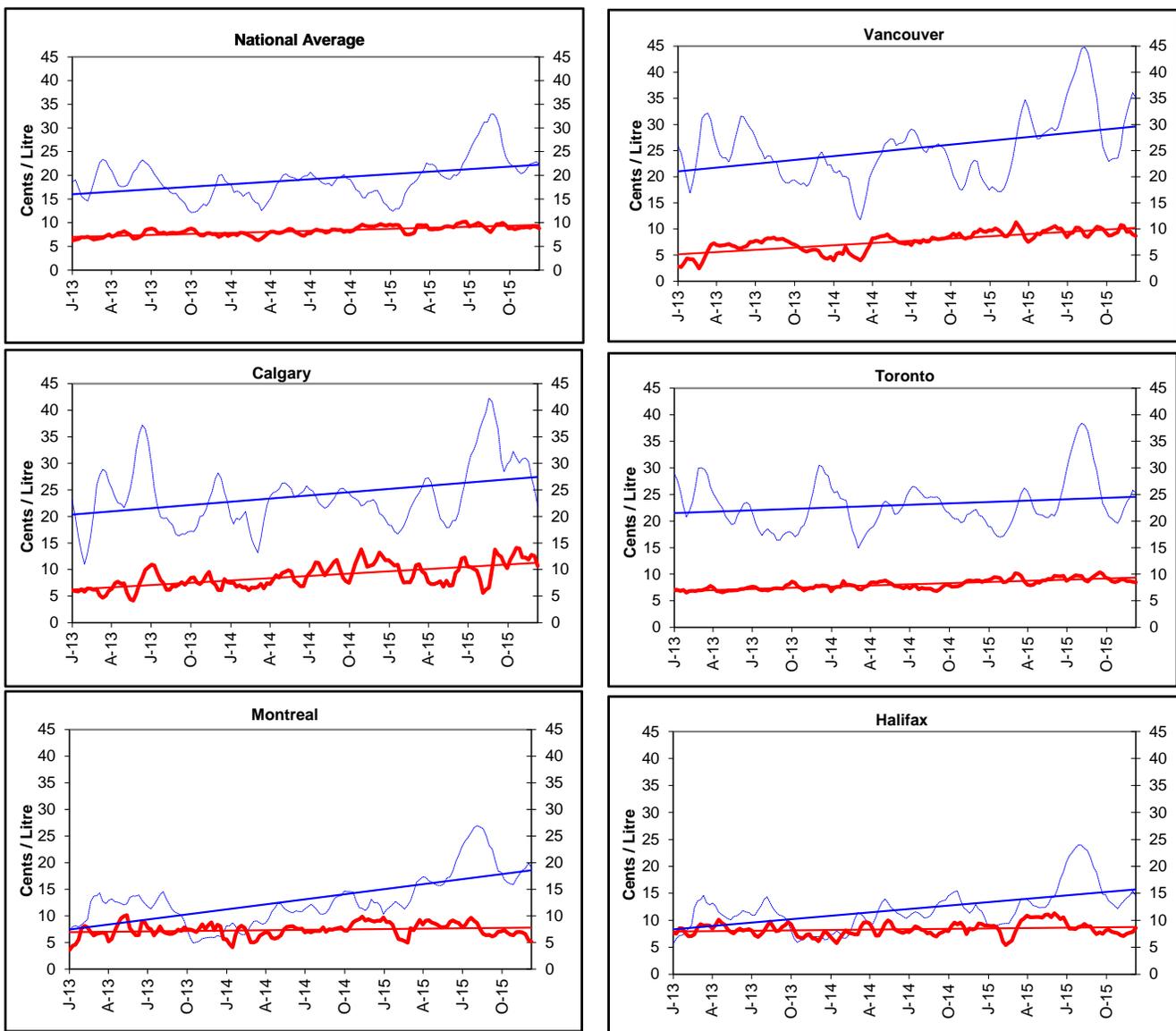
The gasoline marketing margins represent the difference between the wholesale and retail prices of gasoline. This margin pays for the costs associated with operating a service station.

The four-week average gasoline refining margins have been stable.

Nationally, the four-week rolling average refining margin for the period ending December 8, 2015 was 22.3 cents per litre, a decrease of less than 1 cent over the past two weeks. Compared to the same time last year, margins in Canada are 6 cents per litre higher.

The Canadian average marketing margins have decreased slightly over the past two weeks, averaging just under 9 cents per litre.

Figure 5: Gasoline Refining and Marketing Margins
Four-Week Rolling Average Ending December 8, 2015
----- Refining Margin — Marketing Margin



Source: NRCan



Crude Oil Overview

For the two weeks ending December 8, 2015, prices for the three light crude benchmarks averaged between CAD\$280.28/m³ and CAD\$367.50/m³ (U.S.\$36.96 and U.S.\$43.65 per barrel).

Canadian light crude oil prices at Edmonton decreased by CAD\$ 42.14/m³ (U.S.\$ 1.52 per barrel) from two weeks ago. West Texas Intermediate (WTI) decreased by CAD\$ 38.60/m³ (U.S.\$ 0.78 per barrel) and Brent decreased by CAD\$ 5.77/m³ (U.S.\$0.90 per barrel) during the same period.

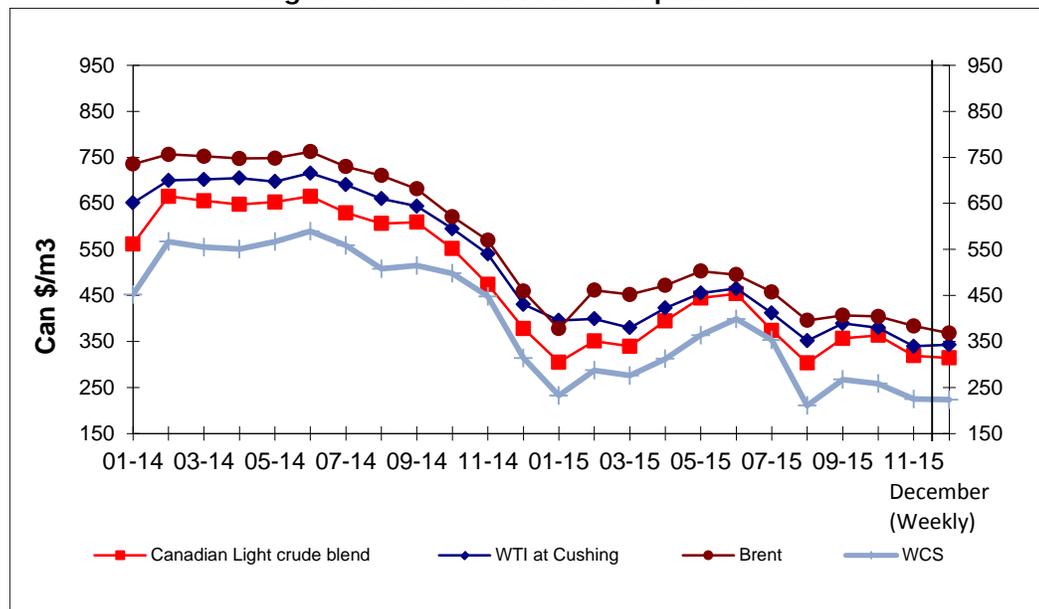
The differential between Canadian light crude and WTI for the two weeks ending November 24 was CAD \$25.31/m³, (U.S.\$ 3.34 per barrel), a slight increase from the previous two weeks where it averaged CAD \$21.77/m³ (U.S.\$2.60 per barrel). Meanwhile, for the same period, the differential between Canadian light crude and Brent was CAD \$87.22/m³ (U.S.\$6.69 per barrel). This differential increased from the previous two week period where it averaged CAD \$50.85/m³ (U.S.\$6.07 per barrel).

The discount for Canadian heavy oil, as measured by the Western Canadian Select (WCS) price differential to WTI, averaged CAD\$106.34/m³ (U.S. \$14.02 per barrel) for the two weeks ending December 8, 2015.

For the week ending December 2, the U.S. Energy Information Administration (EIA) data showed that U.S. crude inventories increased by 1.2 million barrels. At 489.4 million barrels, U.S. crude oil inventories remain near record levels for this time of year.

EIA data also showed a rise in U.S. refinery utilization, with rates increasing 2.5 percentage points to 94.5%.

Figure 6: Crude Oil Price Comparisons



Changes in Crude Oil Prices

Crude Oil Types	Two Weeks Ending: 2015-12-08		Change From:			
			2 Weeks Prior		Last Year	
	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl
Canadian Light	280.28	36.96	-42.14	-1.52	-146.19	-22.61
WTI	305.59	40.30	-38.60	-0.78	-173.75	-26.66
Brent	367.50	43.65	-5.77	-0.90	-135.72	-26.64
WCS	199.25	26.28	-25.59	-0.56	-159.49	-41.53

Source: NRCan