



Fuel Focus

National Overview

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

For the **two-week** period ending August 16, 2016, the Canadian average retail gasoline price was \$1.03 per litre. This is an increase of 1 cent over the two-week period ending August 2, 2016. Prices are 14 cents per litre lower than the same period last year.

Average retail diesel prices decreased by 2 cents per litre to \$0.96 per litre compared to the two-week period ending August 2, 2016. This is 10 cents less compared to the same period last year. Over the same period, furnace oil prices decreased by 1 cent to reach \$0.95, 6 cents per litre less than a year ago.

Recent Developments

• International Energy Agency (IEA) Monthly Oil Market Report

On August 11, 2016, the IEA released its August 2016 *Monthly Oil Market Report*. The report forecasts that economic weakness will slow the growth in global oil demand from 1.4 million barrels per day (bpd) this year to 1.2 million bpd in 2017. With respect to oil production, the IEA forecasts a drop of 900,000 bpd in non-OPEC production this year, and an increase of 300,000 bpd in 2017. According to the IEA, Canadian oil production will reach 4.3 million bpd this year, a decline of 50,000 bpd compared to last year, as a result of the Alberta wildfires. For 2017, they project Canadian production to grow by 260,000 barrels and reach 4.59 million bpd.

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

• Domestic Refinery Receipts Decline in May 2016

On August 15, 2016, Statistics Canada released the *Supply and Disposition of Refined Petroleum Products* for May 2016. In May, the wildfires in Alberta reduced Canadian oil production, and as a result refinery receipts of domestic crude oil declined by 32% compared to May 2015. A total of 55,000 bpd of domestic crude oil was received by Canadian refineries in May. Statistics Canada notes that this was the lowest level of domestic crude receipts since April 1973. As a result, crude oil imports in May were up by 13% compared to May 2015, and reached a total of 57,820 bpd. This meant that imports accounted for more than half of total crude oil received at Canadian refineries in May compared with an average of one-third over the previous 12 months.

Source: Statistics Canada
<http://www.statcan.gc.ca/daily-quotidien/160815/dq160815b-eng.htm>

• Impact of Removal of Export Ban on U.S. Crude Oil Exports

On August 16, 2016, the U.S. Energy Information Administration (EIA), released new data regarding the lifting of limits on U.S. crude oil exports in December 2015. Prior to December 2015, all U.S. crude oil exports required a license, however licenses were granted automatically for exports to Canada, exports of Alaskan and some California crudes. These restrictions meant that Canada was a major destination of U.S. crude oil exports, as it was easier to export to Canada than to other countries. Even with the restrictions, more recently, exports of U.S. crude were increasing reaching other countries, however, the lifting of restrictions increased the number and variety of destinations for U.S. crude oil exports. The EIA notes that in March, monthly U.S. crude oil exports to countries other than Canada surpassed exports to Canada for the first time since 2000. In May 2016 total U.S. crude oil exports reached 662,000 bpd, with 46% of those exports being sent to Canada.

Source: U.S. EIA
http://www.eia.gov/petroleum/weekly/archive/2016/160810/includes/analysis_print.cfm

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

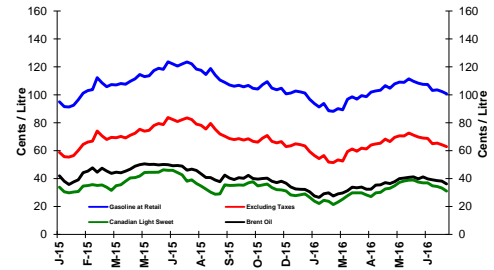
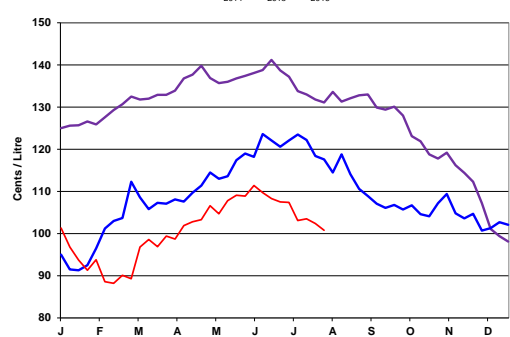


Figure 2: Weekly Regular Gasoline Prices



Changes in Fuel Prices

¢/L	Two-week average ending:	Change from:	
	2016-08-16	2 Weeks Ago	Last Year
Gasoline	102.7	+1.1	-13.9
Diesel	95.6	-1.9	-10.0
Furnace Oil	95.2	-1.2	-5.5
Natural Gas Prices in \$CA/GJ			
Alberta (AECO)	1.72	-0.61	-1.14
Ontario (Dawn)	3.39	+0.01	-0.34

Source: NRCan, Bloomberg

Natural Gas Prices for Vehicles

2016-08-16	¢/kilogram	¢/L gasoline equivalent	¢/L diesel equivalent
Vancouver	123.9	81.7	84.7
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

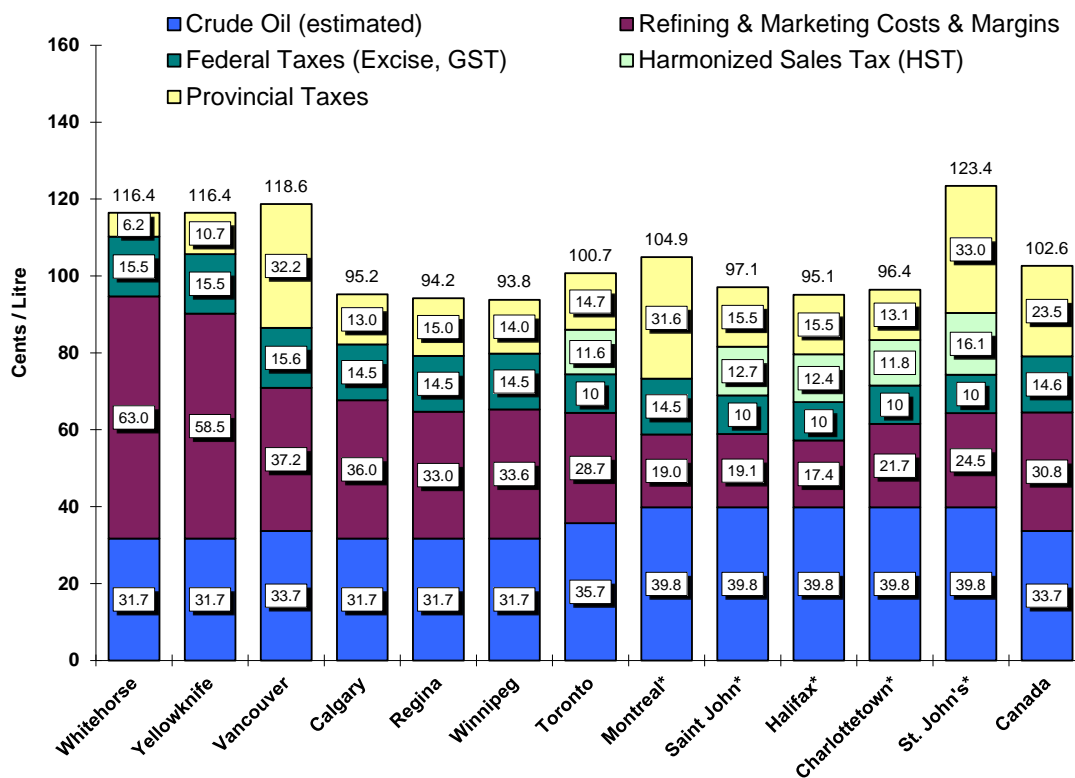
For the period ending August 16, 2016, the **four-week-average** regular gasoline pump price in selected cities across Canada remained at \$1.03 per litre compared to the previous report of August 5, 2016. Compared to the same period in 2015, the average Canadian pump price is 15 cents per litre lower.

The **four-week-average** crude oil component decreased by less than 2 cents to reach an average of 34 cents over the period. The crude oil price component of gasoline is 4 cents per litre lower than this time last year.

The average retail gasoline price in Western centres remained the same compared to the previous report and ranged from \$0.94 per litre to \$1.19 per litre. The average price in Eastern cities remained the same and ranged from \$0.95 to \$1.23 per litre.

At the national level, refining and marketing costs and margins were 31 cents per litre, 2 cents per litre more than in the previous report and 10 cents per litre lower than this time last year.

**Figure 3: Regular Gasoline Pump Prices in Selected Cities
Four-Week Average (July 26 to August 16, 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

Over the **two-week** period ending August 11, 2016, wholesale gasoline prices in all the North American cities below remained relatively stable with small decreases in most cities.

Wholesale gasoline prices for the two-week period ended between 46 and 59 cents per litre. This compares to the previous two week period where prices were in the 45 and 59 cents per litre range.

In Western cities, wholesale gasoline prices ranged between an increase of less than 1 cent and a decrease of 2 cents per litre, ending in the 48 to 59 cents per litre range.

Wholesale gasoline prices in Eastern markets of Canada and the U.S decreased between less than 1 cent and 2 cents per litre and ended in the 46 to 54 cents per litre range.

Wholesale prices remain lower than last year in all these markets.

Figure 4: Wholesale Gasoline Prices

Rack Terminal Prices for Selected Canadian and American Cities Ending August 11, 2016
(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.

The gasoline refining margin refers 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.

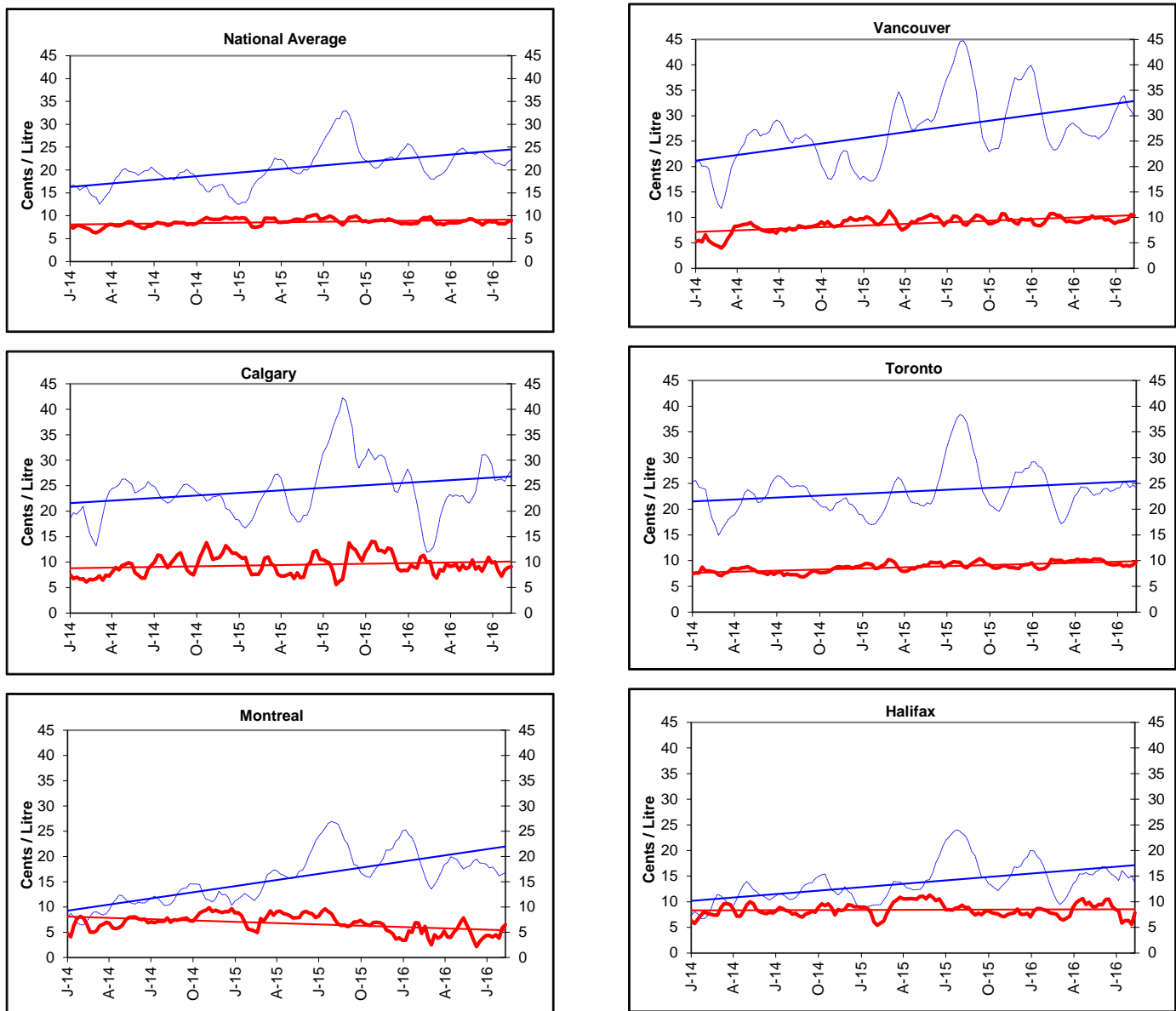
Nationally, **the four-week** rolling average refining margin for the period ending August 16, 2016 was 22 cents per litre, which is one cent per litre higher than in the last report of August 5, 2016.

Compared to the same time last year, refining margins in Canada are 11 cents per litre lower.

The gasoline marketing margin refers to the difference between the wholesale and retail price of gasoline before taxes are applied. This margin represents the costs associated with operating a service station.

Overall, **the four-week** average national marketing margins increased by 1 cent to reach 8 cents per litre for the four weeks ending August 16, 2016.

Figure 5: Gasoline Refining and Marketing Margins
Four-Week Rolling Average Ending August 16, 2016
----- Refining Margin — Marketing Margin





Crude Oil Overview

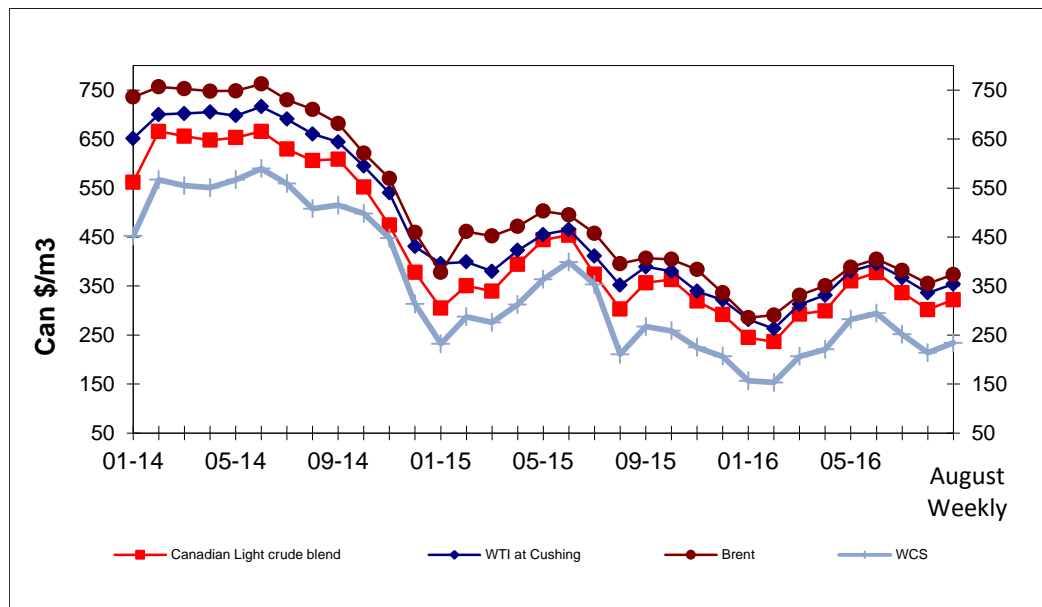
For the two-week period ending August 16, 2016, prices for the three light crude benchmarks averaged between CAD\$322.53/m³ and CAD\$374.26/m³ (U.S.\$39.35 and U.S.\$43.24 per barrel).

Canadian light crude oil prices at Edmonton increased by CAD\$10.01/m³ (U.S.\$1.49 per barrel) from two weeks ago, West Texas Intermediate (WTI) increased by CAD\$6.15/m³ (U.S.\$1.05 per barrel) and Brent increased by CAD\$10.03/m³ (U.S.\$1.53 per barrel). The price of Western Canada Select increased by CAD \$5.74/m³ (U.S.\$0.90) from two weeks ago.

For the week ending August 12, 2016, EIA data showed a 2.5 million barrel decrease in crude oil inventories from the previous week, to reach a total of 521.1 million barrels. For refined product inventories, gasoline stocks decreased by 2.7 million barrels last week, while distillate stockpiles, including diesel and heating oil, increased by 1.9 million barrels.

EIA data also showed that U.S. refinery crude runs increased by an average of 268,000 barrels per day last week as utilization rates increased by 1.3 percentage point to reach 93.5 percent of capacity.

Figure 6: Crude Oil Price Comparisons



Changes in Crude Oil Prices

Crude Oil Types	Two Weeks Ending: 2016-08-16		Change From:			
			2 Weeks Prior		Last Year	
	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl
Canadian Light	322.53	39.35	10.01	1.49	15.31	2.02
WTI	354.44	43.24	6.15	1.05	-1.40	-1.40
Brent	374.26	45.65	10.03	1.53	-31.02	-3.59
WCS	234.91	28.66	5.74	0.90	34.85	4.36

Source: NRCan