



Fuel Focus

National Overview

Canadian Retail Gasoline Prices Decreased by 2 Cents over the Last Two Weeks

For the **two-week** period ending February 2, 2016, the Canadian average retail gasoline price was \$0.93 per litre. This is a decrease of 2.3 cents compared to the two-week period ending January 19, 2016. Prices are 2 cents per litre lower than the same period last year.

Average retail diesel prices decreased by 5 cents per litre over the same time period to \$0.90 per litre. This is 19 cents less compared to the same period last year. At the same time, furnace oil prices decreased by 2 cents to \$0.91, 14 cents per litre less than a year ago.

Recent Developments

- Gasoline Prices Moderate the Rise in the Consumer Price Index**

On January 22, 2016, Statistics Canada released the Consumer Price Index (CPI) Annual Review for 2015. The annual average increase in the CPI was 1.1% in 2015. The annual average would have risen to 2% if gasoline had been excluded from the calculation. The price of gasoline was 16.5% lower than in the previous year, the largest decrease since 2009. Source: Statistics Canada <http://www.statcan.gc.ca/daily-quotidien/160122/dq160122c-eng.htm>

- National Energy Board releases Canada's Energy Future 2016**

On January 27, 2016, the National Energy Board (NEB) released Canada's Energy Future 2016: Energy Supply and Demand Projections to 2040. The NEB produces Canada's Energy Future - a long-term outlook projecting Canada's energy supply, demand and exports every two years. The report is the only publicly available Canadian long-term energy outlook that includes all energy commodities in all provinces and territories. The NEB forecasts total Canadian crude oil production to increase from 3.9 million barrels per day in 2014 to 6.0 million barrels per day by 2040. The forecast also estimates that by 2040, oil sands production will account for over 79% of crude oil production.

Source: National Energy Board <http://www.neb-one.gc.ca/nrg/ntgrtd/ft/index-eng.html>

- International Monetary Fund – World Economic Outlook**

On January 19, 2016, the International Monetary Fund (IMF) released an update of the key projections found in the IMF's World Economic Outlook. The IMF forecasts global growth, currently estimated at 3.1 percent in 2015, will reach 3.4 percent in 2016 and 3.6 percent in 2017. Notably, forecasts for both 2016 and 2017 are down 0.2 percentage points from the previous estimates made last October. The gradual slowdown and rebalancing of economic activity in China, lower prices for energy and other commodities, and the gradual tightening in monetary policy in the U.S. are expected to be the challenges facing policymakers.

Source: International Monetary Fund <http://www.imf.org/external/pubs/ft/weo/2016/update/01/>

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

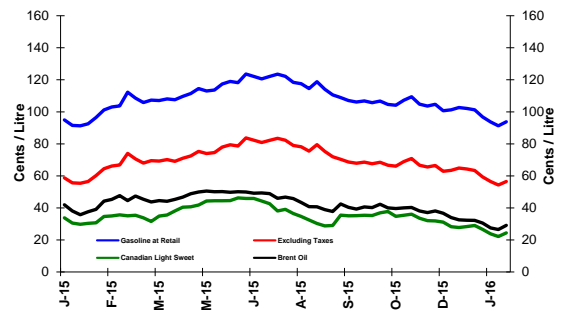
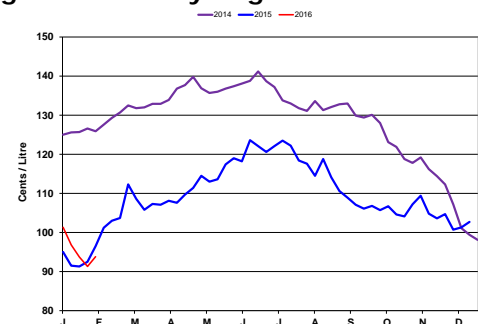


Figure 2: Weekly Regular Gasoline Prices



Changes in Fuel Prices

¢/L	Two week average ending:	Change from:	
	2016-02-02	2 Weeks Ago	Last Year
Gasoline	92.9	-2.3	-1.6
Diesel	89.6	-5.3	-18.9
Furnace Oil	91.1	-1.7	-14.4
Natural Gas Prices in \$CA/GJ			
Alberta (AECO)	2.13	-0.21	-0.43
Ontario (Dawn)	3.00	-0.29	-0.55

Source: NRCAN, Bloomberg

Natural Gas Prices for Vehicles

2016-02-02	¢/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

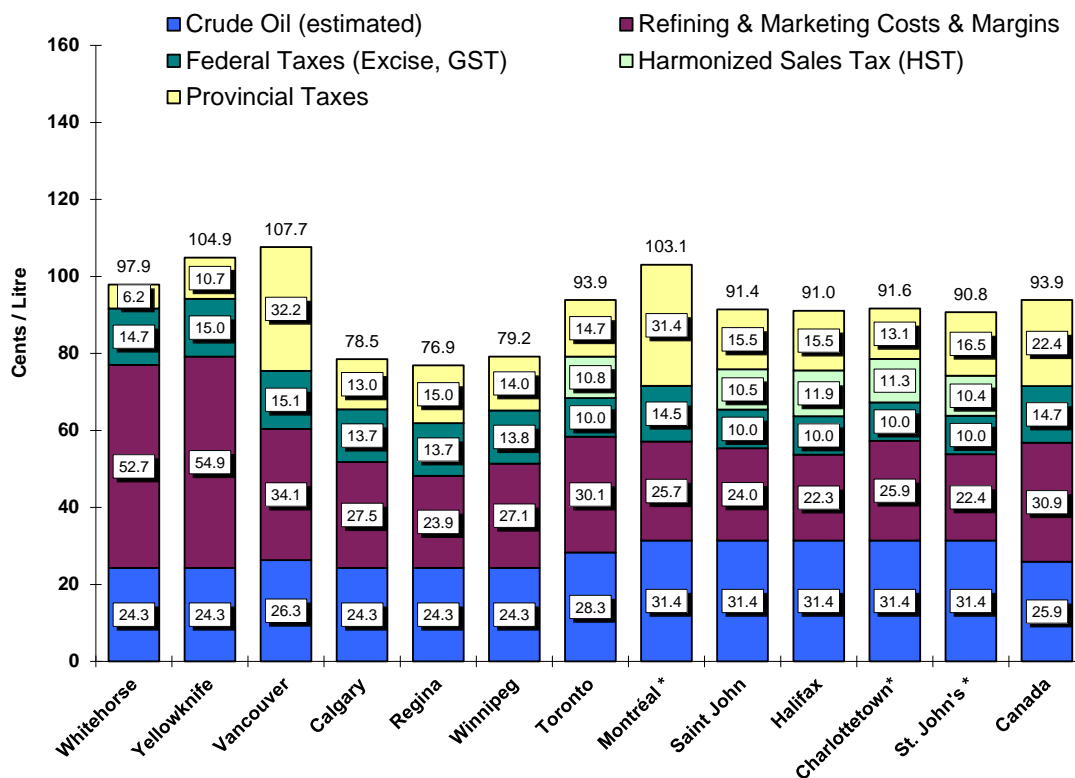
For the period ending February 2, 2015, the **four-week-average** regular gasoline pump price in selected cities across Canada decreased to \$0.94 per litre compared to the previous report of January 22, 2016. The average Canadian pump price is 3 cents per litre higher compared to the same period in 2015.

The **four-week-average** crude oil component decreased by 3 cents, averaging 26 cents over the period. The crude oil price component of gasoline is 11 cents per litre lower than this time last year.

Retail gasoline prices in Western centres decreased by 8 cents per litre compared to the previous report and ranged from \$0.77 per litre to \$1.08 per litre. Prices in Eastern cities decreased by 3 cents and ranged from \$0.91 to \$1.03 per litre.

At the national level, refining and marketing costs and margins were 31 cents per litre, 1.6 cents lower than in 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 (January 13 to February 2, 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 January 28, 2015, wholesale gasoline prices across selected North American cities trended downward. Prices were especially down in Edmonton where they decreased by 12%.

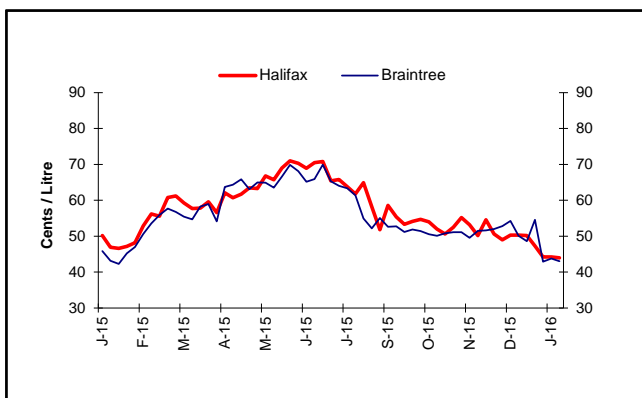
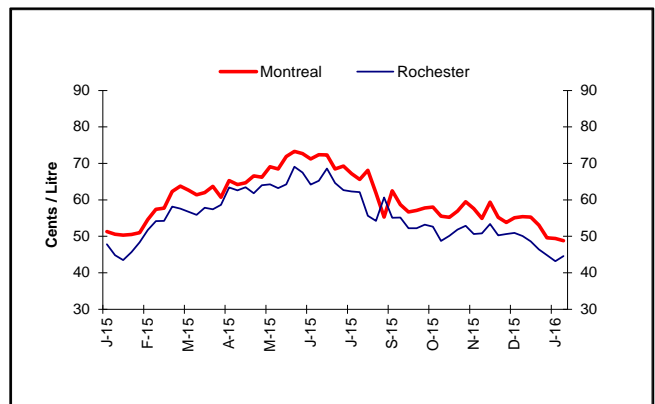
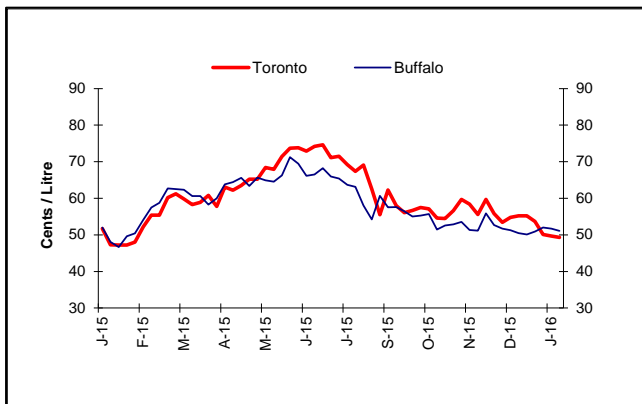
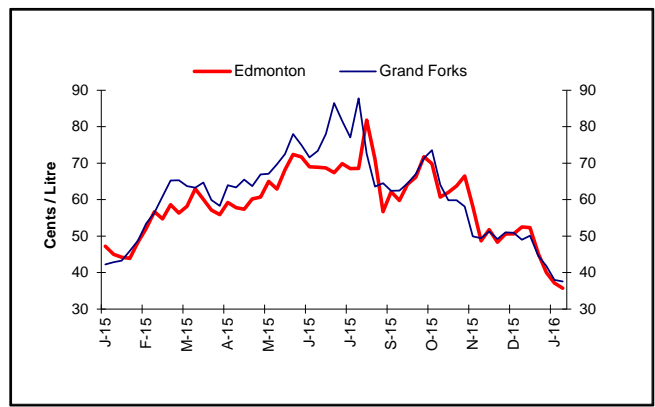
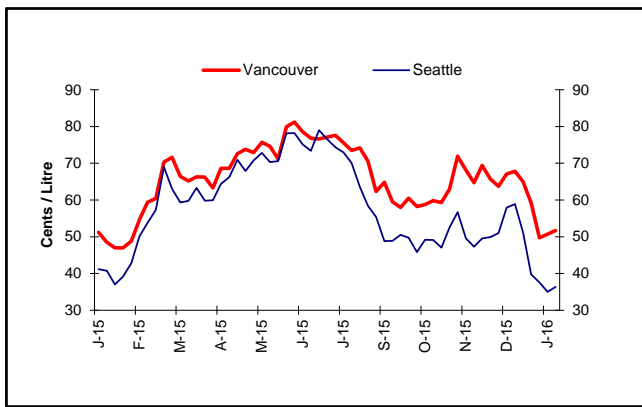
Wholesale gasoline prices for the two week period averaged between 36 and 52 cents per litre. This compares to the previous two week period where prices were slightly higher in the 38 to 52 cents per litre range.

In Western cities, wholesale gasoline prices ranged from a decrease of 4 cents to an increase of 2 cents per litre ending in the 36 to 52 cents per litre range.

Wholesale prices in the Eastern markets of Canada and the U.S. ranged between a decrease of 1 cent to an increase of less than 1 cent per litre ending in the 43 to 51 cents per litre range.

Wholesale prices were lower than last year in most markets, with the exception of Vancouver, Toronto and Buffalo where prices were slightly above last year's prices.

Figure 4: Wholesale Gasoline Prices
Rack Terminal Prices for Selected Canadian and American Cities Ending January 28, 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.

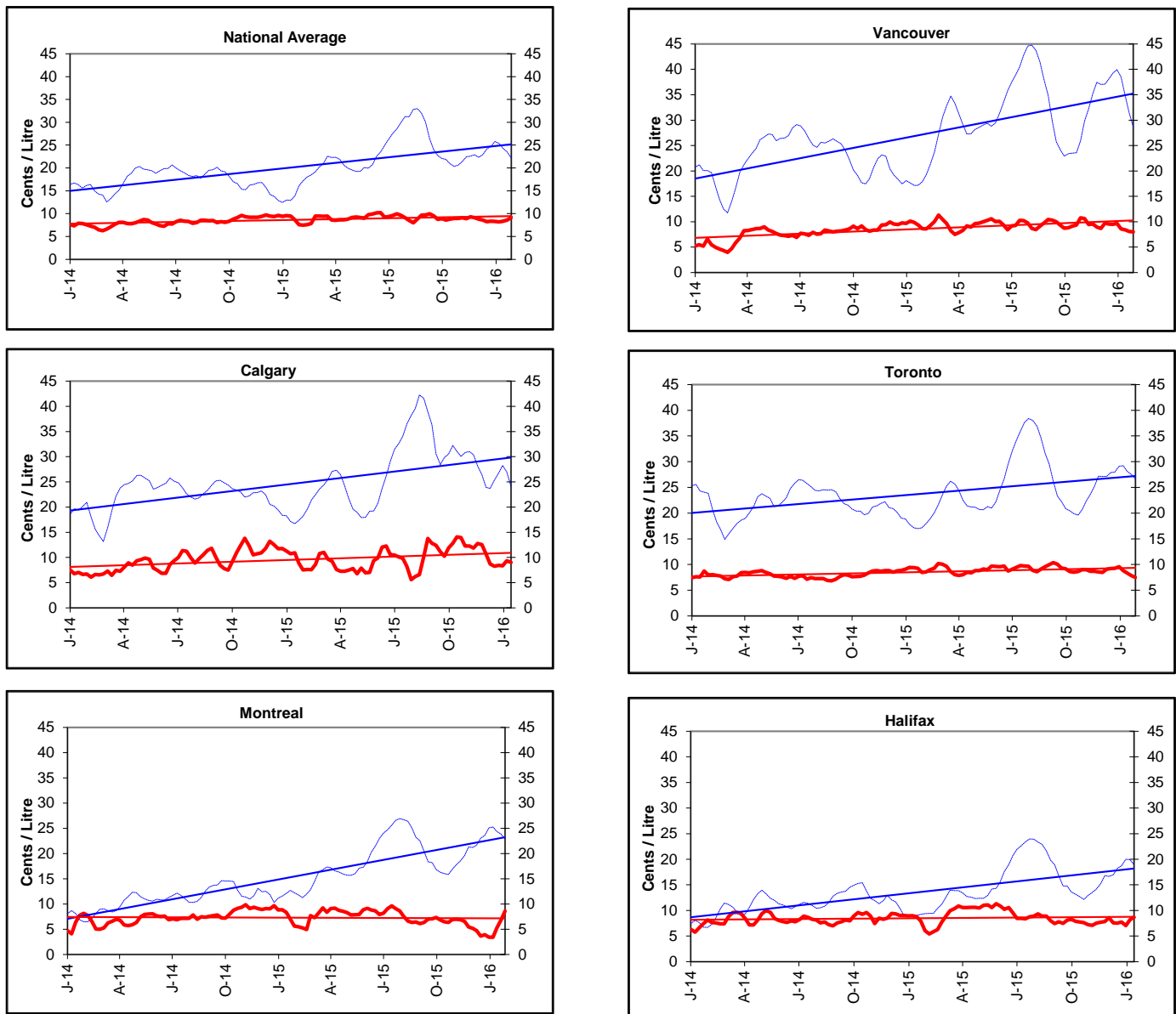
Gasoline refining margins refer to the difference between the price of crude oil and the wholesale price at which the refiner can sell gasoline. The margin includes the costs associated with refining the product as well as a profit for the refiner.

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 February 2, 2016 was 22.1 cents per litre, a decrease of 2 cents over the past two weeks. Compared to the same time last year, margins in Canada are 6 cents per litre higher.

Overall, the national average for marketing margins increased by 1 cent to reach 9 cents per litre.

Figure 5: Gasoline Refining and Marketing Margins
Four-Week Rolling Average Ending February 2, 2016
----- Refining Margin — Marketing Margin



Source: NRCan



Crude Oil Overview

For the two weeks ending February 2, 2016, prices for the three light crude benchmarks averaged between CAD\$235.36/m³ and CAD\$284.79/m³ (U.S.\$26.39 and U.S.\$32.01 per barrel).

Canadian light crude oil prices at Edmonton decreased by CAD\$9.07/m³ (U.S.\$0.84 per barrel) from two weeks ago, West Texas Intermediate (WTI) decreased by CAD\$8.64/m³ (U.S.\$0.69 per barrel) and Brent increased by CAD\$4.61/m³ (U.S.\$0.84 per barrel).

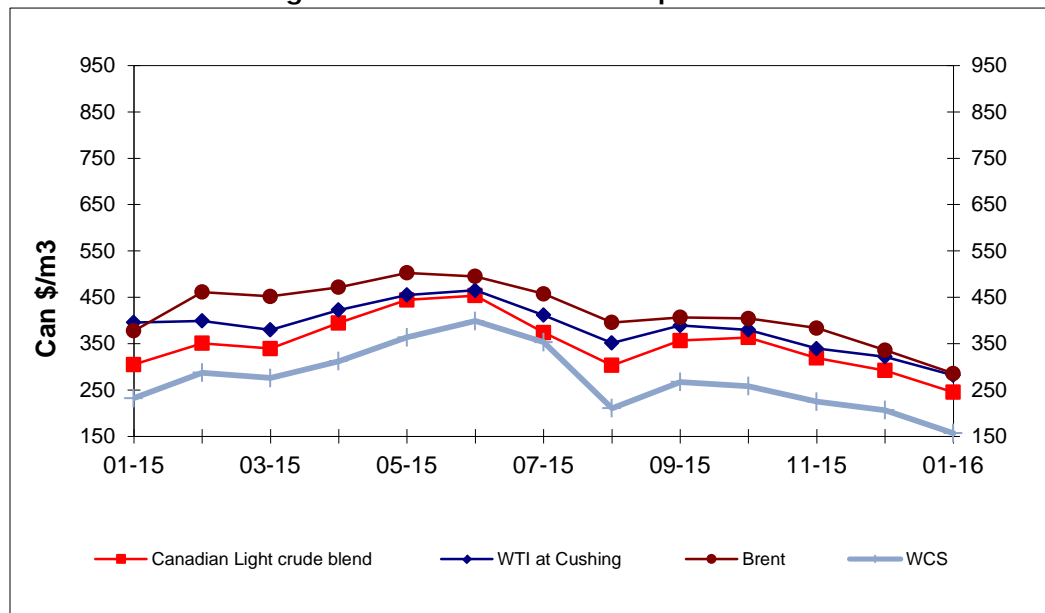
The differential between Canadian light crude and WTI for the two weeks ending February 2nd was CAD\$37.15/m³, (U.S.\$4.24 per barrel), a slight increase from the previous two weeks where it averaged CAD\$36.71/m³ (U.S.\$4.09 per barrel). Meanwhile, for the same period, the differential between Canadian light crude and Brent was CAD\$49.43/m³ (U.S.\$5.62 per barrel). This differential increased from the previous two week period where it averaged CAD\$35.75/m³ (U.S.\$3.93 per barrel).

The discount for Canadian heavy oil, as measured by the Western Canadian Select price differential to WTI, averaged CAD\$124.35/m³ (U.S.\$13.98 per barrel) for the two weeks ending February 2, 2016.

For the week ending January 22, 2016 the U.S. Energy Information Administration (EIA) data showed that U.S. crude inventories increased by 8.4 million barrels, with total stocks reaching 494.9 million barrels. U.S. crude oil inventories remain near record levels for this time of year.

EIA data also show U.S. refinery utilization was lower, reaching 87.4% for the week ending January 22, down from 91.2% the previous week.

Figure 6: Crude Oil Price Comparisons



Changes in Crude Oil Prices

Crude Oil Types	Two Weeks Ending: 2016-02-02		Change From:			
	\$Can/ m ³	\$US/ bbl	2 Weeks Prior	Last Year	2 Weeks Prior	Last Year
			\$Can/ m ³	\$US/ bbl	\$Can/ m ³	\$US/ bbl
Canadian Light	235.36	26.39	-9.07	-0.84	-80.91	-13.89
WTI	272.51	30.63	-8.64	-0.69	-94.70	-16.46
Brent	284.79	32.01	+4.61	+0.84	-109.73	-18.73
WCS	148.16	16.65	-15.04	-0.28	-112.43	-16.93

Source: NRCan