



# Fuel Focus

## National Overview

### Canadian Retail Gasoline Prices increased by 2 cents Over the Last Two Weeks

For the **two-week period** ending April 12, 2016, the Canadian average retail gasoline price was \$1.00 per litre. This is an increase of 2 cents over the two-week period ending March 29, 2016. Prices are 8 cents per litre lower than the same period last year.

Average retail diesel prices decreased by 3 cents per litre over the two weeks ending March 29, 2016 to reach \$0.90 per litre. This is 21 cents lower than the same period last year. Over the same period, furnace oil prices decreased by less than 1 cent and remain at \$0.94, 16 cents per litre less than a year ago.

## Recent Developments

- Canadian Crude Oil Exports to the U.S. Reached Record Levels in 2015**

On April 12, 2016, the U.S. Energy Information Administration (EIA) reported that according to their 2015 trade data Canada supplied the U.S. with 4 out of every 10 imported barrels of oil. Canadian crude oil exports to the U.S. reached 3.2 million barrels per day (bpd) in 2015, a 10% increase from the previous year, and accounted for 43% of total U.S. crude oil imports. Overall, U.S. imports are declining, reaching 7.4 million bpd in 2015, down 27% from a high of 10.1 million bpd in 2005. The EIA notes that a growing share of U.S. imports are being sourced from the country's four top suppliers: Canada, Saudi Arabia, Venezuela, and Mexico.

**Source:** U.S. EIA

<http://www.eia.gov/todayinenergy/detail.cfm?id=25772>

- Capital Expenditures in Canada Expected to Decline Further in 2016**

On April 7, 2016, the Canadian Association of Petroleum Producers (CAPP) released its annual forecast for capital spending in the Canadian oil and gas sector. CAPP conducts a survey of their members every year which provides a reliable measure of planned capital spending for the coming year. For 2016, CAPP is forecasting capital spending of \$31 billion, which compares to \$48 billion in 2015 and \$81 billion in 2014. The 62% decline between 2014 and 2016 is the largest two-year drop since the organization started tracking data in 1947.

**Source:** CAPP

<http://www.capp.ca/media/news-releases/capital-investment-in-canada-oil-and-gas-industry-down-62-per-cent-in-2-years>

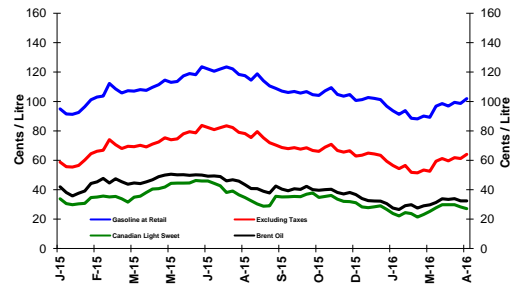
- Government of Quebec Releases Energy Policy Statement**

On April 7, 2016, the Government of Quebec released its Energy Policy 2030, which includes proposed investments of \$4 billion over the next 15 years. The policy's four objectives include: to decarbonize the Quebec economy, to reduce energy consumption and improve energy efficiency, to make full use of Quebec's natural resources; and to innovate and develop its green economy. The 2030 energy policy has identified a number of specific targets, one of which is to reduce the use of petroleum products by 40%. The Government will release its first Action Plan under this policy later this year.

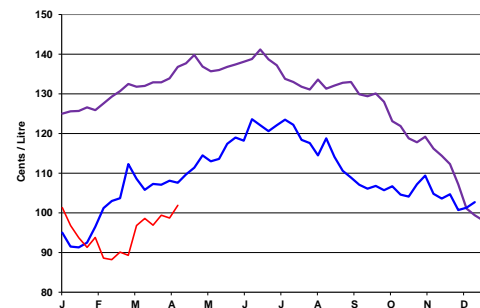
**Source:** Government of Quebec

<http://mern.gouv.qc.ca/english/energy/strategy/index.jsp>

**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:	
	2016-04-12	2 Weeks Ago	Last Year
Gasoline	100.3	2.0	-7.5
Diesel	90.3	-3.3	-21.0
Furnace Oil	93.5	-0.6	-15.9
Natural Gas Prices in \$CA/GJ			
Alberta (AECO)	1.00	-0.33	-1.46
Ontario (Dawn)	2.46	0.06	-0.92

Source: NRCan, Bloomberg

**Natural Gas Prices for Vehicles**

2016-04-12	¢/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

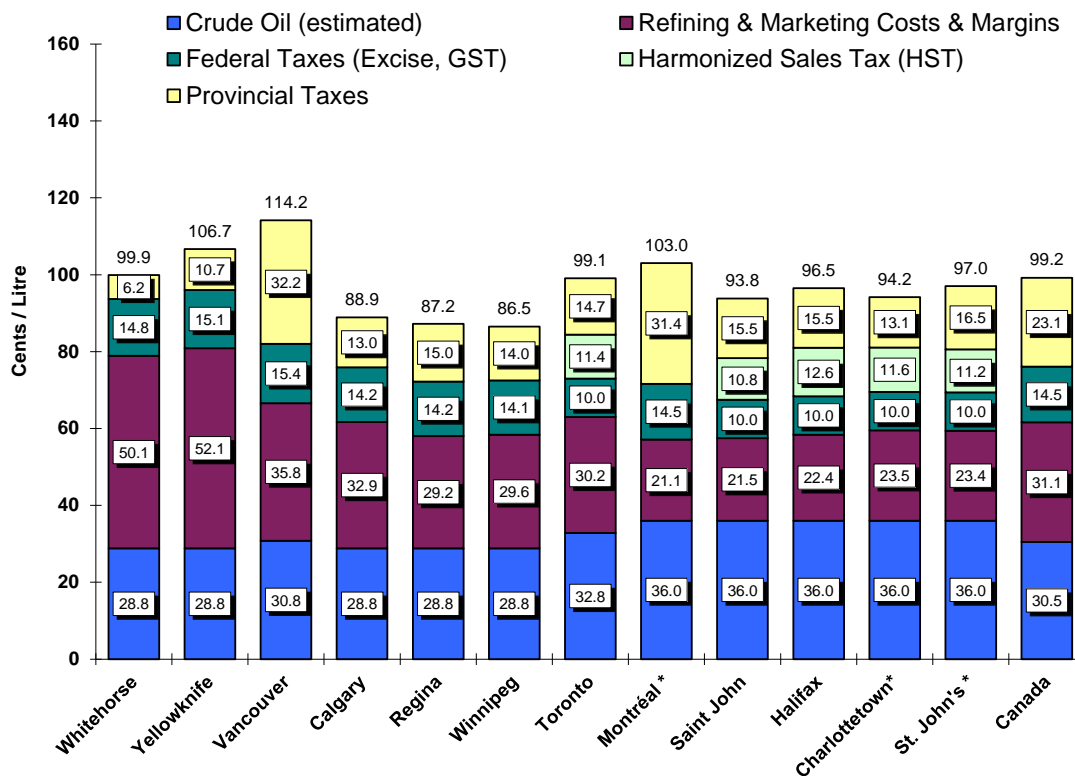
For the period ending April 12, 2016, the **four-week-average** regular gasoline pump price in selected cities across Canada increased by 2 cents per litre to \$0.99 per litre compared to the previous report of April 1, 2016. Compared to the same period in 2015, the average Canadian pump price is 8 cents per litre lower.

The **four-week-average** crude oil component remained at an average of 31 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 increased by less than 1 cent per litre compared to the previous report and ranged from \$0.87 per litre to \$1.14 per litre. Prices in Eastern cities increased by 5 cents and ranged from \$0.94 to \$1.03 per litre.

At the national level, refining and marketing costs and margins were 31 cents per litre, an increase of 3 cents from the previous report and the same as this time last year.

**Figure 3: Regular Gasoline Pump Prices in Selected Cities  
Four-Week Average (March 22 to April 12, 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 April 7, 2016, wholesale gasoline prices across selected North American cities were relatively unchanged with markets showing a combination of small increases and decreases.

Wholesale gasoline prices for the two week period ended between 45 and 56 cents per litre. This compares to the previous two week period where prices were in the 43 and 58 cents per litre range.

In Western cities, wholesale gasoline prices ranged between a decrease of less than 1 cent to an increase of 2 cents per litre ending in the 45 to 56 cents per litre range.

Price changes in Eastern markets of Canada and the U.S. ranged between a decrease of less than 1 cent per litre and an increase of 1 cent per litre ending in the 47 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 April 7, 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.

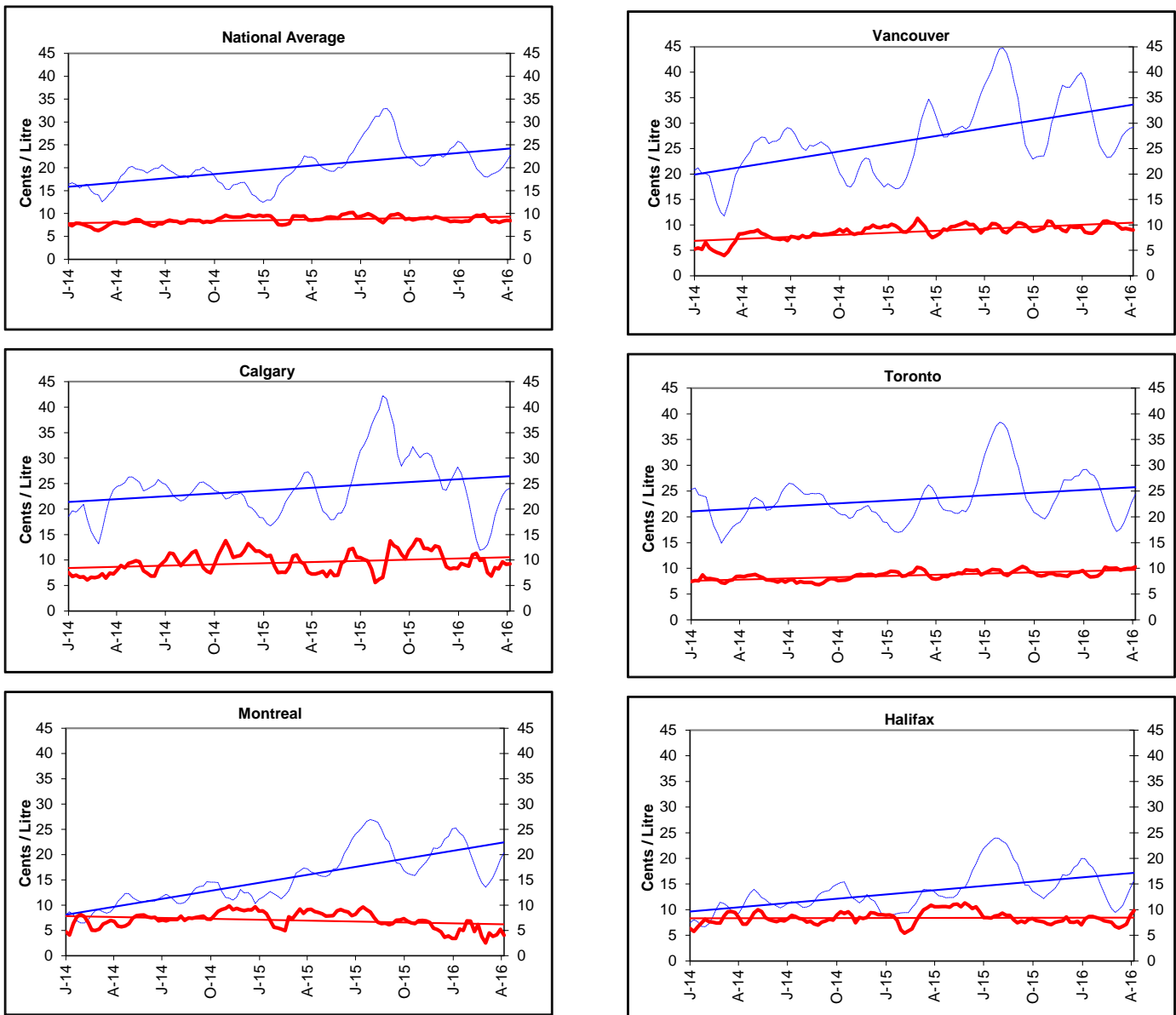
Gasoline refining margins refer to the difference between the price of crude oil and the wholesale price at which the refiner can sell gasoline. The margin includes the costs associated with refining the product as well as a profit for the refiner.

Nationally, the **four-week rolling average** refining margin for the period ending April 12, 2016 was 22 cents per litre, an increase of 2 cents from the previous report of March 29, 2016. Compared to the same time last year, margins in Canada are 1 cent per litre higher.

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.

Overall, the national average for marketing margins were at 9 cents per litre.

**Figure 5: Gasoline Refining and Marketing Margins**  
Four-Week Rolling Average Ending April 12, 2016  
----- Refining Margin      — Marketing Margin



Source: NRCan



## Crude Oil Overview

For the two weeks ending April 12, 2016, prices for the three light crude benchmarks averaged between CAD\$278.63/m<sup>3</sup> and CAD\$328.44/m<sup>3</sup> (U.S.\$34.05 and U.S.\$40.14 per barrel).

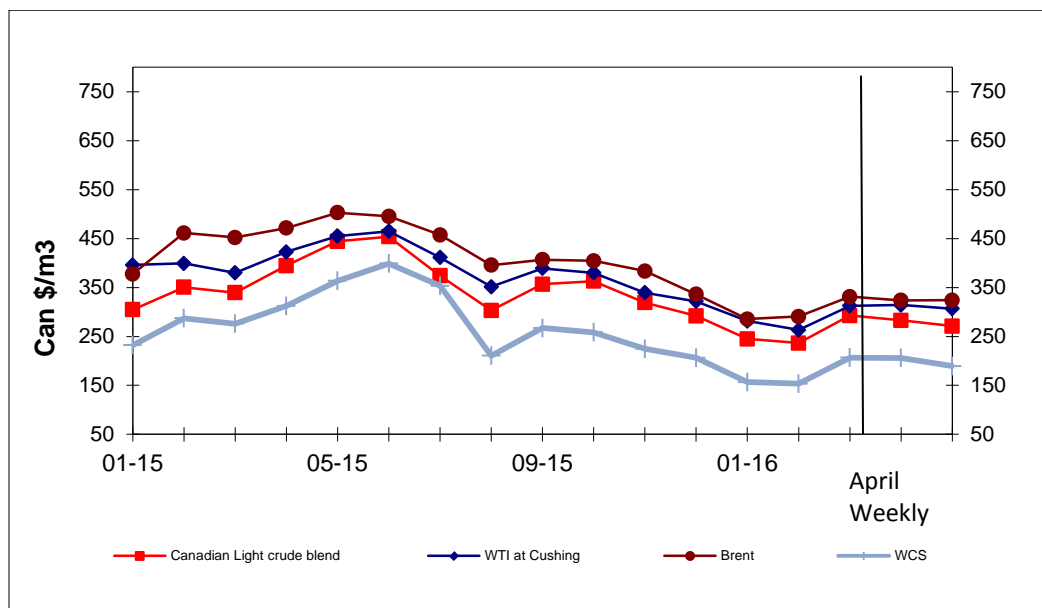
Canadian light crude oil prices at Edmonton decreased by CAD\$19.69/m<sup>3</sup> (U.S.\$2.05 per barrel) from two weeks ago, West Texas Intermediate (WTI) decreased by CAD\$10.46/m<sup>3</sup> (U.S.\$0.89 per barrel) and Brent decreased by CAD\$8.29/m<sup>3</sup> (U.S.\$0.61 per barrel). The price of Western Canadian Select decreased by CAD \$23.07 / m<sup>3</sup> (U.S.\$2.55) from two weeks ago.

The discount for Canadian heavy oil, as measured by the Western Canadian Select price differential to WTI averaged CAD\$113.87/m<sup>3</sup> (U.S.\$13.91 per barrel) for the two weeks ending April 12, 2016.

As a result of a pipeline leak in South Dakota, on April 2, 2016, TransCanada shut portions of its 590,000 bpd Keystone pipeline system, which carries crude oil from Alberta to refining hubs in the U.S. Keystone. The pipeline was restarted on Sunday April 10, 2016. TransCanada notified its customers that it will reduce its pipeline shipments by 35% for the rest of April.

The prolonged shutdown has led to wider WTI-WCS spreads. The spread reflects concerns of a build-up of crude in Alberta, as they have lost access to the key U.S. market.

Figure 6: Crude Oil Price Comparisons



Changes in Crude Oil Prices

Crude Oil Types	Two Weeks Ending: 2016-04-12		Change From:			
			2 Weeks Prior		Last Year	
	\$Can/ m <sup>3</sup>	\$US/ bbl	\$Can/ m <sup>3</sup>	\$US/ bbl	\$Can/ m <sup>3</sup>	\$US/ bbl
Canadian Light	278.63	34.05	-19.69	-2.05	-99.85	-14.20
WTI	312.82	38.23	-10.46	-0.89	-92.31	-13.12
Brent	328.44	40.14	-8.29	-0.61	-122.06	-16.96
WCS	198.95	24.32	-23.07	-2.55	-112.15	-15.11

Source: NRCan