

## Petrol prices poised to lift further

### Weekly petrol prices

- **Petrol:** Terminal gate (wholesale) prices rose 0.2 cents a litre to a 5-month high of 116.6 cents over the past week. Data on retail (pump) prices will be released on Tuesday (holiday in Canberra today).
- **Discounting cycles:** Sydney petrol prices are at the high point of the discounting cycle. Petrol prices are easing from cyclical highs in Melbourne, Adelaide and Brisbane.

*The petrol figures have implications for retailers, especially petrol marketing groups.*

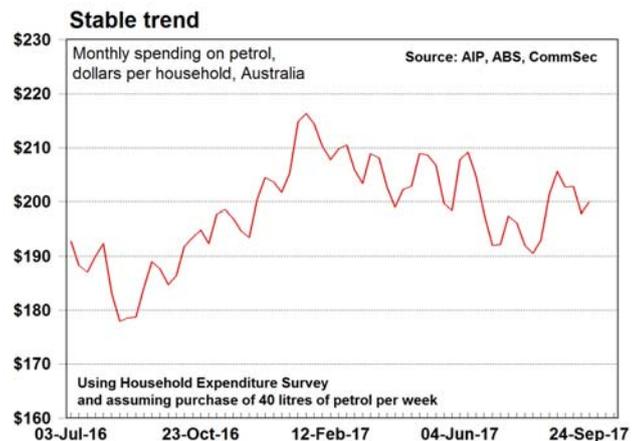
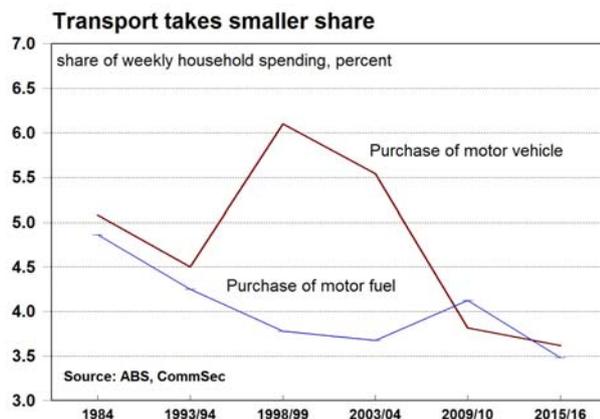
### What does it all mean?

- Petrol remains the single biggest weekly purchase for most families. That result was confirmed with the latest detailed data on household spending, released by the Bureau of Statistics on Friday. The average household spent \$49.64 a week on petrol in 2015/16 or 3.48 per cent of total spending. However, due to lower prices, the share of spending devoted to petrol has fallen to the lowest level in over 30 years. In short, spending on petrol is important, but not as important for the household budget as in the past.
- The wholesale price of petrol has lifted nine cents a litre from April lows but the retail price has only lifted around five cents. A lift in the petrol price of four cents a litre has the potential to lift monthly household spending by around another \$7.00. While still only a modest rise in spending, it is something worth close monitoring.

### What do the figures show?

#### Petrol prices

- Tomorrow the Australian Institute of Petroleum will release the weekly retail petrol price data (holiday in Canberra today).
- Today, the **national average wholesale (terminal gate) unleaded petrol price** stands at 116.6 cents a litre, up 0.2 cents over the week. **The terminal gate diesel price** stands at 117.3 cents a litre, up 2.5 cents over the week.



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- The wholesale unleaded petrol price is at 5-month highs and up nine cents a litre from recent lows near 107.2 cents in late June.
- Last week **the key Singapore gasoline price** rose by US65 cents or 0.9 per cent to US\$70.50 a barrel. In Australian dollar terms the Singapore gasoline price rose by \$1.89 or 2.1 per cent to \$89.93 a barrel or 56.56 cents a litre. It was a bigger increase in local currency terms due to a weaker Aussie dollar.
- **MotorMouth records the following average retail prices for capital cities today:** Sydney 132.9c; Melbourne 136.8c; Brisbane 139.6c; Adelaide 119.0c; Perth 116.9c; Canberra 128.4c; Darwin 128.6c; Hobart 135.2c.

### What is the importance of the economic data?

- **Weekly figures on petrol prices** are compiled by ORIMA Research on behalf of the Australian Institute of Petroleum (AIP). National average retail prices are calculated as the weighted average of each State/Territory's metropolitan and non-metropolitan retail petrol prices, with the weights based on the number of registered petrol vehicles in each of these regions. AIP data for retail petrol prices is based on available market data supplied by MotorMouth.

### What are the implications for interest rates and investors?

- From the April lows for prices, the average family is forking out around \$8 a month a month more on filling up the car with petrol. On current trends, the extra cost may lift to \$15 a month. Prices aren't leaping, but rather creeping higher due to stronger global economic activity and therefore the demand for oil. The lift in petrol prices is potentially negative for retailers of discretionary items. Still, petrol prices are still historically low, so consumers may be a bit more cautious about what they buy, but it is by no means panic stations.

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