

Canadian Petroleum Products Institute



Canadian Energy Ministers' Conference
September 20th, 2005

Understanding and explaining...

Refined Petroleum Products Markets

Dane Baily
Vice President





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Petroleum Market Dynamics

Presentation Outline



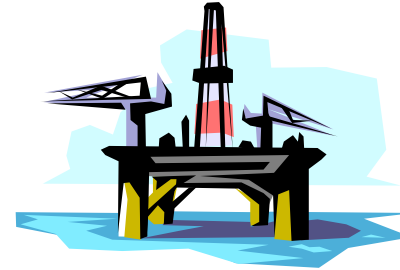
- **The 3 markets affecting retail prices**
 - Crude oil market
 - Wholesale refined products market
 - Retail Markets
 - Pump Prices
 - Furnace Oil prices
- **Canadian Refinery Capacity & Utilization**
- **Petroleum Price Information Improvement Workshop**
- **Open forum**

Petroleum Market Dynamics

The 3 markets that affect pump prices...

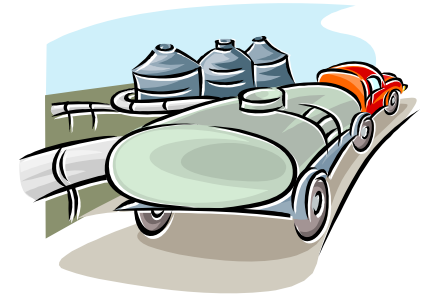
■ International crude oil market

- Producers Margin



■ International/ regional finished products markets

- Wholesale/Rack/Refining margin



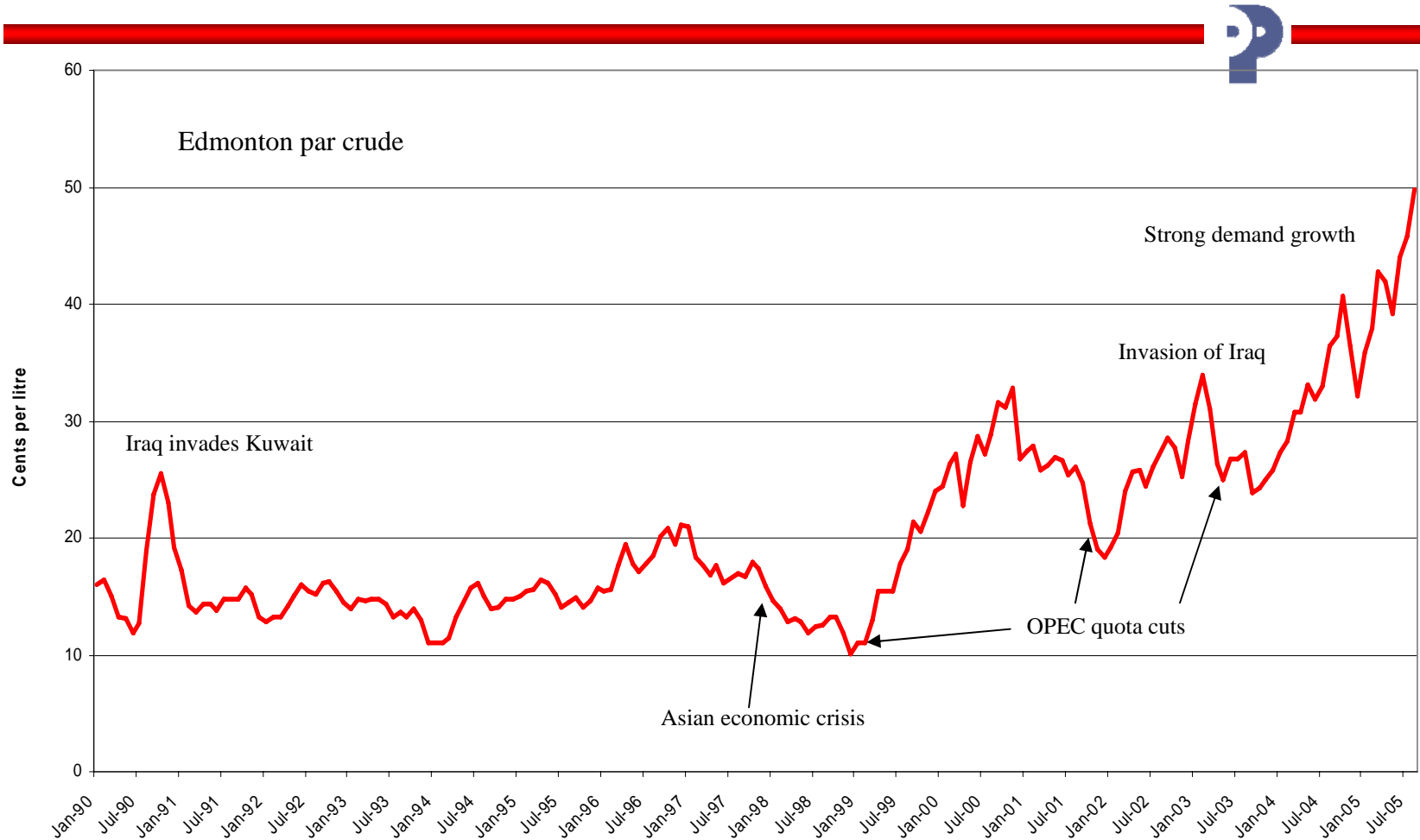
■ Retail market

- Marketing margin



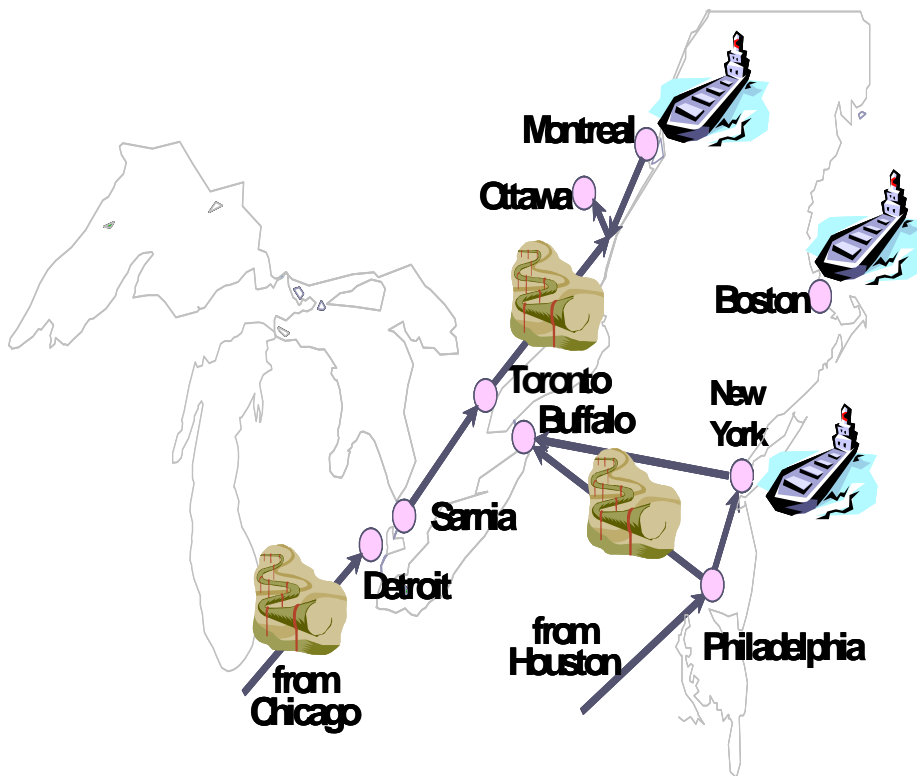
Petroleum Market Dynamics

History of Crude Prices Cdn cents/litre



Petroleum Market Dynamics

Wholesale prices reflect continental market...



- **Crude & finished products are commodities**
 - NYMEX spot and futures

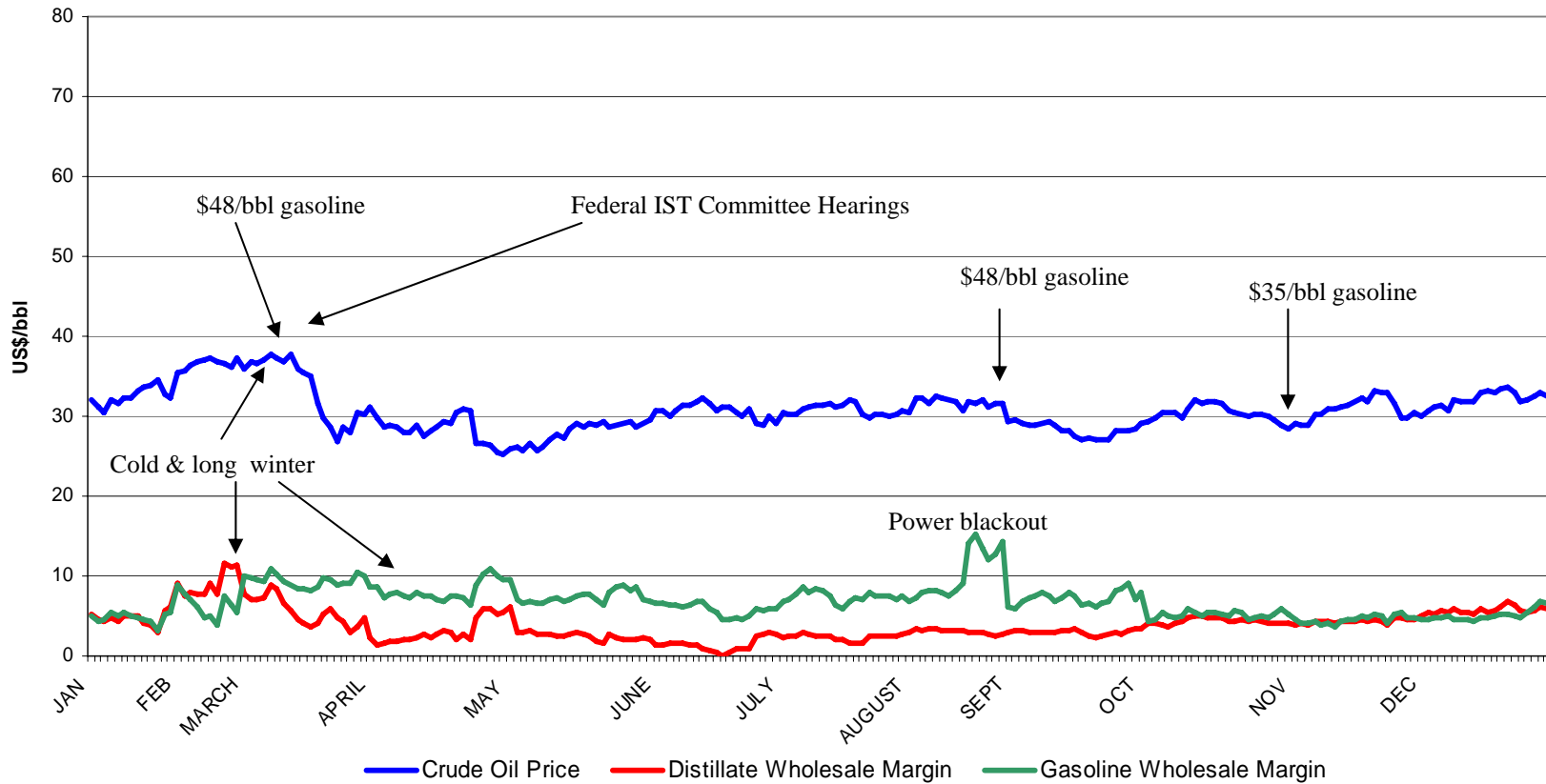
- **Canadian market 10% of US market**
 - Hence a “price-taker”
 - Similarity of racks demonstrates this

- **NAFTA**
 - Free products movement
 - Cargo, pipelines, trucks, rail
 - No trade restrictions

Petroleum Market Dynamics

2003 New York Harbour Market

NY Merc Prices 2003

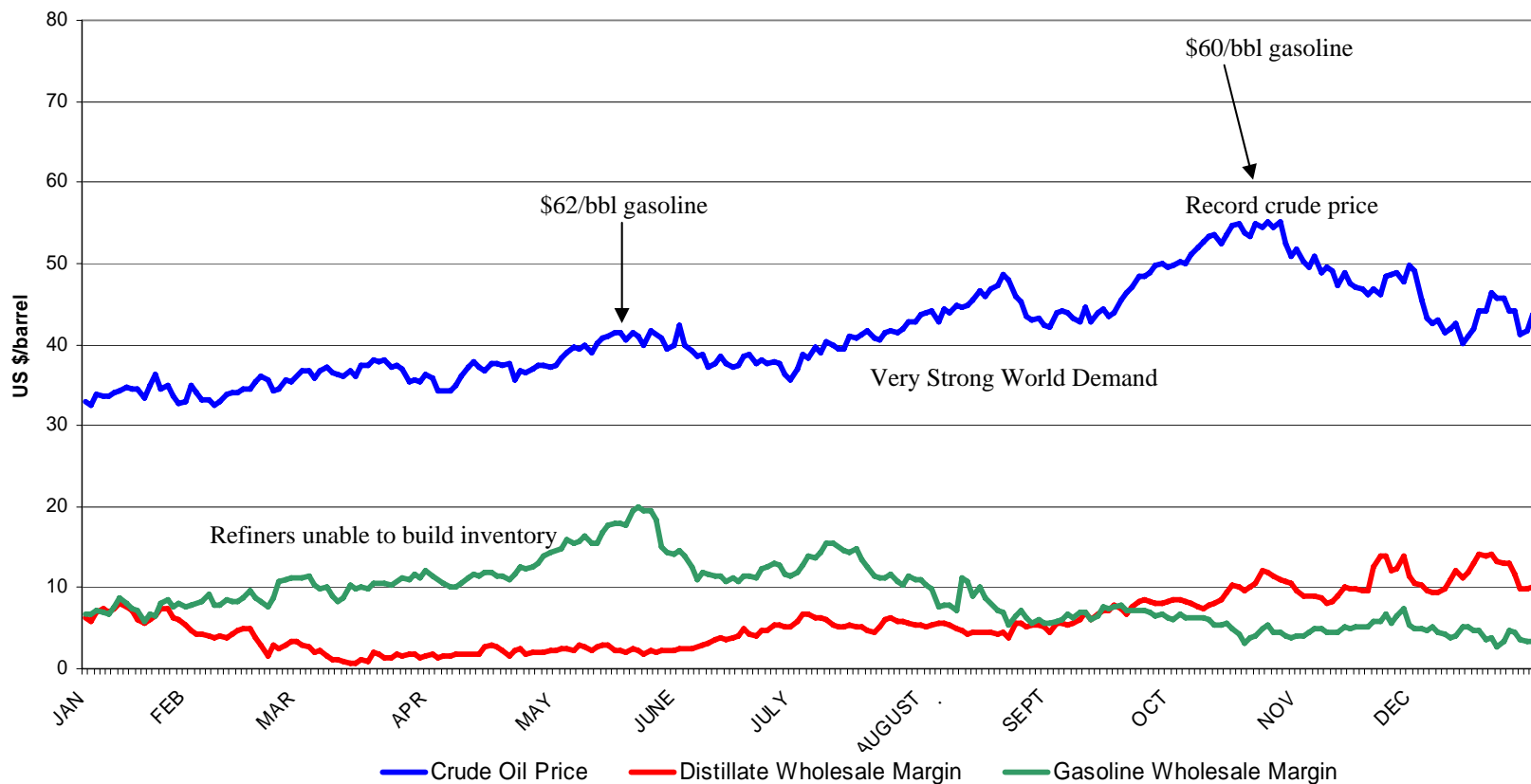


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2004 Crude and Wholesale Margins



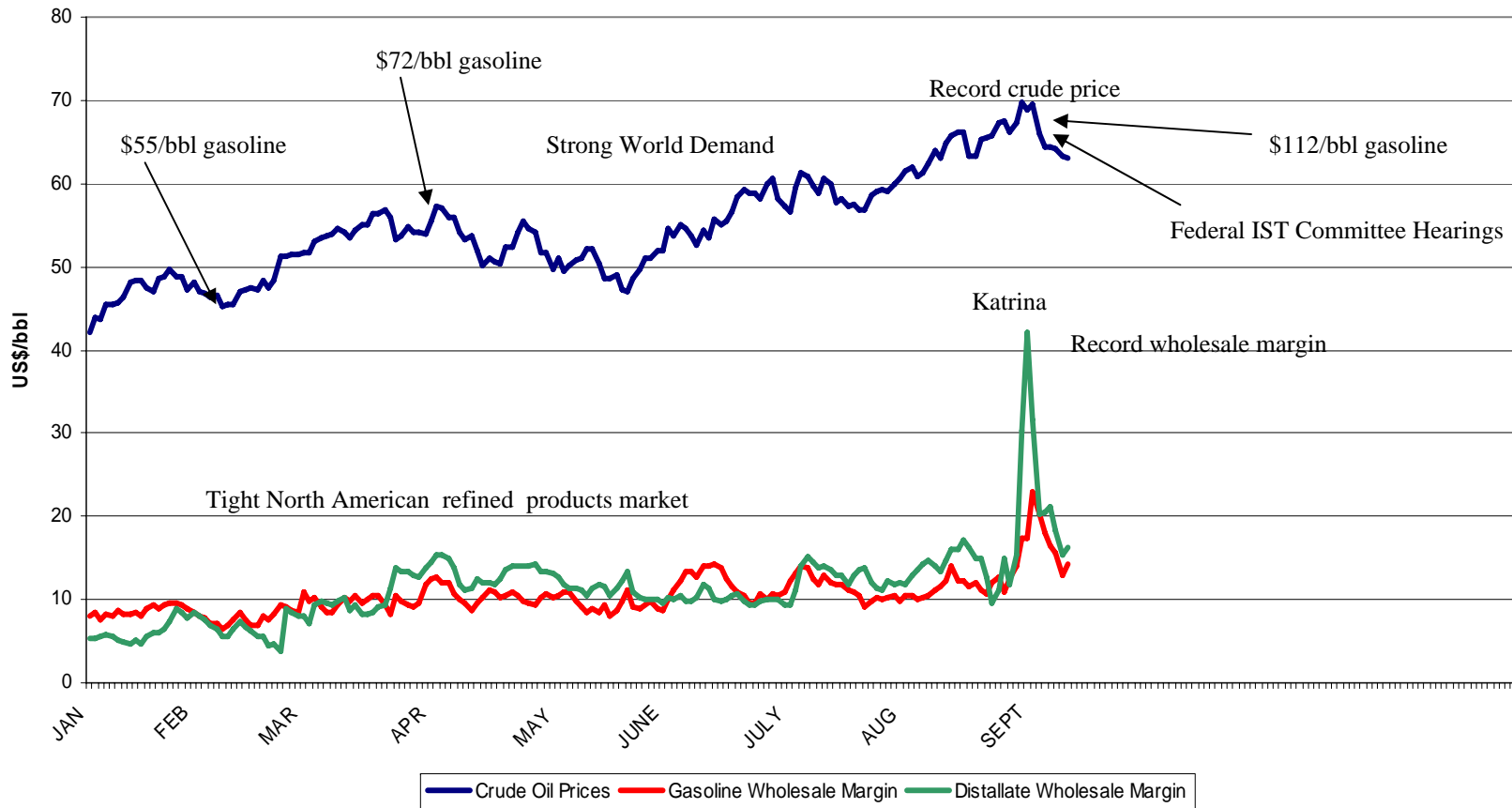
NY Merc Prices 2004



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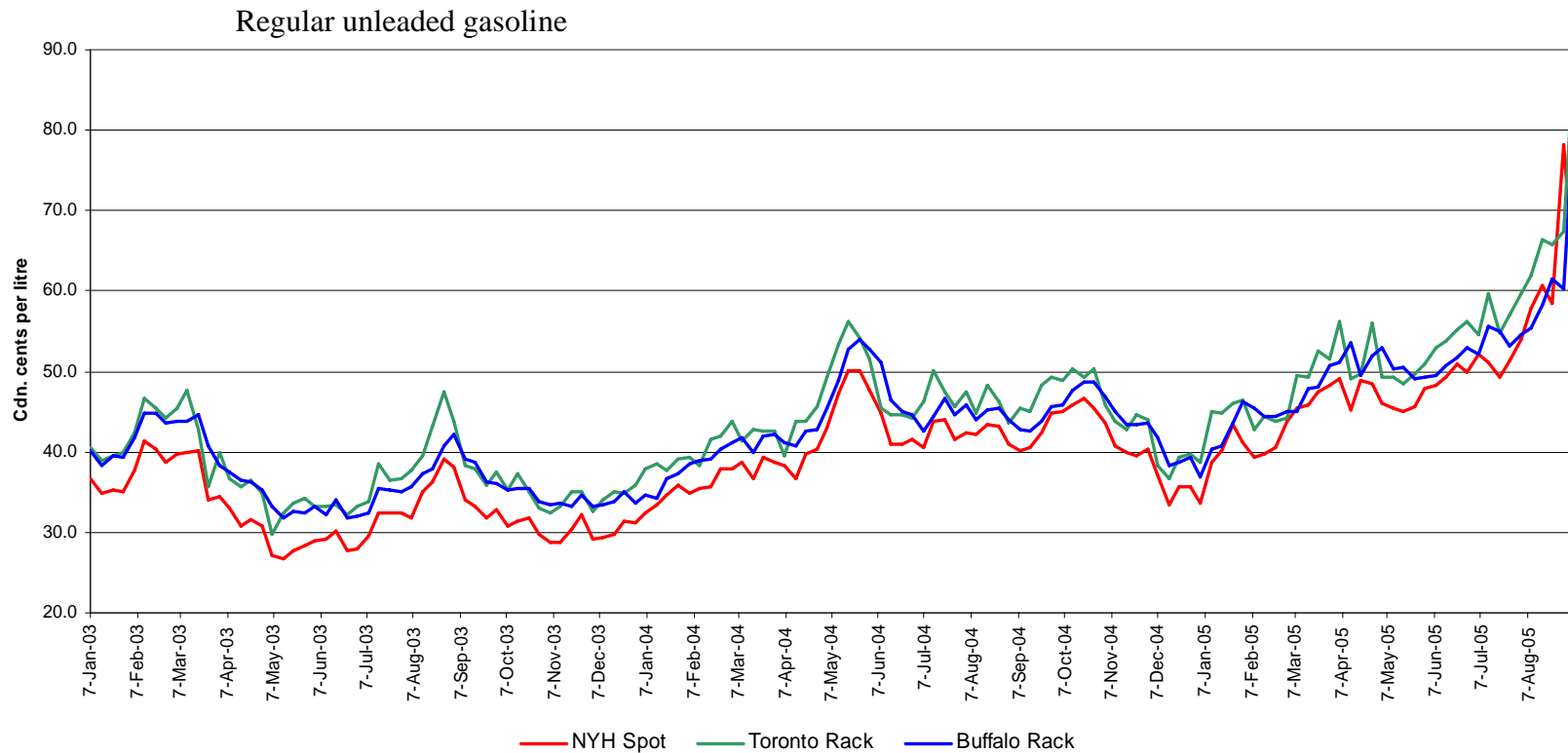
2005 Crude and Wholesale Margins

NY Merc Prices 2005



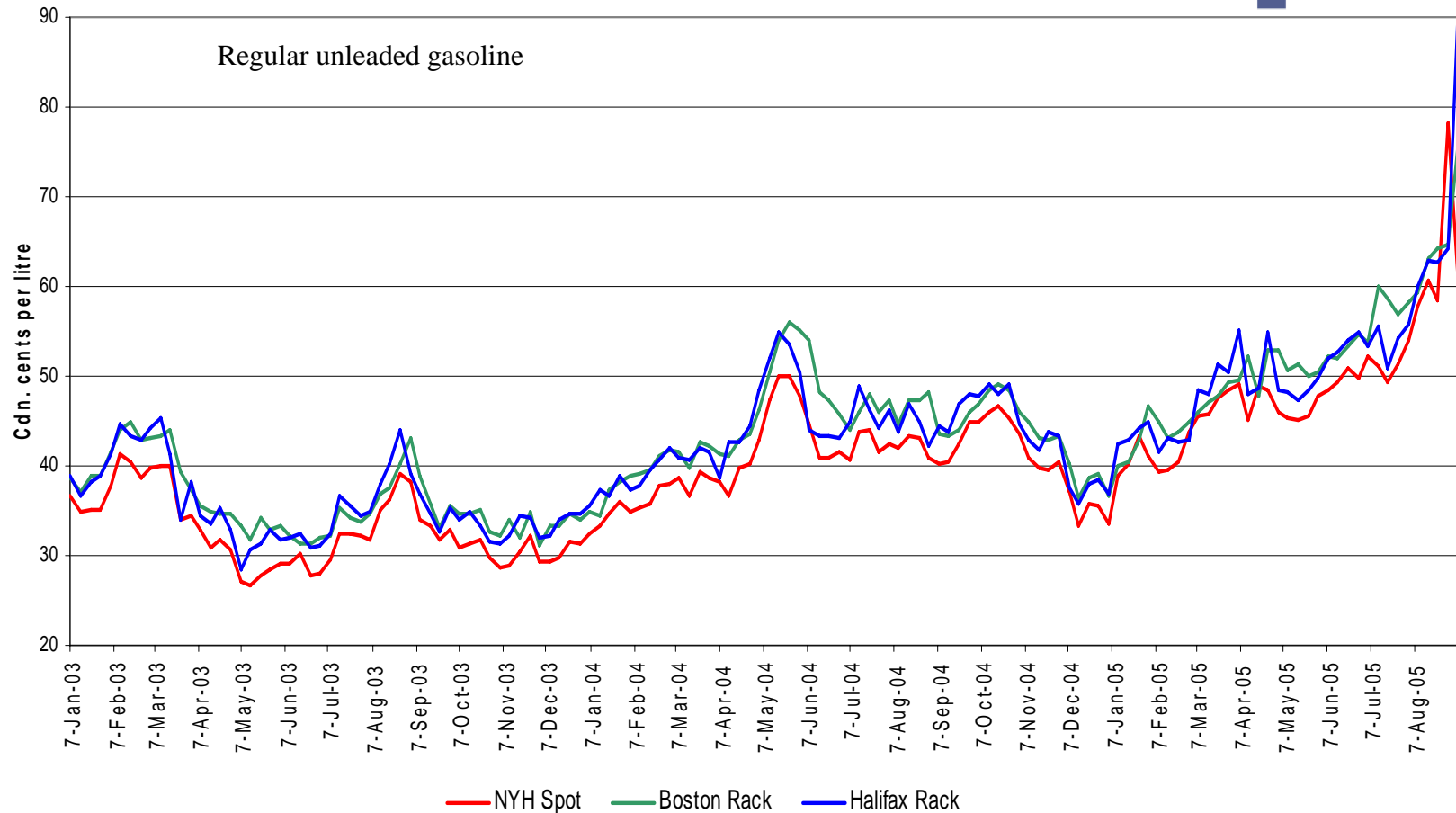
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Rack Prices Reflect Continental Market



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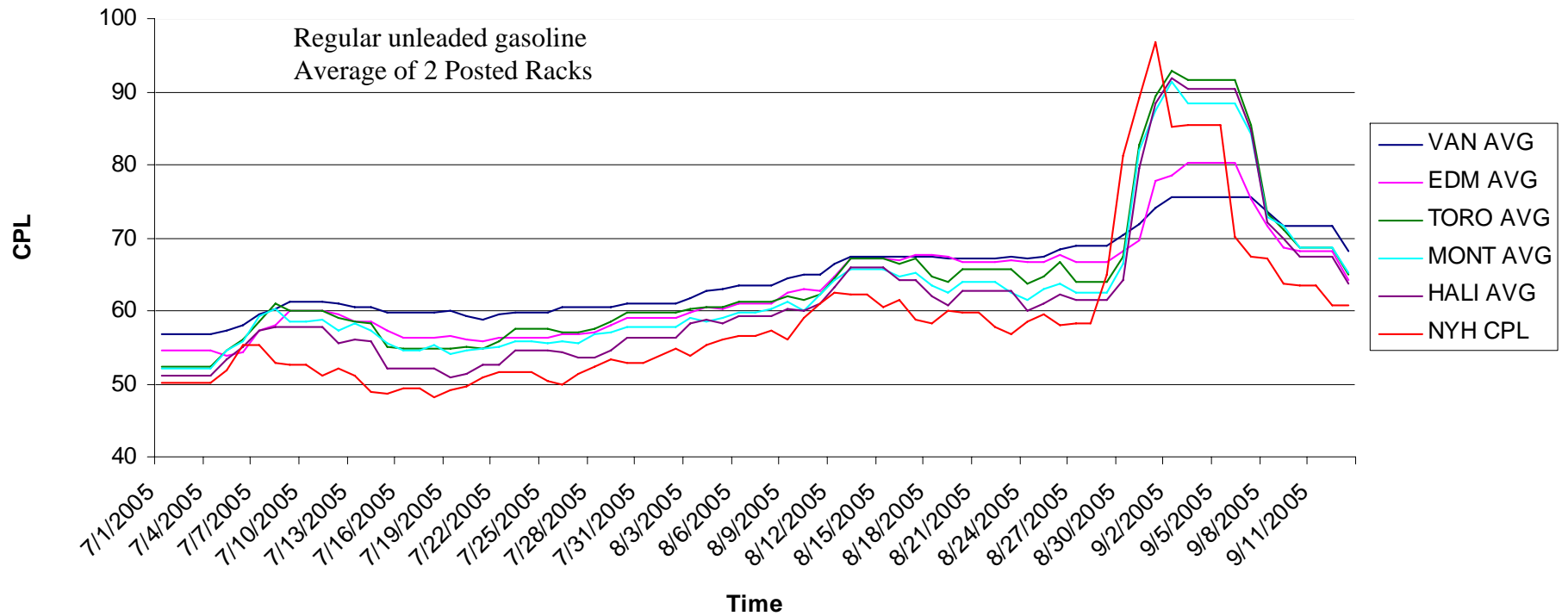
Rack Prices Reflect Continental Market



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Regular Gasoline Rack Prices

July 1 to September 13, 2005

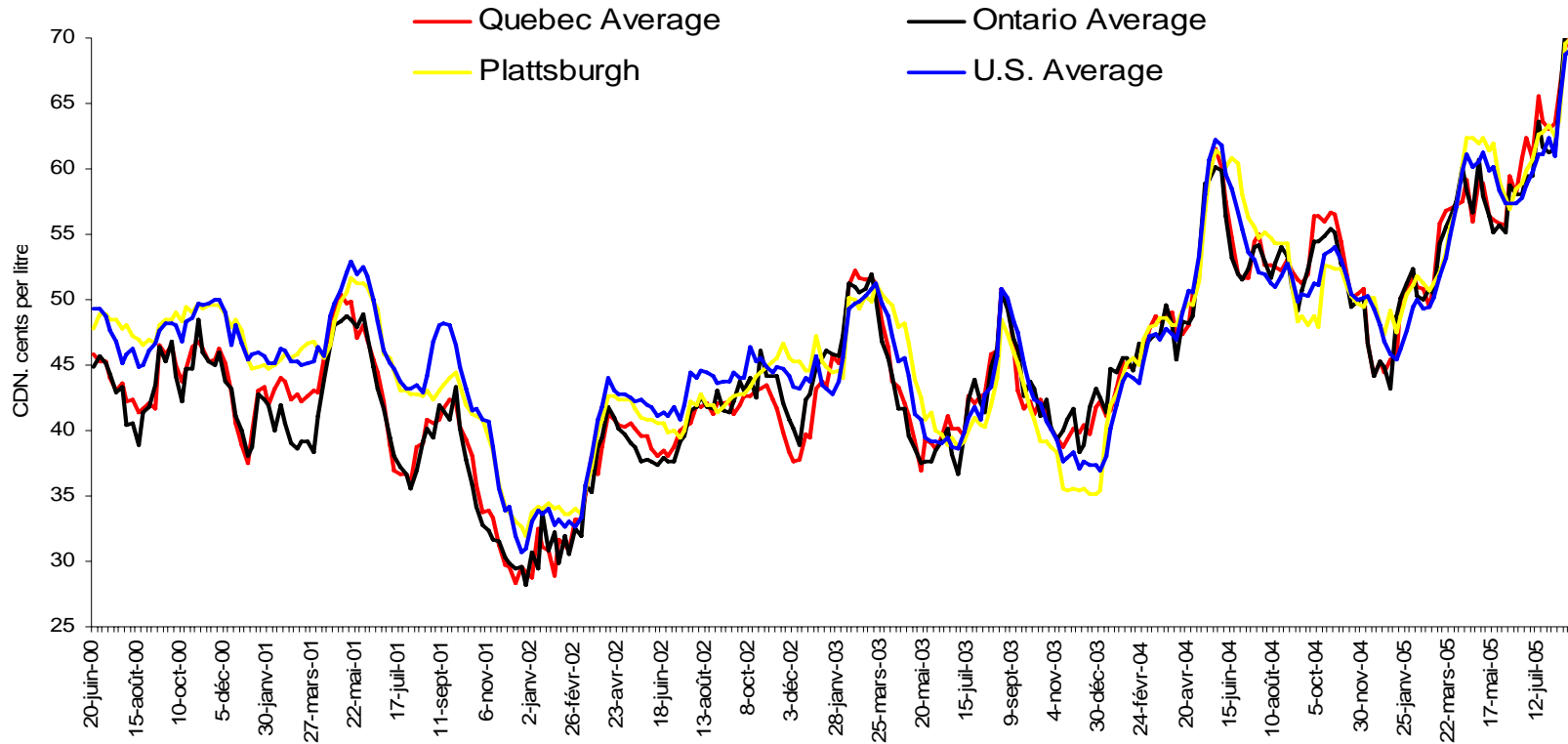


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Average Pump Prices follow Wholesale Dynamics

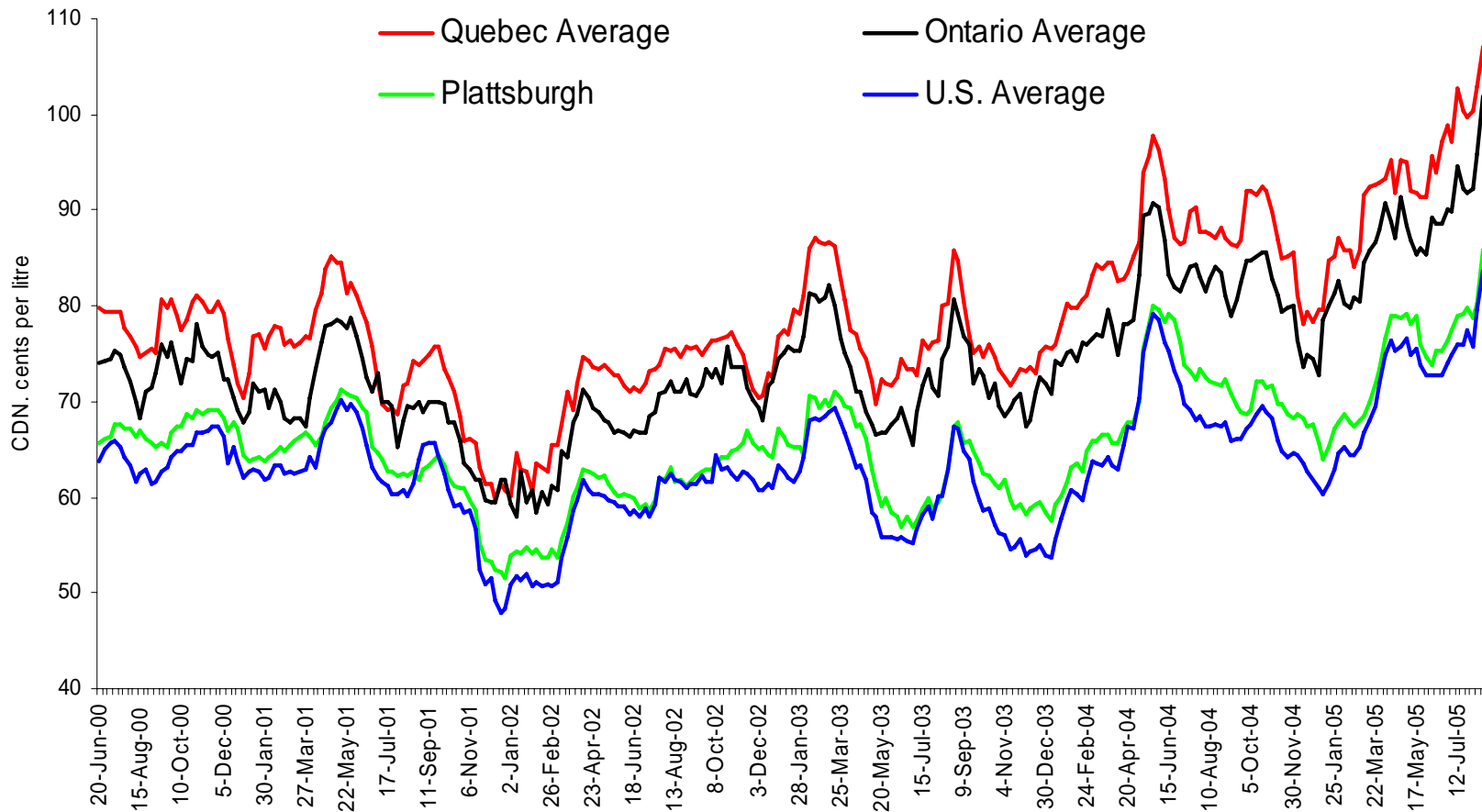


Pump Prices Excluding Taxes- Regular Gasoline



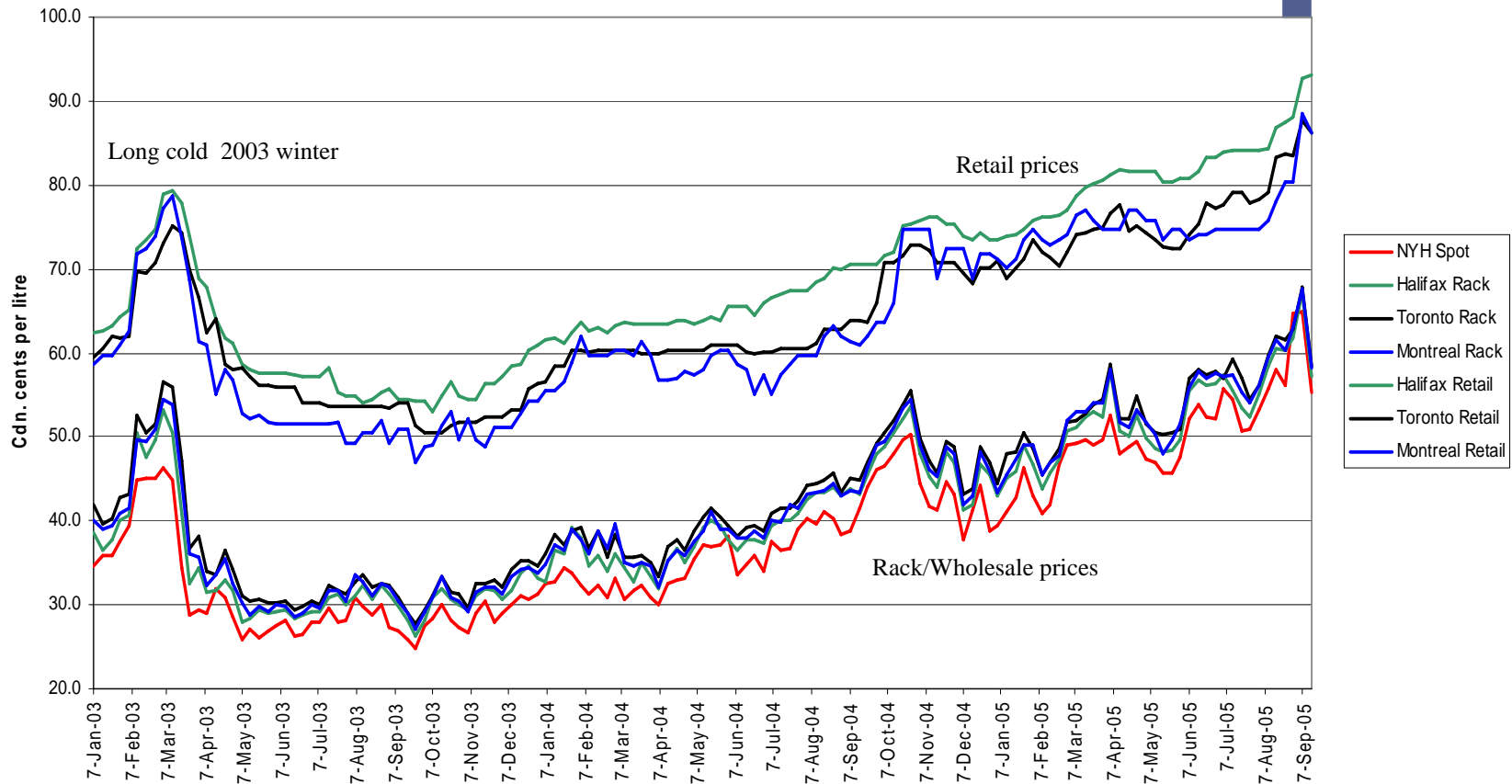
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Pump Prices reflect tax differences



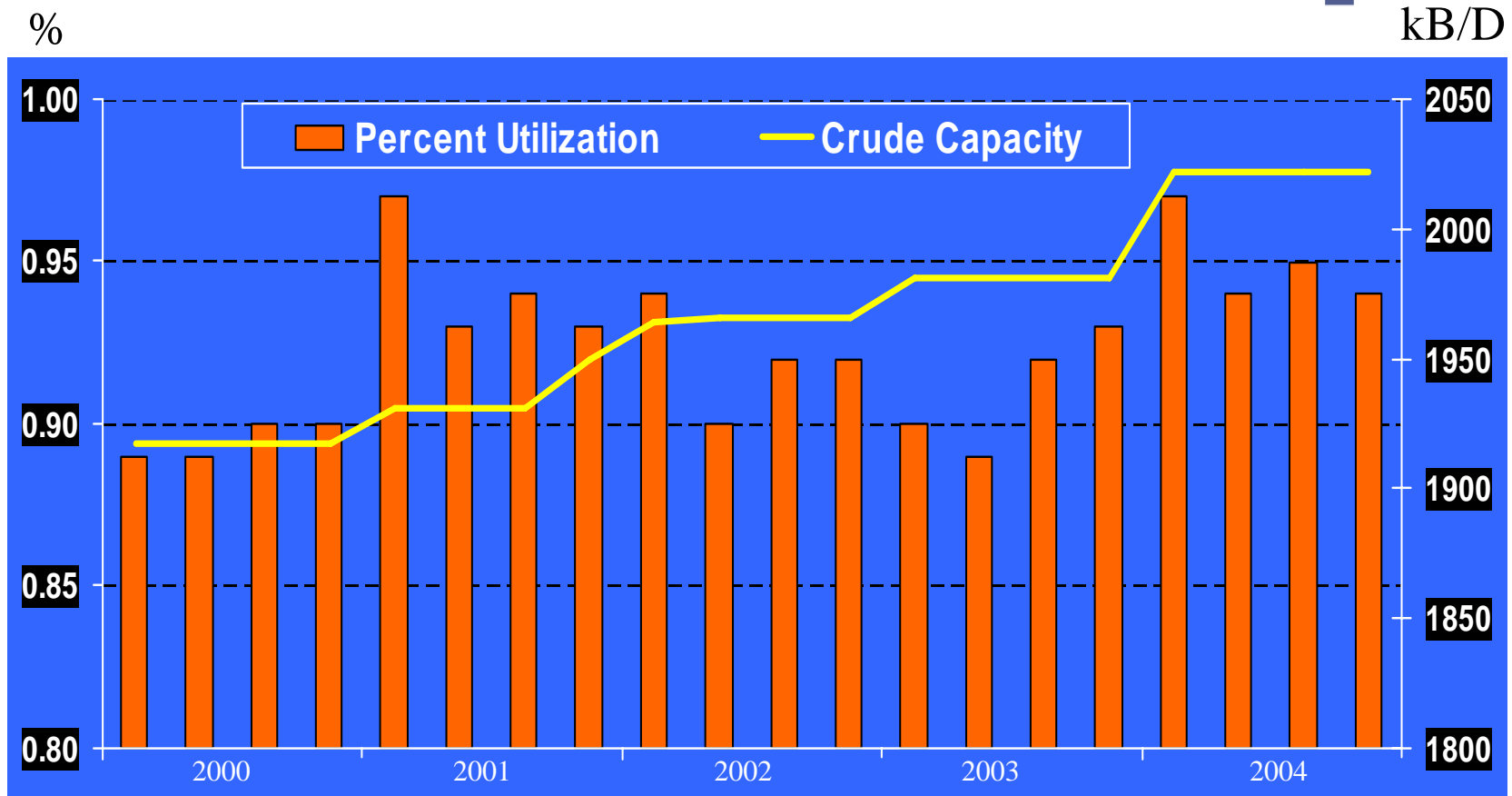
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Furnace Oil Prices Reflect High Crude & Tight North American Refined Product Markets



Petroleum Market Dynamics

Canadian Refining Capacity/Utilization





- CPPI initiative in response to Federal Industry, Science & Technology Committee recommendations of 2003/4

- CPPI has invited federal and provincial representatives to participate in a workshop October 19/20 in Ottawa
 - Two half day sessions
 - Working level representatives who know what is happening today
 - Share current information gathering/communication practices
 - Test for need for additional and better market information
 - Test for interest in collaborating to develop better information gathering and communicating systems
 - Looking for simple low cost improvement opportunities

- CPPI is requesting your support to enable participants from your jurisdictions to participate



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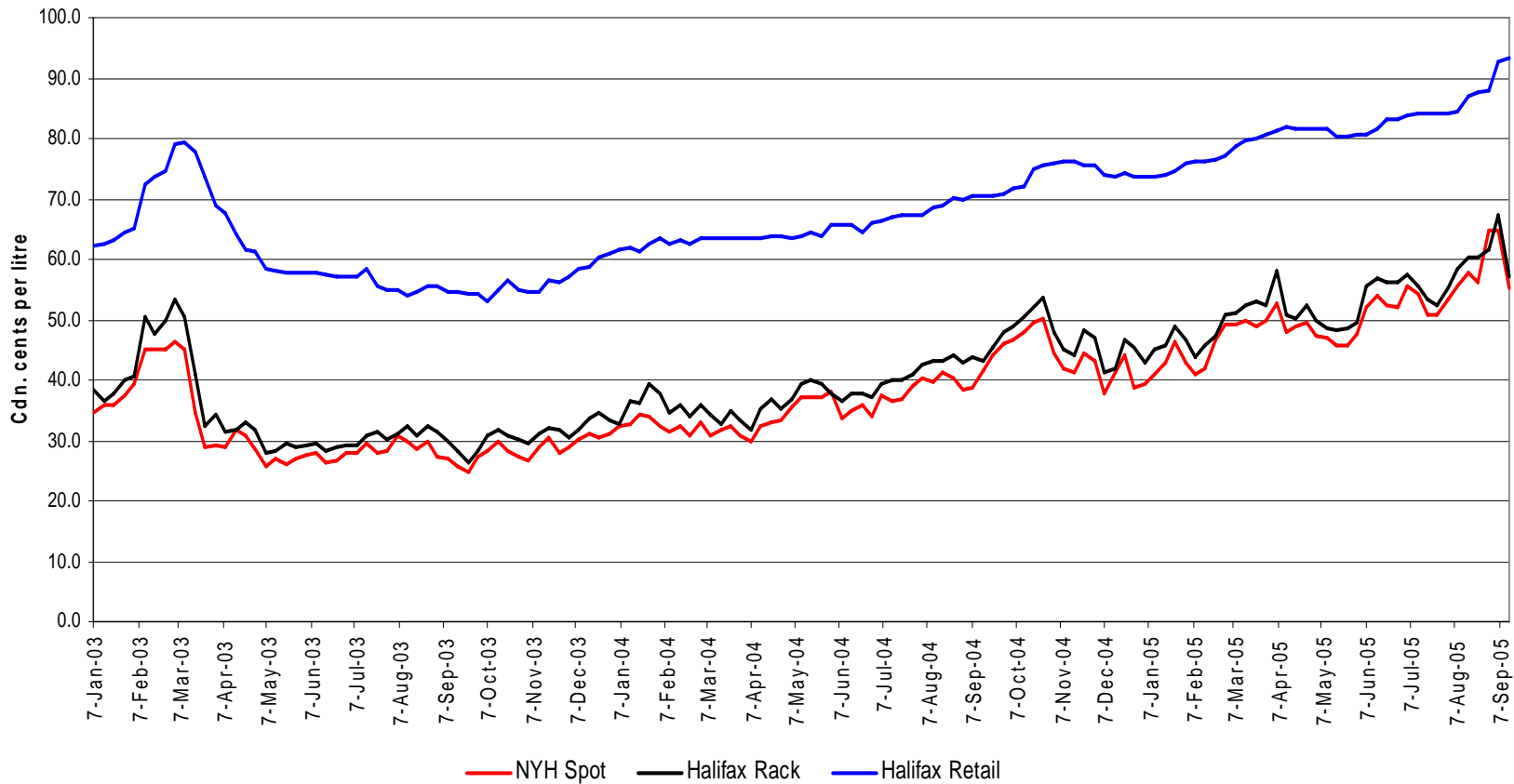
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BACK-UP CHARTS

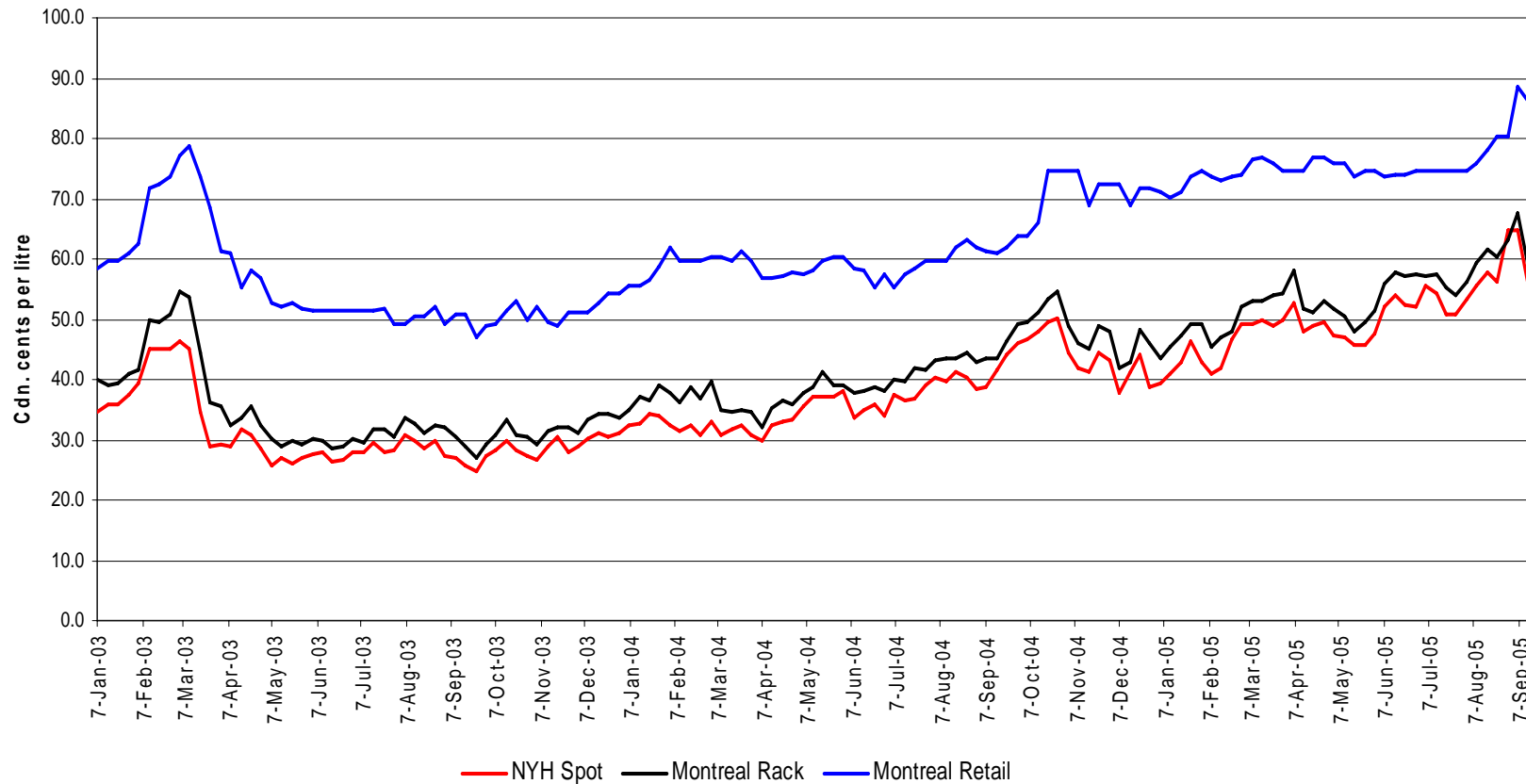
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Halifax Furnace Oil Prices



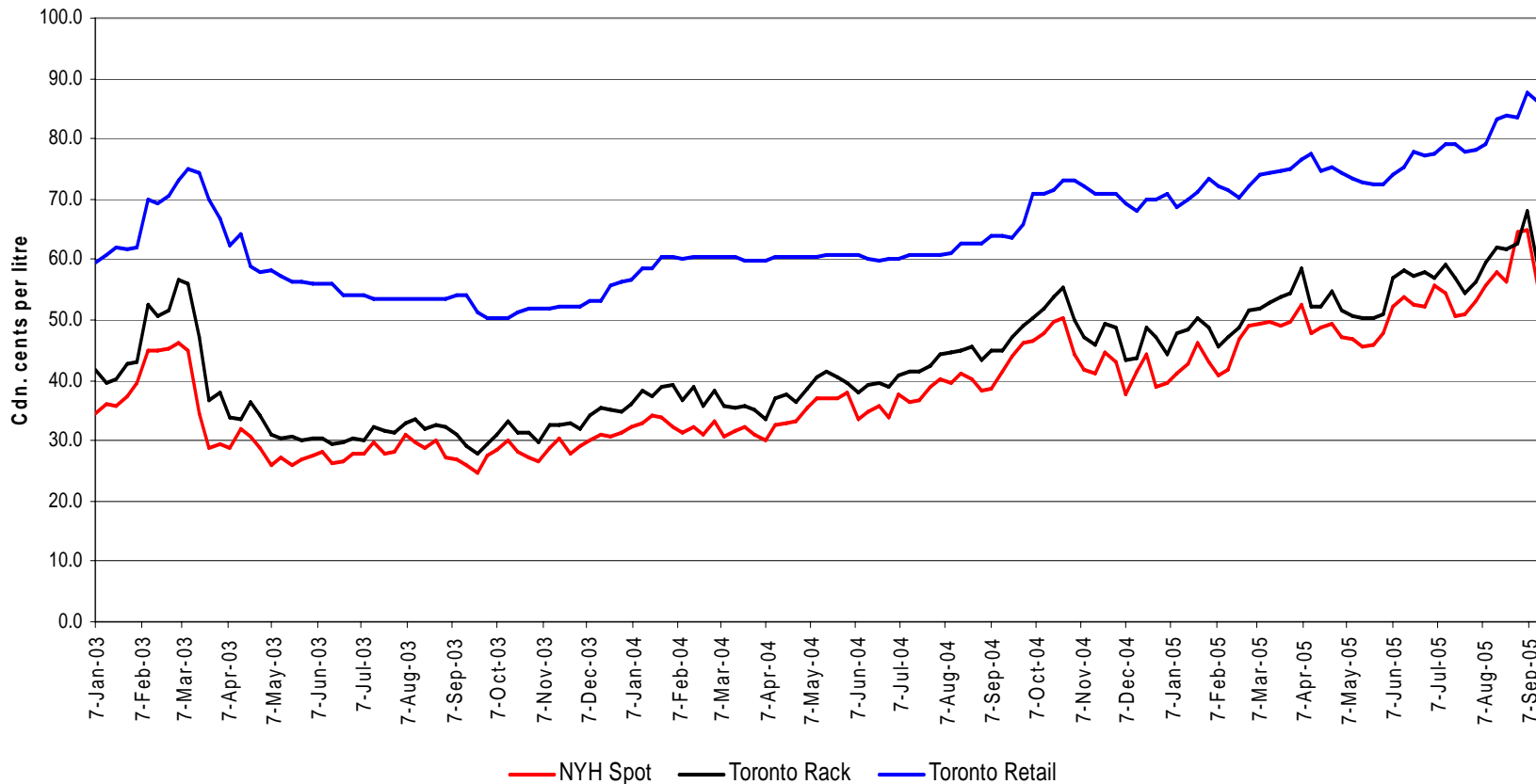
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Montreal Furnace Oil Prices



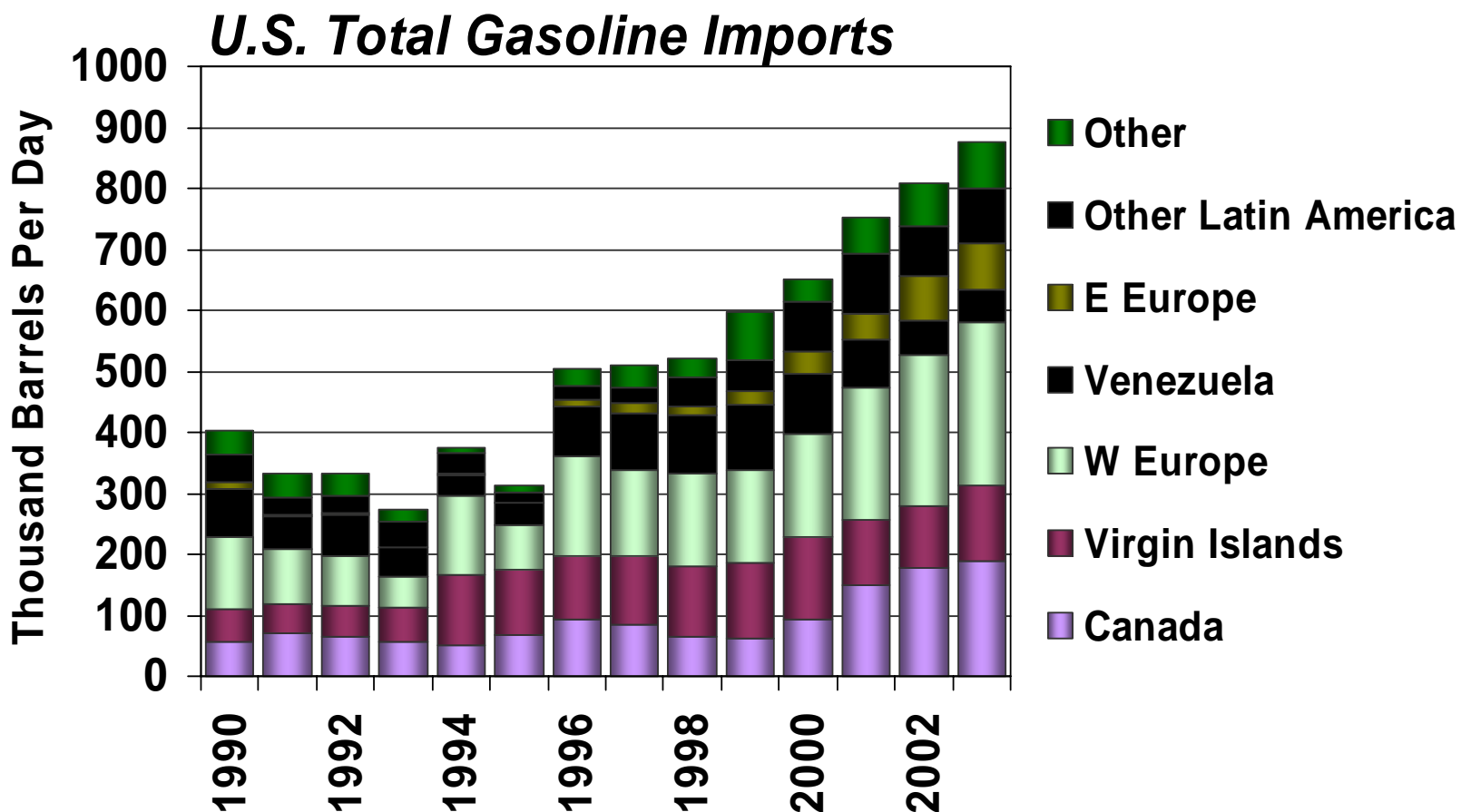
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Toronto Furnace Oil Prices



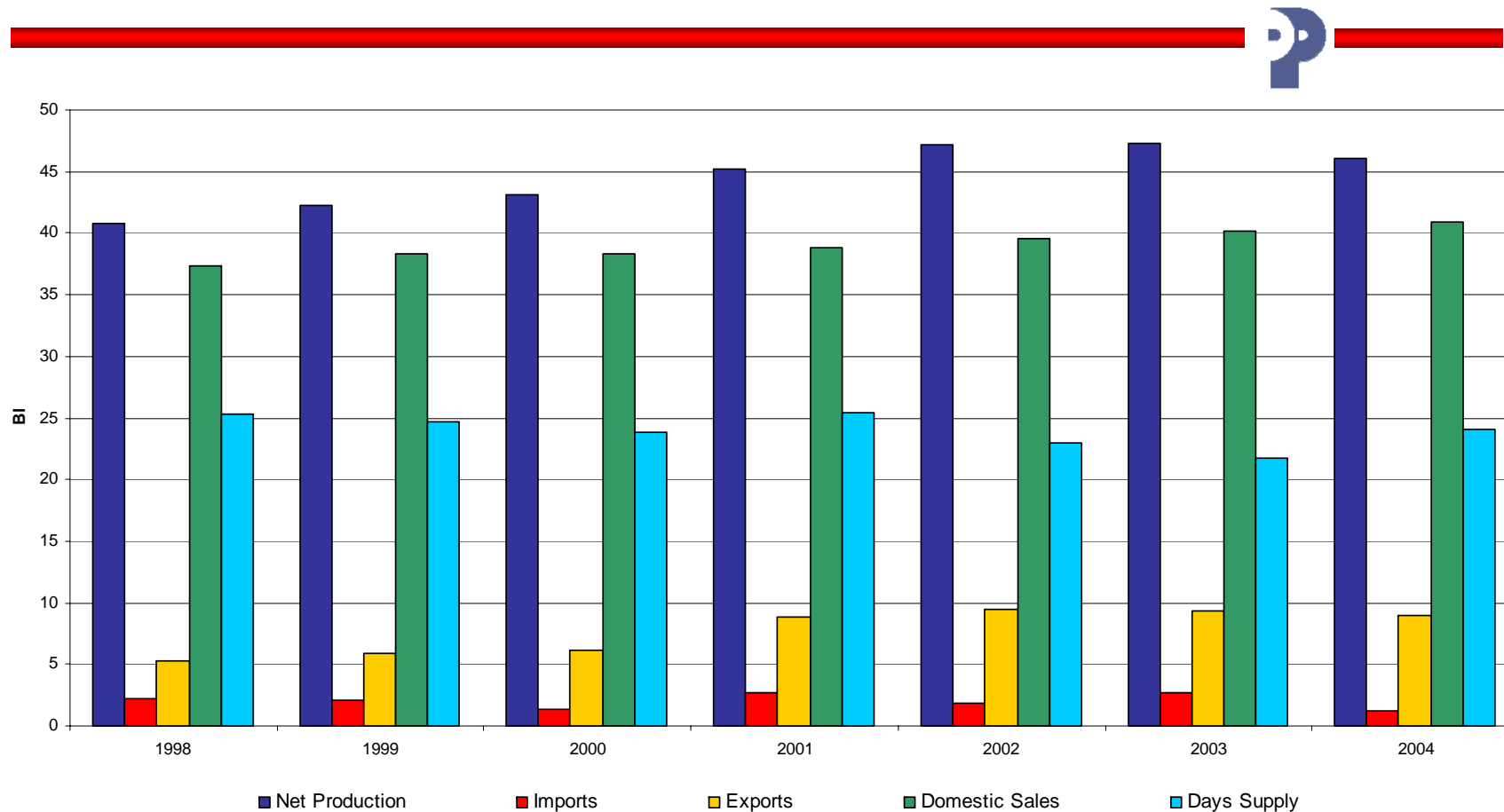
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North American Supply vulnerable to Disruptions



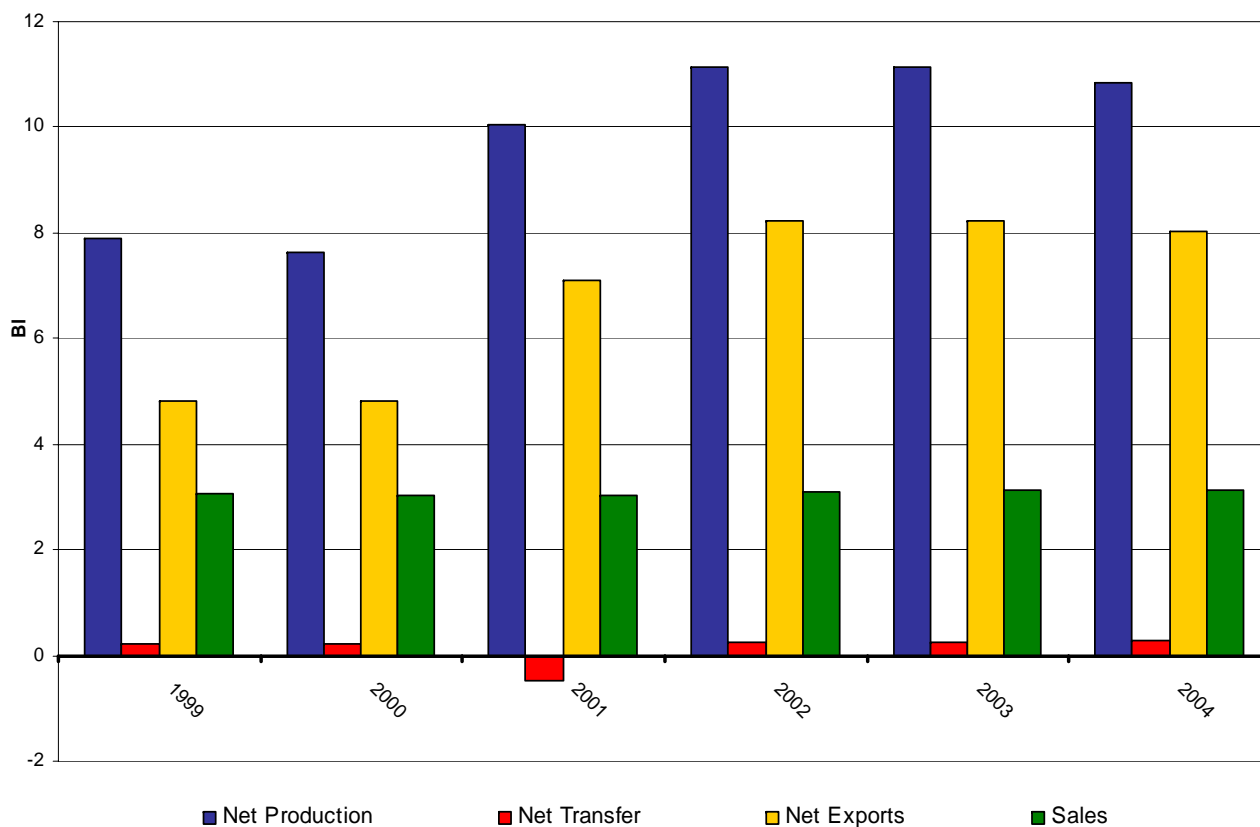
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Canadian Gasoline Supply/Disposition



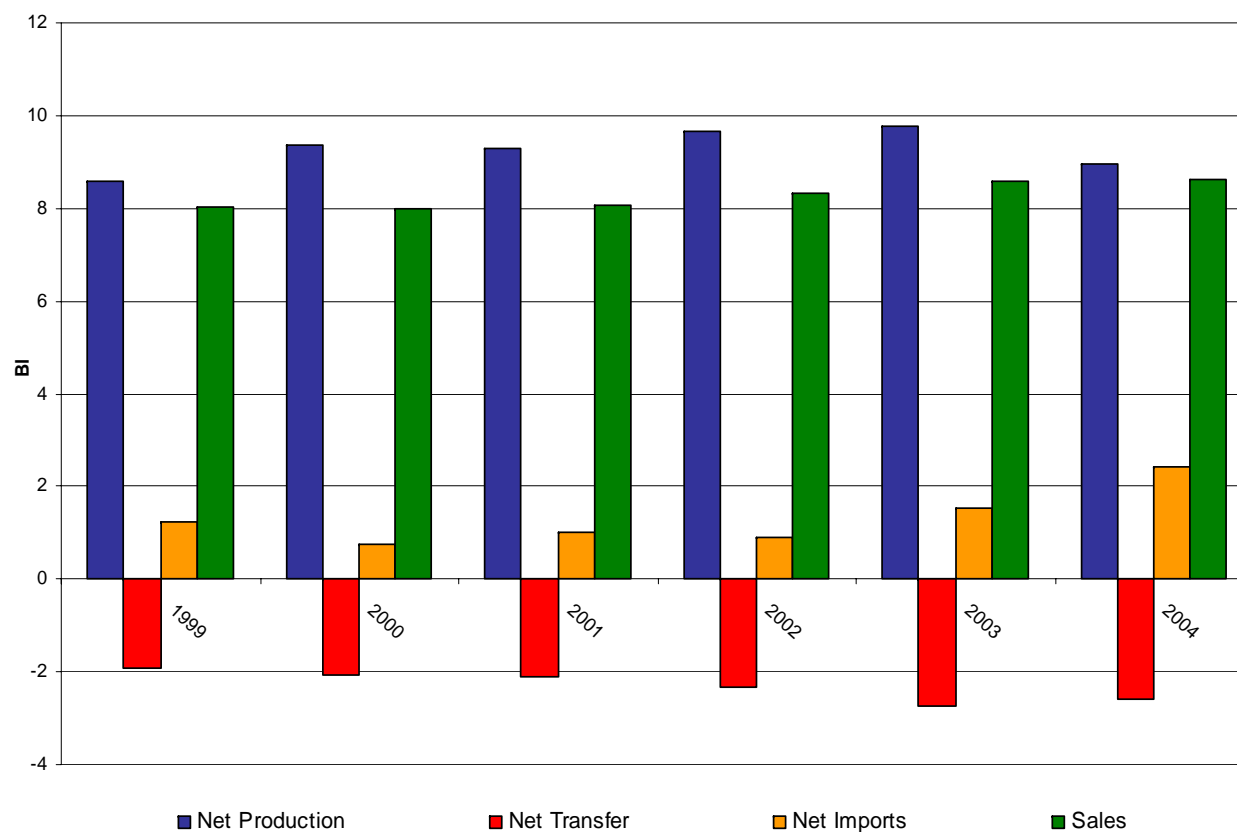
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Atlantic Gasoline Supply/Disposition



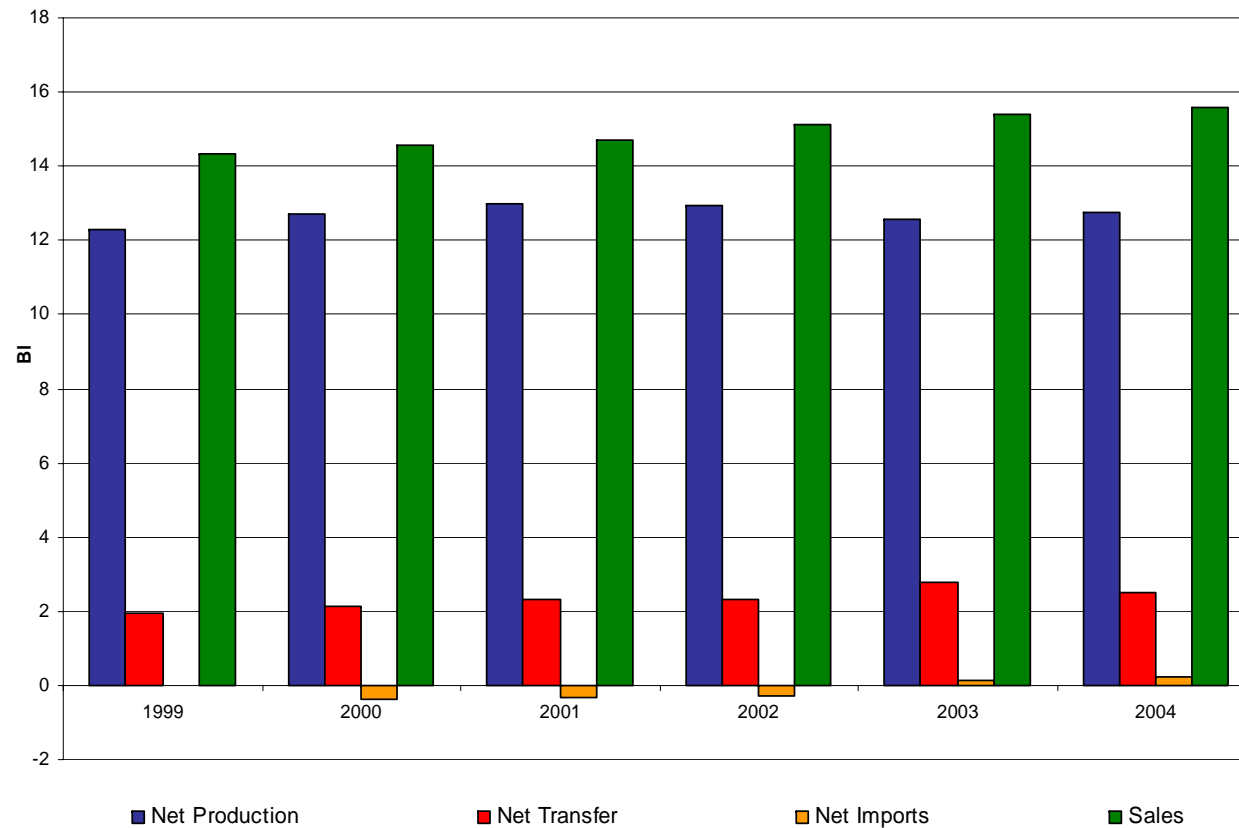
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Quebec Gasoline Supply/Disposition



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Ontario Gasoline Supply/Disposition





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Annual Cost of Gasoline Price Increases

