



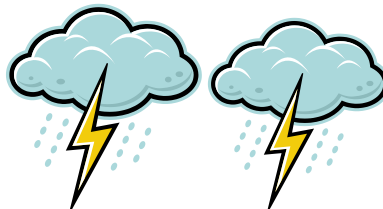
AUSTRALIAN PETROLEUM MARKETER NEWS

**PUBLISHED BY HEH AUSTRALIAN PETROLEUM
CONSULTANCY**

EDITION (92) NOVEMBER 2011

PUBLISHED 1ST DECEMBER 2011

APMN FIRST PUBLISHED JULY 2003



ANOTHER TURBULENT YEAR

As the year rapidly draws to a close it is interesting to reflect on what has been another turbulent year for the petroleum industry both in Australia and internationally.

We of course should not be surprised as this seems to be the common certainty in our industry and that certainty is change.

The number of petroleum wholesalers (Distributors) continues to shrink as still further consolidation of networks continue.

The big wholesalers are getting bigger and many others are realising they need to get bigger to survive.

Classic examples are 7-Eleven (now the largest independent), United Petroleum, Neumanns, Freedom and Ausfuel to name but a few.

The oil majors too, have rationalised, with Mobil, having already exited from its wholesale network and eventually, after a battle with the ACCC, sold its retail network to 7-Eleven.

Shell, which also previously exited from its wholesale networks and hived off its retail network to its Cole's alliance and now is closing its Sydney refinery, converting it to a storage terminal.

This is obviously the beginning of a major dismantling of the vertical integration of the oil major refiner marketers not only in Australia but throughout the world and this disinvestment has not yet ended.

The supermarket alliances continue to be a significant threat to competition in Australia as they control the retail petrol market by their dominance within the manipulative 'price cycles,' which are seemingly now a permanent feature of Australian retail petrol pricing with discounts now running at up to 15cpl.

While the essential service nature of our petroleum industry requires more effective monitoring, with the ability to intercede where excesses are occurring, the current Federal Government seems totally disinterested in appointing a petroleum industry Ombudsman.

The Global Financial Crisis (GFC) heavily influenced petroleum prices and continues to do so as Europe battles with its sovereign debt crisis and fight to keep its common Euro currency together.

The turmoil in the Middle-East has witnessed some extraordinary events with its people fighting to bring democracy to its region. It is this region which remains the biggest threat to oil price stability with Iran once more posing a grave threat with its nuclear ambitions.

Our mining industry continues to boom and is covering over a number of weaknesses elsewhere in our two speed economy. The oil industry is experiencing rapid growth within our diesel markets and is growing at in excess of 9% per annum, with petrol showing little or no growth at all.

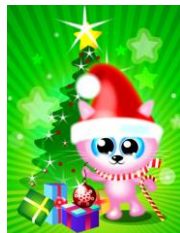
We have almost overnight become one of the world's largest gas producers and that is creating huge development activity to be centred on Gladstone, the Kimberley and the Northern Territory, which will create significant growth opportunity for petroleum wholesalers.

The Carbon Tax debate raged throughout the year and has finally been passed by our Federal Government.

While the debate about 'Climate Change' has diminished with most accepting it is a reality, the introduction of a 'carbon tax' does not enjoy the same public support and with a change of government is likely to be abolished.

Energy Security (petroleum fuels) continues to be of concern with Australia's 'Days Cover' representing only around (14) days for Diesel and (19) days for petrols.

These were just some of the happenings within our petroleum industry during 2011. No doubt there will be just as many dynamic events occurring in 2012.



This will be the last edition of APMN for 2011 with January 2012 (due first week in February) being the next issue date.

We take this opportunity to express our sincere thanks to all of our clients and subscribers for their kind support throughout 2011 and from our family to yours we wish you all a happy and safe festive season.

May the oil industry be kind to you in 2012.



WORLD OIL PRICING ON THE BRINK

As the global economy teeters on the brink of a Recession, or as some analysts are predicting – a Depression, world oil prices are seemingly set to either collapse or to escalate to levels we have not before experienced.