



## CURRENT GAS PRICES IN WESTERN CANADA ARE THE HIGHEST IN HISTORY

Record high gas prices in Vancouver are raising eyebrows, questions and concerns:

### Why and what is causing this uprising?

Is it contagious and will these high prices spread across the country?

Here are the reasons for the spikes:

- **Refining margins:** This is the spread between the cost of crude and the wholesale price. Today those margins are up 60 % versus the same time in 2017.
- **The Burnaby Refinery:** Is it up and running at full speed? If not then supply may be the problem. The problem is that Canadian refiners are not mandated by any level of government to confirm or deny the status of their refining facilities. In the U.S. any interruption in supply due to refinery problems must be reported to municipal, state and Federal authorities.
- **The uncertainty of the future of the Trans Mountain** has built a risk factor into the price at the pumps. If the AB/BC feud continues, crude flow from Alberta will affect the Burnaby refinery runs and increase prices even further.
- With a deadline of May 31, the closer we get to that date without a clear direction or decision by the Federal government on the future of the Trans Mountain, the higher the prices will go and the tighter the collars will get in Ottawa, BC and Alberta.
- **Gas prices in Canada are not made in Canada** in normal times but follow the daily wholesale price movements in the U.S.
- **Increased U.S. demand for gasoline is going unchecked** even before the start of the driving season. This demand is supported by a red hot US economy, low unemployment, and record sales of gas guzzling SUV's Crossovers and light trucks and high consumer confidence levels.
- **U.S. refiners now have two markets:** the domestic one or the export market. If the export option is more profitable, then that's where the gasoline goes. To prevent this the US consumer will have to compete with the export market by paying higher prices to their own refining industry. If the U.S. consumer pays more so do Canadians.

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