

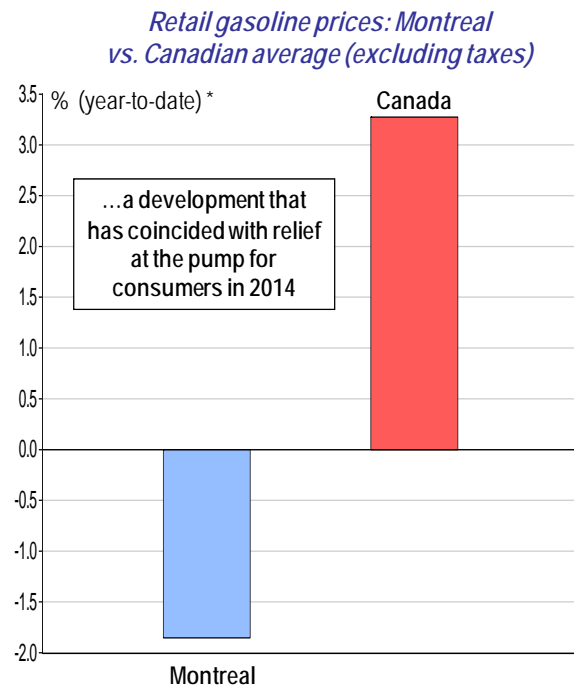
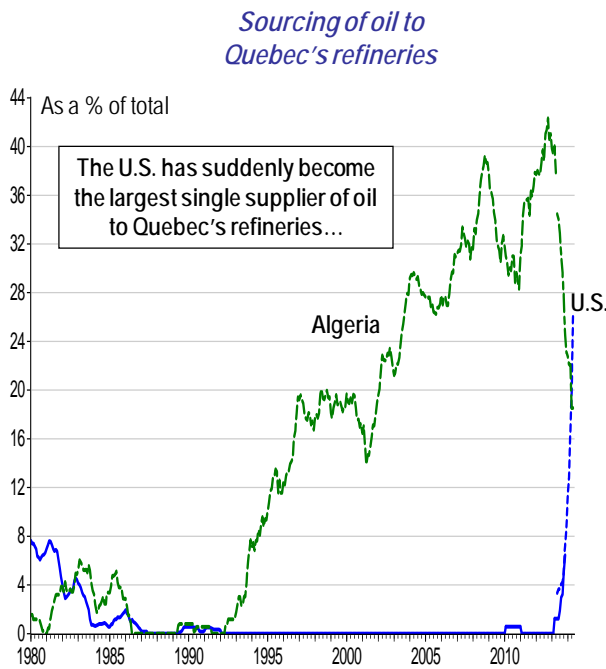


Canada Watch

Ongoing developments in the North American energy sector have been dramatically shifting the sources of supply to Quebec's oil refineries. Just two years ago, more than half the oil refined in Quebec was from Algeria and Kazakhstan and was priced in Brent at premiums to WTI and WCS. In 2013, the U.S. captured 5% of the Quebec market on the strength of its shale oil production. In 2014 the expansion of its market share has been nothing less than spectacular. Statistics Canada reports that Quebec imports of crude petroleum from the U.S. in the first five months of the year were up 573% over the same period last year while those from traditional Brent-type suppliers were down more than 50%. As today's Hot Charts show, we estimate that the U.S. accounts for more than 26% of the feedstock of Quebec's oil refineries, passing Algeria as their largest single supplier. The shift to cheaper supply coincides with relief at the pump for consumers: year to date, gasoline prices excluding taxes are up 3.2% in Canada as a whole but *down* 1.9% in Montreal. That 1.9% translates into a windfall of \$280 million annually for Quebec households.

Stéfane Marion

Canada: A dramatic shift in the sourcing of QC oil refineries



*Through the first week of August 2014

NBF Economics and Strategy (data via Statistics Canada and Natural Resources Canada)

HOT CHARTS

ECONOMICS AND STRATEGY GROUP

514-879-2529

Stéfane Marion

Chief Economist & Strategist

stefane.marion@bnc.ca

Paul-André Pinsonnault

Senior Fixed Income Economist

paulandre.pinsonnault@bnc.ca

Krishen Rangasamy

Senior Economist

krishen.rangasamy@bnc.ca

Marc Pinsonneault

Senior Economist

marc.pinsonneault@bnc.ca

Matthieu Arseneau

Senior Economist

matthieu.arseneau@bnc.ca

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