S&P Global
Market Intelligence

Murphy USA Inc. NYSE:MUSA

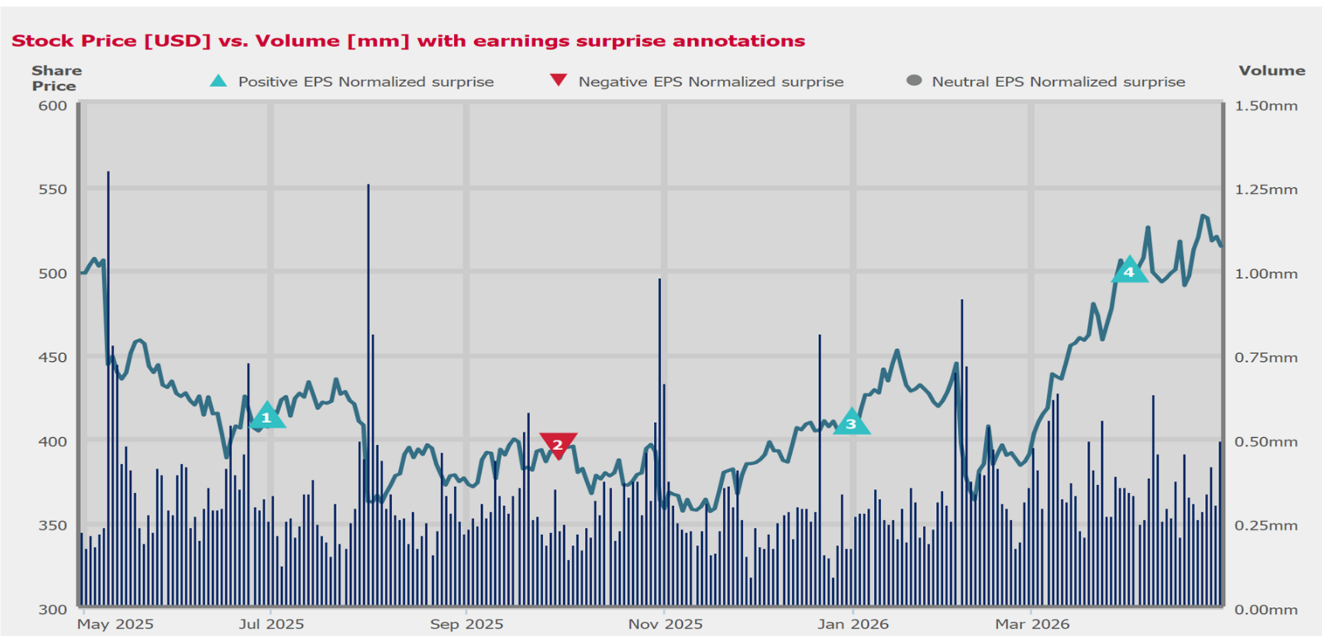
FQ1 2026 Earnings Call Transcripts

Thursday, April 30, 2026 3:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ1 2026-			-FQ2 2026-	-FY 2026-	-FY 2027-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	5.50	7.28	▲32.36	8.69	29.56	NA
Revenue (mm)	4695.14	4819.30	▲2.64	5954.51	21576.21	NA

Currency: USD
Consensus as of Apr-30-2026 3:16 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ2 2025	6.56	7.36	▲1 12.20 %
FQ3 2025	6.95	6.76	▼2 (2.73 %)
FQ4 2025	6.90	7.88	▲3 14.20 %
FQ1 2026	5.50	7.28	▲4 32.36 %

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EXECUTIVES

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Vice President of Investor Relations & FP&A

Malynda K. West
President, CEO & Director

ANALYSTS

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Bradley Bingham Thomas
KeyBanc Capital Markets Inc., Research Division

Corey Tarlowe
Jefferies LLC, Research Division

Edward Joseph Kelly
Wells Fargo Securities, LLC, Research Division

Irene Ora Nattel
RBC Capital Markets, Research Division

Jacob Aiken-Phillips
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Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

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JPMorgan Chase & Co, Research Division

Presentation

Operator

Thank you for standing by. My name is Melissa, and I will be your conference operator today. At this time, I would like to welcome everyone to the Murphy USA First Quarter 2026 Earnings Q&A Call. [Operator Instructions] I would now like to turn the call over to Christian Pikul. Please go ahead.

Christian Pikul
Vice President of Investor Relations & FP&A

Thanks, Melissa. Good morning, everybody. Thanks for joining us. With me this morning are Mindy West, President and CEO; Donnie Smith, CFO; and Ash Aulds, Director of Investor Relations and FP&A.

Before we get started, I need to remind everybody to refer to the forward-looking statement commentary we included in our prepared remarks yesterday. I also assume you have all read through our earnings release and the prepared remarks, we have read your notes.

I have a few comments before we open it up for Q&A. First, I hope that you noticed we are rebranding the PS&W plus RINs business and simply calling it fuel supply going forward. We provided a lengthy justification for that change, along with a detailed explanation of fuel supply results. So I hope that was helpful. Second, we sent a follow-up note to our sell-side analysts, but I did want to take the opportunity to clarify our comments on April volumes being flat to prior year, that metric is on an average per store month basis, not total volumes. So I wanted to point out that distinction. And lastly, as we will likely discuss, First quarter was strong, but we are focused on building shareholder value over the long term. We're pleased with the way the business performed in the first quarter, but our focus remains on making Murphy USA better in any environment, increasing the earnings power of the company in both favorable and unfavorable environments.
So with that, Melissa, please go ahead and open us up for questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Irene Nattel with RBC Capital Markets.

Irene Ora Nattel
RBC Capital Markets, Research Division

Thank you for that explanation on PS&W and fuel supply. Very much appreciate it. So just obviously, you said, Christian, this very strong start to the year. Certainly, the momentum seems to be very good. What circumstances would have to occur in order for the balance of the year to take you to a place where you do not exceed the 2026 guidance, which didn't seem to be updated?

Malynda K. West
President, CEO & Director

Great question. I think it would take a lot to not exceed at this point given the amount that were up in the first quarter alone. So I think that, yes, we could definitely say that the guidance that we gave is a little on the light side. But nevertheless, we did not update the guidance and we typically don't following quarter 1, and we don't want to get in the habit of doing that. There's just simply too much volatility, too many unknowns early in the year to have a really accurate forecast. Our guidance, as you may remember, was built around very low volatility, low price environment. Obviously, now we are in a different situation. But honestly, my crystal ball isn't going to be any better than yours. And this is unprecedented volatility and geopolitical risk, and it's changing every day, minute by minute. So I honestly wouldn't know what fuel margin to put into the model to give you an accurate forecast.

So at this point in the year, just not going to update. What we will do though is wake up every day react to market conditions on that day. We know we have to be nimble, change our playbook as needed and ensure that the business delivers the best outcome, whatever the environment is throughout the remainder of the year. But that's really all I can say about where we might end up year-end. Obviously, our guidance that we gave last quarter is going to end up being on the conservative side but the year is going to be what it is, and it's too soon to tell now exactly what that will be. So we're going to remain focused on execution.

Irene Ora Nattel
RBC Capital Markets, Research Division

That's really helpful. And then just as a follow-up and sort of it comes back to a little bit of what you said about the fuel margin. But that $0.069 per gallon from, let's call it, inventory revaluate -- inventory gains in fuel supply, how should we think about the evolution of that number as we go through the year?

Malynda K. West
President, CEO & Director

Well, fuel supply results were high in the first quarter as we explained. The core business, though, generated $0.025, including the impact -- excluding the impact of those higher prices. So if prices continue to increase, then you should expect the positive inventory valuations in that part of the business. If prices decline, you're going to get the opposite impact. But at the same time, that should serve to expand retail margins at the same time, hopefully, volume as well as we can put some of that margin on the street to create separation and have chances to gain volume. But that part of the business is going to continue to be volatile month-to-month, quarter-to-quarter and largely dependent on the direction of prices, but also the magnitude and duration of those price changes.

Operator

Our next question comes from the line of Bonnie Herzog with Goldman Sachs.

Bonnie Lee Herzog
Goldman Sachs Group, Inc., Research Division

All right. I did have a question on the consumer. And I guess I'm wondering, Mindy, if your outlook for the consumer has changed. I'm thinking about the context of prices at the pump tracking around $4 a gallon across the nation. So curious to hear how have purchasing patterns may be changed, especially for the lower-income consumers, if at all? And then are you seeing more consumers down trading potentially to your stores? Is this an opportunity, for instance, for you to gain share? And any kind of change of behavior at the pump would be helpful.

Malynda K. West
President, CEO & Director

Yes, great question. I'll start first with the trade down because candidly, by the time customers are shopping at Murphy USA for our everyday low prices, much of that traditional trade down has already occurred. So as a result, we really see relatively little pressure, especially in the nondiscretionary categories even in the higher price environment. What we know is our everyday low price model is what brings customers in the door. And then once they become regular shoppers, we just don't see significant trade-down behavior within the store.

What we do see and we'll see are some different decisions being made inside the store in discretionary categories like salty snacks or really even lottery where there are just more venues and opportunities available to customers to participate in that. And as -- and remember what we said in the prepared remarks, the Murphy customer is maintaining their spend in our store. So results are actually stronger. Our non-nicotine sales were up 2%, with margins up over 4% at Murphy stores. So we are still seeing strength in that core customer. We're seeing margin growth across most of the inside the store categories. But I'll remind you, while that does speak to our customer is, it also has a lot to do with our team and our offer because that margin growth doesn't come automatically. Our team has to look to innovate for new promotions and vendor partnerships, and we'll keep at it and do a great job because we're seeing the results.

What is interesting to see at these higher prices is we are seeing new customers coming into our stores. We're also seeing lapsed customers returning to our stores. That's telling us 2 really key things. First, they're changing their behavior and becoming more value-seeking shoppers, which is what we would expect. Second, and this one is really important, they remember Murphy USA as a low-priced retailer and we are their store of choice when they're seeking value for low-priced goods in the store and low-priced fuel. So we know we have the right to keep this customer and they're going to return to us in periods of higher prices, and we're encouraged so far by what we're seeing already.

Bonnie Lee Herzog
Goldman Sachs Group, Inc., Research Division

All right. That's helpful. If I may just ask as a follow-up, I guess, on a different topic because I do want to comment on your newly dubbed fuel supply business, and I definitely appreciate that and all the color. I think that's really helpful. And I guess I'm curious to maybe understand a little bit more about the benefits from RINs, which was really huge in Q1. And then just monitoring those prices across the board do remain quite high. So just want to make sure I understand how we should think about the magnitude of the contribution you could recognize from fuel supply in Q2?

Malynda K. West
President, CEO & Director

Bonnie, we really look at it on a blended basis. You see the windfall in RINs because we report that as a separate category, but they're really just a pass-through because the RIN value is actually factored into the acquisition costs when we purchased the product. So with sustained movement in one direction over quarter, yes, they can have a slight impact over a short period of time. But over time, those impacts cancel out as rent prices move up and down, that's really just a part of the fuel supply business that's already reflected in what we paid for the product to begin with.

As we look at the quarter, if you're trying to get a land at what could product supply and wholesale be for -- I can't really speak for the quarter, but for the month of April. I know we guided you guys in the speech that we were going to be $0.35 to $0.40 a gallon. What we are comfortable saying, with the books obviously not closed on the month yet, is we're expecting retail somewhere in the low 30s that would imply product supply and wholesale would be -- I don't want to give an exact amount, but trend above the normal levels that we would expect to see just because of the volatility that we're continuing to see in the market.

Operator

Our next question comes from the line of Thomas Palmer with JPMorgan.

Thomas Hinsdale Palmer
JPMorgan Chase & Co, Research Division

In some of the earlier answers, you've noted the price advantage versus competitors and how that's aided maybe some customer choices in terms of shifting towards you. I did want to ask how you think about the relative pricing advantages that you have as you watch fuel prices migrate higher? Do you think about the level of discount that attracts customers as perhaps being different? So maybe like less discounting is needed relative to the environment when fuel prices are lower and more stable?

Malynda K. West
President, CEO & Director

Sure, Tom. We've said before that last year with the very low price environment that was making our value-seeking customer less price sensitive. And we were putting roughly $0.02 a gallon on the street to hold our volumes given the low prices and customer price sensitivity, but also competition. But when we said that, remember that $0.02 is not necessarily chain-wide. It's concentrated in certain areas. So where competition is very intense, we were putting more than $0.02 on. Other places where the competitive pressure was not so much, it was less than $0.02. And so I think as we return to a higher price environment, we will have to be less aggressive. But again, in certain markets, we are still going to price where we need to, to hang on to volume as we see competitive pressures.

Thomas Hinsdale Palmer
JPMorgan Chase & Co, Research Division

Okay. And then just maybe an update given the likely elevated cash flow that's resulting from the strong earnings on capital allocation priorities and likely uses of this excess cash.

Malynda K. West
President, CEO & Director

Yes, it's going to be a good problem to have. First call on capital is always going to be the growth CapEx. So we are committed to building our 45 to 55 sites for the year. So that's going to be the first priority. We will also look to balance that with ratable share repurchases as well. There may be also some opportunities if we need to procure some supplies in order to bolster our new-to-industry stores. We need to go out and buy tanks. We need to go out and proactively buy other things. We will certainly do that.

Deleveraging could be an option. But honestly, given our very low leverage ratio, it's not going to be a high priority but that could factor in at some point. But I think what we're going to do, the priority is going to stay the same with making sure that we are managing our growth, layer in some reasonable amount of share repurchase. And as I started by saying it's a great problem to have.

Operator

The next question comes from the line of Bobby Griffin with Raymond James.

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

I appreciate all the detail on the prepared remarks last night. I guess, Mindy, when you kind of think about what's developed here geopolitically and some of the changes inside the supply market, what do you look at or what should we be thinking about when we try to determine how much of this we can capitalize going further? And I guess I'm asking that more in the context of like what needs to take place or has it already taken place to move the market back from loose to tight and keep it more in a tight supply market on multiple quarters versus just a short-term benefit, if that all makes sense.

Malynda K. West
President, CEO & Director

It does make sense. Bobby, great question. I would say that the market is moving closer to balance than what it was. So what I would look at is we're seeing increasing exports, total motor gasoline inventories in the U.S. have now returned to the 5-year average level. So they're not beneath it, but that has removed the overhang from last year. We're also seeing supply replenishment slowing globally, and there's a lot of market concern, especially for diesel and jet fuel, remains to be seen the amount of damaged infrastructure that might have occurred overseas and the time that that's going to need to recover. So we could see some supply pressure, the longer this goes on which would work to our benefit with our unique ways that we can procure supply.

And additionally, I think one of the investment banks just increased their Brent and WTI forecast for the end of year by $10. That would work to our benefit as well, obviously, keeping prices higher, that will continue to impact customer sensitivity. But I would expect that there is going to be some tightness in supply in certain pockets throughout at least the rest of this quarter and probably through the summer, but there are still a lot of unknowns there. But those are the things that we're looking at. How long does this conflict last? When does the strait open and how much damage to infrastructure is there? And what is the time frame needed in order to get that back up online.

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

Okay. That's helpful. I appreciate it. And then maybe switching gears and going inside the store. I think you called out the Murphy's non-nicotine was up 2%, so it kind of implies the drag here on the same stores being down one is in the Northeast on QuickChek. I know there's been some things you guys have been working on. So just maybe curious, you kind of unpack some of the progress there. Is the drag still just competition in QSR factors or anything else for us to kind of glean out of that?

Malynda K. West
President, CEO & Director

Yes. A lot of it is just that drag in the Northeast region where we're experiencing a lot of QSR pressures. It's just a different competitive situation than what we have in our MUSA markets. We're not sitting still, though. We are taking steps to try to improve the business. We're focusing on the core items in the food offer, I think coffee, breakfast, sandwiches. We're really simplifying the menu, rationalizing the assortment, improving the margin.

One of the other things that we're doing that I really think is going to help is we are actively working to evolve the culture inside the QuickChek stores into a sales-first mentality. That's something that we successfully leverage at Murphy USA, and it's something that is not part of their DNA the same way it is in ours. And it's really an intentional change supported by the leadership changes that we've already made in that business. It's too soon to really give you proof points. We are just in the early stages of that, but we are really excited about what kind of impact that we're going to have there.

This shift in focus is going to make our promotional calendar even more effective, similar to how well we execute large promotional opportunities at our Murphy stores. And we should also see benefits that will help drive all the center of the store categories, not just food and beverage. But we also know we need to double down on efficiency. We need to improve time to serve, and we need to ensure our sales and promotional calendars are reinforced with products with the right margin structure versus making up ways to drive traffic that are not margin accretive. But I'm really excited to see how a sales culture at QuickChek can be implemented and really drive results because I think that we're going to be really happy with the results. And I know they are really excited up there to make that change.

Operator

The next question comes from the line of Edward Kelly with Wells Fargo.

Edward Joseph Kelly
Wells Fargo Securities, LLC, Research Division

Looking at gallons, your gallon performance wasn't quite as positive as I thought it would be with prices rising. I know there's some weather impact. But beyond weather, even that seems to be the case. April seems a little bit better, maybe there's some lag in the trade down. I'm just kind of curious, are you seeing the consumer trade down taking place as you would have expected this quarter? Is there anything else happening there?

Malynda K. West
President, CEO & Director

Yes. What I would tell you is volume uplift from higher prices takes time, and we're really too early in that cycle. Many markets were only in the mid-$3 range as they exited March. And historically, we really see pronounced shifts once prices stay elevated and particularly elevated above $4 for a sustained period. So in April, we are seeing volumes holding up well, roughly flat year-over-year. And as the longer the prices stay high, the more customers we attract, but that shift doesn't happen all at once. It's more a gradual build. And in fact, only 1/4 of our chain is sitting at or above the $4 level now.

Importantly, though, for our Murphy Drive Rewards, we saw approximately 600,000 more loyalty sign-ups. That's the highest monthly total that we have seen since 2022. And we are viewing that as a really strong signal of those customers actively seeking value and choosing Murphy as part of their everyday routine.

Also remember, though, that price-sensitive customers are only one factor that impacts volume. You can't discount the market dynamics in different geographies and different competitive intensities. So Colorado continued to see volume pressure because we're growing there, everyone else is growing there, too. We are seeing some signs of market stabilization though, as margins are now returning to a more new normal. Markets like Florida, we're still seeing highly competitive activity. So that's pressuring both volume and margin in that region. It's not a single market, but there are many markets in Florida that are still in a highly competitive phase as everyone is trying to attract their fair share of customers. But then we can look at Texas, which we would call a more mature market. And while there's still these new store opportunities in the market, the players are already well established, and so there's not as much volume and margin pressure in a state like that.

And then when we look at the quarter, weather was also definitely a headwind. We would estimate that headwind. I think when we looked at it last year, it was roughly 2%. It's probably a bit more than that this year given the sheer number of closures that we had in the duration. But if you just say it was 2%, that was definitely a headwind that would have made our volumes for the quarter up versus down had those not occurred. And also, when we look at Opus and examine that versus our data, it would tell us that we're outperforming in all of our regions even with all those pressures. So I think the price sensitivity will come. It's just too early in the cycle as most of the -- all this price pressure really happened in March. Those customers have only had a paycheck or 2, a fill up or 2. They haven't even received their credit card statements for those purchases yet. So it's just going to take some time.

Edward Joseph Kelly
Wells Fargo Securities, LLC, Research Division

Great. I just wanted to follow up on store operating expense, really well controlled in Q1. It looks like you're running below the full year guide. Can you just talk a little bit more about the changes you made to the store labor model and the impact that's having and how we should be thinking about APSM growth moving forward the rest of the year?

Malynda K. West
President, CEO & Director

Yes. We take the roughly flat increases as a very positive data point, and we think it's demonstrating our ability to implement the self-help that we did last year, controlling what we could during challenging periods, and that's giving us benefits now. What we're seeing is benefits continuing in the store labor model, making sure that we have the stores fully adequately staffed during the busy times, but not overly staffed when they're not busy. So continuing to fine-tune the labor model, continuing progress on shrink where we have made it a focus area. We've also incorporated it as a goal for the sales team. So we're paying a lot of attention to that. And also the shift in maintenance mindset. So going from a proactive -- being more proactive and taking a business mindset versus an administrative approach where we were in the past, just trying to clear the tickets. Now we're taking a step back and prioritizing tickets and batching tickets were possible.

And I use the example in an investor presentation where instead of when one light bulb goes out in the canopy, instead of calling in a tech and having the site visit cost, the cost for the special scissor lift that it takes to get you on the canopy, why don't we wait until the second light bulb goes out because it's not causing a material discrepancy in the illumination with one bulb down. But things like that may seem small, but over the -- when you spread that over 1,800 stores, those little things can quickly become big things. So we're just taking a different approach to the way we're thinking about maintenance, thinking about it more from a business standpoint versus just trying to clear the tickets.

As a reminder though, as our new stores enter the network, we do expect roughly half of our OpEx growth to reflect that with the same-store to trend at least in line, if not better, than our peers. But when we look at our '26 guidance, we are ahead of that right now. But as we feather in our new stores, we do expect to get more back in line of our guidance range in the second half as those stores come online.

Operator

The next question comes from the line of Jacob Aiken-Phillips with Melius Research.

Jacob Aiken-Phillips
Melius Research LLC

Congrats on the strong quarter. So Mindy, just -- I know you've been in the business for a long time, but your first full quarter as the CEO and the environment has completely shifted. I'm curious if the new environment has changed your thinking about experimentation, growth investment, self-help initiatives or capital allocation or anything?

Malynda K. West
President, CEO & Director

It's been an interesting turn of events, one that, quite frankly, I didn't expect during the quarter, but it doesn't change our overall strategy. We're going to continue to lean into everyday low price, that's staying the same. Continuous improvement mindset, we're only going to accelerate that going forward. Capital allocation remaining unchanged. We are pushing an innovation agenda. We want to collaborate quicker. We want to try and test these things. So that unlock was something though that I talked about even -- so it doesn't diminish in importance just because the fuel macro environment is different. We know that we still need to improve the underlying business of our same stores.

We also need to make decisions that can improve the trajectory of what we're going to be building that's new in the future. And so while it's easier to have a call when things are going like they're going now, it doesn't change the focus and the intensity of our efforts in needing to improve the business going forward because we can't always count on an environment like this sustaining.

Jacob Aiken-Phillips
Melius Research LLC

Got it. And then so on nicotine, last year, there was a concern with the promotion that it should be viewed as a one-off, but clearly, like you're still performing super strongly in nicotine. Can you give us some color on just -- sorry?

Operator

We are currently experiencing technical difficulties. Please stand by.

Christian Pikul
Vice President of Investor Relations & FP&A

[Technical Difficulty] Sorry, guys apparently we cut out. I don't know where we left off, Jacob, can you queue us up?

Jacob Aiken-Phillips
Melius Research LLC

Yes, yes. I'll just say the question again. So on nicotine, last year, there was a concern that it was a one-off promotional activation and that it wouldn't repeat. But clearly, you're still doing very well in the nicotine category. So can you talk a bit about the promotional environment now and throughout the year and what gives you confidence that, that's actually a durable component which you're having 600,000 additional reward members helps.

Malynda K. West
President, CEO & Director

Yes. The reward membership definitely does help. Look, we love the category. We put a lot of attention on it. As we mentioned in our prepared remarks, promotional activity has been favorable in the first quarter, and we're continuing to see strong performance even as we go into April. We're continuing to grow share and accelerating growth in that category. It's really growing at a very rapid pace. And importantly, customers are still trying to figure out their desired flavor and strength.

There's really no clear winners yet. Manufacturers know this. So they're investing in trial. So you'll see similar to energy drinks, you're going to see continued strong promotional activities as those brands invest to try to gain that customer. And we're going to continue to be a preferred retailer for those manufacturers to pass through savings and attract those customers, especially as they target combustible customers where our share in cigarettes is 20%. So we are ideally situated, happy to help their promotional efforts and have demonstrated the ability with them to hold on to those customers post promo as we continue to gain share.

I do want to remind everybody, everybody remembers the promotion we did back in the third quarter, and that is going to be a very tough comparison in quarter 3 when we lap that. So we're probably going to want to look at a 2-year stack as we progress through 2026, but we are going to continue to get promotional dollars. We're likely not going to have a promotion as lumpy as that particular one was, but we do see strength in the category, and we do have intentions and the ability to continue to grow share.

Jacob Aiken-Phillips
Melius Research LLC

Great. Congrats again.

Malynda K. West
President, CEO & Director

Thank you.

Operator

Our next call comes from the line of Brad Thomas with KeyBanc Capital Markets.

Bradley Bingham Thomas
KeyBanc Capital Markets Inc., Research Division

Mindy, I want to ask about the exciting opportunity here to be picking up some incremental customers. And I know that this will all depend on how long gas prices stay high and how high they go. But can you give us any perspective of historically the company's ability to retain incremental customers that they brought in during periods like this? And then what is the company doing differently or may do differently as the months and quarters go on here at elevated gasoline prices?

Malynda K. West
President, CEO & Director

Well, I think our loyalty initiatives are key. Murphy Drive Rewards, QuickChek Rewards. What we're seeing as new member counts are up, and we would expect that. We saw the same thing when we saw prices spike in 2022. But the 600,000 new members was the highest new member month that we have on record. We're also seeing an increase in overall active members that are up 8.5% year-over-year in March, total transactions up around 12% also. So you see the dynamic of those customers. Yes, they're buying slightly less per field trip, but they're having to come in more often. And so these digital programs, these loyalty programs are more valuable to customers as they become more and more price sensitive.

And as I mentioned earlier, what we're really excited to see is those new or lapsed customers, the lapsed customers returning to our sites, new customers that we're acquiring because of the higher prices, and we become the store of choice because we are everyday low price. And I'm sorry, Brad, what was your other question? What are we doing differently because prices are high?

Bradley Bingham Thomas
KeyBanc Capital Markets Inc., Research Division

Exactly. I mean really just around the idea of retention. If there's anything that you are considering changing about the loyalty program and how you market to customers, et cetera, to try to retain more of these potential folks coming in your stores in this current environment?

Malynda K. West
President, CEO & Director

We continue to make our digital programs more sophisticated, being able to tailor offers to customers. So we will certainly continue to leverage that. But honestly, everyday low price is everyday low price. It just means more when prices are high and budgets are constrained. And importantly, we sell a great deal of what is called nondiscretionary categories, so things like fuel and nicotine, where we are the lowest price out there. Customers know that and the offer resonates even more in this type of environment. So no, we're not necessarily doing a lot of things new, but we really don't need to.

Bradley Bingham Thomas
KeyBanc Capital Markets Inc., Research Division

That's great. And if I could ask just a follow-up around sort of the underlying Murphy store model. And the question that investors were all asking last year was, does it need to evolve because of industry conditions. Clearly what's setting up in 2026 is it's a great model. As you consider the opportunity to expand food or in the case of the site that's got reduced labor, will there be any incremental investments or testing because the year is shaping up to be so different here?

Malynda K. West
President, CEO & Director

I wouldn't say it's because the year is shaping up to be different. I feel the same way about it this quarter as I did last quarter, that absolutely part of our innovation agenda is about evaluating new formats that can profitably serve more customers and more locations. We're also going to look to think about what is the next layer of products and services and trip missions that customers will buy from us. And then obviously, how do we maximize the productivity of the stores we have.

So I think, yes, our model needs to evolve. I think both our format needs to evolve. Also what we have in it likely needs to evolve. Whether that evolves to a full food offer in Murphy USA locations, what I would say is not necessarily and certainly not everywhere, and we're going to be very thoughtful about how we step into that. I don't want to really provide a lot of color on what we are testing and what we are looking at because it's very early days, and they need time to incubate and prove themselves out. And honestly, we're going to probably hit some singles and doubles, but we'll probably strike out on several things as well. But the focus hasn't changed just because the year is shaping up differently. We know that next year may look different, the next year may look different from that. We're here for the long run, then we need to make sure that our format and our offer is evolving, meeting the customer where they are, meeting their expectations and also giving them value in everyday low price.

Operator

The next question comes from the line of Pooran Sharma with Stephens Inc.

Pooran Sharma
Stephens Inc., Research Division

Congrats on the strong results. Maybe just wanted to ask if you could speak to the structural pressure on higher fuel margins, kind of the longer-term structural pressure. You kind of alluded to it in your release and on the call. And more specifically in this type of environment where you see a strong rise in wholesale fuel prices or RBOB, you would expect to see the retail side of the equation more challenged, but you've seen it hold up. What do you think is driving that? And do you think this type of dynamic where you have really high fuel prices facilitates that thesis even more?

Malynda K. West
President, CEO & Director

I think that's a great question and interesting idea, and I think you're probably right. I think what we're seeing is that marginal retailer becomes that much more on the margin when prices are what they are. They feel even more pinched. We saw this start in the Ukraine invasion back in 2002 where competitors were restoring multiple times a day. They were pre restoring ahead of what they felt was going to be a price increase the next day. We're seeing that kind of, again, I think that when things get really tight, people become less comfortable riding it out and more eager to go ahead and relieve the pressure. And so I definitely think that, that is playing into it the fact that the marginal retailer becomes that much more on the margin.

We've also seen a lot of competitive entry in markets and the cost to serve doesn't go down when that happens and those retailers are going to need to make a margin on those stores as well. And so they're going to fill the pressure also when prices rise, they're going to want to keep up with that fairly quickly as well. So I think both of those dynamics are in play. But it definitely is unusual that in a period of rising prices that we would be able to post favorable product supply and wholesale results -- or excuse me, I messed up, fuel supply results. We would post positive fuel supply results, but also fairly good margin as well. And that dynamic is playing out again in the month of April, too.

Pooran Sharma
Stephens Inc., Research Division

Okay. Appreciate the color there and the thoughts on that. I wanted to kind of get more specific on my follow-up on the -- I guess, just what you've seen thus far through April. The $0.05, I think, $0.05 or so of PS&W margin. Is that -- does that include kind of the price spikes that we've seen up since the start of the quarter. Does that -- do you expect some normalization from those price spikes from RBOB? Just wanted to just get a better understanding of the RBOB commentary.

Malynda K. West
President, CEO & Director

Well, it reflects what we think we know at this point with the books not closed. You can appreciate there's a lot of moving pieces with that fuel supply part of the business. So all that we're really comfortable commenting on now, we know that retail margins are around $0.30 a gallon or in the low 30s, and we think we're going to be in the range of $0.35 to $0.40. And that's counting all of the volatility that we the price rises that we've seen both on the -- we're accounting for that both on the retail side, when I say retail margin, but also the products supply and wholesale side. But I appreciate that this part of the business can make large swings from day-to-day. And until we close the books, we really don't know where we are precisely.

Operator

The next question comes from the line of Corey Tarlowe with Jefferies.

Corey Tarlowe
Jefferies LLC, Research Division

Mindy, I was just wondering if you could walk through the trends that you saw maybe by month in the quarter? And the reason I ask is because I believe you were lapping some pretty significant storms from the prior year. So I was wondering if you could talk about volume and merchandise trends maybe on a monthly basis, if you could, to kind of give us more color on what you saw throughout the quarter?

Malynda K. West

President, CEO & Director

Yes. Started the year fairly strong. But again, completely different fuel environment so you can appreciate that that price-sensitive customer wasn't quite as price sensitive. So we definitely saw some momentum as we got into March that we didn't see January, February. And then on the fuel side, obviously, the margin exploded during the month of March was challenged when we looked at January and February. I apologize, I didn't bring month-by-month comparisons. But over the course of the quarter, when we saw the volatility return to the market, we saw customers behaving differently inside our stores. They were pressured, but they were still spending money, especially on the nondiscretionary part of the basket.

And then obviously, the fuel volume will come with time. It just hasn't had enough time to season for that customer to really return in droves. But loyalty sign-ups that we're seeing are really a key leading indicator for us that tells us that we are going to gain momentum, especially as we go into the summer if prices are still high.

Corey Tarlowe
Jefferies LLC, Research Division

Got it. And then just on the PS&W business, and again, I recognize it's only a month of data. But as you think about sort of the close to 10% that we saw in Q1 and the close to kind of 5% or thereabouts where you're seeing so far in April. Could you just talk to kind of the driver behind that change specifically, if there is anything meaningful to call out? Is it the variability within pricing? Curious what you saw.

Malynda K. West
President, CEO & Director

Yes. It's the variability within the price environment, just the magnitude and the direction of the price movements were magnified in the month of March in particular. While we're continuing to see prices rise in the month of April, it hasn't been as dramatic. And so you would not expect products and wholesale results in that month to be as strong as what they were in March. And then again, I certainly can't extrapolate that out over the full quarter remains to be seen.

Operator

There are no further questions at this time. I will now turn the call back to Mindy West for closing remarks.

Malynda K. West
President, CEO & Director

Thank you so much for your participation today, and really thank you for your interest in Murphy USA. I hope you guys are getting a better understanding that the first quarter results were not simply a byproduct of volatility and the price-related impacts because our team works really hard to optimize that volume-margin relationship. We're also seeing benefits in the work we've done to make merchandise and store operations more resilient.

Sitting here last quarter, we talked about what a return to volatility could mean. Did not see it happening really at all this year, much less so much so fast. Obviously, a lot can change just in a few months. That said, the reverse can also happen. So we are not relaxing because the macro is going our way. What did we emphasize in the first quarter? We emphasize improving the business. What are we focused on now? The same thing. Volatility does work in our favor, and you can see that in our results, but we can't rely on volatility. We talked about it in some of these questions. Our focus hasn't changed since last quarter. We're not relaxing because the environment has improved. We can't.

We have work to do to grow the business. We're very happy with our new store pipeline. So high-quality growth is going to continue in the years ahead. We also have work to do to continue to improve our existing business, and we're excited to get after it. I know all of us here are energized, excited to do the work to build the business and take Murphy USA to the next level, which is why we will continue to focus on what we can control. We're going to execute with precision and continue to grow our business and make it better.

So thanks, everyone, and we will talk again next quarter.

Operator
This concludes today's call. Thank you for attending. You may now disconnect.