

WEEKLY DIESEL PRICE - FUNDAMENTAL TRENDS

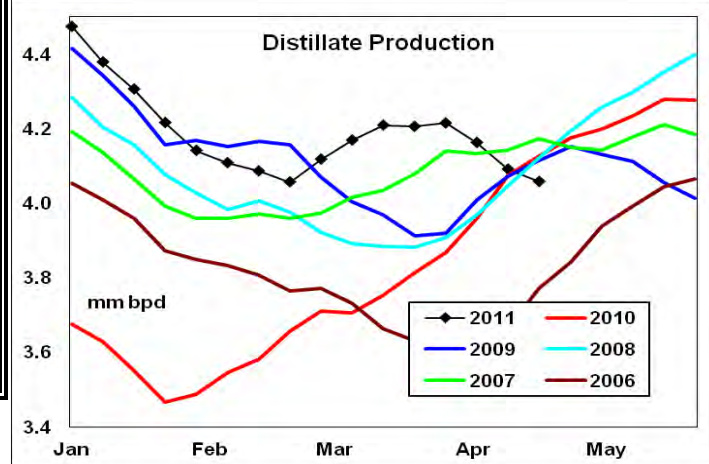
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, May 03, 2011

Region	Actual Price 1/		Forecast 2/		Change from week ago
	18Apr11	25Apr11	02May11	09May11	
U.S.	4.105	4.098	4.124	4.145	0.021
East Coast	4.111	4.105	4.128	4.158	0.030
New England	4.212	4.222	4.231	4.281	0.050
Central Atlantic	4.229	4.238	4.269	4.280	0.011
Lower Atlantic	4.051	4.038	4.059	4.102	0.043
Midwest	4.068	4.061	4.086	4.114	0.028
Gulf Coast	4.033	4.024	4.060	4.080	0.020
Rocky Mountain	4.126	4.134	4.156	4.173	0.017
West Coast	4.319	4.305	4.328	4.338	0.010
California	4.440	4.438	4.465	4.460	-0.005

1/ Source: U.S. Energy Information Administration
2/ Source: Fundamental Petroleum Trends Reports

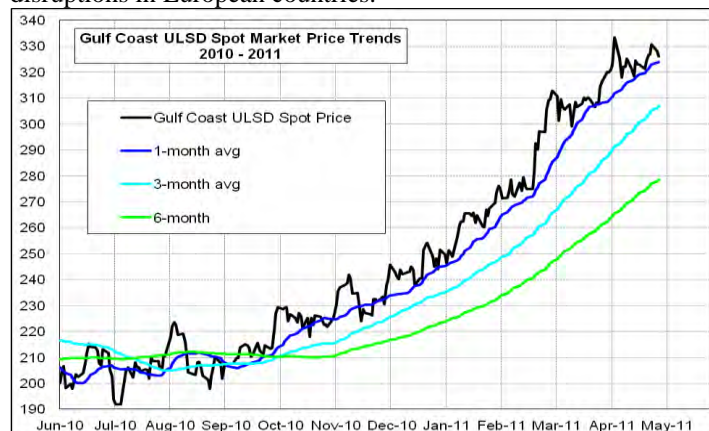
the last 2-years, while most other regions were near 5-year highs.



Low distillate output is driven by very low crude oil runs on the East and West Coasts. Expect refiners in these regions to return to operation in the near term, increasing distillate production during the balance of the current quarter. Higher production and lower seasonal demand should lead to meaningful stock building.

Gas oil (diesel) prices in the Middle East and Asia have recently pulled back in comparison to U.S. NYMEX heating oil prices, although the premium remains above the historic average. This trend is driven by the low production rates in the U.S. and robust exports to Atlantic Basin markets.

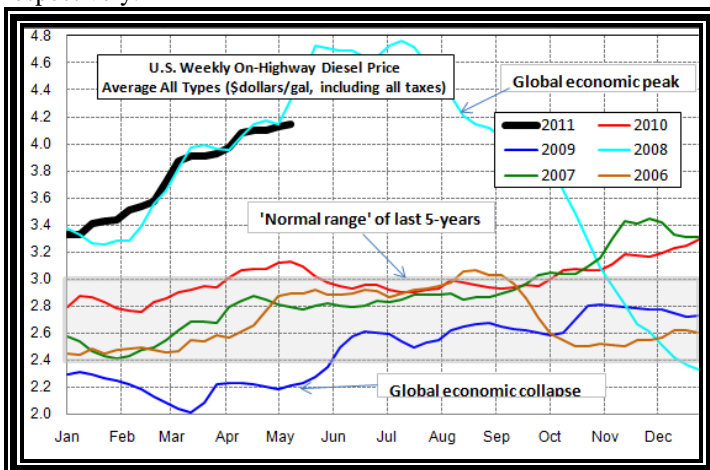
Recent evidence points to a potential slow down in global demand growth; including interest rate increases in developing countries, lower economic growth targets in China and financial disruptions in European countries.



Diesel Price Outlook U.S. average retail prices are forecast to increase +2.1 cpg this week, in response to the +7 cpg rise in wholesale prices the prior week. Markets in New England and the Lower Atlantic Region should see the largest increase, over +4 cpg.

Expect prices to be volatile during the balance of the quarter on uncertainty of the impact that an end to QE2 by the Federal Reserve will have on commodity prices, and political unrest in the Middle East. Evidence of a slowdown in global growth may lead to a meaningful price pull back during the current quarter.

Diesel Fuel Price Trends U.S. retail diesel prices increased +2.6 cpg for the week ending 02May11 versus 25Apr11. The national average price was slightly less than the five year high set in 2008. Prices increased +3.6 cpg on the Gulf Coast and +3.1 cpg in the Central Atlantic Region last week. New England and the Lower Atlantic Regions reported +0.9 and +2.1 cpg; respectively.



Gulf Coast spot distillate prices jumped +7 cpg for the week ending 02May11 versus 25Apr11. Gulf spot prices continue to trade in a 10 cpg range since early April.

The Gulf Coast and Central Atlantic wholesale markets saw strength last week compared to the U.S. average; driven by very low output. Midwest markets were relatively weak on a late, wet spring and high production.

Supply - Demand Fundamental Trends U.S. weekly distillate demand reversed the prior week surge, falling -375,000 bpd last week; driven by lower exports and an end to late spring heating demand. Demand during the latest 4-wk period was +7.3% above a year ago, the highest growth rate of the quarter.

Distillate supply reversed the prior week surge, falling -275,000 bpd on lower production and imports. Compared to a year ago, supply increased +77,000 bpd (+2%) for the latest 4-wk period.

Stocks decreased -1.8 million barrels on the week with the level -5.2 million barrels (-3.5%) below the previous record high for this time of year. Stock levels on the East Coast were below

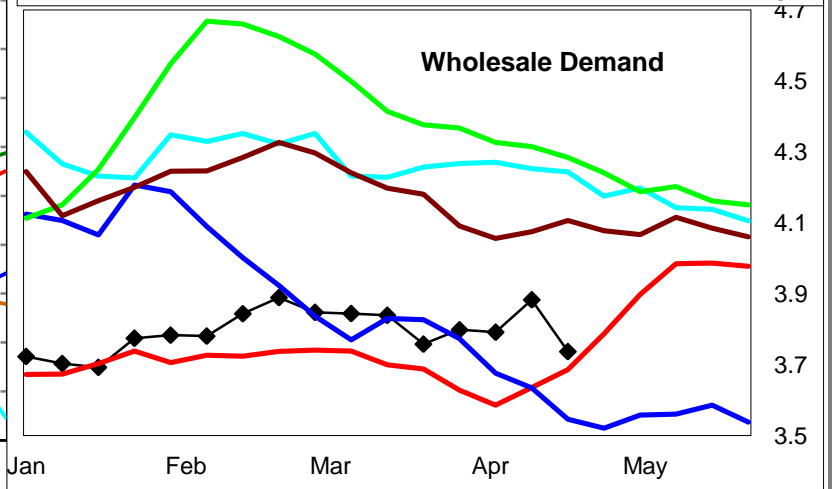
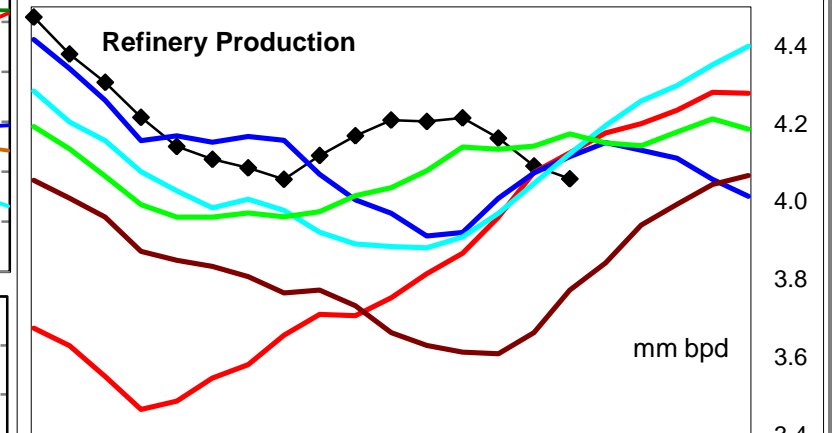
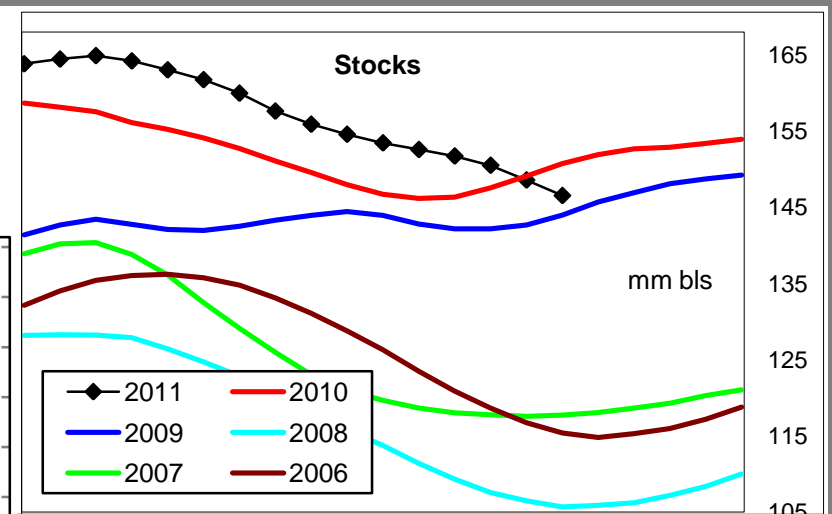
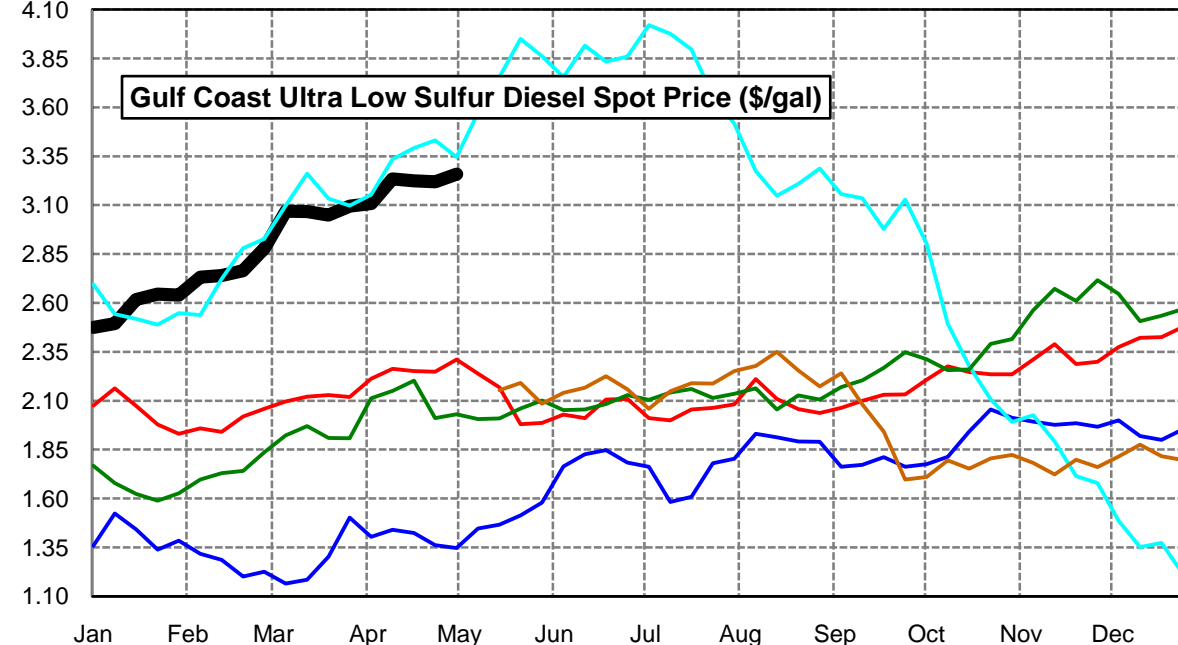
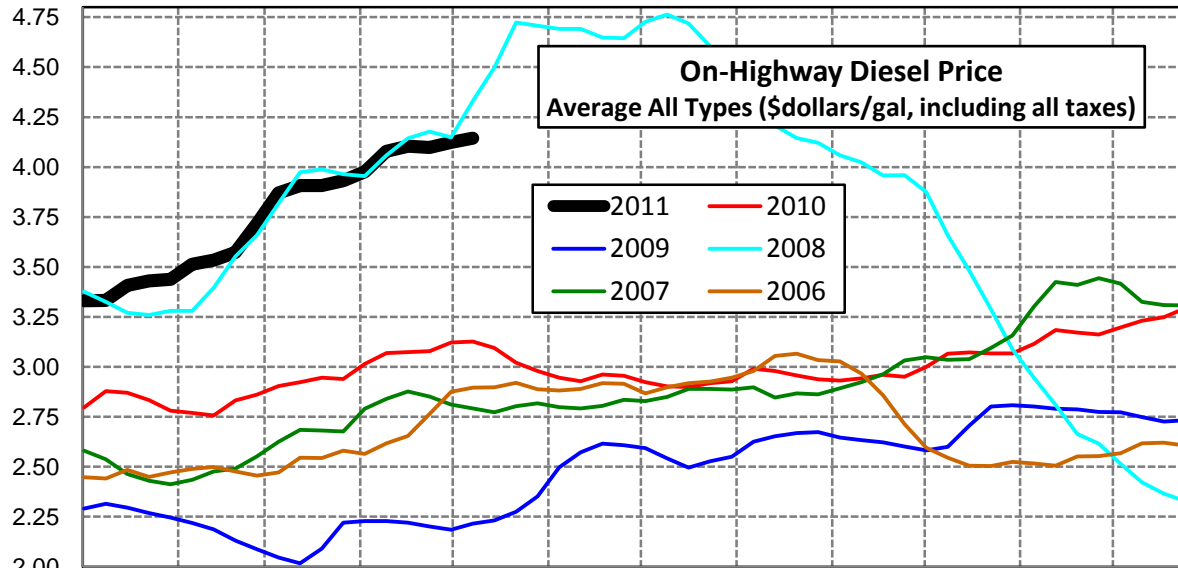
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Click [Blue Icon](#) on Map to view Regional Price & Fundamental Trends



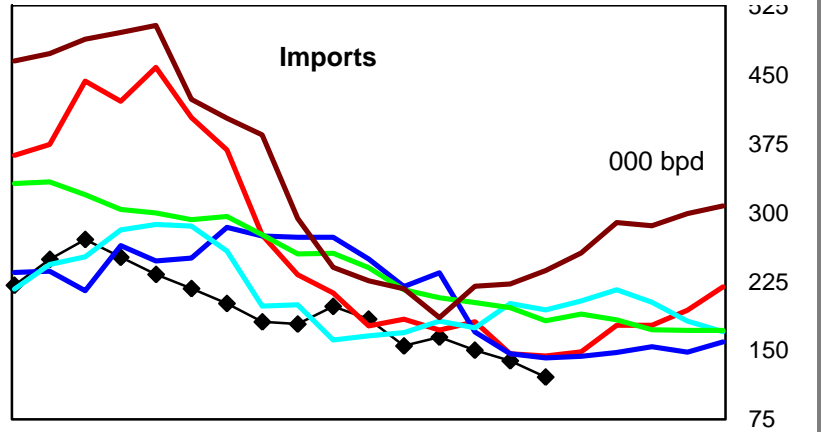
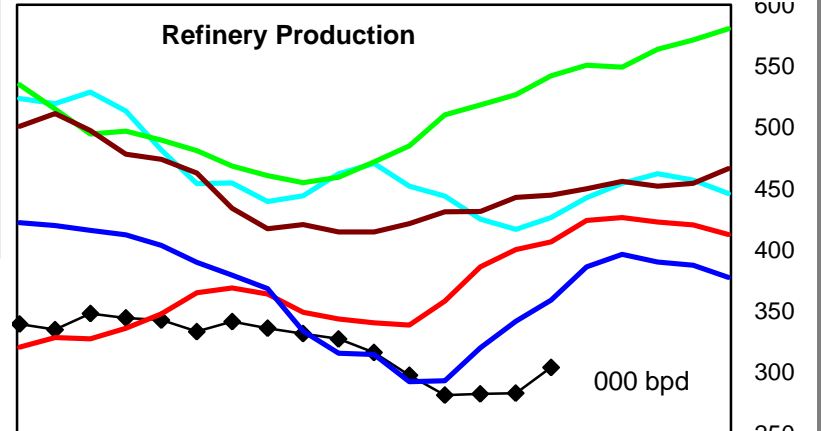
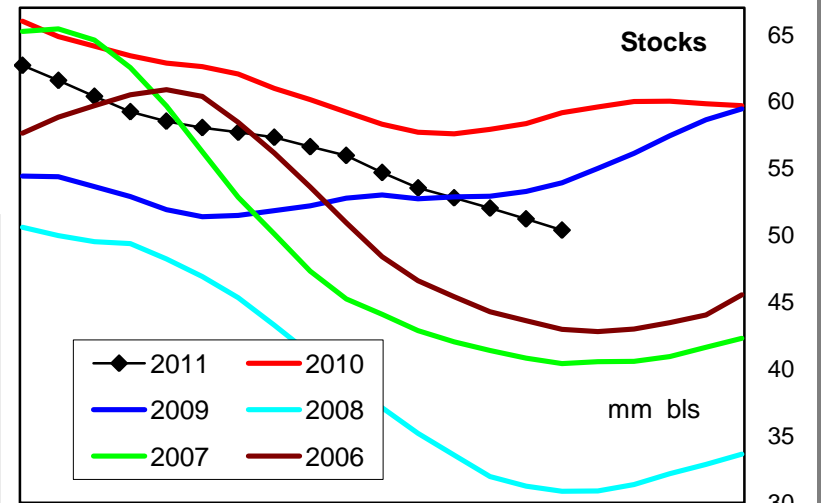
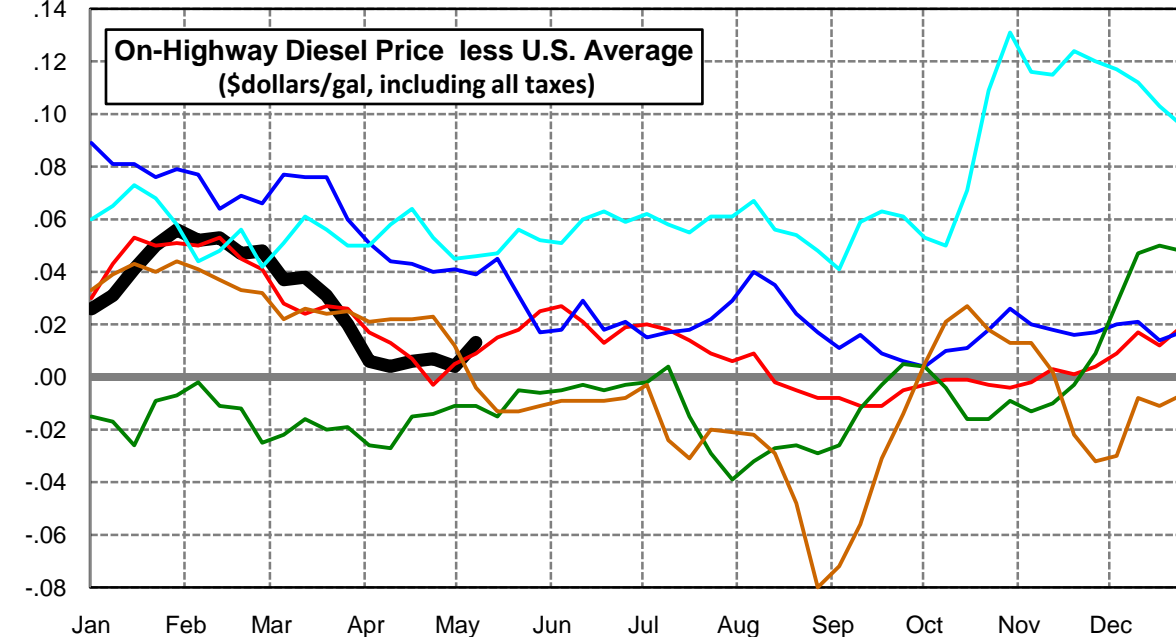
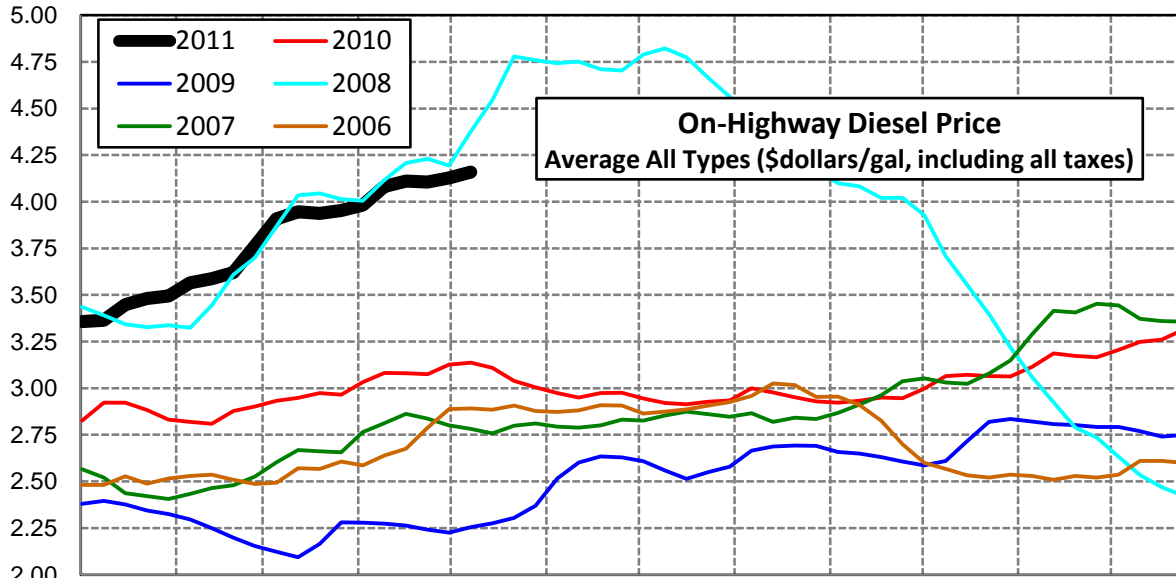
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr11	25Apr11	02May11	09May11	
United States Avg	\$4.105	\$4.098	\$4.124	\$4.145	\$0.021
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



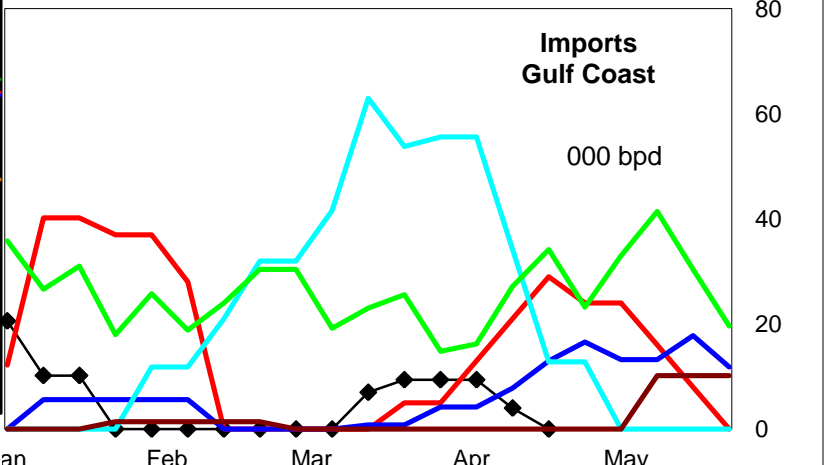
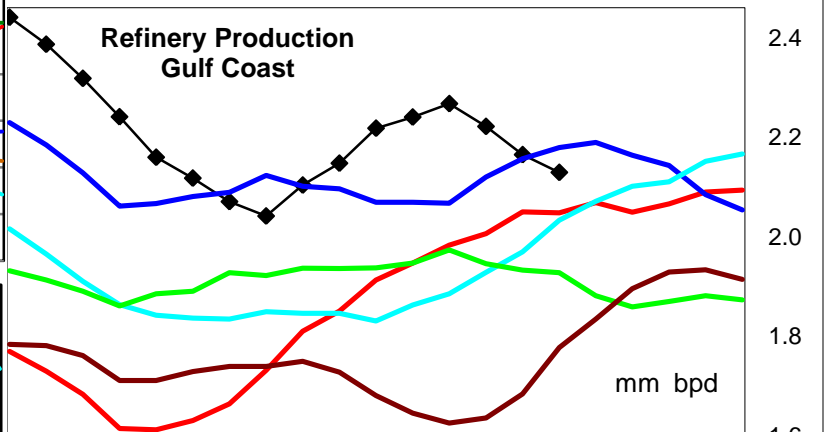
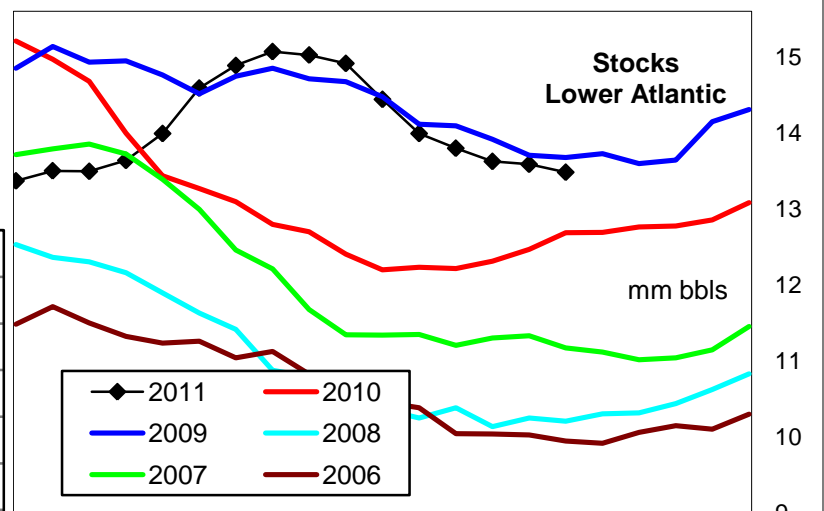
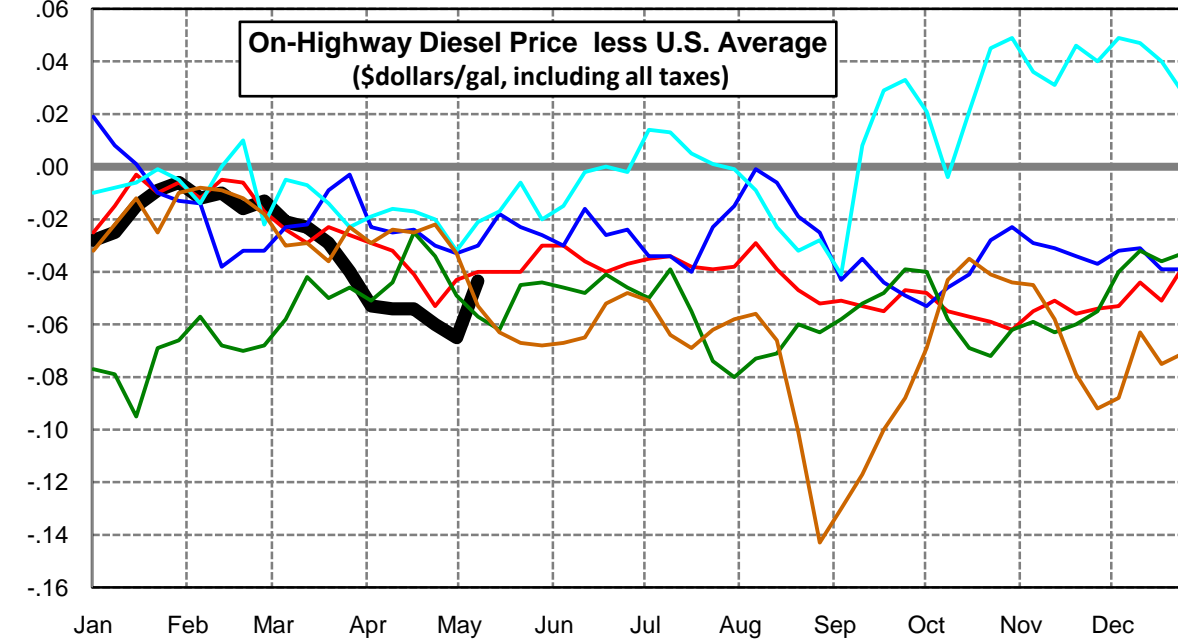
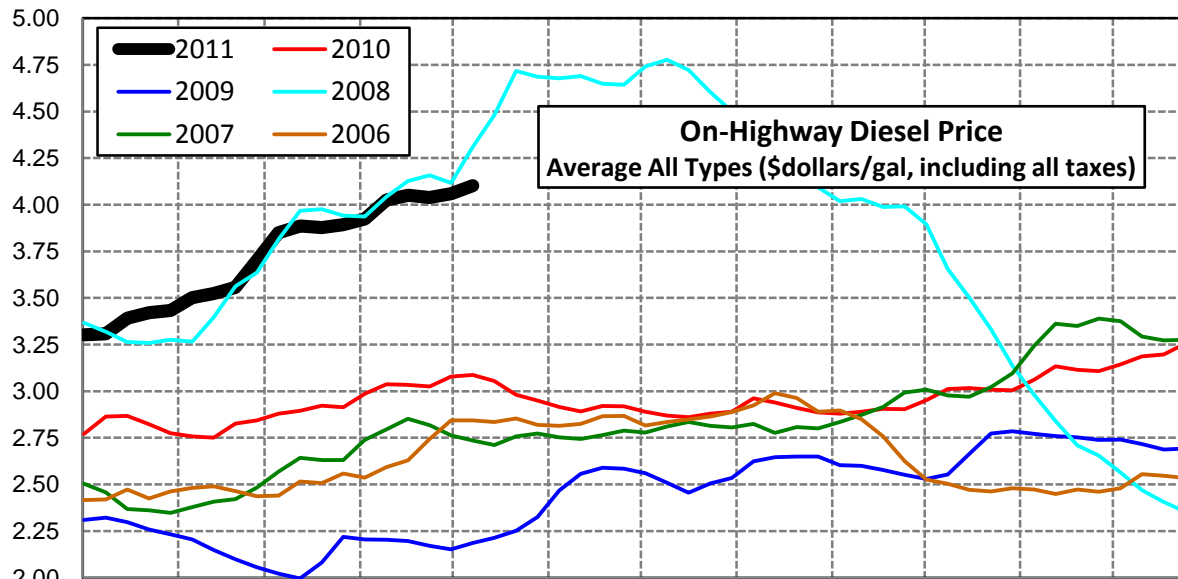
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr11	25Apr11	02May11	09May11	
East Coast	\$4.111	\$4.105	\$4.128	\$4.158	\$0.030
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



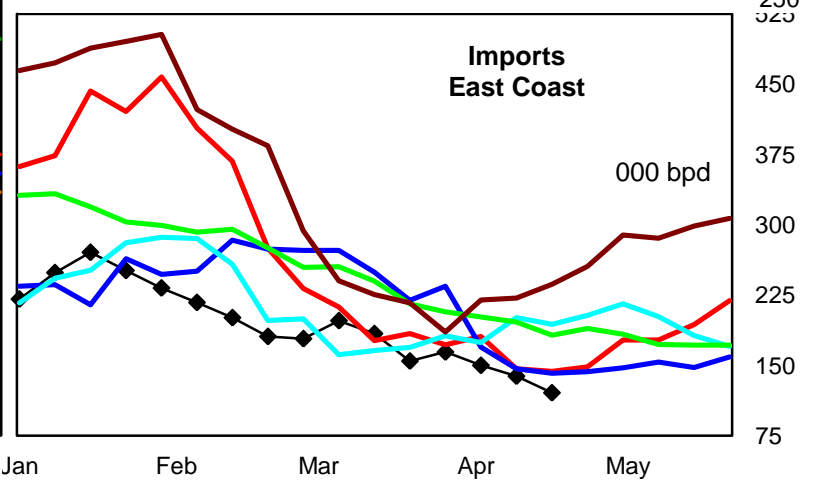
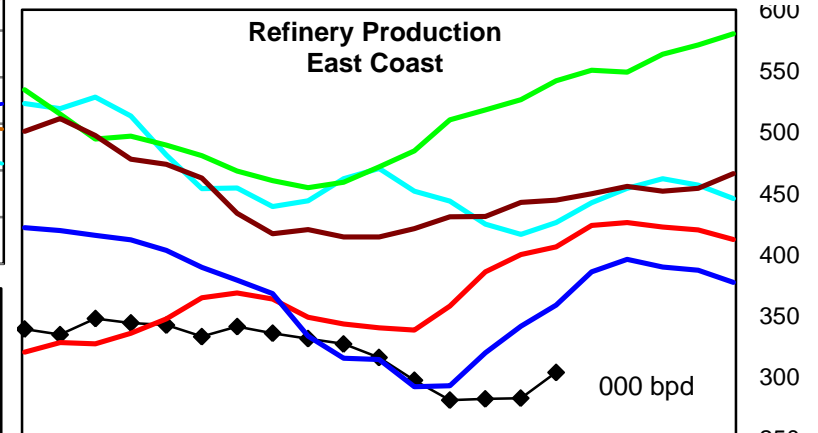
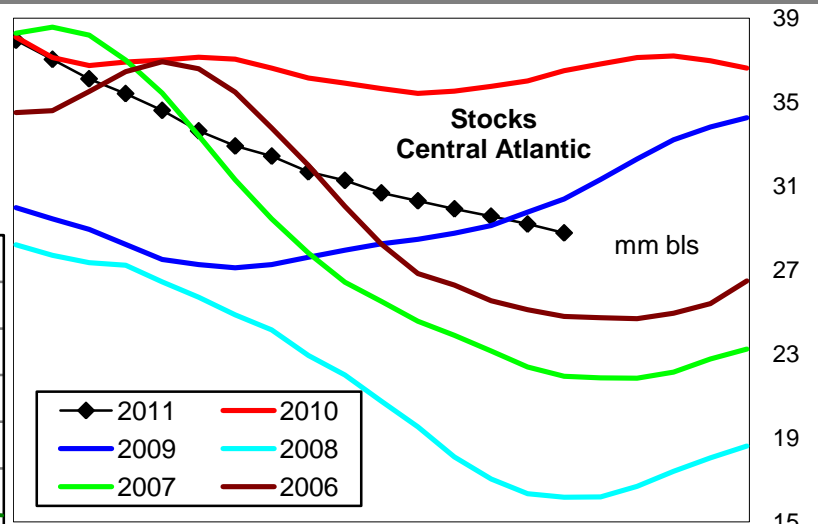
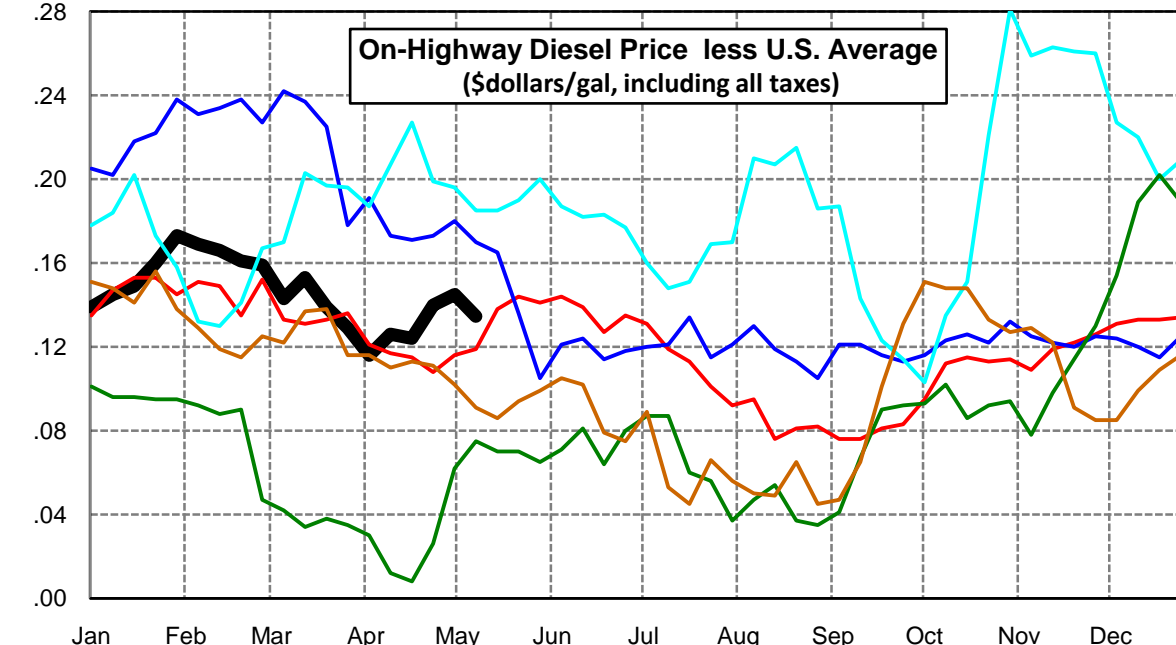
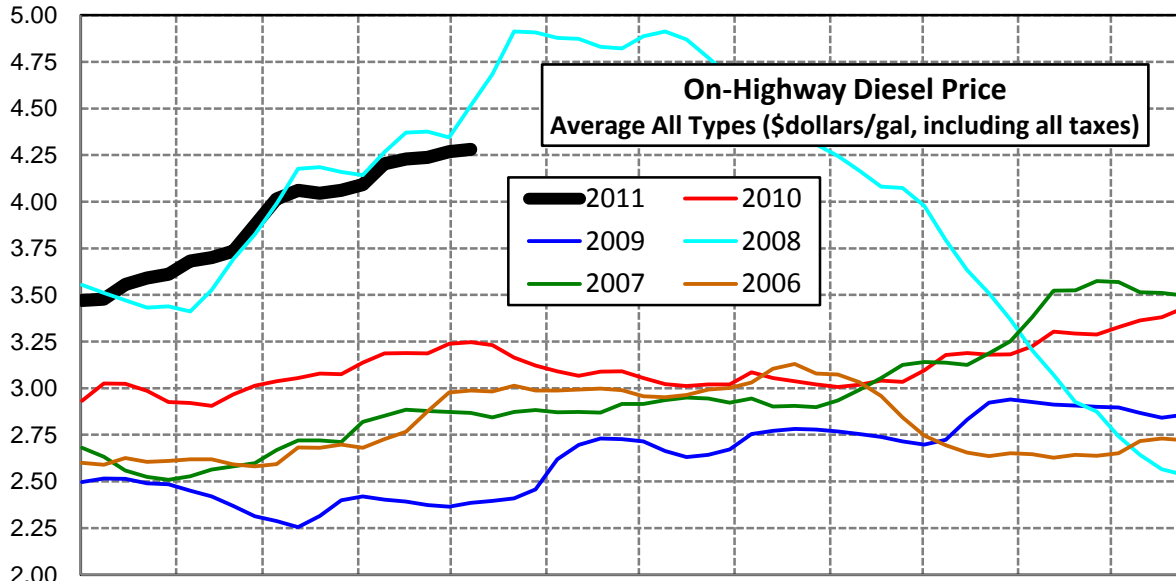
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr11	25Apr11	02May11	09May11	
Lower Atlantic	\$4.051	\$4.038	\$4.059	\$4.102	\$0.043
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



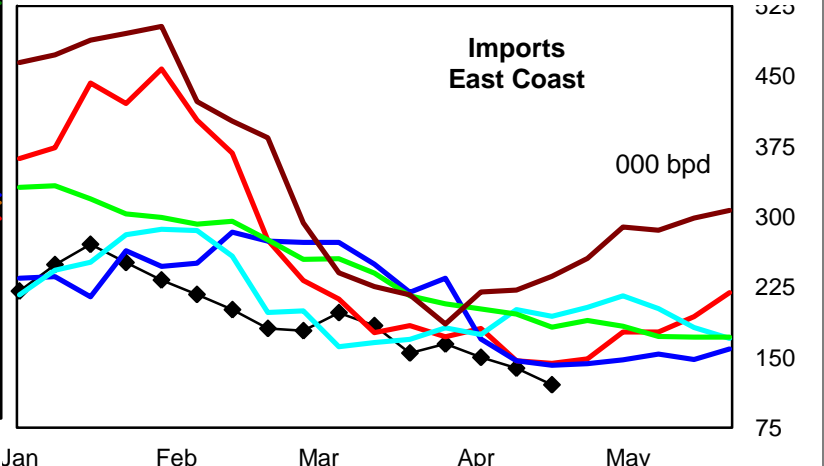
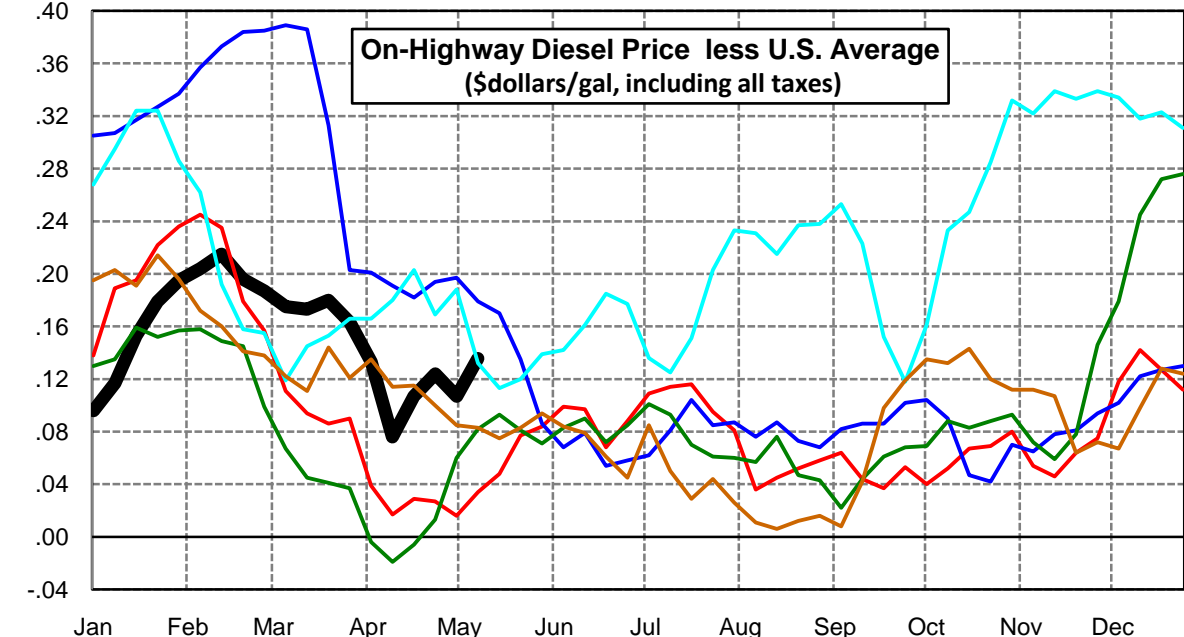
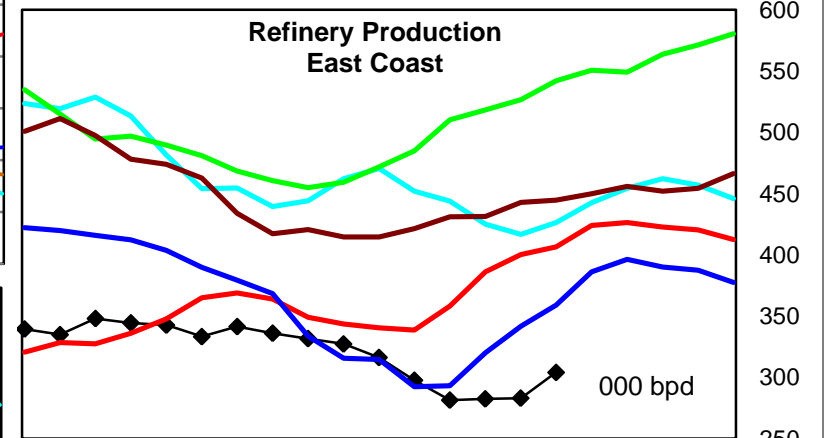
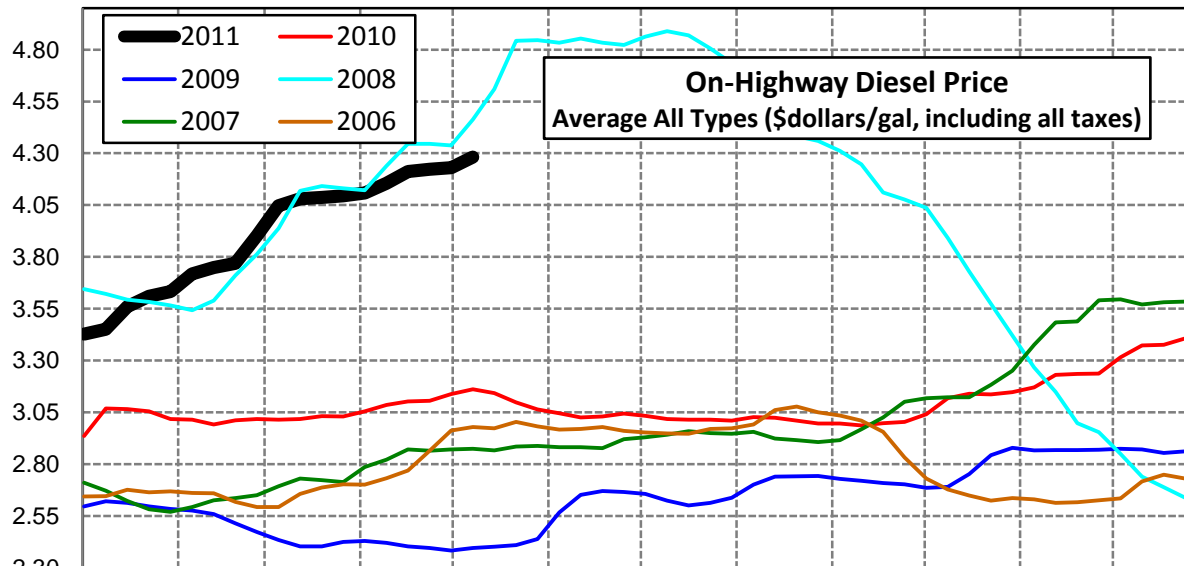
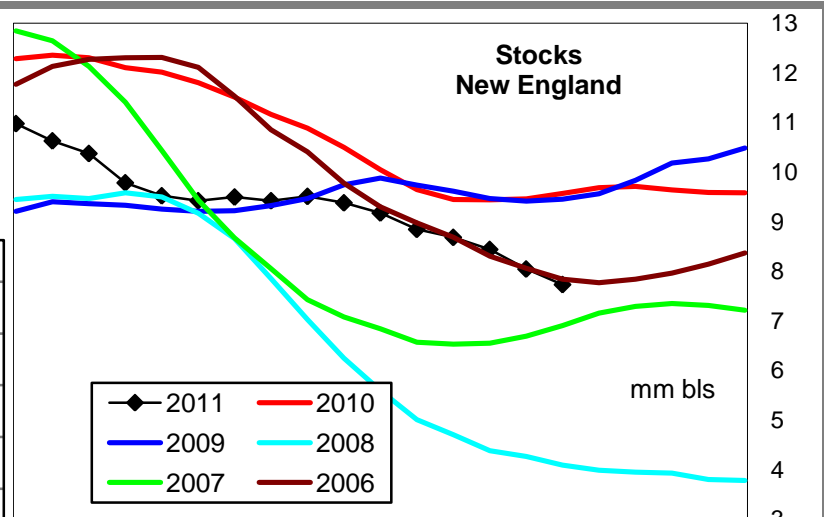
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr11	25Apr11	02May11	09May11	
Central Atlantic	\$4.229	\$4.238	\$4.269	\$4.280	\$0.011
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



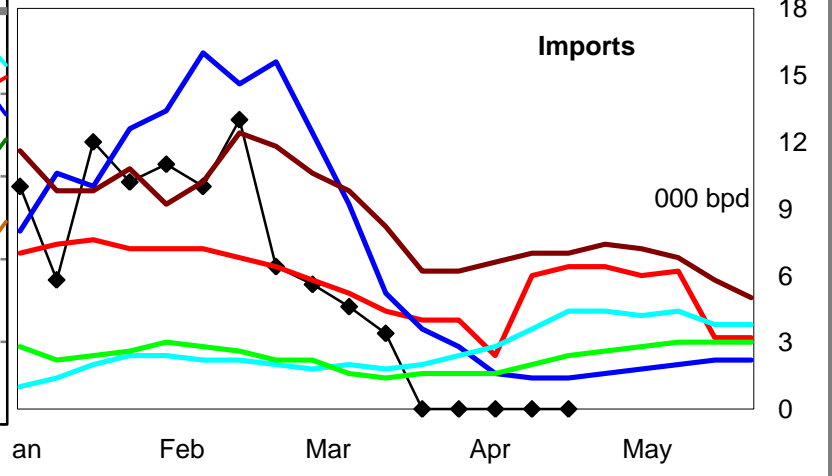
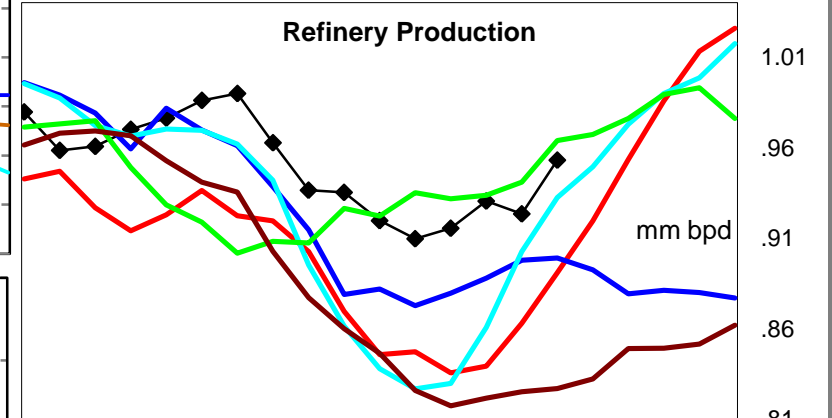
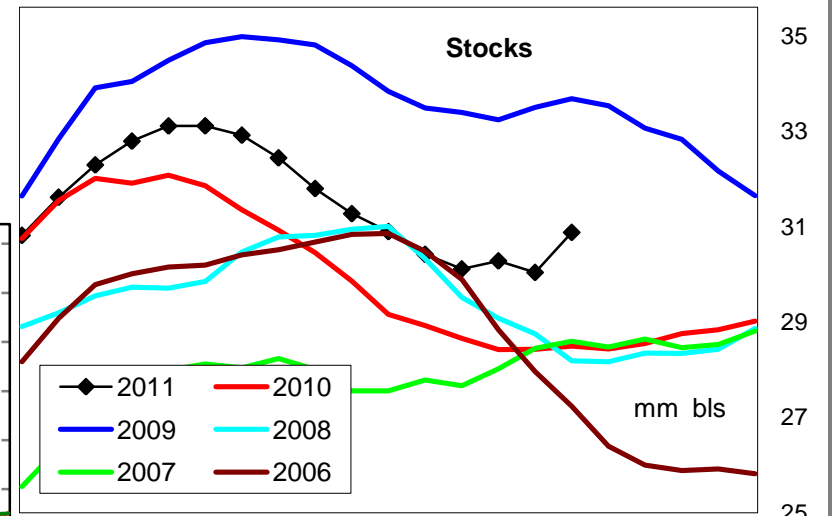
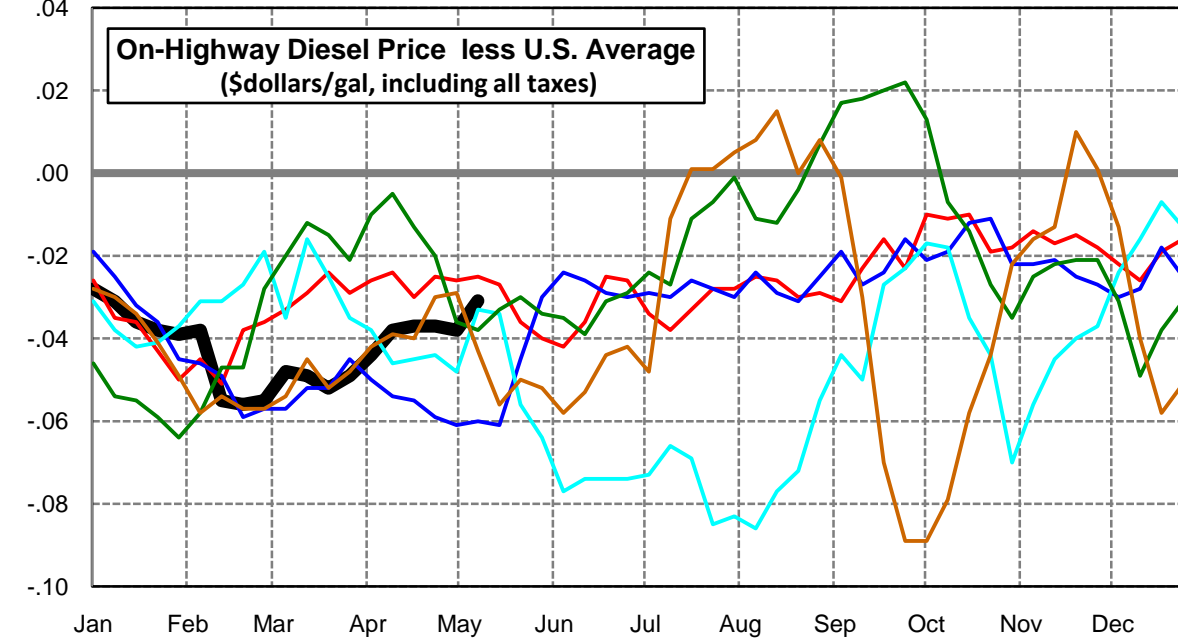
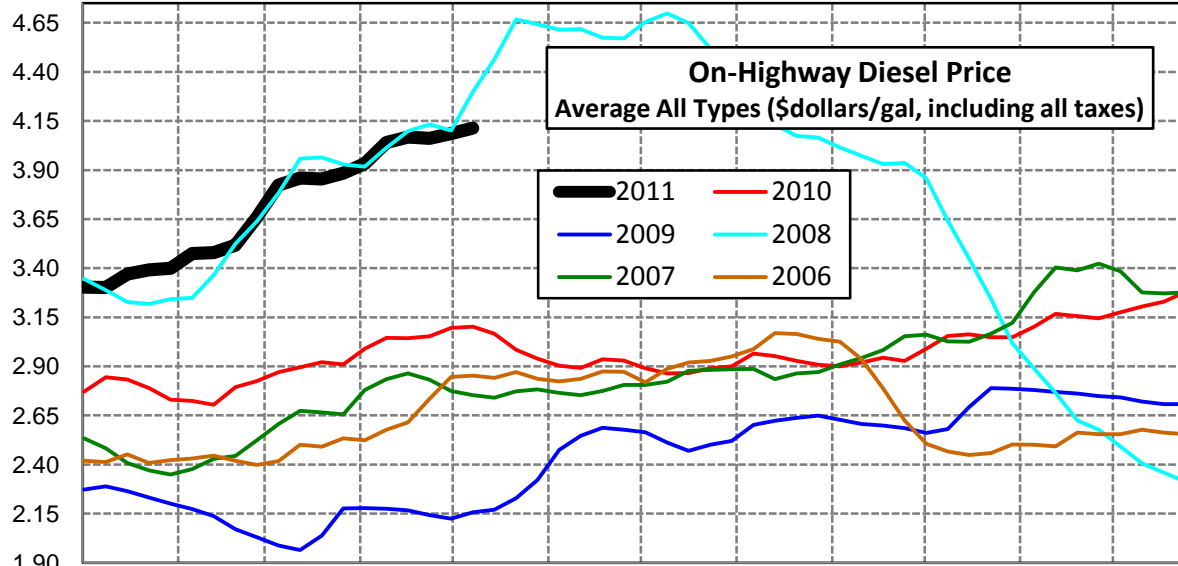
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr11	25Apr11	02May11	09May11	
New England	\$4.212	\$4.222	\$4.231	\$4.281	\$0.050
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



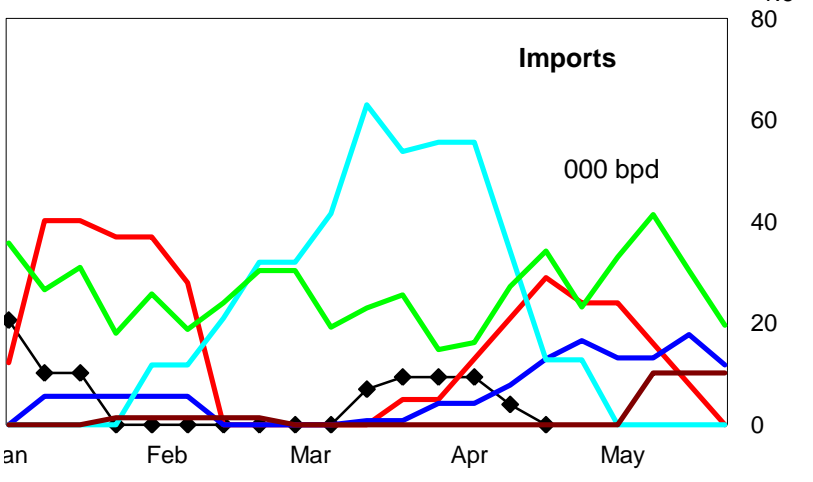
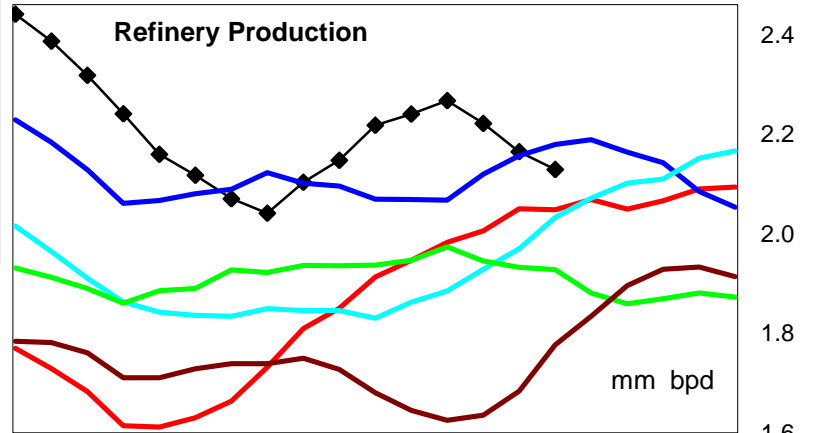
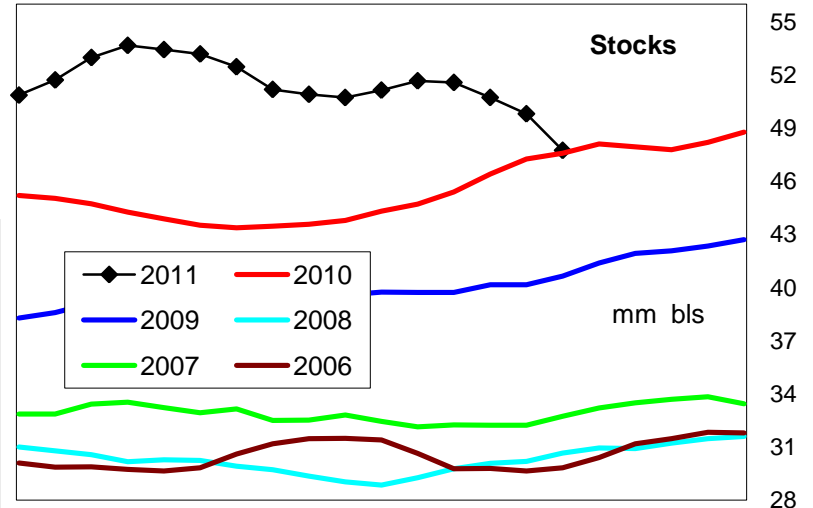
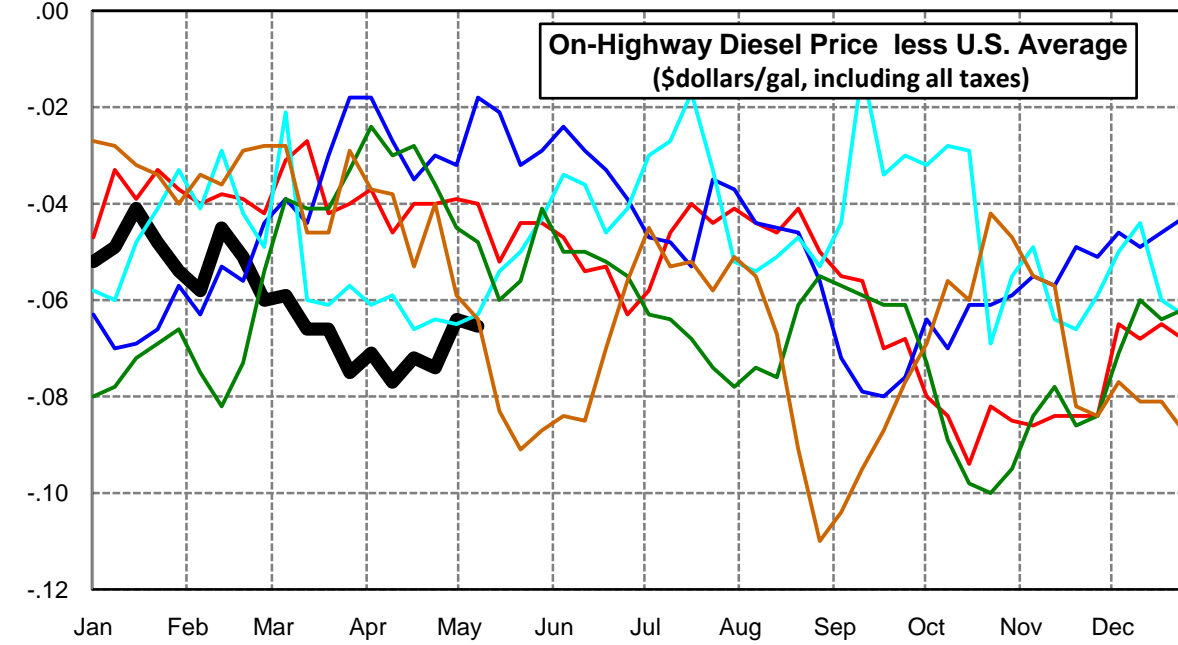
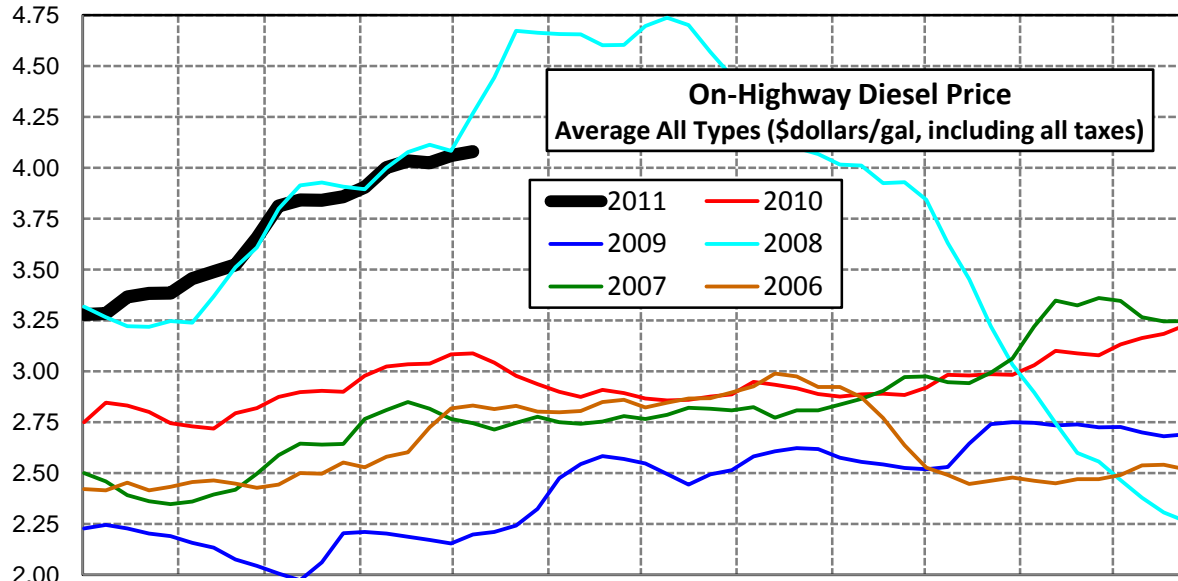
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr11	25Apr11	02May11	09May11	
Midwest	\$4.068	\$4.061	\$4.086	\$4.114	\$0.028
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



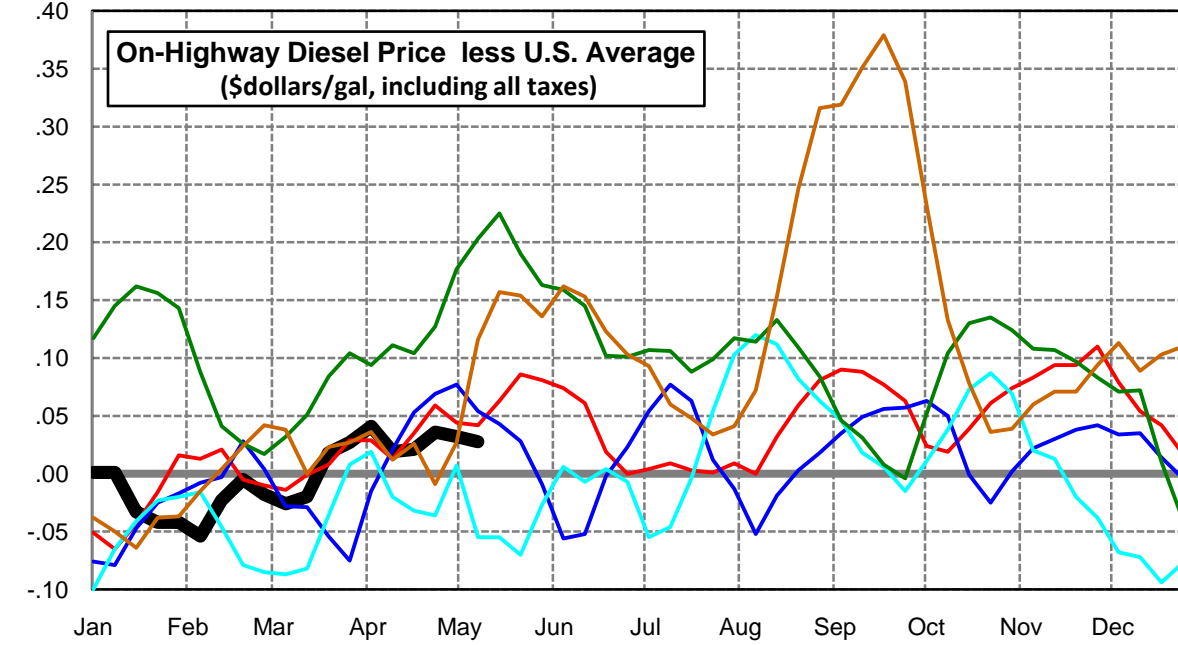
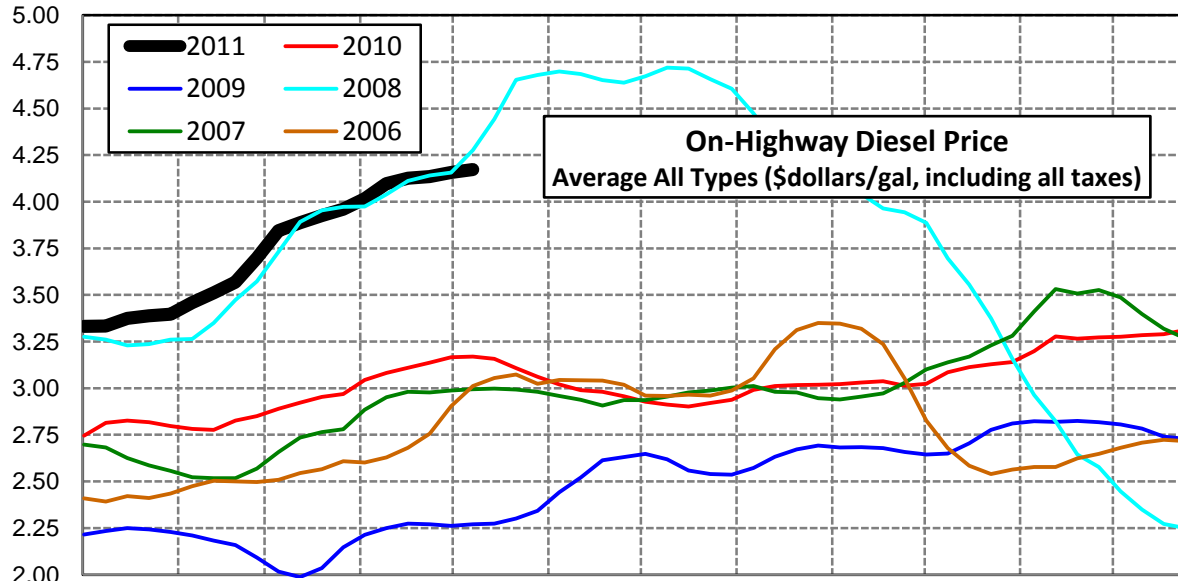
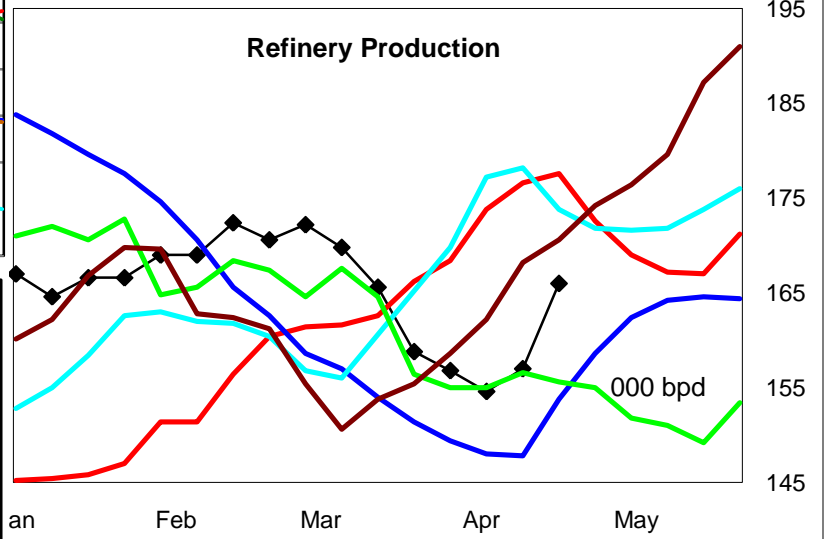
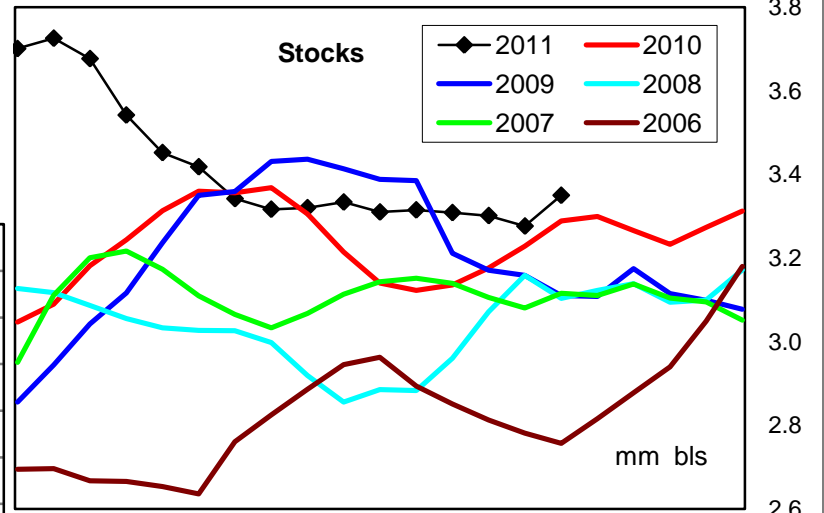
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr11	25Apr11	02May11	09May11	
Gulf Coast	\$4.033	\$4.024	\$4.060	\$4.080	\$0.020
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



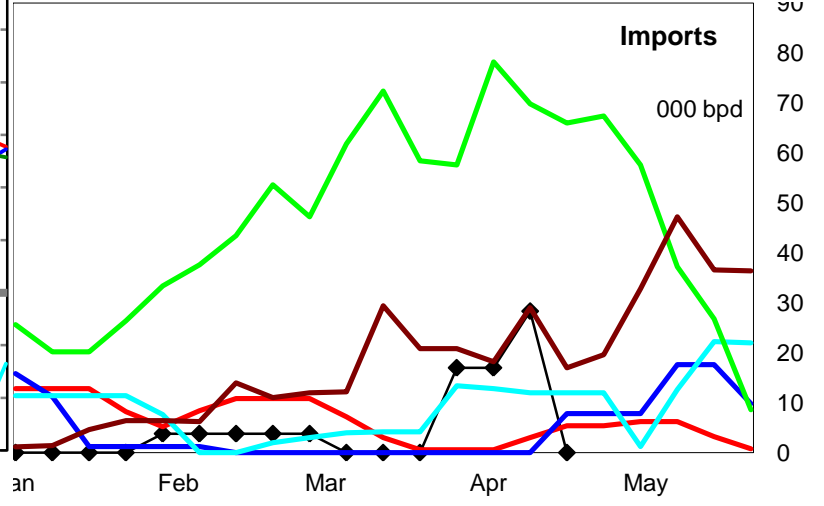
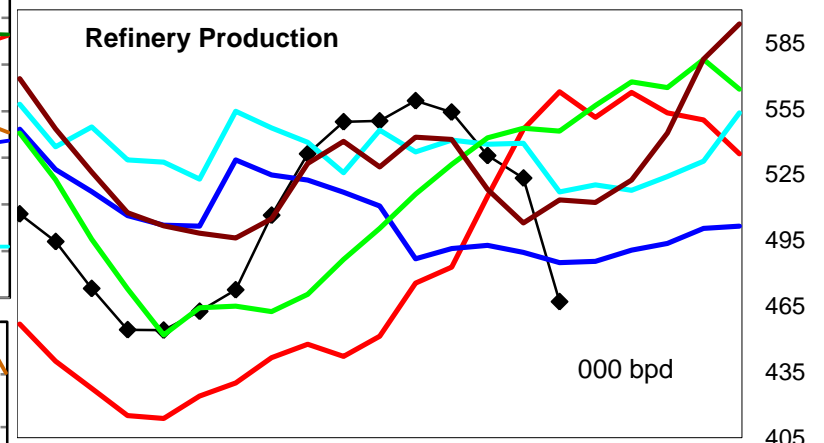
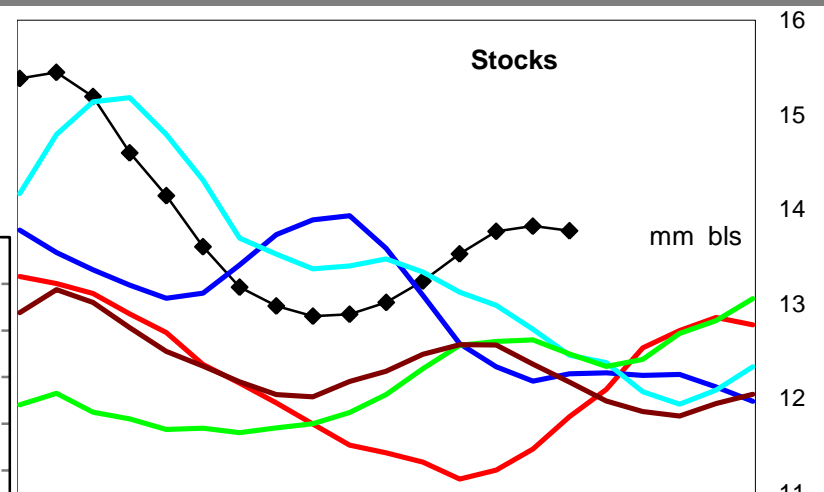
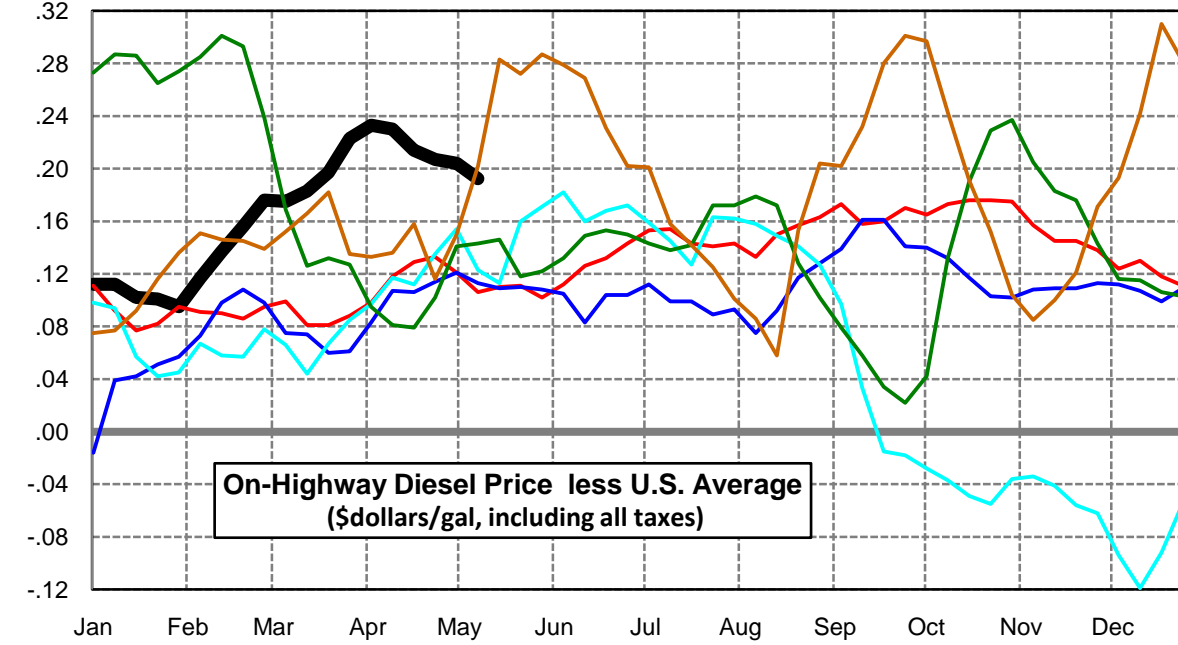
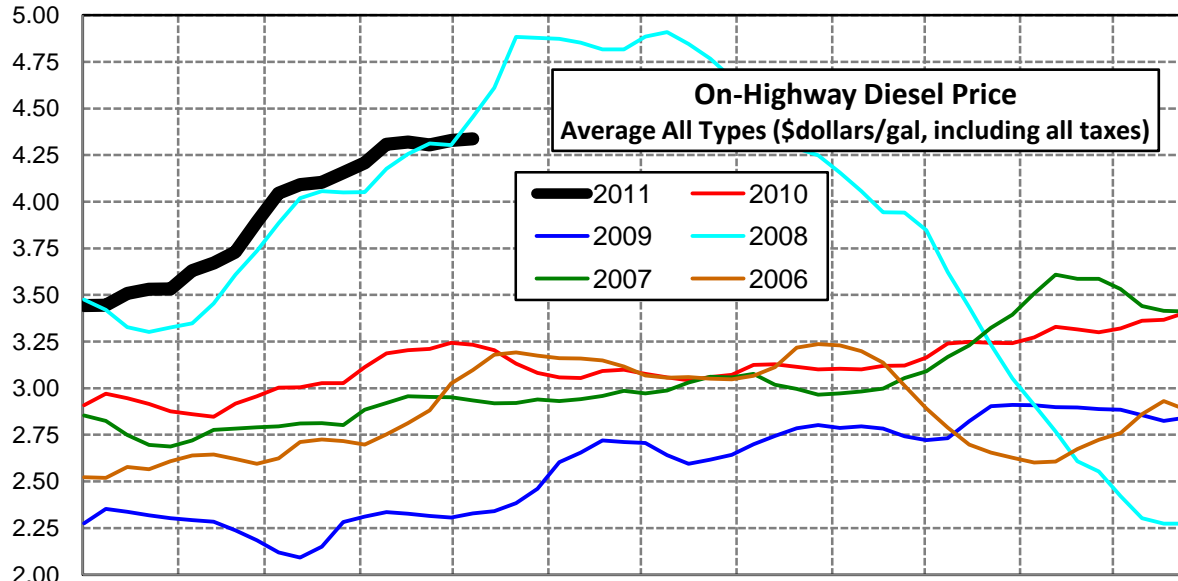
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr11	25Apr11	02May11	09May11	
Rocky Mountain	\$4.126	\$4.134	\$4.156	\$4.173	\$0.017
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



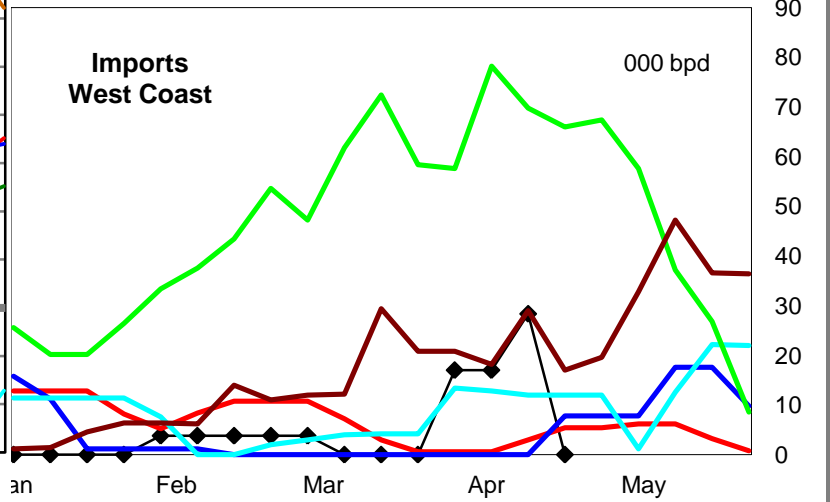
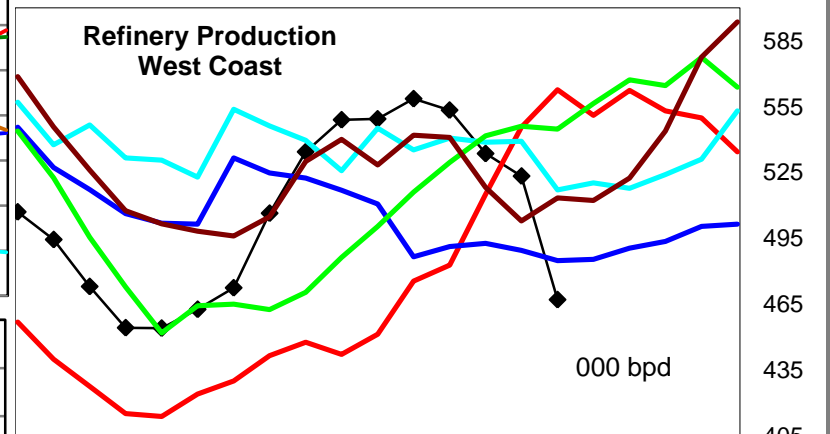
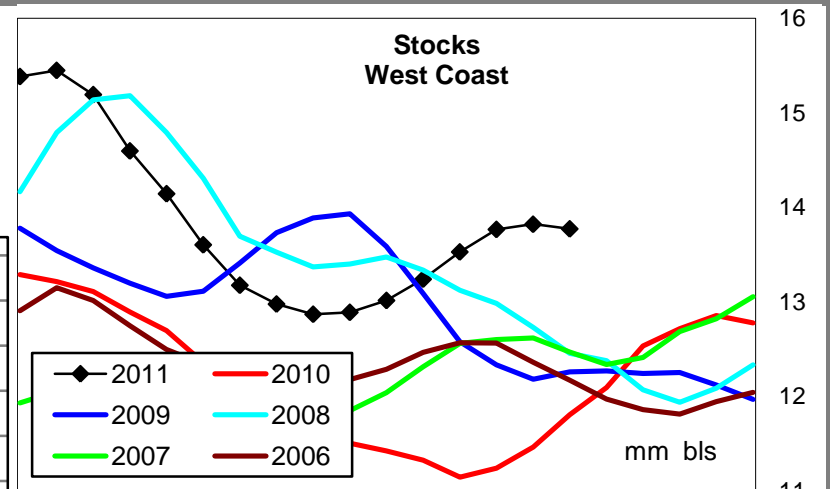
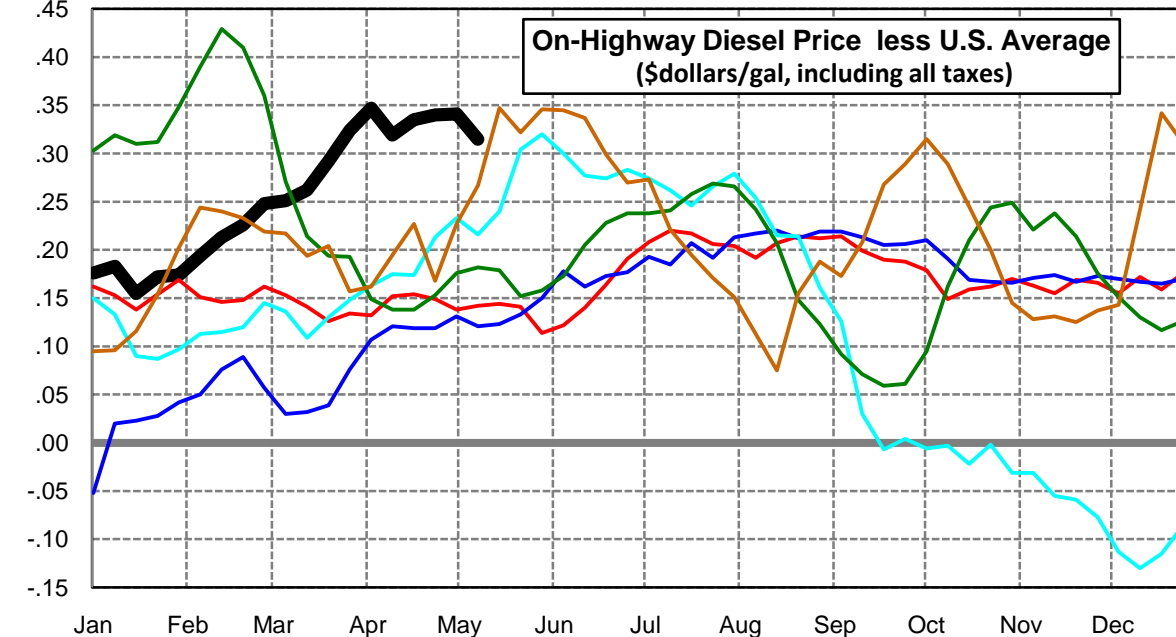
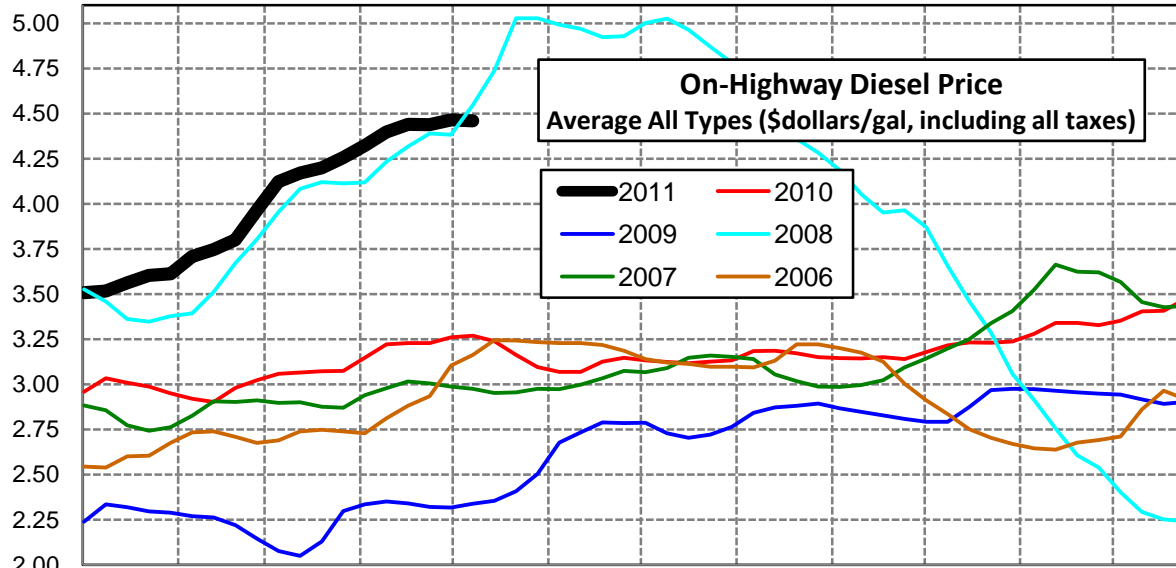
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr11	25Apr11	02May11	09May11	
West Coast	\$4.319	\$4.305	\$4.328	\$4.338	\$0.010
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



California Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr11	25Apr11	02May11	09May11	
California	\$4.440	\$4.438	\$4.465	\$4.460	-\$0.005
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



Week ending	Weekly On-Highway Diesel Prices									
	Average All Types (\$dollars/gal, including all taxes)									
	United States	East Coast	New England	Central Atlantic	Lower Atlantic	Mid West	Gulf Coast	Rocky Mtn	West Coast	California
Mon-04-Oct-10	3.000	2.997	3.040	3.095	2.952	2.990	2.920	3.024	3.165	3.179
Mon-11-Oct-10	3.066	3.065	3.118	3.178	3.011	3.055	2.982	3.085	3.239	3.215
Mon-18-Oct-10	3.073	3.072	3.140	3.188	3.016	3.063	2.979	3.112	3.249	3.232
Mon-25-Oct-10	3.067	3.064	3.136	3.180	3.008	3.048	2.985	3.128	3.243	3.229
Mon-01-Nov-10	3.067	3.063	3.147	3.181	3.005	3.049	2.982	3.141	3.242	3.237
Mon-08-Nov-10	3.116	3.114	3.170	3.225	3.061	3.102	3.030	3.199	3.273	3.279
Mon-15-Nov-10	3.184	3.187	3.230	3.303	3.133	3.167	3.100	3.278	3.329	3.339
Mon-22-Nov-10	3.171	3.172	3.235	3.293	3.115	3.156	3.087	3.265	3.316	3.340
Mon-29-Nov-10	3.162	3.166	3.237	3.288	3.108	3.144	3.078	3.272	3.300	3.328
Mon-06-Dec-10	3.197	3.206	3.315	3.328	3.144	3.175	3.132	3.276	3.321	3.352
Mon-13-Dec-10	3.231	3.248	3.373	3.364	3.187	3.205	3.163	3.285	3.361	3.403
Mon-20-Dec-10	3.248	3.260	3.375	3.381	3.197	3.229	3.183	3.290	3.366	3.407
Mon-27-Dec-10	3.294	3.313	3.406	3.428	3.256	3.278	3.226	3.311	3.405	3.470
Mon-03-Jan-11	3.331	3.357	3.427	3.470	3.303	3.303	3.279	3.332	3.443	3.507
Mon-10-Jan-11	3.333	3.364	3.450	3.478	3.308	3.302	3.284	3.334	3.445	3.516
Mon-17-Jan-11	3.407	3.448	3.560	3.556	3.392	3.371	3.366	3.374	3.509	3.562
Mon-24-Jan-11	3.430	3.480	3.609	3.590	3.421	3.392	3.382	3.388	3.531	3.602
Mon-31-Jan-11	3.438	3.494	3.633	3.611	3.432	3.399	3.384	3.396	3.533	3.612
Mon-07-Feb-11	3.513	3.565	3.717	3.682	3.501	3.475	3.455	3.459	3.630	3.707
Mon-14-Feb-11	3.534	3.587	3.749	3.700	3.524	3.479	3.489	3.511	3.671	3.747
Mon-21-Feb-11	3.573	3.620	3.769	3.734	3.557	3.517	3.522	3.568	3.729	3.799
Mon-28-Feb-11	3.716	3.764	3.903	3.875	3.703	3.661	3.656	3.698	3.892	3.964
Mon-07-Mar-11	3.871	3.908	4.046	4.014	3.850	3.823	3.812	3.845	4.046	4.122
Mon-14-Mar-11	3.908	3.946	4.081	4.061	3.885	3.859	3.842	3.888	4.091	4.170
Mon-21-Mar-11	3.907	3.938	4.087	4.046	3.878	3.855	3.841	3.925	4.104	4.199
Mon-28-Mar-11	3.932	3.952	4.095	4.061	3.892	3.883	3.857	3.959	4.155	4.256
Mon-04-Apr-11	3.976	3.982	4.109	4.092	3.923	3.932	3.905	4.017	4.209	4.323
Mon-11-Apr-11	4.078	4.082	4.154	4.204	4.024	4.040	4.001	4.097	4.308	4.397
Mon-18-Apr-11	4.105	4.111	4.212	4.229	4.051	4.068	4.033	4.126	4.319	4.440
Mon-25-Apr-11	4.098	4.105	4.222	4.238	4.038	4.061	4.024	4.134	4.305	4.438
Mon-02-May-11	4.124	4.128	4.231	4.269	4.059	4.086	4.060	4.156	4.328	4.465
Mon-09-May-11	4.145	4.158	4.281	4.280	4.102	4.114	4.080	4.173	4.338	4.460
Mon-16-May-11										
Mon-23-May-11										
Mon-30-May-11										

Glossary and Definitions - Weekly Diesel Price - Fundamental Trends Report

U.S. Energy Information Administration: Source of weekly supply - demand diesel (distillate) fundamental data gathered through weekly survey of refiners, blenders, marketers, distributors.

Weekly Retail On-Highway Diesel Prices: Prepared by the EIA through a weekly survey of retail diesel marketers conducted each Monday. Many transportation firms use this data source to set fuel surcharge rates.

Gulf Coast ULSD (ultra low sulfur distillate) Spot Market Prices: Daily price data provided to the EIA by Thomson Reuters. Weekly data is an un weighted average of the daily prices.

Regional Markets: The EIA has defined five regions called PADD's for Petroleum Administration for Defense Districts which are used to aggregate weekly supply - demand fundamental statistics as well as retail On-Highway diesel prices. Those regions are illustrated on the U.S. Map, Page 2 of this report. In addition the EIA provides prices for the state of California, and three sub regions of PADD 1; New England, Central Atlantic and Lower Atlantic.

On-Highway Diesel Price less U.S. Average: This is the difference between the specific regional market and the U.S. Average price. The variance reflects differences in refining cost, wholesale distribution cost, product grade specifications, taxes, and market power by marketers to set prices.

Temporary variations also reflect the relative supply - demand balance; for example during periods that Eastern Canadian refiners are down for maintenance diesel supplies in the New England Region may become very tight, thus driving up the premium that New England prices have over the U.S. average price.

This difference also reflects the '**basis risk**' which a transport firm operating in a specific region experiences if using the U.S. Average price to hedge fuel cost or set fuel surcharge rates.

Week ahead On-Highway Retail Diesel Price Forecast: Prepared by Fundamental Petroleum Trends Reports using spot and futures market prices as reported by the EIA, and seasonal indices in proprietary statistical models.