



RETAIL DIESEL FUEL OUTLOOK

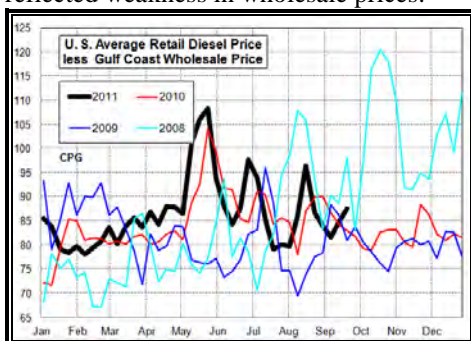
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, September 20,

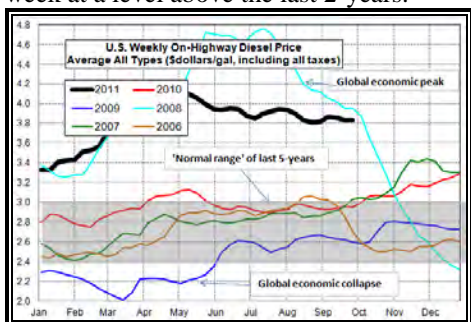
Region	Actual Price 1/		Forecast 2/		Change from week ago
	05Sep11	12Sep11	19Sep11	26Sep11	
U.S.	3.868	3.862	3.833	3.839	0.006
East Coast	3.886	3.879	3.853	3.855	0.002
New England	3.994	3.985	3.983	3.960	-0.023
Central Atlantic	3.987	3.985	3.968	3.968	0.000
Lower Atlantic	3.833	3.825	3.792	3.795	0.003
Midwest	3.852	3.841	3.799	3.811	0.012
Gulf Coast	3.800	3.790	3.765	3.773	0.008
Rocky Mountain	3.890	3.903	3.892	3.851	-0.041
West Coast	3.981	3.984	3.977	3.997	0.020
California	4.058	4.067	4.062	4.079	0.017

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

Diesel Fuel Price Trends U.S. retail diesel prices decreased -2.9 cpg for the week ending 19Sep11. The decrease reflected weakness in wholesale prices.



The U.S. average retail diesel price compared to the Gulf Coast wholesale price increased +2.75 cpg last week as retail prices declined less than the wholesale market. The spread ended the week at a level above the last 2-years.

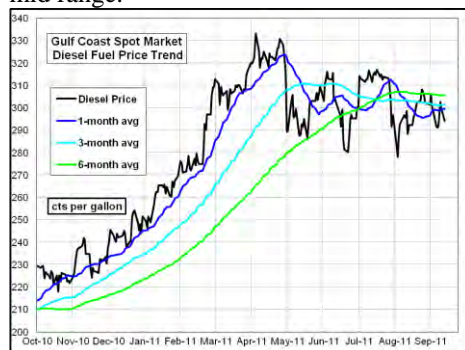


The national average on-highway price ended the week -\$0.12/gal below the high set in 2008 for this time of year, but +\$0.87/gal above a year ago.

Prices declined -4.2 cpg in the Midwest and -3.3 cpg in the Lower Atlantic Region last week. Prices decreased less than -1 cpg in New England and the West Coast last week.

week below the mid range of the last quarter, and below the 1-month, 3-month and 6-month moving averages.

U.S. average retail prices have declined -29 cpg from highs reached in mid May. The spread between retail and wholesale spot prices was above the 3-year mid range.



With the spread between wholesale and retail prices above the average for this time of year, expect retail prices to trend lower in relation to the wholesale market.

Supply - Demand Fundamental Trends

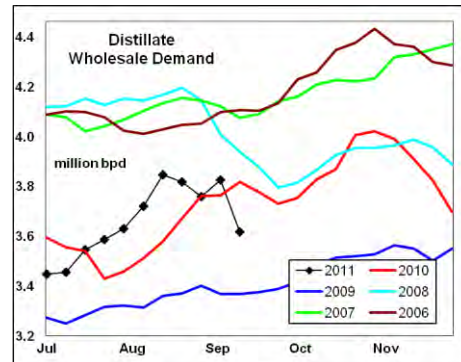
U.S. weekly distillate demand decreased -195,000 bpd last week, due in part to disruption by tropical storm Lee. Year-on-year demand growth has recently slowed to just +30,000 bpd for the latest 4-wk average.

Global distillate demand remains strong, as indicated by record U.S. exports, strong refining margins and lack of imports from Europe to the U.S. East Coast.

Distillate supply decreased -52,000 bpd last week, as a result of disruptions on the Gulf coast from tropical storm Lee. The reduced supply was offset by a drop in demand, so that stocks increased +1.7 million barrels.

The Gulf Coast reported the lowest average price at \$3.77/gal, while California had the highest price at \$4.06/gal.

Gulf Coast wholesale distillate prices increased +3 cpg last week ending 19Sep11. Gulf wholesale prices ended the



Stocks are now -16 million barrels below a year ago; however, the level remains well above years before 2009. In the absence of Gulf hurricane disruptions, expect stock building to extend through September.

Global Trends Driving Diesel Prices

The debt crisis in Europe, slow economic growth in the U.S. and lack of severe weather disruptions in along the Gulf Coast has constrained diesel prices to levels below the spring peak; offsetting robust demand by developing countries such as Brazil, India, China and other developing countries.

Tightness in global crude oil and diesel supplies is driven by loss of Libyan crude oil output and the robust economic growth in developing countries.

The financial sector continues to invest in oil as an inflation hedge, while loose monetary policy by central banks of developed countries places upward pressure on commodity prices.

These fundamental and financial trends continue to support global distillate prices.

Diesel Price Outlook U.S. average retail prices are projected to be nearly unchanged for the week ending 26Sep11.

Regional prices are forecast to decrease slightly in New England and the Rocky Mountain regions, while being unchanged to slightly higher in other regions for the current week.

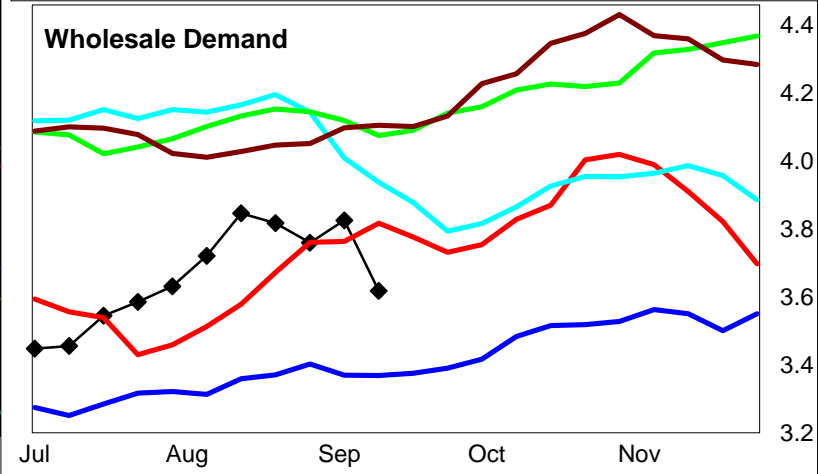
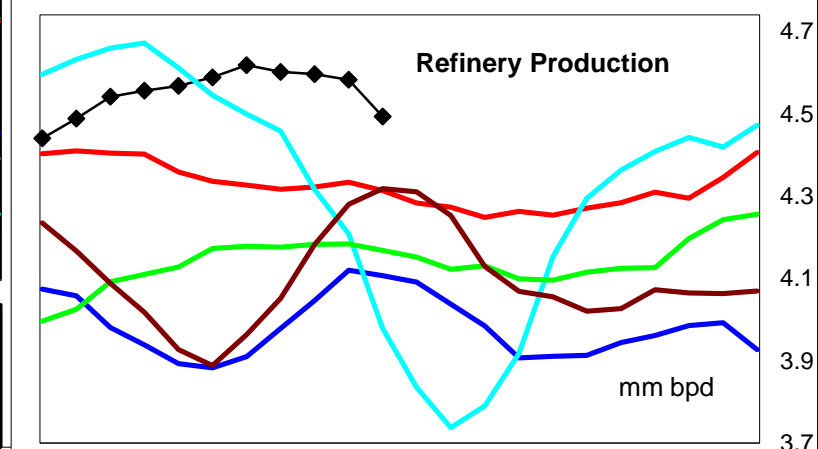
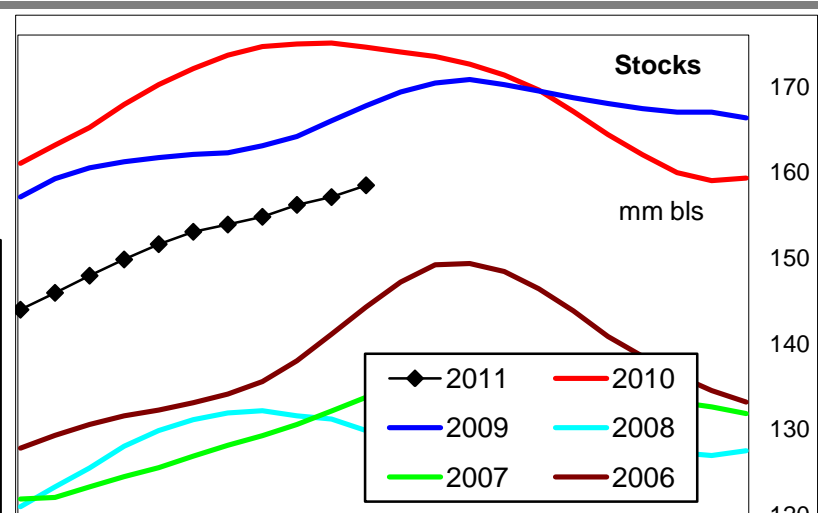
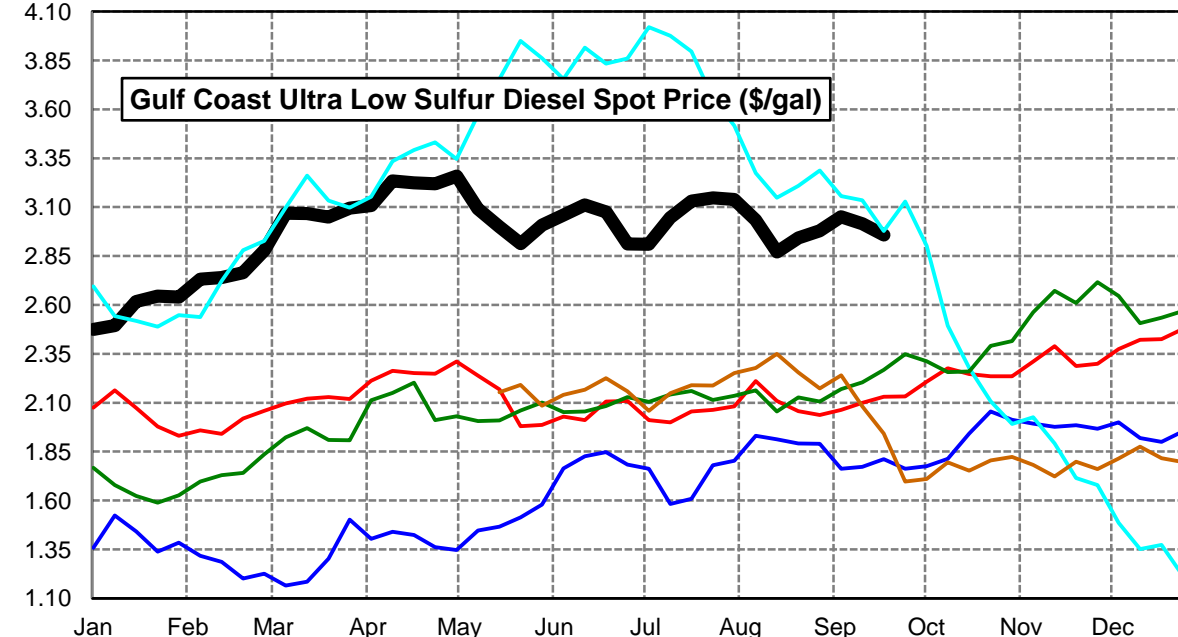
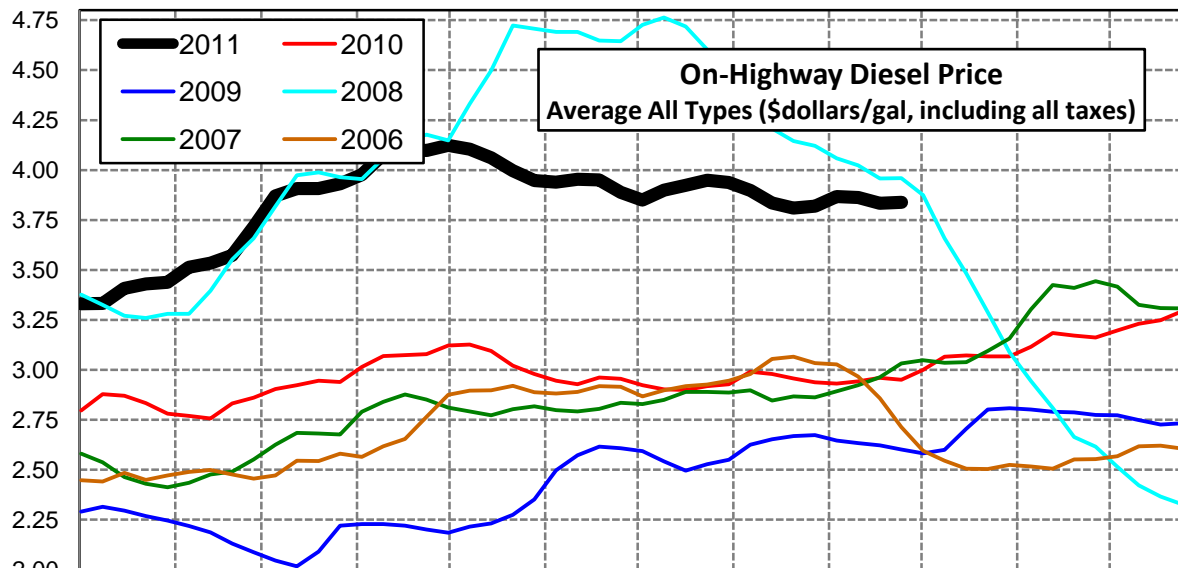
There is risk of price weakness during the next quarter on slowing global economic growth and seasonal stock builds. Political uncertainty in the Middle East has been heightened by emerging conflicts between Israel and neighboring countries.

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



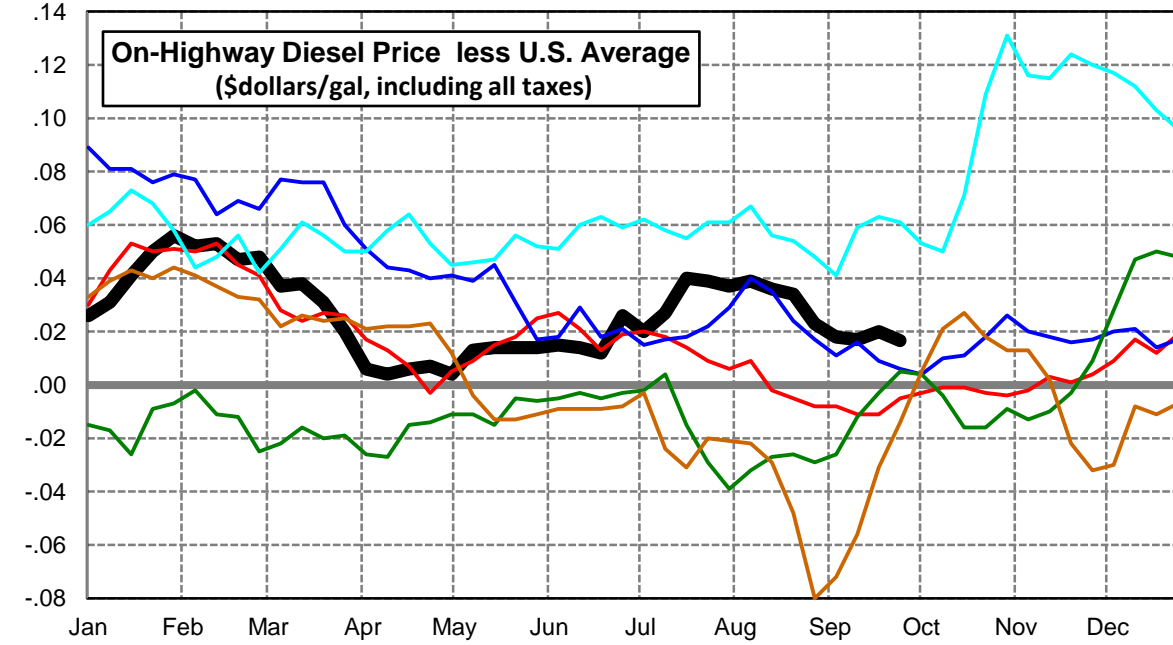
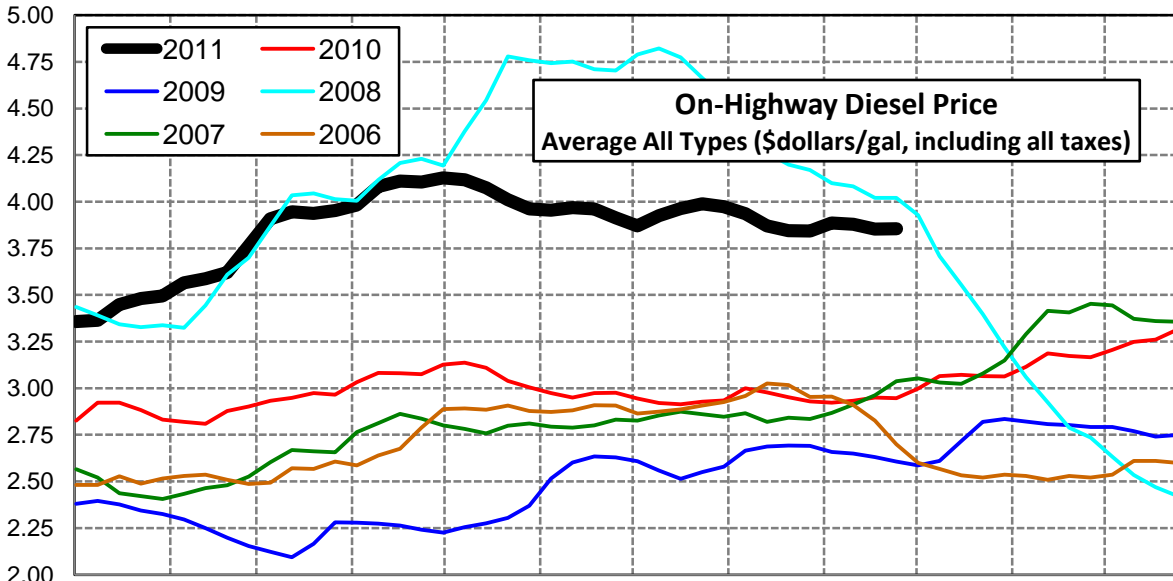
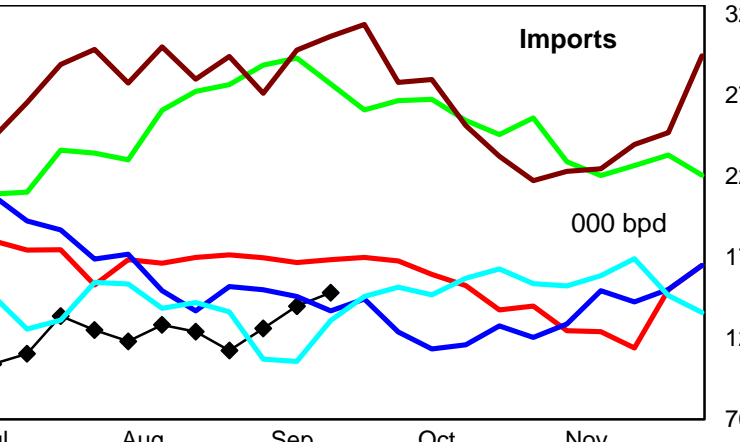
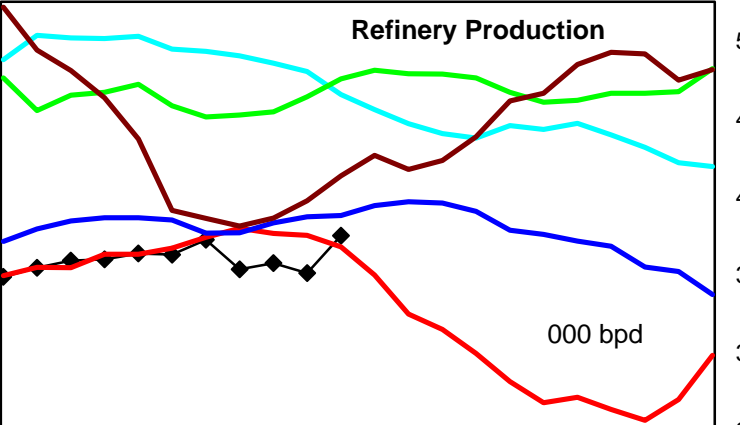
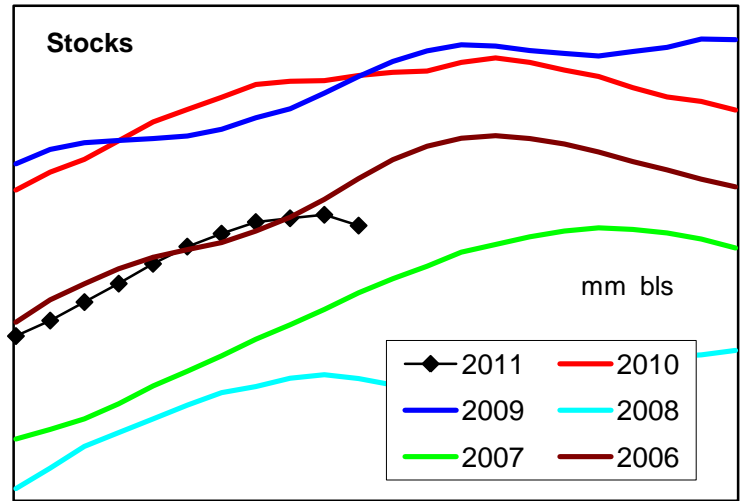
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Sep11	12Sep11	19Sep11	26Sep11	
United States Avg	\$3.868	\$3.862	\$3.833	\$3.839	\$0.006
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



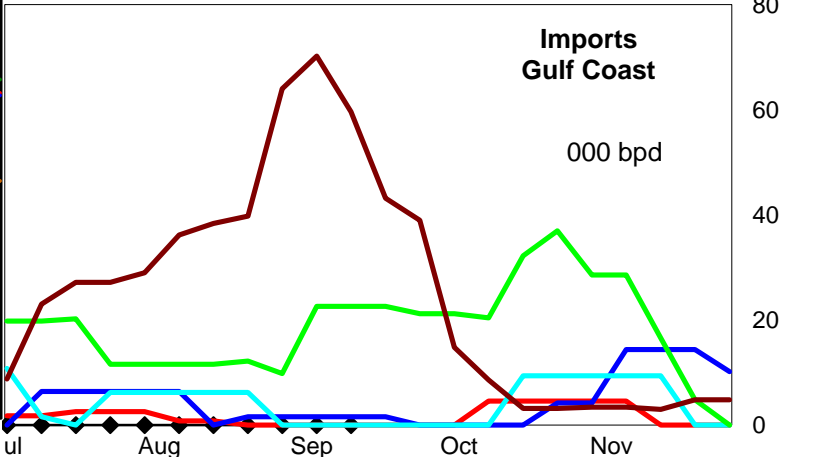
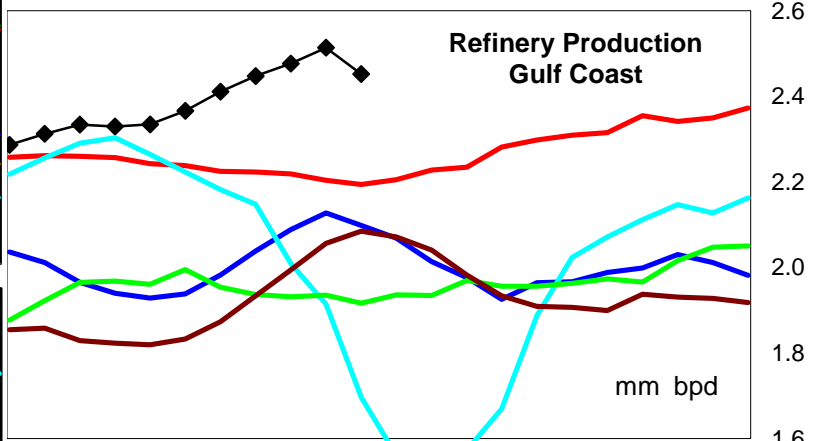
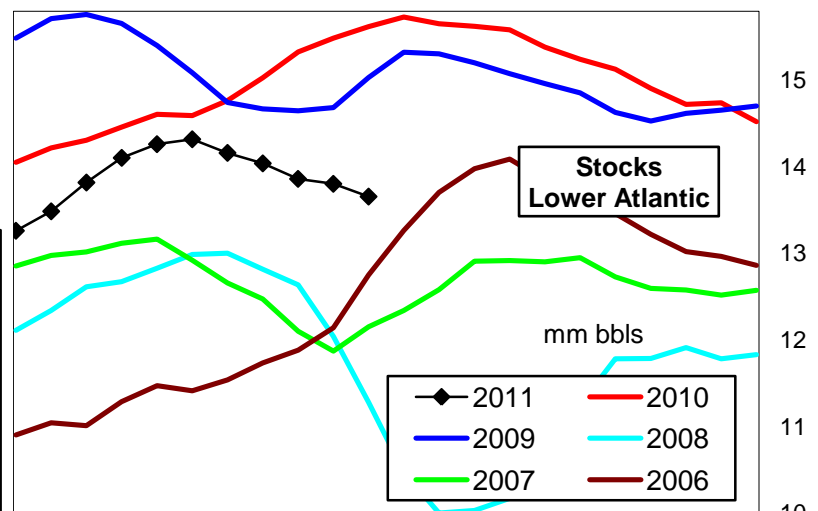
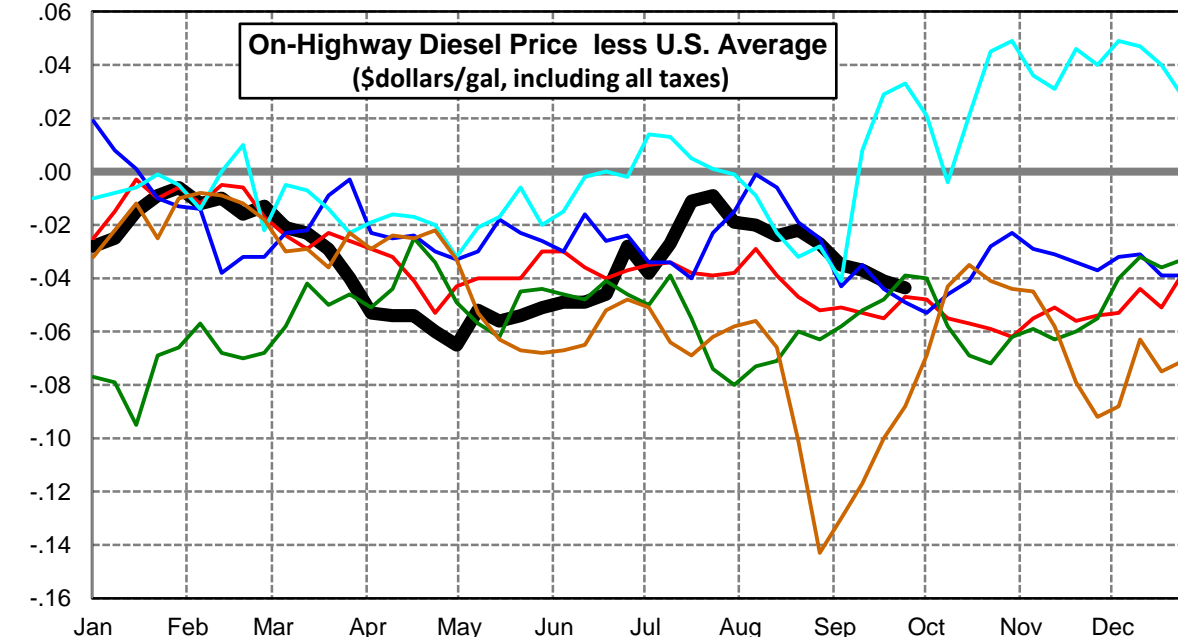
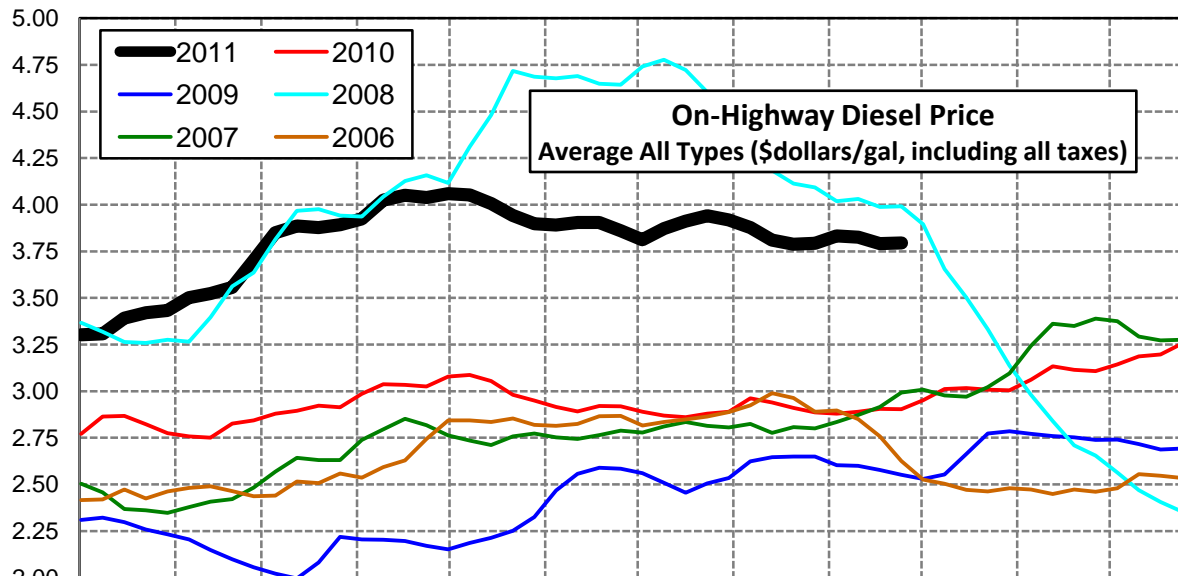
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Sep11	12Sep11	19Sep11	26Sep11	
East Coast	\$3.886	\$3.879	\$3.853	\$3.855	\$0.002
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



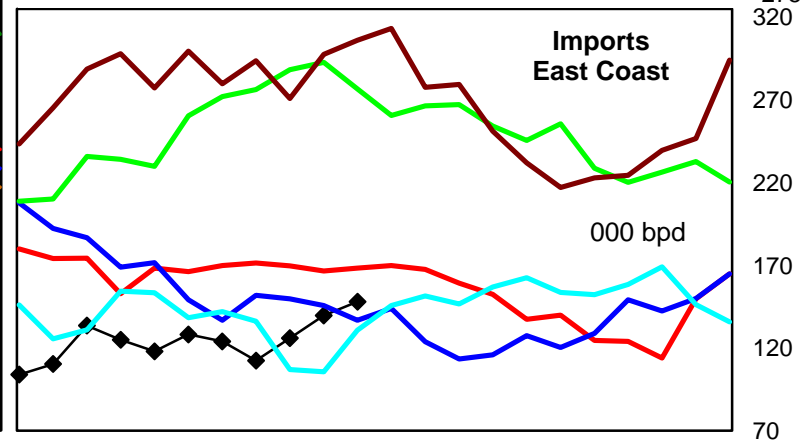
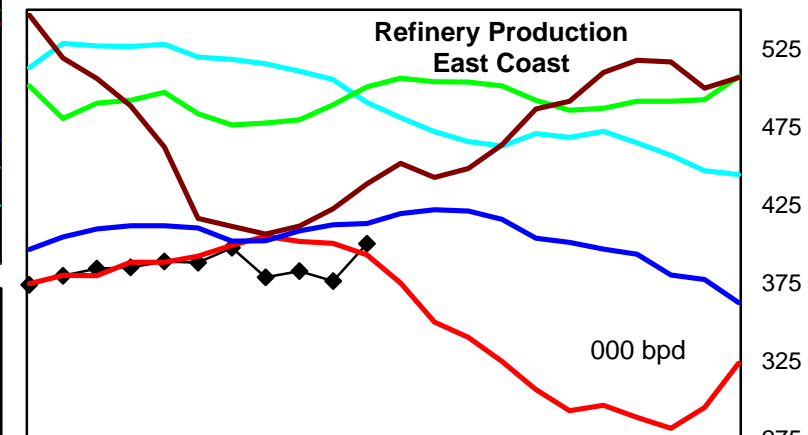
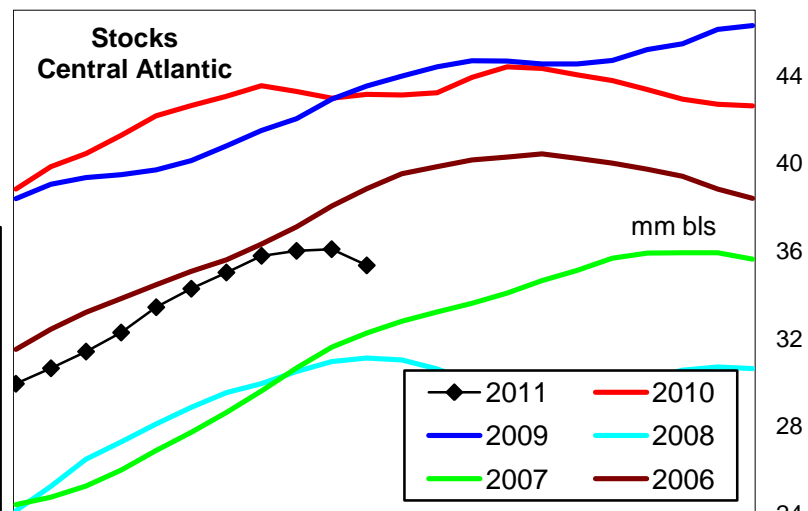
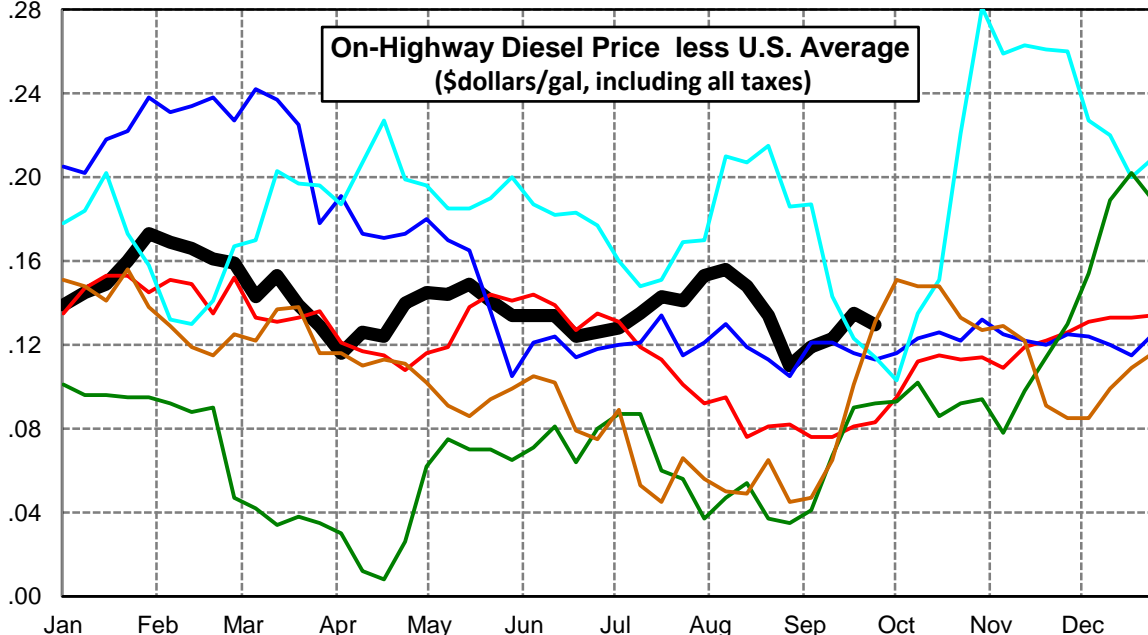
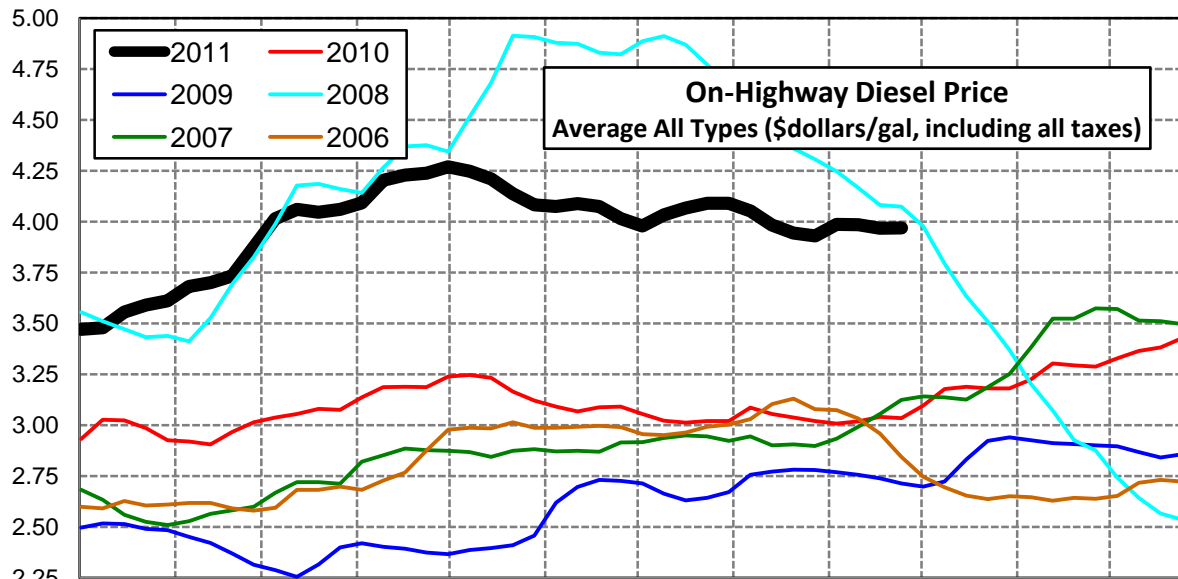
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Sep11	12Sep11	19Sep11	26Sep11	
Lower Atlantic	\$3.833	\$3.825	\$3.792	\$3.795	\$0.003
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



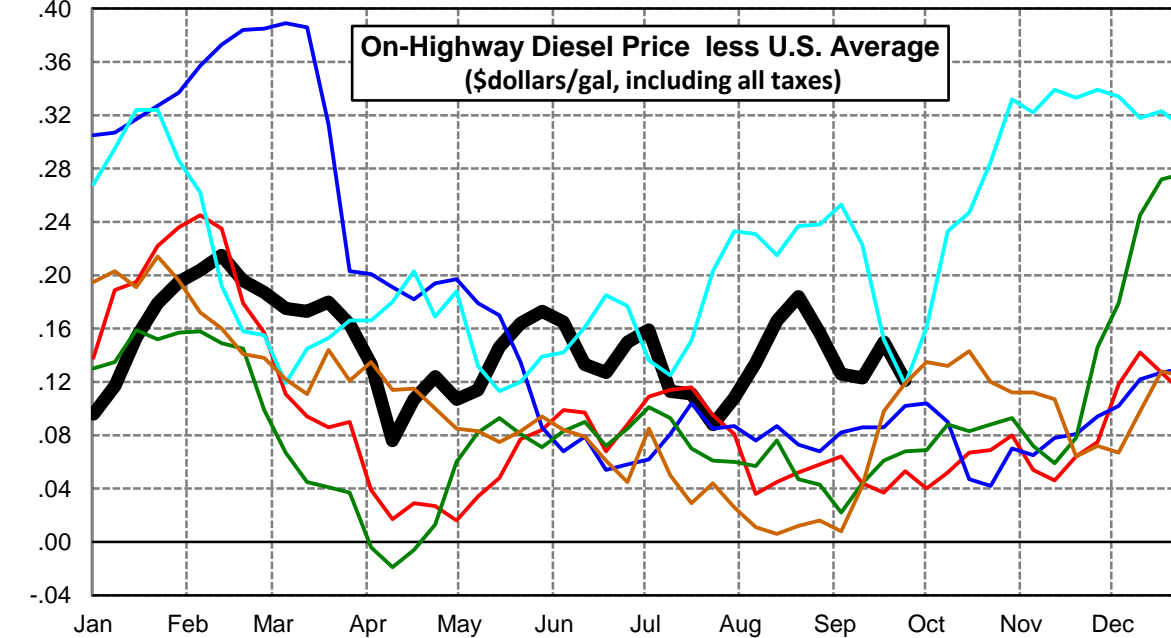
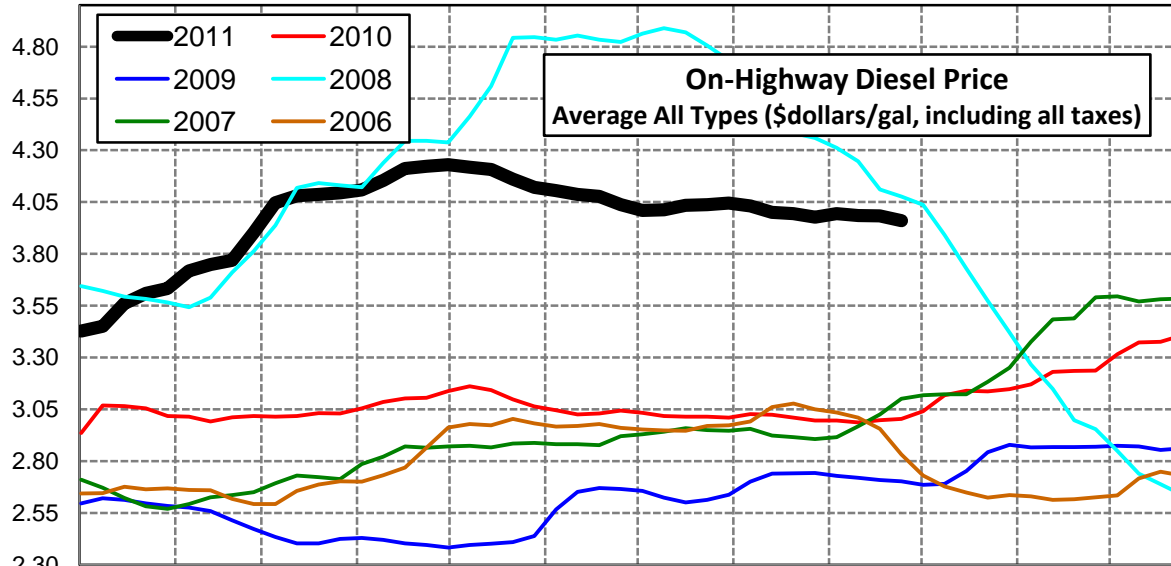
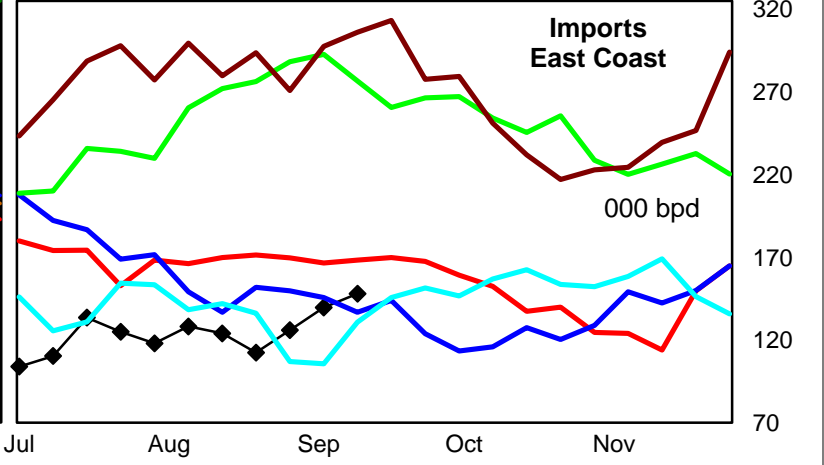
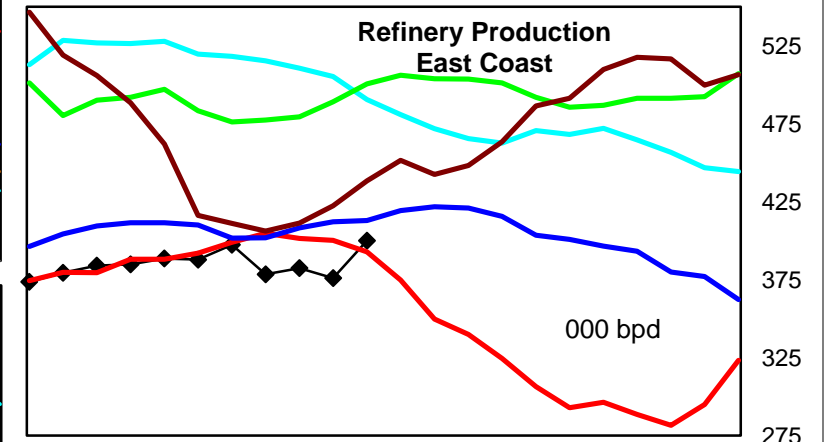
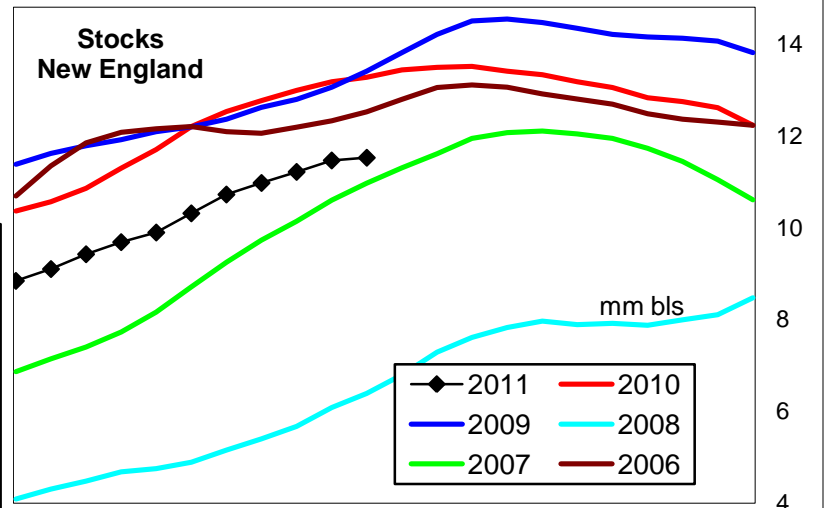
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Sep11	12Sep11	19Sep11	26Sep11	
Central Atlantic	\$3.987	\$3.985	\$3.968	\$3.968	\$0.000
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



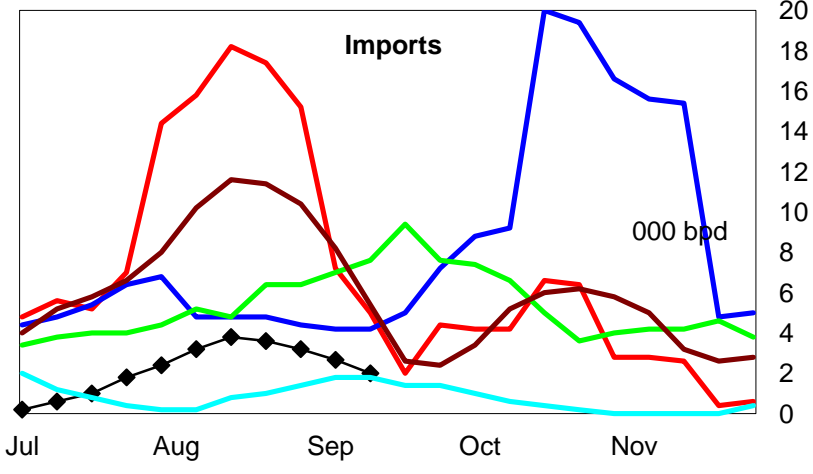
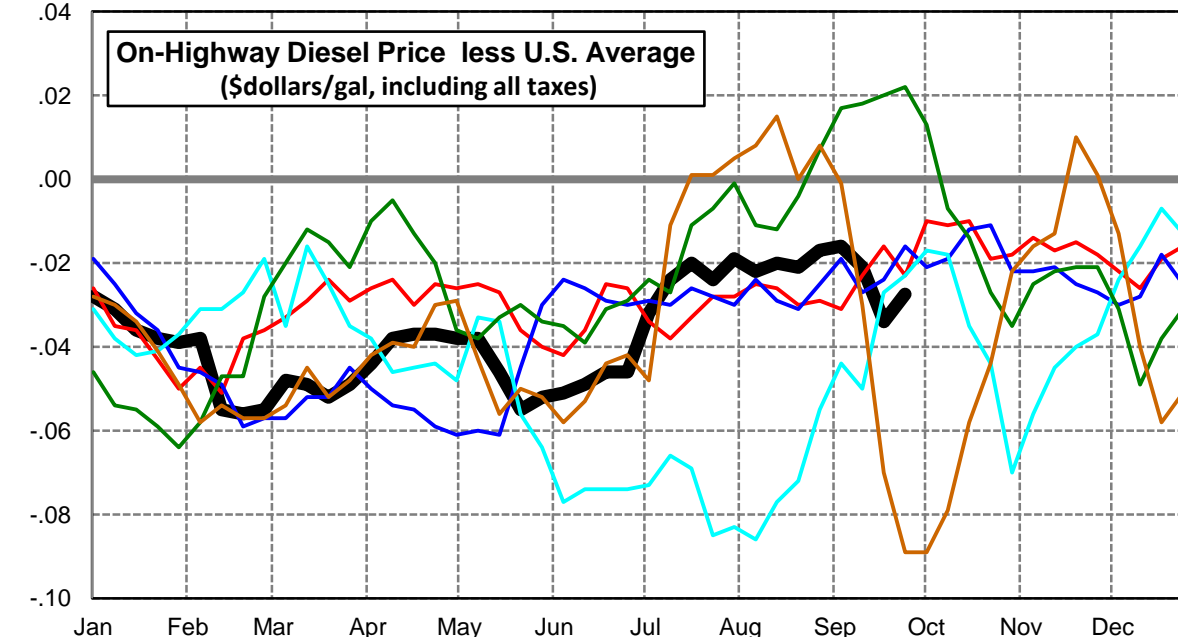
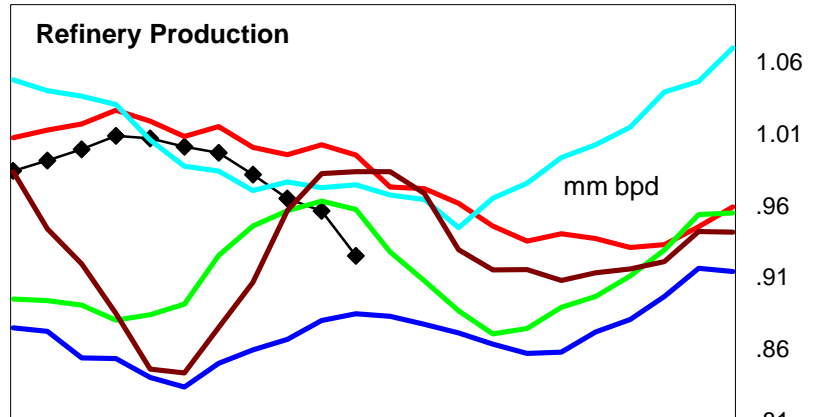
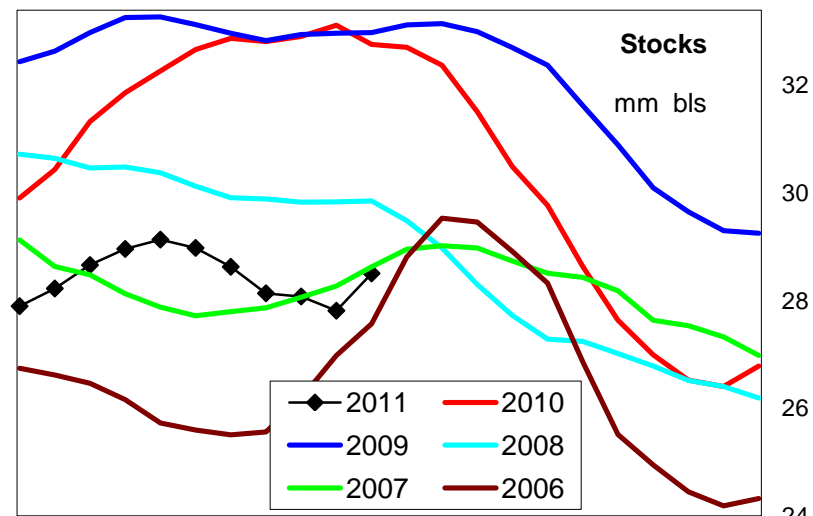
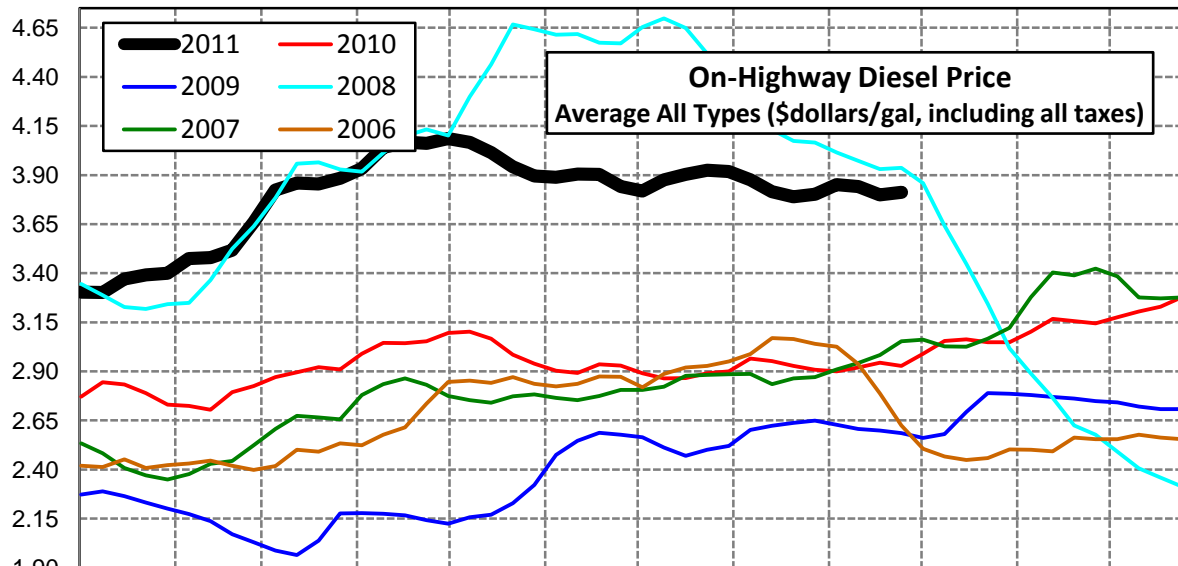
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Sep11	12Sep11	19Sep11	26Sep11	
New England	\$3.994	\$3.985	\$3.983	\$3.960	-\$0.023
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



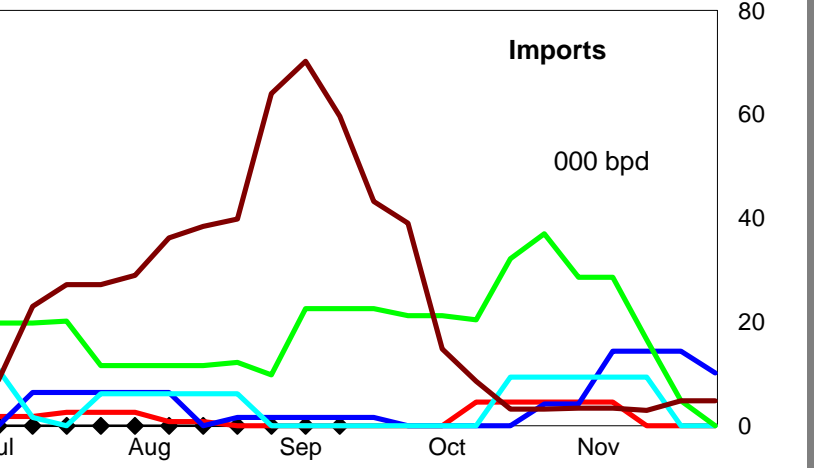
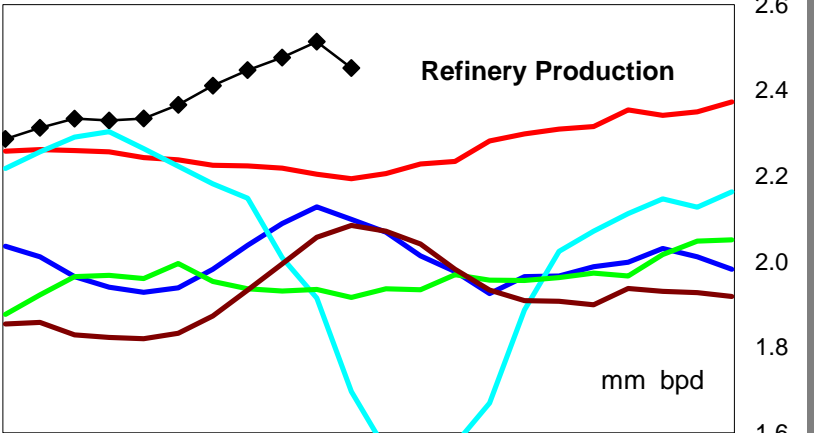
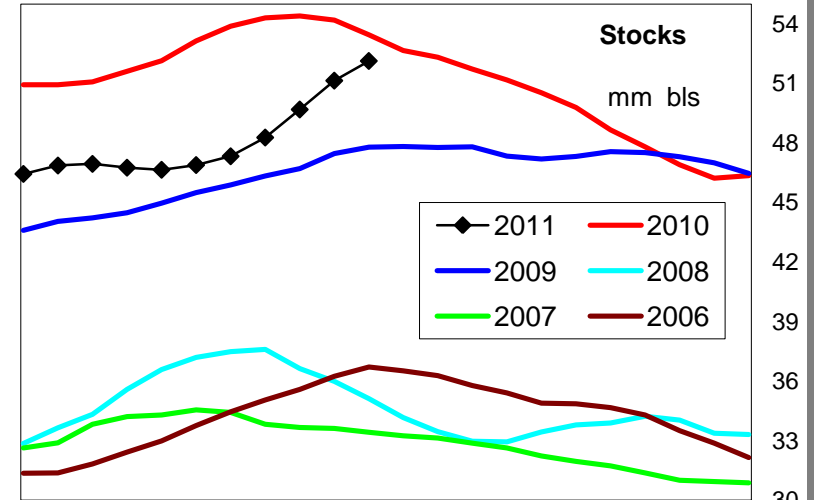
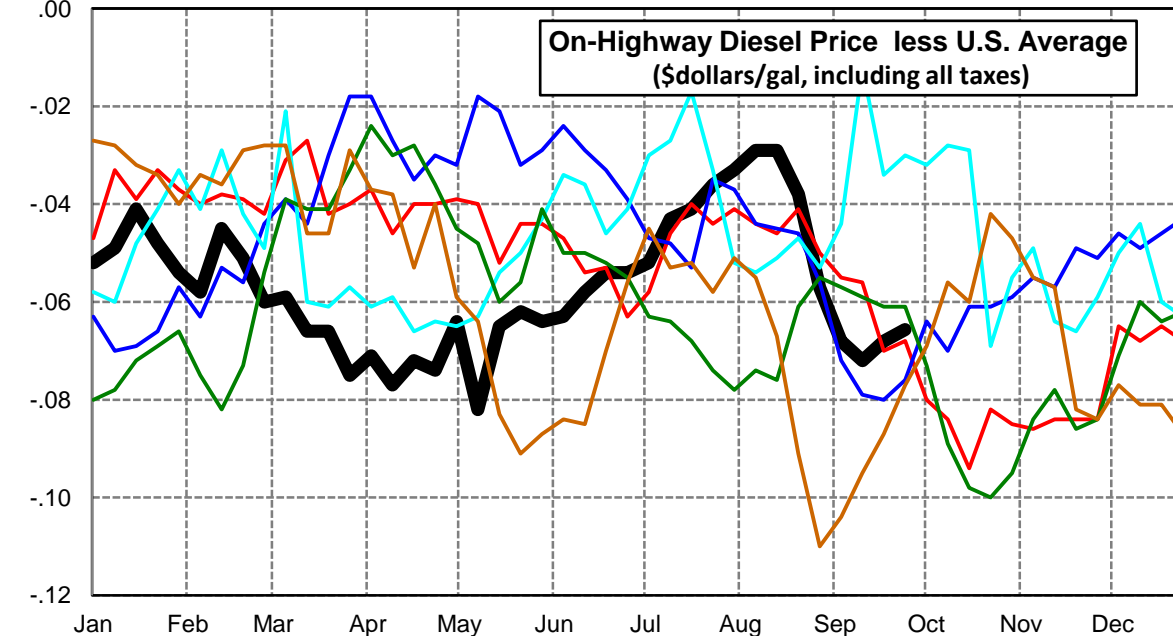
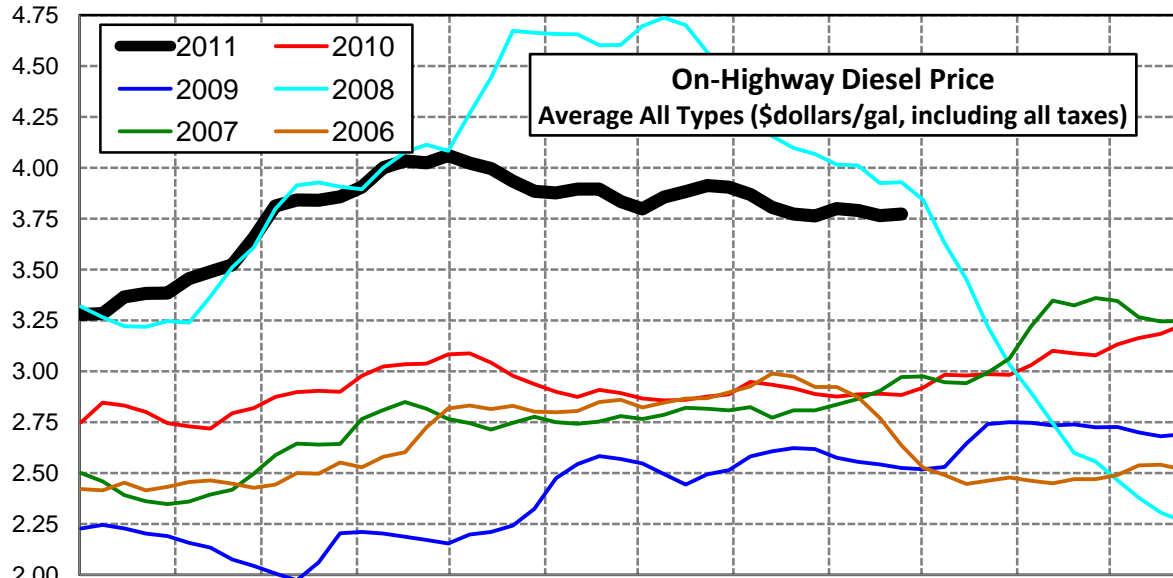
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Sep11	12Sep11	19Sep11	26Sep11	
Midwest	\$3.852	\$3.841	\$3.799	\$3.811	\$0.012
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



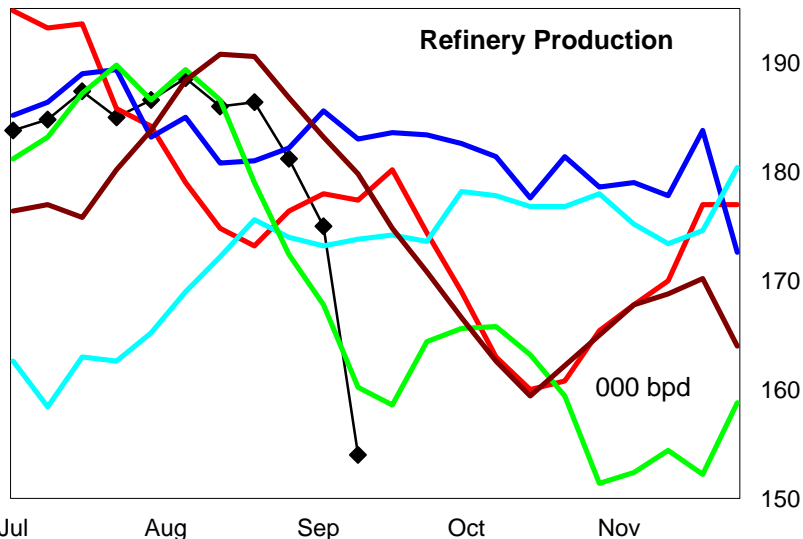
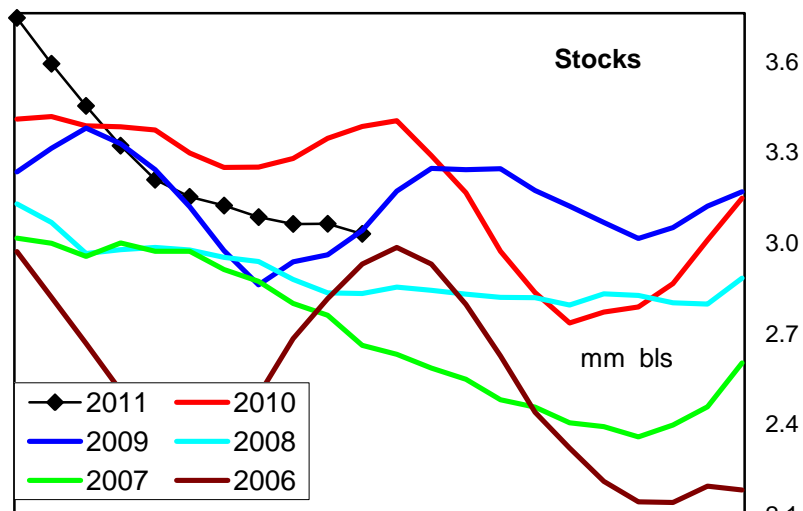
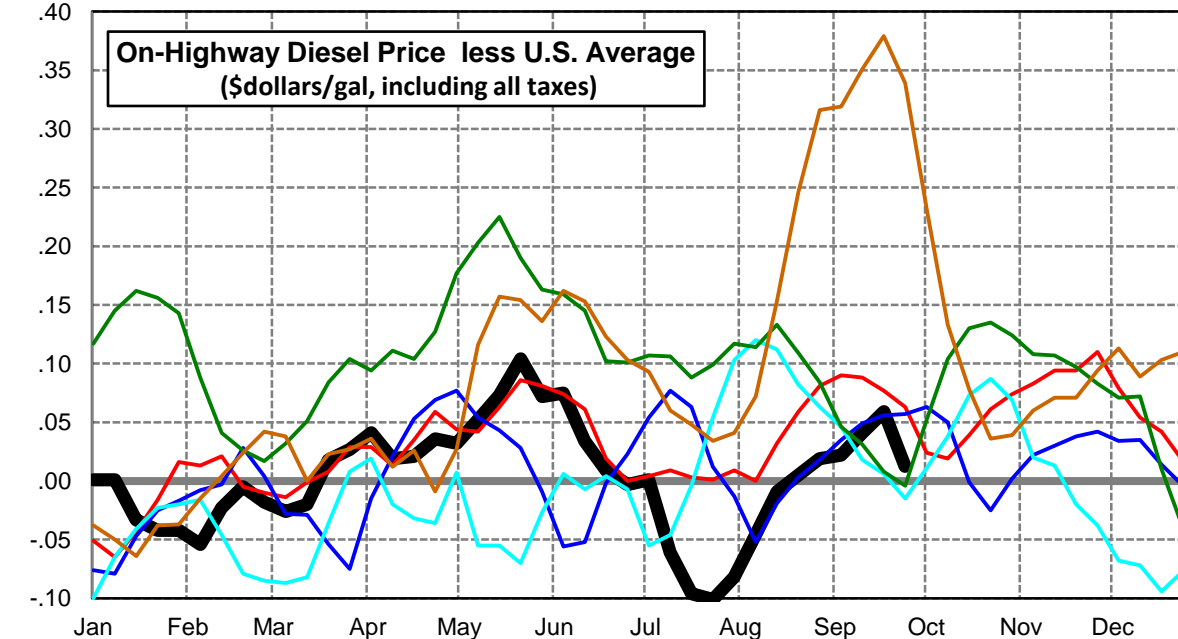
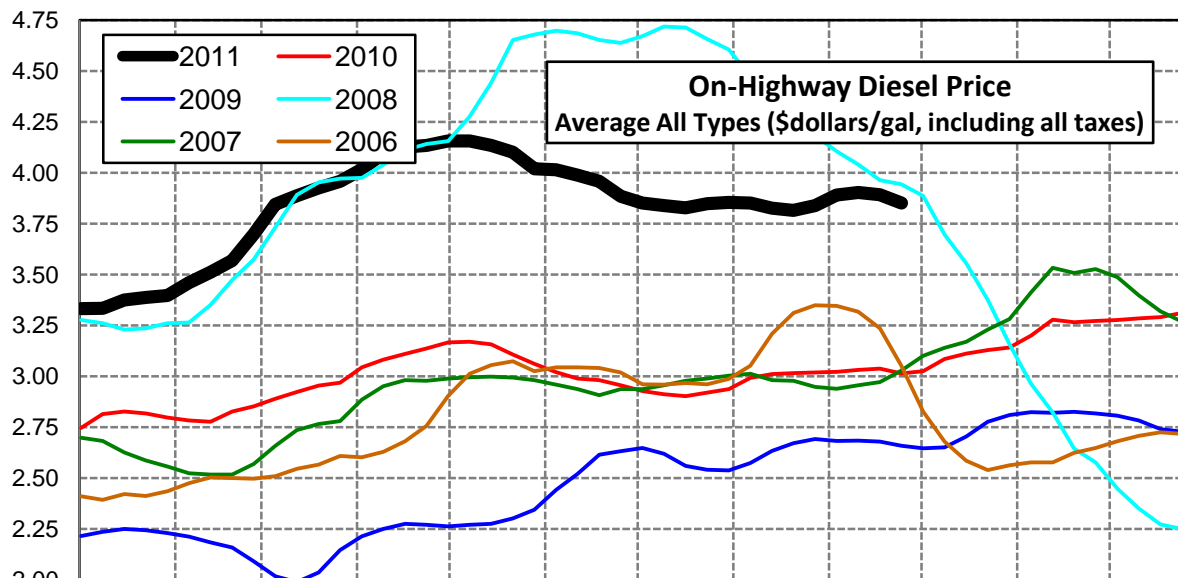
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Sep11	12Sep11	19Sep11	26Sep11	
Gulf Coast	\$3.800	\$3.790	\$3.765	\$3.773	\$0.008
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



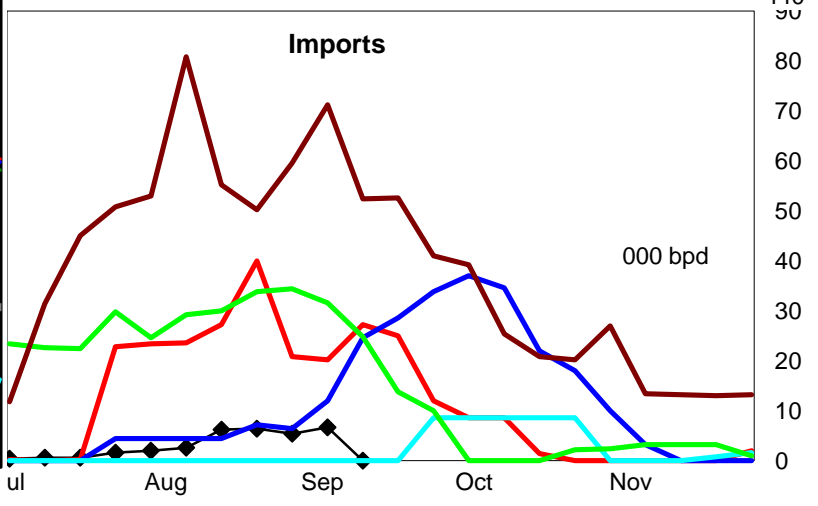
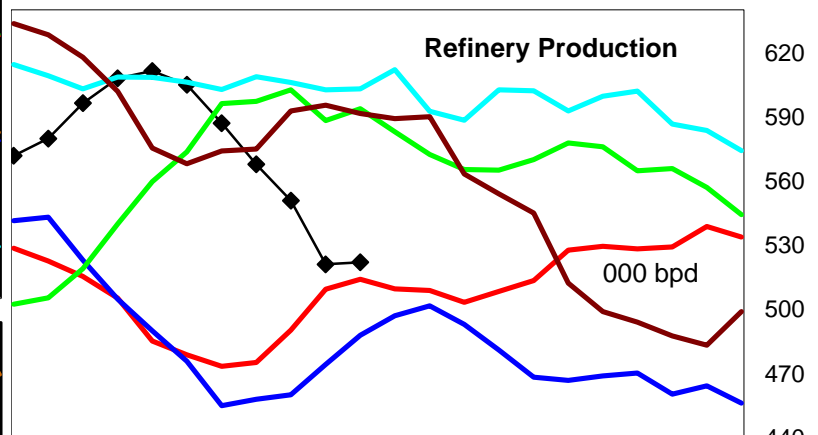
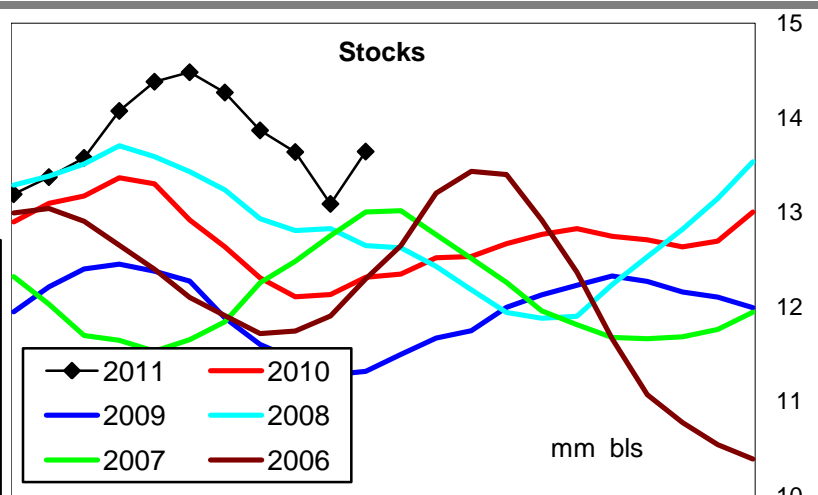
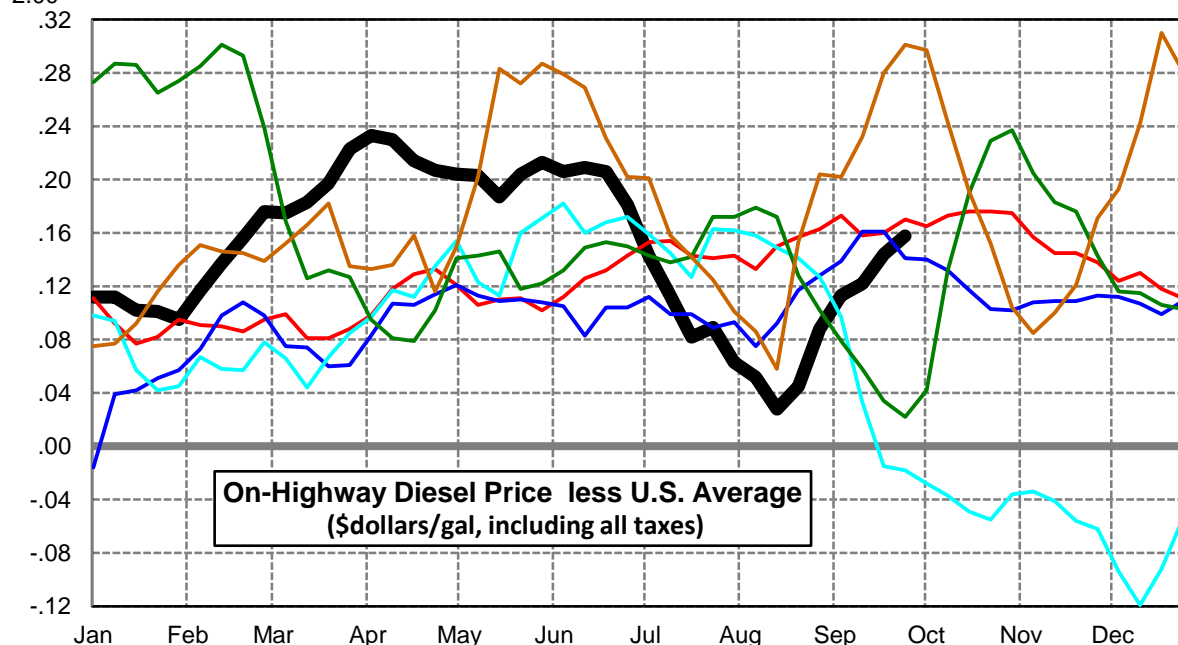
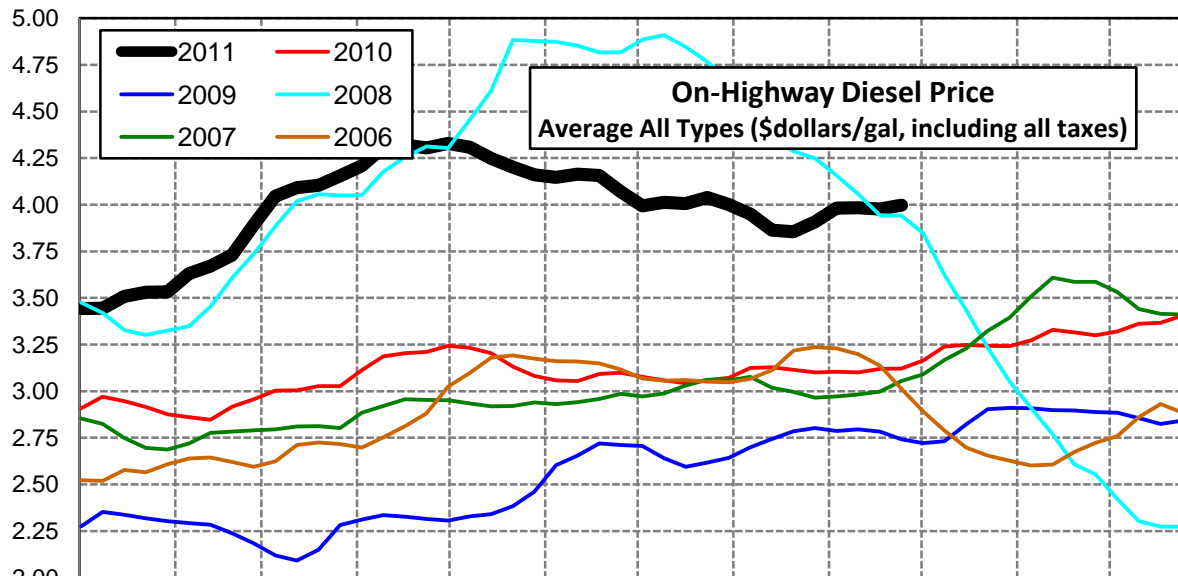
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Sep11	12Sep11	19Sep11	26Sep11	
Rocky Mountain	\$3.890	\$3.903	\$3.892	\$3.851	-\$0.041
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



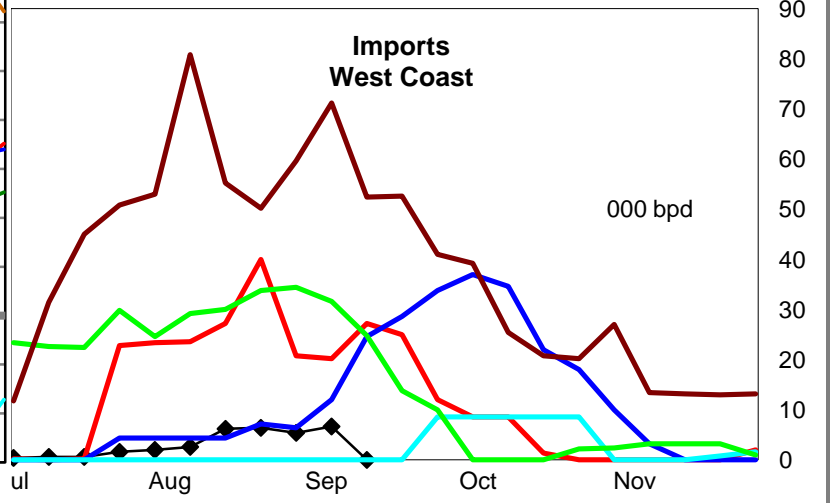
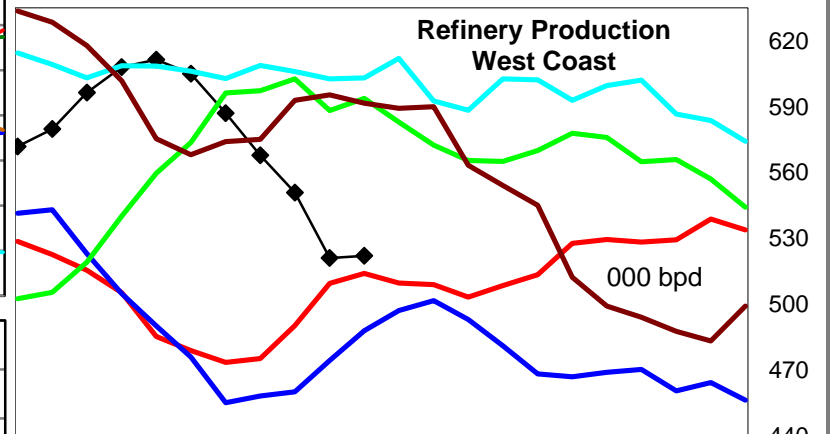
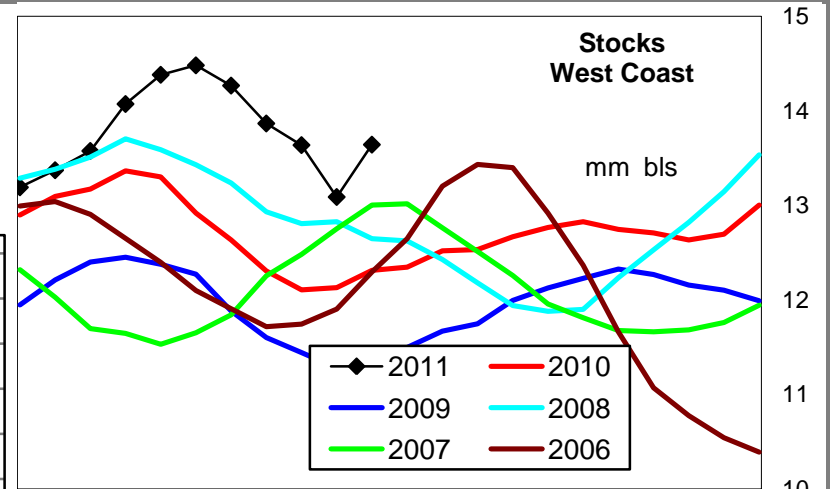
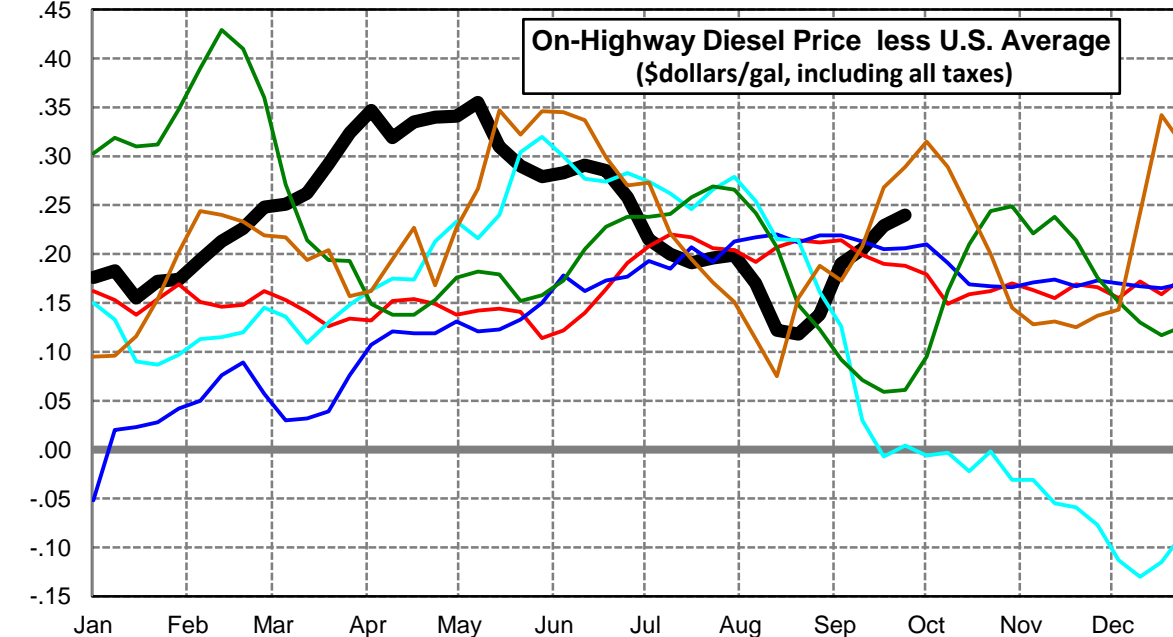
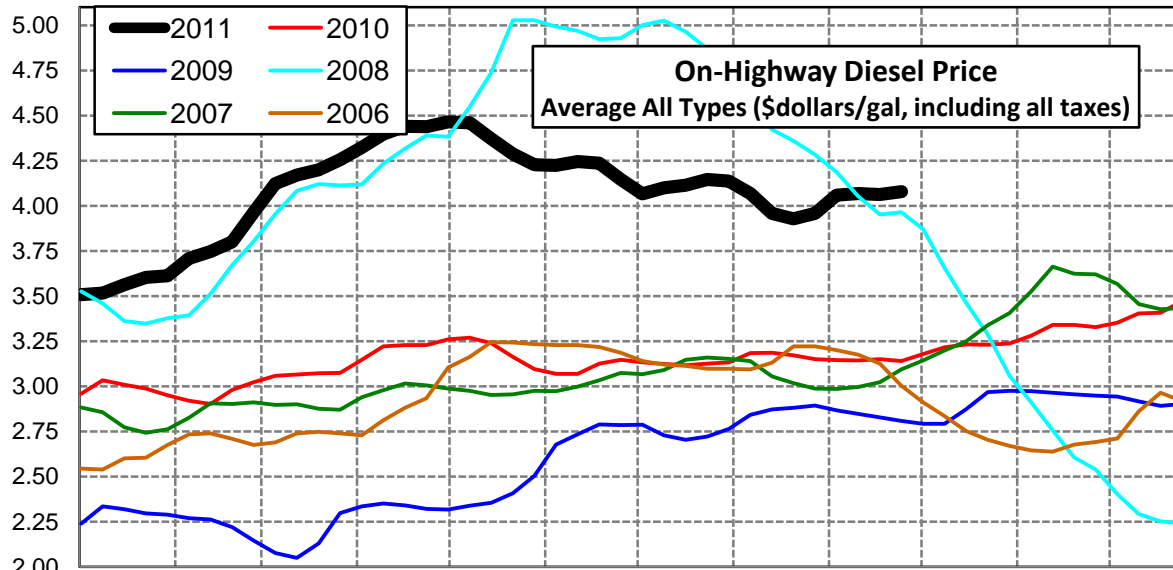
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Sep11	12Sep11	19Sep11	26Sep11	
West Coast	\$3.981	\$3.984	\$3.977	\$3.997	\$0.020
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
	05Sep11	12Sep11	19Sep11	26Sep11	
California	\$4.058	\$4.067	\$4.062	\$4.079	\$0.017
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-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	4.104	4.117	4.218	4.248	4.052	4.066	4.022	4.156	4.307	4.459
Mon-16-May-11	4.061	4.075	4.207	4.210	4.005	4.015	3.996	4.134	4.248	4.371
Mon-23-May-11	3.997	4.011	4.161	4.138	3.943	3.942	3.935	4.101	4.201	4.287
Mon-30-May-11	3.948	3.962	4.121	4.082	3.897	3.896	3.884	4.020	4.161	4.227
Mon-06-Jun-11	3.940	3.955	4.105	4.074	3.891	3.889	3.877	4.015	4.146	4.223
Mon-13-Jun-11	3.954	3.968	4.087	4.088	3.905	3.905	3.896	3.988	4.163	4.245
Mon-20-Jun-11	3.950	3.962	4.077	4.074	3.904	3.904	3.896	3.959	4.156	4.235
Mon-27-Jun-11	3.888	3.914	4.038	4.014	3.860	3.842	3.834	3.885	4.069	4.146
Mon-04-Jul-11	3.850	3.870	4.009	3.978	3.812	3.818	3.798	3.851	3.993	4.065
Mon-11-Jul-11	3.899	3.926	4.012	4.034	3.872	3.875	3.856	3.838	4.012	4.099
Mon-18-Jul-11	3.923	3.963	4.034	4.066	3.912	3.903	3.882	3.827	4.005	4.114
Mon-25-Jul-11	3.949	3.988	4.037	4.090	3.940	3.925	3.913	3.848	4.038	4.145
Mon-01-Aug-11	3.937	3.974	4.045	4.090	3.918	3.918	3.904	3.855	4.000	4.136
Mon-08-Aug-11	3.897	3.936	4.031	4.053	3.877	3.875	3.868	3.851	3.949	4.067
Mon-15-Aug-11	3.835	3.871	4.001	3.983	3.811	3.815	3.806	3.826	3.863	3.957
Mon-22-Aug-11	3.810	3.844	3.994	3.944	3.788	3.789	3.772	3.815	3.855	3.928
Mon-29-Aug-11	3.820	3.843	3.977	3.930	3.793	3.803	3.763	3.839	3.908	3.958
Mon-05-Sep-11	3.868	3.886	3.994	3.987	3.833	3.852	3.800	3.890	3.981	4.058
Mon-12-Sep-11	3.862	3.879	3.985	3.985	3.825	3.841	3.790	3.903	3.984	4.067
Mon-19-Sep-11	3.833	3.853	3.983	3.968	3.792	3.799	3.765	3.892	3.977	4.062
Mon-26-Sep-11	3.839	3.855	3.960	3.968	3.795	3.811	3.773	3.851	3.997	4.079
Mon-03-Oct-11										
Mon-10-Oct-11										
Mon-17-Oct-11										
Mon-24-Oct-11										
Mon-31-Oct-11										
Mon-07-Nov-11										
Mon-14-Nov-11										
Mon-21-Nov-11										
Mon-28-Nov-11										
Mon-05-Dec-11										
Mon-12-Dec-11										
Mon-19-Dec-11										
Mon-26-Dec-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.