



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, September 26,

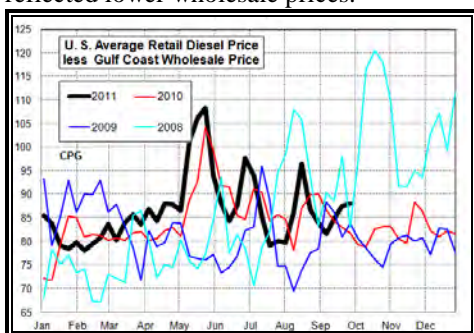
Weekly Retail On-Highway Diesel Prices

Region	Actual Price 1/			Forecast 2/	Change from week ago
	12Sep11	19Sep11	26Sep11	03Oct11	
U.S.	3.862	3.833	3.786	3.772	-0.014
East Coast	3.879	3.853	3.804	3.788	-0.016
New England	3.985	3.983	3.963	3.895	-0.068
Central Atlantic	3.985	3.968	3.922	3.900	-0.022
Lower Atlantic	3.825	3.792	3.739	3.740	0.001
Midwest	3.841	3.799	3.738	3.736	-0.002
Gulf Coast	3.790	3.765	3.730	3.718	-0.012
Rocky Mountain	3.903	3.892	3.867	3.787	-0.080
West Coast	3.984	3.977	3.957	3.932	-0.025
California	4.067	4.062	4.039	4.012	-0.027

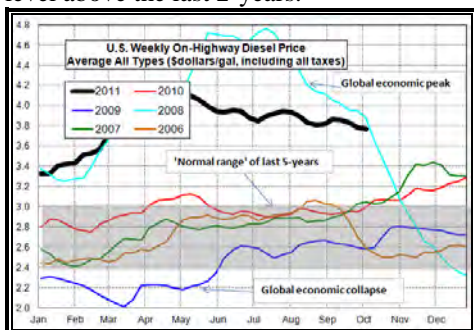
1/ Source: U.S. Energy Information Administration

2/ Source: Fundamental Petroleum Trends Reports

Diesel Fuel Price Trends U. S. retail diesel prices declined -4.7 cpg for the week ending 26Sep11. The decrease reflected lower wholesale prices.



The U.S. average retail diesel price compared to the Gulf Coast wholesale price increased +1 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 -\$0.17/gal below the high set in 2008 for this time of year, but +\$0.84/gal above a year ago.

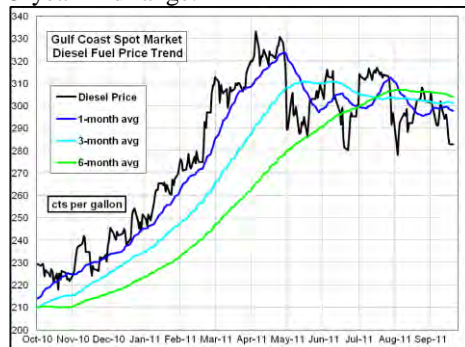
Prices declined -6.1 cpg in the Midwest and -5.3 cpg in the Lower Atlantic Region last week. Prices decreased just -2 cpg in New England and the West Coast for the week.

The Gulf Coast reported the lowest average price at \$3.73/gal, with the Lower Atlantic and Midwest each at \$3.74/gal. The highest price was reported in California at \$4.04/gal.

Gulf Coast wholesale distillate prices fell -11 cpg

last week ending 26Sep11. Gulf wholesale prices ended the week near lows of the last quarter, and well below the 1, 3 and 6-month moving averages.

U.S. average retail prices have declined -34 cpg from highs reached in mid May. The spread between retail and wholesale spot prices was well above the 3-year mid range.



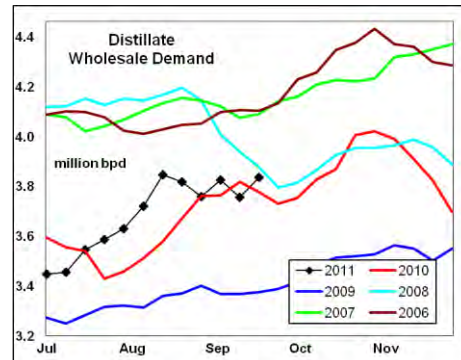
With the spread between wholesale and retail prices above the average for this time of year, expect retail prices to trend lower in relation to the wholesale market.

Supply - Demand Fundamental Trends

U.S. weekly distillate demand increased +217,000 bpd last week, due in part to earlier weather related disruptions. Year-on-year demand growth has recently slowed to just +21,000 bpd for the latest 4-wk average.

While global distillate demand remains strong, concern about slowing economic growth in both developed and developing countries has impacted the pull back in prices.

Distillate supply decreased -16,000 bpd last week, as fall refinery maintenance begins. Stocks decreased -0.9 million barrels on the weekly increase in demand.



Stocks are now -17 million barrels below a year ago; although, the level remains well above years before 2009. In the absence of Gulf hurricane disruptions, expect stock building to extend into early October.

Global Trends Driving Diesel Prices

Significant slowing of economic growth in Europe and the U.S. has begun to impact growth expectations in developing countries that depend on exports. Recent data indicate a meaningful slow down in the Chinese manufacturing sector. The recent sell off in global financial and commodity markets, including energy, are due in part to concerns that the rate of economic growth will decline; and the ongoing debt crisis in Europe.

While the outlook is for slower global economic growth, current distillate and crude oil supplies, outside the U.S. remain tight. Lack of production from Libya, fall refinery maintenance and the start of heating oil season should provide support to distillate prices during the next quarter.

Diesel Price Outlook U.S. average retail prices are projected to decline -1.4 cpg for the week ending 03Oct11, due to the recent drop in wholesale prices.

Regional prices are forecast to decrease over -6 cpg in New England and the Rocky Mountains, with only modest declines in other regions.

Expect further declines in retail prices in 1st half of October as a result of the pull back in wholesale prices, followed by an uptrend as fall refinery maintenance reaches a peak and winter heating season begins.

Political uncertainty in the Middle East has been heightened by emerging conflicts between Israel and neighboring countries.

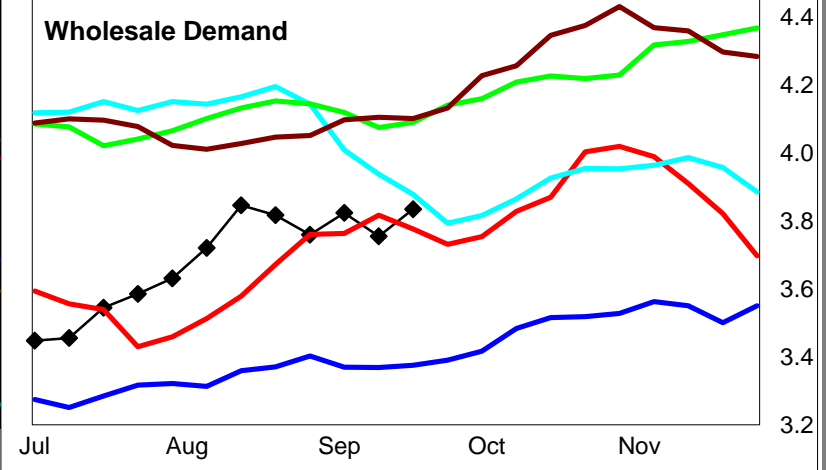
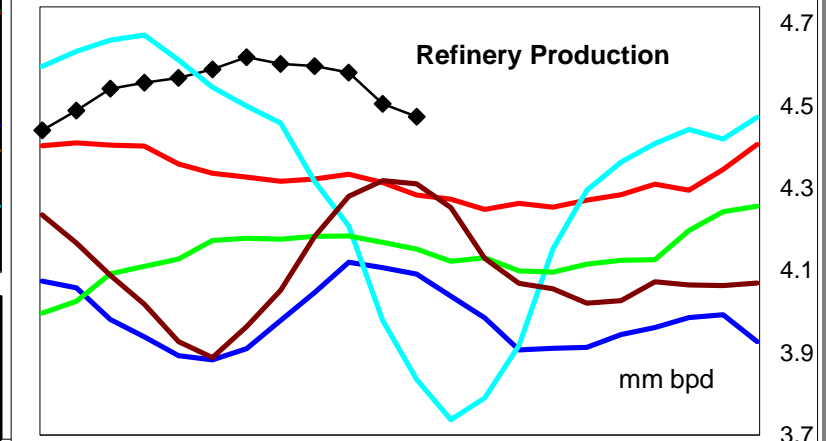
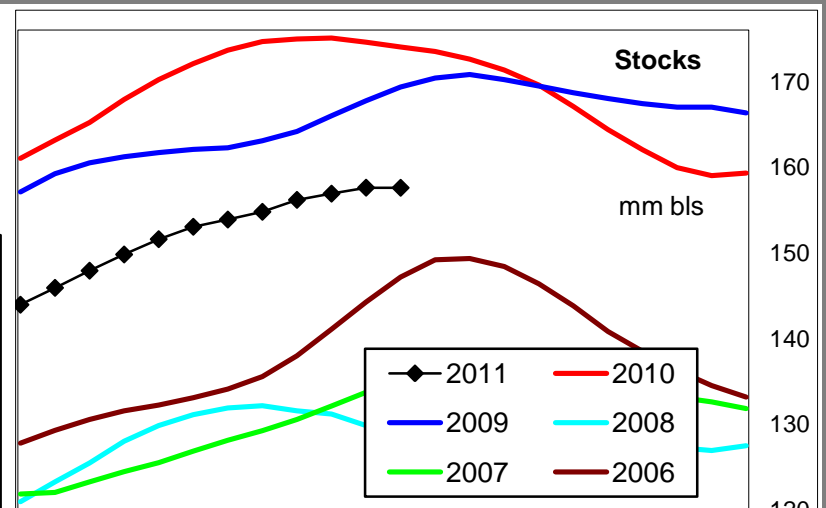
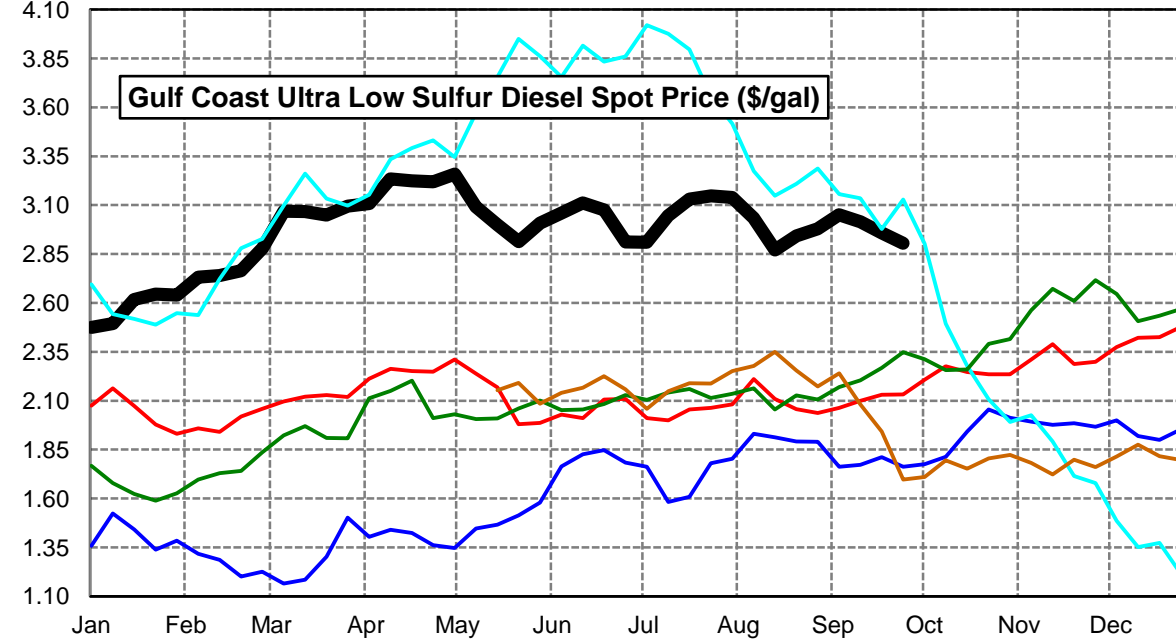
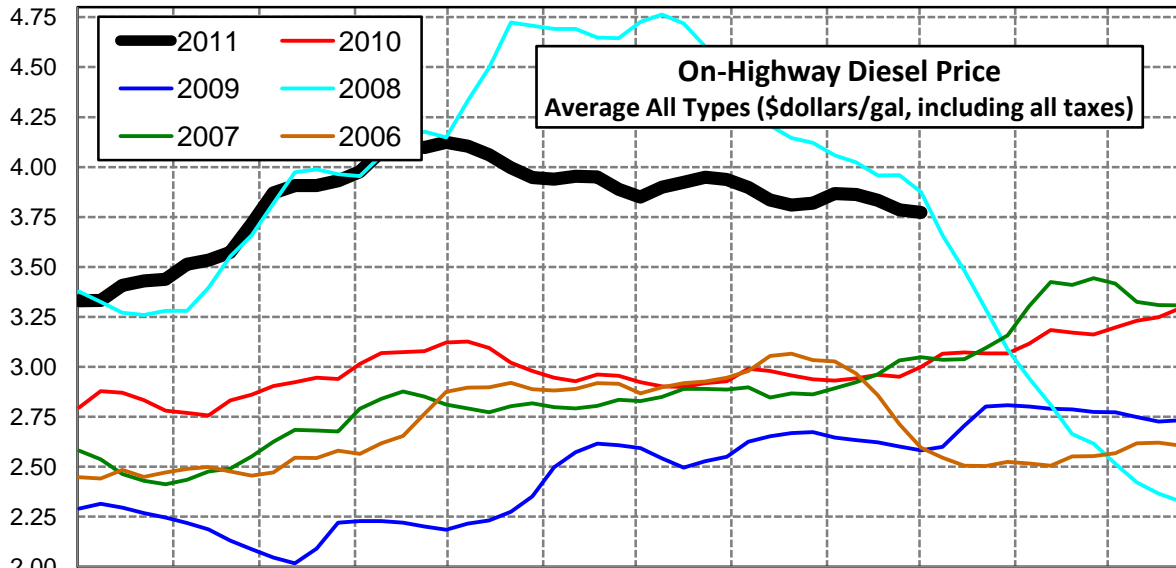
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Click [Blue Icon](#) on Map to view Regional Price & Fundamental Trends



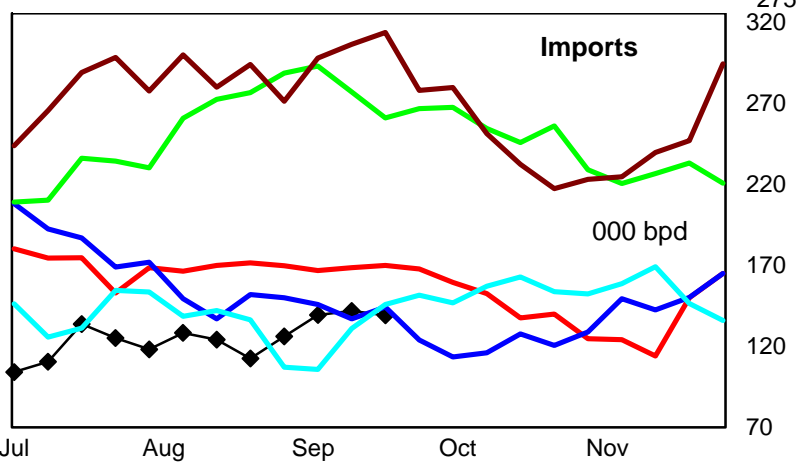
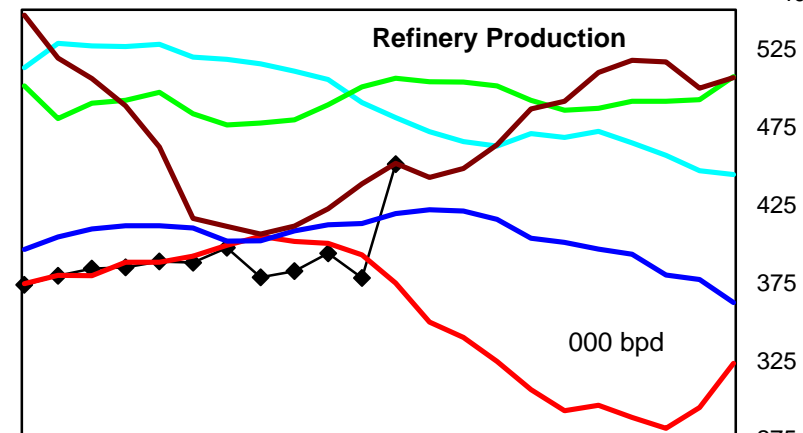
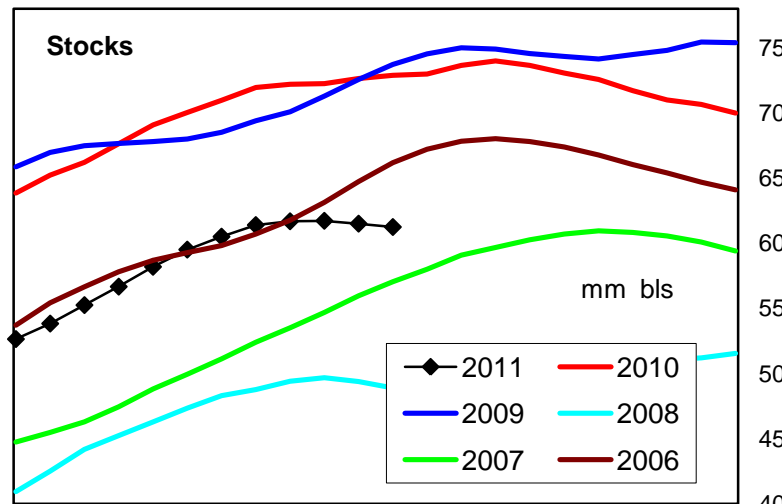
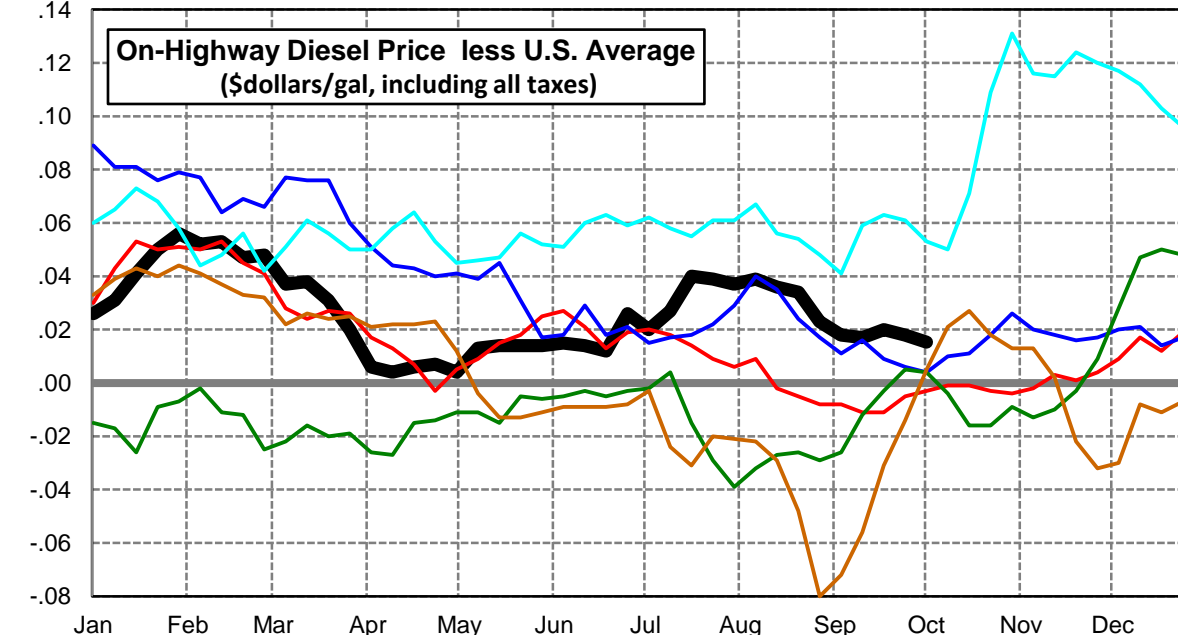
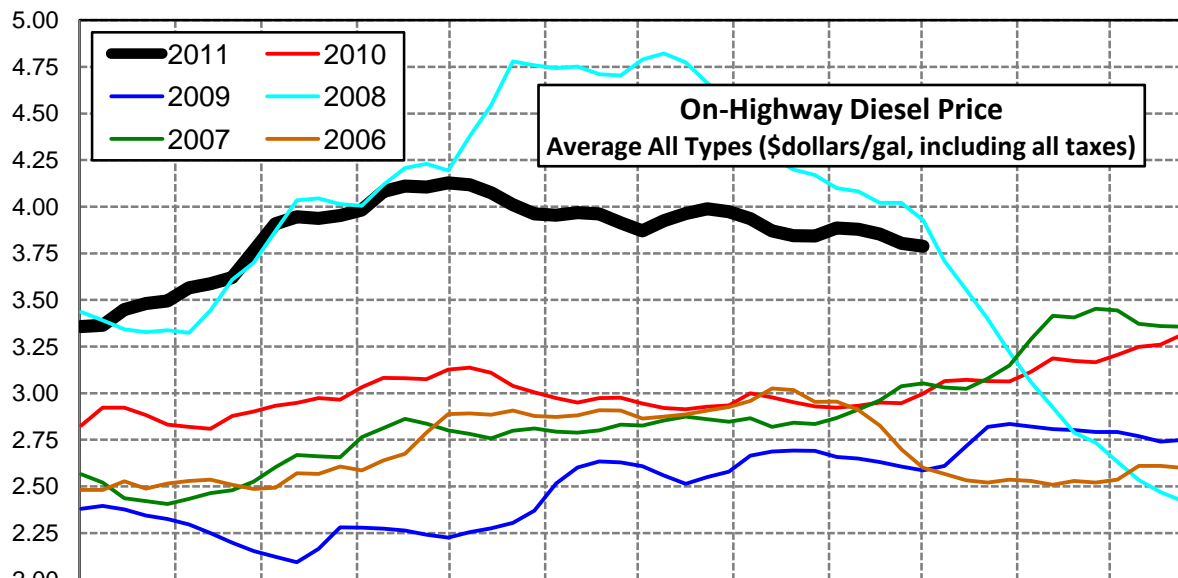
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep11	19Sep11	26Sep11	03Oct11	
United States Avg	\$3.862	\$3.833	\$3.786	\$3.772	-\$0.014
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



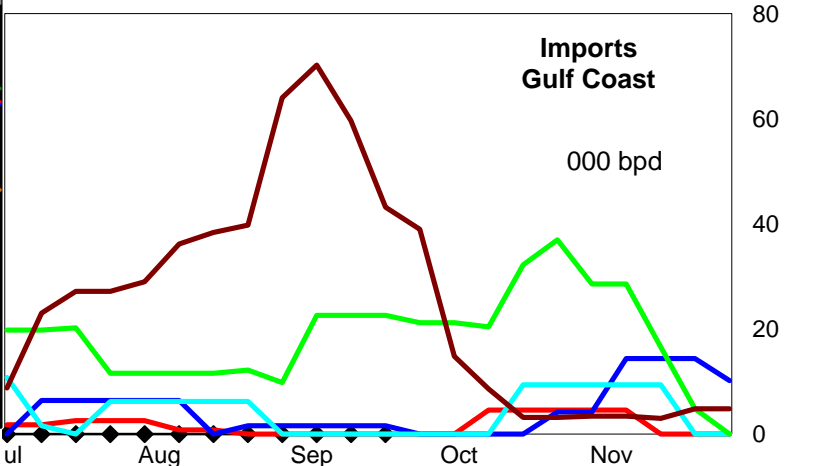
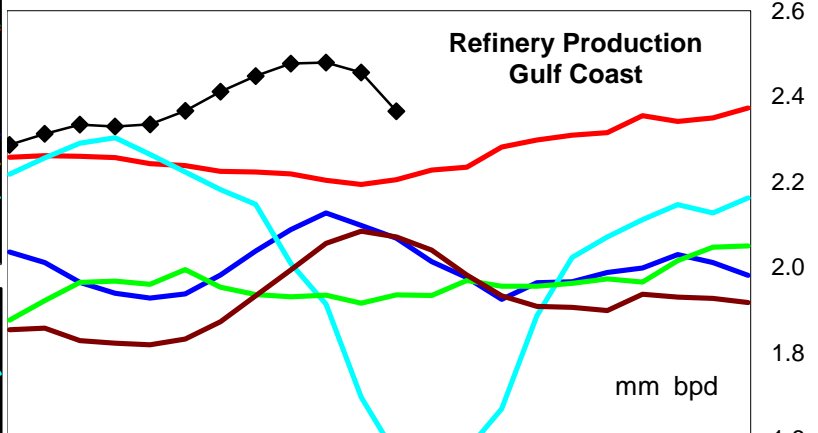
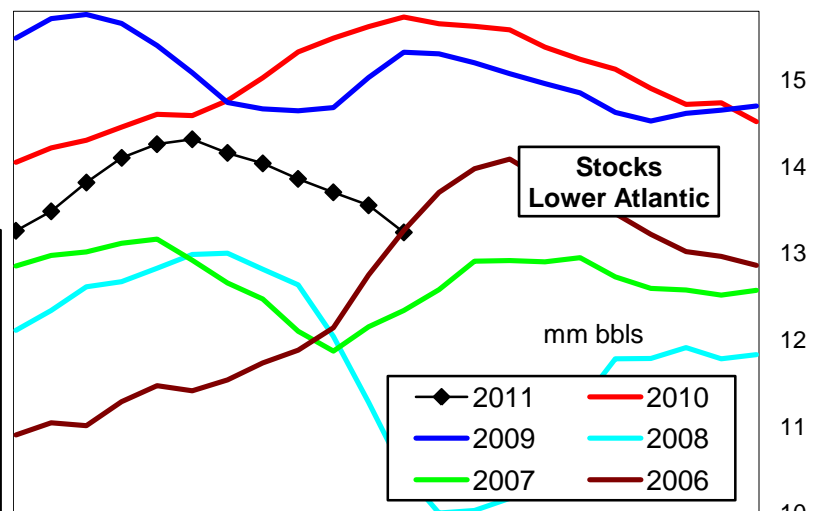
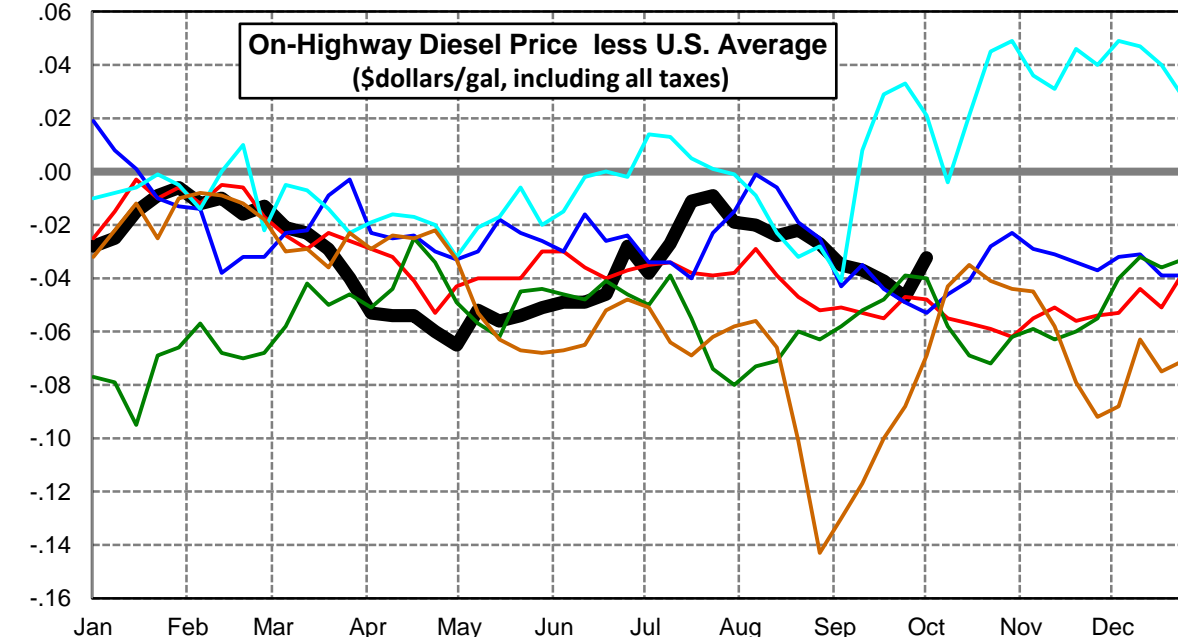
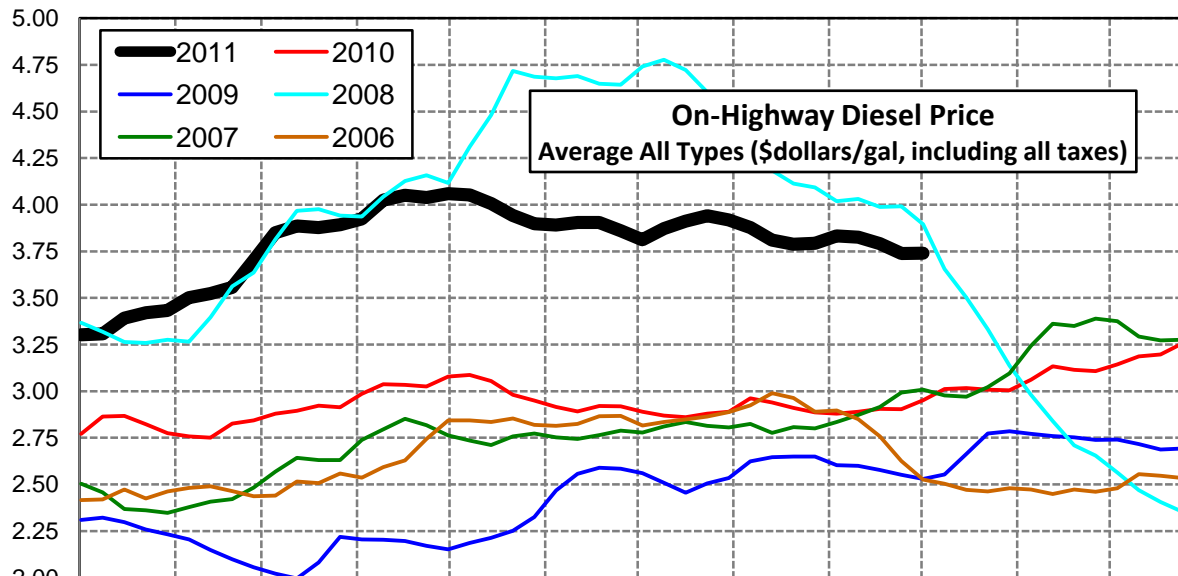
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep11	19Sep11	26Sep11	03Oct11	
East Coast	\$3.879	\$3.853	\$3.804	\$3.788	-\$0.016
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



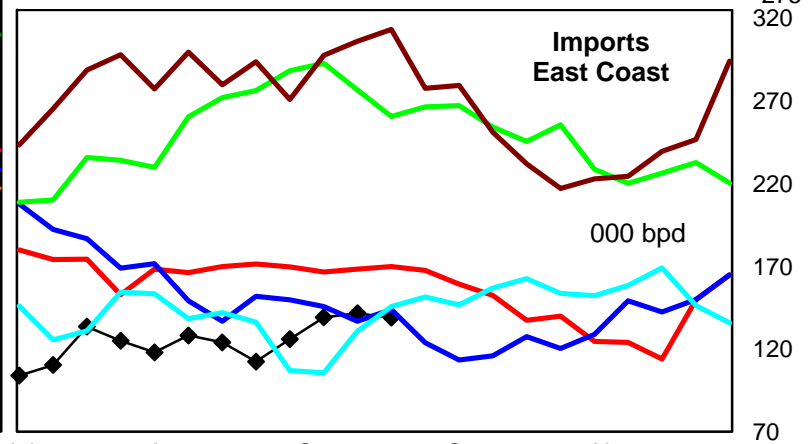
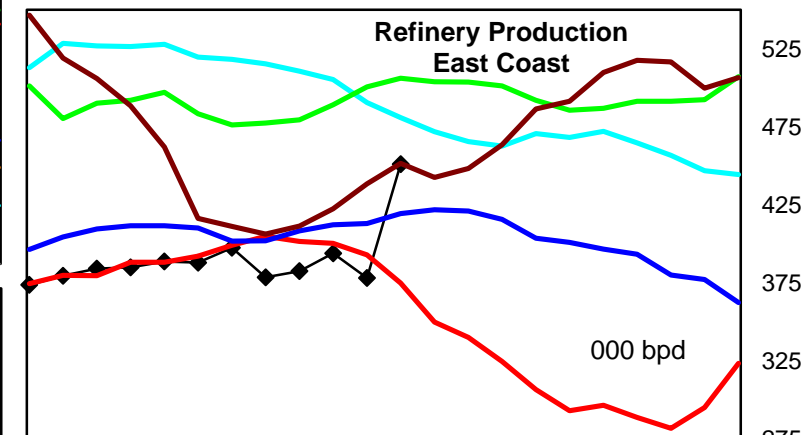
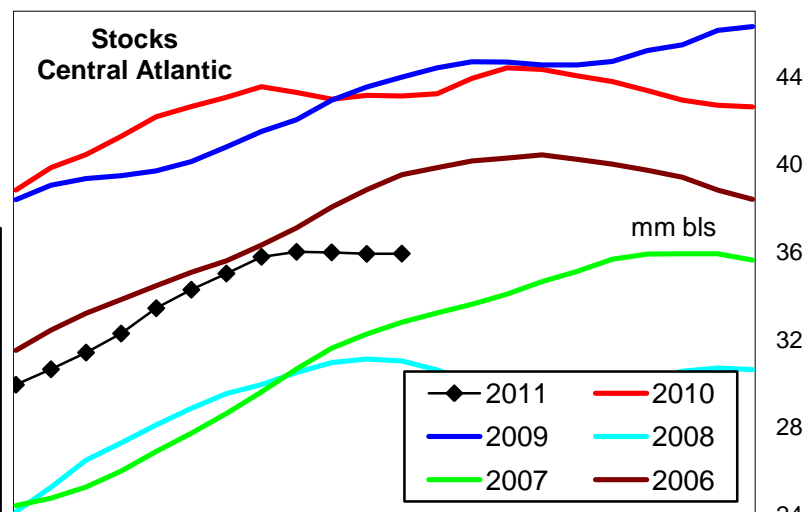
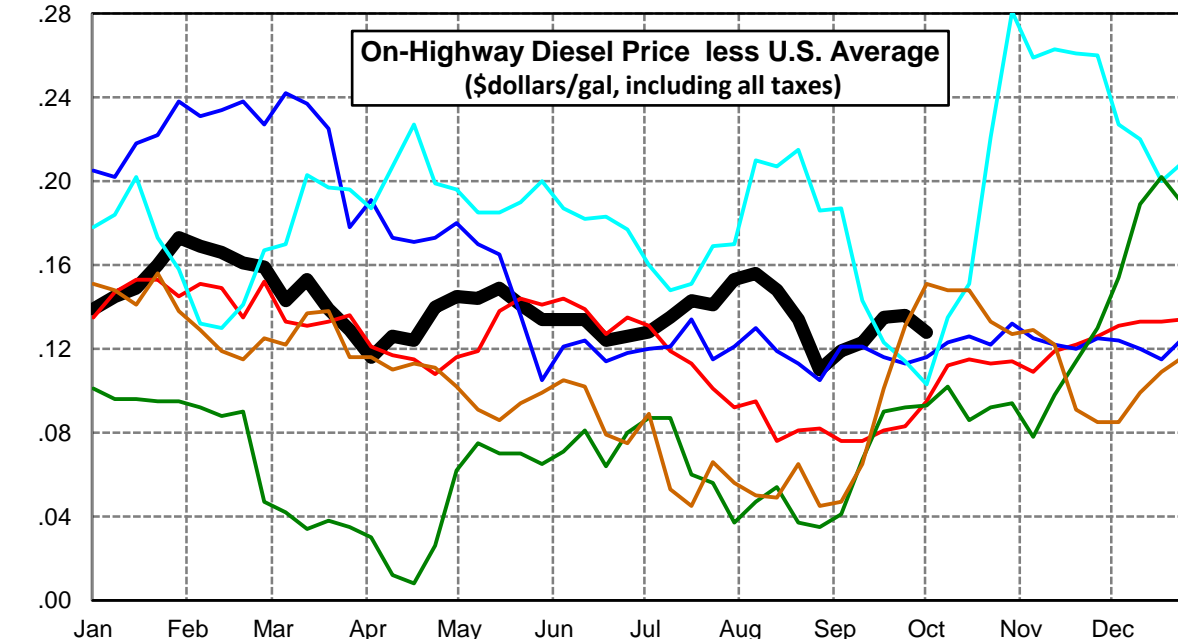
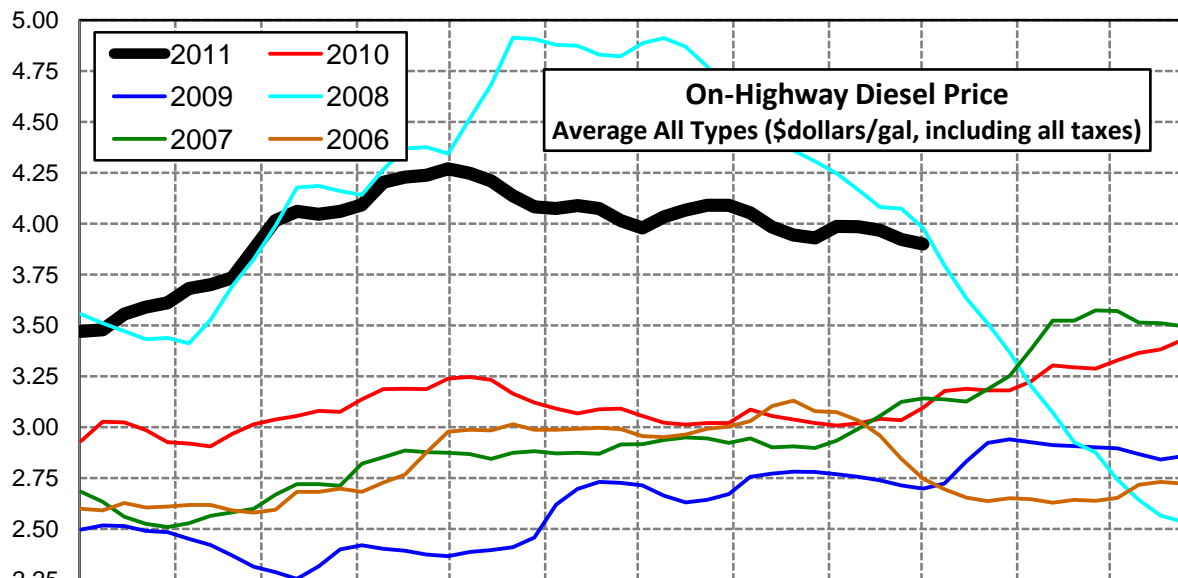
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep11	19Sep11	26Sep11	03Oct11	
Lower Atlantic	\$3.825	\$3.792	\$3.739	\$3.740	\$0.001
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



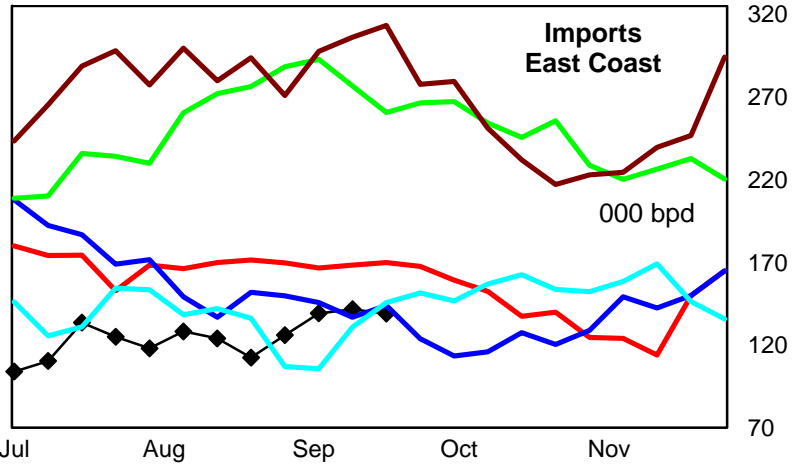
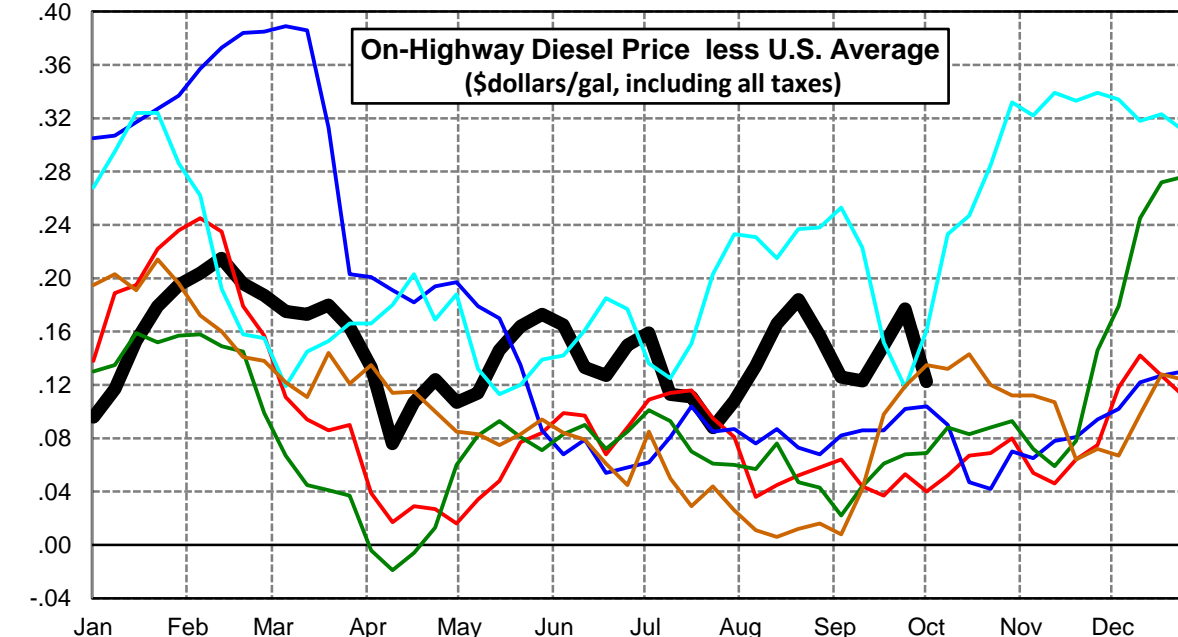
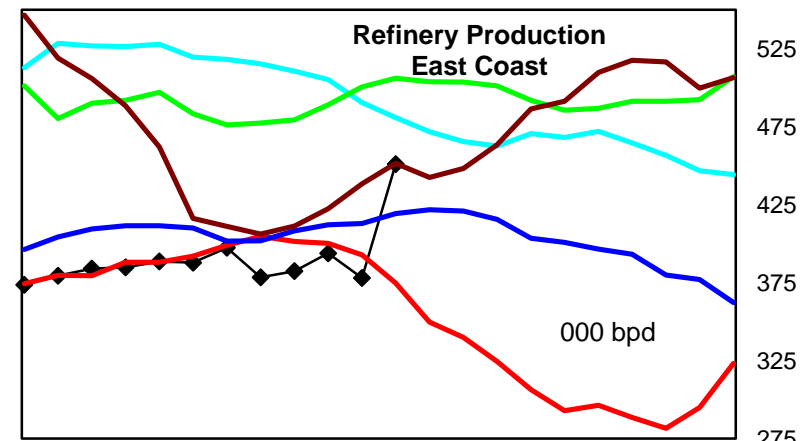
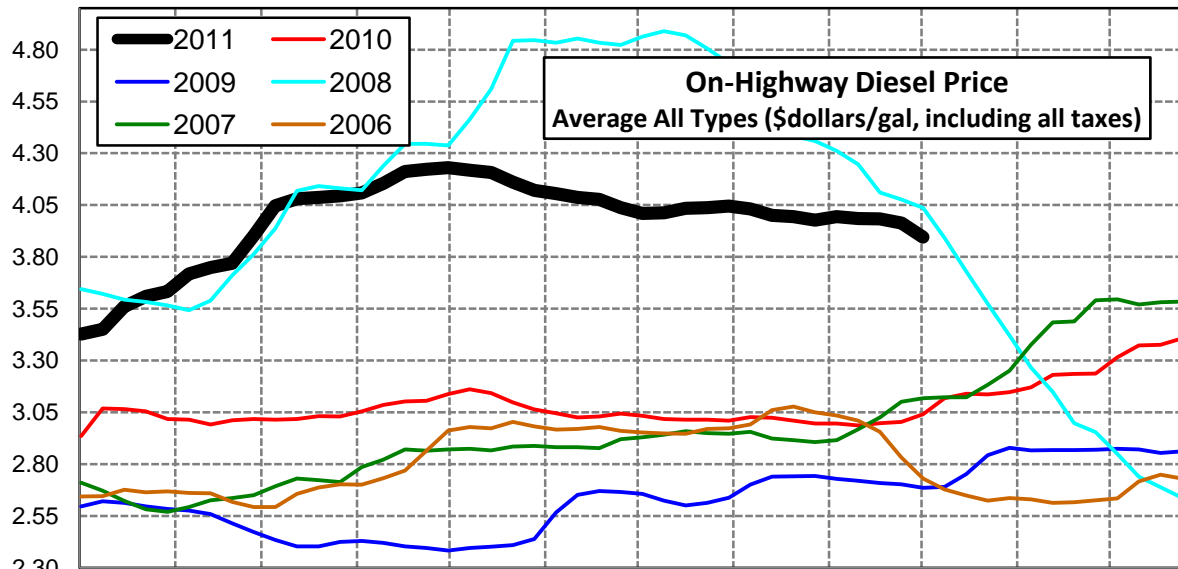
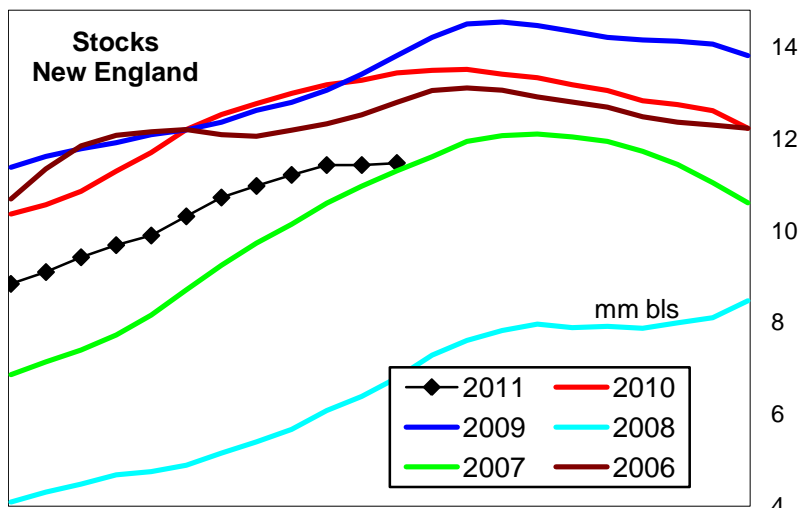
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep11	19Sep11	26Sep11	03Oct11	
Central Atlantic	\$3.985	\$3.968	\$3.922	\$3.900	-\$0.022
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



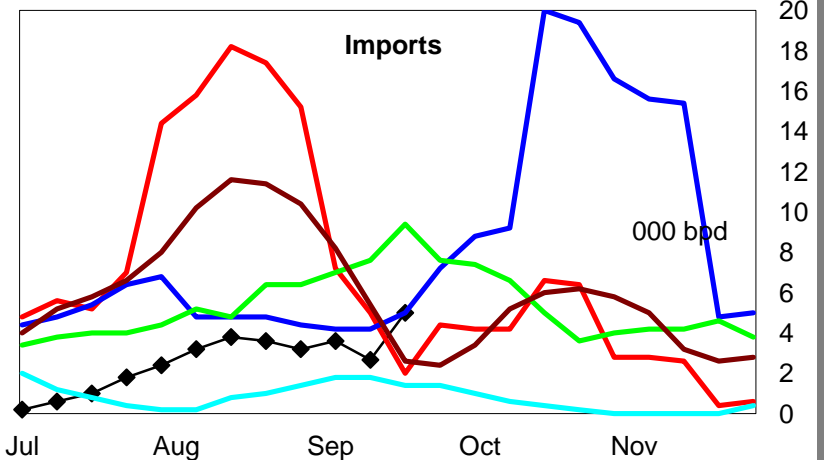
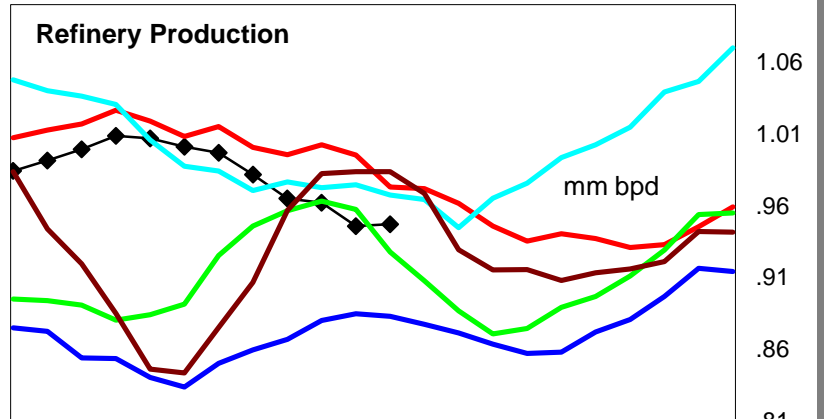
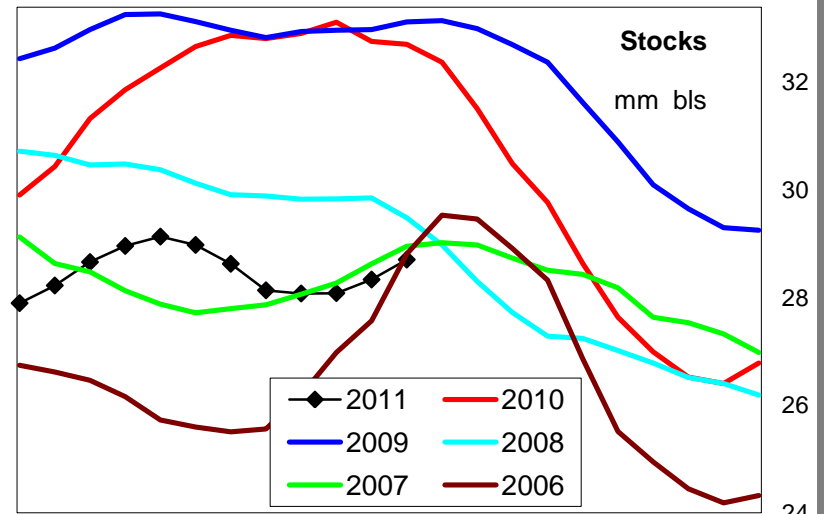
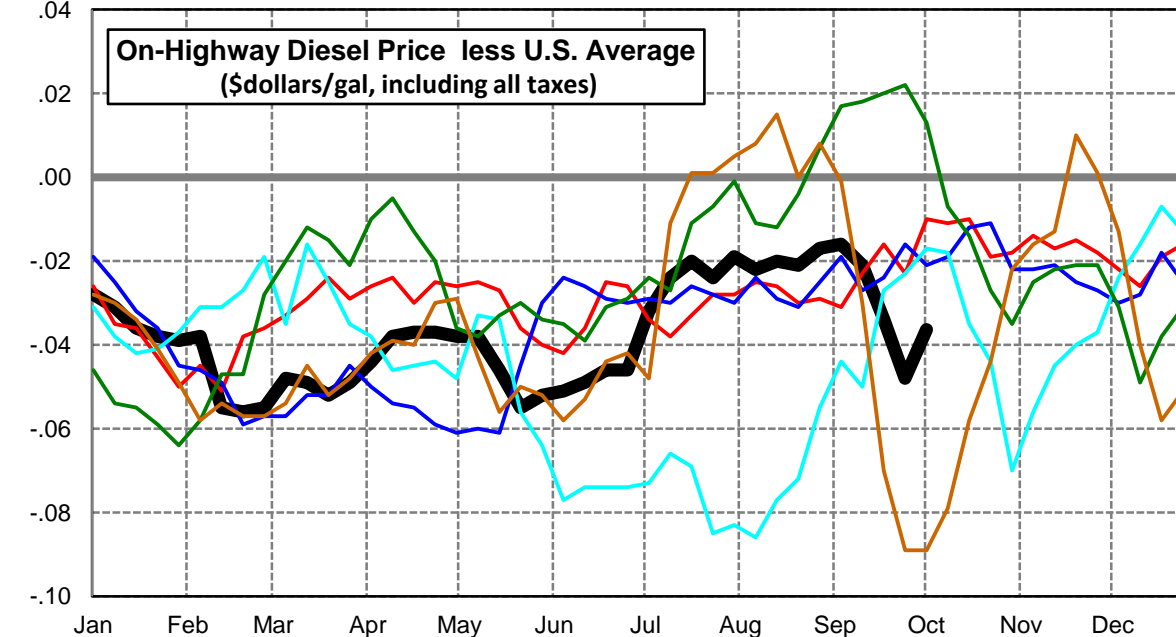
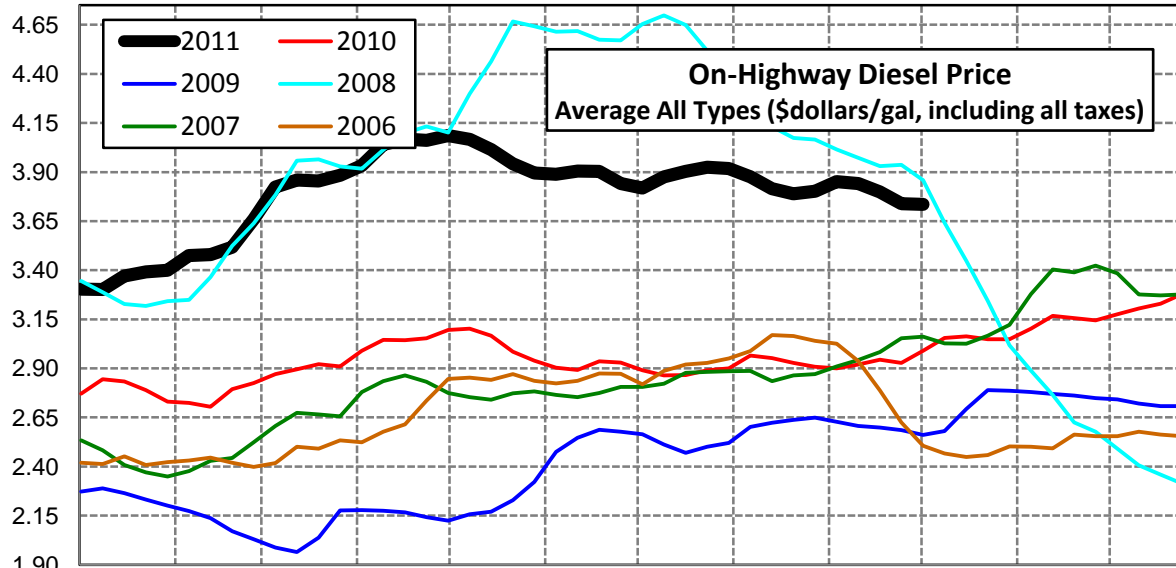
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep11	19Sep11	26Sep11	03Oct11	
New England	\$3.985	\$3.983	\$3.963	\$3.895	-\$0.068
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



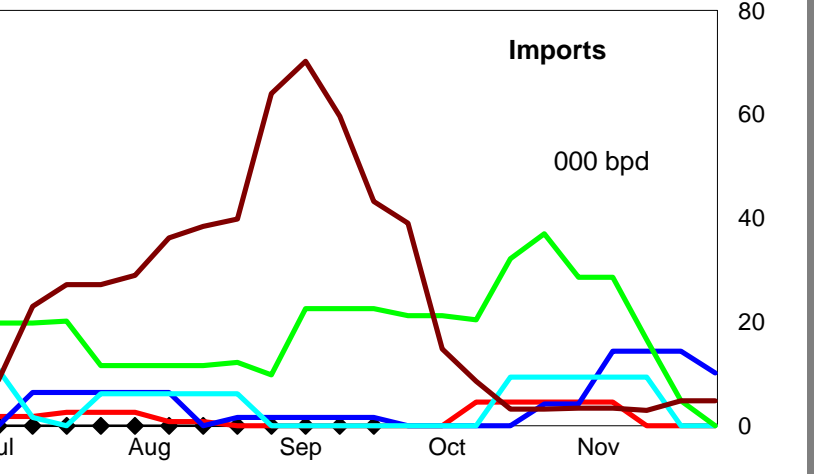
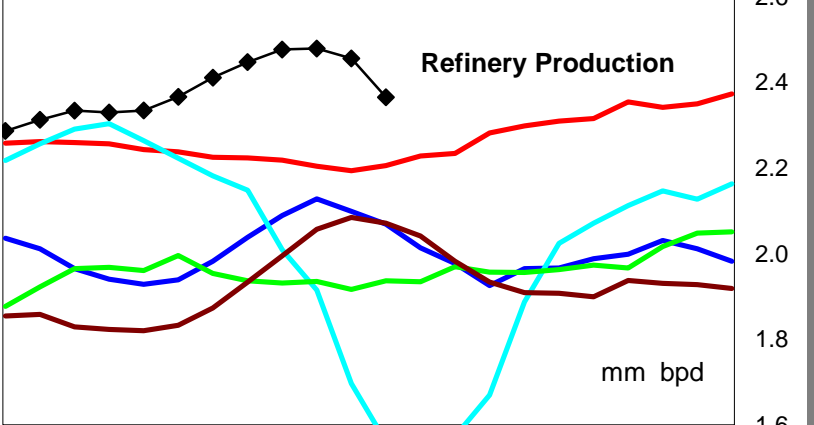
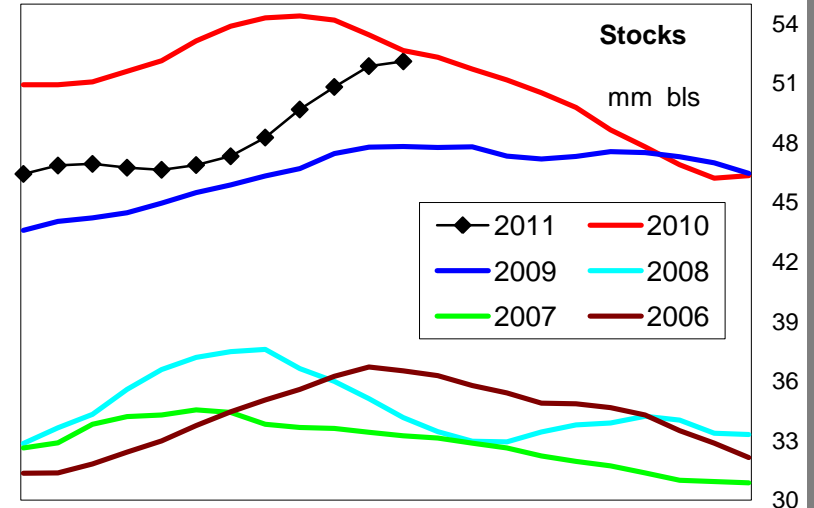
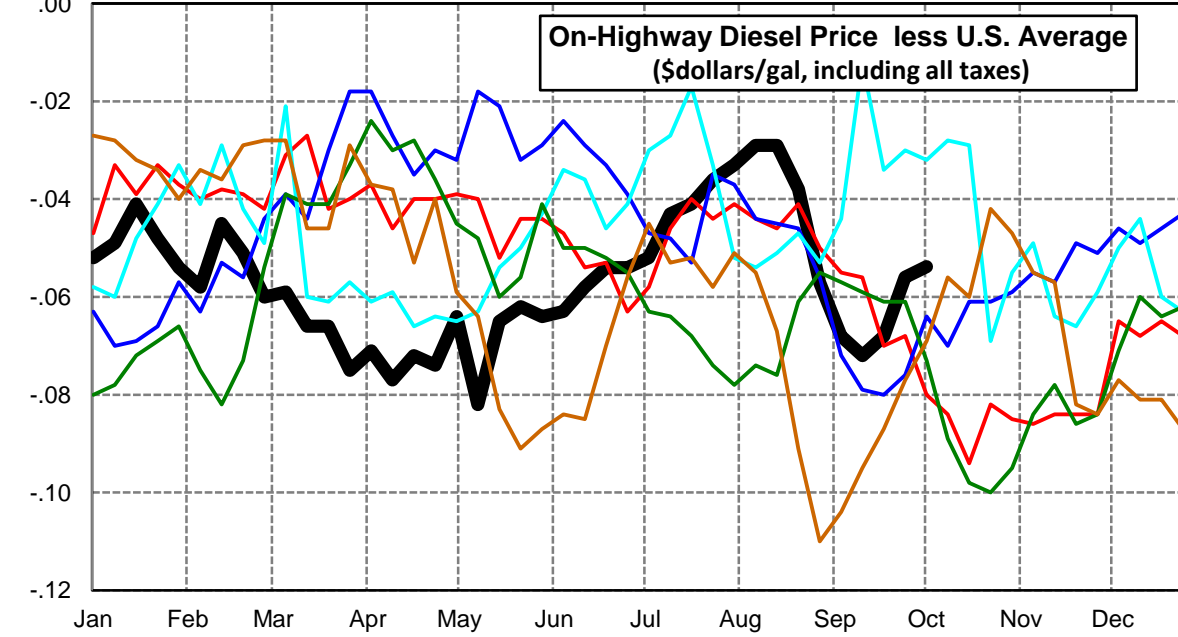
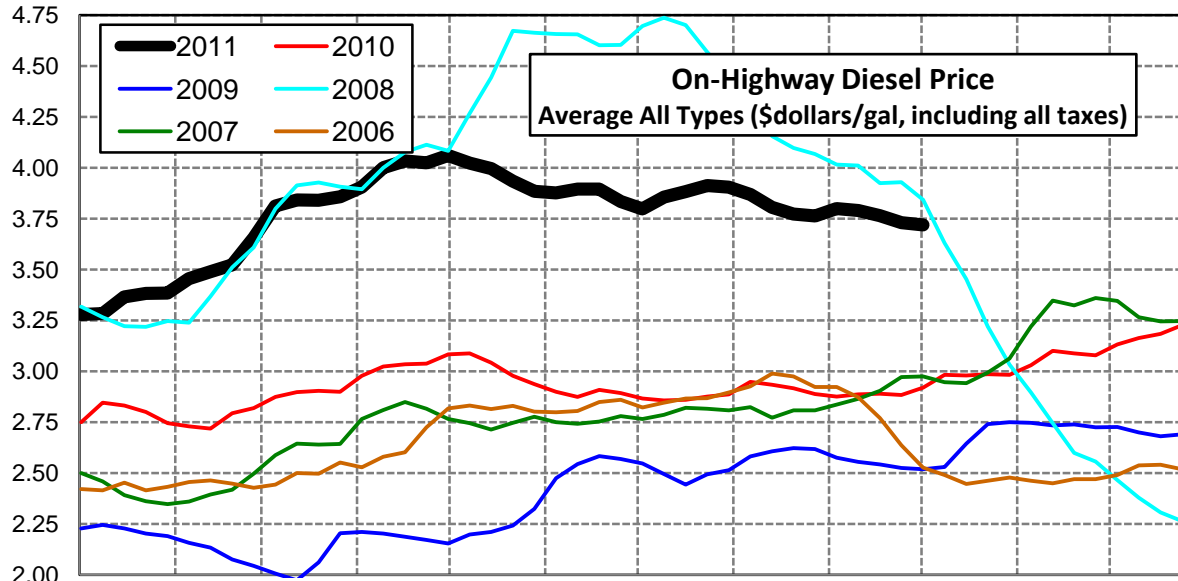
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep11	19Sep11	26Sep11	03Oct11	
Midwest	\$3.841	\$3.799	\$3.738	\$3.736	-\$0.002
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



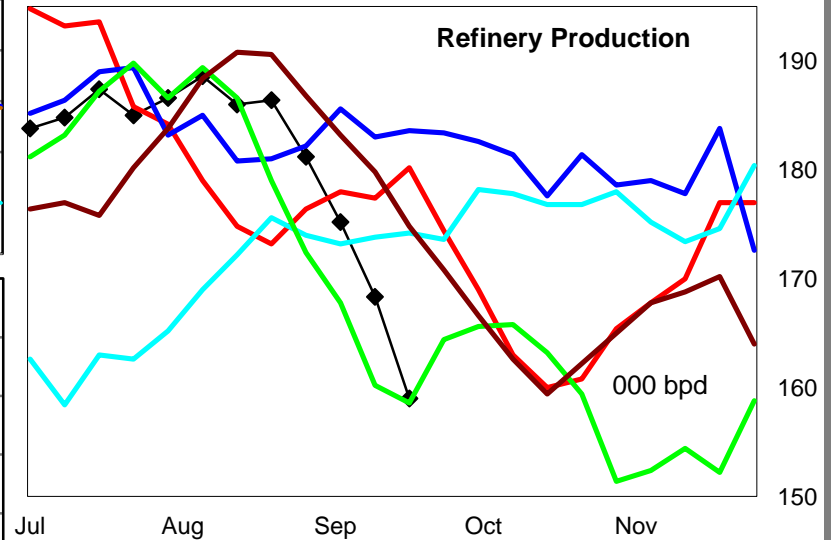
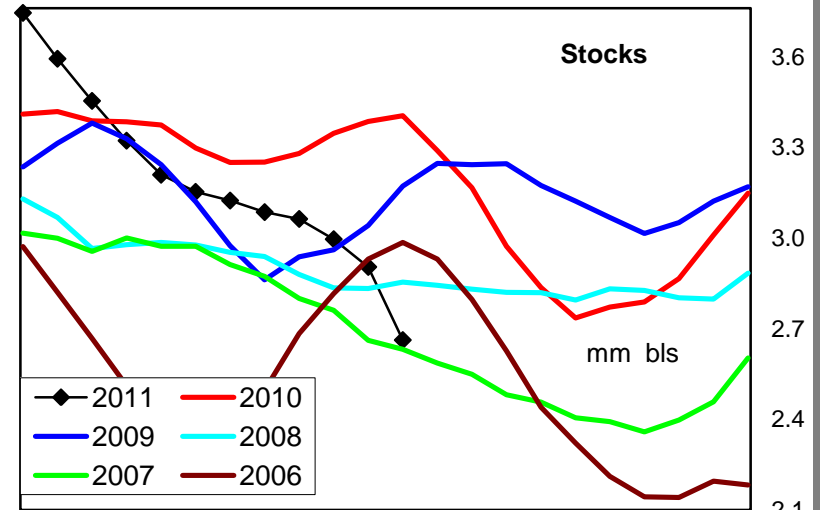
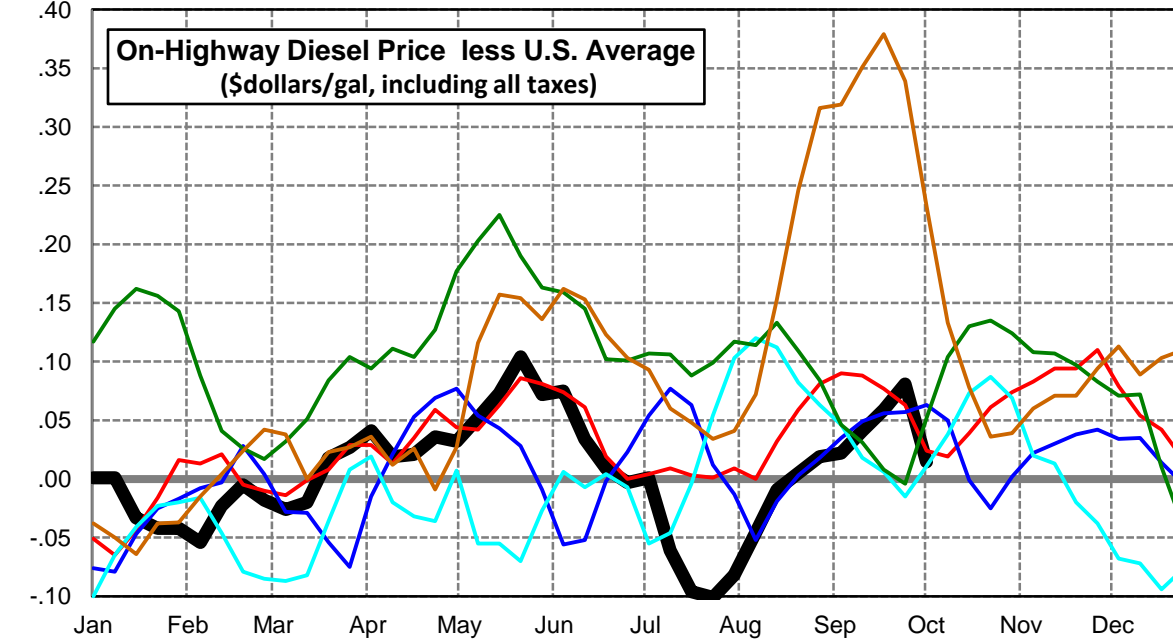
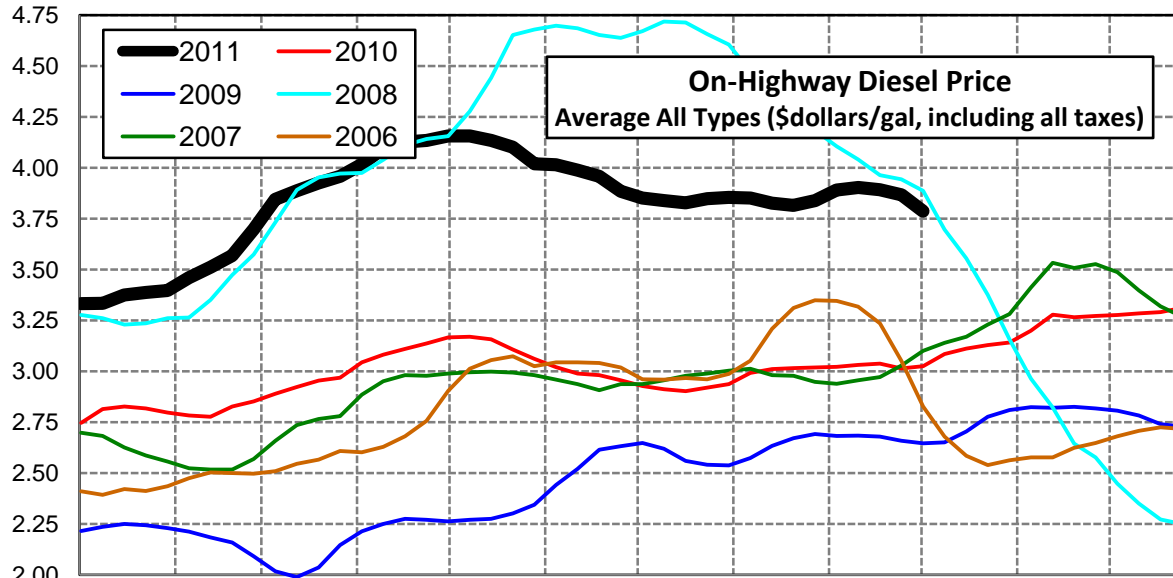
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep11	19Sep11	26Sep11	03Oct11	
Gulf Coast	\$3.790	\$3.765	\$3.730	\$3.718	-\$0.012
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



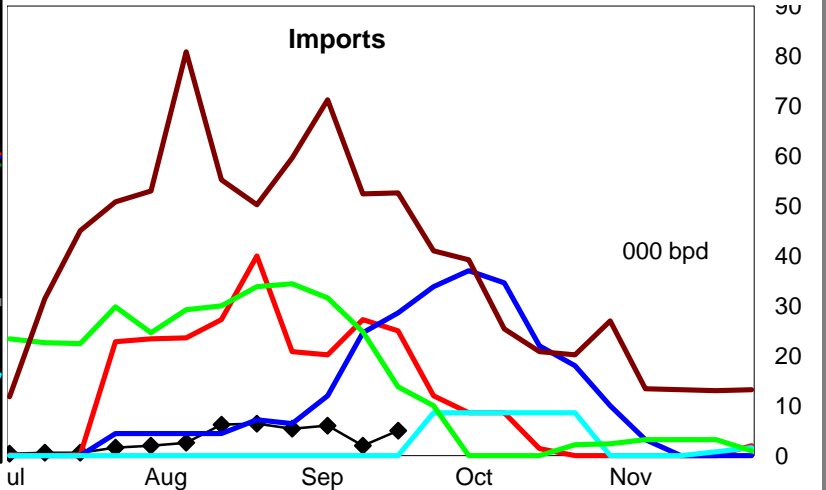
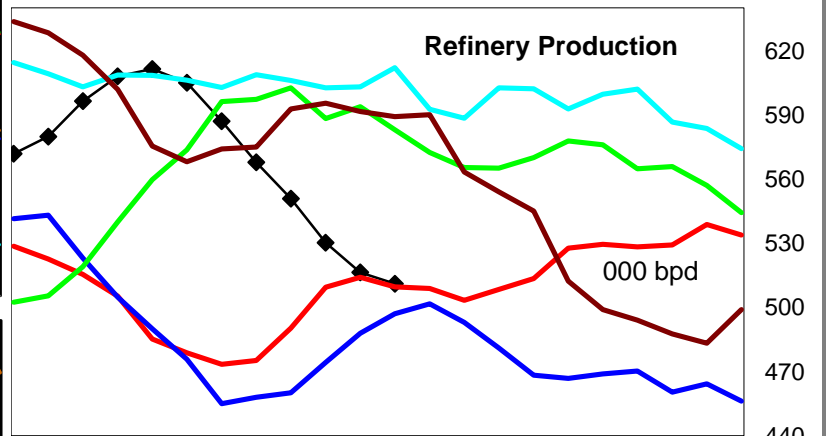
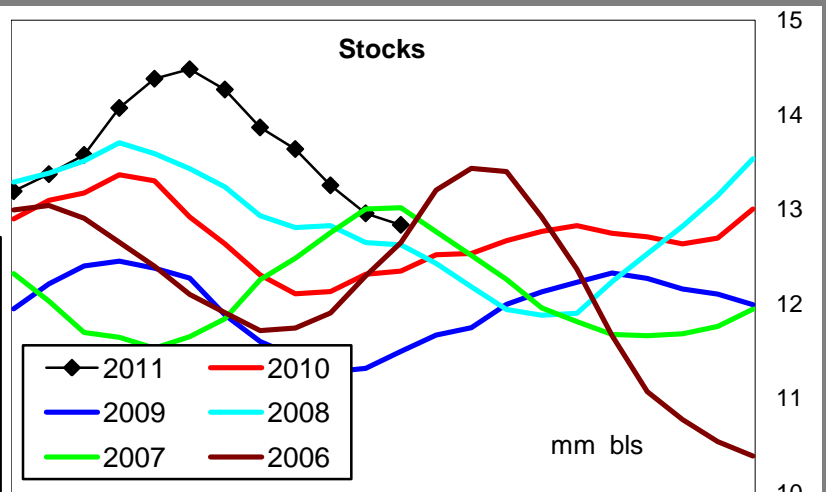
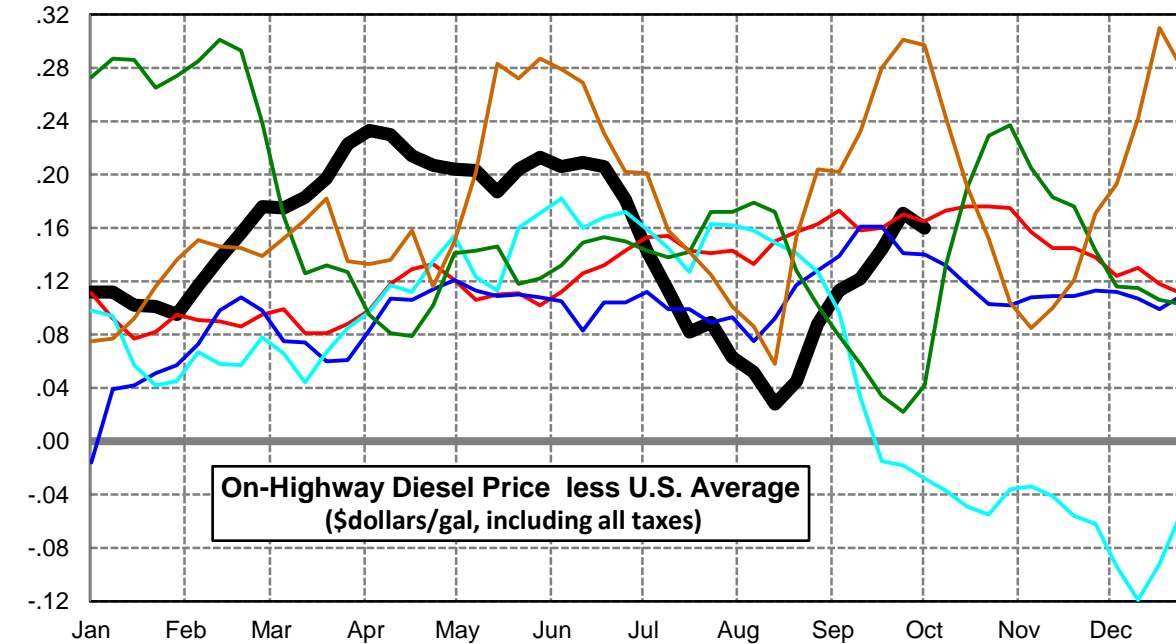
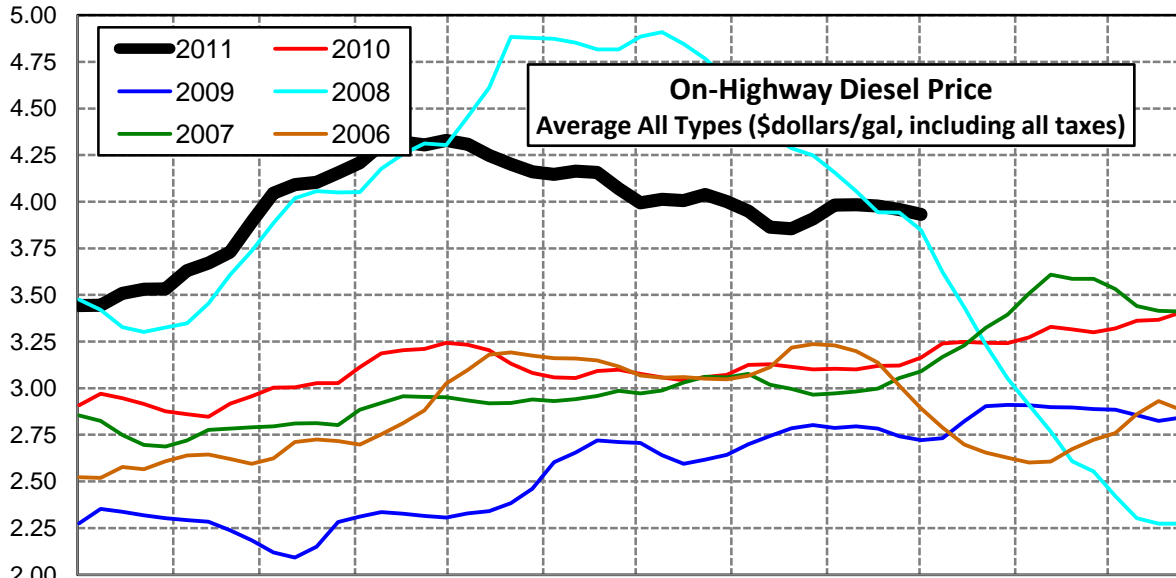
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep11	19Sep11	26Sep11	03Oct11	
Rocky Mountain	\$3.903	\$3.892	\$3.867	\$3.787	-\$0.080
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



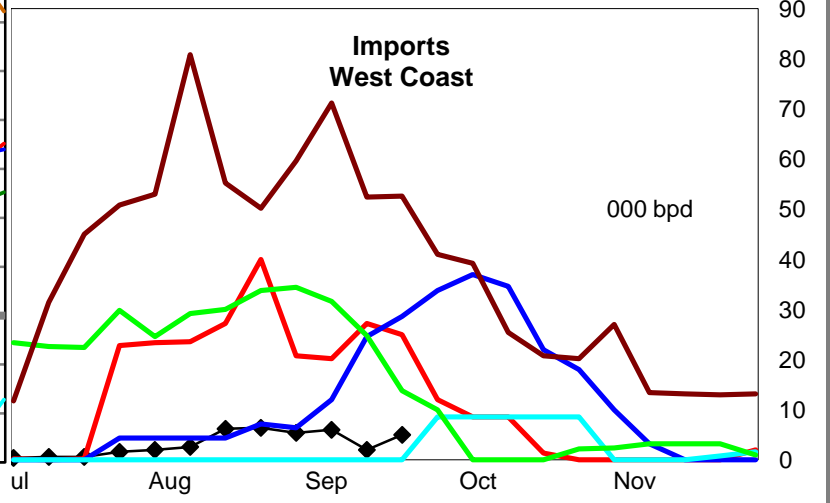
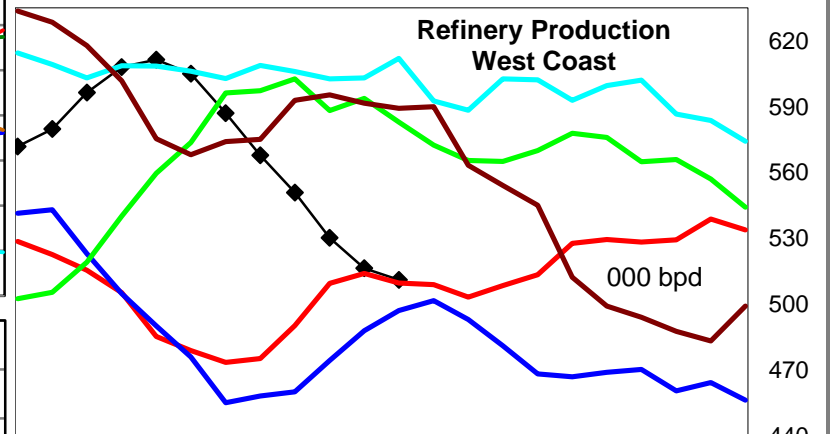
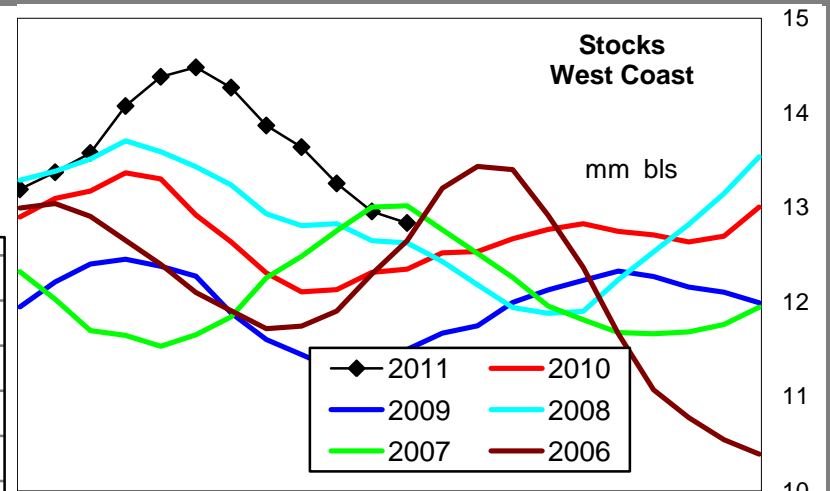
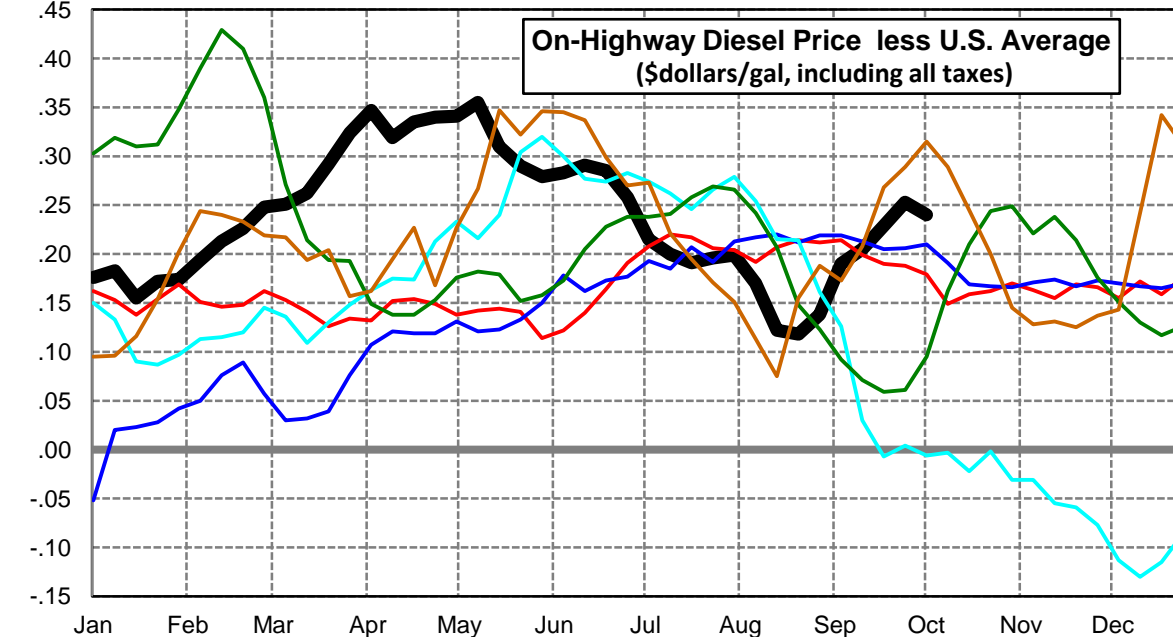
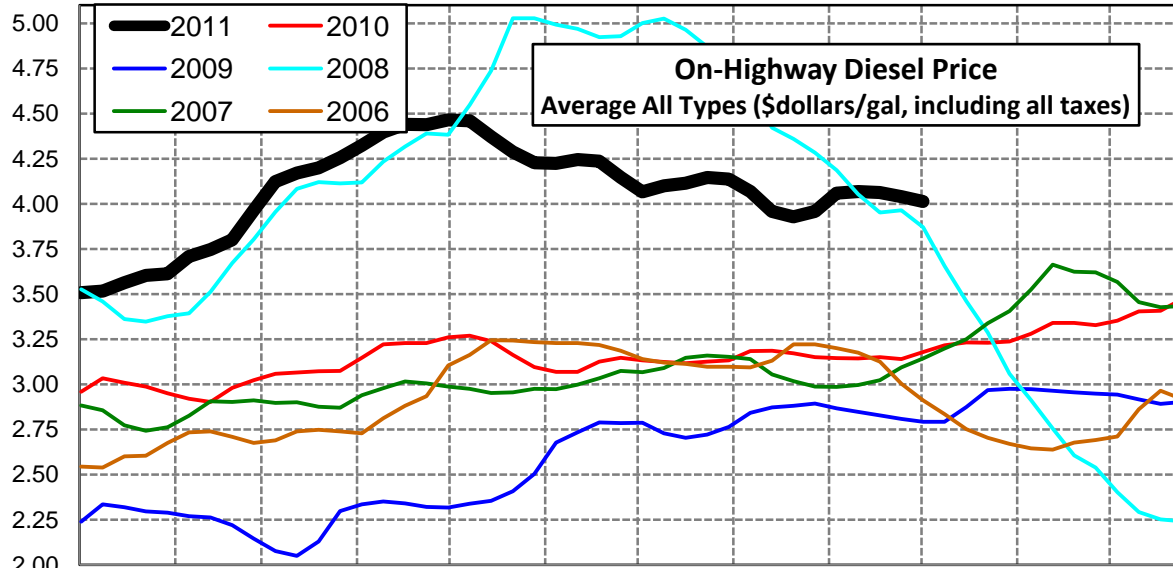
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep11	19Sep11	26Sep11	03Oct11	
West Coast	\$3.984	\$3.977	\$3.957	\$3.932	-\$0.025
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
	12Sep11	19Sep11	26Sep11	03Oct11	
California	\$4.067	\$4.062	\$4.039	\$4.012	-\$0.027
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	3.786	3.804	3.963	3.922	3.739	3.738	3.730	3.867	3.957	4.039
Mon-03-Oct-11	3.772	3.788	3.895	3.900	3.740	3.736	3.718	3.787	3.932	4.012
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.