



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

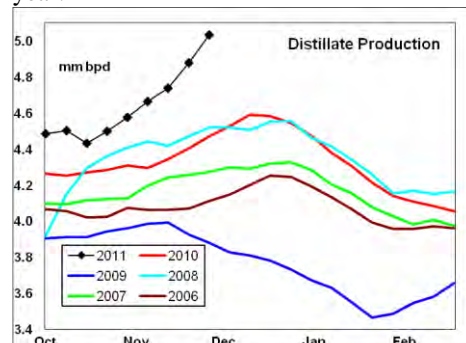
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, December 12, 2011

Region	Actual Price 1/			Forecast 2/	Change from week ago
	28Nov11	05Dec11	12Dec11	19Dec11	
U.S.	3.964	3.931	3.894	3.762	-0.132
East Coast	3.953	3.934	3.917	3.835	-0.082
New England	4.045	4.036	4.032	3.915	-0.117
Central Atlantic	4.057	4.018	4.003	3.948	-0.055
Lower Atlantic	3.882	3.862	3.830	3.740	-0.090
Midwest	3.949	3.907	3.848	3.682	-0.166
Gulf Coast	3.859	3.828	3.794	3.718	-0.076
Rocky Mountain	4.094	4.035	3.991	3.794	-0.197
West Coast	4.142	4.105	4.061	3.887	-0.174
California	4.224	4.172	4.122	3.964	-0.158

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

in the Midwest and California reflect rapid stock building and high levels New England had the lowest declined of just -0.4 cpg as the winter heating season supported distillate prices in the area. The Gulf Coast

stock build for the week. The latest 4-wk stock change in markets East of the Rockies was a record build for this time of year.

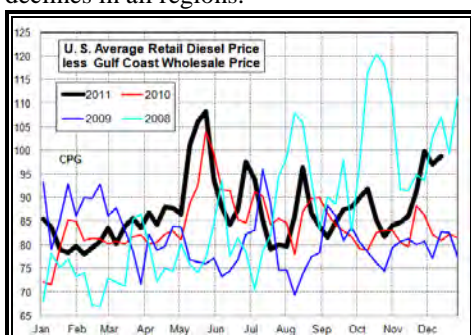


Diesel Fuel Price Trends U.S. retail diesel prices declined -3.7 cpg for the week ending 12Dec11. Prices decreased -5.9 cpg in the Midwest and -5 cpg in California. Prices saw week-on-week declines in all regions.

reported the lowest average price at \$3.79/gal. The highest price was reported in California at \$4.12/gal.

Gulf Coast wholesale distillate prices fell -10 cpg last week ending 12Dec11. Gulf wholesale prices ended the week at a level near lows of the last 6-months.

U.S. average retail prices have increased +17 cpg from the lows set in early October 2011. The spread between retail and wholesale spot prices increased last week, to a level +18 cpg above the average of the last 2-years.



The U.S. average retail diesel price compared to the Gulf Coast wholesale price increased +1.6 cpg last week as retail prices decreased less than wholesale prices. The spread ended the week +18 cpg higher than the average of the last 2-years.



With the spread between wholesale and retail prices well above the average for this time of year, expect retail prices to decrease relative to wholesale prices over the next few weeks.

Supply - Demand Fundamental Trends Wholesale demand reversed the prior week collapse, rising +0.7 million bpd last week as transport demand increased following the prior holiday week. Demand for the latest 4-wk average saw an increase of +126,000 bpd over last year.

Distillate supplies increased +253,000 bpd last week to a new all time high. The jump in supply led to a +2.5 million barrel

Global Trends Driving Diesel Prices

U.S. domestic supplies have reached a record high rate and slower year-on-year growth rates has led to rapid stock building. Much lower heating degrees in the Northeast heating oil markets has limited distillate demand during the last several weeks, with a forecast for mild temperatures to continue through month end.

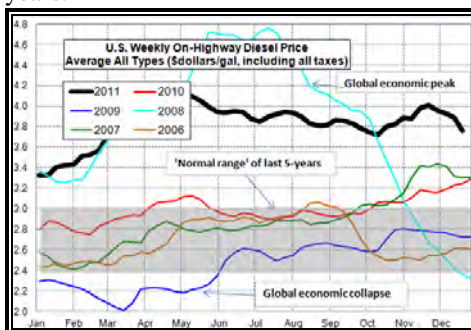
Europe faces a recession in 2012 as a result of austerity cuts in government spending and tighter bank lending. Economic data point to a slowdown in growth in that country as a result of the recession in Europe.

These fundamental trends point to an improving distillate supply balance in both the U.S. and global markets during the next quarter.

Diesel Price Outlook U.S. average retail prices are projected to decreased -13 cpg for the week ending 19Dec11, due to the earlier sharp decline in wholesale prices.

The largest declines are forecast for the Rocky Mountains and West Coast Regions; the result of improved supplies following above average fall refinery maintenance and seasonal declines in agriculture use. Given 'stickiness' of retail prices, the forecast declines may not be fully realized until late December.

Political uncertainty in the Middle East, including the crackdown on protest in Syria, provide an upside risk to prices.



The national average on-highway price ended the week \$0.59/gal *above* the high, for this time of year, set in 2007, and +\$0.66/gal above last year.

The larger than average price declines

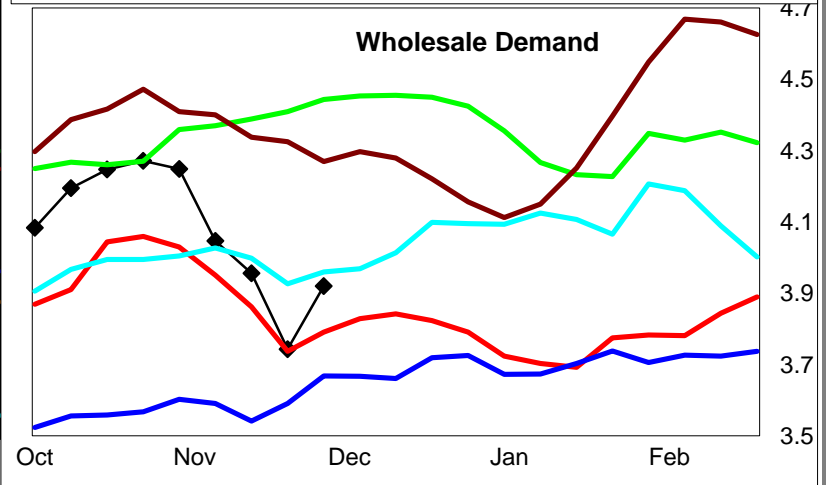
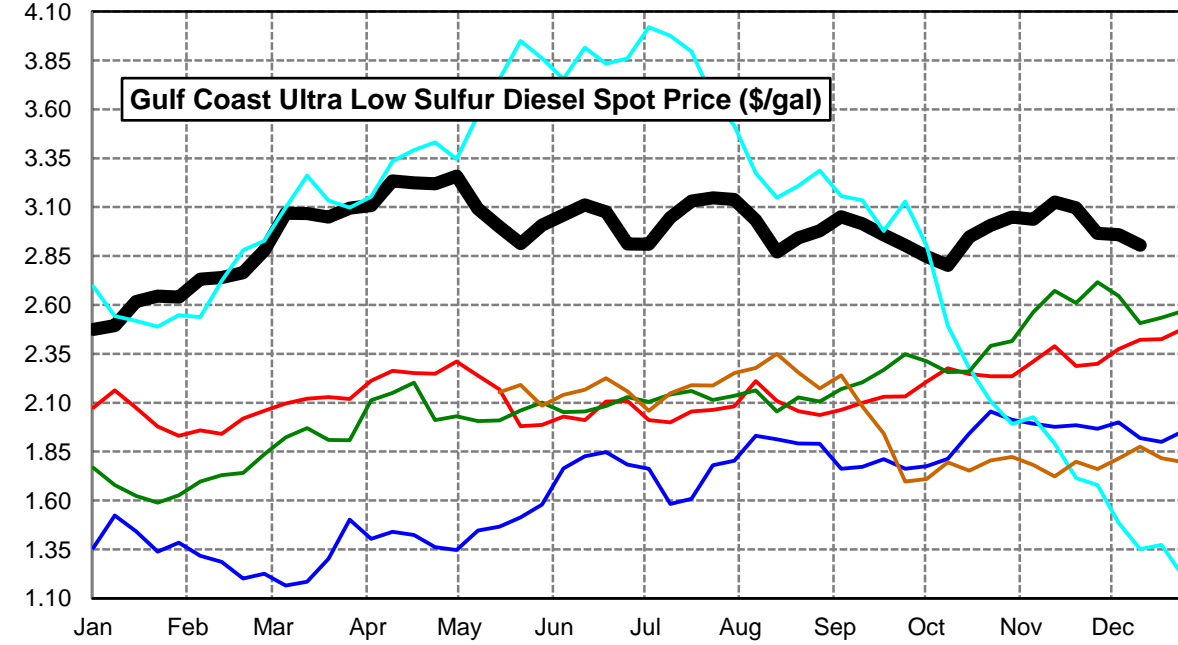
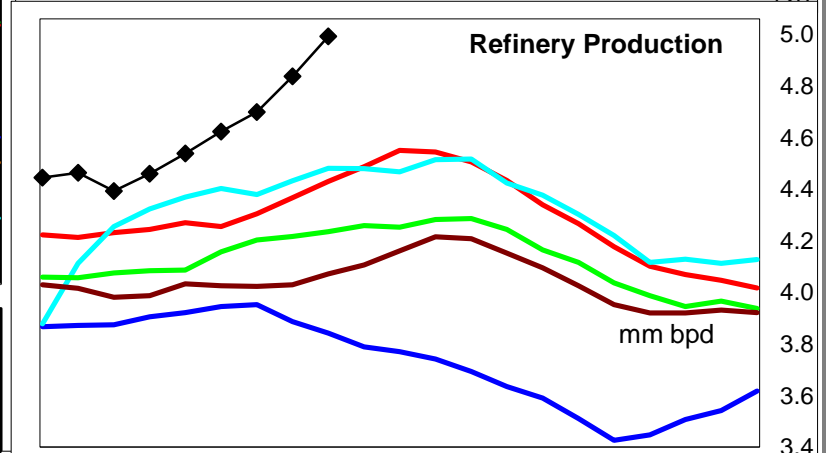
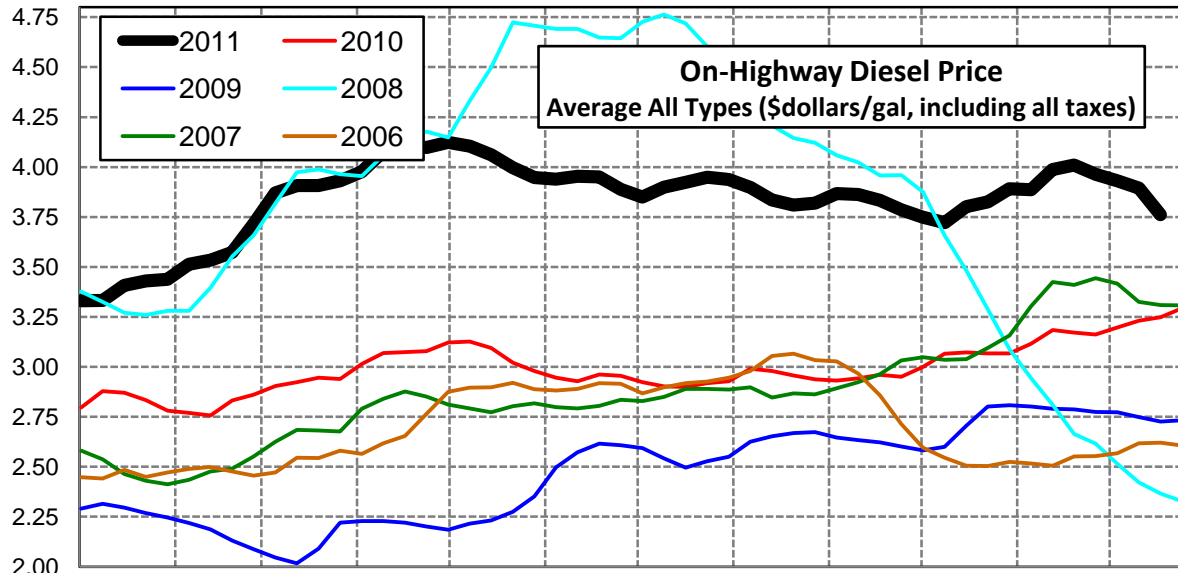
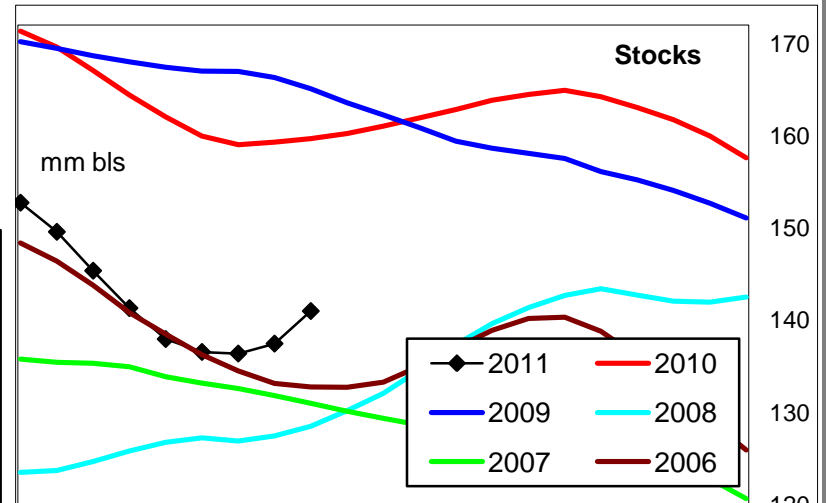
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Click [Blue Icon](#) on Map to view Regional Price & Fundamental Trends



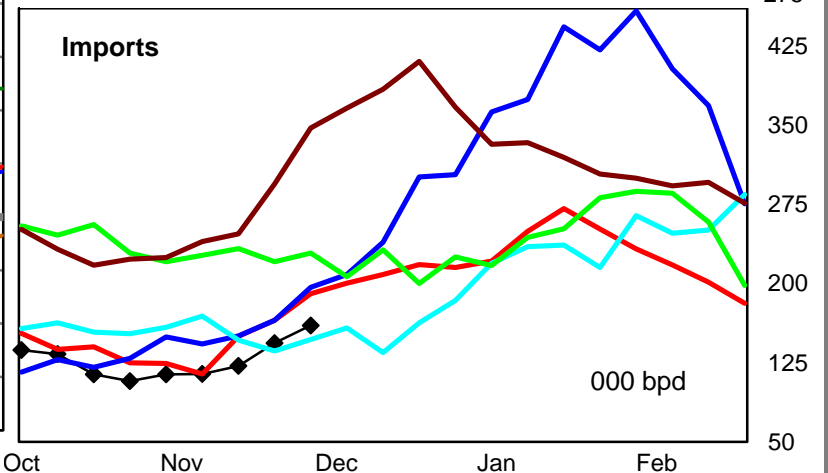
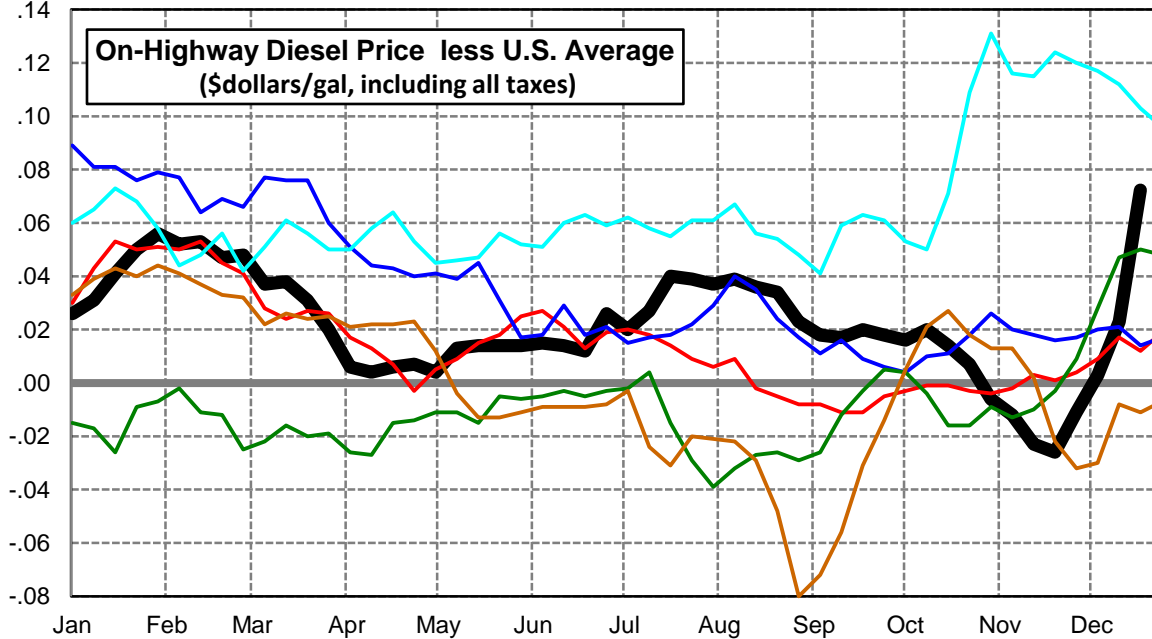
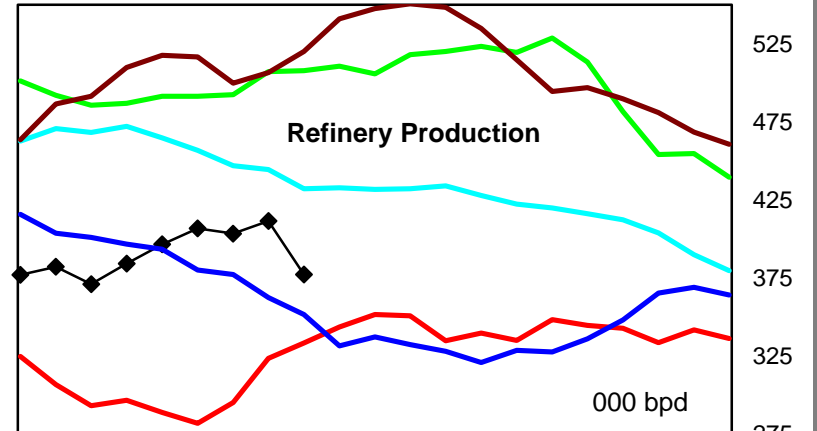
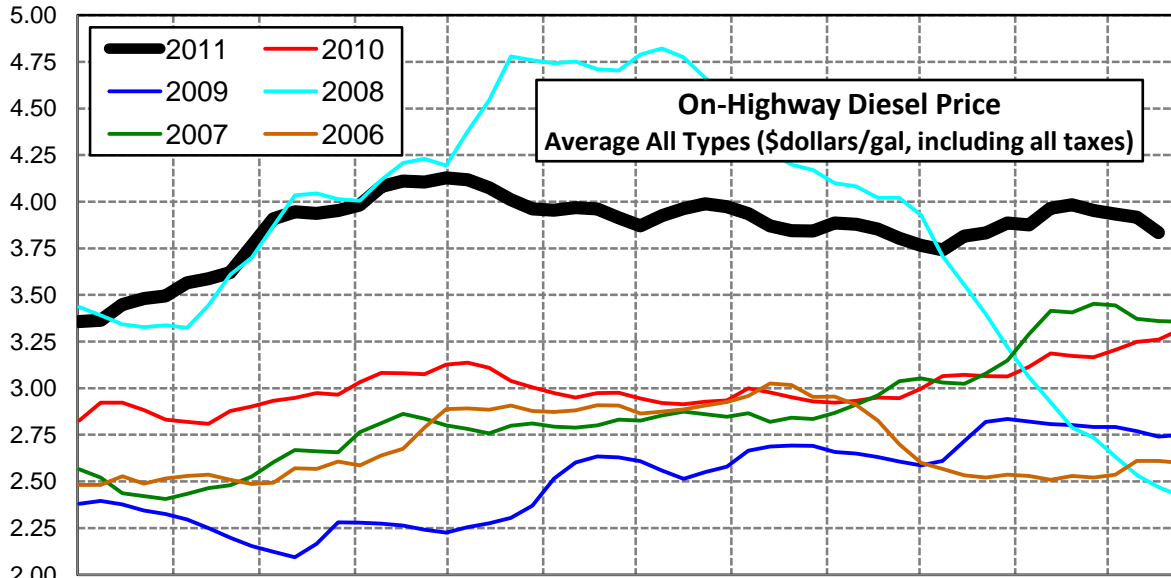
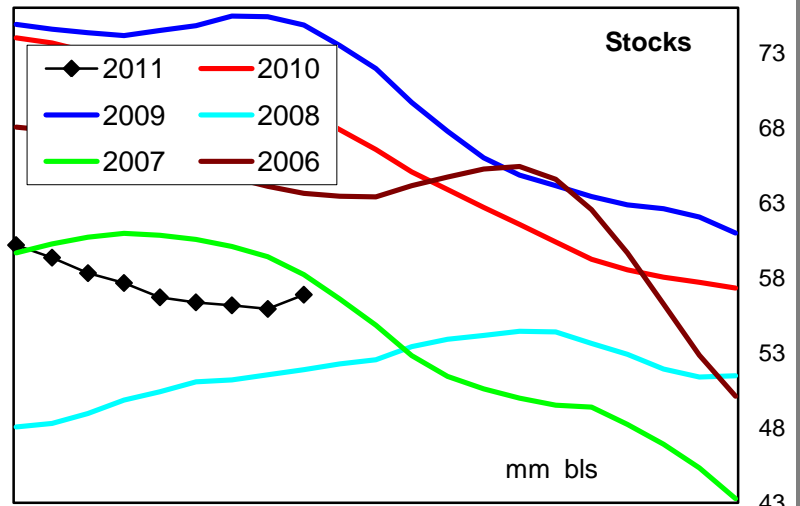
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Nov11	05Dec11	12Dec11	19Dec11	
United States Avg	\$3.964	\$3.931	\$3.894	\$3.762	-\$0.132
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



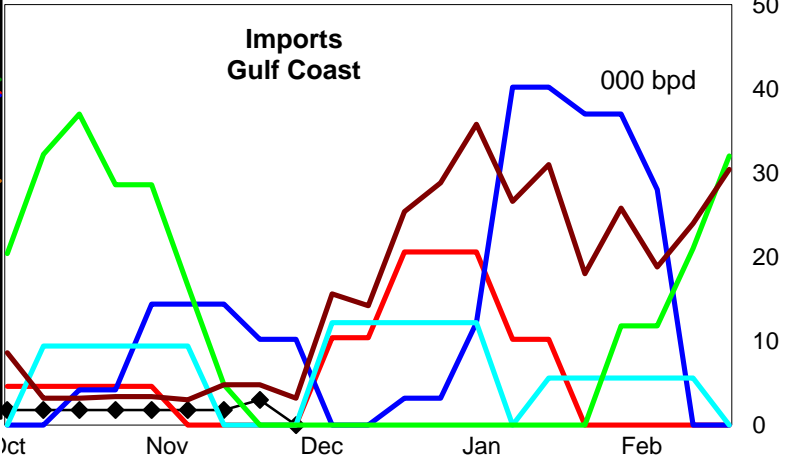
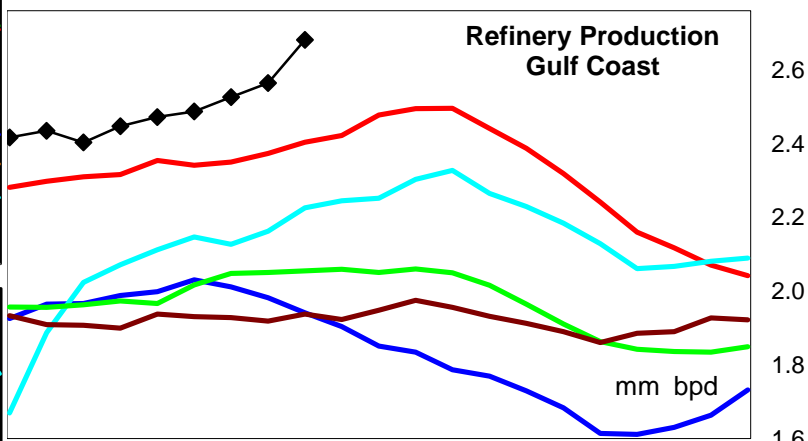
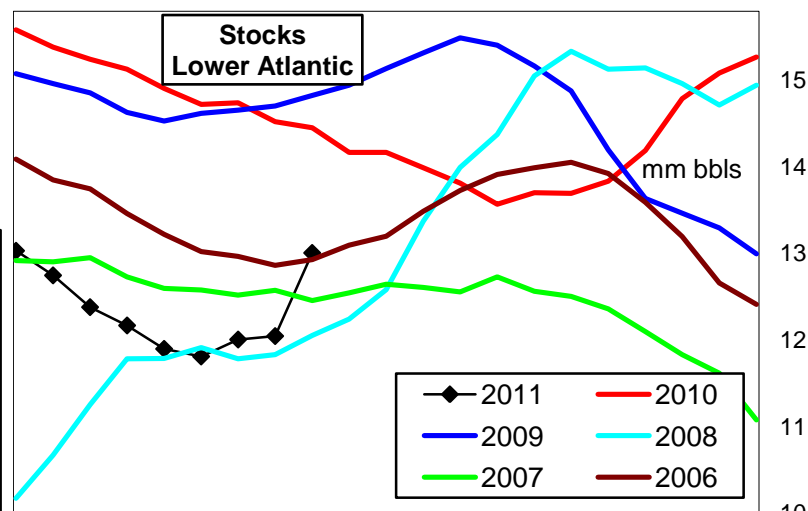
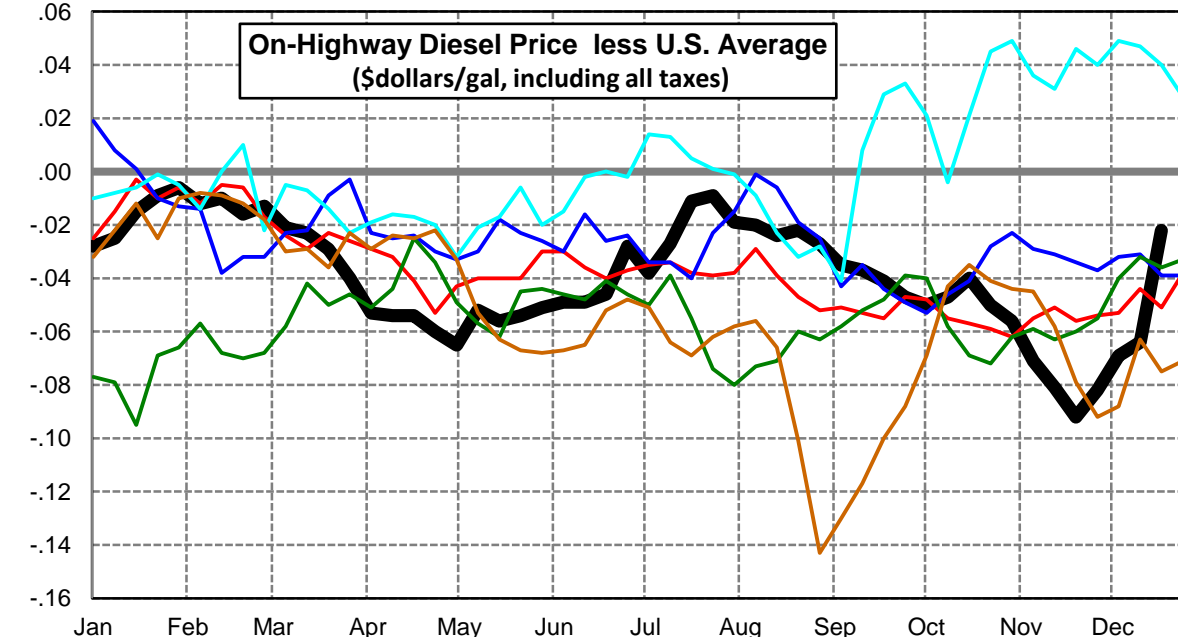
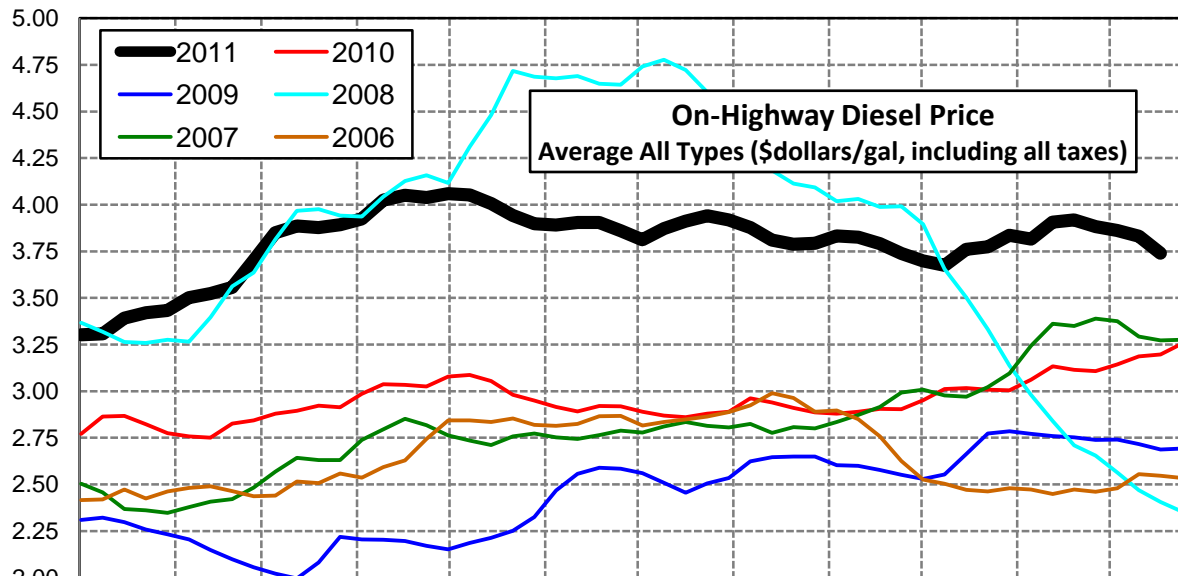
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Nov11	05Dec11	12Dec11	19Dec11	
East Coast	\$3.953	\$3.934	\$3.917	\$3.835	-\$0.082
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



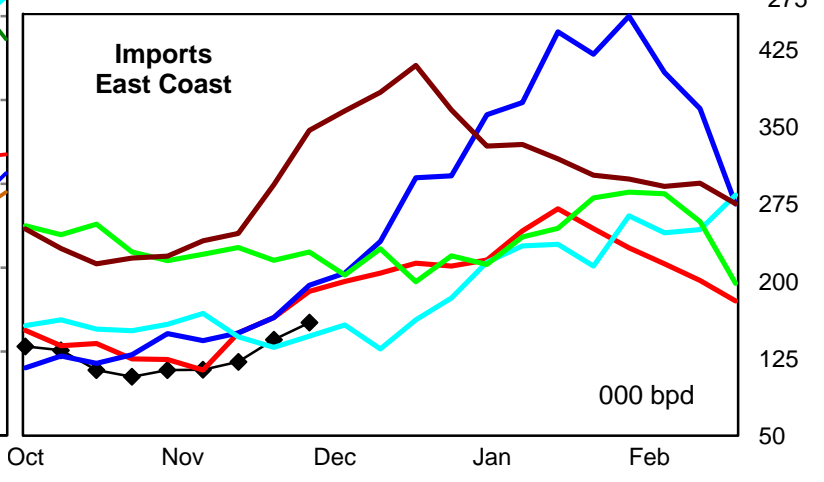
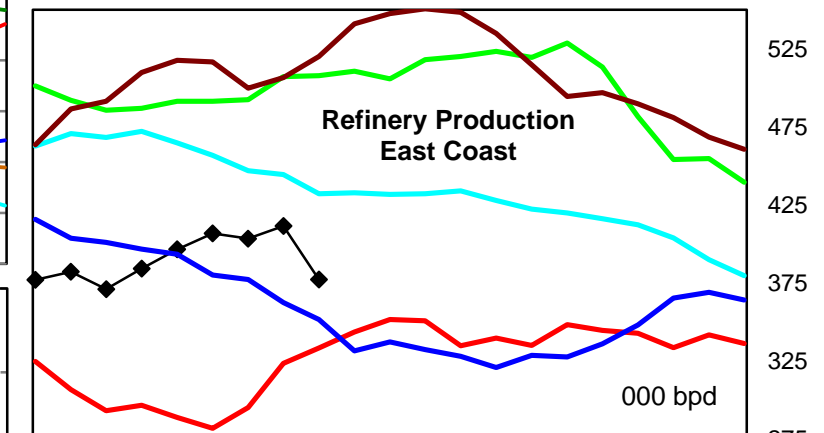
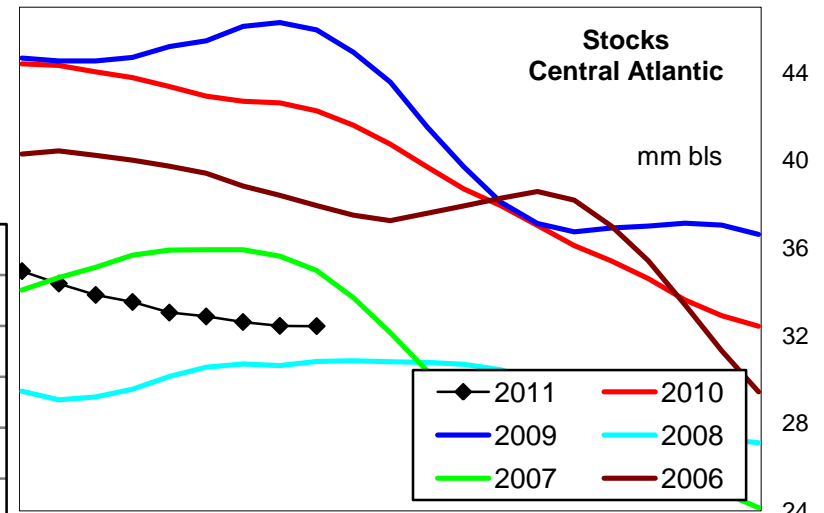
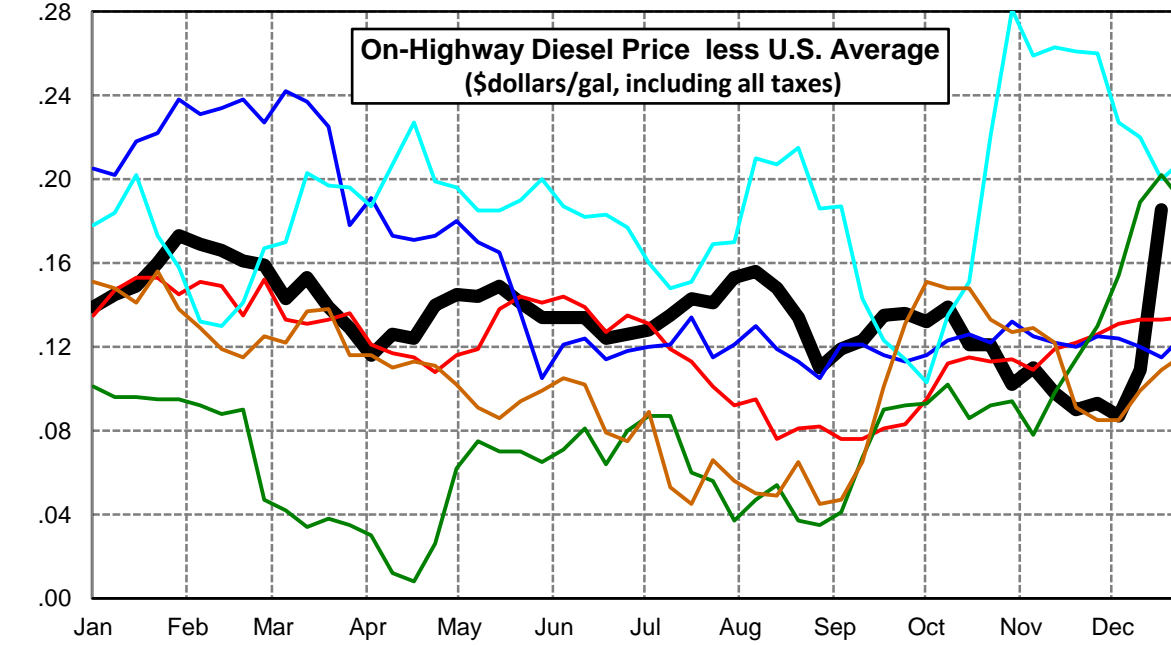
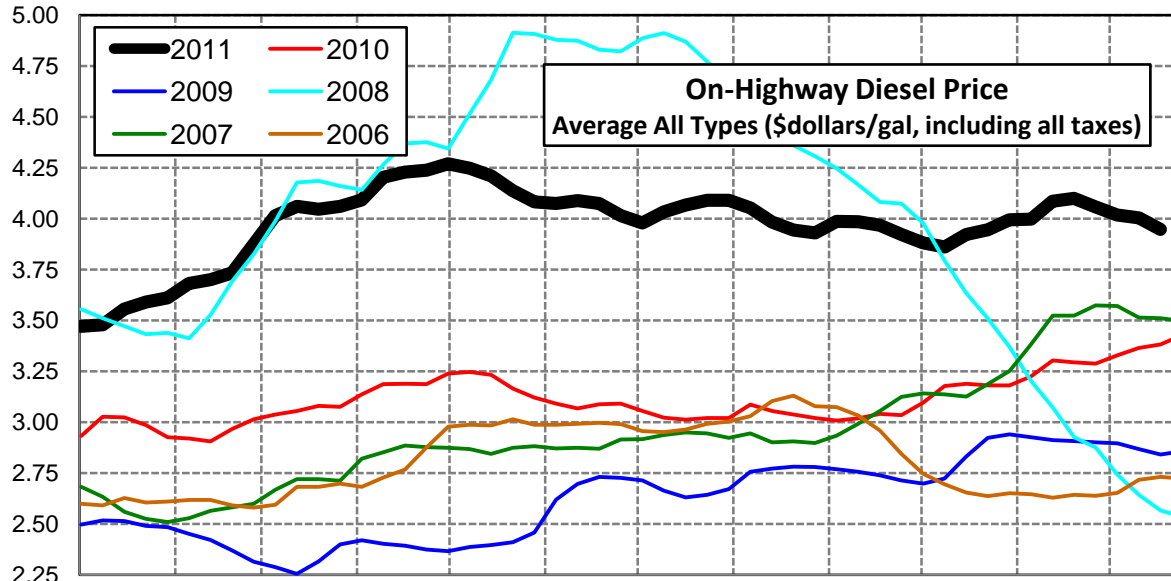
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Nov11	05Dec11	12Dec11	19Dec11	
Lower Atlantic	\$3.882	\$3.862	\$3.830	\$3.740	-\$0.090
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



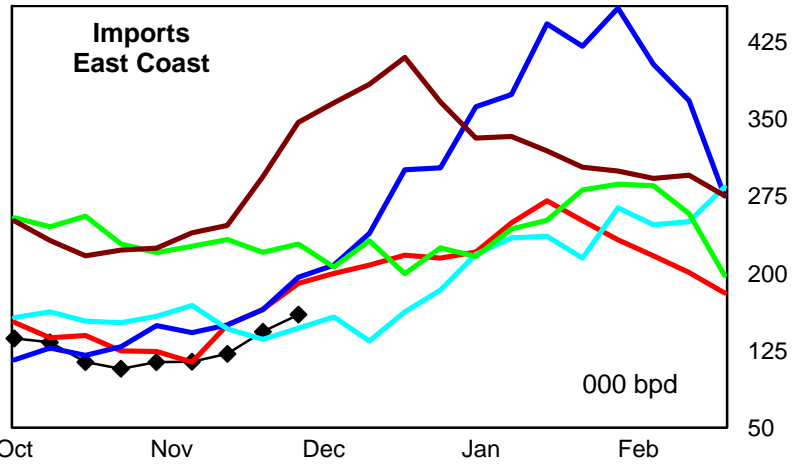
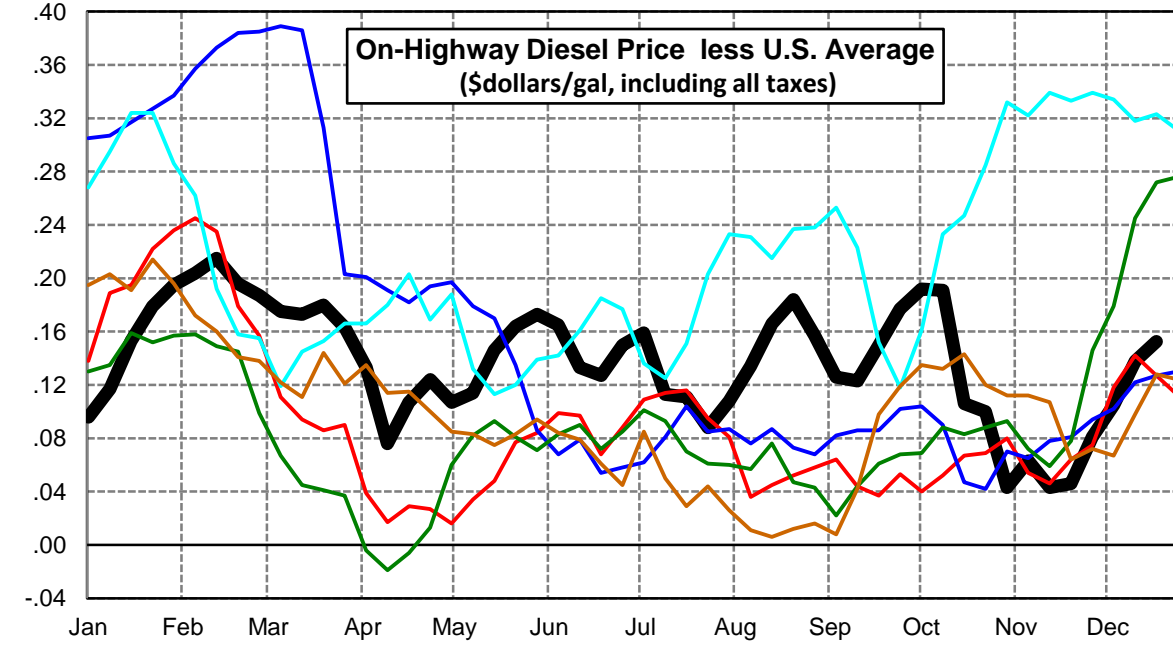
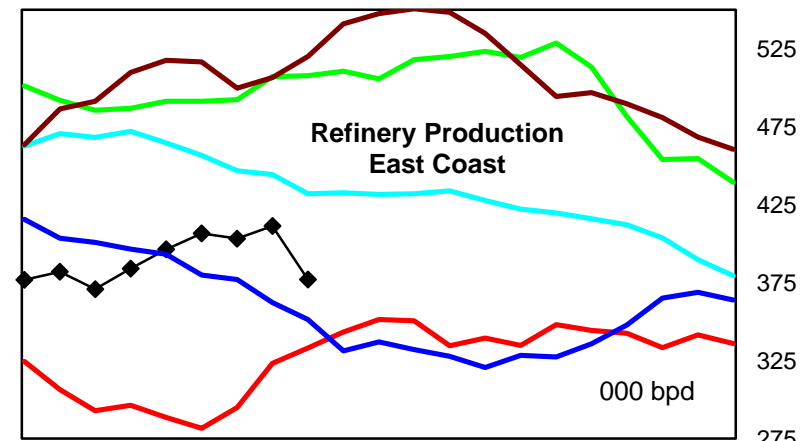
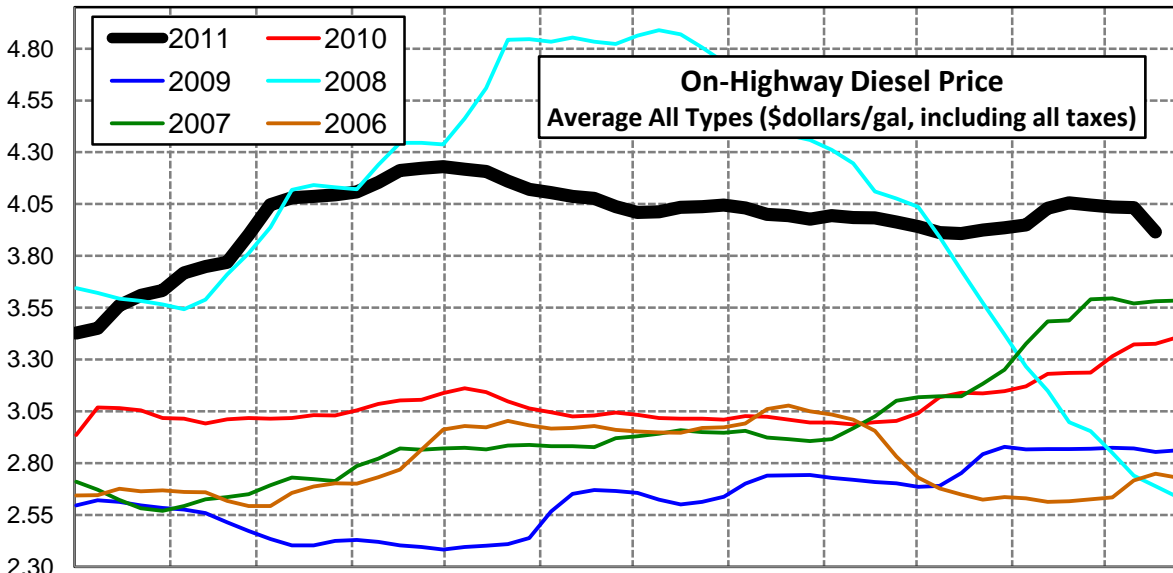
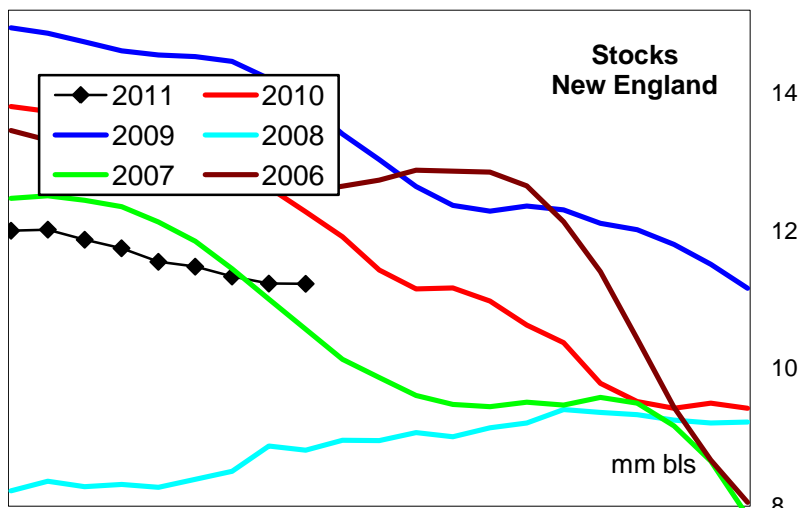
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Nov11	05Dec11	12Dec11	19Dec11	
Central Atlantic	\$4.057	\$4.018	\$4.003	\$3.948	-\$0.055
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



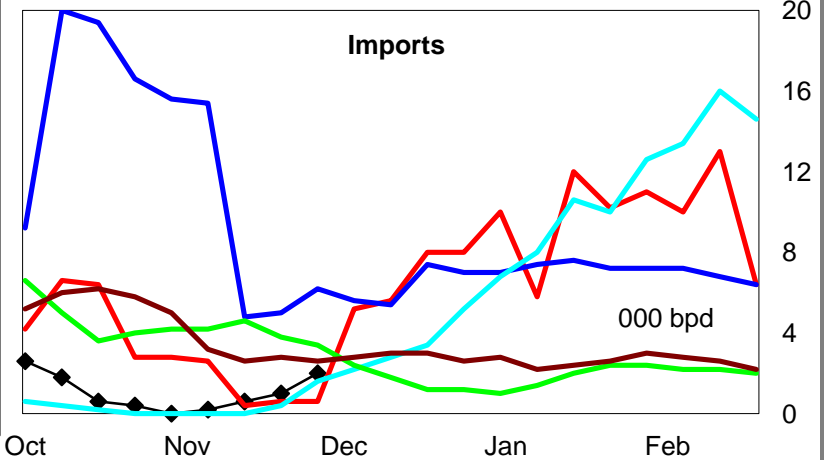
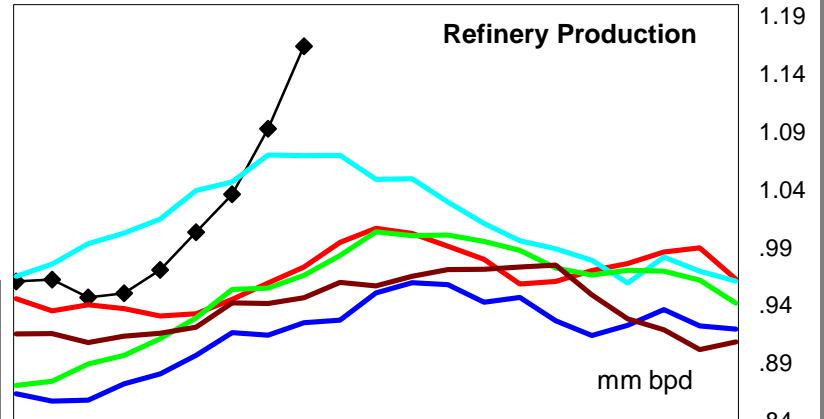
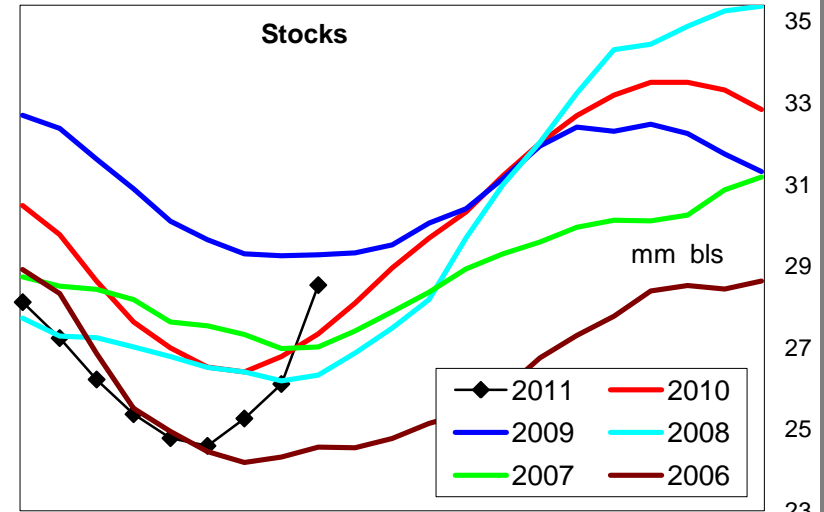
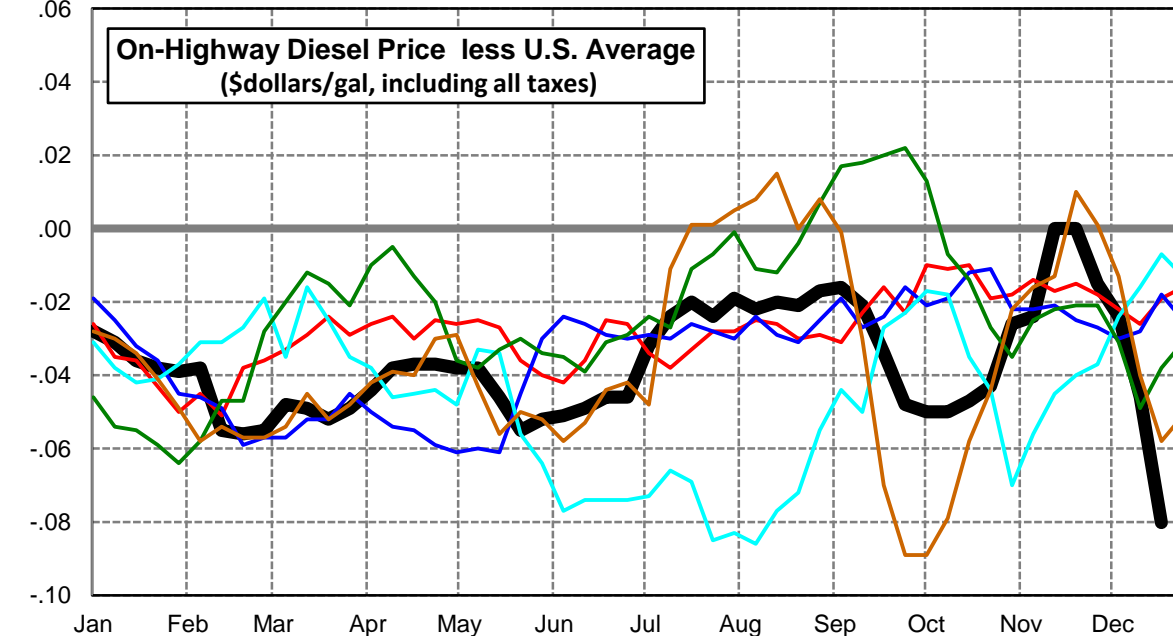
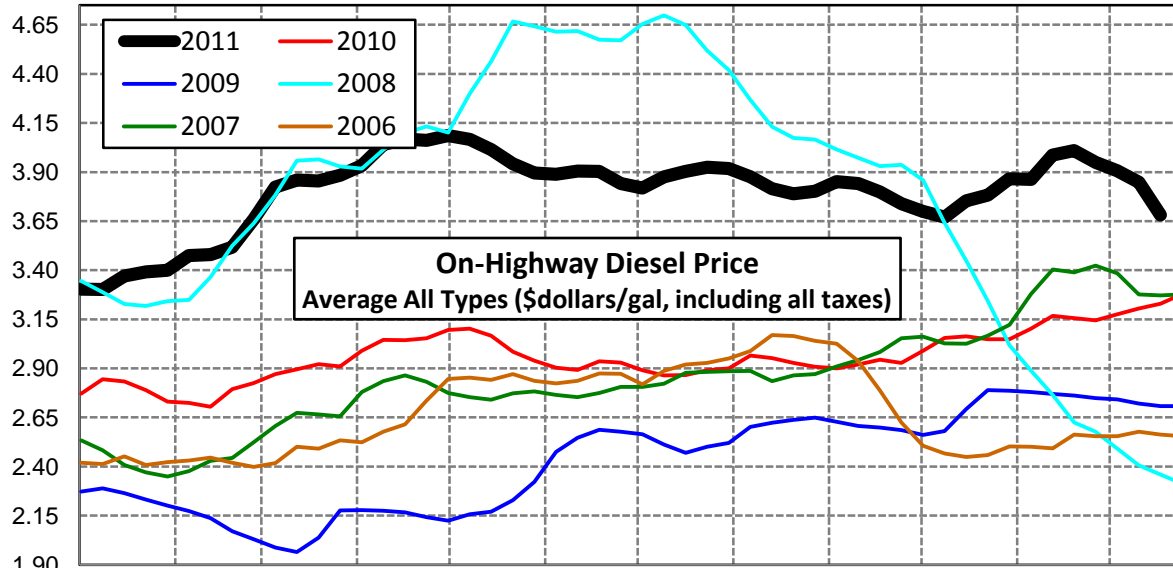
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Nov11	05Dec11	12Dec11	19Dec11	
New England	\$4.045	\$4.036	\$4.032	\$3.915	-\$0.117
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



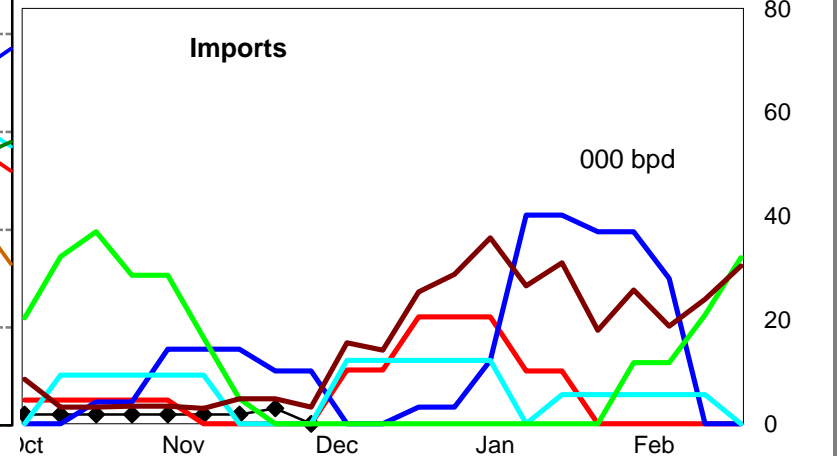
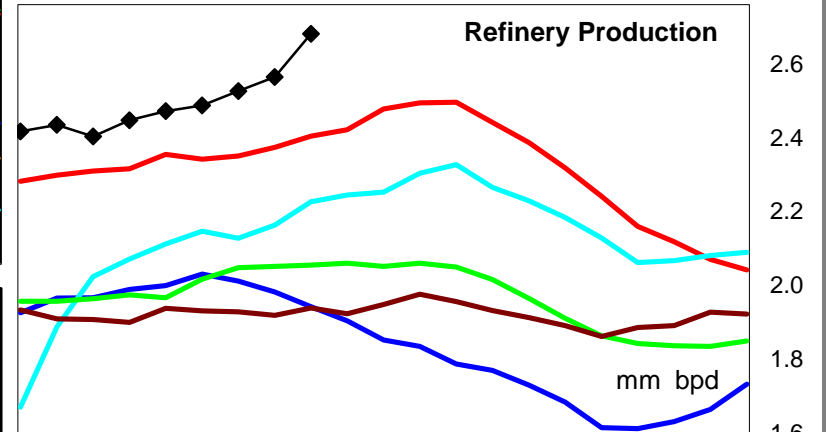
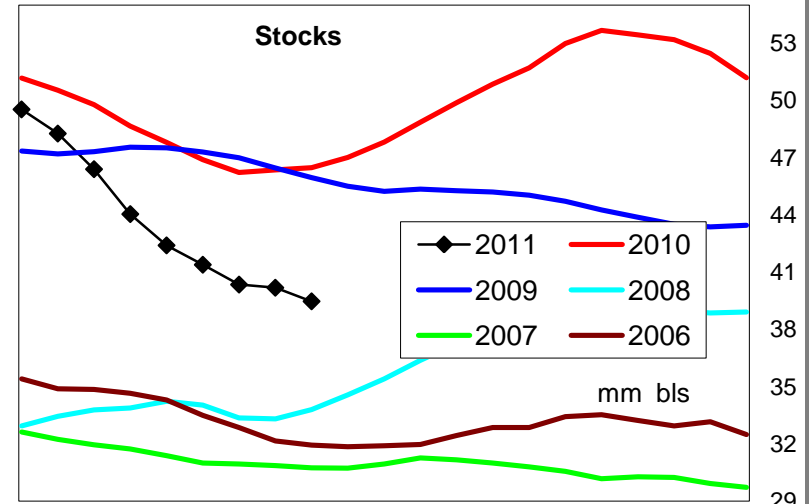
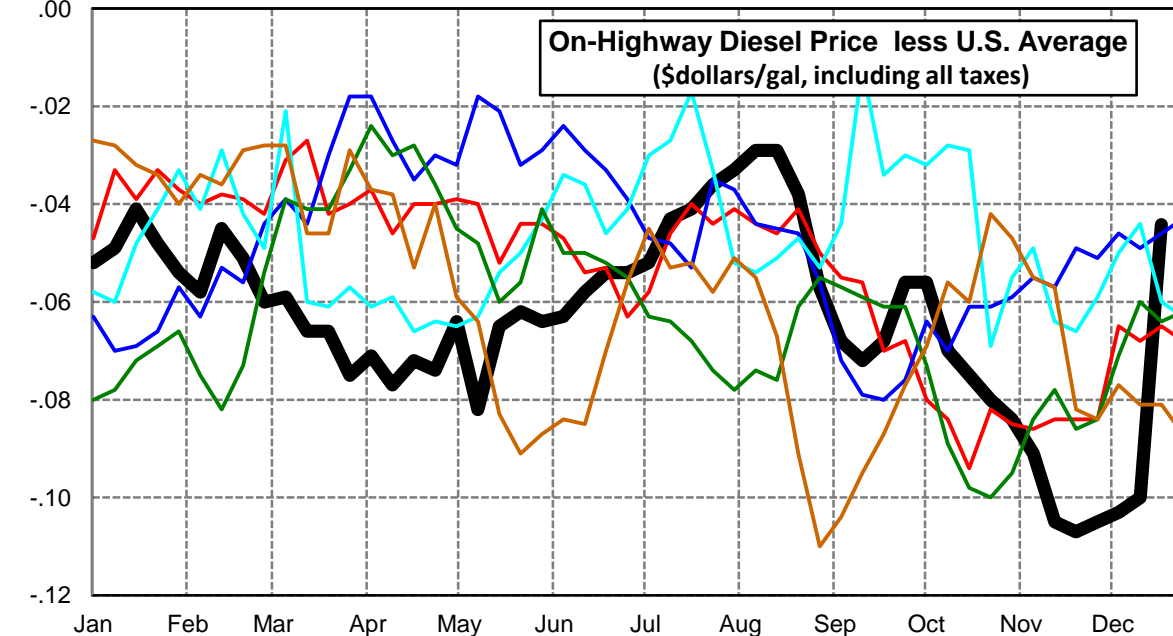
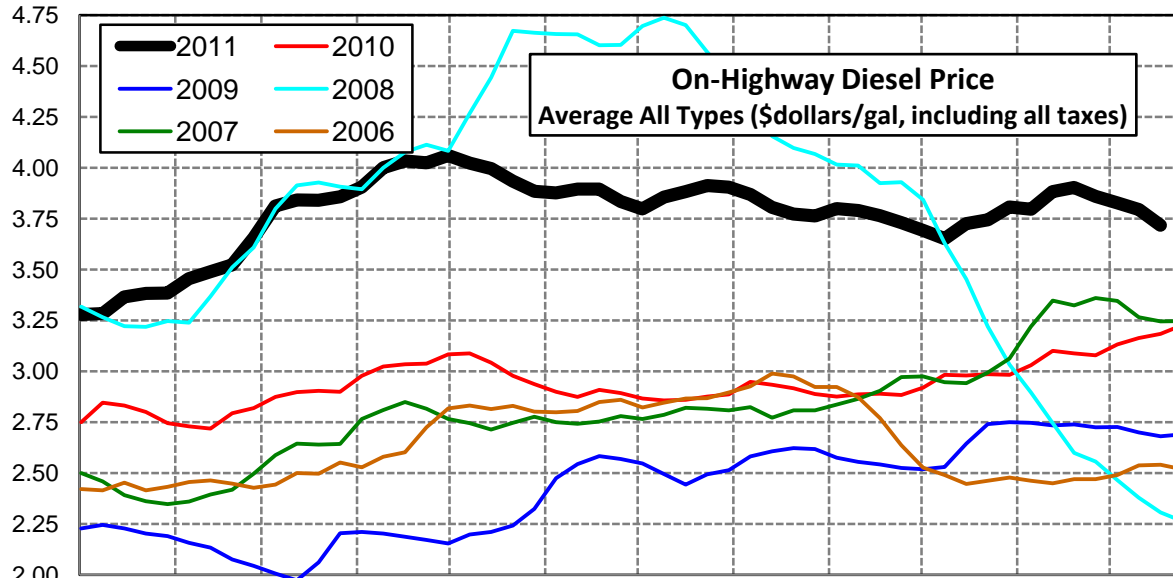
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Nov11	05Dec11	12Dec11	19Dec11	
Midwest	\$3.949	\$3.907	\$3.848	\$3.682	-\$0.166
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



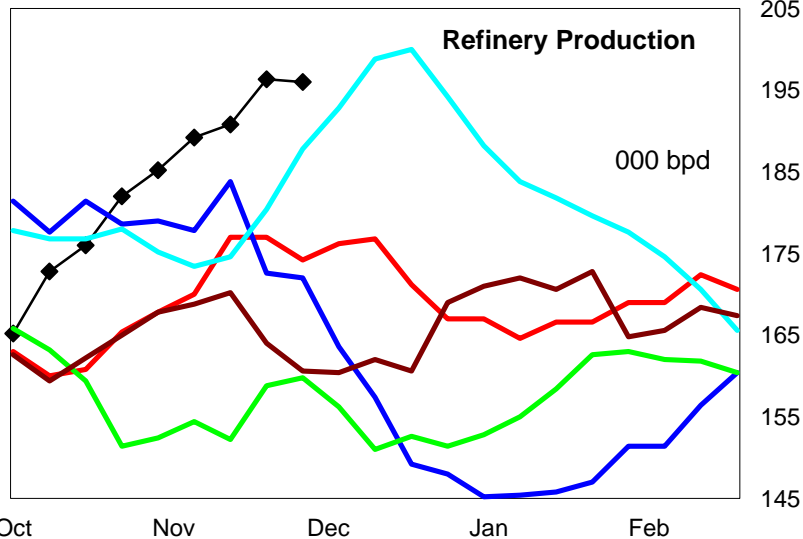
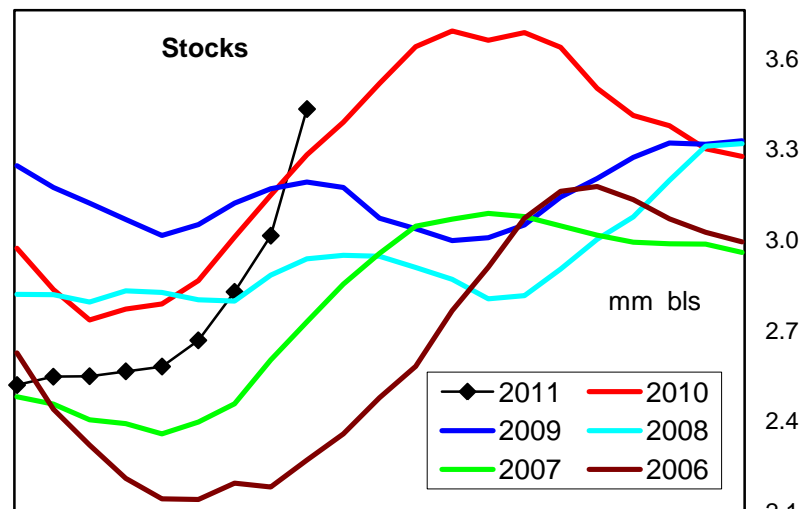
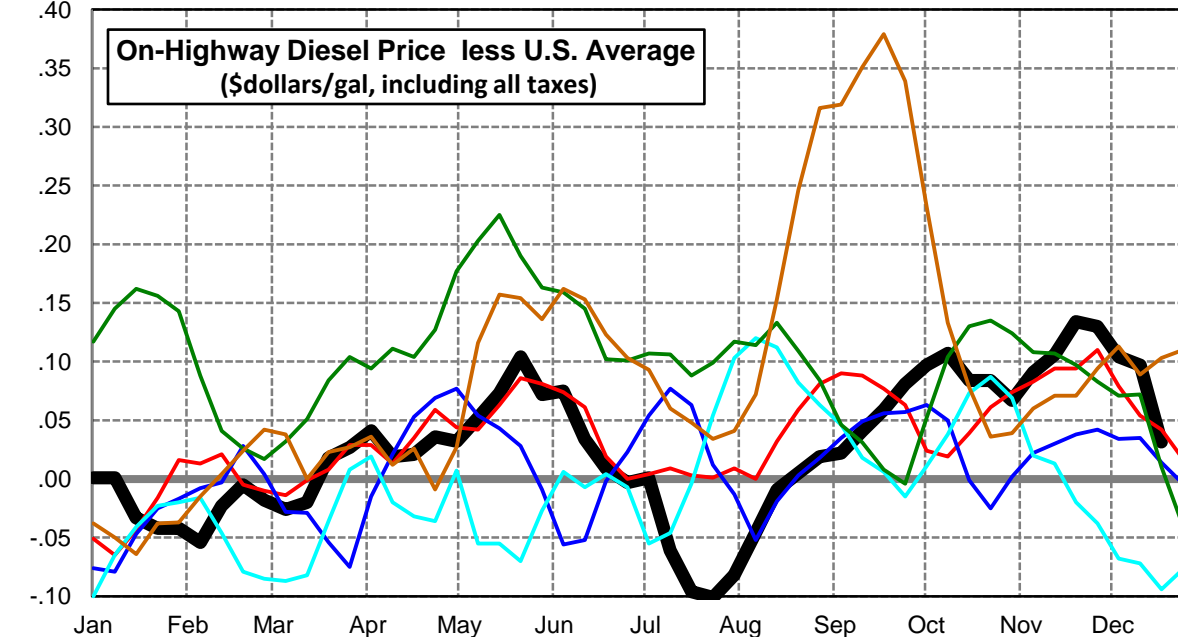
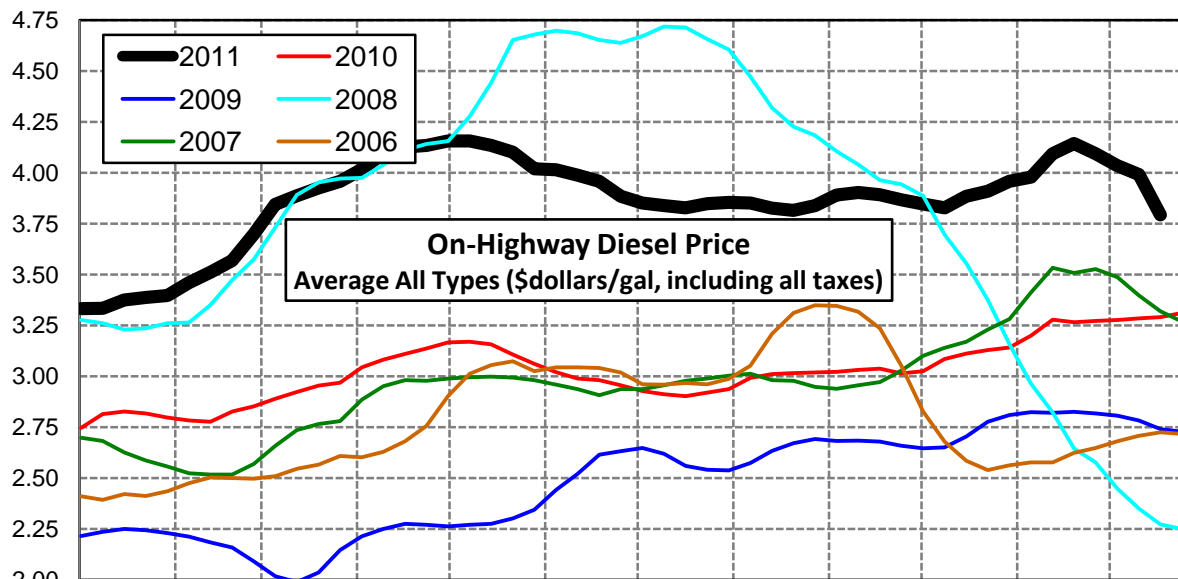
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Nov11	05Dec11	12Dec11	19Dec11	
Gulf Coast	\$3.859	\$3.828	\$3.794	\$3.718	-\$0.076
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



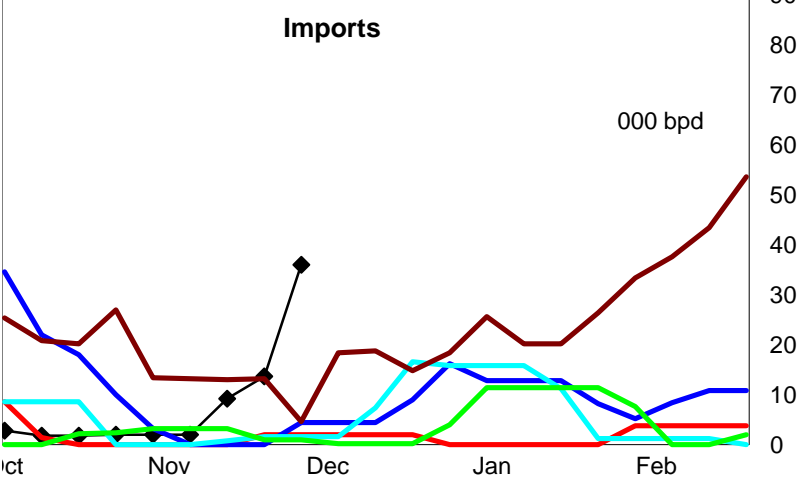
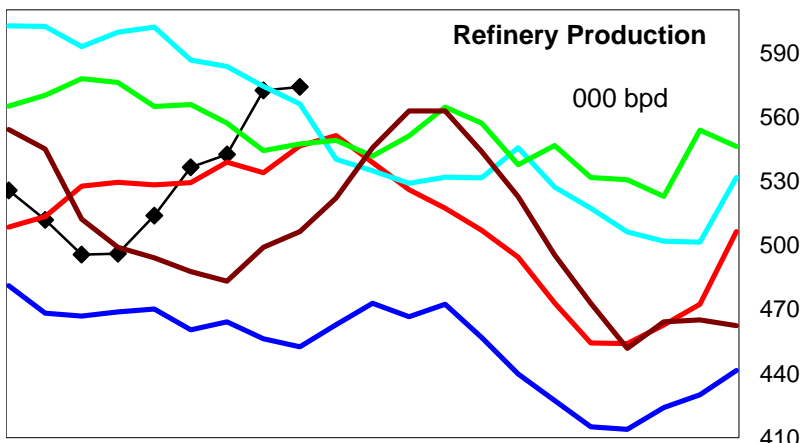
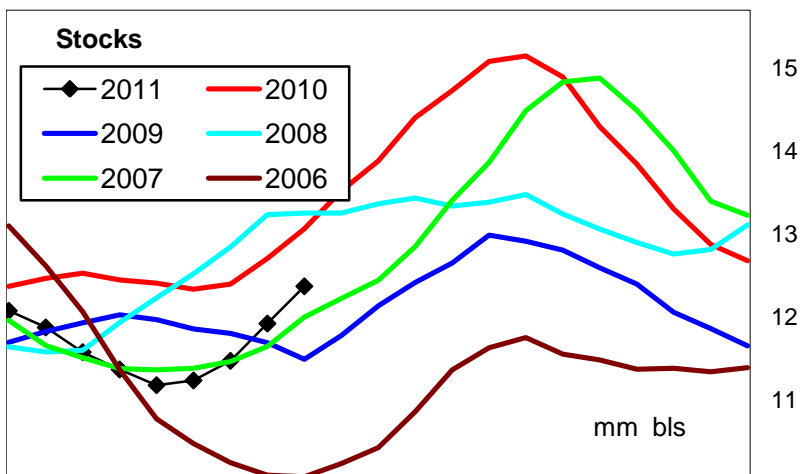
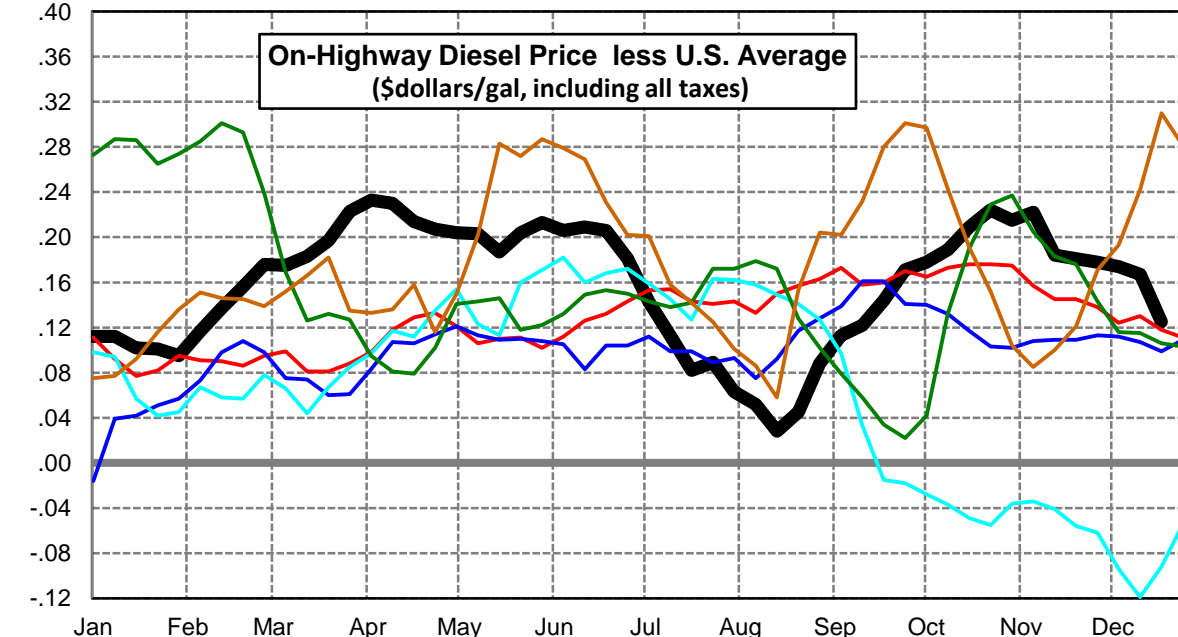
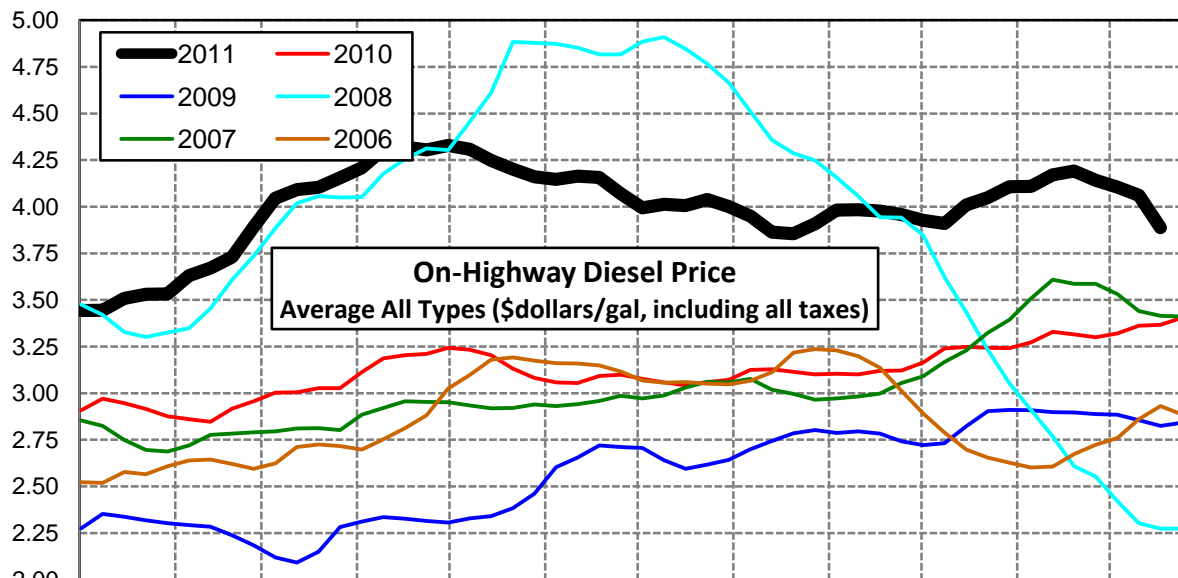
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Nov11	05Dec11	12Dec11	19Dec11	
Rocky Mountain	\$4.094	\$4.035	\$3.991	\$3.794	-\$0.197
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



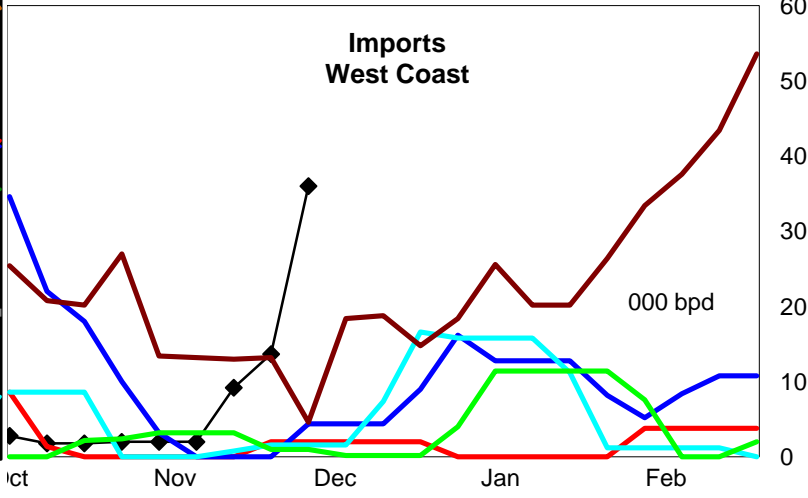
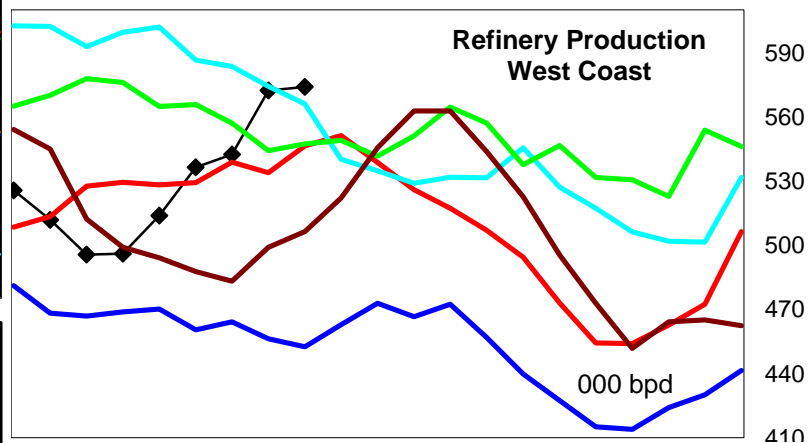
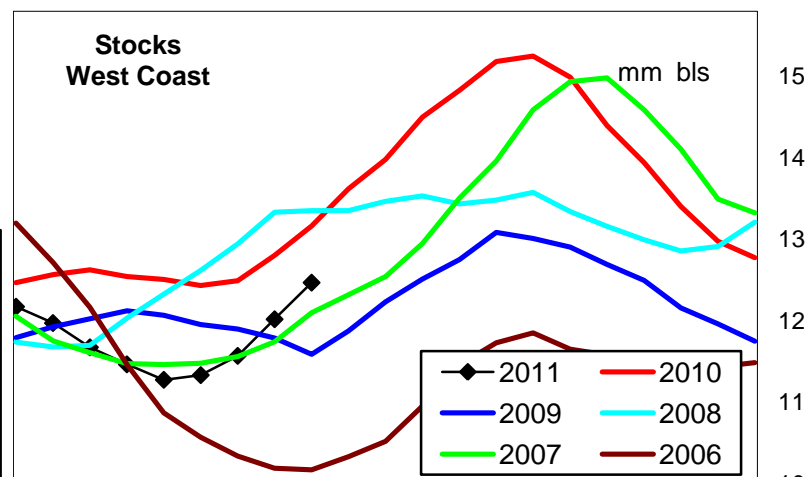
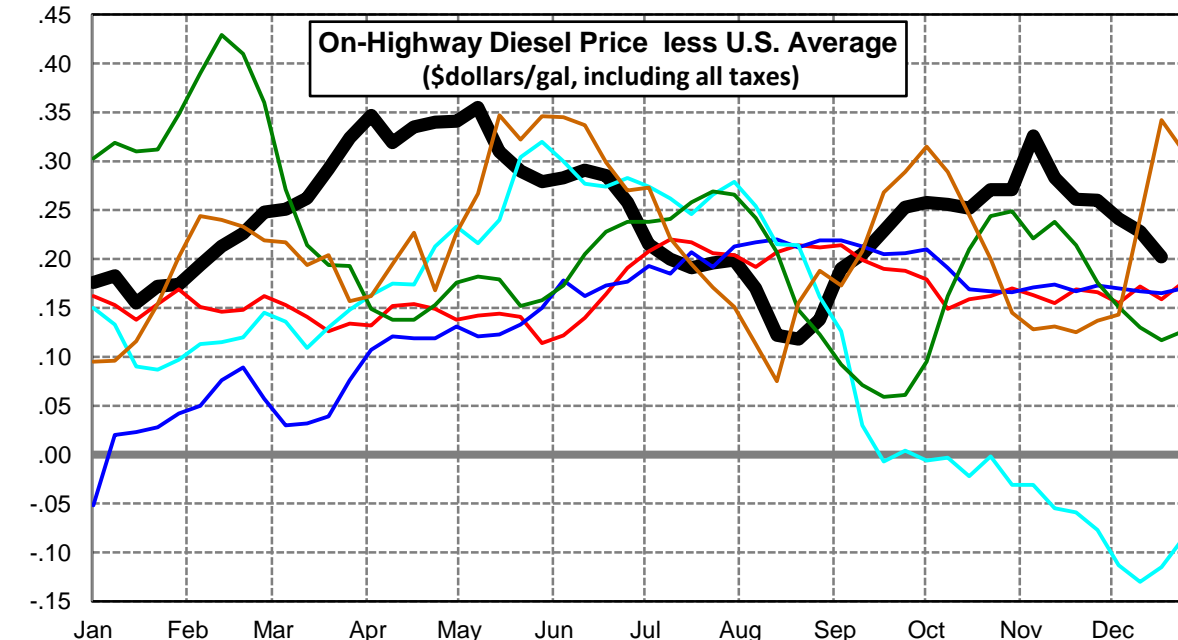
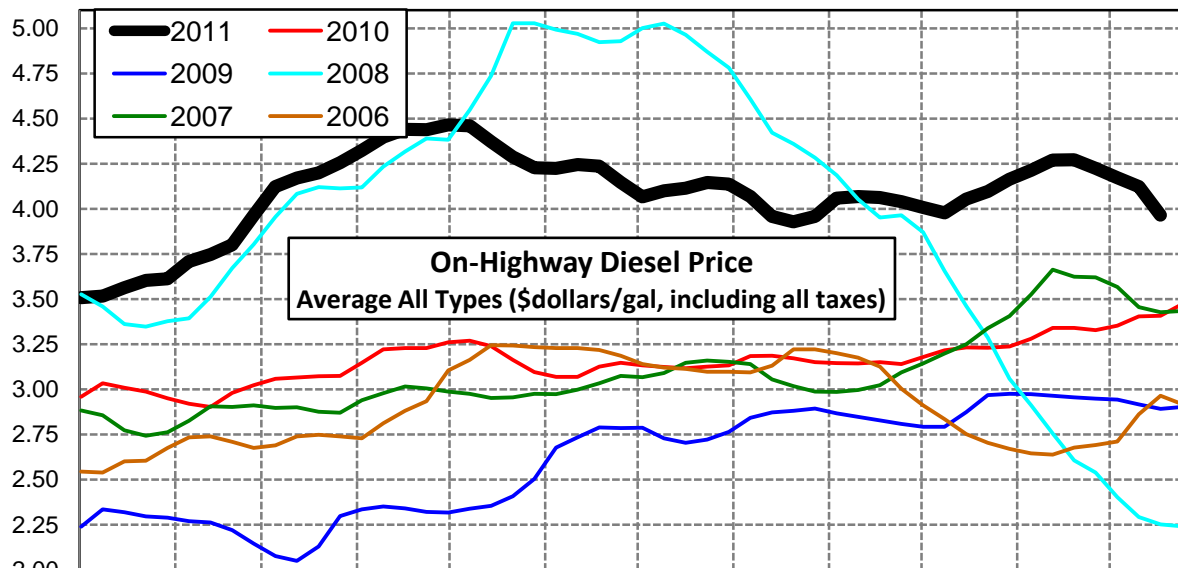
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Nov11	05Dec11	12Dec11	19Dec11	
West Coast	\$4.142	\$4.105	\$4.061	\$3.887	-\$0.174
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
	28Nov11	05Dec11	12Dec11	19Dec11	
California	\$4.224	\$4.172	\$4.122	\$3.964	-\$0.158
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	3.749	3.765	3.941	3.881	3.699	3.699	3.693	3.846	3.927	4.007
Mon-10-Oct-11	3.721	3.741	3.912	3.860	3.674	3.671	3.651	3.828	3.910	3.977
Mon-17-Oct-11	3.801	3.815	3.907	3.922	3.761	3.754	3.726	3.885	4.01	4.053
Mon-24-Oct-11	3.825	3.832	3.925	3.946	3.775	3.782	3.745	3.909	4.049	4.096
Mon-31-Oct-11	3.892	3.886	3.935	3.994	3.836	3.866	3.808	3.959	4.107	4.163
Mon-07-Nov-11	3.887	3.875	3.950	3.997	3.816	3.863	3.796	3.978	4.109	4.213
Mon-14-Nov-11	3.987	3.964	4.030	4.085	3.906	3.987	3.882	4.093	4.171	4.270
Mon-21-Nov-11	4.010	3.984	4.056	4.100	3.918	4.010	3.903	4.144	4.191	4.271
Mon-28-Nov-11	3.964	3.953	4.045	4.057	3.882	3.949	3.859	4.094	4.142	4.224
Mon-05-Dec-11	3.931	3.934	4.036	4.018	3.862	3.907	3.828	4.035	4.105	4.172
Mon-12-Dec-11	3.894	3.917	4.032	4.003	3.830	3.848	3.794	3.991	4.061	4.122
Mon-19-Dec-11	3.762	3.835	3.915	3.948	3.740	3.682	3.718	3.794	3.887	3.964
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.