



## RETAIL DIESEL FUEL OUTLOOK

### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Tuesday, April 24, 2012

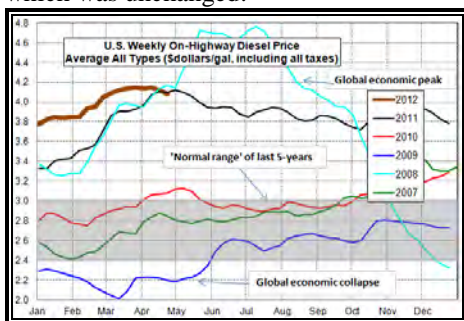
#### Weekly Retail On-Highway Diesel Prices

Region	Actual Price 1/			Forecast 2/	Change from week ago
	09Apr12	16Apr12	23Apr12	30Apr12	
U.S.	4.148	4.127	4.085	3.996	-0.089
East Coast	4.190	4.181	4.146	4.074	-0.072
New England	4.278	4.269	4.269	4.188	-0.081
Central Atlantic	4.282	4.280	4.245	4.181	-0.064
Lower Atlantic	4.106	4.091	4.050	4.023	-0.027
Midwest	4.055	4.021	3.974	3.903	-0.071
Gulf Coast	4.063	4.038	3.993	3.985	-0.008
Rocky Mountain	4.129	4.129	4.090	4.008	-0.082
West Coast	4.411	4.389	4.345	4.179	-0.166
California	4.440	4.418	4.384	4.242	-0.142

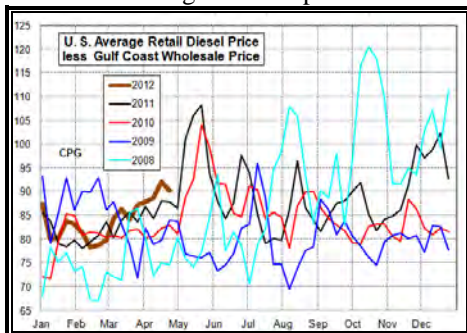
1/ Source: U.S. Energy Information Administration

2/ Source: Fundamental Petroleum Trends Reports

**Diesel Fuel Price Trends** U. S. retail diesel prices decreased -4.2 cpg for the week ending 23Apr12. Prices decreased -4.7 cpg in the Midwest, and -4.4 cpg on the West Coast. Prices were lower last week in all regions except New England which was unchanged.



The U.S. average retail diesel price compared to the Gulf Coast wholesale price decreased -1.7 cpg week-on-week. The spread ended the week at a level above historic highs for the period.

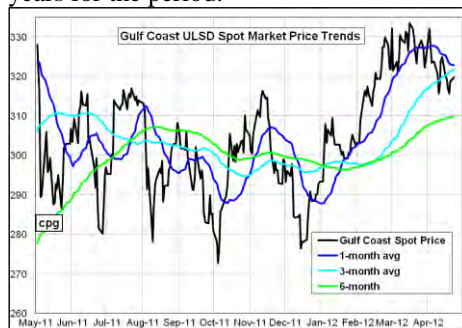


The national average on-highway price ended the week comparable to 5-year highs set in 2008 and 2011 for the period.

Record distillate production led to above average price weakness in the Midwest last week. A pull back in West Coast wholesale prices on soft demand led to the above average decrease in retail

unchanged last week ending 23Apr12. Gulf wholesale prices ended the week at the low end of the trading range over the last 60-days.

U.S. average retail prices are now +36 cpg above the lows set in early October 2011. The spread between retail and wholesale spot prices decreased last week, with the level above highs of the last 4-years for the period.



The spread between wholesale and retail prices was +12 cpg above the last 2-years, with the differential at +90 cpg. Look for retail prices to closely track wholesale market trends.

#### Supply - Demand Fundamental Trends

Distillate wholesale demand increased last week on strong highway use. The latest 4-wk average demand was -20,000 bpd below a year ago; the lowest year-on-year decrease of the past 18-months.

Supply increased +228,000 bpd last week offsetting the prior week decrease. Stocks declined -2.9 million barrels last week, ending at a level -19.4 million barrels below last year.

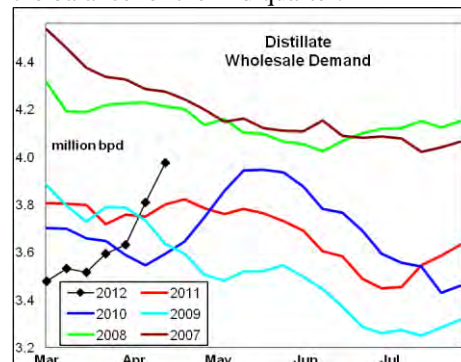
The latest 4-wk stock draw in markets East of the Rockies was -6.3 million barrels, comparable to a year ago. Rising demand and strong exports continue to

prices.

West Coast prices are again the highest in the country, \$4.35/gal last week while the Midwest remains the lowest at \$3.97/gal.

Gulf Coast wholesale distillate prices were nearly

draw down stocks at a near record rate. However rising crude oil runs and distillate yields should lead to stock builds during the balance of the 2nd quarter.



#### Global Trends Driving Diesel Prices

Current negotiations with Iran have led to a modest pull back in global crude oil prices; slightly reducing the risk premium due to Middle East tension and labor unrest in African producing regions.

Economic growth has slowed in China; driven by lower growth in housing, manufacturing and finance. Europe has entered a significant recession on lower government spending to limit deficit increases. These fundamentals should limit global demand growth for distillate.

Refinery closures in Europe, announced closures in the Caribbean and U.S. East Coast has lifted exports to record highs.

On balance, prices are likely to experience further weakness over the next quarter.

**Diesel Price Outlook** U. S. retail prices fell for the 2nd consecutive week ending 23April12 and are forecast to decrease again during the current week. The -8.9 cpg decline forecast in the current week is likely to be spread over the next several weeks, due to 'sticky' retail prices. On a regional level, look for retail prices to pull back on the West Coast more than in other regional markets as refiners return from an above average maintenance season.

The pull back in gasoline prices is likely to continue on higher imports, and completion of refinery maintenance, placing downward pressure on the over energy complex.

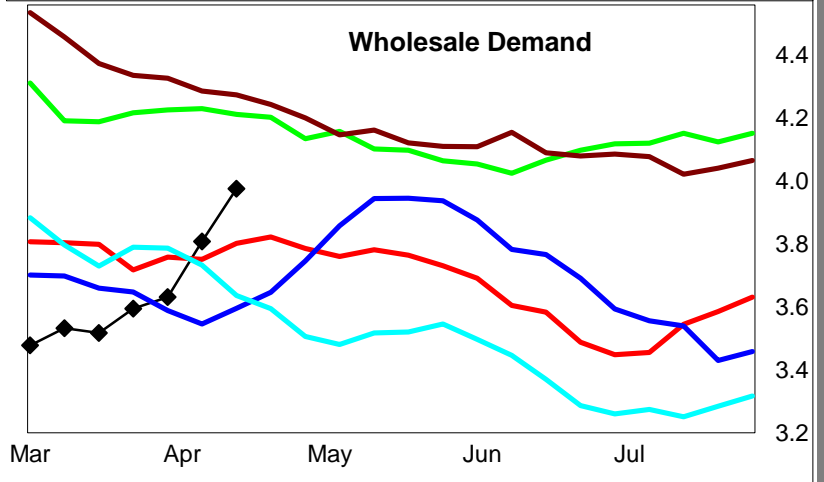
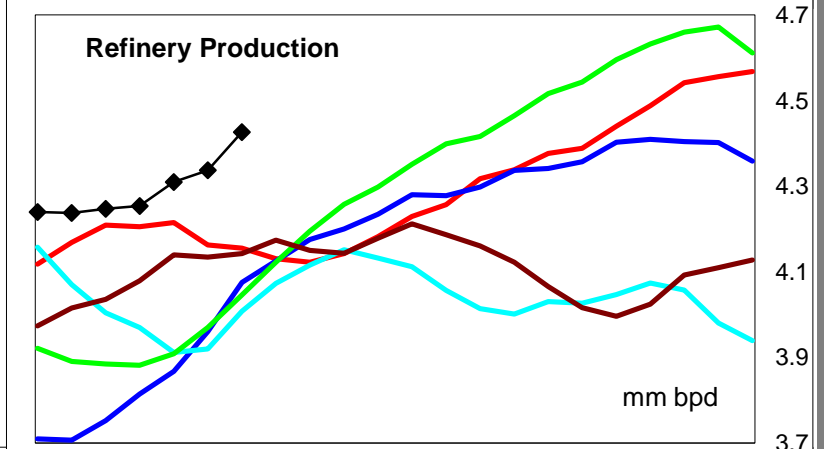
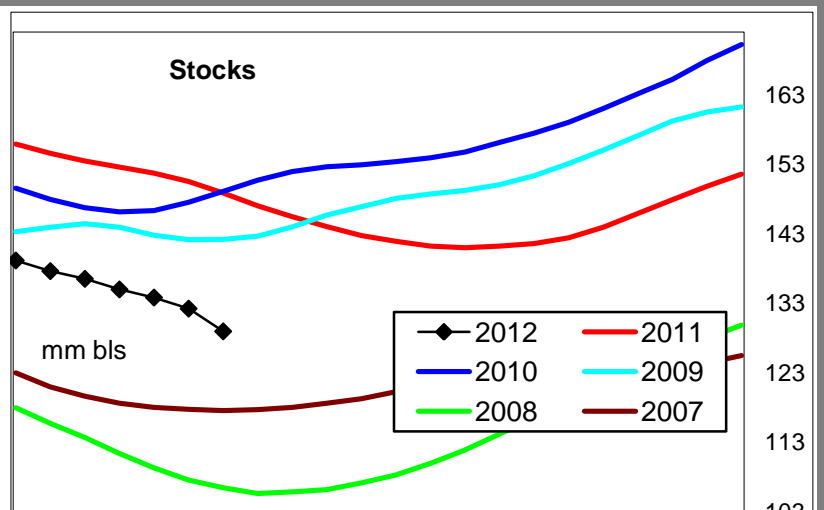
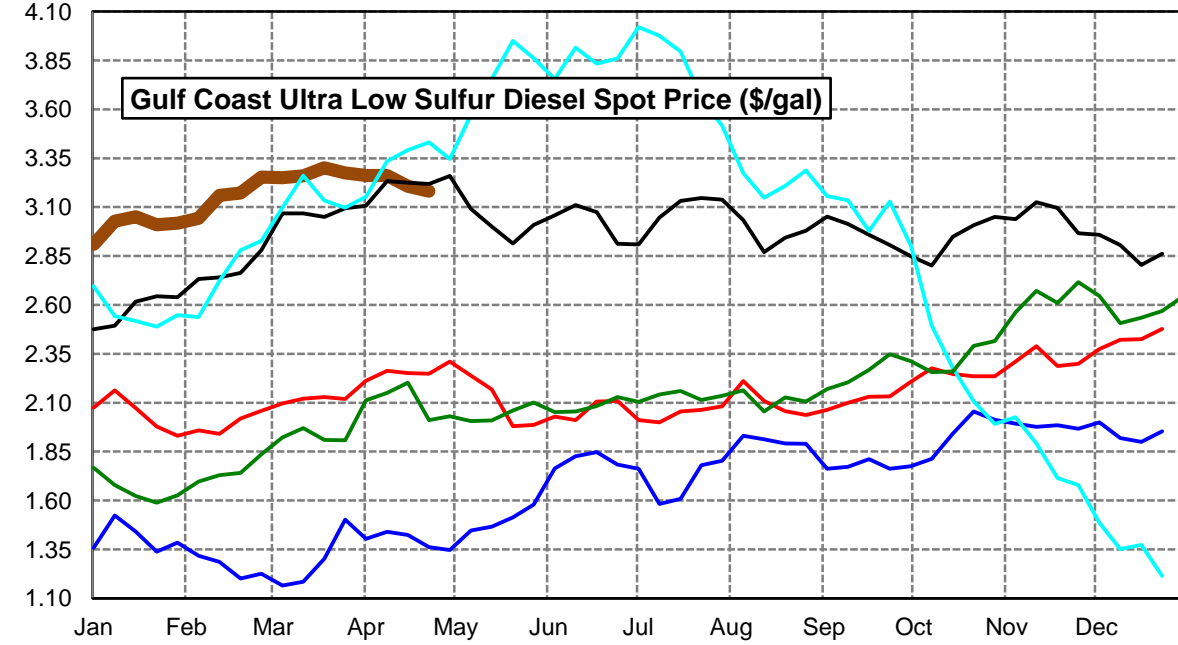
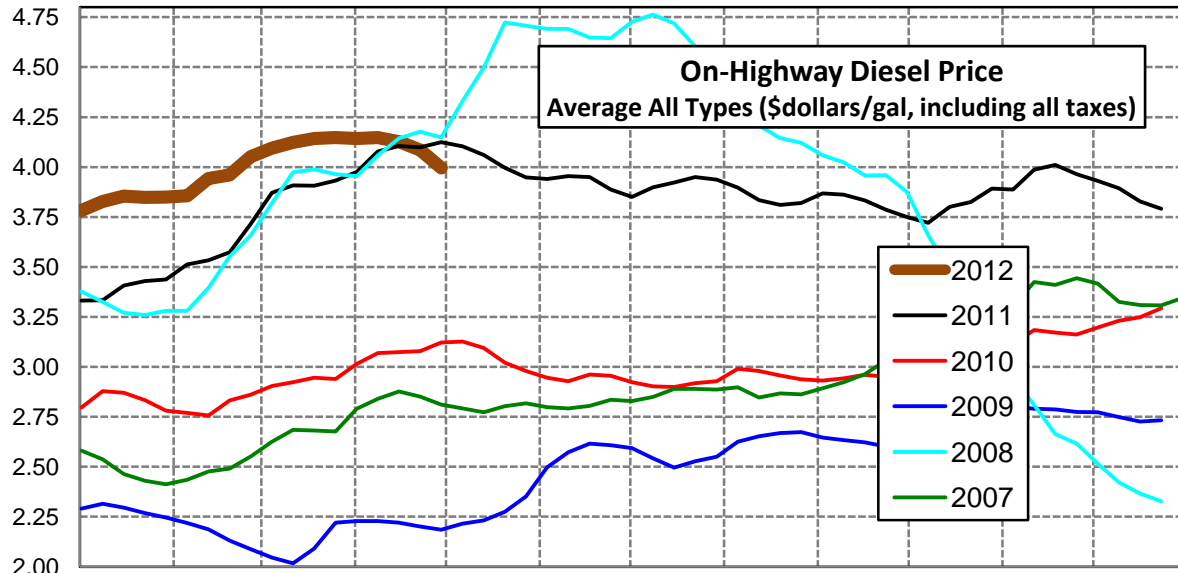
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Click [Blue Icon](#) on Map to view Regional Price & Fundamental Trends



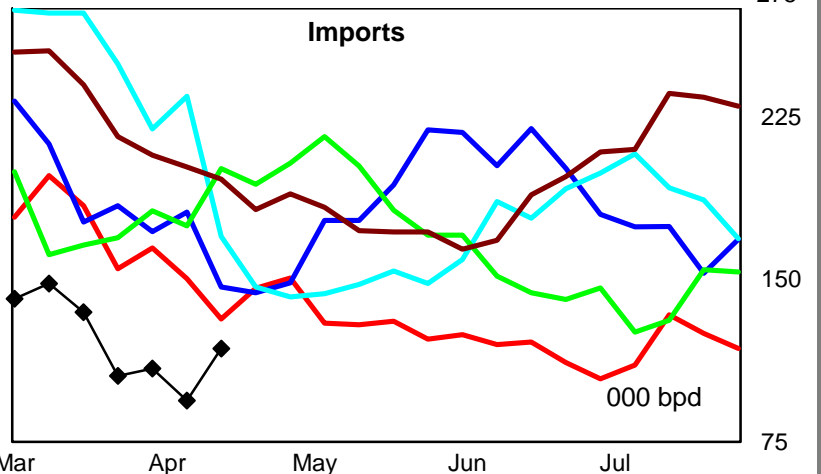
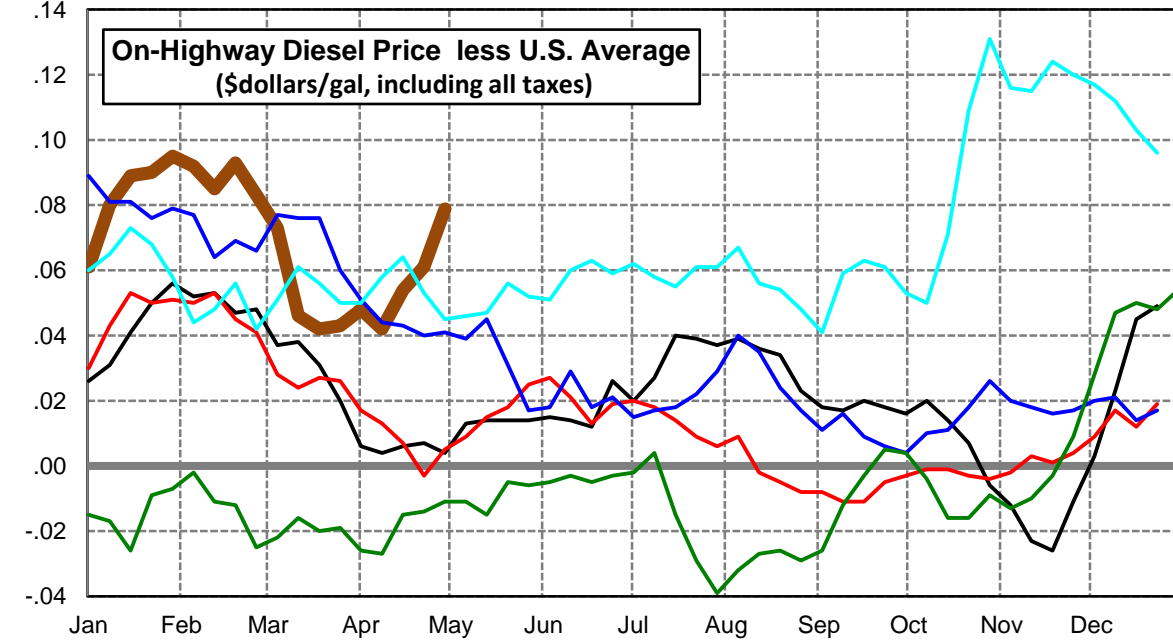
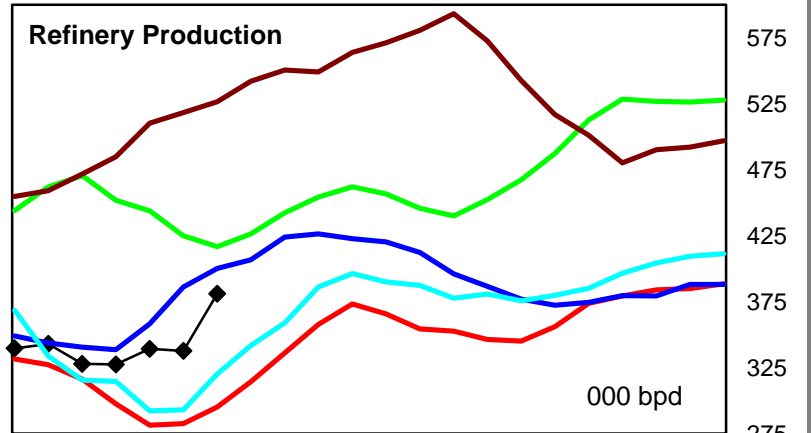
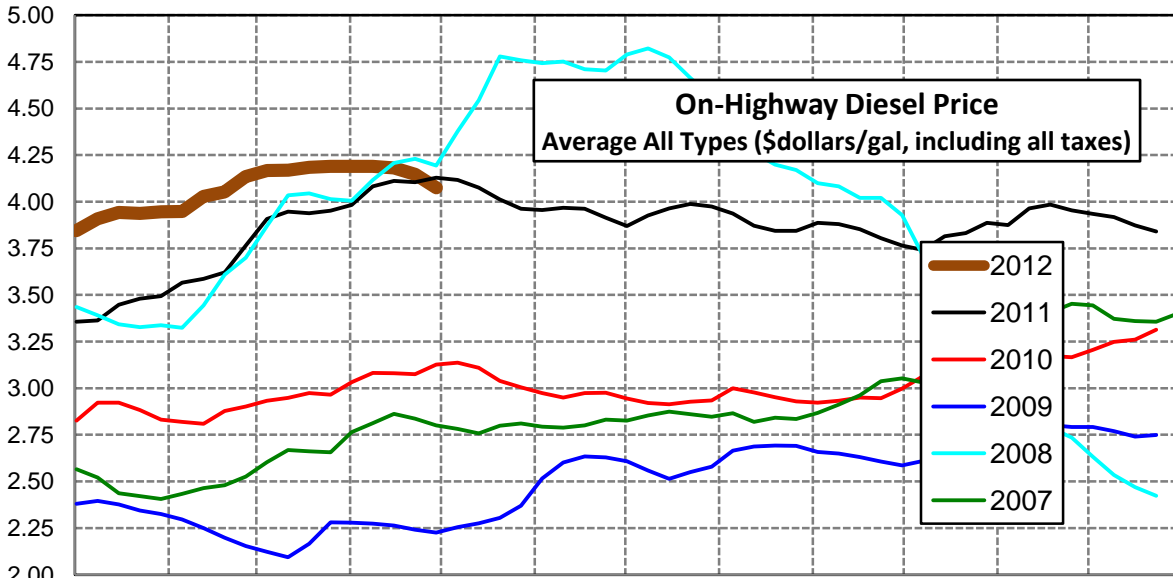
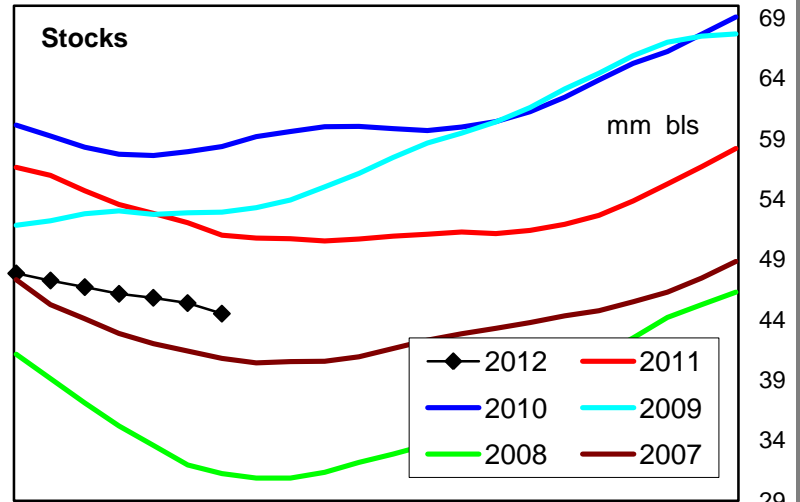
# U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	09Apr12	16Apr12	23Apr12	30Apr12	
<b>United States Avg</b>	\$4.148	\$4.127	\$4.085	<b>\$3.996</b>	-\$0.089
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



### East Coast Diesel Supply Fundamentals and On-Highway Price Trends

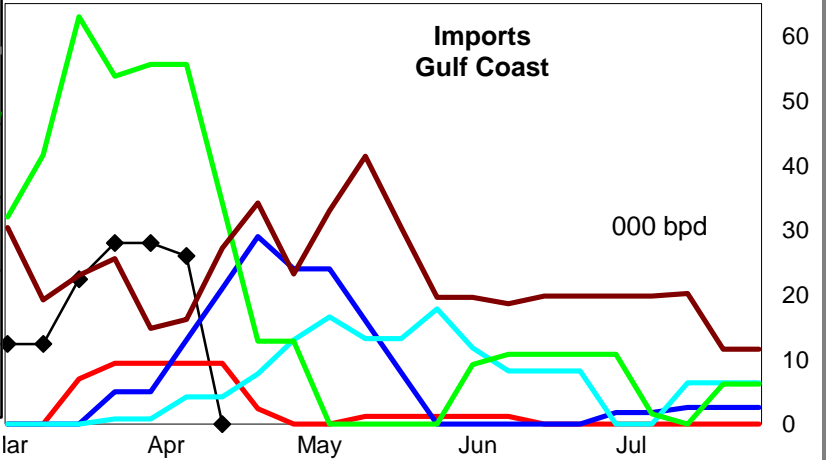
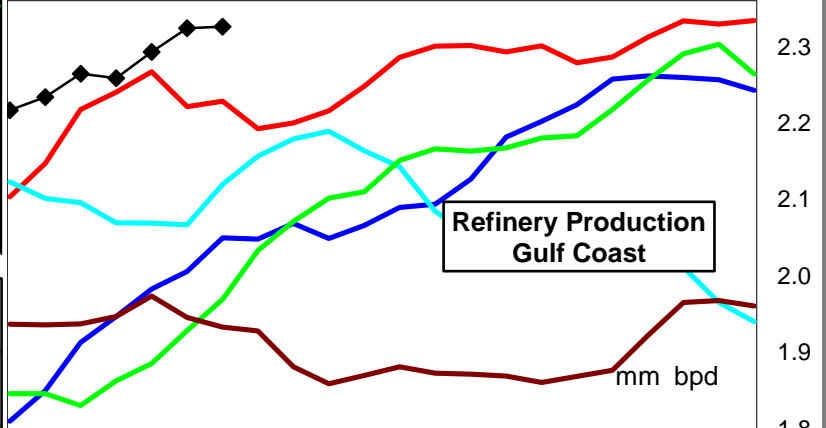
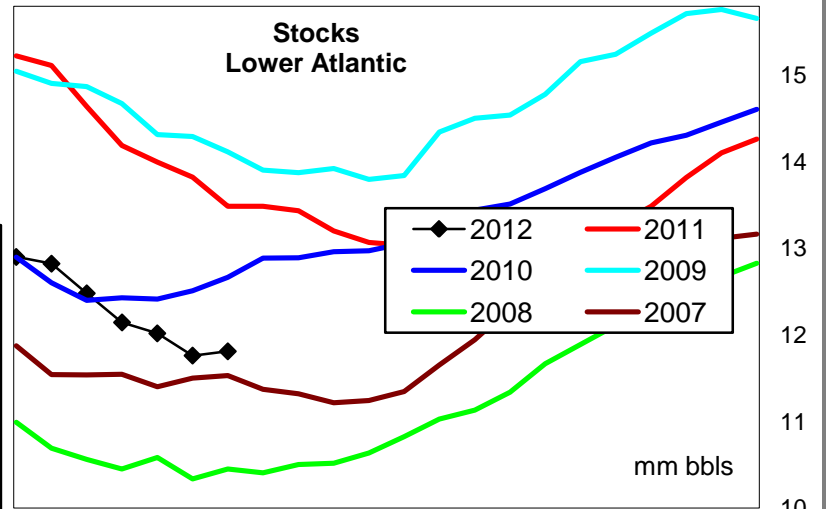
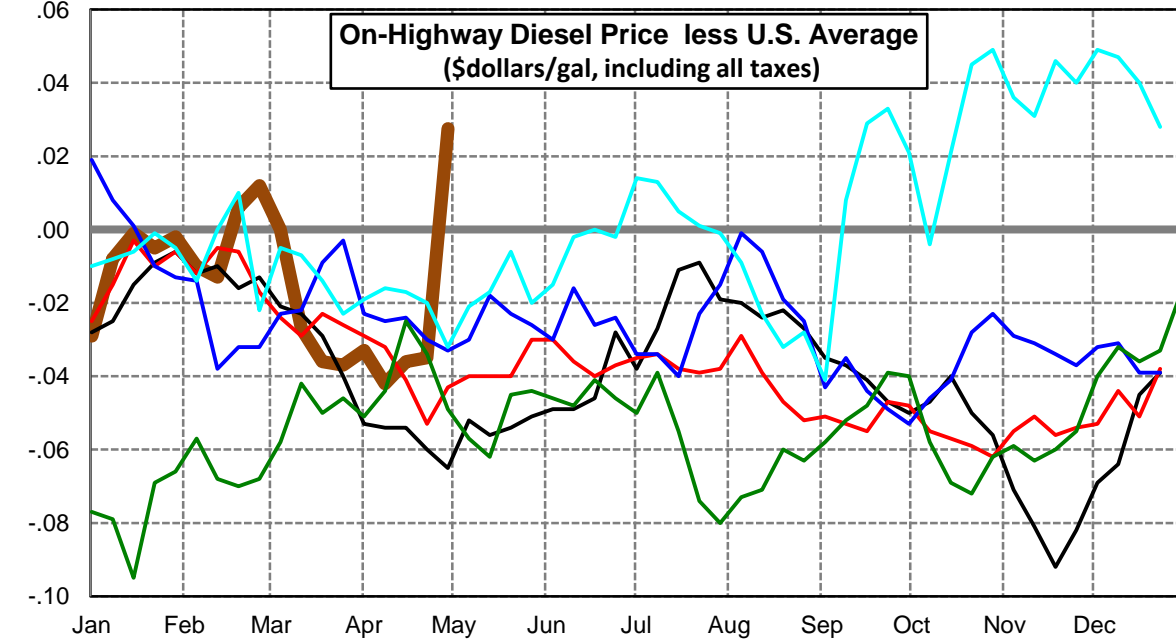
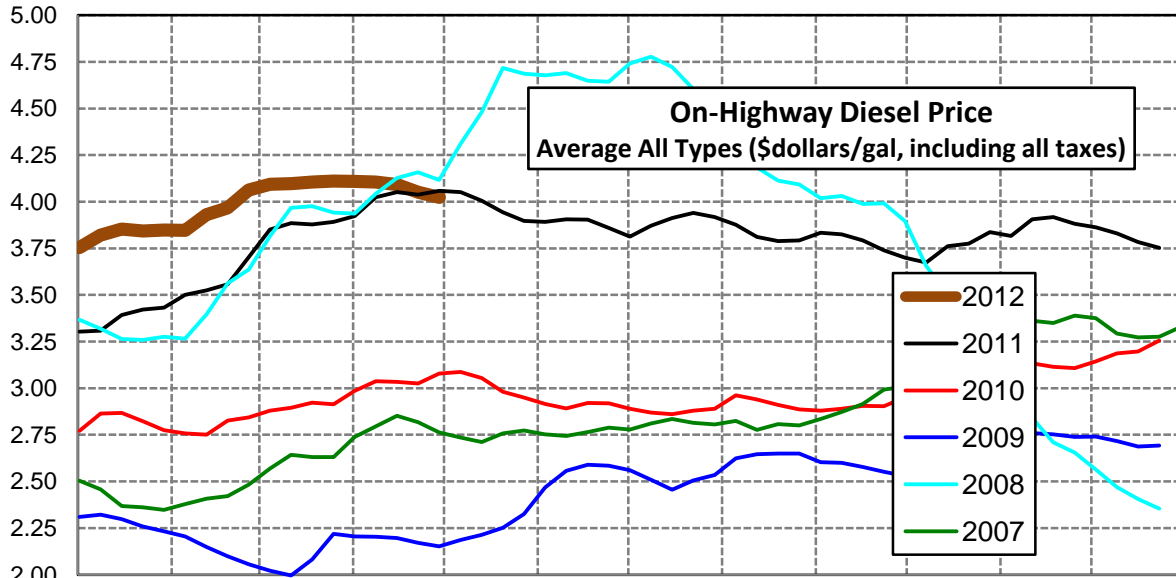
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	09Apr12	16Apr12	23Apr12	30Apr12	
<b>East Coast</b>	\$4.190	\$4.181	\$4.146	<b>\$4.074</b>	-\$0.072
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





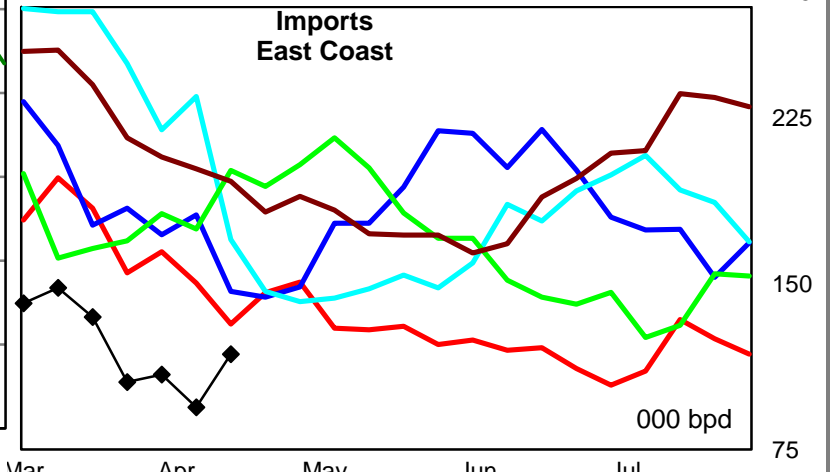
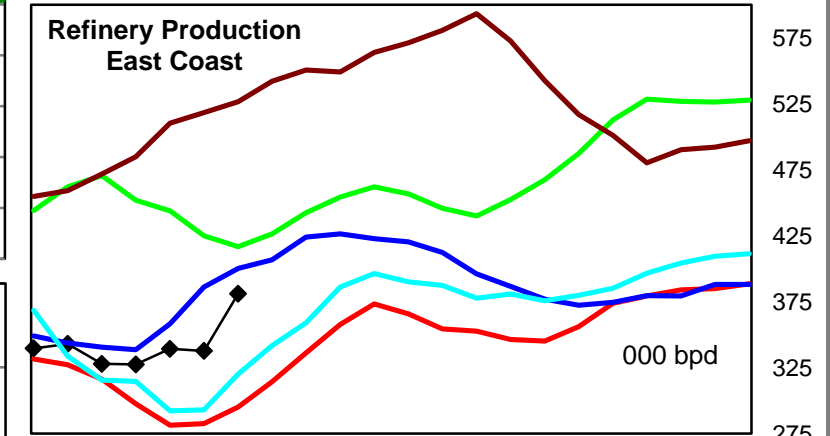
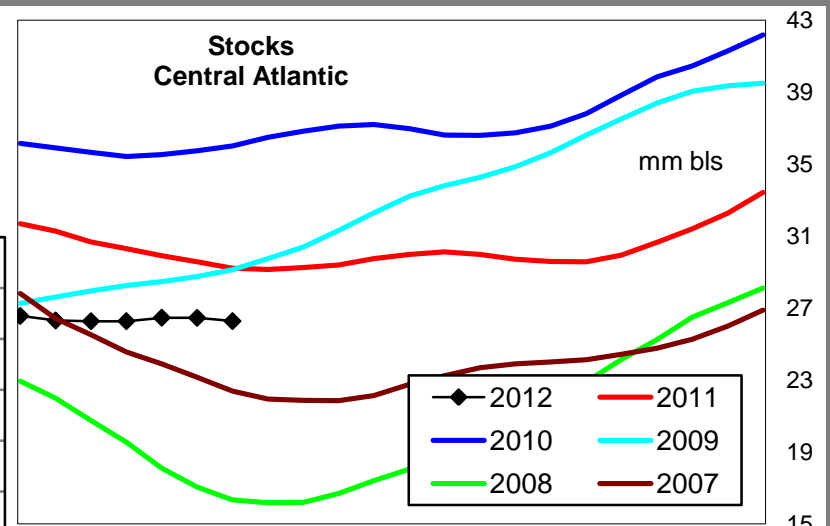
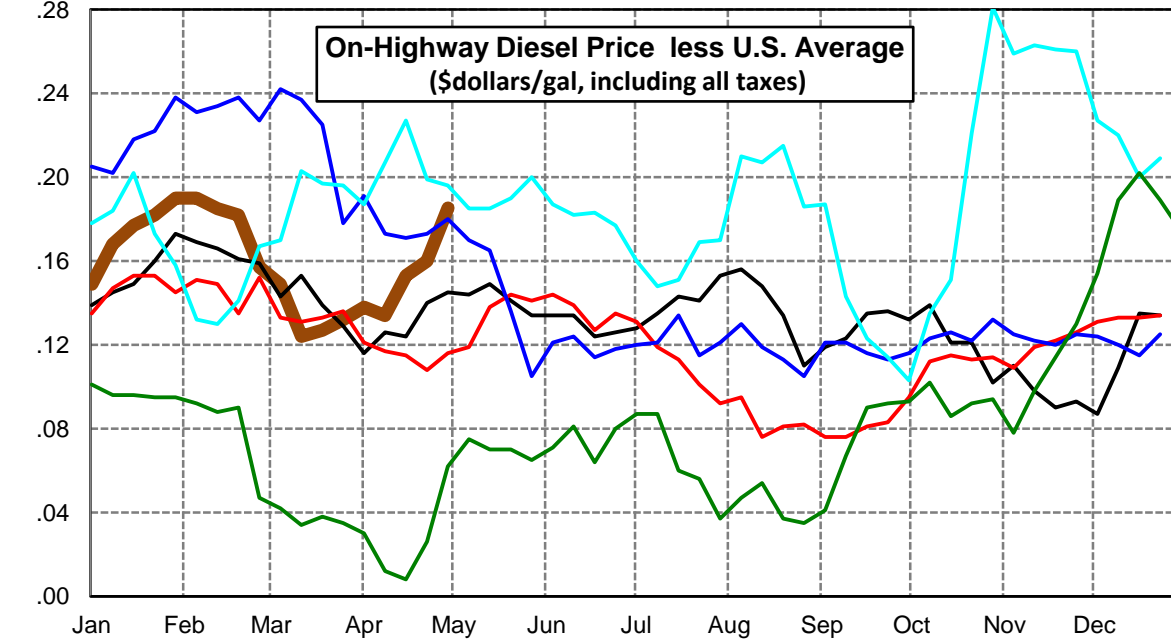
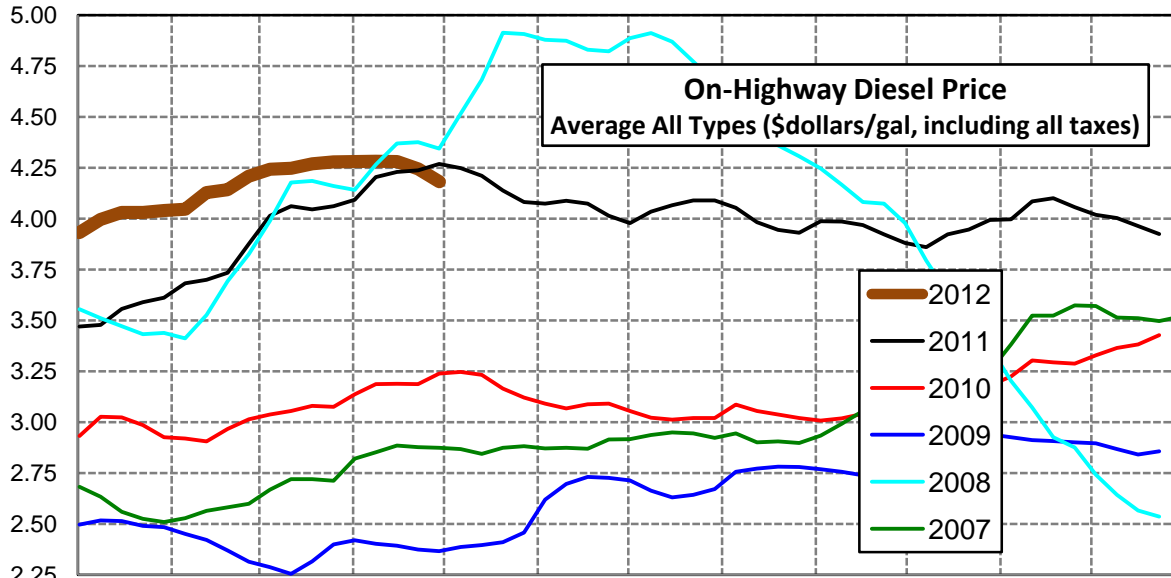
### Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	09Apr12	16Apr12	23Apr12	30Apr12	
<b>Lower Atlantic</b>	\$4.106	\$4.091	\$4.050	<b>\$4.023</b>	-\$0.027
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



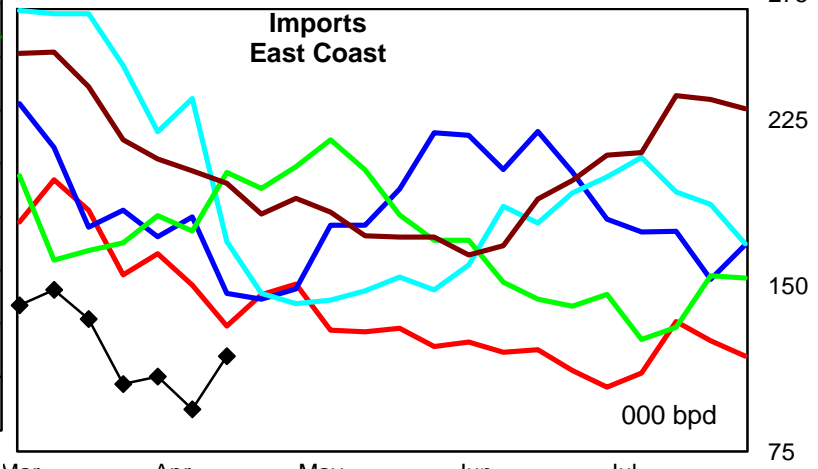
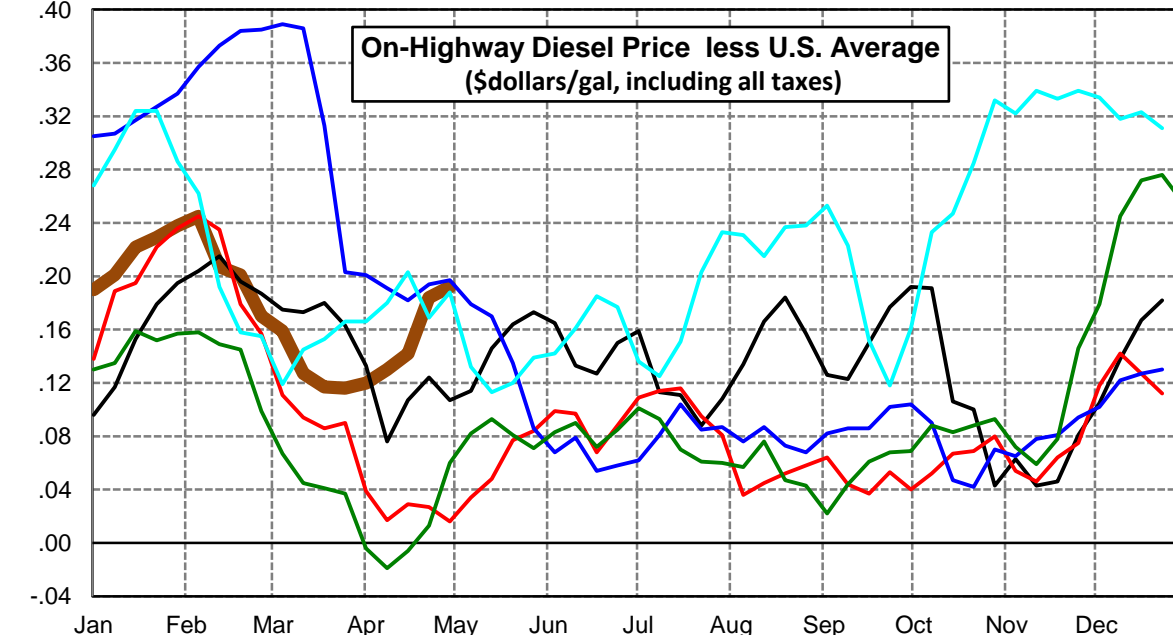
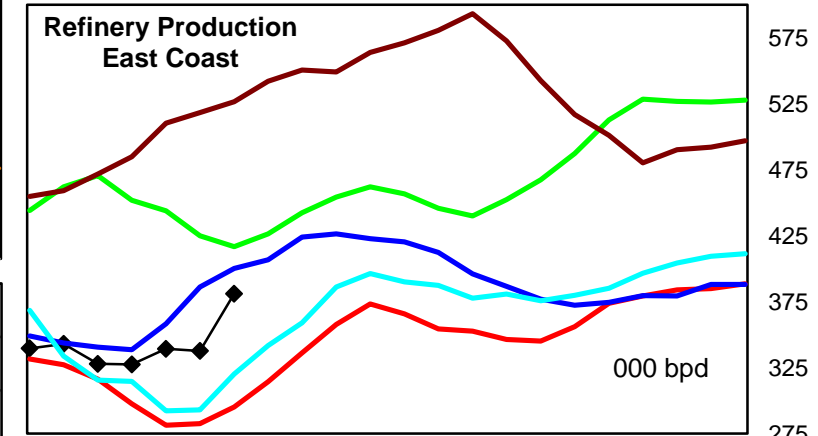
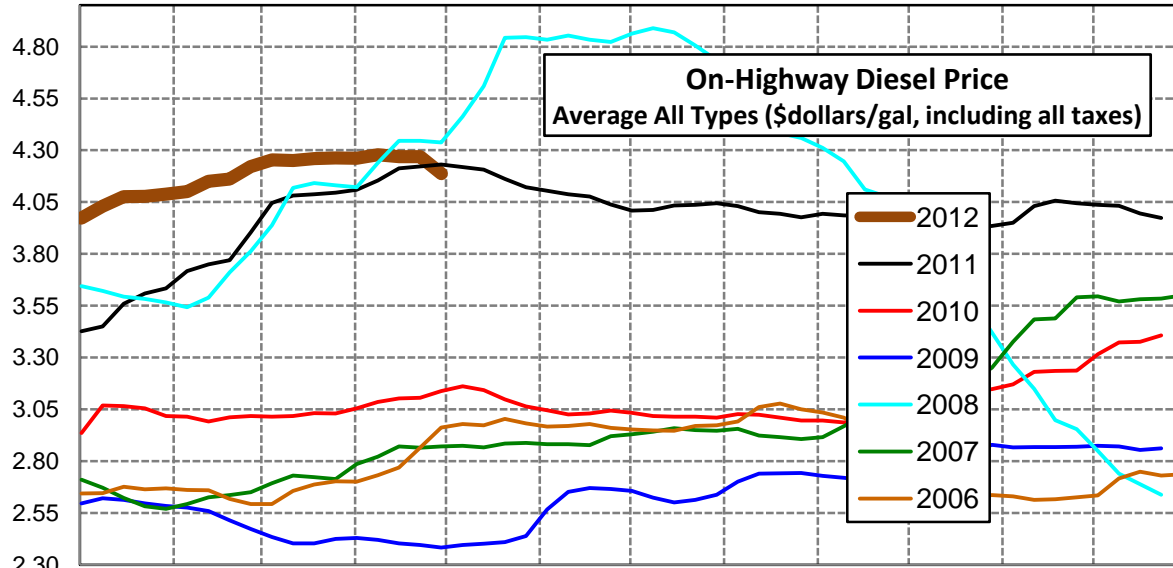
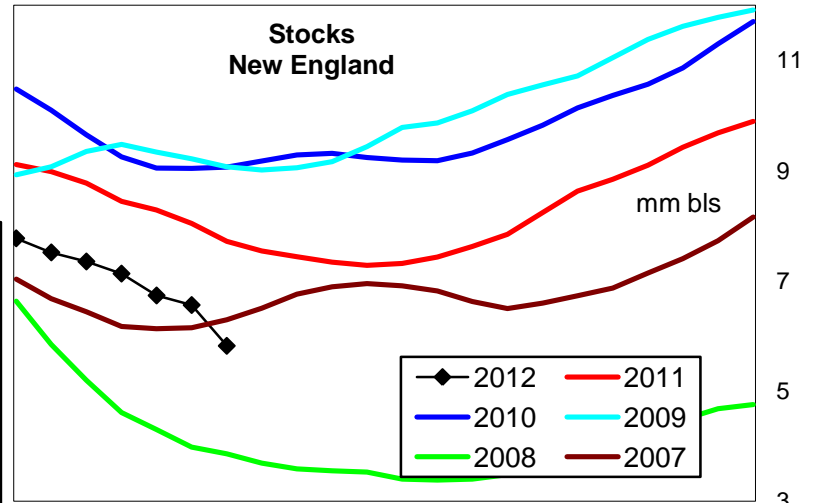
### Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	09Apr12	16Apr12	23Apr12	30Apr12	
<b>Central Atlantic</b>	\$4.282	\$4.280	\$4.245	<b>\$4.181</b>	-\$0.064
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



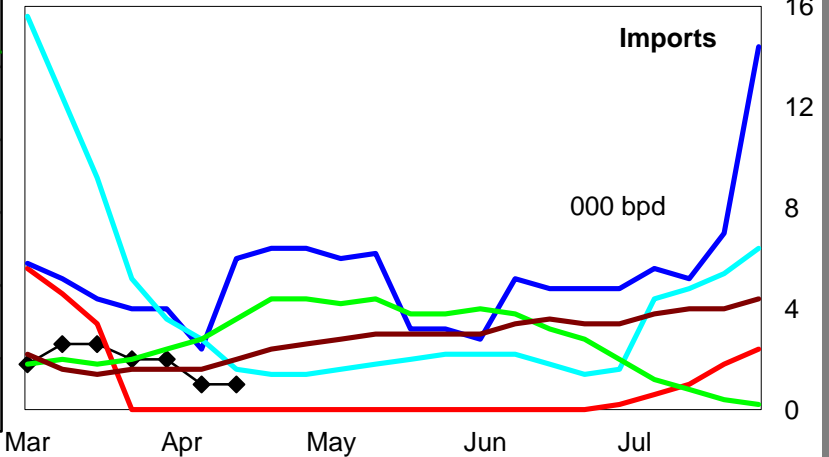
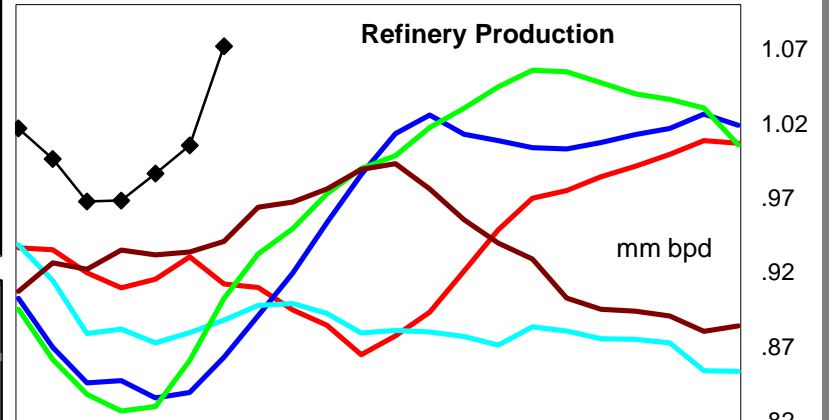
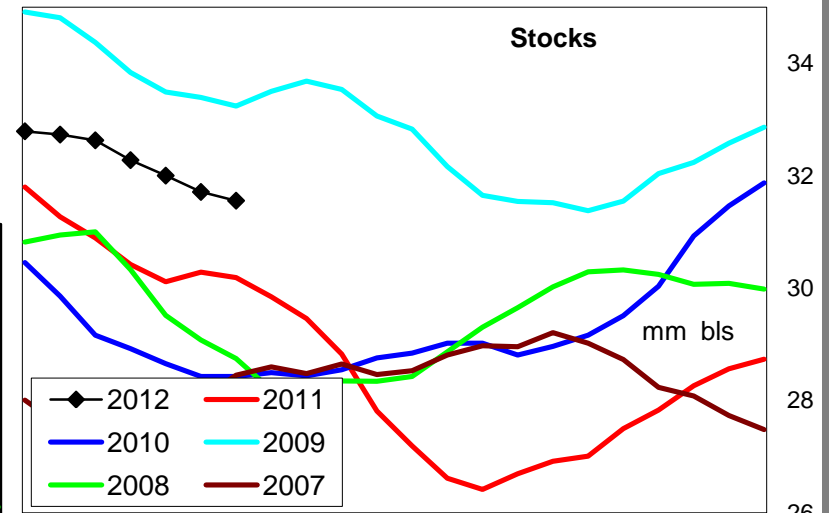
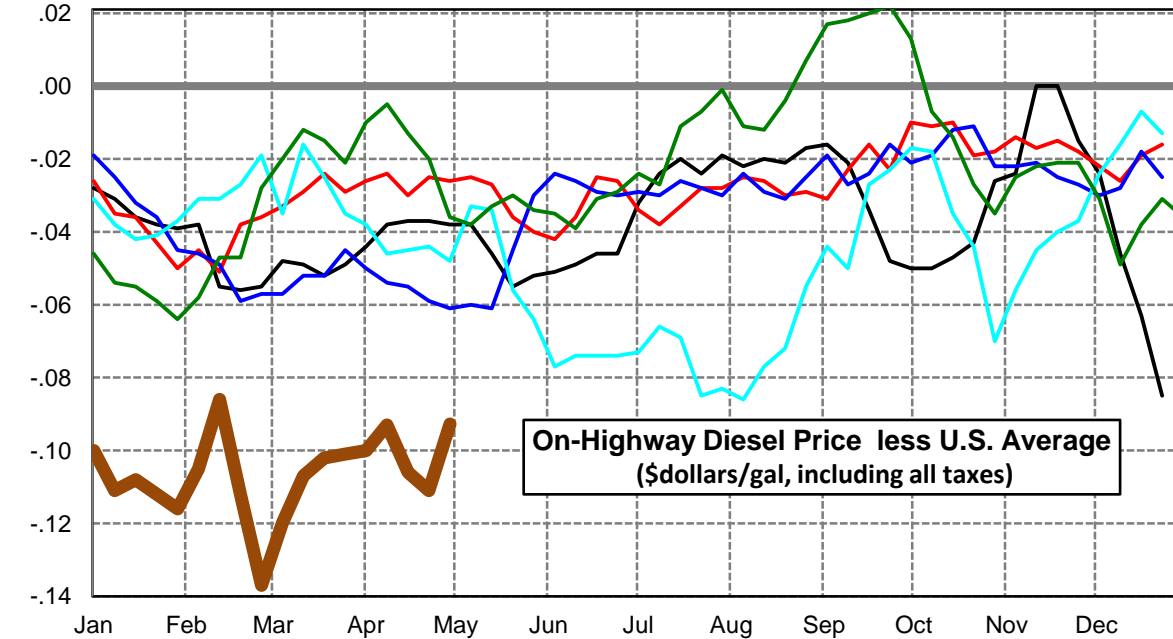
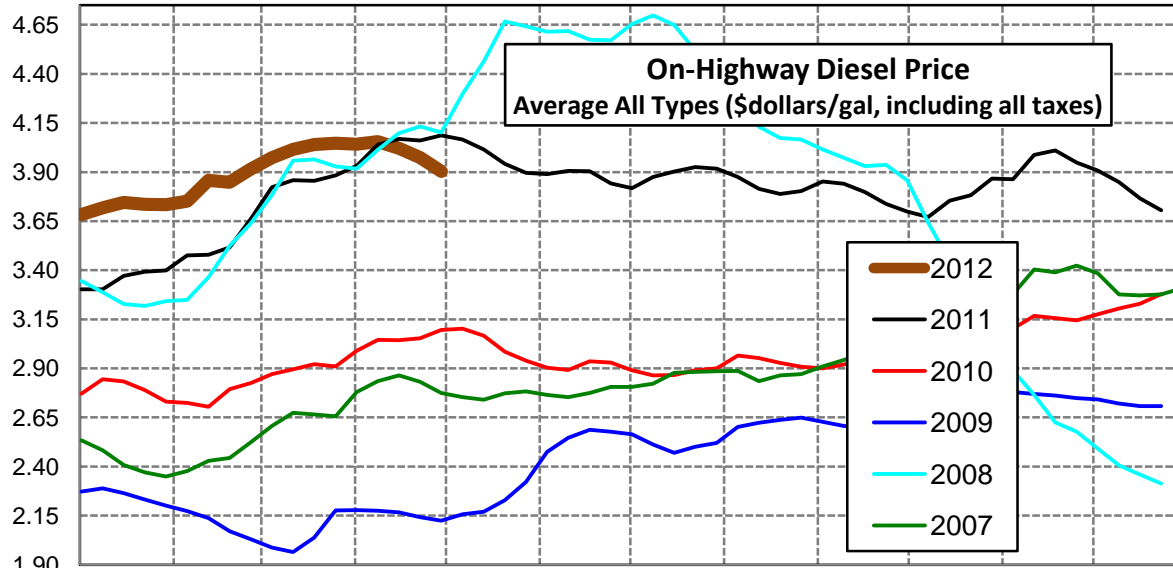
### New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	09Apr12	16Apr12	23Apr12	30Apr12	
<b>New England</b>	\$4.278	\$4.269	\$4.269	<b>\$4.188</b>	-\$0.081
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



### Midwest Diesel Supply Fundamentals and On-Highway Price Trends

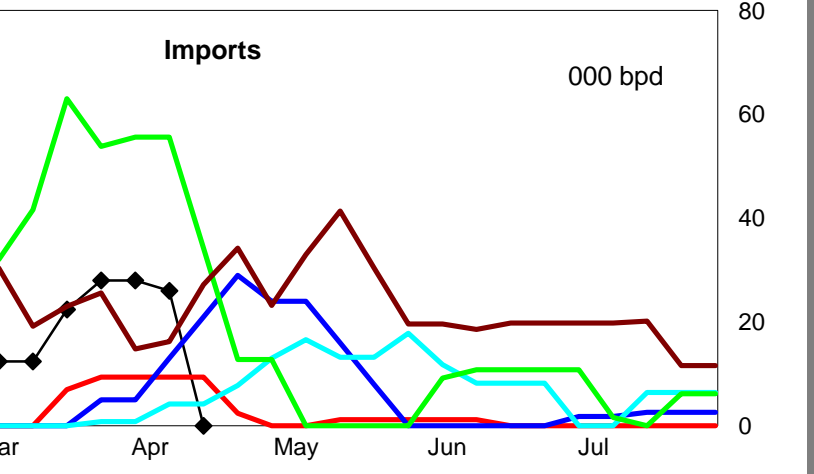
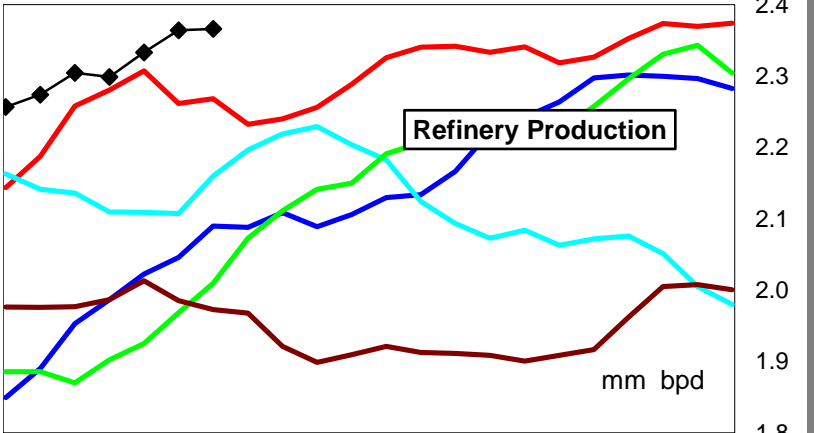
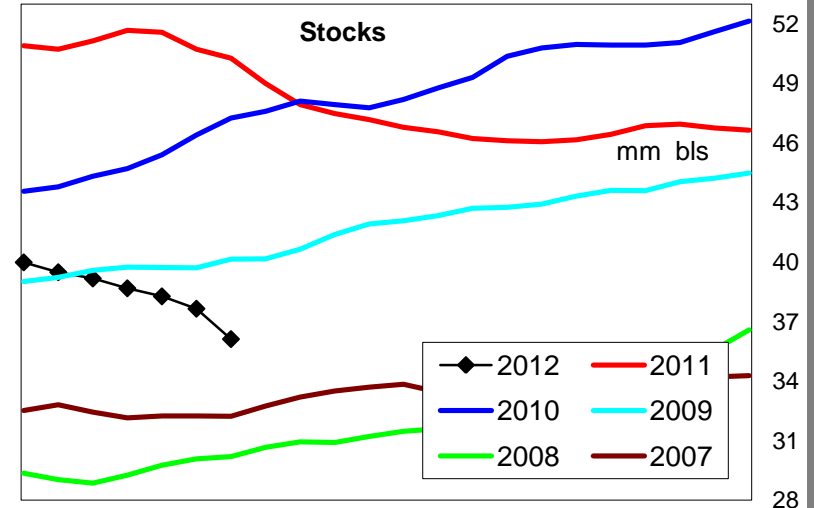
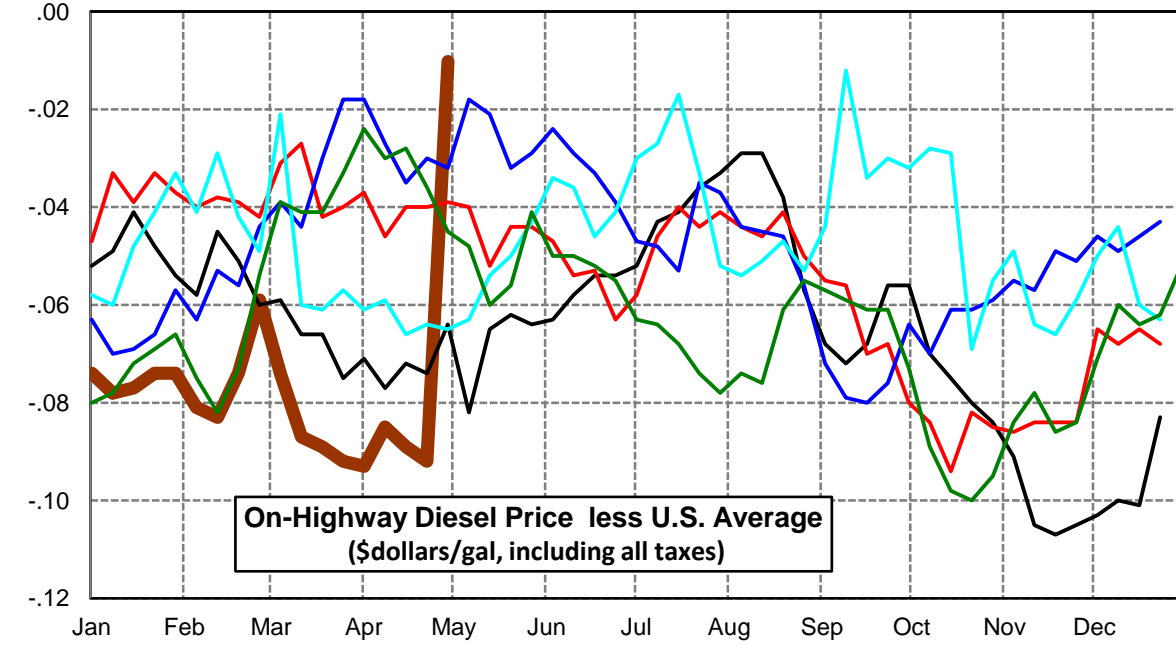
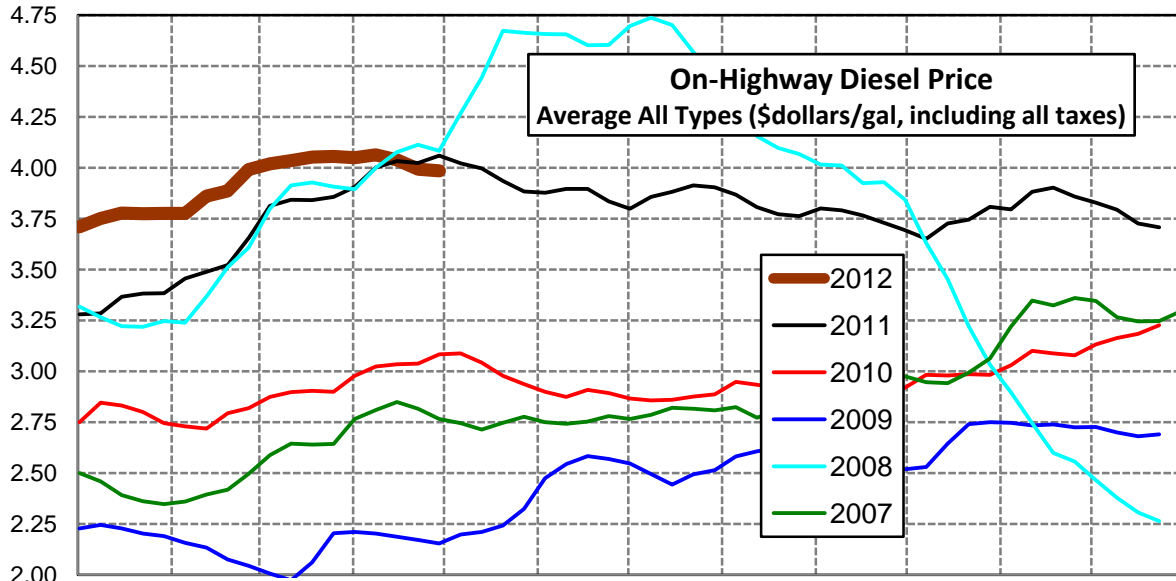
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	09Apr12	16Apr12	23Apr12	30Apr12	
<b>Midwest</b>	\$4.055	\$4.021	\$3.974	<b>\$3.903</b>	-\$0.071
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





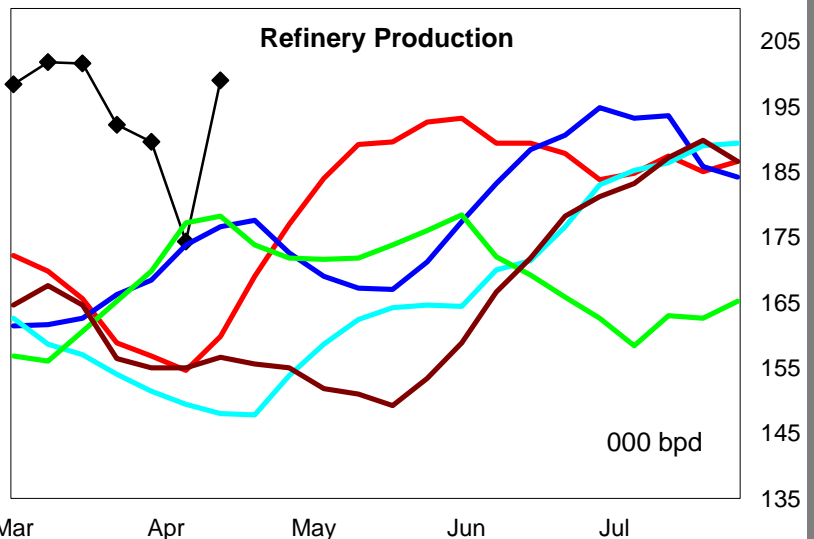
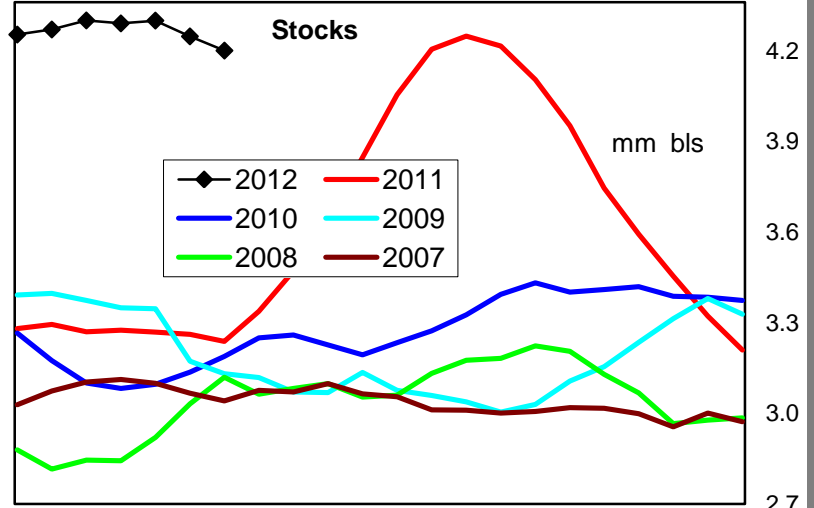
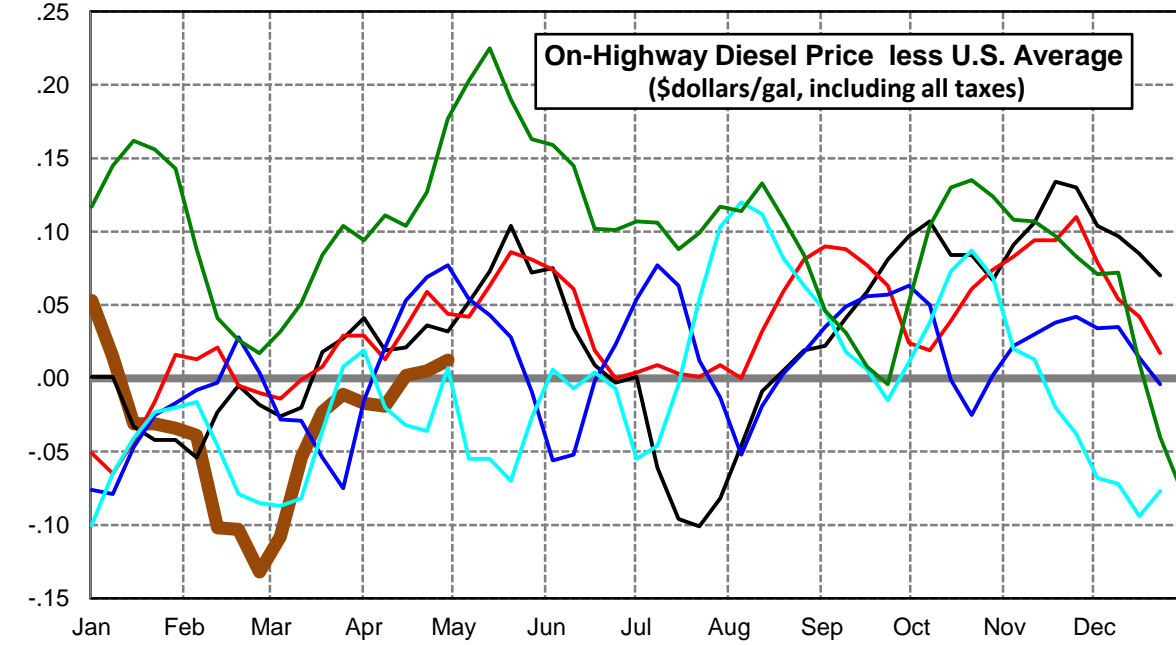
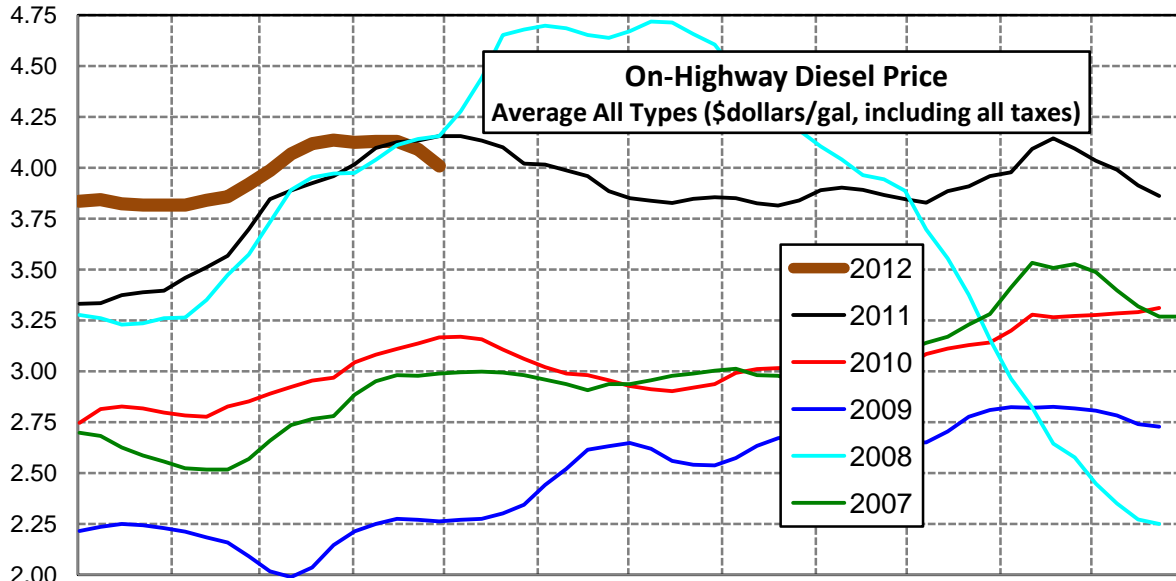
### Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	09Apr12	16Apr12	23Apr12	30Apr12	
<b>Gulf Coast</b>	\$4.063	\$4.038	\$3.993	<b>\$3.985</b>	-\$0.008
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



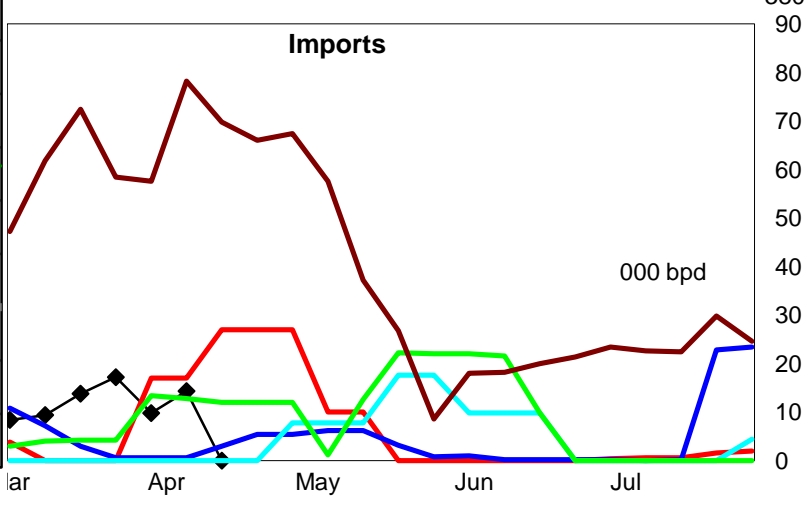
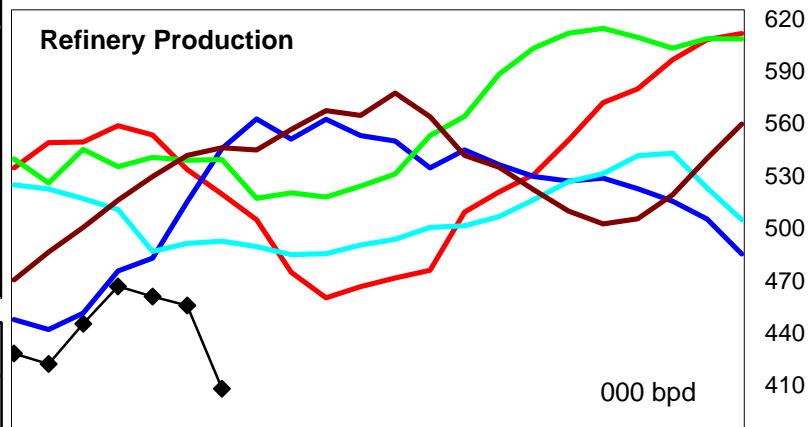
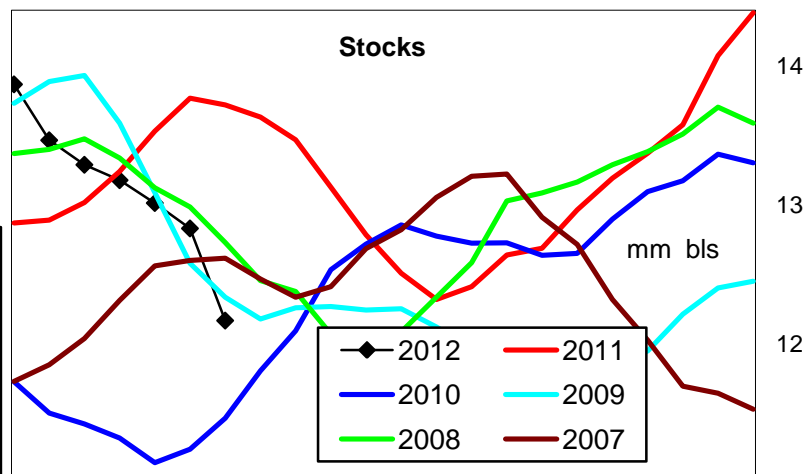
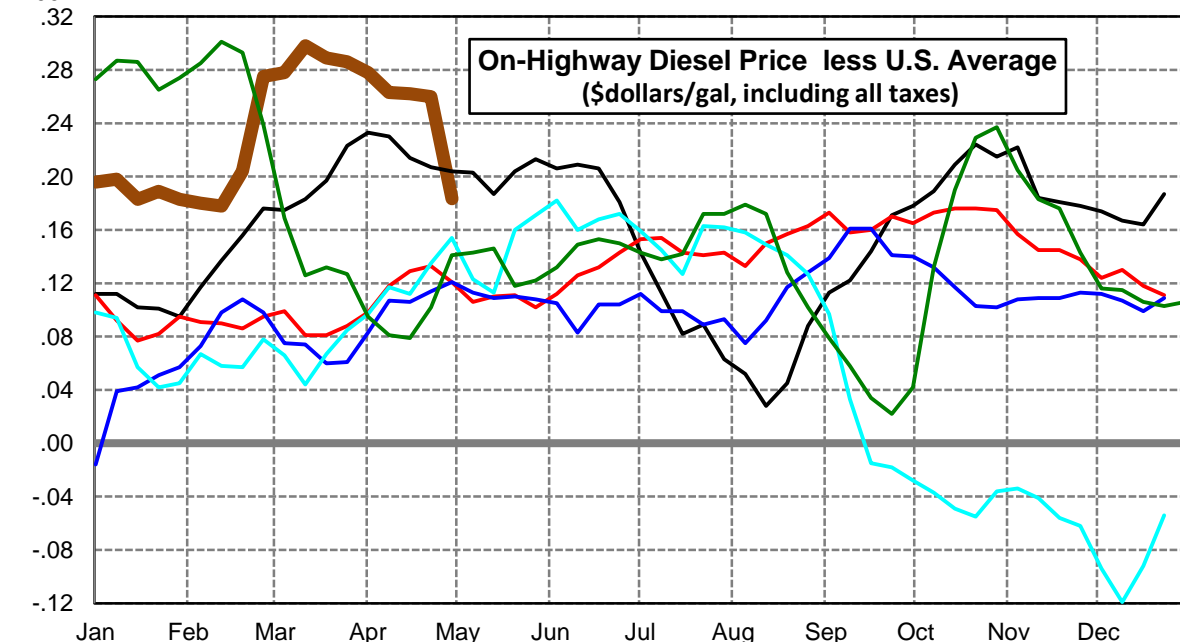
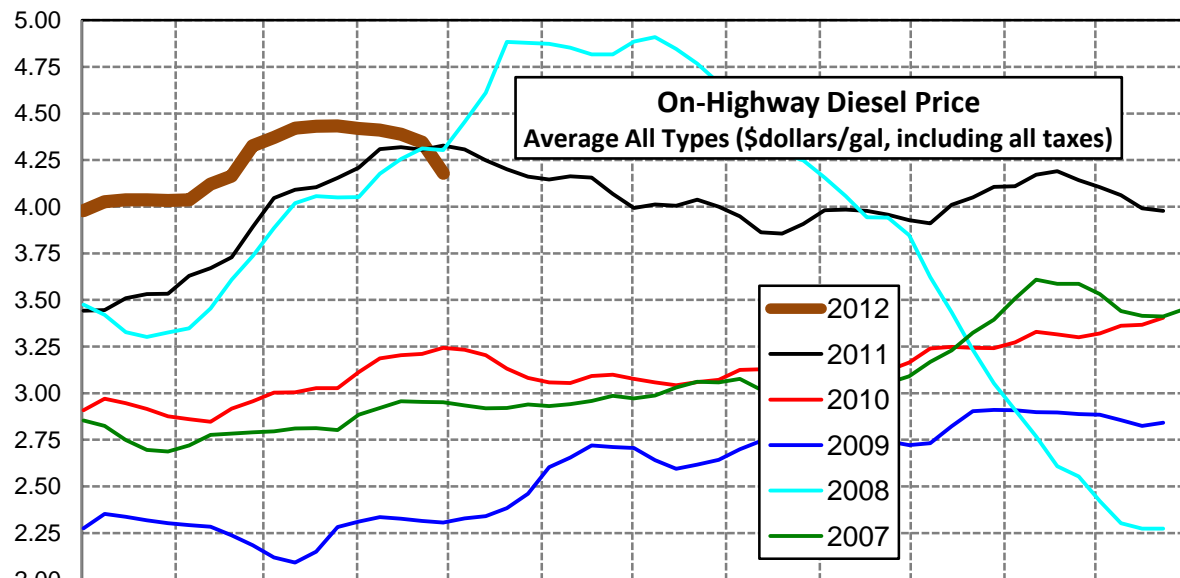
### Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	09Apr12	16Apr12	23Apr12	30Apr12	
<b>Rocky Mountain</b>	\$4.129	\$4.129	\$4.090	<b>\$4.008</b>	-\$0.082
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



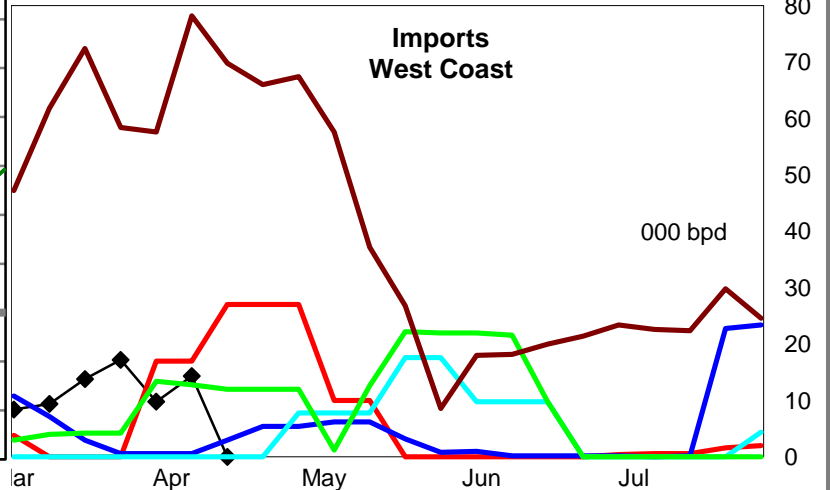
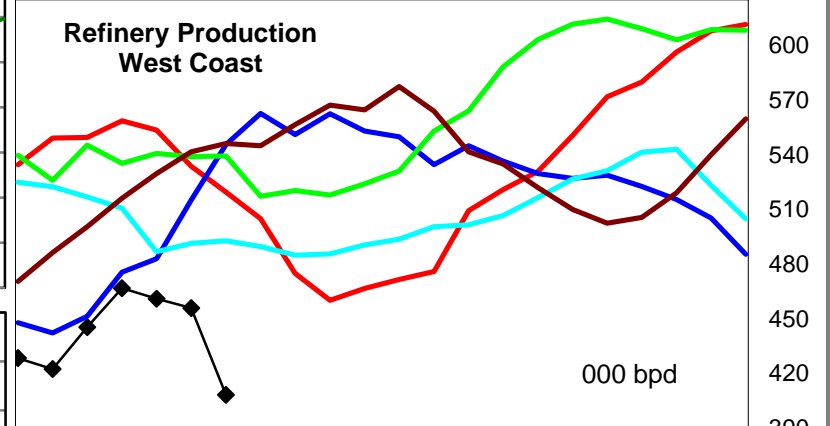
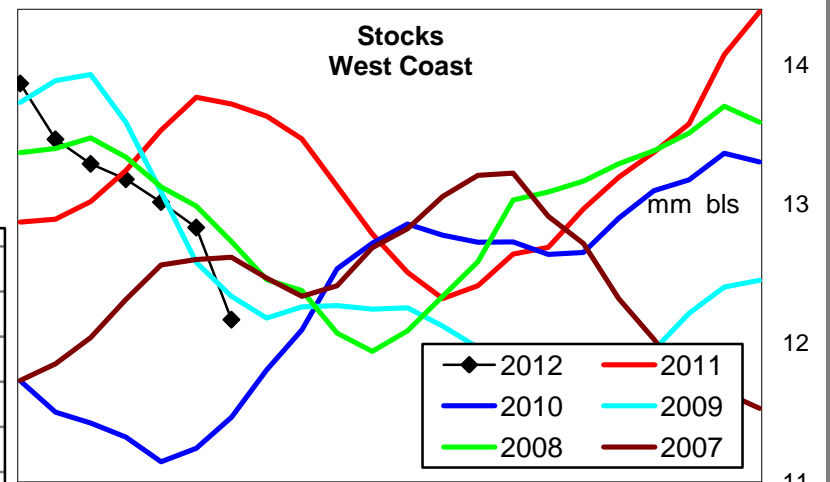
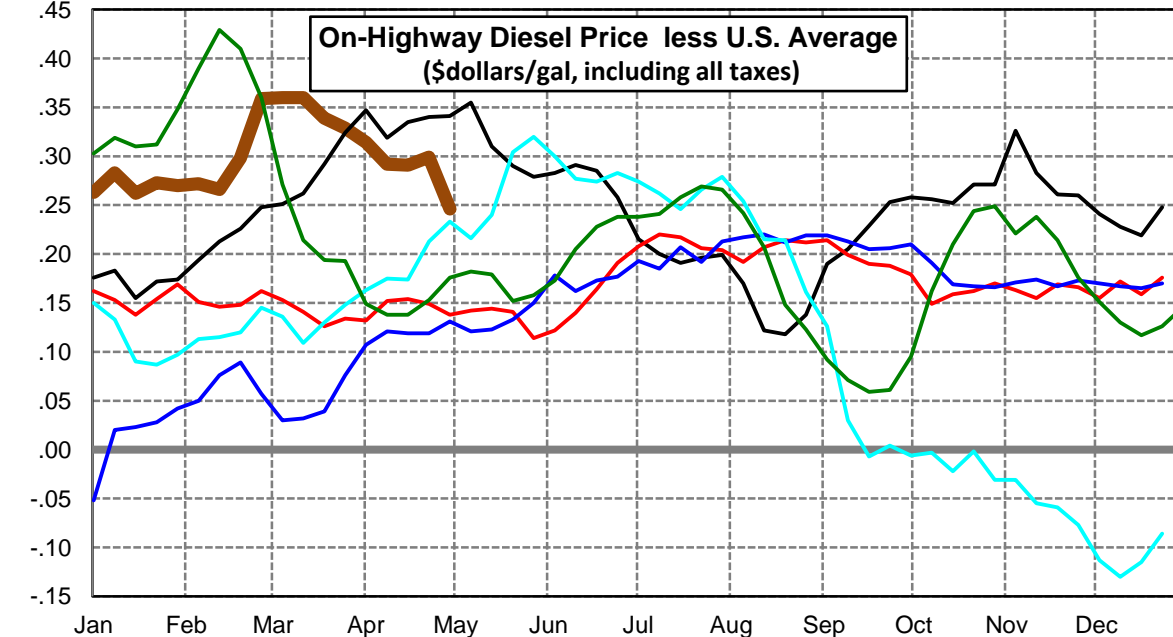
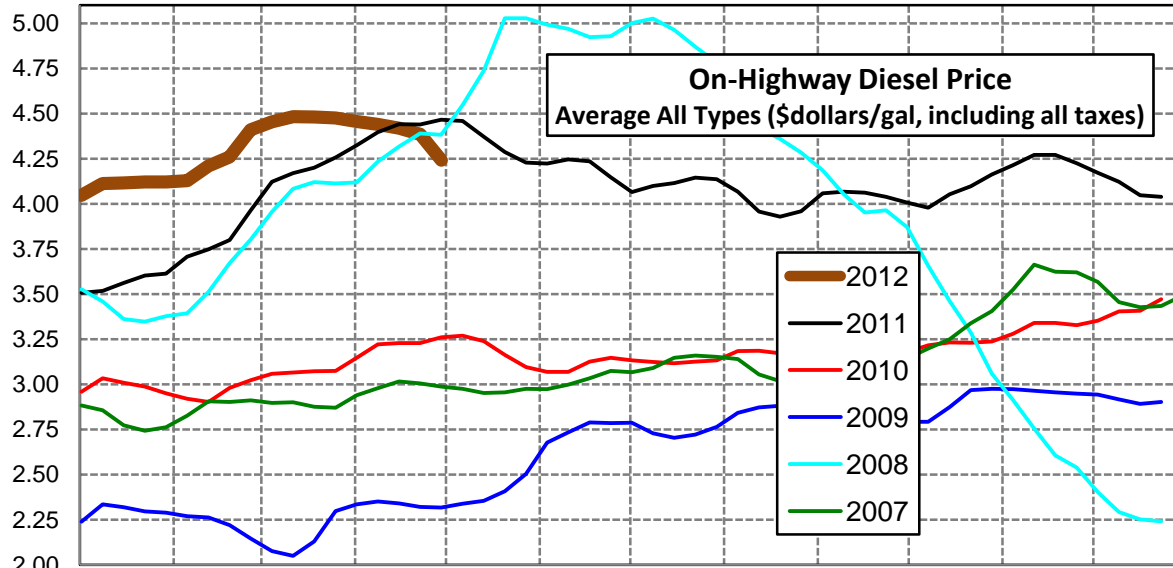
### West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	09Apr12	16Apr12	23Apr12	30Apr12	
<b>West Coast</b>	\$4.411	\$4.389	\$4.345	<b>\$4.179</b>	-\$0.166
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
	09Apr12	16Apr12	23Apr12	30Apr12	
<b>California</b>	\$4.440	\$4.418	\$4.384	<b>\$4.242</b>	-\$0.142
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-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	3.828	3.873	3.995	3.963	3.783	3.765	3.727	3.913	3.992	4.047
Mon-26-Dec-11	3.791	3.840	3.973	3.925	3.752	3.706	3.708	3.861	3.978	4.039
Mon-02-Jan-12	3.783	3.844	3.973	3.932	3.754	3.683	3.709	3.836	3.979	4.046
Mon-09-Jan-12	3.828	3.908	4.029	3.996	3.820	3.717	3.750	3.843	4.026	4.111
Mon-16-Jan-12	3.854	3.943	4.076	4.031	3.853	3.746	3.777	3.823	4.037	4.116
Mon-23-Jan-12	3.848	3.938	4.077	4.030	3.843	3.736	3.774	3.817	4.037	4.121
Mon-30-Jan-12	3.850	3.945	4.088	4.040	3.848	3.734	3.776	3.816	4.033	4.120
Mon-06-Feb-12	3.856	3.948	4.101	4.046	3.846	3.751	3.775	3.817	4.036	4.128
Mon-13-Feb-12	3.943	4.028	4.150	4.128	3.930	3.857	3.860	3.841	4.121	4.209
Mon-20-Feb-12	3.960	4.053	4.161	4.142	3.966	3.848	3.886	3.857	4.164	4.258
Mon-27-Feb-12	4.051	4.134	4.221	4.208	4.063	3.914	3.992	3.919	4.326	4.410
Mon-05-Mar-12	4.094	4.167	4.253	4.243	4.094	3.974	4.020	3.986	4.372	4.454
Mon-12-Mar-12	4.123	4.169	4.250	4.247	4.096	4.016	4.036	4.069	4.421	4.483
Mon-19-Mar-12	4.142	4.184	4.259	4.269	4.106	4.040	4.053	4.119	4.431	4.481
Mon-26-Mar-12	4.147	4.190	4.263	4.279	4.110	4.046	4.055	4.136	4.433	4.476
Mon-02-Apr-12	4.142	4.190	4.262	4.280	4.109	4.042	4.049	4.125	4.420	4.456
Mon-09-Apr-12	4.148	4.190	4.278	4.282	4.106	4.055	4.063	4.129	4.411	4.440
Mon-16-Apr-12	4.127	4.181	4.269	4.280	4.091	4.021	4.038	4.129	4.389	4.418
Mon-23-Apr-12	4.085	4.146	4.269	4.245	4.050	3.974	3.993	4.090	4.345	4.384
Mon-30-Apr-12	3.996	4.074	4.188	4.181	4.023	3.903	3.985	4.008	4.179	4.242



## 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.