



RETAIL DIESEL FUEL OUTLOOK

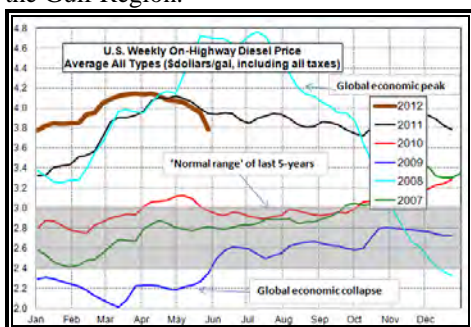
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, May 22, 2012

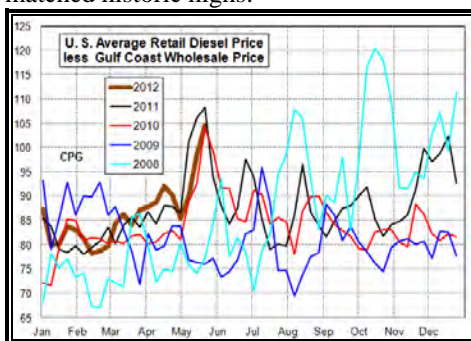
Region	Actual Price 1/			Forecast 2/	Change from week ago
	07May12	14May12	21May12	28May12	
U.S.	4.057	4.004	3.956	3.786	-0.170
East Coast	4.108	4.054	3.999	3.823	-0.176
New England	4.232	4.192	4.130	3.929	-0.201
Central Atlantic	4.194	4.135	4.079	3.928	-0.151
Lower Atlantic	4.021	3.969	3.916	3.747	-0.169
Midwest	3.962	3.897	3.854	3.742	-0.112
Gulf Coast	3.962	3.915	3.861	3.714	-0.147
Rocky Mountain	4.047	4.004	3.987	3.803	-0.184
West Coast	4.312	4.277	4.233	3.941	-0.292
California	4.385	4.349	4.303	3.993	-0.310

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

Diesel Fuel Price Trends U. S. retail diesel prices decreased -4.8 cpg for the week ending 21May12. Prices decreased -5.5 cpg on the East Coast and -5.4 cpg in the Gulf Region.



The U.S. average retail diesel price compared to the Gulf Coast wholesale price increased +6.1 cpg week-on-week. The spread ended the week at a level that matched historic highs.



The national average on-highway price ended the week below the highs set in 2008 and 2011 for the period.

East and Gulf Coast markets saw the largest declines as refiners on the Gulf increased output to new record highs and exports slowed from the regions. Refinery maintenance in the Rockies and on the

West Coast continued to limit retail price declines. West Coast prices are again the highest in the country, \$4.23/gal last week while the Midwest at \$3.85/gal was the lowest.

Gulf Coast wholesale distillate prices extended the sharp decline, falling -7 cpg during the week ending 21May12. Gulf wholesale prices ended the week at levels not seen since late December 2011.

U.S. average retail prices are now +24 cpg above the lows set in early October 2011. The spread between retail and wholesale spot prices jumped last week, to levels matching record highs for the week.



The spread between Gulf wholesale and U.S. average retail prices increased to +105 cpg last week, more than +15 cpg above the average for the summer quarter. Look for retail prices to decline relative to wholesale prices over the next 30-days.

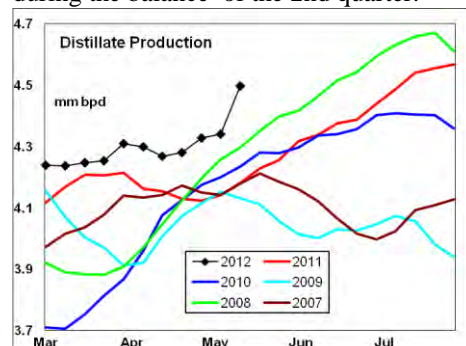
Supply - Demand Fundamental Trends

Distillate wholesale demand fell -309,000 bpd last week, to a level below the last 2-years. The latest 4-wk average demand was -17,000 bpd below a year ago. Since the end of the warmer than normal winter, year-on-year changes in demand have been small, pointing to more stable distillate usage in the country.

Supply increased +144,000 bpd last week on higher production as refiners returned from spring maintenance. Stocks declined -1 million barrels last week, a

smaller weekly decrease than has occurred most of the quarter.

The latest 4-wk stock draw in markets East of the Rockies was -6.5 million barrels, a record draw for the period. Extremely low imports and robust exports have led to recent record stock draws. Look for higher crude oil runs and distillate yields to lead to stock builds during the balance of the 2nd quarter.



Global Trends Driving Diesel Prices

Debt crisis among European banks, a primary source of global trade finance, has depressed global commodity prices. Risk that Greece may leave the European common currency, and how this may impact actions by larger countries including Spain and Portugal, has also depressed commodity prices. Government stimulus may have less impact to lift growth in China that in 2008-2009.

Some refineries closed last year in Europe are likely to be restarted with new financing.

These trends point to lower global growth in distillate demand, and some increase in supplies.

Diesel Price Outlook U. S. retail prices fell for the 6th consecutive week ending 21May12 and are forecast to decrease during the current week. 'Sticky' retail prices have limited the pace of decline compared to the larger fall in wholesale prices. Look for significant decreases in retail prices over the next 30-days as they 'catch-up' to wholesale price declines. The return to operation of West Coast refineries should lead to a greater than average decrease in that region.

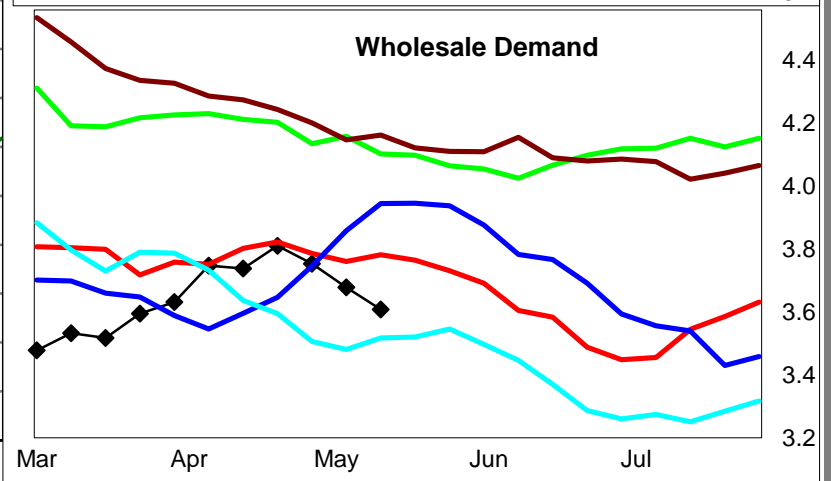
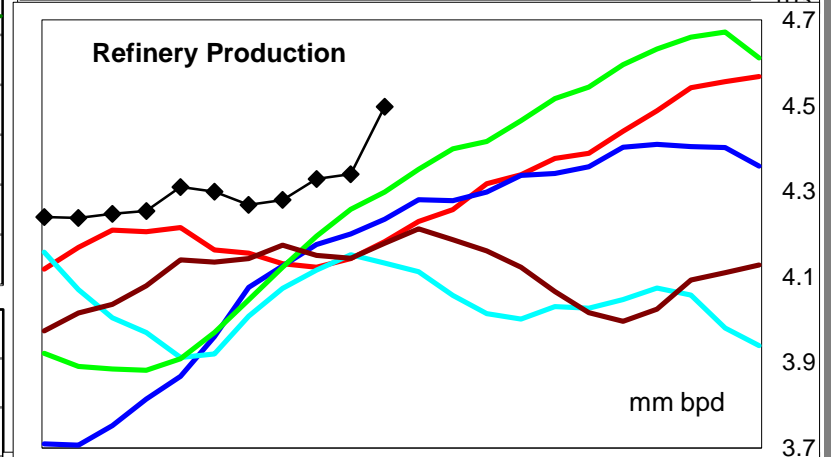
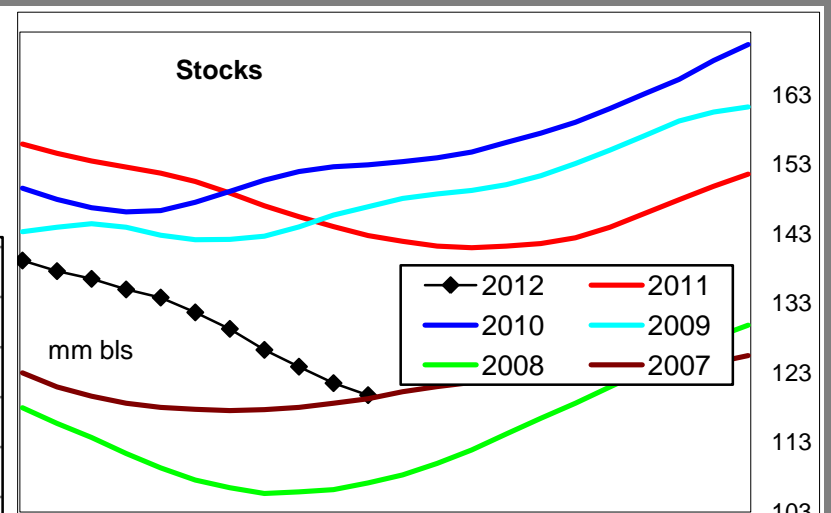
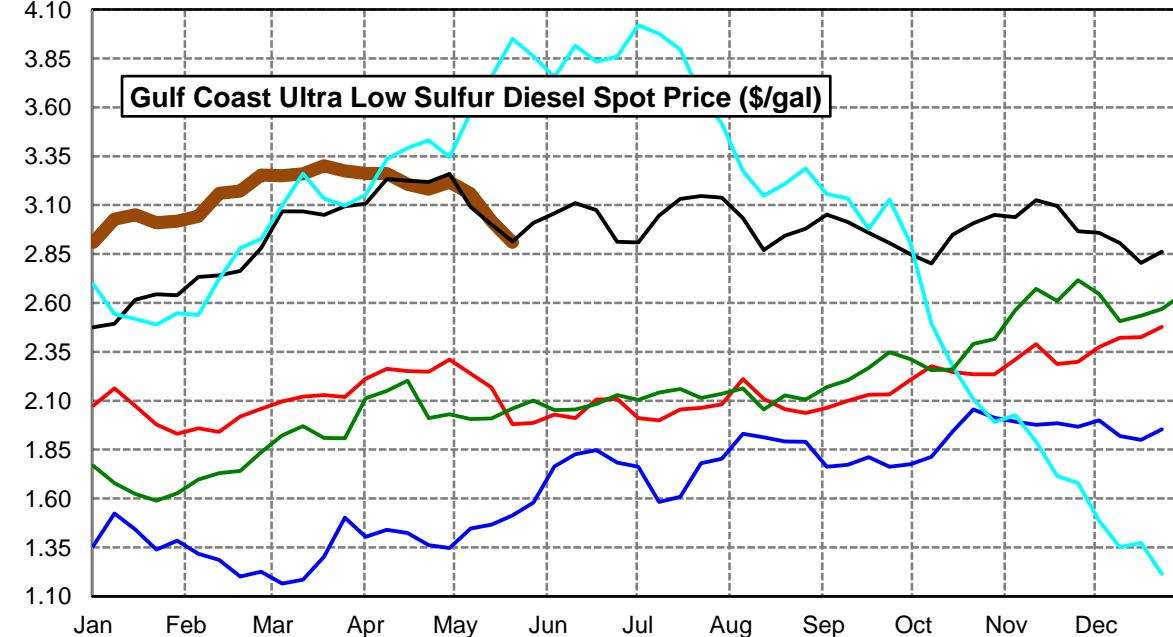
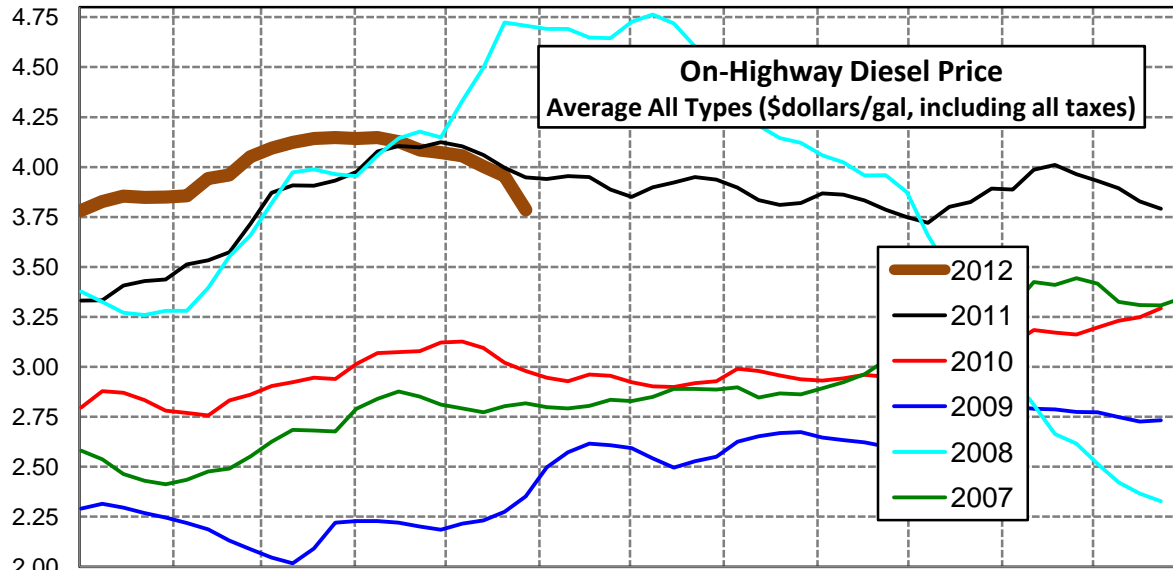
Improving global crude oil supplies are likely to place additional downward pressure on the over all energy complex.

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



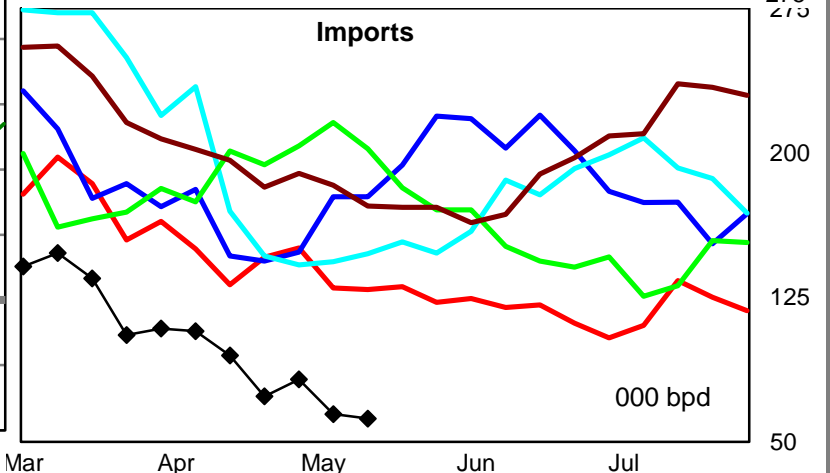
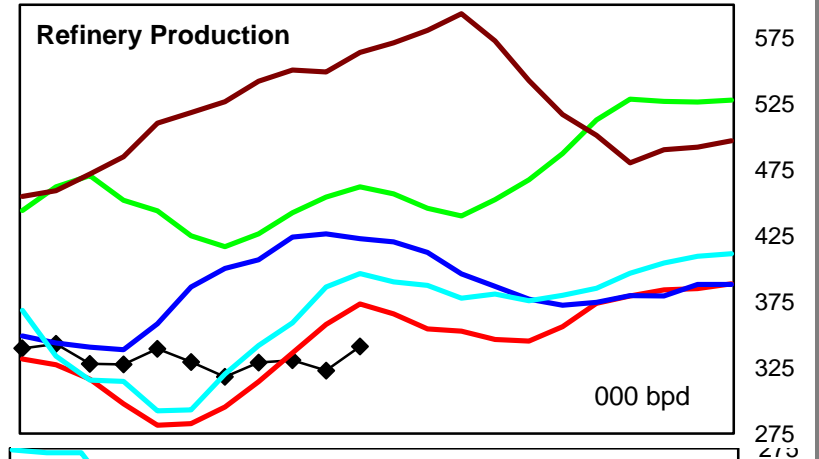
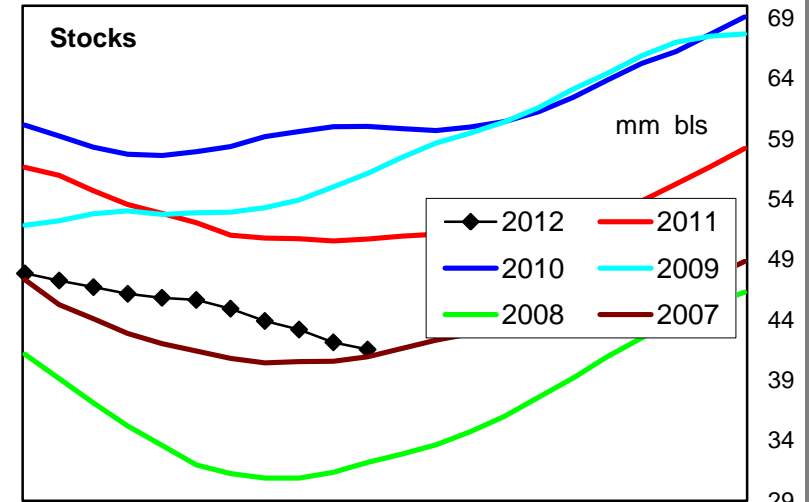
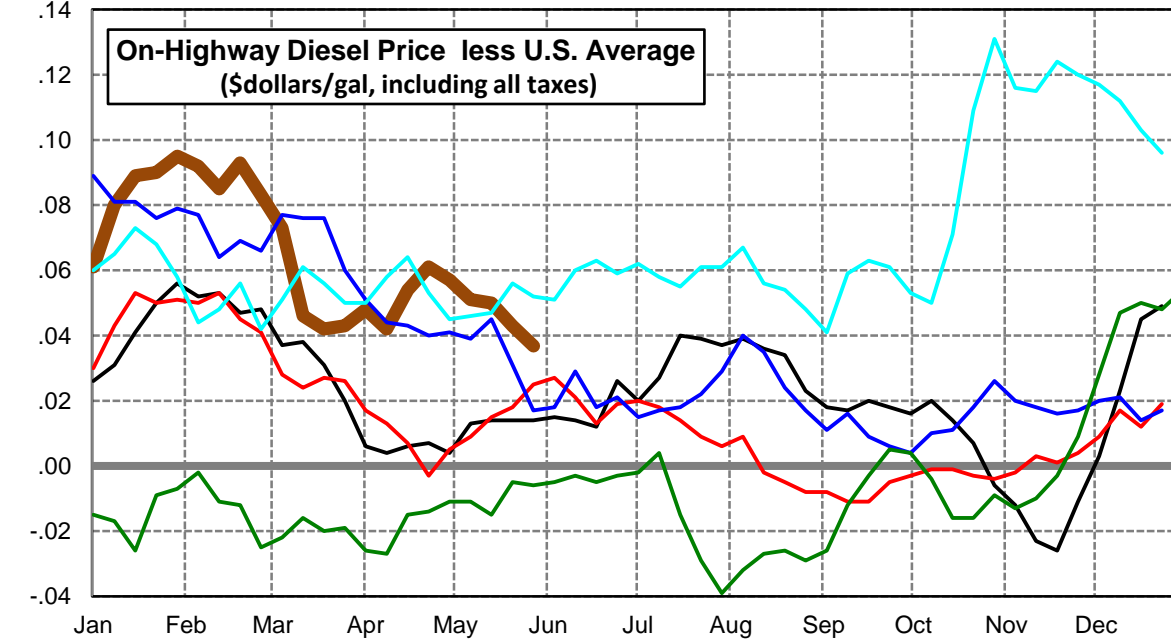
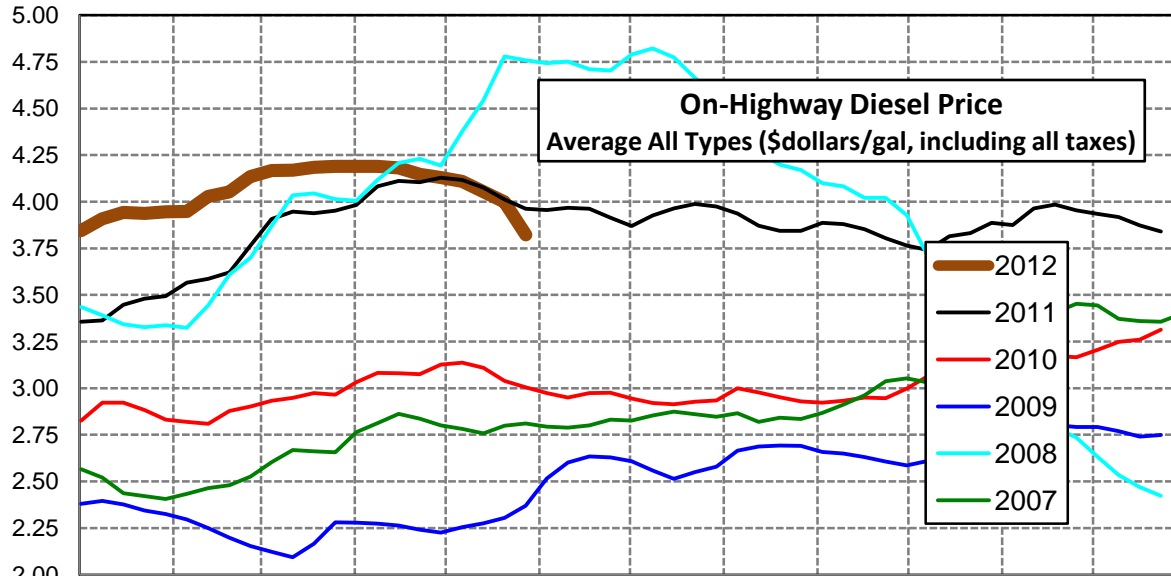
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07May12	14May12	21May12	28May12	
United States Avg	\$4.057	\$4.004	\$3.956	\$3.786	-\$0.170
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



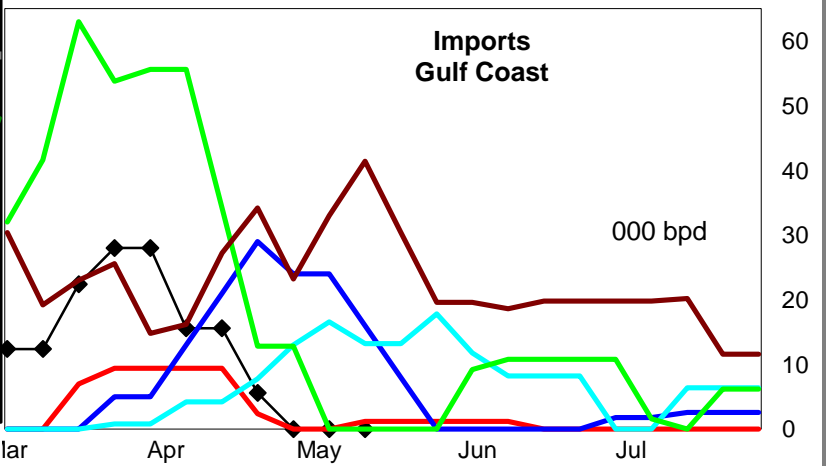
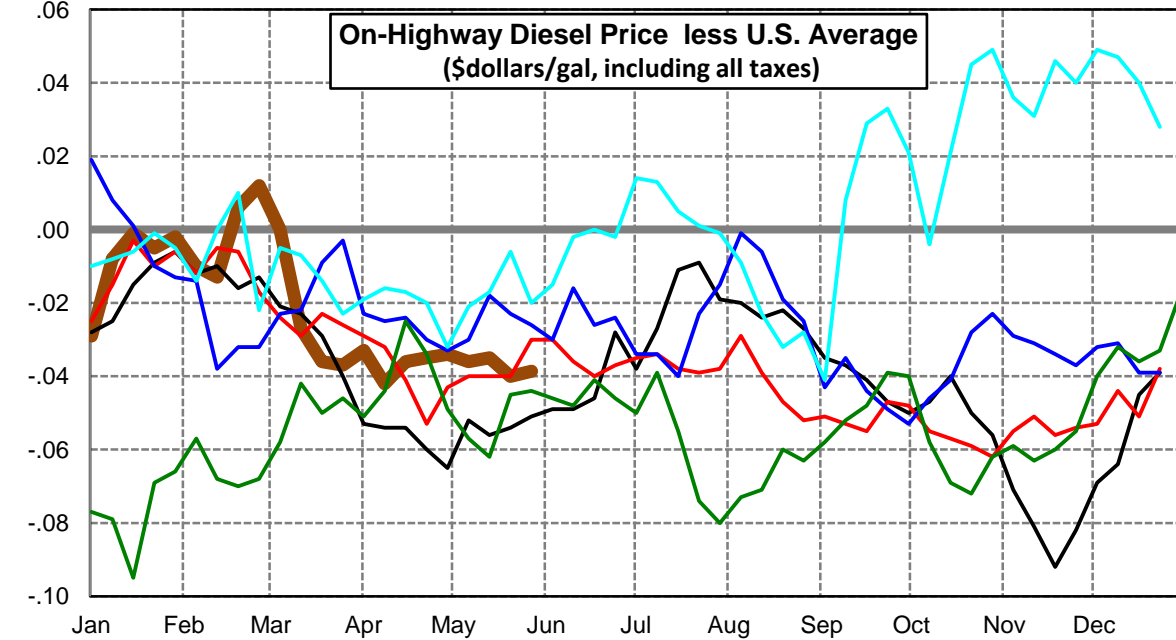
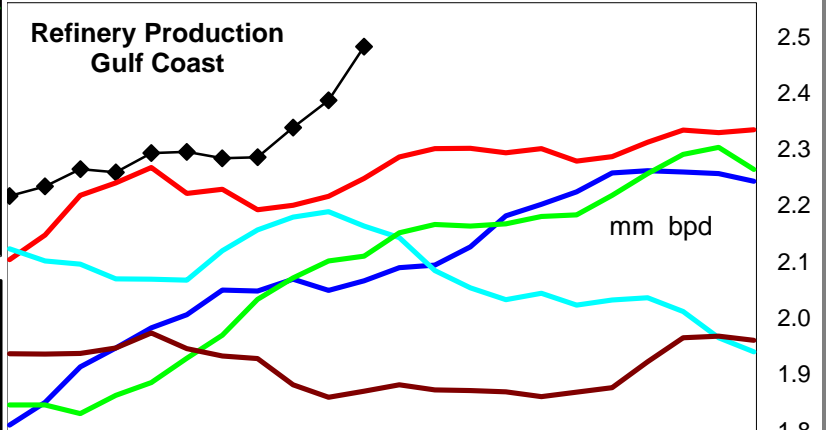
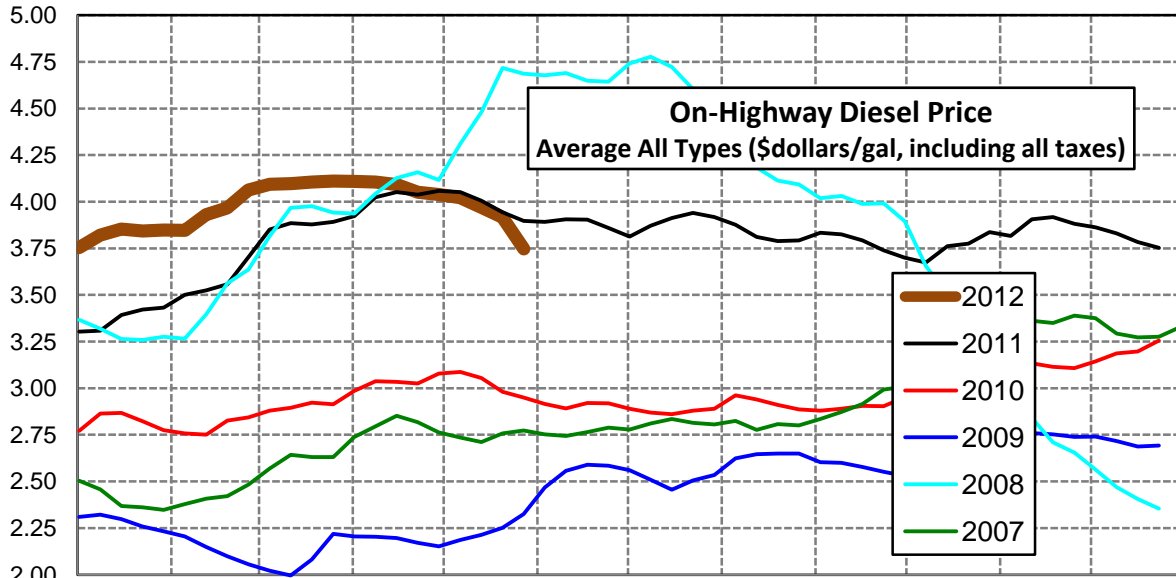
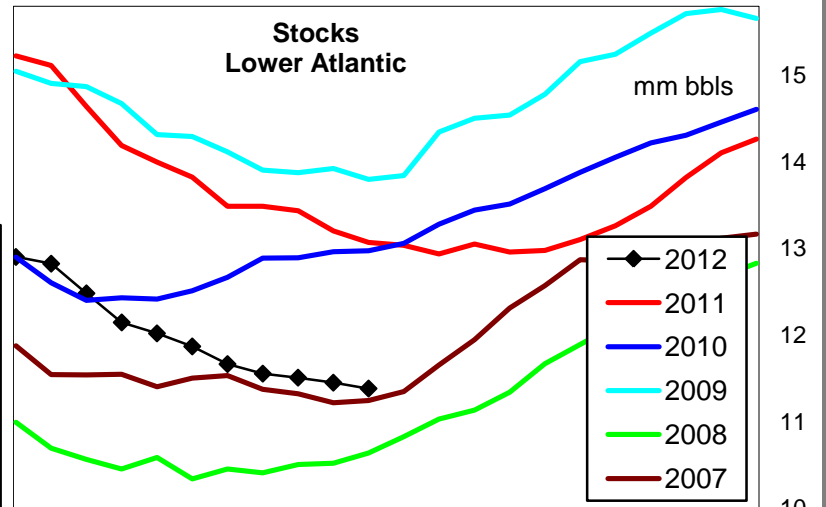
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07May12	14May12	21May12	28May12	
East Coast	\$4.108	\$4.054	\$3.999	\$3.823	-\$0.176
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



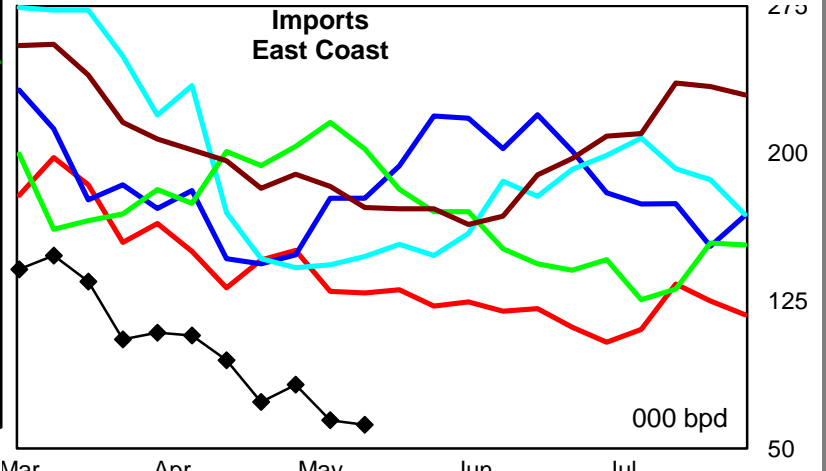
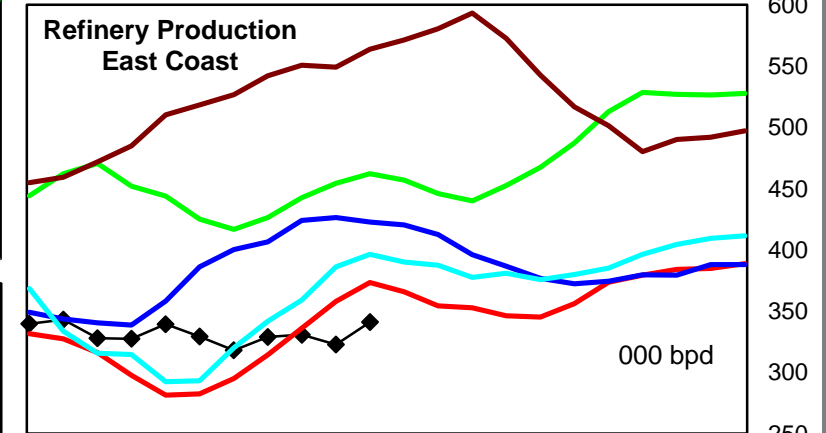
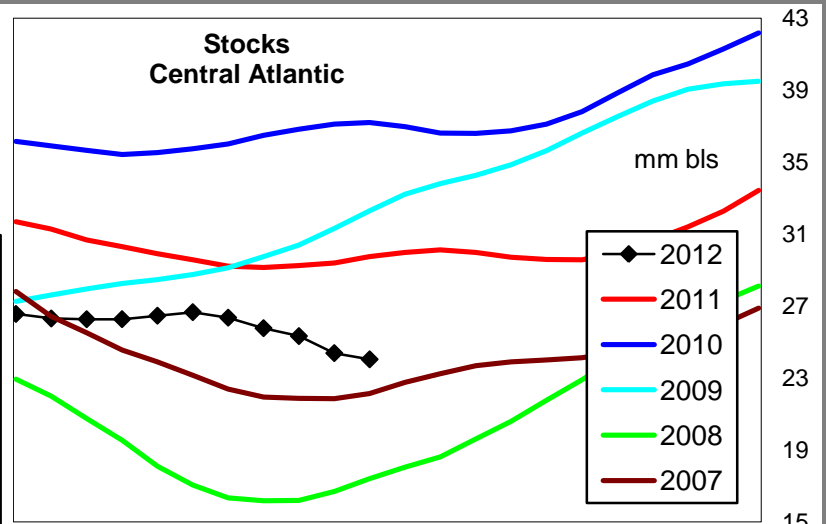
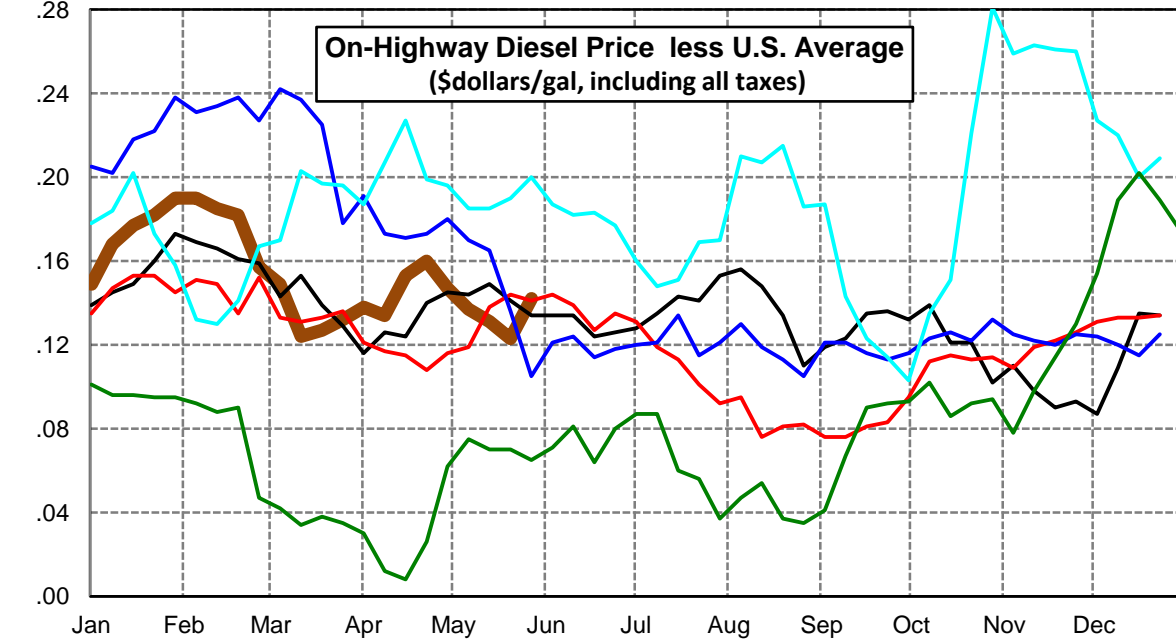
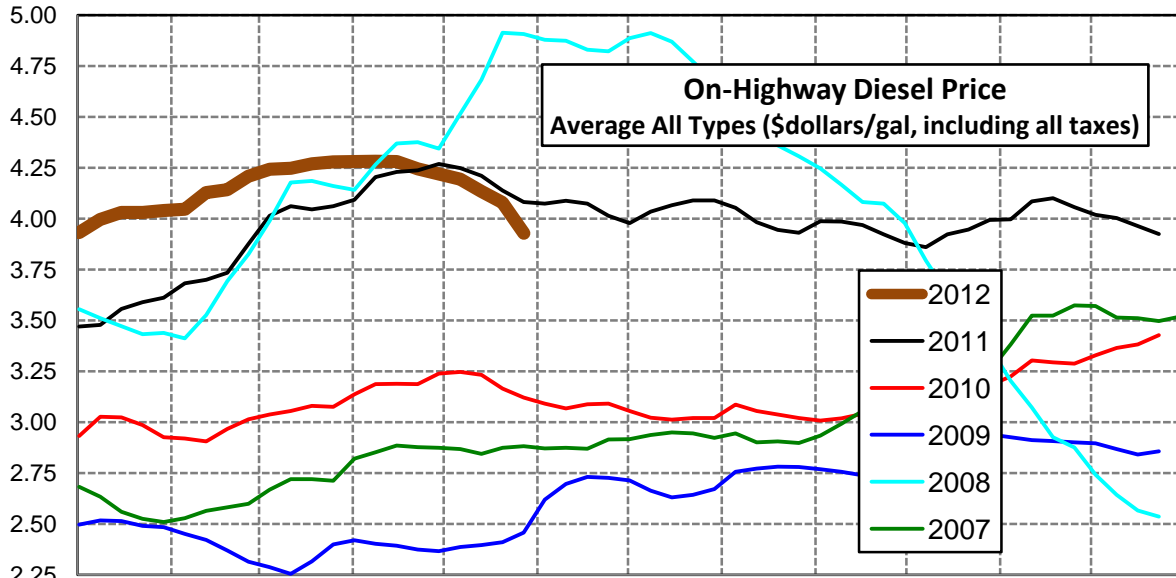
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07May12	14May12	21May12	28May12	
Lower Atlantic	\$4.021	\$3.969	\$3.916	\$3.747	-\$0.169
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



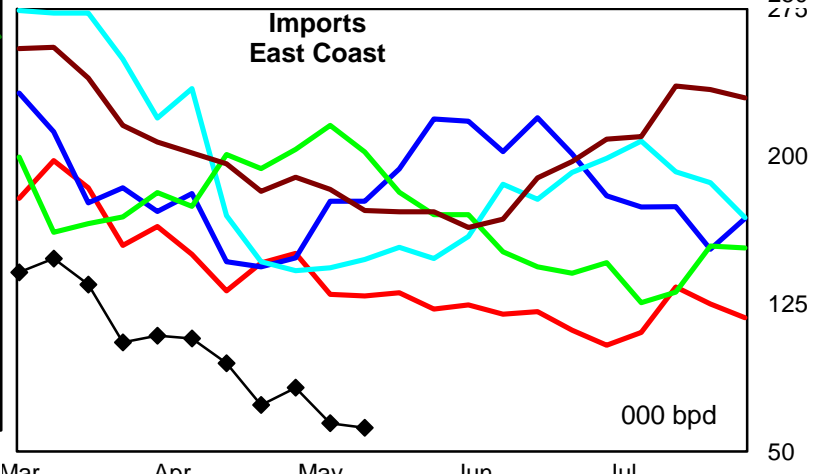
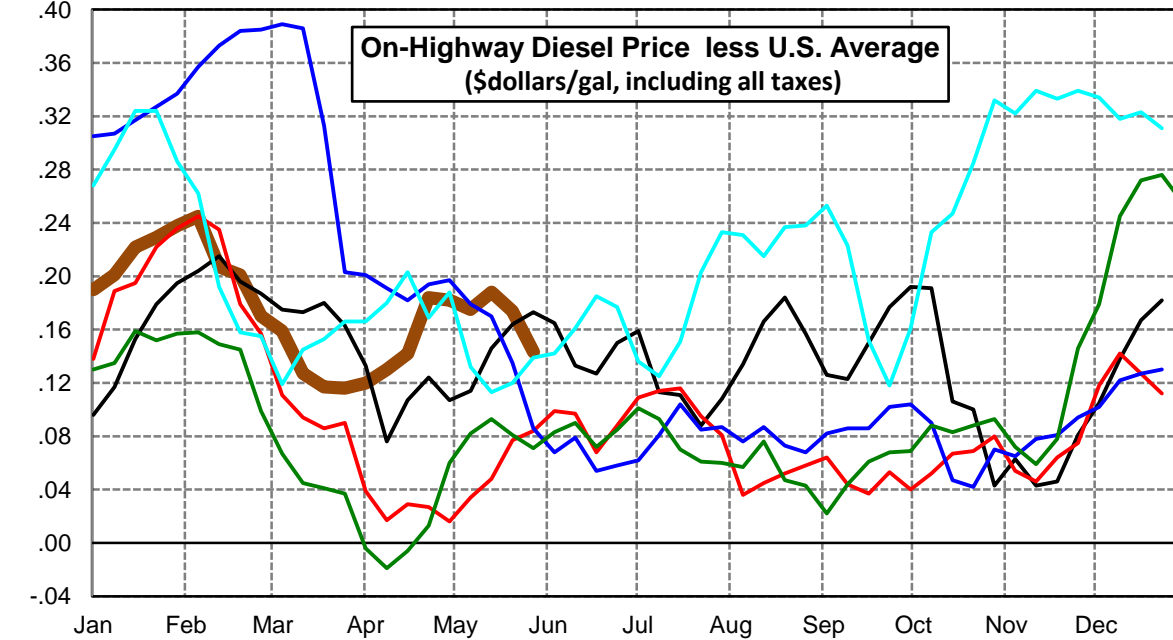
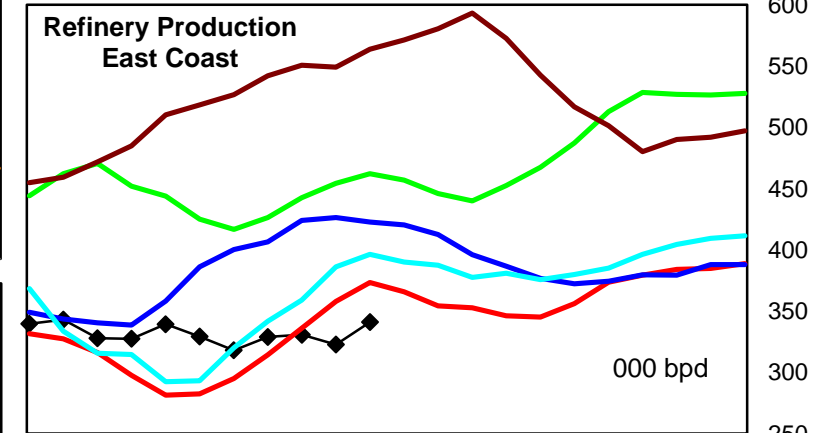
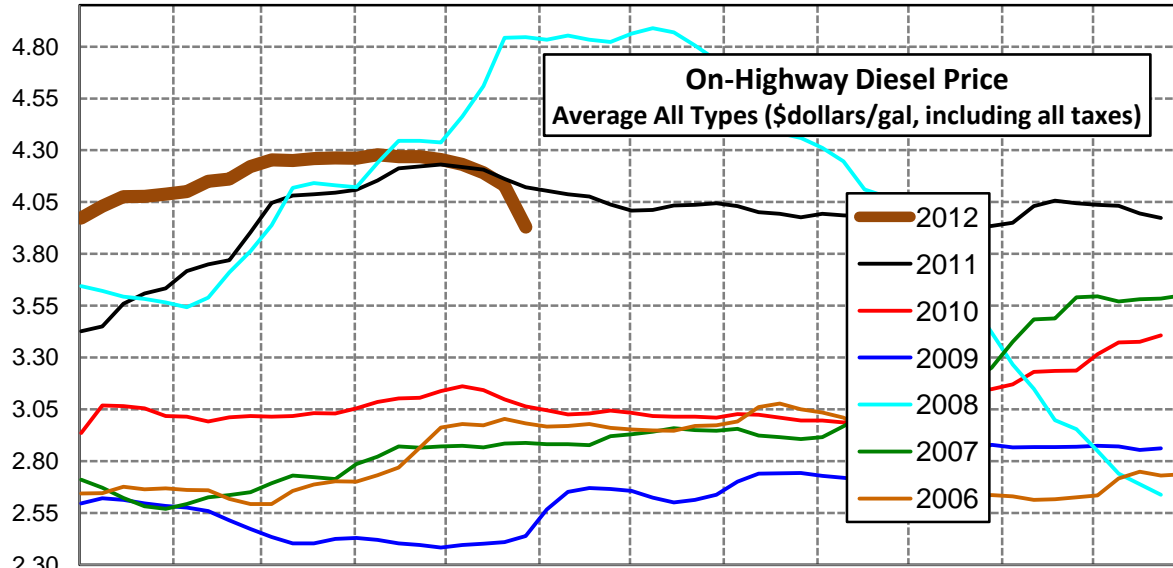
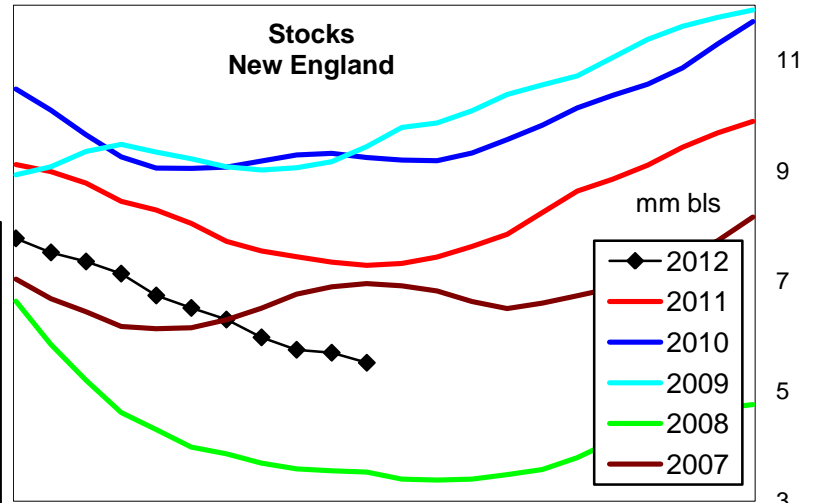
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07May12	14May12	21May12	28May12	
Central Atlantic	\$4.194	\$4.135	\$4.079	\$3.928	-\$0.151
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



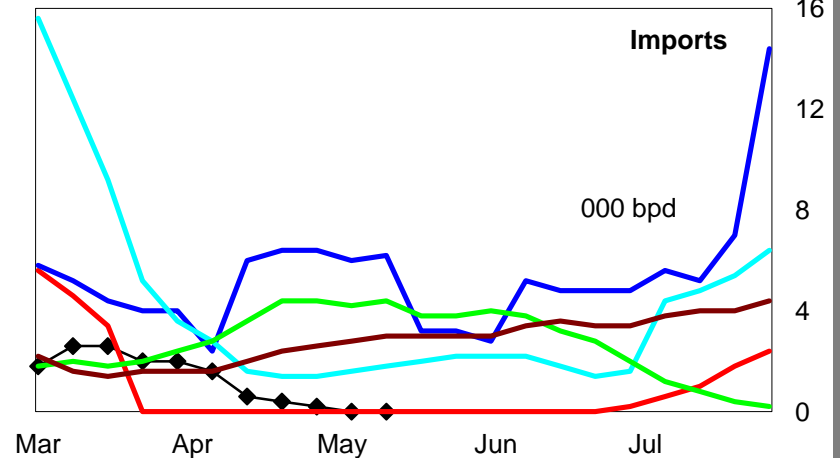
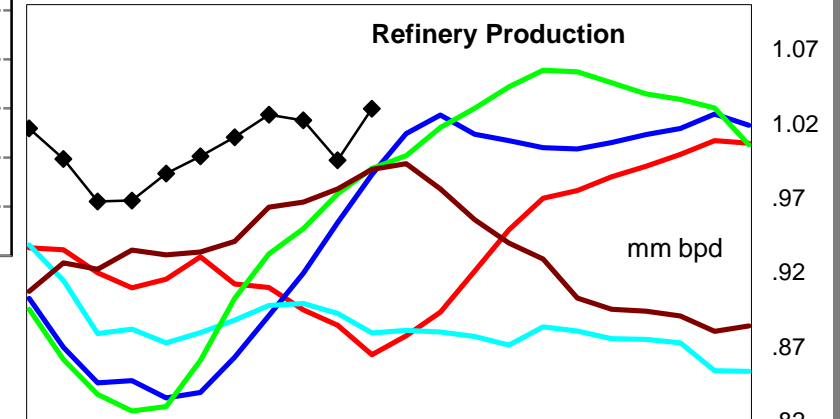
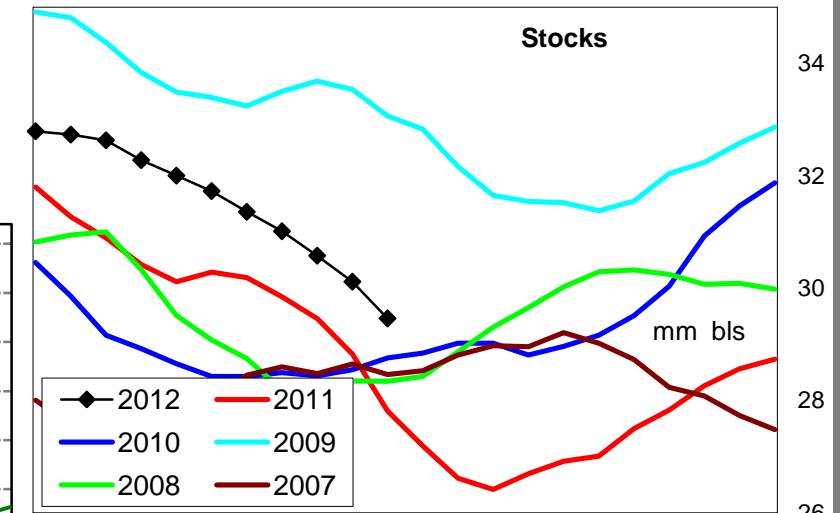
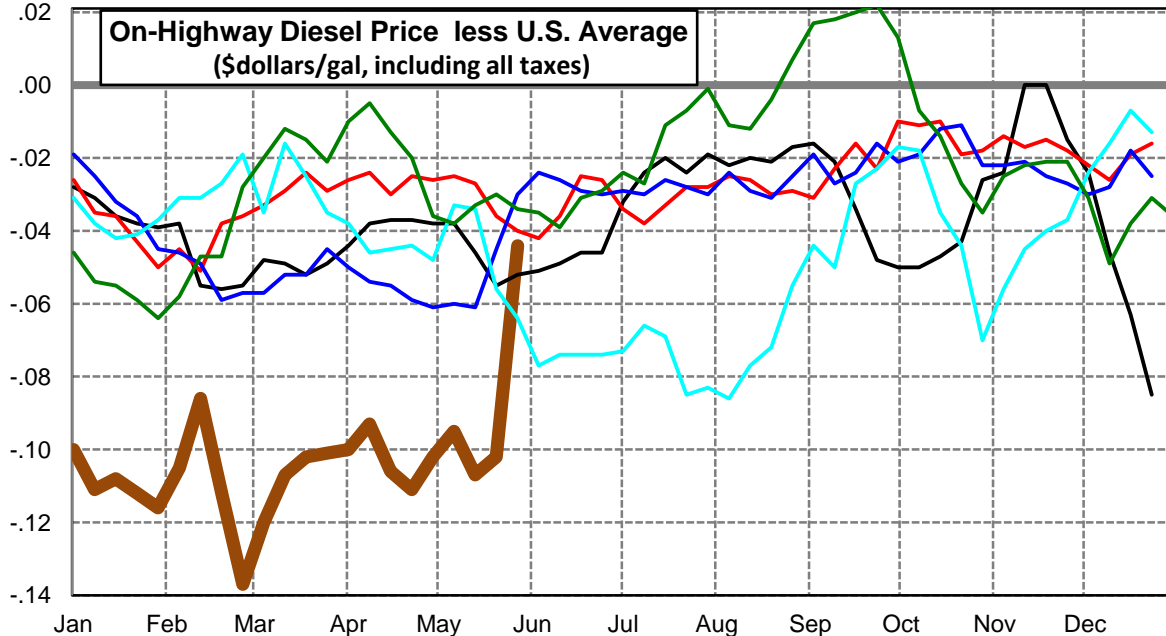
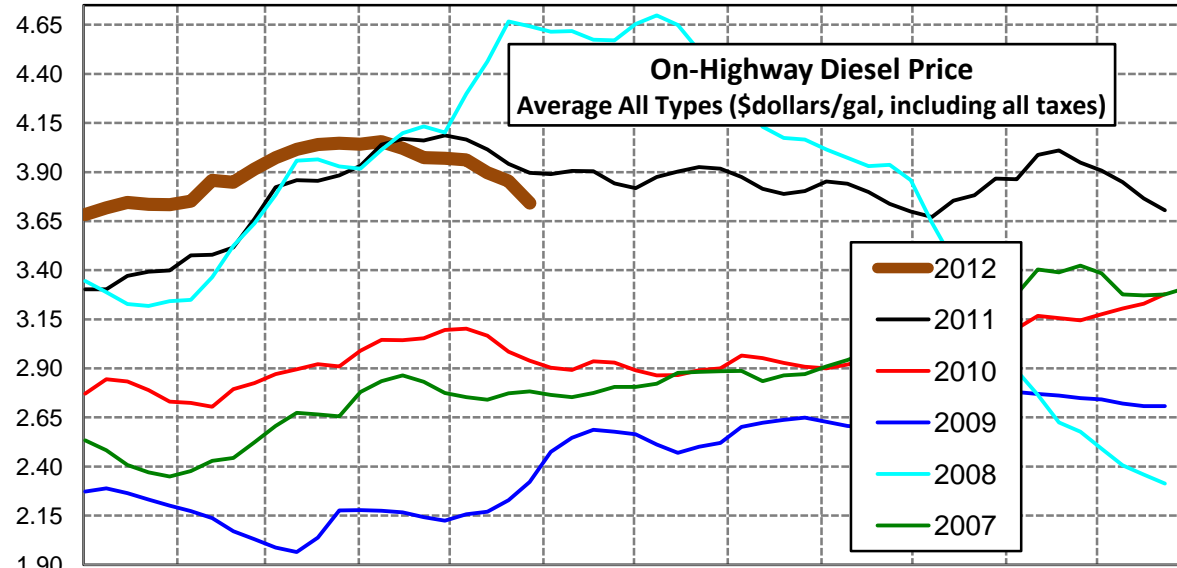
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07May12	14May12	21May12	28May12	
New England	\$4.232	\$4.192	\$4.130	\$3.929	-\$0.201
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



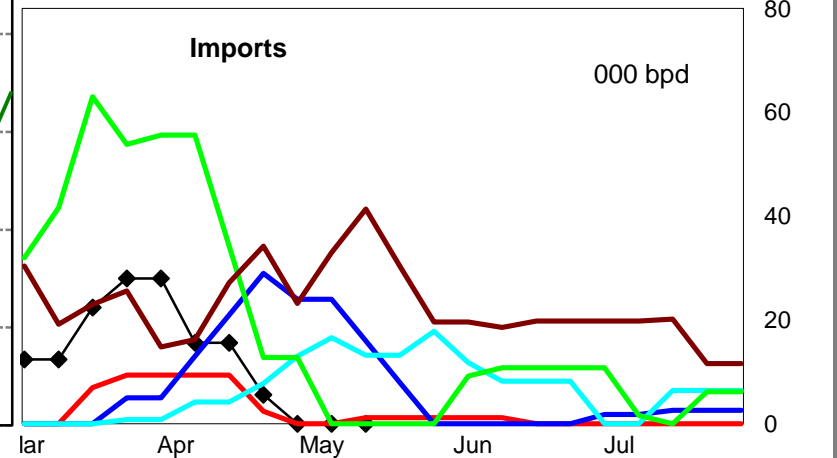
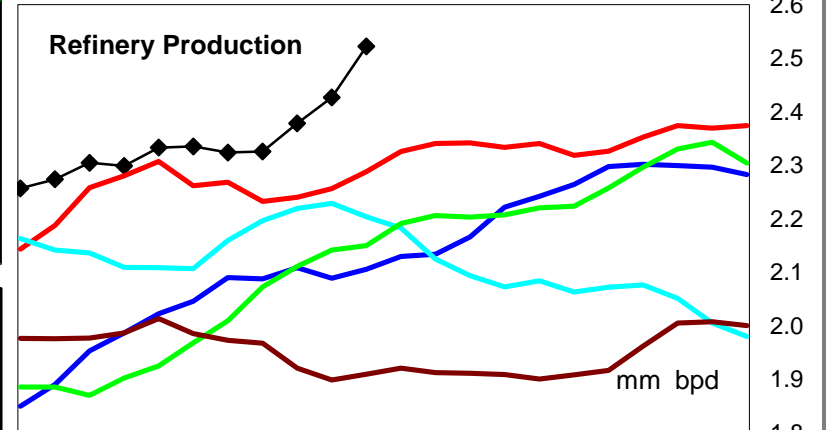
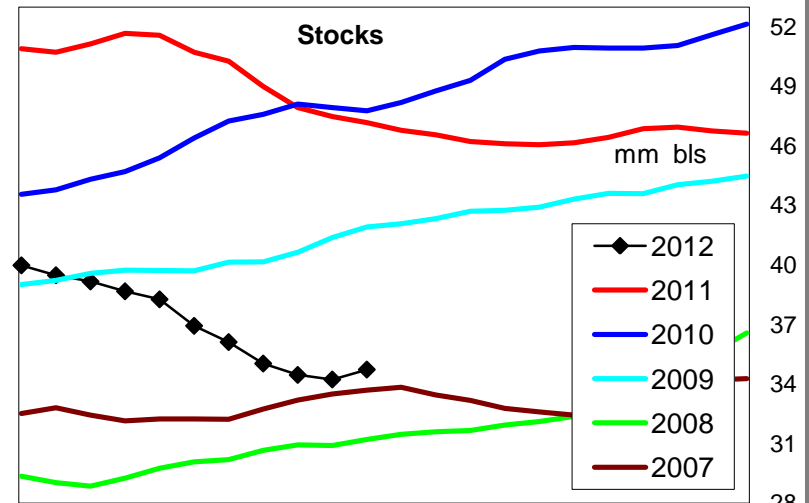
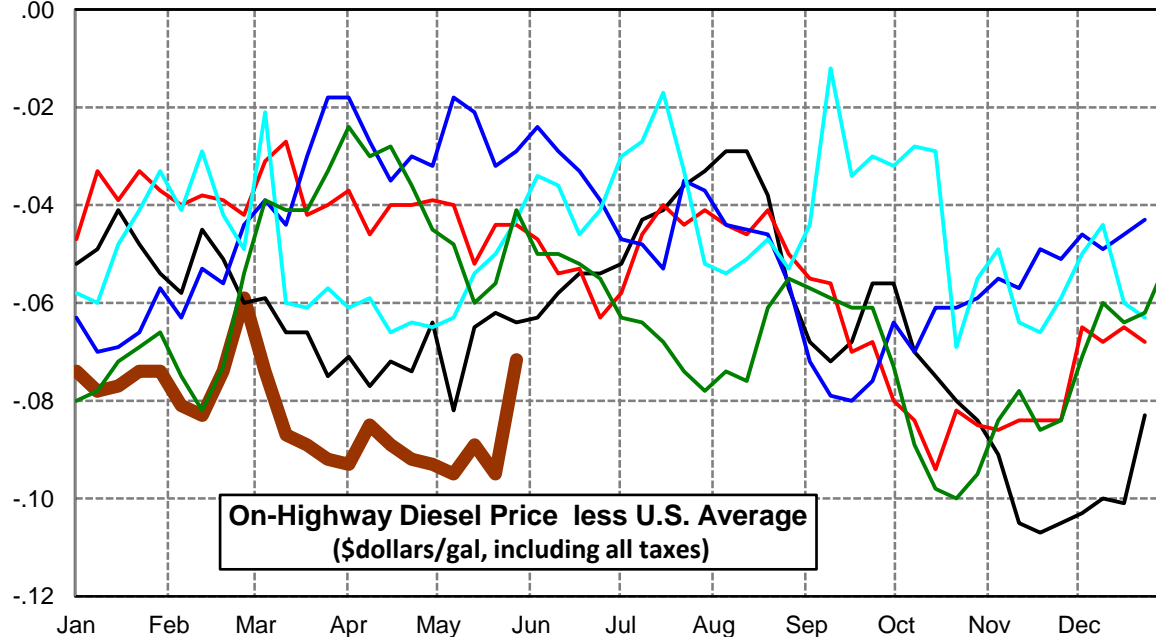
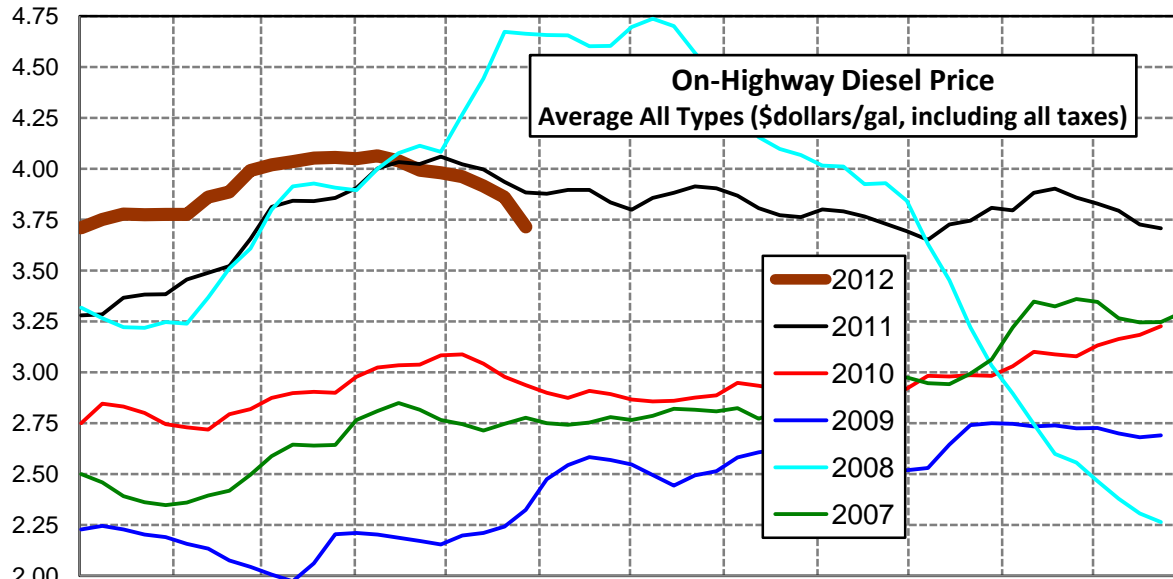
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07May12	14May12	21May12	28May12	
Midwest	\$3.962	\$3.897	\$3.854	\$3.742	-\$0.112
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



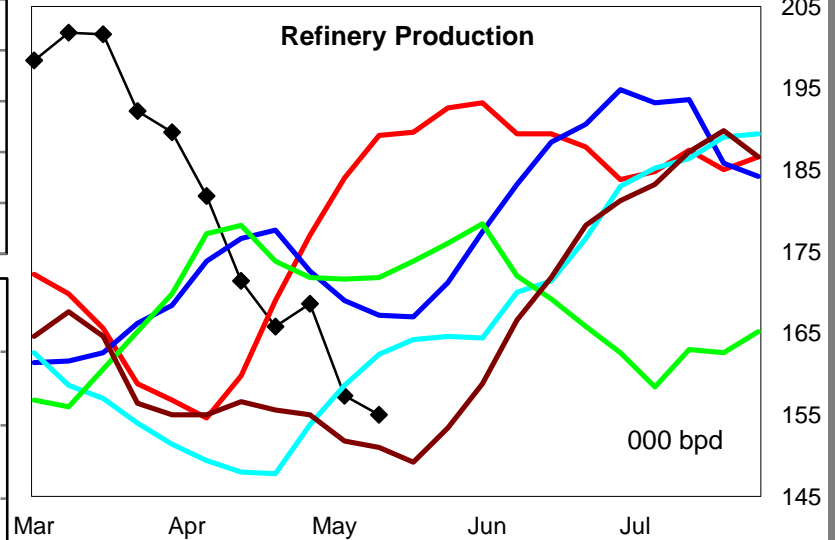
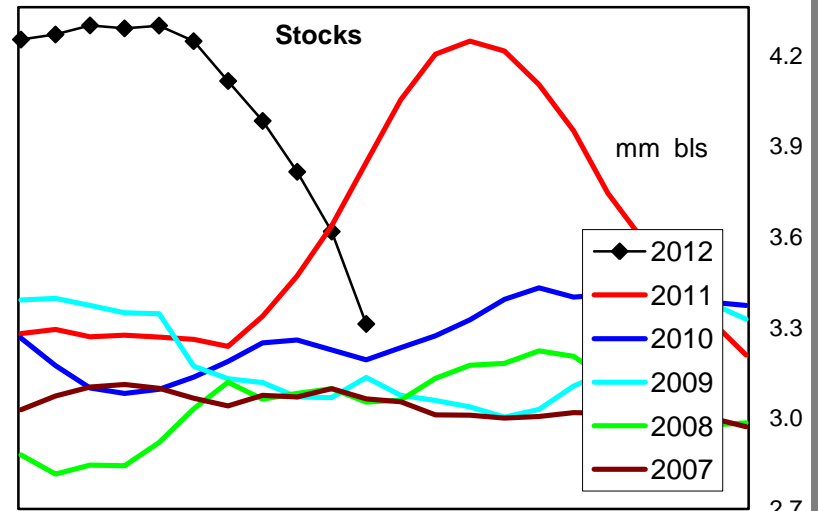
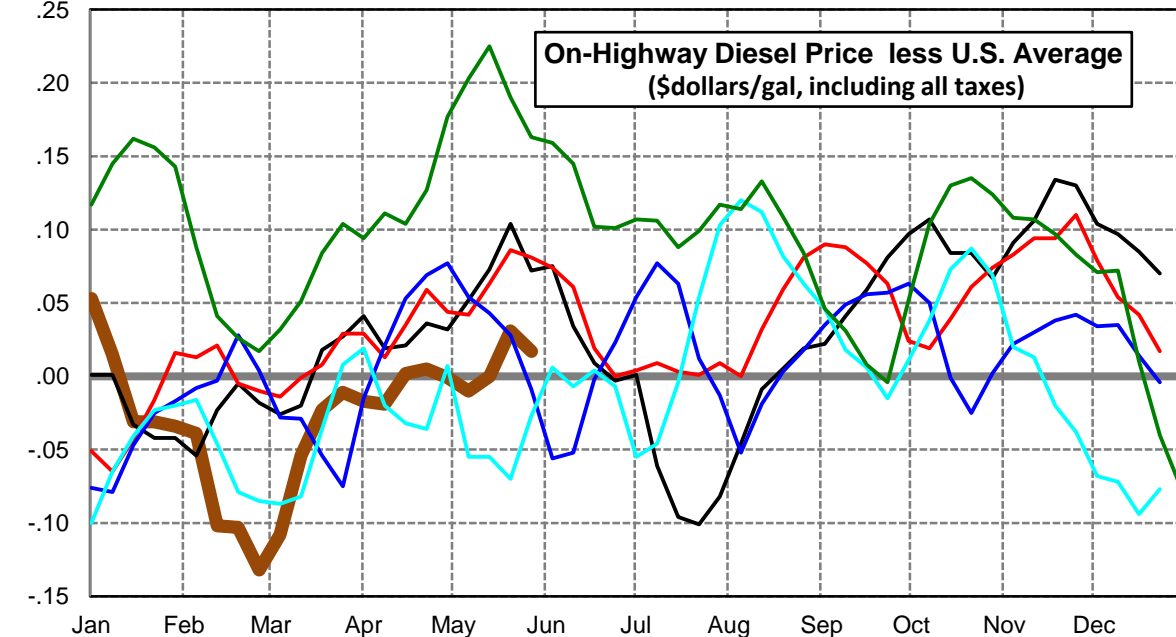
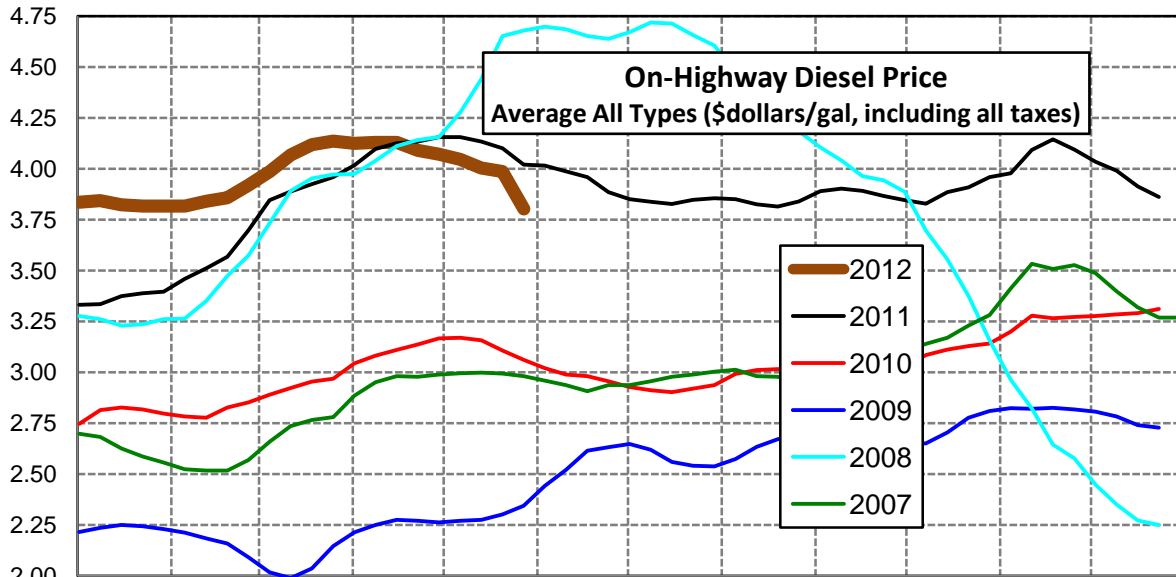
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07May12	14May12	21May12	28May12	
Gulf Coast	\$3.962	\$3.915	\$3.861	\$3.714	-\$0.147
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



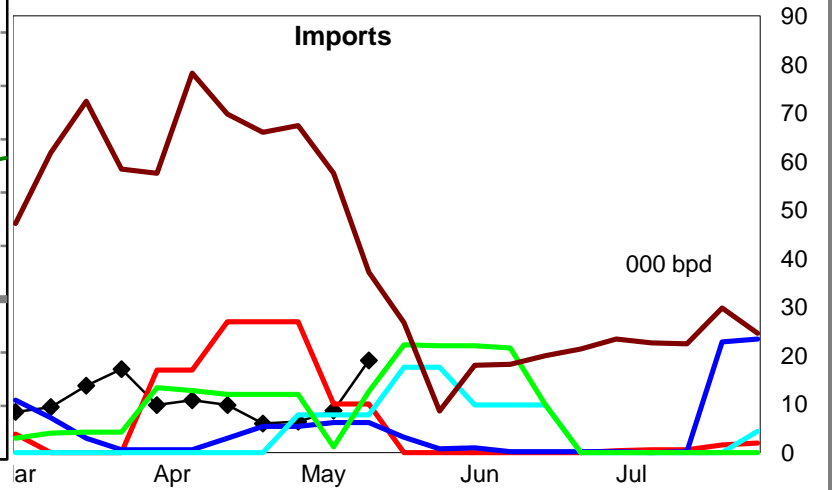
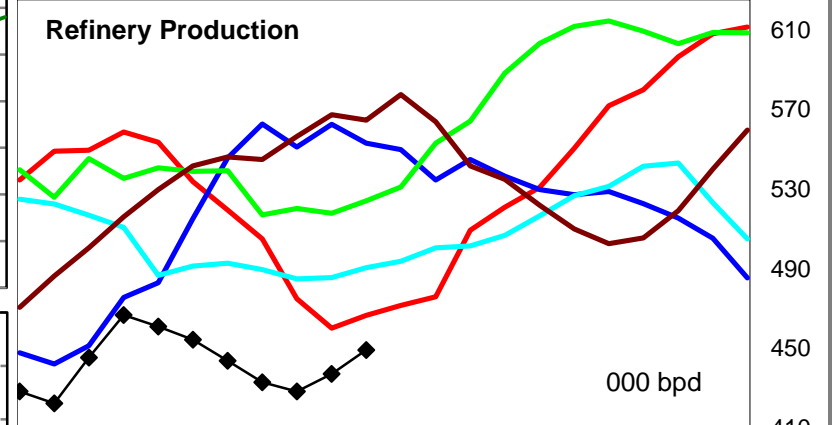
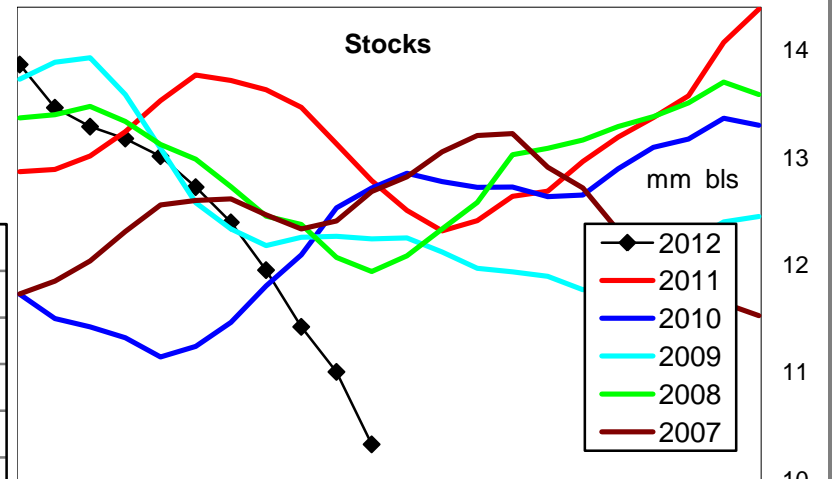
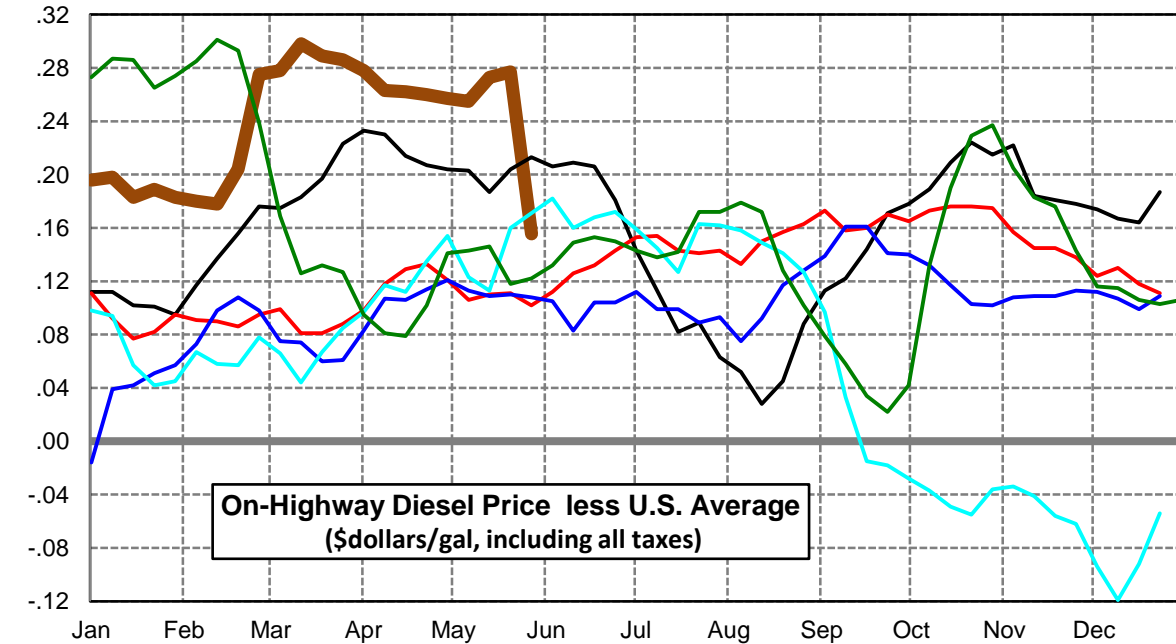
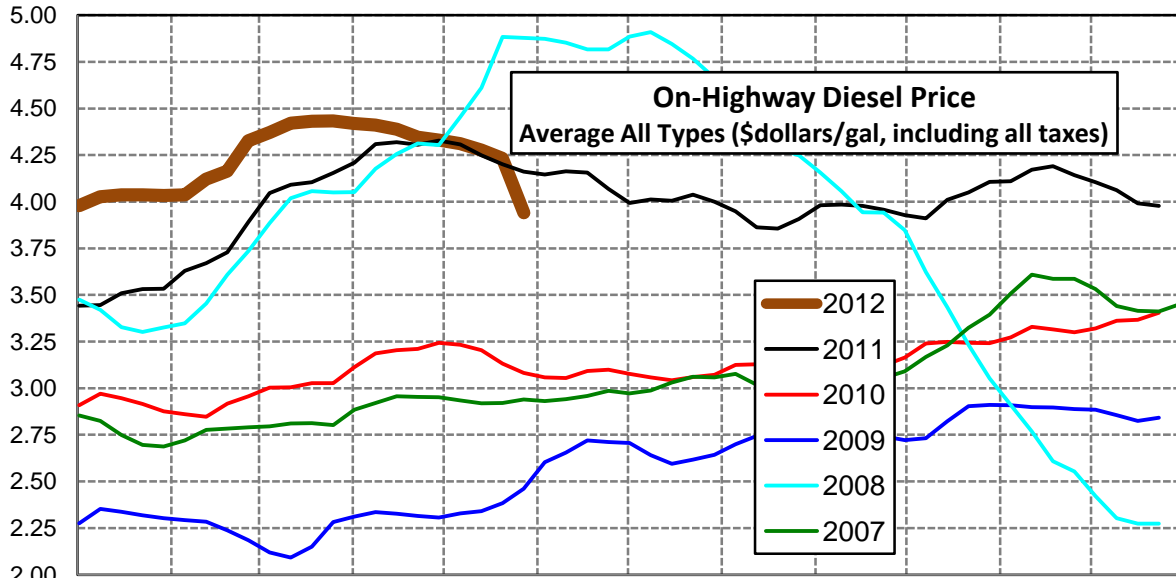
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07May12	14May12	21May12	28May12	
Rocky Mountain	\$4.047	\$4.004	\$3.987	\$3.803	-\$0.184
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



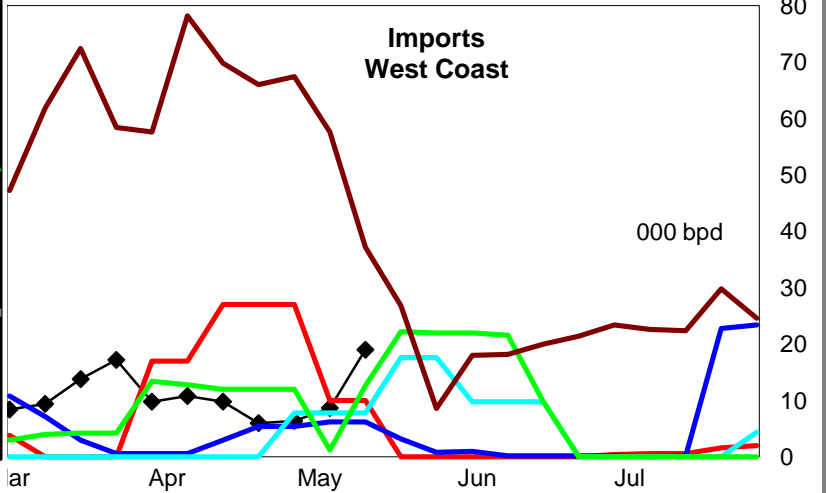
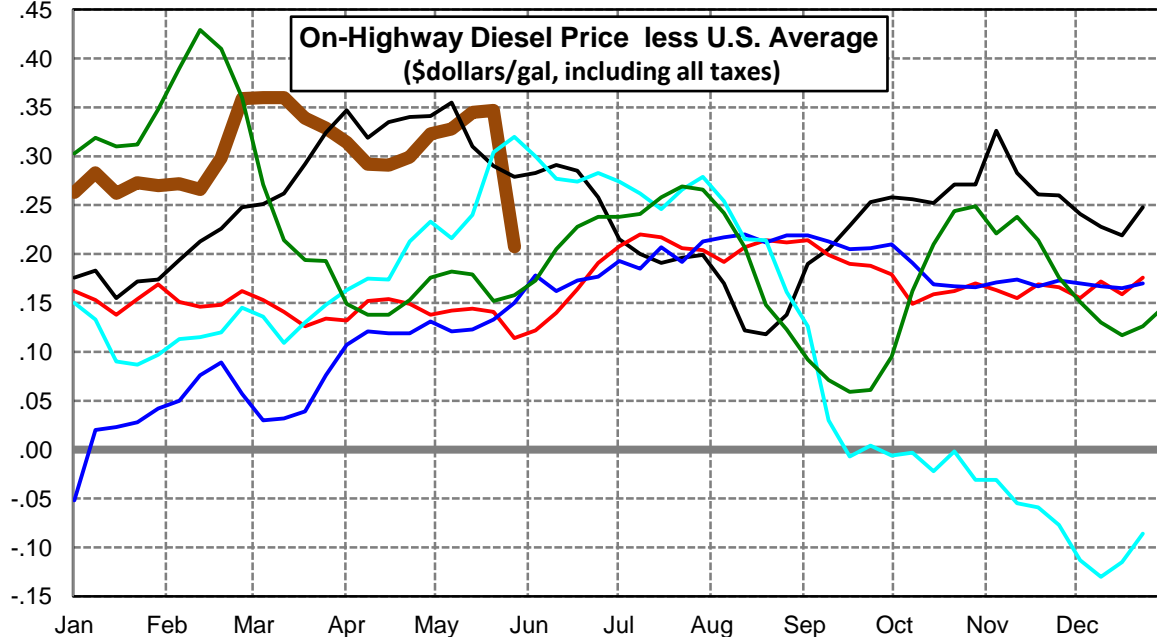
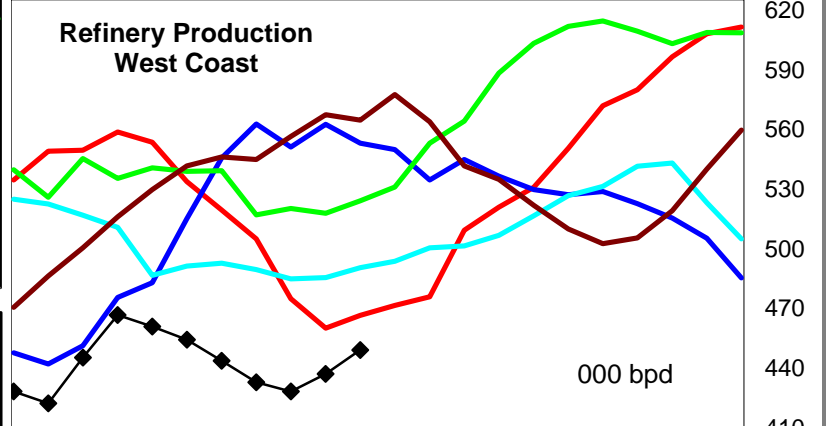
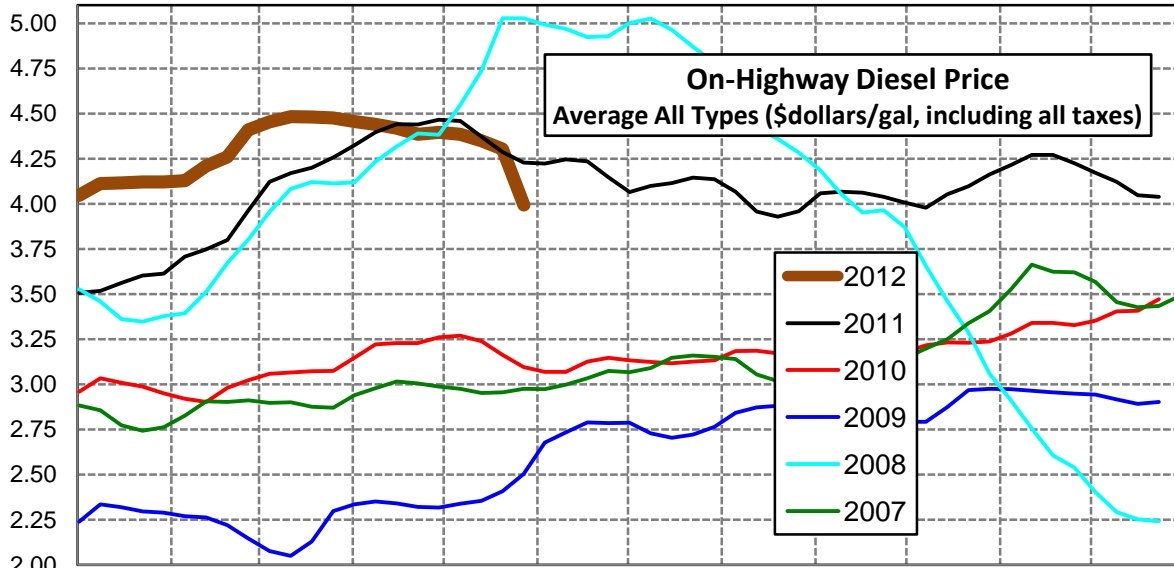
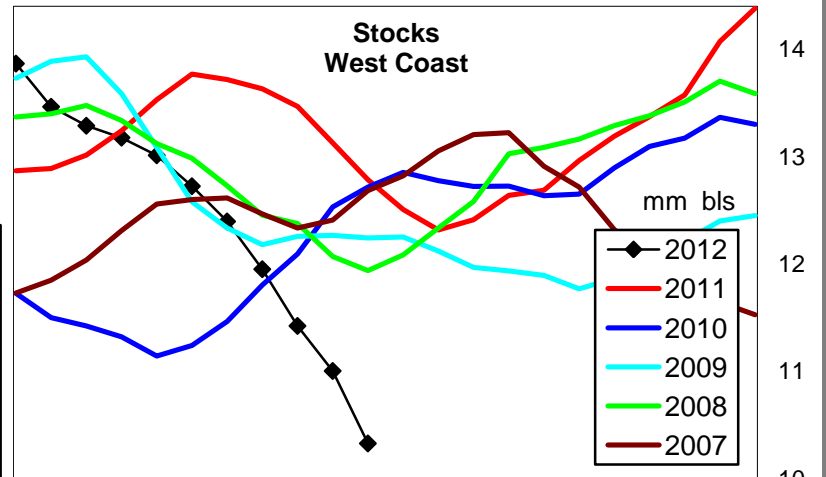
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07May12	14May12	21May12	28May12	
West Coast	\$4.312	\$4.277	\$4.233	\$3.941	-\$0.292
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
	07May12	14May12	21May12	28May12	
California	\$4.385	\$4.349	\$4.303	\$3.993	-\$0.310
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-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	4.073	4.130	4.255	4.220	4.039	3.971	3.980	4.072	4.330	4.396
Mon-07-May-12	4.057	4.108	4.232	4.194	4.021	3.962	3.962	4.047	4.312	4.385
Mon-14-May-12	4.004	4.054	4.192	4.135	3.969	3.897	3.915	4.004	4.277	4.349
Mon-21-May-12	3.956	3.999	4.130	4.079	3.916	3.854	3.861	3.987	4.233	4.303
Mon-28-May-12	3.786	3.823	3.929	3.928	3.747	3.742	3.714	3.803	3.941	3.993

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.