



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, October 30, 2012

Region	Actual Price 1/			Forecast 2/	Change from week ago
	15Oct12	22Oct12	29Oct12	05Nov12	
U.S.	4.150	4.116	4.030	3.971	-0.059
East Coast	4.128	4.108	4.036	4.020	-0.016
New England	4.238	4.243	4.205	4.134	-0.071
Central Atlantic	4.208	4.203	4.149	4.119	-0.030
Lower Atlantic	4.047	4.011	3.921	3.896	-0.025
Midwest	4.150	4.101	3.984	3.944	-0.040
Gulf Coast	4.022	3.999	3.945	3.861	-0.084
Rocky Mountain	4.268	4.243	4.195	4.048	-0.147
West Coast	4.346	4.298	4.187	4.119	-0.068
California	4.437	4.385	4.268	4.196	-0.072

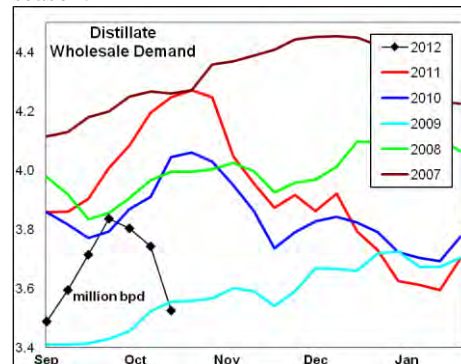
1/ Source: U.S. Energy Information Administration
2/ Source: Fundamental Petroleum Trends Reports

lowest prices at \$3.92/gal.

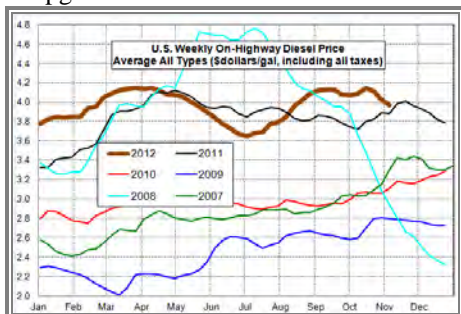
Gulf Coast wholesale distillate prices increased +2 cpg last week, still near the lowest level of the last 90-days.

U.S. average retail prices ended the

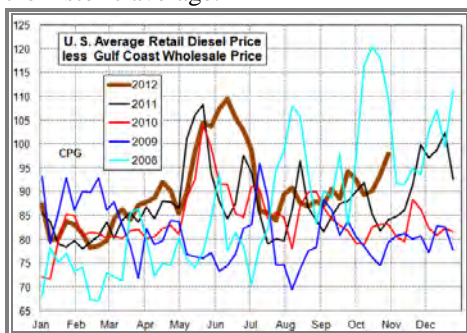
supply squeeze during the winter heating season.



Diesel Fuel Price Trends U. S. retail diesel prices fell -8.6 cpg for the week ending 29Oct12. Prices fell more than -11 cpg in the Midwest and West Coast regions. New England and the Rocky Mountain regions saw declines of less than -5 cpg.



The U.S. average retail diesel price compared to the Gulf Coast wholesale price increased +4.3 cpg week-on-week. The spread ended the week +17 cpg above the historic average.



The national average on-highway price ended the week +14 cpg above last year.

Retail prices on the West Coast averaged +16 cpg above the national average last week, -3 cpg lower than the previous week.

New England prices were the highest in the country, \$4.20/gal last week while the Lower Atlantic region reported the

week +14 cpg above the previous high for this time of year, although well below the all time high set in the summer of 2008. The spread between retail and wholesale spot prices traded +17 cpg above the historic average.



The spread between Gulf wholesale and U.S. average retail prices increased +4.3 cpg to +97 cpg last week. Look for retail prices to decline sharply compared to wholesale prices over the next 30-days.

Supply - Demand Fundamental Trends

Distillate wholesale demand plunged -353,000 bpd last week on very warm temperatures in the northeast heating region and an earlier than normal end to peak fall agriculture use. The latest 4-wk average demand was -320,000 bpd below last year; continuing a year-on-year decrease.

Supplies fell -128,000 bpd on lower production. Stocks declined -0.6 million barrels, including a +1.1 million barrel build on the East Coast. A lack of year on year increase in production, and the longer term trend in record high exports has led to a multi-year draw down in distillate stock levels.

Stock levels in the key Central Atlantic Region of PADD 1 are now -40% below last year; pointing to high risk of a

Global Trends Driving Diesel Prices

The recent downtrend in diesel prices has been driven by slower global economic growth. The deep recession in Europe has reduced demand for exports from Asia, thereby leading to sharply lower growth in export dependent Asian countries. U.S. exports have also slowed, constraining domestic growth rates.

Distillate stocks continue to draw down; driven by high exports, low heating oil imports and a lack of year-on-year increased in distillate output. High risk of a supply squeeze in the Atlantic Basin continues.

Hurricane Sandy on the East Coast is likely to further tighten supplies in the region as a result of refiners precautionary closure that more than offsets less travel during the storm.

The significant slowdown in global economic growth may partially offset ongoing risk of a supply squeeze after the winter heating season.

Diesel Price Outlook Distillate supplies improved significantly in the Midwest and West Coast regions, driving the large retail price declines last week. The sharp pull back in wholesale distillate prices should lead to lower on-highway prices over the next few weeks.

Expect tight Atlantic Basin distillate supplies to support diesel prices compared to other energy products during the winter heating season.

Longer term, prices are likely to trend lower due to a slowdown in global economic growth, limited by tensions in the Middle East and central banks' quantitative easing.

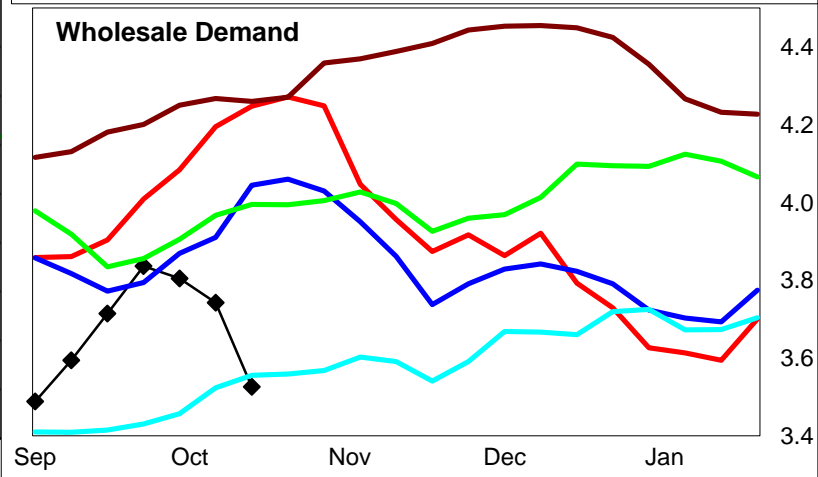
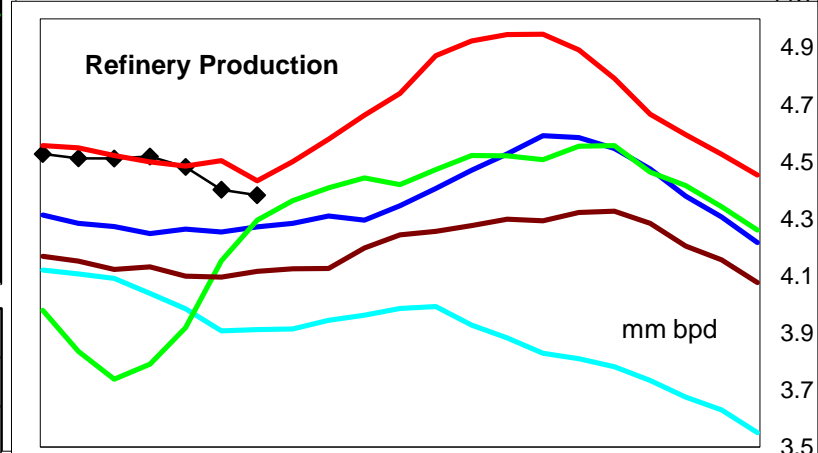
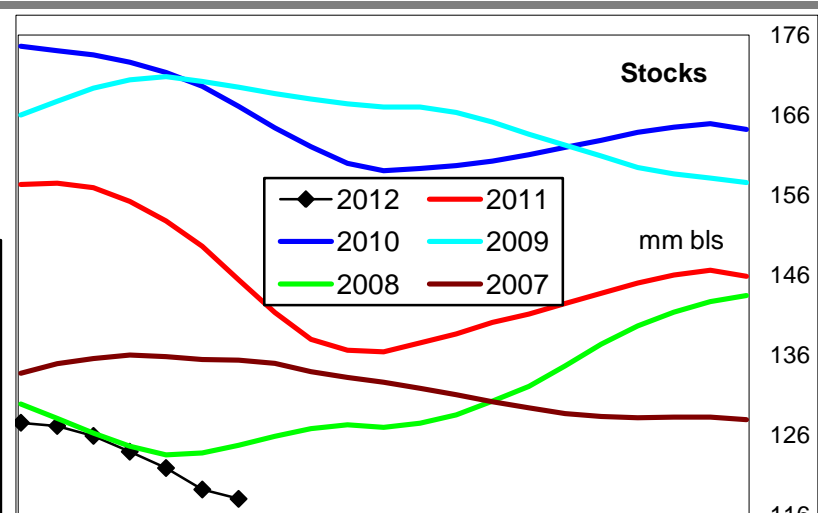
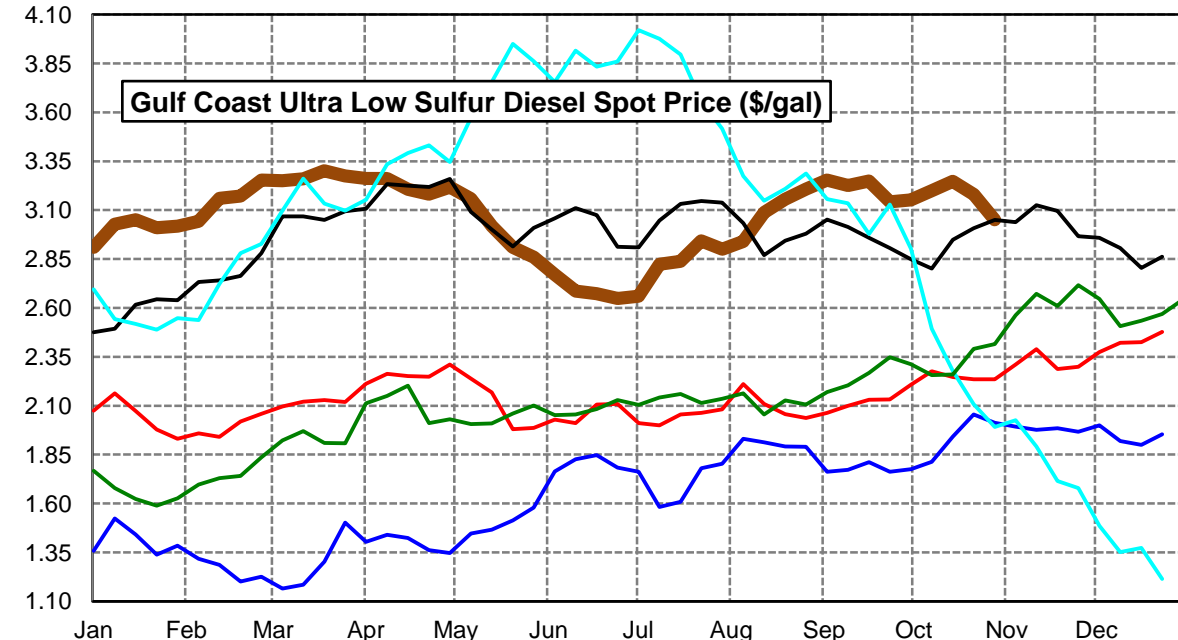
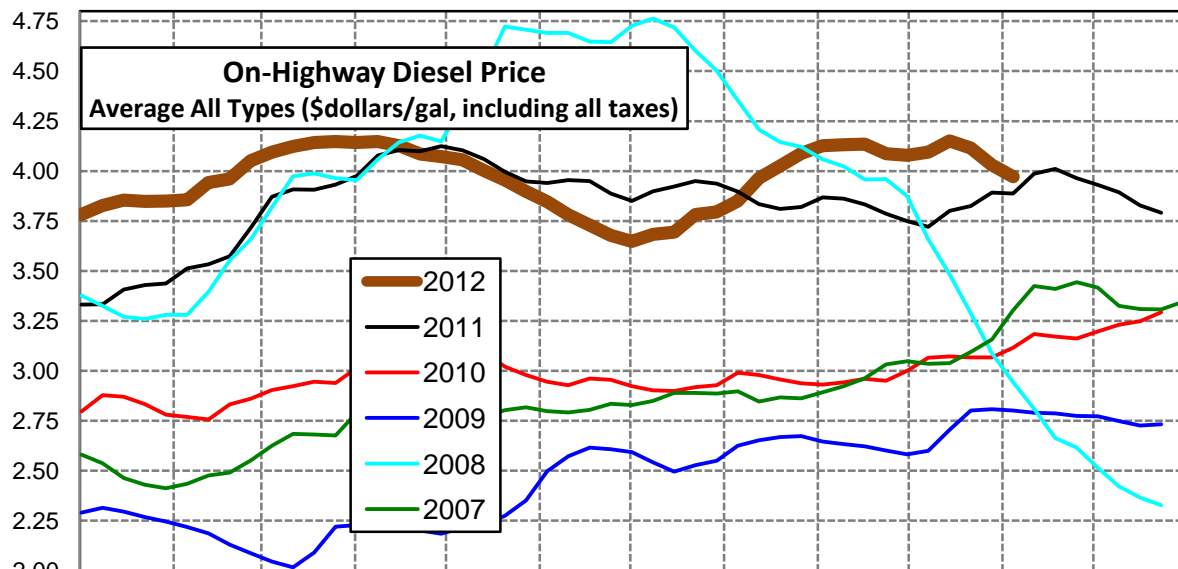
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Click [Blue Icon](#) on Map to view Regional Price & Fundamental Trends



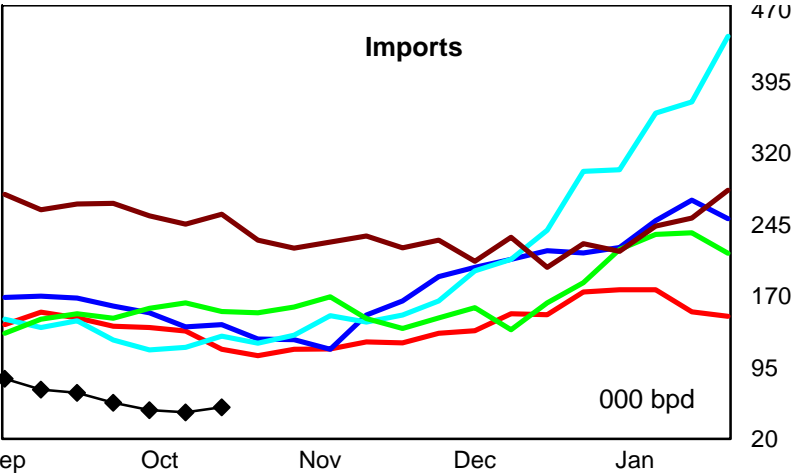
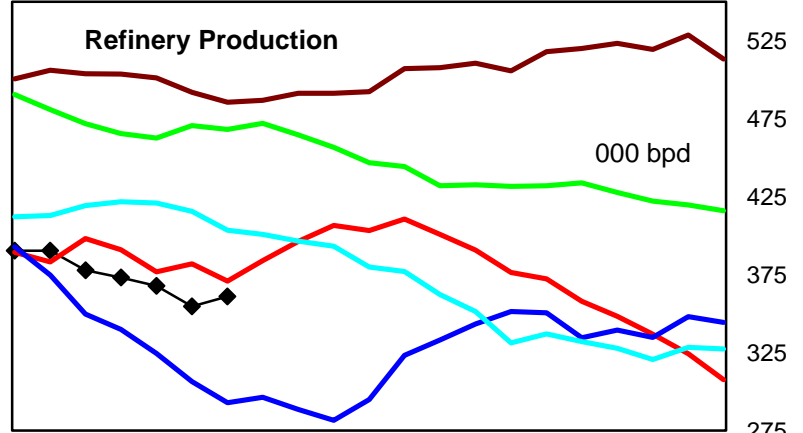
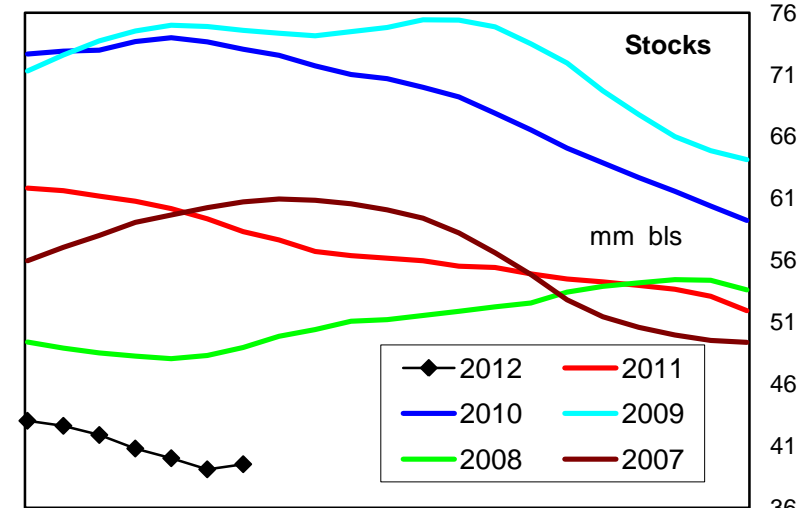
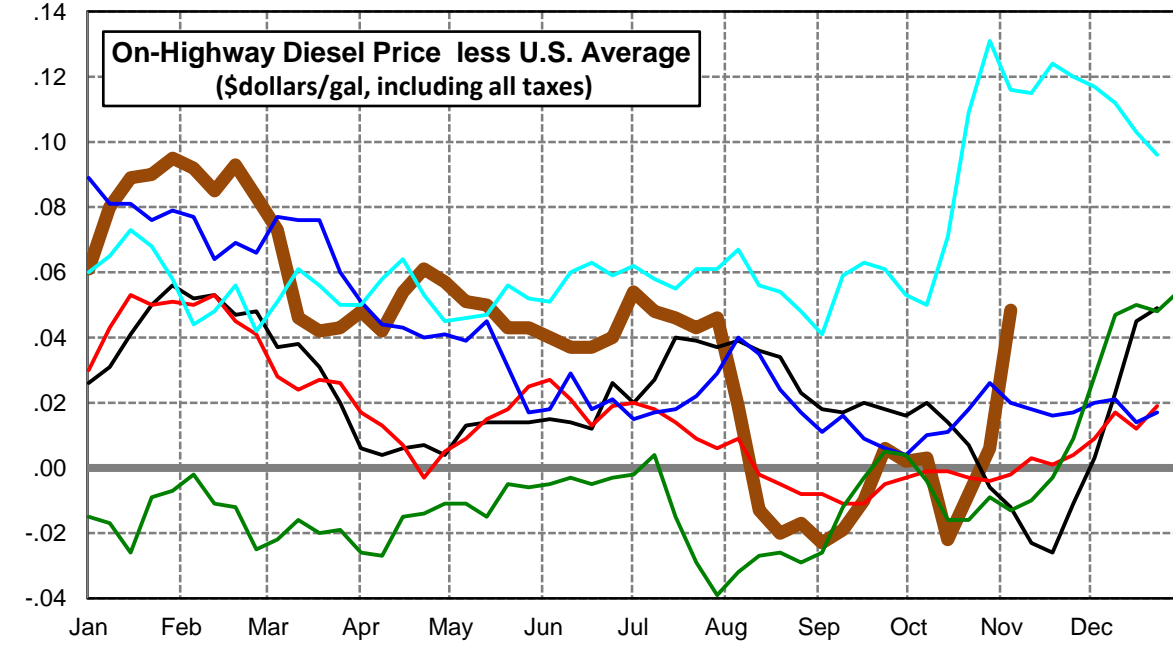
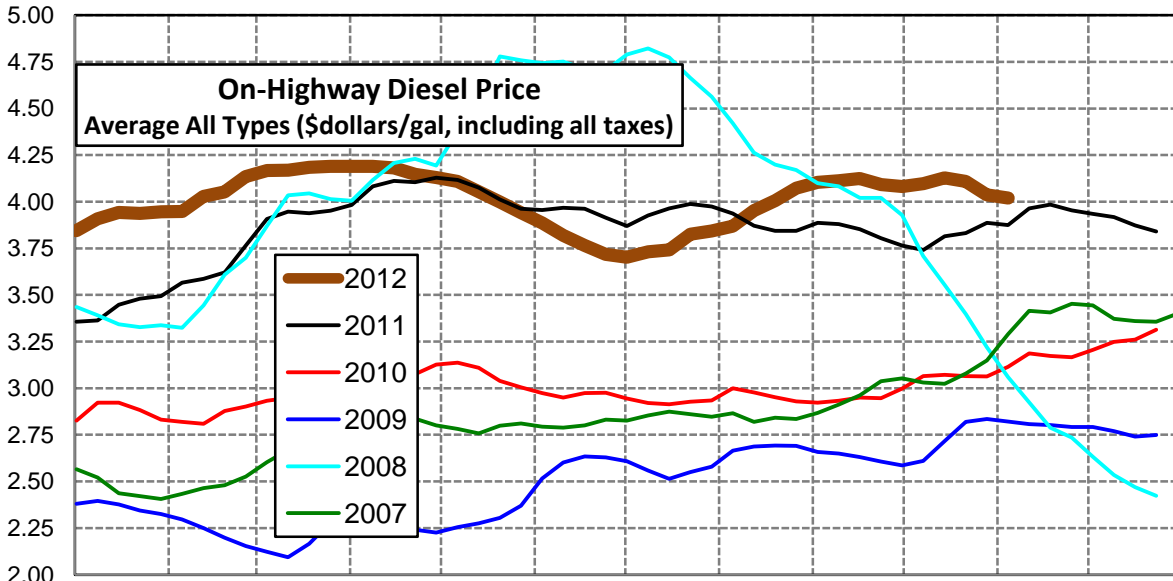
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	15Oct12	22Oct12	29Oct12	05Nov12	
United States Avg	\$4.150	\$4.116	\$4.030	\$3.971	-\$0.059
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



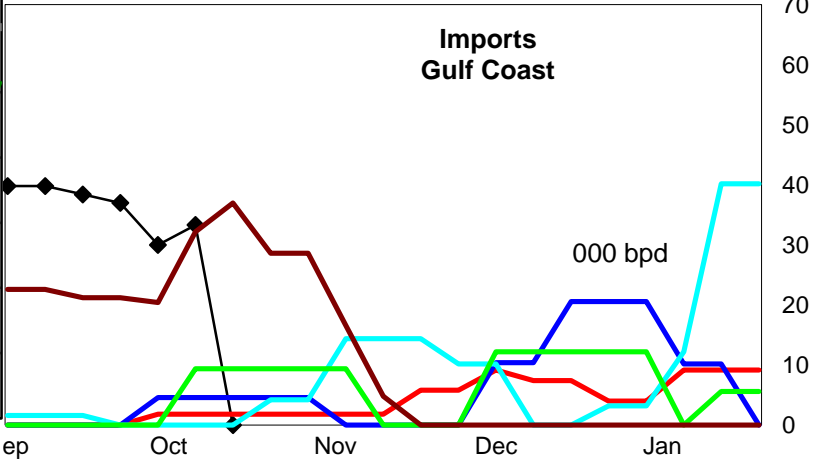
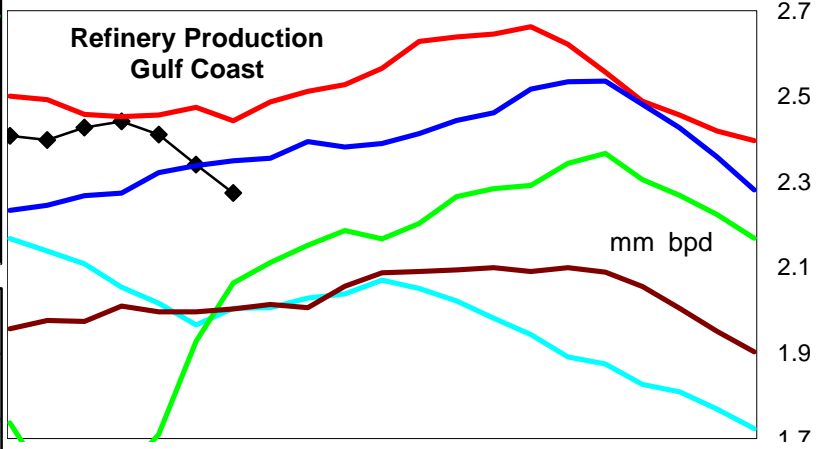
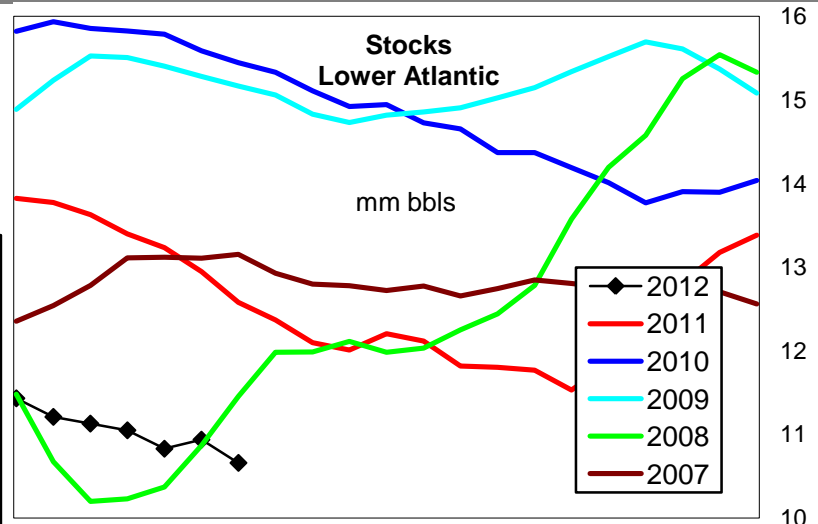
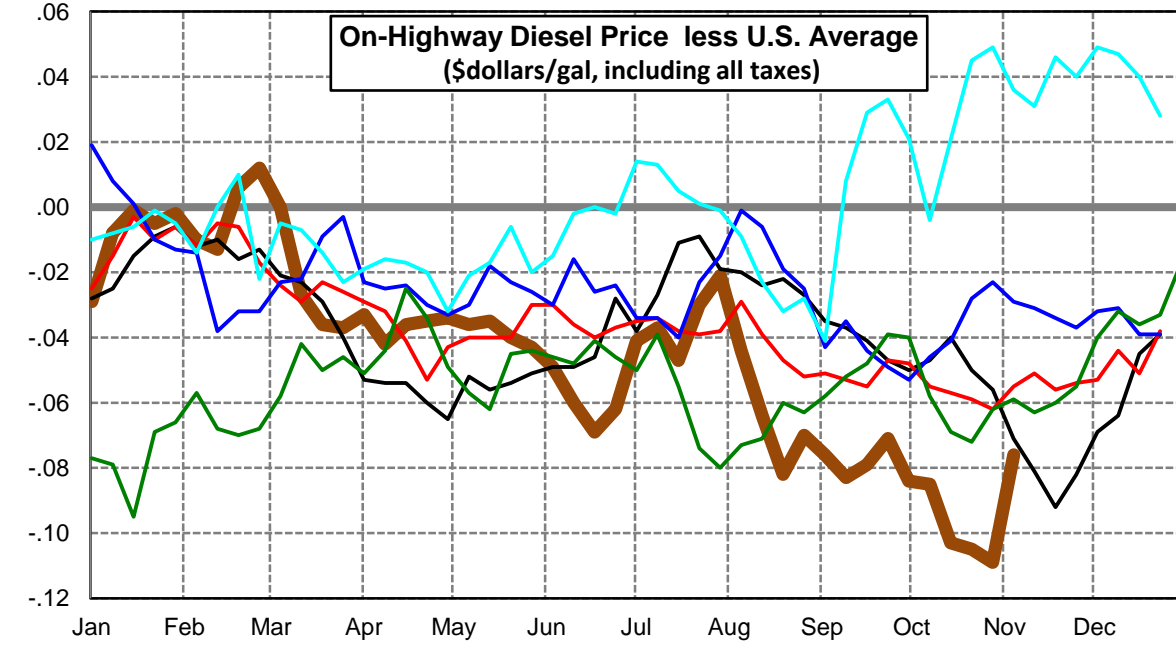
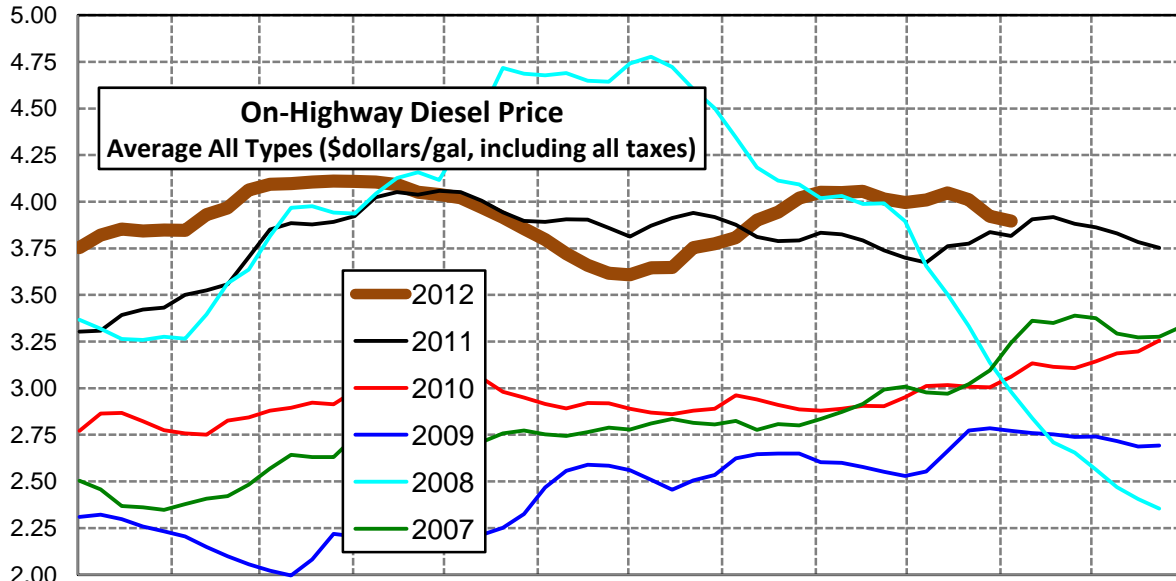
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	15Oct12	22Oct12	29Oct12	05Nov12	
East Coast	\$4.128	\$4.108	\$4.036	\$4.020	-\$0.016
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



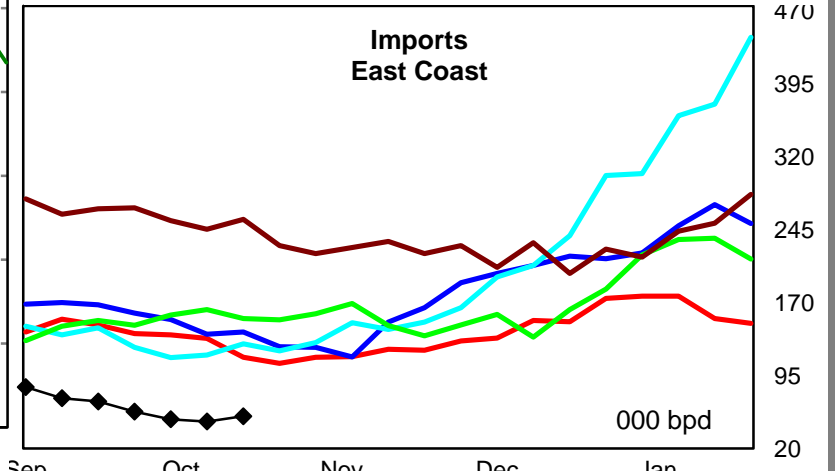
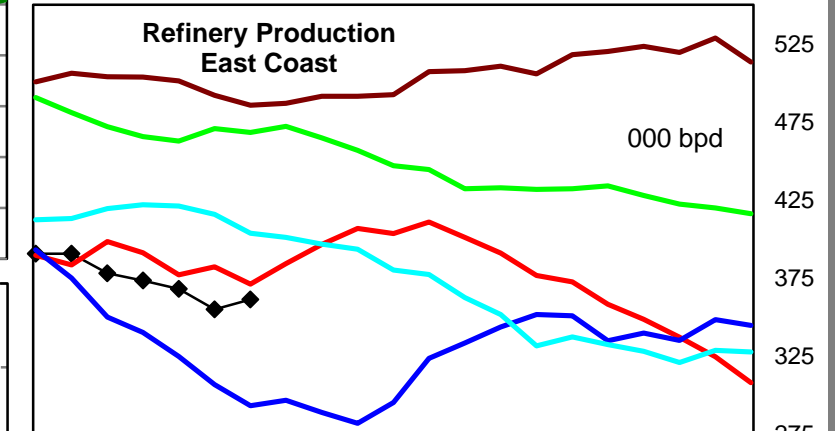
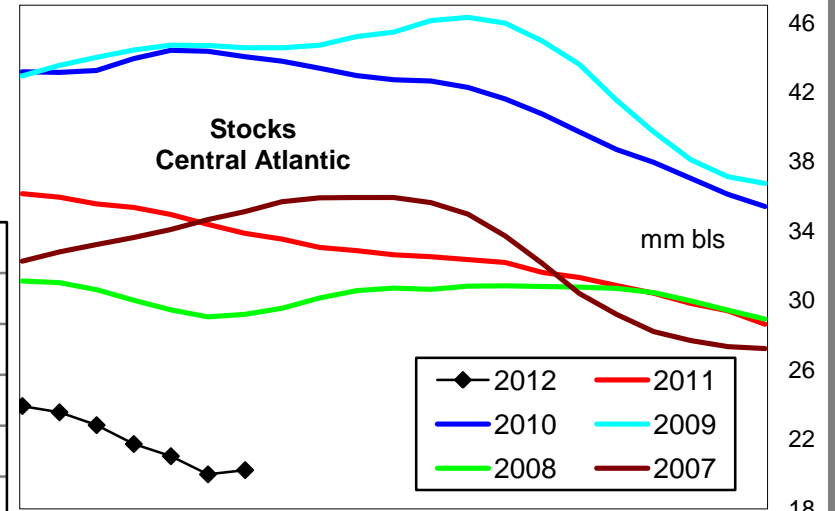
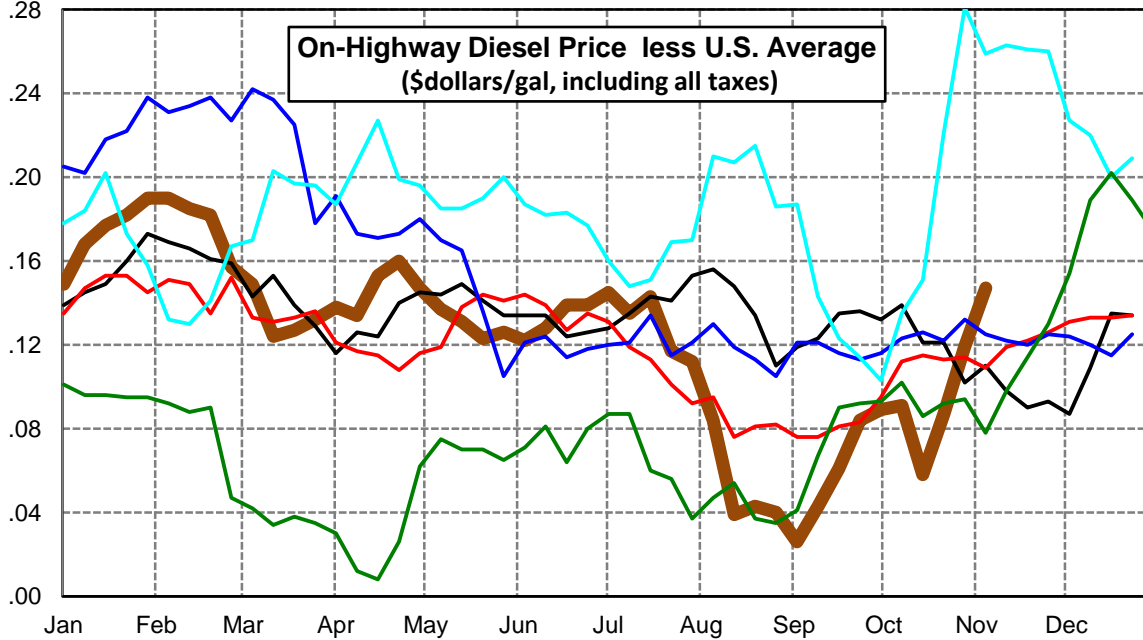
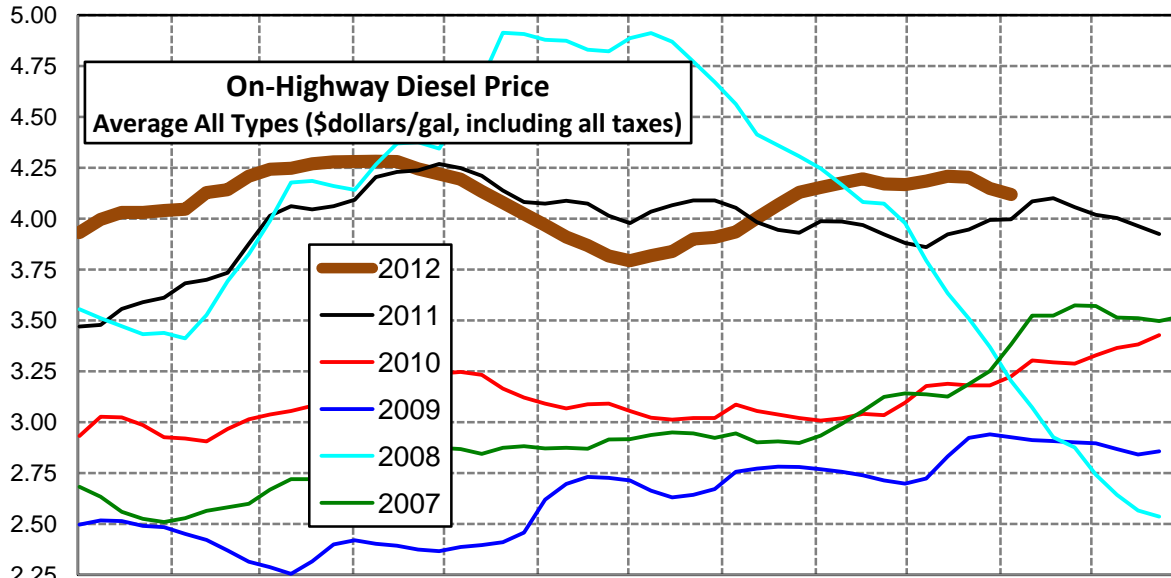
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	15Oct12	22Oct12	29Oct12	05Nov12	
Lower Atlantic	\$4.047	\$4.011	\$3.921	\$3.896	-\$0.025
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



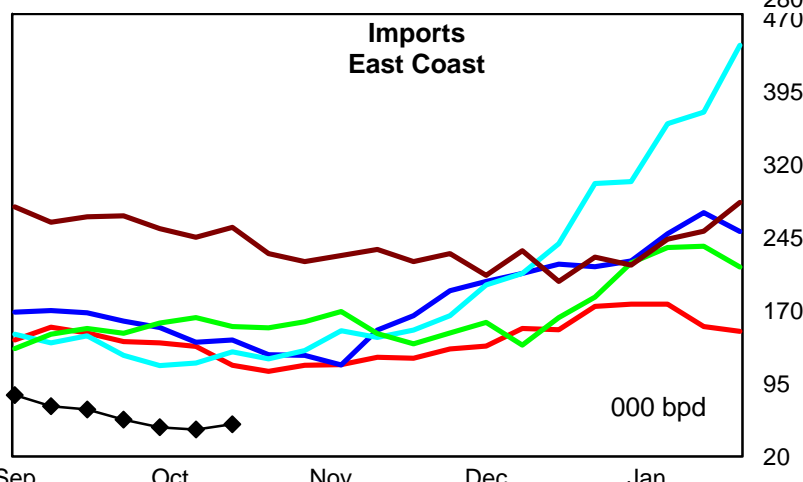
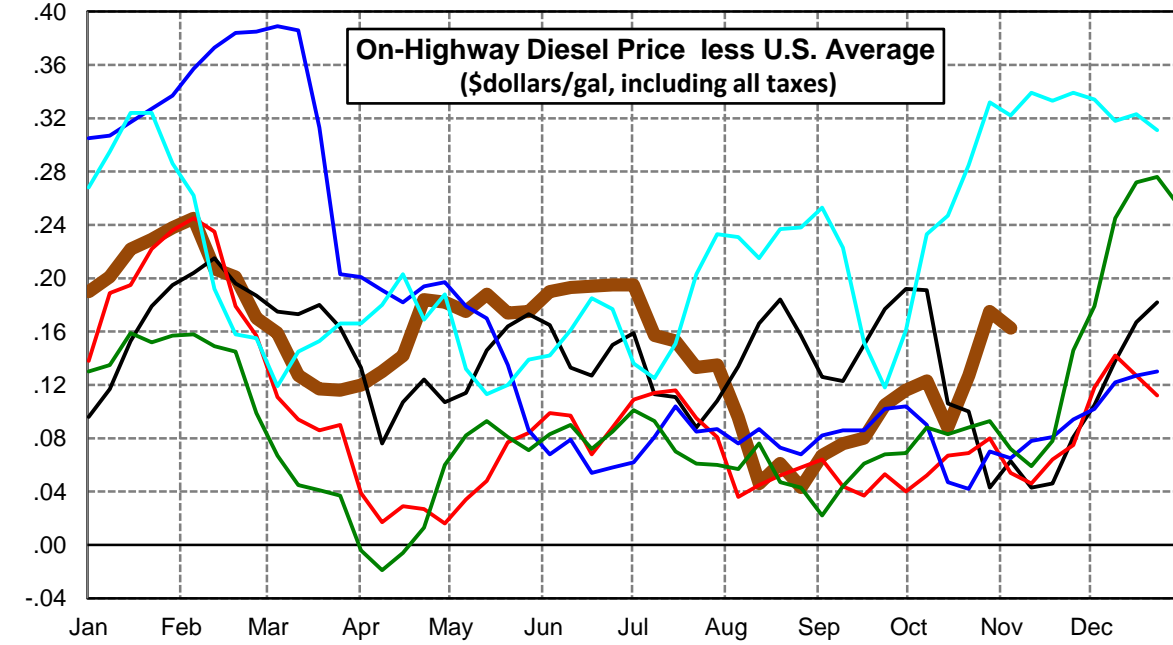
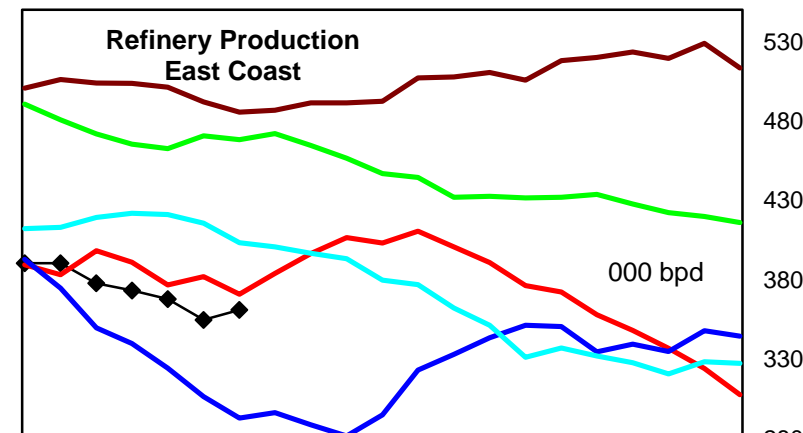
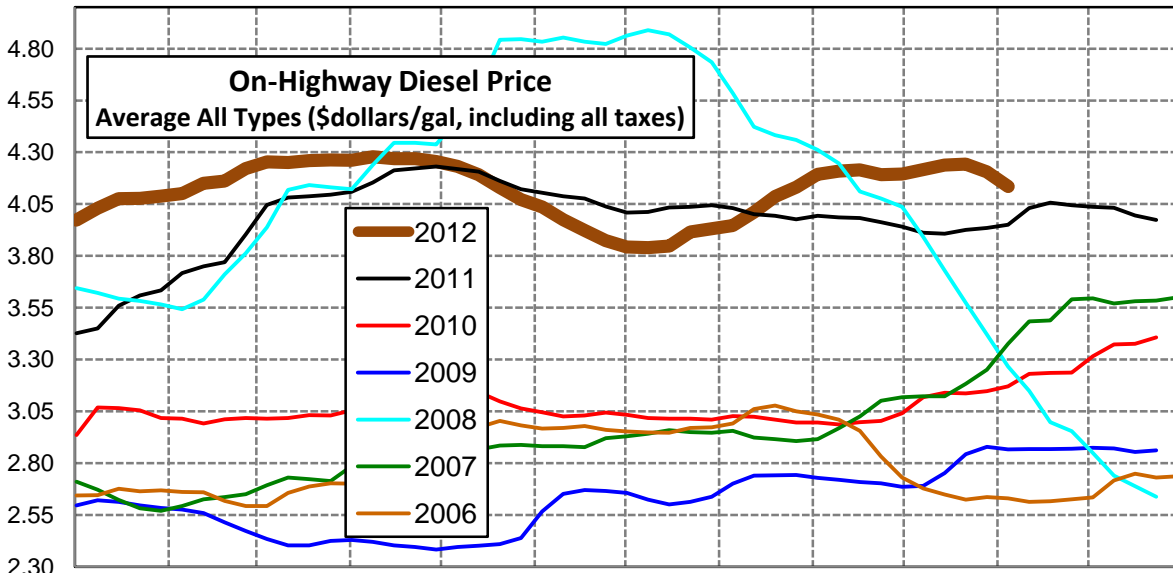
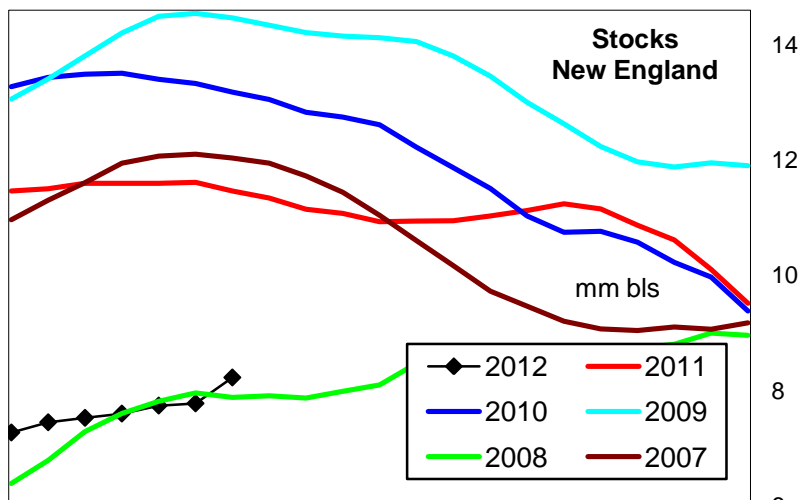
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	15Oct12	22Oct12	29Oct12	05Nov12	
Central Atlantic	\$4.208	\$4.203	\$4.149	\$4.119	-\$0.030
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



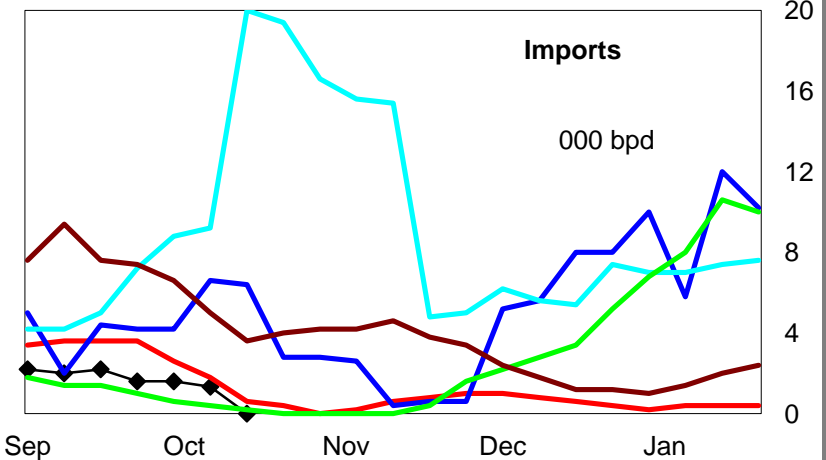
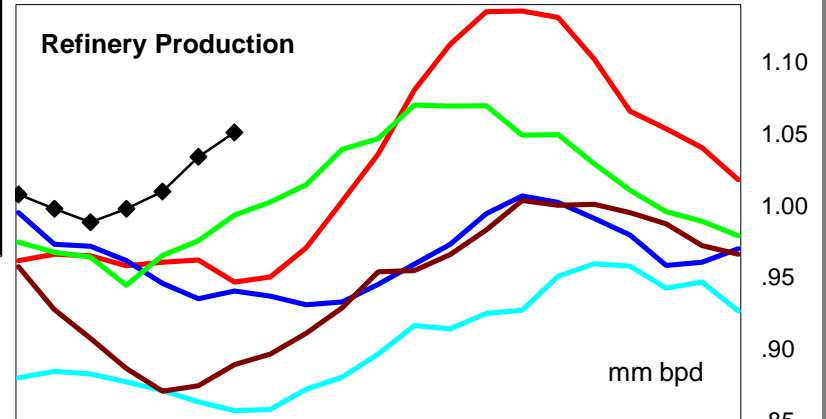
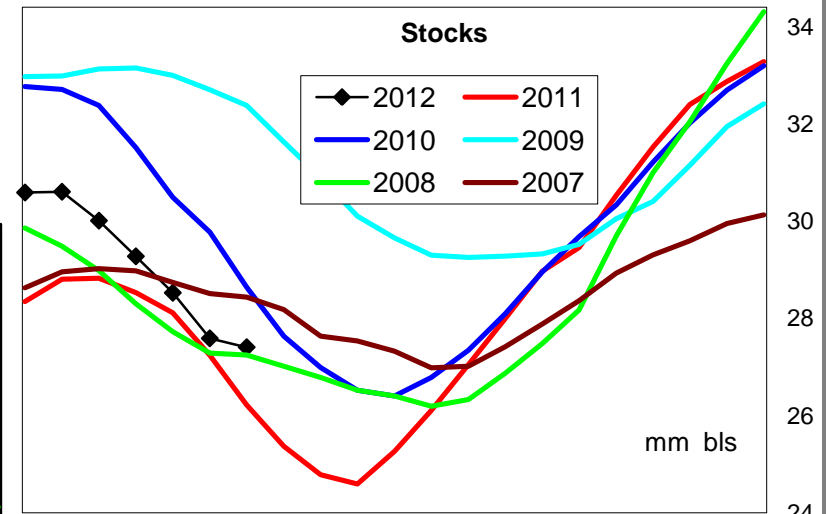
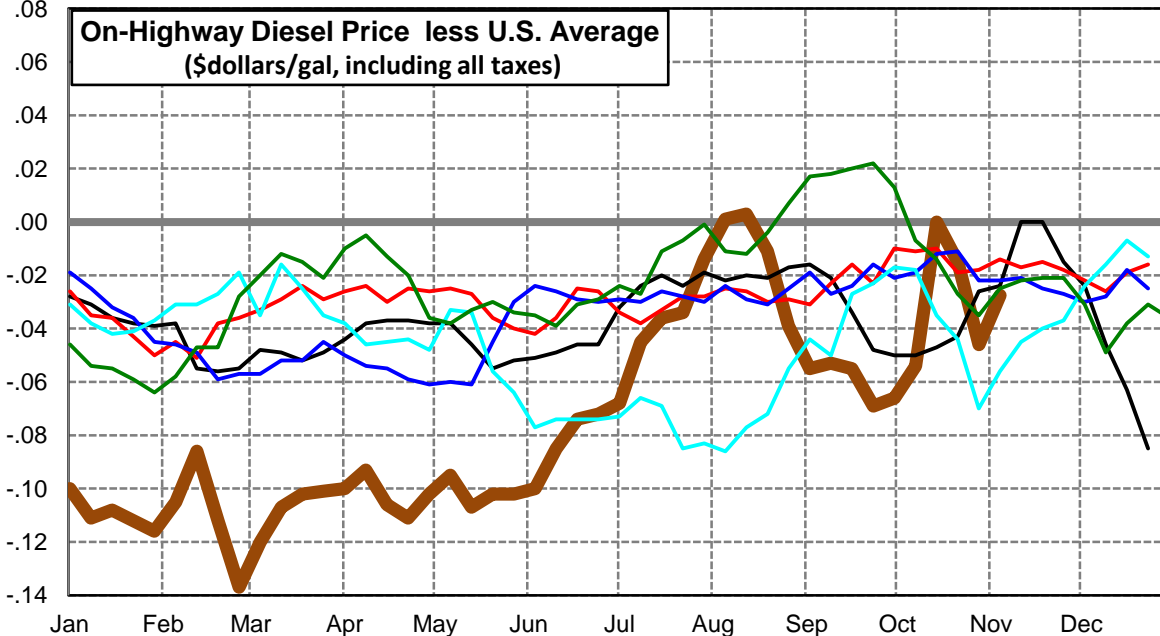
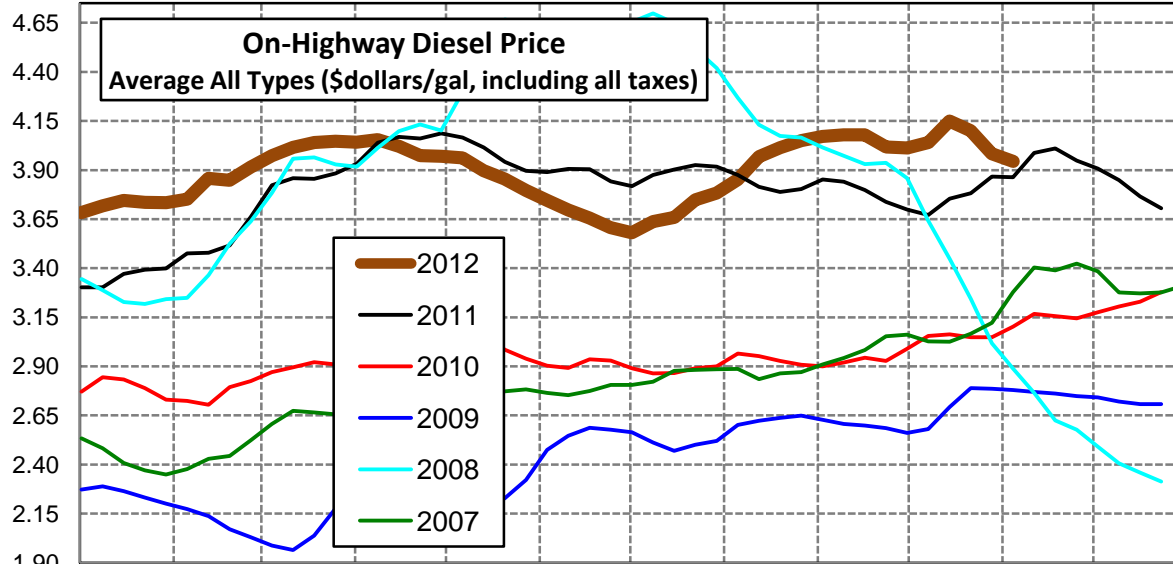
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	15Oct12	22Oct12	29Oct12	05Nov12	
New England	\$4.238	\$4.243	\$4.205	\$4.134	-\$0.071
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



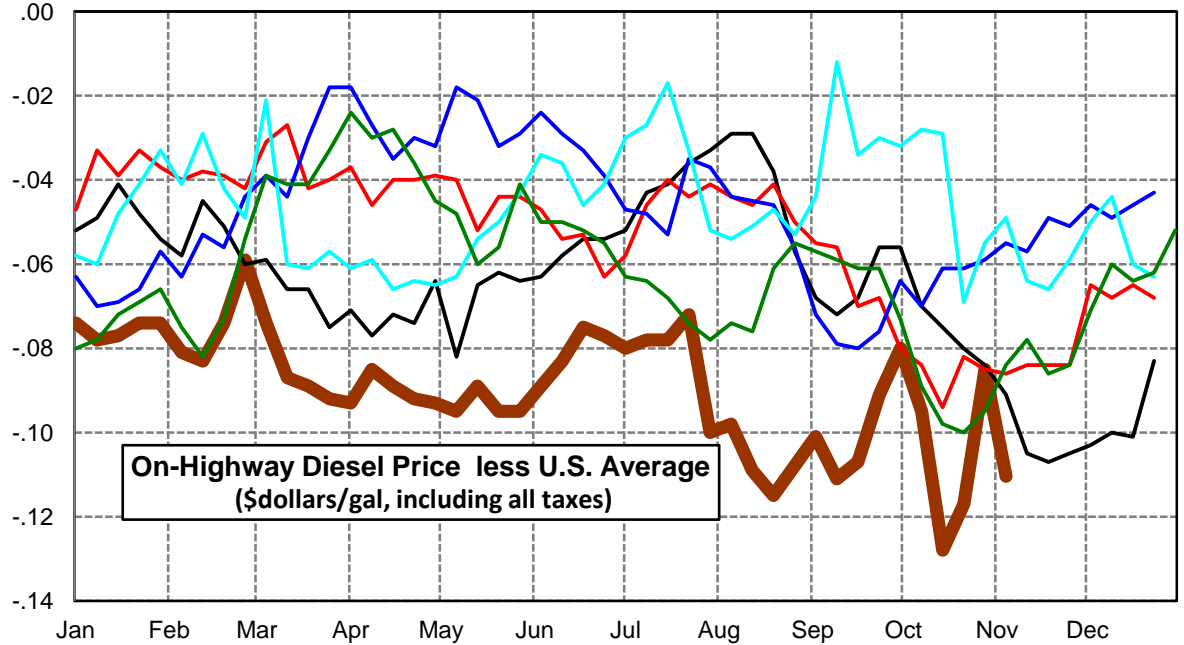
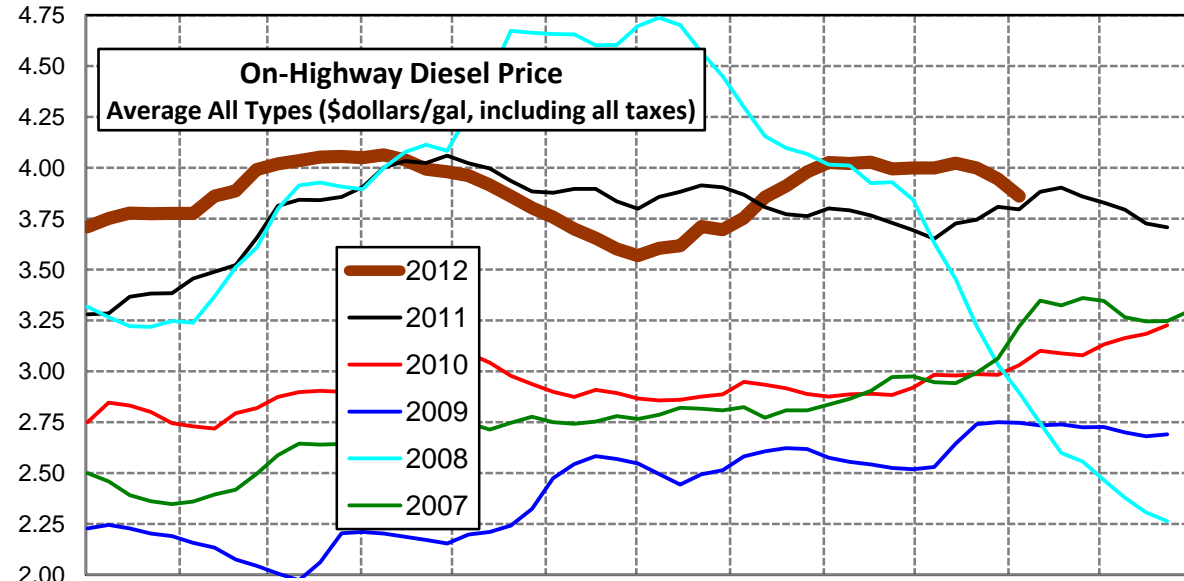
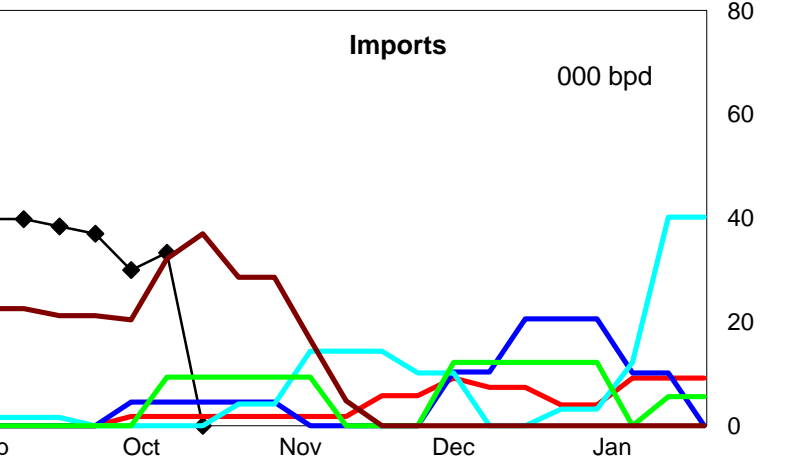
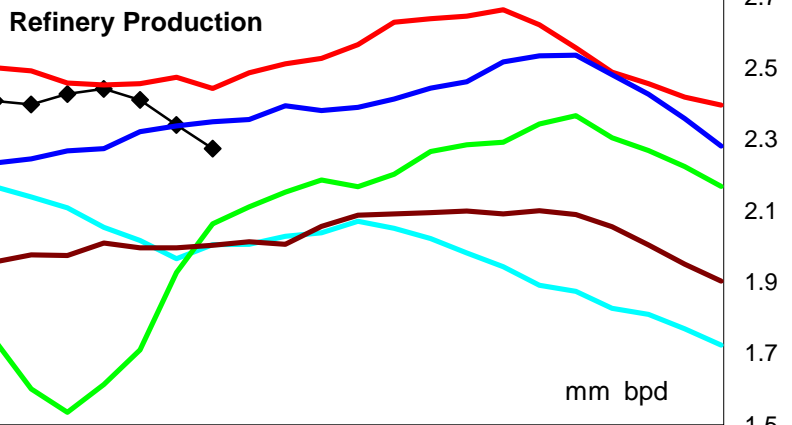
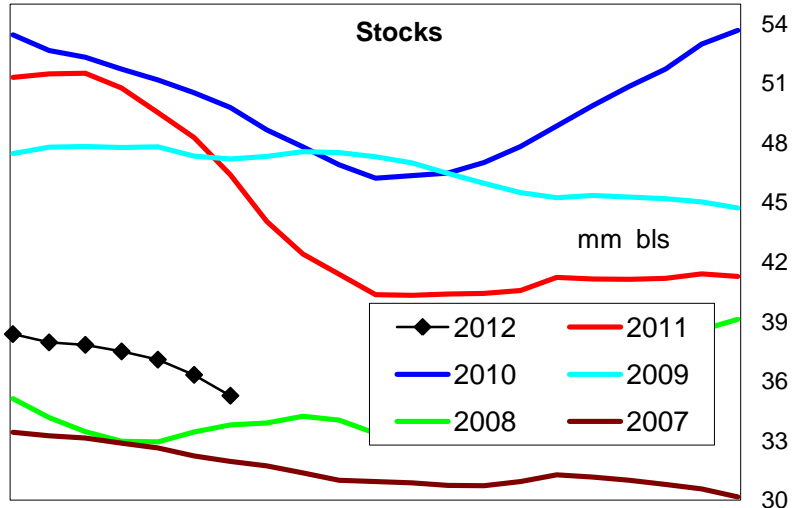
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	15Oct12	22Oct12	29Oct12	05Nov12	
Midwest	\$4.150	\$4.101	\$3.984	\$3.944	-\$0.040
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



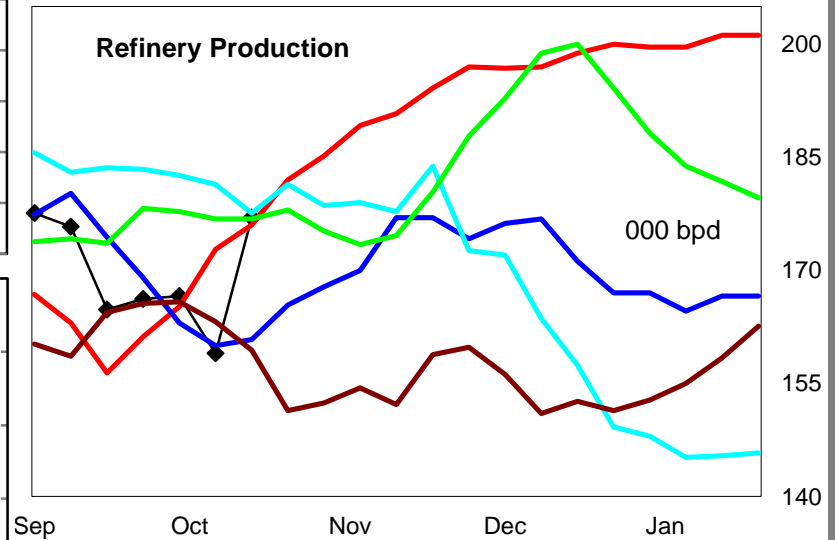
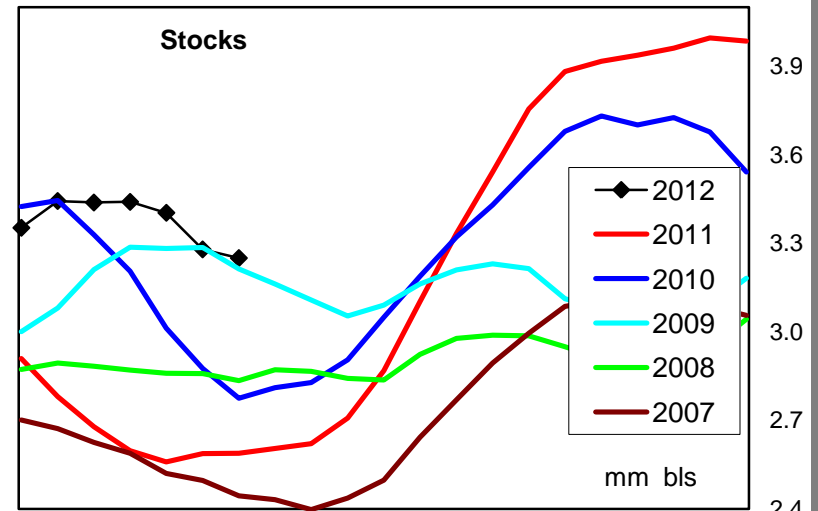
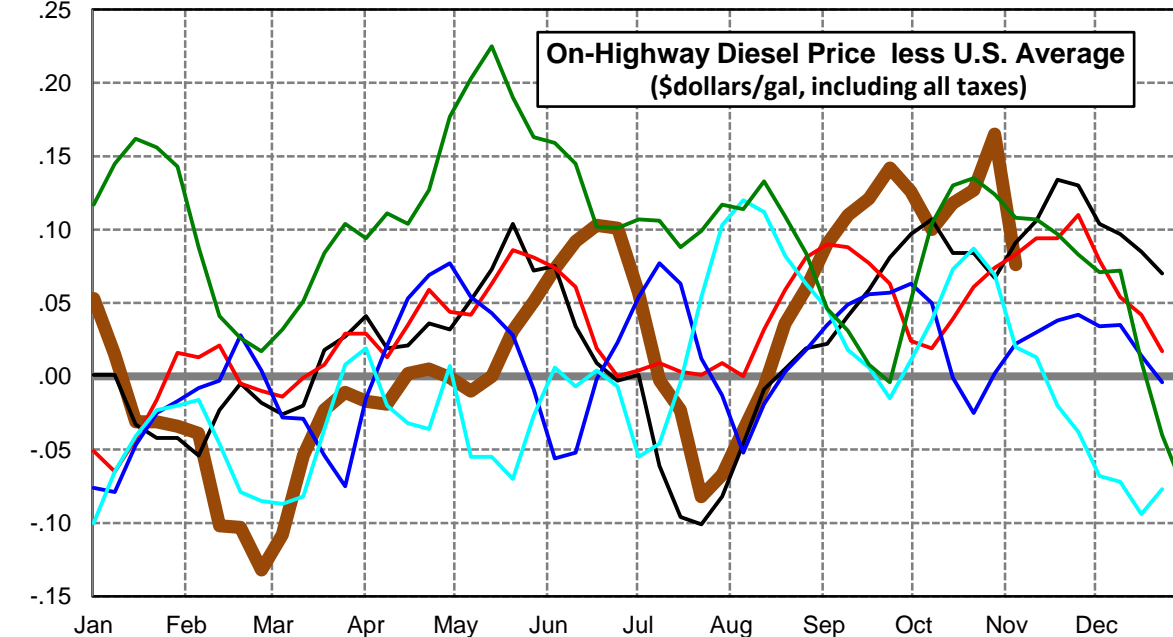
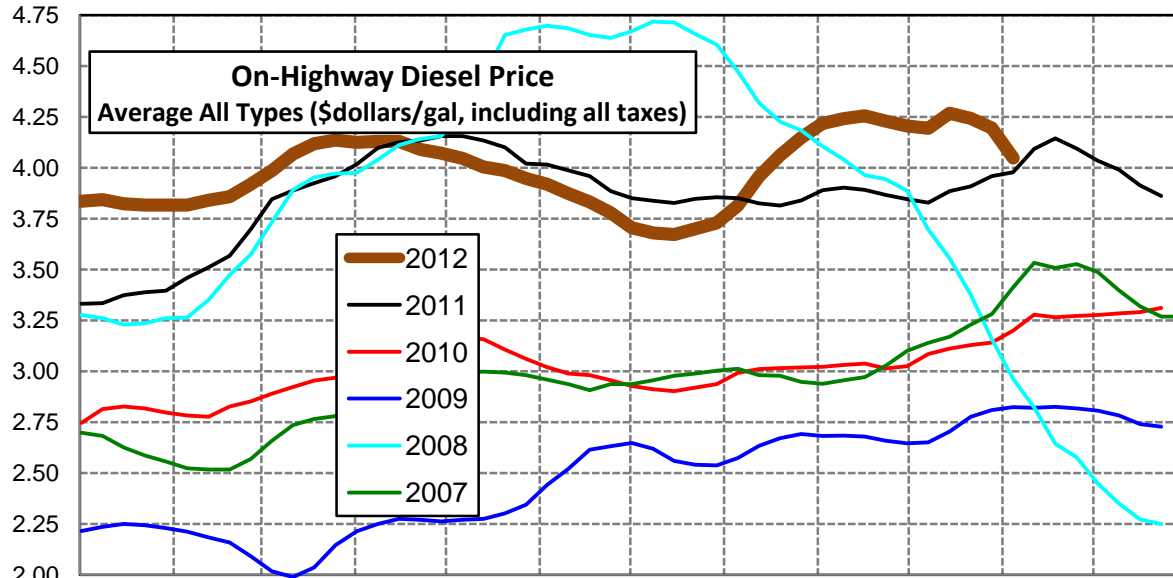
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	15Oct12	22Oct12	29Oct12	05Nov12	
Gulf Coast	\$4.022	\$3.999	\$3.945	\$3.861	-\$0.084
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



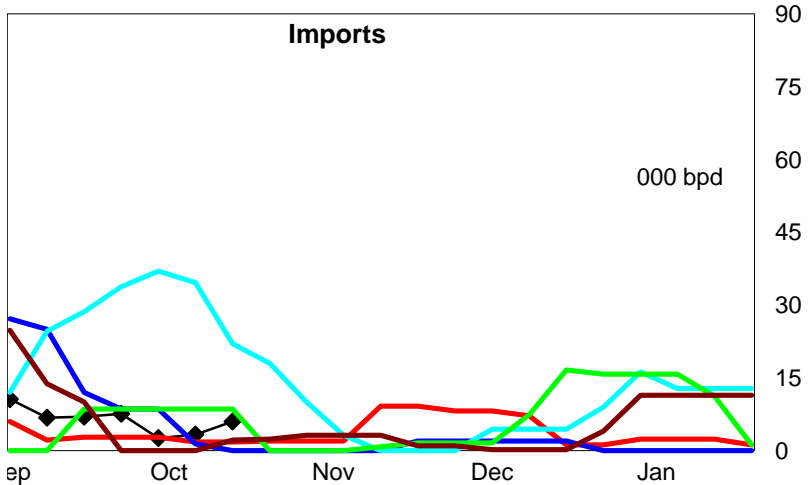
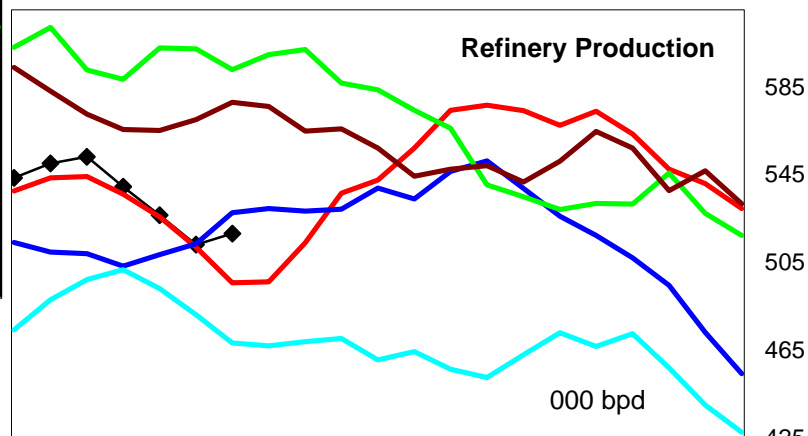
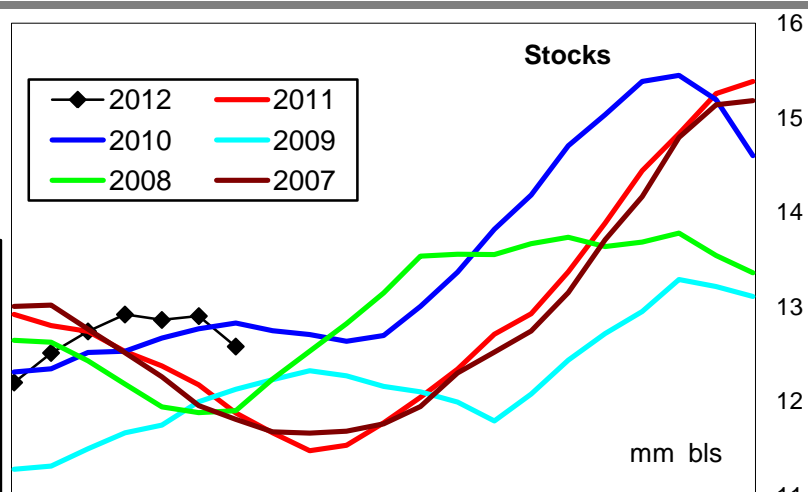
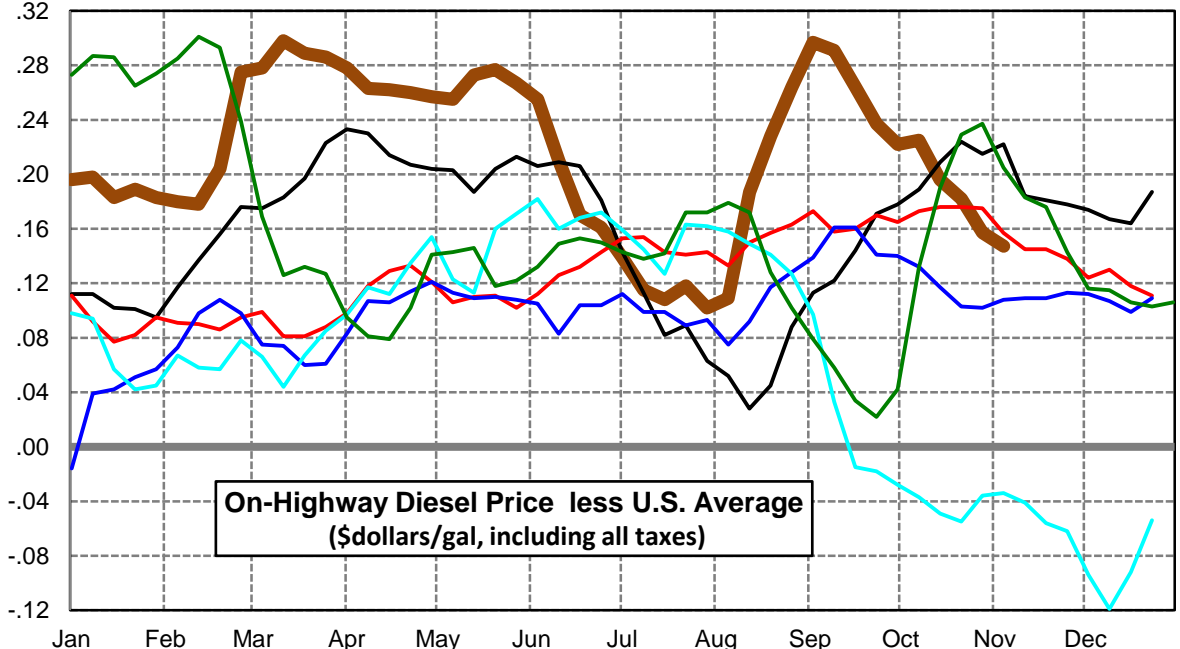
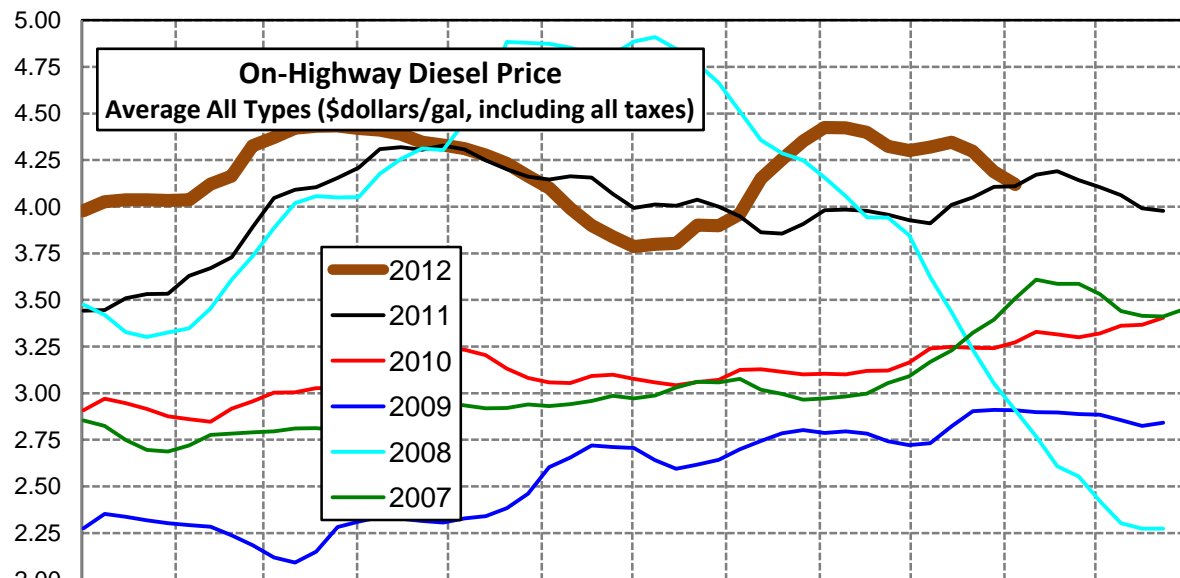
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	15Oct12	22Oct12	29Oct12	05Nov12	
Rocky Mountain	\$4.268	\$4.243	\$4.195	\$4.048	-\$0.147
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



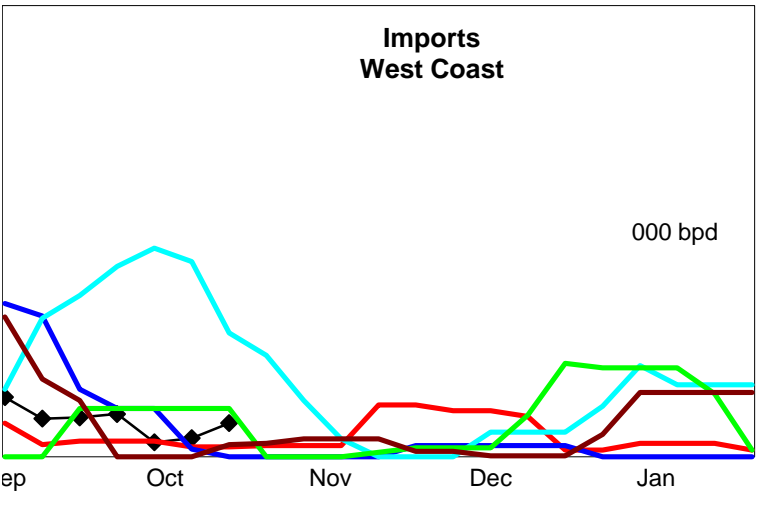
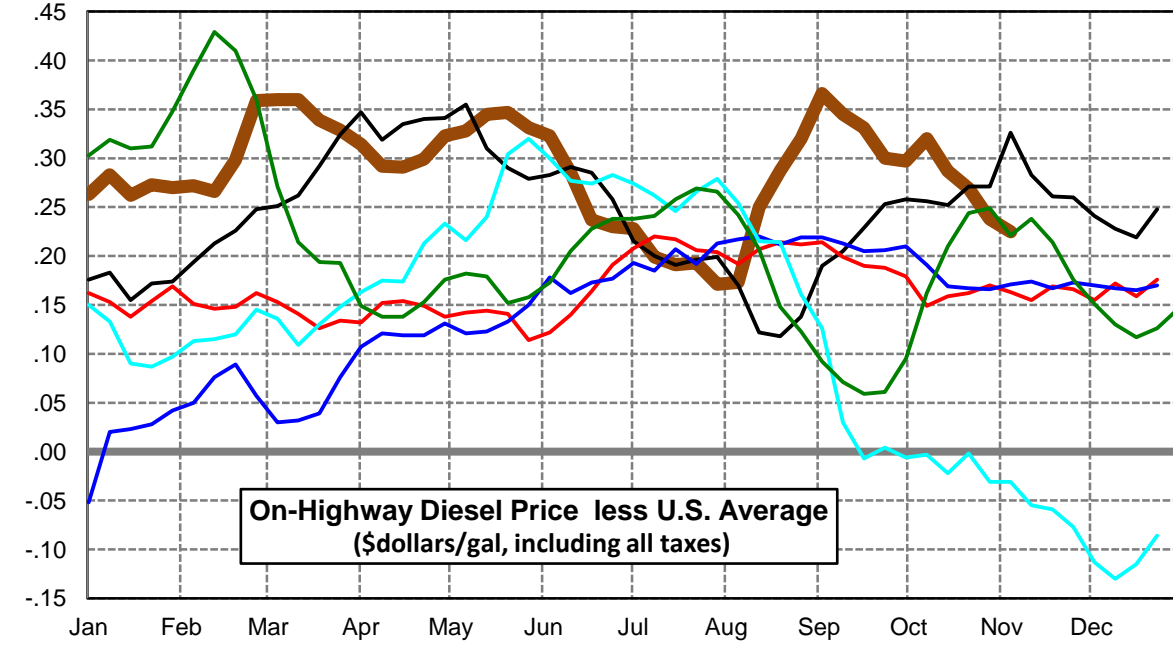
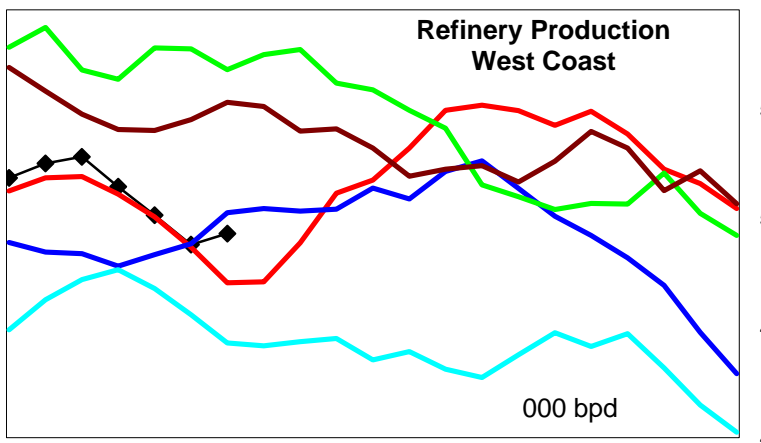
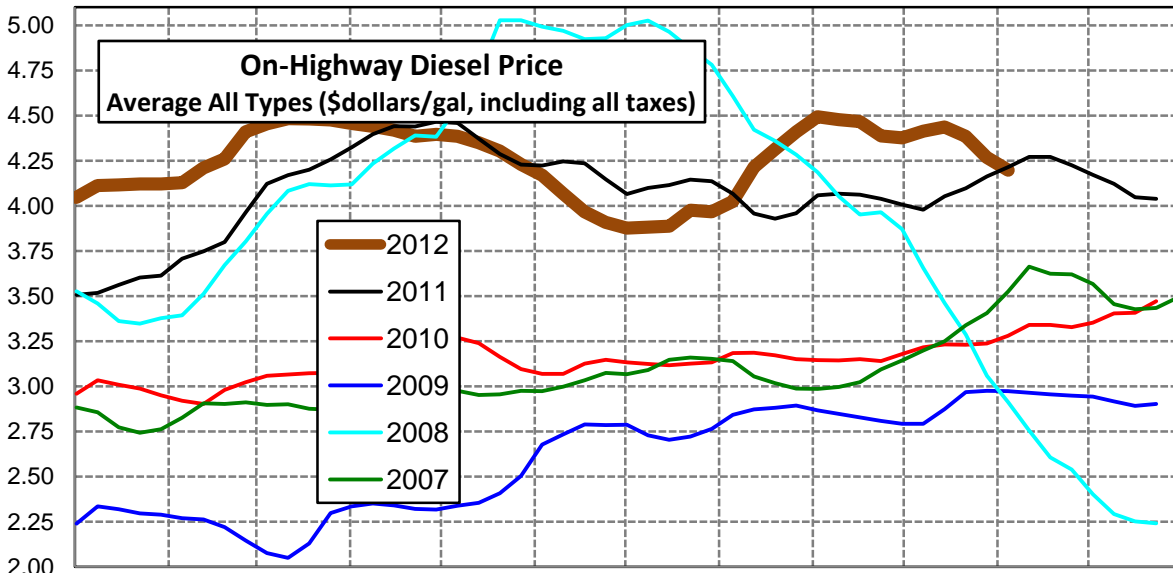
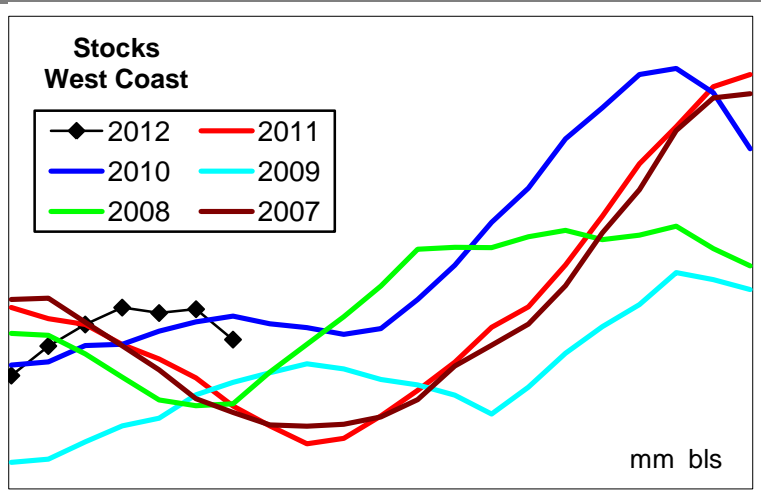
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	15Oct12	22Oct12	29Oct12	05Nov12	
West Coast	\$4.346	\$4.298	\$4.187	\$4.119	-\$0.068
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
	15Oct12	22Oct12	29Oct12	05Nov12	
California	\$4.437	\$4.385	\$4.268	\$4.196	-\$0.072
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-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	3.897	3.940	4.072	4.023	3.854	3.795	3.802	3.948	4.164	4.228
Mon-04-Jun-12	3.846	3.886	4.036	3.968	3.797	3.746	3.757	3.919	4.101	4.169
Mon-11-Jun-12	3.781	3.818	3.974	3.909	3.721	3.696	3.698	3.873	3.991	4.066
Mon-18-Jun-12	3.729	3.766	3.923	3.868	3.660	3.655	3.654	3.832	3.899	3.966
Mon-25-Jun-12	3.678	3.718	3.873	3.817	3.616	3.606	3.601	3.779	3.839	3.908
Mon-02-Jul-12	3.648	3.702	3.843	3.793	3.607	3.580	3.568	3.705	3.787	3.876
Mon-09-Jul-12	3.683	3.731	3.840	3.818	3.646	3.638	3.605	3.680	3.798	3.882
Mon-16-Jul-12	3.695	3.741	3.848	3.838	3.648	3.659	3.617	3.672	3.803	3.886
Mon-23-Jul-12	3.783	3.826	3.916	3.900	3.753	3.749	3.711	3.701	3.901	3.976
Mon-30-Jul-12	3.796	3.842	3.931	3.908	3.775	3.782	3.696	3.729	3.898	3.967
Mon-06-Aug-12	3.850	3.869	3.946	3.934	3.806	3.851	3.752	3.813	3.959	4.023
Mon-13-Aug-12	3.965	3.952	4.011	4.004	3.901	3.968	3.856	3.958	4.152	4.215
Mon-20-Aug-12	4.026	4.006	4.087	4.069	3.944	4.015	3.911	4.062	4.254	4.313
Mon-27-Aug-12	4.089	4.072	4.132	4.129	4.019	4.050	3.981	4.149	4.353	4.409
Mon-03-Sep-12	4.127	4.104	4.194	4.153	4.051	4.072	4.026	4.217	4.424	4.493
Mon-10-Sep-12	4.132	4.113	4.208	4.175	4.049	4.079	4.021	4.242	4.423	4.477
Mon-17-Sep-12	4.135	4.125	4.215	4.196	4.056	4.080	4.028	4.256	4.399	4.466
Mon-24-Sep-12	4.086	4.092	4.191	4.170	4.015	4.017	3.995	4.228	4.323	4.386
Mon-01-Oct-12	4.079	4.081	4.195	4.168	3.995	4.013	3.999	4.205	4.301	4.376
Mon-08-Oct-12	4.094	4.097	4.217	4.185	4.009	4.040	3.999	4.194	4.319	4.414
Mon-15-Oct-12	4.150	4.128	4.238	4.208	4.047	4.150	4.022	4.268	4.346	4.437
Mon-22-Oct-12	4.116	4.108	4.243	4.203	4.011	4.101	3.999	4.243	4.298	4.385
Mon-29-Oct-12	4.030	4.036	4.205	4.149	3.921	3.984	3.945	4.195	4.187	4.268
Mon-05-Nov-12	3.971	4.020	4.134	4.119	3.896	3.944	3.861	4.048	4.119	4.196
Mon-12-Nov-12										
Mon-19-Nov-12										
Mon-26-Nov-12										
Mon-03-Dec-12										

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.