



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

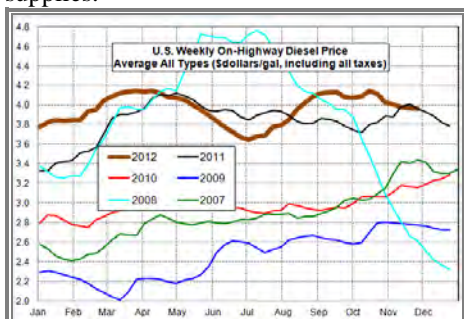
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, November 20, 2012

Weekly Retail On-Highway Diesel Prices

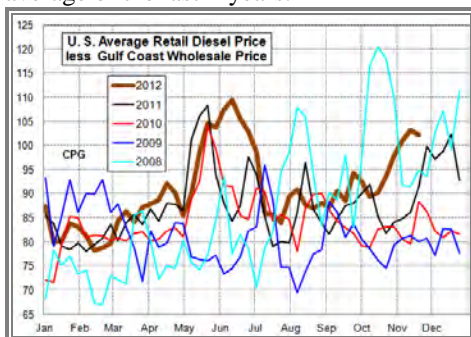
Region	Actual Price 1/		Forecast 2/	Change from week ago	
	05Nov12	12Nov12	26Nov12		
U.S.	4.010	3.980	3.976	3.962	-0.014
East Coast	4.034	4.037	4.052	4.027	-0.025
New England	4.211	4.198	4.197	4.140	-0.057
Central Atlantic	4.155	4.165	4.171	4.126	-0.045
Lower Atlantic	3.910	3.912	3.935	3.871	-0.064
Midwest	3.959	3.908	3.909	3.895	-0.014
Gulf Coast	3.920	3.875	3.865	3.838	-0.027
Rocky Mountain	4.160	4.104	4.059	4.013	-0.046
West Coast	4.153	4.131	4.094	4.044	-0.050
California	4.225	4.160	4.142	4.117	-0.025

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

Diesel Fuel Price Trends U. S. retail diesel prices declined -0.40 cpg for the week ending 19Nov12. Prices decreased -4.5 cpg in the Rockies and -3.7 cpg on the West Coast for the week. The East Coast saw a +1.5 cpg increase on continued tight supplies.



The U.S. average retail diesel price compared to the Gulf Coast wholesale price declined -1 cpg week-on-week. The spread ended the week +20 cpg above the average of the last 2-years.



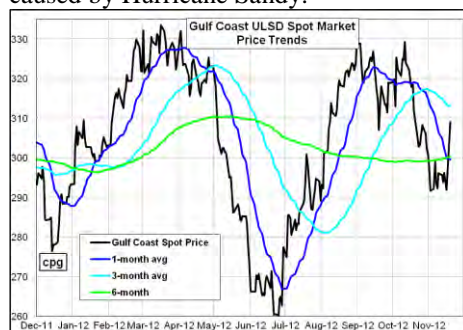
The national average on-highway price ended the week -3 cpg below a year ago.

Retail prices in on the West Coast averaged +12 cpg above the national

\$3.87/gal.

Gulf Coast wholesale distillate prices increased +13 cpg last week, up from lows seen in the prior 2-wk period on fighting between Israel and Hamas.

U.S. average retail prices ended the week nearly unchanged from a year ago. The spread between retail and wholesale spot prices was a record high for this time of year, due in part to supply disruptions caused by Hurricane Sandy.



The spread between Gulf wholesale and U.S. average retail prices decreased -1 cpg to +102 cpg last week. Look for retail prices to decline compared to wholesale prices over the next 30-days.

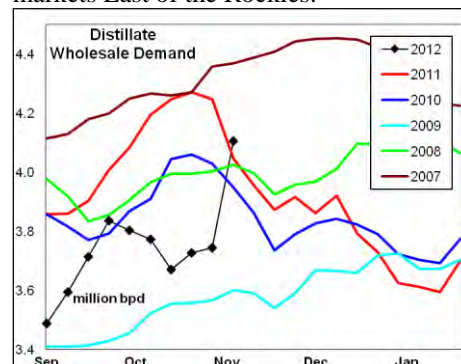
Supply - Demand Fundamental Trends Distillate wholesale demand surged +517,000 bpd last week as terminals returned to operation and were restocked on the East Coast. The latest 4-wk average demand was -603,000 bpd below last year; continuing a year-on-year decrease.

Supplies increased +154,000 bpd on sharply higher imports. Stocks fell -2.5 million barrels on the week. A lack of year on year increase in output, high

average last week, -3 cpg lower than the previous week.

New England prices were the highest in the country, \$4.20/gal last week, followed closely by the Central Atlantic Region at \$4.17/gal. The Gulf Coast reported the lowest prices at

exports and the resurgence in domestic use continues to draw down distillate stocks in markets East of the Rockies.



Global Trends Driving Diesel Prices

Fighting between Israel and Hamas, and expectations of a resolution to the 'fiscal cliff' in U.S. Federal Government provided support to prices this week.

Distillate stocks in U.S. regional markets East of the Rockies remain extremely tight and continue to draw down to fresh 5-year lows. Increased demand for winter heating, strong exports and lack of year on year increase in output point to continued risk of a supply squeeze in the Atlantic Basin over the next several months.

Partially off setting the recent price strength and tight supply conditions, are the recession in Europe, slower growth in Asia and increased global crude oil production.

Diesel Price Outlook Renewed conflict in the Middle East, start of the winter heating season and tight distillate supplies should support higher wholesale prices.

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

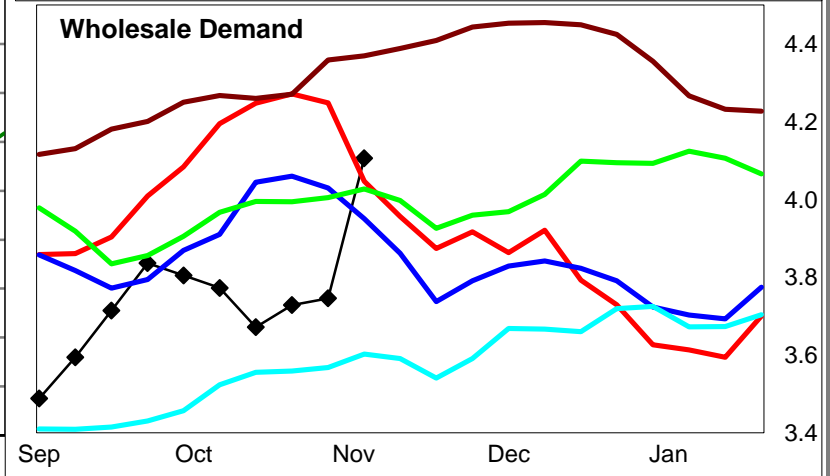
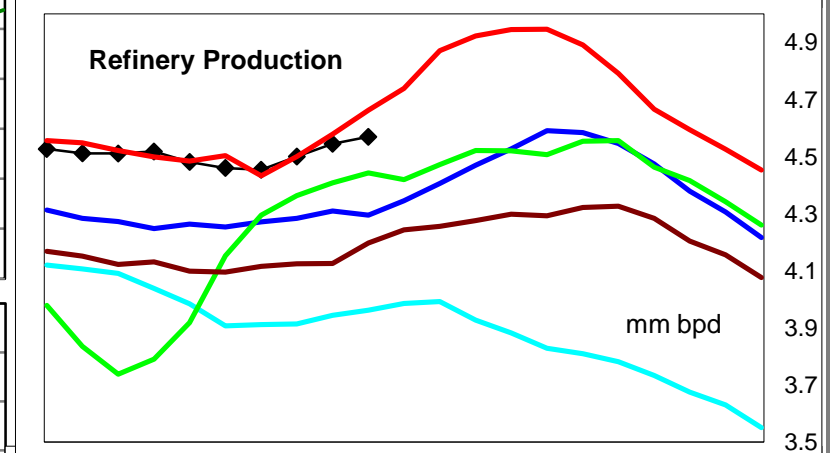
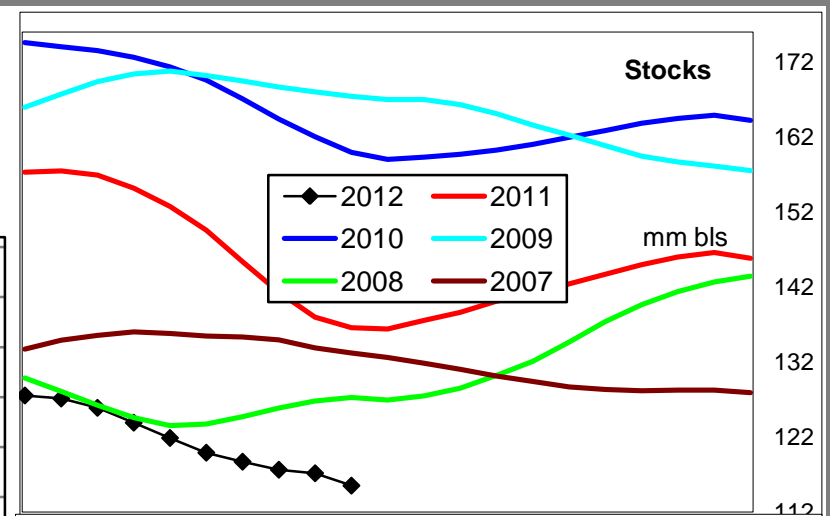
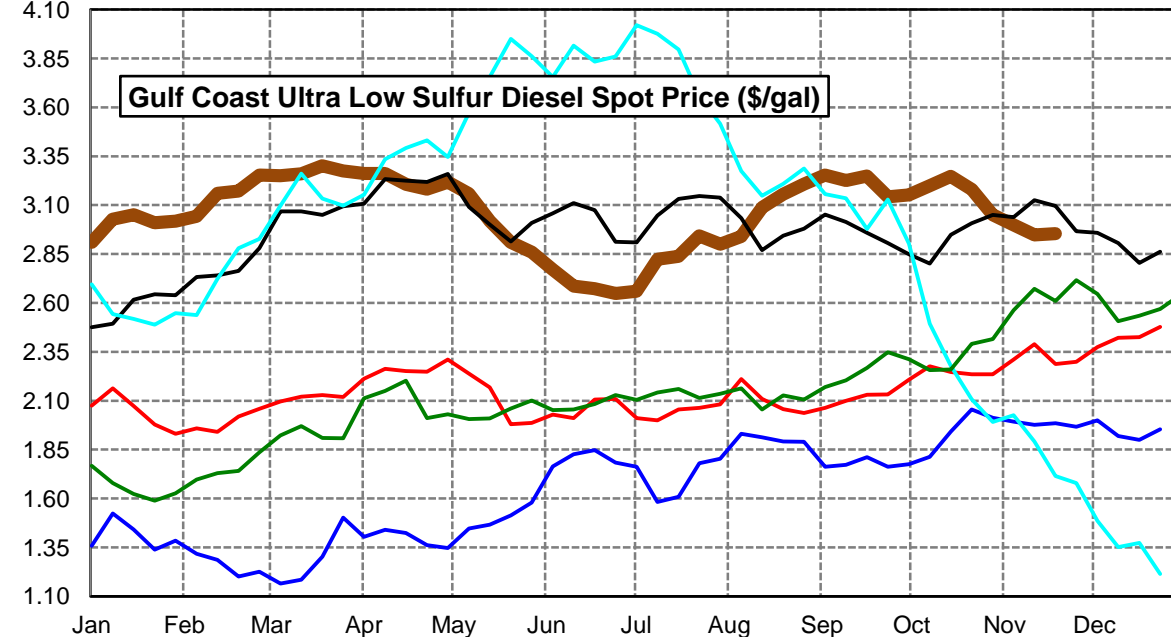
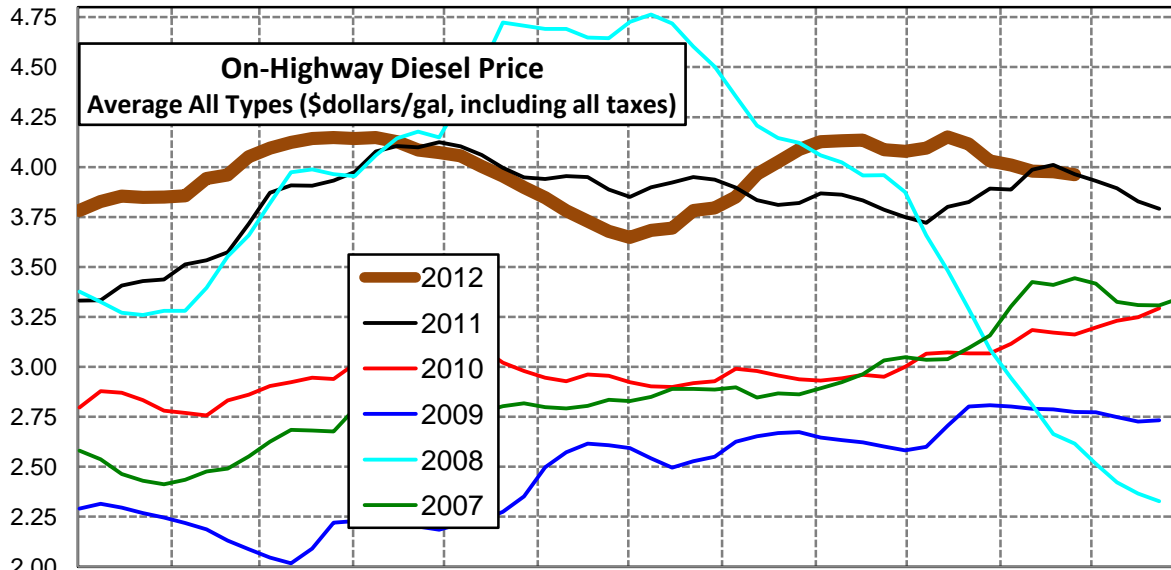
Longer term, prices are likely to trend lower due to a slowdown in global economic growth, limited by tensions in the Middle East and central banks' quantitative easing.

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



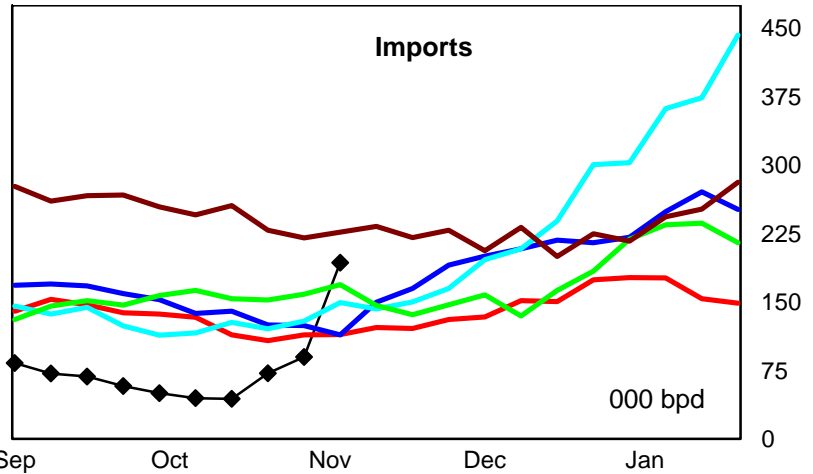
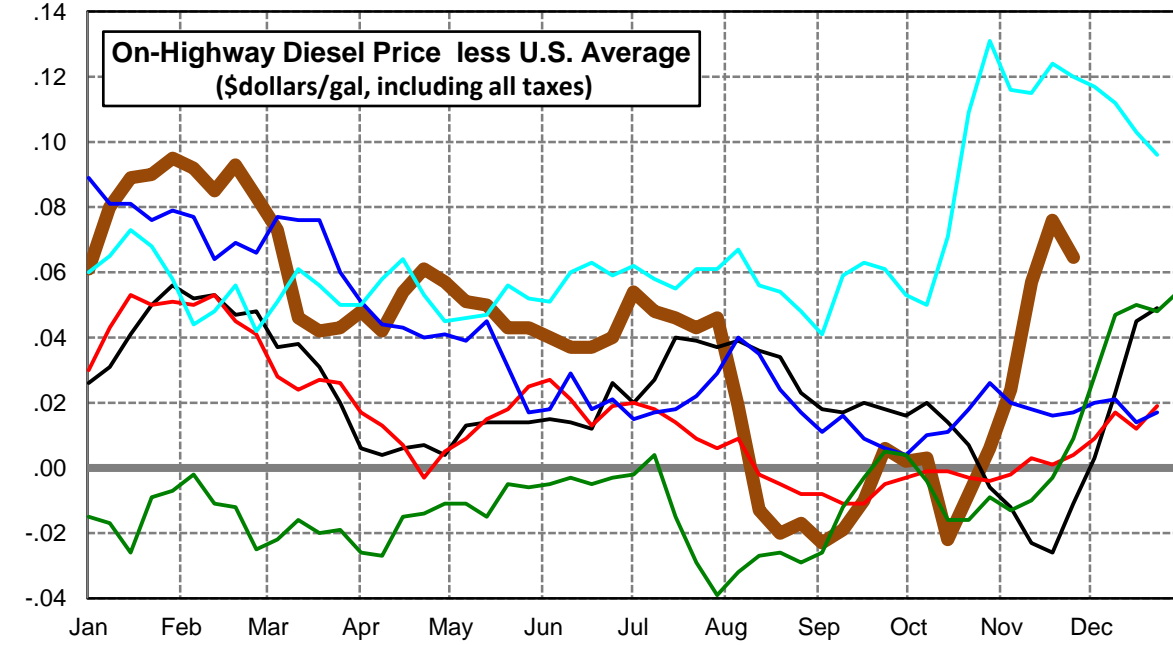
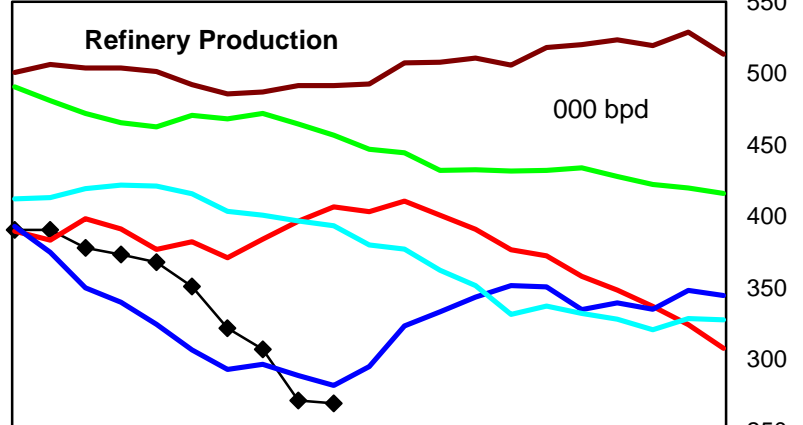
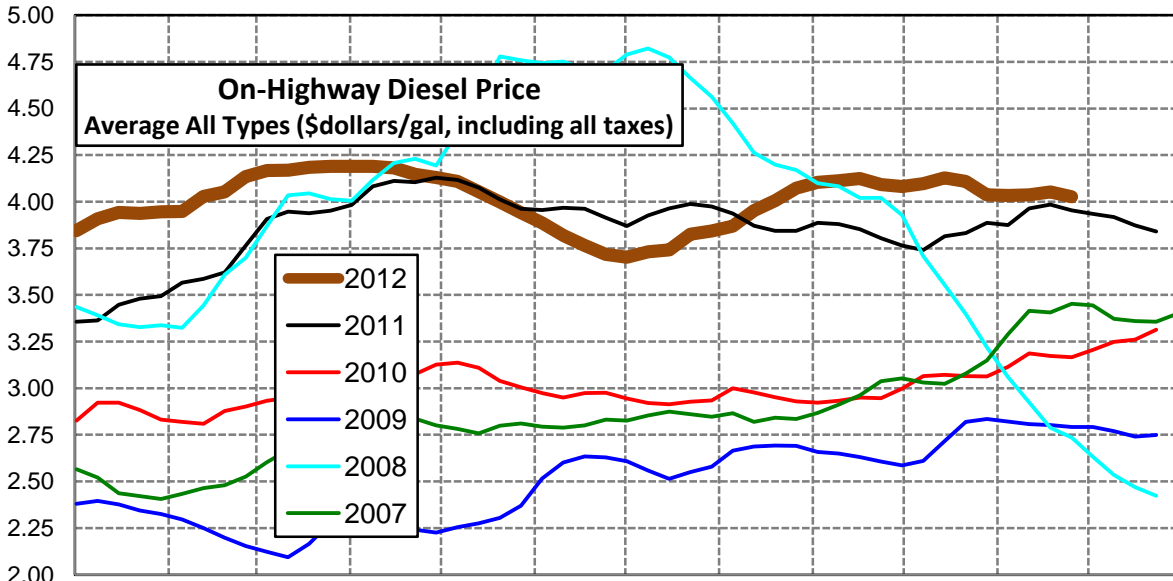
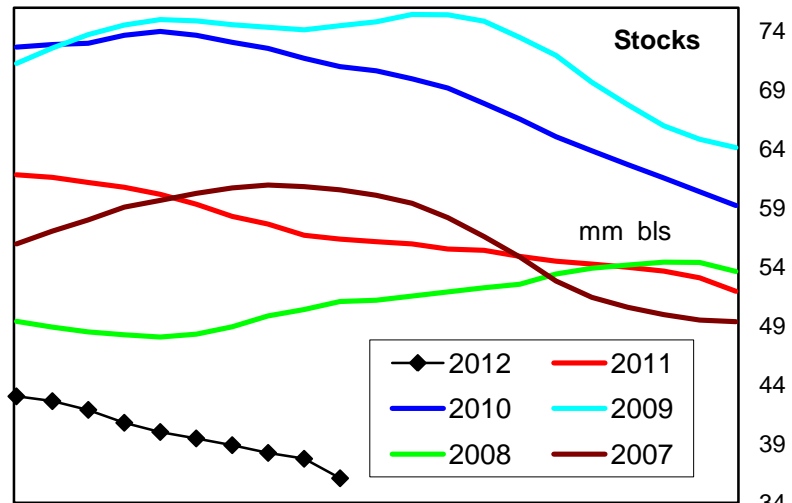
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Nov12	12Nov12	19Nov12	26Nov12	
United States Avg	\$4.010	\$3.980	\$3.976	\$3.962	-\$0.014
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



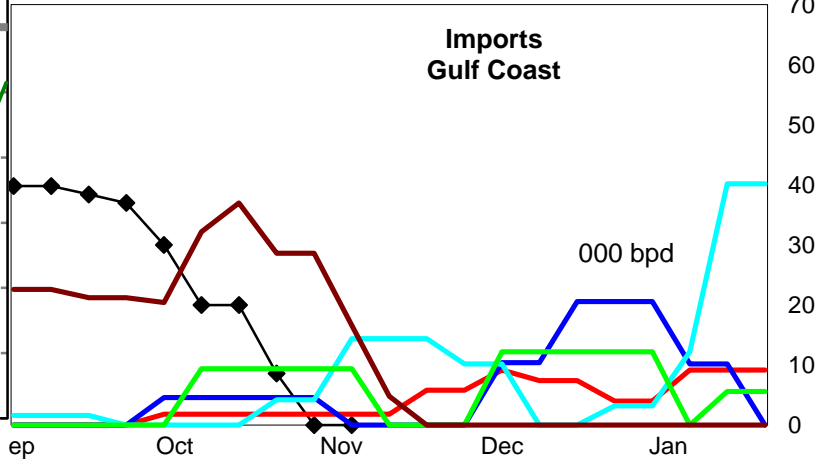
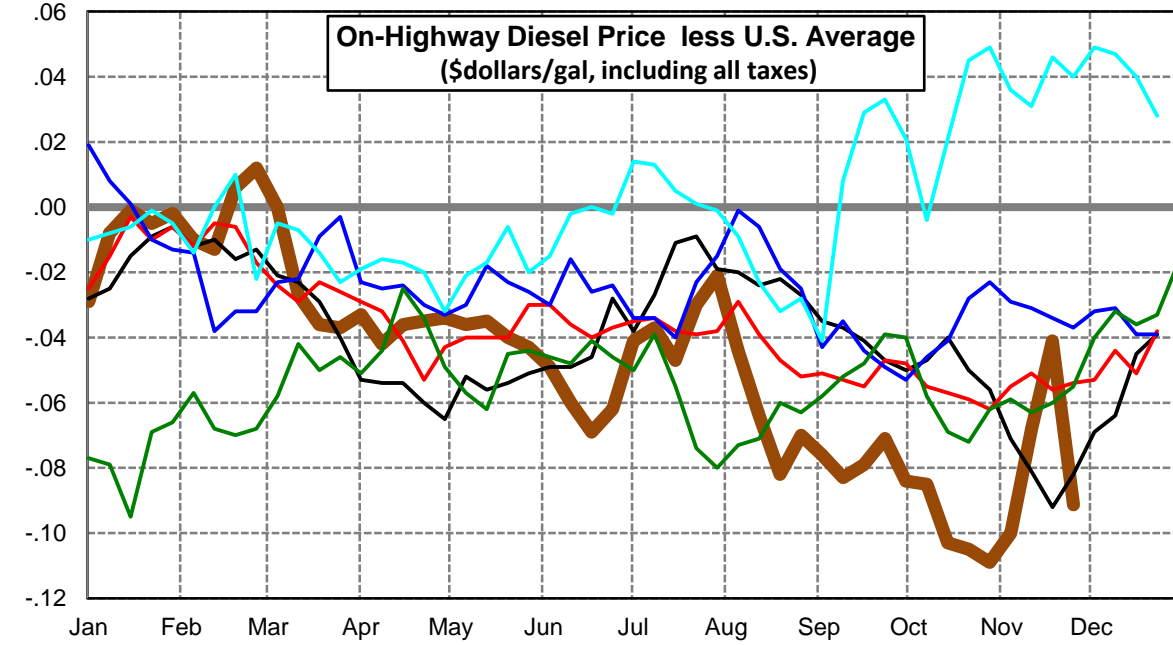
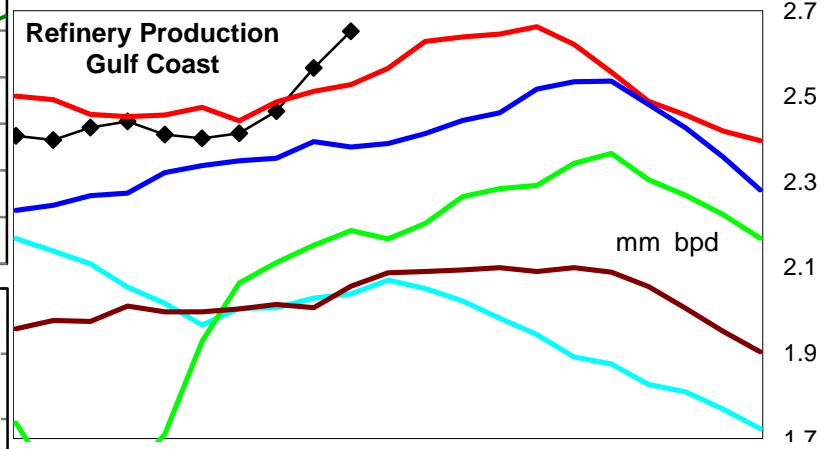
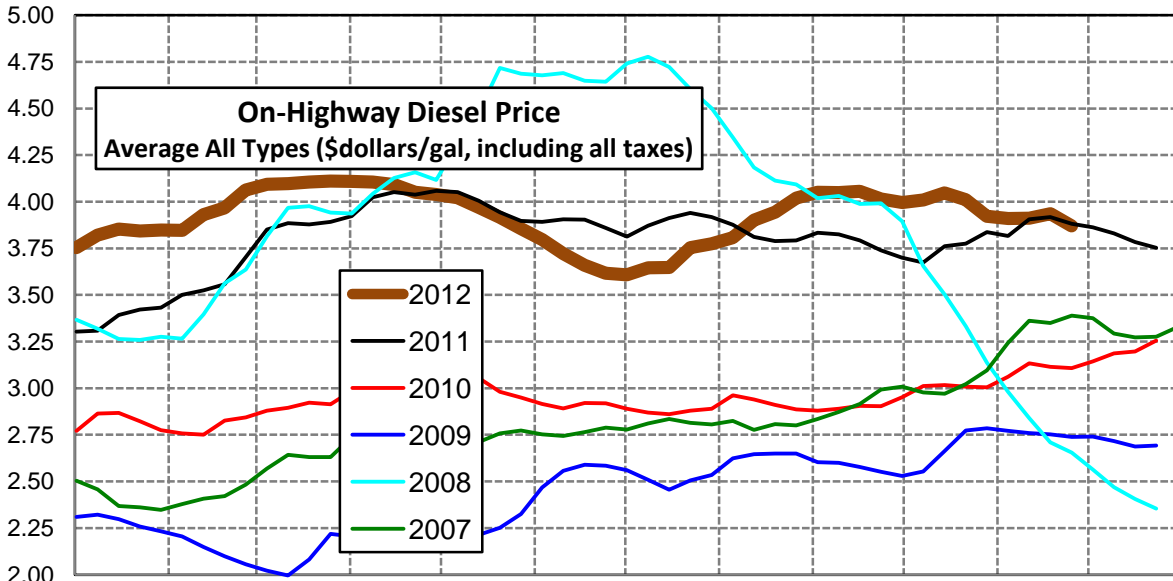
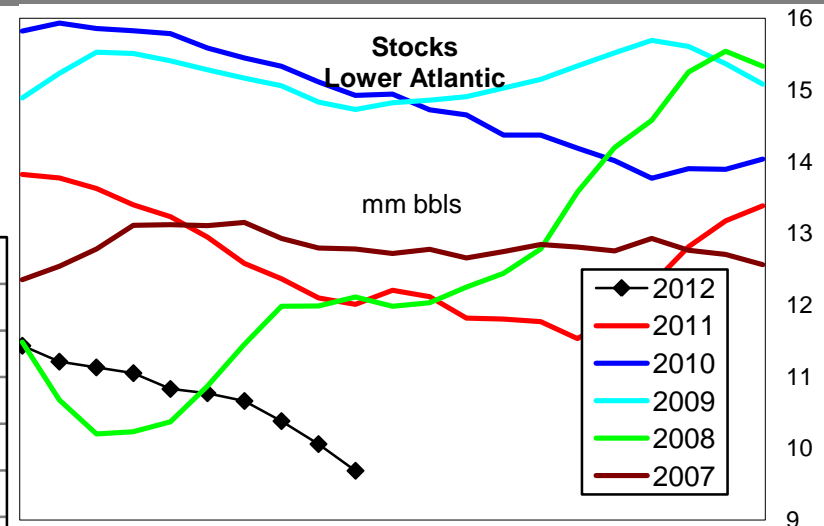
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Nov12	12Nov12	19Nov12	26Nov12	
East Coast	\$4.034	\$4.037	\$4.052	\$4.027	-\$0.025
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



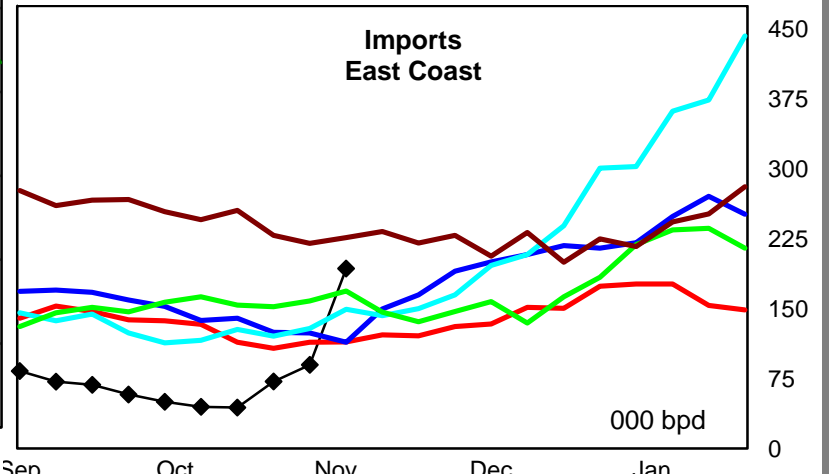
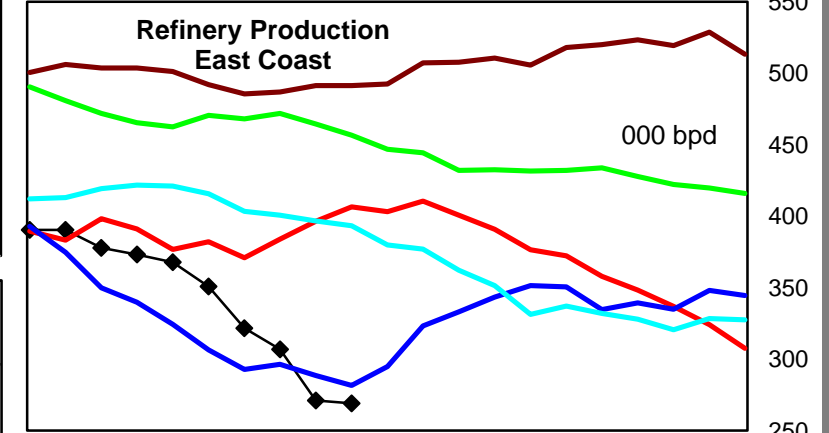
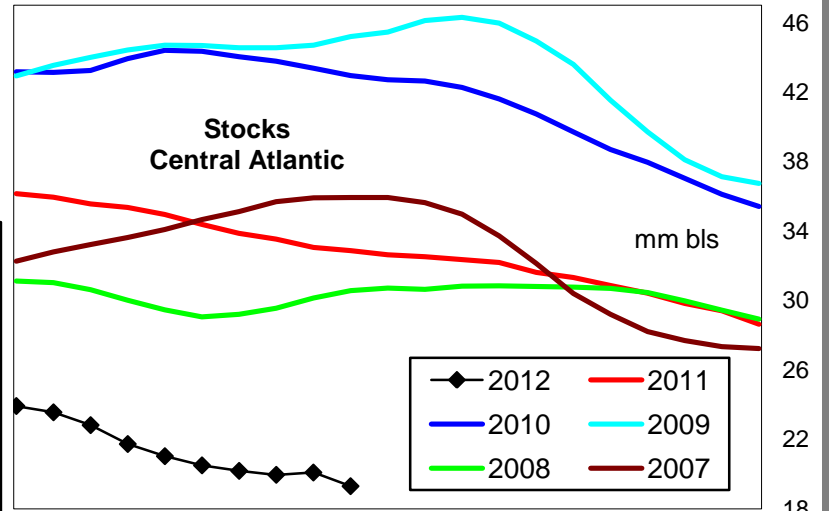
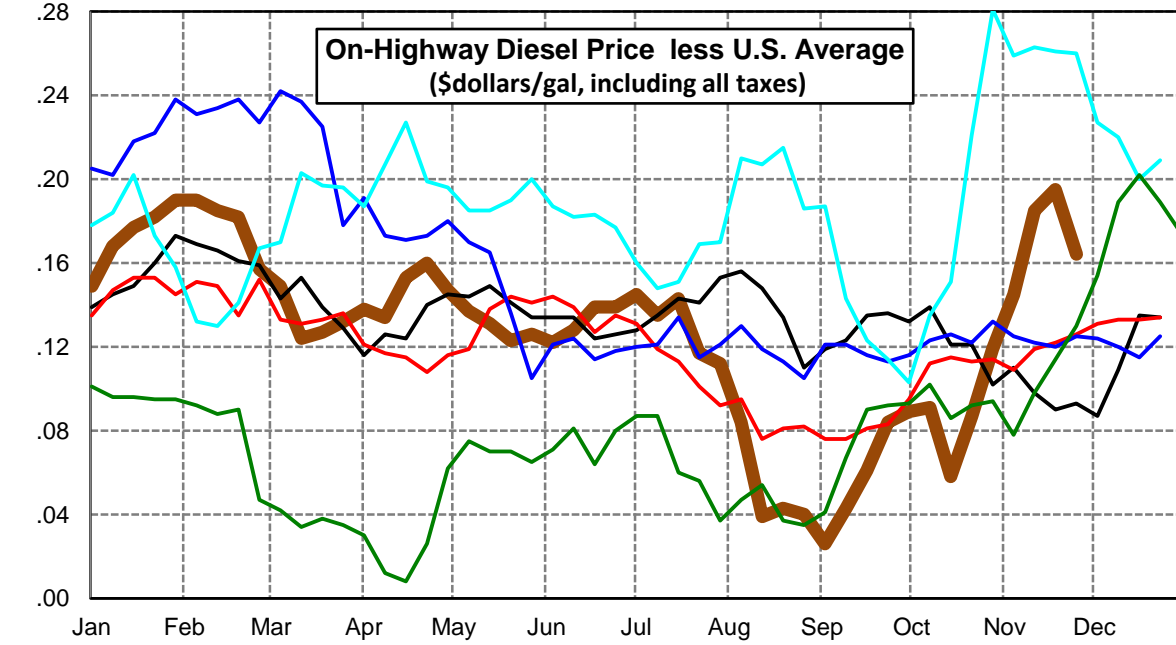
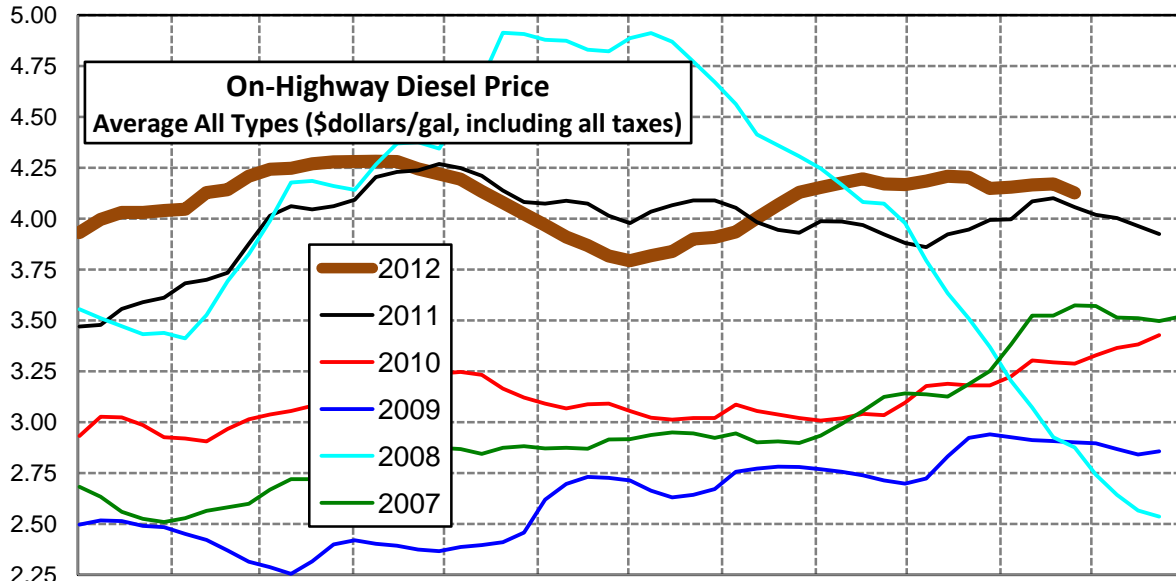
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Nov12	12Nov12	19Nov12	26Nov12	
Lower Atlantic	\$3.910	\$3.912	\$3.935	\$3.871	-\$0.064
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



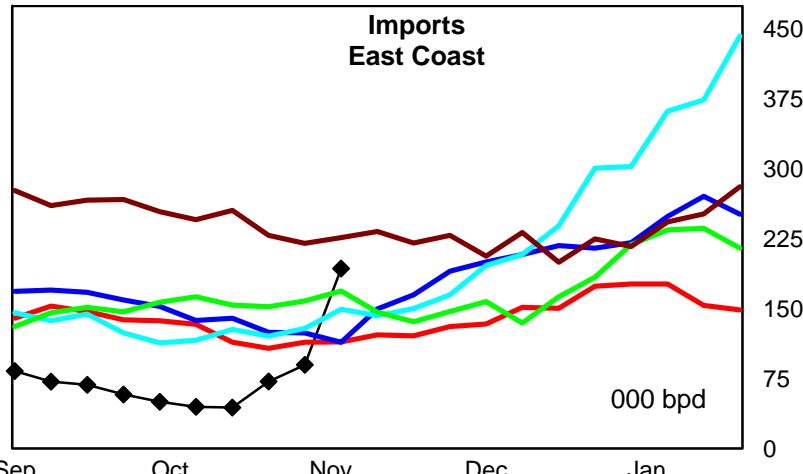
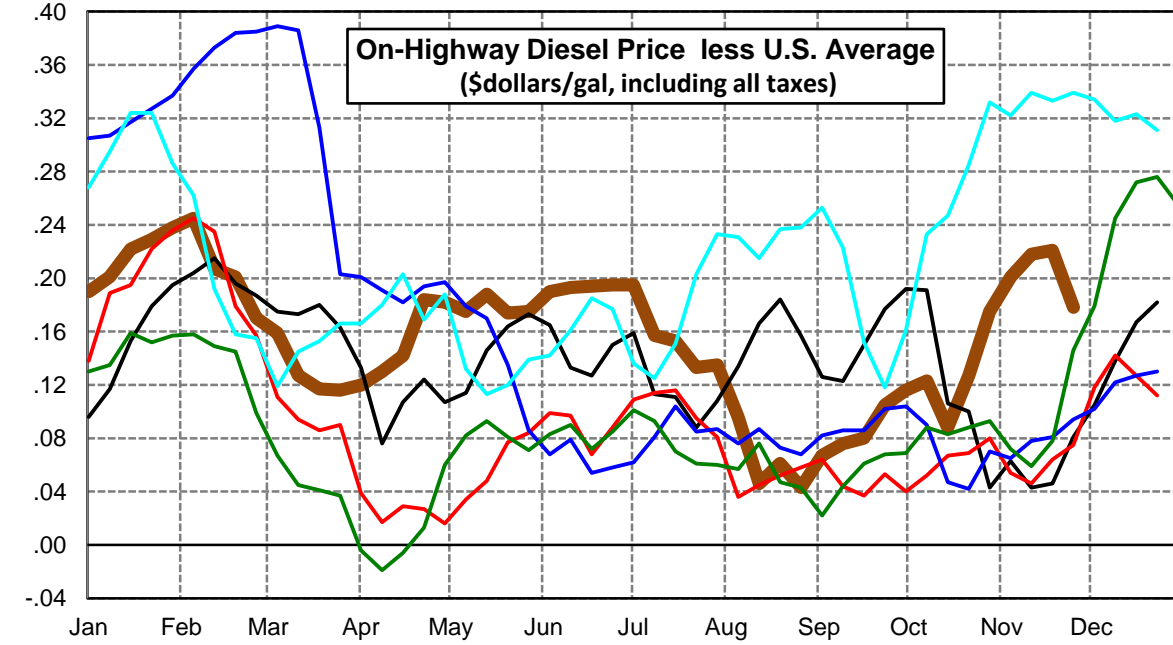
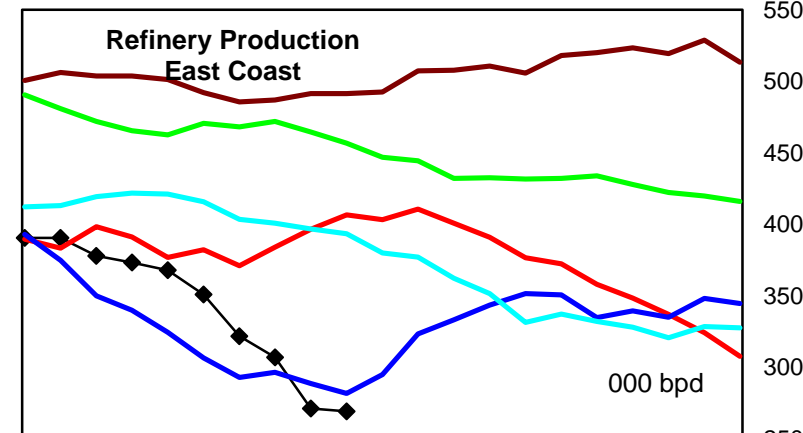
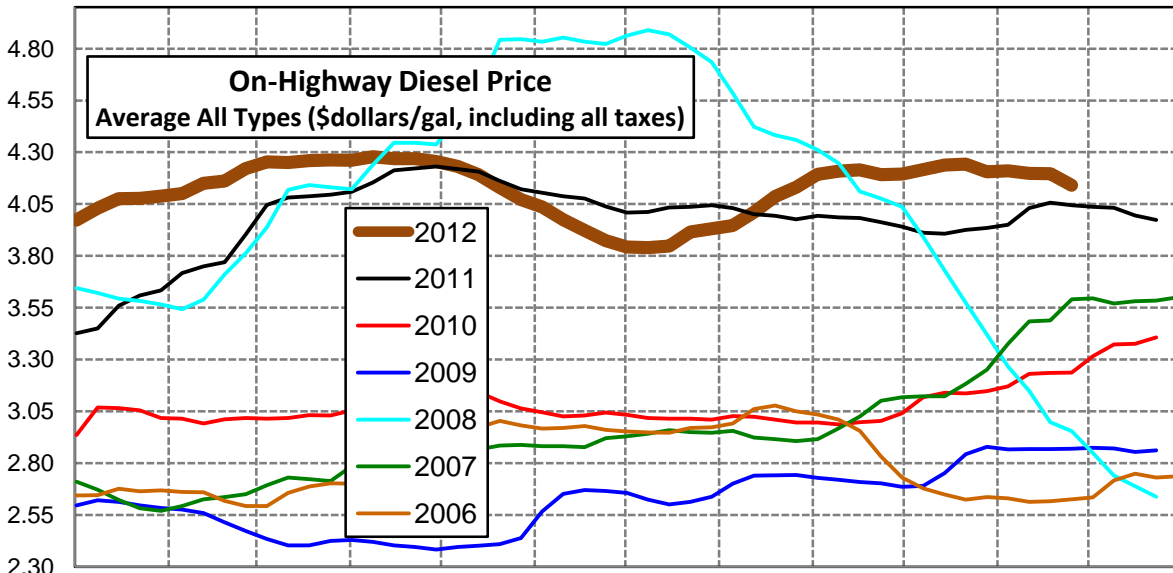
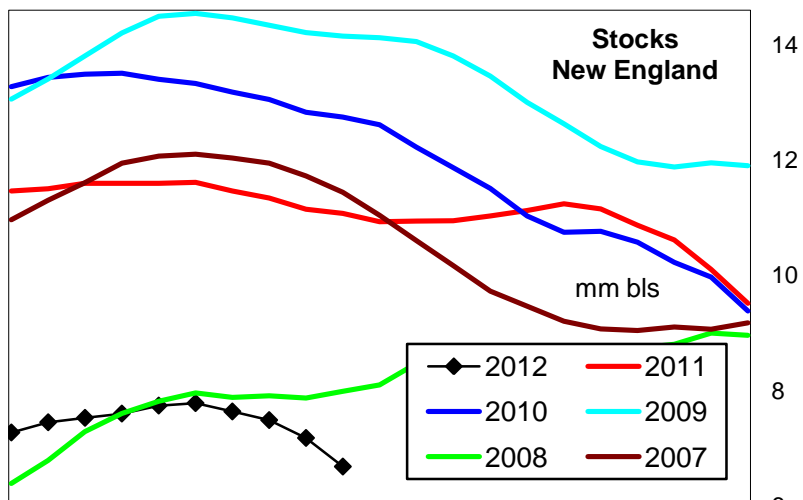
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Nov12	12Nov12	19Nov12	26Nov12	
Central Atlantic	\$4.155	\$4.165	\$4.171	\$4.126	-\$0.045
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



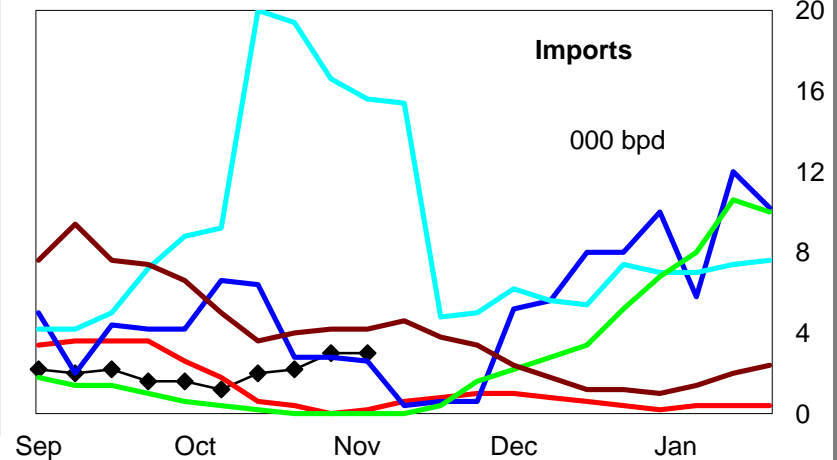
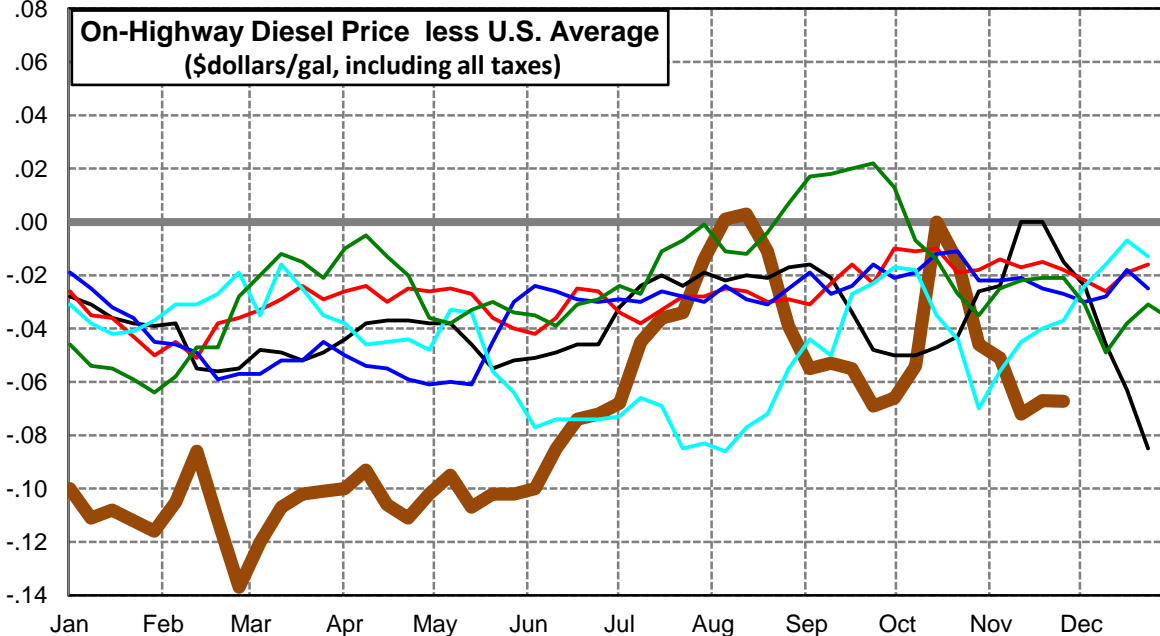
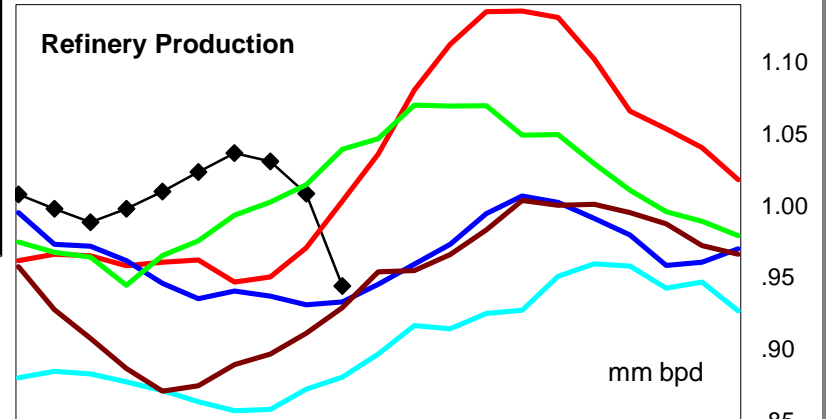
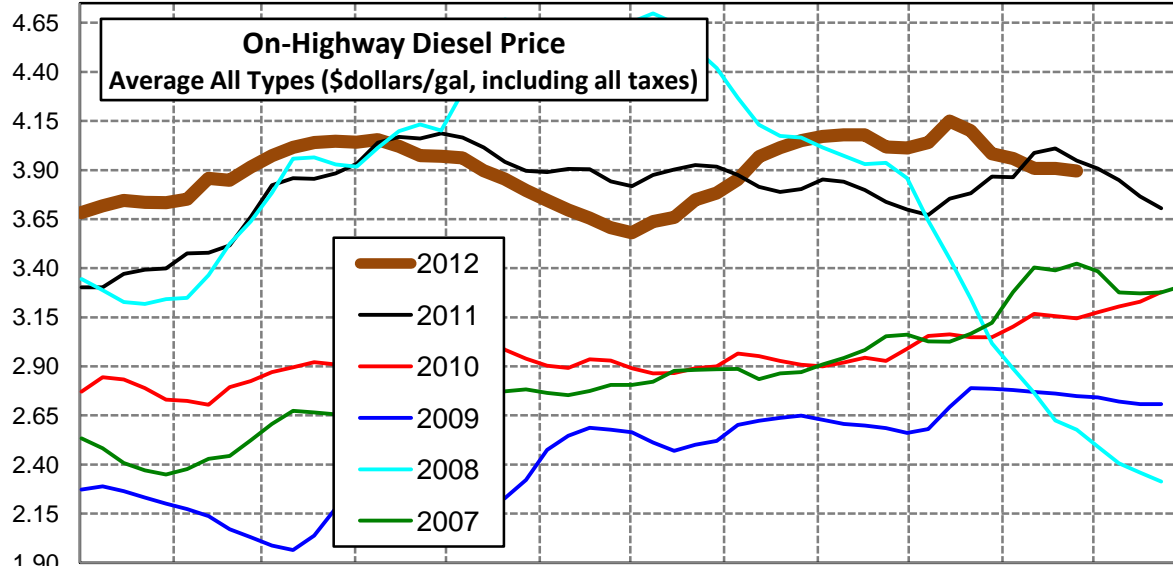
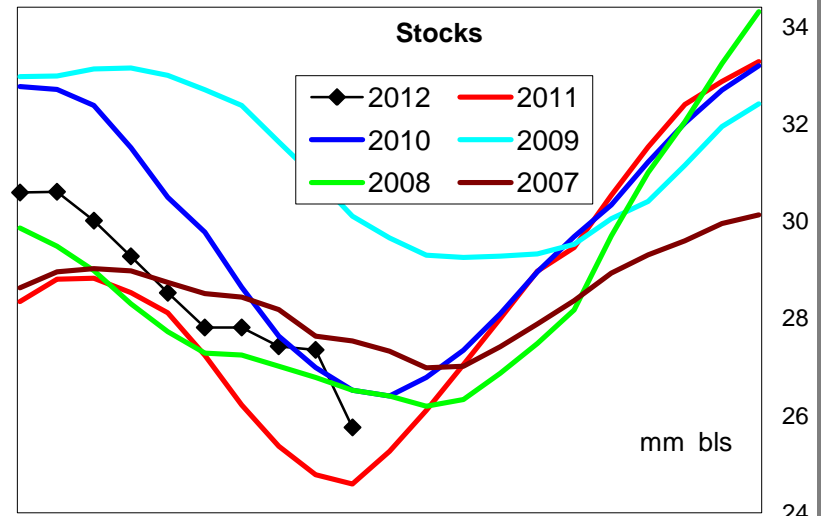
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Nov12	12Nov12	19Nov12	26Nov12	
New England	\$4.211	\$4.198	\$4.197	\$4.140	-\$0.057
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



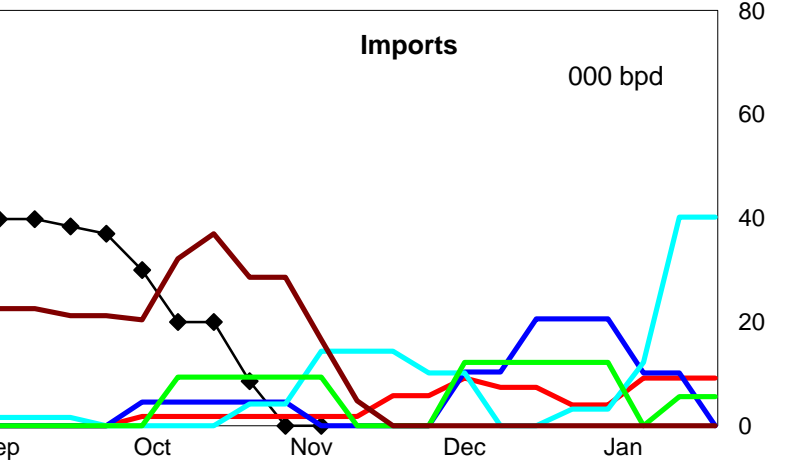
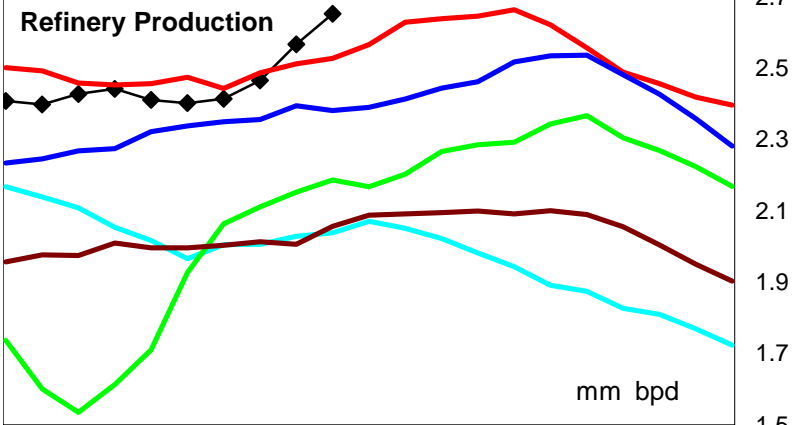
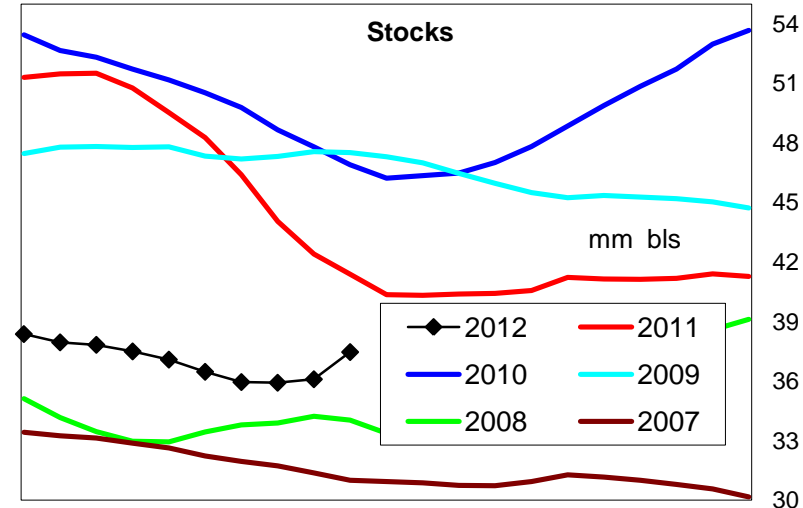
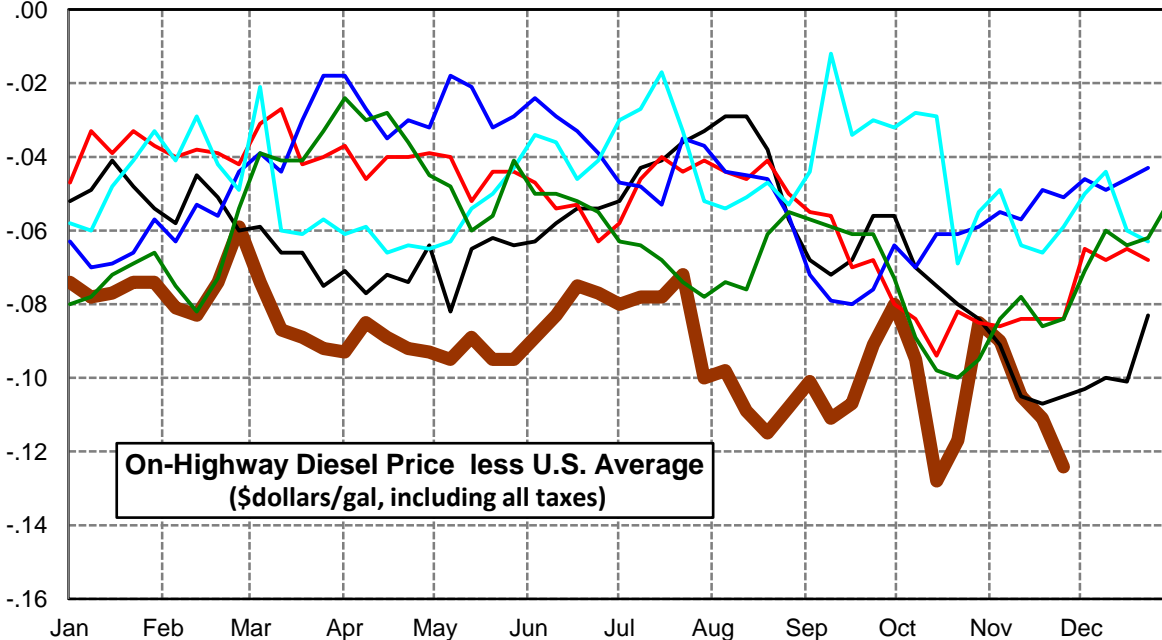
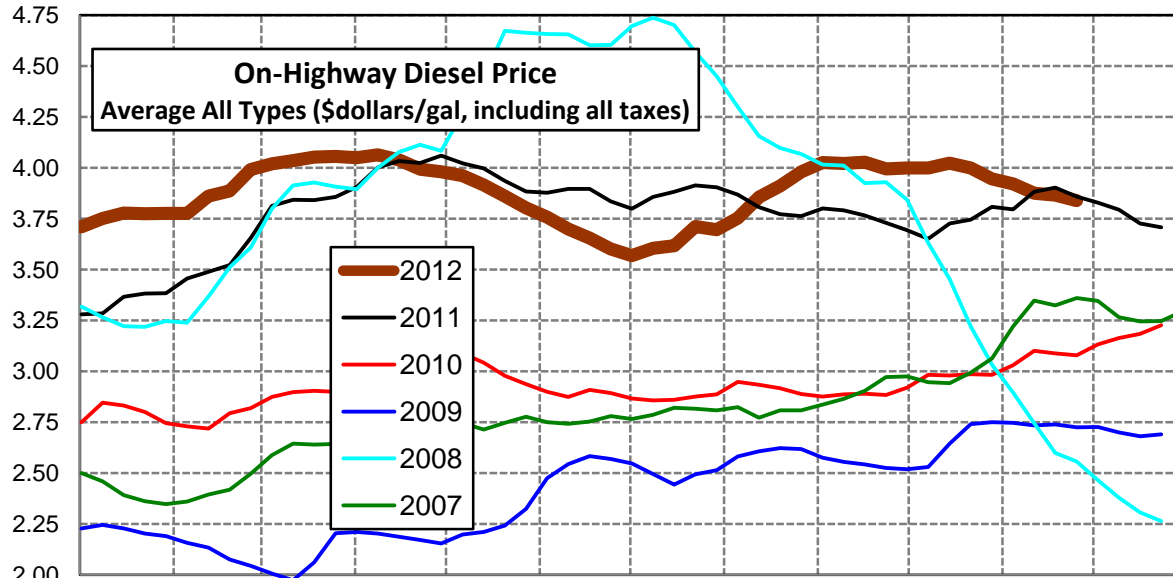
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Nov12	12Nov12	19Nov12	26Nov12	
Midwest	\$3.959	\$3.908	\$3.909	\$3.895	-\$0.014
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



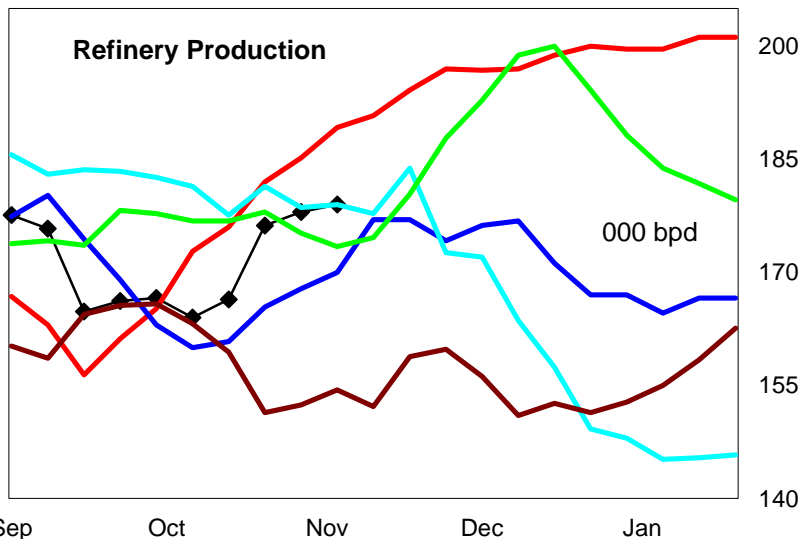
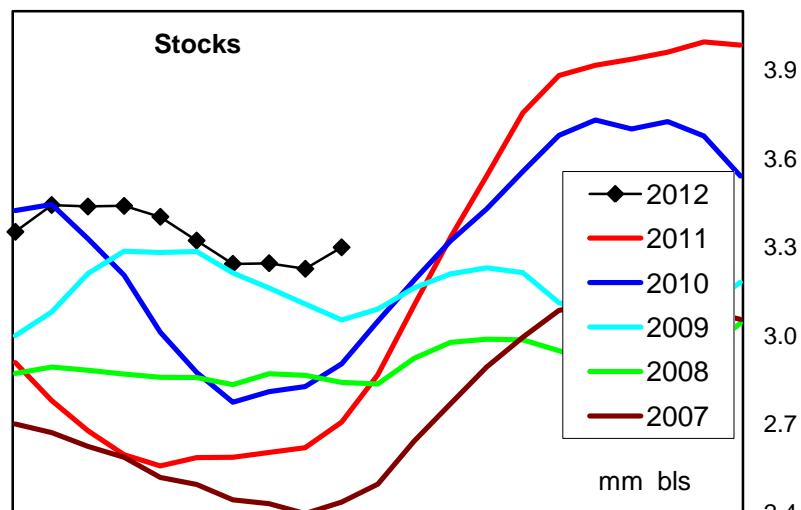
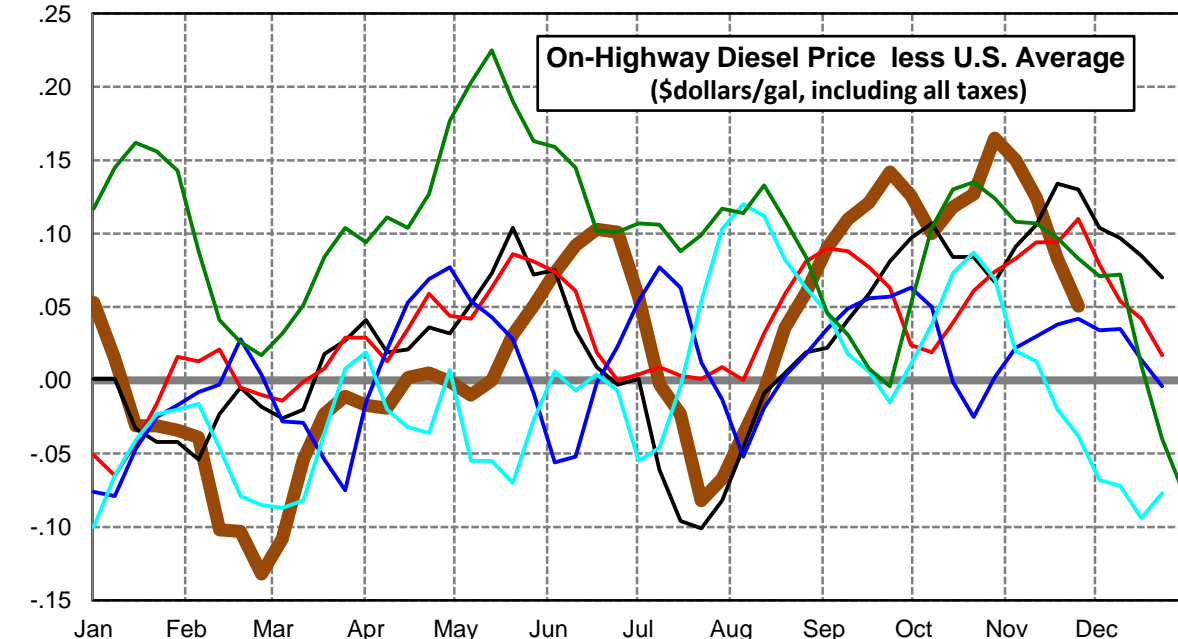
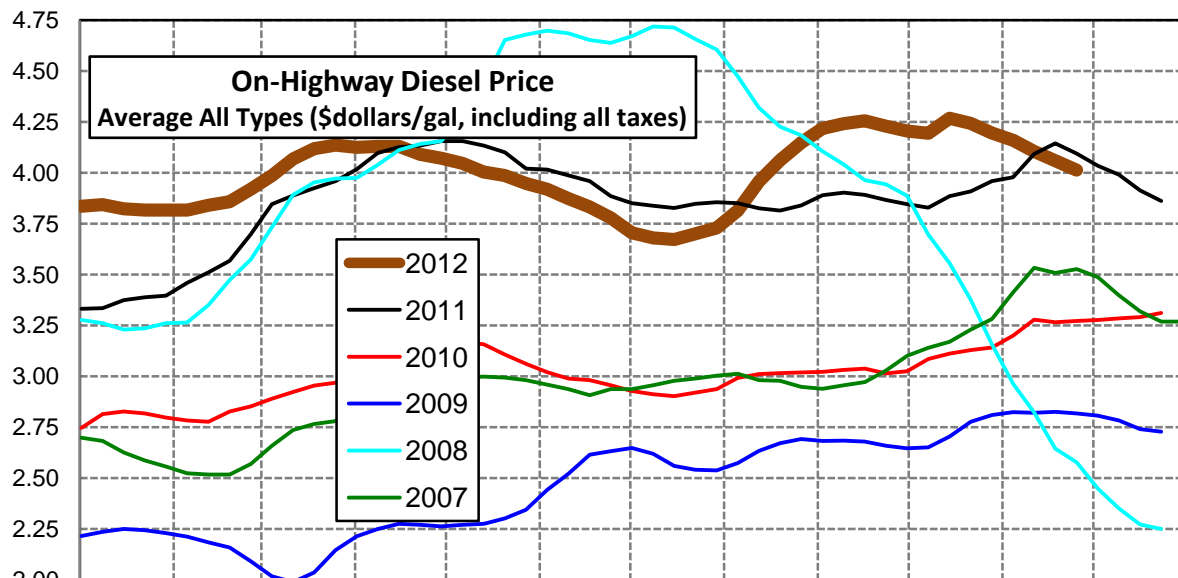
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Nov12	12Nov12	19Nov12	26Nov12	
Gulf Coast	\$3.920	\$3.875	\$3.865	\$3.838	-\$0.027
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



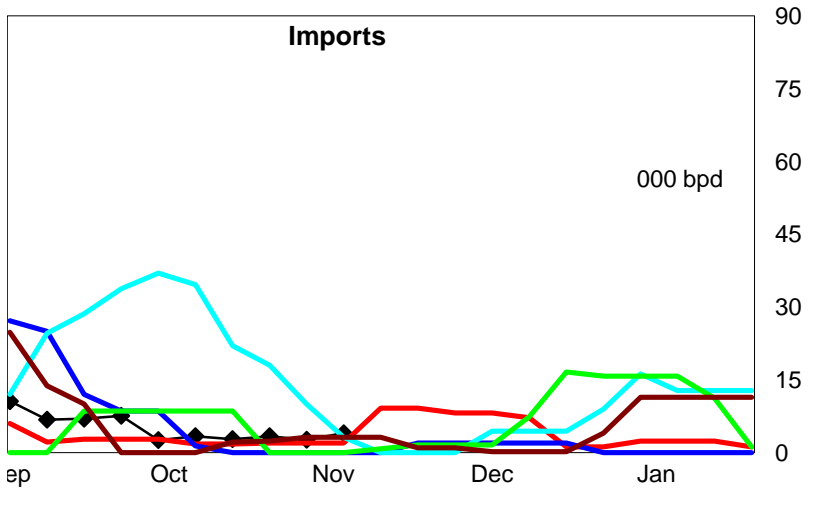
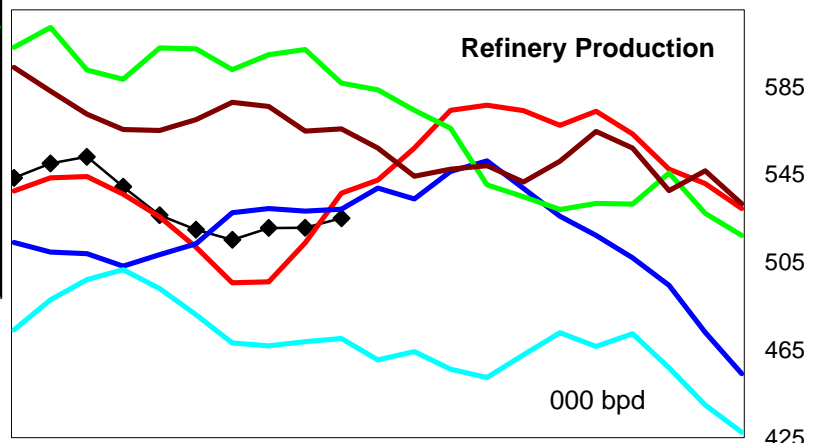
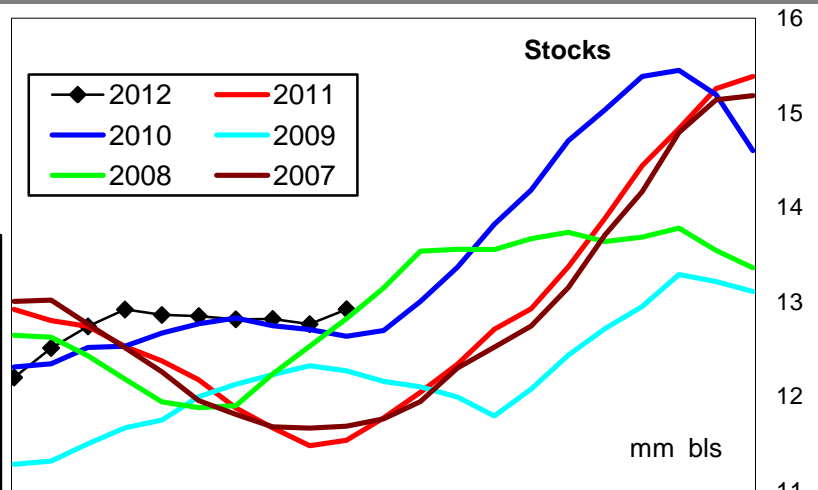
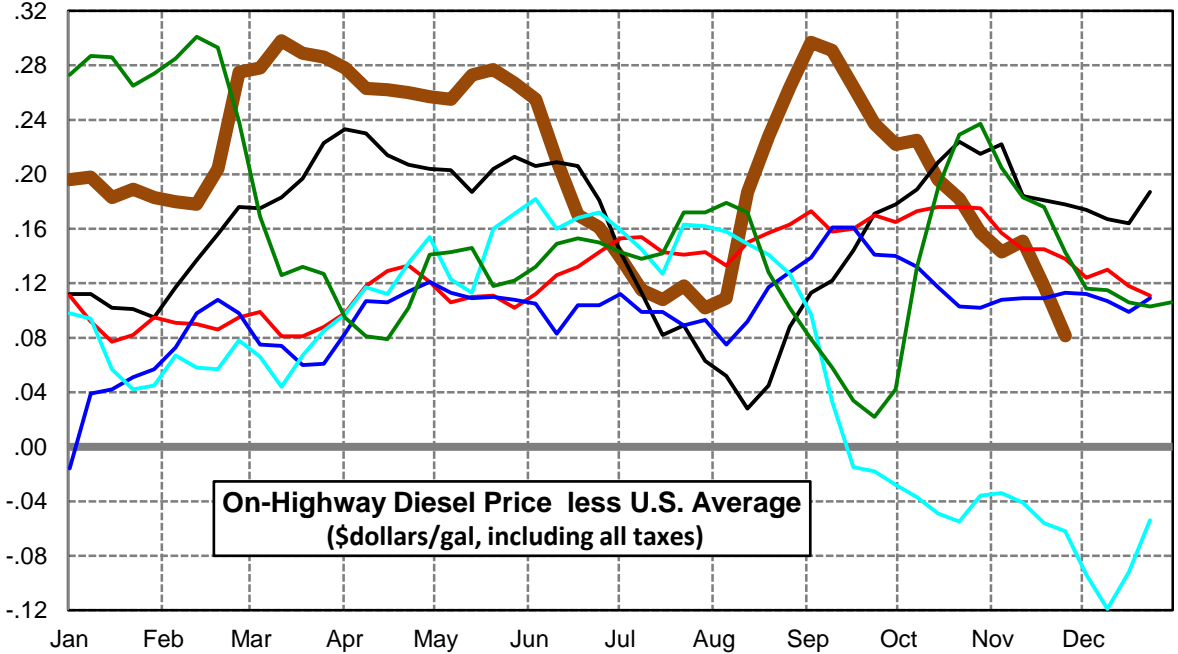
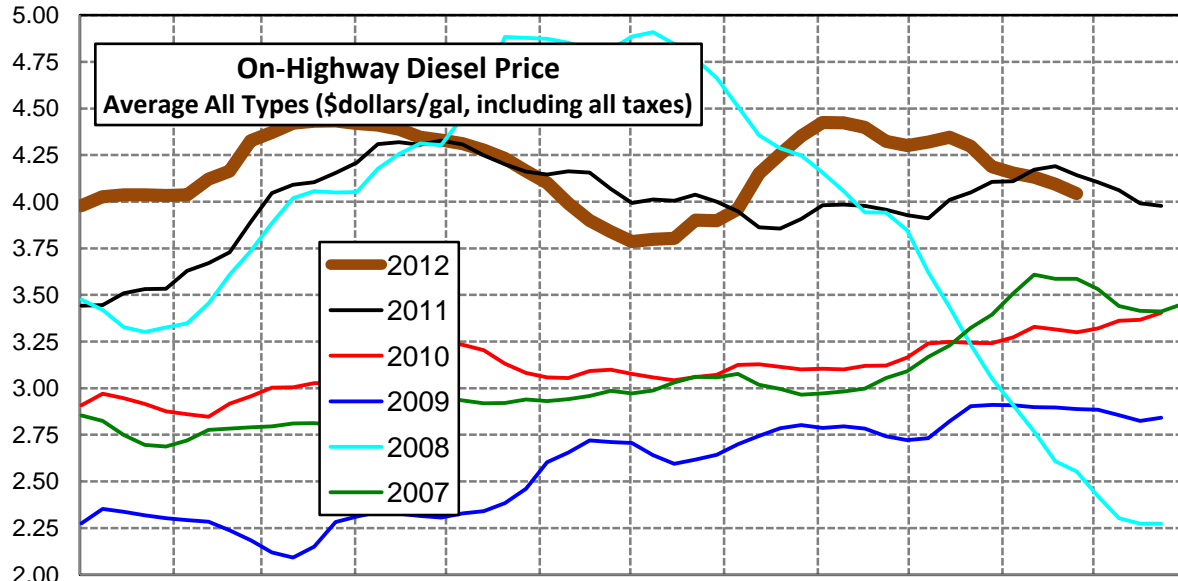
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Nov12	12Nov12	19Nov12	26Nov12	
Rocky Mountain	\$4.160	\$4.104	\$4.059	\$4.013	-\$0.046
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



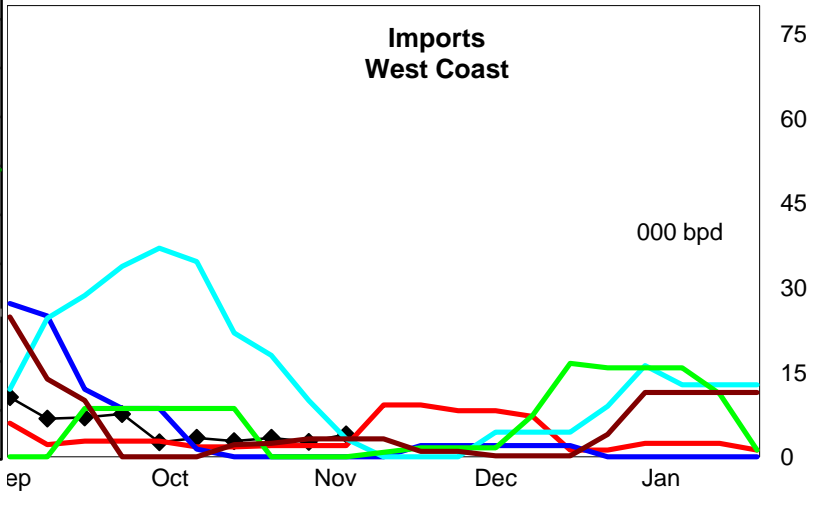
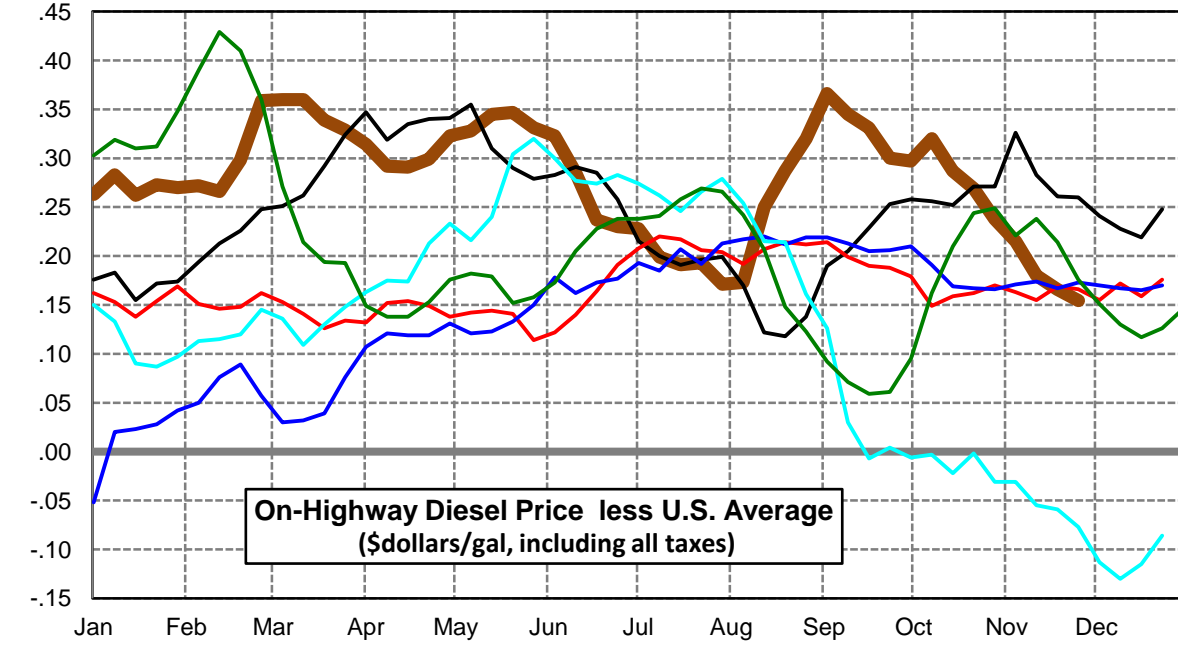
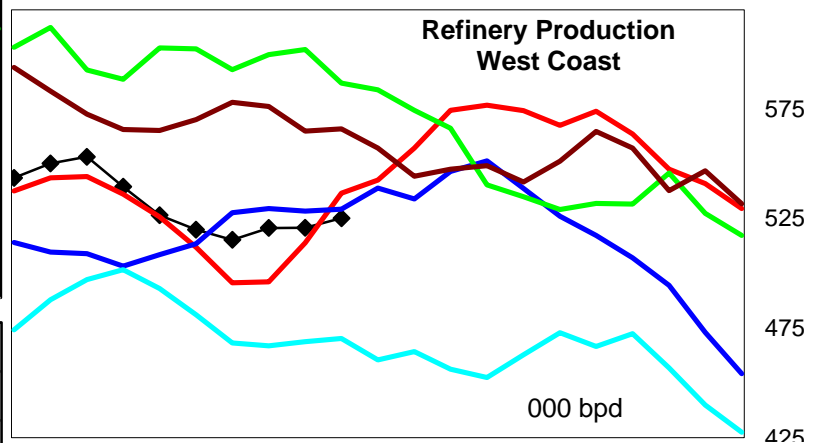
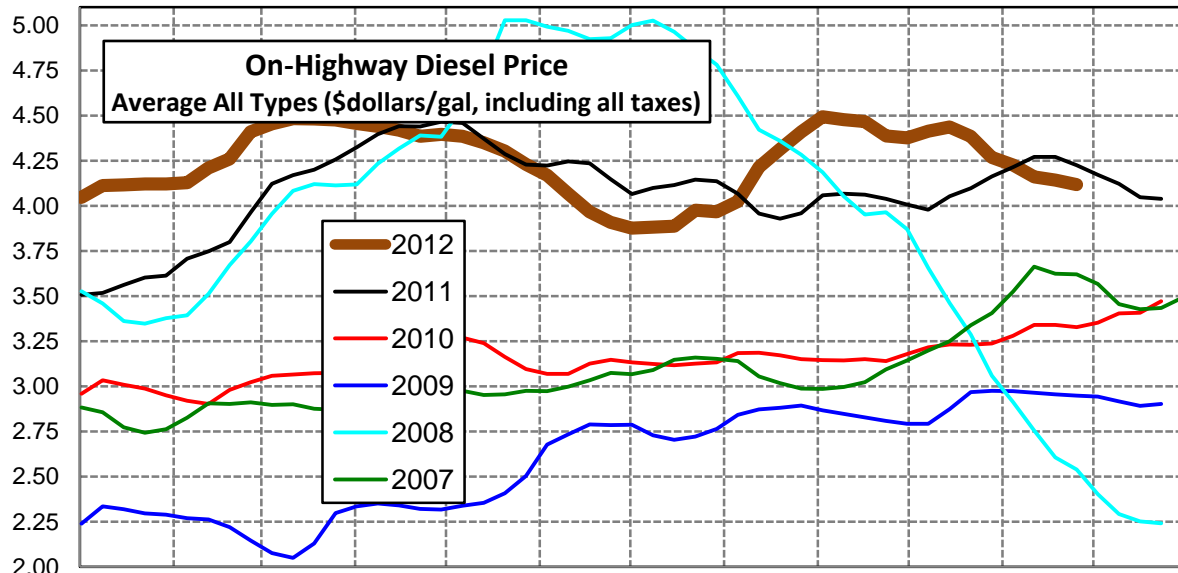
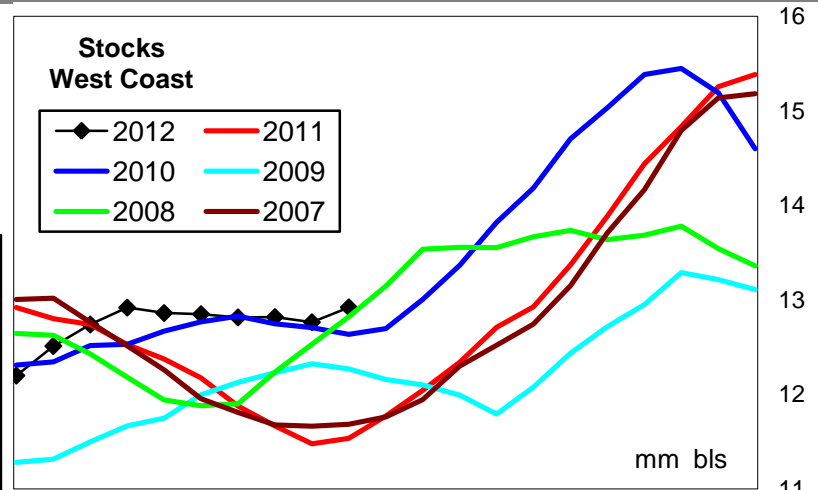
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	05Nov12	12Nov12	19Nov12	26Nov12	
West Coast	\$4.153	\$4.131	\$4.094	\$4.044	-\$0.050
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
	05Nov12	12Nov12	19Nov12	26Nov12	
California	\$4.225	\$4.160	\$4.142	\$4.117	-\$0.025
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	4.010	4.034	4.211	4.155	3.910	3.959	3.920	4.160	4.153	4.225
Mon-12-Nov-12	3.980	4.037	4.198	4.165	3.912	3.908	3.875	4.104	4.131	4.160
Mon-19-Nov-12	3.976	4.052	4.197	4.171	3.935	3.909	3.865	4.059	4.094	4.142
Mon-26-Nov-12	3.962	4.027	4.140	4.126	3.871	3.895	3.838	4.013	4.044	4.117
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.