



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, December 11, 2012

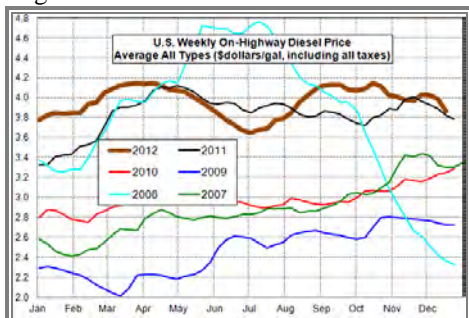
Weekly Retail On-Highway Diesel Prices

Region	Actual Price 1/			Forecast 2/	Change from week ago
	26Nov12	03Dec12	10Dec12	17Dec12	
U.S.	4.034	4.027	3.991	3.871	-0.120
East Coast	4.092	4.096	4.069	3.924	-0.145
New England	4.203	4.221	4.175	4.034	-0.141
Central Atlantic	4.203	4.202	4.174	4.022	-0.152
Lower Atlantic	3.990	3.994	3.970	3.820	-0.150
Midwest	4.023	4.014	3.977	3.876	-0.101
Gulf Coast	3.902	3.901	3.874	3.785	-0.089
Rocky Mountain	4.057	3.989	3.938	3.900	-0.038
West Coast	4.115	4.097	4.042	3.938	-0.104
California	4.153	4.139	4.093	4.004	-0.089

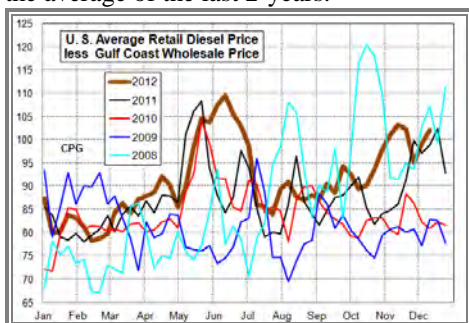
1/ Source: U.S. Energy Information Administration

2/ Source: Fundamental Petroleum Trends Reports

Diesel Fuel Price Trends U.S. retail diesel prices decreased -3.6 cpg for the week ending 10Dec12. Prices fell over -5 cpg in the Rockies and West Coast, followed by a -4.6 cpg decrease in New England.



The U.S. average retail diesel price compared to the Gulf Coast wholesale price increased +2.9 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 +9.7 cpg above a year ago.

Retail prices in New England and the Central Atlantic Regions were \$4.17/gallon, the highest in the country. West

Coast prices were just +5 cpg above the U.S. average, the lowest premium of 2012. Rocky Mountain region prices ended the week at -5.3 cpg below the national average, the lowest relative price since July12.

The Gulf Coast reported the lowest regional price at \$3.87/gal.

Gulf Coast wholesale distillate prices decreased -14 cpg last week, ending the week at 4-month lows.

U.S. average retail prices ended the week at a 5-year high for this time of year. The spread between retail and wholesale spot prices increased last week, and remains at the upper end of the historic range.

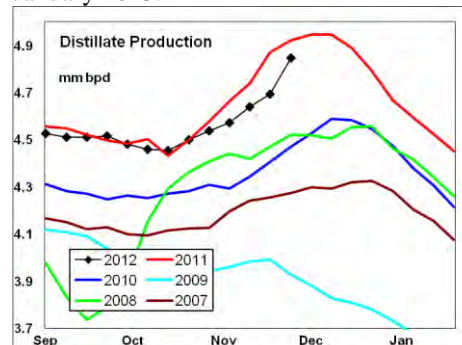


The spread between Gulf wholesale and U.S. average retail prices increased +2.9 cpg to +102 cpg last week. Look for retail prices to decline sharply compared to wholesale prices over the next 30-days.

Supply - Demand Fundamental Trends Distillate wholesale demand fell -0.7 million bpd during the last 2-wks; driven by a return to normal supplies in the northeast and much below normal heating degree days. The latest 4-wk average demand was +68,000 bpd above last year.

Supplies jumped +253,000 bpd on a jump in production, to levels near last years' record high for this time of year. Lower demand and a surge in production

led to a +3 million barrel stock build last week. Peak seasonal output during December and lower demand should lead to further stock builds ahead of the start of refinery maintenance on the Gulf during January 2013.



Global Trends Driving Diesel Prices

Peak seasonal distillate production in the U.S. for the next month, the deep recession in Europe and warmer than normal temperatures in key heating markets should lead to stock builds in the Atlantic Basin for the near term.

Rising global crude oil production and slower economic growth worldwide has led to increased oil stocks.

The increase in global oil supplies and slower economic growth risk further energy price weakness during the 1st half of 2013.

Diesel Price Outlook The Rockies and West Coast distillate markets are over supplied, driving down retail prices compared to other regions in the country. Improved supplies on the East Coast are also leading to above average price decreases in that region.

Retail on-highway diesel prices compared to the wholesale markets are significantly overpriced for this time of year and should experience declines during the next several weeks.

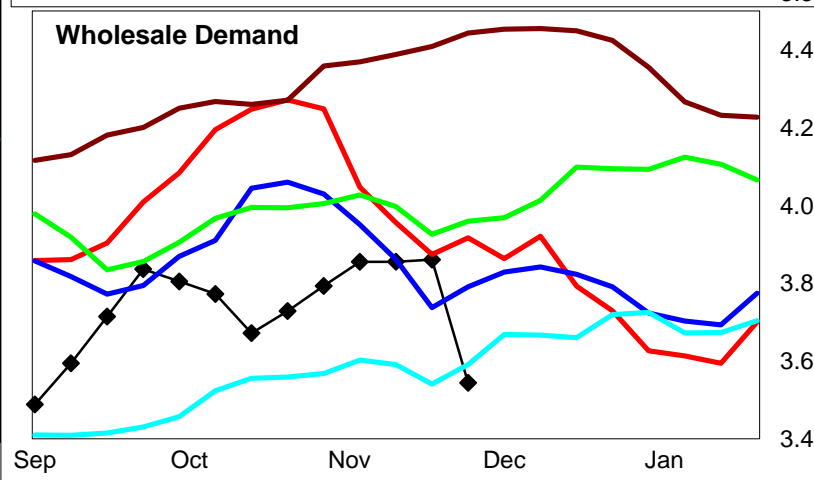
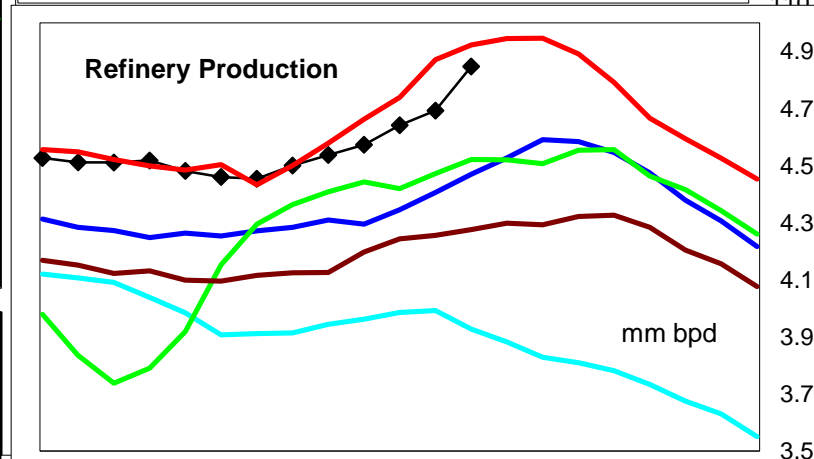
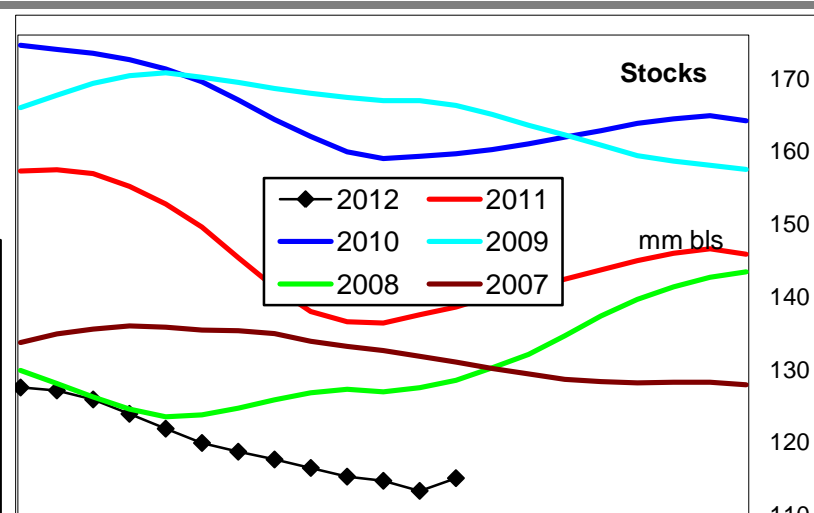
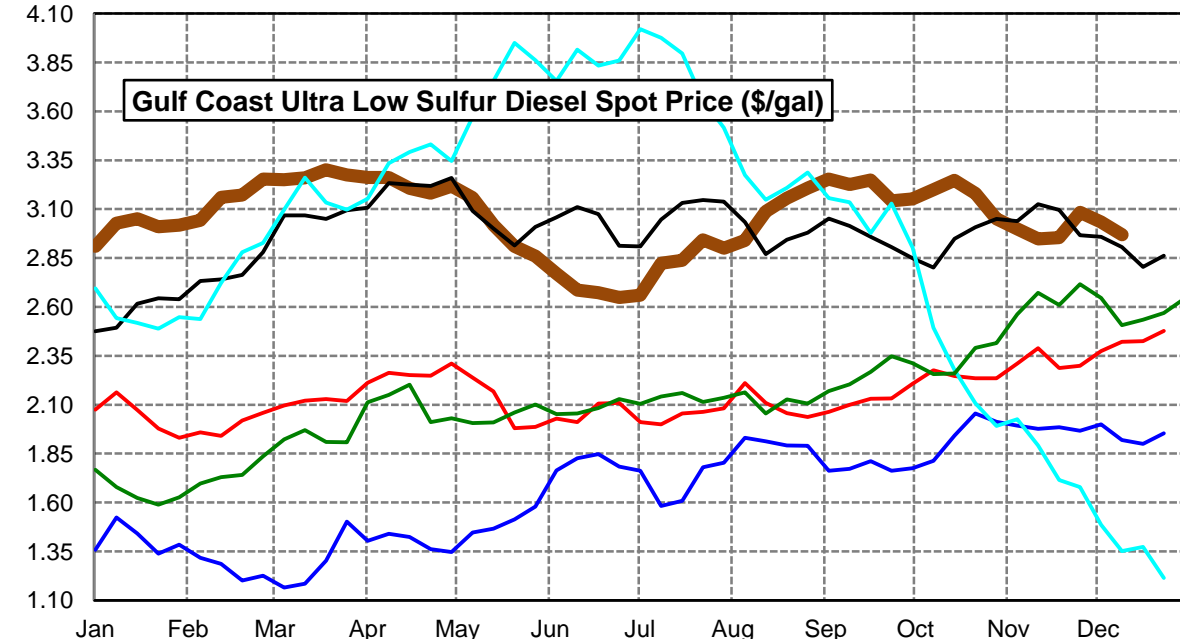
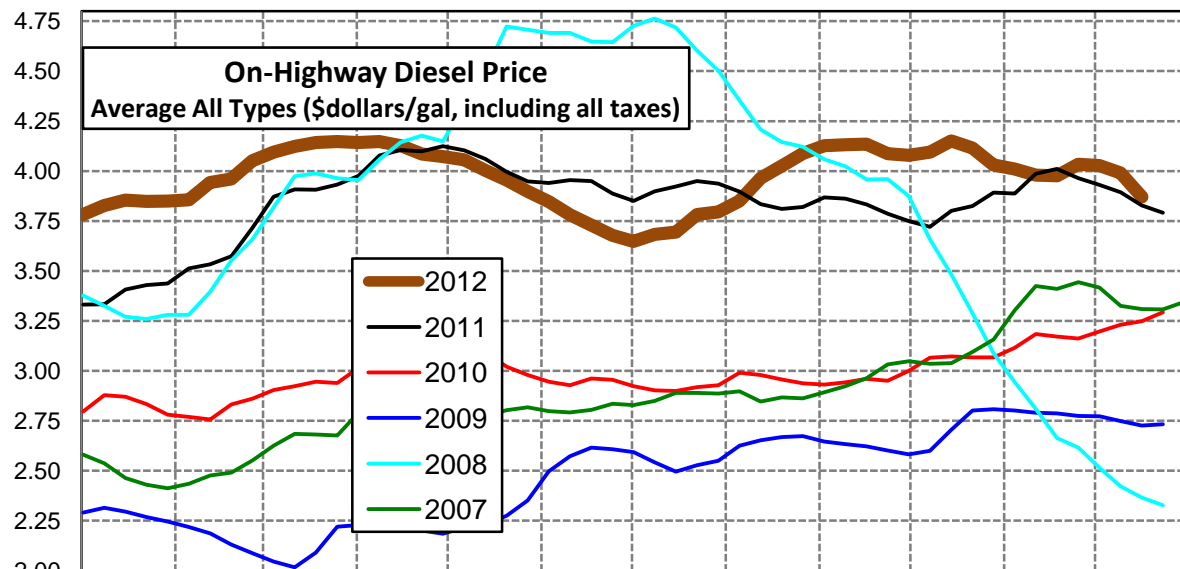
Longer term, prices are likely to trend lower due to an increase in global energy stocks and slower global economic growth, limited by tensions in the Middle East and central banks' quantitative easing.

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



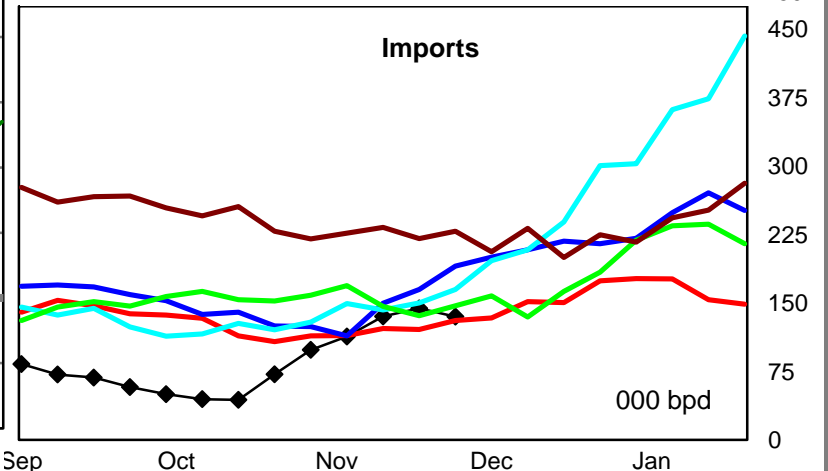
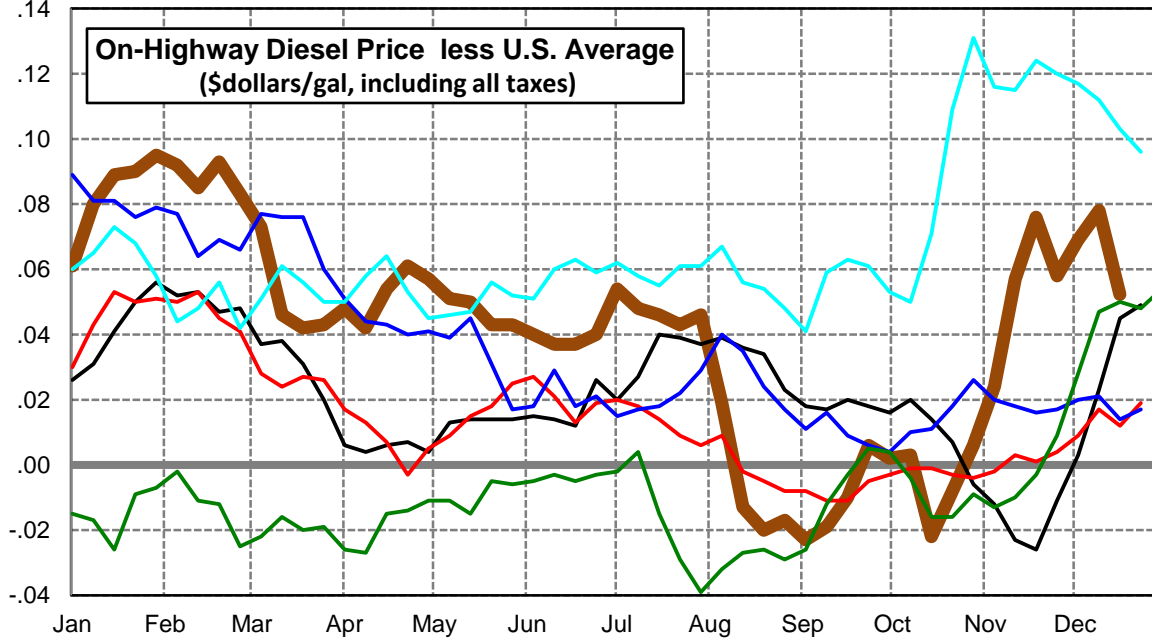
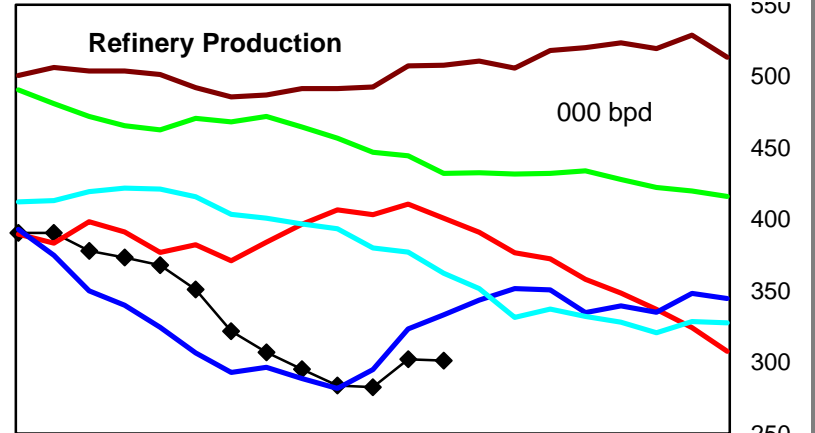
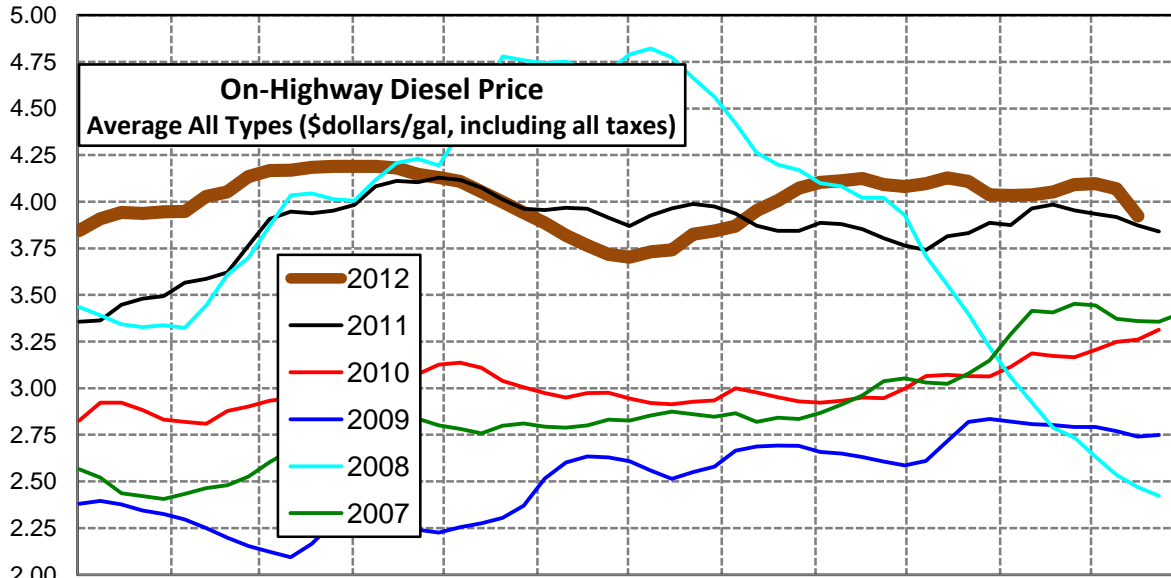
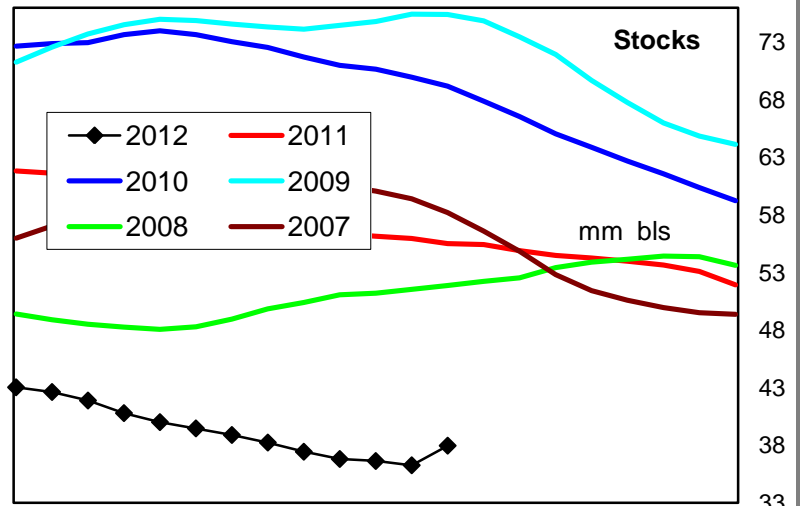
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Nov12	03Dec12	10Dec12	17Dec12	
United States Avg	\$4.034	\$4.027	\$3.991	\$3.871	-\$0.120
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



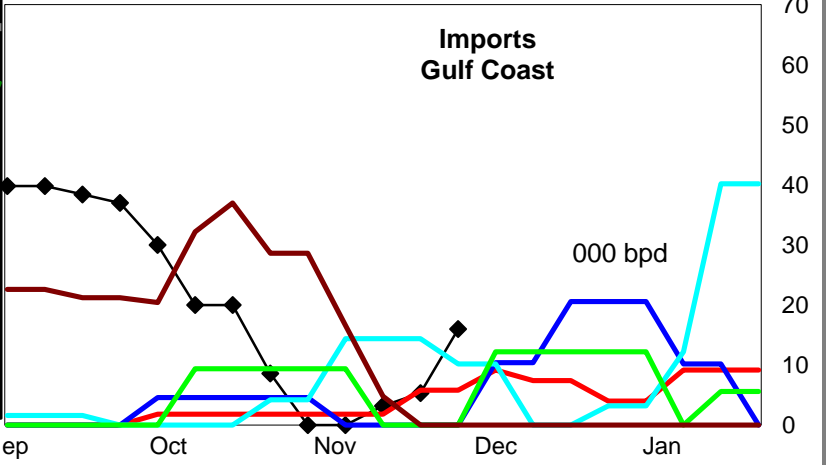
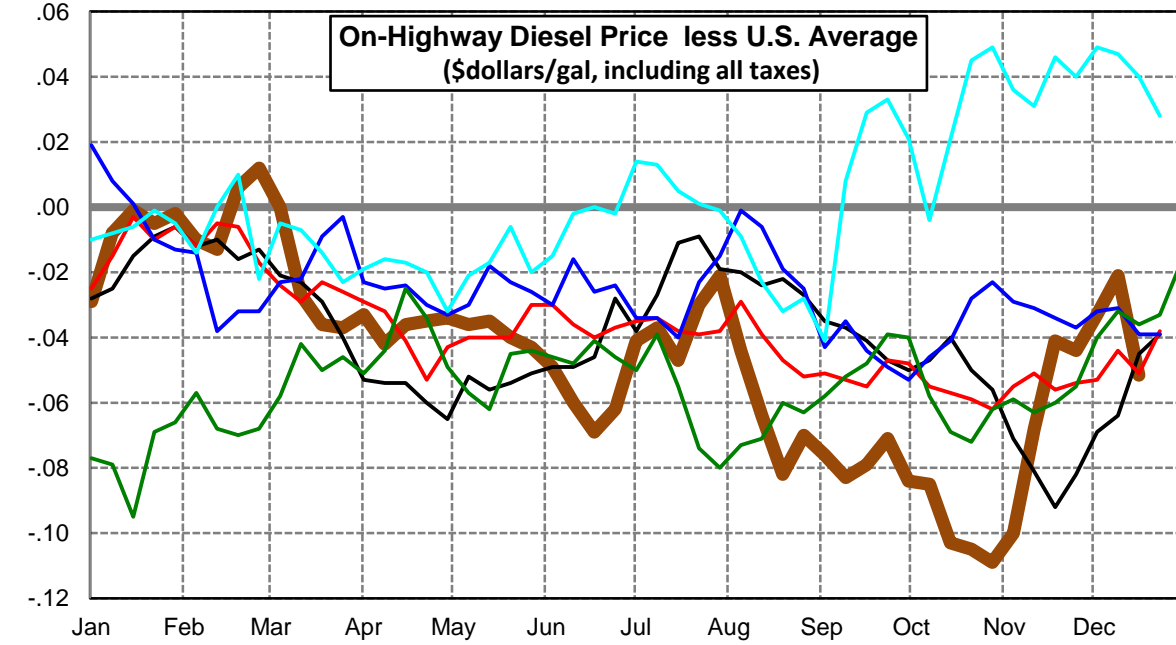
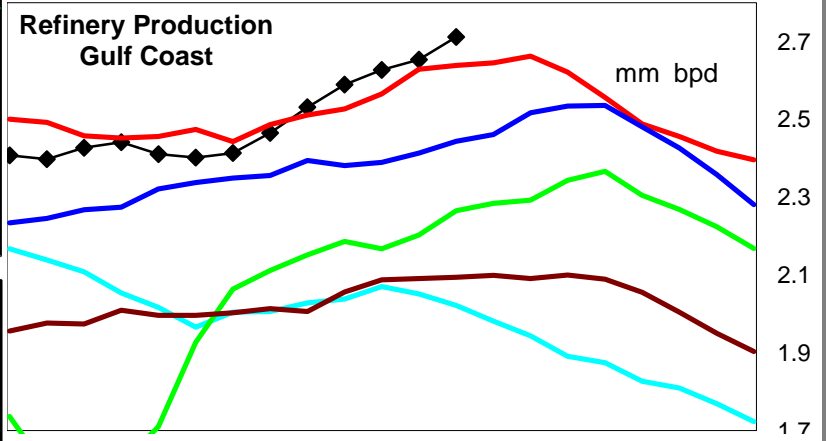
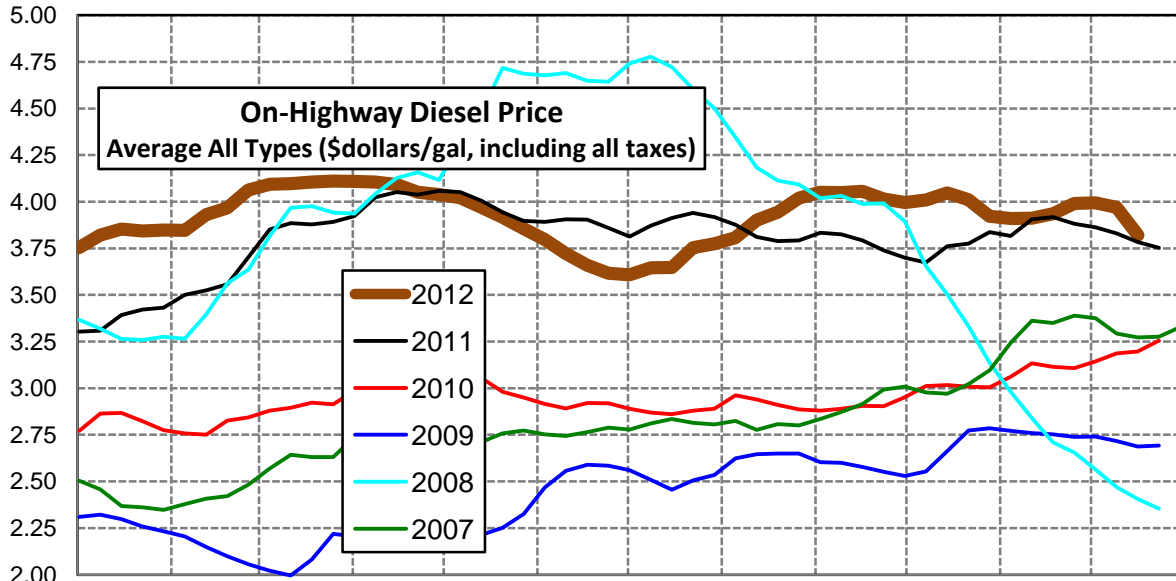
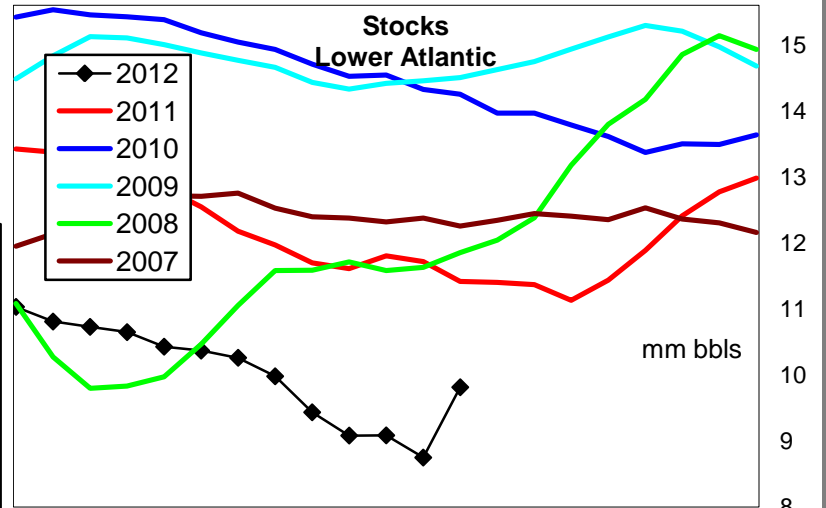
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Nov12	03Dec12	10Dec12	17Dec12	
East Coast	\$4.092	\$4.096	\$4.069	\$3.924	-\$0.145
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



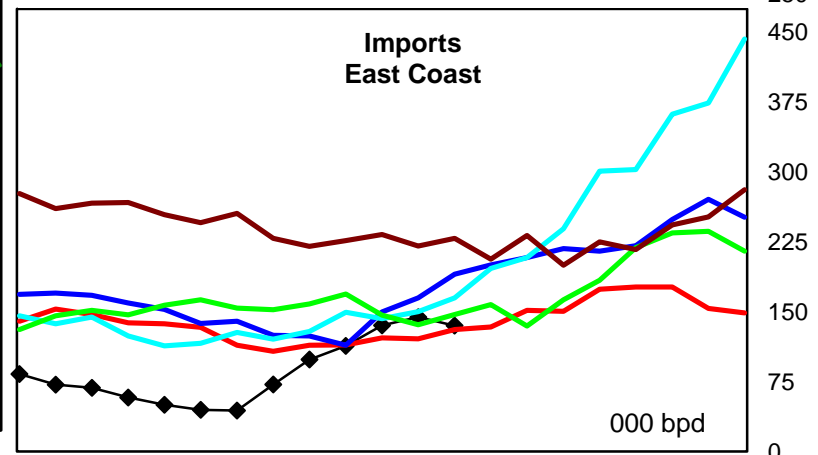
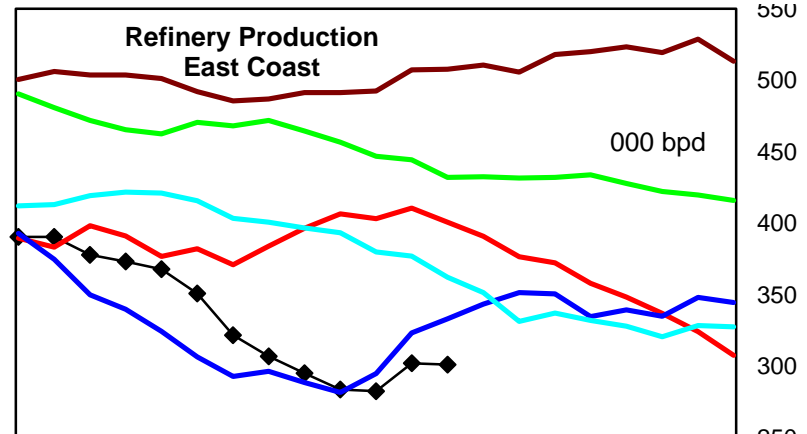
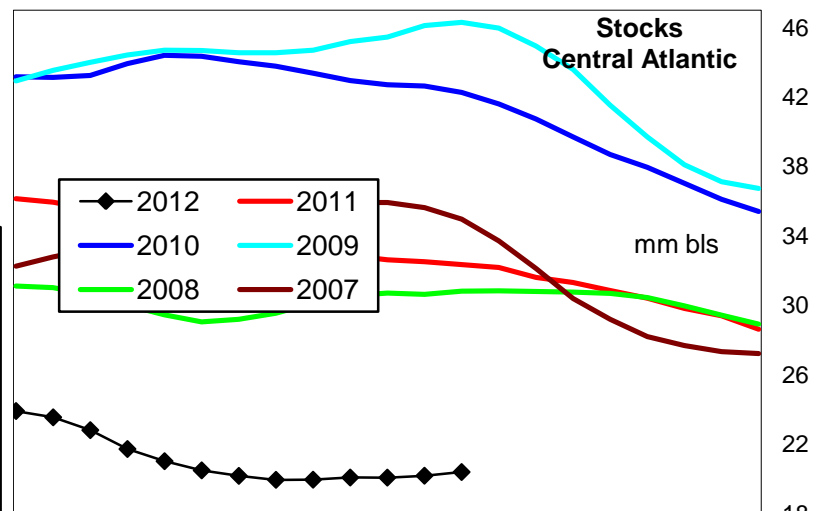
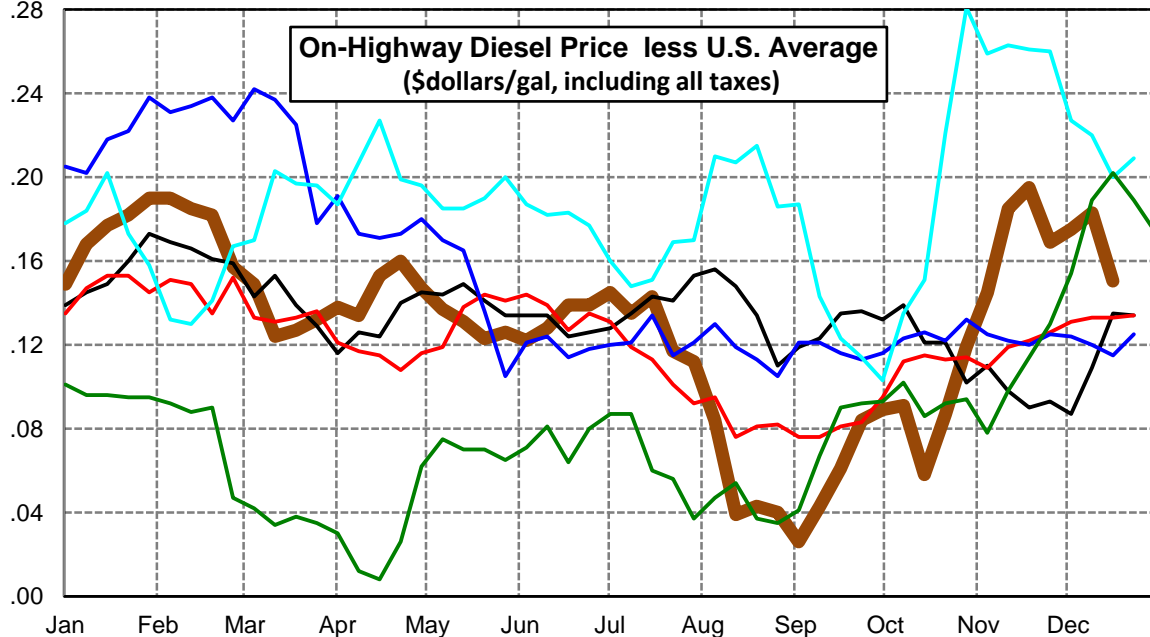
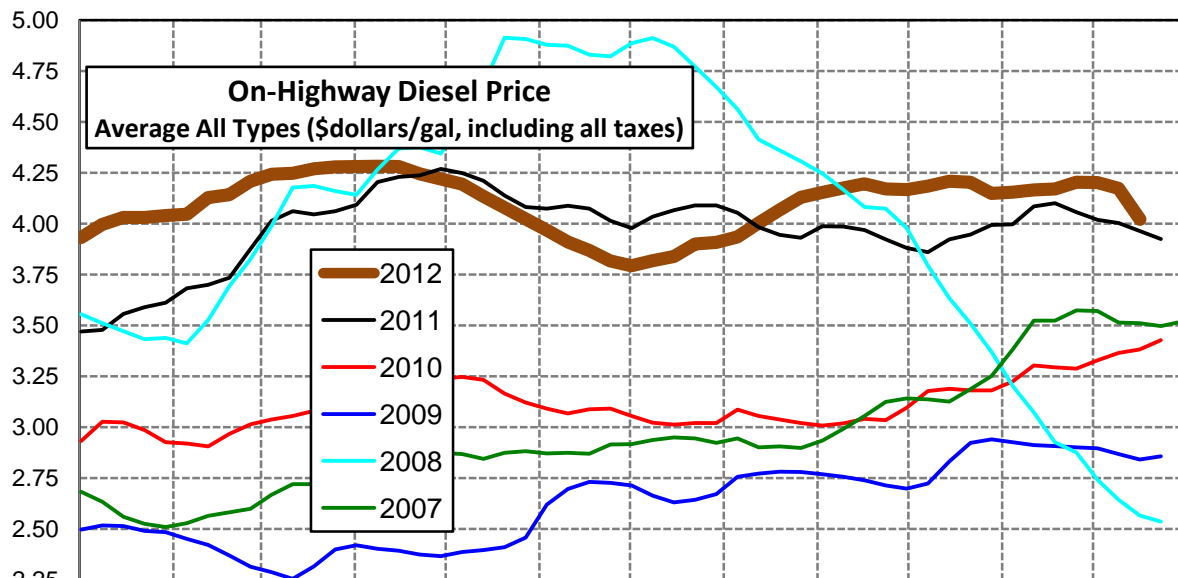
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Nov12	03Dec12	10Dec12	17Dec12	
Lower Atlantic	\$3.990	\$3.994	\$3.970	\$3.820	-\$0.150
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



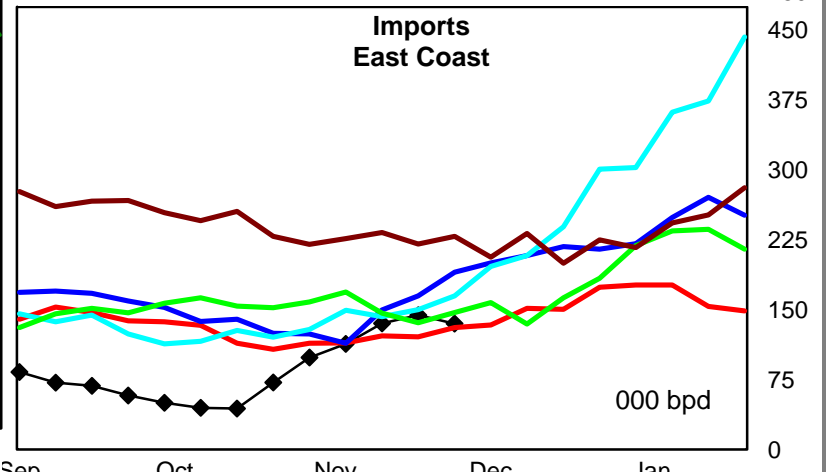
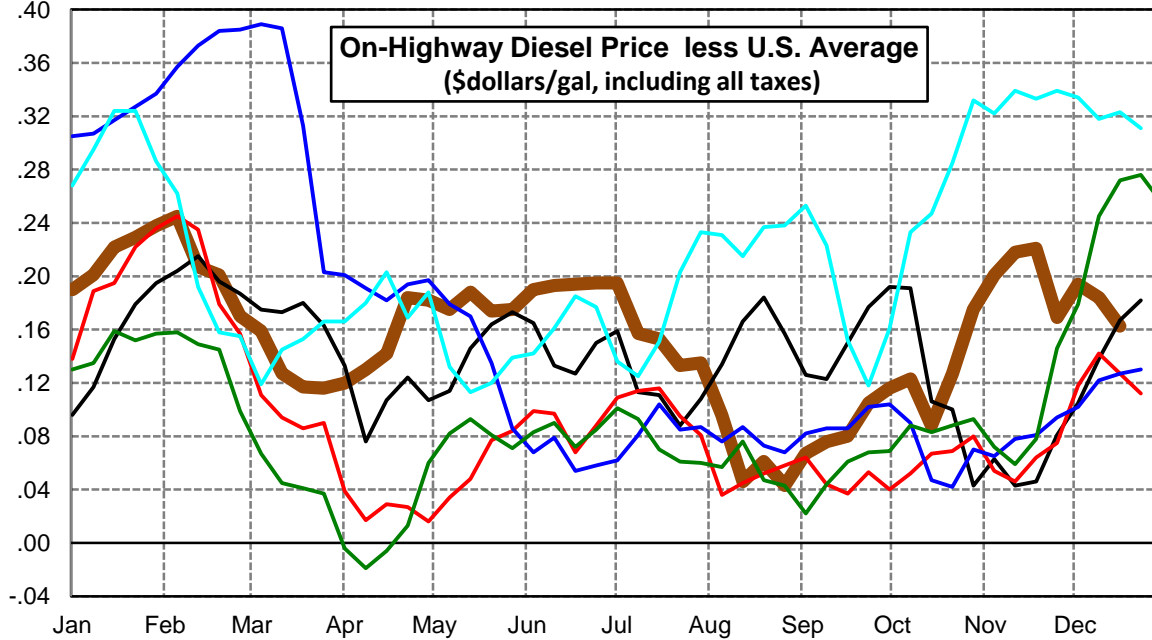
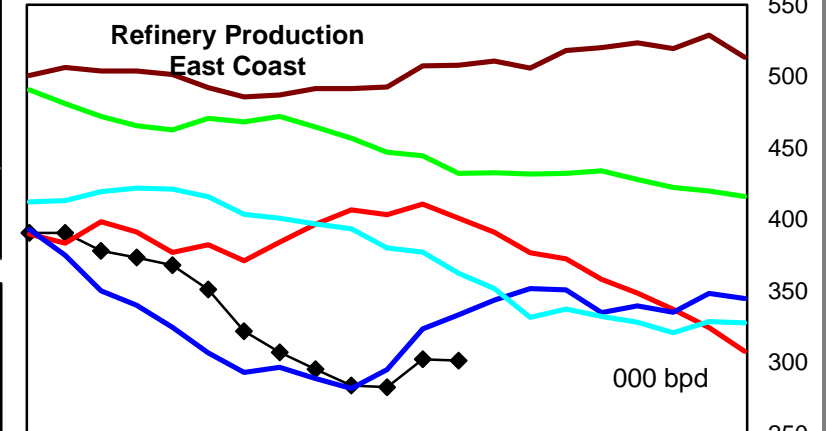
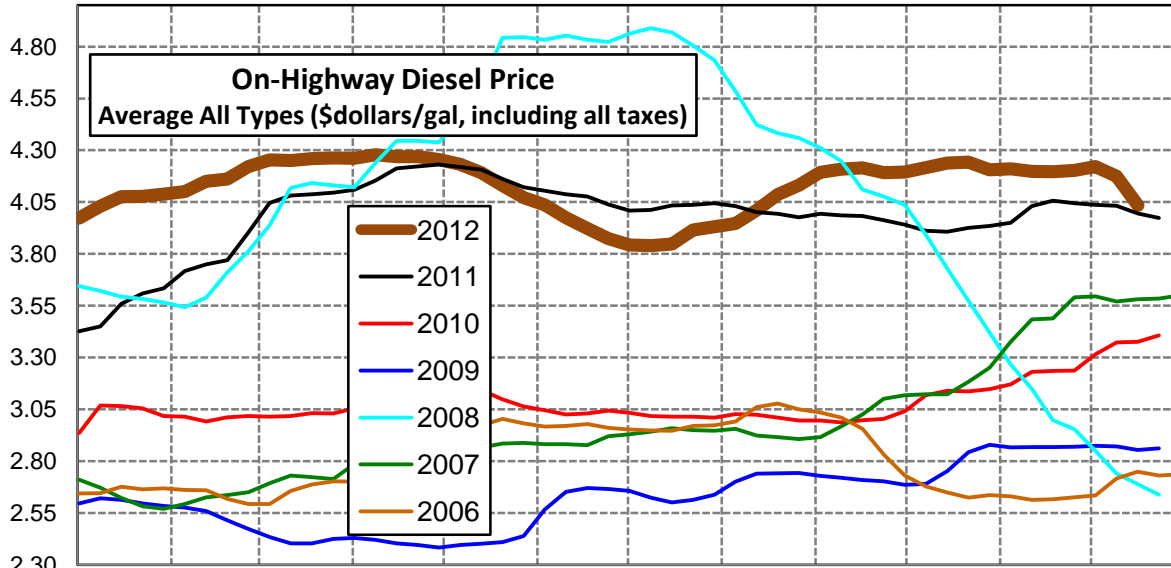
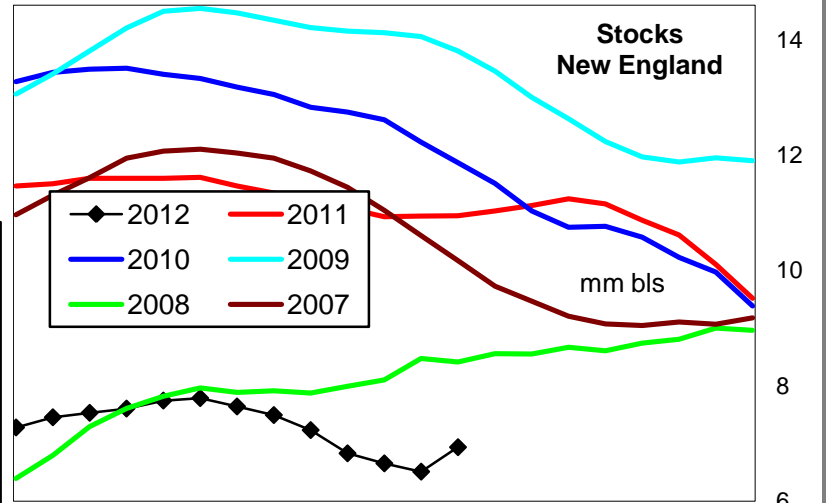
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Nov12	03Dec12	10Dec12	17Dec12	
Central Atlantic	\$4.203	\$4.202	\$4.174	\$4.022	-\$0.152
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



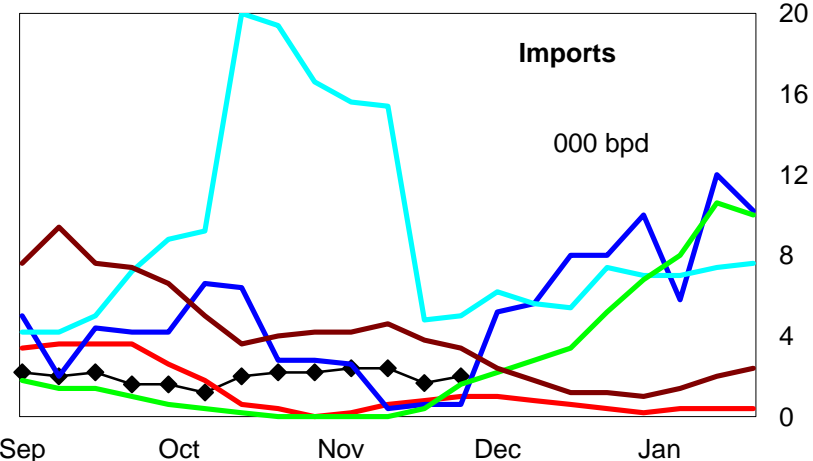
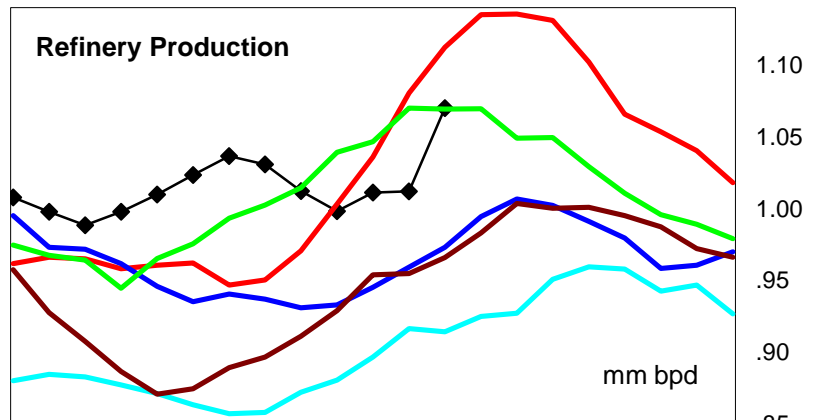
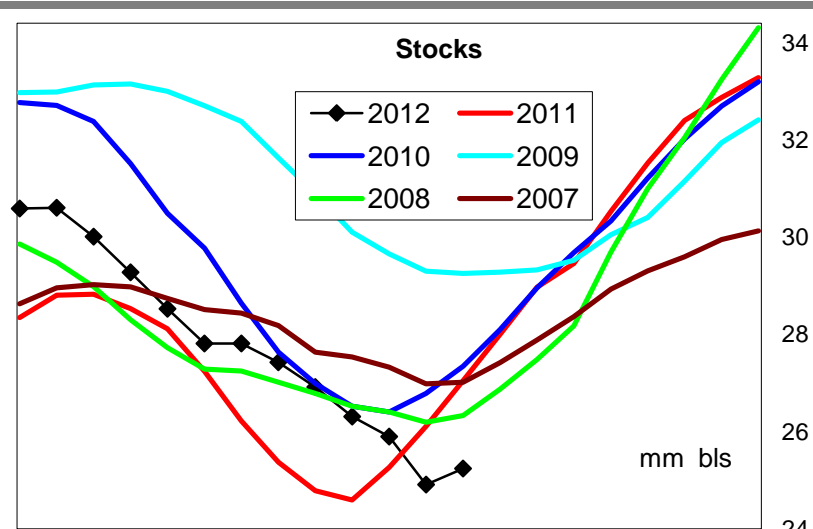
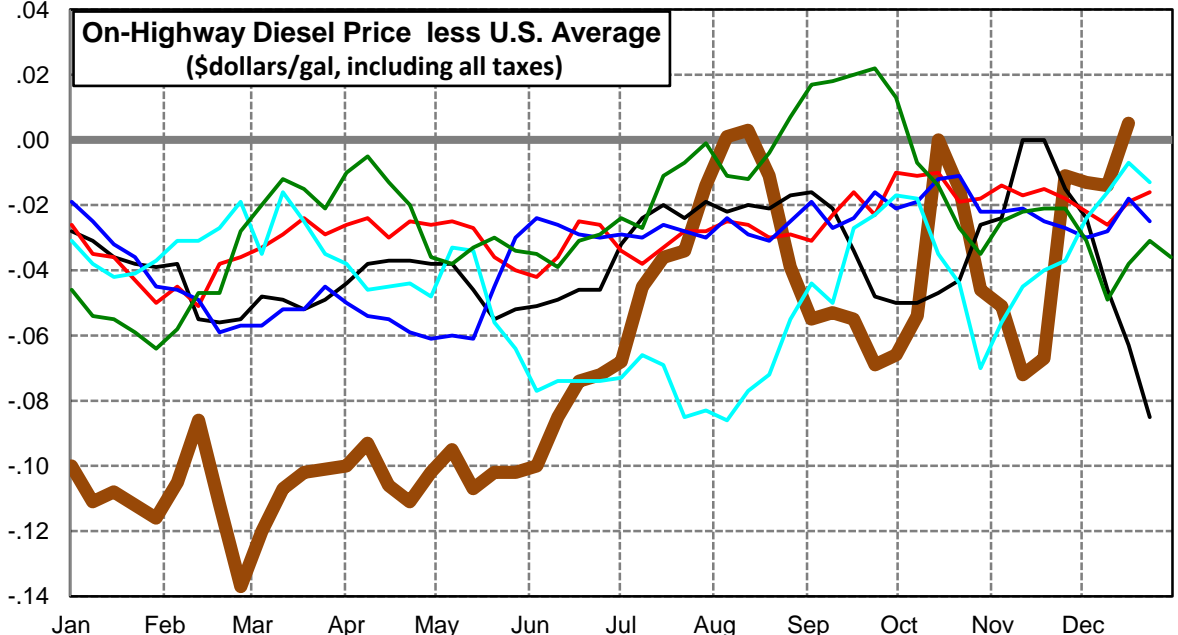
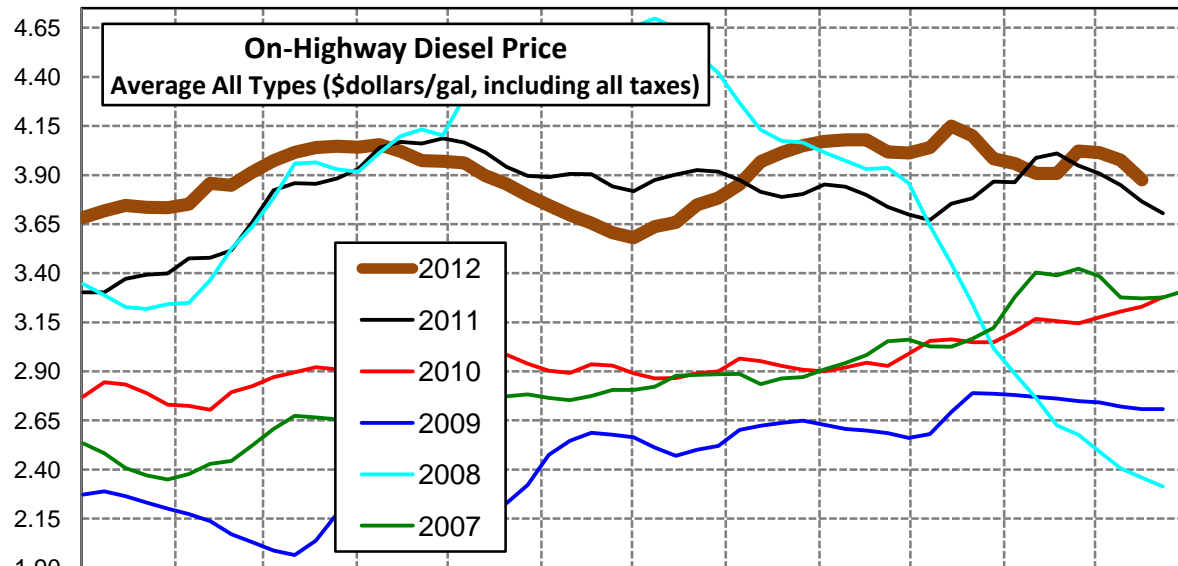
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Nov12	03Dec12	10Dec12	17Dec12	
New England	\$4.203	\$4.221	\$4.175	\$4.034	-\$0.141
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



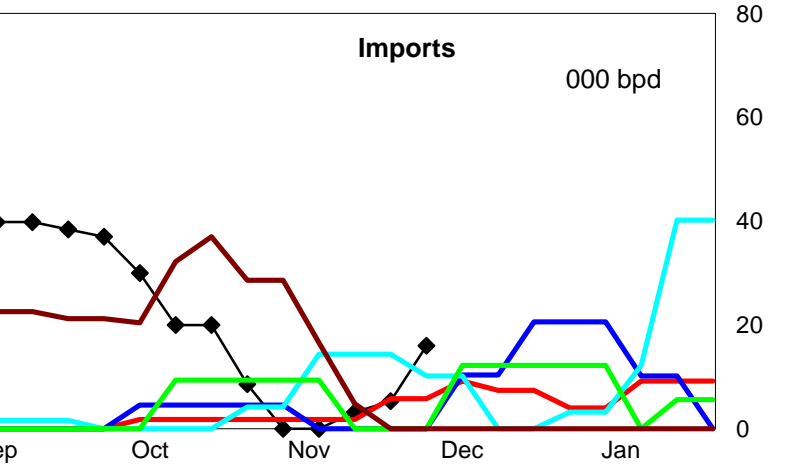
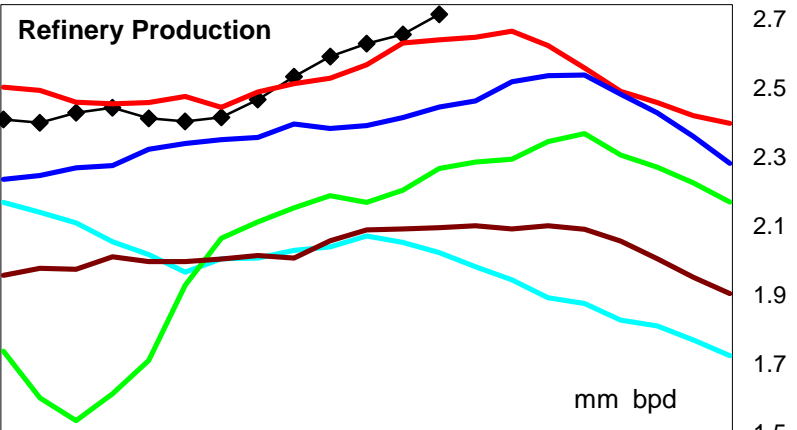
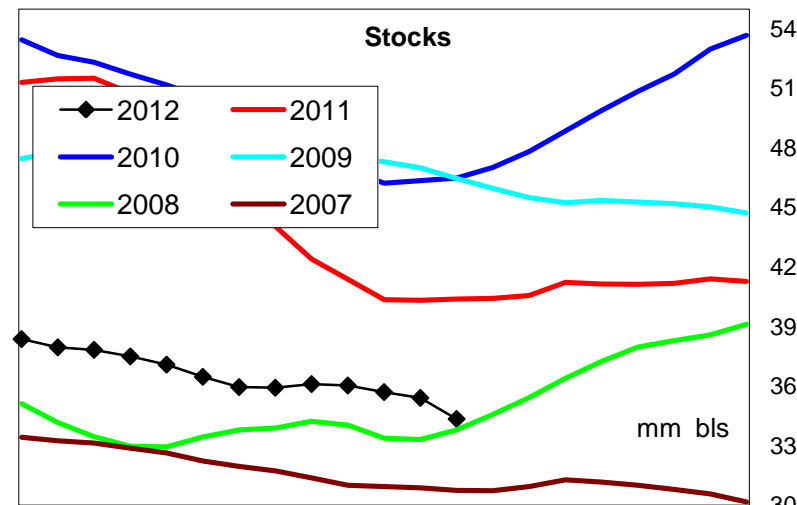
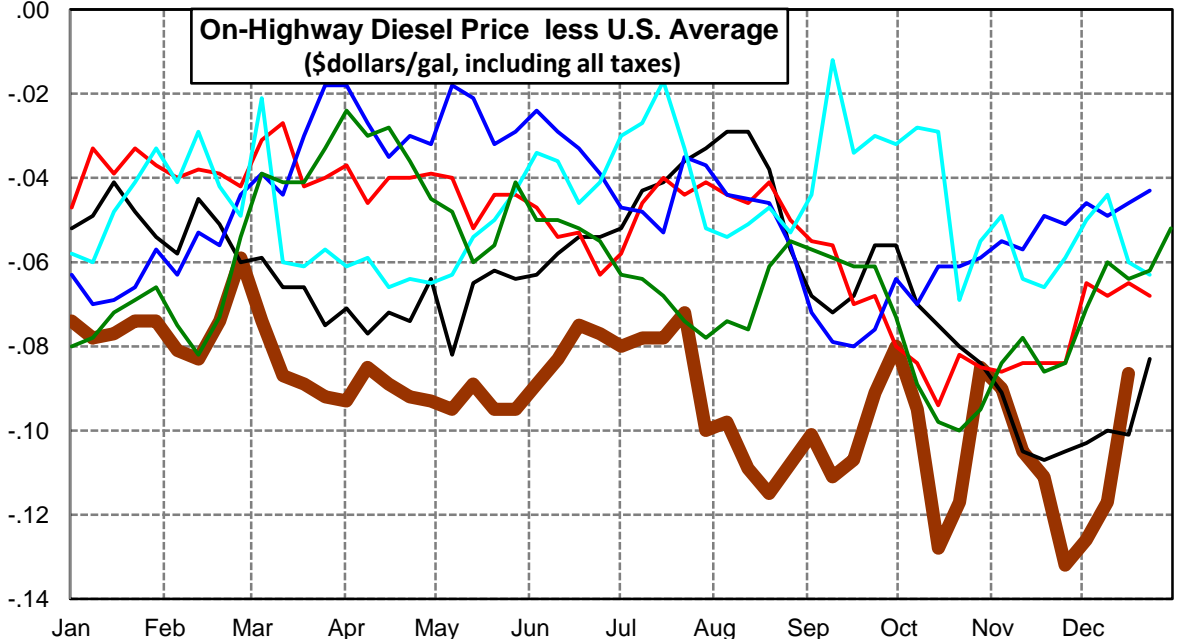
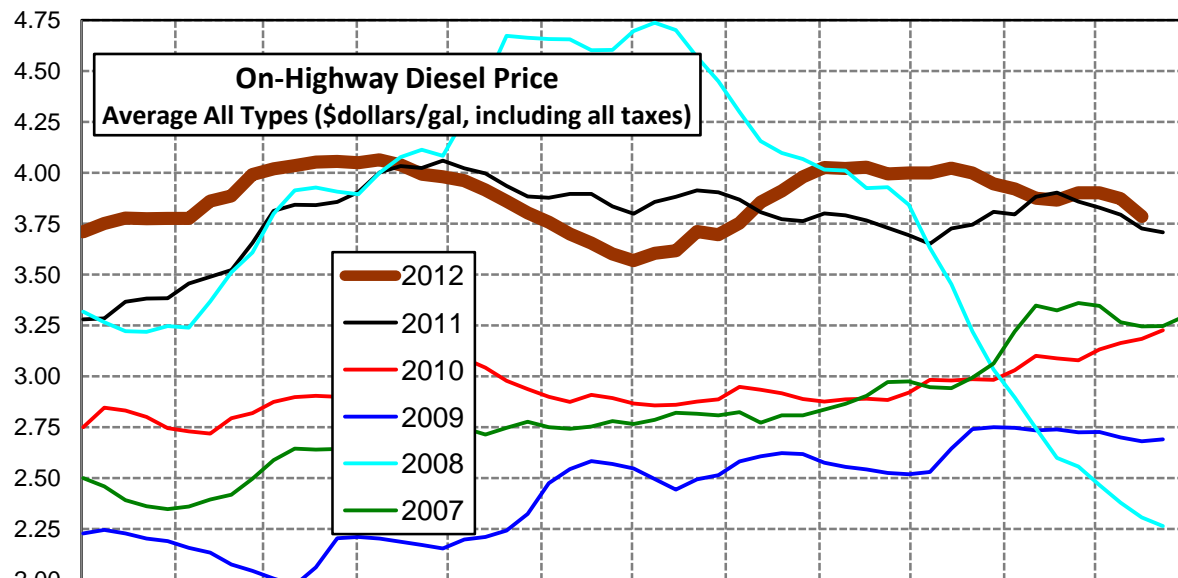
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Nov12	03Dec12	10Dec12	17Dec12	
Midwest	\$4.023	\$4.014	\$3.977	\$3.876	-\$0.101
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



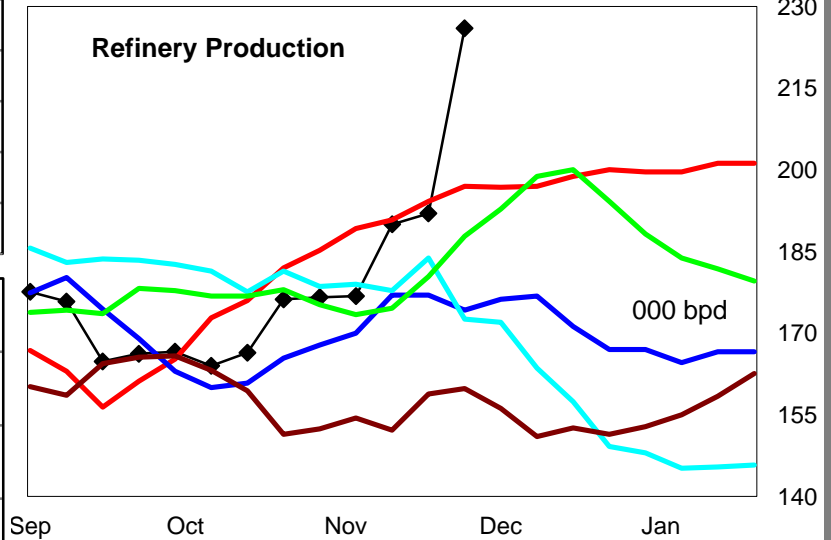
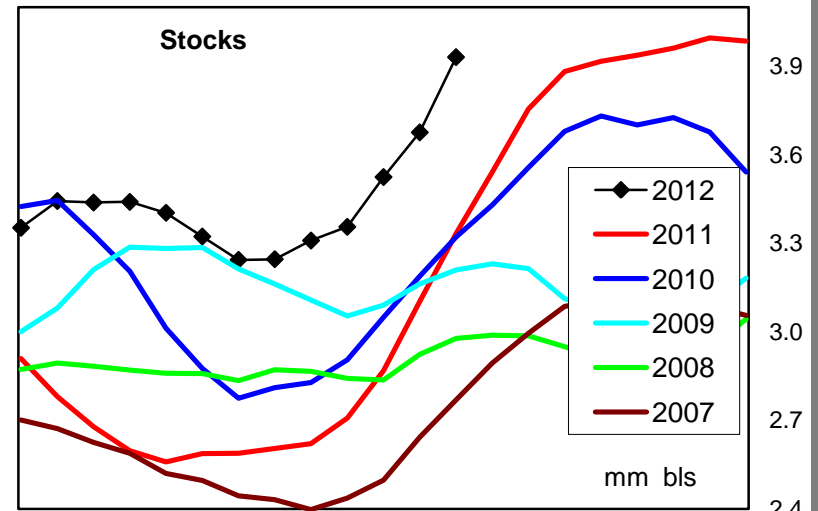
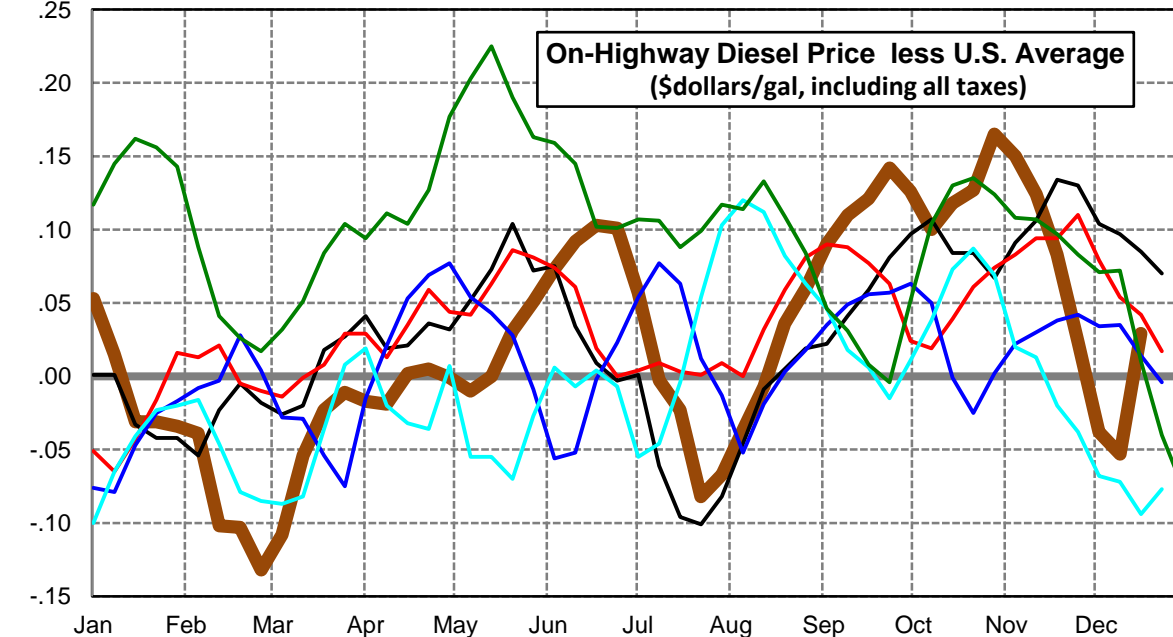
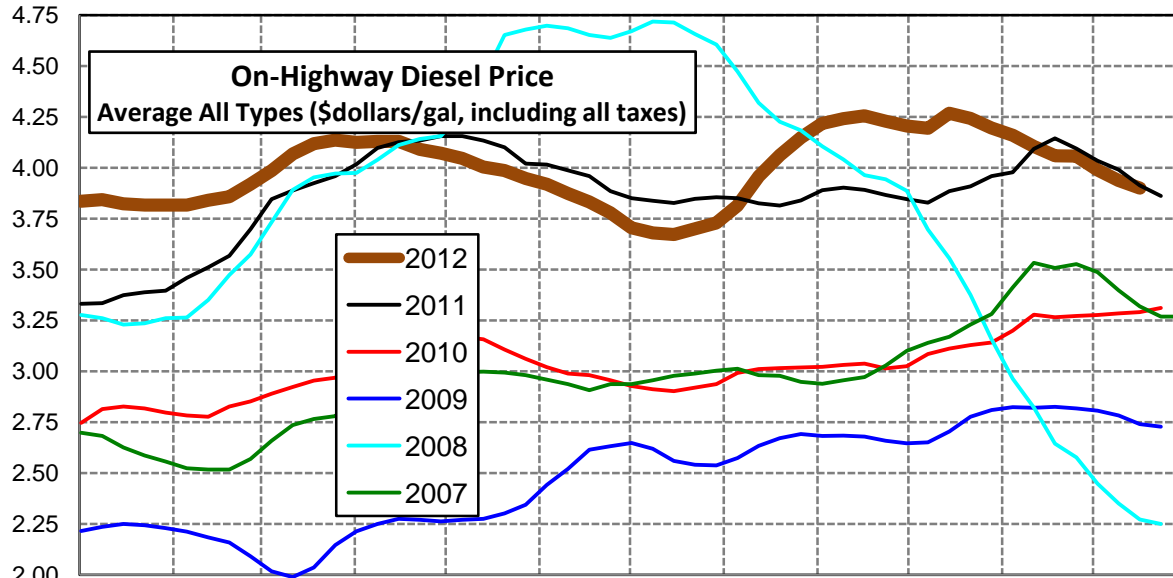
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Nov12	03Dec12	10Dec12	17Dec12	
Gulf Coast	\$3.902	\$3.901	\$3.874	\$3.785	-\$0.089
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



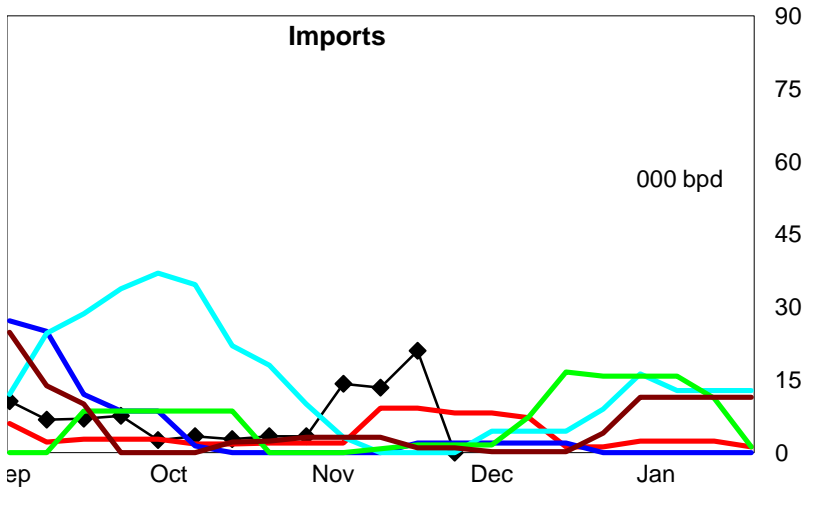
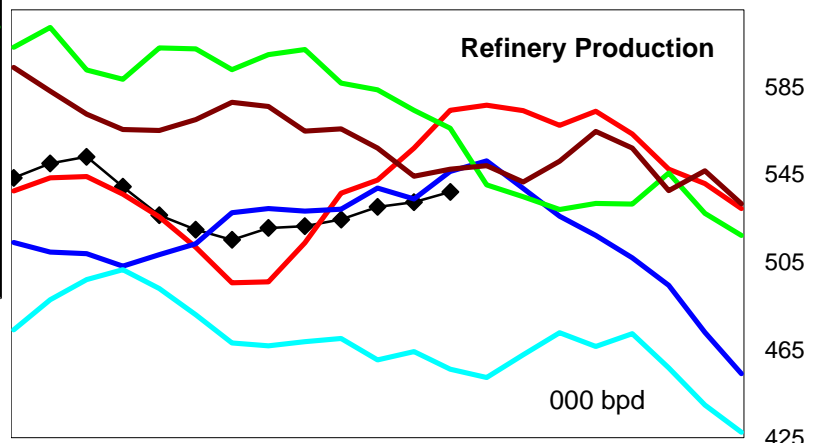
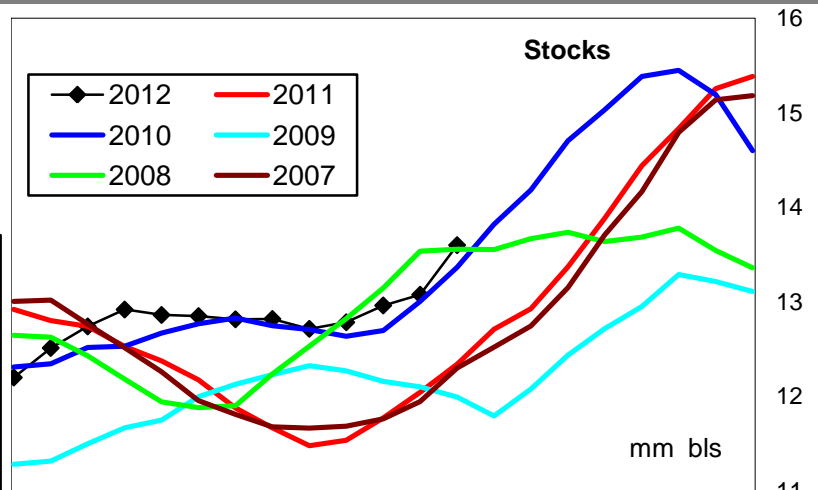
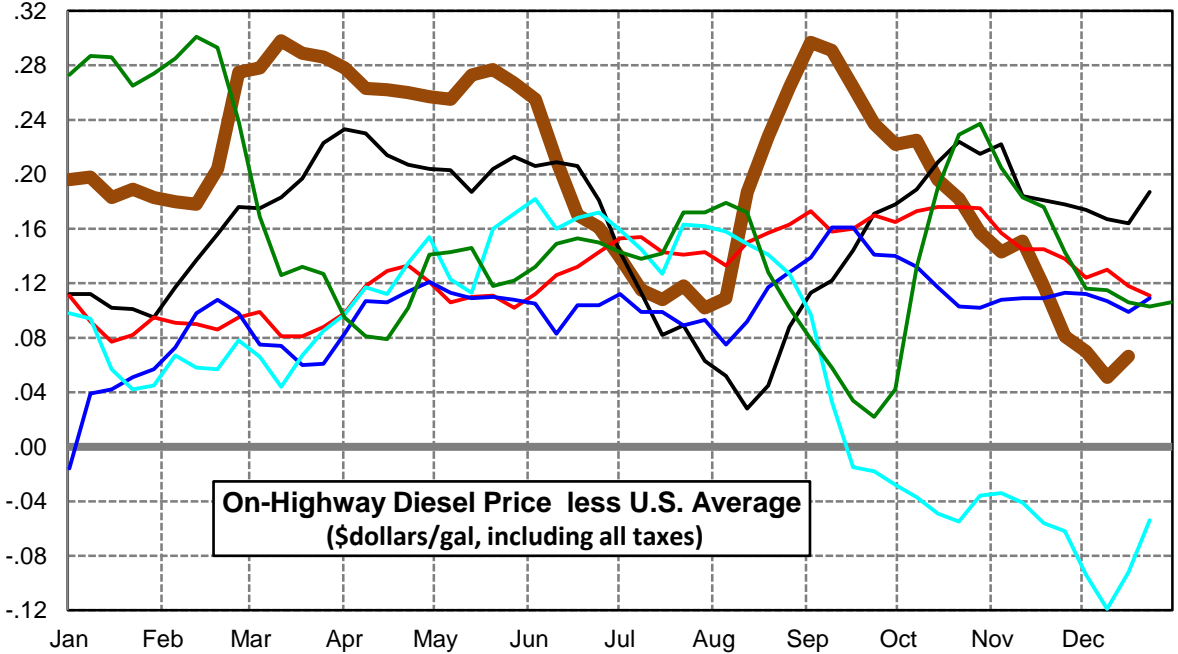
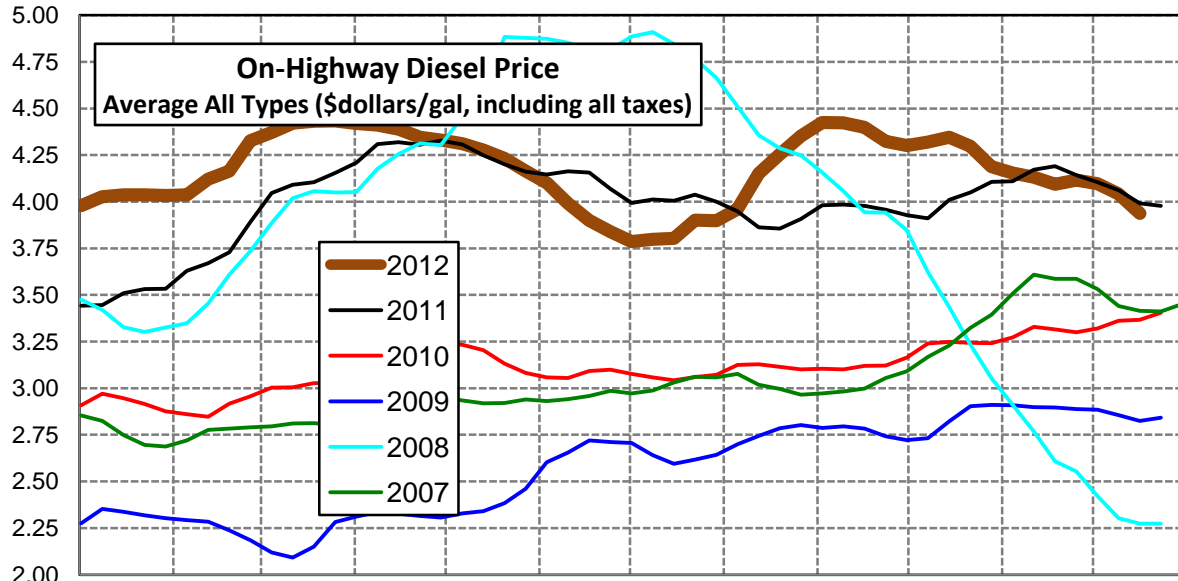
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Nov12	03Dec12	10Dec12	17Dec12	
Rocky Mountain	\$4.057	\$3.989	\$3.938	\$3.900	-\$0.038
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



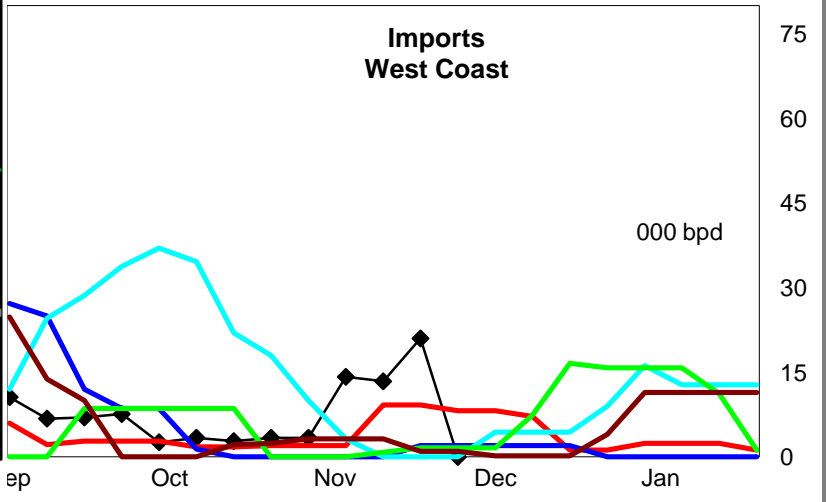
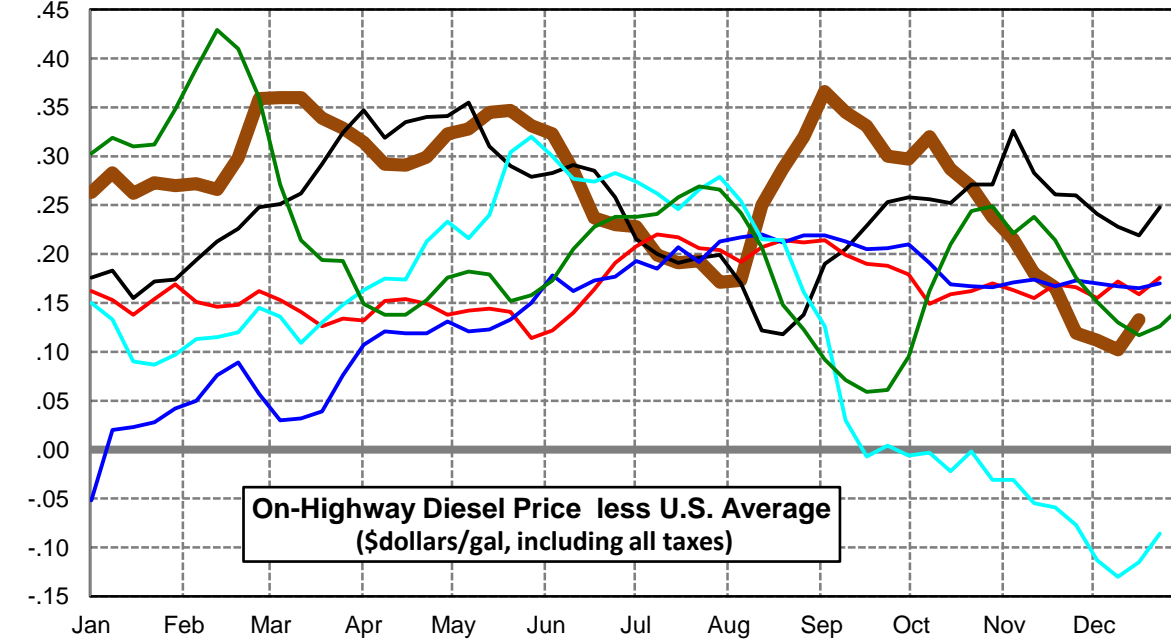
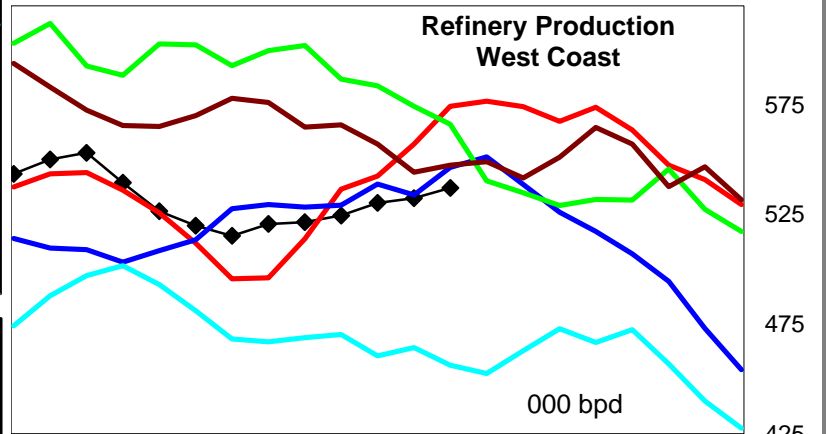
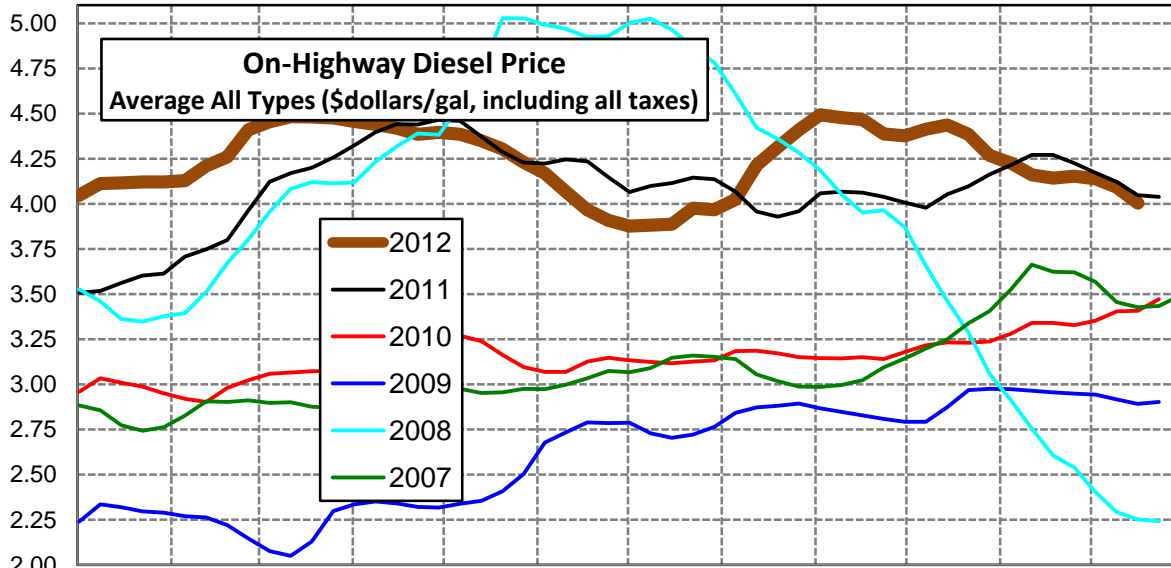
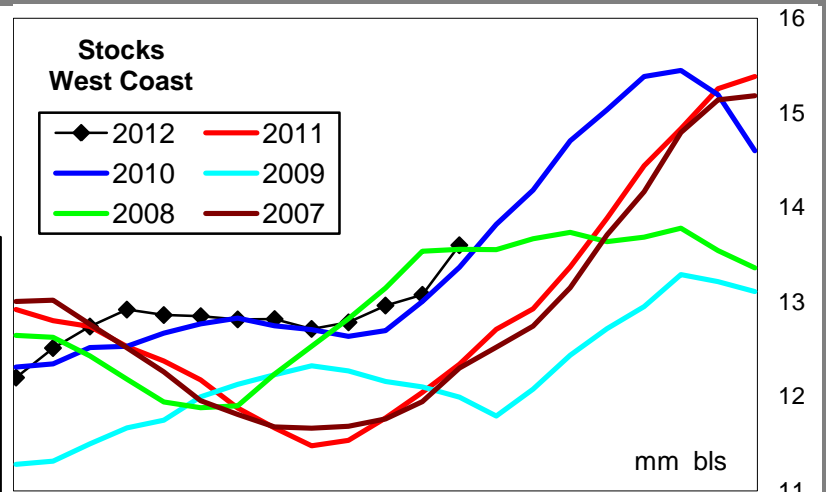
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Nov12	03Dec12	10Dec12	17Dec12	
West Coast	\$4.115	\$4.097	\$4.042	\$3.938	-\$0.104
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
	26Nov12	03Dec12	10Dec12	17Dec12	
California	\$4.153	\$4.139	\$4.093	\$4.004	-\$0.089
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-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	3.897	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	4.034	4.092	4.203	4.203	3.990	4.023	3.902	4.057	4.115	4.153
Mon-03-Dec-12	4.027	4.096	4.221	4.202	3.994	4.014	3.901	3.989	4.097	4.139
Mon-10-Dec-12	3.991	4.069	4.175	4.174	3.970	3.977	3.874	3.938	4.042	4.093
Mon-17-Dec-12	3.871	3.924	4.034	4.022	3.820	3.876	3.785	3.900	3.938	4.004
Mon-24-Dec-12										
Mon-31-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.