



## RETAIL DIESEL FUEL OUTLOOK

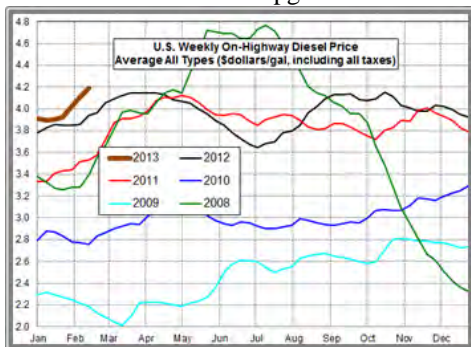
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Tuesday, February 12, 2013

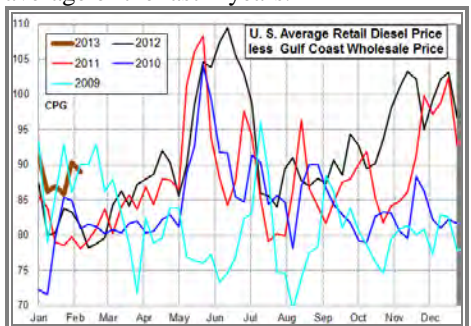
Region	Actual Price 1/			Forecast 2/	Change from week ago
	28Jan13	04Feb13	11Feb13	18Feb13	
U.S.	3.927	4.022	4.104	4.189	0.085
East Coast	4.023	4.088	4.152	4.198	0.046
New England	4.181	4.237	4.266	4.349	0.083
Central Atlantic	4.106	4.165	4.216	4.309	0.093
Lower Atlantic	3.931	4.001	4.083	4.144	0.061
Midwest	3.866	3.978	4.080	4.191	0.111
Gulf Coast	3.845	3.941	3.997	4.103	0.106
Rocky Mountain	3.736	3.844	3.964	4.069	0.105
West Coast	4.049	4.166	4.265	4.313	0.048
California	4.137	4.242	4.331	4.405	0.074

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

**Diesel Fuel Price Trends** U. S. retail diesel prices jumped +8.2 cpg for the week ending 11Feb13. Prices increased by +10 cpg or more in the Midwest and Rocky Mountain regions. New England saw an increase of less than +3 cpg.



The U.S. average retail diesel price compared Gulf Coast wholesale market decreased -1.5 cpg week-on-week. The spread ended the week +10 cpg above the average of the last 2-years.



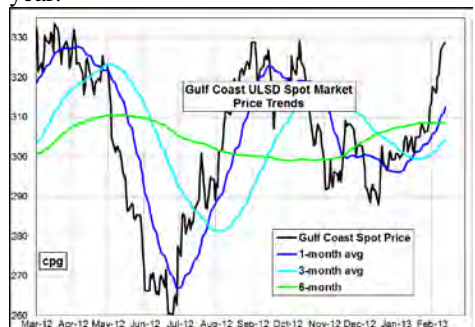
The national average on-highway price ended the week +16 cpg above a year ago.

remains below the Gulf Coast market. Prices have begun to strengthen in the Rockies, Midwest and West Coast on seasonal stock drawdowns.

Prices in East Coast markets compared to the U.S. average extended a recent downtrend last week.

Gulf Coast wholesale distillate prices increased +12 cpg last week, to a level near 12-month highs.

U.S. average retail prices ended the week at a record high level for this time of year.



The spread between Gulf wholesale and U.S. average retail prices decreased -1.5 cpg to +89 cpg last week. Look for the retail to wholesale price spread to increase on tightening supplies as refiners reach peak seasonal maintenance.

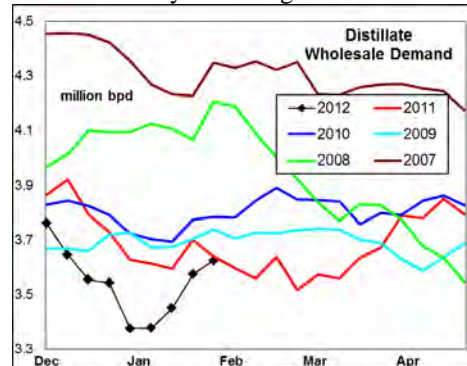
#### Supply - Demand Fundamental Trends

Distillate wholesale demand decreased -97,000 bpd last week, to a level that matched last years' historic lows. The

The highest retail prices were in California and New England at \$4.27/gal. Prices in the Rocky Mountain region were -14 cpg below the U.S. average, and the lowest among all regional markets. The Rocky Mountain price

latest 4-wk average demand was -133,000 bpd below last year.

Supplies increased +85,000 bpd on higher production. Production for the latest 4-wk period was -65,000 bpd below a year ago. Stocks decreased -1 million barrel last week, extending the seasonal draw down. The latest 4-wk stock build in markets East of the Rockies fell to a level near the last 3-year average.



#### Global Trends Driving Diesel Prices

Peak heating season demand, winter refinery maintenance on the Gulf, terrorist attacks in North Africa, and tight supplies in Europe have combined with seasonal stock draws to support distillate prices.

Stocks should see further draws over the next month as refinery maintenance expands in regions outside the Midwest. Stock levels match 5-year lows, so that seasonal draws will push the level to record lows for the spring quarter.

**Diesel Price Outlook** Look for supplies to tighten further in the Rockies, Midwest and Gulf regions as refiners conduct maintenance over the next quarter and seasonal demand trends higher.

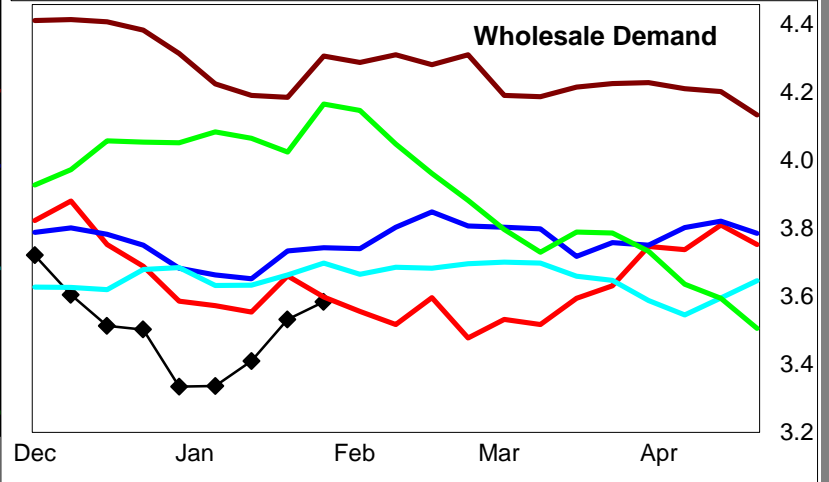
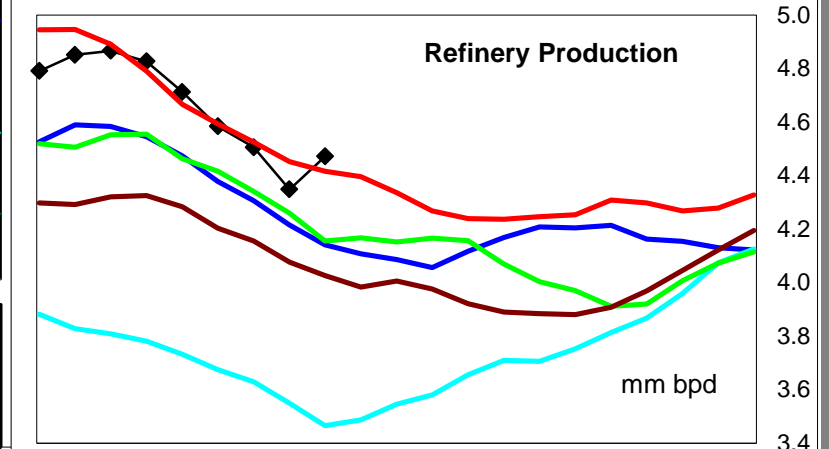
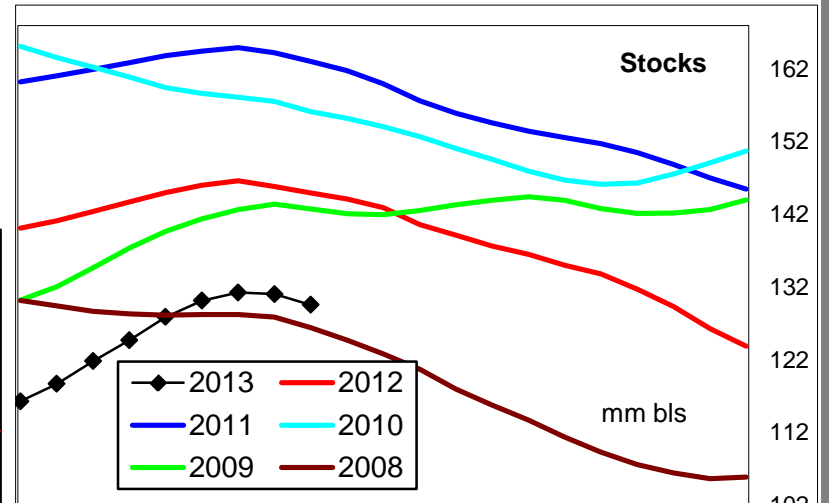
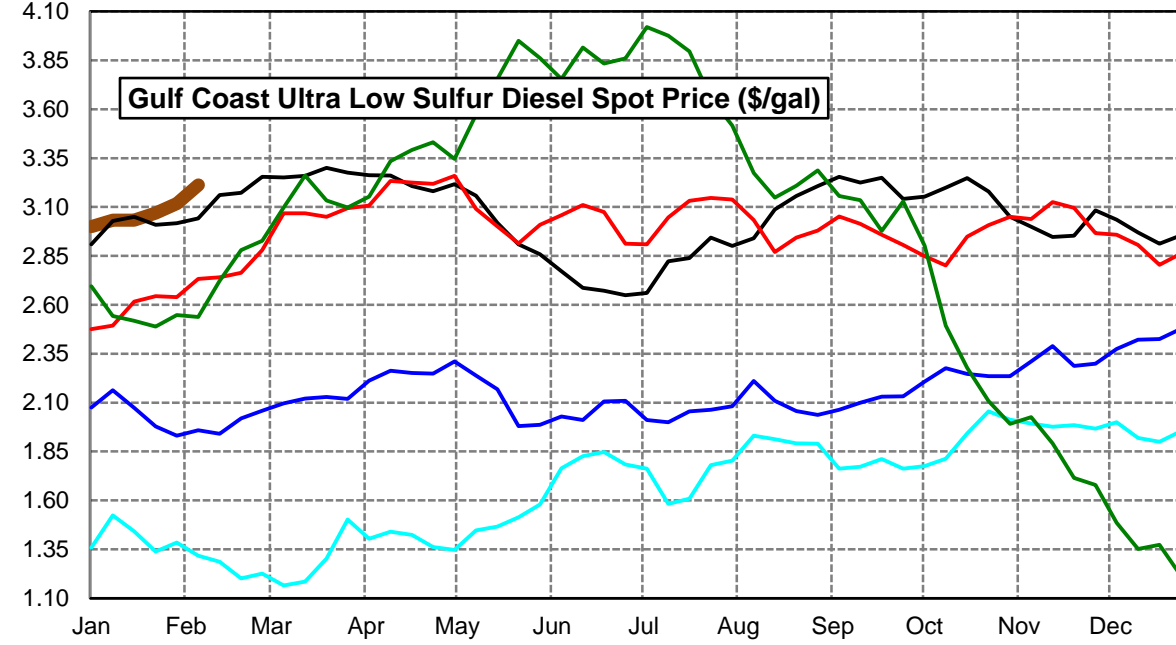
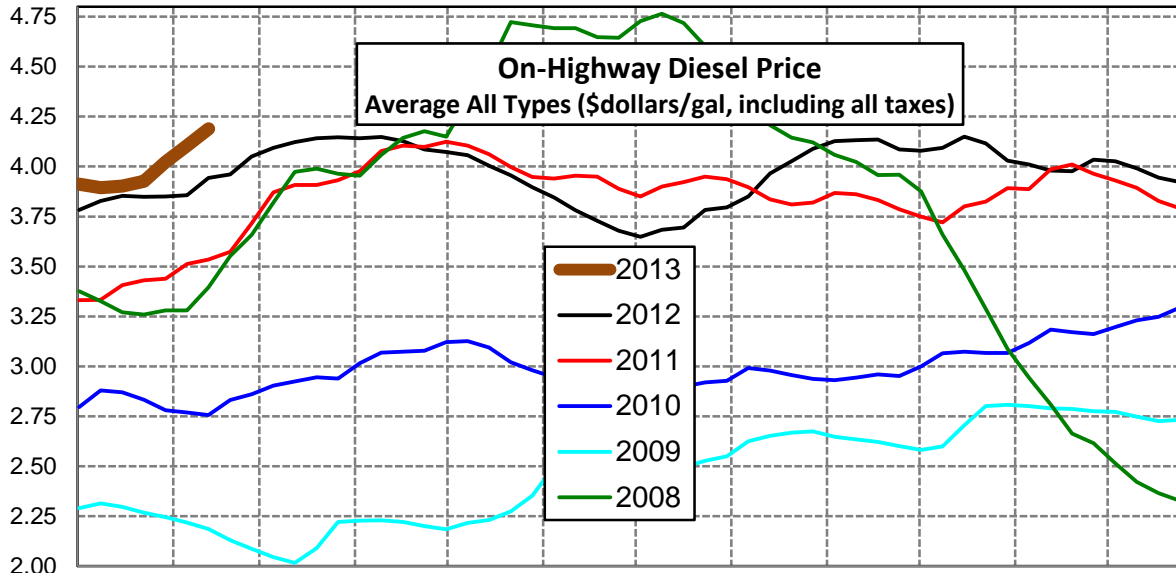
Retail on-highway diesel prices compared to the wholesale markets should trend higher in the short term on tightening supplies.

Global political uncertainty and refinery maintenance should extend the current uptrend in retail prices.

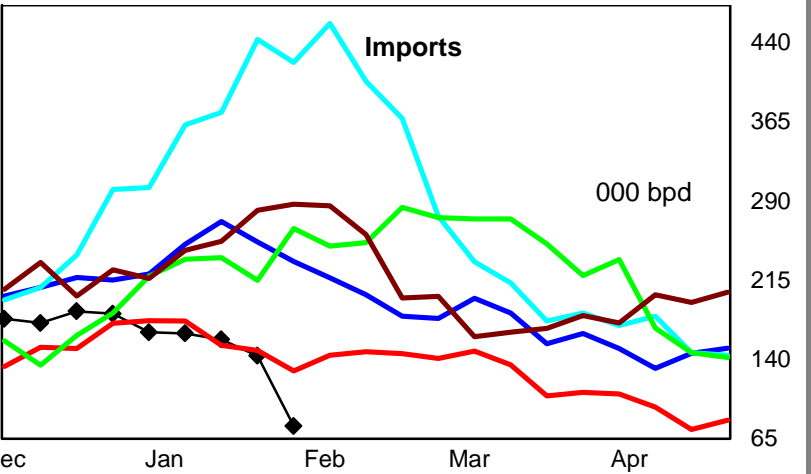
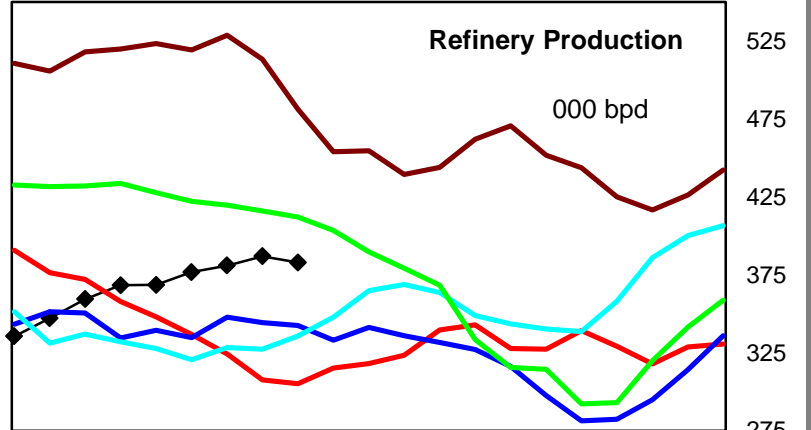
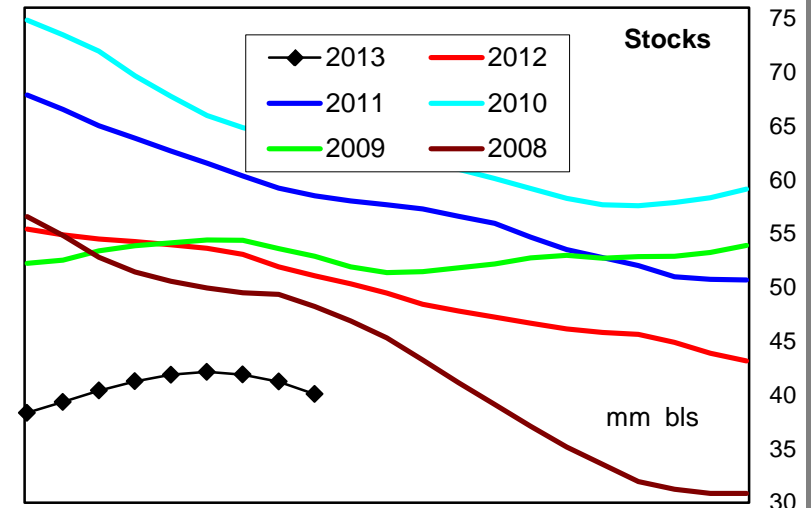
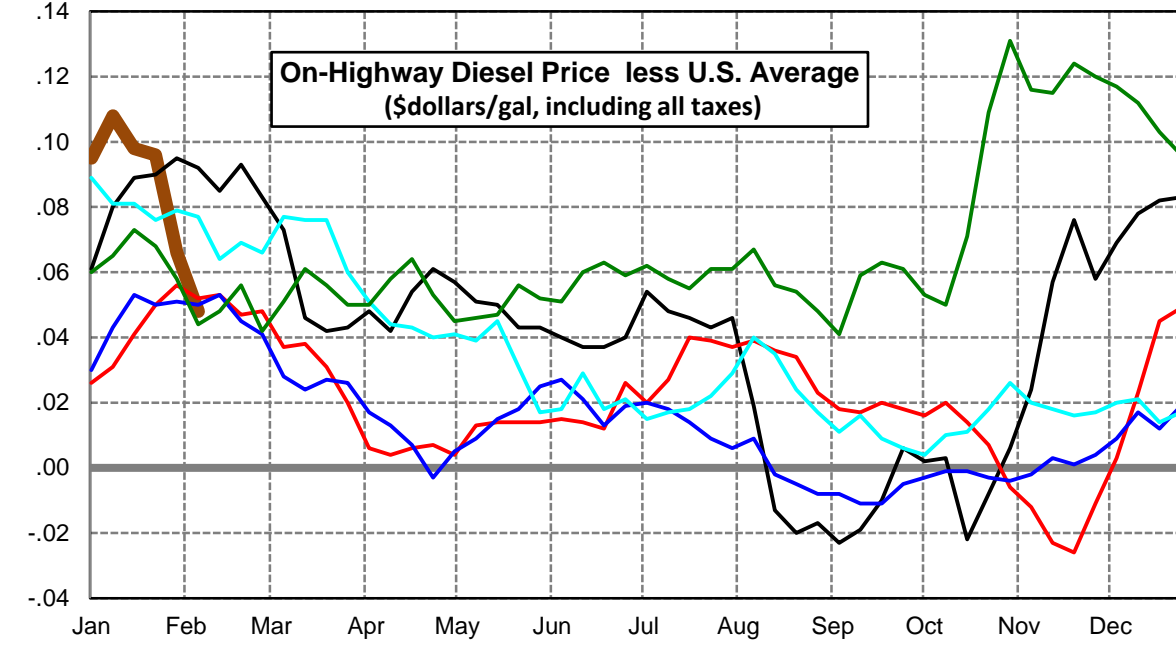
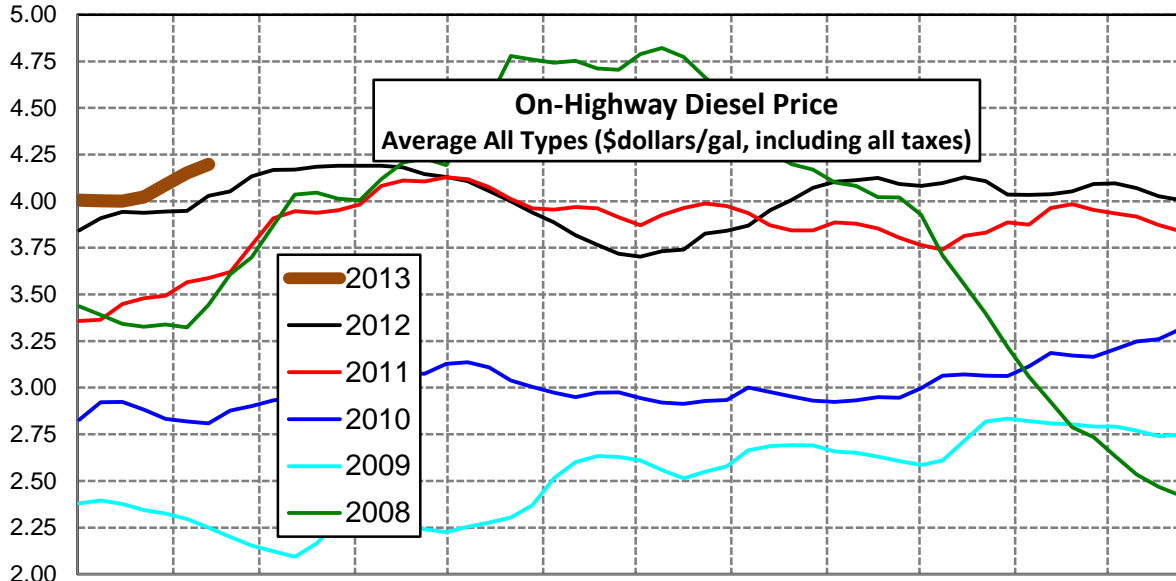
Click [Blue Icon](#) on Map to view Regional Price & Fundamental Trends



Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Jan13	04Feb13	11Feb13	18Feb13	
<b>United States Avg</b>	\$3.927	\$4.022	\$4.104	<b>\$4.189</b>	\$0.085
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					

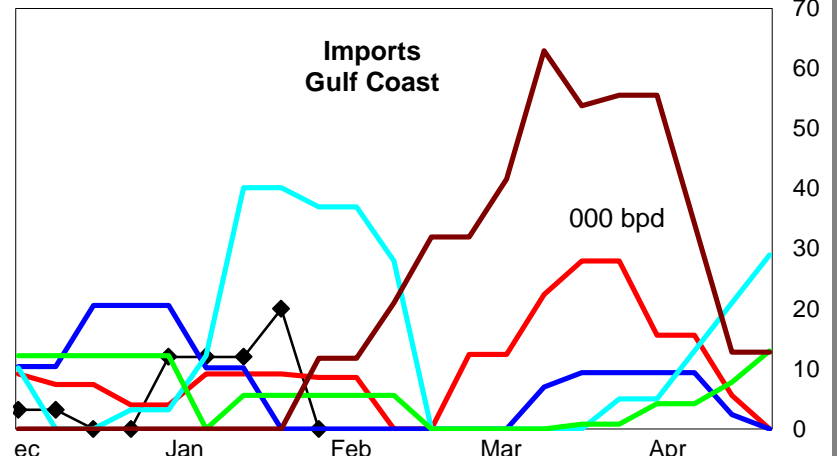
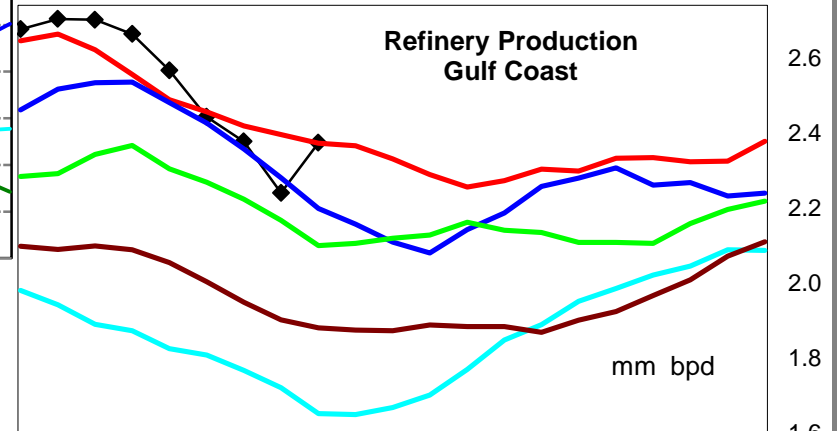
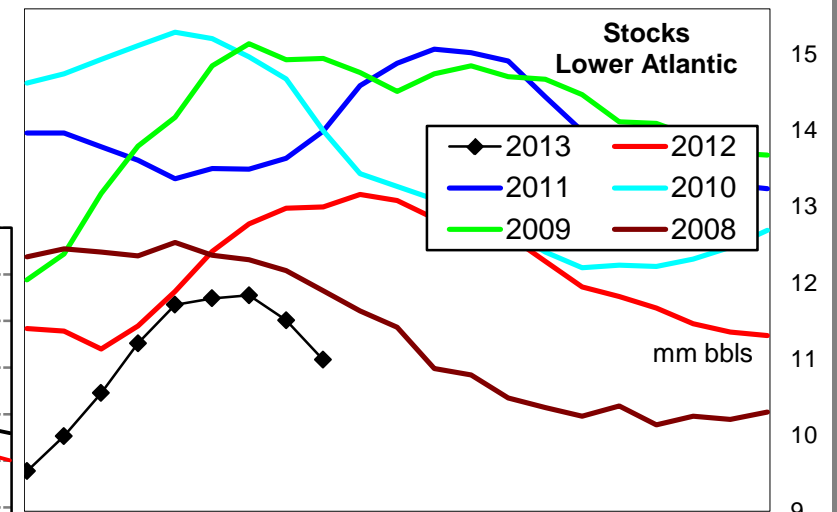
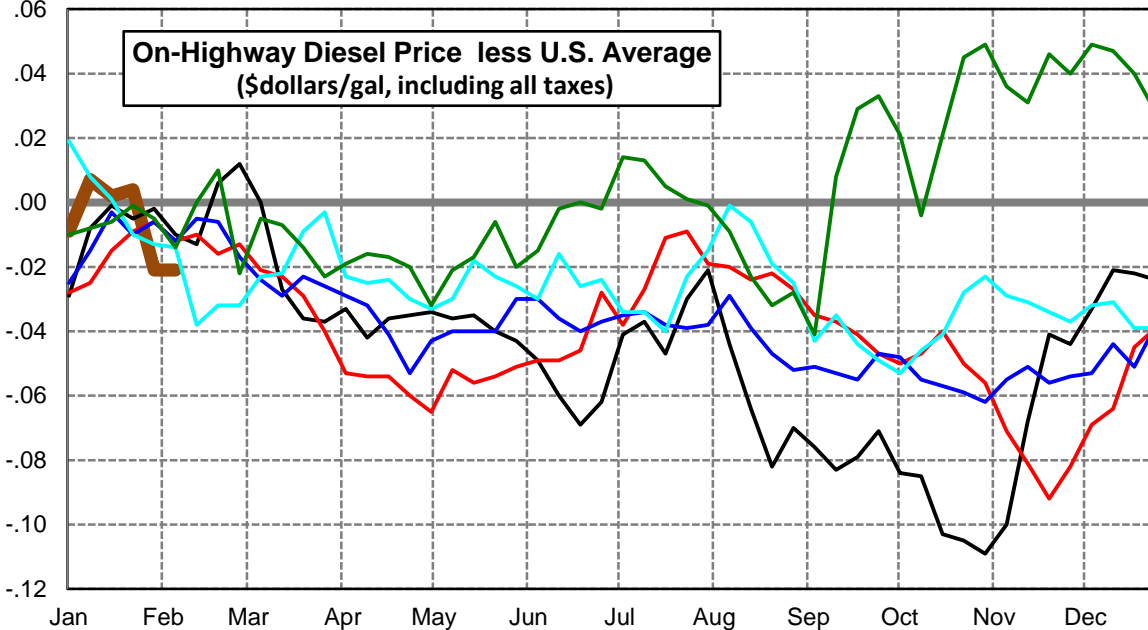
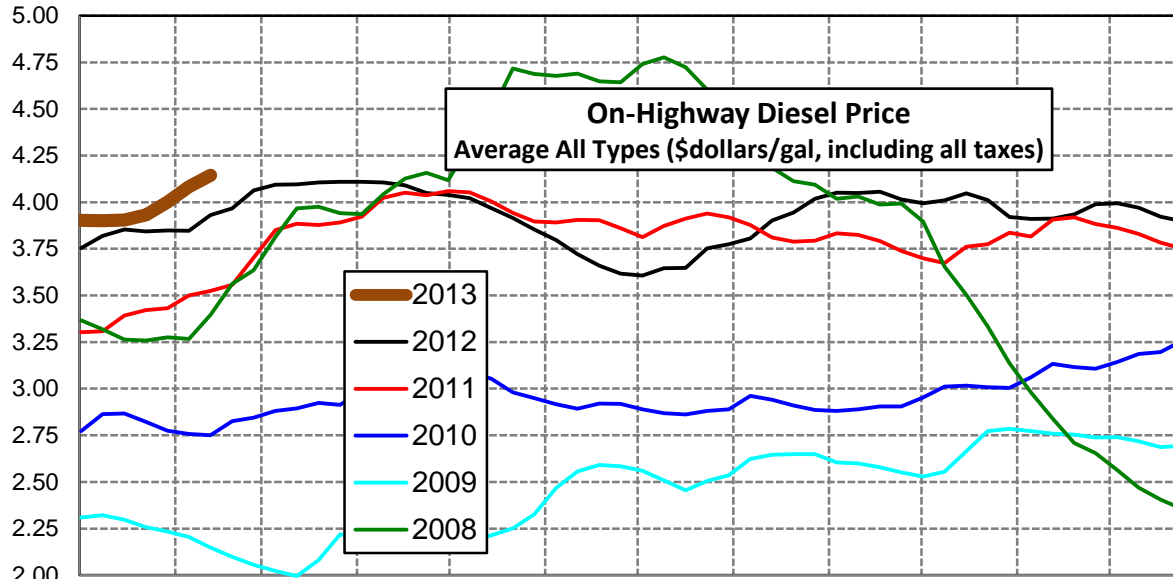


Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Jan13	04Feb13	11Feb13	18Feb13	
<b>East Coast</b>	\$4.023	\$4.088	\$4.152	<b>\$4.198</b>	\$0.046
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					

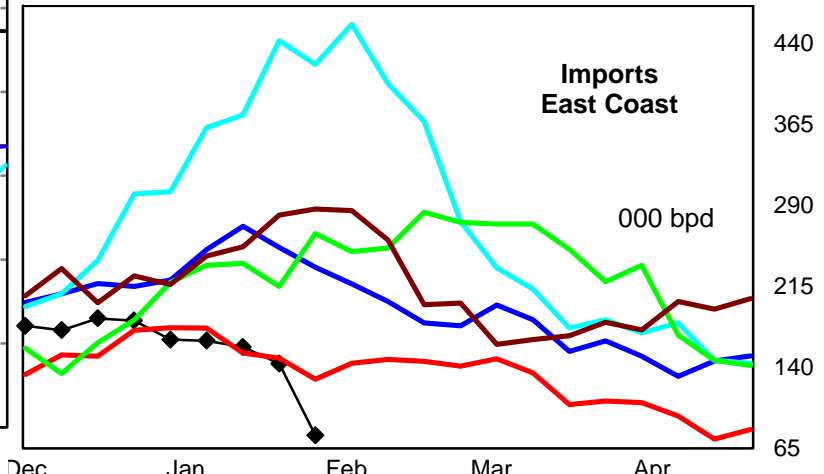
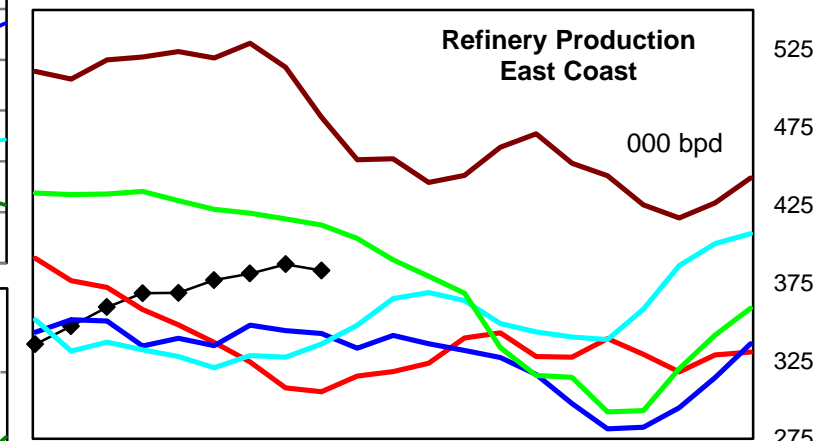
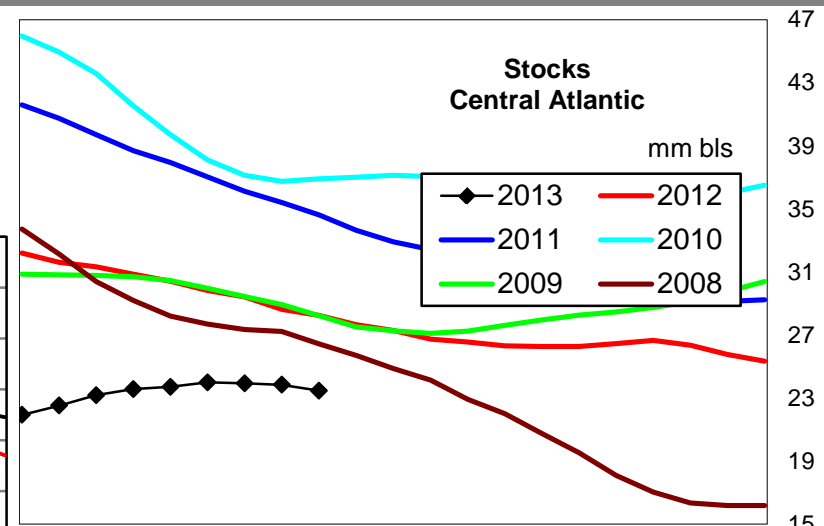
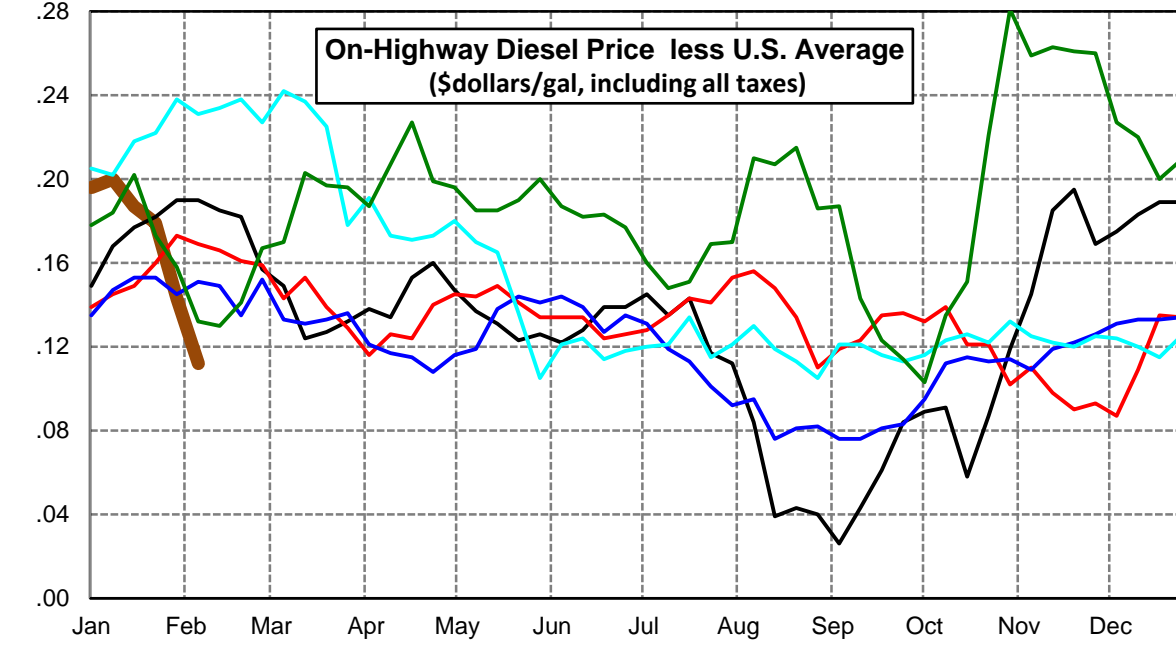
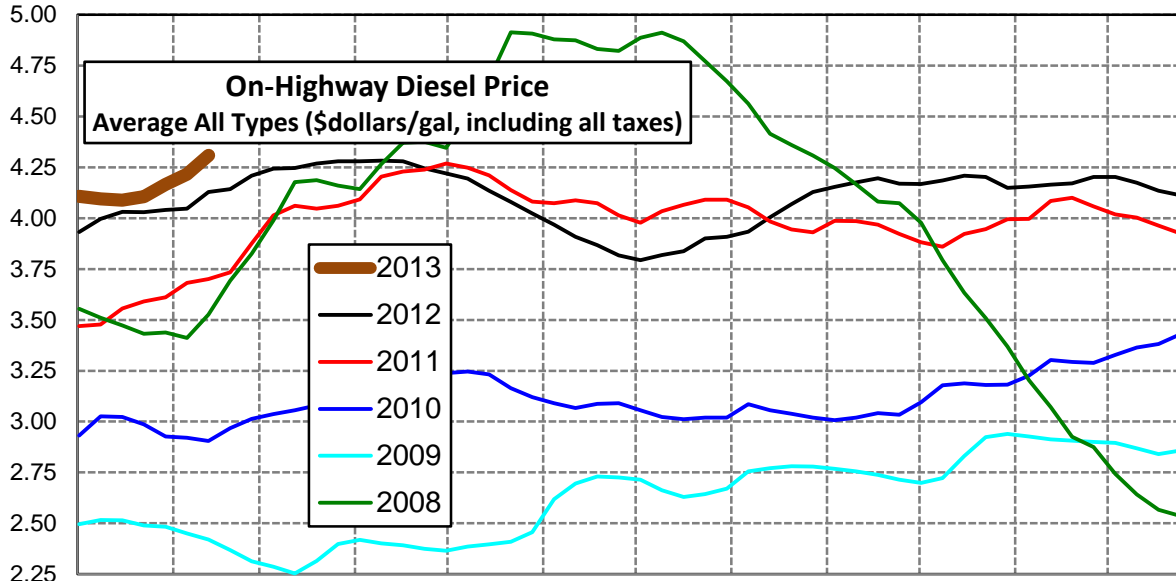




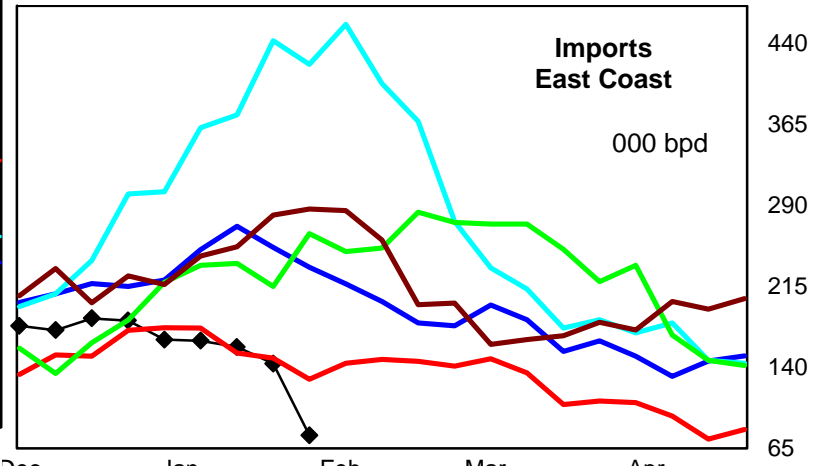
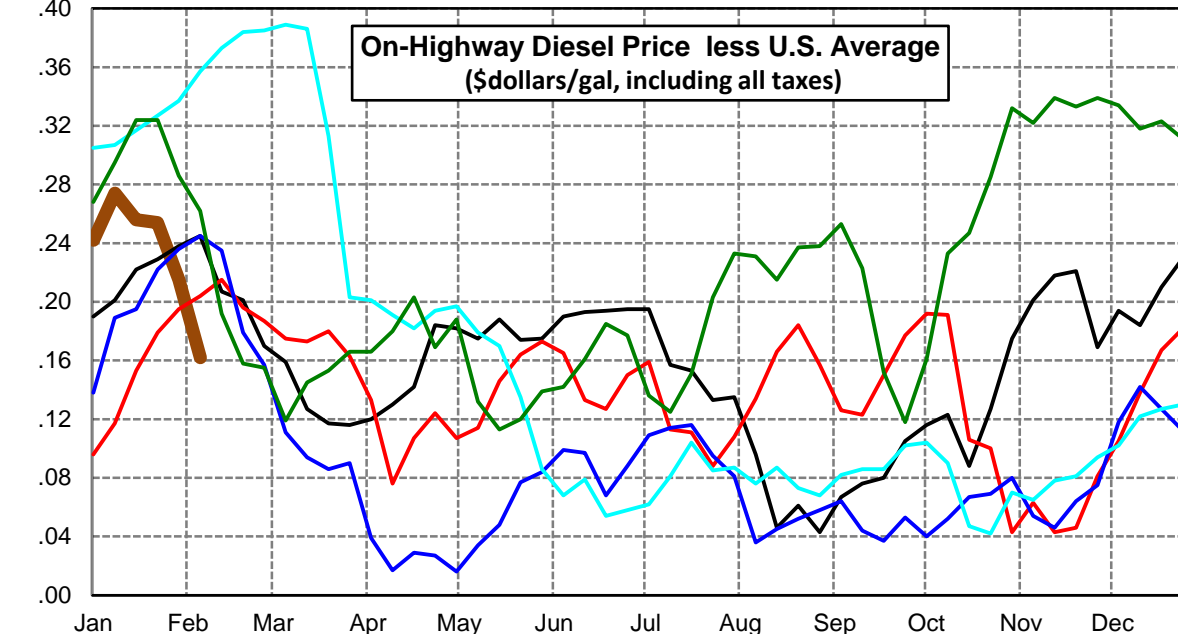
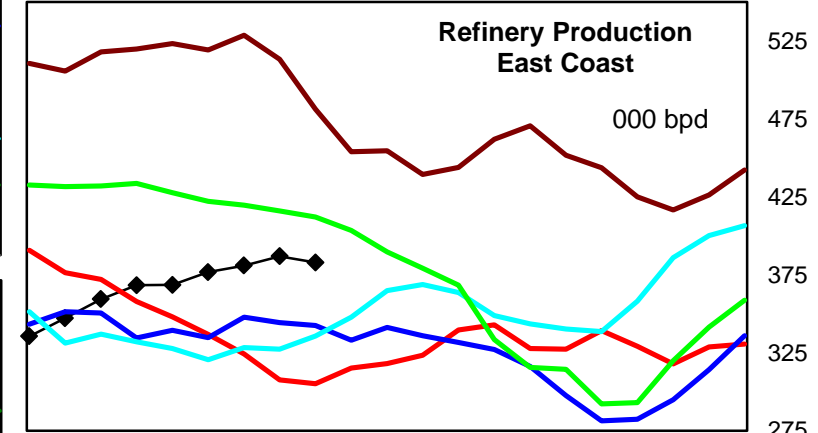
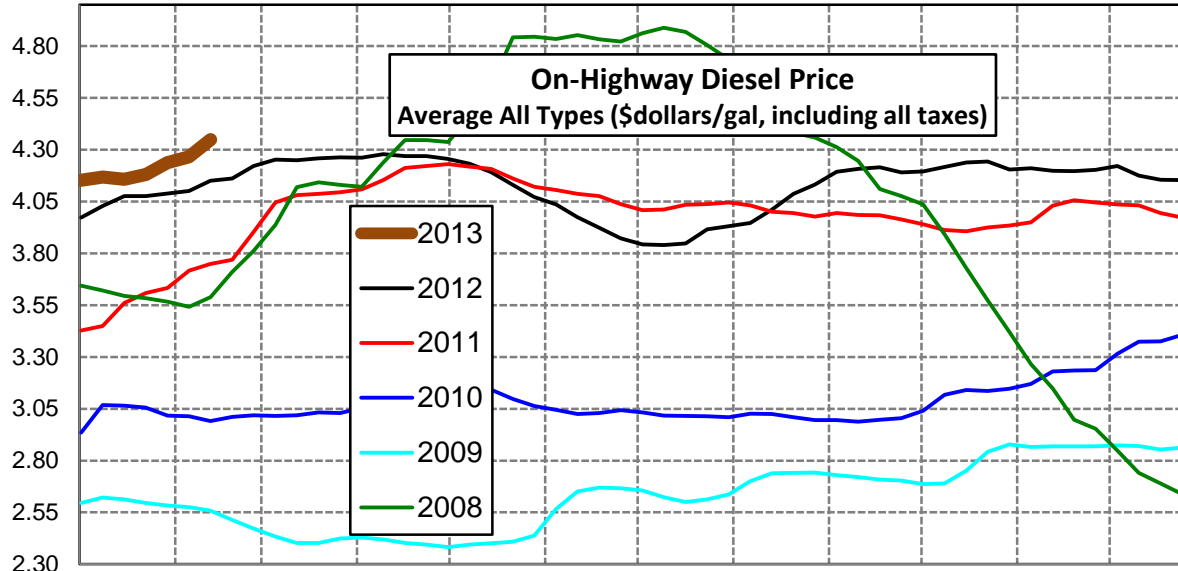
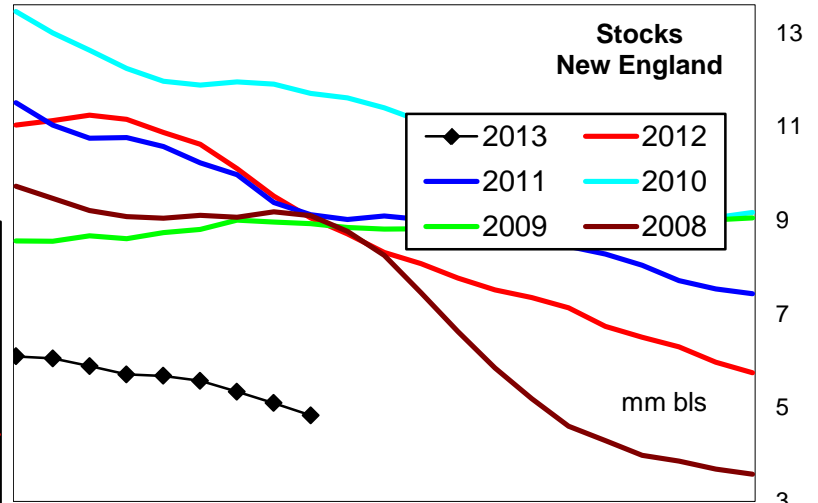
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Jan13	04Feb13	11Feb13	18Feb13	
<b>Lower Atlantic</b>	\$3.931	\$4.001	\$4.083	<b>\$4.144</b>	\$0.061
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



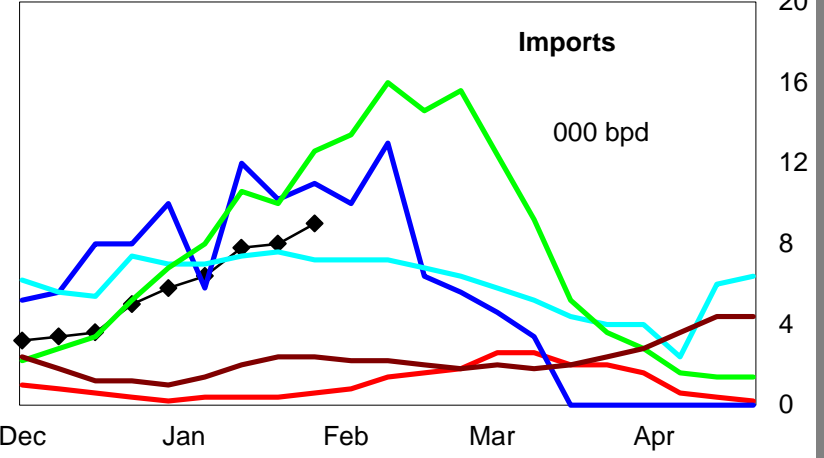
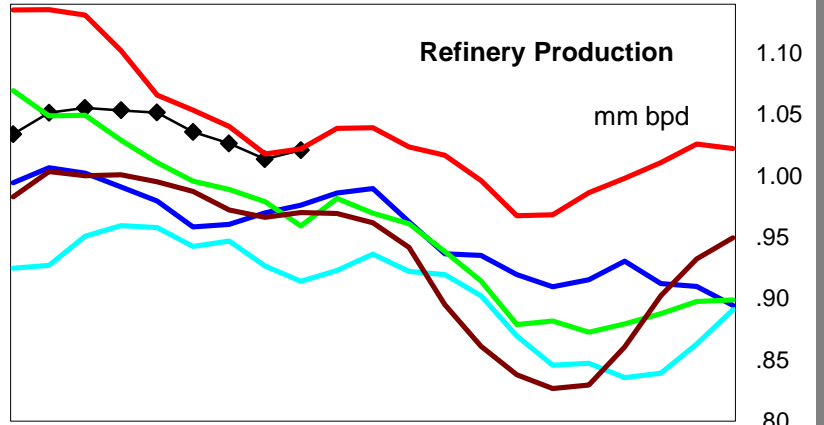
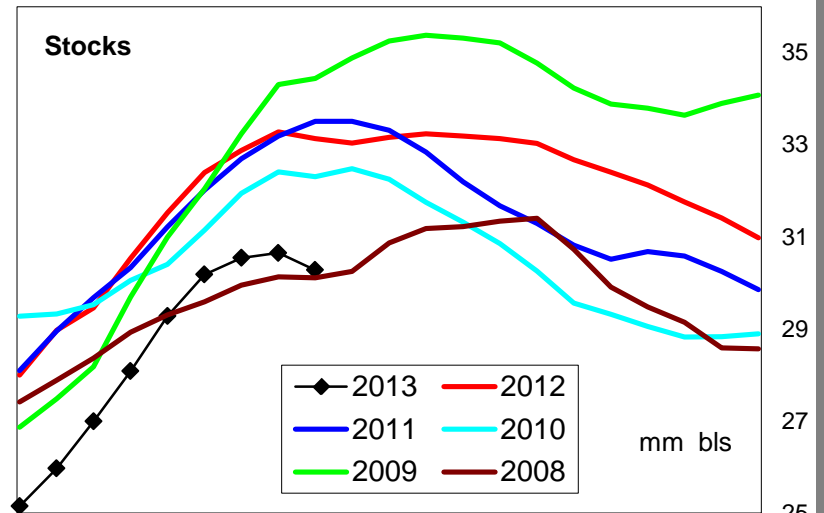
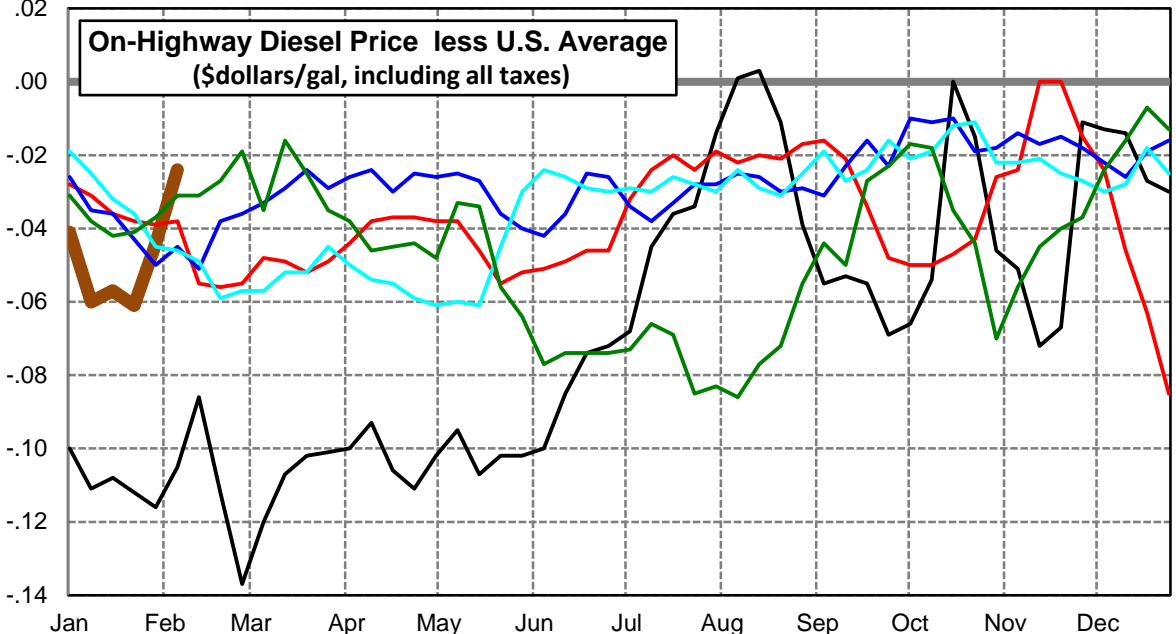
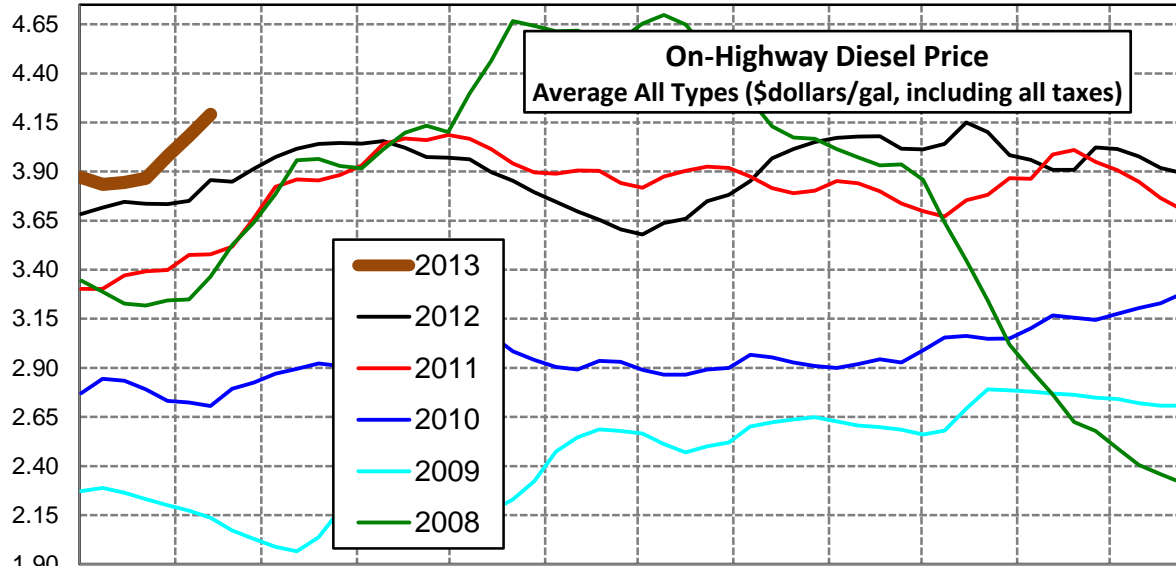
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Jan13	04Feb13	11Feb13	18Feb13	
<b>Central Atlantic</b>	\$4.106	\$4.165	\$4.216	<b>\$4.309</b>	\$0.093
1/ Source: U.S. Energy Information Administration					
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Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Jan13	04Feb13	11Feb13	18Feb13	
<b>New England</b>	\$4.181	\$4.237	\$4.266	<b>\$4.349</b>	\$0.083
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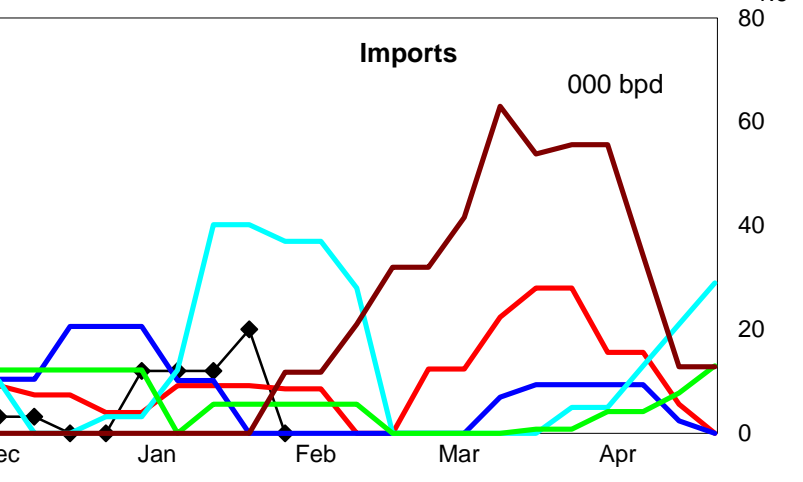
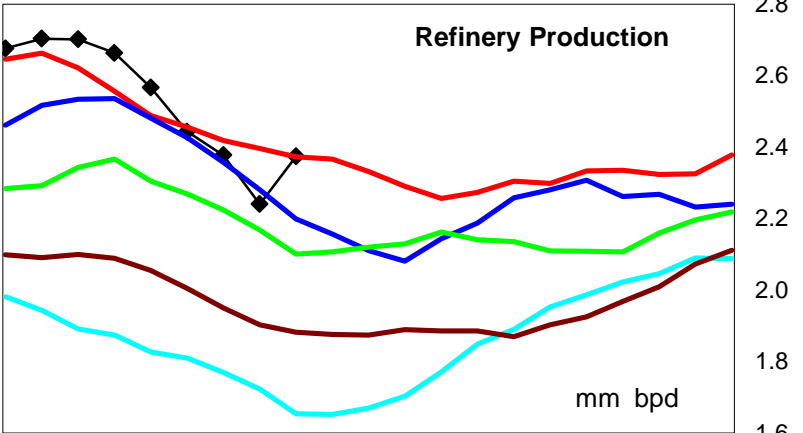
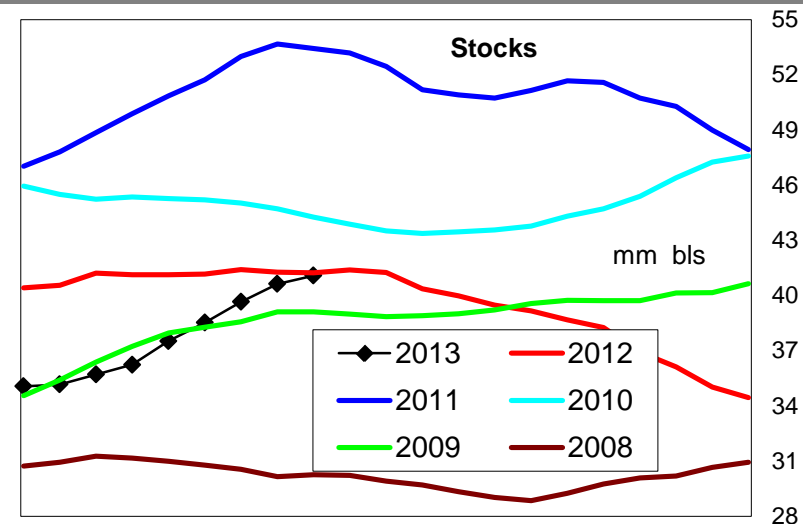
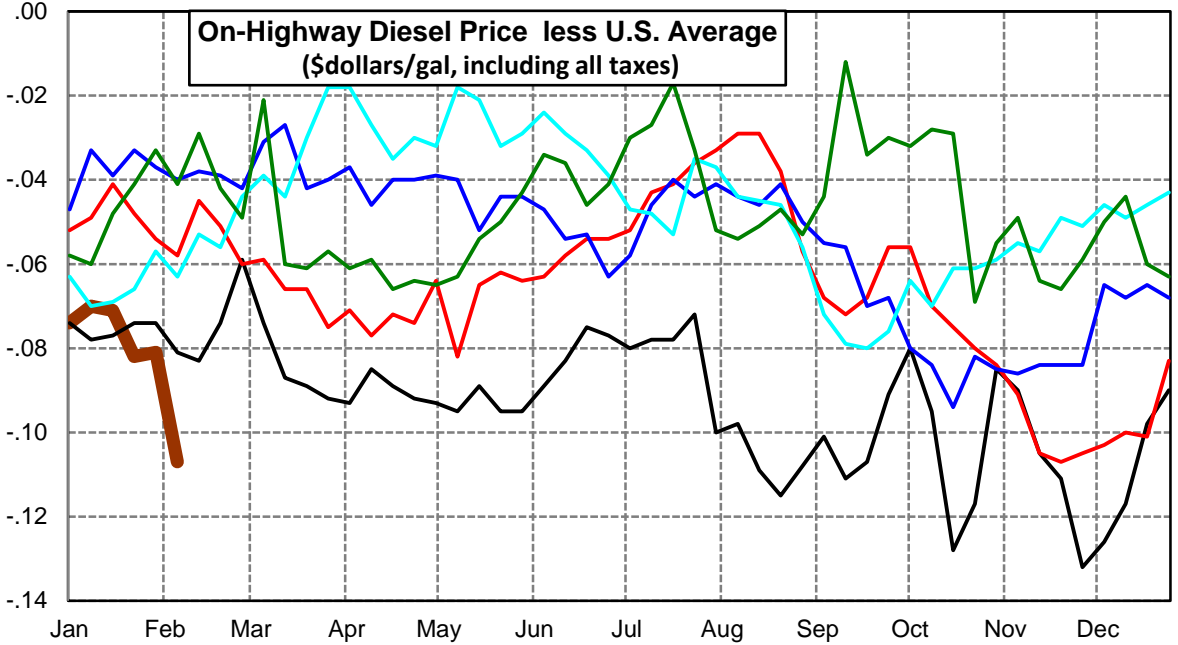
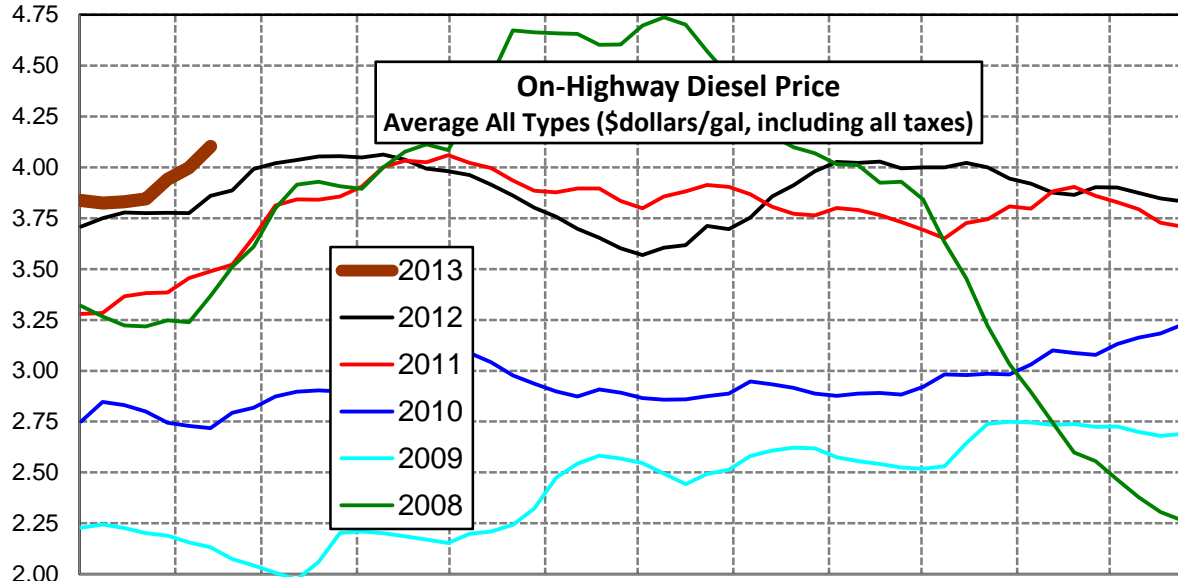


Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	28Jan13	04Feb13	11Feb13	18Feb13	
<b>Midwest</b>	\$3.866	\$3.978	\$4.080	<b>\$4.191</b>	\$0.111
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					

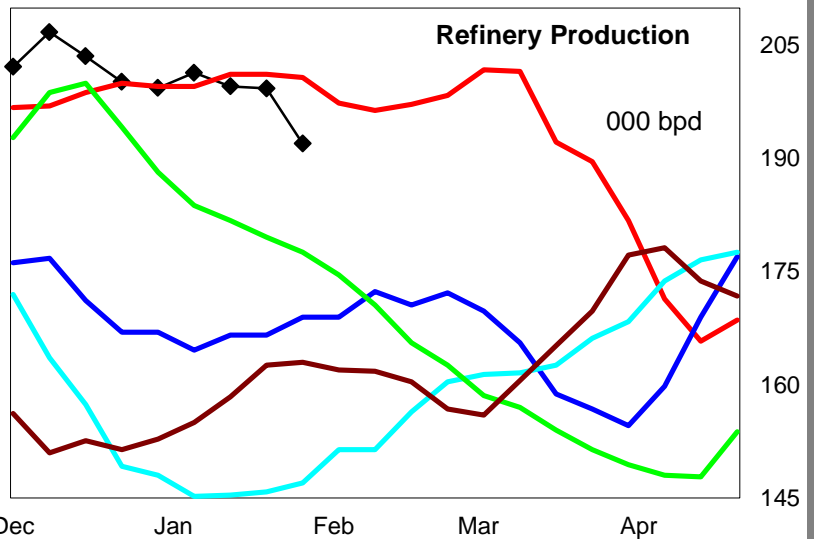
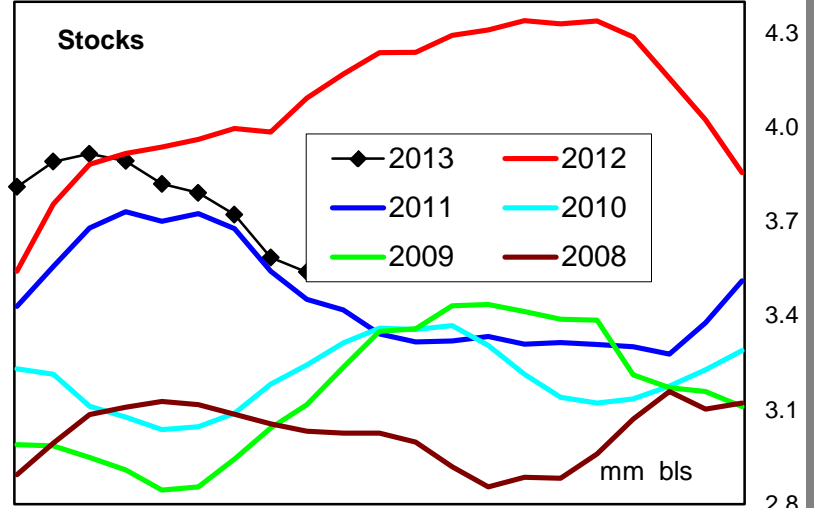
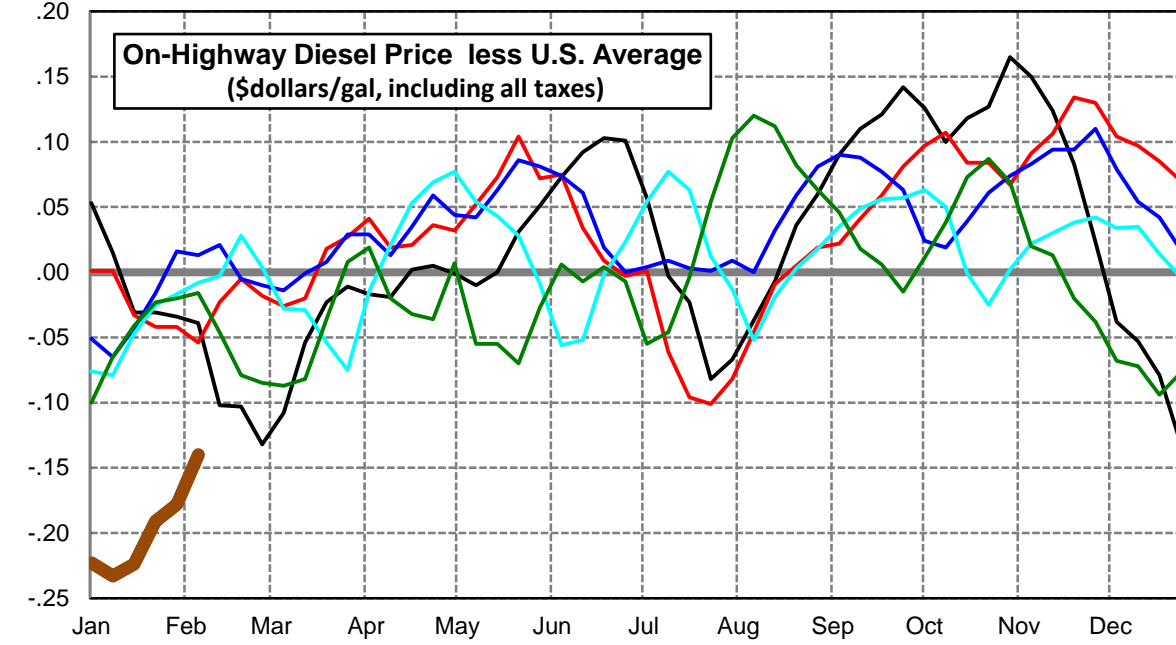
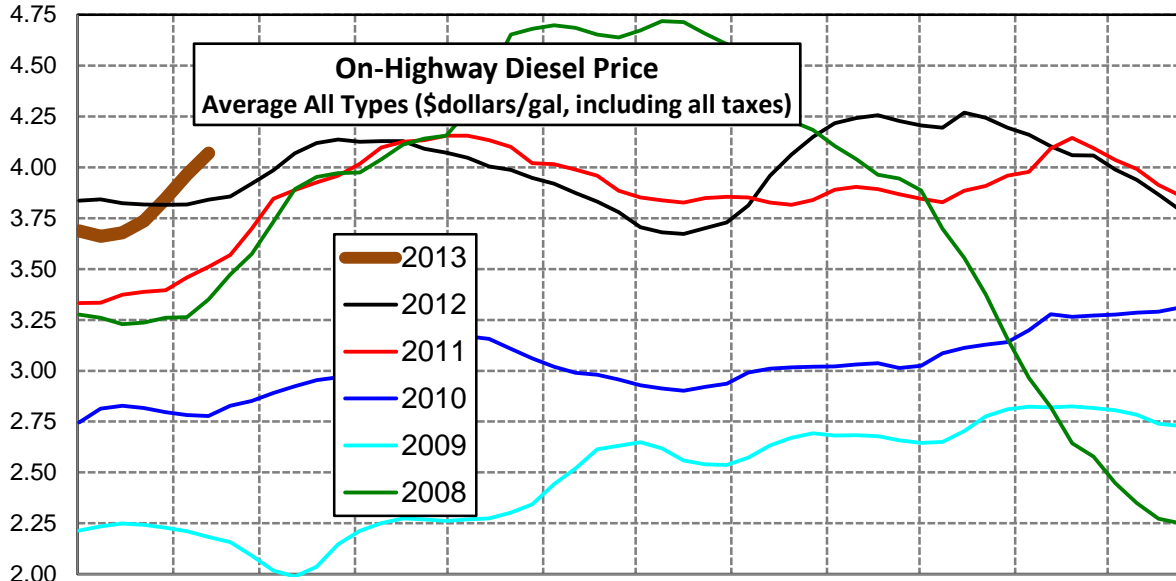




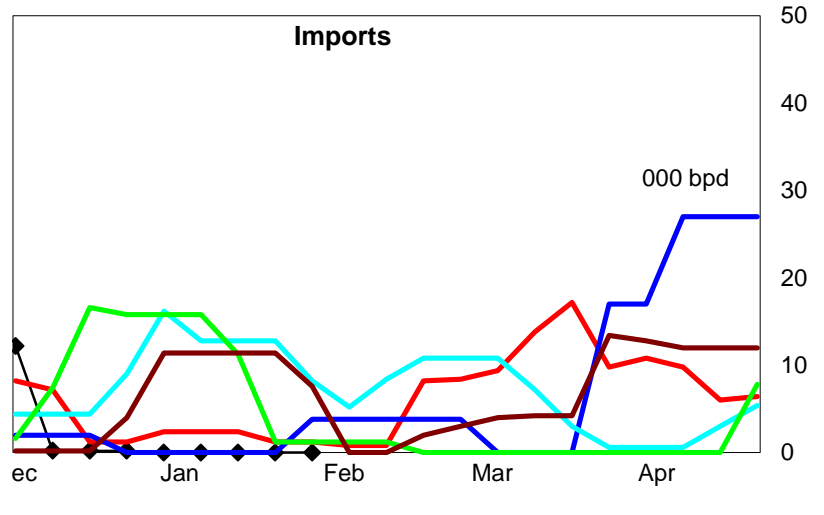
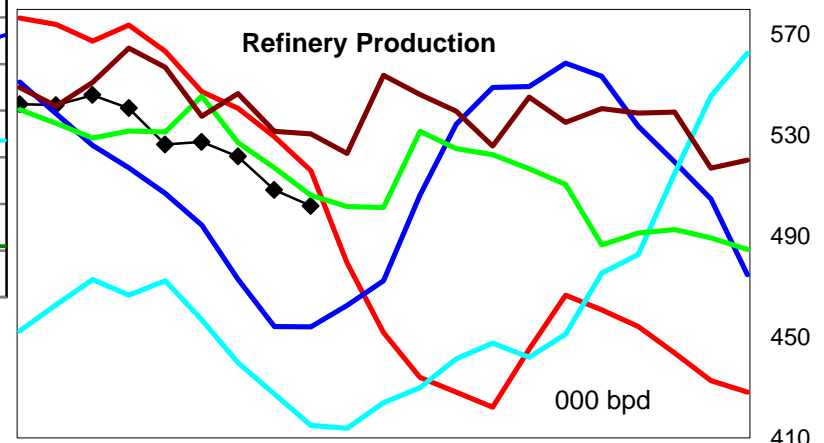
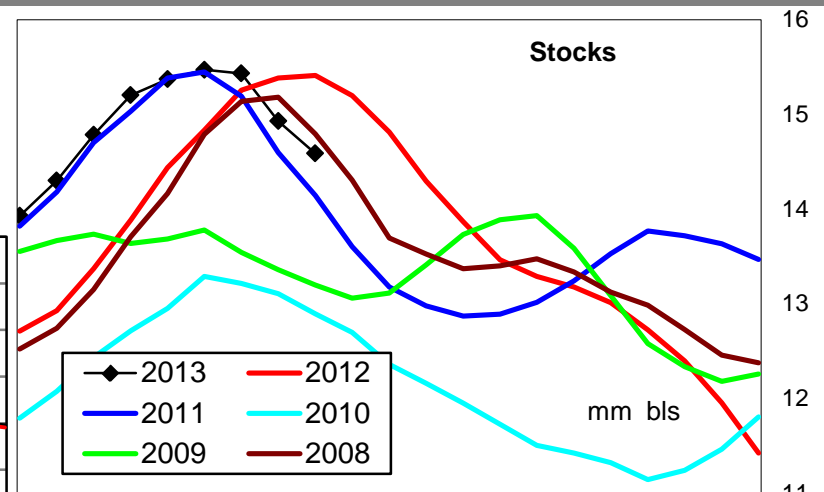
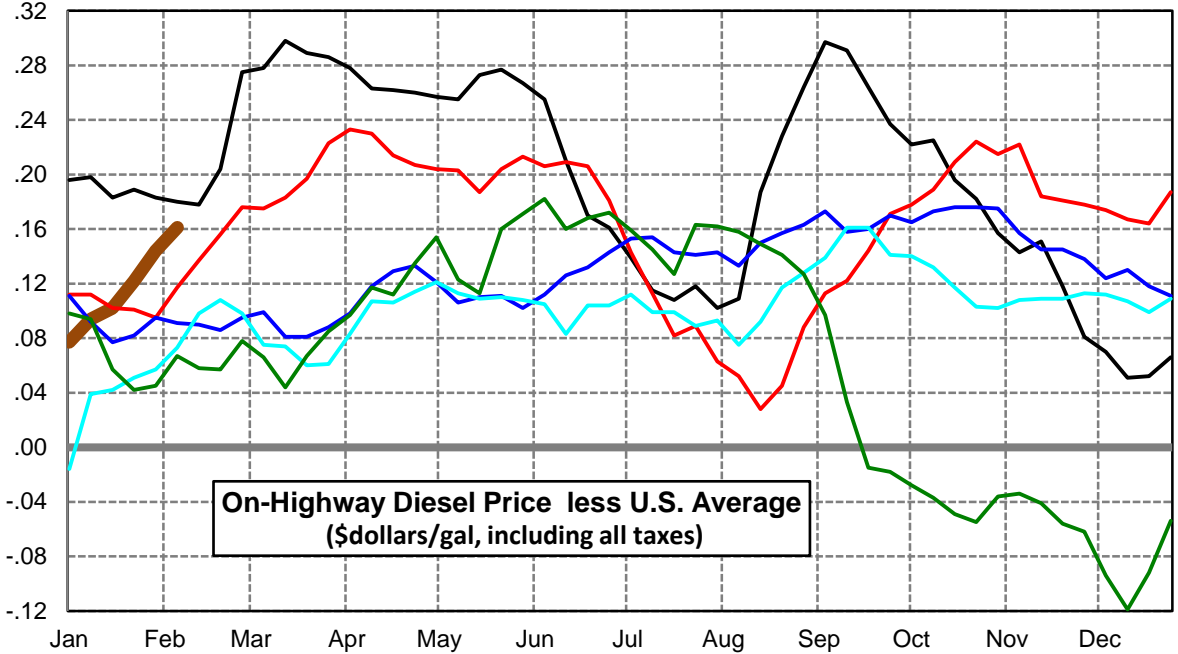
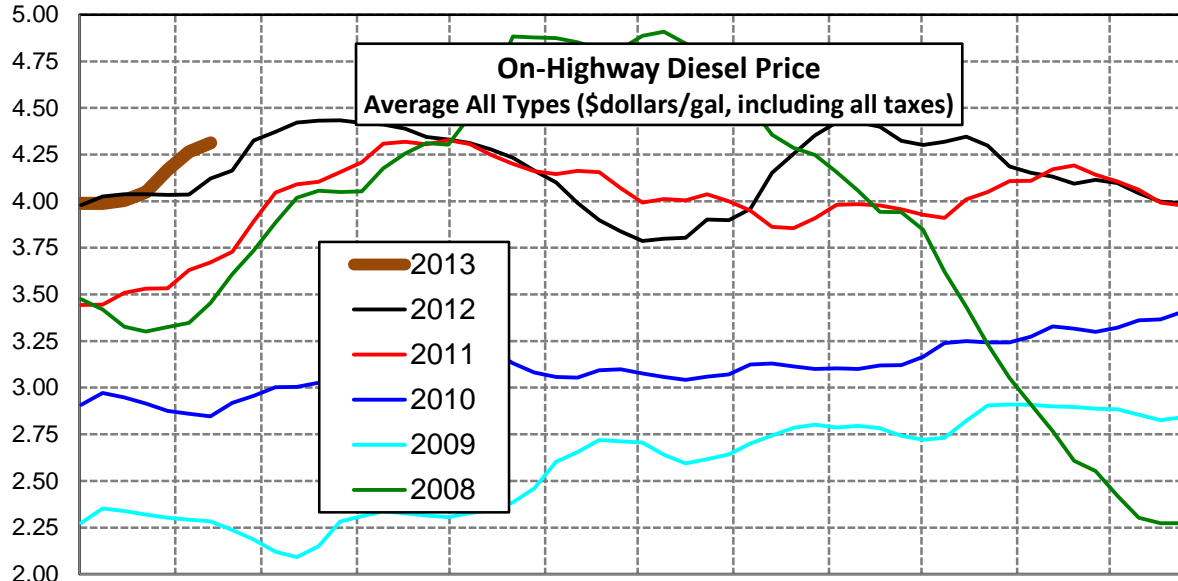
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<b>Gulf Coast</b>	\$3.845	\$3.941	\$3.997	<b>\$4.103</b>	\$0.106
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



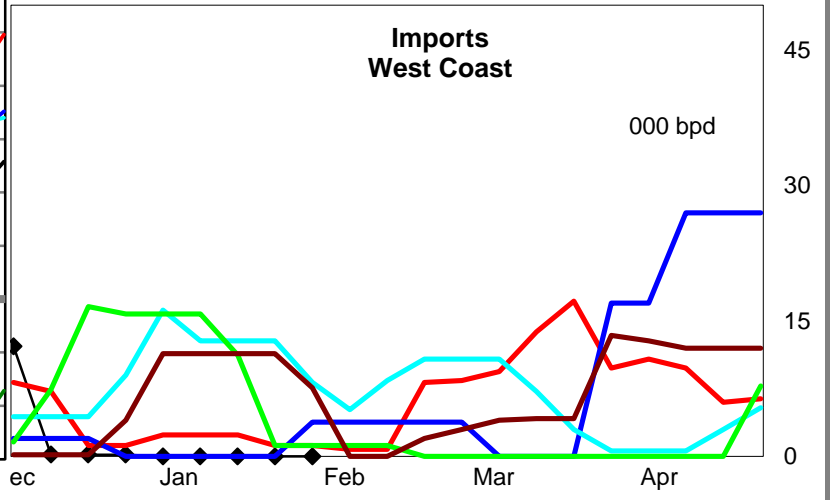
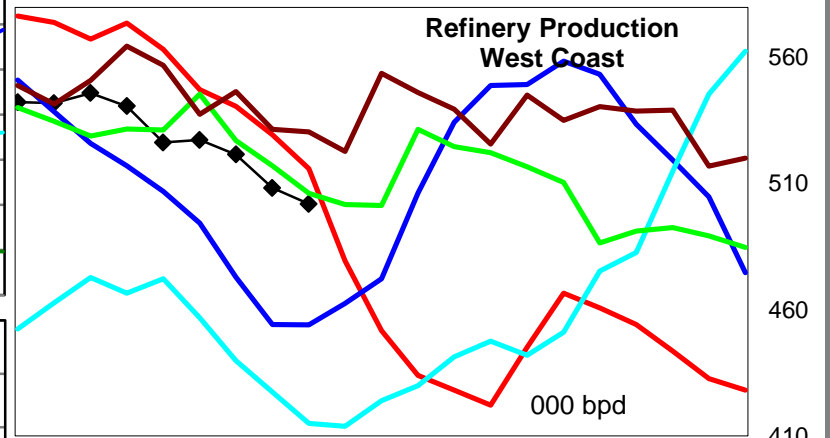
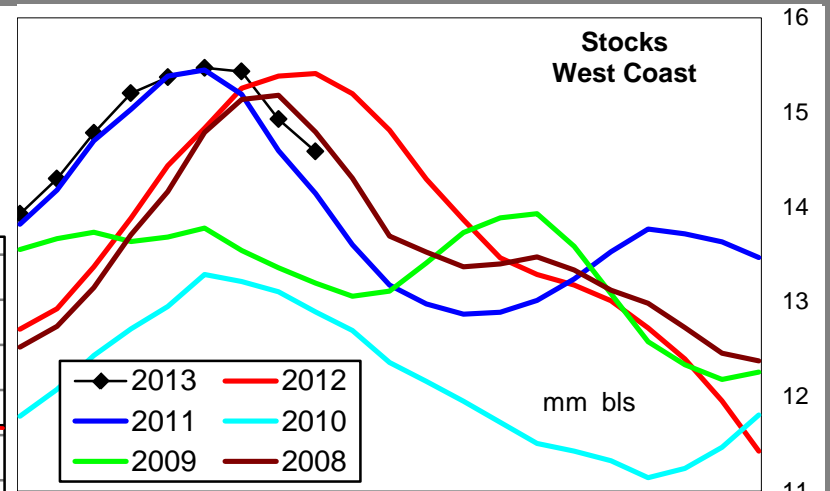
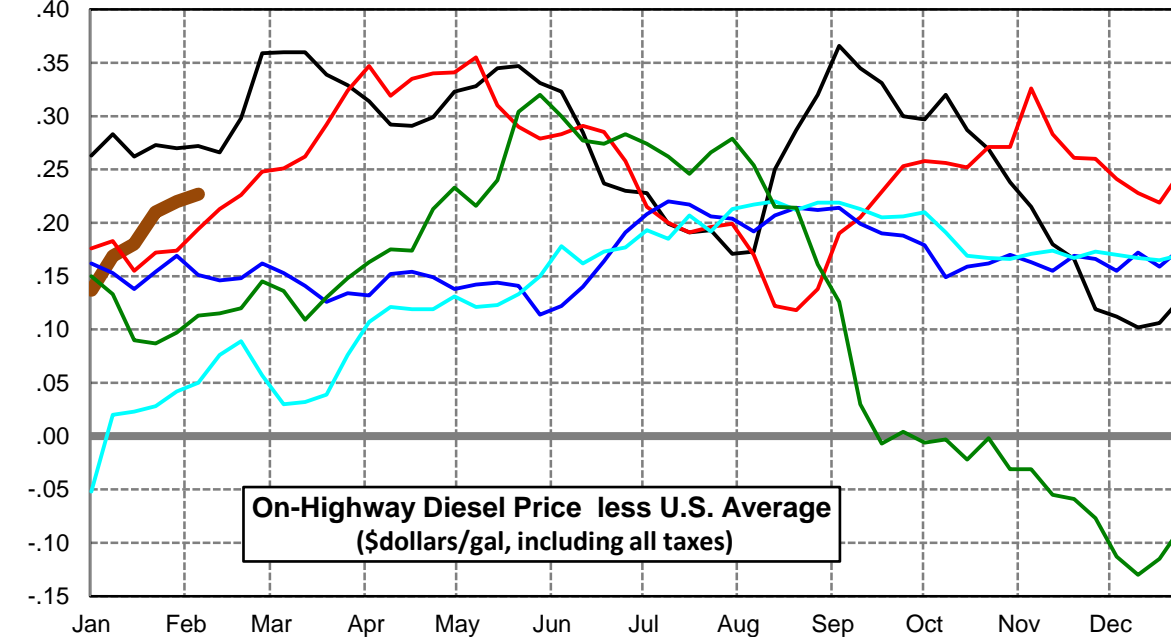
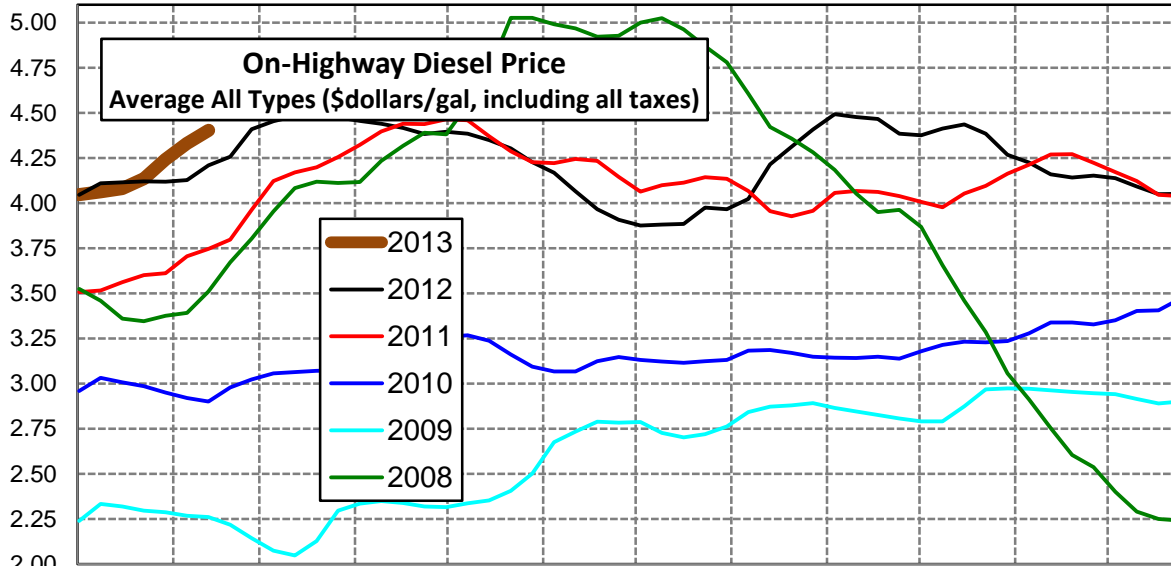
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<b>West Coast</b>	\$4.049	\$4.166	\$4.265	<b>\$4.313</b>	\$0.048
1/ Source: U.S. Energy Information Administration					
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Weekly Retail On-Highway Diesel Prices					
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<b>California</b>	\$4.137	\$4.242	\$4.331	<b>\$4.405</b>	\$0.074
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)									
Week ending	United States	East Coast	New England	Central Atlantic	Lower Atlantic	Mid West	Gulf Coast	Rocky Mtn	West Coast	California
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	3.945	4.027	4.155	4.134	3.923	3.918	3.847	3.866	3.997	4.051
Mon-24-Dec-12	3.923	4.006	4.153	4.112	3.899	3.893	3.833	3.791	3.989	4.052
Mon-31-Dec-12	3.918	4.006	4.154	4.105	3.904	3.885	3.830	3.746	3.991	4.045
Mon-07-Jan-13	3.911	4.006	4.153	4.107	3.902	3.870	3.837	3.688	3.988	4.048
Mon-14-Jan-13	3.894	4.002	4.168	4.094	3.901	3.834	3.824	3.661	3.988	4.063
Mon-21-Jan-13	3.902	4.000	4.158	4.089	3.904	3.845	3.831	3.678	4.004	4.082
Mon-28-Jan-13	3.927	4.023	4.181	4.106	3.931	3.866	3.845	3.736	4.049	4.137
Mon-04-Feb-13	4.022	4.088	4.237	4.165	4.001	3.978	3.941	3.844	4.166	4.242
Mon-11-Feb-13	4.104	4.152	4.266	4.216	4.083	4.080	3.997	3.964	4.265	4.331
Mon-18-Feb-13	4.189	4.198	4.349	4.309	4.144	4.191	4.103	4.069	4.313	4.405
Mon-25-Feb-13										
Mon-04-Mar-13										
Mon-11-Mar-13										
Mon-18-Mar-13										



## 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.