



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, February 26, 2013

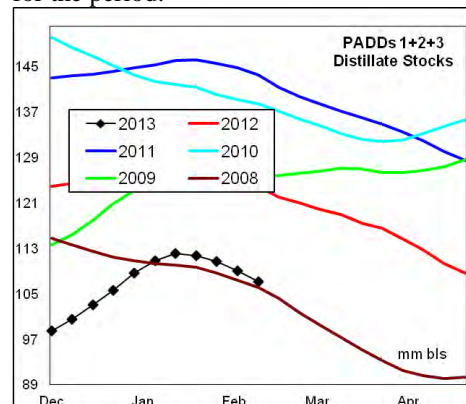
Region	Actual Price 1/			Forecast 2/	Change from week ago
	11Feb13	18Feb13	25Feb13	04Mar13	
U.S.	4.104	4.157	4.159	4.135	-0.024
East Coast	4.152	4.199	4.201	4.153	-0.048
New England	4.266	4.334	4.344	4.282	-0.062
Central Atlantic	4.216	4.254	4.262	4.233	-0.029
Lower Atlantic	4.083	4.133	4.129	4.105	-0.024
Midwest	4.080	4.132	4.121	4.112	-0.009
Gulf Coast	3.997	4.068	4.089	4.054	-0.035
Rocky Mountain	3.964	4.032	4.057	4.033	-0.024
West Coast	4.265	4.303	4.299	4.289	-0.010
California	4.331	4.361	4.365	4.349	-0.016

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

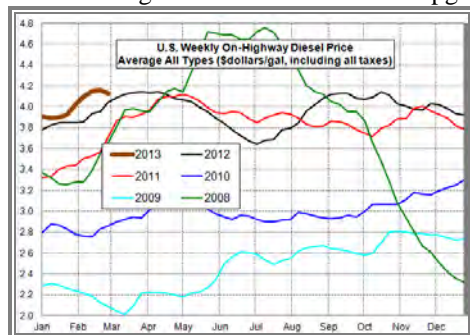
-10 cpg below the U.S. average, and the lowest among all regional markets. The Rocky Mountain price remains below the Gulf Coast market.

Look for sharp increases in the Rockies on above normal refinery turnarounds over

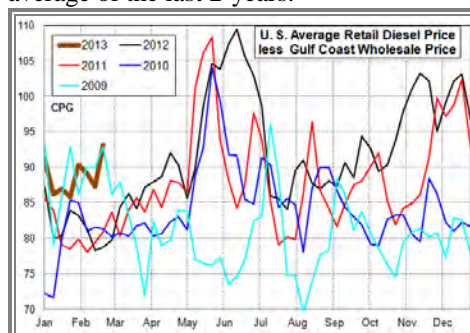
week, to match 5-year lows in markets east of the Rockies. The latest 4-wk stock change in markets East of the Rockies was a -7.1 million barrel draw, a record draw for the period.



Diesel Fuel Price Trends U. S. retail diesel prices increased +0.2 cpg for the week ending 25Feb13. Prices were lower in the Lower Atlantic, Midwest and West Coast regions. The Gulf and Rocky Mountain regions increased over +2.0 cpg.



The U.S. average retail diesel price compared Gulf Coast wholesale market increased +5.8 cpg week-on-week. The spread ended the week +12 cpg above the average of the last 2-years.



The national average on-highway price ended the week +11 cpg above a year ago.

The highest retail prices were in California and New England at \$4.35/gal. Prices in the Rocky Mountain region were

the next 60-days.

Prices in the Lower and Central Atlantic markets compared to the U.S. average extended a recent downtrend last week.

Gulf Coast wholesale distillate prices decreased -7 cpg last week, to a level near lows of the last month.

U.S. average retail prices ended the week at a level above the 5-year range for this time of year.



The spread between Gulf wholesale and U.S. average retail prices increased +5.8 cpg to +93 cpg last week. Look for the retail to wholesale price spread to remain elevated on tightening supplies as refiners reach peak seasonal maintenance.

Supply - Demand Fundamental Trends Distillate wholesale demand decreased -134,000 bpd last week. The latest 4-wk average demand was +197,000 bpd above last year, a significant year-on-year increase.

Supplies increased +66,000 bpd on a jump in imports. Production for the latest 4-wk period was -84,000 bpd below a year ago. Stocks fell -2.3 million barrels last

Global Trends Driving Diesel Prices

The European economy is in recession while growth in other developed economies remains weak. Growth in U.S. crude oil production and Canadian imports is displacing supplies from OPEC countries. Slow U.S. economic growth points to continued quantitative easing by the Federal Reserve which in turn leads to inflation in commodities, including oil.

Distillate stock levels in markets east of the Rockies match 5-year lows with record draws expected during spring refinery maintenance.

Diesel Price Outlook Look for a sharp rise in Rocky Mountain prices, compared to other regions, over the next several weeks on above normal refinery maintenance.

Retail on-highway diesel prices compared to the wholesale markets should remain elevated on tightening supplies.

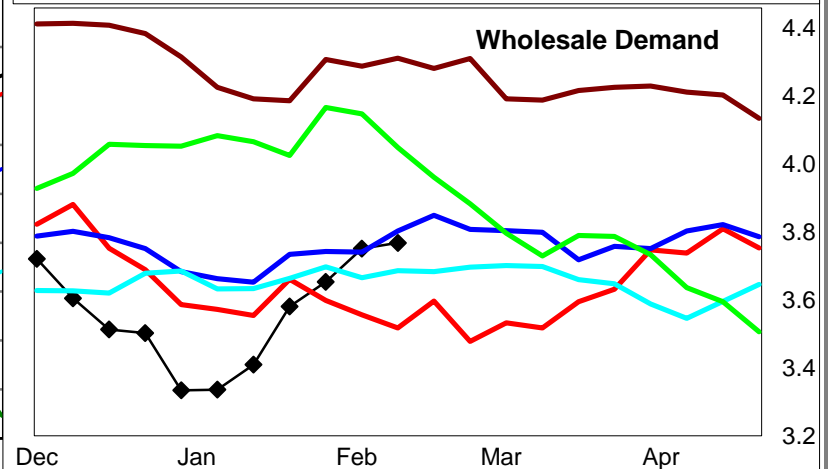
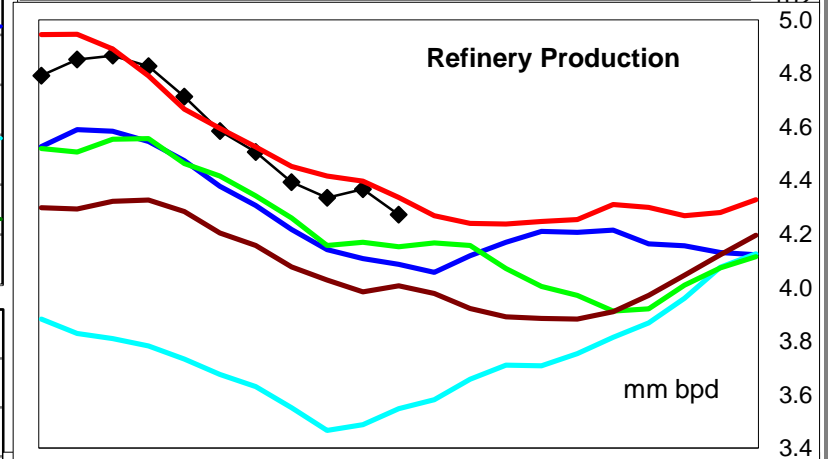
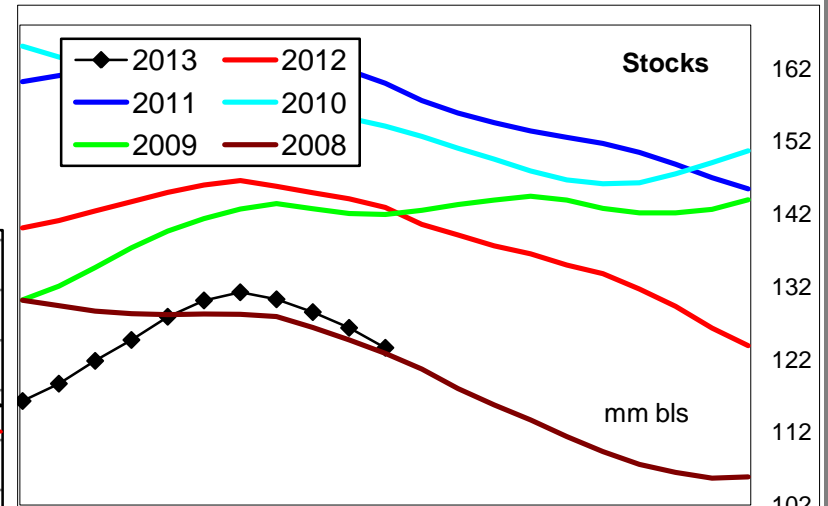
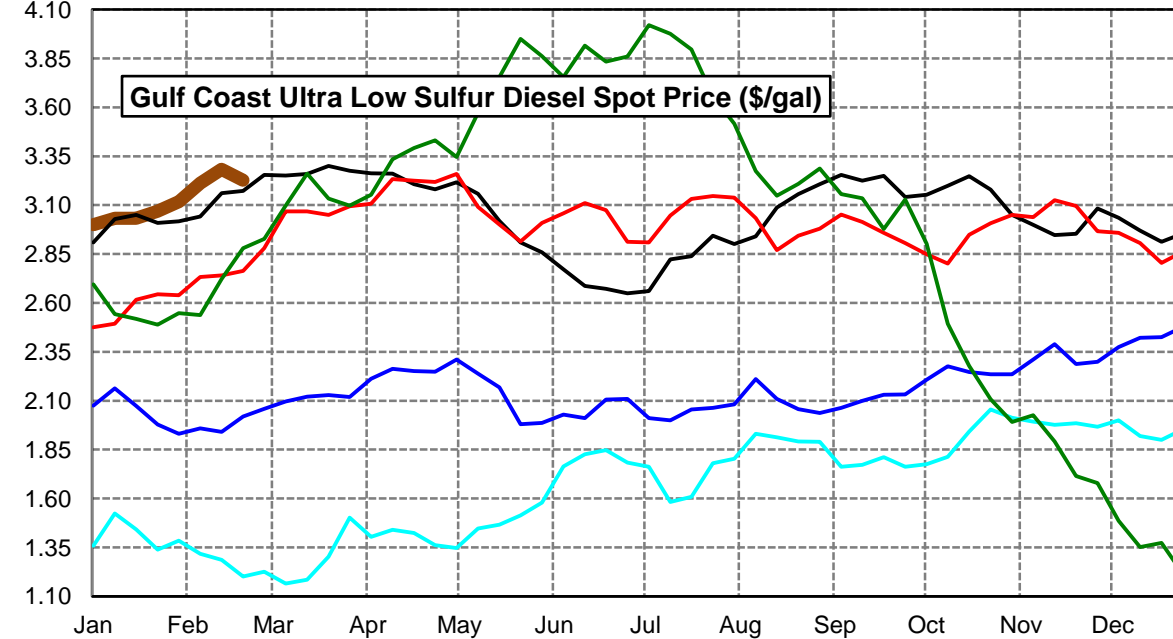
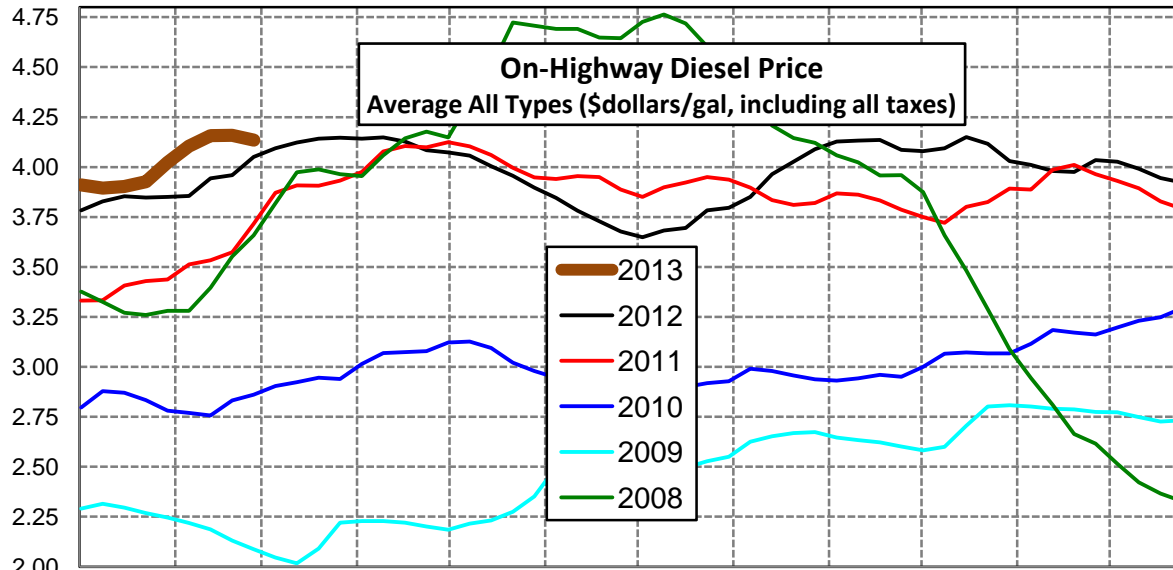
Areas of global economic weakness and political uncertainty in North Africa and the Middle East combined with spring refinery maintenance point to price uncertainty during the next quarter. With wholesale prices only slightly below 12-month highs, risk of further weakness continues.

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



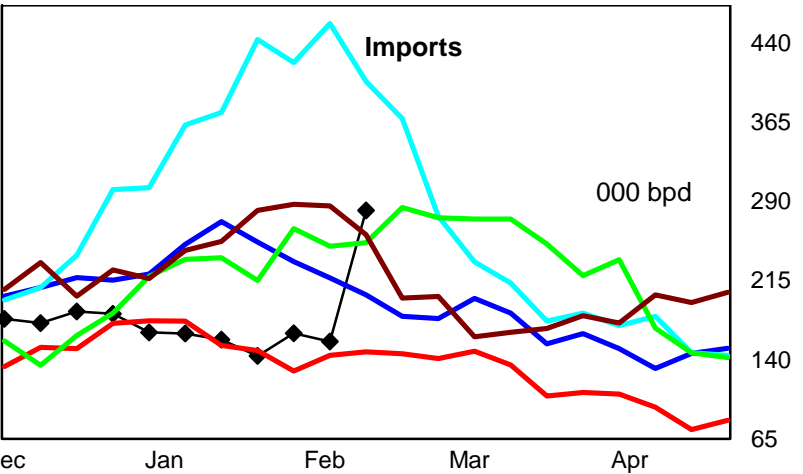
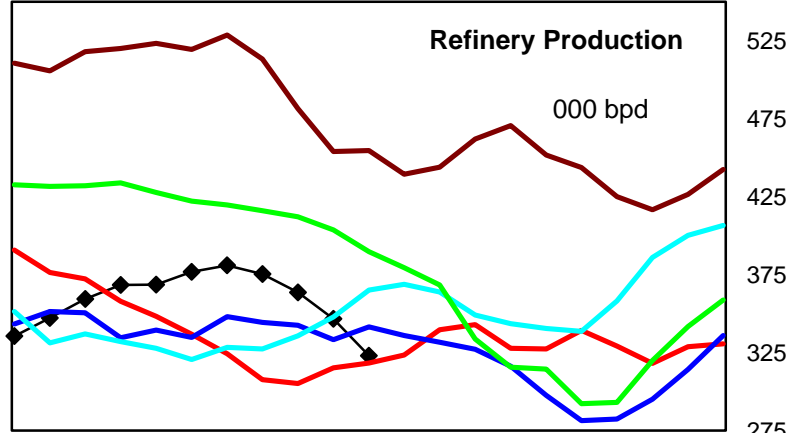
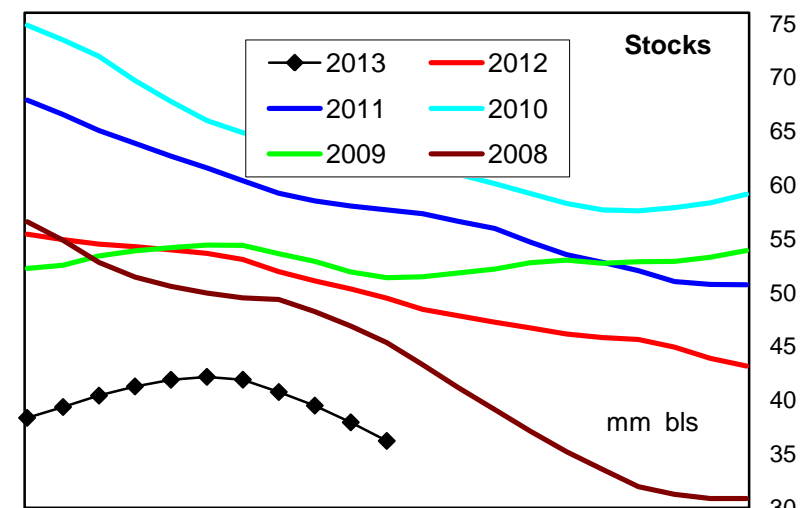
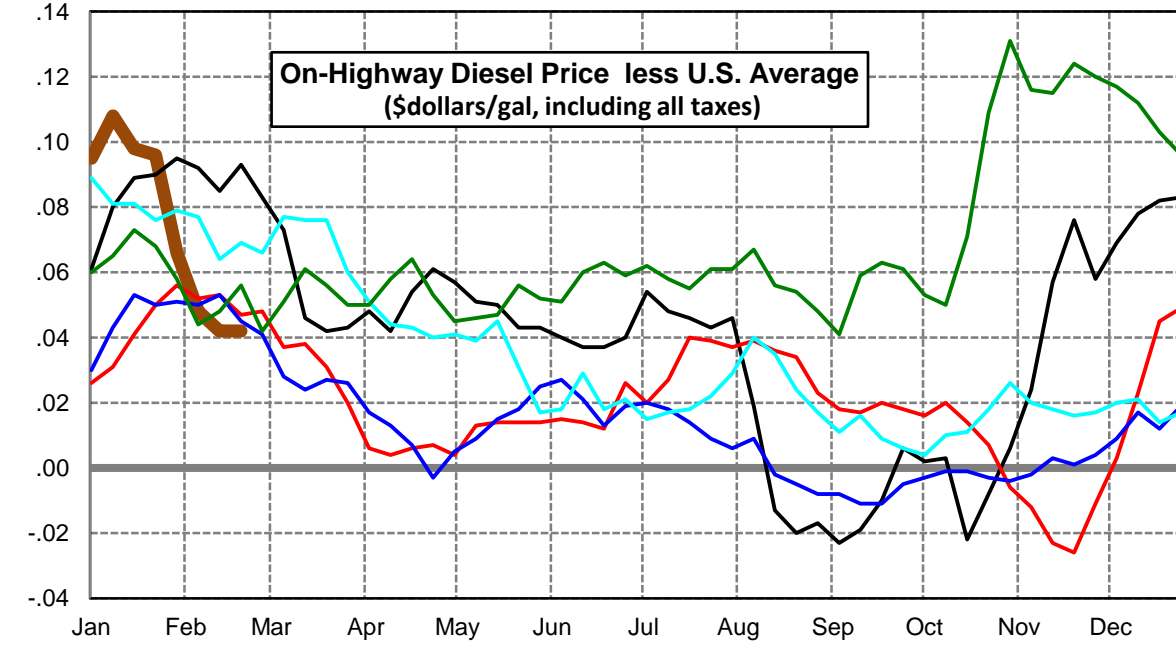
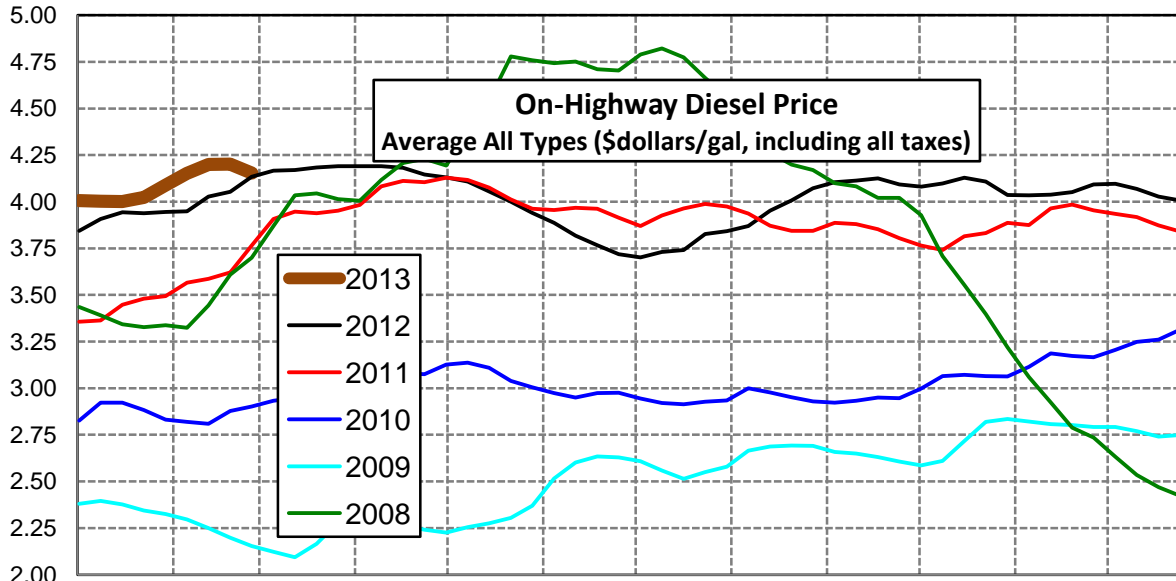
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	11Feb13	18Feb13	25Feb13	04Mar13	
United States Avg	\$4.104	\$4.157	\$4.159	\$4.135	-\$0.024
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



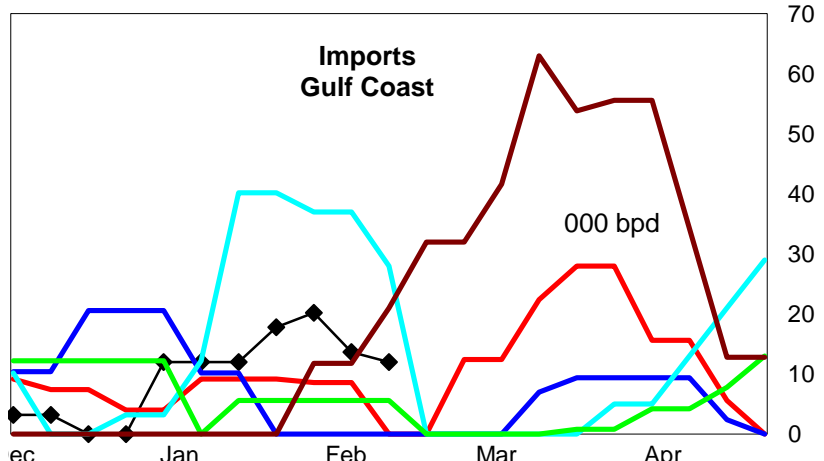
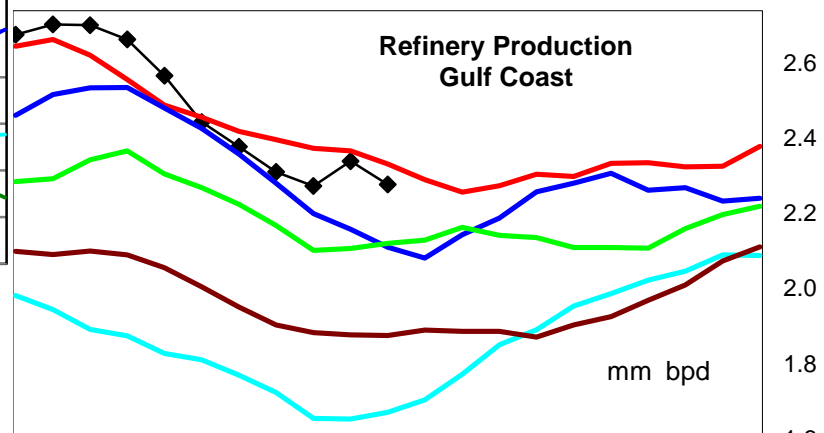
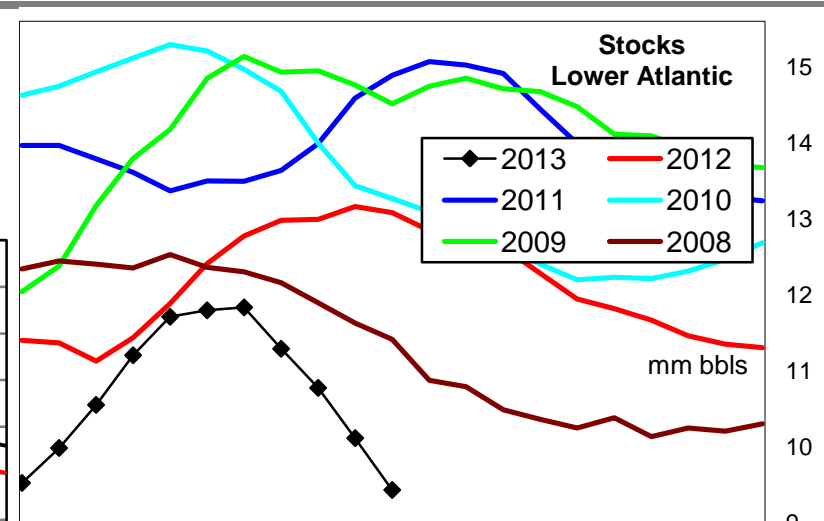
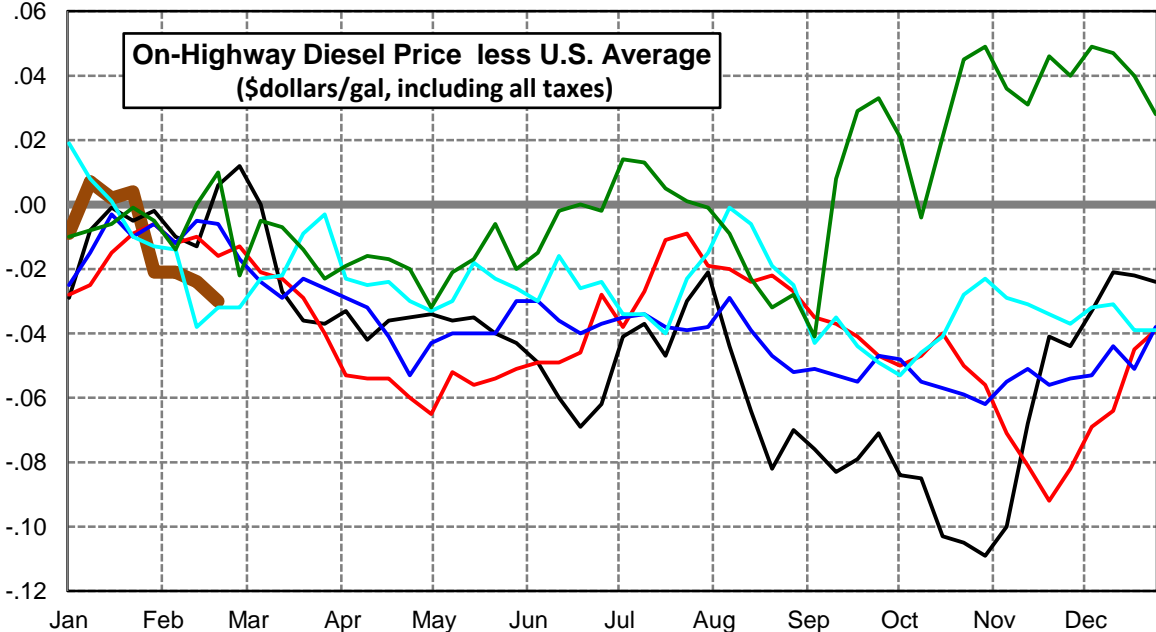
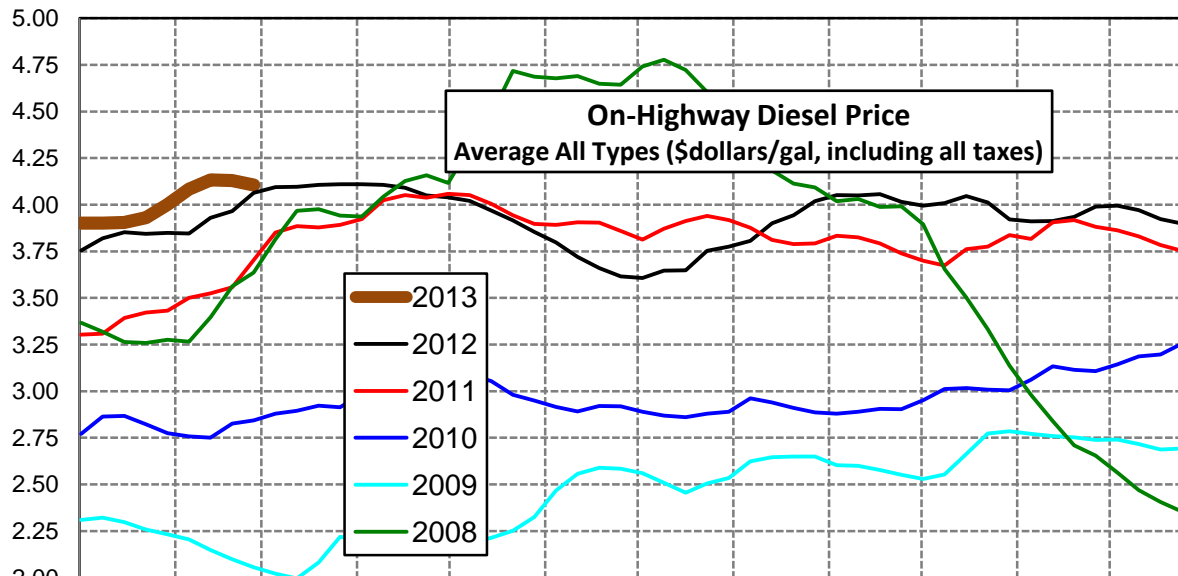
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	11Feb13	18Feb13	25Feb13	04Mar13	
East Coast	\$4.152	\$4.199	\$4.201	\$4.153	-\$0.048
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



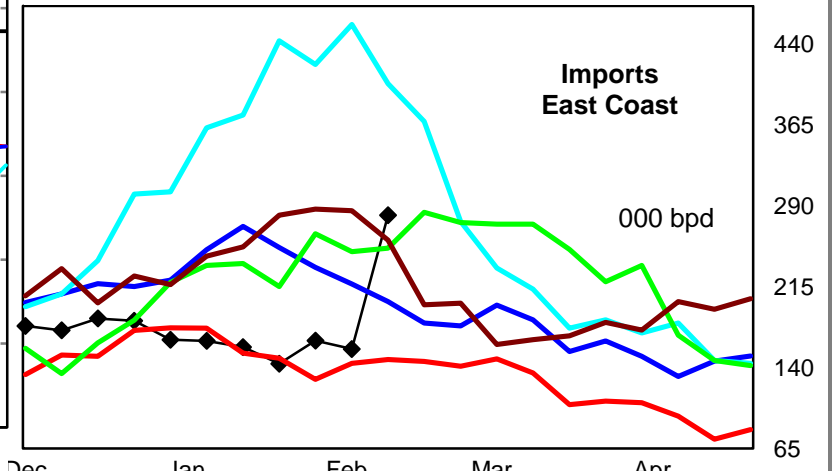
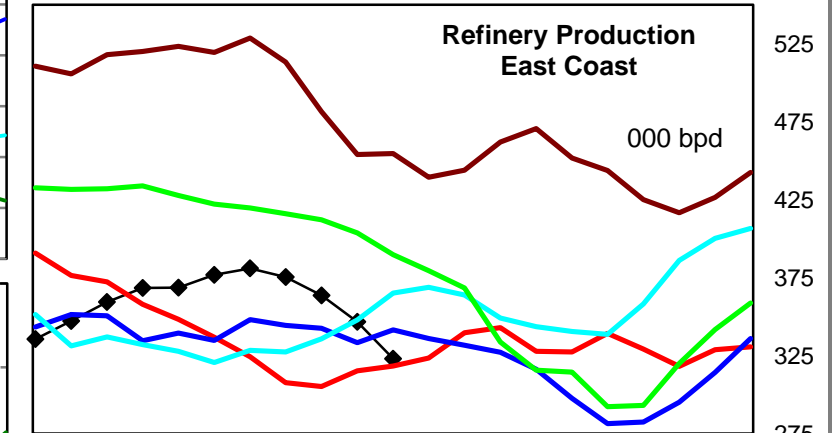
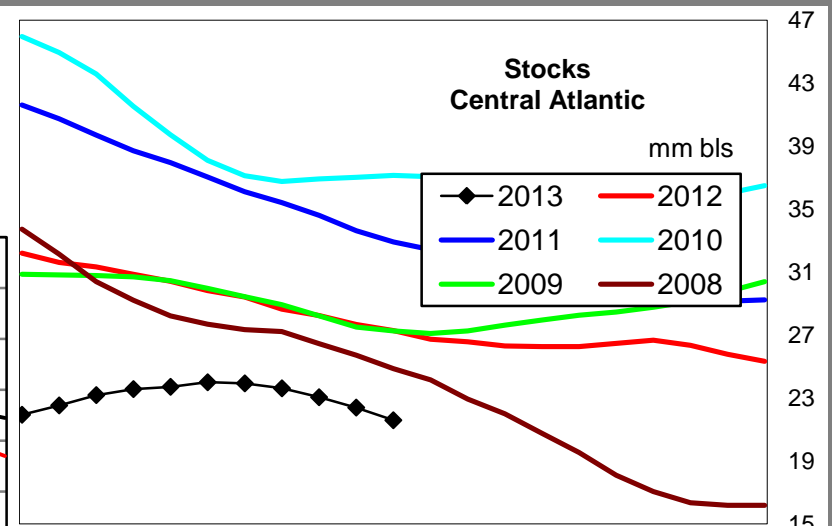
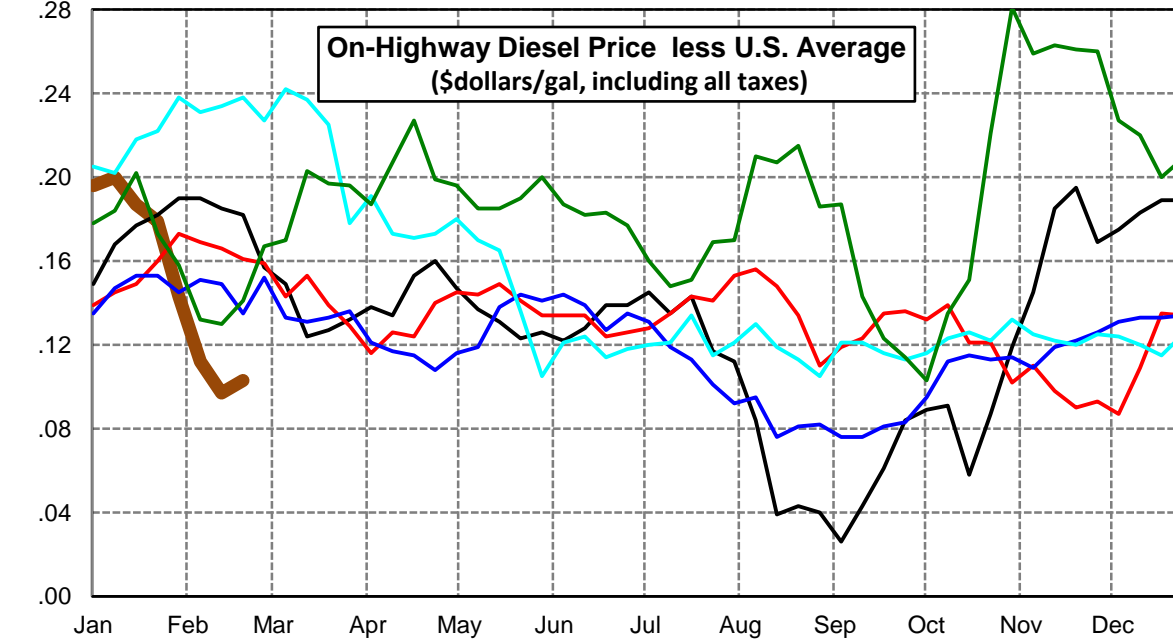
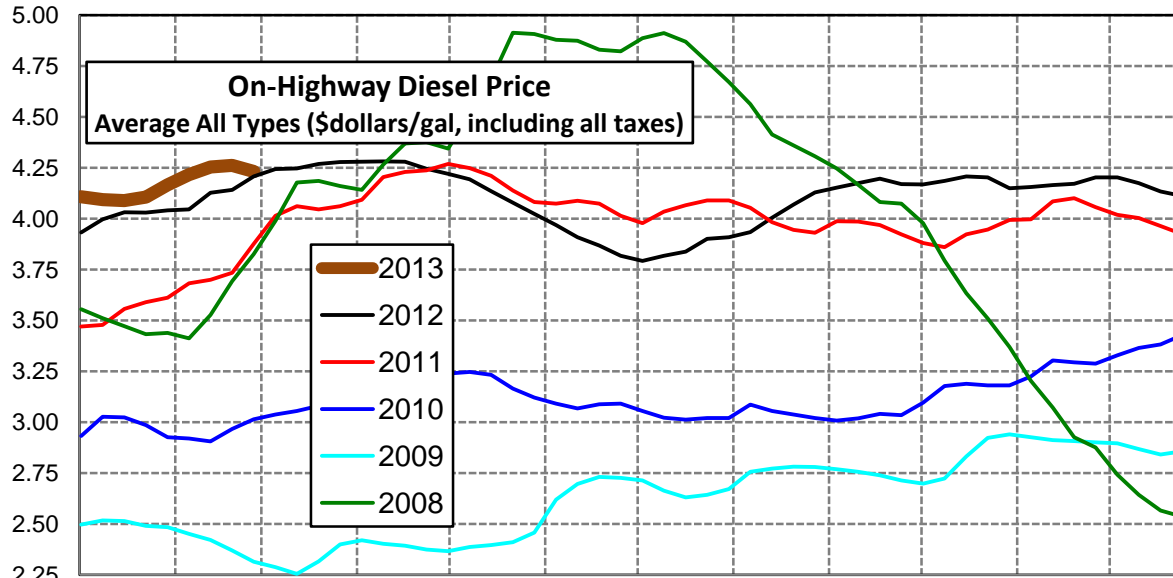
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	11Feb13	18Feb13	25Feb13	04Mar13	
Lower Atlantic	\$4.083	\$4.133	\$4.129	\$4.105	-\$0.024
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



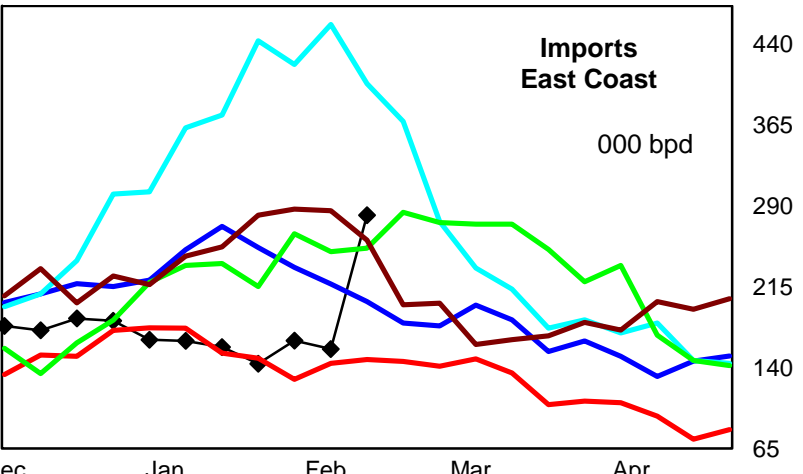
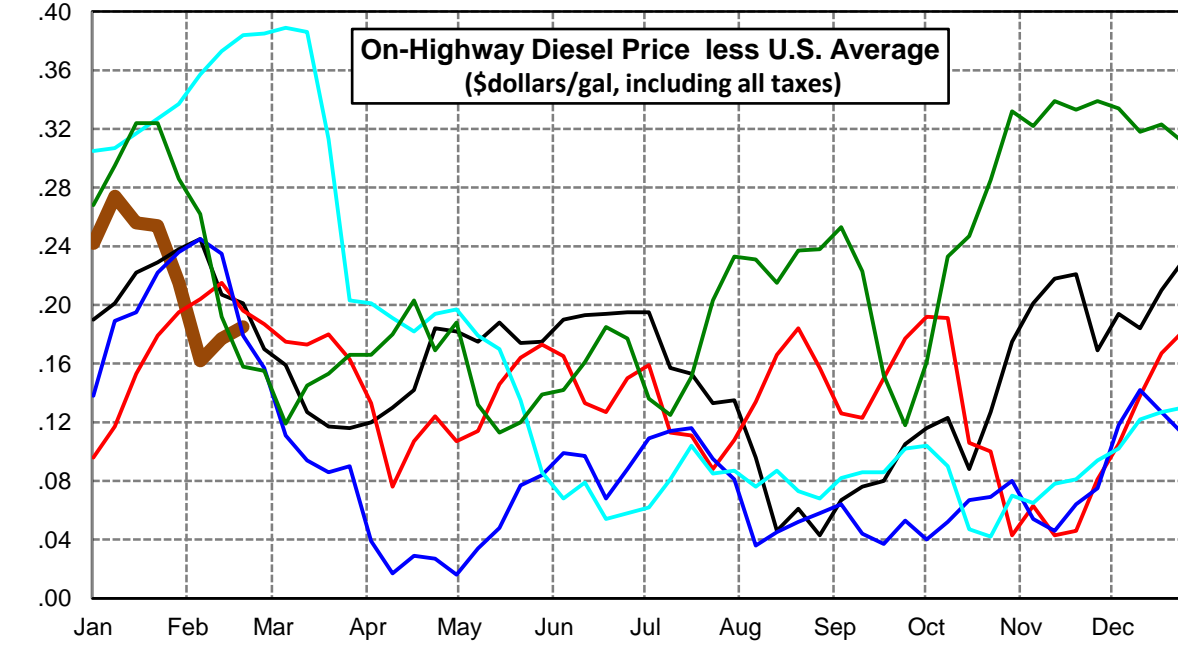
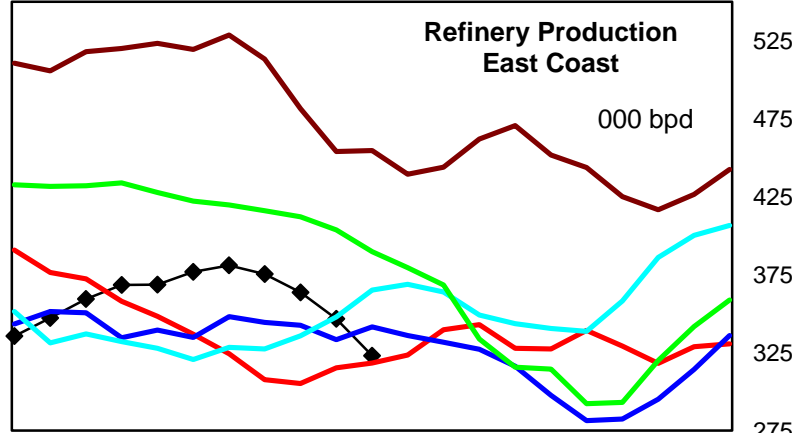
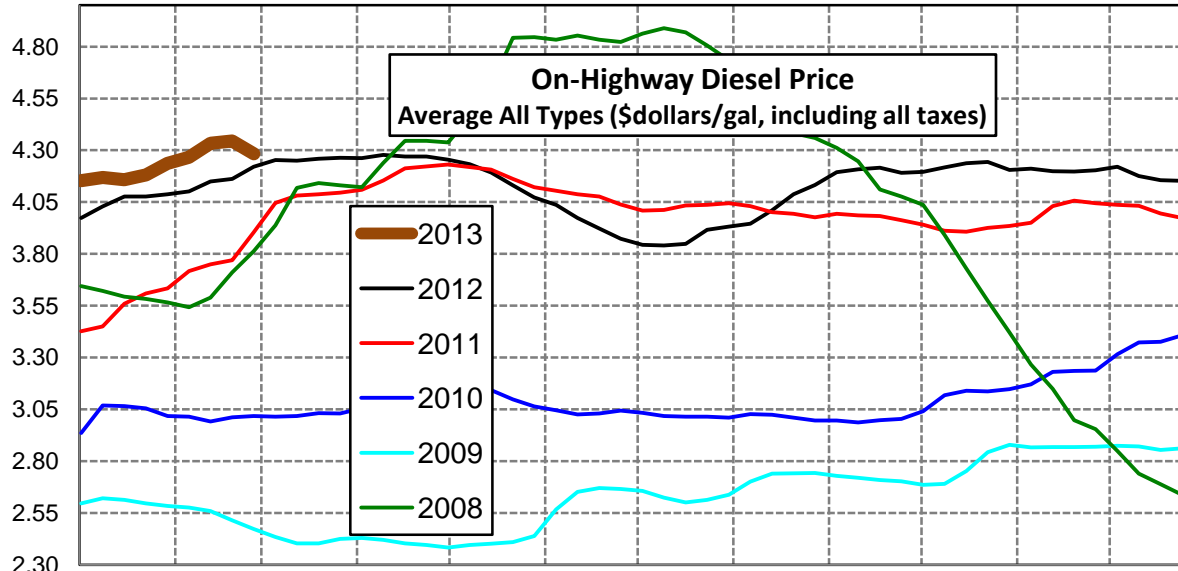
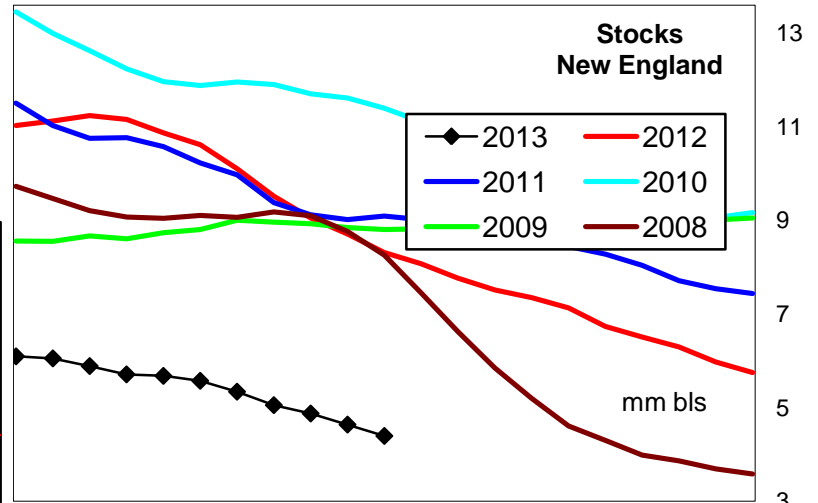
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	11Feb13	18Feb13	25Feb13	04Mar13	
Central Atlantic	\$4.216	\$4.254	\$4.262	\$4.233	-\$0.029
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



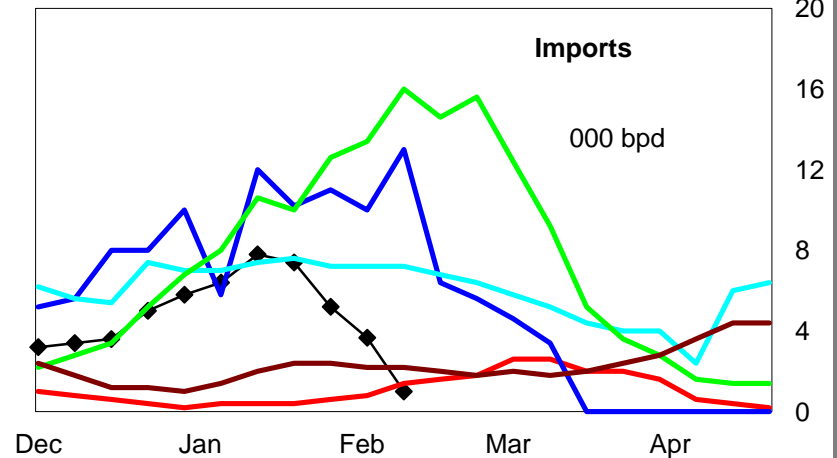
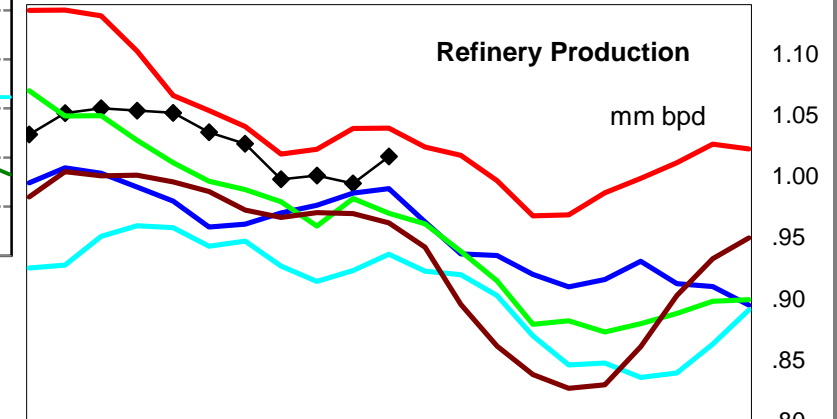
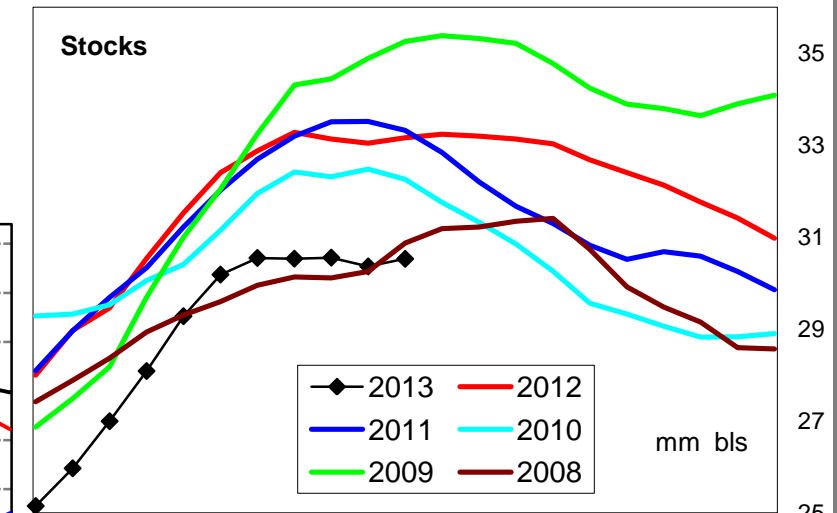
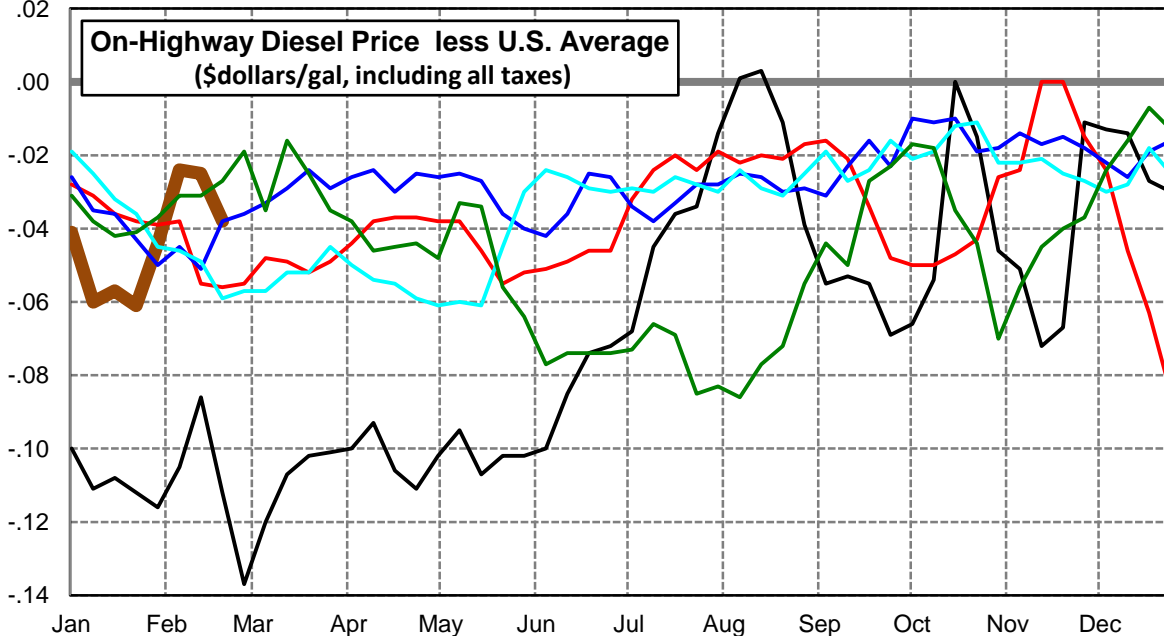
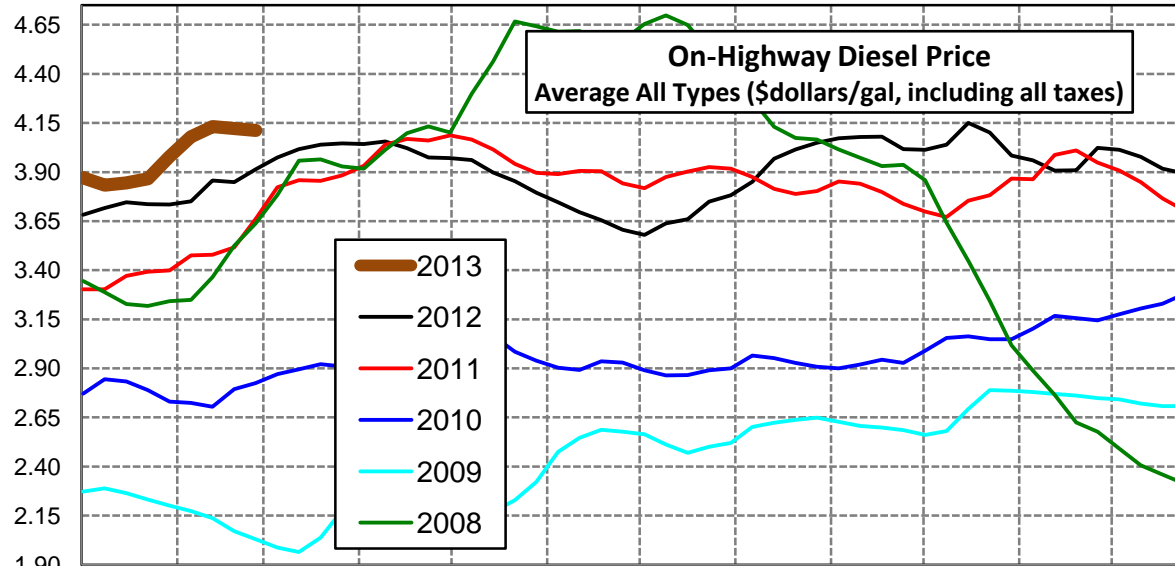
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	11Feb13	18Feb13	25Feb13	04Mar13	
New England	\$4.266	\$4.334	\$4.344	\$4.282	-\$0.062
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



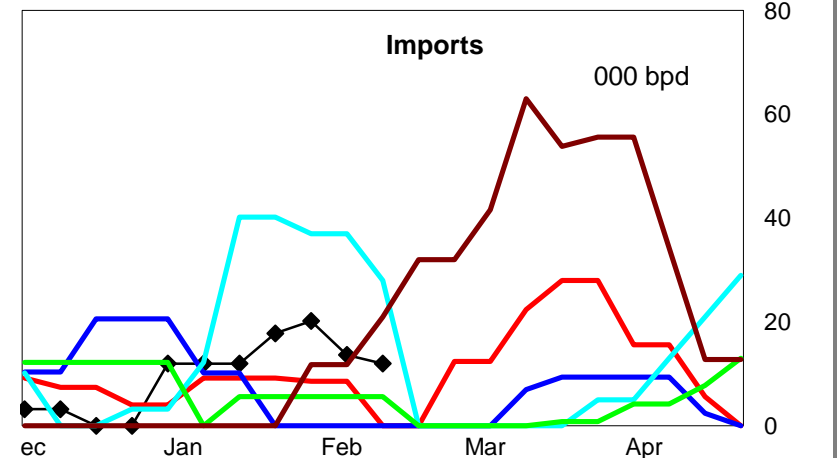
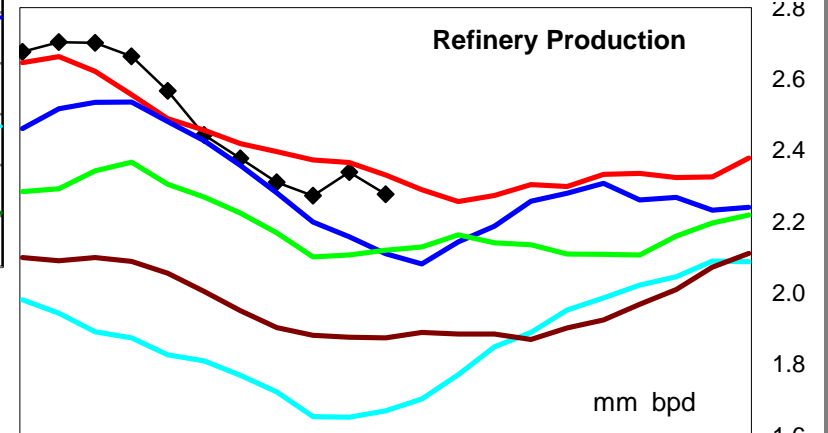
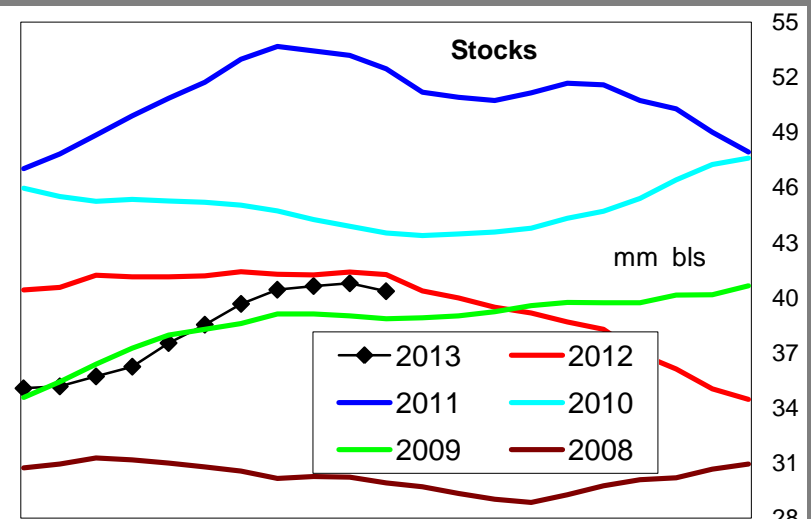
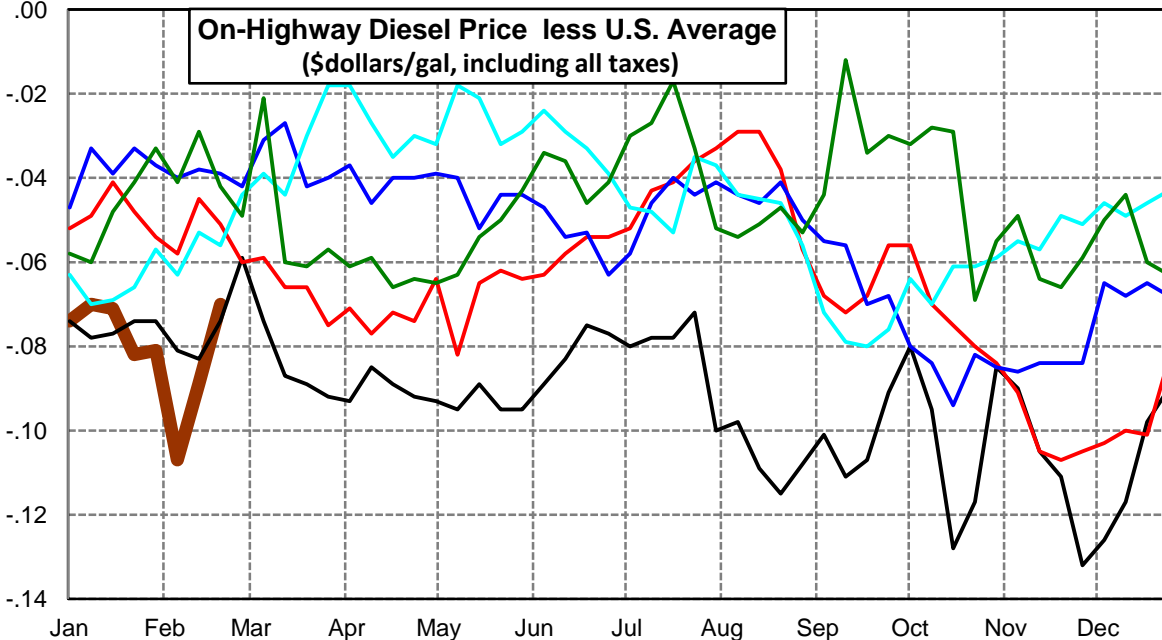
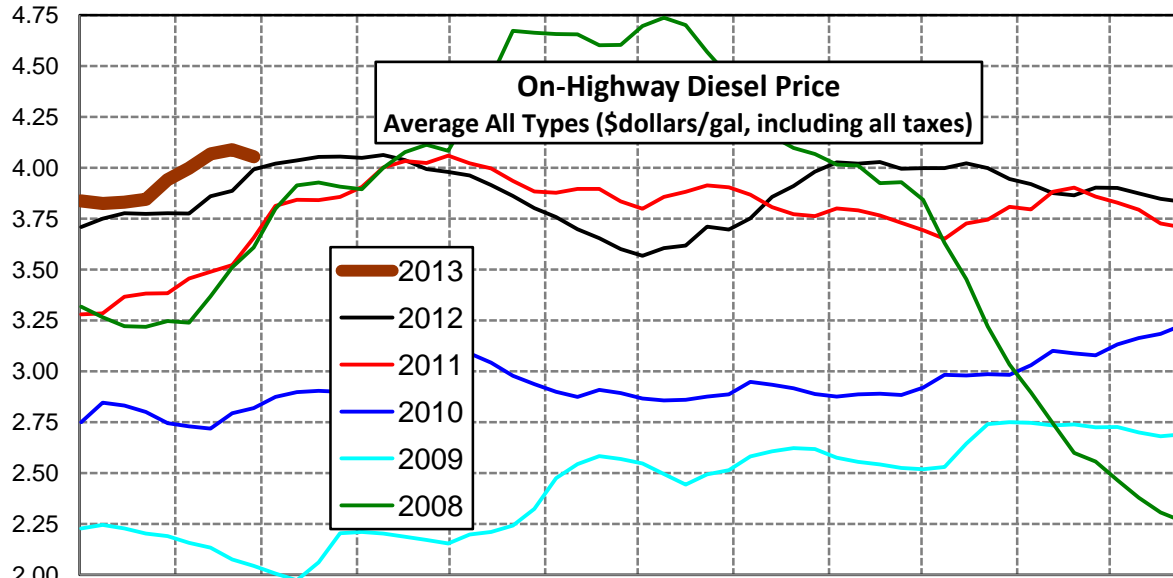
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	11Feb13	18Feb13	25Feb13	04Mar13	
Midwest	\$4.080	\$4.132	\$4.121	\$4.112	-\$0.009
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



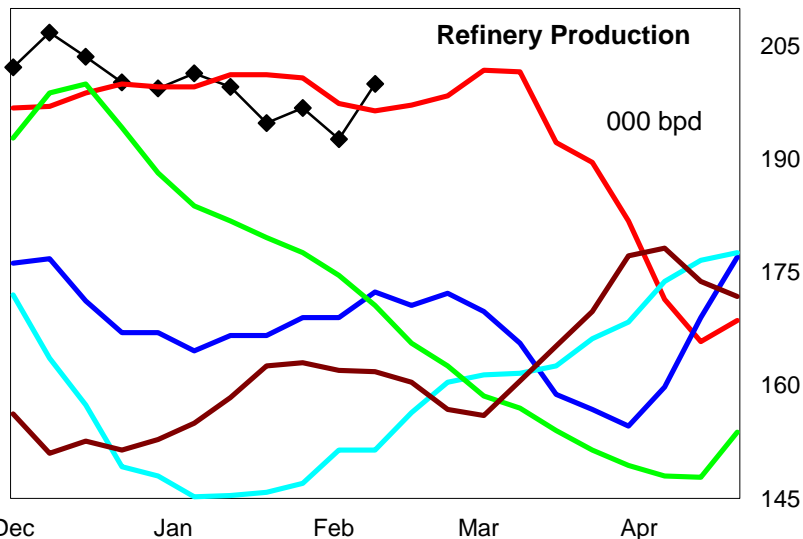
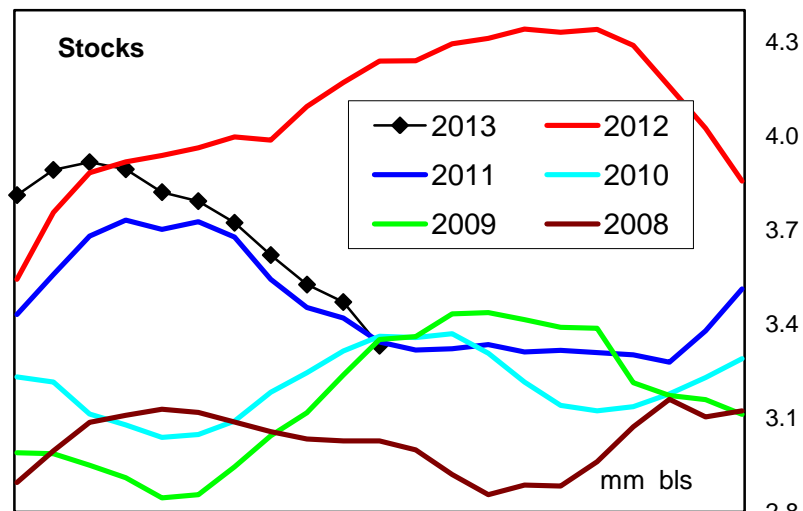
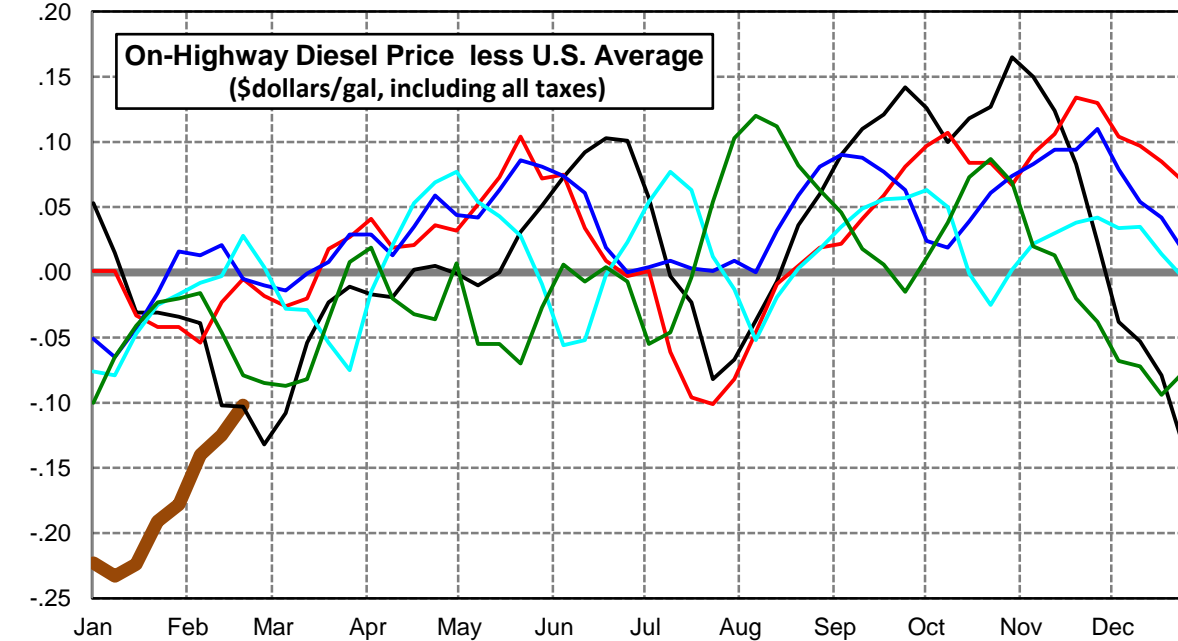
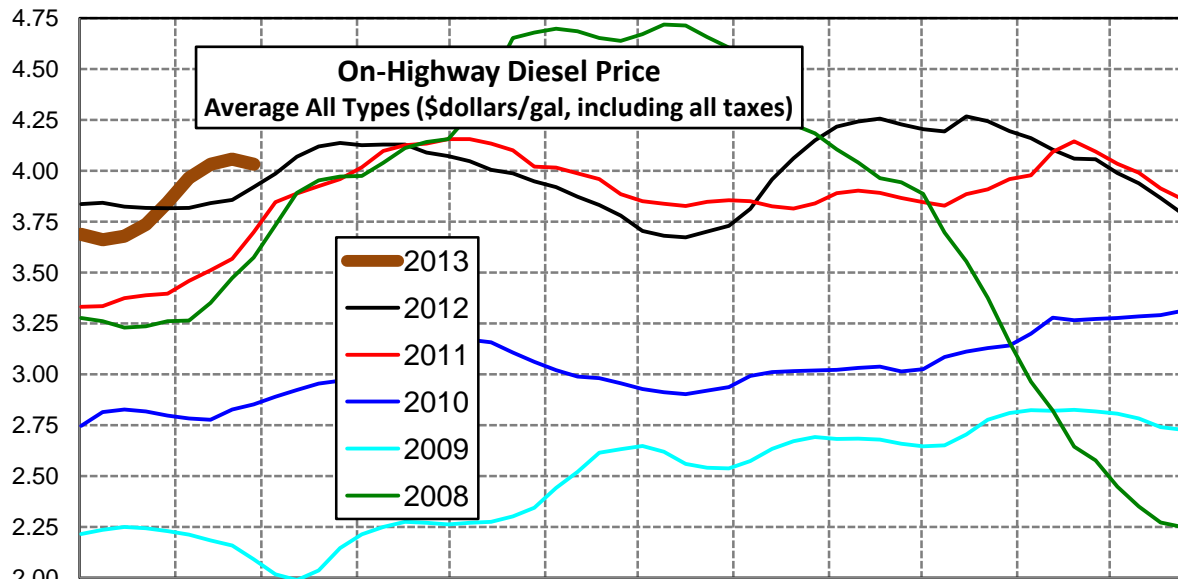
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	11Feb13	18Feb13	25Feb13	04Mar13	
Gulf Coast	\$3.997	\$4.068	\$4.089	\$4.054	-\$0.035
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



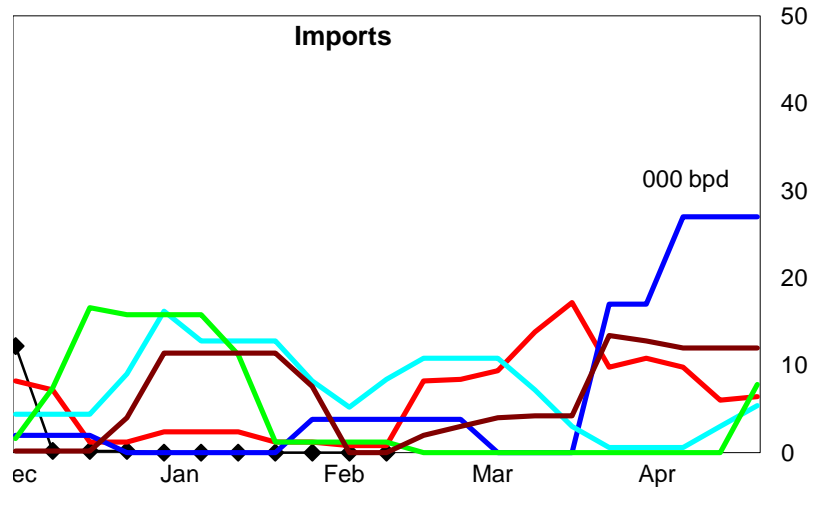
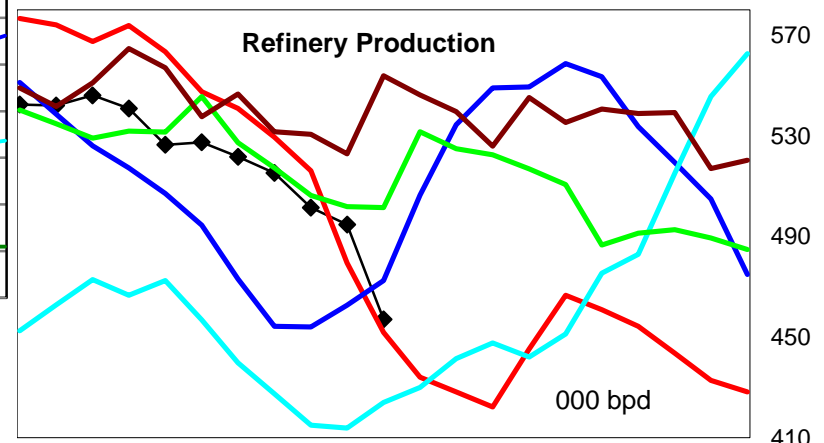
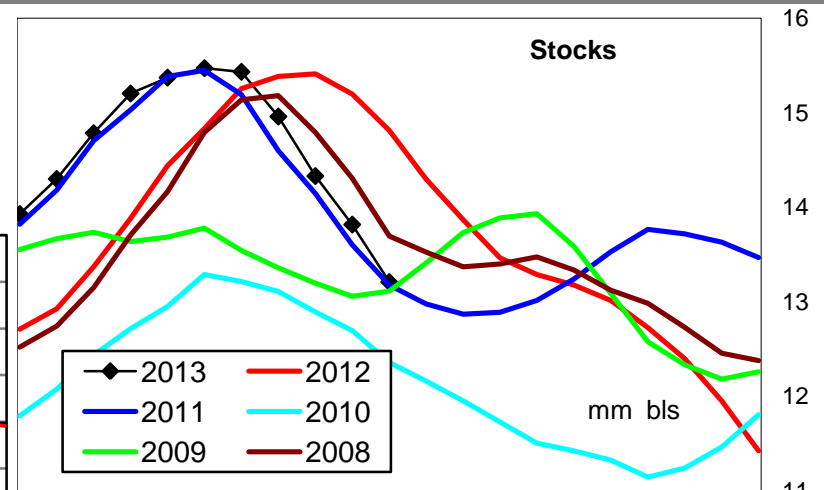
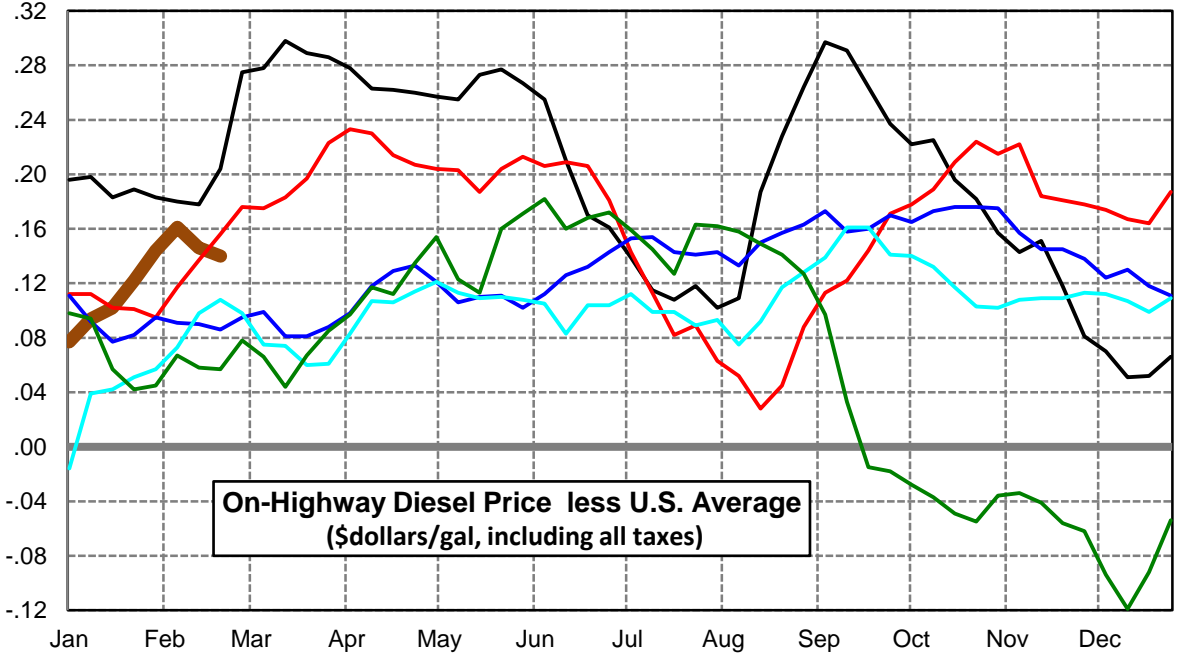
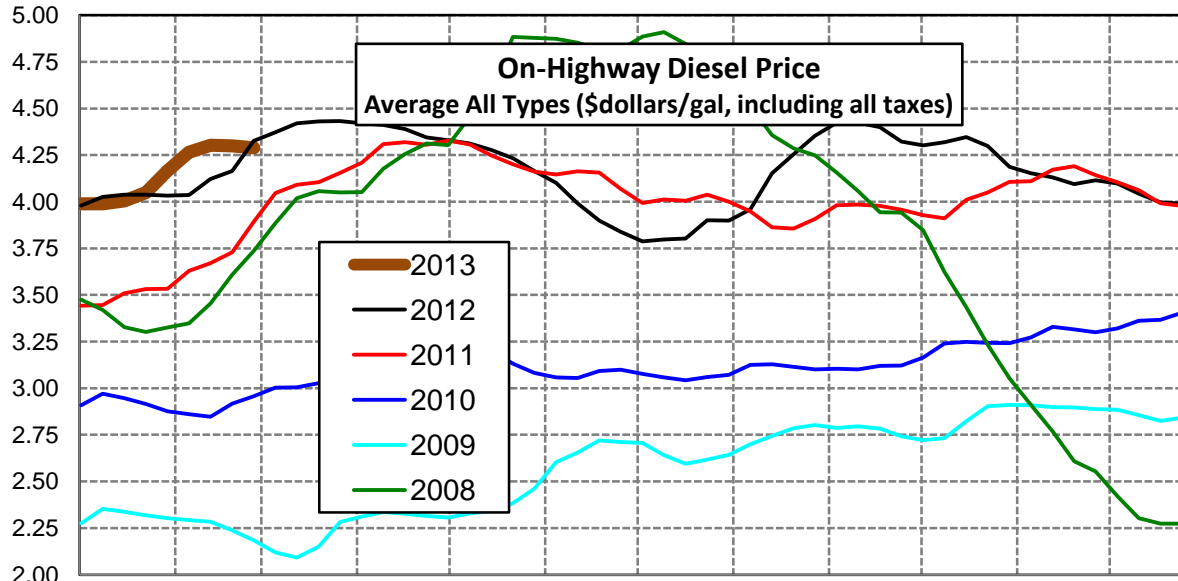
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	11Feb13	18Feb13	25Feb13	04Mar13	
Rocky Mountain	\$3.964	\$4.032	\$4.057	\$4.033	-\$0.024
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



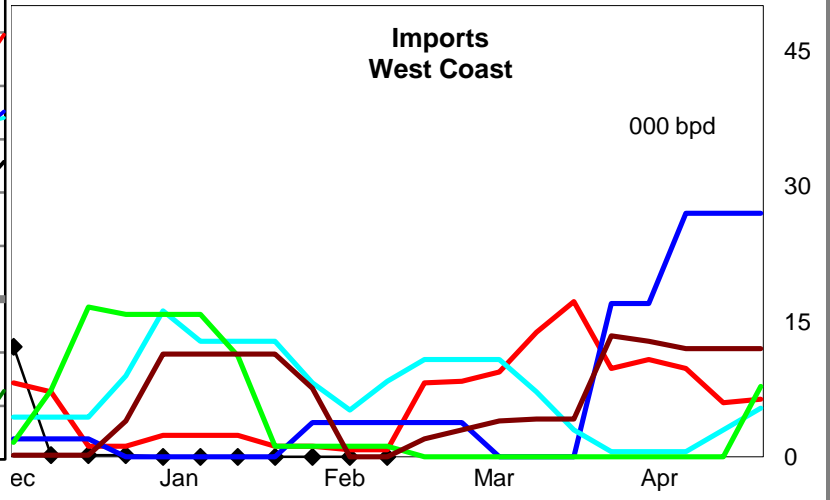
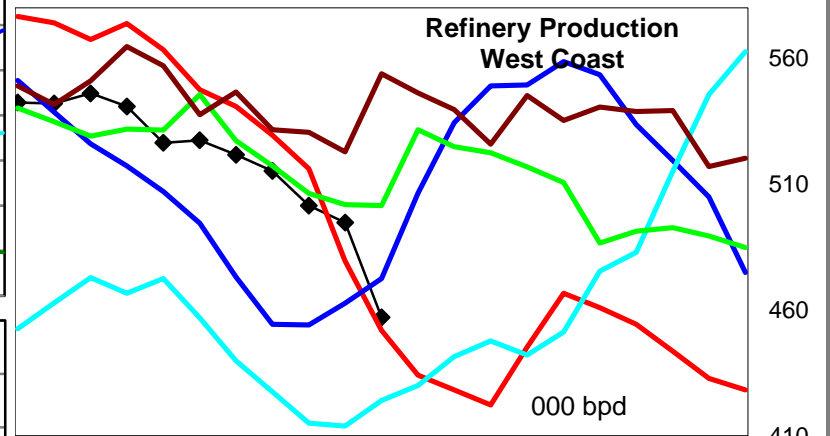
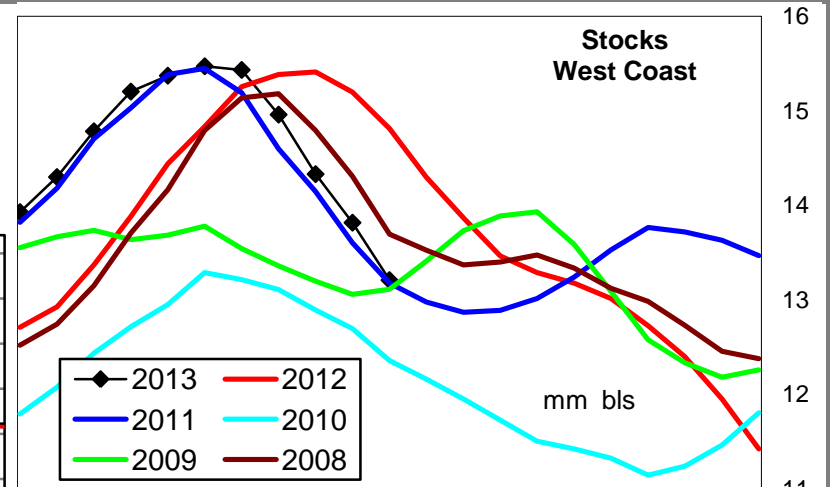
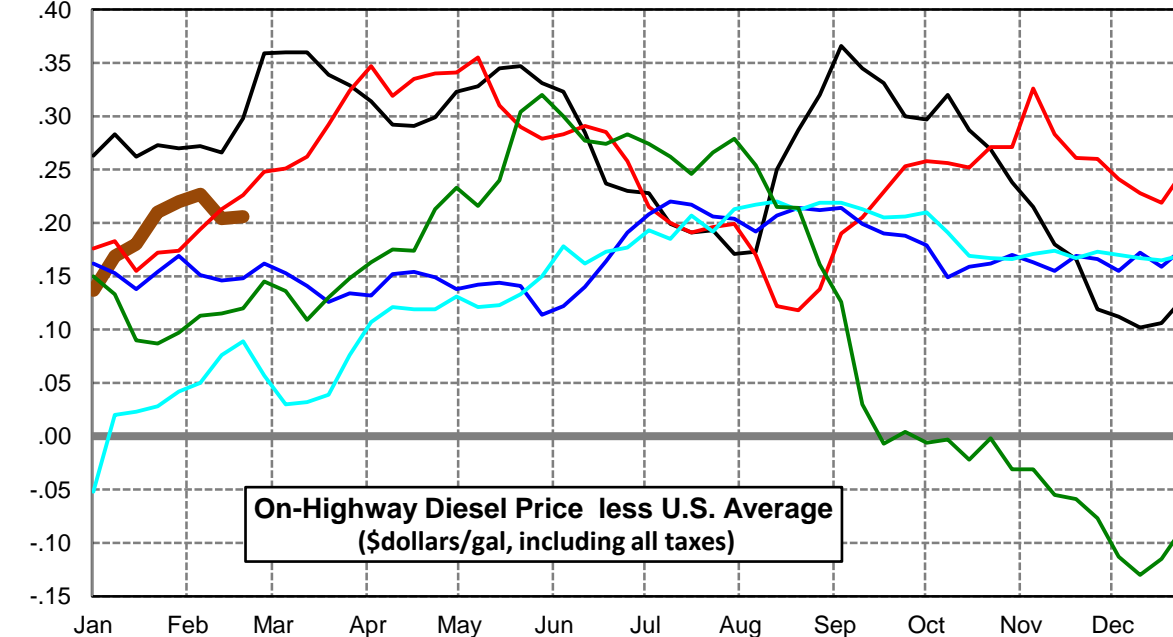
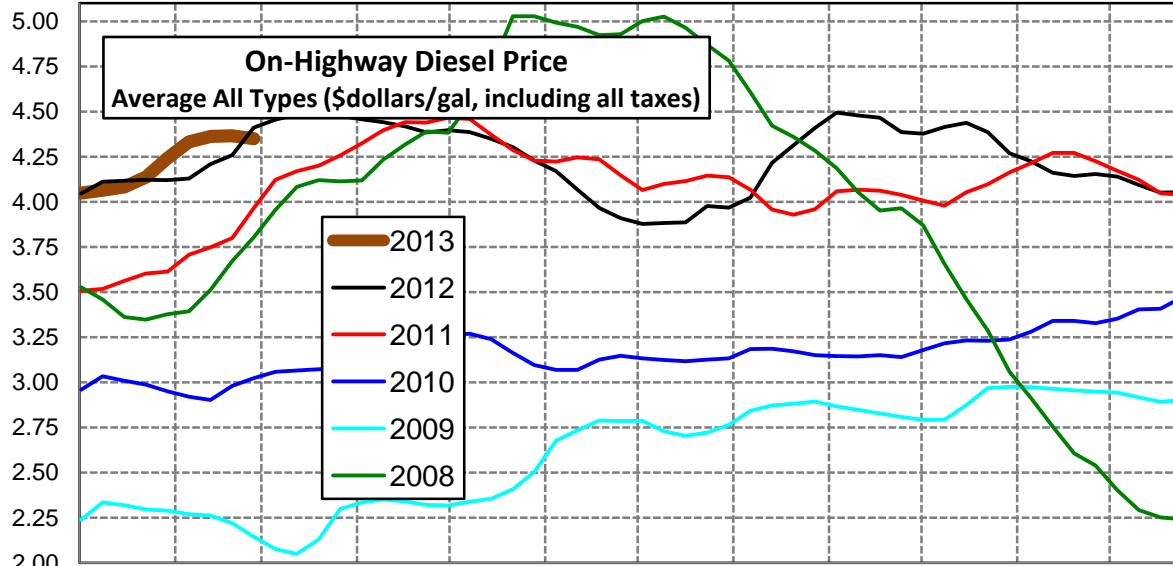
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	11Feb13	18Feb13	25Feb13	04Mar13	
West Coast	\$4.265	\$4.303	\$4.299	\$4.289	-\$0.010
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
	11Feb13	18Feb13	25Feb13	04Mar13	
California	\$4.331	\$4.361	\$4.365	\$4.349	-\$0.016
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-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	4.157	4.199	4.334	4.254	4.133	4.132	4.068	4.032	4.303	4.361
Mon-25-Feb-13	4.159	4.201	4.344	4.262	4.129	4.121	4.089	4.057	4.299	4.365
Mon-04-Mar-13	4.135	4.153	4.282	4.233	4.105	4.112	4.054	4.033	4.289	4.349
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.