



RETAIL DIESEL FUEL OUTLOOK

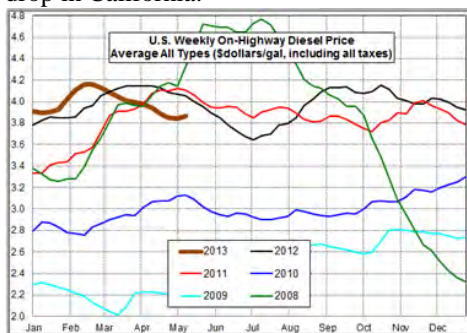
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, May 07, 2013

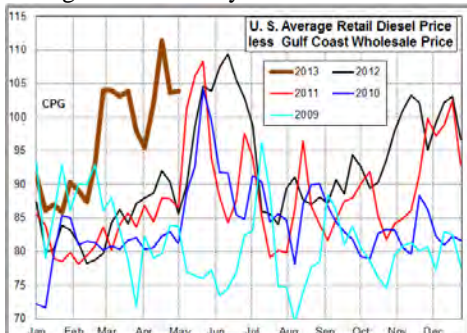
Region	Actual Price 1/			Forecast 2/	Change from week ago
	22Apr13	29Apr13	06May13	13May13	
U.S.	3.887	3.851	3.845	3.866	0.021
East Coast	3.924	3.886	3.863	3.892	0.029
New England	4.027	3.993	3.986	4.030	0.044
Central Atlantic	3.982	3.934	3.911	3.950	0.039
Lower Atlantic	3.862	3.831	3.804	3.799	-0.005
Midwest	3.868	3.839	3.868	3.895	0.027
Gulf Coast	3.802	3.757	3.735	3.748	0.013
Rocky Mountain	3.846	3.810	3.804	3.854	0.050
West Coast	3.999	3.949	3.923	3.926	0.003
California	4.079	4.047	4.001	3.997	-0.004

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

Diesel Fuel Price Trends U. S. retail diesel prices decreased -0.6 cpg for the week, ending 06May13. Prices in the Midwest jumped +2.9 cpg while all other regions saw decreases, including a -4.6 cpg drop in California.



The U.S. average retail diesel price compared to Gulf Coast wholesale market was nearly unchanged 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 -21 cpg below a year ago.

The highest retail prices were in California and New England at \$4.00/gal and \$3.99/gal; respectively. The lowest prices were in the Gulf at \$3.74/gal, lower Atlantic and Rockies at \$3.80/gal. Prices

turnarounds.

The spread between the U.S. average price and prices in regional markets including the Central Atlantic, Gulf and Rocky Mountain regions remain below the 5-year range. The spread between the U.S. average price and prices in the Midwest were above the 5-year range on tight supplies in that region.

Gulf Coast wholesale distillate prices increased +5 cpg last week, below levels of the last 9-months.



The spread between Gulf wholesale and U.S. average retail prices was nearly unchanged last week at 104 cpg last week. Look for the retail to wholesale price spread to decline over the next 30-days on improving wholesale supplies.

Supply - Demand Fundamental Trends

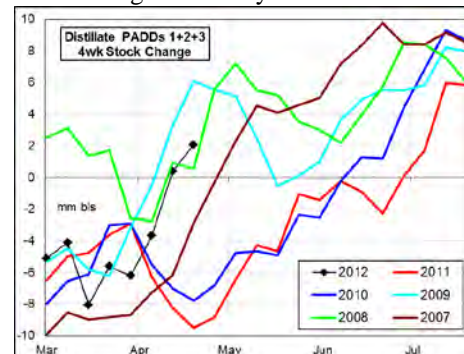
Distillate wholesale demand increased +77,000 bpd last week, a level below the last 2-years. Demand for the latest 4-wk period was -141,000 bpd below a year ago, extending the longer term trend of year-on-year decline.

Supply increased +131,000 bpd on higher imports last week. Production for the latest 4-wk period was +147,000 bpd above last year, on higher crude oil runs.

in the Rockies remain near the lowest in the country on continued excess supplies. Look for increases in the Rockies, compared to other regional markets on above normal refinery

Distillate output remains lower than expected given high crude oil runs; due in part to record jet fuel production, made favorable on a lack of bio-diesel RINS credits needed to market jet fuel.

Stocks increased +0.5 million barrels last week on weak demand. The latest 4-wk stock change in markets East of the Rockies was a +2 million barrel build, compared to a -9 million barrel average draw during the last 2-years.



Global Trends Driving Diesel Prices

The recent uptrend in distillate prices is due in part to continued modest economic growth in the U.S., expectations that the European economy may not deteriorated further and the slowdown in China growth is temporary.

U.S. distillate demand has returned to seeing year-on-year declines with driving early season stock builds.

High crude oil runs should lead to increased distillate production and above average stock builds. Risk continues for price weakness during the 2nd quarter.

Diesel Price Outlook Look for retail prices to trend higher on the recent rise in wholesale prices.

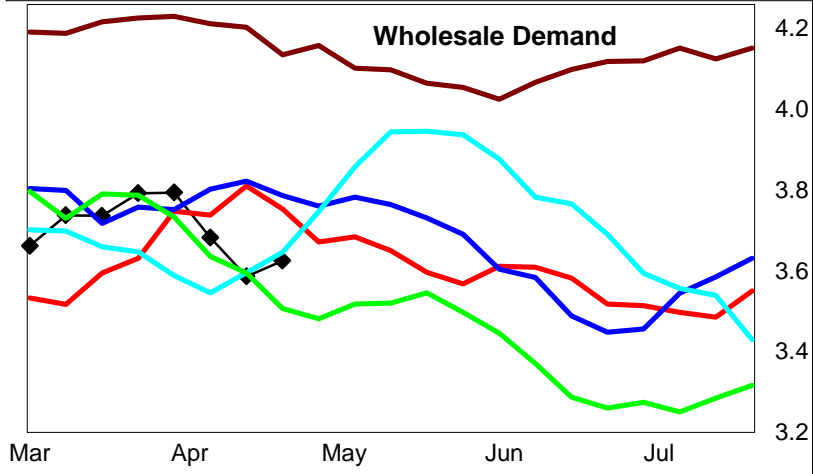
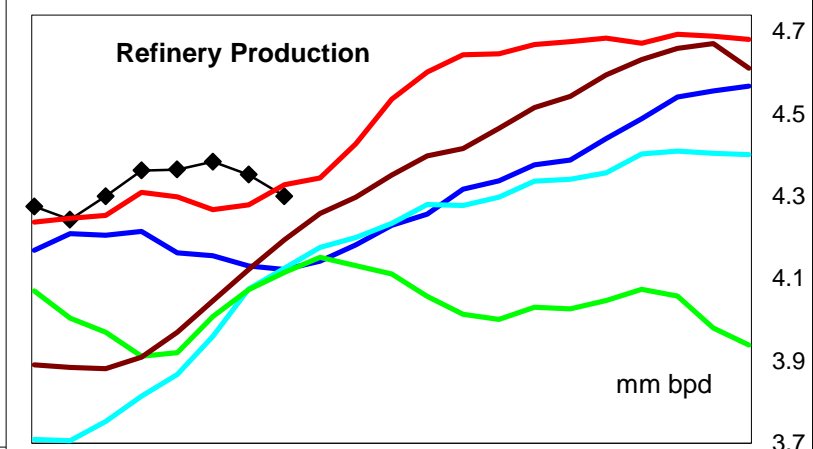
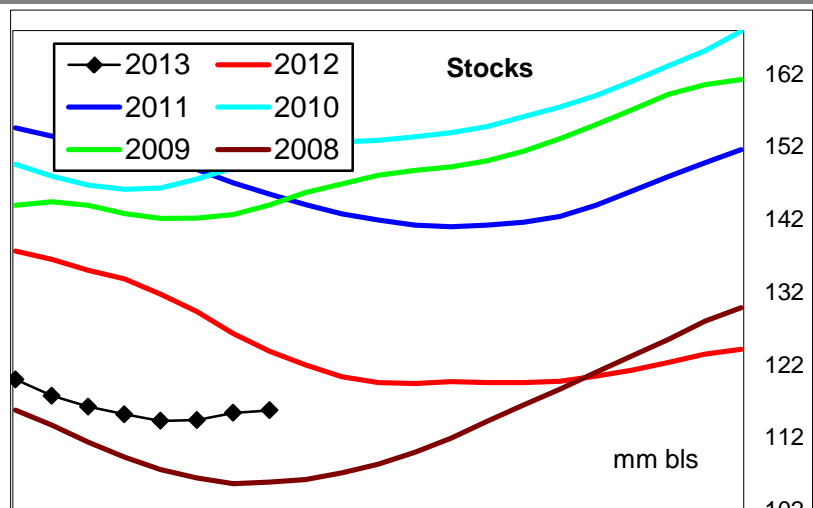
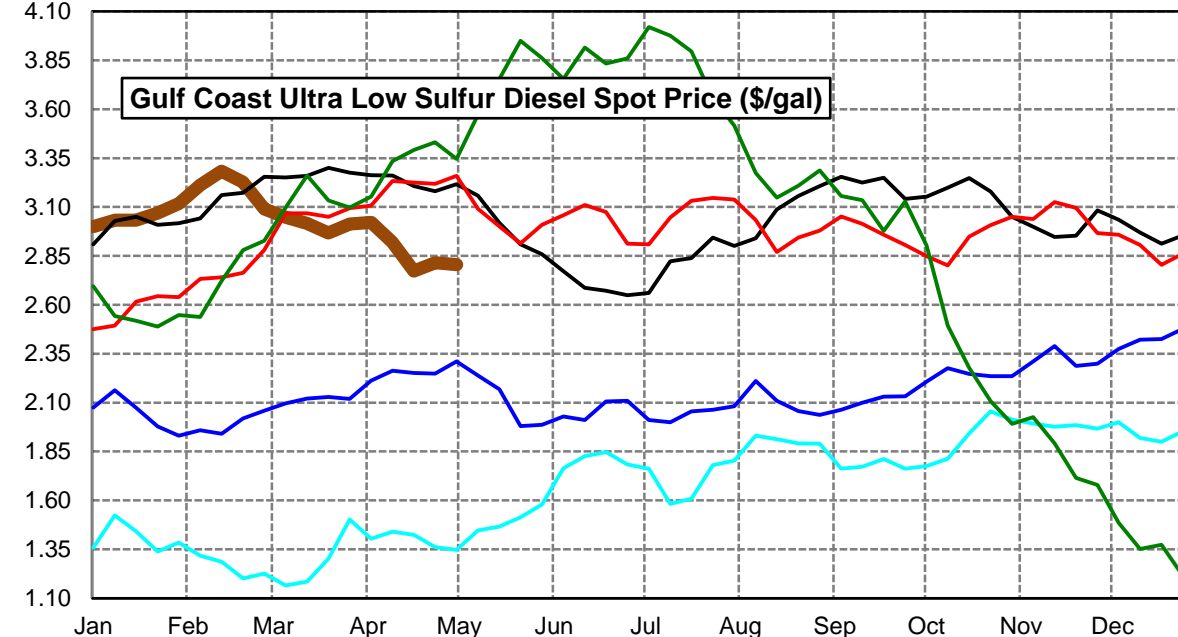
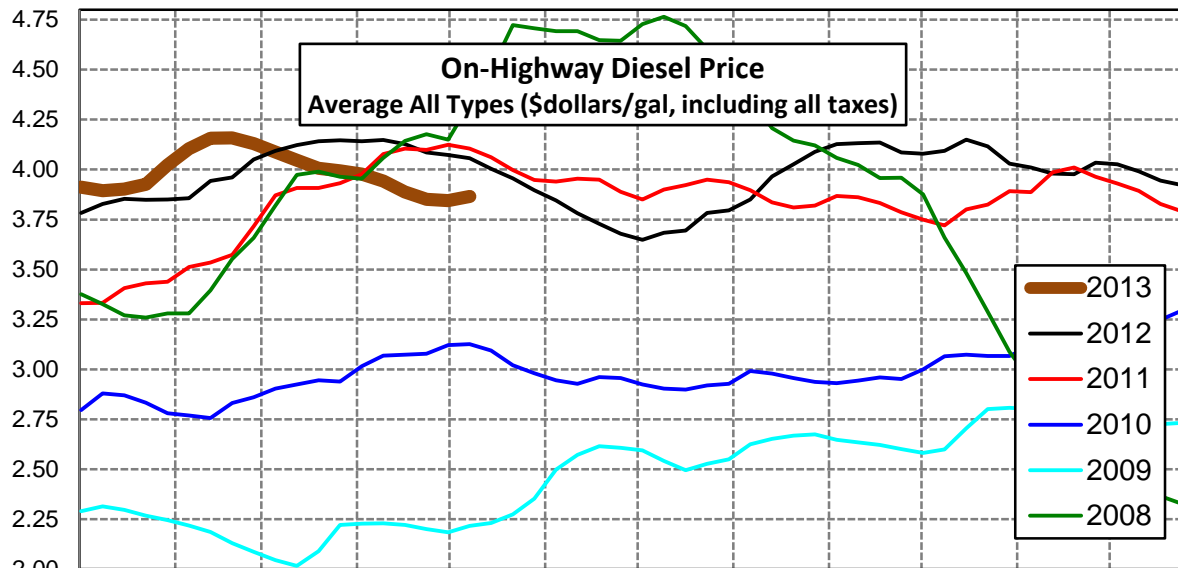
Regional markets including the Rockies and Midwest should exhibit relative strength on refinery maintenance and peak agriculture demand. Weakness is likely to continue on the West coast as Chevron restarts the 245,000 bpd crude unit in Richmond. Surplus supply in the Gulf region should continue to drive relatively weak prices in that region and the lower Atlantic.

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



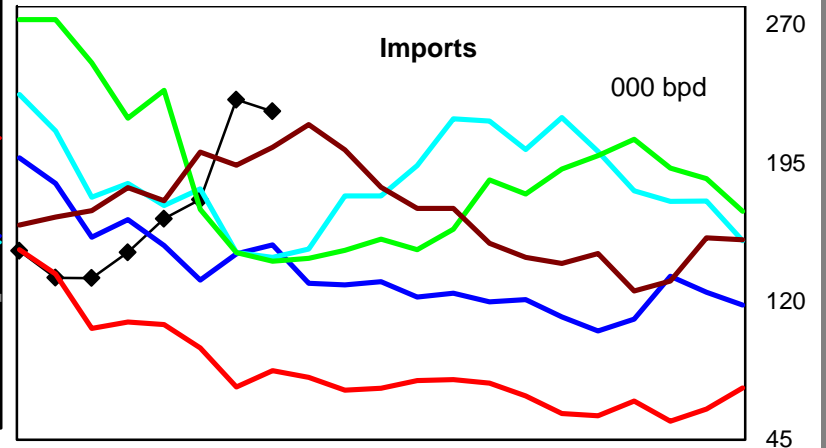
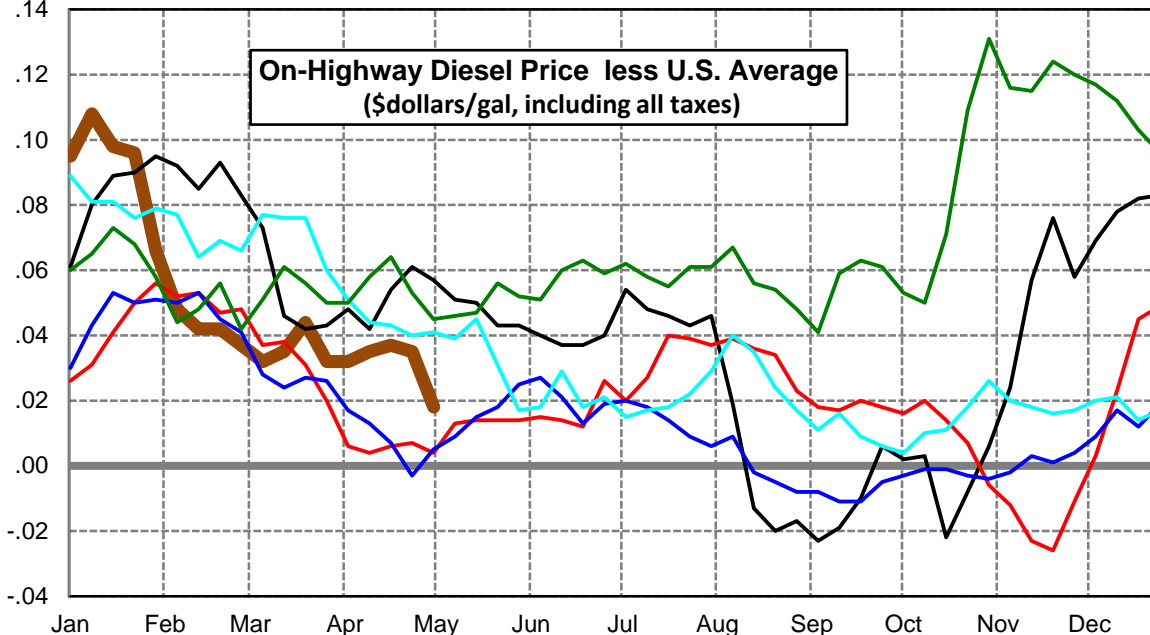
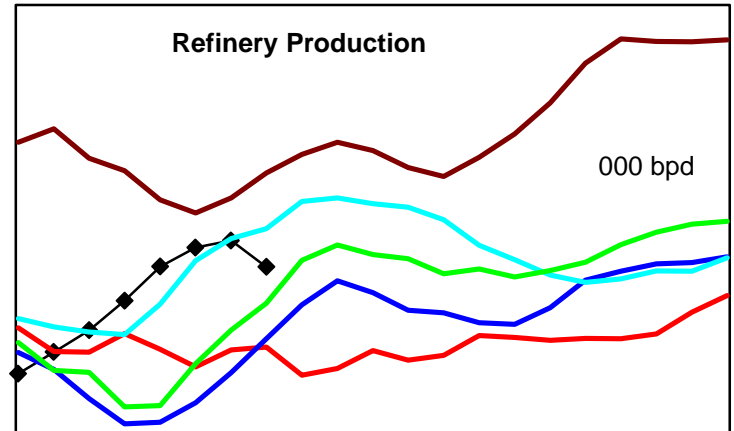
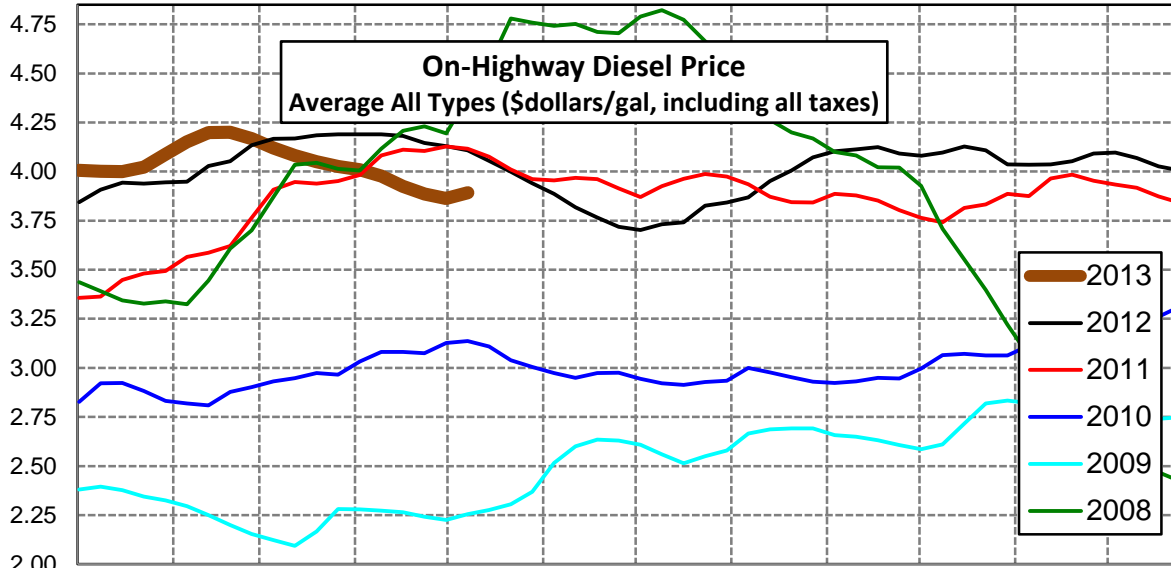
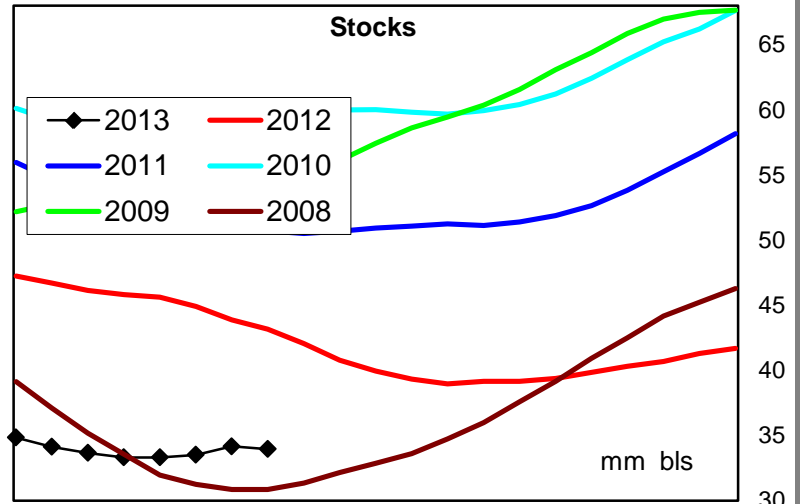
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	22Apr13	29Apr13	06May13	13May13	
United States Avg	\$3.887	\$3.851	\$3.845	\$3.866	\$0.021
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



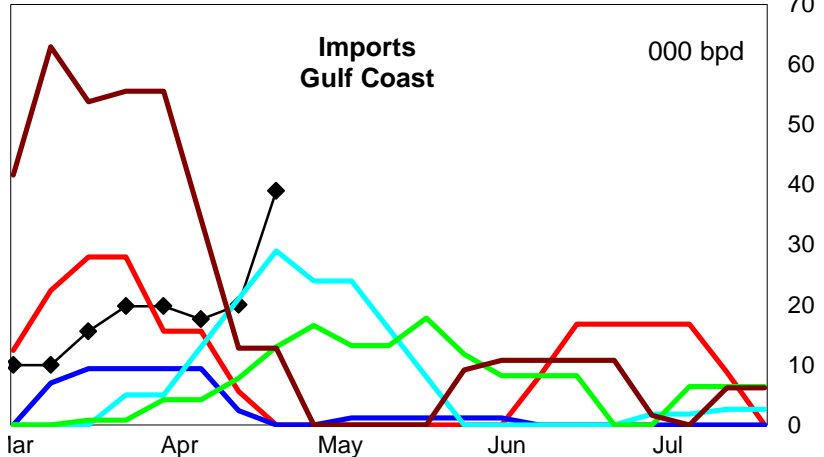
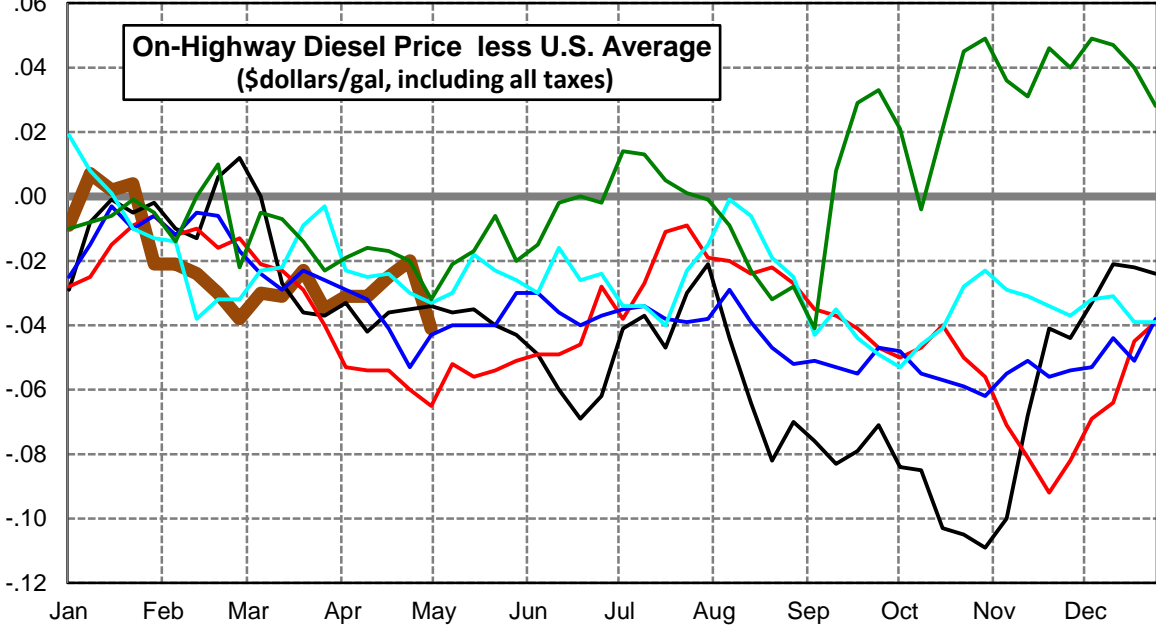
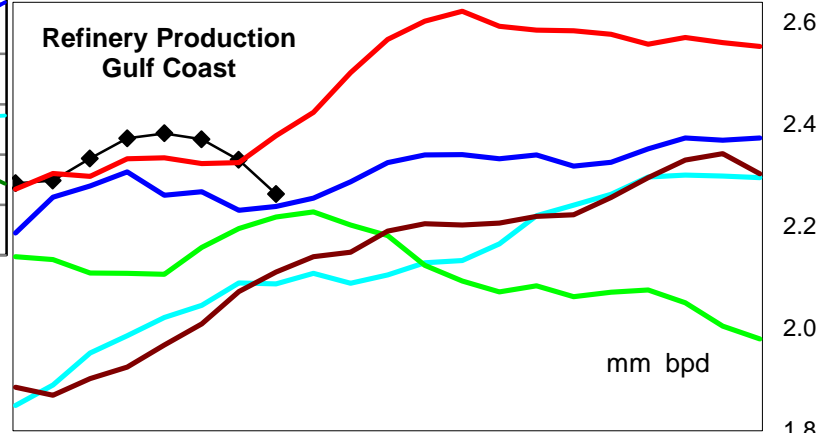
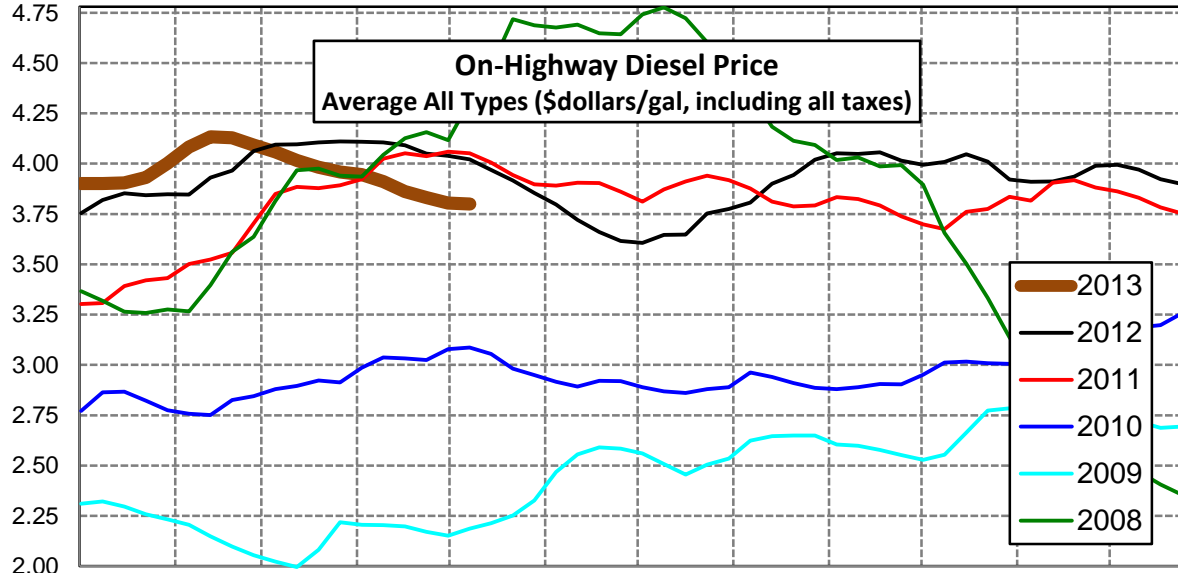
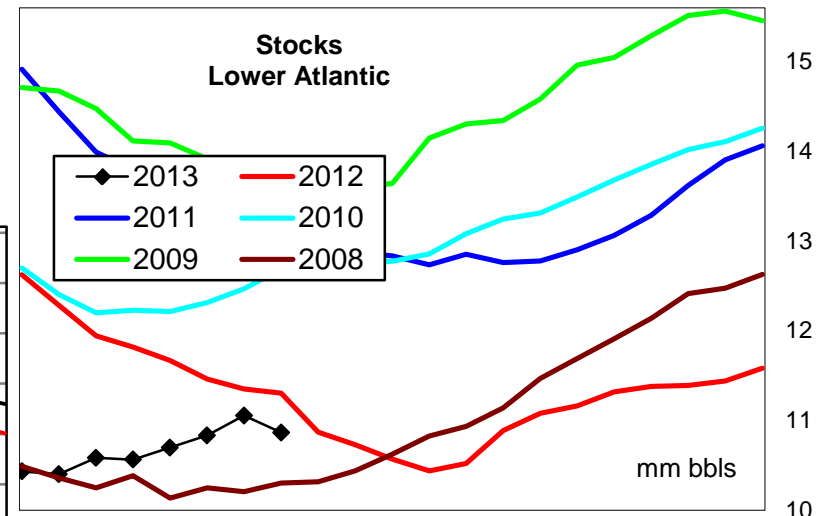
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	22Apr13	29Apr13	06May13	13May13	
East Coast	\$3.924	\$3.886	\$3.863	\$3.892	\$0.029
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



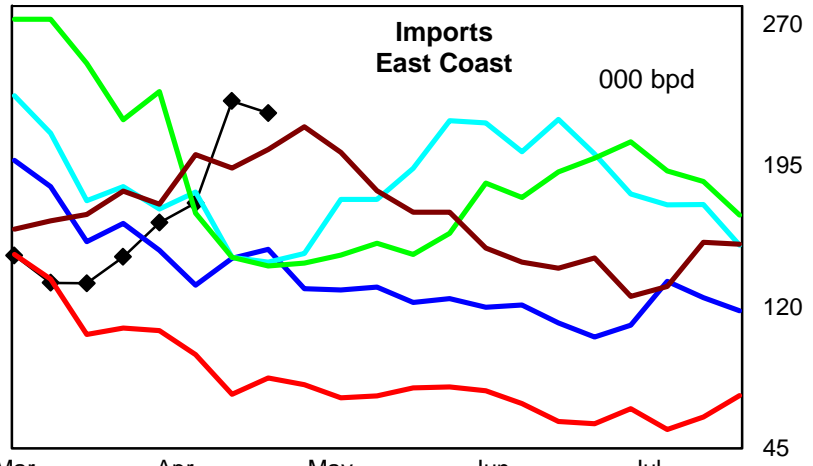
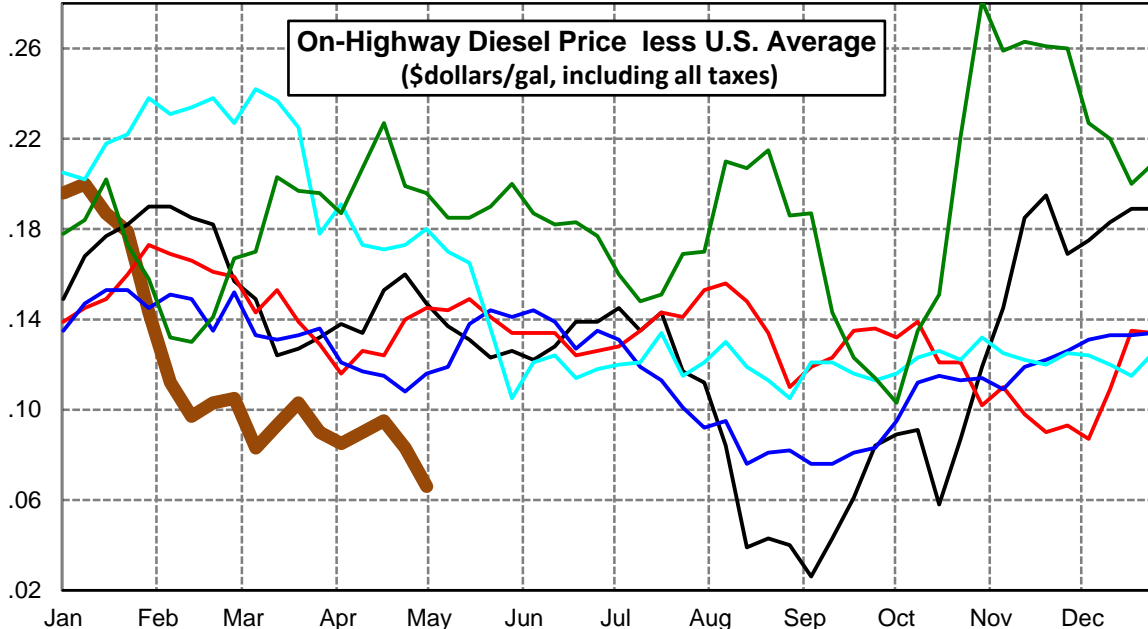
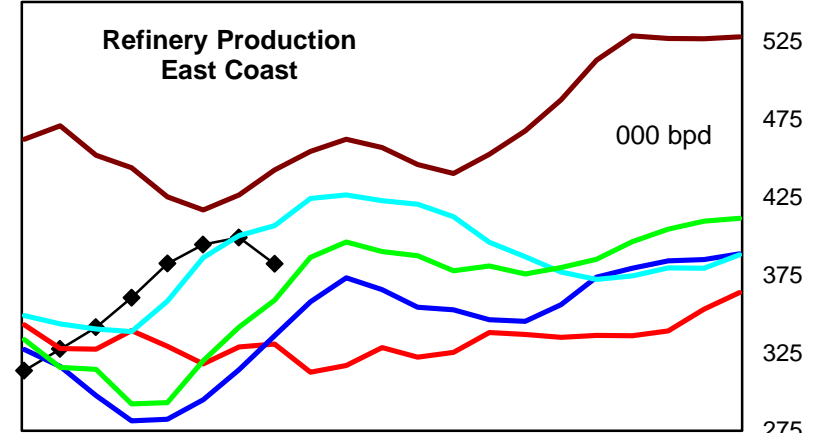
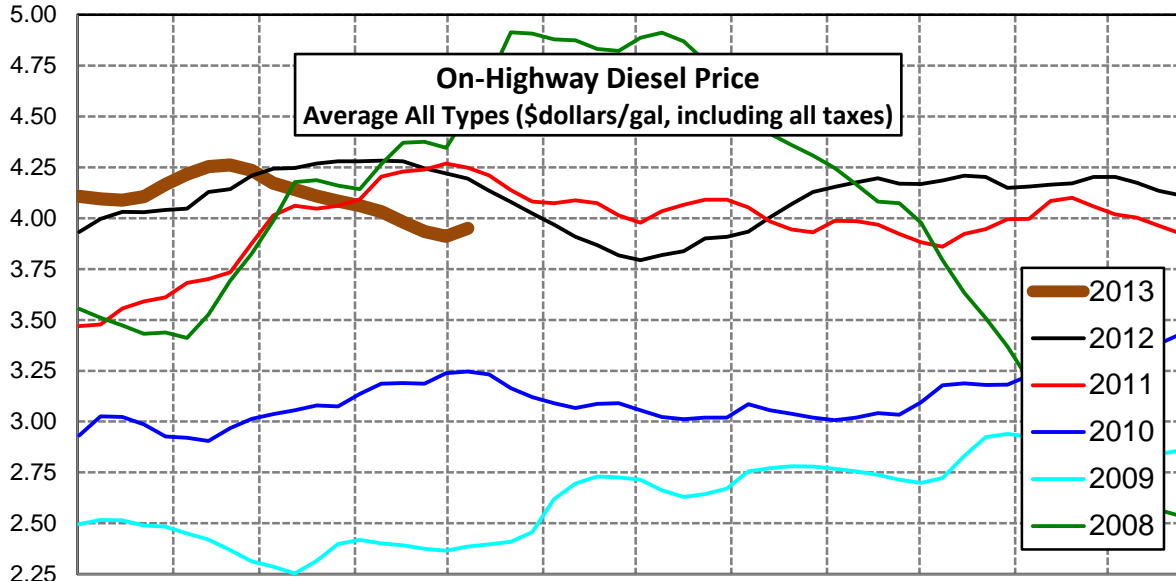
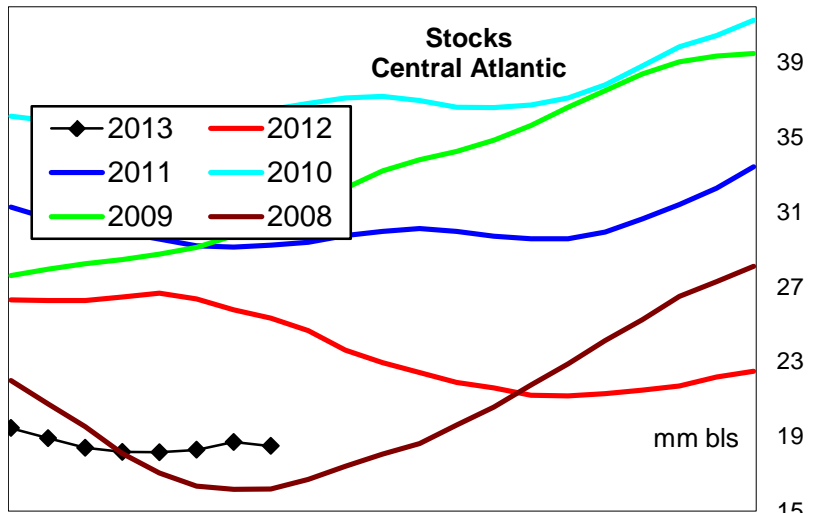
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	22Apr13	29Apr13	06May13	13May13	
Lower Atlantic	\$3.862	\$3.831	\$3.804	\$3.799	-\$0.005
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



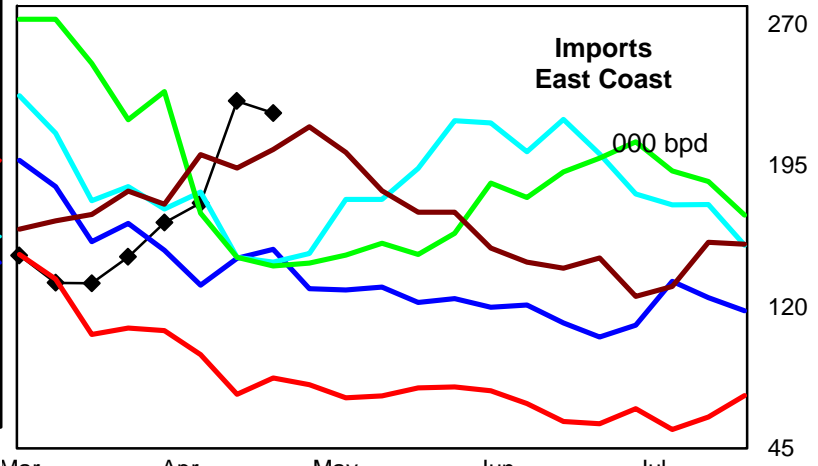
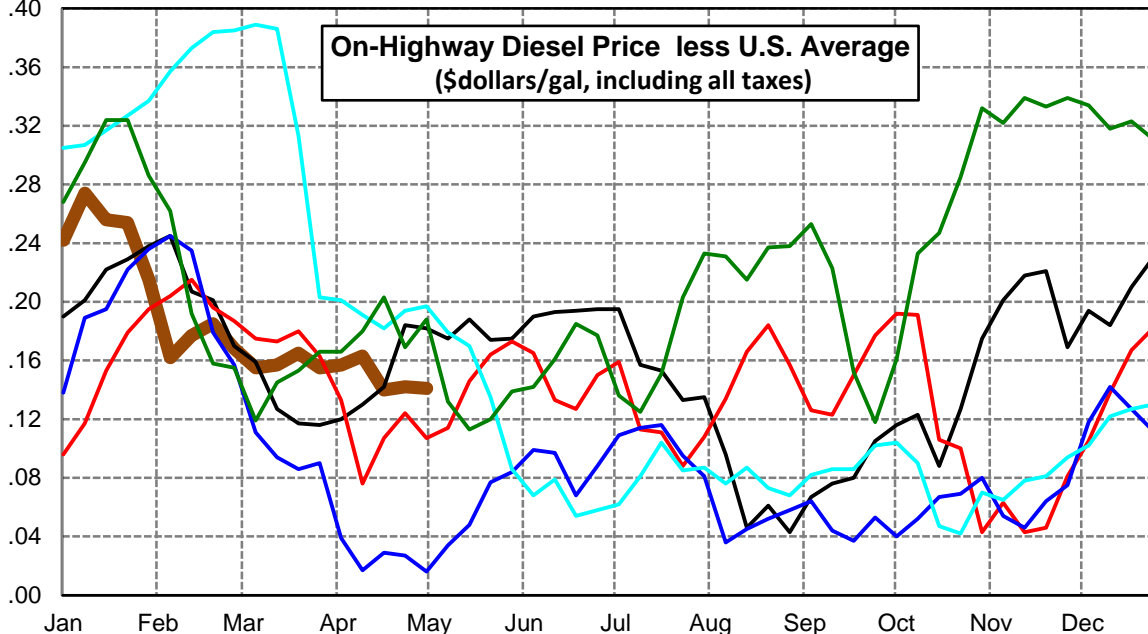
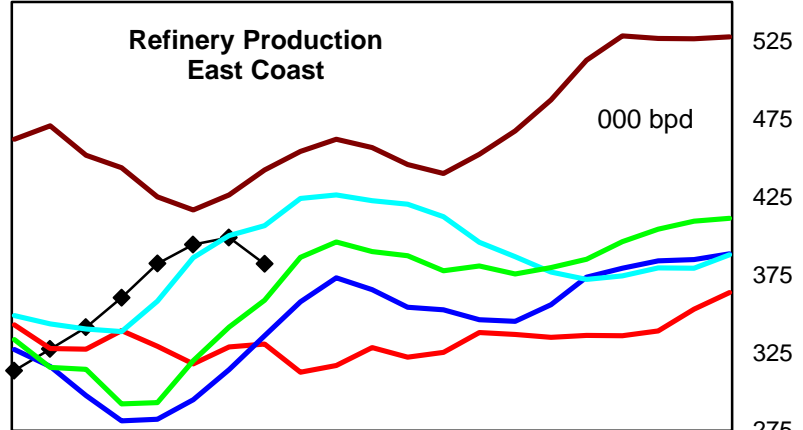
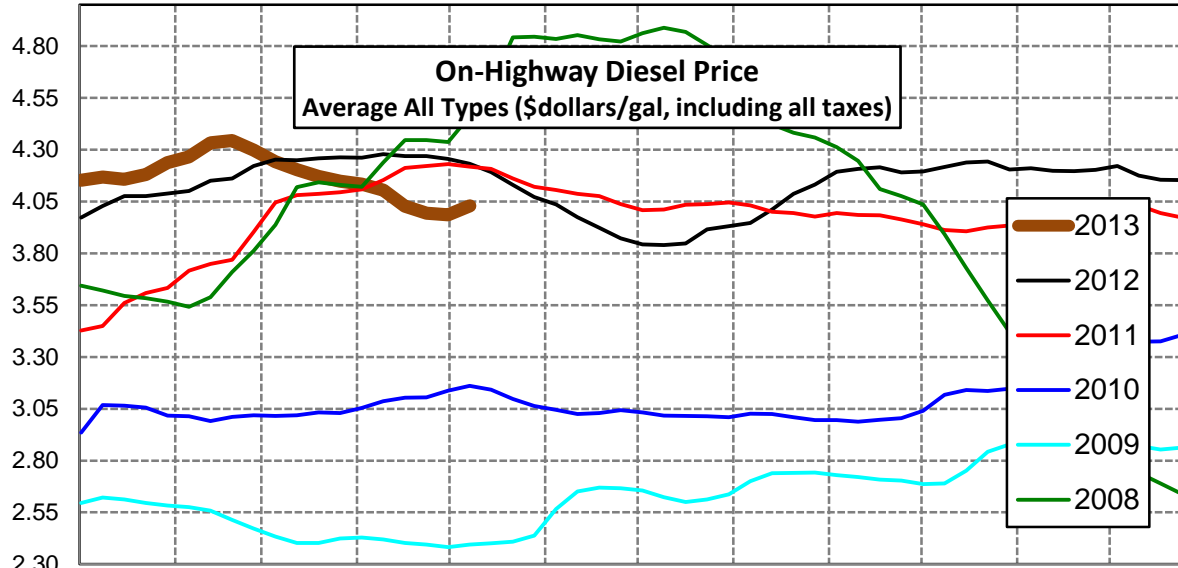
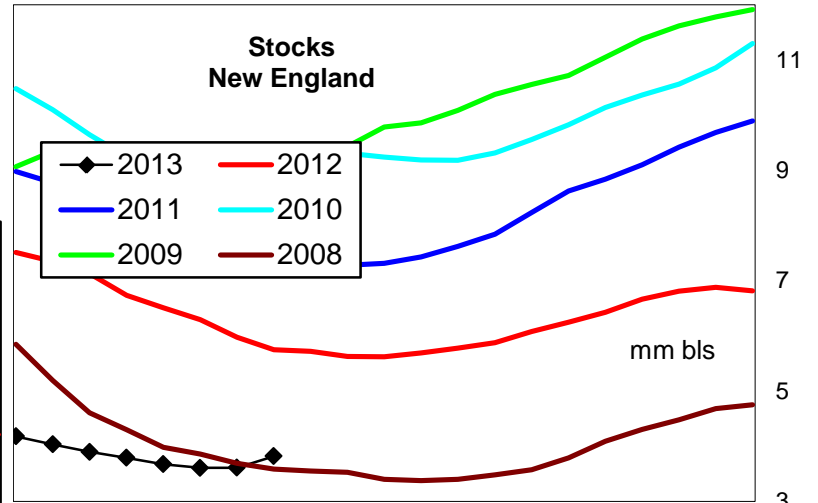
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	22Apr13	29Apr13	06May13	13May13	
Central Atlantic	\$3.982	\$3.934	\$3.911	\$3.950	\$0.039
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



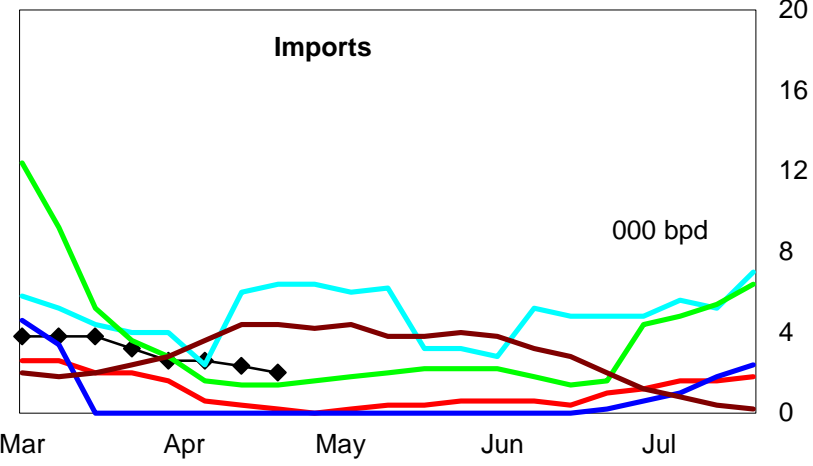
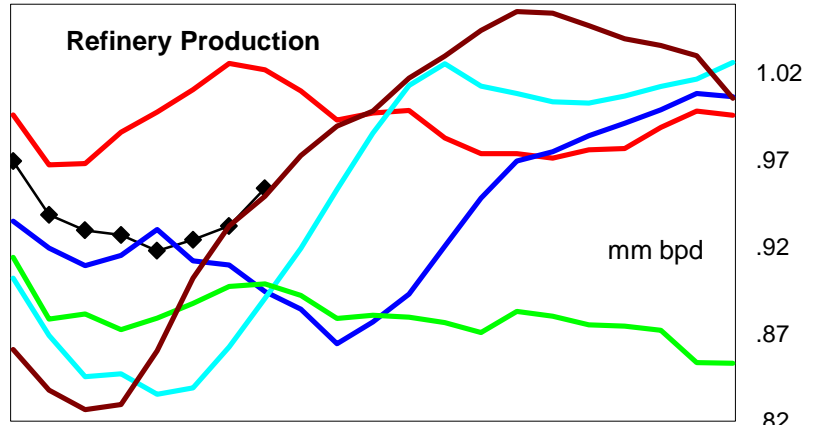
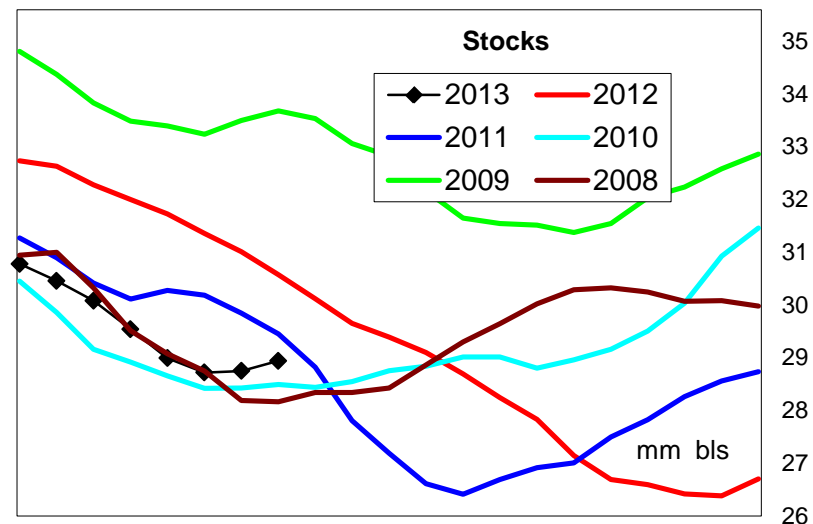
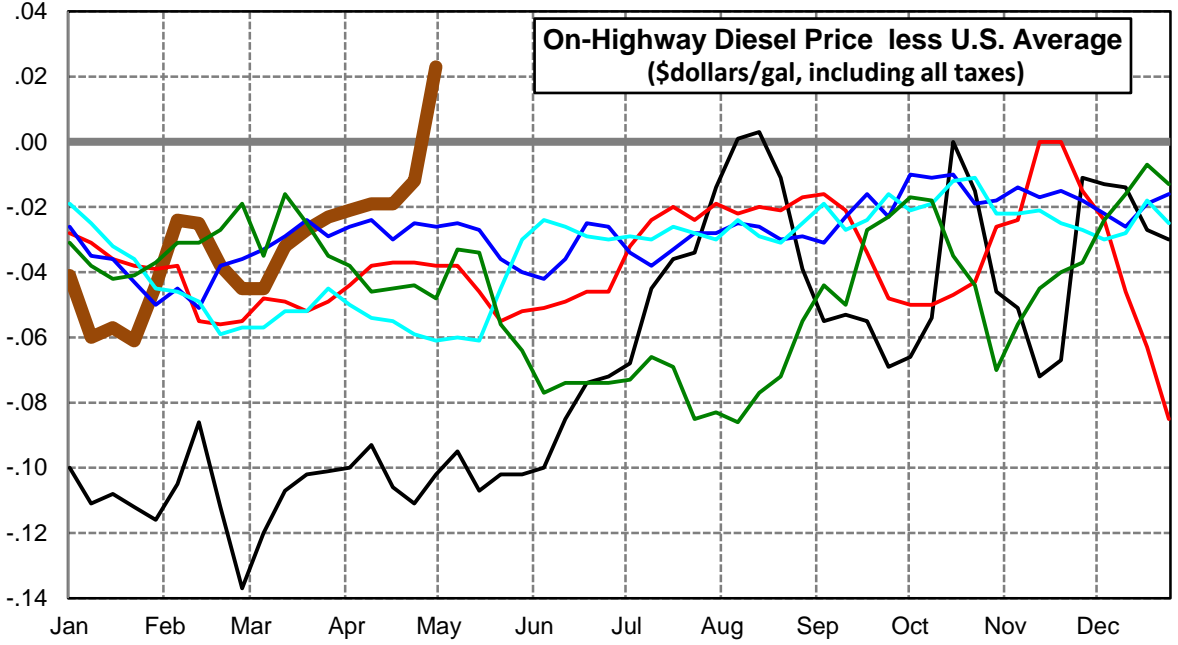
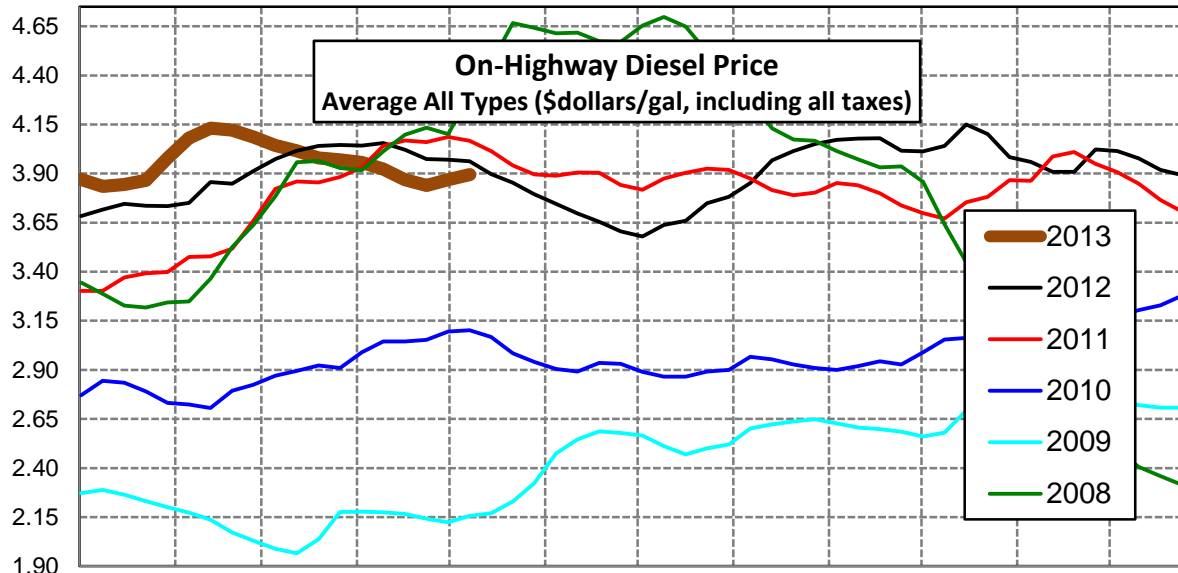
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	22Apr13	29Apr13	06May13	13May13	
New England	\$4.027	\$3.993	\$3.986	\$4.030	\$0.044
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



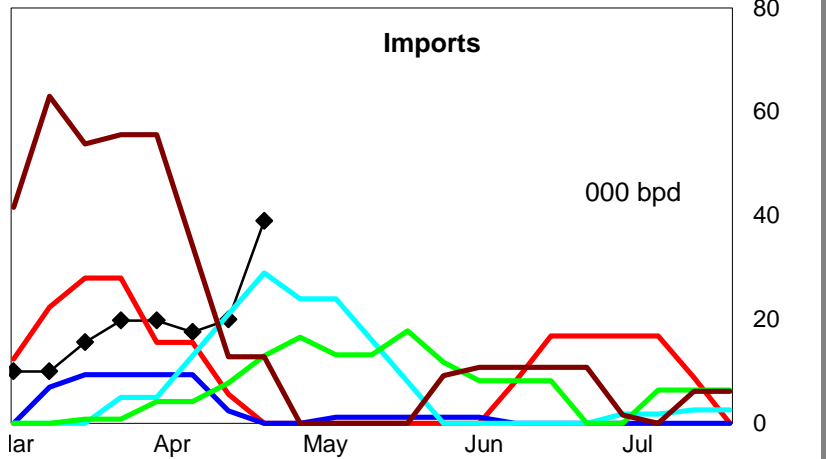
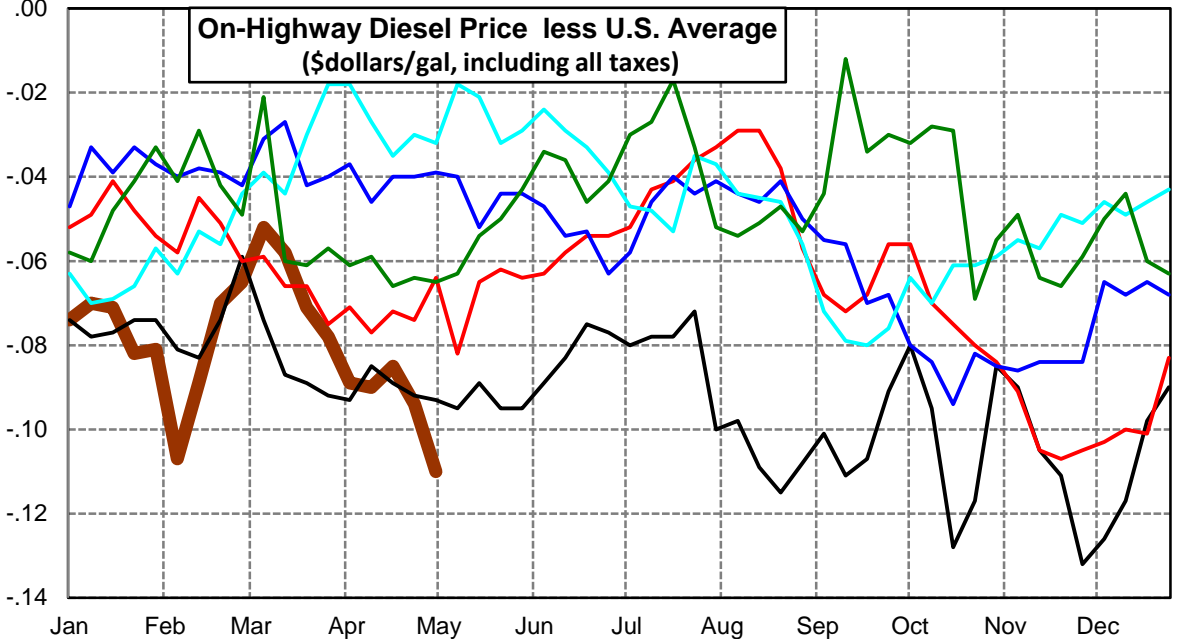
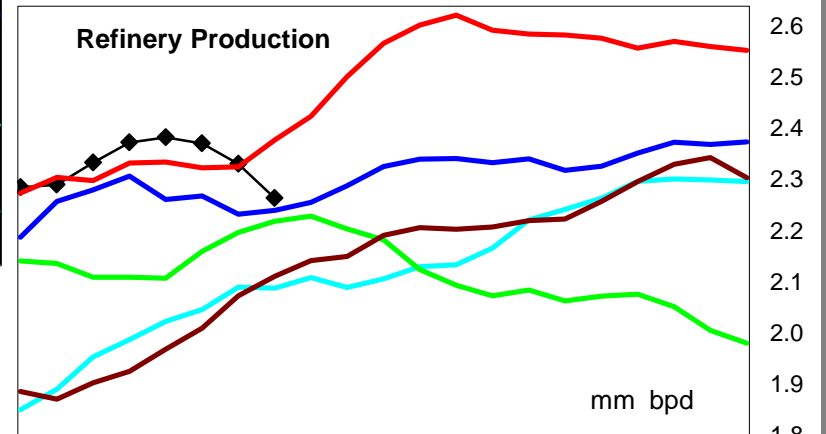
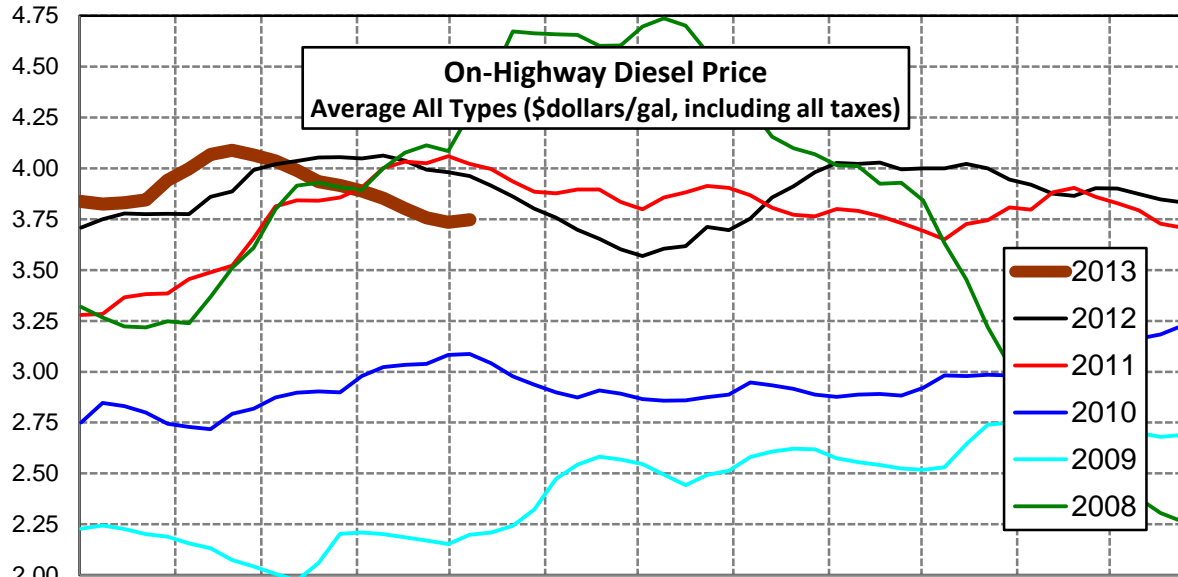
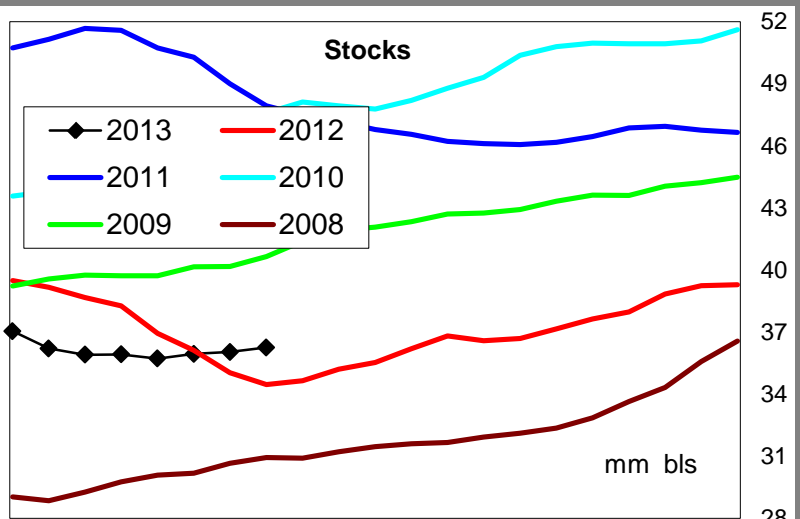
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	22Apr13	29Apr13	06May13	13May13	
Midwest	\$3.868	\$3.839	\$3.868	\$3.895	\$0.027
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



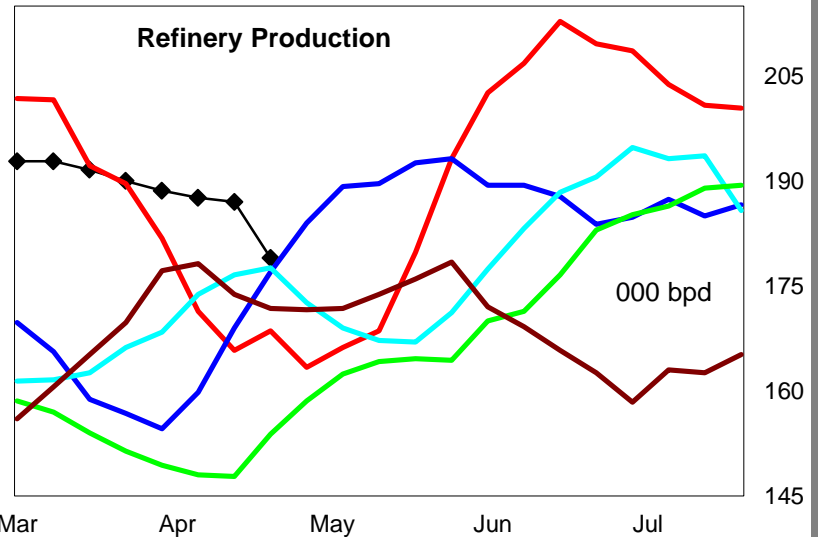
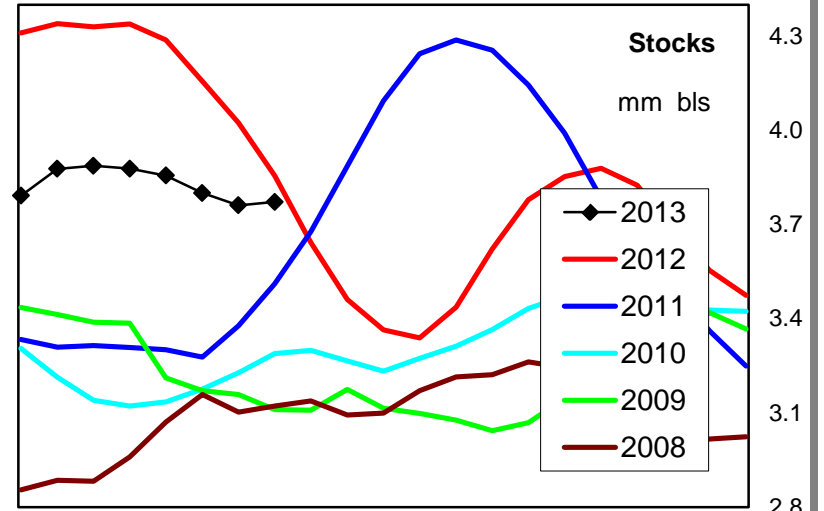
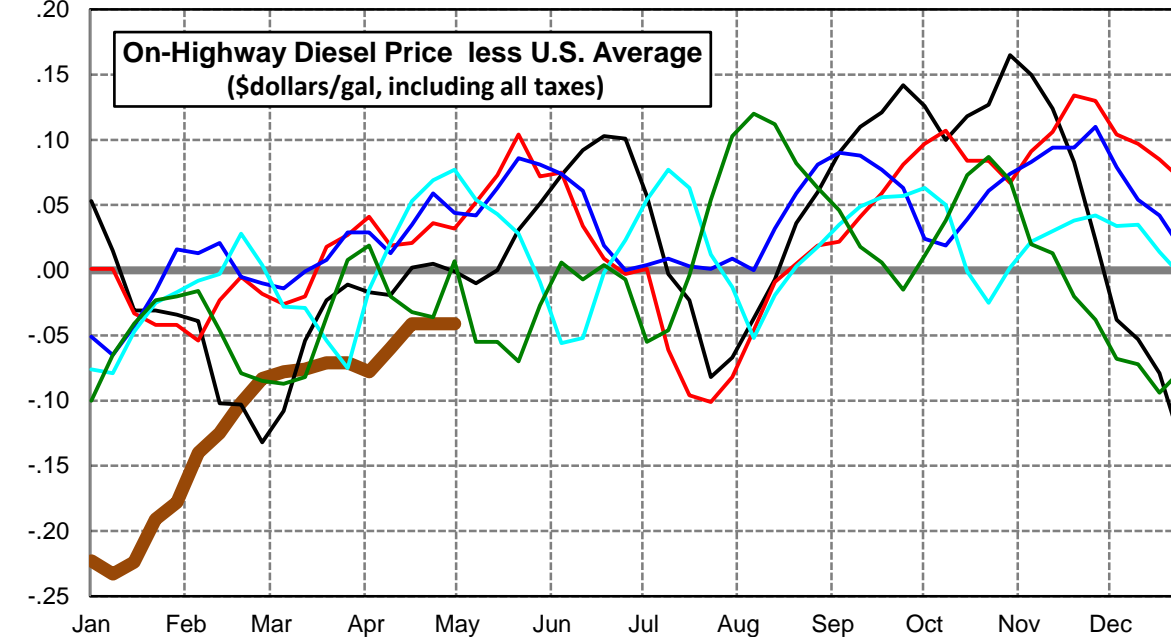
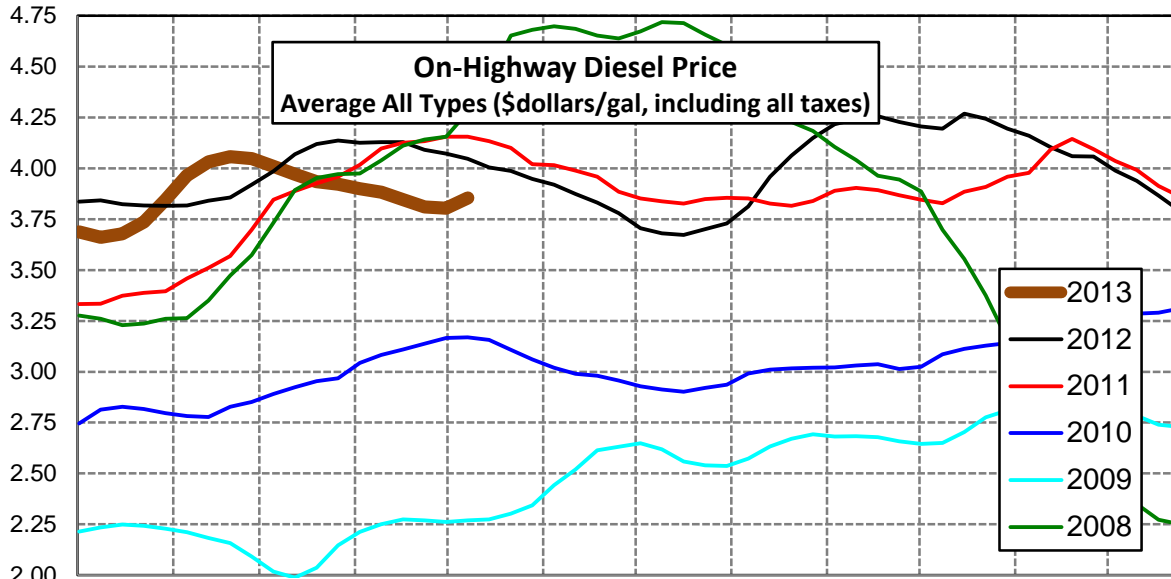
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	22Apr13	29Apr13	06May13	13May13	
Gulf Coast	\$3.802	\$3.757	\$3.735	\$3.748	\$0.013
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



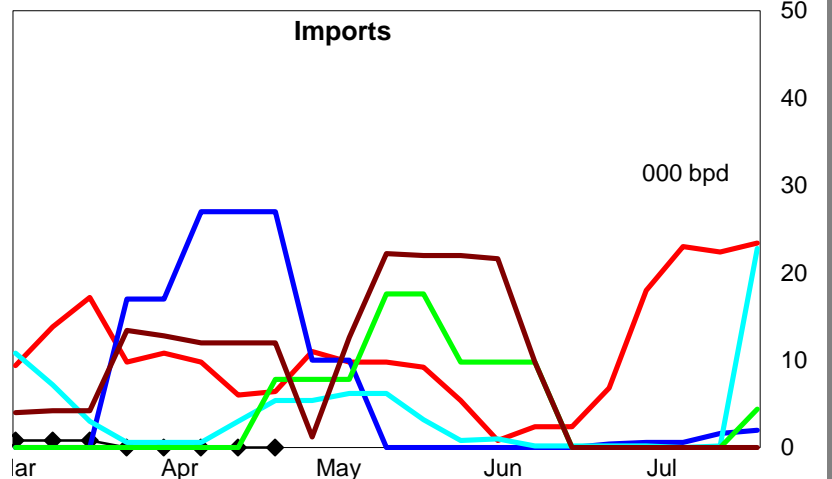
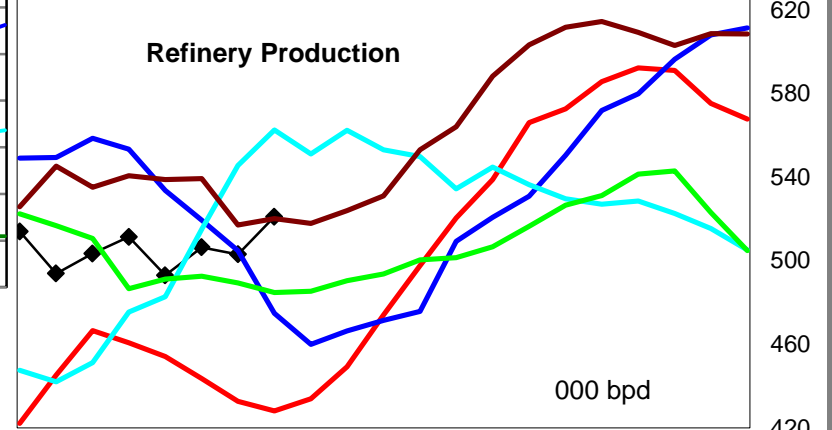
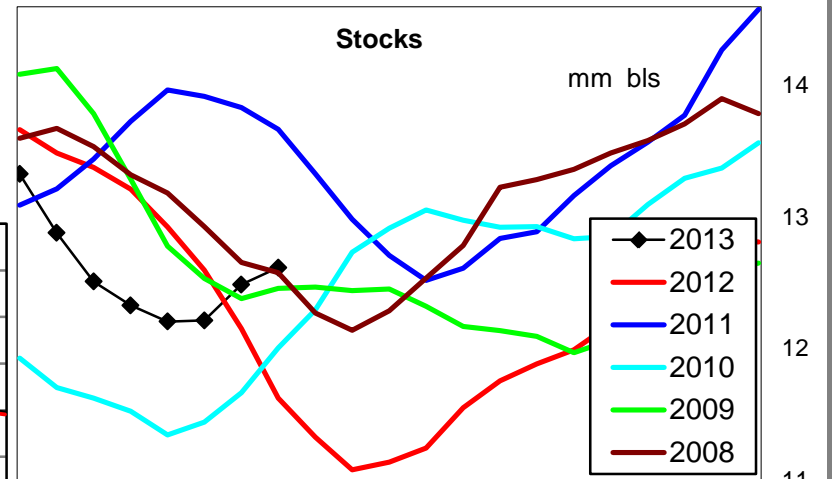
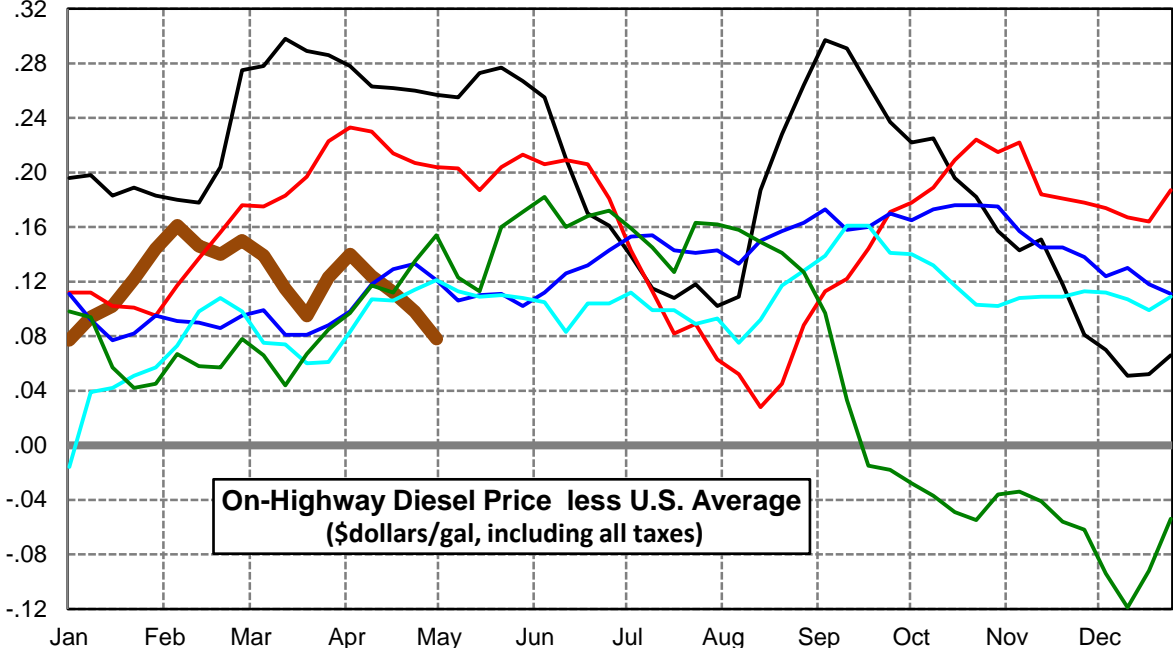
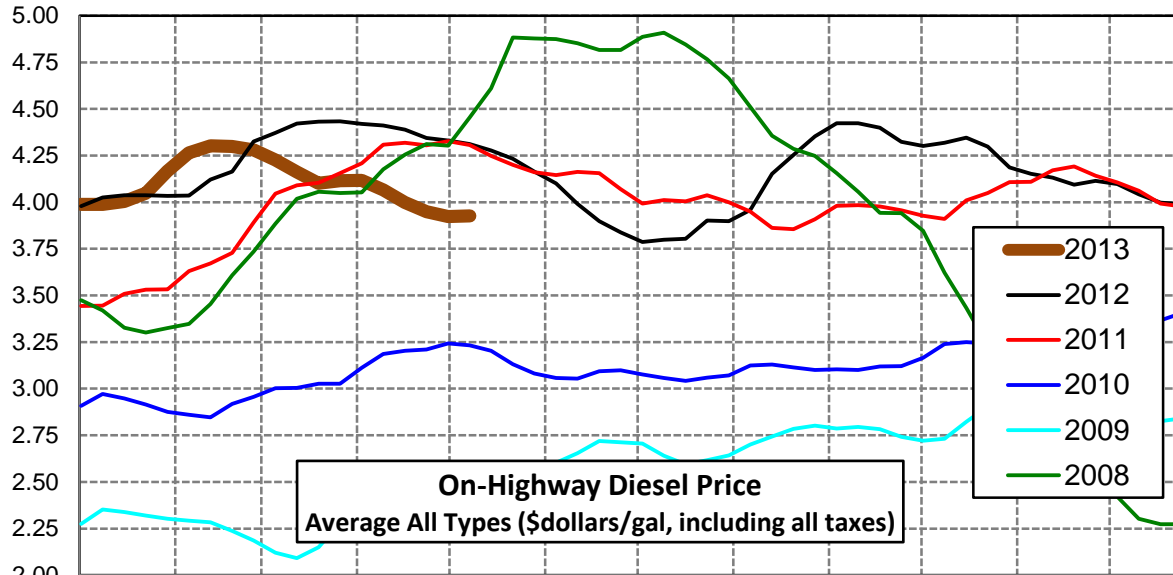
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	22Apr13	29Apr13	06May13	13May13	
Rocky Mountain	\$3.846	\$3.810	\$3.804	\$3.854	\$0.050
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



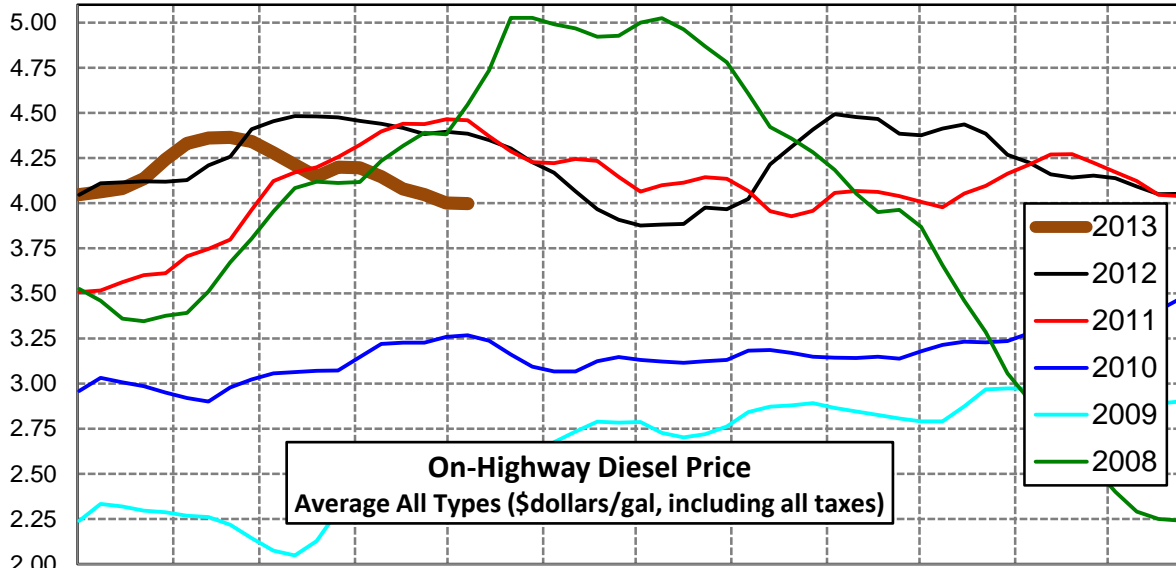
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	22Apr13	29Apr13	06May13	13May13	
West Coast	\$3.999	\$3.949	\$3.923	\$3.926	\$0.003
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					

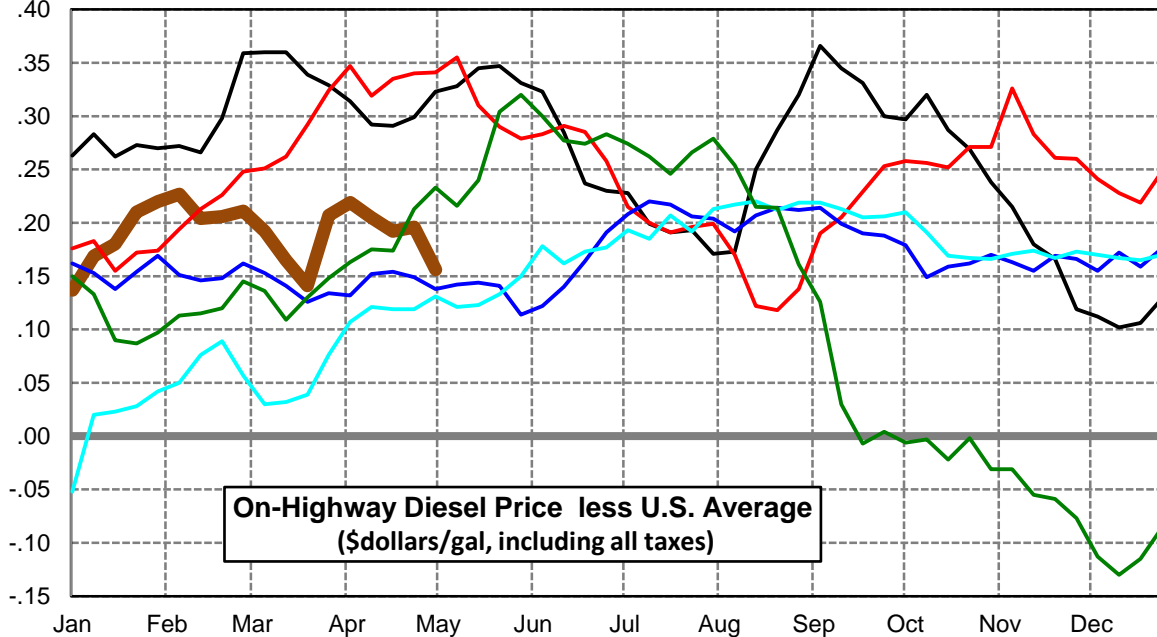


California Diesel Supply Fundamentals and On-Highway Price Trends

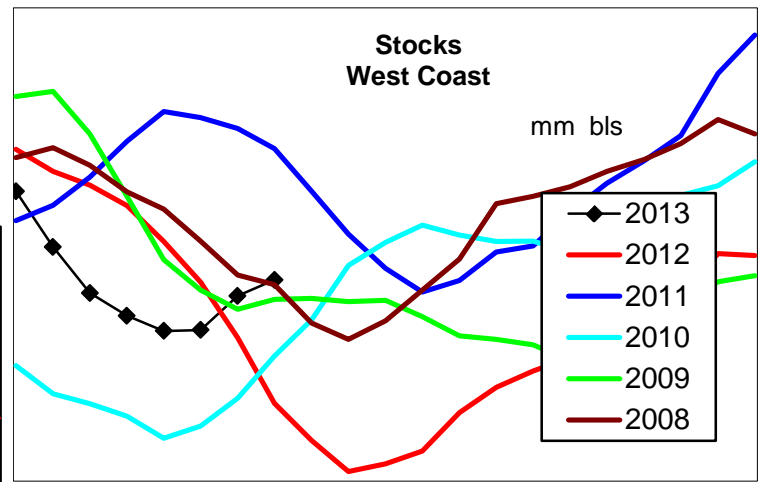
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	22Apr13	29Apr13	06May13	13May13	
California	\$4.079	\$4.047	\$4.001	\$3.997	-\$0.004
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



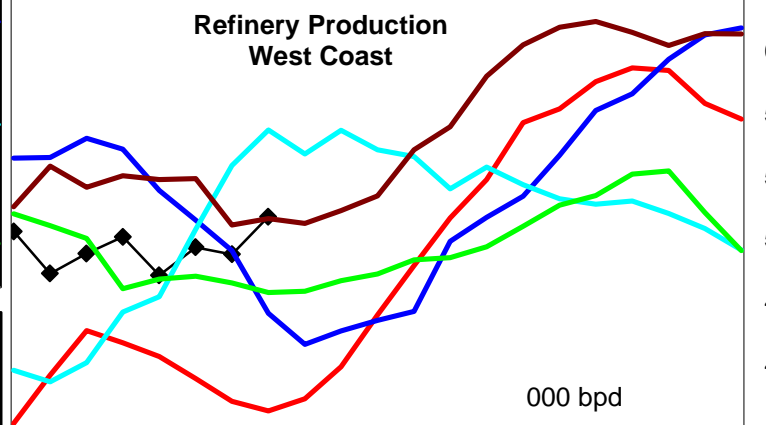
On-Highway Diesel Price
Average All Types (\$dollars/gal, including all taxes)



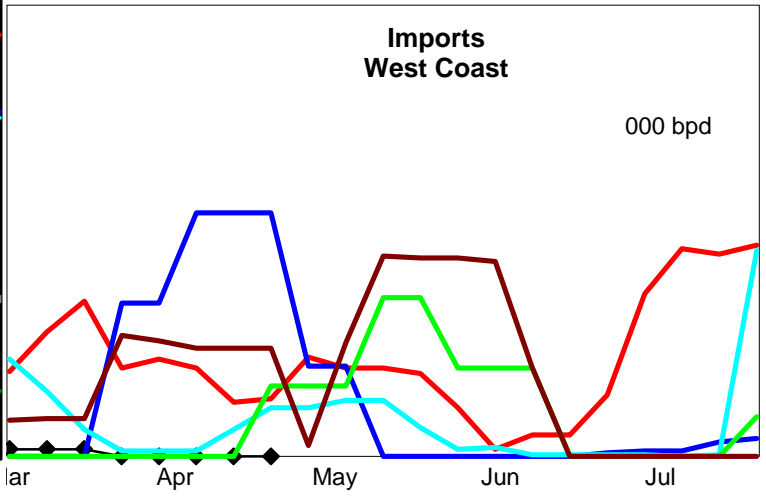
On-Highway Diesel Price less U.S. Average
(\$dollars/gal, including all taxes)



Stocks West Coast
mm bls



Refinery Production West Coast
000 bpd



Imports West Coast
000 bpd

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-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	4.130	4.167	4.298	4.235	4.092	4.085	4.065	4.047	4.280	4.341
Mon-11-Mar-13	4.088	4.120	4.243	4.171	4.058	4.043	4.036	4.010	4.227	4.280
Mon-18-Mar-13	4.047	4.082	4.204	4.140	4.016	4.015	3.989	3.971	4.162	4.212
Mon-25-Mar-13	4.006	4.050	4.171	4.109	3.983	3.979	3.935	3.935	4.101	4.147
Mon-01-Apr-13	3.993	4.025	4.148	4.083	3.958	3.970	3.915	3.922	4.116	4.200
Mon-08-Apr-13	3.977	4.009	4.134	4.062	3.946	3.956	3.888	3.899	4.117	4.196
Mon-15-Apr-13	3.942	3.977	4.105	4.032	3.911	3.923	3.852	3.882	4.066	4.147
Mon-22-Apr-13	3.887	3.924	4.027	3.982	3.862	3.868	3.802	3.846	3.999	4.079
Mon-29-Apr-13	3.851	3.886	3.993	3.934	3.831	3.839	3.757	3.810	3.949	4.047
Mon-06-May-13	3.845	3.863	3.986	3.911	3.804	3.868	3.735	3.804	3.923	4.001
Mon-13-May-13	3.866	3.892	4.030	3.950	3.799	3.895	3.748	3.854	3.926	3.997
Mon-20-May-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.