



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, June 05, 2013

Region	Actual Price 1/		Forecast 2/		Change from week ago
	20May13	27May13	03Jun13	10Jun13	
U.S.	3.890	3.880	3.869	3.858	-0.011
East Coast	3.871	3.864	3.855	3.858	0.003
New England	3.991	3.991	3.984	3.991	0.007
Central Atlantic	3.925	3.928	3.920	3.935	0.015
Lower Atlantic	3.809	3.792	3.783	3.807	0.024
Midwest	3.934	3.916	3.900	3.851	-0.049
Gulf Coast	3.775	3.775	3.770	3.756	-0.014
Rocky Mountain	3.848	3.863	3.866	3.846	-0.020
West Coast	4.008	3.986	3.968	3.974	0.006
California	4.072	4.044	4.025	4.045	0.020

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

and \$3.98/gal; respectively.

The lowest prices were in the Gulf at \$3.77/gal, lower Atlantic at \$3.78/gal and the Rockies at \$3.87/gal.

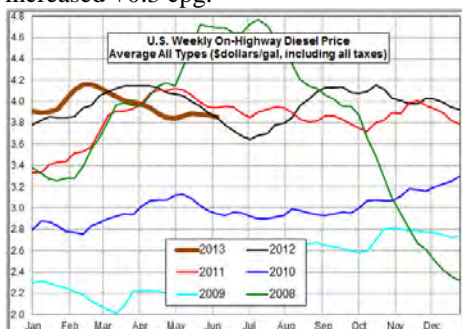
Prices in Gulf and southeast are the lowest in the country due

the latest 4-wk period was +217,000 bpd above a year ago.

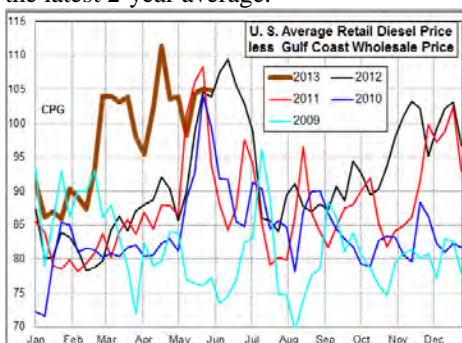
Supply increased +44,000 bpd on higher production last week. Supply for the latest 4-wk period was +202,000 bpd above last year on record distillate yield. Imports have also averaged nearly +26,000 bpd above a year ago.

Stocks saw a +2.6 million barrel build last week; driven by high production and lower exports. The latest 4-wk stock change in markets East of the Rockies was a +5 million barrel build, compared to a -2 million barrel average draw during the last 2-years.

Diesel Fuel Price Trends U. S. retail diesel prices decreased -1.1 cpg for the week, ending 03Jun13. Prices were lower in all regions except the Rockies which increased +0.3 cpg.



The U.S. average retail diesel price compared to Gulf Coast wholesale market decreased -0.5 cpg on the week. The spread ended the week comparable with the latest 2-year average.



The national average on-highway price ended the week -2.5 cpg below a year ago.

The highest retail prices were in California and New England at \$4.03/gal

to very high Gulf production and both lower demand and exports compared to a year ago.

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

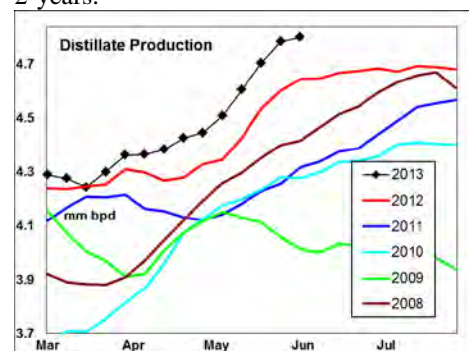
Gulf Coast wholesale distillate prices decreased -2 cpg last week, ending at a level near the average of the last month.



The spread between Gulf wholesale and U.S. average retail prices increased +0.5 cpg to 105 cpg last week. Look for the retail to wholesale price spread to decline over the next 45-days on improving wholesale supplies.

Supply - Demand Fundamental Trends

Distillate wholesale demand decreased -65,000 bpd last week, to a level comparable with a year ago. Demand for



Global Trends Driving Diesel Prices

Distillate prices continue to trade in a narrow range, at levels well below the last 9-months. This is due in part to modest growth in the U.S. economy, recession in Europe, and the slowdown in China's growth.

U.S. distillate demand exhibited a year on year increase last week, the first such increase since an end to the winter heating season. Combined with high production and lower exports, seasonal stock builds are near record highs for this time of year.

Risk continues for price weakness during the balance of the 2nd quarter.

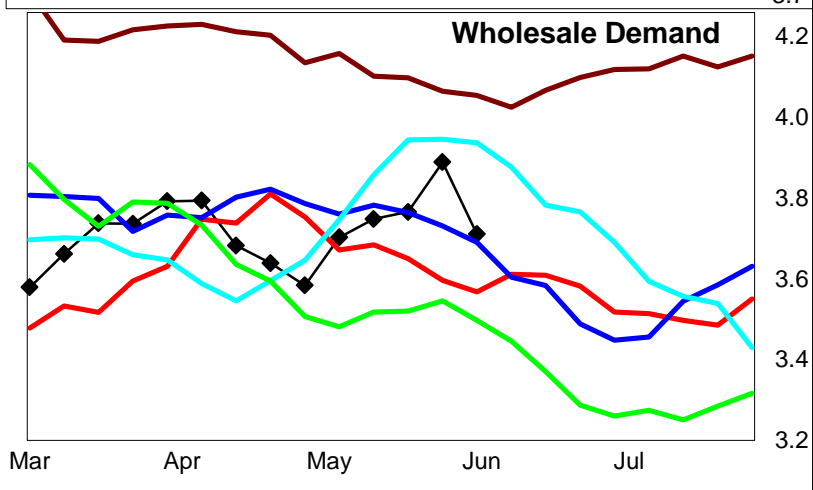
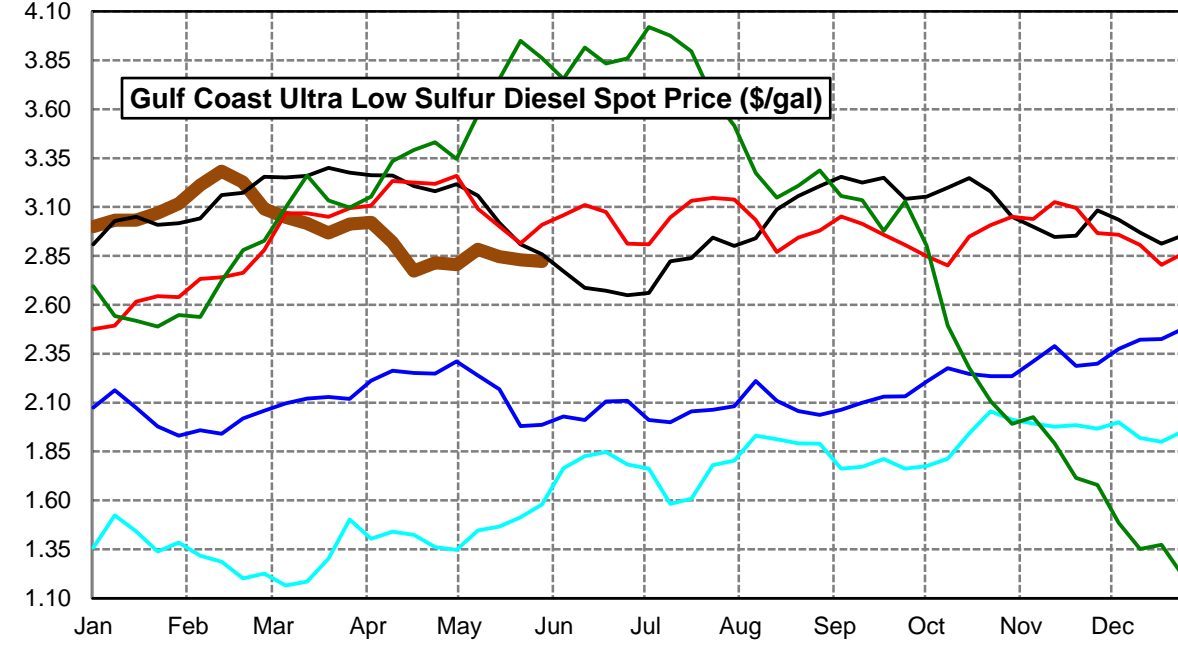
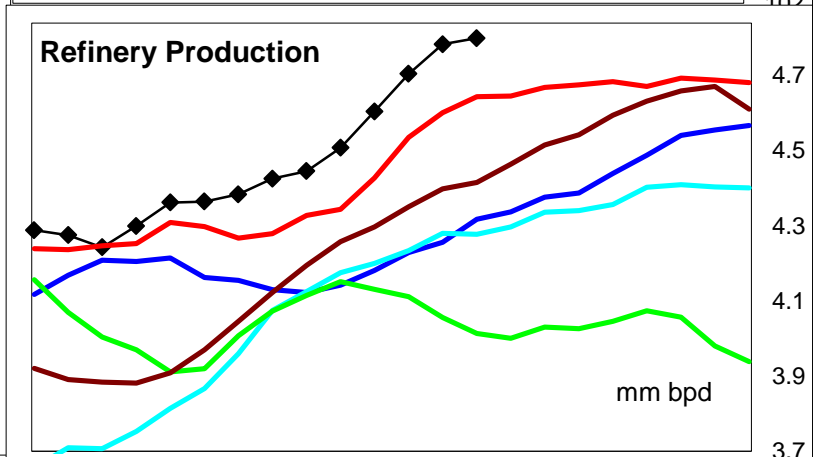
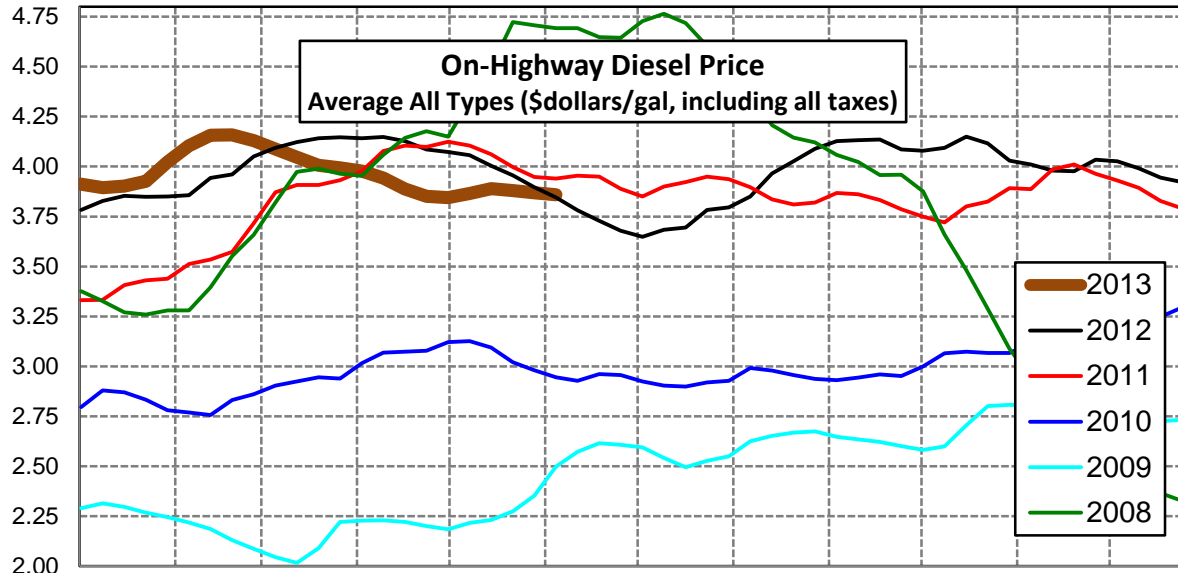
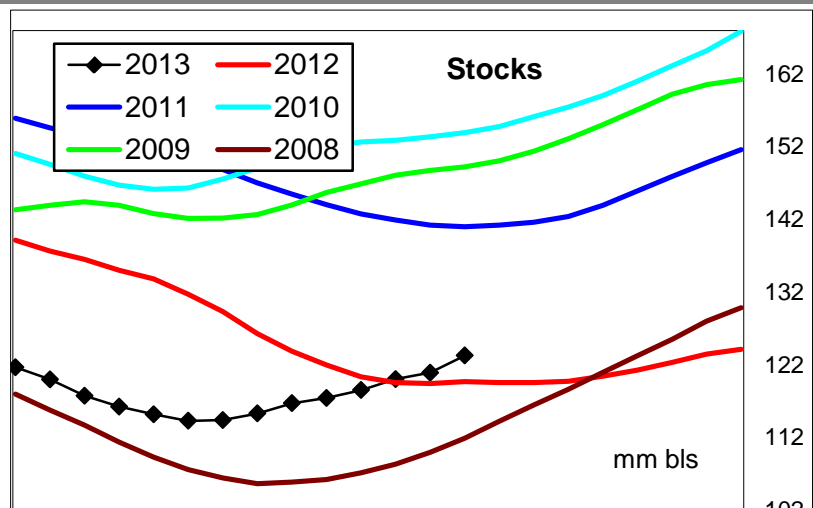
Diesel Price Outlook Look for retail prices to trend lower in the Midwest where refiners are returning from extended maintenance. Very high production in the Gulf should also keep retail prices under pressure in that region and the southeast.

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



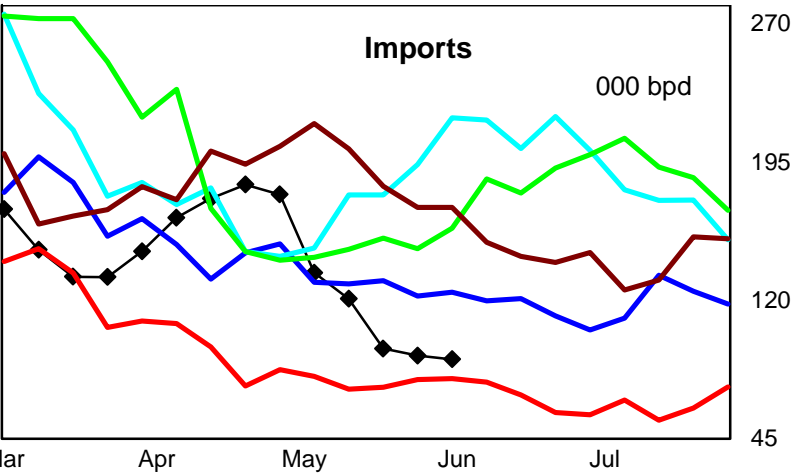
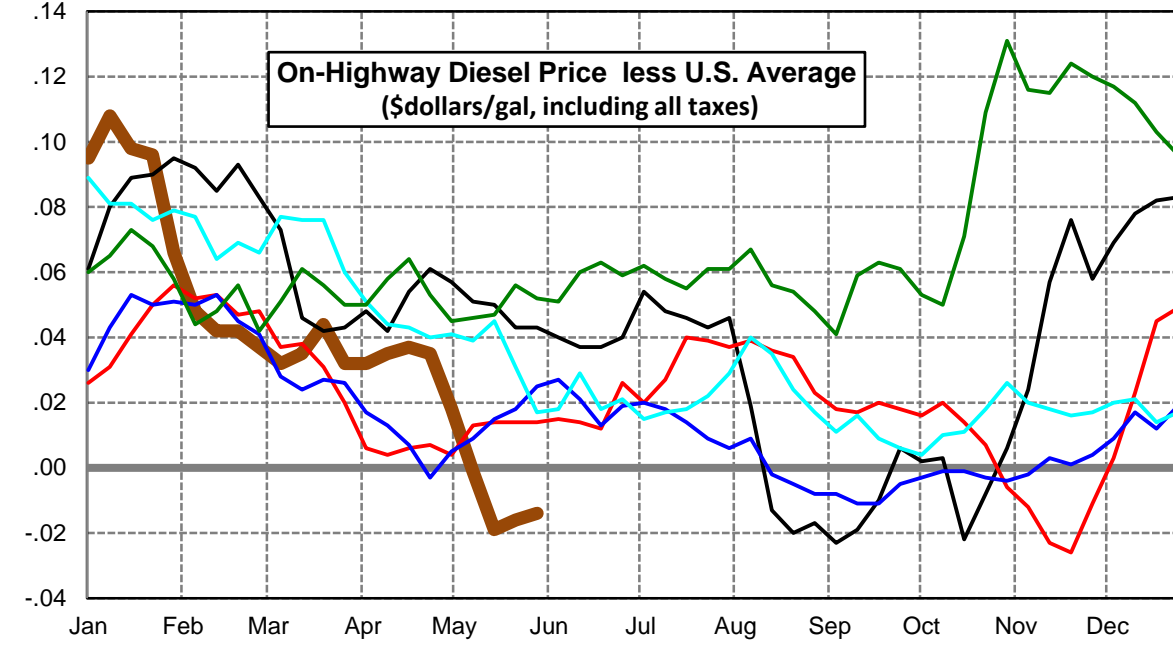
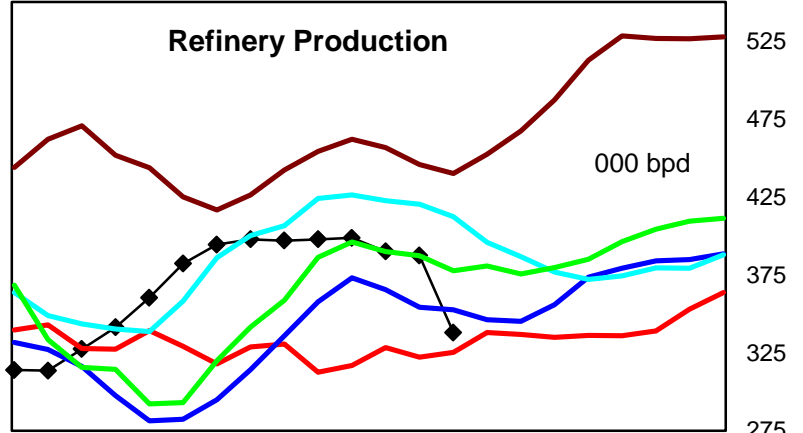
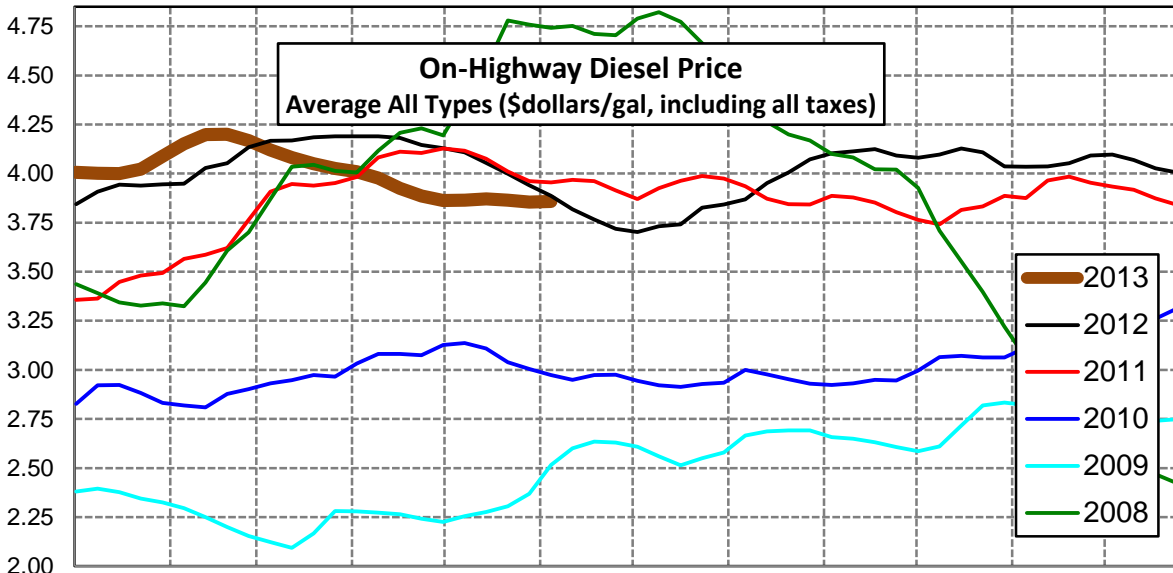
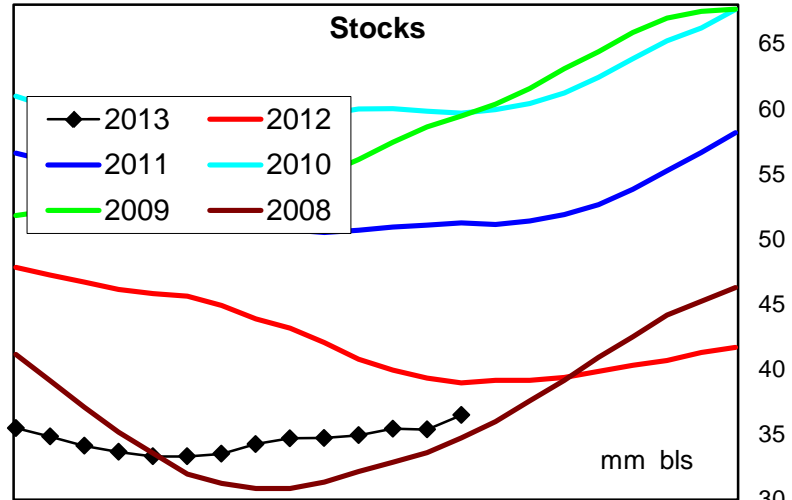
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20May13	27May13	03Jun13	10Jun13	
United States Avg	\$3.890	\$3.880	\$3.869	\$3.858	-\$0.011
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



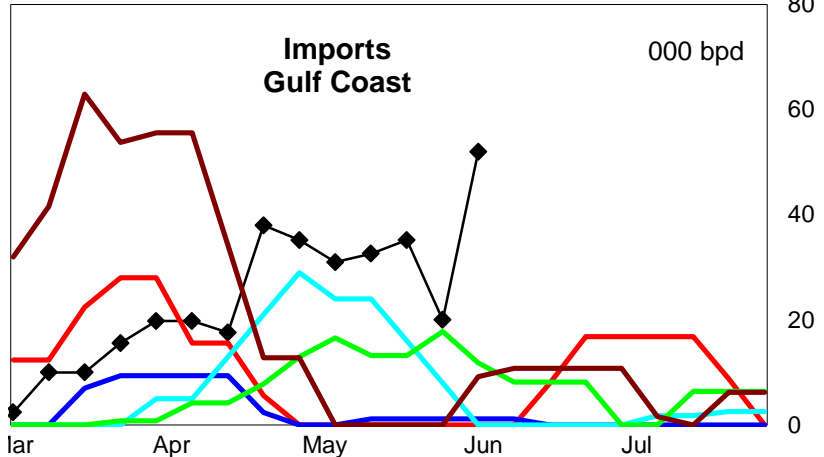
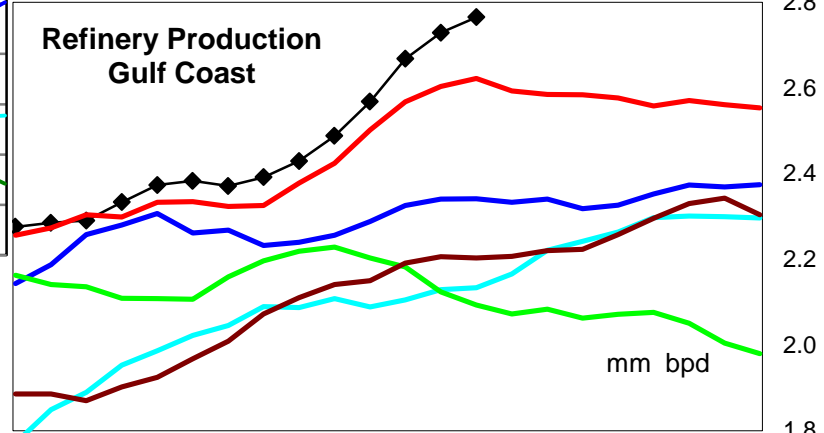
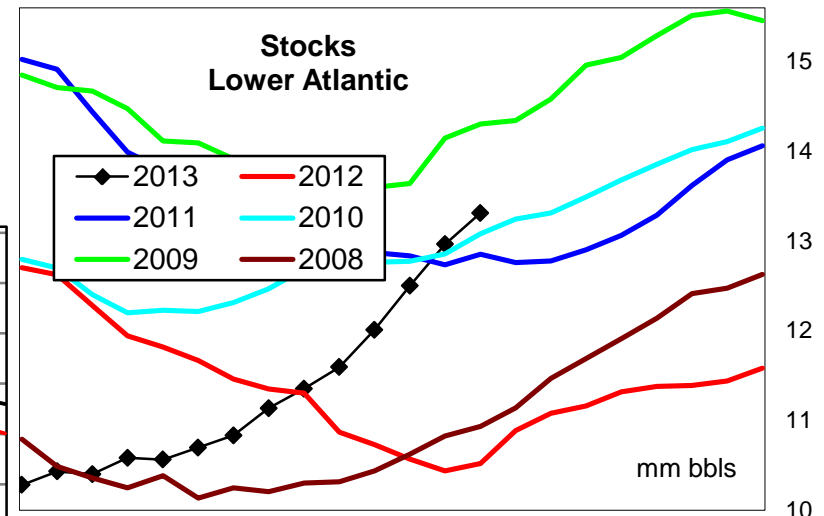
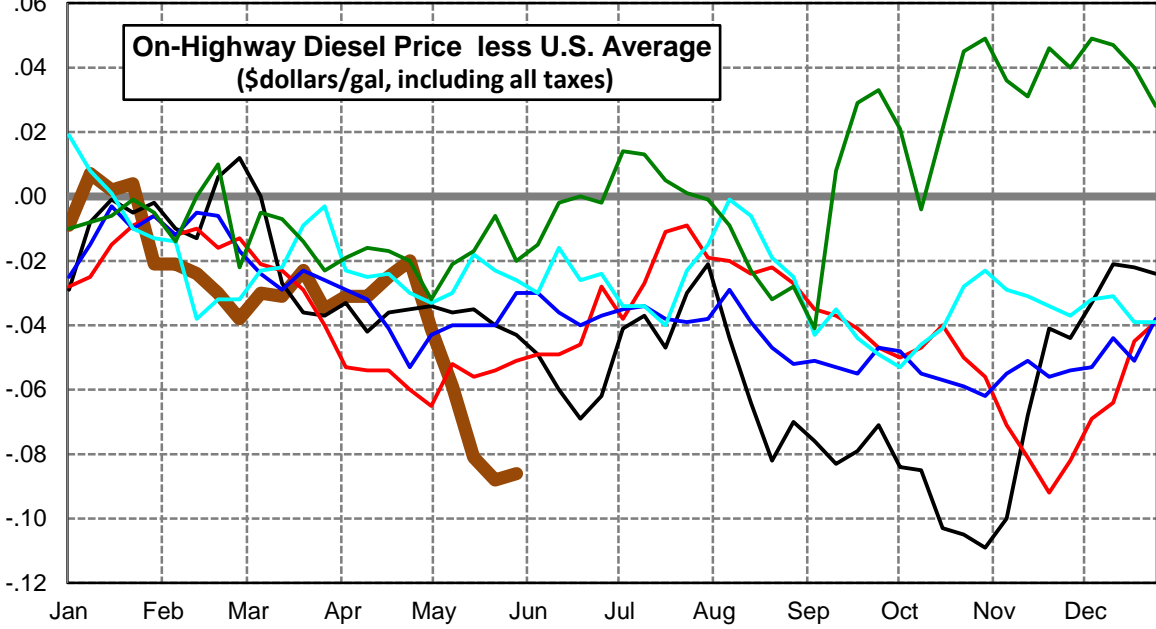
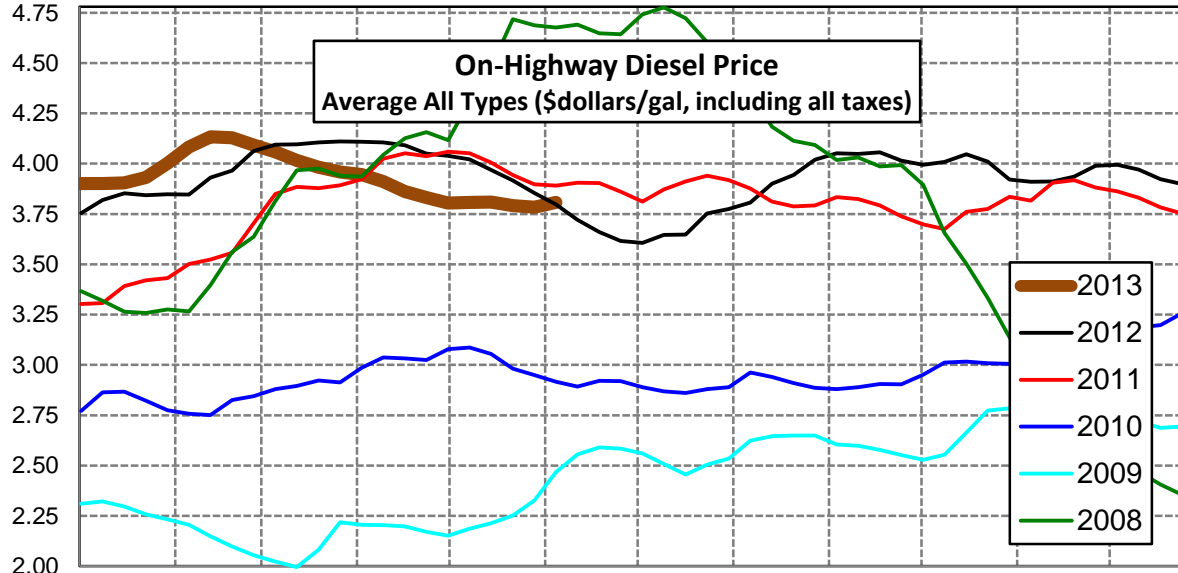
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20May13	27May13	03Jun13	10Jun13	
East Coast	\$3.871	\$3.864	\$3.855	\$3.858	\$0.003
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



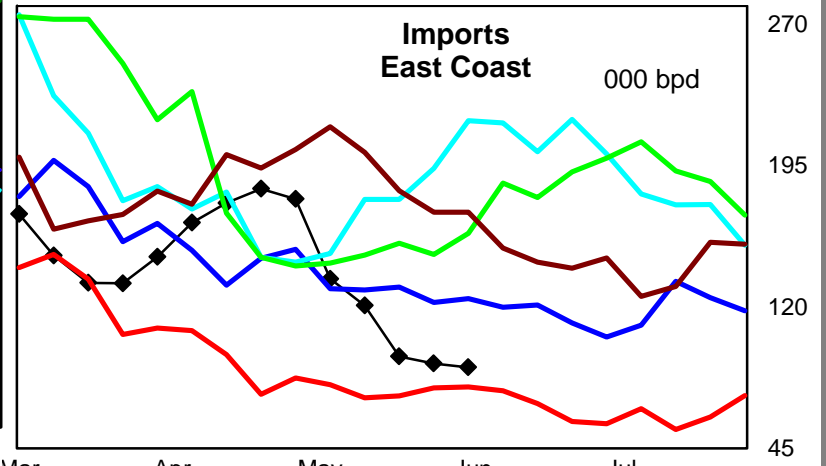
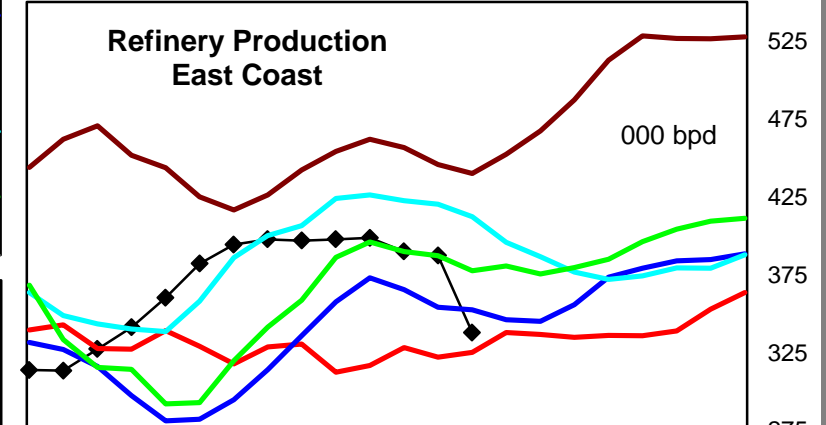
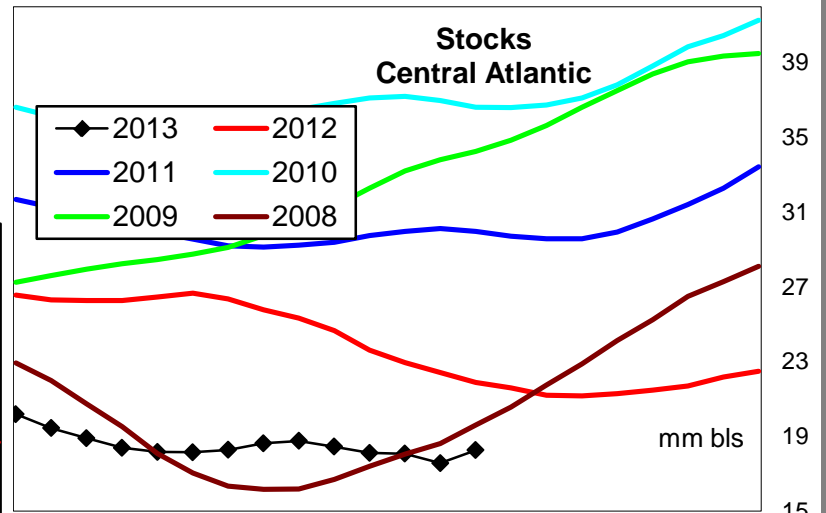
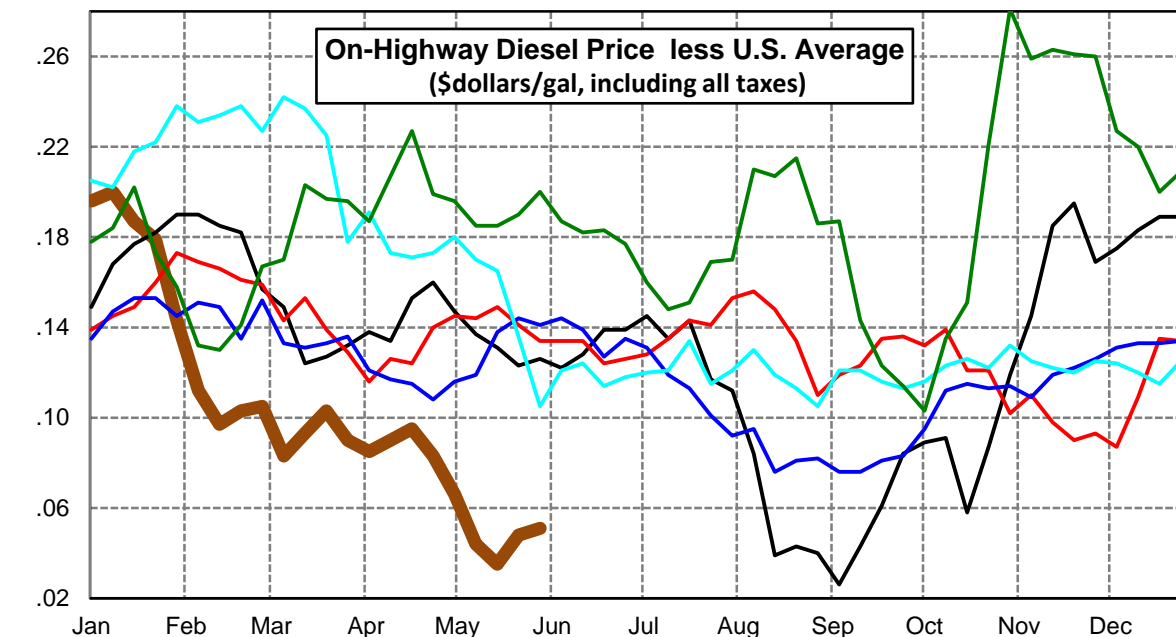
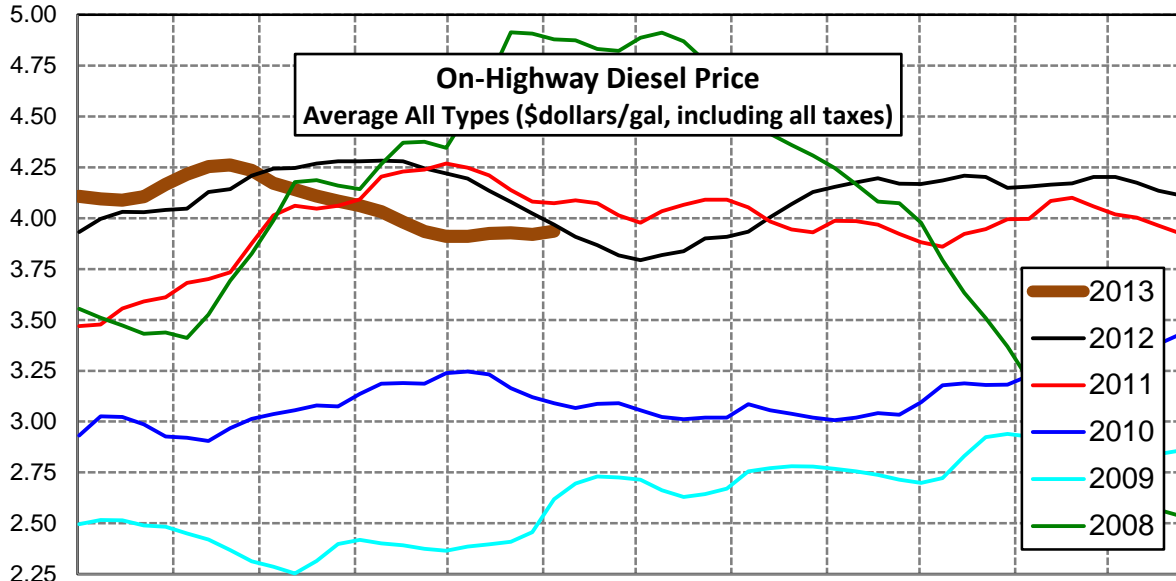
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20May13	27May13	03Jun13	10Jun13	
Lower Atlantic	\$3.809	\$3.792	\$3.783	\$3.807	\$0.024
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



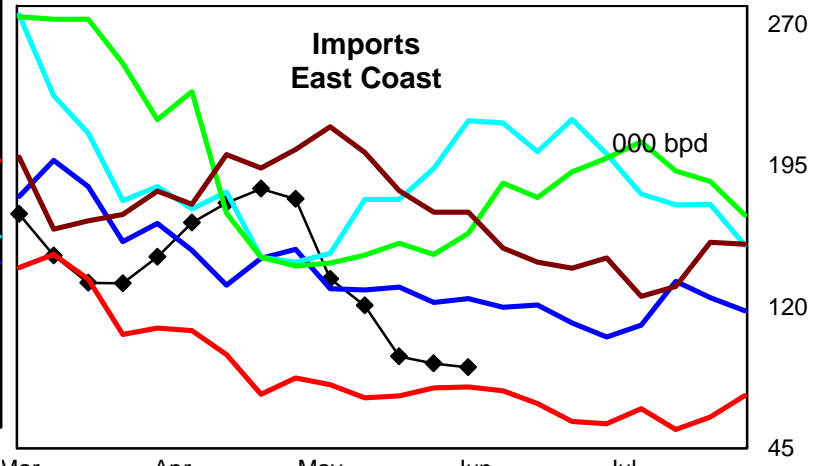
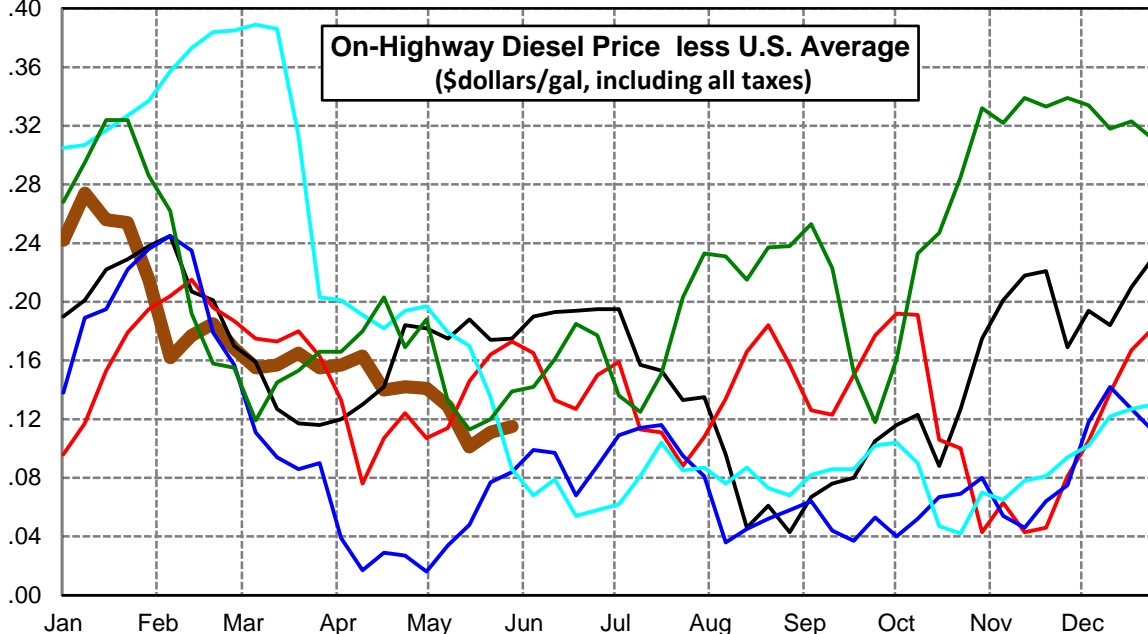
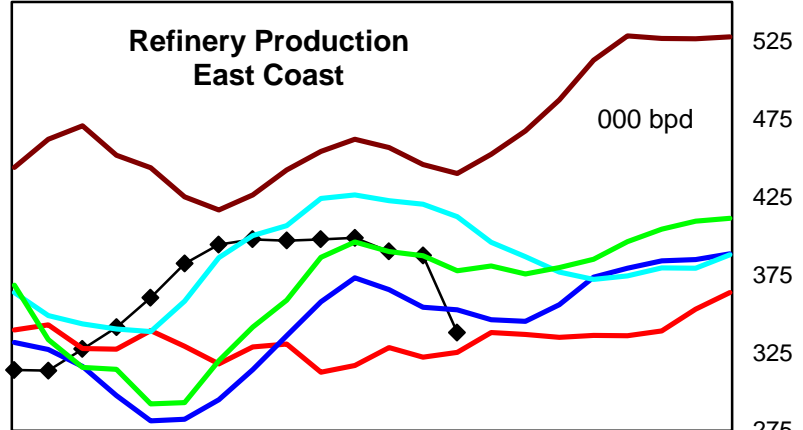
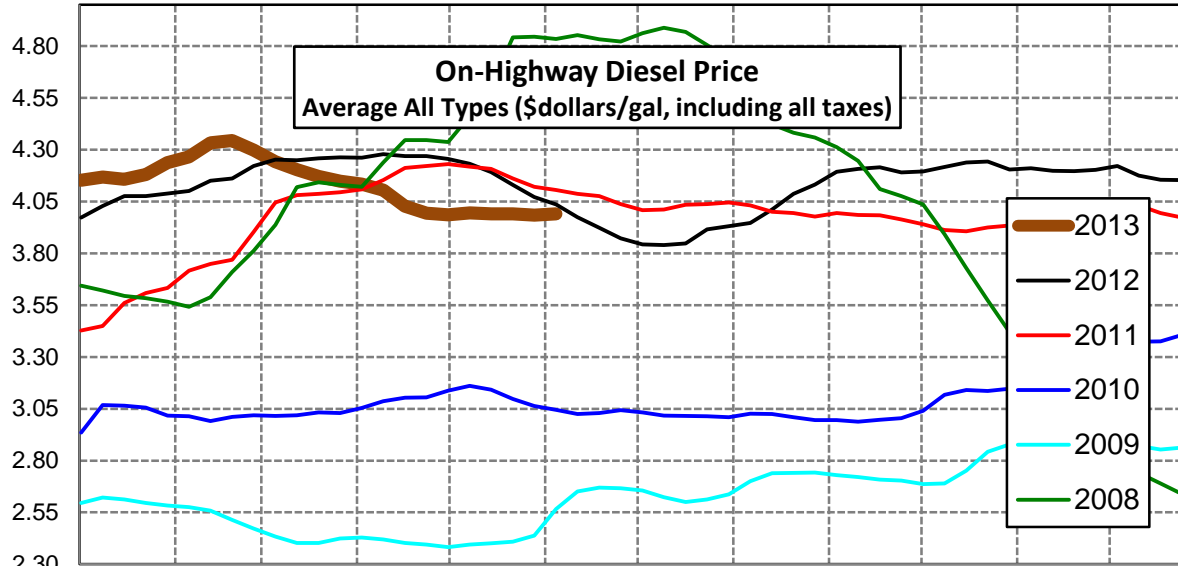
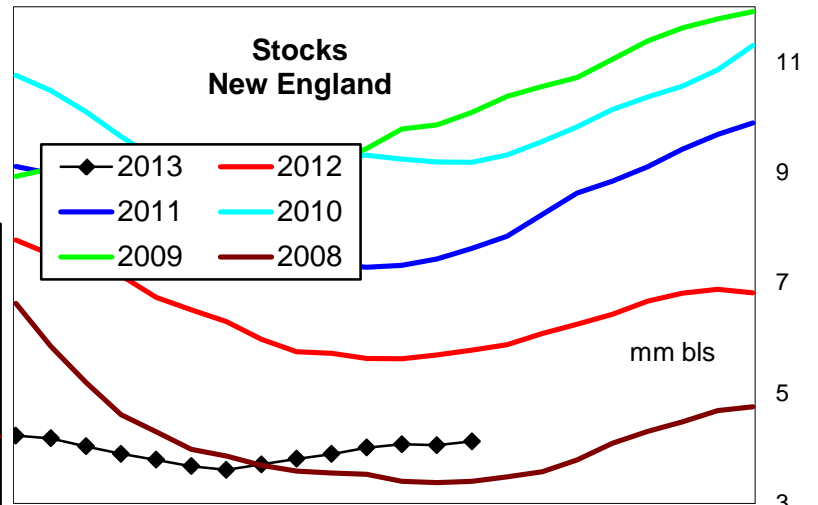
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20May13	27May13	03Jun13	10Jun13	
Central Atlantic	\$3.925	\$3.928	\$3.920	\$3.935	\$0.015
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



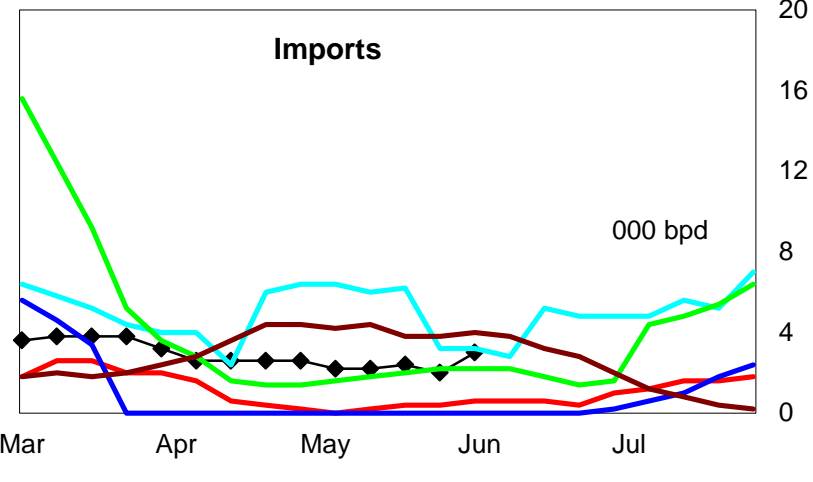
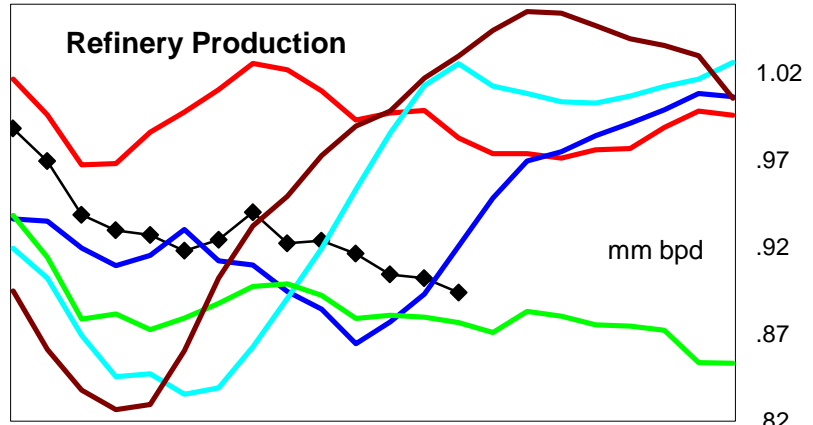
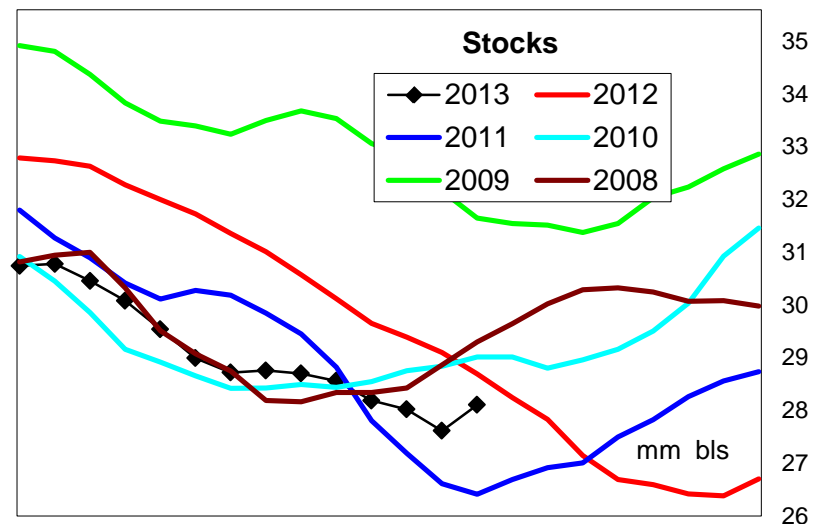
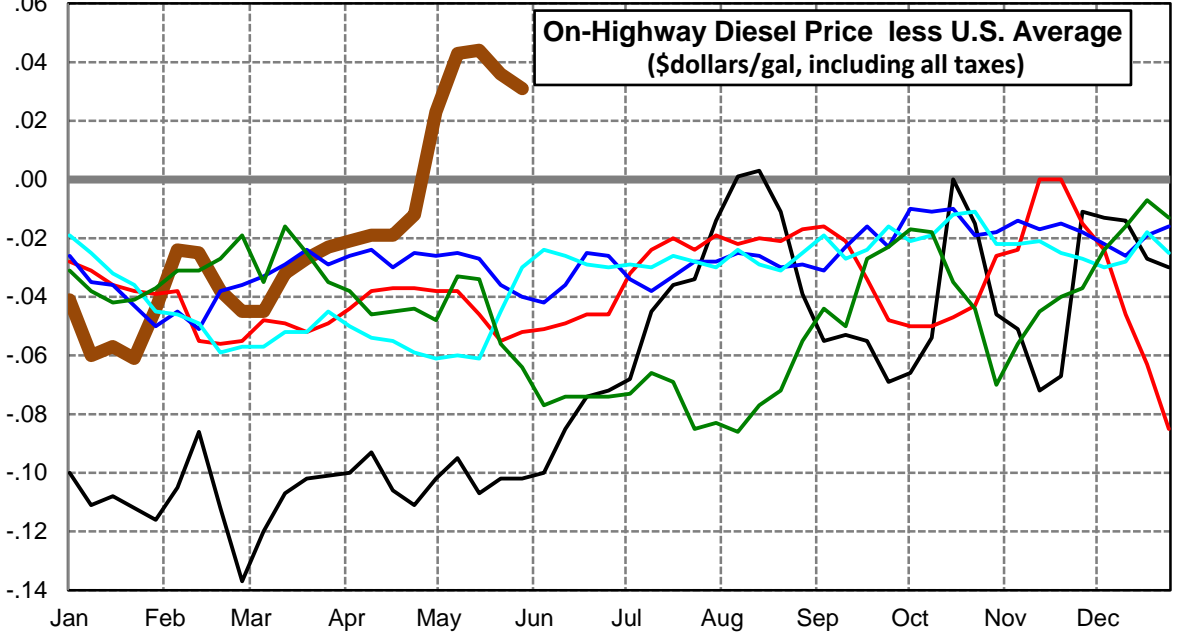
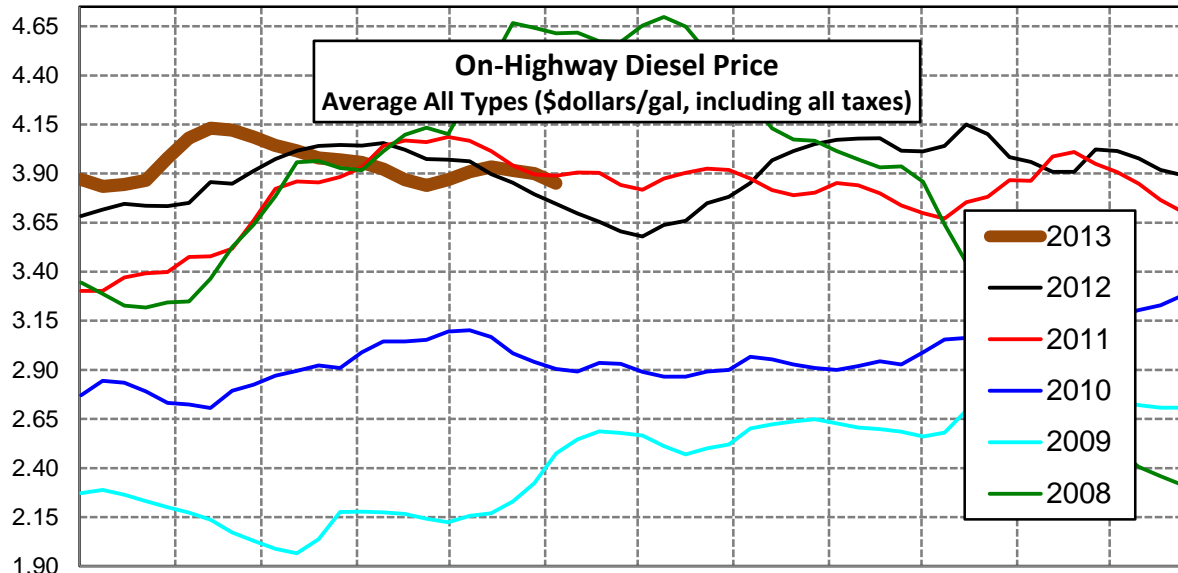
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20May13	27May13	03Jun13	10Jun13	
New England	\$3.991	\$3.991	\$3.984	\$3.991	\$0.007
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



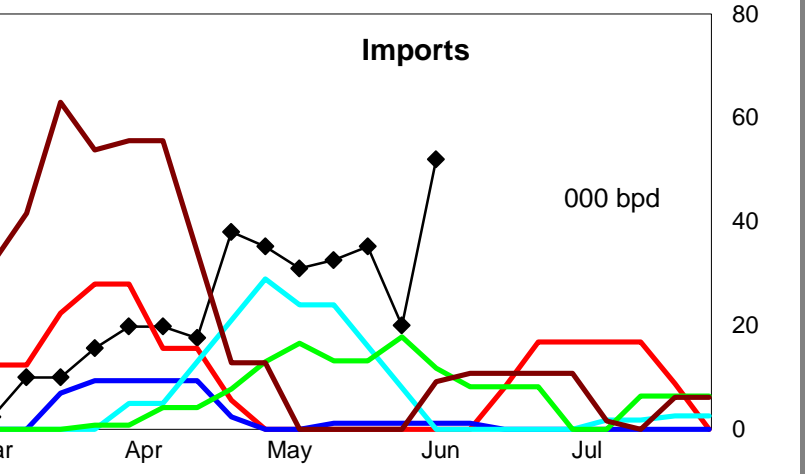
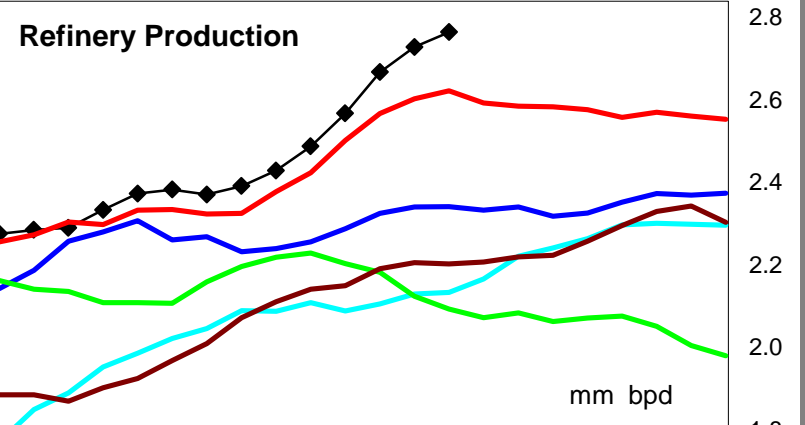
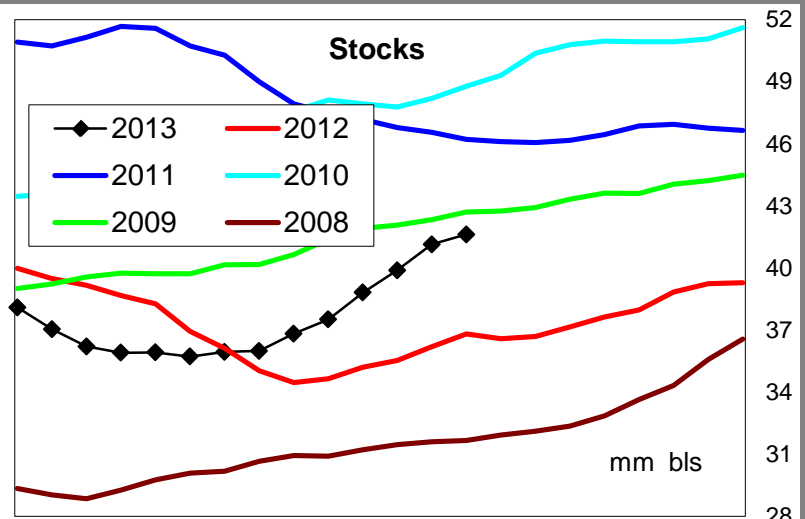
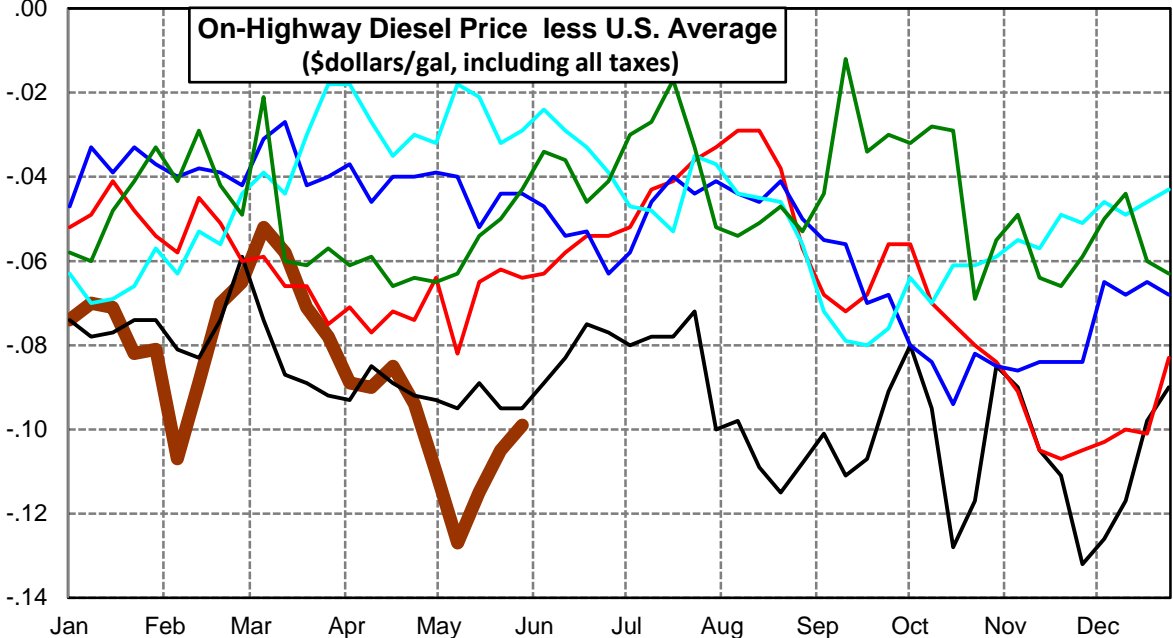
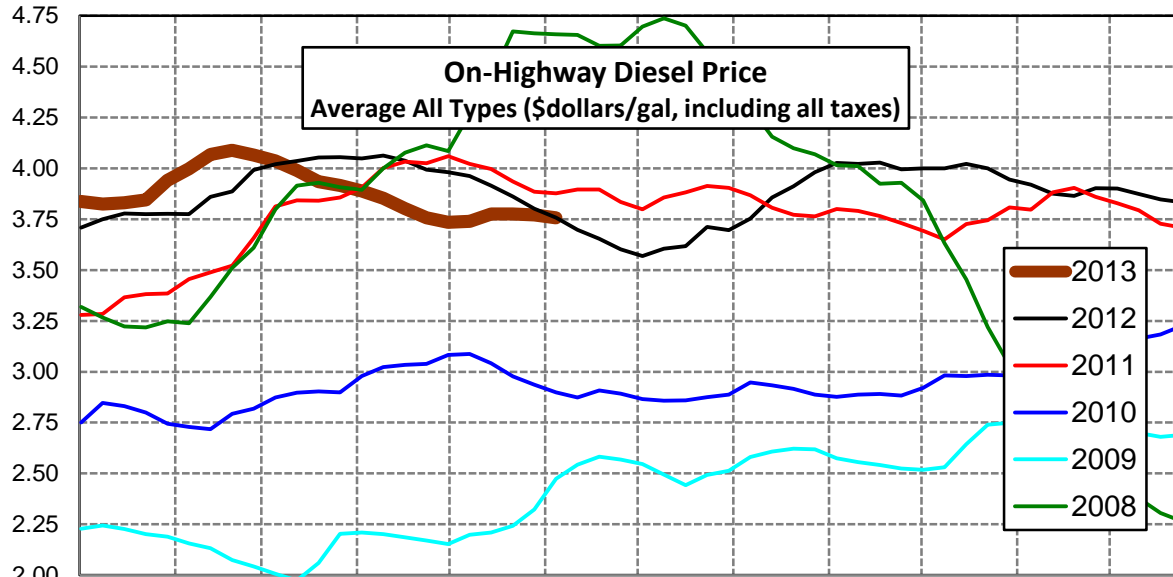
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20May13	27May13	03Jun13	10Jun13	
Midwest	\$3.934	\$3.916	\$3.900	\$3.851	-\$0.049
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



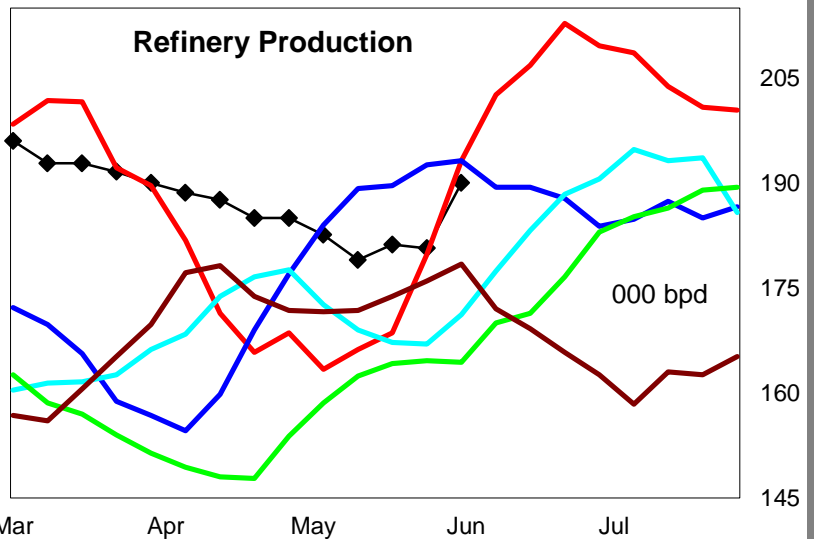
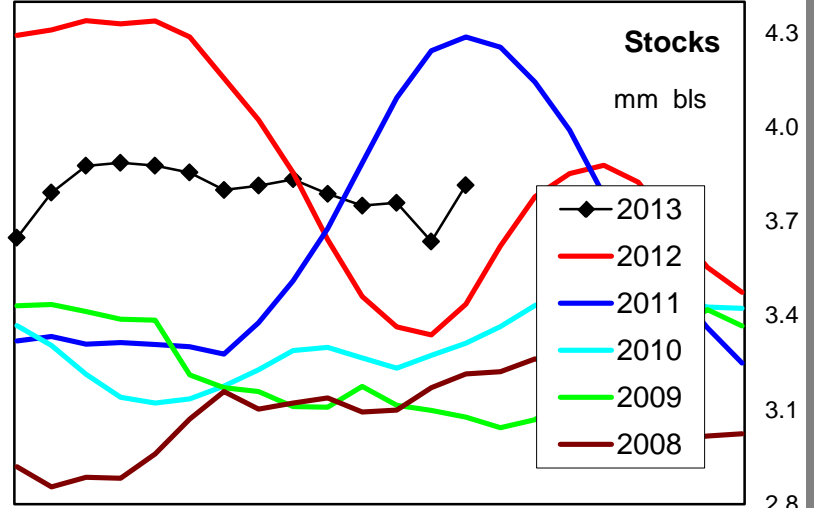
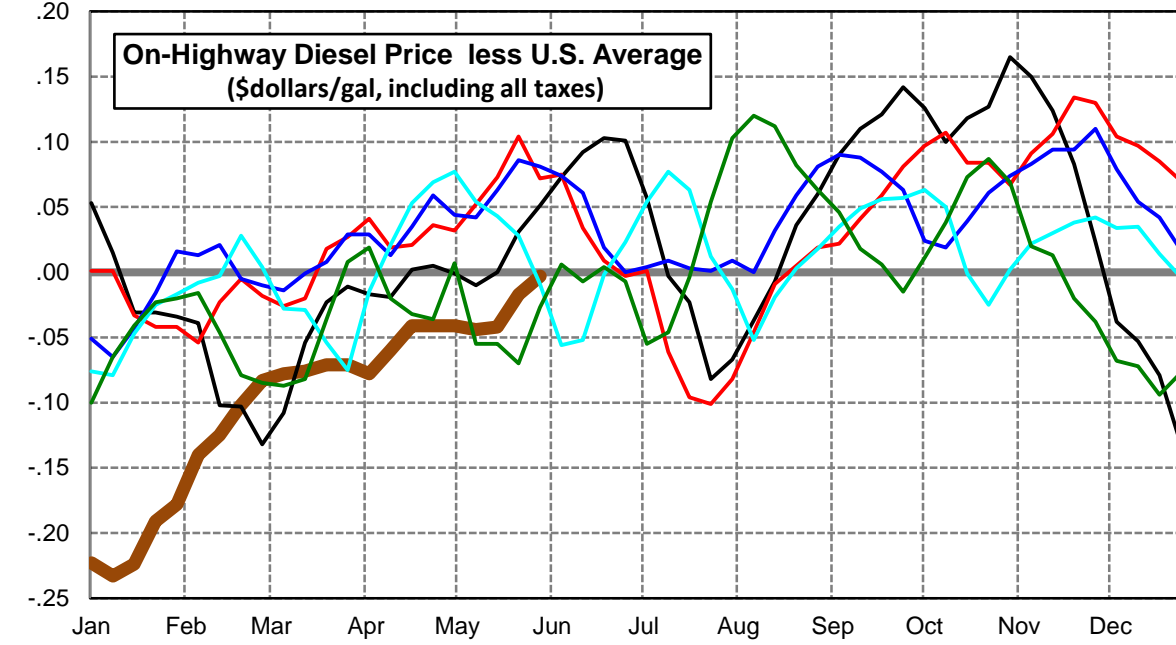
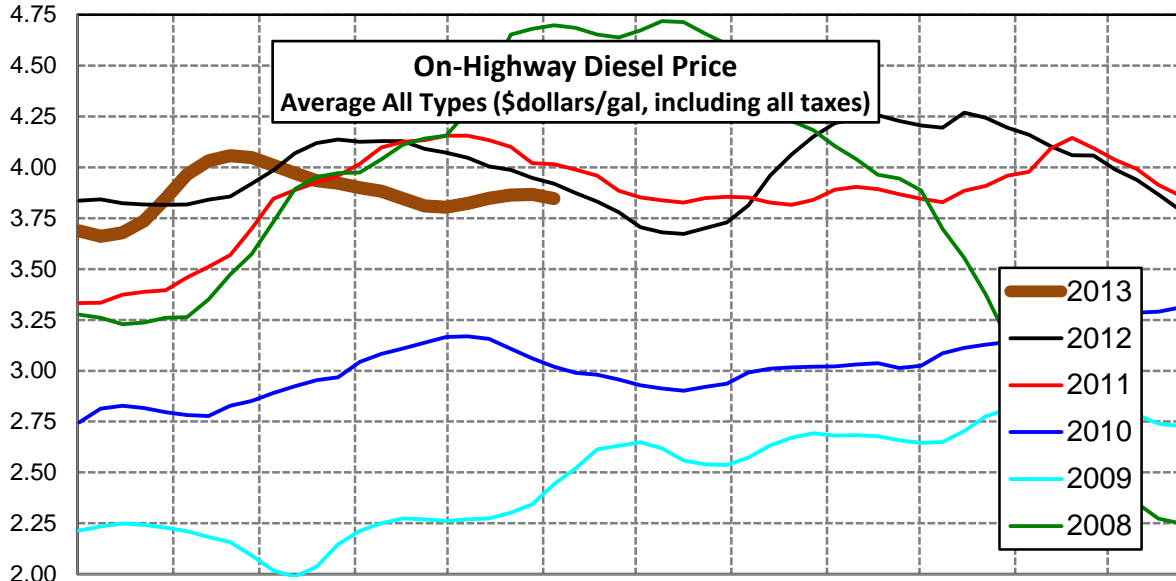
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20May13	27May13	03Jun13	10Jun13	
Gulf Coast	\$3.775	\$3.775	\$3.770	\$3.756	-\$0.014
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



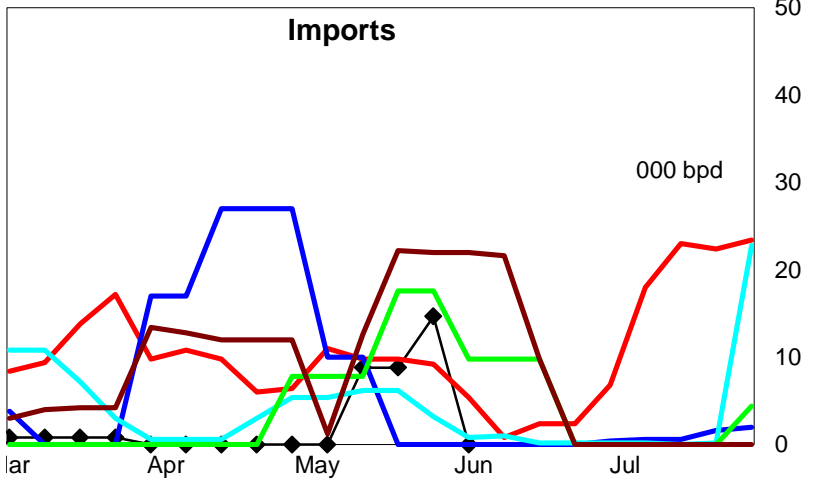
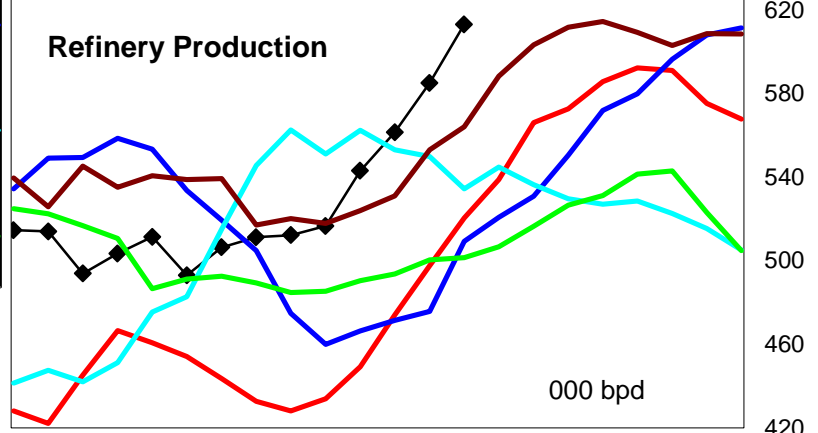
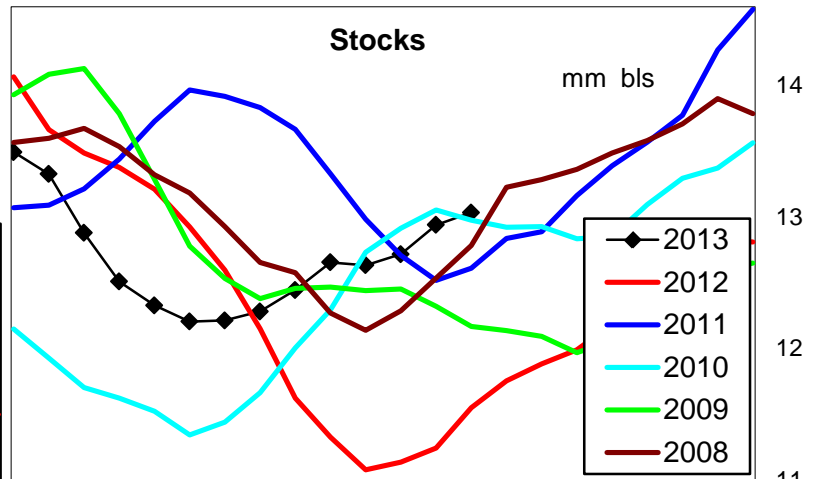
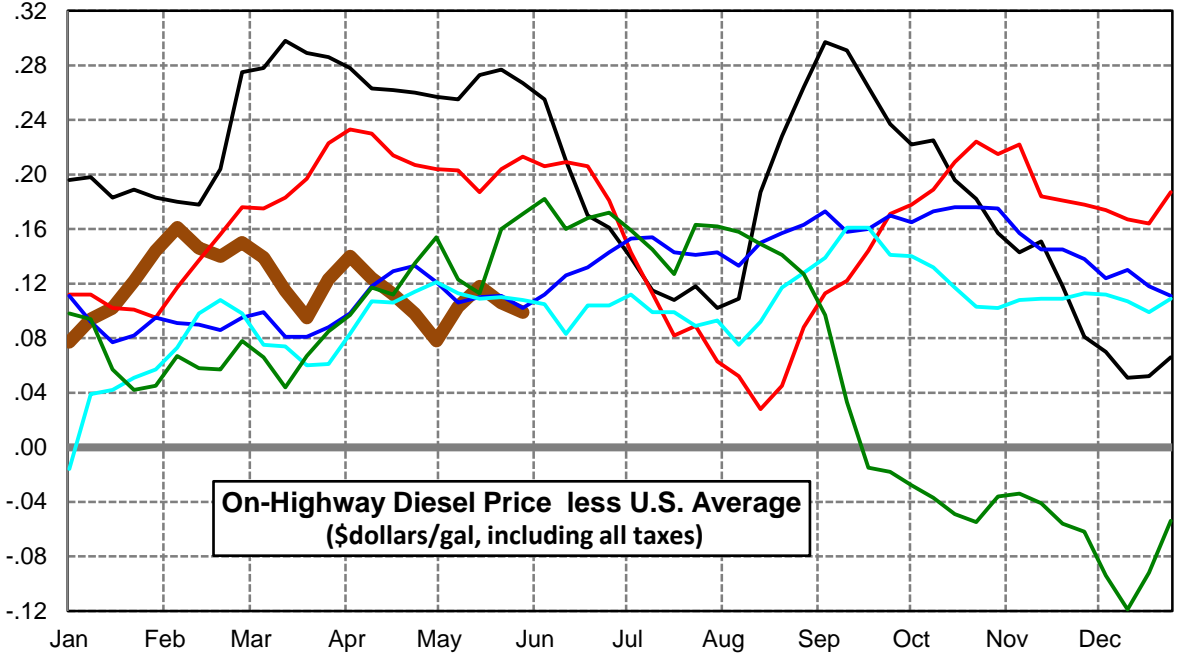
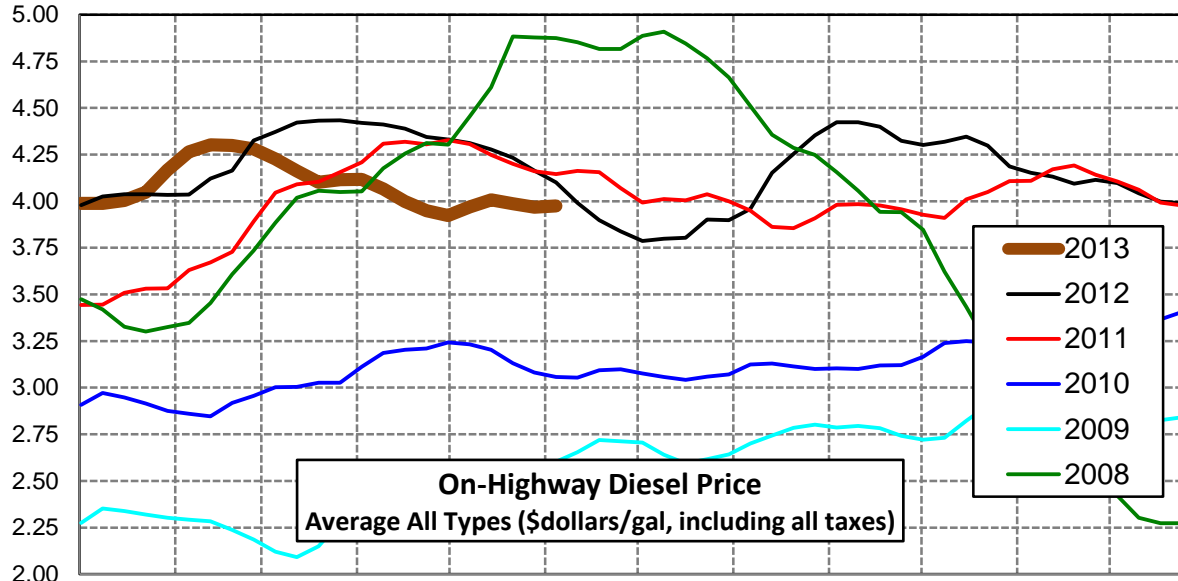
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20May13	27May13	03Jun13	10Jun13	
Rocky Mountain	\$3.848	\$3.863	\$3.866	\$3.846	-\$0.020
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



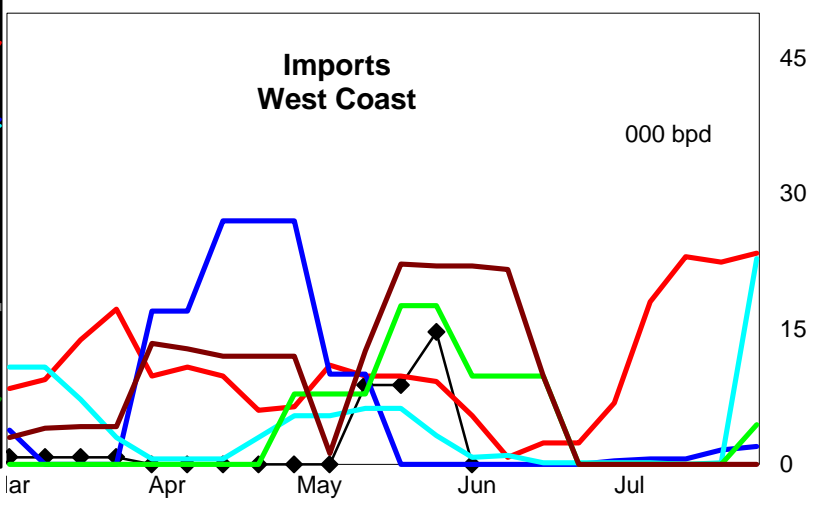
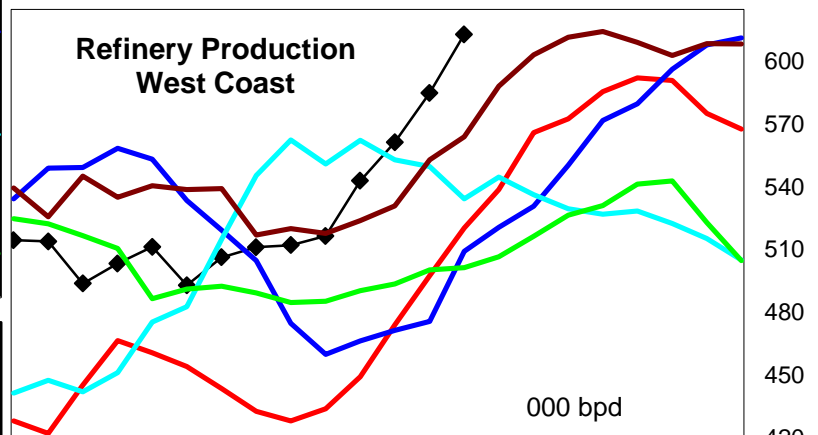
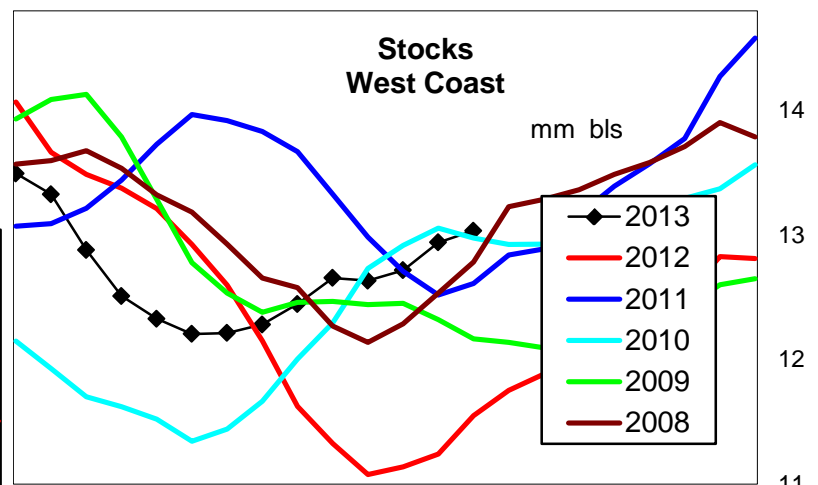
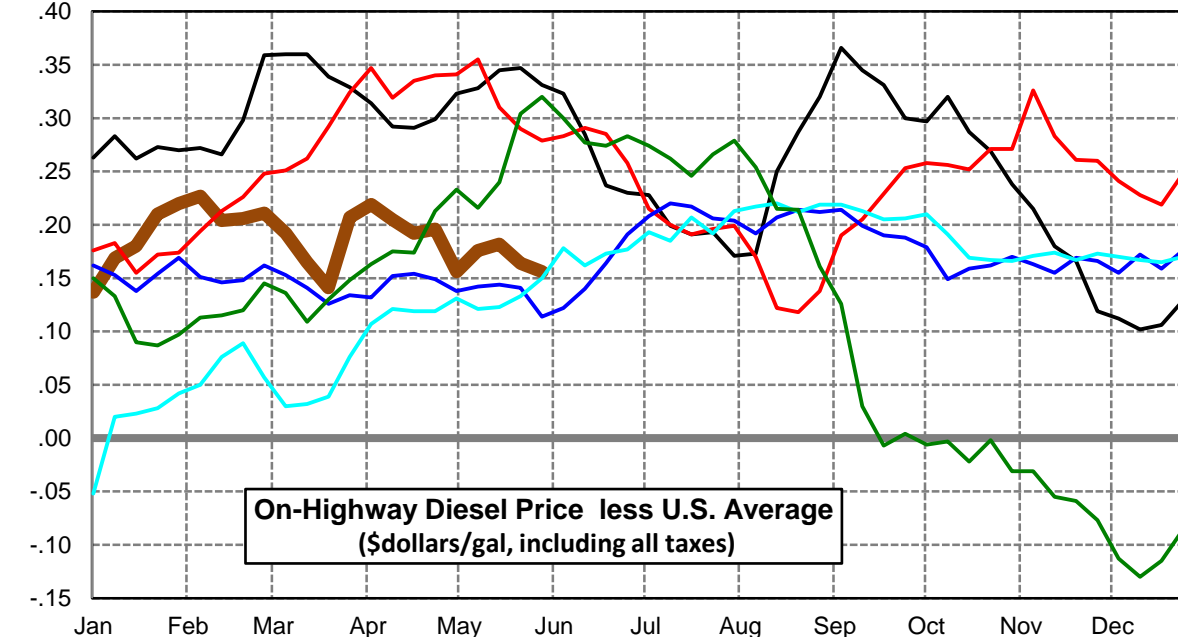
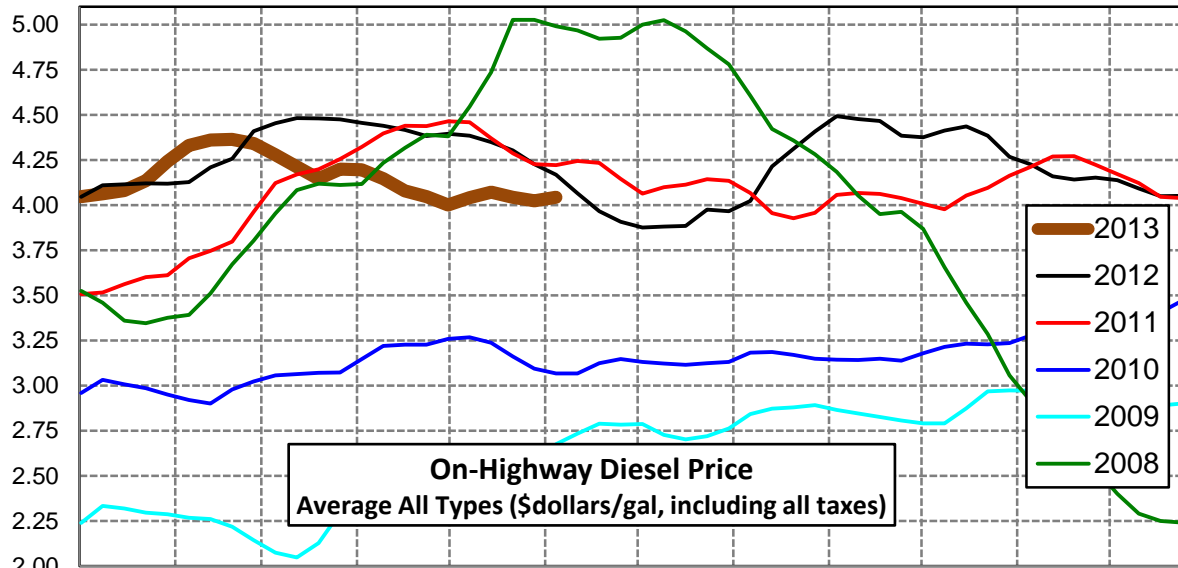
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20May13	27May13	03Jun13	10Jun13	
West Coast	\$4.008	\$3.986	\$3.968	\$3.974	\$0.006
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
	20May13	27May13	03Jun13	10Jun13	
California	\$4.072	\$4.044	\$4.025	\$4.045	\$0.020
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



Week ending	Weekly On-Highway Diesel Prices									
	Average All Types (\$dollars/gal, including all taxes)									
	United States	East Coast	New England	Central Atlantic	Lower Atlantic	Mid West	Gulf Coast	Rocky Mtn	West Coast	California
Mon-06-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	3.865	3.995	3.910	3.807	3.909	3.739	3.822	3.969	4.042
Mon-20-May-13	3.890	3.871	3.991	3.925	3.809	3.934	3.775	3.848	4.008	4.072
Mon-27-May-13	3.880	3.864	3.991	3.928	3.792	3.916	3.775	3.863	3.986	4.044
Mon-03-Jun-13	3.869	3.855	3.984	3.920	3.783	3.900	3.770	3.866	3.968	4.025
Mon-10-Jun-13	3.858	3.858	3.991	3.935	3.807	3.851	3.756	3.846	3.974	4.045
Mon-17-Jun-13										
Mon-24-Jun-13										
Mon-01-Jul-13										
Mon-08-Jul-13										
Mon-15-Jul-13										
Mon-22-Jul-13										
Mon-29-Jul-13										
Mon-05-Aug-13										
Mon-12-Aug-13										
Mon-19-Aug-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.