



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

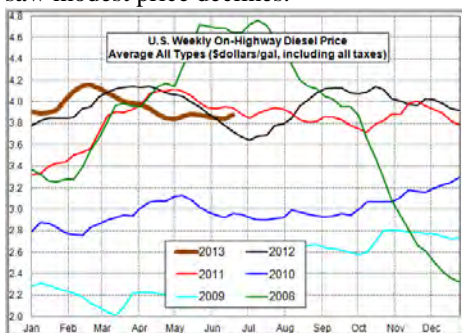
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, June 19, 2013

Weekly Retail On-Highway Diesel Prices

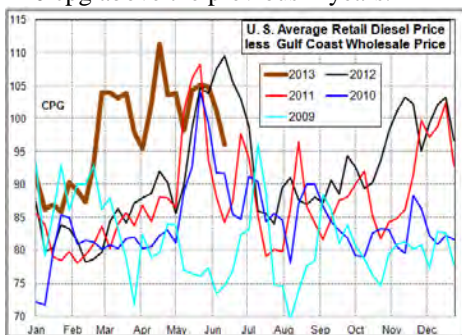
Region	Actual Price 1/		Forecast 2/		Change from week ago
	03Jun13	10Jun13	17Jun13	24Jun13	
U.S.	3.869	3.849	3.841	3.880	0.039
East Coast	3.855	3.839	3.835	3.851	0.016
New England	3.984	3.978	3.980	4.011	0.031
Central Atlantic	3.920	3.907	3.910	3.928	0.018
Lower Atlantic	3.783	3.762	3.752	3.799	0.047
Midwest	3.900	3.877	3.859	3.886	0.027
Gulf Coast	3.770	3.748	3.741	3.769	0.028
Rocky Mountain	3.866	3.865	3.848	3.880	0.032
West Coast	3.968	3.945	3.954	3.999	0.045
California	4.025	4.008	4.022	4.071	0.049

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

Diesel Fuel Price Trends U. S. retail diesel prices decreased -1 cpg for the week, ending 17Jun13. Prices were higher on the West Coast, New England and central Atlantic regions while other areas saw modest price declines.



The U.S. average retail diesel price compared to Gulf Coast wholesale market decreased -5 cpg on the week. The spread ended the week well below last year, but +10 cpg above the previous 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 \$4.02/gal and \$3.98/gal; respectively. The lowest prices were in the Gulf at \$3.74/gal, lower

at \$3.75/gal and the Rockies at \$3.85/gal. Prices in Gulf and southeast are the lowest in the country due to high Gulf production and lower 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 above the 5-year range, although the spread has been trending lower as refiners return from extended maintenance.

Gulf Coast wholesale distillate prices increased +7 cpg last week, ending at a level above the average of the last 2-months.



The spread between Gulf wholesale and U.S. average retail prices decreased -5 cpg to 96 cpg last week. Look for the retail to wholesale price spread to decline over the next 45-days on improving wholesale supplies.

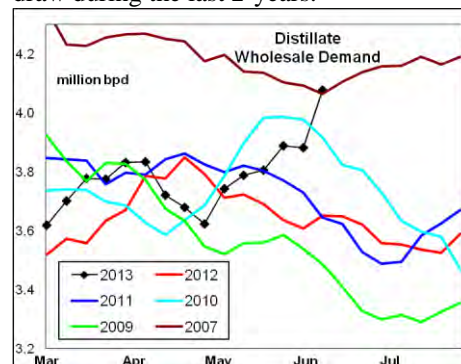
Supply - Demand Fundamental Trends

Distillate wholesale demand spiked +327,000 bpd last week, to a level that matched 5-year highs. Demand for the latest 4-wk period was +333,000 bpd above a year ago.

Supply fell -212,000 bpd on lower production and imports last week. Supply for the latest 4-wk period was +149,000

bpd above last year on record distillate yield. Imports have also averaged nearly +19,000 bpd above a year ago.

Stocks saw a -1.2 million barrel draw last week; driven by the surge in demand and drop in supplies. The latest 4-wk stock change in markets East of the Rockies was a +2.3 million barrel build, compared to a -2 million barrel average draw during the last 2-years.



Global Trends Driving Diesel Prices

The U.S. commitment to provide increased support to Syrian rebels has increased tension in the Middle East. Peak summer thru put by refiners and maintenance in the North sea crude oil fields has tightened crude oil supplies.

U.S. distillate demand has reached the highest year-on-year growth of 2013, slowing the rate of stock builds.

Risk continues for price weakness during the balance of the 2nd quarter on slower economic growth in China and developing countries, and the recession in Europe and .

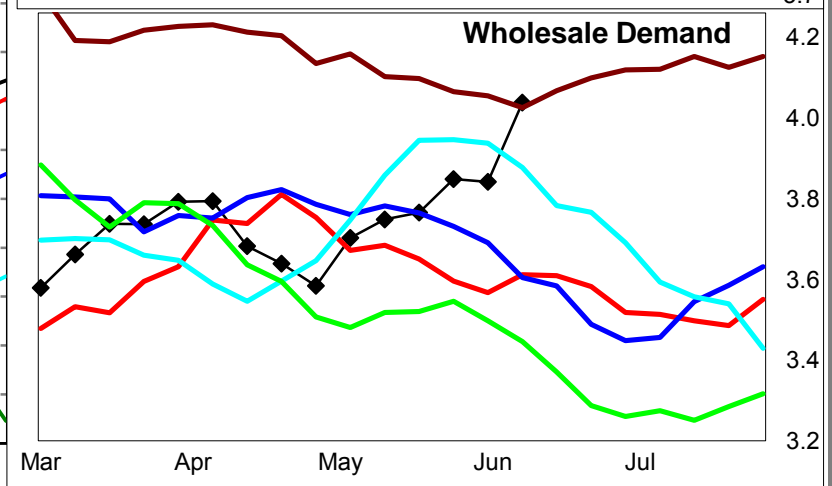
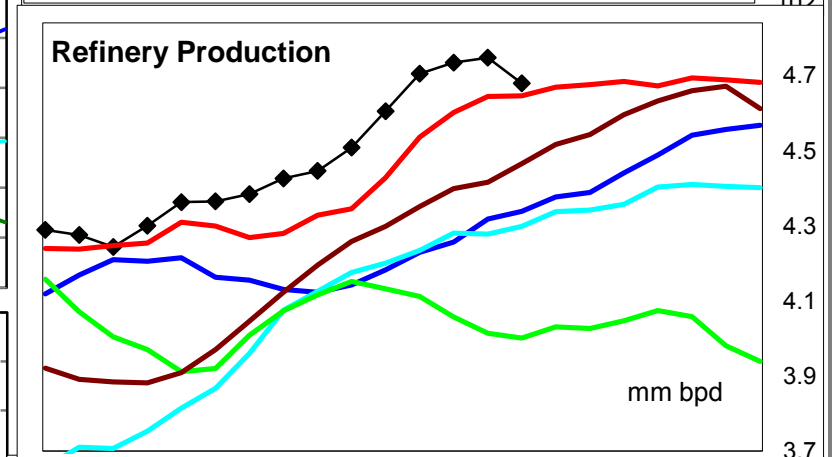
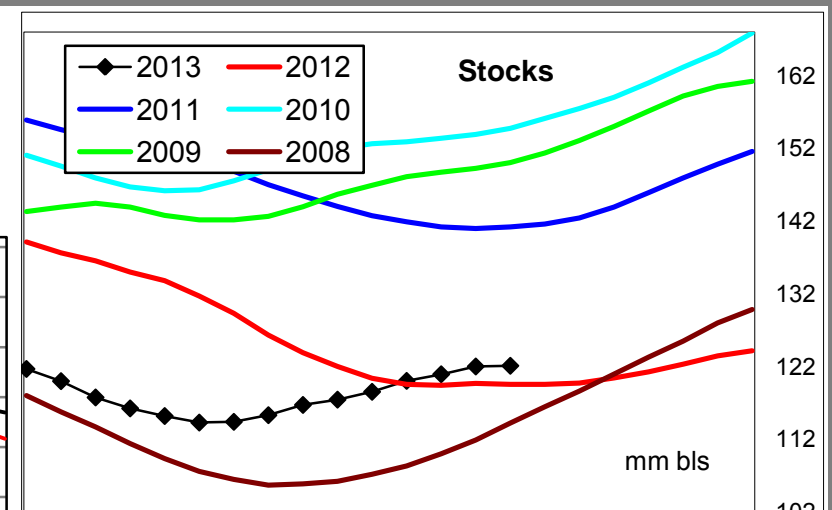
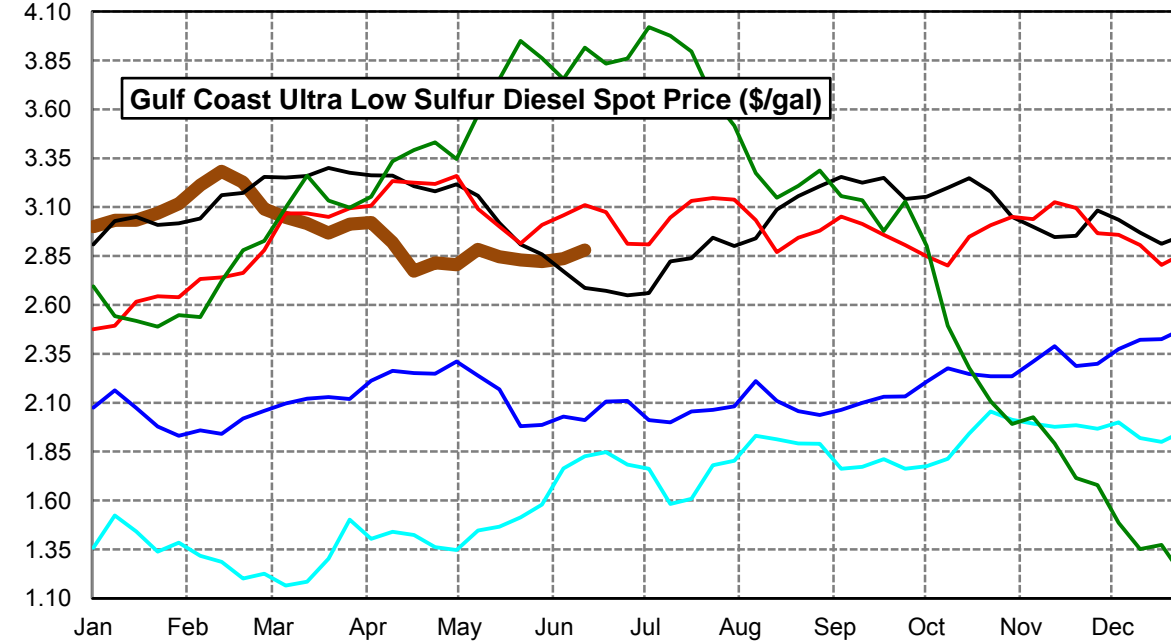
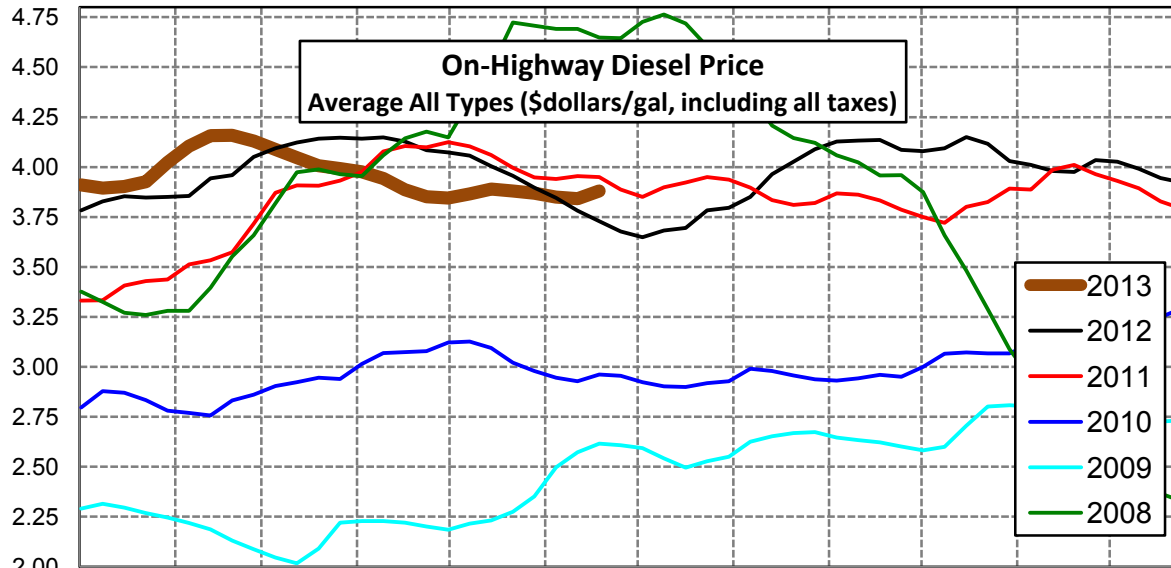
Diesel Price Outlook Look for retail prices to trend higher this week on an earlier increase in wholesale prices. Refiners are returning to operation in the Midwest which should lead to normal differentials compared to the U.S. average over the next 45-days. Very high production in the Gulf should also keep retail prices under pressure in that region and the southeast.

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



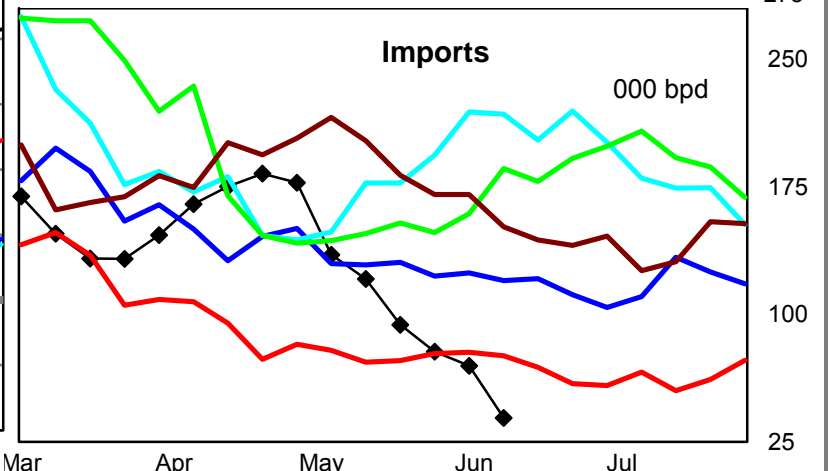
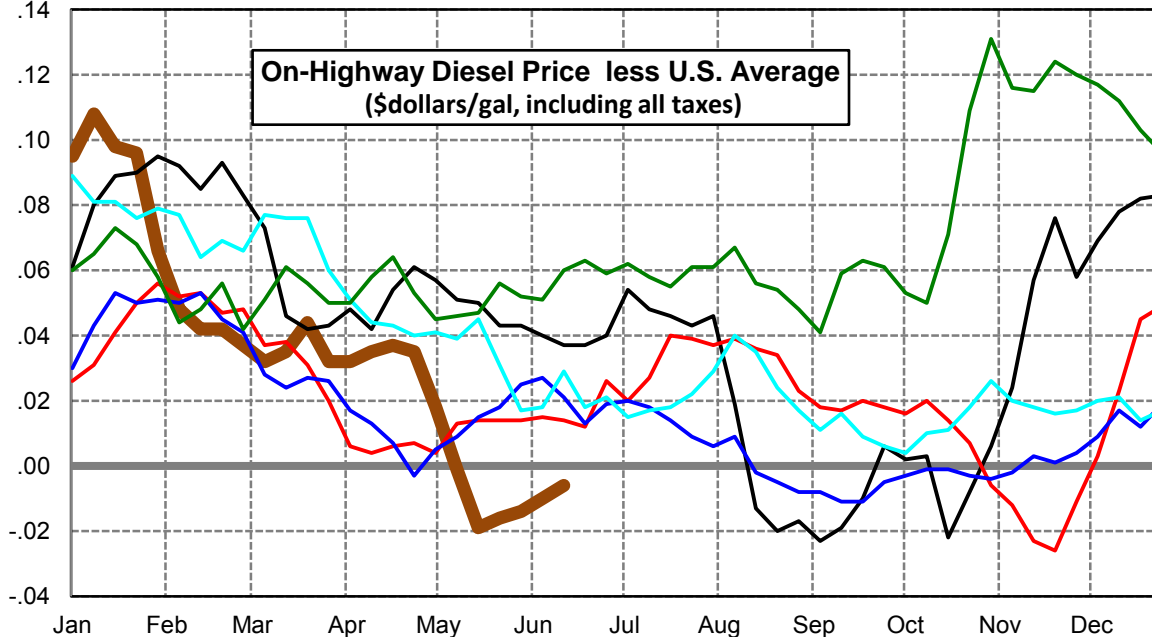
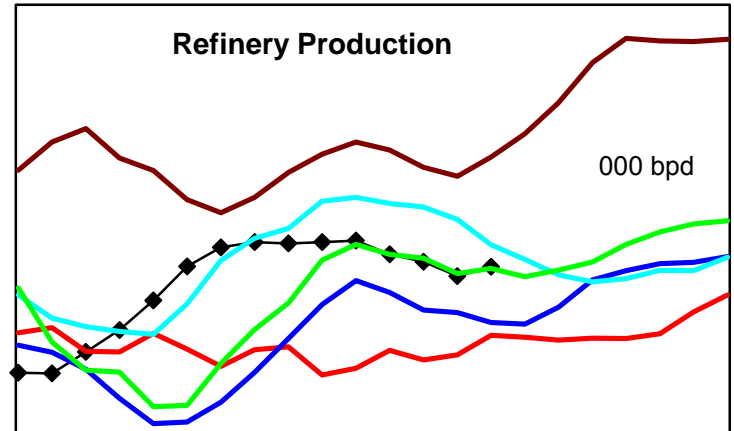
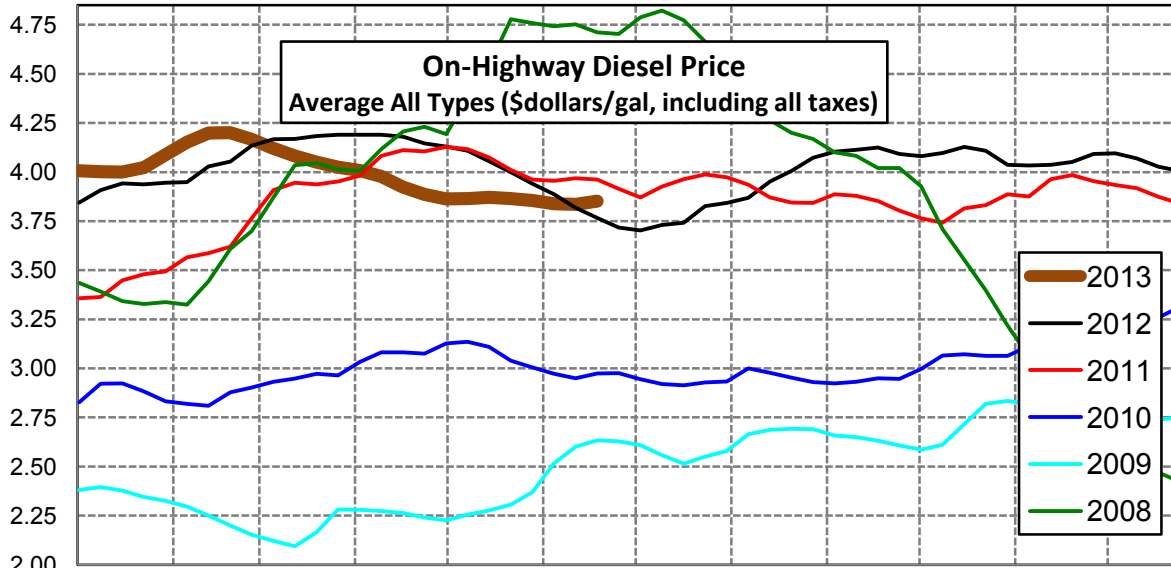
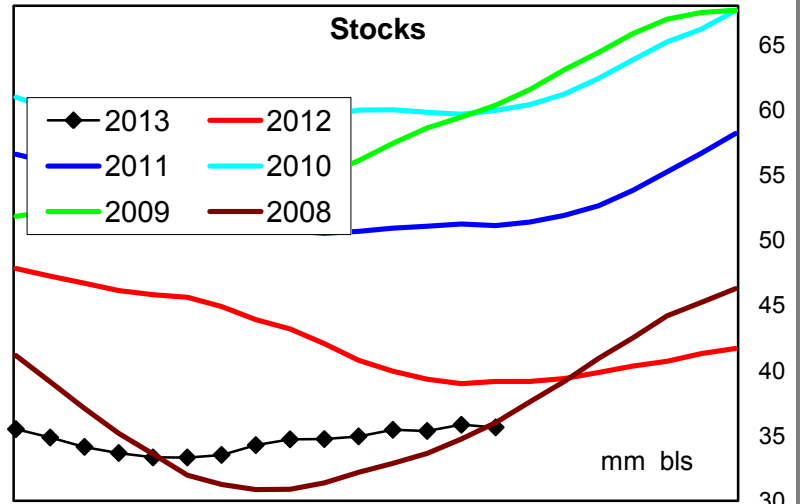
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	03Jun13	10Jun13	17Jun13	24Jun13	
United States Avg	\$3.869	\$3.849	\$3.841	\$3.880	\$0.039
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



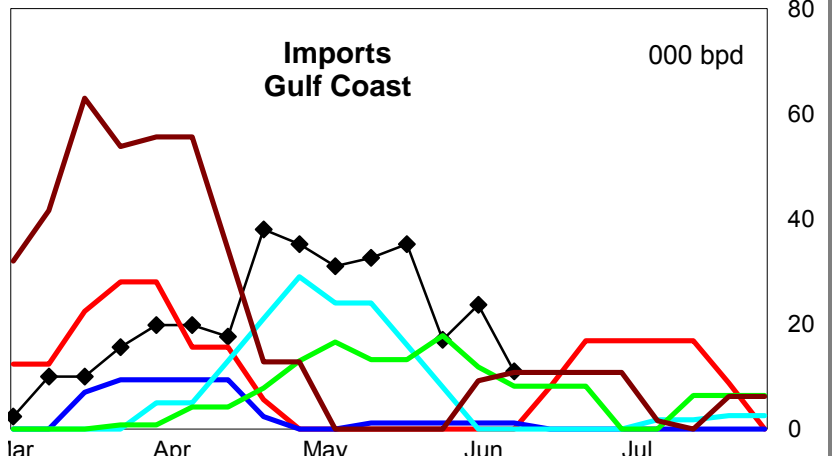
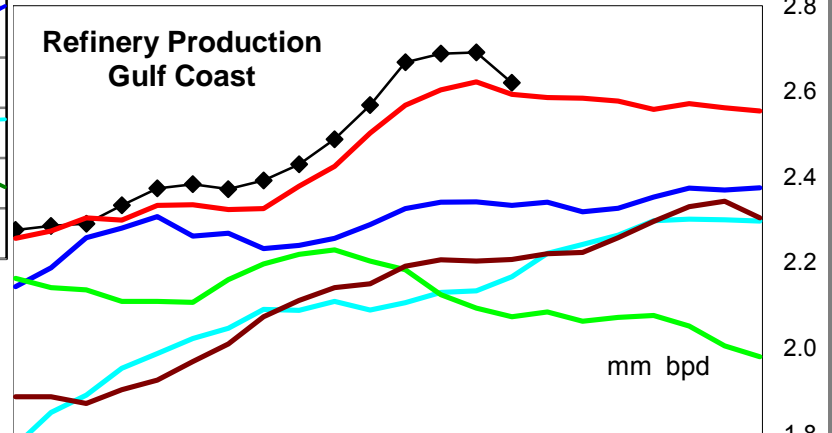
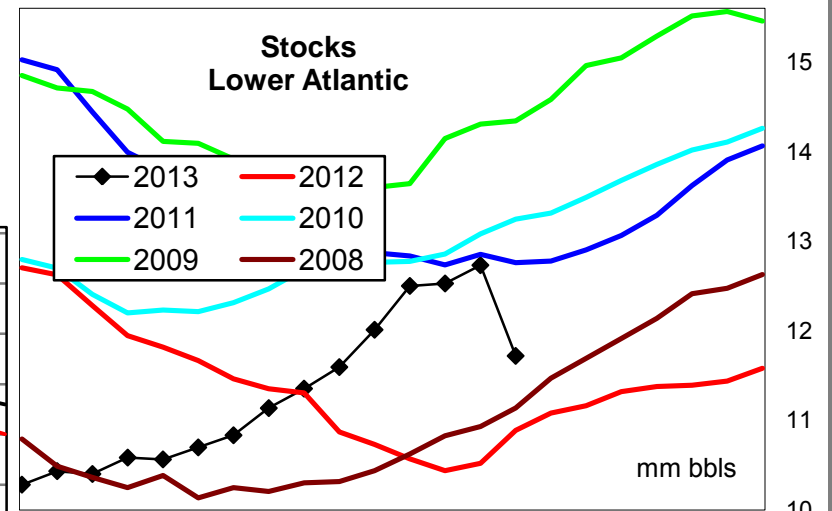
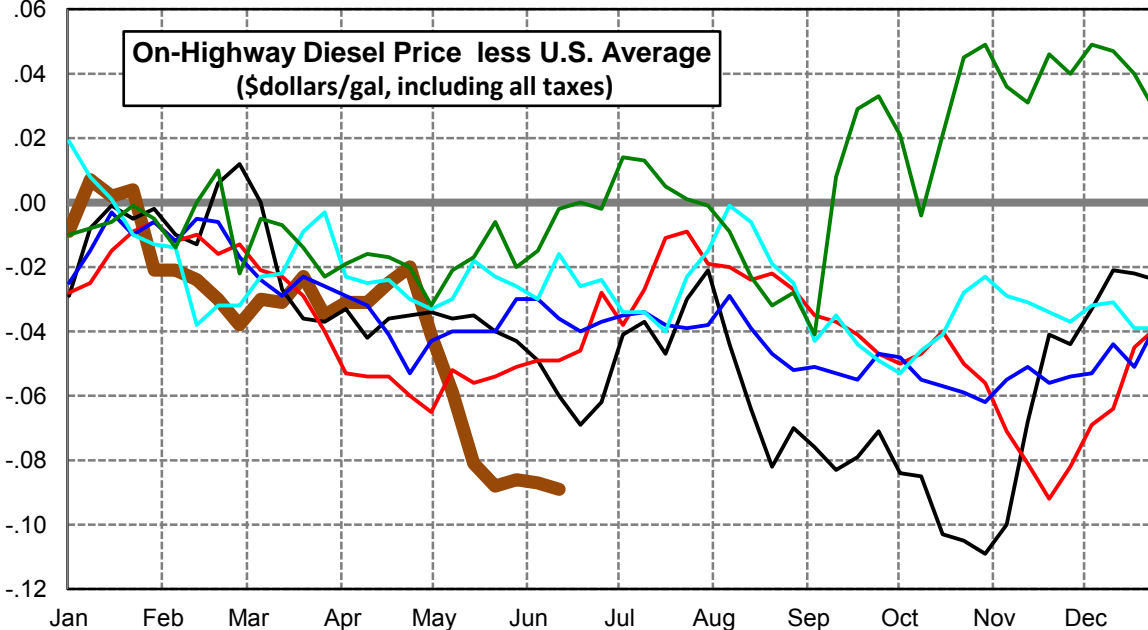
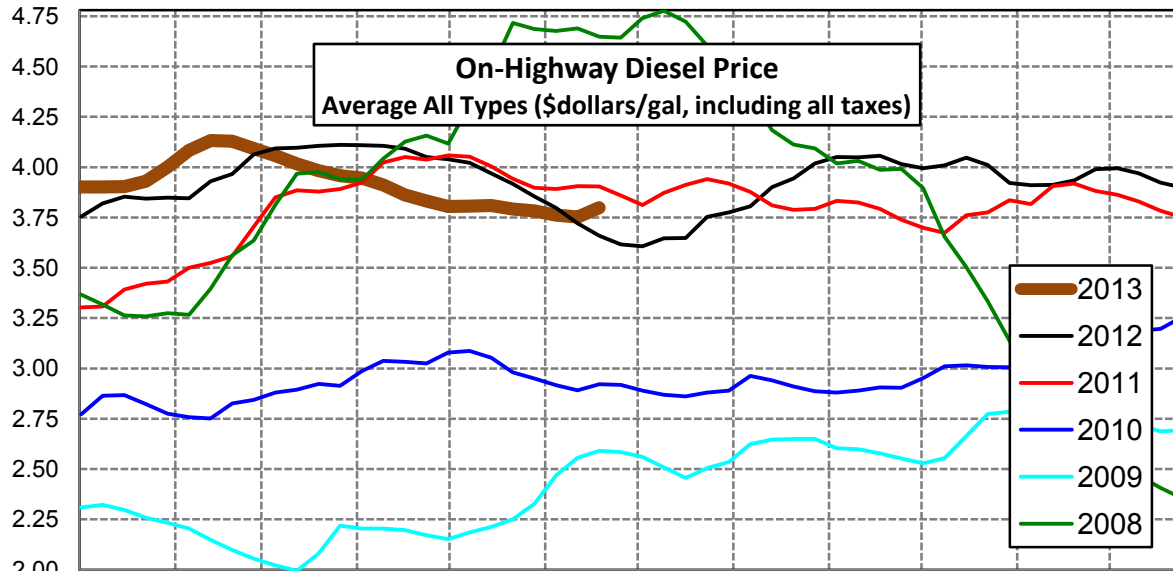
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	03Jun13	10Jun13	17Jun13	24Jun13	
East Coast	\$3.855	\$3.839	\$3.835	\$3.851	\$0.016
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



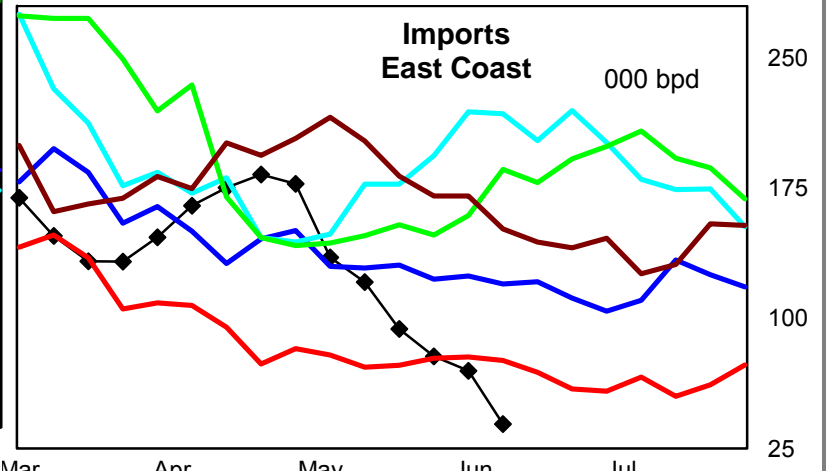
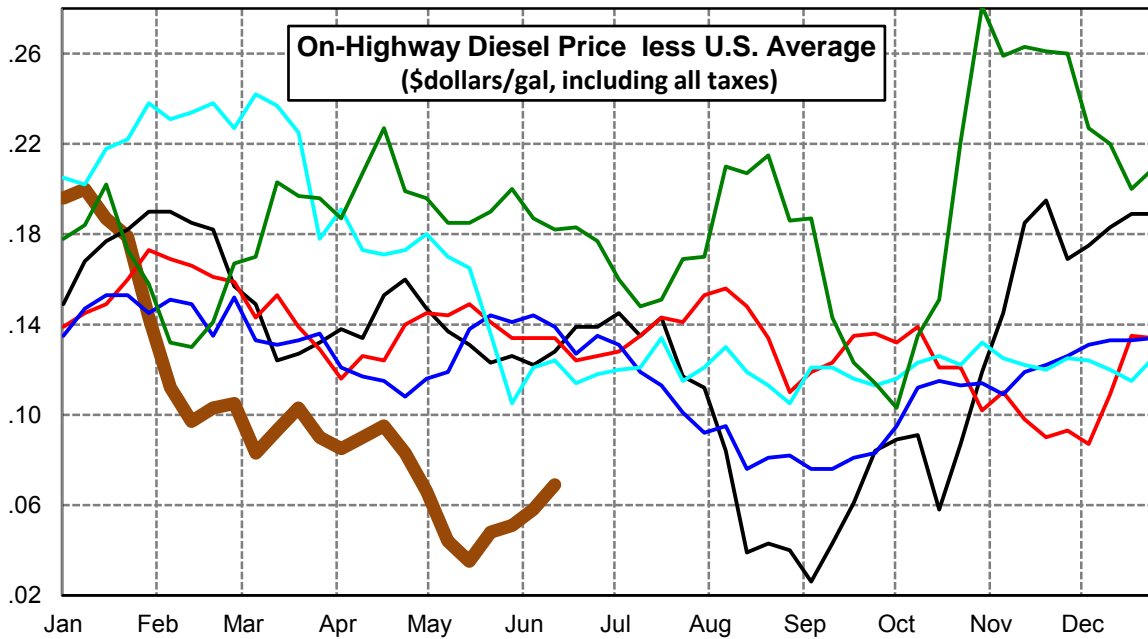
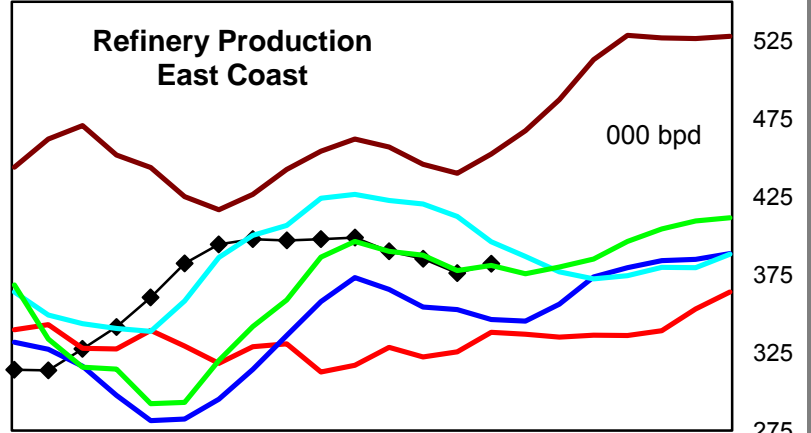
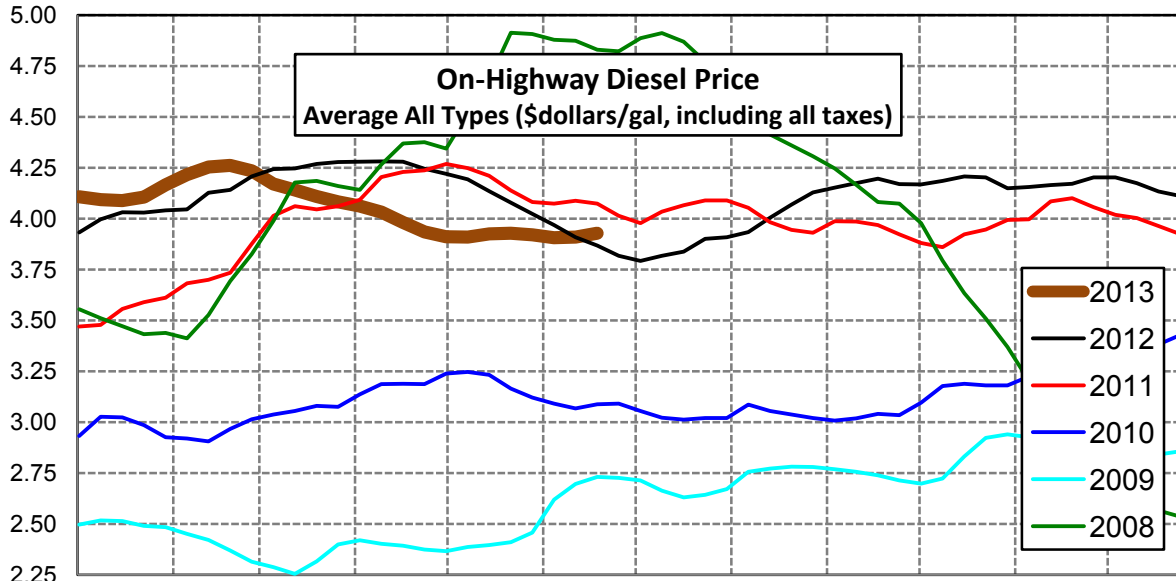
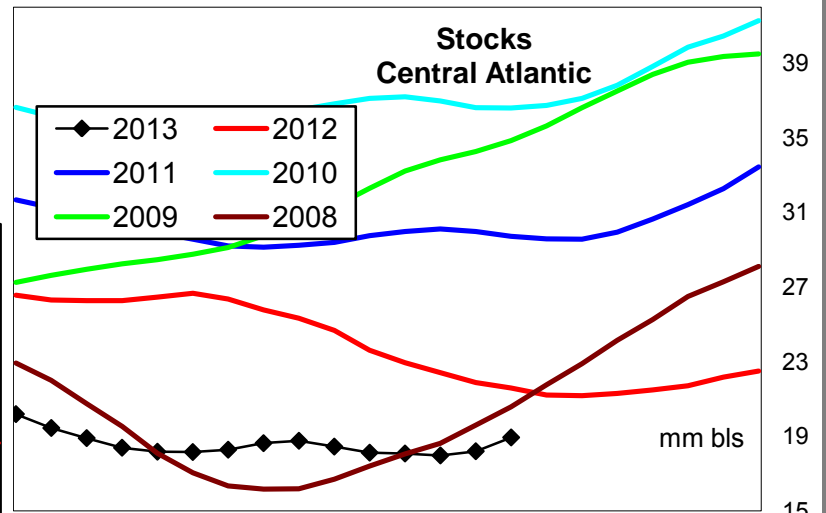
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	03Jun13	10Jun13	17Jun13	24Jun13	
Lower Atlantic	\$3.783	\$3.762	\$3.752	\$3.799	\$0.047
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



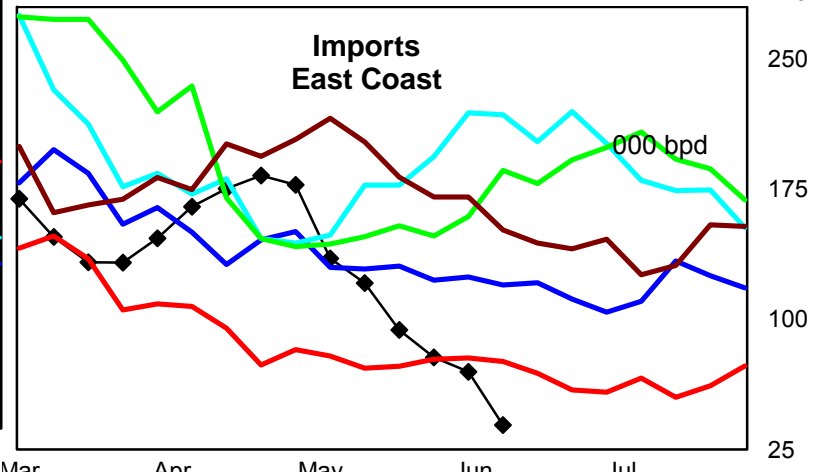
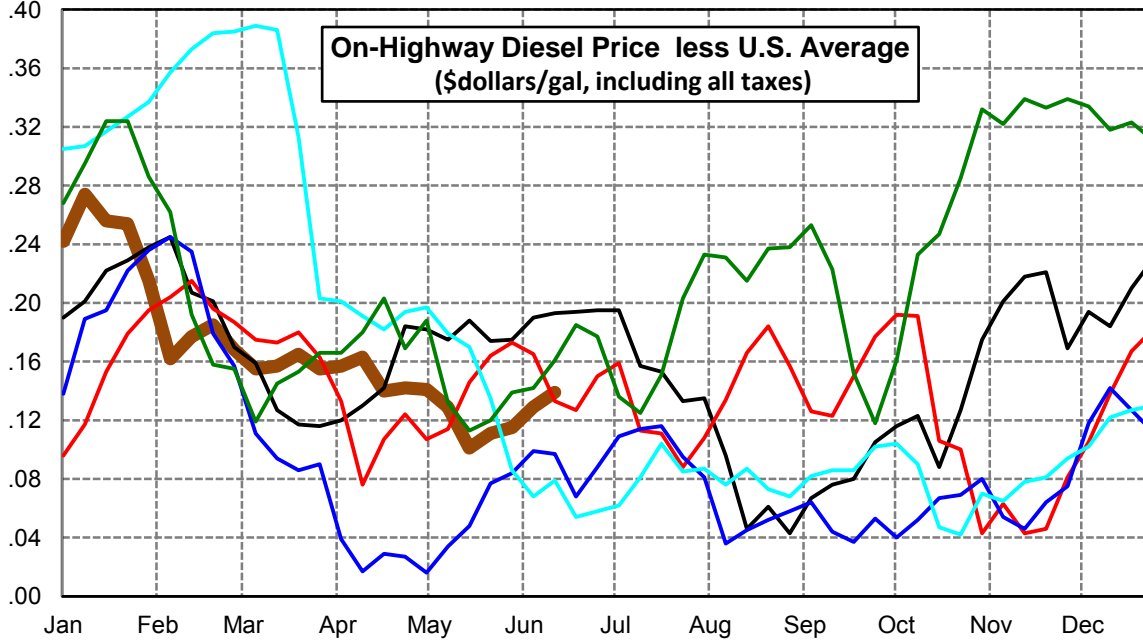
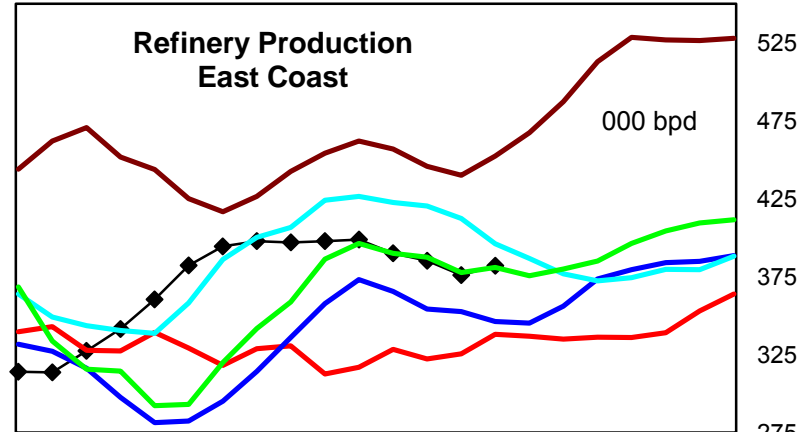
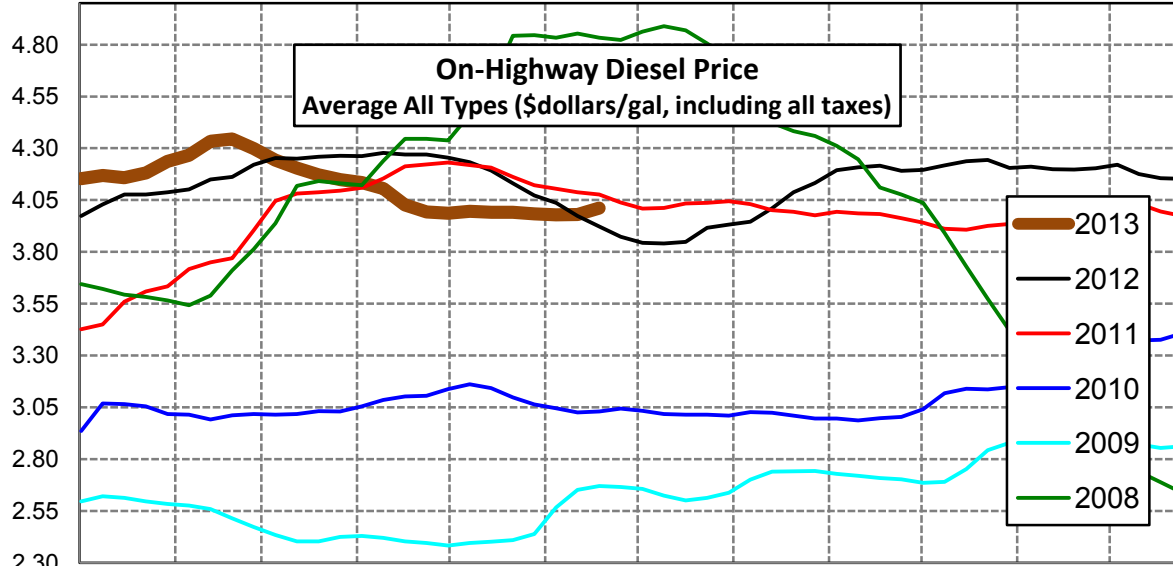
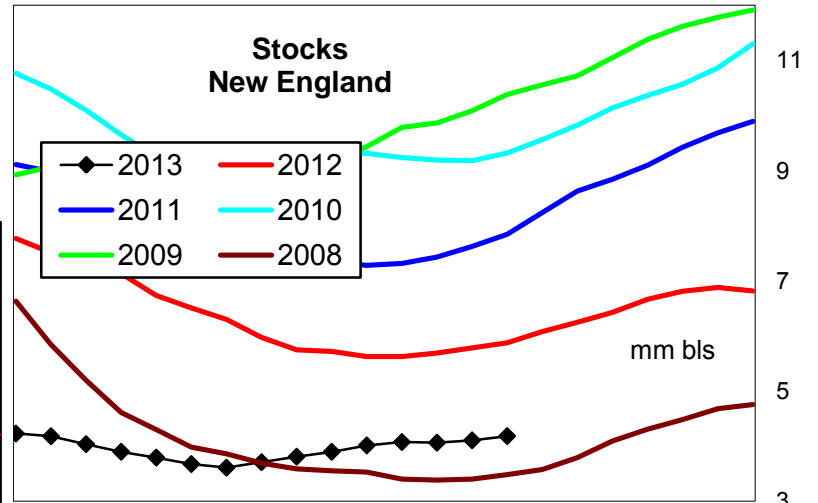
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	03Jun13	10Jun13	17Jun13	24Jun13	
Central Atlantic	\$3.920	\$3.907	\$3.910	\$3.928	\$0.018
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



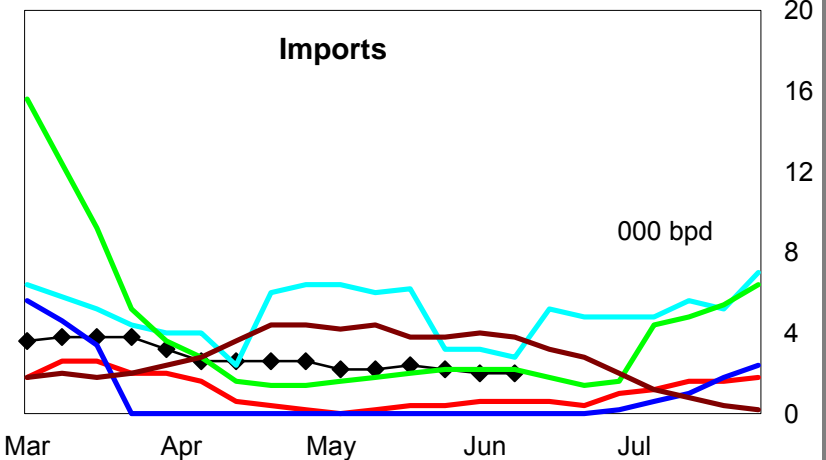
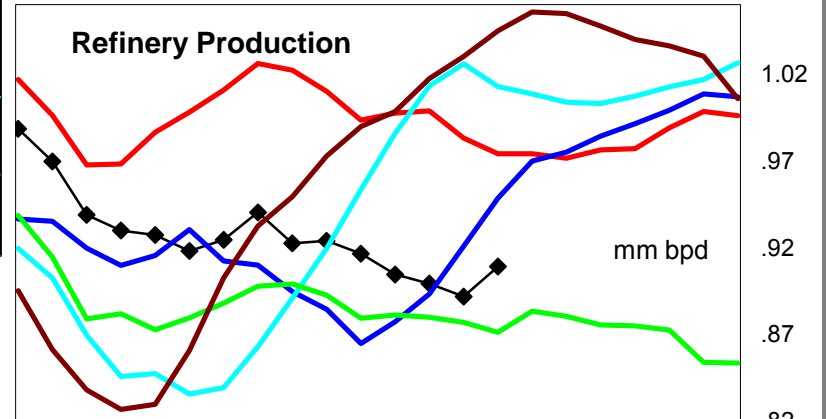
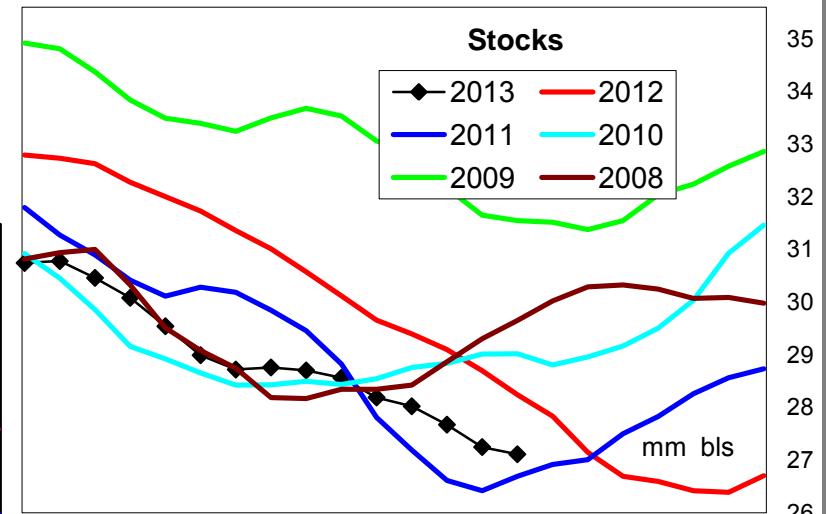
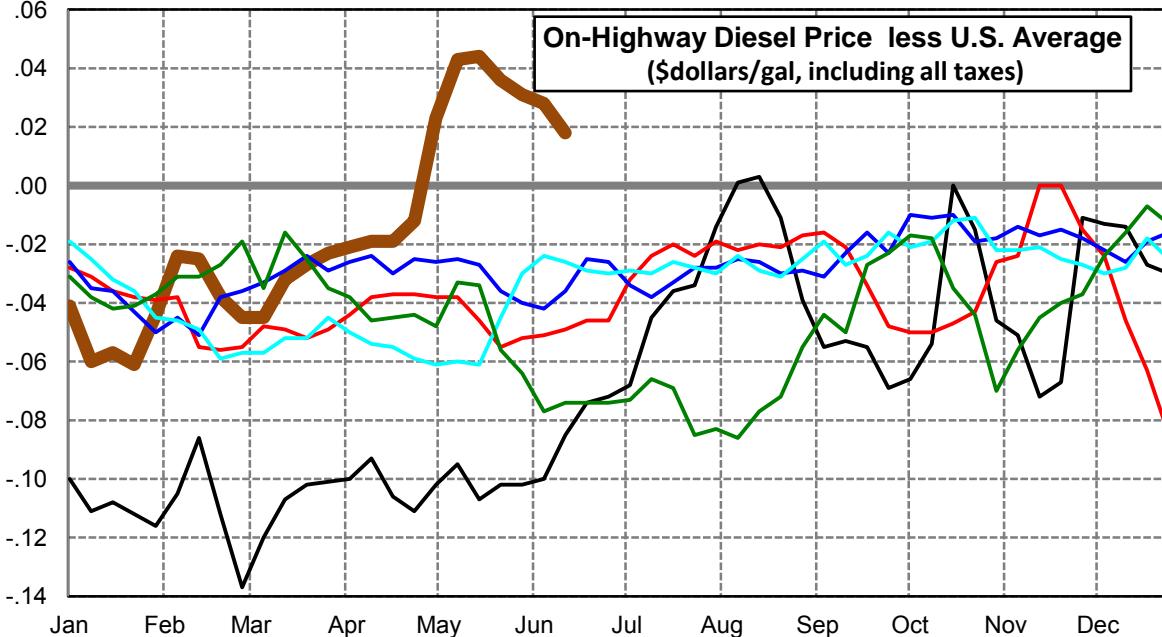
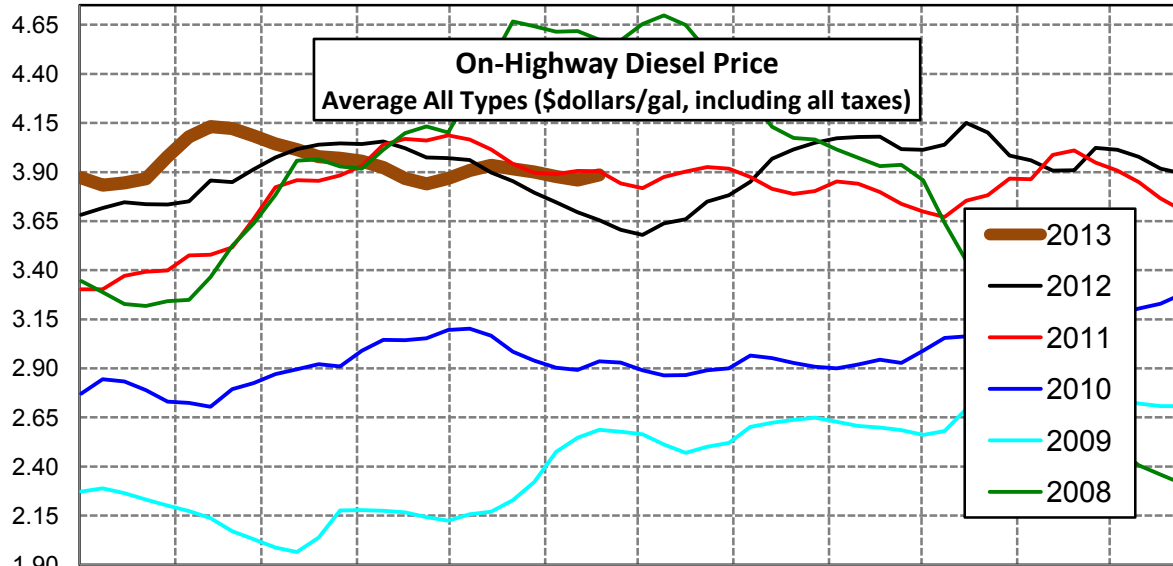
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	03Jun13	10Jun13	17Jun13	24Jun13	
New England	\$3.984	\$3.978	\$3.980	\$4.011	\$0.031
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



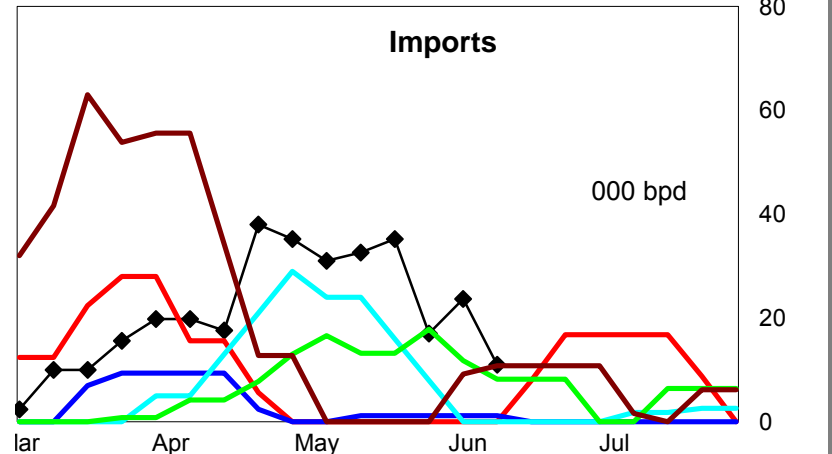
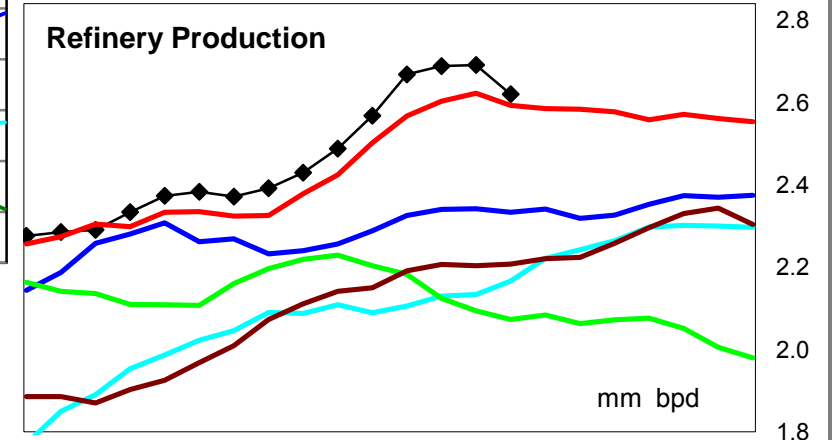
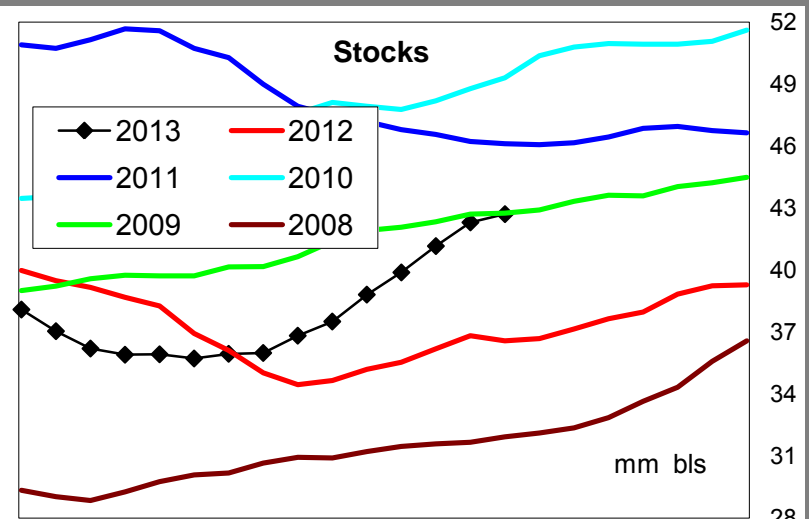
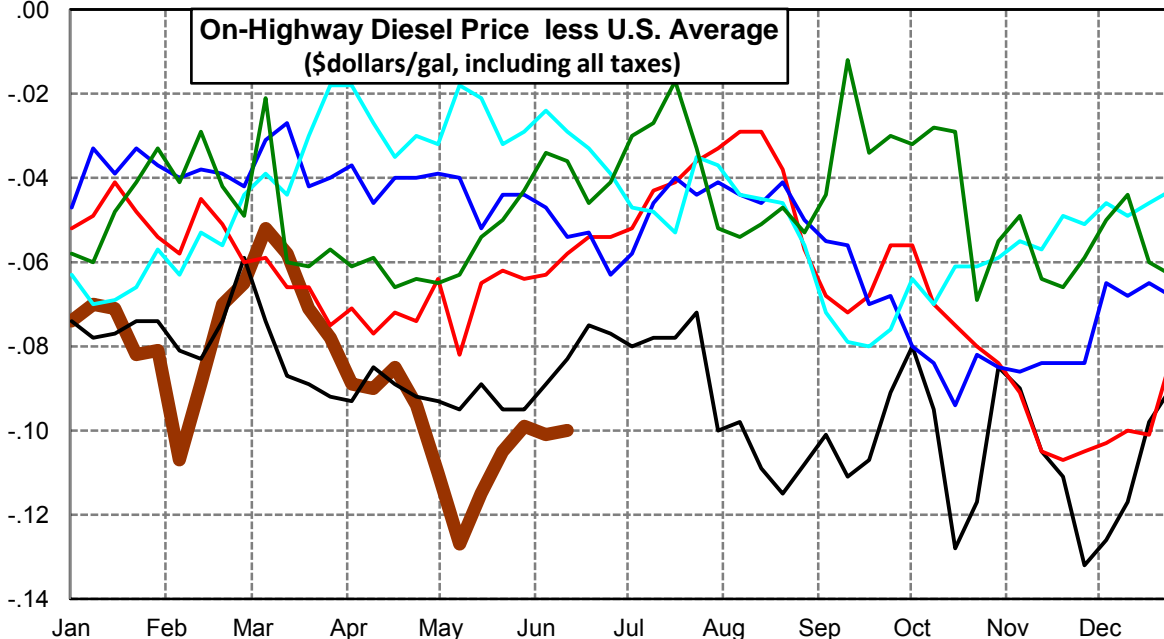
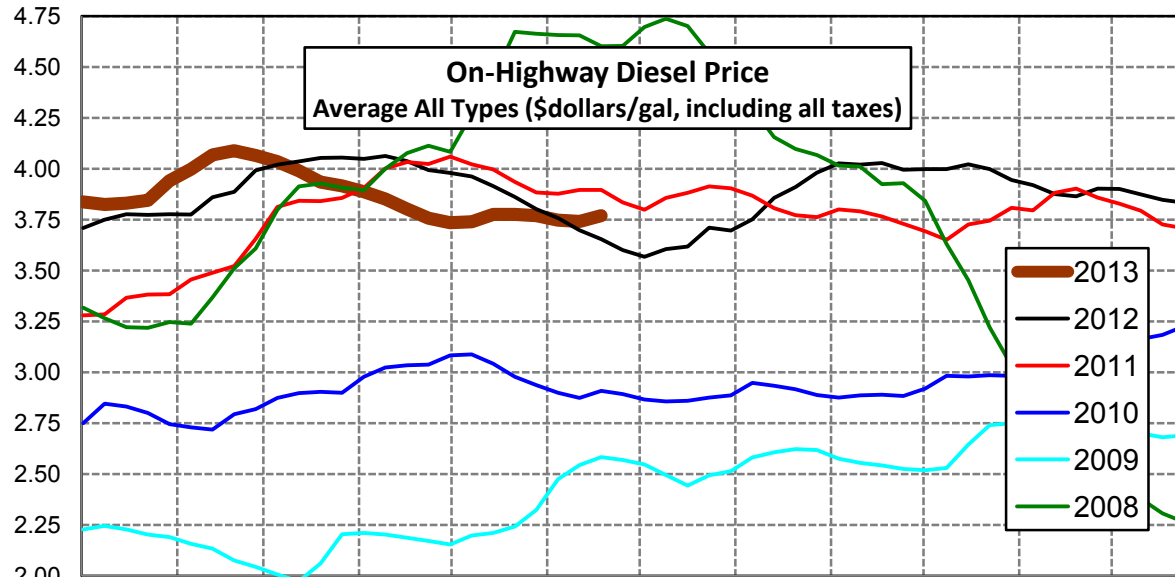
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	03Jun13	10Jun13	17Jun13	24Jun13	
Midwest	\$3.900	\$3.877	\$3.859	\$3.886	\$0.027
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



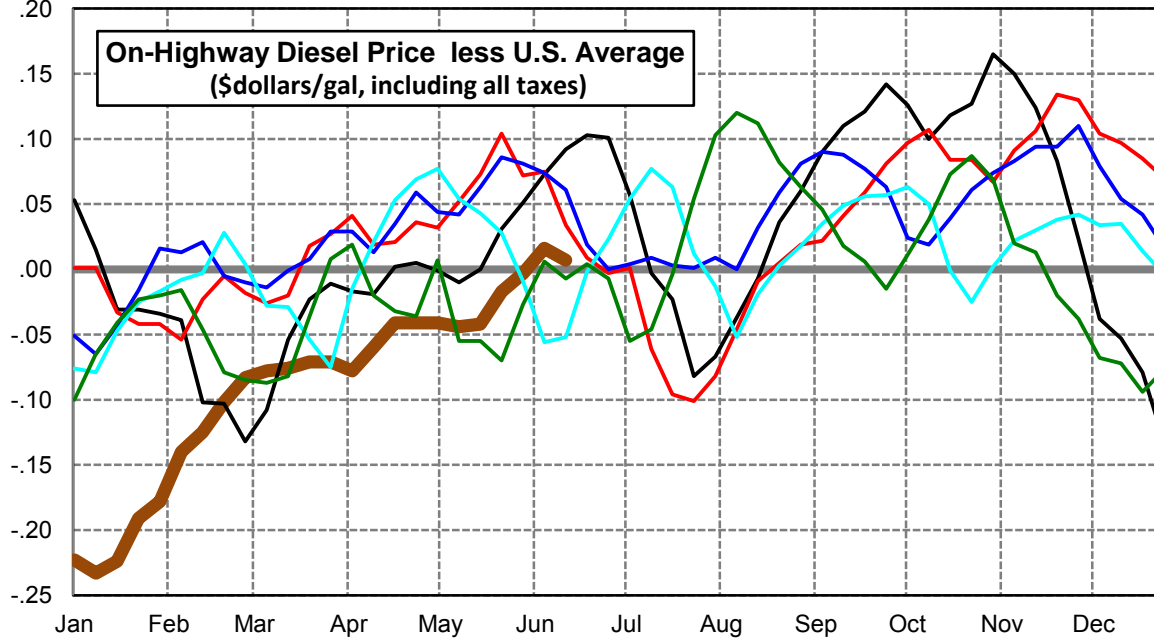
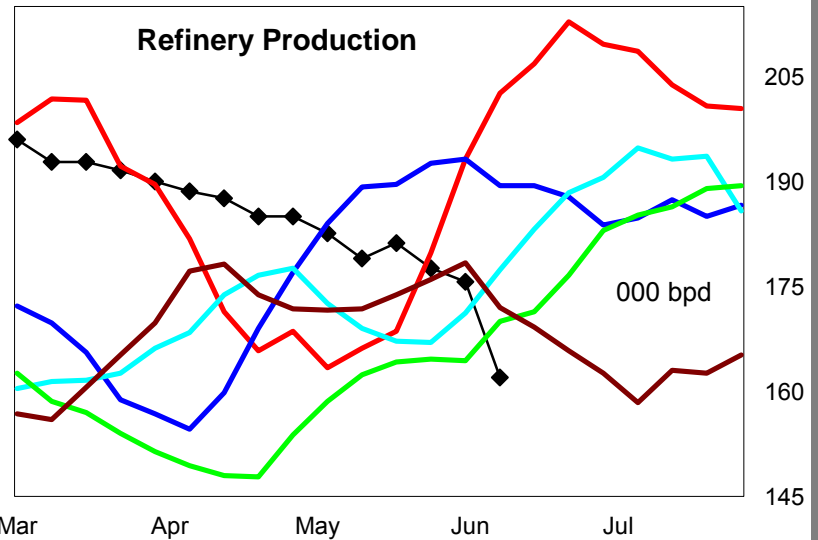
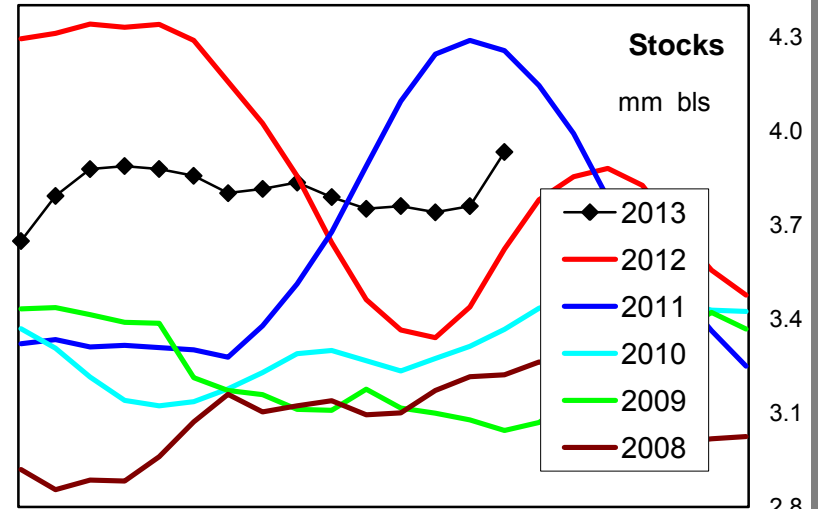
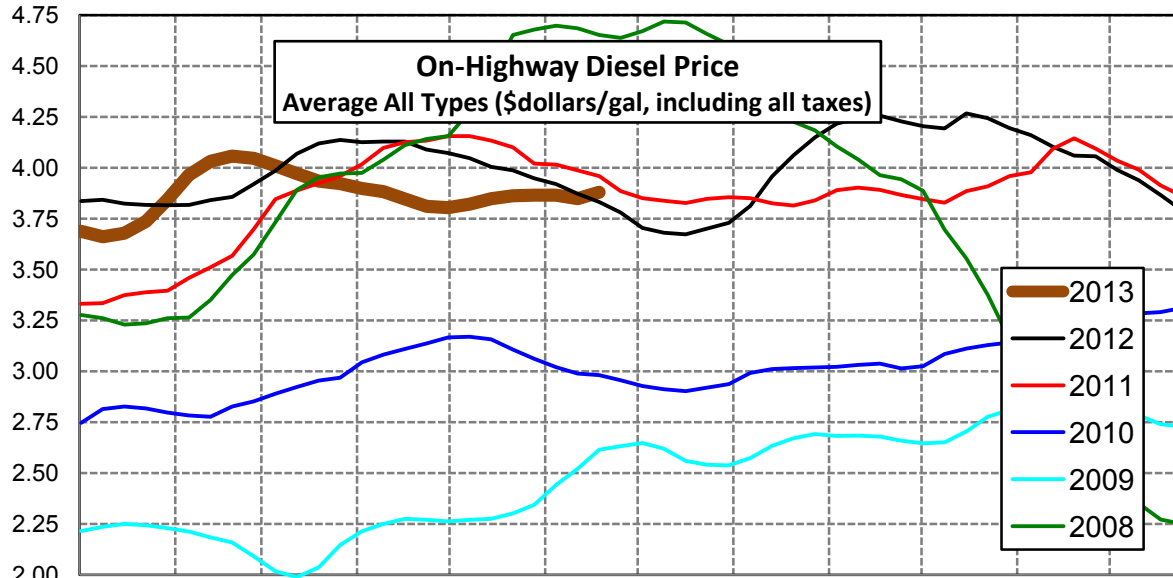
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	03Jun13	10Jun13	17Jun13	24Jun13	
Gulf Coast	\$3.770	\$3.748	\$3.741	\$3.769	\$0.028
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



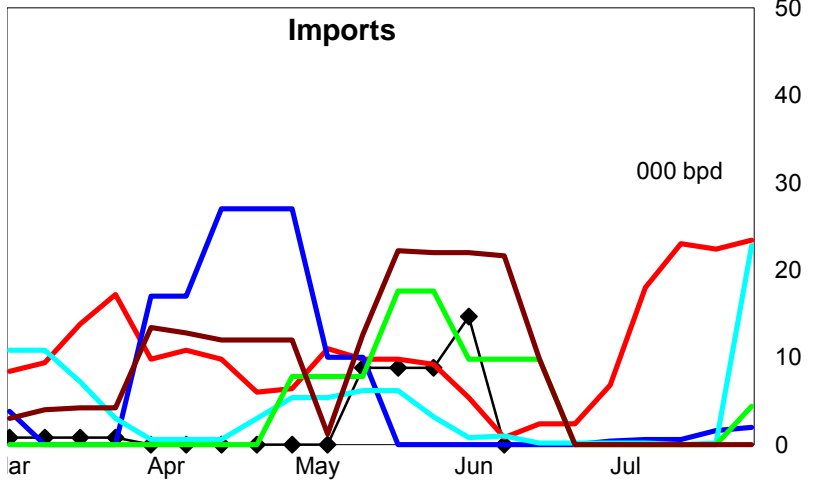
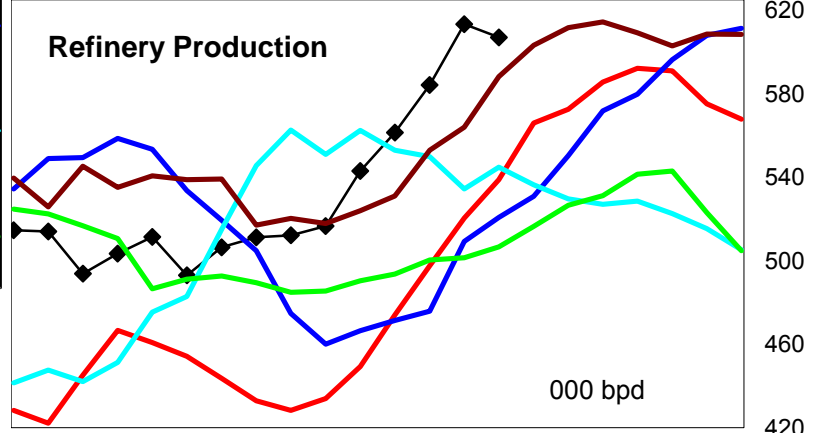
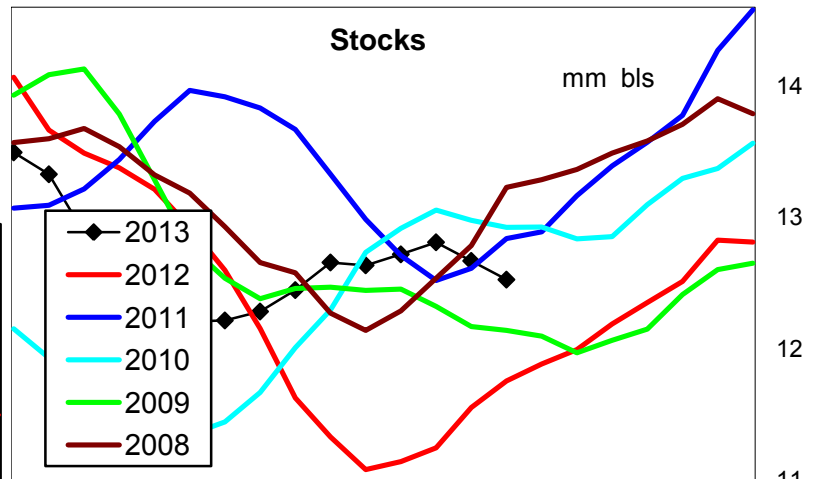
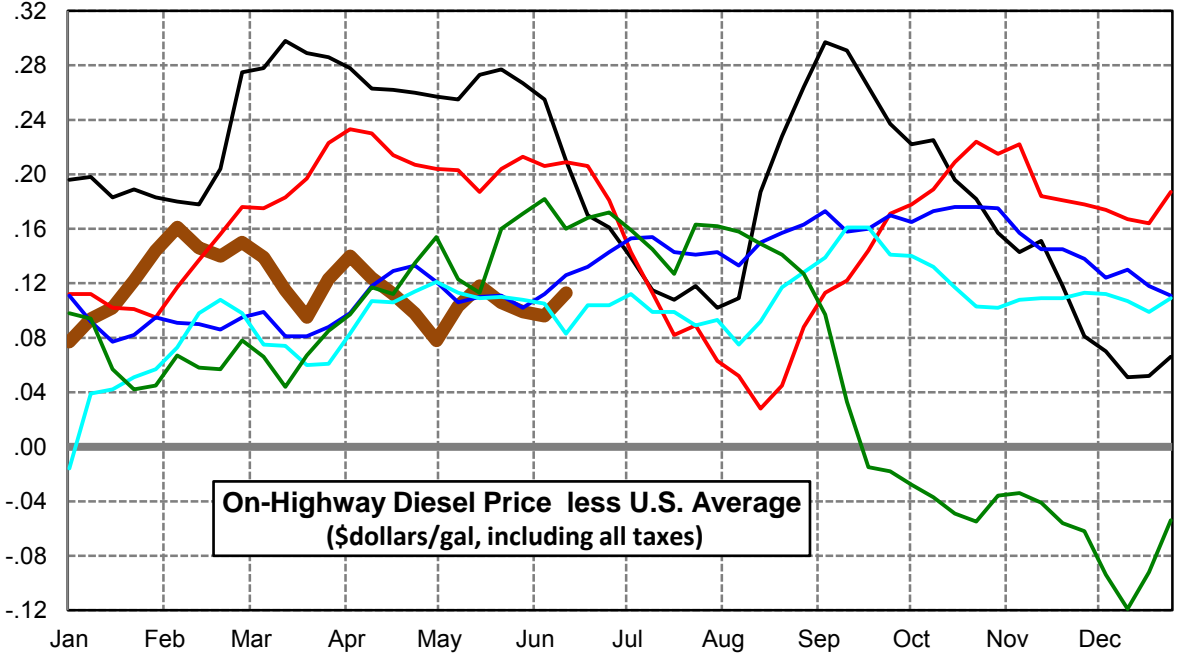
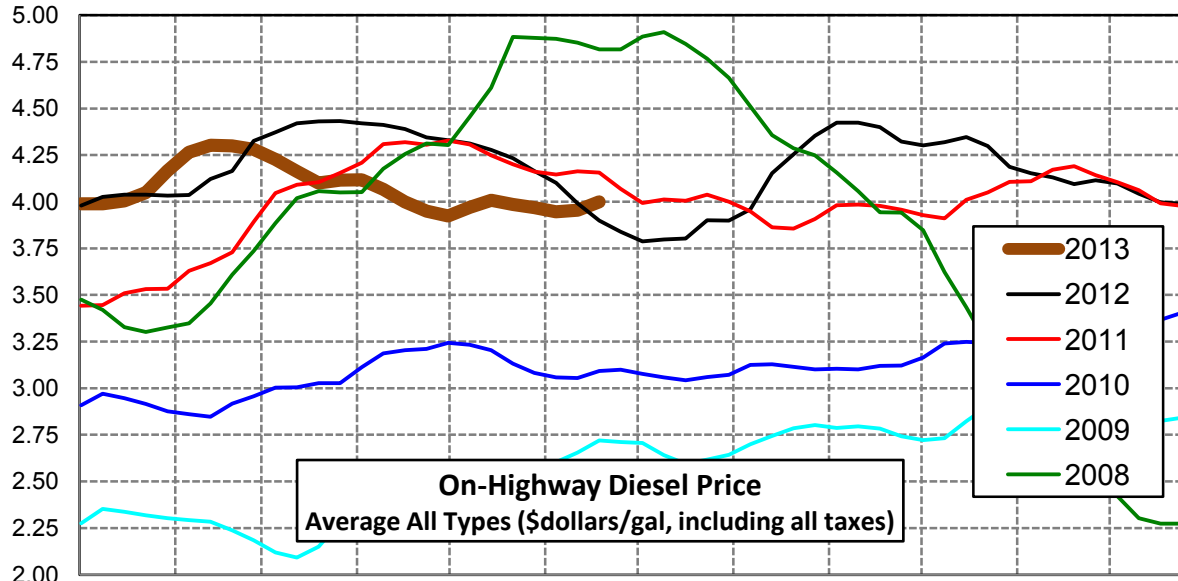
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	03Jun13	10Jun13	17Jun13	24Jun13	
Rocky Mountain	\$3.866	\$3.865	\$3.848	\$3.880	\$0.032
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



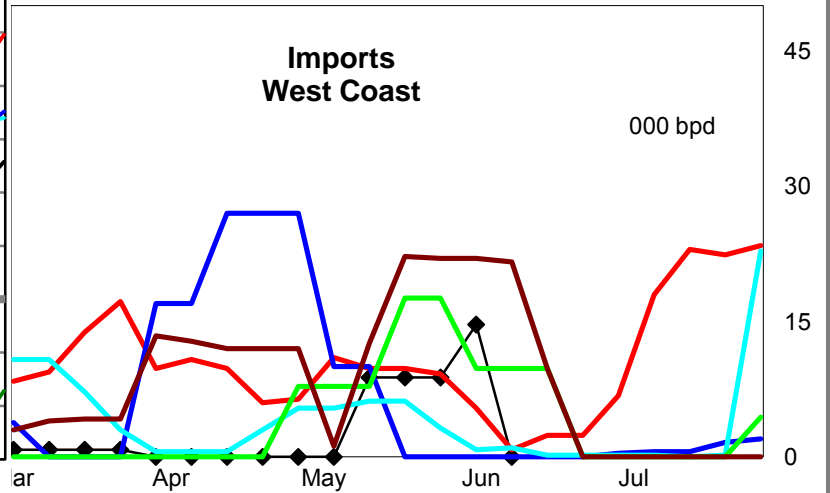
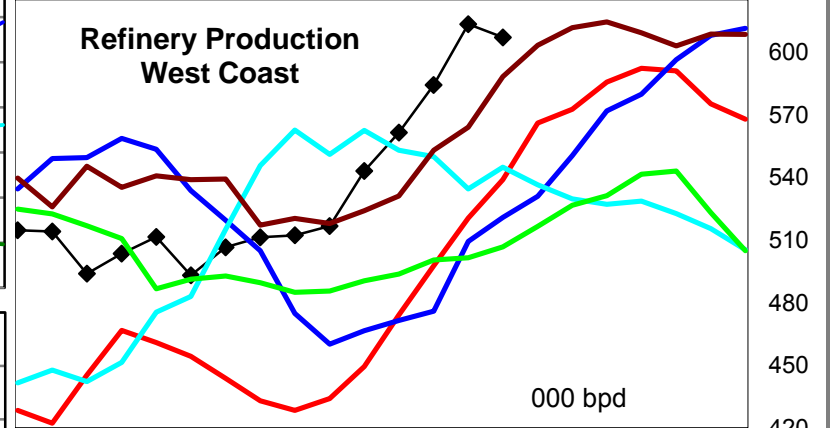
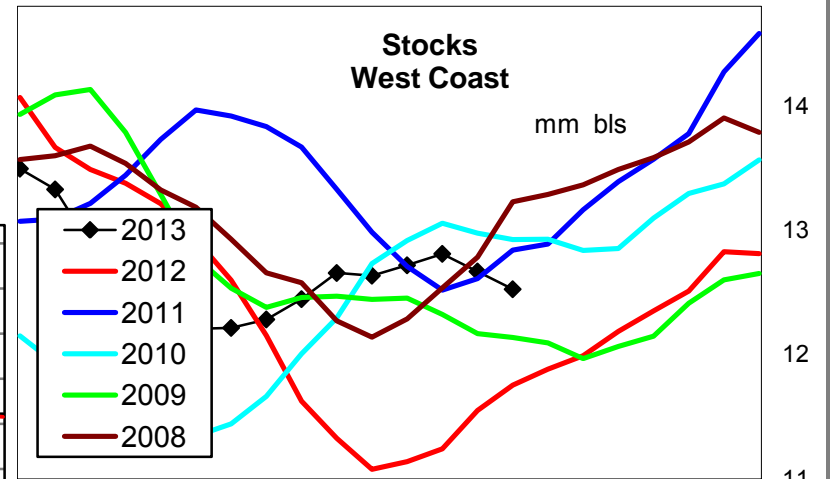
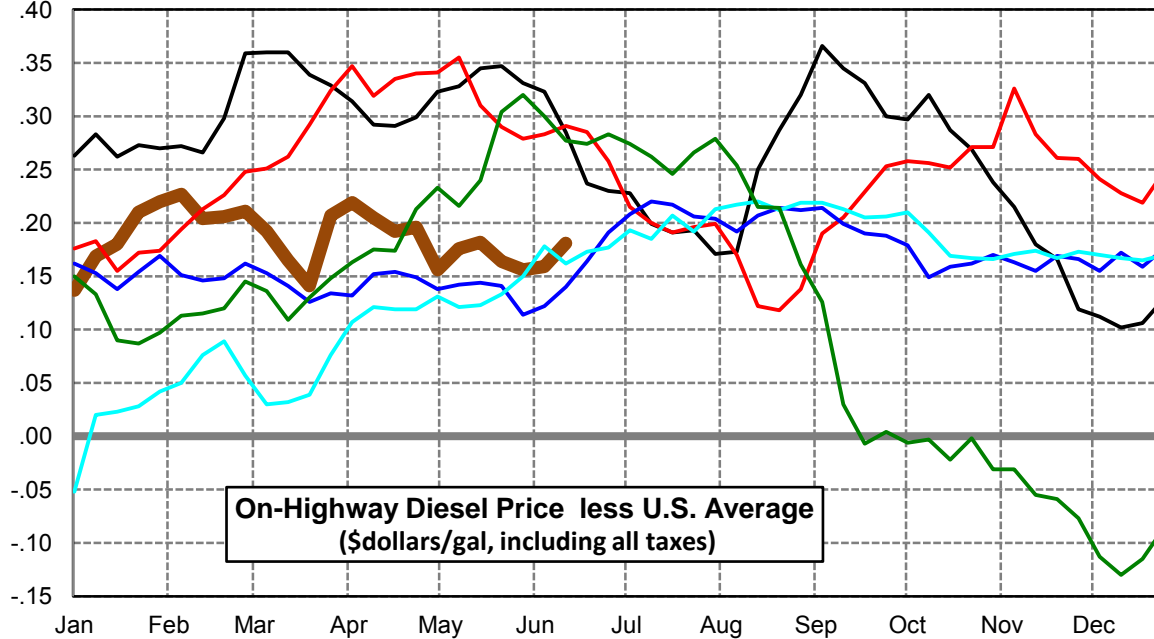
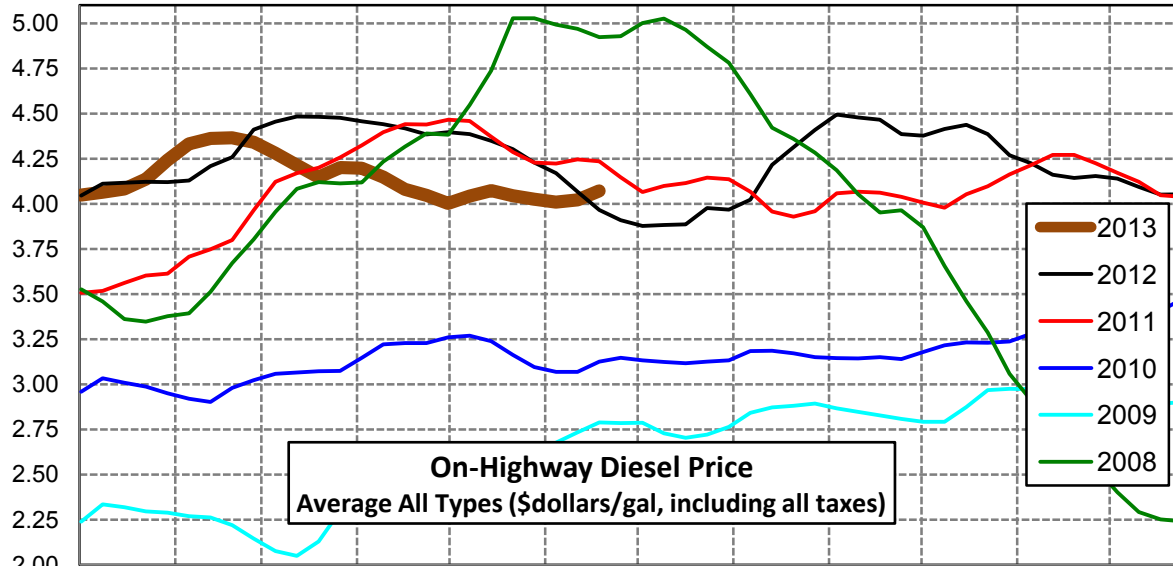
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	03Jun13	10Jun13	17Jun13	24Jun13	
West Coast	\$3.968	\$3.945	\$3.954	\$3.999	\$0.045
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
	03Jun13	10Jun13	17Jun13	24Jun13	
California	\$4.025	\$4.008	\$4.022	\$4.071	\$0.049
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	3.849	3.839	3.978	3.907	3.762	3.877	3.748	3.865	3.945	4.008
Mon-17-Jun-13	3.841	3.835	3.980	3.910	3.752	3.859	3.741	3.848	3.954	4.022
Mon-24-Jun-13	3.880	3.851	4.011	3.928	3.799	3.886	3.769	3.880	3.999	4.071
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.