



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, June 25, 2013

Weekly Retail On-Highway Diesel Prices

| Region | Actual Price 1/ | | | Forecast 2/ | Change from week ago |
|------------------|-----------------|---------|---------|-------------|----------------------|
| | 10Jun13 | 17Jun13 | 24Jun13 | 01Jul13 | |
| U.S. | 3.849 | 3.841 | 3.838 | 3.841 | 0.003 |
| East Coast | 3.839 | 3.835 | 3.836 | 3.854 | 0.018 |
| New England | 3.978 | 3.980 | 3.984 | 4.003 | 0.019 |
| Central Atlantic | 3.907 | 3.910 | 3.902 | 3.920 | 0.018 |
| Lower Atlantic | 3.762 | 3.752 | 3.758 | 3.777 | 0.019 |
| Midwest | 3.877 | 3.859 | 3.847 | 3.831 | -0.016 |
| Gulf Coast | 3.748 | 3.741 | 3.740 | 3.768 | 0.028 |
| Rocky Mountain | 3.865 | 3.848 | 3.836 | 3.841 | 0.005 |
| West Coast | 3.945 | 3.954 | 3.963 | 3.986 | 0.023 |
| California | 4.008 | 4.022 | 4.035 | 4.058 | 0.023 |

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

\$3.84/gal. Prices in Gulf and southeast are the lowest in the country due to very 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 on tight supplies in that region.

Gulf Coast wholesale distillate prices increased +1 cpg last week, ending at a level near the average of the last 3-months.

The spread between Gulf wholesale and U.S. average retail prices decreased -2 cpg to 95 cpg last week. Look for the retail to wholesale price spread to decline over the next 45-days on improving wholesale supplies.



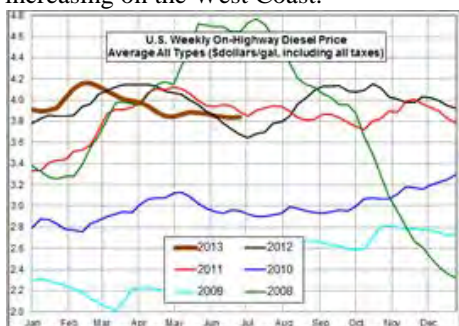
The spread between Gulf wholesale and U.S. average retail prices decreased -2 cpg to 95 cpg last week. Look for the retail to wholesale price spread to decline over the next 45-days on improving wholesale supplies.

Supply - Demand Fundamental Trends

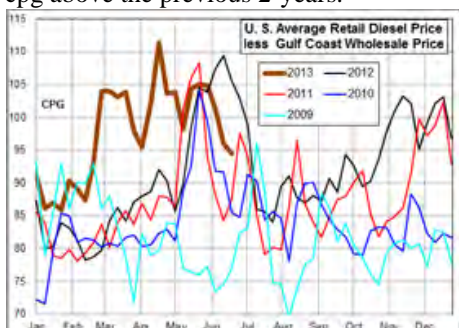
Distillate wholesale demand decreased -63,000 bpd last week, although the level remains very robust. Demand for the latest 4-wk period was +308,000 bpd above a year ago.

Supply increased +33,000 bpd on higher production last week. Supply for the latest 4-wk period was +81,000 bpd above last year on modestly higher production and imports.

Diesel Fuel Price Trends U.S. retail diesel prices decreased -0.3 cpg for the week, ending 24Jun13. Prices were lower in the Midwest and Rockies, while increasing on the West Coast.



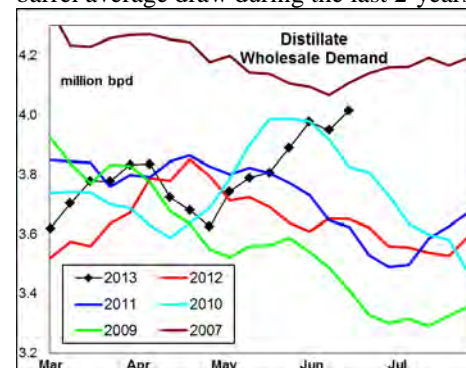
The U.S. average retail diesel price compared to Gulf Coast wholesale market decreased -2 cpg on the week. The spread ended the week below last year, but +10 cpg above the previous 2-years.



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

The highest retail prices were in California and New England at \$4.04/gal and \$3.98/gal; respectively. The lowest prices were in the Gulf at \$3.74/gal, lower Atlantic at \$3.76/gal and the Rockies at

Stocks decreased -0.5 million barrels build last week; driven by robust demand. The latest 4-wk stock change in markets East of the Rockies was a +2.7 million barrel build, compared to a -1 million barrel average draw during the last 2-years.



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 continues to exhibit strong year on year growth. However, look for a seasonal decline during the next 60-days. Combined with seasonally high production and lower exports, look for an above average rate of stock building.

Slower economic growth in China and the recession in Europe points to continued risk of price weakness during the next quarter.

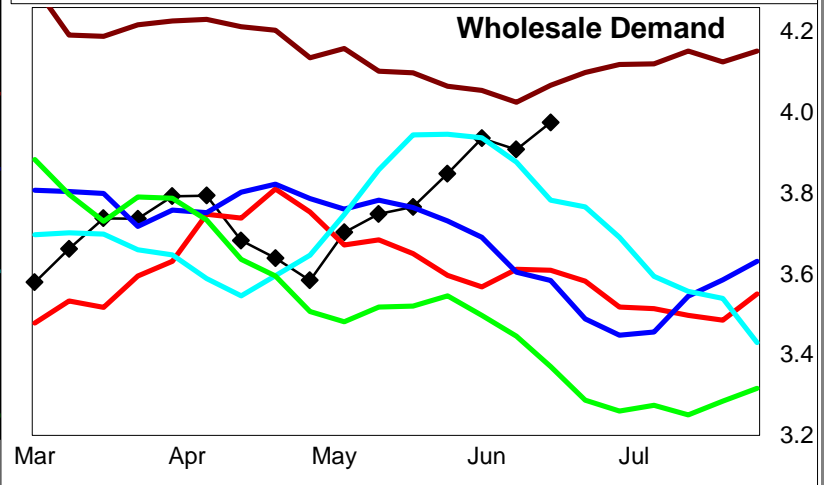
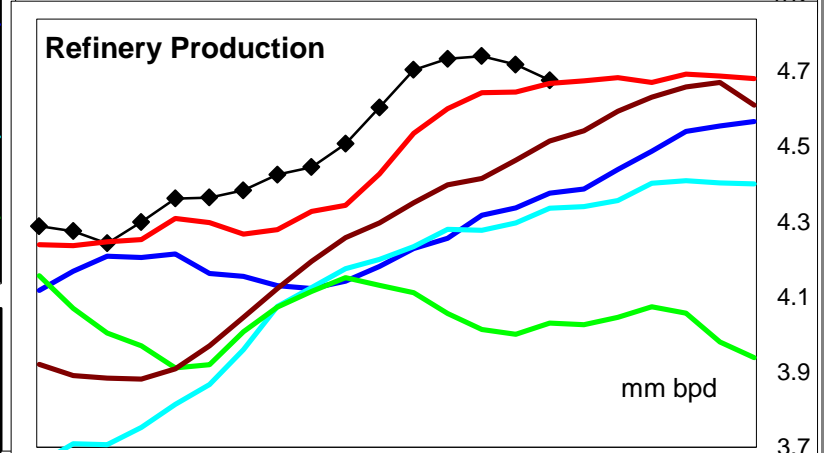
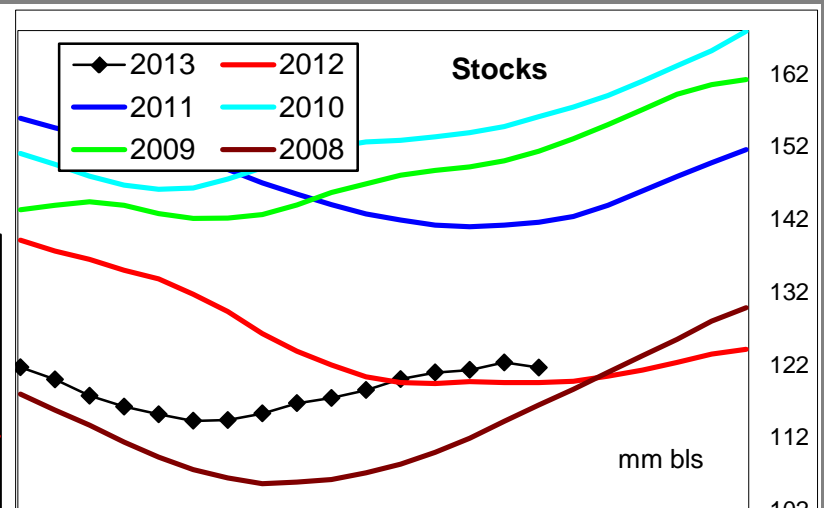
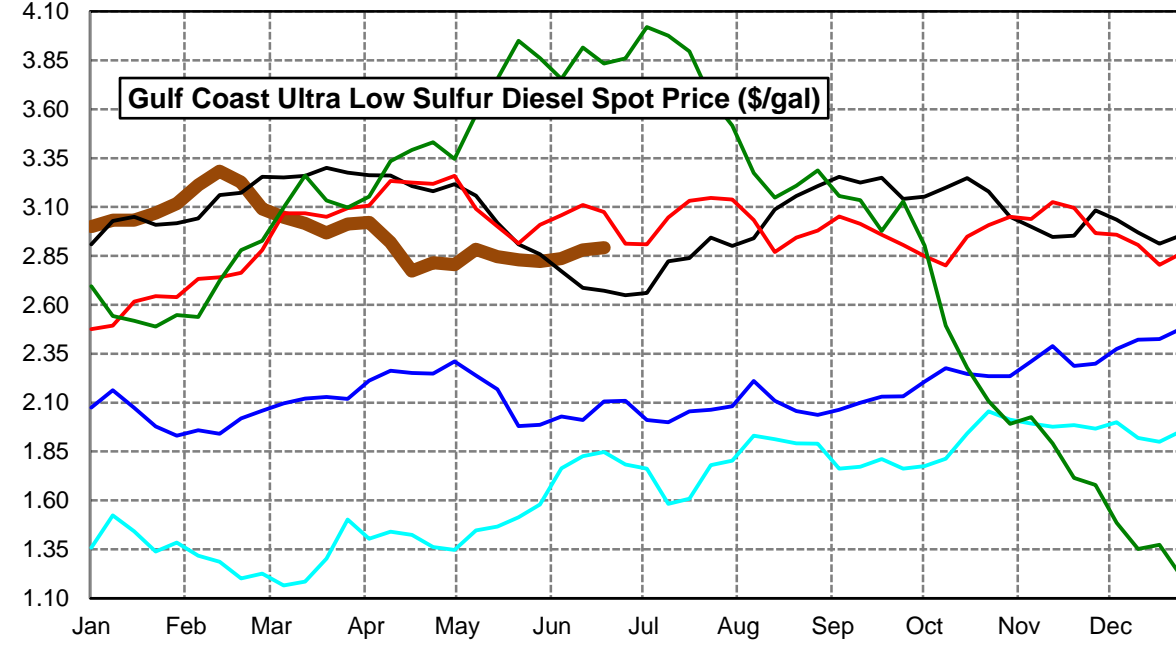
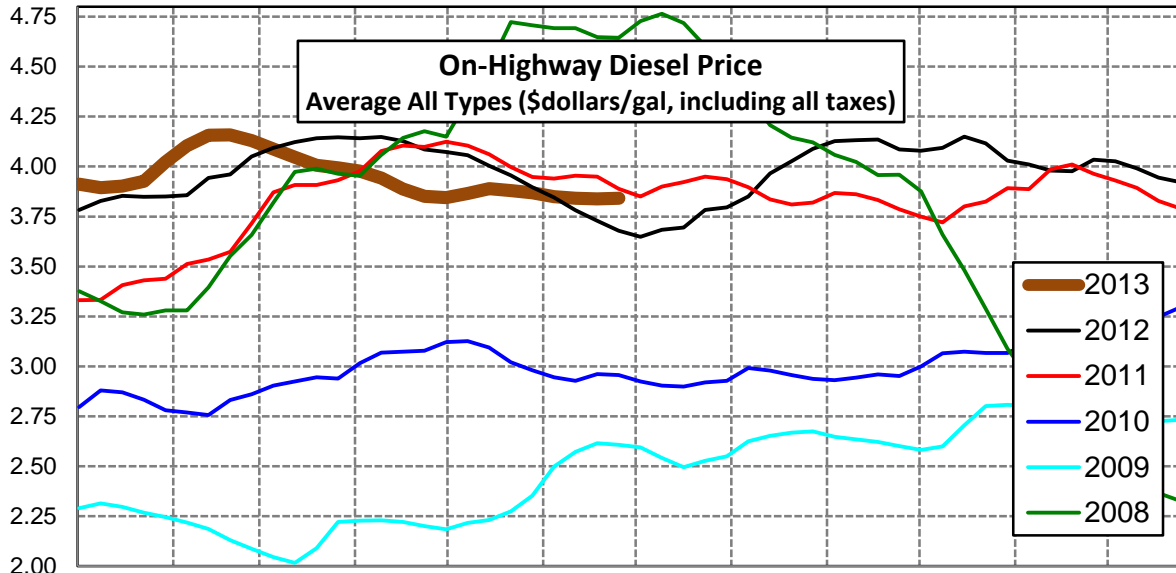
Diesel Price Outlook Look for retail prices to trend higher this week on an earlier increase in wholesale prices. Refiners are returning to operation in the Midwest which should lead to normal differentials compared to the U.S. average. Very high production in the Gulf should also keep retail prices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

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



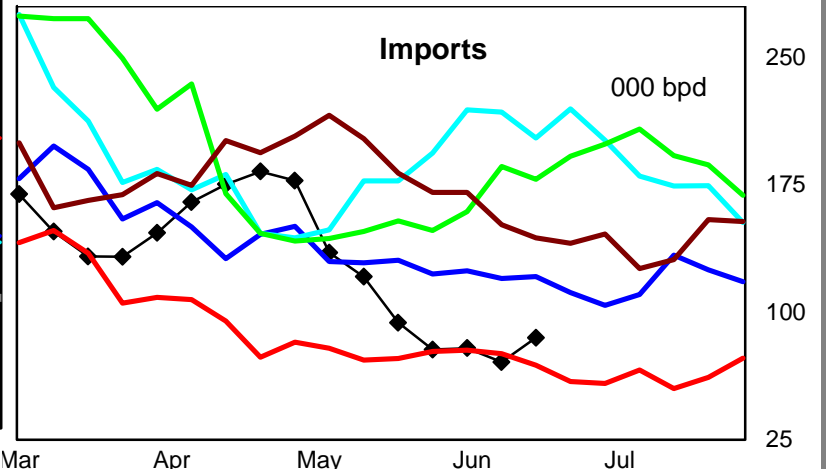
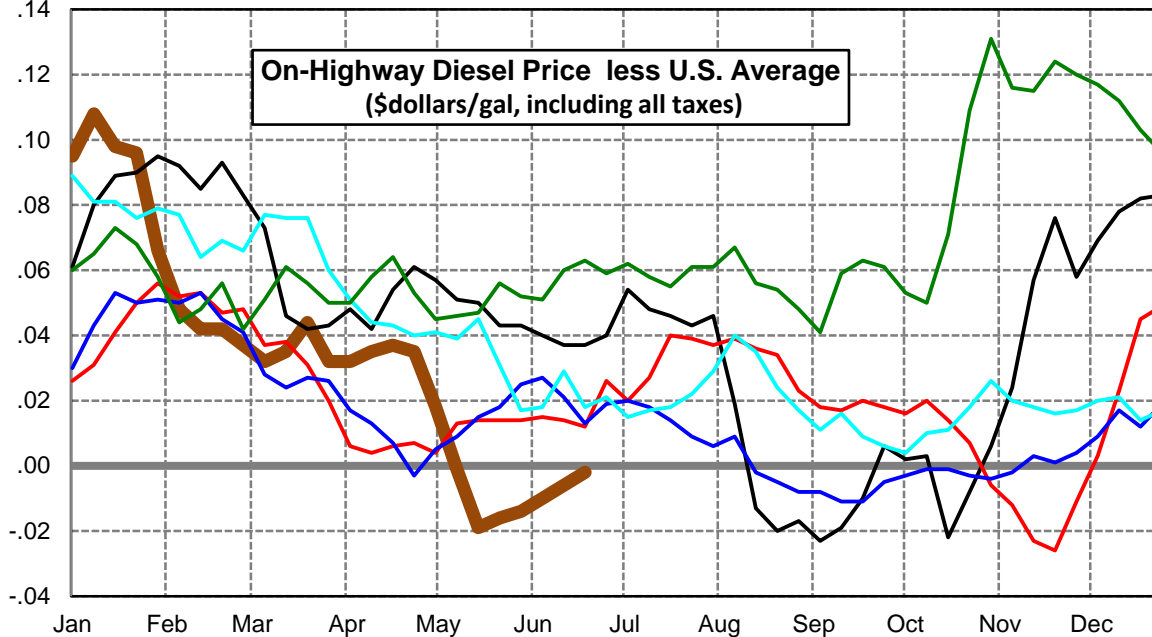
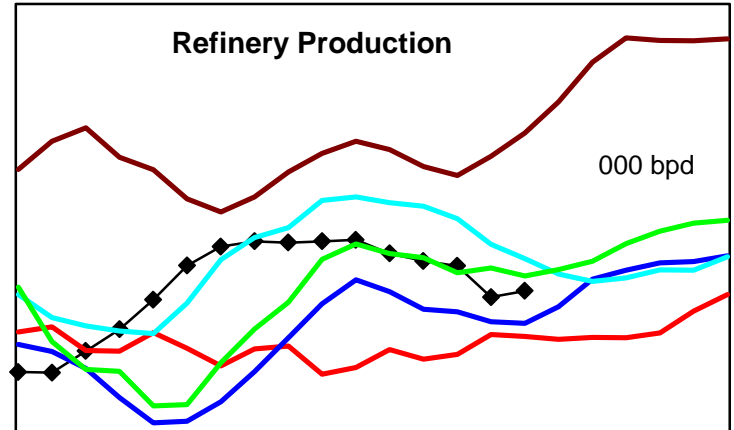
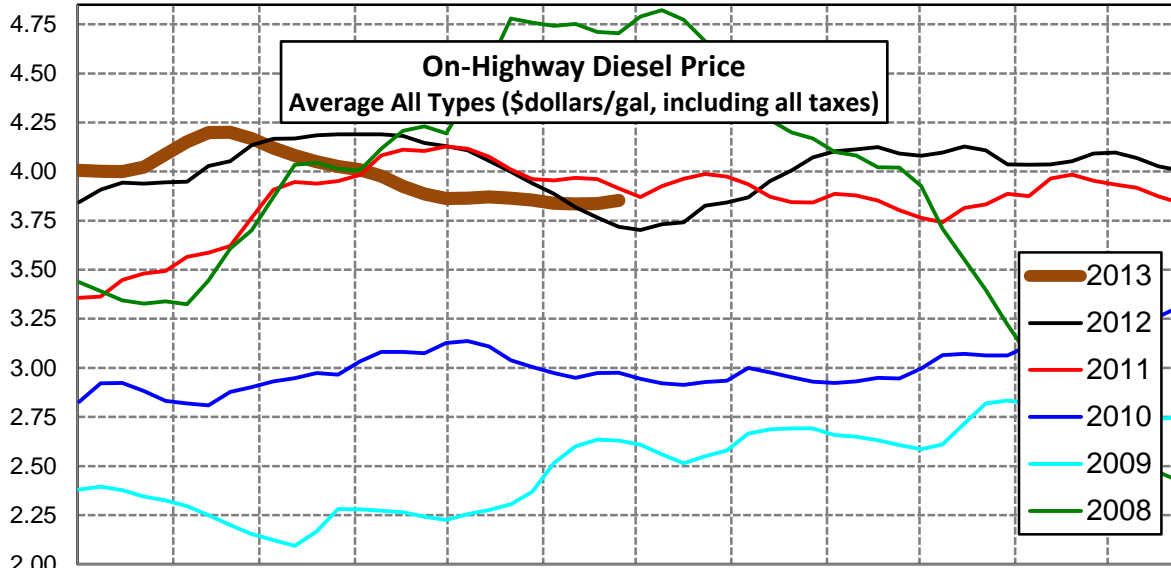
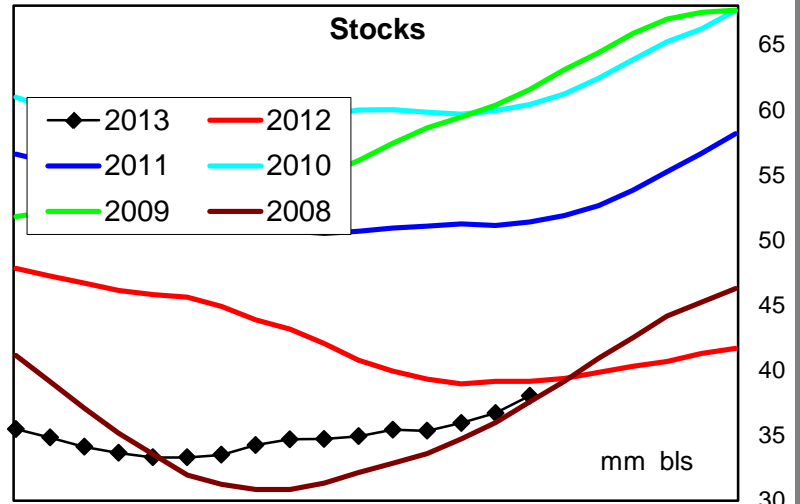
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 10Jun13 | 17Jun13 | 24Jun13 | 01Jul13 | |
| United States Avg | \$3.849 | \$3.841 | \$3.838 | \$3.841 | \$0.003 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



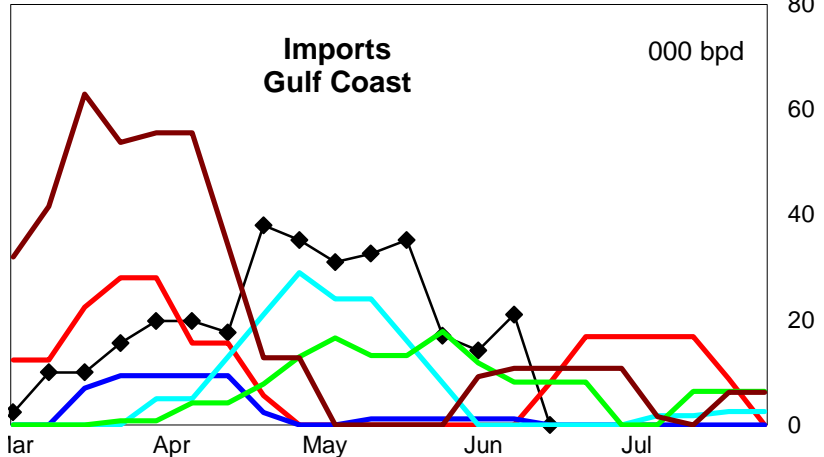
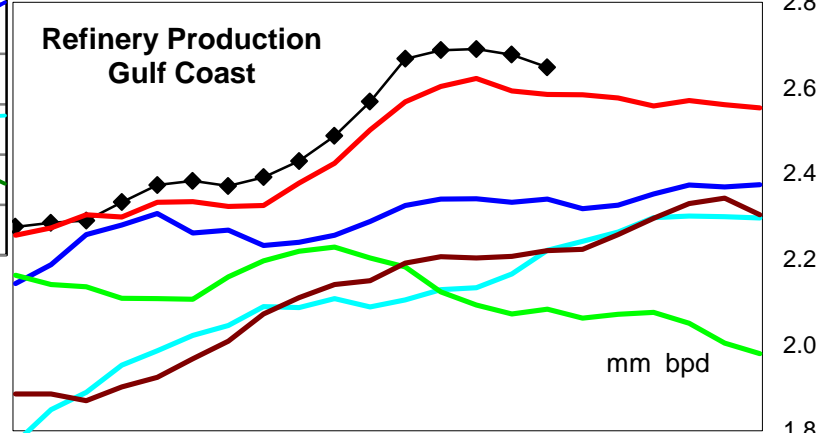
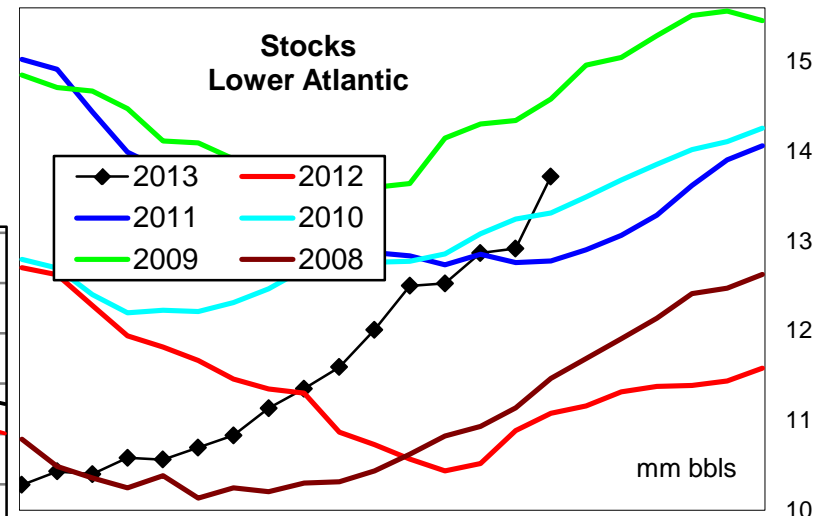
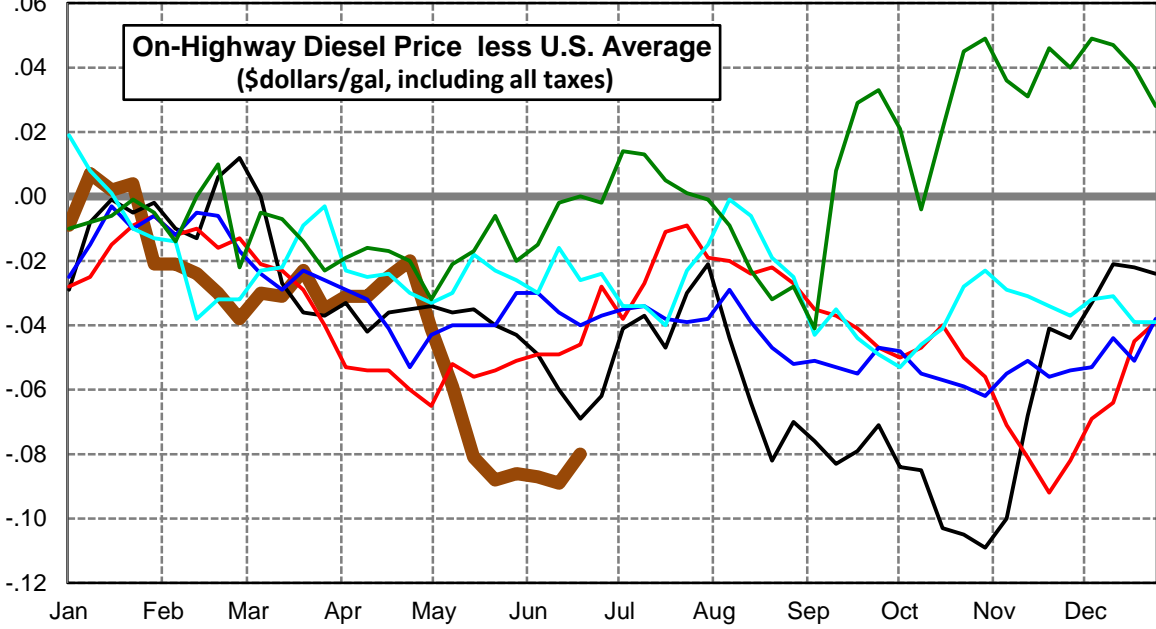
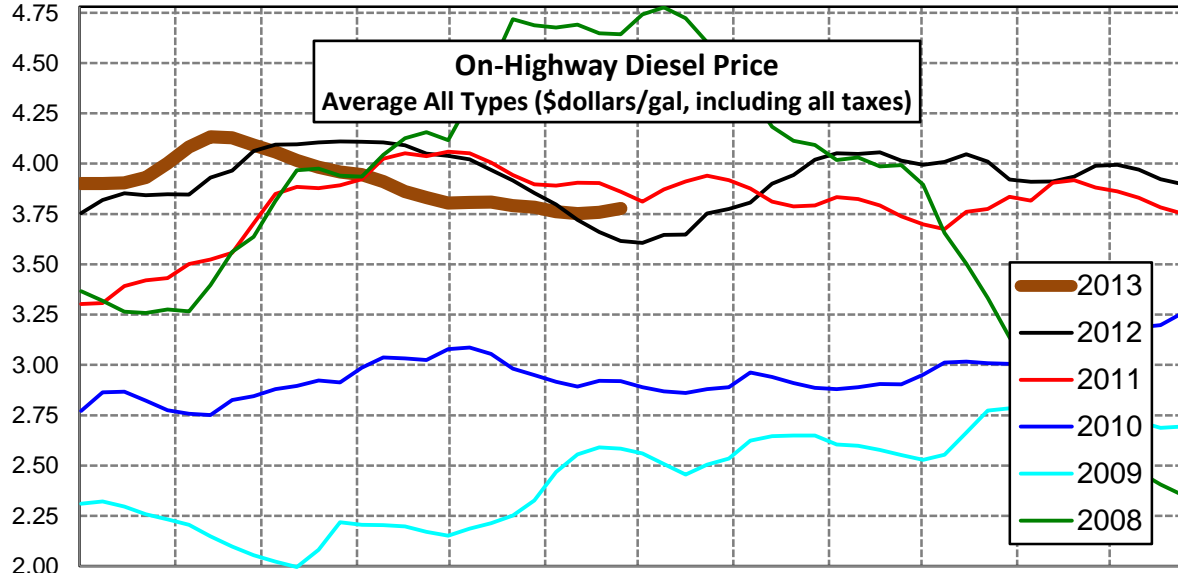
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 10Jun13 | 17Jun13 | 24Jun13 | 01Jul13 | |
| East Coast | \$3.839 | \$3.835 | \$3.836 | \$3.854 | \$0.018 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



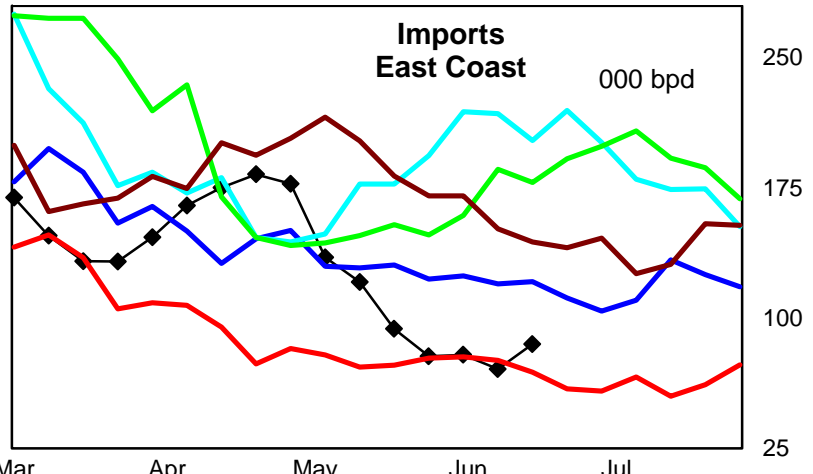
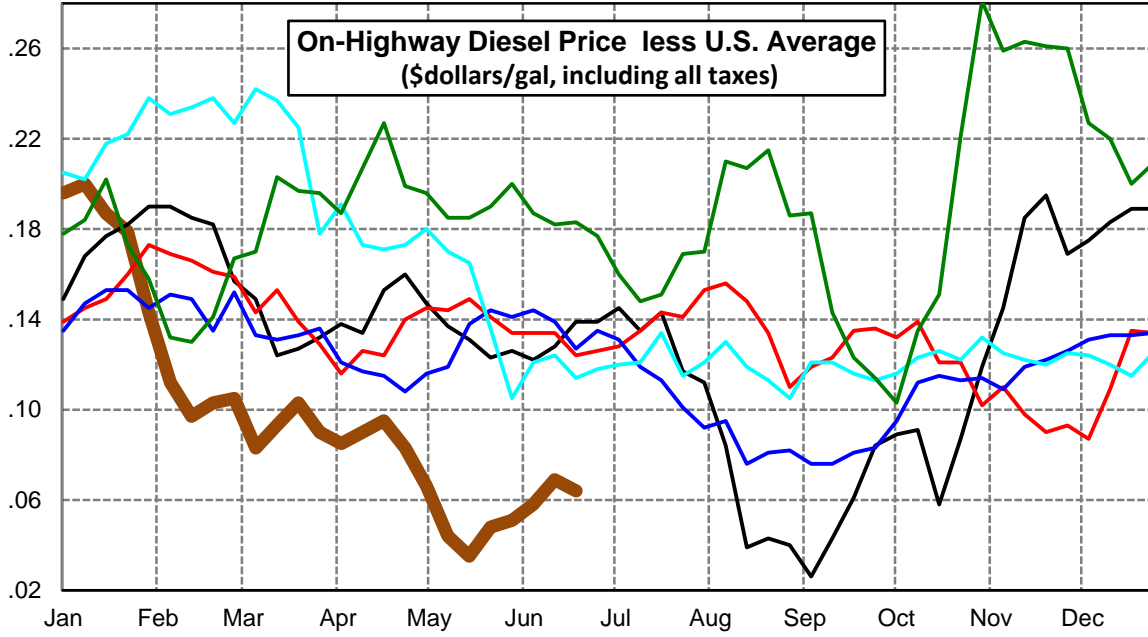
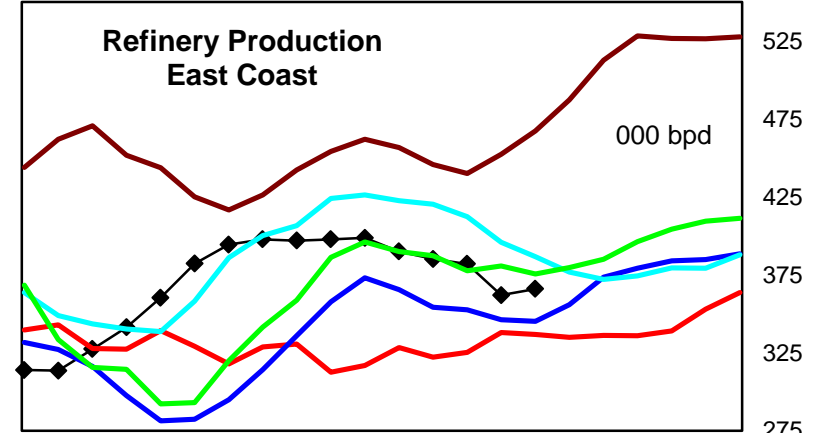
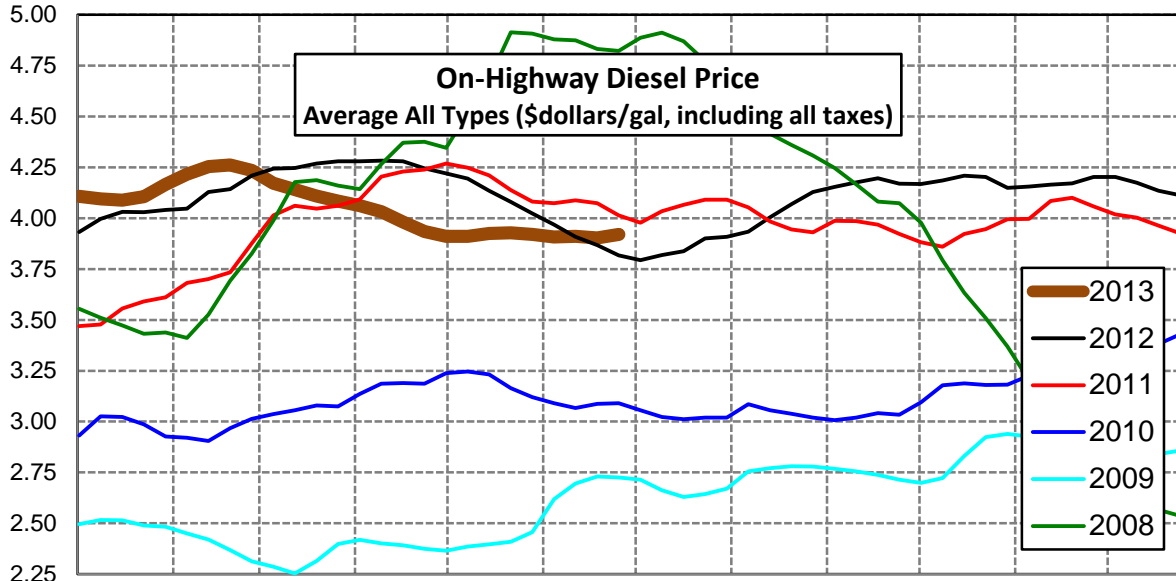
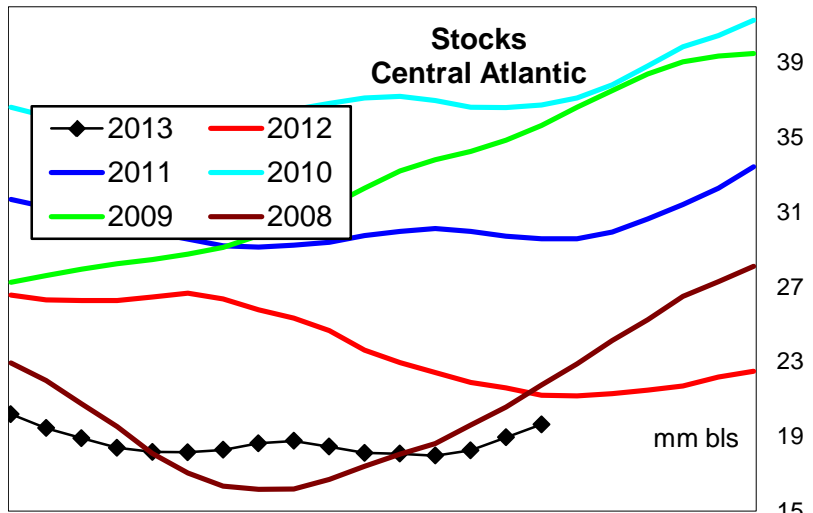
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 10Jun13 | 17Jun13 | 24Jun13 | 01Jul13 | |
| Lower Atlantic | \$3.762 | \$3.752 | \$3.758 | \$3.777 | \$0.019 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



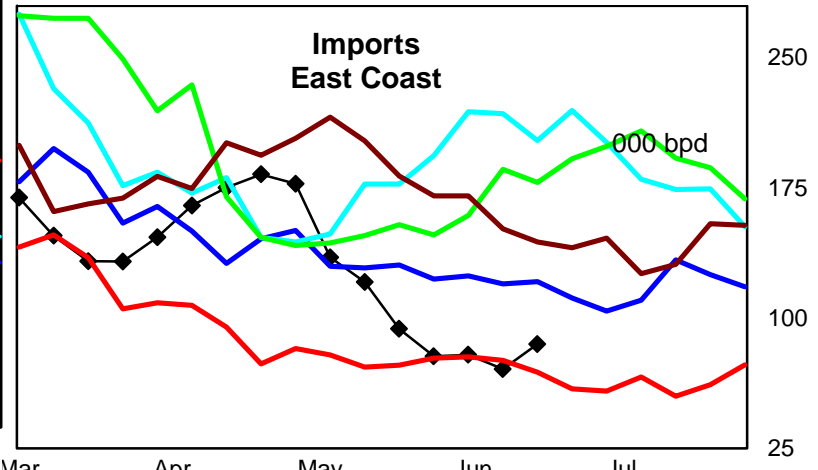
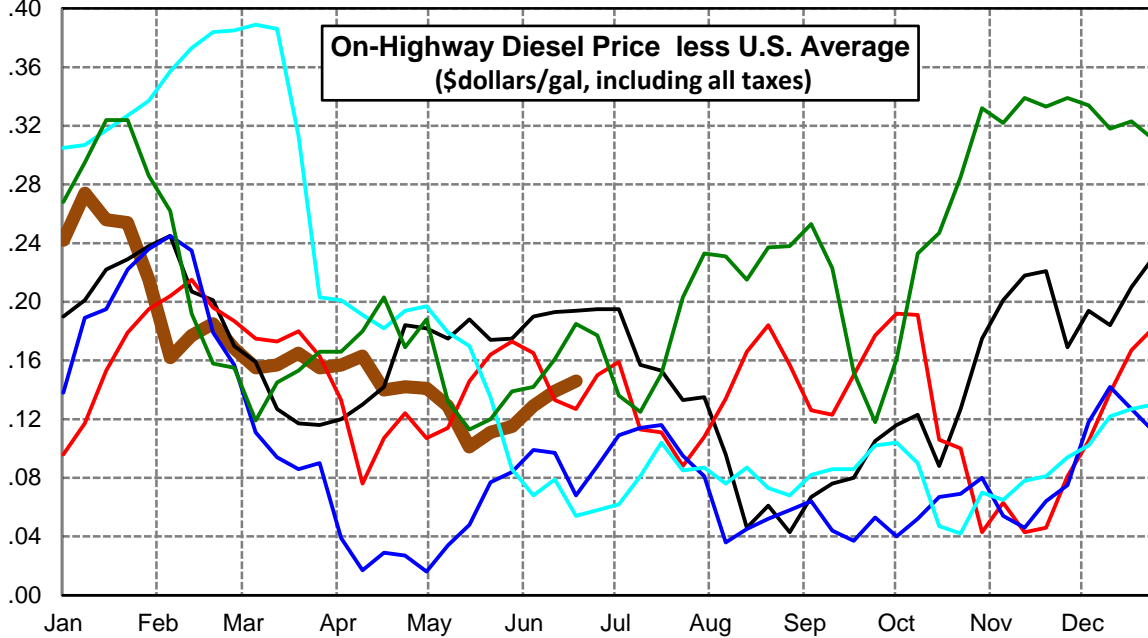
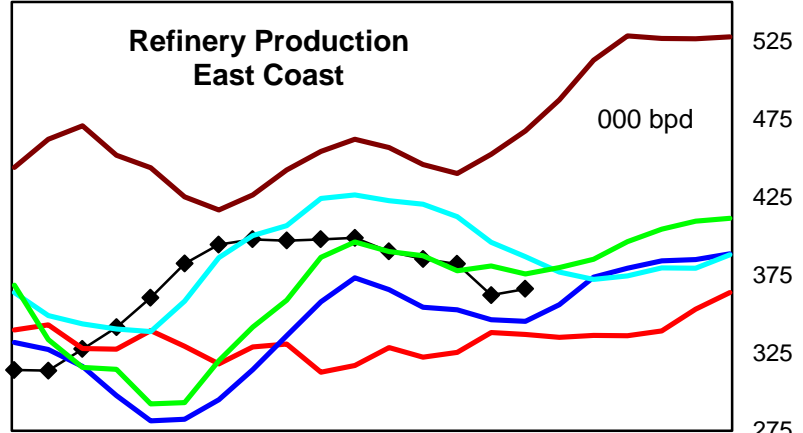
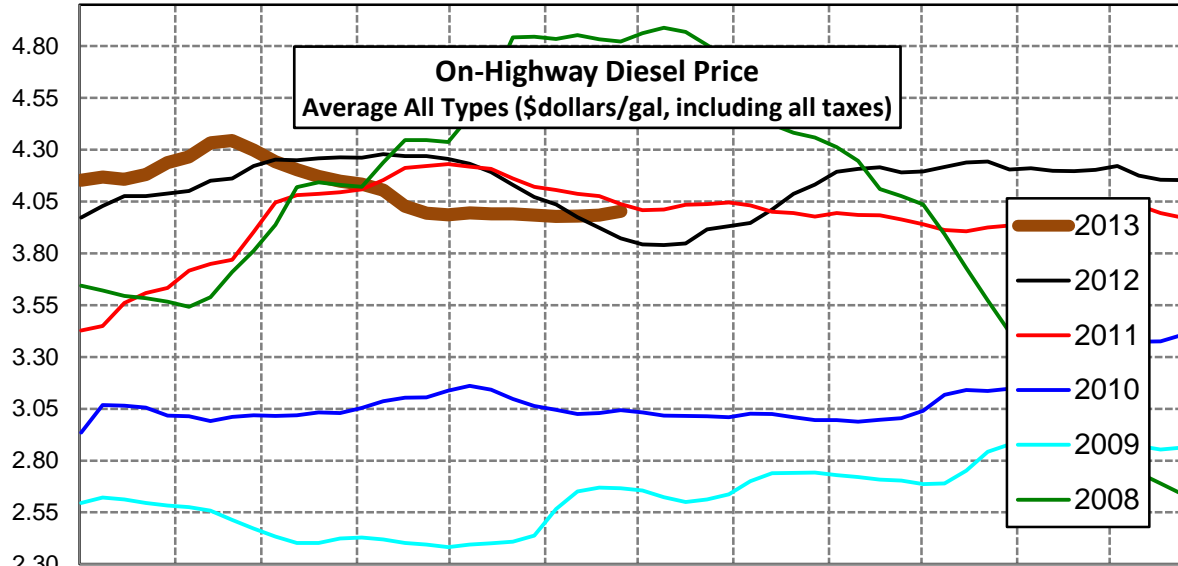
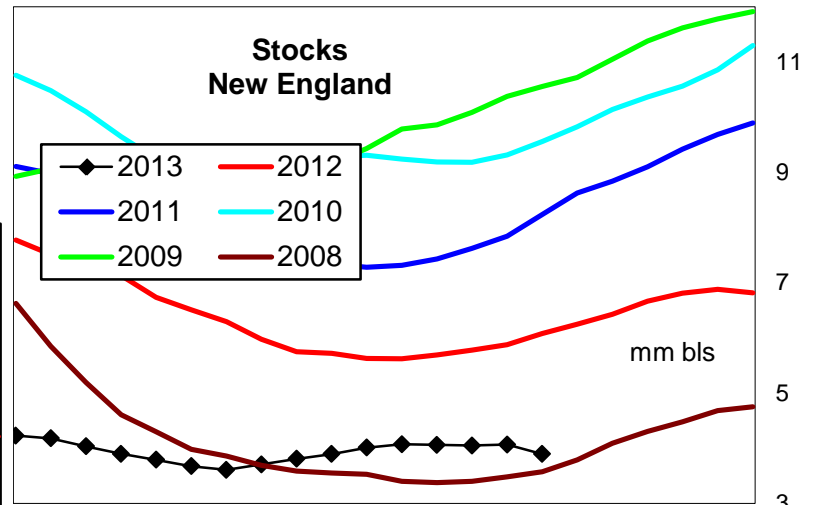
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 10Jun13 | 17Jun13 | 24Jun13 | 01Jul13 | |
| Central Atlantic | \$3.907 | \$3.910 | \$3.902 | \$3.920 | \$0.018 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



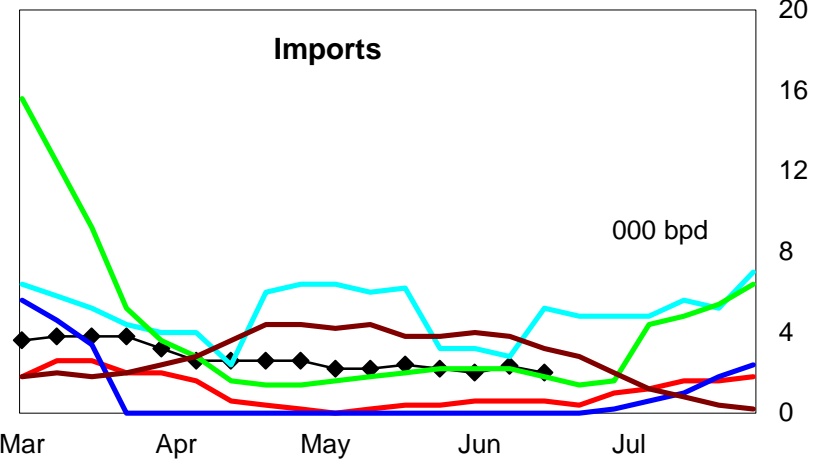
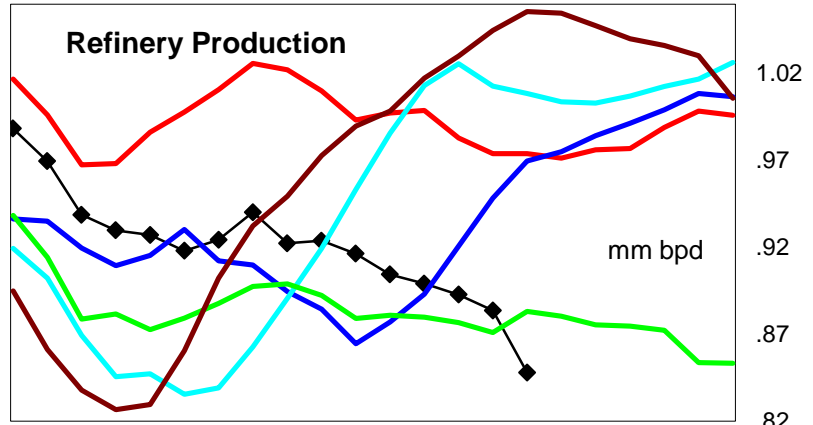
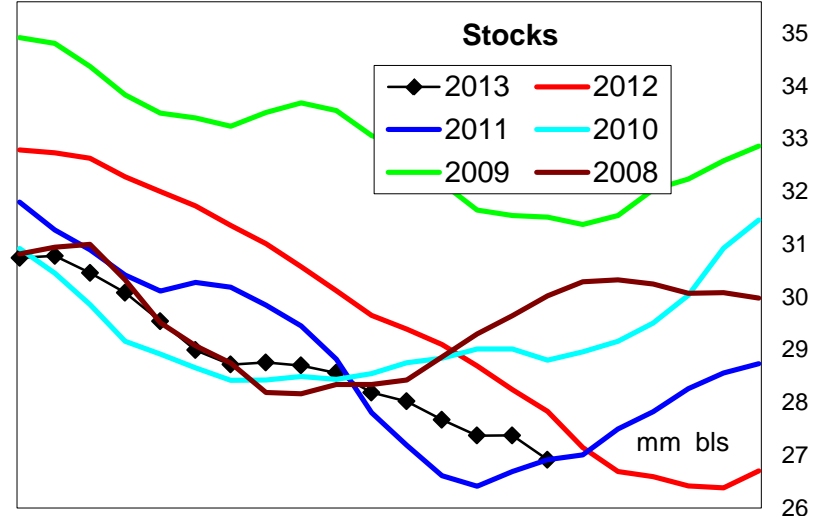
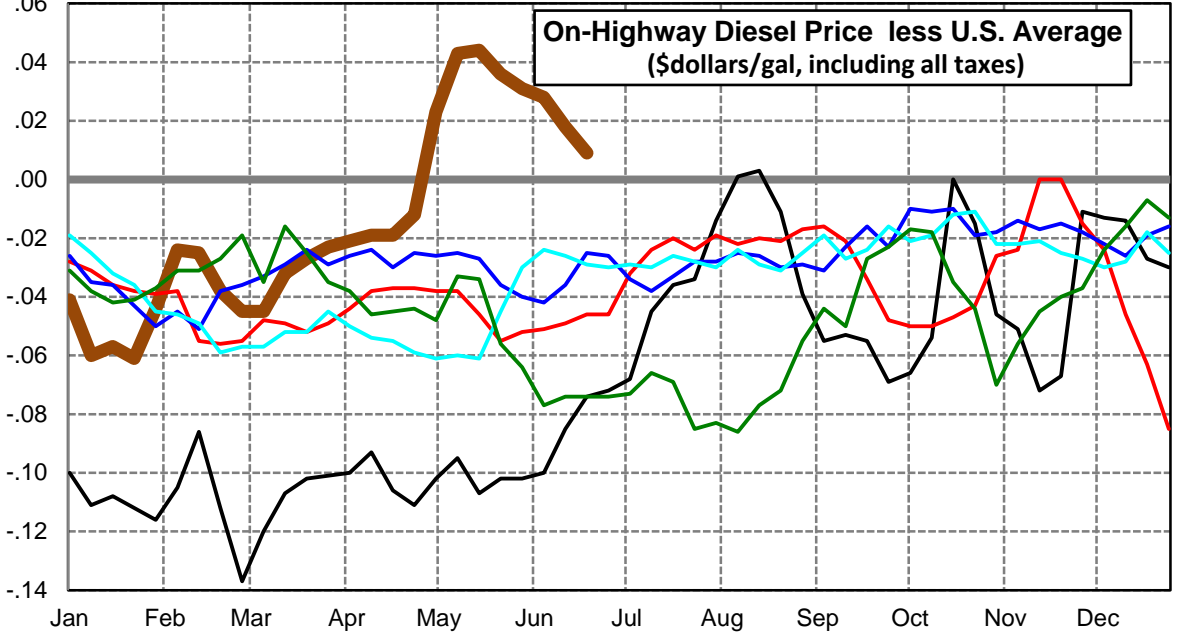
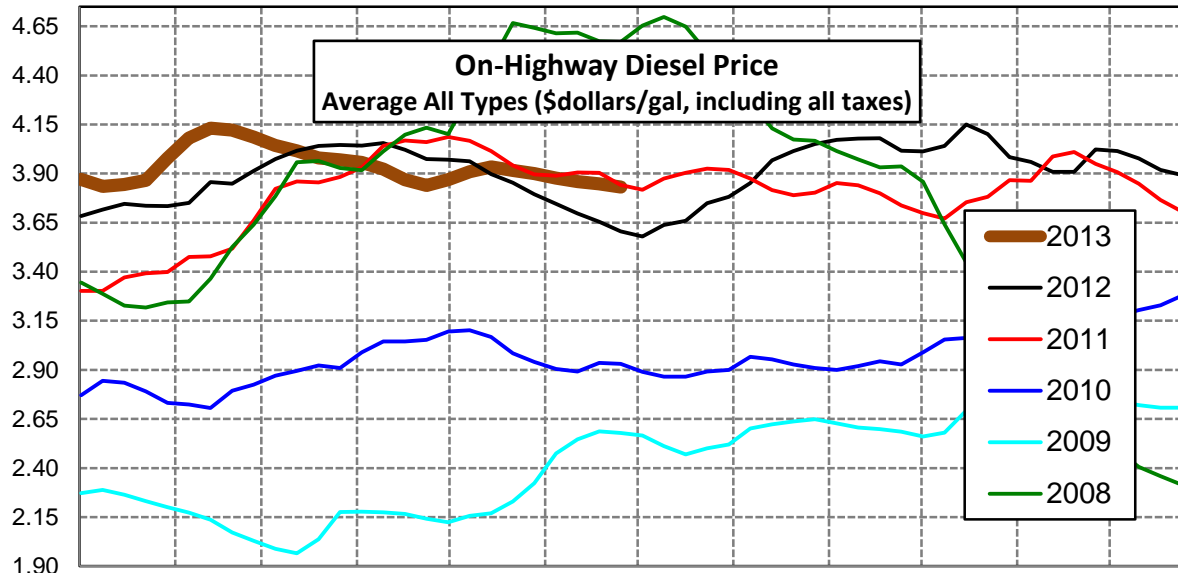
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 10Jun13 | 17Jun13 | 24Jun13 | 01Jul13 | |
| New England | \$3.978 | \$3.980 | \$3.984 | \$4.003 | \$0.019 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



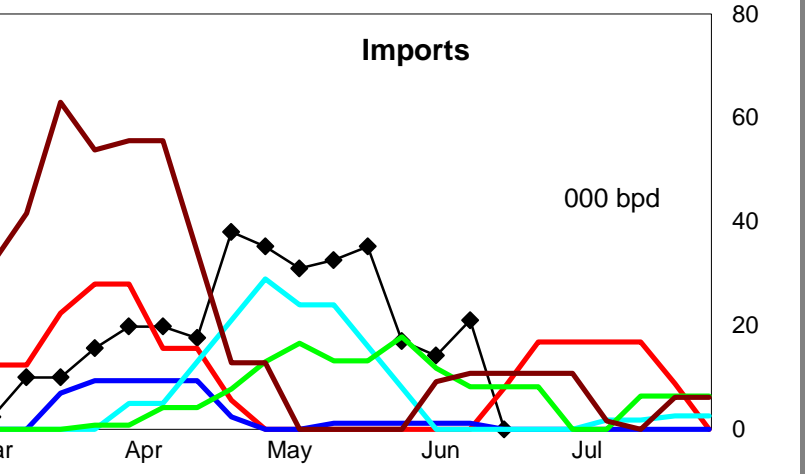
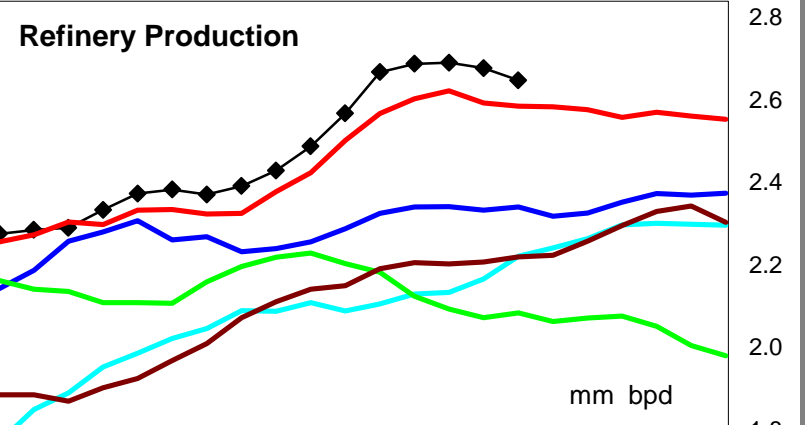
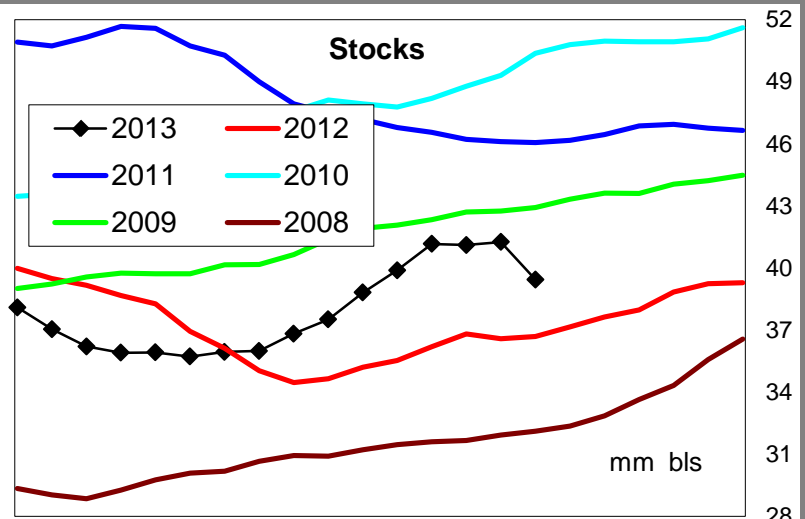
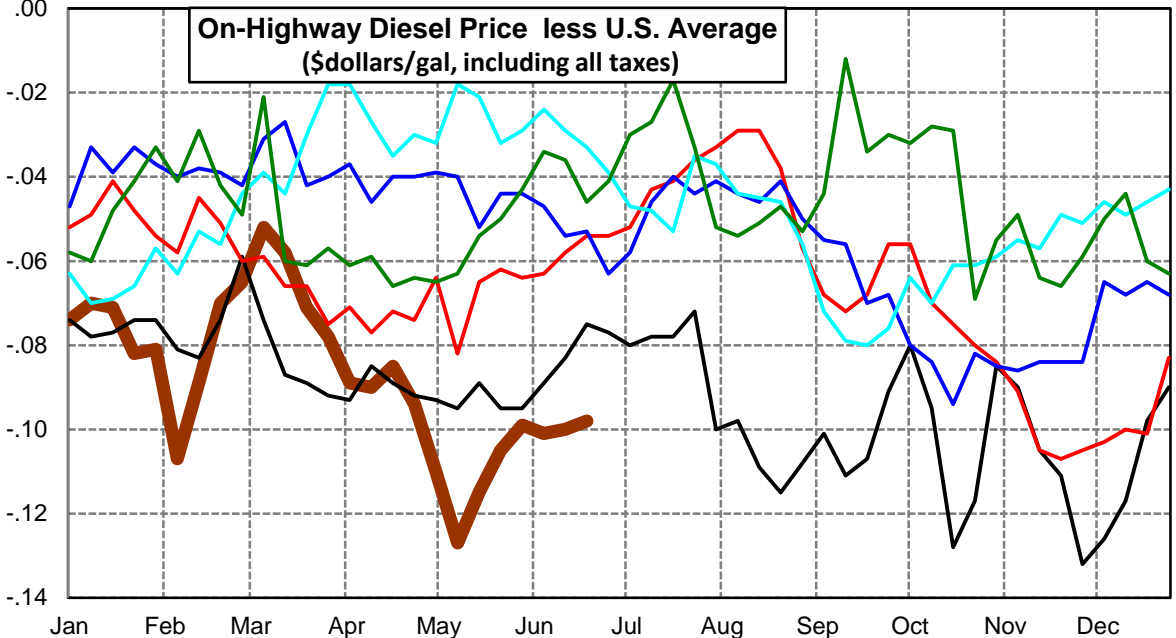
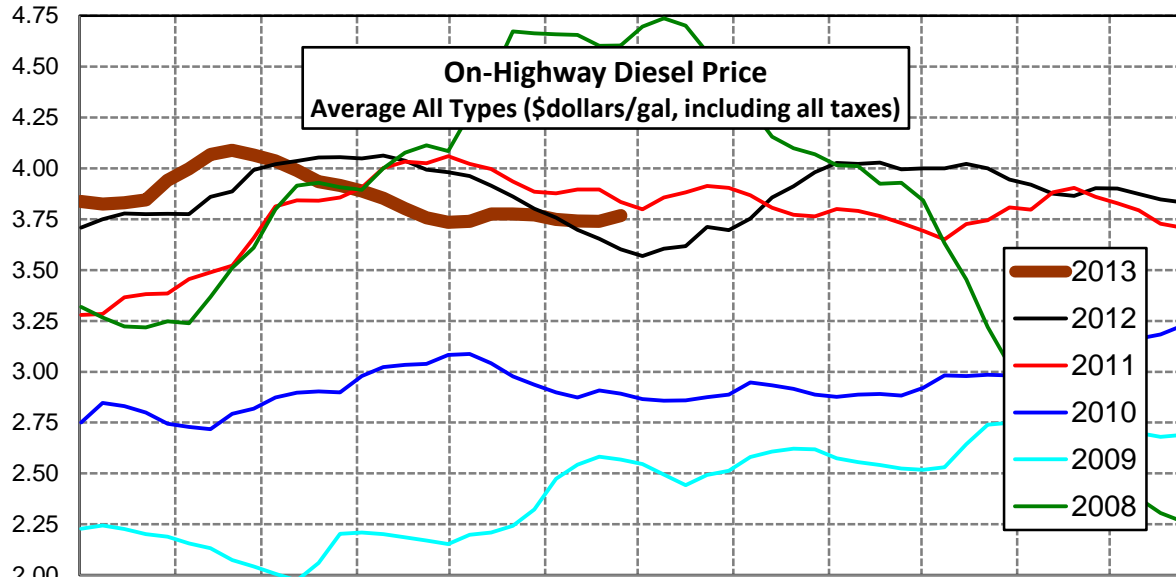
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 10Jun13 | 17Jun13 | 24Jun13 | 01Jul13 | |
| Midwest | \$3.877 | \$3.859 | \$3.847 | \$3.831 | -\$0.016 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



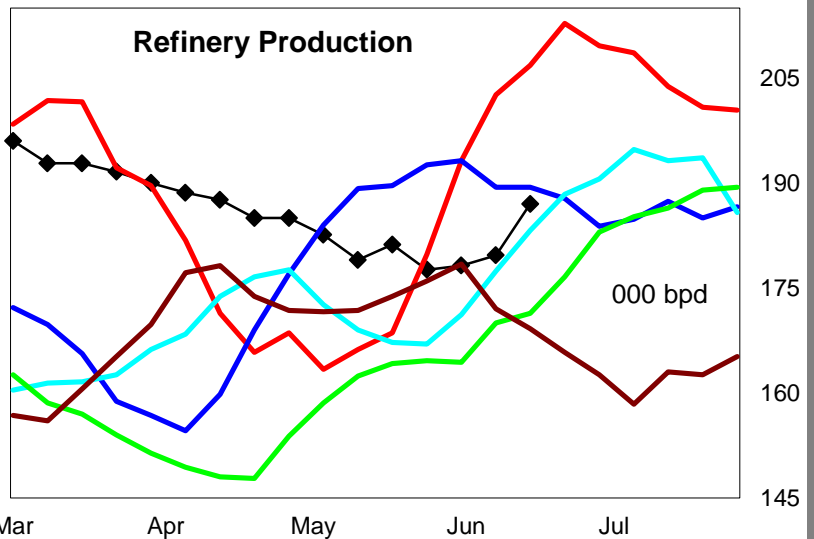
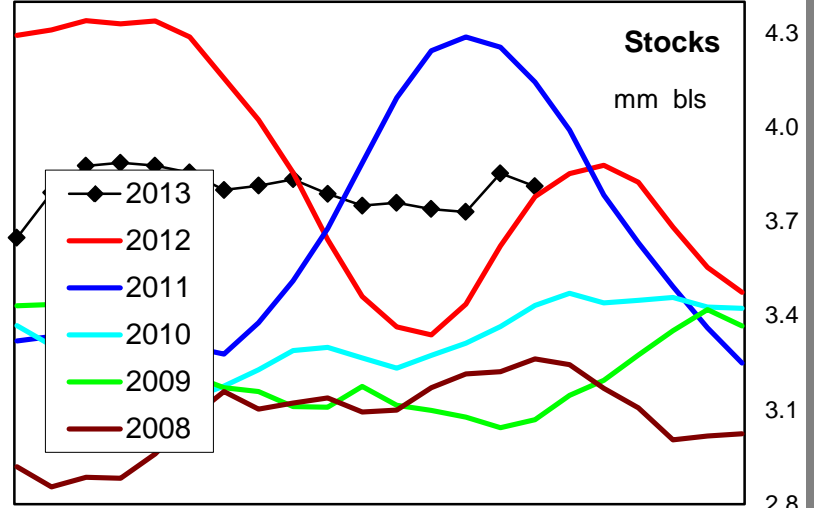
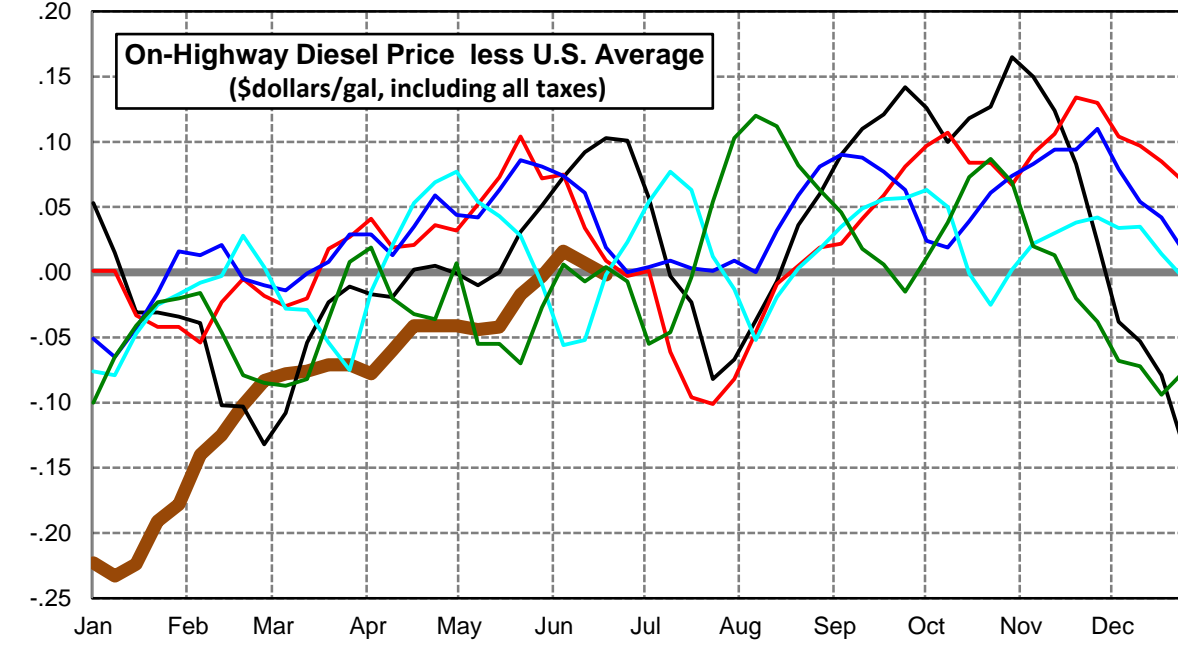
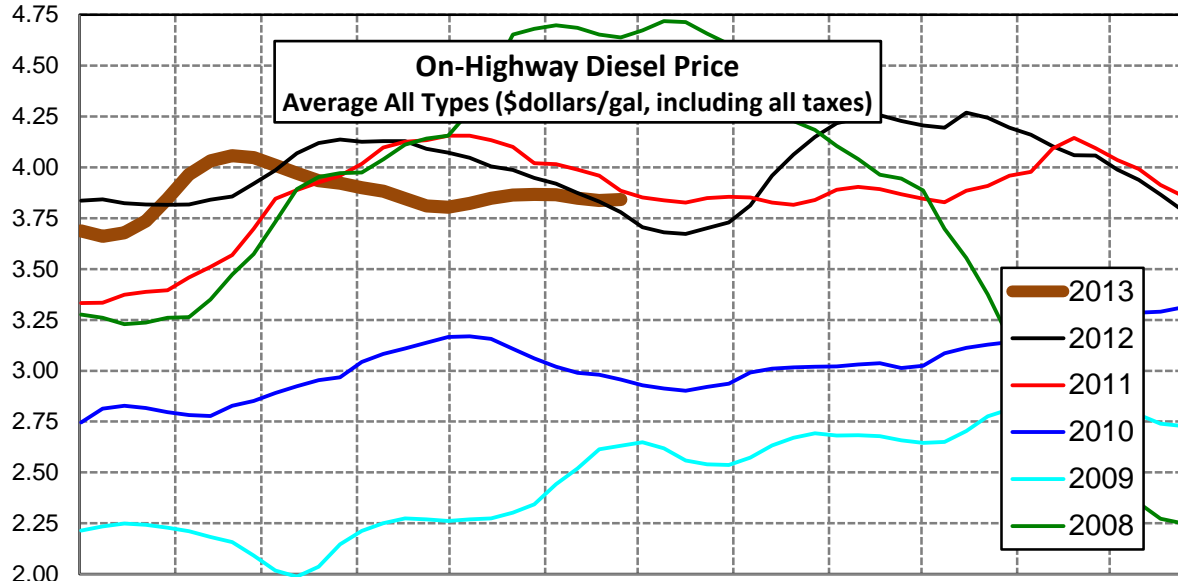
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 10Jun13 | 17Jun13 | 24Jun13 | 01Jul13 | |
| Gulf Coast | \$3.748 | \$3.741 | \$3.740 | \$3.768 | \$0.028 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



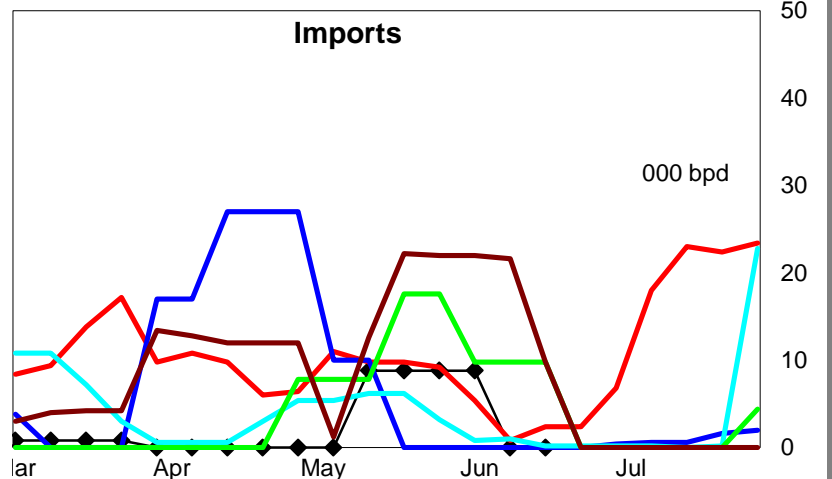
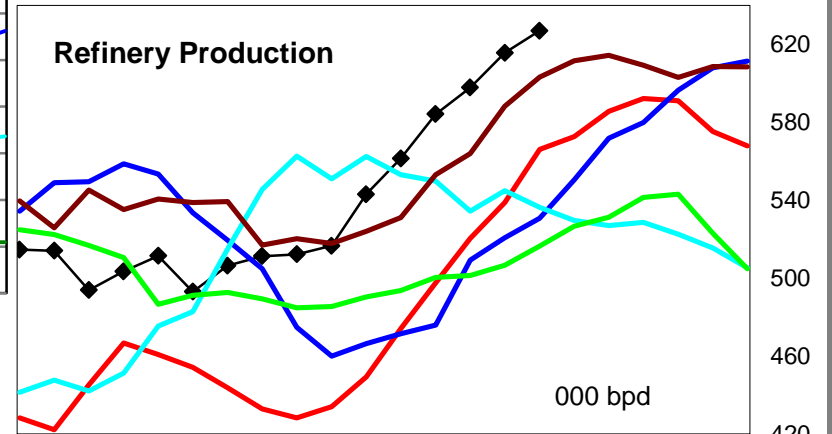
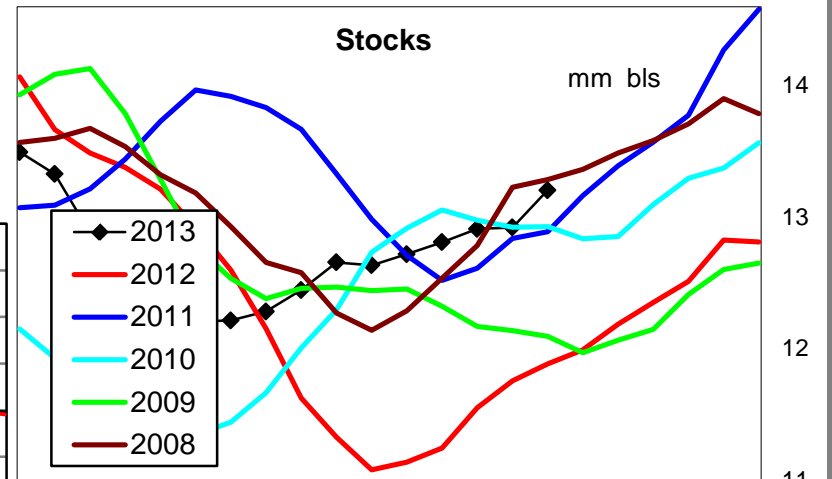
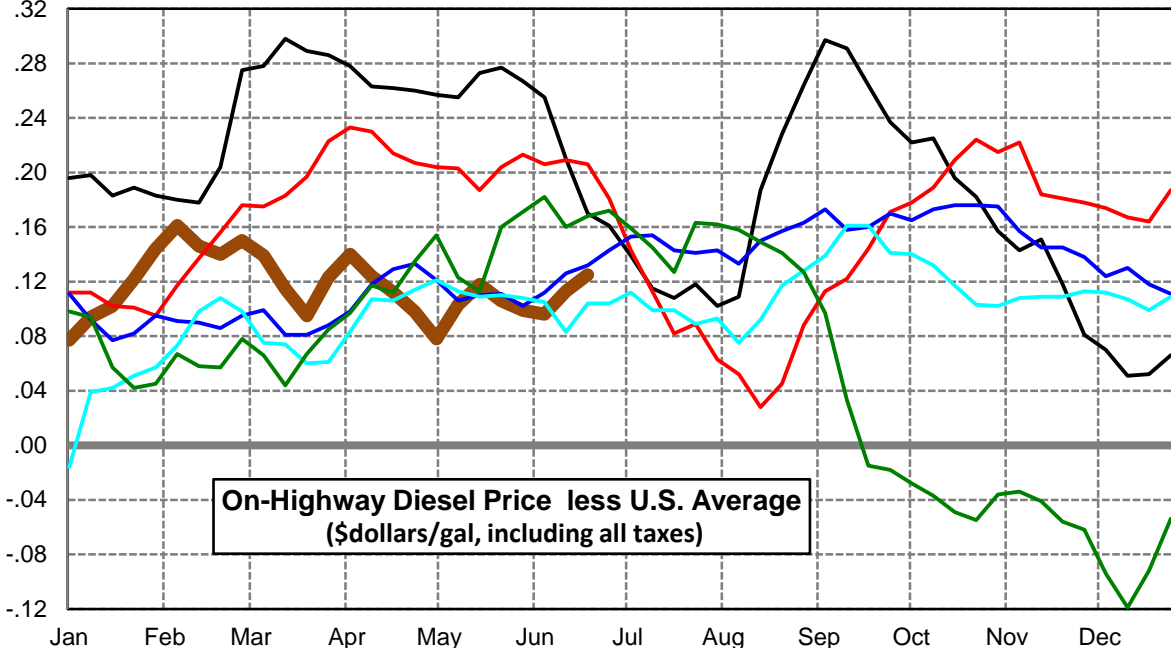
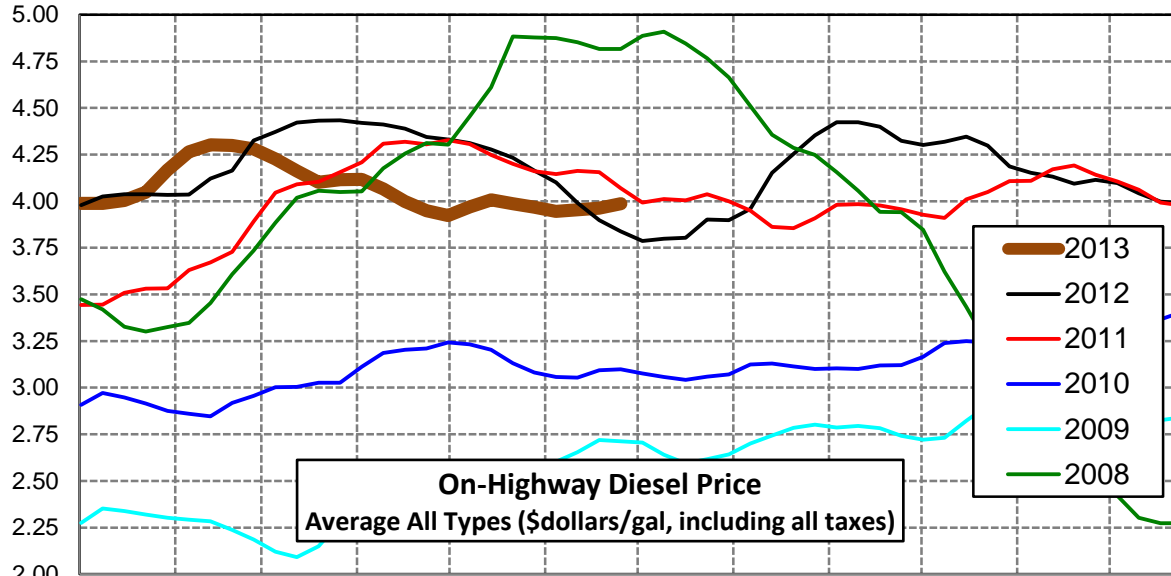
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 10Jun13 | 17Jun13 | 24Jun13 | 01Jul13 | |
| Rocky Mountain | \$3.865 | \$3.848 | \$3.836 | \$3.841 | \$0.005 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



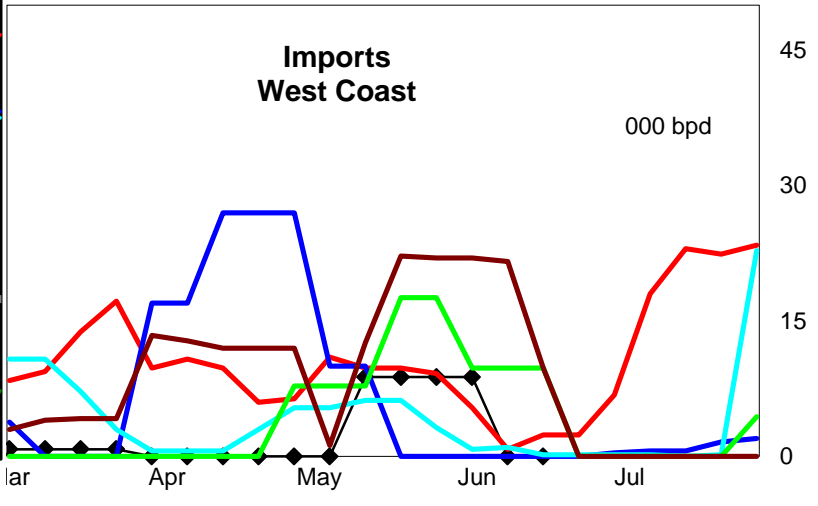
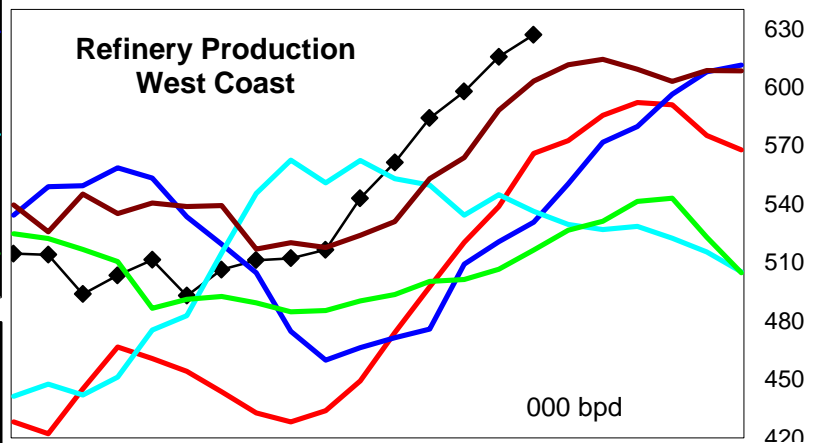
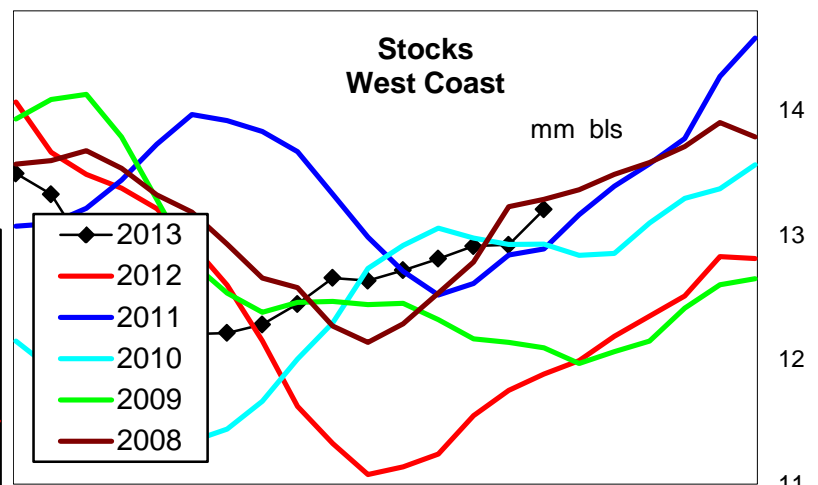
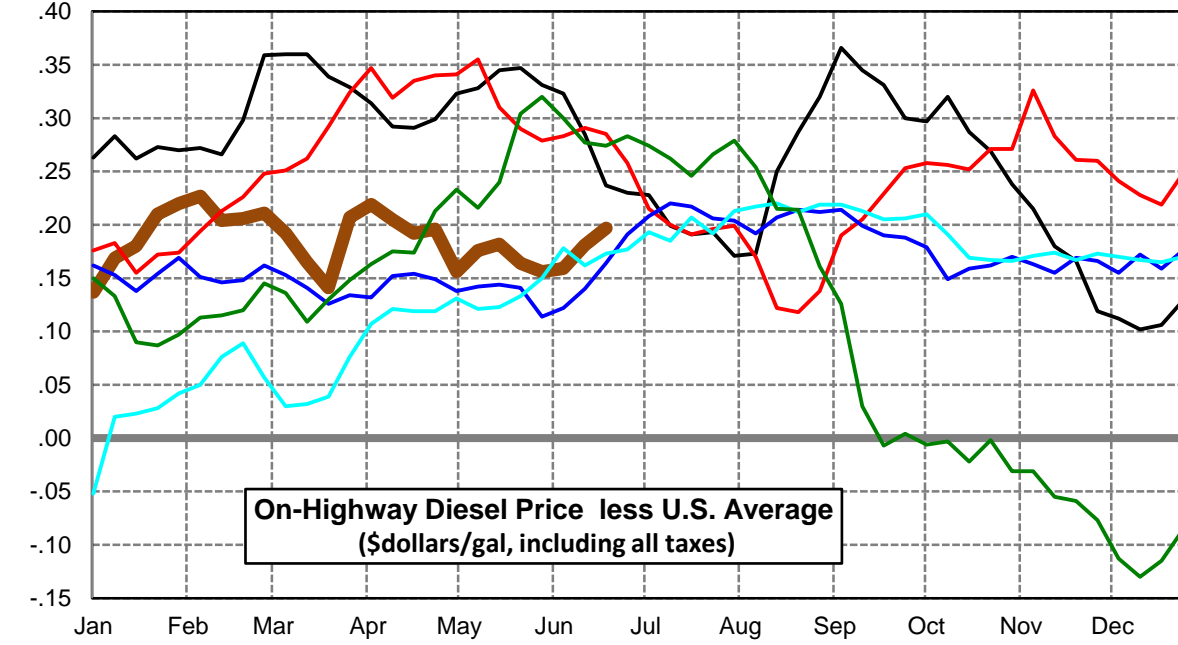
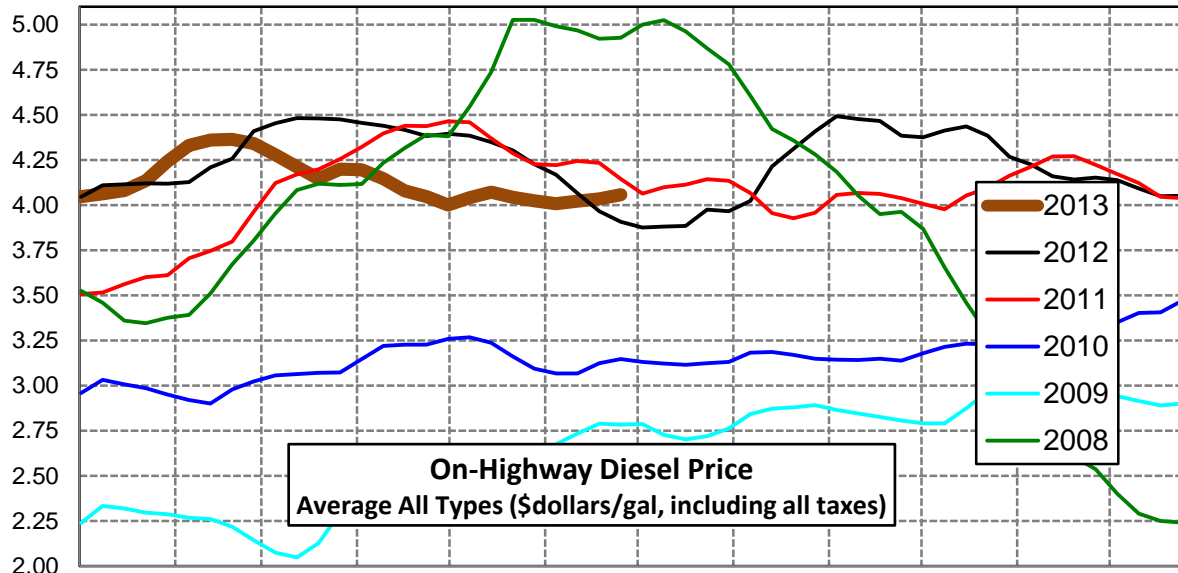
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 10Jun13 | 17Jun13 | 24Jun13 | 01Jul13 | |
| West Coast | \$3.945 | \$3.954 | \$3.963 | \$3.986 | \$0.023 |
| 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 |
| | 10Jun13 | 17Jun13 | 24Jun13 | 01Jul13 | |
| California | \$4.008 | \$4.022 | \$4.035 | \$4.058 | \$0.023 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



| Week ending | Weekly On-Highway Diesel Prices | | | | | | | | | |
|---------------|--|------------|-------------|------------------|----------------|----------|------------|-----------|------------|------------|
| | Average All Types (\$dollars/gal, including all taxes) | | | | | | | | | |
| Week ending | United States | East Coast | New England | Central Atlantic | Lower Atlantic | Mid West | Gulf Coast | Rocky Mtn | West Coast | California |
| Mon-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 | 3.838 | 3.836 | 3.984 | 3.902 | 3.758 | 3.847 | 3.740 | 3.836 | 3.963 | 4.035 |
| Mon-01-Jul-13 | 3.841 | 3.854 | 4.003 | 3.920 | 3.777 | 3.831 | 3.768 | 3.841 | 3.986 | 4.058 |
| 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.