



## RETAIL DIESEL FUEL OUTLOOK

### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, July 24, 2013

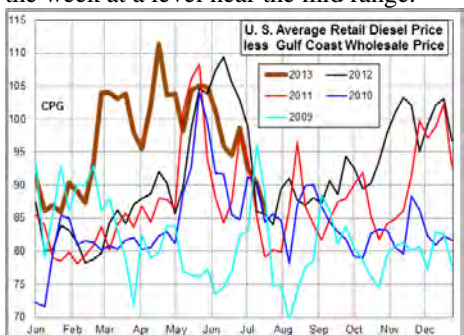
Region	Actual Price 1/		Forecast 2/		Change from week ago
	08Jul13	15Jul13	22Jul13	29Jul13	
U.S.	3.828	3.867	3.903	3.942	0.039
East Coast	3.831	3.876	3.919	3.959	0.040
New England	3.965	4.005	4.047	4.081	0.034
Central Atlantic	3.895	3.939	3.971	4.049	0.078
Lower Atlantic	3.757	3.804	3.857	3.914	0.057
Midwest	3.821	3.852	3.875	3.893	0.018
Gulf Coast	3.753	3.798	3.841	3.875	0.034
Rocky Mountain	3.811	3.829	3.866	3.913	0.047
West Coast	3.951	3.997	4.041	4.081	0.040
California	4.026	4.065	4.113	4.145	0.032

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

**Diesel Fuel Price Trends** U. S. retail diesel prices increased +3.6 cpg for the week, ending 22Jul13. Prices increased more than +4.2 cpg in several regions. The Lower Atlantic region witnessed a +5.3 cpg increase for the week.



The U.S. average retail diesel price compared to Gulf Coast wholesale market fell -4 cpg on the week. The spread ended the week at a level near the mid range.



The national average on-highway price ended the week +12 cpg above a year ago. The highest retail prices were in California and New England at \$4.11/gal and \$4.05/gal; respectively. The lowest prices

were in the Gulf and in the Southeast recently.

The spread between the U.S. average price and prices in regional markets including the Central Atlantic region remain below the 5-year range. The spread between the U.S. average price and regional prices are all within the 5-year range, with the exception of the Central Atlantic Region.

Gulf Coast wholesale distillate prices increased +3 cpg last week, ending at a level that matched highs of the last 3-months.



The spread between Gulf wholesale and U.S. average retail prices fell -4 cpg to 86 cpg last week. Look for the retail to wholesale price spread to trend lower over the next 30-days on seasonal stock building at the wholesale level.

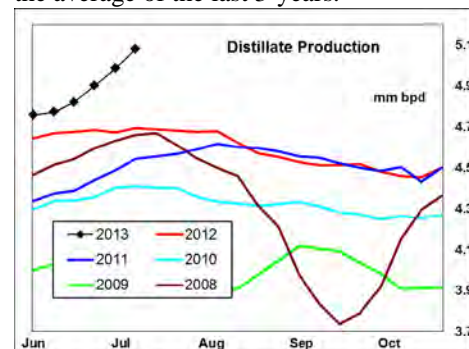
#### Supply - Demand Fundamental Trends

Distillate wholesale demand was nearly unchanged last week, but remains at a level above the last 3-years. Demand for the latest 4-wk period was +430,000 bpd above a year ago.

were in the Gulf at \$3.84/gal, lower Atlantic at \$3.86/gal and the Rockies at \$3.87/gal. Prices in the Gulf and Southeast are the lowest in the country due to very high Gulf production. A jump in exports has lifted prices

Supply increased +93,000 bpd on the week, with production reaching new all time record highs. During the latest 4-wk period, production was +279,000 bpd above last year while imports were +15,000 bpd higher.

Stocks jumped +3.9 million barrels last week on lower wholesale demand and record production. The latest 4-wk stock change in +5.5 million barrel build, near the average of the last 3-years.



#### Global Trends Driving Diesel Prices

Political uncertainty in Egypt with potential disruption of shipping on the Suez Canal is lifting global oil prices.

Global economic fundamentals remain weak with recession in Europe, slower economic growth in China and only modest growth in the U.S.

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 record production, look for an above average rate of stock building.

These fundamentals point to risk of price weakness during the next quarter. Potential for hurricane storm supply disruptions represent upside price risk.

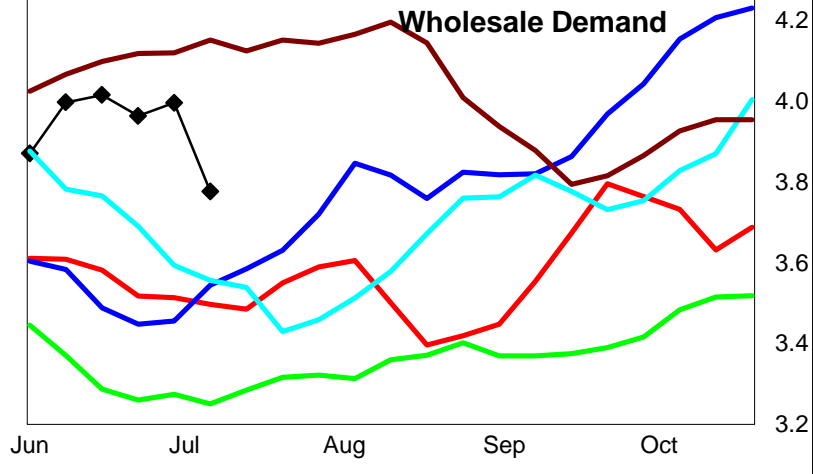
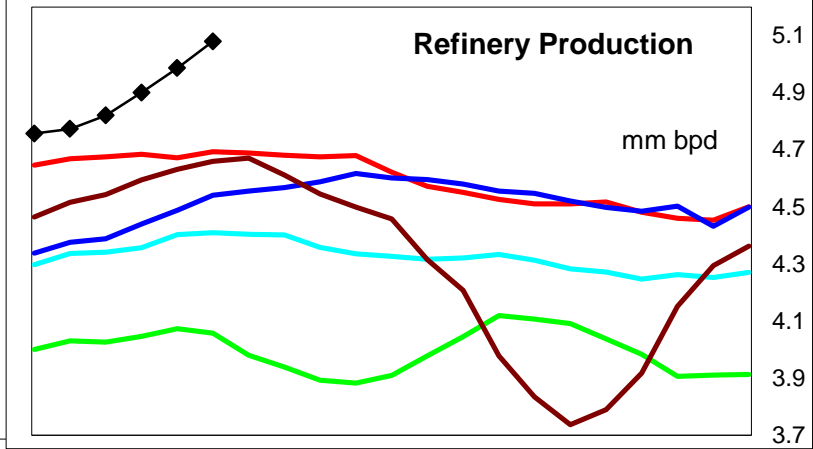
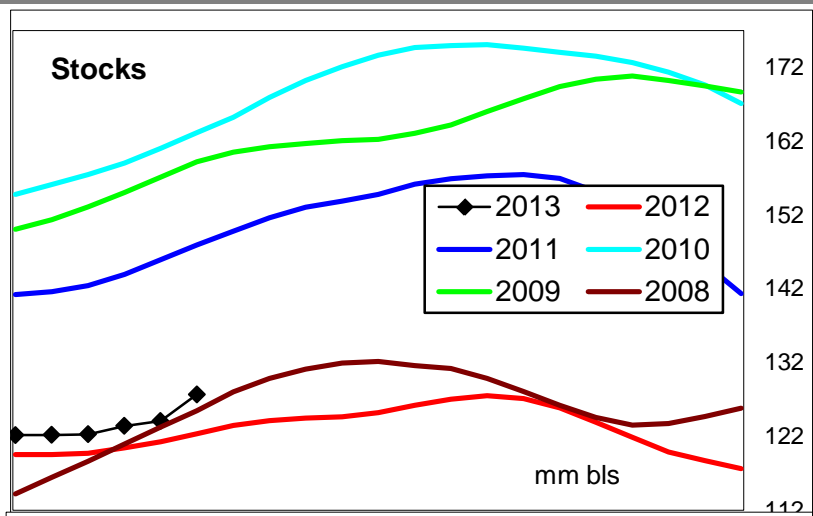
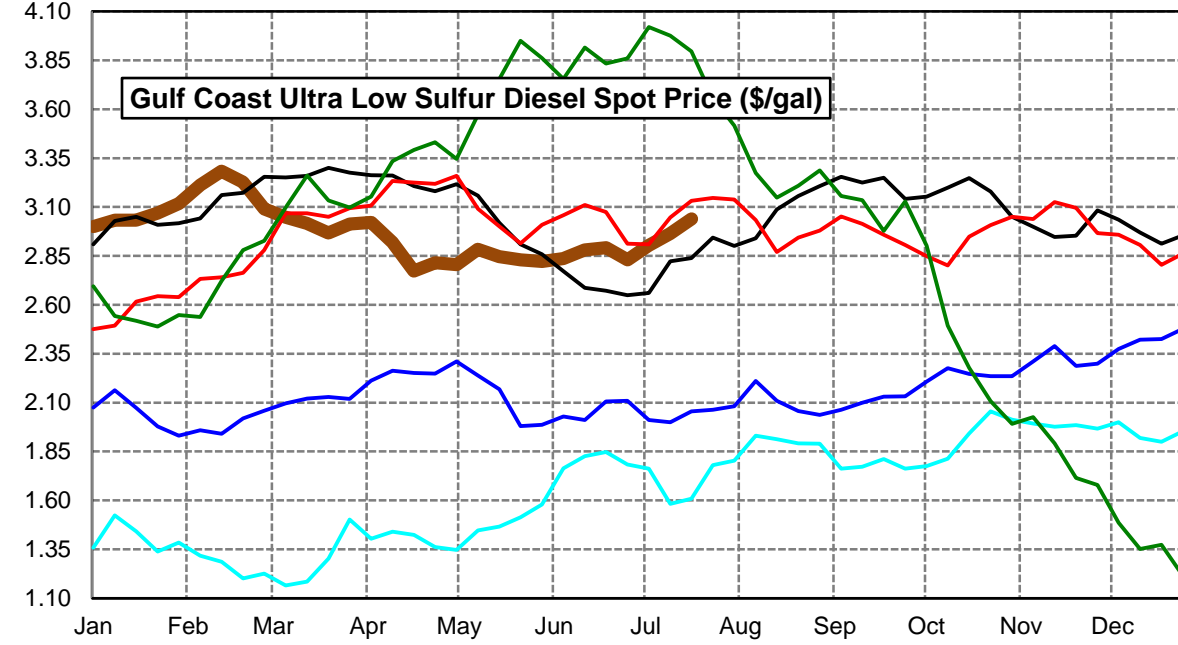
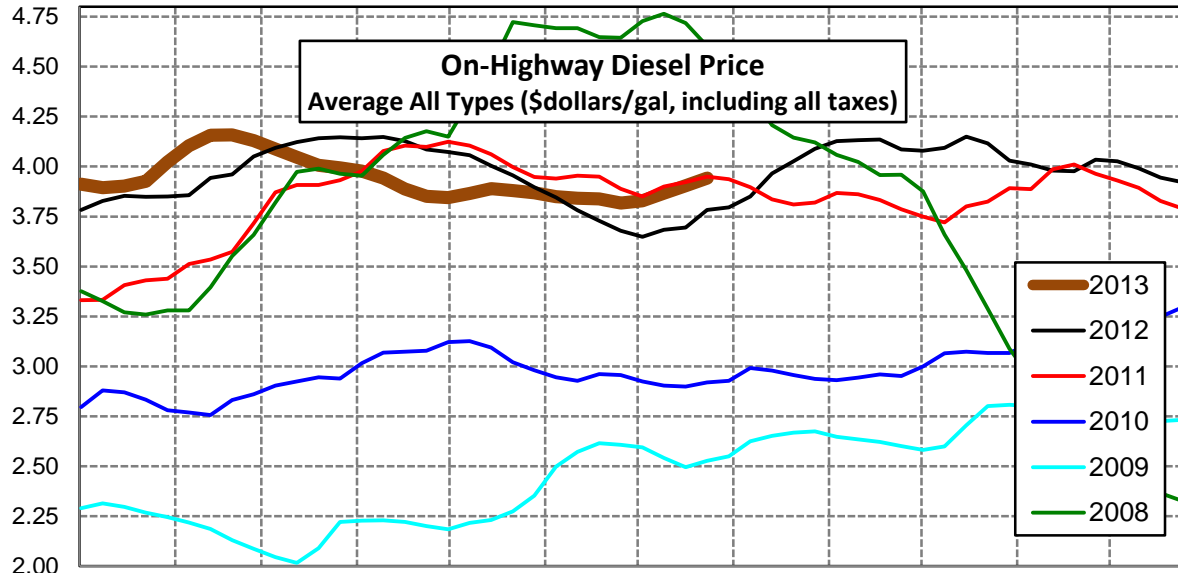
**Diesel Price Outlook** Look for retail prices to trend higher this week on the earlier increase in wholesale prices. Peak seasonal demand in the Rockies should lead to sharply higher prices in that region over the next 60-days. Very high production in the Gulf offset the increase in exports, limiting the relative increase in retail prices for that region.

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



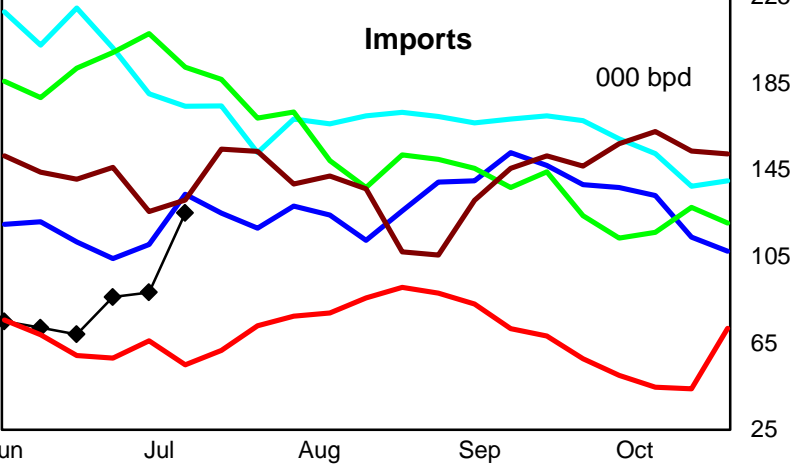
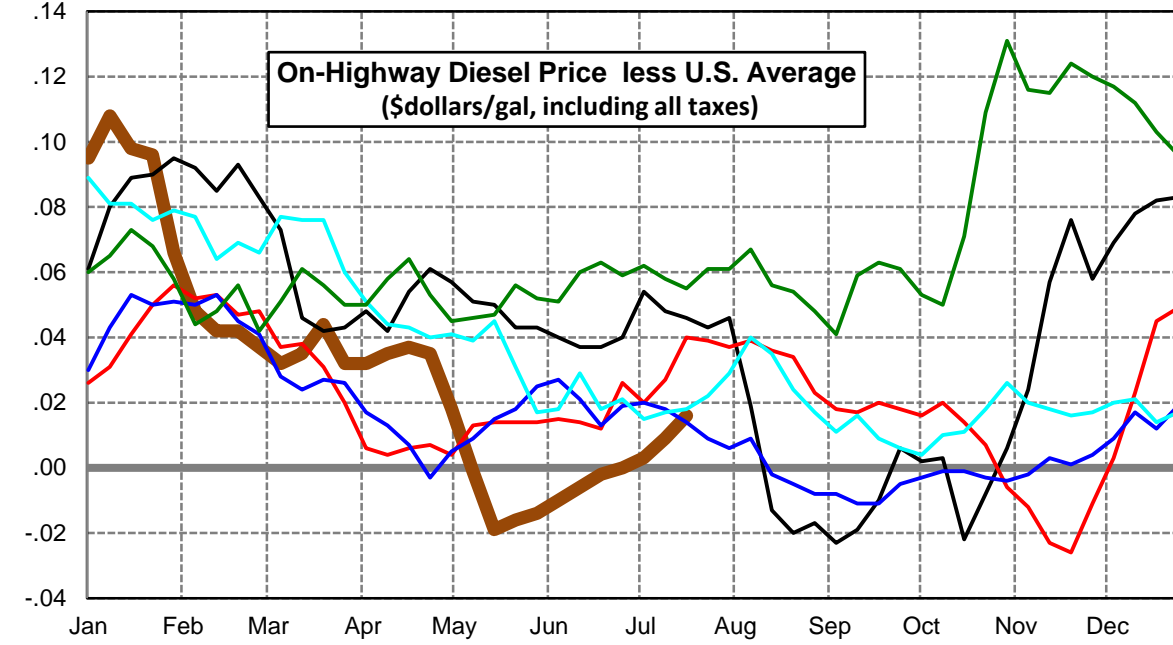
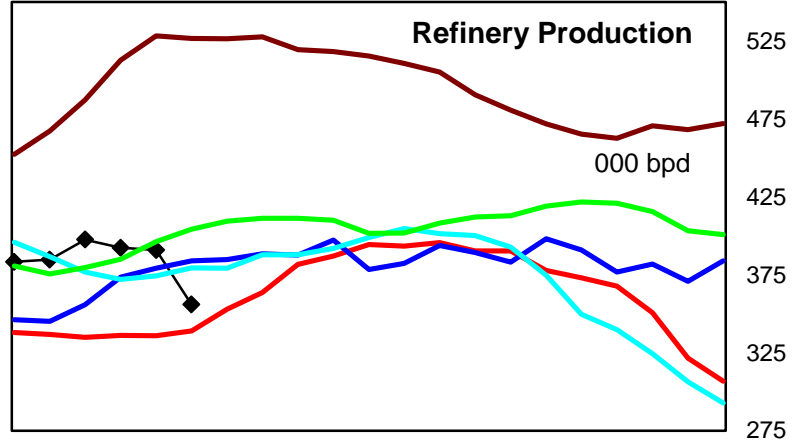
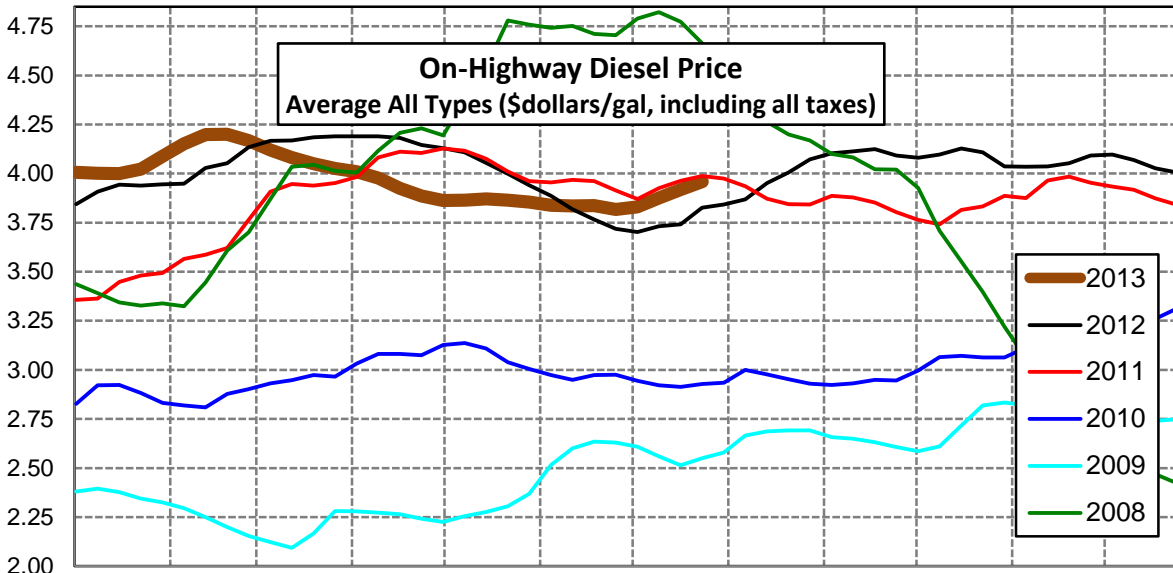
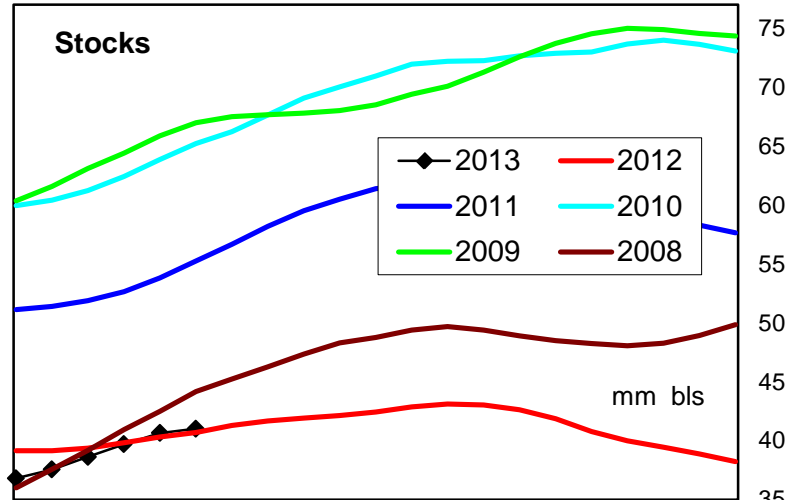
# U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	08Jul13	15Jul13	22Jul13	29Jul13	
<b>United States Avg</b>	\$3.828	\$3.867	\$3.903	<b>\$3.942</b>	\$0.039
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



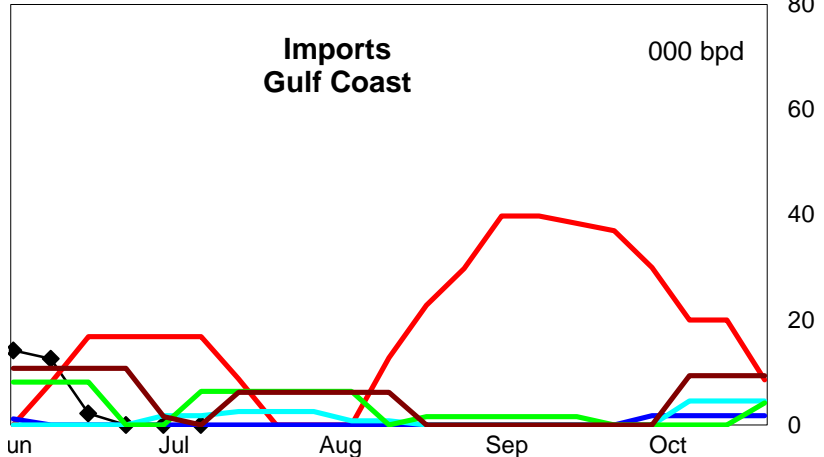
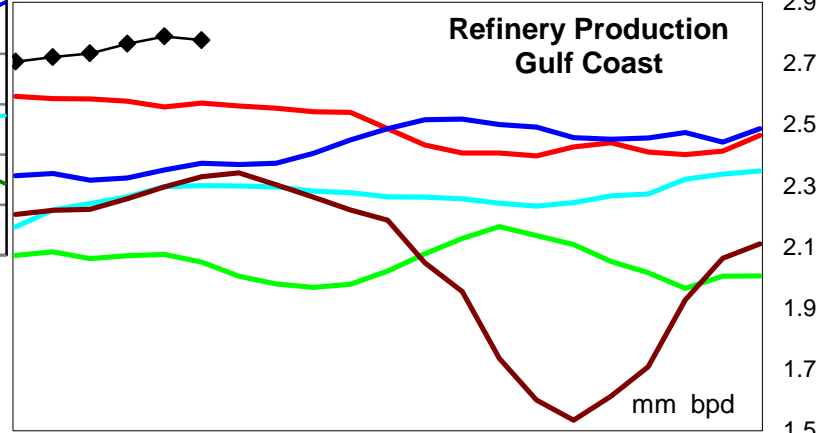
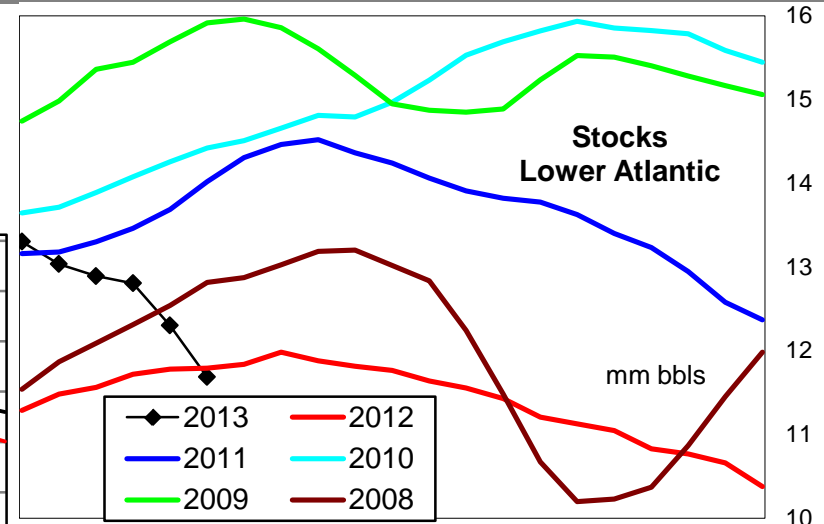
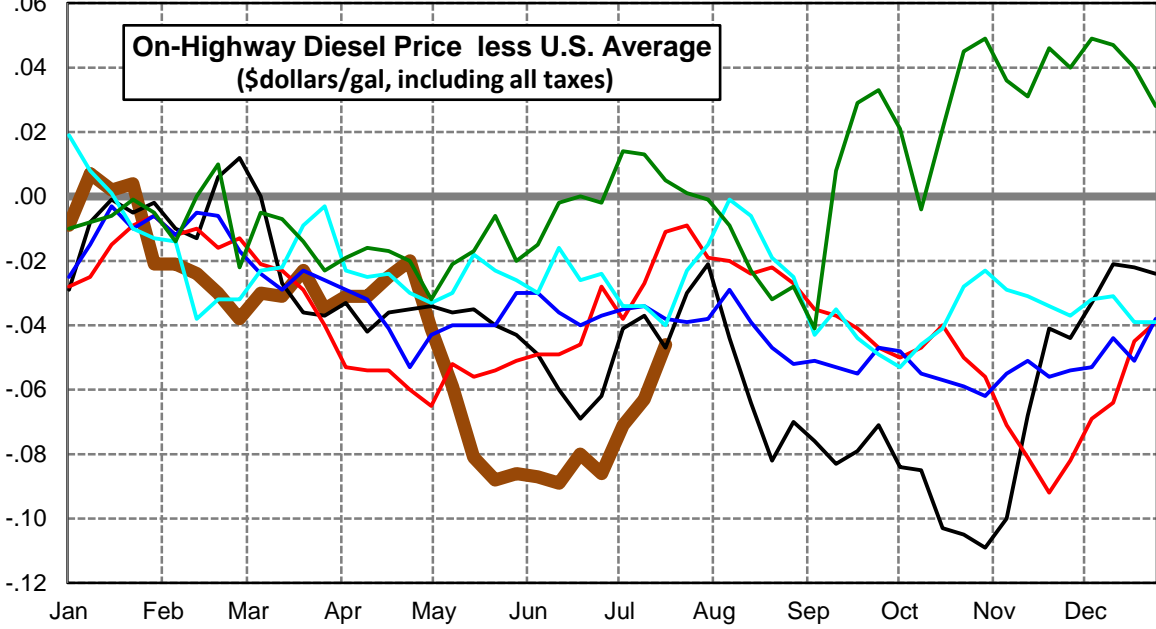
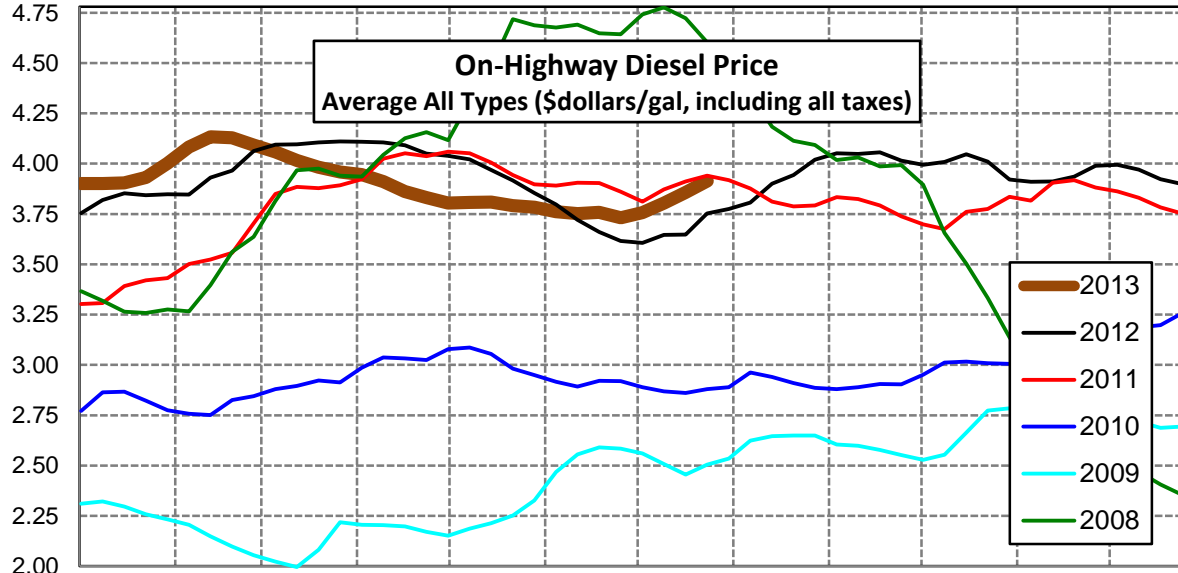
### East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	08Jul13	15Jul13	22Jul13	29Jul13	
<b>East Coast</b>	\$3.831	\$3.876	\$3.919	<b>\$3.959</b>	\$0.040
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



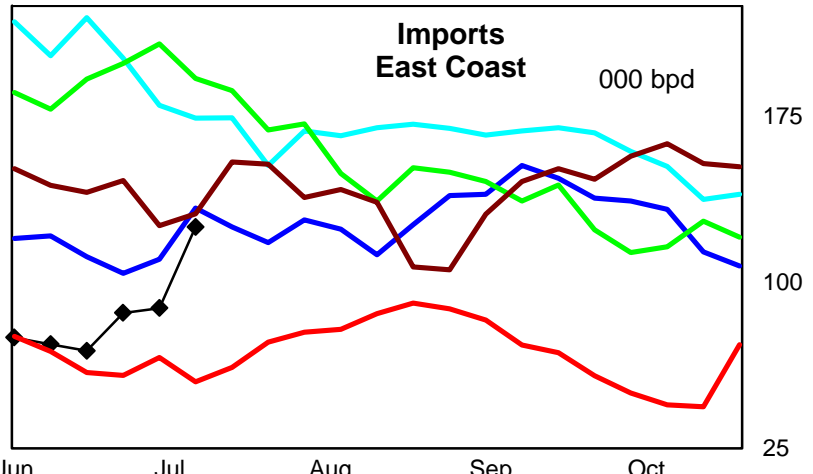
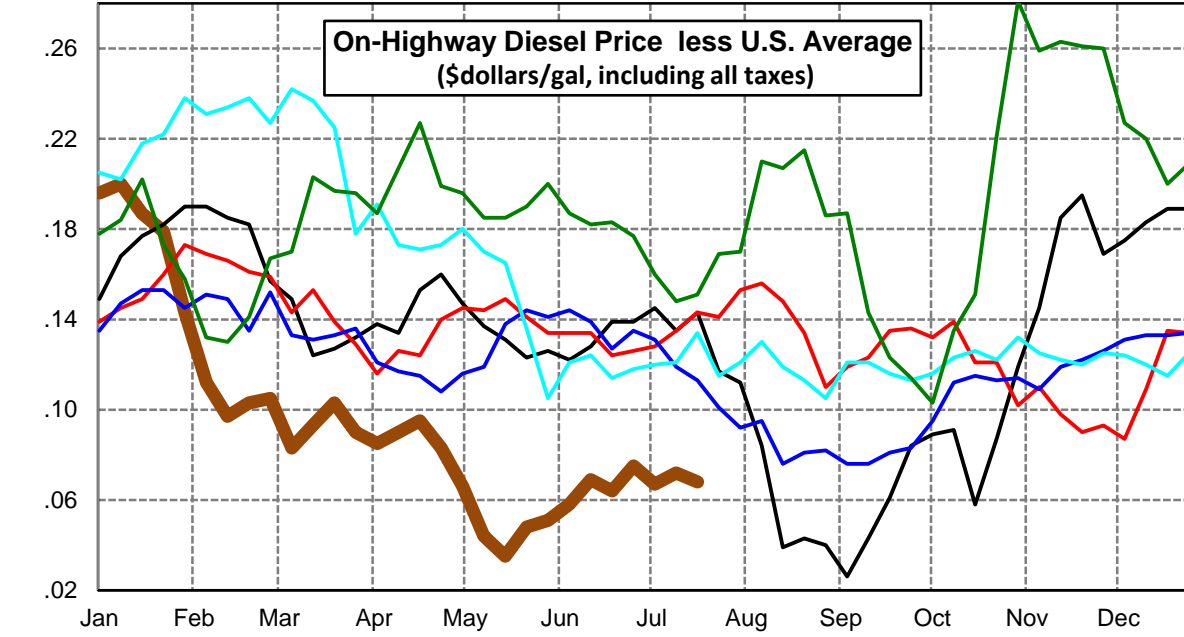
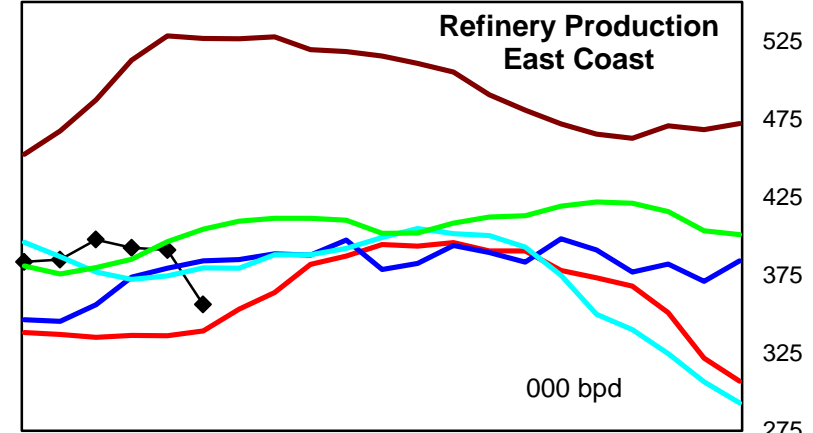
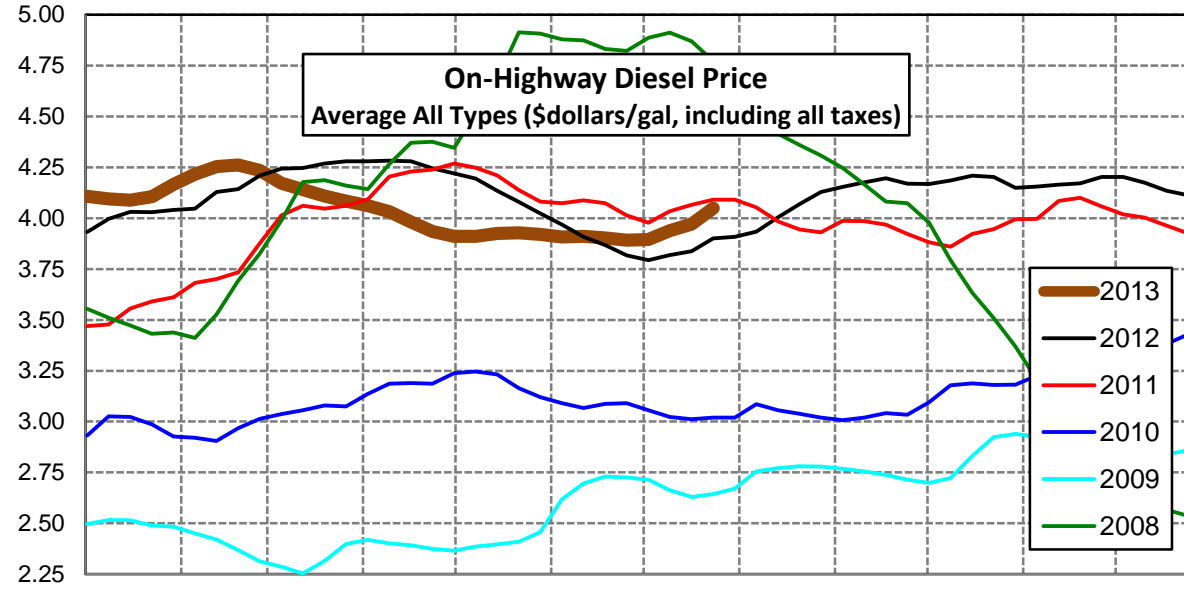
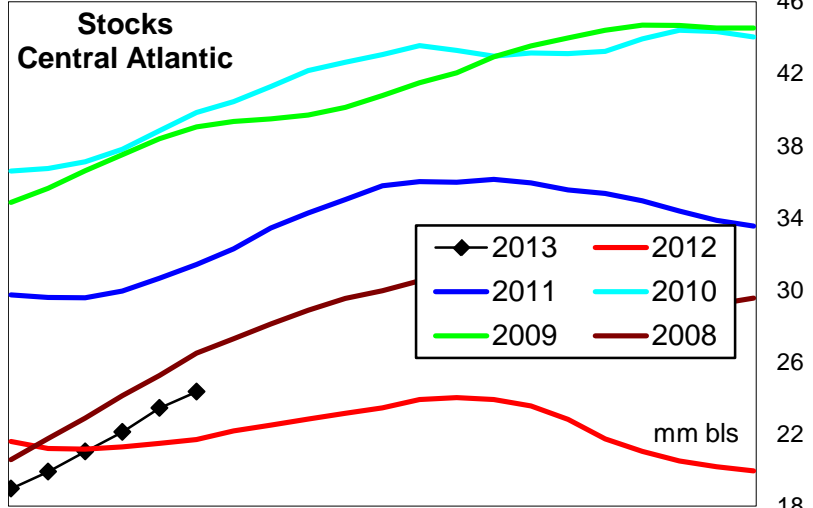
### Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	08Jul13	15Jul13	22Jul13	29Jul13	
<b>Lower Atlantic</b>	\$3.757	\$3.804	\$3.857	<b>\$3.914</b>	\$0.057
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



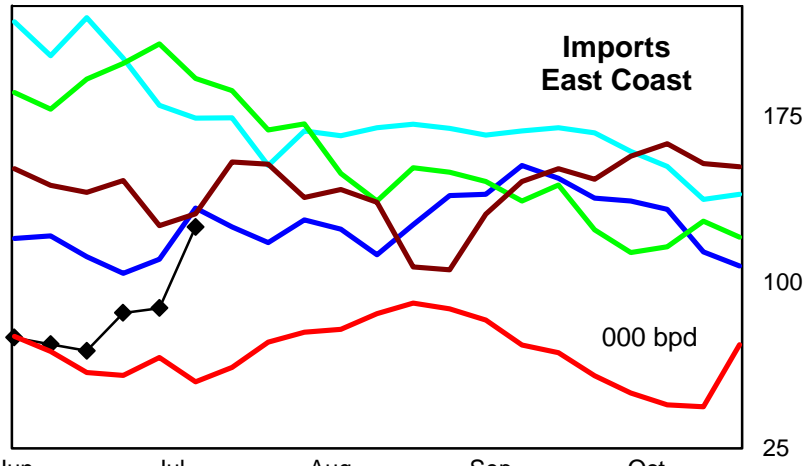
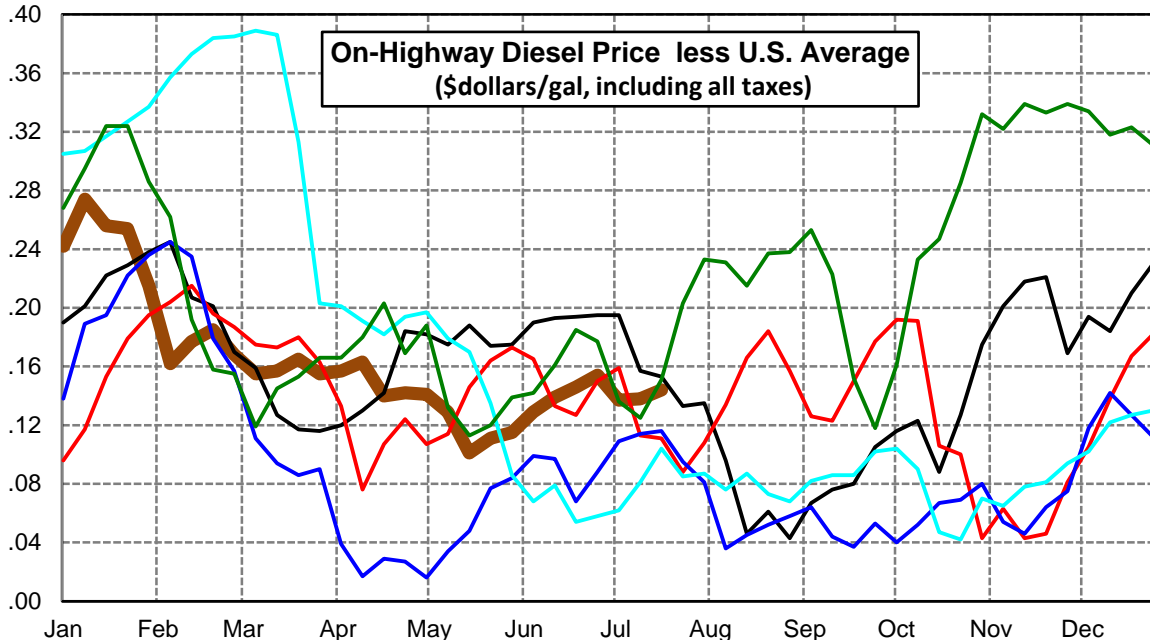
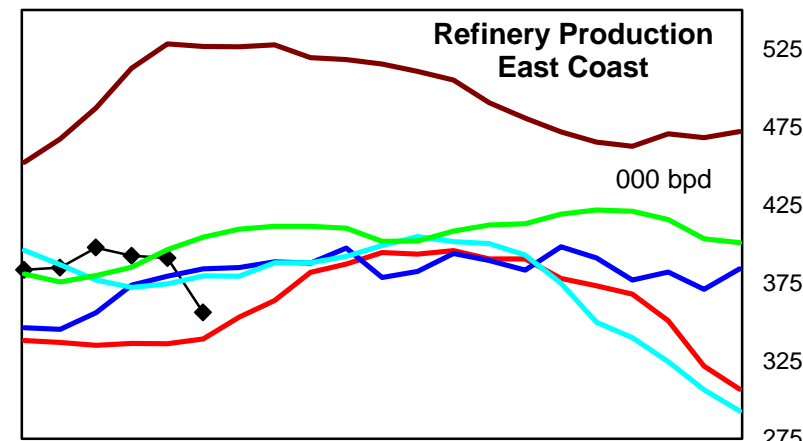
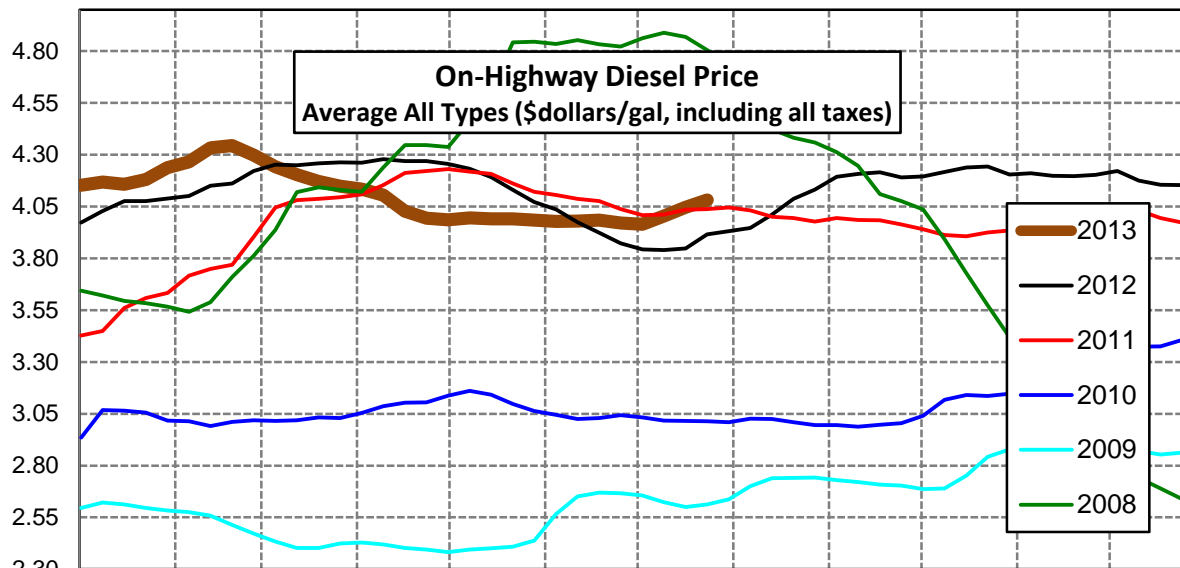
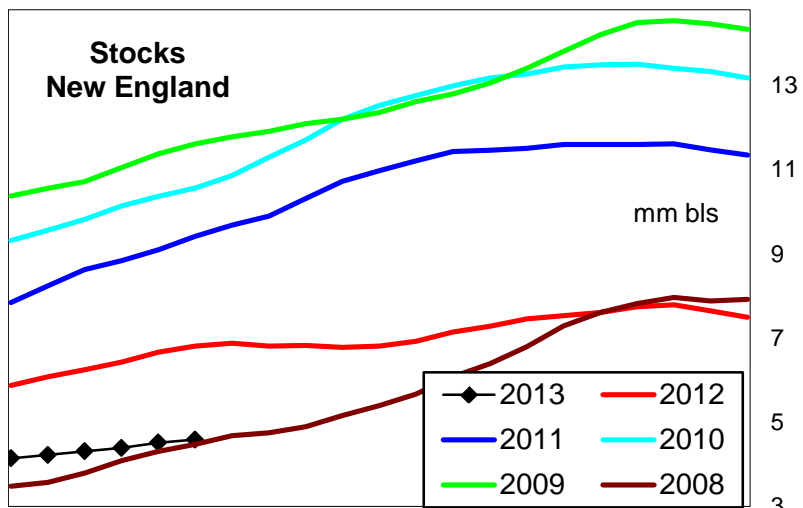
### Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	08Jul13	15Jul13	22Jul13	29Jul13	
<b>Central Atlantic</b>	\$3.895	\$3.939	\$3.971	<b>\$4.049</b>	\$0.078
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



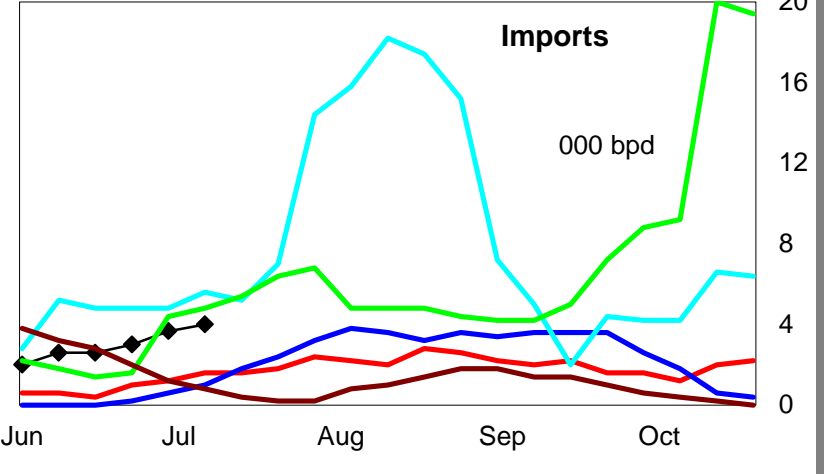
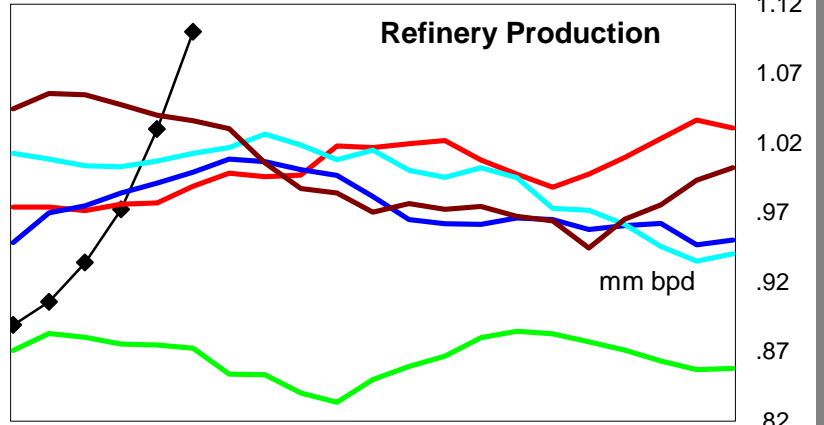
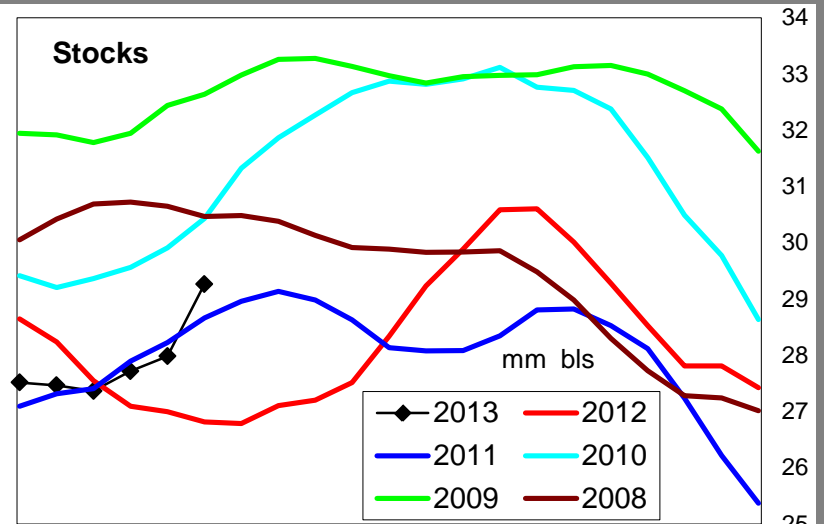
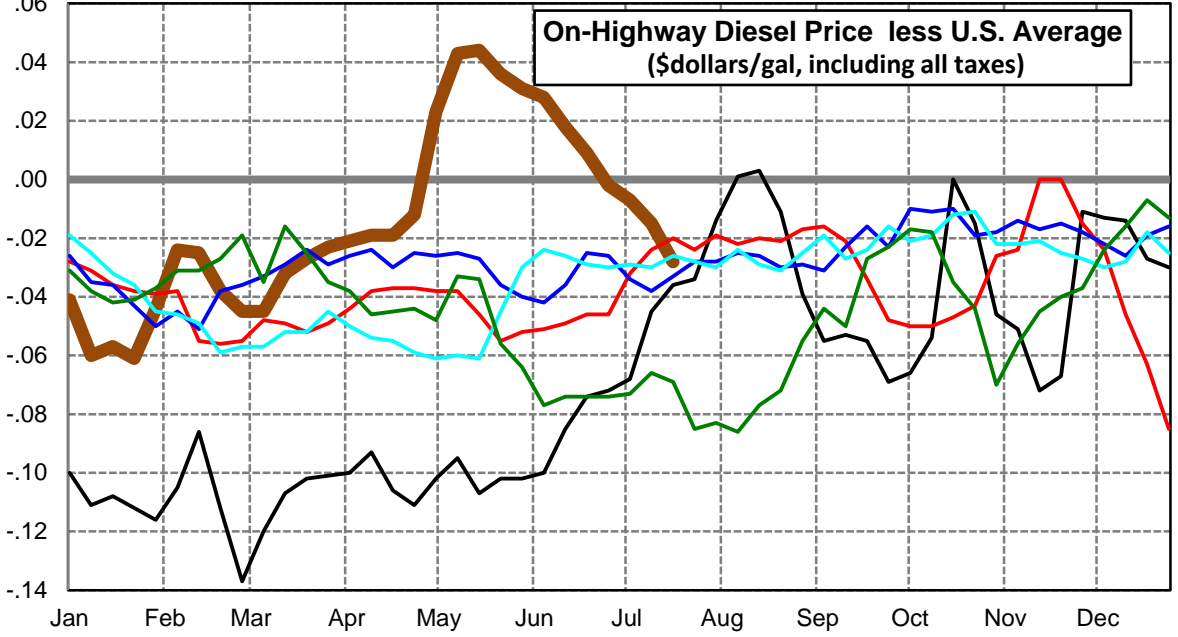
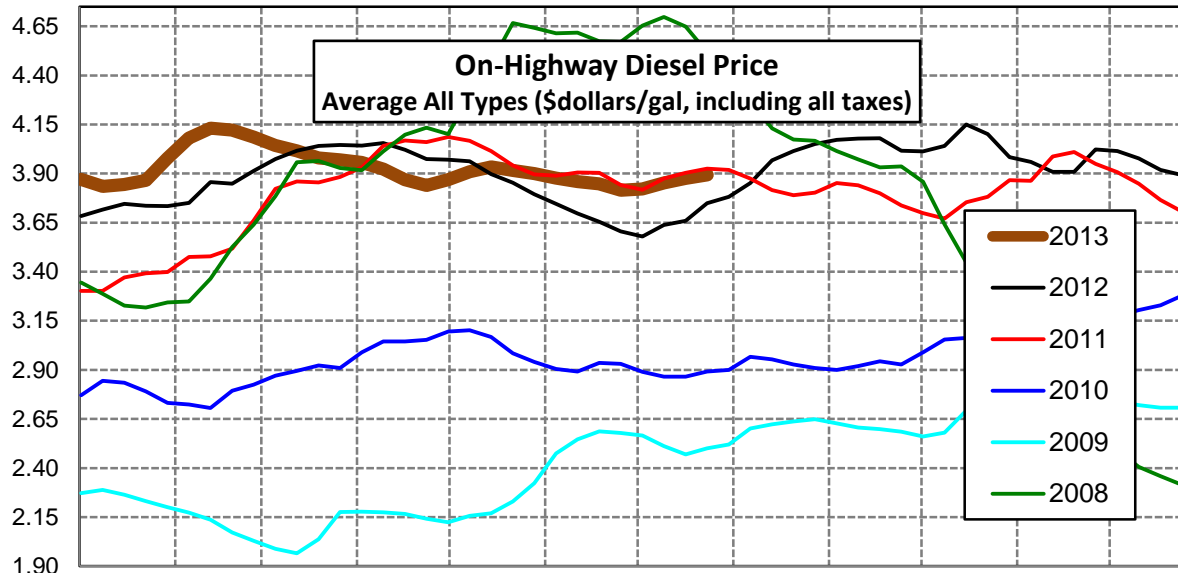
## New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	08Jul13	15Jul13	22Jul13	29Jul13	
<b>New England</b>	\$3.965	\$4.005	\$4.047	<b>\$4.081</b>	\$0.034
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



### Midwest Diesel Supply Fundamentals and On-Highway Price Trends

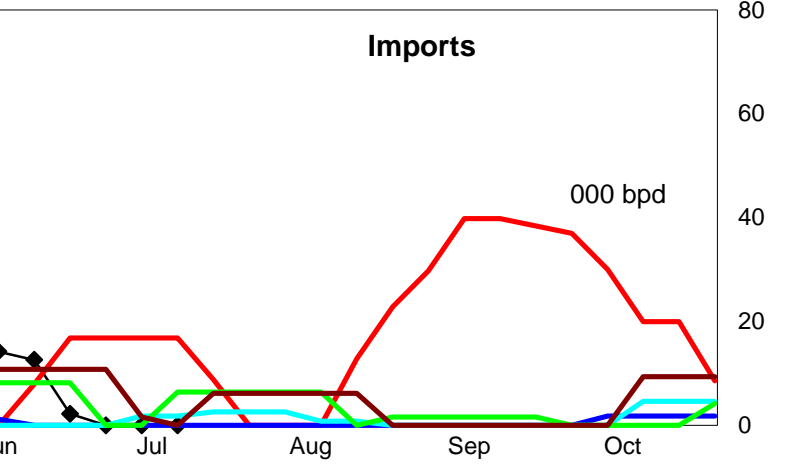
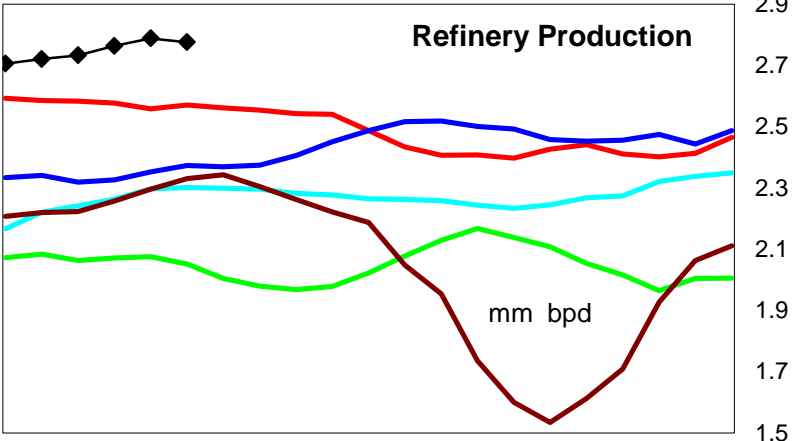
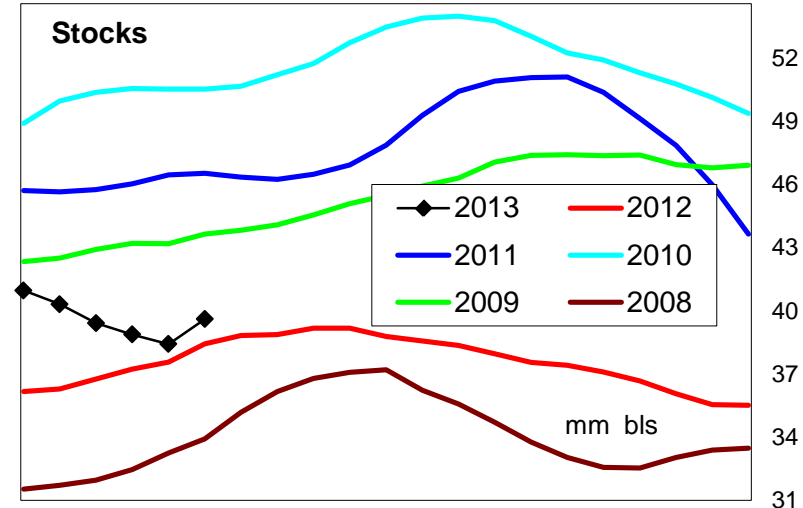
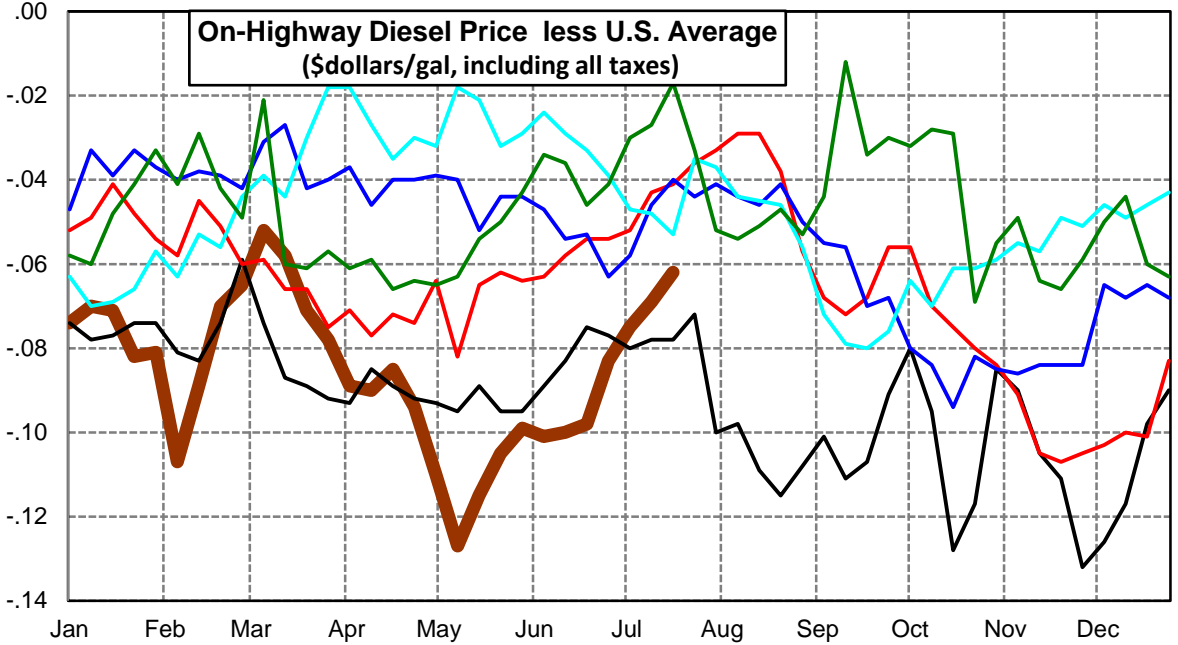
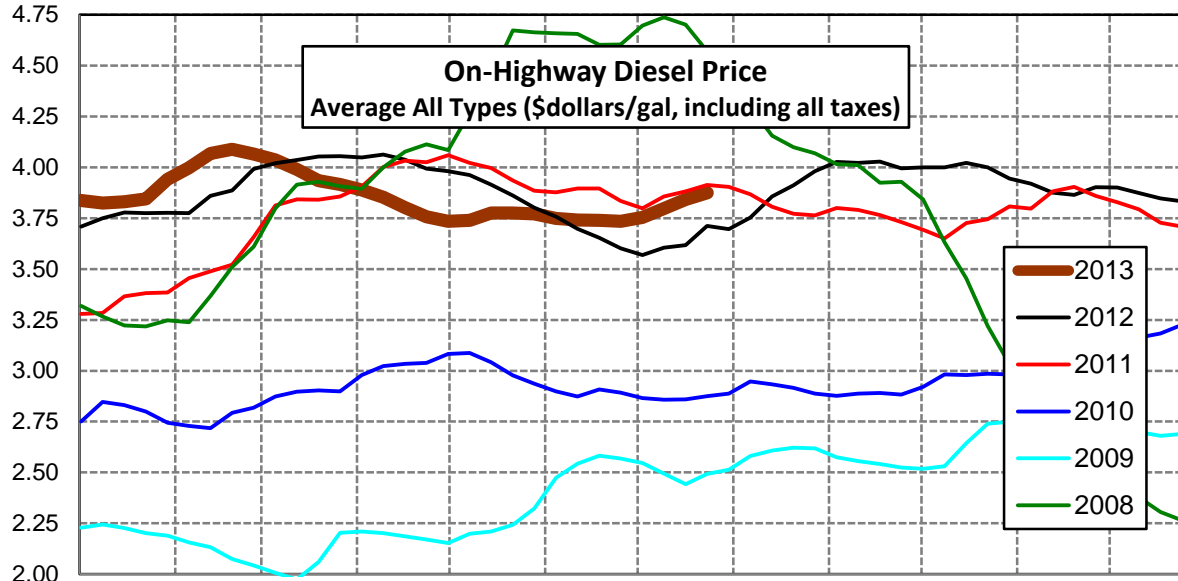
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	08Jul13	15Jul13	22Jul13	29Jul13	
<b>Midwest</b>	\$3.821	\$3.852	\$3.875	<b>\$3.893</b>	\$0.018
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





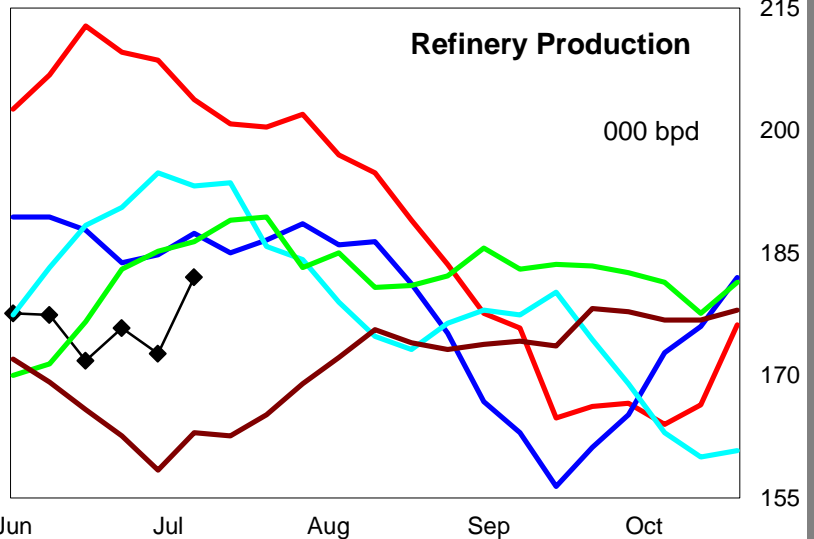
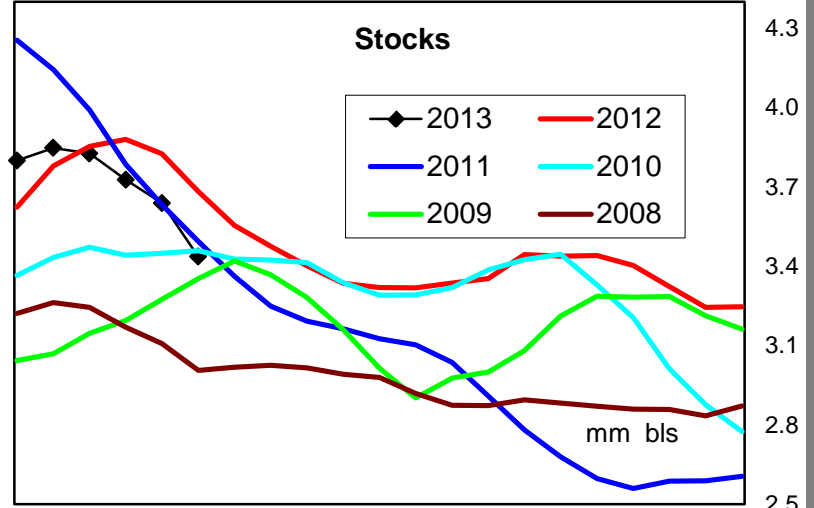
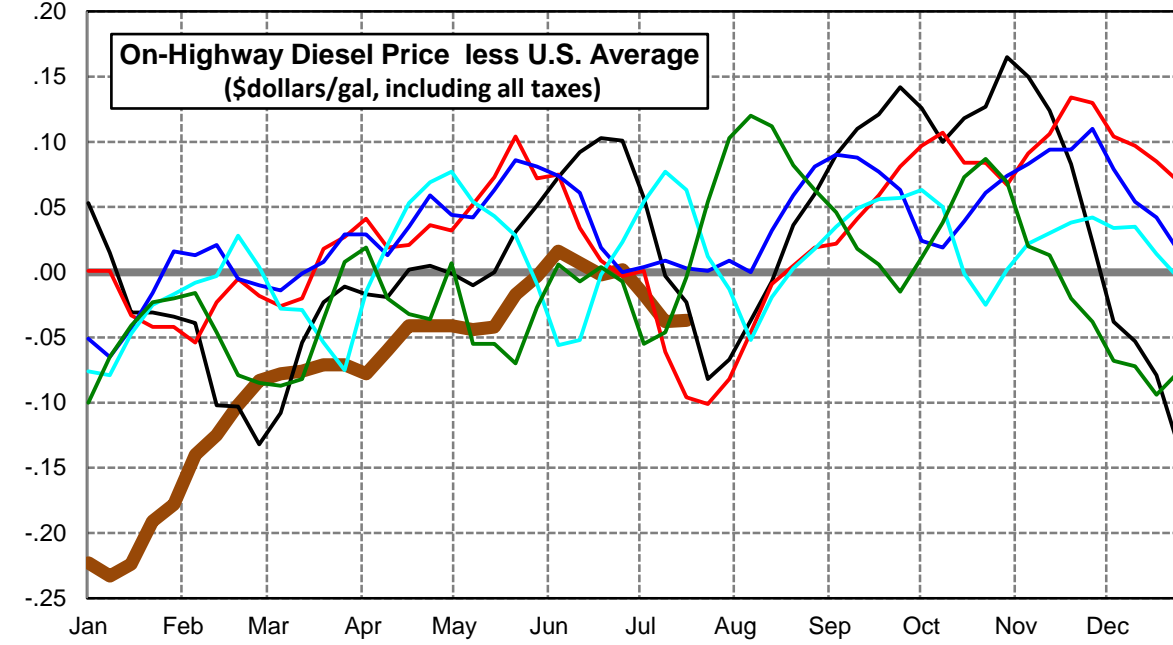
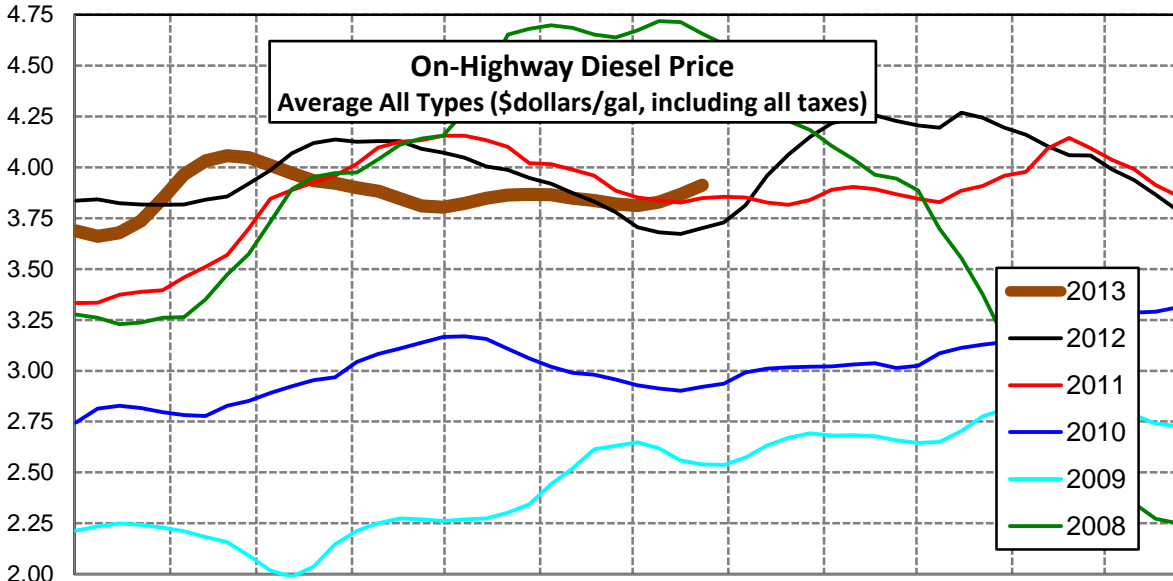
### Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	08Jul13	15Jul13	22Jul13	29Jul13	
<b>Gulf Coast</b>	\$3.753	\$3.798	\$3.841	<b>\$3.875</b>	\$0.034
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



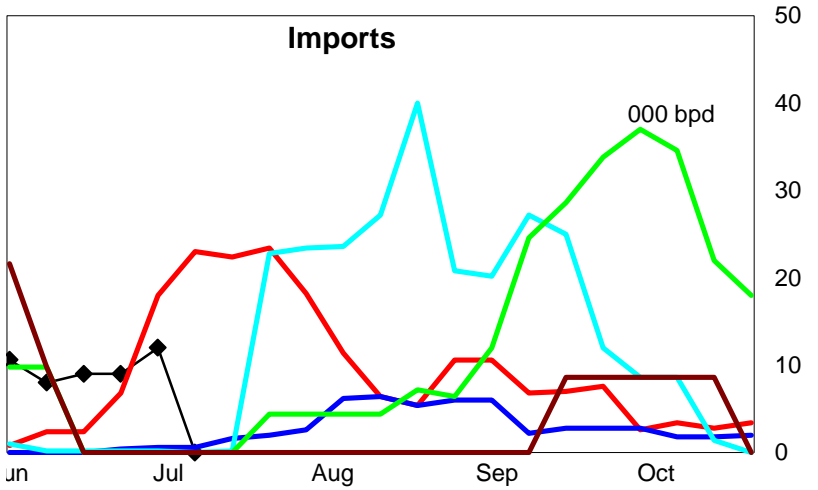
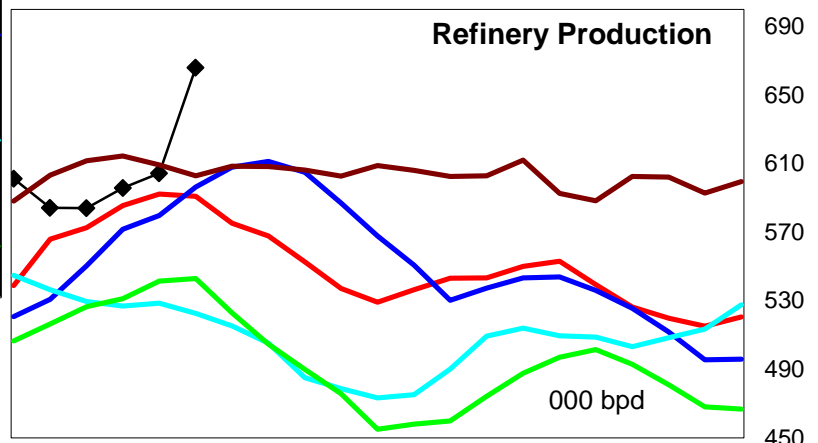
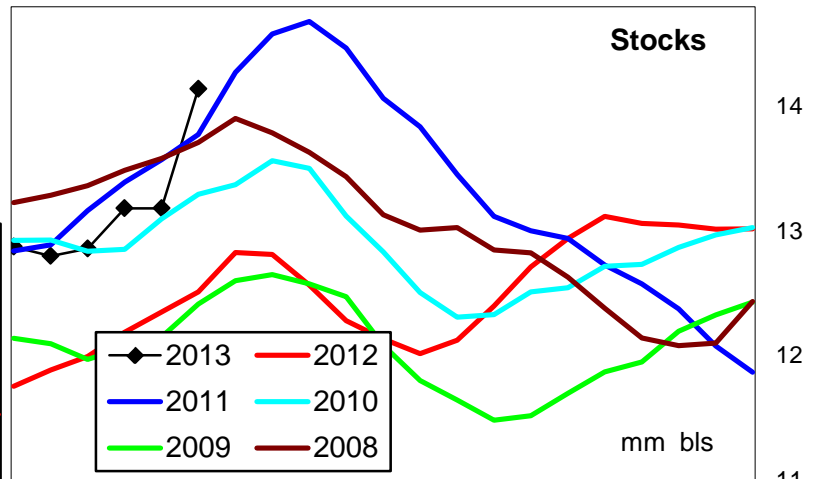
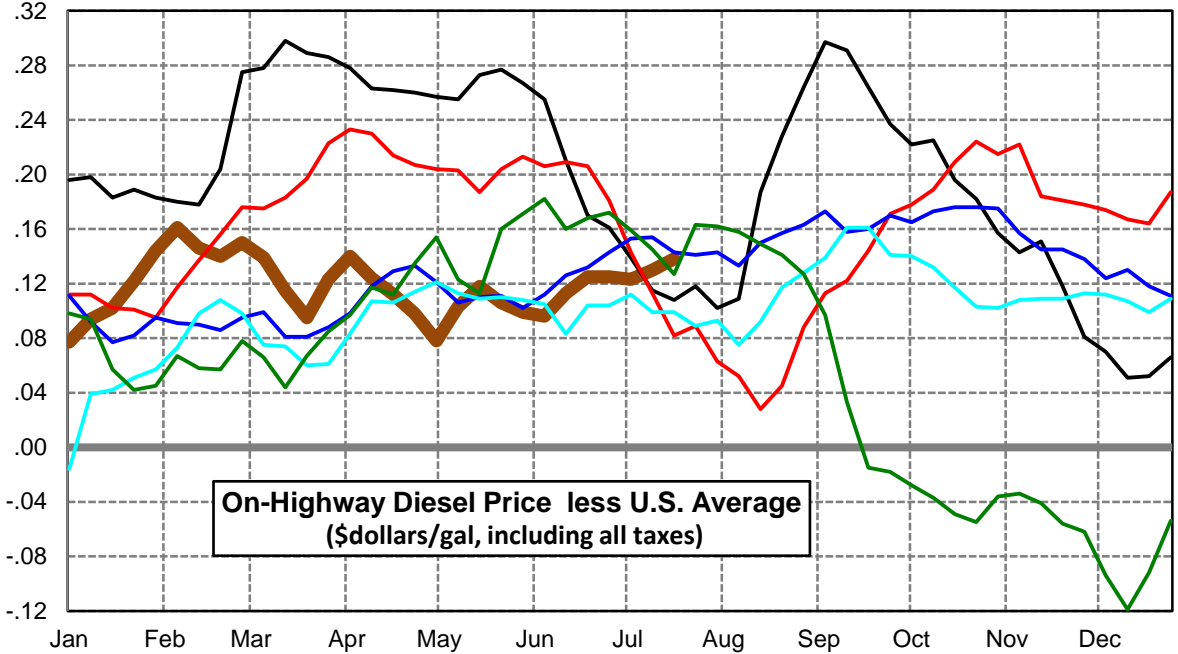
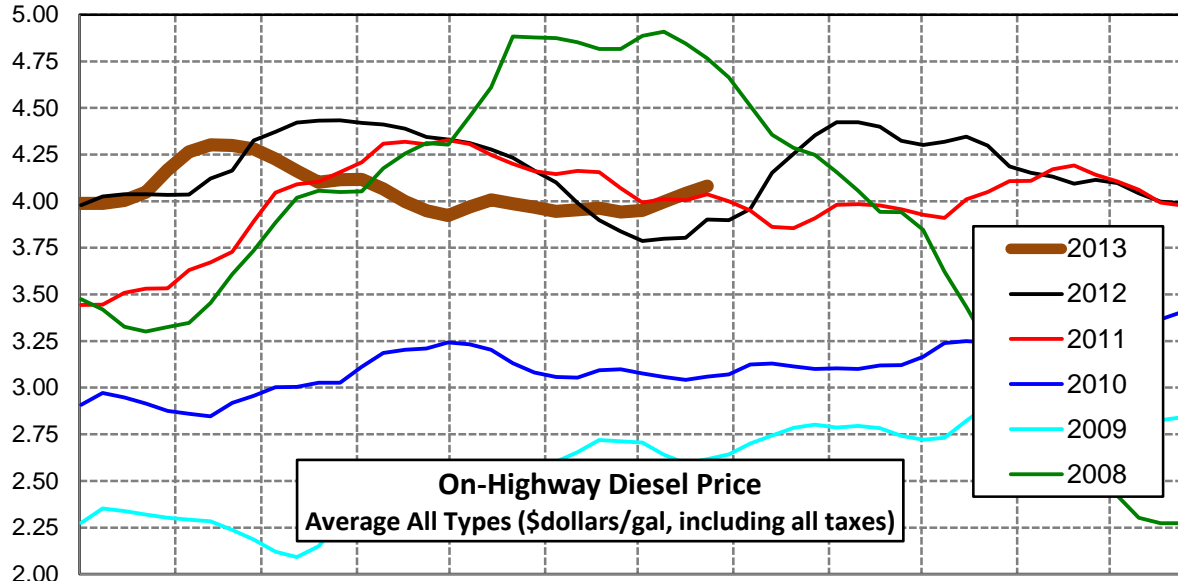
### Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	08Jul13	15Jul13	22Jul13	29Jul13	
<b>Rocky Mountain</b>	\$3.811	\$3.829	\$3.866	<b>\$3.913</b>	\$0.047
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



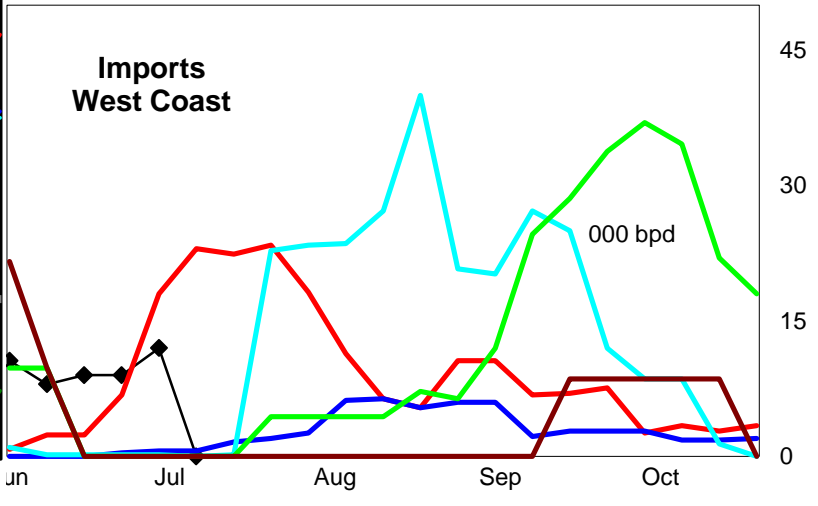
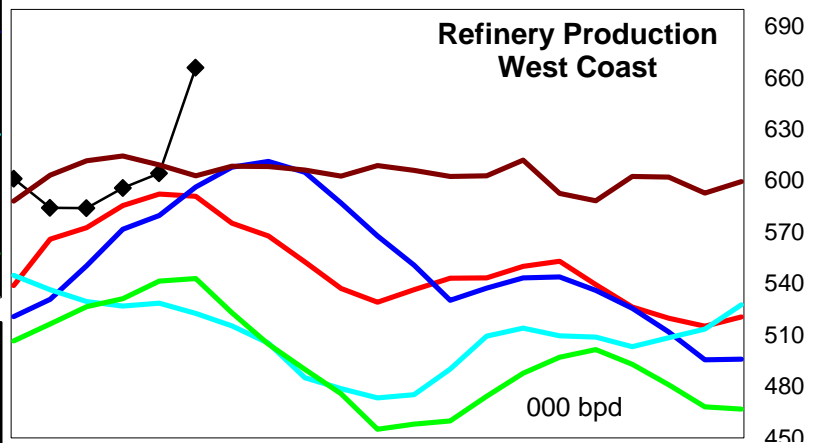
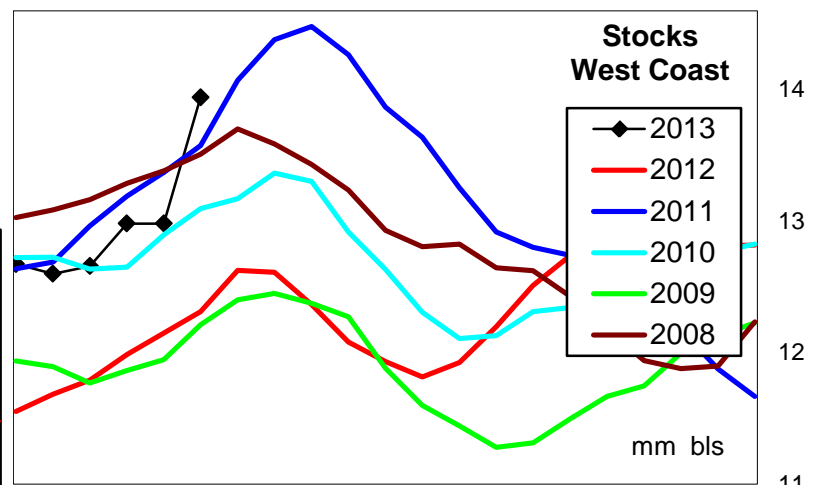
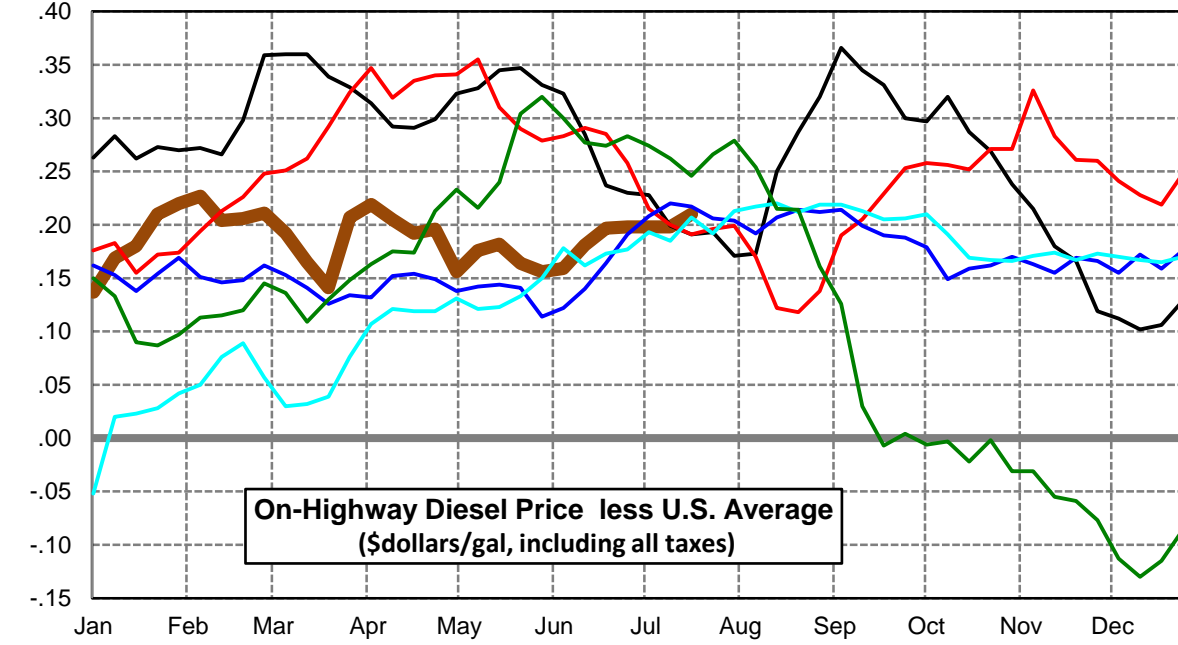
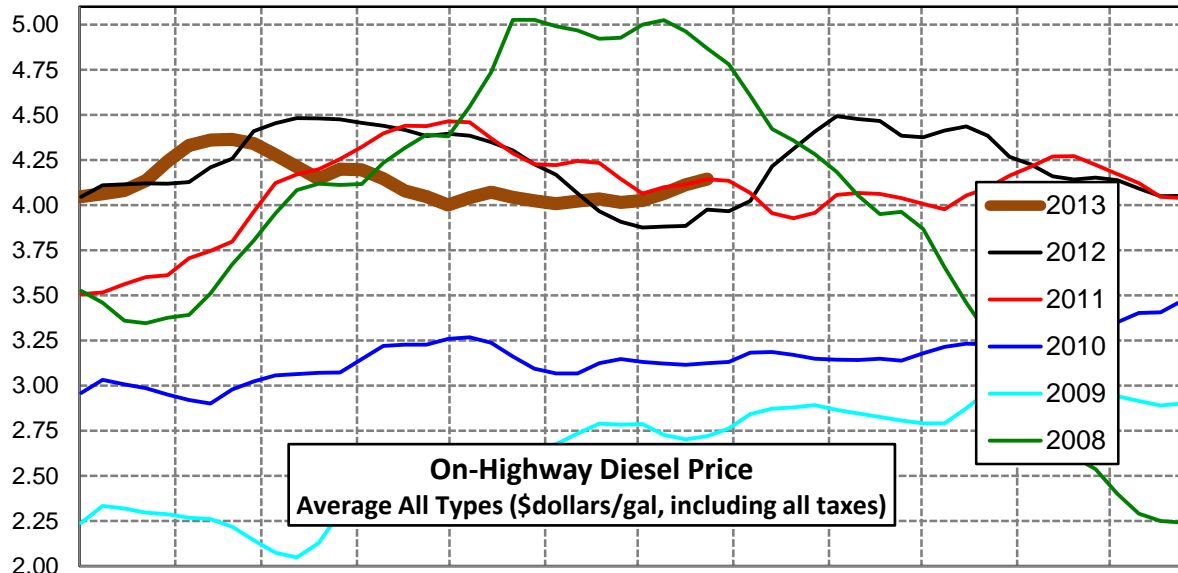
### West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	08Jul13	15Jul13	22Jul13	29Jul13	
<b>West Coast</b>	\$3.951	\$3.997	\$4.041	<b>\$4.081</b>	\$0.040
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
	08Jul13	15Jul13	22Jul13	29Jul13	
<b>California</b>	\$4.026	\$4.065	\$4.113	<b>\$4.145</b>	\$0.032
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	3.817	3.817	3.971	3.892	3.731	3.815	3.734	3.819	3.942	4.015
Mon-08-Jul-13	3.828	3.831	3.965	3.895	3.757	3.821	3.753	3.811	3.951	4.026
Mon-15-Jul-13	3.867	3.876	4.005	3.939	3.804	3.852	3.798	3.829	3.997	4.065
Mon-22-Jul-13	3.903	3.919	4.047	3.971	3.857	3.875	3.841	3.866	4.041	4.113
Mon-29-Jul-13	3.942	3.959	4.081	4.049	3.914	3.893	3.875	3.913	4.081	4.145
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.