



## RETAIL DIESEL FUEL OUTLOOK

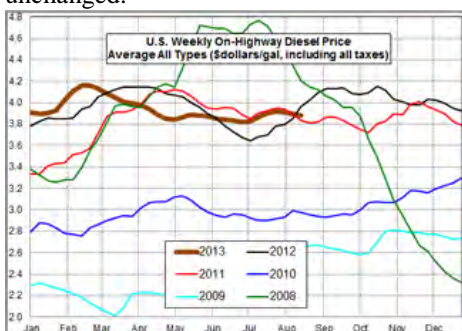
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Tuesday, August 13, 2013

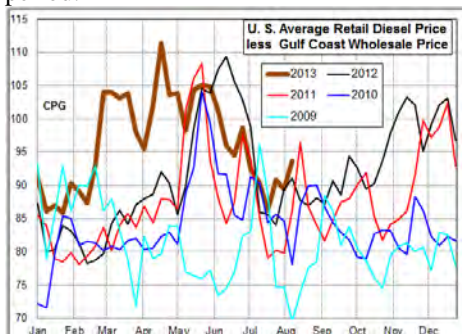
Region	Actual Price 1/			Forecast 2/	Change from week ago
	29Jul13	05Aug13	12Aug13	19Aug13	
U.S.	3.915	3.909	3.896	3.883	-0.013
East Coast	3.931	3.919	3.908	3.884	-0.024
New England	4.061	4.056	4.045	4.030	-0.015
Central Atlantic	3.993	3.983	3.972	3.990	0.018
Lower Atlantic	3.861	3.845	3.834	3.854	0.020
Midwest	3.886	3.878	3.862	3.872	0.010
Gulf Coast	3.845	3.841	3.824	3.816	-0.008
Rocky Mountain	3.913	3.931	3.930	3.892	-0.038
West Coast	4.052	4.054	4.045	4.068	0.023
California	4.122	4.133	4.128	4.130	0.002

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

**Diesel Fuel Price Trends** U. S. retail diesel prices decreased -1.3 cpg for the week, ending 12Aug13. Prices declined in all regions last week, with no region off by more than -1.7 cpg. The Rocky Mountain and California regions were nearly unchanged.



The U.S. average retail diesel price compared to Gulf Coast wholesale market increased +4.2 cpg on the week. The spread ended the week at a level that matched highs of the last 4-yrs for this period.



The national average on-highway price ended the week -7 cpg below a year ago. The highest retail prices were in California and New England at \$4.13/gal and \$4.05/gal, respectively. The lowest prices were in the Gulf at \$3.82/gal and lower

seasonal demand.

The spread between the U.S. average price and prices in the Lower Atlantic region remain below the 5-year range. The spread between the U.S. average price and regional prices in the Midwest and Gulf regions were below each of the last 3-yrs for the period. The Rockies, California, and New England regions each reported spreads between the U.S. average and the regional price above each of the last 3-yrs.

Gulf Coast wholesale distillate prices decreased -2 cpg last week, ending at a level near the average of the last 30-days.



The spread between Gulf wholesale and U.S. average retail prices increased +4.2 cpg to 93 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 decreased -103,000 bpd last week but remains above the last 3-yrs. Demand for the latest 4-wk period was +398,000 bpd above a year ago.

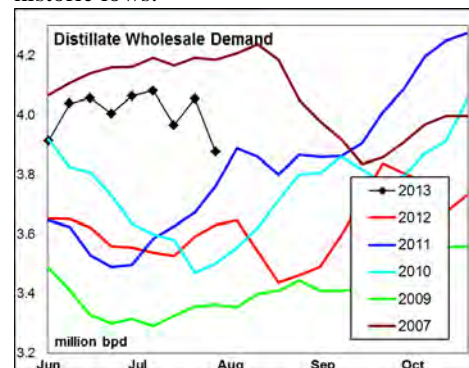
Supply increased +31,000 bpd on the week, due to higher production. During the latest 4-wk period, production was

Atlantic at +270,000 bpd above last year while \$3.83/gal. imports were +22,000 bpd higher.

Prices in the Gulf and Southeast are the lowest in the country due to very high Gulf production.

Rocky mountain prices are rising at an above average rate on low production and peak

Stocks increased +0.5 million barrels last week on lower wholesale demand. The latest 4-wk stock change in +4.1 million barrel build, a level slightly above historic lows.



#### Global Trends Driving Diesel Prices

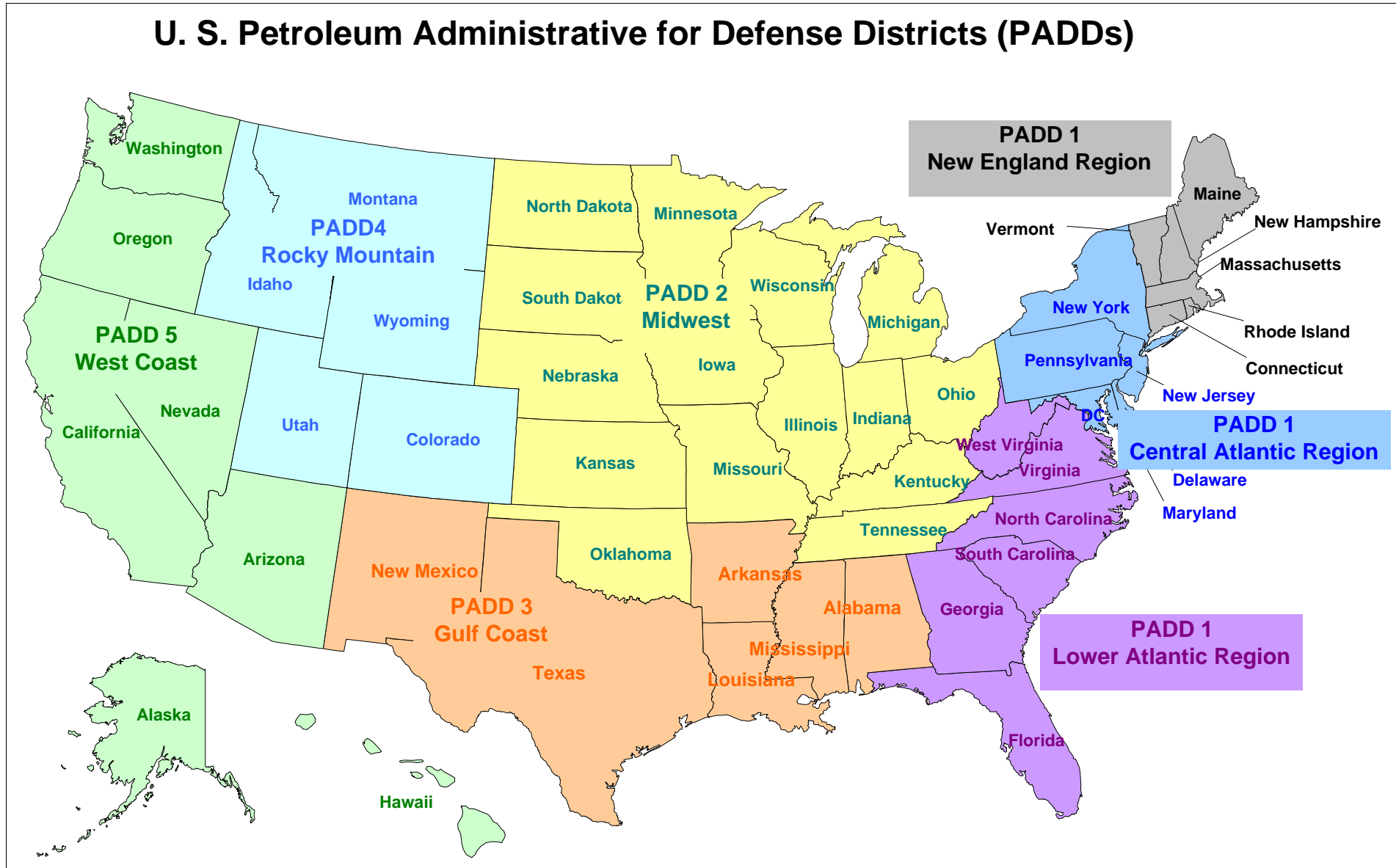
Some improvement in the outlook for economic growth in China and the U.S. combined with political uncertainty in Egypt has supported the recent uptrend in wholesale prices. Partially offsetting this risk has been a return to operation of export terminals in Libya which increased global supplies +700,000 bpd.

U.S. distillate demand continues to exhibit strong year on year growth. The +11% increase in year on year demand reflects very weak demand comparison to last year, increased domestic use, stock rebuilding in the downstream supply chain and higher exports. Look for a pull back during the next 60-days. Combined with high seasonal production, expect a return to above average rate of stock building.

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

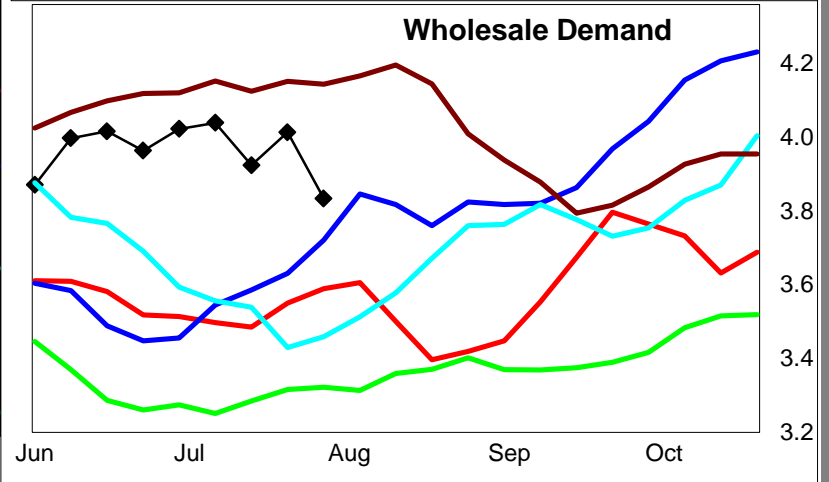
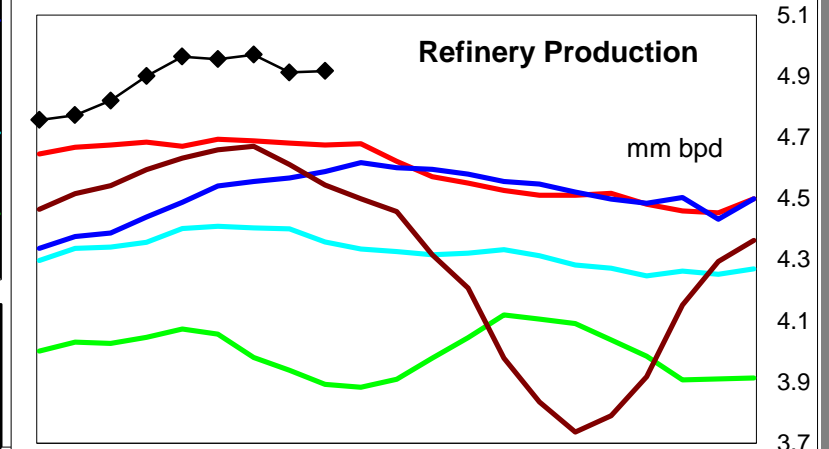
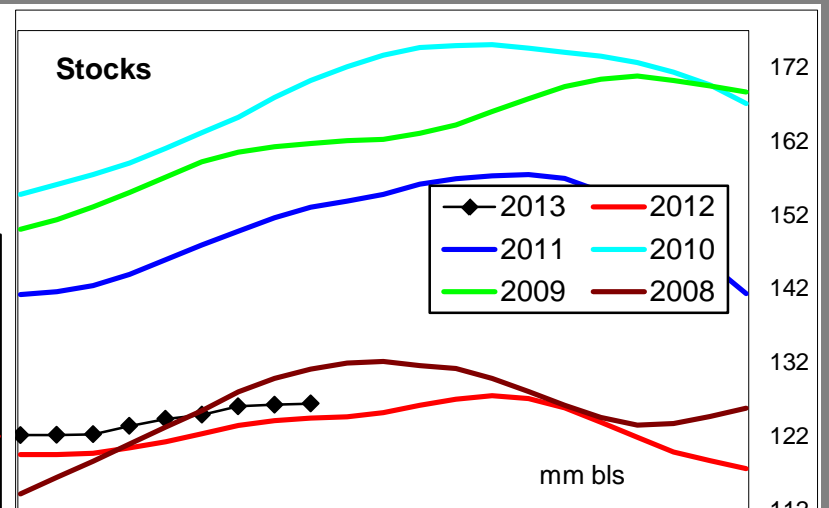
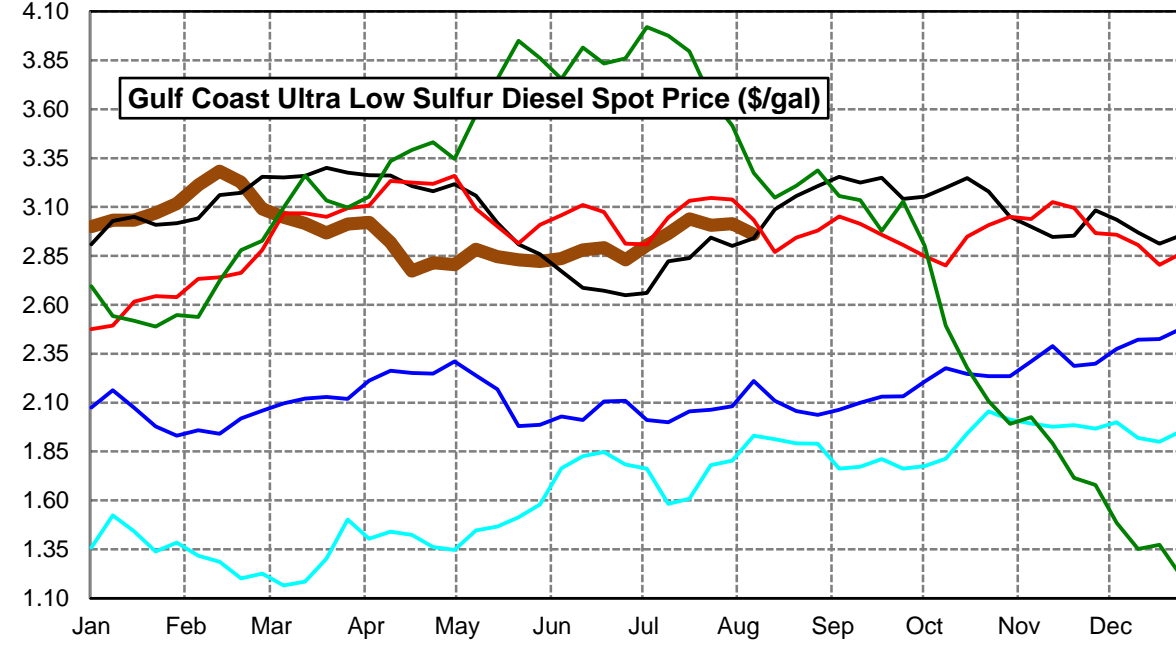
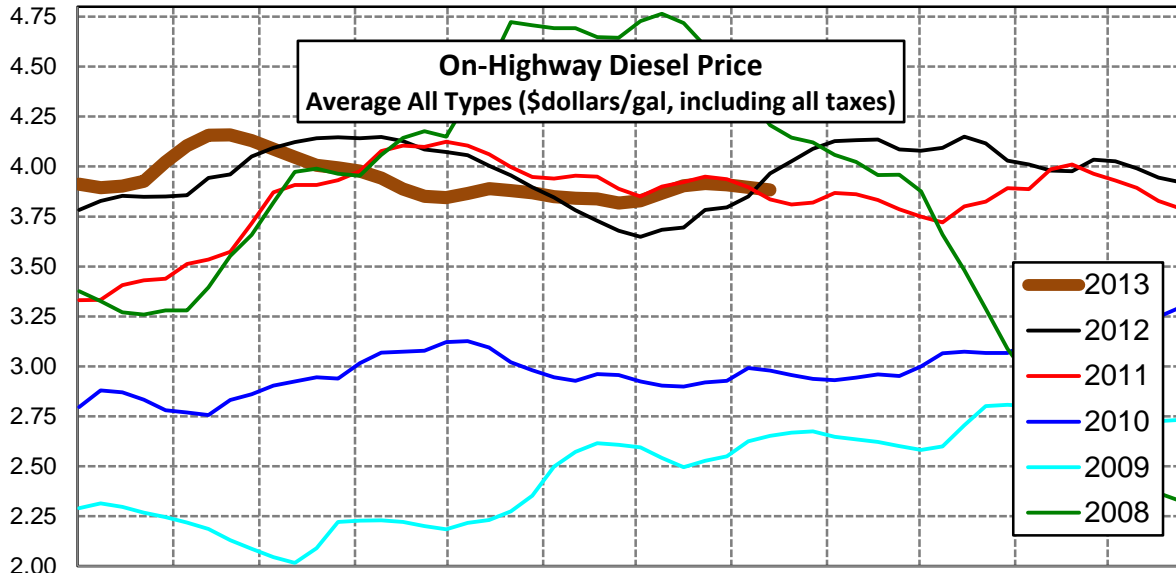
**Diesel Price Outlook** Retail prices trends for the near term are mixed with some regions to see slight increases while others may trend lower; impacted by local supply demand balance. Peak seasonal demand in the Rockies is driving above average price increases in that region. Very high production in the Gulf offset the increase in exports, constraining on-highway prices in Southeast and Gulf regions.

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



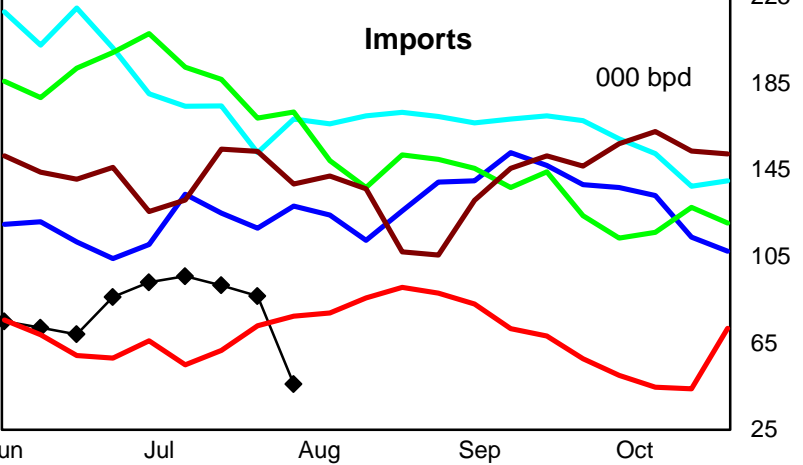
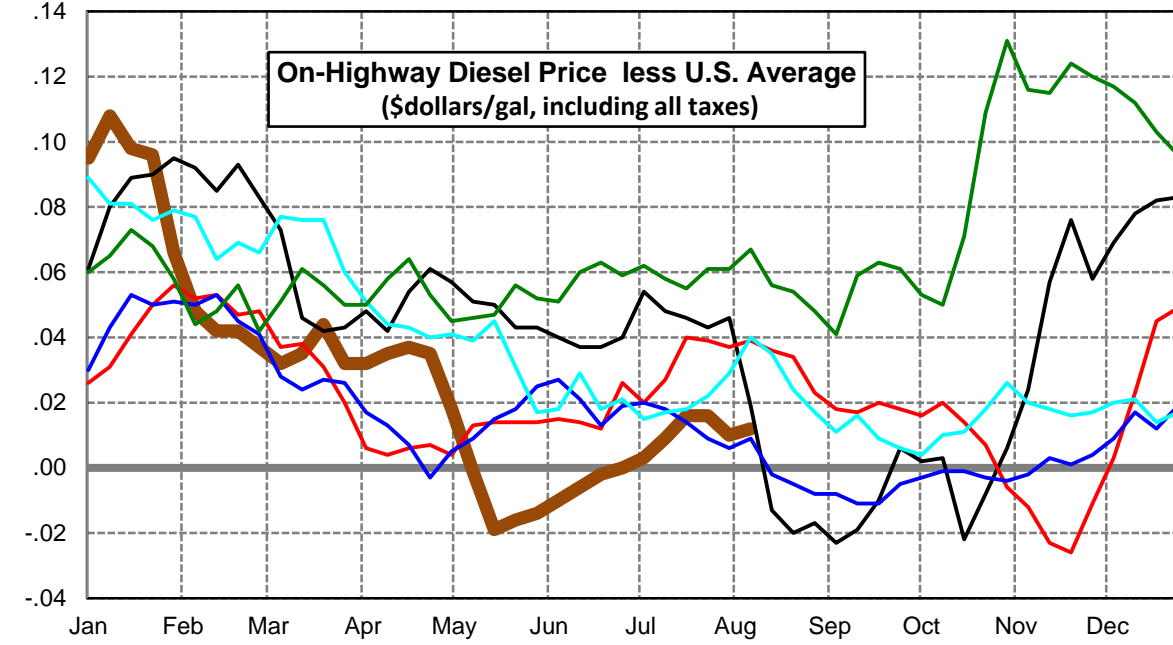
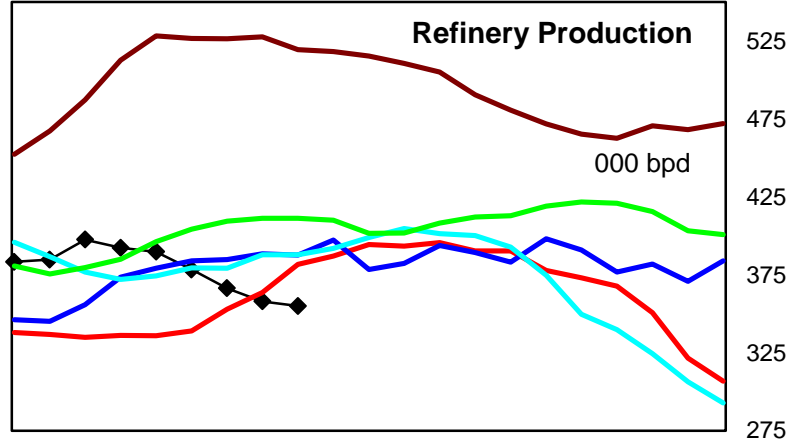
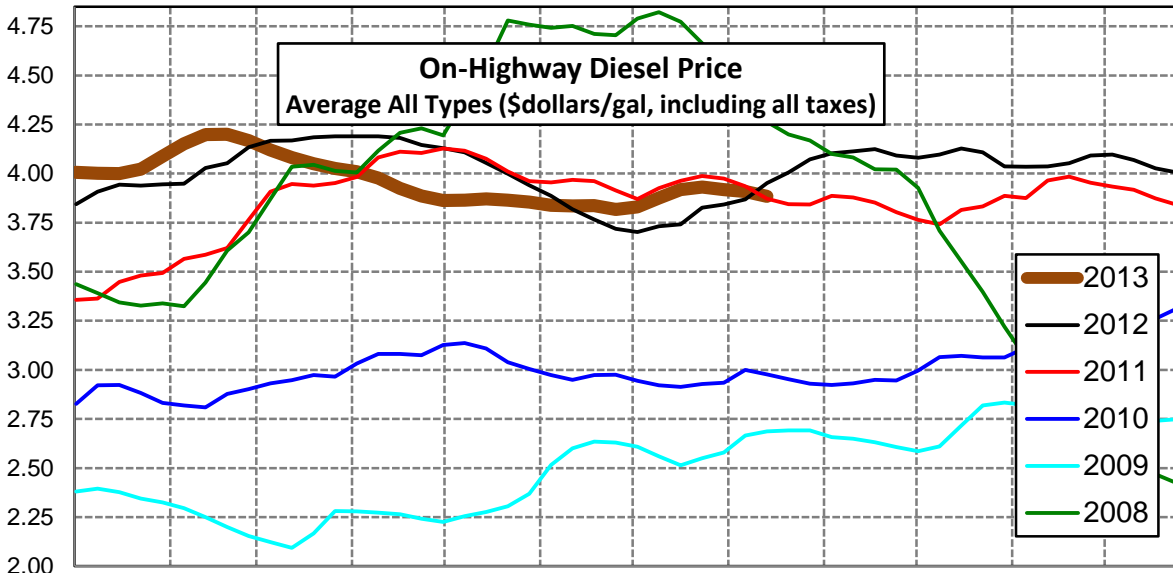
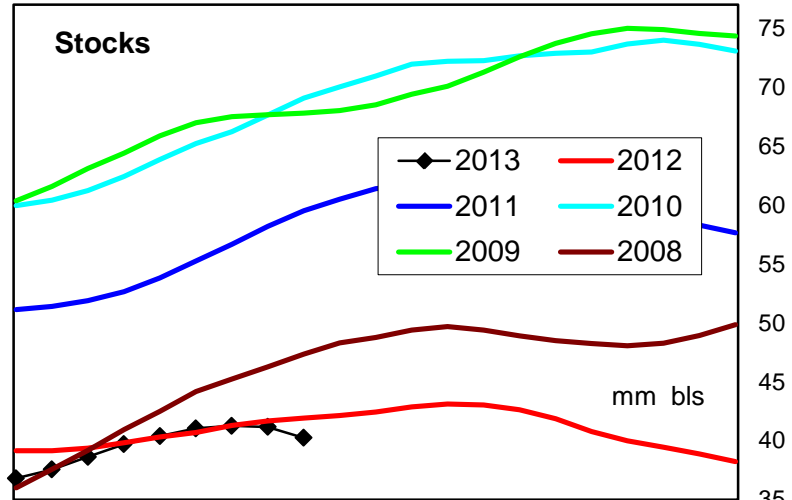
# U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Jul13	05Aug13	12Aug13	19Aug13	
<b>United States Avg</b>	\$3.915	\$3.909	\$3.896	<b>\$3.883</b>	-\$0.013
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



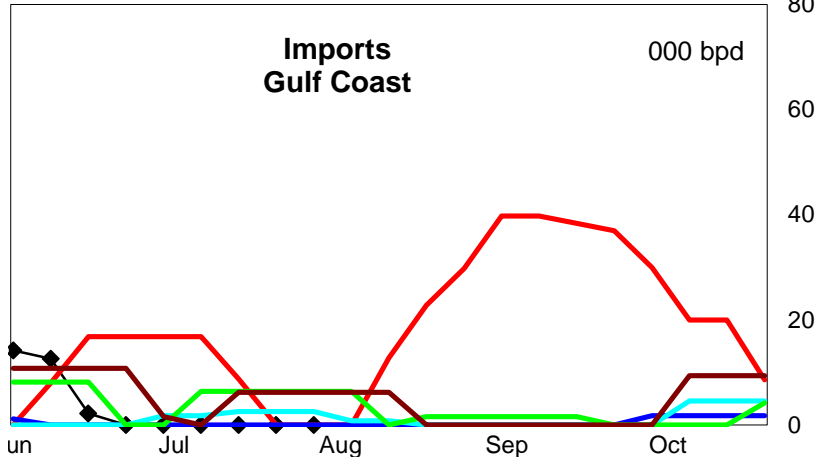
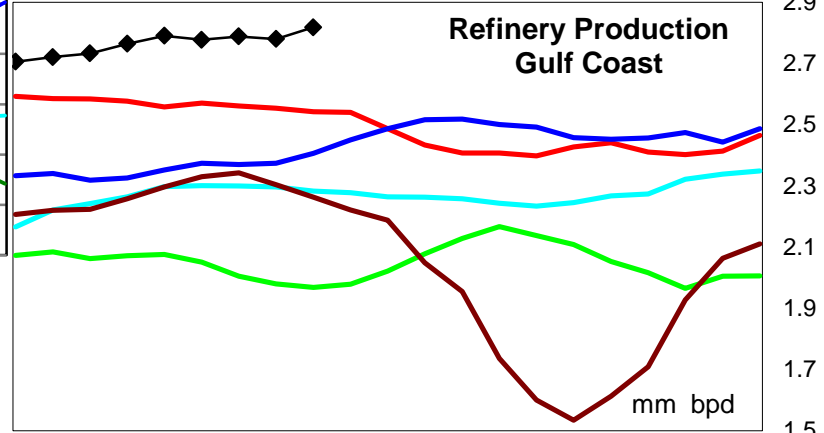
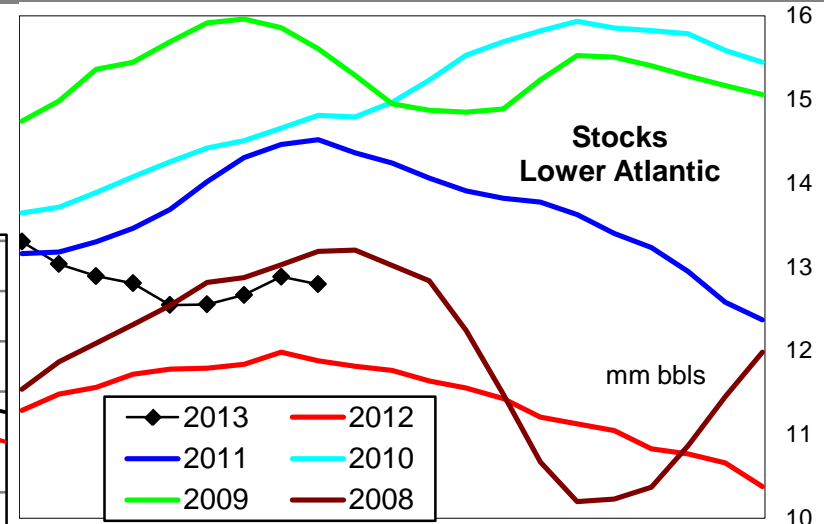
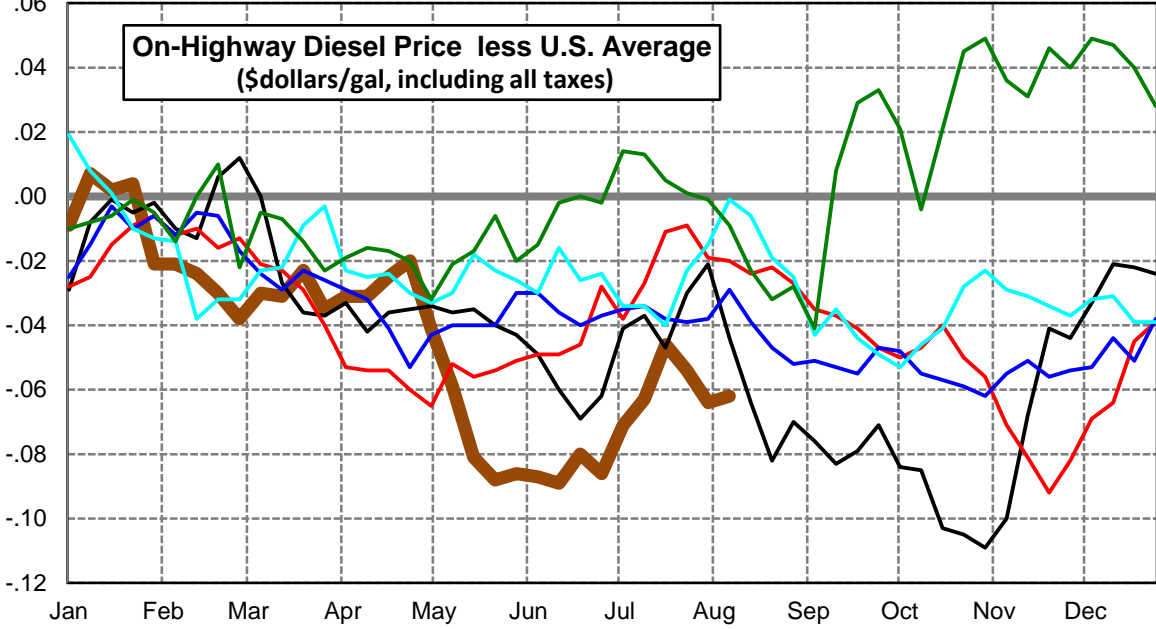
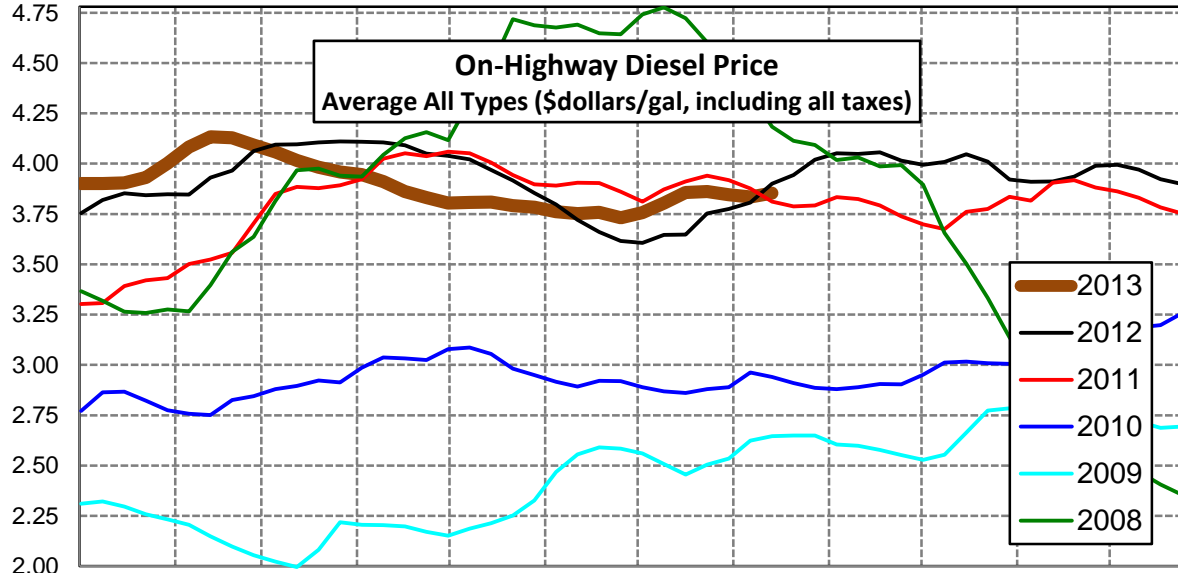
### East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Jul13	05Aug13	12Aug13	19Aug13	
<b>East Coast</b>	\$3.931	\$3.919	\$3.908	<b>\$3.884</b>	-\$0.024
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



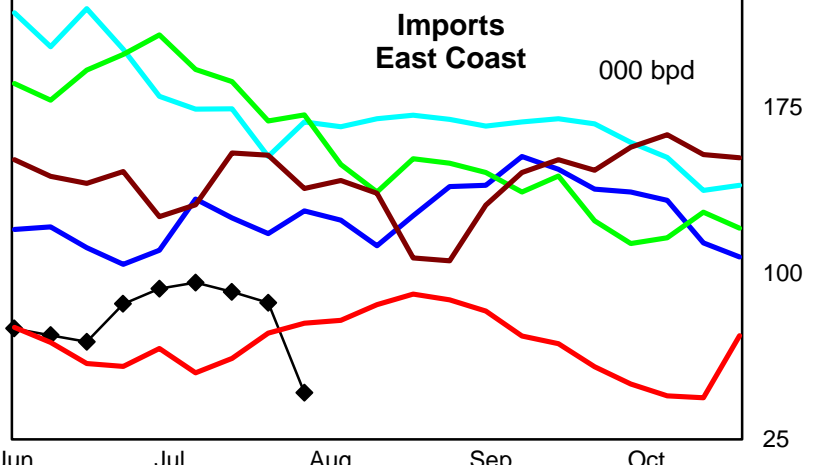
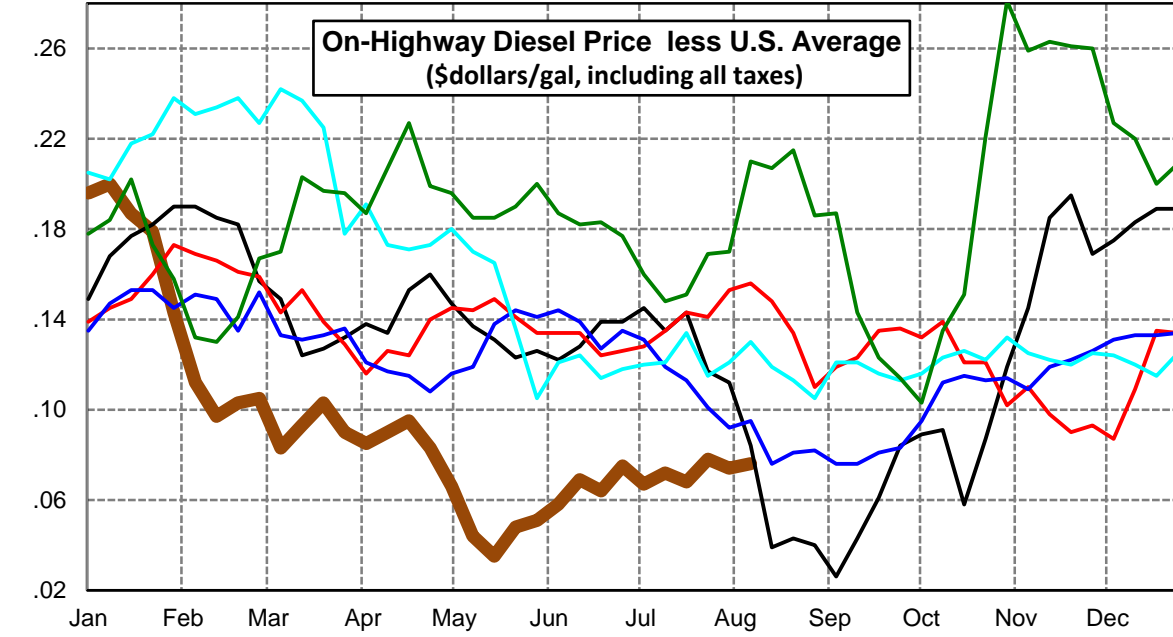
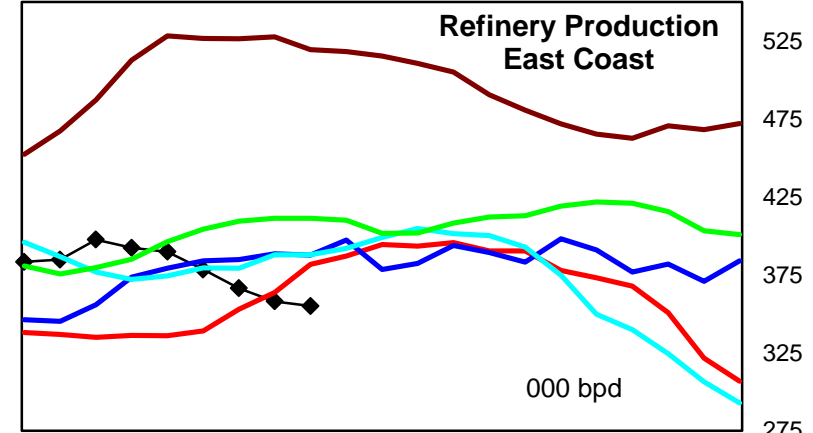
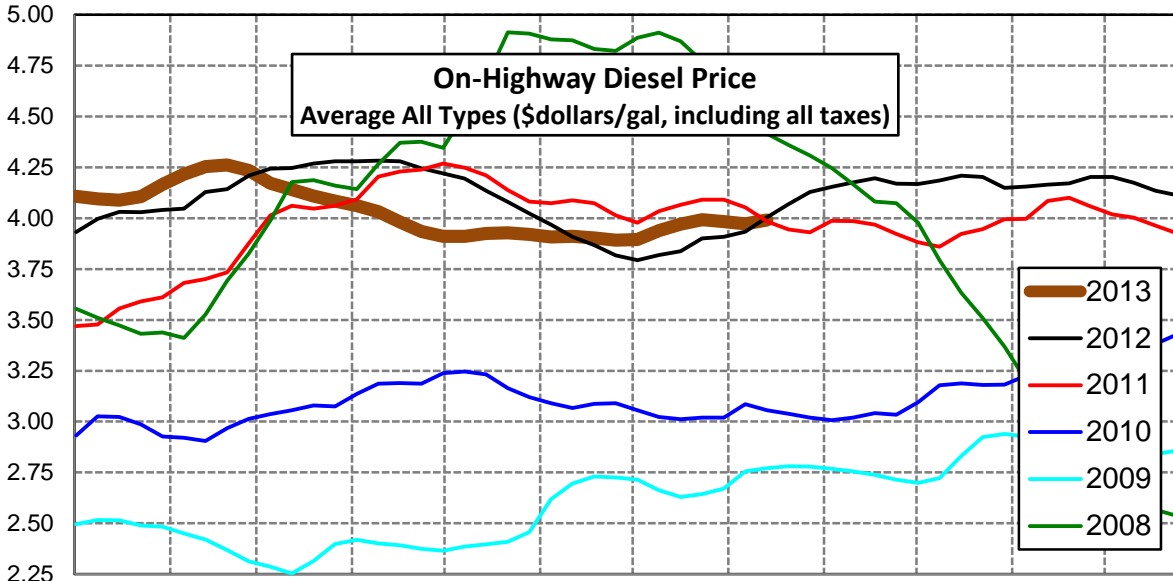
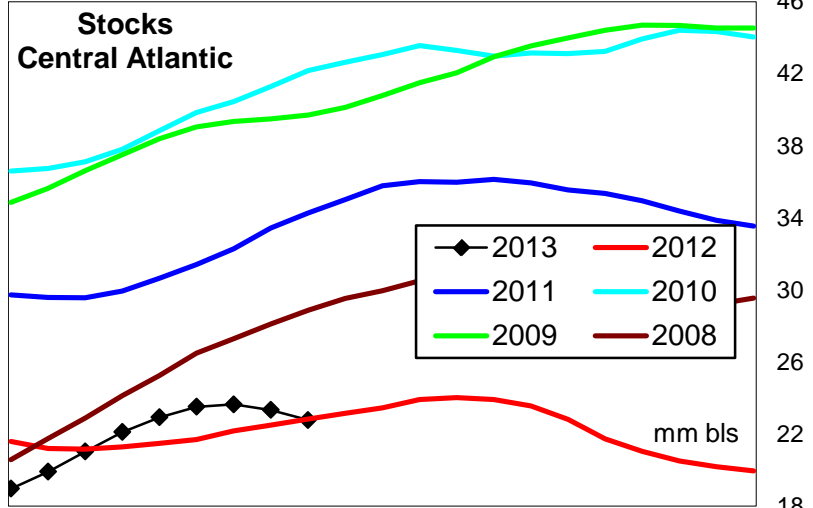
### Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Jul13	05Aug13	12Aug13	19Aug13	
<b>Lower Atlantic</b>	\$3.861	\$3.845	\$3.834	<b>\$3.854</b>	\$0.020
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



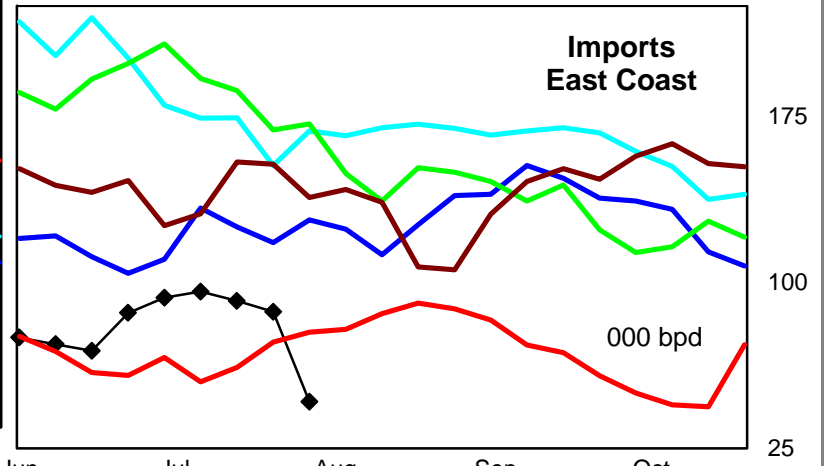
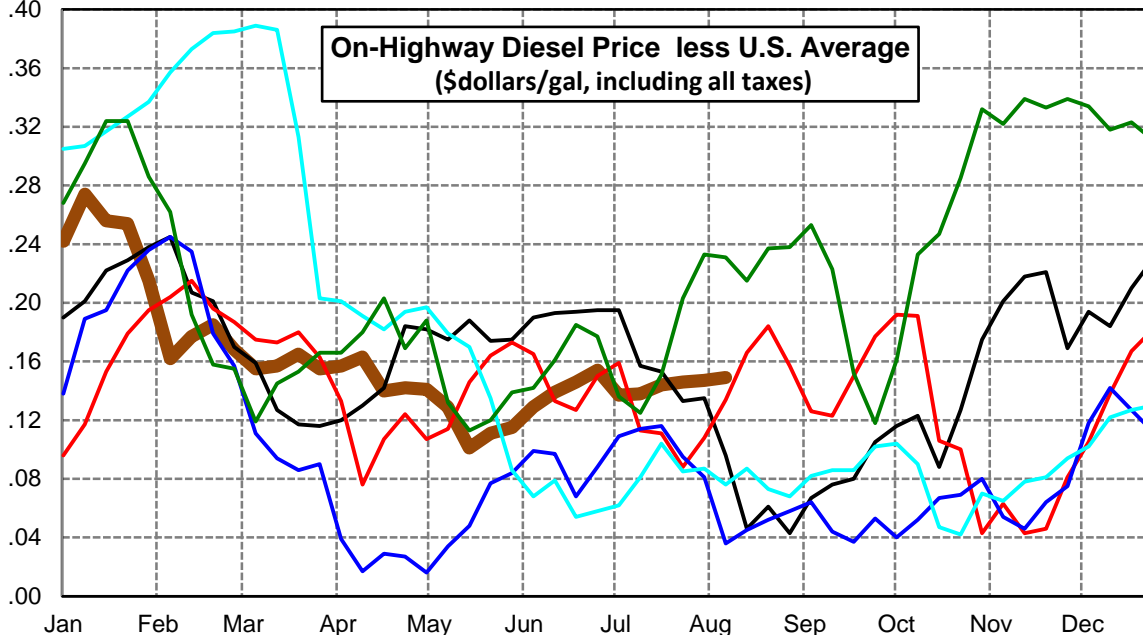
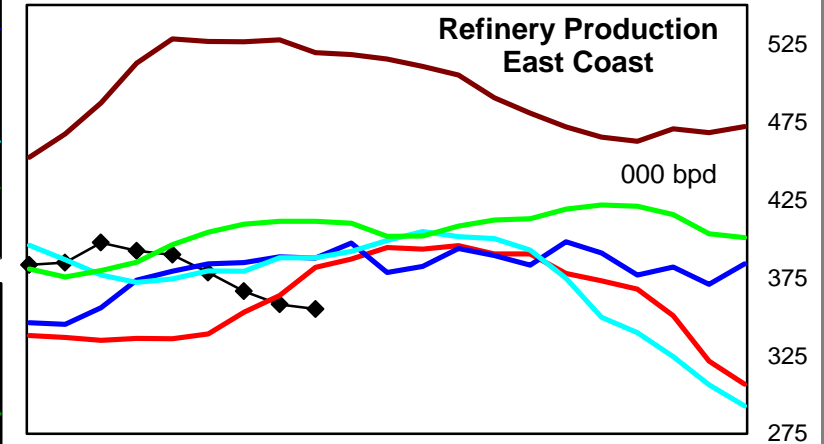
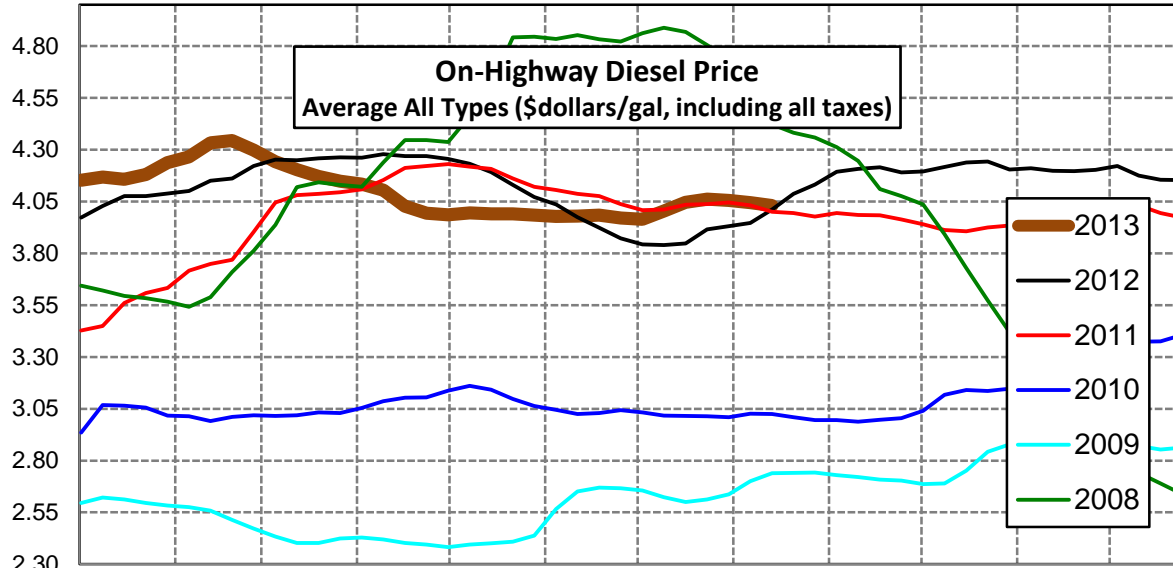
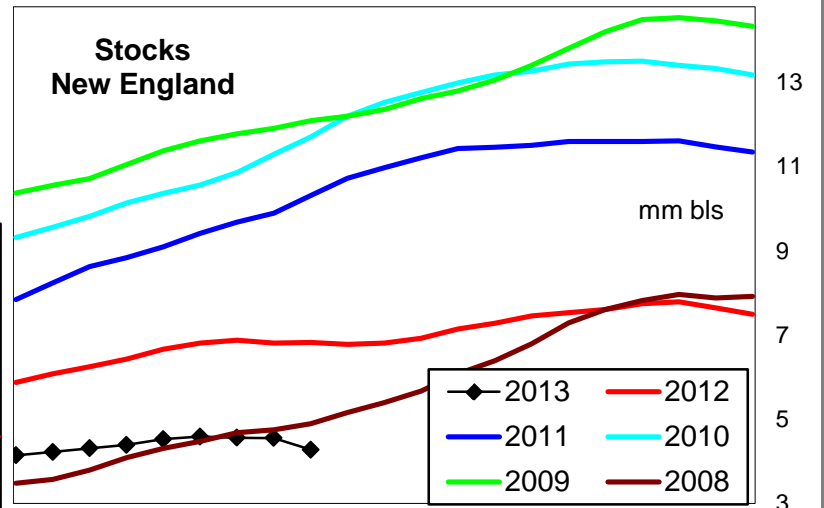
### Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Jul13	05Aug13	12Aug13	19Aug13	
<b>Central Atlantic</b>	\$3.993	\$3.983	\$3.972	<b>\$3.990</b>	\$0.018
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



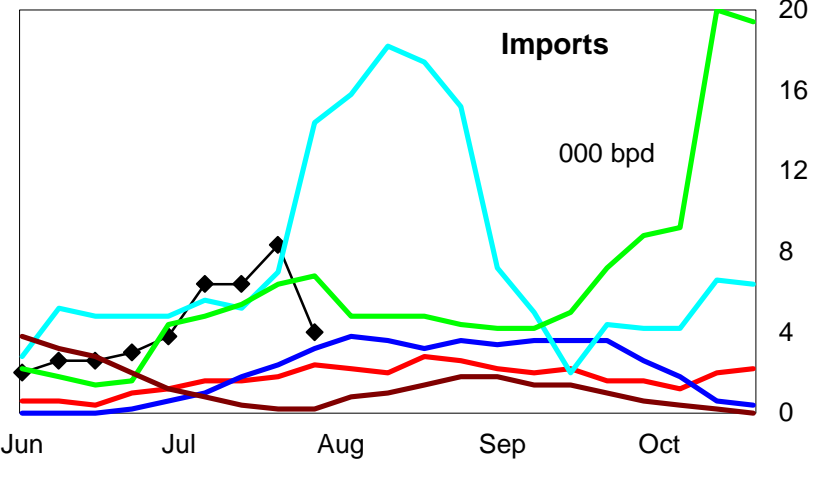
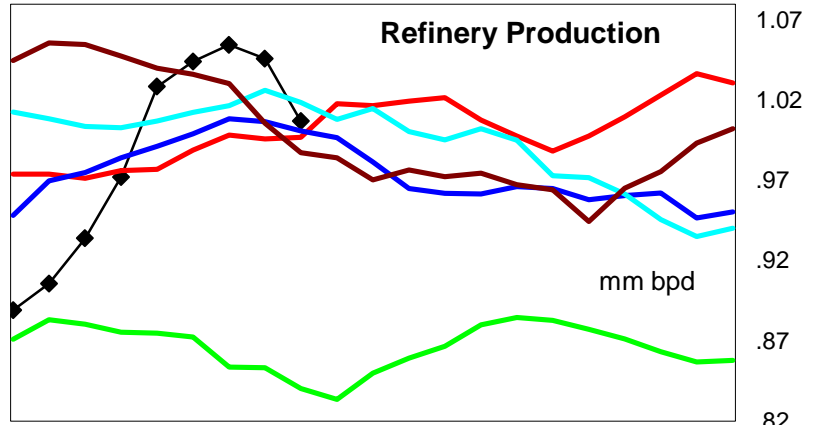
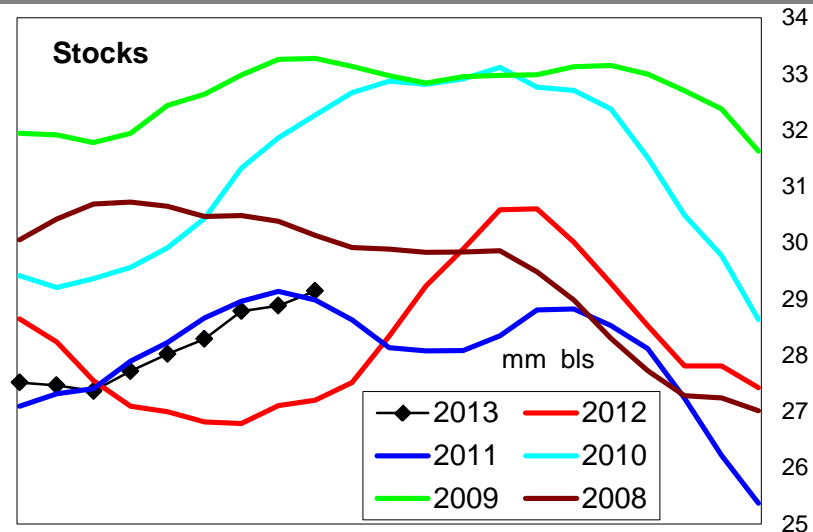
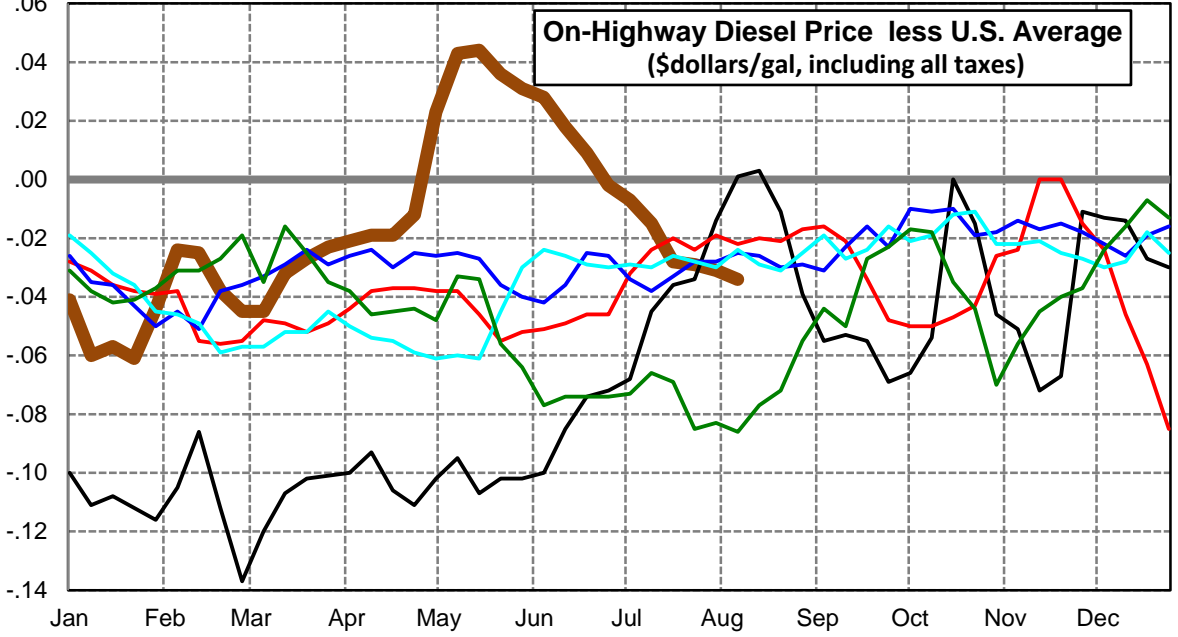
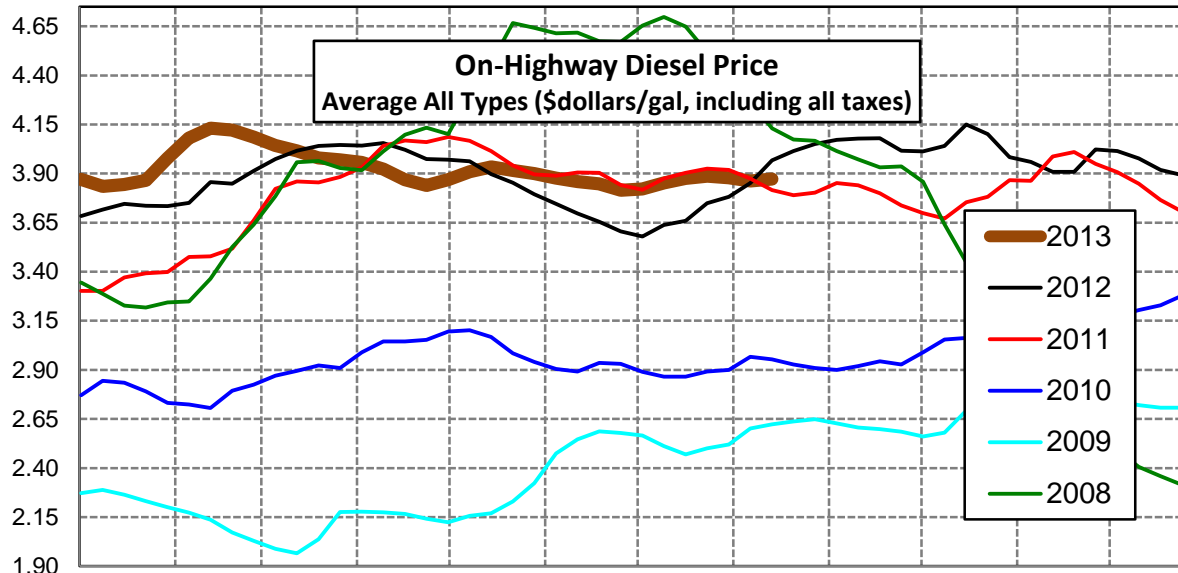
### New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Jul13	05Aug13	12Aug13	19Aug13	
<b>New England</b>	\$4.061	\$4.056	\$4.045	<b>\$4.030</b>	-\$0.015
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

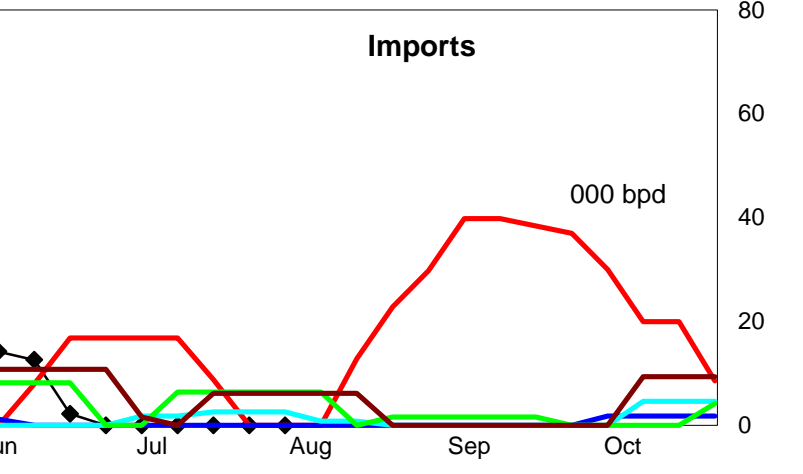
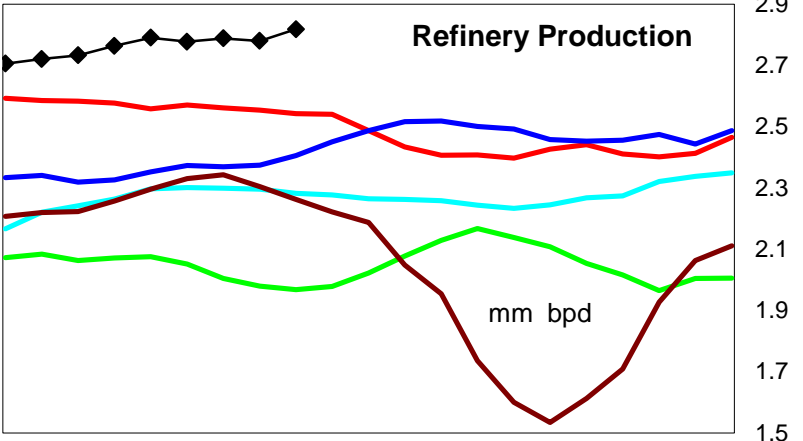
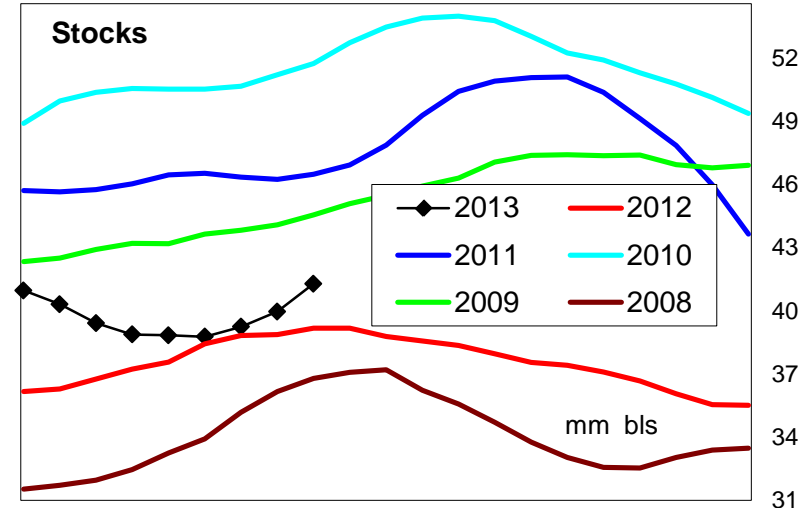
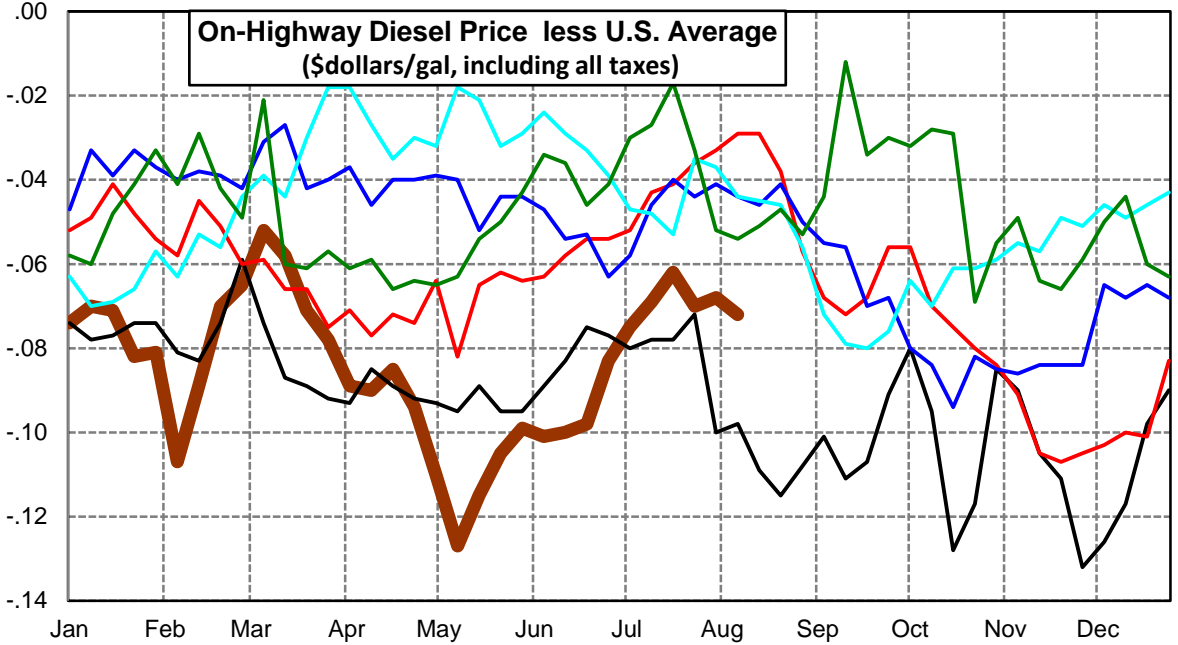
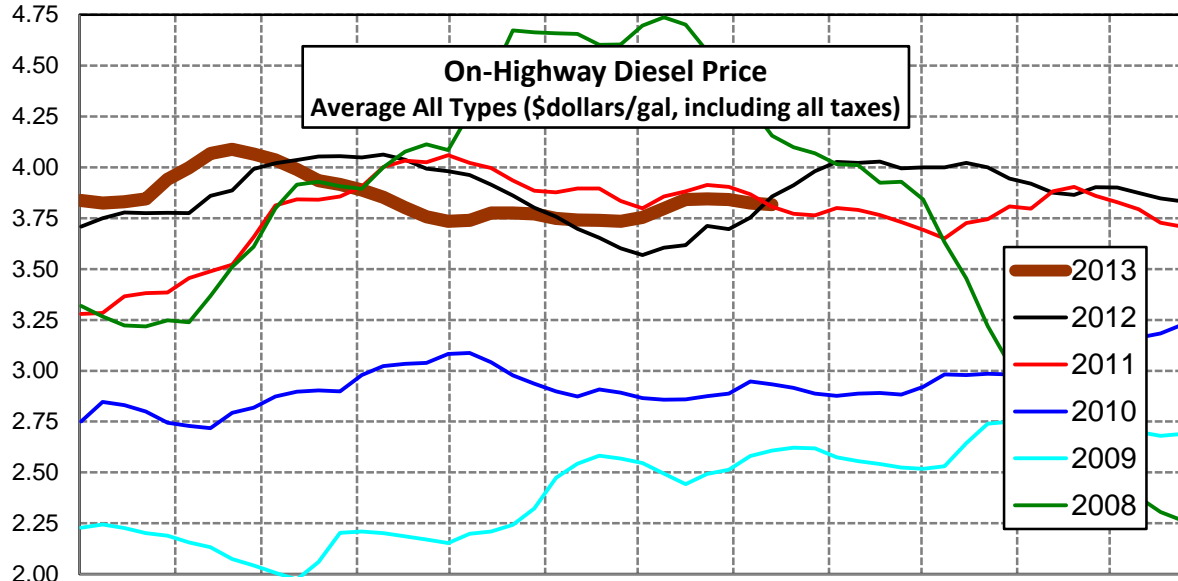
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Jul13	05Aug13	12Aug13	19Aug13	
<b>Midwest</b>	\$3.886	\$3.878	\$3.862	<b>\$3.872</b>	\$0.010
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





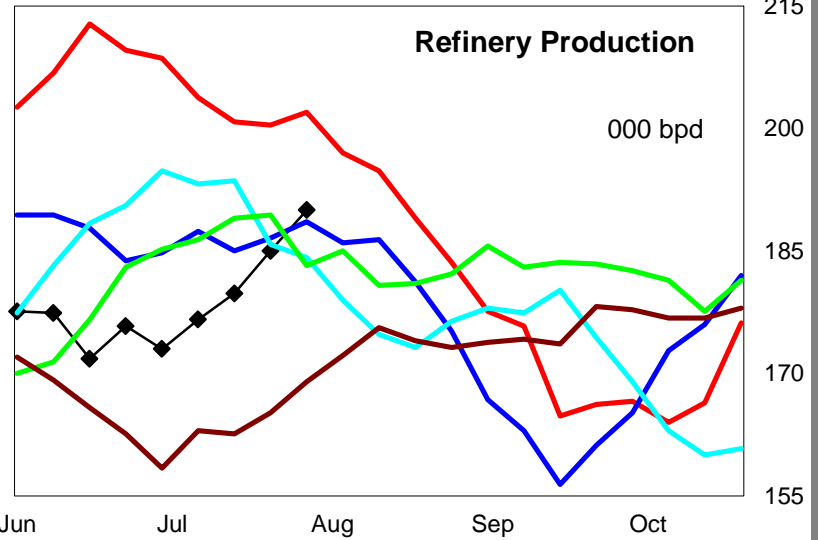
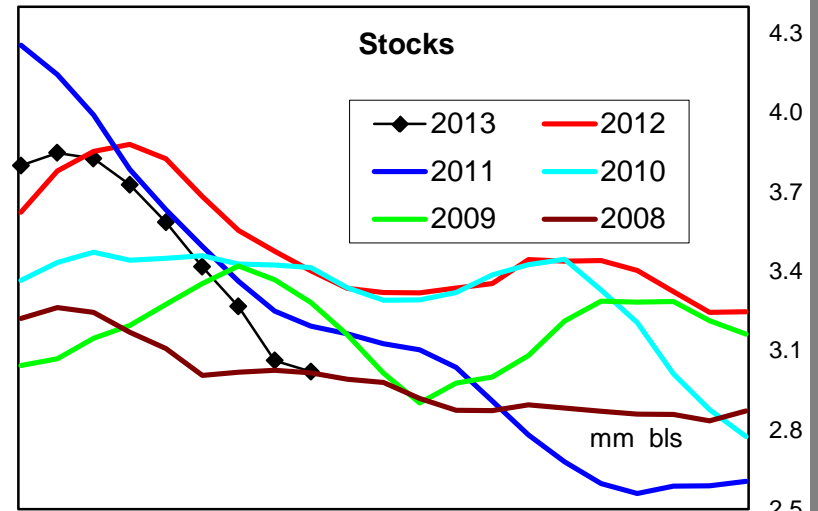
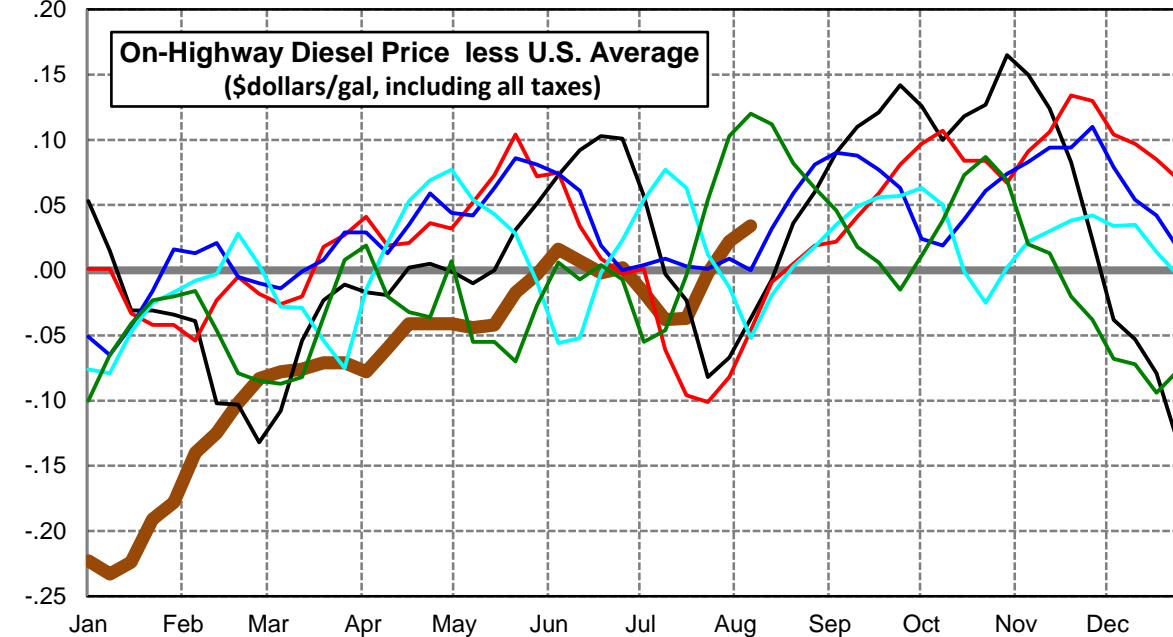
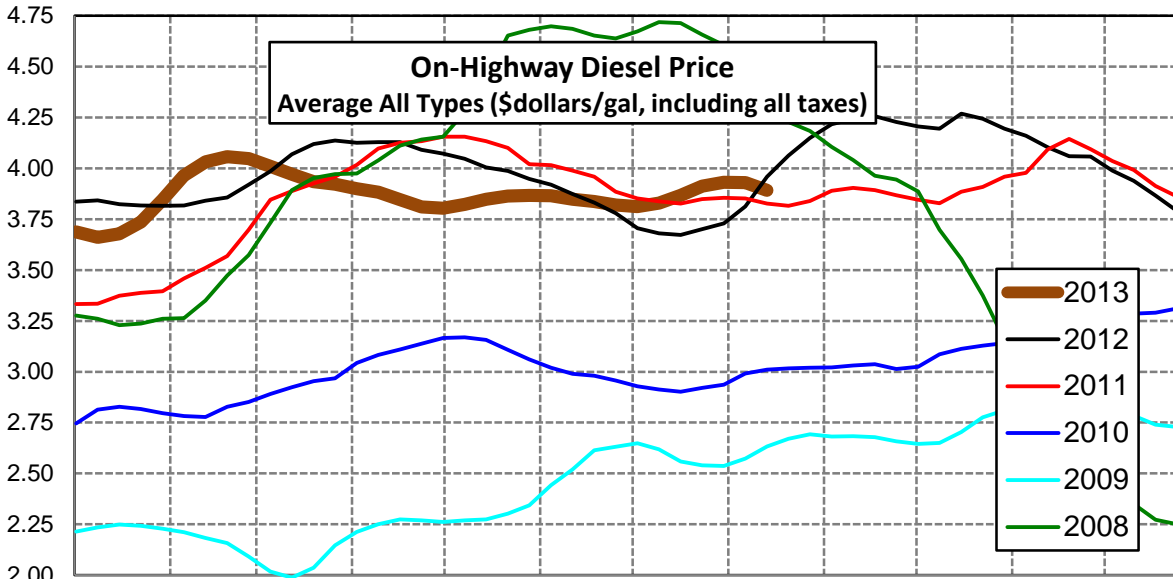
### Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Jul13	05Aug13	12Aug13	19Aug13	
<b>Gulf Coast</b>	\$3.845	\$3.841	\$3.824	<b>\$3.816</b>	-\$0.008
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



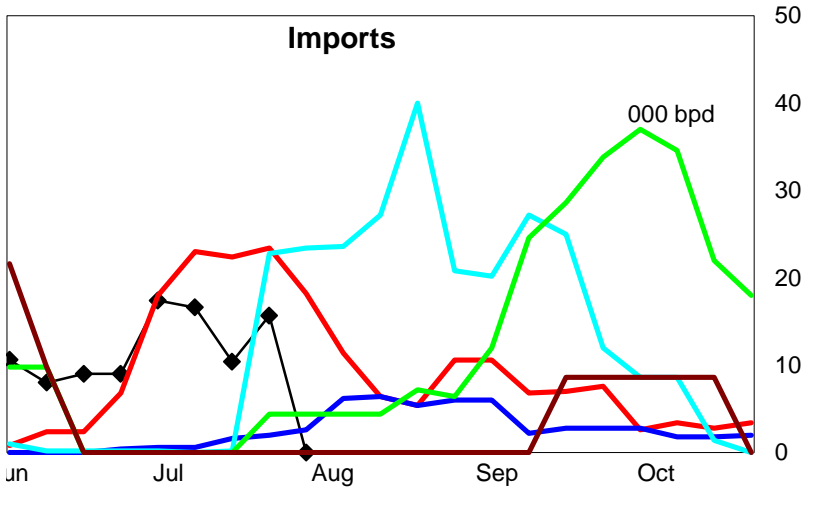
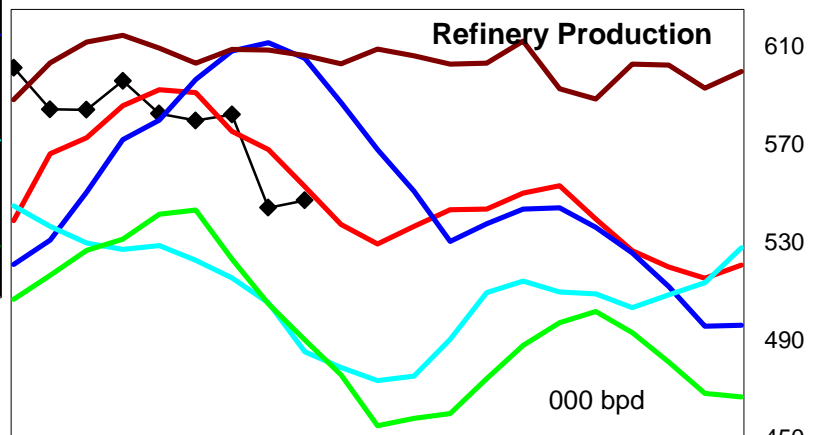
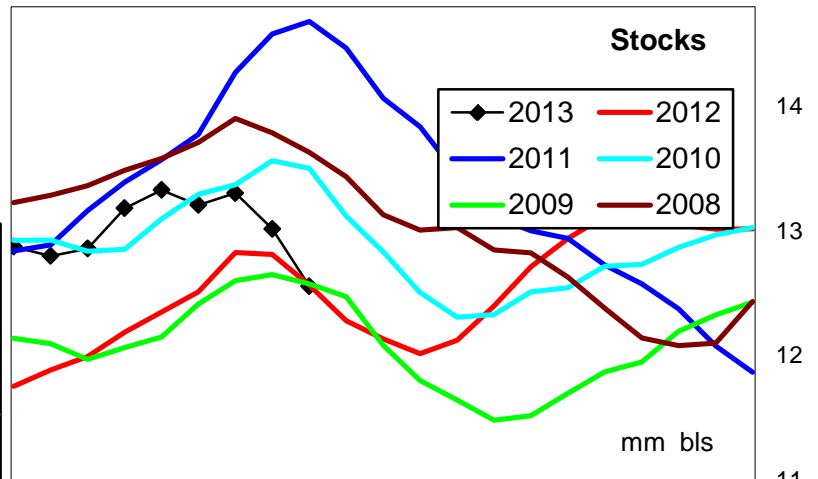
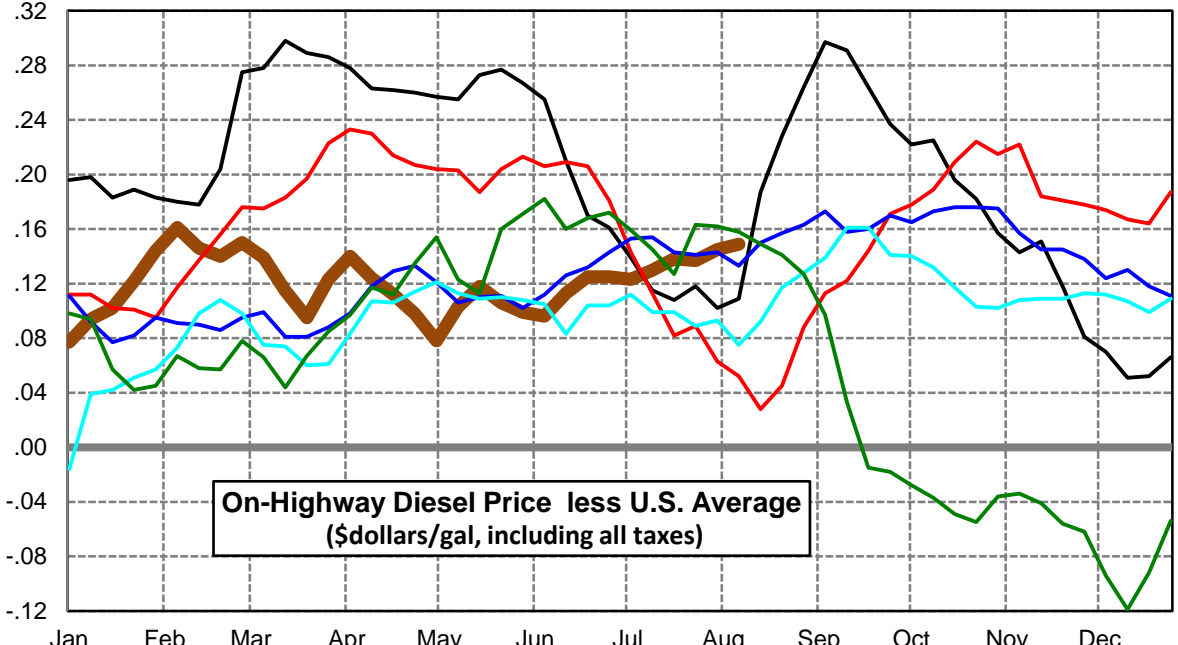
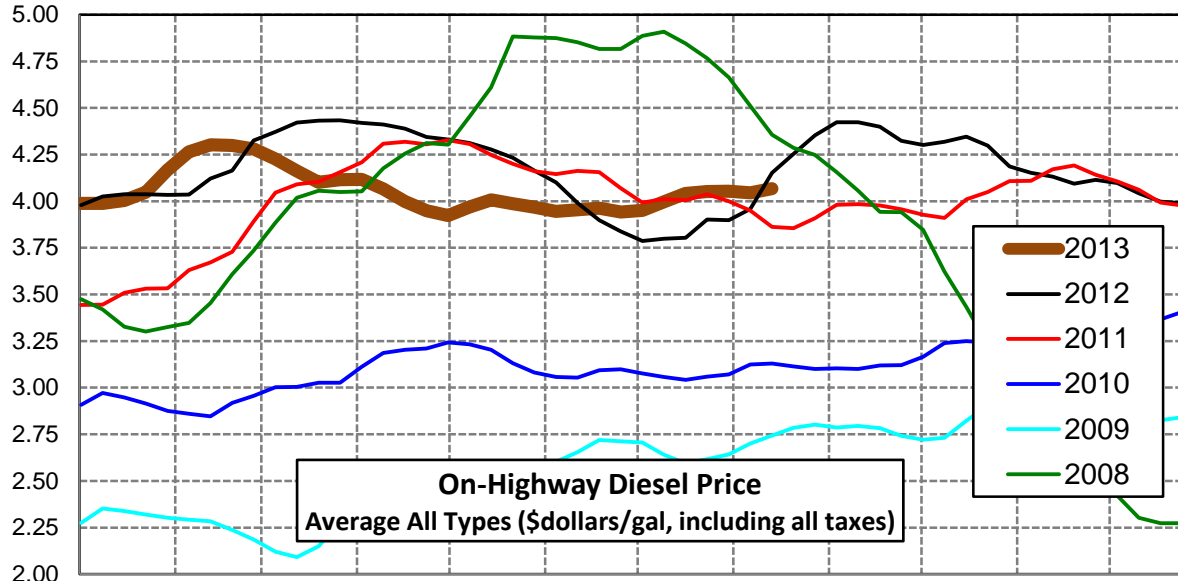
### Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Jul13	05Aug13	12Aug13	19Aug13	
<b>Rocky Mountain</b>	\$3.913	\$3.931	\$3.930	<b>\$3.892</b>	-\$0.038
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



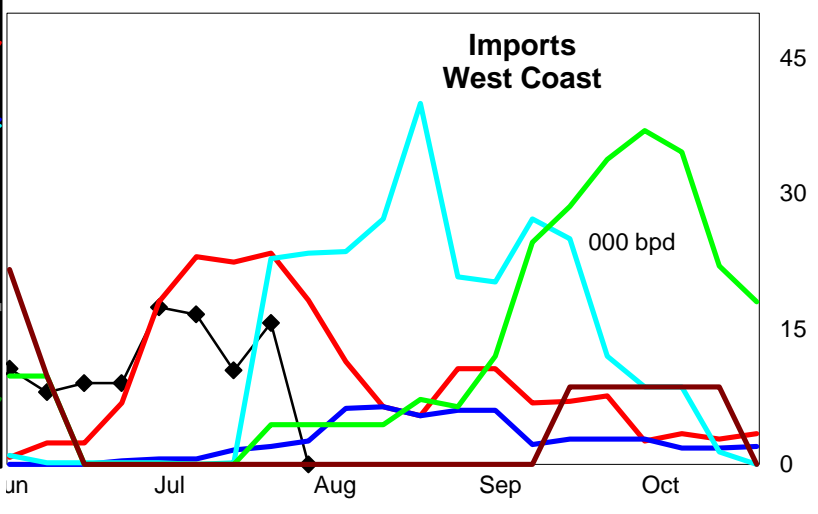
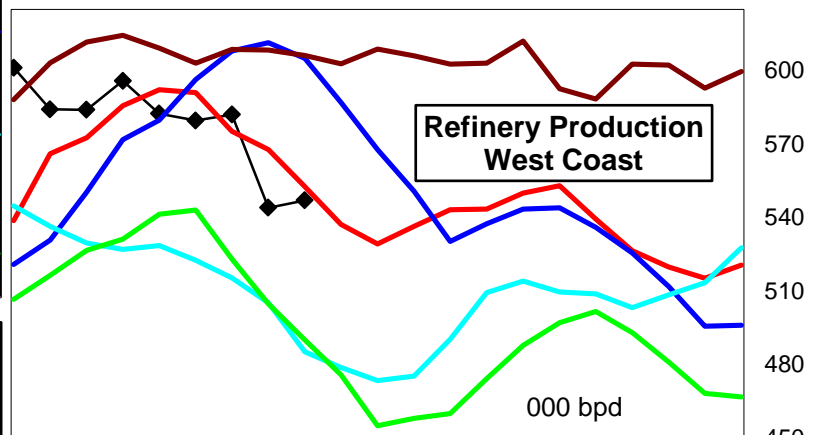
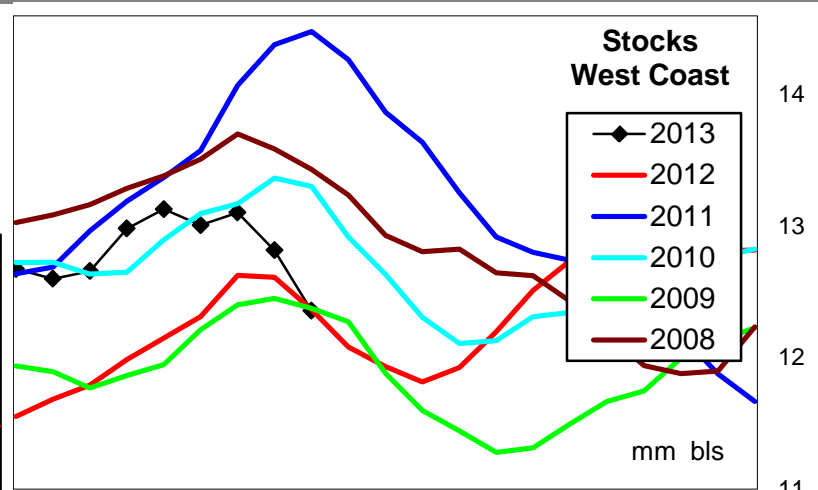
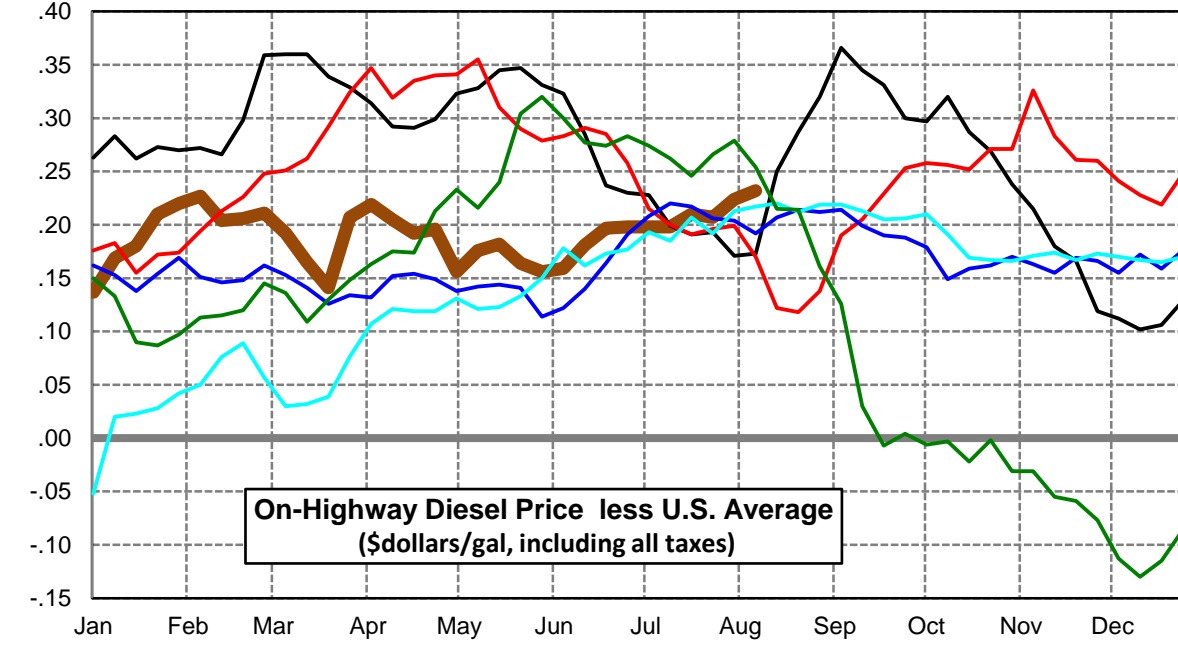
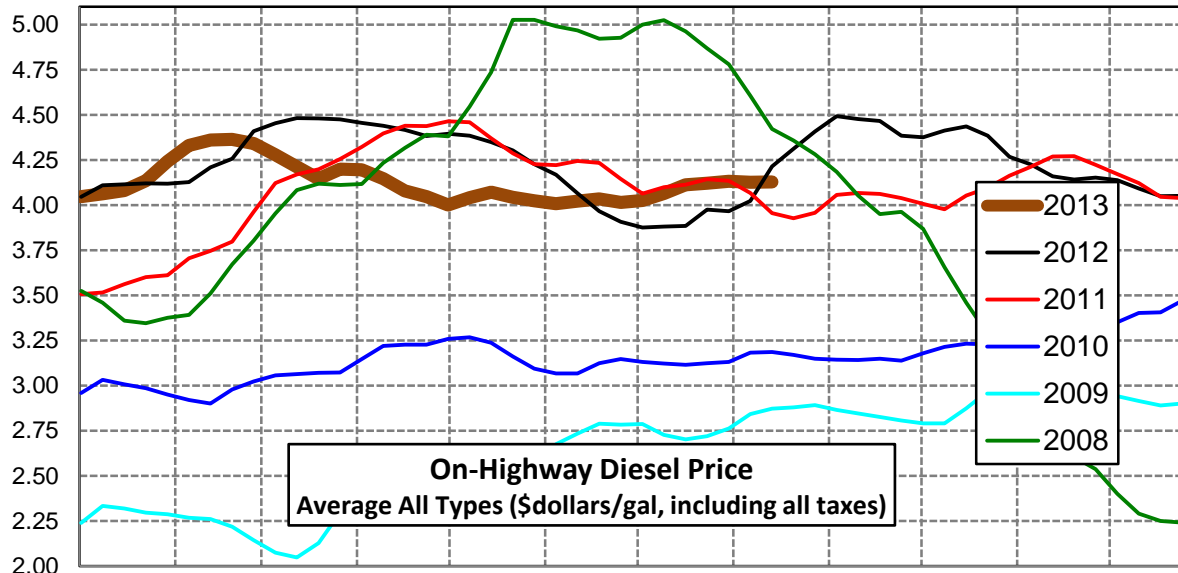
### West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Jul13	05Aug13	12Aug13	19Aug13	
<b>West Coast</b>	\$4.052	\$4.054	\$4.045	<b>\$4.068</b>	\$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
	29Jul13	05Aug13	12Aug13	19Aug13	
<b>California</b>	\$4.122	\$4.133	\$4.128	<b>\$4.130</b>	\$0.002
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	3.838	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	3.915	3.931	4.061	3.993	3.861	3.886	3.845	3.913	4.052	4.122
Mon-05-Aug-13	3.909	3.919	4.056	3.983	3.845	3.878	3.841	3.931	4.054	4.133
Mon-12-Aug-13	3.896	3.908	4.045	3.972	3.834	3.862	3.824	3.930	4.045	4.128
Mon-19-Aug-13	3.883	3.884	4.030	3.990	3.854	3.872	3.816	3.892	4.068	4.130

## 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.