



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, January 28, 2014

Weekly Retail On-Highway Diesel Prices

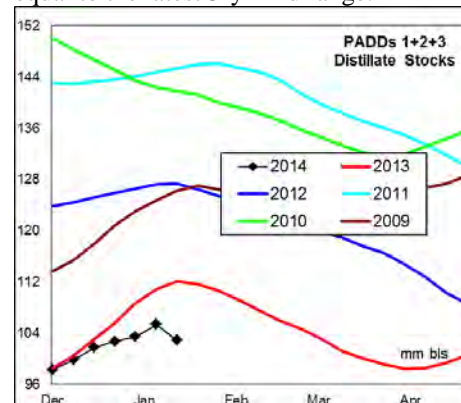
Region	Actual Price 1/			Forecast 2/	Change from week ago
	13Jan14	20Jan14	27Jan14	03Feb14	
U.S.	3.886	3.873	3.886	3.935	0.049
East Coast	3.940	3.946	3.940	4.067	0.127
New England	4.107	4.118	4.107	4.178	0.071
Central Atlantic	4.045	4.060	4.045	4.144	0.099
Lower Atlantic	3.831	3.829	3.831	3.855	0.024
Midwest	3.854	3.830	3.854	3.864	0.010
Gulf Coast	3.780	3.771	3.780	3.792	0.012
Rocky Mountain	3.886	3.860	3.886	3.922	0.036
West Coast	3.996	3.966	3.996	4.006	0.010
California	4.085	4.056	4.085	4.090	0.005

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

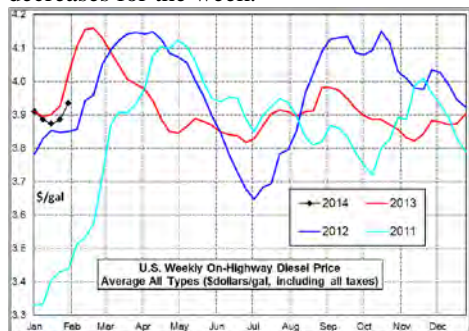
lowest in the country due to very high production and low distribution cost.

The spread between the U.S. average price and prices in the Lower Atlantic and Gulf regions were below the last 5-yrs for this time of year on high production in the

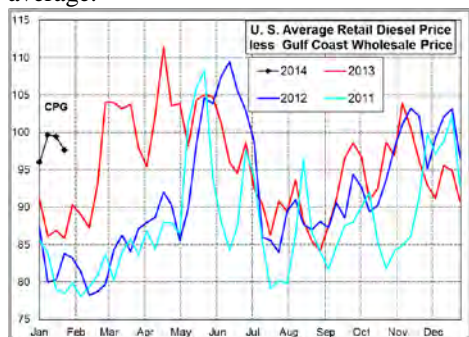
below the 5-yr range. The latest 4-wk stock change was +4.5 million barrel build, equal to the latest 3-yr mid range.



Diesel Fuel Price Trends U. S. retail diesel prices increased +1.3 cpg for the week, ending 27Jan14. Prices trended higher west of the Mississippi River, while the East Coast regions saw -1 cpg decreases for the week.



The U.S. average retail diesel price compared to Gulf Coast wholesale market decreased -2 cpg on the week. The spread ended the week +15 cpg above the 3-yr average.



The national average on-highway price ended the week -4 cpg below a year ago. The highest retail prices were in New England at \$4.11/gal and California at \$4.09/gal. The lowest prices were in the Gulf at \$3.78/gal and Lower Atlantic at \$3.83/gal. Prices in these regions are

Gulf. The spread between the U.S. average price and regional prices in the Midwest and Rockies were above the last 2-yrs.

Gulf spot prices increased +2 cpg last week, ending at a level below the average of the last 60-days.



The spread between the Gulf wholesale price and the U.S. average retail price decreased -2 cpg to 97 cpg last week. This differential was +15 cpg above the average of the last 3-yrs.

Supply - Demand Fundamental Trends

Distillate wholesale demand increased +55,000 bpd last week, to a level above the last 3-yrs. Demand for the latest 4-wk period was +170,000 bpd above a year ago.

Supply has declined -0.5 million bpd during the last 2-wks on sharply lower production; driven by weather disruptions and start of winter refinery maintenance.

During the latest 4-wk period, production was +208,000 bpd above last year while imports were -14,000 bpd lower.

Stocks fell 3.2 million barrels last week, ending at a level -12 million barrels

Global Trends Driving Diesel Prices

The supply squeeze in the Northeast should improve over the next 2-wks as imports arrive and barge shipments from the Gulf reach the Central Atlantic Region.

Extremely cold temperatures forecast for the next 10-days across much of the U.S., combined with very low stock levels should support distillate prices in the near term.

Looking forward, winter refinery maintenance on the Gulf, increased exports of crude oil from Libya and likely Iran during the next quarter should improve the global crude oil balance.

Tapering by the Fed is causing investment funds to be withdrawn from developing countries, leading to slower economic growth in developing countries and risk of reduced diesel demand growth. Weakness in developing country equity markets has also constrained oil prices.

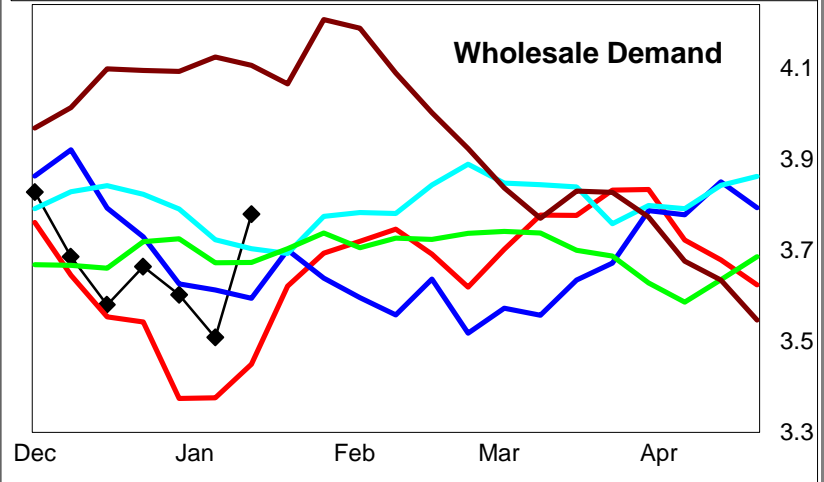
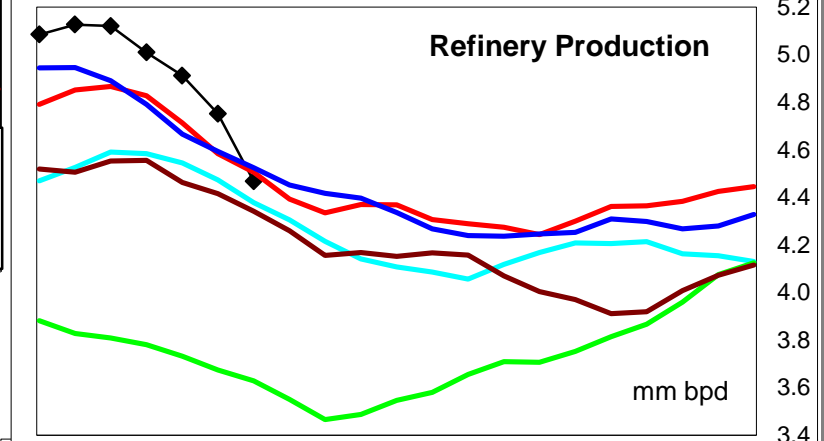
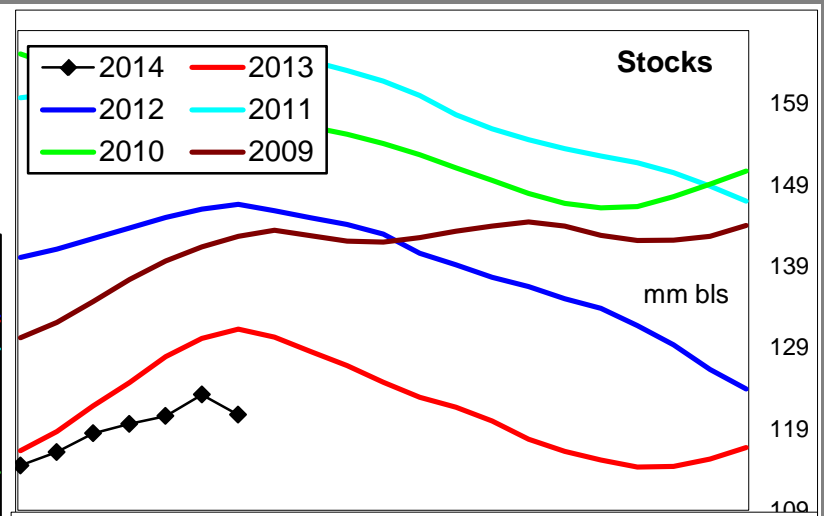
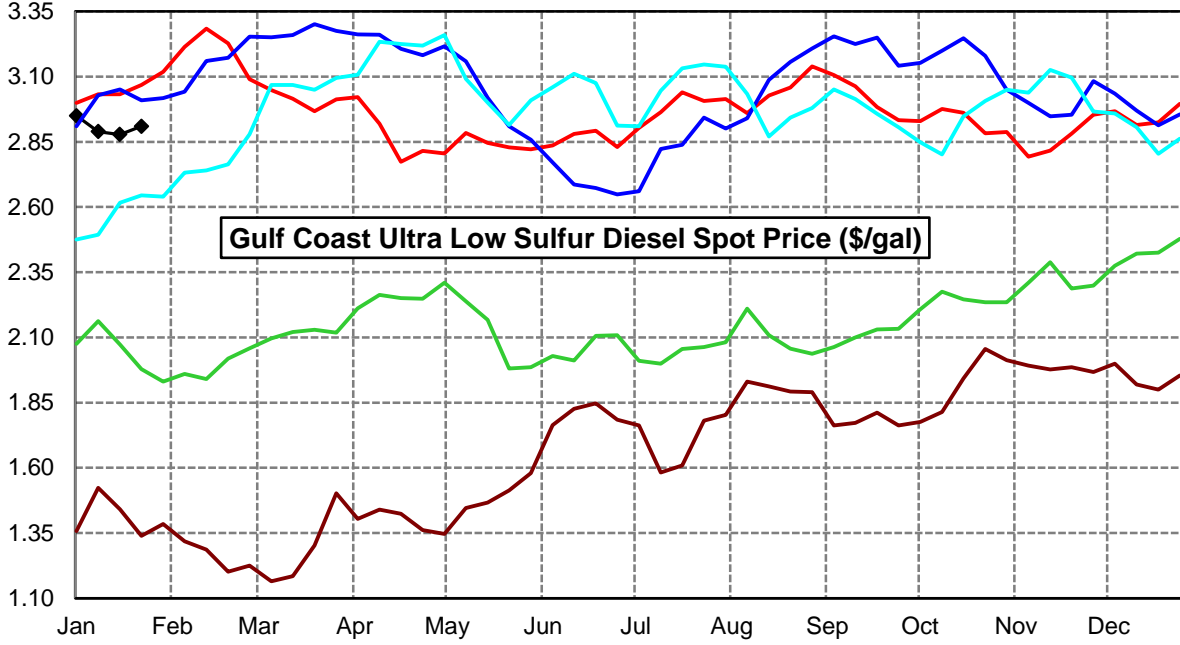
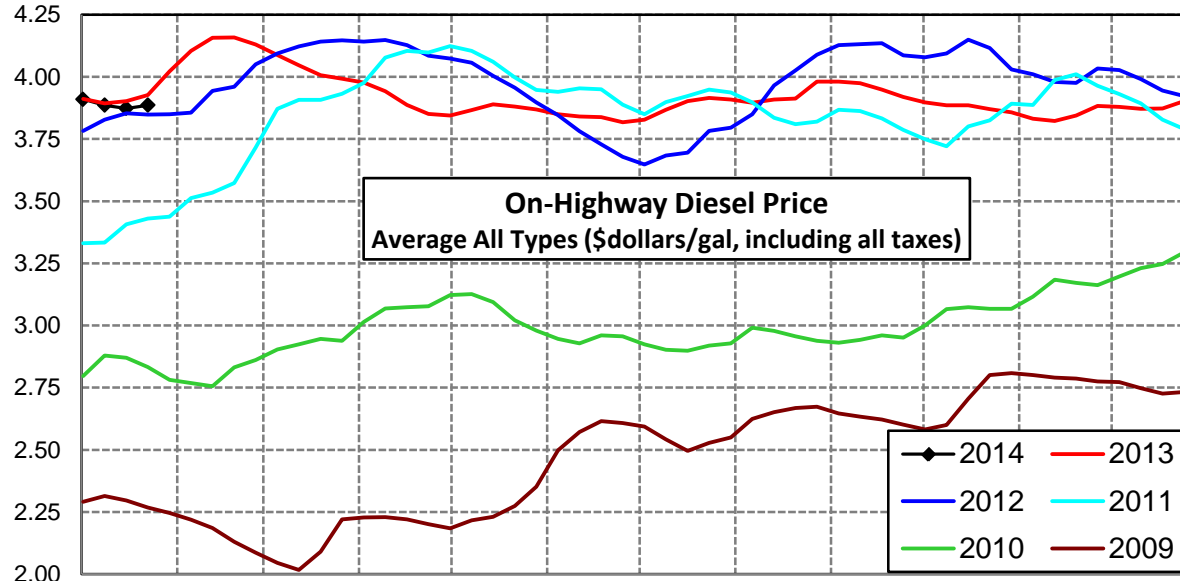
Diesel Price Outlook Retail prices are forecast to increase in the near term. Current retail to wholesale price spreads remain unusually wide for this time of year. Look for differences in crude oil cost and access to export markets to drive wide differences in diesel prices between regions.

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



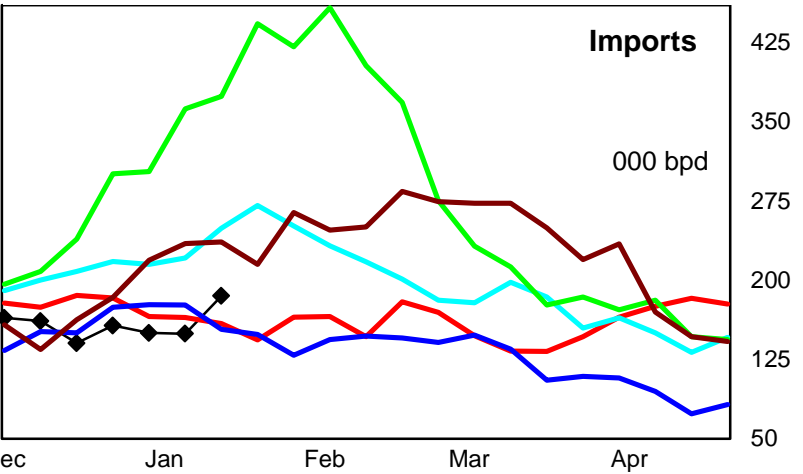
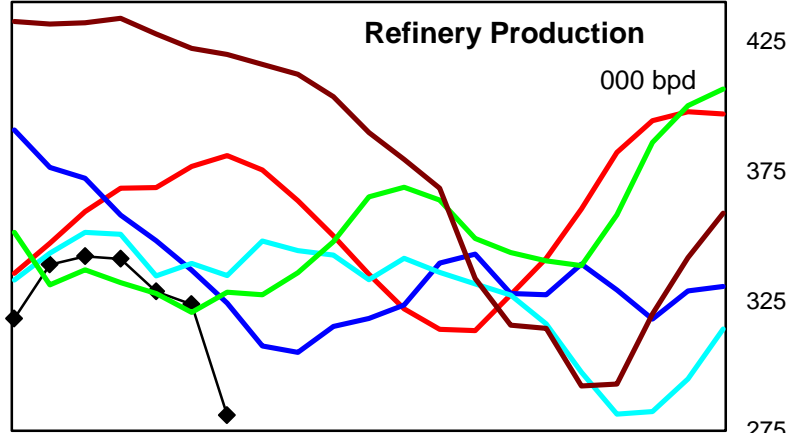
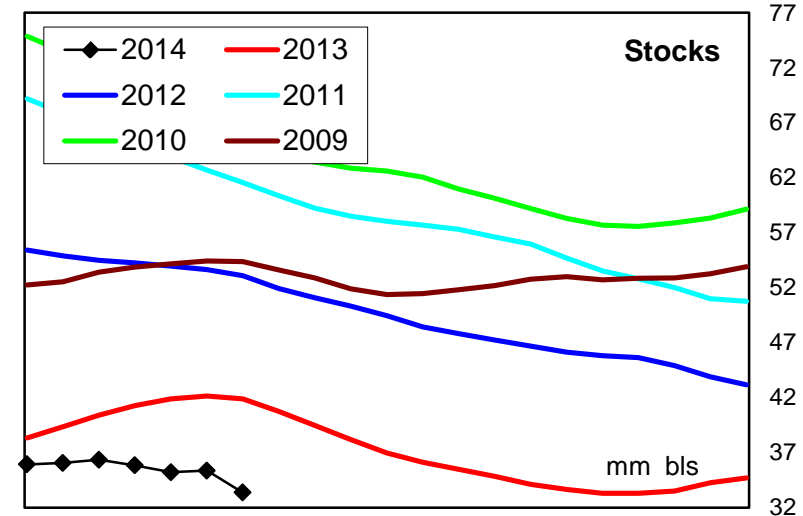
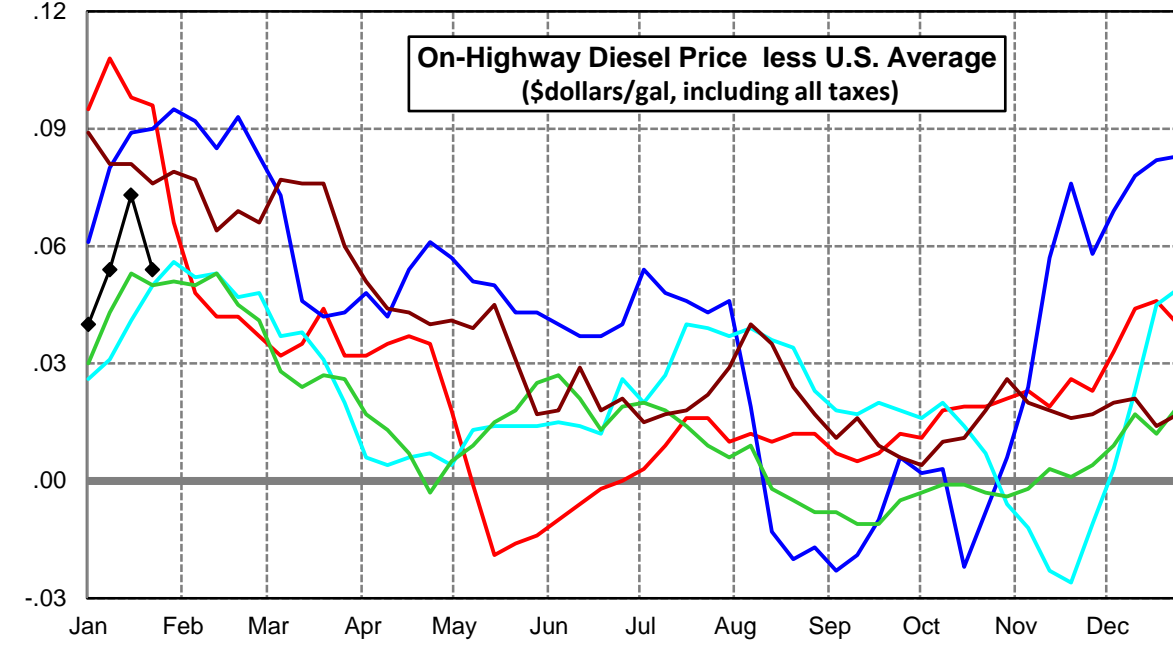
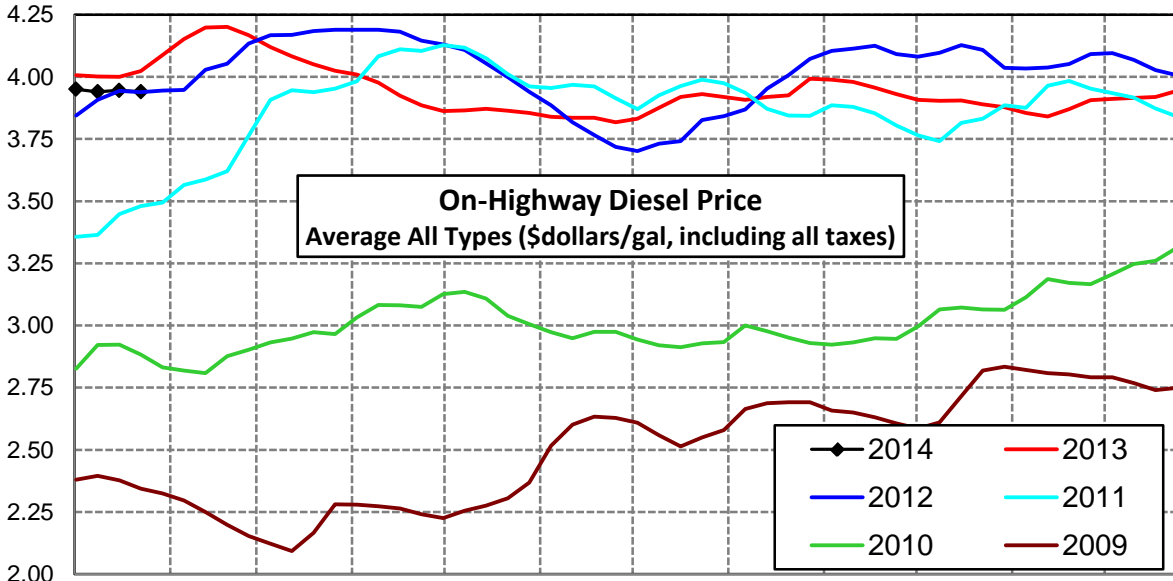
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	13Jan14	20Jan14	27Jan14	03Feb14	
United States Avg	\$3.886	\$3.873	\$3.886	\$3.935	\$0.049
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



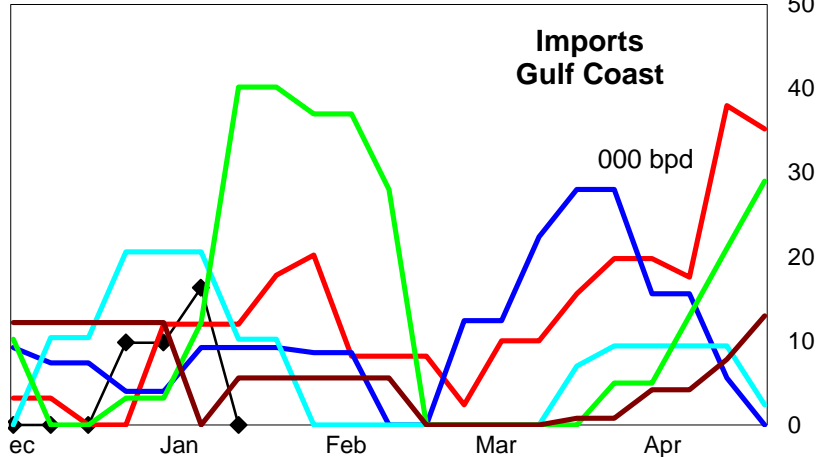
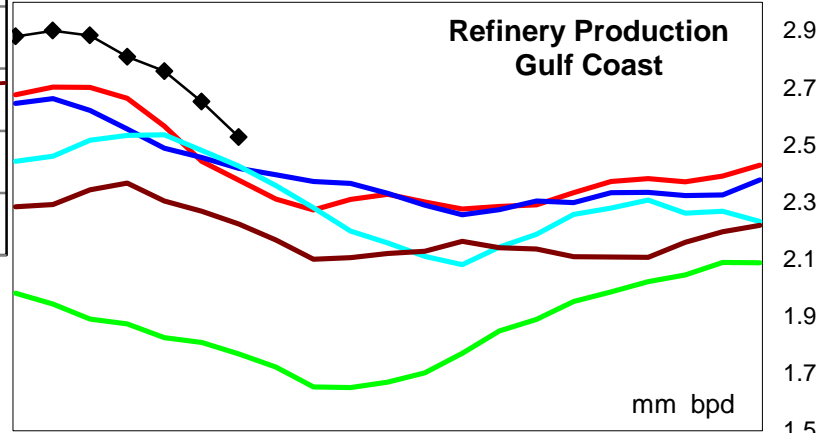
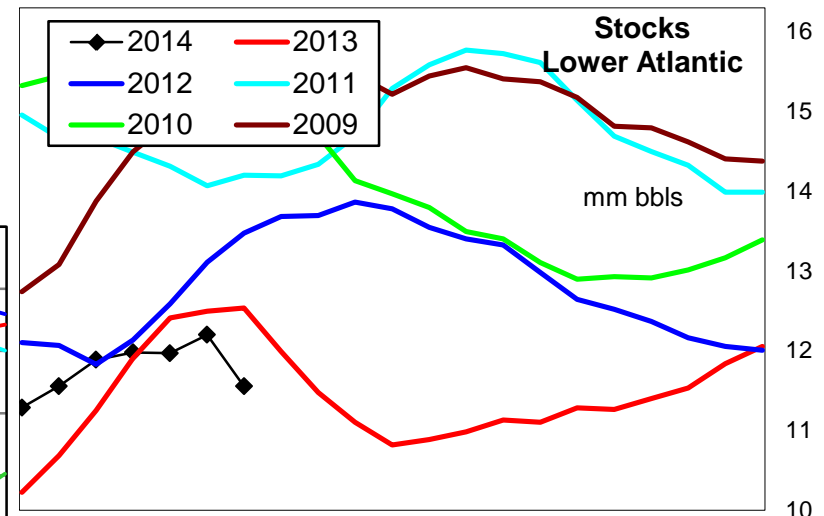
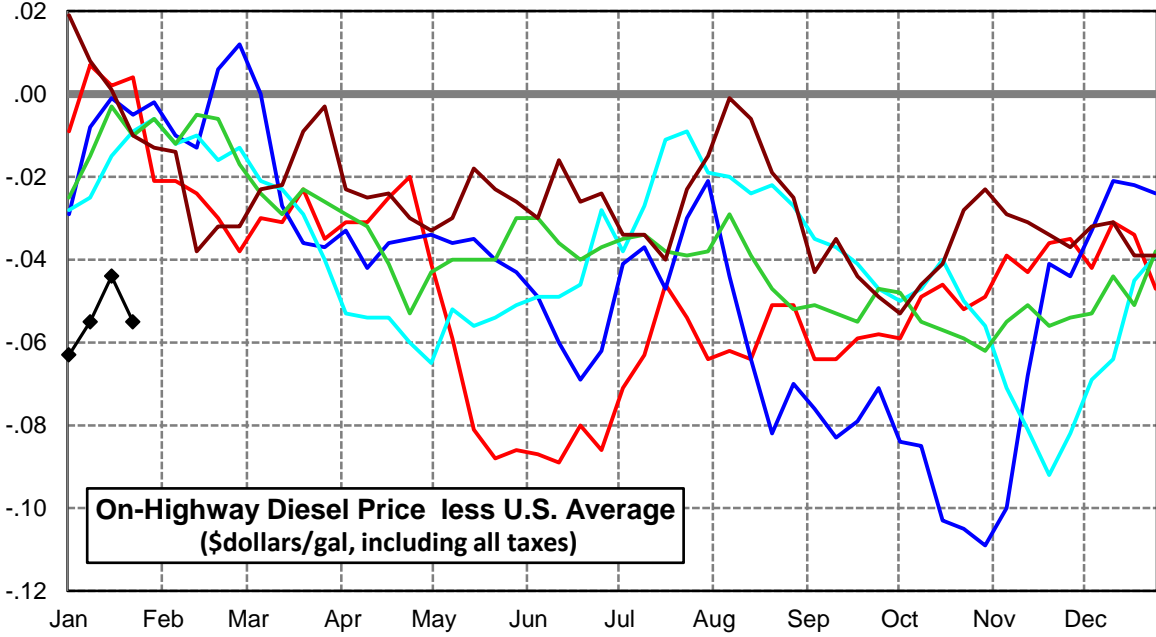
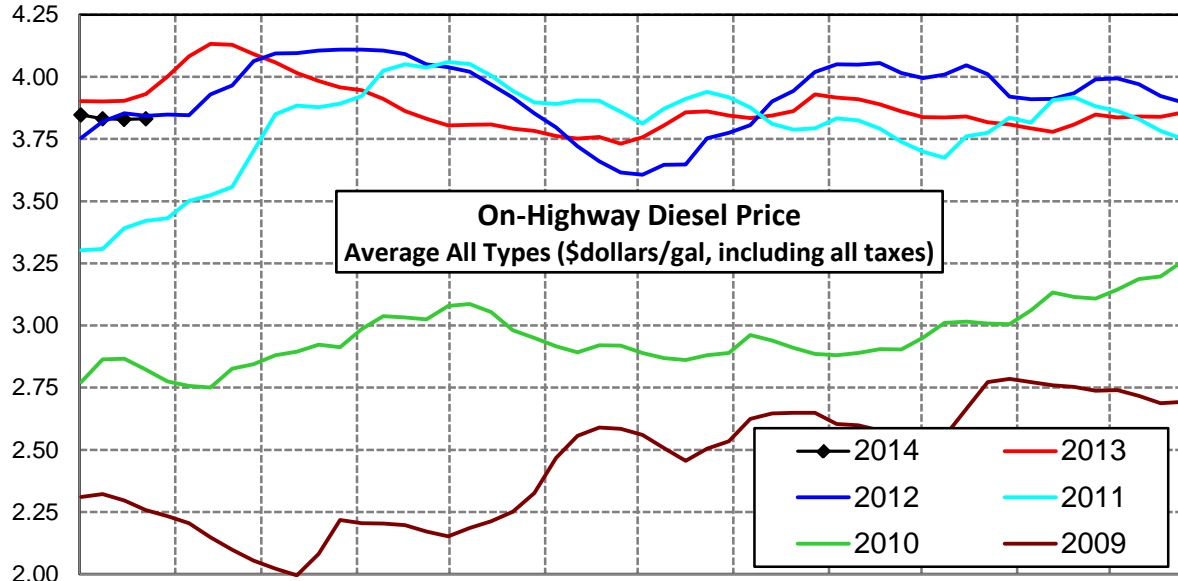
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	13Jan14	20Jan14	27Jan14	03Feb14	
East Coast	\$3.940	\$3.946	\$3.940	\$4.067	\$0.127
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



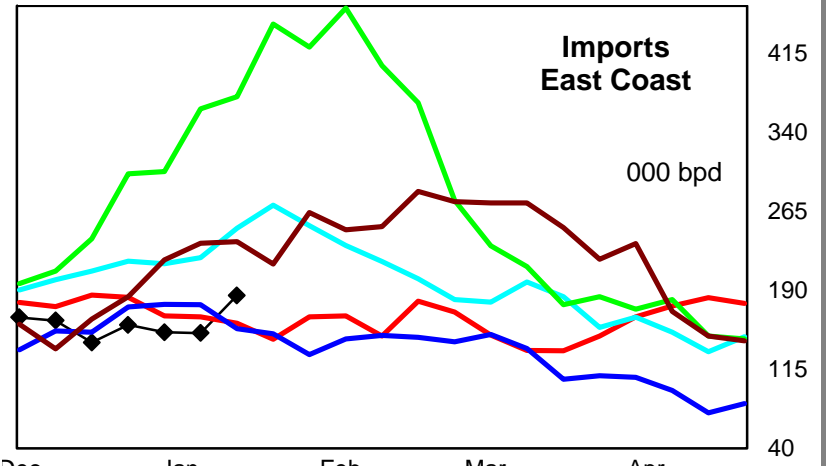
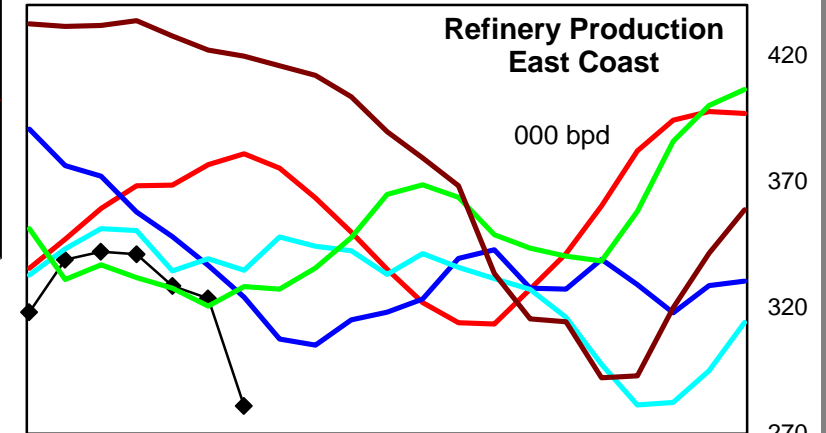
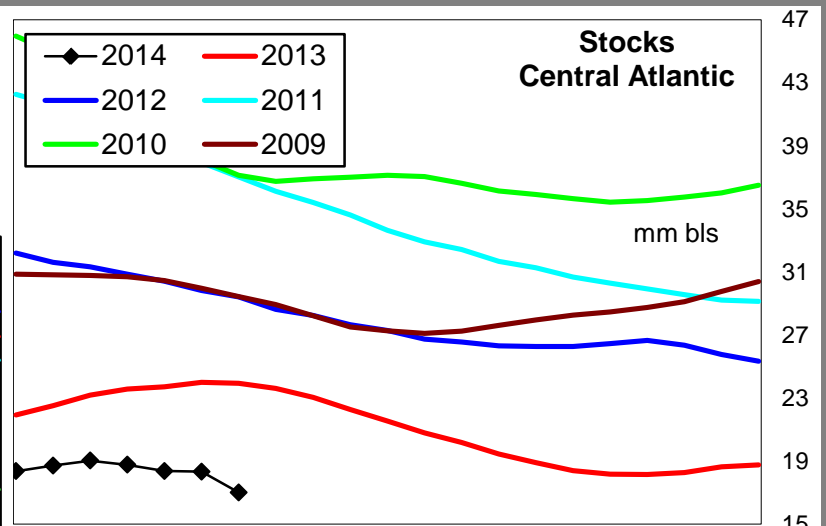
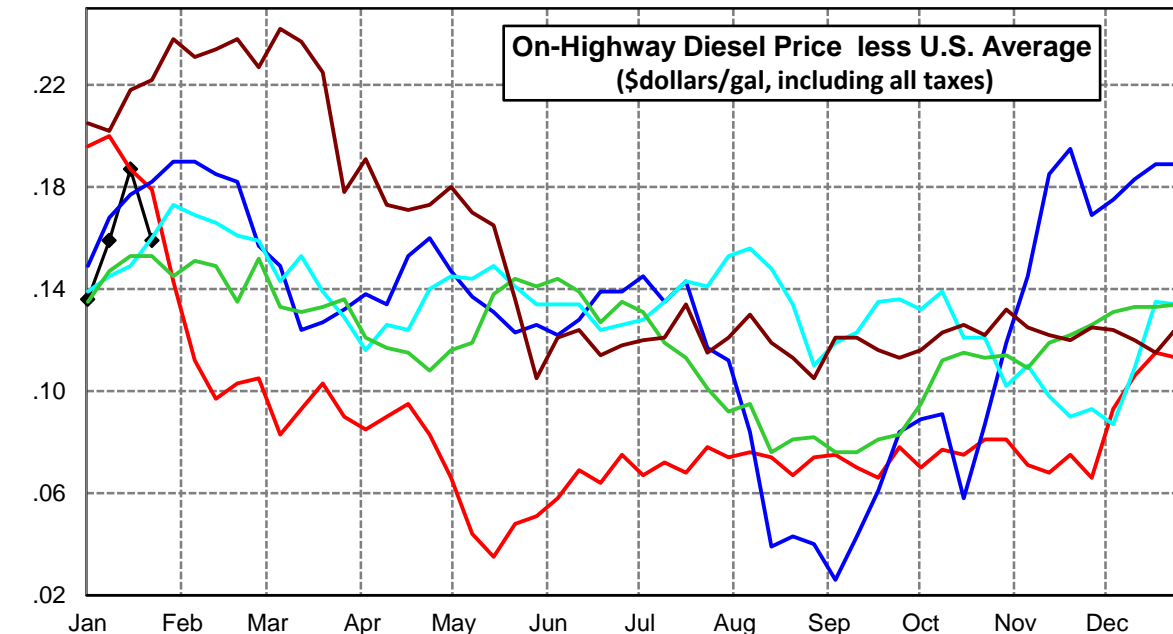
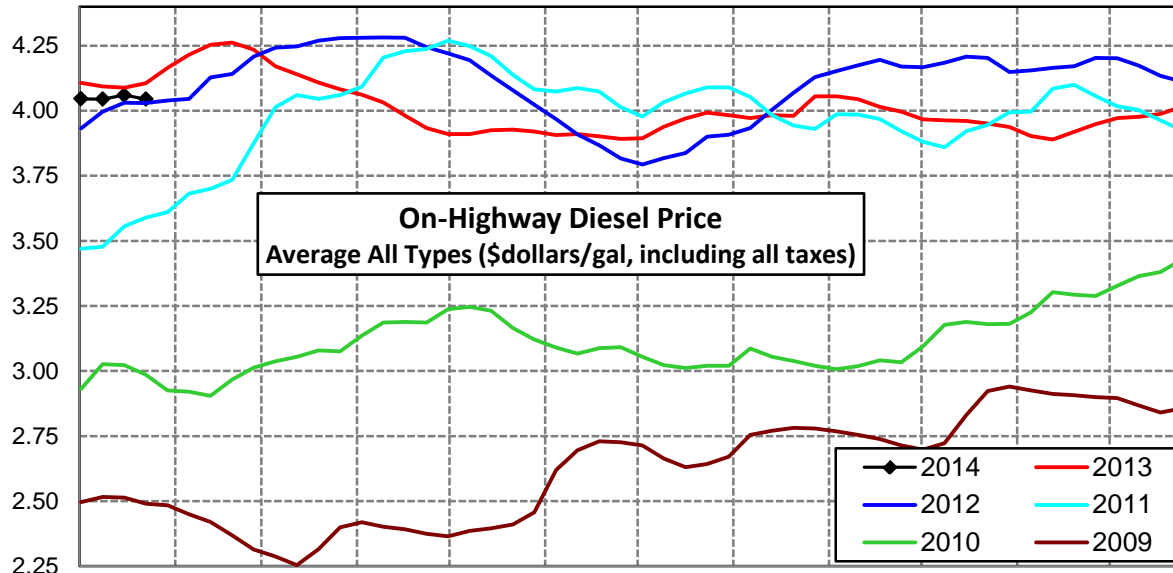
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	13Jan14	20Jan14	27Jan14	03Feb14	
Lower Atlantic	\$3.831	\$3.829	\$3.831	\$3.855	\$0.024
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



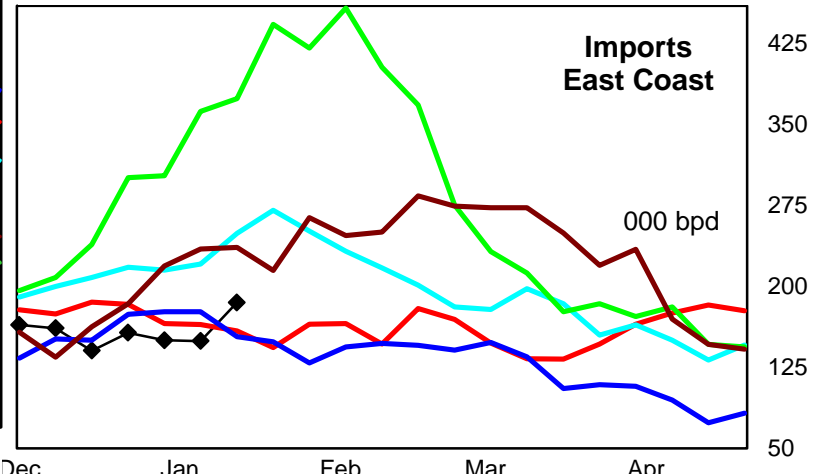
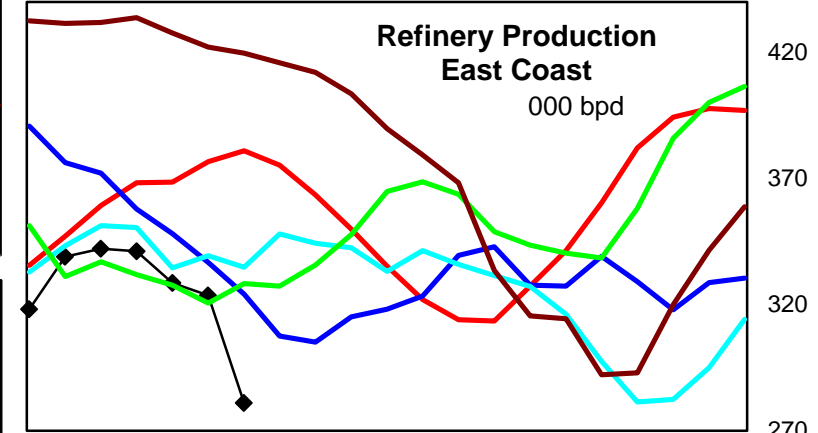
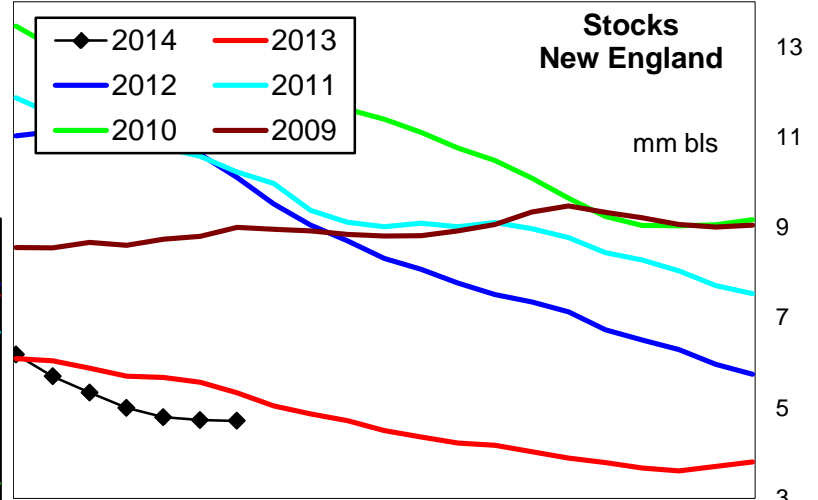
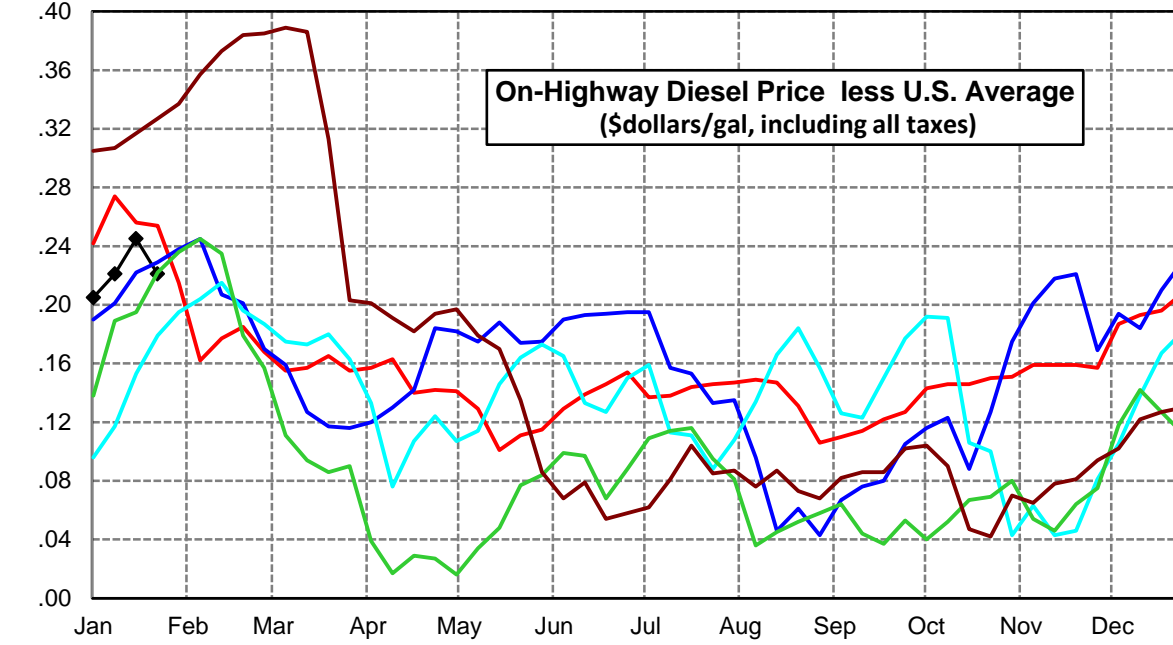
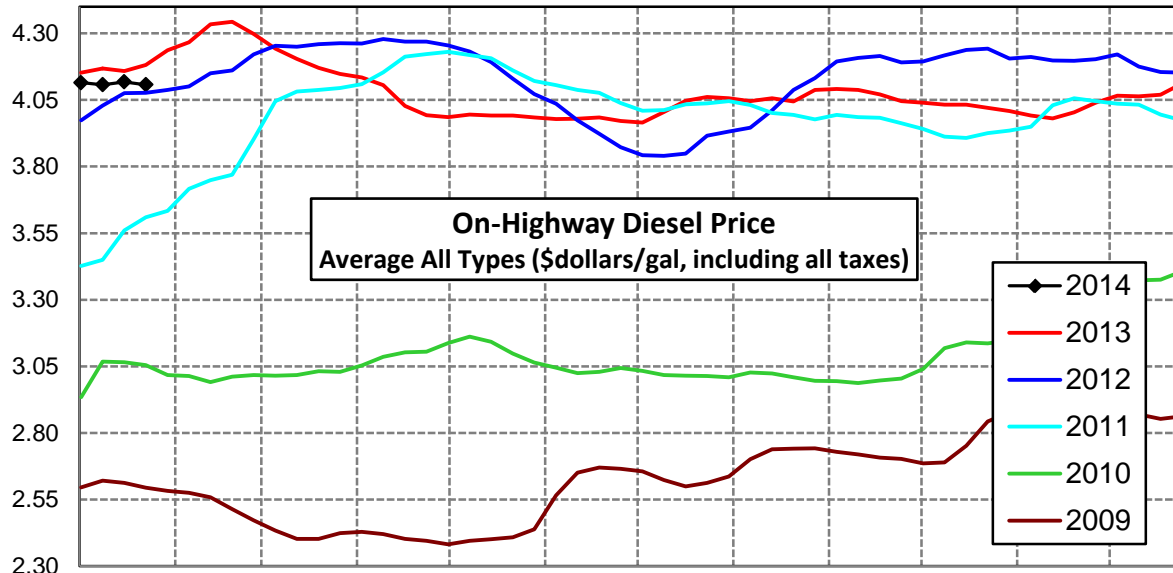
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	13Jan14	20Jan14	27Jan14	03Feb14	
Central Atlantic	\$4.045	\$4.060	\$4.045	\$4.144	\$0.099
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



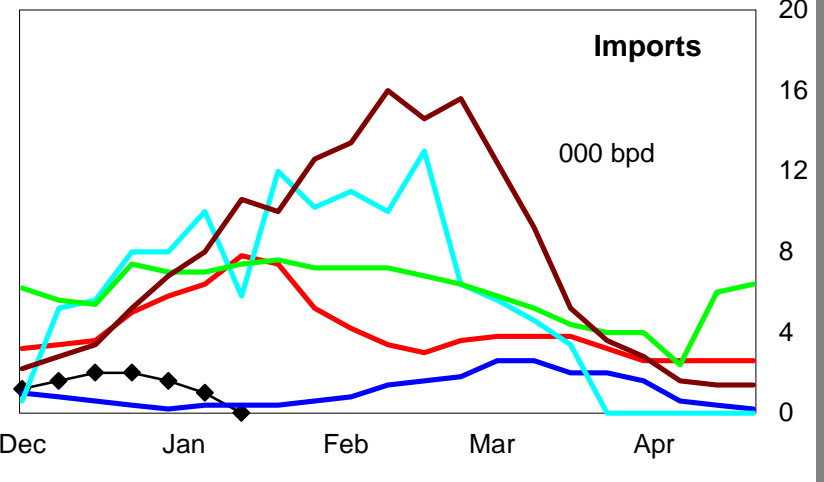
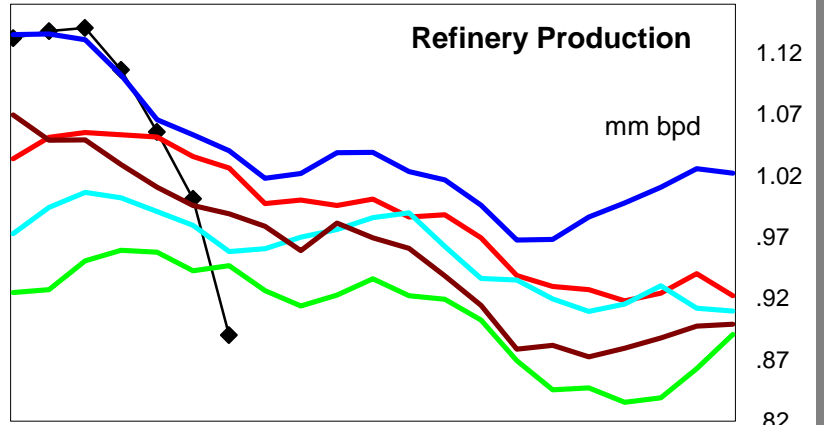
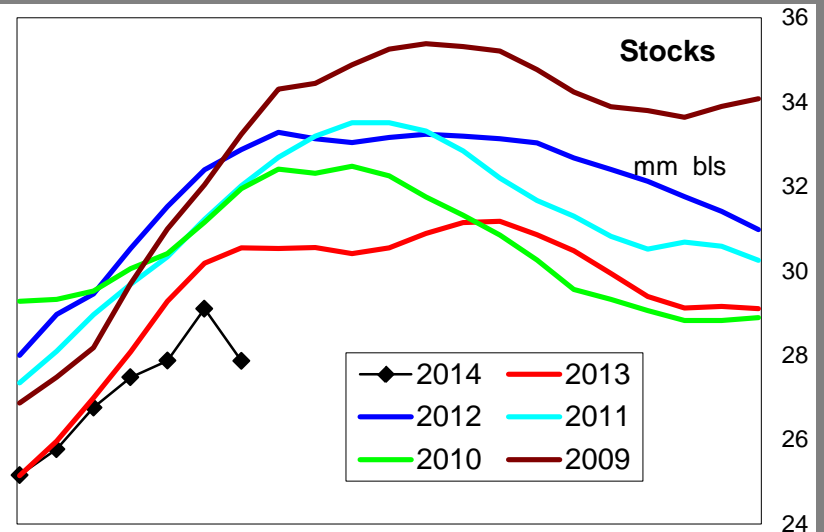
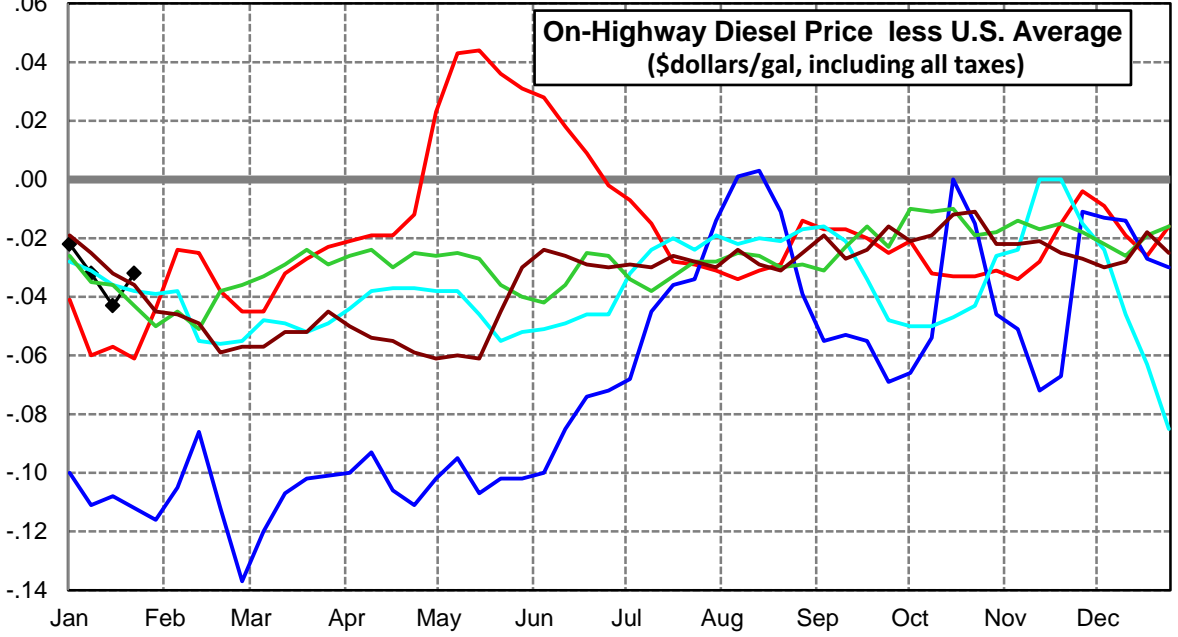
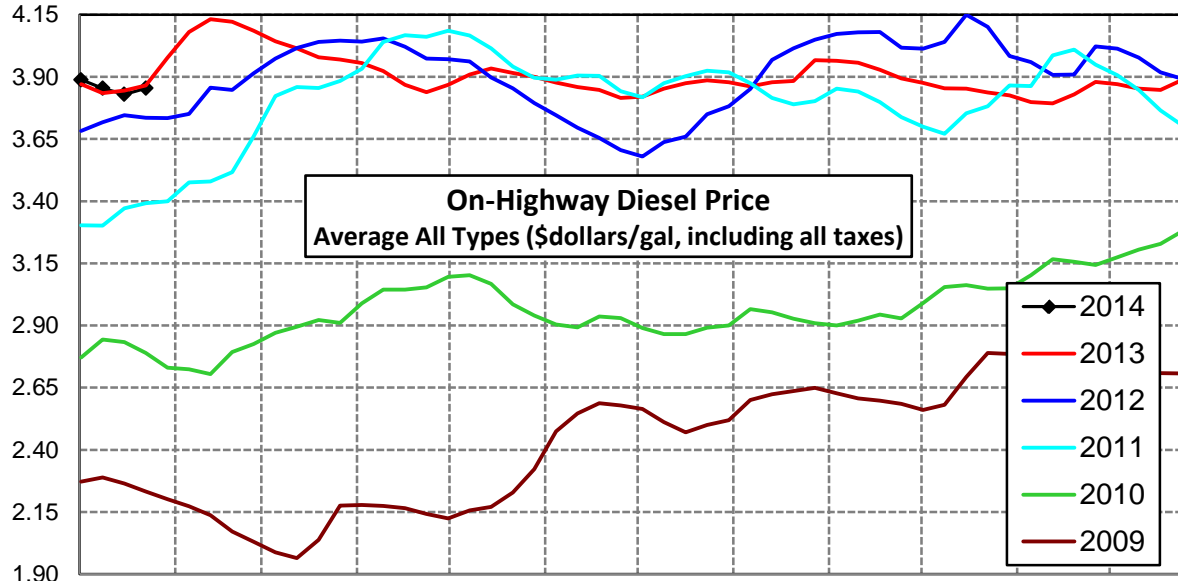
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	13Jan14	20Jan14	27Jan14	03Feb14	
New England	\$4.107	\$4.118	\$4.107	\$4.178	\$0.071
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



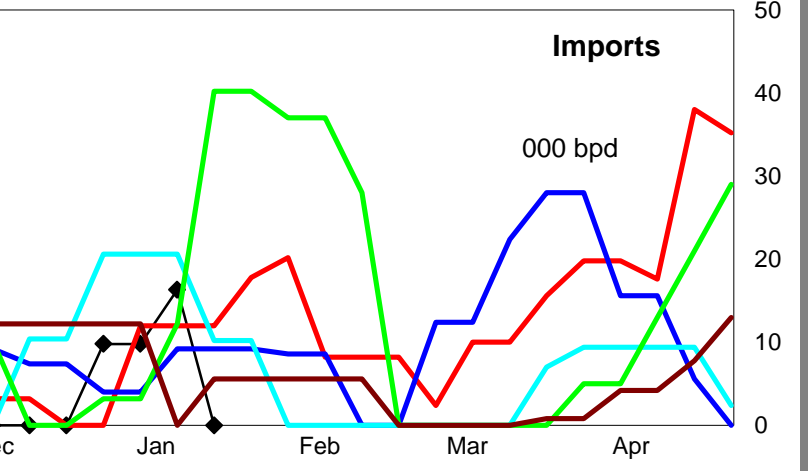
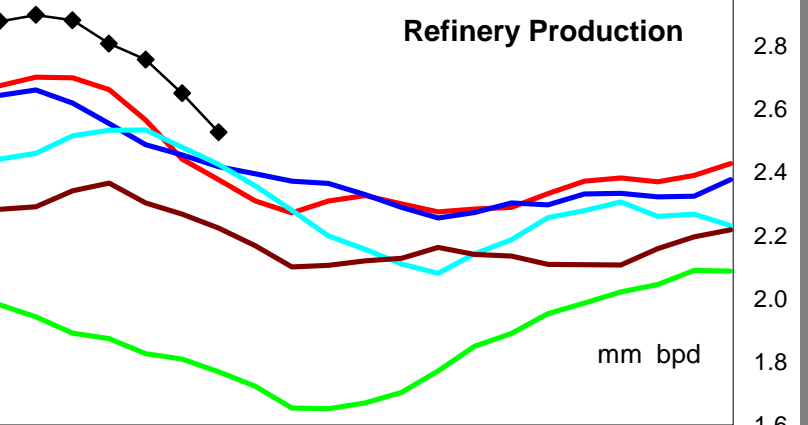
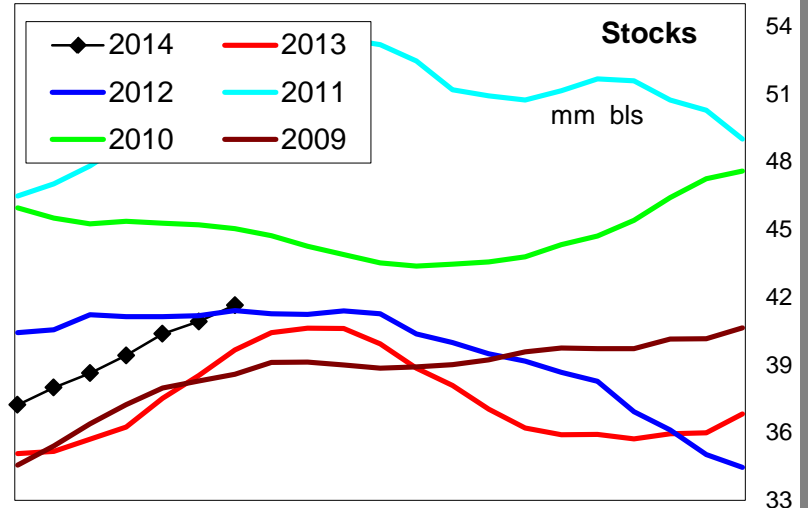
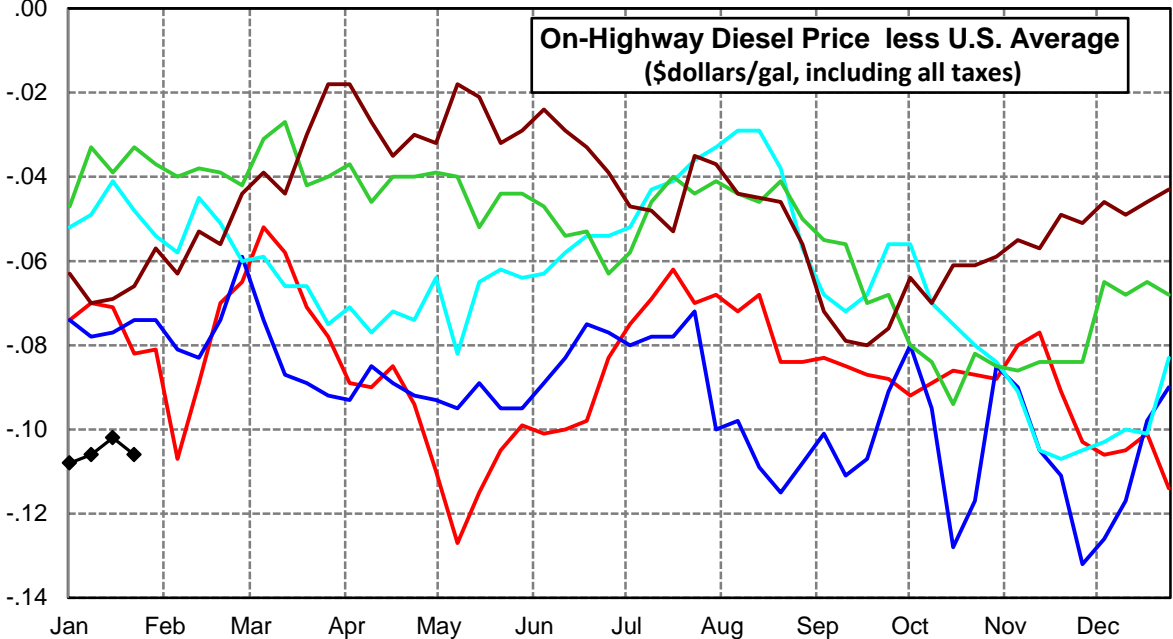
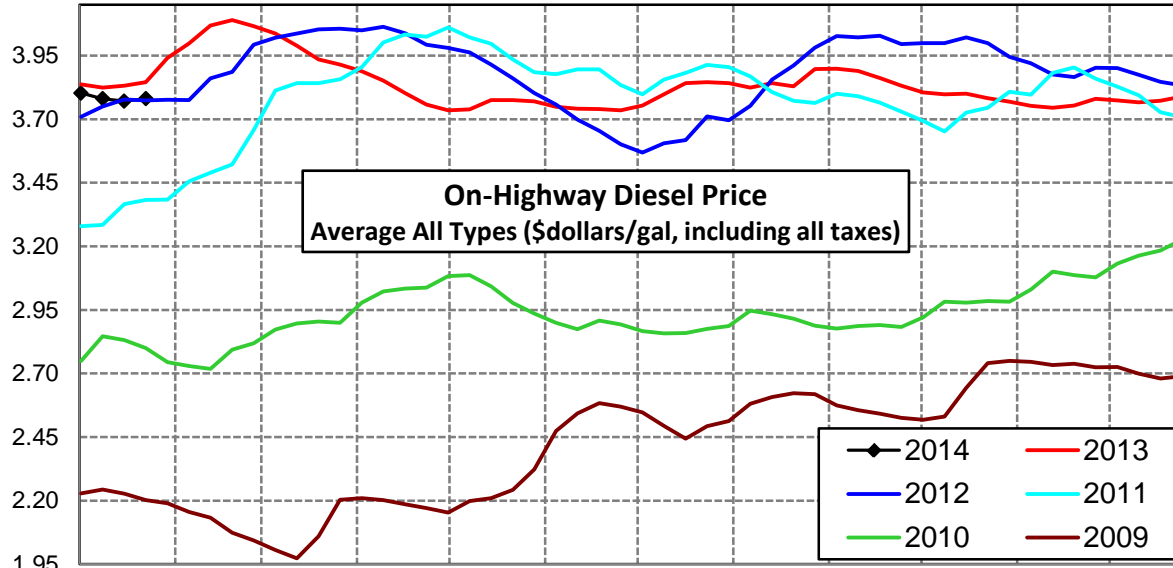
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	13Jan14	20Jan14	27Jan14	03Feb14	
Midwest	\$3.854	\$3.830	\$3.854	\$3.864	\$0.010
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



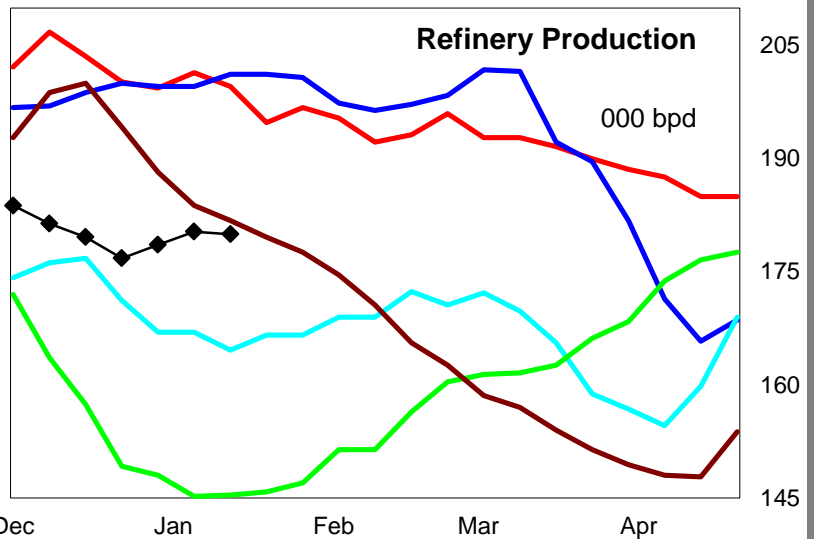
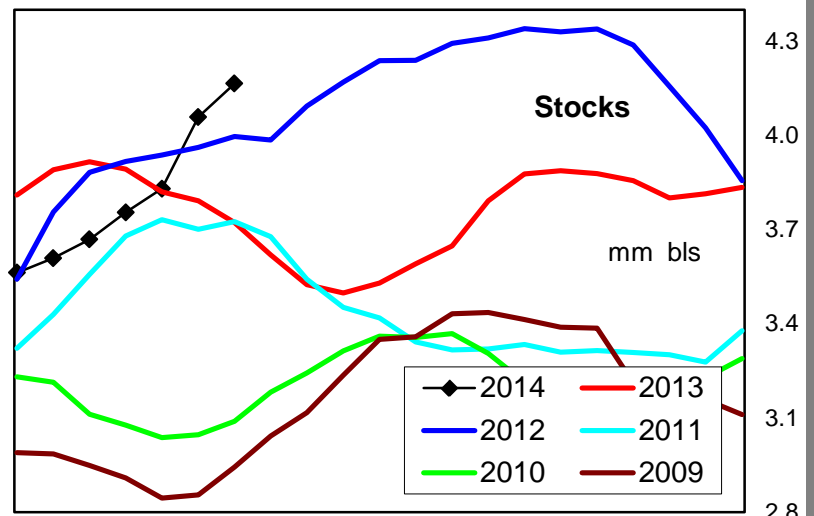
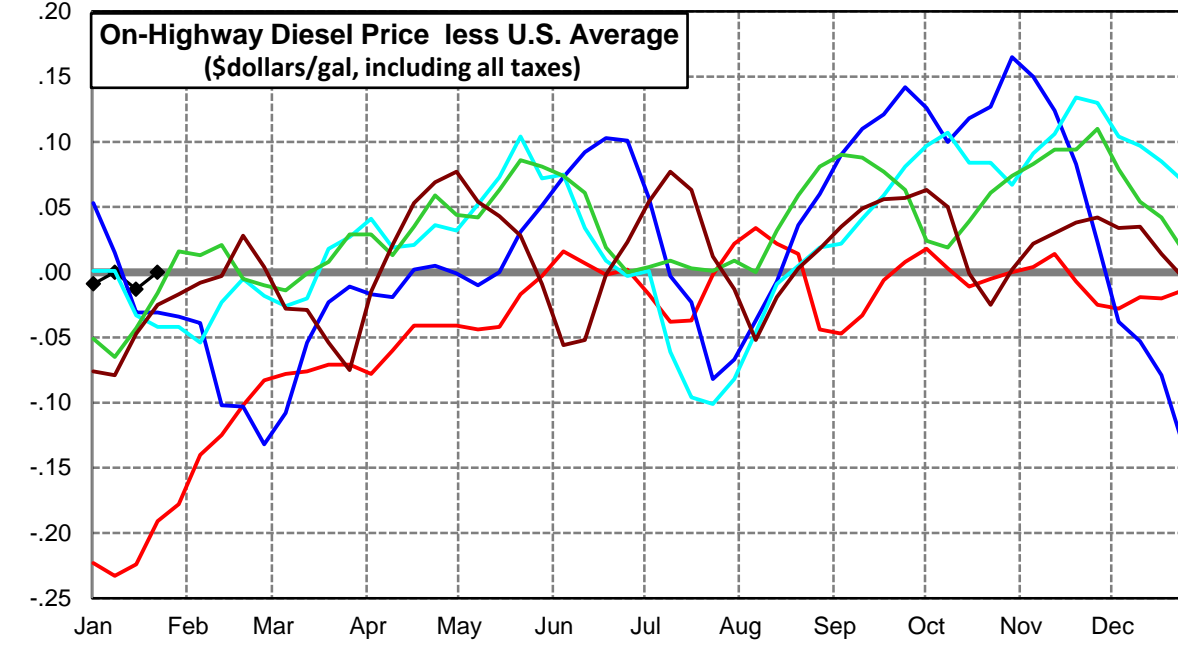
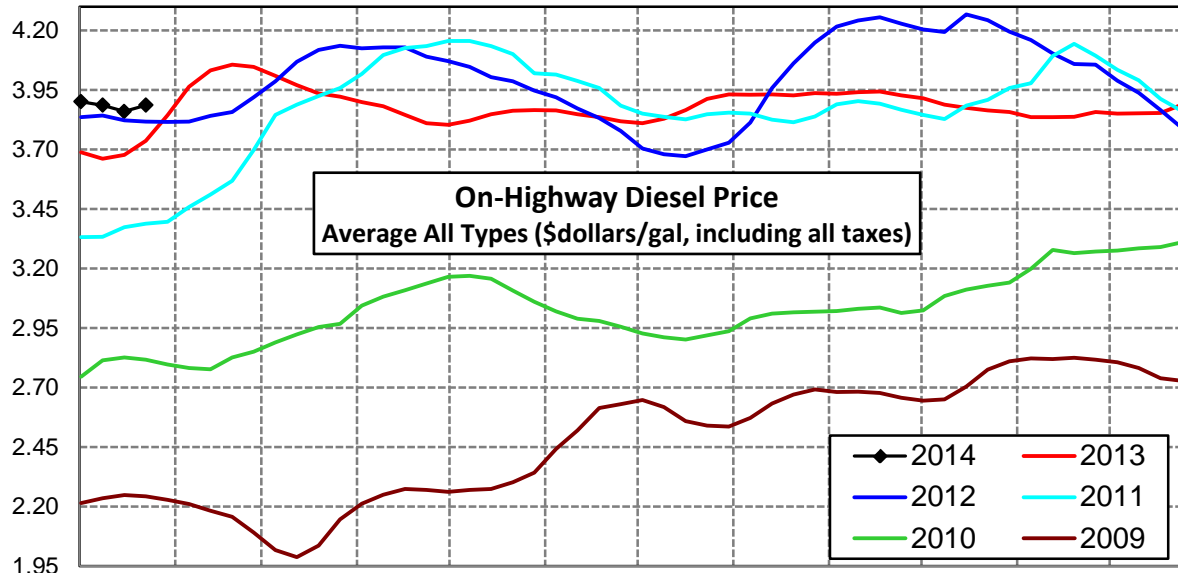
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	13Jan14	20Jan14	27Jan14	03Feb14	
Gulf Coast	\$3.780	\$3.771	\$3.780	\$3.792	\$0.012
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



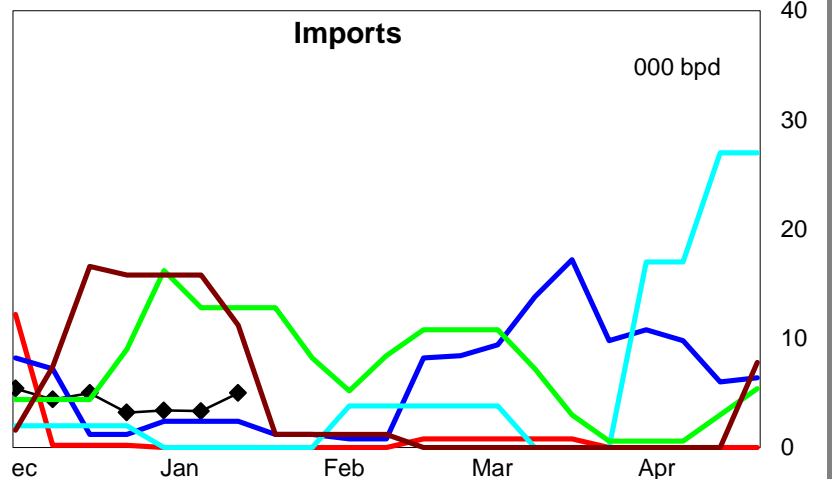
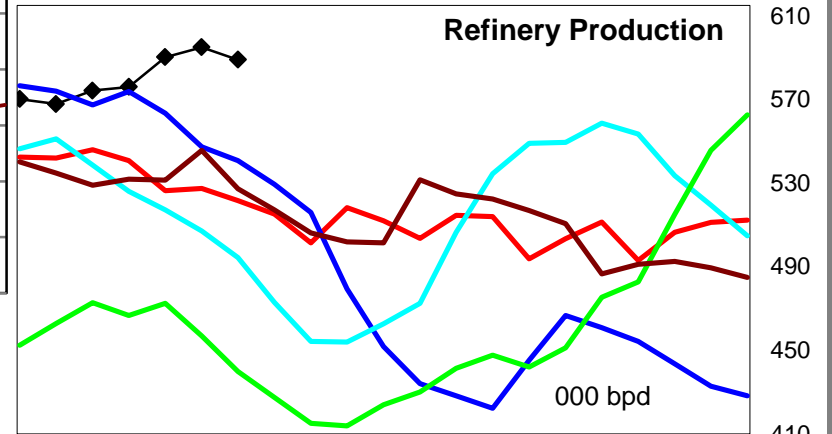
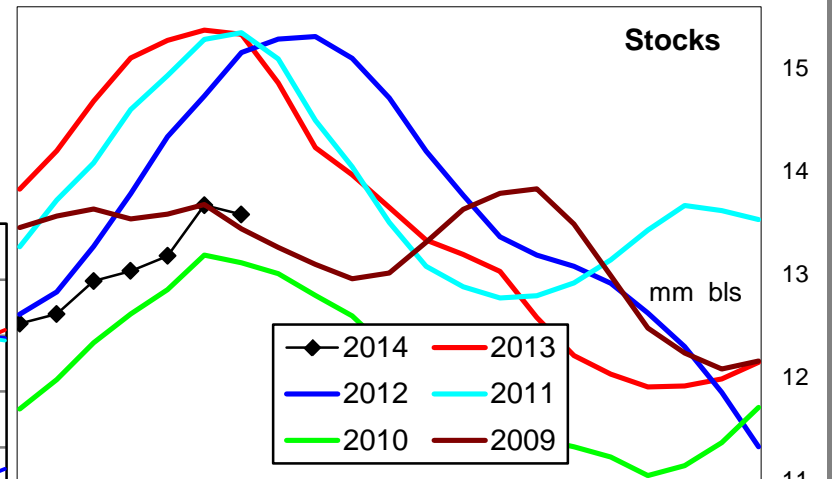
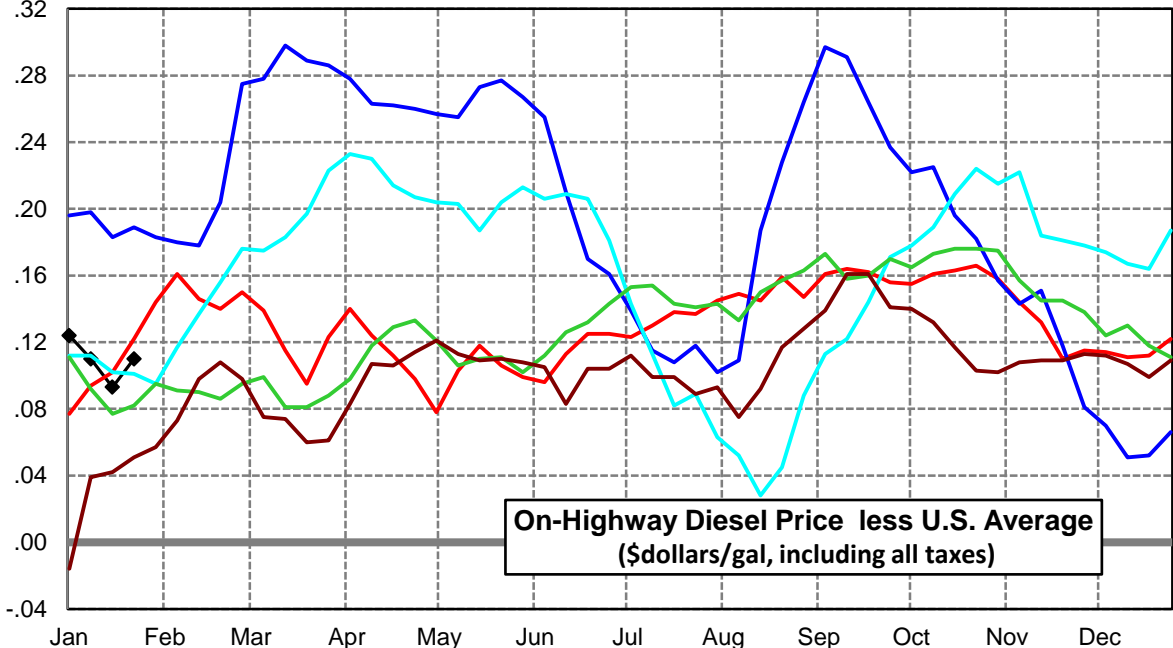
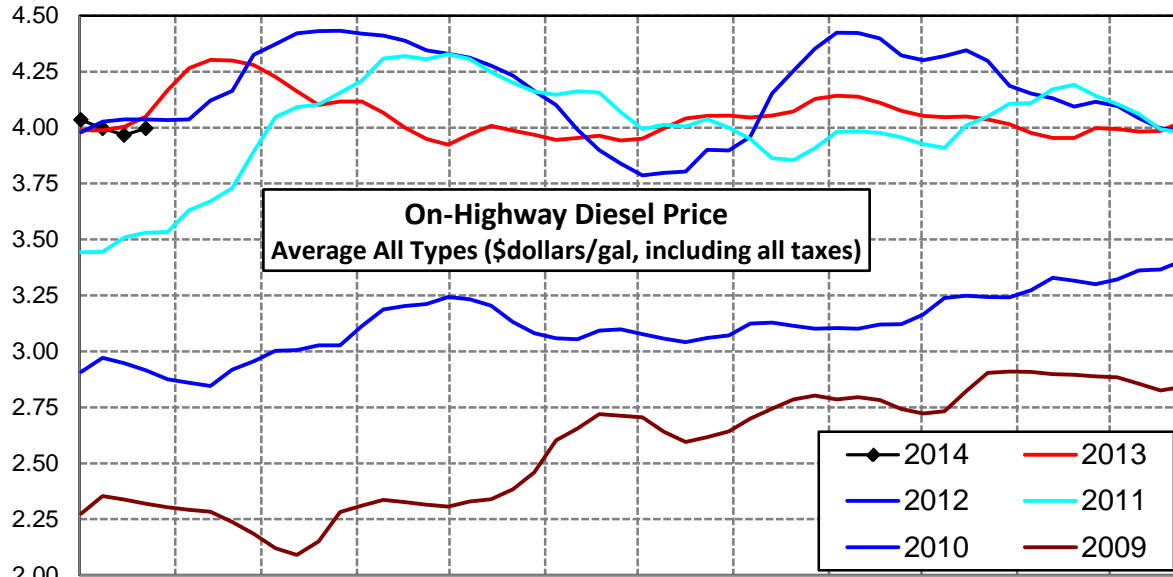
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	13Jan14	20Jan14	27Jan14	03Feb14	
Rocky Mountain	\$3.886	\$3.860	\$3.886	\$3.922	\$0.036
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



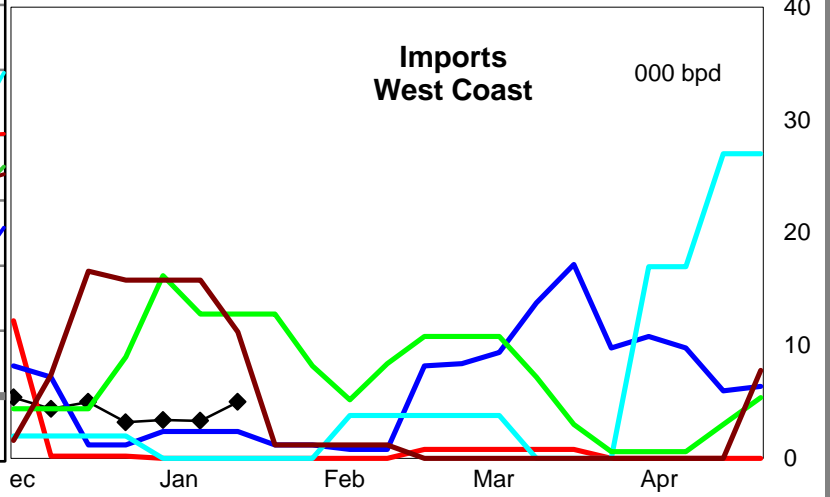
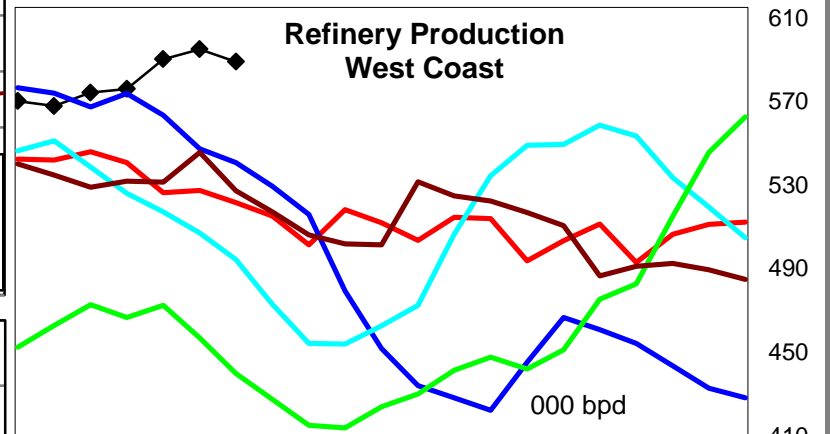
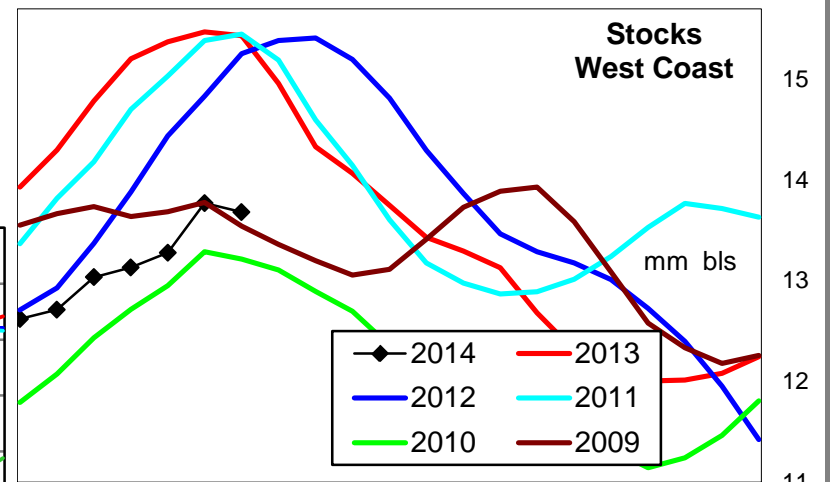
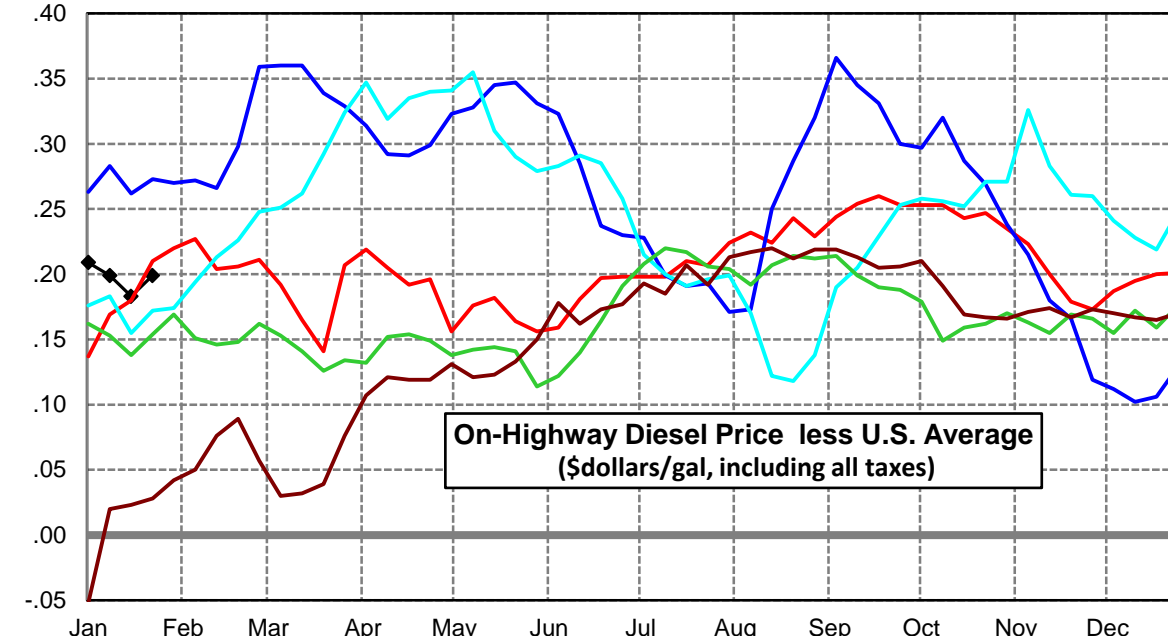
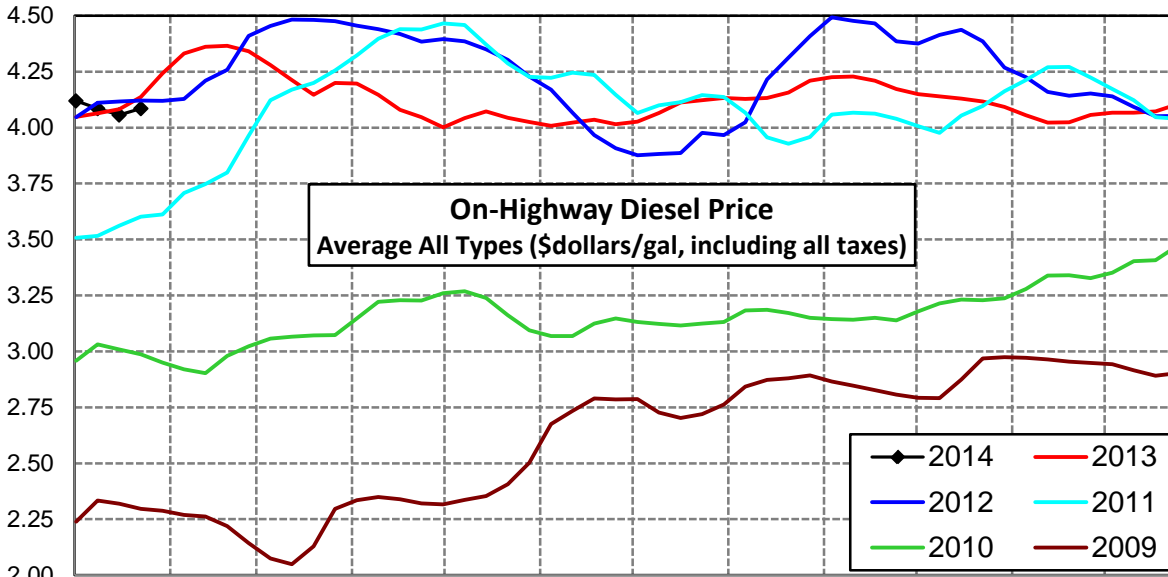
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	13Jan14	20Jan14	27Jan14	03Feb14	
West Coast	\$3.996	\$3.966	\$3.996	\$4.006	\$0.010
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
	13Jan14	20Jan14	27Jan14	03Feb14	
California	\$4.085	\$4.056	\$4.085	\$4.090	\$0.005
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-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	3.909	3.919	4.056	3.983	3.845	3.878	3.841	3.931	4.054	4.133
Mon-26-Aug-13	3.913	3.925	4.044	3.980	3.862	3.884	3.829	3.927	4.072	4.156
Mon-02-Sep-13	3.981	3.993	4.087	4.055	3.930	3.967	3.897	3.937	4.128	4.210
Mon-09-Sep-13	3.981	3.988	4.091	4.056	3.917	3.964	3.898	3.934	4.142	4.225
Mon-16-Sep-13	3.974	3.979	4.088	4.044	3.910	3.957	3.889	3.941	4.138	4.228
Mon-23-Sep-13	3.949	3.956	4.071	4.015	3.890	3.929	3.862	3.943	4.111	4.209
Mon-30-Sep-13	3.919	3.931	4.046	3.997	3.861	3.894	3.831	3.927	4.075	4.172
Mon-07-Oct-13	3.897	3.908	4.040	3.967	3.838	3.876	3.805	3.915	4.052	4.150
Mon-14-Oct-13	3.886	3.904	4.032	3.963	3.837	3.854	3.797	3.889	4.047	4.139
Mon-21-Oct-13	3.886	3.905	4.032	3.961	3.840	3.853	3.800	3.875	4.049	4.129
Mon-28-Oct-13	3.870	3.889	4.020	3.951	3.818	3.837	3.783	3.865	4.036	4.117
Mon-04-Nov-13	3.857	3.878	4.008	3.938	3.808	3.826	3.769	3.857	4.015	4.092
Mon-11-Nov-13	3.832	3.855	3.991	3.903	3.793	3.798	3.752	3.836	3.976	4.055
Mon-18-Nov-13	3.822	3.841	3.981	3.890	3.779	3.794	3.745	3.836	3.954	4.022
Mon-25-Nov-13	3.844	3.870	4.003	3.919	3.808	3.829	3.753	3.837	3.954	4.023
Mon-02-Dec-13	3.883	3.906	4.040	3.949	3.848	3.879	3.780	3.858	3.998	4.056
Mon-09-Dec-13	3.879	3.912	4.066	3.972	3.837	3.870	3.773	3.851	3.993	4.066
Mon-16-Dec-13	3.871	3.915	4.064	3.977	3.840	3.852	3.766	3.852	3.982	4.066
Mon-23-Dec-13	3.873	3.919	4.069	3.988	3.839	3.847	3.772	3.853	3.985	4.073
Mon-30-Dec-13	3.903	3.943	4.111	4.016	3.856	3.887	3.789	3.889	4.025	4.104
Mon-06-Jan-14	3.910	3.950	4.115	4.046	3.847	3.888	3.802	3.901	4.034	4.119
Mon-13-Jan-14	3.886	3.940	4.107	4.045	3.831	3.854	3.780	3.886	3.996	4.085
Mon-20-Jan-14	3.873	3.946	4.118	4.060	3.829	3.830	3.771	3.860	3.966	4.056
Mon-27-Jan-14	3.886	3.940	4.107	4.045	3.831	3.854	3.780	3.886	3.996	4.085
Mon-03-Feb-14	3.935	4.067	4.178	4.144	3.855	3.864	3.792	3.922	4.006	4.090
Mon-10-Feb-14										
Mon-17-Feb-14										
Mon-24-Feb-14										

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.