



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

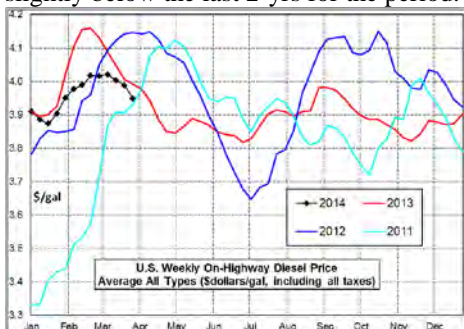
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, March 25, 2014

Weekly Retail On-Highway Diesel Prices

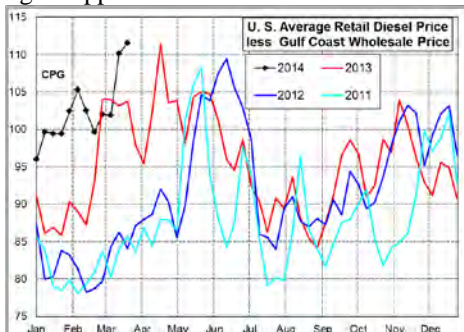
Region	Actual Price 1/			Forecast 2/	Change from week ago
	10Mar14	17Mar14	24Mar14	31Mar14	
U.S.	4.021	4.003	3.988	3.948	-0.040
East Coast	4.158	4.138	4.115	4.081	-0.034
New England	4.362	4.313	4.279	4.245	-0.034
Central Atlantic	4.353	4.314	4.277	4.237	-0.040
Lower Atlantic	3.974	3.973	3.963	3.928	-0.035
Midwest	4.013	3.994	3.975	3.940	-0.035
Gulf Coast	3.814	3.803	3.800	3.757	-0.043
Rocky Mountain	4.000	3.991	3.984	3.929	-0.055
West Coast	4.042	4.020	4.009	3.971	-0.038
California	4.112	4.087	4.081	4.047	-0.034

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

Diesel Fuel Price Trends U. S. retail diesel prices declined -1.5 cpg for the week ending 24Mar14. Prices decreased -3.5 cpg in New England and Central Atlantic regions as supplies improved. Prices also declined slightly in all other regions. The U.S. average price is now slightly below the last 2-yr for the period.



The U.S. average retail diesel price compared to Gulf Coast wholesale market increased +1.4 cpg on the week, driven by the earlier decline of wholesale prices. The spread ended the week at a record high, due in part to continued relatively tight supplies in the Northeast.



The national average on-highway price ended the week -2 cpg below a year ago. The highest retail prices were in New England and Central Atlantic regions at

\$4.28/gal. The lowest prices were in the Gulf at \$3.80/gal and the Lower Atlantic at \$3.96/gal. Prices in the Gulf and Lower Atlantic are driven by a recent slow down in exports that has led to over supply in these regions.

The spread between the U.S. average price and prices in New England, Central Atlantic and the Midwest regions remain well above the last 3-yr on tight supplies. The spread between the U.S. average price and regional prices in the Gulf and West Coast remain below the 5-yr range on excess supplies compared to the East Coast and Midwest.

Gulf spot average prices decreased -1 cpg last week, and -19 cpg during the last 3-wks. The price level is now at lows of the last 4-months.



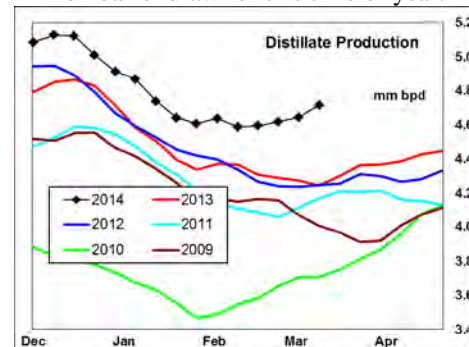
The spread between the Gulf wholesale price and the U.S. average retail price increased +1.4 cpg to 112 cpg last week. This differential is a record high for the year, driven by over supply on the Gulf and continued tightness in the Northeast.

Supply - Demand Fundamental Trends Distillate wholesale demand jumped +0.5 million bpd on the week, as weather improved east of the Rockies. Demand for the latest 4-wk period was +183,000 bpd above a year ago.

Supply increased +96,000 bpd on the week, driven by record high production.

During the latest 4-wk period, production was +344,000 bpd above last year while imports were +167,000 bpd

higher. Stocks fell -3.1 million barrels last week, concentrated in the Gulf region. Stock levels ended the week -8.9 million barrels below a year ago, and below the 5-yr range. The latest 4-wk stock change East of the Rockies was a -1.9 million barrel draw, compared to an average -6 million barrel draw for this time of year.



Global Trends Driving Diesel Prices Slower economic growth in China has been offset with increased political tension in Ukraine - Russia; leading to sideways price action during the last 10-days.

Distillate production remains extremely high on below average refinery maintenance in the Gulf region. The supply squeeze in the Northeast has improved significantly on the earlier surge in imports, a drop off in exports due to high U.S. prices, and seasonal decline in heating degree days.

Look for an increase in exports on lower U.S. prices compared to importing countries, a seasonal uptrend in U.S. transport demand for distillate as weather conditions improve East of the Rockies, and rising spring gasoline demand to support distillate prices.

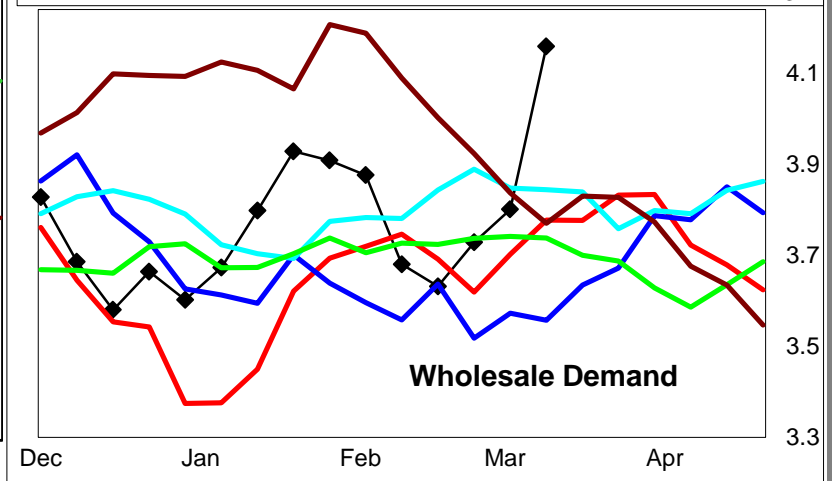
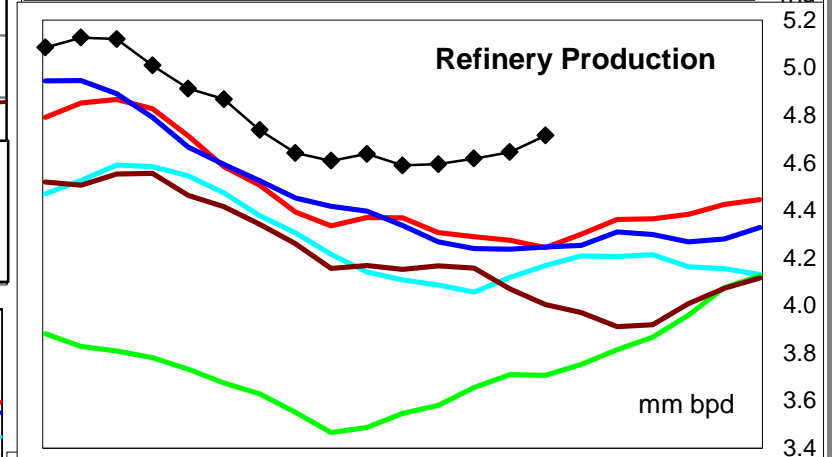
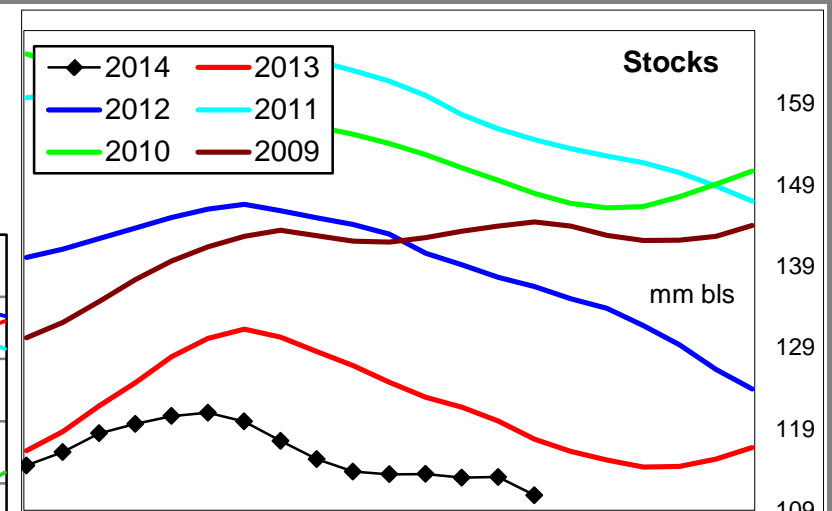
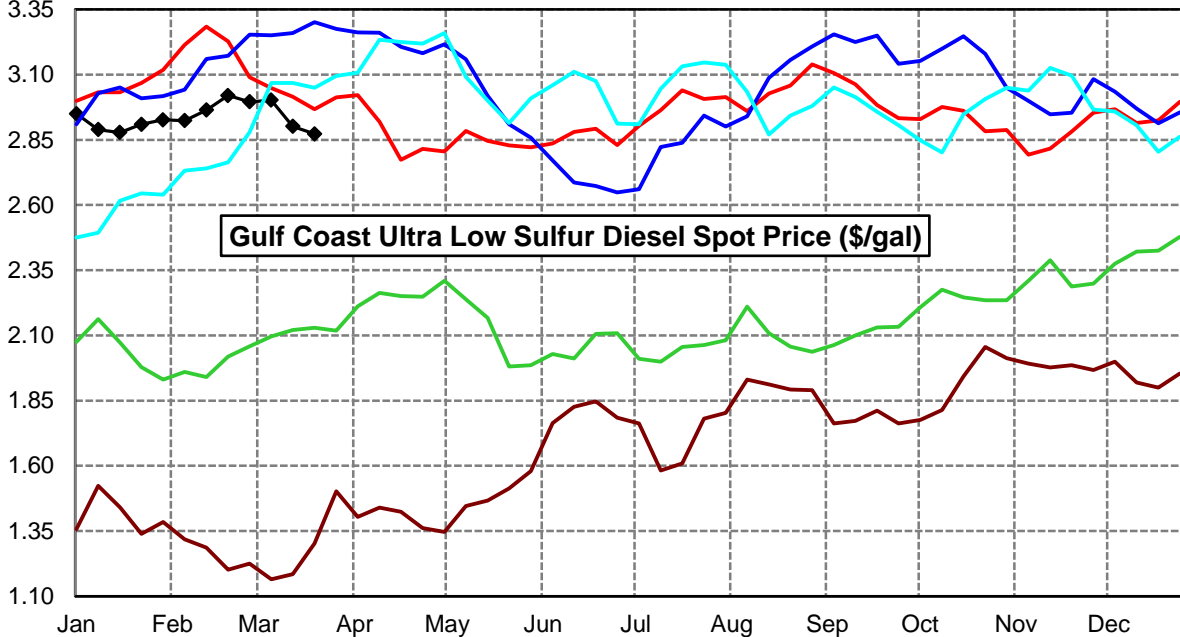
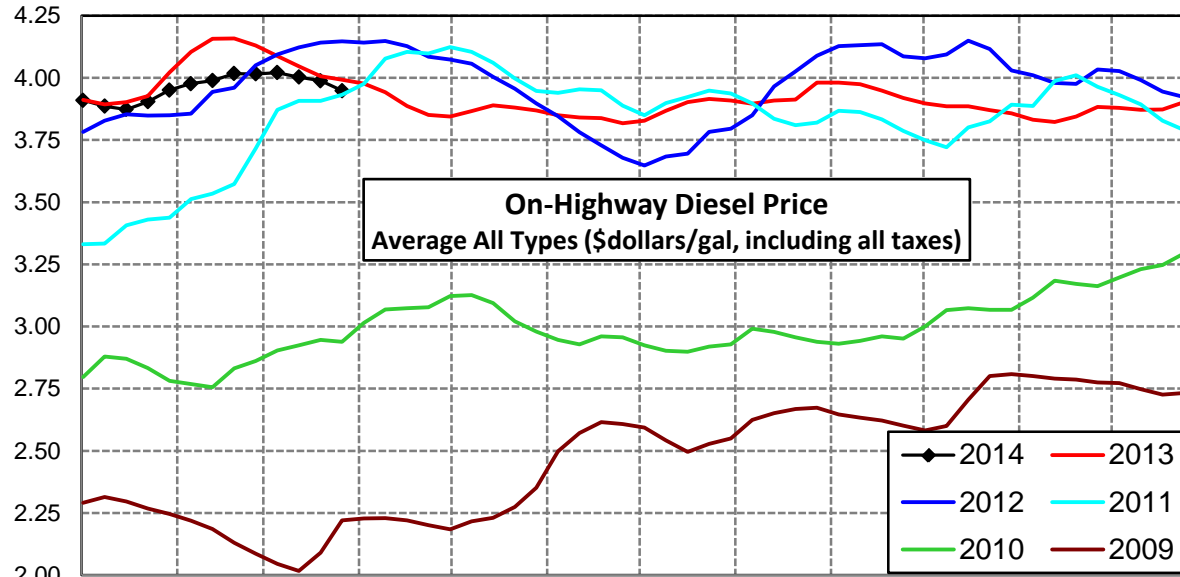
Diesel Price Outlook Retail prices are forecast to trend sharply lower in the near term as a result of the -19 cpg decline in wholesale spot prices, and improved supplies in the Northeast. Look for above average price declines in the Northeast on improved supplies. The Southeast, Gulf, and West Coast markets remain very well supplied, which should lead to continued below average retail prices in these regions.

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



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

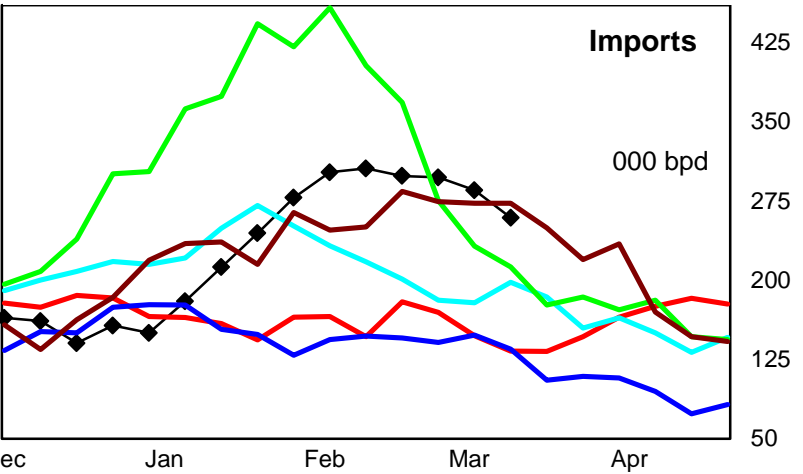
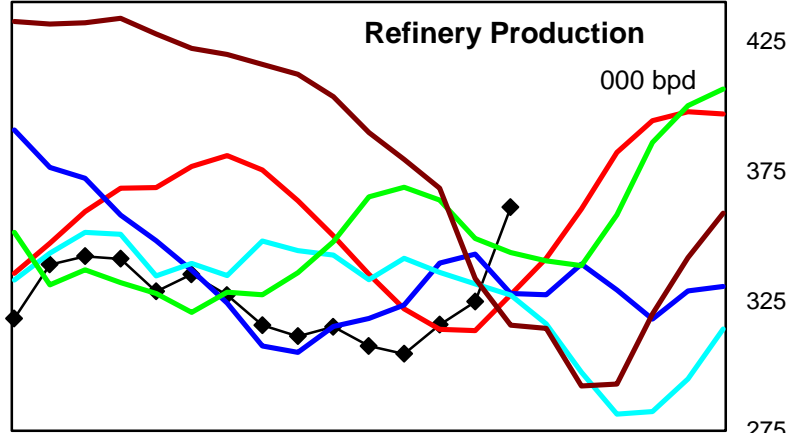
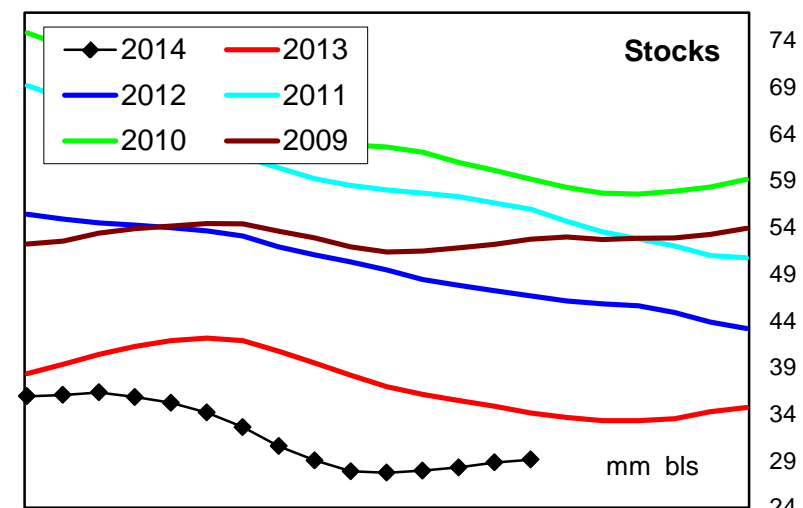
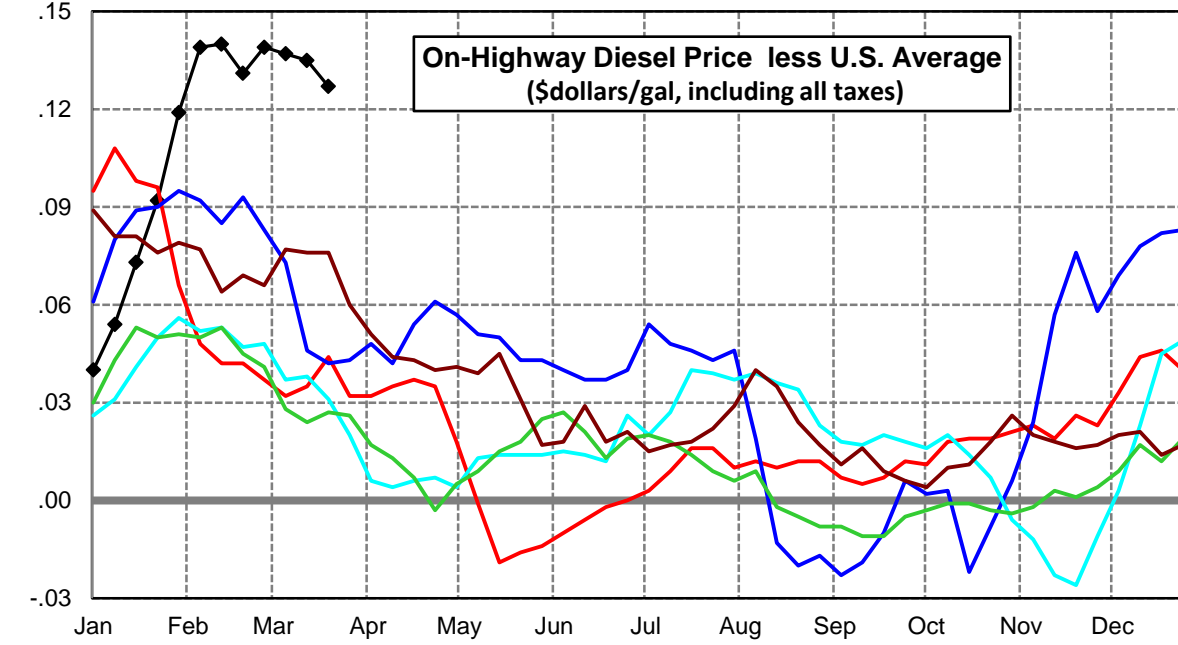
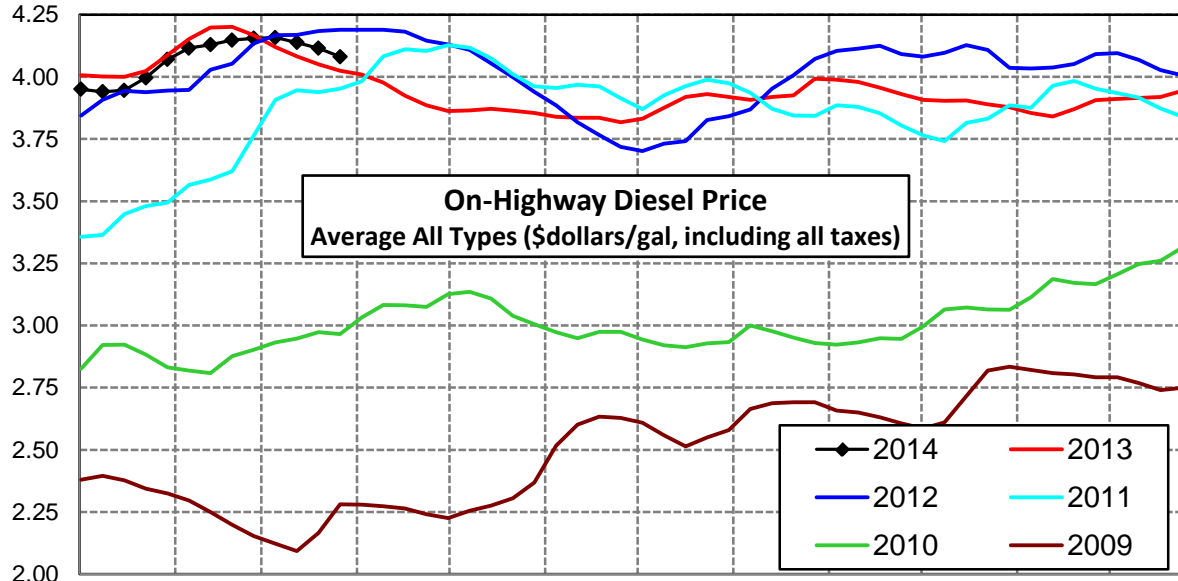
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	10Mar14	17Mar14	24Mar14	31Mar14	
United States Avg	\$4.021	\$4.003	\$3.988	\$3.948	-\$0.040
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



East Coast Diesel Supply Fundamentals and On-Highway Price Trends

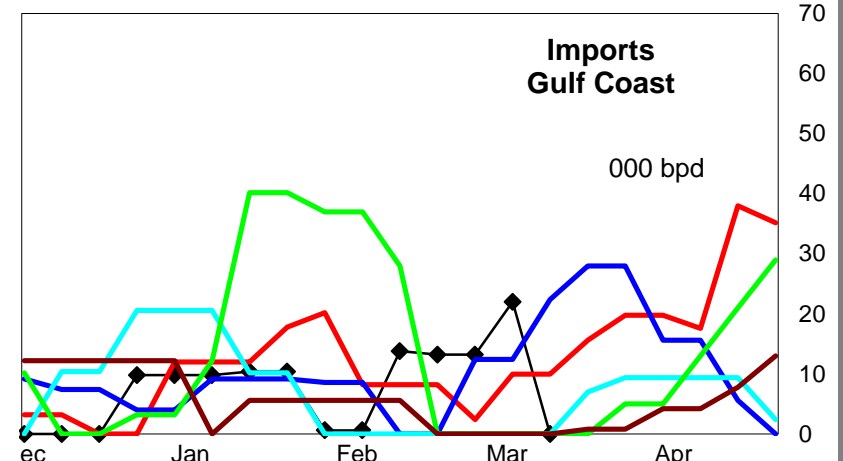
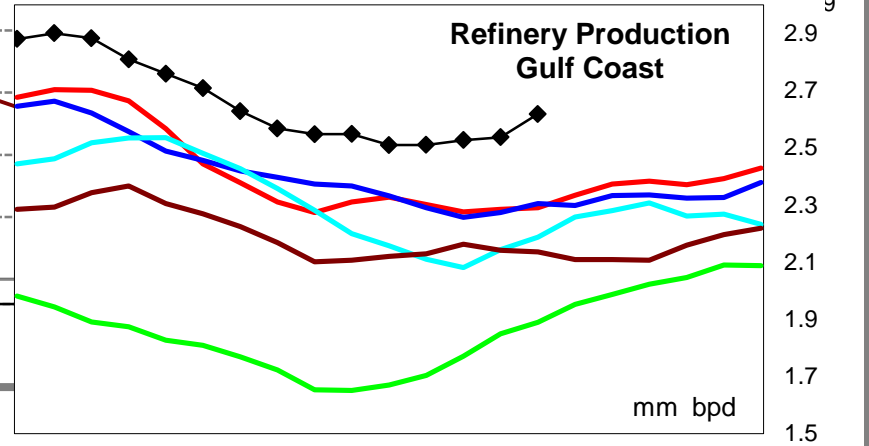
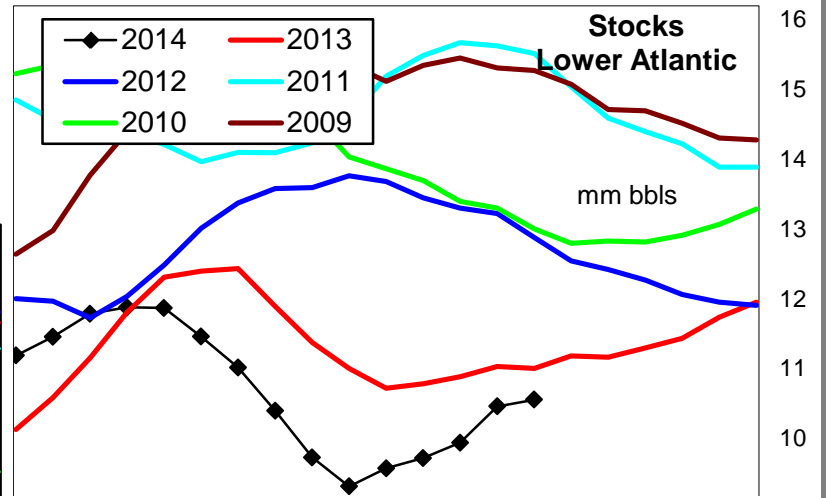
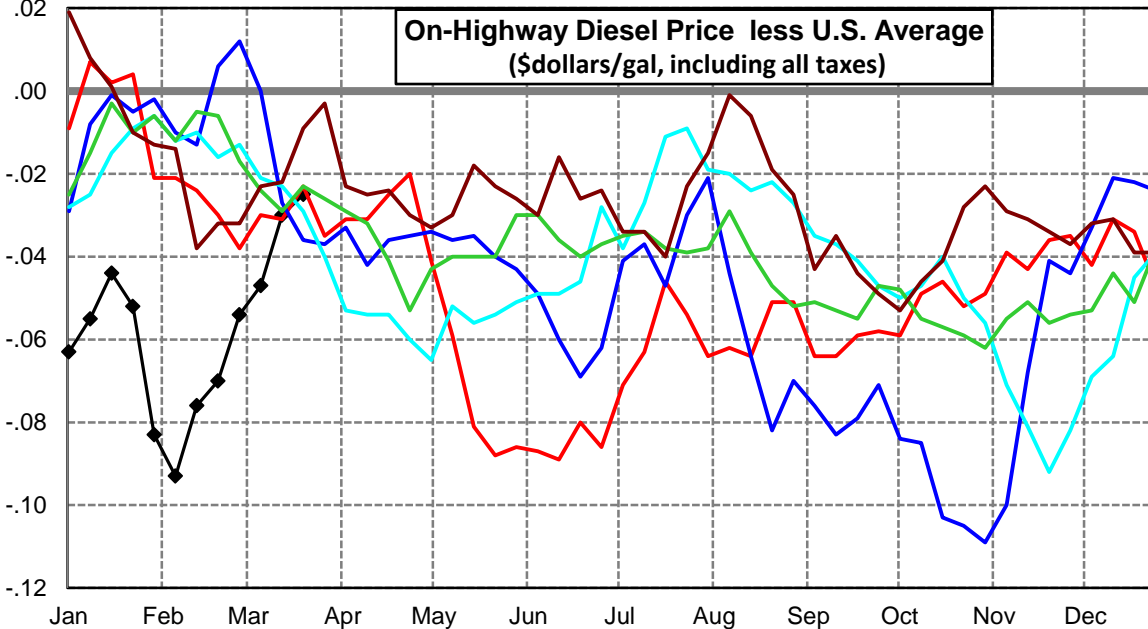
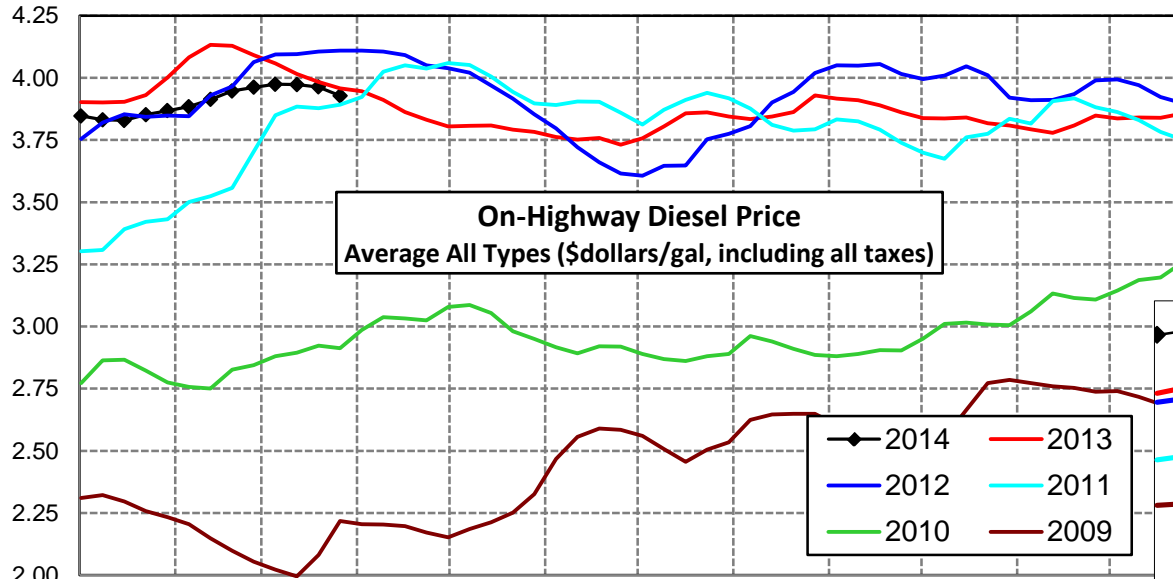
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	10Mar14	17Mar14	24Mar14	31Mar14	
East Coast	\$4.158	\$4.138	\$4.115	\$4.081	-\$0.034

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



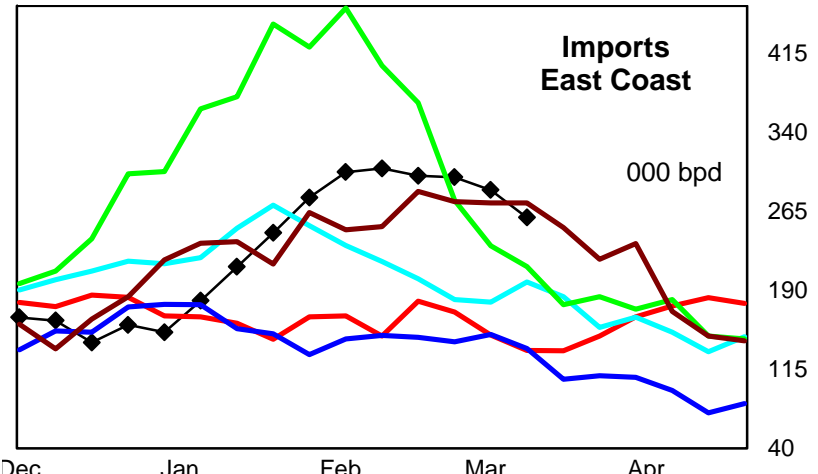
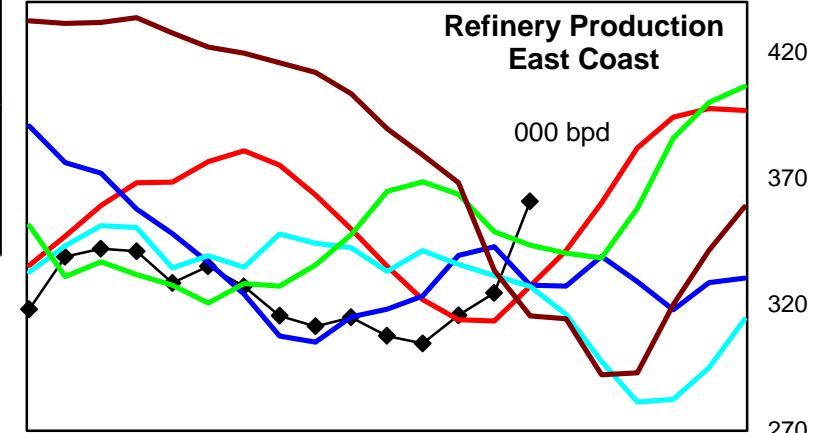
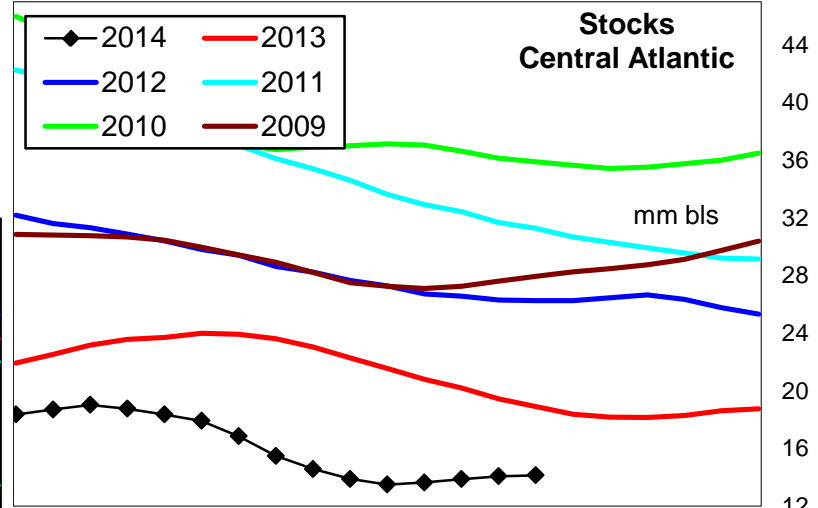
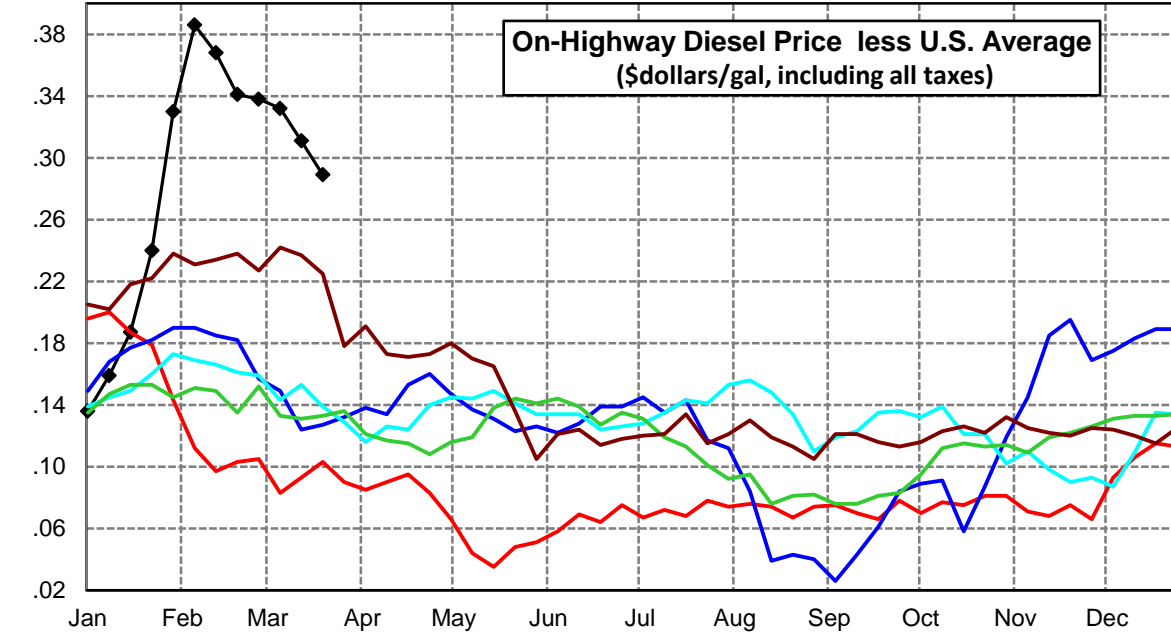
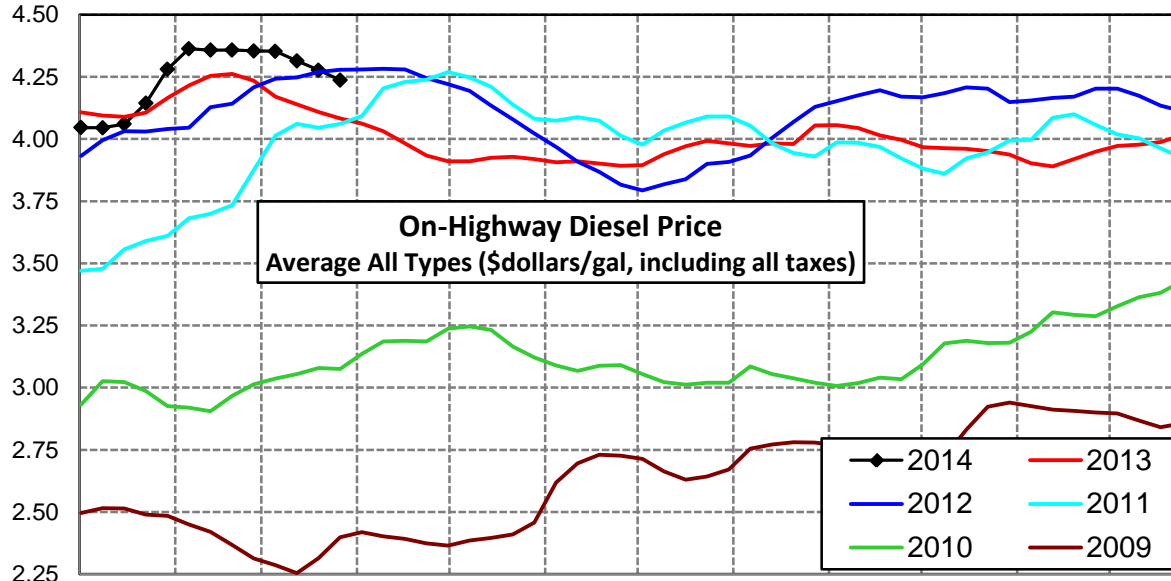
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	10Mar14	17Mar14	24Mar14	31Mar14	
Lower Atlantic	\$3.974	\$3.973	\$3.963	\$3.928	-\$0.035
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



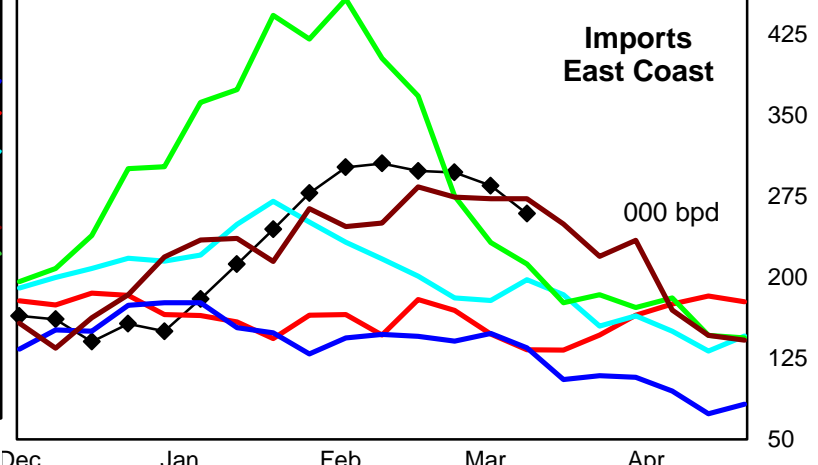
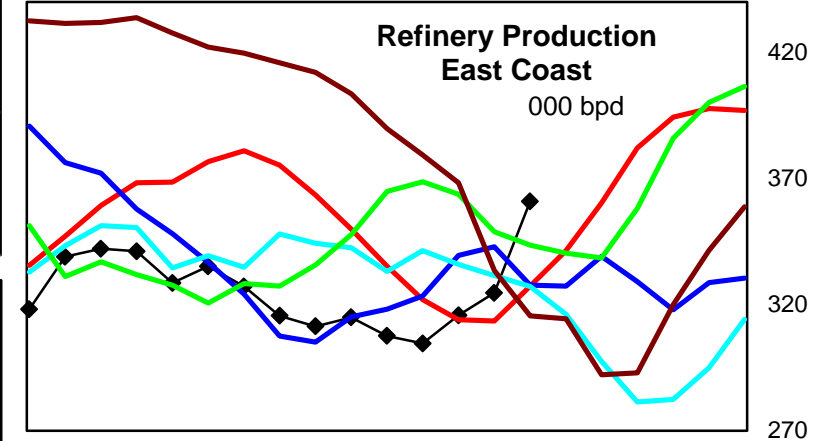
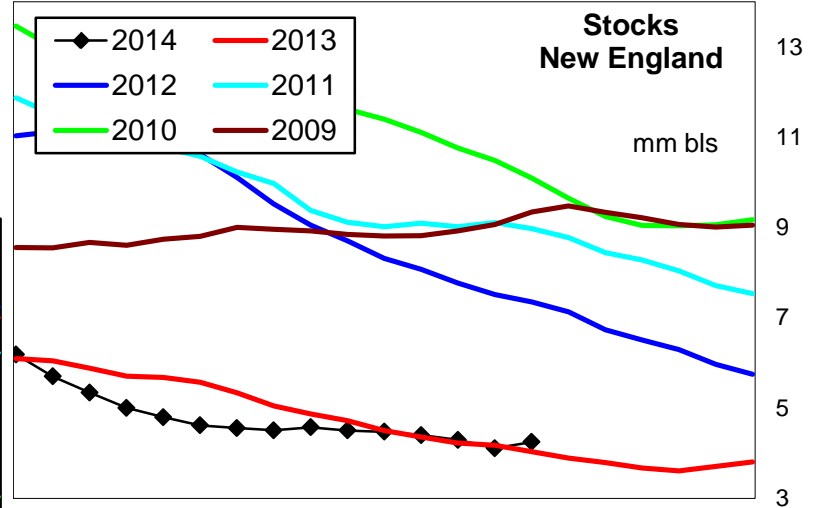
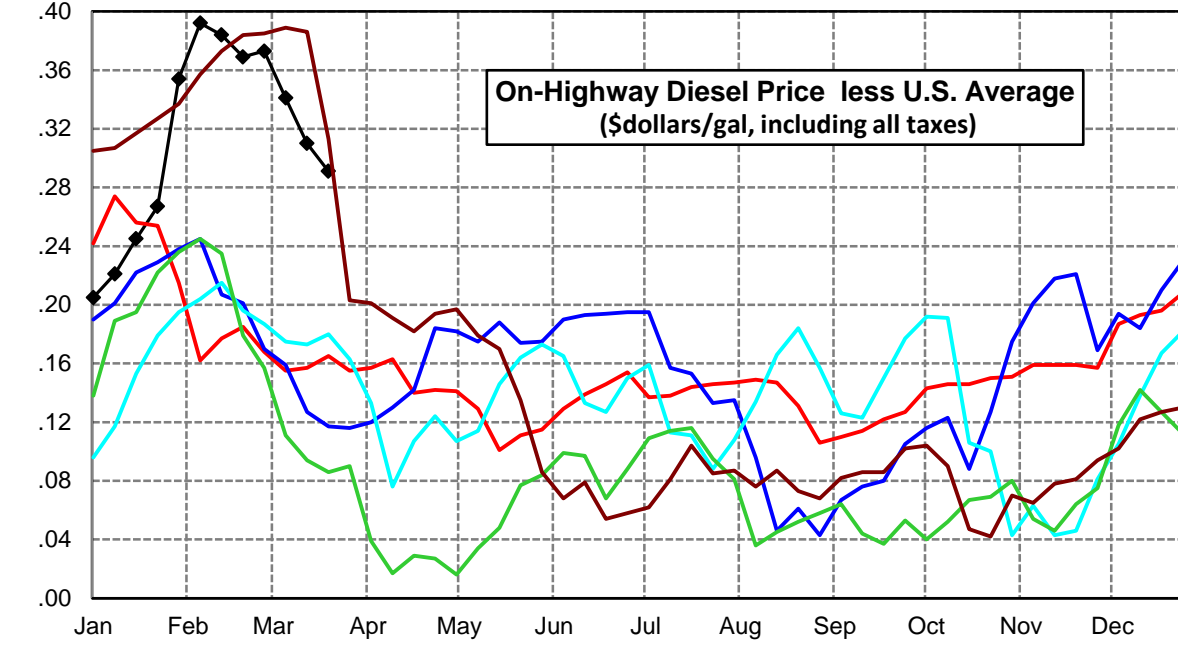
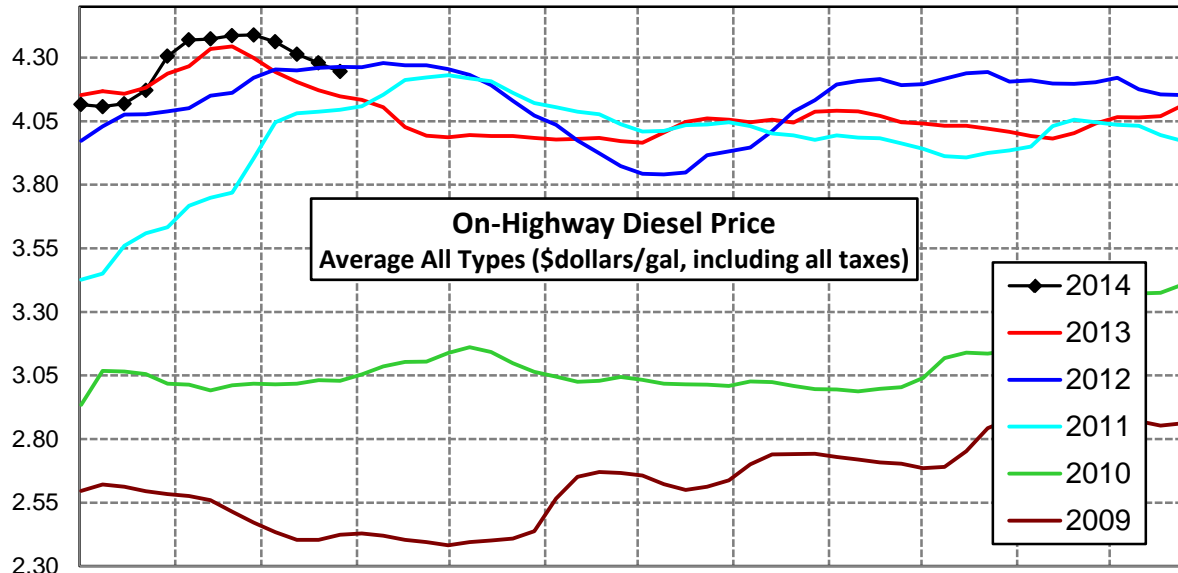
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	10Mar14	17Mar14	24Mar14	31Mar14	
Central Atlantic	\$4.353	\$4.314	\$4.277	\$4.237	-\$0.040
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



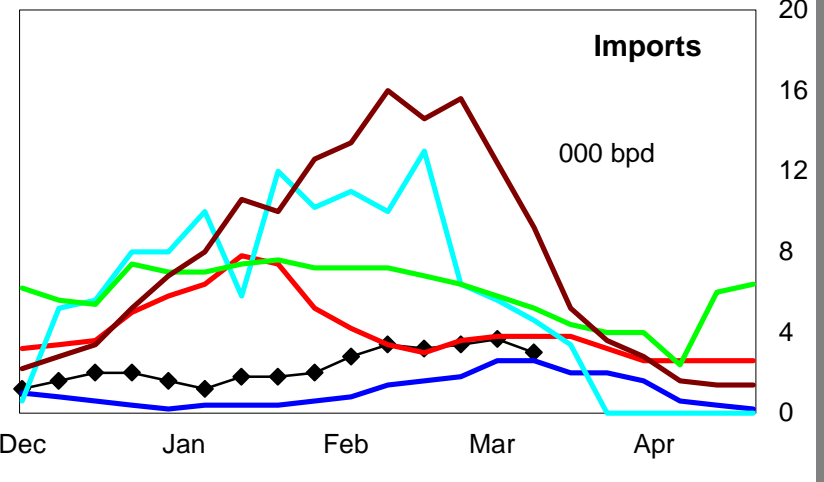
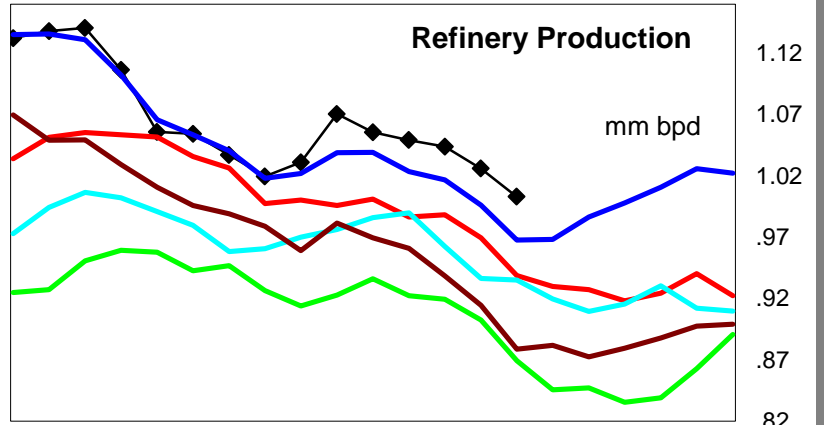
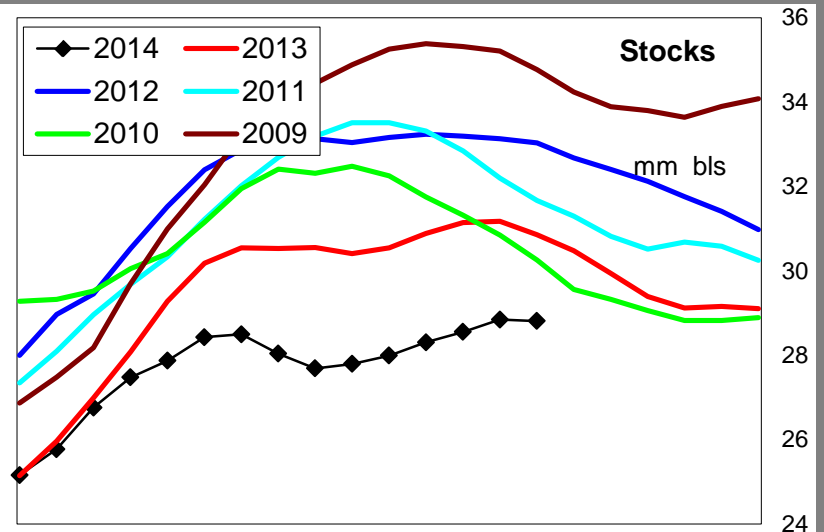
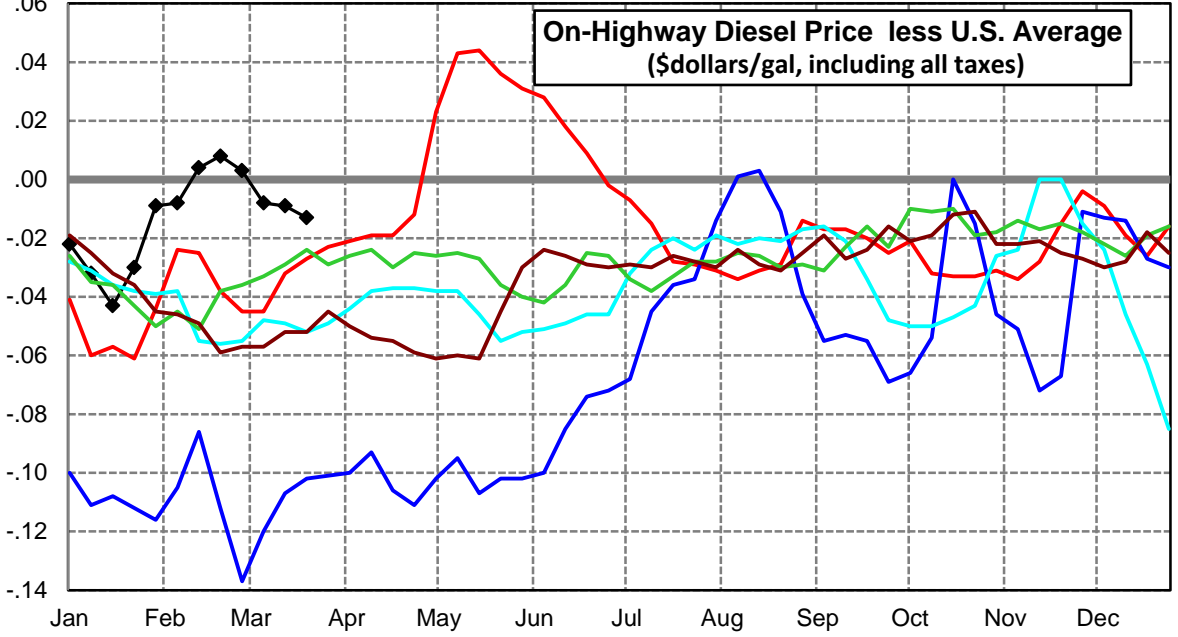
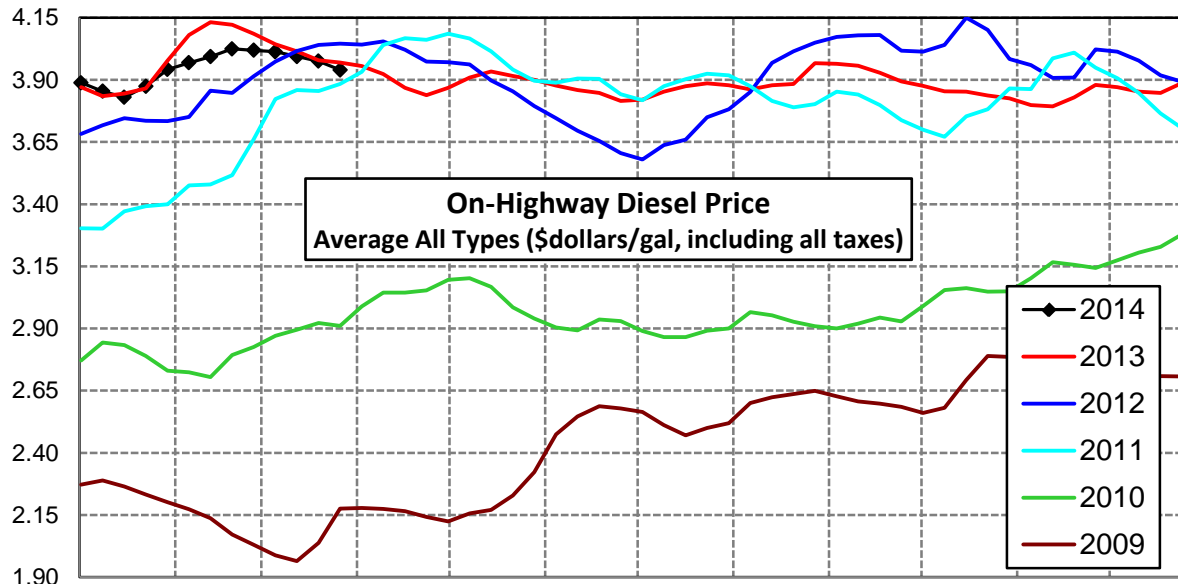
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	10Mar14	17Mar14	24Mar14	31Mar14	
New England	\$4.362	\$4.313	\$4.279	\$4.245	-\$0.034
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



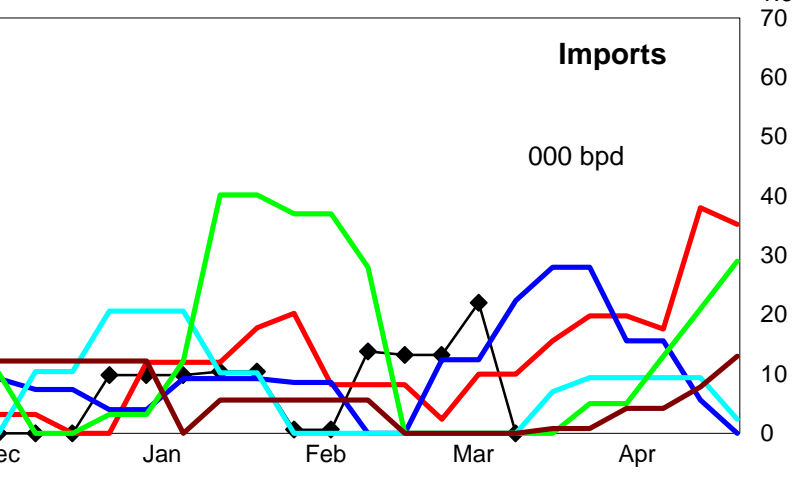
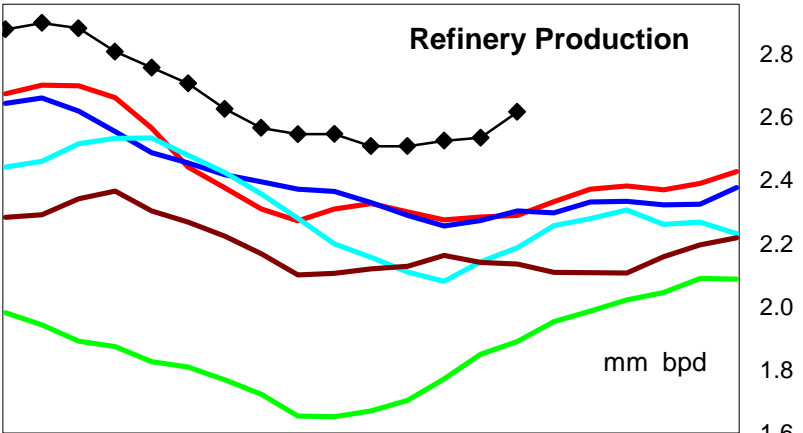
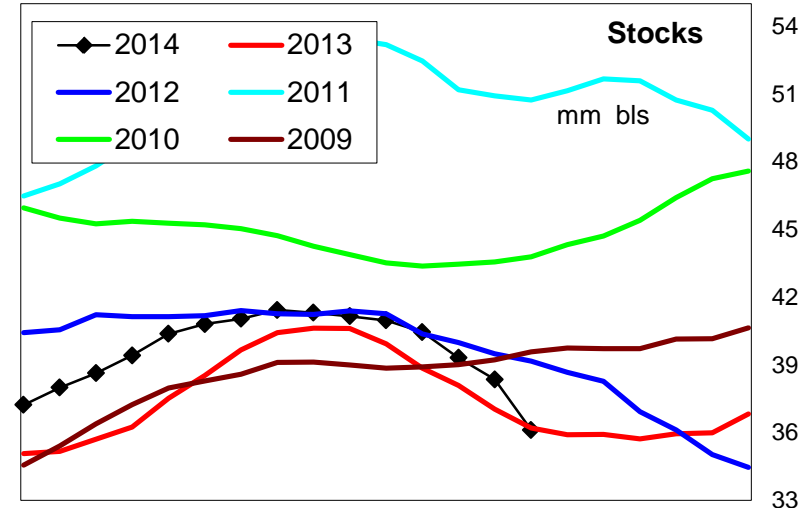
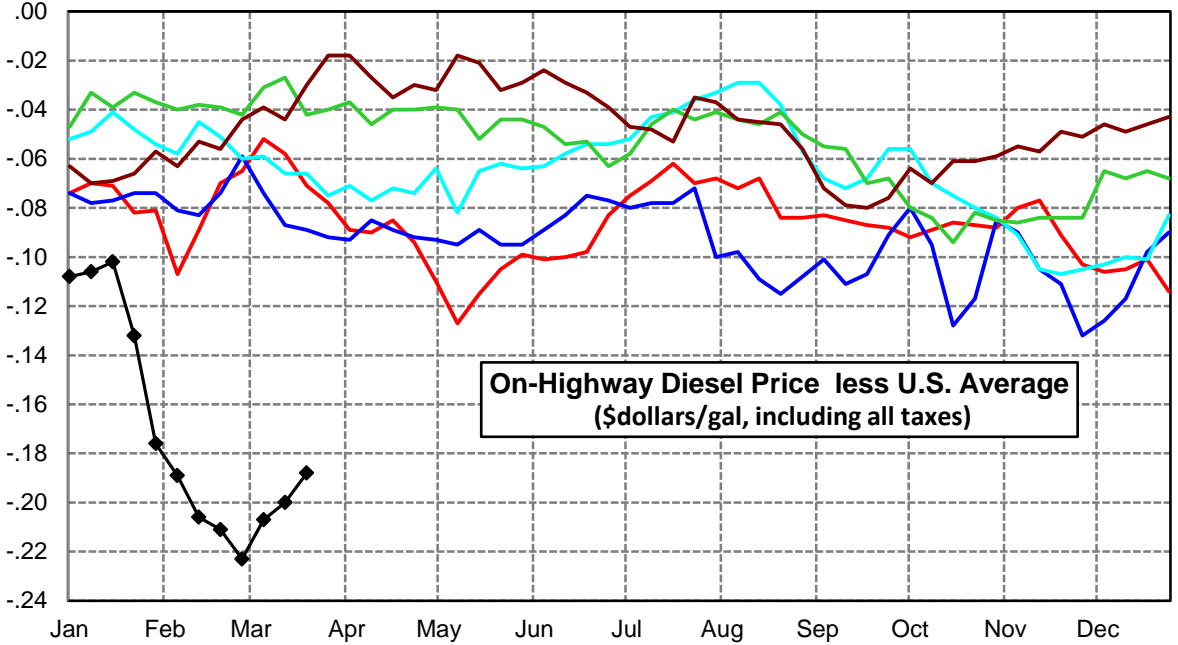
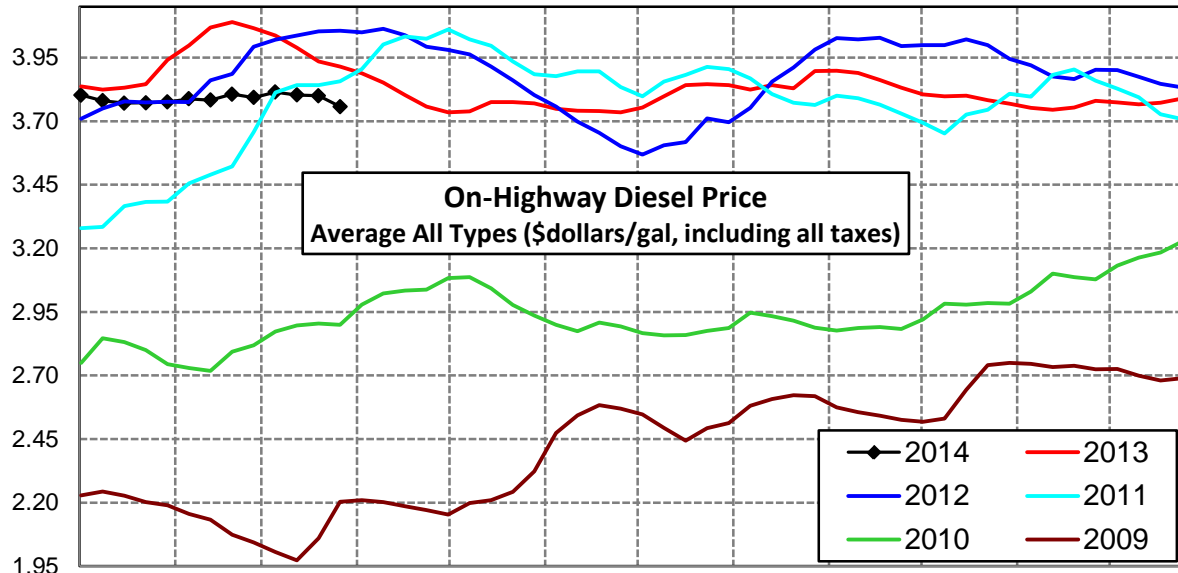
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	10Mar14	17Mar14	24Mar14	31Mar14	
Midwest	\$4.013	\$3.994	\$3.975	\$3.940	-\$0.035
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



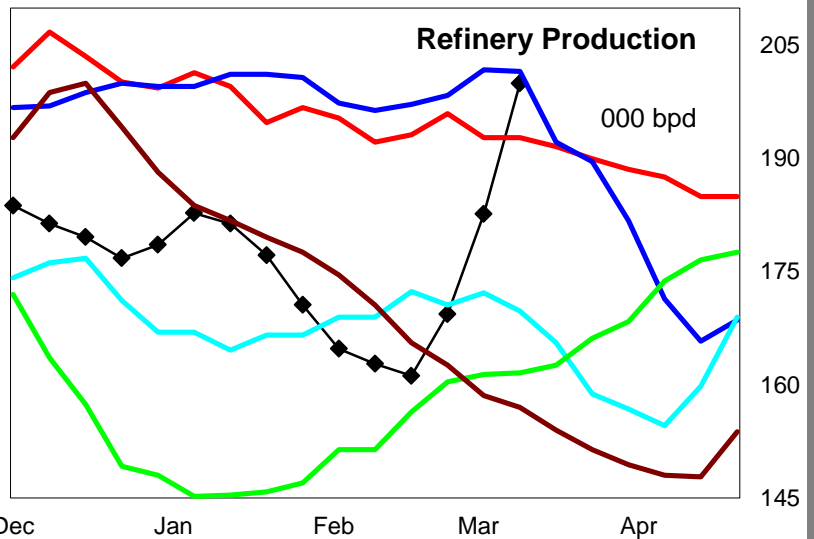
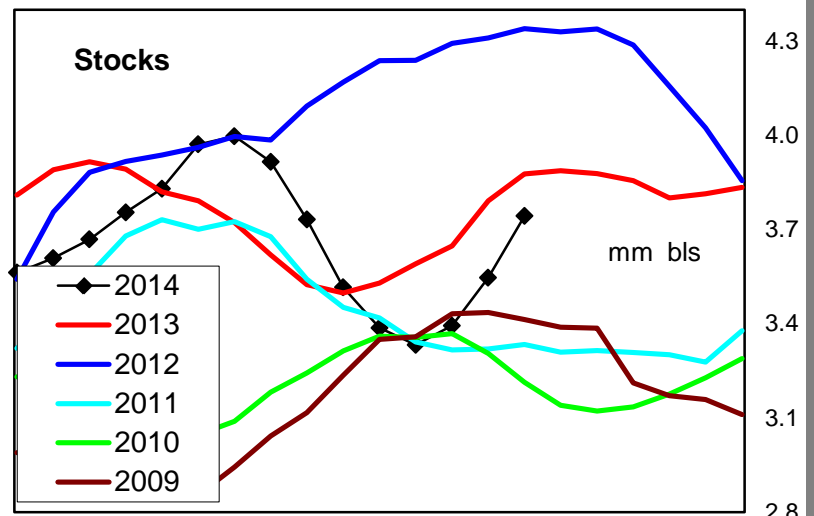
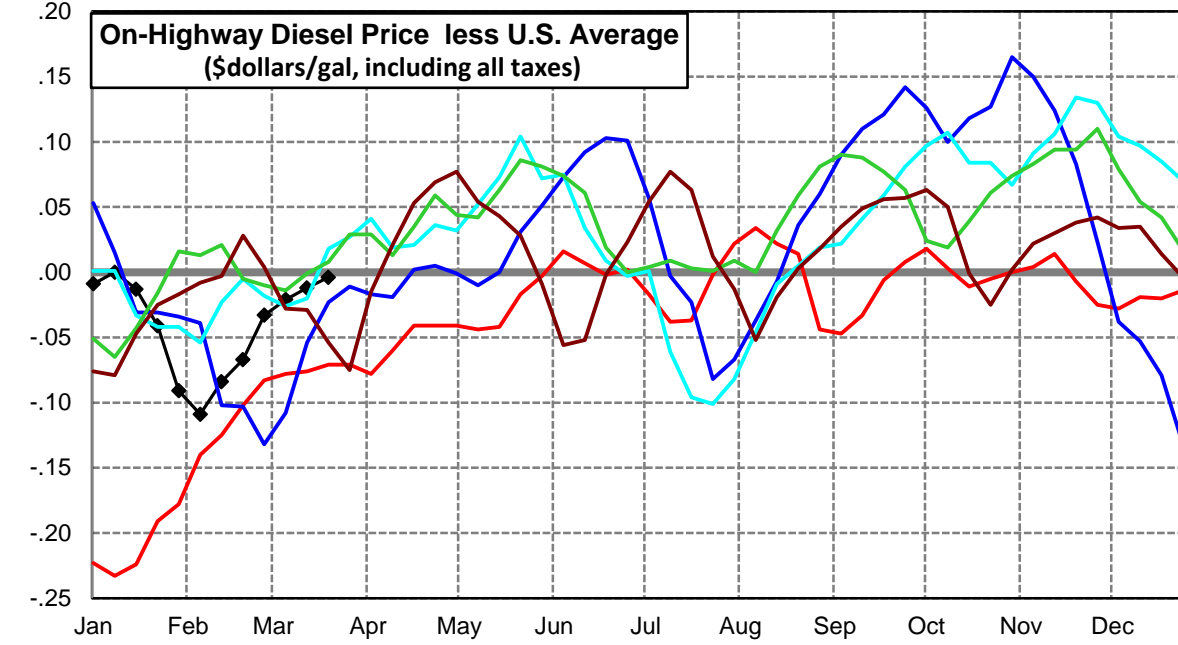
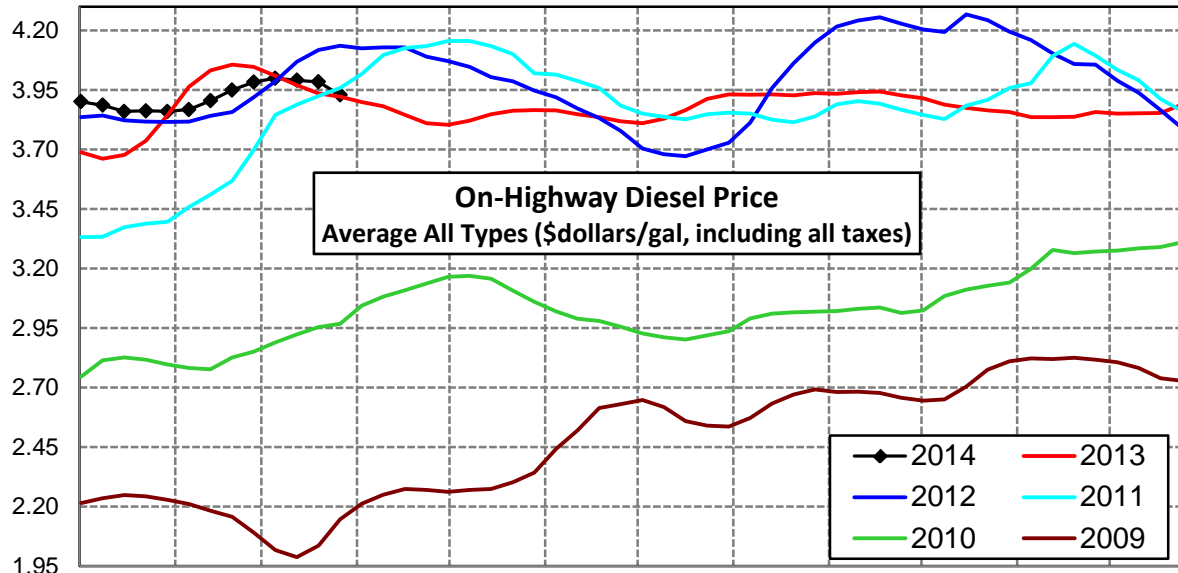
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	10Mar14	17Mar14	24Mar14	31Mar14	
Gulf Coast	\$3.814	\$3.803	\$3.800	\$3.757	-\$0.043
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



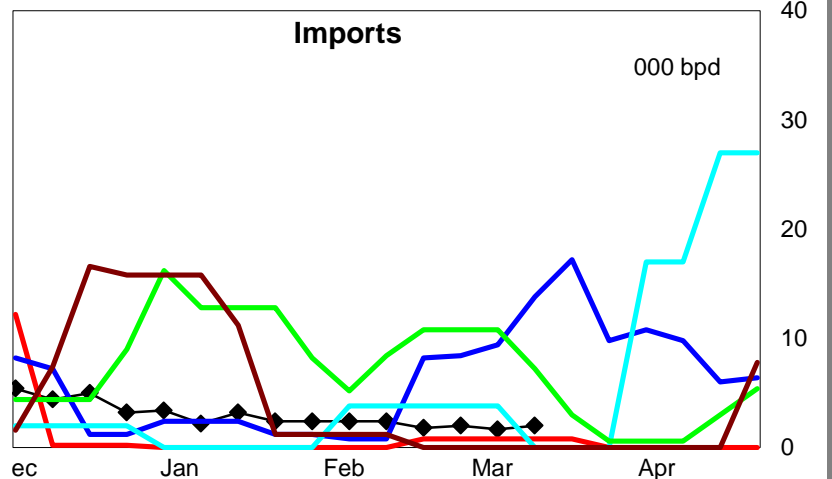
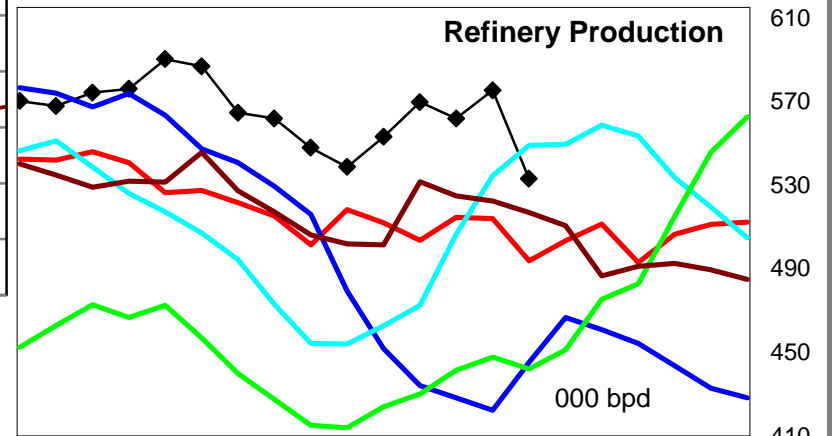
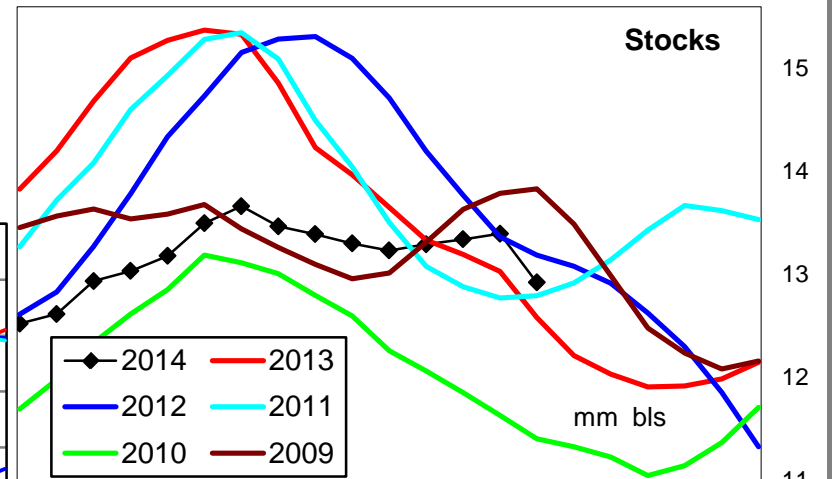
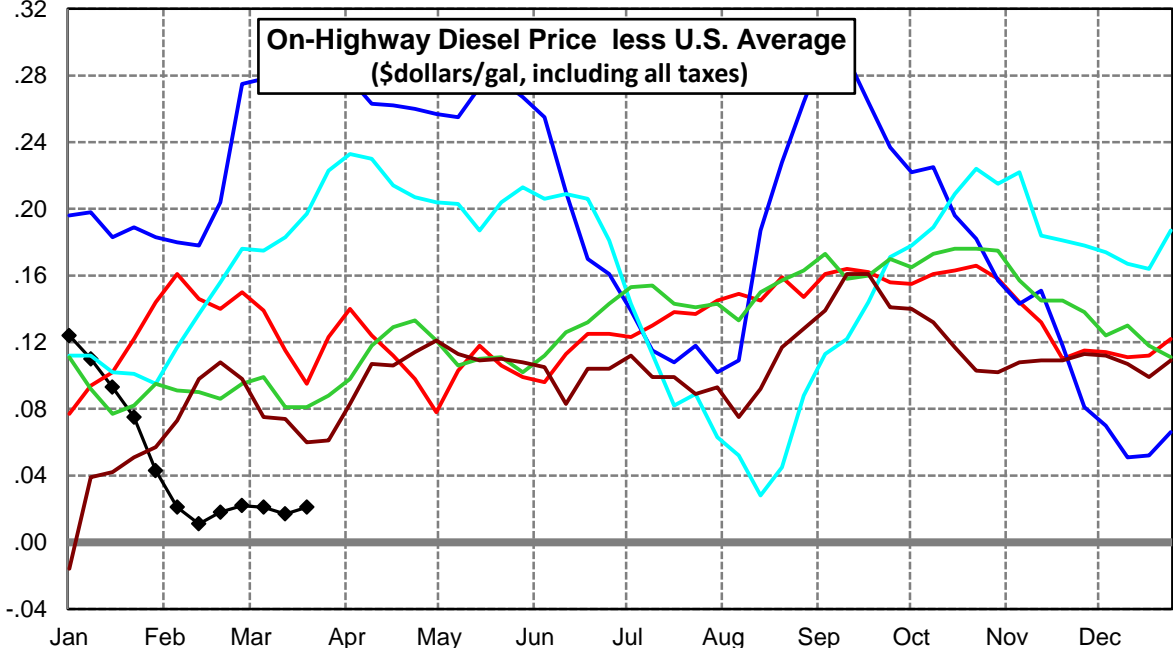
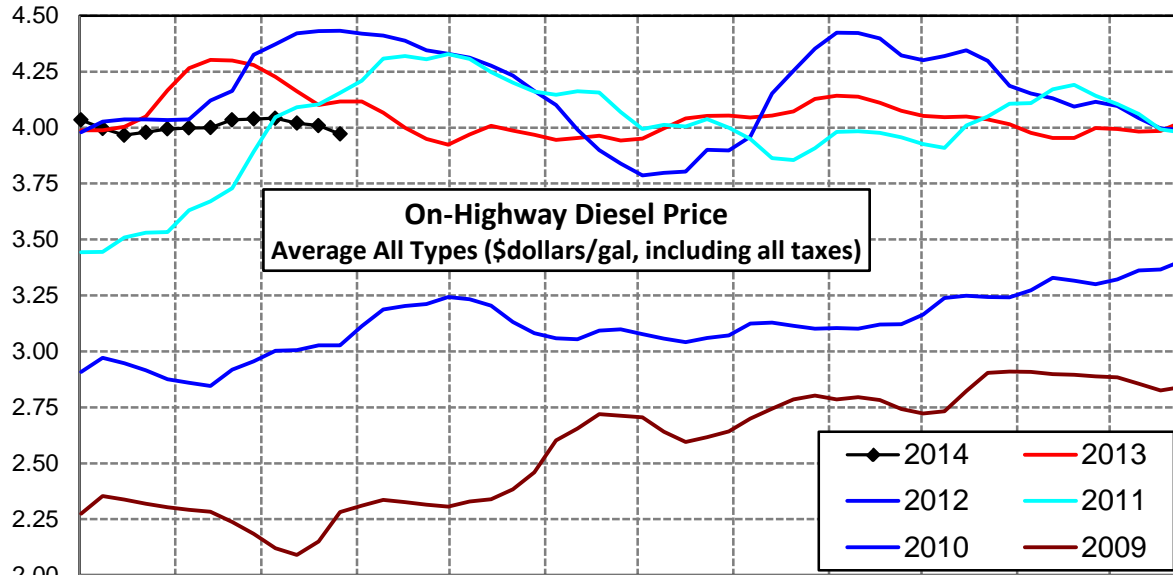
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	10Mar14	17Mar14	24Mar14	31Mar14	
Rocky Mountain	\$4.000	\$3.991	\$3.984	\$3.929	-\$0.055
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



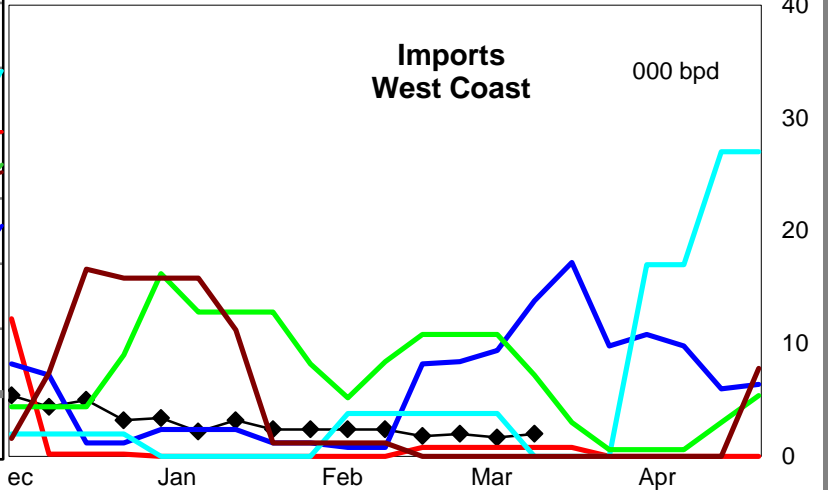
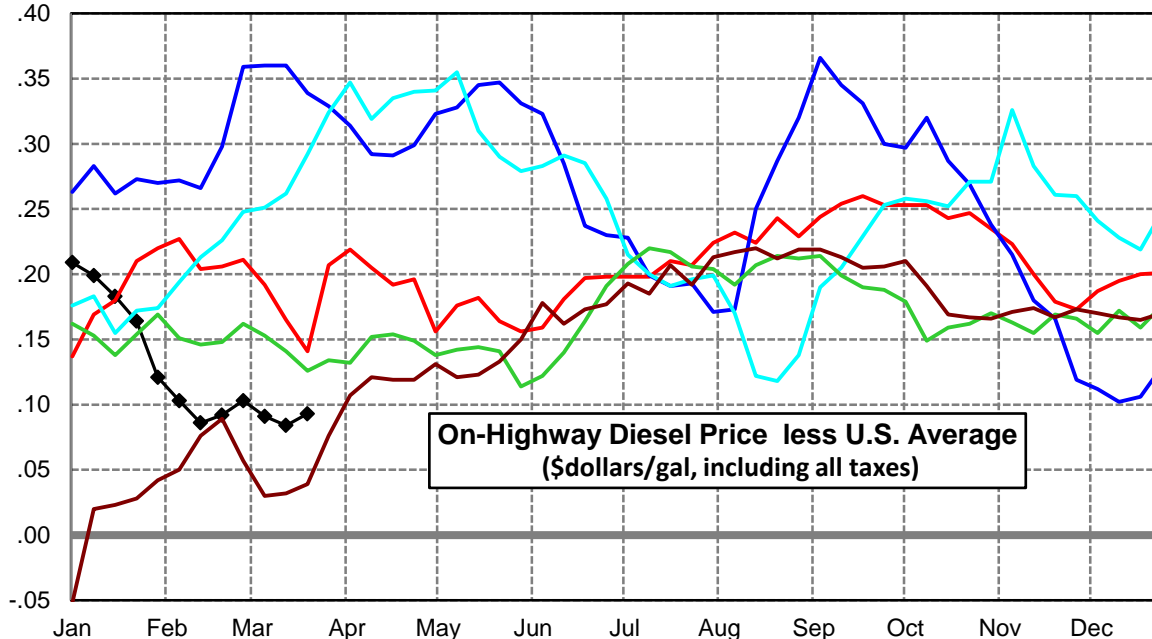
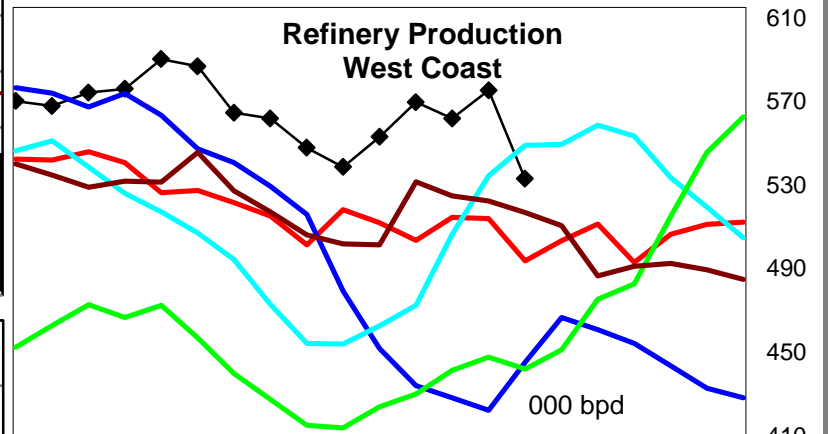
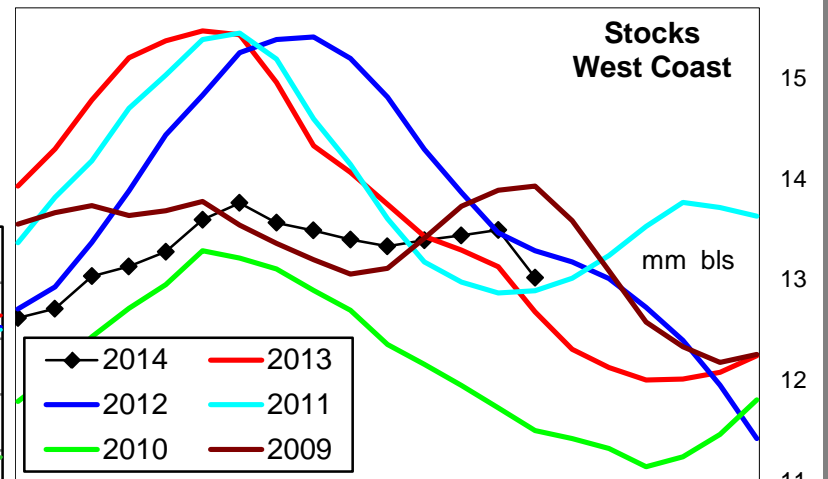
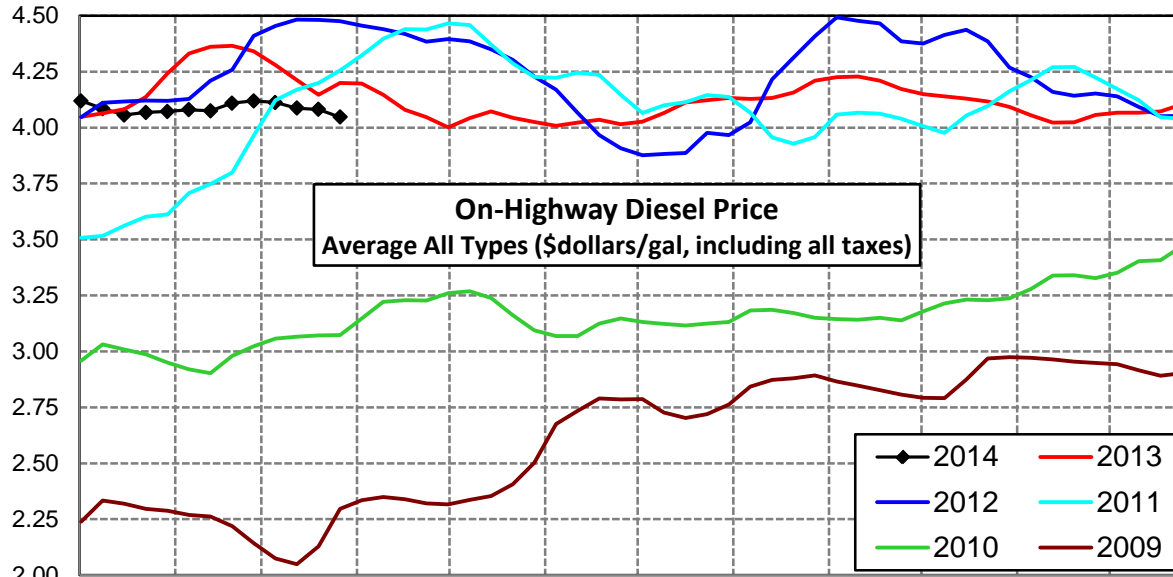
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	10Mar14	17Mar14	24Mar14	31Mar14	
West Coast	\$4.042	\$4.020	\$4.009	\$3.971	-\$0.038
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
	10Mar14	17Mar14	24Mar14	31Mar14	
California	\$4.112	\$4.087	\$4.081	\$4.047	-\$0.034
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-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	3.904	3.996	4.171	4.144	3.852	3.874	3.772	3.863	3.979	4.068
Mon-03-Feb-14	3.951	4.070	4.305	4.281	3.868	3.942	3.775	3.860	3.994	4.072
Mon-10-Feb-14	3.977	4.116	4.369	4.363	3.884	3.969	3.788	3.868	3.998	4.080
Mon-17-Feb-14	3.989	4.129	4.373	4.357	3.913	3.993	3.783	3.905	4.000	4.075
Mon-24-Feb-14	4.017	4.148	4.386	4.358	3.947	4.025	3.806	3.950	4.035	4.109
Mon-03-Mar-14	4.016	4.155	4.389	4.354	3.962	4.019	3.793	3.983	4.038	4.119
Mon-10-Mar-14	4.021	4.158	4.362	4.353	3.974	4.013	3.814	4.000	4.042	4.112
Mon-17-Mar-14	4.003	4.138	4.313	4.314	3.973	3.994	3.803	3.991	4.020	4.087
Mon-24-Mar-14	3.988	4.115	4.279	4.277	3.963	3.975	3.800	3.984	4.009	4.081
Mon-31-Mar-14	3.948	4.081	4.245	4.237	3.928	3.940	3.757	3.929	3.971	4.047
Mon-07-Apr-14										
Mon-14-Apr-14										
Mon-21-Apr-14										
Mon-28-Apr-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.