



RETAIL DIESEL FUEL OUTLOOK

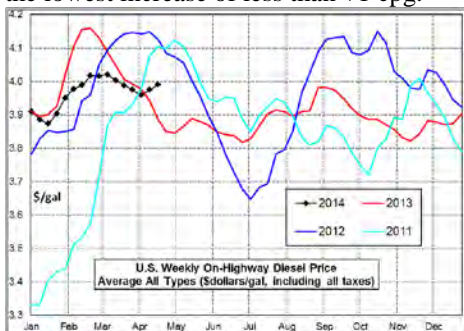
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, April 15, 2014

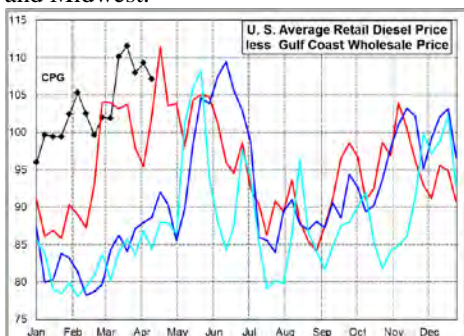
Region	Weekly Retail On-Highway Diesel Prices				Change from week ago
	Actual Price 1/		Forecast 2/		
	31Mar14	07Apr14	14Apr14	21Apr14	
U.S.	3.975	3.959	3.975	3.991	0.016
East Coast	4.094	4.075	4.094	4.105	0.011
New England	4.255	4.240	4.255	4.270	0.015
Central Atlantic	4.241	4.205	4.241	4.245	0.004
Lower Atlantic	3.955	3.946	3.955	3.976	0.021
Midwest	3.959	3.942	3.959	3.987	0.028
Gulf Coast	3.804	3.793	3.804	3.831	0.027
Rocky Mountain	3.975	3.955	3.975	3.980	0.005
West Coast	3.990	3.982	3.990	4.025	0.035
California	4.060	4.056	4.060	4.099	0.039

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

Diesel Fuel Price Trends U. S. retail diesel prices increased +1.6 cpg for the week ending 14Apr14. Prices were higher in all regional markets, with the Central Atlantic up +3.6 cpg. The west Coast saw the lowest increase of less than +1 cpg.



The U.S. average retail diesel price compared to Gulf Coast wholesale market decreased -2.2 cpg on the week. The spread ended the week comparable to last year, but +20 cpg above the prior 2-yr; driven by tight supplies in the Northeast and Midwest.

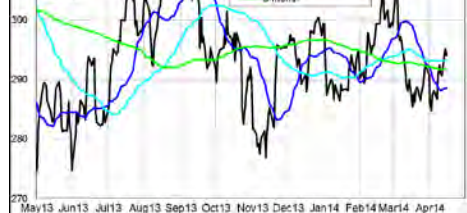


The national average on-highway price ended the week +3 cpg above a year ago. The highest retail prices were in New England and Central Atlantic regions at \$4.26/gal and \$4.24/gal, respectively. The lowest prices were in the Gulf at \$3.80/gal

and the Midwest at \$3.96/gal. Very low prices in the Gulf are driven by extremely high Gulf production and weakness in exports.

The spread between the U.S. average price compared to the East Coast, and the Midwest regions remain 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, including weak exports.

Gulf spot average prices increased +8 cpg last week. The price level ended the week near the 3-month mid range.



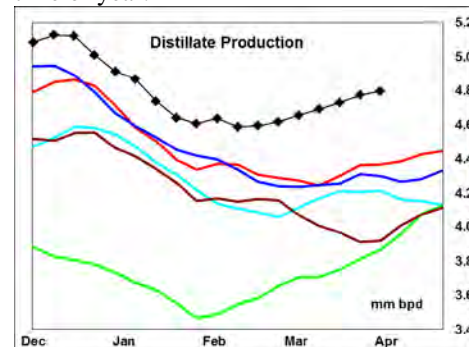
The spread between the Gulf wholesale price and the U.S. average retail price decreased -2.2 cpg to 107 cpg last week. This differential matches last year, but is sharply above prior years, driven by over supply on the Gulf and tight supplies in the Northeast and Midwest.

Supply - Demand Fundamental Trends Distillate wholesale demand increased +132,000 bpd on the week. Demand for the latest 4-wk period was -45,000 bpd below last year.

Supply increased +87,000 bpd on the week, with both production and imports each at record highs.

During the latest 4-wk period, production was +425,000 bpd above last year while imports were +135,000 bpd higher. The extremely high supply led to a +0.2 million barrel stock build last week.

Stock levels ended the week +0.4 million barrels above a year ago. The latest 4-wk stock change East of the Rockies was a -0.9 million barrel draw, compared to an average -3.5 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 a renewed uptrend in prices last week.

Distillate production remains extremely high on below average refinery maintenance in the Gulf region. The supply squeeze in the Northeast has ended on high imports, lower Gulf region exports, 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, and rising spring gasoline demand to support distillate prices. However, extreme over supply of crude oil should limit strength in product prices during the 2nd quarter.

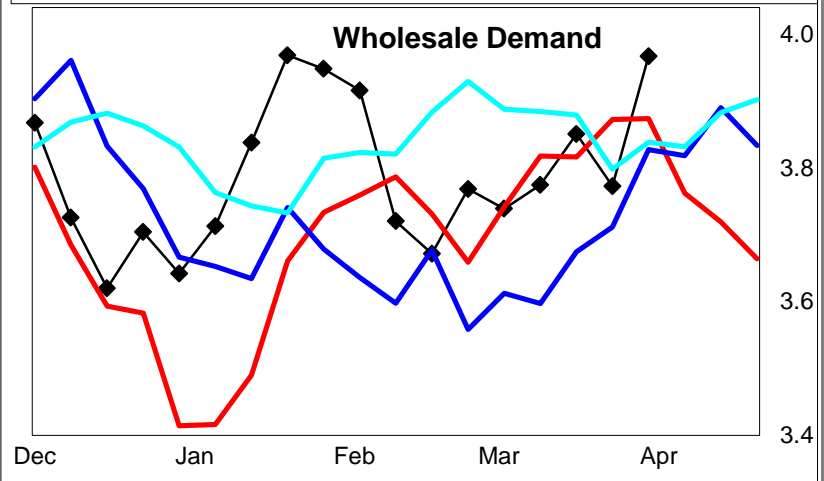
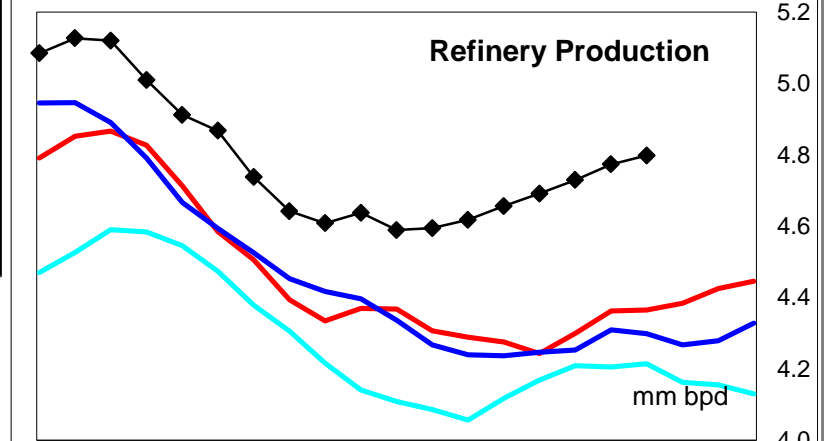
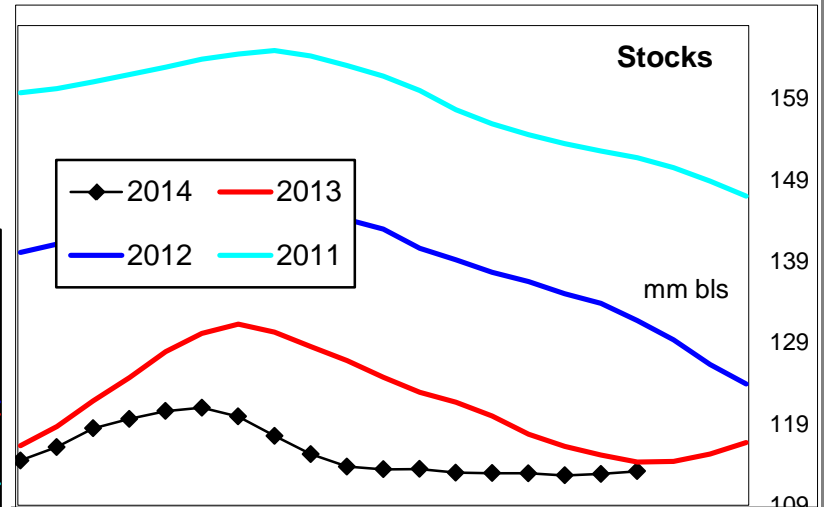
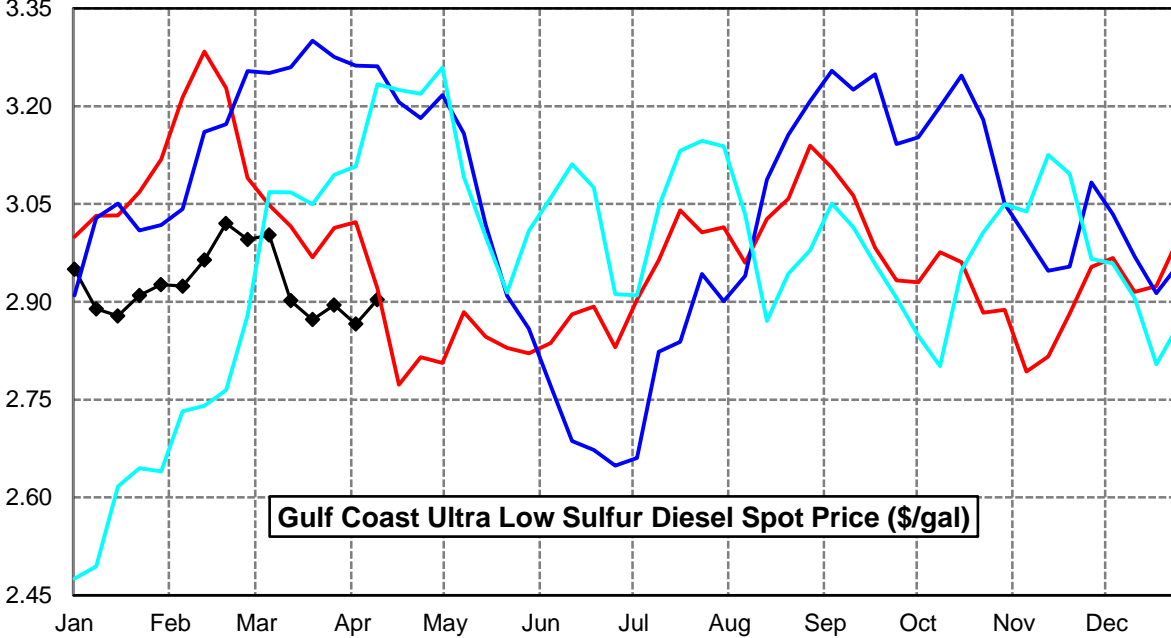
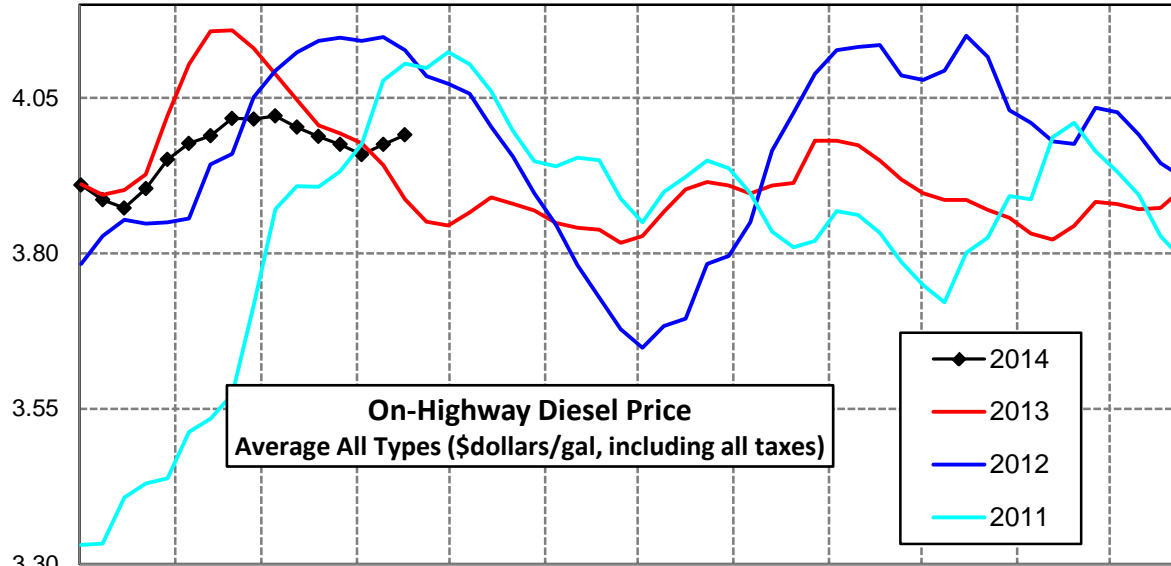
Diesel Price Outlook Retail prices are forecast to trend higher in the near term as a result of the uptick in wholesale spot prices, partially offset by an expected decline in the wholesale to retail price spread on improved supplies in the Northeast. Over the next month, the Northeast should see a significant decline in this differential. 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



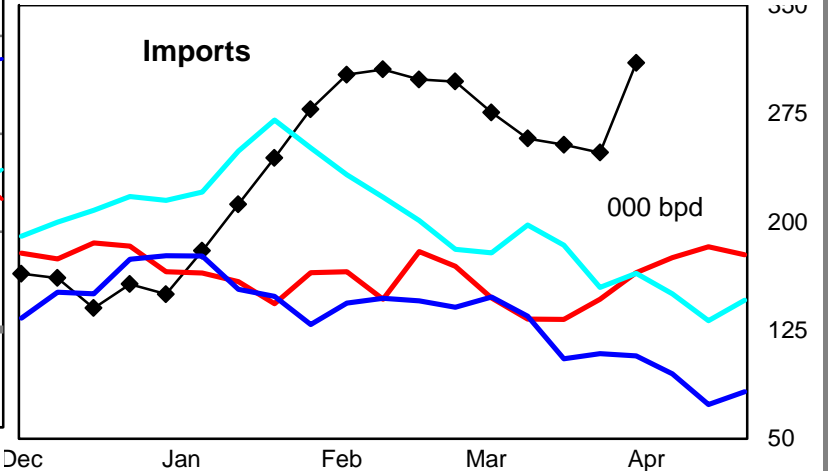
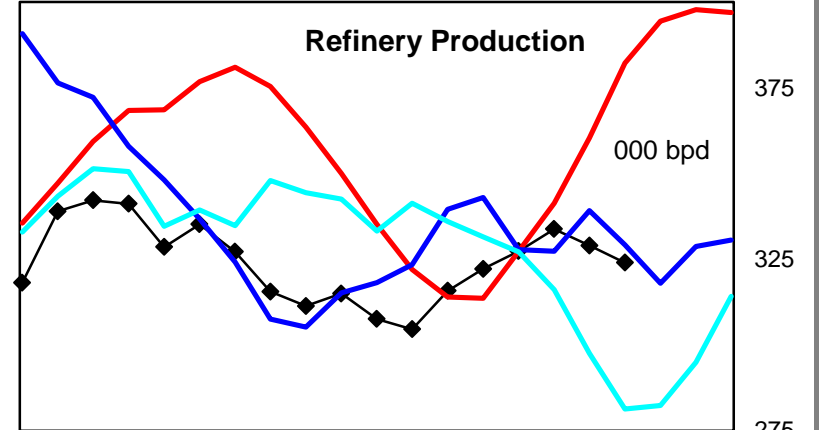
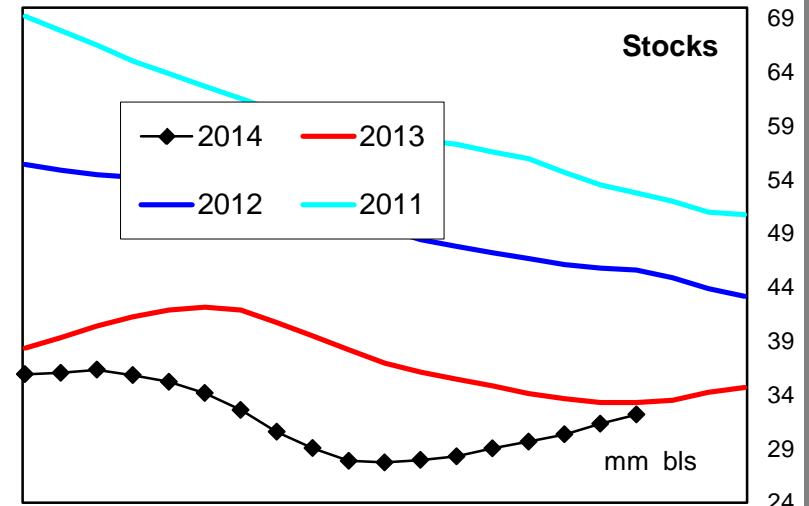
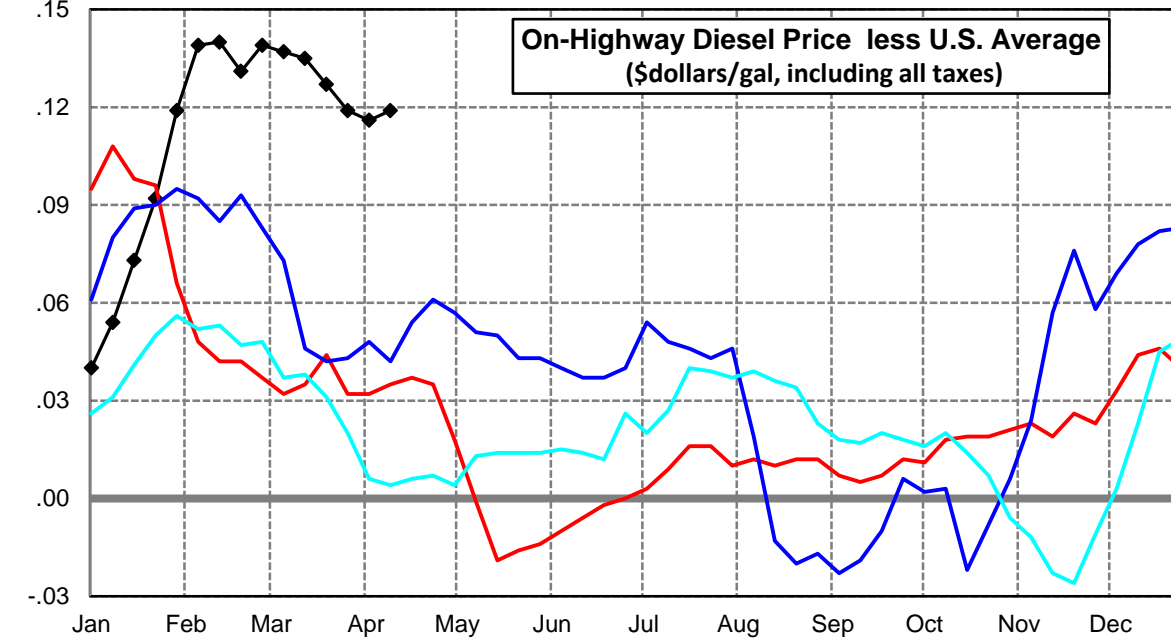
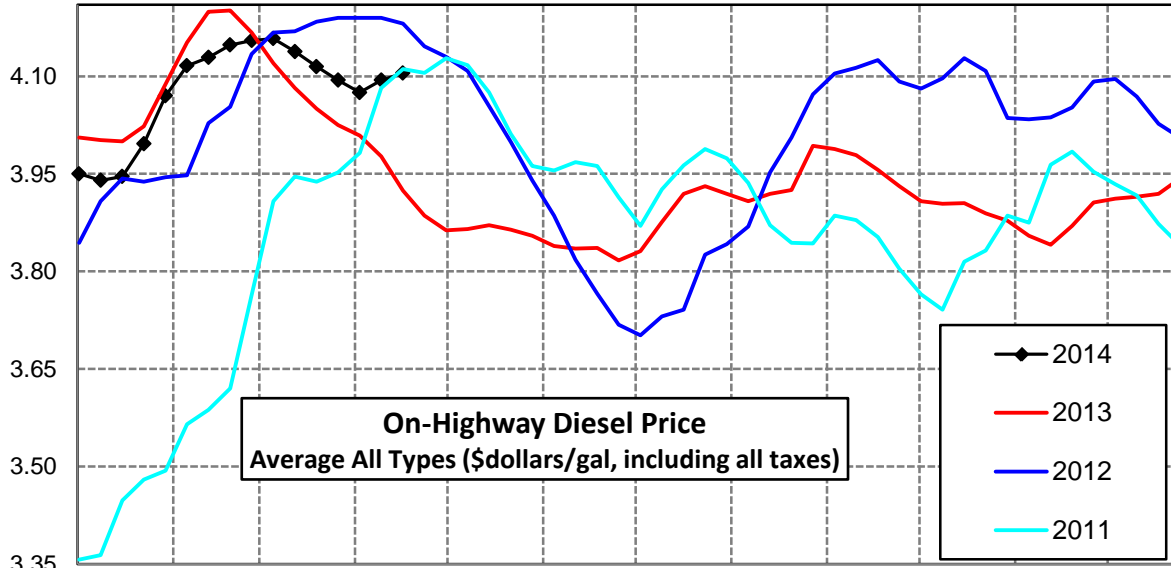
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	31Mar14	07Apr14	14Apr14	21Apr14	
United States Avg	\$3.975	\$3.959	\$3.975	\$3.991	\$0.016
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



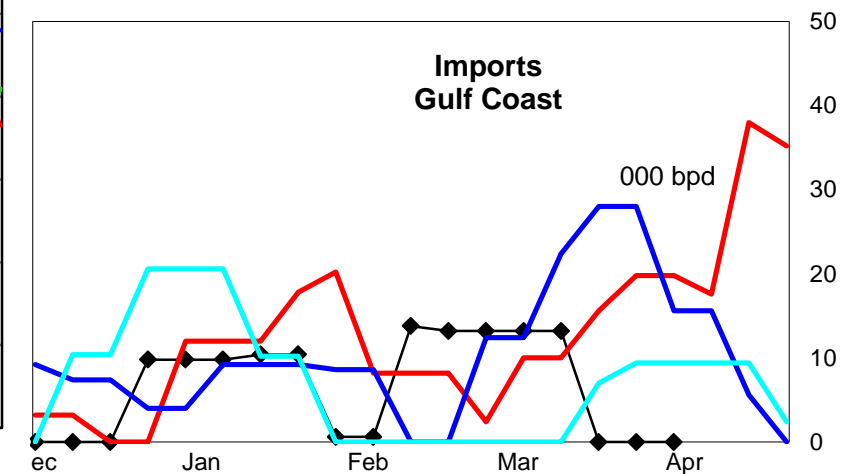
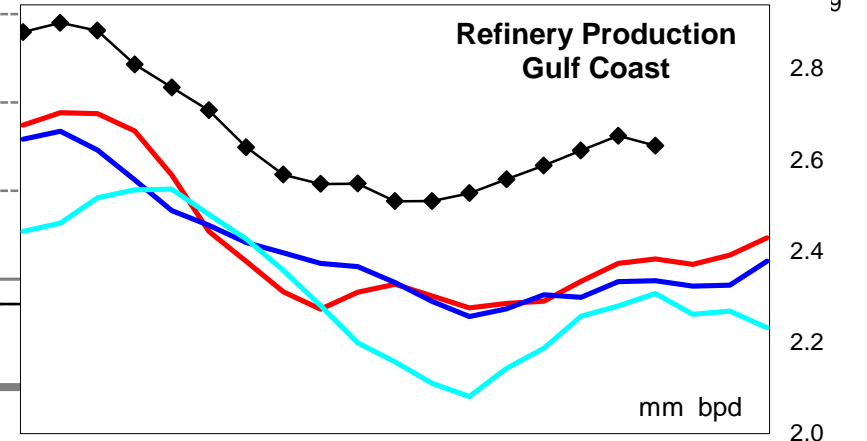
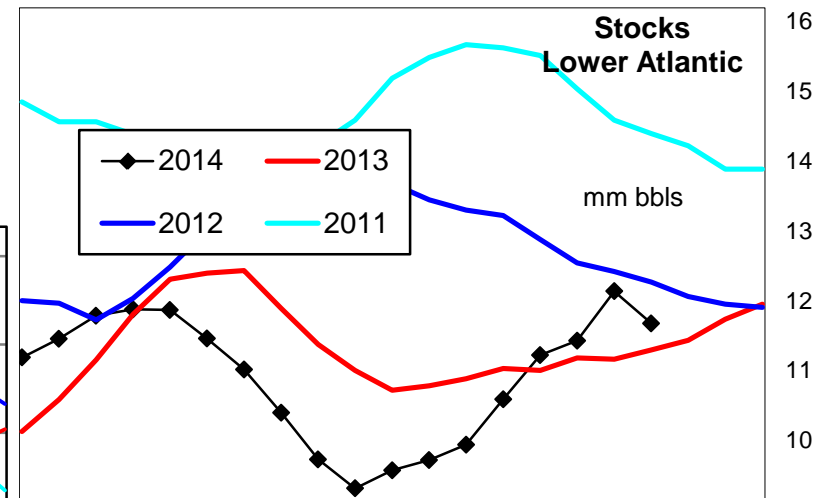
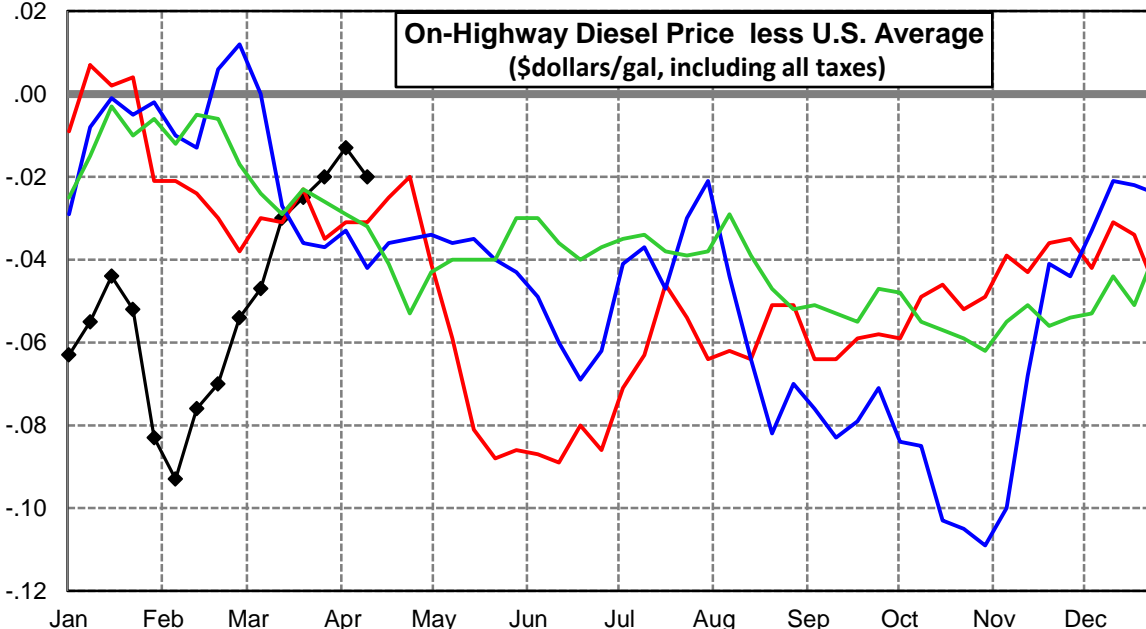
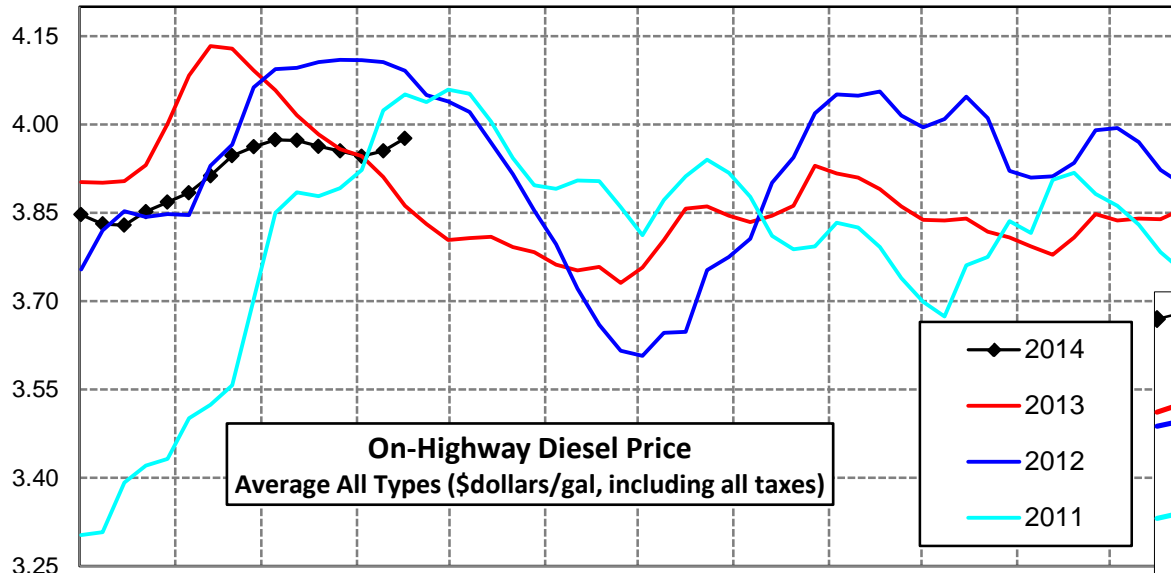
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	31Mar14	07Apr14	14Apr14	21Apr14	
East Coast	\$4.094	\$4.075	\$4.094	\$4.105	\$0.011
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



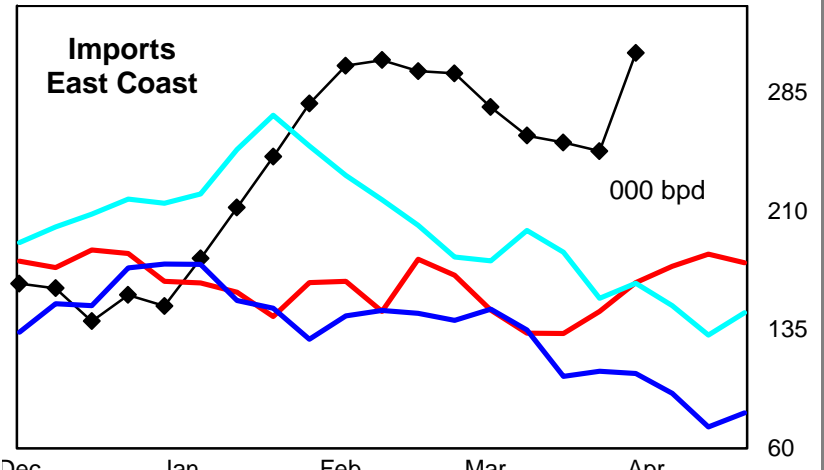
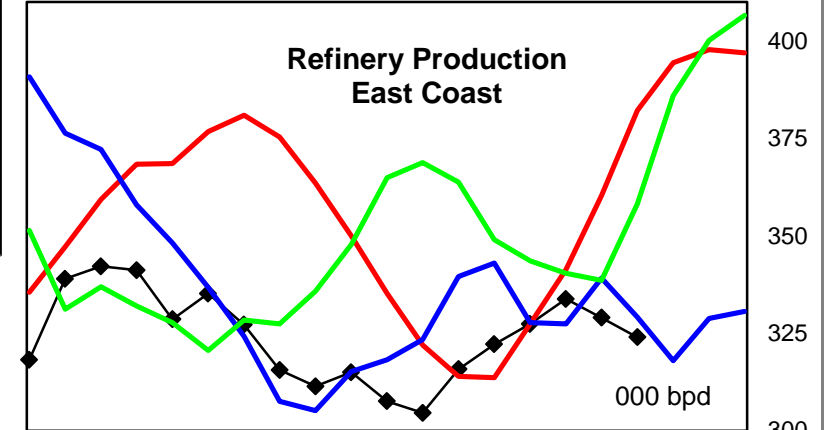
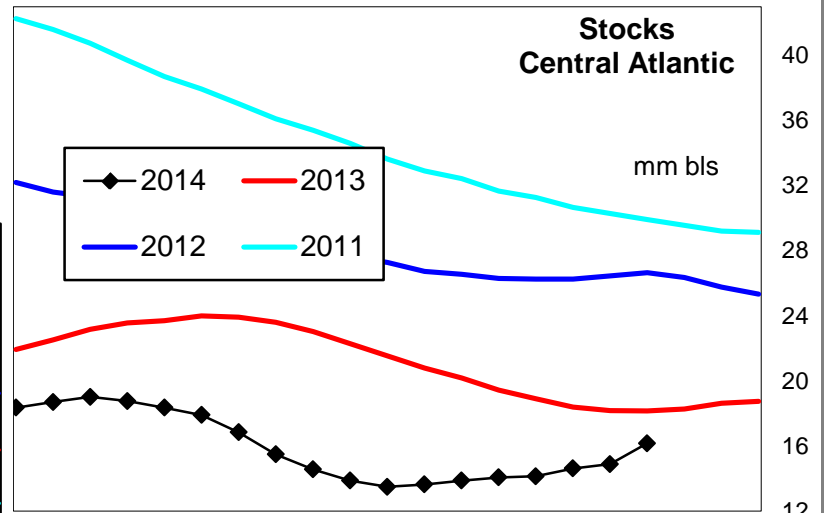
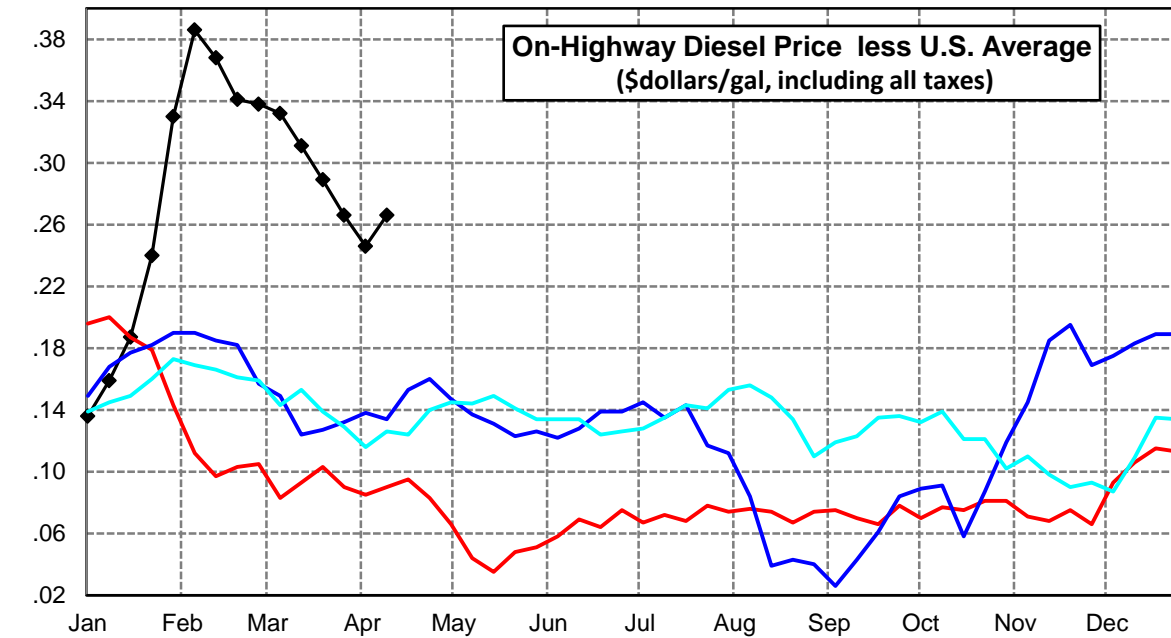
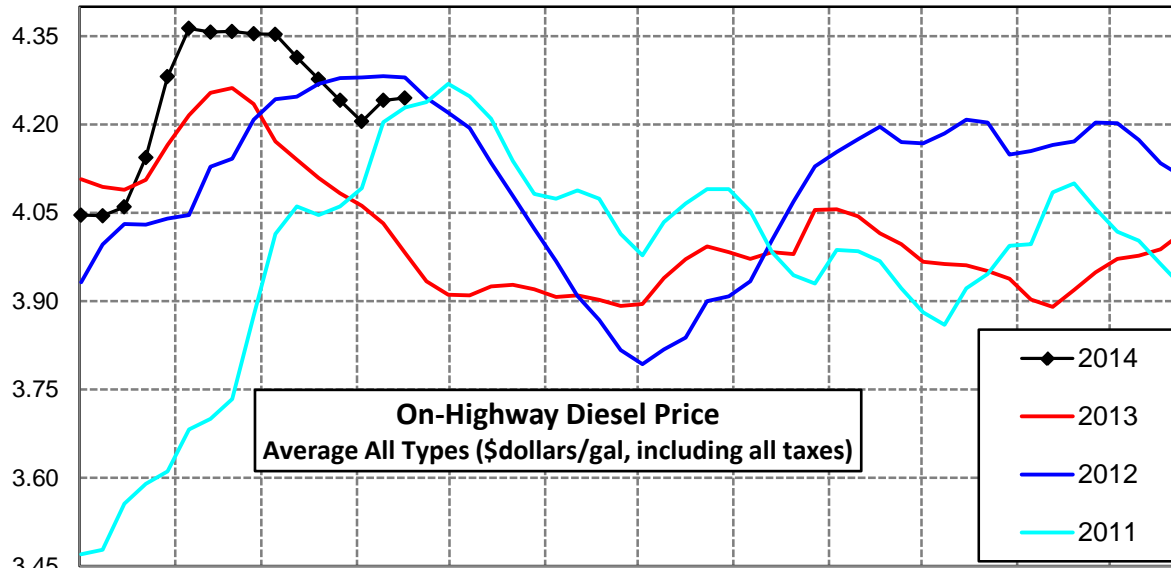
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	31Mar14	07Apr14	14Apr14	21Apr14	
Lower Atlantic	\$3.955	\$3.946	\$3.955	\$3.976	\$0.021
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



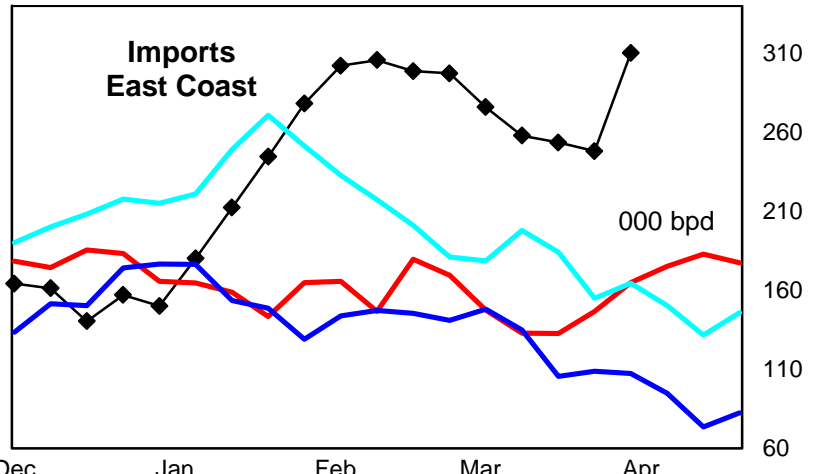
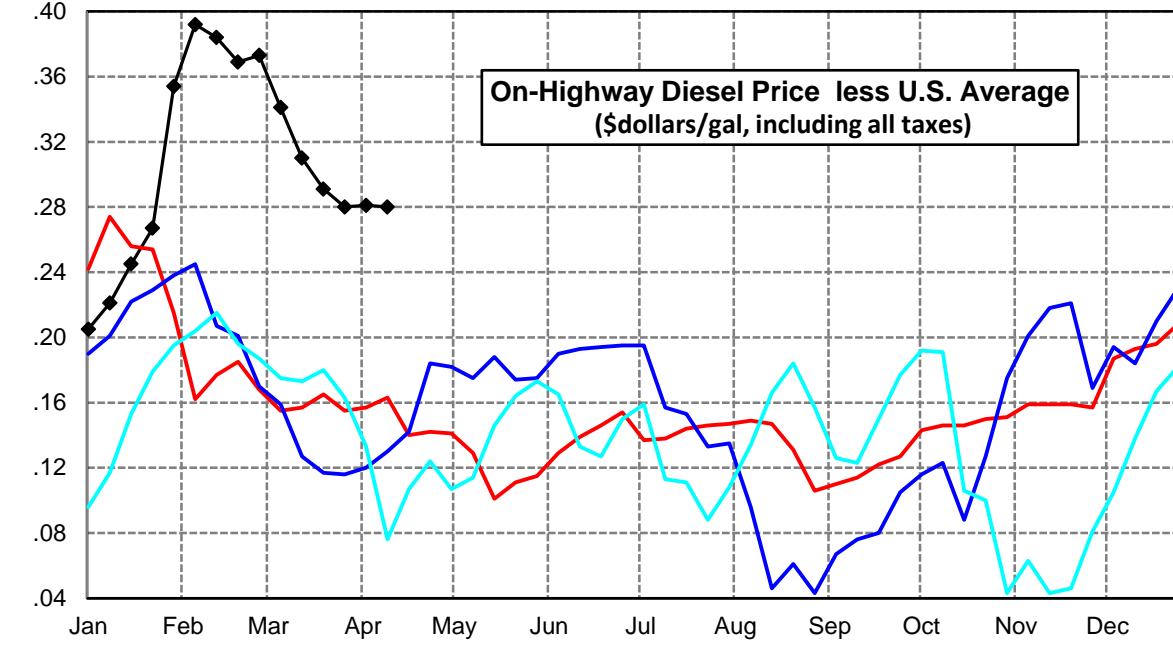
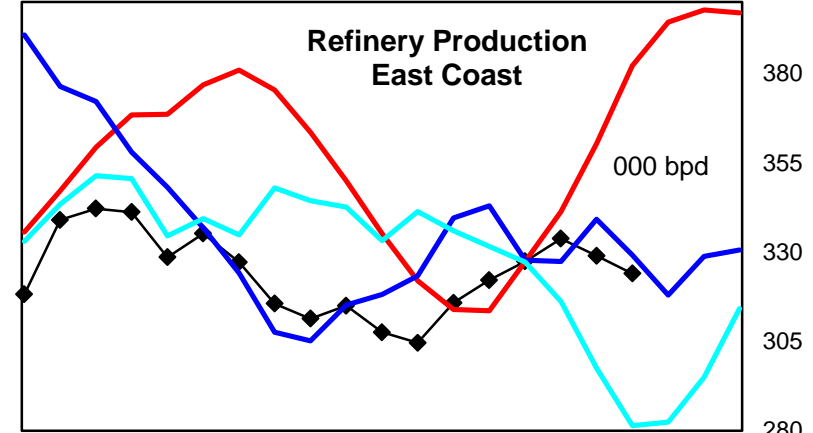
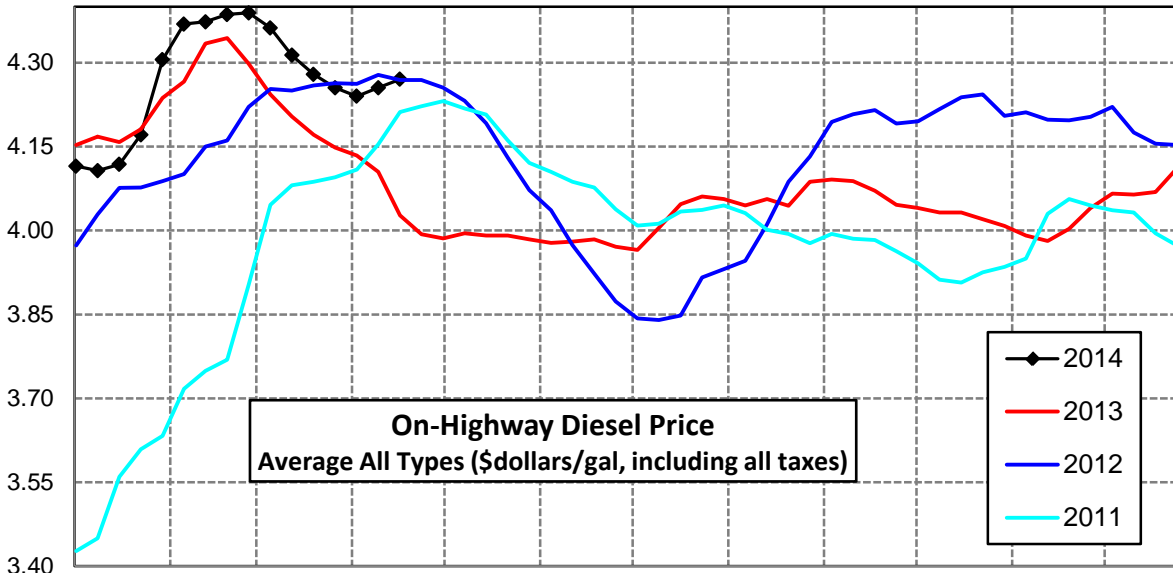
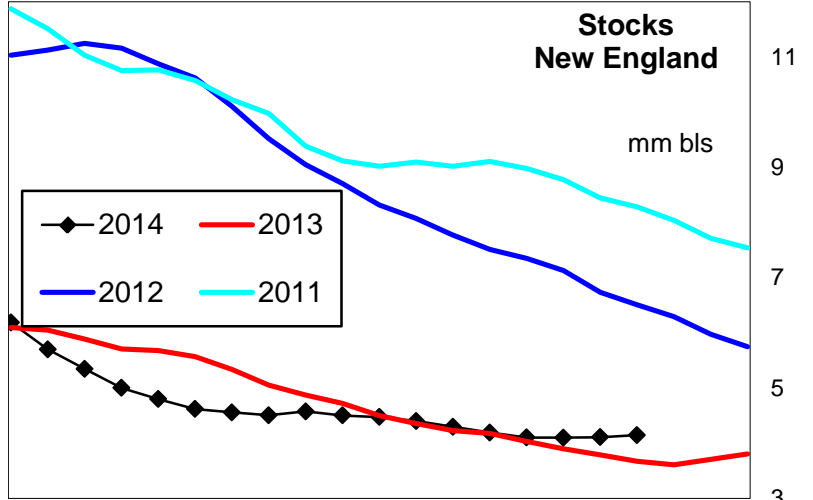
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	31Mar14	07Apr14	14Apr14	21Apr14	
Central Atlantic	\$4.241	\$4.205	\$4.241	\$4.245	\$0.004
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



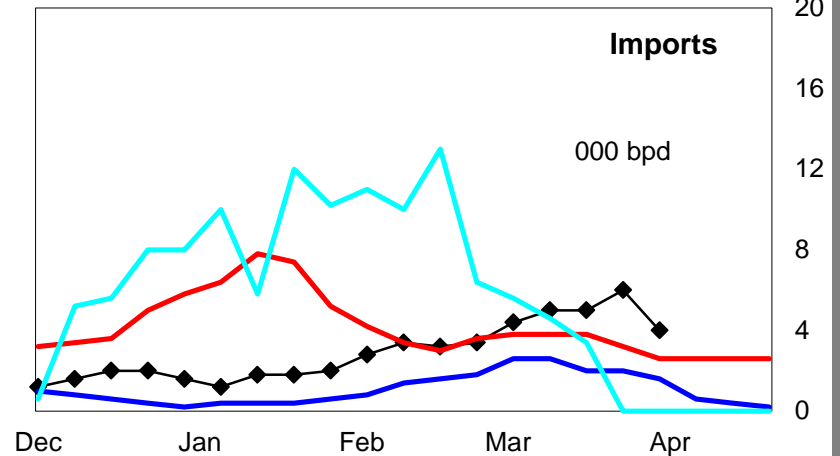
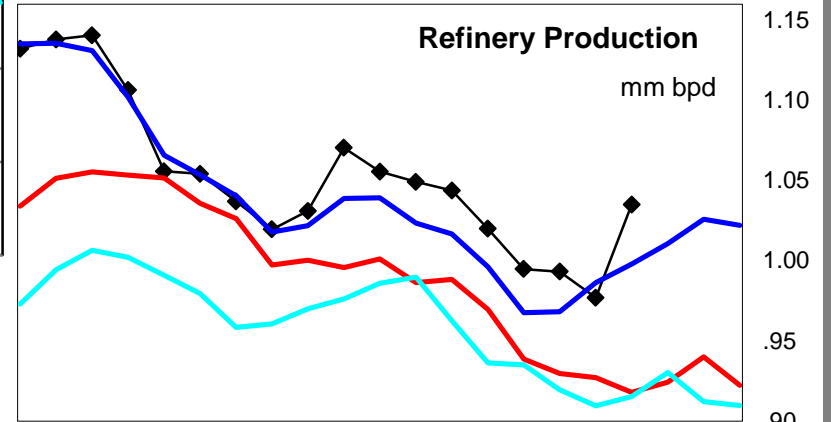
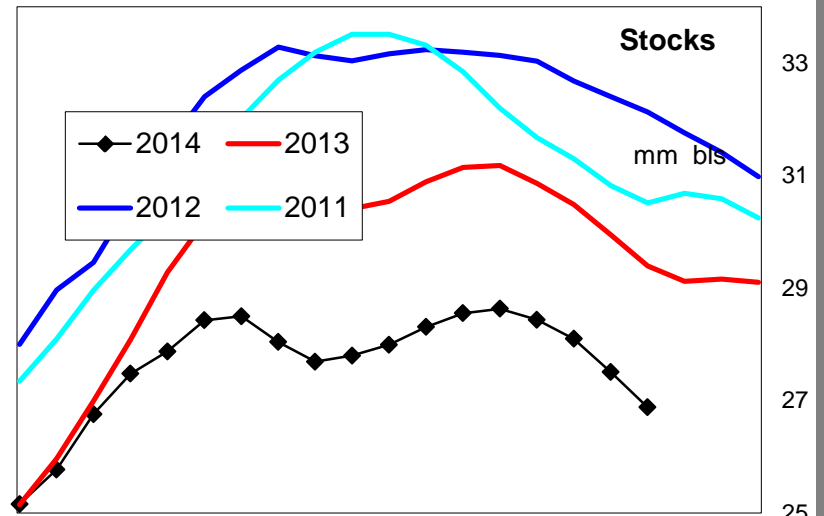
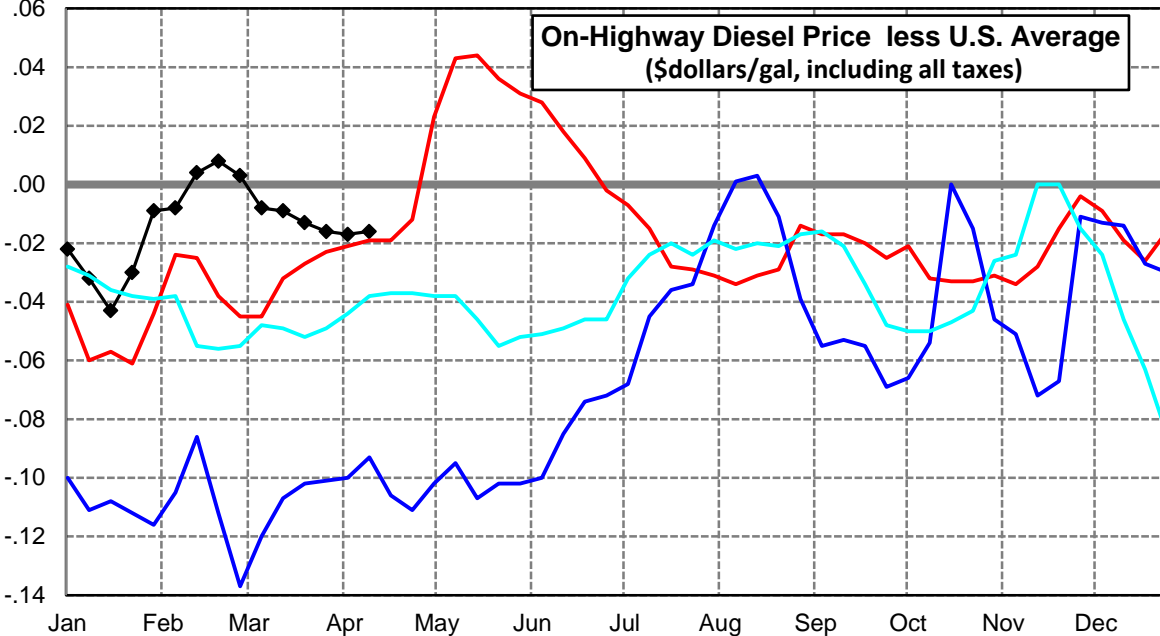
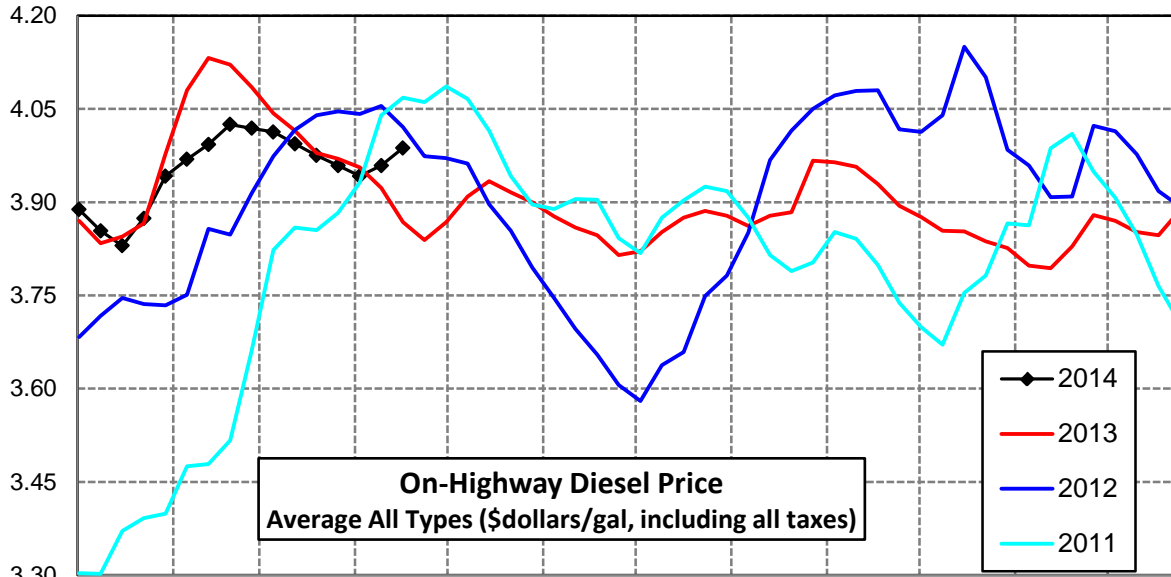
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	31Mar14	07Apr14	14Apr14	21Apr14	
New England	\$4.255	\$4.240	\$4.255	\$4.270	\$0.015
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



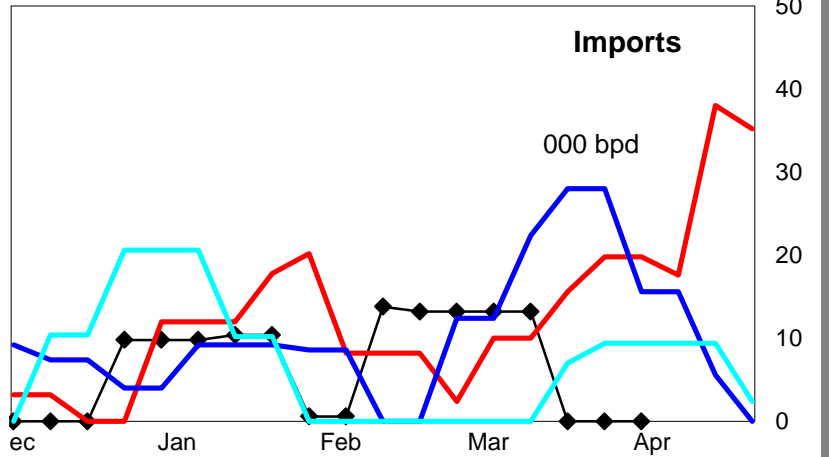
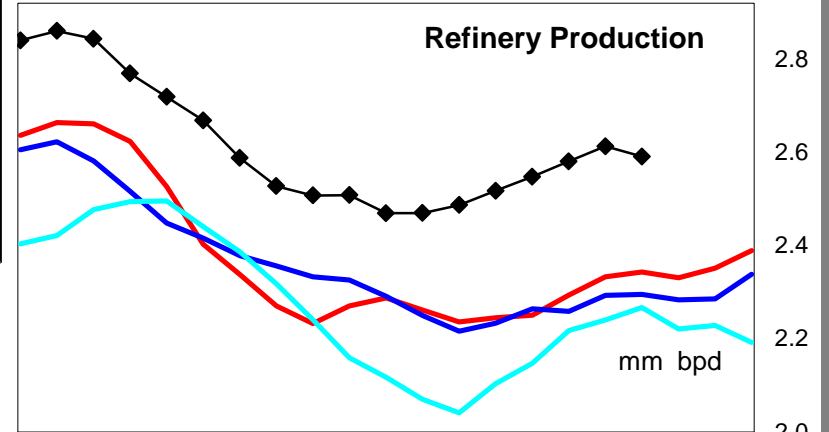
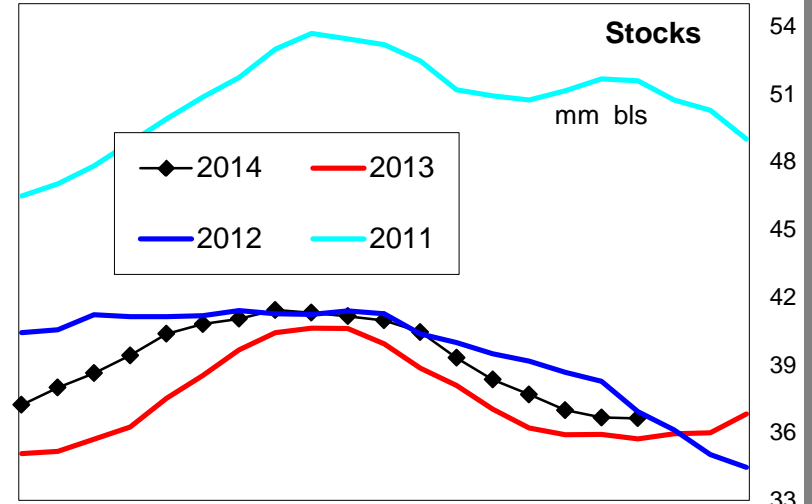
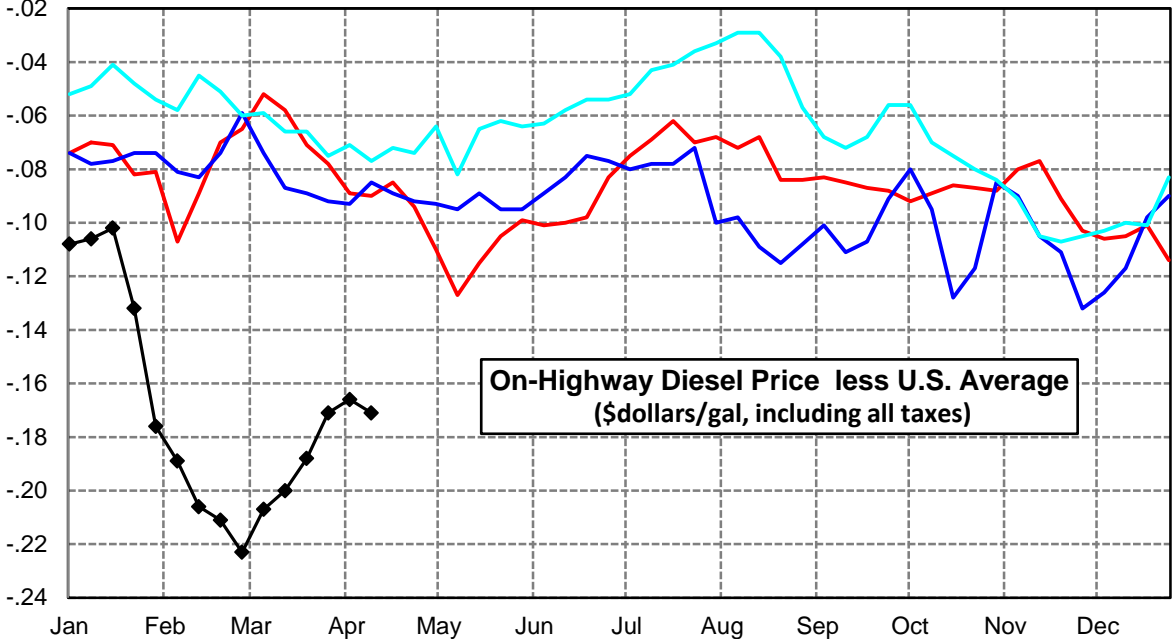
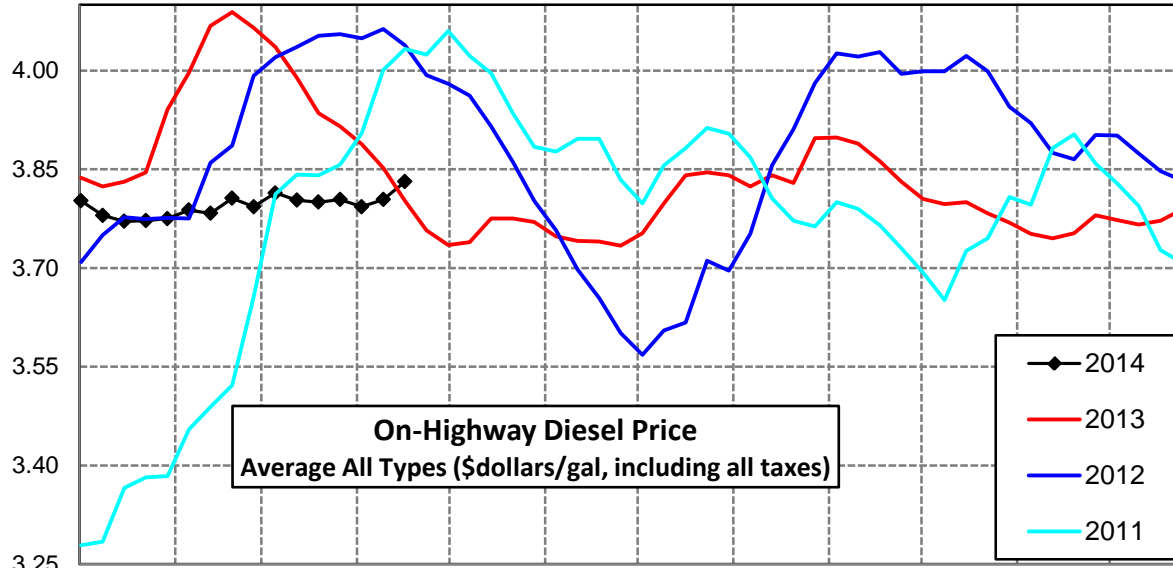
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	31Mar14	07Apr14	14Apr14	21Apr14	
Midwest	\$3.959	\$3.942	\$3.959	\$3.987	\$0.028
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



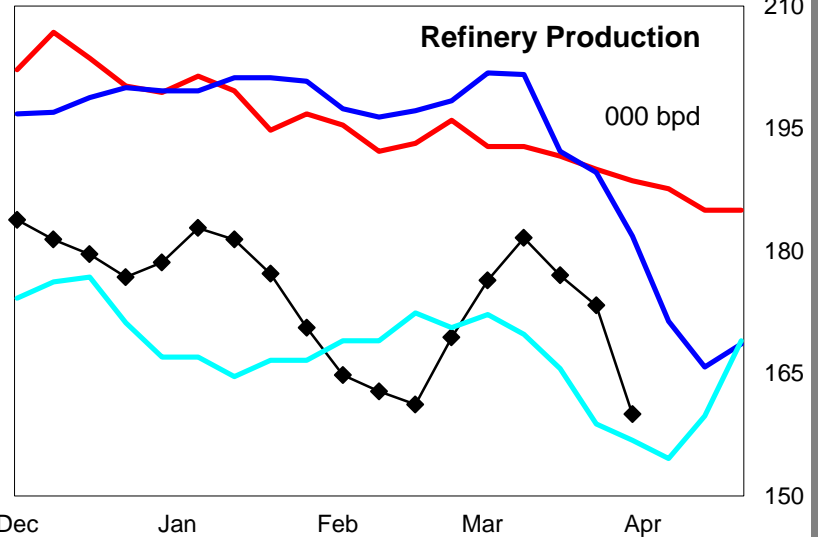
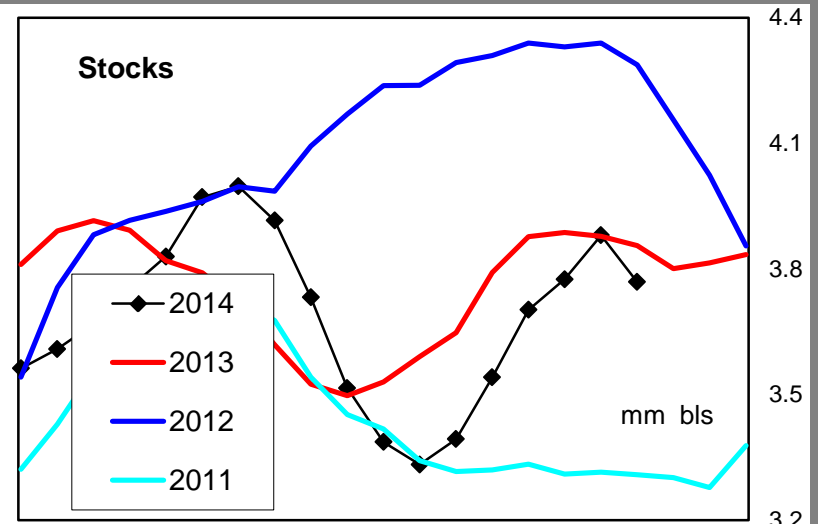
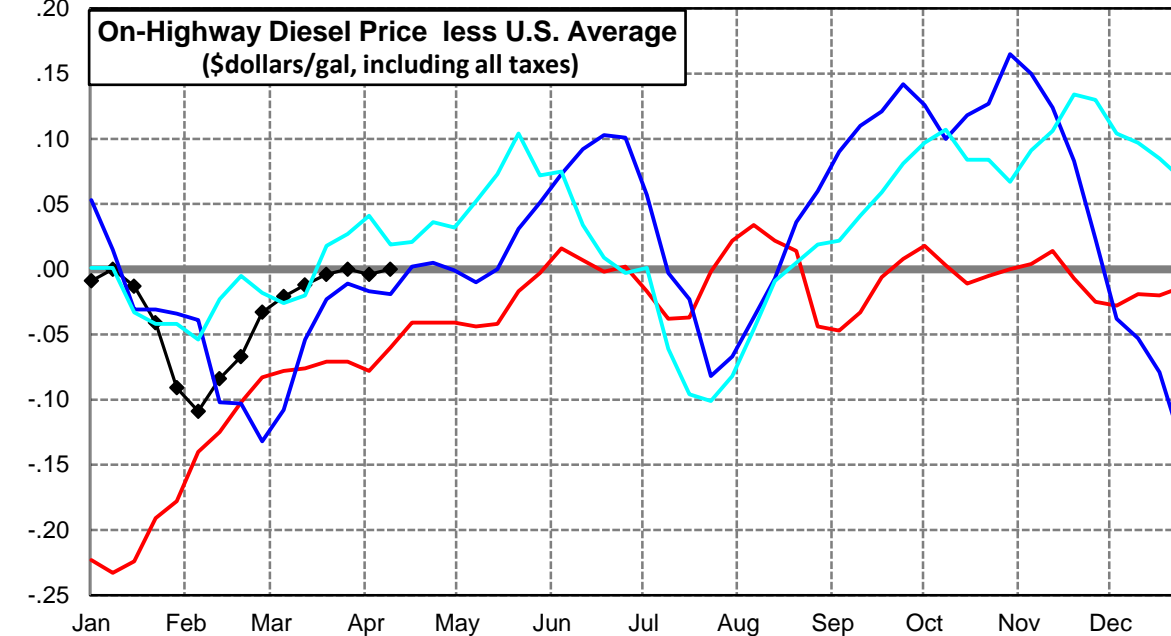
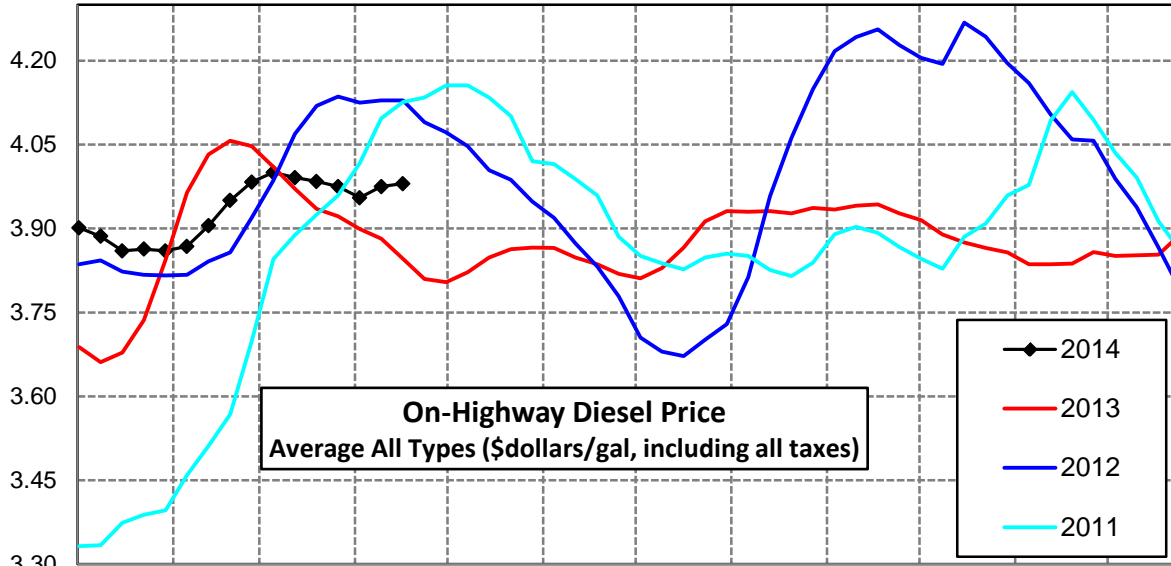
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	31Mar14	07Apr14	14Apr14	21Apr14	
Gulf Coast	\$3.804	\$3.793	\$3.804	\$3.831	\$0.027
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



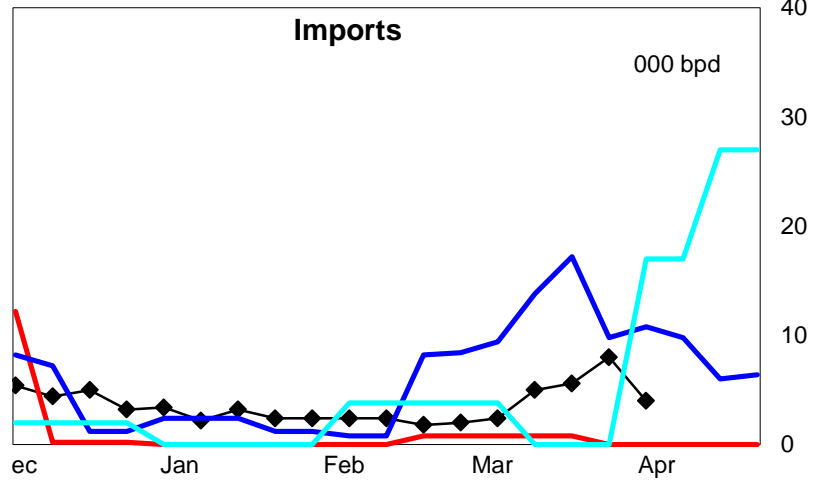
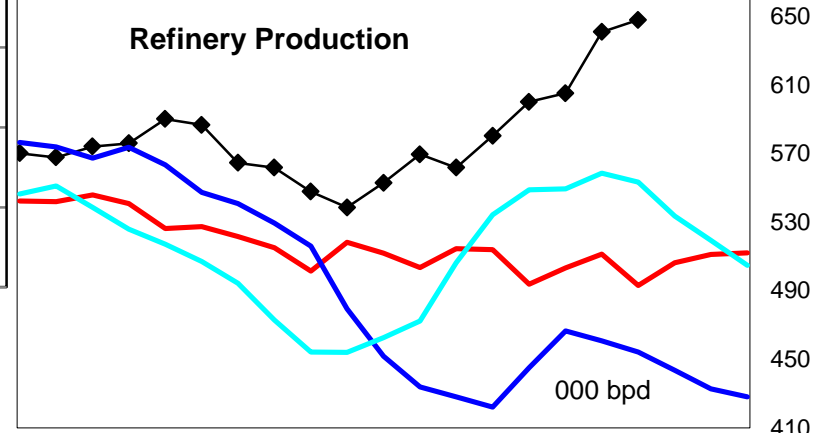
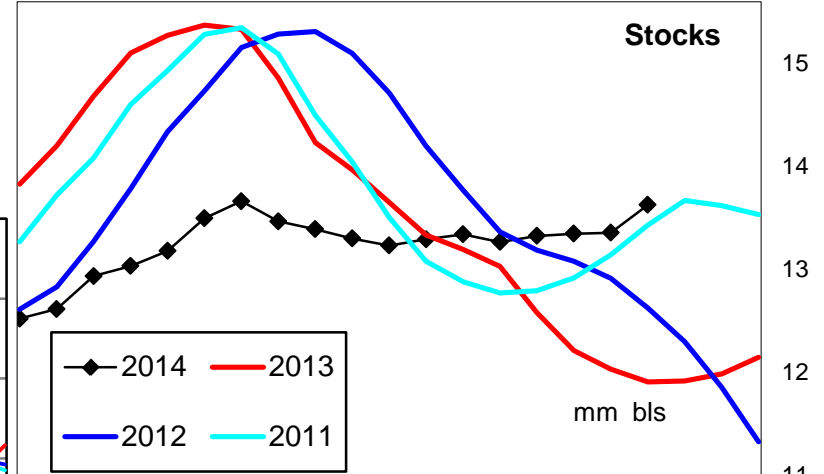
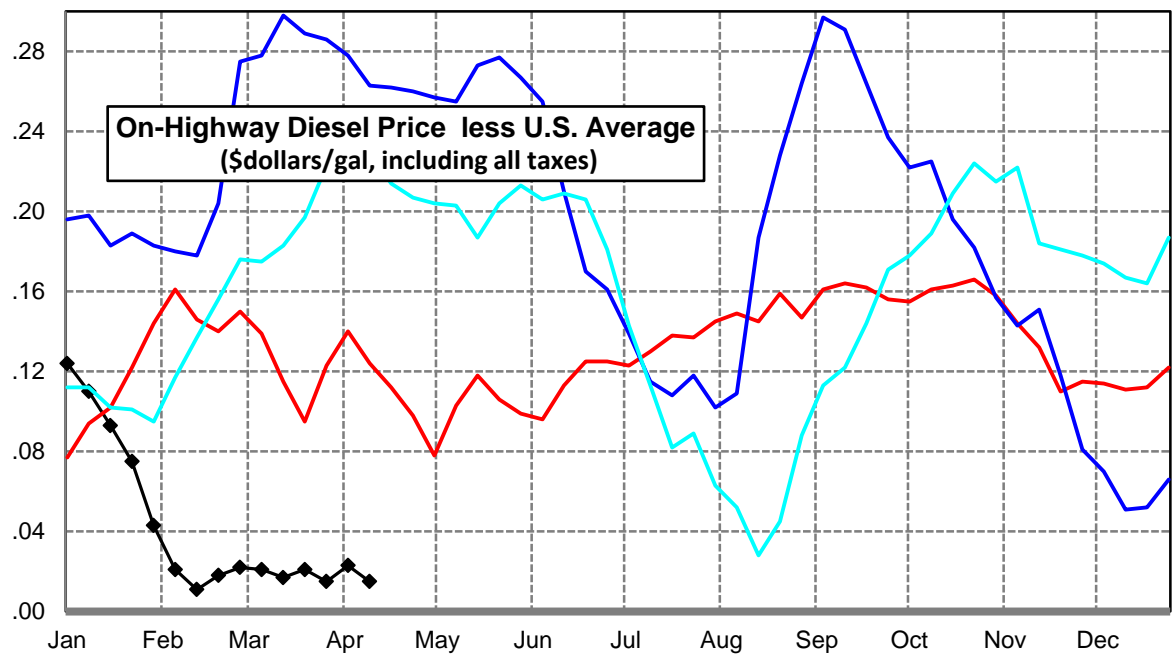
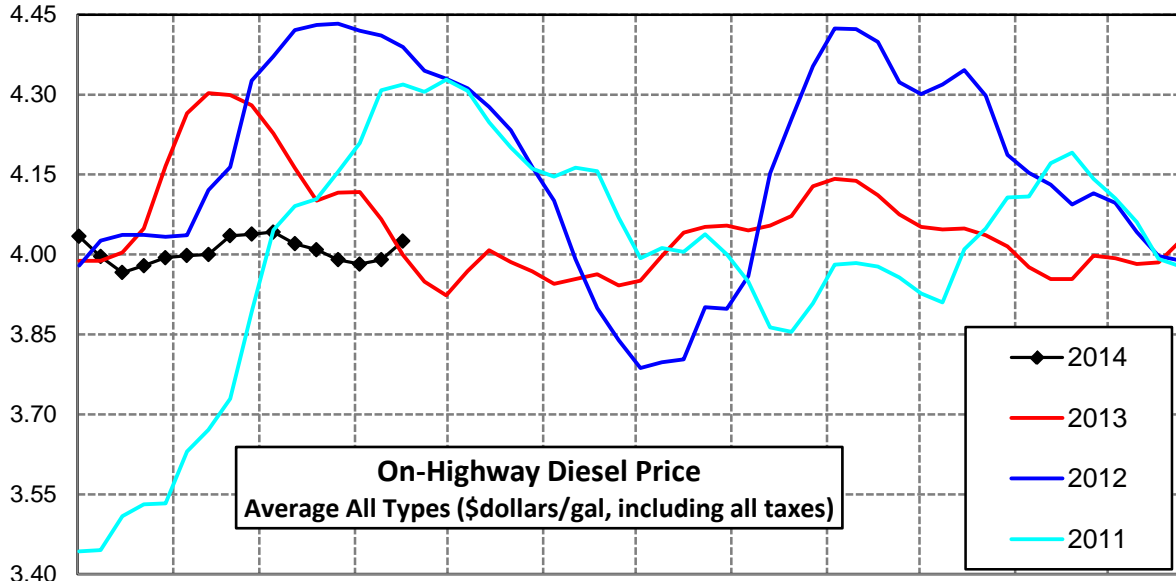
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	31Mar14	07Apr14	14Apr14	21Apr14	
Rocky Mountain	\$3.975	\$3.955	\$3.975	\$3.980	\$0.005
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



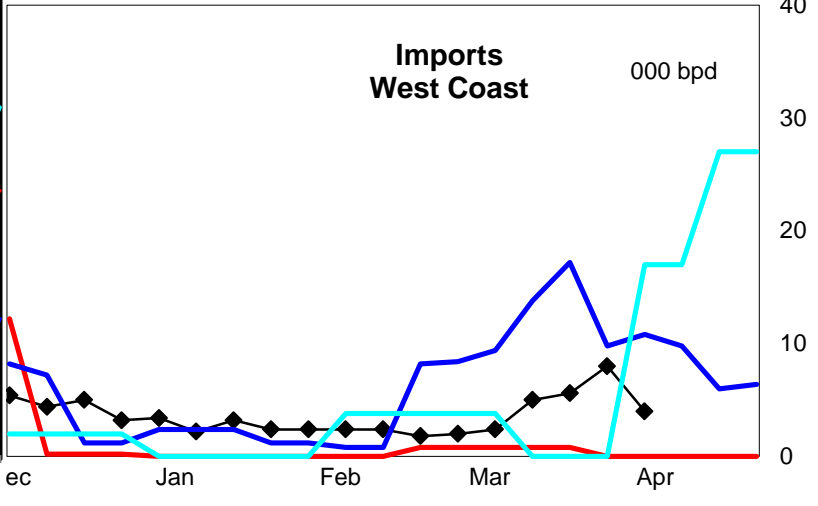
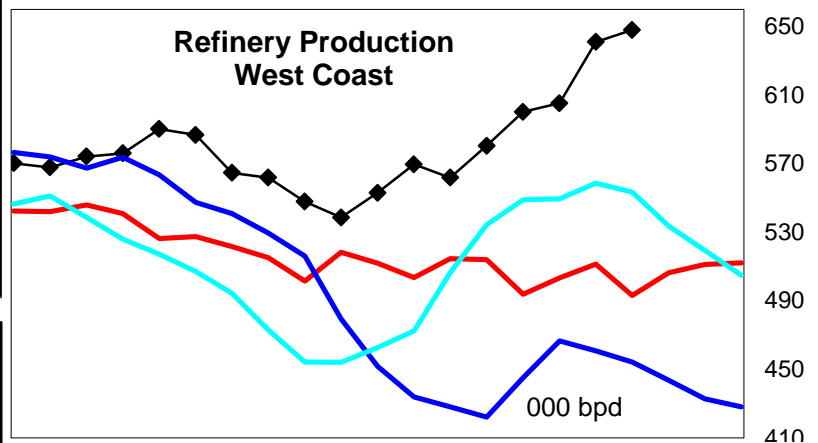
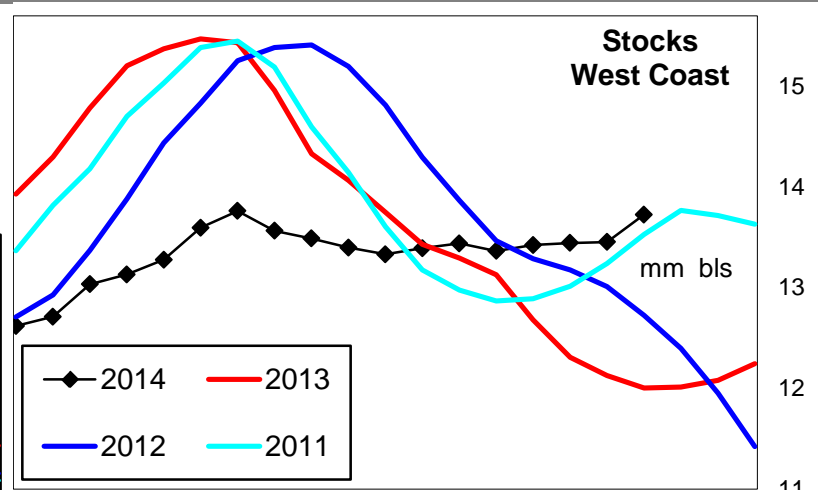
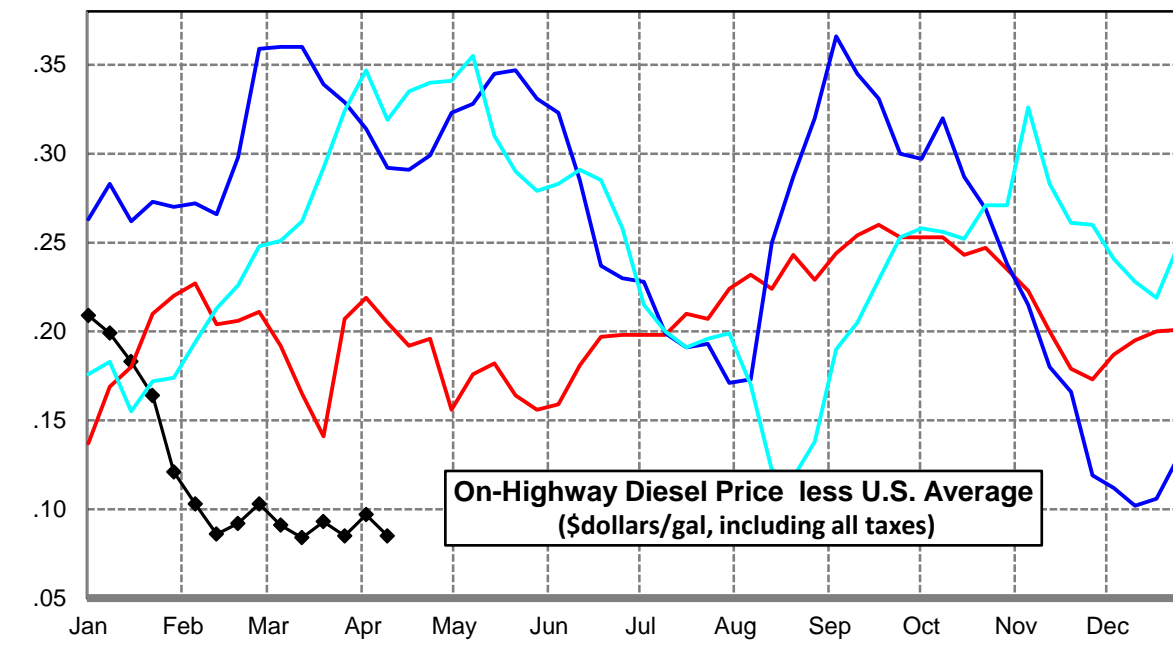
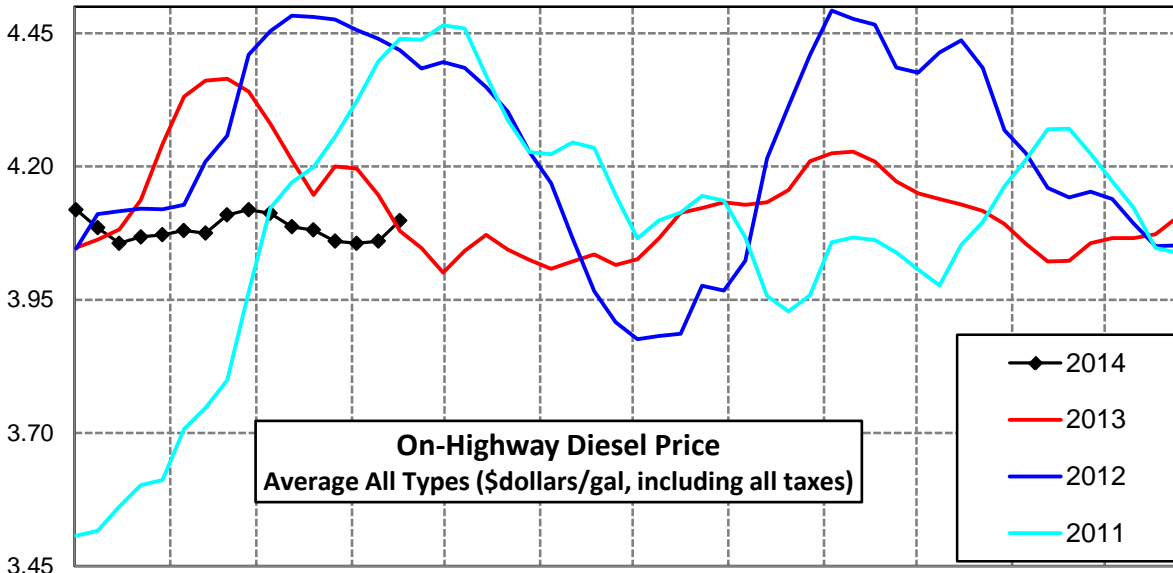
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	31Mar14	07Apr14	14Apr14	21Apr14	
West Coast	\$3.990	\$3.982	\$3.990	\$4.025	\$0.035
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
	31Mar14	07Apr14	14Apr14	21Apr14	
California	\$4.060	\$4.056	\$4.060	\$4.099	\$0.039
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-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	3.975	4.094	4.255	4.241	3.955	3.959	3.804	3.975	3.990	4.060
Mon-07-Apr-14	3.959	4.075	4.240	4.205	3.946	3.942	3.793	3.955	3.982	4.056
Mon-14-Apr-14	3.975	4.094	4.255	4.241	3.955	3.959	3.804	3.975	3.990	4.060
Mon-21-Apr-14	3.991	4.105	4.270	4.245	3.976	3.987	3.831	3.980	4.025	4.099
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.