



## RETAIL DIESEL FUEL OUTLOOK

### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Tuesday, July 15, 2014

#### Weekly Retail On-Highway Diesel Prices

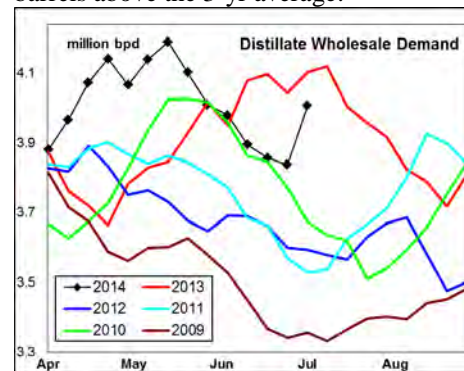
Region	Actual Price 1/			Forecast 2/	Change from week ago
	30Jun14	07Jul14	14Jul14	21Jul14	
U.S.	3.920	3.913	3.894	3.867	-0.027
East Coast	3.983	3.978	3.961	3.919	-0.042
New England	4.107	4.098	4.078	4.032	-0.046
Central Atlantic	4.073	4.069	4.051	4.020	-0.031
Lower Atlantic	3.887	3.882	3.866	3.824	-0.042
Midwest	3.869	3.862	3.837	3.821	-0.016
Gulf Coast	3.816	3.802	3.787	3.759	-0.028
Rocky Mountain	3.914	3.909	3.896	3.859	-0.037
West Coast	4.073	4.067	4.052	4.012	-0.040
California	4.138	4.135	4.119	4.096	-0.023

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

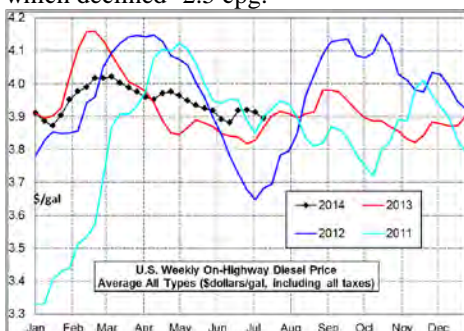
the Gulf and Midwest are driven by high production.

The spread between the U.S. average price compared regional markets on the East and West Coasts remains above the last 3-yrs on tight supplies in these markets. The

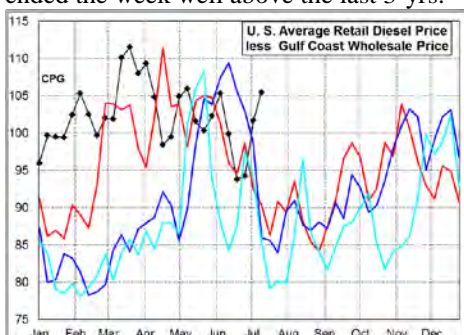
Stock levels ended the week -2 million barrels below last year. The latest 4-wk stock change East of the Rockies was a +4.7 million barrel build, nearly +4 million barrels above the 3-yr average.



**Diesel Fuel Price Trends** U. S. retail diesel prices decreased -1.9 cpg for the week ending 14Jul14. Prices were lower in all regional markets led by the Midwest which declined -2.5 cpg.



The U.S. average retail diesel price compared to Gulf Coast wholesale market increased +4 cpg on the week. The spread ended the week well above the last 3-yrs.



The national average on-highway price ended the week +3 cpg above a year ago. The highest retail prices were in California and New England. Prices were \$4.12/gal and \$4.08/gal, respectively. The lowest prices were in the Gulf at \$3.79/gal and the Midwest at \$3.84/gal. Very low prices in

spread between the U.S. average price and prices in the Gulf and Midwest regions were below the last 3-yrs.

Gulf spot average prices fell -3 cpg on increased crude oil output in Libya. The price level ended the week near 12-month lows.



The spread between the Gulf wholesale price and the U.S. average retail price increased +4 cpg to 106 cpg last week. This differential is above the last 3-yrs, driven by the -18 cpg drop in wholesale prices during the last 3-wks.

#### Supply - Demand Fundamental Trends

Distillate wholesale demand increased +188,000 bpd on the week, to a level near 3-yr highs. Demand for the latest 4-wk period was -250,000 bpd below last year.

Supply increased +81,000 bpd on the week, to a season high.

During the latest 4-wk period, production was +57,000 bpd above last year while imports were -2,000 bpd lower. Stocks saw a +0.2 million barrel build last week, concentrated in the Midwest and Gulf regions.

#### Global Trends Driving Diesel Prices

Libyan crude oil exports have climbed to nearly 500,000 bpd, improving the supply balance in the Atlantic Basin. There has been no new disruption news on the fighting in Iraq and Ukraine during the last week. Combined with very weak distillate demand in Europe, this has led to further weakness in prices.

The seasonal downtrend in distillate demand should extend into early August. Gulf refiners have returned from unplanned maintenance. Look for above stock building to continue for the next 60-days.

**Diesel Price Outlook** Retail prices ended the week near the mid range of the last 3-yrs in regional markets other than the Midwest and Gulf where prices fell below the mid range. Very high production continues to depress retail prices in the Midwest and Gulf, compared to the U.S. average. Political uncertainty in the Middle East, and start of the Gulf hurricane season should limit the magnitude of this price pull back.

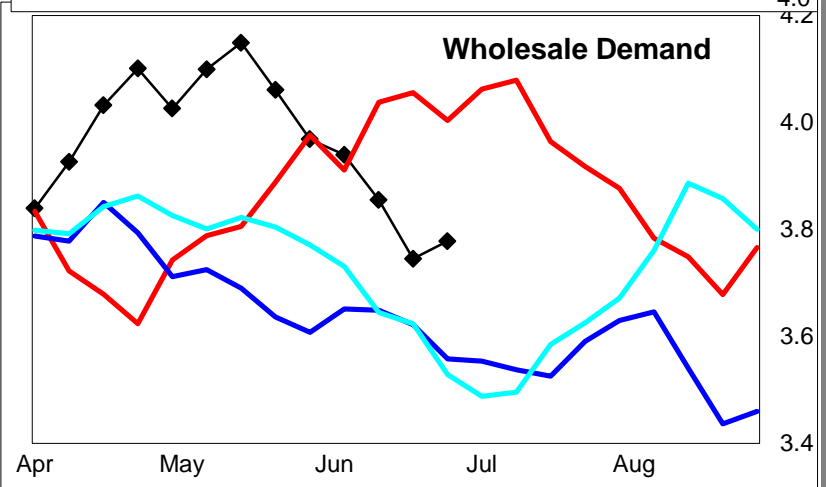
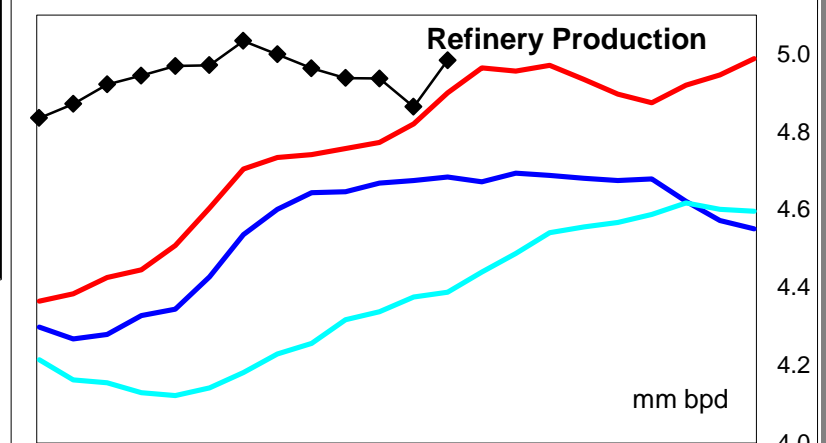
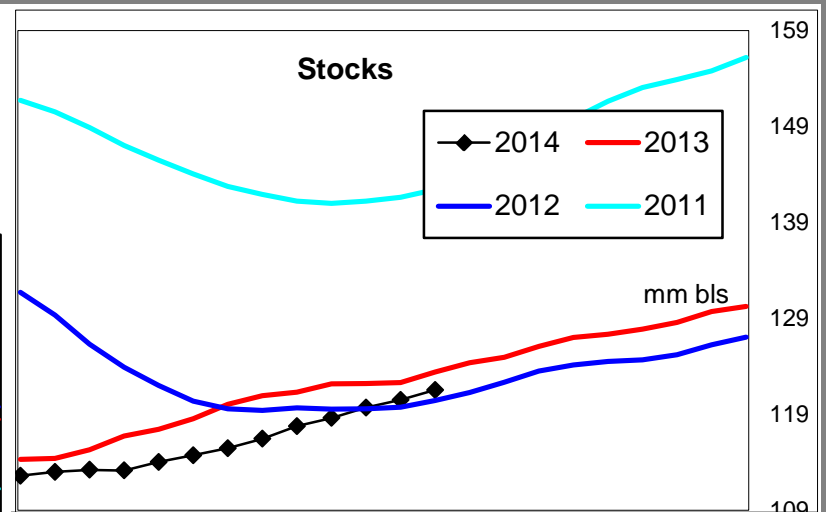
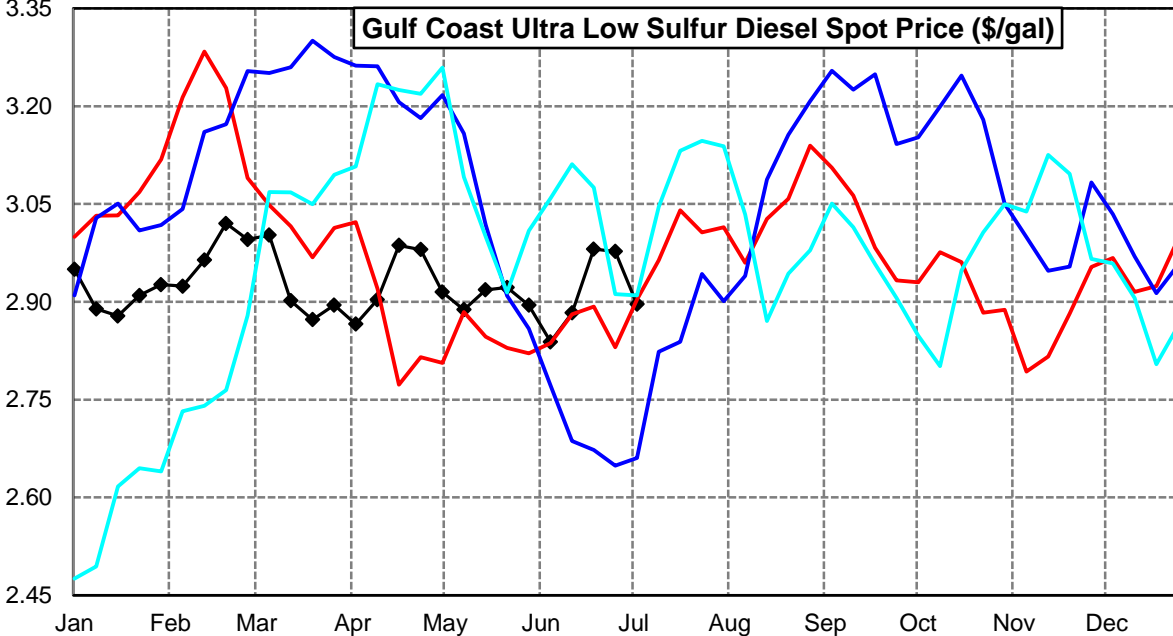
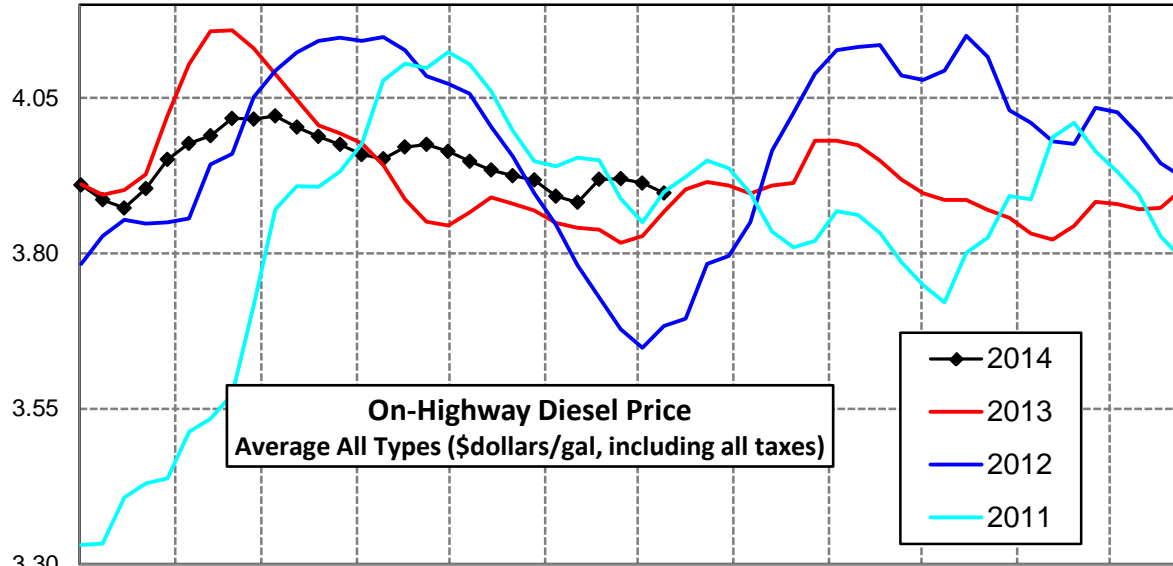
The Gulf and Midwest regional markets remain well supplied, which should lead to continued below average retail prices in these areas.

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



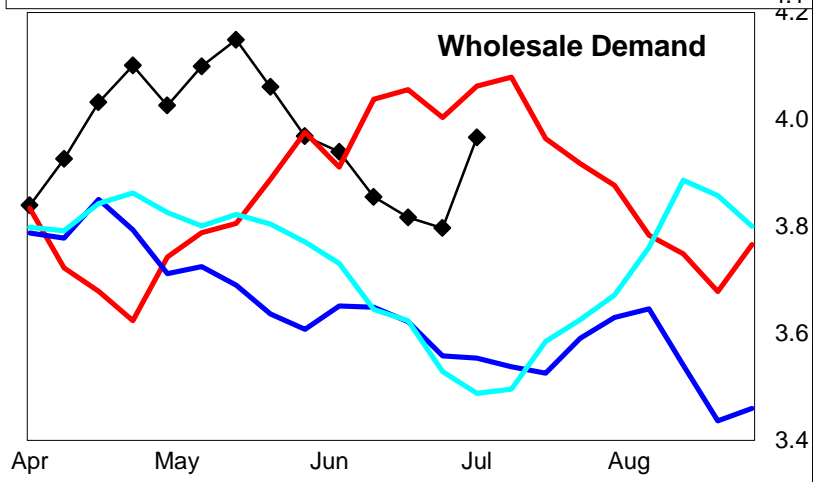
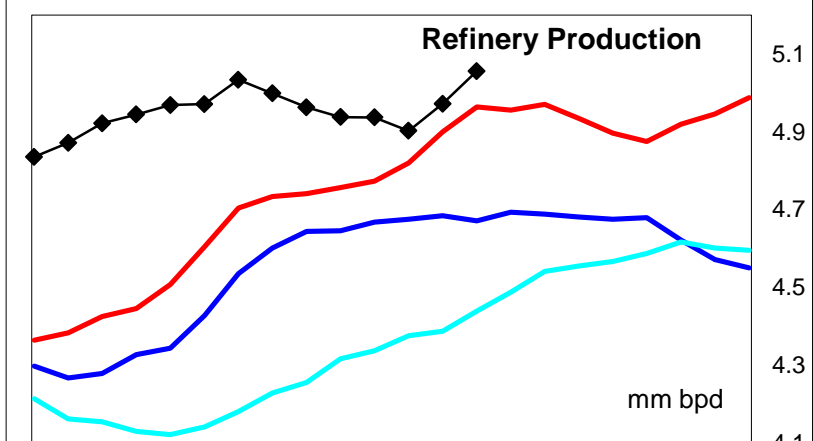
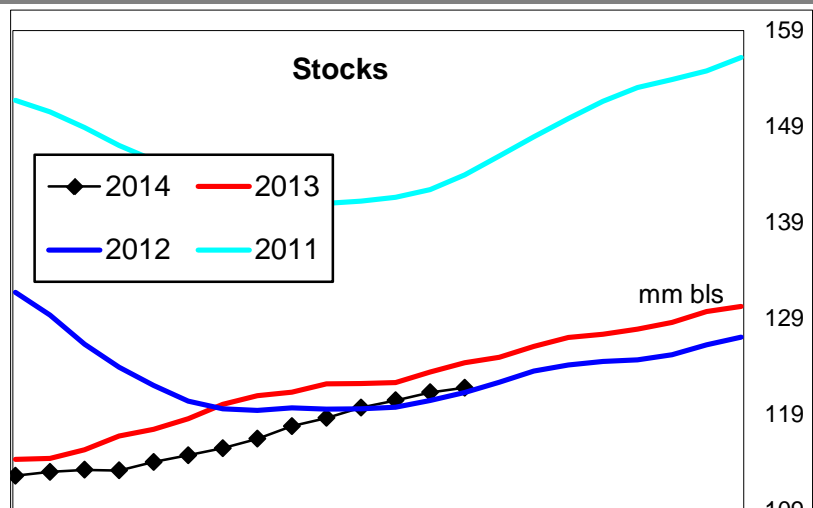
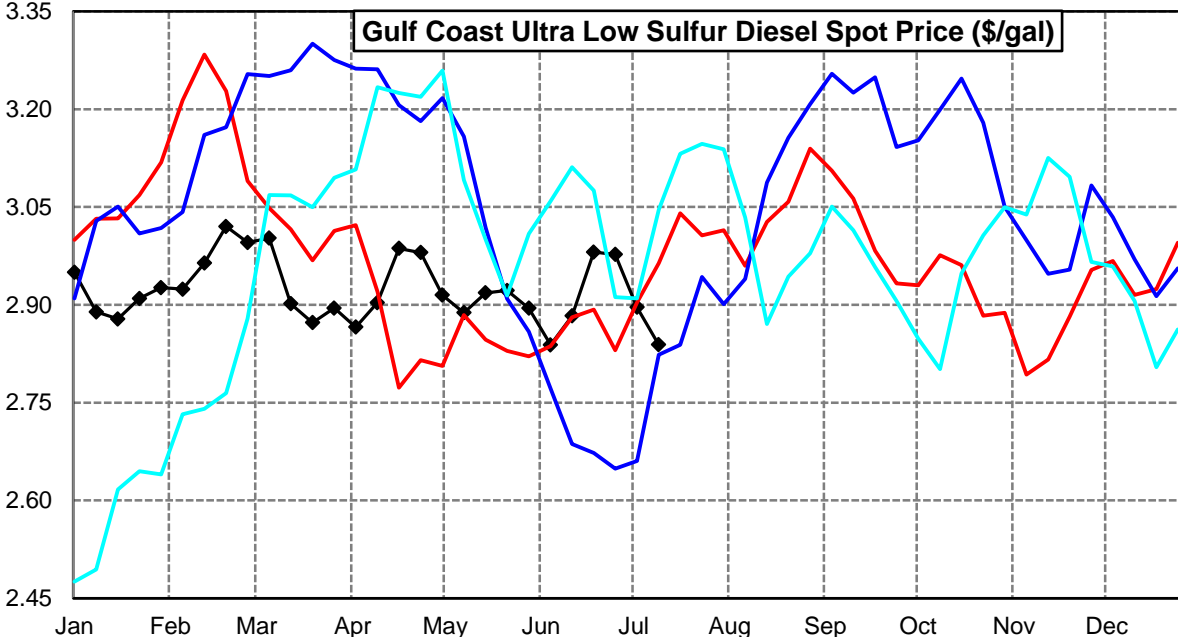
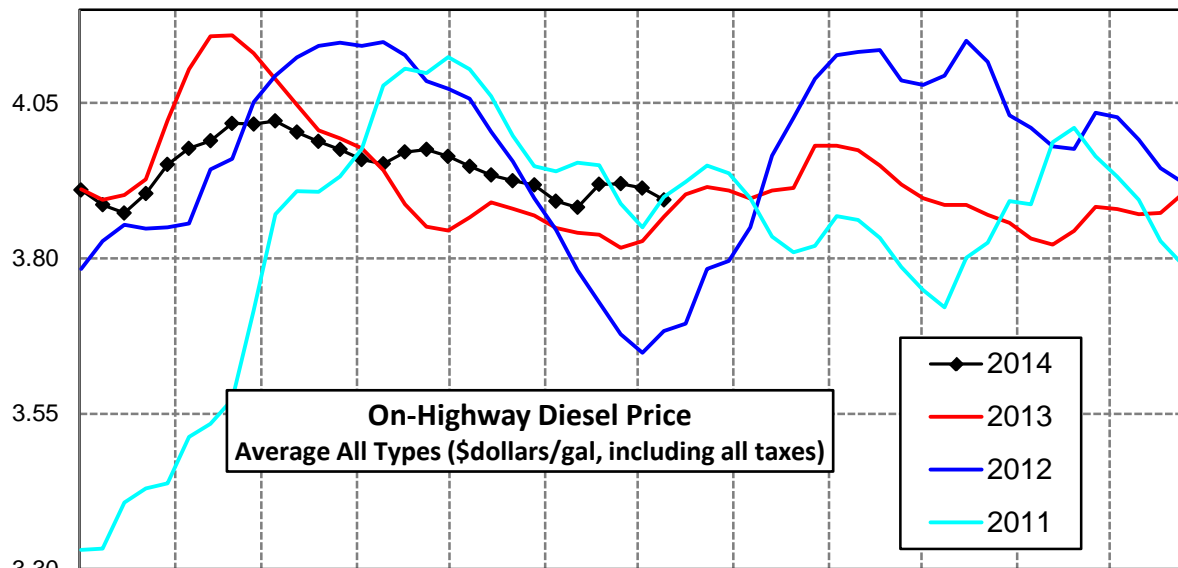
### U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	23Jun14	30Jun14	07Jul14	14Jul14	
<b>United States Avg</b>	\$3.919	\$3.920	\$3.913	<b>\$3.897</b>	-\$0.016
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



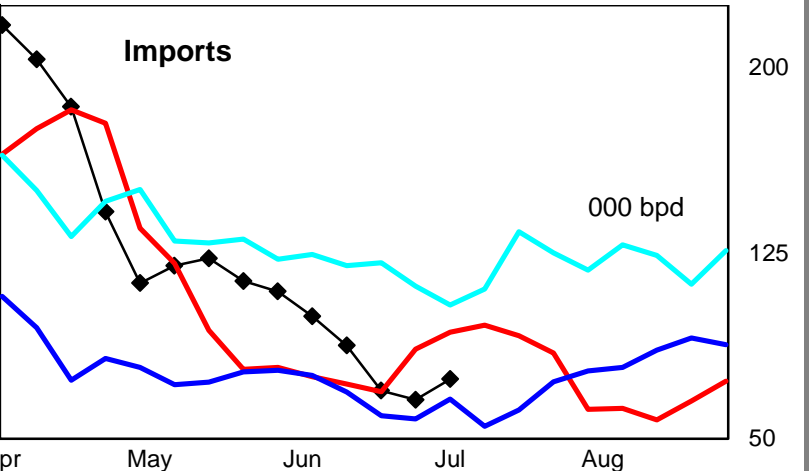
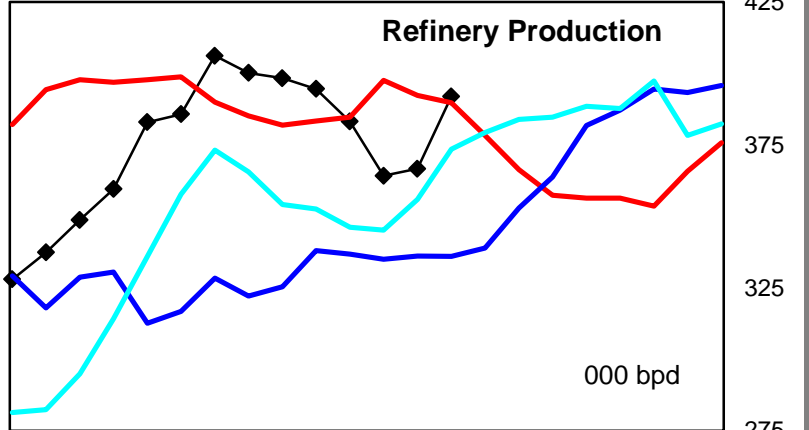
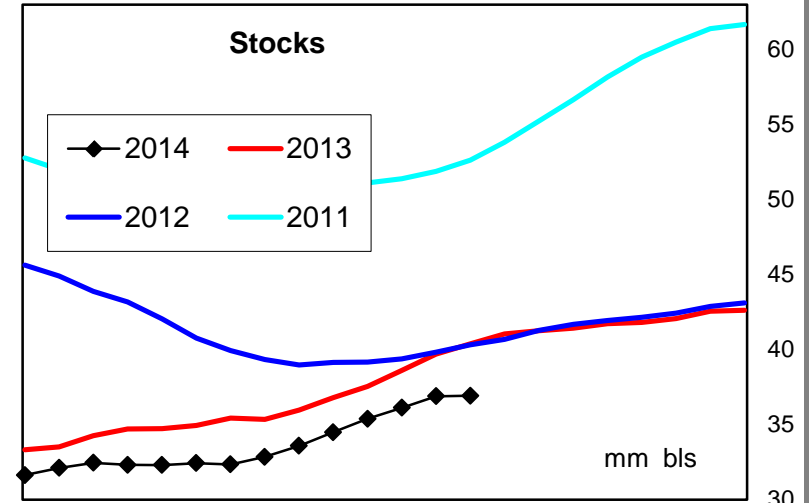
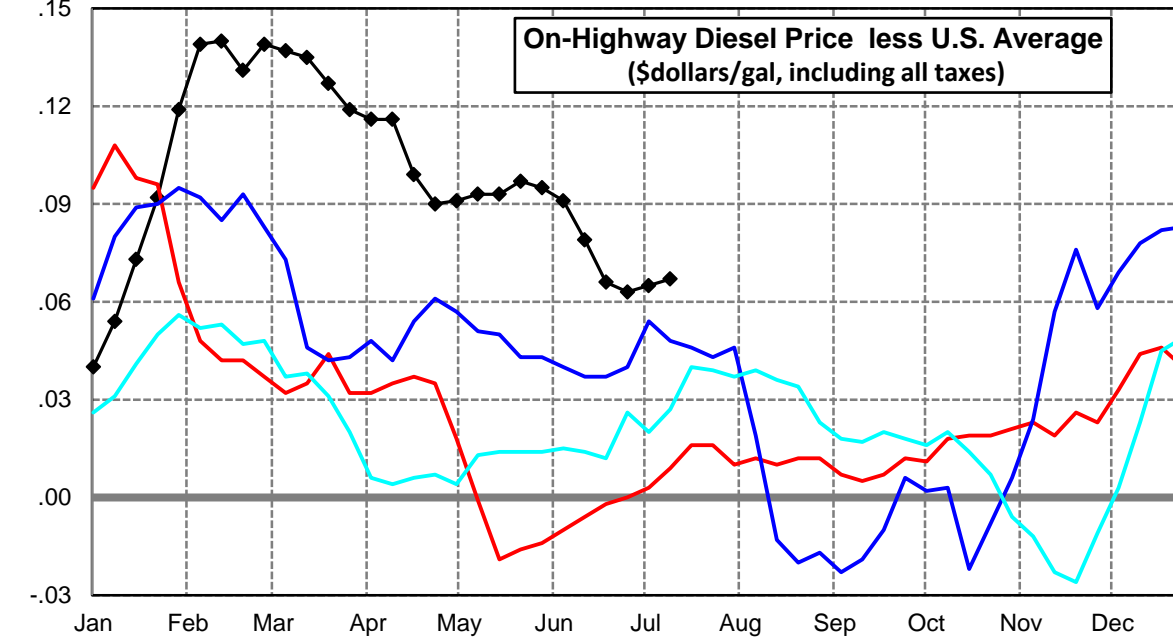
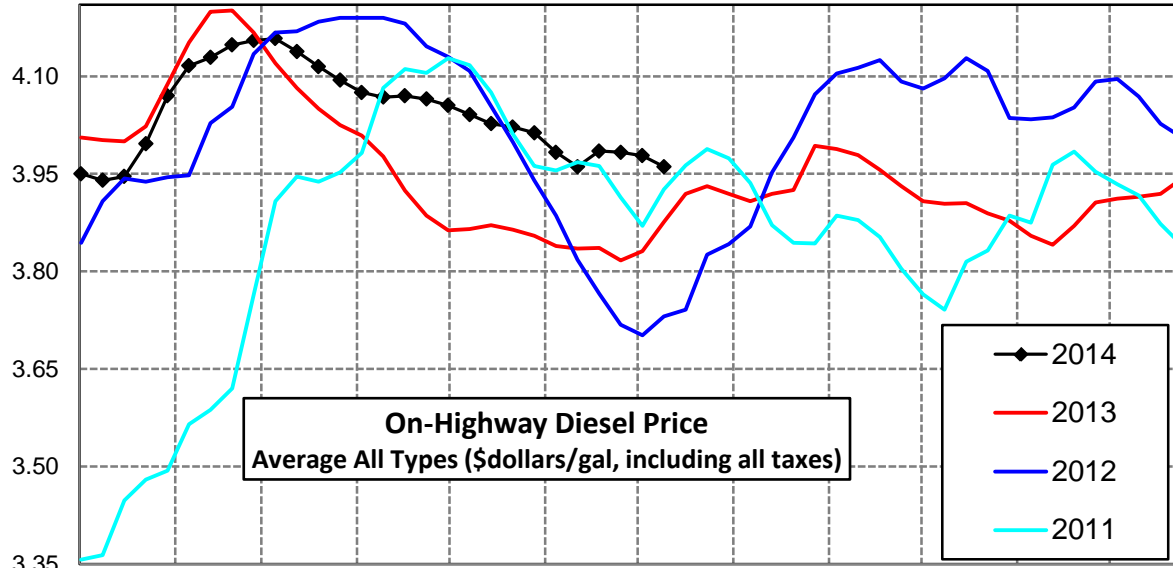
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<b>United States Avg</b>	\$3.920	\$3.913	\$3.894	<b>\$3.867</b>	-\$0.027
1/ Source: U.S. Energy Information Administration					
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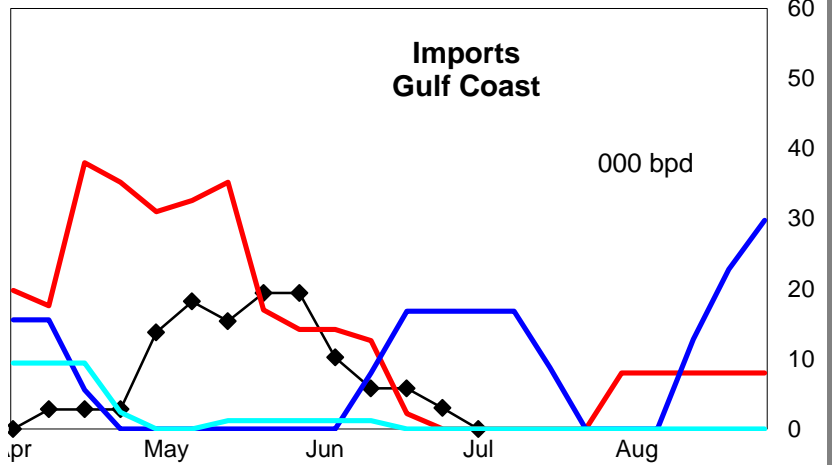
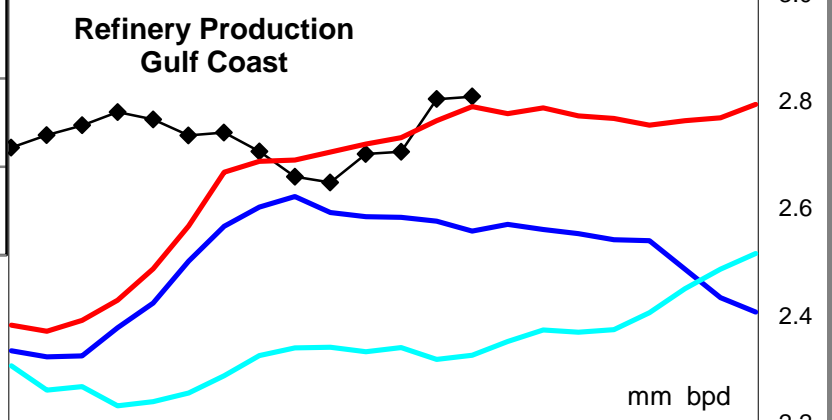
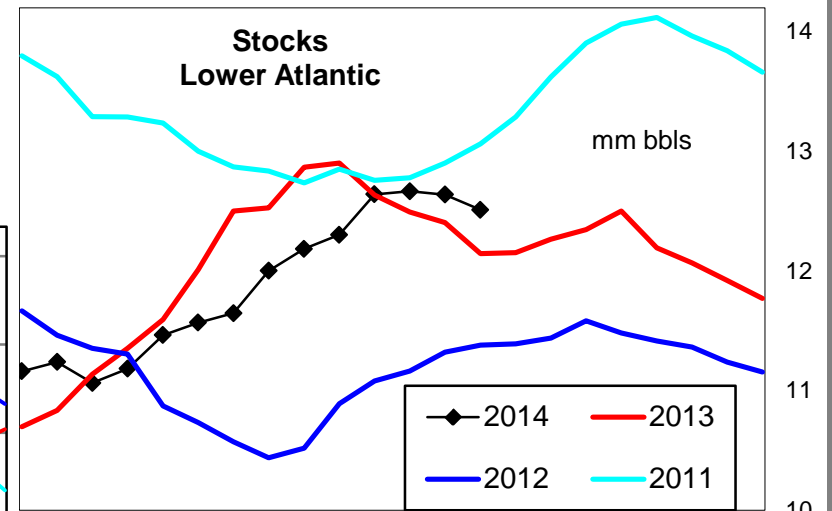
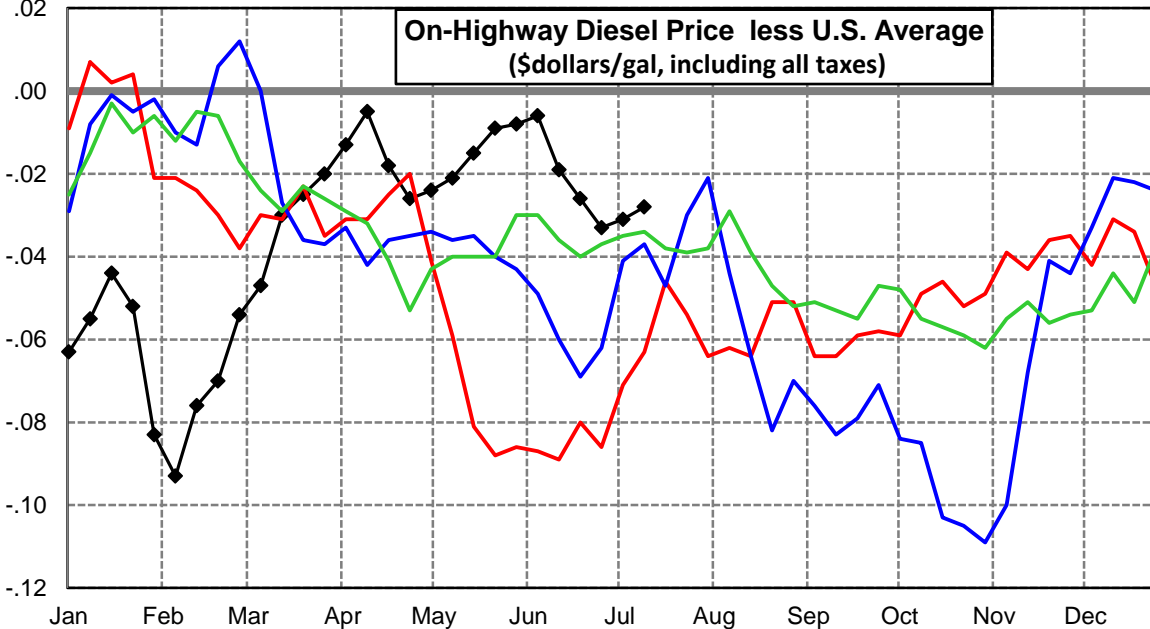
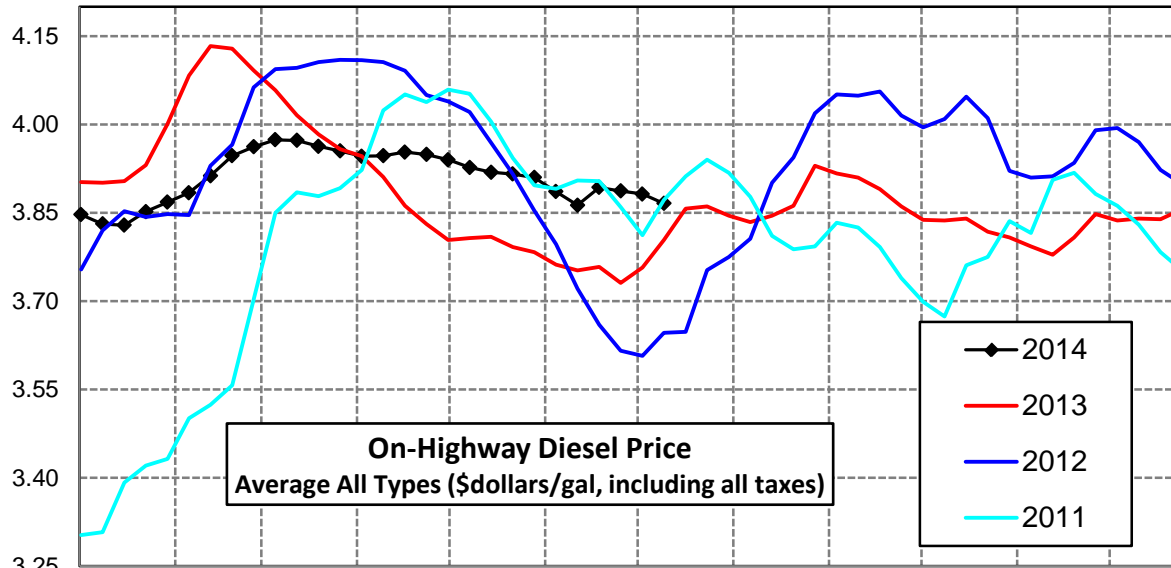
### East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jun14	07Jul14	14Jul14	21Jul14	
<b>East Coast</b>	\$3.983	\$3.978	\$3.961	<b>\$3.919</b>	-\$0.042
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



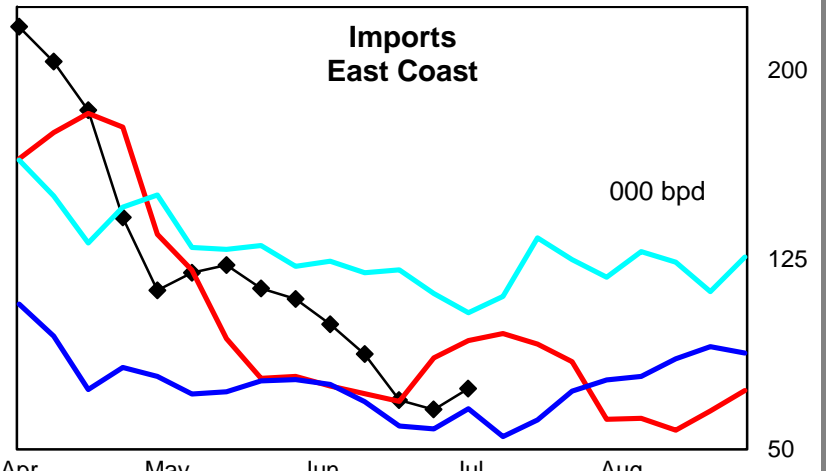
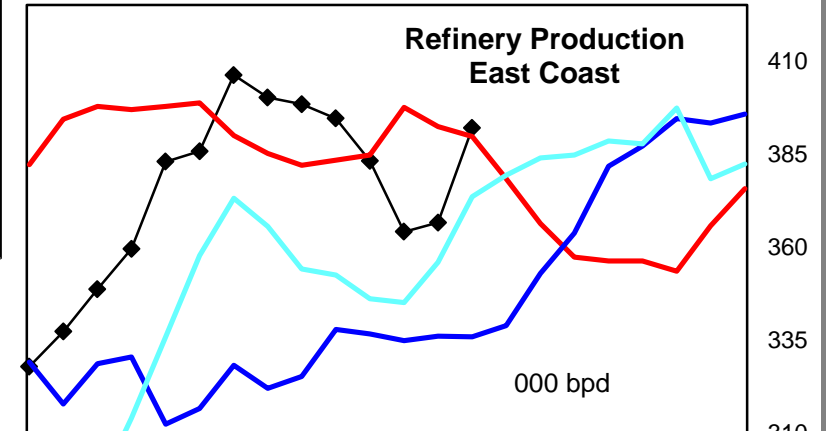
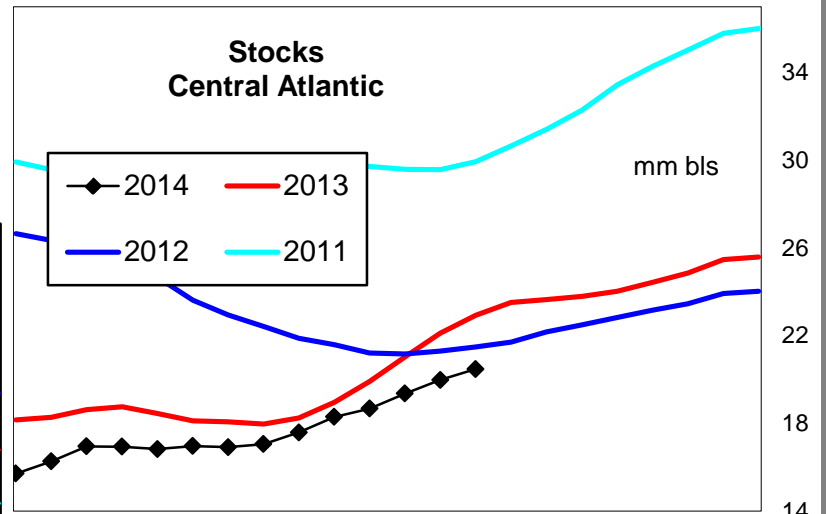
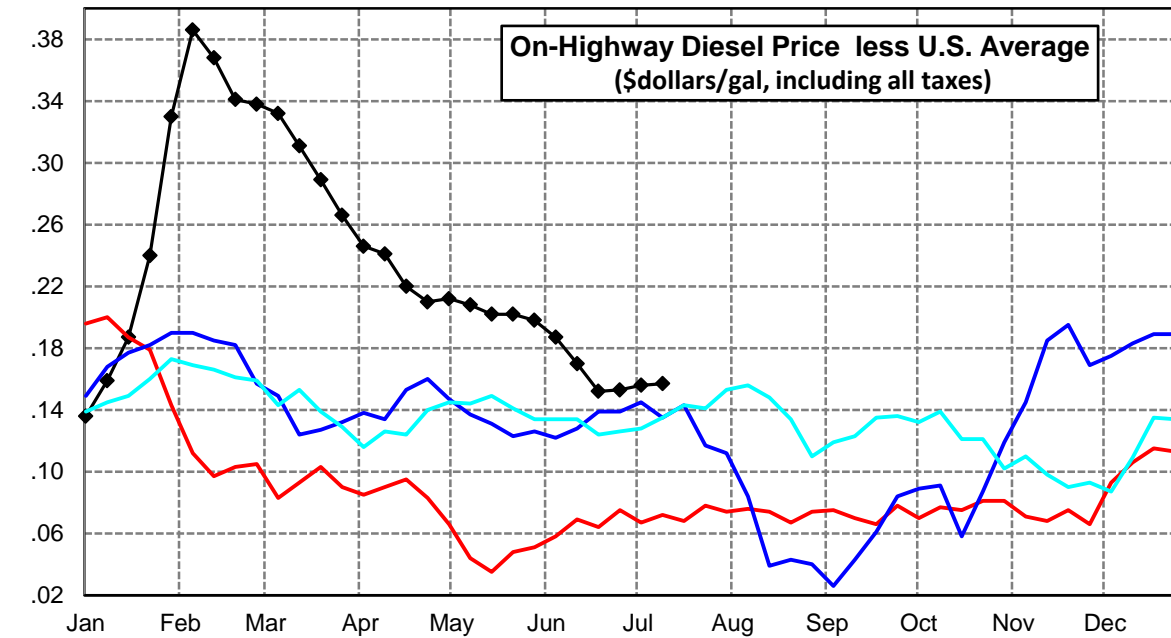
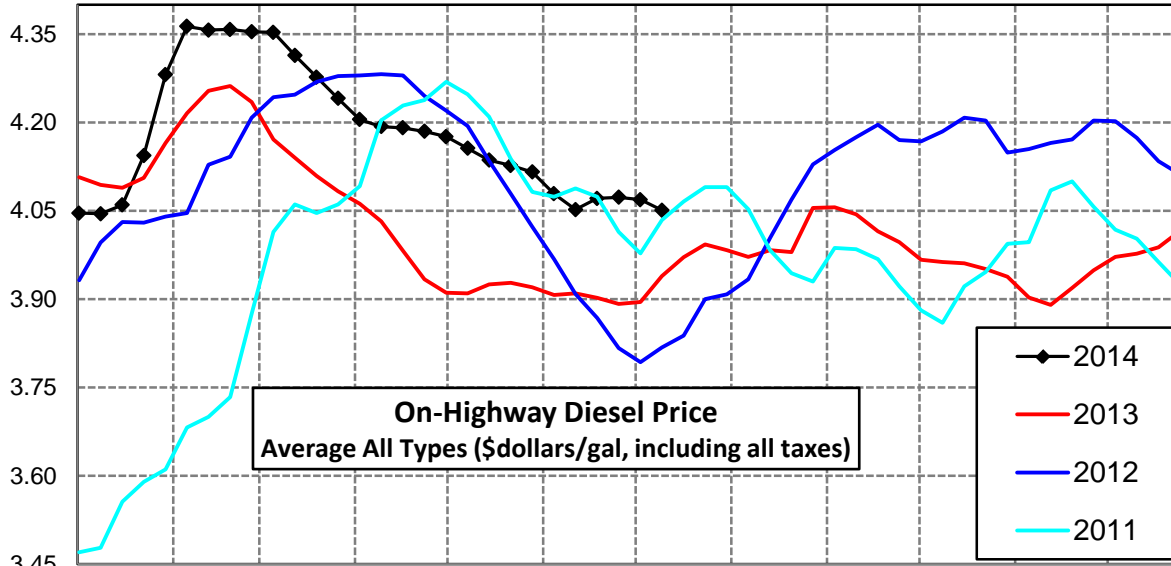
### Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jun14	07Jul14	14Jul14	21Jul14	
<b>Lower Atlantic</b>	\$3.887	\$3.882	\$3.866	<b>\$3.824</b>	-\$0.042
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



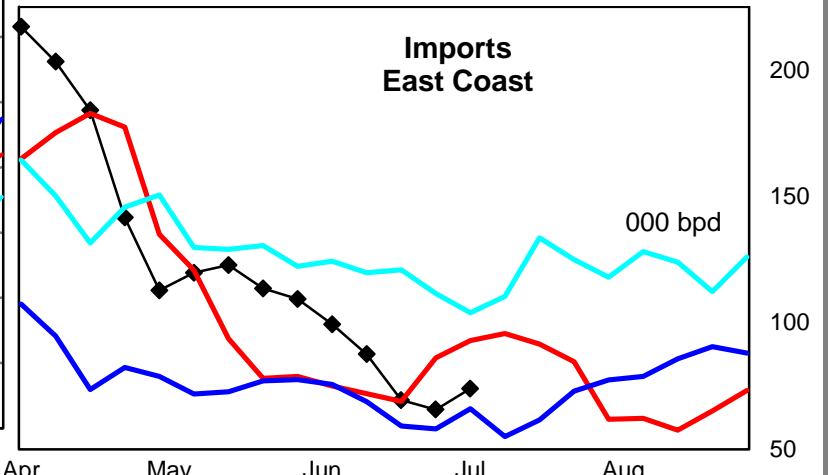
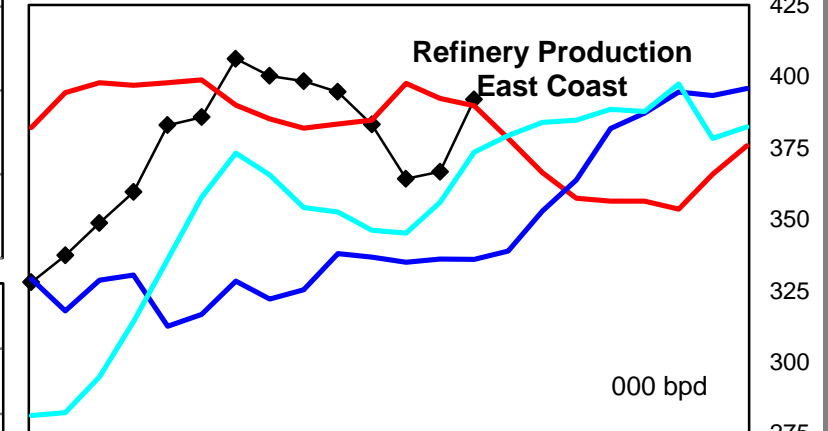
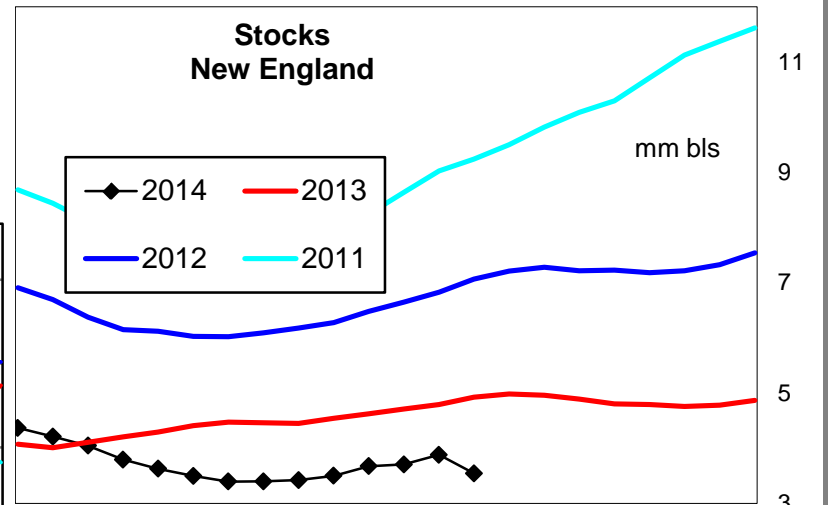
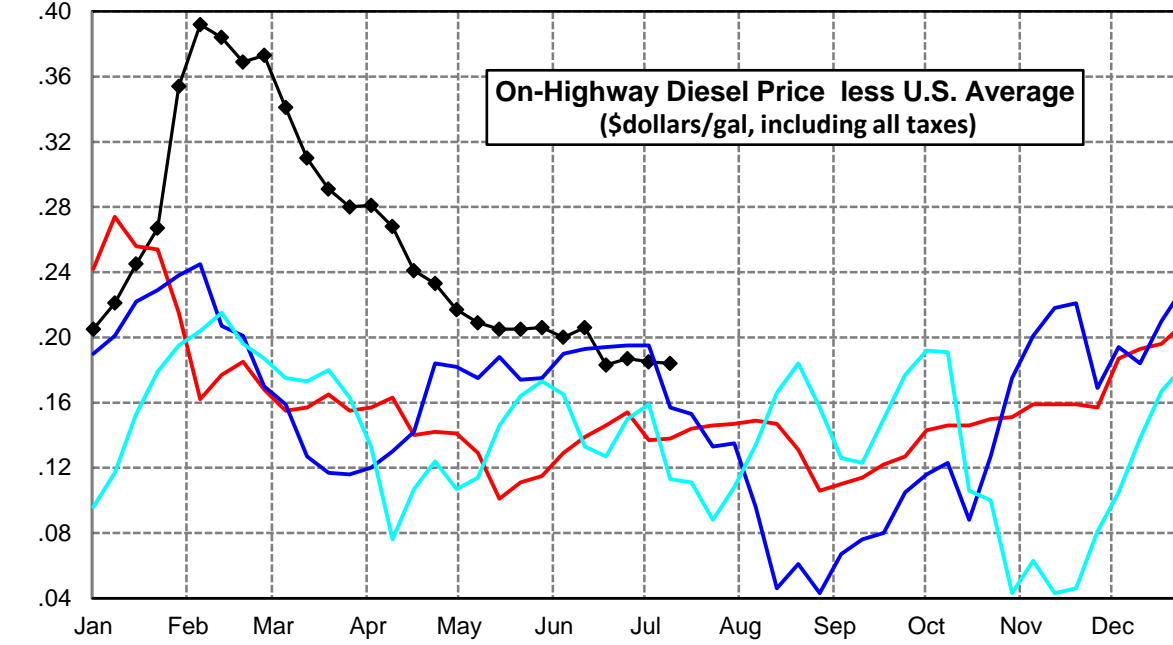
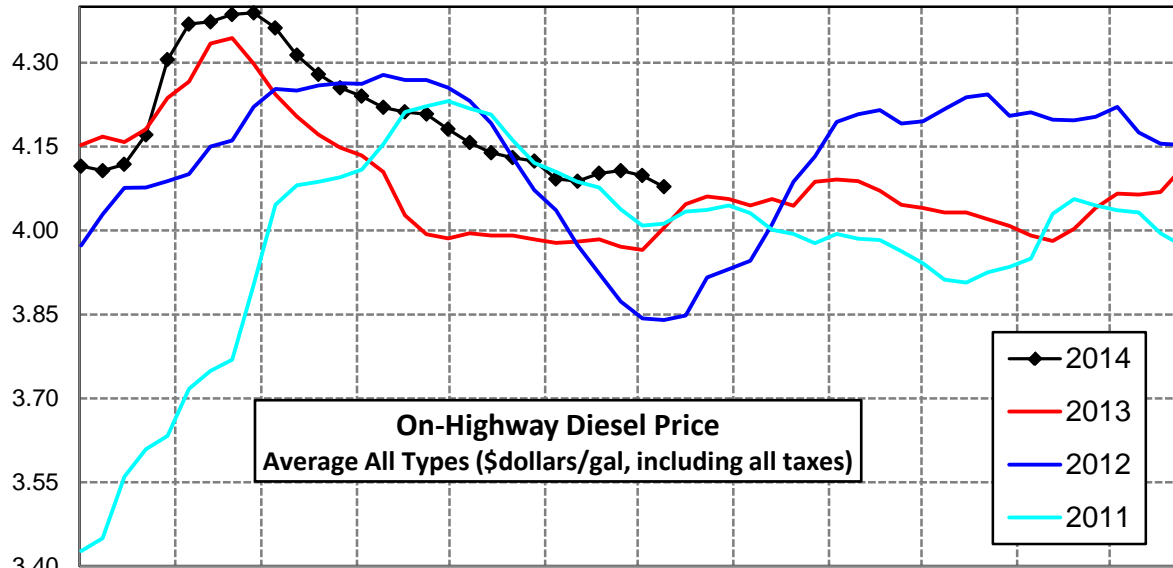
### Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jun14	07Jul14	14Jul14	21Jul14	
<b>Central Atlantic</b>	\$4.073	\$4.069	\$4.051	<b>\$4.020</b>	-\$0.031
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

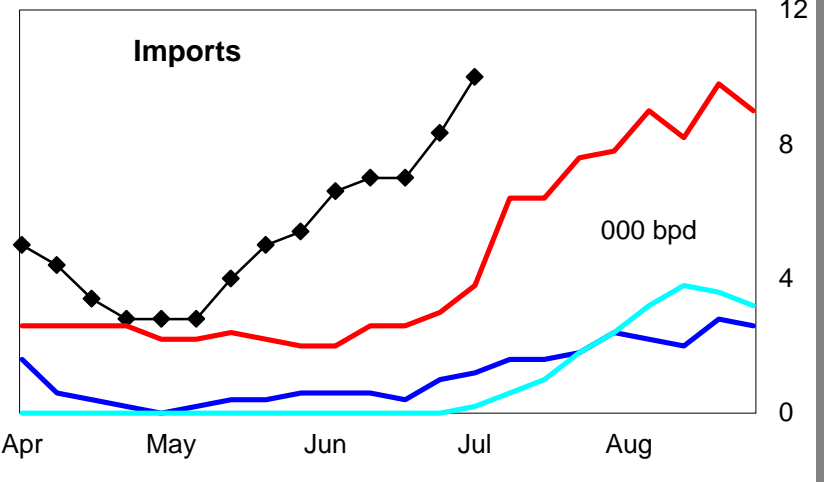
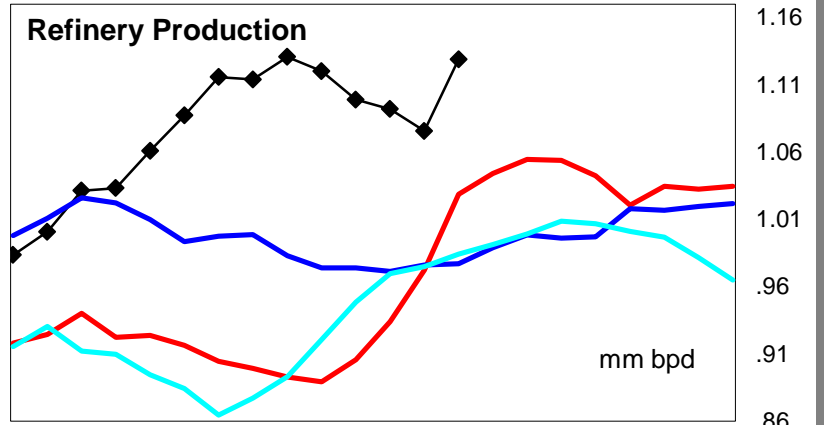
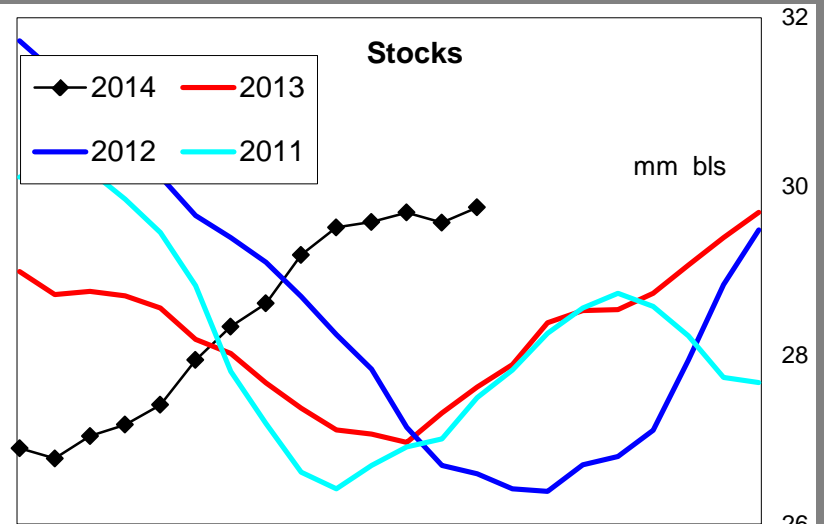
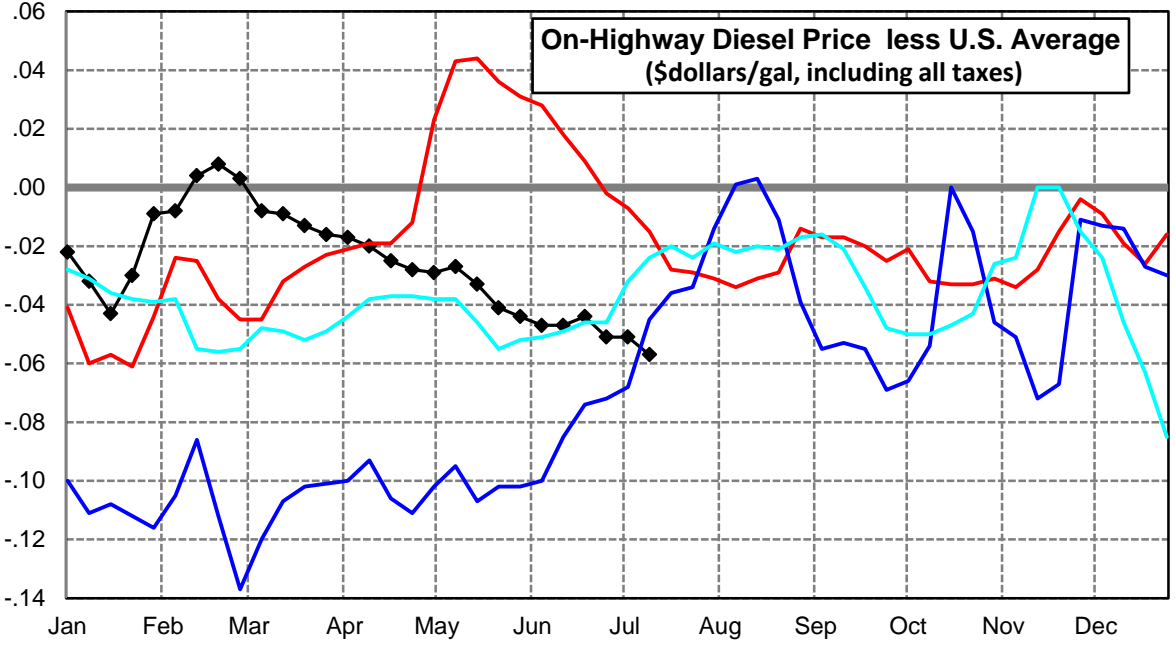
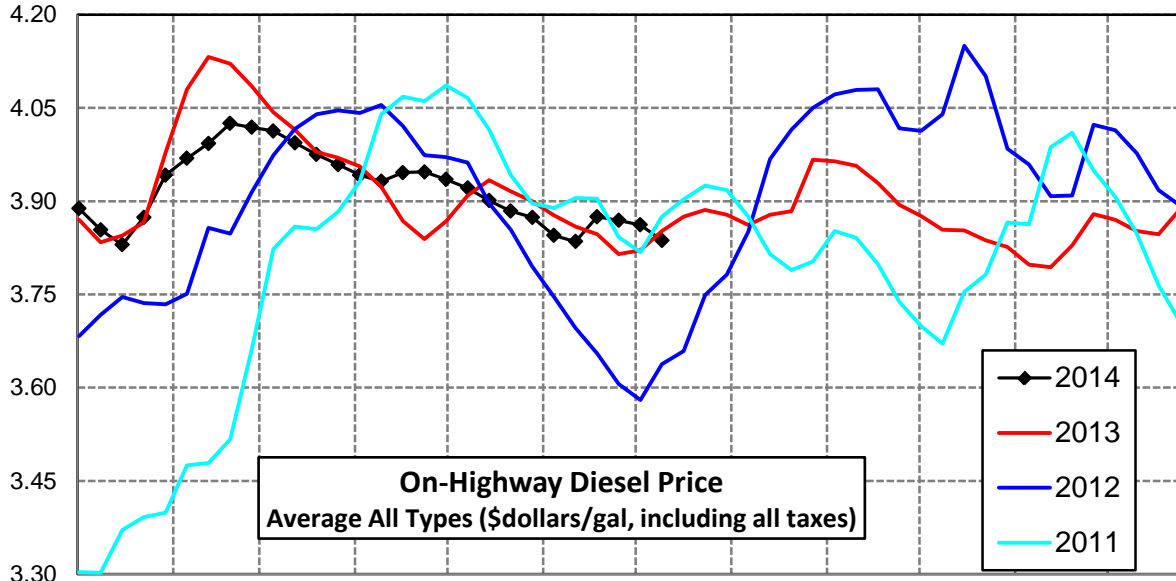
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jun14	07Jul14	14Jul14	21Jul14	
<b>New England</b>	\$4.107	\$4.098	\$4.078	<b>\$4.032</b>	-\$0.046
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





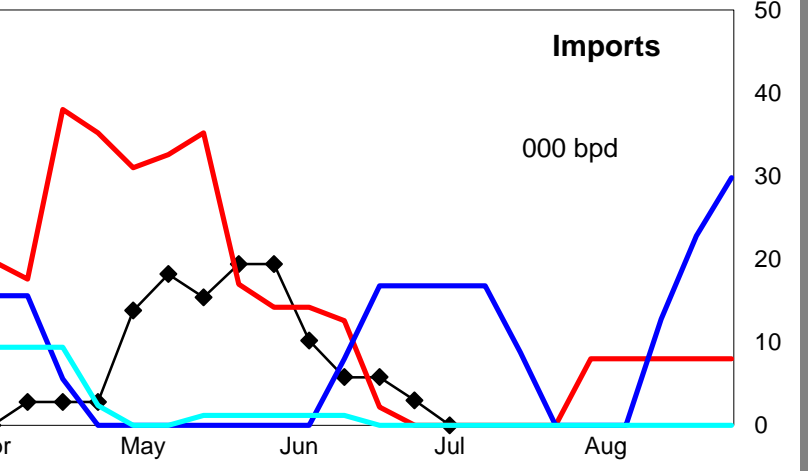
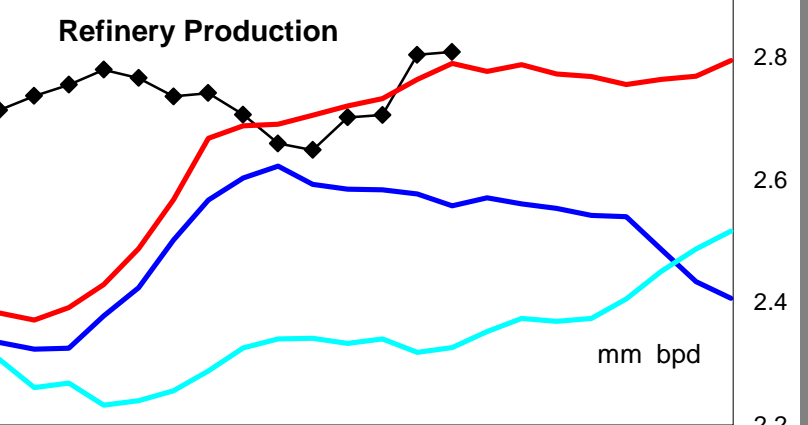
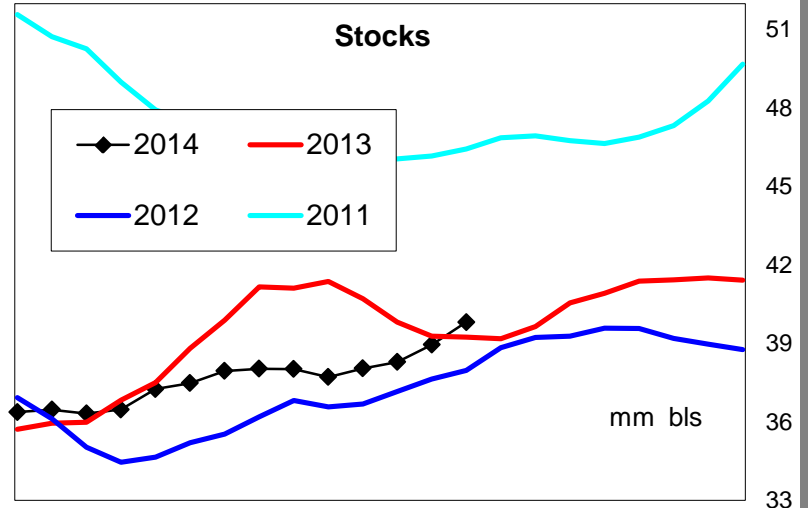
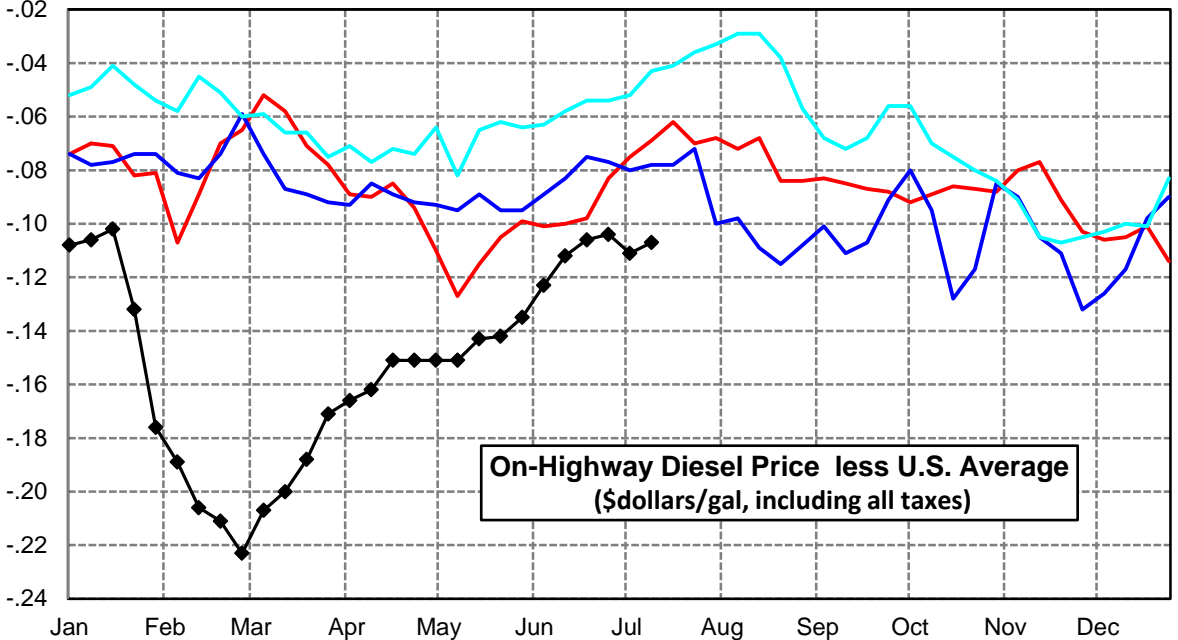
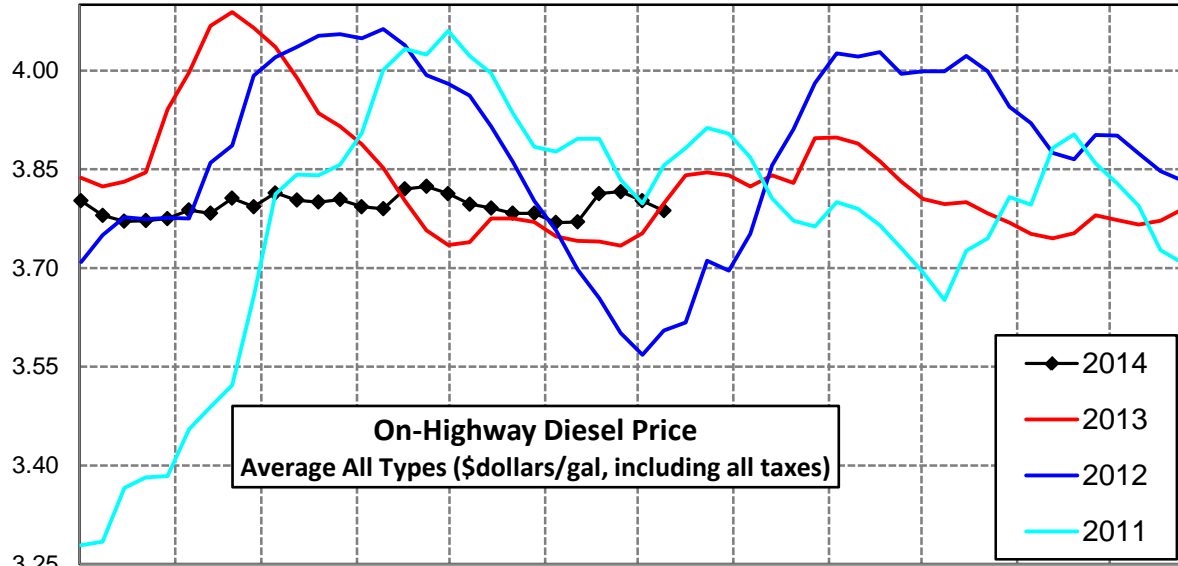
### Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jun14	07Jul14	14Jul14	21Jul14	
<b>Midwest</b>	\$3.869	\$3.862	\$3.837	<b>\$3.821</b>	-\$0.016
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



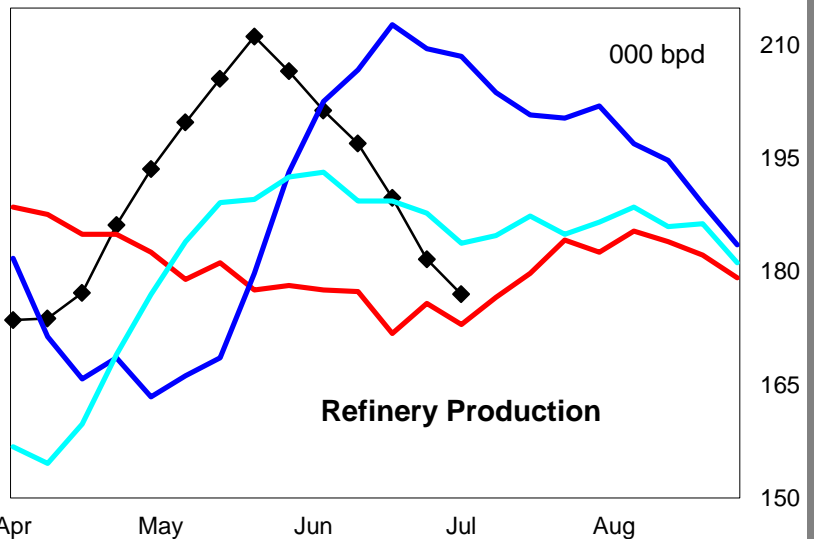
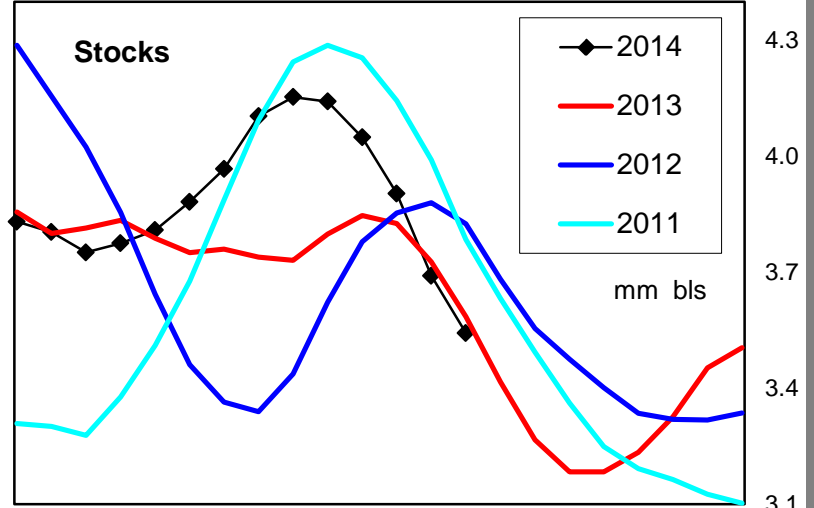
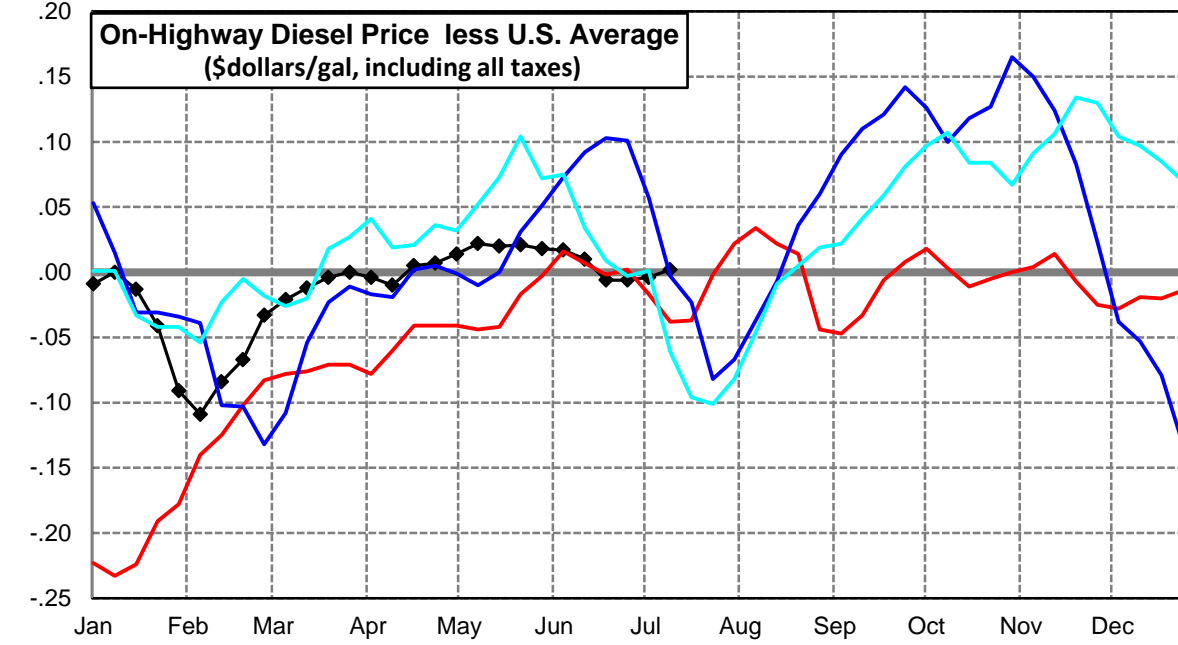
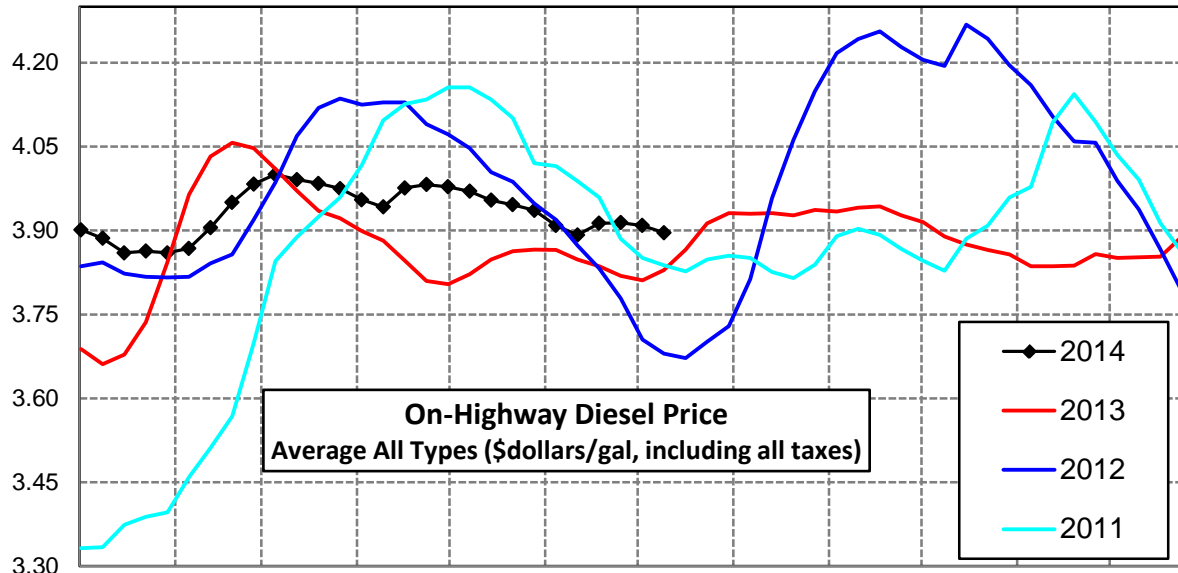
### Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jun14	07Jul14	14Jul14	21Jul14	
<b>Gulf Coast</b>	\$3.816	\$3.802	\$3.787	<b>\$3.759</b>	-\$0.028
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



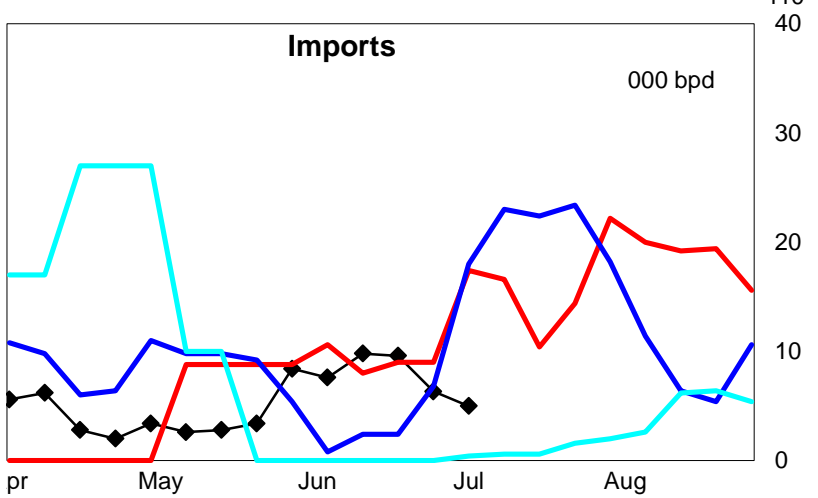
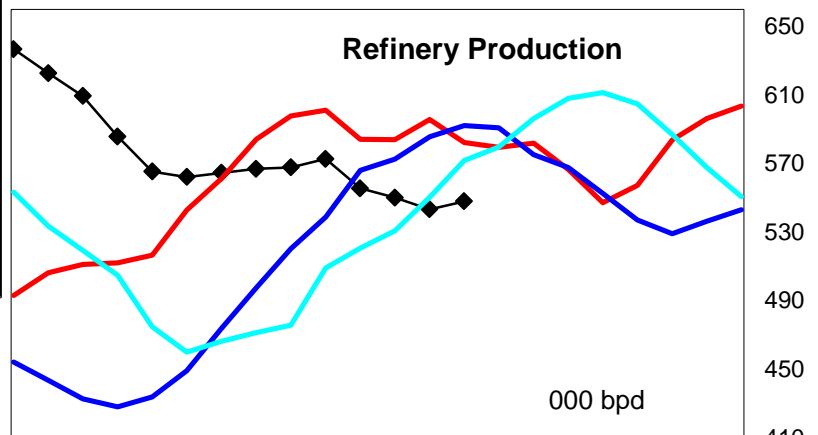
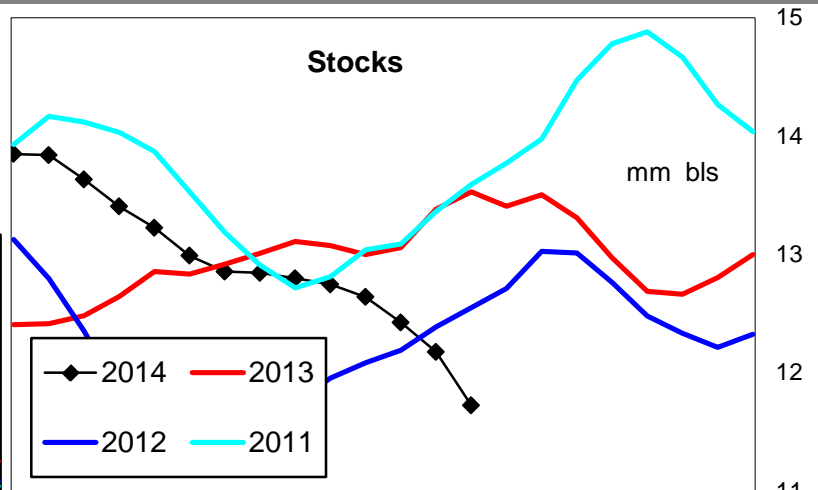
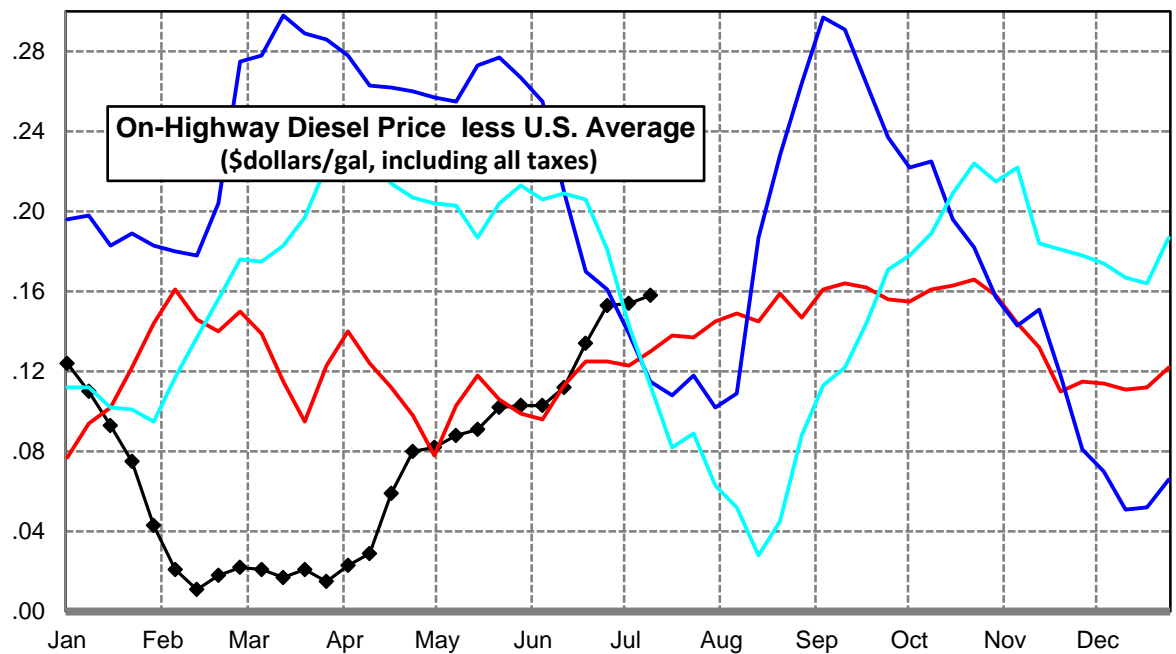
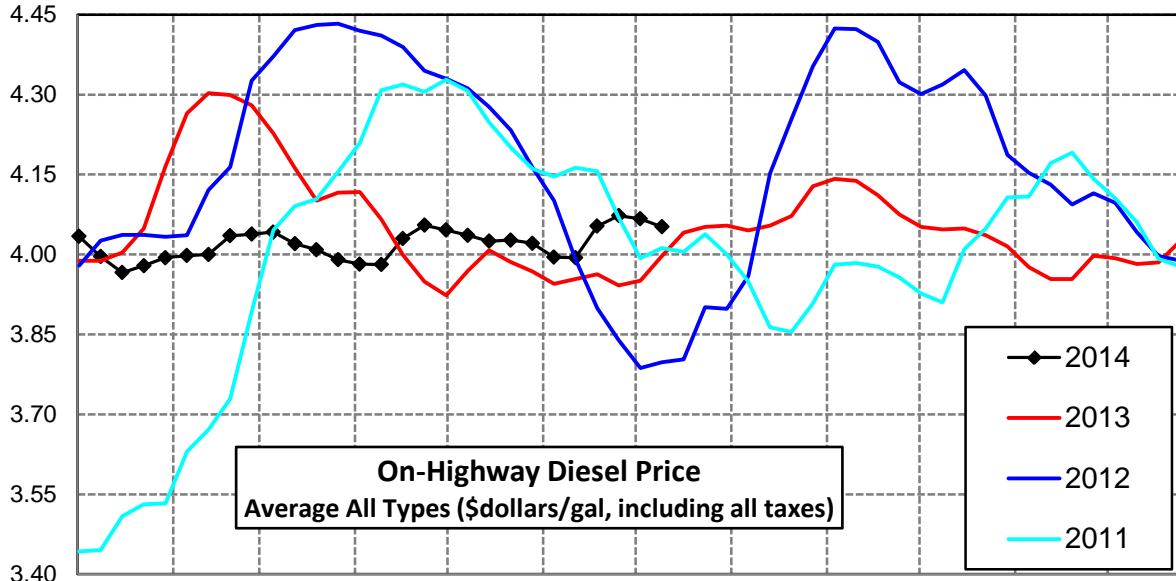
### Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jun14	07Jul14	14Jul14	21Jul14	
<b>Rocky Mountain</b>	\$3.914	\$3.909	\$3.896	<b>\$3.859</b>	-\$0.037
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
	30Jun14	07Jul14	14Jul14	21Jul14	
<b>West Coast</b>	\$4.073	\$4.067	\$4.052	<b>\$4.012</b>	-\$0.040
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-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	3.952	4.068	4.220	4.193	3.947	3.932	3.790	3.942	3.981	4.056
Mon-21-Apr-14	3.971	4.070	4.212	4.191	3.953	3.946	3.820	3.976	4.030	4.102
Mon-28-Apr-14	3.975	4.065	4.208	4.185	3.949	3.947	3.824	3.982	4.055	4.140
Mon-05-May-14	3.964	4.055	4.181	4.176	3.940	3.935	3.813	3.978	4.046	4.132
Mon-12-May-14	3.948	4.041	4.157	4.156	3.927	3.921	3.797	3.970	4.036	4.126
Mon-19-May-14	3.934	4.027	4.139	4.136	3.919	3.901	3.791	3.954	4.025	4.110
Mon-26-May-14	3.925	4.022	4.130	4.127	3.916	3.884	3.783	3.946	4.027	4.109
Mon-02-Jun-14	3.918	4.013	4.124	4.116	3.910	3.874	3.783	3.936	4.021	4.103
Mon-09-Jun-14	3.892	3.983	4.092	4.079	3.886	3.845	3.769	3.909	3.995	4.074
Mon-16-Jun-14	3.882	3.961	4.088	4.052	3.863	3.835	3.770	3.892	3.994	4.069
Mon-23-Jun-14	3.919	3.985	4.102	4.071	3.893	3.875	3.813	3.913	4.053	4.119
Mon-30-Jun-14	3.920	3.983	4.107	4.073	3.887	3.869	3.816	3.914	4.073	4.138
Mon-07-Jul-14	3.913	3.978	4.098	4.069	3.882	3.862	3.802	3.909	4.067	4.135
Mon-14-Jul-14	3.894	3.961	4.078	4.051	3.866	3.837	3.787	3.896	4.052	4.119
Mon-21-Jul-14	3.867	3.919	4.032	4.020	3.824	3.821	3.759	3.859	4.012	4.096
Mon-28-Jul-14										
Mon-04-Aug-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.