



# RETAIL DIESEL FUEL OUTLOOK

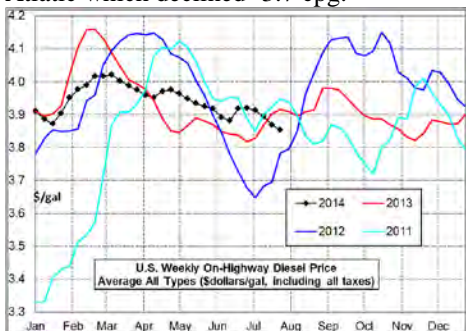
## A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Monday, July 21, 2014

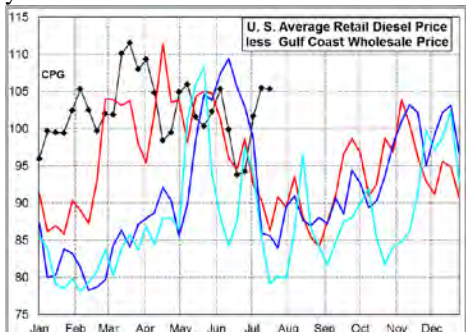
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price 1/			Forecast 2/	Change from week ago
	07Jul14	14Jul14	21Jul14	28Jul14	
U.S.	3.913	3.894	3.869	3.853	-0.016
East Coast	3.978	3.961	3.928	3.911	-0.017
New England	4.098	4.078	4.052	4.022	-0.030
Central Atlantic	4.069	4.051	4.014	4.000	-0.014
Lower Atlantic	3.882	3.866	3.836	3.809	-0.027
Midwest	3.862	3.837	3.810	3.802	-0.008
Gulf Coast	3.802	3.787	3.773	3.743	-0.030
Rocky Mountain	3.909	3.896	3.889	3.849	-0.040
West Coast	4.067	4.052	4.026	4.009	-0.017
California	4.135	4.119	4.096	4.073	-0.023

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

**Diesel Fuel Price Trends** U. S. retail diesel prices decreased -2.5 cpg for the week ending 21Jul14. Prices were lower in all regional markets led by the Central Atlantic which declined -3.7 cpg.



The U.S. average retail diesel price compared to Gulf Coast wholesale market was unchanged on the week. The spread ended the week +20 cpg above the last 3-yrs.

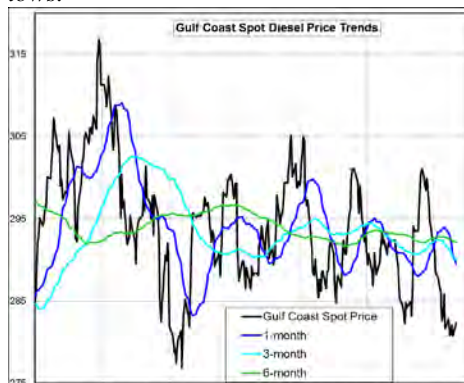


The national average on-highway price ended the week +3 cpg below a year ago. The highest retail prices were in California and New England. Prices were \$4.10/gal and \$4.05/gal, respectively. The lowest

prices were in the Gulf at \$3.77/gal and the Midwest at \$3.81/gal. Very low prices in the Gulf and Midwest are driven by high production.

The spread between the U.S. average price compared to regional markets on the East Coast, West Coast and Rockies was above the last 3-yrs on tight supplies in these markets. The 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 declined -1 cpg on peak refinery production. The price level ended the week near 12-month lows.



The spread between the Gulf wholesale price and the U.S. average retail price was unchanged at 106 cpg last week. This differential is +20 cpg above the last 3-yrs, driven by sharp drop in wholesale prices during the last 3-wks.

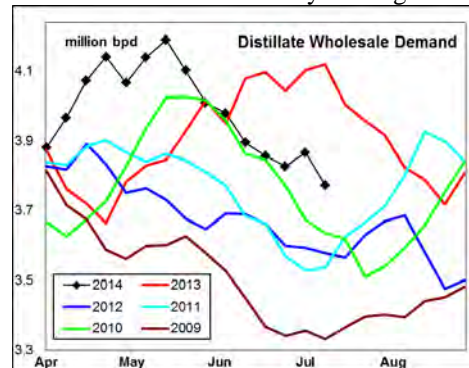
**Supply - Demand Fundamental Trends**

Distillate wholesale demand declined -233,000 bpd on the week, to a level above the 3-yr mid range. Demand for the latest 4-wk period was -220,000 bpd below last year.

Supply increased +96,000 bpd on the week, to a season high.

During the latest 4-wk period, production was +66,000 bpd above last year while imports were -22,000 bpd lower. Stocks saw a +2.5 million barrel build last week, concentrated on the East Coast.

Stock levels ended the week -3.4 million barrels below last year. The latest 4-wk stock change East of the Rockies was a +6.5 million barrel build, nearly +3 million barrels above the 3-yr average.



**Global Trends Driving Diesel Prices**

Tension in Ukraine and expanded fighting by Israel has recently strengthened global crude oil prices. Extremely high production and a high rate of stock building has limited a rebound in distillate prices.

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

**Diesel Price Outlook** Retail prices fell below the 3-yr mid range in most regional markets last week. An extremely wide retail to wholesale price spread should decline during the next 60-days, placing downward pressure on retail prices.

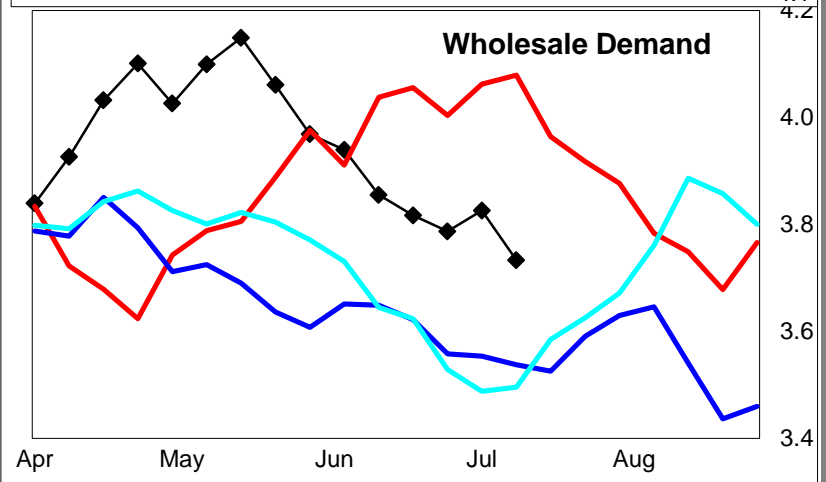
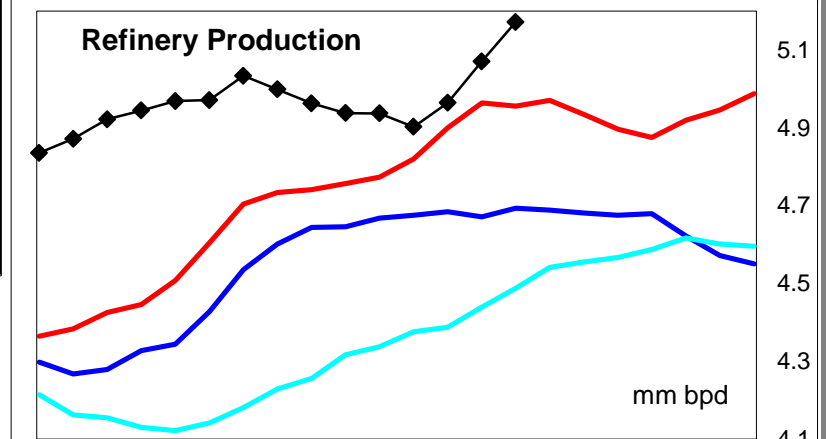
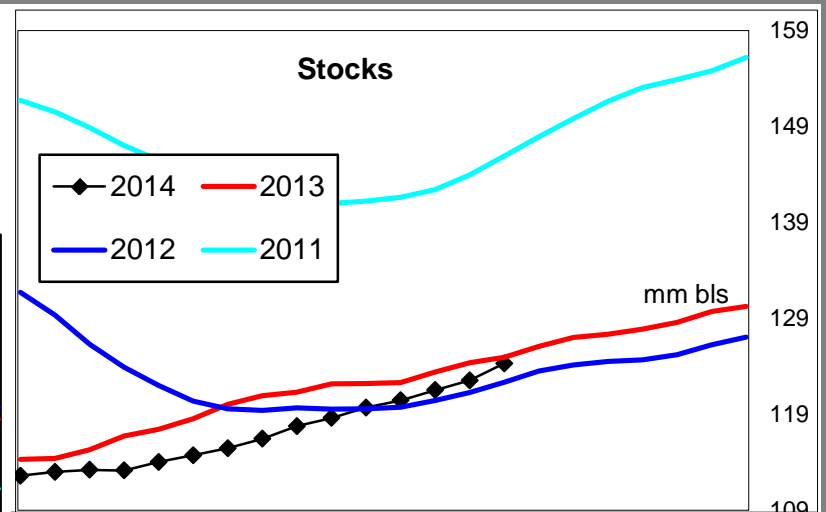
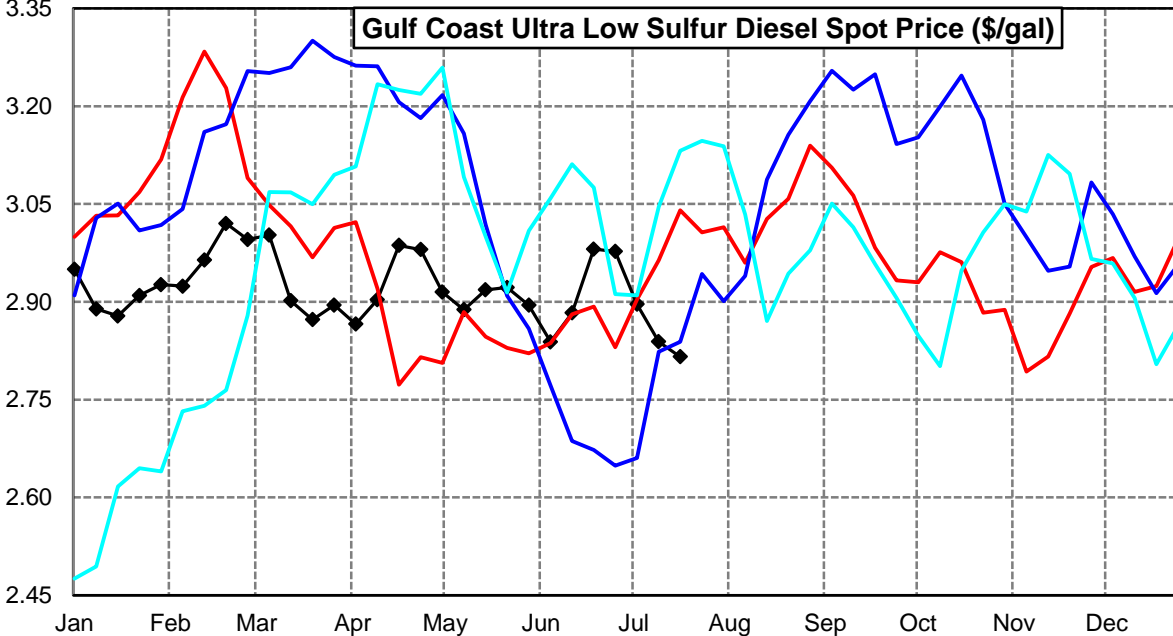
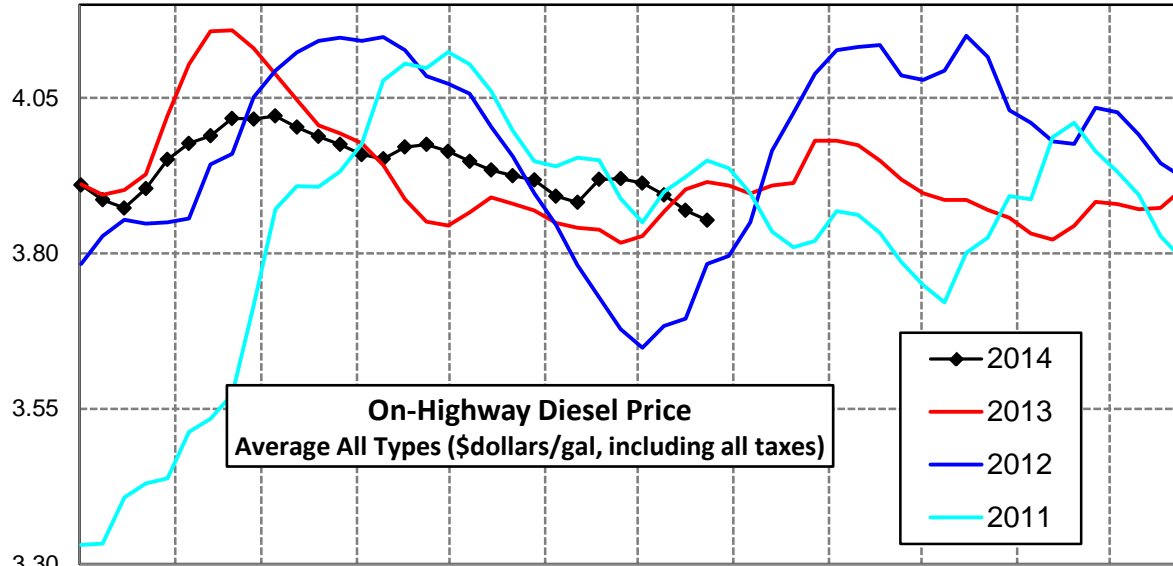
The Gulf and Midwest regional markets remain well supplied, which should lead to continued below average retail prices in these areas.

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



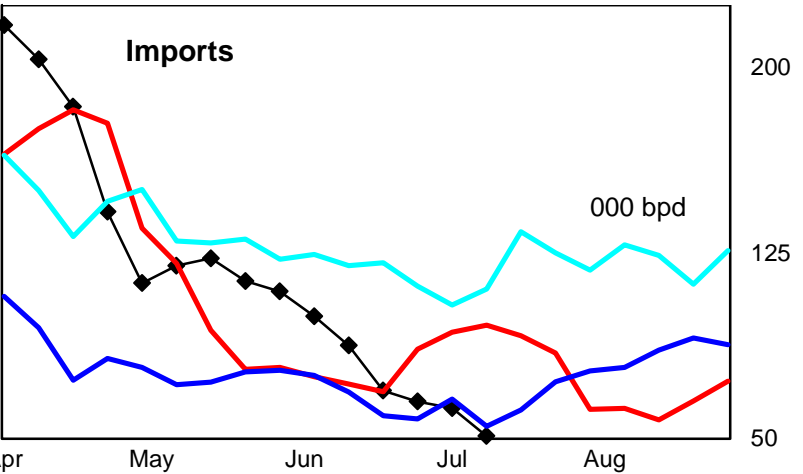
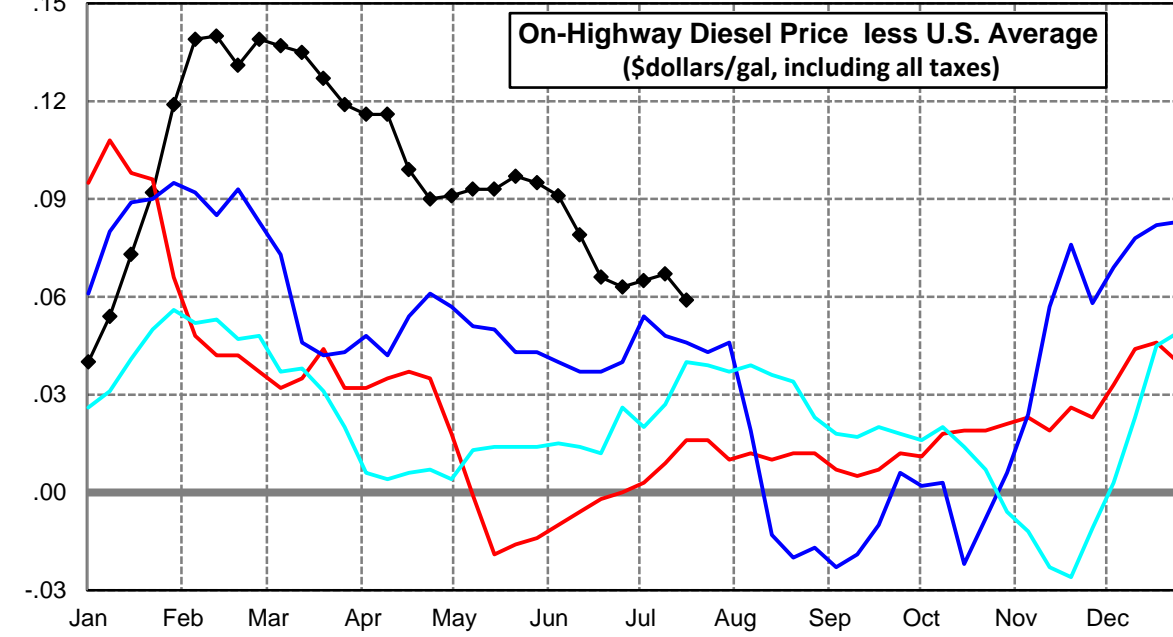
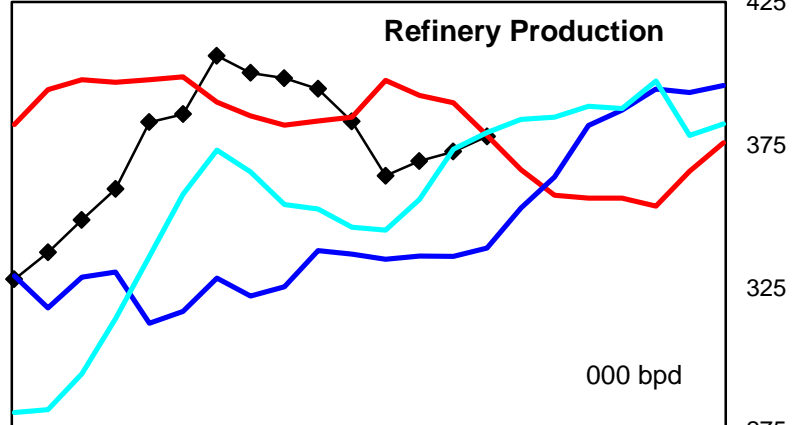
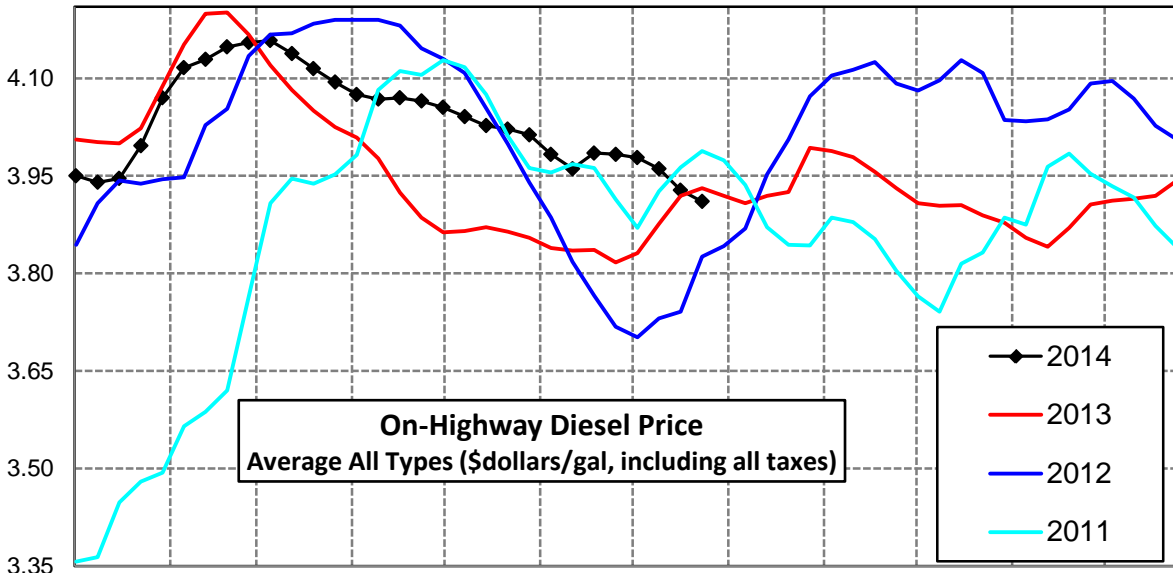
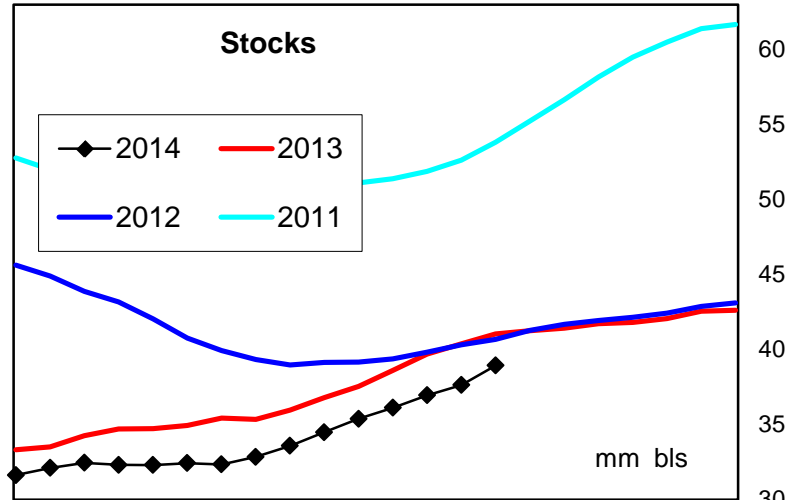
### U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Jul14	14Jul14	21Jul14	28Jul14	
<b>United States Avg</b>	\$3.913	\$3.894	\$3.869	<b>\$3.853</b>	-\$0.016
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



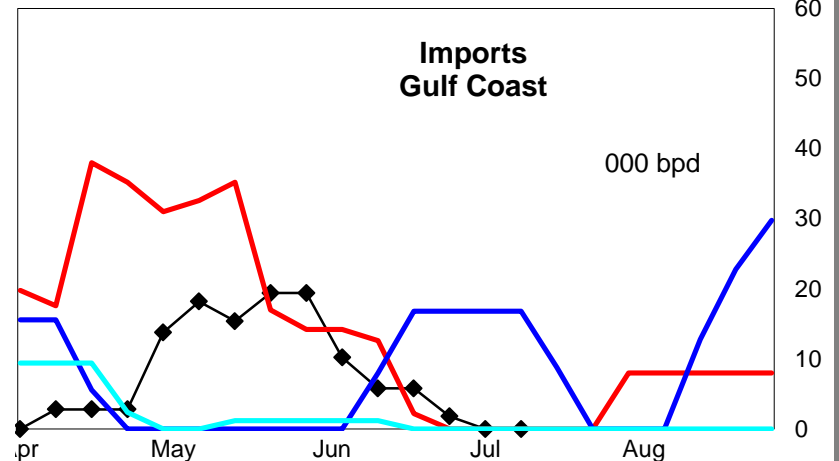
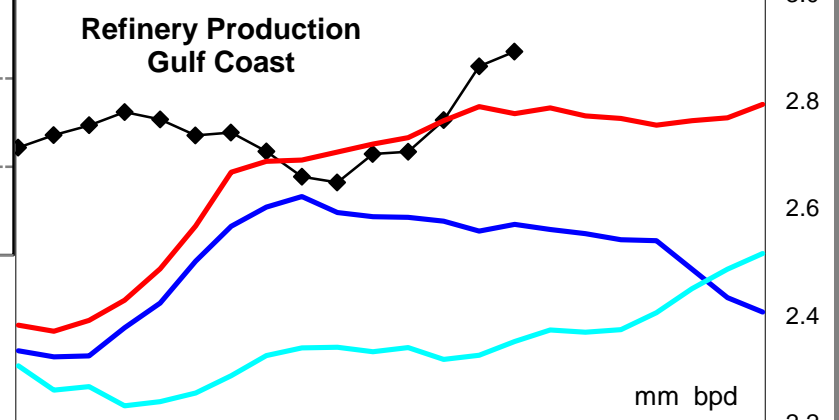
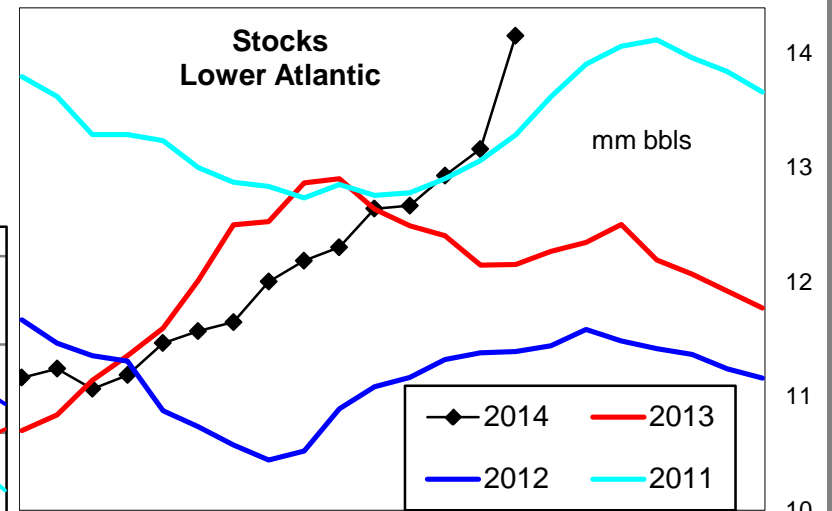
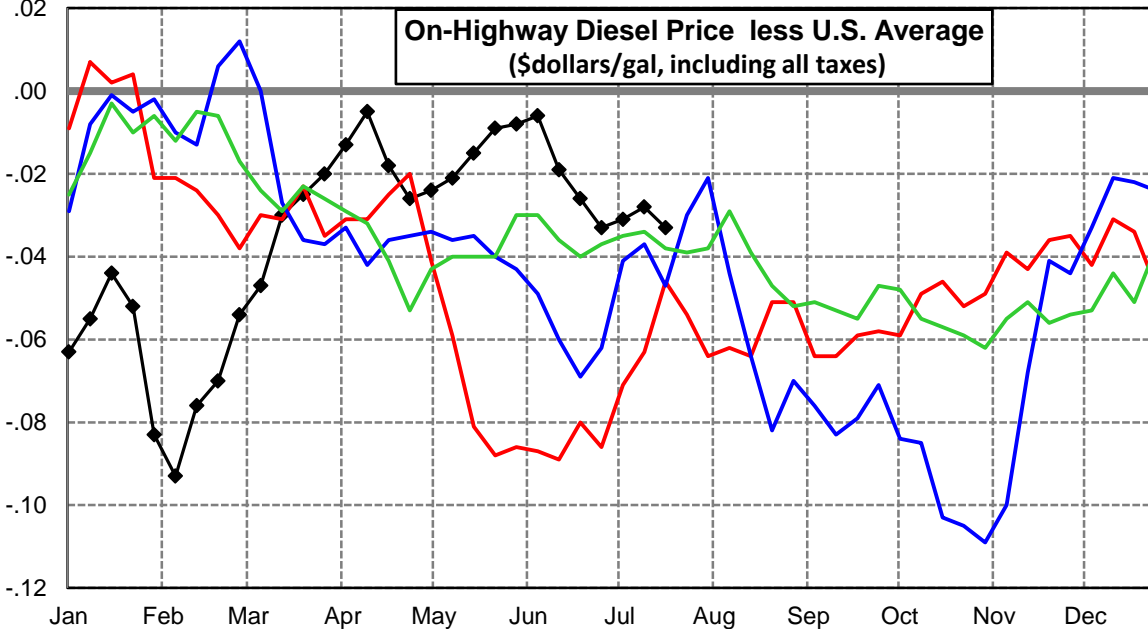
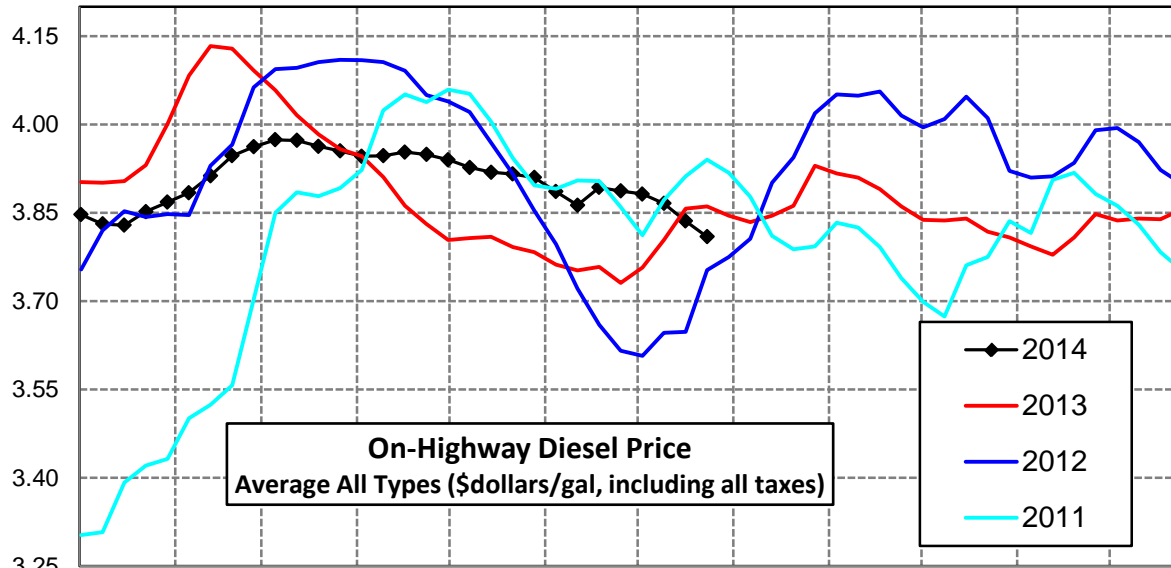
### East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Jul14	14Jul14	21Jul14	28Jul14	
<b>East Coast</b>	\$3.978	\$3.961	\$3.928	<b>\$3.911</b>	-\$0.017
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

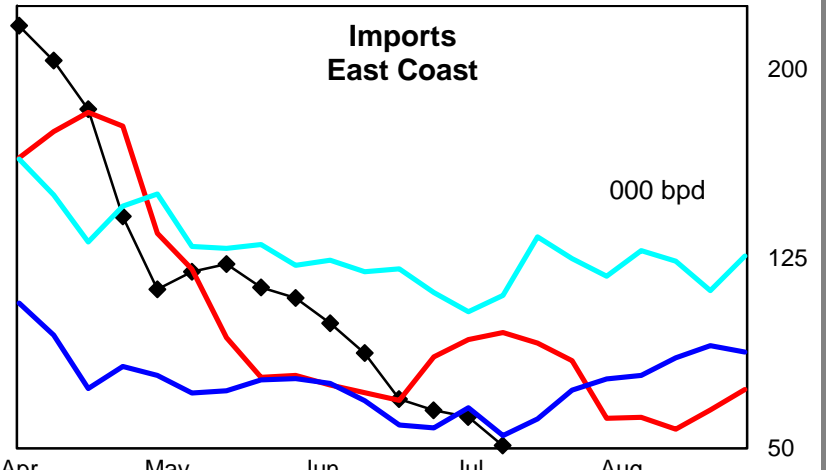
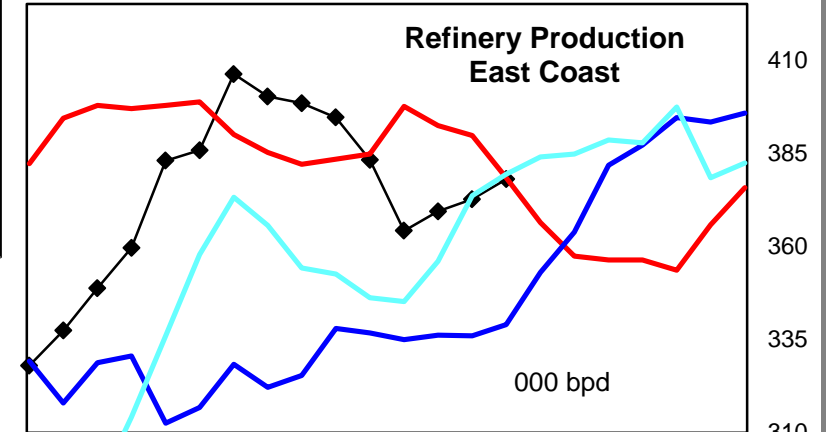
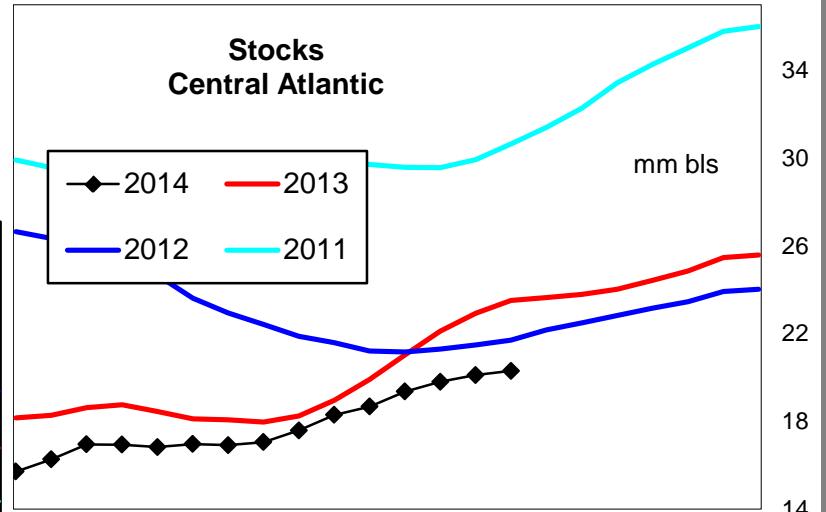
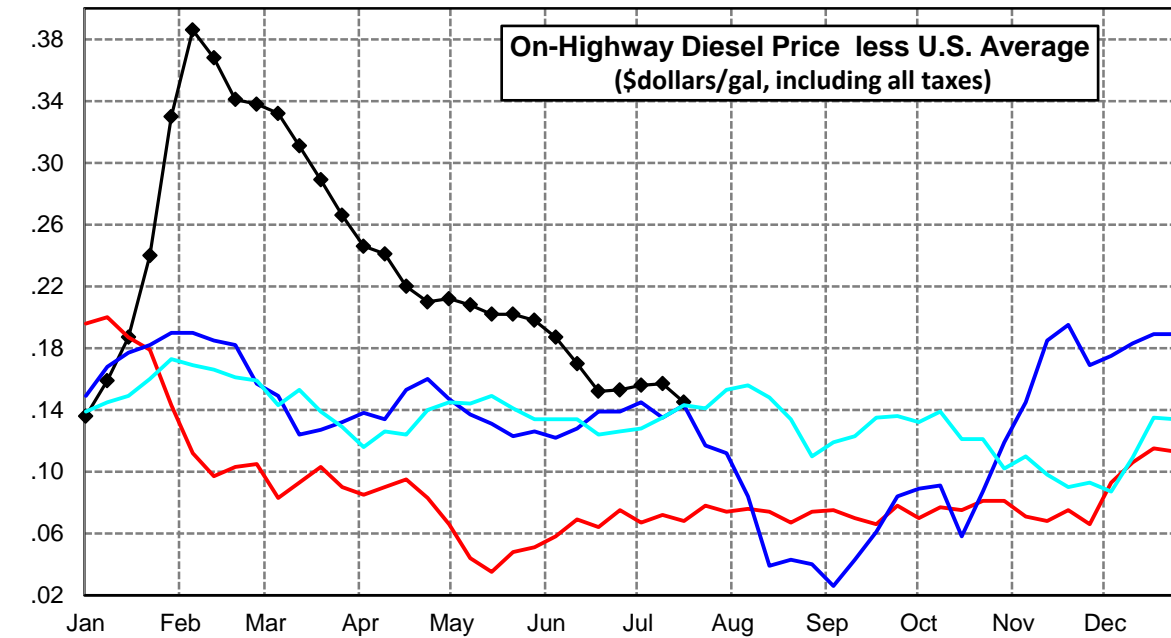
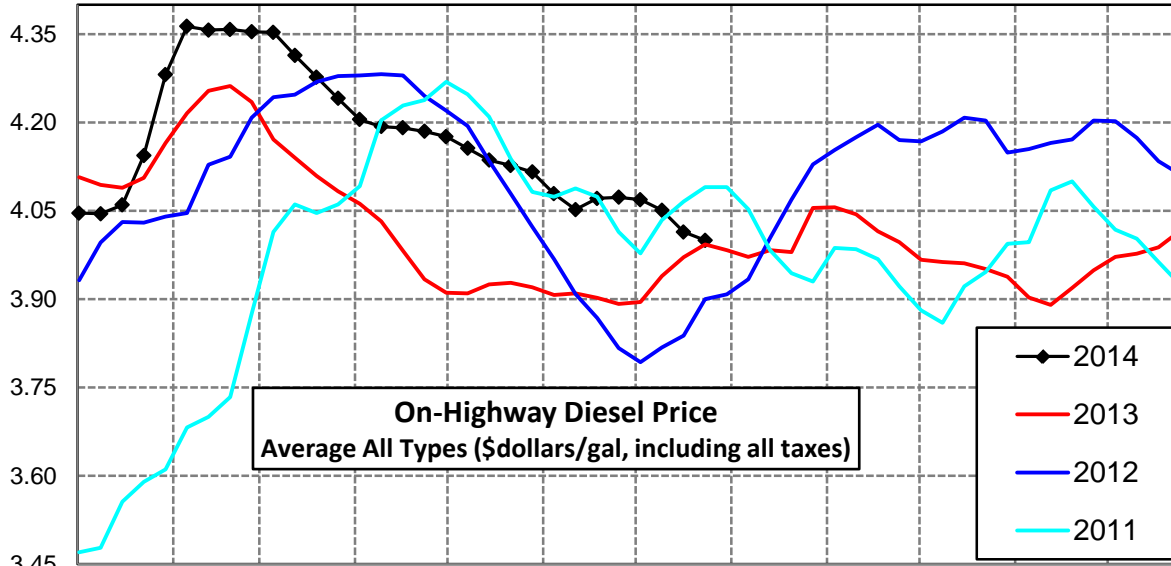
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Jul14	14Jul14	21Jul14	28Jul14	
<b>Lower Atlantic</b>	\$3.882	\$3.866	\$3.836	<b>\$3.809</b>	-\$0.027
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





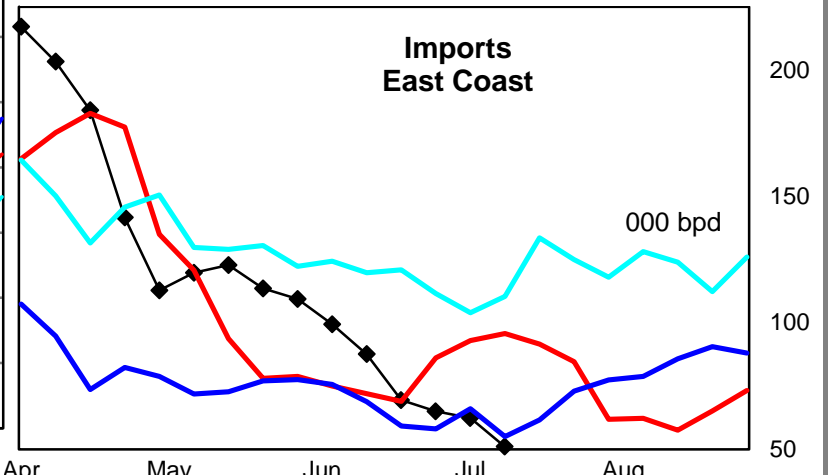
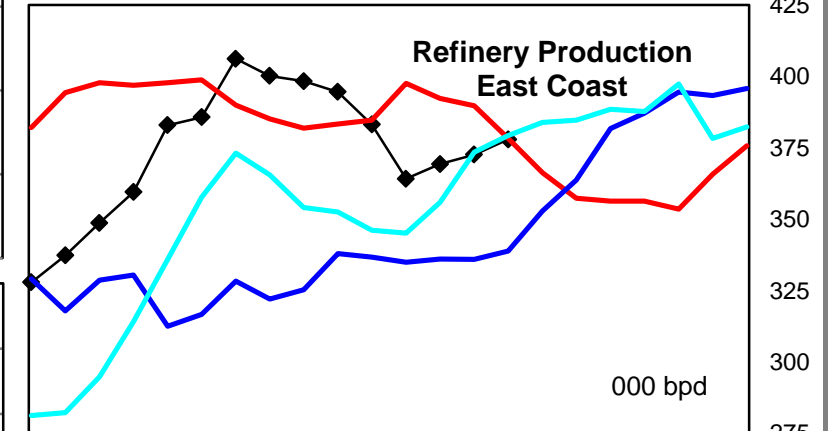
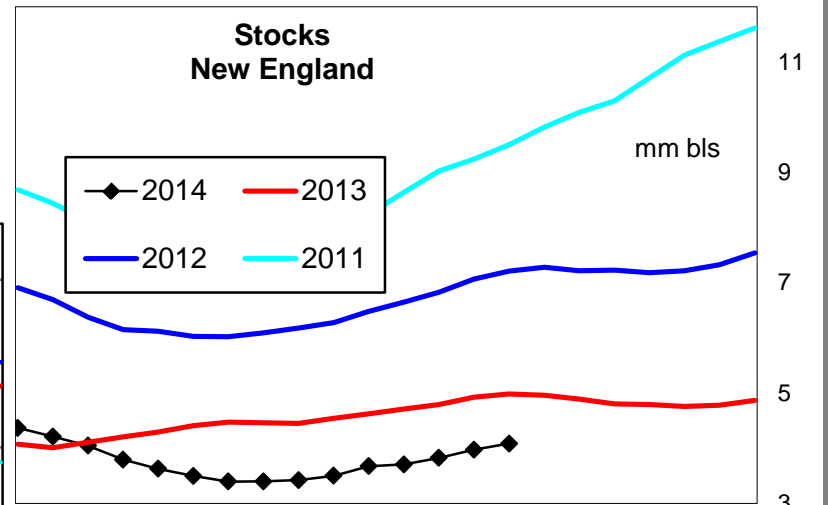
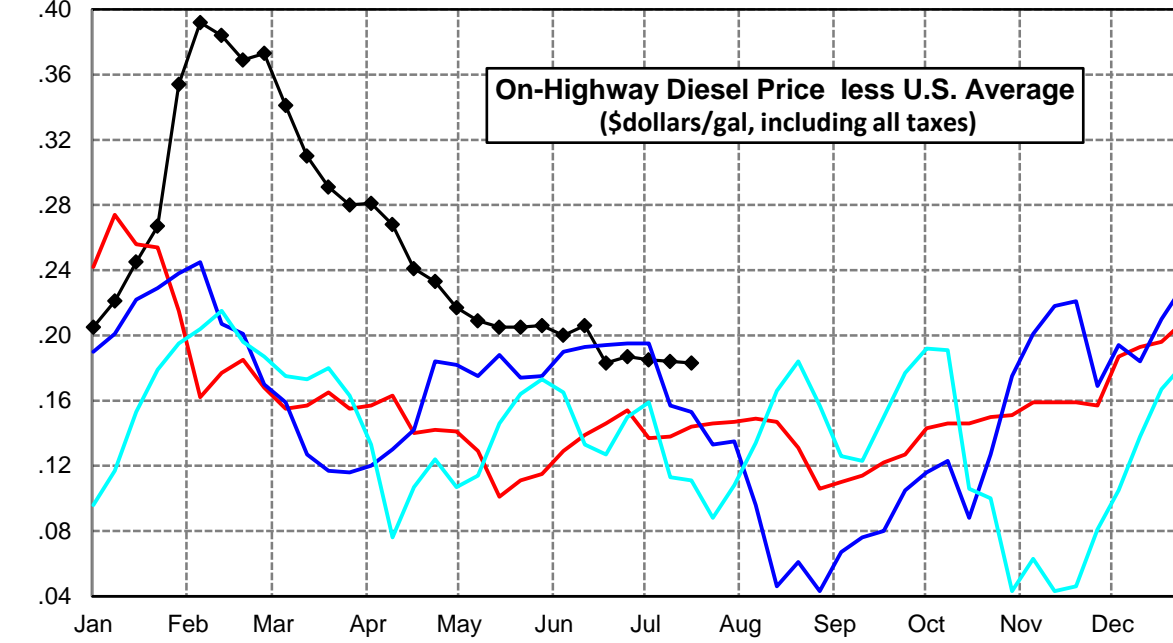
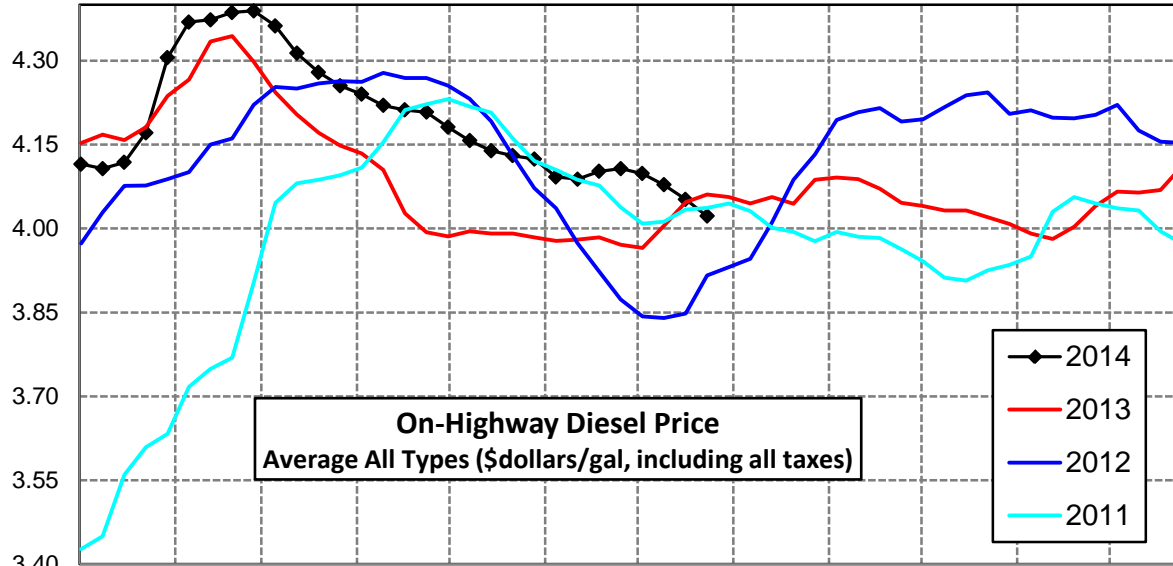
### Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Jul14	14Jul14	21Jul14	28Jul14	
<b>Central Atlantic</b>	\$4.069	\$4.051	\$4.014	<b>\$4.000</b>	-\$0.014
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



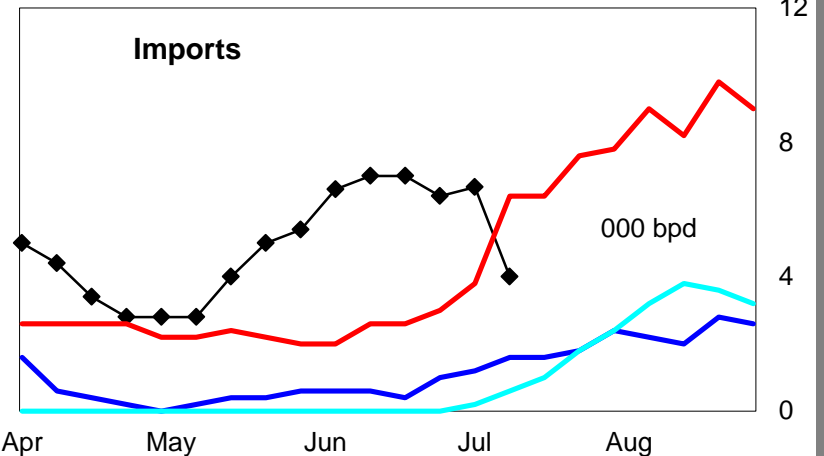
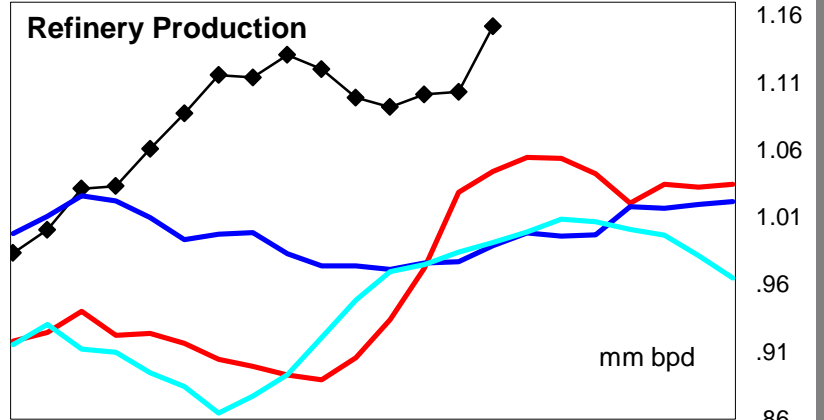
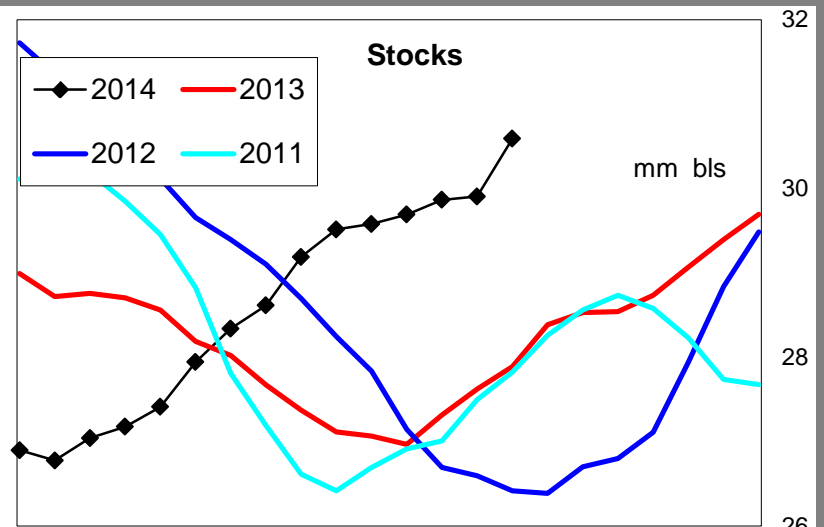
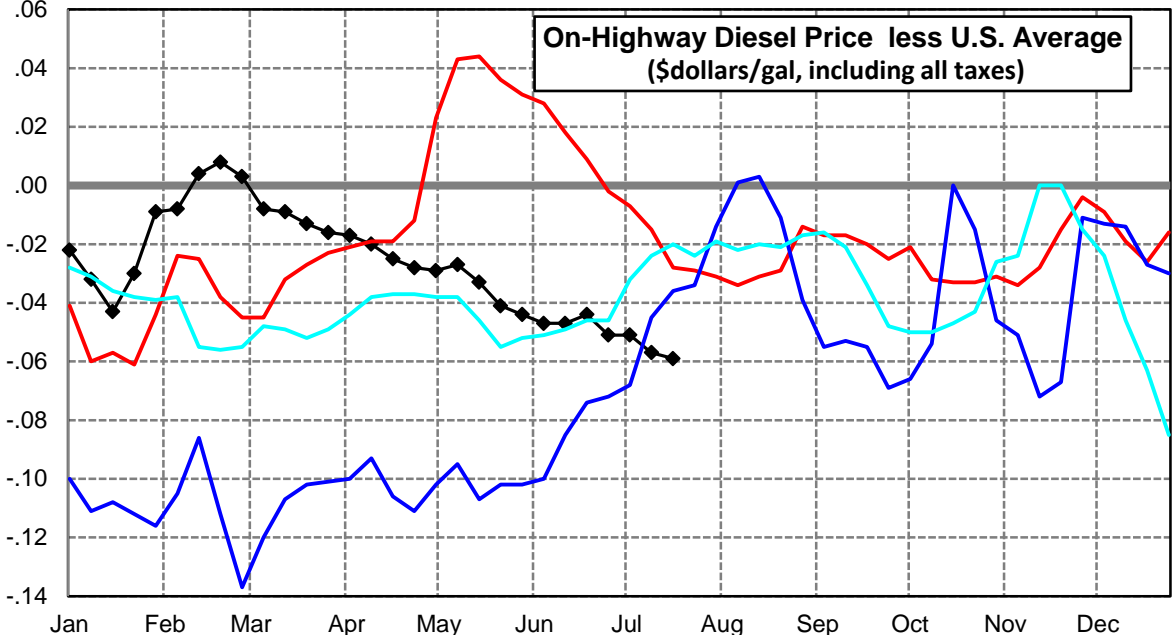
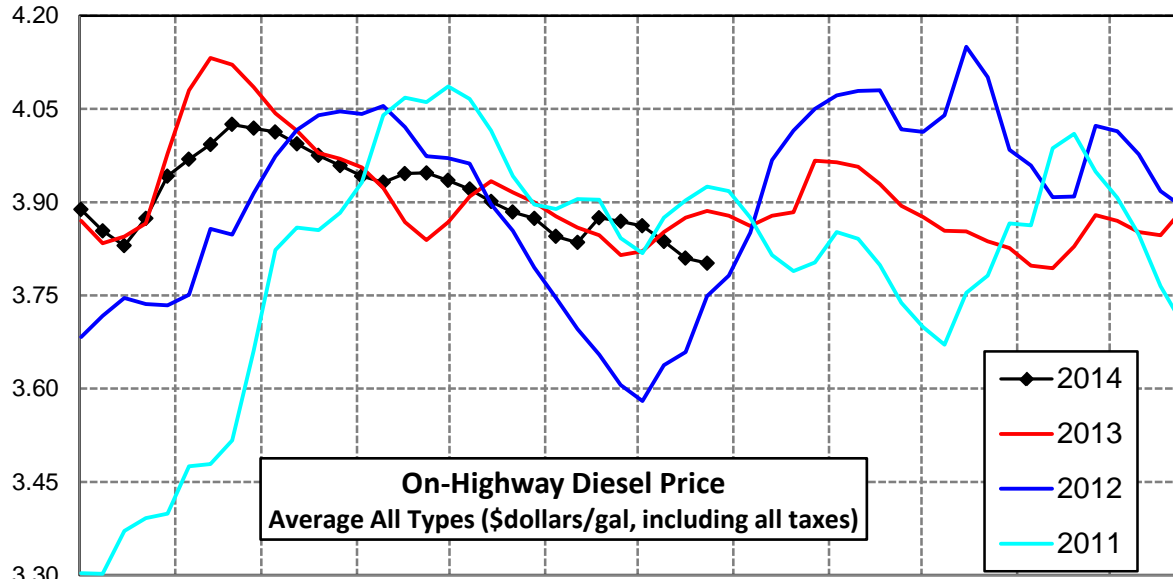
## New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Jul14	14Jul14	21Jul14	28Jul14	
<b>New England</b>	\$4.098	\$4.078	\$4.052	<b>\$4.022</b>	-\$0.030
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

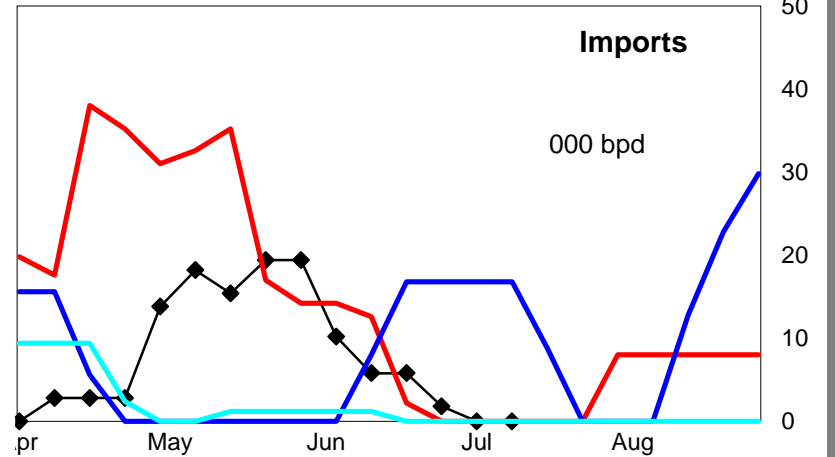
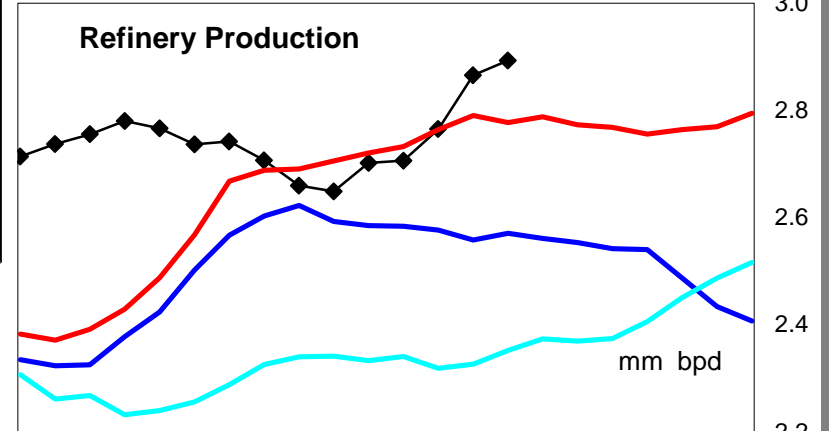
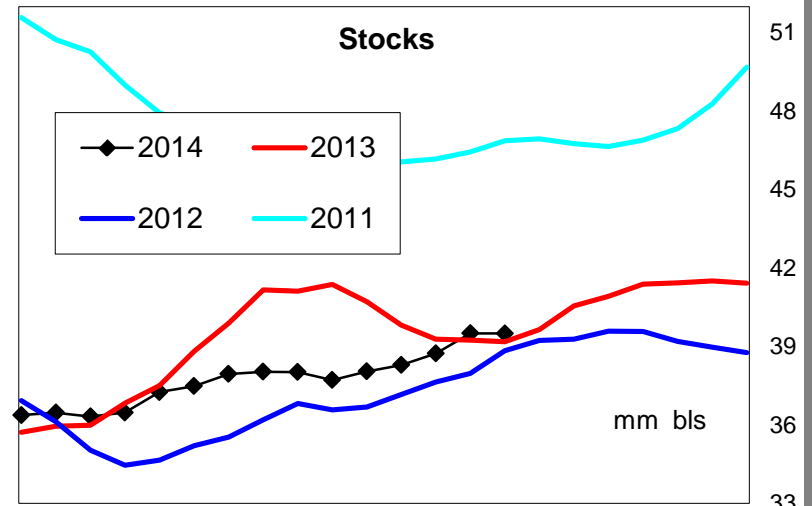
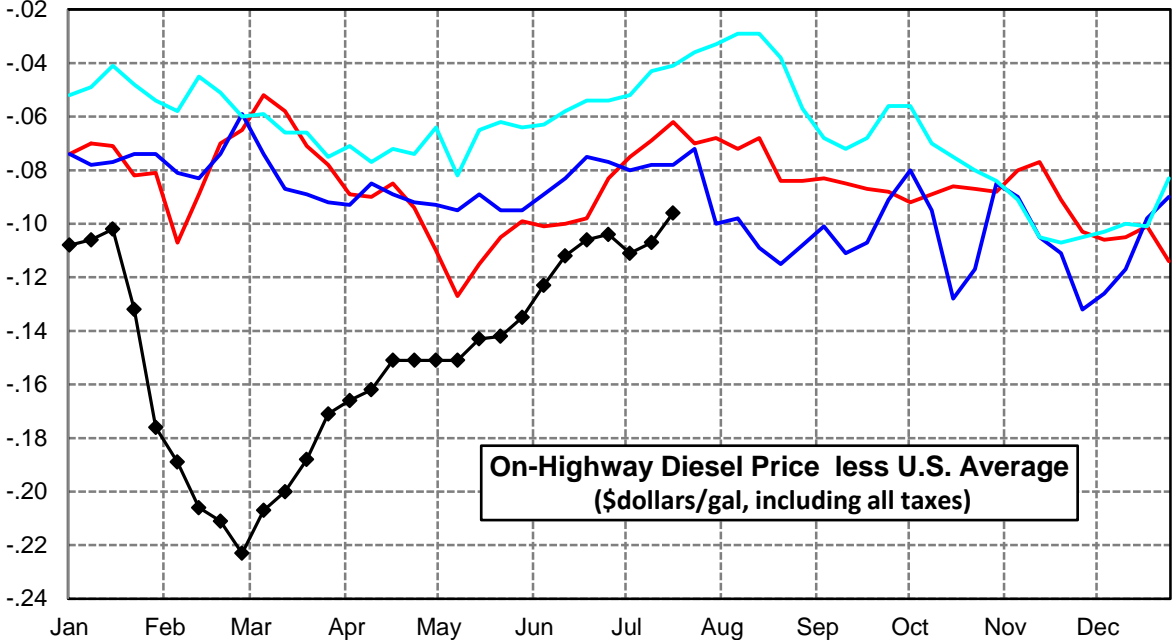
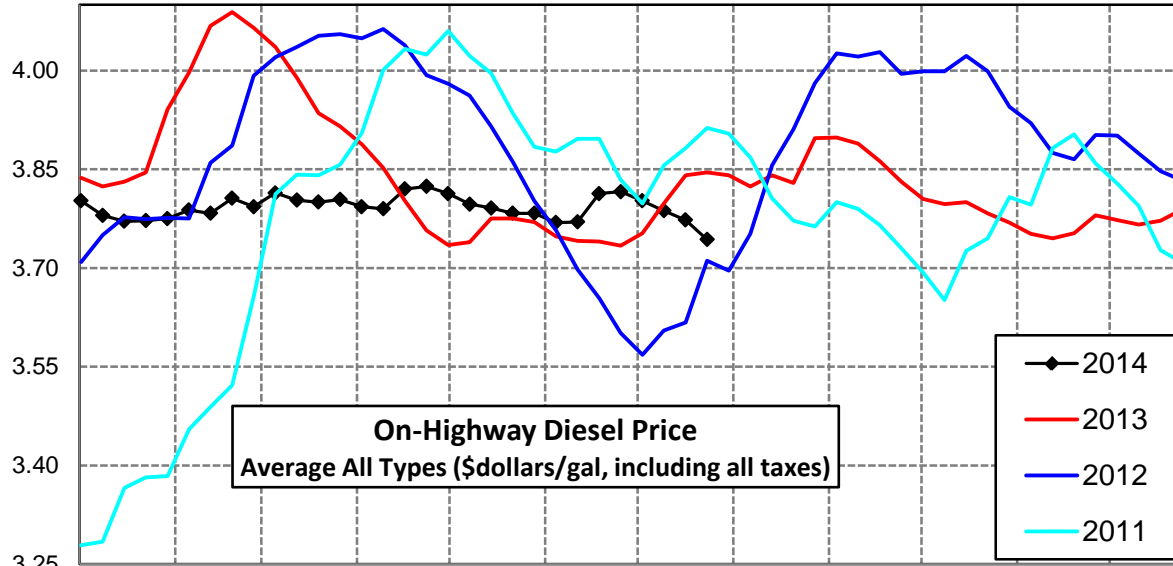
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Jul14	14Jul14	21Jul14	28Jul14	
<b>Midwest</b>	\$3.862	\$3.837	\$3.810	<b>\$3.802</b>	-\$0.008
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





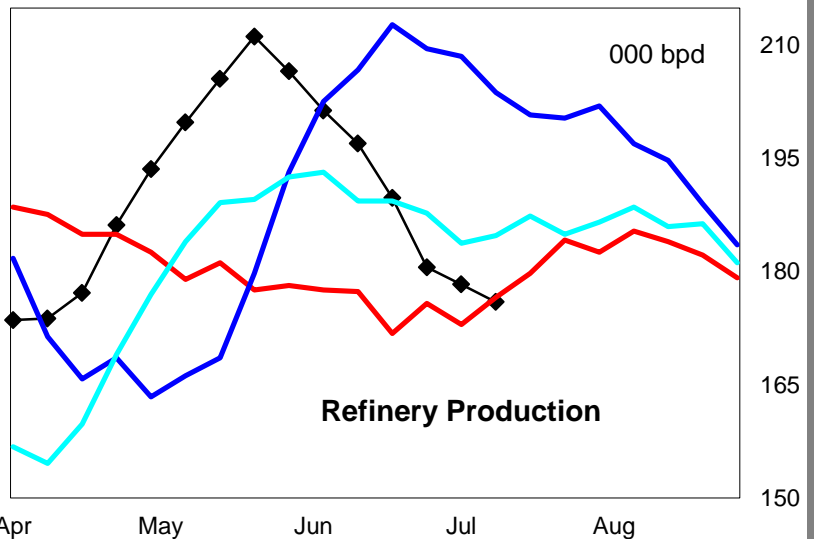
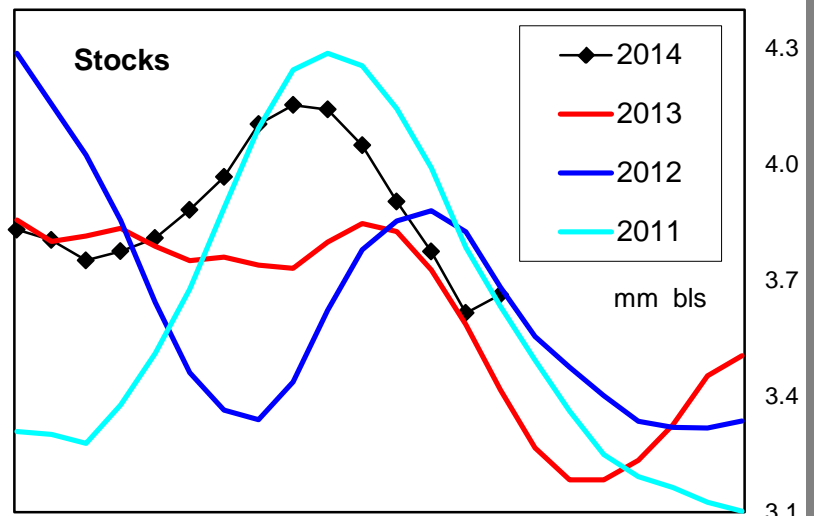
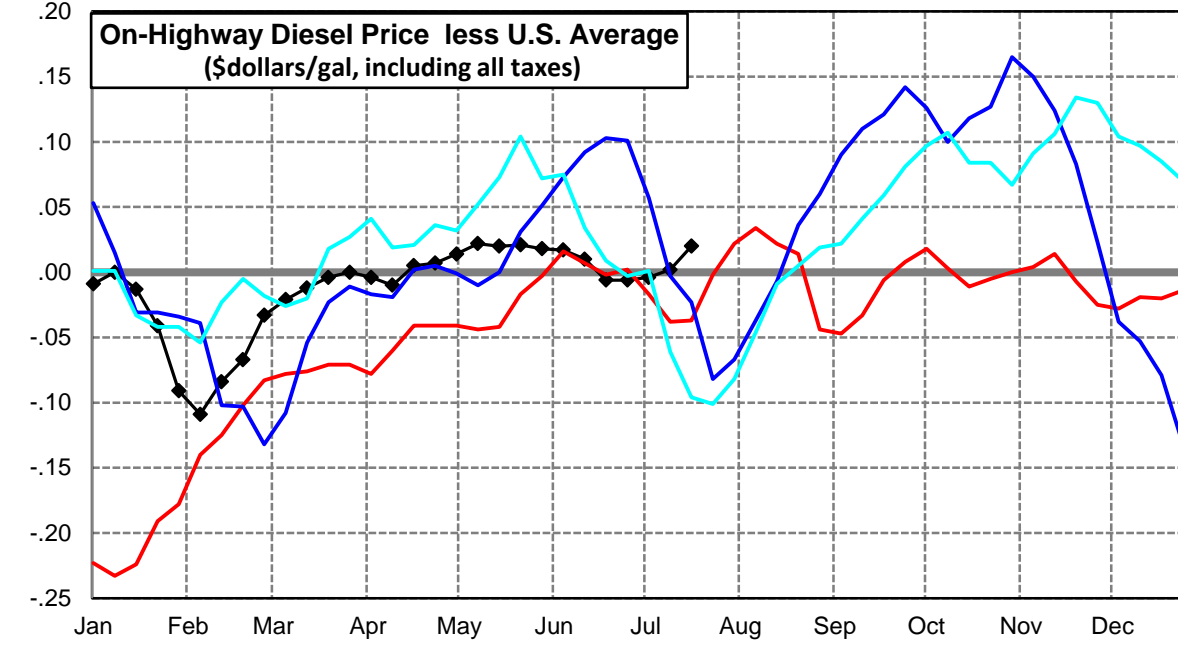
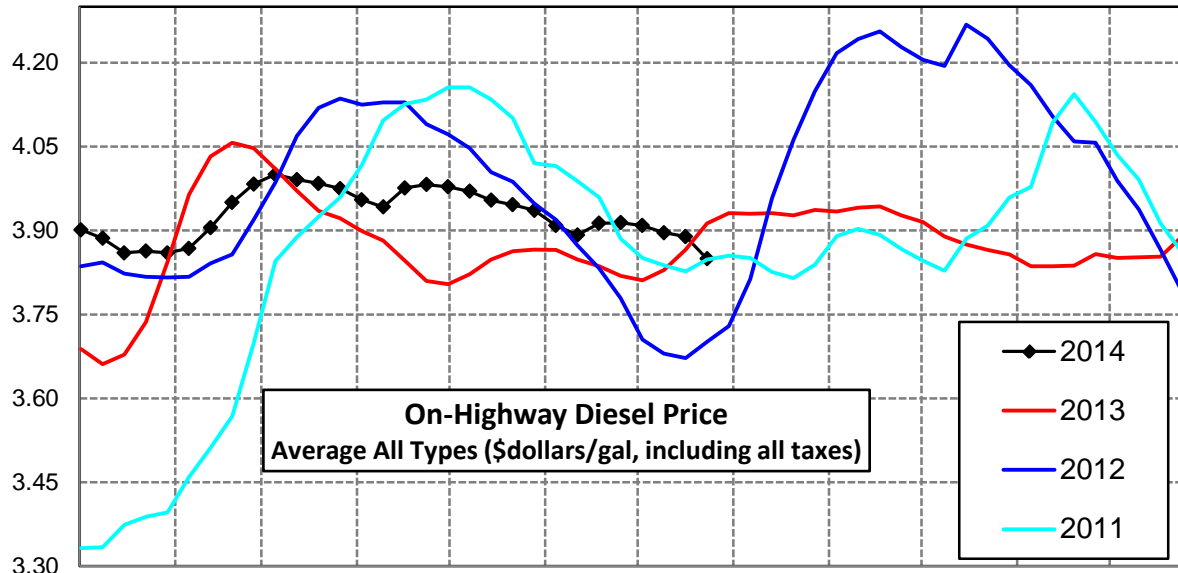
### Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Jul14	14Jul14	21Jul14	28Jul14	
<b>Gulf Coast</b>	\$3.802	\$3.787	\$3.773	<b>\$3.743</b>	-\$0.030
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



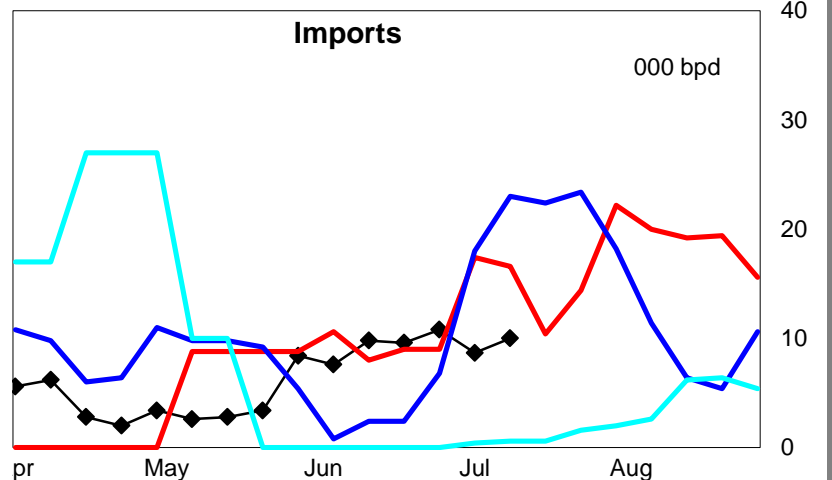
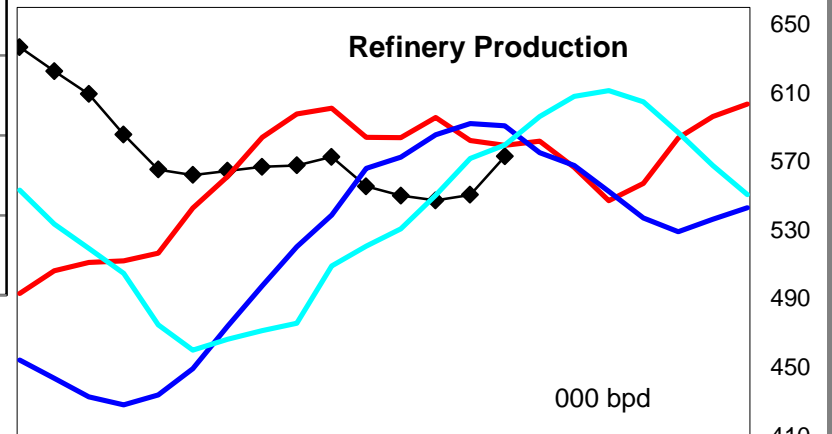
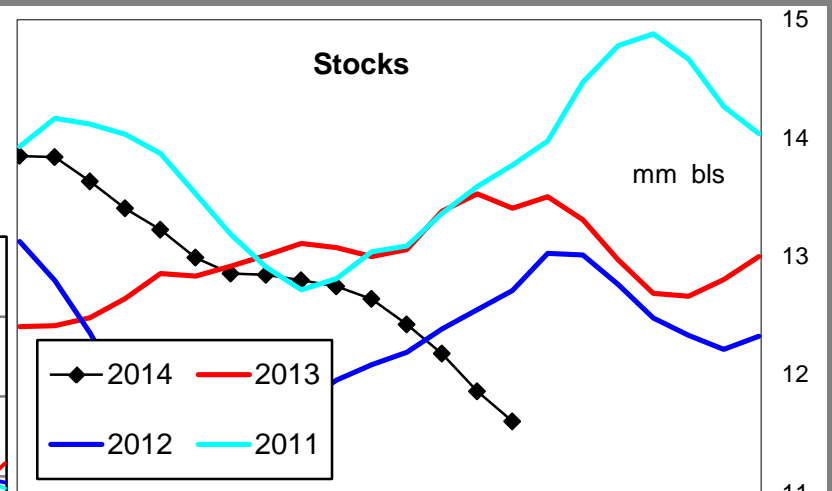
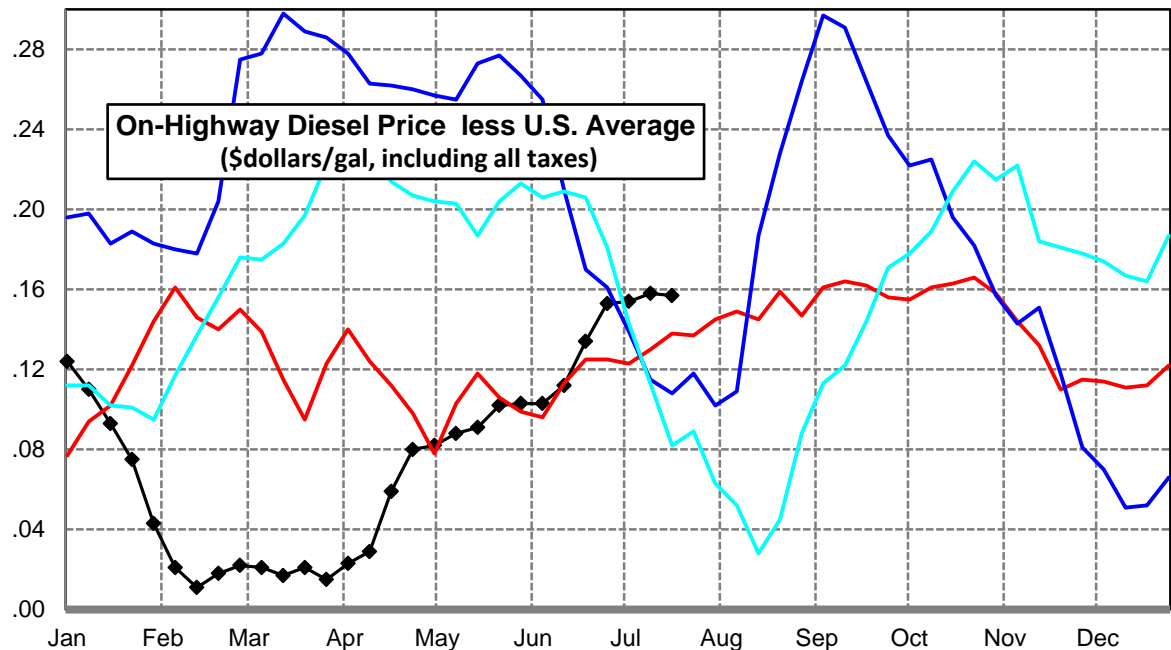
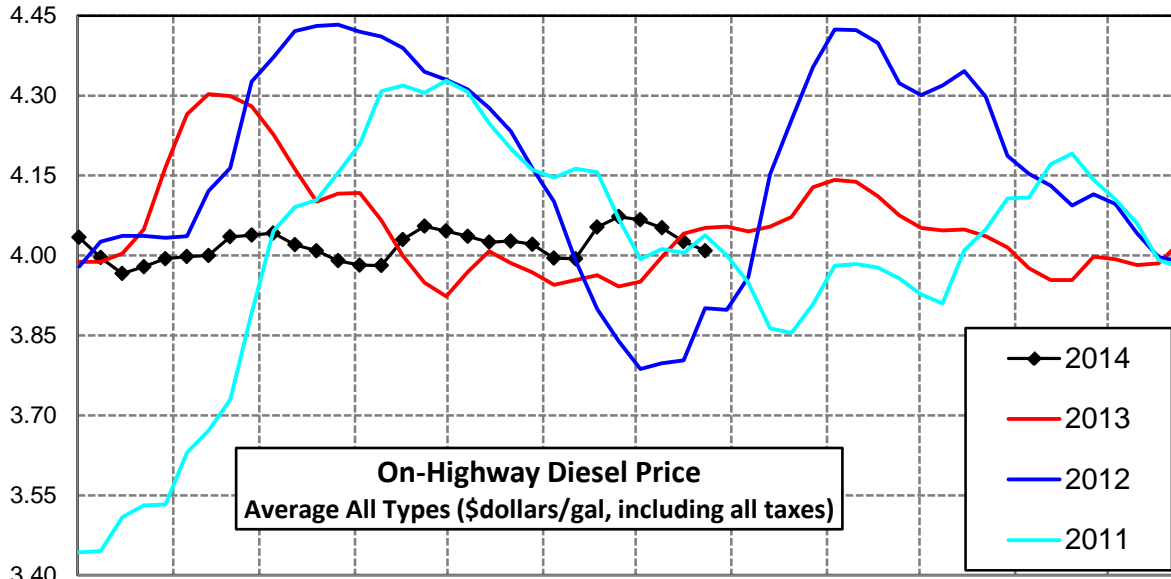
### Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Jul14	14Jul14	21Jul14	28Jul14	
<b>Rocky Mountain</b>	\$3.909	\$3.896	\$3.889	<b>\$3.849</b>	-\$0.040
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



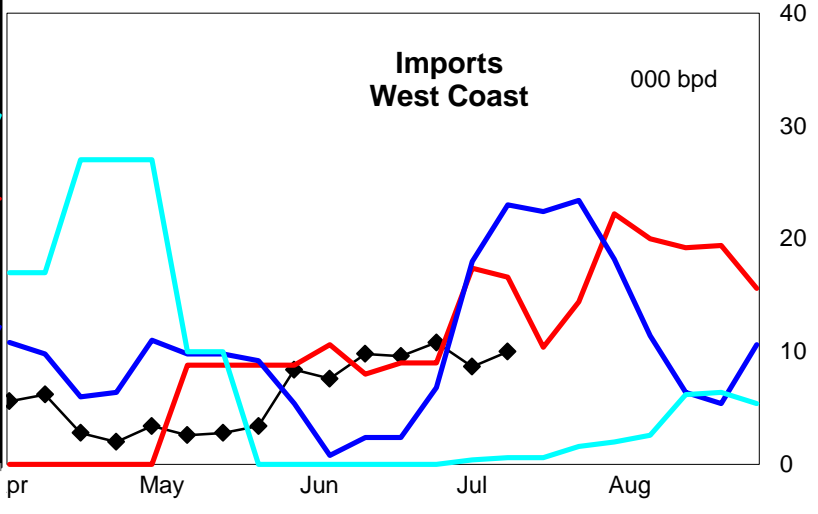
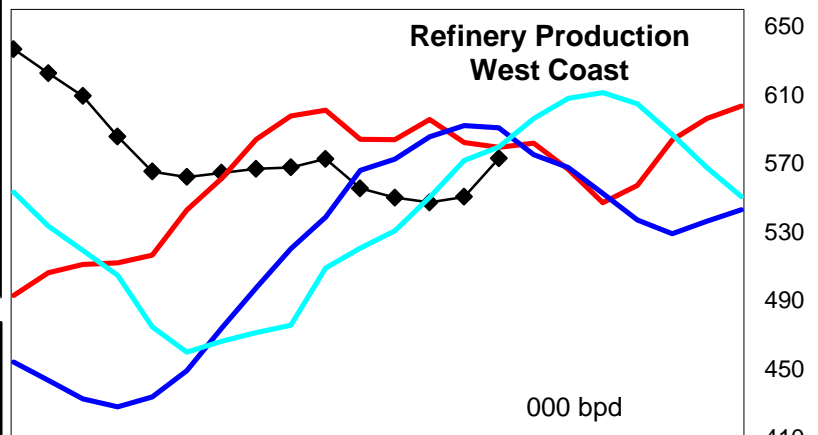
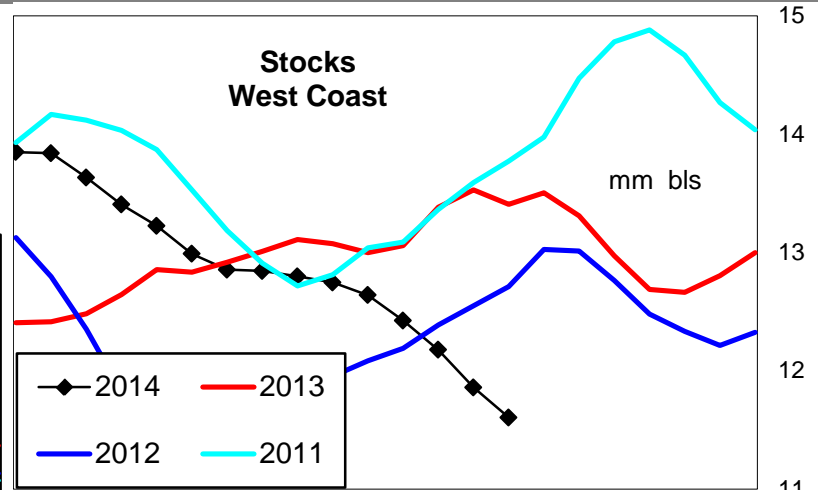
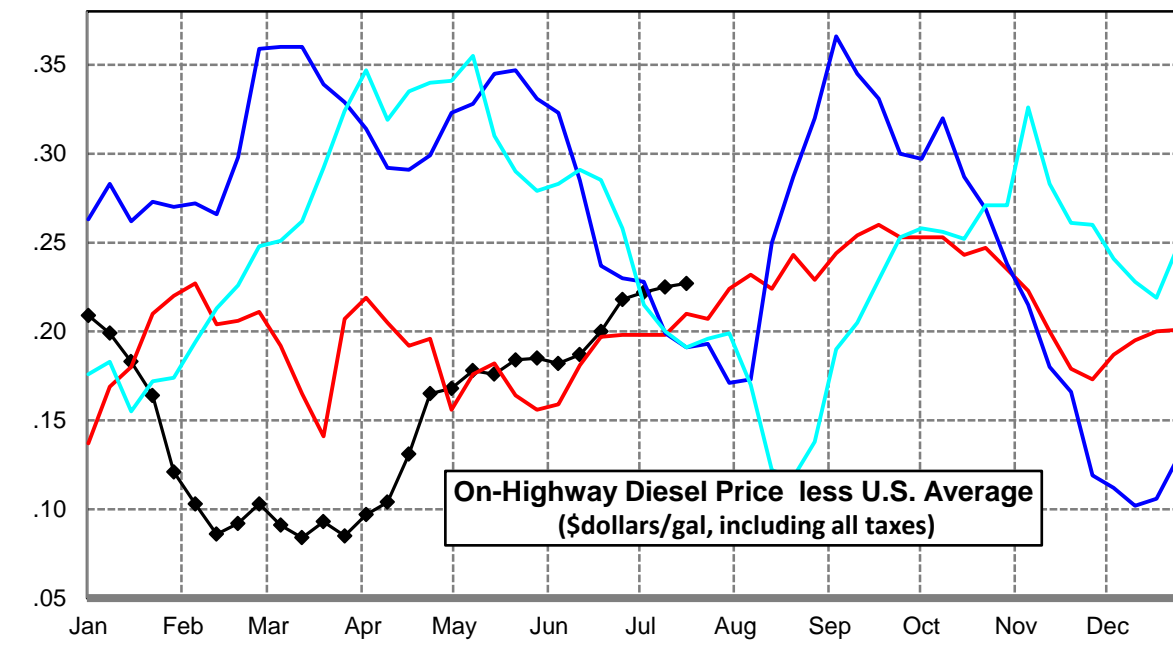
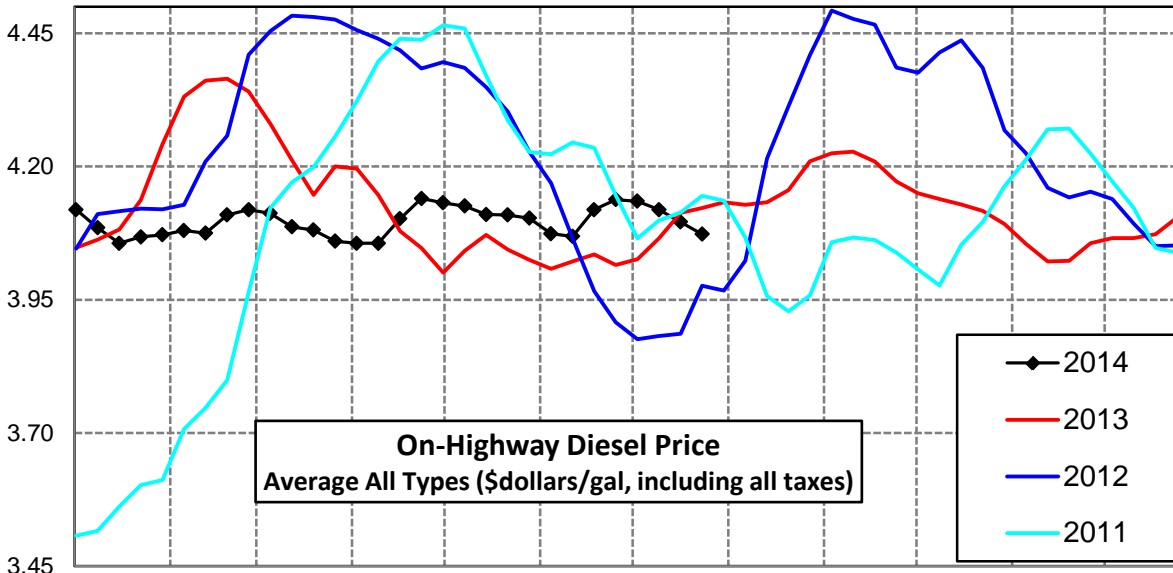
### West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Jul14	14Jul14	21Jul14	28Jul14	
<b>West Coast</b>	\$4.067	\$4.052	\$4.026	<b>\$4.009</b>	-\$0.017
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
	07Jul14	14Jul14	21Jul14	28Jul14	
<b>California</b>	\$4.135	\$4.119	\$4.096	<b>\$4.073</b>	-\$0.023
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	3.869	3.928	4.052	4.014	3.836	3.810	3.773	3.889	4.026	4.096
Mon-28-Jul-14	3.853	3.911	4.022	4.000	3.809	3.802	3.743	3.849	4.009	4.073
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.