



RETAIL DIESEL FUEL OUTLOOK

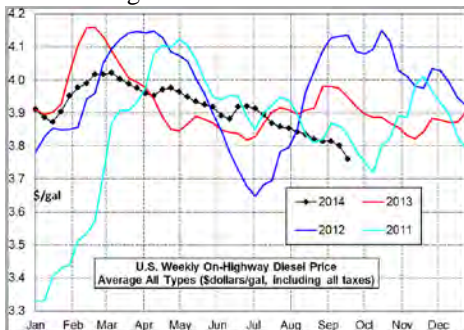
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, September 16, 2014

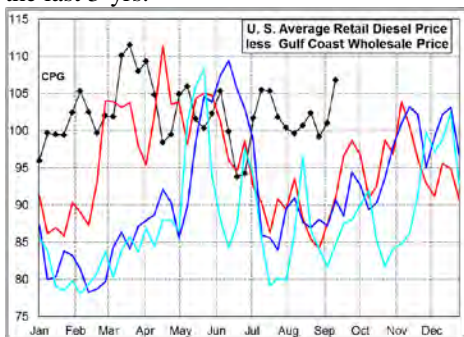
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price 1/			Forecast 2/	Change from week ago
	01Sep14	08Sep14	15Sep14	22Sep14	
U.S.	3.814	3.814	3.801	3.761	-0.040
East Coast	3.842	3.844	3.825	3.812	-0.013
New England	3.944	3.933	3.911	3.905	-0.006
Central Atlantic	3.925	3.928	3.905	3.877	-0.028
Lower Atlantic	3.756	3.760	3.744	3.713	-0.031
Midwest	3.752	3.751	3.743	3.703	-0.040
Gulf Coast	3.720	3.715	3.706	3.653	-0.053
Rocky Mountain	3.868	3.869	3.858	3.823	-0.035
West Coast	4.030	4.034	4.019	3.971	-0.048
California	4.079	4.079	4.062	4.035	-0.027

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

Diesel Fuel Price Trends U. S. retail diesel prices decreased -1.3 cpg for the week ending 15Sep14. Prices were lower in all regional markets, led by over -2 cpg declines in New England and Central Atlantic Regions.



The U.S. average retail diesel price compared to the Gulf Coast wholesale market increased +5.8 cpg on the week. The spread ended the week +15 cpg above the last 3-yrs.



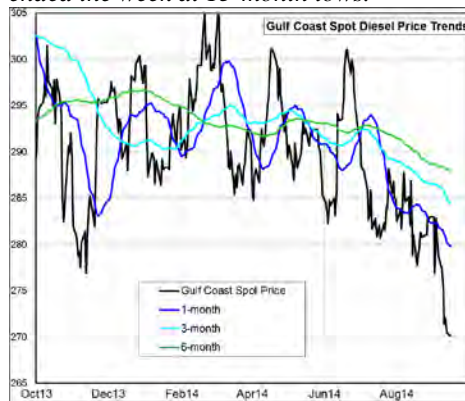
The national average on-highway price ended the week -17 cpg below a year ago. The highest retail prices were in California and New England. Prices were \$4.06/gal and \$3.91/gal, respectively. The lowest prices were in the Gulf at \$3.71/gal and the Midwest at \$3.74/gal. Very low prices in the Gulf and Midwest are driven by high

production.

The spread between the U.S. average price and regional prices all traded within the three year range, except the Midwest, - pointing to well balanced markets. The spread between the U.S. average price and

prices in the Midwest region were below the last 3-yrs - pointing to an over supplied market.

Gulf spot average prices declined -7 cpg last week on a global over supply of crude oil, that is due in part to start of fall refinery maintenance. *The price level ended the week at 15-month lows.*



The spread between the Gulf wholesale price and the U.S. average retail price was 107 cpg last week. This differential is +15 cpg above the last 3-yrs, driven by the large decline in wholesale prices during the last 2-wks.

Supply - Demand Fundamental Trends

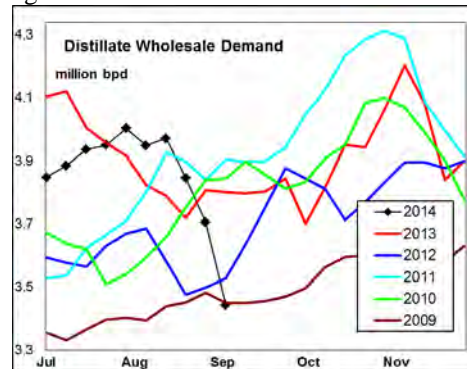
Distillate wholesale demand plunged -0.5 million bpd last week, due in part to the holiday week that reduced deliveries from commercial to private storage. Demand for the latest 4-wk period was +54,000 bpd above last year.

Supply declined -45,000 bpd on the week, although the level remains above a year ago.

During the latest 4-wk period, production was +41,000 bpd above last year while imports were +1,000 bpd higher. Stocks increased +4.1 million

barrels last week, with significant builds in all regions.

Stock levels ended the week -4.7 million barrels below last year. The latest 4-wk stock change East of the Rockies was a +2.4 million barrel build, equal to a year ago.



Global Trends Driving Diesel Prices

Slower economic growth in Asia and Europe has led to forecasts of lower global oil demand growth. Increased production of crude oil in Libya and other African countries, combined with record crude output in the U.S. has led to a surplus in crude oil. A lack of weather disruptions in the U.S. Gulf has kept crude oil refinery runs at record high levels. Global crude oil supplies are burdensome with the forward price curve in Middle East and European markets at record carries. U.S. domestic wholesale distillate demand has also slowed.

The surplus of global crude oil supplies should offset the impact of lower distillate production during fall refinery maintenance; limiting a seasonal price rebound.

Diesel Price Outlook Relatively low distillate prices has supported record high spreads between retail and wholesale markets. This record retail to wholesale price spread, should decline during the next 60-days, partially offsetting an expected seasonal uptrend in wholesale prices during the fall quarter.

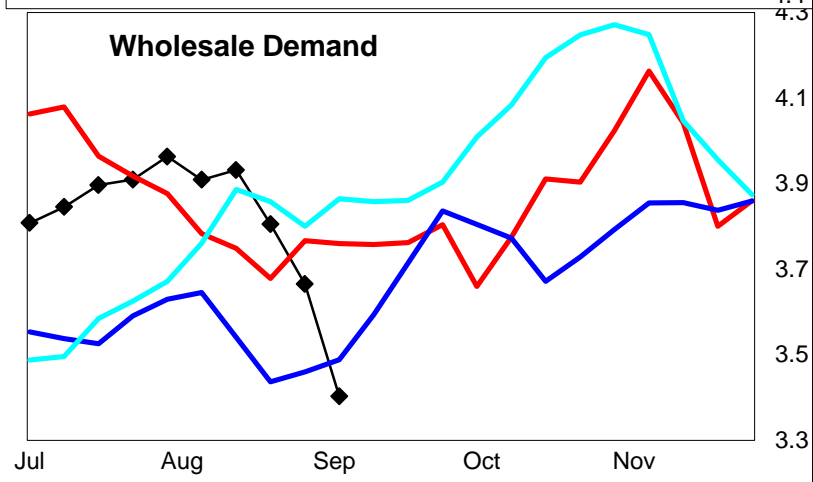
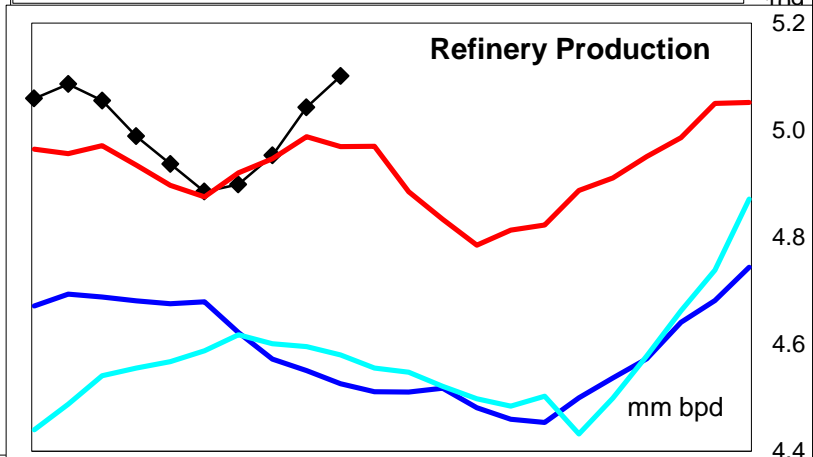
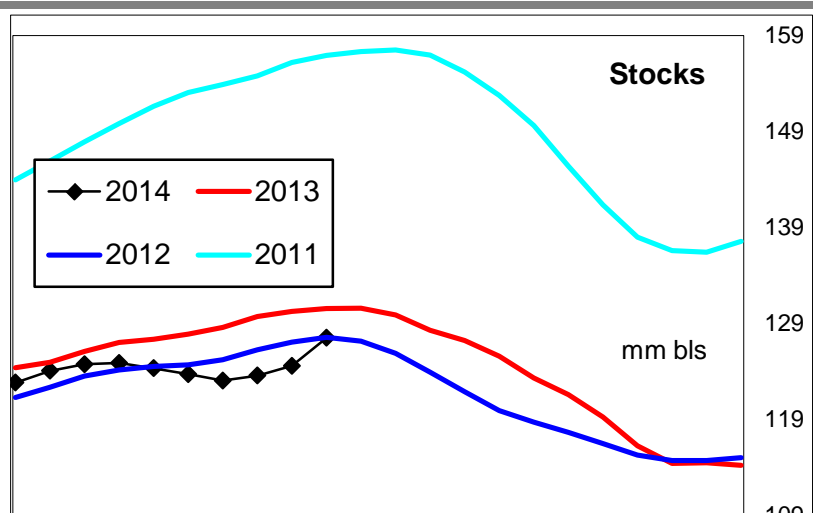
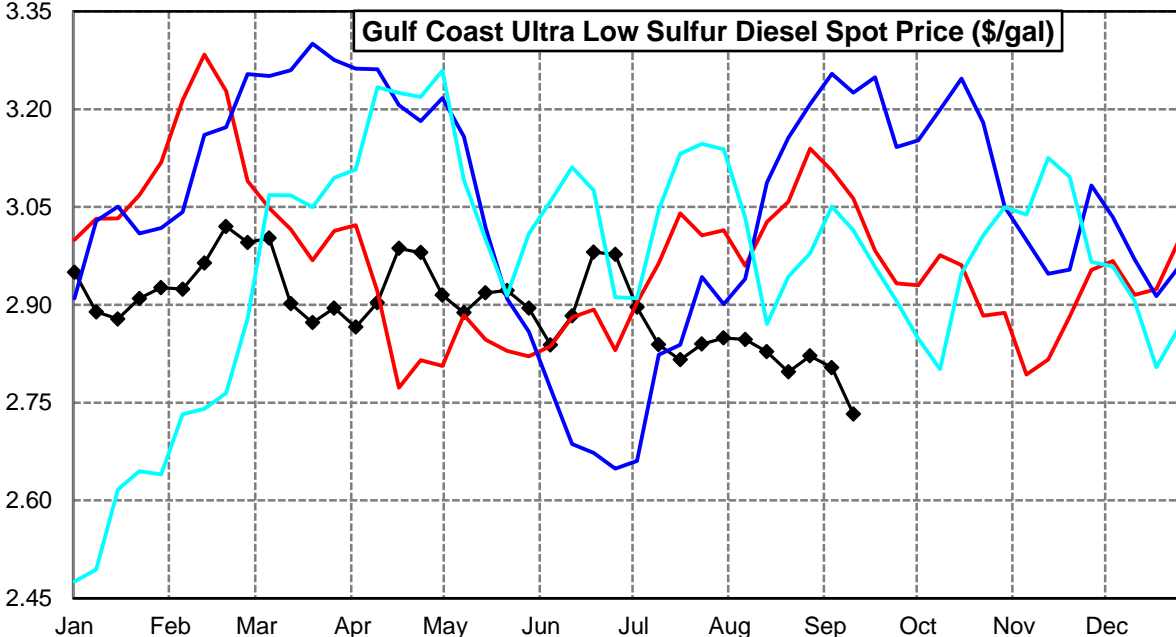
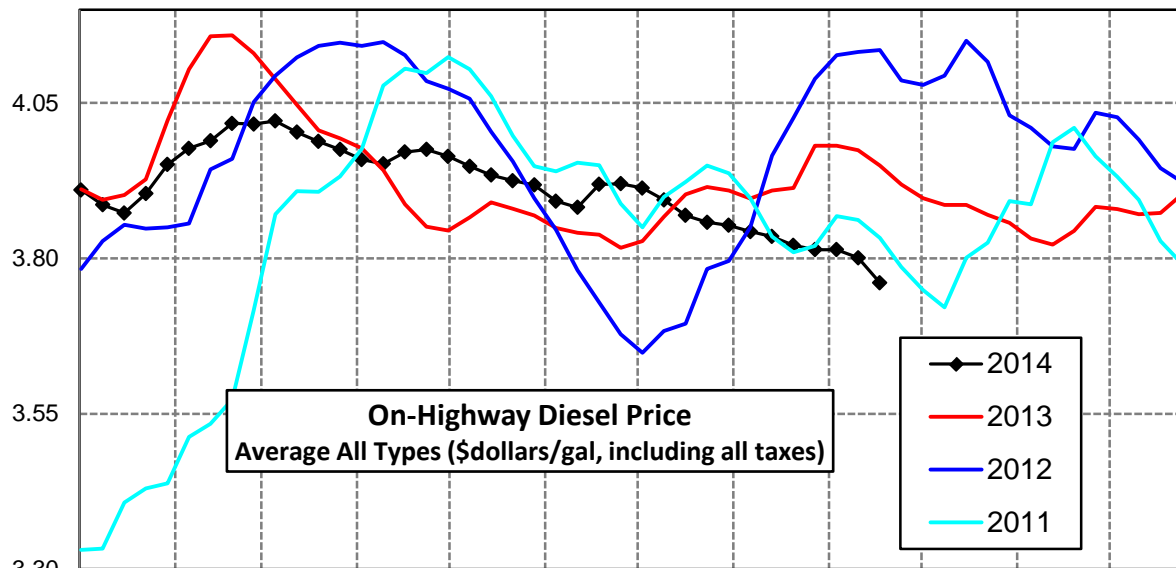
Burdensome global crude oil supplies and slower economic growth in Europe may limit the fall quarter rise in distillate prices that is normally driven by fall refinery maintenance and higher seasonal demand.

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



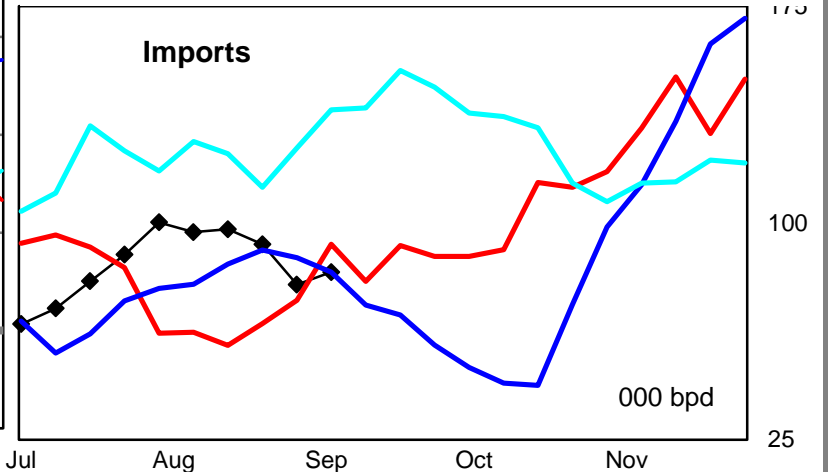
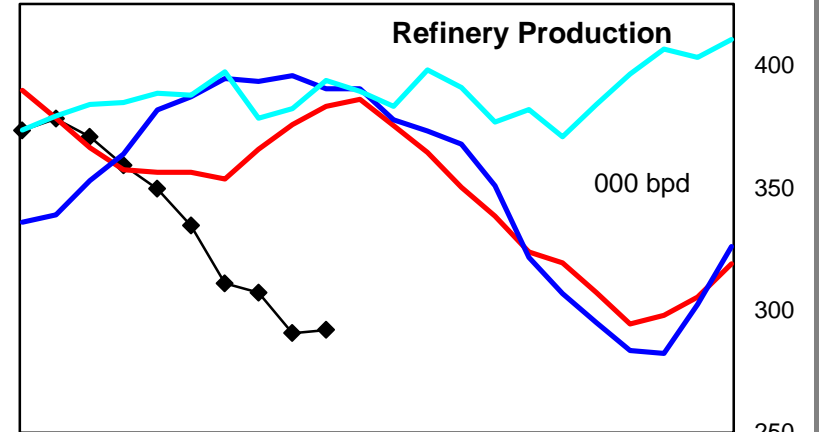
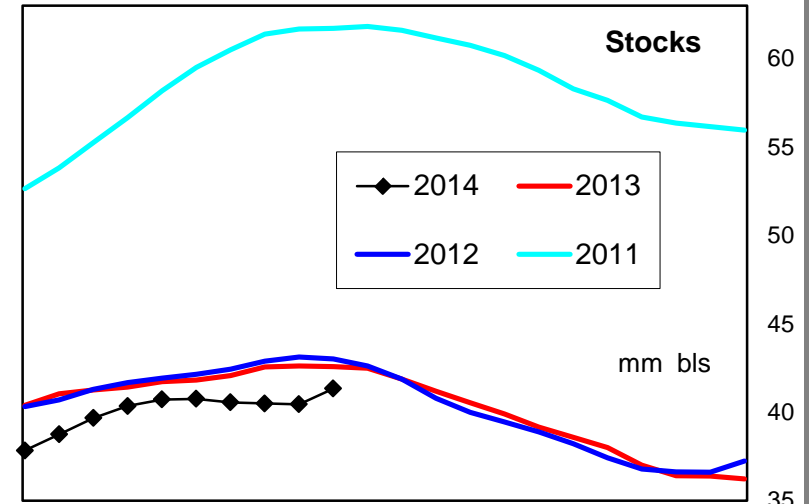
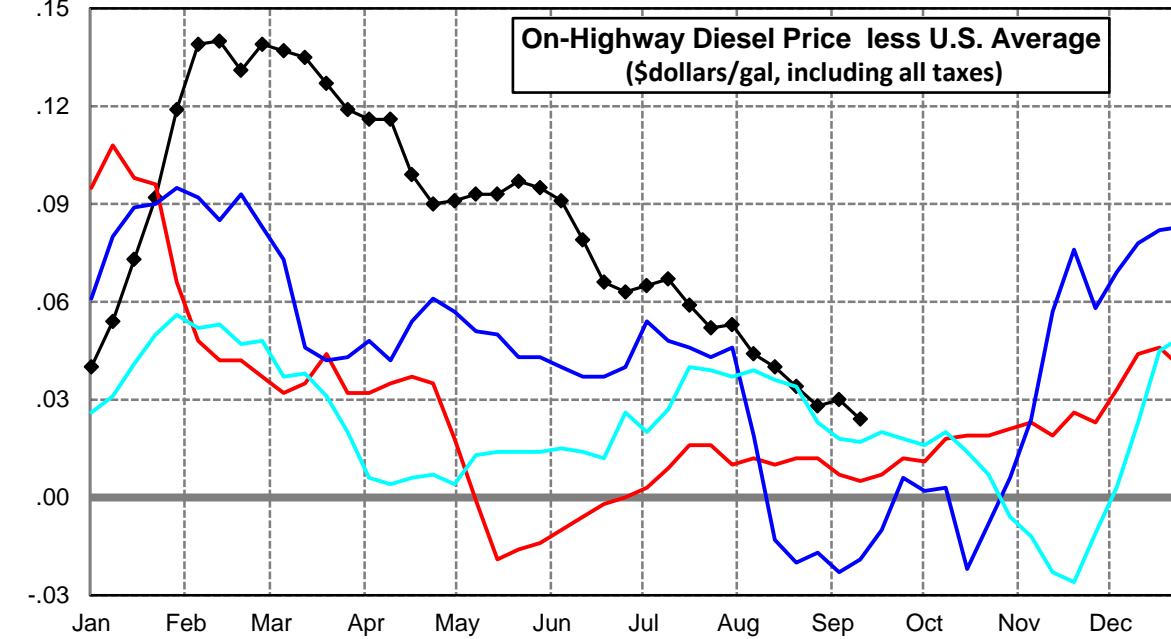
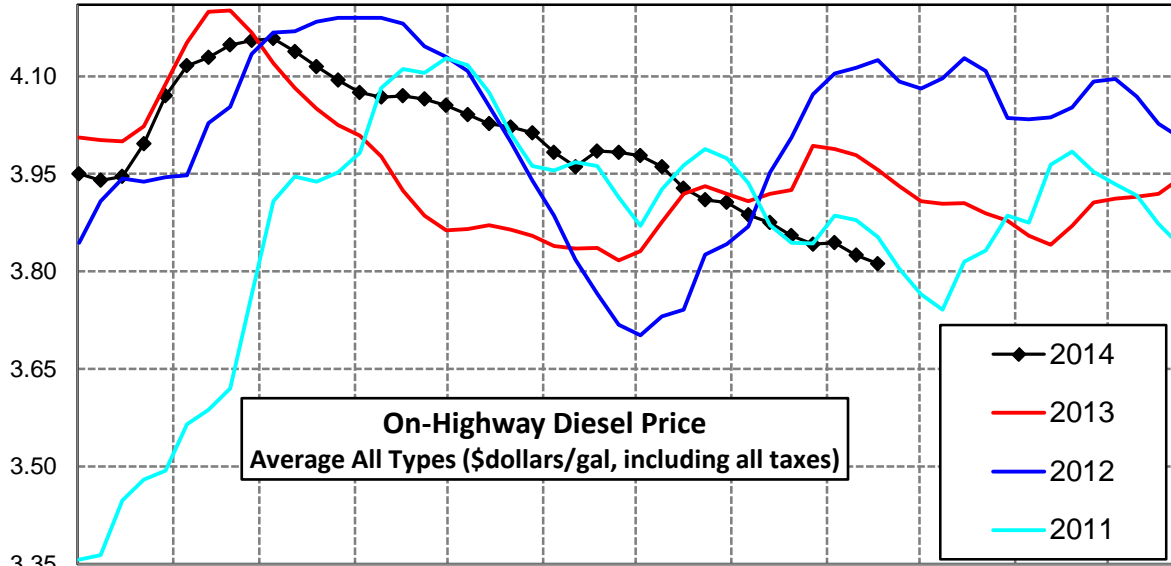
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	01Sep14	08Sep14	15Sep14	22Sep14	
United States Avg	\$3.814	\$3.814	\$3.801	\$3.761	-\$0.040
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



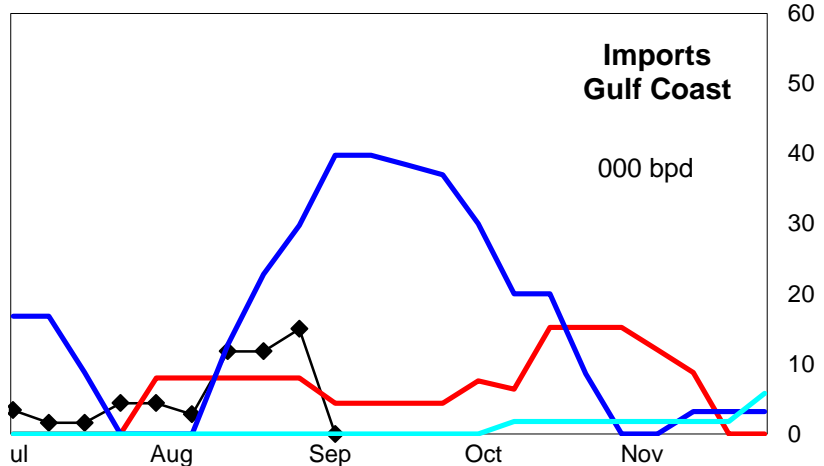
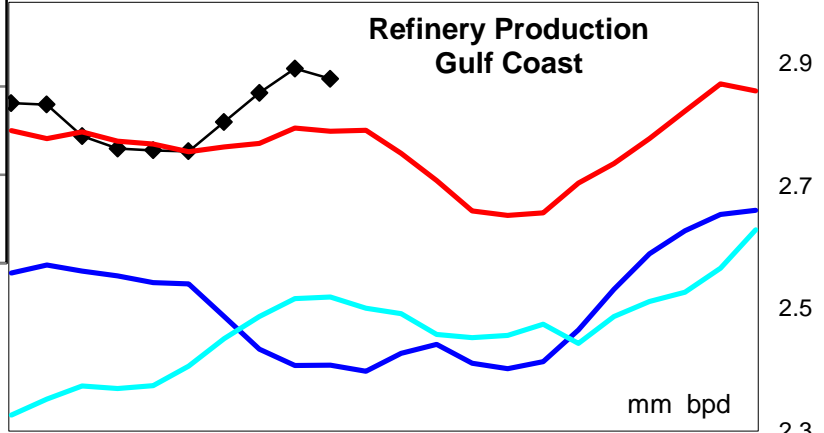
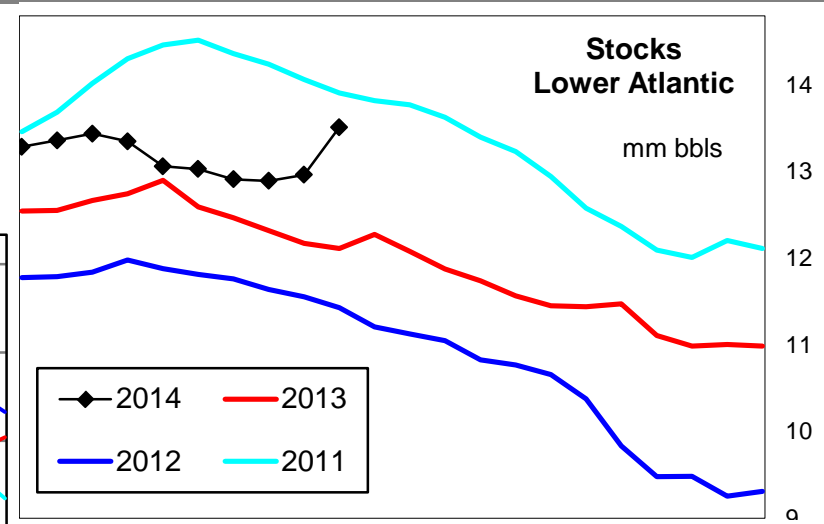
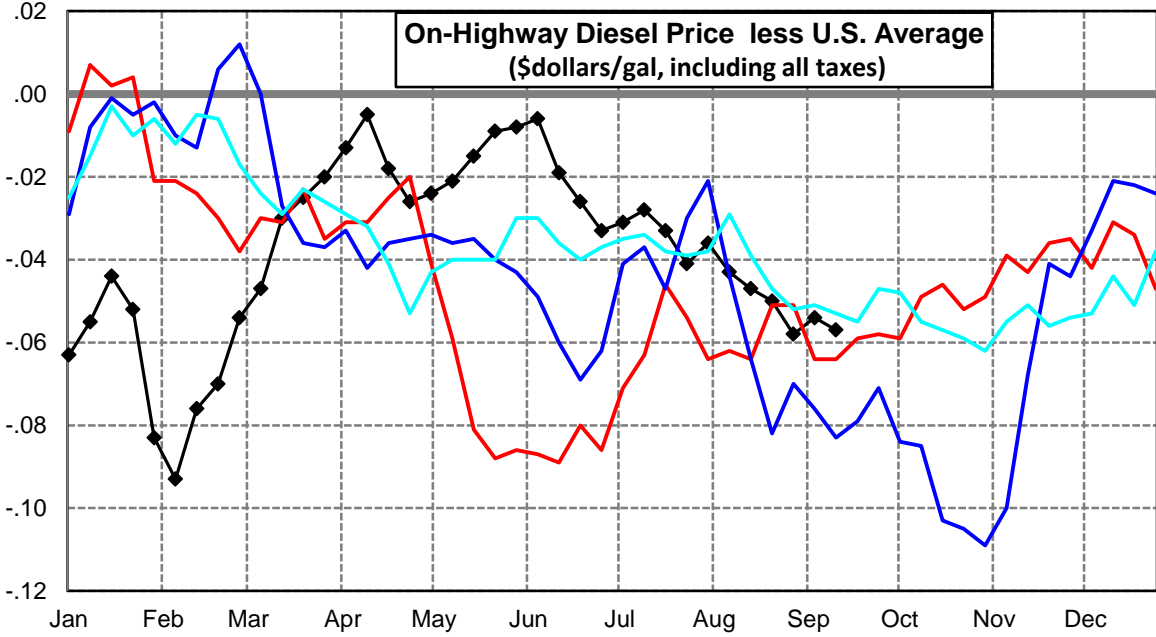
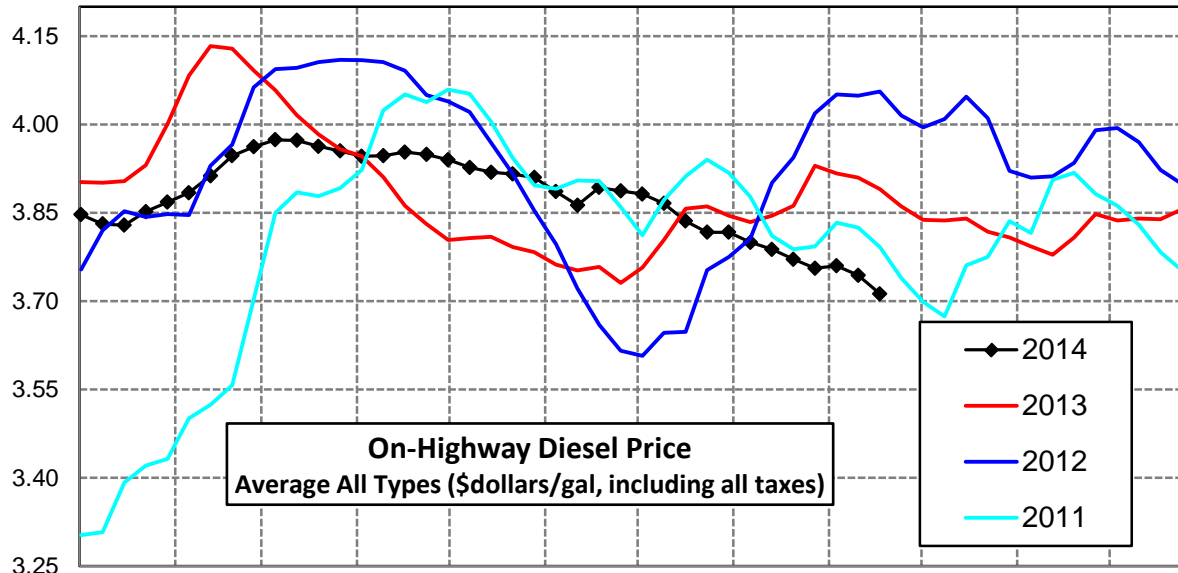
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	01Sep14	08Sep14	15Sep14	22Sep14	
East Coast	\$3.842	\$3.844	\$3.825	\$3.812	-\$0.013
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



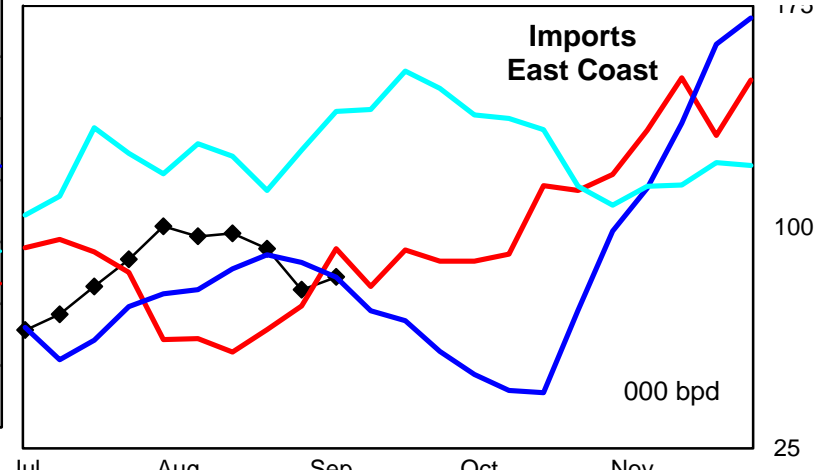
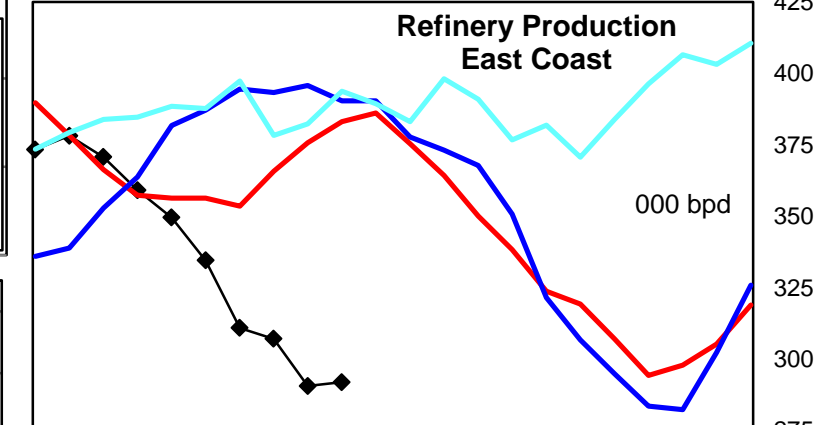
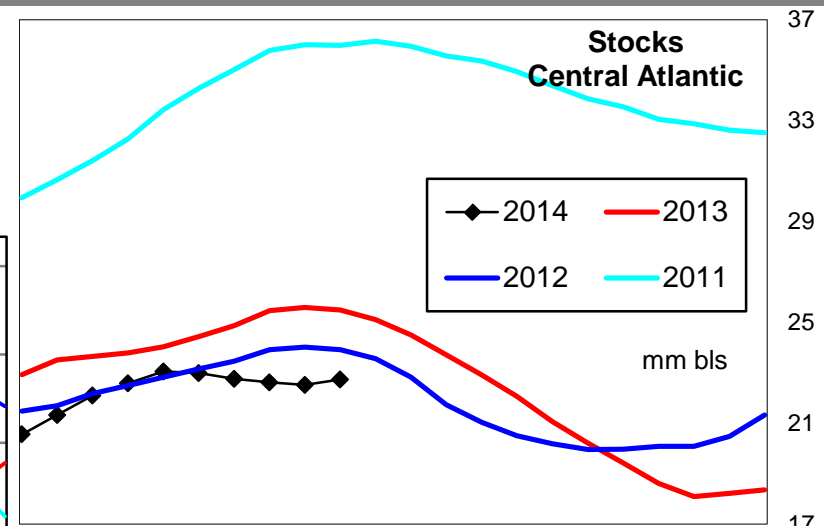
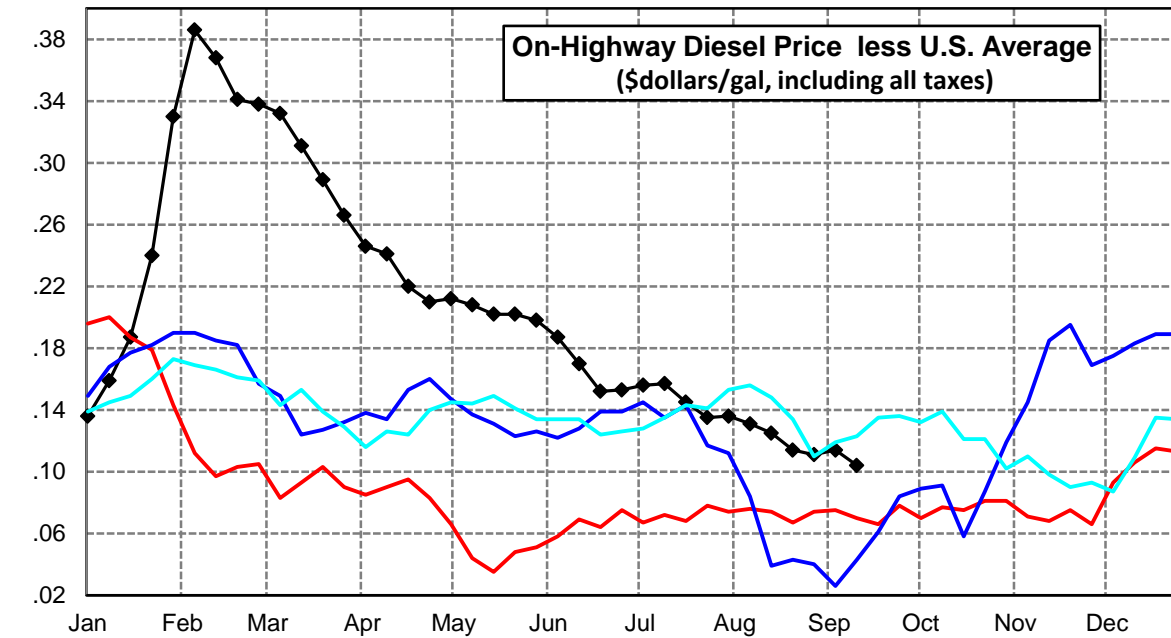
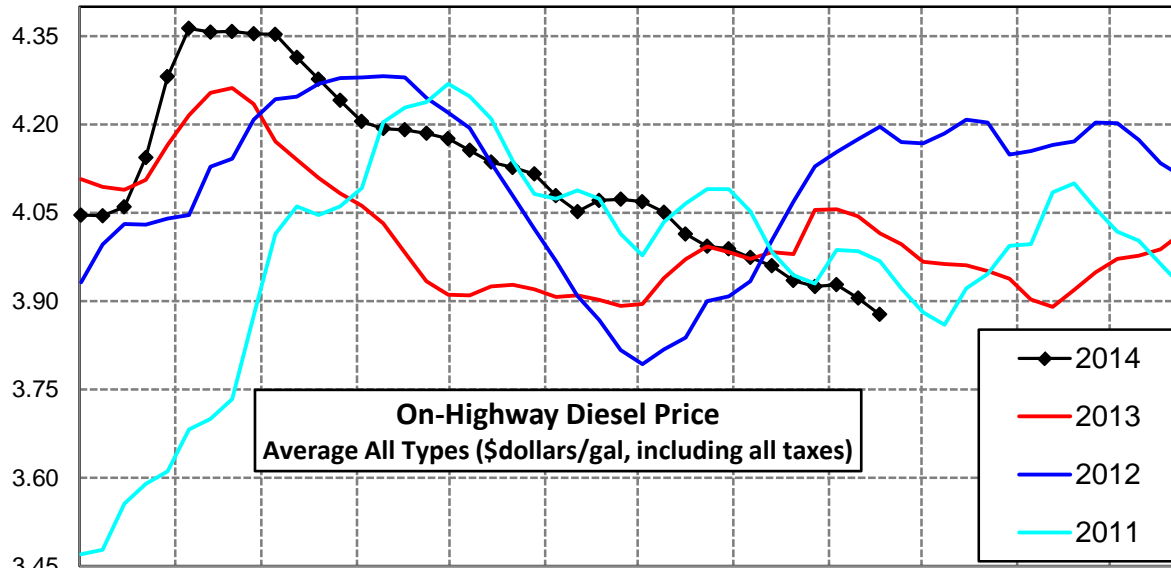
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	01Sep14	08Sep14	15Sep14	22Sep14	
Lower Atlantic	\$3.756	\$3.760	\$3.744	\$3.713	-\$0.031
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



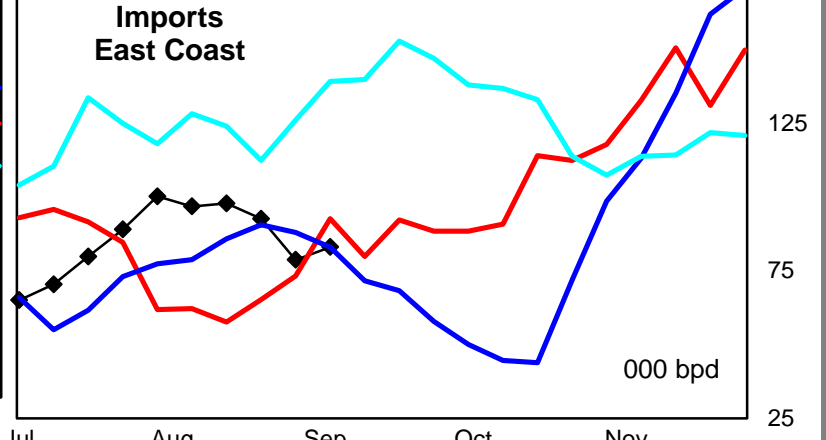
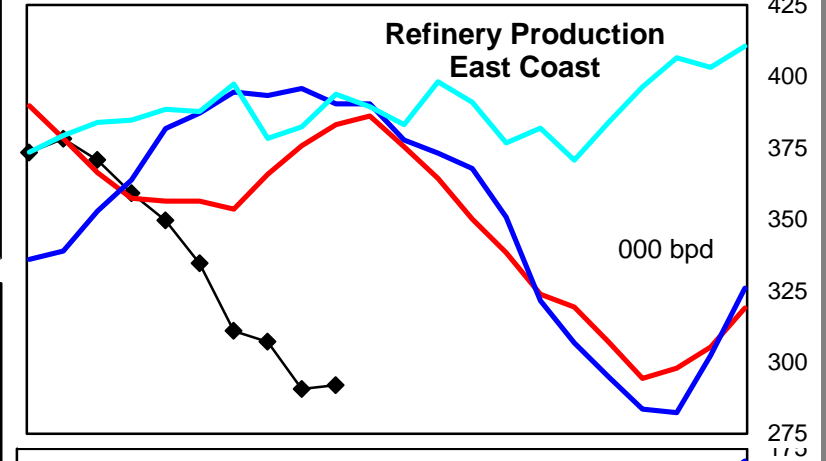
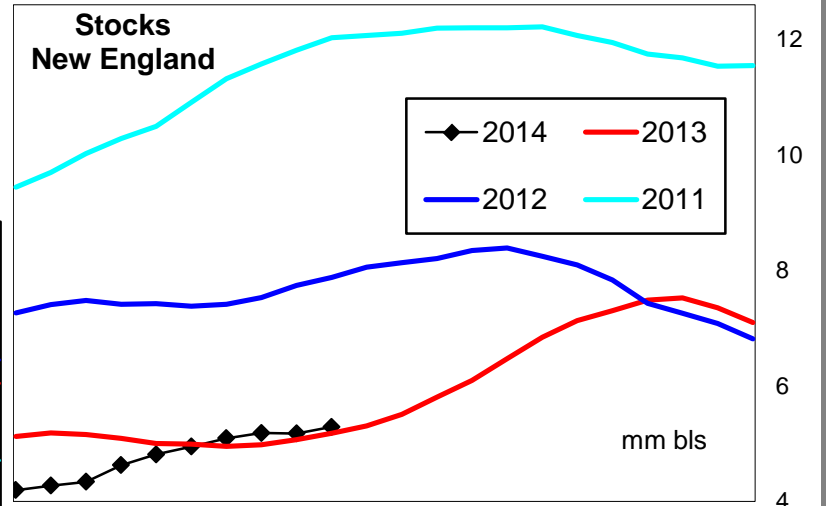
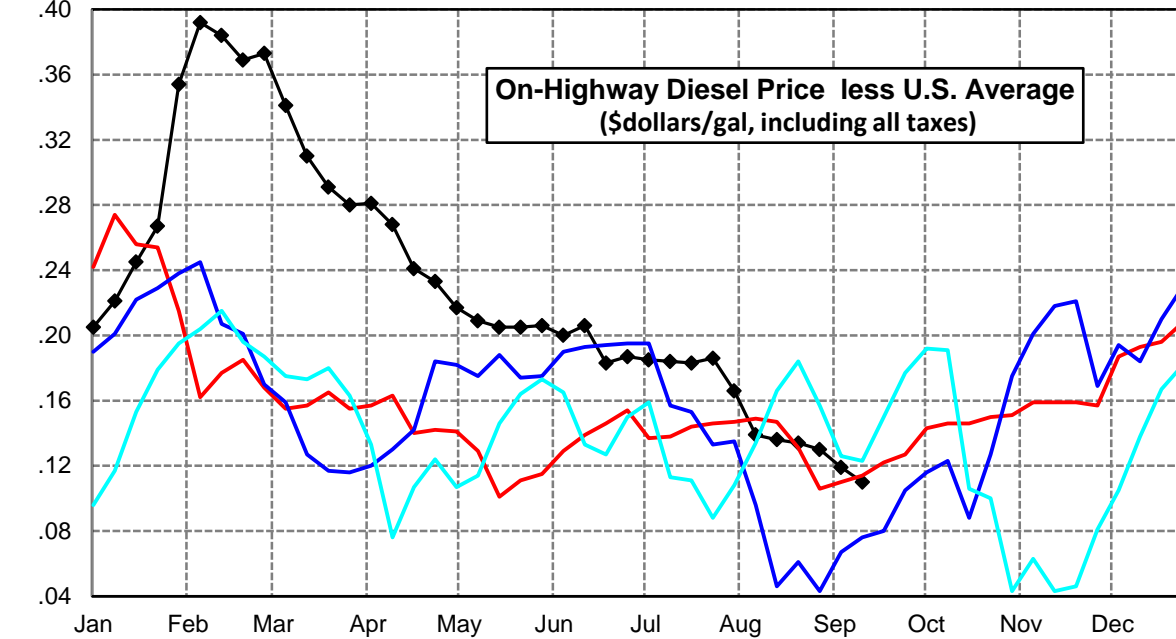
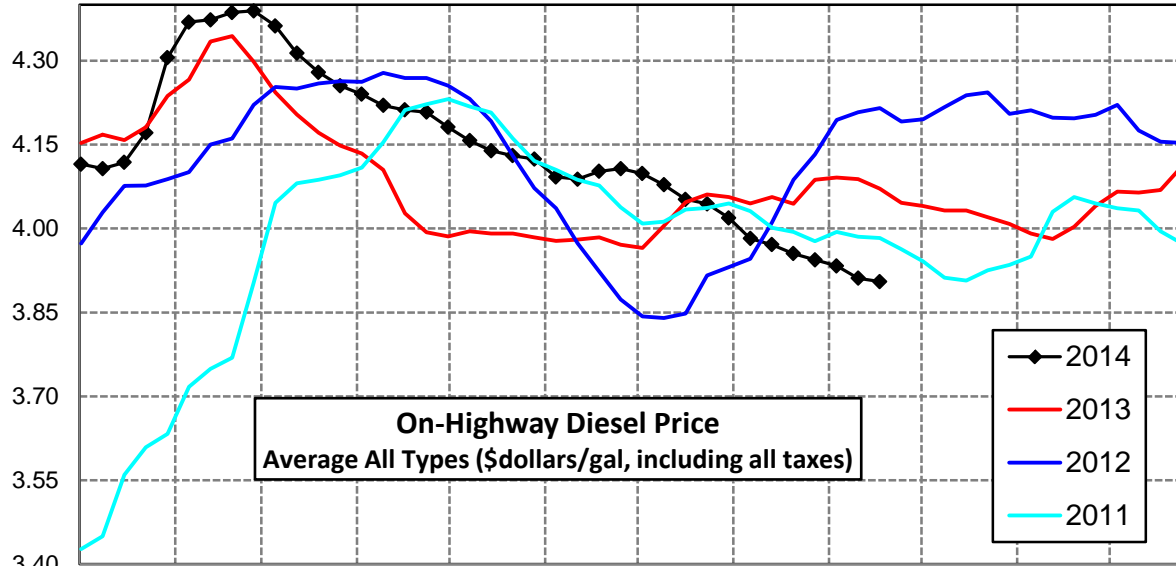
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	01Sep14	08Sep14	15Sep14	22Sep14	
Central Atlantic	\$3.925	\$3.928	\$3.905	\$3.877	-\$0.028
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



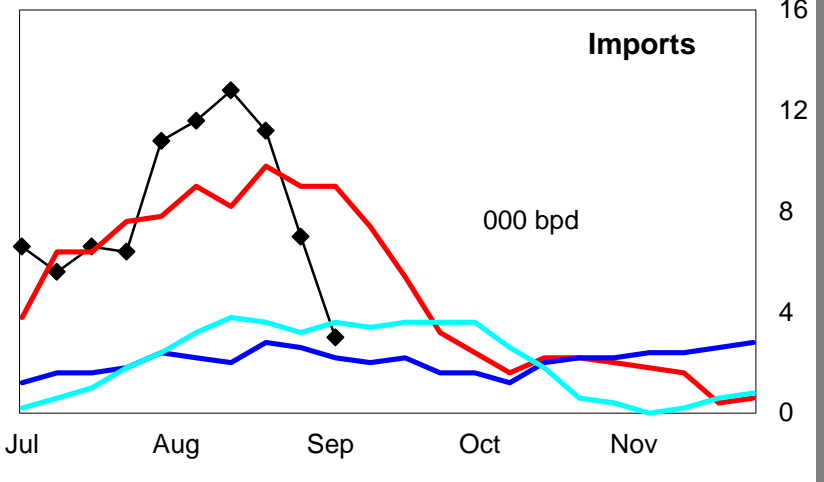
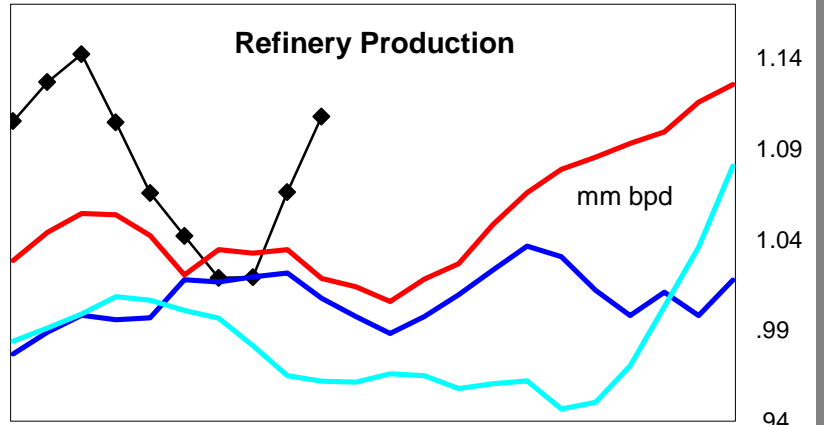
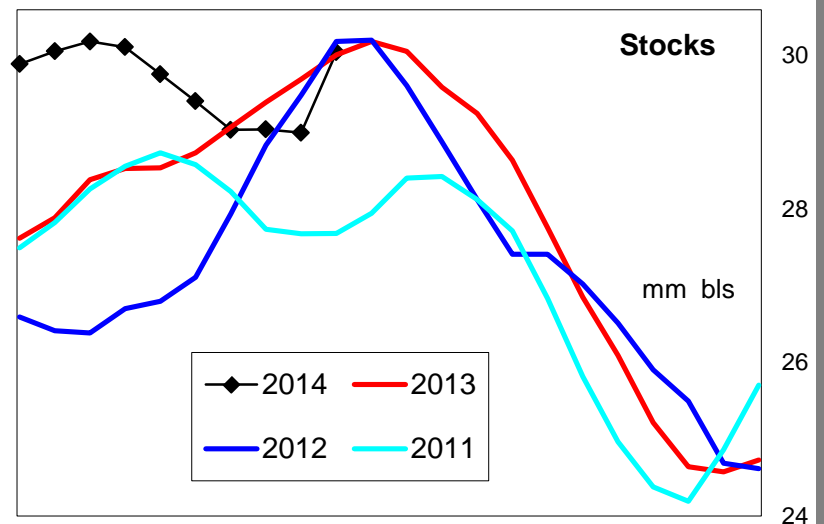
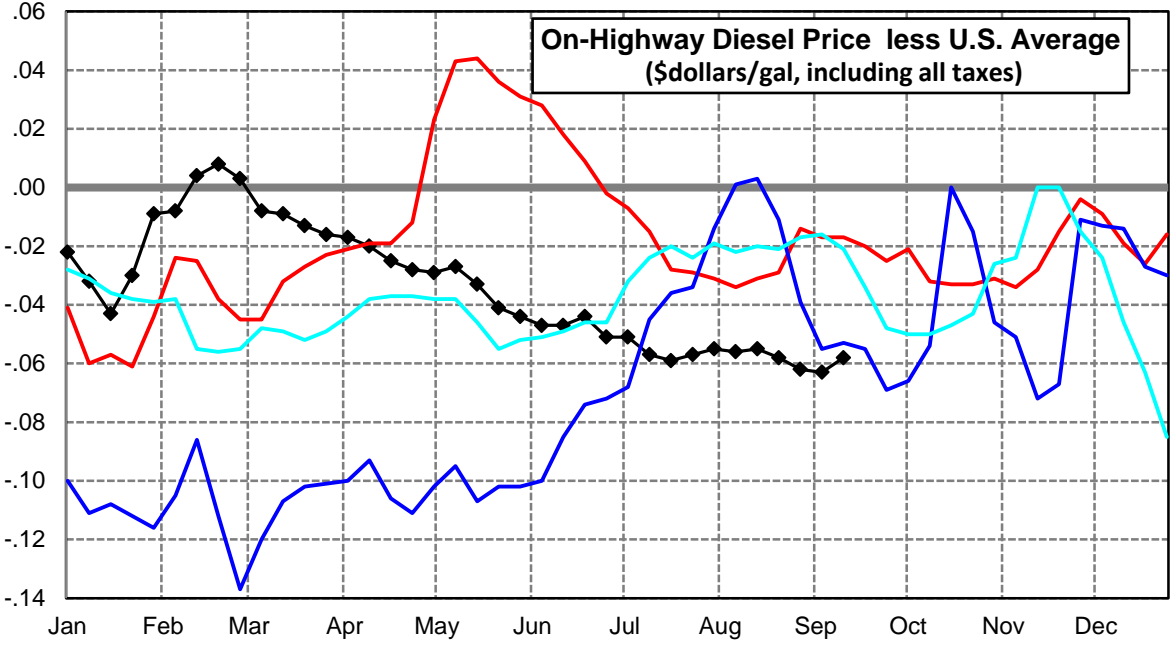
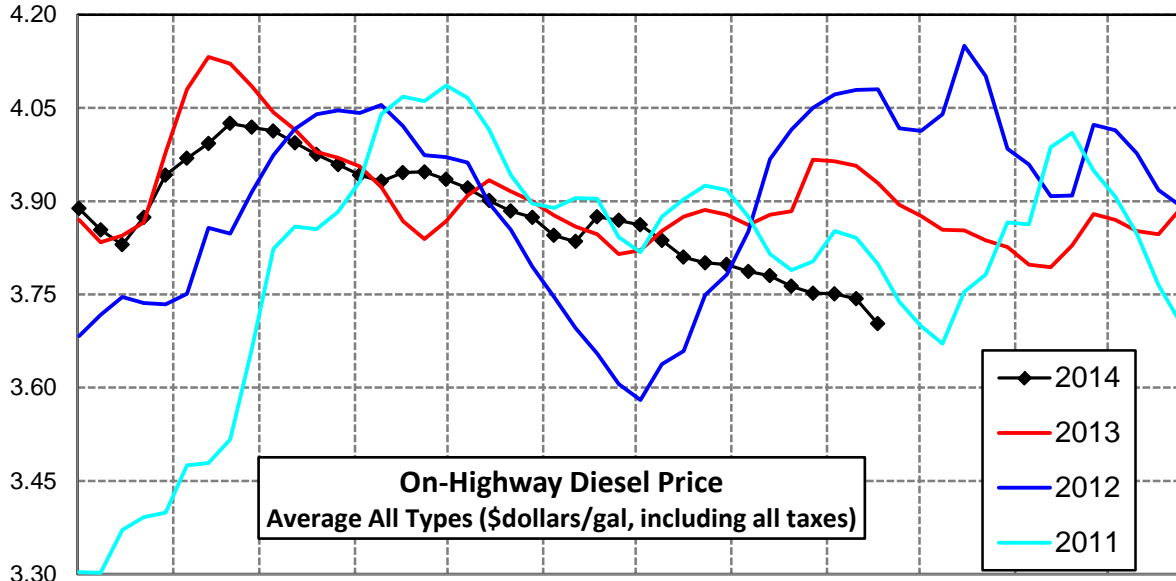
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	01Sep14	08Sep14	15Sep14	22Sep14	
New England	\$3.944	\$3.933	\$3.911	\$3.905	-\$0.006
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



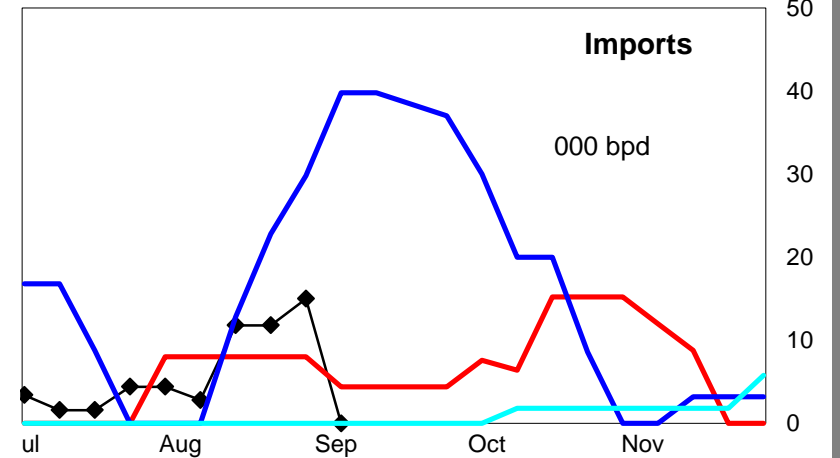
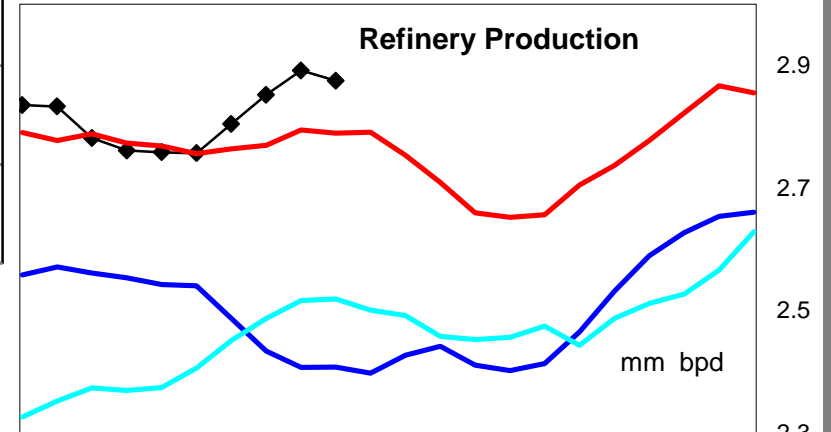
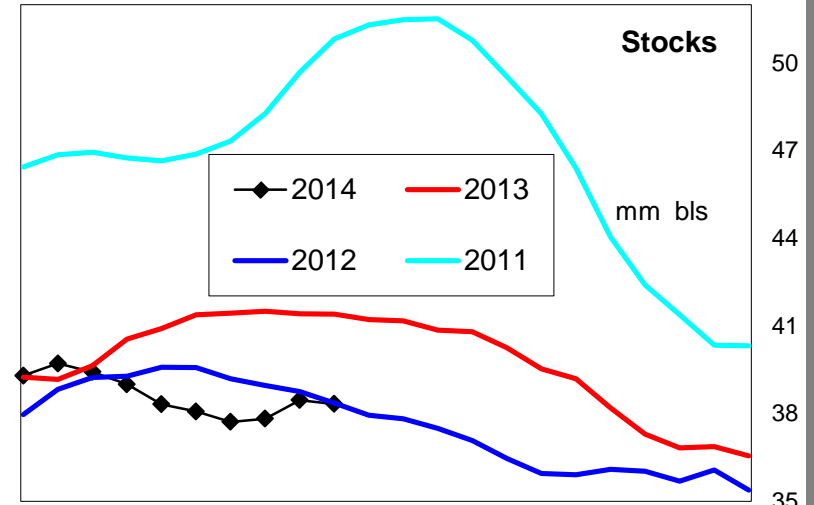
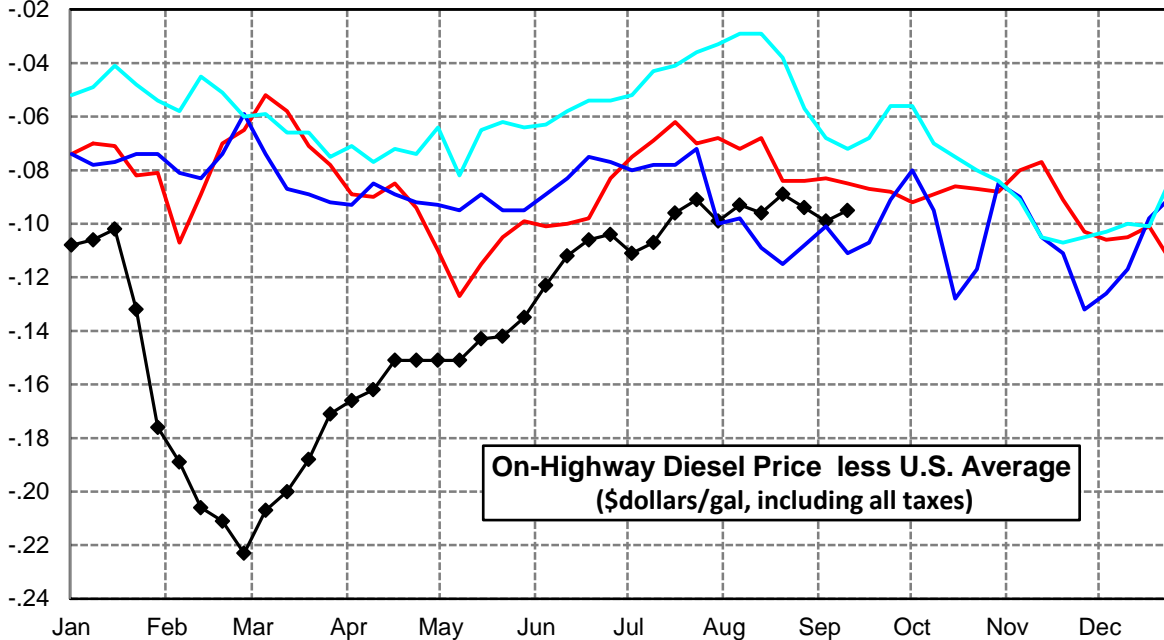
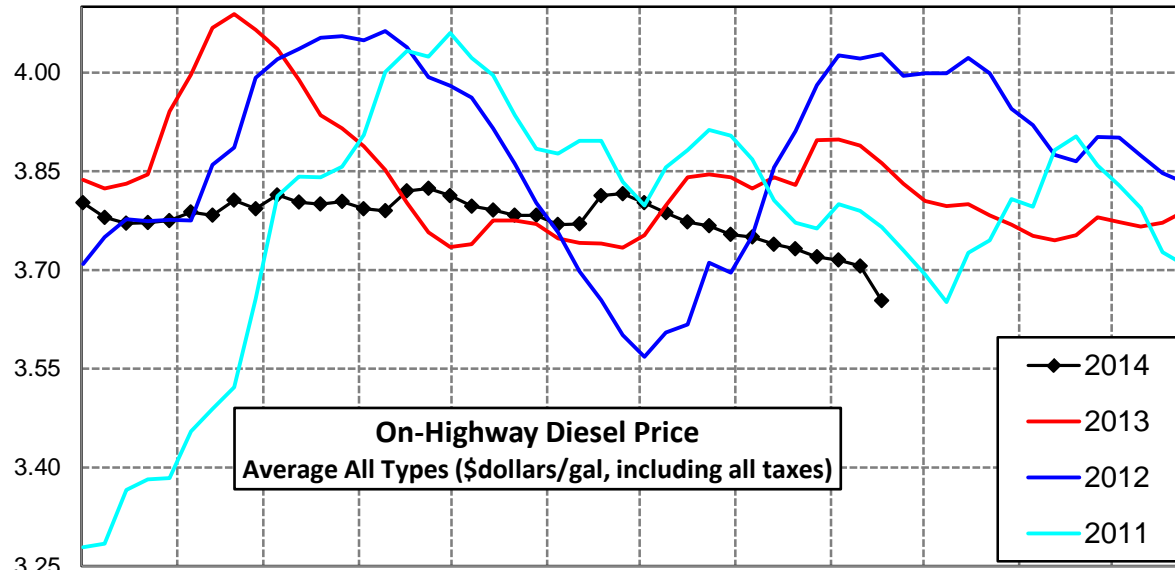
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	01Sep14	08Sep14	15Sep14	22Sep14	
Midwest	\$3.752	\$3.751	\$3.743	\$3.703	-\$0.040
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



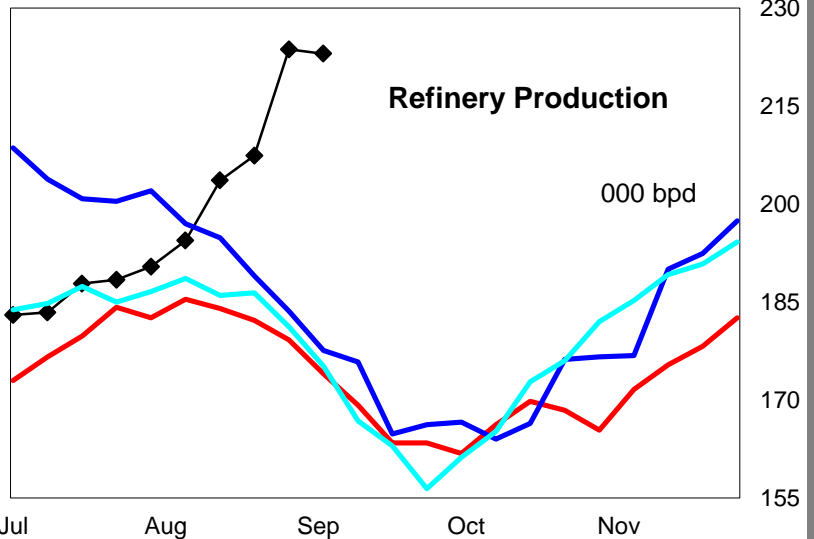
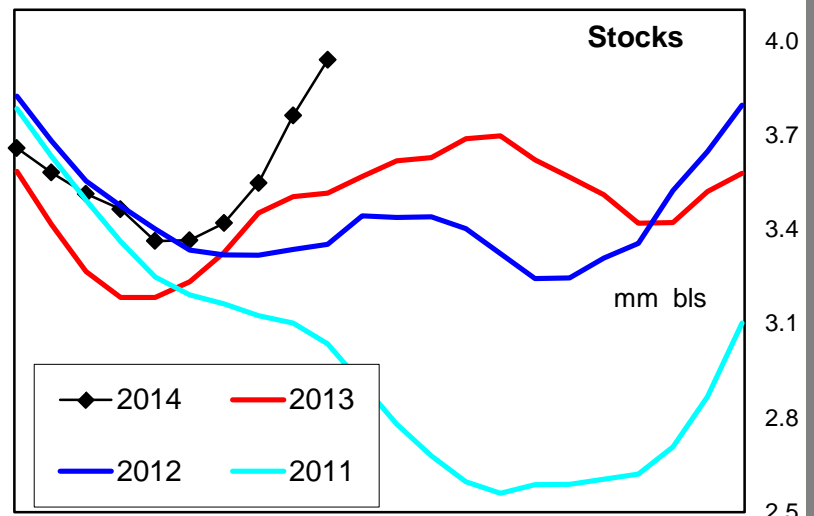
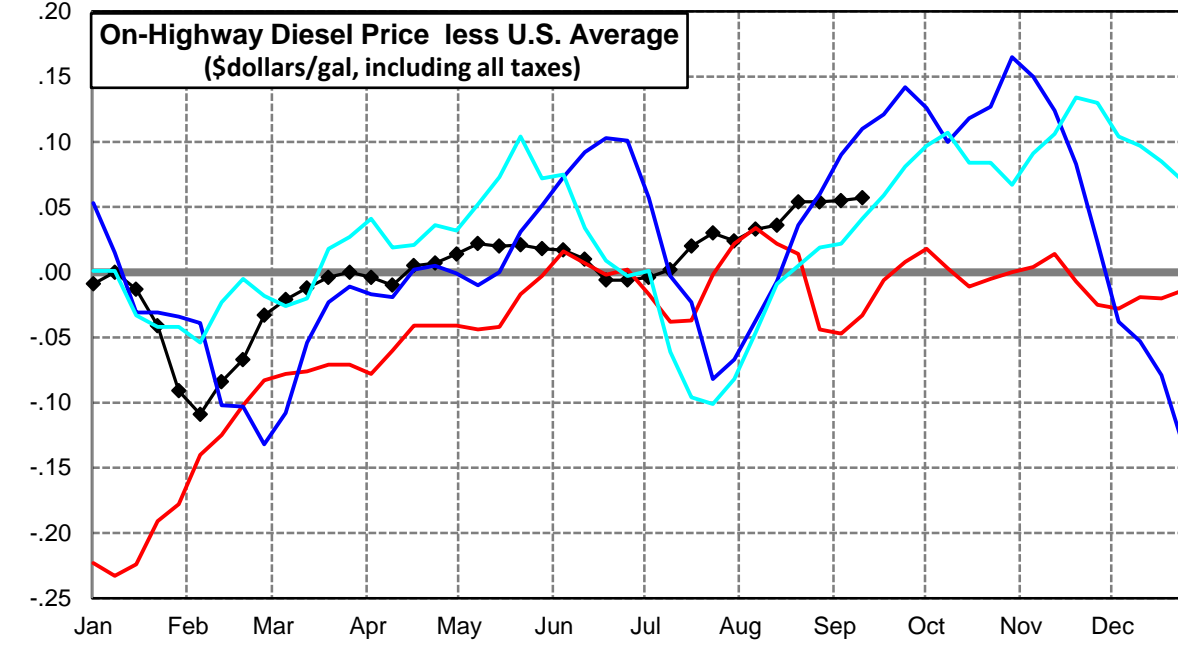
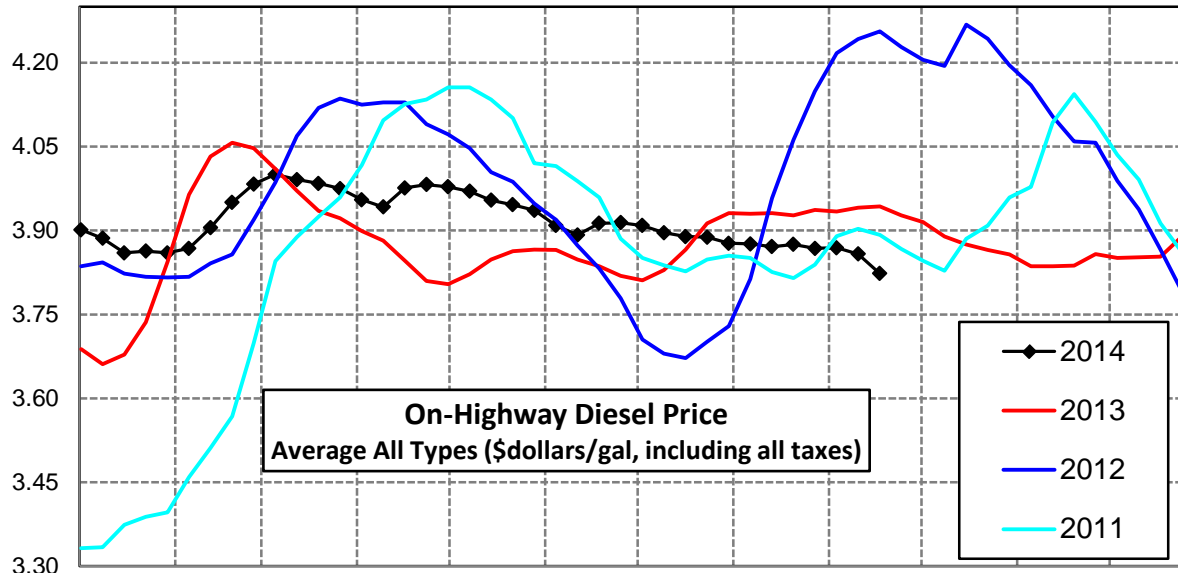
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	01Sep14	08Sep14	15Sep14	22Sep14	
Gulf Coast	\$3.720	\$3.715	\$3.706	\$3.653	-\$0.053
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



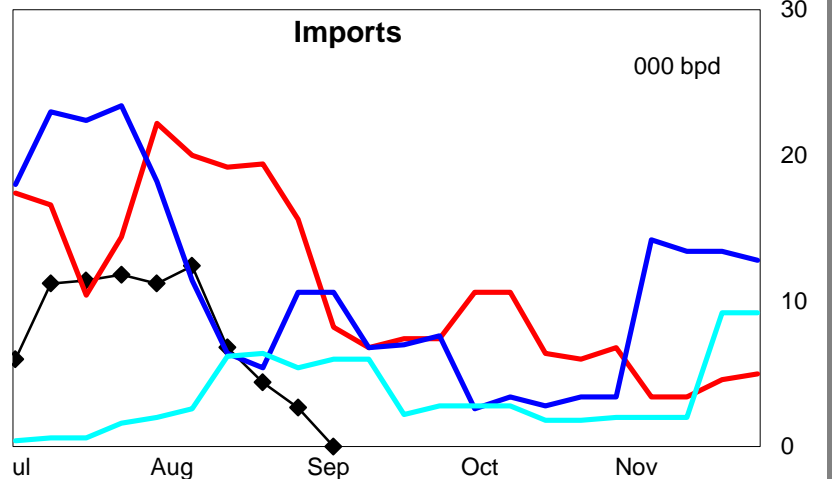
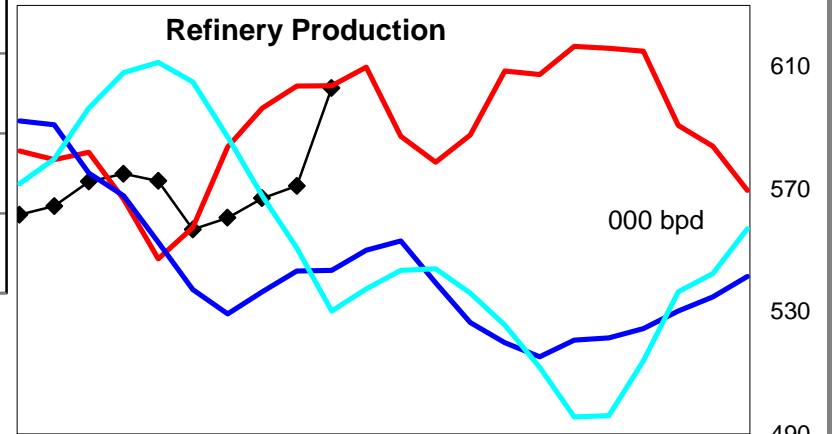
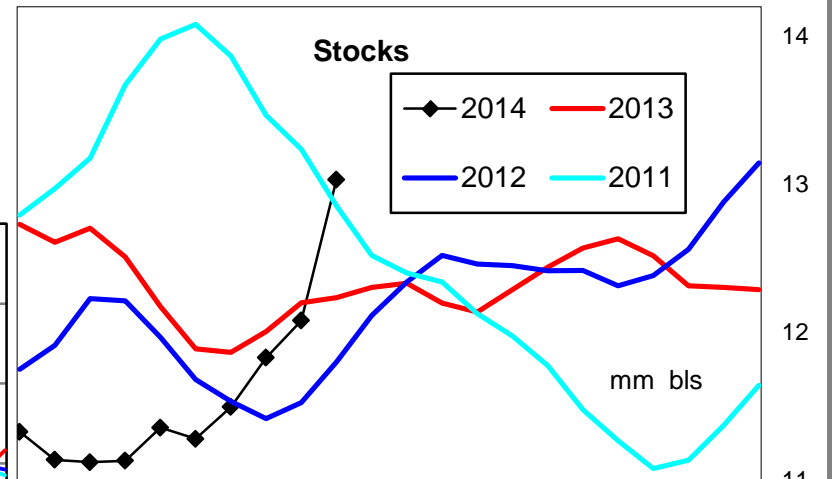
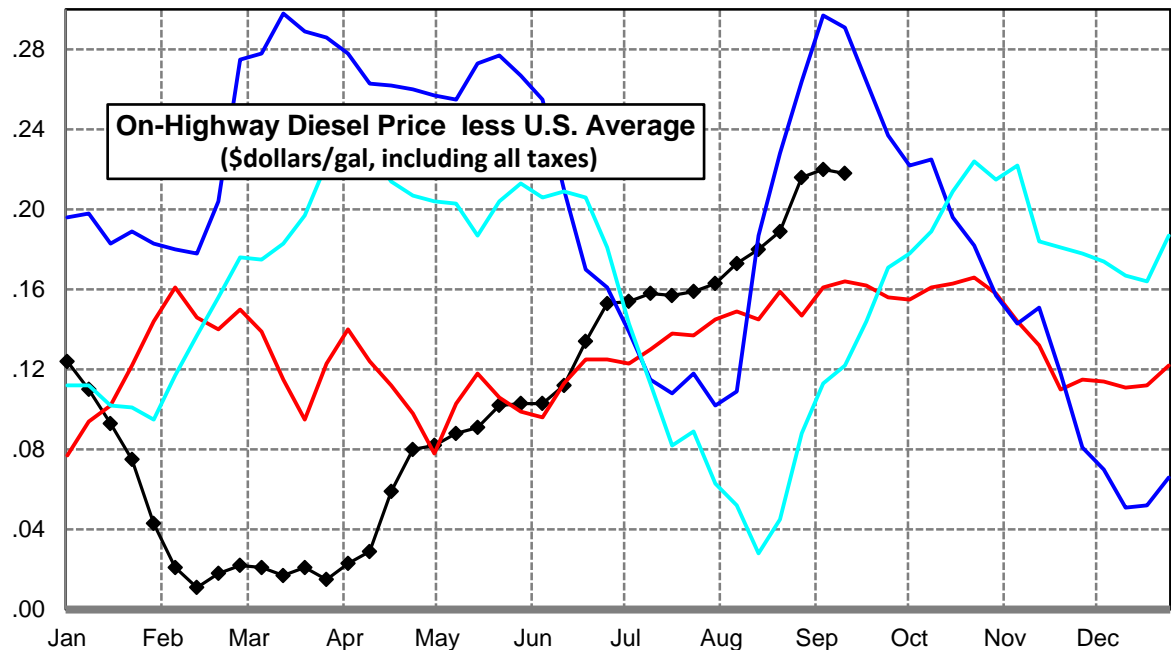
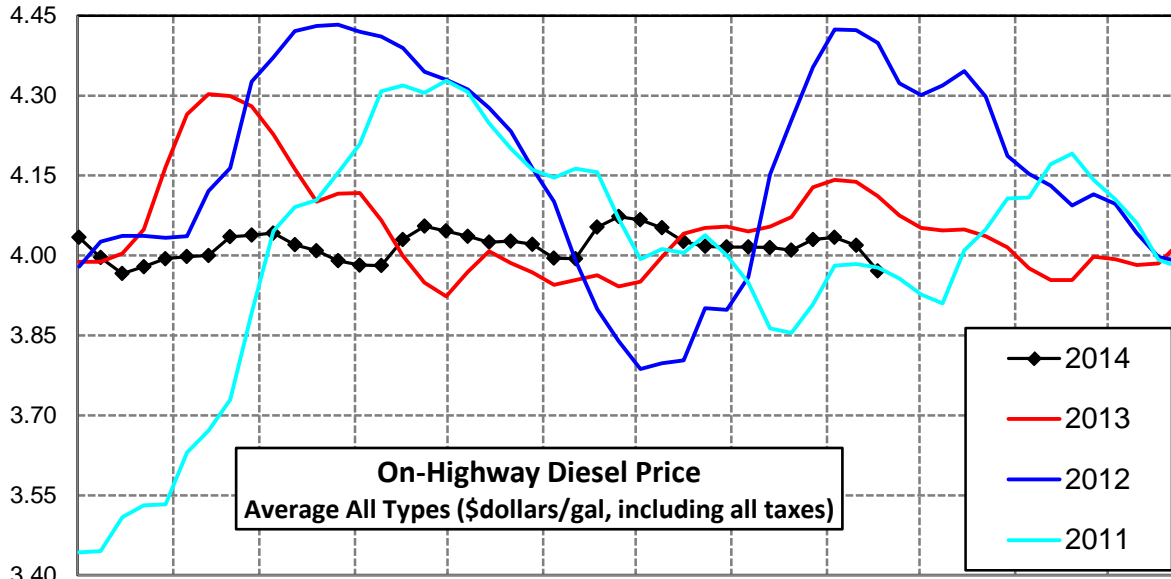
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	01Sep14	08Sep14	15Sep14	22Sep14	
Rocky Mountain	\$3.868	\$3.869	\$3.858	\$3.823	-\$0.035
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



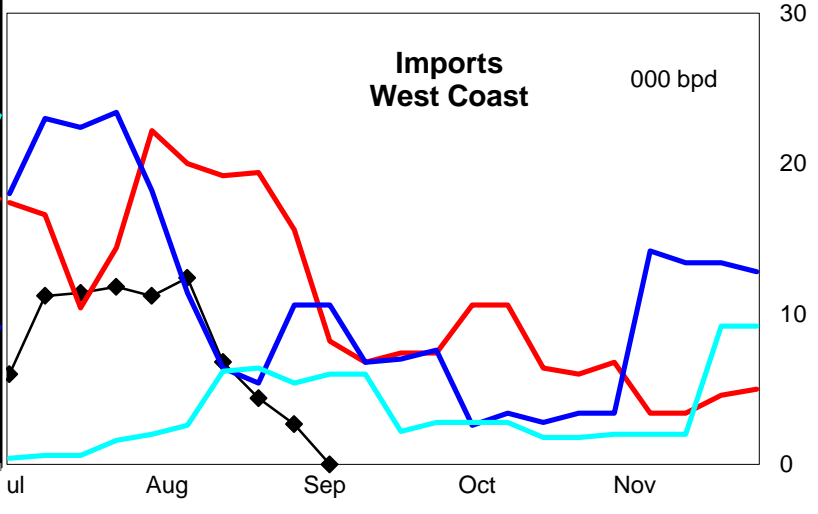
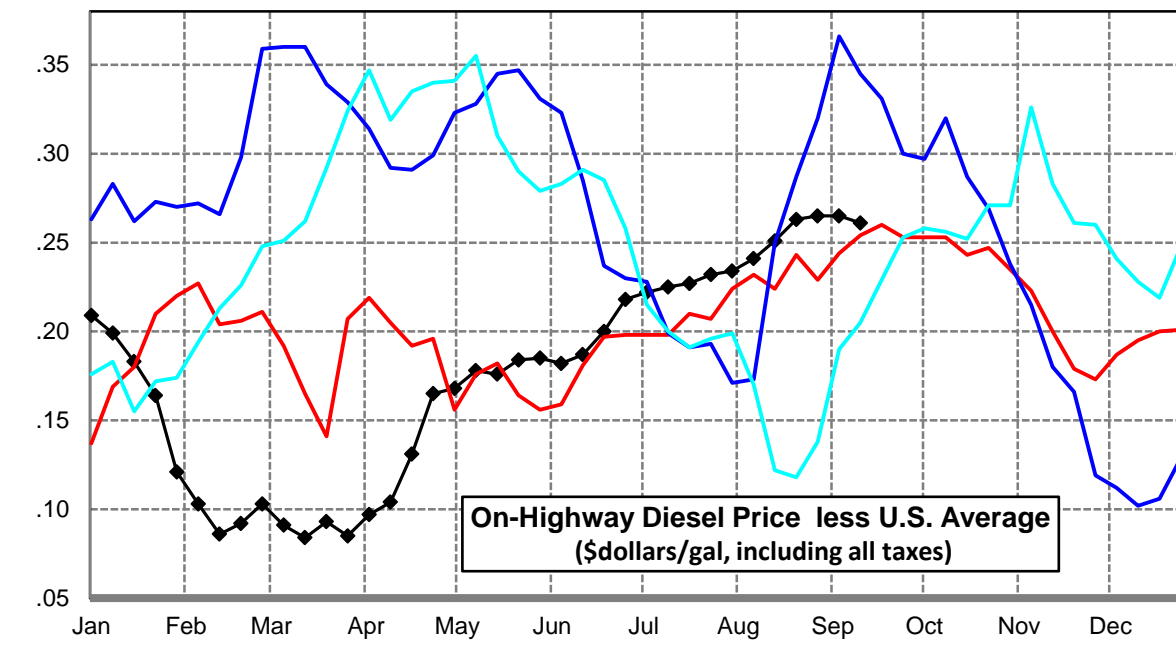
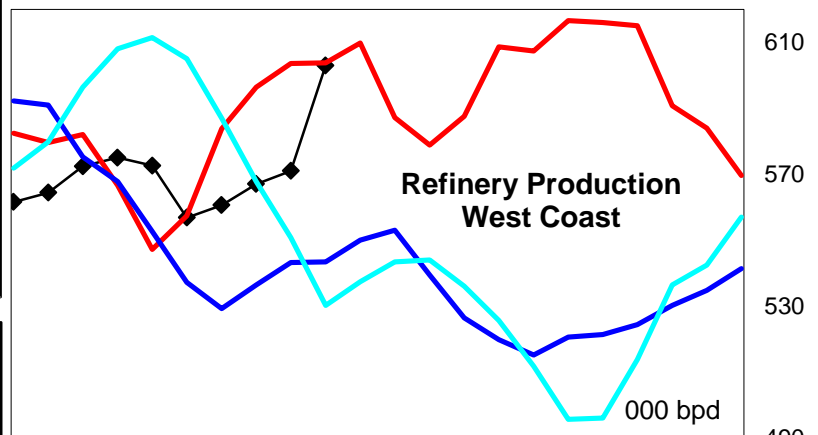
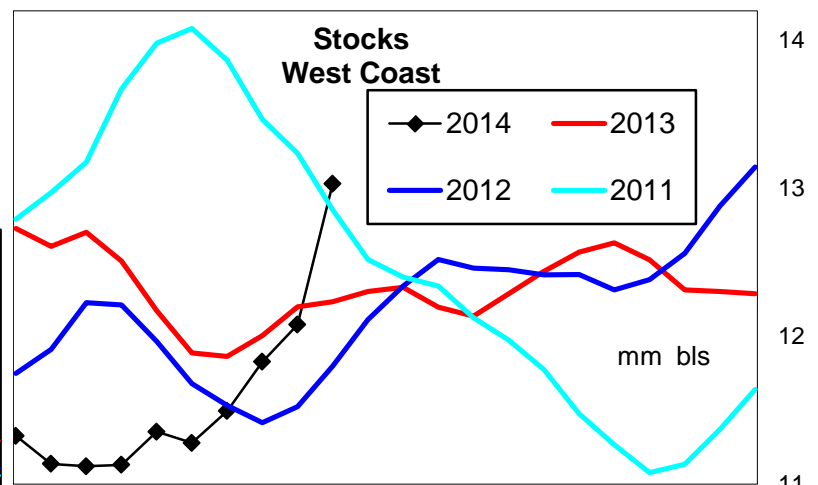
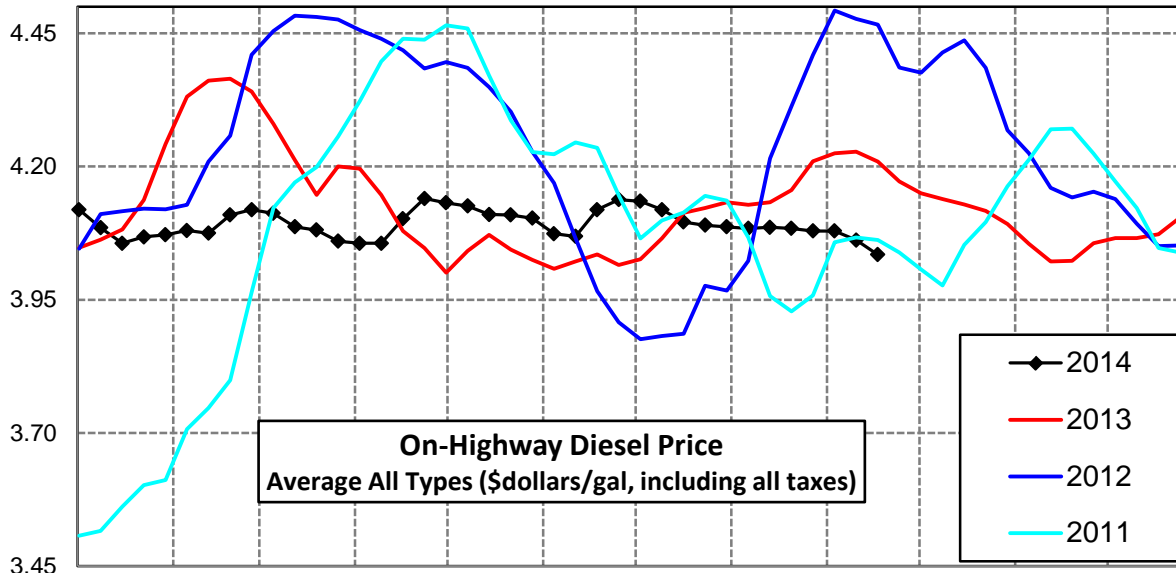
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	01Sep14	08Sep14	15Sep14	22Sep14	
West Coast	\$4.030	\$4.034	\$4.019	\$3.971	-\$0.048
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
	01Sep14	08Sep14	15Sep14	22Sep14	
California	\$4.079	\$4.079	\$4.062	\$4.035	-\$0.027
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-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	3.858	3.910	4.044	3.993	3.817	3.801	3.767	3.888	4.017	4.090
Mon-04-Aug-14	3.853	3.906	4.019	3.989	3.817	3.798	3.754	3.877	4.016	4.087
Mon-11-Aug-14	3.843	3.887	3.982	3.974	3.800	3.787	3.750	3.876	4.016	4.084
Mon-18-Aug-14	3.835	3.875	3.971	3.960	3.788	3.780	3.739	3.871	4.015	4.086
Mon-25-Aug-14	3.821	3.855	3.955	3.935	3.771	3.763	3.732	3.875	4.010	4.084
Mon-01-Sep-14	3.814	3.842	3.944	3.925	3.756	3.752	3.720	3.868	4.030	4.079
Mon-08-Sep-14	3.814	3.844	3.933	3.928	3.760	3.751	3.715	3.869	4.034	4.079
Mon-15-Sep-14	3.801	3.825	3.911	3.905	3.744	3.743	3.706	3.858	4.019	4.062
Mon-22-Sep-14	3.761	3.812	3.905	3.877	3.713	3.703	3.653	3.823	3.971	4.035
Mon-29-Sep-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.