



## RETAIL DIESEL FUEL OUTLOOK

### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Tuesday, January 27, 2015

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price 1/			Forecast 2/	Change from week ago
	12Jan15	19Jan15	26Jan15	02Feb15	
U.S.	3.053	2.933	2.866	2.853	-0.013
East Coast	3.134	3.018	2.967	2.948	-0.019
New England	3.195	3.072	3.018	2.994	-0.024
Central Atlantic	3.239	3.131	3.078	3.035	-0.043
Lower Atlantic	3.039	2.918	2.870	2.854	-0.016
Midwest	3.010	2.889	2.804	2.786	-0.018
Gulf Coast	2.964	2.843	2.786	2.760	-0.026
Rocky Mountain	3.027	2.884	2.812	2.796	-0.016
West Coast	3.126	3.011	2.942	2.898	-0.044
California	3.250	3.165	3.090	3.035	-0.055

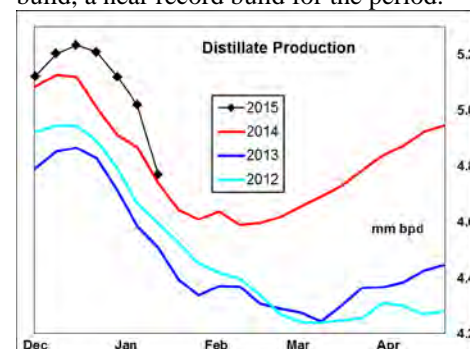
1/ Source: U.S. Energy Information Administration  
2/ Source: Fundamental Petroleum Trends Reports

for the week. All other regions continue to experience a spread compared to the U.S. average retail price within the historic range, indicating relatively balanced wholesale supplies across markets.

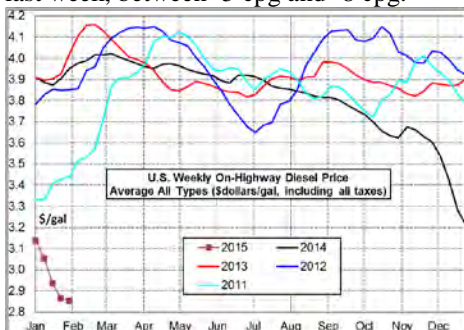
Gulf spot prices were unchanged last

During the latest 4-wk period, production was +219,000 bpd above last year while imports were +72,000 bpd higher. Stocks fell -3.3 million barrels last week, on the surge in wholesale demand.

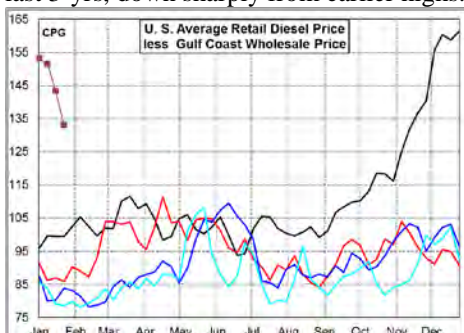
The latest 4-wk stock change East of the Rockies was a +10.6 million barrel build, a near record build for the period.



**Diesel Fuel Price Trends** U. S. retail diesel prices fell in all regional markets last week, between -5 cpg and -8 cpg.



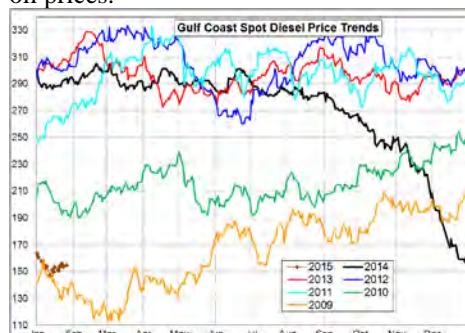
The U.S. average retail diesel price compared to the Gulf Coast wholesale market fell -10 cpg on the week. The spread ended the week +48 cpg above the last 3-yrs, down sharply from earlier highs.



The national average on-highway price ended the week -104 cpg below a year ago. The highest retail prices were in California and Central Atlantic at \$3.03/gal each. The lowest prices were in the Gulf Coast, Midwest and Rocky Mountain regions at \$2.79/gal, \$2.80/gal and \$2.8/gal; respectively.

Retail prices in New England and the West coast each matched 4-yr lows compared to the U.S. average retail price

week, ending near lows last seen in the winter of 2009. Global over supply of crude oil and weak economic growth in Asia and Europe continue to depress crude oil prices.



The spread between the Gulf wholesale price and the U.S. average retail price was 133 cpg last week. This differential is +48 cpg above the 3-yr average, down sharply from the earlier +75 cpg increase over the prior 3-yrs.

Retail price declines have increased compared to wholesale spot markets, driven by the seasonal slowdown in retail demand. Even with the recent decrease in the retail to wholesale price spread, margins at the retail level remain very high.

**Supply - Demand Fundamental Trends** Distillate wholesale demand extended the recent surge, driven by higher exports than the monthly EIA estimate. Demand for the latest 4-wk period was +451,000 bpd above last year.

Supply decreased -304,000 bpd on the week, due to a -1 million bpd decrease in crude oil runs as refiners began winter maintenance.

**Global Trends Driving Diesel Prices** Global over supply of crude oil continues to depress energy prices.

Slower economic growth in Asia and Europe, combined with reduction of fuel subsidies in developing countries underlies weak demand growth.

Expanded winter refinery maintenance on the Gulf, Midwest and West Coast regions should provide strength to distillate prices during the next quarter. Such strength is likely to be limited by the global crude oil surplus and slow economic growth in most countries outside the U.S.

**Diesel Price Outlook** Regional markets are all well supplied. The recent decrease in retail prices compared to wholesale spot markets should continue over the next 30-days.

Expanded refinery maintenance should drive an uptrend in wholesale prices. However, with the spread between retail and wholesale prices still nearly +50 cpg above the historic average, expect retail prices to extend the current downtrend, although at a less rapid rate.

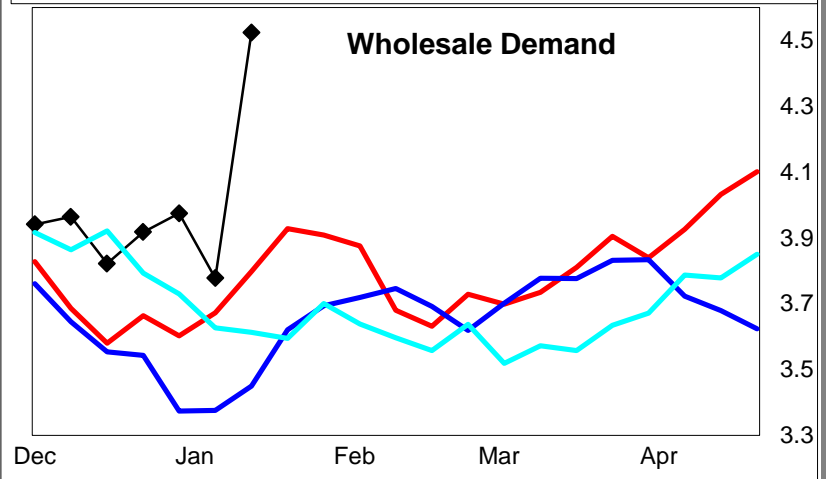
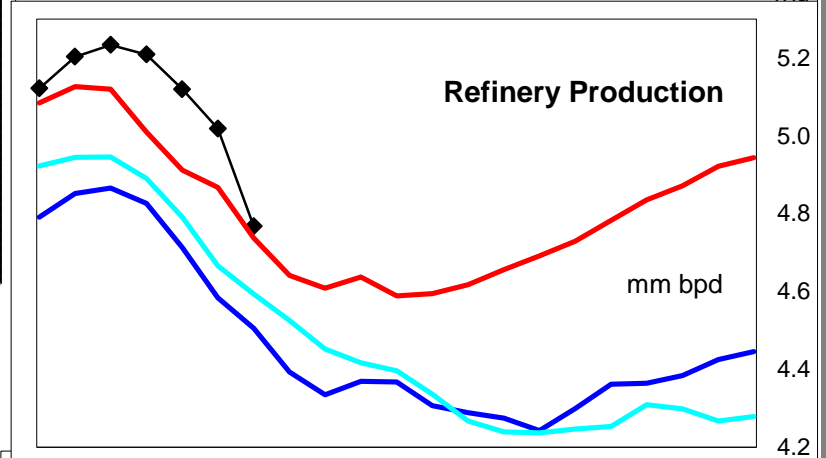
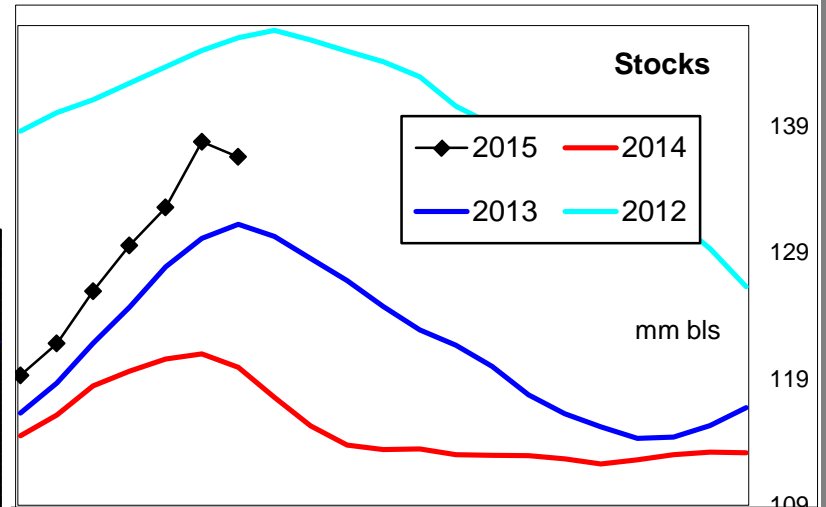
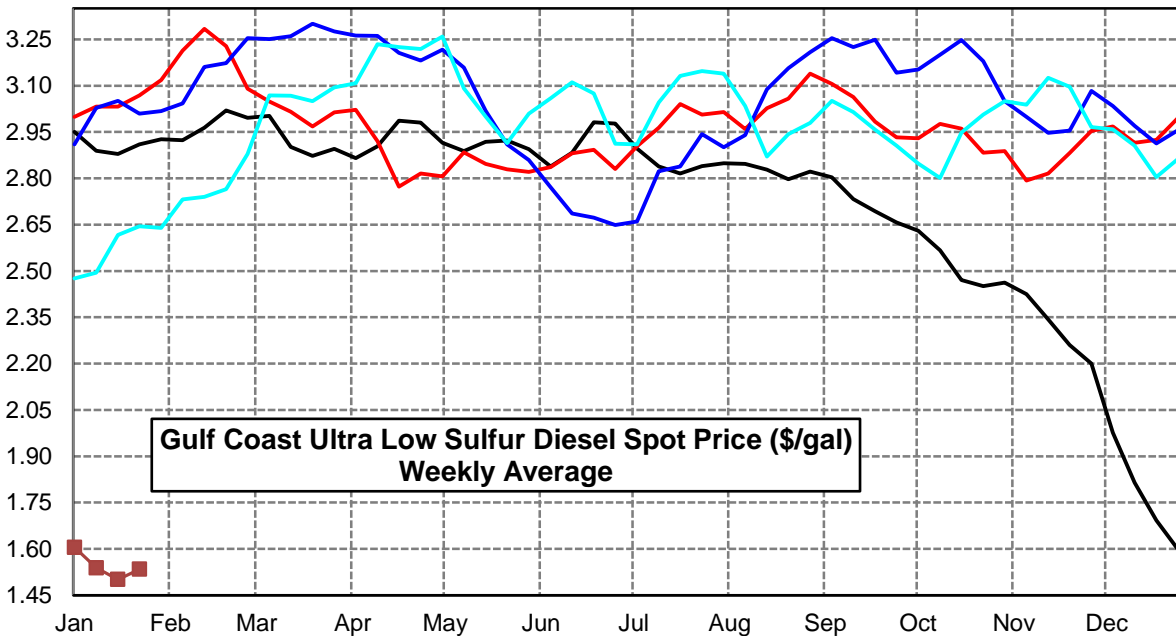
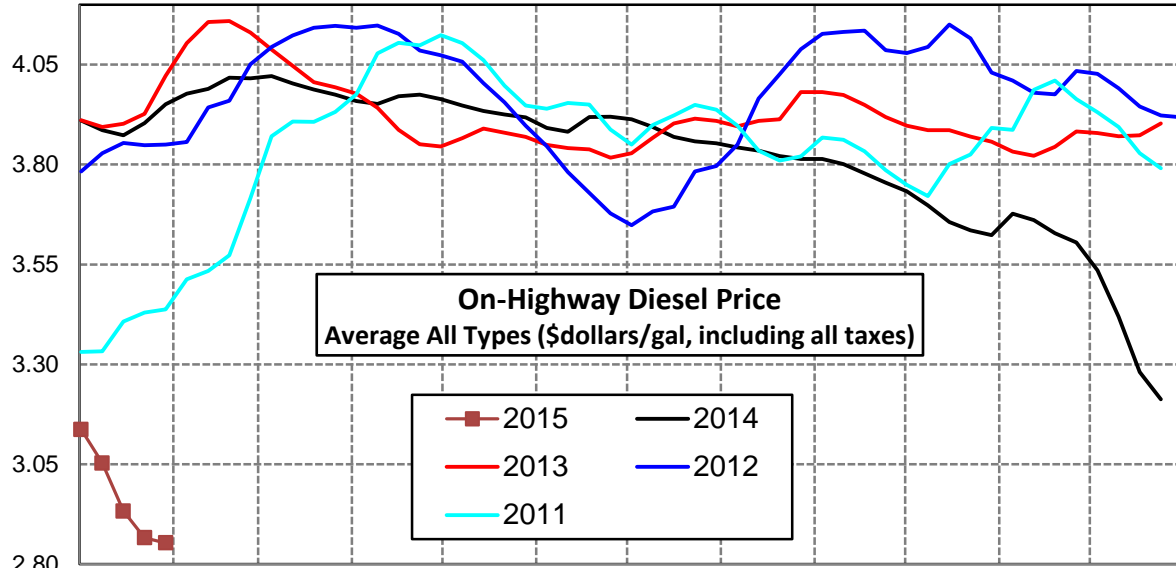
Much above average maintenance in the Northwest and Midwest regions this spring should lead to larger retail price increases compared to other regions during the spring quarter.

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



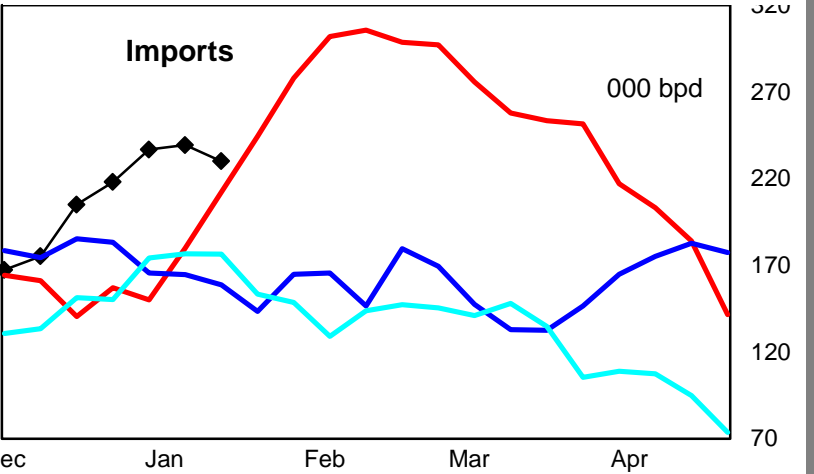
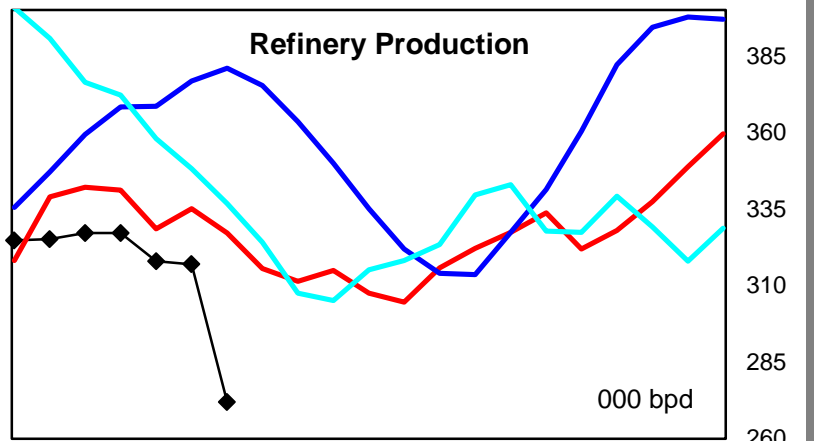
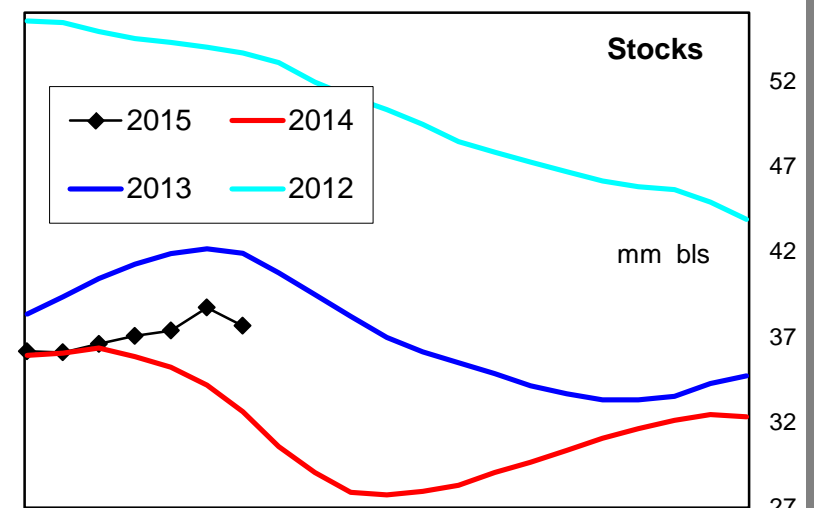
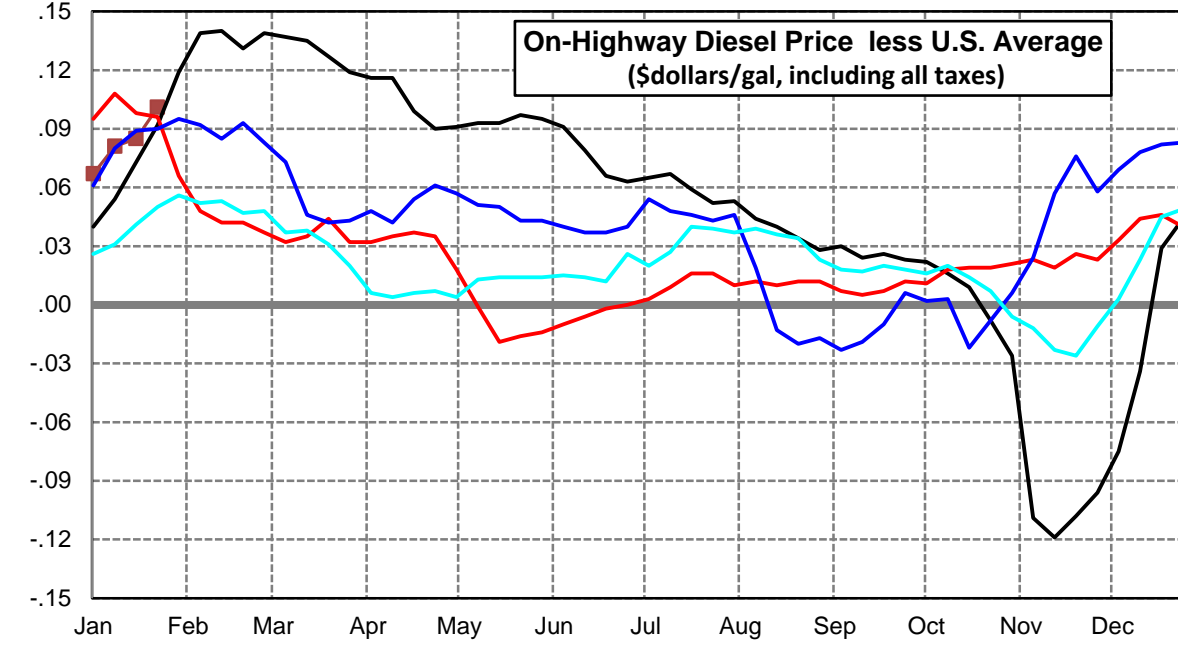
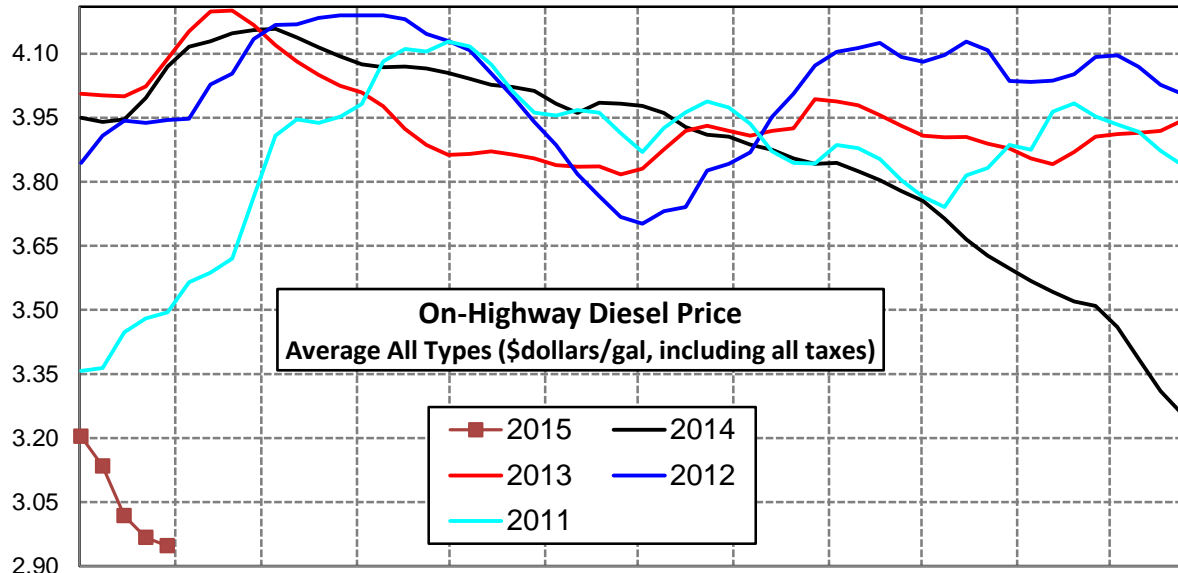
### U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Jan15	19Jan15	26Jan15	02Feb15	
<b>United States Avg</b>	\$3.053	\$2.933	\$2.866	<b>\$2.853</b>	-\$0.013
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



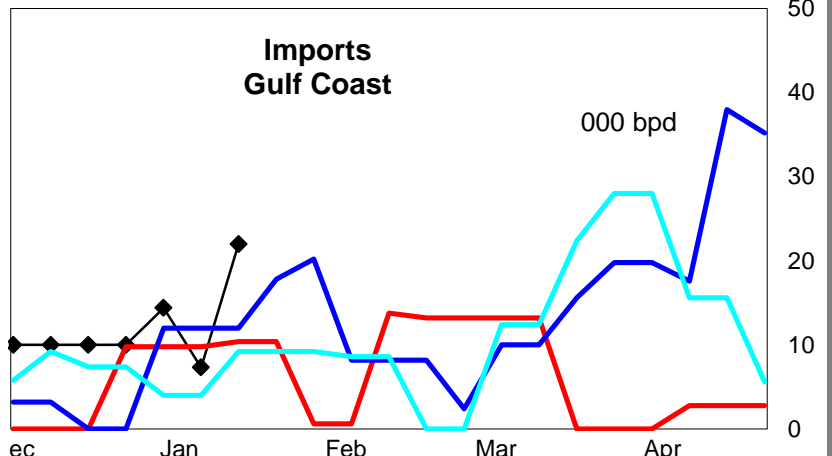
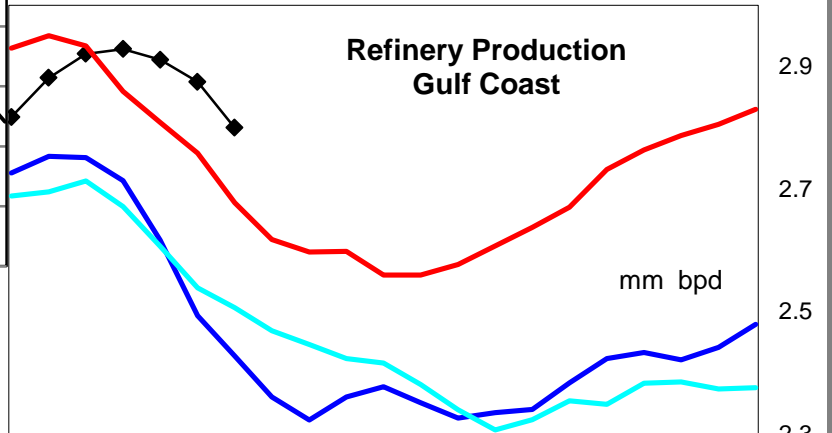
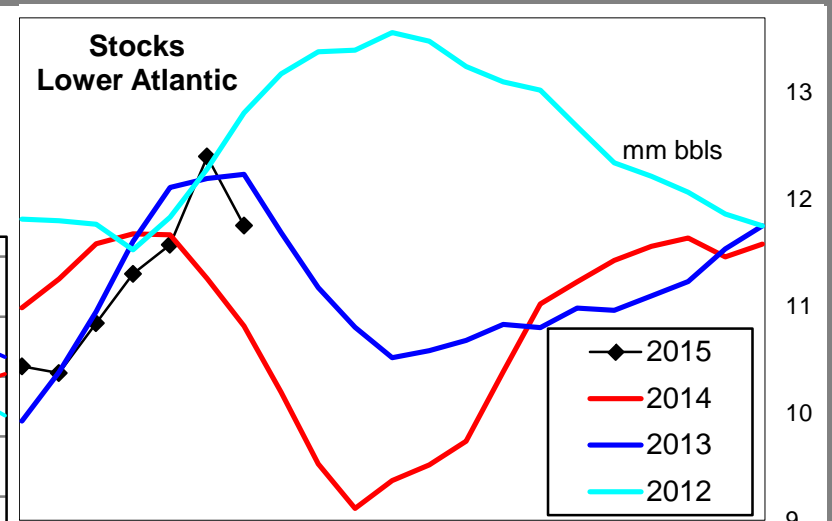
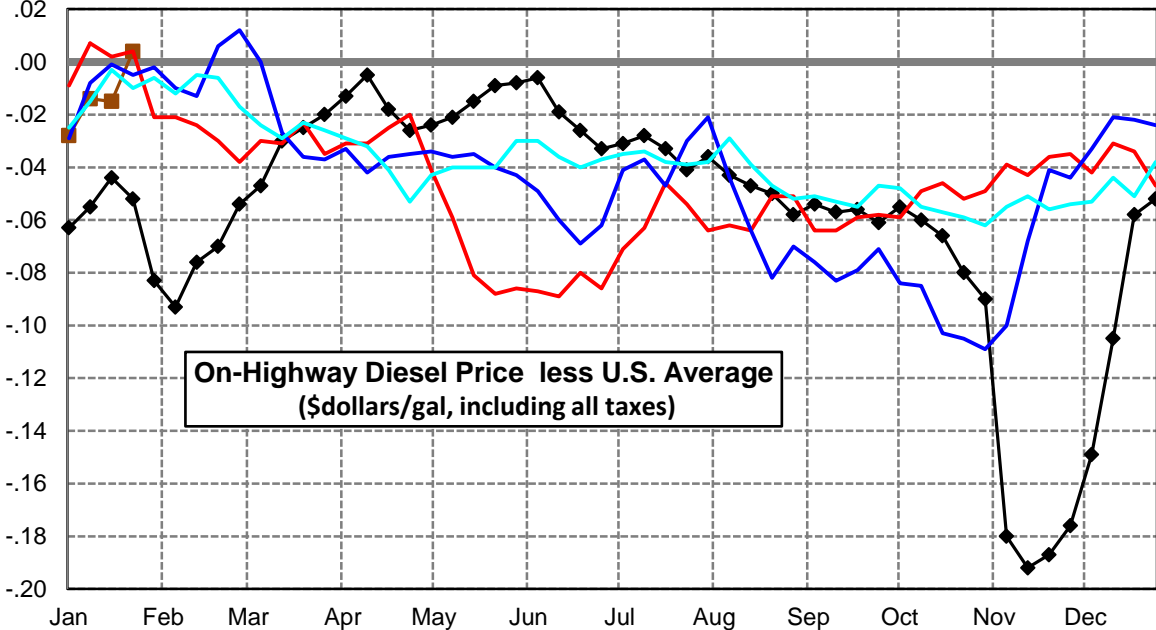
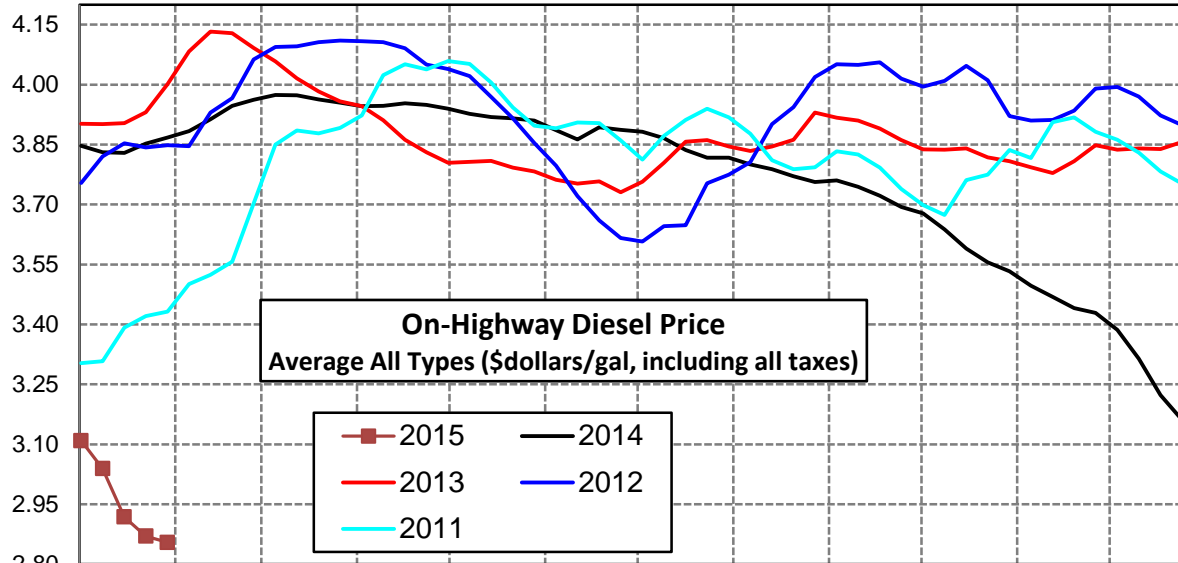
### East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Jan15	19Jan15	26Jan15	02Feb15	
<b>East Coast</b>	\$3.134	\$3.018	\$2.967	<b>\$2.948</b>	-\$0.019
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

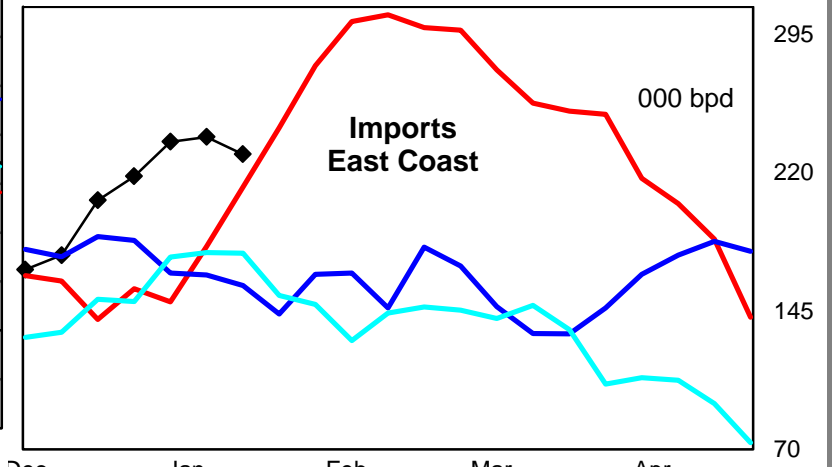
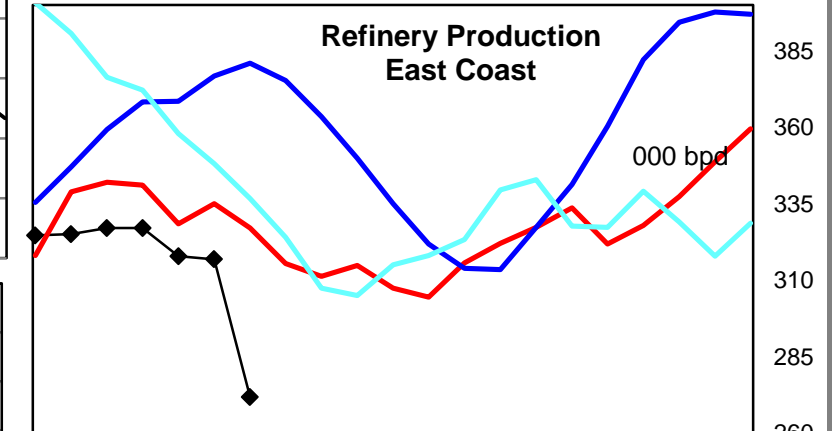
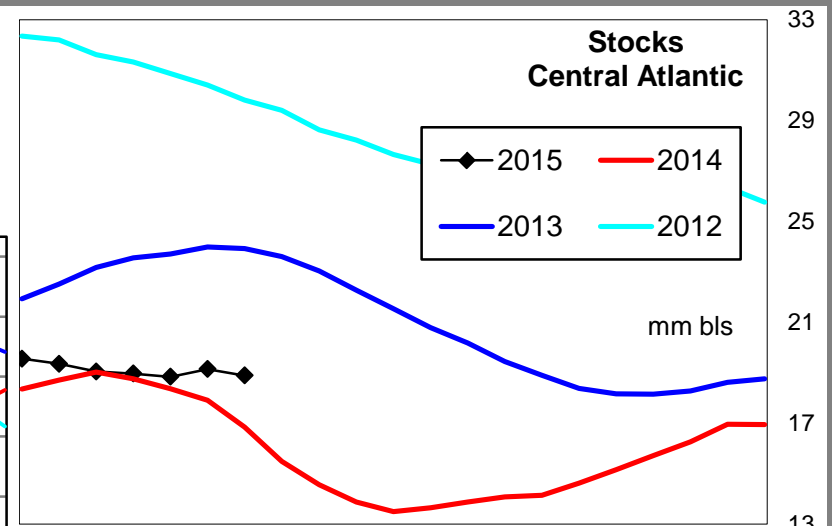
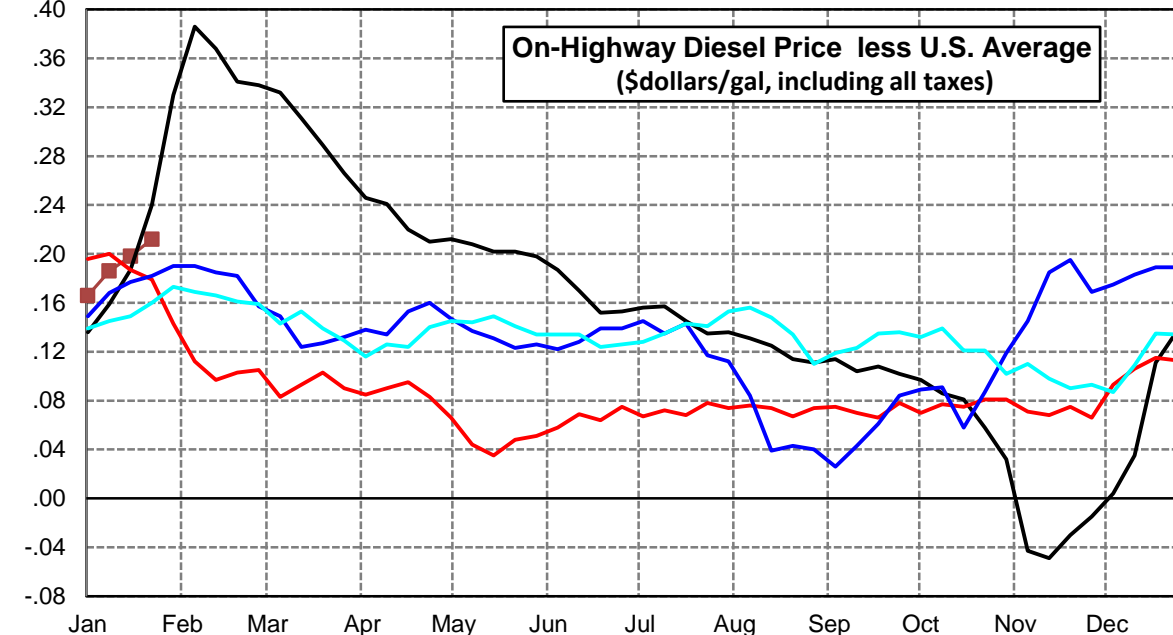
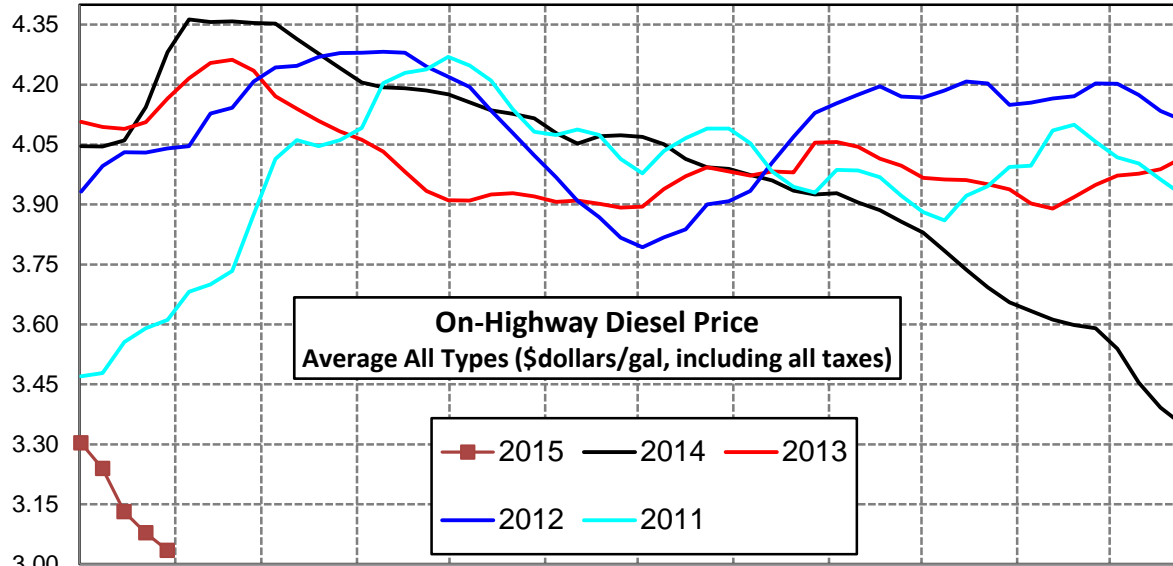
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Jan15	19Jan15	26Jan15	02Feb15	
<b>Lower Atlantic</b>	\$3.039	\$2.918	\$2.870	<b>\$2.854</b>	-\$0.016
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





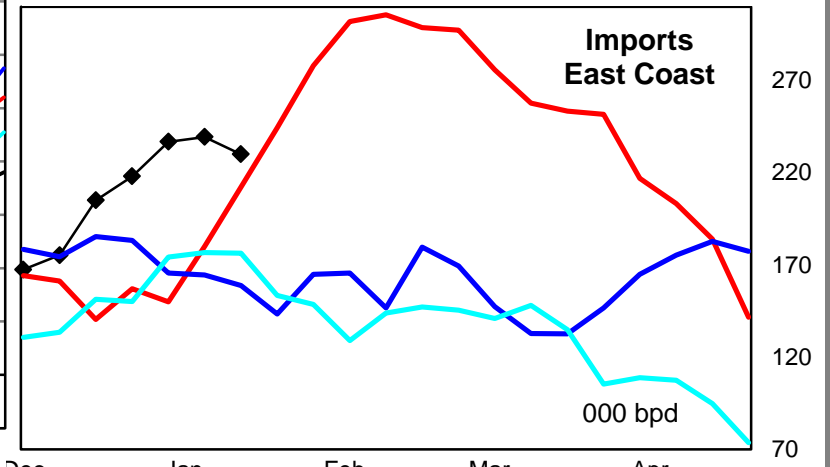
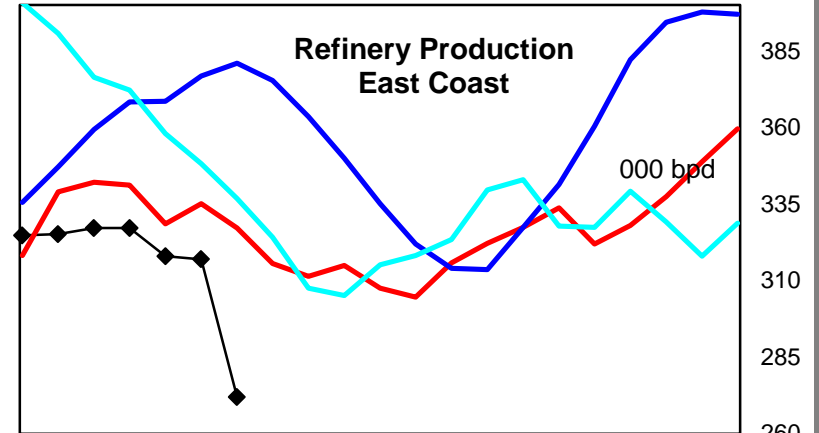
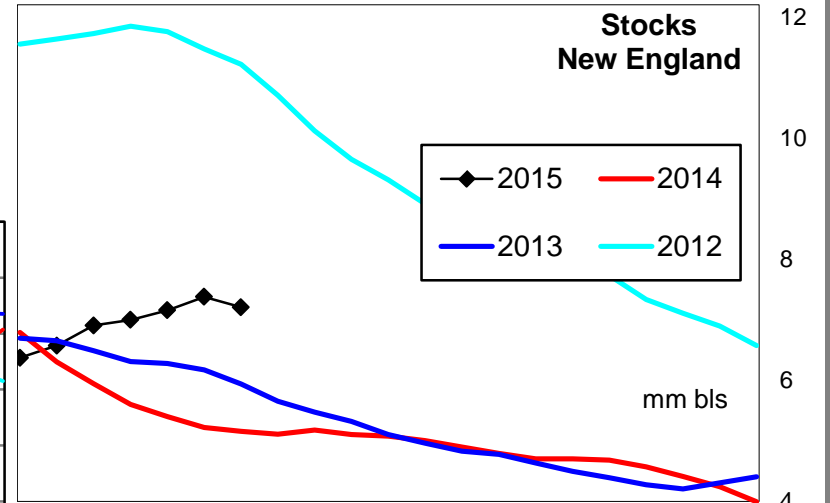
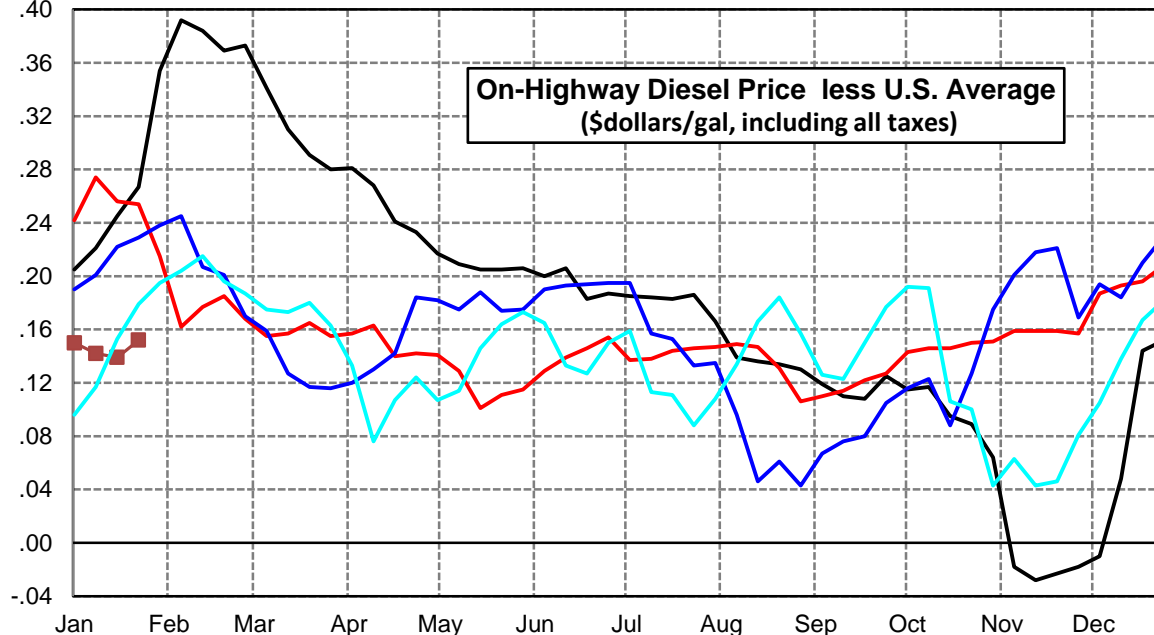
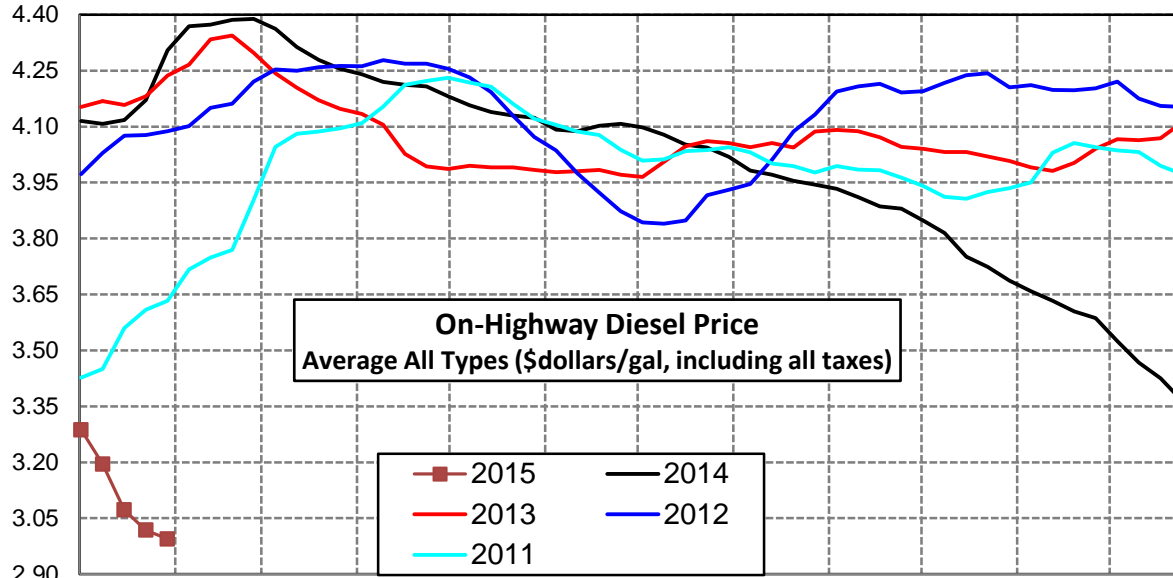
### Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Jan15	19Jan15	26Jan15	02Feb15	
<b>Central Atlantic</b>	\$3.239	\$3.131	\$3.078	<b>\$3.035</b>	-\$0.043
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



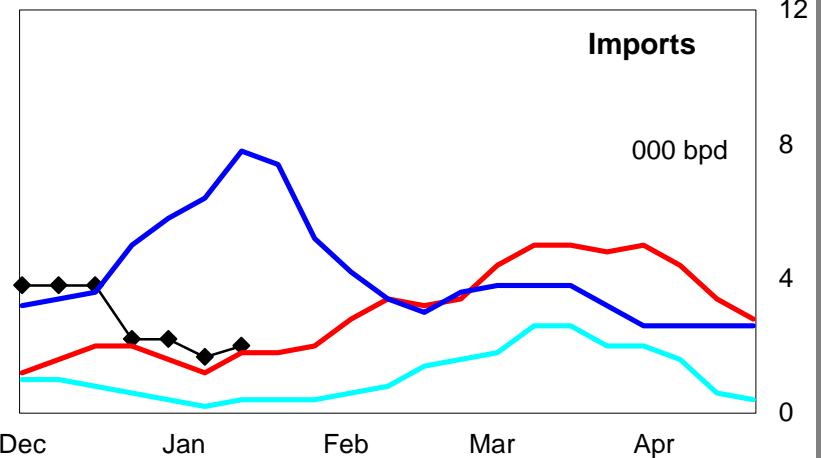
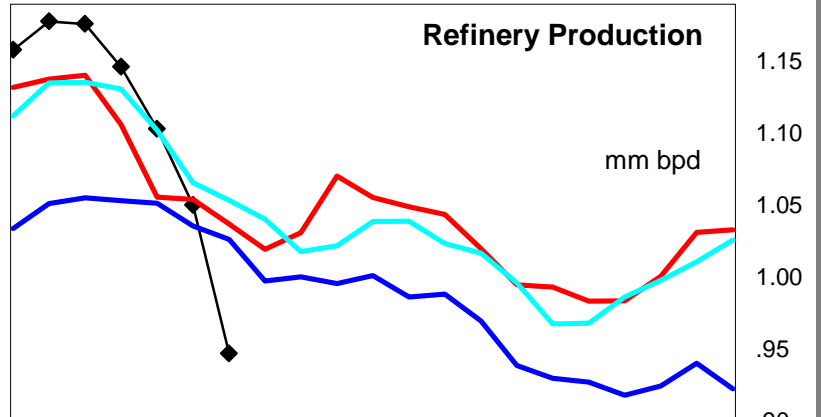
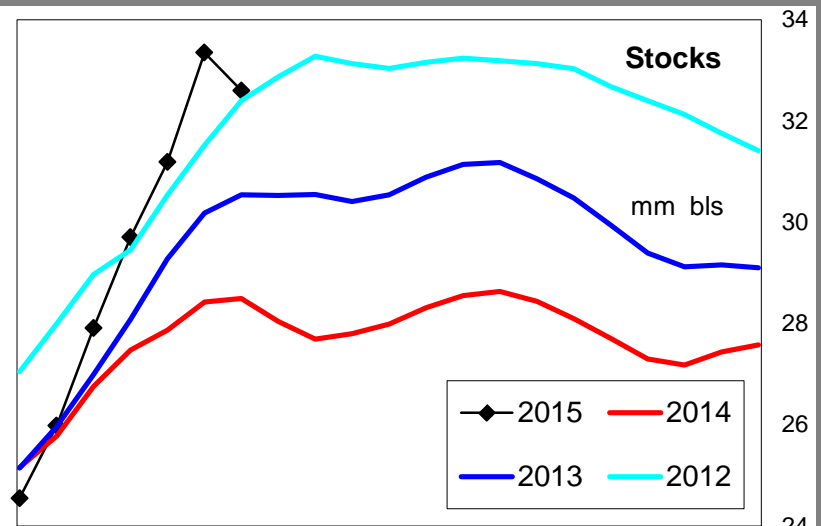
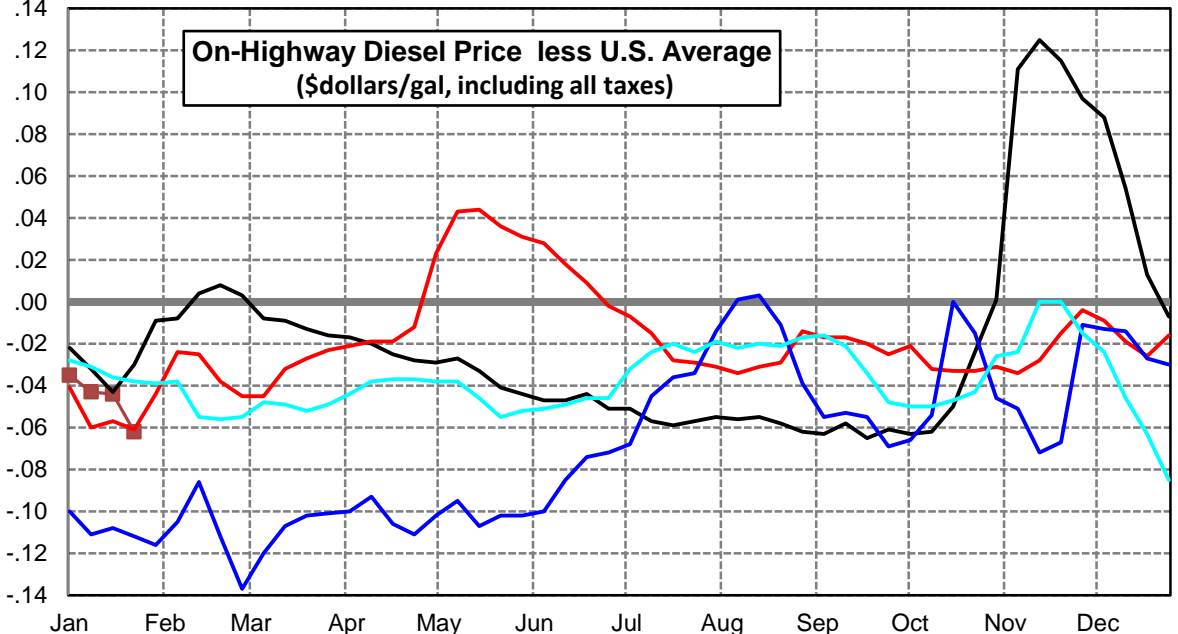
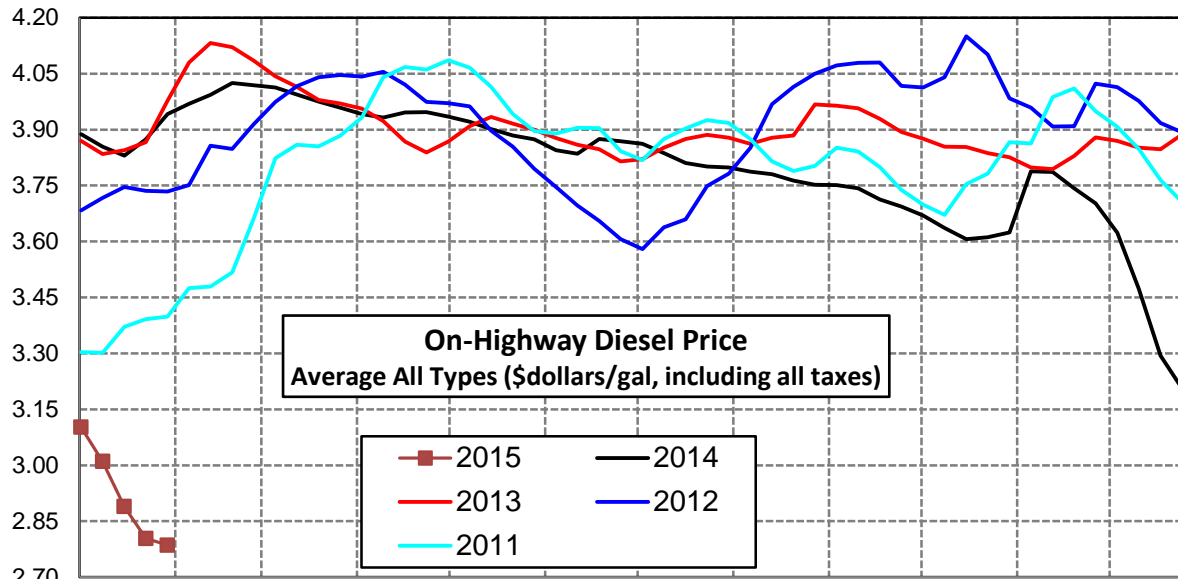
## New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Jan15	19Jan15	26Jan15	02Feb15	
<b>New England</b>	\$3.195	\$3.072	\$3.018	<b>\$2.994</b>	-\$0.024
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

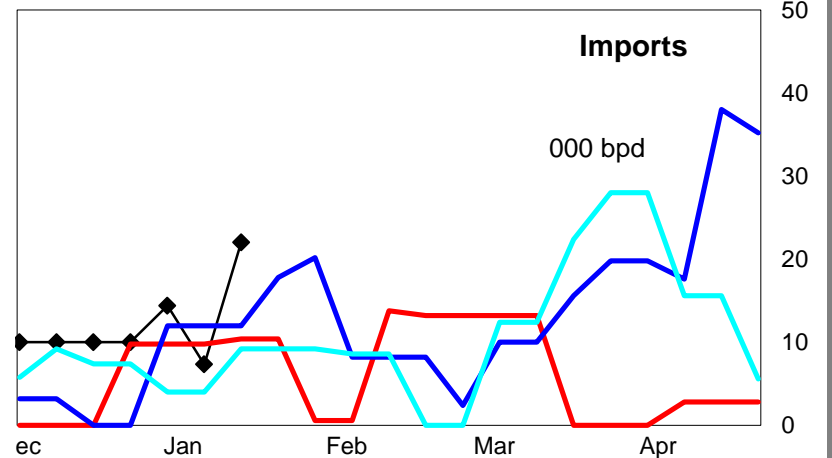
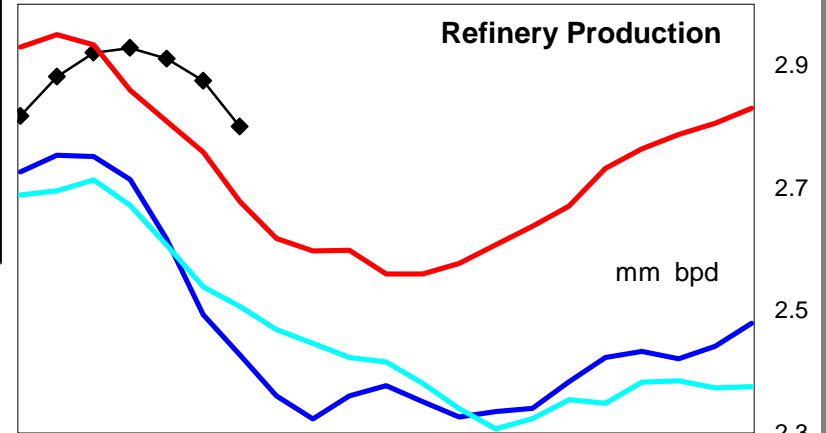
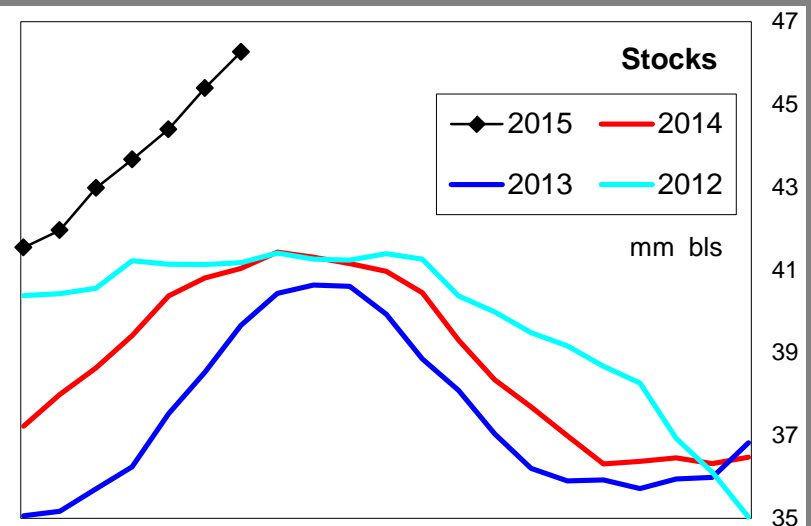
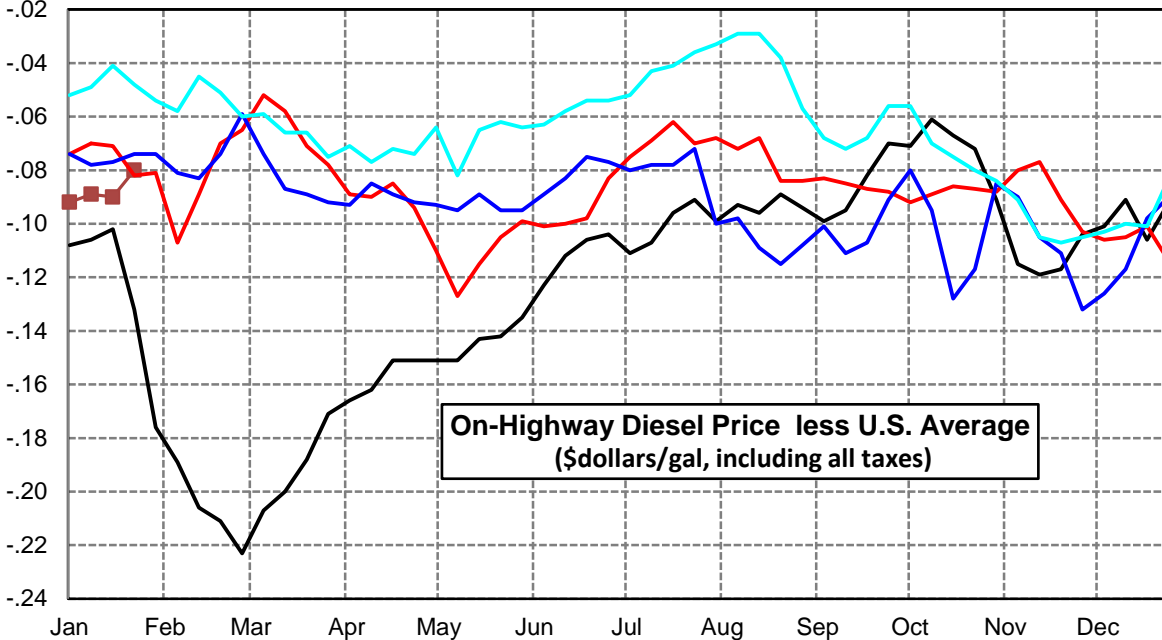
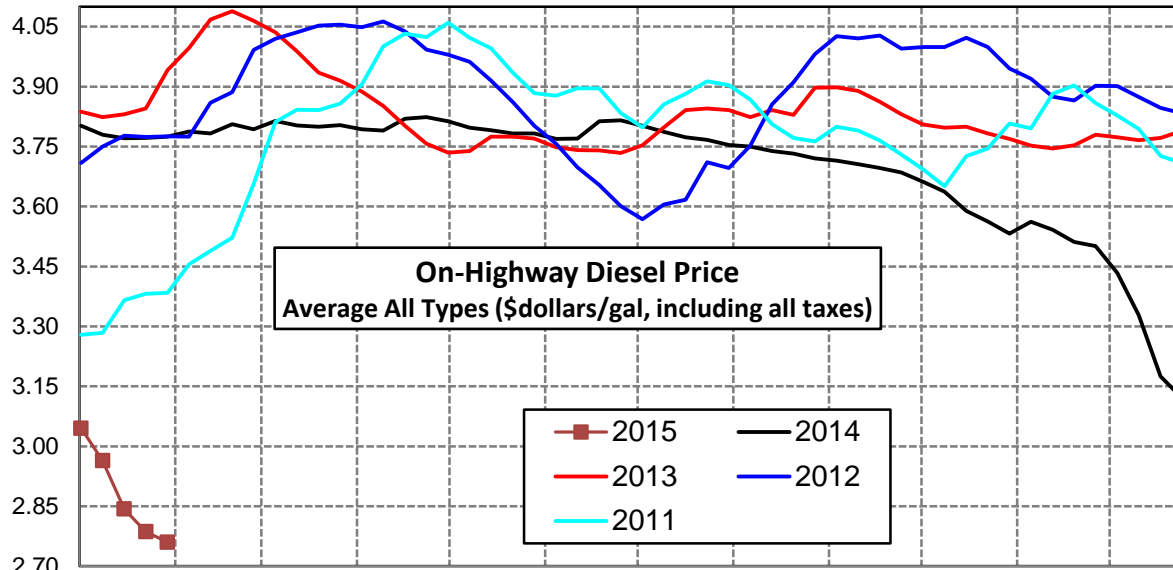
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Jan15	19Jan15	26Jan15	02Feb15	
<b>Midwest</b>	\$3.010	\$2.889	\$2.804	<b>\$2.786</b>	-\$0.018
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





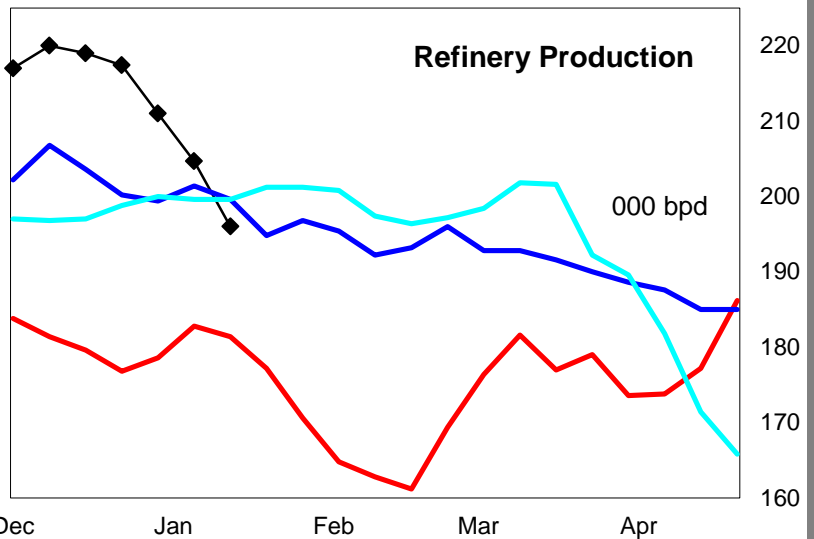
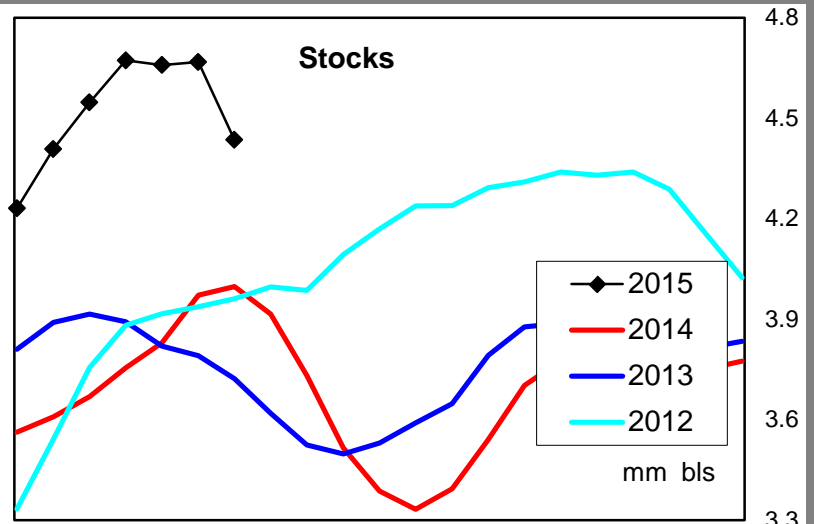
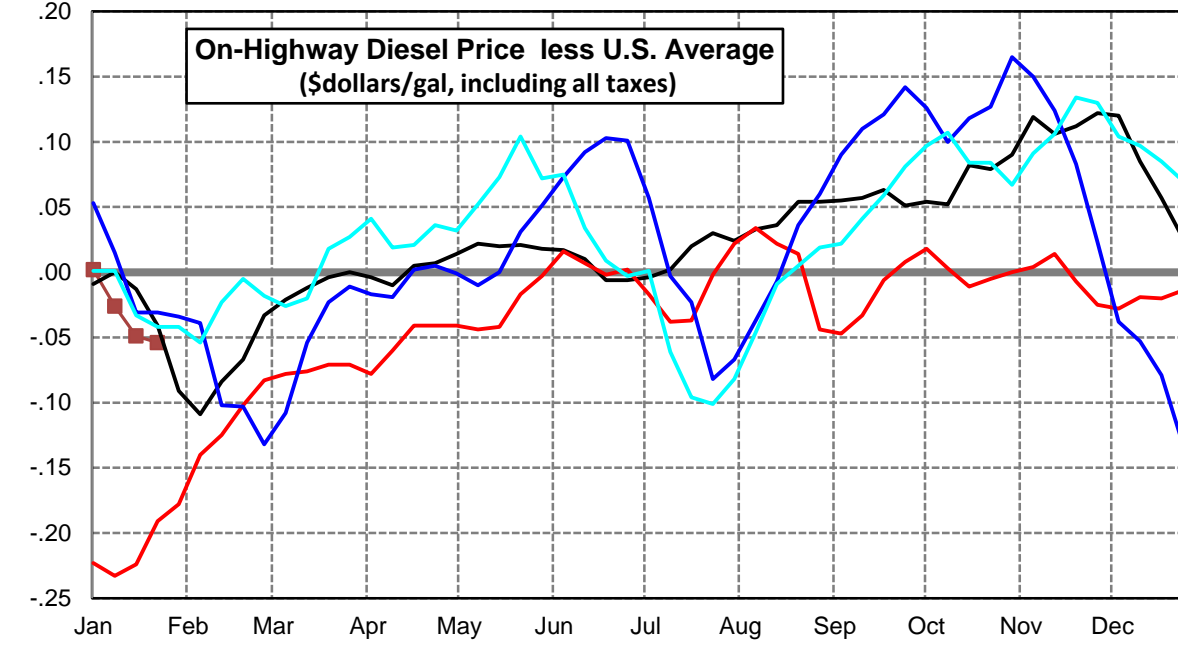
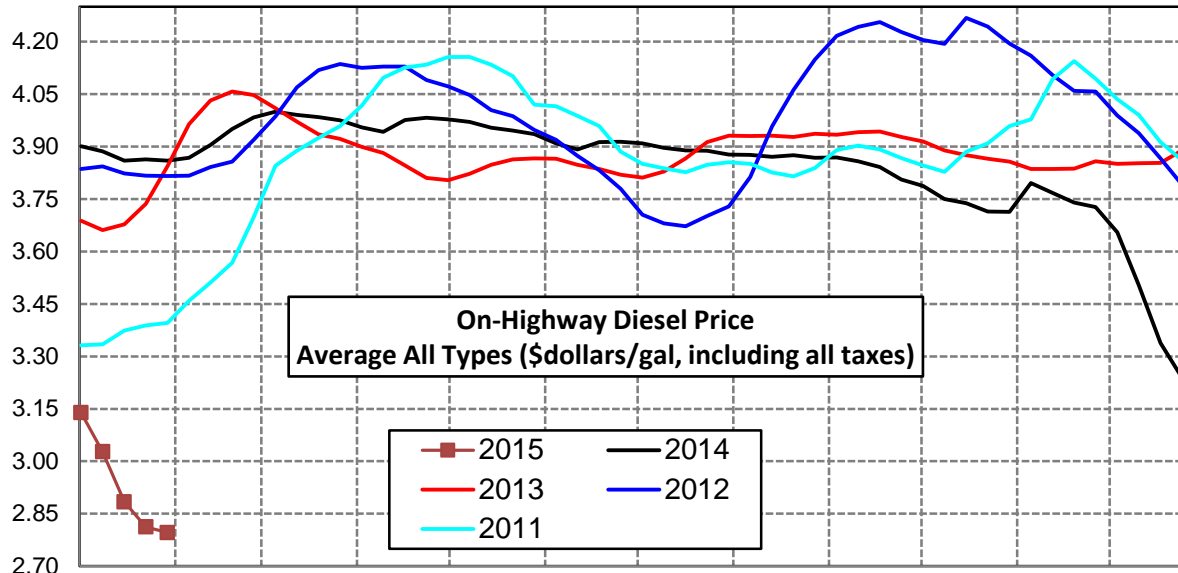
### Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Jan15	19Jan15	26Jan15	02Feb15	
<b>Gulf Coast</b>	\$2.964	\$2.843	\$2.786	<b>\$2.760</b>	-\$0.026
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



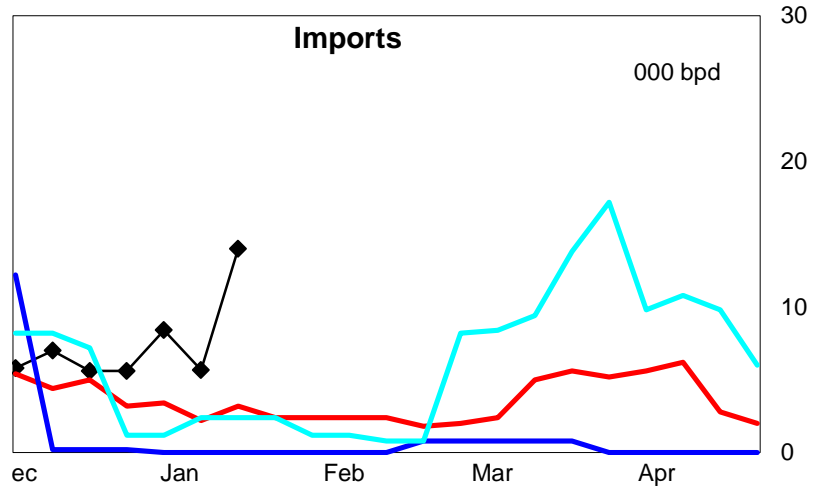
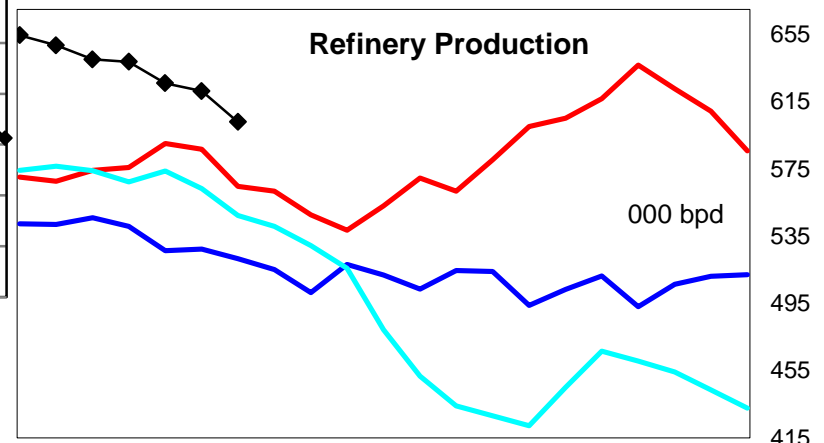
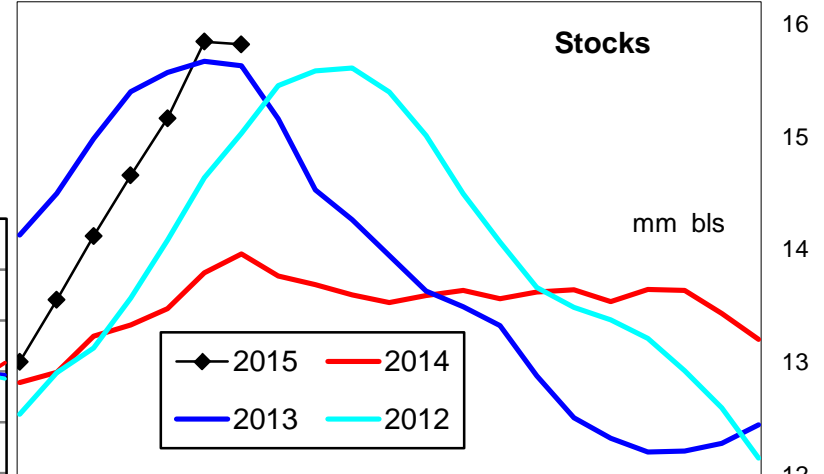
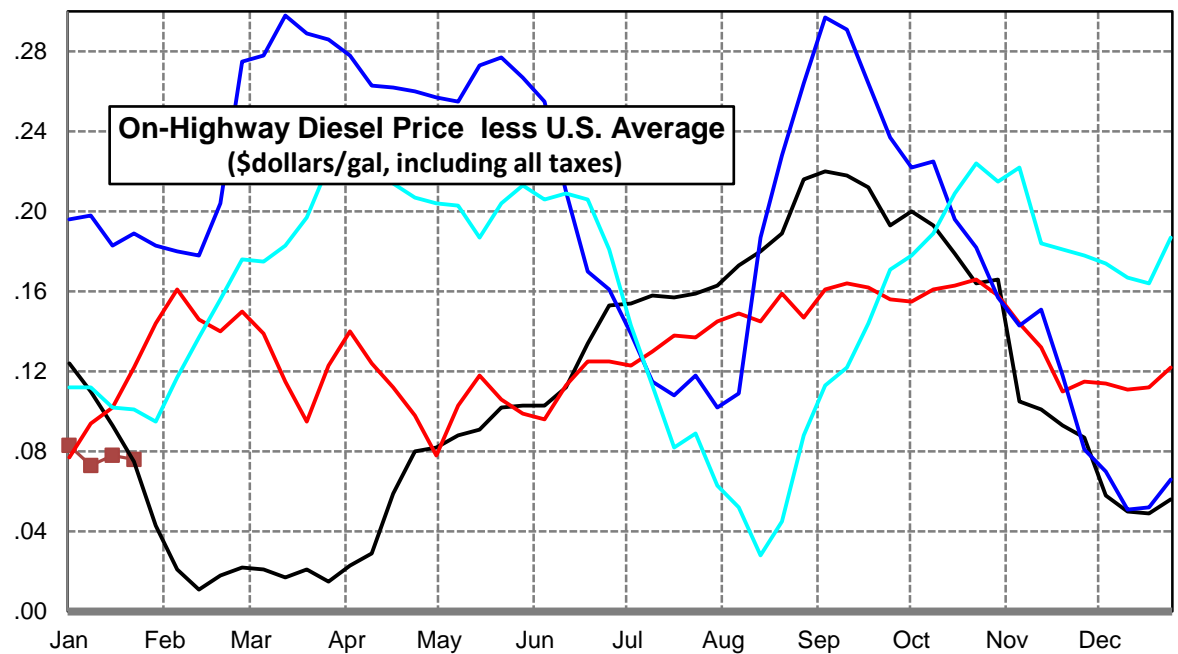
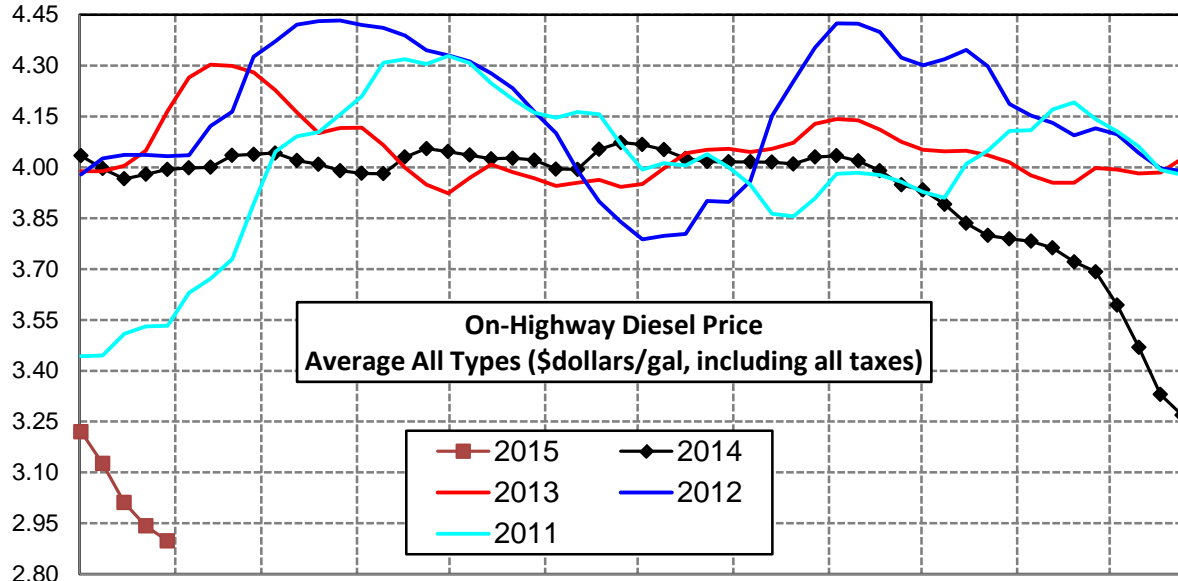
### Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Jan15	19Jan15	26Jan15	02Feb15	
<b>Rocky Mountain</b>	\$3.027	\$2.884	\$2.812	<b>\$2.796</b>	-\$0.016
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



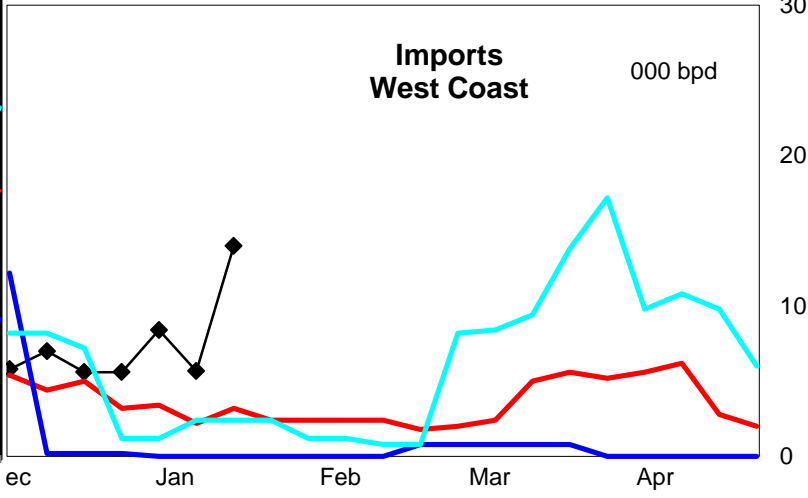
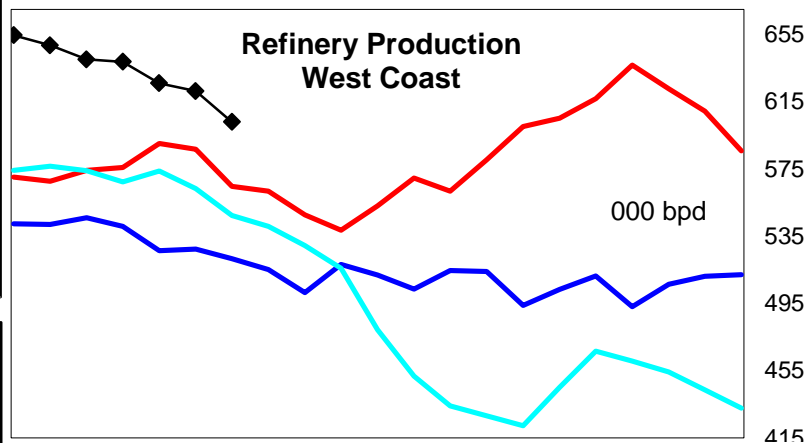
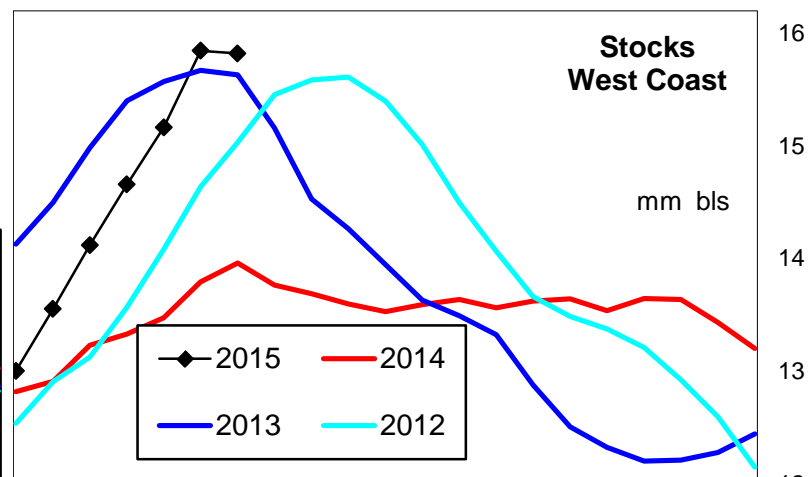
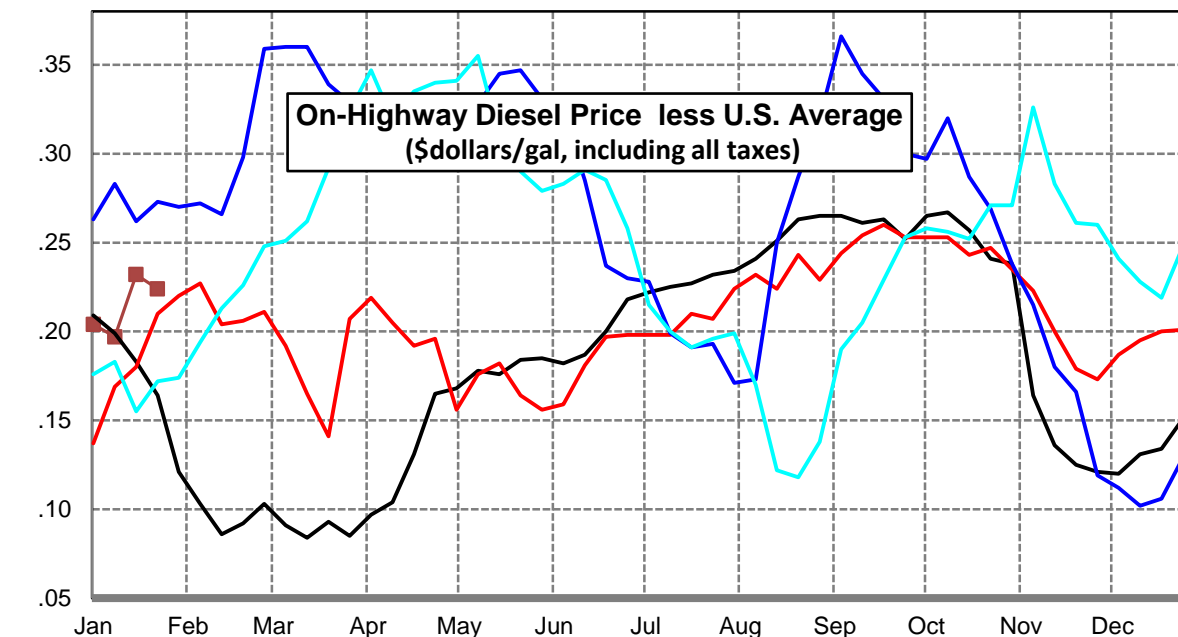
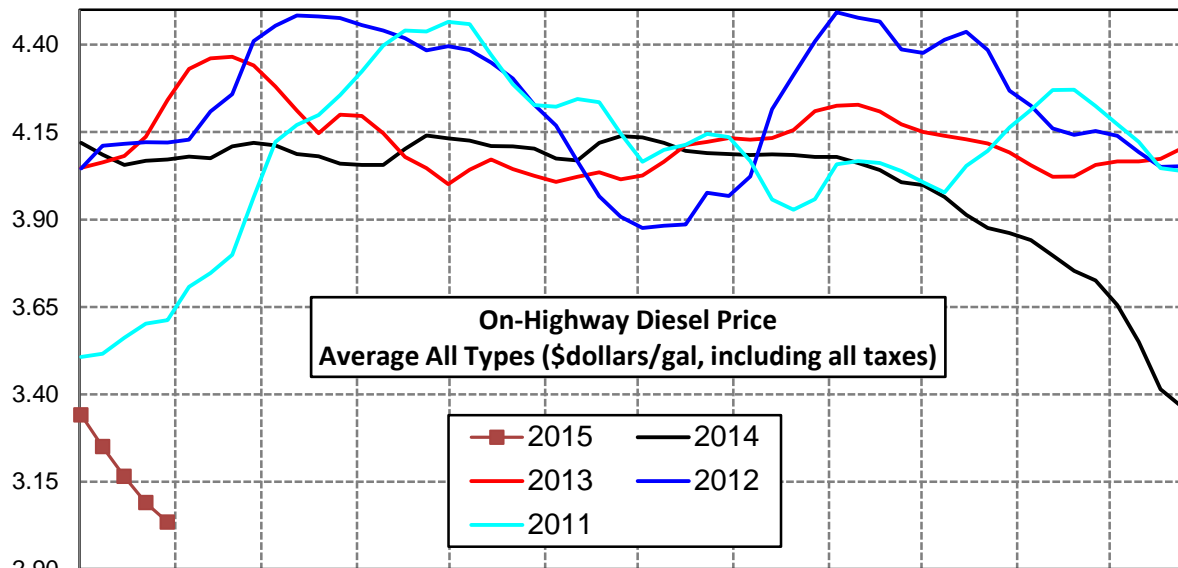
### West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Jan15	19Jan15	26Jan15	02Feb15	
<b>West Coast</b>	\$3.126	\$3.011	\$2.942	<b>\$2.898</b>	-\$0.044
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
	12Jan15	19Jan15	26Jan15	02Feb15	
<b>California</b>	\$3.250	\$3.165	\$3.090	<b>\$3.035</b>	-\$0.055
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-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	3.778	3.804	3.886	3.886	3.722	3.713	3.696	3.841	3.990	4.041
Mon-29-Sep-14	3.755	3.778	3.880	3.857	3.694	3.694	3.685	3.806	3.948	4.007
Mon-06-Oct-14	3.733	3.755	3.848	3.830	3.678	3.670	3.662	3.787	3.933	3.998
Mon-13-Oct-14	3.698	3.714	3.815	3.784	3.638	3.636	3.637	3.750	3.891	3.965
Mon-20-Oct-14	3.656	3.665	3.751	3.737	3.590	3.606	3.589	3.738	3.835	3.913
Mon-27-Oct-14	3.635	3.627	3.724	3.693	3.555	3.611	3.563	3.714	3.799	3.876
Mon-03-Nov-14	3.623	3.597	3.687	3.655	3.533	3.624	3.532	3.713	3.789	3.861
Mon-10-Nov-14	3.677	3.568	3.659	3.634	3.497	3.788	3.562	3.796	3.782	3.841
Mon-17-Nov-14	3.661	3.542	3.633	3.612	3.469	3.786	3.542	3.767	3.762	3.797
Mon-24-Nov-14	3.628	3.520	3.605	3.598	3.441	3.743	3.511	3.740	3.721	3.753
Mon-01-Dec-14	3.605	3.509	3.587	3.590	3.429	3.702	3.501	3.727	3.692	3.726
Mon-08-Dec-14	3.535	3.460	3.525	3.539	3.386	3.623	3.434	3.655	3.593	3.655
Mon-15-Dec-14	3.419	3.385	3.467	3.454	3.314	3.473	3.328	3.504	3.469	3.550
Mon-22-Dec-14	3.281	3.310	3.425	3.392	3.223	3.294	3.175	3.338	3.330	3.415
Mon-29-Dec-14	3.213	3.257	3.365	3.350	3.161	3.206	3.121	3.239	3.269	3.364
Mon-05-Jan-15	3.137	3.204	3.287	3.303	3.109	3.102	3.045	3.139	3.220	3.341
Mon-12-Jan-15	3.053	3.134	3.195	3.239	3.039	3.010	2.964	3.027	3.126	3.250
Mon-19-Jan-15	2.933	3.018	3.072	3.131	2.918	2.889	2.843	2.884	3.011	3.165
Mon-26-Jan-15	2.866	2.967	3.018	3.078	2.870	2.804	2.786	2.812	2.942	3.090
Mon-02-Feb-15	2.853	2.948	2.994	3.035	2.854	2.786	2.760	2.796	2.898	3.035



## 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.