



RETAIL DIESEL FUEL OUTLOOK

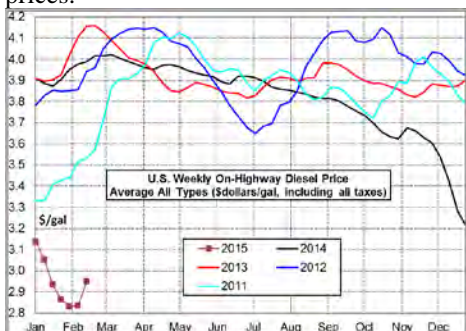
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, February 10, 2015

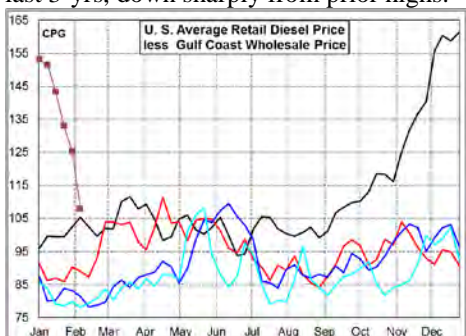
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price 1/			Forecast 2/	Change from week ago
	26Jan15	02Feb15	09Feb15	16Feb15	
U.S.	2.866	2.831	2.835	2.948	0.113
East Coast	2.967	2.932	2.930	3.052	0.122
New England	3.018	3.028	3.039	3.119	0.080
Central Atlantic	3.078	3.041	3.042	3.135	0.093
Lower Atlantic	2.870	2.826	2.822	2.936	0.114
Midwest	2.804	2.765	2.769	2.922	0.153
Gulf Coast	2.786	2.769	2.761	2.909	0.148
Rocky Mountain	2.812	2.783	2.776	2.937	0.161
West Coast	2.942	2.886	2.924	3.056	0.132
California	3.090	3.027	3.061	3.192	0.131

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

Diesel Fuel Price Trends U. S. retail diesel prices increased +1 to +4 cpg in only the New England and West Coast markets. Other regions were nearly unchanged, with -1 cpg decreases in the Rockies and Gulf markets. These changes were dramatically less than expected based on the surge in wholesale prices.



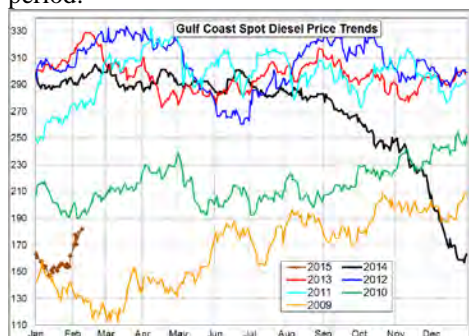
The U.S. average retail diesel price compared to the Gulf Coast wholesale market fell -17 cpg on the week. The spread ended the week +20 cpg above the last 3-yrs, down sharply from prior highs.



The national average on-highway price ended the week -\$1.14/gal below a year ago. The highest retail prices were in the Central Atlantic and California regions, at

historic range.

Gulf spot prices are up +35 cpg during the last 3-wks, driven by cuts in global oil exploration budgets, a steel workers strike and expansion of winter refinery maintenance. Gulf Coast spot distillate prices traded significantly above 5-yr lows, but still below four of the last 5-yrs for this period.



The spread between the Gulf wholesale price and the U.S. average retail price was 105 cpg last week, down sharply from the peak of 160 cpg during late December. The differential is still +20 cpg above the 3-yr average.

Look for retail prices to track the recent run up in wholesale price, lagging somewhat due to seasonally low demand. Look for the retail to wholesale price differential to decline further in the near term.

Supply - Demand Fundamental Trends

Distillate wholesale demand plunged -0.9 million bpd last week, due in part to inclement weather that limited transport fuel loadings in the eastern 1/2 of the country. Demand for the latest 4-wk period was -81,000 bpd last year, also due

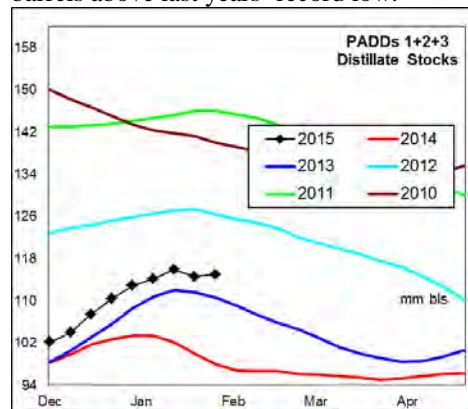
\$3.04/gal and \$3.06/gal; respectively. The lowest prices were in the Gulf Coast, Midwest and Rocky Mountain regions at \$2.76/gal and \$2.77/gal.

The Retail prices compared to the U.S. average for all regions were within the

in part to last years' extremely cold weather that increased heating demand.

Supply decreased -72,000 bpd on the week, on lower imports and production.

During the latest 4-wk period, production was +161,000 bpd above last year while imports were +81,000 bpd higher. Stocks increased +1.8 million barrels last week, on the collapse in wholesale demand. Stock levels ended the week above the last 2-yrs and +21 million barrels above last years' record low.



Global Trends Driving Diesel Prices

Widespread announcement of cuts in oil exploration budgets, a sharp decline in drilling rigs operating in U.S. shale areas, cuts in exports Libya, and expansion of winter refinery maintenance underlies the resurgence oil prices during the last 3-wks.

Risks to the downside remain with slower global economic growth, strengthening of the U.S. \$dollar, and a continued glut of global crude oil supply.

Diesel Price Outlook Look for higher retail prices over the next 2-wks, in response to the surge in wholesale prices. With the spread between retail and wholesale prices now only +20 cpg above the historic average, look for retail price changes to more closely track wholesale price trends than in the past 4-months.

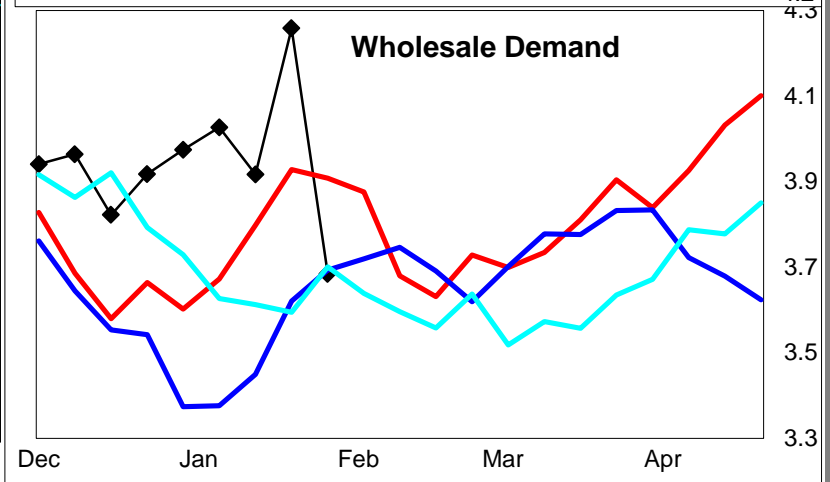
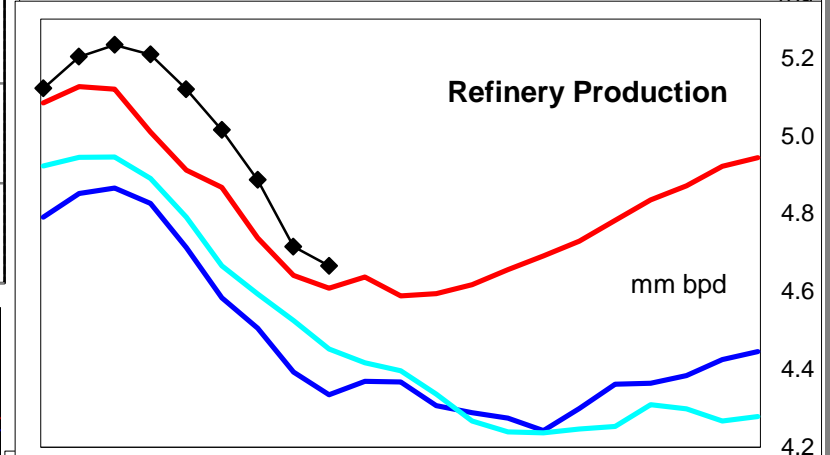
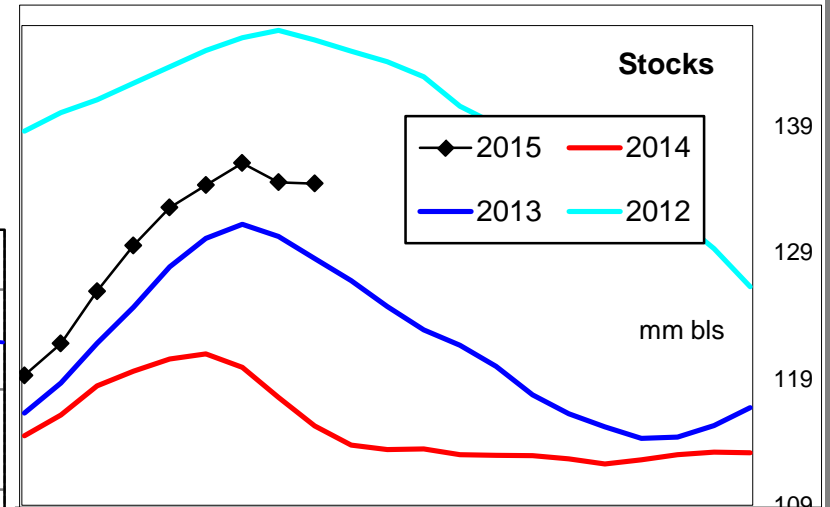
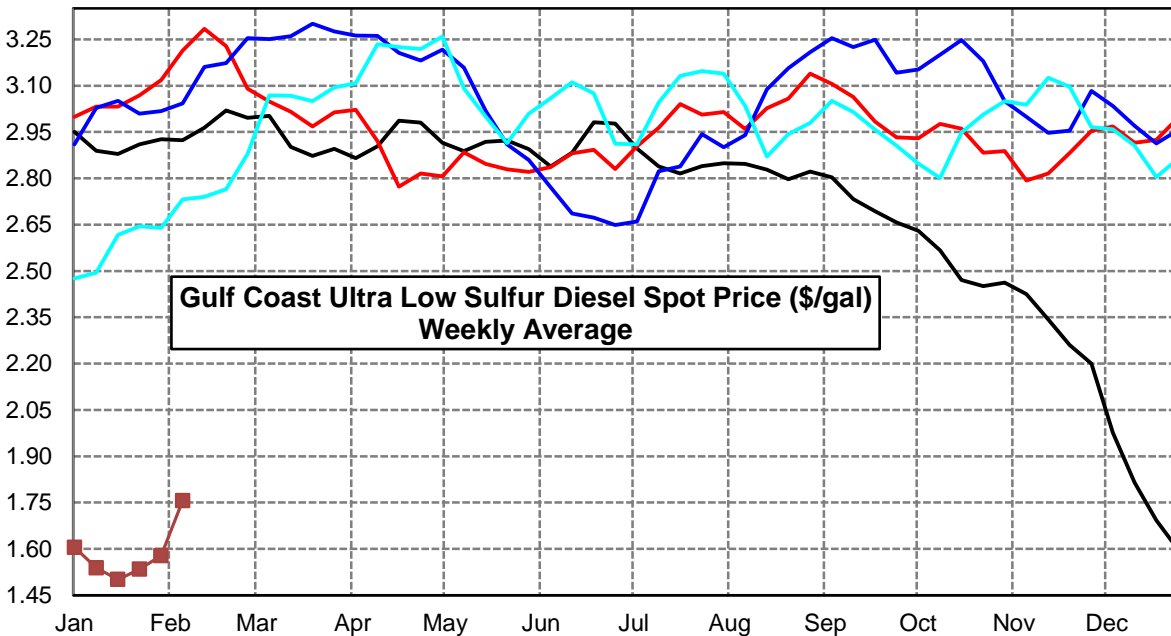
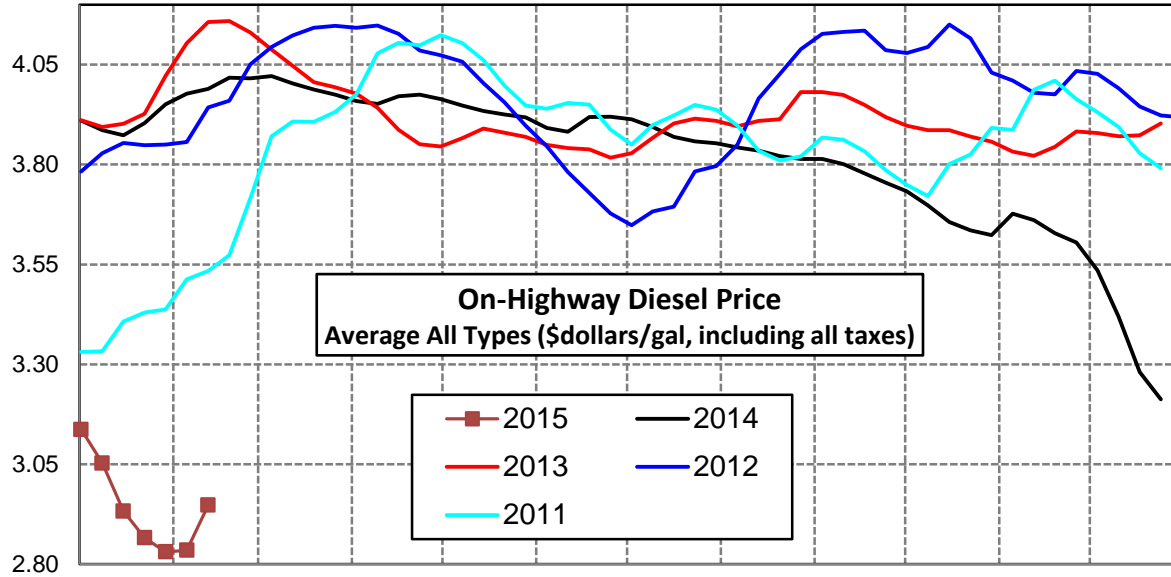
Much above average maintenance on the entire West Coast and the Rockies this spring should lead to larger retail price increases compared to other regions during the next quarter.

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



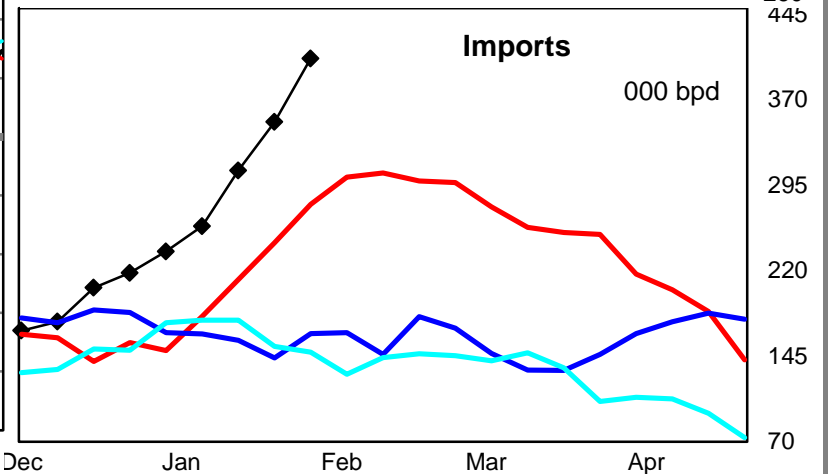
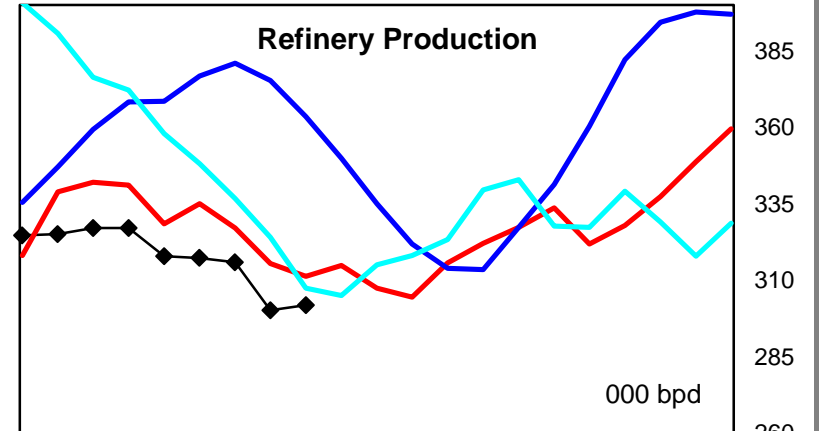
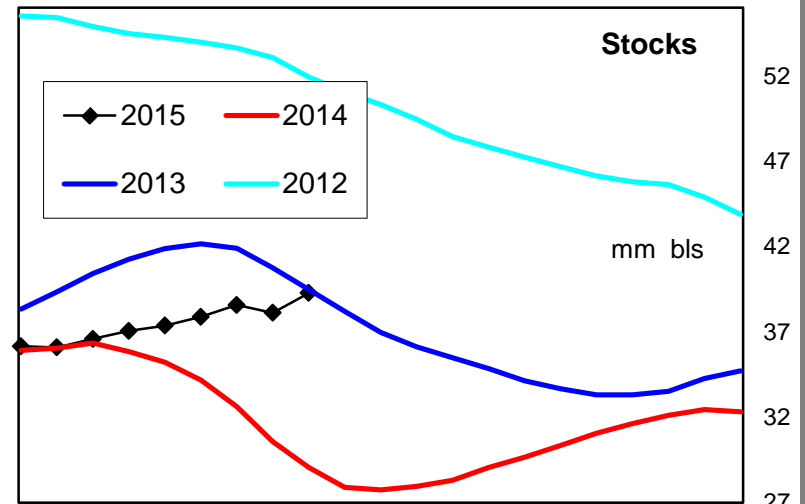
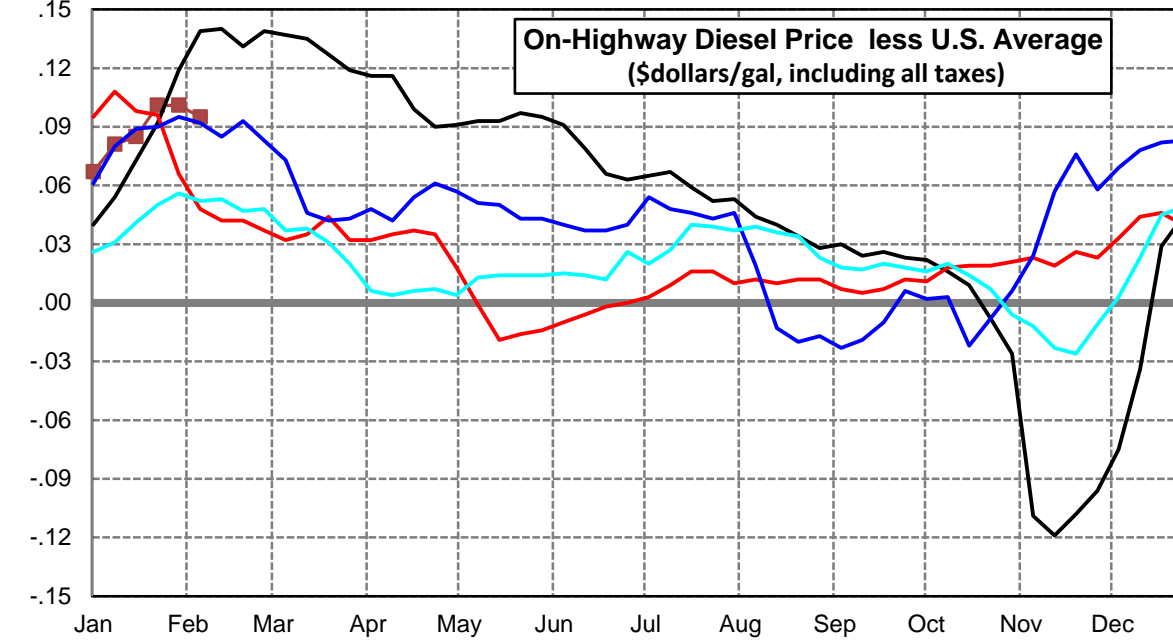
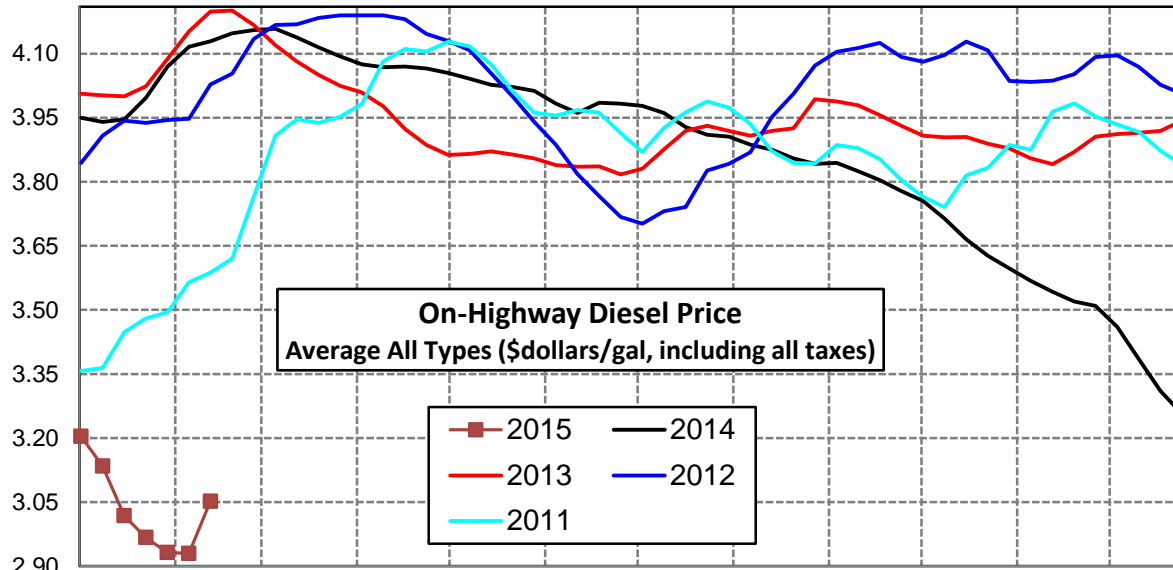
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Jan15	02Feb15	09Feb15	16Feb15	
United States Avg	\$2.866	\$2.831	\$2.835	\$2.948	\$0.113
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



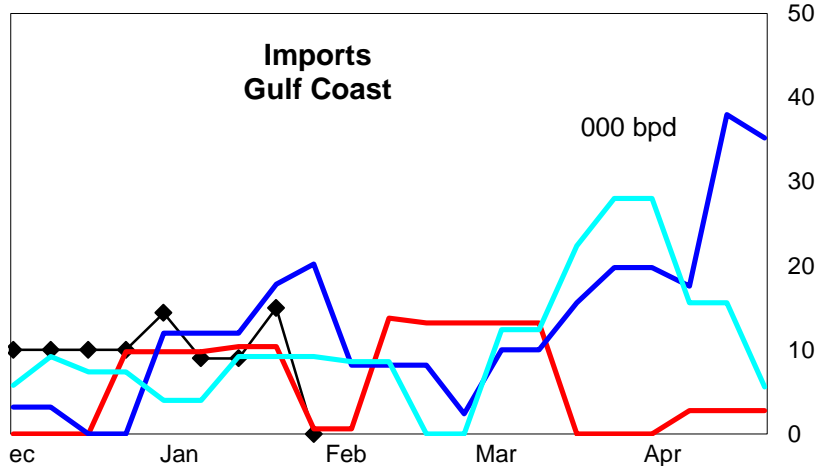
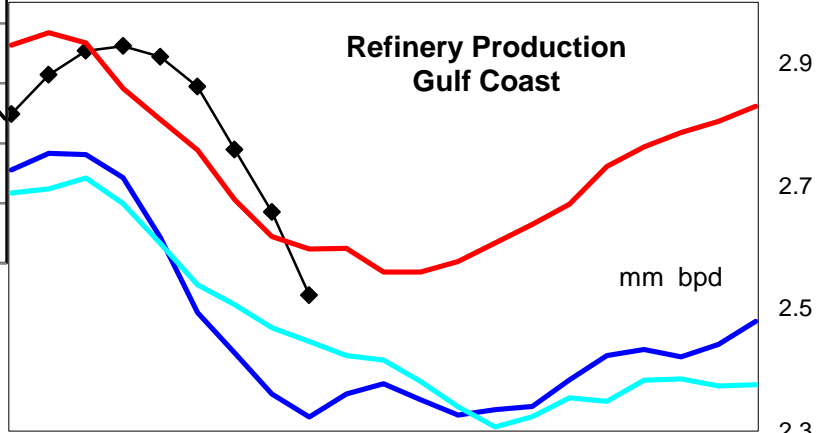
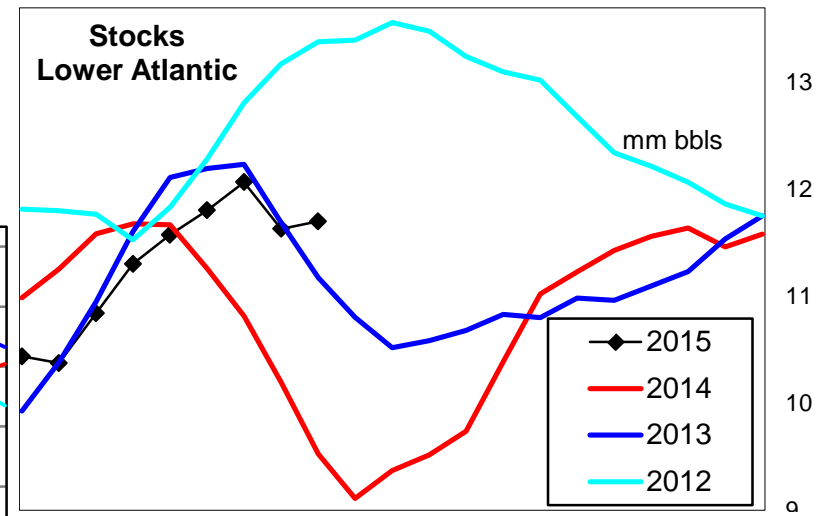
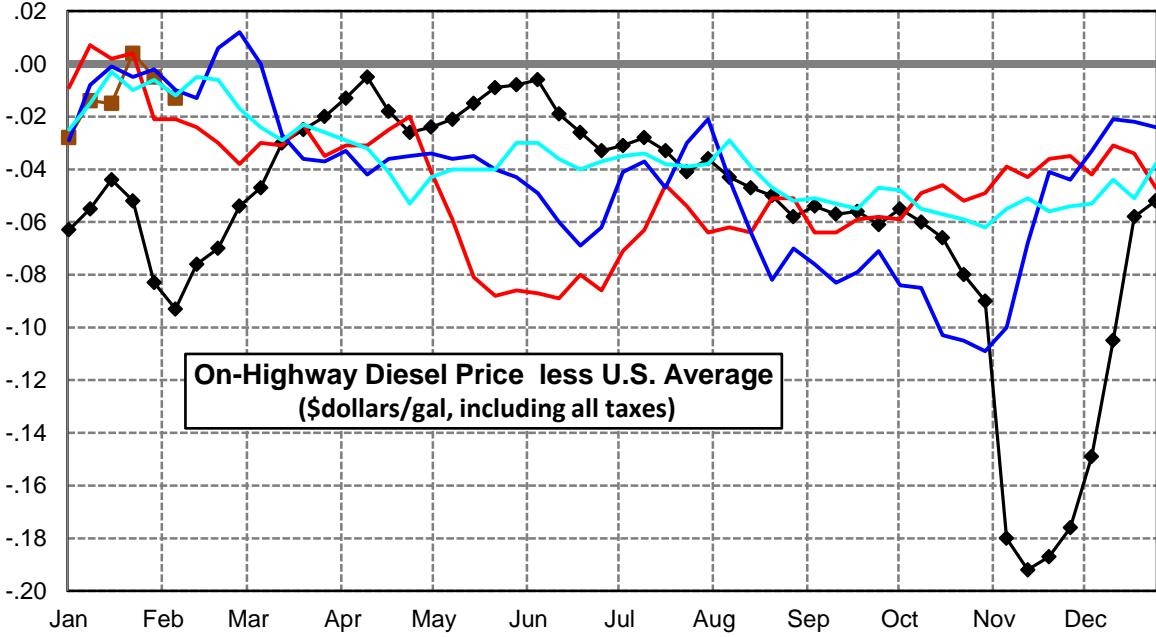
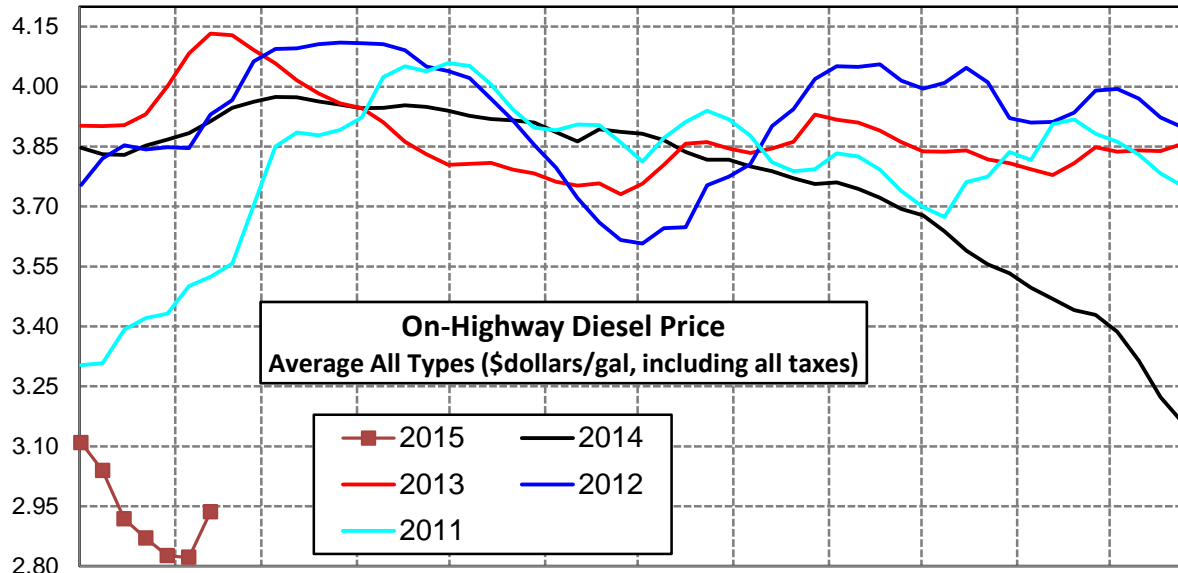
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Jan15	02Feb15	09Feb15	16Feb15	
East Coast	\$2.967	\$2.932	\$2.930	\$3.052	\$0.122
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



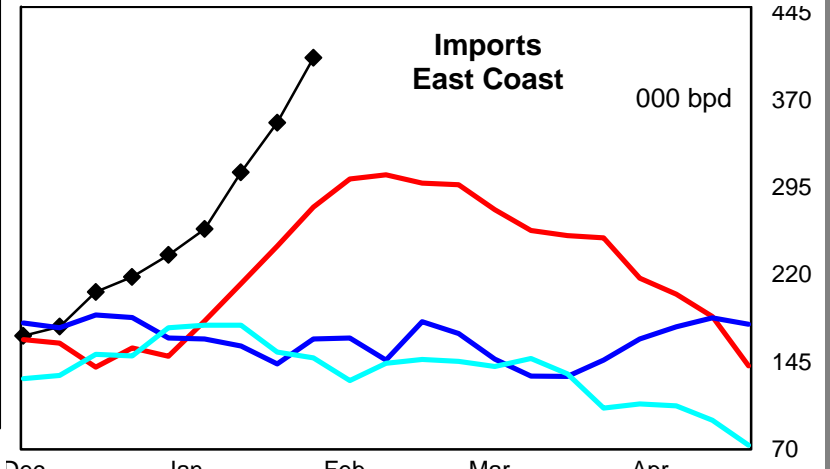
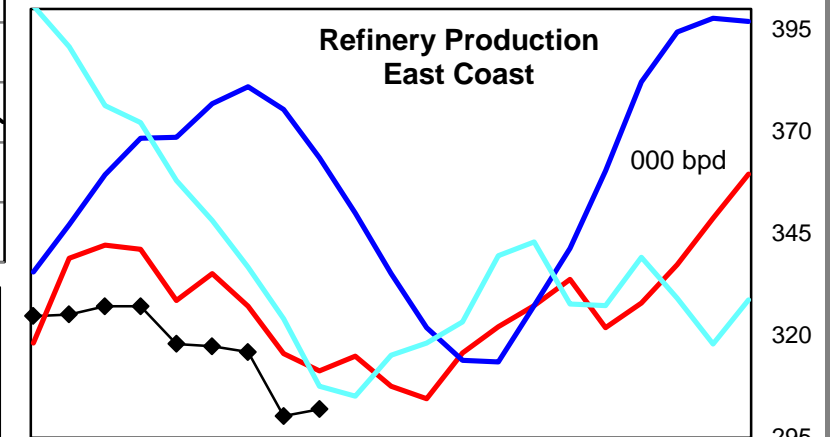
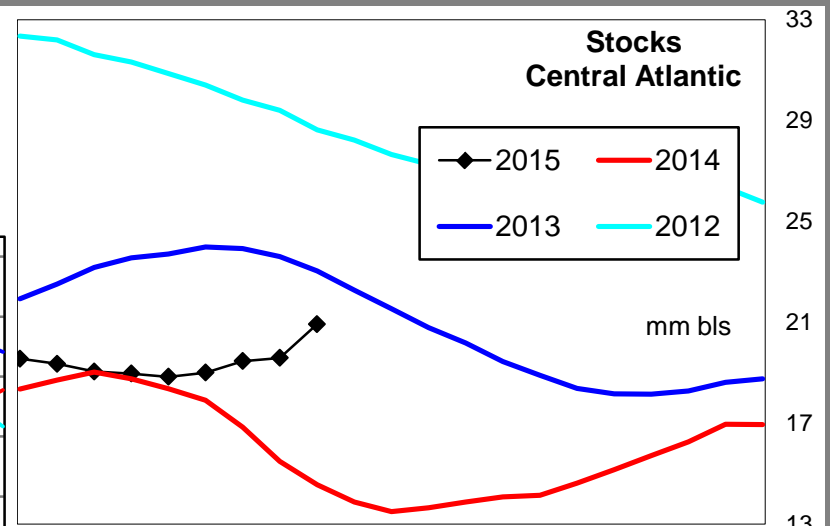
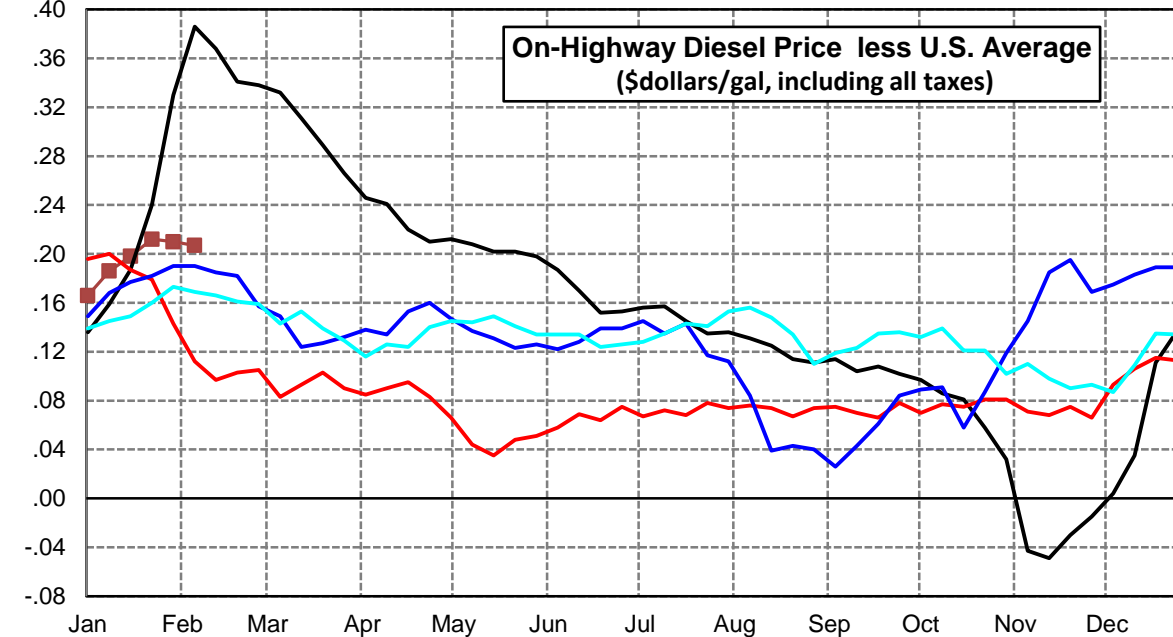
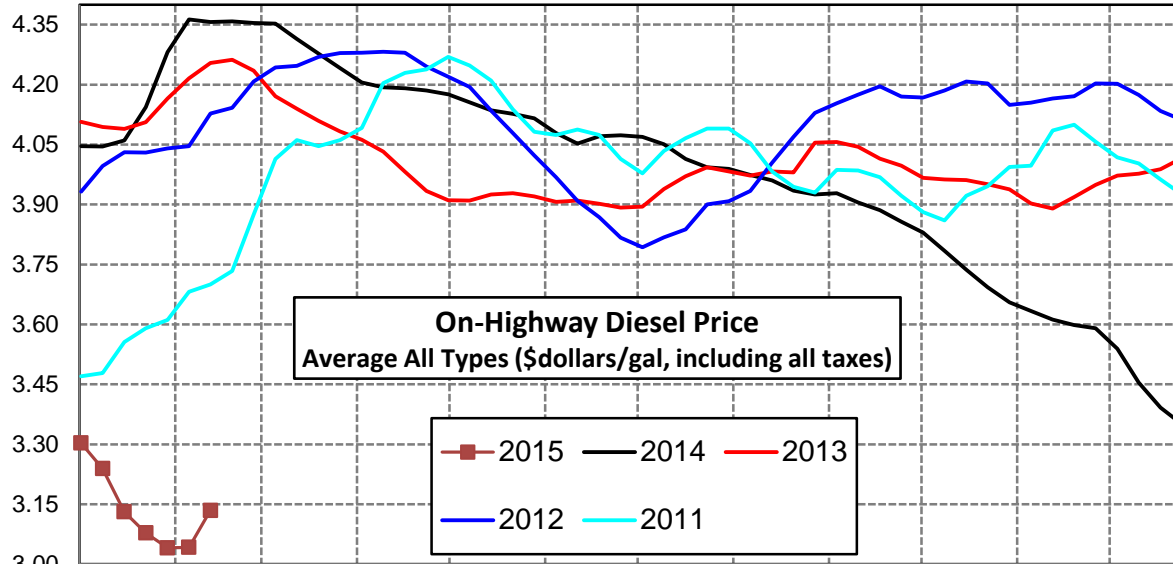
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Jan15	02Feb15	09Feb15	16Feb15	
Lower Atlantic	\$2.870	\$2.826	\$2.822	\$2.936	\$0.114
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



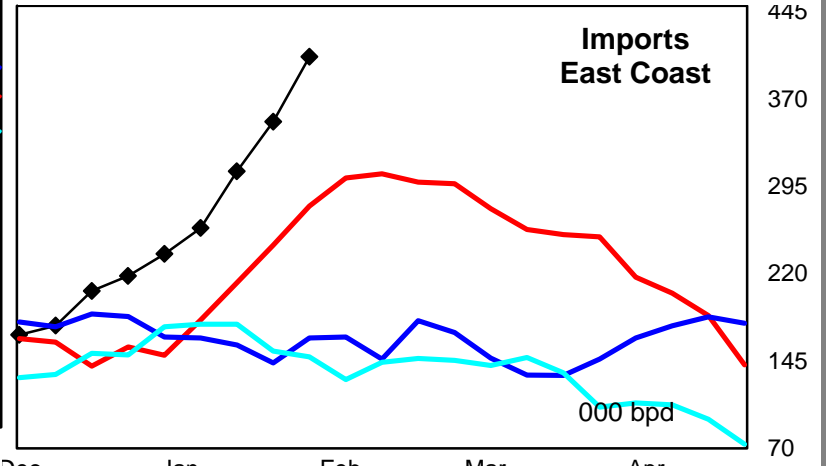
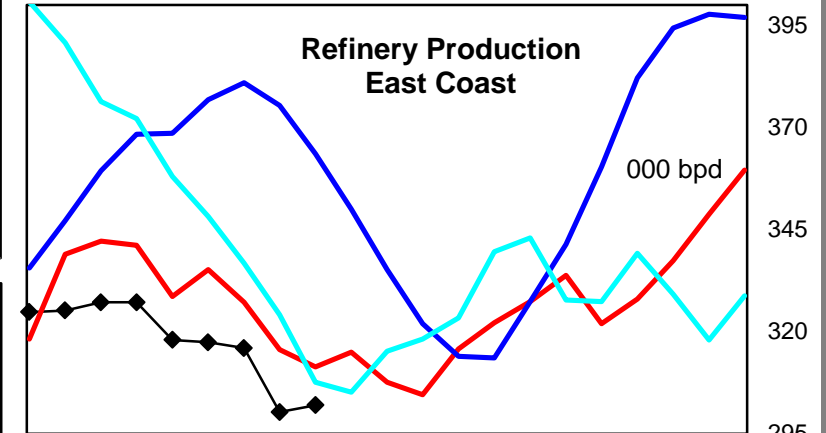
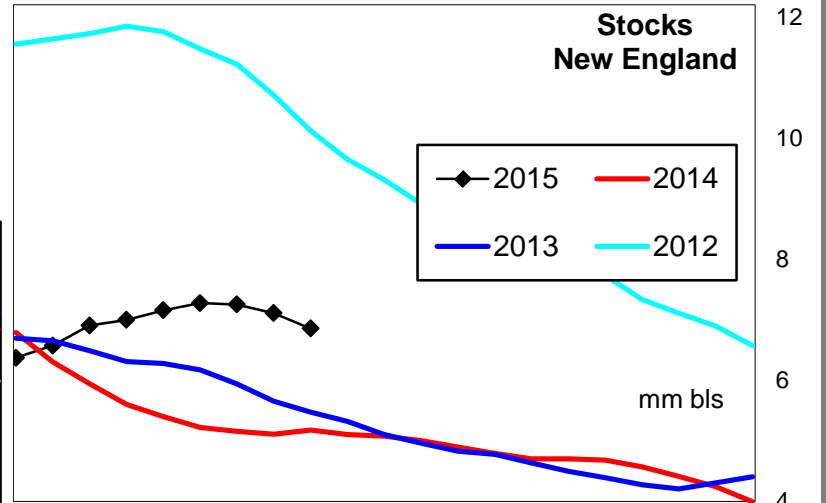
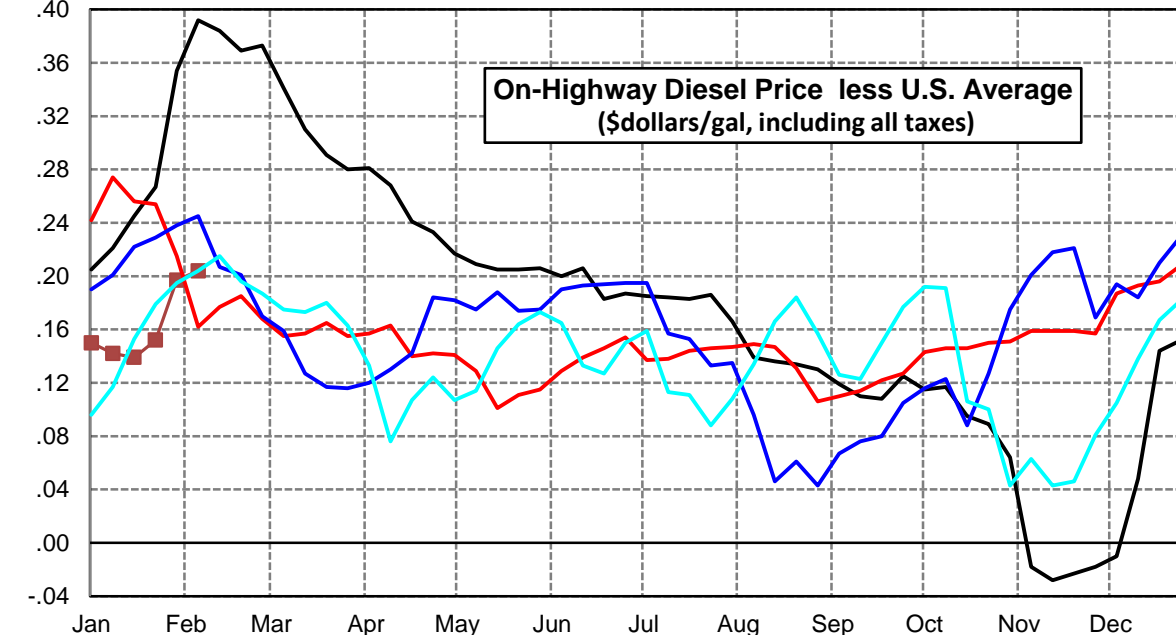
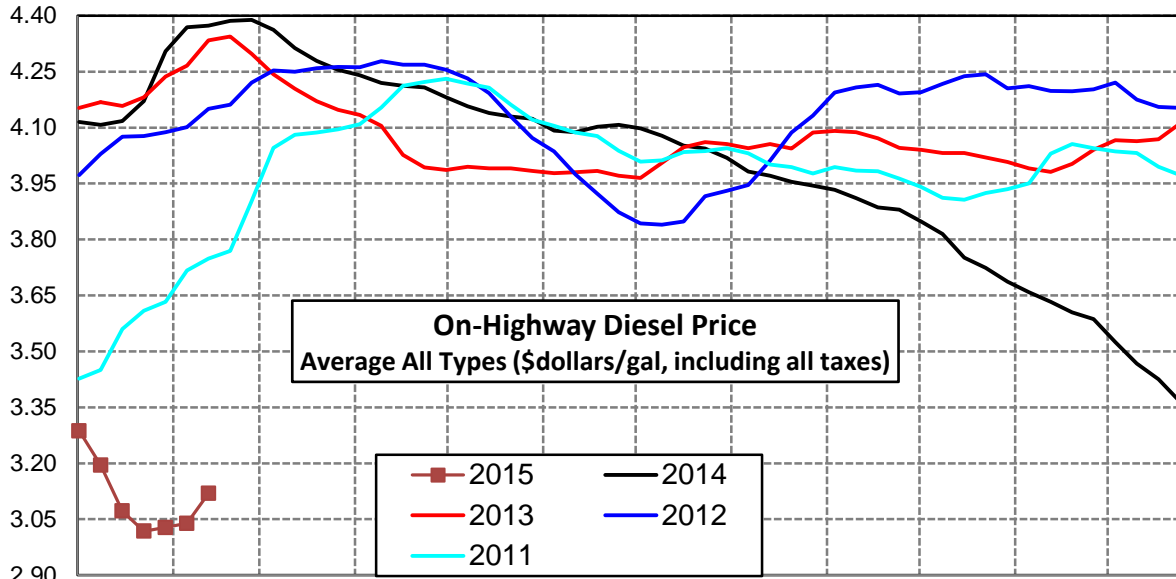
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Jan15	02Feb15	09Feb15	16Feb15	
Central Atlantic	\$3.078	\$3.041	\$3.042	\$3.135	\$0.093
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



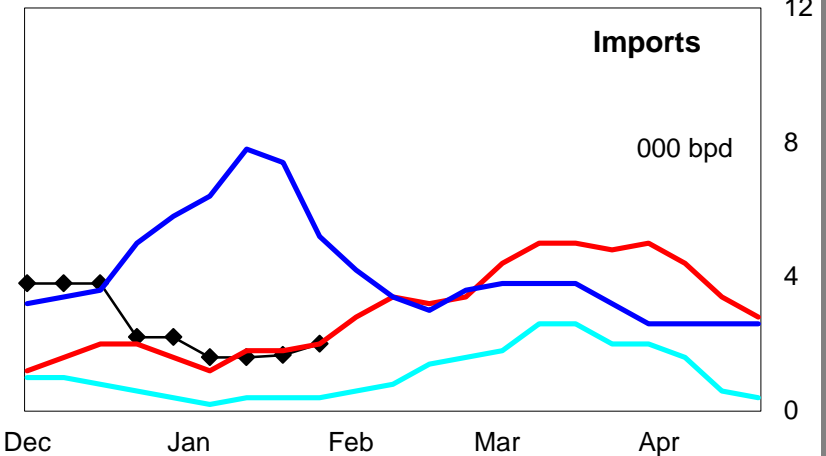
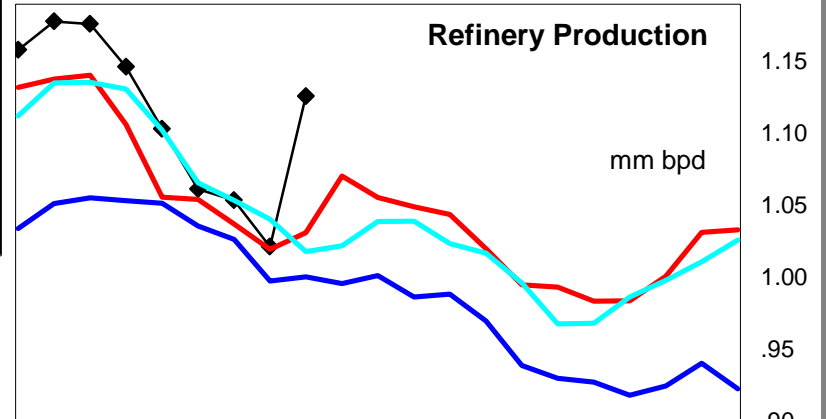
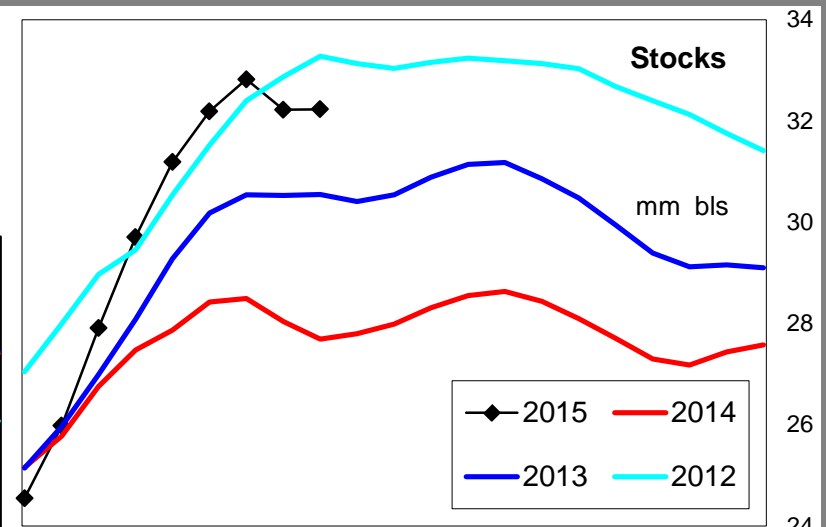
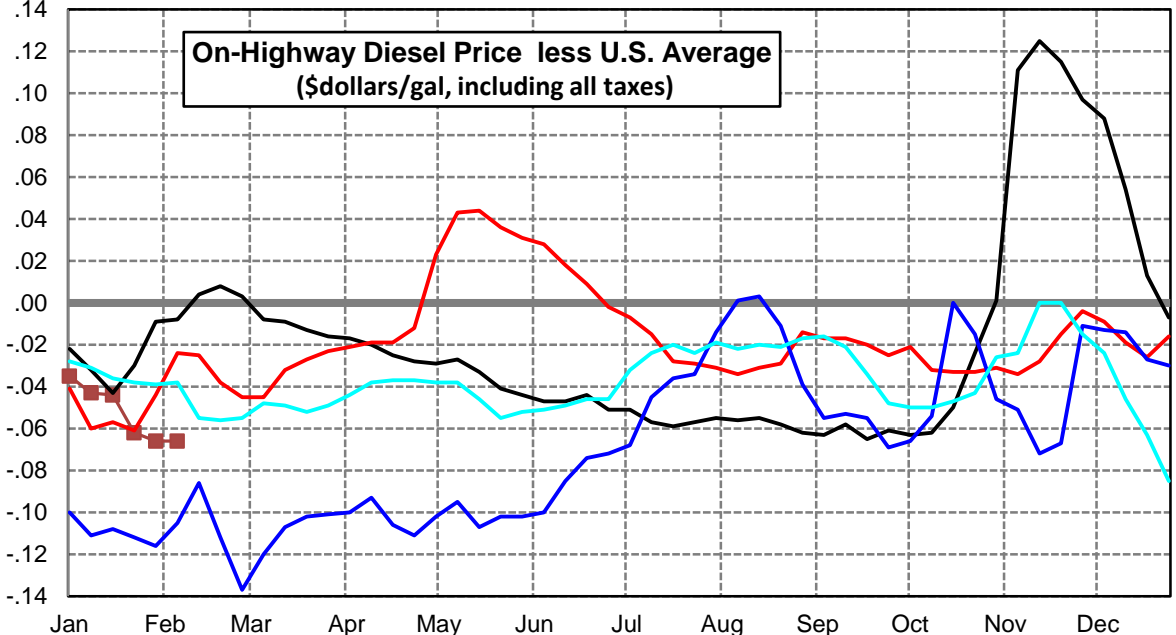
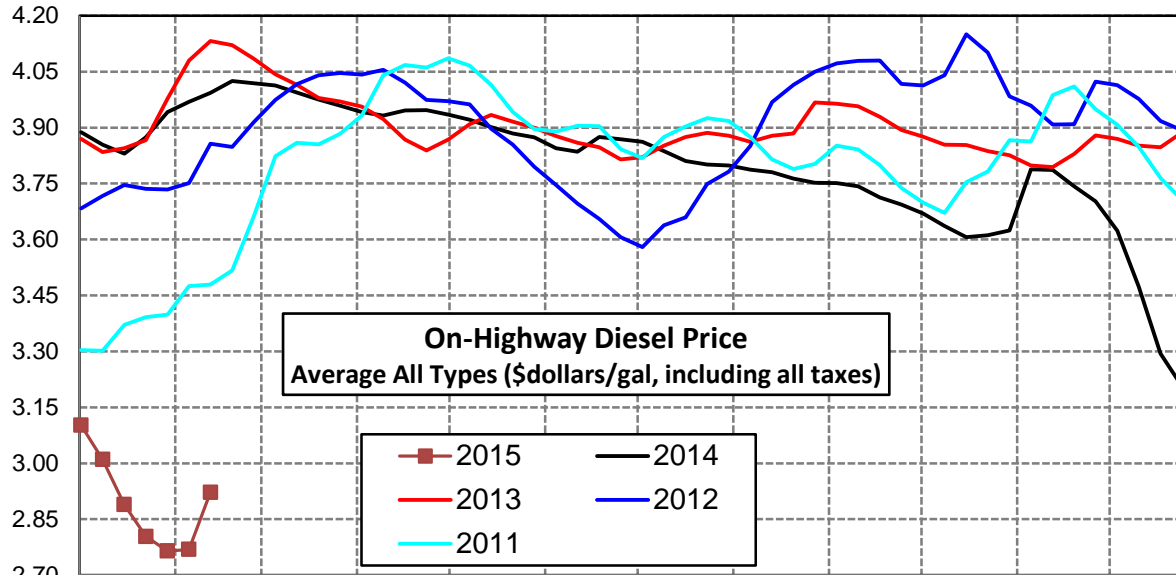
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Jan15	02Feb15	09Feb15	16Feb15	
New England	\$3.018	\$3.028	\$3.039	\$3.119	\$0.080
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



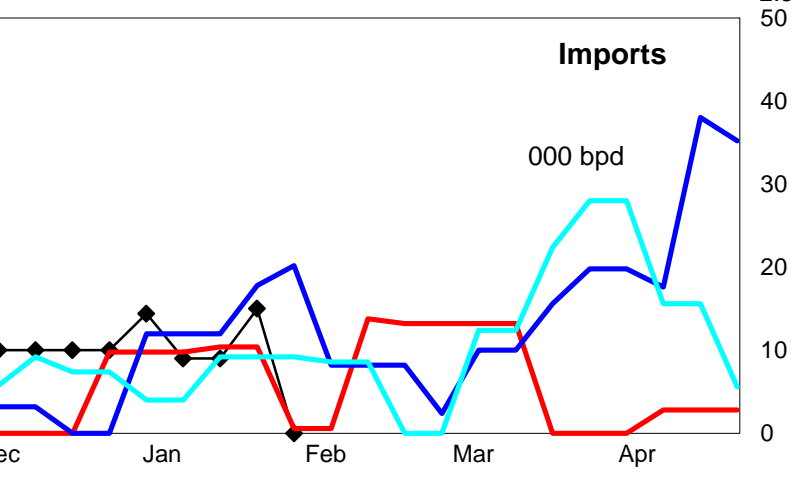
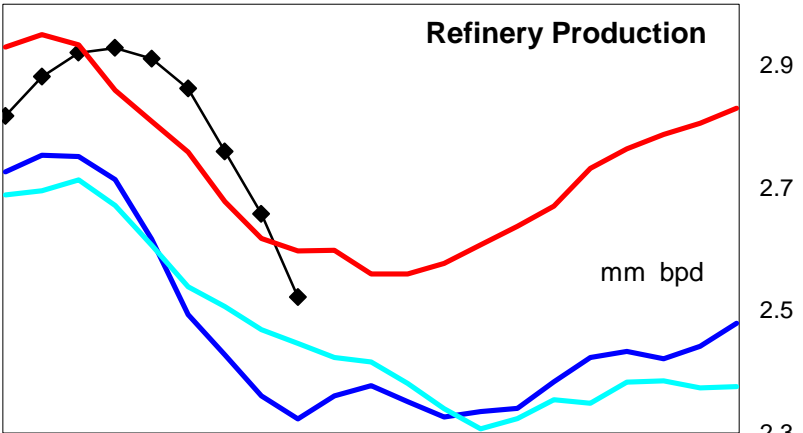
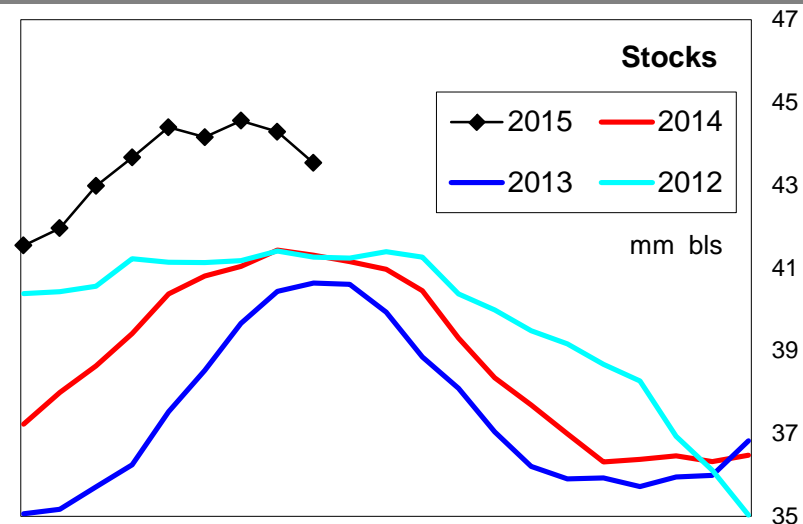
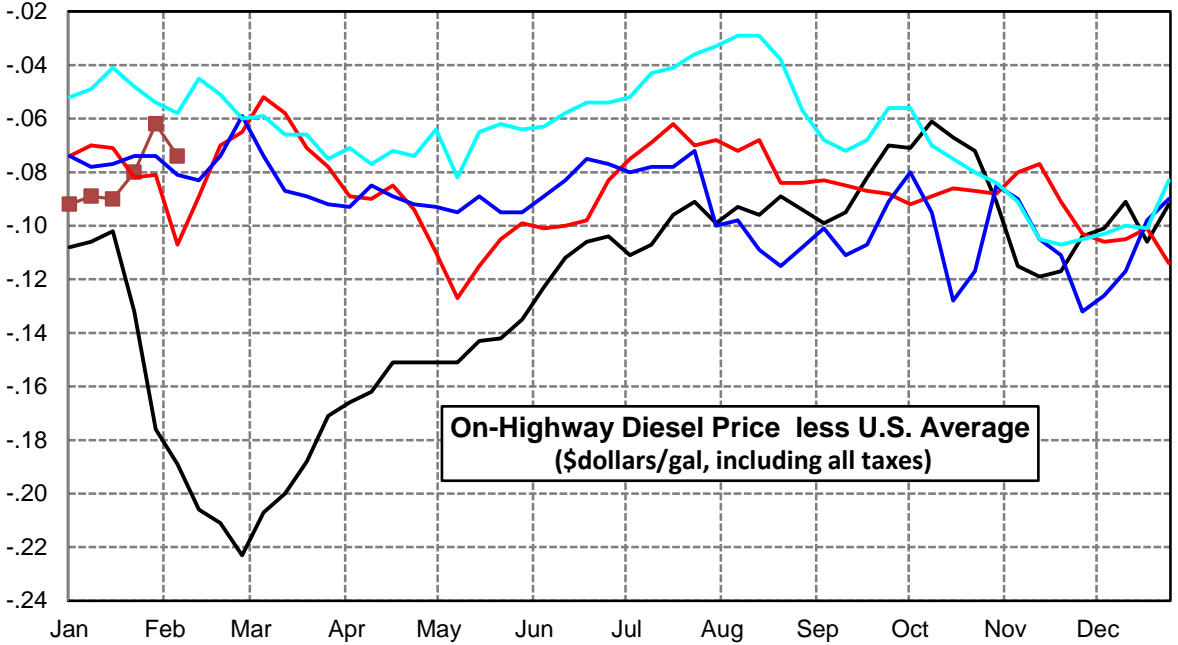
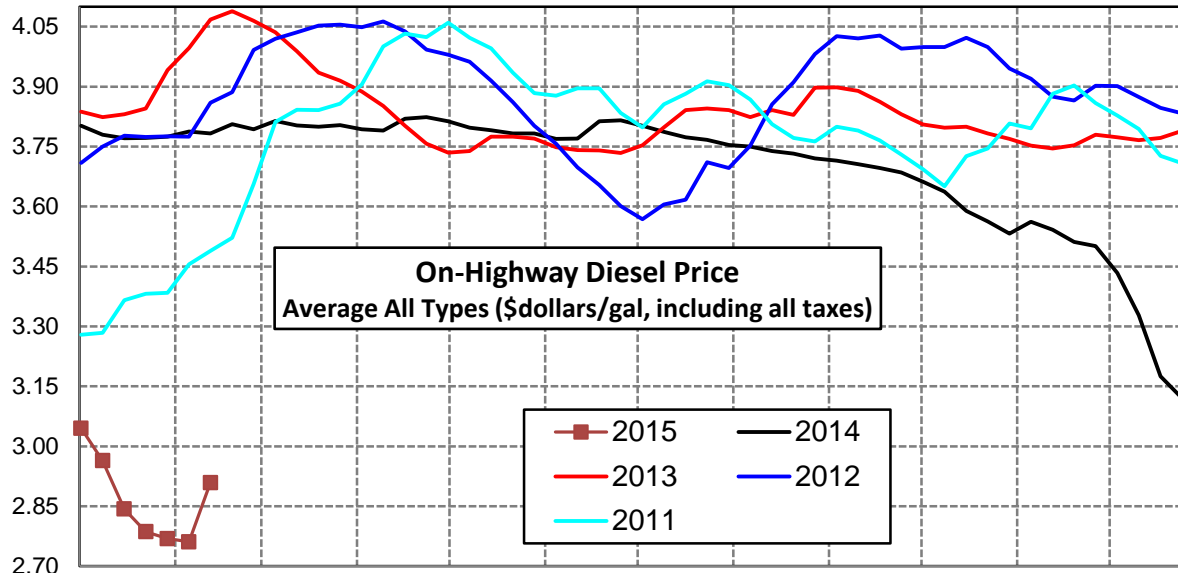
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Jan15	02Feb15	09Feb15	16Feb15	
Midwest	\$2.804	\$2.765	\$2.769	\$2.922	\$0.153
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



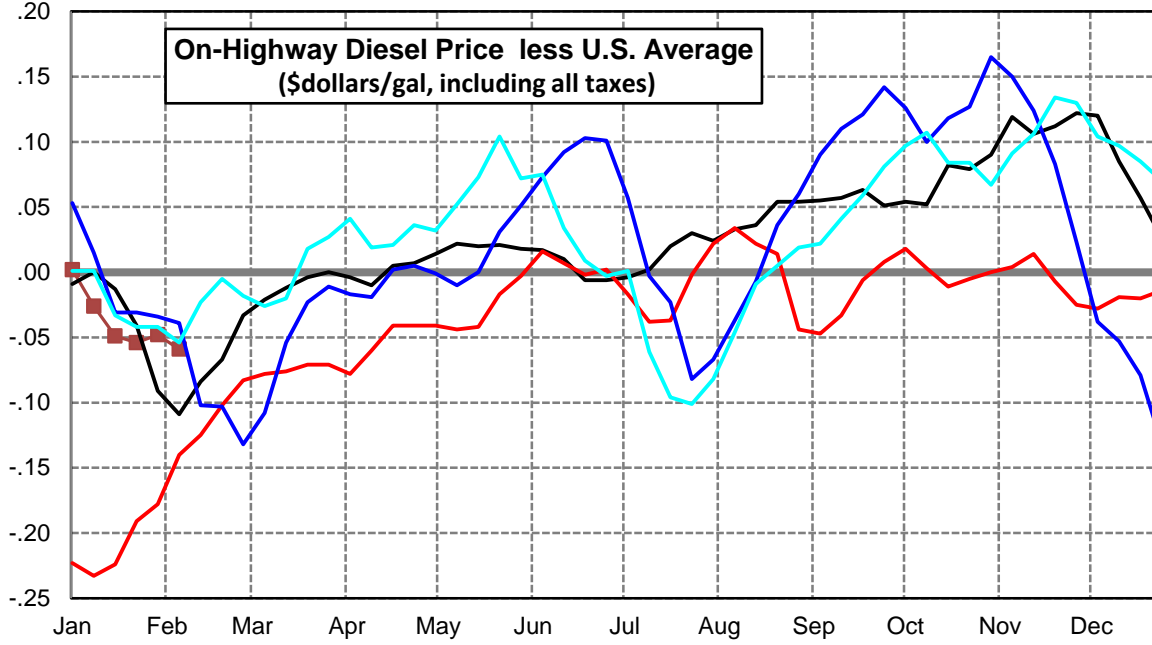
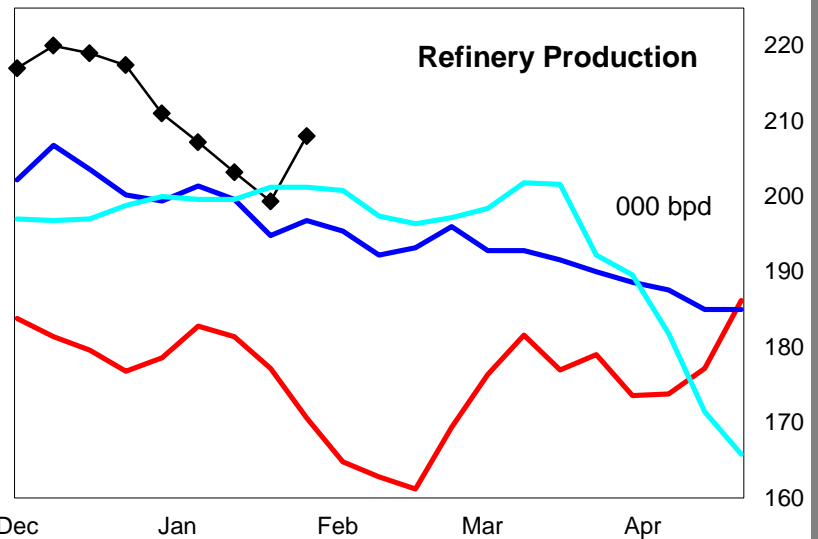
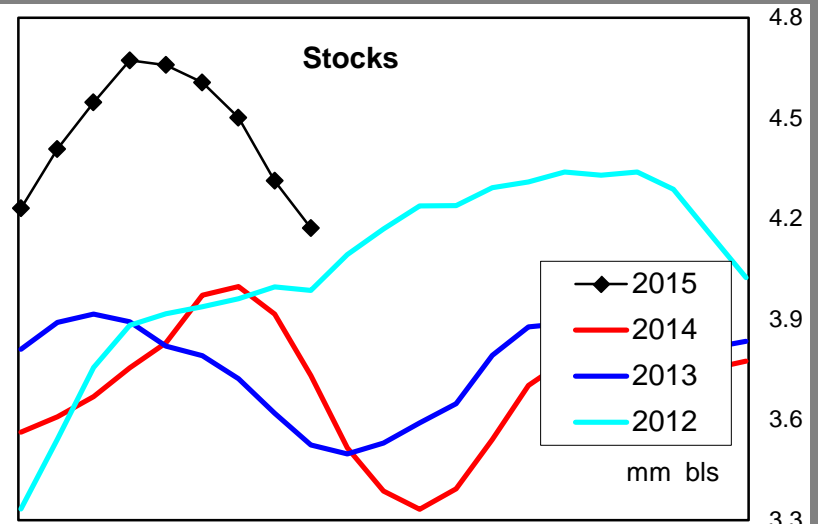
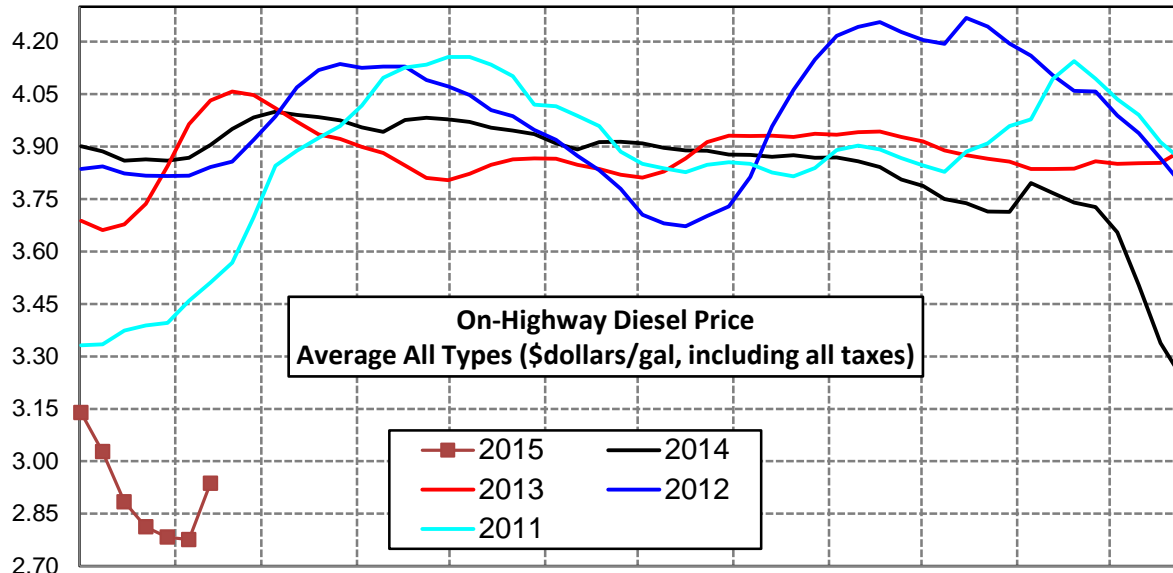
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Jan15	02Feb15	09Feb15	16Feb15	
Gulf Coast	\$2.786	\$2.769	\$2.761	\$2.909	\$0.148
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



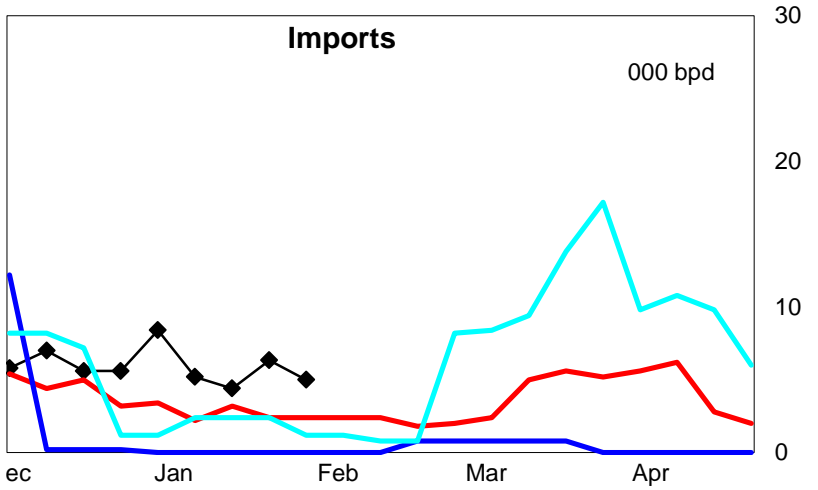
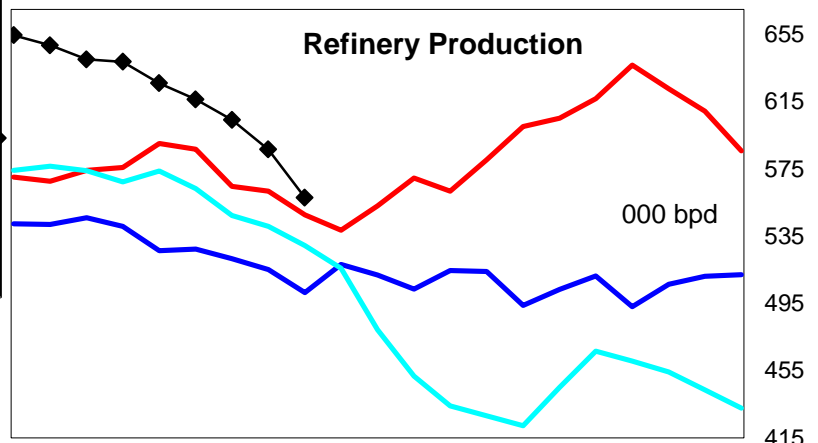
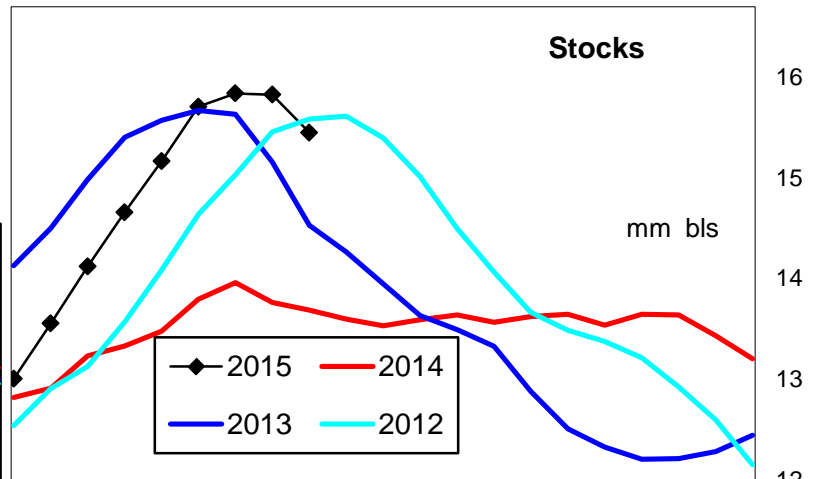
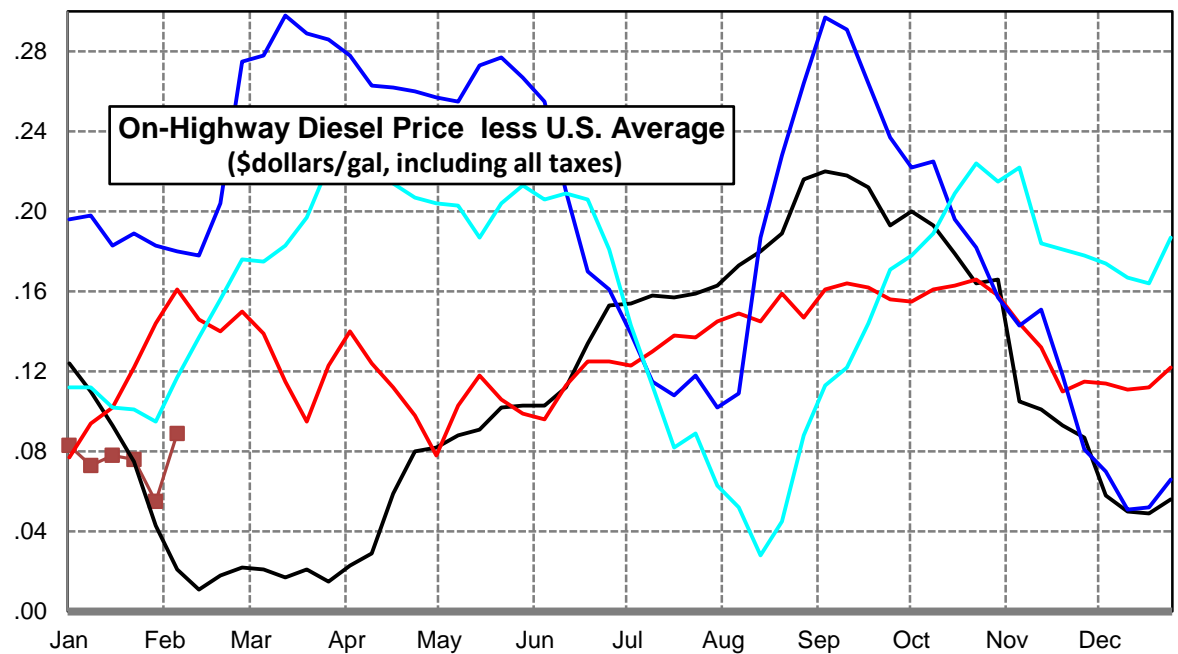
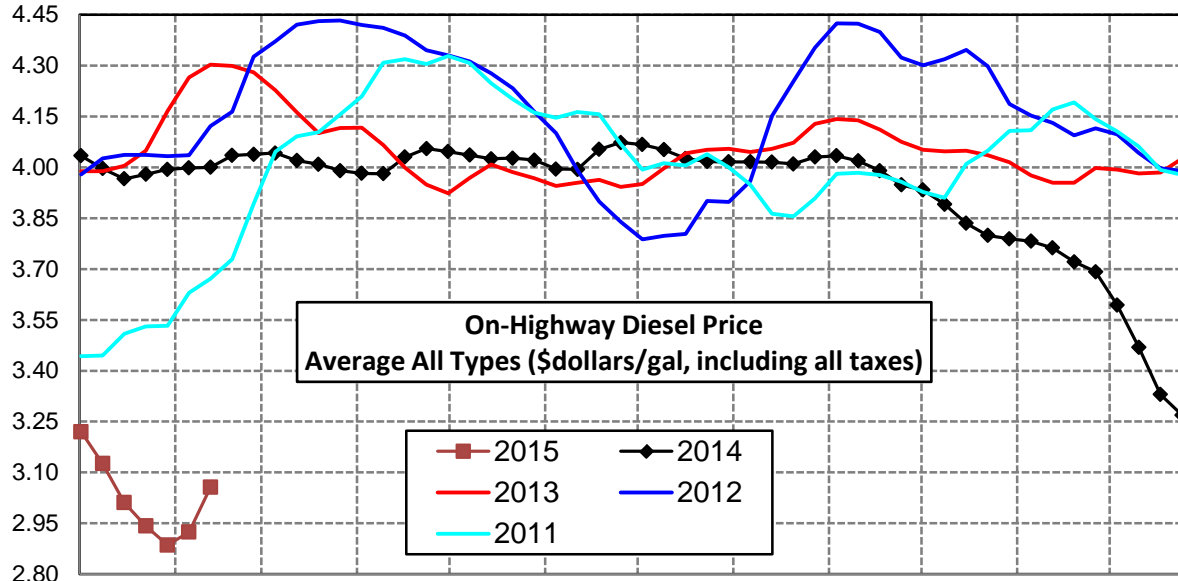
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Jan15	02Feb15	09Feb15	16Feb15	
Rocky Mountain	\$2.812	\$2.783	\$2.776	\$2.937	\$0.161
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



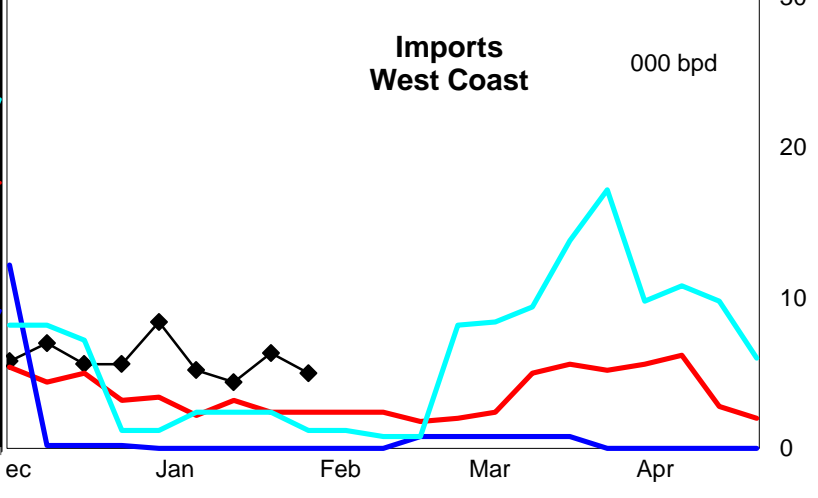
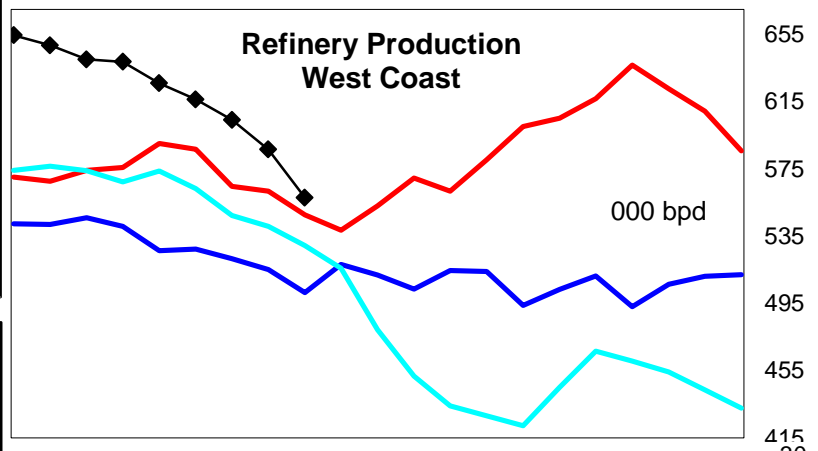
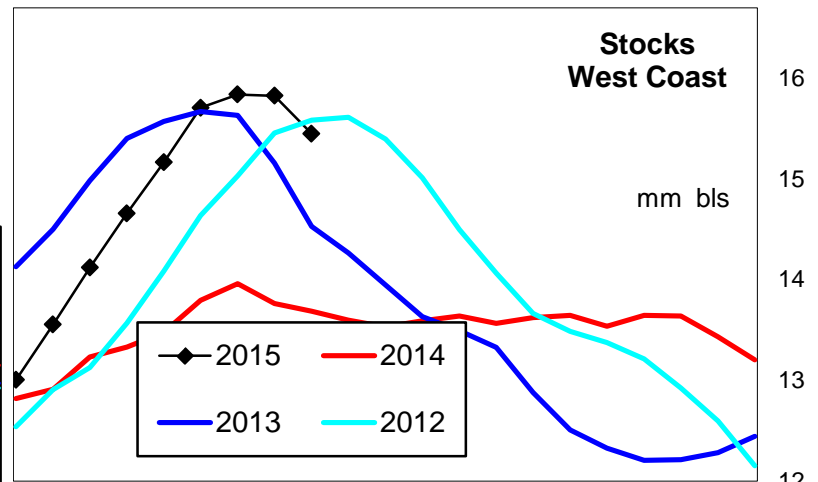
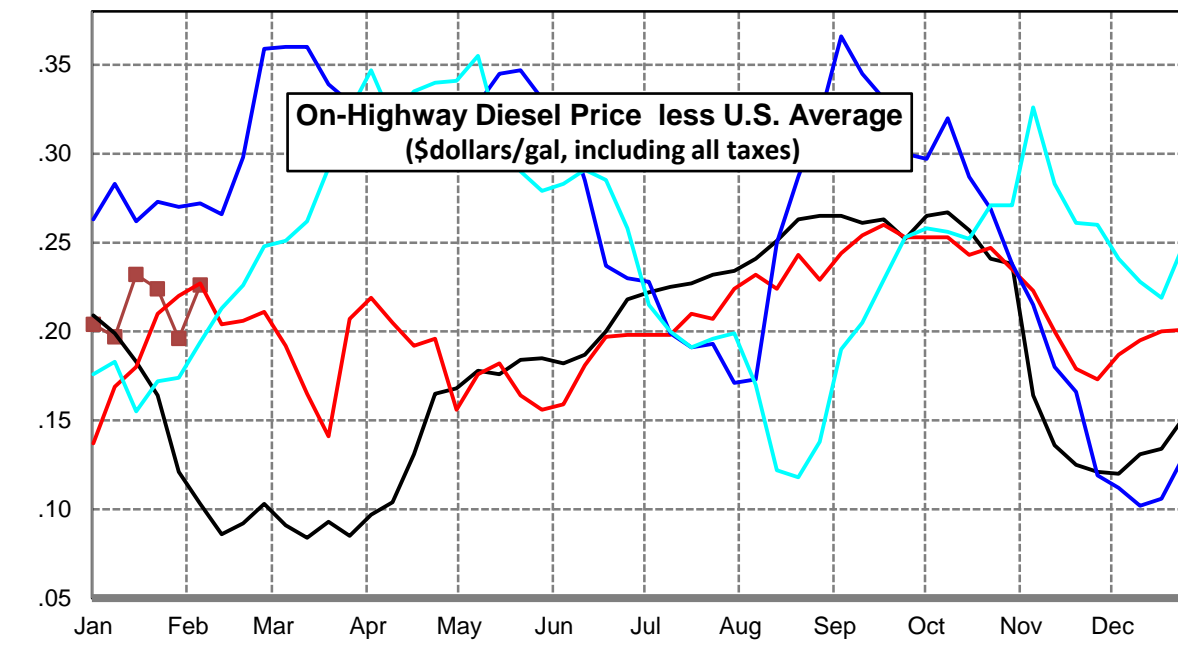
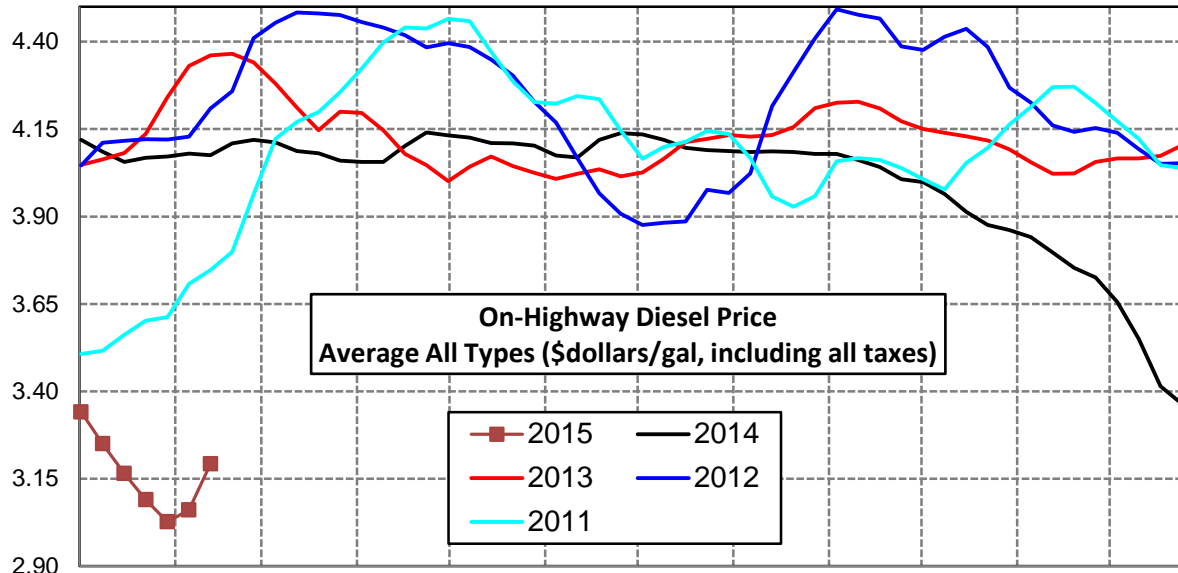
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Jan15	02Feb15	09Feb15	16Feb15	
West Coast	\$2.942	\$2.886	\$2.924	\$3.056	\$0.132
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
	26Jan15	02Feb15	09Feb15	16Feb15	
California	\$3.090	\$3.027	\$3.061	\$3.192	\$0.131
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)									
Week ending	United States	East Coast	New England	Central Atlantic	Lower Atlantic	Mid West	Gulf Coast	Rocky Mtn	West Coast	California
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	2.831	2.932	3.028	3.041	2.826	2.765	2.769	2.783	2.886	3.027
Mon-09-Feb-15	2.835	2.930	3.039	3.042	2.822	2.769	2.761	2.776	2.924	3.061
Mon-16-Feb-15	2.948	3.052	3.119	3.135	2.936	2.922	2.909	2.937	3.056	3.192
Mon-23-Feb-15										
Mon-02-Mar-15										
Mon-09-Mar-15										
Mon-16-Mar-15										
Mon-23-Mar-15										
Mon-30-Mar-15										
Mon-06-Apr-15										
Mon-13-Apr-15										
Mon-20-Apr-15										

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.