



## RETAIL DIESEL FUEL OUTLOOK

### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Tuesday, March 17, 2015

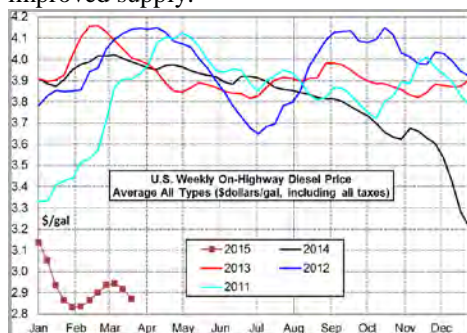
#### Weekly Retail On-Highway Diesel Prices

Region	Actual Price 1/			Forecast 2/	Change from week ago
	02Mar15	09Mar15	16Mar15	23Mar15	
U.S.	2.936	2.944	2.917	2.871	-0.046
East Coast	3.083	3.105	3.082	3.001	-0.081
New England	3.291	3.332	3.270	3.176	-0.094
Central Atlantic	3.293	3.333	3.311	3.212	-0.099
Lower Atlantic	2.880	2.884	2.870	2.833	-0.037
Midwest	2.850	2.852	2.820	2.784	-0.036
Gulf Coast	2.796	2.795	2.763	2.734	-0.029
Rocky Mountain	2.779	2.801	2.812	2.797	-0.015
West Coast	3.097	3.096	3.064	3.003	-0.061
California	3.229	3.233	3.202	3.141	-0.061

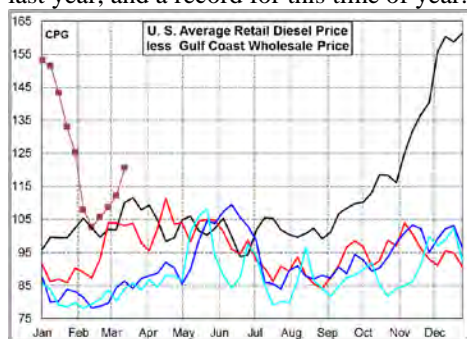
1/ Source: U.S. Energy Information Administration

2/ Source: Fundamental Petroleum Trends Reports

**Diesel Fuel Price Trends** U. S. retail diesel prices decreased -2.7 cpg last week. All regional markets reported a decrease except the Rockies. The largest decrease of -6.2 cpg occurred in New England on improved supply.



The U.S. average retail diesel price compared to the Gulf Coast wholesale market increased +8.5 cpg on the week. The spread ended the week +10 cpg above last year, and a record for this time of year.

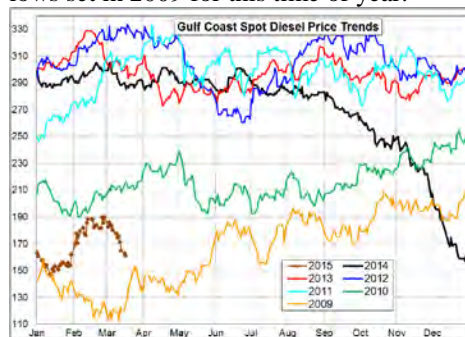


The national average on-highway price ended the week -\$1.09/gal below a year ago. The highest retail prices were in the Central Atlantic and New England regions at \$3.31/gal and \$3.27/gal; respectively. The lowest price was in the Gulf region at

\$2.76/gal.

The retail price compared to the U.S. average was above the historic range in the Central Atlantic and New England Regions. The retail price compared to the U.S. average was below the historic range in the Lower Atlantic and Rockies regions.

Gulf spot prices have decreased -27 cpg during the 1<sup>st</sup> half of March, driven by an end to extremely cold temperatures in the Northeast and continued global over supply of crude oil. Gulf Coast spot distillate prices traded slightly above the lows set in 2009 for this time of year.



The spread between the Gulf wholesale price and the U.S. average retail price was 121 cpg last week, an increase of +20 cpg since early February, driven by the sharp pull back in wholesale prices. The differential ended the week +10 cpg above last year.

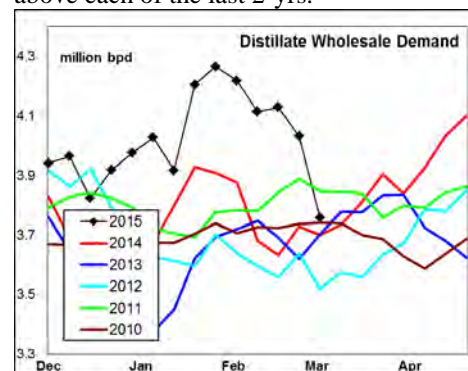
Look for the retail to wholesale price differential to decline from current highs over the next 30-days as the lag in retail prices 'catches-up' with the wholesale market.

#### Supply - Demand Fundamental Trends

Distillate wholesale demand declined -295,000 bpd last week to a level comparable with the last 2-yrs. Demand for the latest 4-wk period was +465,000 bpd above last year; driven by extremely cold temperatures and substitution of distillate for natural gas fired utility plants in the 2<sup>nd</sup> half of February.

Supply increased +312,000 bpd, driven by a surge in imports to the East Coast and the restart of refineries in the area.

During the latest 4-wk period, production was +112,000 bpd above last year while imports were +35,000 bpd higher. Stocks increased +2.5 million barrels last week, including a +2.1 million barrel build in the Gulf. Stock levels ended the week +10% above last year, and above each of the last 2-yrs.



#### Global Trends Driving Diesel Prices

Continued record North American crude oil production and an end to peak winter heating demand underlies the -27 cpg decline in Gulf wholesale distillate prices during the 1<sup>st</sup> half of March.

Risks to the downside remain with continued crude oil global stock builds, strengthening of the U.S. \$dollar, and risk of containment in Cushing Ok crude oil storage during the next quarter.

**Diesel Price Outlook** Look for lower retail prices over the next 2-wks, in response to the decline in wholesale prices, and the record retail to wholesale price spread.

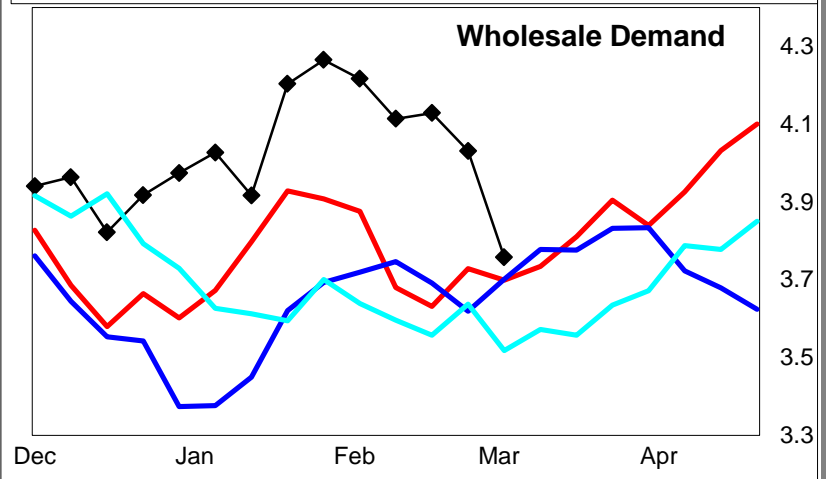
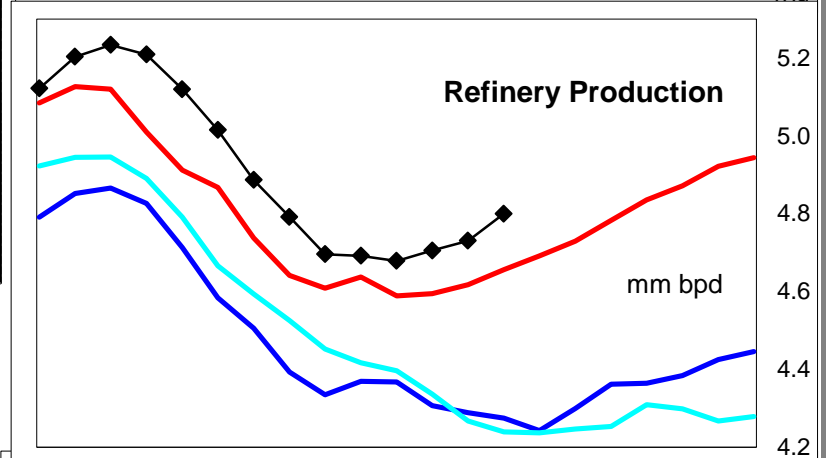
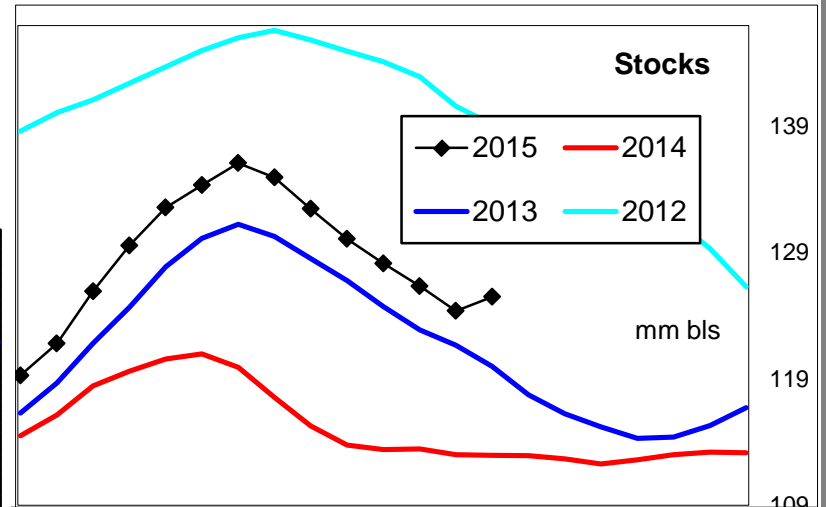
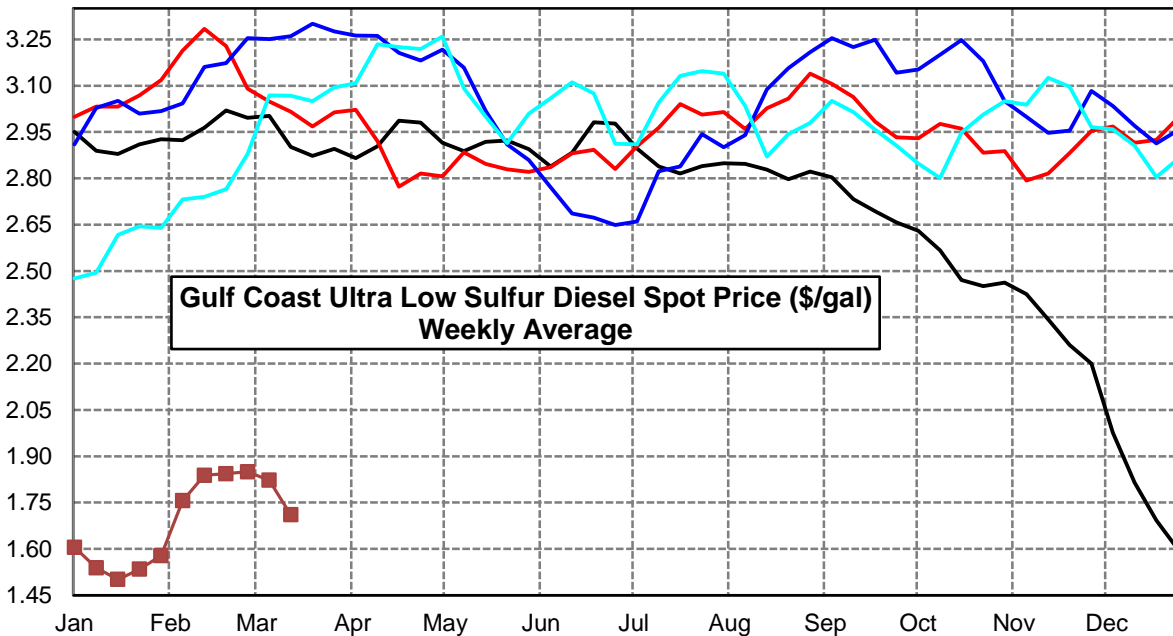
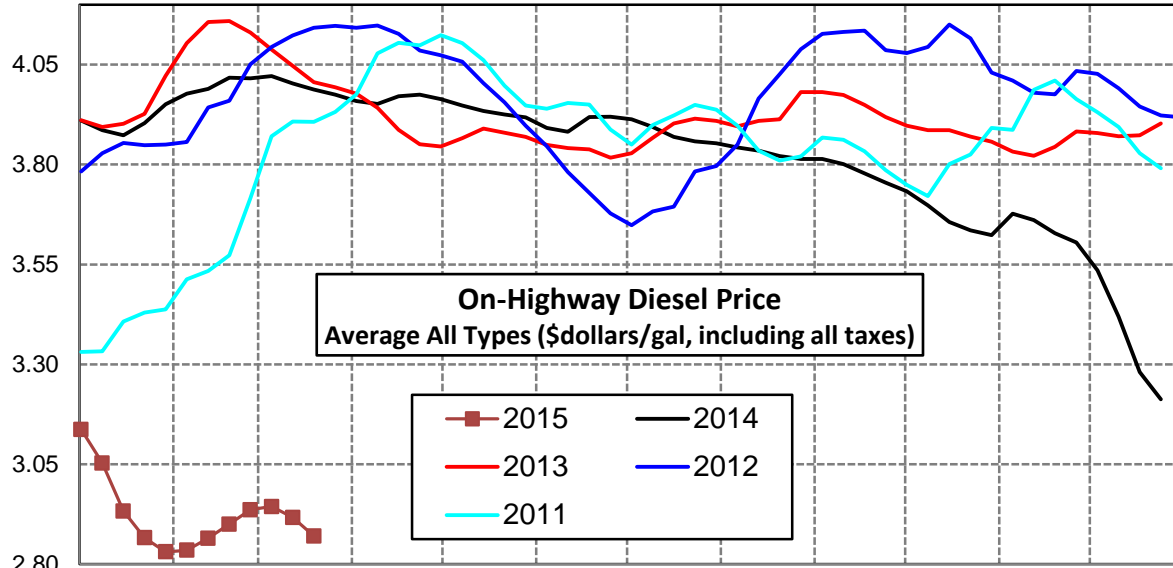
Look for a spring rebound in retail prices in the Rockies as refinery maintenance begins this month. A surge in distillate imports to the West Coast has limited retail price increase in the region, which should continue through month end. An end to winter heating demand in the Northeast should lead to a significant decline in retail prices for that area over the next 3-wks.

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



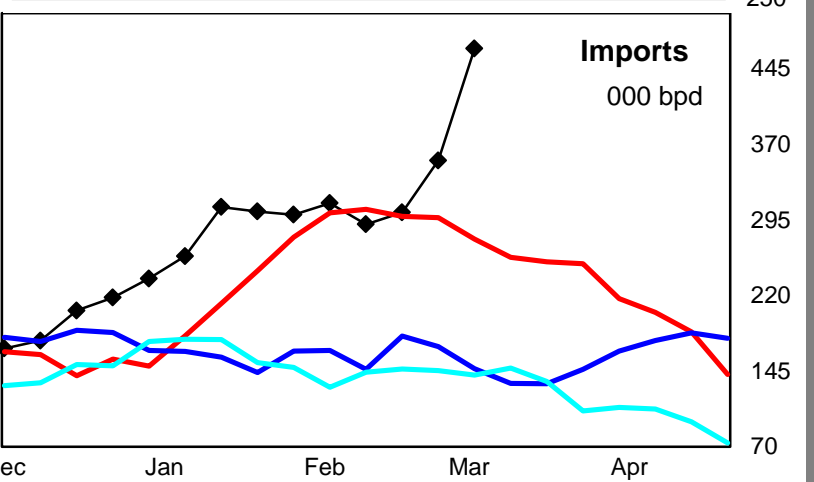
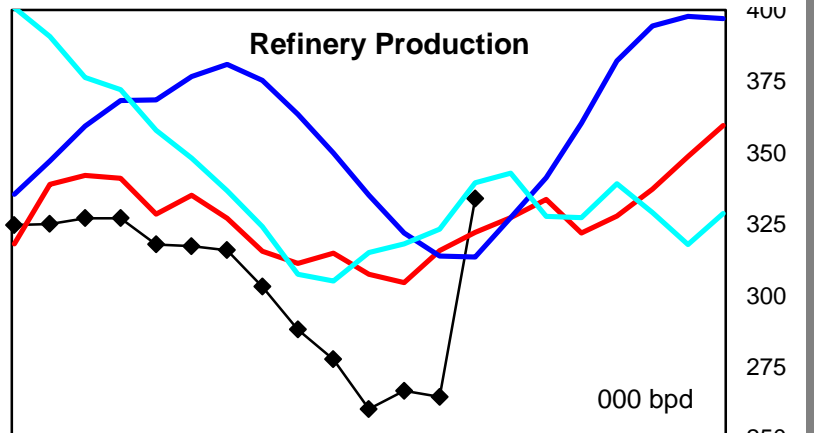
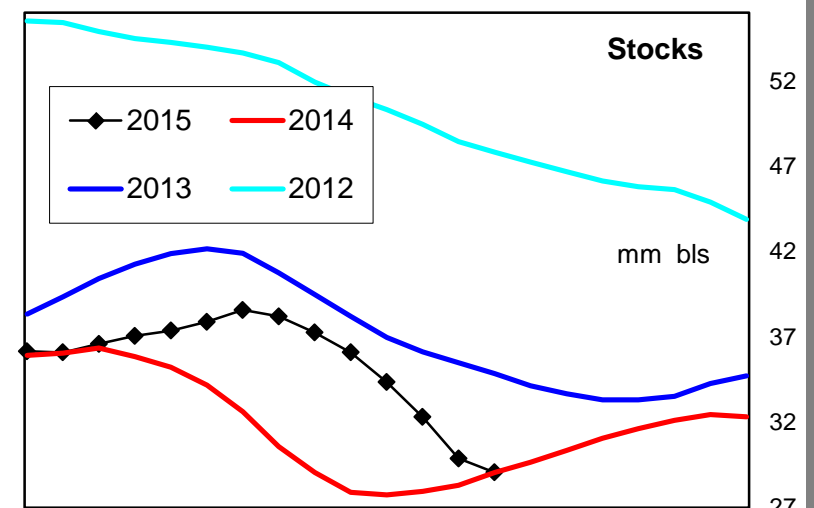
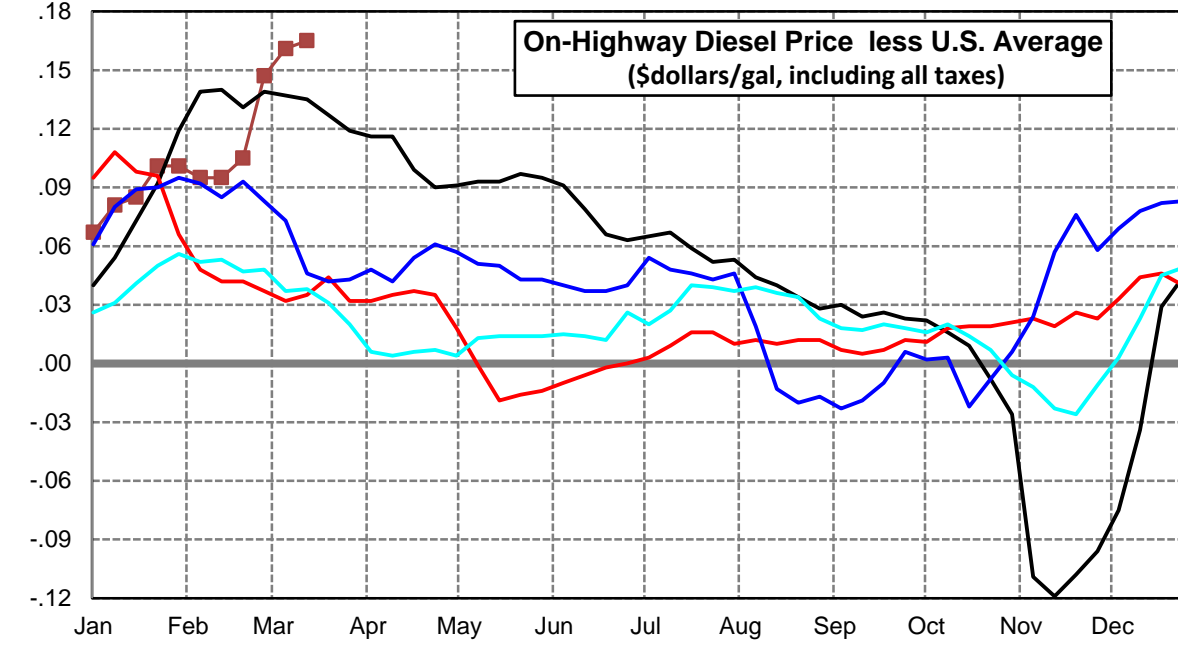
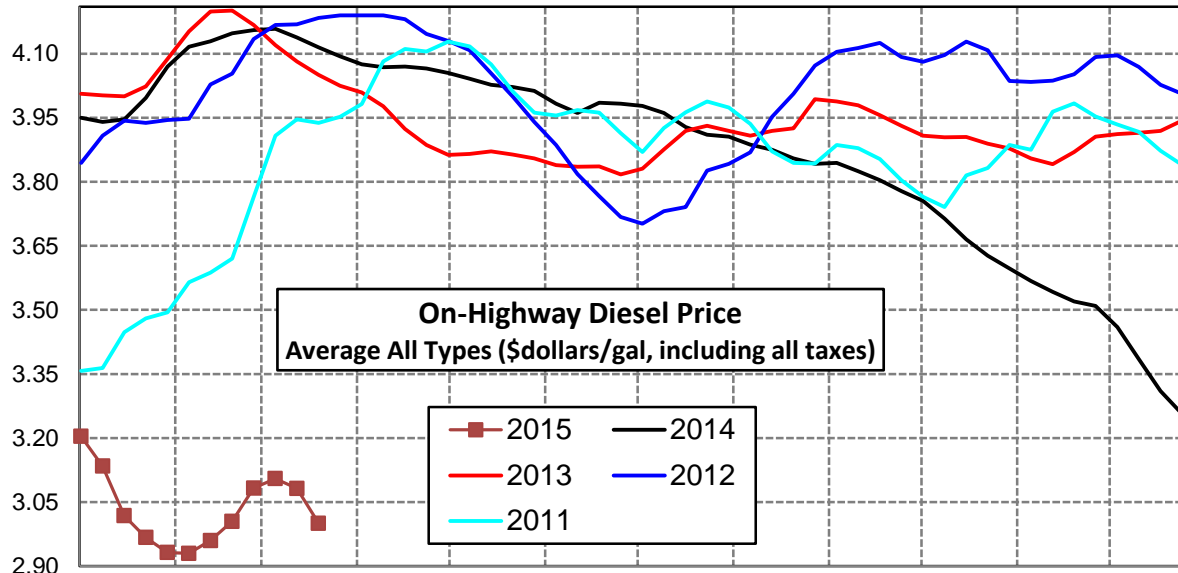
### U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	02Mar15	09Mar15	16Mar15	23Mar15	
<b>United States Avg</b>	\$2.936	\$2.944	\$2.917	<b>\$2.871</b>	-\$0.046
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



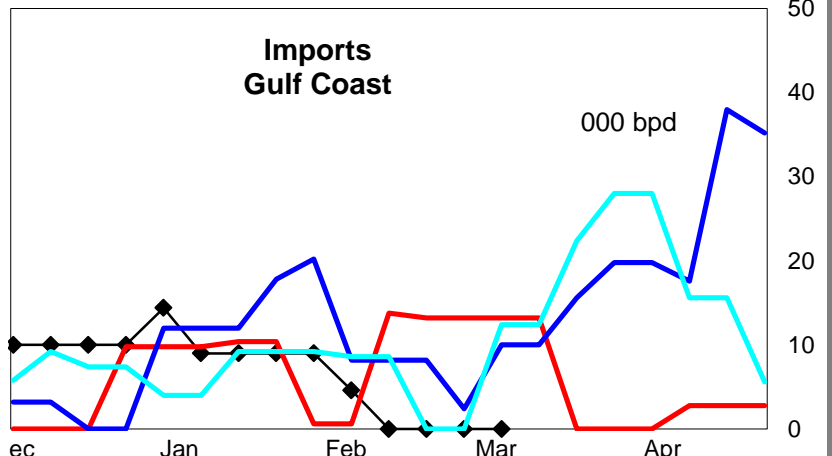
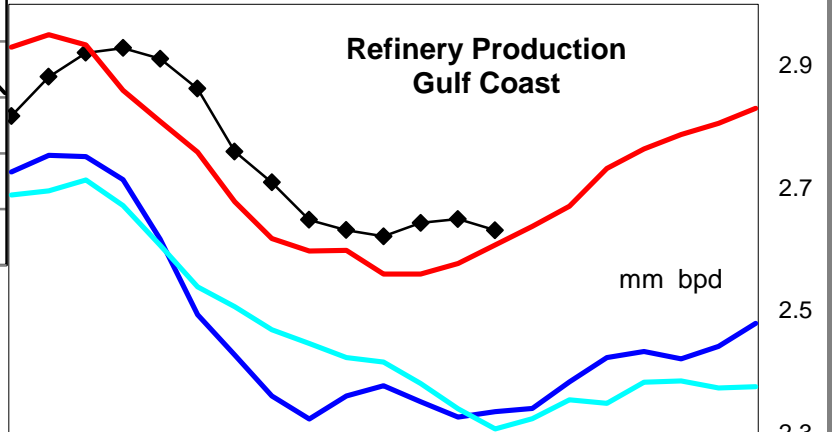
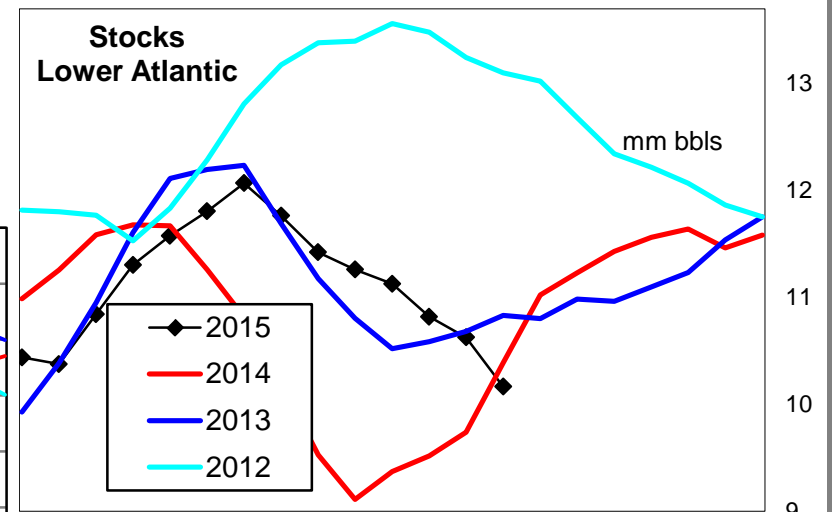
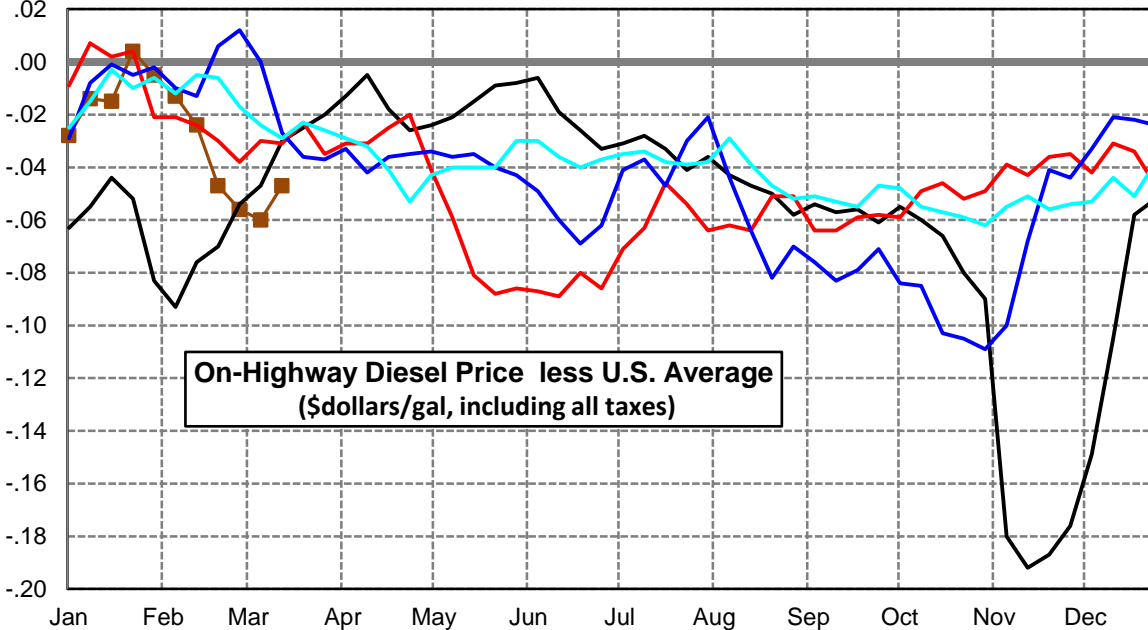
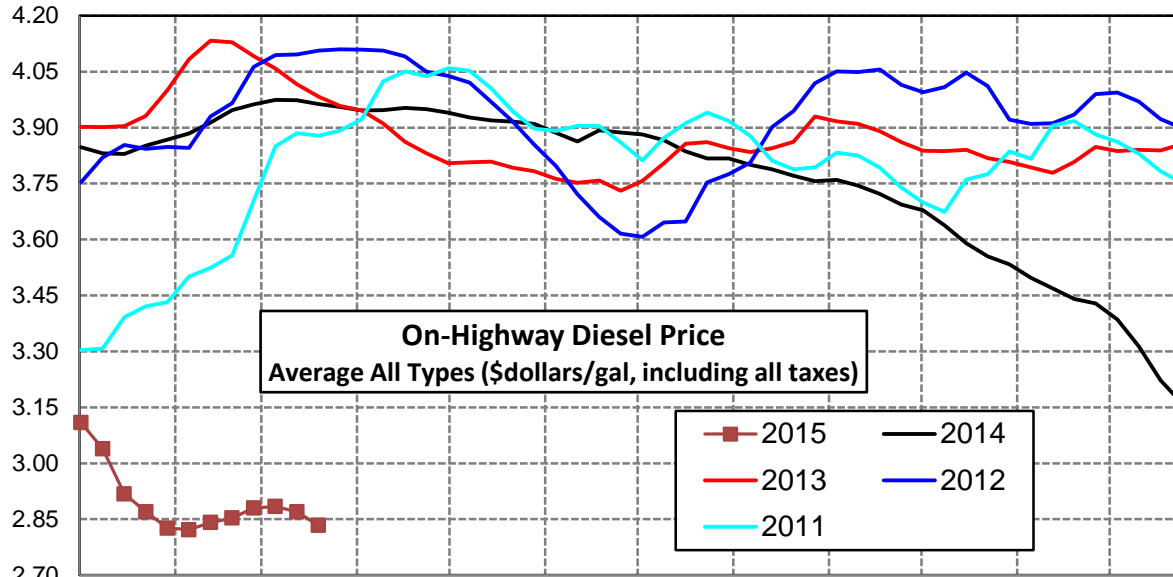
### East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	02Mar15	09Mar15	16Mar15	23Mar15	
<b>East Coast</b>	\$3.083	\$3.105	\$3.082	<b>\$3.001</b>	-\$0.081
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



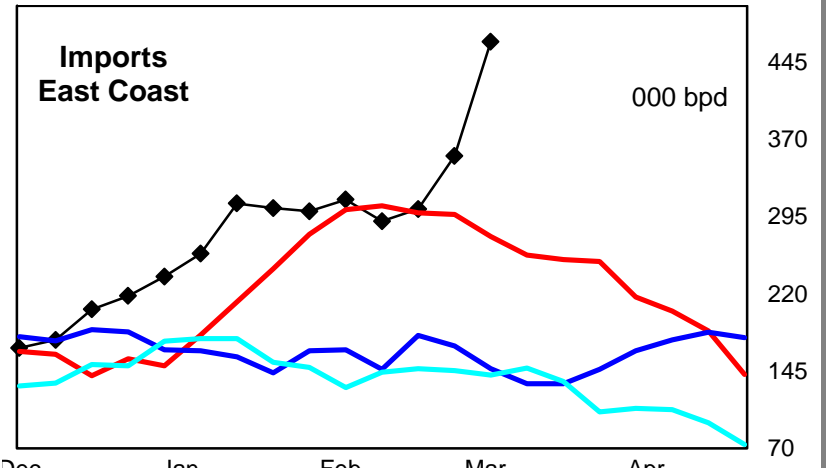
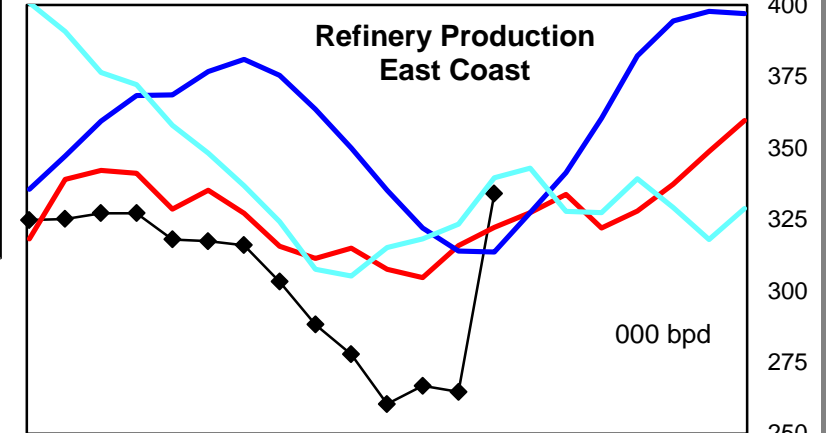
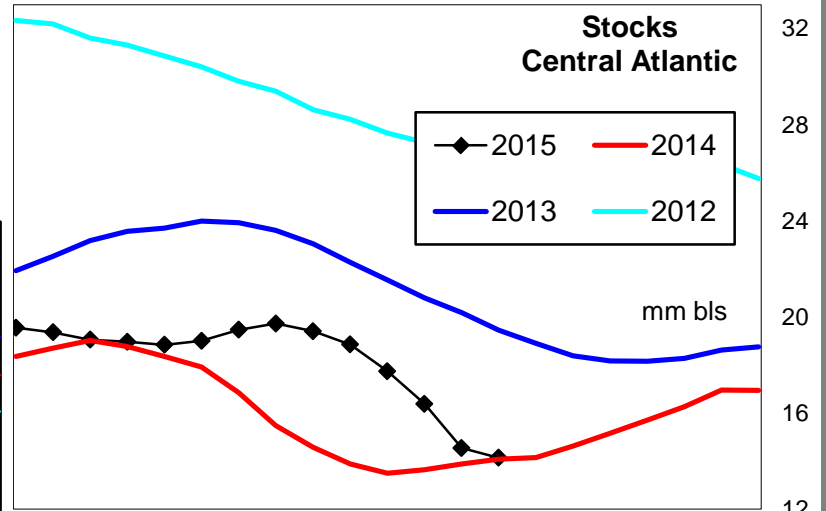
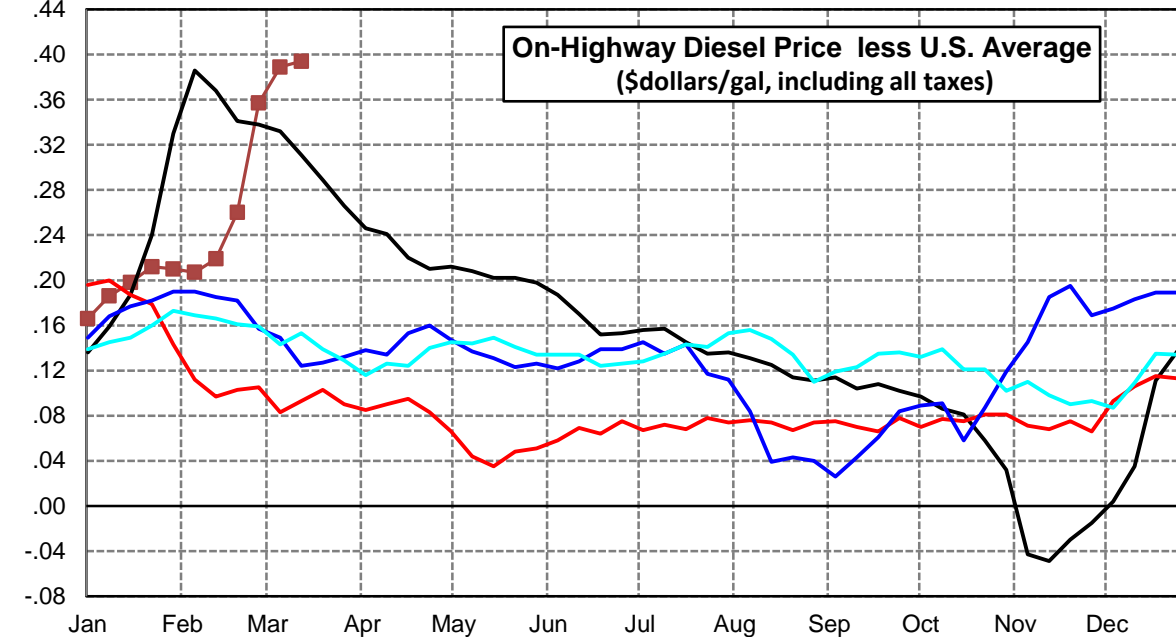
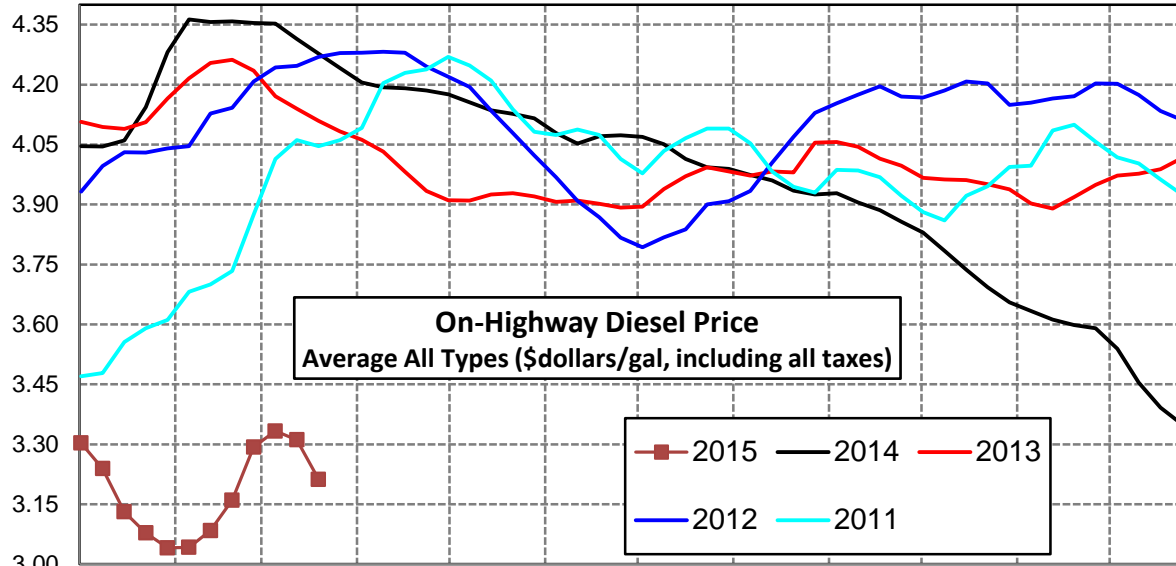
### Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	02Mar15	09Mar15	16Mar15	23Mar15	
<b>Lower Atlantic</b>	\$2.880	\$2.884	\$2.870	<b>\$2.833</b>	-\$0.037
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



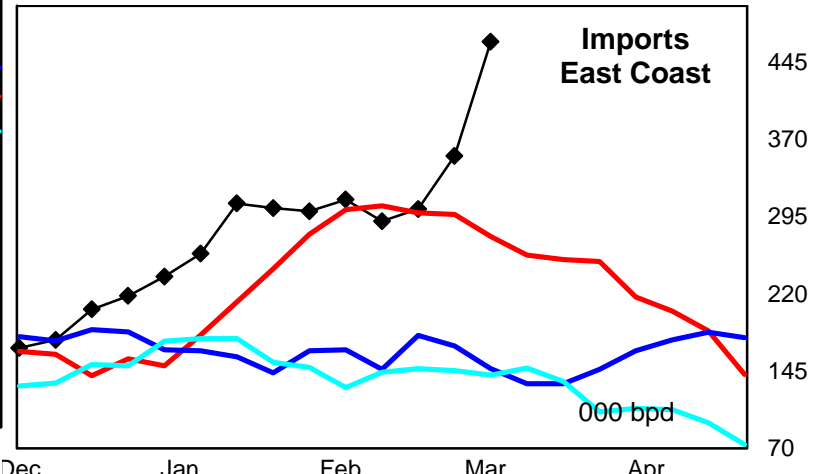
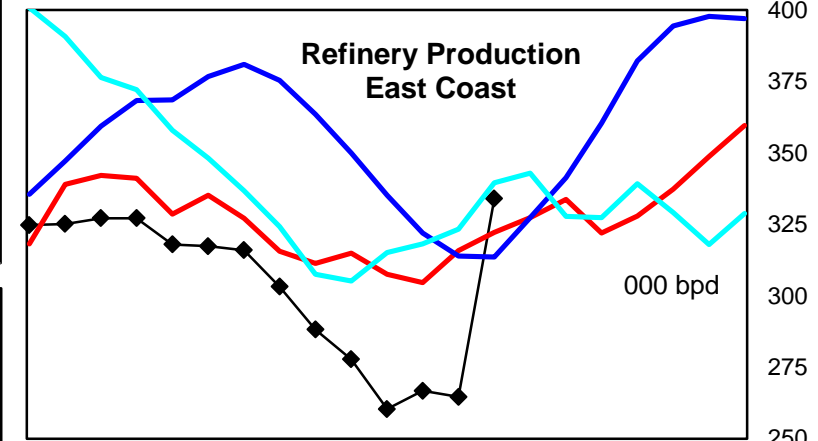
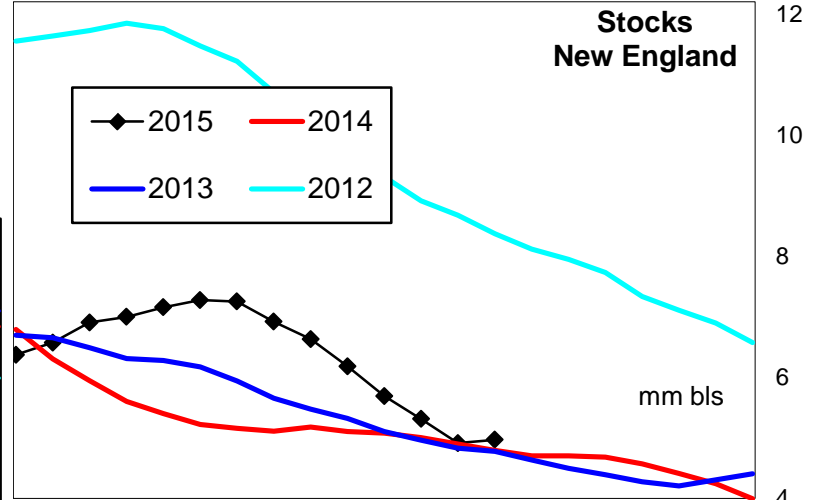
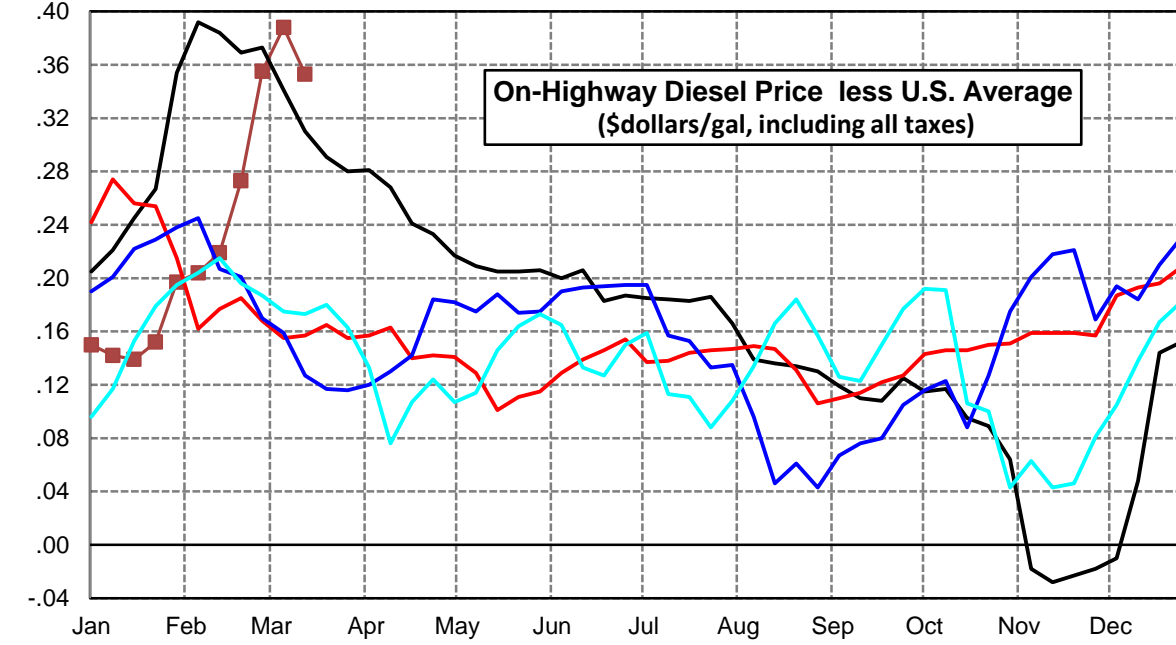
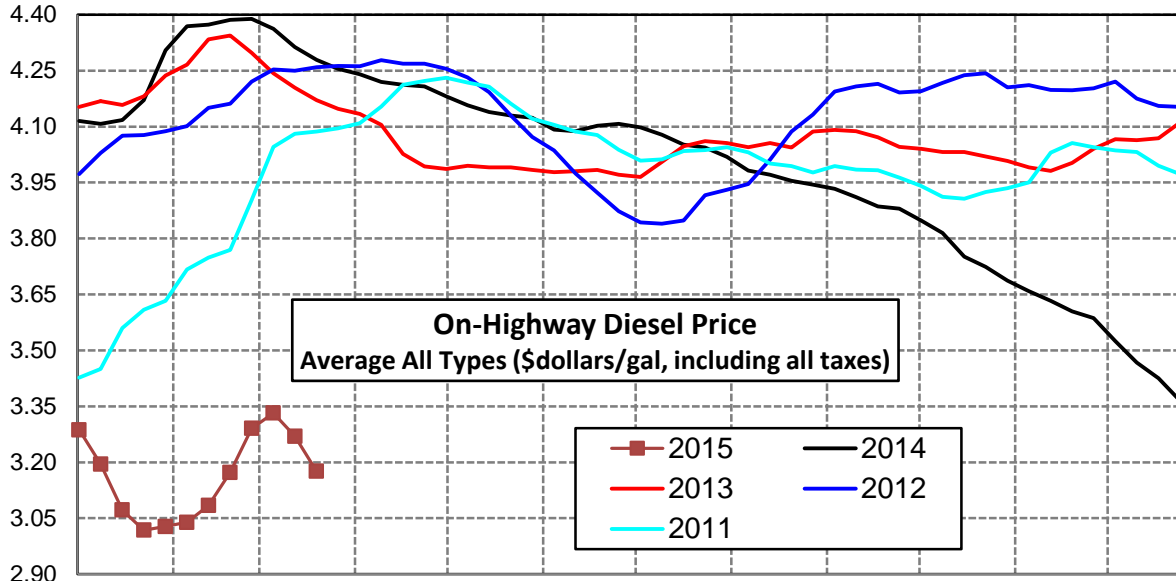
### Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	02Mar15	09Mar15	16Mar15	23Mar15	
<b>Central Atlantic</b>	\$3.293	\$3.333	\$3.311	<b>\$3.212</b>	-\$0.099
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



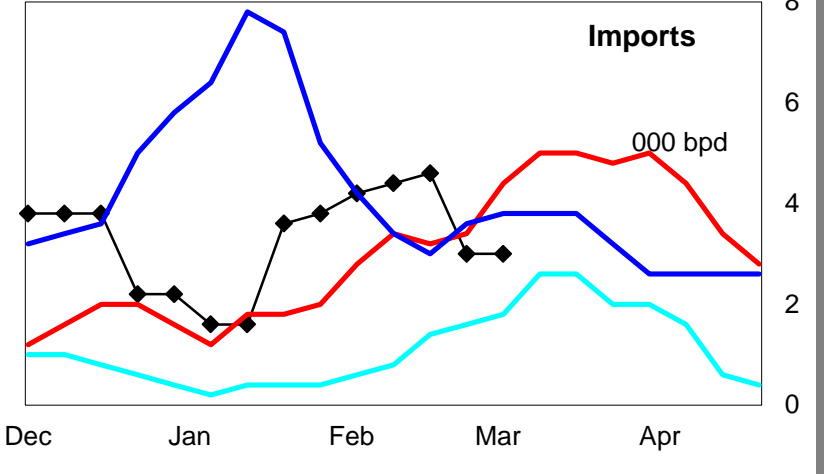
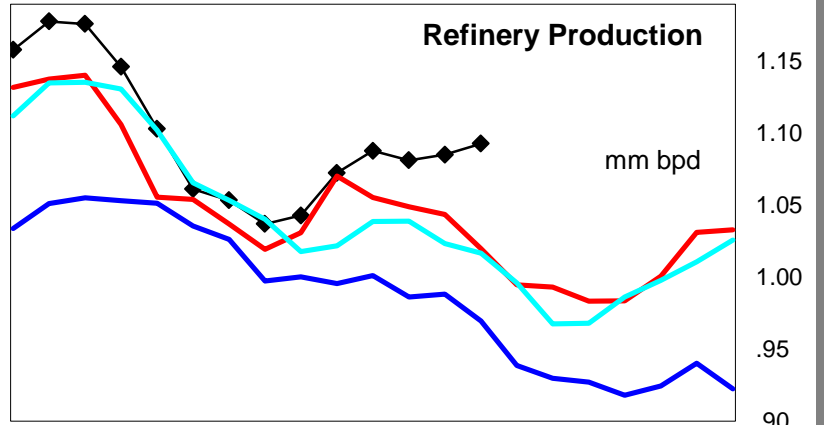
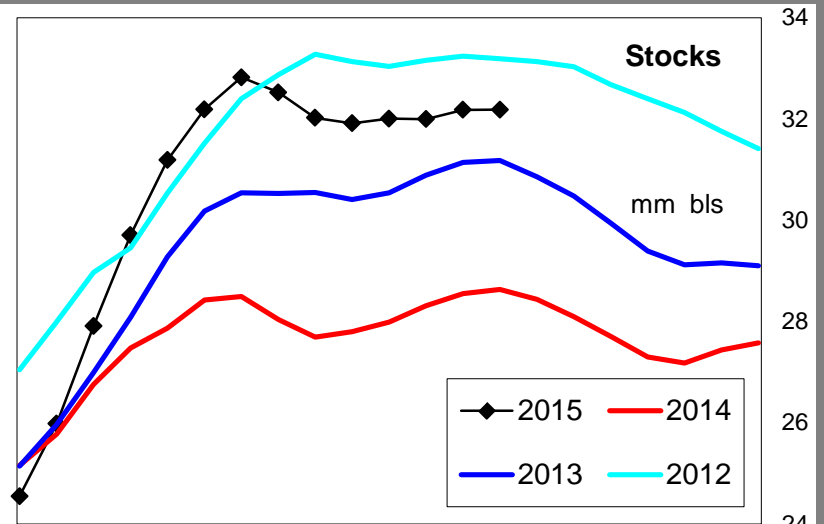
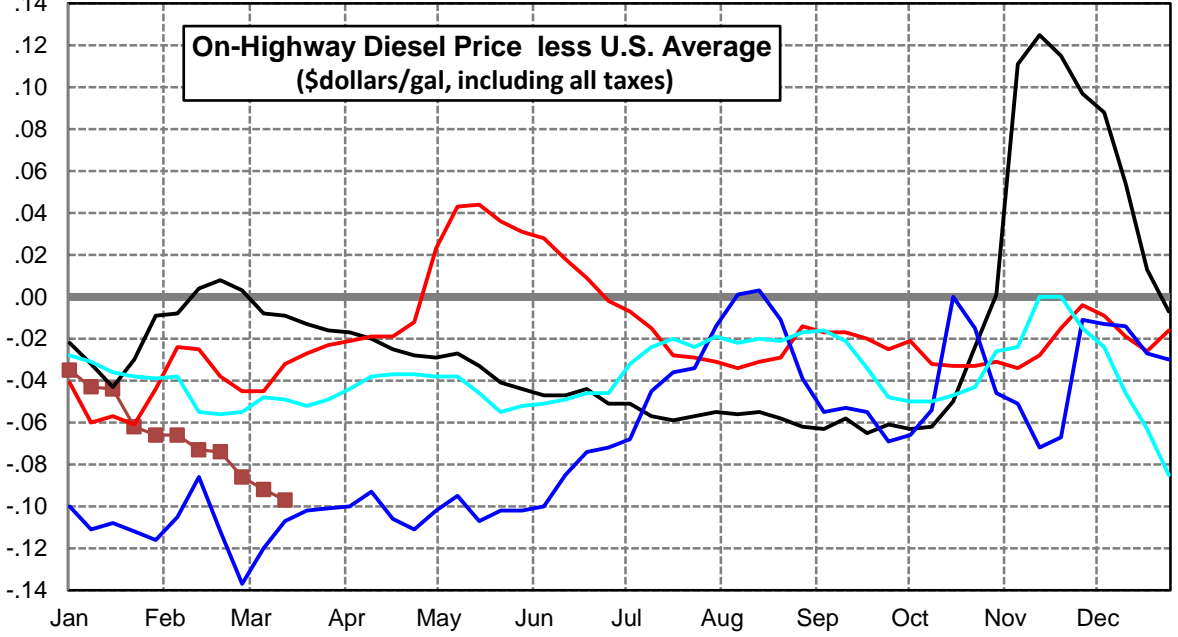
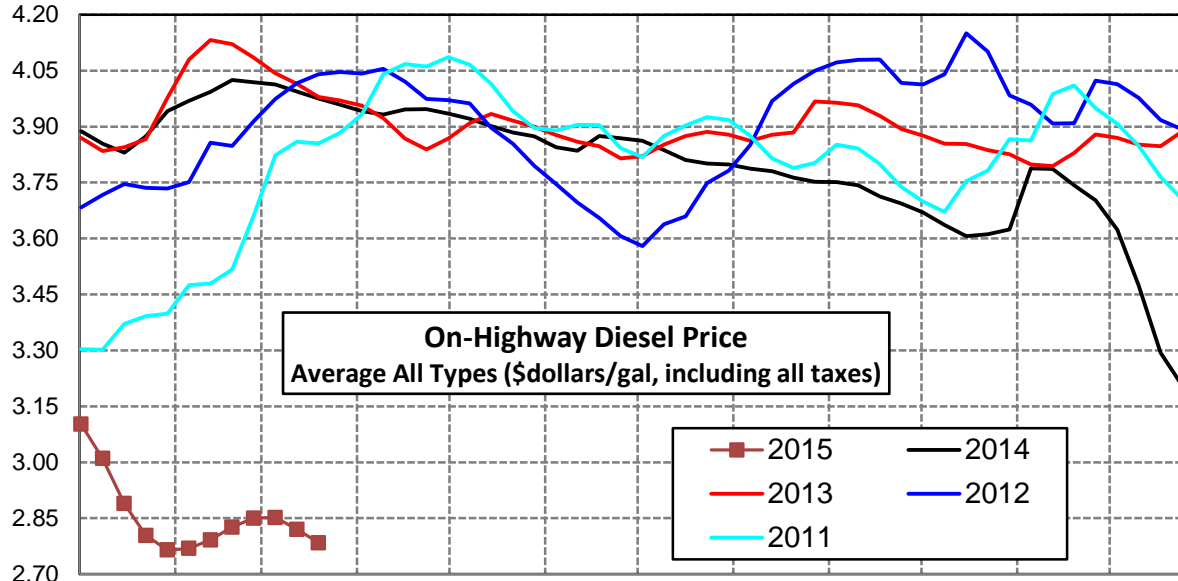
### New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	02Mar15	09Mar15	16Mar15	23Mar15	
<b>New England</b>	\$3.291	\$3.332	\$3.270	<b>\$3.176</b>	-\$0.094
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

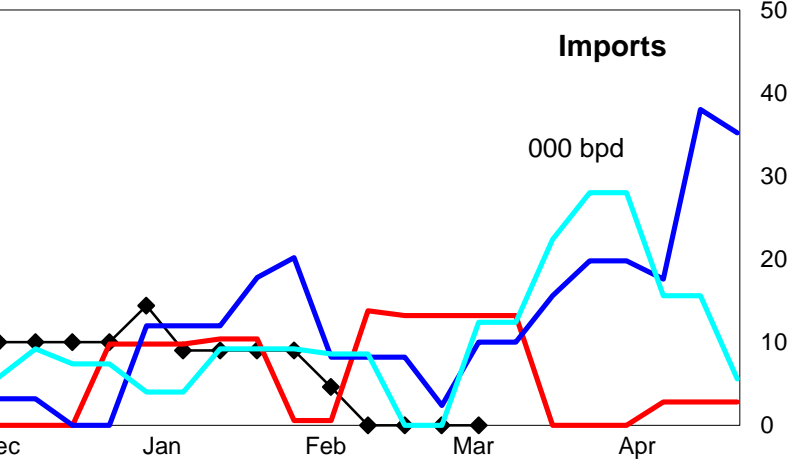
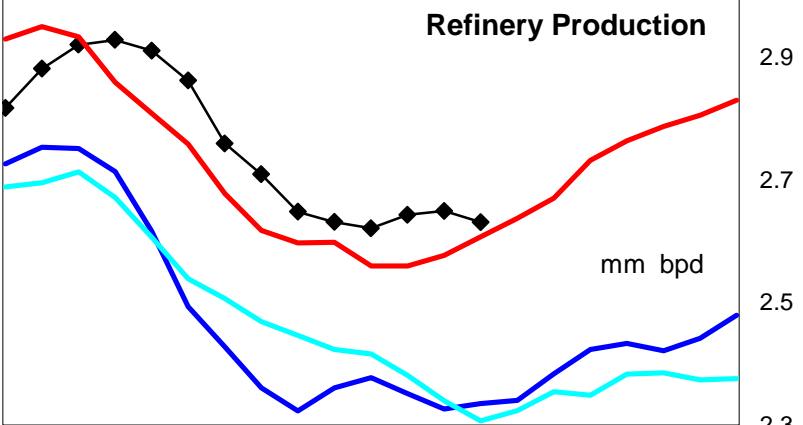
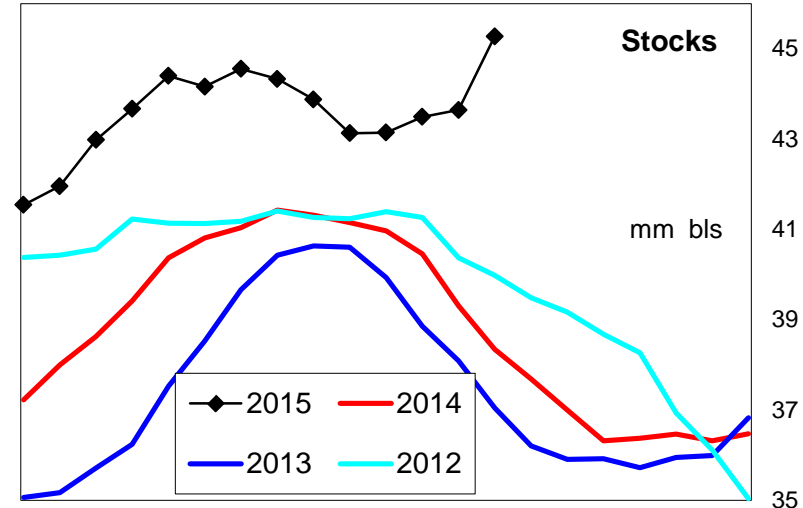
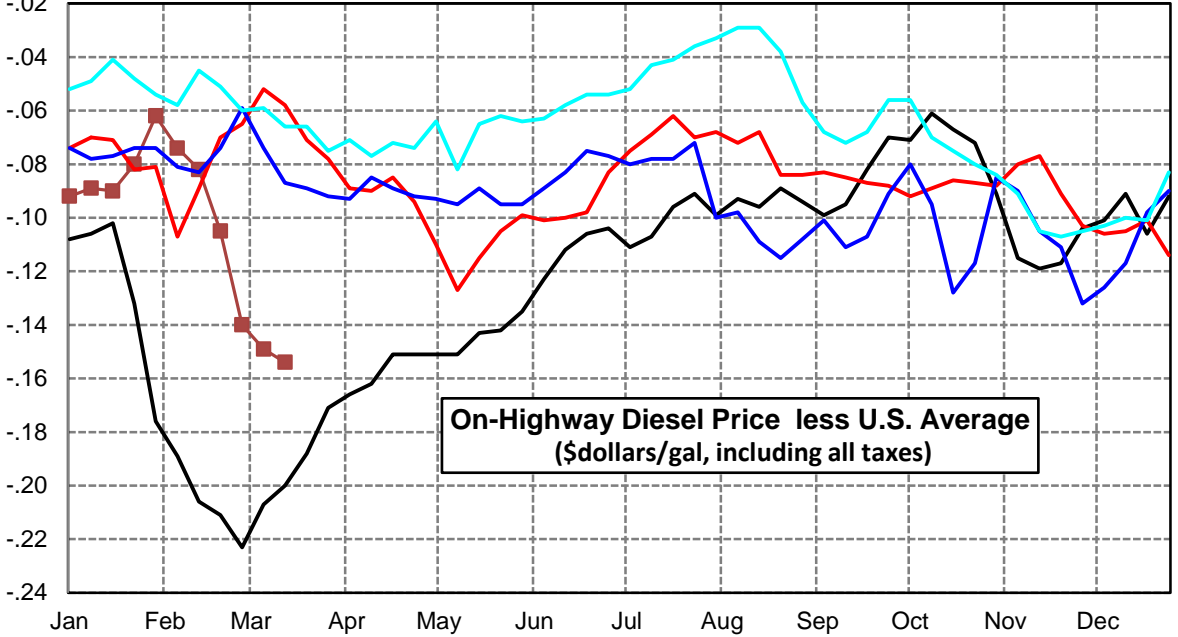
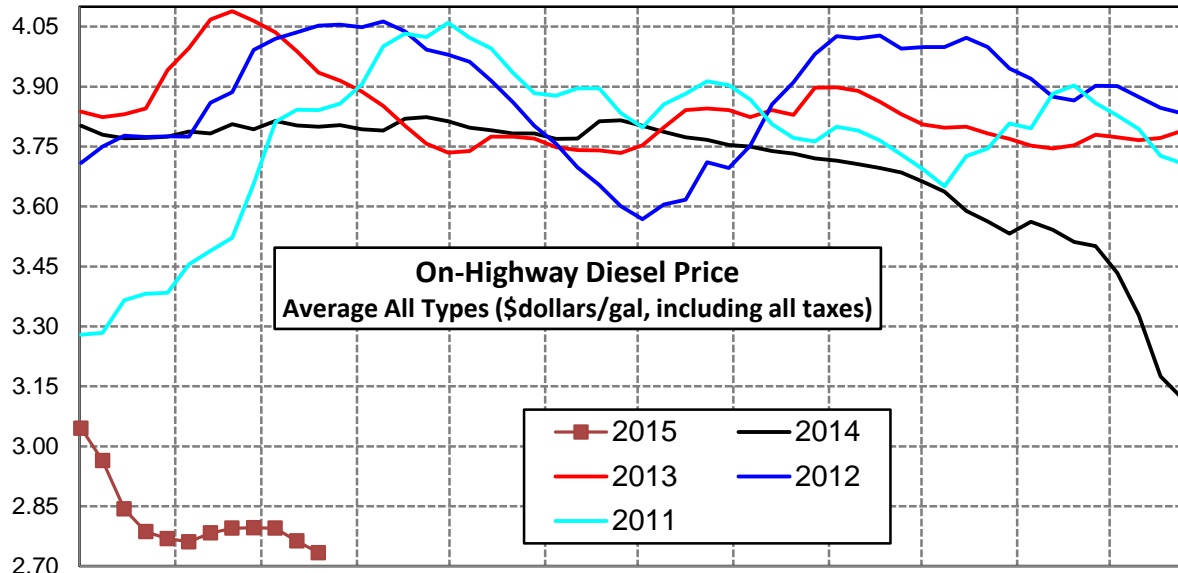
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	02Mar15	09Mar15	16Mar15	23Mar15	
<b>Midwest</b>	\$2.850	\$2.852	\$2.820	<b>\$2.784</b>	-\$0.036
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





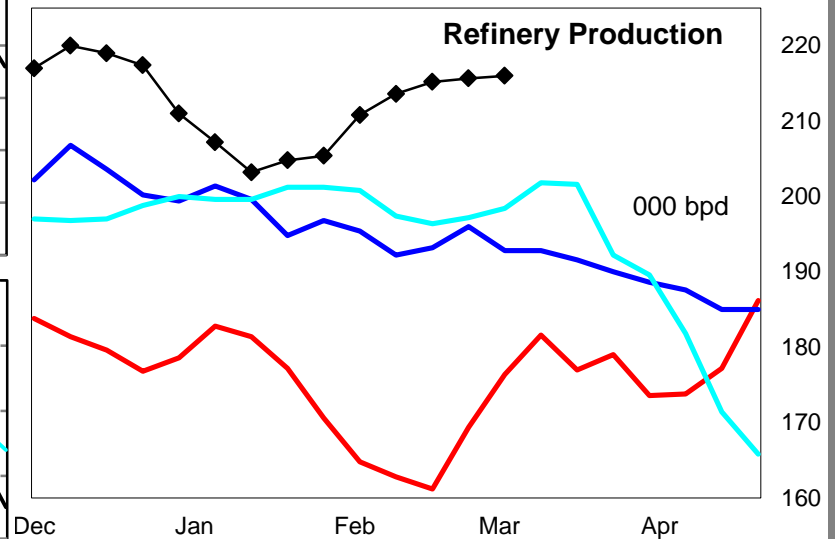
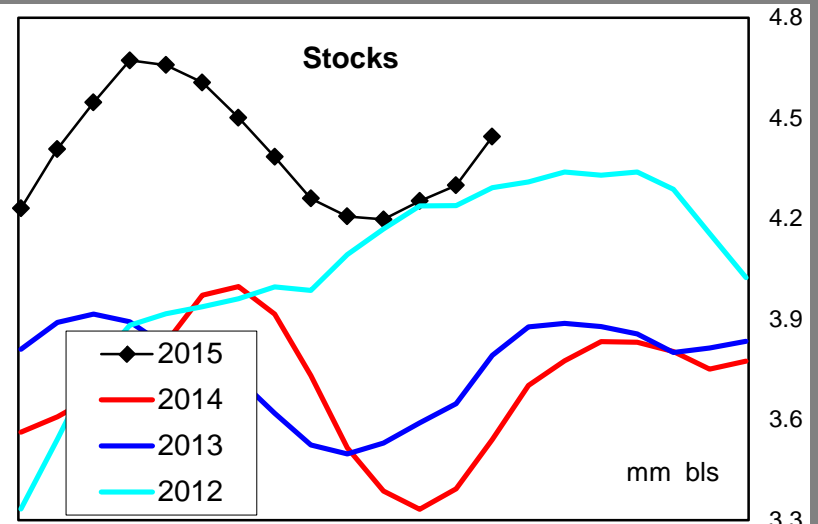
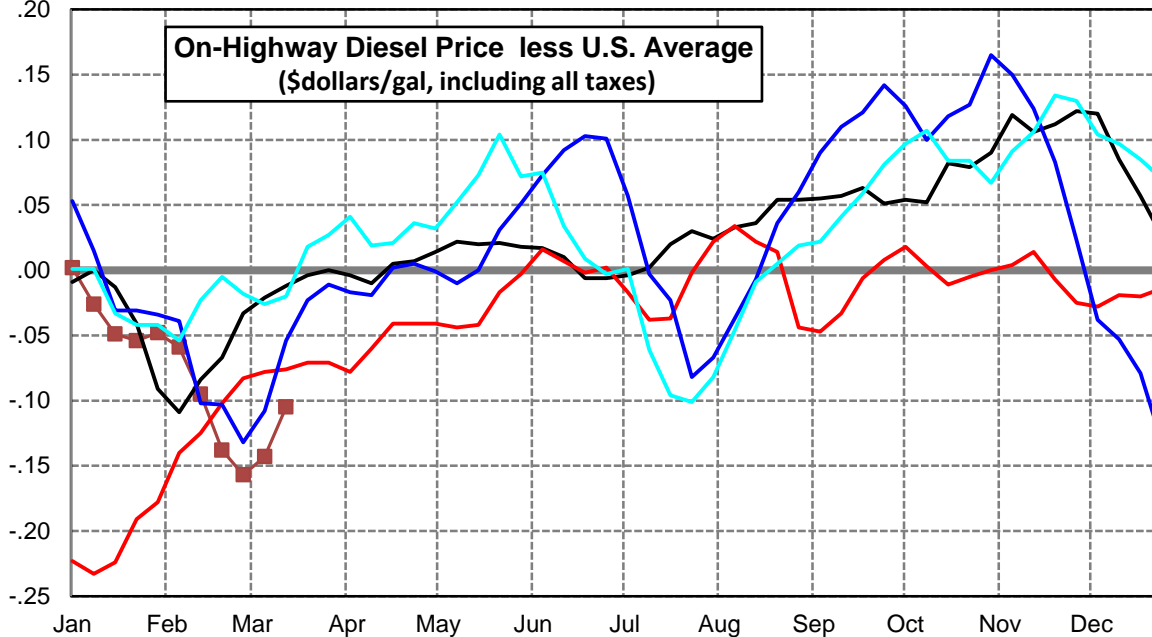
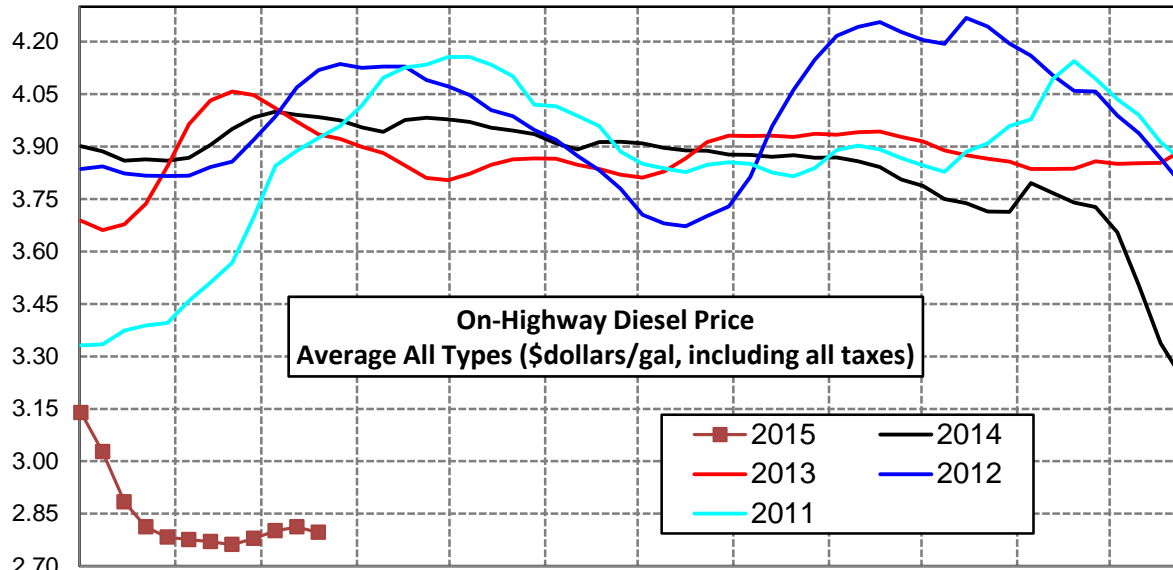
### Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	02Mar15	09Mar15	16Mar15	23Mar15	
<b>Gulf Coast</b>	\$2.796	\$2.795	\$2.763	<b>\$2.734</b>	-\$0.029
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



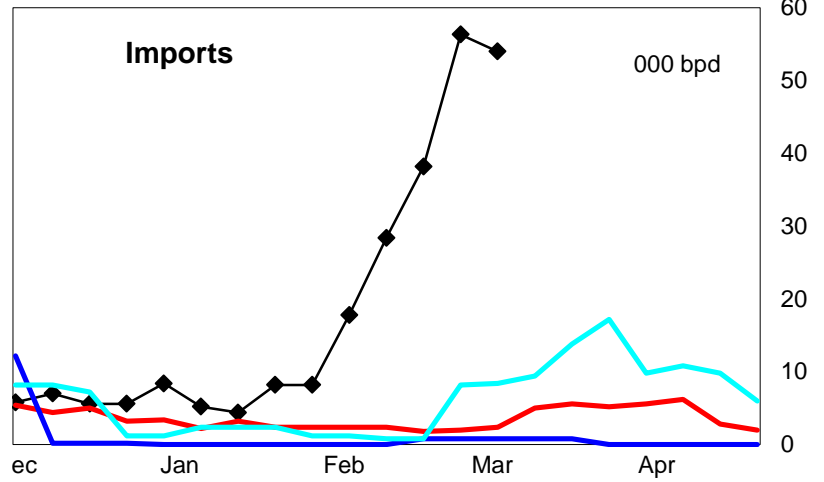
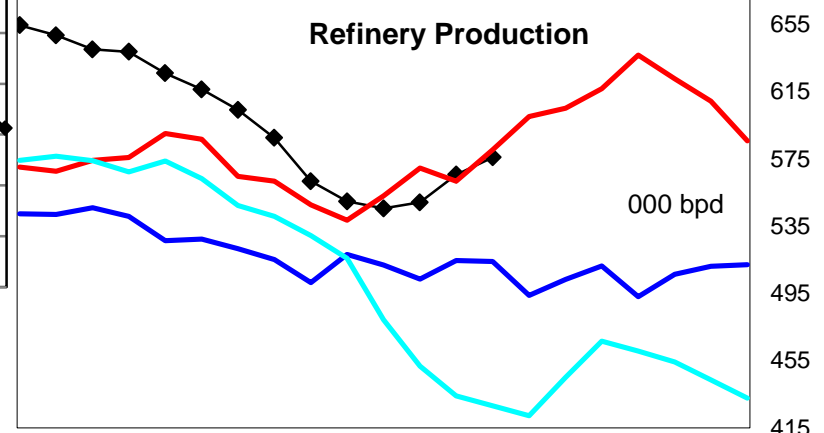
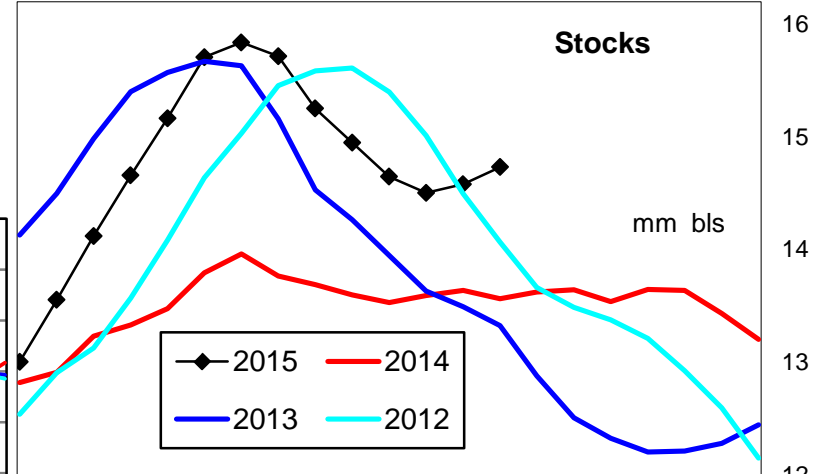
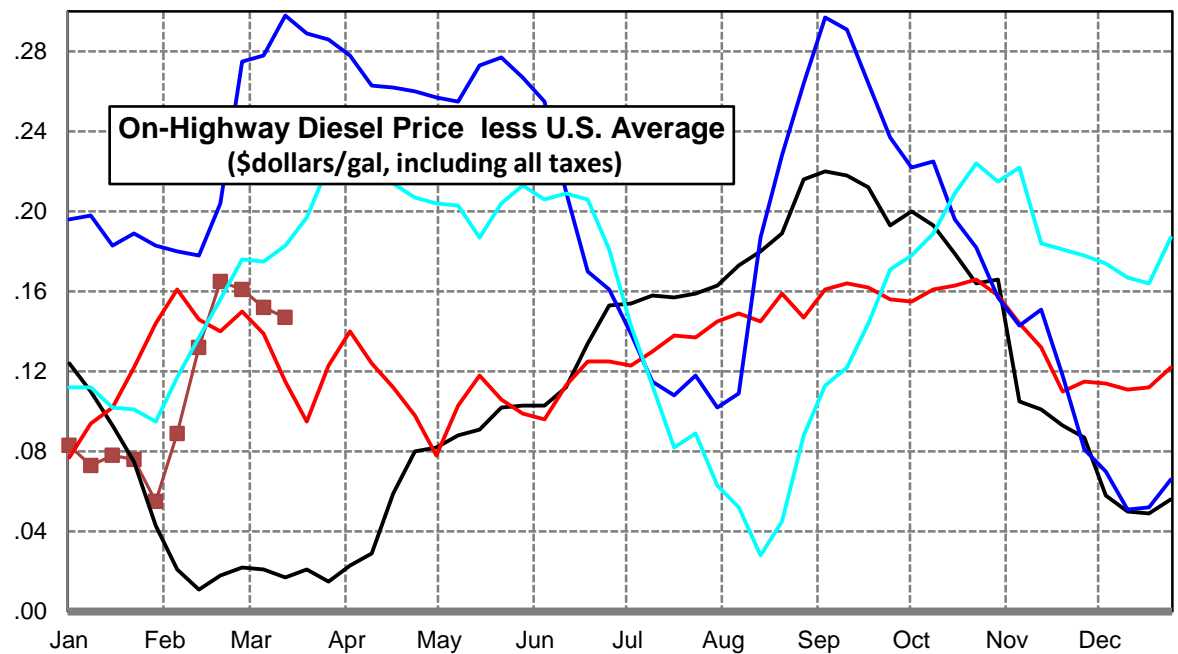
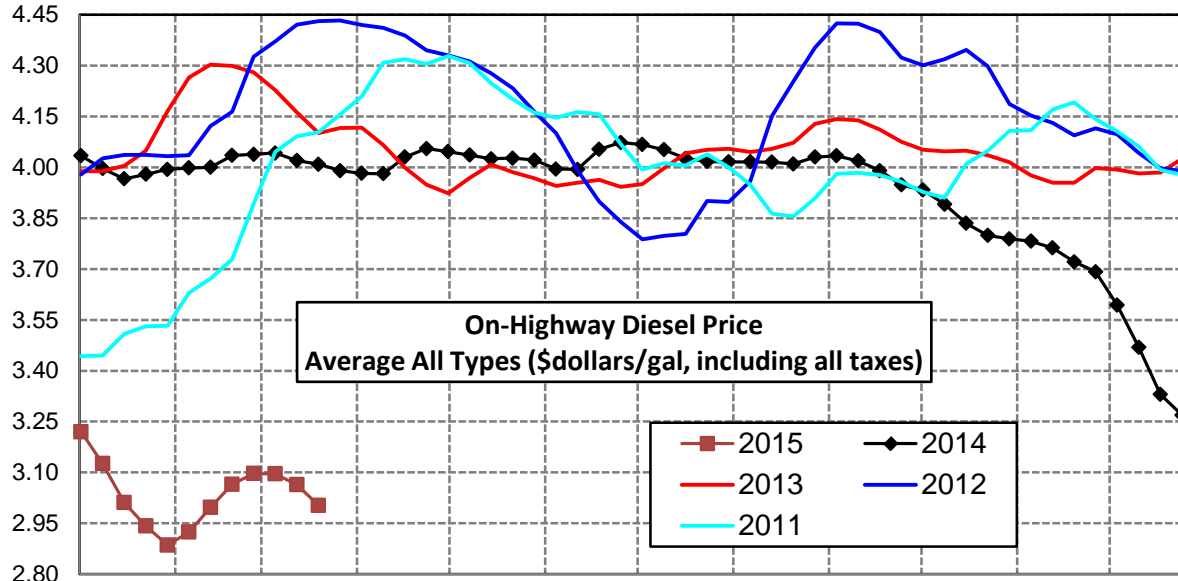
### Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	02Mar15	09Mar15	16Mar15	23Mar15	
<b>Rocky Mountain</b>	\$2.779	\$2.801	\$2.812	<b>\$2.797</b>	-\$0.015
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



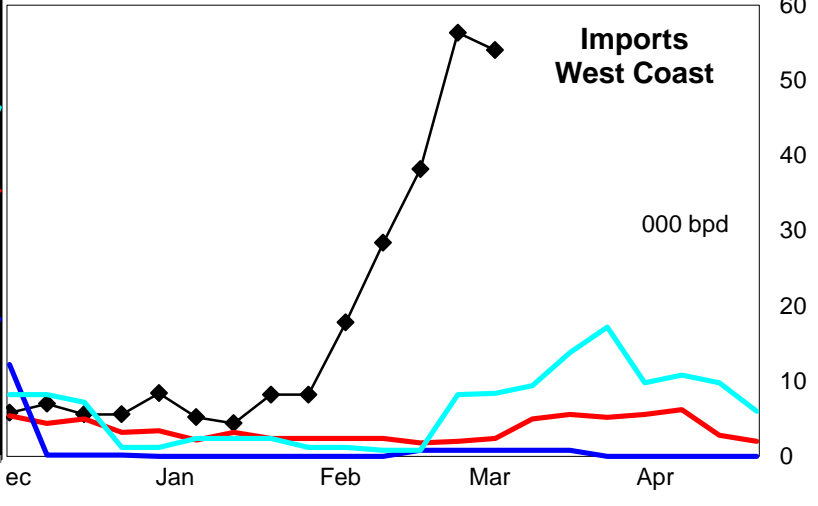
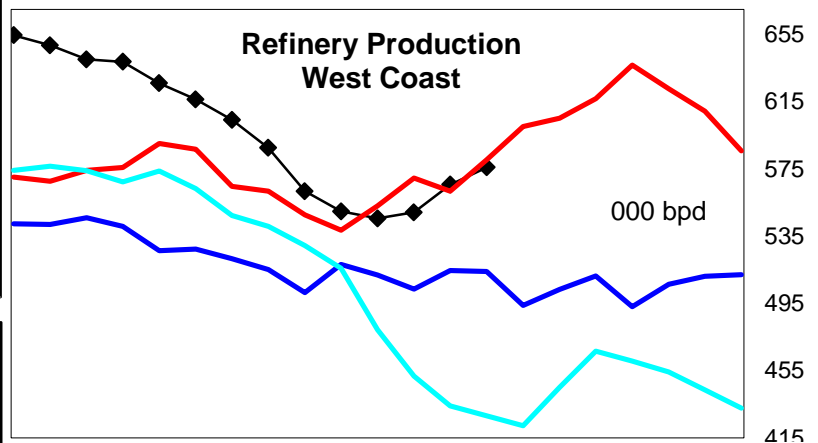
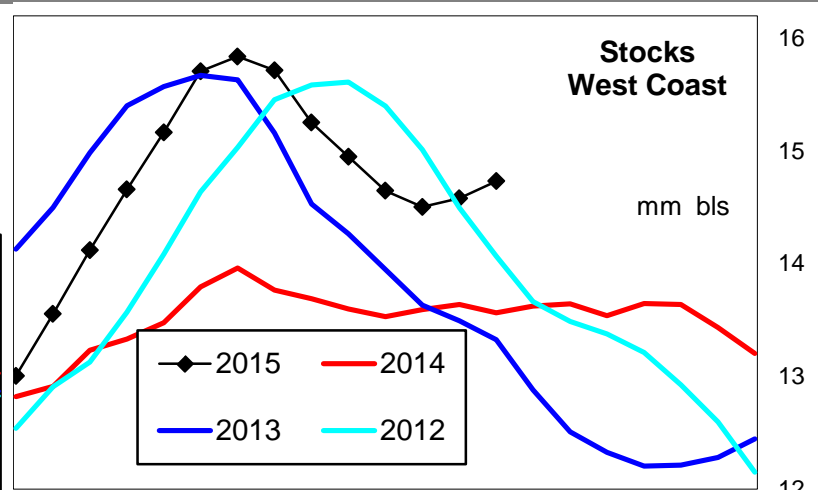
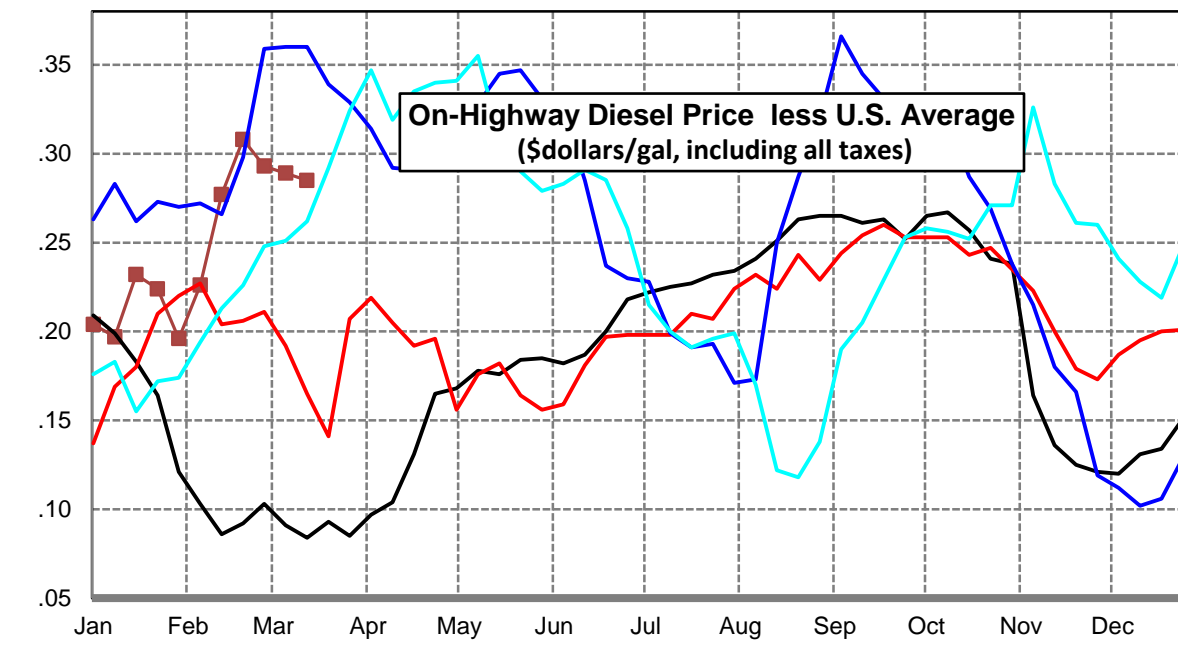
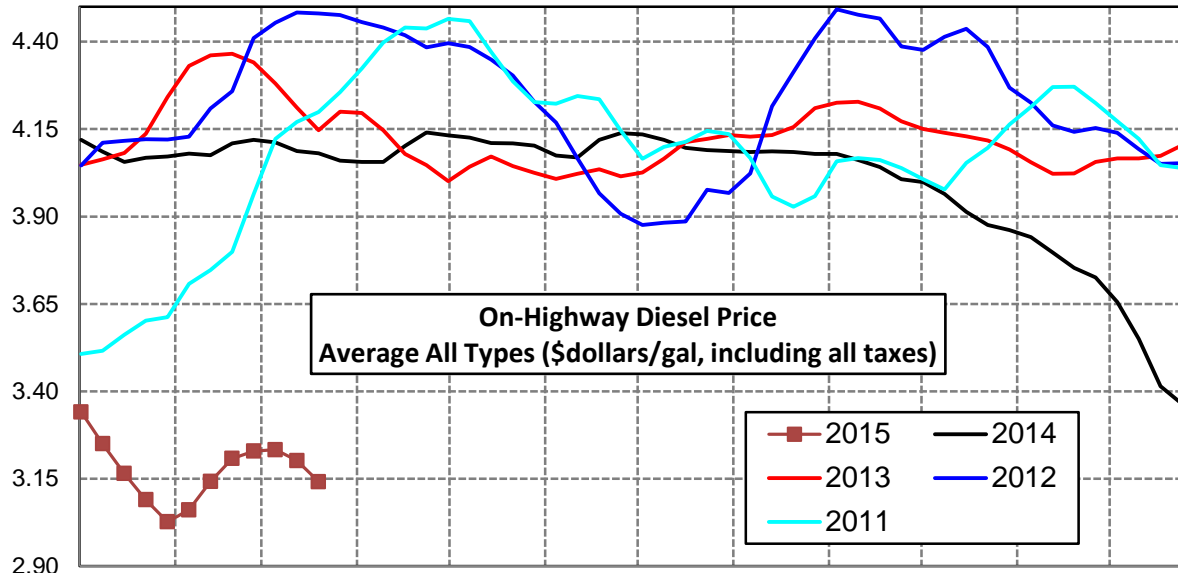
### West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	02Mar15	09Mar15	16Mar15	23Mar15	
<b>West Coast</b>	\$3.097	\$3.096	\$3.064	<b>\$3.003</b>	-\$0.061
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
	02Mar15	09Mar15	16Mar15	23Mar15	
<b>California</b>	\$3.229	\$3.233	\$3.202	<b>\$3.141</b>	-\$0.061
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-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	2.865	2.960	3.084	3.084	2.841	2.792	2.783	2.770	2.997	3.142
Mon-23-Feb-15	2.900	3.005	3.173	3.160	2.853	2.826	2.795	2.762	3.065	3.208
Mon-02-Mar-15	2.936	3.083	3.291	3.293	2.880	2.850	2.796	2.779	3.097	3.229
Mon-09-Mar-15	2.944	3.105	3.332	3.333	2.884	2.852	2.795	2.801	3.096	3.233
Mon-16-Mar-15	2.917	3.082	3.270	3.311	2.870	2.820	2.763	2.812	3.064	3.202
Mon-23-Mar-15	2.871	3.001	3.176	3.212	2.833	2.784	2.734	2.797	3.003	3.141
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.