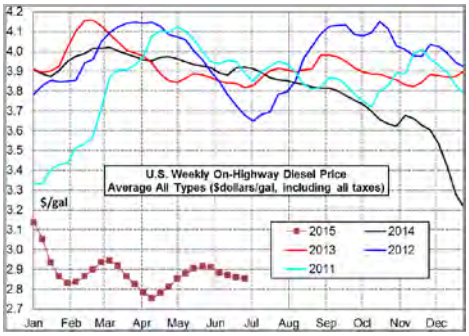
RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

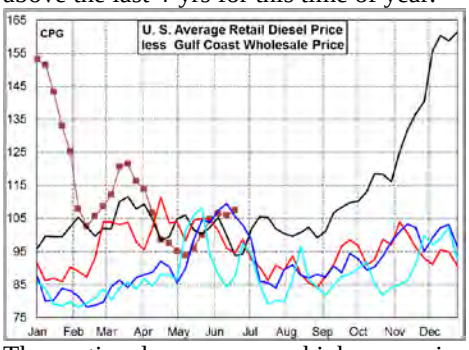
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, June 23, 2015

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price 1/			Forecast 2/	Change from
	08Jun15	15Jun15	22Jun15	29Jun15	week ago
U.S.	2.884	2.870	2.859	2.855	-0.004
East Coast	2.980	2.968	2.959	2.957	-0.002
New England	3.076	3.073	3.085	3.075	-0.010
Central Atlantic	3.122	3.117	3.102	3.099	-0.003
Lower Atlantic	2.853	2.834	2.824	2.818	-0.006
Midwest	2.774	2.754	2.746	2.748	0.002
Gulf Coast	2.783	2.777	2.755	2.751	-0.004
Rocky Mountain	2.825	2.808	2.799	2.792	-0.007
West Coast	3.121	3.101	3.097	3.094	-0.003
California	3.217	3.182	3.170	3.179	0.009
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamenal Petroleum Trends Reports					

Diesel Fuel Price Trends U. S. retail diesel prices decreased -1.1 cpg last week. Prices decreased in all regions except New England. The largest decrease of -2.2 cpg was in the Gulf Coast.



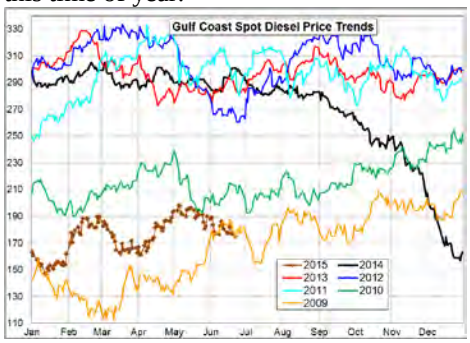
The U.S. average retail diesel price compared to the Gulf Coast wholesale market increased +1.5 cpg on the week. The spread ended the week at a level above the last 4-yrs for this time of year.



The national average on-highway price ended the week -$1.06/gal *below* a year ago. The highest retail prices were in California at $3.17/gal and the Central Atlantic at $3.10/gal. The lowest prices were in the Midwest and Gulf regions at $2.75/gal.

The retail price compared to the U.S. average was above the historic range in the Central Atlantic, New England and West Coast regions - indicating relatively tight supply in these areas. The retail price compared to the U.S. average was below the historic range in the Midwest and Rocky Mountain Regions - indicating continued over supply in these areas.

Gulf spot prices decreased -2 cpg last week, with a -22 cpg decrease during the last 6-wks. Gulf Coast spot distillate prices traded comparable to 5-yr lows for this time of year.

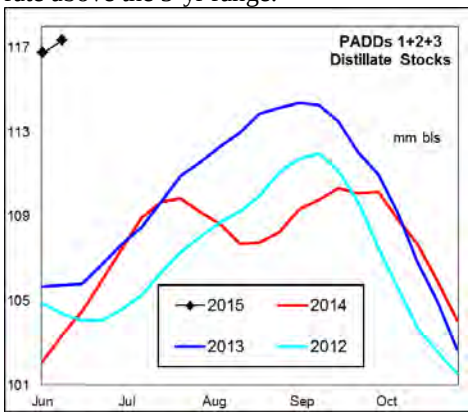


The spread between the Gulf wholesale price and the U.S. average retail price increased +1.5 cpg last week, ending at a level above the last 4-yrs for the period.

Look for the retail to wholesale price differential to trend seasonally lower during the summer quarter. The spread is currently +10 cpg above the historic average for the period.

Supply - Demand Fundamental Trends Distillate wholesale demand was unchanged last week at a level above the historic range. The latest 4-wk average demand was -86,000 bpd below last year. .

Supply decreased -106,000 bpd last week, on lower imports and production. During the latest 4-wk period, production was +49,000 bpd above last year while imports were +25,000 bpd higher. For the current week, production continued at a rate above the 5-yr range.



Stocks increased +0.1 million barrels on the week, to a level well above the last 3-yrs and +12% above a year ago. Stock change in markets East of the Rockies increased +6.3 million barrels during the last 4-wks; a record build for this time of year.

Global Trends Driving Diesel Prices Distillate production maintained the record high level, which combined with lackluster wholesale demand growth led to a record rate of stock building East of the Rockies or the last month.

Look for an above average seasonal stock build, constrained by record production of jet fuel to meet robust demand growth.

Diesel Price Outlook Continued global over supply of crude oil with rapid distillate stock building in key U.S. markets risk price weakness during the next quarter.

The wholesale to retail price spread should see a seasonal decline during the next quarter by -15 to -20 cpg.

West coast prices should trend lower compared to the U. S. average as refiners return from maintenance.

Extreme over supply of diesel in the Midwest and Rockies continues to depress retail prices compared to the U.S. average, expect this fundamental trend to remain in place for the next quarter.

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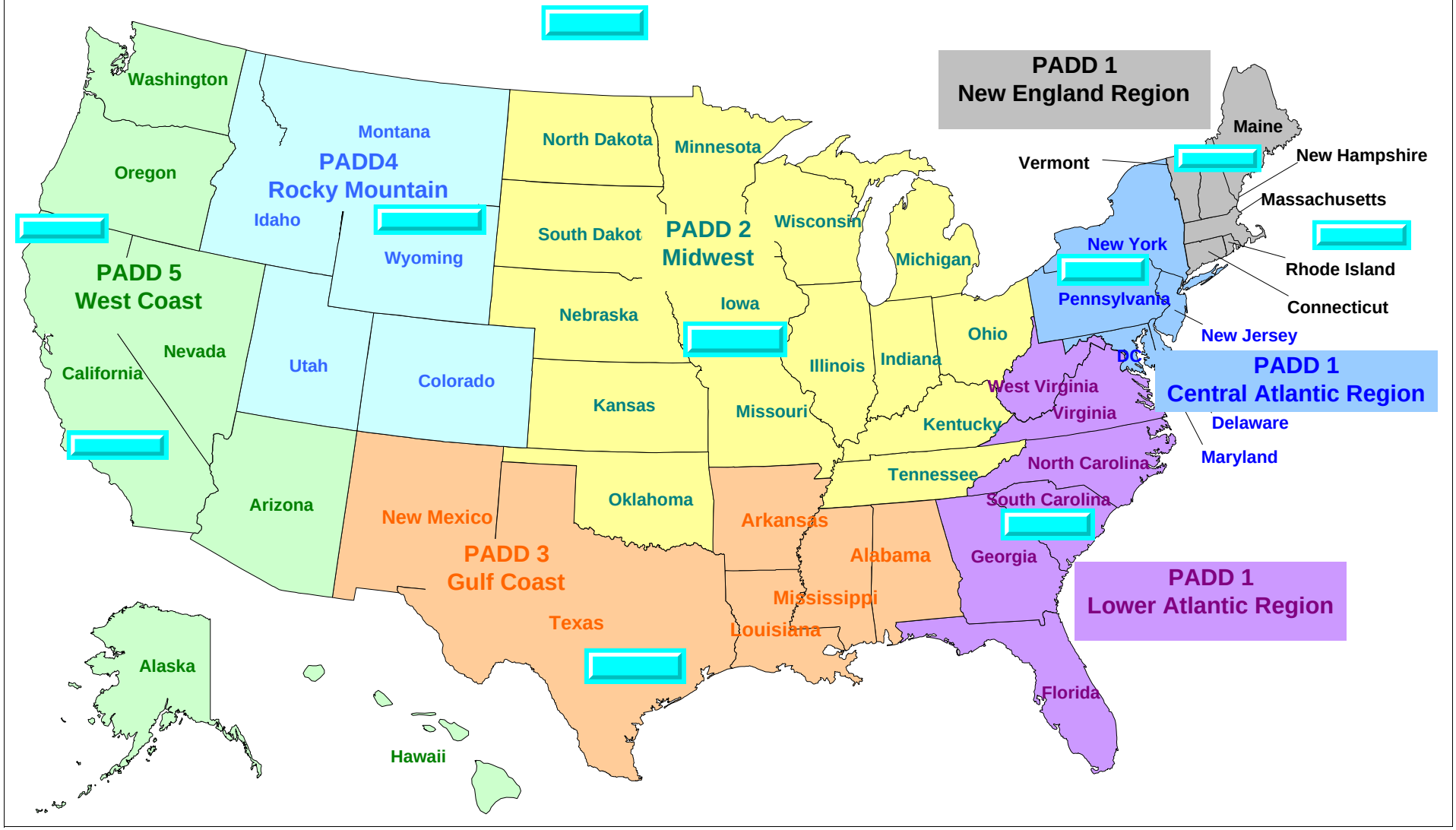
Click Blue Icon on Map to view Regional Price & Fundamental Trends

U. S. Petroleum Administrative for Defense Districts (PADDs)



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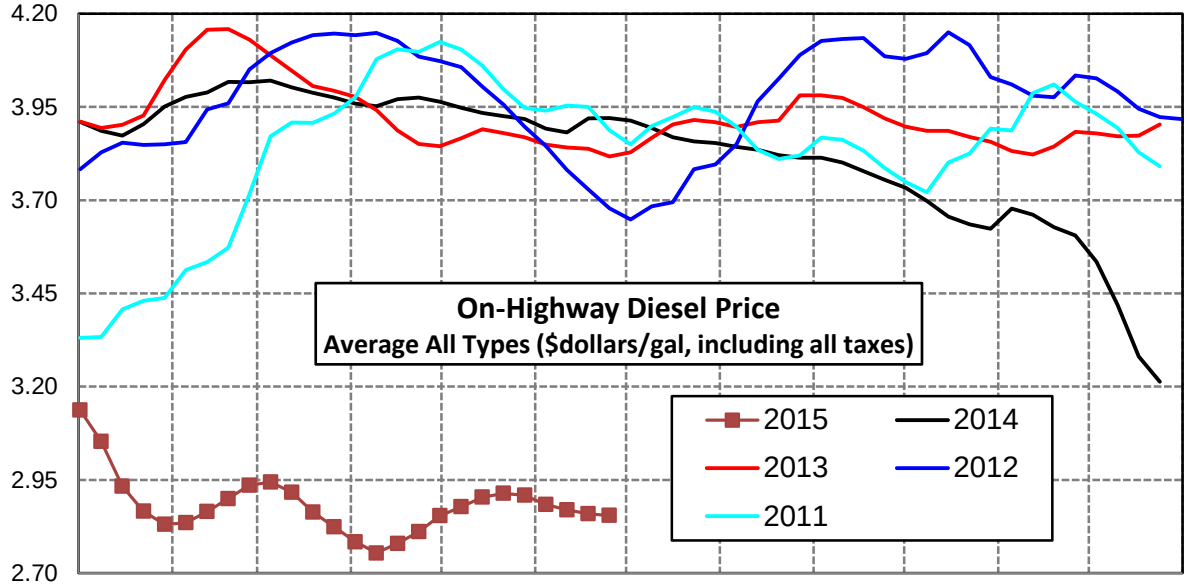
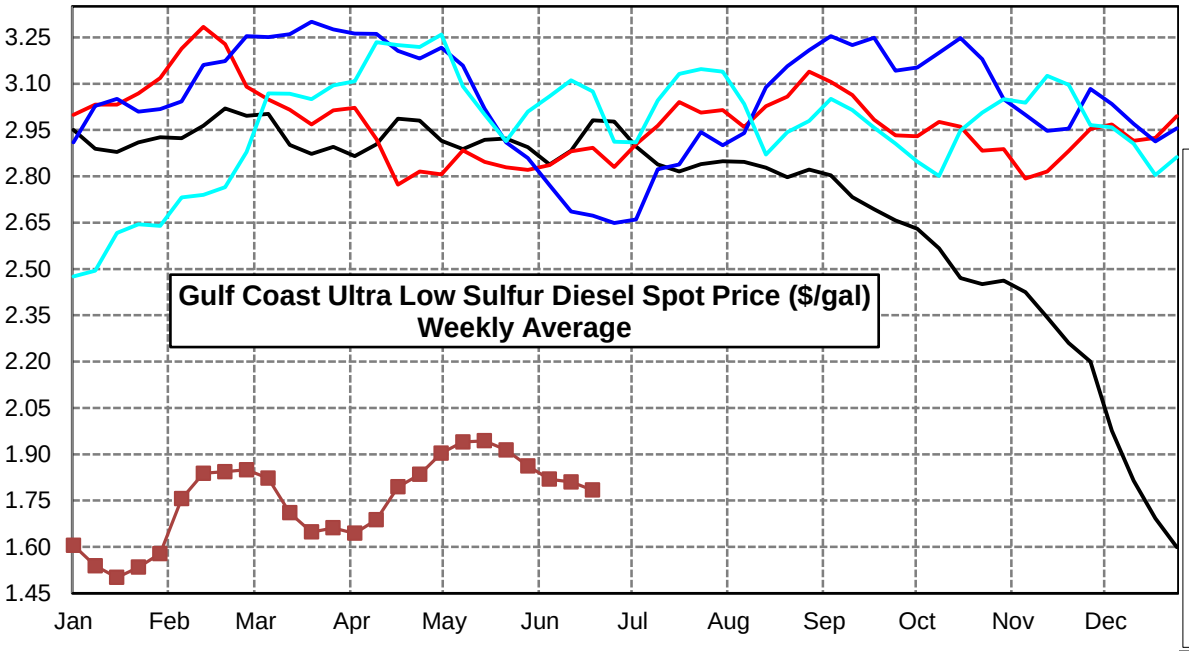
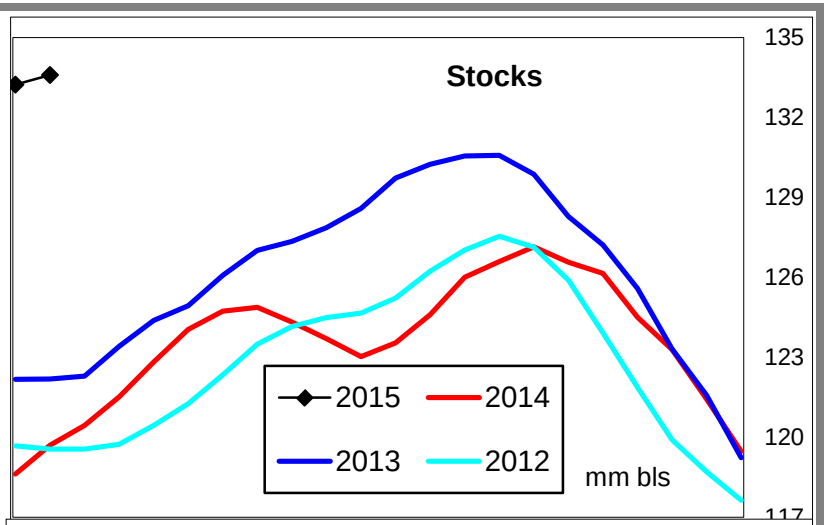
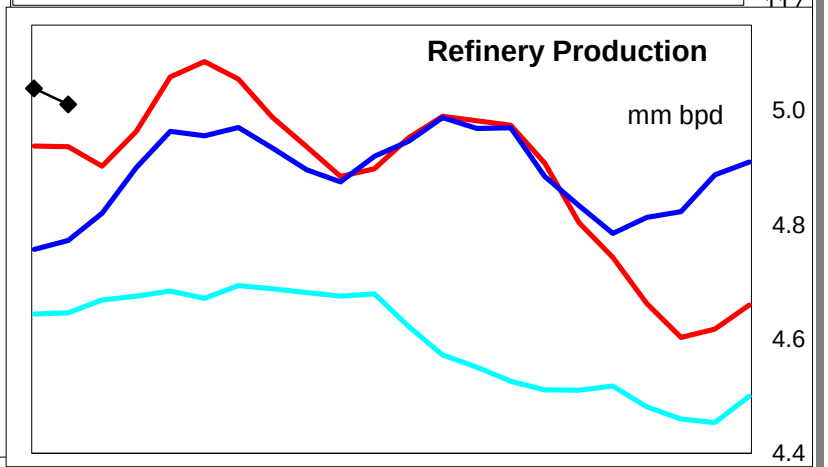
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

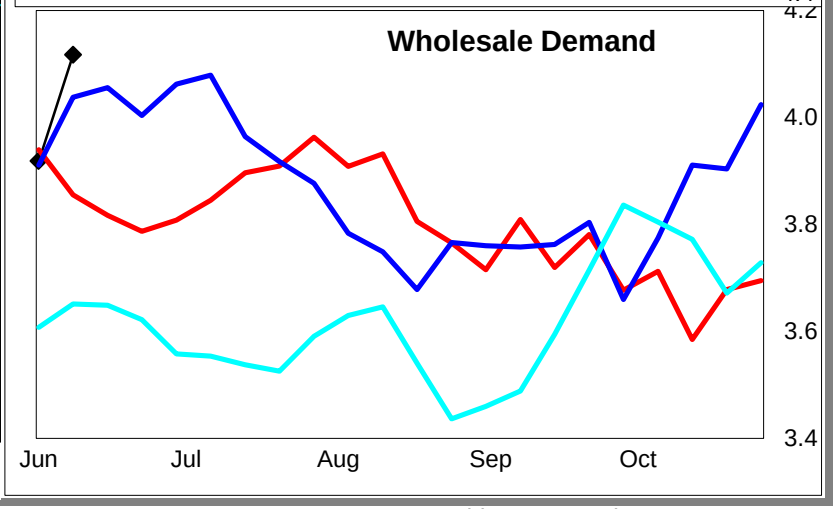
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change
	08Jun15	15Jun15	22Jun15	29Jun15	from week
United States Avg	$2.884	$2.870	$2.859	**$2.855**	-$0.004
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamenal Petroleum Trends Reports					











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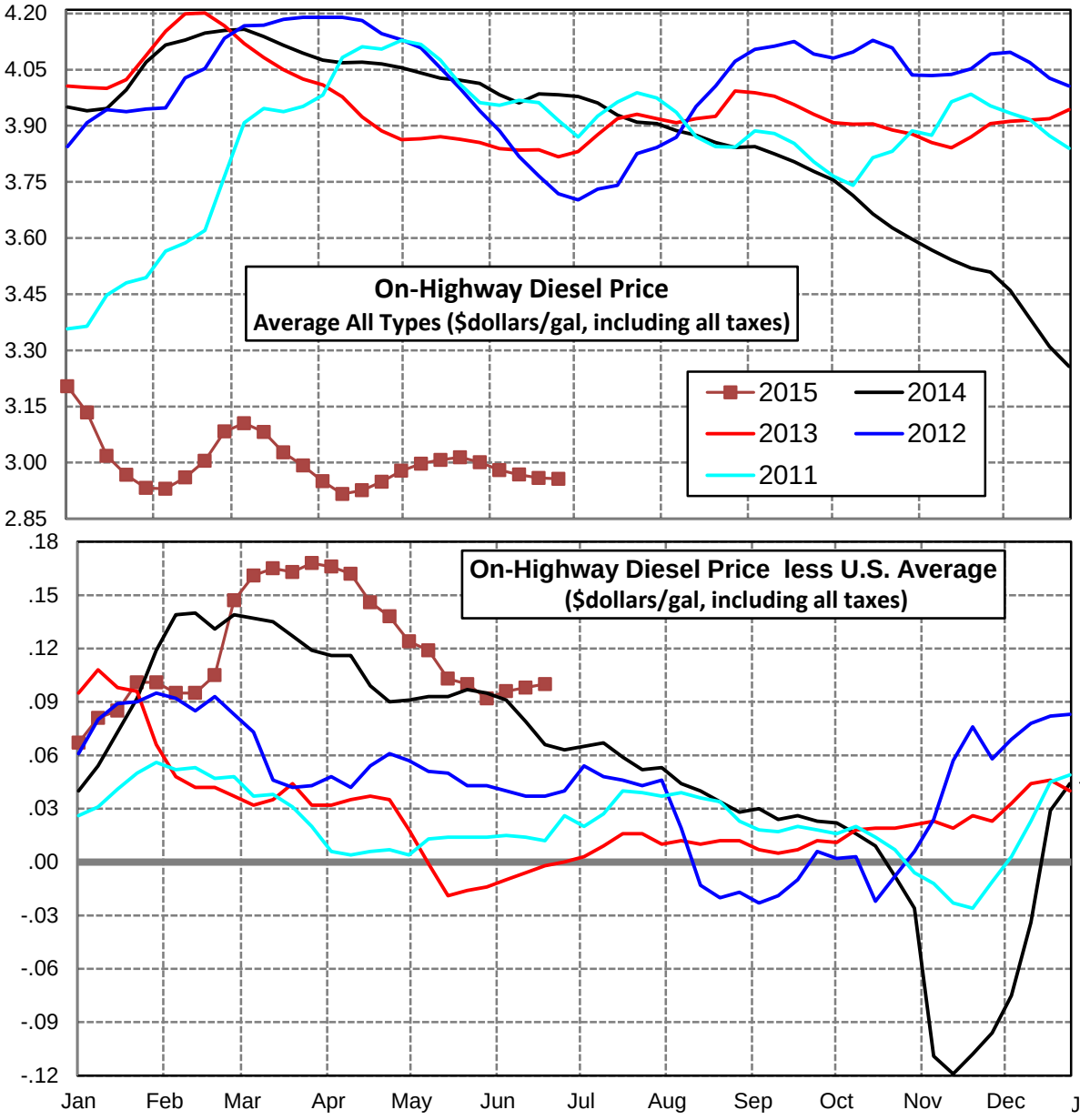
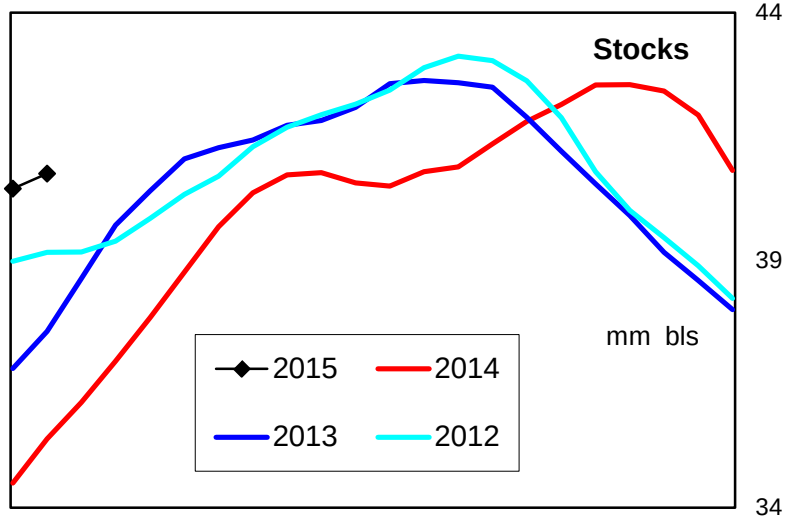
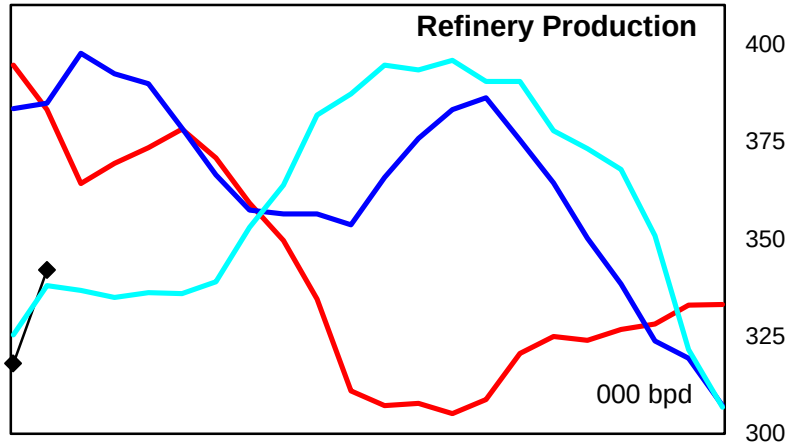
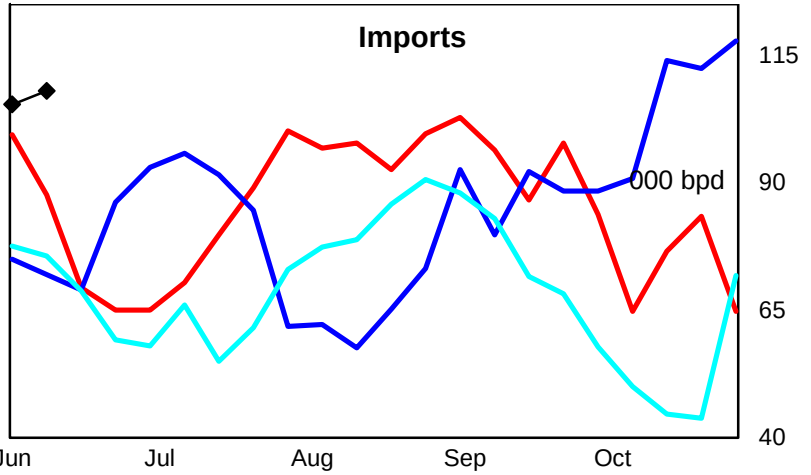
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change
	08Jun15	15Jun15	22Jun15	29Jun15	from week
East Coast	$2.980	$2.968	$2.959	**$2.957**	-$0.002
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamenal Petroleum Trends Reports					









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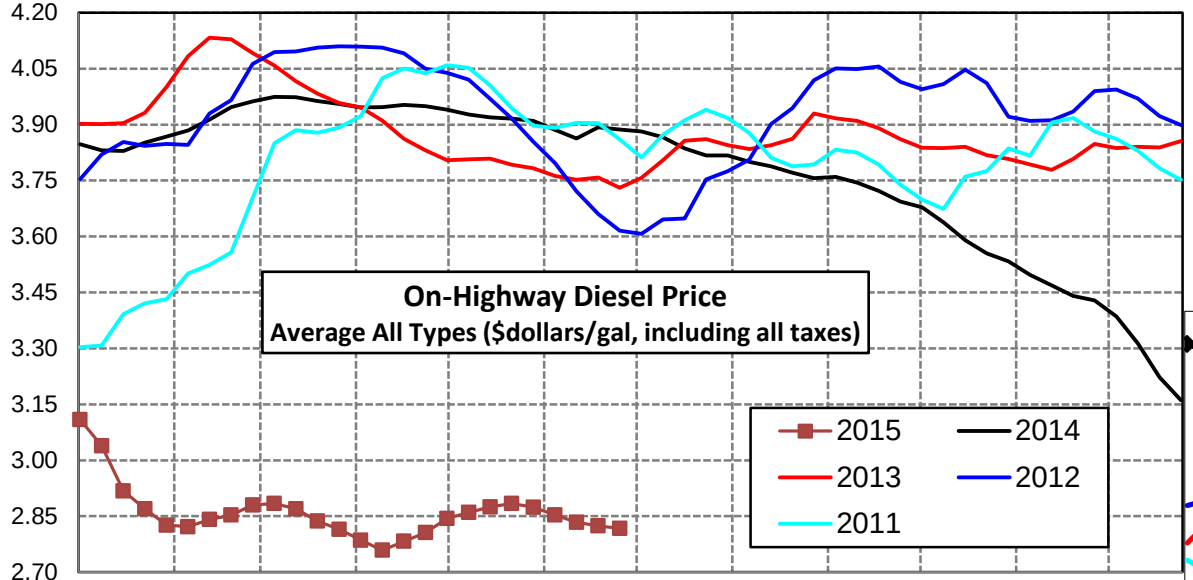
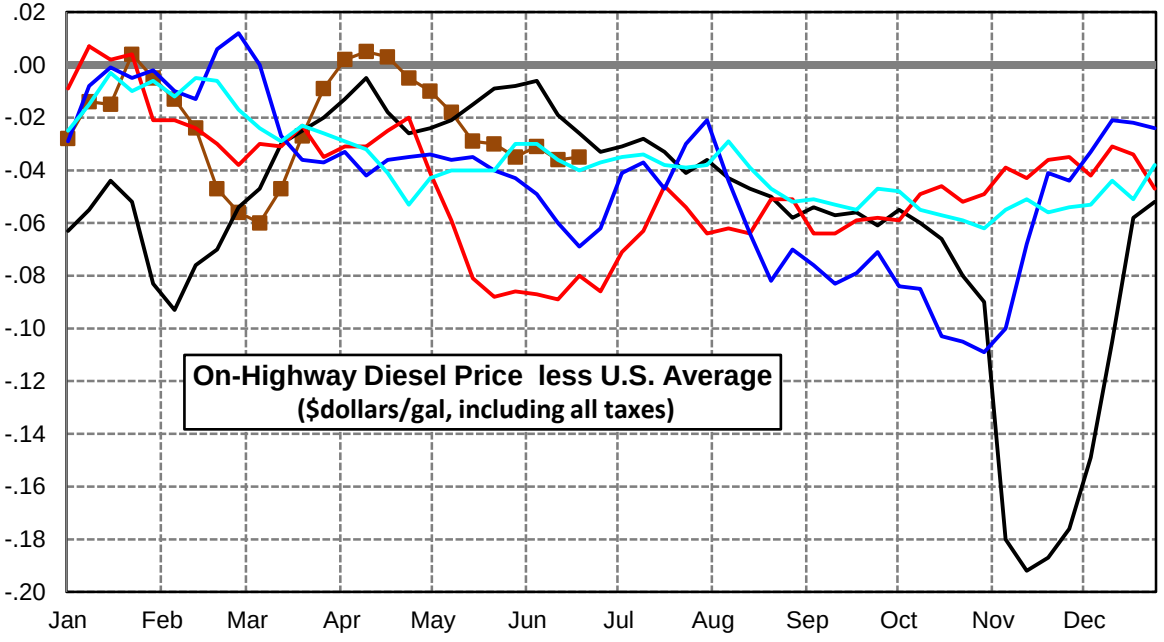
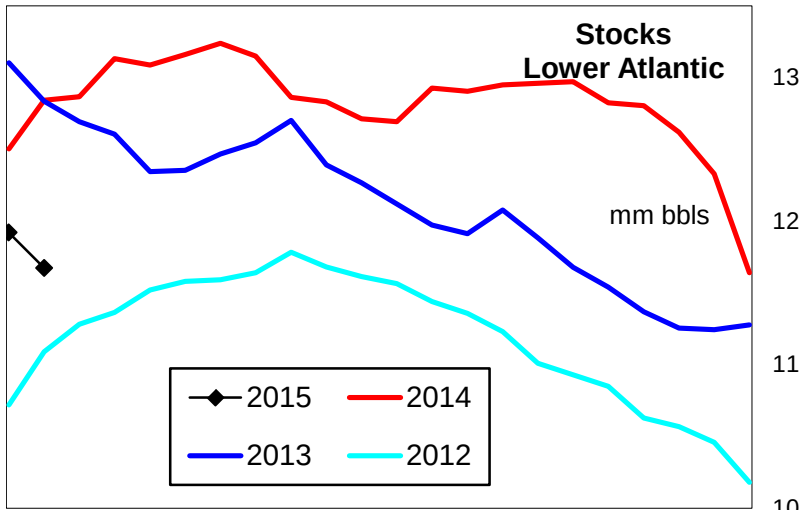
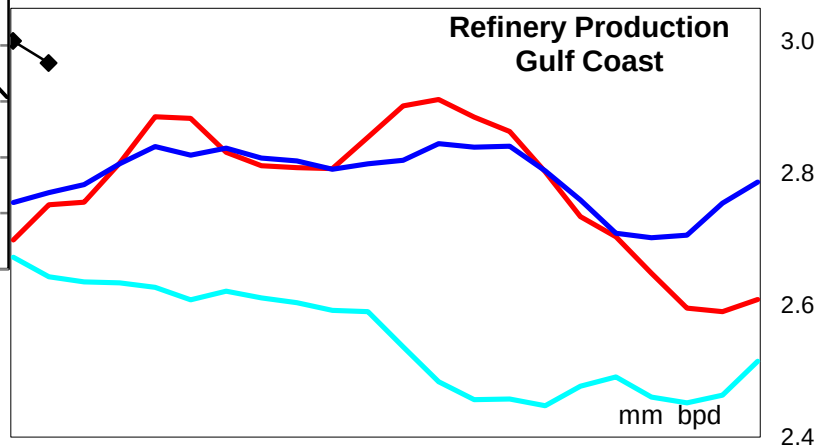
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

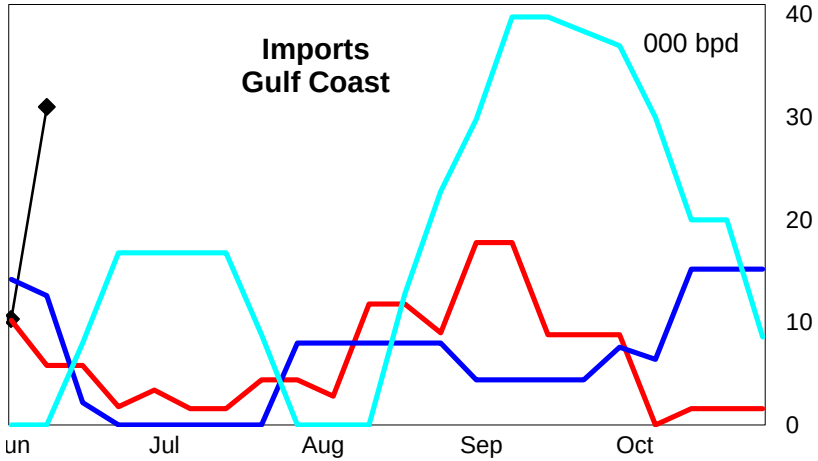
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change
	08Jun15	15Jun15	22Jun15	29Jun15	from week
Lower Atlantic	$2.853	$2.834	$2.824	**$2.818**	-$0.006
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamenal Petroleum Trends Reports					











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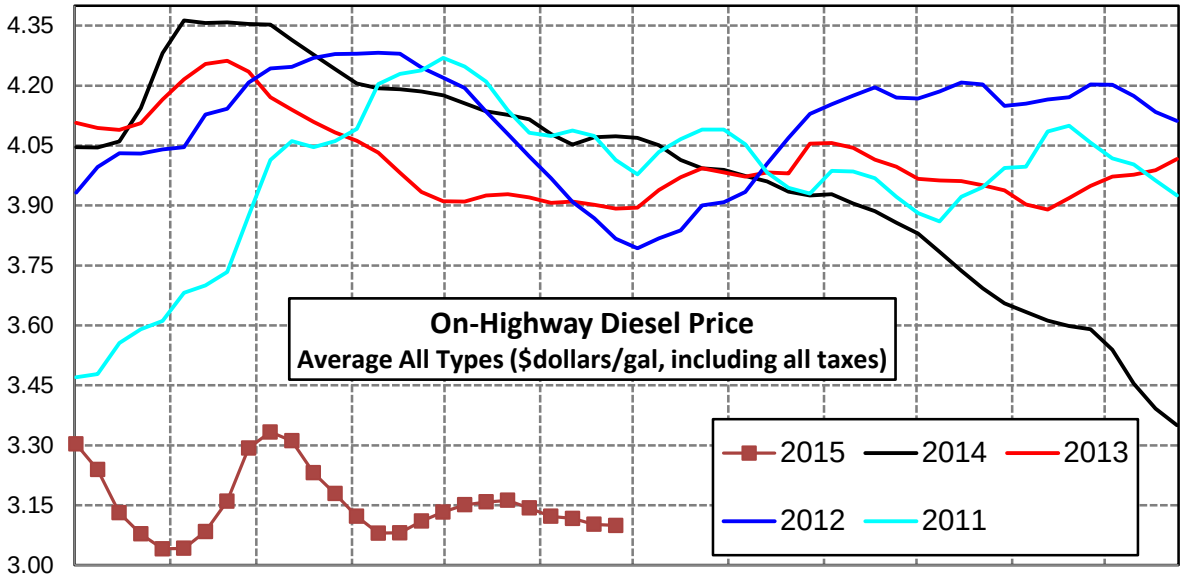
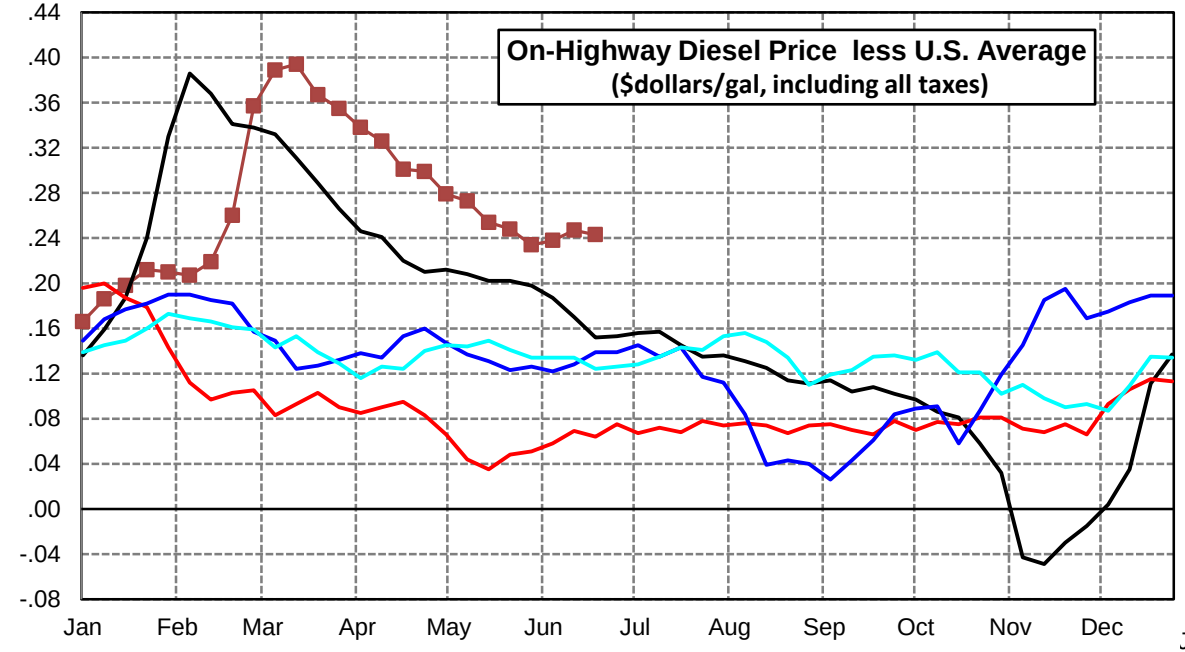
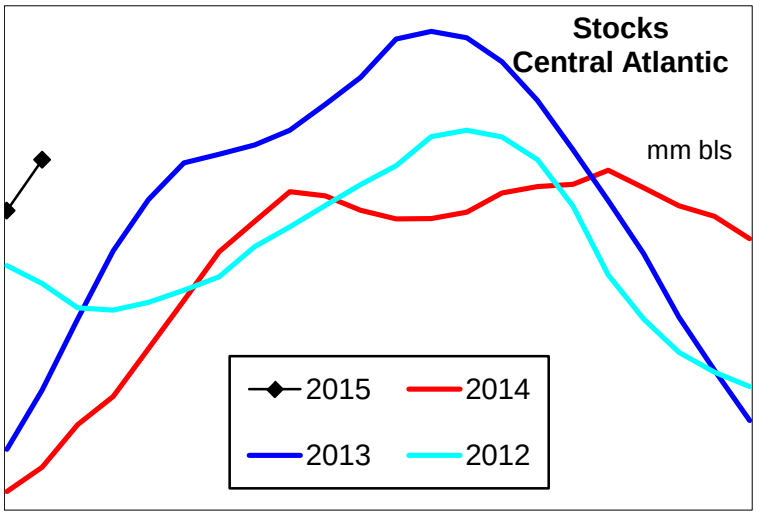
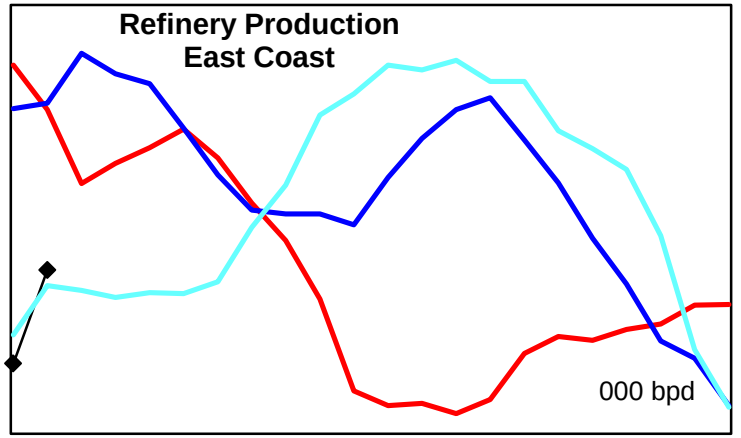
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

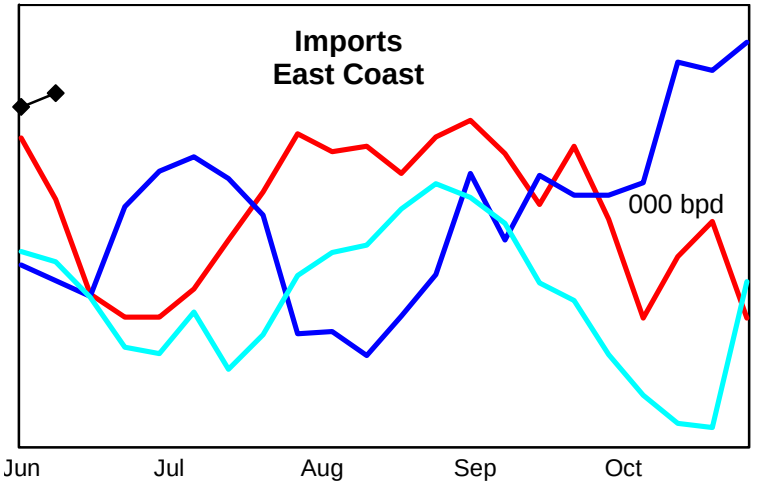
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change
	08Jun15	15Jun15	22Jun15	29Jun15	from week
Central Atlantic	$3.122	$3.117	$3.102	**$3.099**	-$0.003
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamenal Petroleum Trends Reports					











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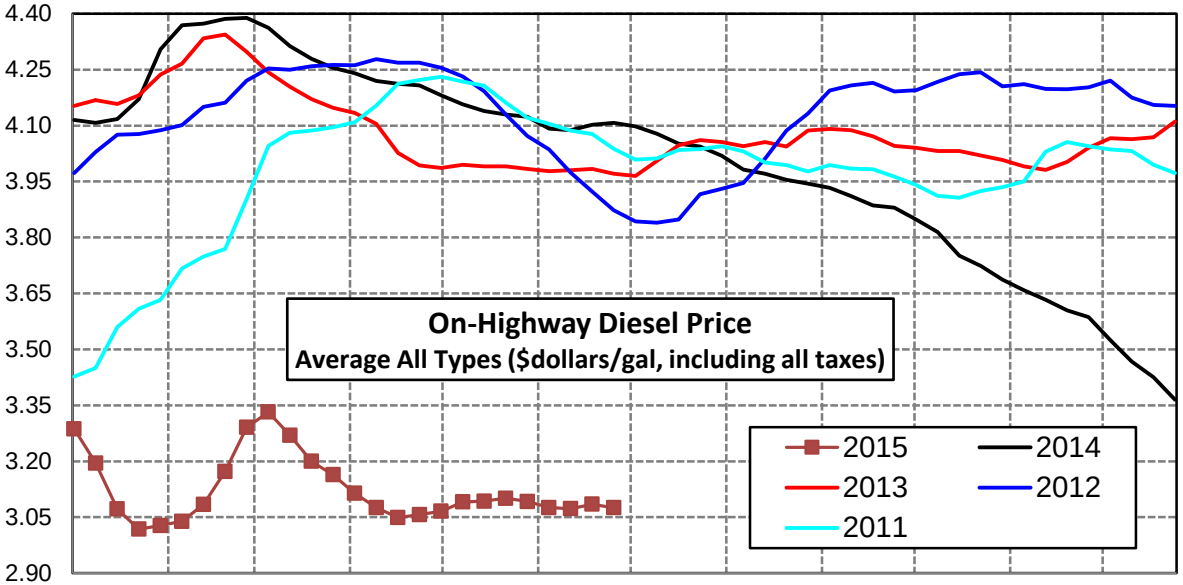
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

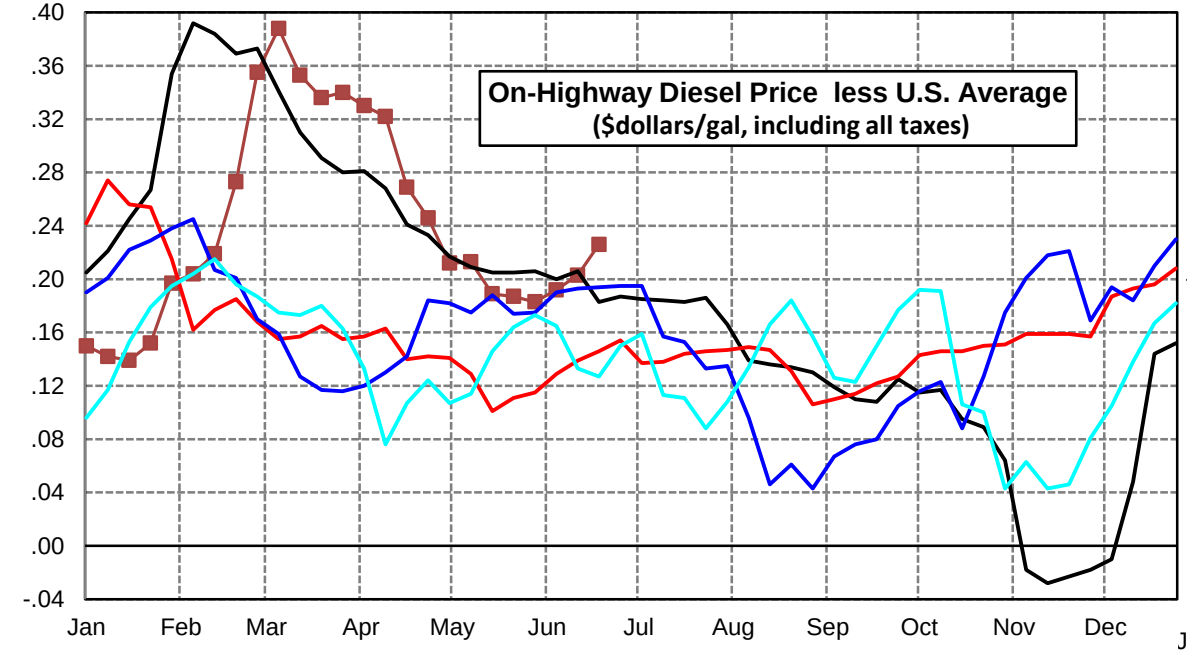
Weekly Retail On-Highway Diesel Prices

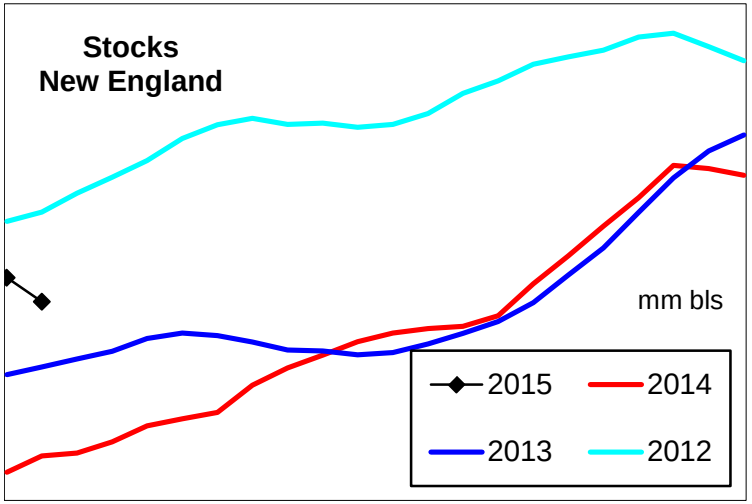
Region	Actual Price week ending 1/			Forecast 2/	Change
	08Jun15	15Jun15	22Jun15	29Jun15	from week
New England	$3.076	$3.073	$3.085	**$3.075**	-$0.010

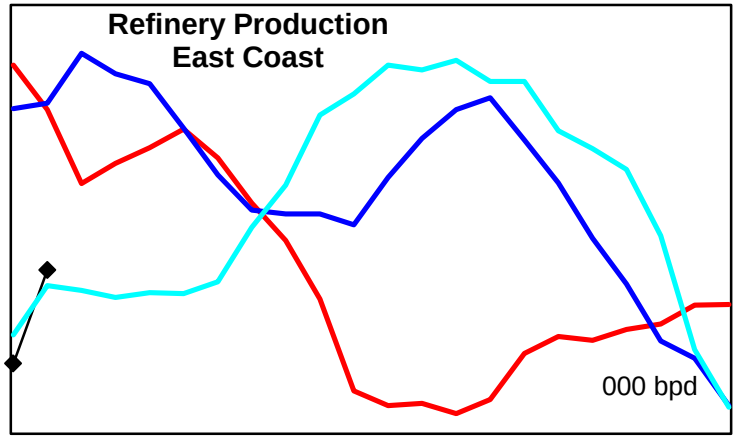
1/ Source: U.S. Energy Information Administration

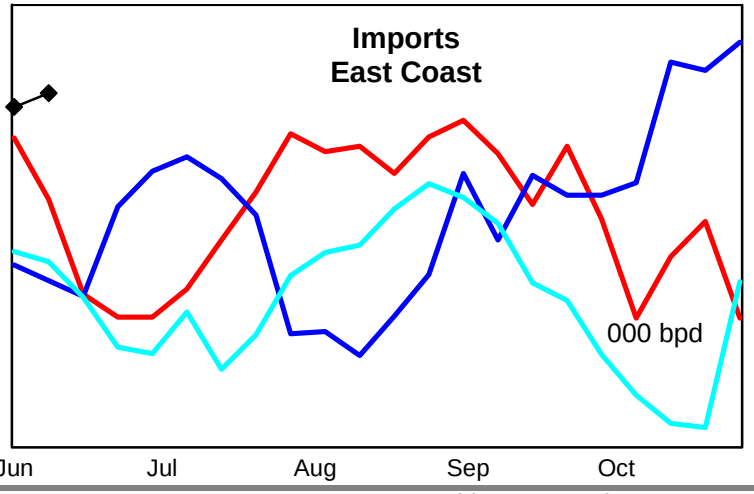
2/ Source: Fundamenal Petroleum Trends Reports











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Midwest Diesel Supply Fundamentals and On-Highway Price Trends

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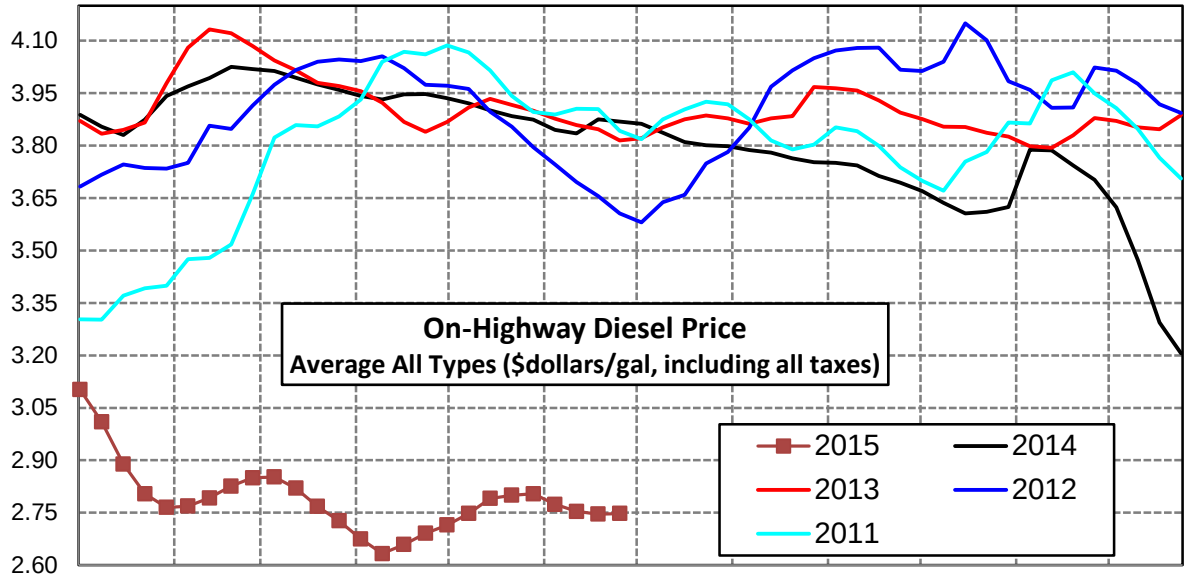
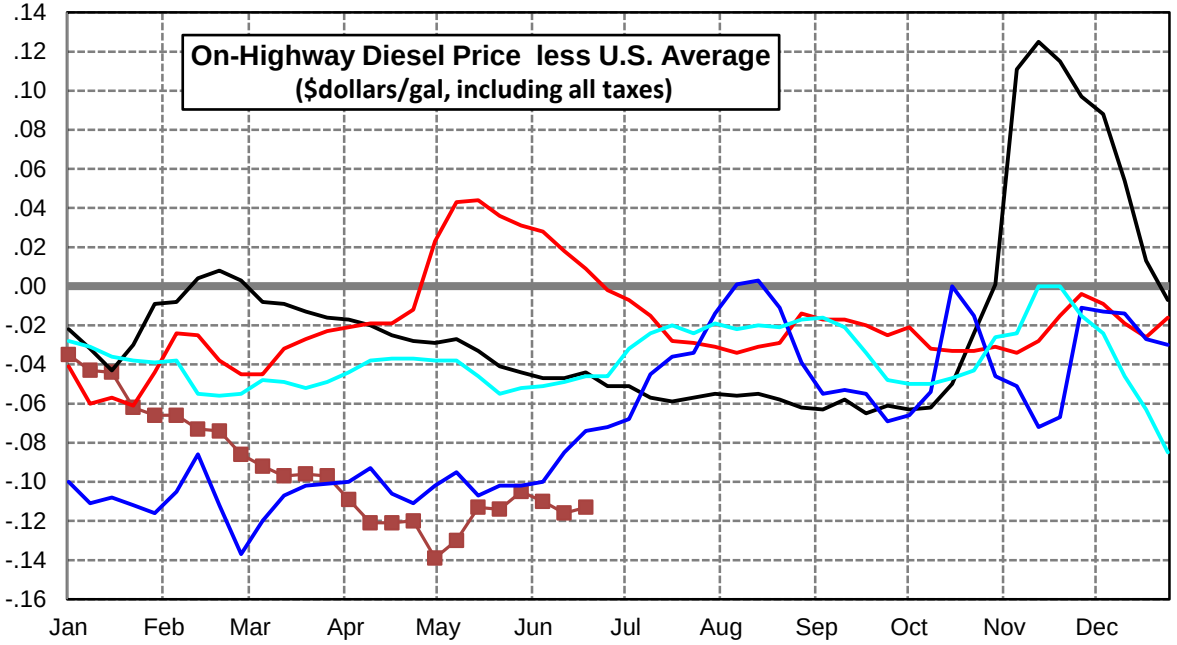
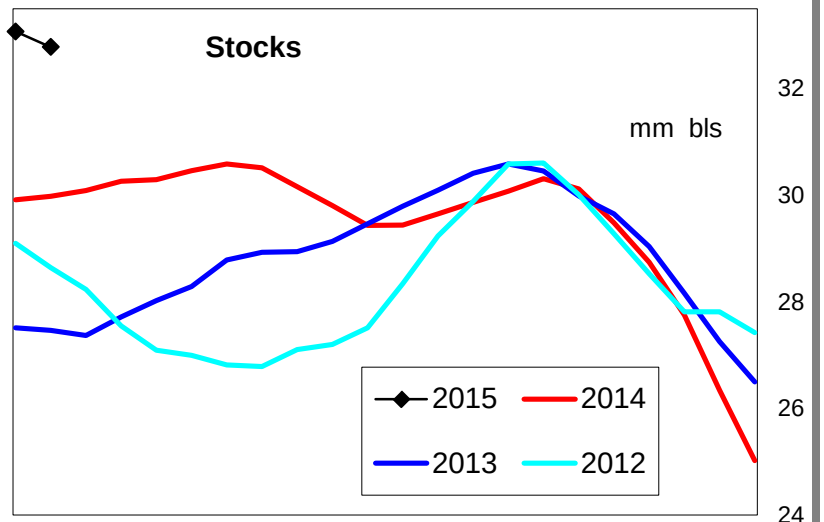
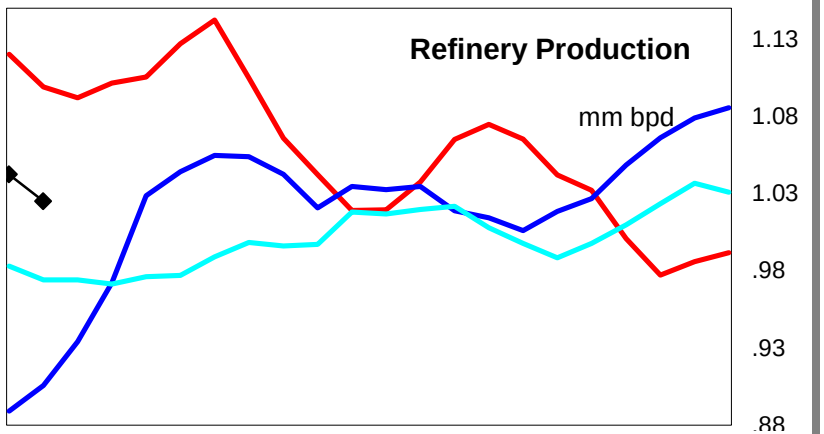
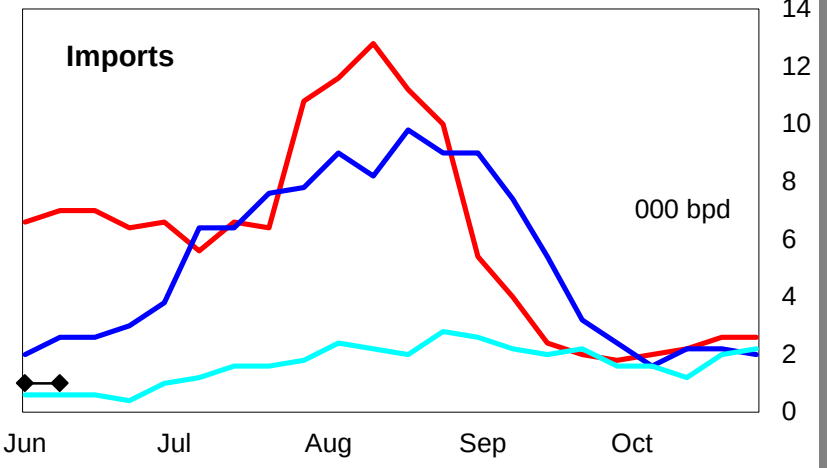
Region	Actual Price week ending 1/			Forecast 2/	Change
	08Jun15	15Jun15	22Jun15	29Jun15	from week
Midwest	$2.774	$2.754	$2.746	**$2.748**	$0.002
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamenal Petroleum Trends Reports					











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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
	08Jun15	15Jun15	22Jun15	29Jun15	from week
Gulf Coast	$2.783	$2.777	$2.755	**$2.751**	-$0.004
1/ Source: U.S. Energy Information Administration					
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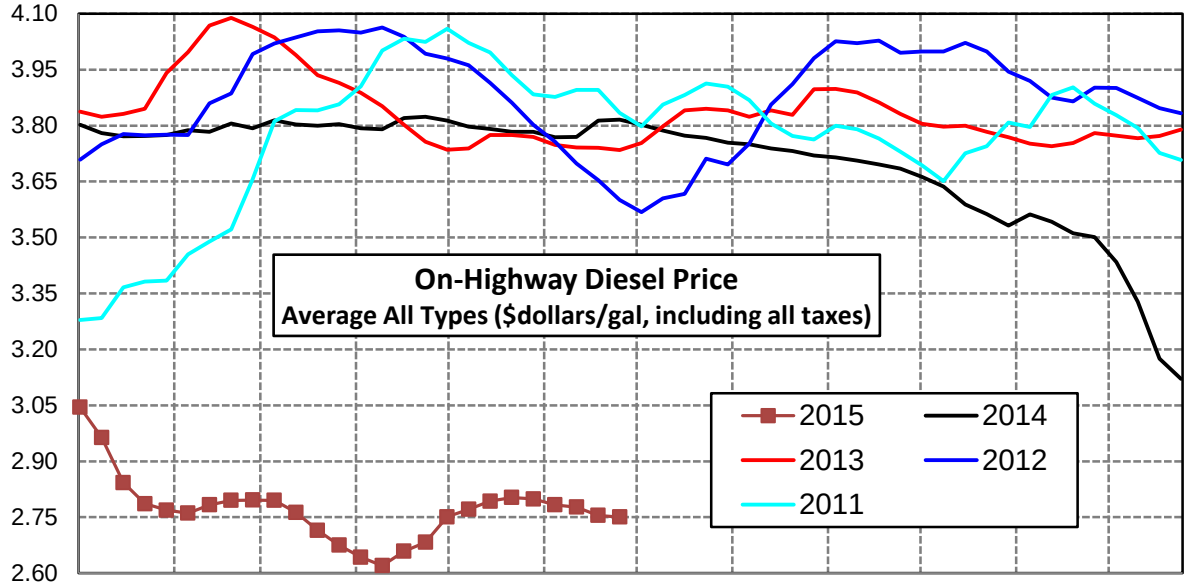

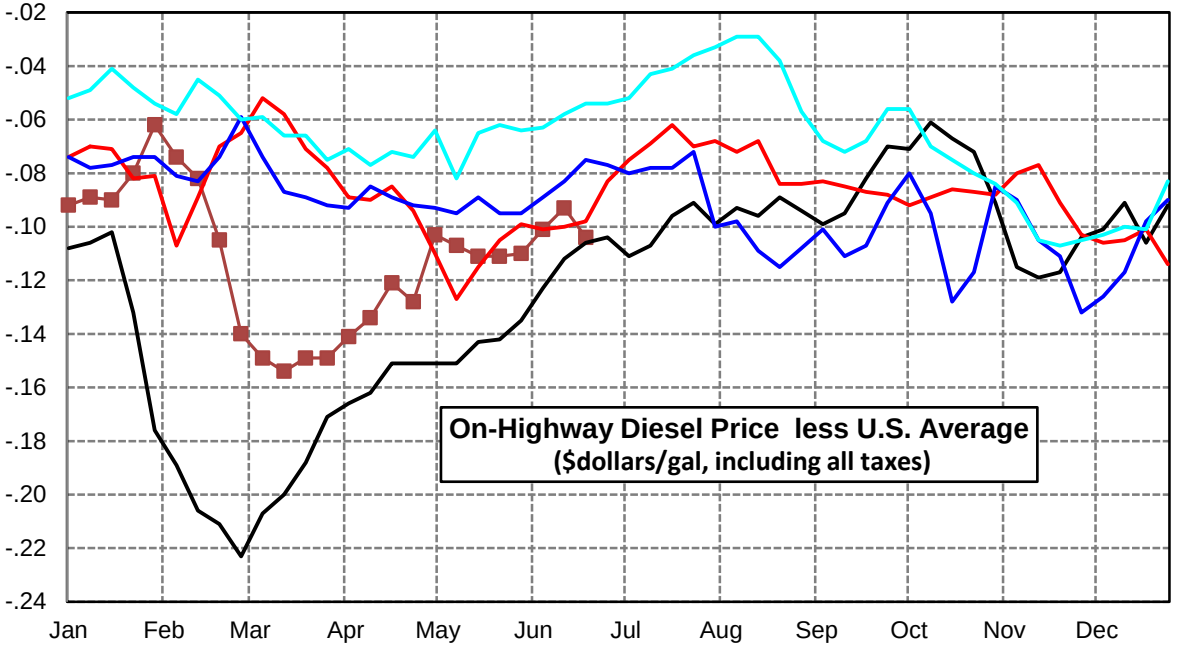

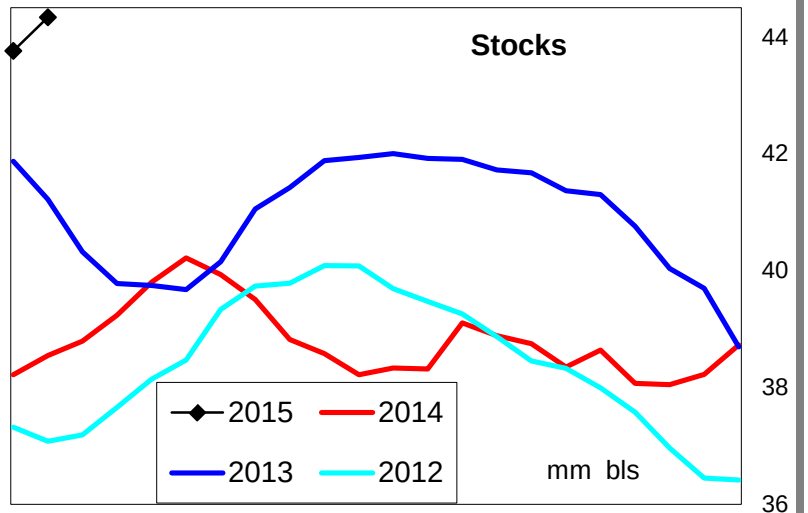

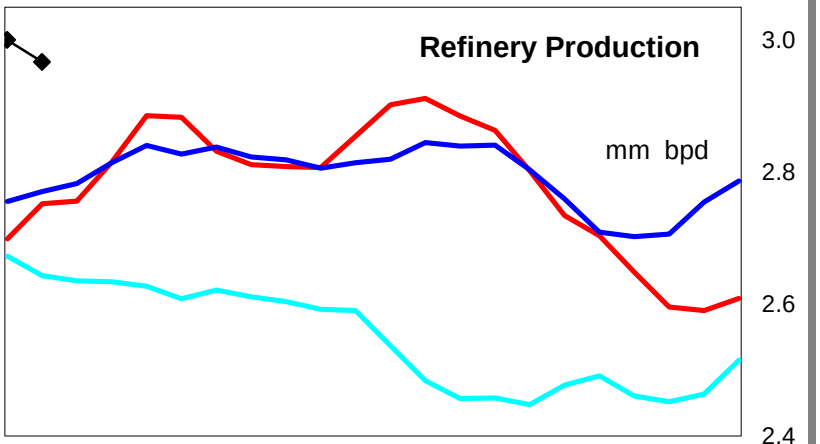

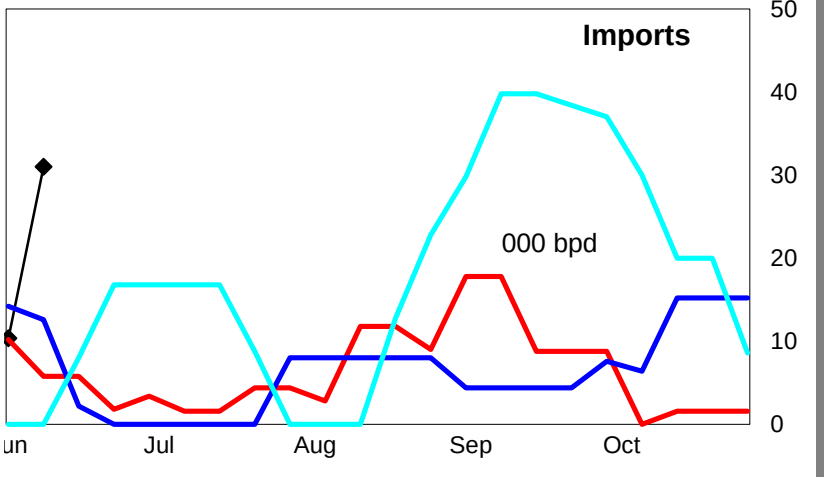

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Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

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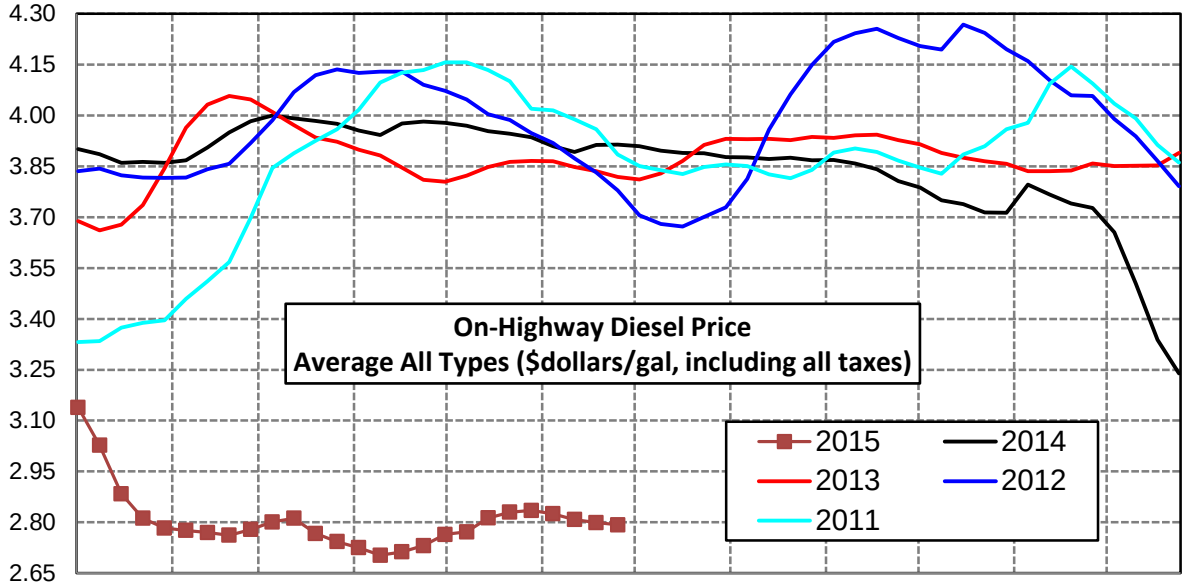
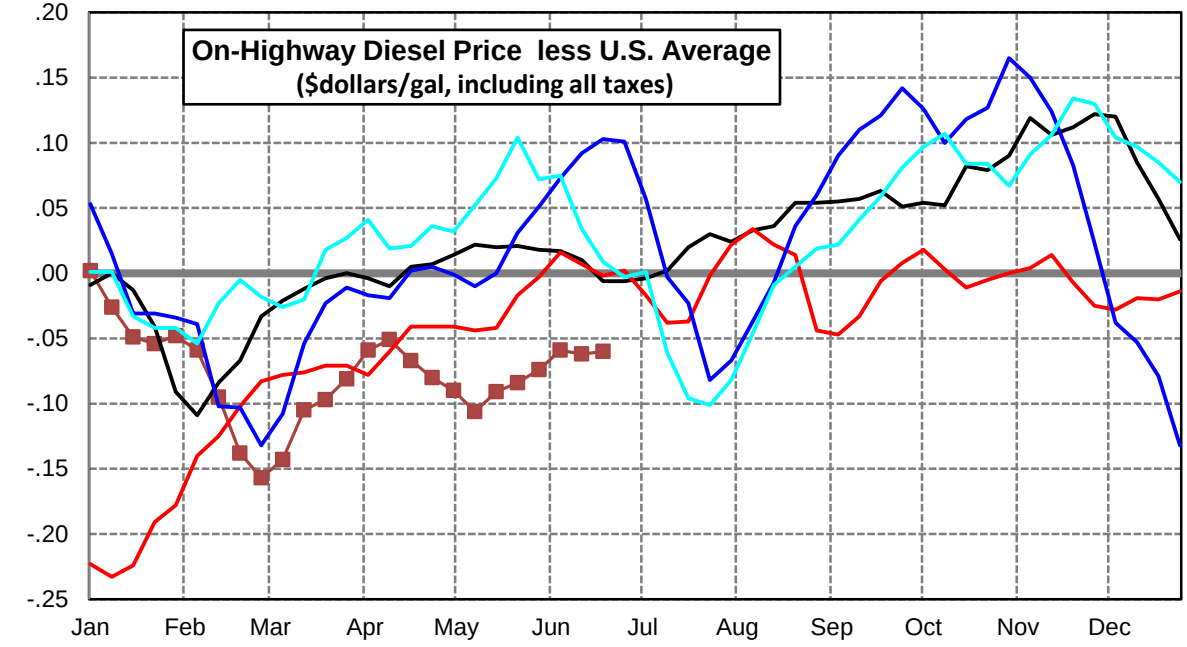
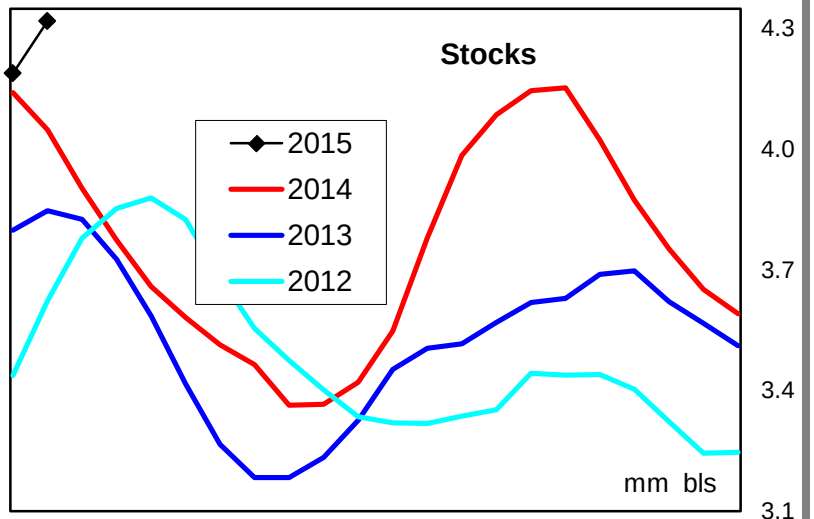
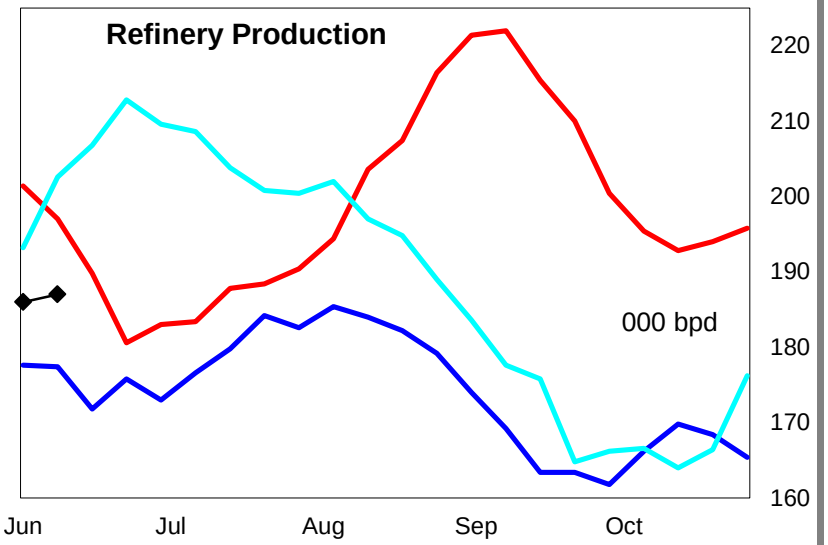
Region	Actual Price week ending 1/			Forecast 2/	Change
	08Jun15	15Jun15	22Jun15	29Jun15	from week
Rocky Mountain	$2.825	$2.808	$2.799	**$2.792**	-$0.007
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamenal Petroleum Trends Reports					









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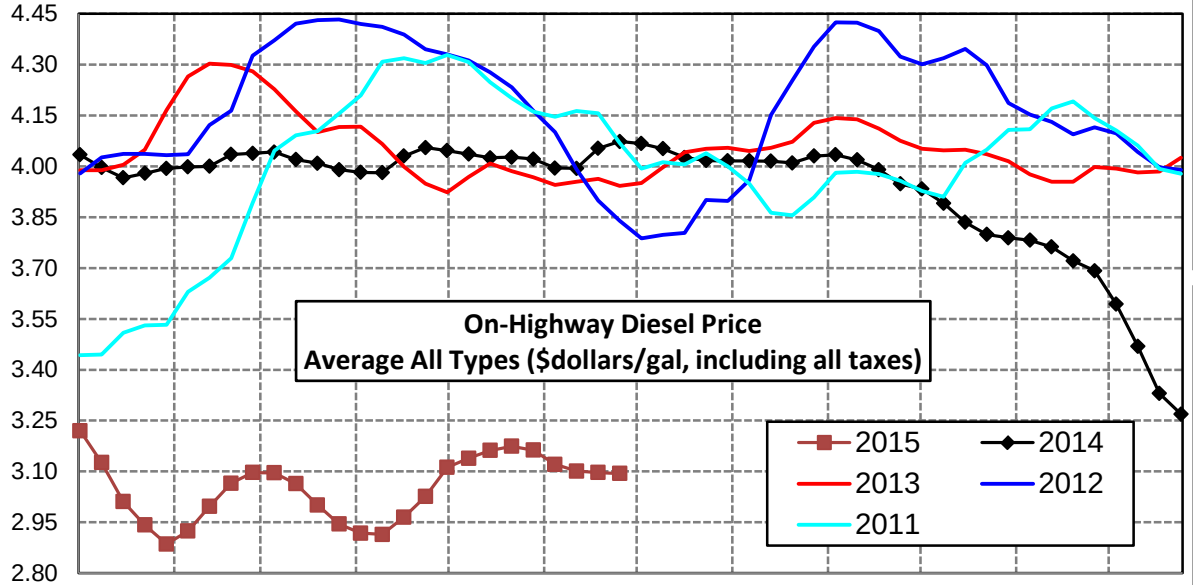
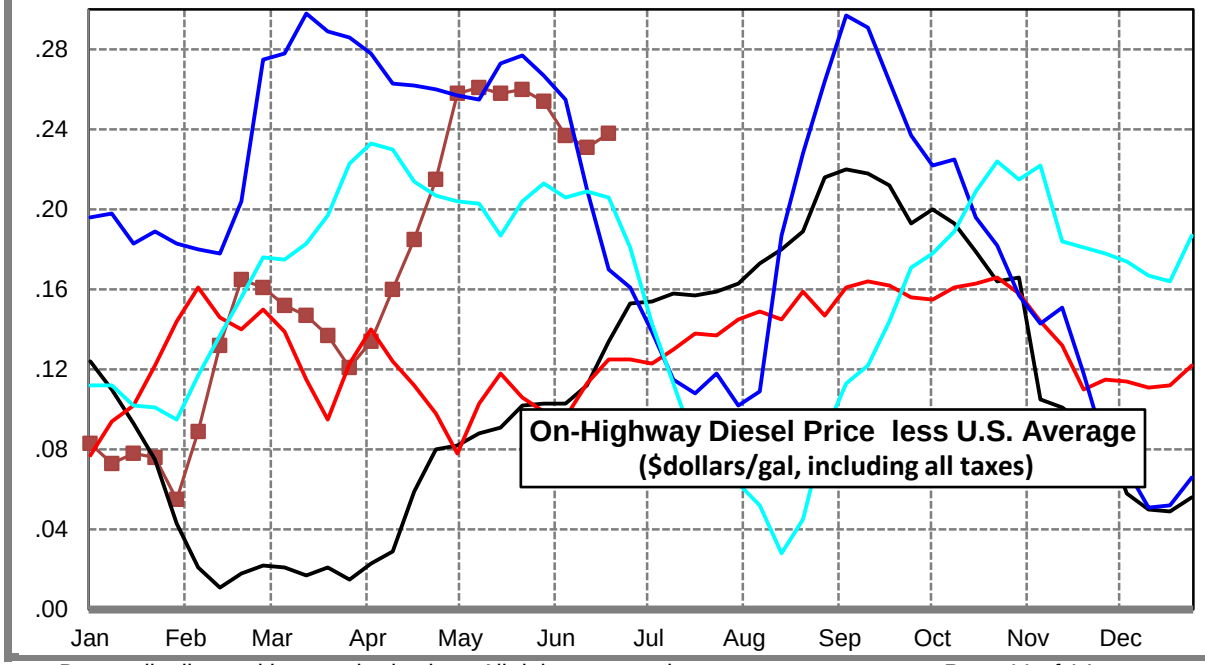
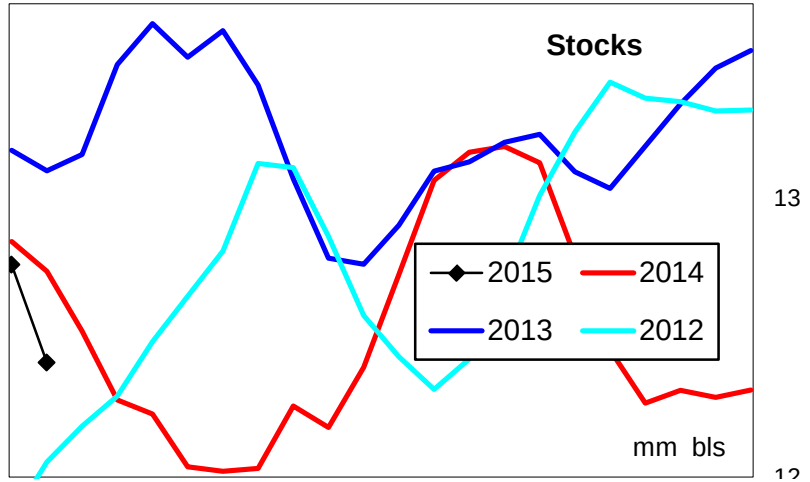
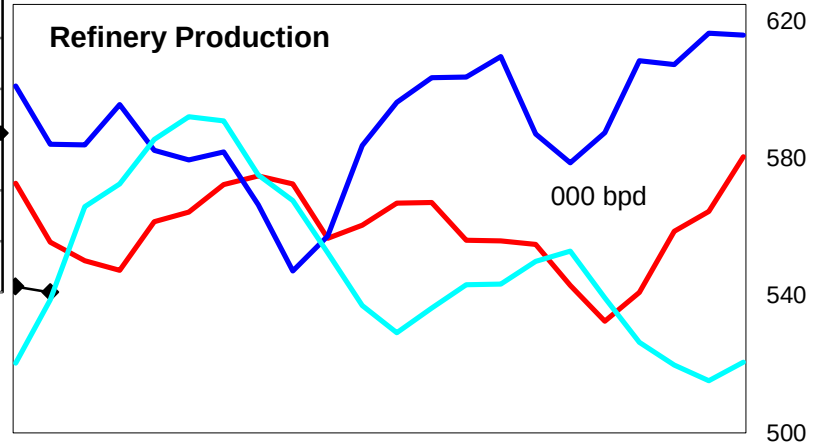
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

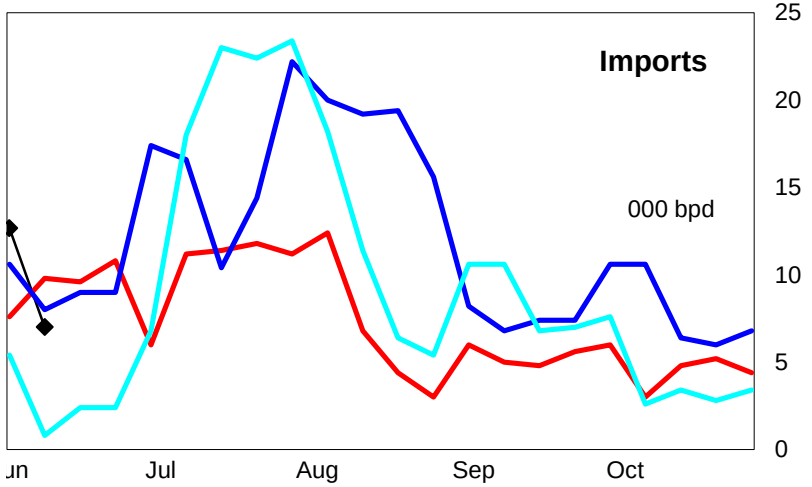
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change
	08Jun15	15Jun15	22Jun15	29Jun15	from week
West Coast	$3.121	$3.101	$3.097	**$3.094**	-$0.003
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamenal Petroleum Trends Reports					











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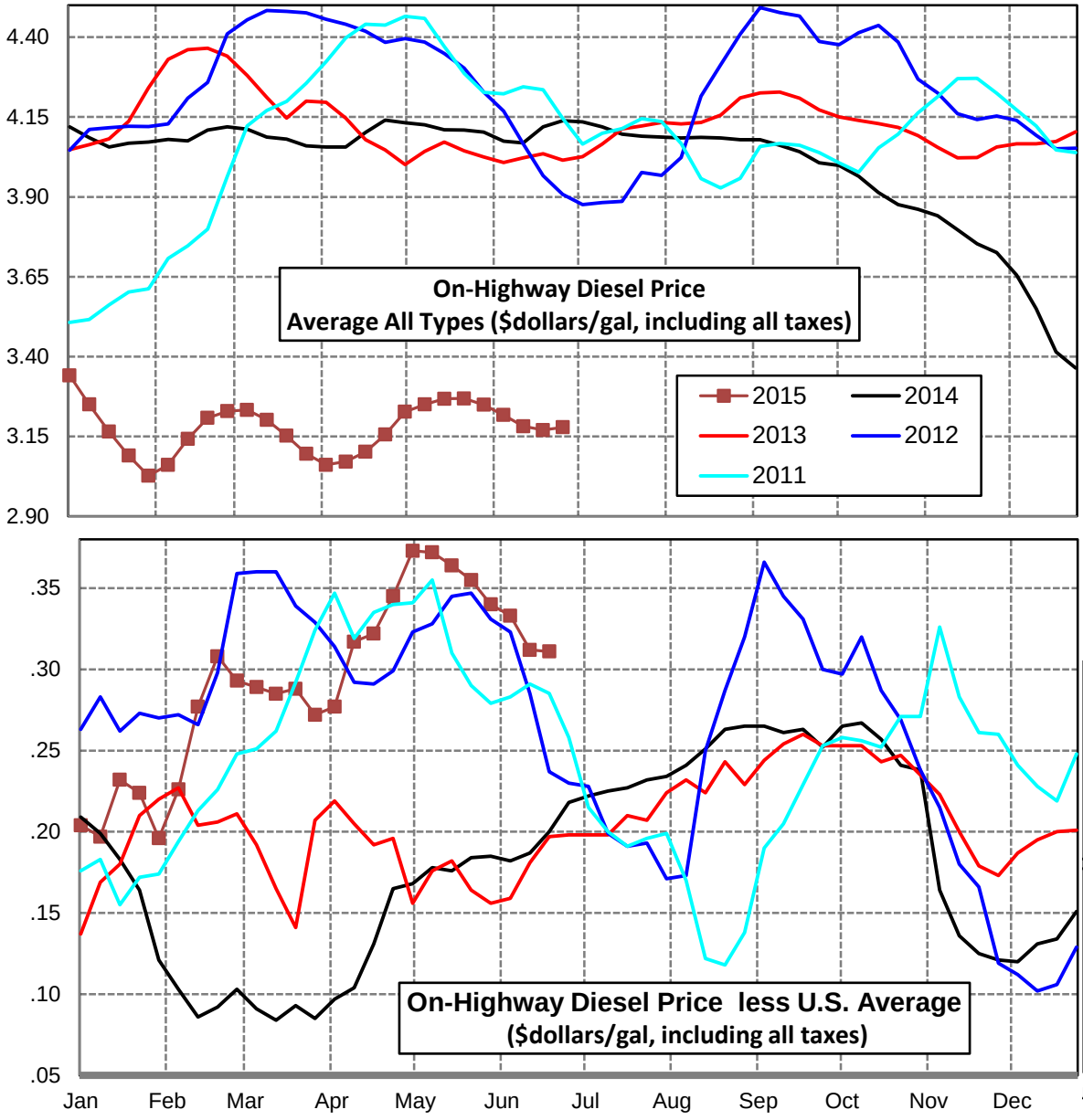
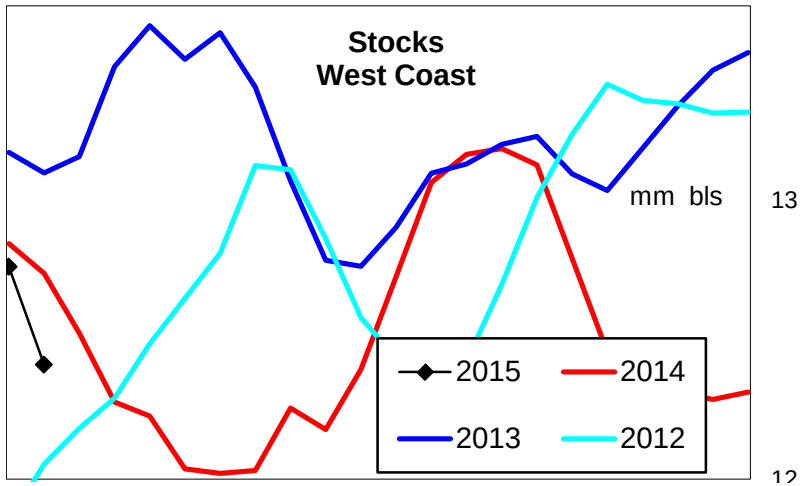
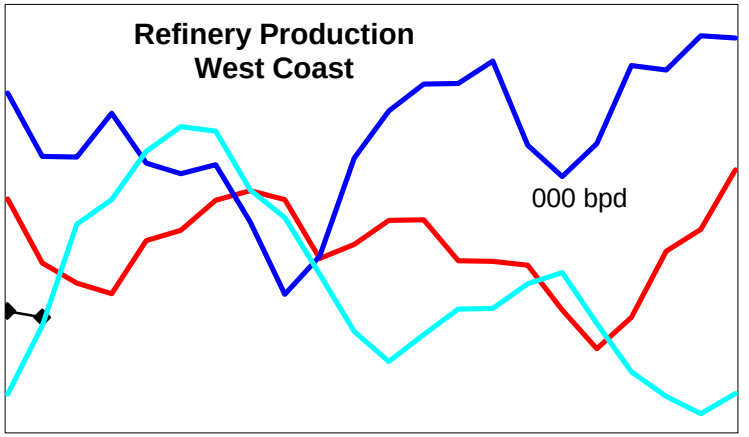
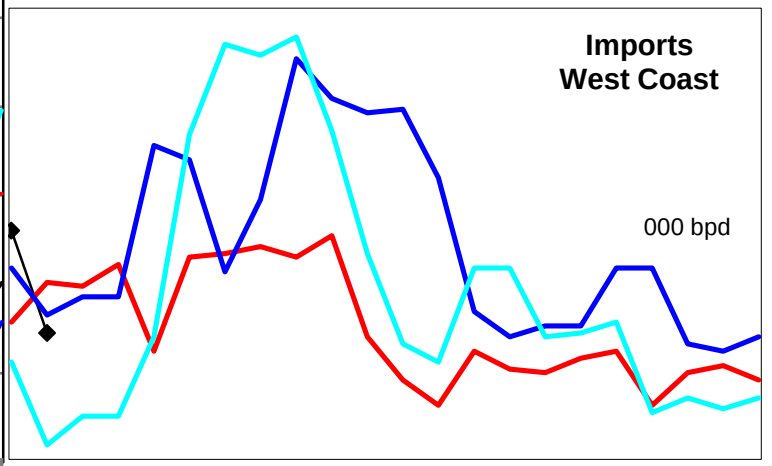
California Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change
	08Jun15	15Jun15	22Jun15	29Jun15	from week
California	$3.217	$3.182	$3.170	**$3.179**	$0.009
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamenal Petroleum Trends Reports					









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	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-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	2.864	3.027	3.200	3.231	2.837	2.768	2.715	2.767	3.001	3.152
Mon-30-Mar-15	2.824	2.992	3.164	3.179	2.815	2.727	2.675	2.743	2.945	3.096
Mon-06-Apr-15	2.784	2.950	3.114	3.122	2.786	2.675	2.643	2.725	2.918	3.061
Mon-13-Apr-15	2.754	2.916	3.076	3.080	2.759	2.633	2.620	2.703	2.914	3.071
Mon-20-Apr-15	2.780	2.926	3.049	3.081	2.783	2.659	2.659	2.713	2.965	3.102
Mon-27-Apr-15	2.811	2.949	3.057	3.110	2.806	2.691	2.683	2.731	3.026	3.156
Mon-04-May-15	2.854	2.978	3.066	3.133	2.844	2.715	2.751	2.764	3.112	3.227
Mon-11-May-15	2.878	2.997	3.091	3.151	2.860	2.748	2.771	2.772	3.139	3.250
Mon-18-May-15	2.904	3.007	3.093	3.158	2.875	2.791	2.793	2.813	3.162	3.268
Mon-25-May-15	2.914	3.014	3.101	3.162	2.884	2.800	2.803	2.830	3.174	3.269
Mon-01-Jun-15	2.909	3.001	3.092	3.143	2.874	2.804	2.799	2.835	3.163	3.249
Mon-08-Jun-15	2.884	2.980	3.076	3.122	2.853	2.774	2.783	2.825	3.121	3.217
Mon-15-Jun-15	2.870	2.968	3.073	3.117	2.834	2.754	2.777	2.808	3.101	3.182
Mon-22-Jun-15	2.859	2.959	3.085	3.102	2.824	2.746	2.755	2.799	3.097	3.170
Mon-29-Jun-15	2.855	2.957	3.075	3.099	2.818	2.748	2.751	2.792	3.094	3.179
Mon-06-Jul-15										
Mon-13-Jul-15										
Mon-20-Jul-15										
Mon-27-Jul-15										
Mon-03-Aug-15										
Mon-10-Aug-15										
Mon-17-Aug-15										
Mon-24-Aug-15										
Mon-31-Aug-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.

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