



## RETAIL DIESEL FUEL OUTLOOK

### A Fundamental Petroleum Trends Weekly Report

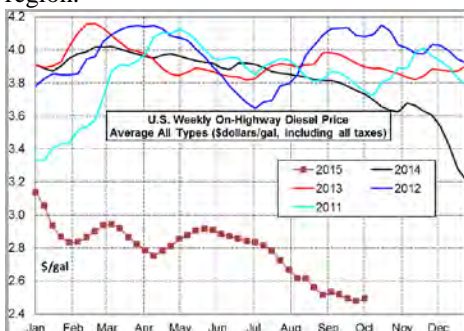
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Tuesday, October 06, 2015

#### Weekly Retail On-Highway Diesel Prices

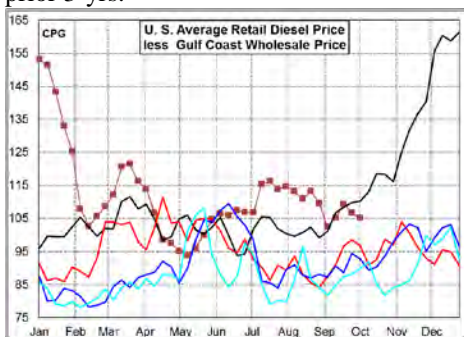
Region	Actual Price 1/		Forecast 2/		Change from week ago
	21Sep15	28Sep15	05Oct15	12Oct15	
U.S.	2.493	2.476	2.492	2.512	0.020
East Coast	2.548	2.534	2.524	2.536	0.012
New England	2.613	2.590	2.576	2.603	0.027
Central Atlantic	2.662	2.647	2.631	2.644	0.013
Lower Atlantic	2.448	2.437	2.432	2.458	0.026
Midwest	2.447	2.434	2.489	2.503	0.014
Gulf Coast	2.340	2.323	2.323	2.344	0.021
Rocky Mountain	2.522	2.486	2.501	2.523	0.022
West Coast	2.714	2.692	2.694	2.708	0.014
California	2.848	2.815	2.803	2.832	0.029

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

**Diesel Fuel Price Trends** U. S. retail diesel prices increased +1.6 cpg last week. Prices decreased on the East and West Coasts. Refinery maintenance in the Midwest led to a +5.5 cpg increase in that region.



The U.S. average retail diesel price compared to the Gulf Coast wholesale market decreased -1.5 cpg on the week. The spread ended the week at a level below last year, but +15 cpg above the prior 3-yrs.



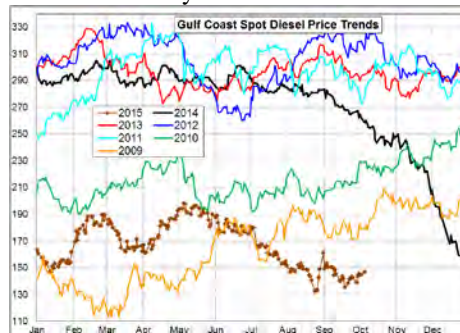
The national average on-highway price ended the week -\$1.24/gal below a year ago. The highest retail prices were in California at \$2.80/gal and the Central Atlantic at \$2.63/gal. The lowest prices were in the Gulf at \$2.32/gal.

The retail price compared to the U.S. average was above the historic range in the

Central Atlantic, Midwest and California regions.

The retail price compared to the U.S. average was significantly below the historic range in the Gulf Region. The New England region saw the retail price fall below the U.S. average for the first time since January; driven by the extremely high stocks in the area.

Gulf spot prices increased +8 cpg last week. Gulf Coast spot distillate prices remain well below each of the last 5-yrs for this time of year.



The spread between the Gulf wholesale price and the U.S. average retail price decreased -1.5 cpg last week, ending at a level below a year ago, but well above prior years.

Look for the retail to wholesale price differential to trend lower from record highs for this time of year. The spread is currently +15 cpg above the prior 3-yr average.

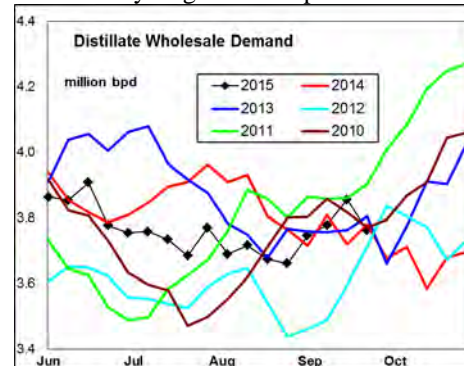
#### Supply - Demand Fundamental Trends

Distillate wholesale demand fell -0.6 million bpd last week, to a level comparable with the last 3-yrs. The latest 4-wk average demand was +8,000 bpd above last year.

Supply fell -181,000 bpd last week, on lower imports and production. During the latest 4-wk period, production was +43,000 bpd above last year while imports were -14,000 bpd lower.

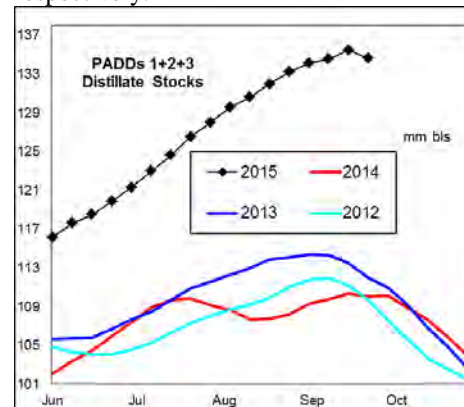
Stocks decreased -0.3 million barrels on the week, including -0.8 million barrel draw in the Gulf. Stocks increased +2.5 million barrels in markets East of the

Rockies during the last 4-wks; a level that matched 3-yr highs for the period.



#### Global Trends Driving Diesel Prices

Distillate stocks have begun a seasonal draw, but from extremely high levels in most regional markets. Stock levels are +62% and +52% above last year in New England and Central Atlantic regions; respectively.



Regional refinery maintenance is impacting local prices; particularly in the Midwest where maintenance levels are above average.

A slowdown in economic growth for emerging markets that depend on trade with China, combined with surplus global crude oil production continues to depress distillate prices.

**Diesel Price Outlook:** The wholesale to retail price spread decreased last week, but remain above years prior to last year. Look for a gradual decline of -10 cpg in the spread during the next quarter.

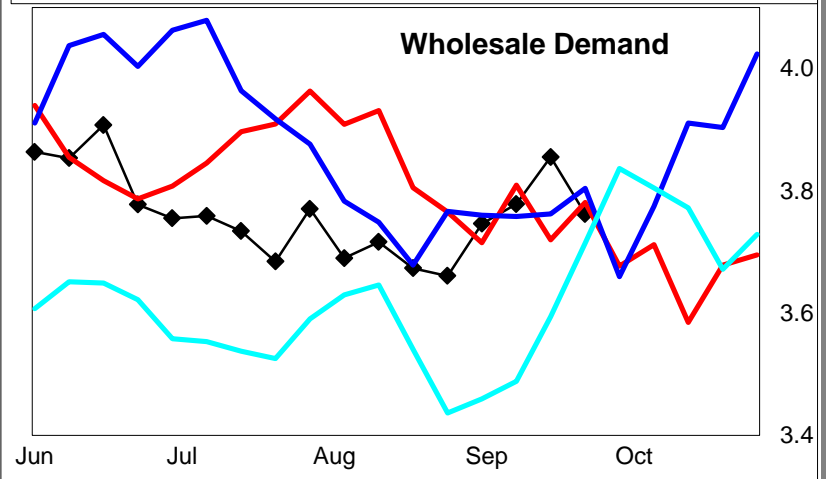
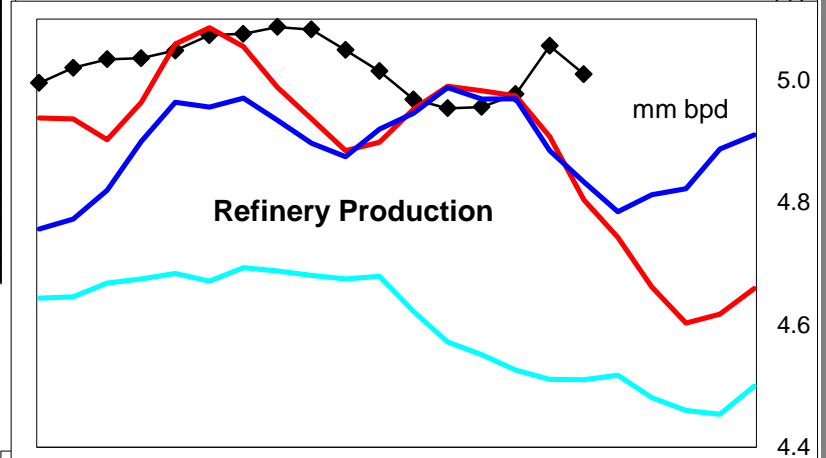
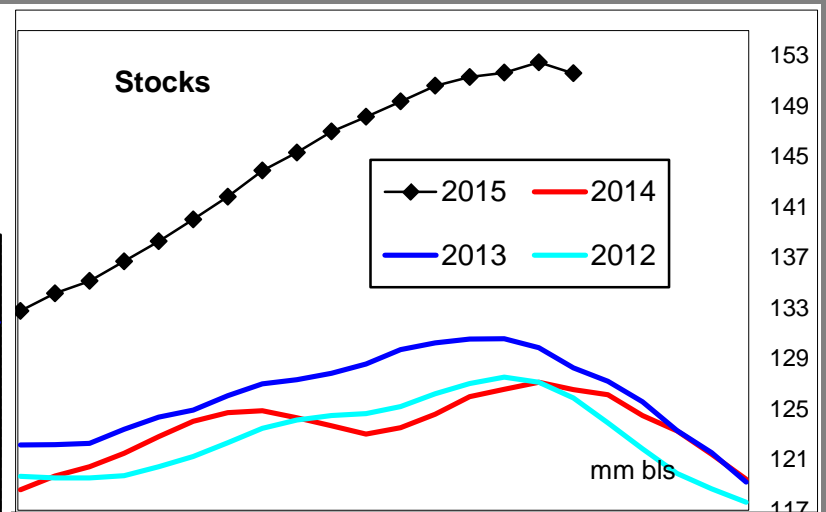
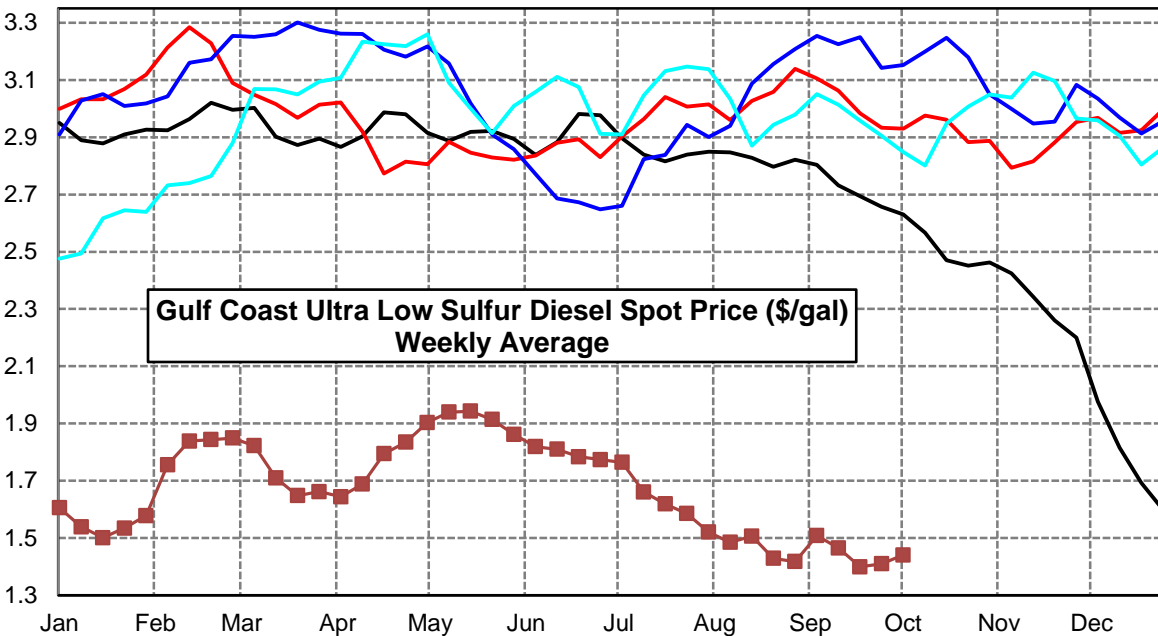
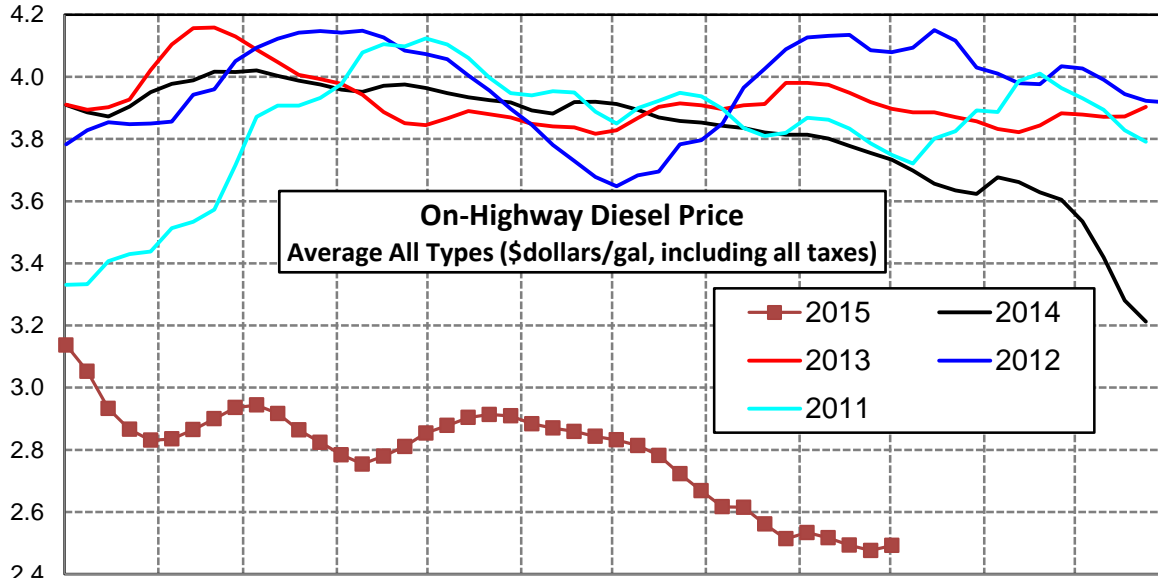
Very high stock levels in the Northeast should continue to pressure retail prices in the area compared to the national average.

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



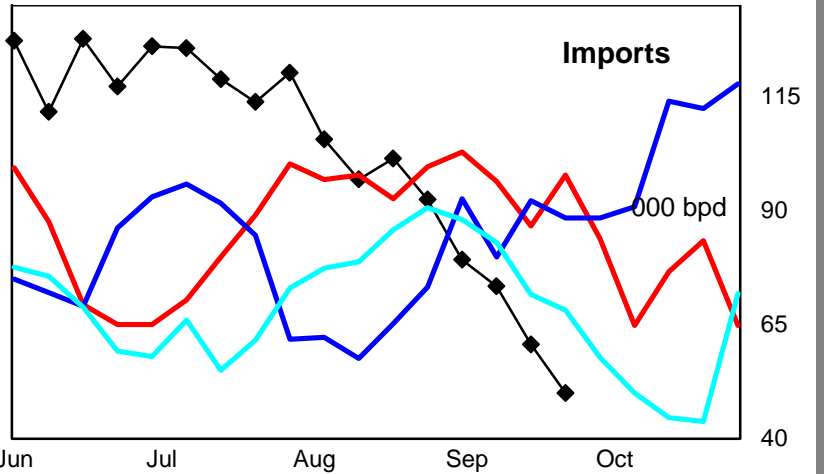
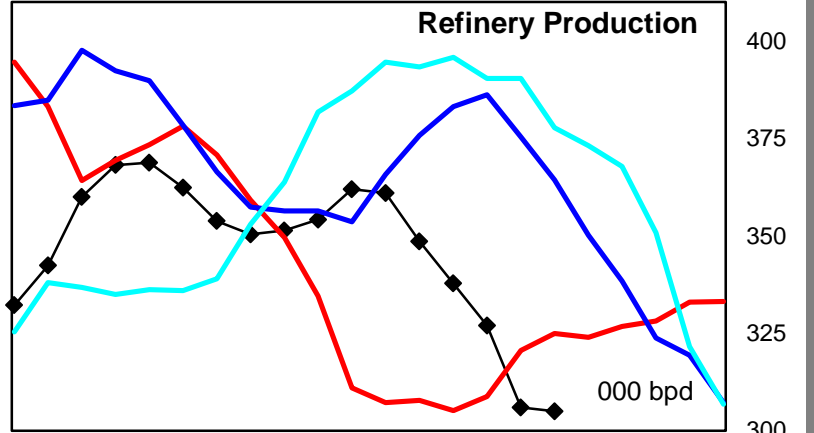
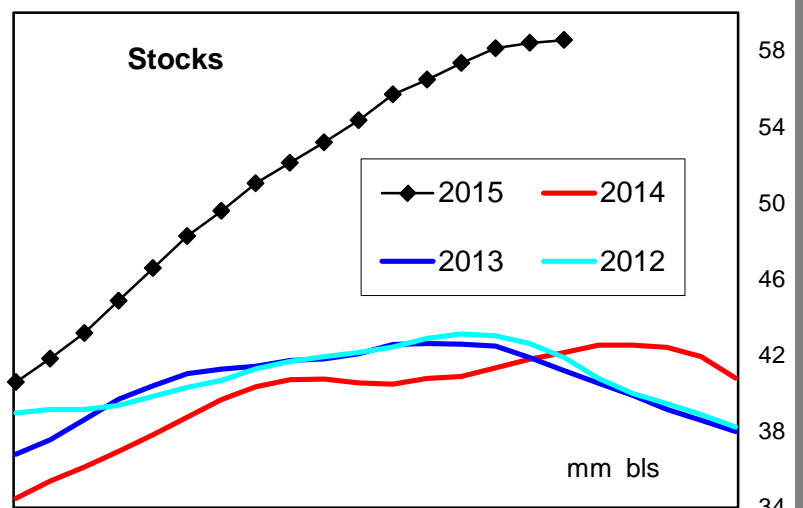
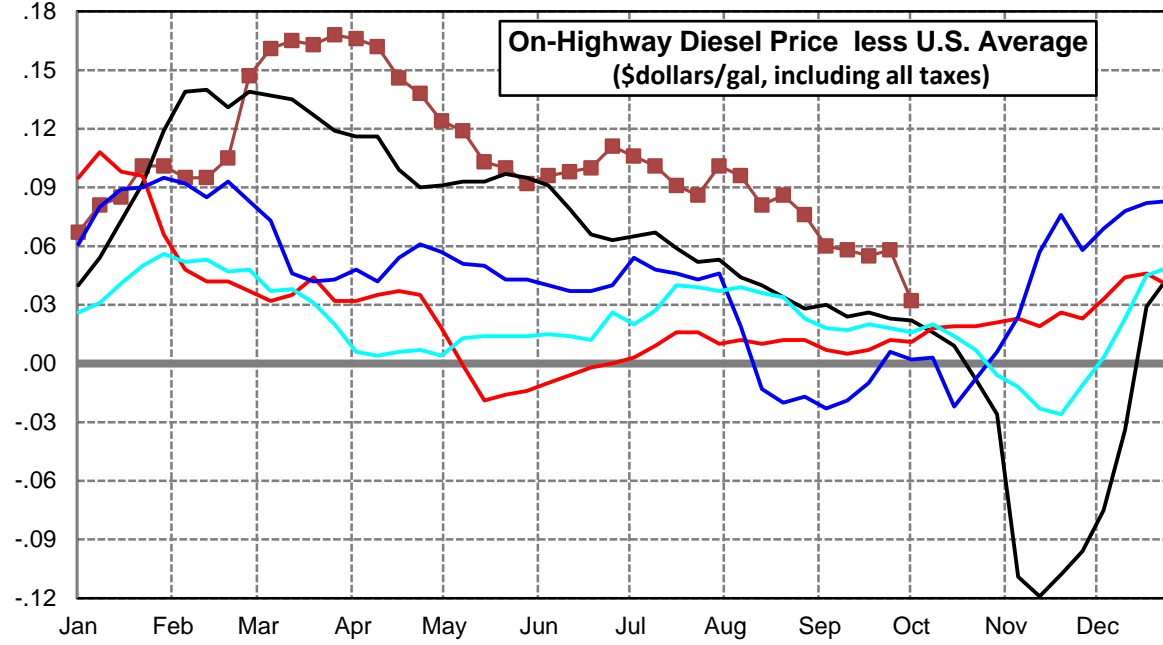
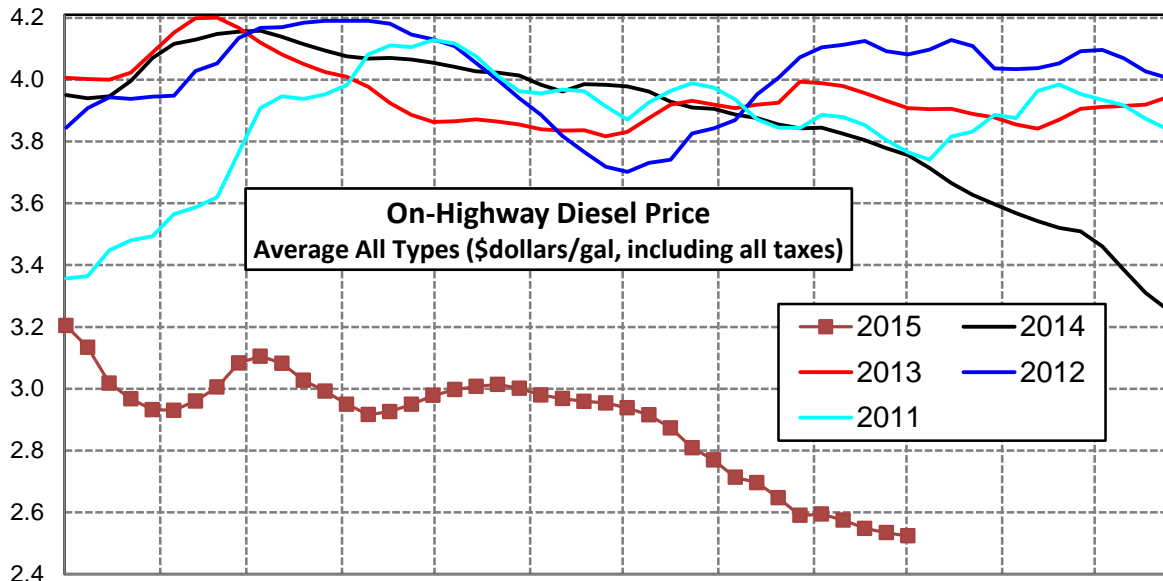
### U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/		Forecast 2/	Change from week	
	21Sep15	28Sep15	05Oct15		12Oct15
<b>United States Avg</b>	\$2.493	\$2.476	\$2.492	<b>\$2.512</b>	\$0.020
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

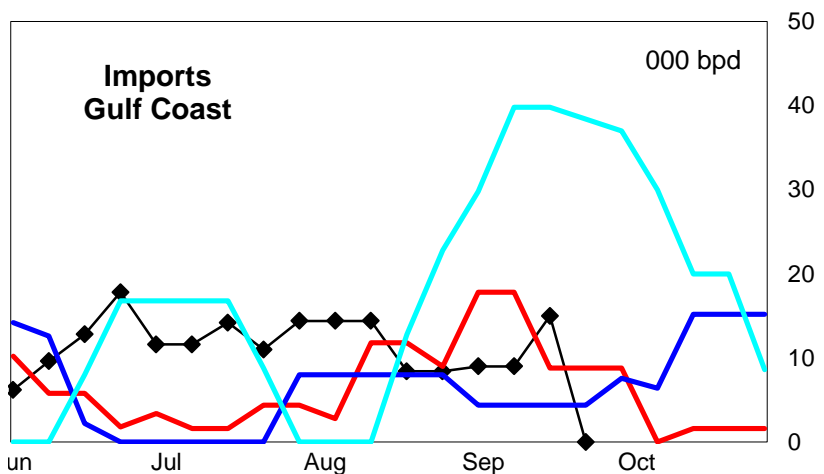
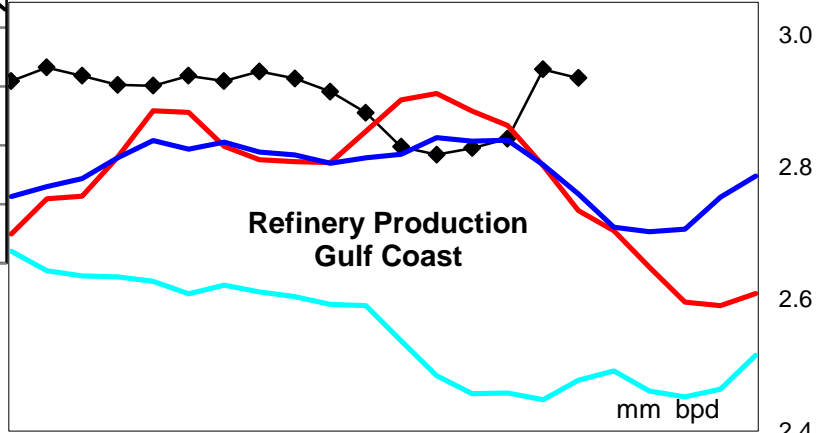
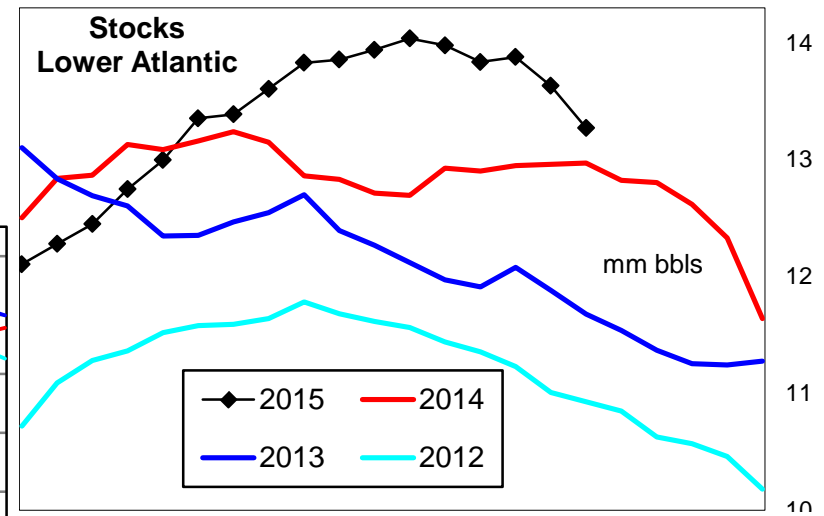
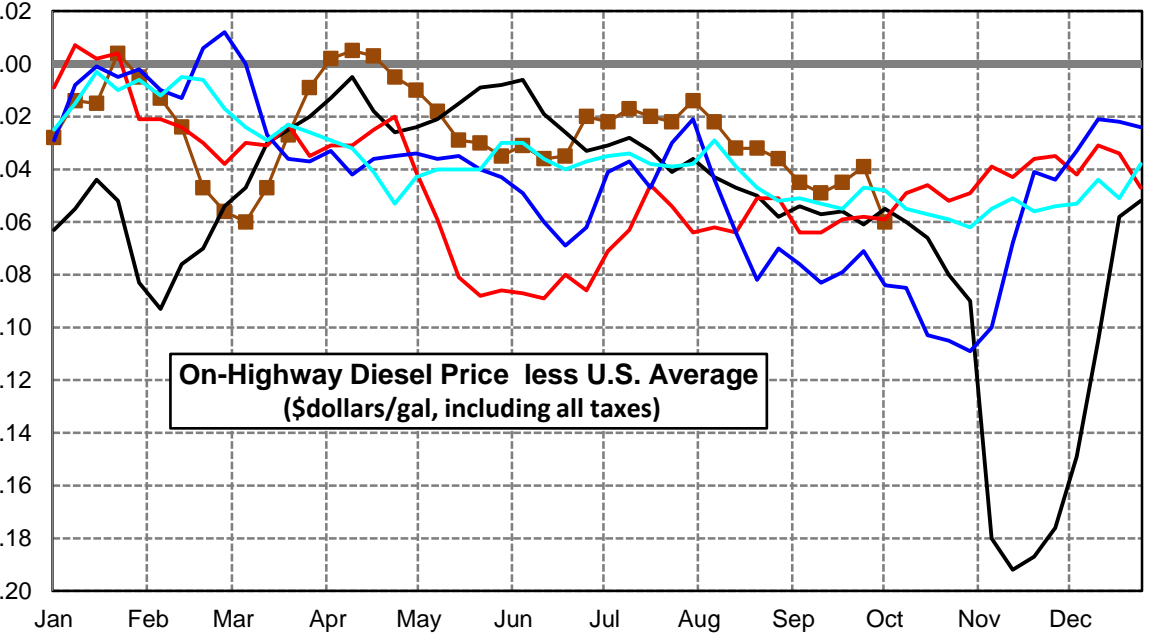
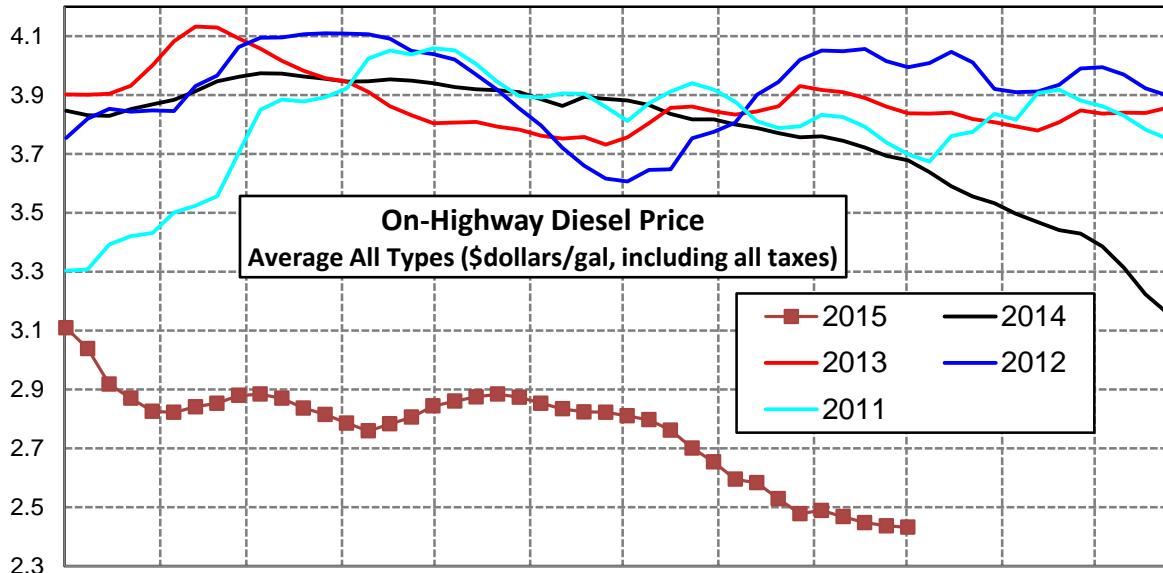
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/		Forecast 2/	Change from week	
	21Sep15	28Sep15	12Oct15		
<b>East Coast</b>	\$2.548	\$2.534	\$2.524	<b>\$2.536</b>	\$0.012
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





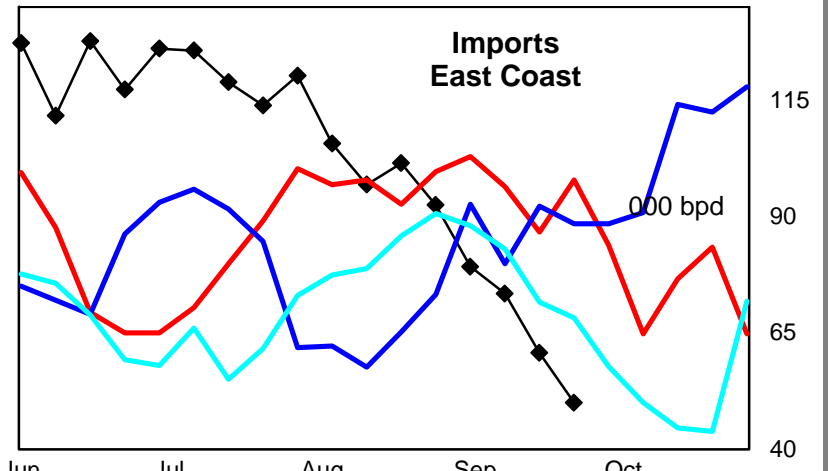
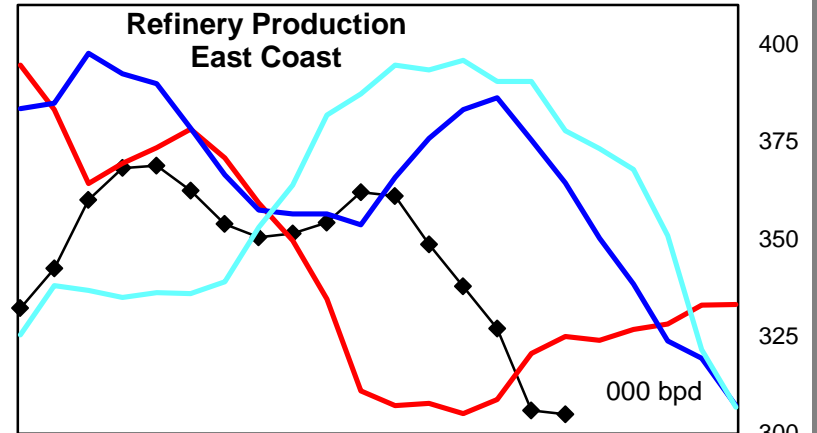
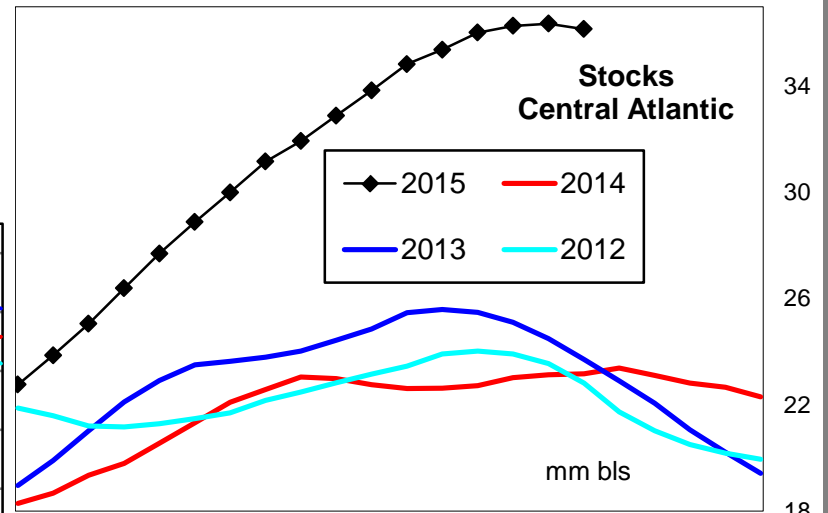
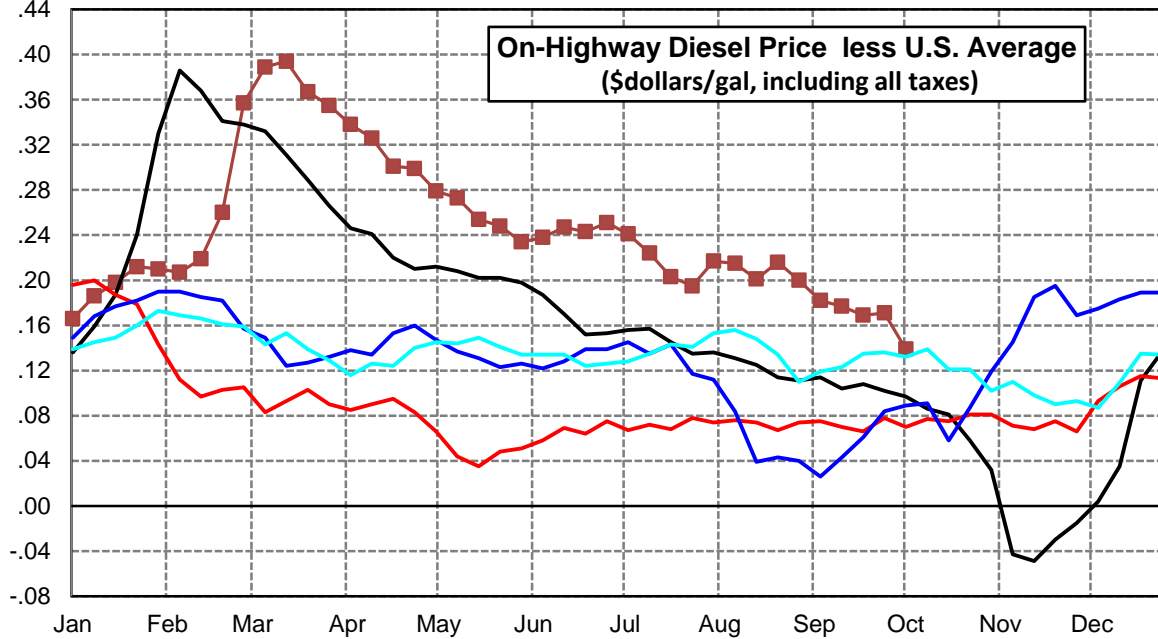
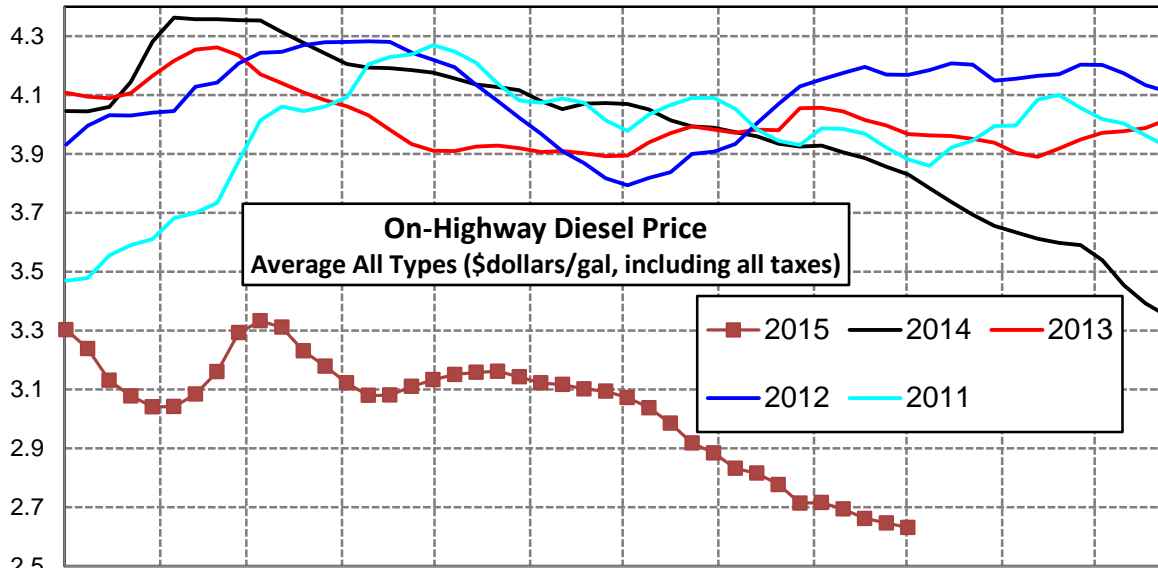
### Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	21Sep15	28Sep15	05Oct15	12Oct15	
<b>Lower Atlantic</b>	\$2.448	\$2.437	\$2.432	<b>\$2.458</b>	\$0.026
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



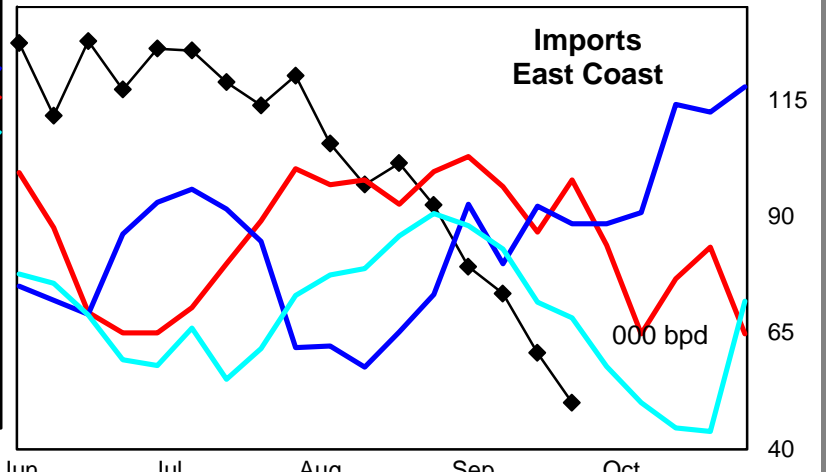
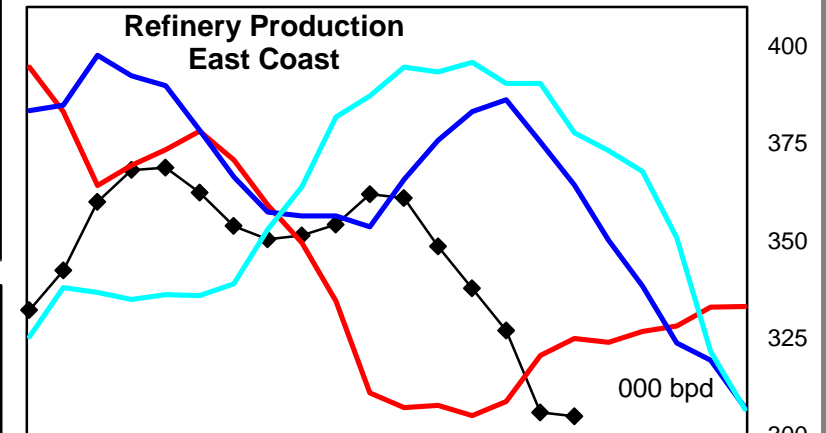
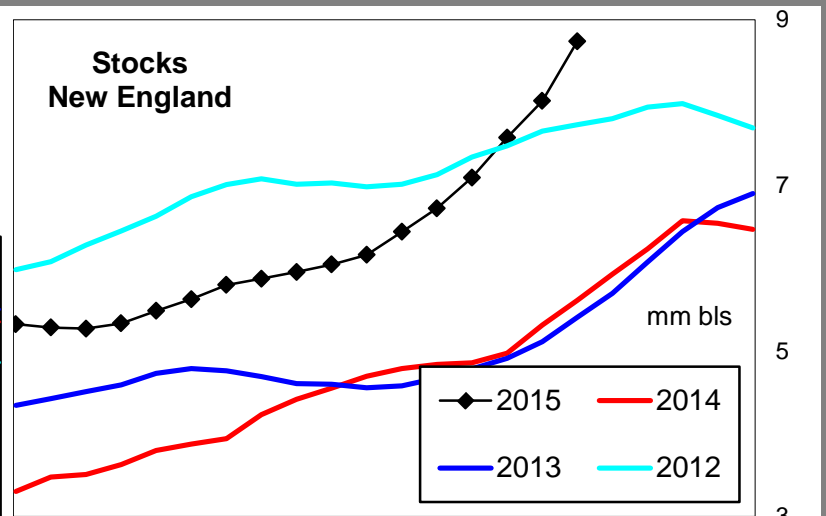
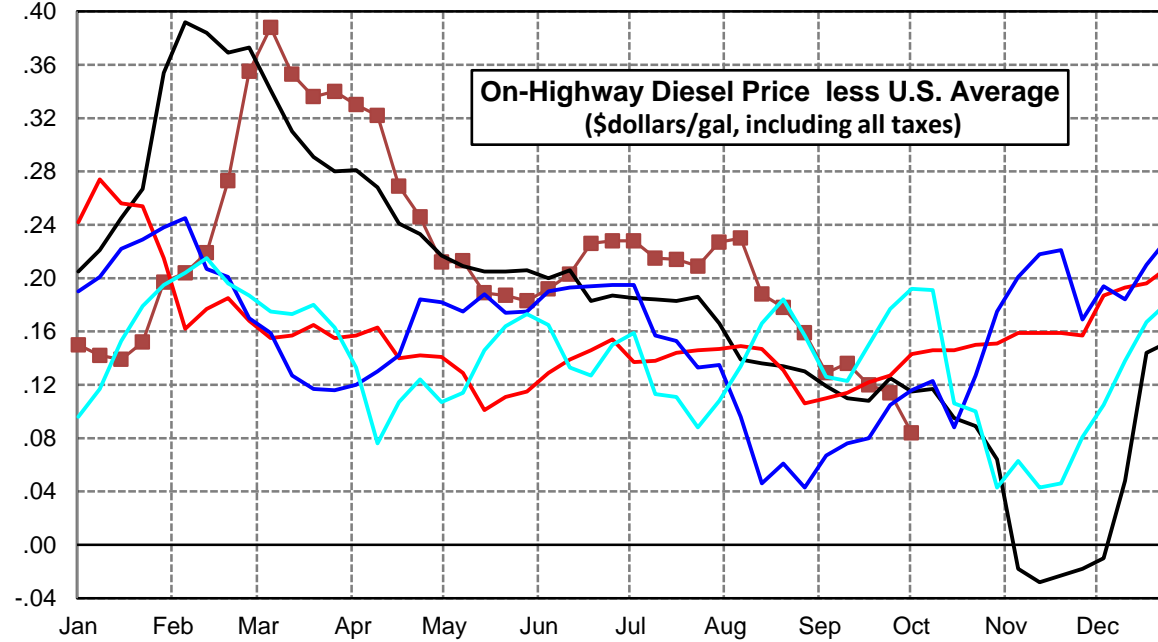
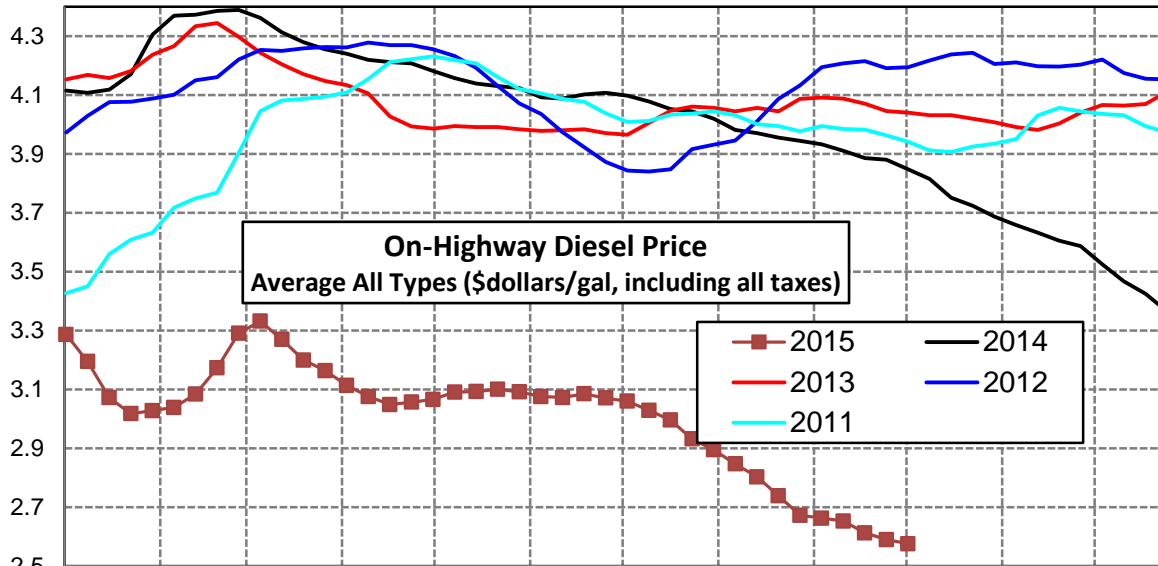
### Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	21Sep15	28Sep15	05Oct15	12Oct15	
<b>Central Atlantic</b>	\$2.662	\$2.647	\$2.631	<b>\$2.644</b>	\$0.013
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



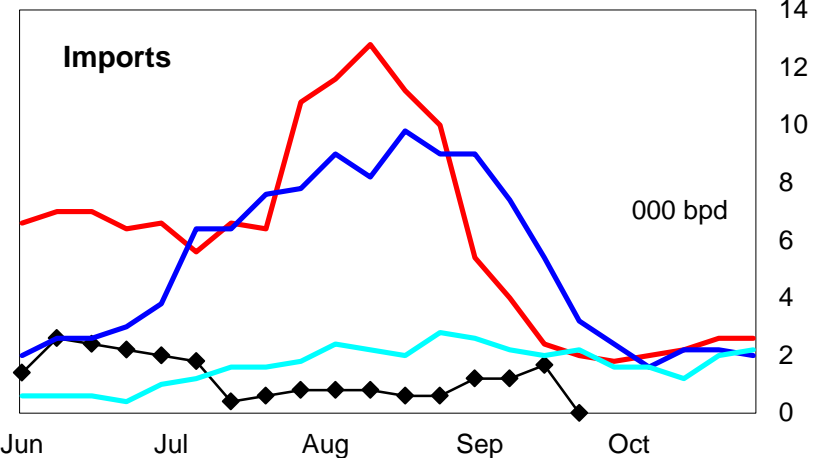
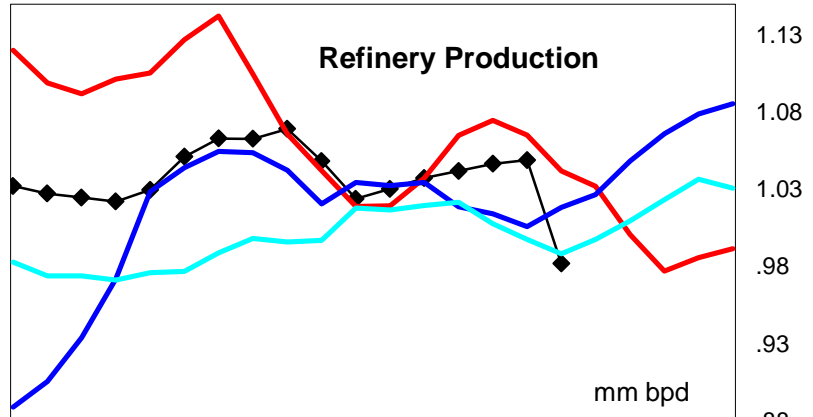
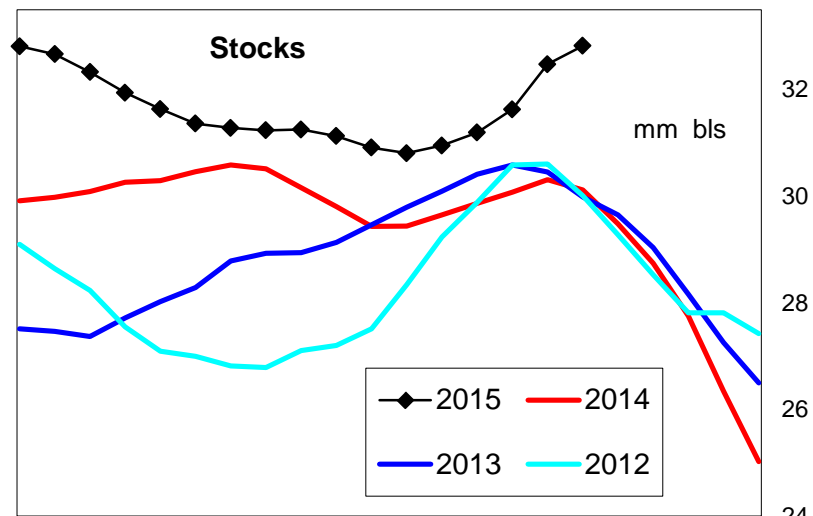
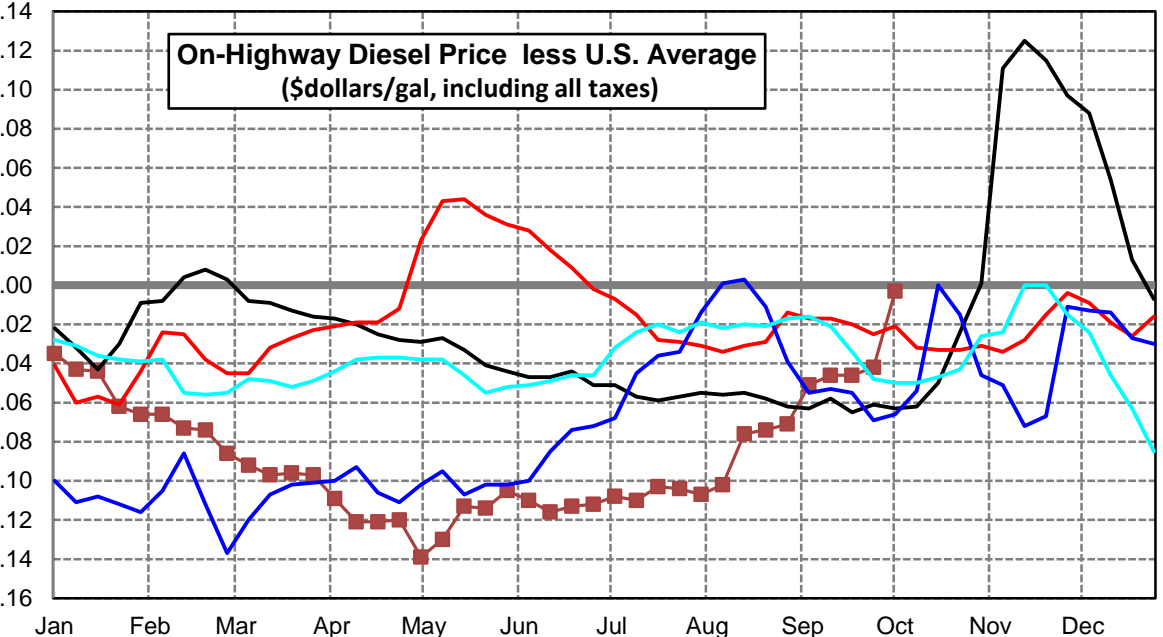
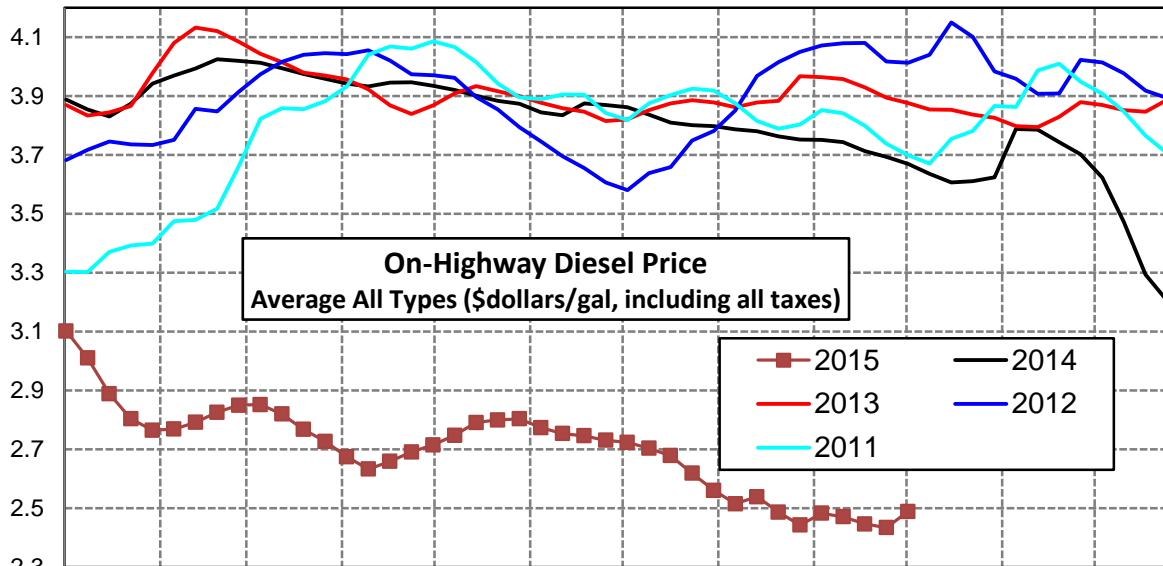
### New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	21Sep15	28Sep15	05Oct15	12Oct15	
<b>New England</b>	\$2.613	\$2.590	\$2.576	<b>\$2.603</b>	\$0.027
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

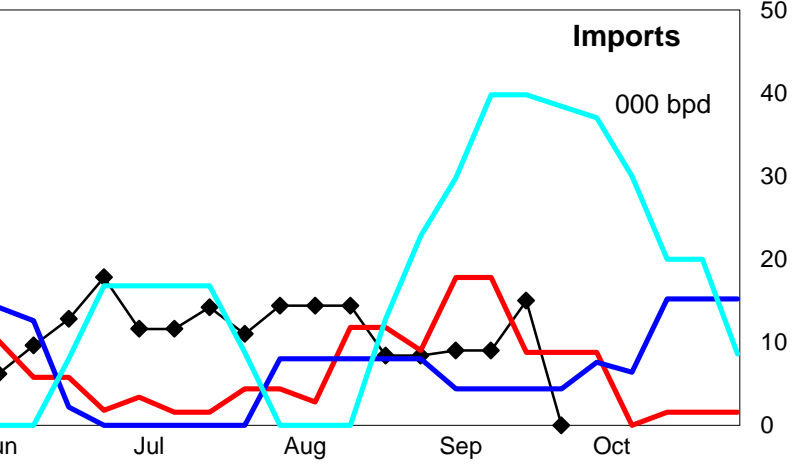
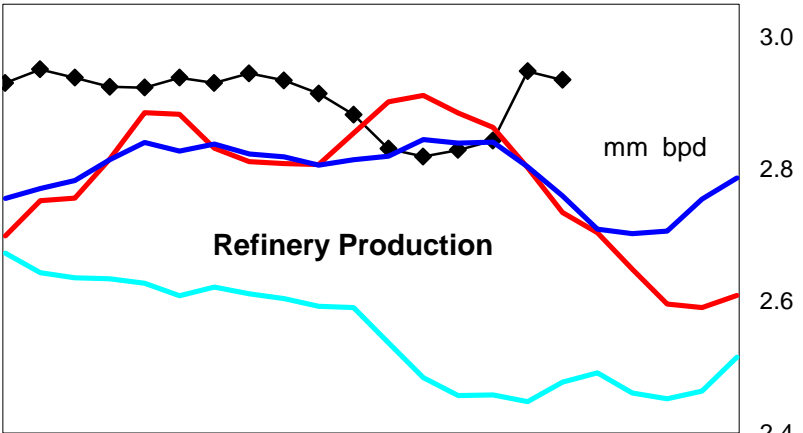
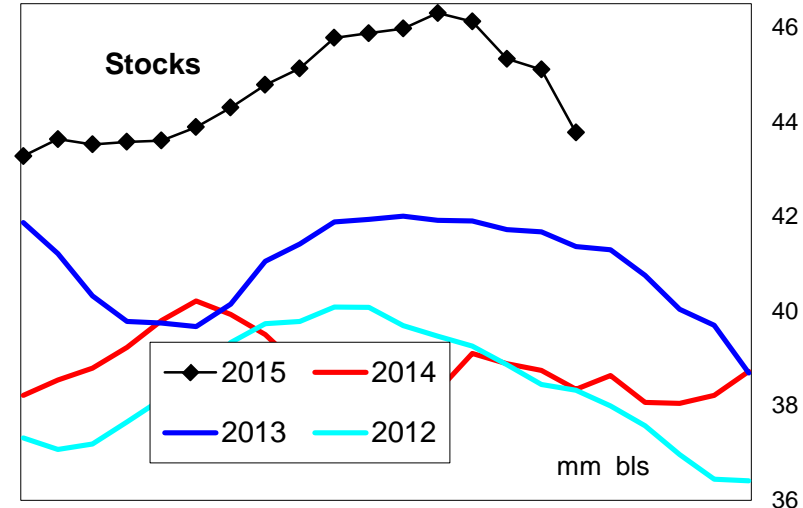
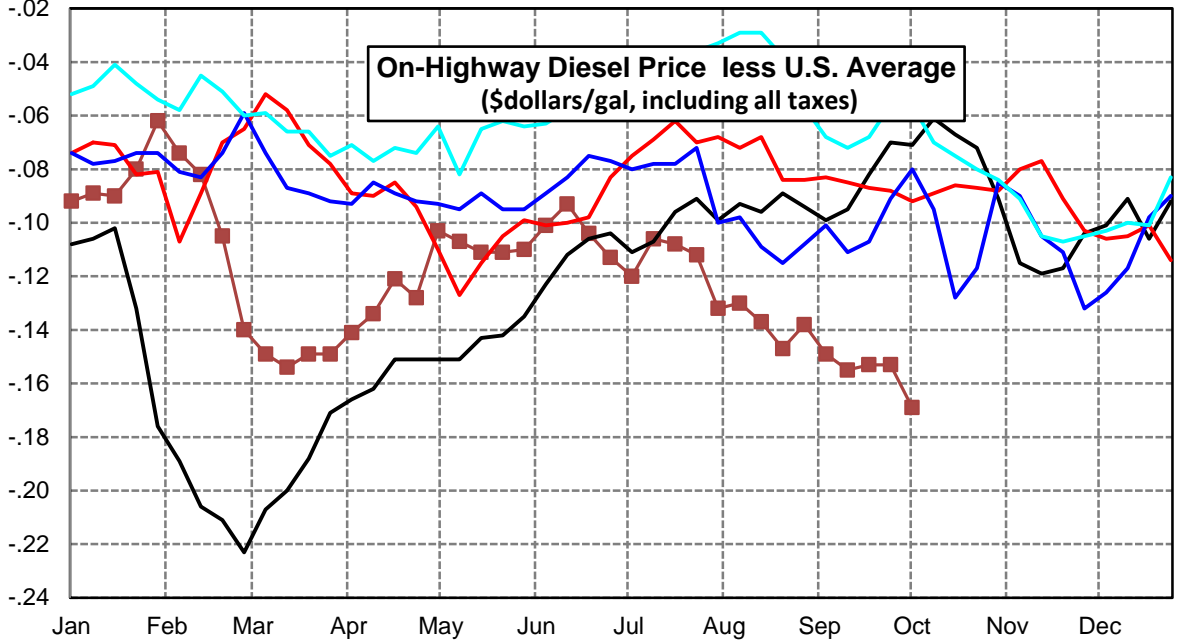
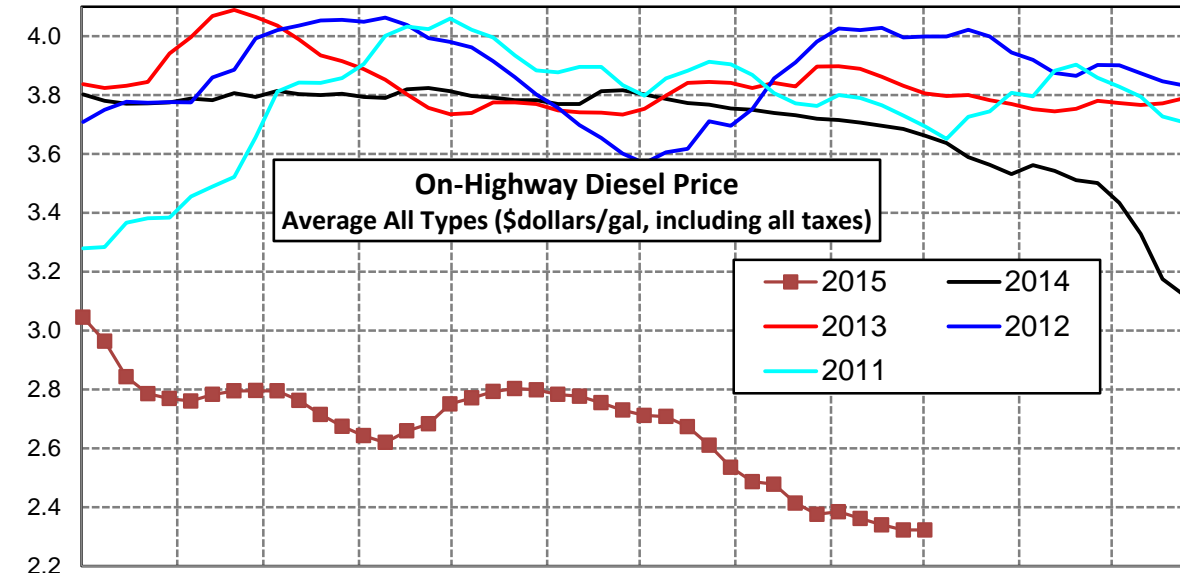
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	21Sep15	28Sep15	05Oct15	12Oct15	
<b>Midwest</b>	\$2.447	\$2.434	\$2.489	<b>\$2.503</b>	\$0.014
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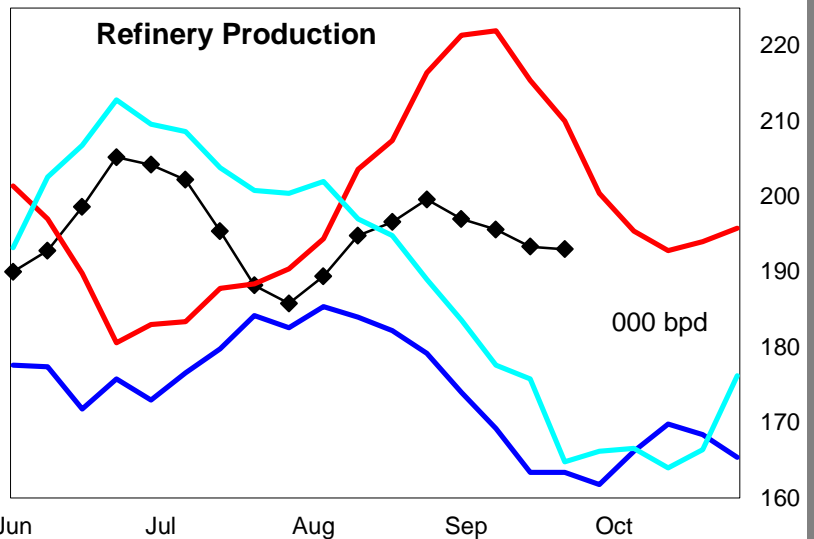
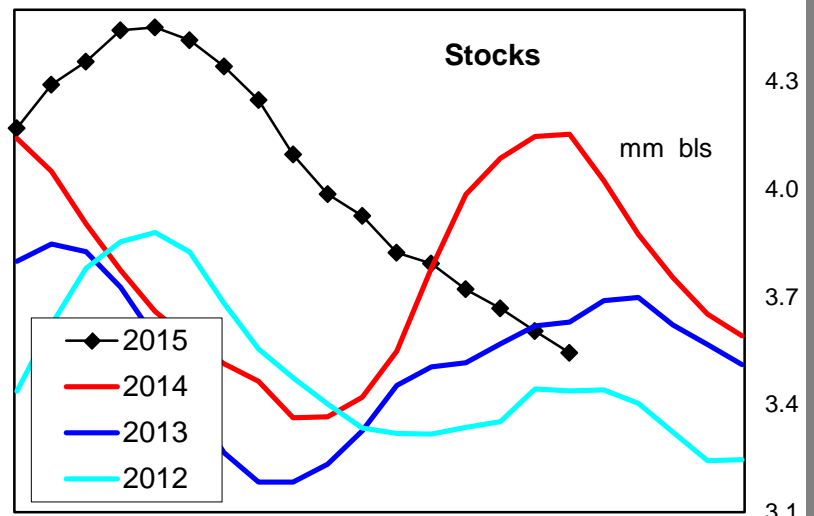
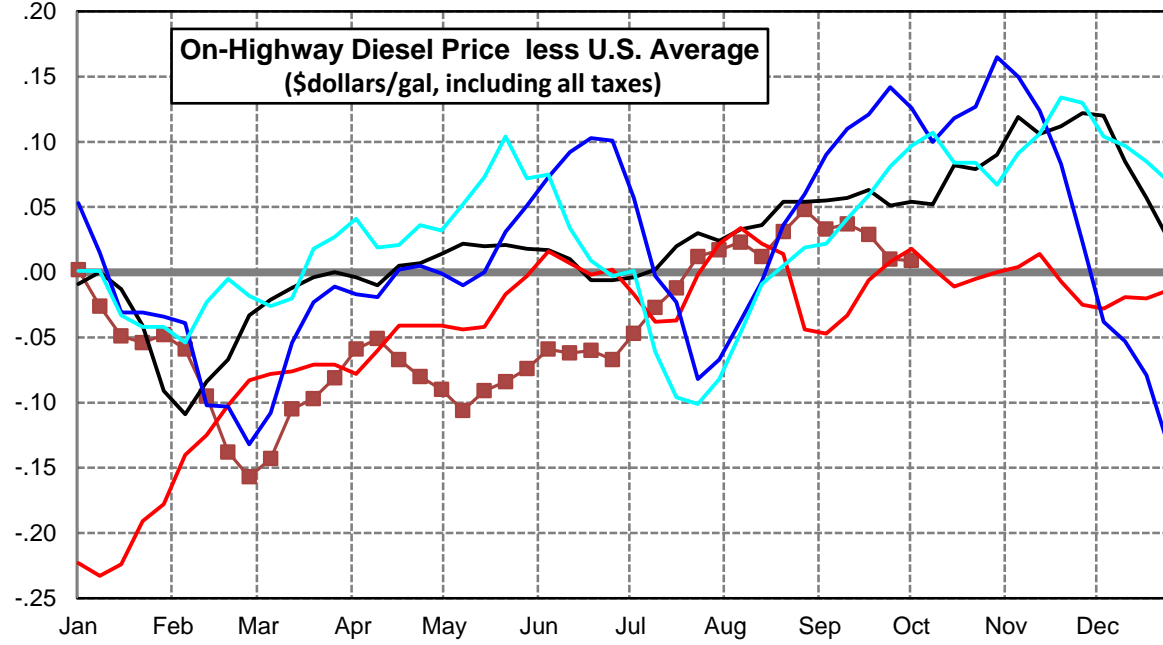
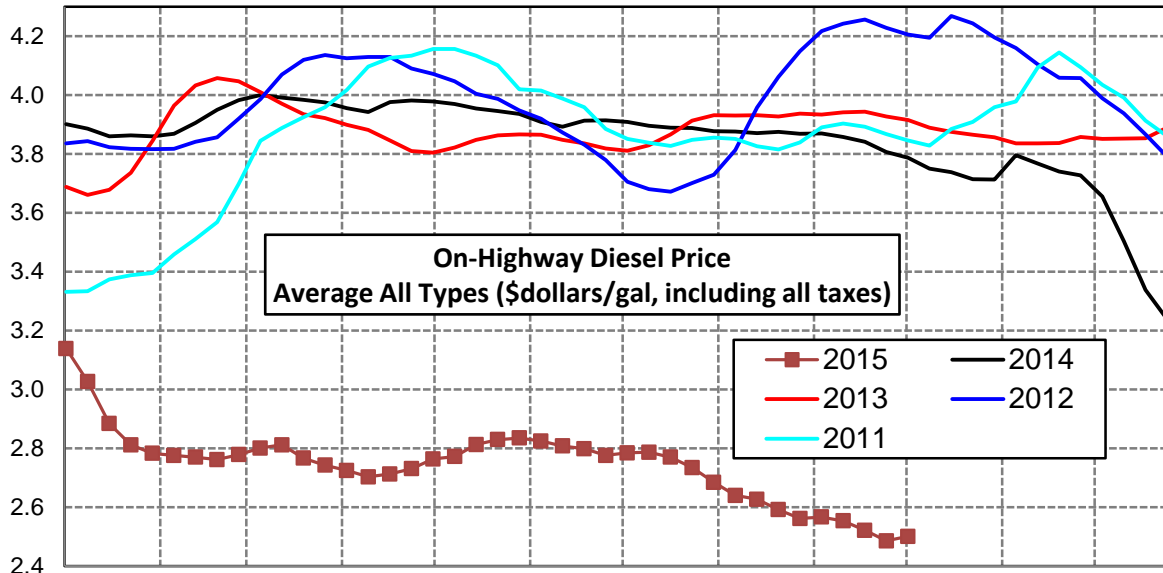
### Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	21Sep15	28Sep15	05Oct15	12Oct15	
<b>Gulf Coast</b>	\$2.340	\$2.323	\$2.323	<b>\$2.344</b>	\$0.021
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



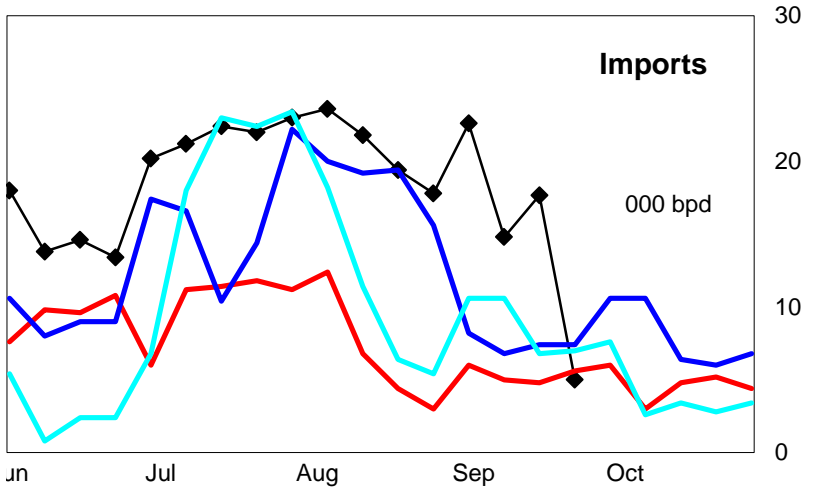
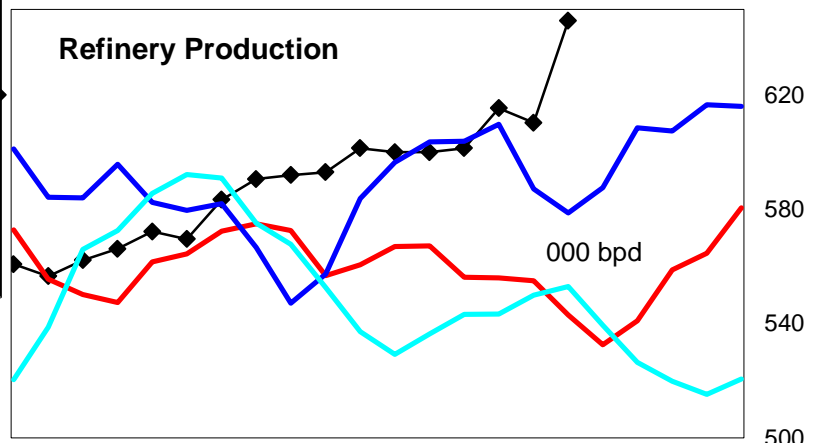
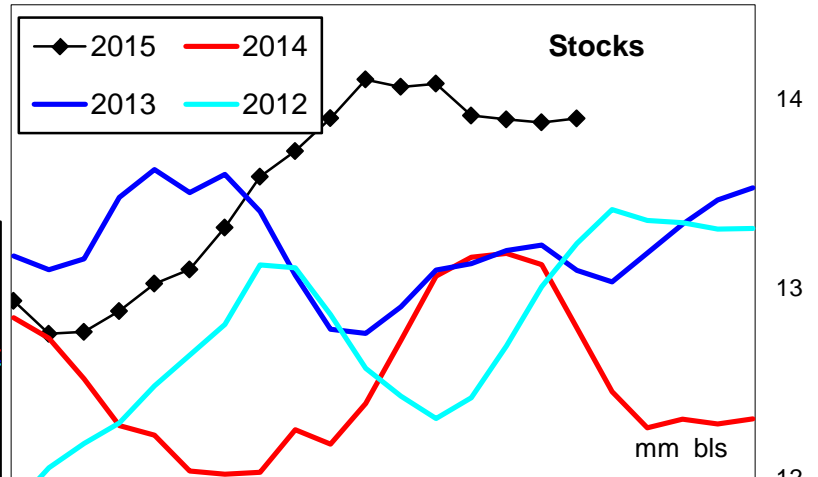
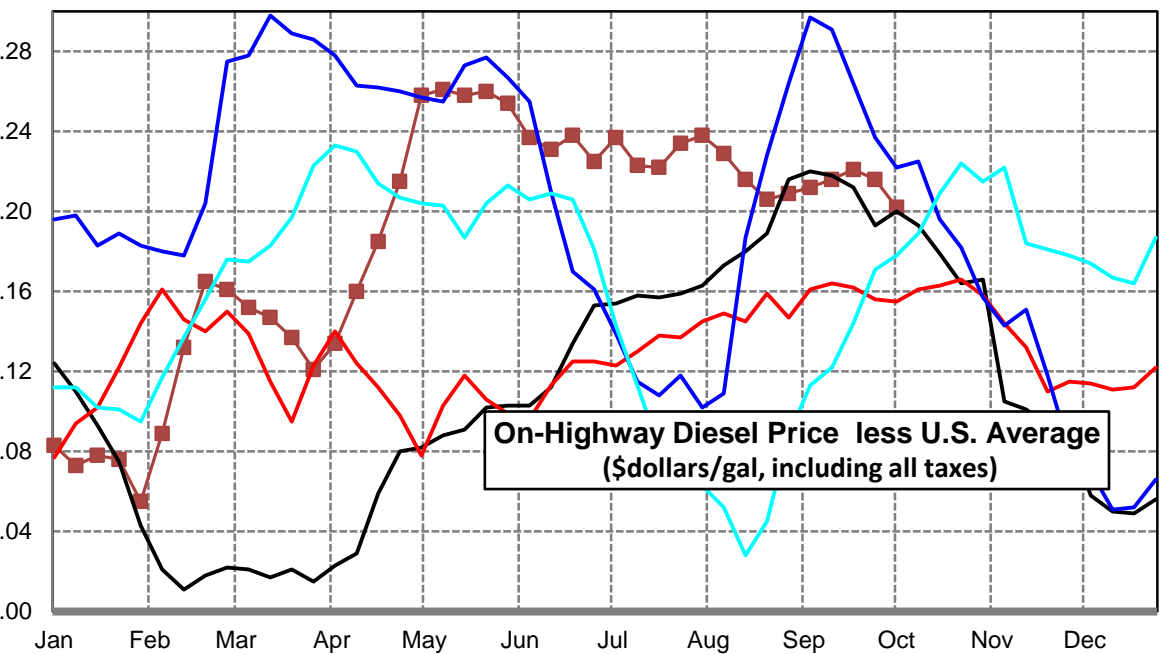
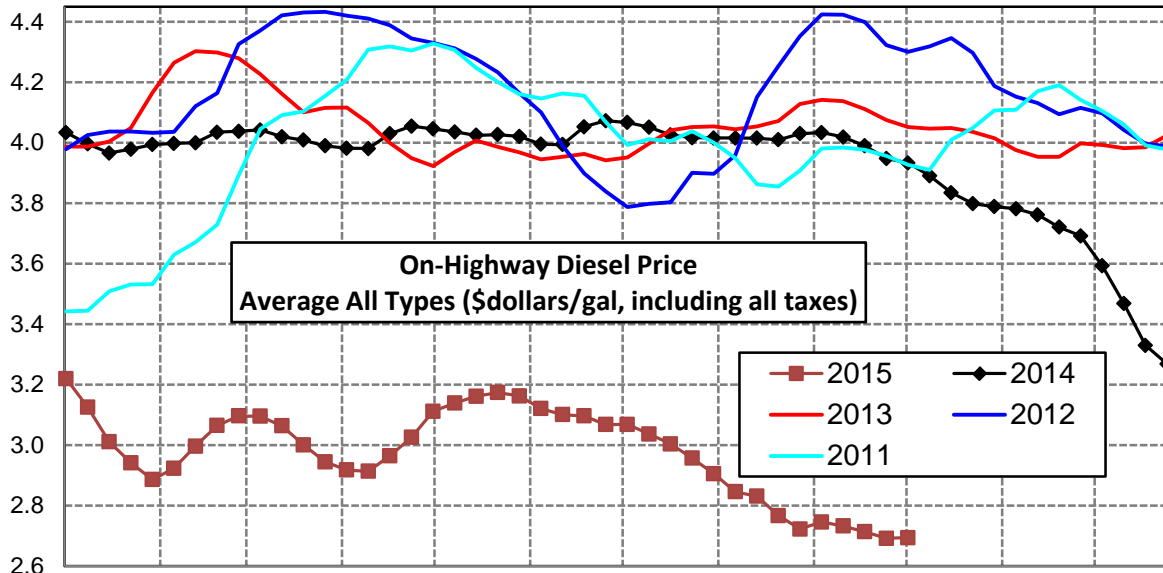
## Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	21Sep15	28Sep15	05Oct15	12Oct15	
<b>Rocky Mountain</b>	\$2.522	\$2.486	\$2.501	<b>\$2.523</b>	\$0.022
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



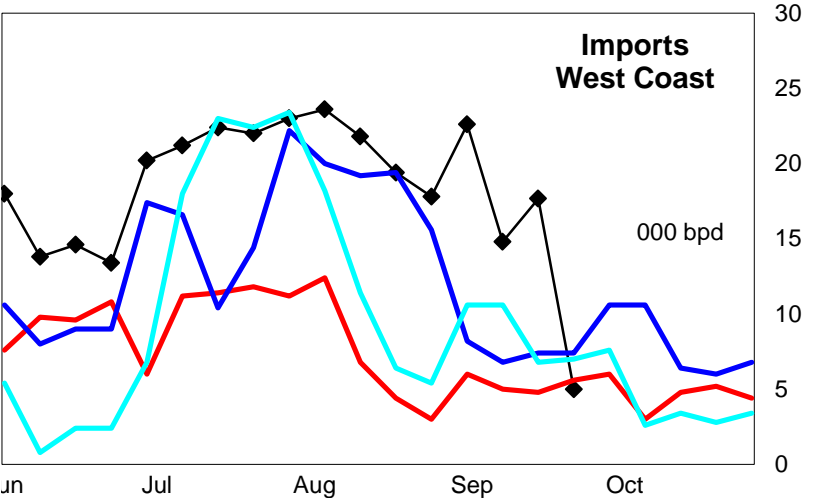
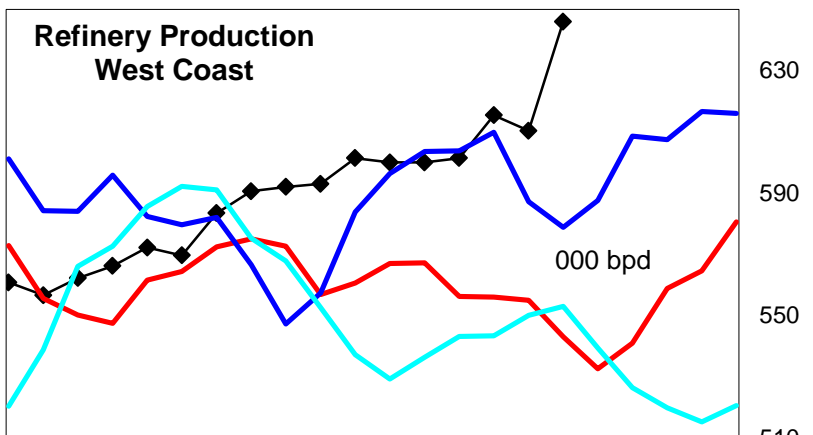
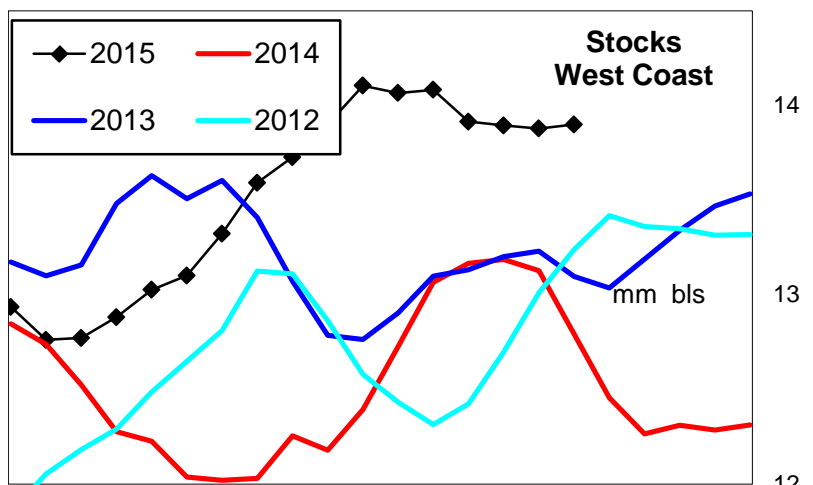
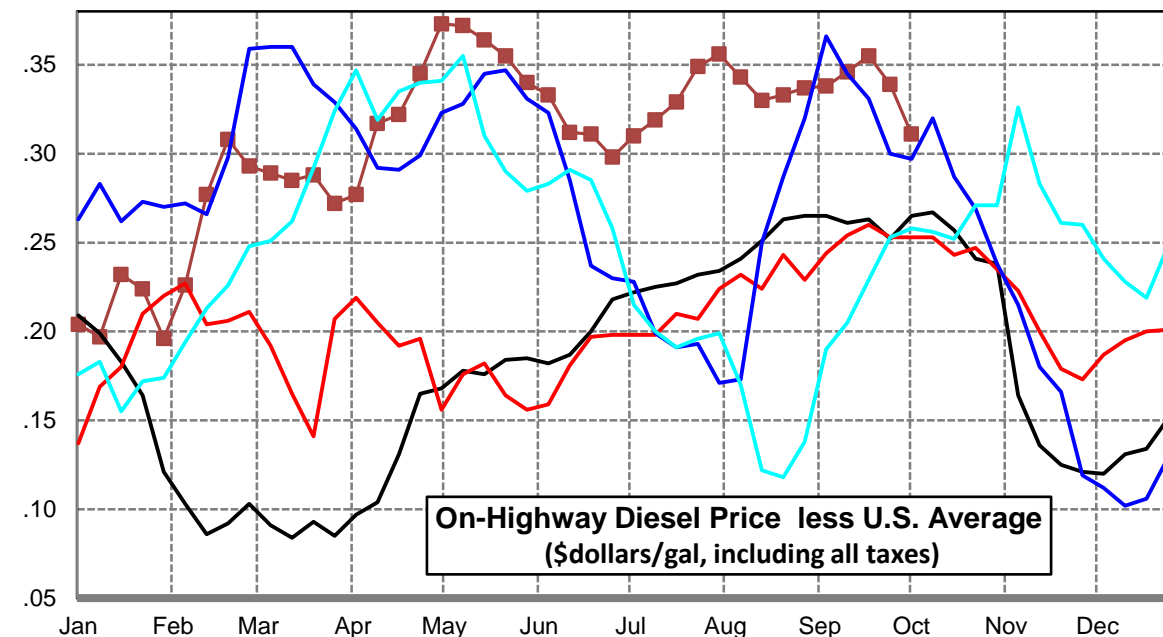
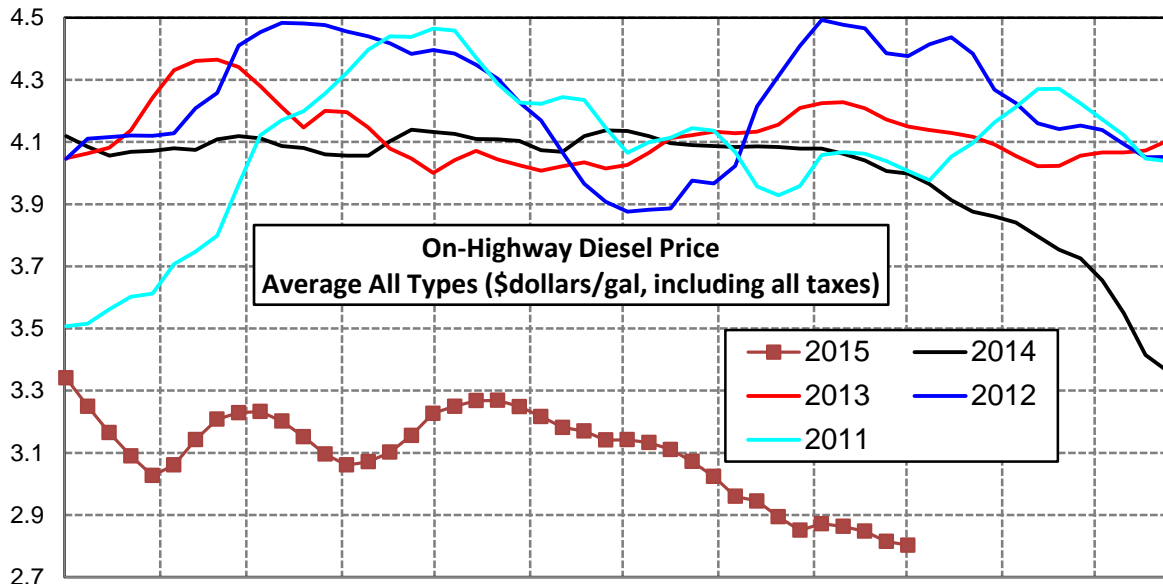
### West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	21Sep15	28Sep15	05Oct15	12Oct15	
<b>West Coast</b>	\$2.714	\$2.692	\$2.694	<b>\$2.708</b>	\$0.014
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
	21Sep15	28Sep15	05Oct15	12Oct15	
<b>California</b>	\$2.848	\$2.815	\$2.803	<b>\$2.832</b>	\$0.029
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-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	2.843	2.954	3.071	3.094	2.823	2.731	2.730	2.776	3.068	3.141
Mon-06-Jul-15	2.832	2.938	3.060	3.073	2.810	2.724	2.712	2.785	3.069	3.142
Mon-13-Jul-15	2.814	2.915	3.029	3.038	2.797	2.704	2.708	2.787	3.037	3.133
Mon-20-Jul-15	2.782	2.873	2.996	2.985	2.762	2.679	2.674	2.77	3.004	3.111
Mon-27-Jul-15	2.723	2.809	2.932	2.918	2.701	2.619	2.611	2.735	2.957	3.072
Mon-03-Aug-15	2.668	2.769	2.895	2.885	2.654	2.561	2.536	2.685	2.906	3.024
Mon-10-Aug-15	2.617	2.713	2.847	2.832	2.595	2.515	2.487	2.64	2.846	2.96
Mon-17-Aug-15	2.615	2.696	2.803	2.816	2.583	2.539	2.478	2.627	2.831	2.945
Mon-24-Aug-15	2.561	2.647	2.739	2.777	2.529	2.487	2.414	2.592	2.767	2.894
Mon-31-Aug-15	2.514	2.590	2.673	2.714	2.478	2.443	2.376	2.562	2.723	2.851
Mon-07-Sep-15	2.534	2.594	2.663	2.716	2.489	2.483	2.385	2.567	2.746	2.872
Mon-14-Sep-15	2.517	2.575	2.653	2.694	2.468	2.471	2.362	2.554	2.733	2.863
Mon-21-Sep-15	2.493	2.548	2.613	2.662	2.448	2.447	2.340	2.522	2.714	2.848
Mon-28-Sep-15	2.476	2.534	2.590	2.647	2.437	2.434	2.323	2.486	2.692	2.815
Mon-05-Oct-15	2.492	2.524	2.576	2.631	2.432	2.489	2.323	2.501	2.694	2.803
Mon-12-Oct-15	2.512	2.536	2.603	2.644	2.458	2.503	2.344	2.523	2.708	2.832
Mon-19-Oct-15										
Mon-26-Oct-15										
Mon-02-Nov-15										
Mon-09-Nov-15										
Mon-16-Nov-15										
Mon-23-Nov-15										
Mon-30-Nov-15										
Mon-07-Dec-15										
Mon-14-Dec-15										
Mon-21-Dec-15										
Mon-28-Dec-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.