



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, May 03, 2016

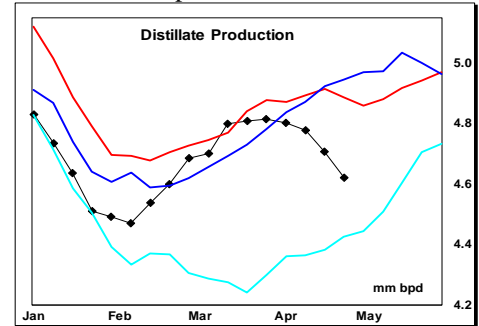
Region	Actual Price 1/		Forecast 2/		Change from week ago
	18Apr16	25Apr16	02May16	09May16	
U.S.	2.165	2.198	2.266	2.304	0.038
East Coast	2.220	2.244	2.306	2.343	0.037
New England	2.287	2.291	2.334	2.378	0.044
Central Atlantic	2.325	2.343	2.396	2.431	0.035
Lower Atlantic	2.126	2.159	2.232	2.256	0.024
Midwest	2.112	2.156	2.232	2.265	0.033
Gulf Coast	2.046	2.074	2.137	2.169	0.032
Rocky Mountain	2.171	2.202	2.255	2.303	0.048
West Coast	2.371	2.406	2.481	2.506	0.025
California	2.466	2.505	2.579	2.612	0.033

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

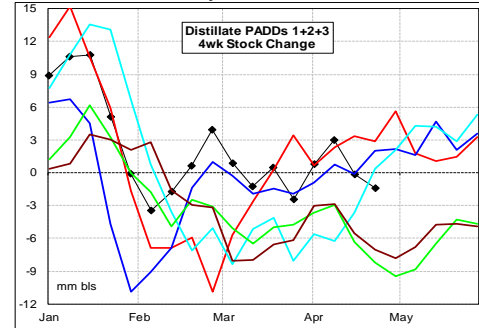
The region average retail price compared to the U.S. average was below the last 3- yrs in New England; driven by extremely high stock levels in this region. The region average retail price compared to the U.S. average traded within the 3-yr range in all other markets for the week.

Gulf spot prices increased +6 cpg last week. Gulf Spot prices ended the week +48 cpg above 2016 lows set in mid January. The spread between the Gulf

Supply increased +27,000 bpd last week, on higher imports that offset a further drop in production. During the latest 4-wk period, production decreased -162,000 bpd from last year while imports were -94,000 bpd lower.



Distillate stocks decreased -1.7 million barrels last week, to a level +29 million barrels above last year.



The latest 4-wk stock change East of the Rockies was a -1.4 million barrel draw compared to an average build of +2 million barrels during the past 3-yrs.

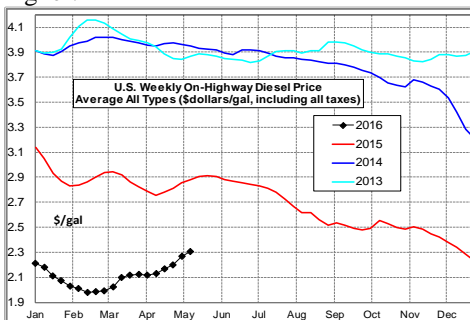
Global Trends Driving Diesel Prices Refiners have significantly reduced distillate output, while maximizing higher margin gasoline production.

Strategic crude oil inventory building in China and lower domestic production, which combined with the Federal Reserve statements that interest rates will not be increased in the 1st half of the year (read weaker \$dollar) has supported the price uptrend. However, record production by Russia and Saudi Arabia underlies the current pull back in prices.

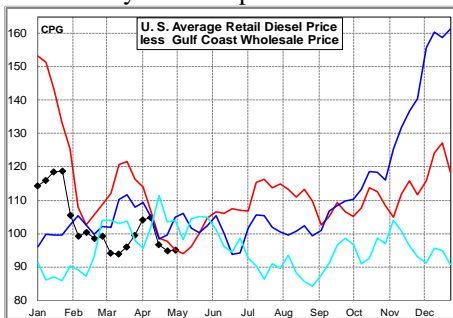
Diesel Price Outlook:

Rockies and West Coast markets should continue to report relatively high retail prices compared to the U.S. average (due to oversupply east of the Rockies).

Diesel Fuel Price Trends U. S. retail diesel prices increased +6.8 cpg last week, on higher wholesale prices. Prices were higher in all regions, with the Midwest up +7.6 cpg and New England +4.3 cpg higher.

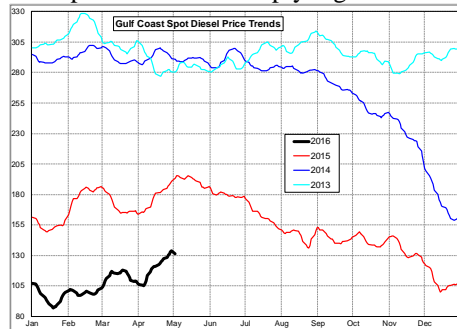


The U.S. average retail diesel price compared to the Gulf Coast wholesale market increased +0.2 cpg on the week. The spread ended the week at a level that matched 3-yrs for the period.



The national average on-highway price ended the week -58 cpg below a year ago. The highest retail prices were in California at \$2.58/gal and the Central Atlantic at \$2.40/gal. The lowest prices were in the Gulf at \$2.14/gal.

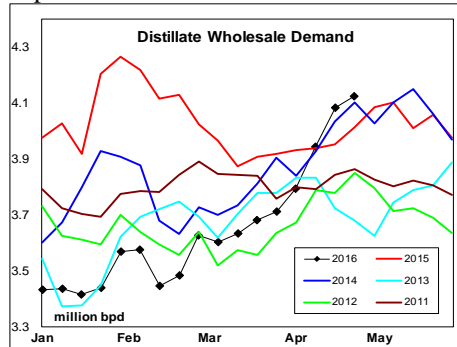
wholesale price and the U.S. average retail price increased +0.2 cpg on the week, as retail prices trended sharply higher.



Look for the retail to wholesale price differential to increase further as retail prices 'catch up' to higher wholesale prices.

Supply - Demand Fundamental Trends

Distillate wholesale demand decreased -0.2 million bpd last week, to a level just above the historic range; driven by above trend exports.



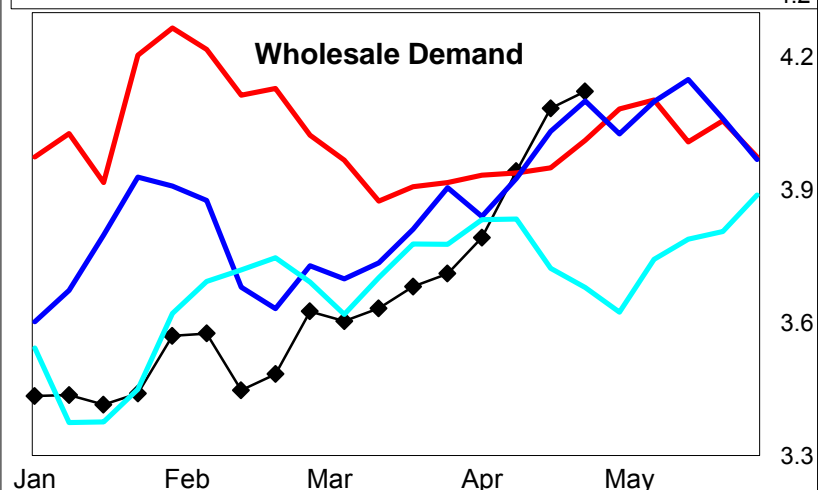
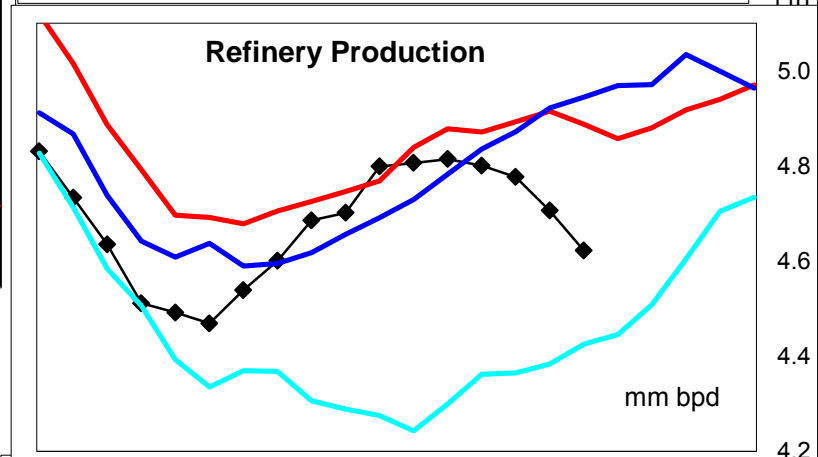
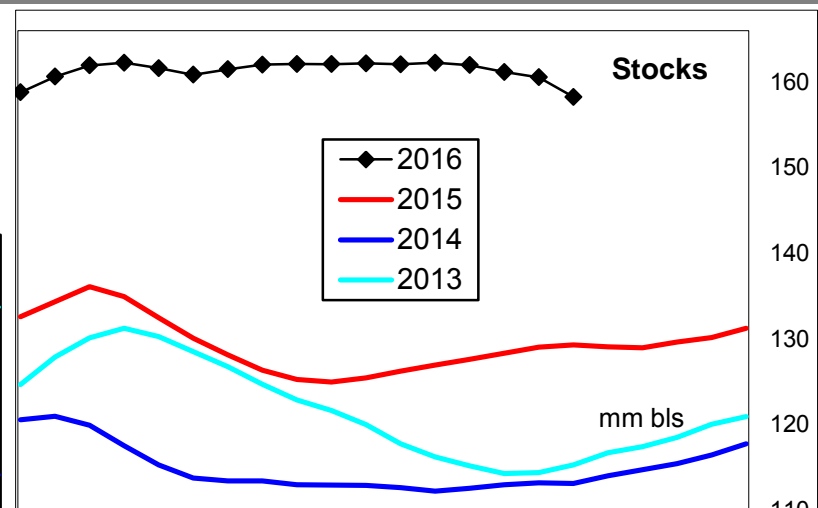
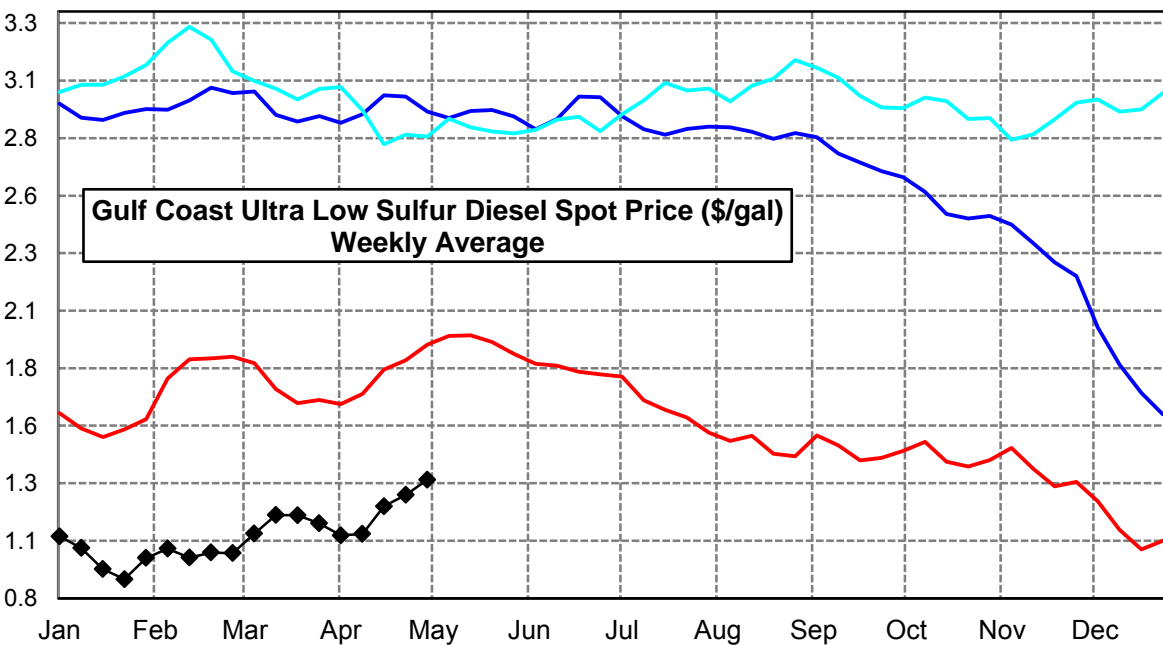
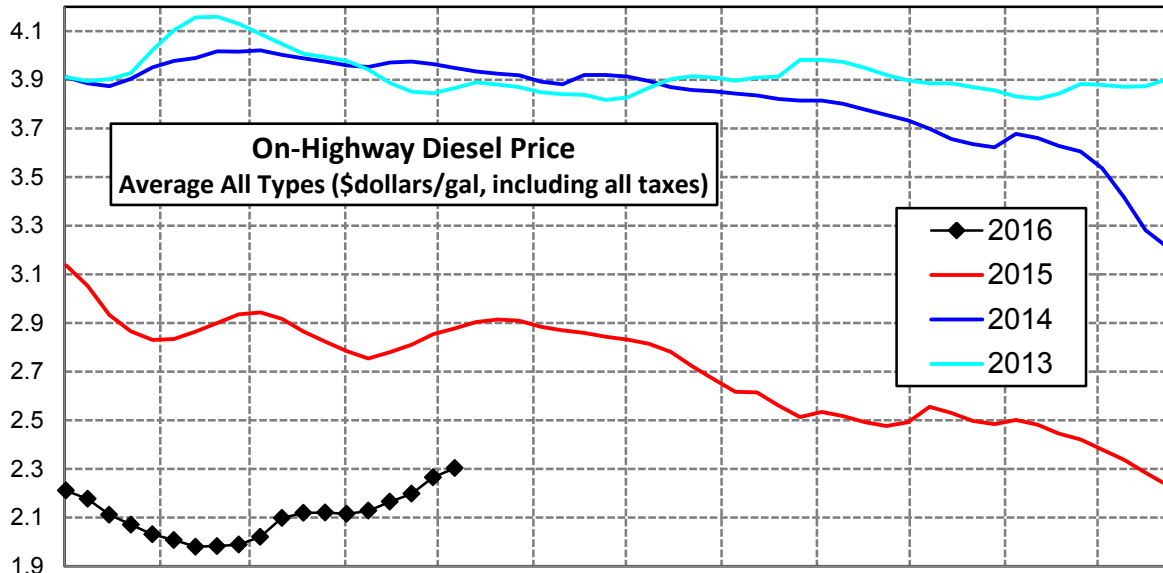
The latest 4-wk average wholesale demand compared to a year ago decreased -3,000 bpd.

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



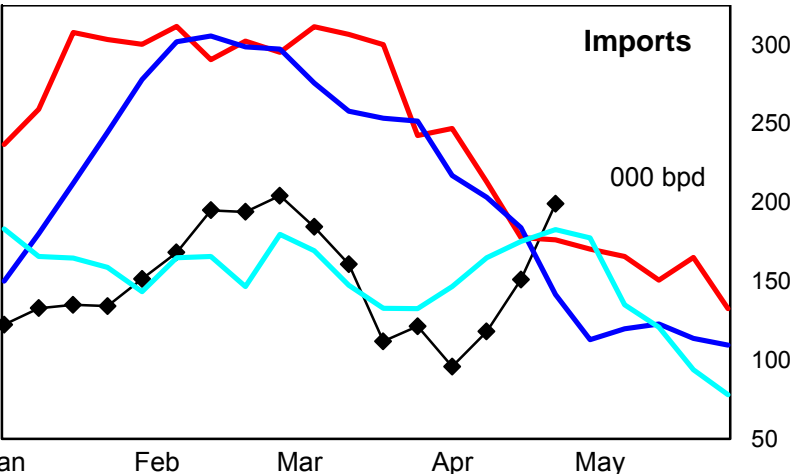
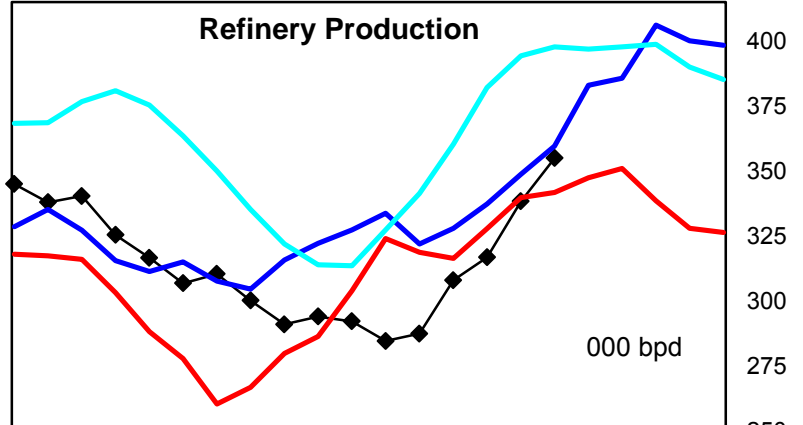
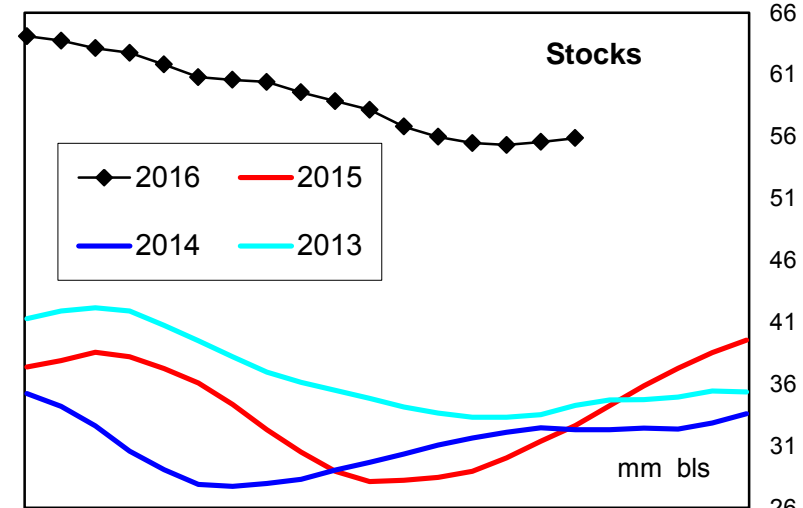
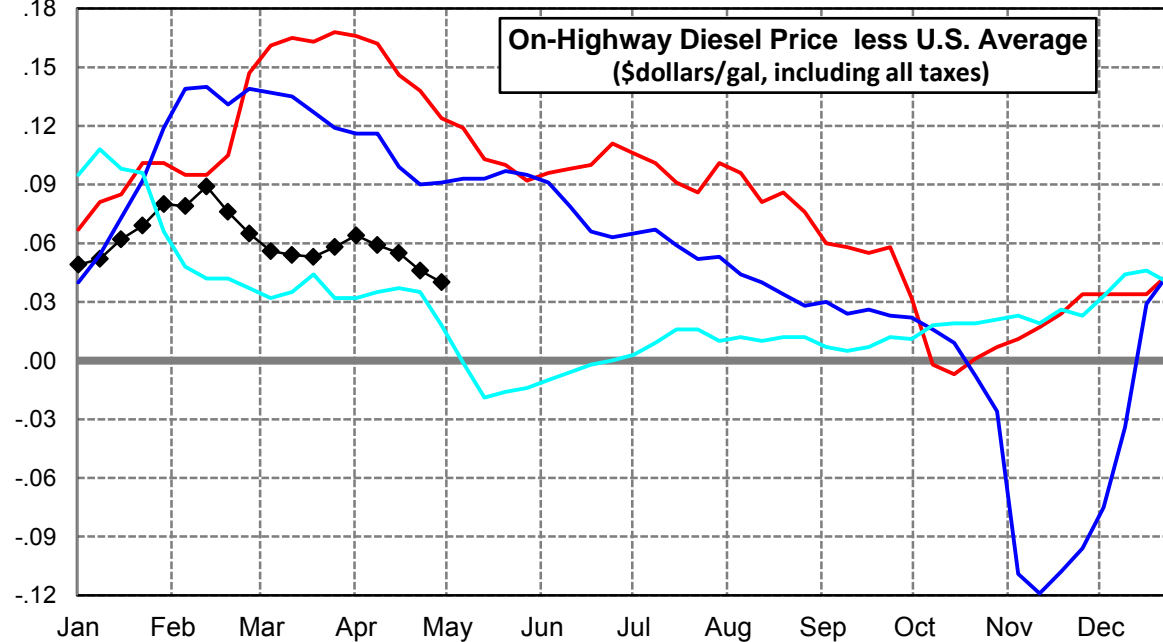
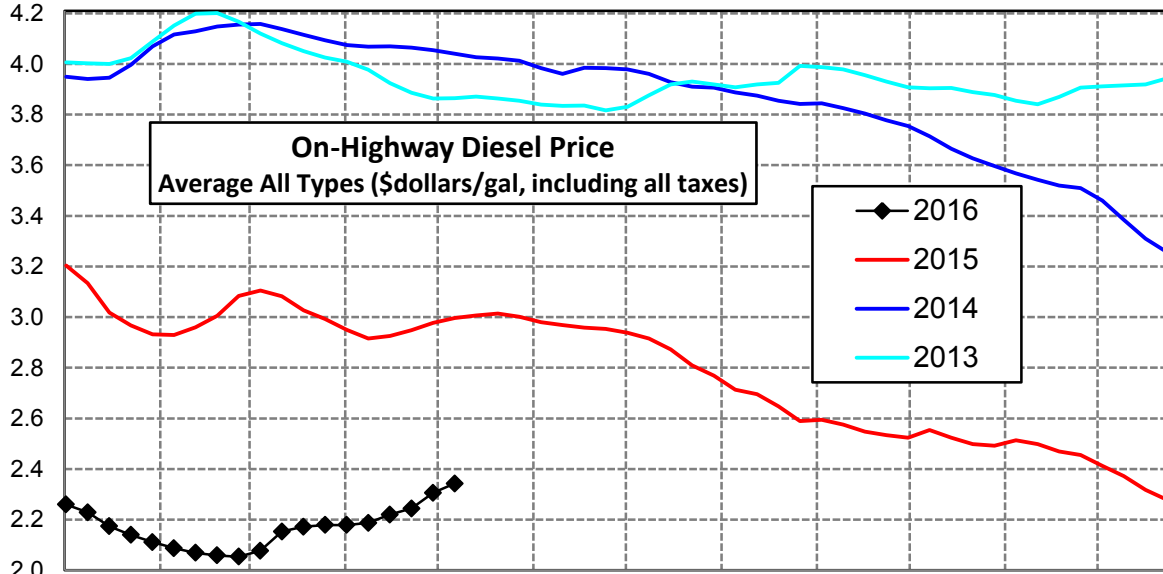
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr16	25Apr16	02May16	09May16	
United States Avg	\$2.165	\$2.198	\$2.266	\$2.304	\$0.038
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



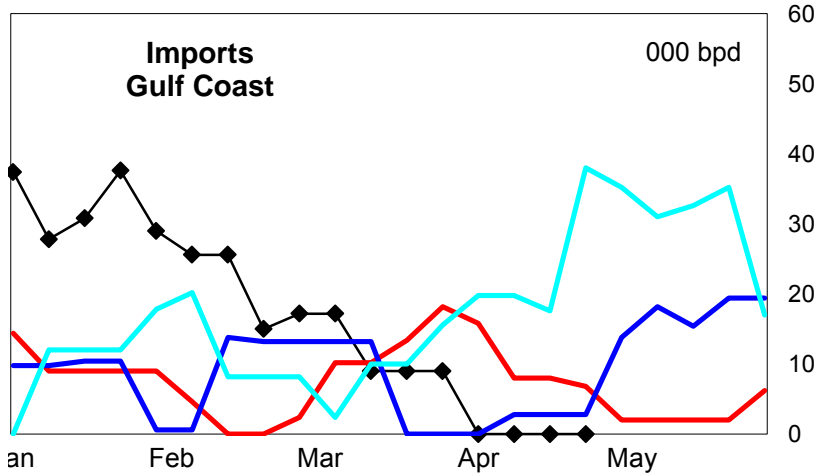
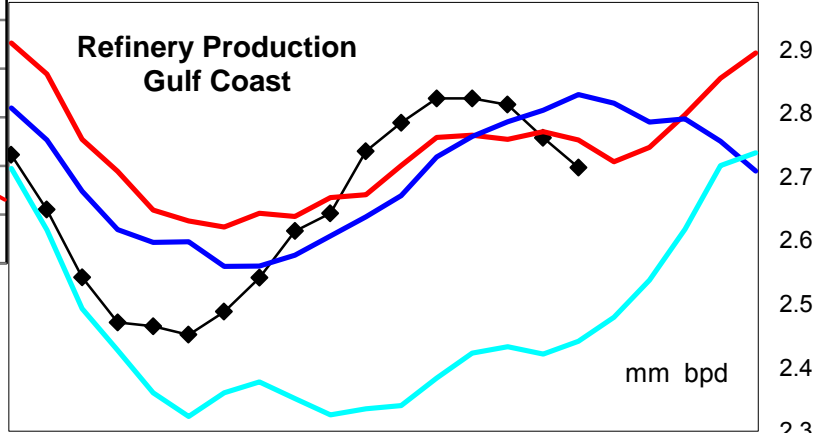
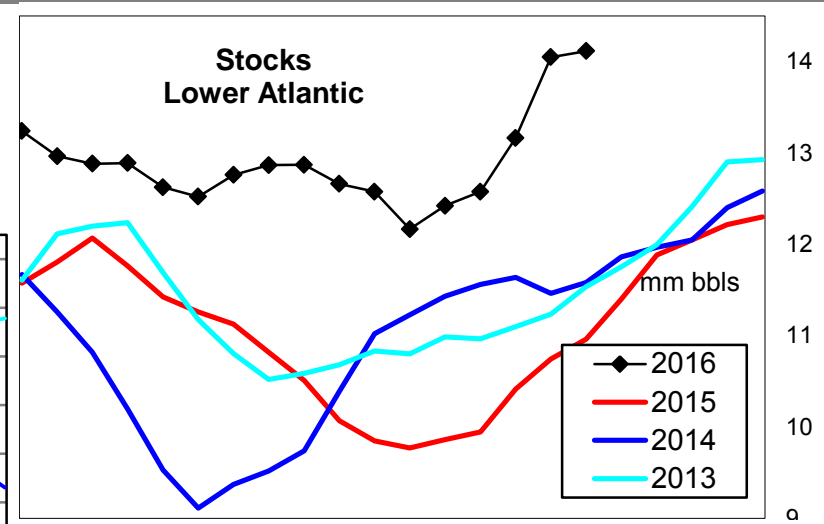
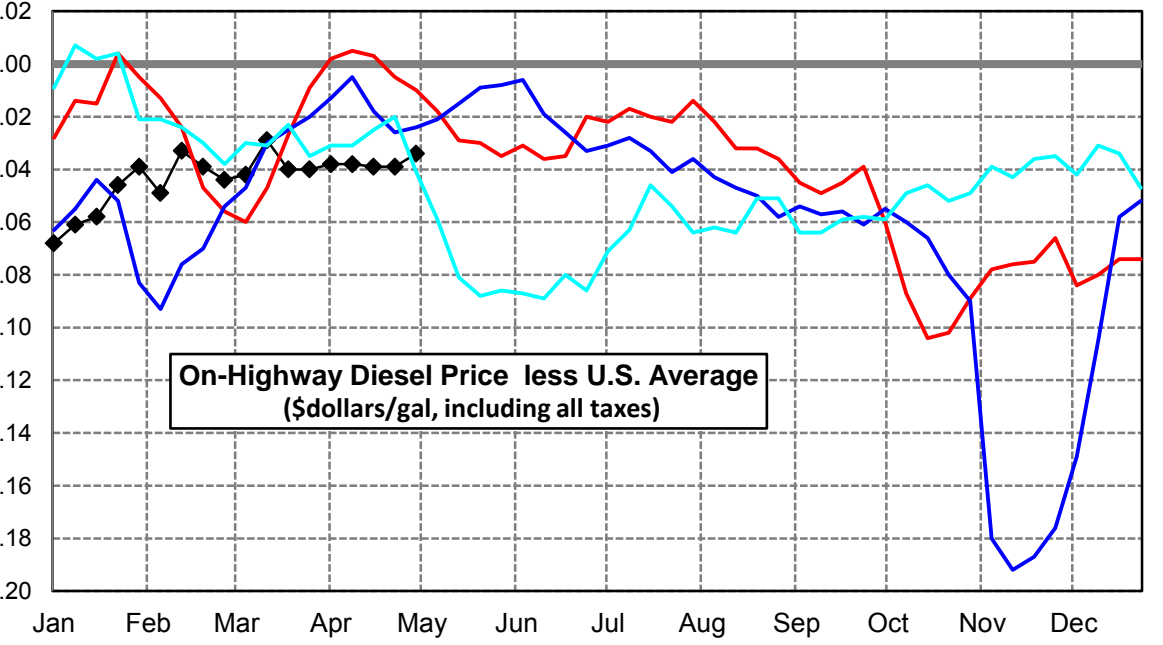
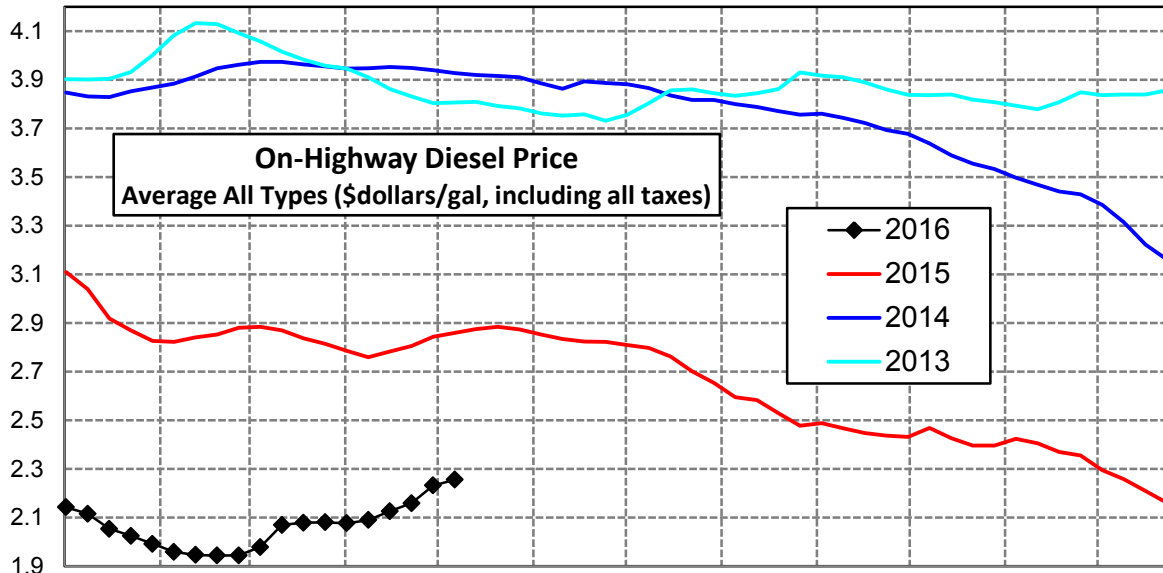
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr16	25Apr16	02May16	09May16	
East Coast	\$2.220	\$2.244	\$2.306	\$2.343	\$0.037
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



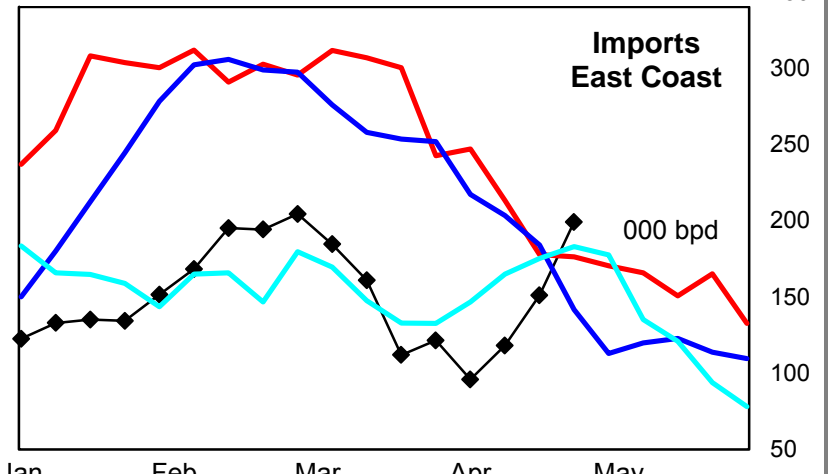
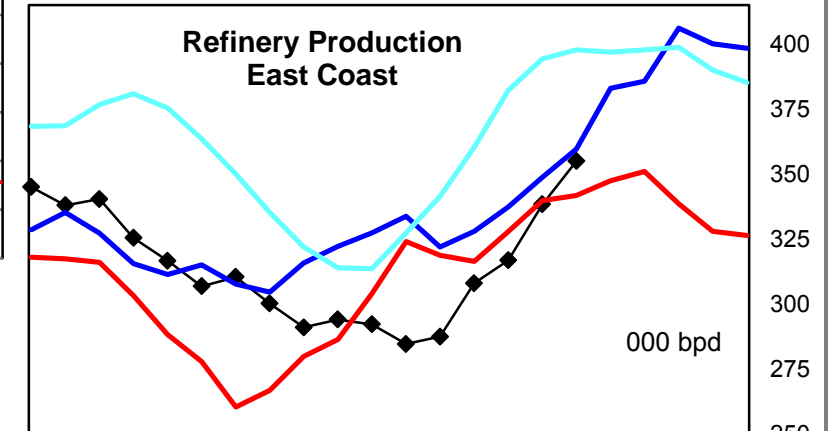
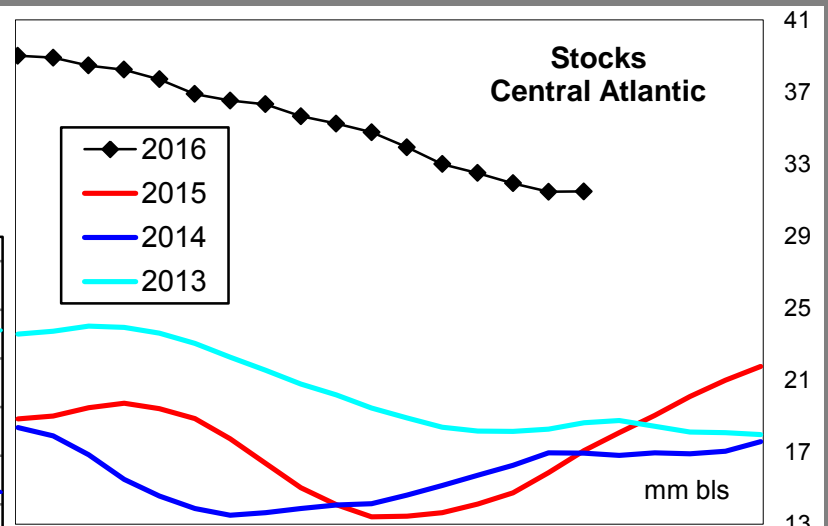
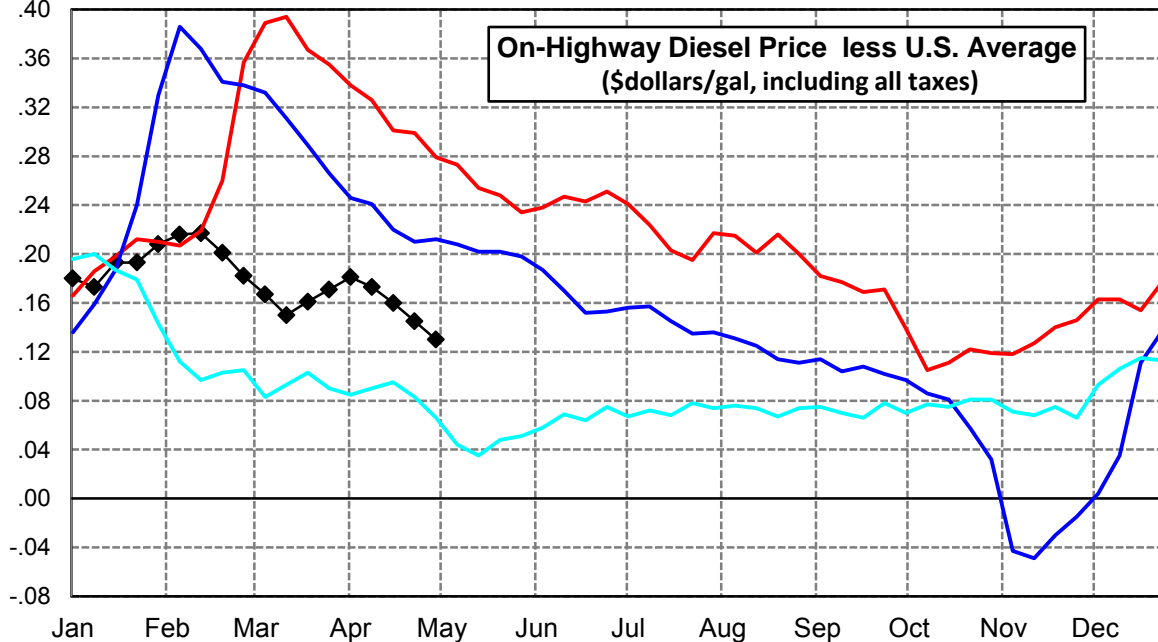
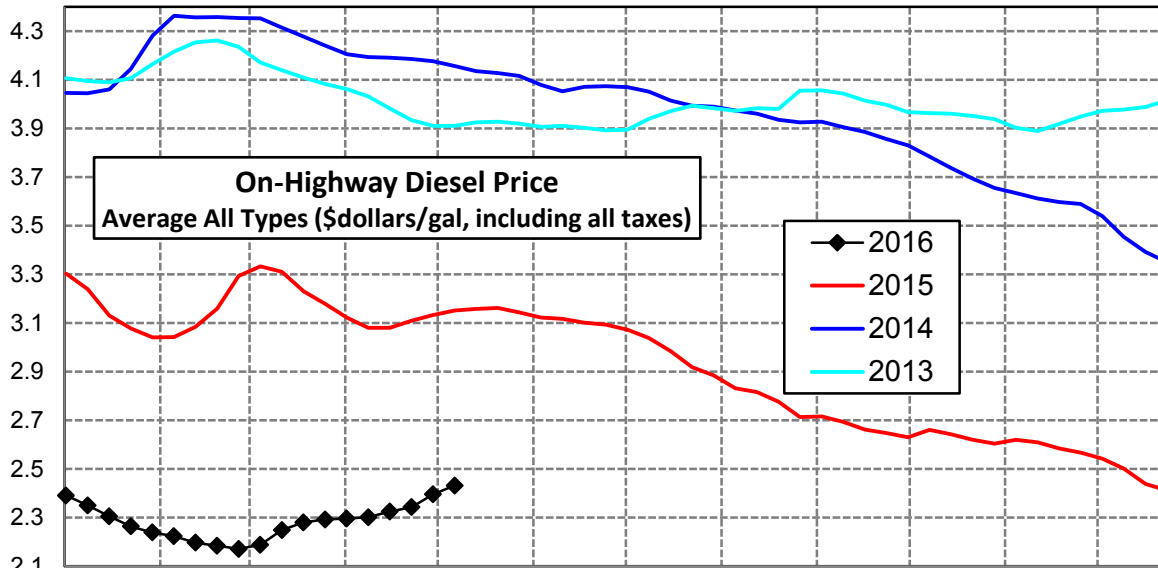
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr16	25Apr16	02May16	09May16	
Lower Atlantic	\$2.126	\$2.159	\$2.232	\$2.256	\$0.024
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



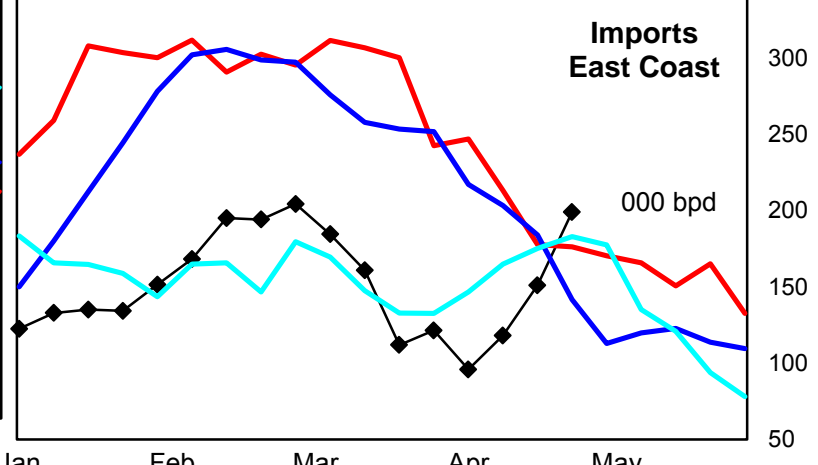
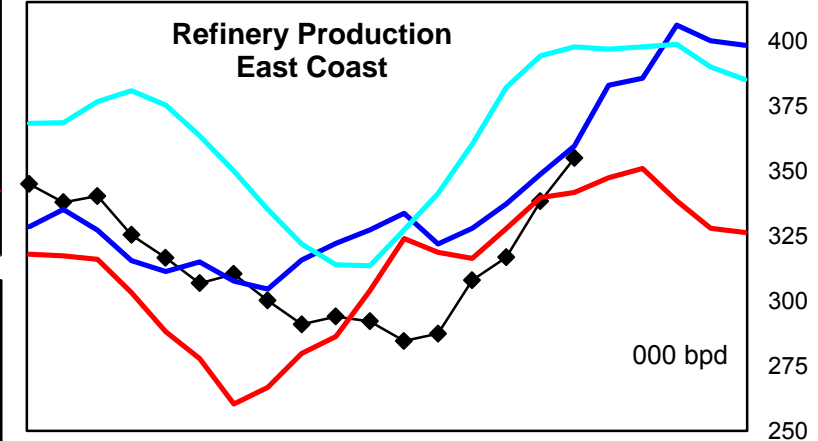
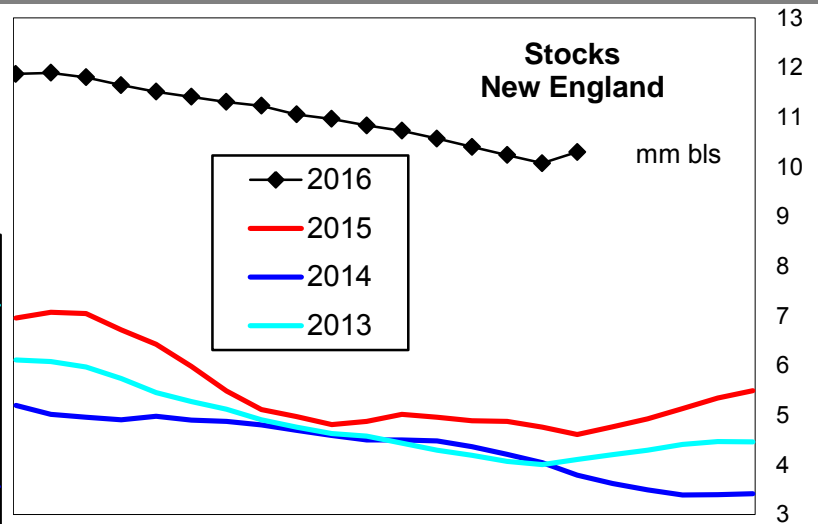
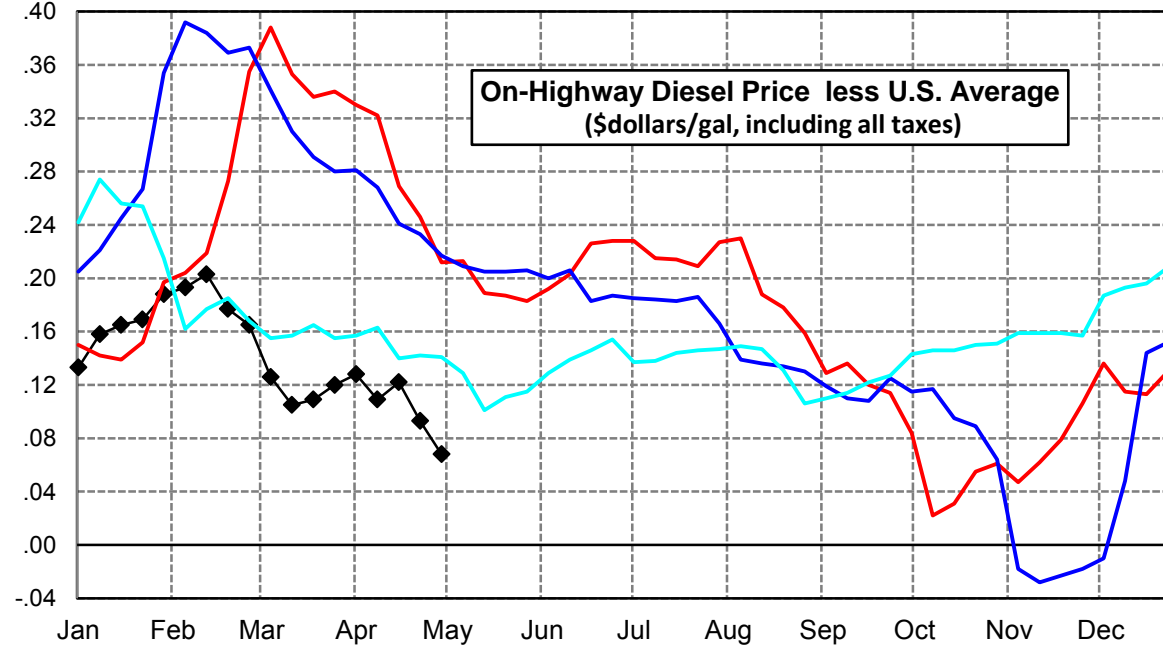
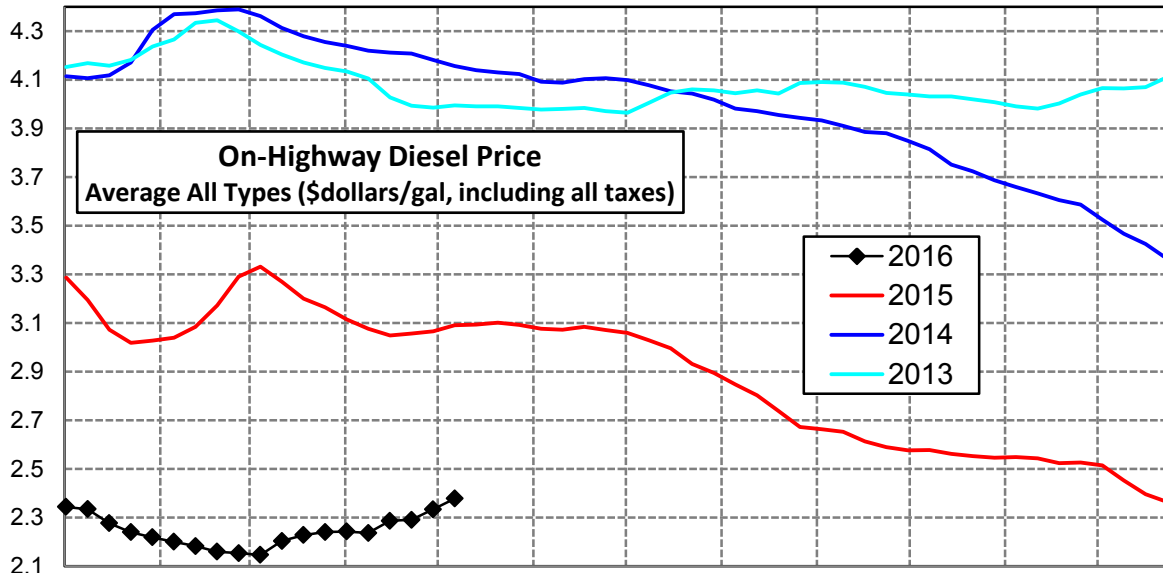
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr16	25Apr16	02May16	09May16	
Central Atlantic	\$2.325	\$2.343	\$2.396	\$2.431	\$0.035
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



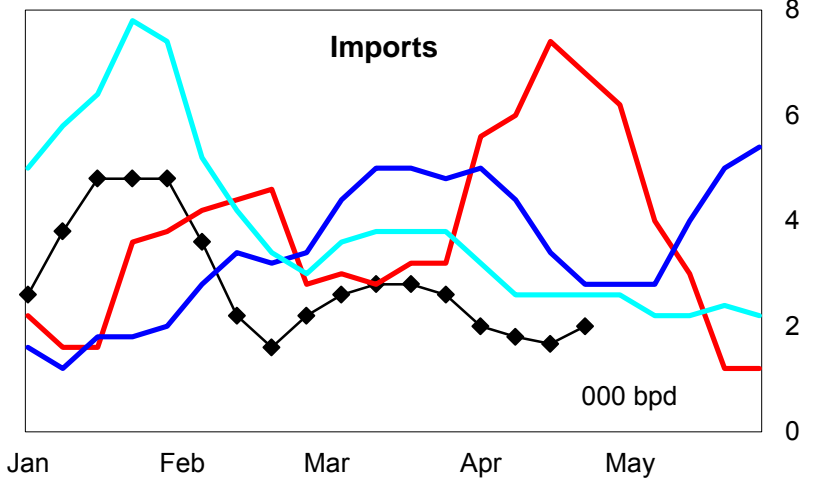
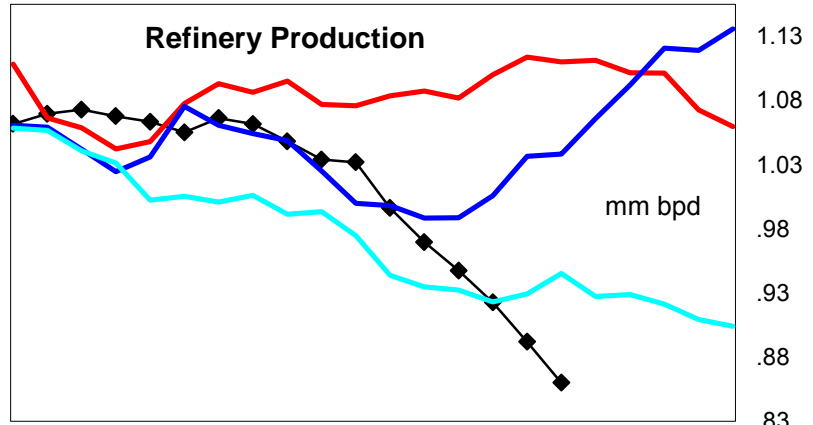
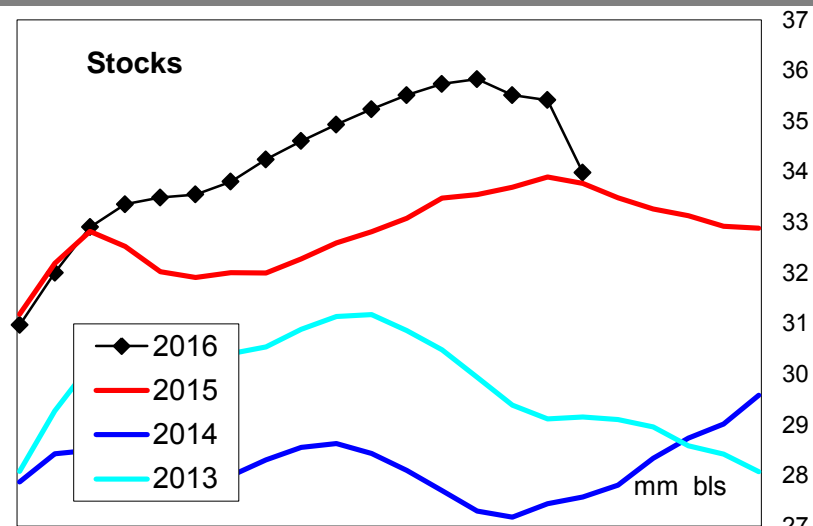
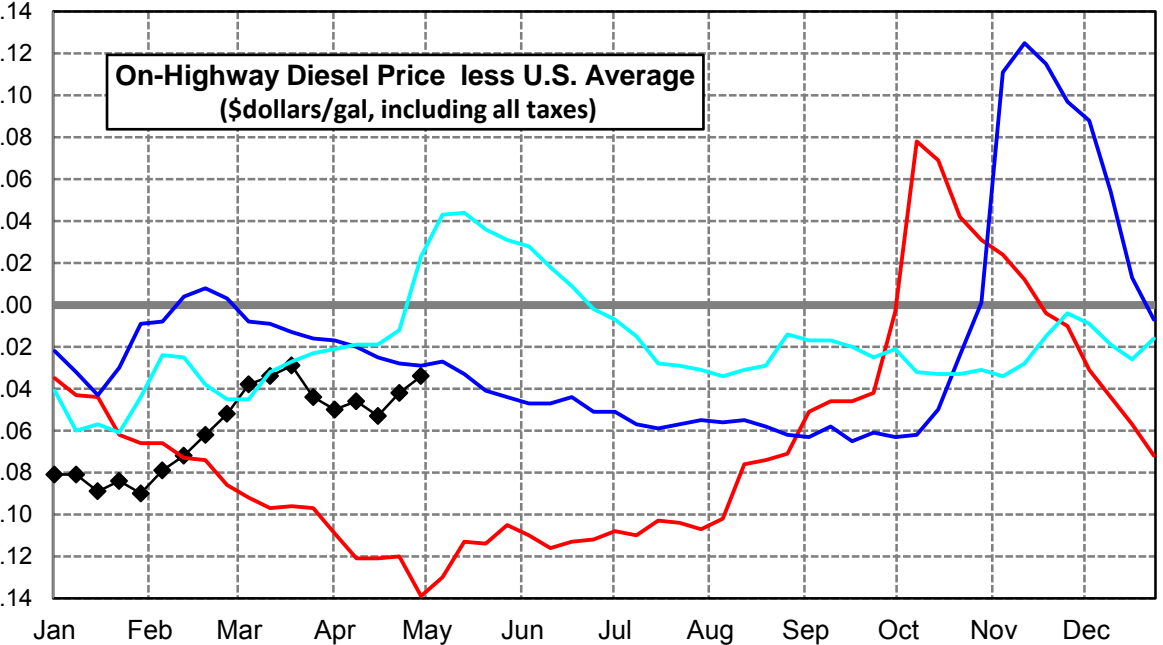
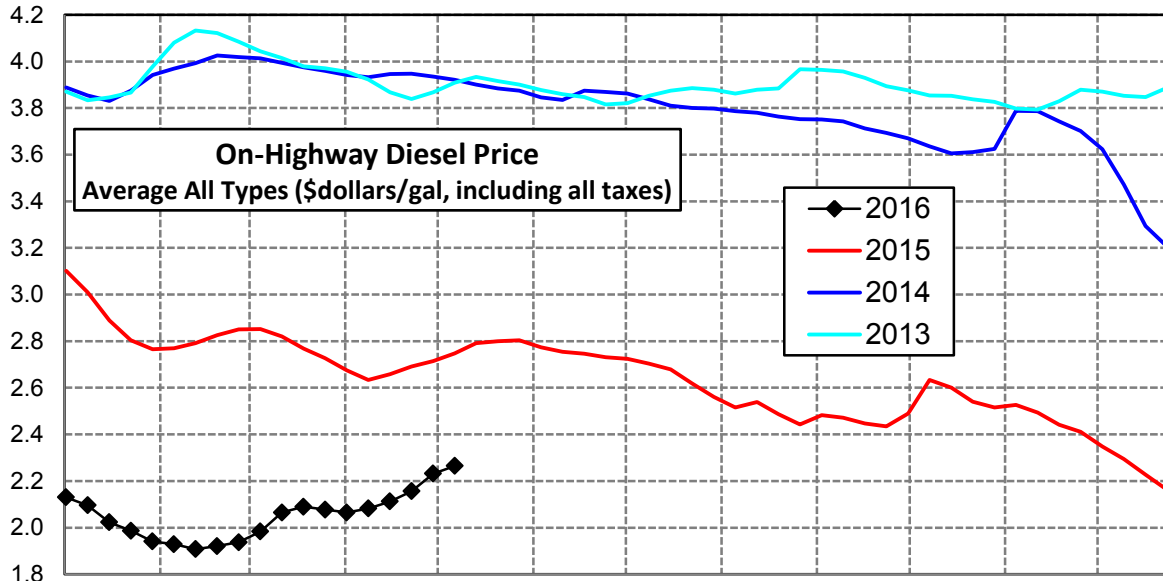
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr16	25Apr16	02May16	09May16	
New England	\$2.287	\$2.291	\$2.334	\$2.378	\$0.044
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



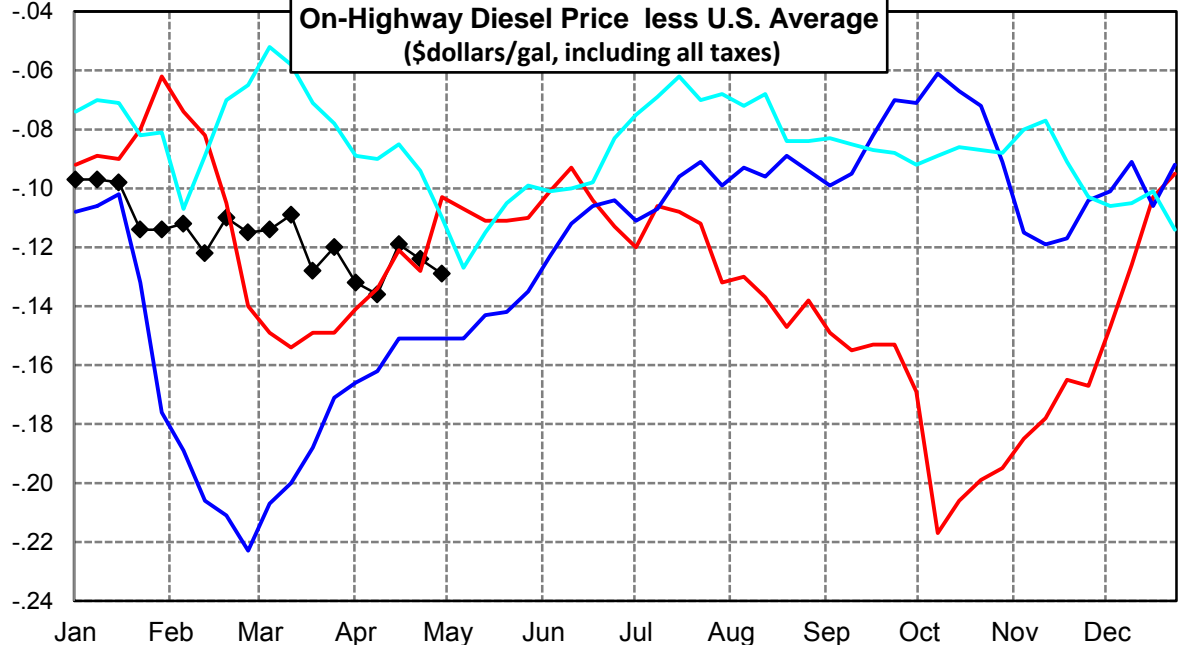
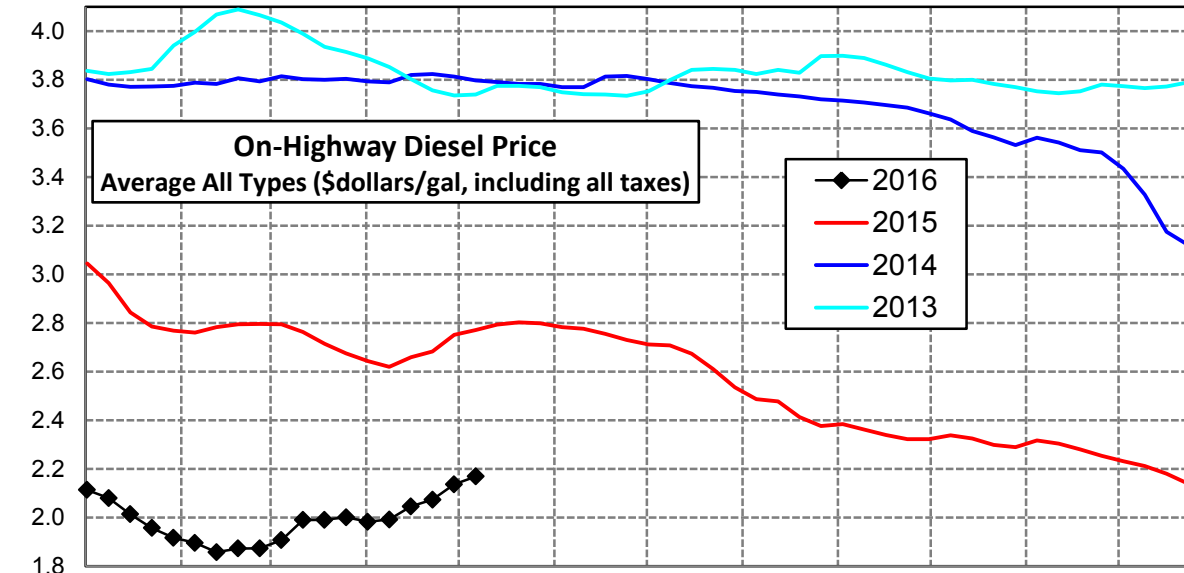
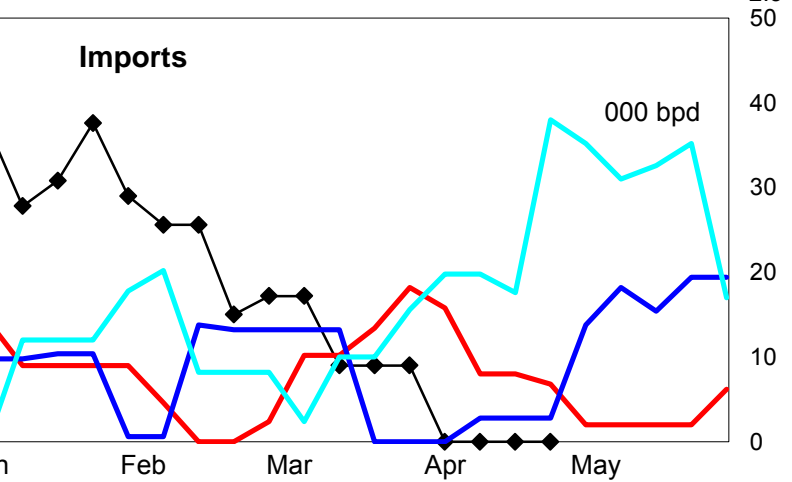
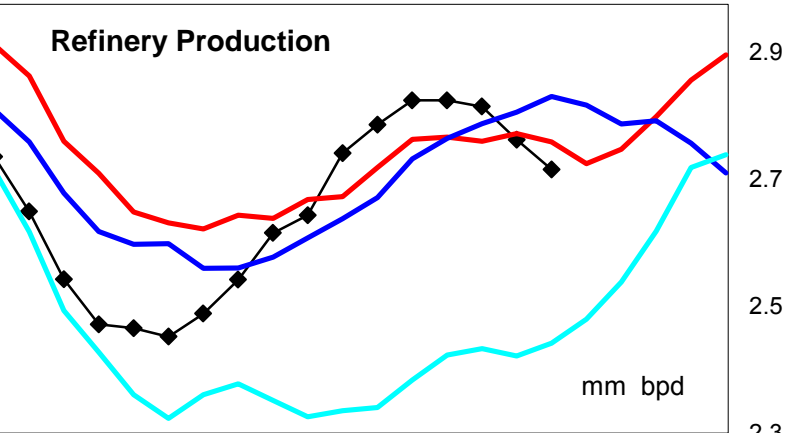
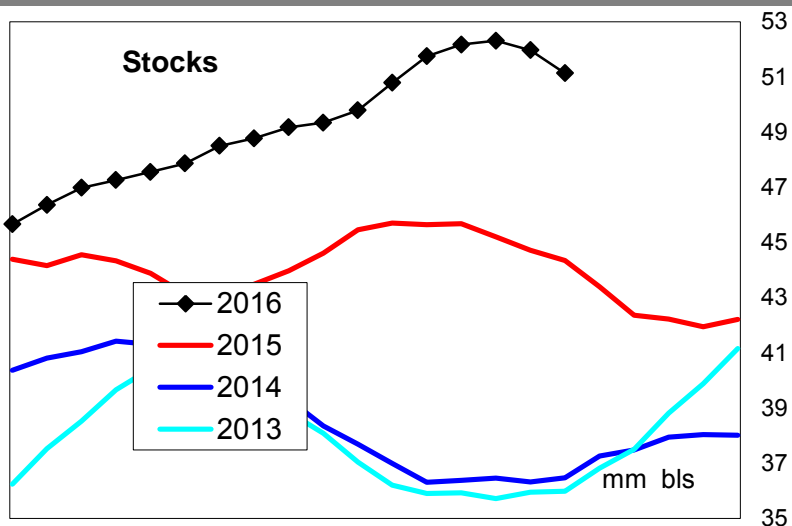
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr16	25Apr16	02May16	09May16	
Midwest	\$2.112	\$2.156	\$2.232	\$2.265	\$0.033
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



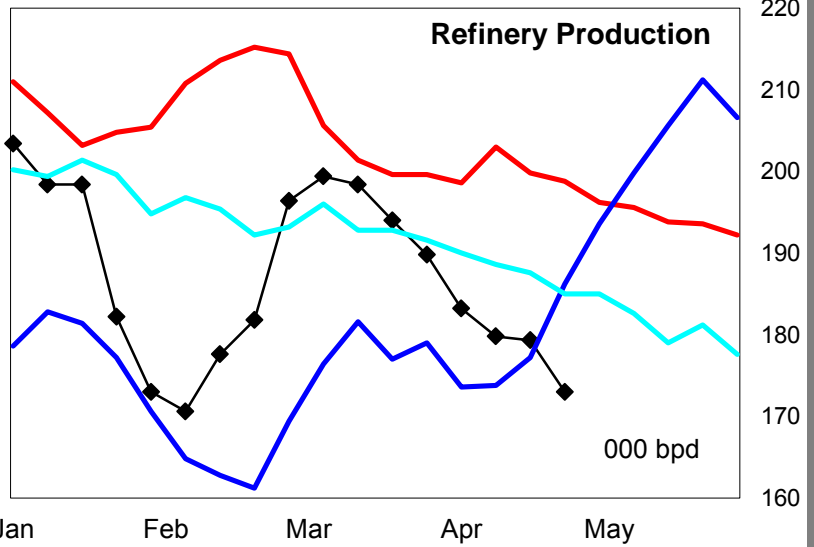
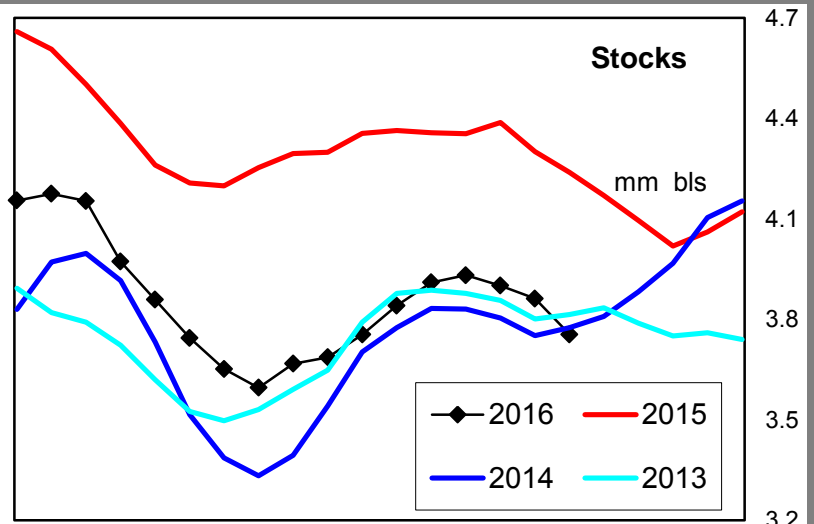
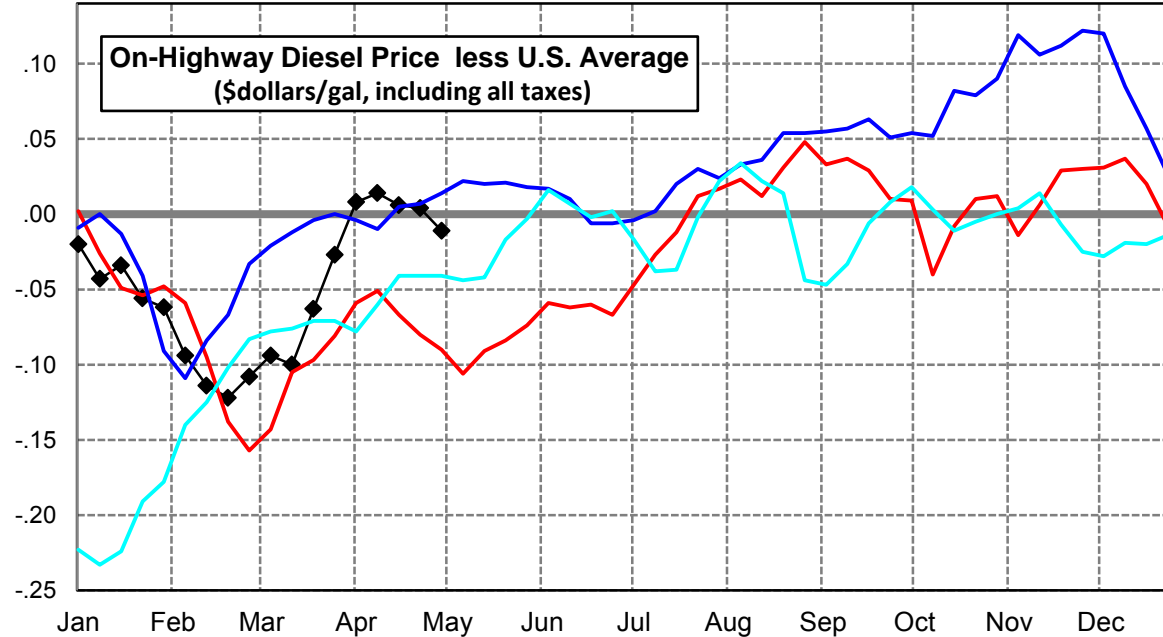
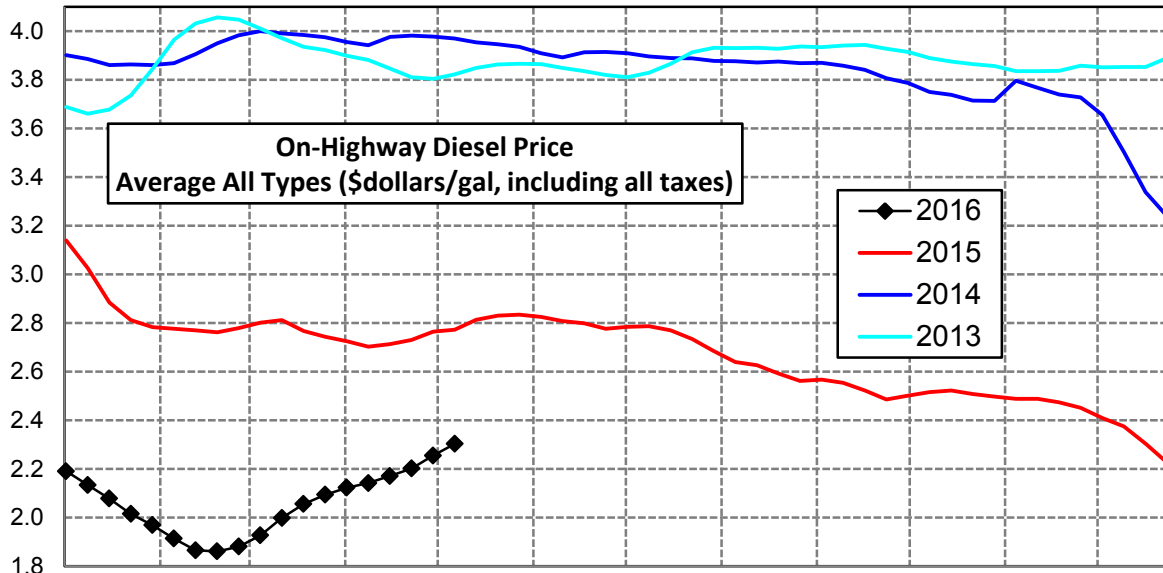
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr16	25Apr16	02May16	09May16	
Gulf Coast	\$2.046	\$2.074	\$2.137	\$2.169	\$0.032
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



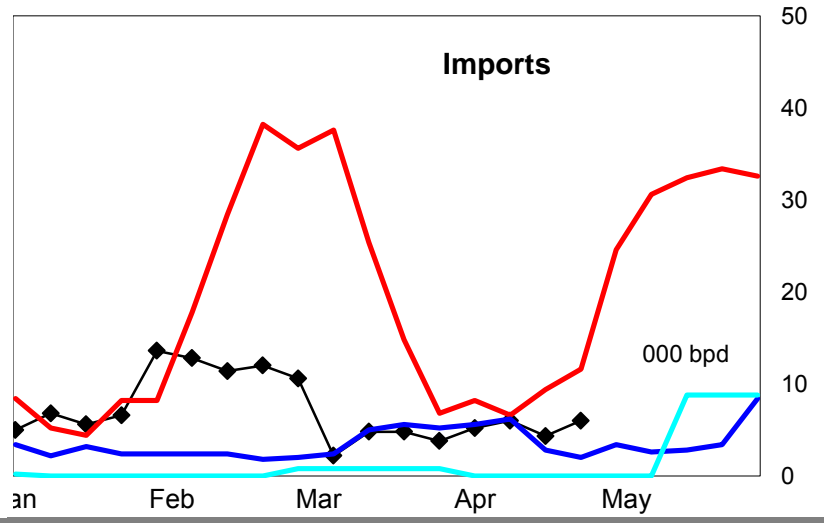
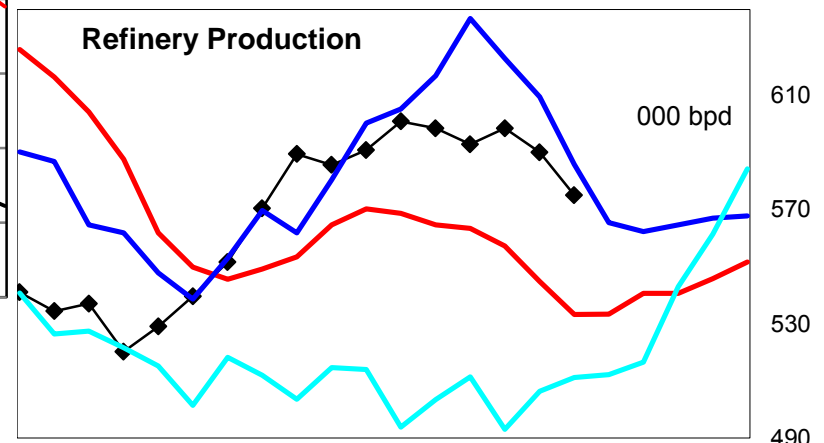
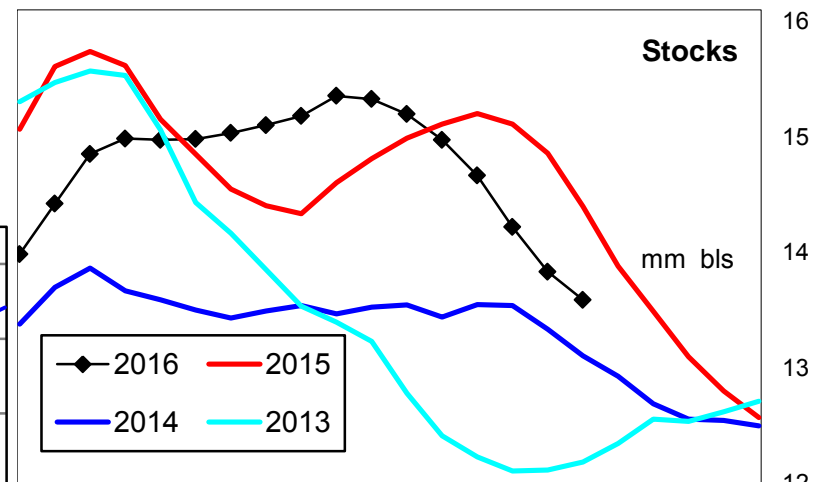
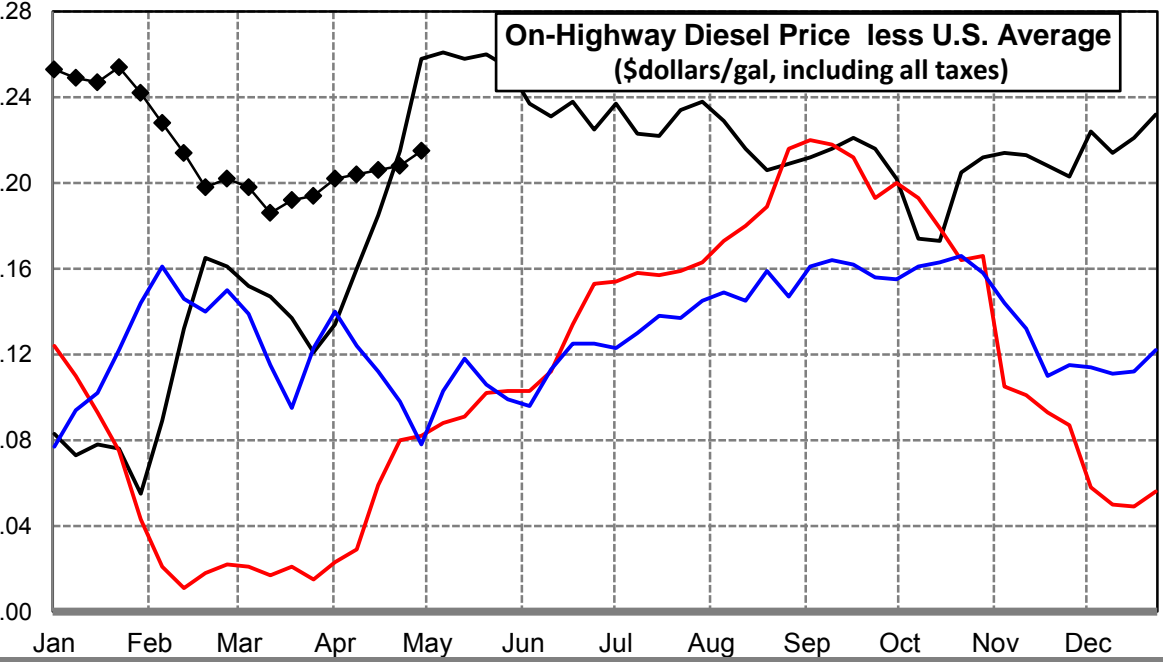
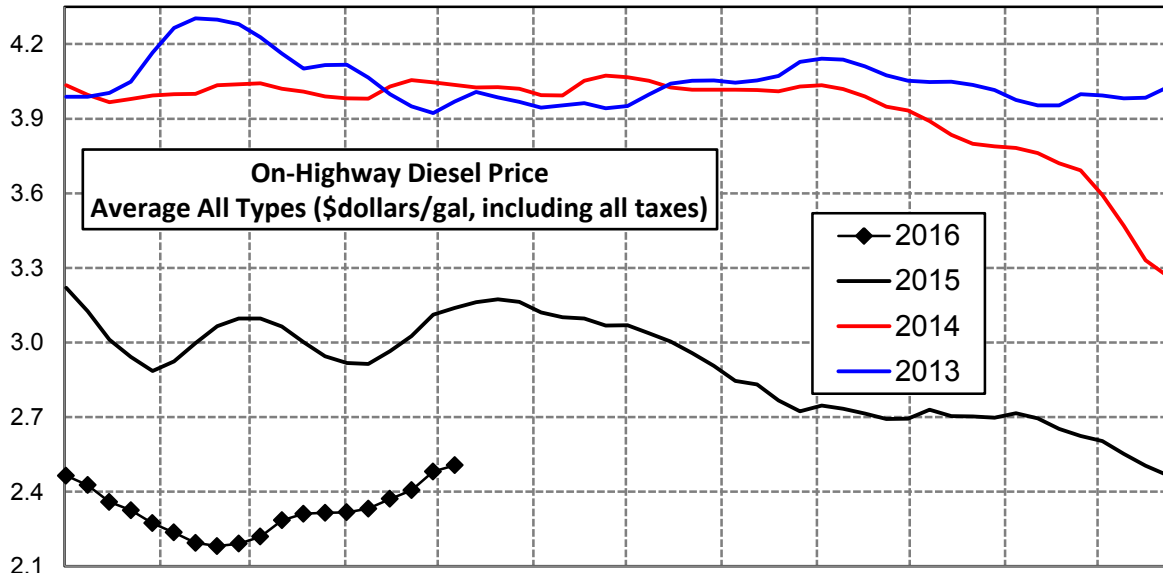
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr16	25Apr16	02May16	09May16	
Rocky Mountain	\$2.171	\$2.202	\$2.255	\$2.303	\$0.048
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



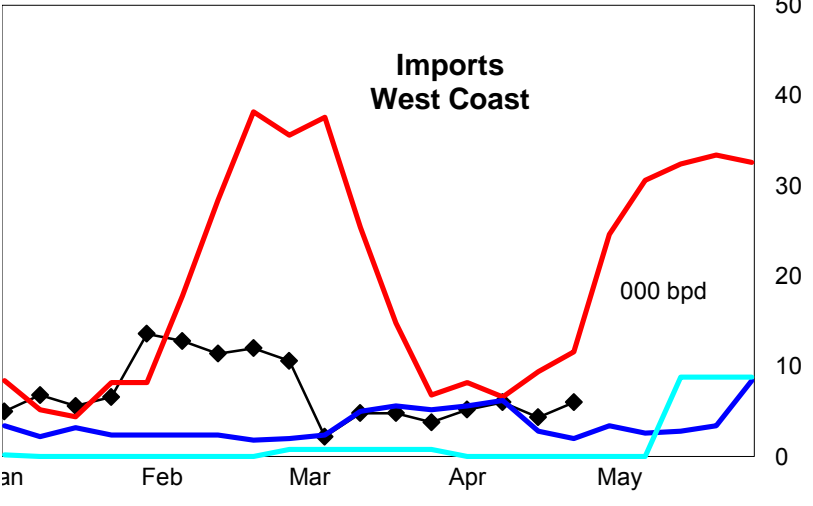
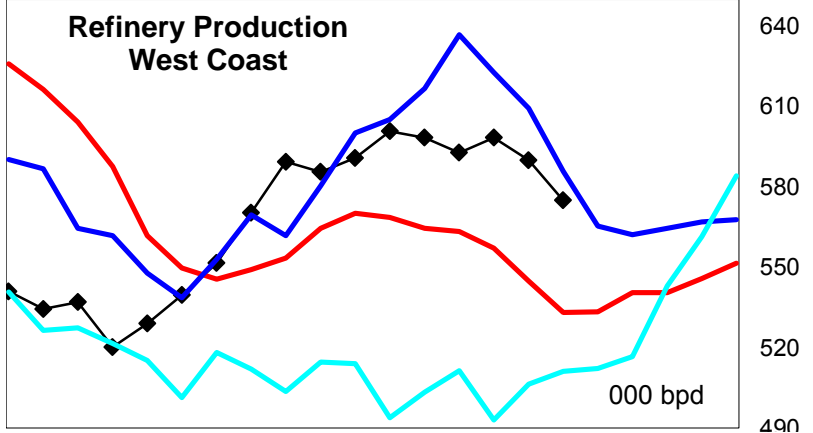
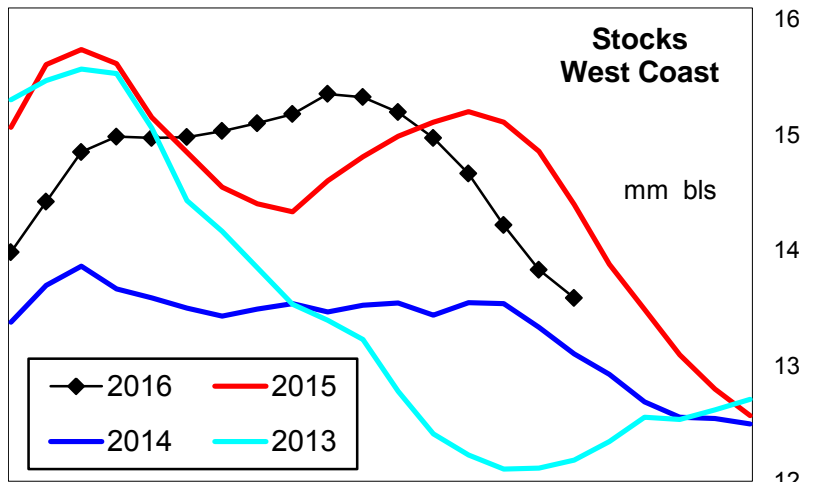
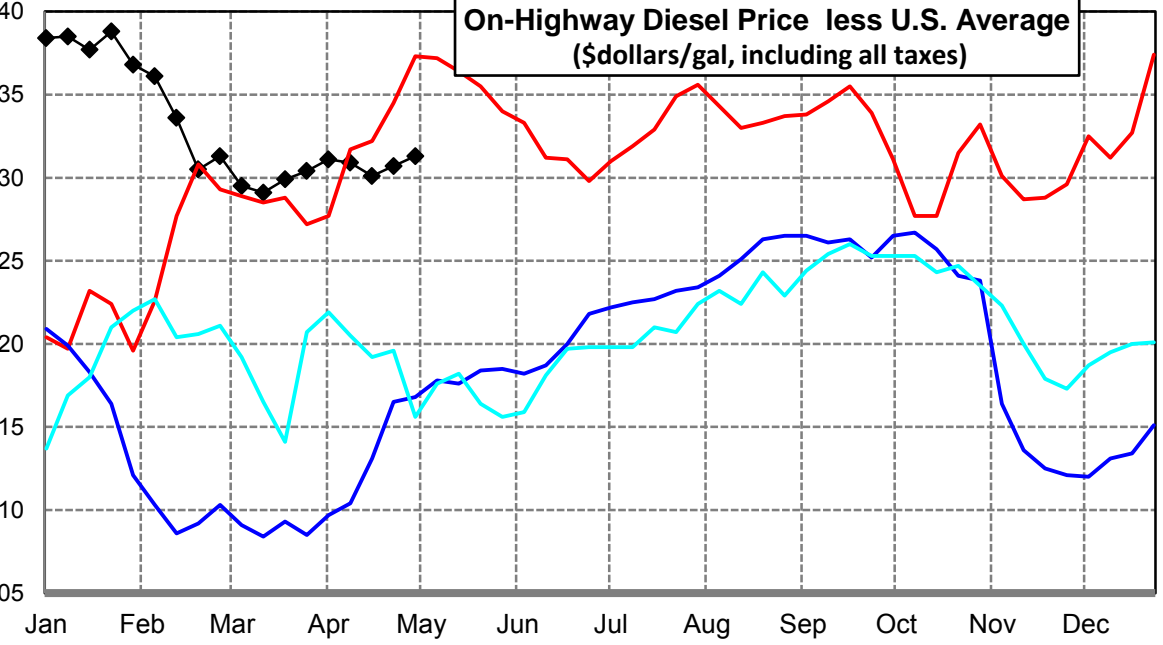
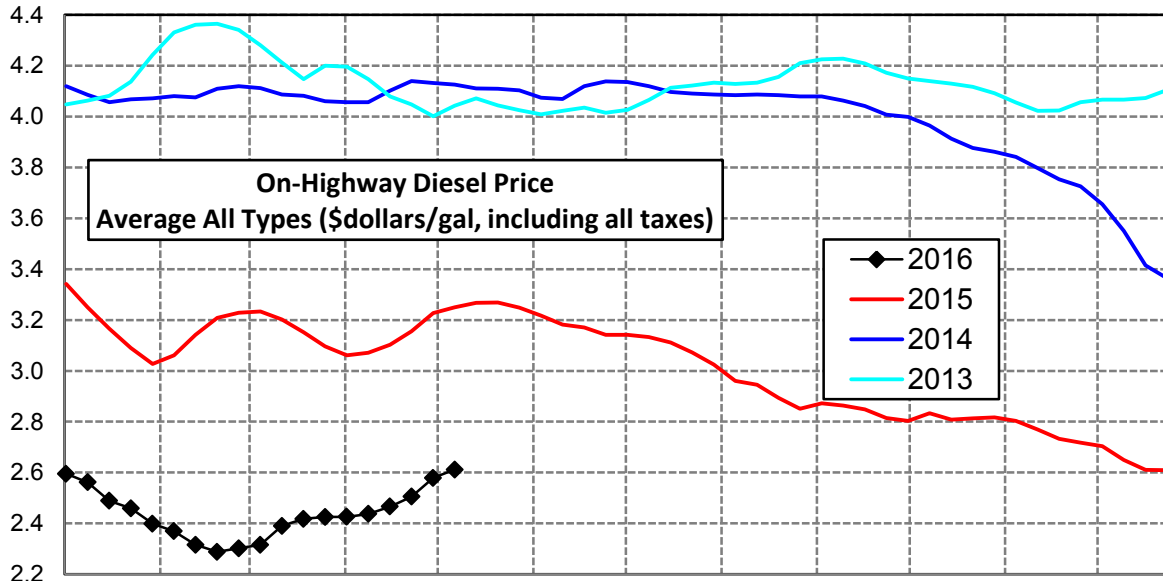
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	18Apr16	25Apr16	02May16	09May16	
West Coast	\$2.371	\$2.406	\$2.481	\$2.506	\$0.025
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
	18Apr16	25Apr16	02May16	09May16	
California	\$2.466	\$2.505	\$2.579	\$2.612	\$0.033
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-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	2.770	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	2.640	2.846	2.960
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	2.556	2.554	2.578	2.661	2.469	2.634	2.339	2.516	2.730	2.833
Mon-19-Oct-15	2.531	2.524	2.562	2.642	2.427	2.600	2.325	2.523	2.704	2.808
Mon-26-Oct-15	2.498	2.499	2.553	2.620	2.396	2.540	2.299	2.508	2.703	2.813
Mon-02-Nov-15	2.485	2.492	2.546	2.604	2.396	2.516	2.290	2.497	2.697	2.817
Mon-09-Nov-15	2.502	2.513	2.549	2.620	2.424	2.526	2.317	2.488	2.716	2.803
Mon-16-Nov-15	2.482	2.499	2.544	2.609	2.406	2.494	2.304	2.488	2.695	2.769
Mon-23-Nov-15	2.445	2.469	2.524	2.585	2.370	2.441	2.280	2.474	2.653	2.733
Mon-30-Nov-15	2.421	2.455	2.527	2.567	2.355	2.411	2.254	2.451	2.624	2.717
Mon-07-Dec-15	2.379	2.413	2.515	2.542	2.295	2.348	2.232	2.410	2.603	2.704
Mon-14-Dec-15	2.338	2.372	2.453	2.501	2.258	2.294	2.212	2.375	2.552	2.650
Mon-21-Dec-15	2.284	2.318	2.397	2.438	2.210	2.227	2.181	2.304	2.505	2.611
Mon-28-Dec-15	2.235	2.279	2.365	2.412	2.161	2.163	2.140	2.227	2.467	2.609
Mon-04-Jan-16	2.211	2.260	2.344	2.391	2.143	2.130	2.114	2.191	2.464	2.595
Mon-11-Jan-16	2.177	2.229	2.335	2.350	2.116	2.096	2.080	2.134	2.426	2.562
Mon-18-Jan-16	2.112	2.174	2.277	2.305	2.054	2.023	2.014	2.078	2.359	2.489
Mon-25-Jan-16	2.071	2.140	2.240	2.264	2.025	1.987	1.957	2.015	2.325	2.459
Mon-01-Feb-16	2.031	2.111	2.219	2.239	1.992	1.941	1.917	1.969	2.273	2.399
Mon-08-Feb-16	2.008	2.087	2.201	2.224	1.959	1.929	1.896	1.914	2.236	2.369
Mon-15-Feb-16	1.980	2.069	2.183	2.197	1.947	1.908	1.858	1.866	2.194	2.316
Mon-22-Feb-16	1.983	2.059	2.160	2.184	1.944	1.921	1.873	1.861	2.181	2.288
Mon-29-Feb-16	1.989	2.054	2.154	2.171	1.945	1.937	1.874	1.881	2.191	2.302
Mon-07-Mar-16	2.021	2.077	2.147	2.188	1.979	1.983	1.907	1.927	2.219	2.316
Mon-14-Mar-16	2.099	2.153	2.204	2.249	2.070	2.065	1.990	1.999	2.285	2.390
Mon-21-Mar-16	2.119	2.172	2.228	2.280	2.079	2.090	1.991	2.056	2.311	2.418
Mon-28-Mar-16	2.121	2.179	2.241	2.292	2.081	2.077	2.001	2.094	2.315	2.425
Mon-04-Apr-16	2.115	2.179	2.243	2.296	2.077	2.065	1.983	2.123	2.317	2.426
Mon-11-Apr-16	2.128	2.187	2.237	2.301	2.090	2.082	1.992	2.142	2.332	2.437
Mon-18-Apr-16	2.165	2.220	2.287	2.325	2.126	2.112	2.046	2.171	2.371	2.466
Mon-25-Apr-16	2.198	2.244	2.291	2.343	2.159	2.156	2.074	2.202	2.406	2.505
Mon-02-May-16	2.266	2.306	2.334	2.396	2.232	2.232	2.137	2.255	2.481	2.579
Mon-09-May-16	2.304	2.343	2.378	2.431	2.256	2.265	2.169	2.303	2.506	2.612
Mon-16-May-16										
Mon-23-May-16										
Mon-30-May-16										

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.