



# RETAIL DIESEL FUEL OUTLOOK

## A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Tuesday, September 13, 2016

Region	Weekly Retail On-Highway Diesel Prices				Change from week ago
	Actual Price 1/	Forecast 2/	12Sep16	19Sep16	
U.S.	2.409	2.407	2.399	2.407	0.008
East Coast	2.410	2.408	2.399	2.407	0.008
New England	2.423	2.420	2.410	2.415	0.005
Central Atlantic	2.496	2.499	2.495	2.506	0.011
Lower Atlantic	2.341	2.335	2.323	2.335	0.012
Midwest	2.391	2.387	2.376	2.382	0.006
Gulf Coast	2.269	2.264	2.256	2.257	0.001
Rocky Mountain	2.476	2.493	2.489	2.501	0.012
West Coast	2.658	2.664	2.666	2.674	0.008
California	2.741	2.746	2.756	2.764	0.008

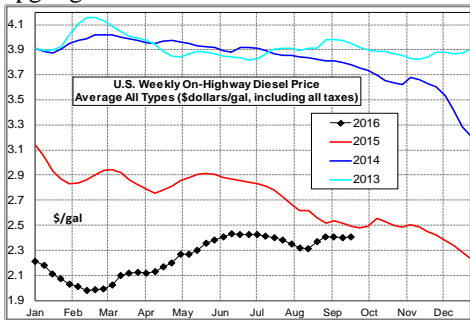
1/ Source: U.S. Energy Information Administration  
2/ Source: Fundamental Petroleum Trends Reports

the last 3-yrs in the Lower Atlantic and New England regions; driven by very high stock levels. The region average retail price compared to the U.S. average traded above the last 3-yrs in the Rockies and West Coast, driven by less over supply compared to regions East of the Rockies.

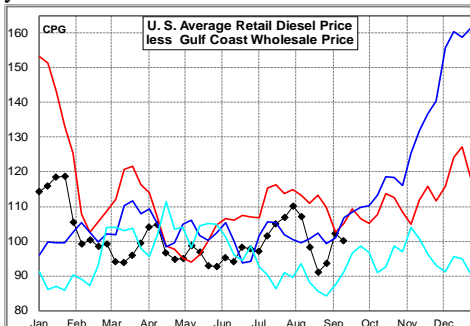
Gulf spot prices increased +2 cpg last week.

Gulf Spot prices ended the week at a level equal to a year ago for the period.

**Diesel Fuel Price Trends** U. S. retail diesel prices decreased -0.8 cpg last week. Prices were lower in most markets except the West Coast. The Lower Atlantic decreased -1.2 cpg while California was +1 cpg higher.

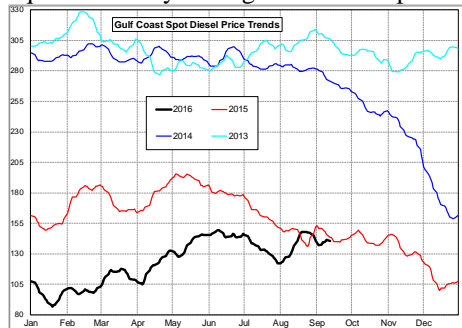


The U.S. average retail diesel price compared to the Gulf Coast wholesale market decreased -2 cpg on the week. The spread ended the week below the last 2-yrs.



The national average on-highway price ended the week -12 cpg below a year ago. The highest retail prices were in California at \$2.76/gal and the Central Atlantic at \$2.50/gal. The lowest prices were in the Gulf at \$2.26/gal.

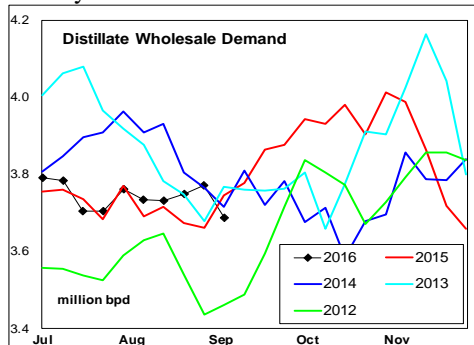
The region average retail price compared to the U.S. average was below



Look for the retail to wholesale price differential to increase further on weakness in wholesale distillate prices.

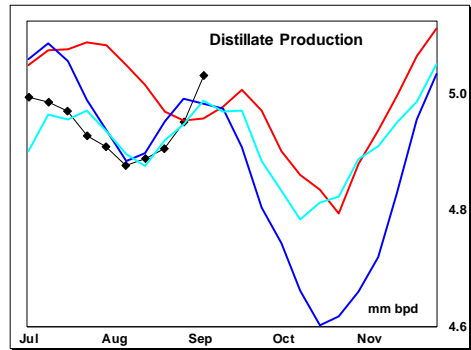
**Supply - Demand Fundamental Trends**

Distillate wholesale demand decreased -150,000 bpd last week, to a level below the last 3-yrs.

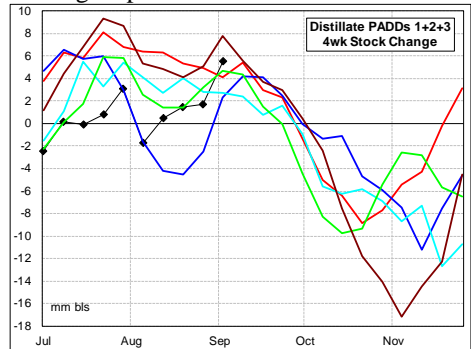


The latest 4-wk average wholesale demand compared to a year ago was unchanged.

Supply increased +38,000 bpd last week, the result of higher production. a sharp rebound in production, During the latest 4-wk period, production was +24,000 bpd above a year ago while imports +5,000 bpd higher.



Distillate stocks increased +3.4 million barrels last week, due to weather delays in loading ships on the Gulf.



The latest 4-wk stock change East of the Rockies was a +5.5 million barrel build, representing a build above the last 3-yrs for the period.

**Global Trends Driving Diesel Prices**

Refinery distillate output exceeded the last 3-yrs for the week, after being sharply lower during the last 2-quarters. This increase has led to the first above average rate of stock build east of the Rockies for the last 6-months.

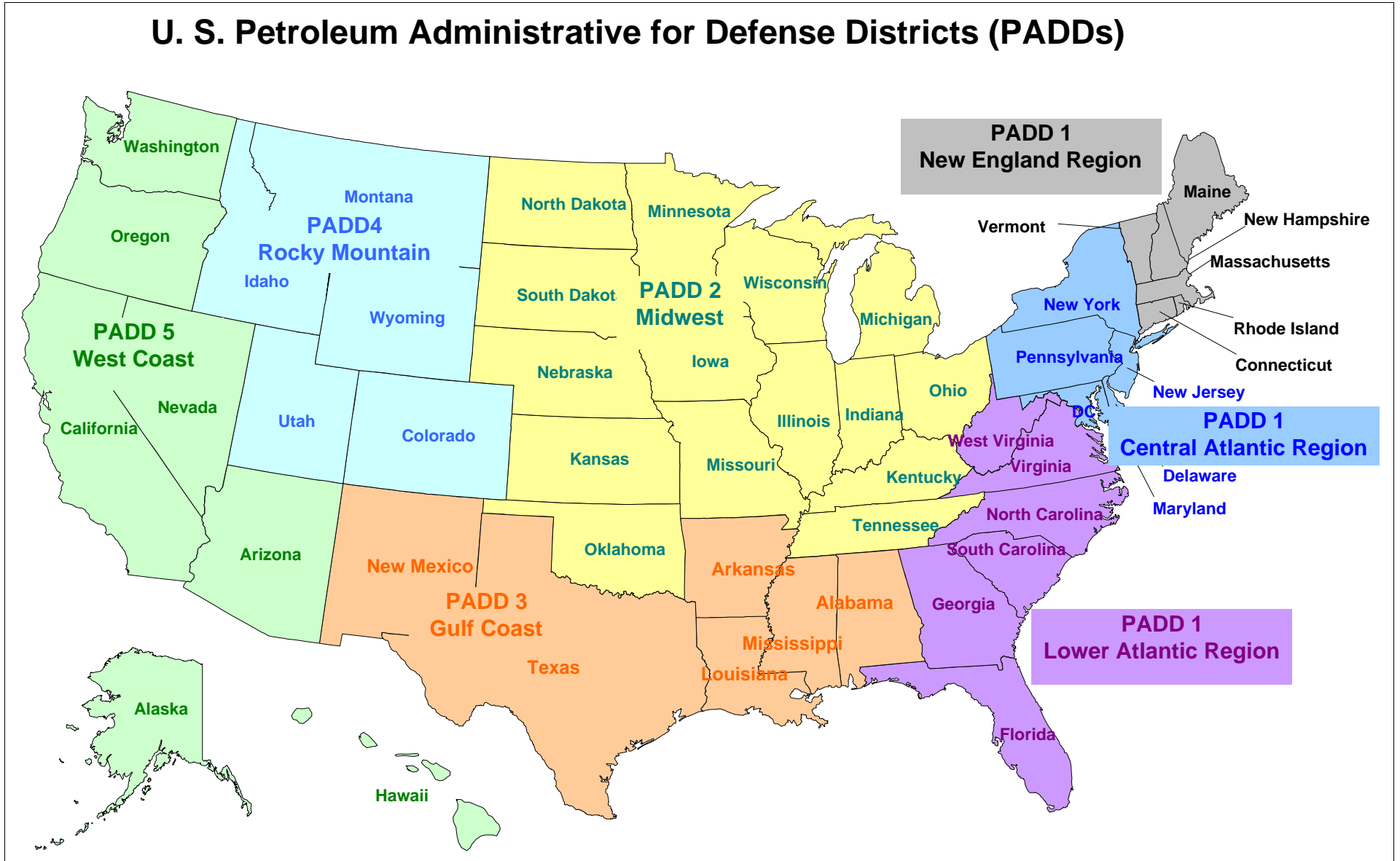
Weak global economic growth should continue to drive above average imports of distillate to the East and West Coasts. In the absence of weather disruptions on the Gulf, most distillate markets should remain over supplied during the next quarter.

**Diesel Price Outlook:**

The West Coast risk a period of oversupply on the surge in imports, that is due to planned fall refinery maintenance and increased exports by China into the Pacific Rim market.

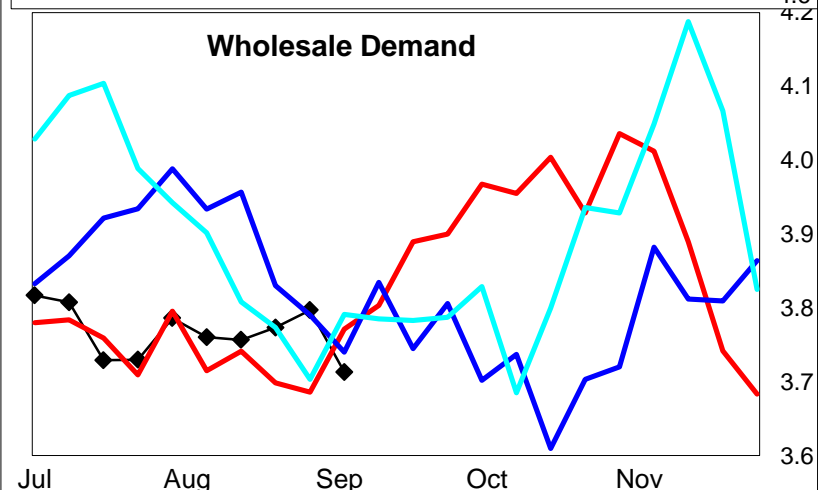
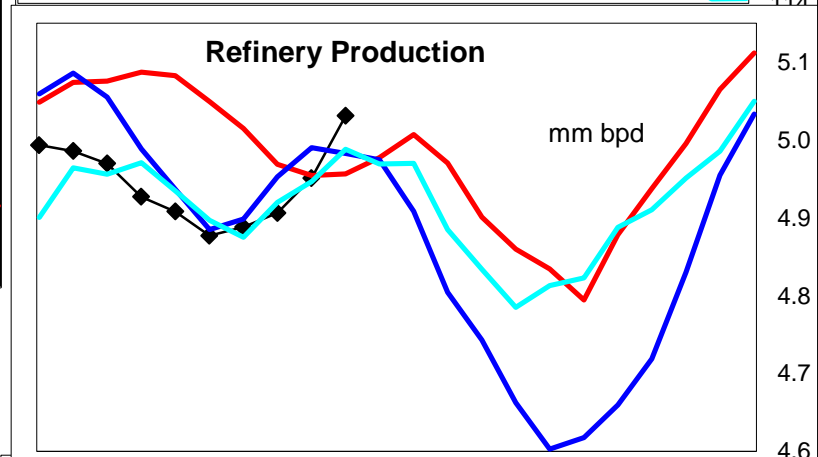
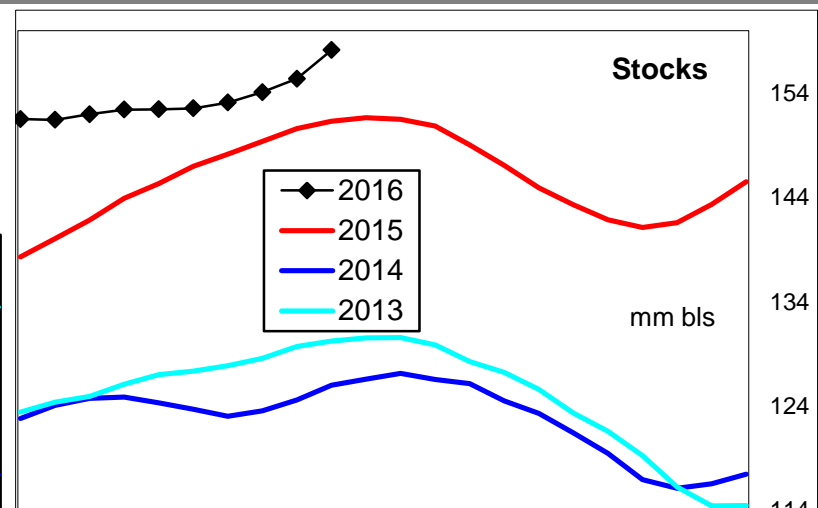
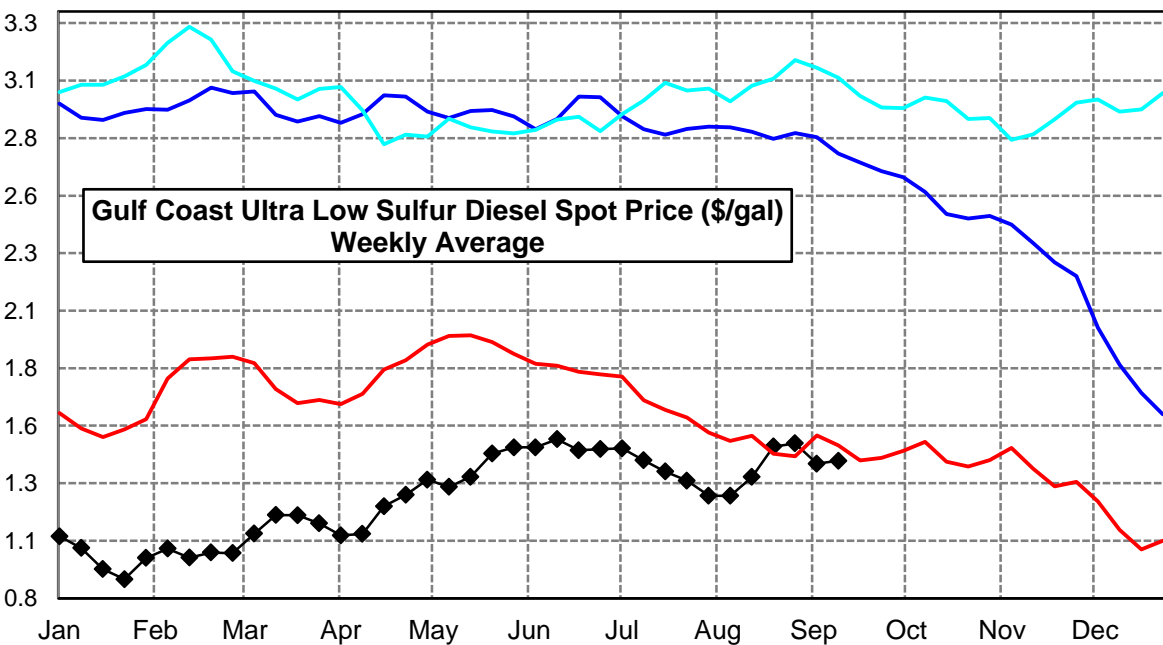
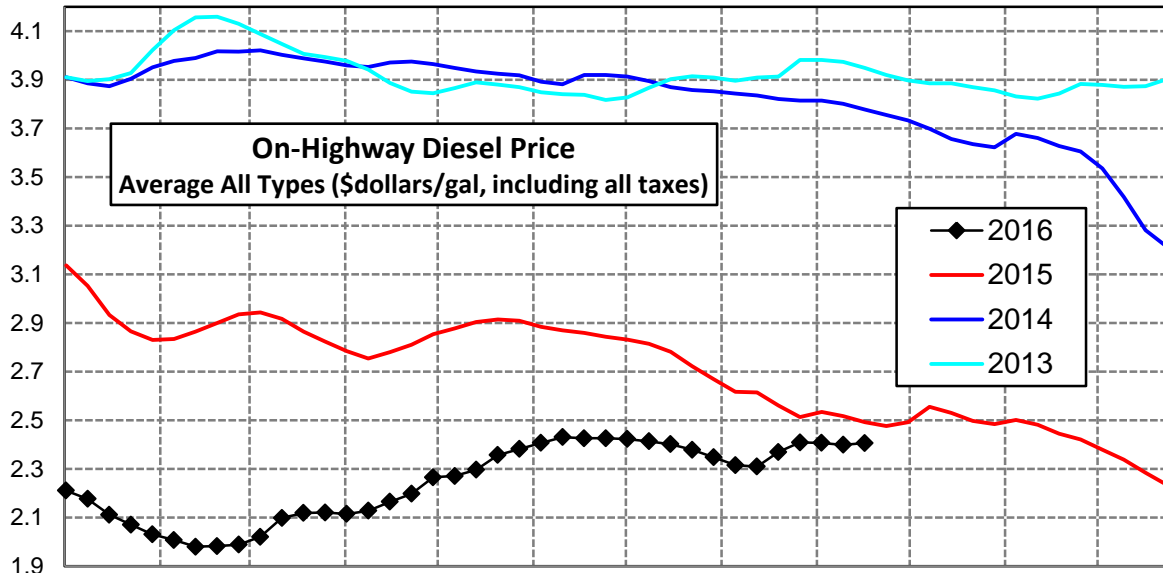
A seasonal build in crude oil stocks, all ready at record highs, risk price weakness for distillate during the next quarter.

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



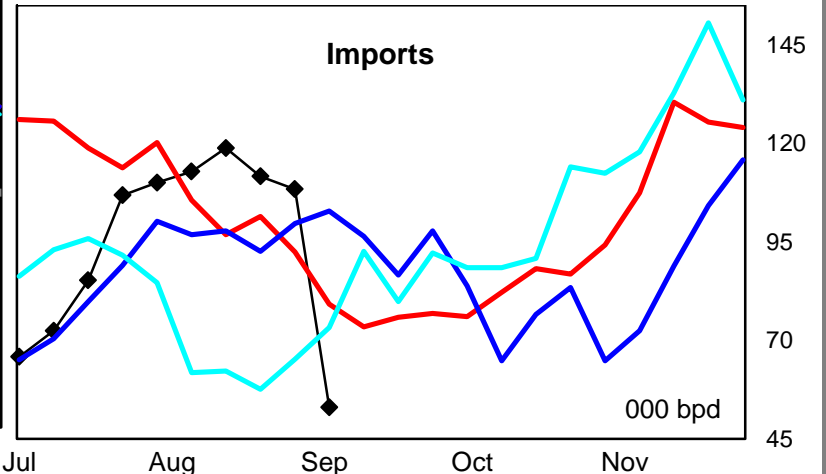
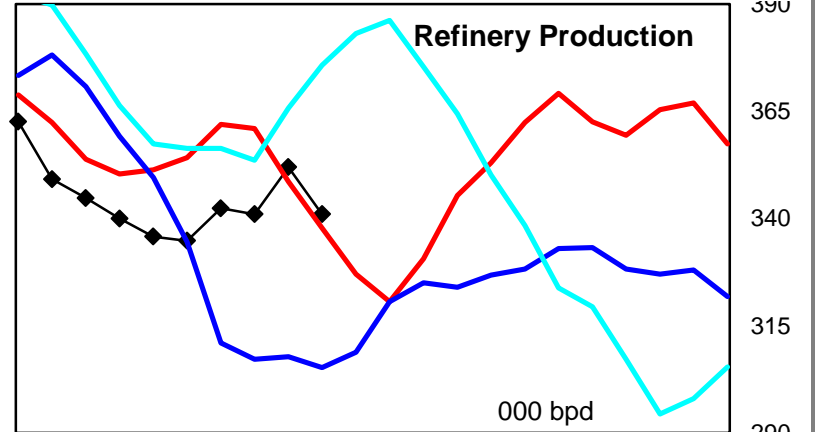
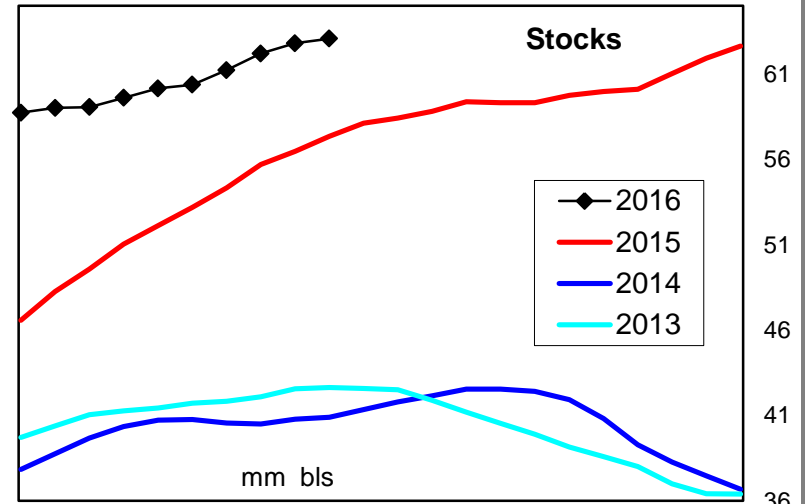
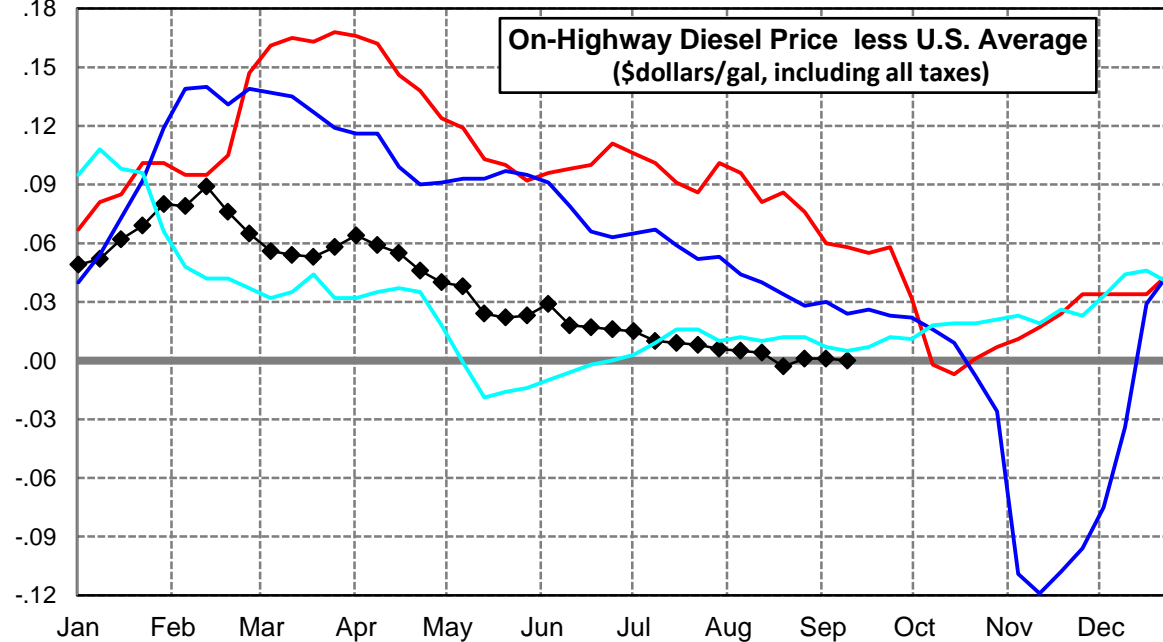
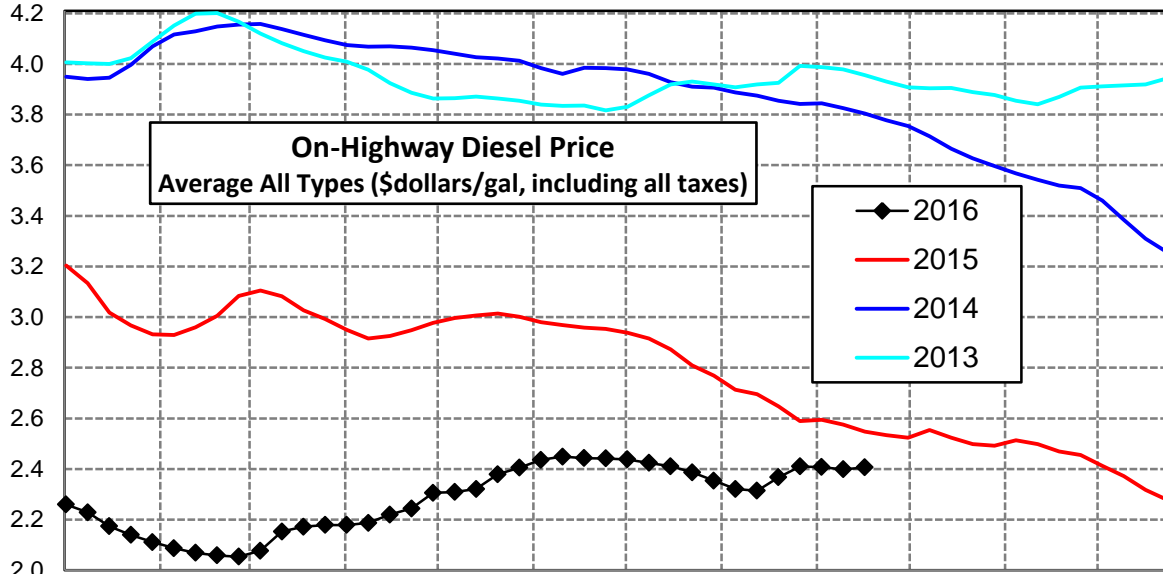
## U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Aug16	05Sep16	12Sep16	19Sep16	
<b>United States Avg</b>	\$2.409	\$2.407	\$2.399	<b>\$2.407</b>	\$0.008
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



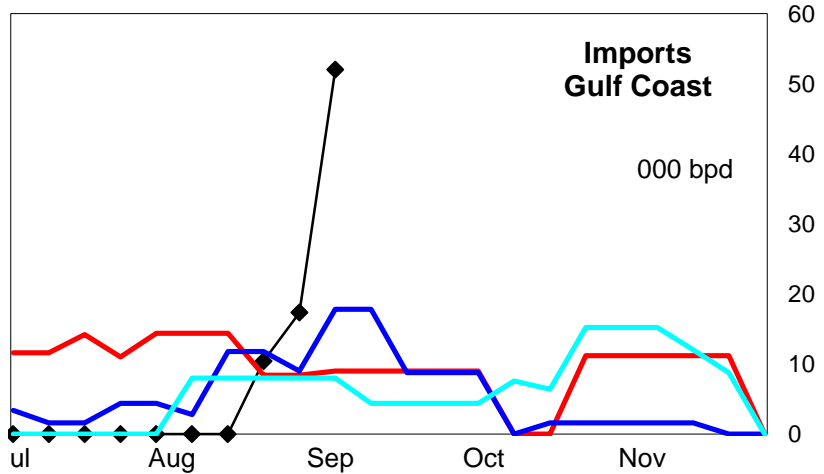
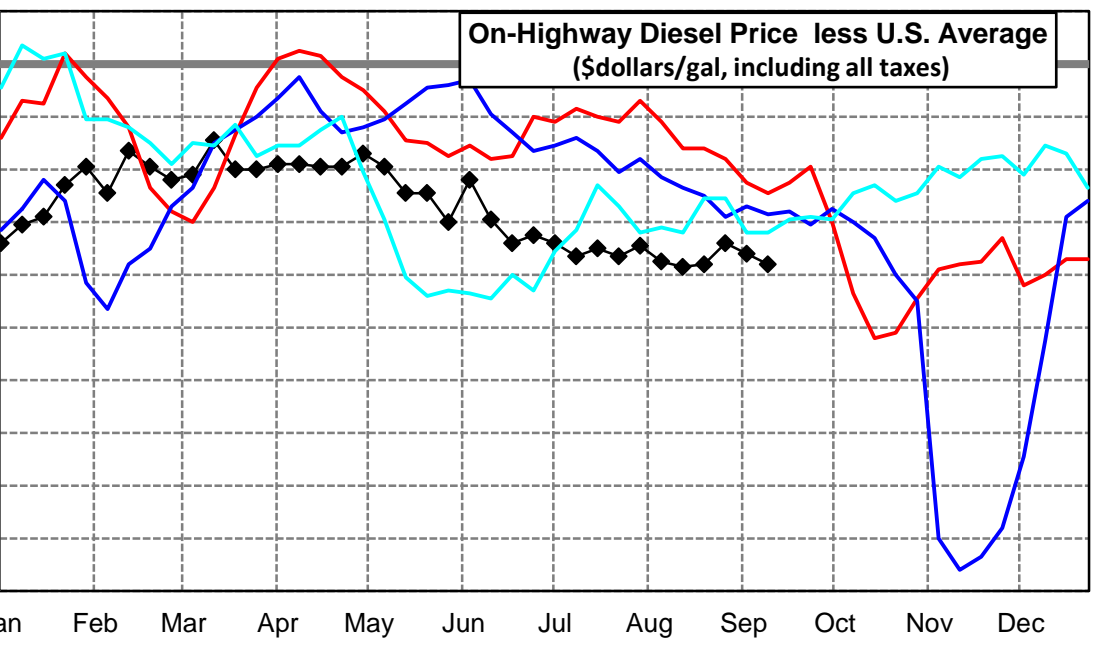
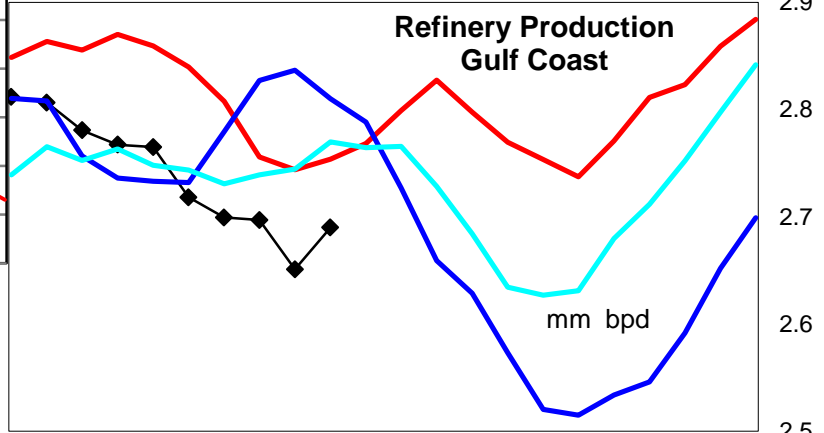
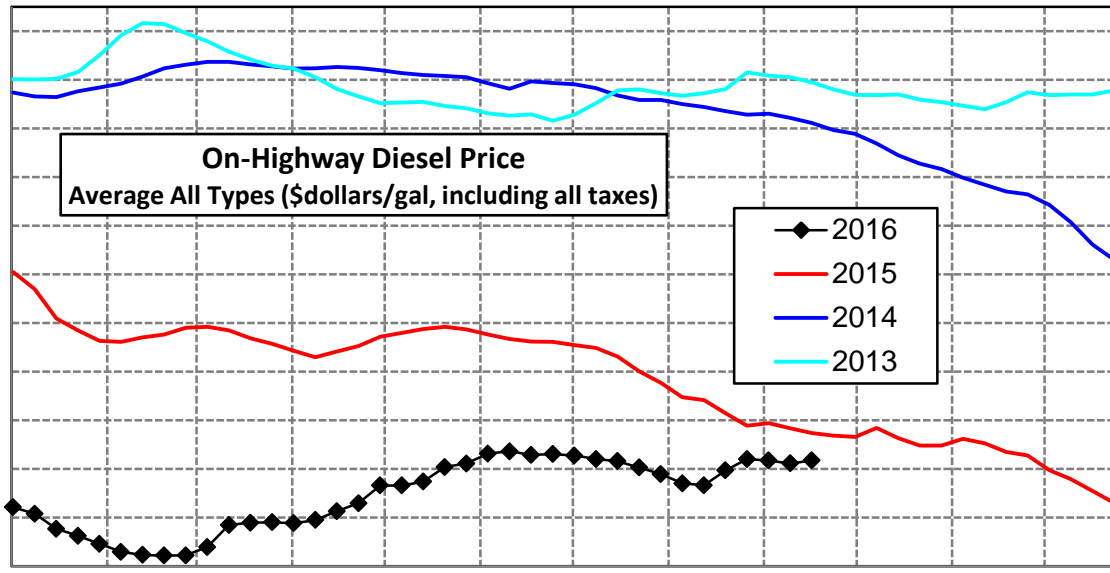
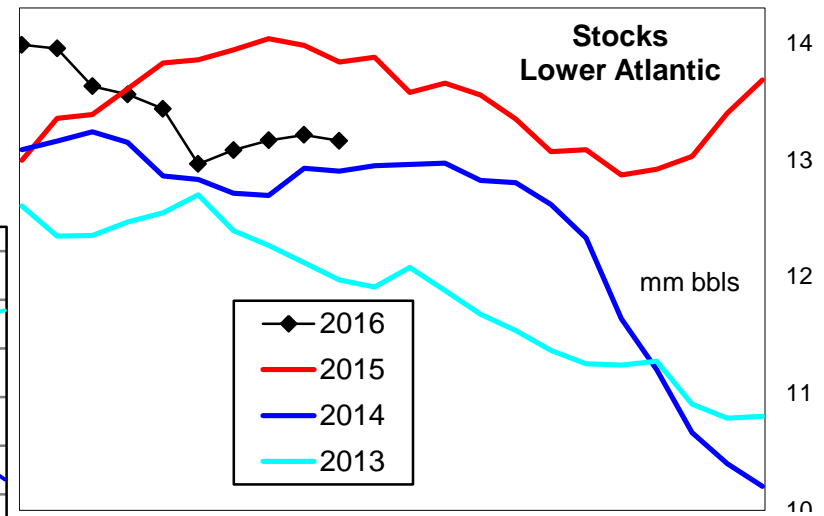
### East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Aug16	05Sep16	12Sep16	19Sep16	
<b>East Coast</b>	\$2.410	\$2.408	\$2.399	<b>\$2.407</b>	\$0.008
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



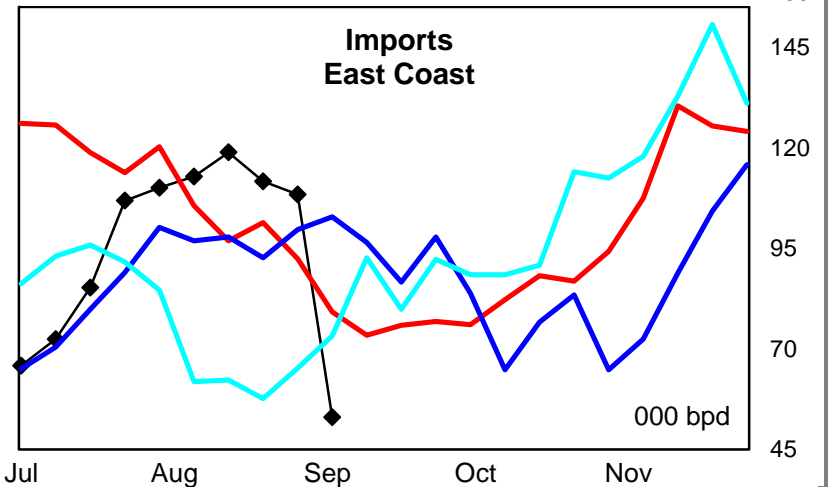
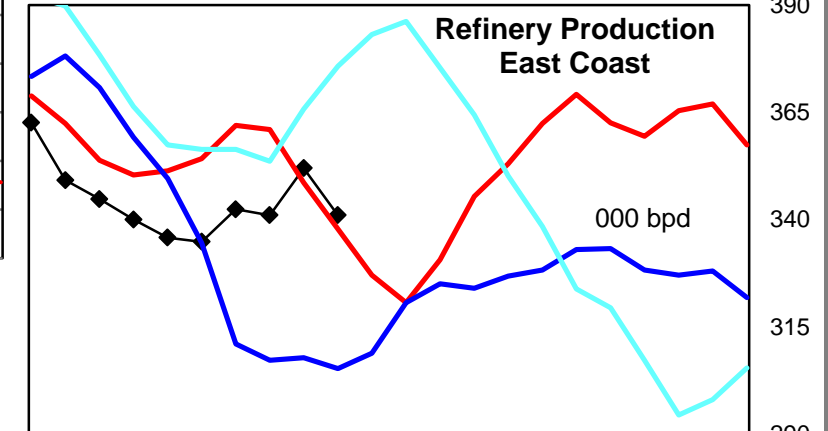
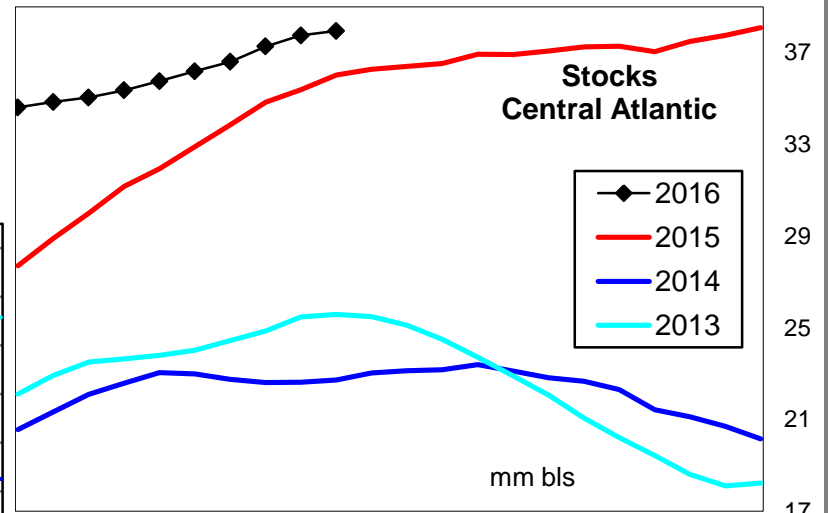
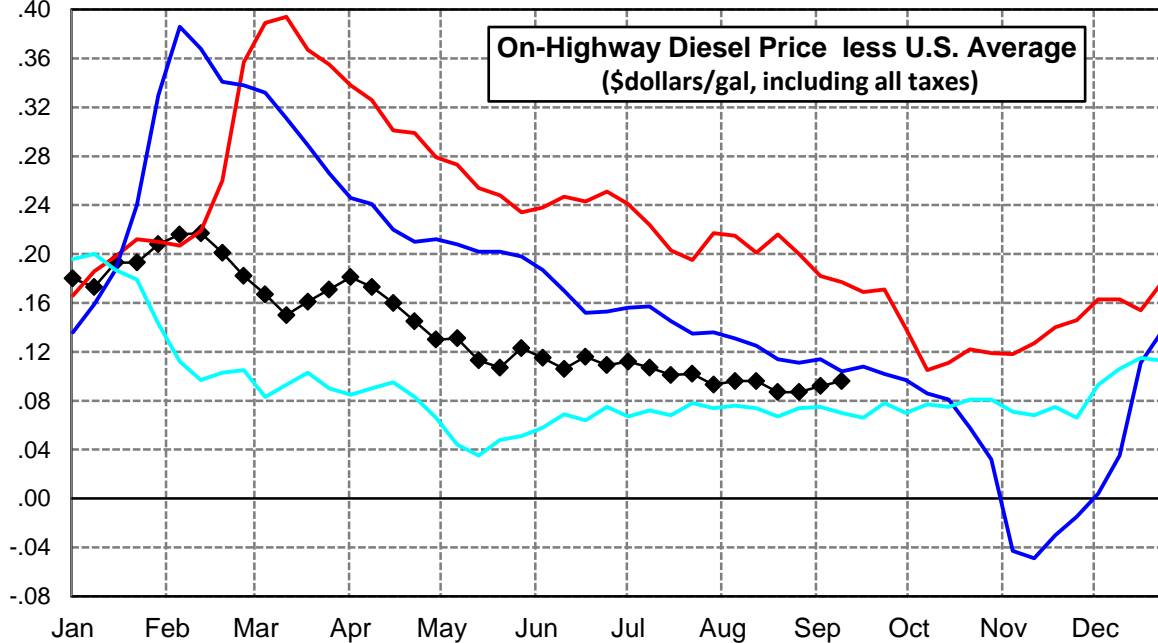
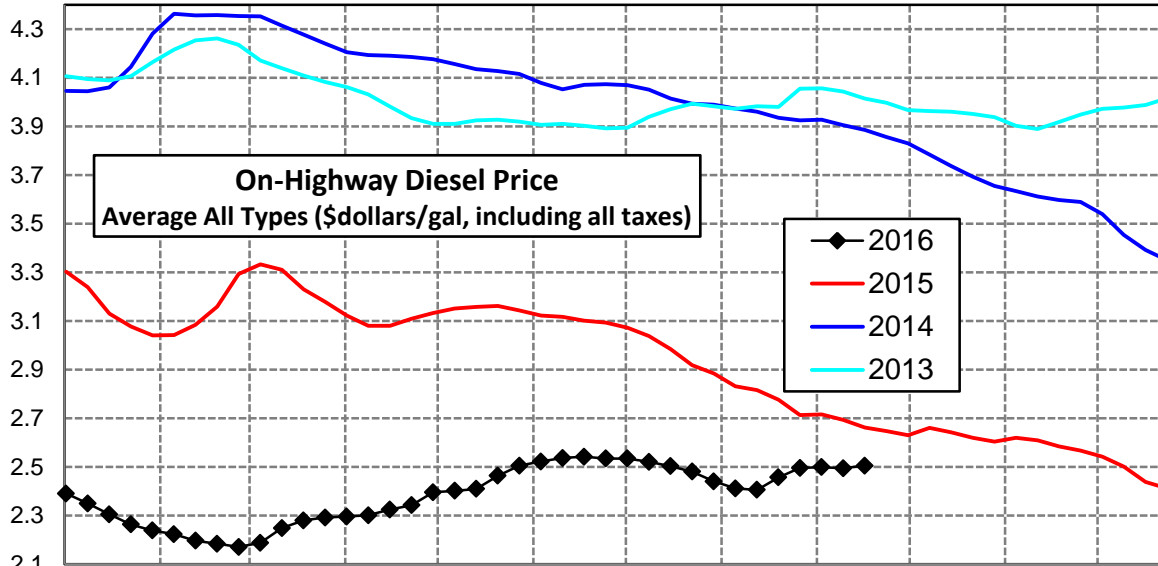
## Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Aug16	05Sep16	12Sep16	19Sep16	
<b>Lower Atlantic</b>	\$2.341	\$2.335	\$2.323	<b>\$2.335</b>	\$0.012
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



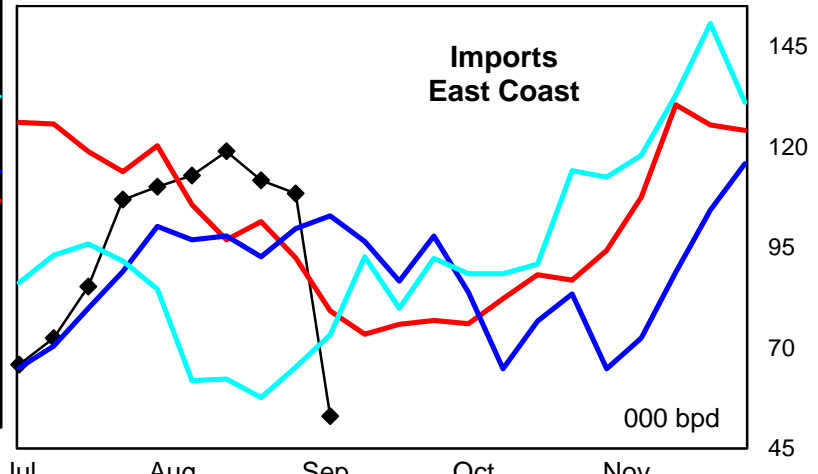
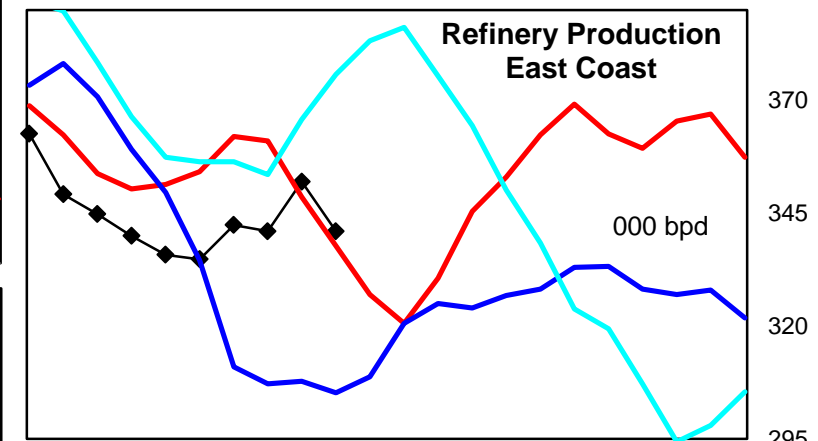
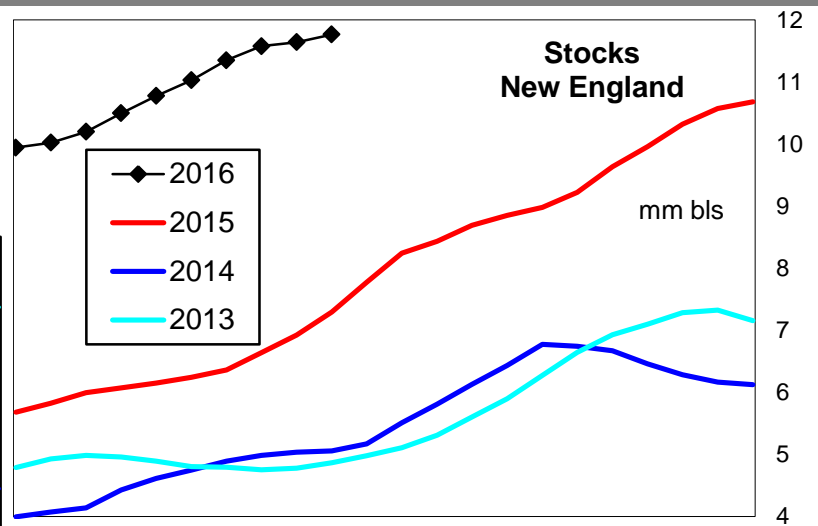
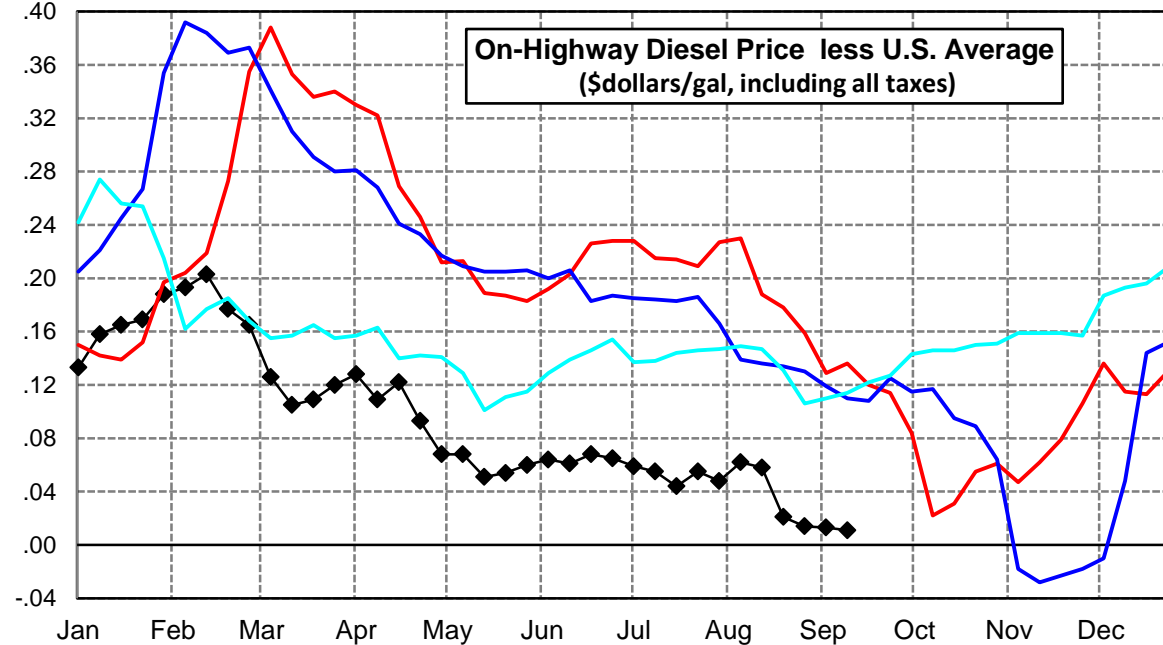
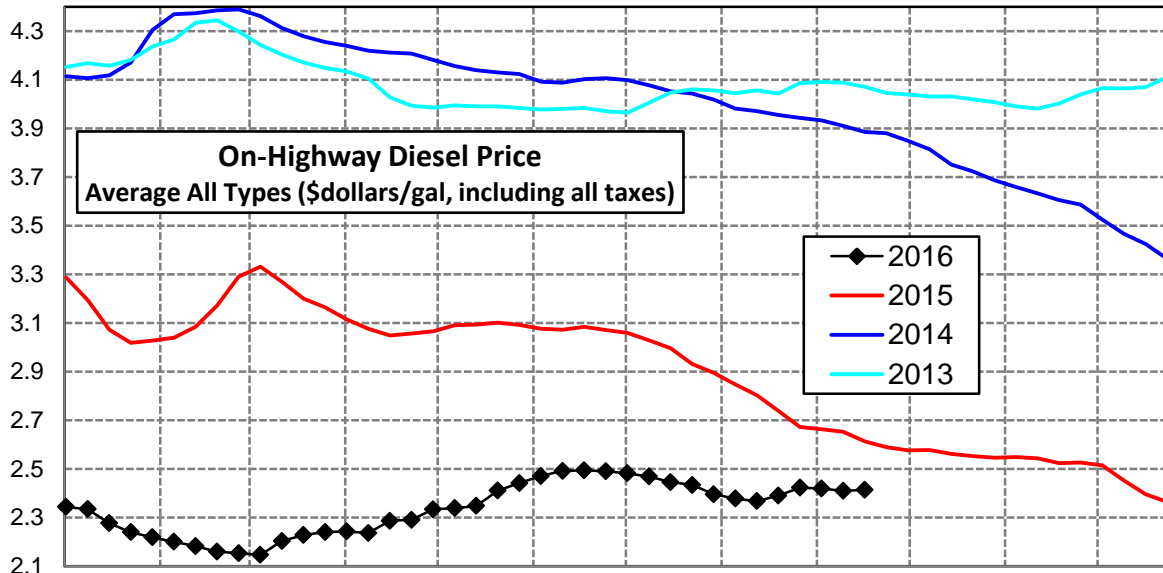
### Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Aug16	05Sep16	12Sep16	19Sep16	
<b>Central Atlantic</b>	\$2.496	\$2.499	\$2.495	<b>\$2.506</b>	\$0.011
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



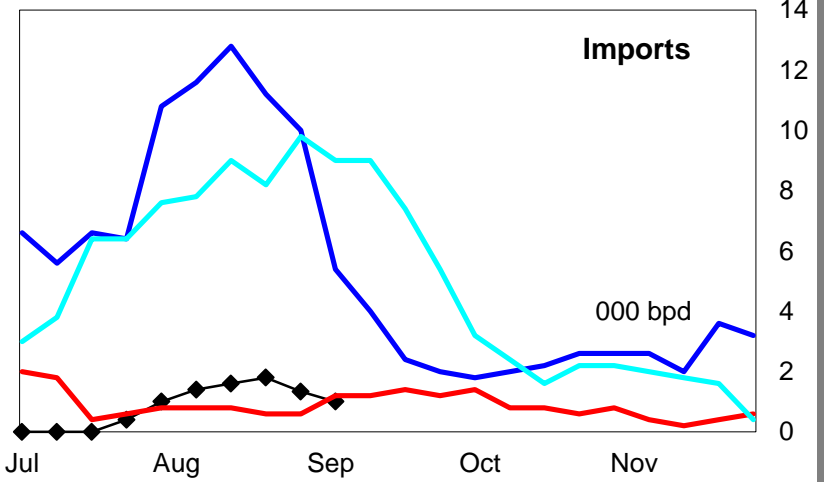
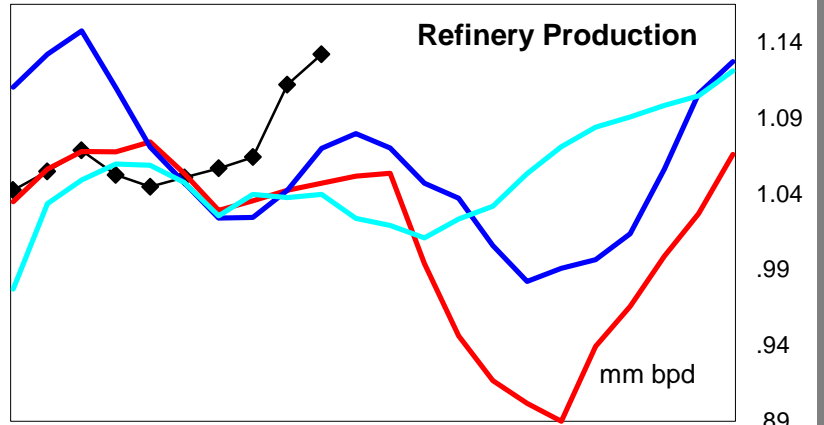
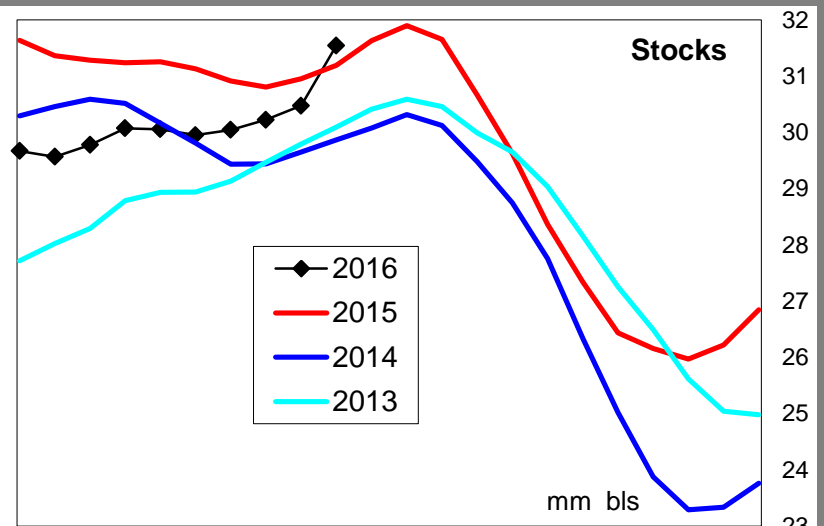
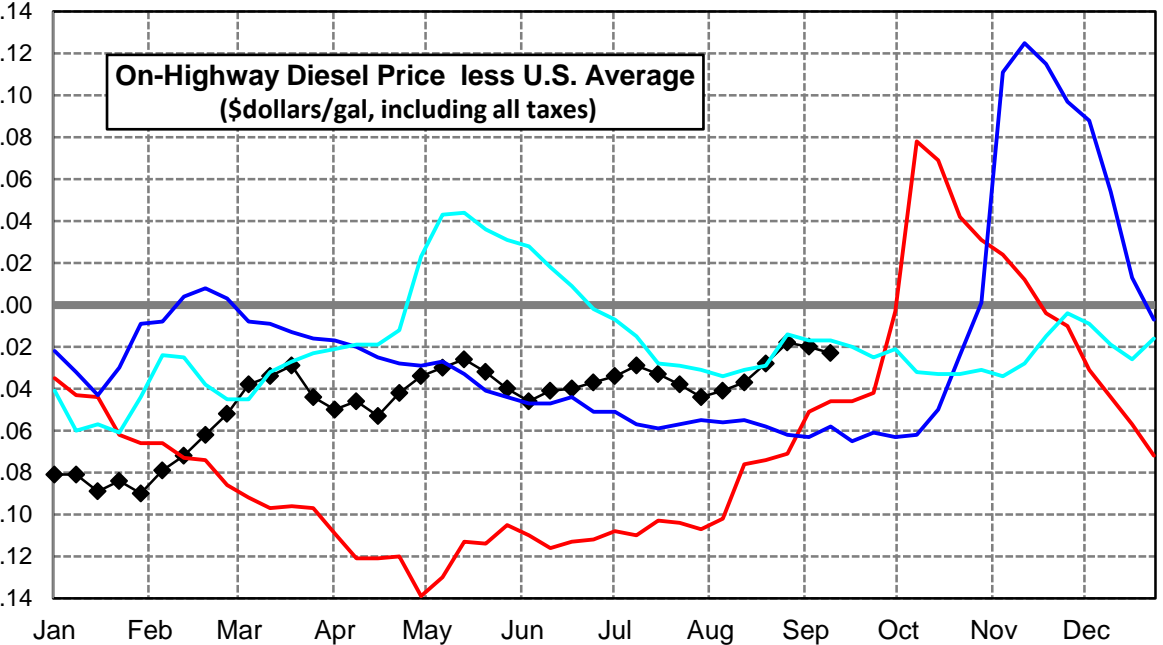
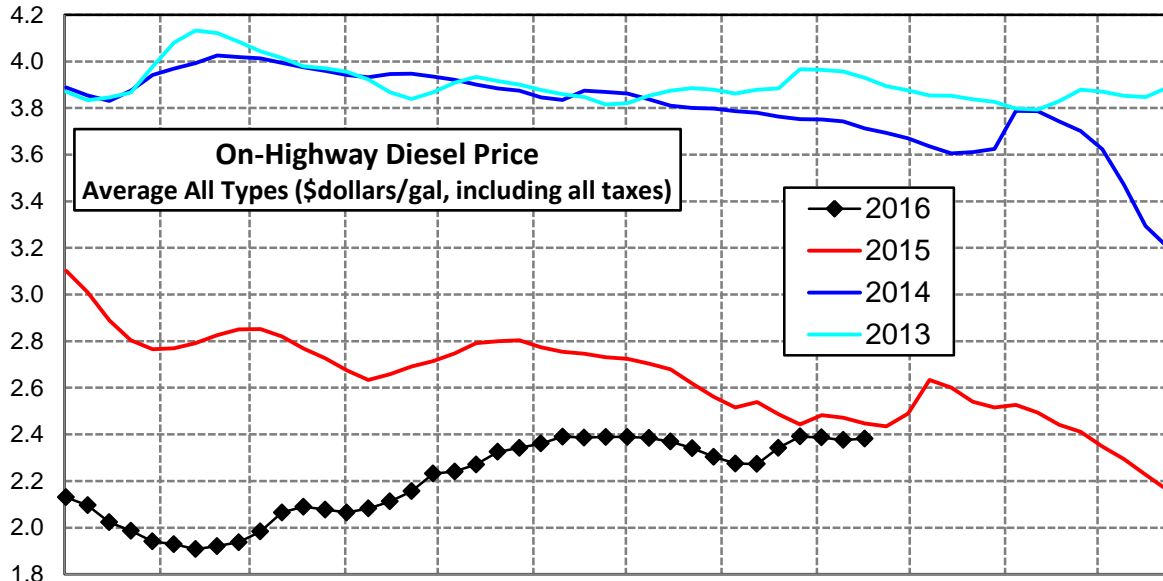
### New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Aug16	05Sep16	12Sep16	19Sep16	
<b>New England</b>	\$2.423	\$2.420	\$2.410	<b>\$2.415</b>	\$0.005
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

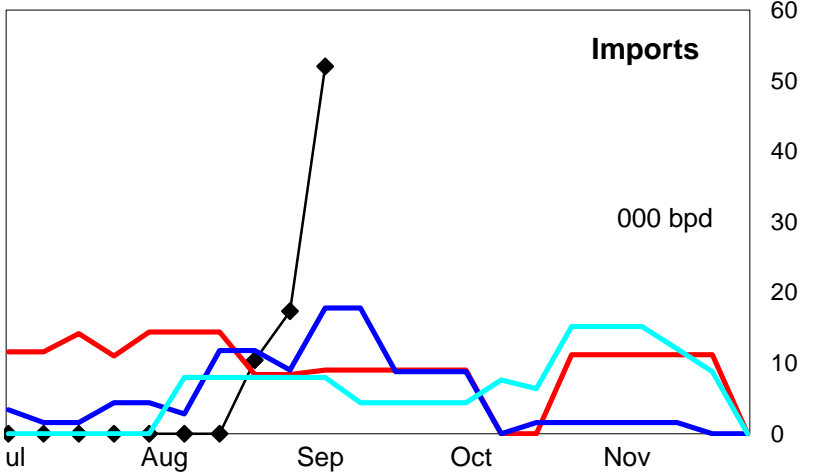
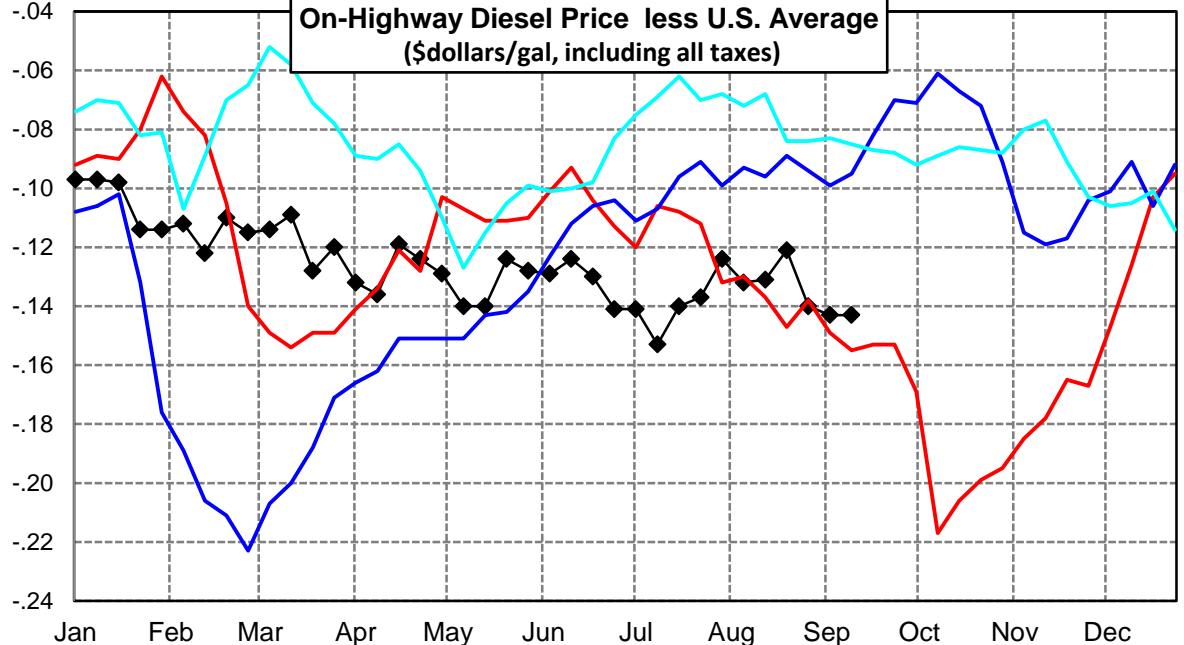
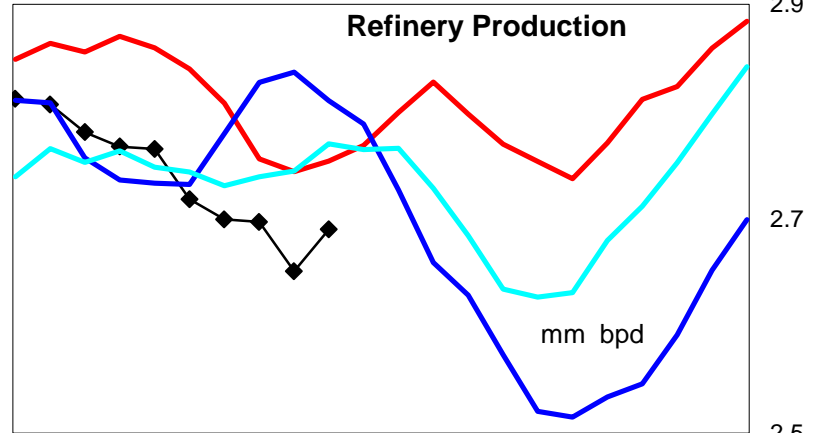
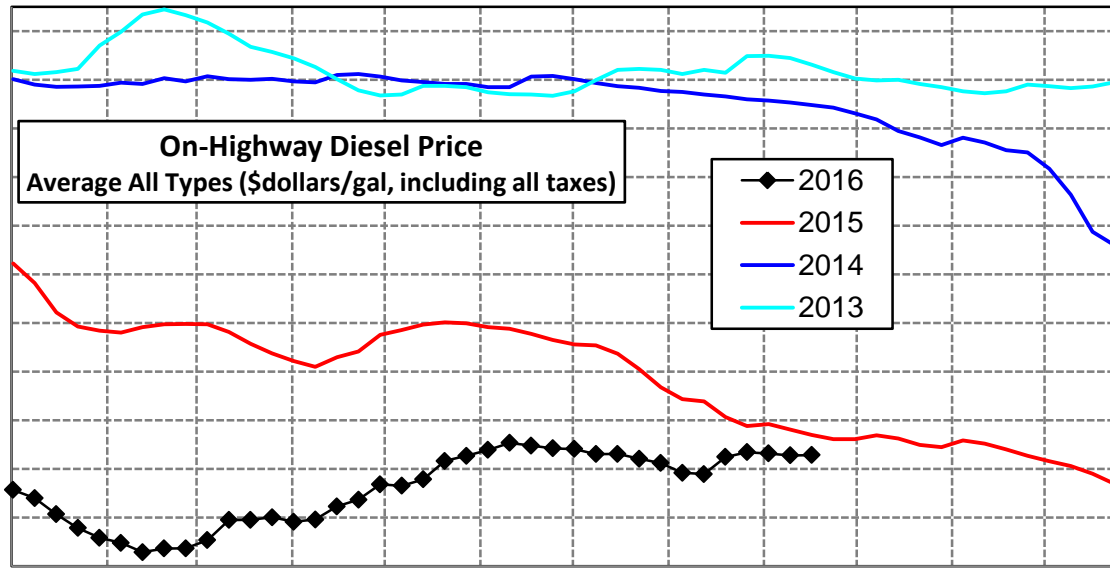
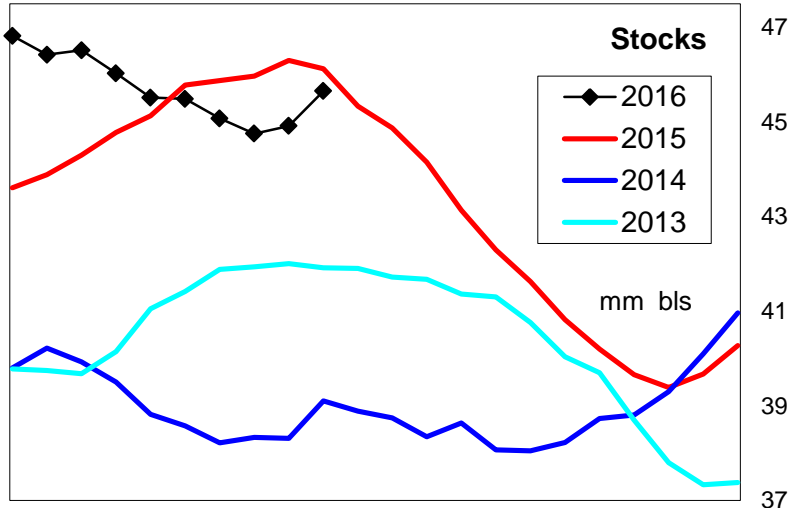
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Aug16	05Sep16	12Sep16	19Sep16	
<b>Midwest</b>	\$2.391	\$2.387	\$2.376	<b>\$2.382</b>	\$0.006
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





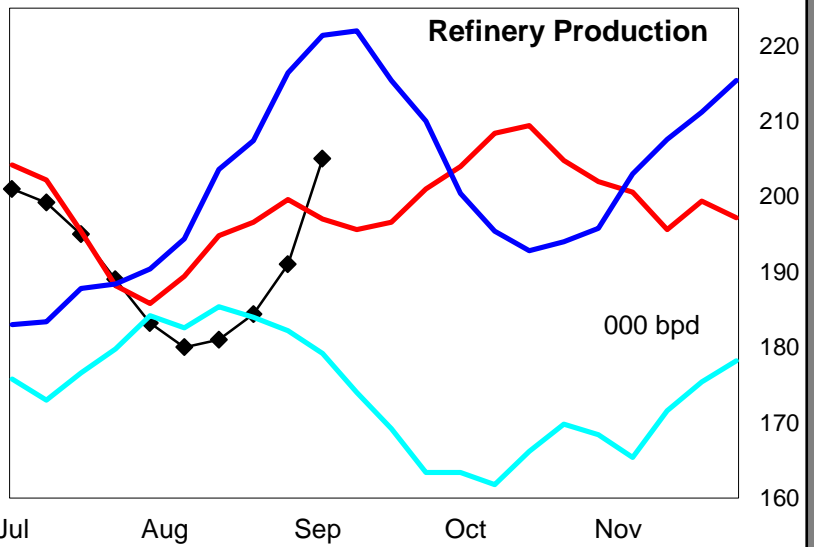
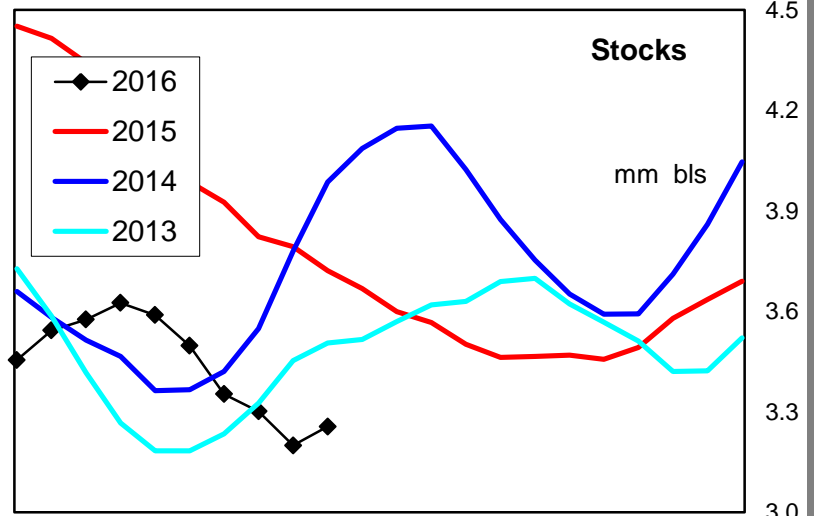
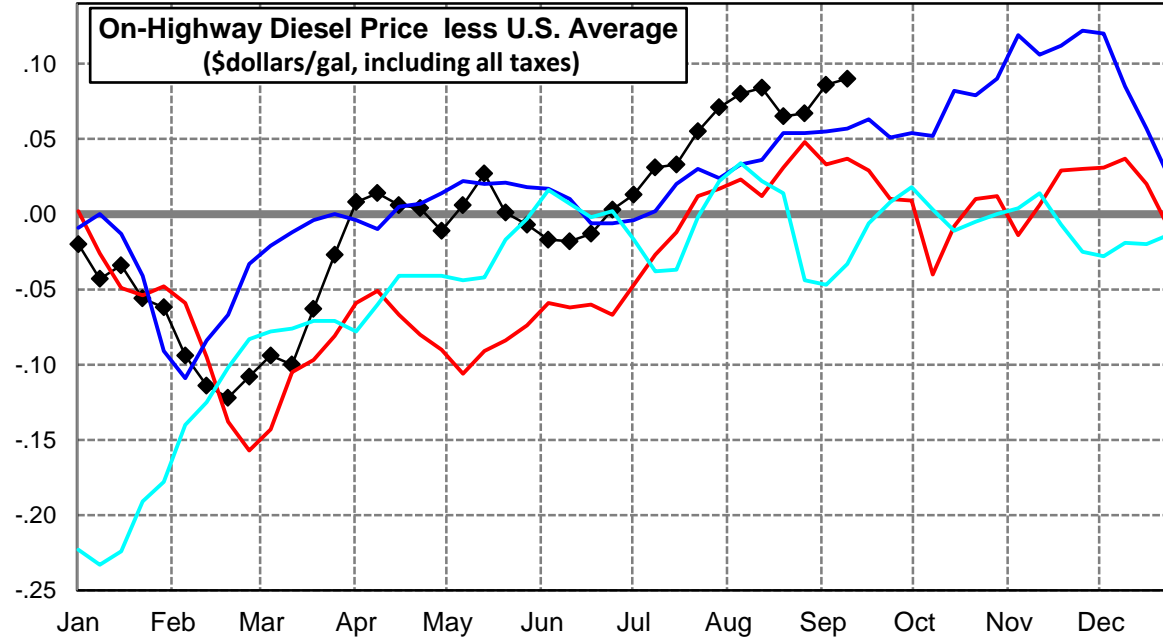
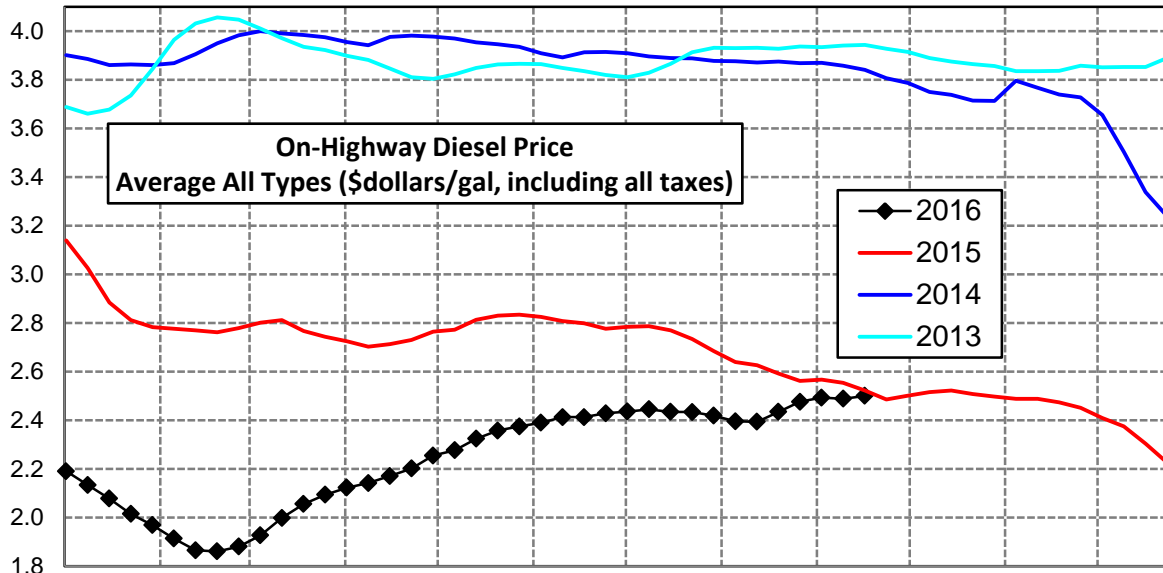
### Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Aug16	05Sep16	12Sep16	19Sep16	
<b>Gulf Coast</b>	\$2.269	\$2.264	\$2.256	<b>\$2.257</b>	\$0.001
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



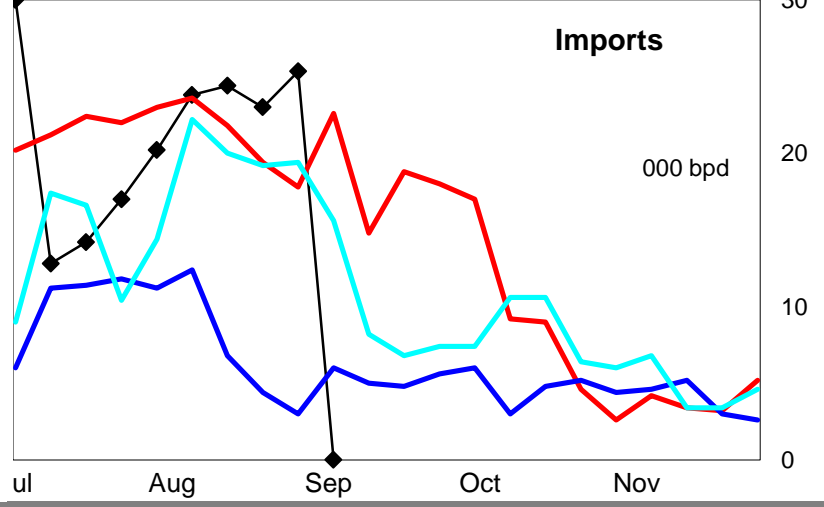
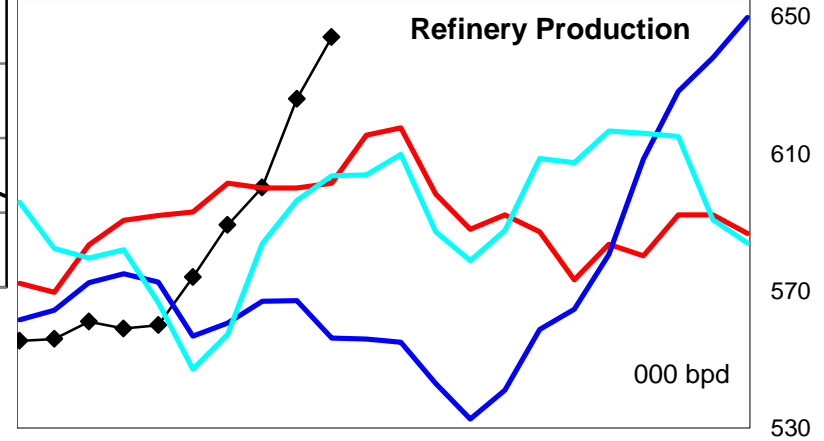
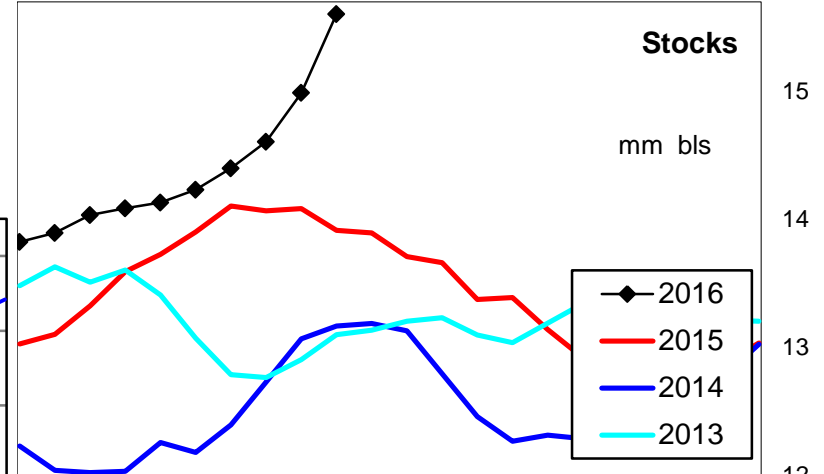
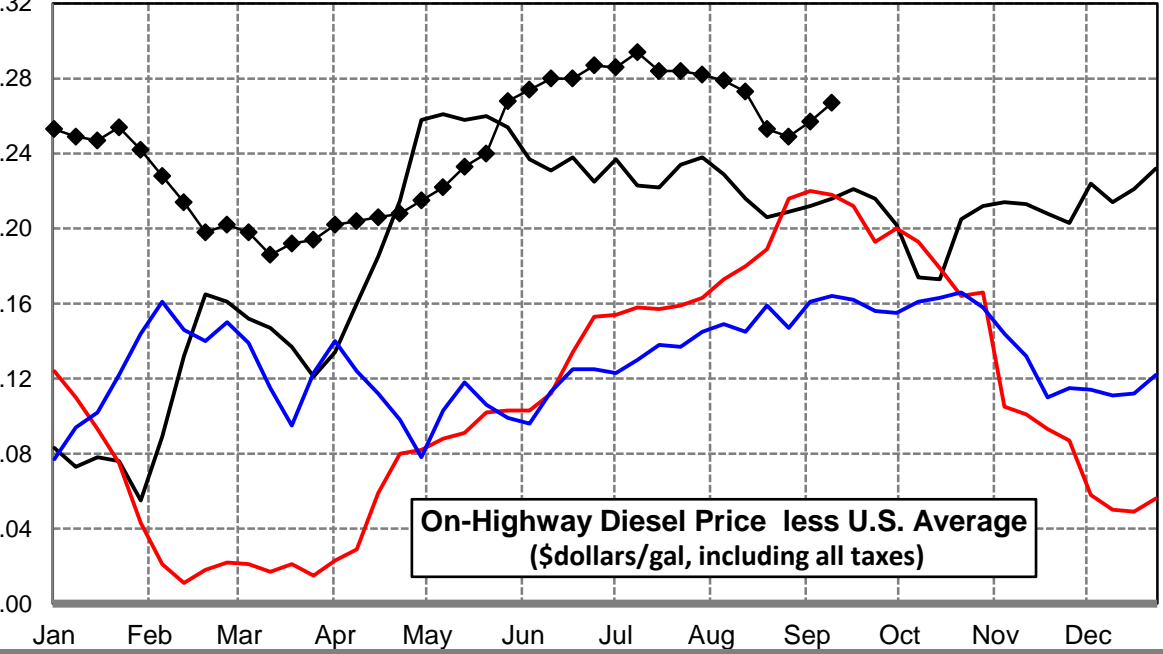
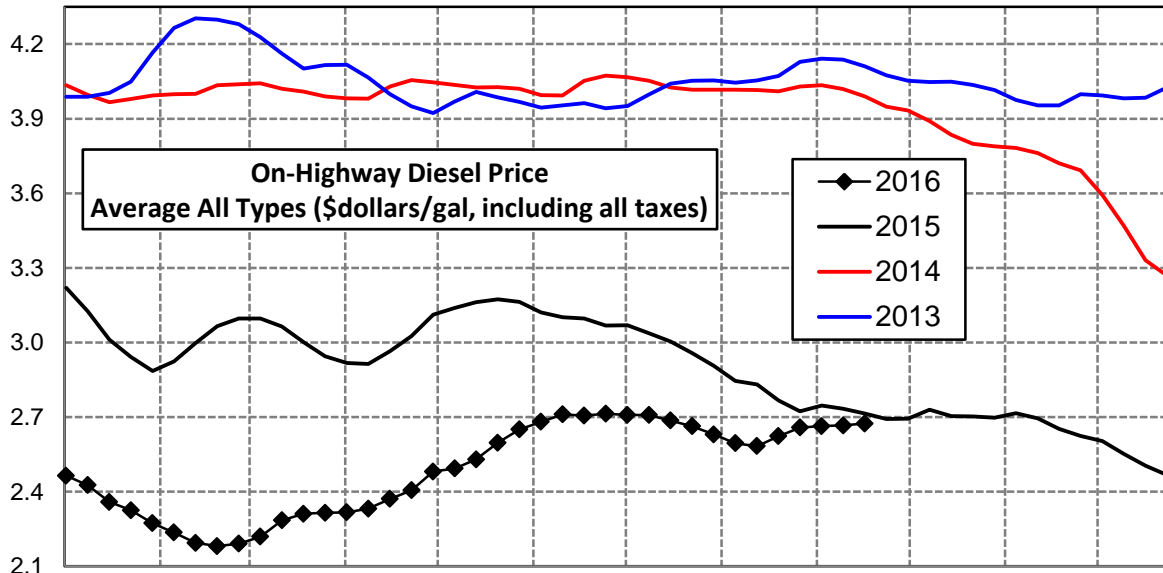
## Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	29Aug16	05Sep16	12Sep16	19Sep16	
<b>Rocky Mountain</b>	\$2.476	\$2.493	\$2.489	<b>\$2.501</b>	\$0.012
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



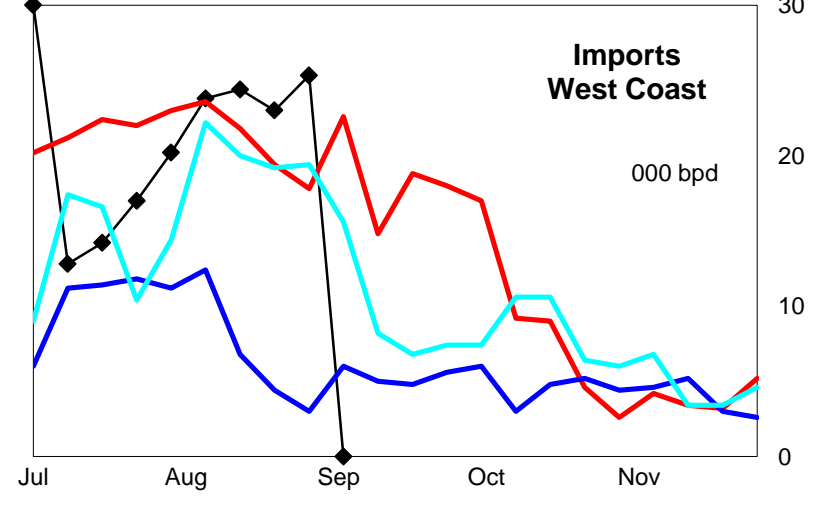
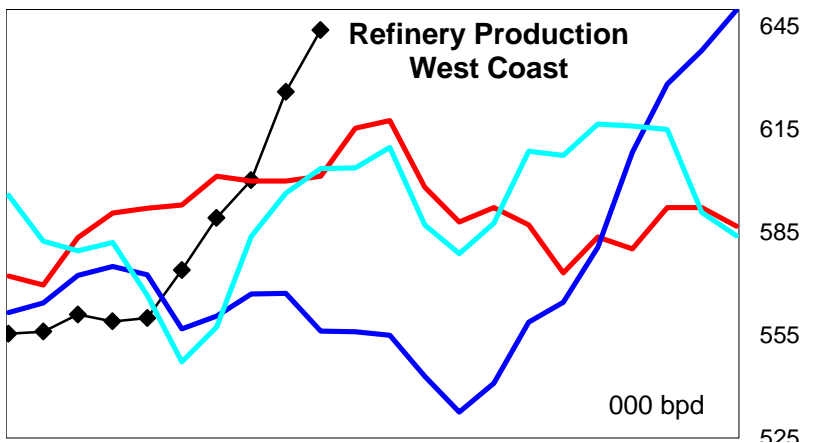
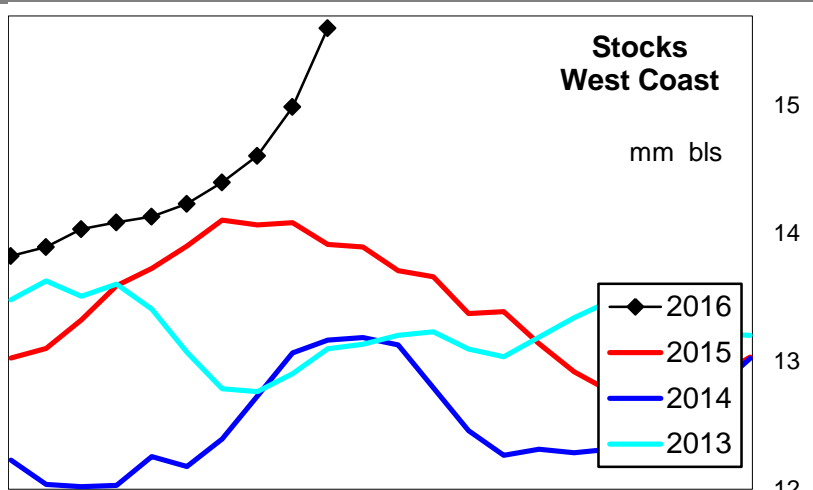
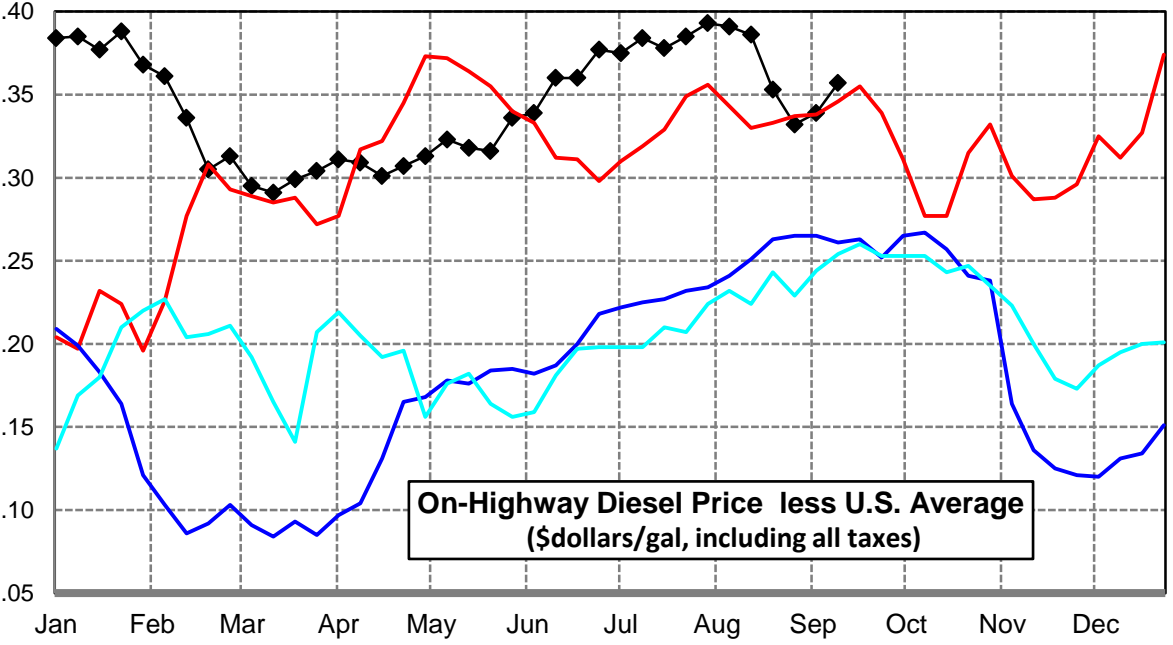
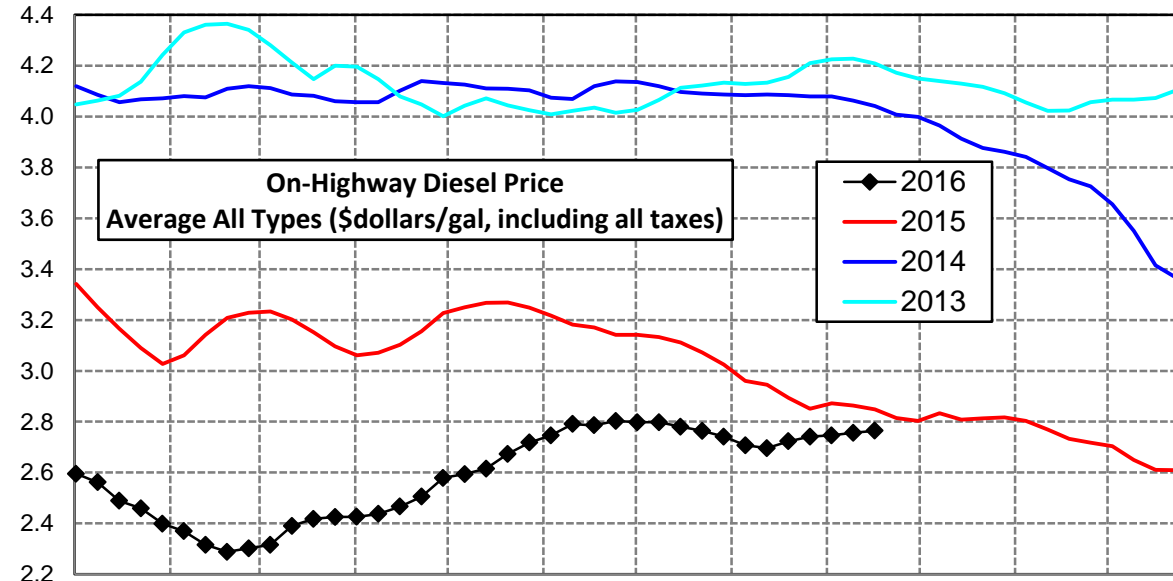
## West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/		Forecast 2/	Change from week	
	29Aug16	05Sep16	19Sep16		
<b>West Coast</b>	\$2.658	\$2.664	\$2.666	<b>\$2.674</b>	\$0.008
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
	29Aug16	05Sep16	12Sep16	19Sep16	
<b>California</b>	\$2.741	\$2.746	\$2.756	<b>\$2.764</b>	\$0.008
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-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	2.271	2.309	2.339	2.402	2.232	2.241	2.131	2.277	2.493	2.594
Mon-16-May-16	2.297	2.321	2.348	2.410	2.248	2.271	2.157	2.324	2.530	2.615
Mon-23-May-16	2.357	2.379	2.411	2.464	2.308	2.325	2.233	2.358	2.597	2.673
Mon-30-May-16	2.382	2.405	2.442	2.505	2.322	2.342	2.254	2.375	2.650	2.718
Mon-06-Jun-16	2.407	2.436	2.471	2.522	2.363	2.361	2.278	2.390	2.681	2.746
Mon-13-Jun-16	2.431	2.449	2.492	2.537	2.372	2.390	2.307	2.413	2.711	2.791
Mon-20-Jun-16	2.426	2.443	2.494	2.542	2.358	2.386	2.296	2.413	2.706	2.786
Mon-27-Jun-16	2.426	2.442	2.491	2.535	2.361	2.389	2.285	2.429	2.713	2.803
Mon-04-Jul-16	2.423	2.438	2.482	2.535	2.355	2.389	2.282	2.436	2.709	2.798
Mon-11-Jul-16	2.414	2.424	2.469	2.521	2.341	2.385	2.261	2.445	2.708	2.798
Mon-18-Jul-16	2.402	2.411	2.446	2.503	2.332	2.369	2.262	2.435	2.686	2.780
Mon-25-Jul-16	2.379	2.387	2.434	2.481	2.306	2.341	2.242	2.434	2.663	2.764
Mon-01-Aug-16	2.348	2.354	2.396	2.441	2.279	2.304	2.224	2.419	2.630	2.741
Mon-08-Aug-16	2.316	2.321	2.378	2.412	2.241	2.275	2.184	2.396	2.595	2.707
Mon-15-Aug-16	2.310	2.314	2.368	2.406	2.233	2.273	2.179	2.394	2.583	2.696
Mon-22-Aug-16	2.370	2.367	2.391	2.457	2.294	2.342	2.249	2.435	2.623	2.723
Mon-29-Aug-16	2.409	2.410	2.423	2.496	2.341	2.391	2.269	2.476	2.658	2.741
Mon-05-Sep-16	2.407	2.408	2.420	2.499	2.335	2.387	2.264	2.493	2.664	2.746
Mon-12-Sep-16	2.399	2.399	2.410	2.495	2.323	2.376	2.256	2.489	2.666	2.756
Mon-19-Sep-16	2.407	2.407	2.415	2.506	2.335	2.382	2.257	2.501	2.674	2.764
Mon-26-Sep-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.