



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, September 27, 2016

Region	Weekly Retail On-Highway Diesel Prices				Change from week ago
	Actual Price 1/		Forecast 2/		
	12Sep16	19Sep16	26Sep16	03Oct16	
U.S.	2.399	2.389	2.382	2.401	0.019
East Coast	2.399	2.391	2.393	2.405	0.012
New England	2.410	2.405	2.398	2.412	0.014
Central Atlantic	2.495	2.485	2.489	2.509	0.020
Lower Atlantic	2.323	2.316	2.318	2.333	0.015
Midwest	2.376	2.366	2.359	2.372	0.013
Gulf Coast	2.256	2.242	2.230	2.241	0.011
Rocky Mountain	2.489	2.482	2.465	2.484	0.019
West Coast	2.666	2.652	2.640	2.668	0.028
California	2.756	2.754	2.739	2.767	0.028

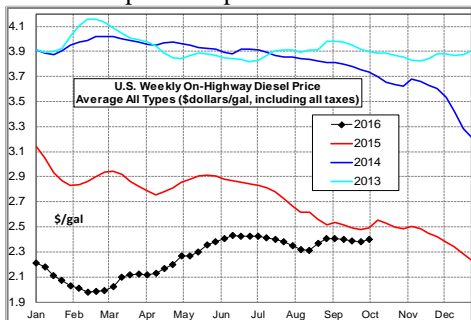
1/ Source: U.S. Energy Information Administration
2/ Source: Fundamental Petroleum Trends Reports

the last 3-yrs in the New England region; 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.

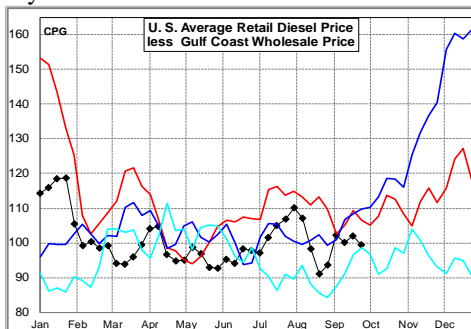
Gulf spot prices increased +8 cpg last week. Gulf Spot prices ended the week at a level equal to last year for the period

A seasonal downtrend in wholesale prices has occurred in each of the last 2-yrs during the 4th quarter.

Diesel Fuel Price Trends U. S. retail diesel prices decreased -0.7 cpg last week. Prices were lower in all markets. Prices decreased in all markets except the Central and Lower Atlantic regions; the result of Colonial Pipeline unplanned maintenance.



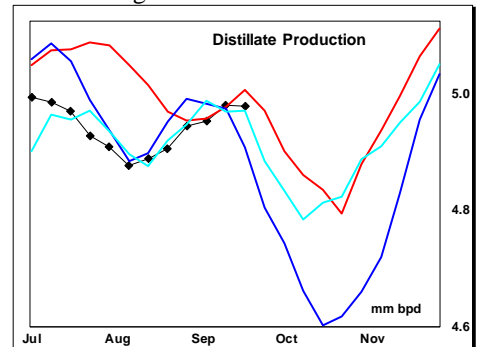
The U.S. average retail diesel price compared to the Gulf Coast wholesale market decreased -2.7 cpg on the week. The spread ended the week below the last 2-yrs.



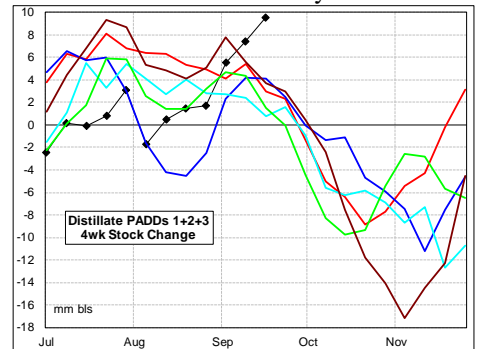
The national average on-highway price ended the week -9 cpg below a year ago. The highest retail prices were in California at \$2.74/gal and the Central Atlantic at \$2.49/gal. The lowest prices were in the Gulf at \$2.23/gal.

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

record levels in the East, West and Midwest regions.

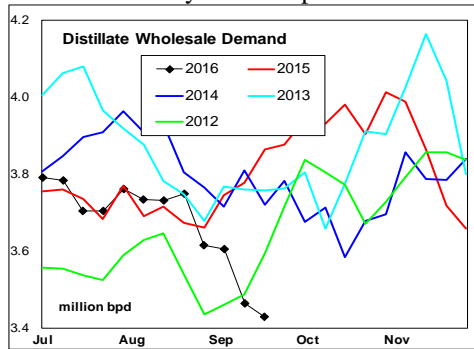


The latest 4-wk stock change East of the Rockies was a +9.5 million barrel build, a record build for this time of year.



Supply - Demand Fundamental Trends

Distillate wholesale demand increased +155,000 bpd last week, but remains well below the last 3-yrs for the period.



The latest 4-wk average wholesale demand compared to a year ago decreased -224,000 bpd.

Supply decreased -19,000 bpd last week, the result of lower imports. During the latest 4-wk period, production was +10,000 bpd above a year ago while imports +4,000 bpd higher.

Stocks increased +10.2 million barrels during the last 3-wks, to a new 5-yr high for the fall quarter. Stock levels were at

Look for significant stock draws during the next 45 days as refiners expand maintenance.

Global Trends Driving Diesel Prices Refinery distillate output exceeded the last 3-yrs for the latest 4-wk period, after being sharply lower during the last 2-quarters. Combined with very weak wholesale demand, this has led to the record rate of stock building east of the Rockies.

Slower 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:

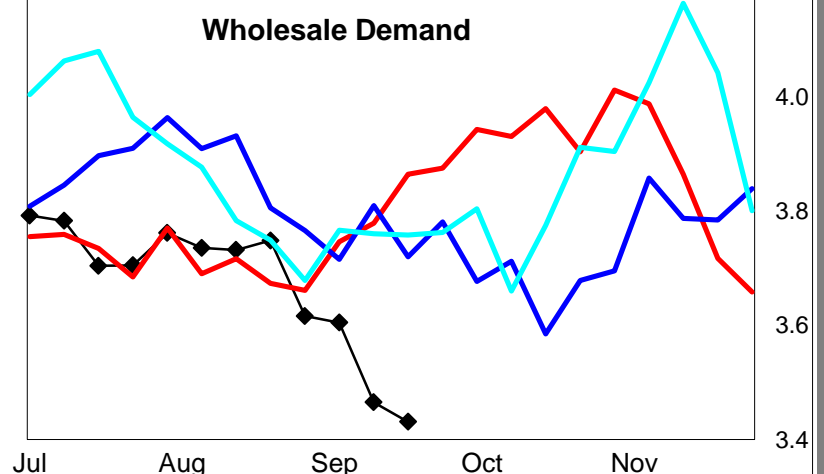
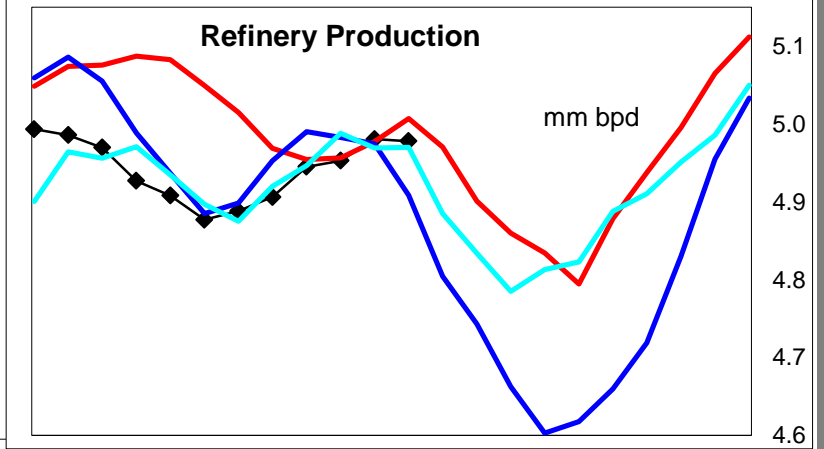
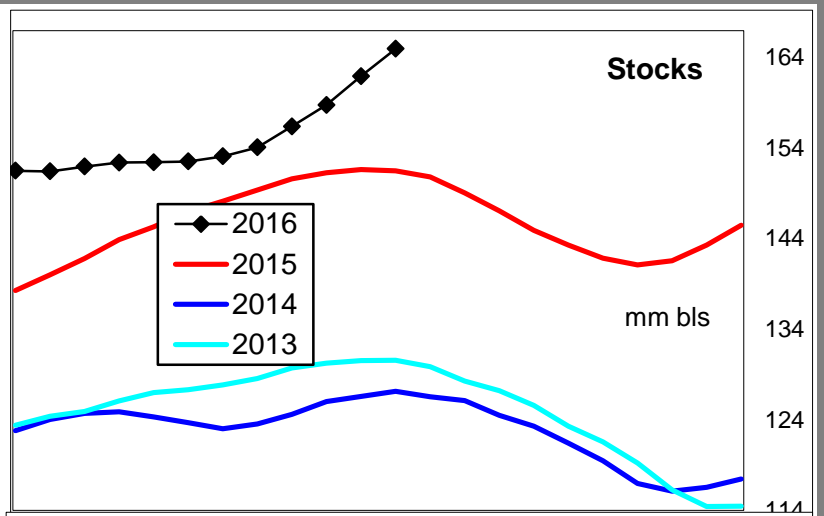
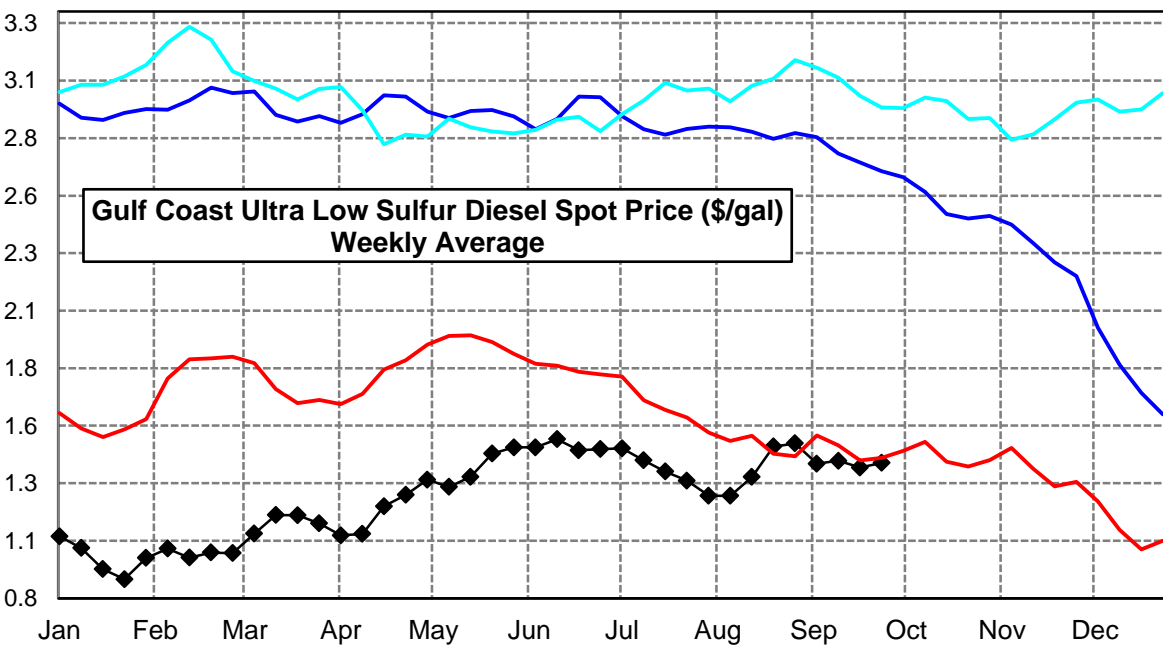
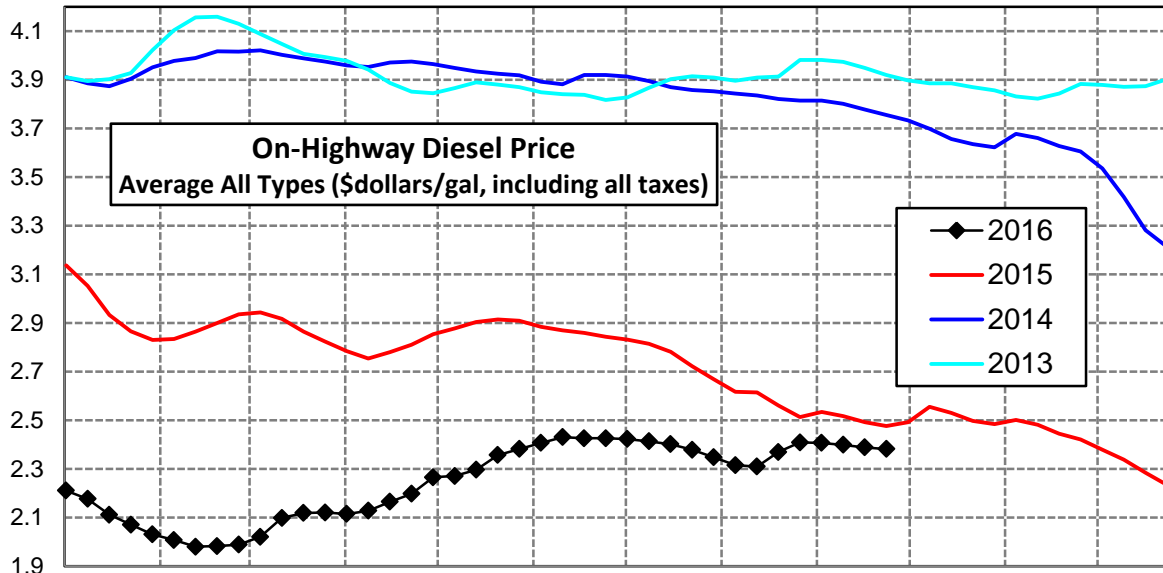
Excess distillate stocks in the East, West and Midwest markets, combined with what is so far a below average fall refinery maintenance schedule risk price weakness in wholesale markets.

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



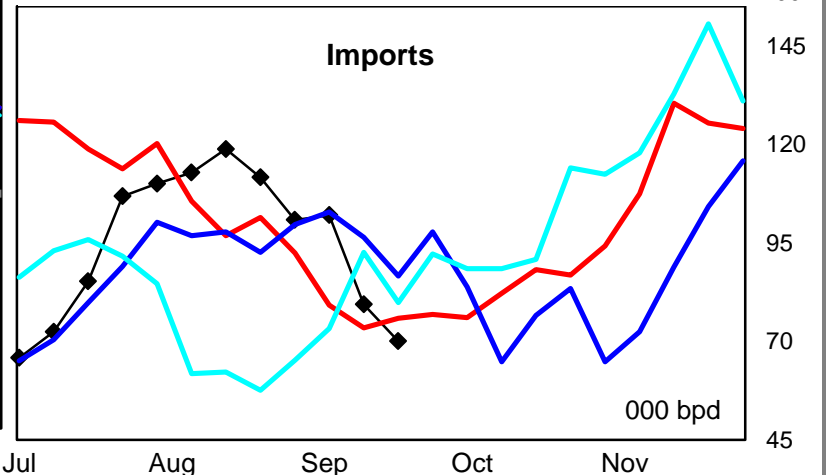
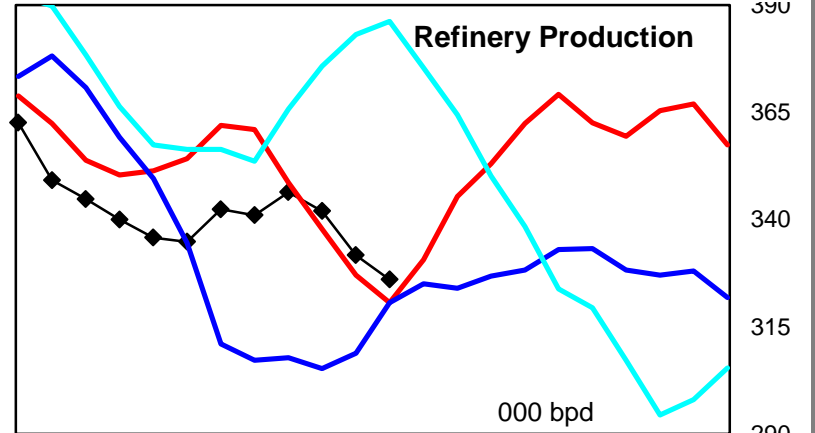
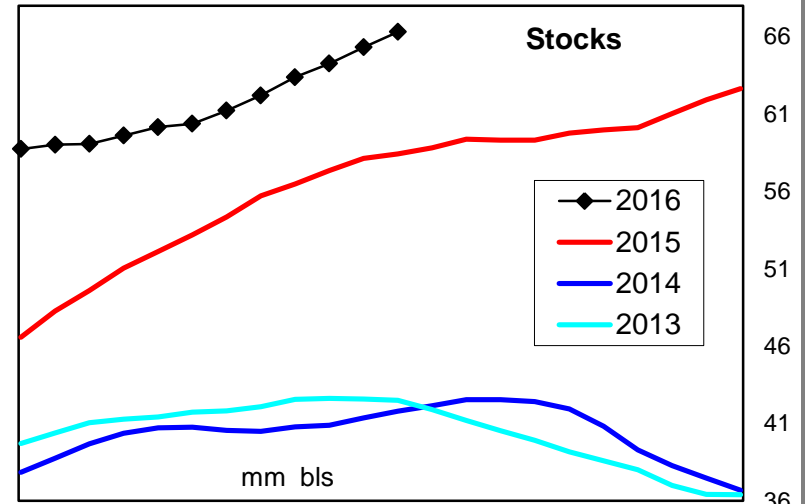
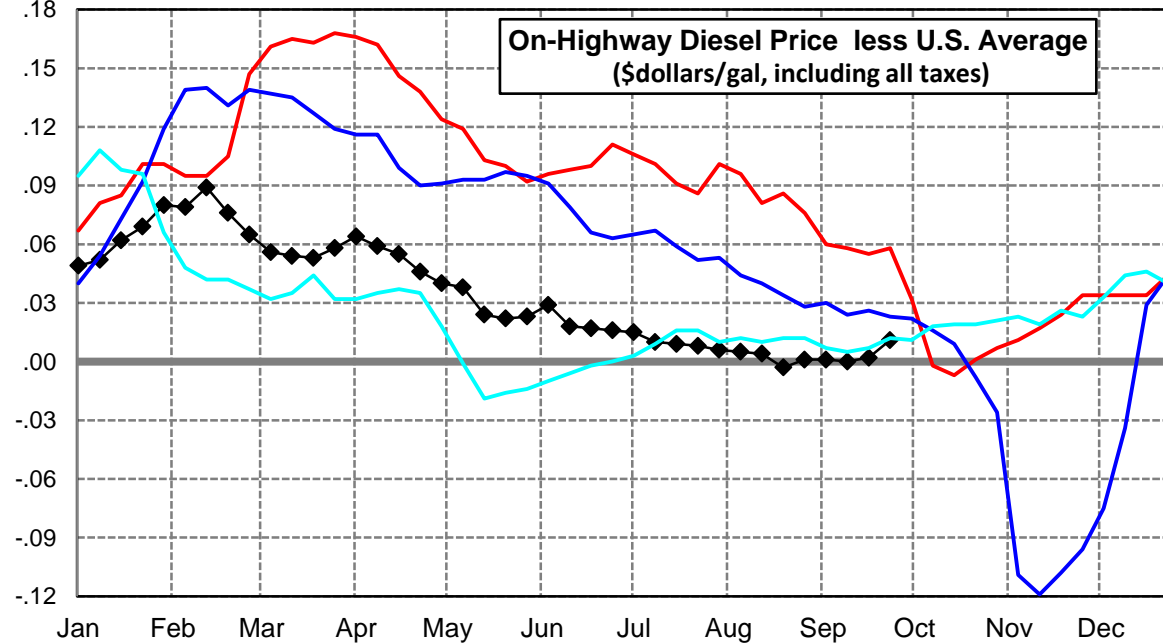
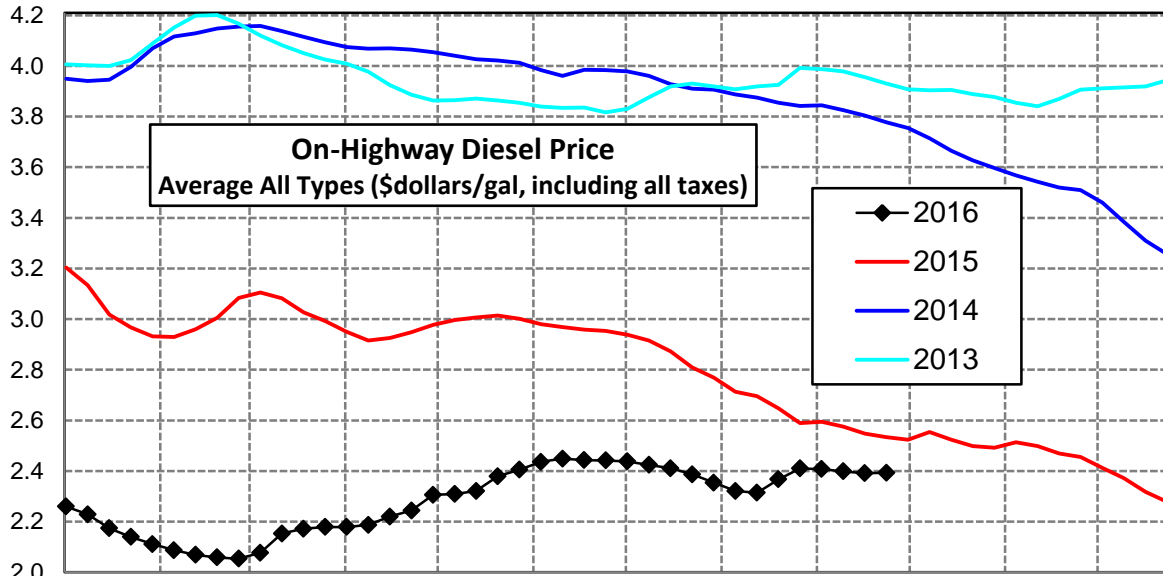
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep16	19Sep16	26Sep16	03Oct16	
United States Avg	\$2.399	\$2.389	\$2.382	\$2.401	\$0.019
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



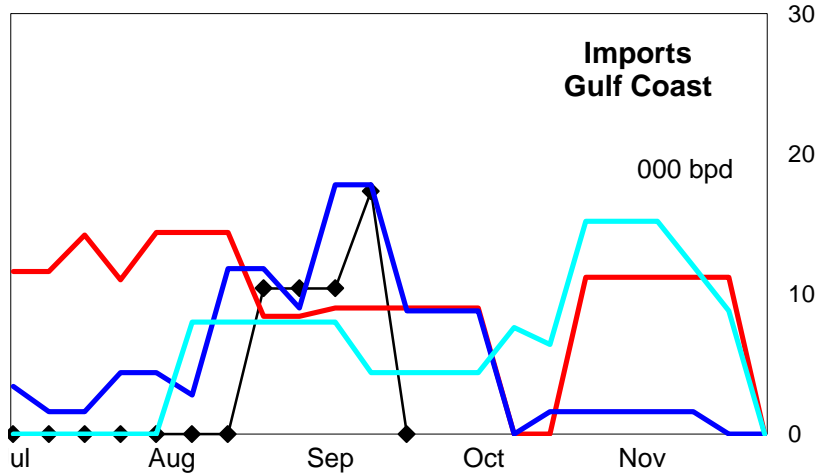
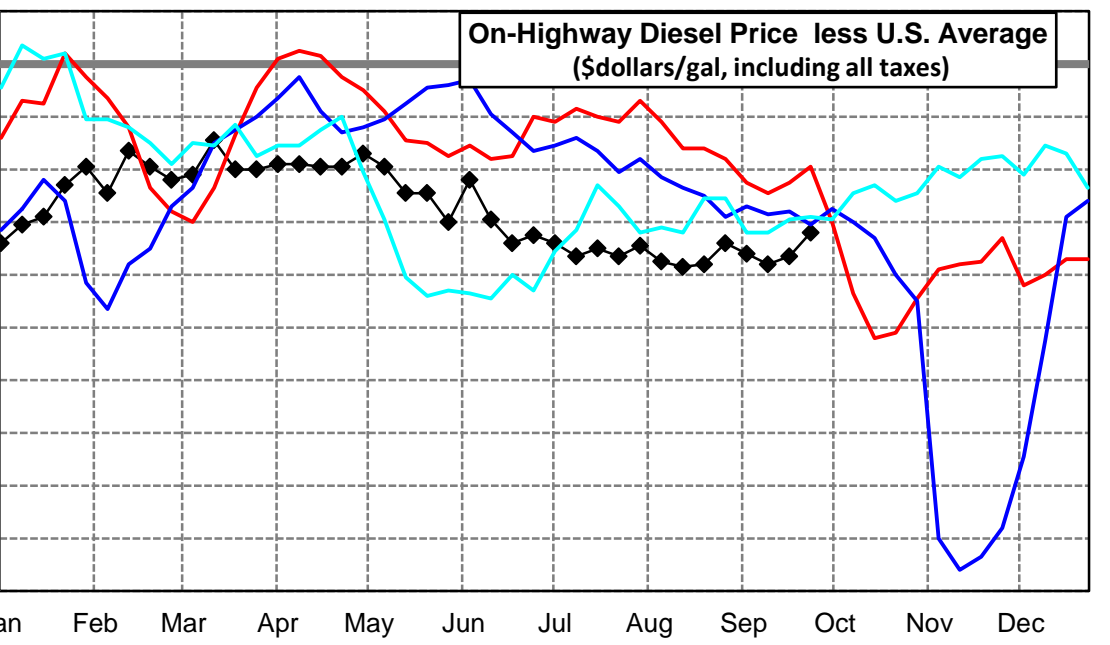
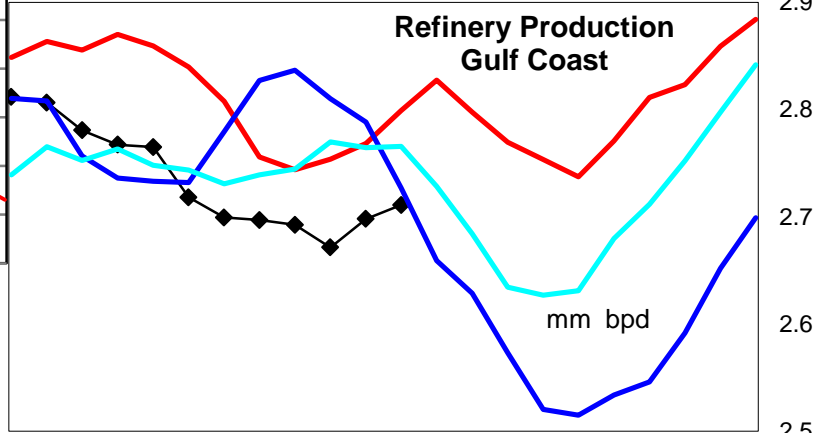
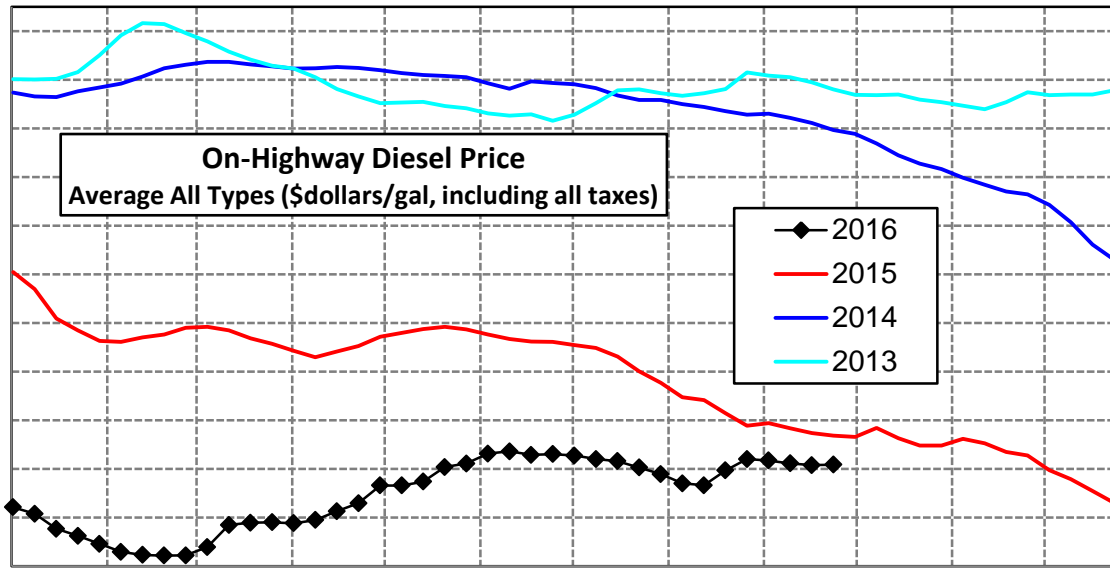
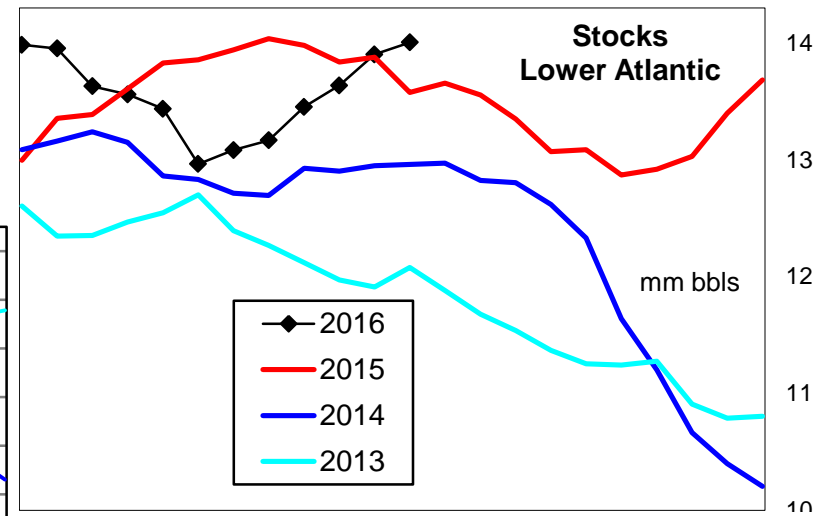
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep16	19Sep16	26Sep16	03Oct16	
East Coast	\$2.399	\$2.391	\$2.393	\$2.405	\$0.012
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



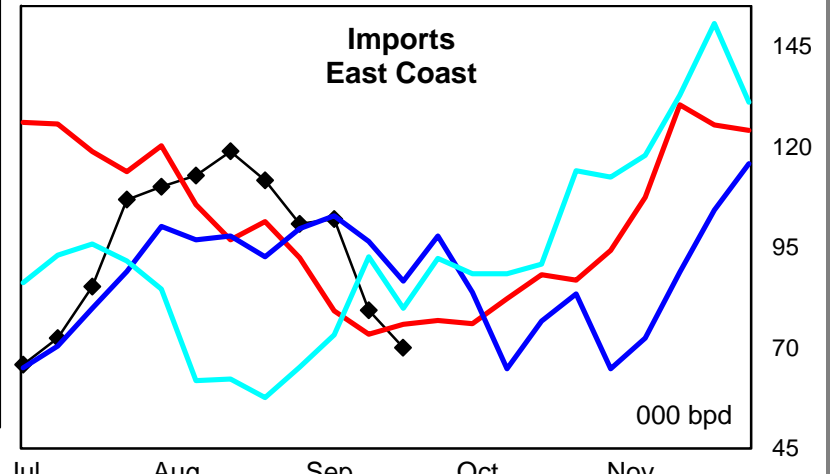
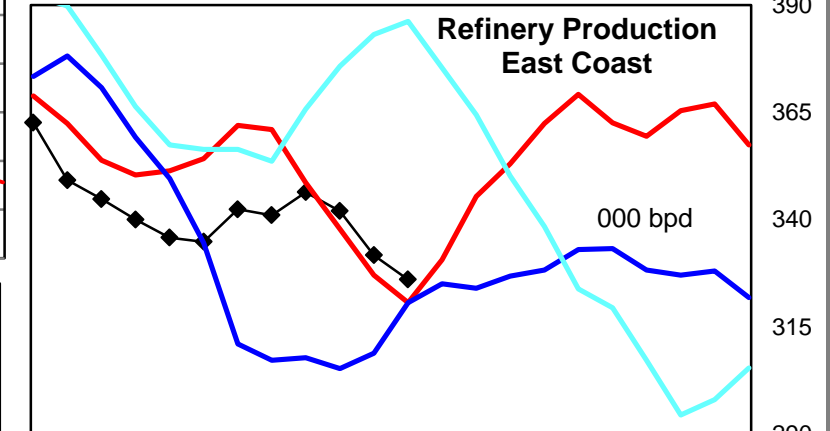
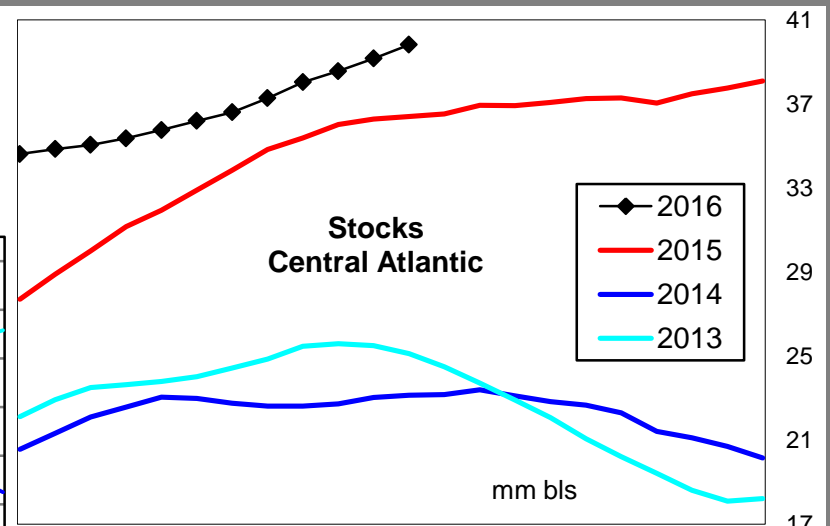
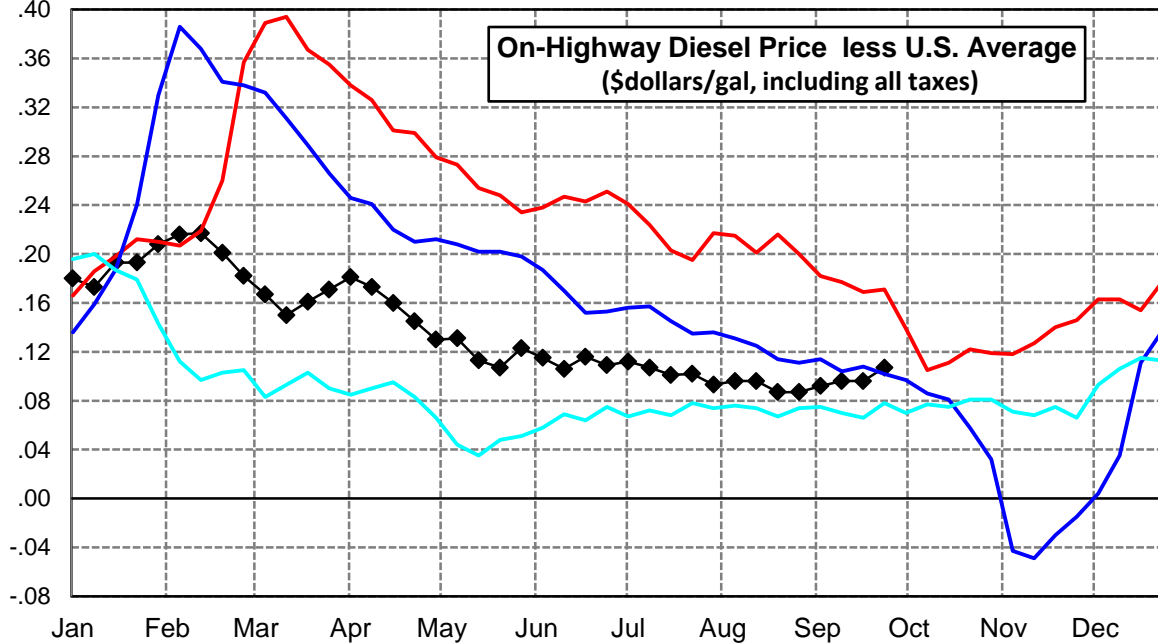
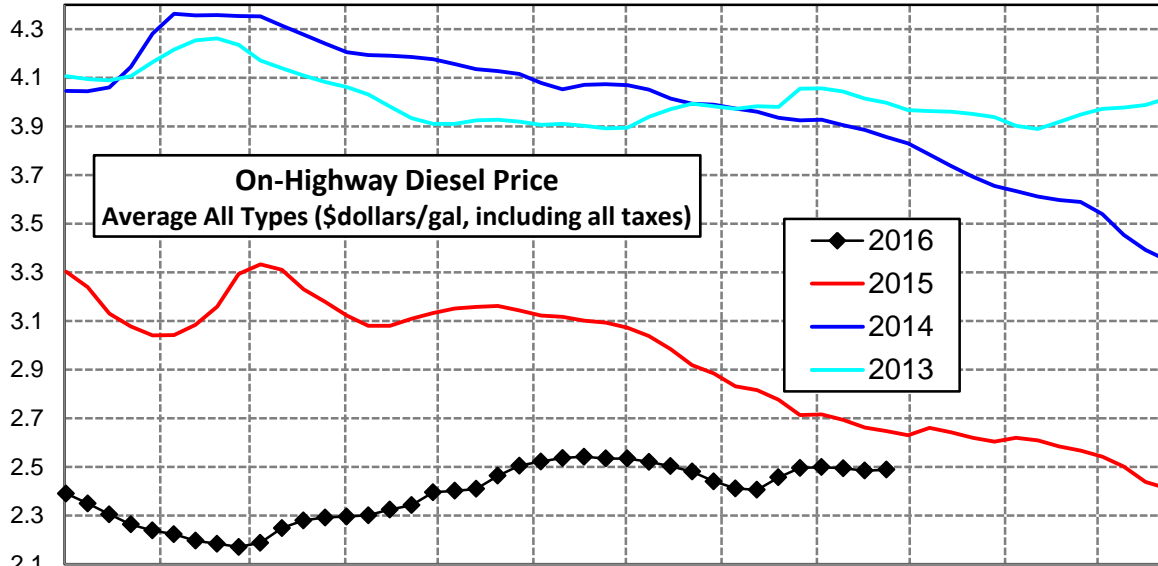
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep16	19Sep16	26Sep16	03Oct16	
Lower Atlantic	\$2.323	\$2.316	\$2.318	\$2.333	\$0.015
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



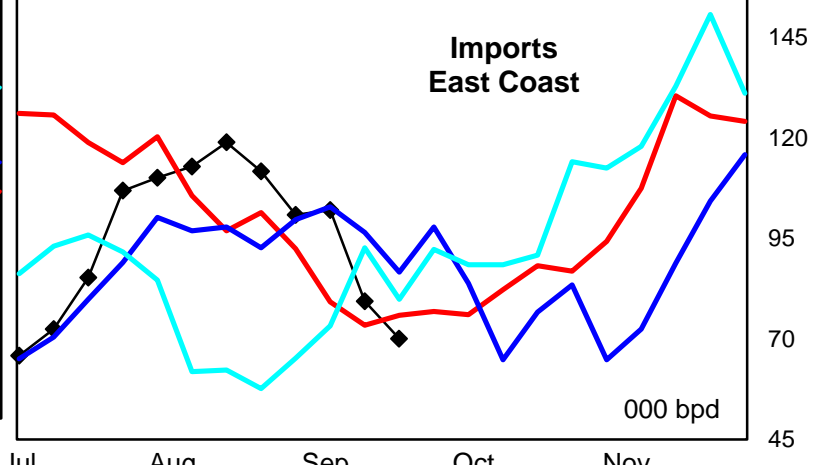
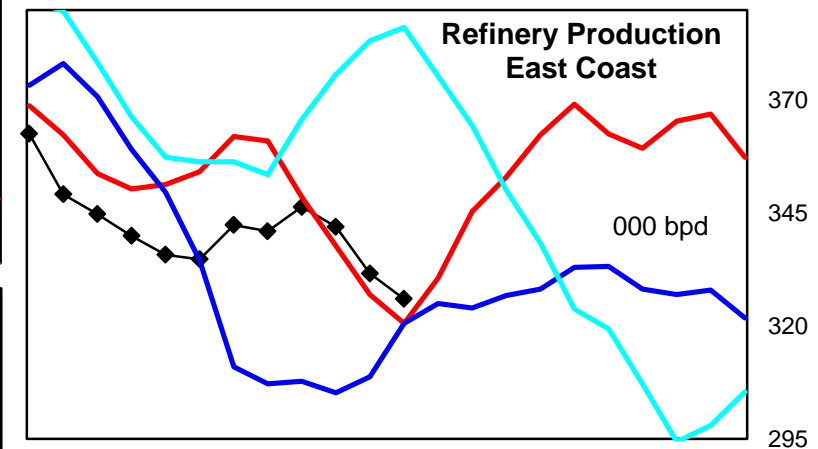
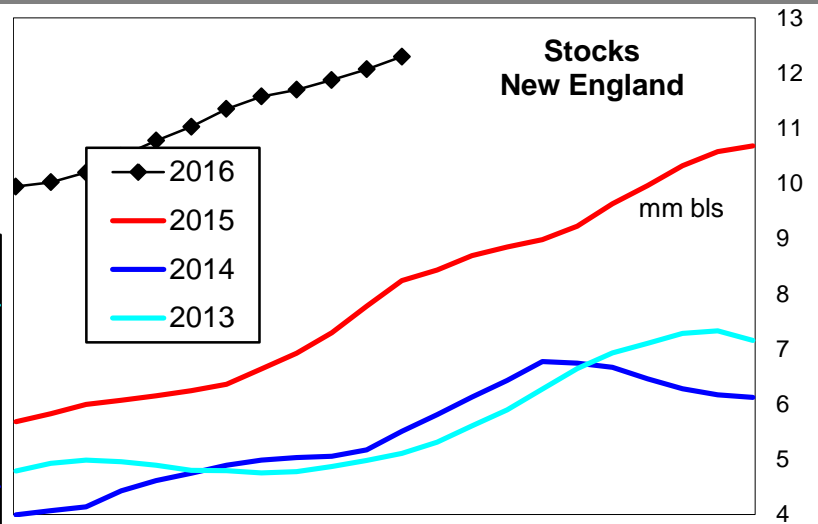
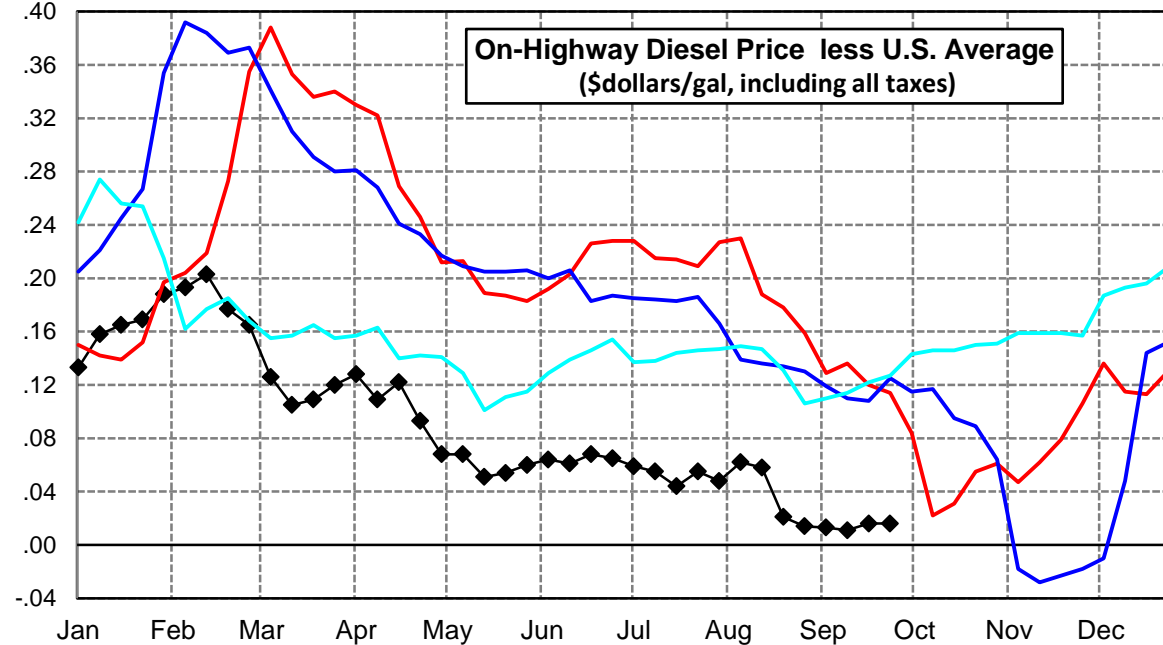
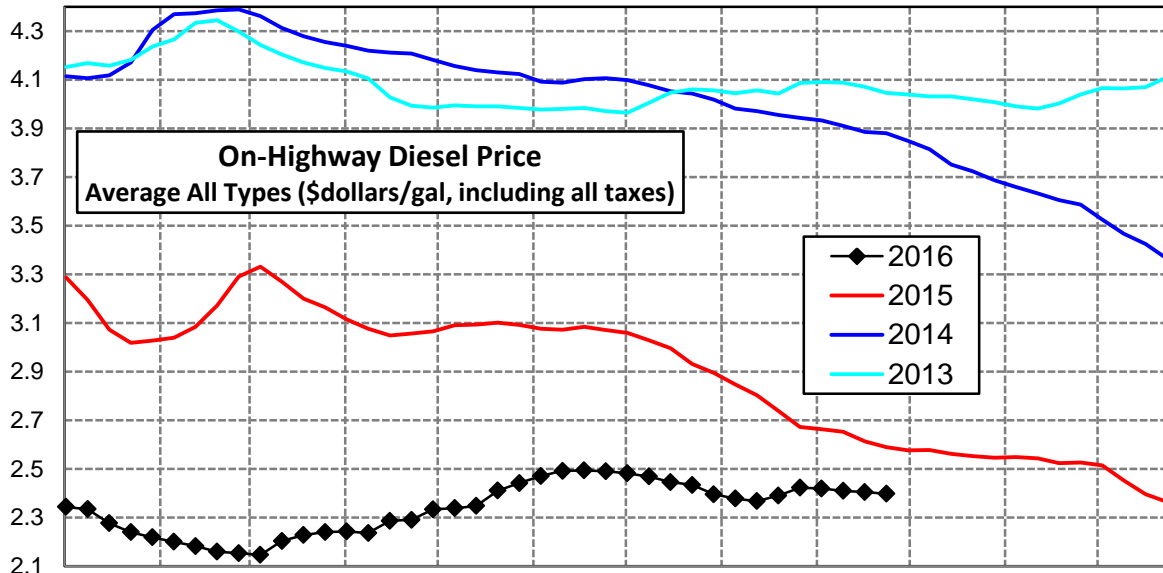
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep16	19Sep16	26Sep16	03Oct16	
Central Atlantic	\$2.495	\$2.485	\$2.489	\$2.509	\$0.020
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



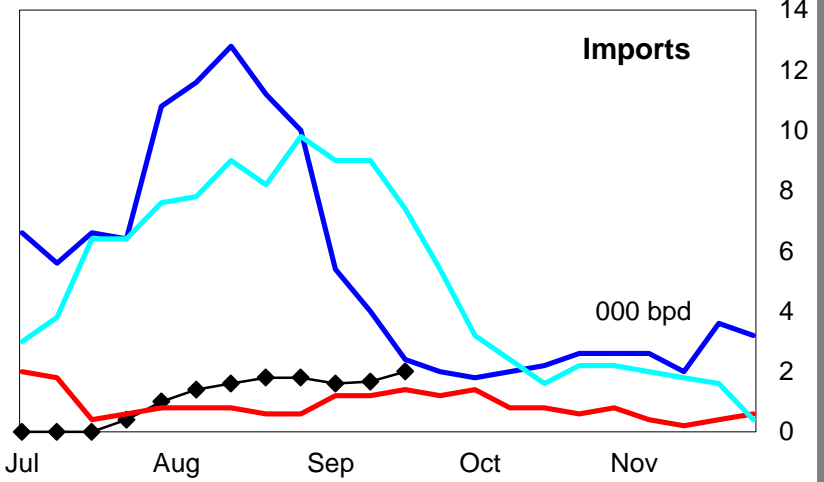
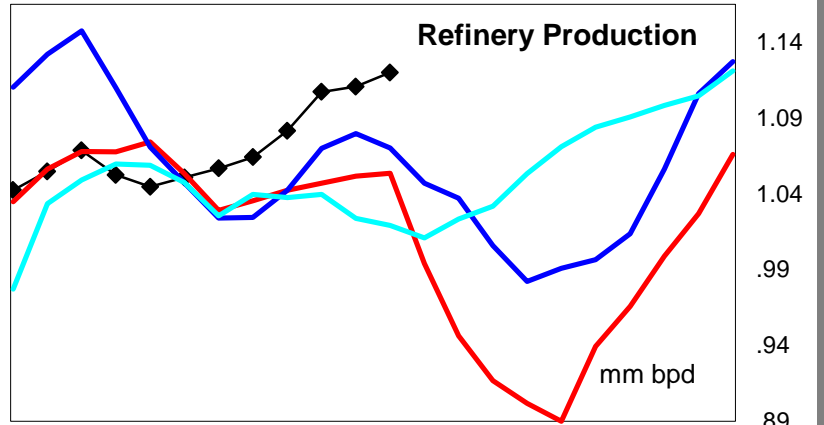
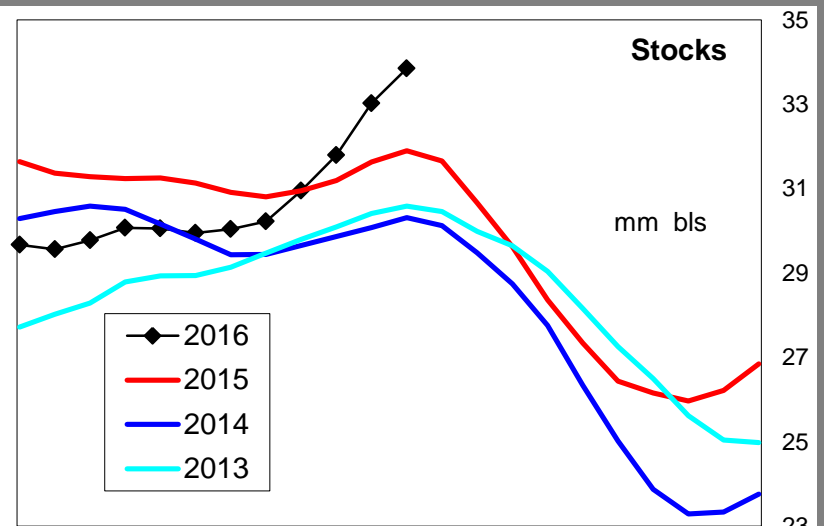
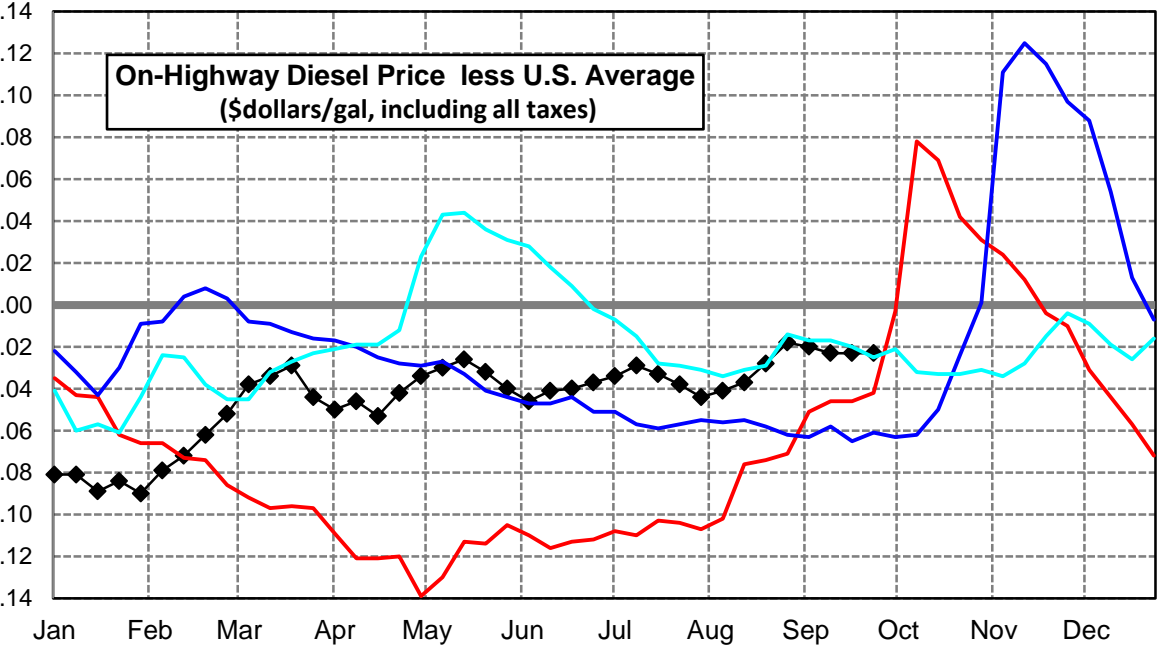
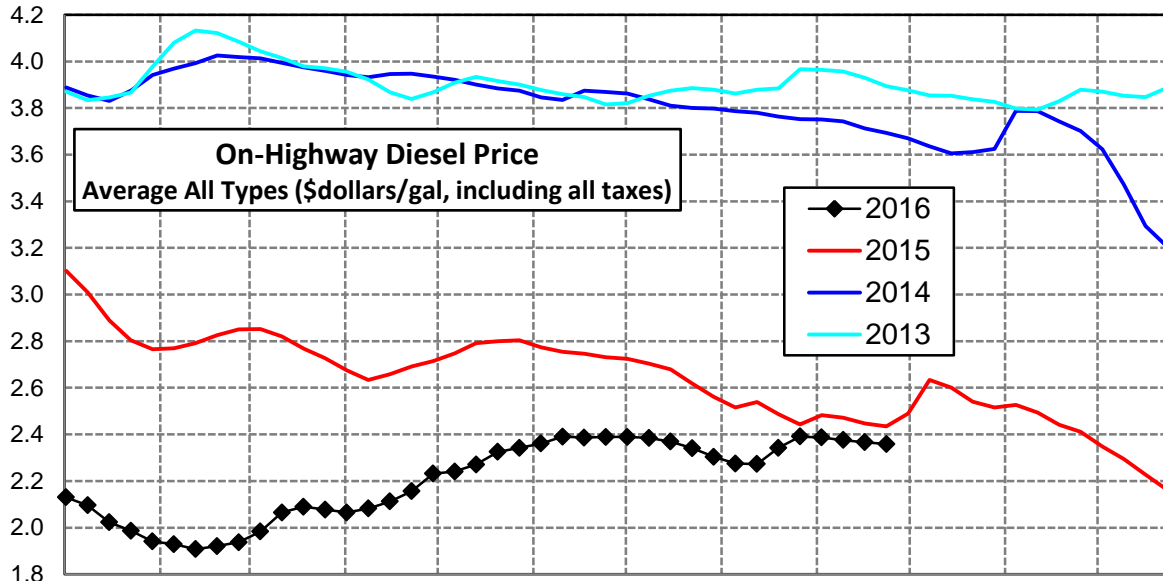
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep16	19Sep16	26Sep16	03Oct16	
New England	\$2.410	\$2.405	\$2.398	\$2.412	\$0.014
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



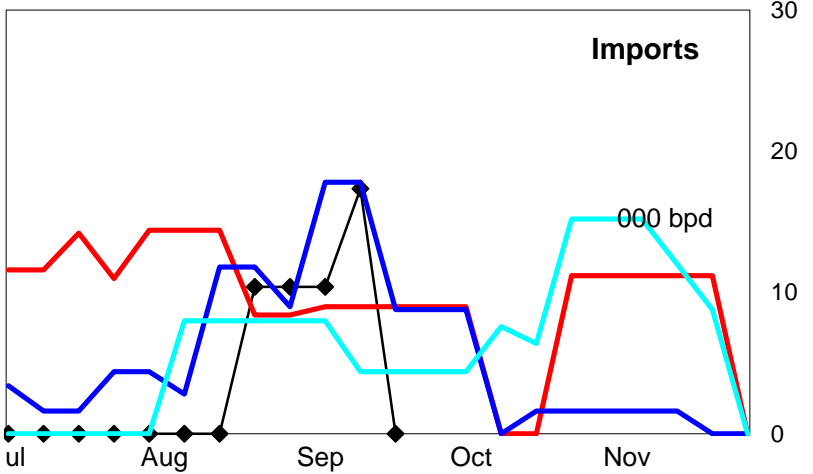
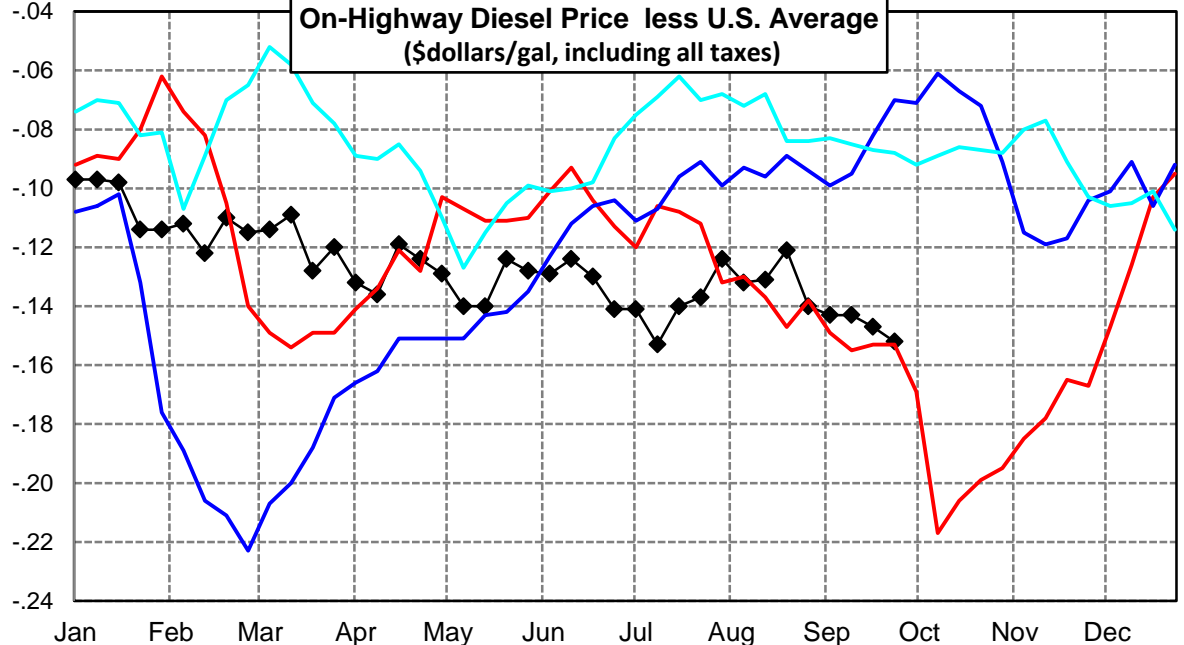
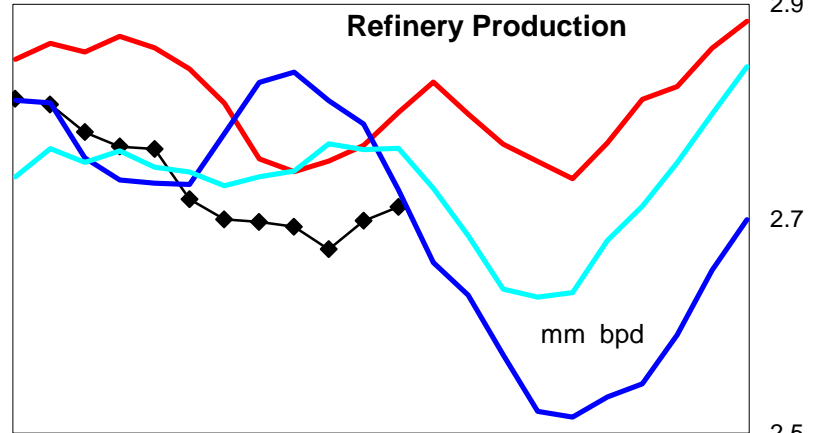
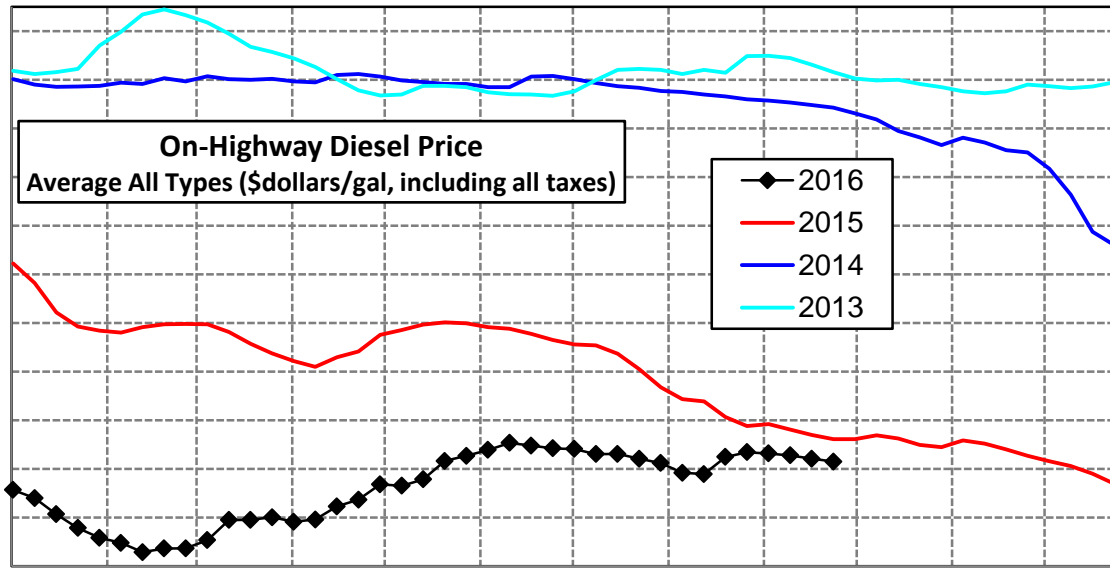
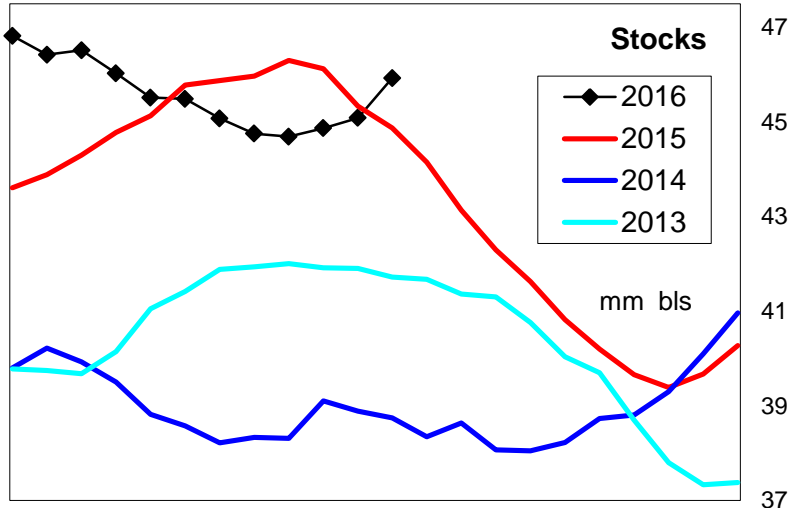
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep16	19Sep16	26Sep16	03Oct16	
Midwest	\$2.376	\$2.366	\$2.359	\$2.372	\$0.013
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



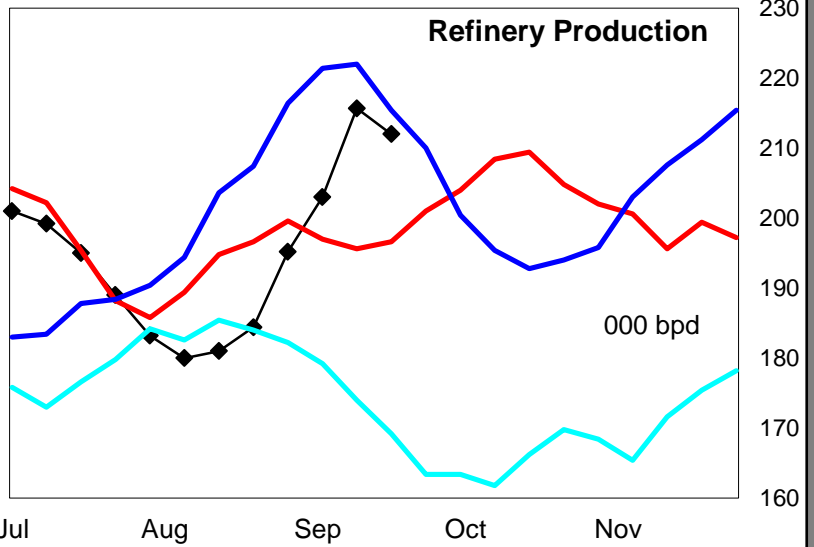
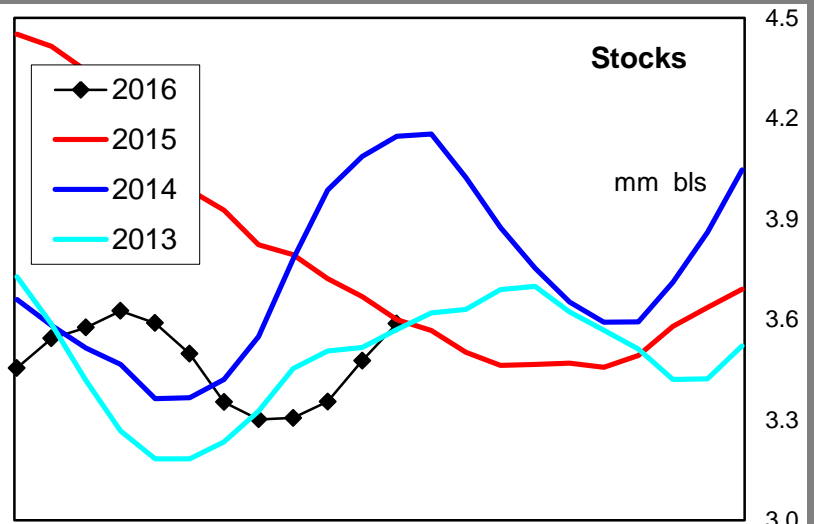
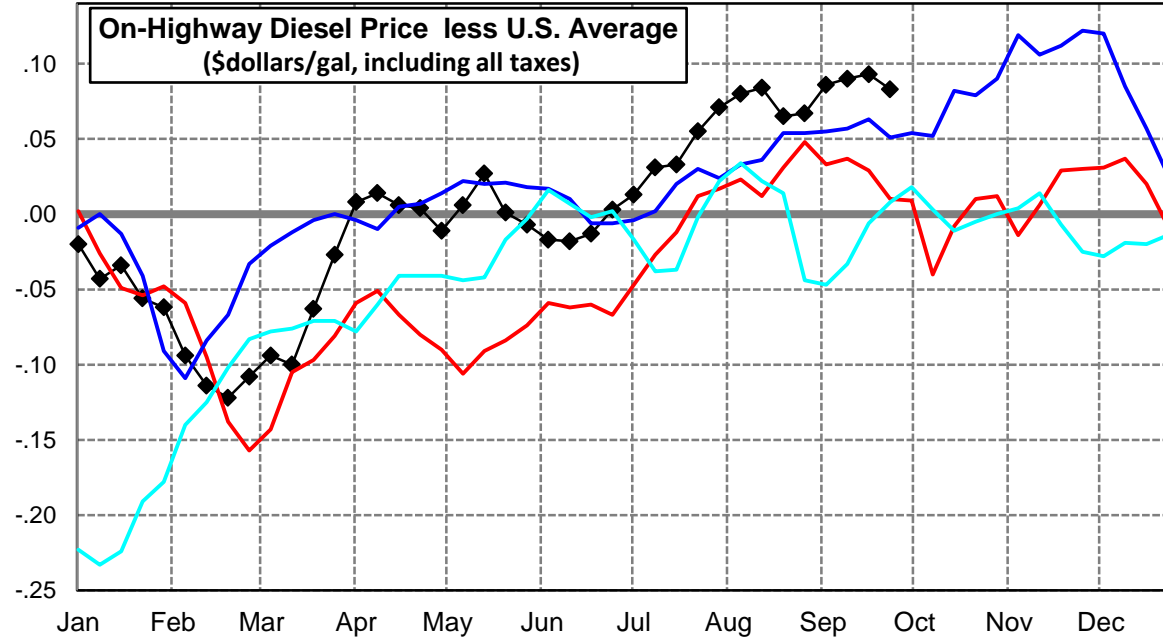
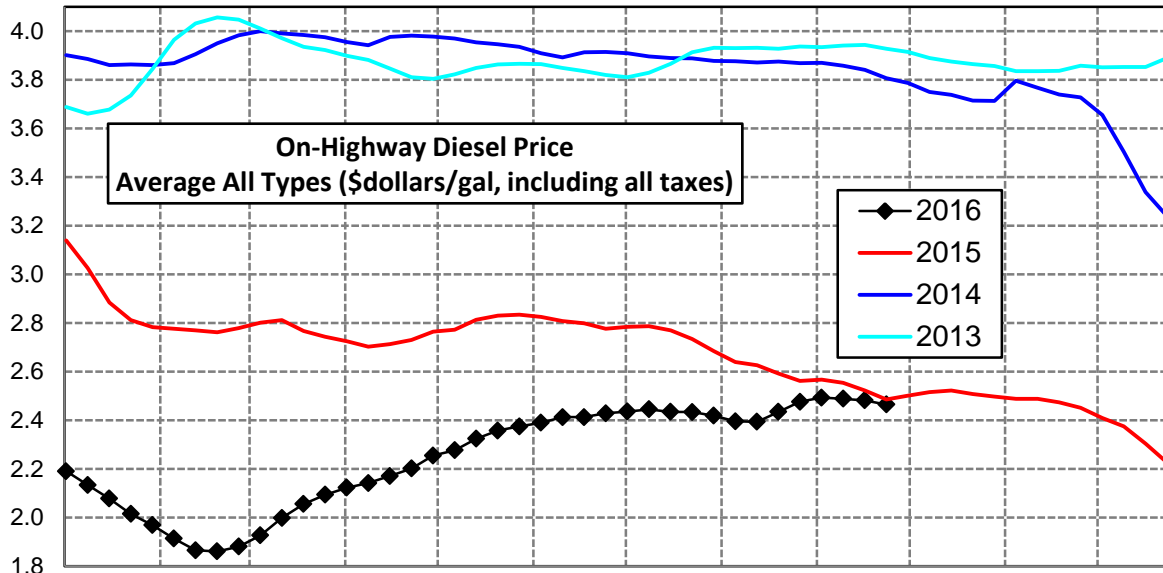
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep16	19Sep16	26Sep16	03Oct16	
Gulf Coast	\$2.256	\$2.242	\$2.230	\$2.241	\$0.011
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



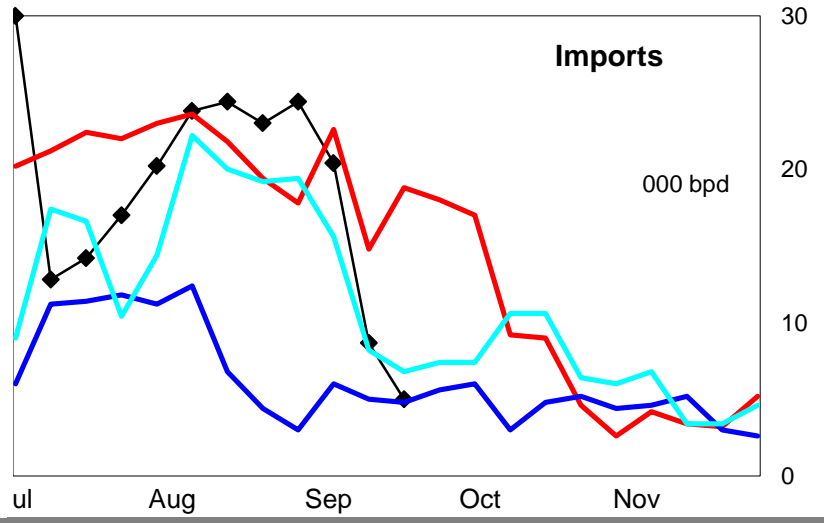
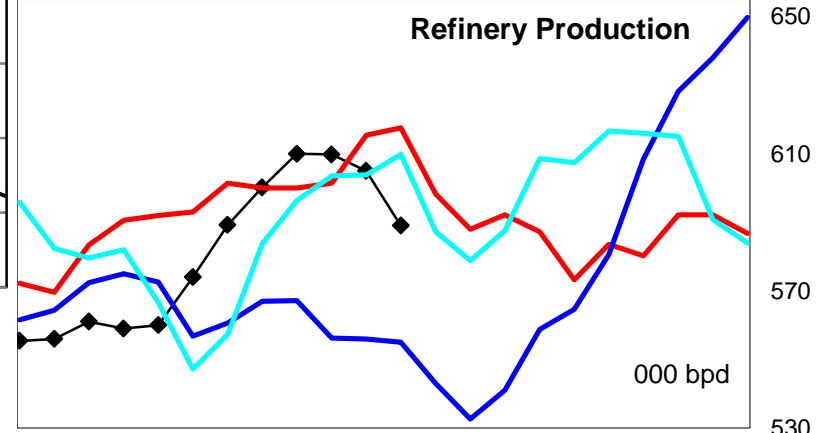
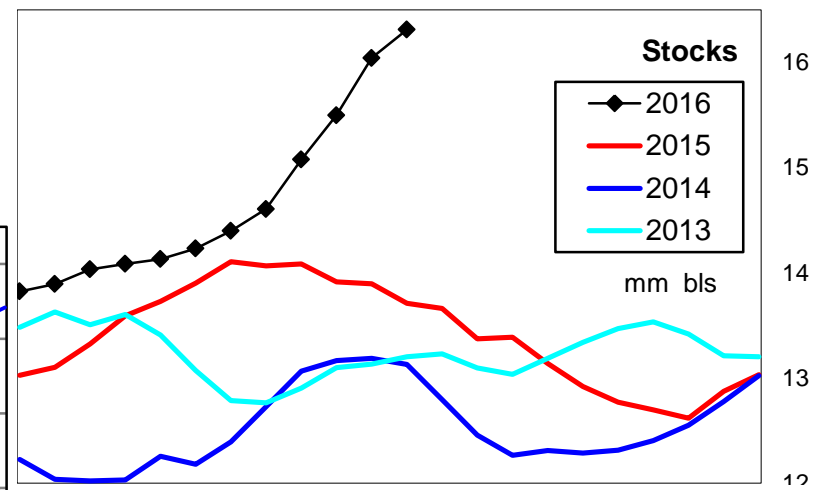
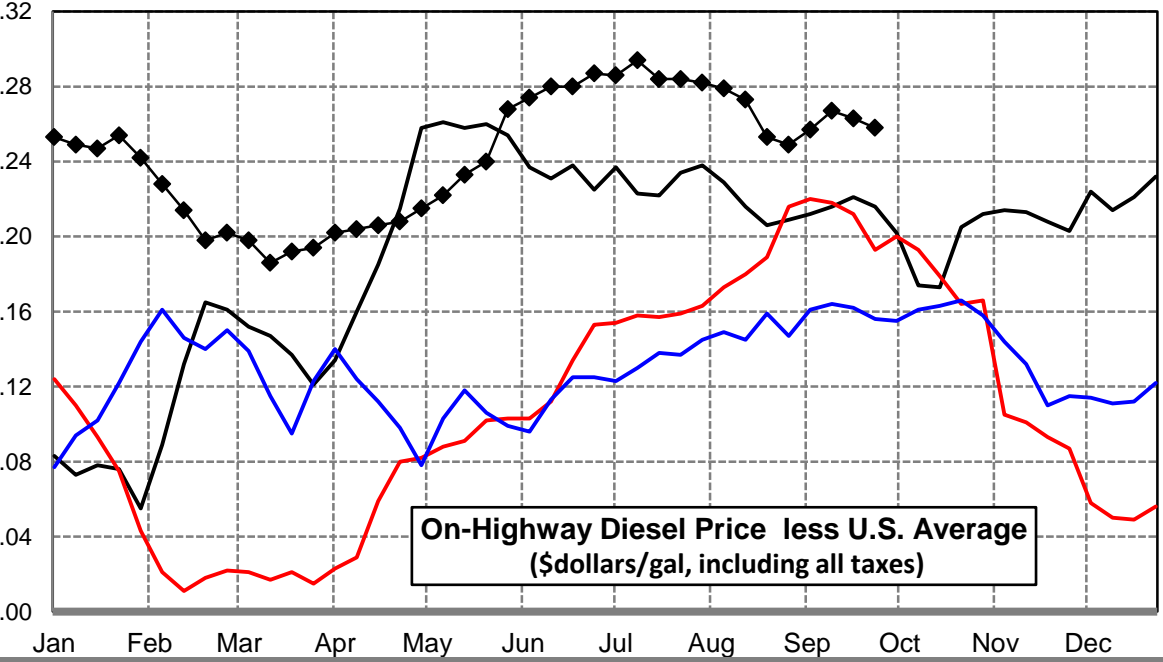
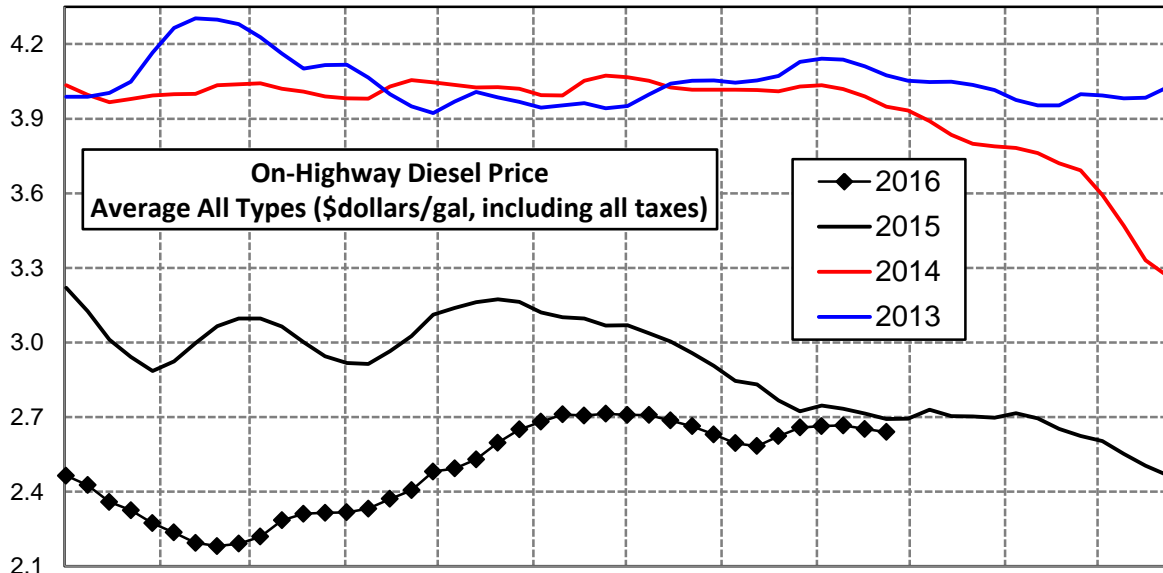
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep16	19Sep16	26Sep16	03Oct16	
Rocky Mountain	\$2.489	\$2.482	\$2.465	\$2.484	\$0.019
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



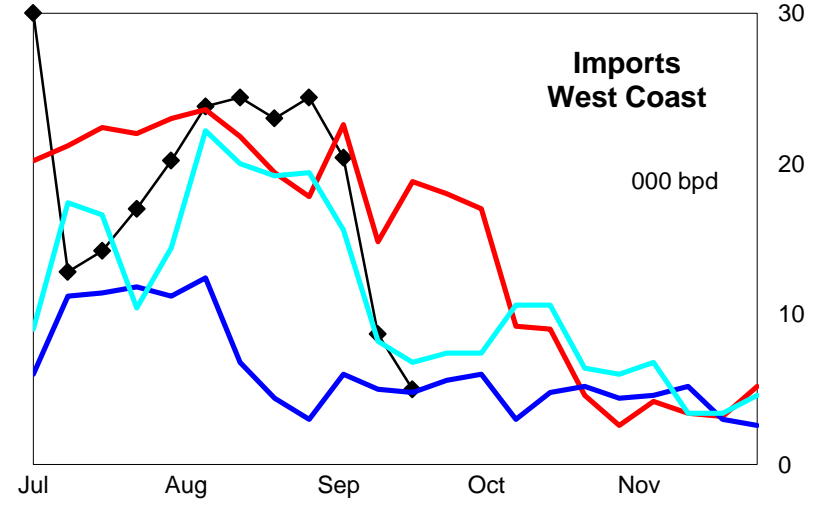
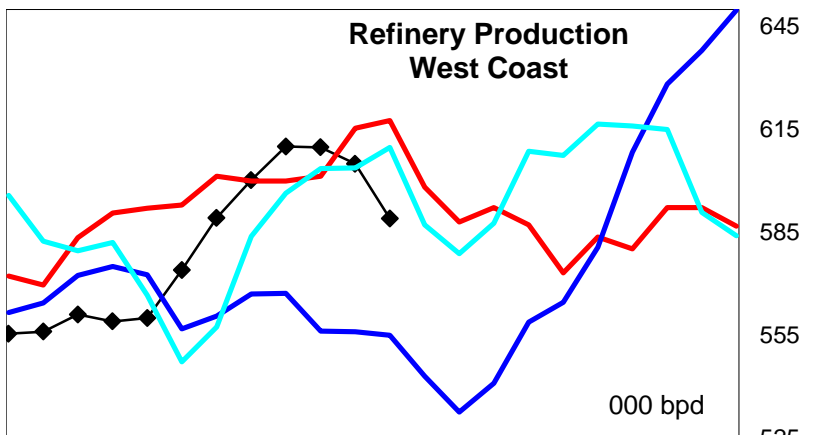
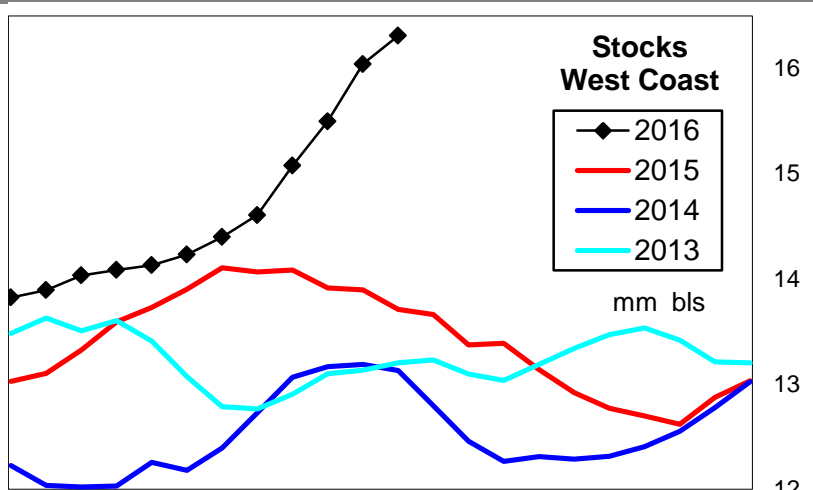
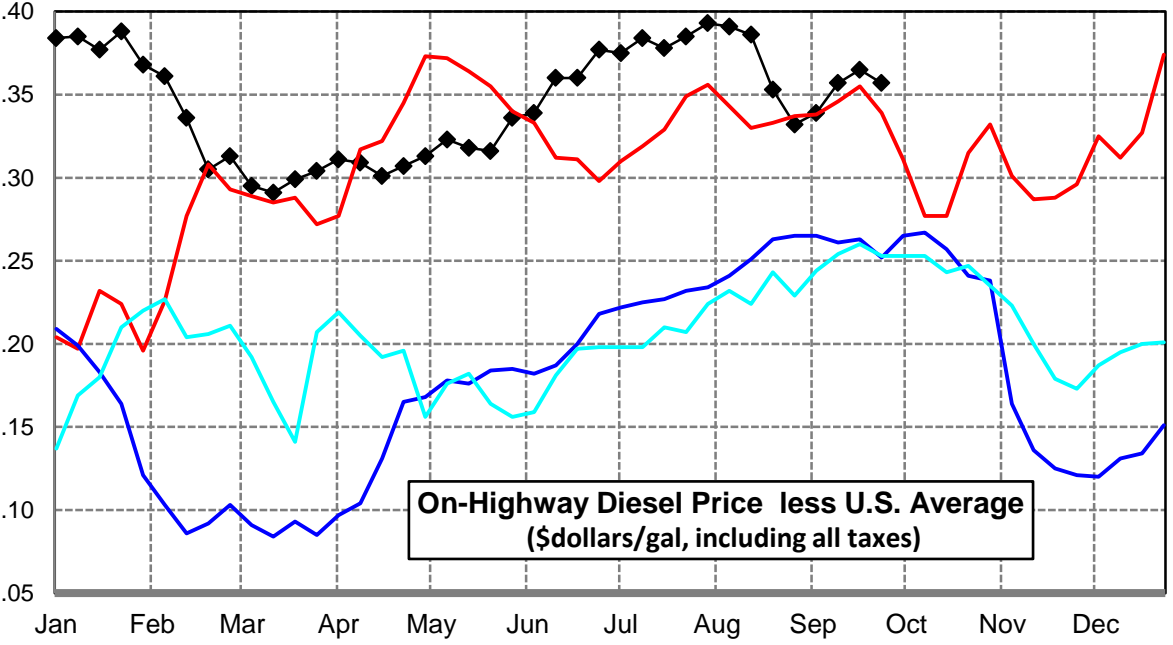
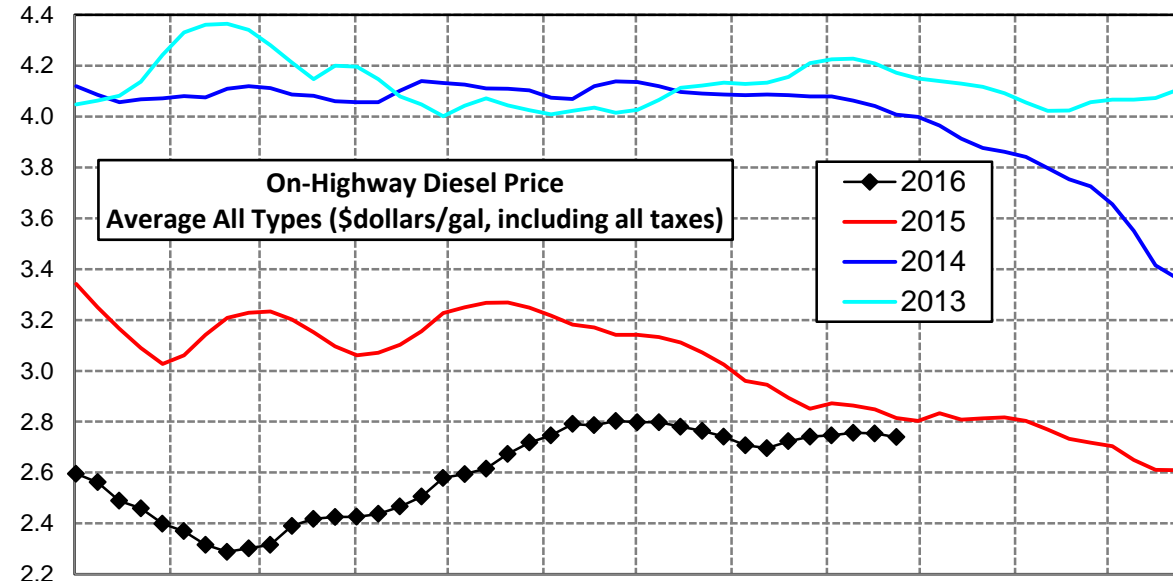
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	12Sep16	19Sep16	26Sep16	03Oct16	
West Coast	\$2.666	\$2.652	\$2.640	\$2.668	\$0.028
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
	12Sep16	19Sep16	26Sep16	03Oct16	
California	\$2.756	\$2.754	\$2.739	\$2.767	\$0.028
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-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	2.389	2.391	2.405	2.485	2.316	2.366	2.242	2.482	2.652	2.754
Mon-26-Sep-16	2.382	2.393	2.398	2.489	2.318	2.359	2.230	2.465	2.640	2.739
Mon-03-Oct-16	2.401	2.405	2.412	2.509	2.333	2.372	2.241	2.484	2.668	2.767
Mon-10-Oct-16										
Mon-17-Oct-16										
Mon-24-Oct-16										
Mon-31-Oct-16										
Mon-07-Nov-16										
Mon-14-Nov-16										
Mon-21-Nov-16										
Mon-28-Nov-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.