



# RETAIL DIESEL FUEL OUTLOOK

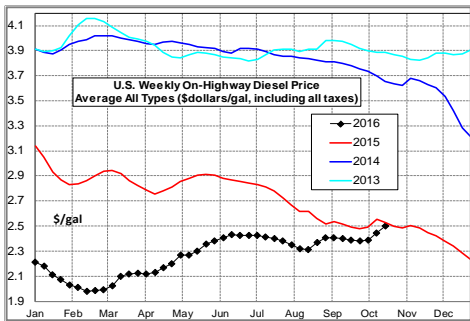
## A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Tuesday, September 27, 2016

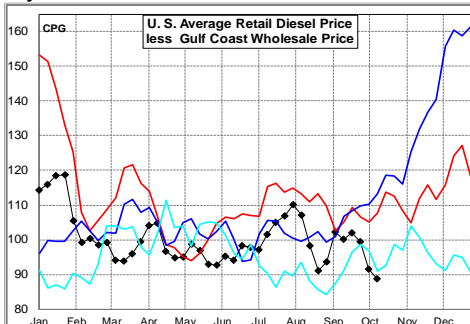
Region	Actual Price 1/			Forecast 2/	Change from week ago
	26Sep16	03Oct16	10Oct16	17Oct16	
U.S.	2.382	2.389	2.445	2.510	0.065
East Coast	2.393	2.398	2.441	2.506	0.065
New England	2.398	2.414	2.453	2.512	0.059
Central Atlantic	2.489	2.486	2.540	2.599	0.059
Lower Atlantic	2.318	2.327	2.363	2.439	0.076
Midwest	2.359	2.356	2.417	2.485	0.068
Gulf Coast	2.230	2.250	2.317	2.377	0.060
Rocky Mountain	2.465	2.467	2.508	2.575	0.067
West Coast	2.640	2.658	2.712	2.793	0.081
California	2.739	2.766	2.809	2.887	0.078

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

**Diesel Fuel Price Trends** U. S. retail diesel prices increased +5.6 cpg last week. Prices were higher in all markets; led by a +6.7 cpg increase in the Gulf Region. The Lower Atlantic region reported a +3.6 cpg increase.

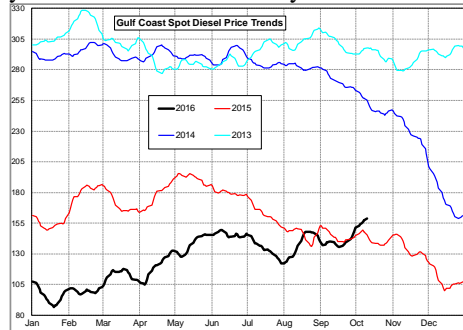


The U.S. average retail diesel price compared to the Gulf Coast wholesale market decreased -2.7 cpg on the week. The spread ended the week below the last 3-yrs.

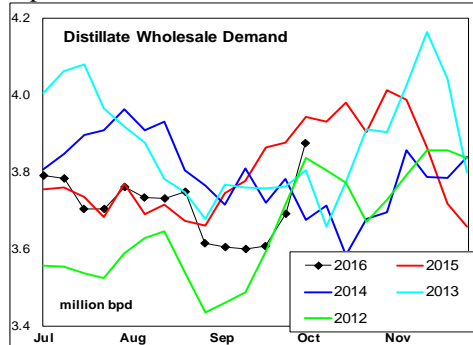


The national average on-highway price ended the week -11 cpg below a year ago. The highest retail prices were in California at \$2.81/gal and the Central Atlantic at \$2.54/gal. The lowest prices were in the Gulf at \$2.32/gal.

output sharply below the last 3-yrs. Gulf spot prices increased +5 cpg last week. Gulf Spot prices ended the week at a level above a year ago, the first year-on-year increase of the last 2-yrs.



A downtrend in wholesale prices has occurred in each of the last 2-yrs during the 4<sup>th</sup> quarter, so the current uptrend represents a counter seasonal increase.



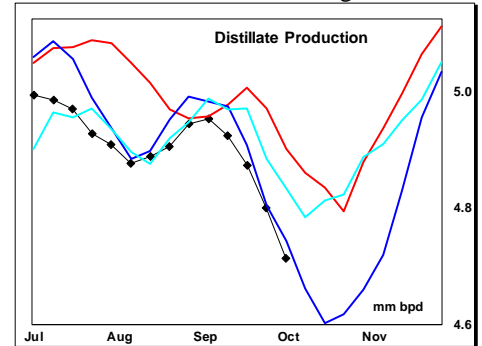
**Supply - Demand Fundamental Trends** Distillate wholesale demand increased +103,000 bpd last week, to a level above the 3-yr mid range for the period. The latest 4-wk average wholesale demand decreased -351,000 bpd versus last year.

The region average retail price compared to the U.S. average was below the last 3-yrs in the New England region; driven by very high stock levels.

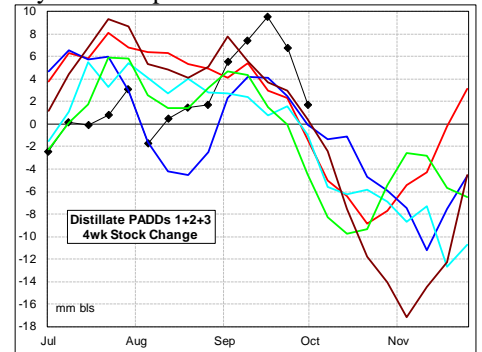
The region average retail price compared to the U.S. average traded above the last 3-yrs on the West Coast, driven by refinery maintenance that cut

Supply decreased -37,000 bpd last week, the result of lower imports. During the latest 4-wk period, production was -227,000 bpd below a year ago.

Stocks decreased -2.4 million barrels last week, although the level was +12 million barrels above a year ago and a 5-yr high. Stock levels were at record levels in the East, West and Midwest regions.



The latest 4-wk stock change East of the Rockies was a +1.7 million barrel build, a compared to small draws in each of the last 5-yrs for the period.



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

**Global Trends Driving Diesel Prices** Refiners continue to constrain distillate output on high RINS cost, while maximizing jet output which does not incur a RINS obligation. A recent upturn in wholesale demand and start of seasonal stock draws should lead to a tightening of near term supply balance. Upon completion of fall refinery maintenance there is risk of over supplied markets in the Midwest; while coastal regions may export product to balance supplies.

**Diesel Price Outlook:**

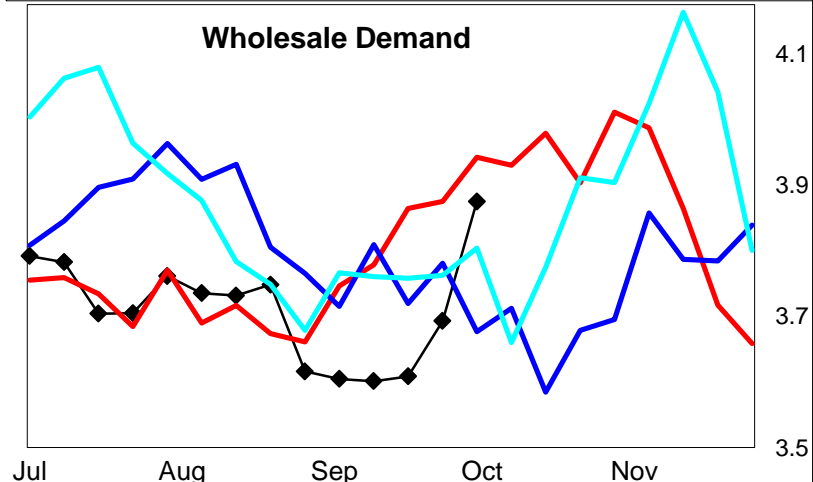
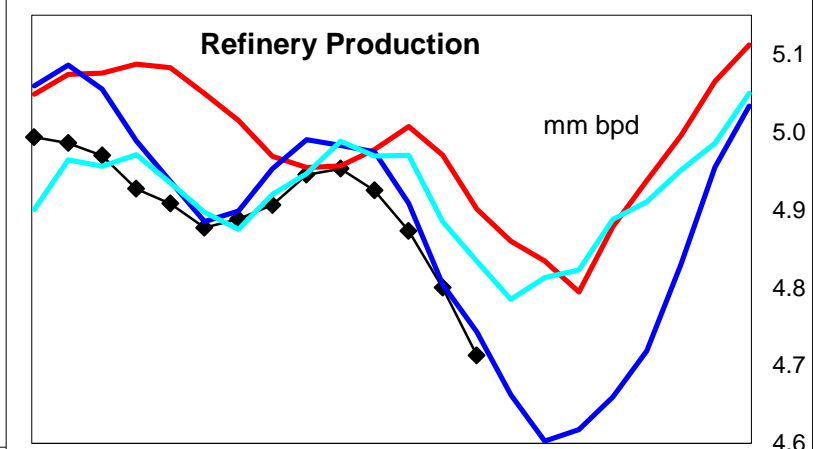
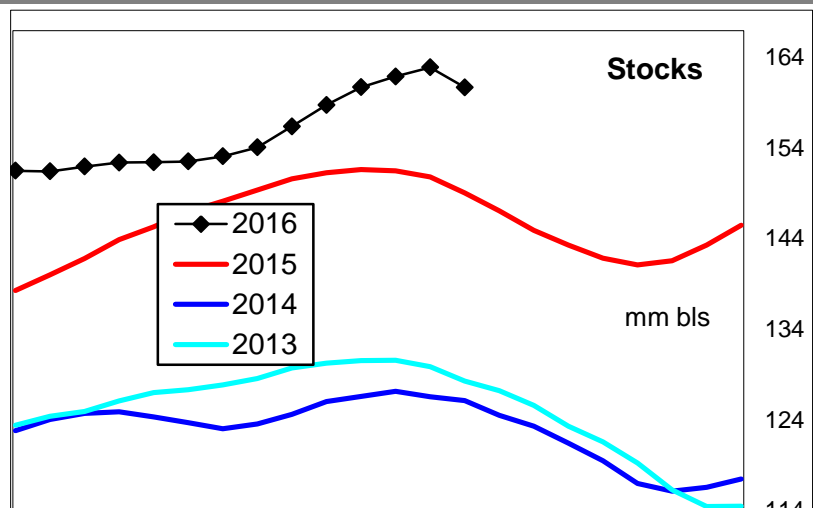
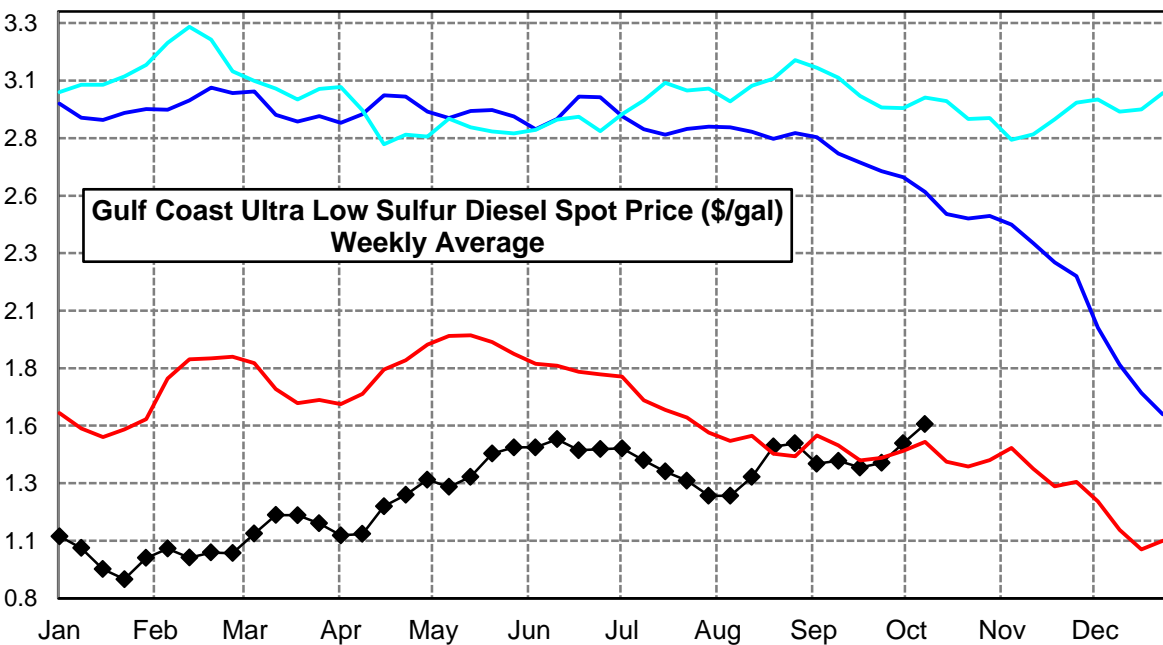
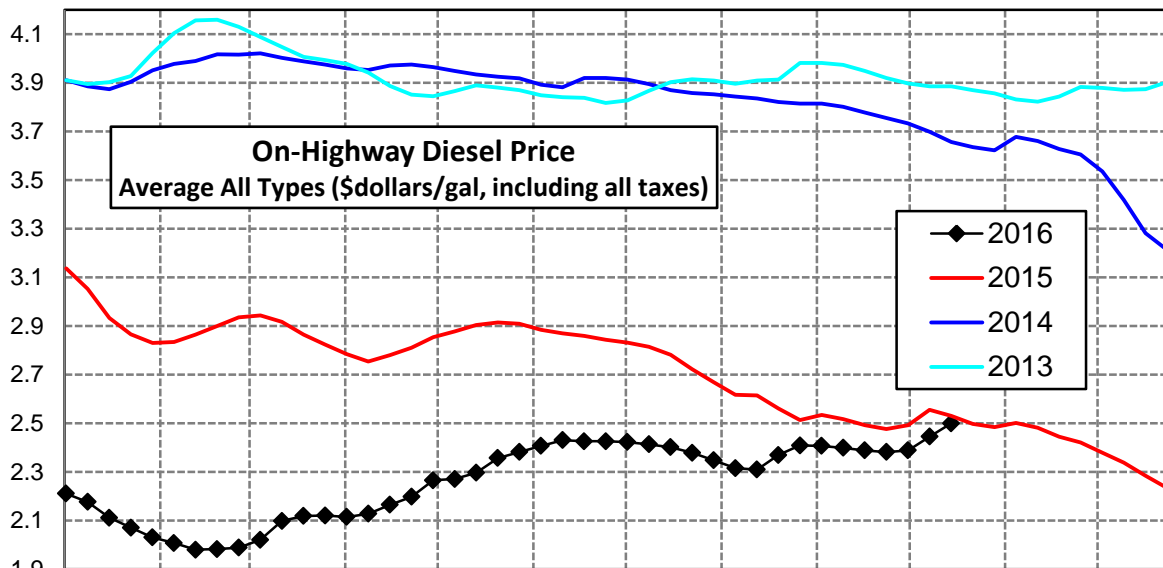
Excess distillate stocks in the East, West and Midwest markets, risk price weakness following fall refinery maintenance.

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



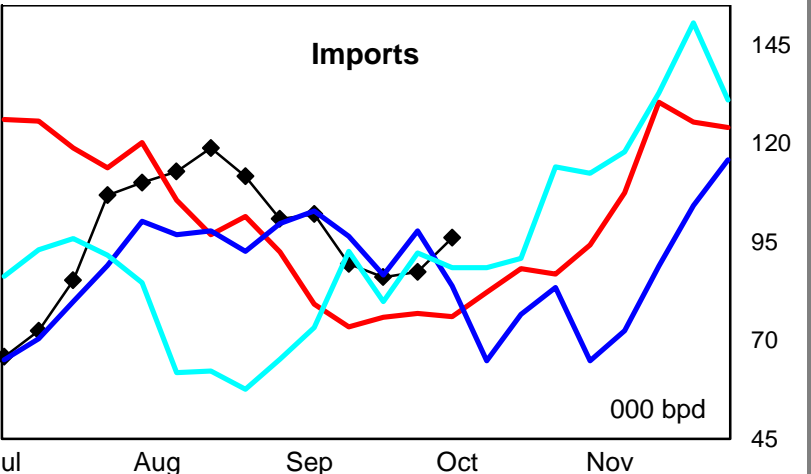
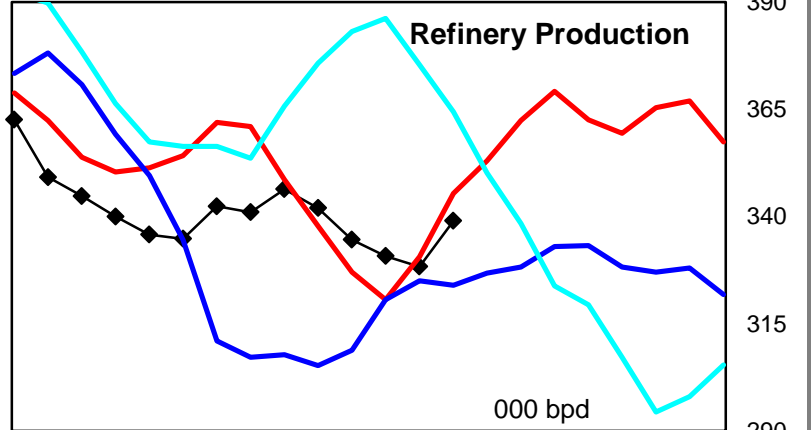
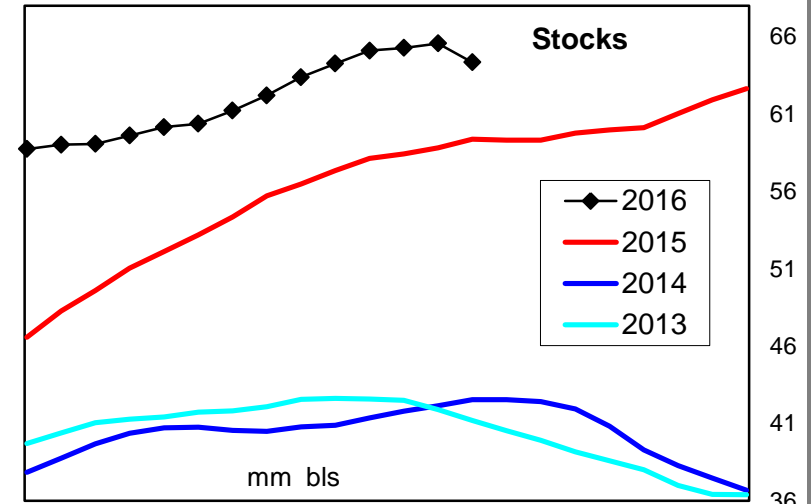
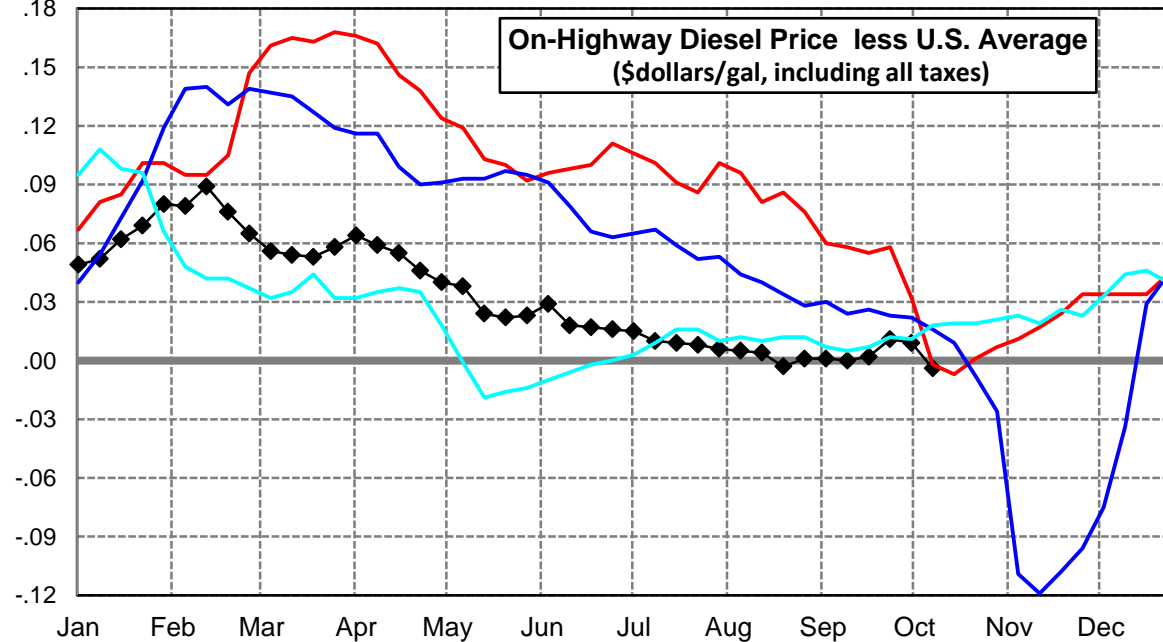
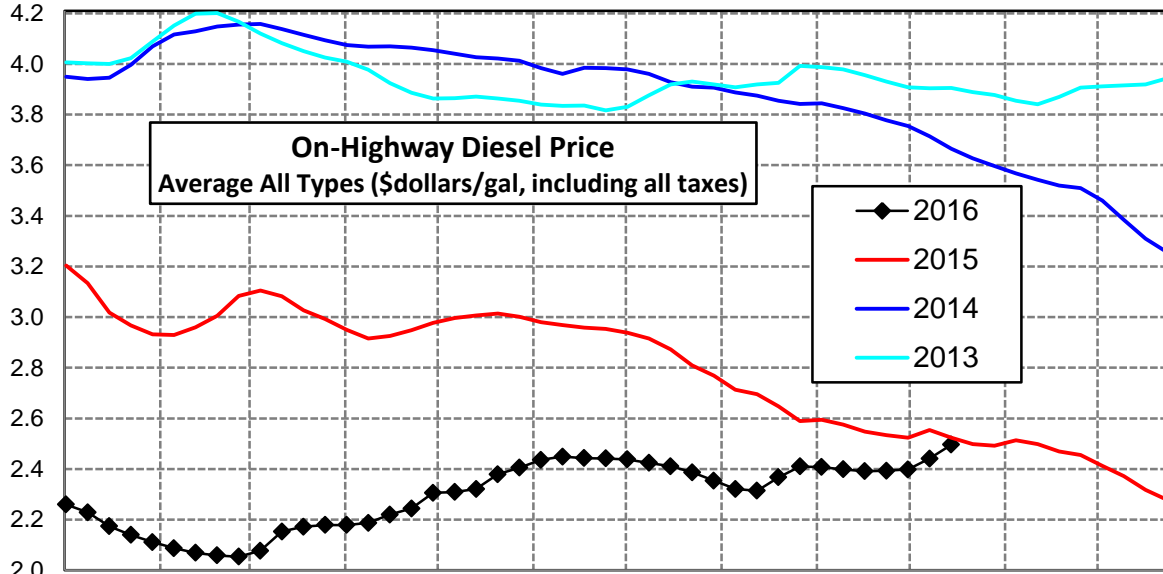
## U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Sep16	03Oct16	10Oct16	17Oct16	
<b>United States Avg</b>	\$2.382	\$2.389	\$2.445	<b>\$2.510</b>	\$0.065
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



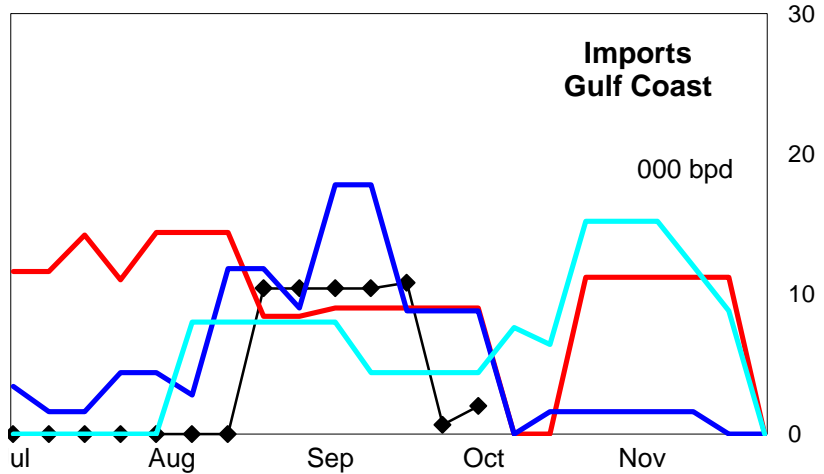
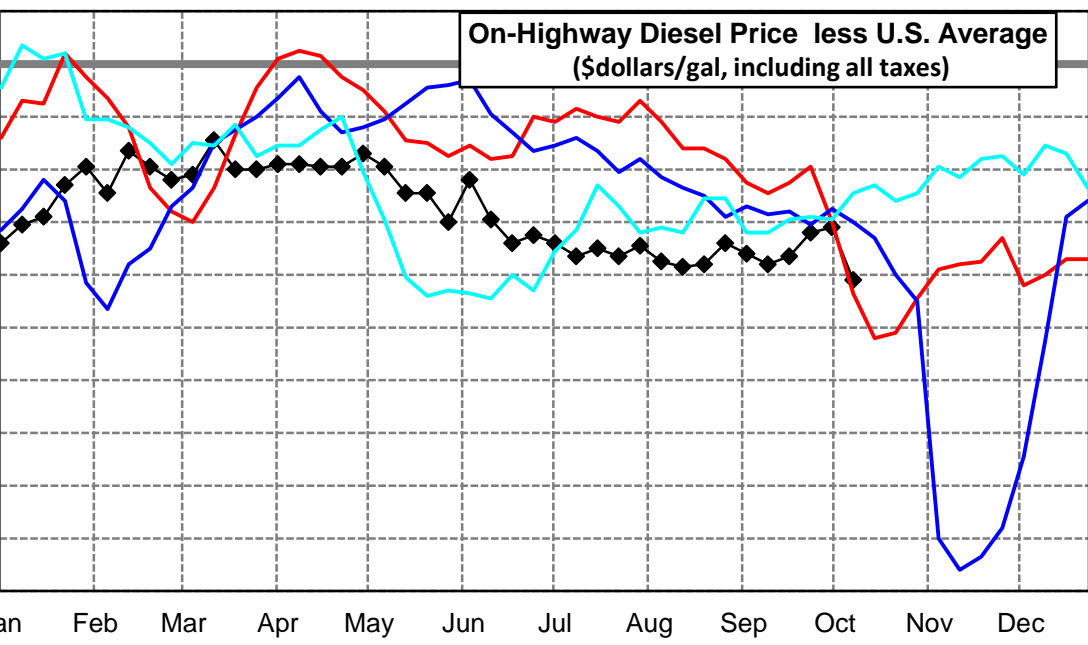
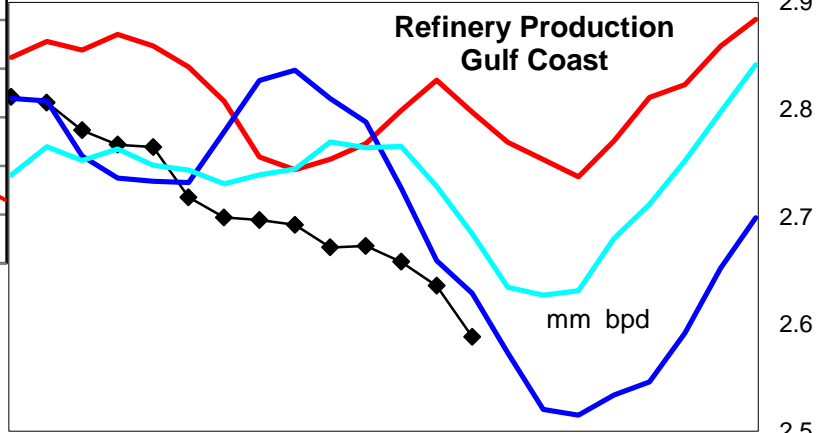
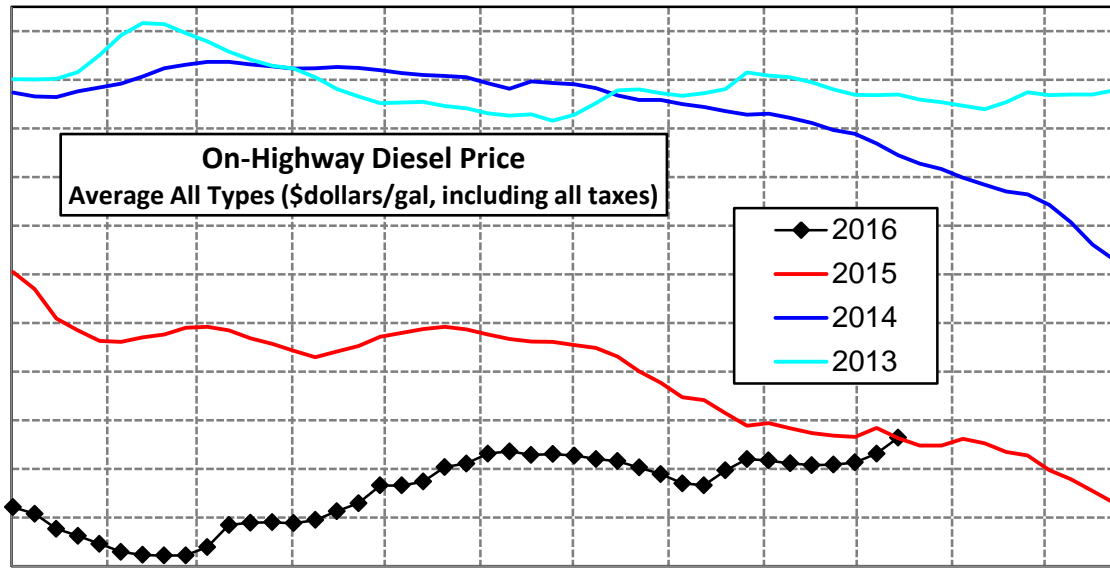
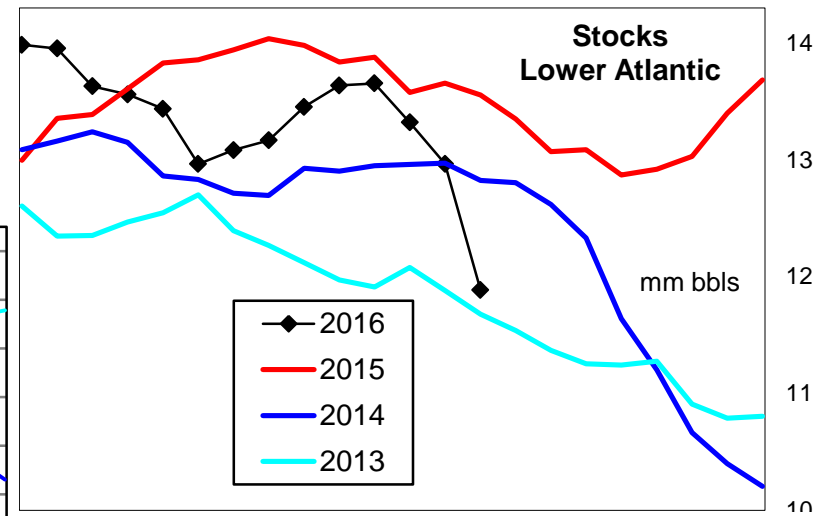
### East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Sep16	03Oct16	10Oct16	17Oct16	
<b>East Coast</b>	\$2.393	\$2.398	\$2.441	<b>\$2.506</b>	\$0.065
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



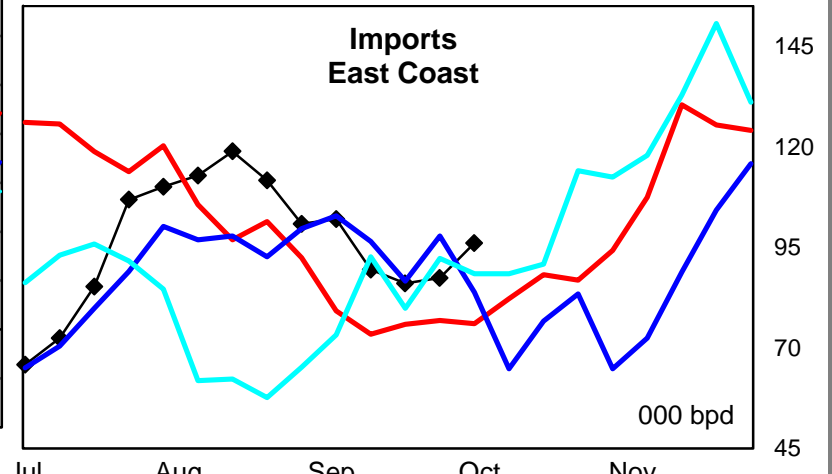
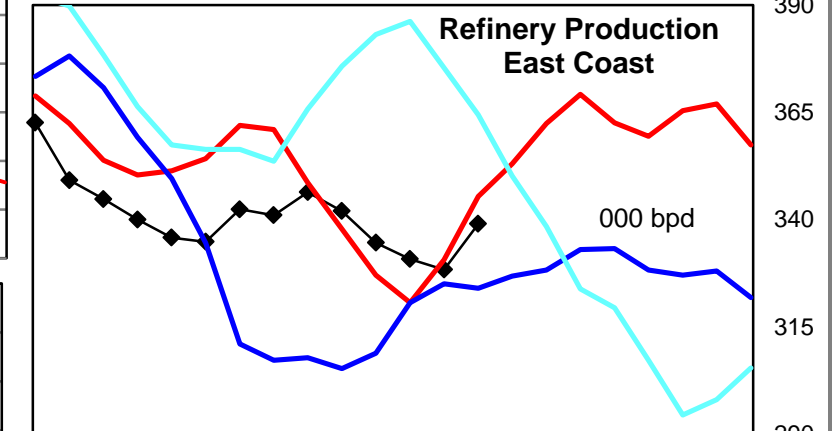
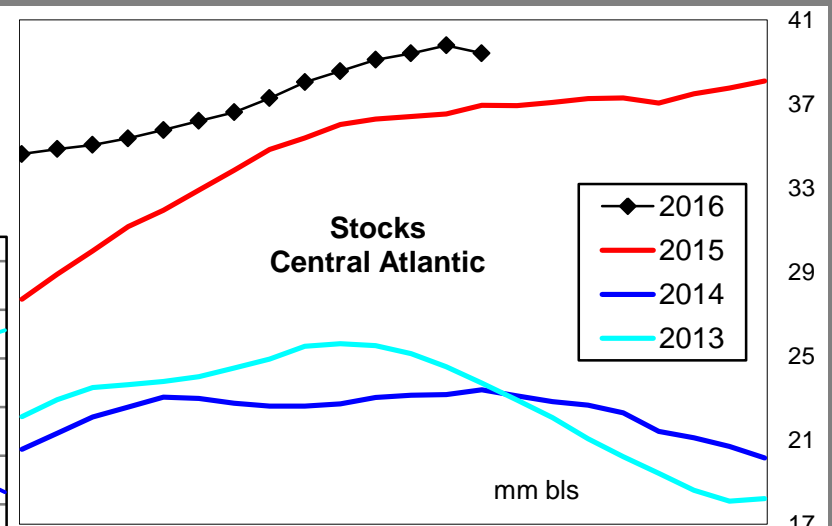
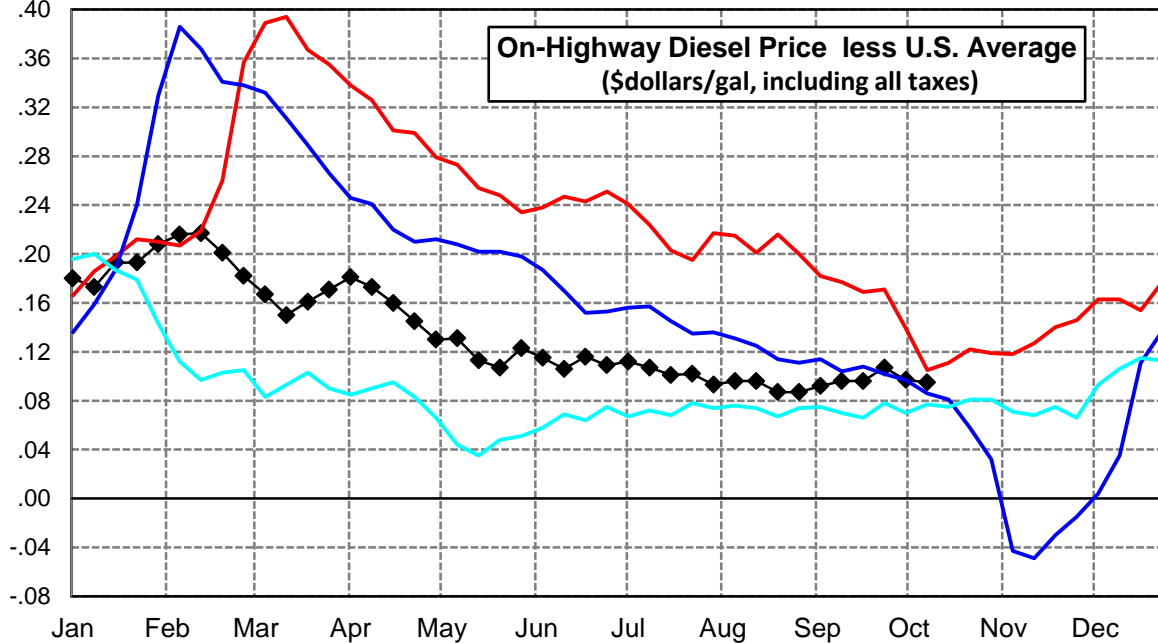
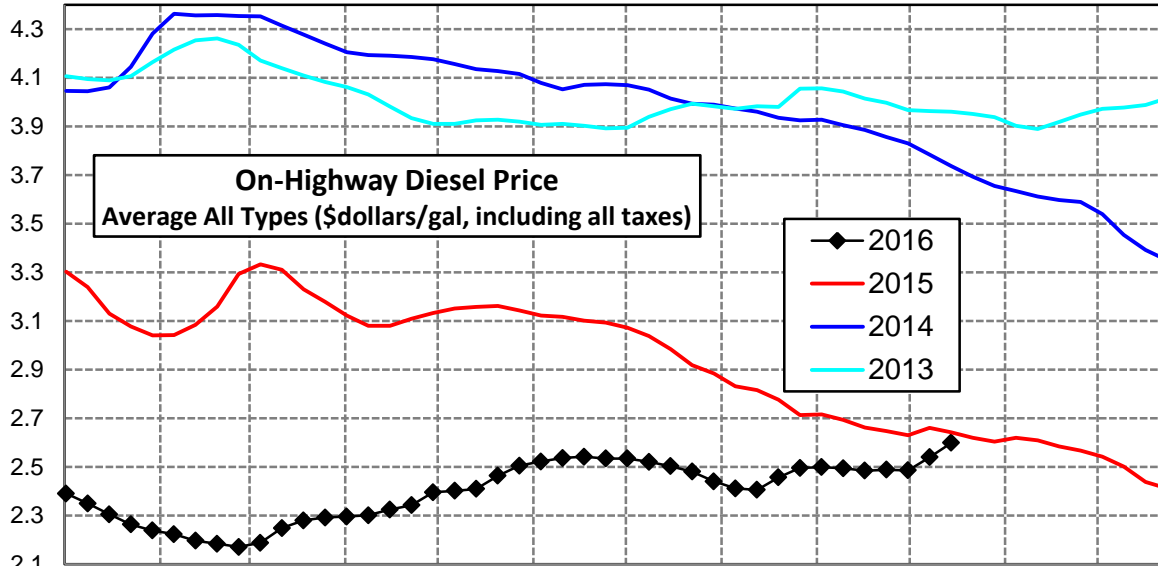
### Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Sep16	03Oct16	10Oct16	17Oct16	
<b>Lower Atlantic</b>	\$2.318	\$2.327	\$2.363	<b>\$2.439</b>	\$0.076
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

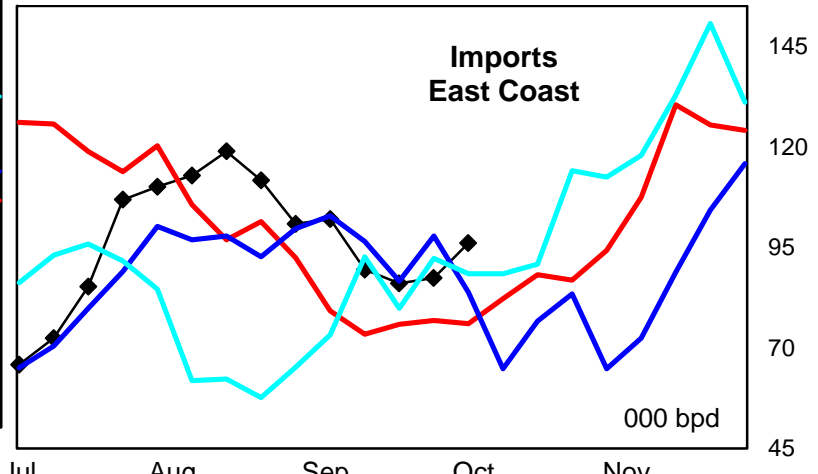
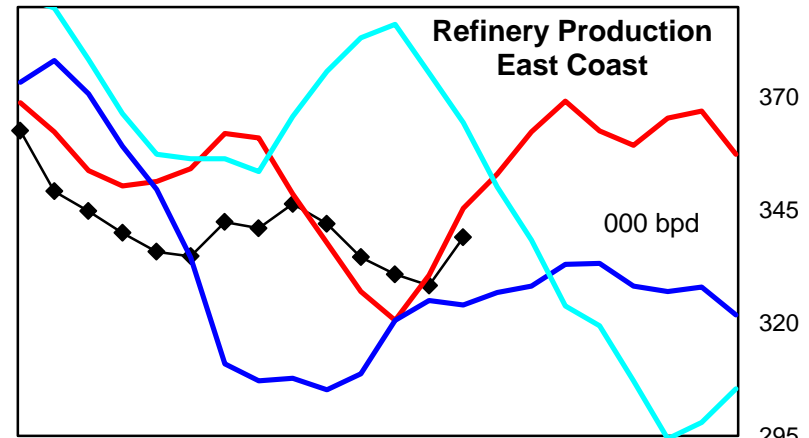
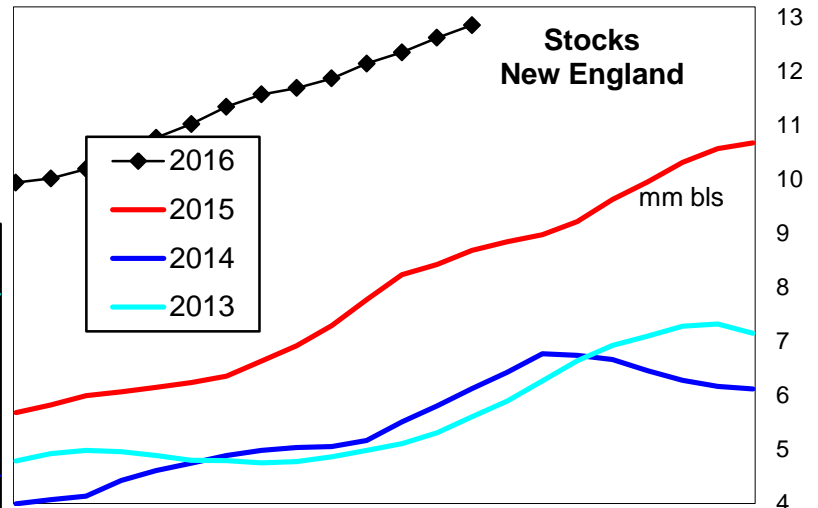
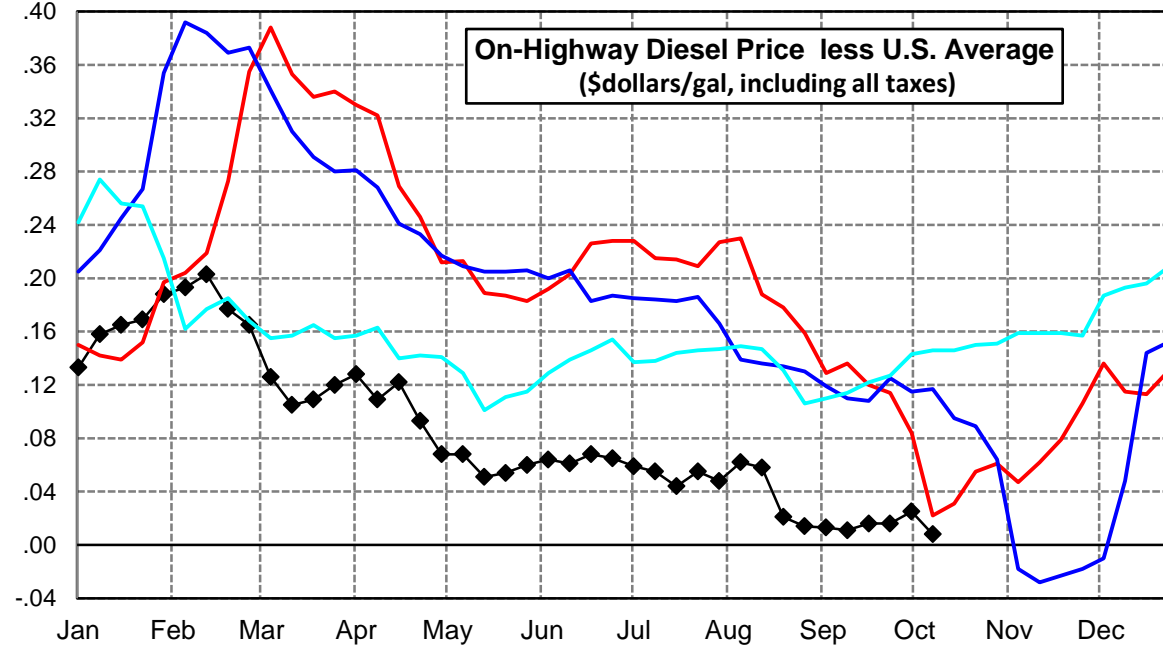
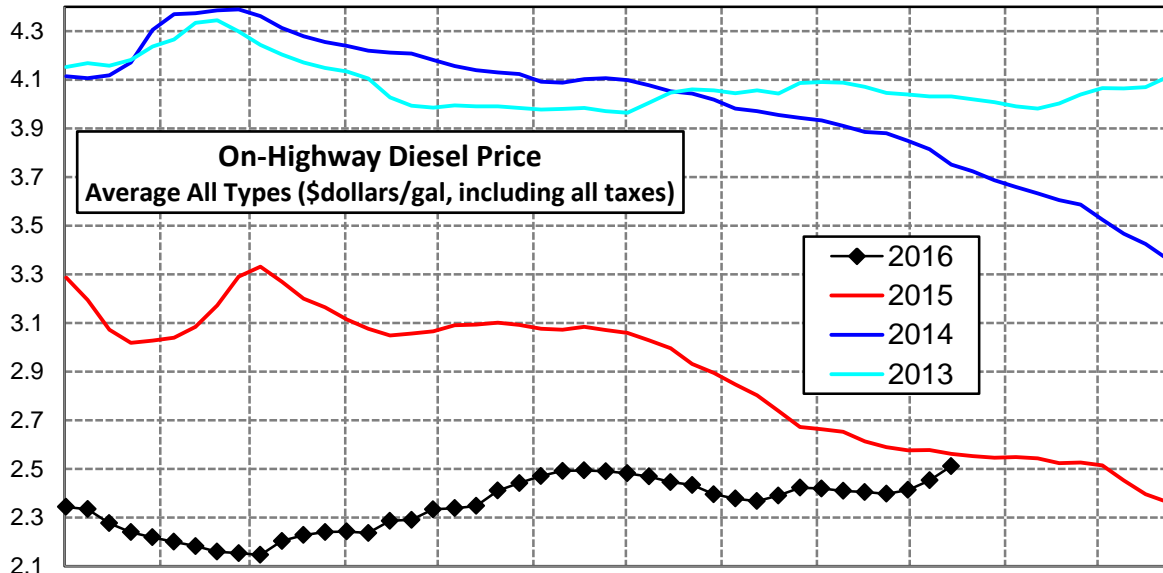
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Sep16	03Oct16	10Oct16	17Oct16	
<b>Central Atlantic</b>	\$2.489	\$2.486	\$2.540	<b>\$2.599</b>	\$0.059
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





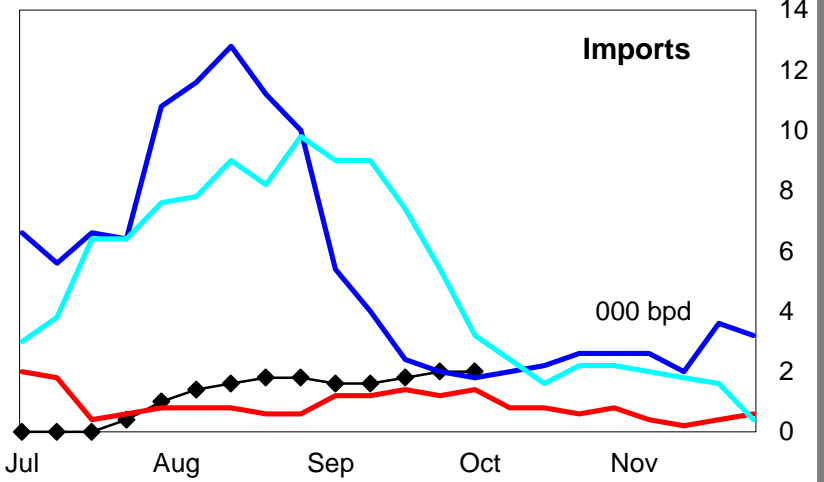
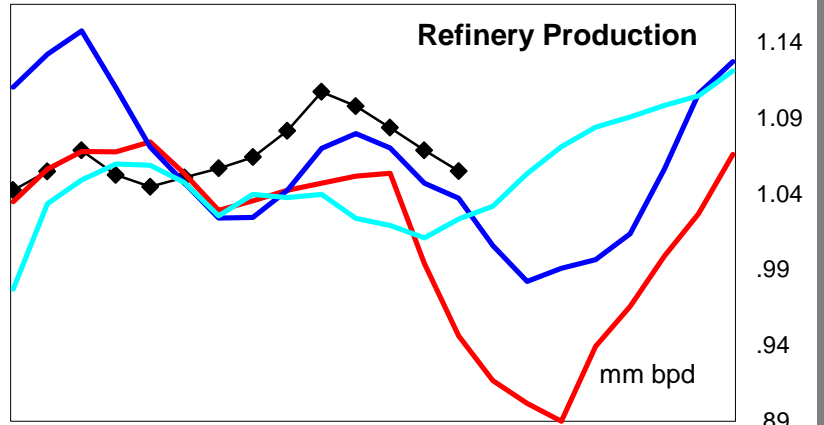
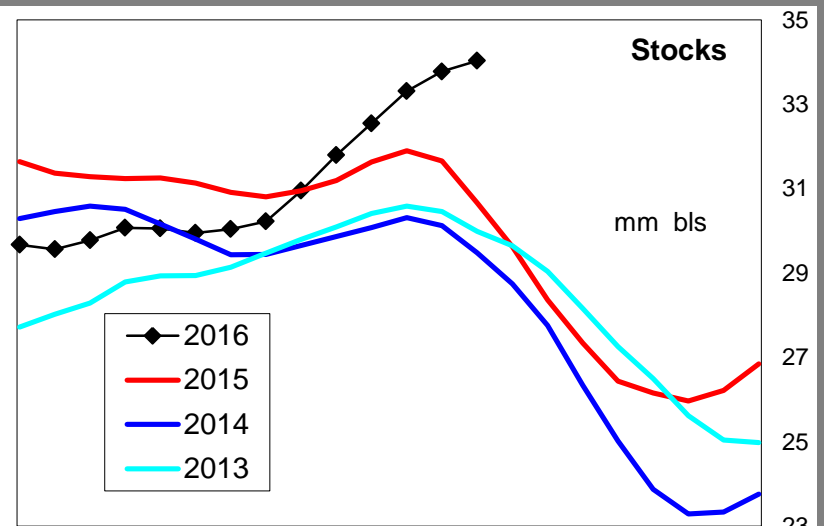
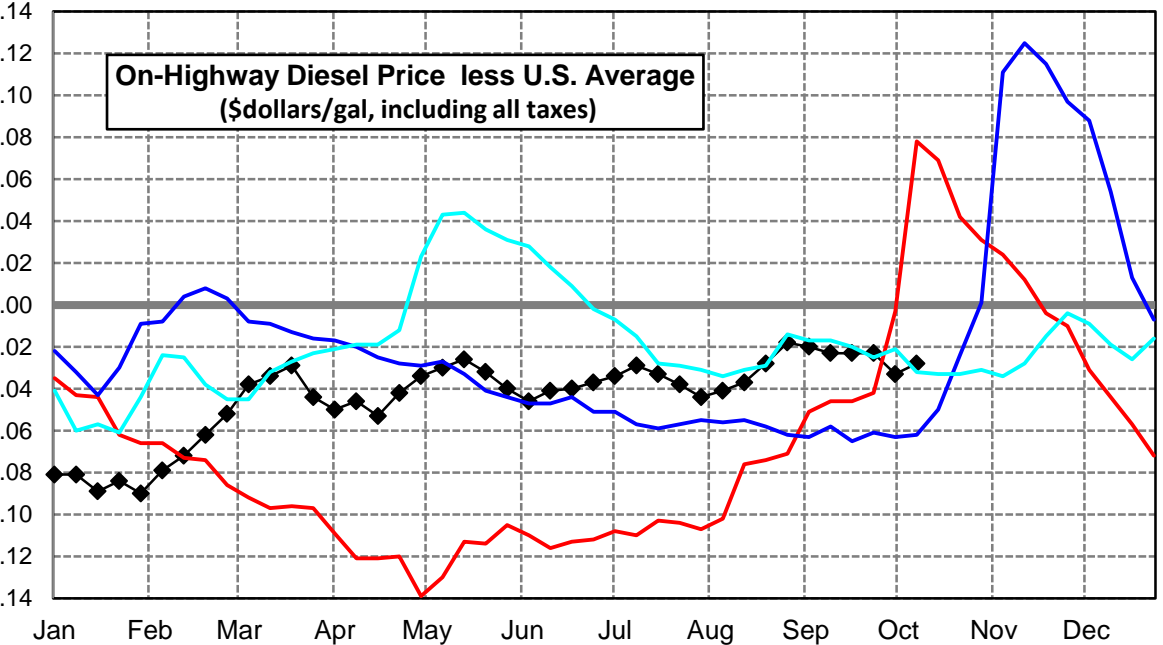
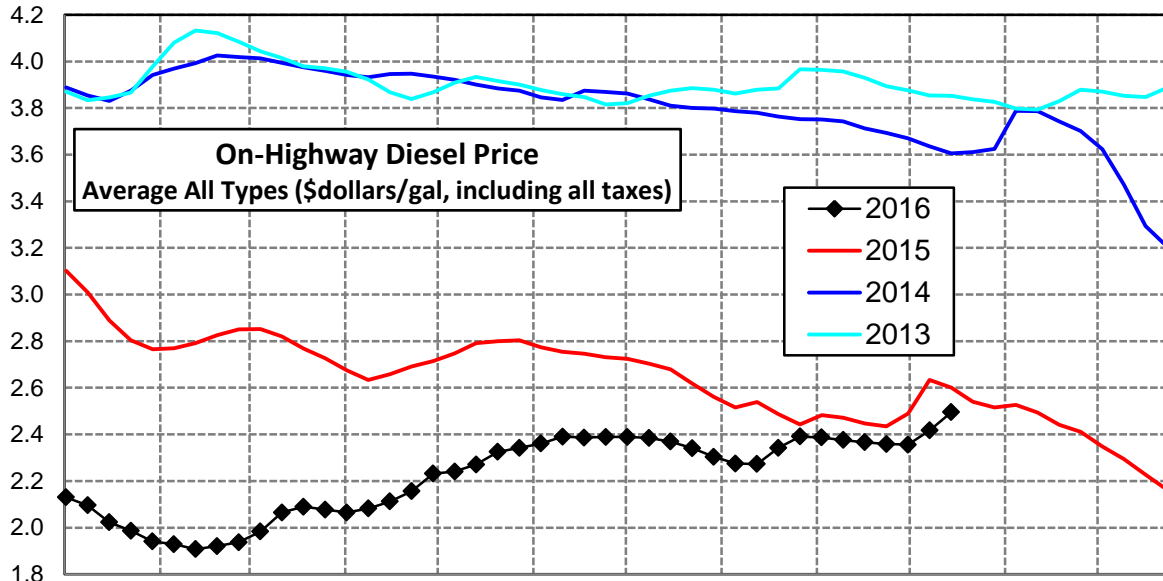
## New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Sep16	03Oct16	10Oct16	17Oct16	
<b>New England</b>	\$2.398	\$2.414	\$2.453	<b>\$2.512</b>	\$0.059
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

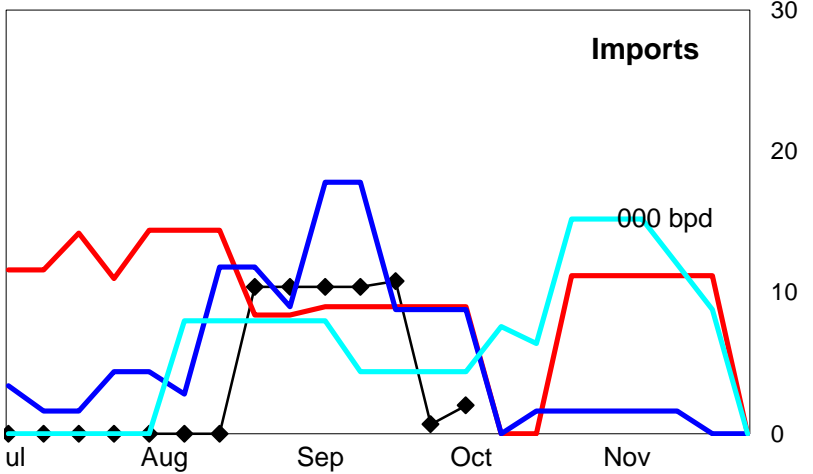
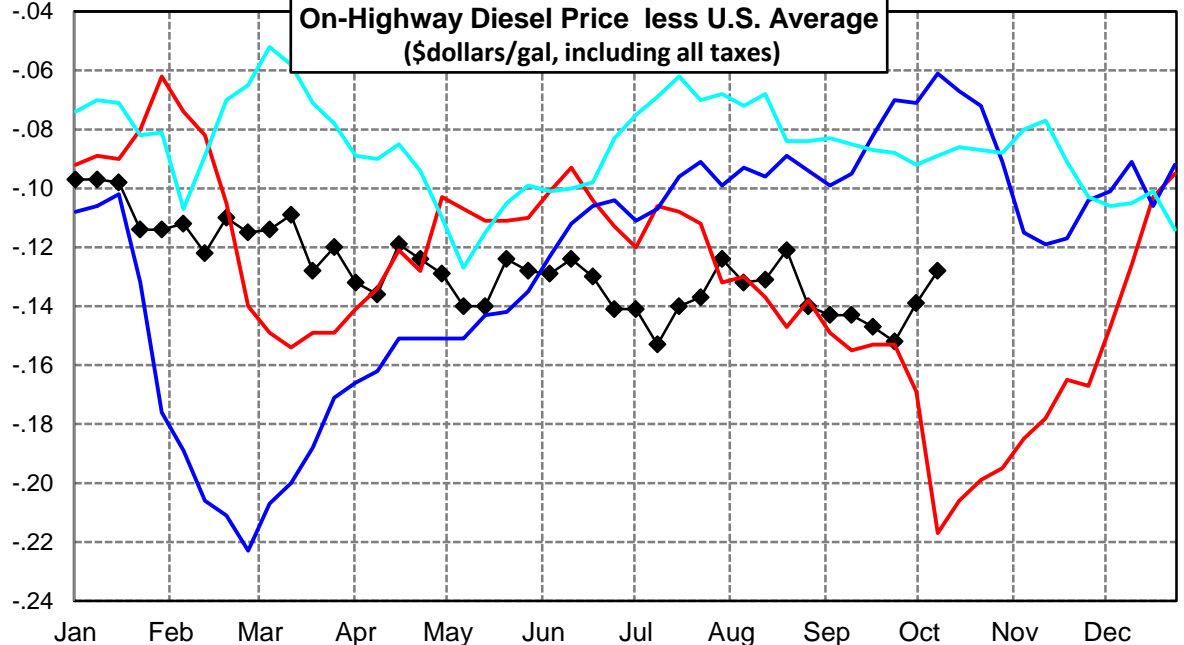
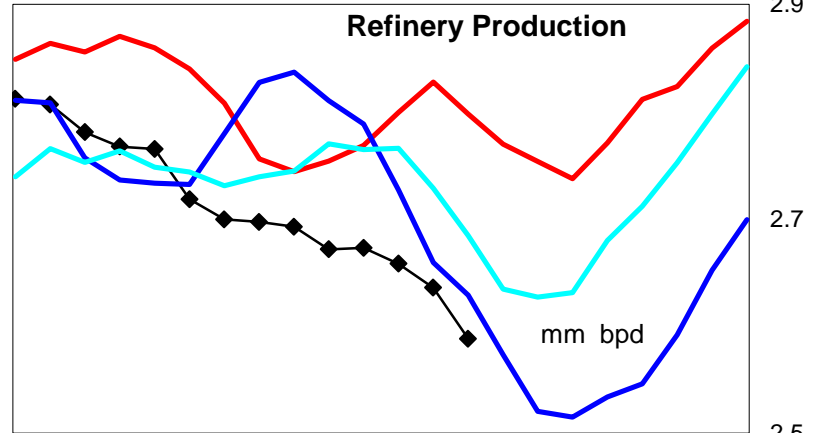
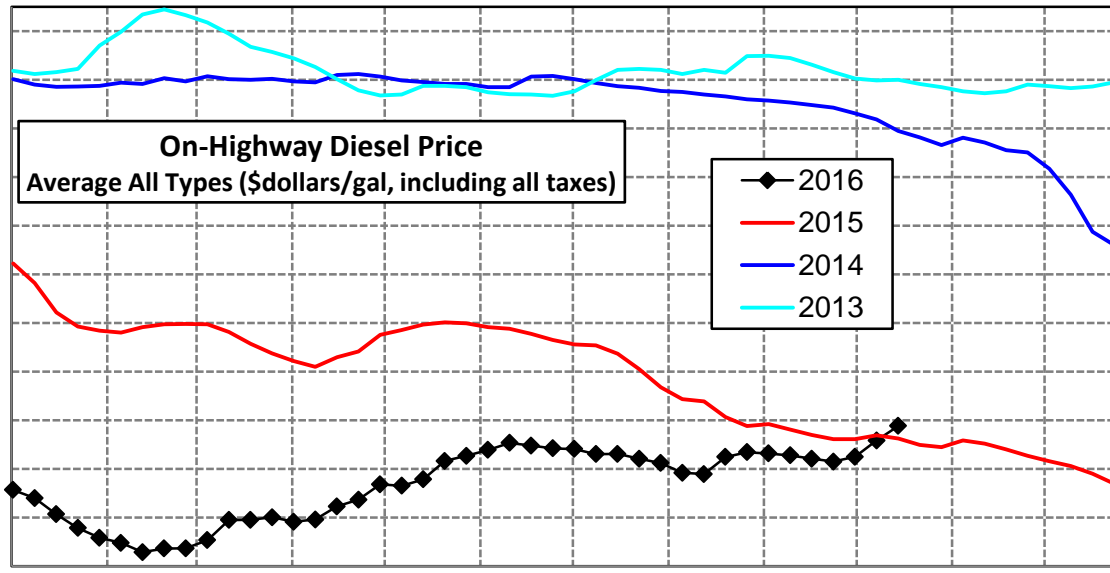
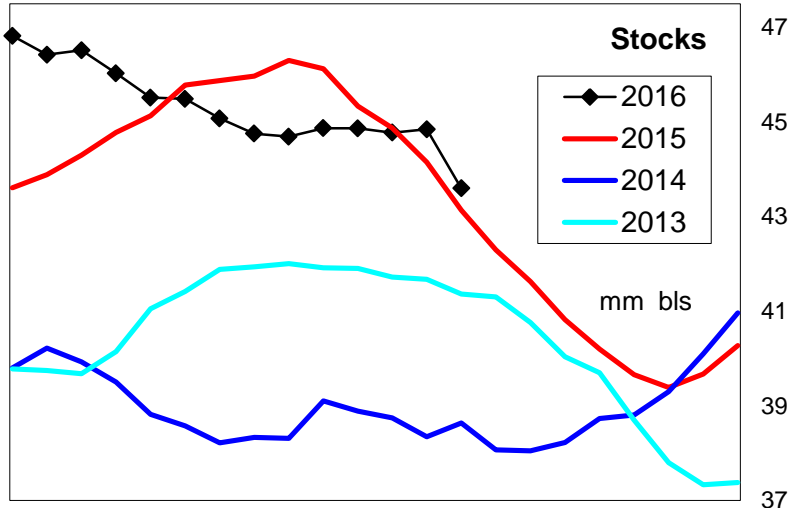
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Sep16	03Oct16	10Oct16	17Oct16	
<b>Midwest</b>	\$2.359	\$2.356	\$2.417	<b>\$2.485</b>	\$0.068
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





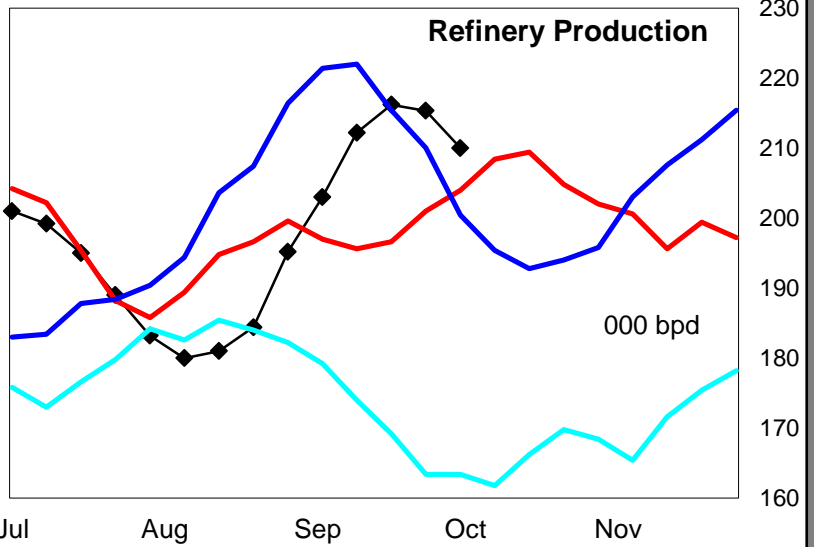
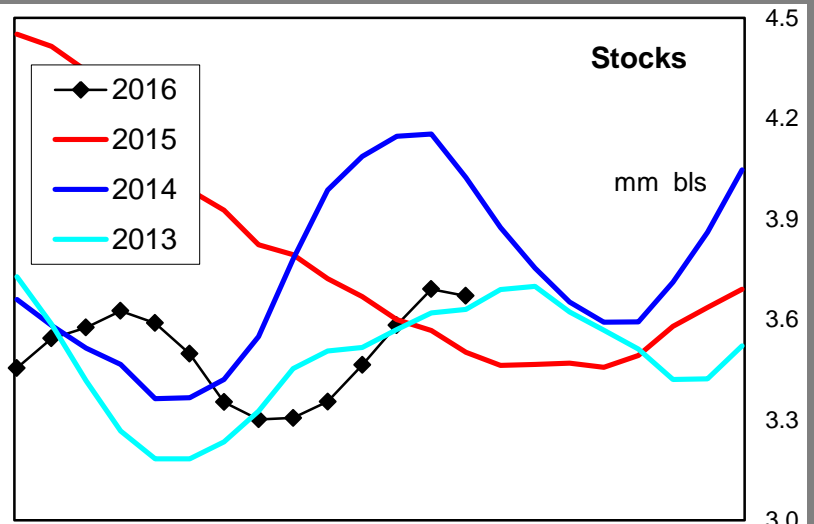
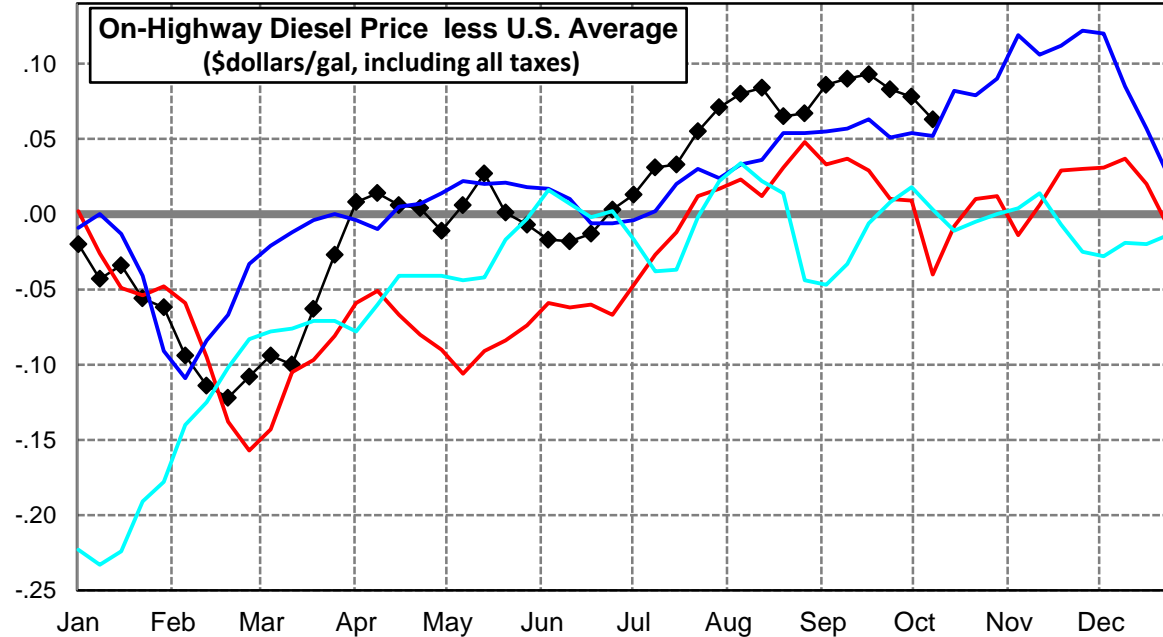
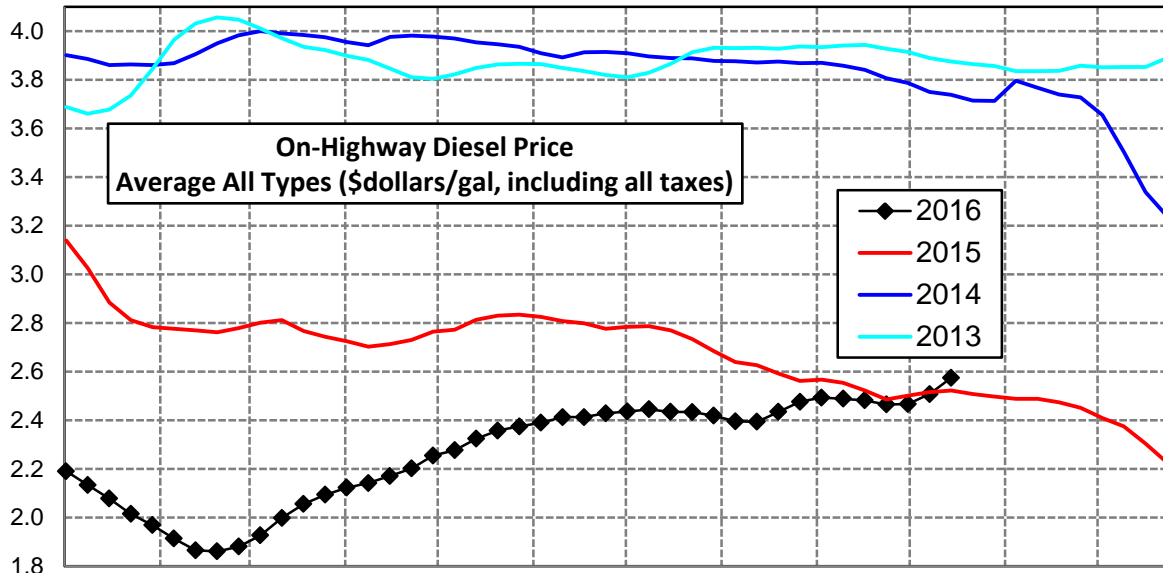
### Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Sep16	03Oct16	10Oct16	17Oct16	
<b>Gulf Coast</b>	\$2.230	\$2.250	\$2.317	<b>\$2.377</b>	\$0.060
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



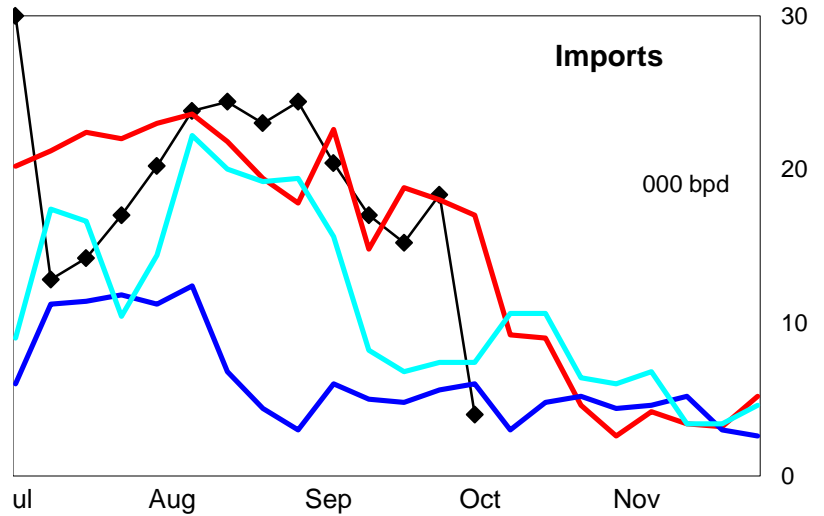
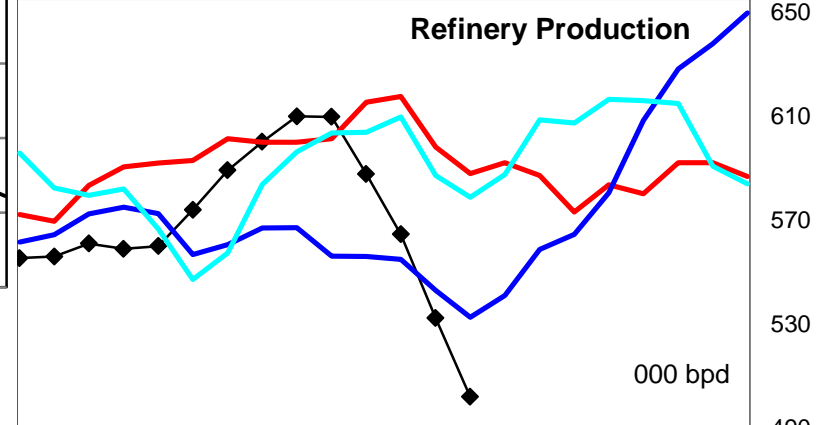
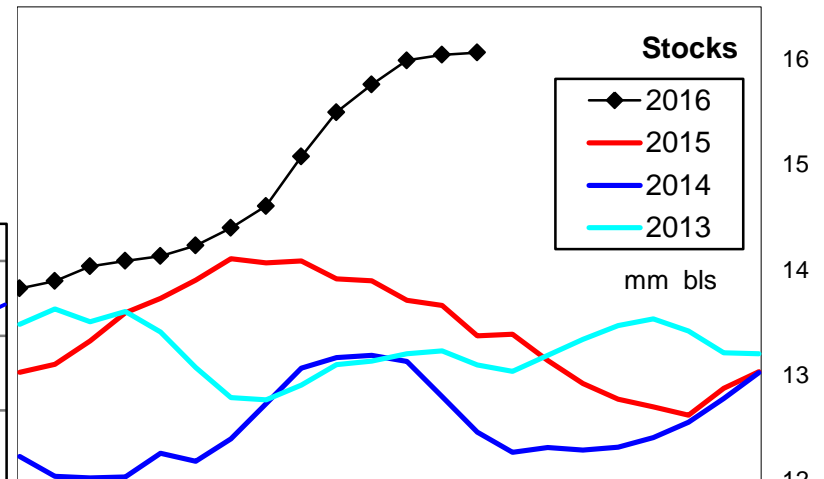
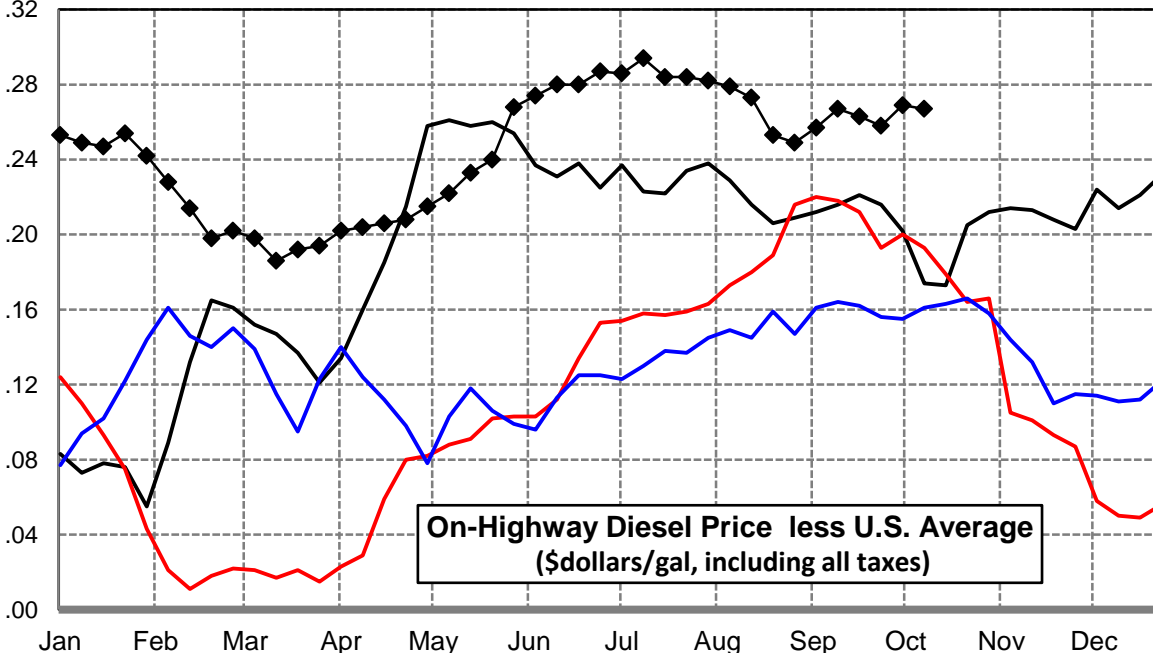
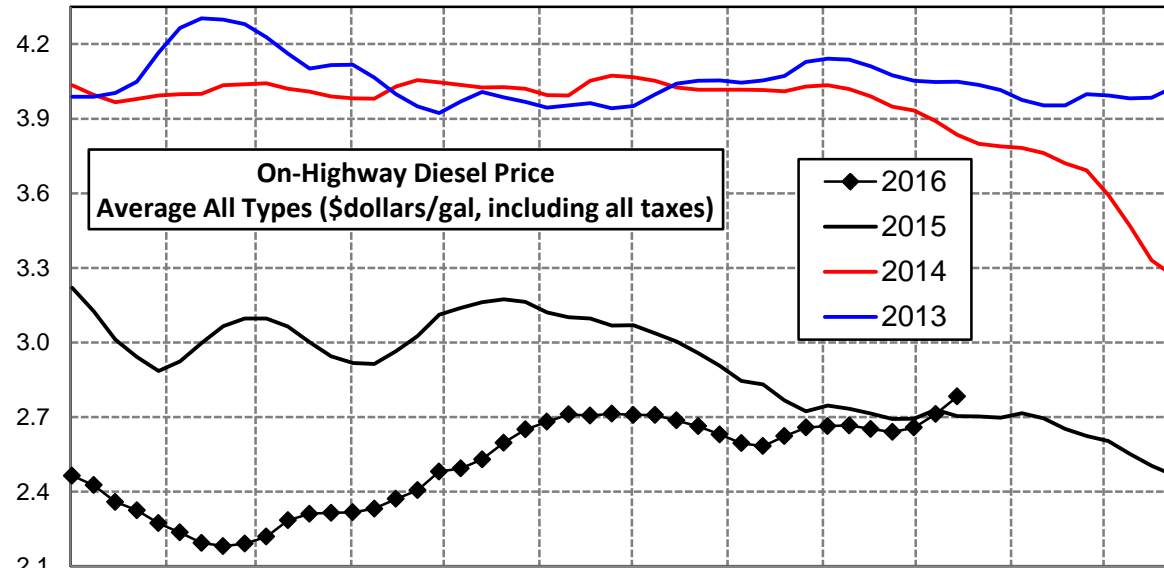
## Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Sep16	03Oct16	10Oct16	17Oct16	
<b>Rocky Mountain</b>	\$2.465	\$2.467	\$2.508	<b>\$2.575</b>	\$0.067
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



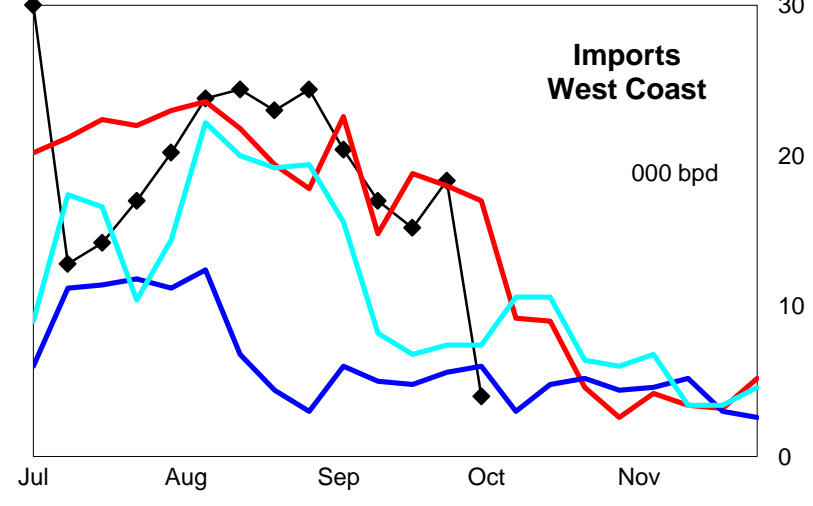
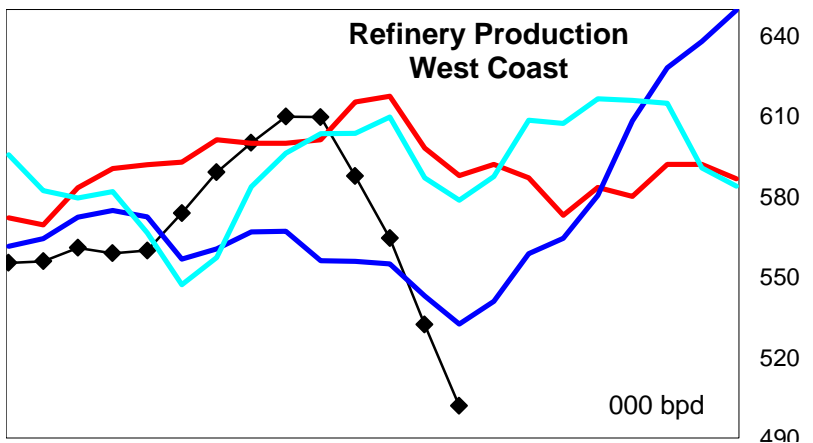
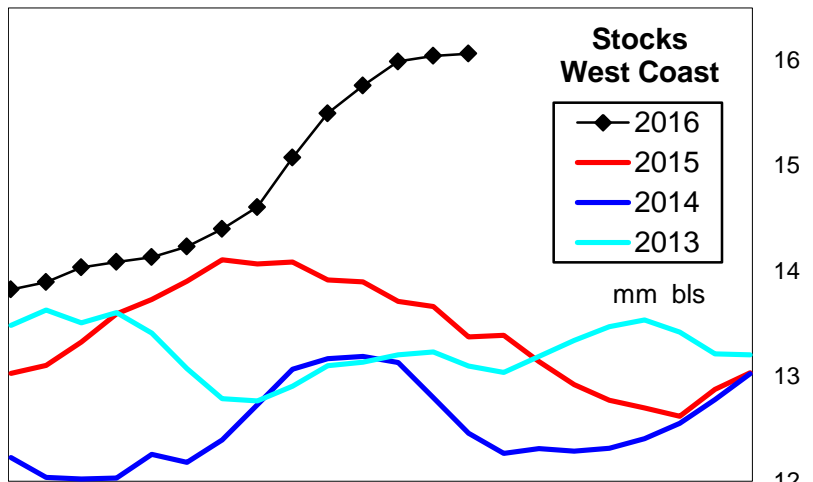
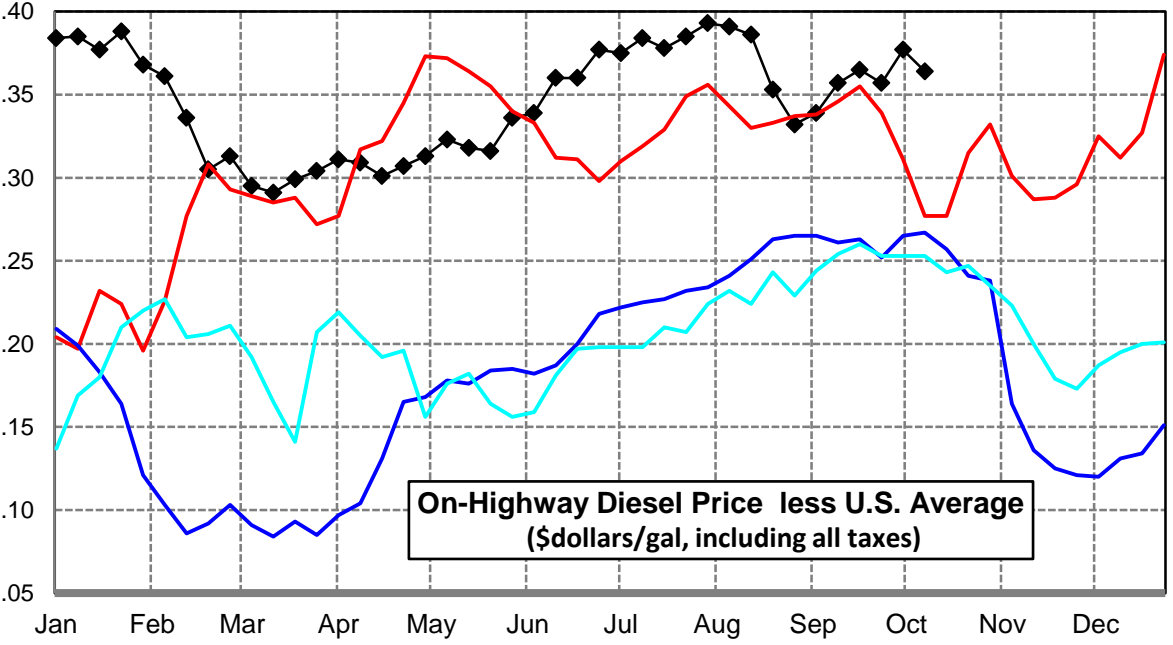
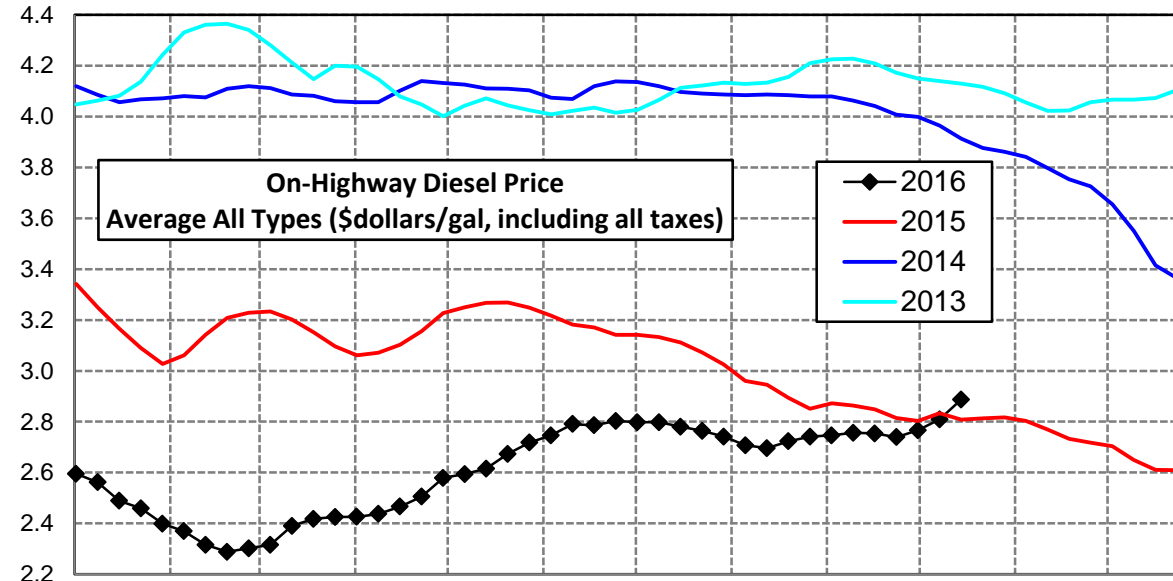
### West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	26Sep16	03Oct16	10Oct16	17Oct16	
<b>West Coast</b>	\$2.640	\$2.658	\$2.712	<b>\$2.793</b>	\$0.081
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
	26Sep16	03Oct16	10Oct16	17Oct16	
<b>California</b>	\$2.739	\$2.766	\$2.809	<b>\$2.887</b>	\$0.078
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-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	2.389	2.398	2.414	2.486	2.327	2.356	2.250	2.467	2.658	2.766
Mon-10-Oct-16	2.445	2.441	2.453	2.54	2.363	2.417	2.317	2.508	2.712	2.809
Mon-17-Oct-16	2.500	2.496	2.512	2.599	2.429	2.495	2.377	2.575	2.783	2.887
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.