



# RETAIL DIESEL FUEL OUTLOOK

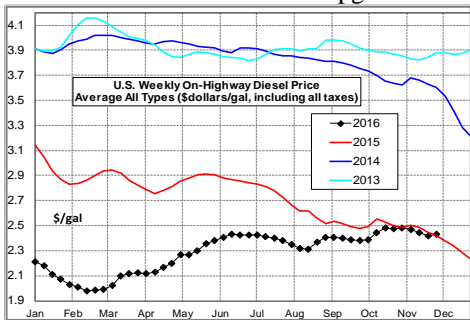
## A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Monday, November 21, 2016

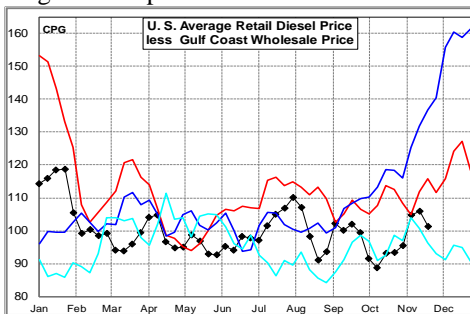
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price 1/			Forecast 2/	Change from week ago
	07Nov16	14Nov16	21Nov16	28Nov16	
U.S.	2.470	2.443	2.421	2.433	0.012
East Coast	2.474	2.453	2.442	2.462	0.020
New England	2.502	2.482	2.471	2.494	0.023
Central Atlantic	2.584	2.564	2.549	2.568	0.019
Lower Atlantic	2.384	2.363	2.355	2.362	0.007
Midwest	2.425	2.387	2.356	2.391	0.035
Gulf Coast	2.340	2.316	2.296	2.316	0.020
Rocky Mountain	2.532	2.492	2.455	2.491	0.036
West Coast	2.766	2.757	2.730	2.700	-0.030
California	2.840	2.837	2.804	2.777	-0.027

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

**Diesel Fuel Price Trends** U. S. retail diesel prices decreased -2.2 cpg last week. The Rockies saw a -3.7 cpg decrease while the East Coast was -1.1 cpg lower.



The U.S. average retail diesel price compared to the Gulf Coast wholesale market decreased -4.6 cpg on the week; driven by higher wholesale prices. The spread ended the week below the 3-yr mid range for the period.



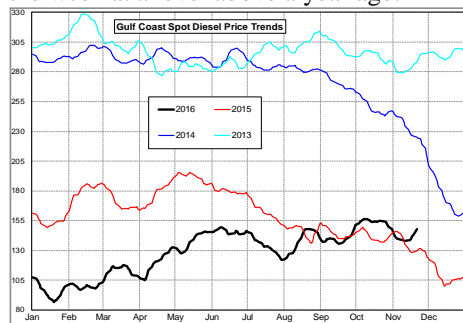
The national average on-highway price ended the week -2.5 cpg below a year ago. The highest retail prices were in California at \$2.80/gal and the Central Atlantic at \$2.55/gal. The lowest prices were in the Gulf at \$2.30/gal.

The region average retail price

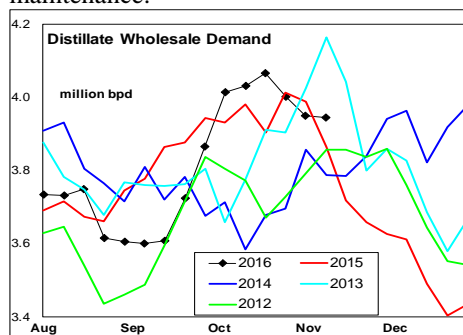
compared to the U.S. average was below the last 3-yrs in the Midwest region; driven by a lack of refinery maintenance this fall and very high stock levels.

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

Gulf spot prices increased +12 cpg last week; driven by expectations of an OPEC production freeze. Gulf spot prices ended the week at a level above a year ago.



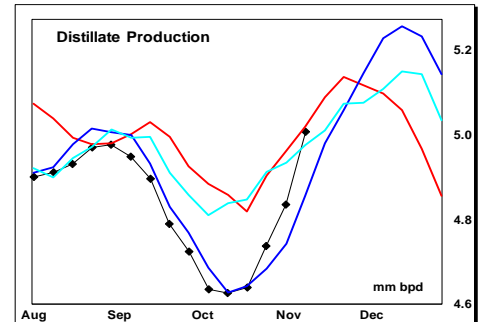
A downtrend in wholesale prices has occurred in each of the last 2-yrs during the 4<sup>th</sup> quarter as refiners return from fall maintenance.



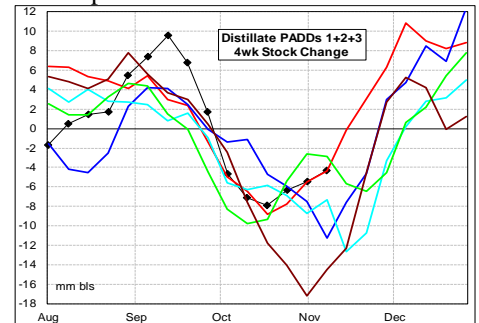
**Supply - Demand Fundamental Trends** Distillate wholesale demand decreased -0.1million bpd last week, to a level above the 3-yr mid range for the period. Demand for the latest 4-wk period was -55,000 bpd below a year ago.

Supply increased +262,000 bpd last week, on higher production and imports. During the latest 4-wk period, supply was -194,000 bpd below a year ago.

Stocks increased +0.3 million barrels last week, to a level +8.6 million barrels above a year ago and a 5-yr high for the period. Stock levels ended the week at 5-yr highs above a year ago on the East Coast (+6.4%), Midwest (+18%) and Rockies (+3%). Gulf stocks ended the week near the 3-yr mid range while the West Coast remains at a record low.



The latest 4-wk stock change East of the Rockies was a -4.3 million barrel draw, equal to the lowest draw of the last 3-yrs for the period.



Look for distillate stock builds going forward as refiners complete fall maintenance.

### Global Trends Driving Diesel Prices

An OPEC agreement on a production freeze should support prices in the near term; however seasonal stock builds in refined products and crude oil risk price weakness by year end.

### Diesel Price Outlook:

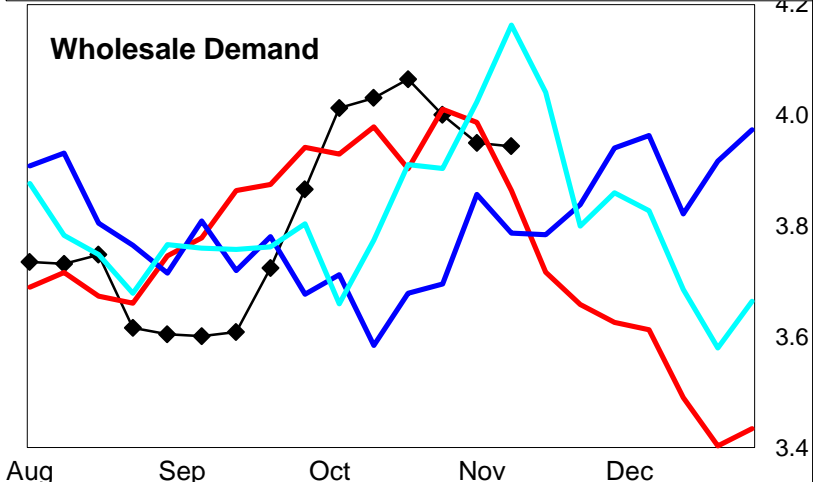
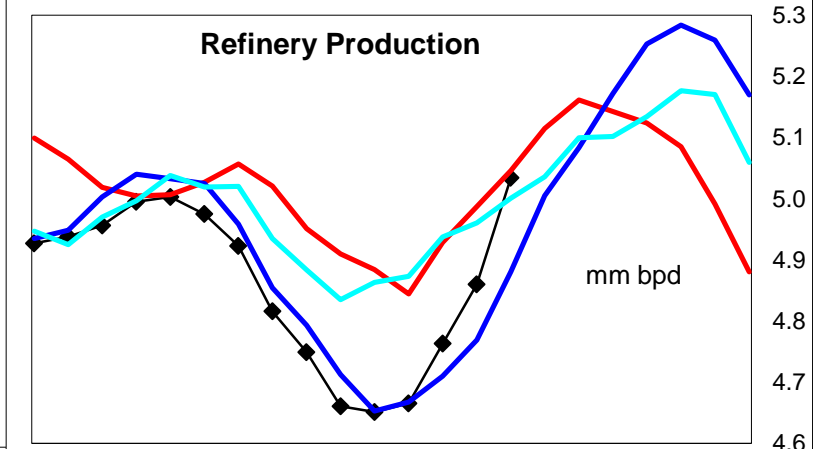
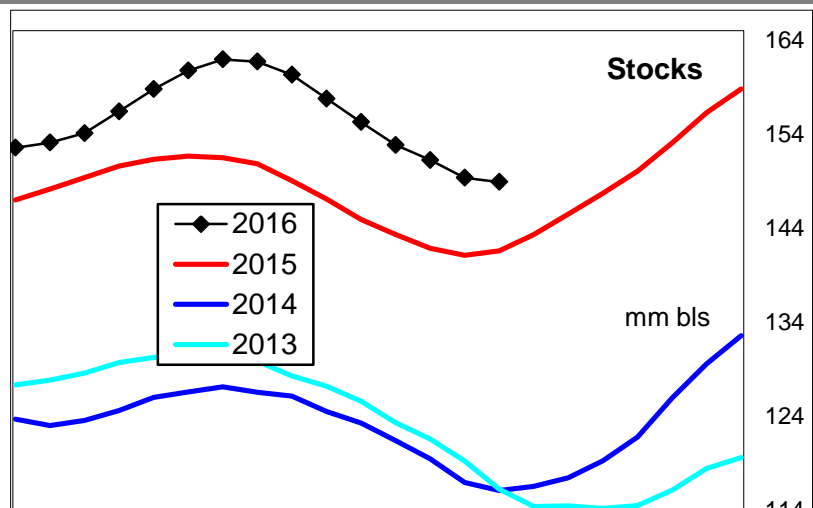
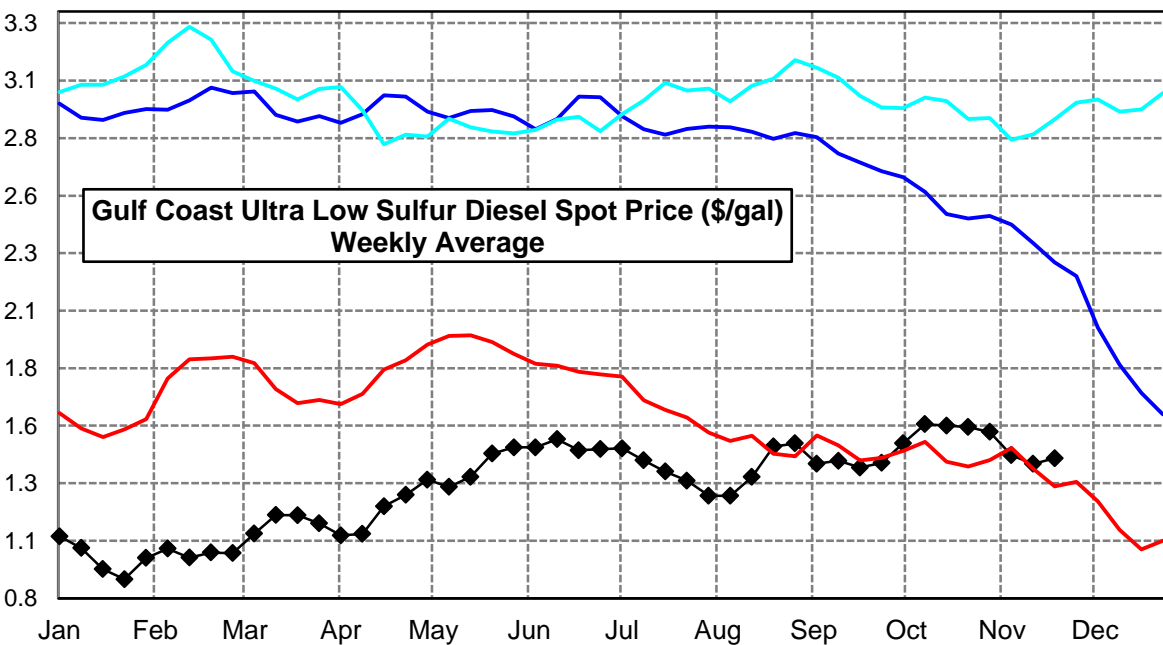
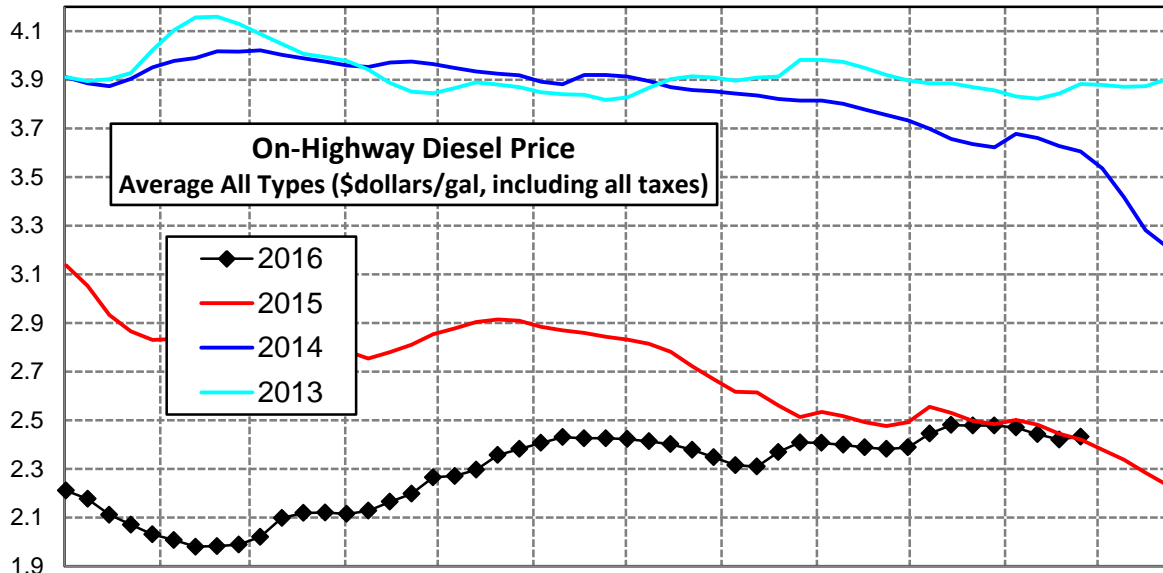
Distillate markets are very well supplied in every region except the West Coast. Excess distillate stocks in the East and Midwest markets, risk comparatively weak on-highway prices in these regions.

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



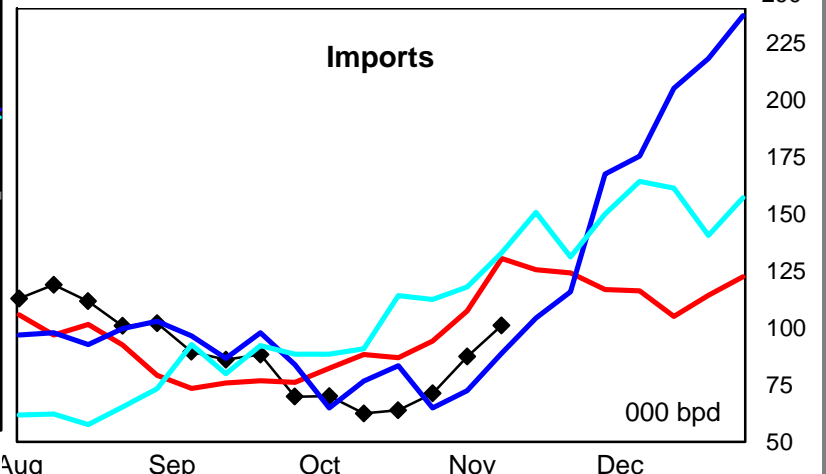
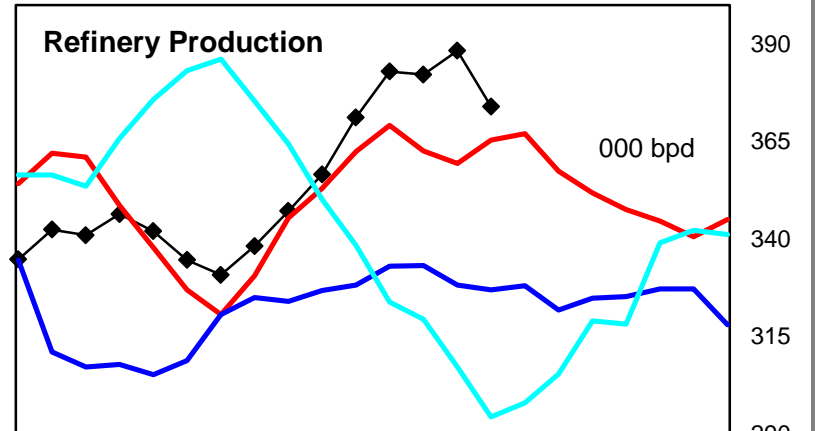
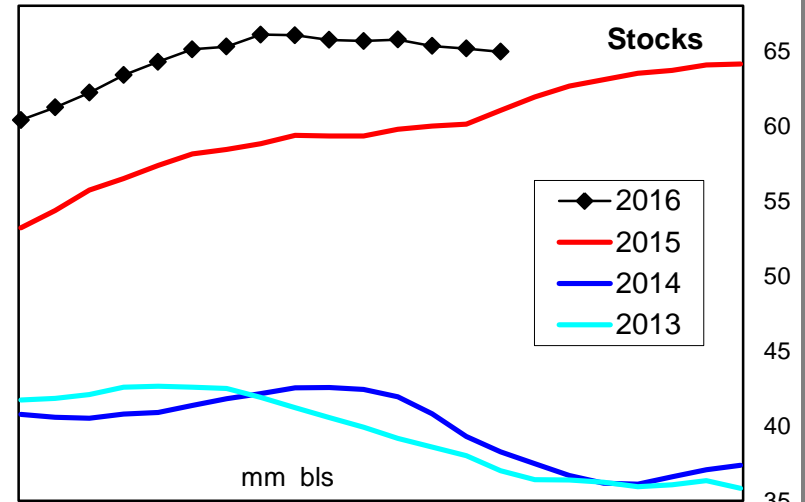
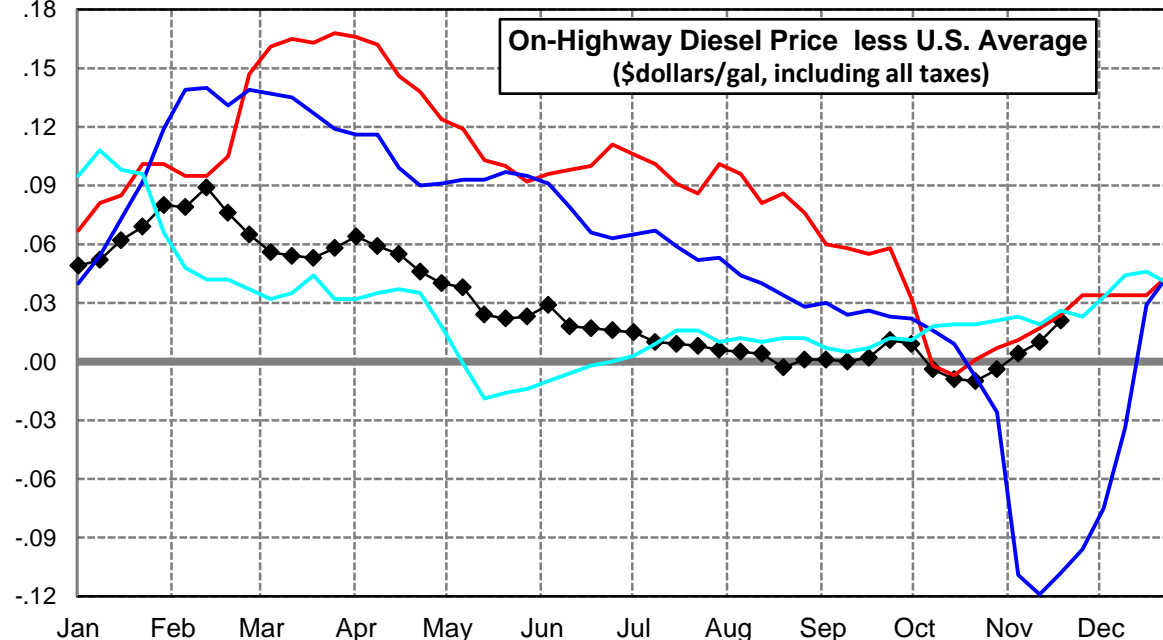
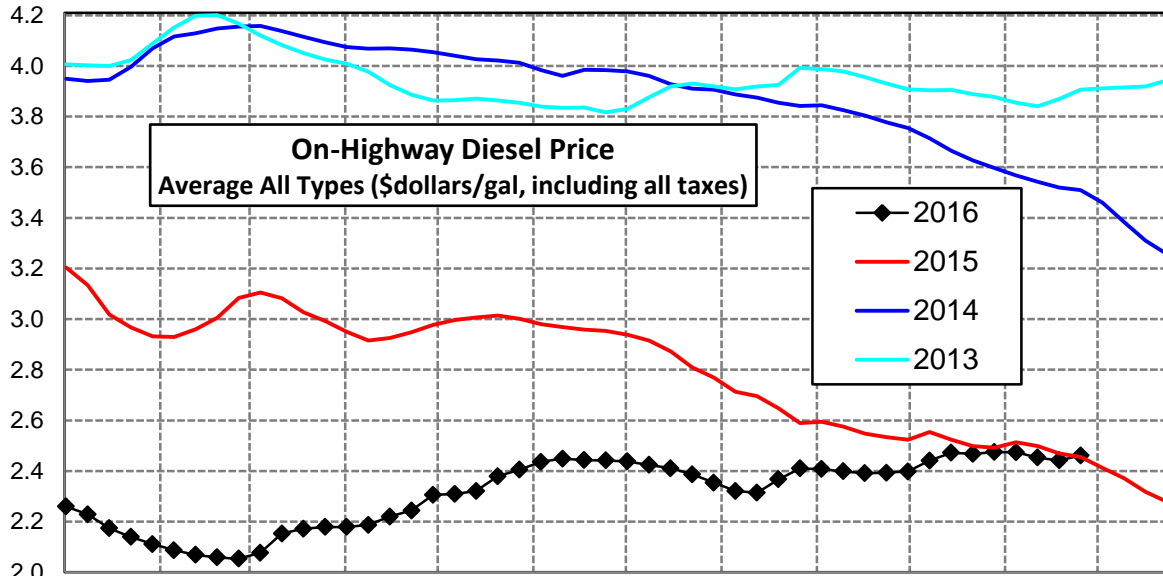
## U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Nov16	14Nov16	21Nov16	28Nov16	
<b>United States Avg</b>	\$2.470	\$2.443	\$2.421	\$2.433	\$0.012
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



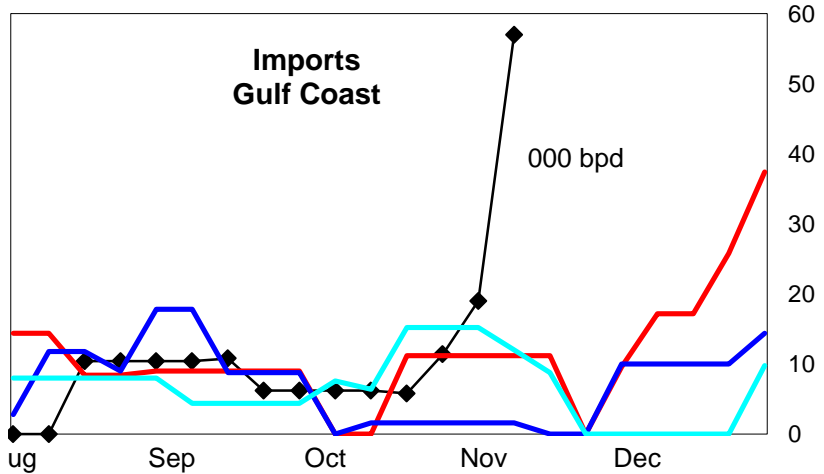
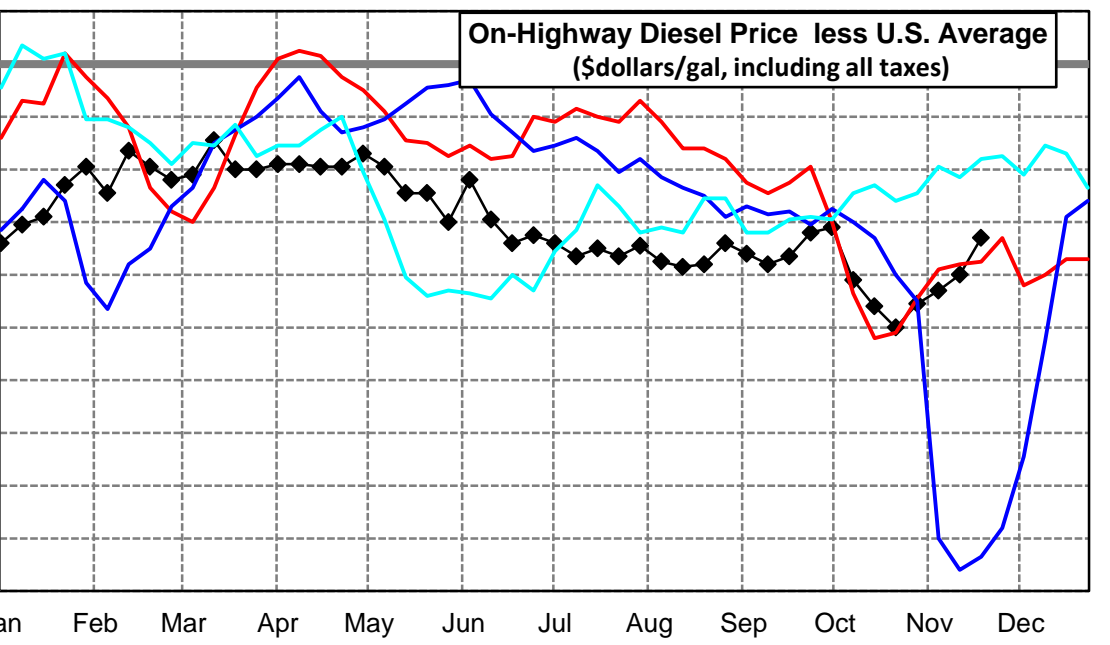
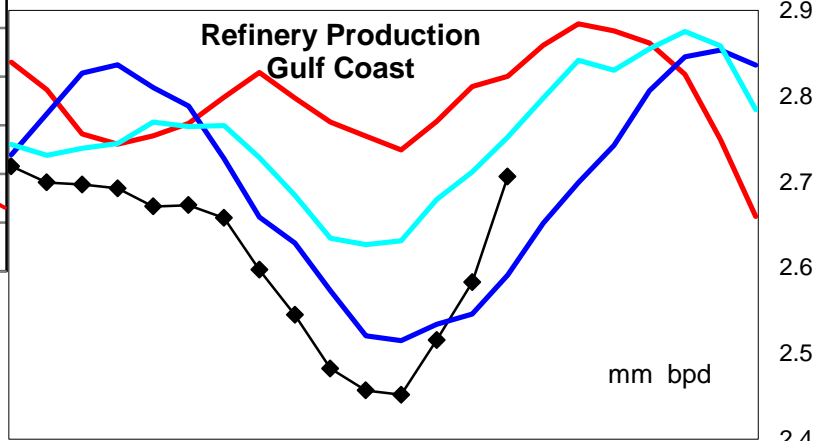
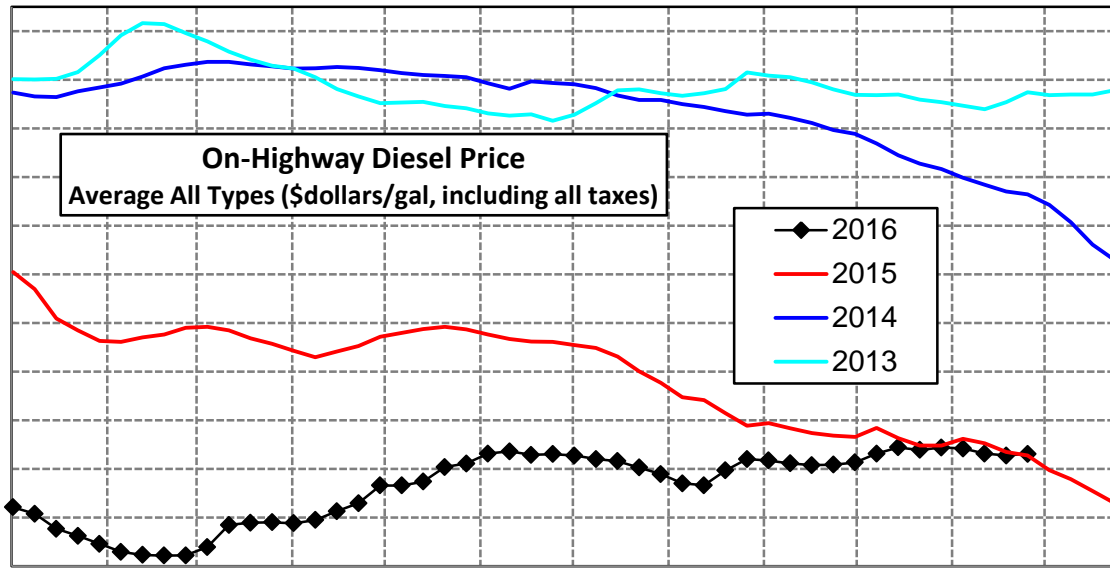
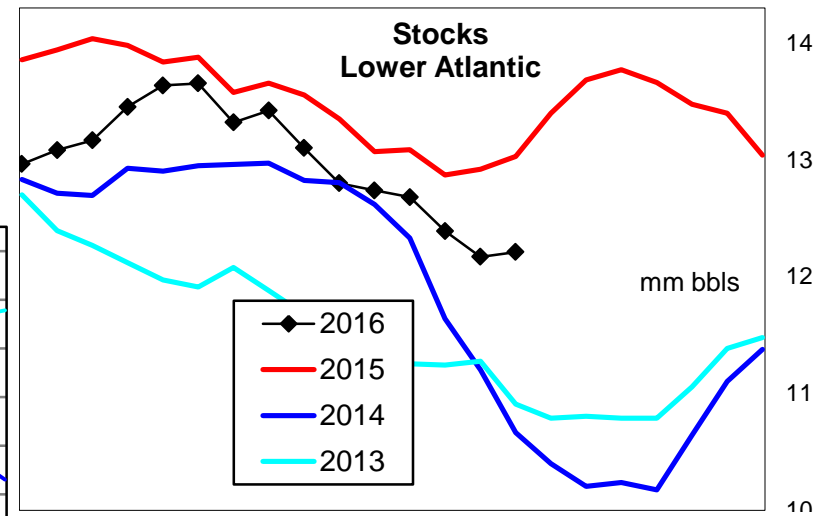
### East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Nov16	14Nov16	21Nov16	28Nov16	
<b>East Coast</b>	\$2.474	\$2.453	\$2.442	<b>\$2.462</b>	\$0.020
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



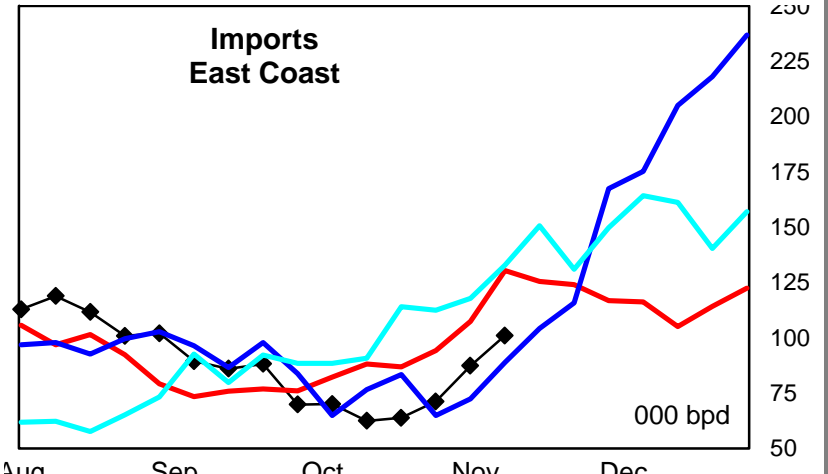
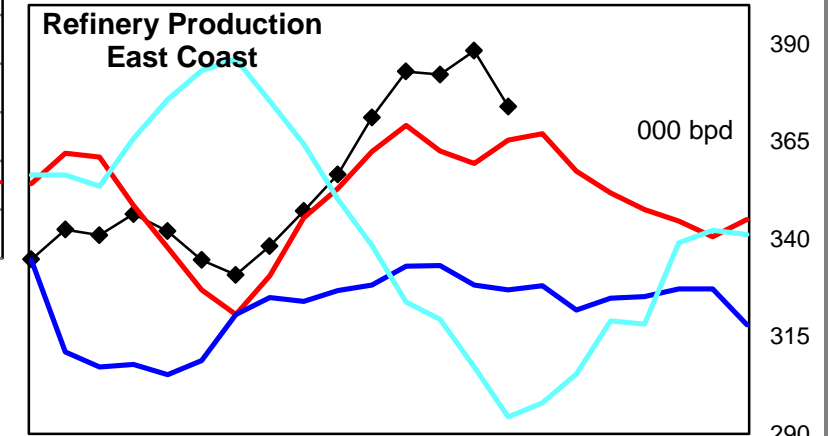
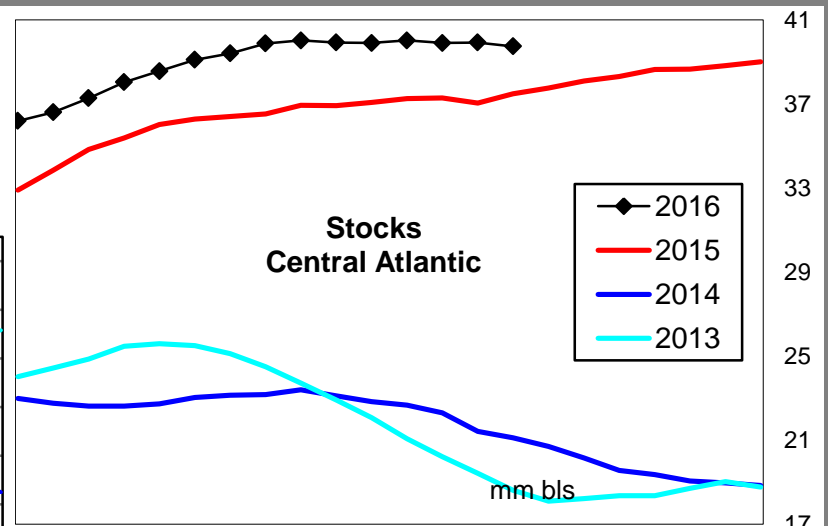
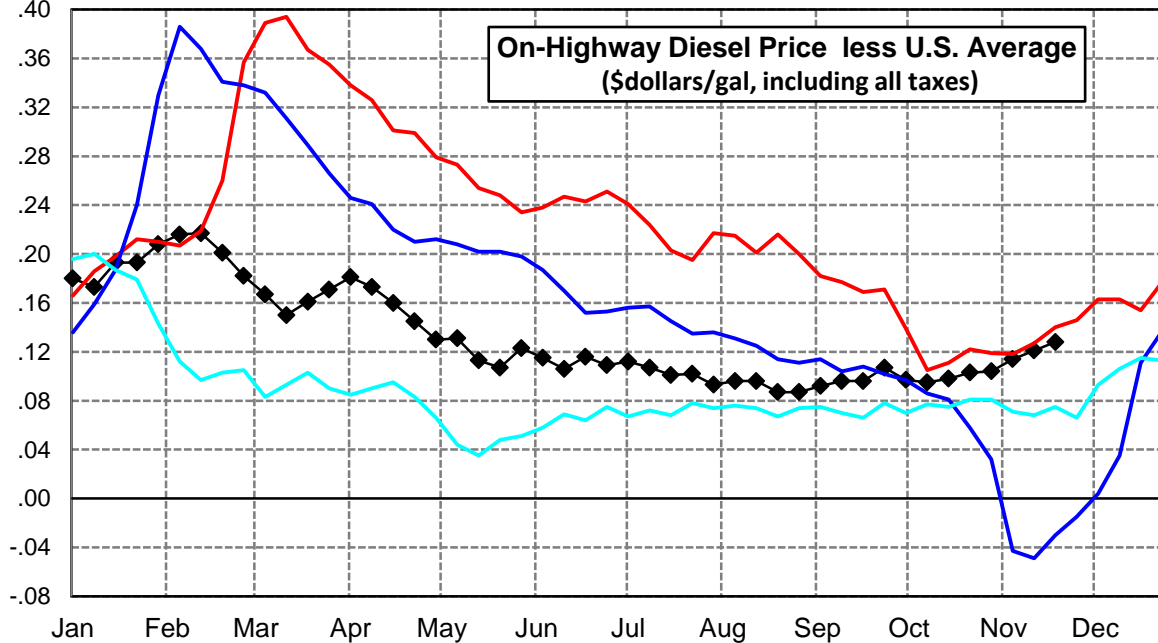
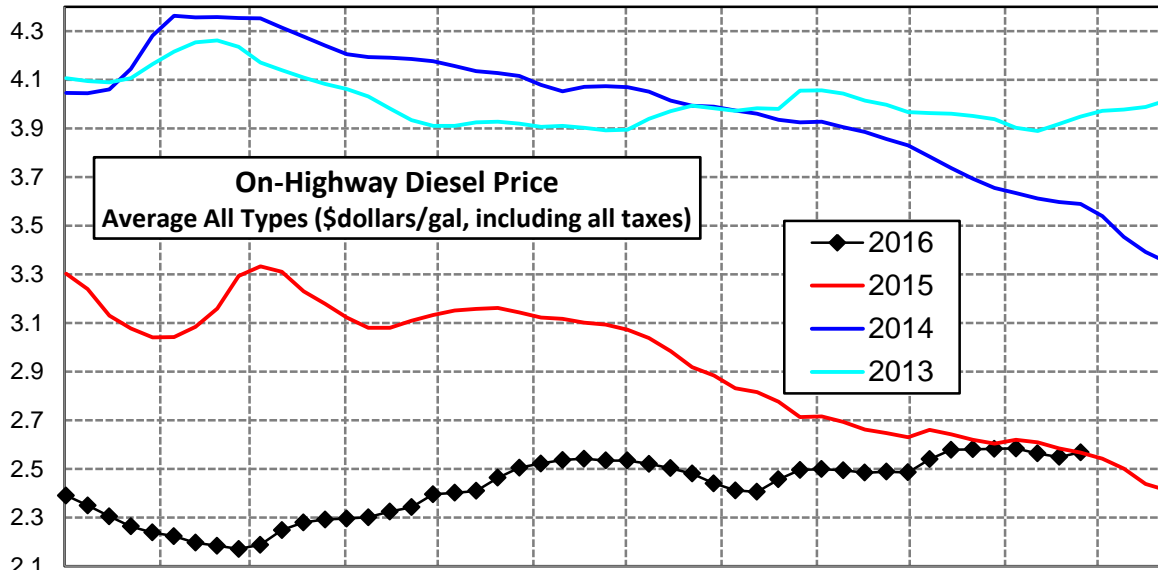
### Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Nov16	14Nov16	21Nov16	28Nov16	
<b>Lower Atlantic</b>	\$2.384	\$2.363	\$2.355	<b>\$2.362</b>	\$0.007
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



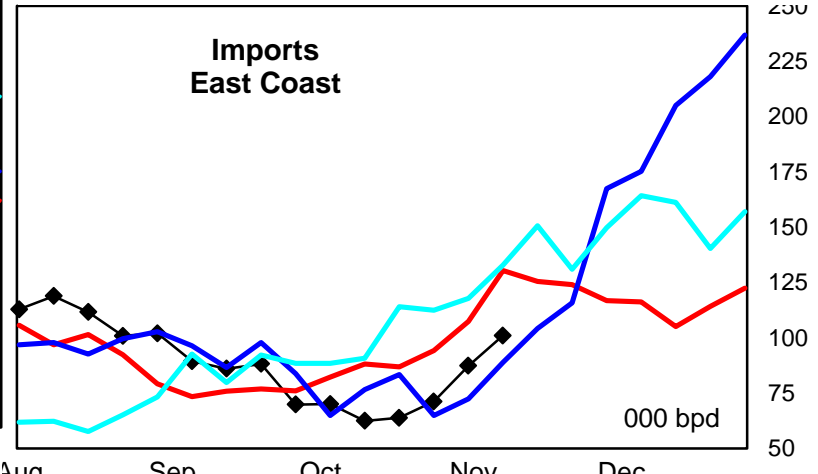
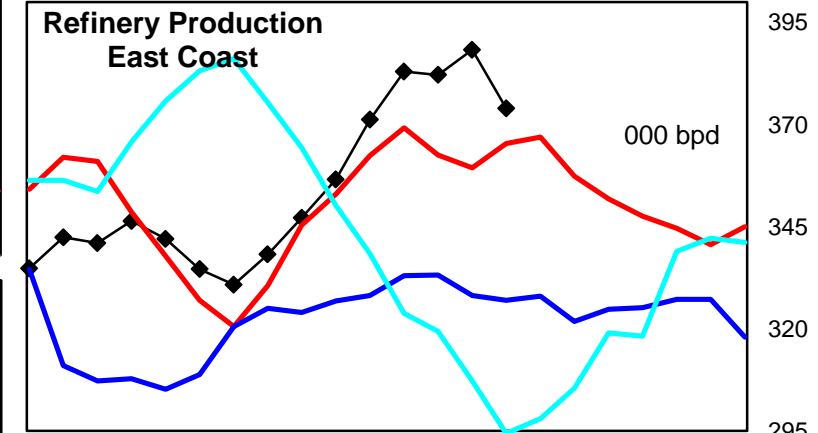
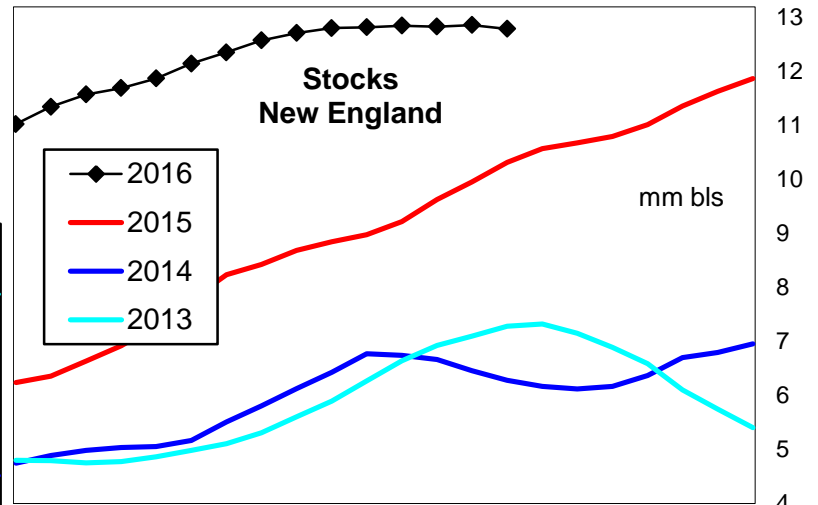
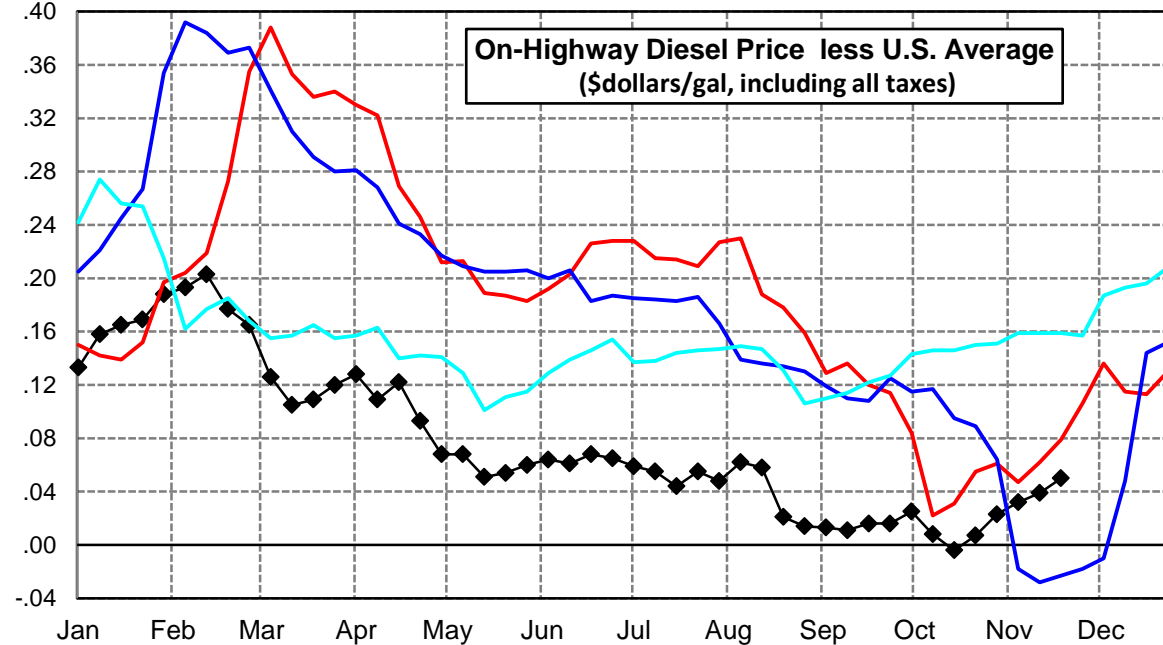
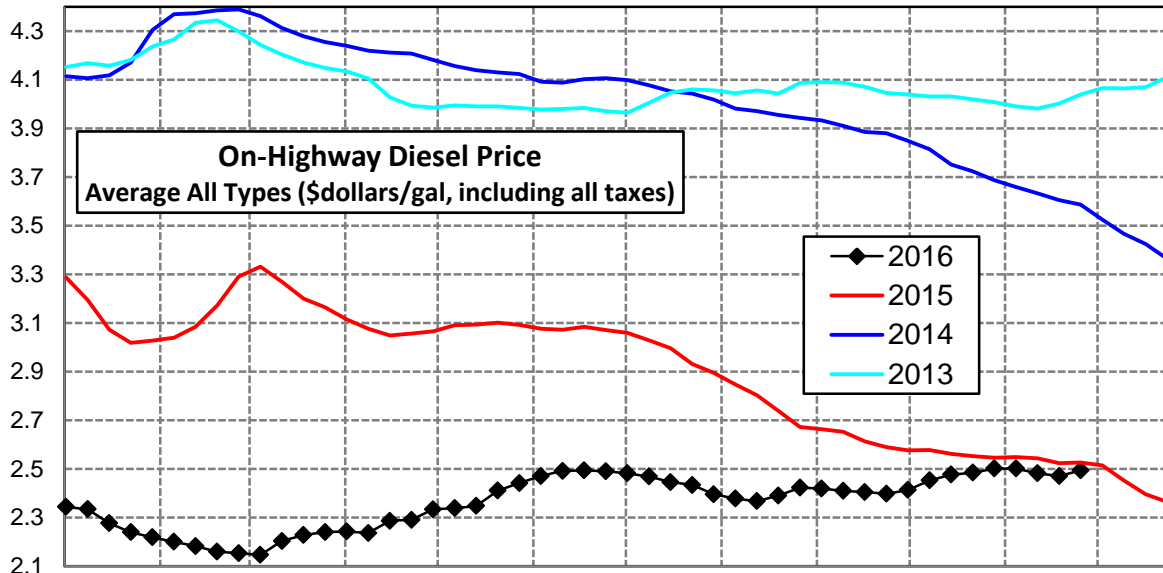
### Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Nov16	14Nov16	21Nov16	28Nov16	
<b>Central Atlantic</b>	\$2.584	\$2.564	\$2.549	<b>\$2.568</b>	\$0.019
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



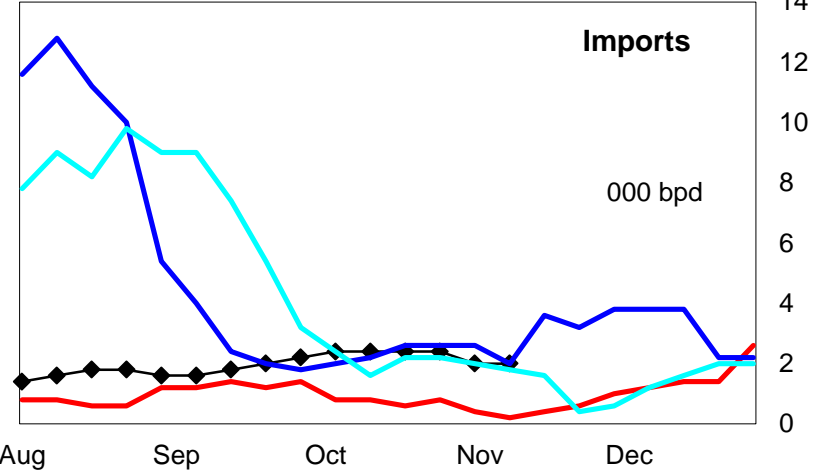
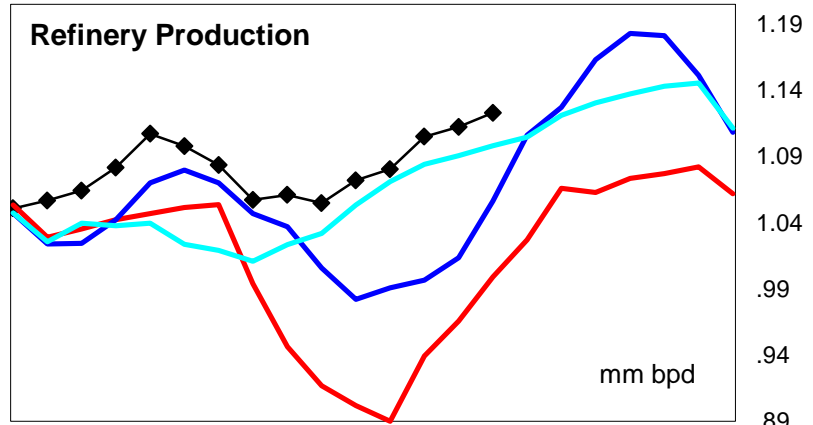
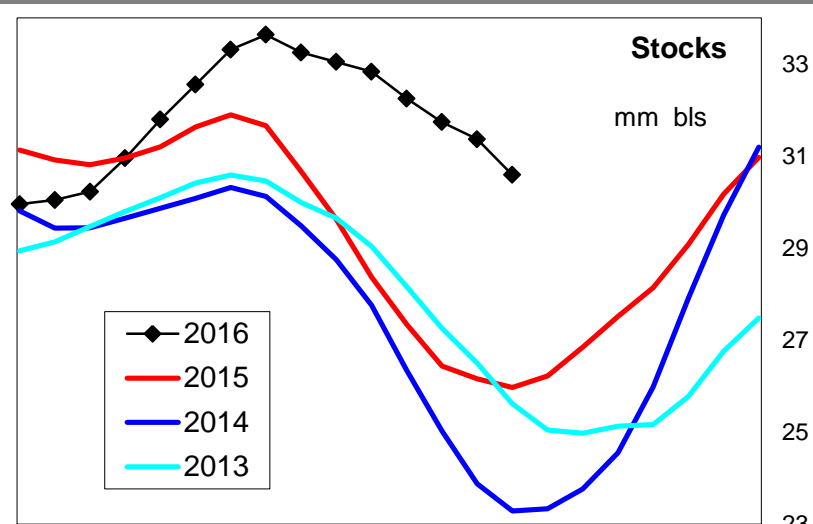
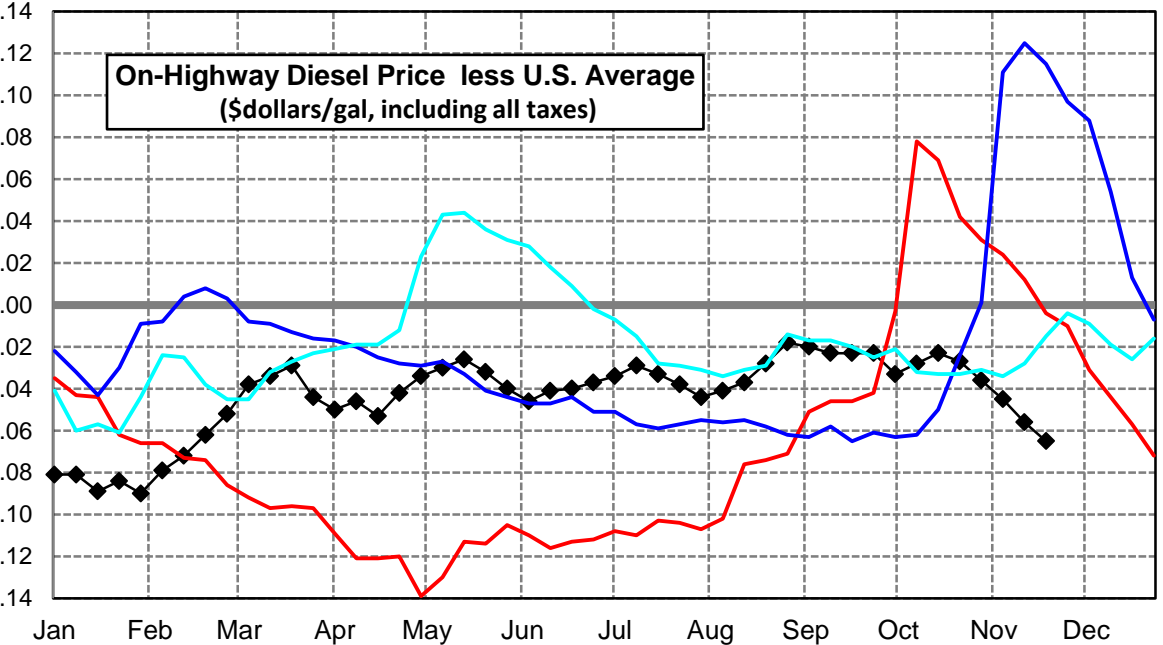
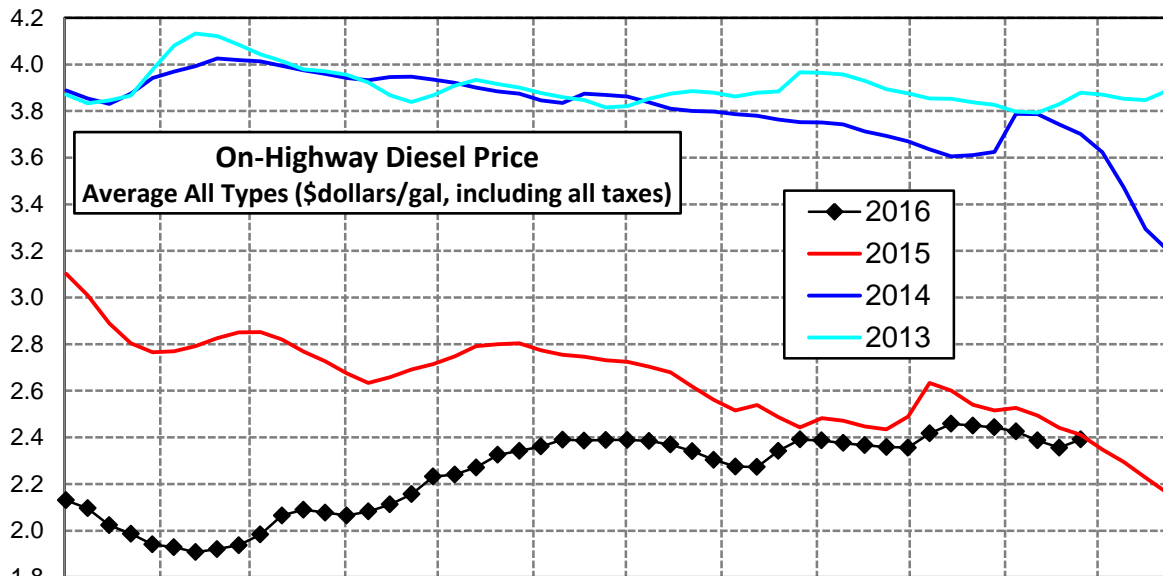
## New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Nov16	14Nov16	21Nov16	28Nov16	
<b>New England</b>	\$2.502	\$2.482	\$2.471	<b>\$2.494</b>	\$0.023
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

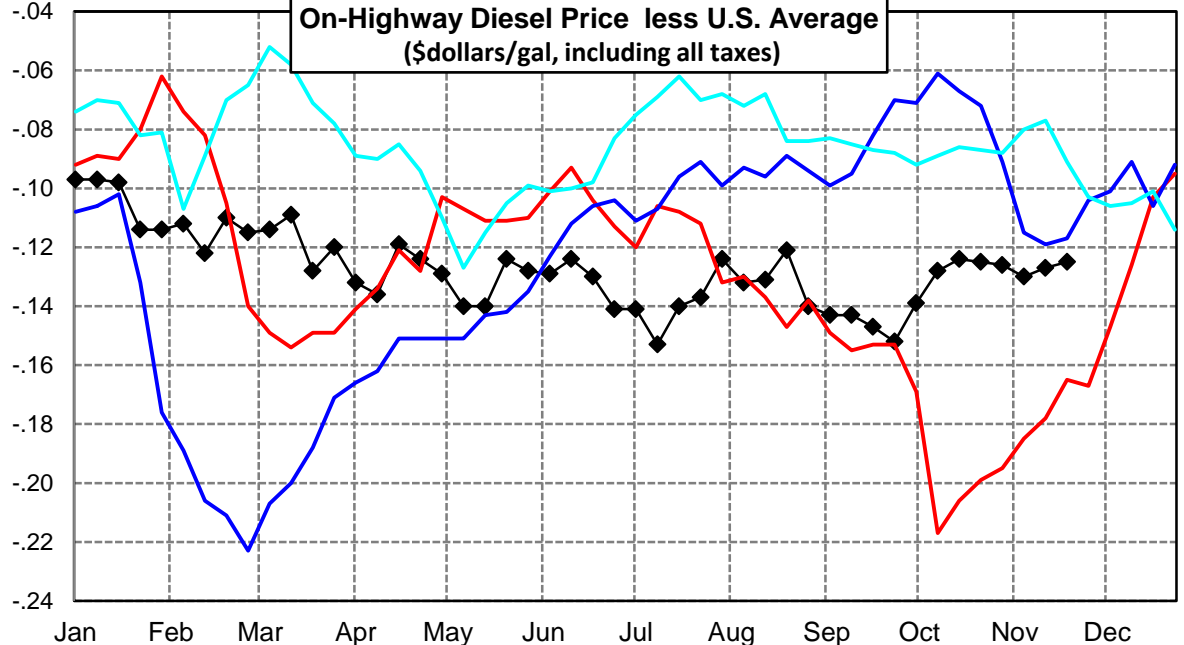
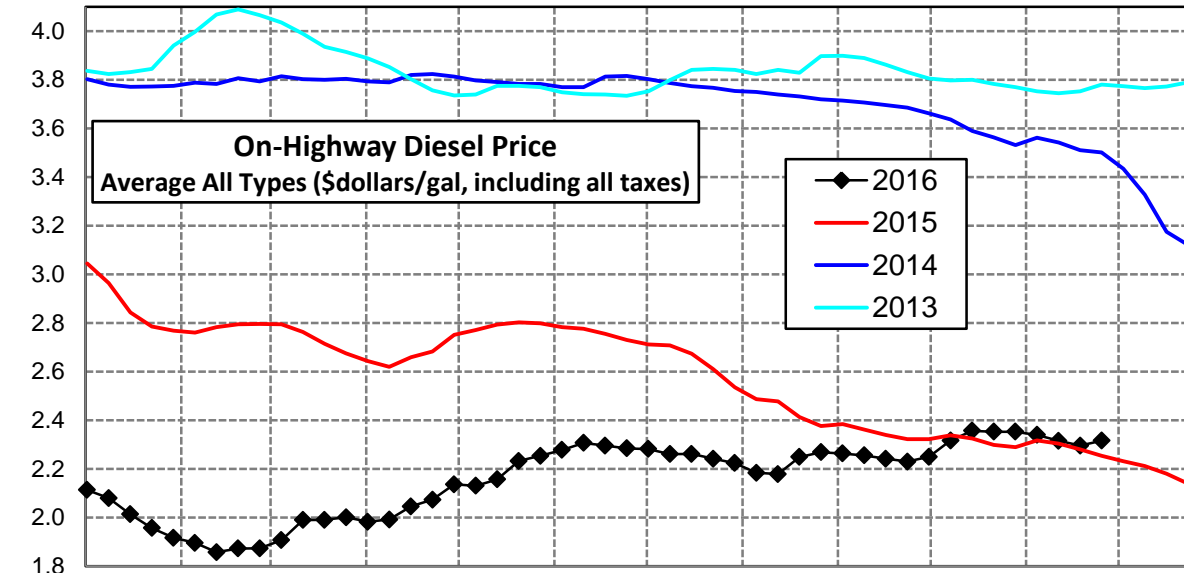
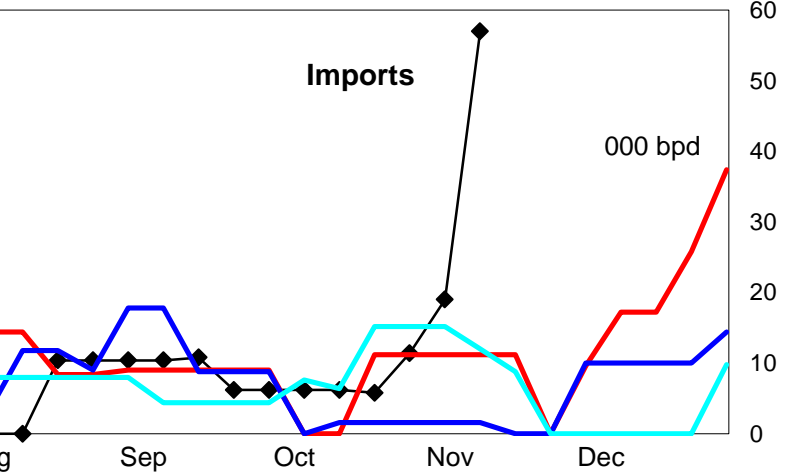
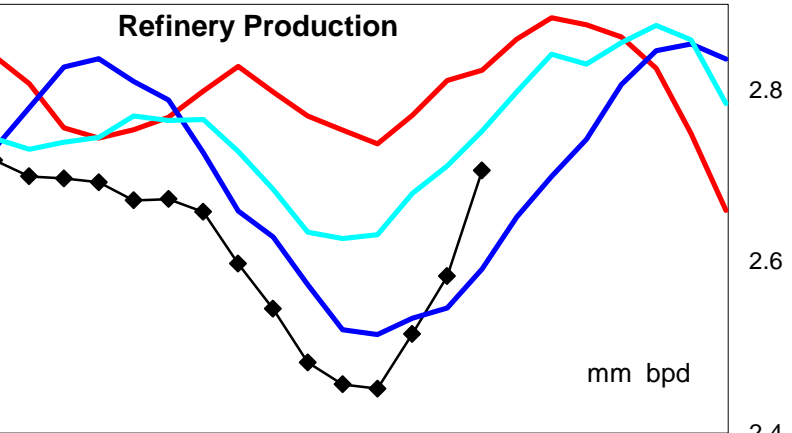
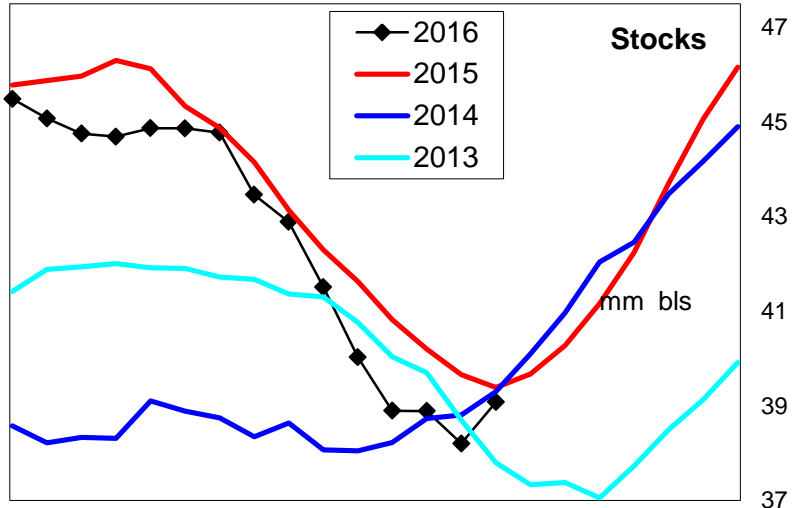
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Nov16	14Nov16	21Nov16	28Nov16	
<b>Midwest</b>	\$2.425	\$2.387	\$2.356	<b>\$2.391</b>	\$0.035
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





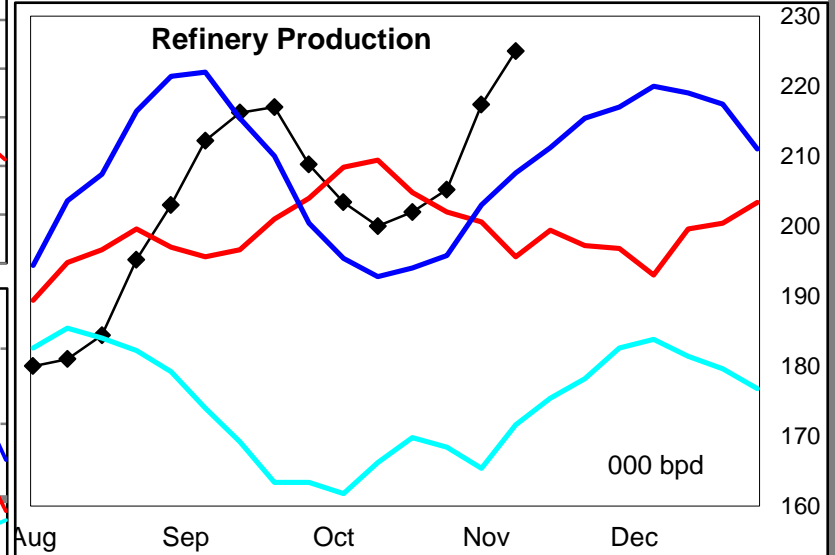
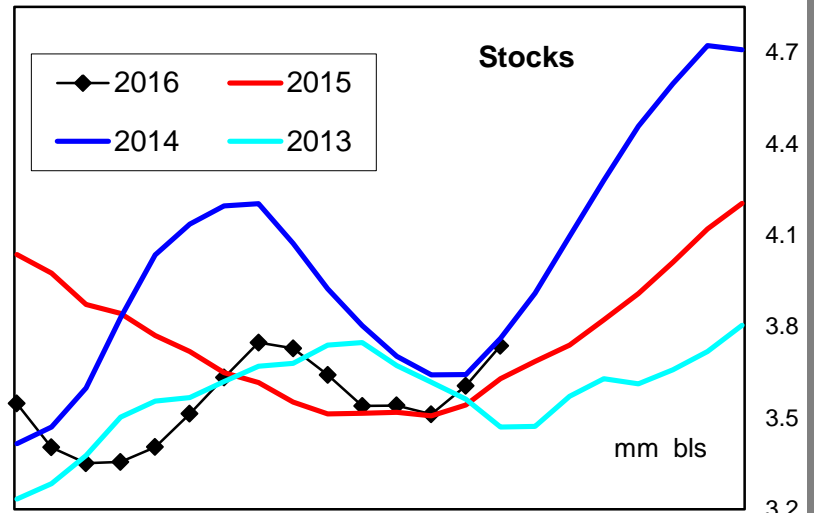
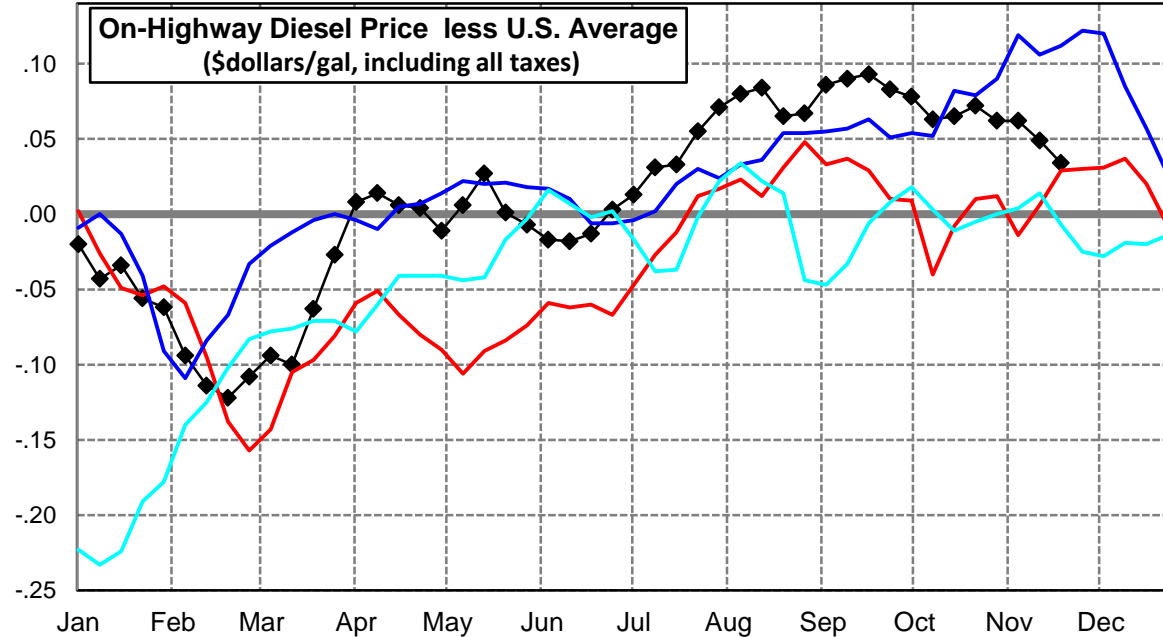
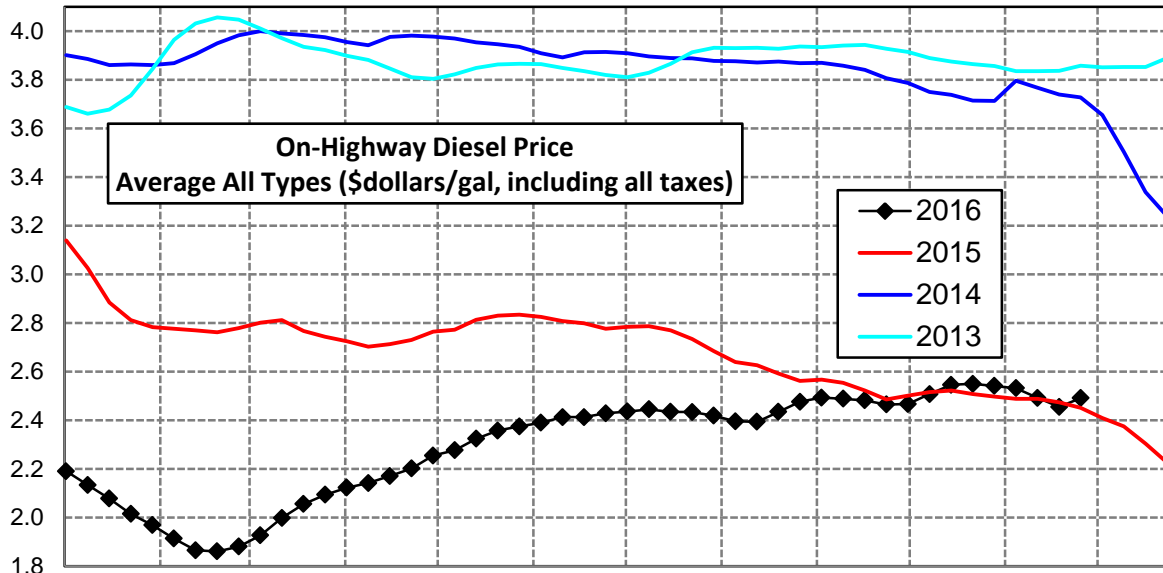
### Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Nov16	14Nov16	21Nov16	28Nov16	
<b>Gulf Coast</b>	\$2.340	\$2.316	\$2.296	<b>\$2.316</b>	\$0.020
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



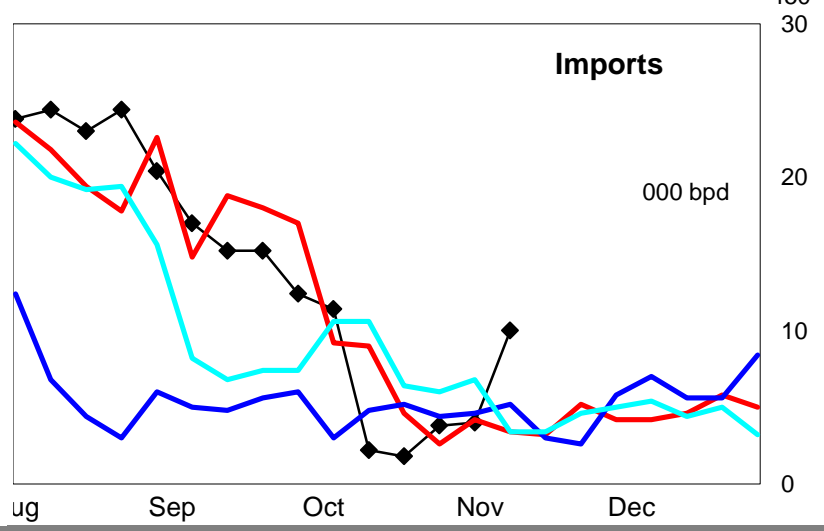
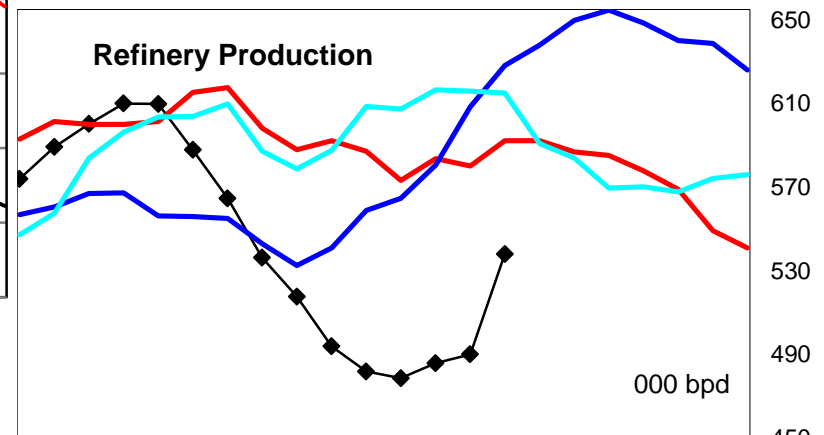
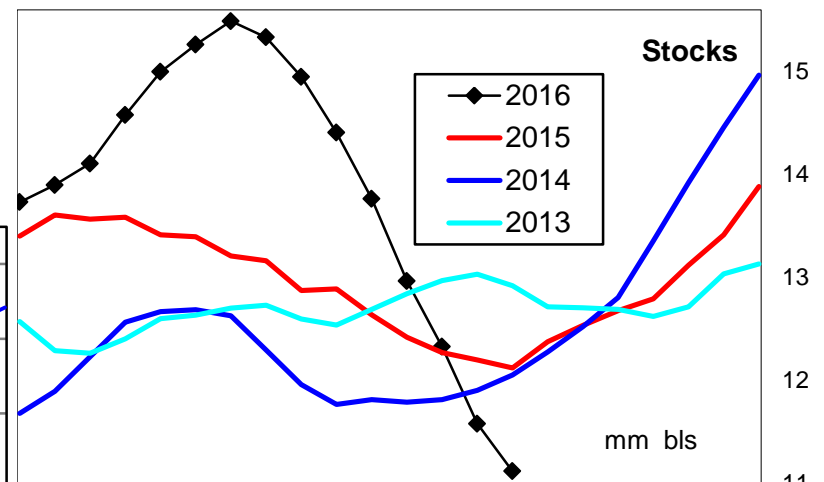
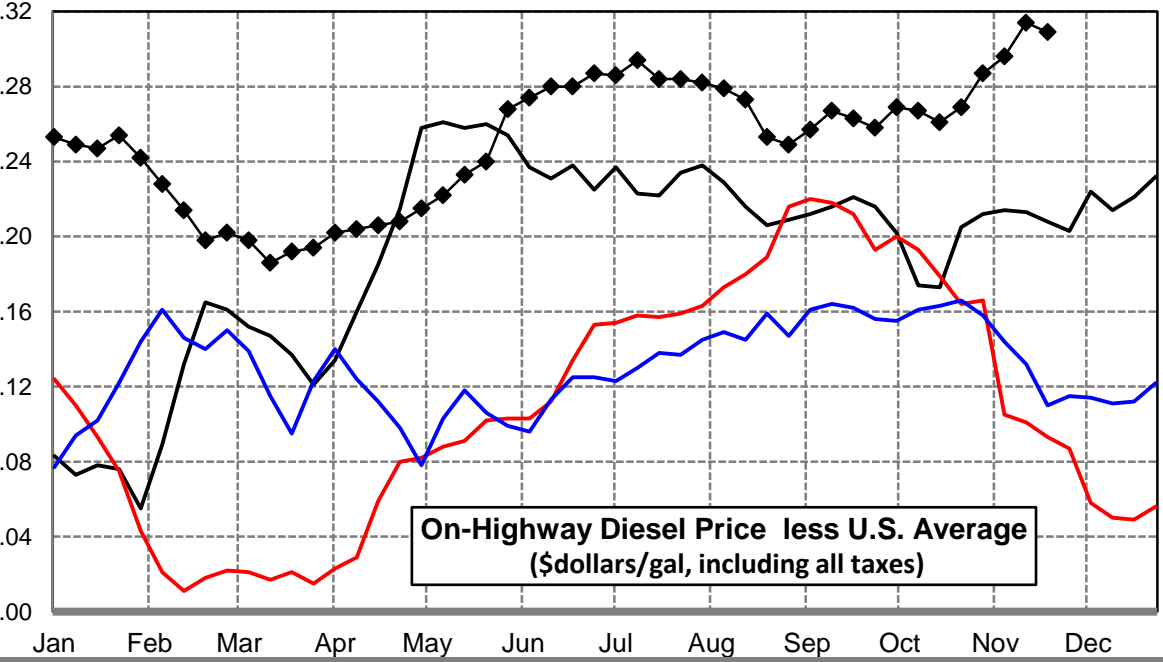
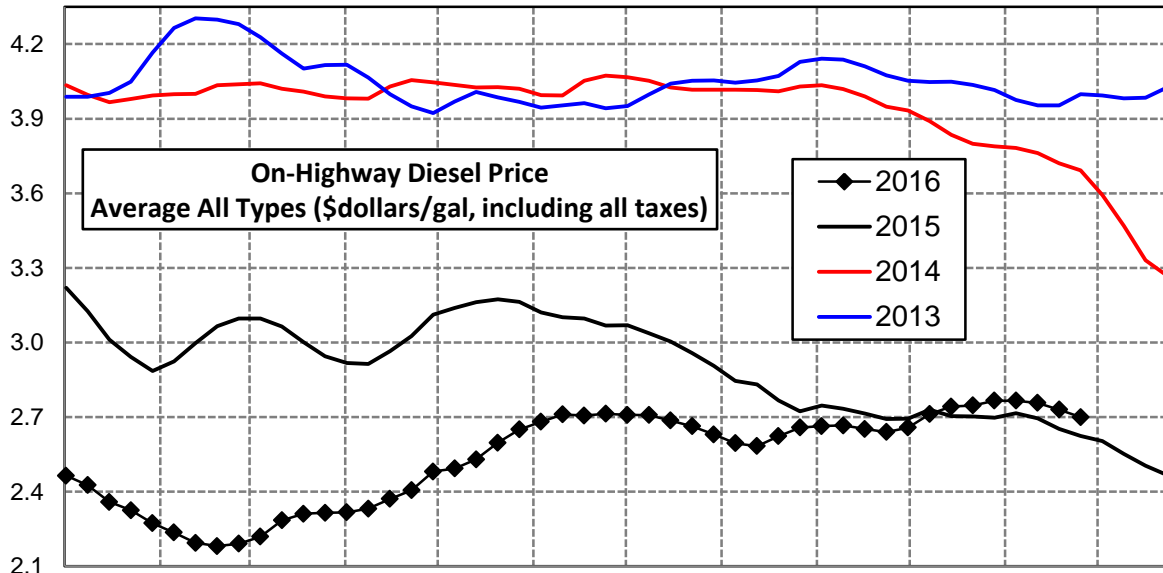
## Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Nov16	14Nov16	21Nov16	28Nov16	
<b>Rocky Mountain</b>	\$2.532	\$2.492	\$2.455	<b>\$2.491</b>	\$0.036
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



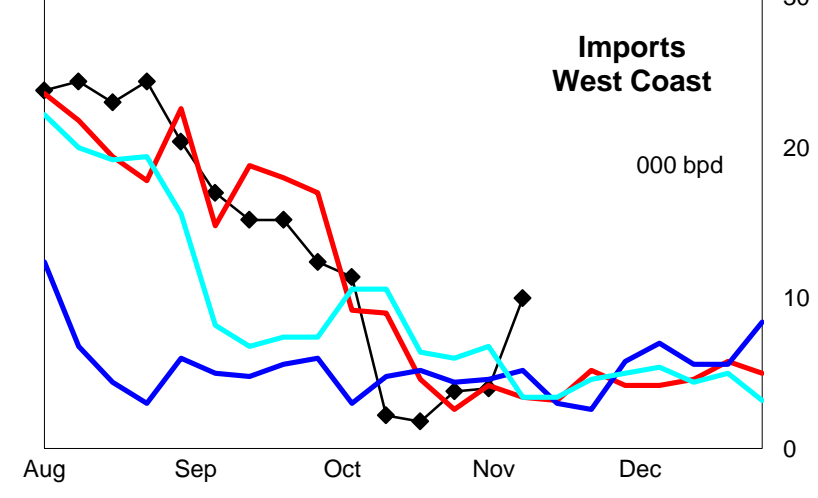
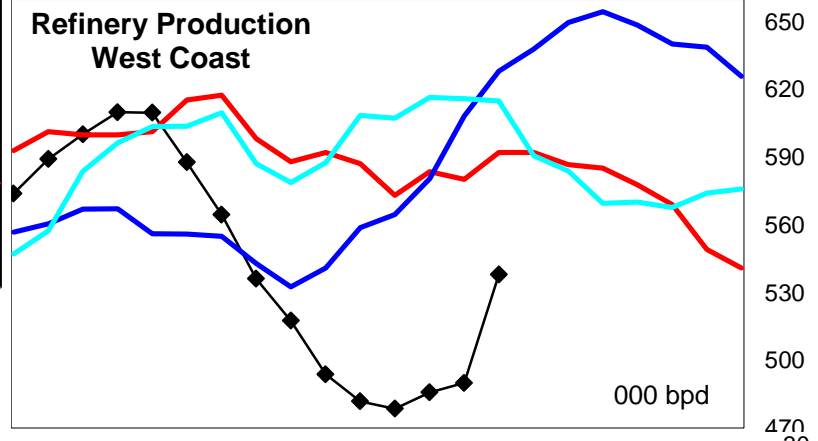
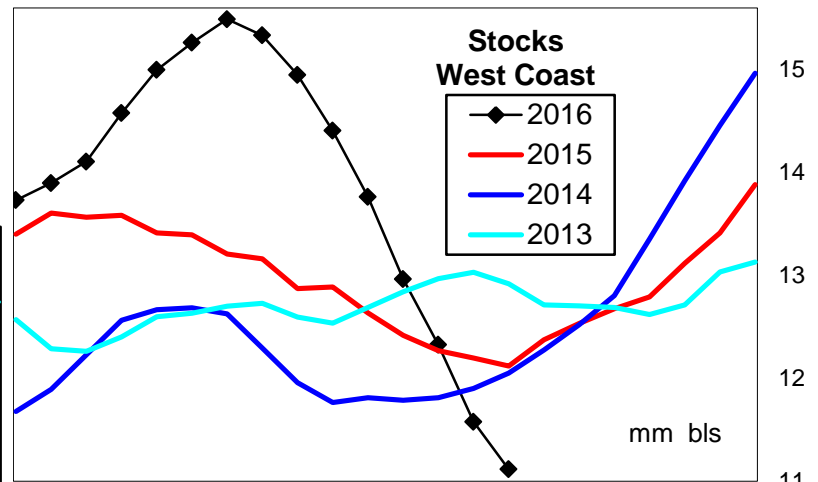
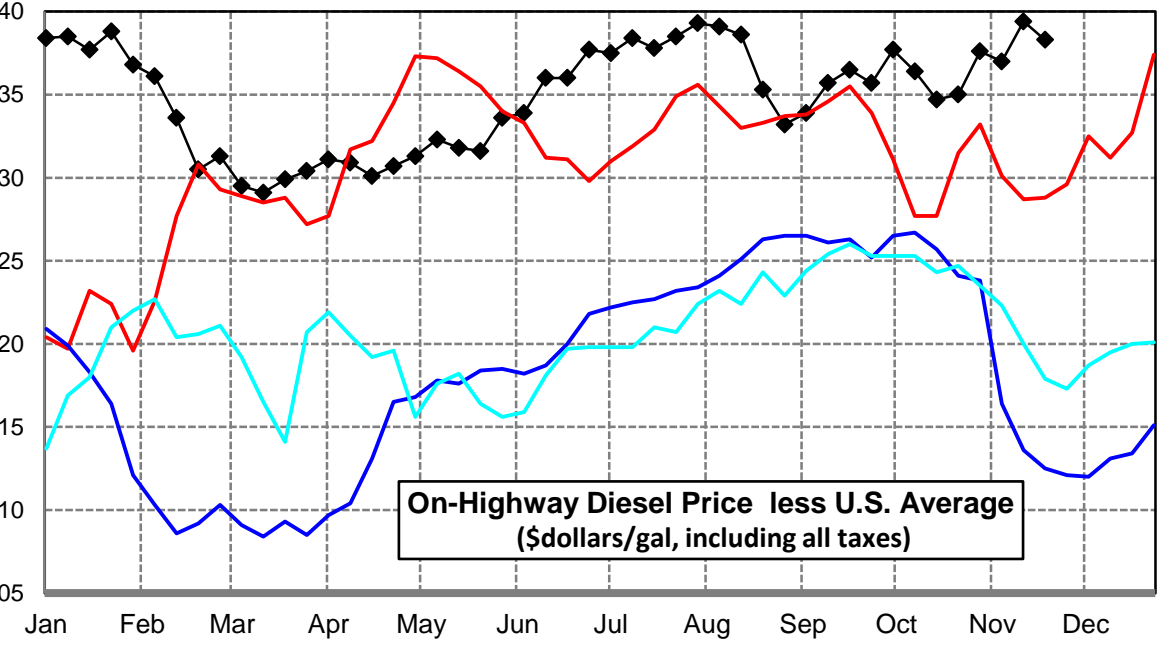
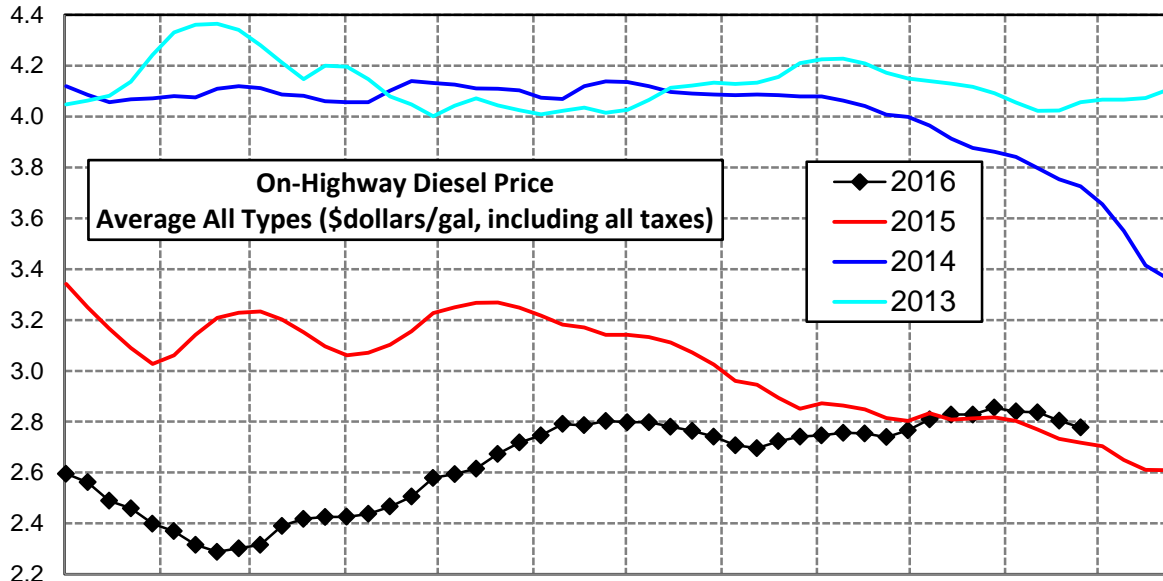
## West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	07Nov16	14Nov16	21Nov16	28Nov16	
<b>West Coast</b>	\$2.766	\$2.757	\$2.730	<b>\$2.700</b>	-\$0.030
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
	07Nov16	14Nov16	21Nov16	28Nov16	
<b>California</b>	\$2.840	\$2.837	\$2.804	<b>\$2.777</b>	-\$0.027
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	2.481	2.472	2.477	2.579	2.389	2.458	2.357	2.546	2.742	2.828
Mon-24-Oct-16	2.478	2.468	2.485	2.581	2.378	2.451	2.353	2.550	2.747	2.828
Mon-31-Oct-16	2.479	2.475	2.502	2.583	2.388	2.443	2.353	2.541	2.766	2.855
Mon-07-Nov-16	2.470	2.474	2.502	2.584	2.384	2.425	2.340	2.532	2.766	2.840
Mon-14-Nov-16	2.443	2.453	2.482	2.564	2.363	2.387	2.316	2.492	2.757	2.837
Mon-21-Nov-16	2.421	2.442	2.471	2.549	2.355	2.356	2.296	2.455	2.730	2.804
Mon-28-Nov-16	2.433	2.462	2.494	2.568	2.362	2.391	2.316	2.491	2.700	2.777

## 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.