



# RETAIL DIESEL FUEL OUTLOOK

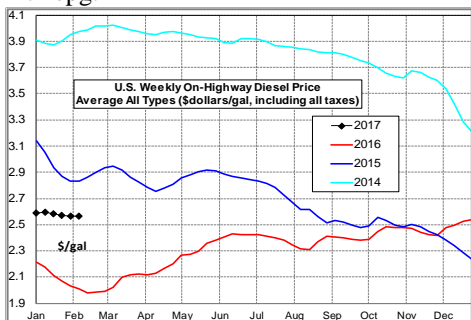
## A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Tuesday, January 31, 2017

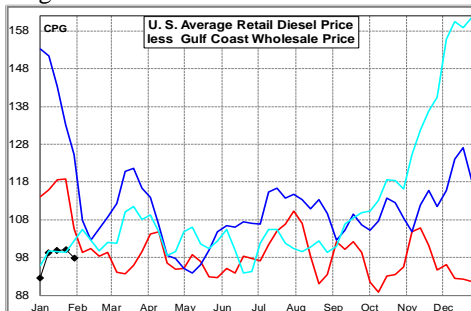
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price 1/			Forecast 2/	Change from week ago
	16Jan17	23Jan17	30Jan17	06Feb17	
U.S.	2.585	2.569	2.562	2.564	0.002
East Coast	2.636	2.627	2.622	2.619	-0.003
New England	2.675	2.676	2.662	2.661	-0.001
Central Atlantic	2.804	2.784	2.770	2.769	-0.001
Lower Atlantic	2.511	2.507	2.510	2.512	0.002
Midwest	2.541	2.512	2.500	2.487	-0.013
Gulf Coast	2.429	2.414	2.408	2.414	0.006
Rocky Mountain	2.538	2.532	2.516	2.518	0.002
West Coast	2.855	2.846	2.845	2.856	0.011
California	2.937	2.923	2.927	2.931	0.004

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

**Diesel Fuel Price Trends** U. S. retail diesel prices decreased -0.7 cpg last week. The Rocky Mountain region was -1.6 cpg lower followed by east coast regions down -1.4 cpg.



The U.S. average retail diesel price compared to the Gulf Coast wholesale market declined -2.3 cpg on the week. The spread ended the week below the 3-yr range.



The national average on-highway price ended the week +49 cpg above a year ago; extending the year-on-year increase since early December 2016. The highest retail prices were in California at \$2.93/gal and the Central Atlantic at \$2.77/gal. The

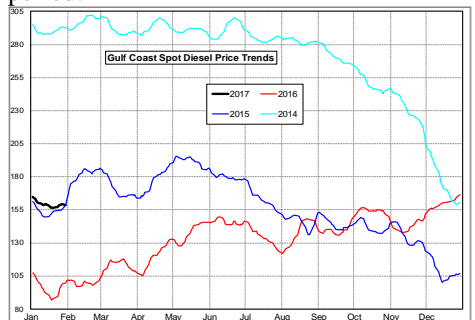
lowest prices were in the Gulf at \$2.41/gal.

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

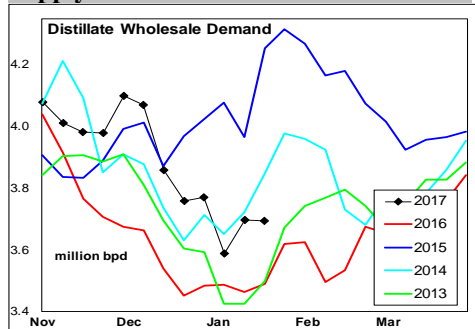
The region average retail price compared to the U.S. average traded above the last 3-yrs on the West Coast, driven by record high refinery maintenance and very low diesel stock levels.

Gulf spot prices increased +2 cpg last week; to a level that matched 2015 for the

period.



### Supply - Demand Fundamental Trends

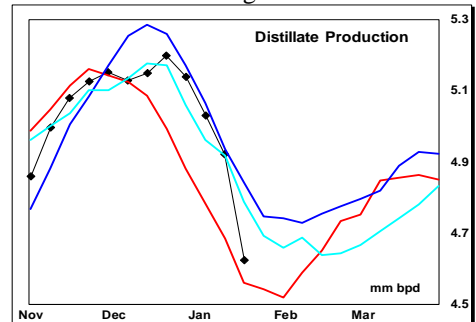


Distillate wholesale demand decreased -0.45 million bpd last week, to a level below the 3-yr mid range. Demand for the latest 4-wk period was +45,000 bpd above a year ago.

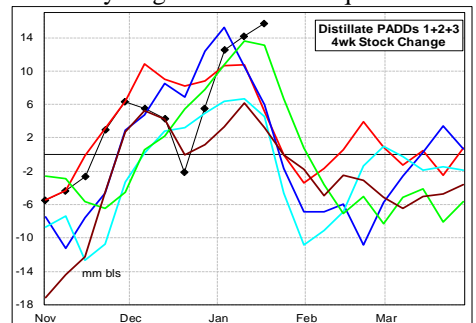
Supply decreased -0.13 million bpd as refiners in the Gulf region expanded winter maintenance. During the latest 4-wk period, supply was +256,000 bpd above a year ago.

Stocks were unchanged last week, although the level was an all time record high, up +8.7 million barrels over a year

ago. Stock levels ended the week at 5-yr highs above a year ago on the East Coast (+9%), and Gulf (+10%). Stocks on the West Coast have recovered significantly as refiners returned to operation but remain below the historic range.



The latest 4-wk stock change East of the Rockies was a +15.7 million barrel build, a new 5-yr high for the winter quarter.



Look for a seasonal draw in stocks as Gulf refiners expand winter maintenance.

### Global Trends Driving Diesel Prices

Stock levels of all transport fuels are at record highs for this time of year. Crude oil stocks are equal to last year's record highs for this time of year. Look for further crude oil stock builds as Gulf region refiners expand winter maintenance.

### Diesel Price Outlook:

The New England On-Highway diesel prices remain unusually low compared to the U.S. average; driven by very high stock levels. Every region on the East Coast reports stock levels at 5-yr highs. Gulf Coast On-Highway prices are also particularly weak compared to the national average.

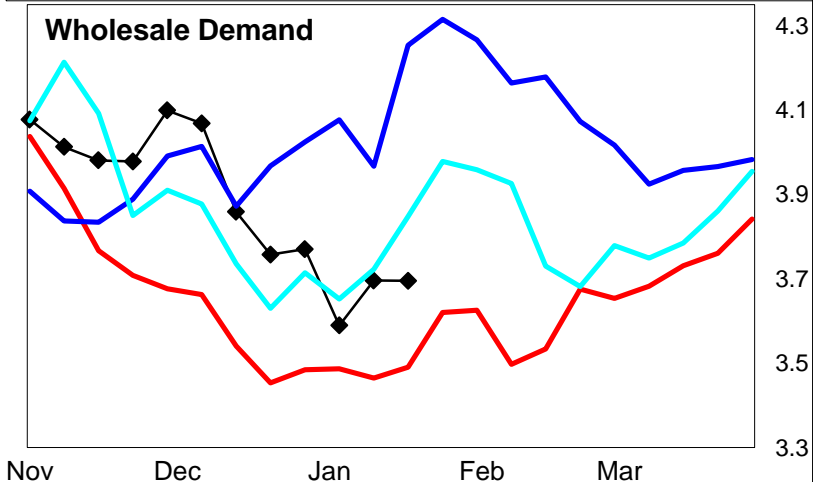
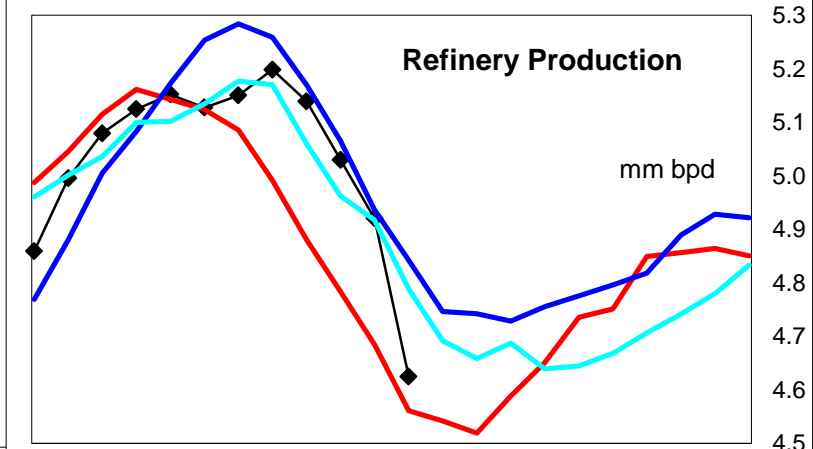
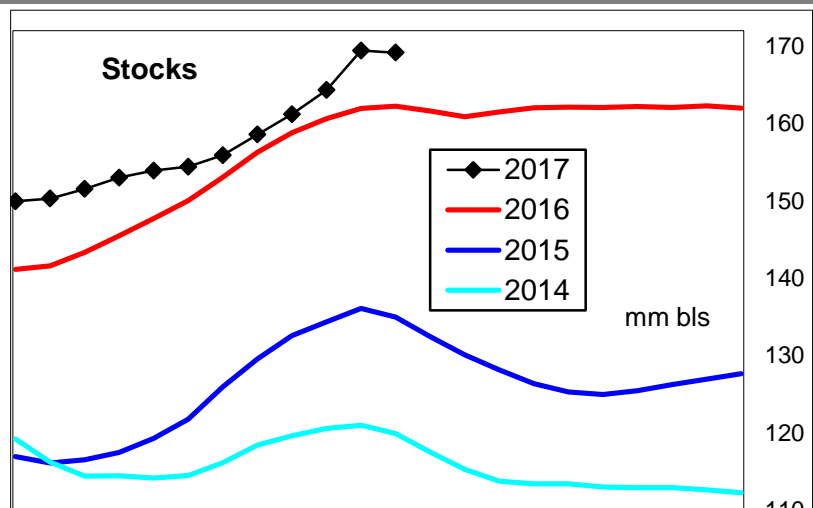
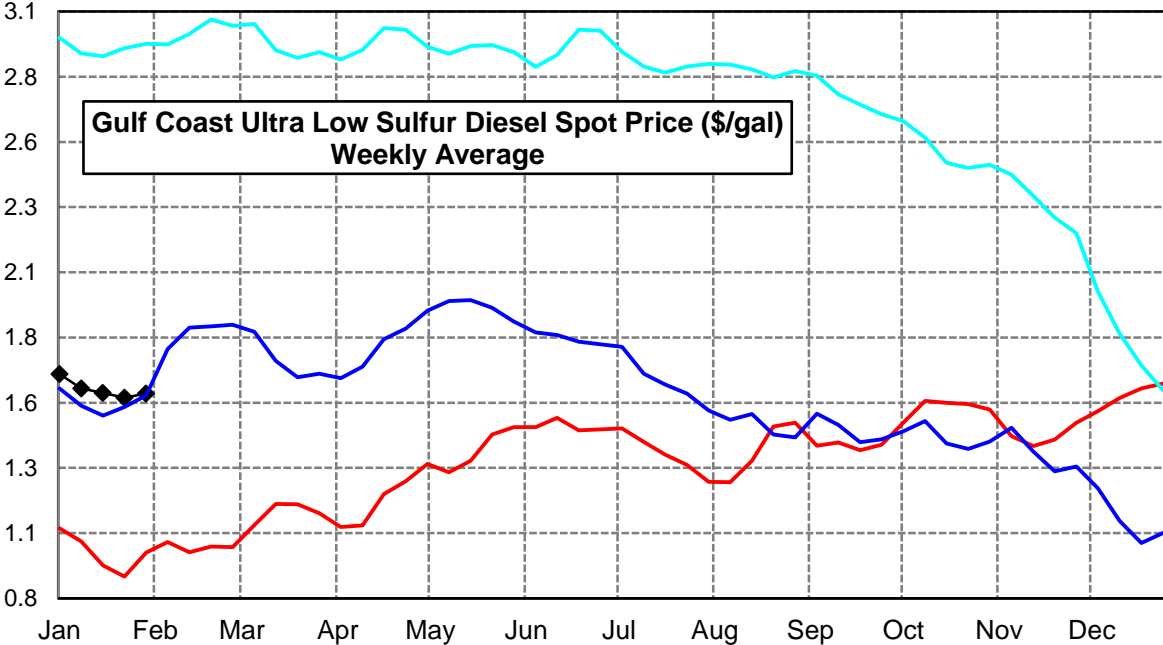
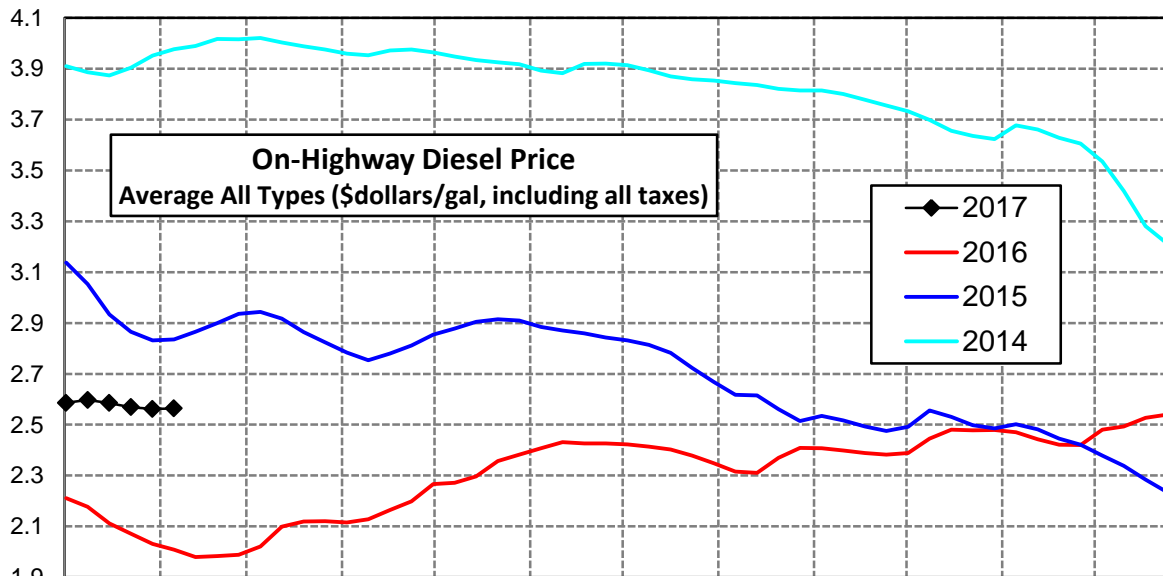
Look for continued weak On-highway diesel prices in New England, Lower Atlantic and Gulf on excess supply.

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



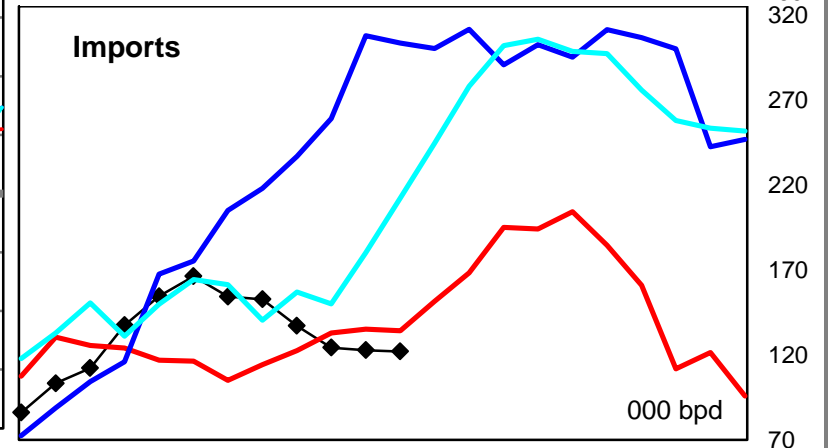
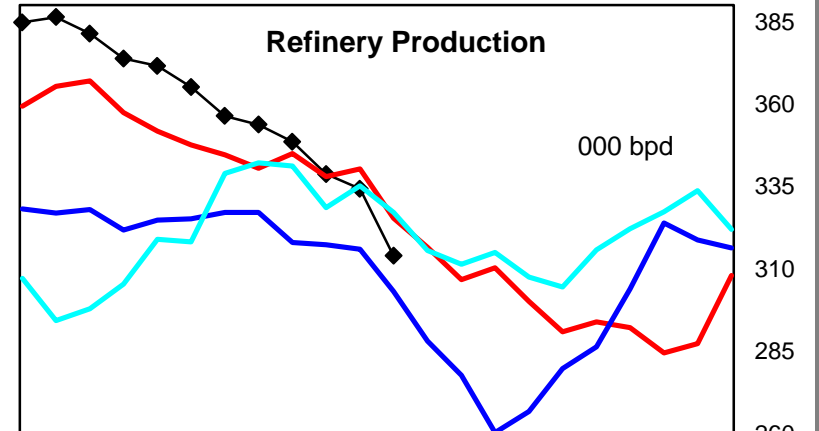
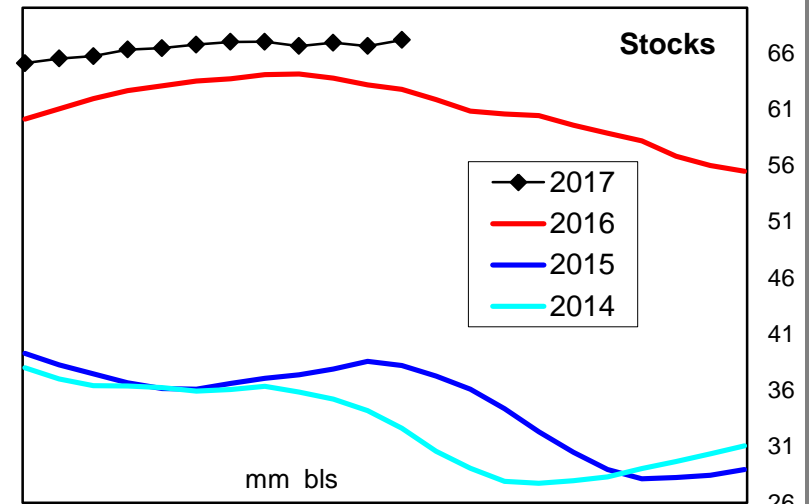
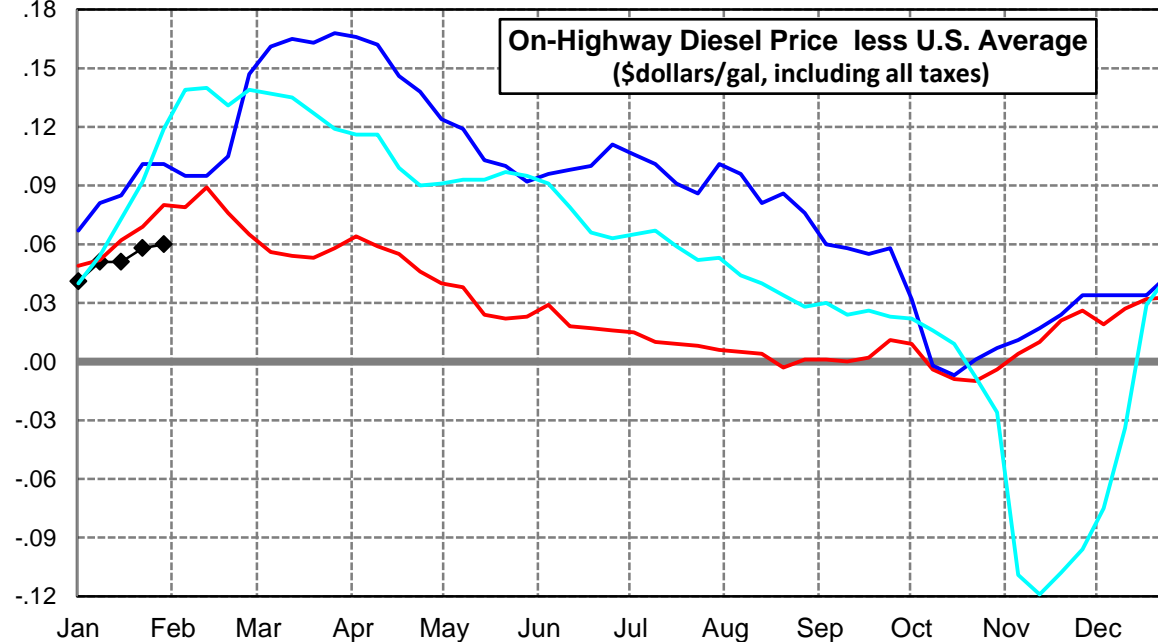
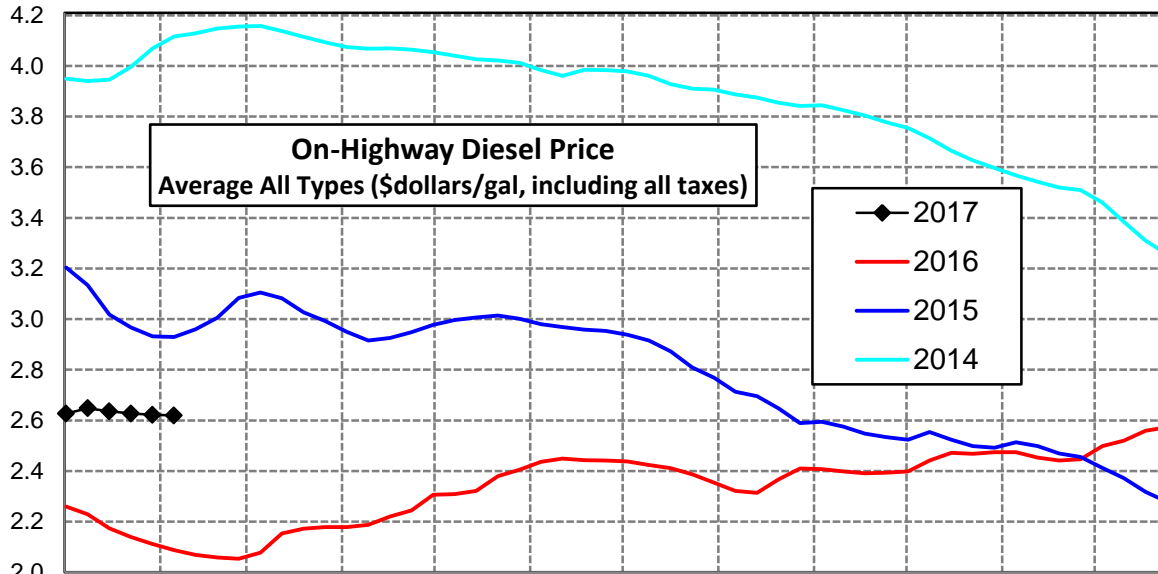
### U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	16Jan17	23Jan17	30Jan17	06Feb17	
<b>United States Avg</b>	\$2.585	\$2.569	\$2.562	<b>\$2.564</b>	\$0.002
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



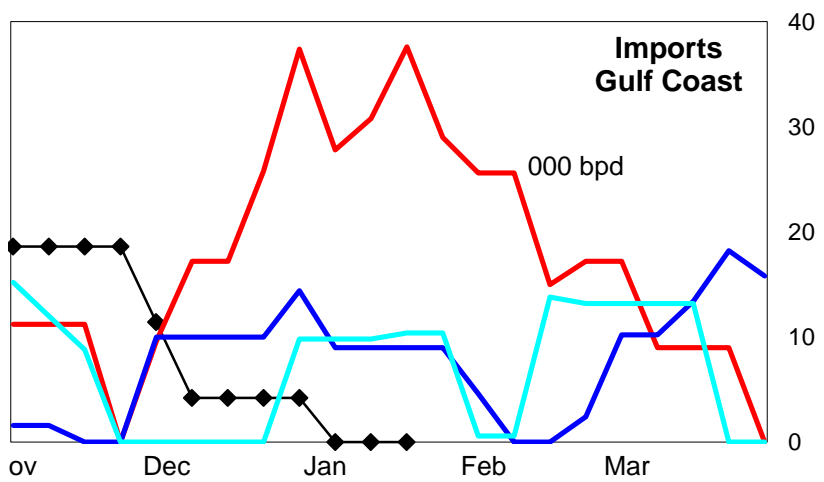
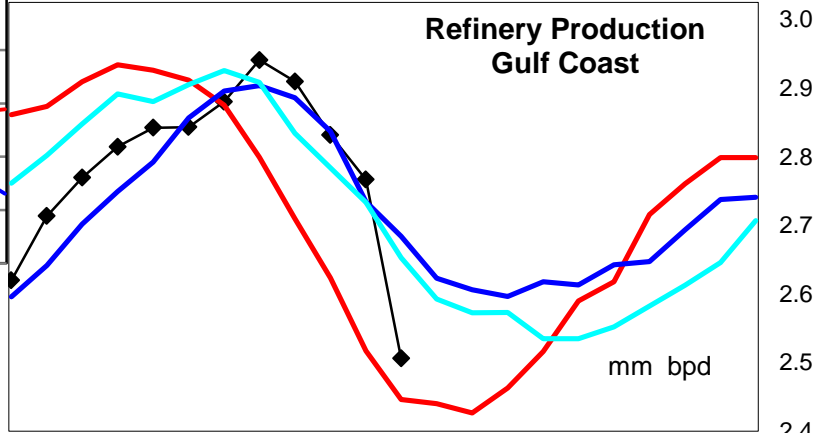
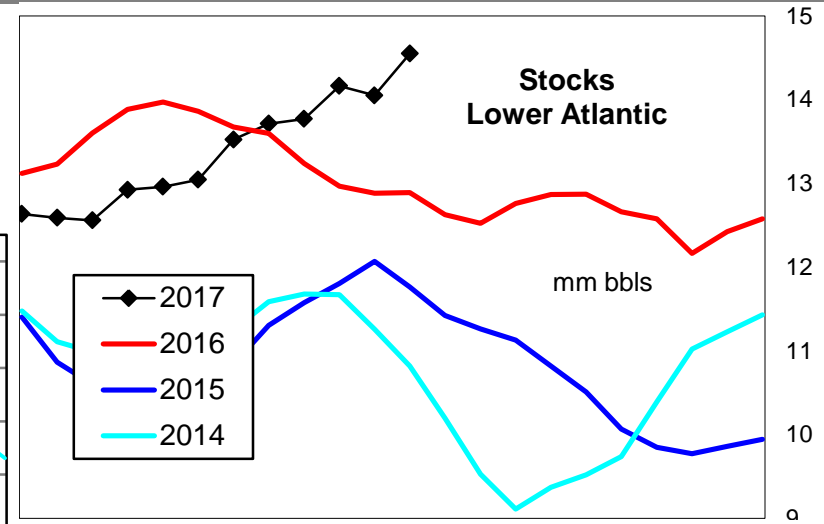
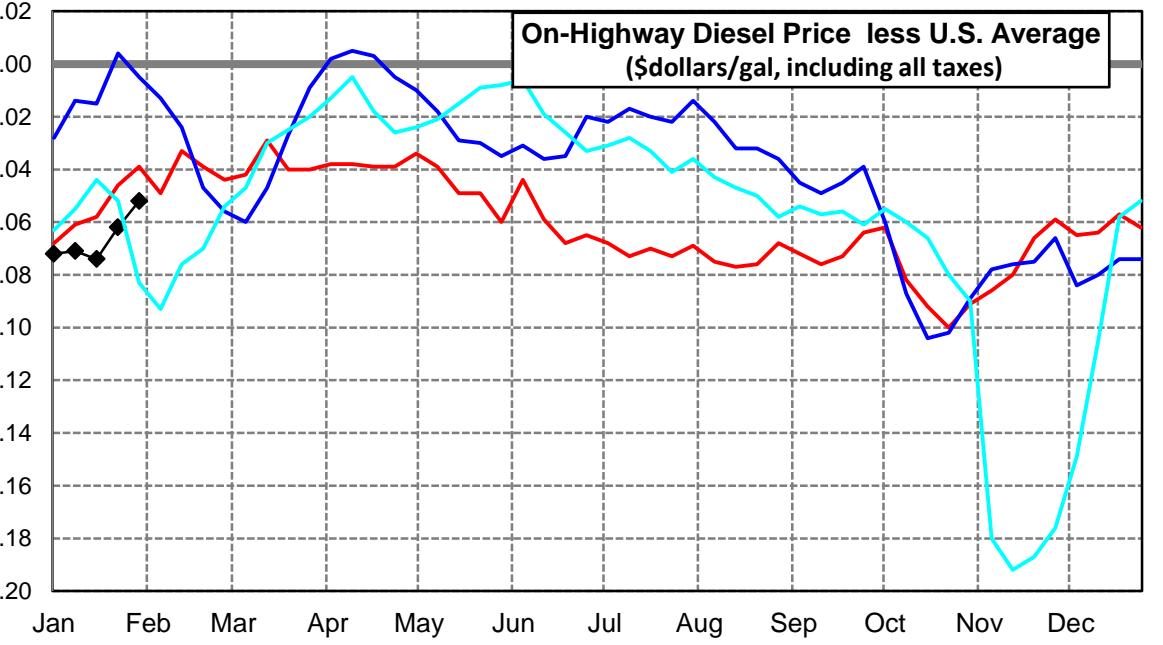
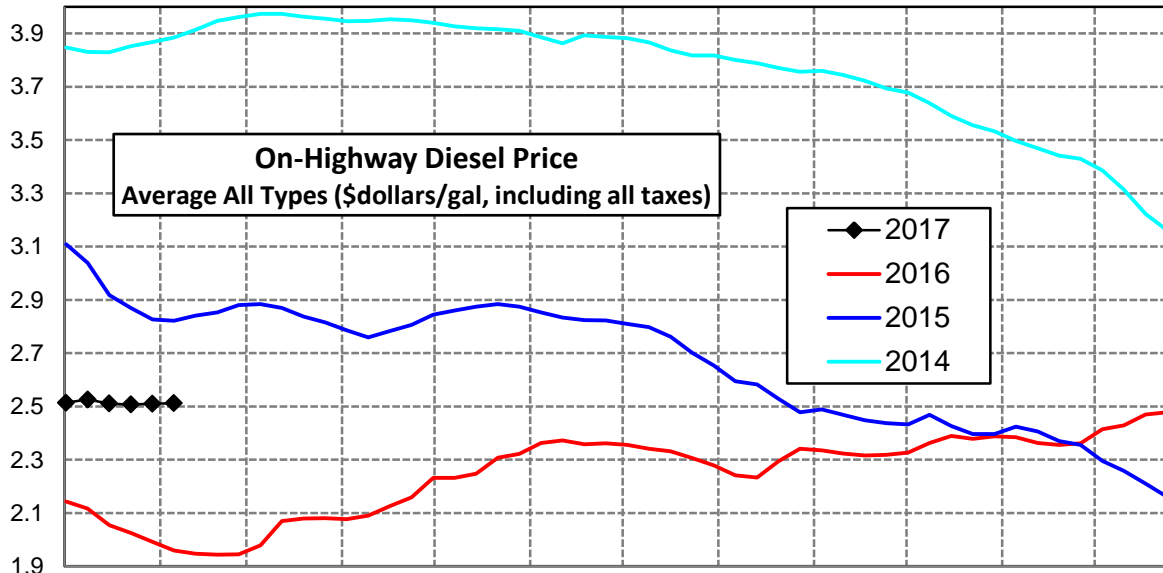
### East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	16Jan17	23Jan17	30Jan17	06Feb17	
<b>East Coast</b>	\$2.636	\$2.627	\$2.622	<b>\$2.619</b>	-\$0.003
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



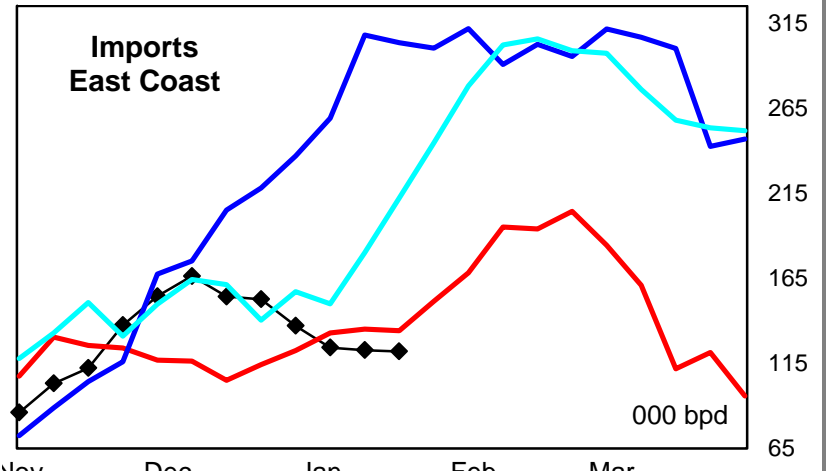
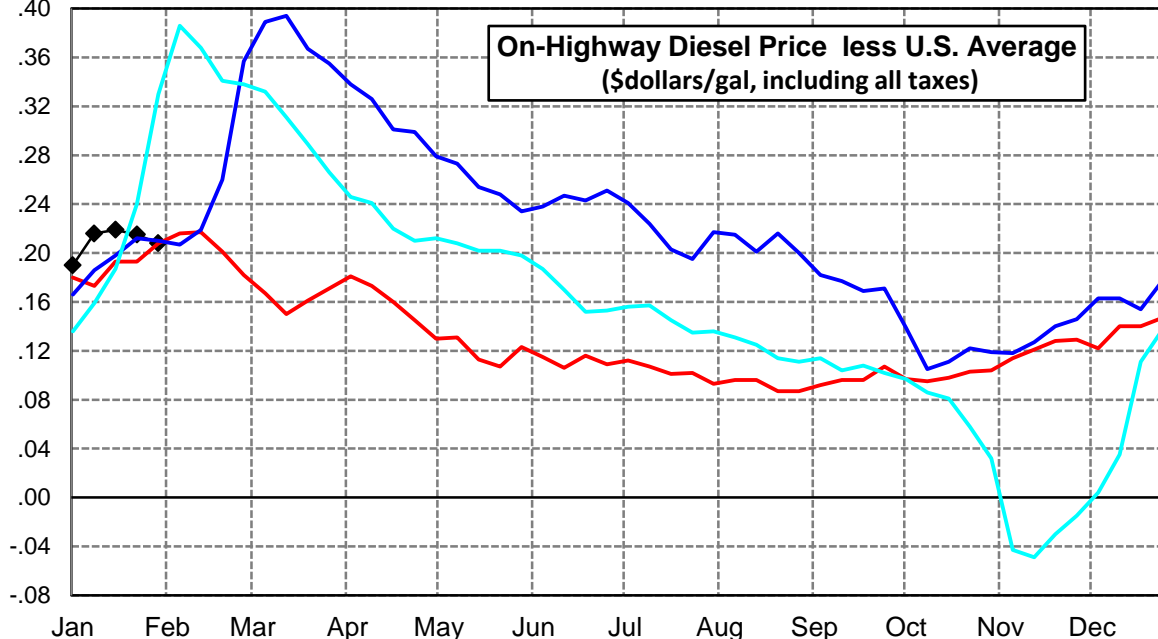
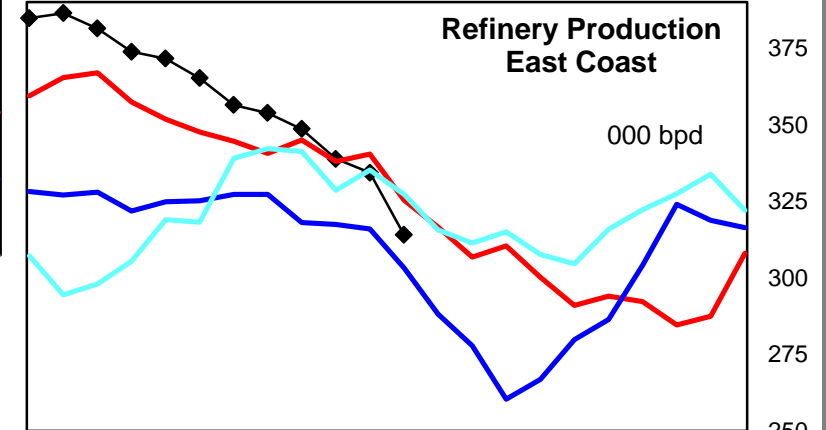
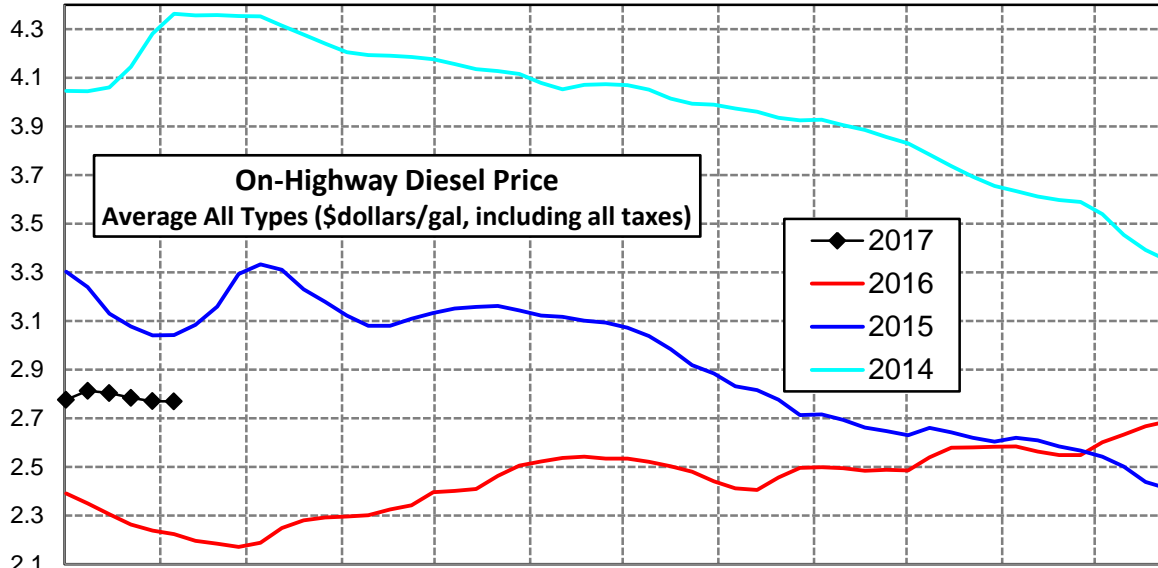
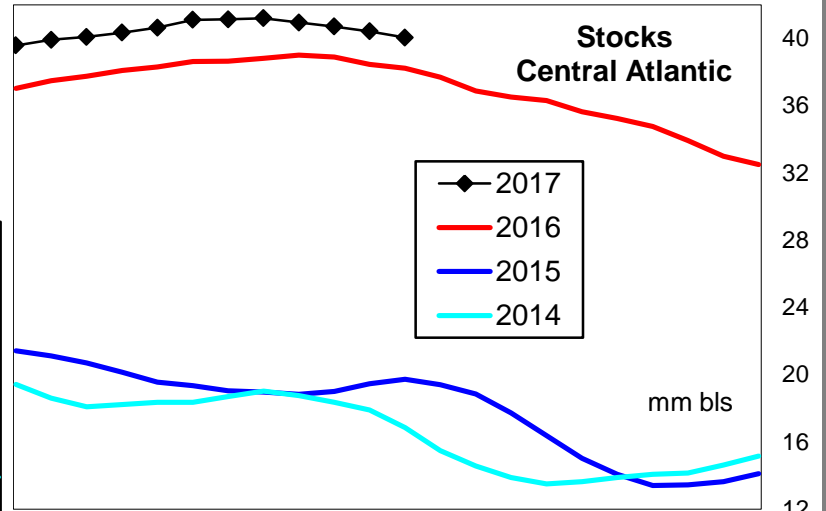
## Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	16Jan17	23Jan17	30Jan17	06Feb17	
<b>Lower Atlantic</b>	\$2.511	\$2.507	\$2.510	<b>\$2.512</b>	\$0.002
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



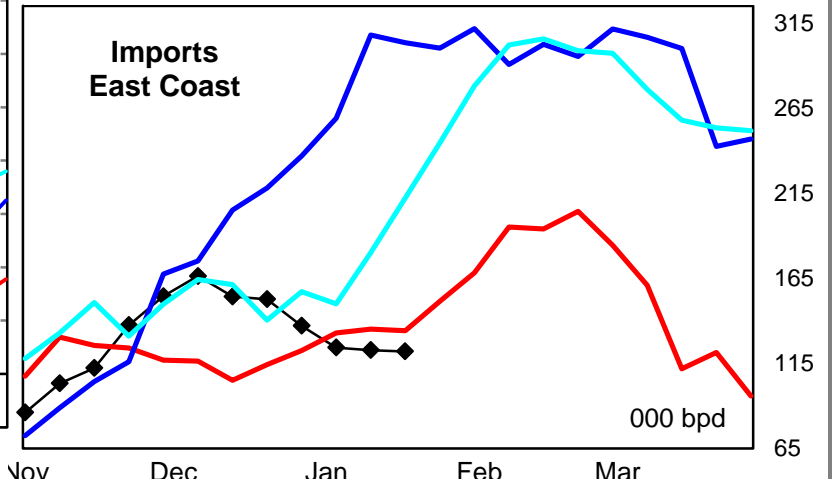
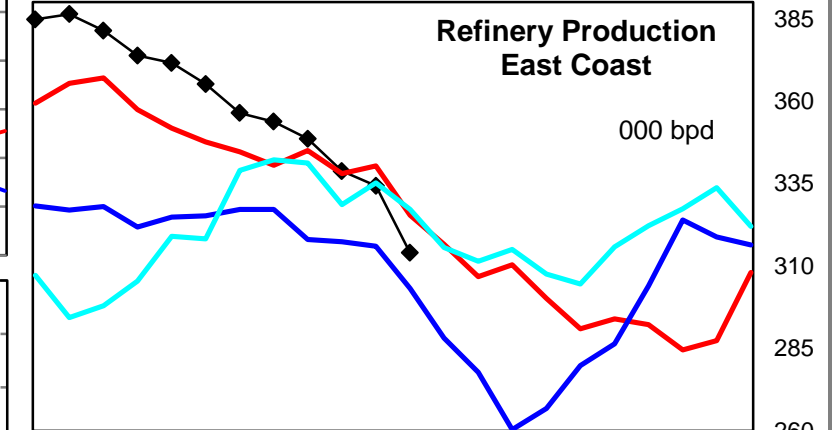
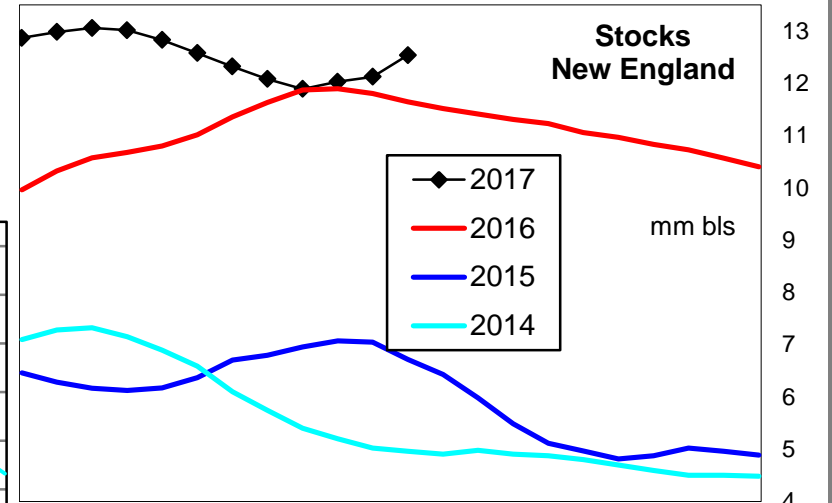
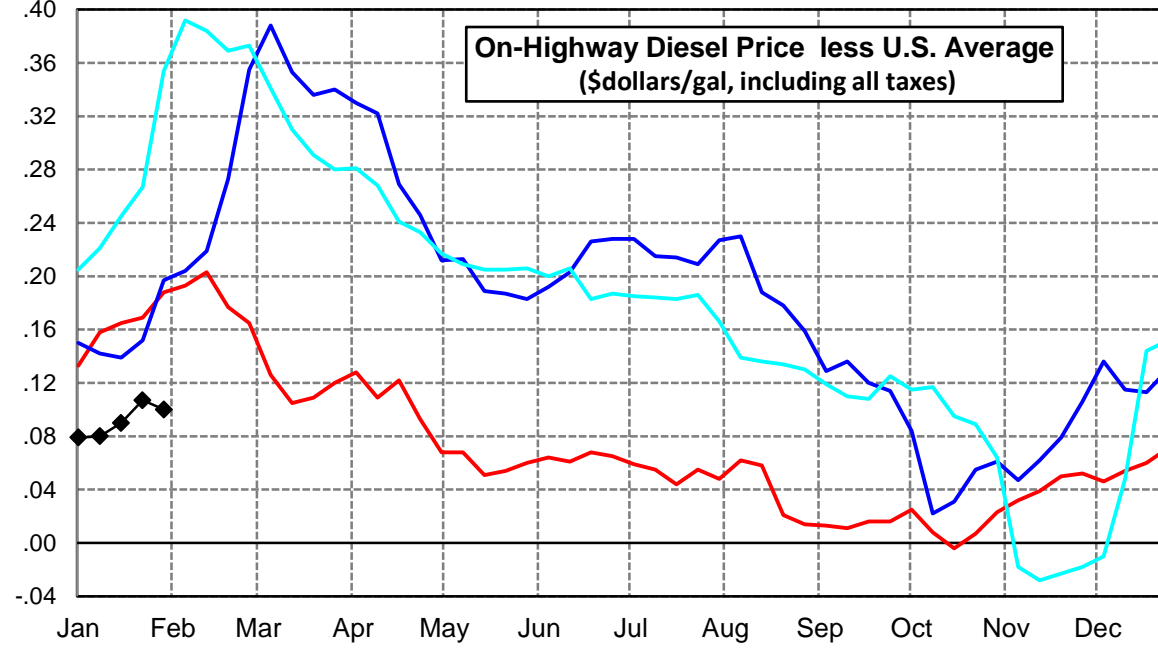
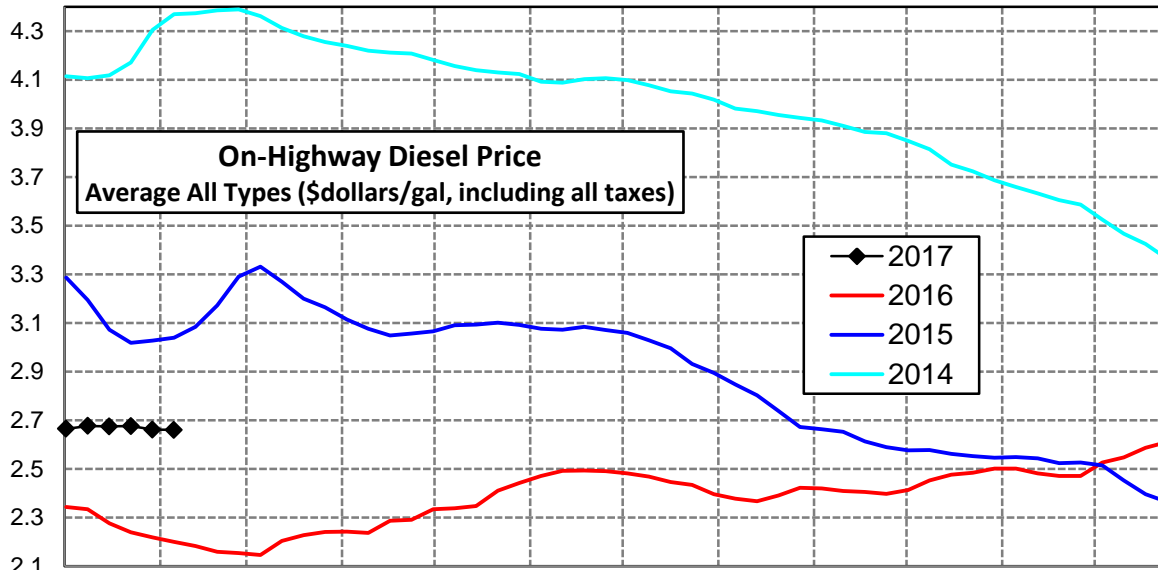
### Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	16Jan17	23Jan17	30Jan17	06Feb17	
<b>Central Atlantic</b>	\$2.804	\$2.784	\$2.770	<b>\$2.769</b>	-\$0.001
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



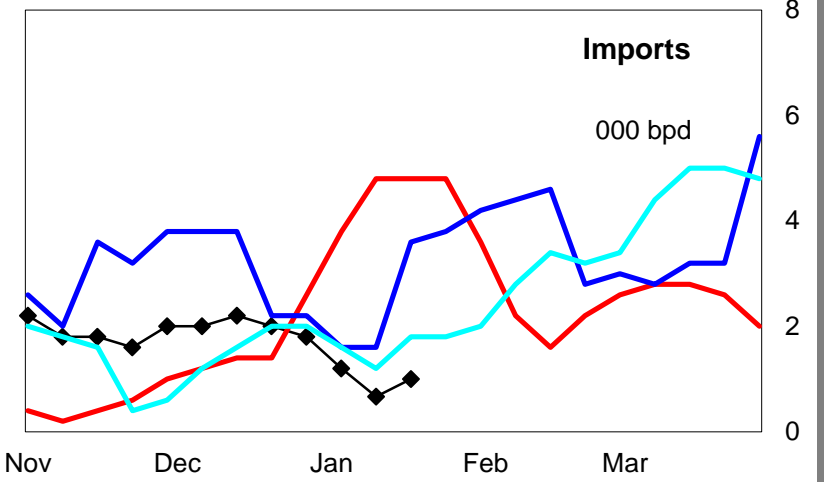
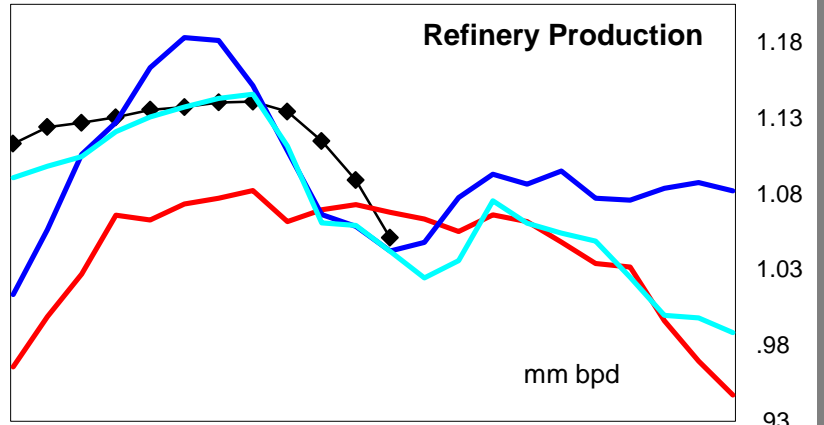
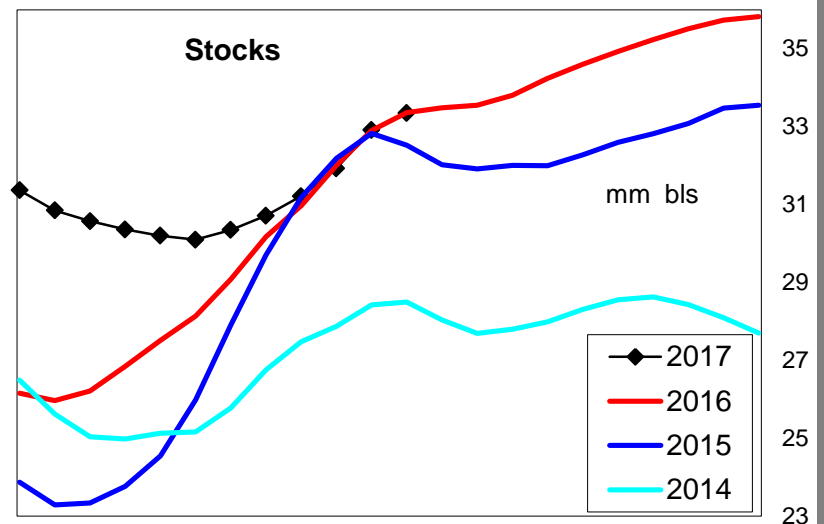
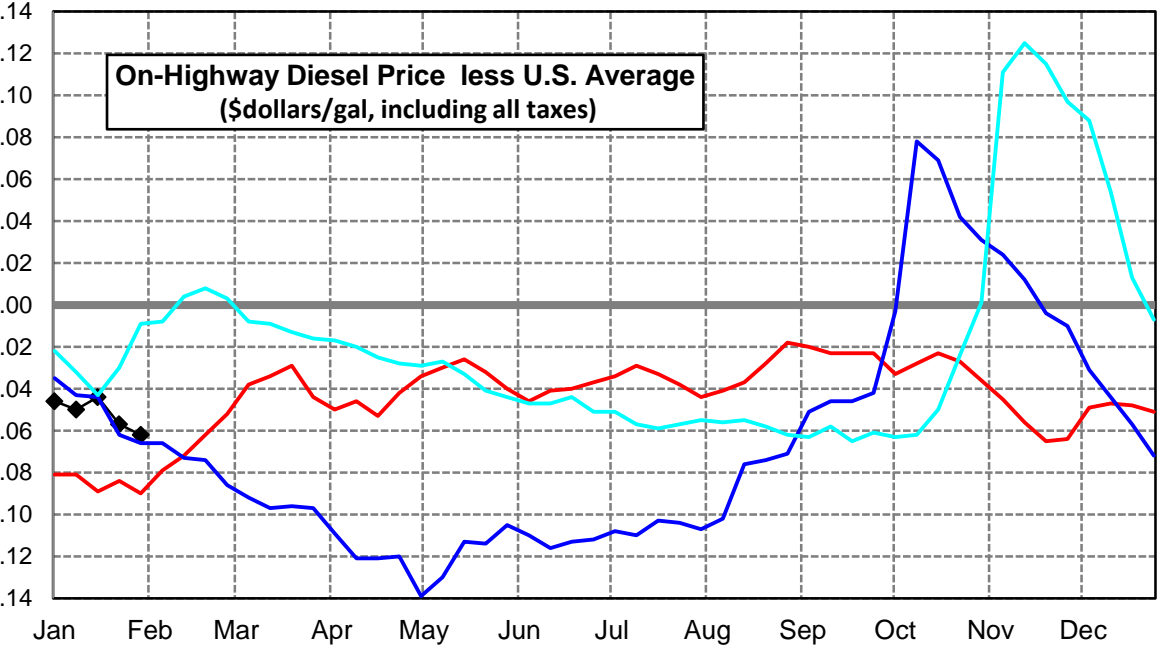
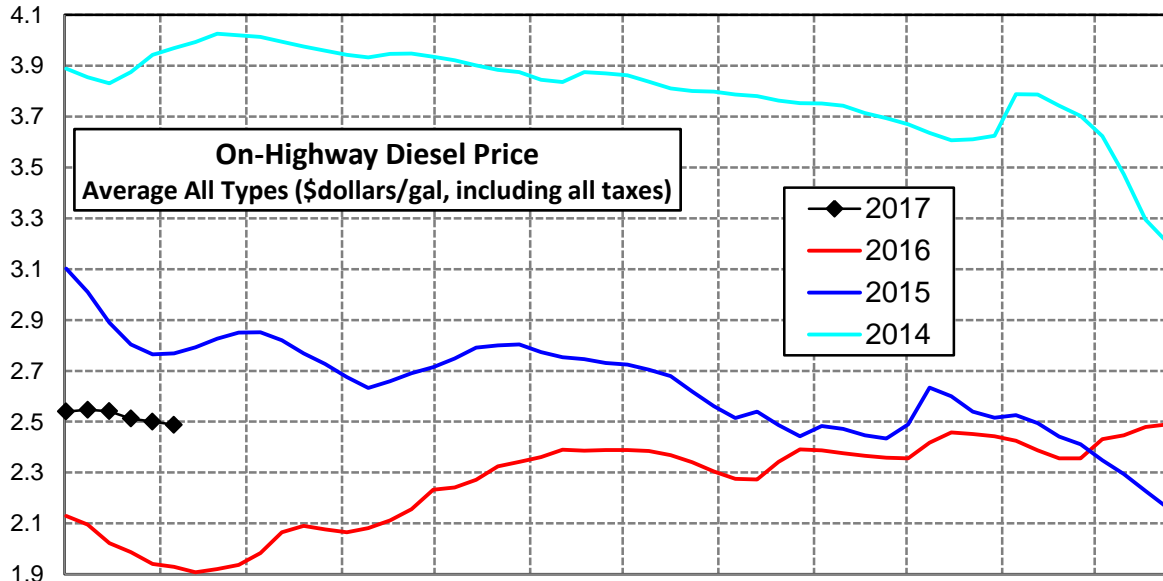
## New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	16Jan17	23Jan17	30Jan17	06Feb17	
<b>New England</b>	\$2.675	\$2.676	\$2.662	<b>\$2.661</b>	-\$0.001
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

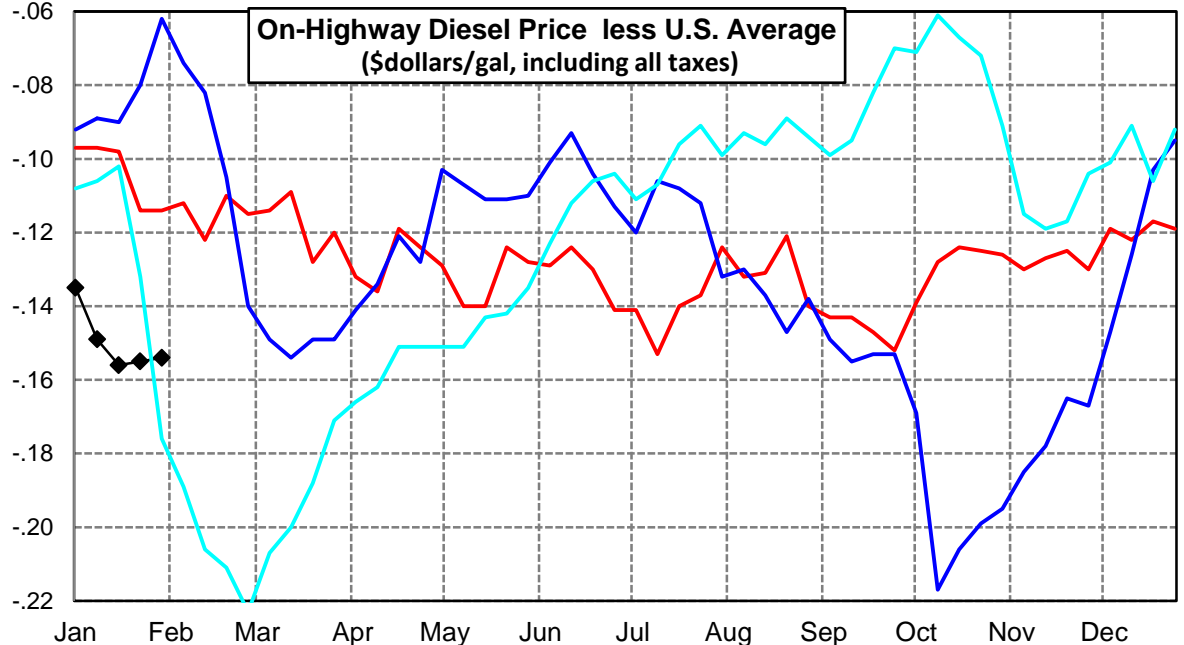
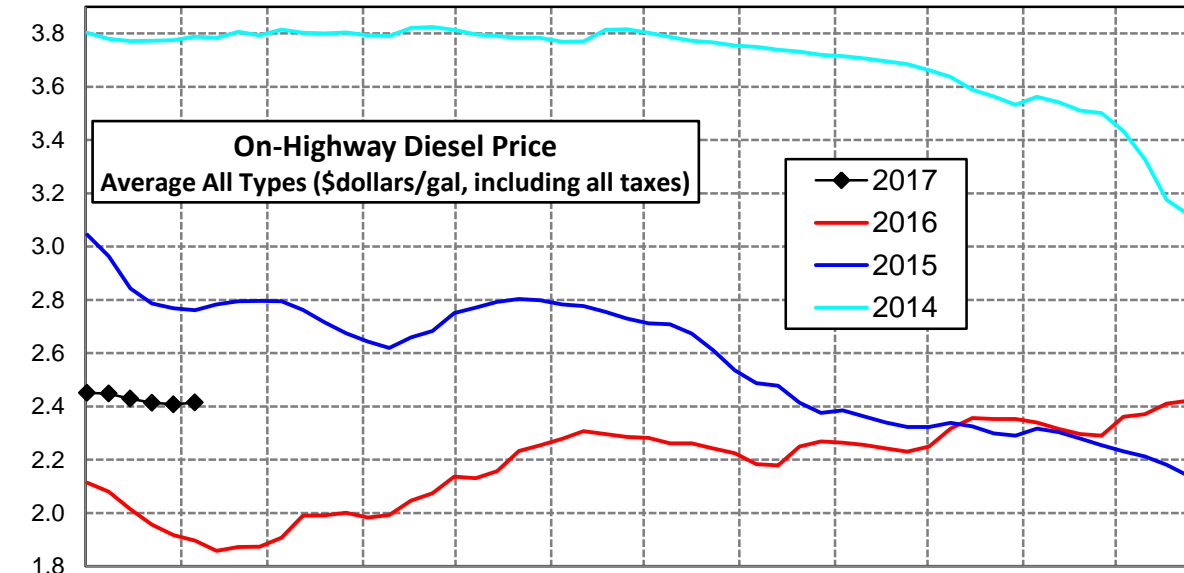
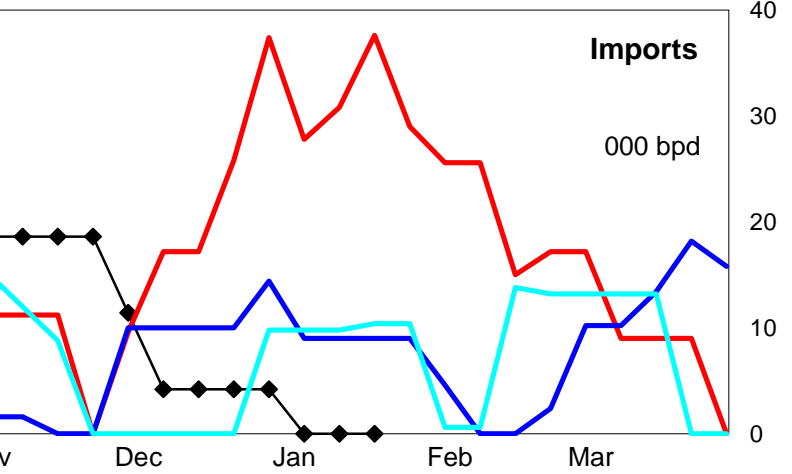
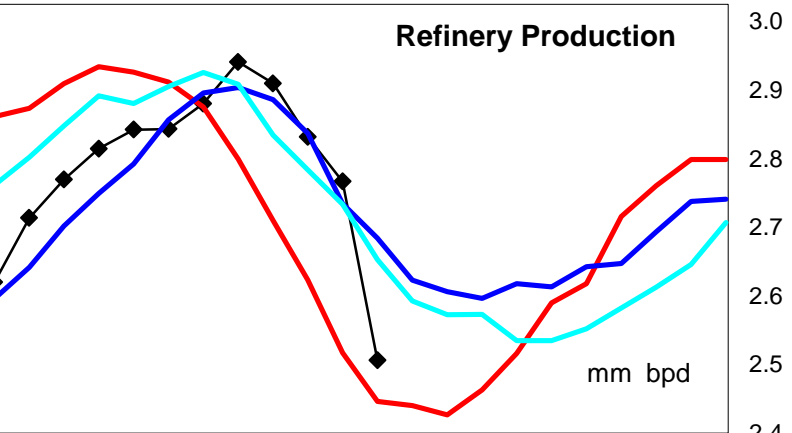
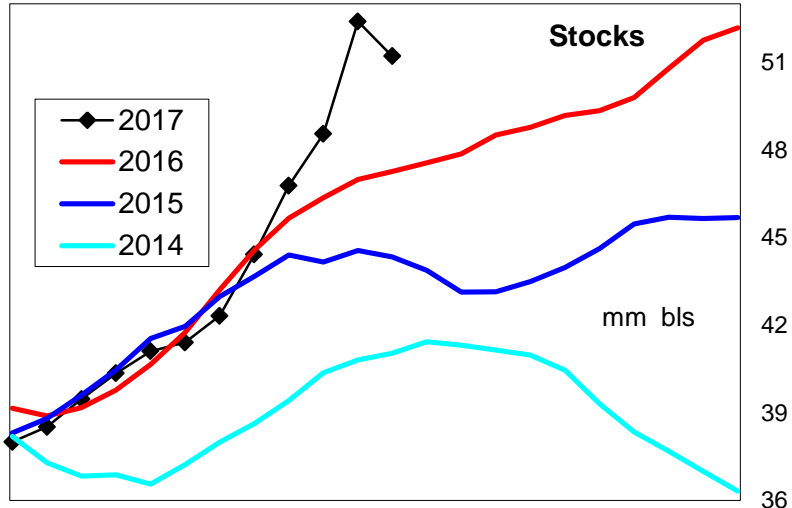
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	16Jan17	23Jan17	30Jan17	06Feb17	
<b>Midwest</b>	\$2.541	\$2.512	\$2.500	<b>\$2.487</b>	-\$0.013
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





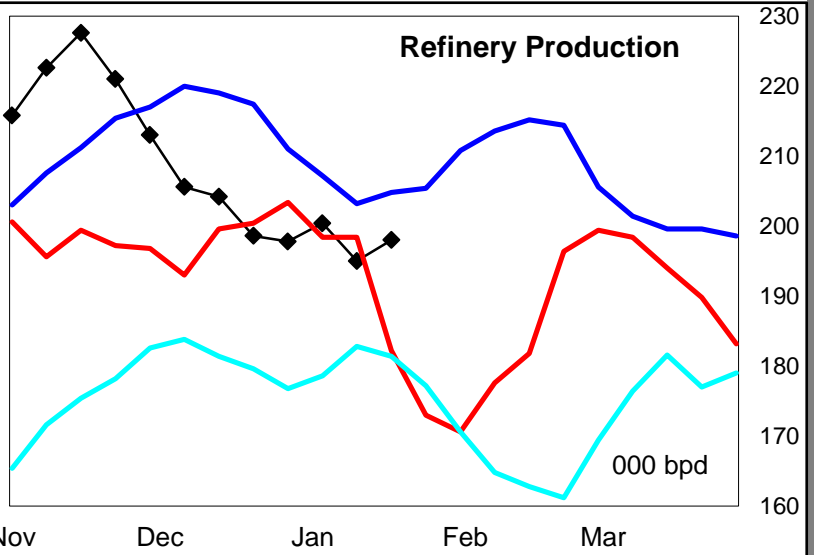
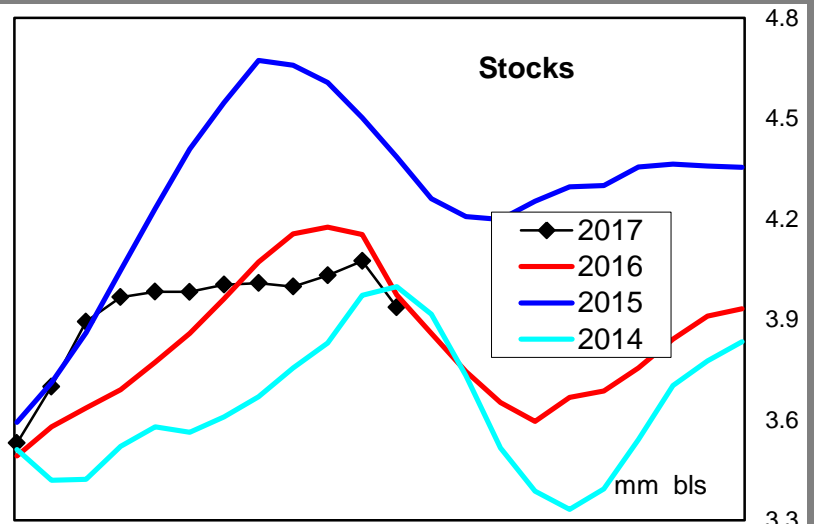
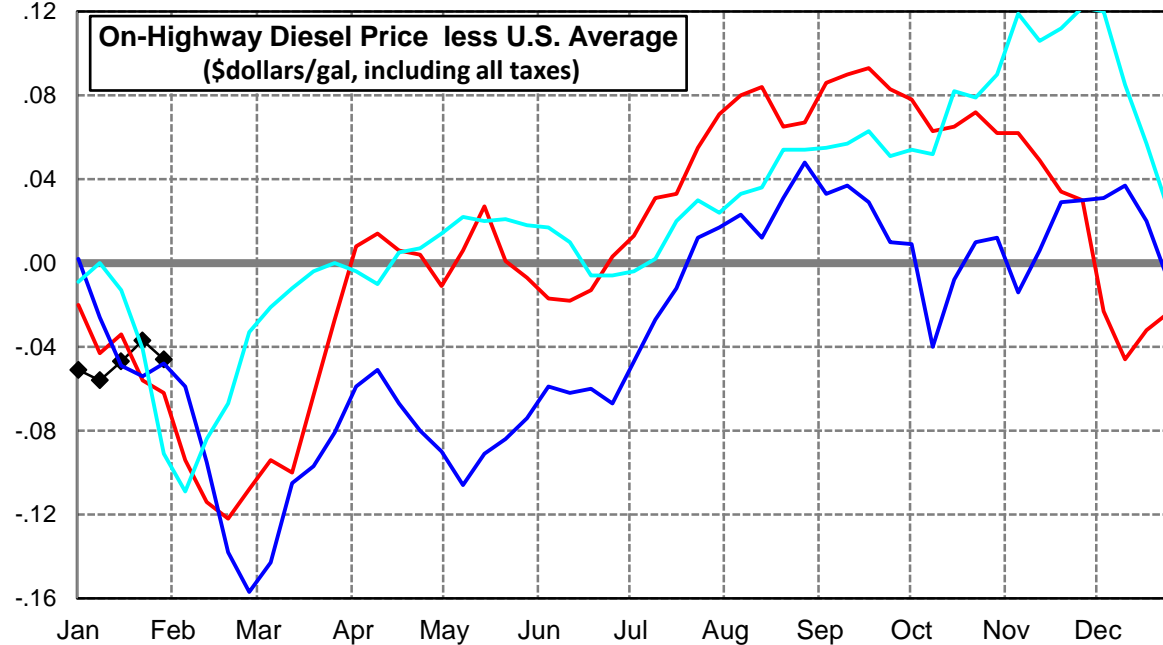
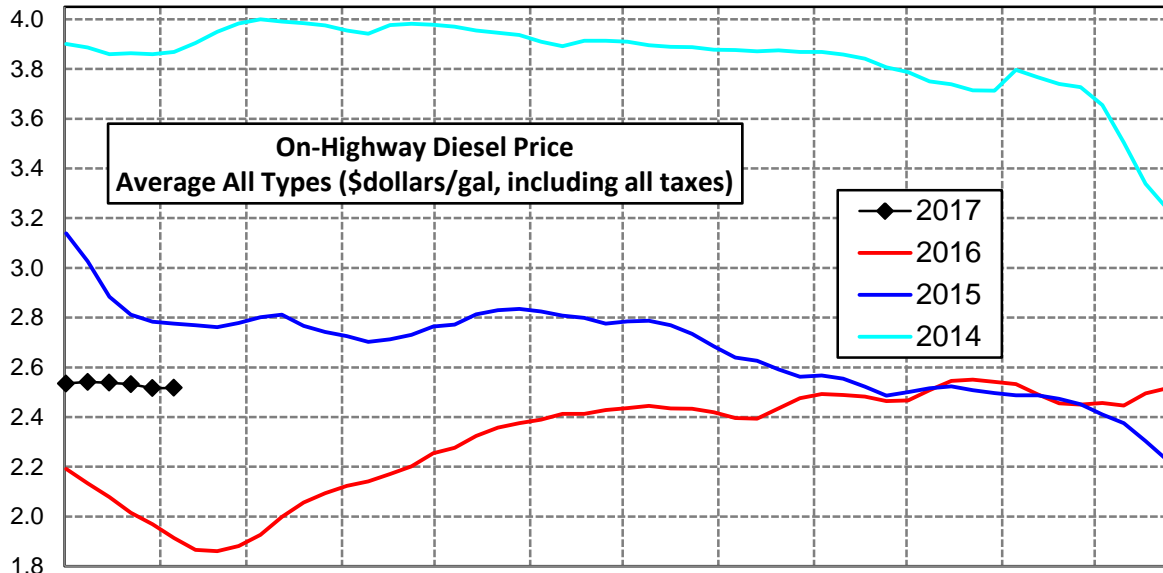
### Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	16Jan17	23Jan17	30Jan17	06Feb17	
<b>Gulf Coast</b>	\$2.429	\$2.414	\$2.408	<b>\$2.414</b>	\$0.006
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



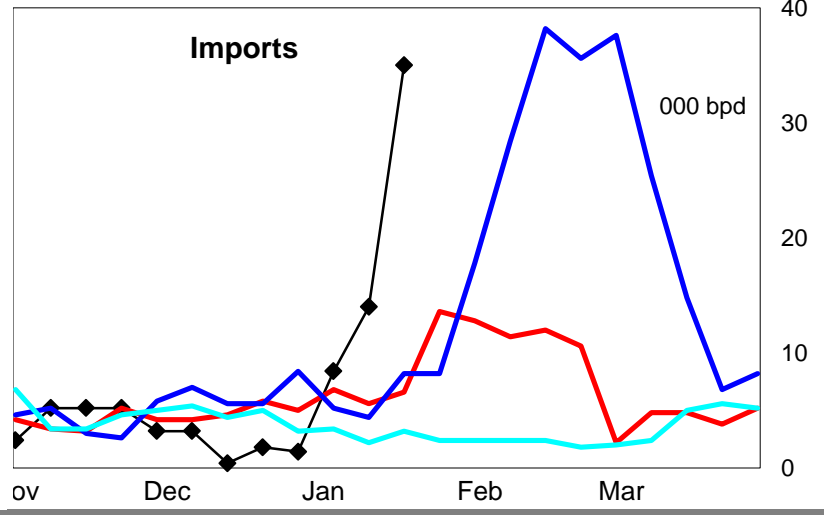
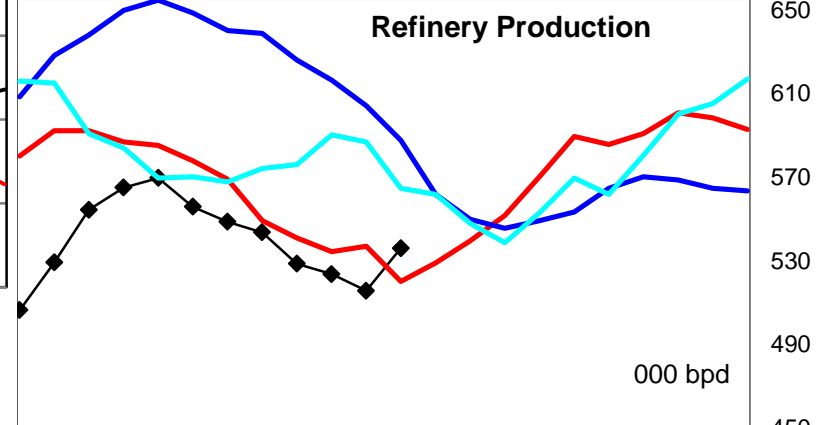
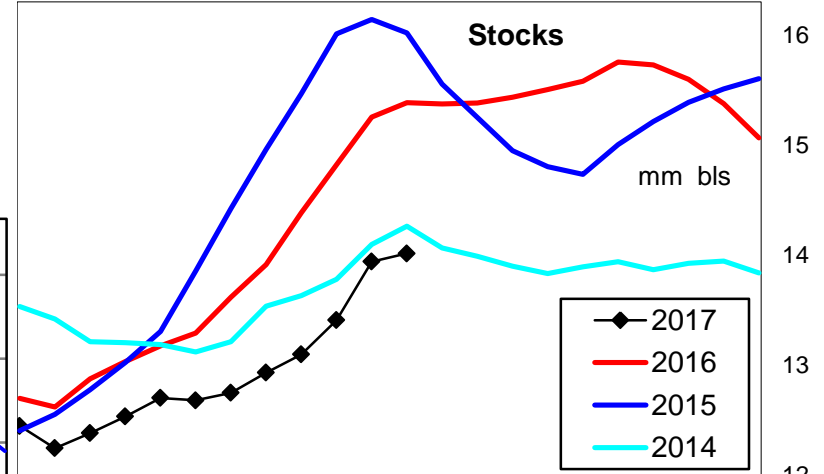
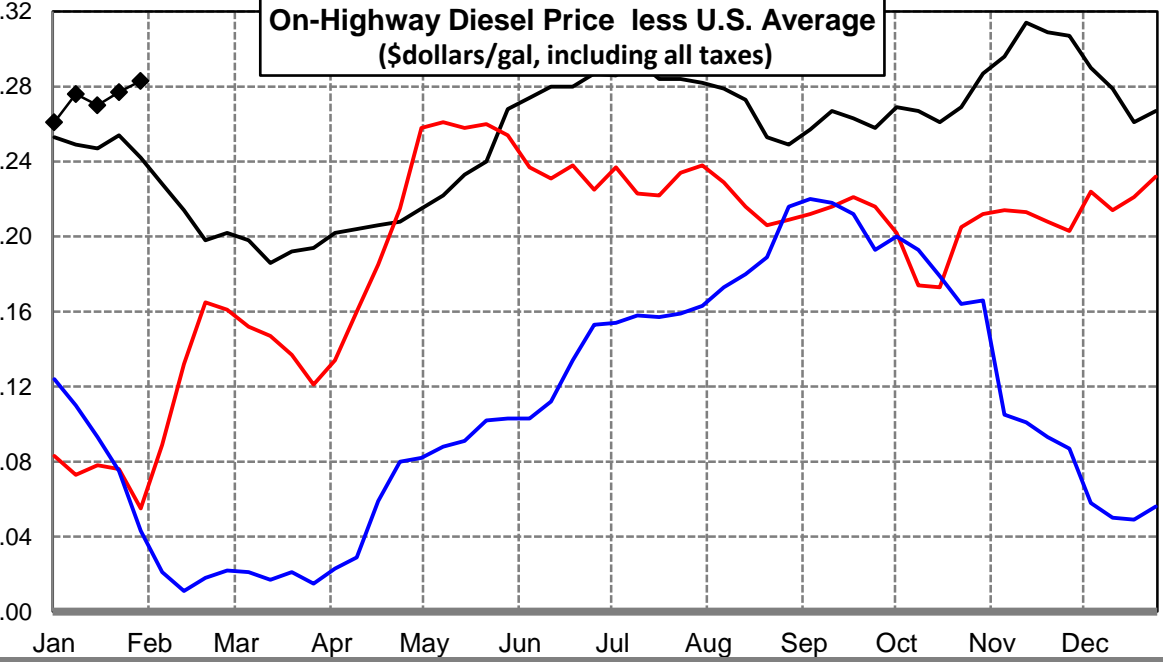
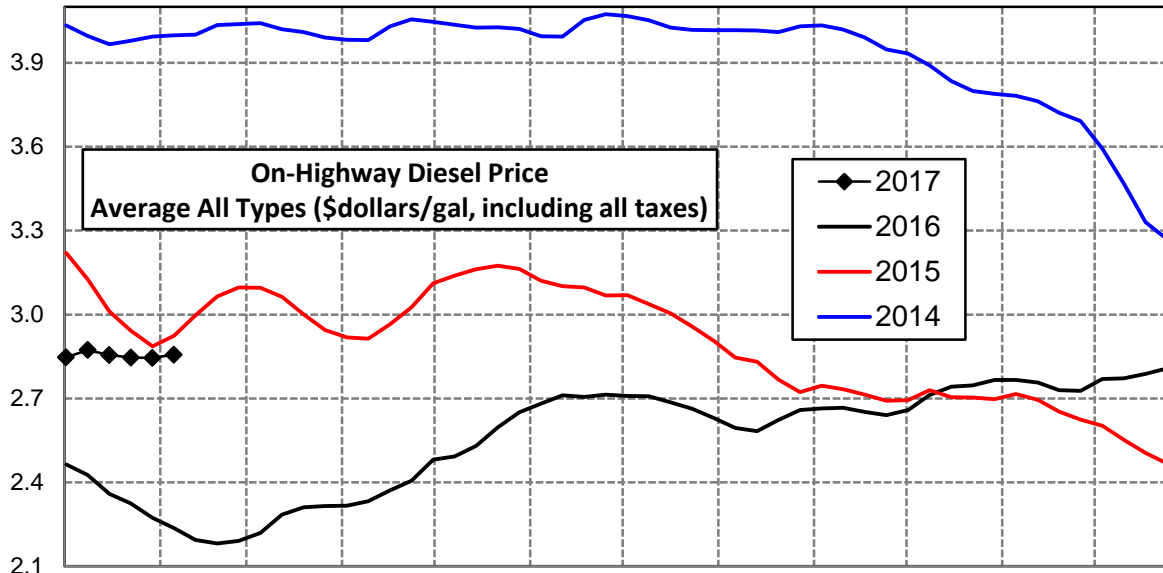
### Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	16Jan17	23Jan17	30Jan17	06Feb17	
<b>Rocky Mountain</b>	\$2.538	\$2.532	\$2.516	<b>\$2.518</b>	\$0.002
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



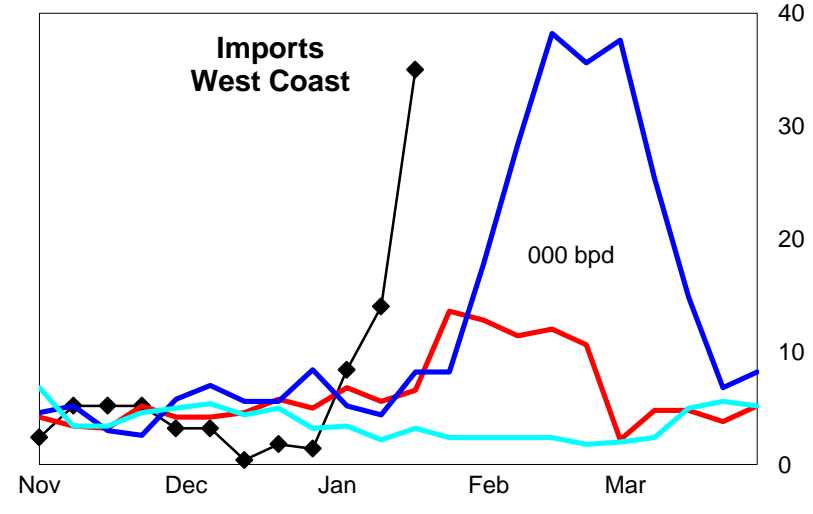
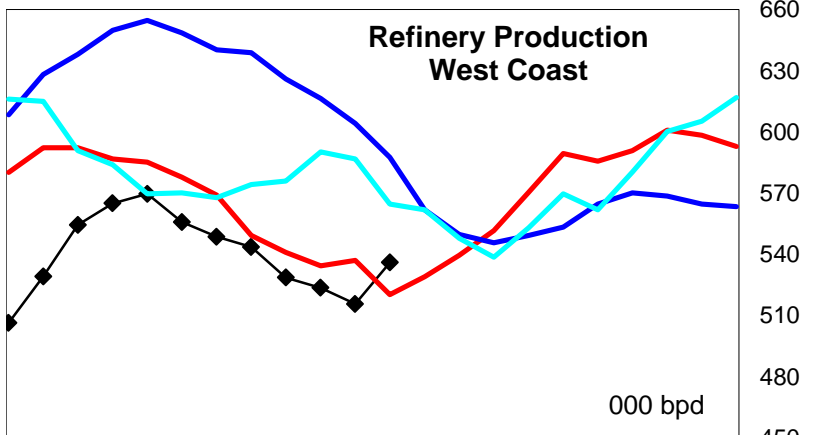
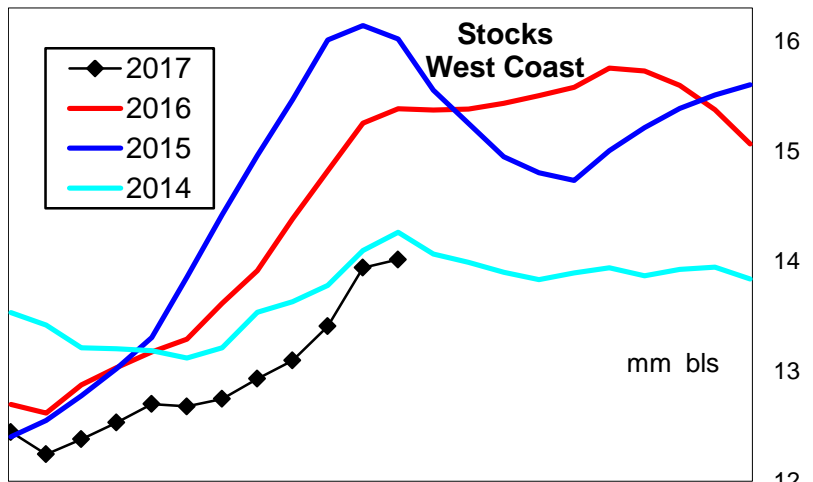
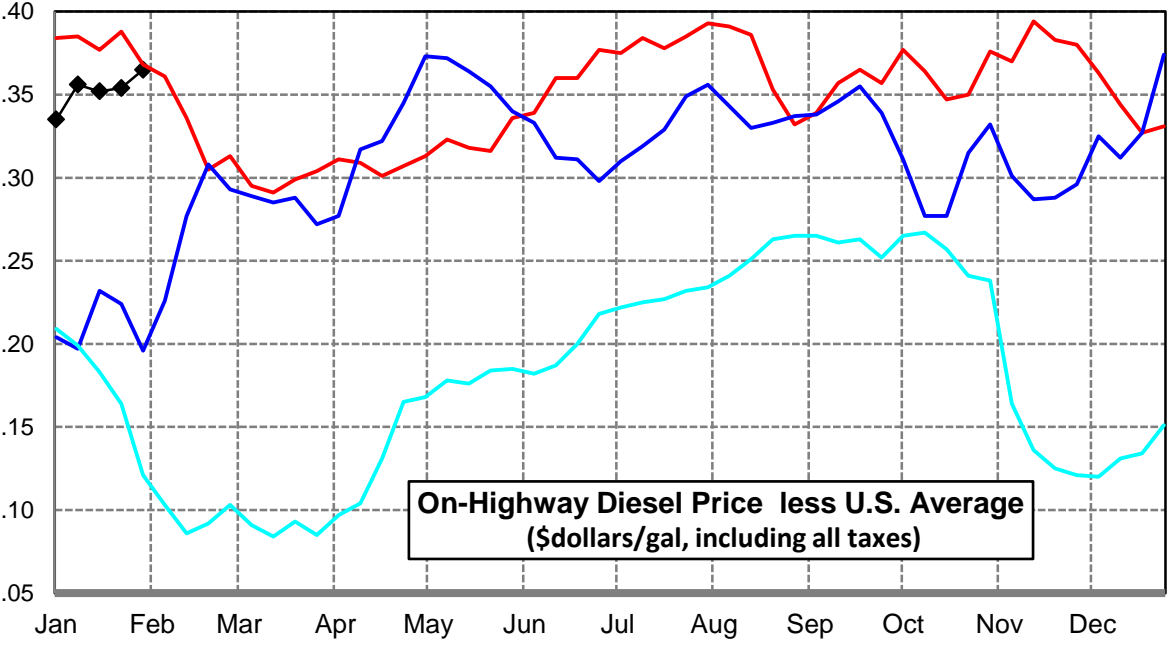
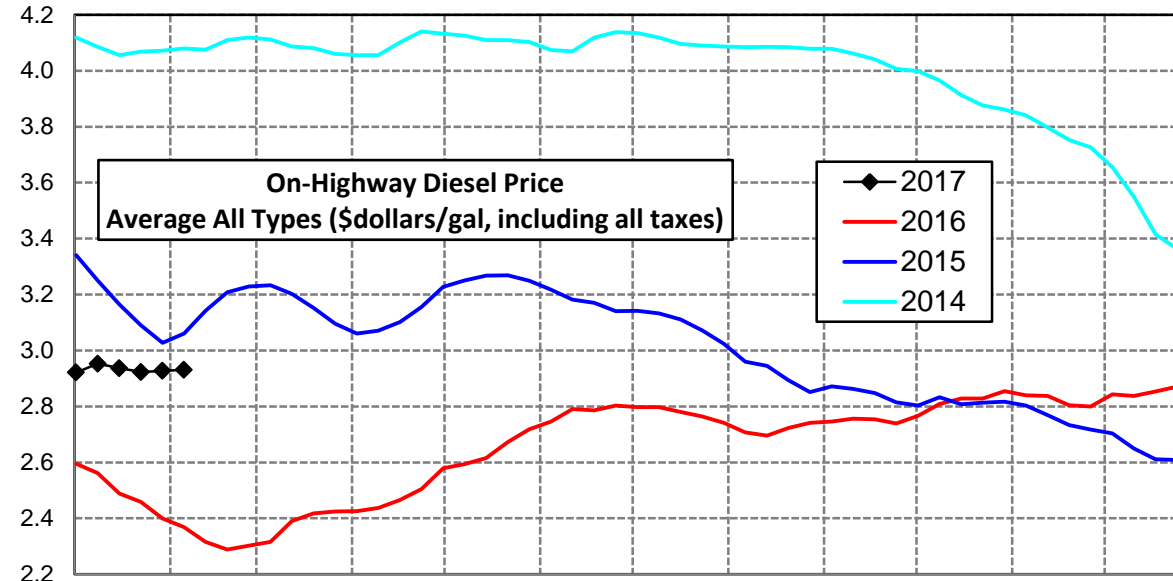
## West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	16Jan17	23Jan17	30Jan17	06Feb17	
<b>West Coast</b>	\$2.855	\$2.846	\$2.845	\$2.856	\$0.011
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
	16Jan17	23Jan17	30Jan17	06Feb17	
<b>California</b>	\$2.937	\$2.923	\$2.927	<b>\$2.931</b>	\$0.004
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-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	2.420	2.446	2.472	2.549	2.361	2.356	2.290	2.450	2.727	2.800
Mon-05-Dec-16	2.480	2.499	2.526	2.602	2.415	2.431	2.361	2.457	2.770	2.843
Mon-12-Dec-16	2.493	2.520	2.547	2.633	2.429	2.446	2.371	2.447	2.772	2.837
Mon-19-Dec-16	2.527	2.559	2.587	2.667	2.470	2.479	2.410	2.495	2.788	2.854
Mon-26-Dec-16	2.540	2.573	2.611	2.687	2.478	2.489	2.421	2.516	2.807	2.871
Mon-02-Jan-17	2.586	2.627	2.665	2.776	2.514	2.540	2.451	2.535	2.847	2.921
Mon-09-Jan-17	2.597	2.648	2.677	2.813	2.526	2.547	2.448	2.541	2.873	2.953
Mon-16-Jan-17	2.585	2.636	2.675	2.804	2.511	2.541	2.429	2.538	2.855	2.937
Mon-23-Jan-17	2.569	2.627	2.676	2.784	2.507	2.512	2.414	2.532	2.846	2.923
Mon-30-Jan-17	2.562	2.622	2.662	2.770	2.510	2.500	2.408	2.516	2.845	2.927
Mon-06-Feb-17	2.564	2.619	2.661	2.769	2.512	2.487	2.414	2.518	2.856	2.931
Mon-13-Feb-17										
Mon-20-Feb-17										
Mon-27-Feb-17										
Mon-06-Mar-17										

## 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.