



RETAIL DIESEL FUEL OUTLOOK

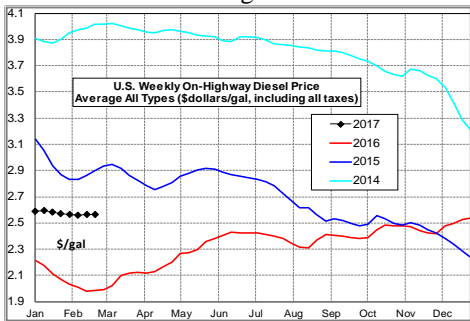
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, February 14, 2017

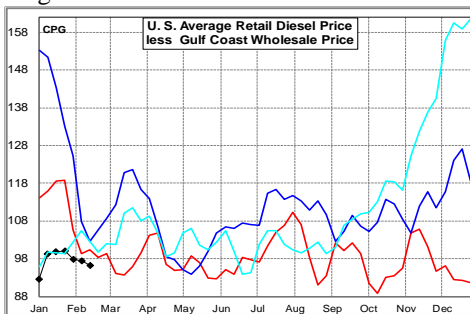
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price 1/			Forecast 2/	Change from week ago
	30Jan17	06Feb17	13Feb17	20Feb17	
U.S.	2.562	2.580	2.565	2.567	0.002
East Coast	2.622	2.618	2.626	2.631	0.005
New England	2.662	2.661	2.668	2.670	0.002
Central Atlantic	2.770	2.763	2.765	2.775	0.010
Lower Atlantic	2.510	2.508	2.519	2.520	0.001
Midwest	2.500	2.492	2.487	2.482	-0.005
Gulf Coast	2.408	2.403	2.424	2.425	0.001
Rocky Mountain	2.516	2.515	2.522	2.523	0.001
West Coast	2.845	2.856	2.869	2.876	0.007
California	2.927	2.944	2.957	2.960	0.003

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

Diesel Fuel Price Trends U. S. retail diesel prices increased +0.7 cpg last week. The increase was led by a +2.1 cpg increase in the Gulf region.

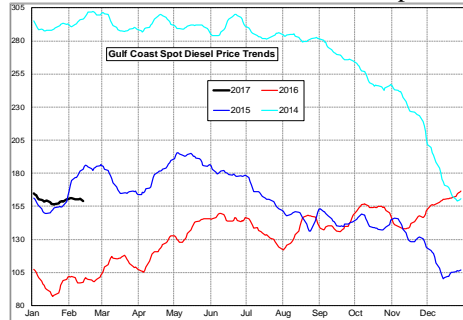


The U.S. average retail diesel price compared to the Gulf Coast wholesale market increased +1.2 cpg on the week. The spread ended the week below the 3-yr range.

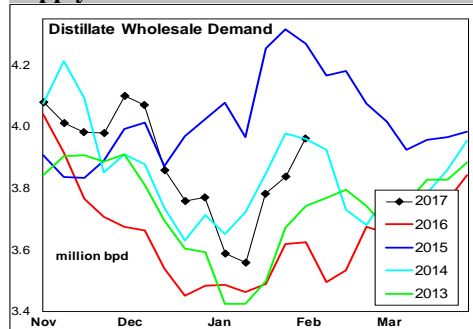


The national average on-highway price ended the week +58 cpg above a year ago; extending the year-on-year increase since early December 2016. The highest retail prices were in California at \$2.96/gal and the Central Atlantic at \$2.77/gal. The lowest prices were in the Gulf at \$2.42/gal.

have been nearly unchanged over the last 2-wks, at a level +58 cpg above 2016 lows for the period.



Supply - Demand Fundamental Trends



Distillate wholesale demand increased +0.1 million bpd last week, to a level that matched the 3-yr mid range for this time of year. Demand for the latest 4-wk period was +273,000 bpd above a year ago.

Supply increased +98,000 bpd on the week, to a level above the 5-yr range for the period. During the latest 4-wk period, supply was +241,000 bpd above a year ago.

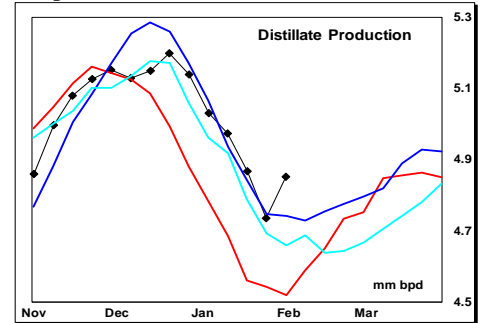
Stocks were unchanged last week, with the level nearly +10 million barrels

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

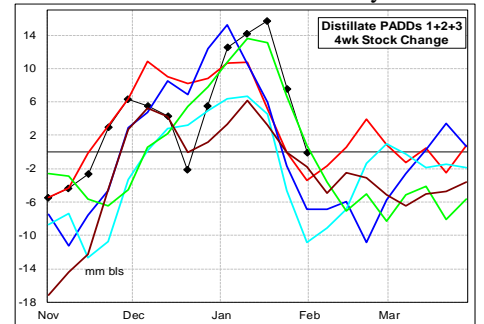
The region average retail price compared to the U.S. average traded above the last 3-yrs in the Rockies and West Coast; due to very low diesel stock levels.

Gulf spot prices

above the prior 5-yr high. Stock levels ended the week at 5-yr highs above a year ago on the East Coast (+9.4%), Midwest (+2.4%), and Gulf (+4.7%). Stocks on the West Coast continued to build last week, matching the average of the last 2-yrs for the period.



During the latest 4-wk period, stocks in regions East of the Rockies were nearly unchanged, compared to an average -6 million barrel draw for the last 3-yrs.



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

Global Trends Driving Diesel Prices

Stock levels of all transport fuels and crude oil are each at record highs for this time of year. Look for stock draws of transport fuels as refiners undergo winter/spring maintenance, and corresponding stock builds of crude oil. OPEC and Non OPEC cuts in crude oil output continue to support prices in the near term.

Diesel Price Outlook:

East Coast and Midwest on highway diesel prices, compared to the U.S. average are below the last 3-yrs; driven by excess supply. Gulf Coast On-Highway prices have strengthened due to winter refinery maintenance.

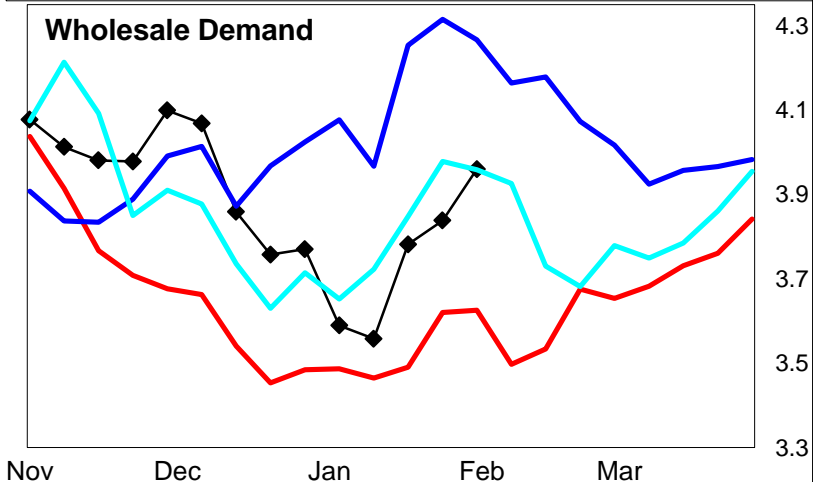
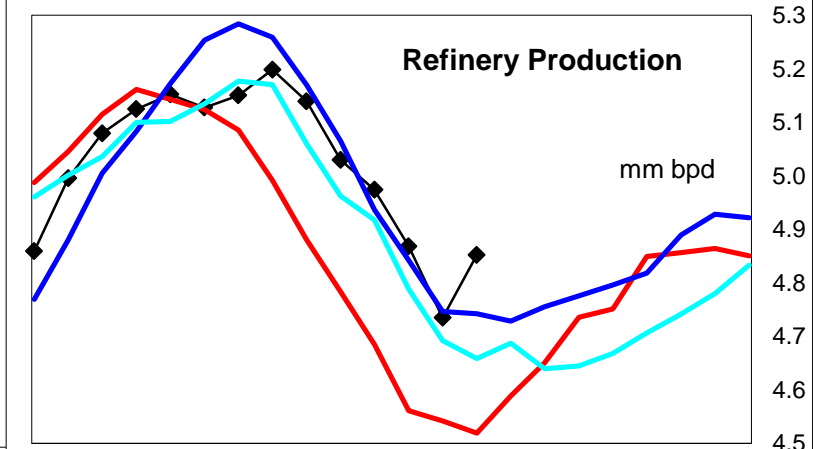
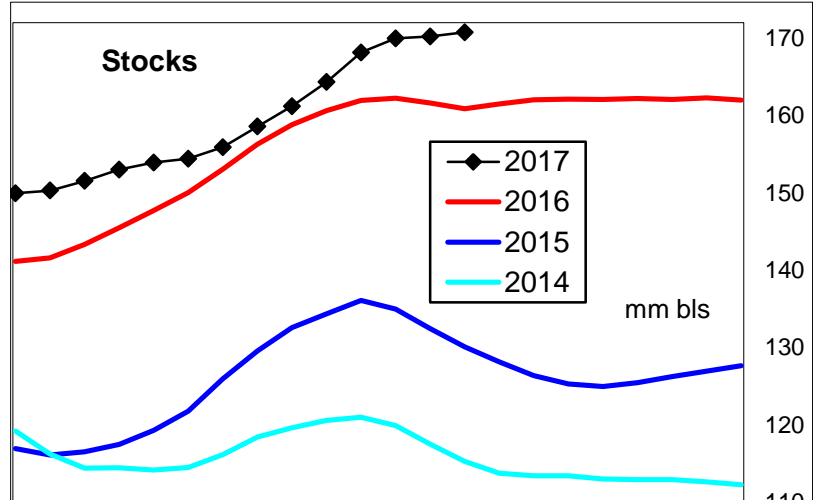
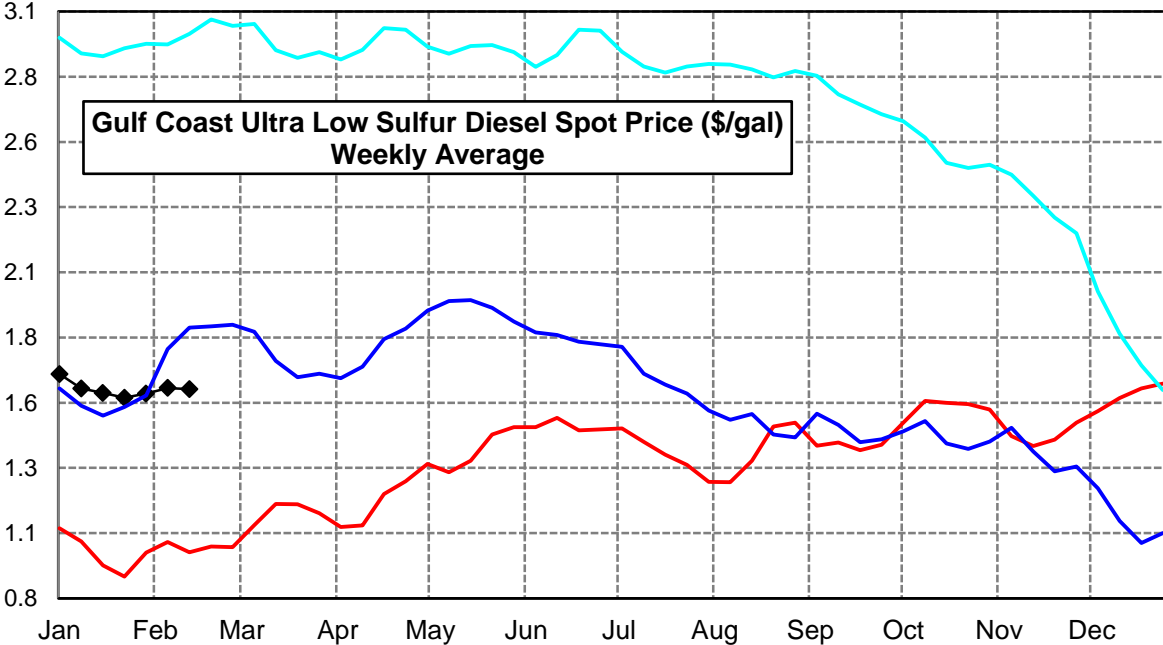
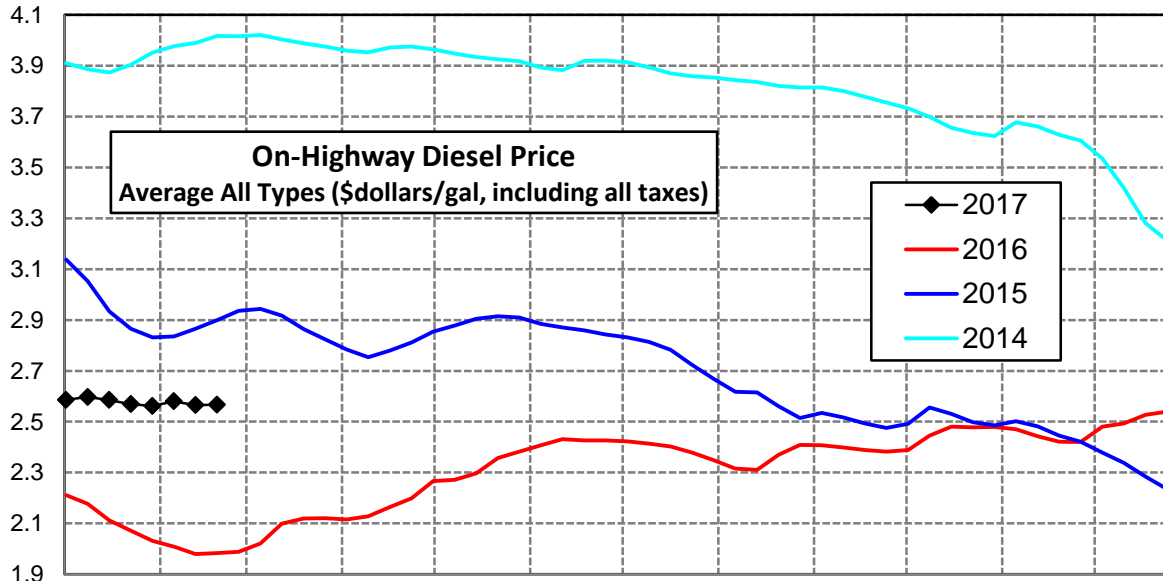
Look for continued weak On-highway diesel prices in New England, Lower Atlantic and Midwest regions. West Coast prices may also experience weakness on a return to historic stock levels.

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



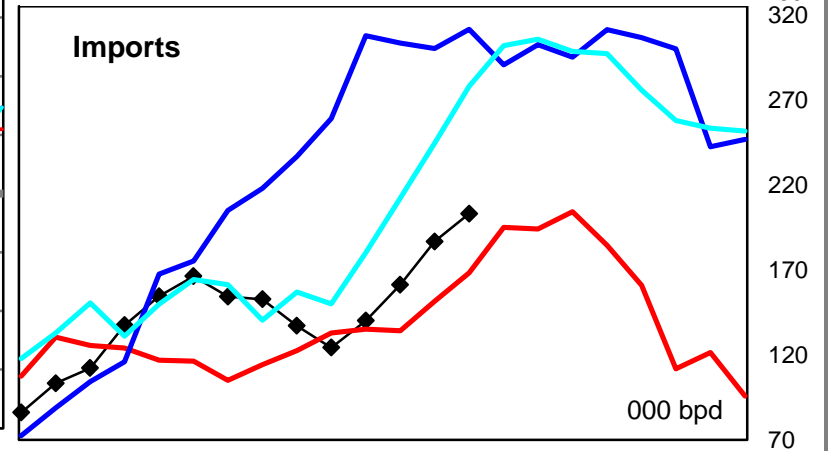
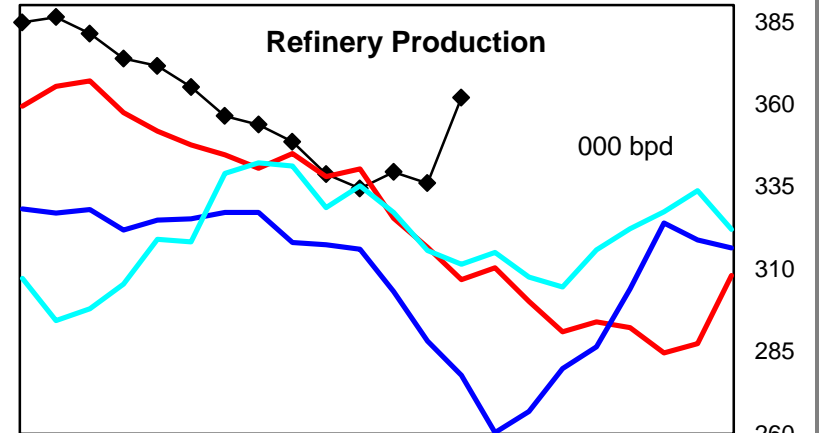
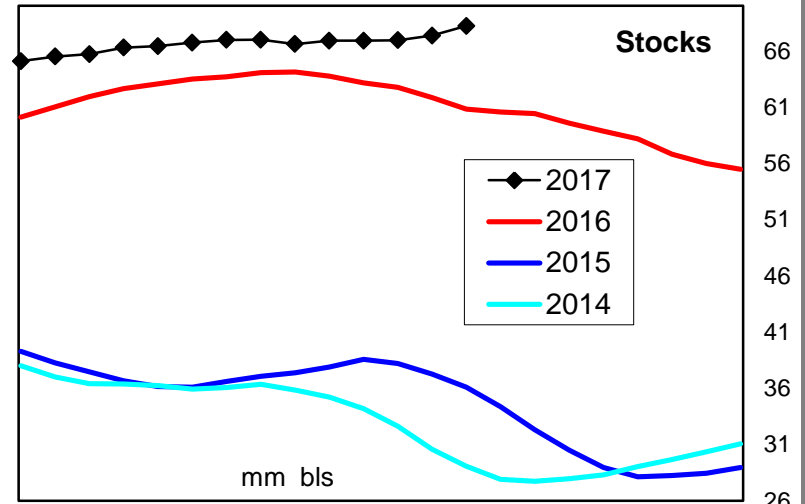
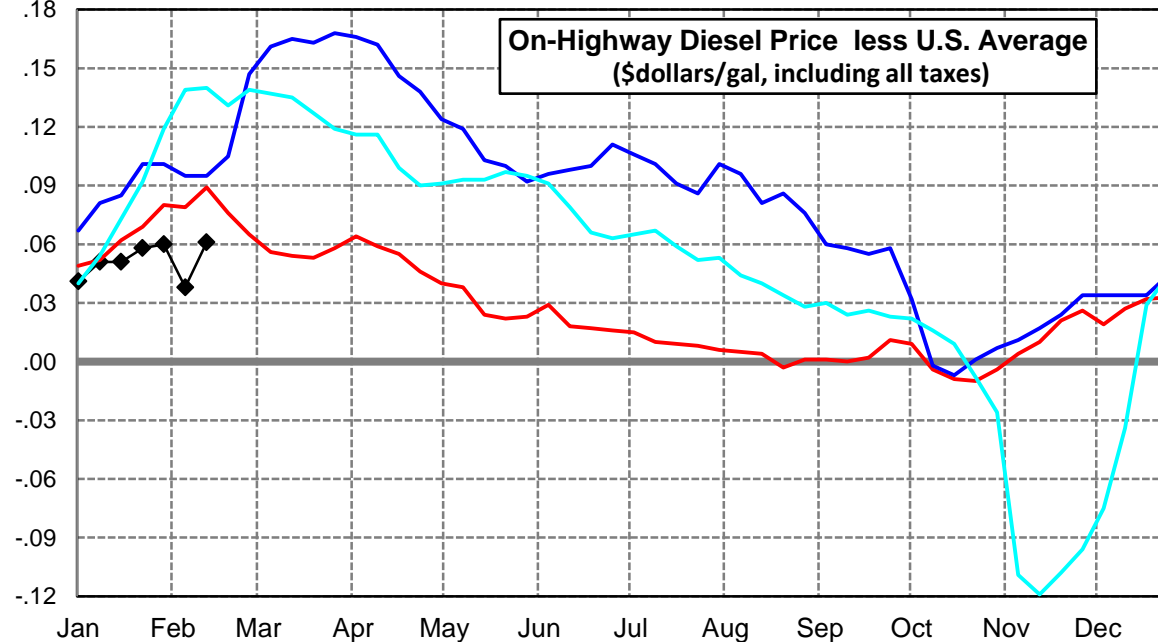
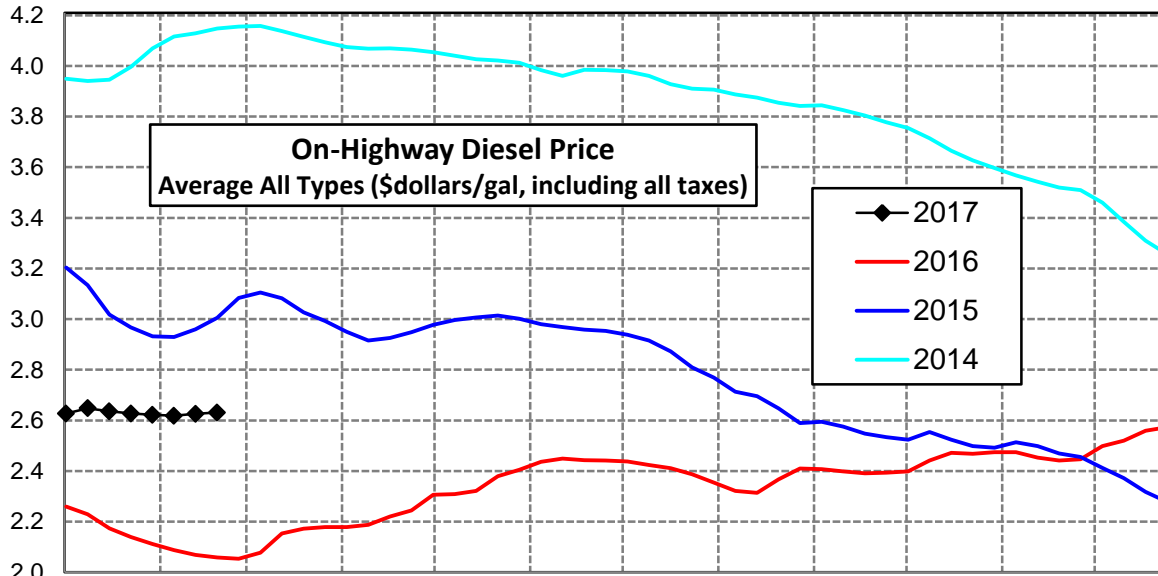
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jan17	06Feb17	13Feb17	20Feb17	
United States Avg	\$2.562	\$2.580	\$2.565	\$2.567	\$0.002
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



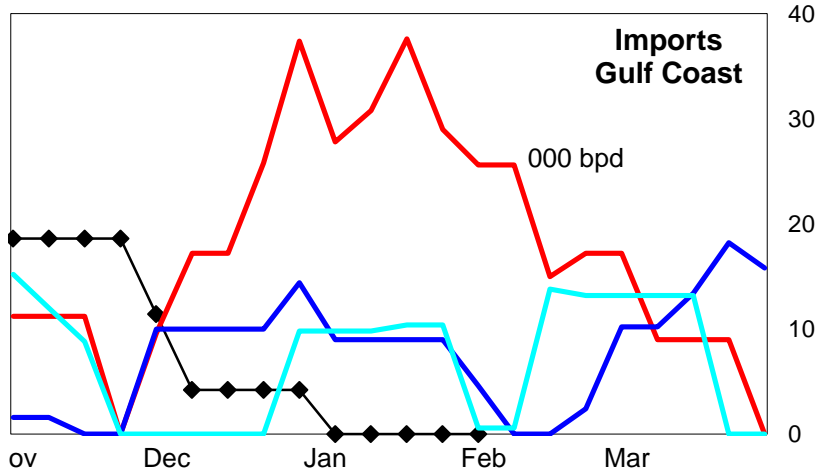
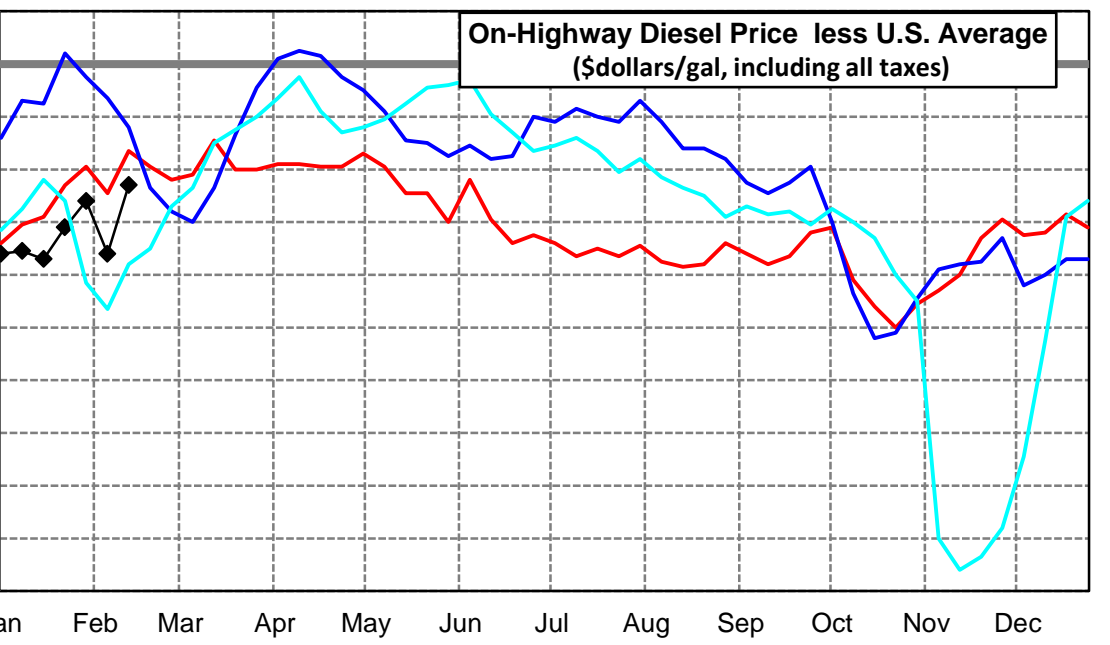
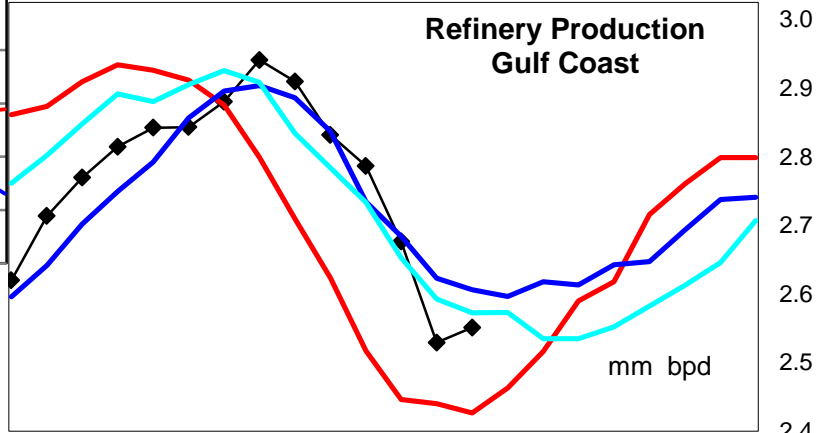
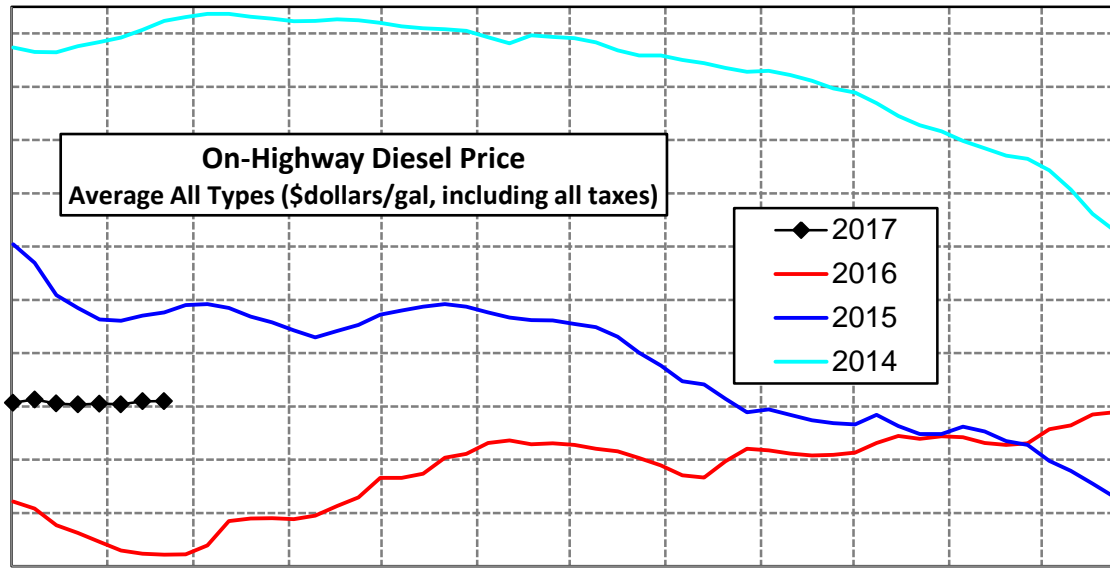
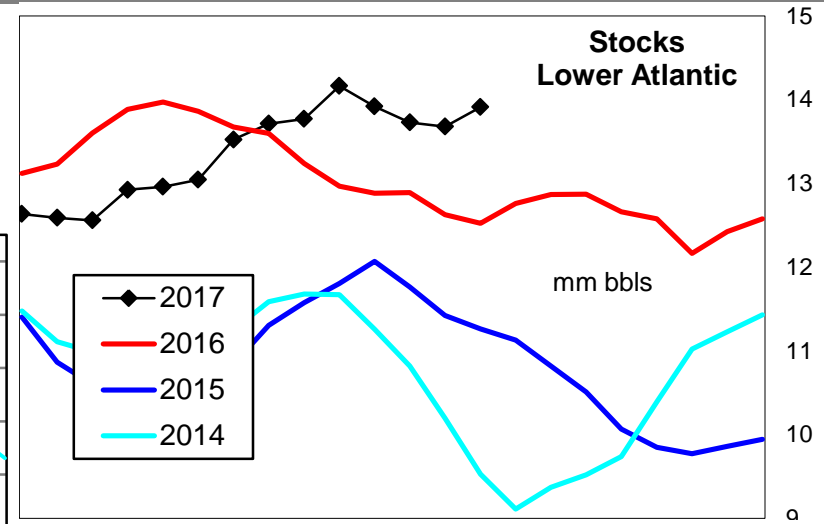
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jan17	06Feb17	13Feb17	20Feb17	
East Coast	\$2.622	\$2.618	\$2.626	\$2.631	\$0.005
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



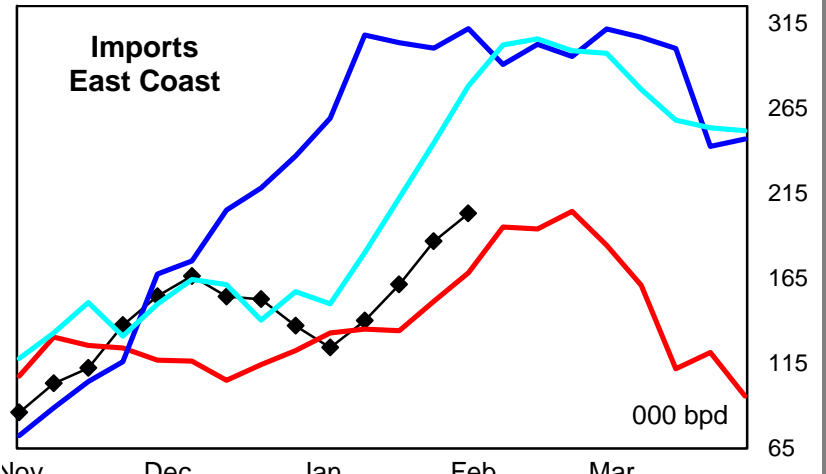
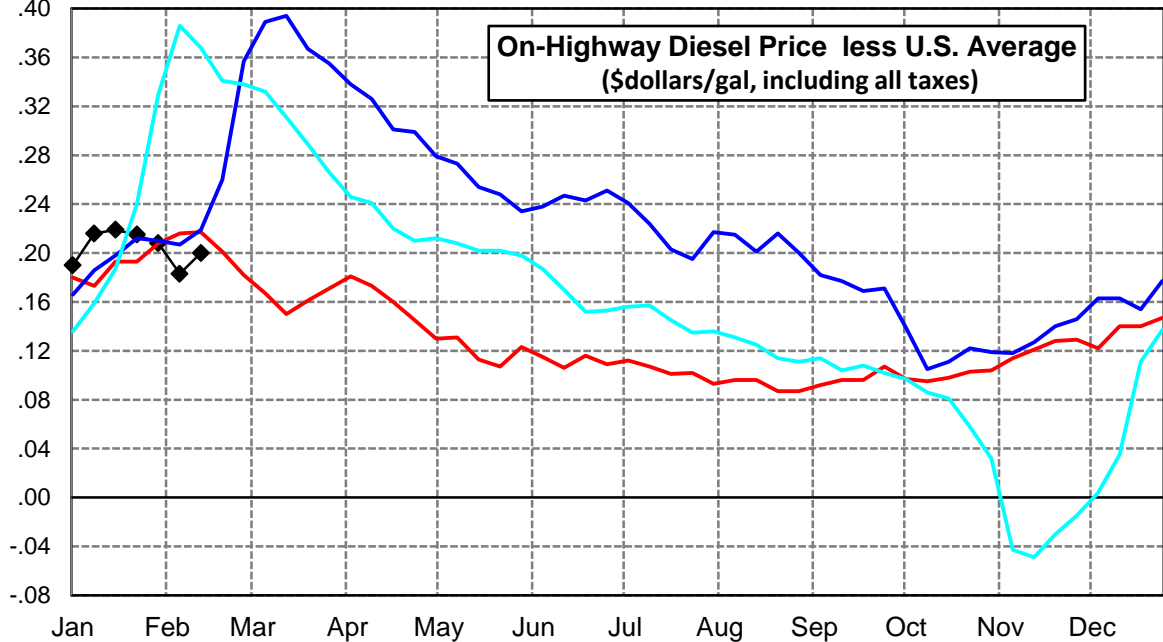
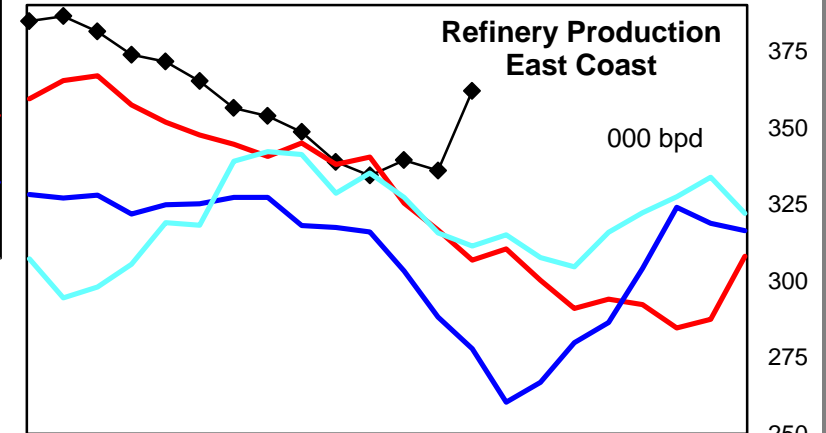
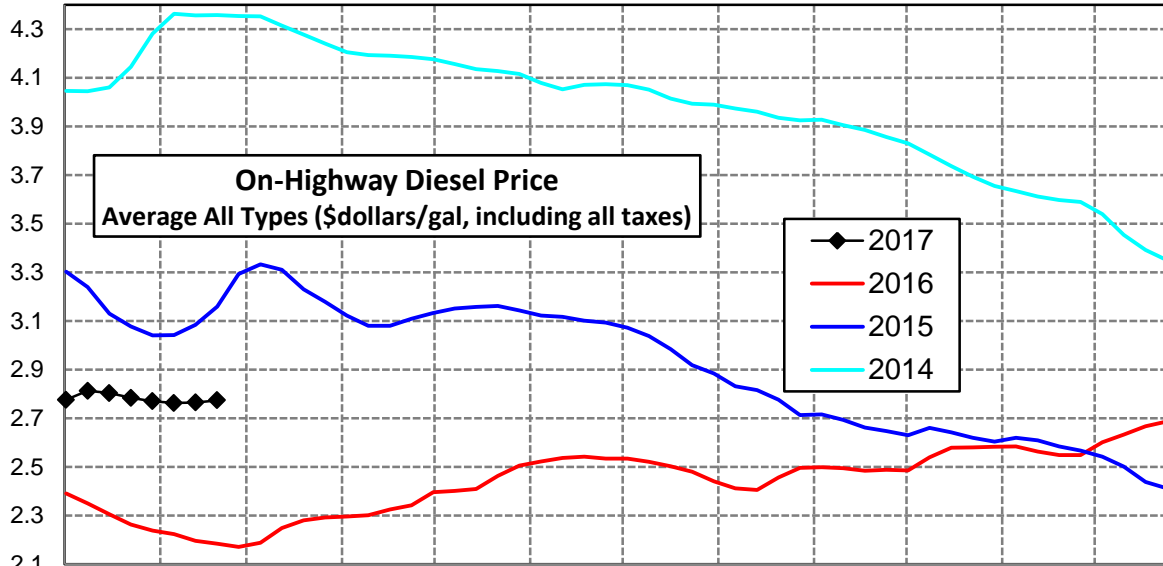
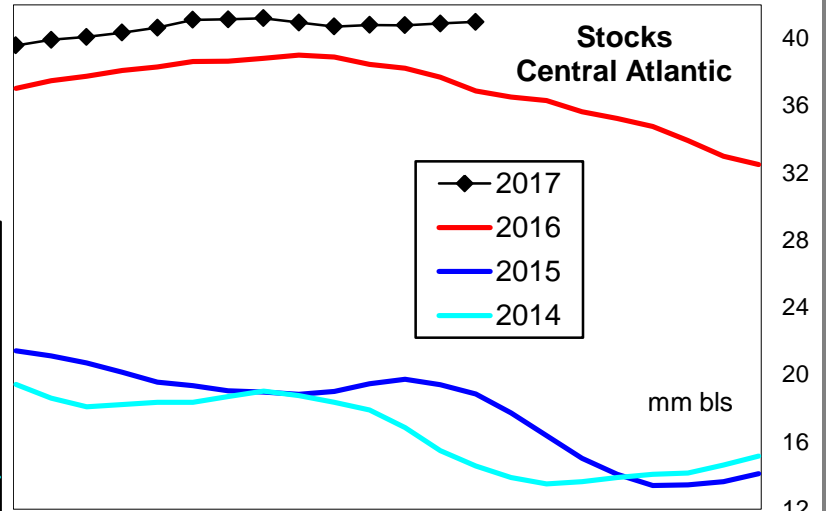
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jan17	06Feb17	13Feb17	20Feb17	
Lower Atlantic	\$2.510	\$2.508	\$2.519	\$2.520	\$0.001
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



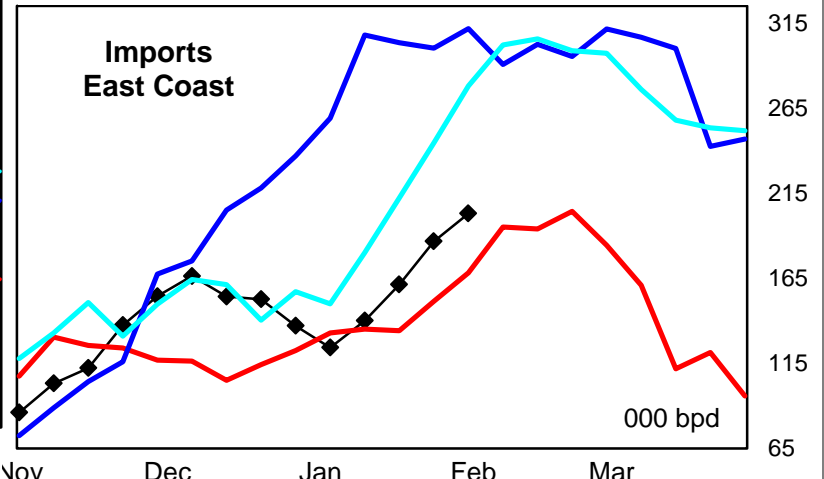
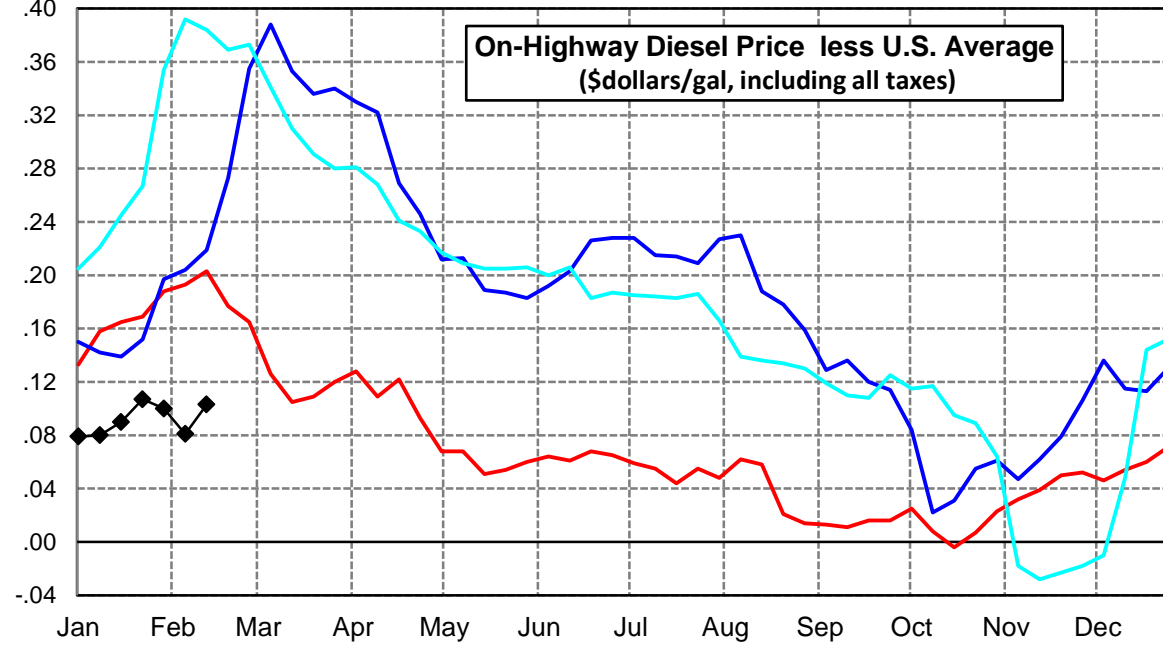
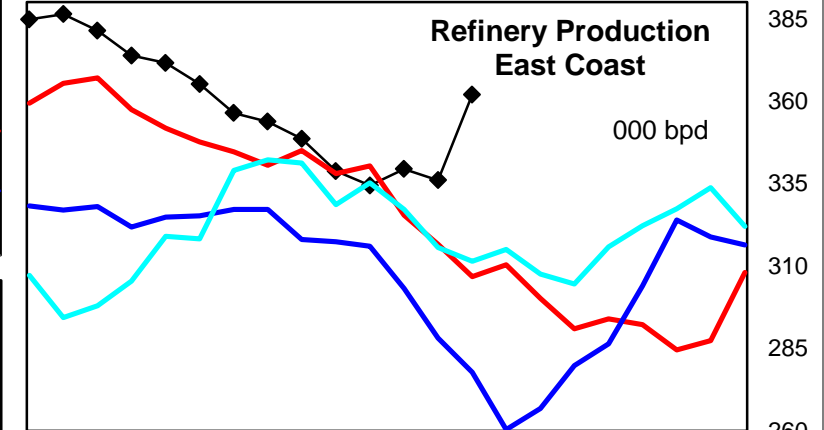
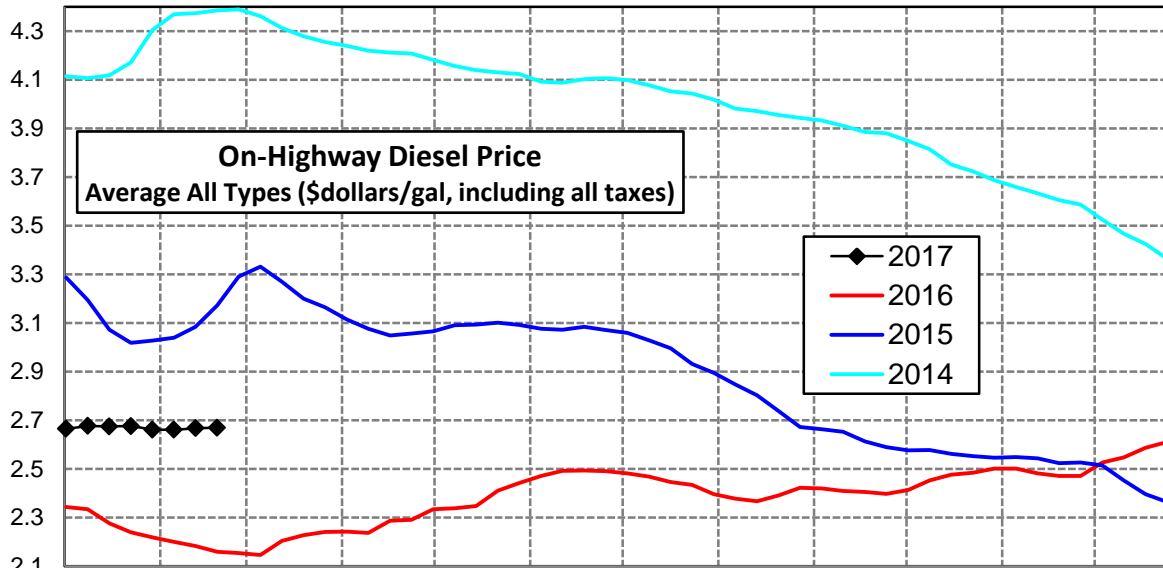
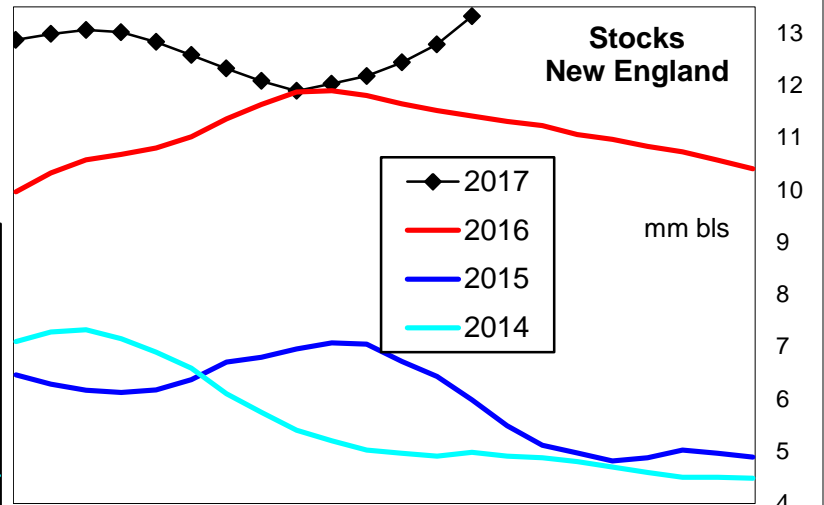
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jan17	06Feb17	13Feb17	20Feb17	
Central Atlantic	\$2.770	\$2.763	\$2.765	\$2.775	\$0.010
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



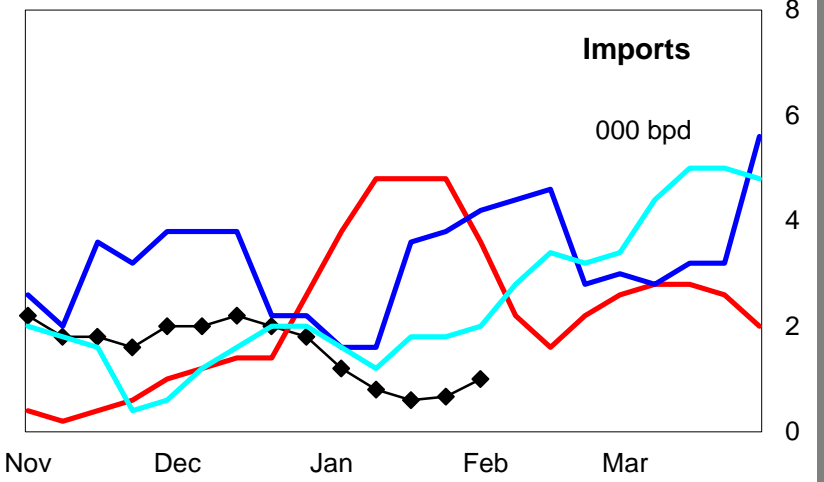
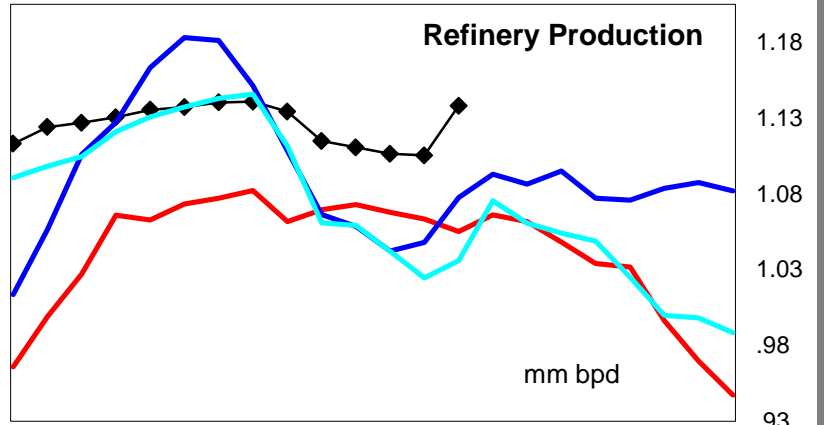
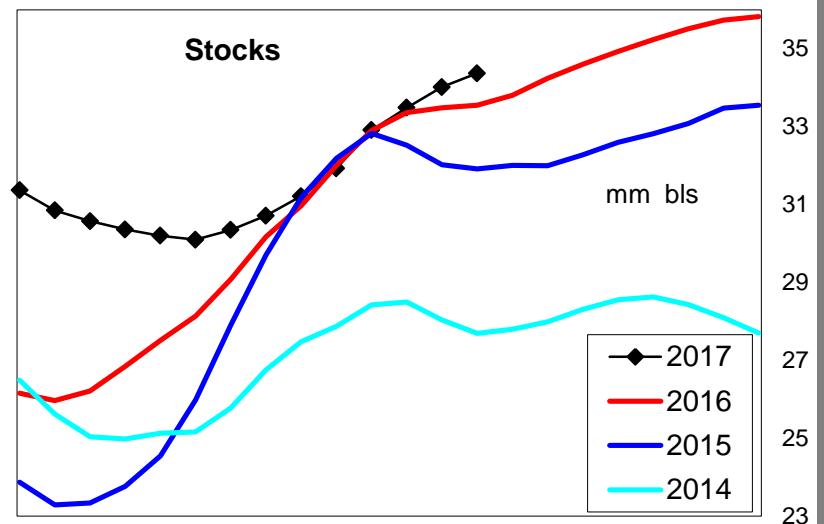
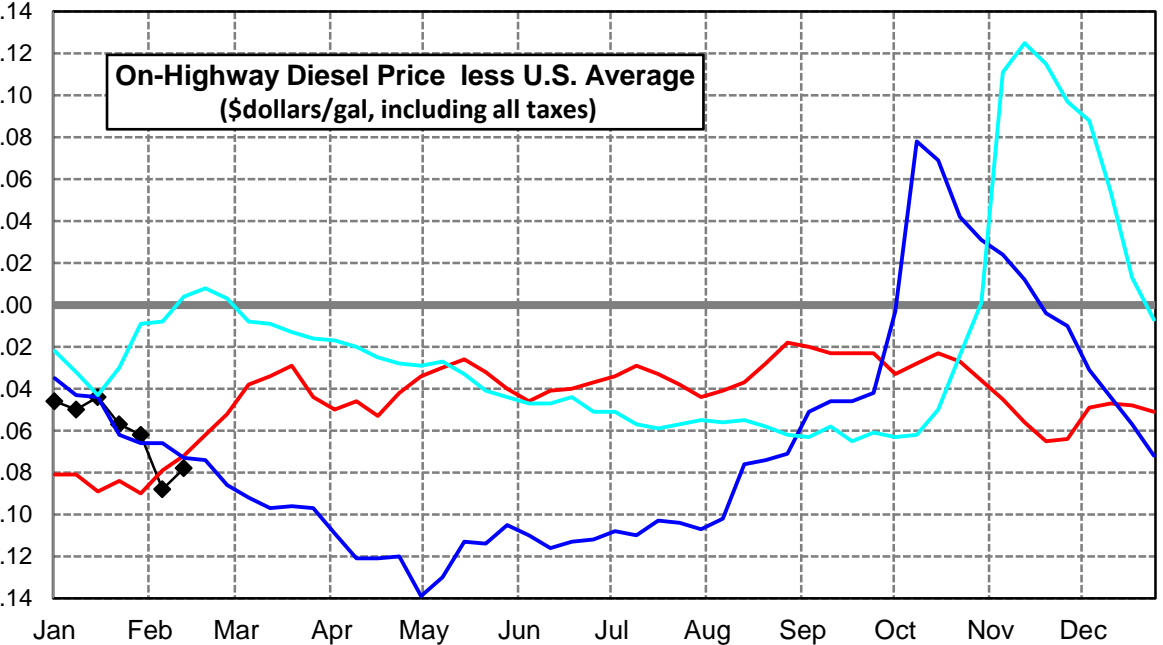
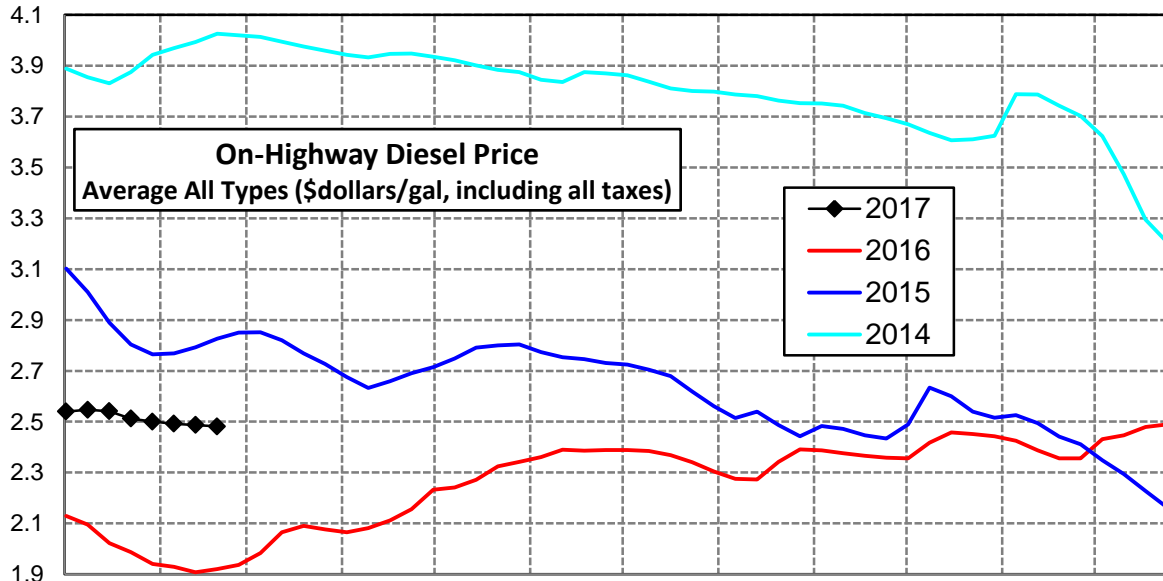
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jan17	06Feb17	13Feb17	20Feb17	
New England	\$2.662	\$2.661	\$2.668	\$2.670	\$0.002
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



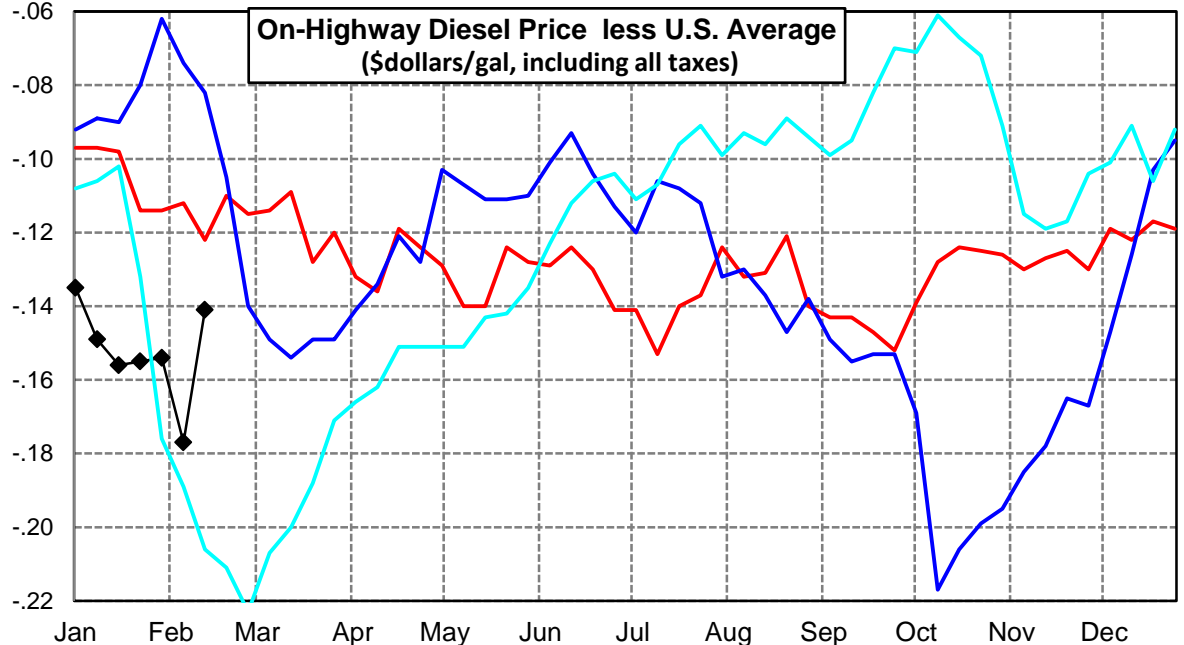
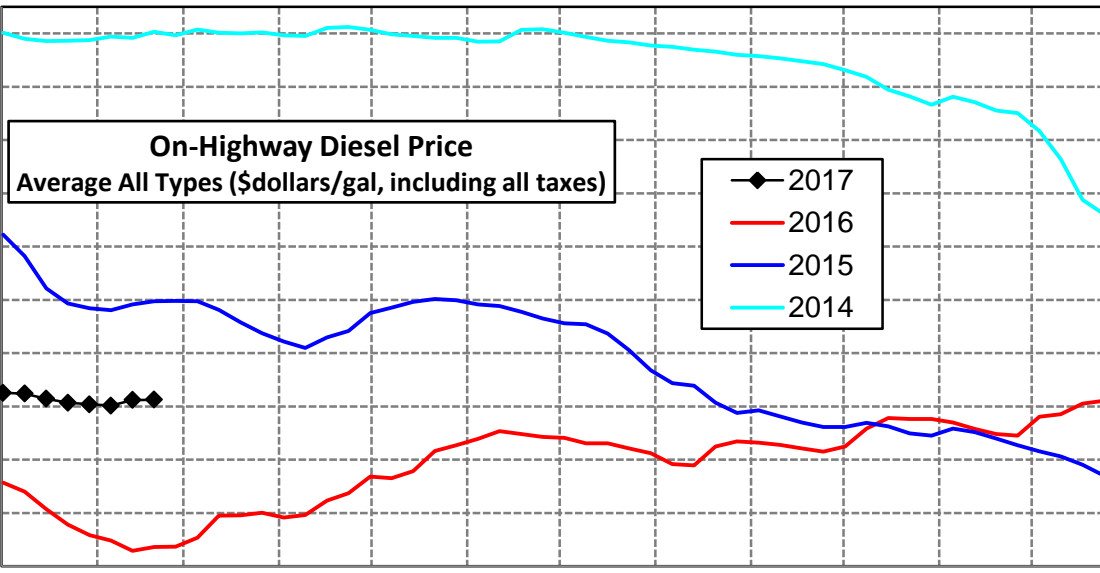
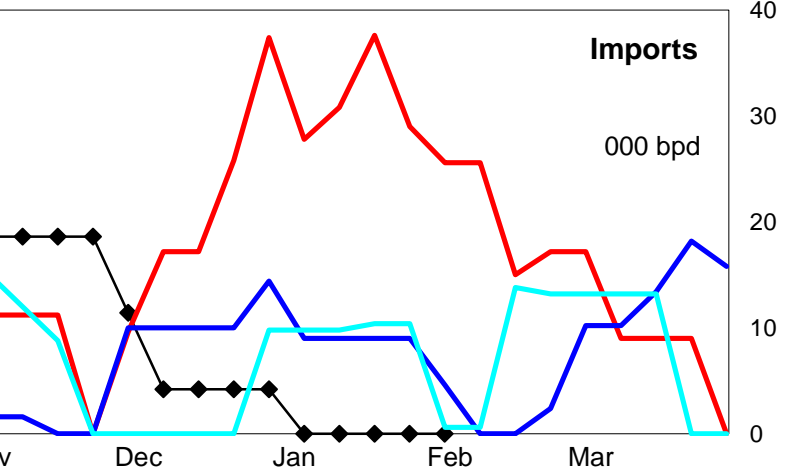
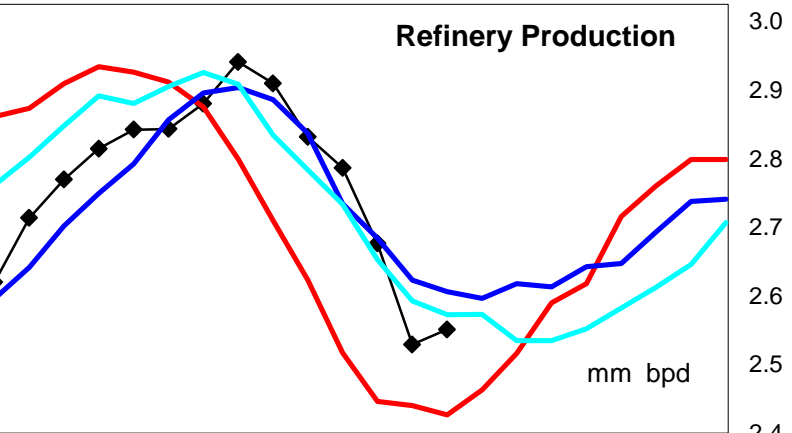
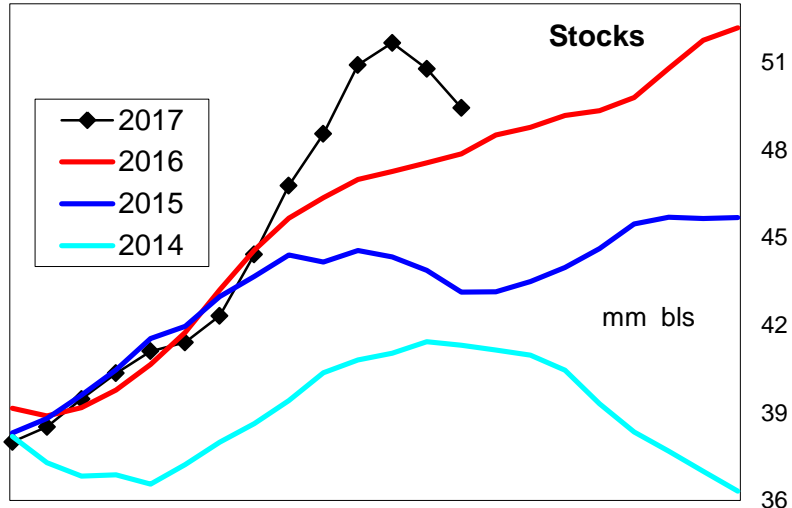
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jan17	06Feb17	13Feb17	20Feb17	
Midwest	\$2.500	\$2.492	\$2.487	\$2.482	-\$0.005
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



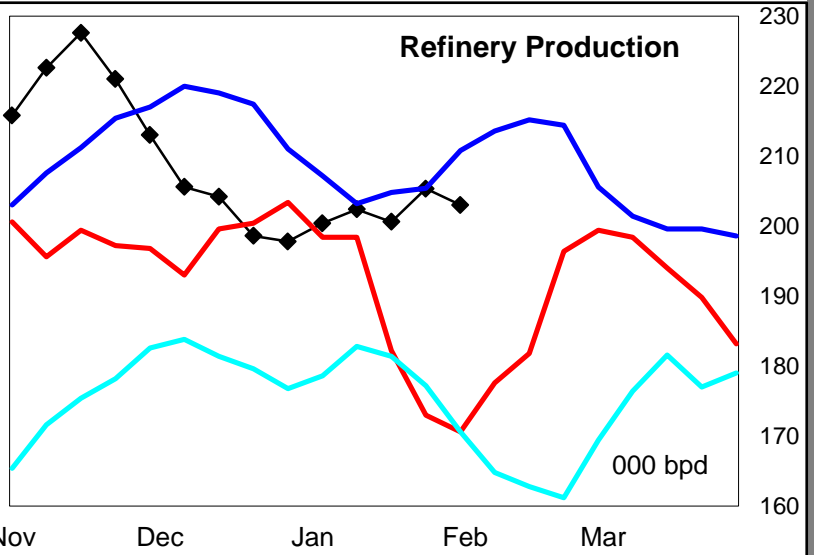
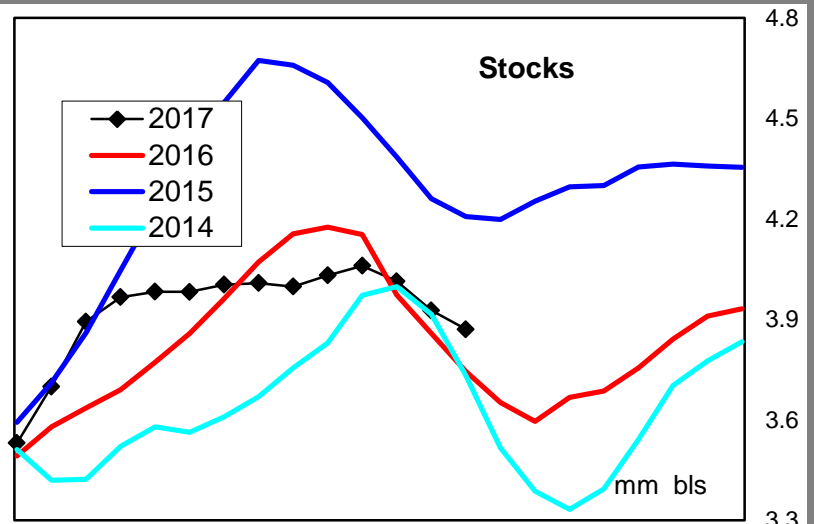
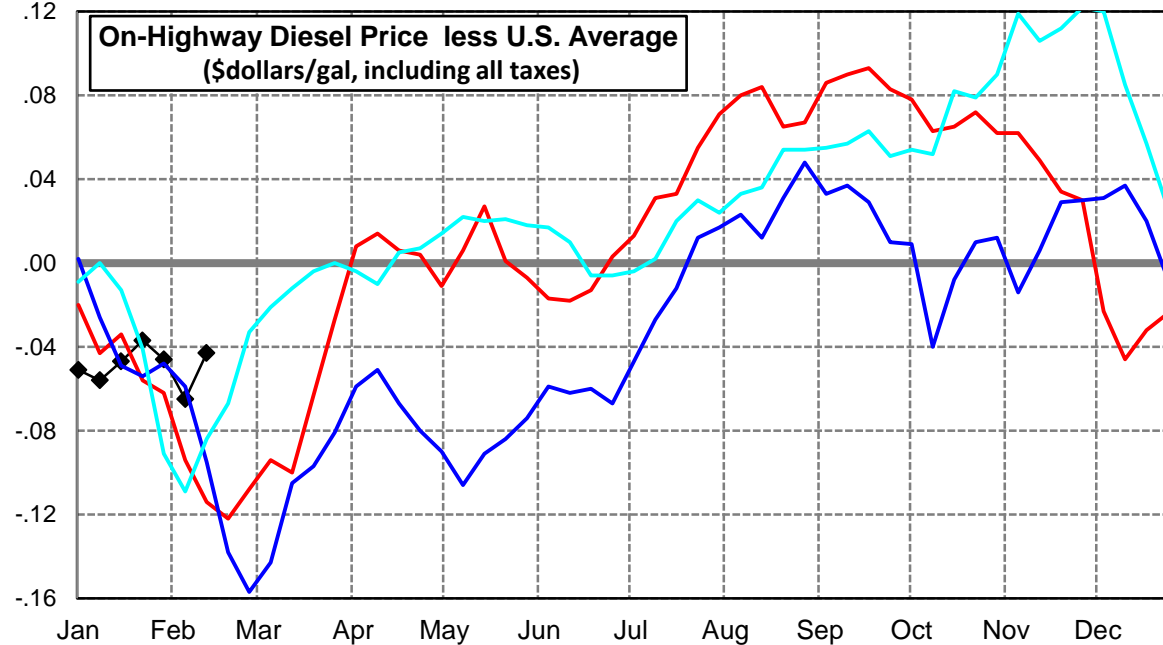
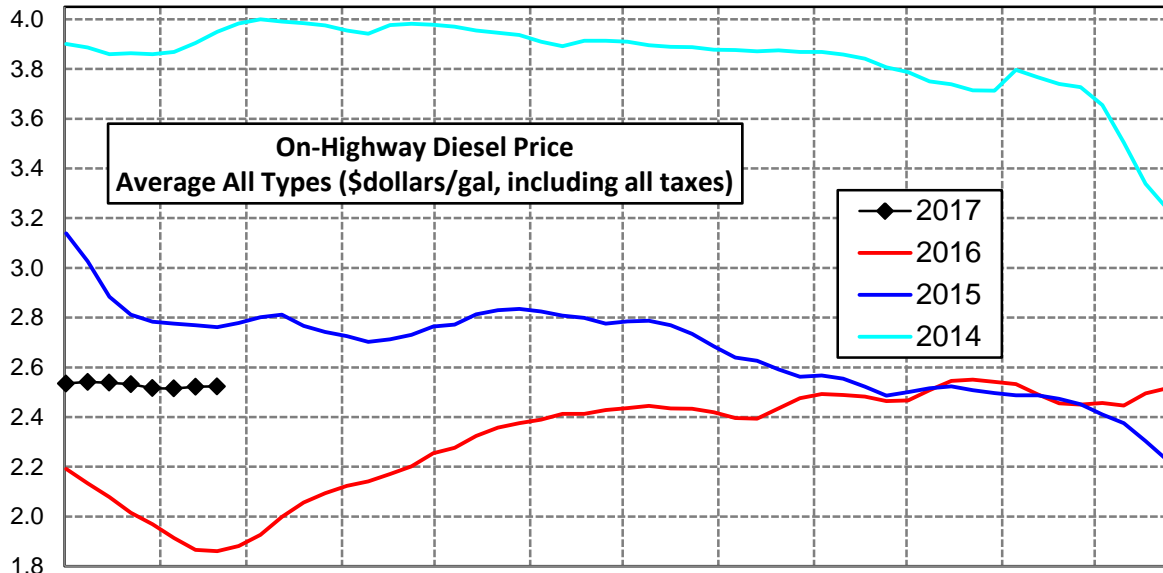
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jan17	06Feb17	13Feb17	20Feb17	
Gulf Coast	\$2.408	\$2.403	\$2.424	\$2.425	\$0.001
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



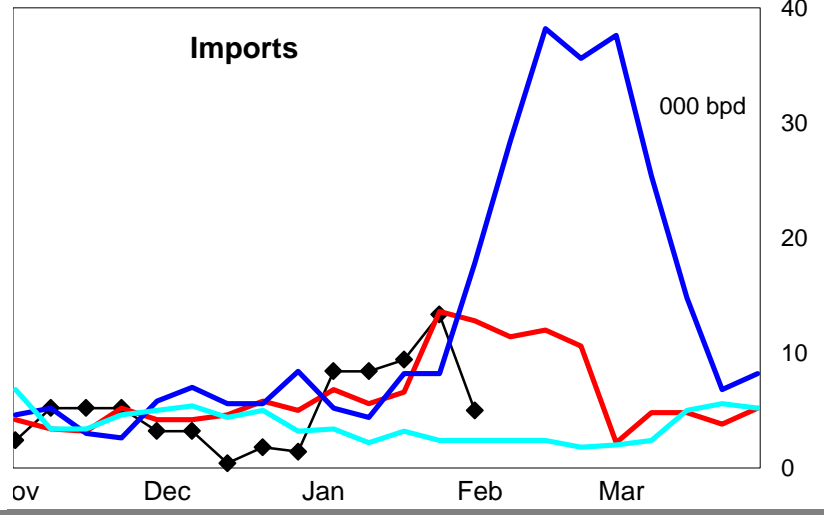
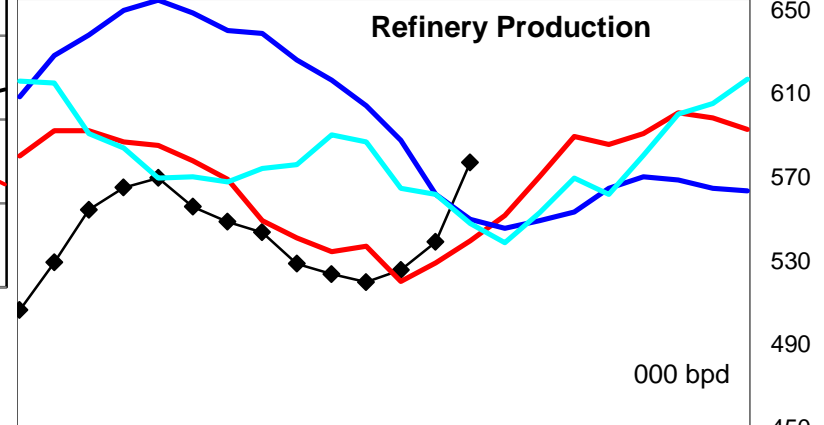
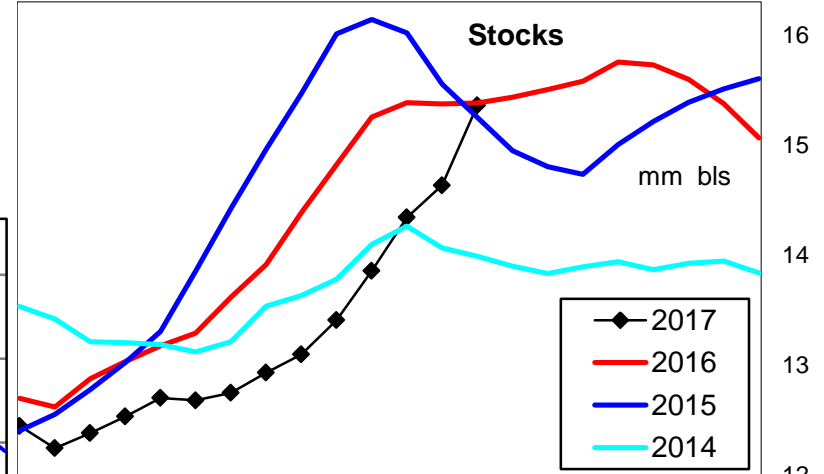
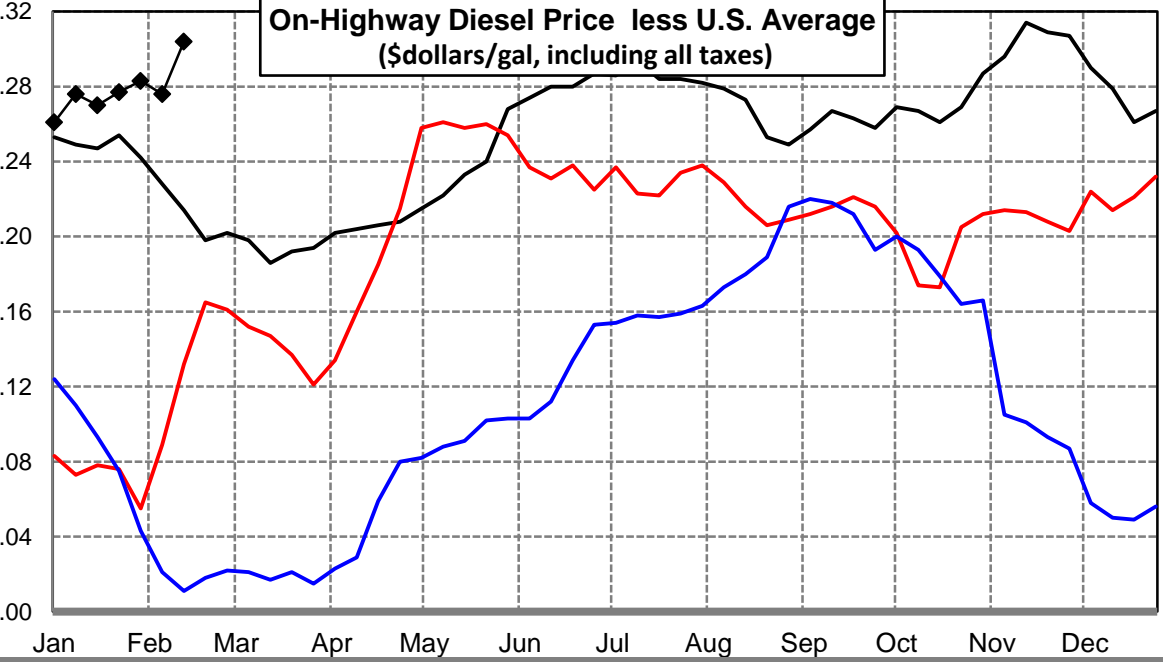
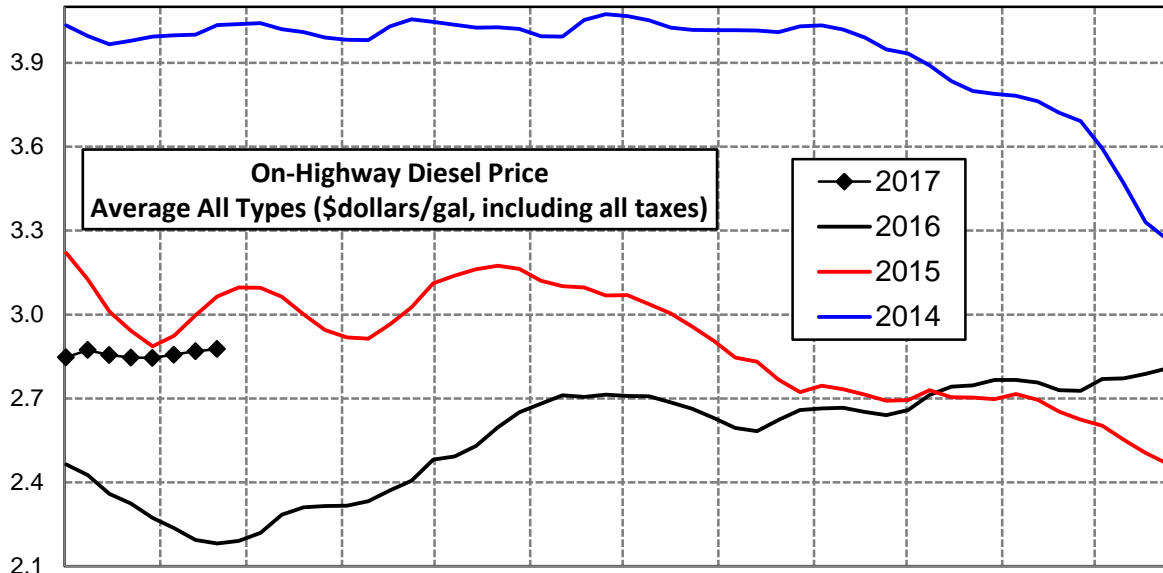
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	30Jan17	06Feb17	13Feb17	20Feb17	
Rocky Mountain	\$2.516	\$2.515	\$2.522	\$2.523	\$0.001
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



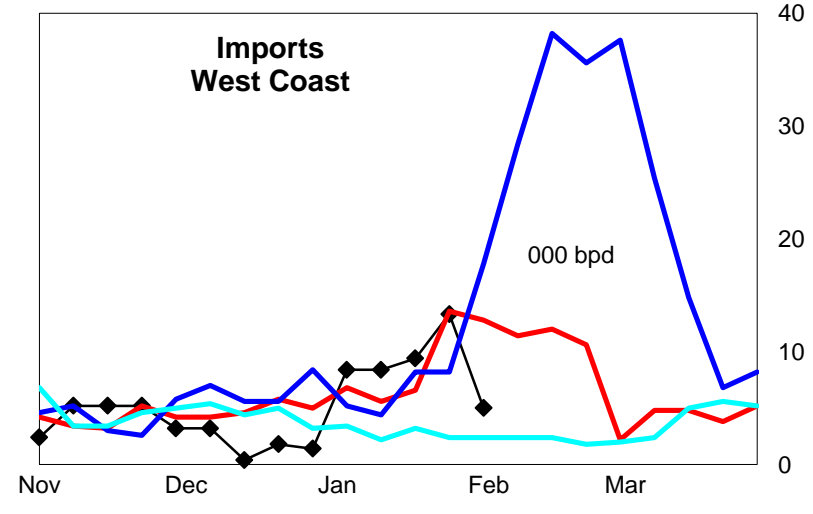
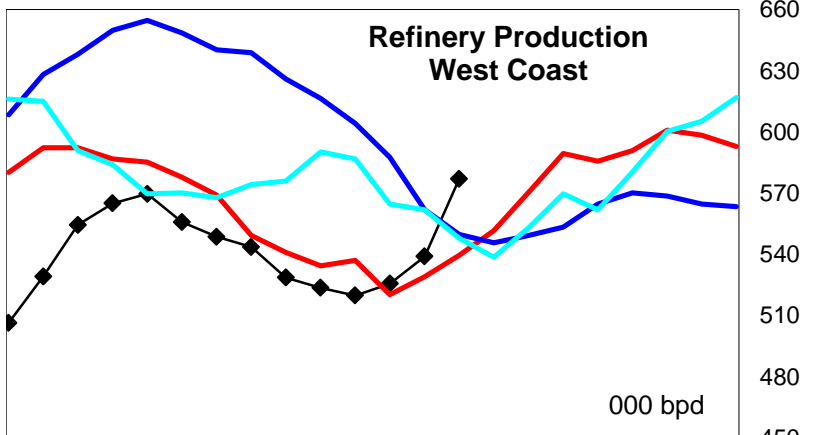
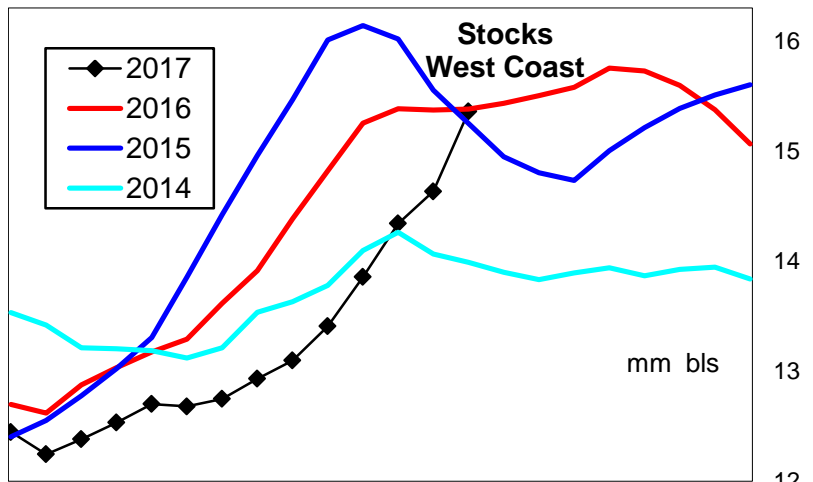
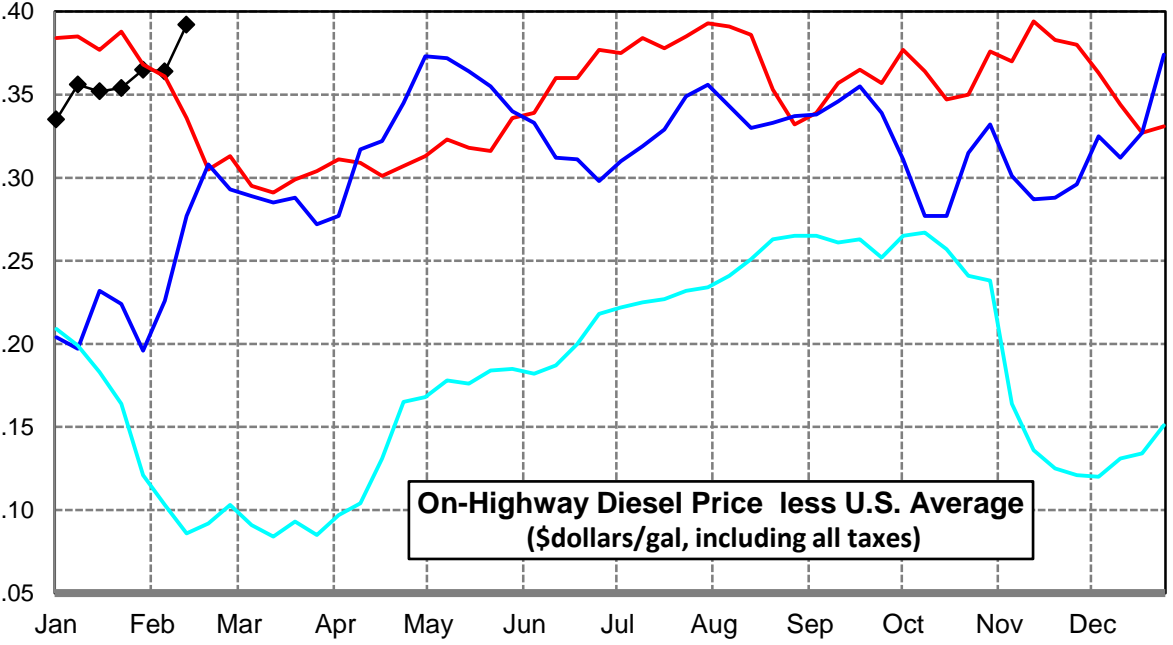
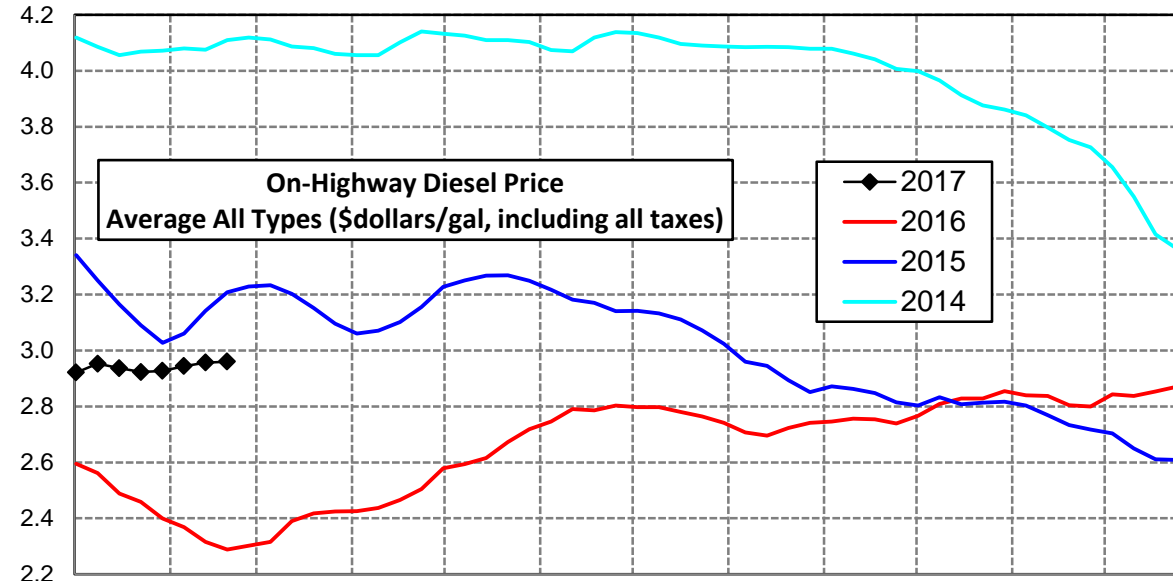
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/		Forecast 2/	Change from week	
	30Jan17	06Feb17	20Feb17		
West Coast	\$2.845	\$2.856	\$2.869	\$2.876	\$0.007
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
	30Jan17	06Feb17	13Feb17	20Feb17	
California	\$2.927	\$2.944	\$2.957	\$2.960	\$0.003
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	2.558	2.618	2.661	2.763	2.508	2.492	2.403	2.515	2.856	2.944
Mon-13-Feb-17	2.565	2.626	2.668	2.765	2.519	2.487	2.424	2.522	2.869	2.957
Mon-20-Feb-17	2.567	2.631	2.670	2.775	2.520	2.482	2.425	2.523	2.876	2.960
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.