



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, March 07, 2017

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price 1/			Forecast 2/	Change from week ago
	20Feb17	27Feb17	06Mar17	13Mar17	
U.S.	2.572	2.577	2.579	2.575	-0.004
East Coast	2.628	2.635	2.633	2.627	-0.006
New England	2.658	2.658	2.646	2.650	0.004
Central Atlantic	2.770	2.772	2.780	2.773	-0.007
Lower Atlantic	2.521	2.533	2.525	2.523	-0.002
Midwest	2.495	2.499	2.502	2.506	0.004
Gulf Coast	2.433	2.433	2.429	2.425	-0.004
Rocky Mountain	2.548	2.582	2.625	2.630	0.005
West Coast	2.876	2.877	2.877	2.881	0.004
California	2.966	2.962	2.956	2.958	0.002

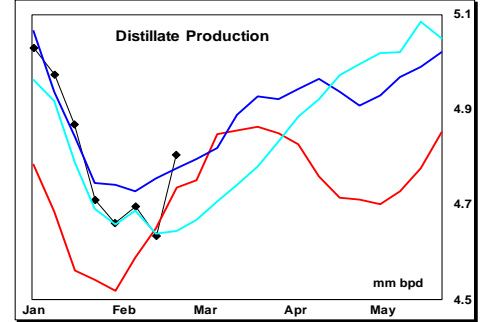
1/ Source: U.S. Energy Information Administration
2/ Source: Fundamental Petroleum Trends Reports

compared to the U.S. average was below the last 3-yr in New England, driven by high stock levels.

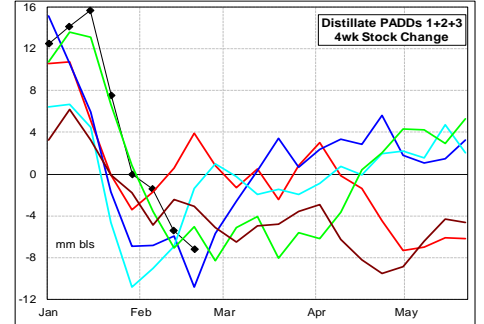
The region average retail price compared to the U.S. average traded above the last 3-yr in the Rockies and West Coast; due to a high level of refinery maintenance.

Gulf spot prices decreased -4 cpg last week, while ending the week +47 cpg above last year.

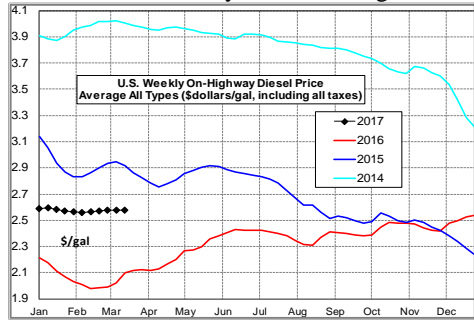
Coast (+5.9%) and Midwest (+1.1%). Gulf and West Coast stock levels were slightly below 5-yr highs.



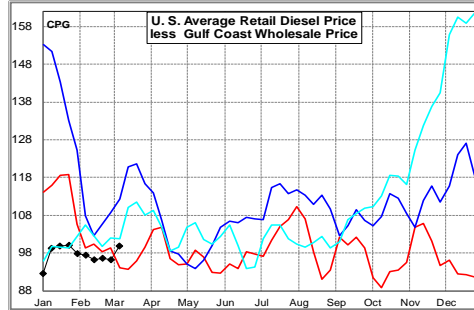
During the latest 4-wk period, stocks in regions East of the Rockies decreased -7.2 million barrels; a draw just slightly less than the record for the winter quarter.



Diesel Fuel Price Trends U. S. retail diesel prices increased +0.2 cpg last week. The increase was led by a +4.3 cpg increase in the Rocky Mountain region.

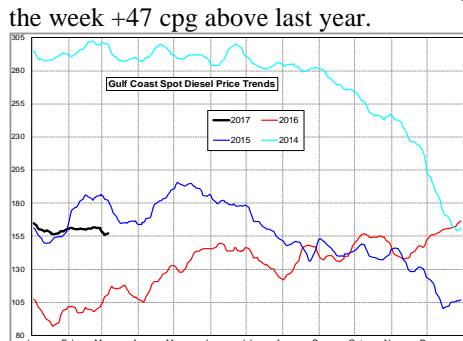


The U.S. average retail diesel price compared to the Gulf Coast wholesale market increased +3.6 cpg on the week. The spread ended the week above last year's record low for the period.

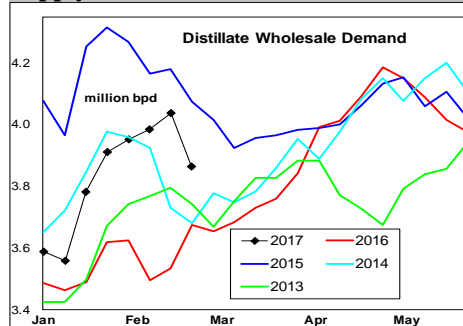


The national average on-highway price ended the week +56 cpg above a year ago; extending the year-on-year increase since early December 2016. The highest retail prices were in California at \$2.96/gal and the Central Atlantic at \$2.78/gal. The lowest prices were in the Gulf at \$2.43/gal.

The region average retail price



Supply - Demand Fundamental Trends



Distillate wholesale demand decreased -0.5 million bpd last week, to a level above the 3-yr mid range for this time of year. Demand for the latest 4-wk period was +0.5 million bpd above a year ago; due in part to less bio blending following expiration of the \$1 credit to producers.

Supply increased +369,000 bpd on the week, driven by higher production and imports. During the latest 4-wk period, supply was +20,000 bpd above a year ago.

Stocks decreased -0.9 million barrels last week, to a level just above last year's record high. Stock levels ended the week at 5-yr highs above a year ago on the East

Look for a seasonal draw in stocks as refiners began spring maintenance in regions outside the Gulf.

Global Trends Driving Diesel Prices

Stock levels of all transport fuels and crude oil are each above the 5-yr range for this time of year. Gasoline demand in the U.S. remains below the last 2-yr, while distillate demand is higher in part due to reduced bio blending.

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 near 3-yr lows for this time of year on excess supply.

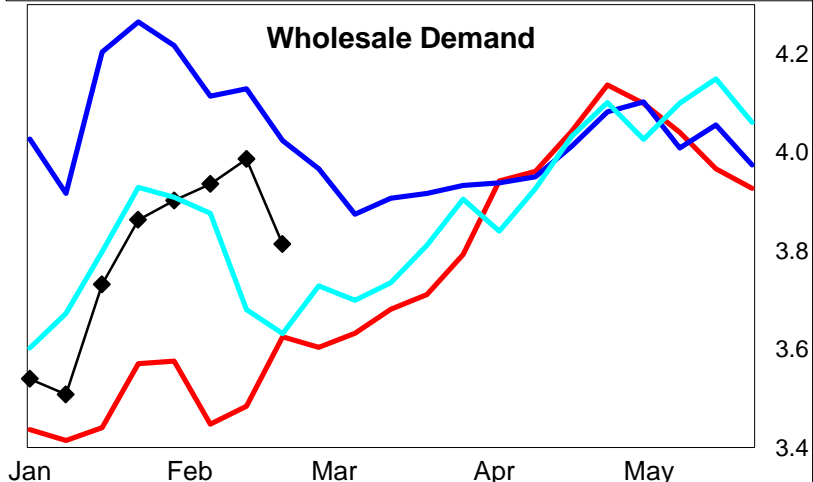
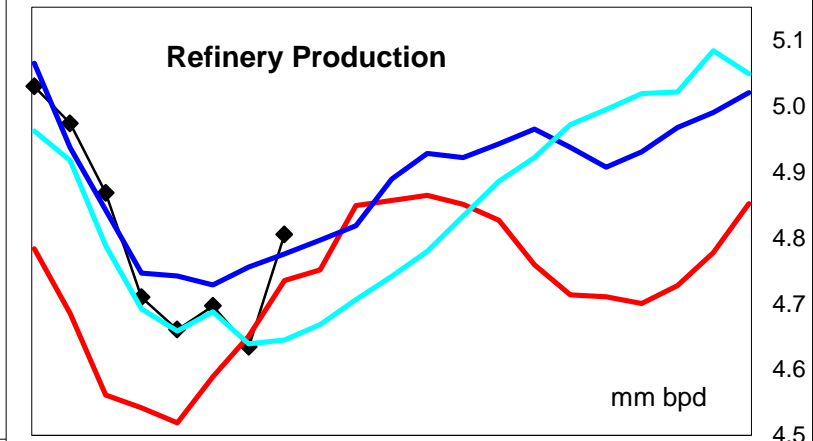
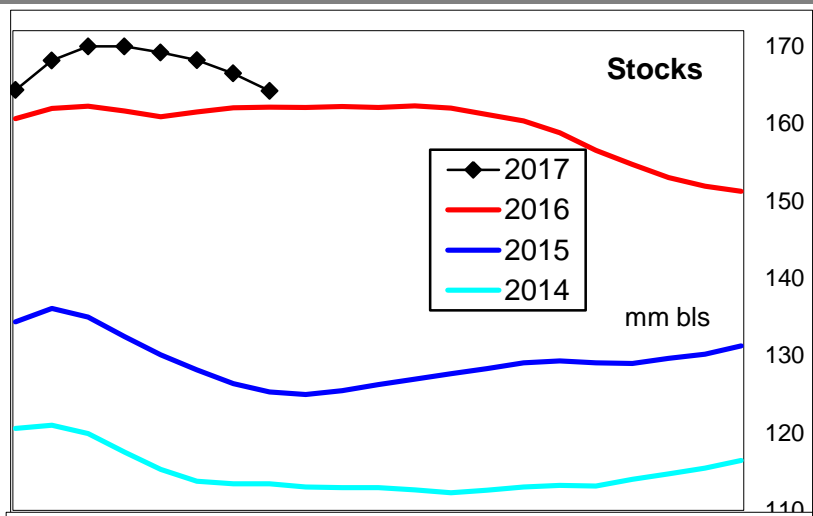
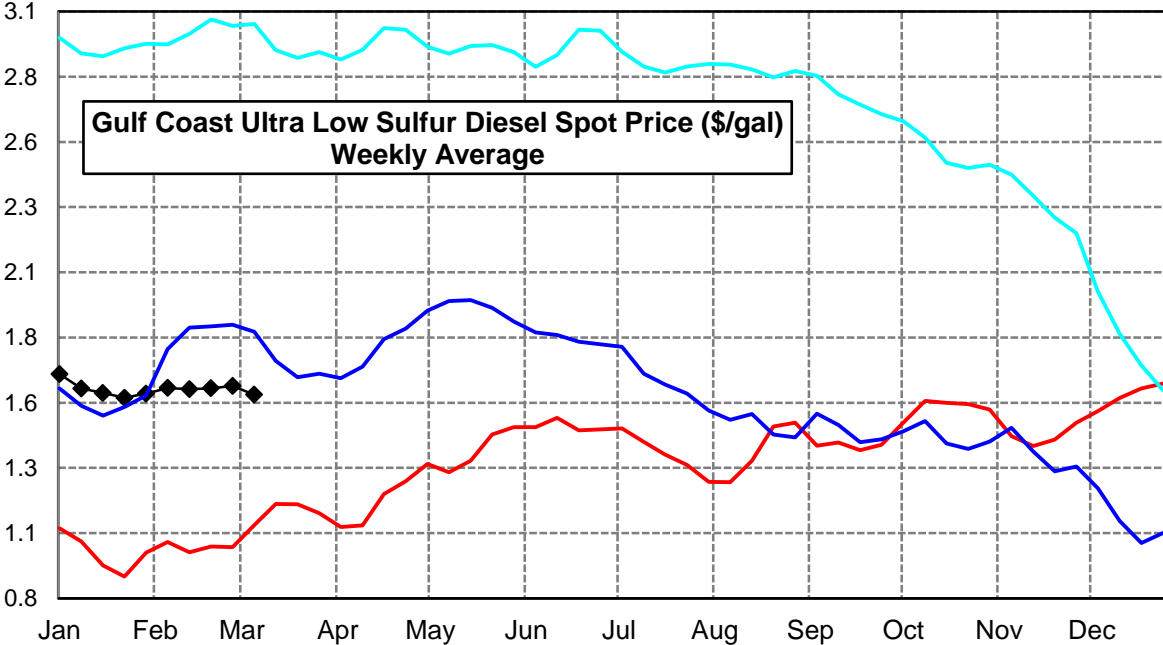
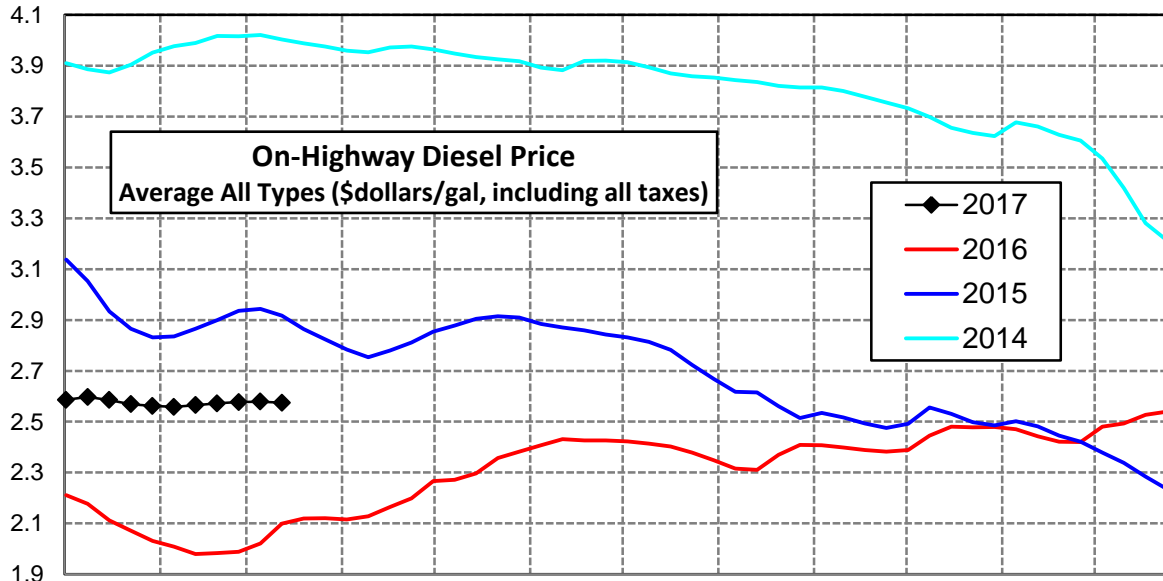
Look for continued weak on-highway diesel prices in New England and the Lower Atlantic regions. West Coast prices are likely to pull back, relative the national average, on a surge in imports and record stock levels.

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



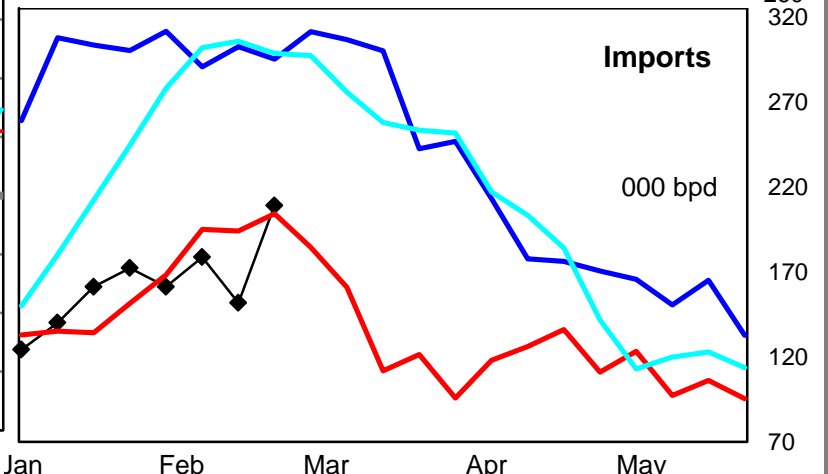
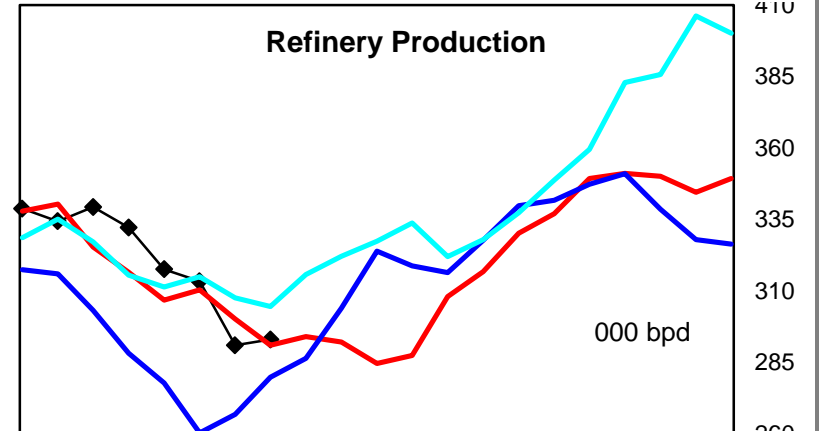
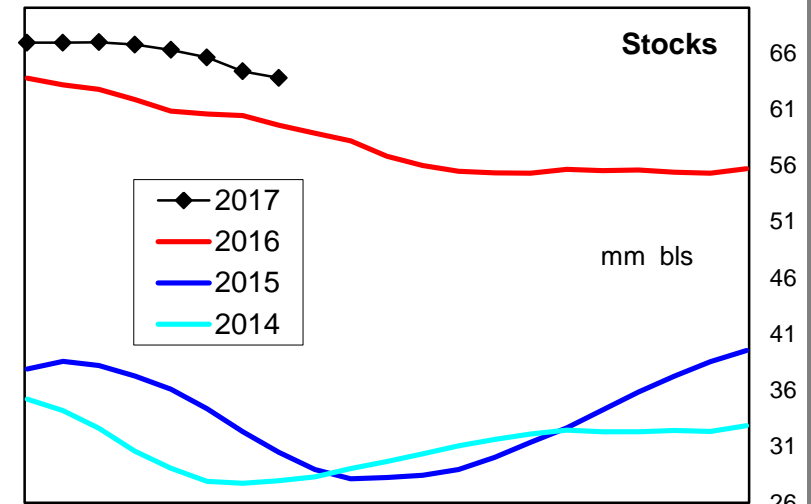
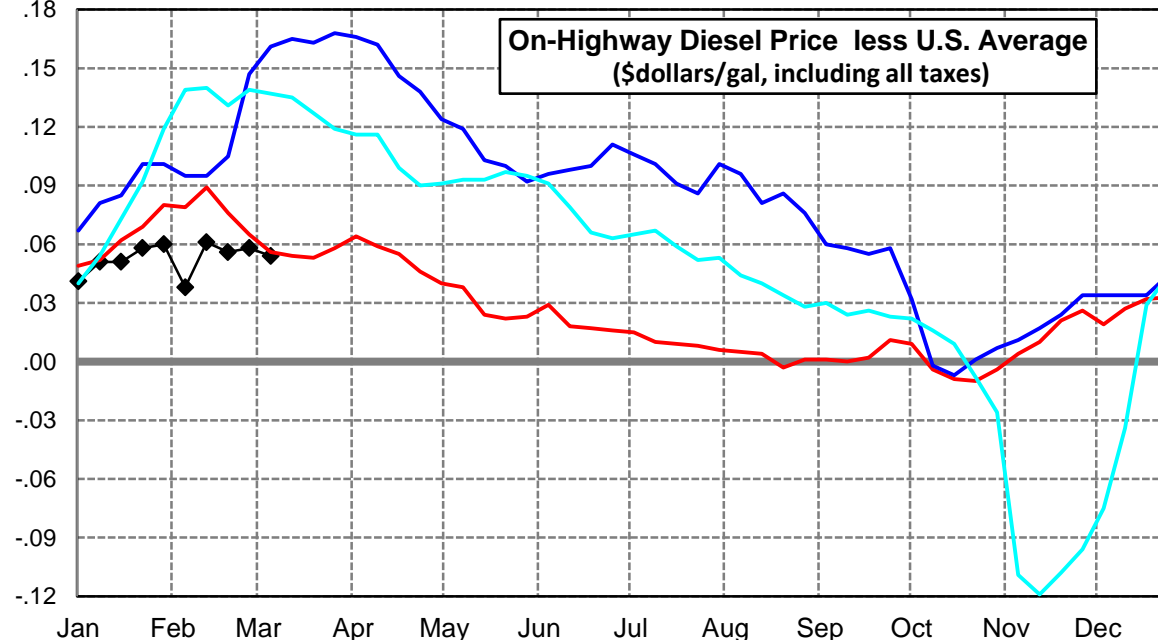
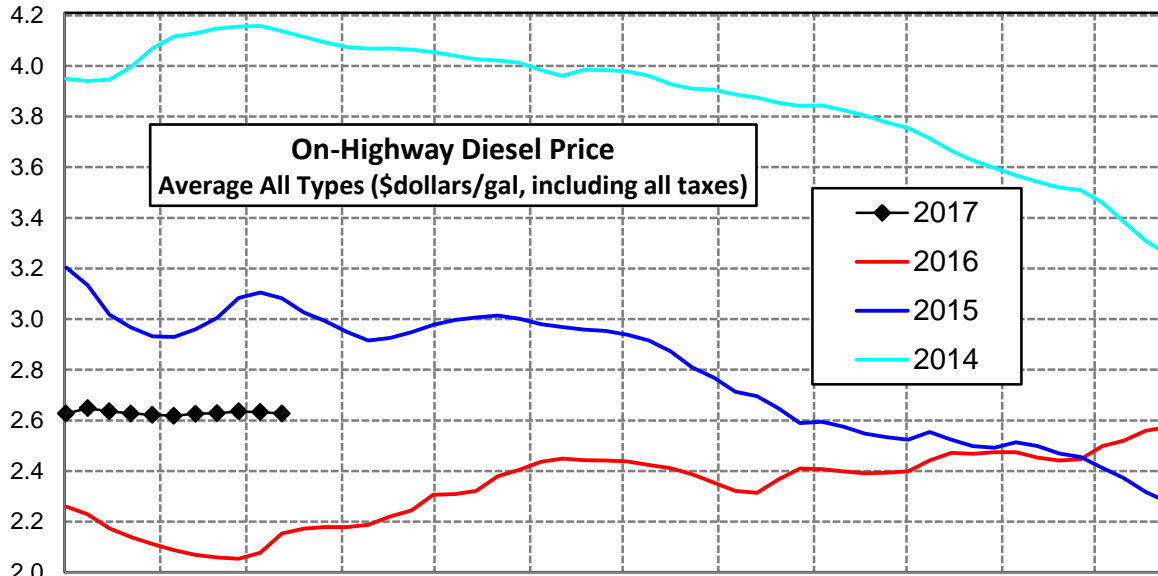
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20Feb17	27Feb17	06Mar17	13Mar17	
United States Avg	\$2.572	\$2.577	\$2.579	\$2.575	-\$0.004
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



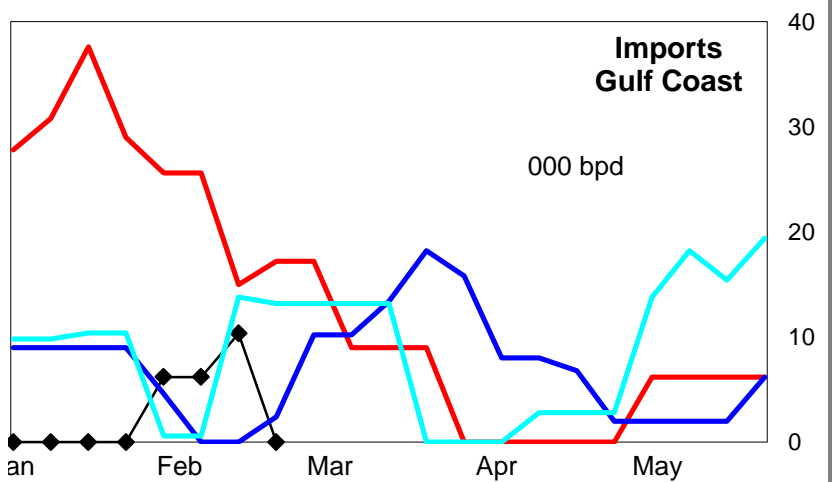
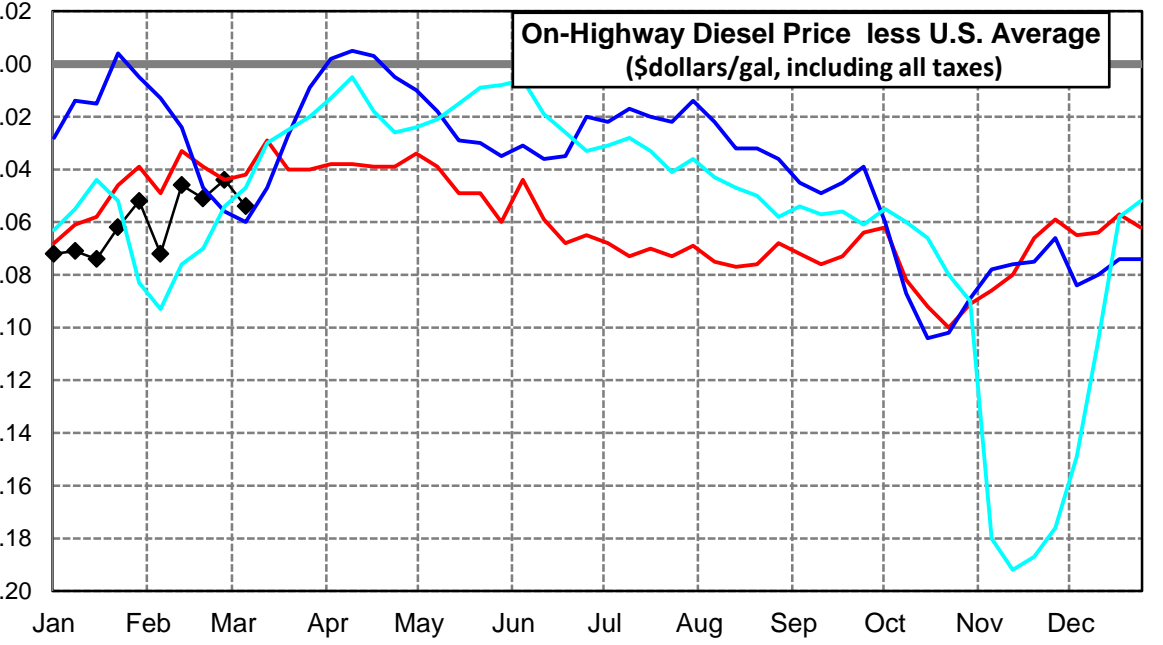
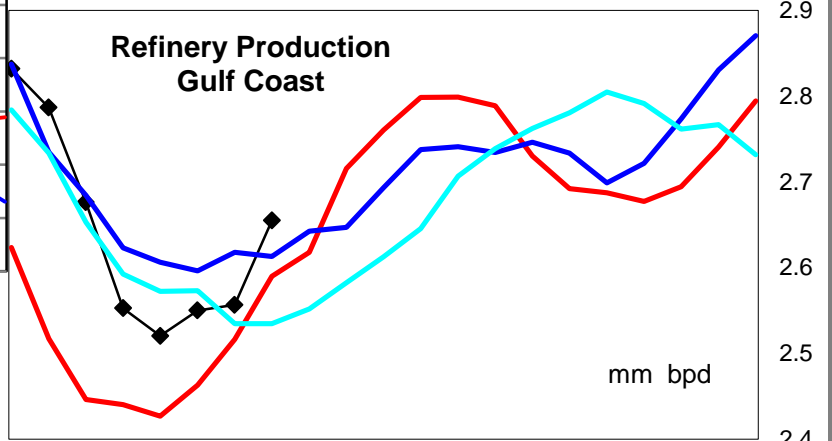
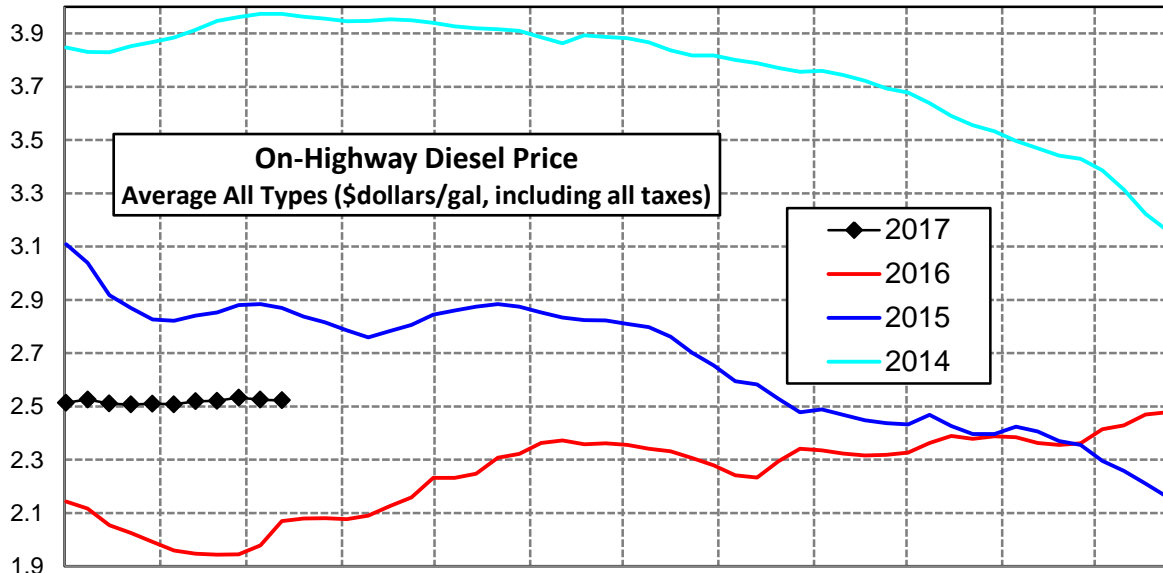
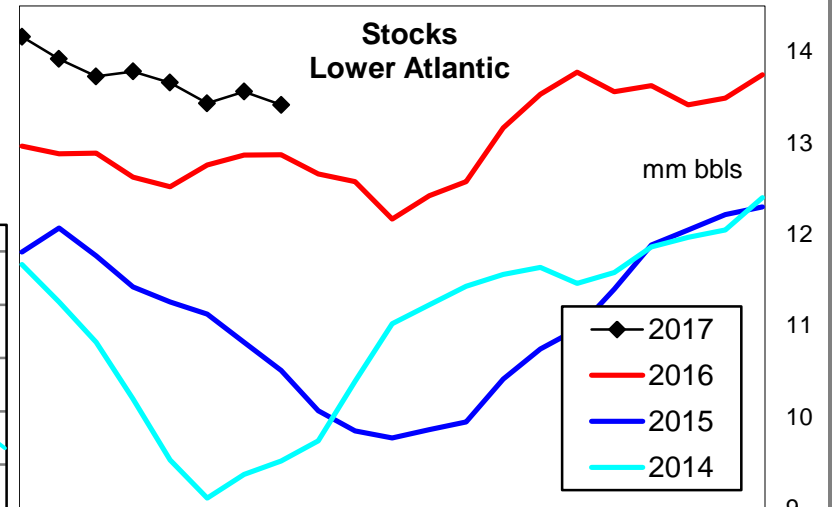
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20Feb17	27Feb17	06Mar17	13Mar17	
East Coast	\$2.628	\$2.635	\$2.633	\$2.627	-\$0.006
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



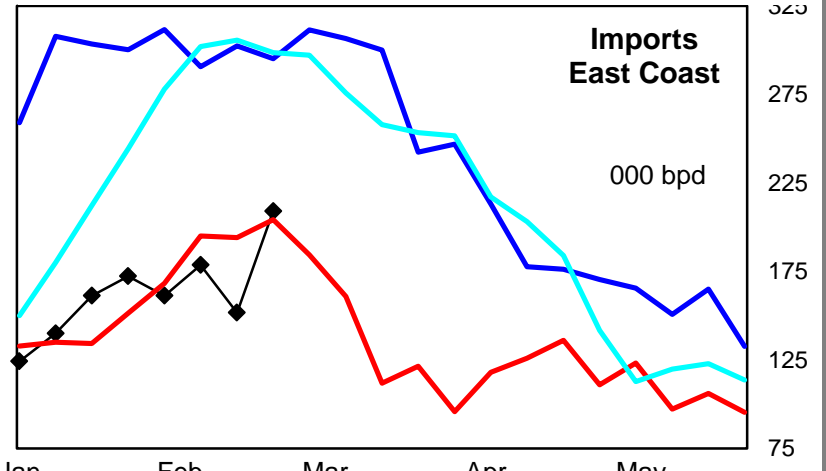
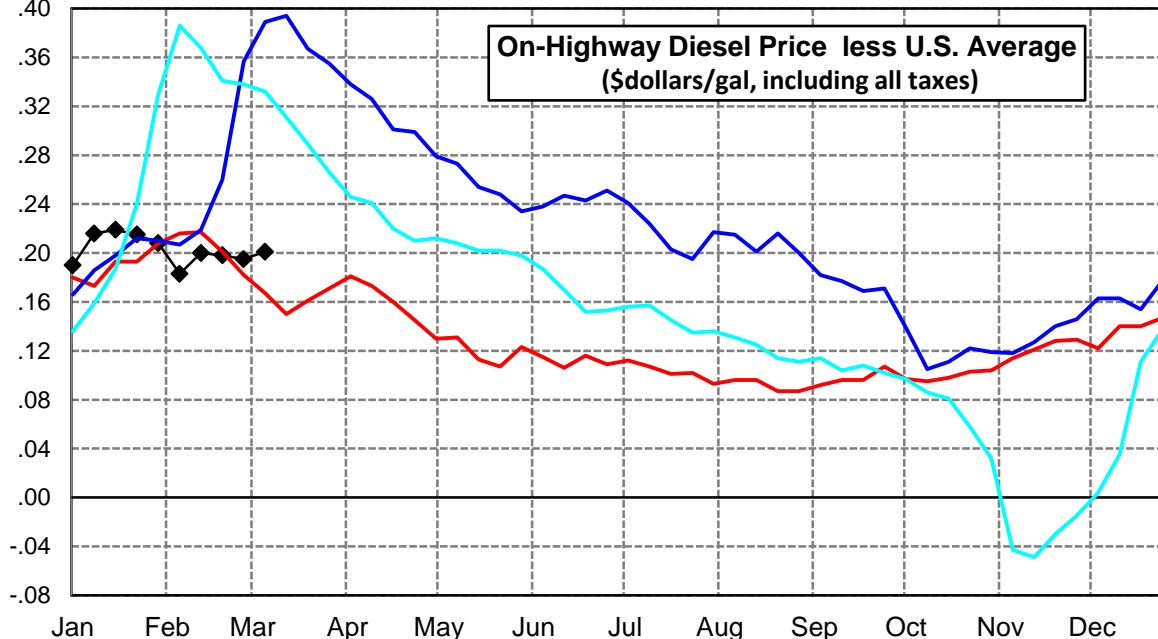
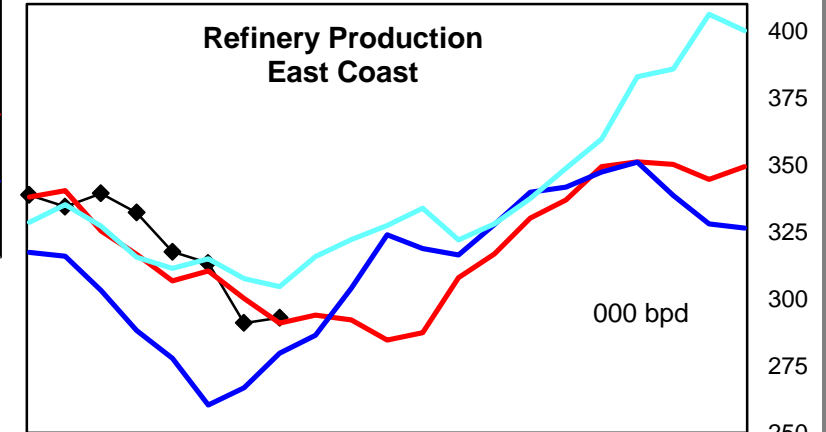
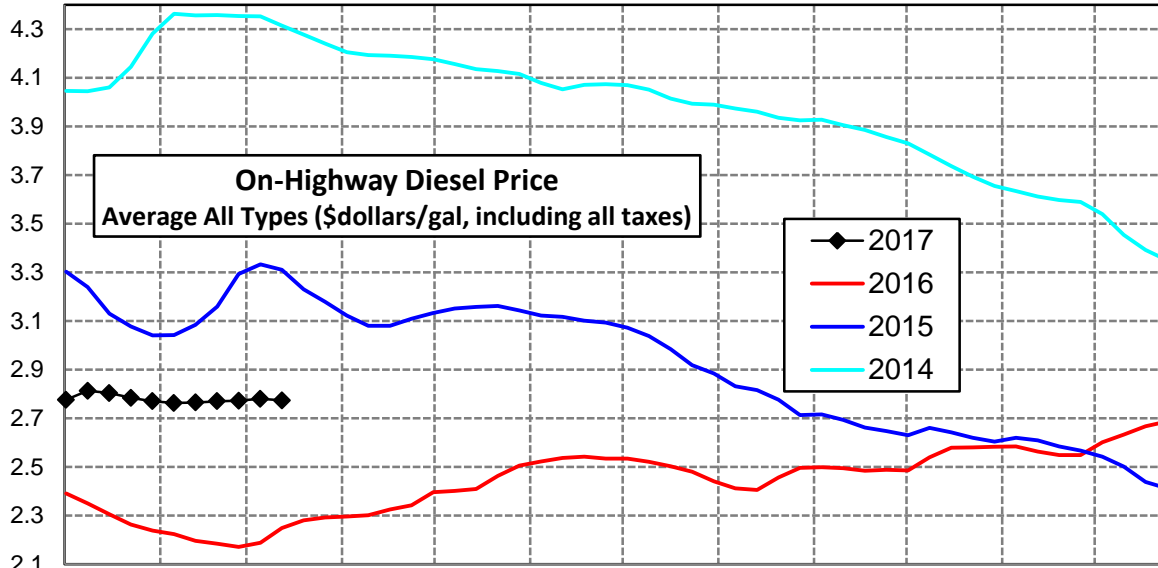
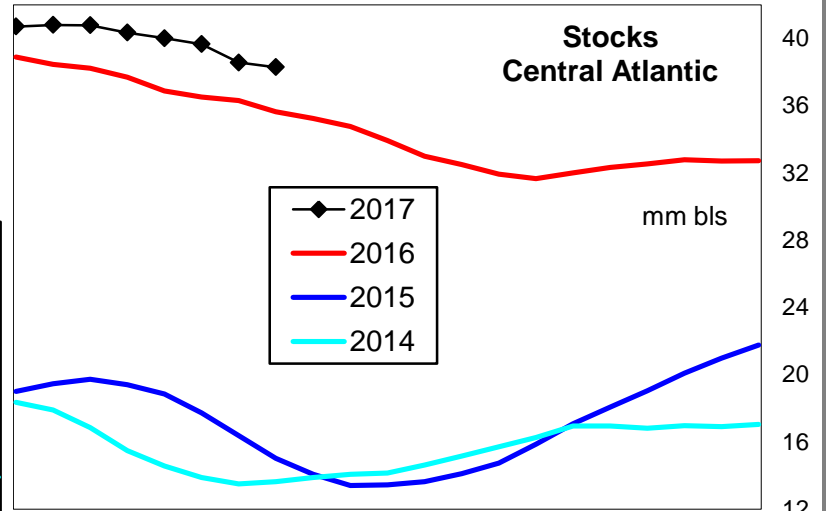
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20Feb17	27Feb17	06Mar17	13Mar17	
Lower Atlantic	\$2.521	\$2.533	\$2.525	\$2.523	-\$0.002
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



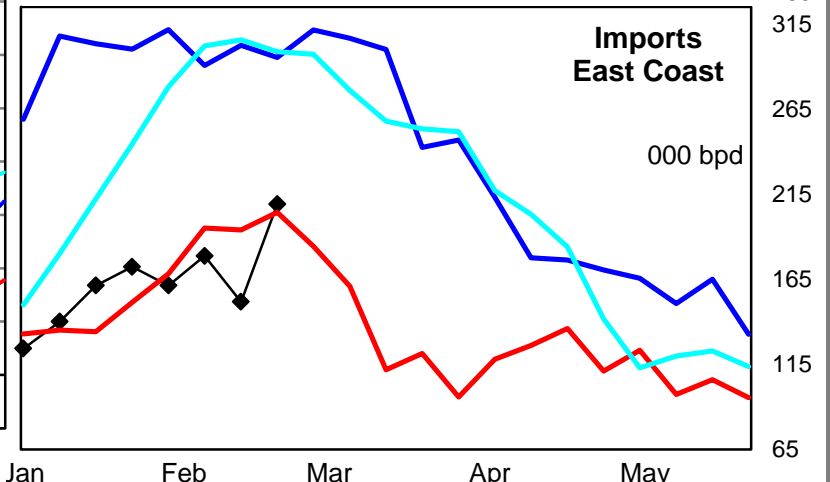
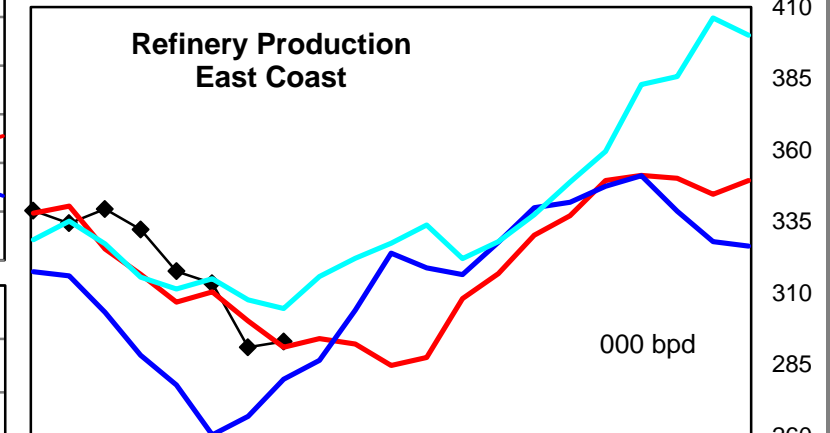
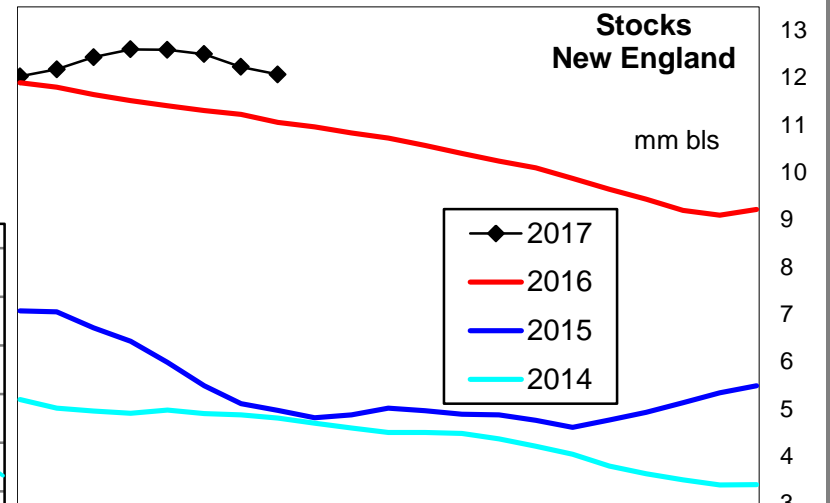
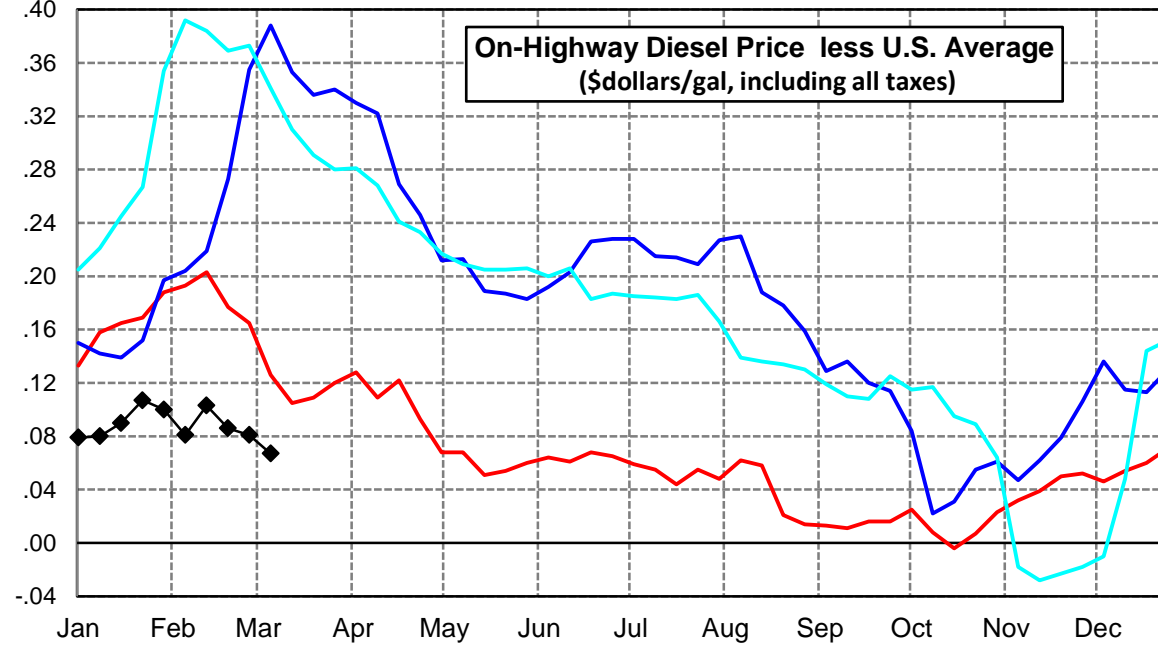
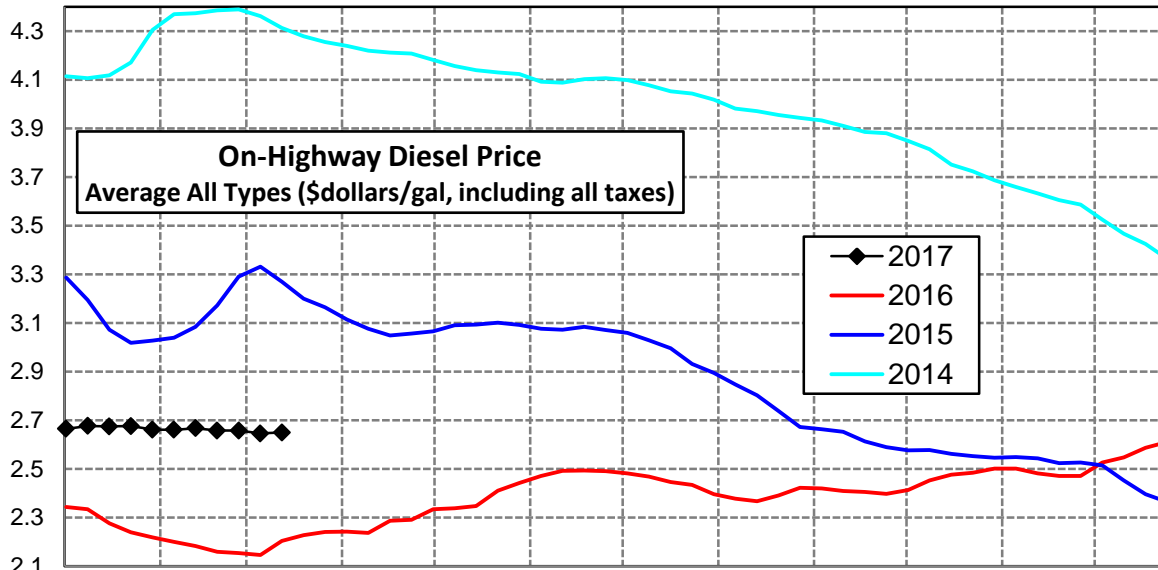
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20Feb17	27Feb17	06Mar17	13Mar17	
Central Atlantic	\$2.770	\$2.772	\$2.780	\$2.773	-\$0.007
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



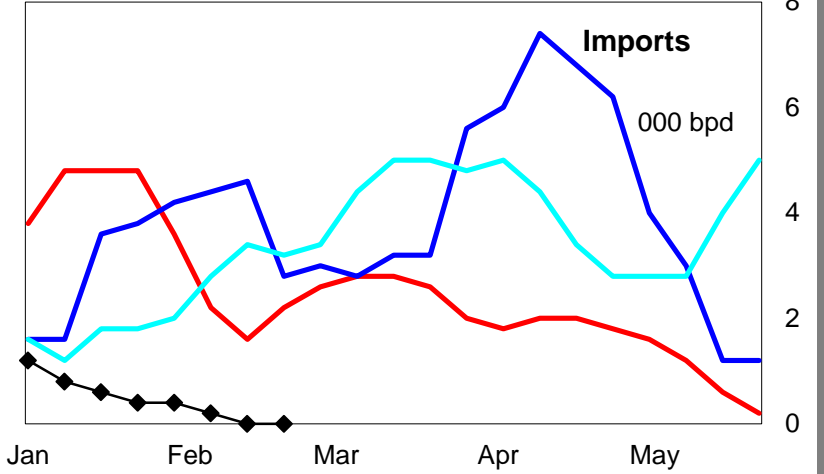
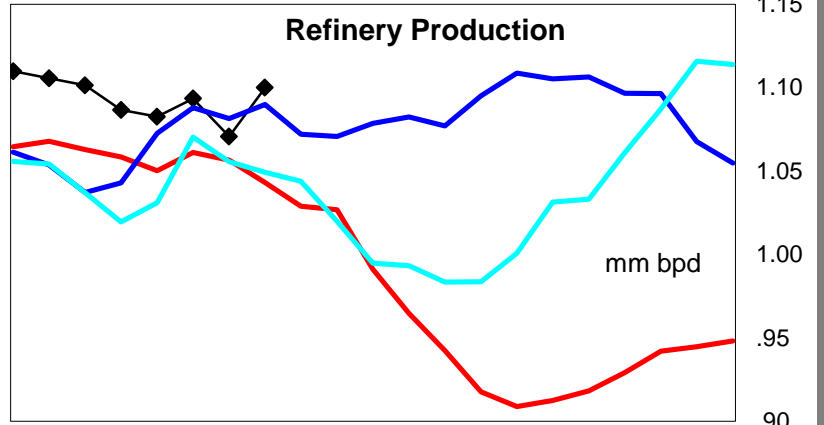
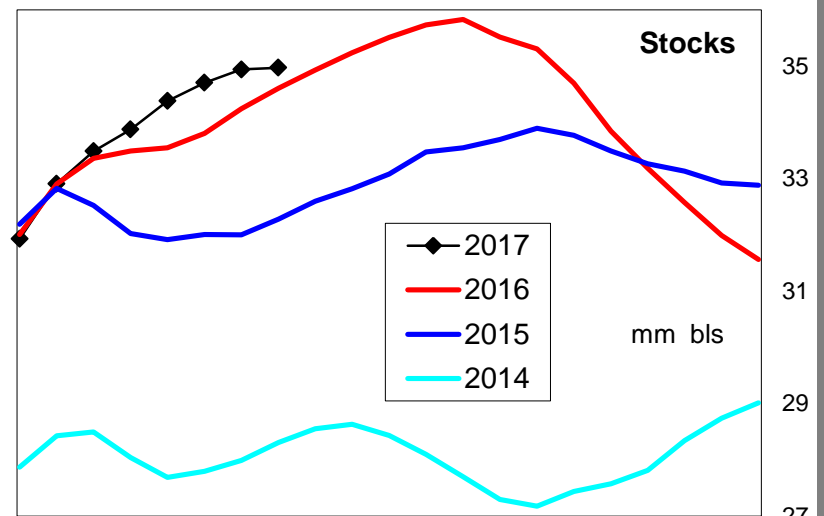
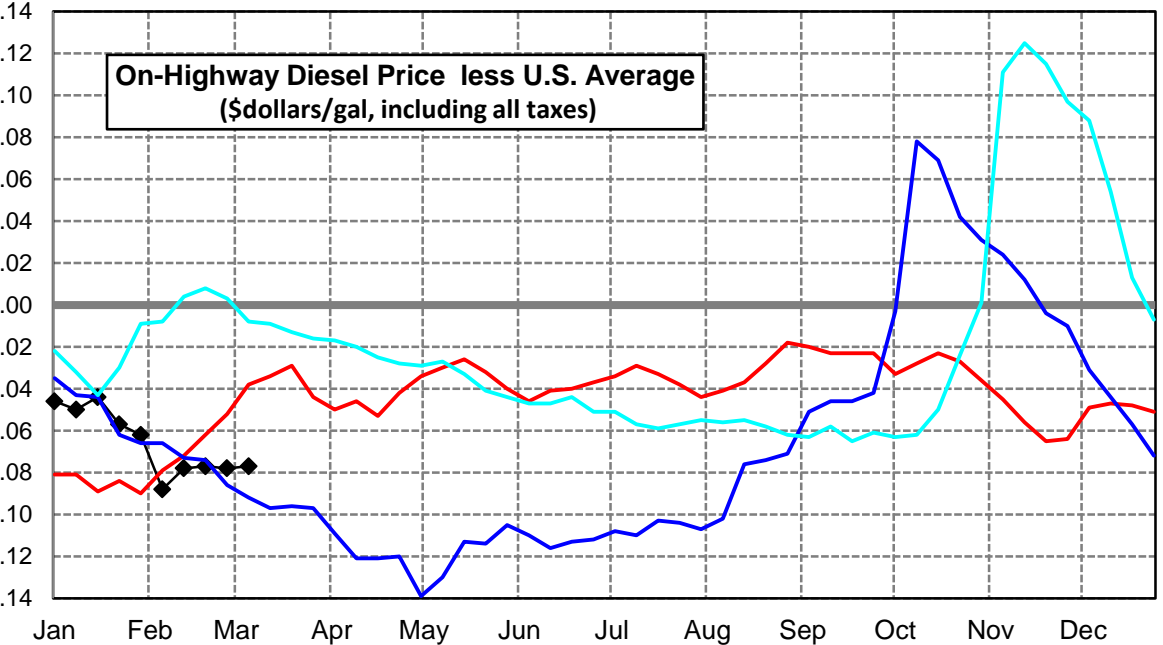
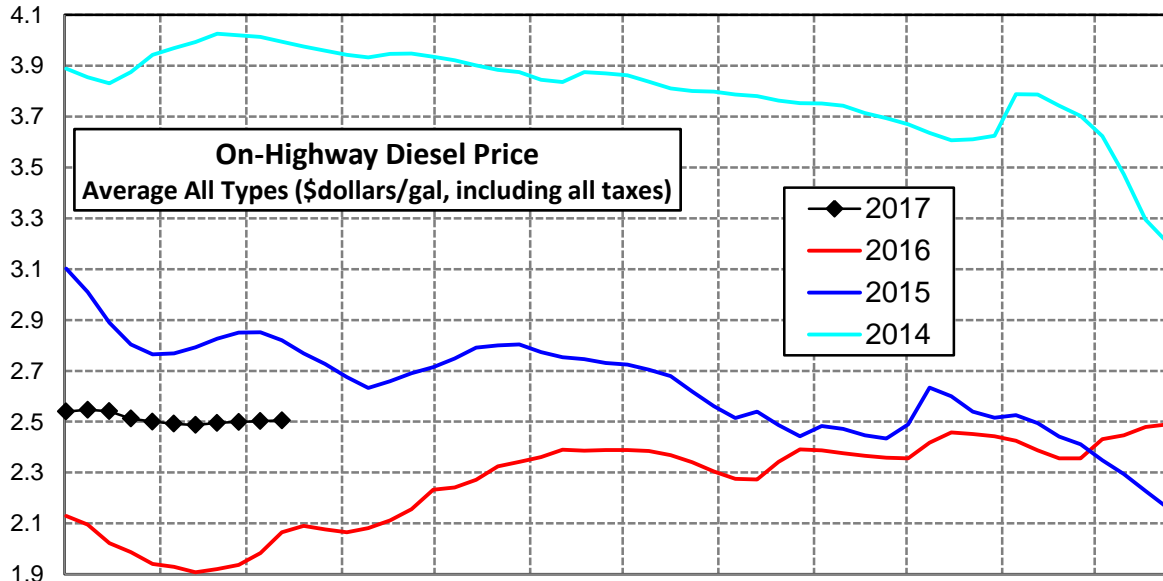
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20Feb17	27Feb17	06Mar17	13Mar17	
New England	\$2.658	\$2.658	\$2.646	\$2.650	\$0.004
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



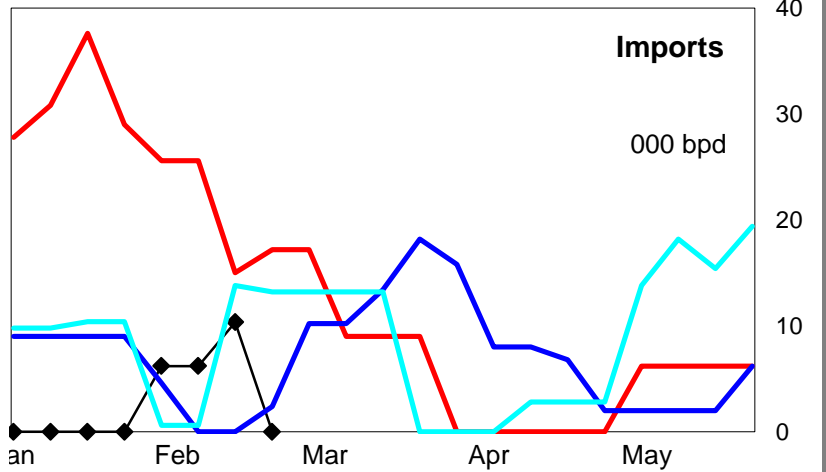
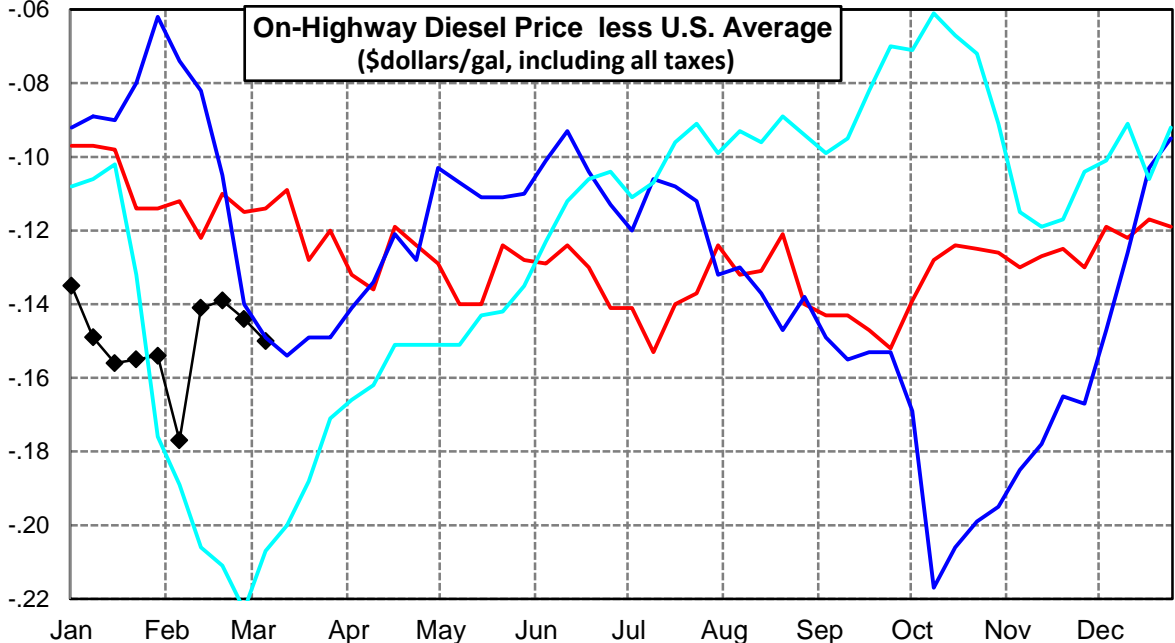
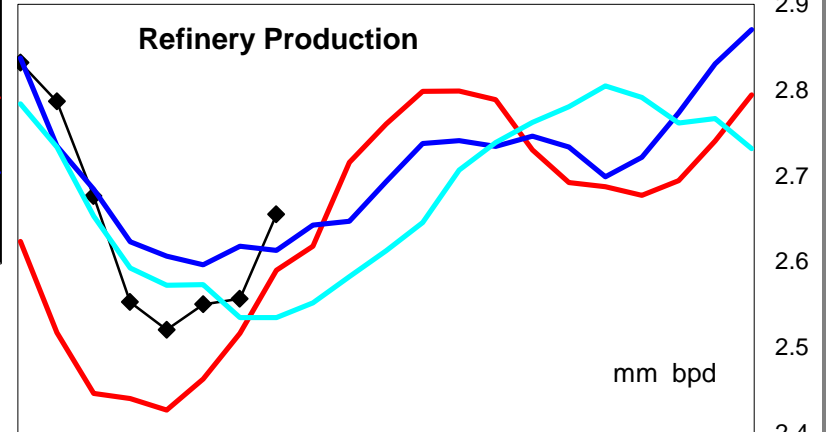
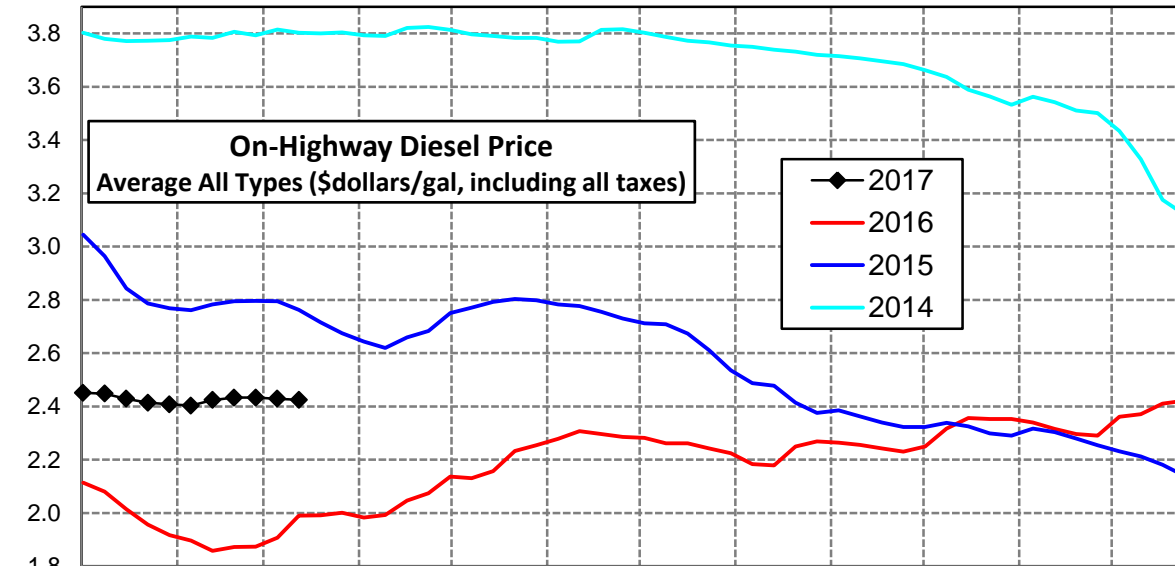
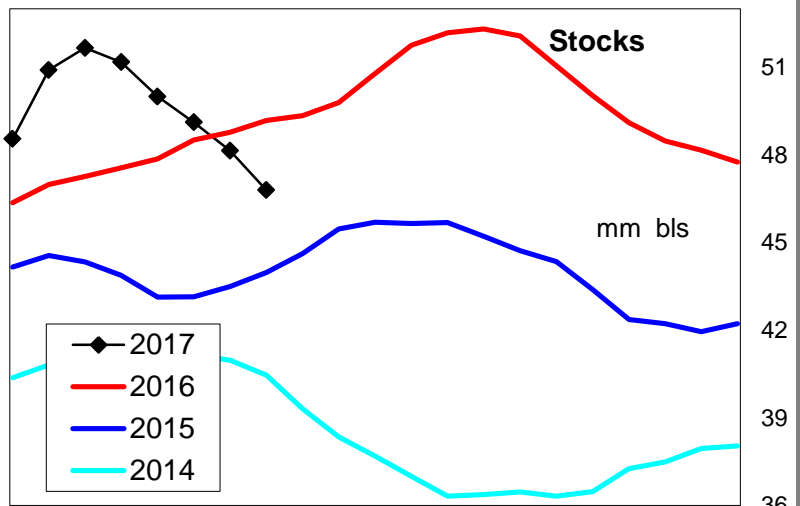
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20Feb17	27Feb17	06Mar17	13Mar17	
Midwest	\$2.495	\$2.499	\$2.502	\$2.506	\$0.004
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



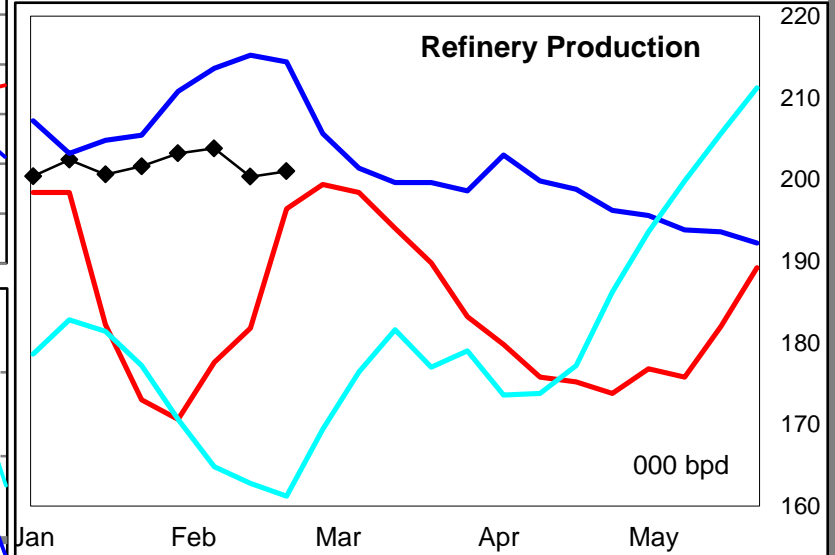
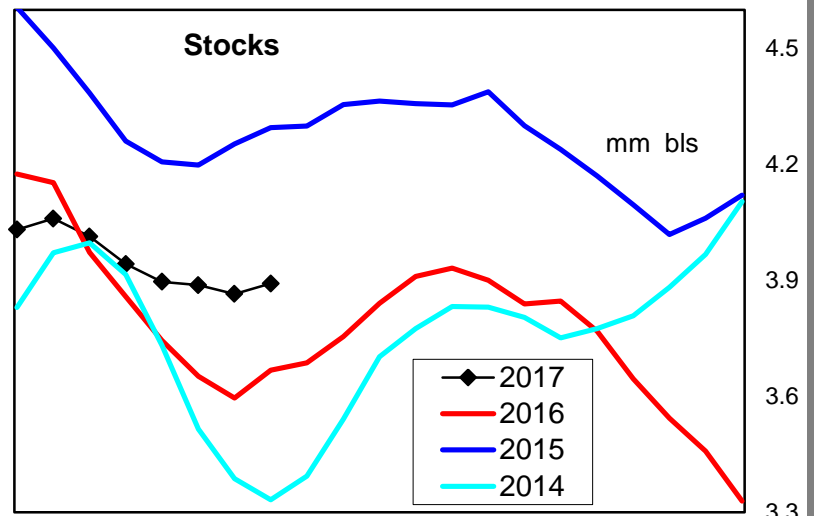
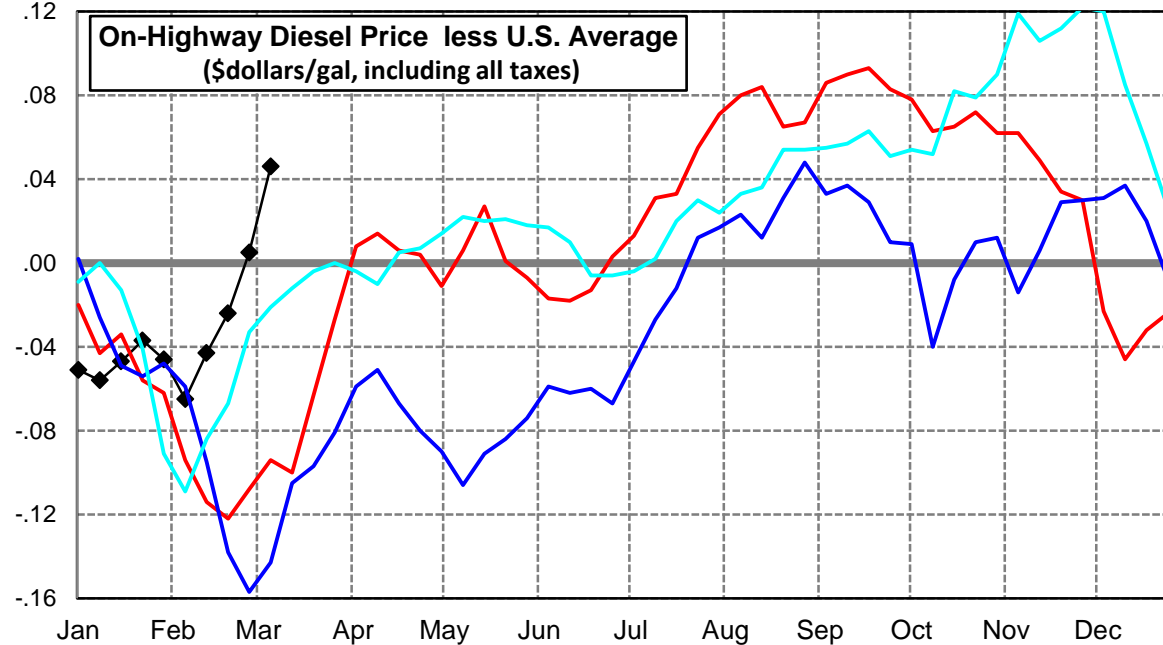
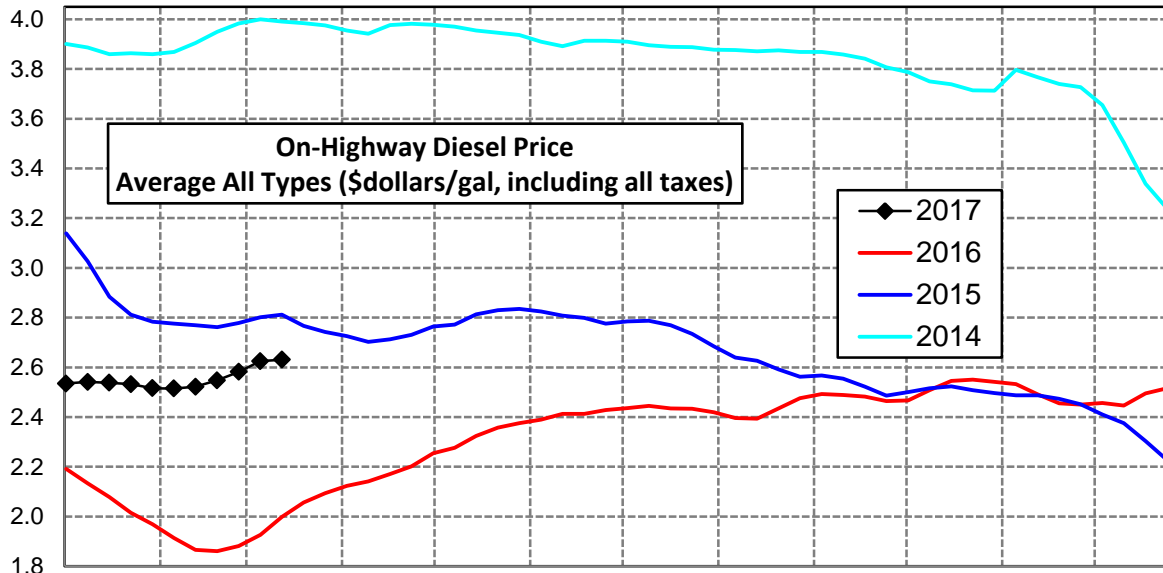
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20Feb17	27Feb17	06Mar17	13Mar17	
Gulf Coast	\$2.433	\$2.433	\$2.429	\$2.425	-\$0.004
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



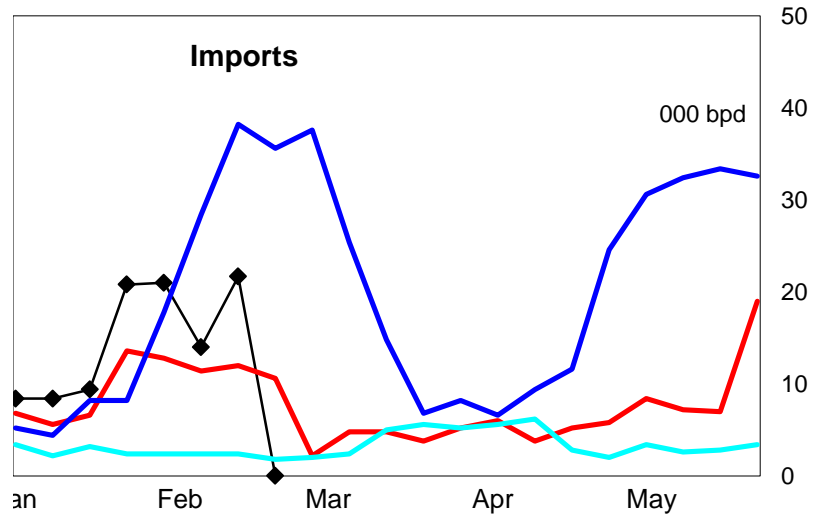
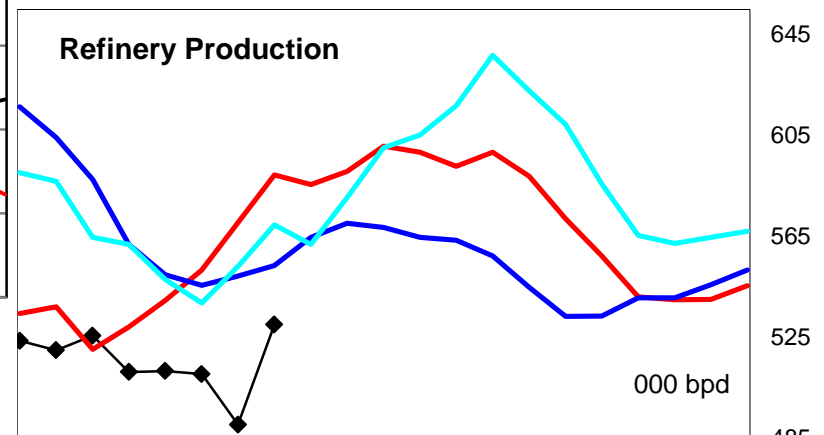
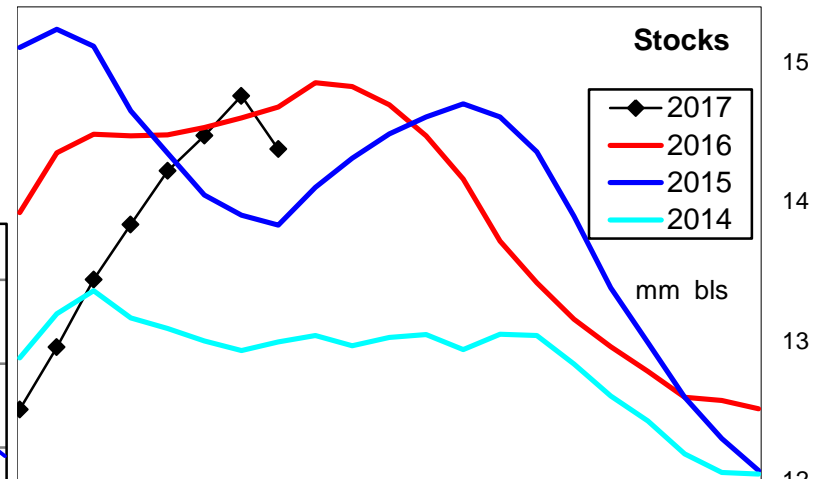
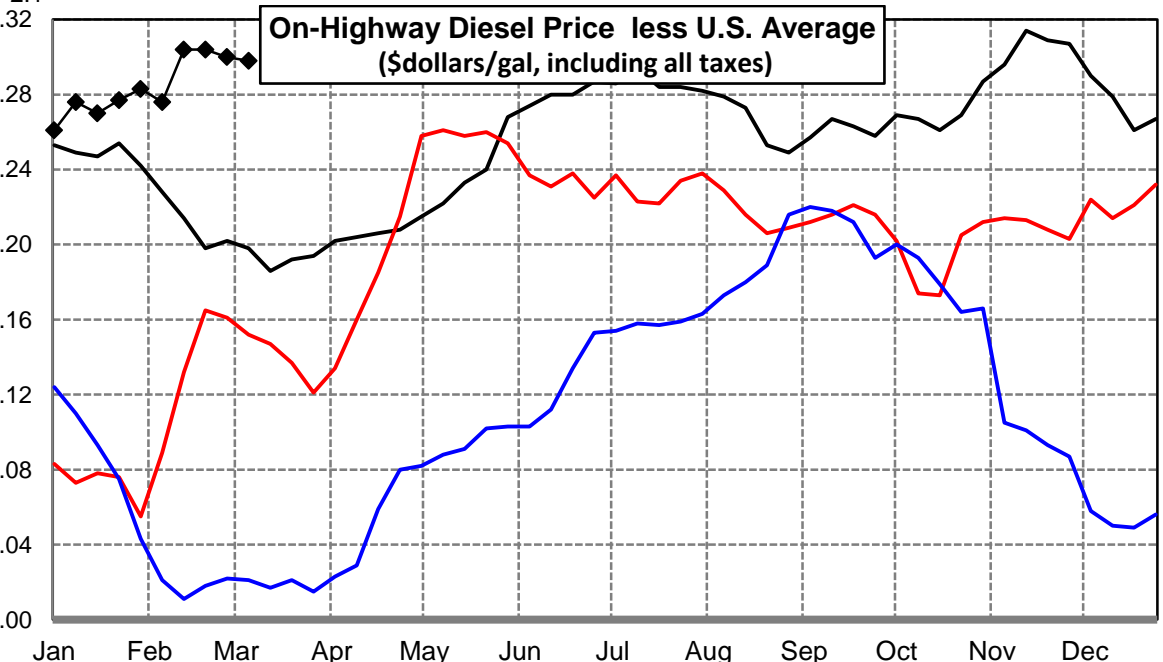
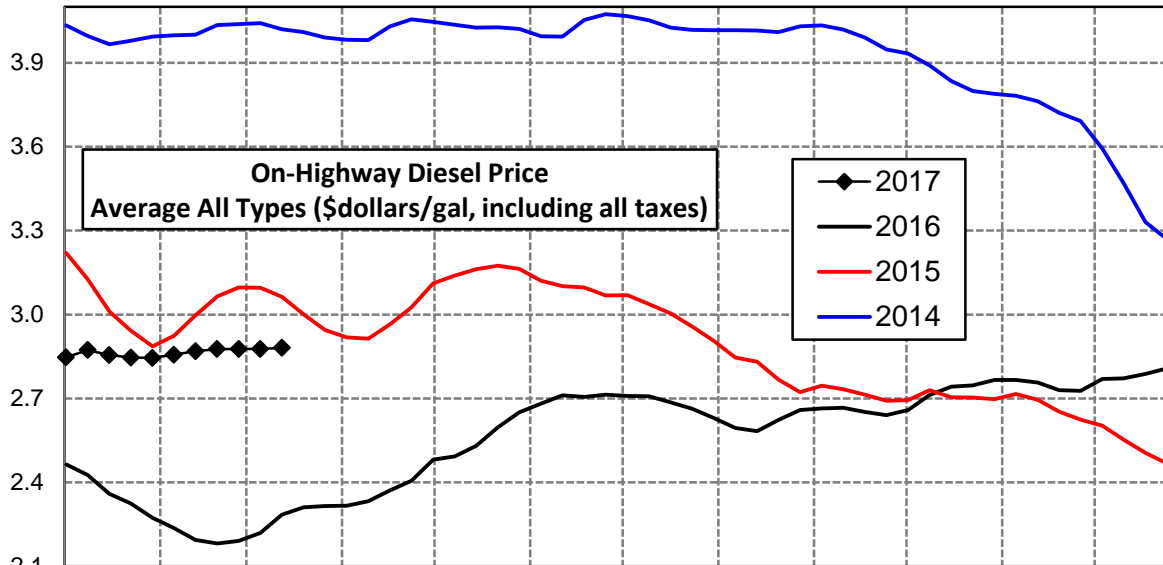
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/		Forecast 2/	Change from week	
	20Feb17	27Feb17	13Mar17		
Rocky Mountain	\$2.548	\$2.582	\$2.625	\$2.630	\$0.005
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



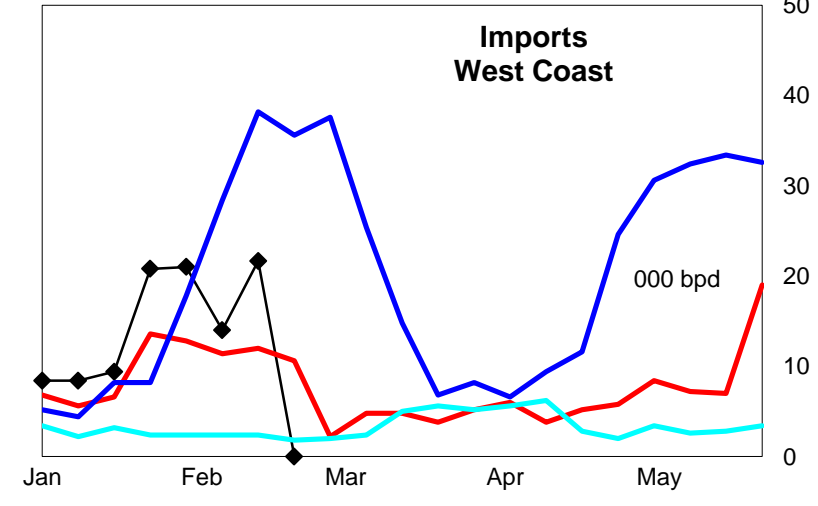
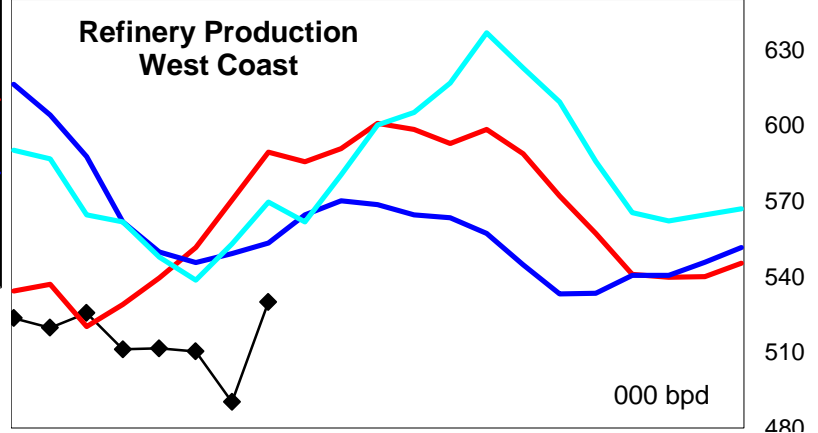
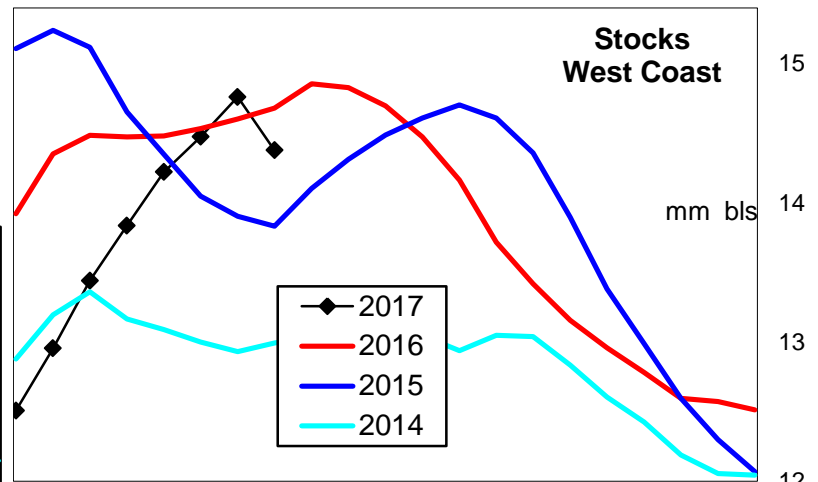
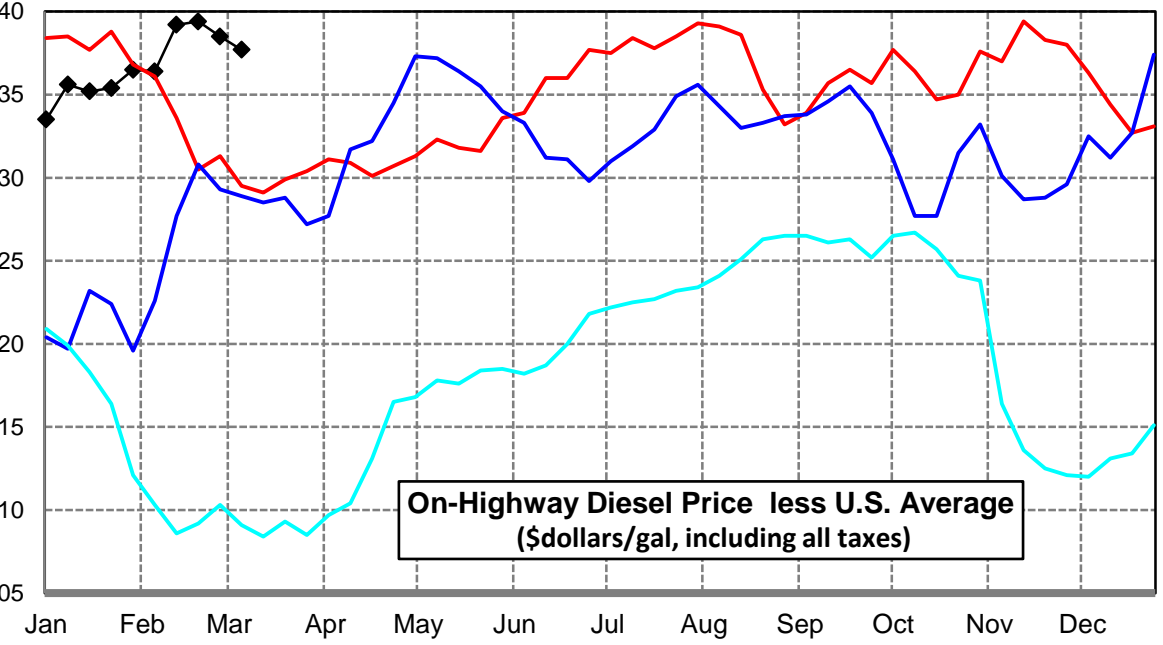
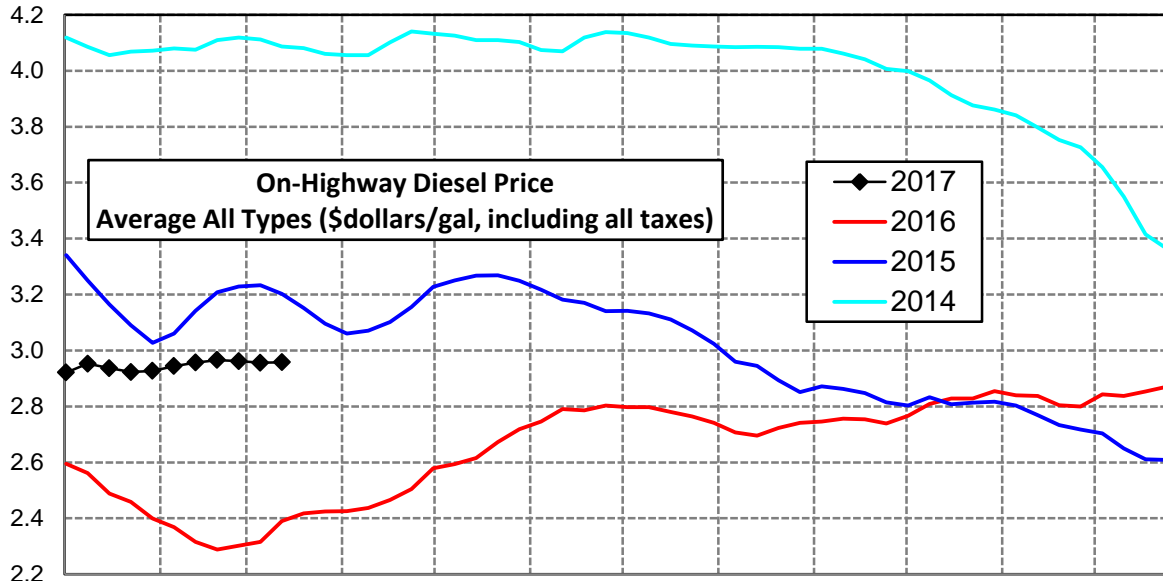
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	20Feb17	27Feb17	06Mar17	13Mar17	
West Coast	\$2.876	\$2.877	\$2.877	\$2.881	\$0.004
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
	20Feb17	27Feb17	06Mar17	13Mar17	
California	\$2.966	\$2.962	\$2.956	\$2.958	\$0.002
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-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	2.572	2.628	2.658	2.770	2.521	2.495	2.433	2.548	2.876	2.966
Mon-27-Feb-17	2.577	2.635	2.658	2.772	2.533	2.499	2.433	2.582	2.877	2.962
Mon-06-Mar-17	2.579	2.633	2.646	2.780	2.525	2.502	2.429	2.625	2.877	2.956
Mon-13-Mar-17	2.575	2.627	2.650	2.773	2.523	2.506	2.425	2.630	2.881	2.958
Mon-20-Mar-17										
Mon-27-Mar-17										
Mon-03-Apr-17										
Mon-10-Apr-17										
Mon-17-Apr-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.