



# RETAIL DIESEL FUEL OUTLOOK

## A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Tuesday, March 14, 2017

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price 1/			Forecast 2/	Change from week ago
	27Feb17	06Mar17	13Mar17	20Mar17	
U.S.	2.577	2.579	2.564	2.538	-0.026
East Coast	2.635	2.633	2.617	2.594	-0.023
New England	2.658	2.646	2.628	2.602	-0.026
Central Atlantic	2.772	2.780	2.761	2.733	-0.028
Lower Atlantic	2.533	2.525	2.512	2.483	-0.029
Midwest	2.499	2.502	2.491	2.470	-0.021
Gulf Coast	2.433	2.429	2.419	2.379	-0.040
Rocky Mountain	2.582	2.625	2.617	2.599	-0.018
West Coast	2.877	2.877	2.846	2.825	-0.021
California	2.962	2.956	2.936	2.914	-0.022

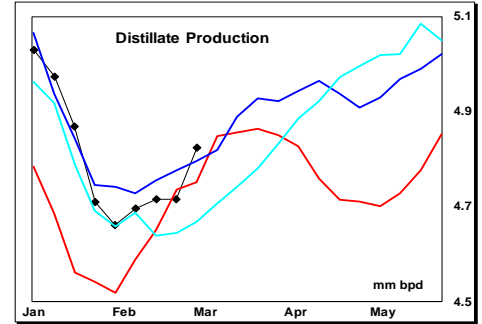
1/ Source: U.S. Energy Information Administration  
2/ Source: Fundamental Petroleum Trends Reports

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

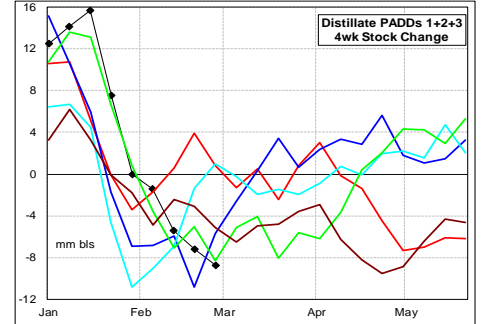
The region average retail price compared to the U.S. average traded above the last 3-yr in the Rockies and West Coast; due to a high level of refinery maintenance.

Gulf spot prices decreased -11 cpg last week, while ending the week +34 cpg above last year.

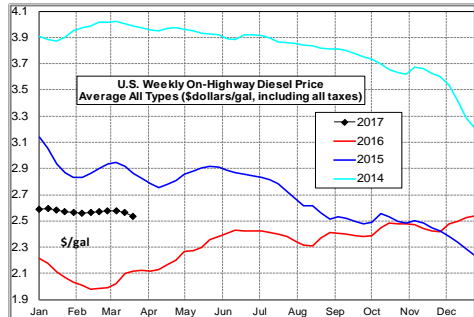
year's record high. Note that stocks in 2016 were +36 million barrels above 2015, which in turn were above 2014 and 203.



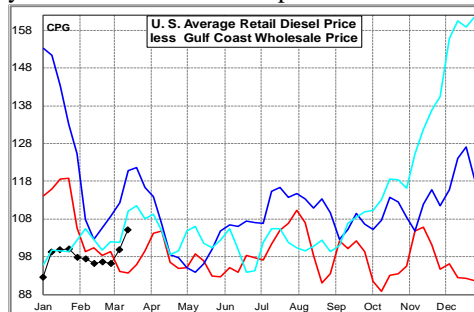
During the latest 4-wk period, stocks in regions East of the Rockies decreased -8.7 million barrels; a draw just slightly greater than the 5-yr range for the period.



**Diesel Fuel Price Trends** U. S. retail diesel prices decreased -1.5 cpg last week. The decrease was led by a -3.1 cpg decline on the West Coast.

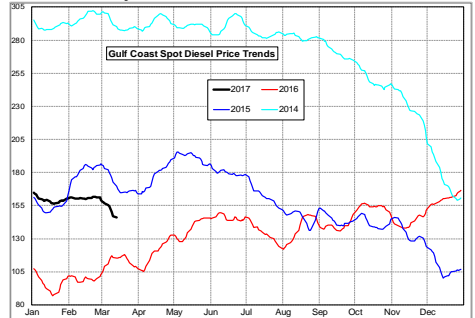


The U.S. average retail diesel price compared to the Gulf Coast wholesale market increased +3.6 cpg on the week. The spread ended the week above last year's record low for the period.

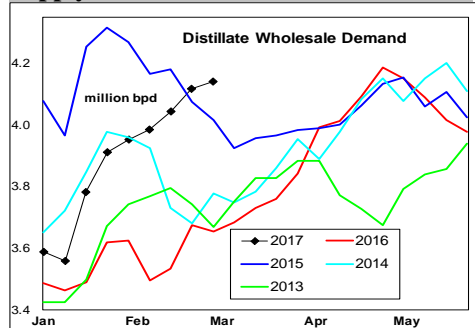


The national average on-highway price ended the week +47 cpg above a year ago; extending the year-on-year increase since early December 2016. The highest retail prices were in California at \$2.94/gal and the Central Atlantic at \$2.76/gal. The lowest prices were in the Gulf at \$2.42/gal.

week, while ending the week +34 cpg above last year.



### Supply - Demand Fundamental Trends



Distillate wholesale demand increased +0.3 million bpd last week, to a level above the historic range for the period. Demand for the latest 4-wk period was +0.45 million bpd above a year ago; due in part to less bio blending following expiration of the \$1 credit to producers.

Supply increased +74,000 bpd on the week, driven by higher production and imports. During the latest 4-wk period, supply was -53,000 bpd below a year ago.

Stocks decreased -2.7 million barrels last week, to a level that matched last

Look for continued seasonal stock draws 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 equal to or greater than prior 5-yr highs for this time of year. Gasoline demand was sharply higher last week, although the 4-wk average remains -0.56 million bpd below last year. Distillate demand is higher by nearly the same amount; due to reduced bio blending.

Increased crude oil production in the U.S. and uncertainty about OPEC/ Non OPEC compliance with production cuts has led to a pull back in global prices.

### Diesel Price Outlook:

East Coast on highway diesel prices, compared to the U.S. average, are at 3-yr lows for this time of year on excess supply.

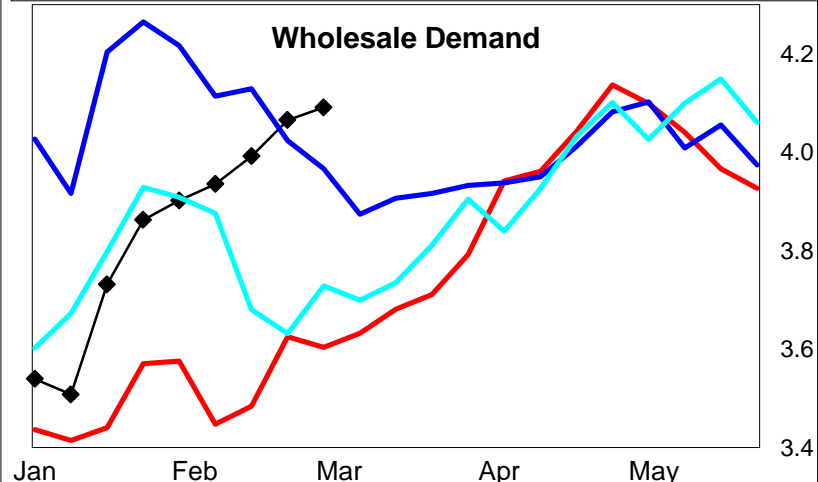
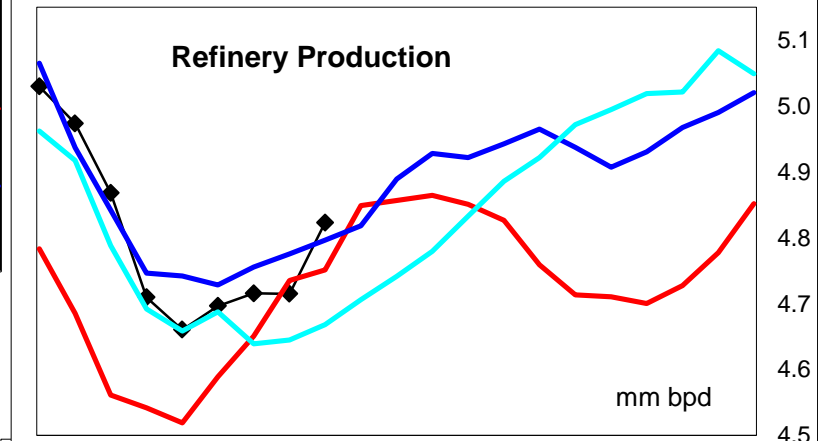
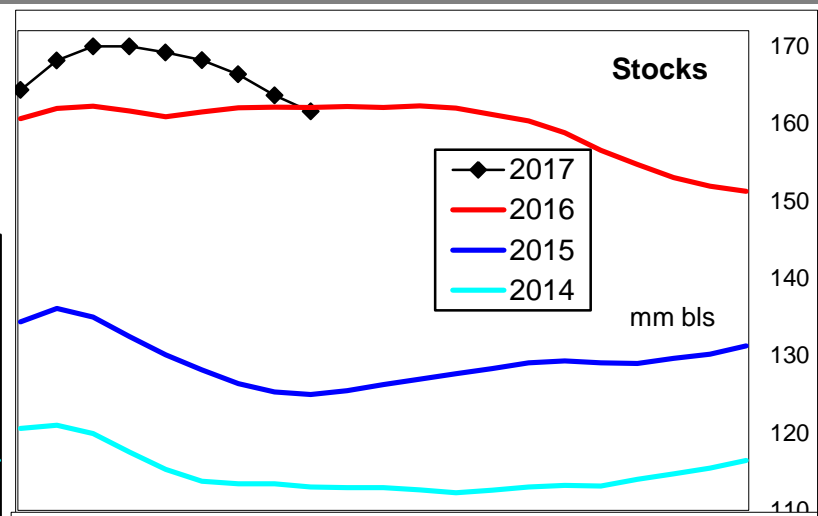
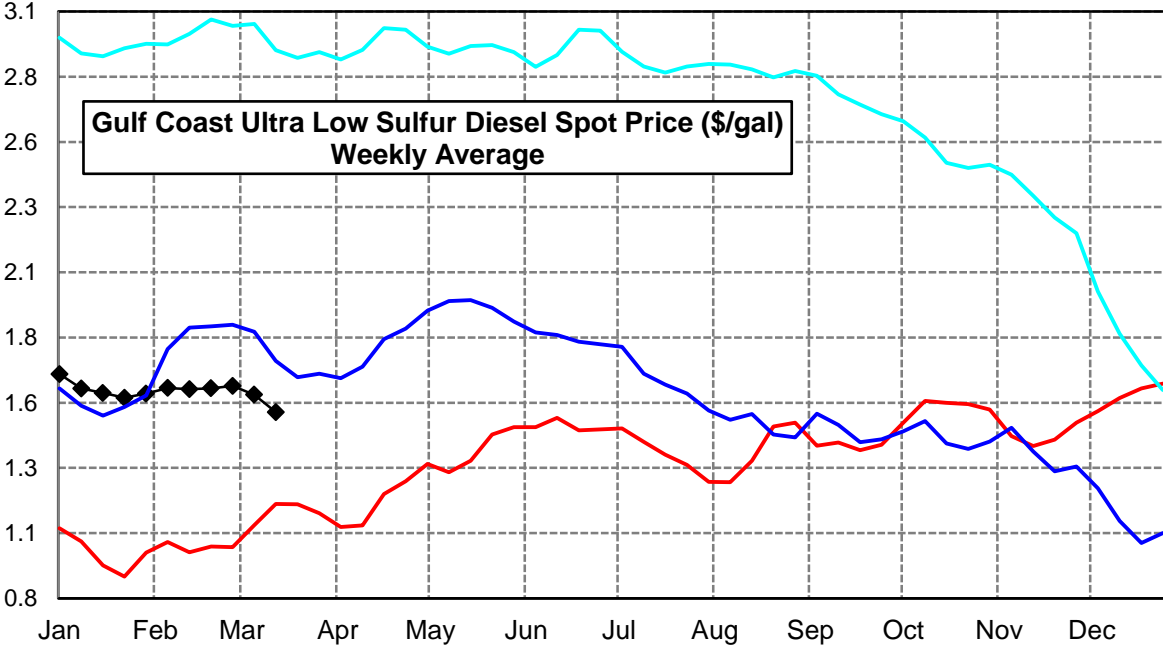
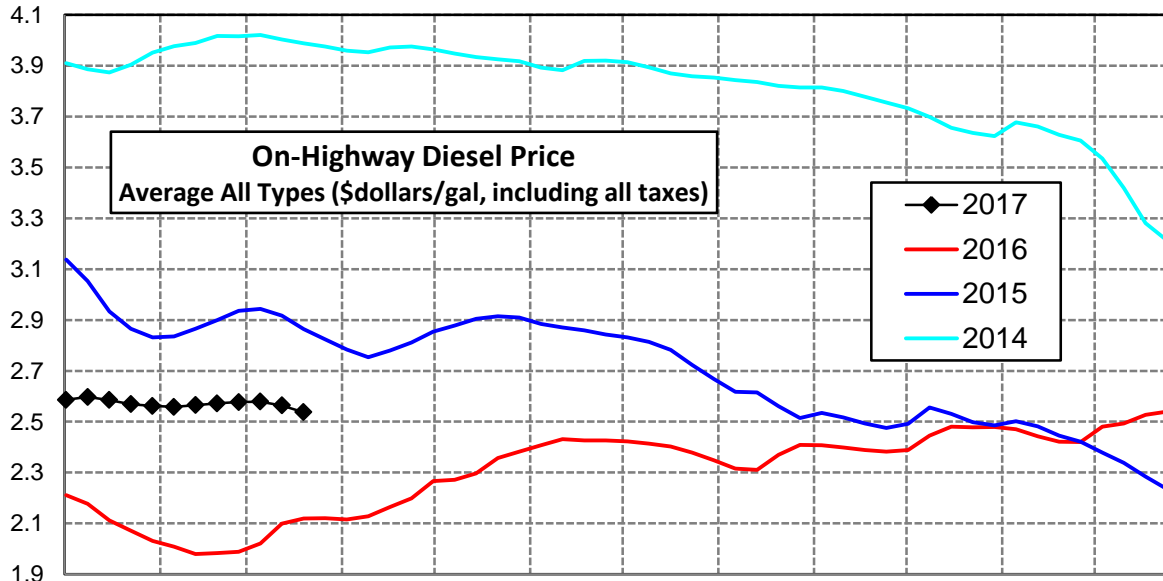
Look for continued weak on-highway diesel prices in New England and the Lower Atlantic regions. West Coast prices are likely to pull back, relative the national average, on a surge in imports and high stock levels.

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



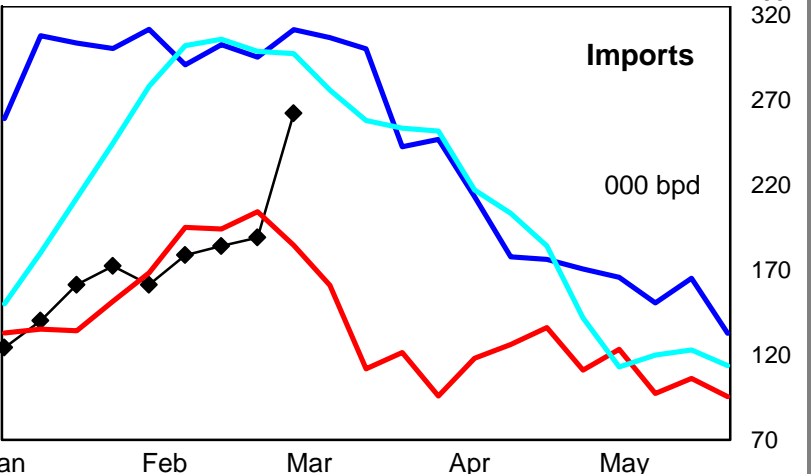
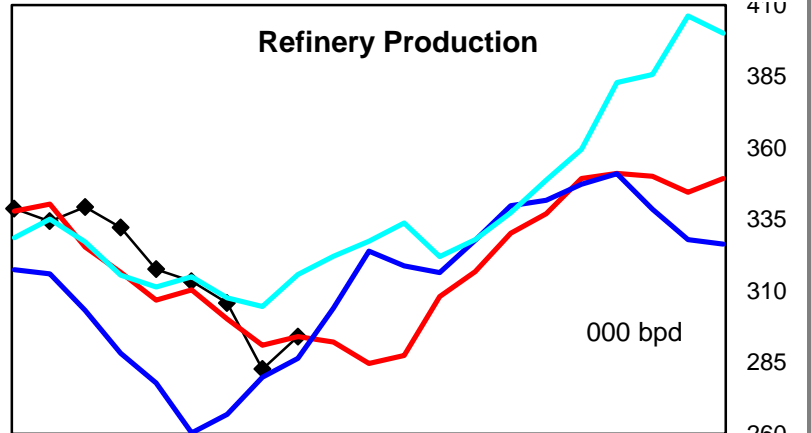
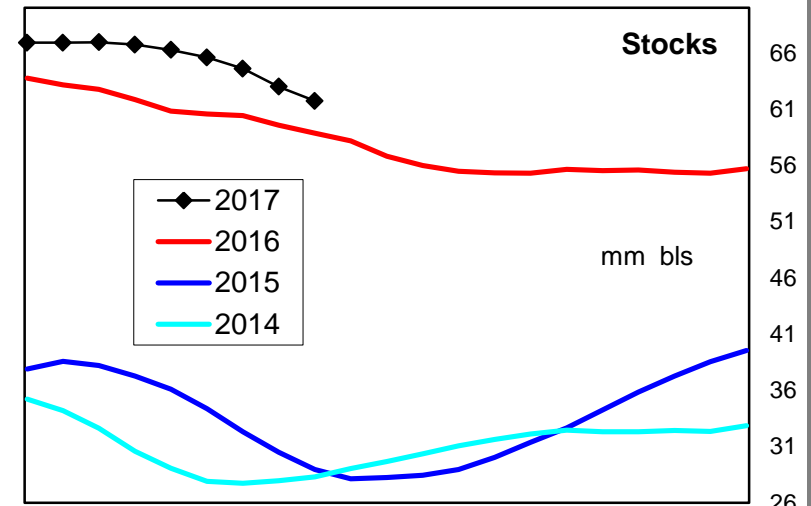
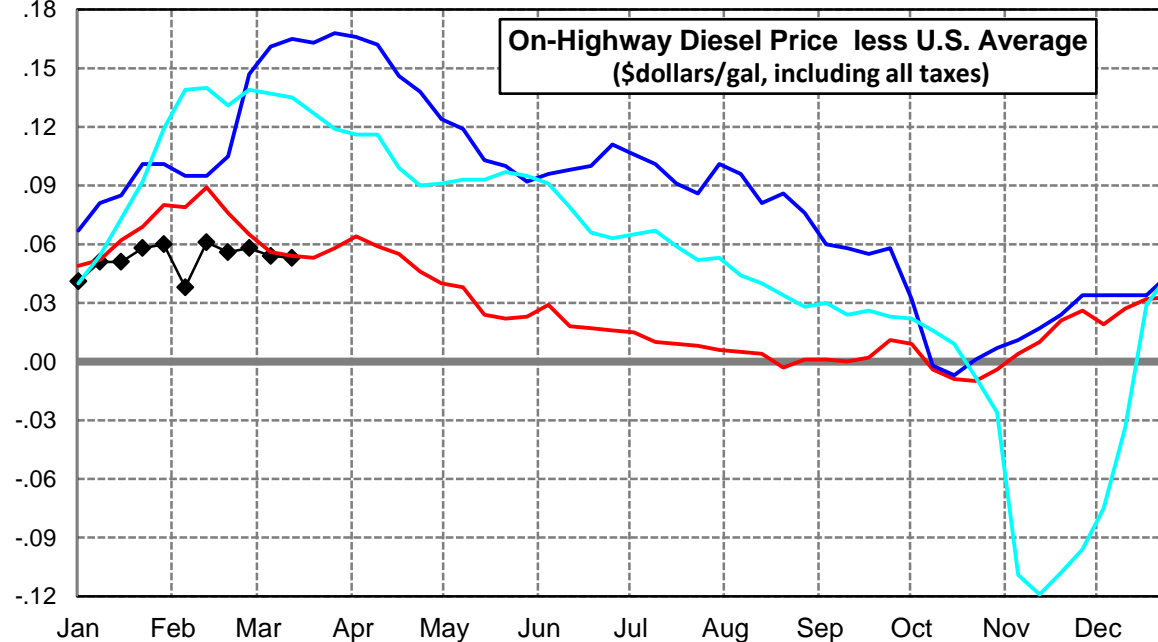
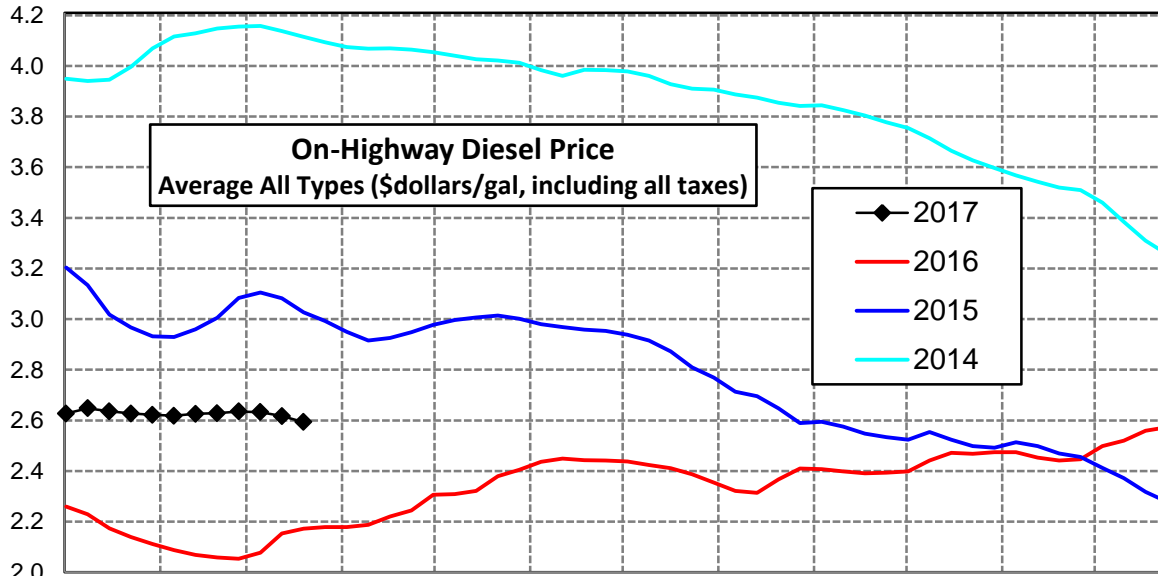
### U. S. Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	27Feb17	06Mar17	13Mar17	20Mar17	
<b>United States Avg</b>	\$2.577	\$2.579	\$2.564	<b>\$2.538</b>	-\$0.026
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



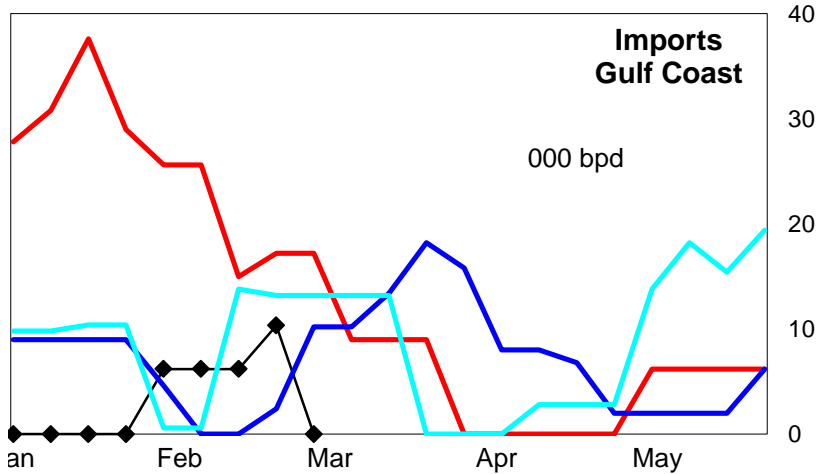
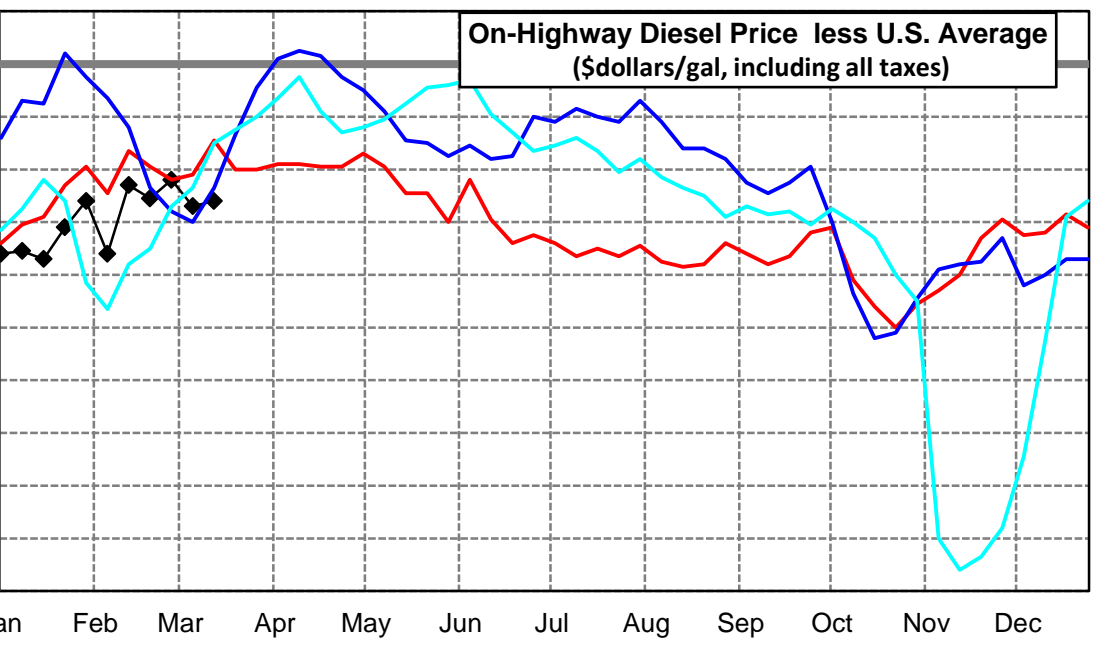
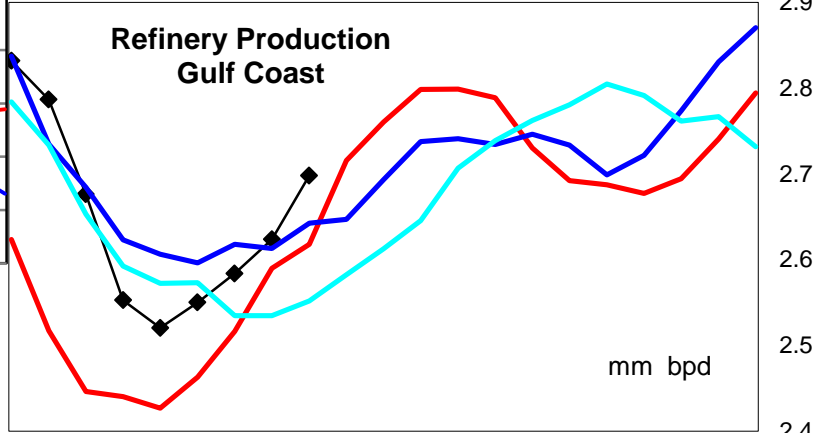
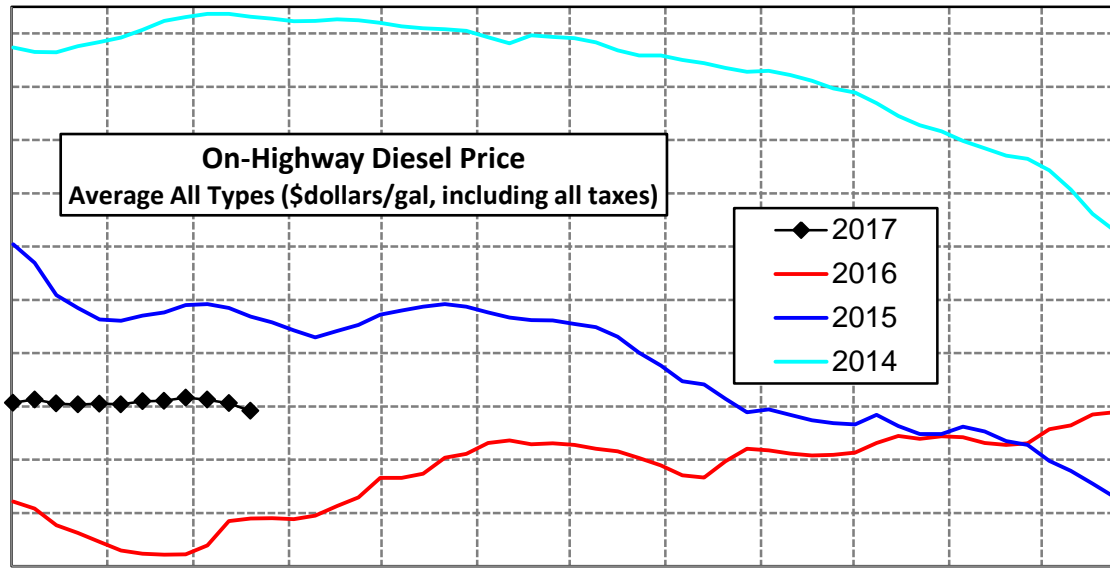
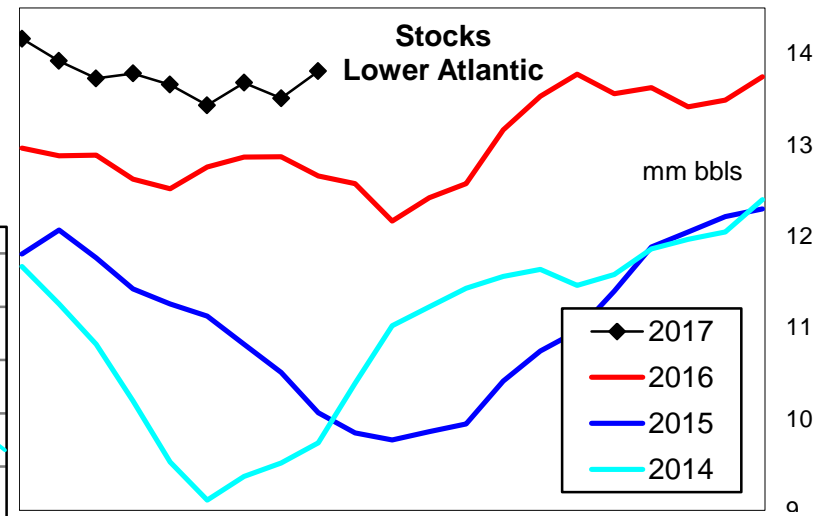
### East Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	27Feb17	06Mar17	13Mar17	20Mar17	
<b>East Coast</b>	\$2.635	\$2.633	\$2.617	<b>\$2.594</b>	-\$0.023
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



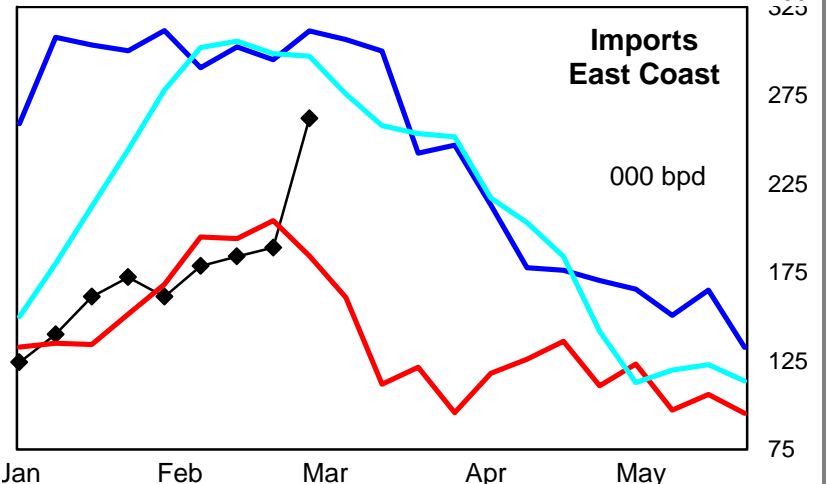
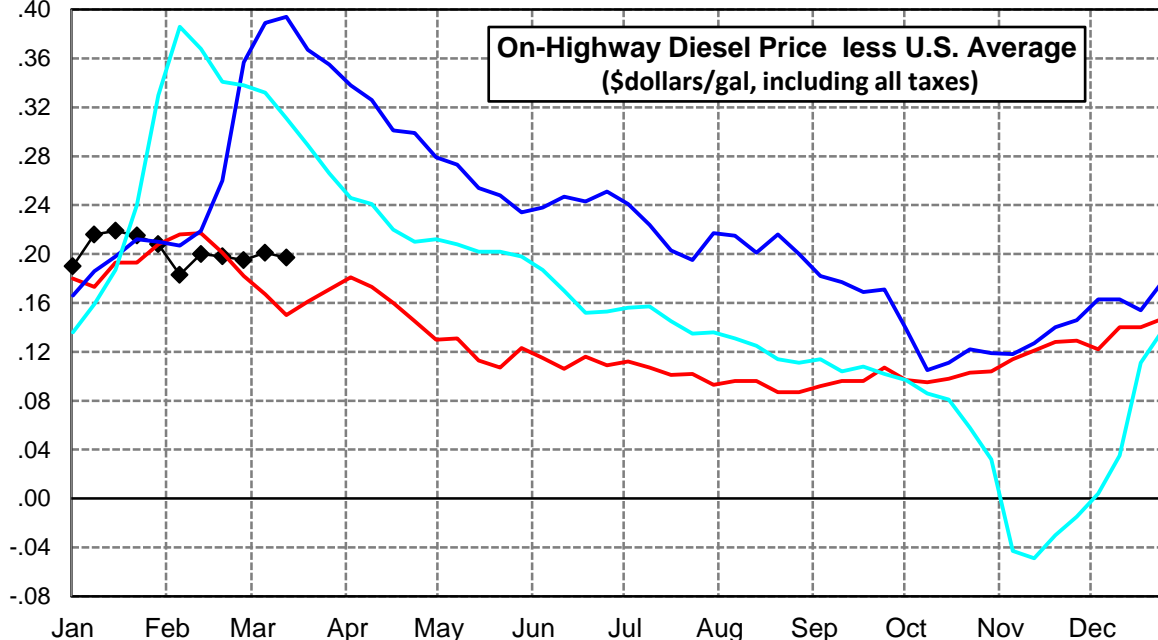
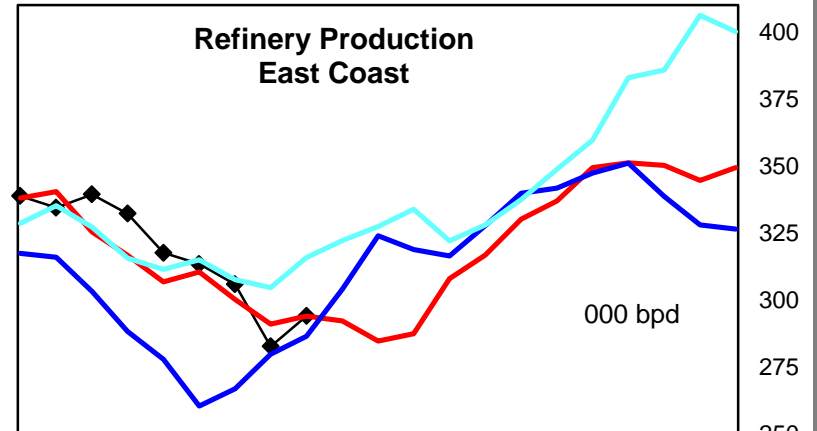
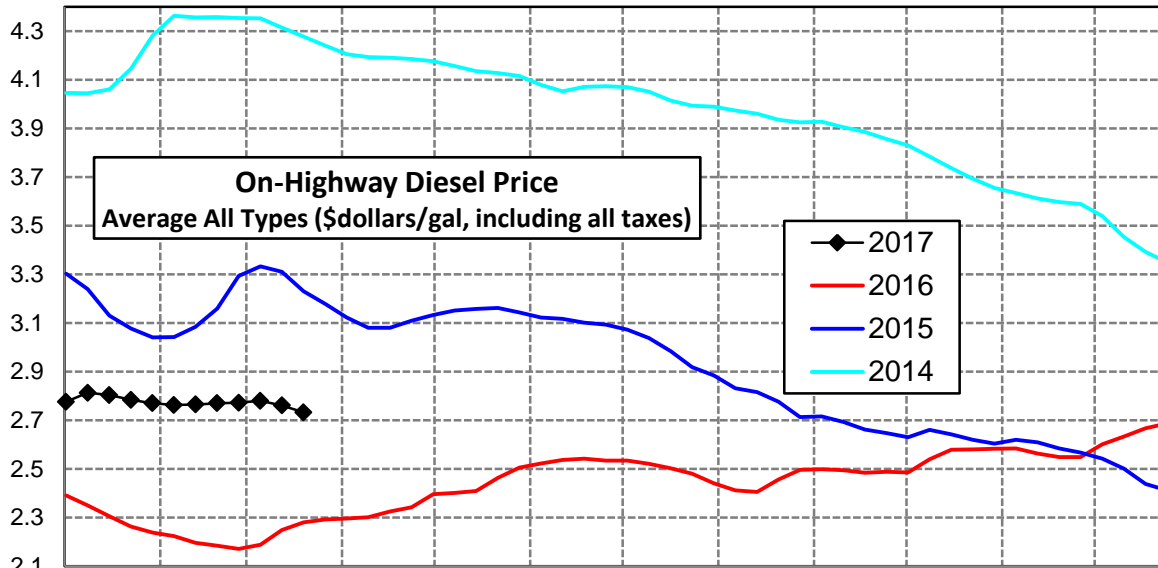
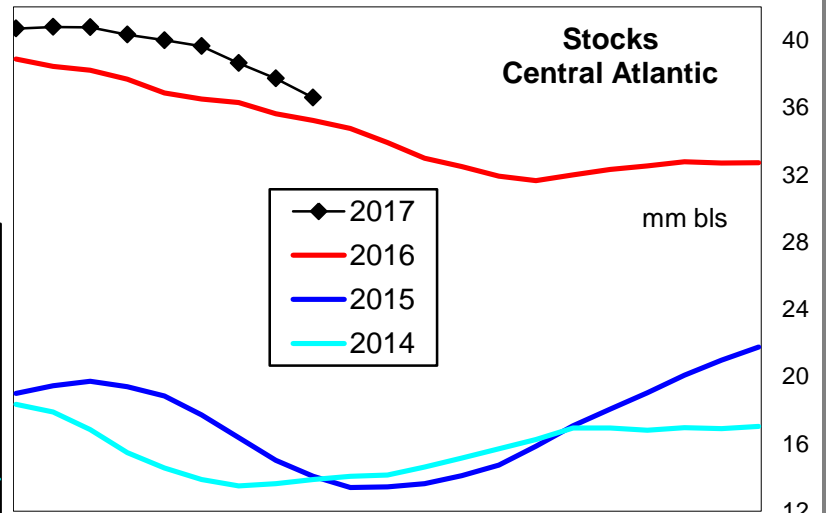
### Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	27Feb17	06Mar17	13Mar17	20Mar17	
<b>Lower Atlantic</b>	\$2.533	\$2.525	\$2.512	<b>\$2.483</b>	-\$0.029
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



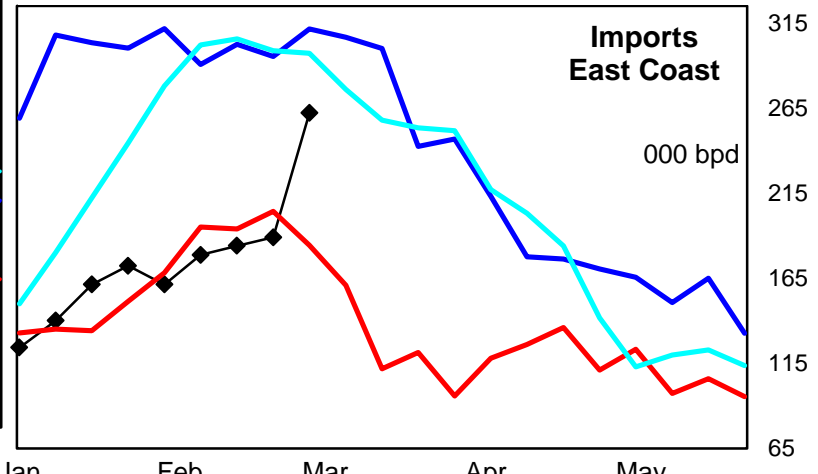
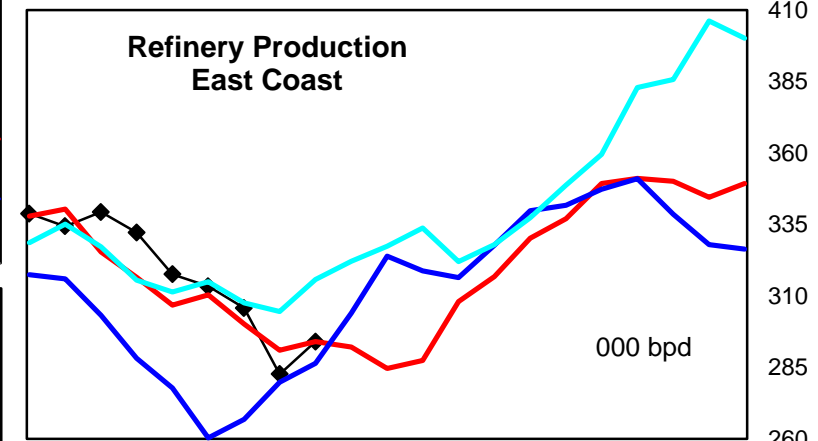
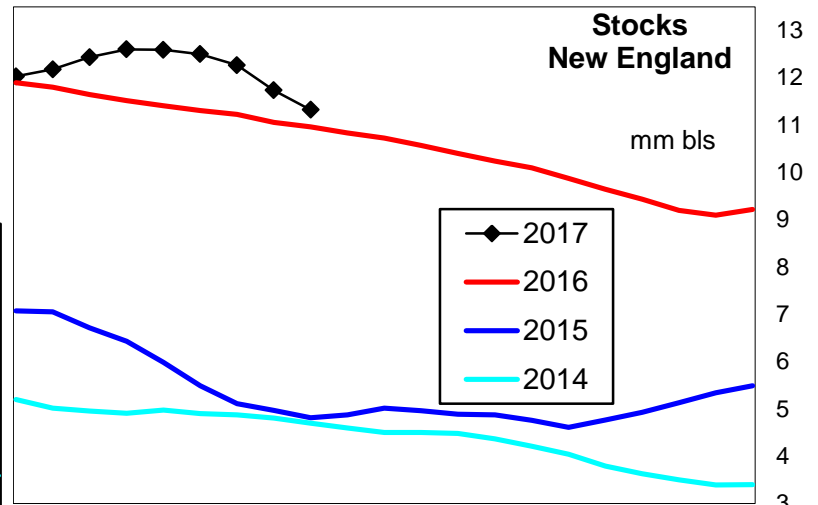
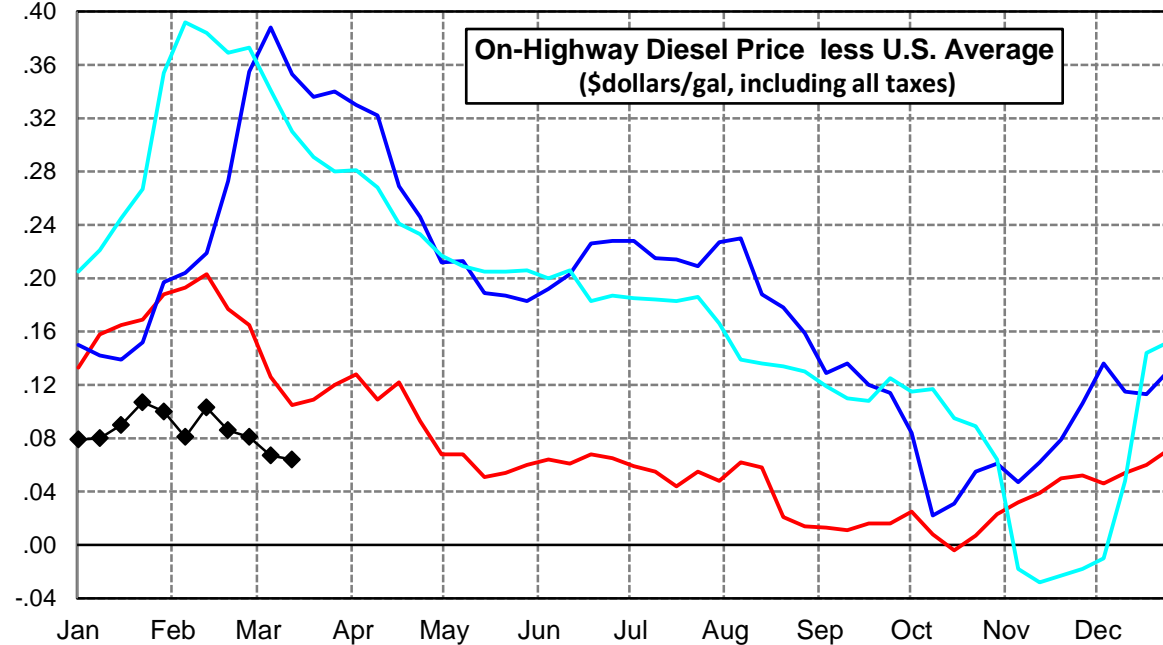
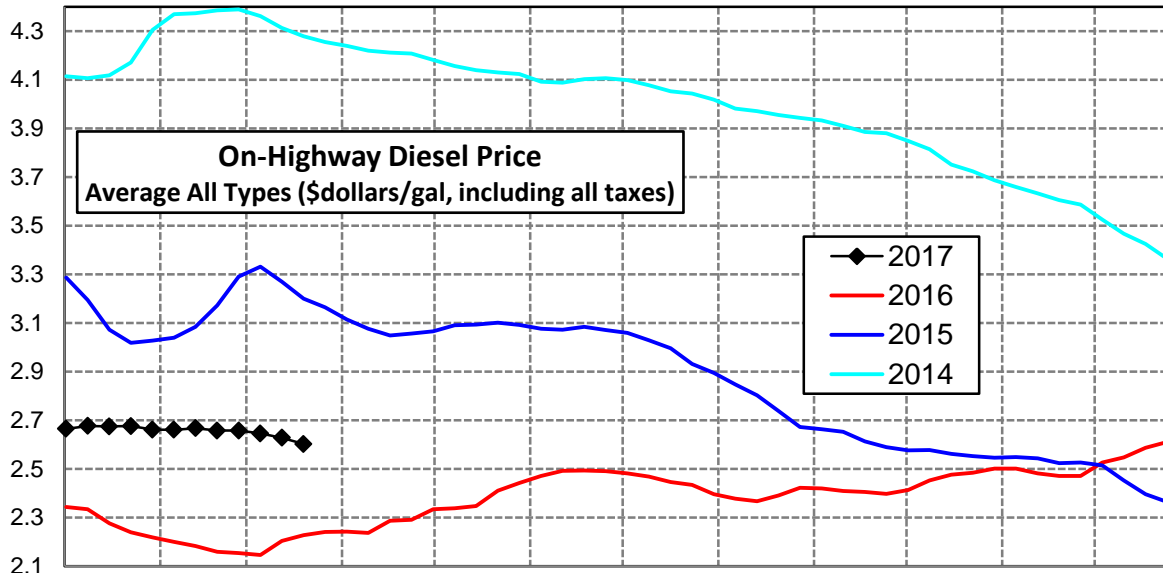
### Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	27Feb17	06Mar17	13Mar17	20Mar17	
<b>Central Atlantic</b>	\$2.772	\$2.780	\$2.761	<b>\$2.733</b>	-\$0.028
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



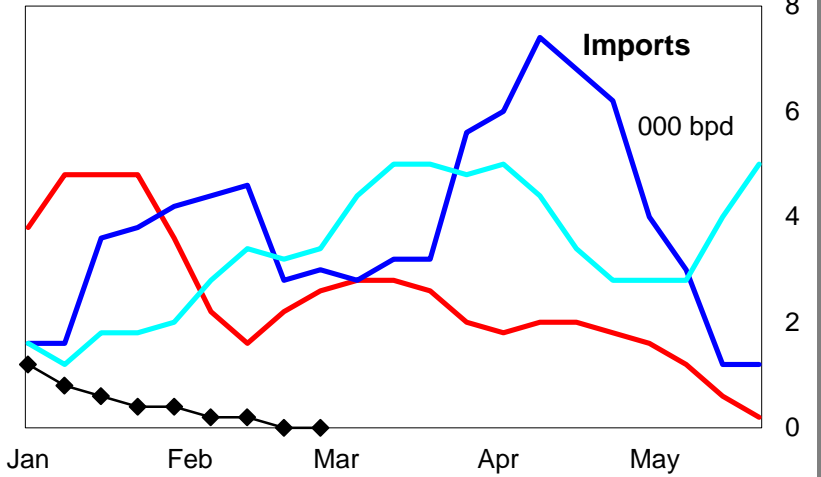
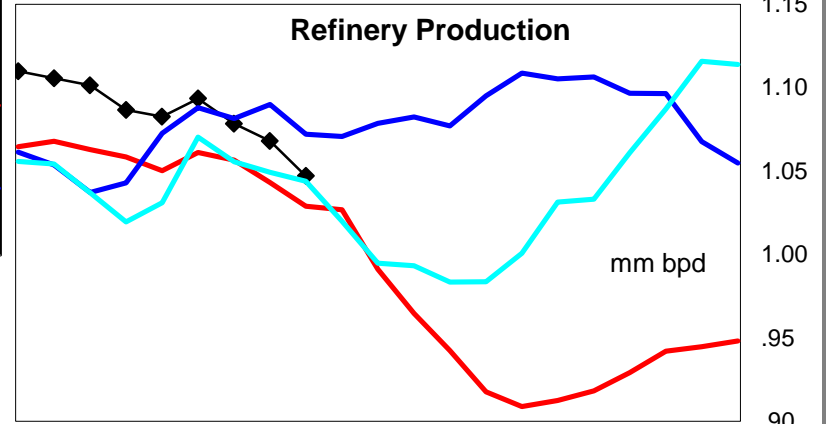
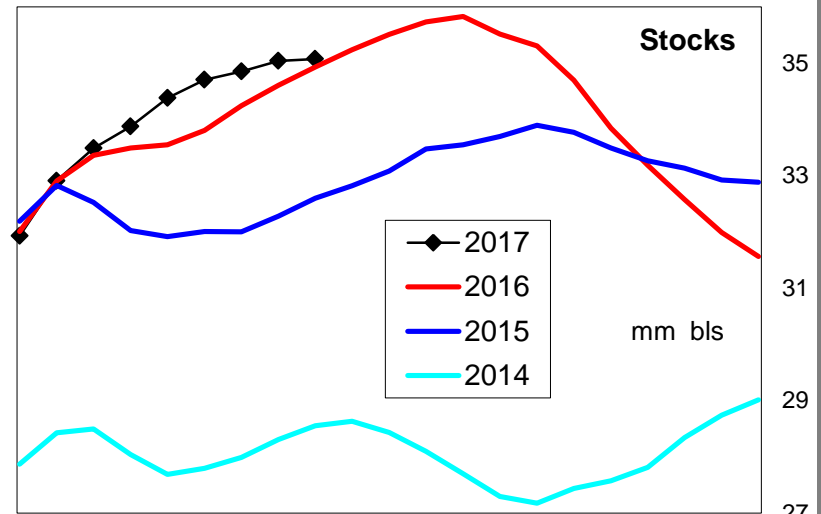
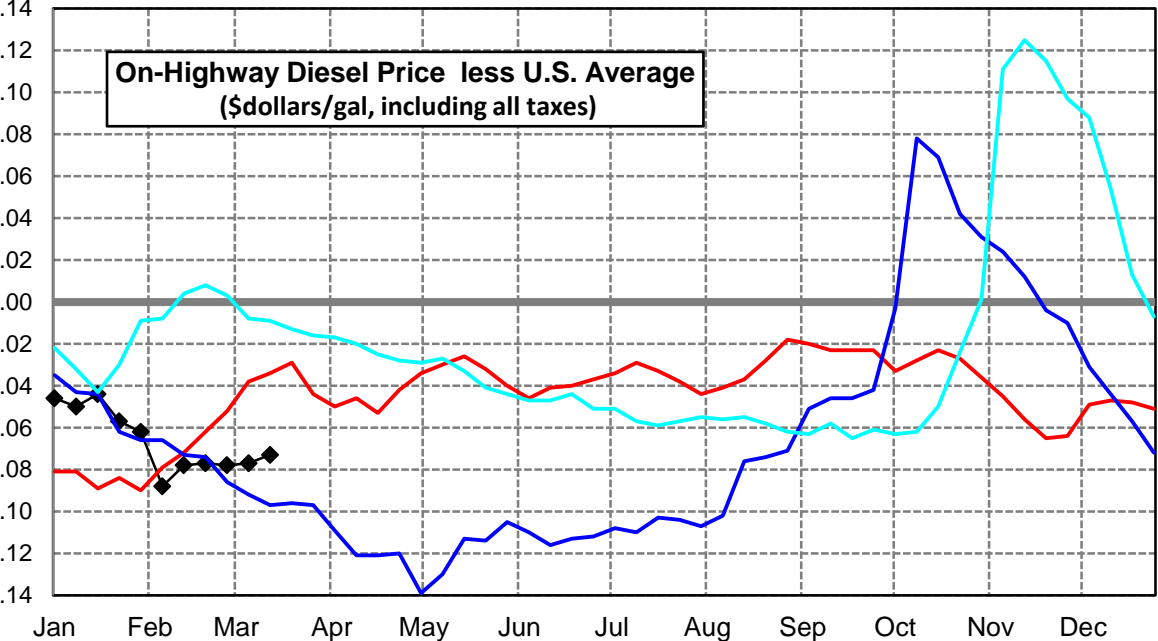
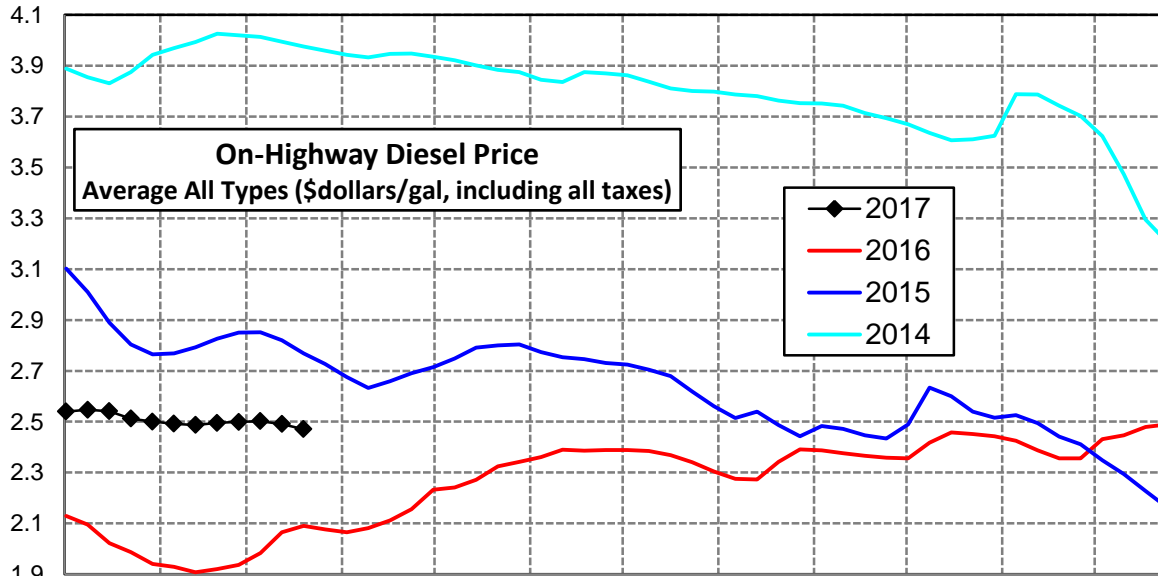
### New England Region Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	27Feb17	06Mar17	13Mar17	20Mar17	
<b>New England</b>	\$2.658	\$2.646	\$2.628	<b>\$2.602</b>	-\$0.026
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



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

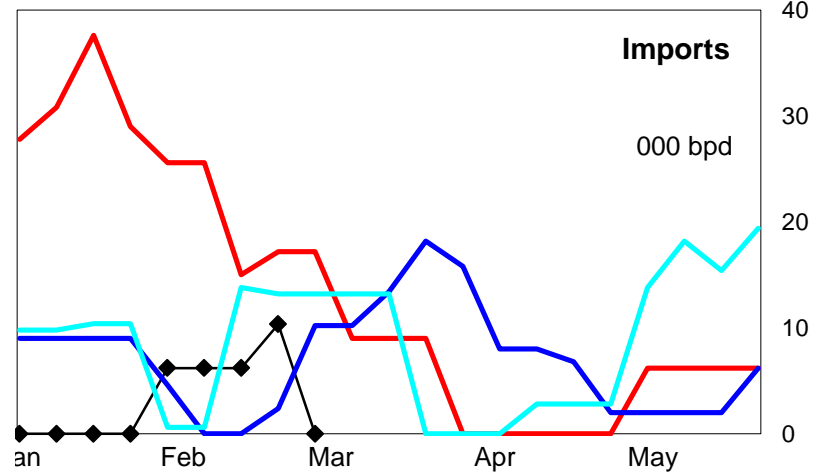
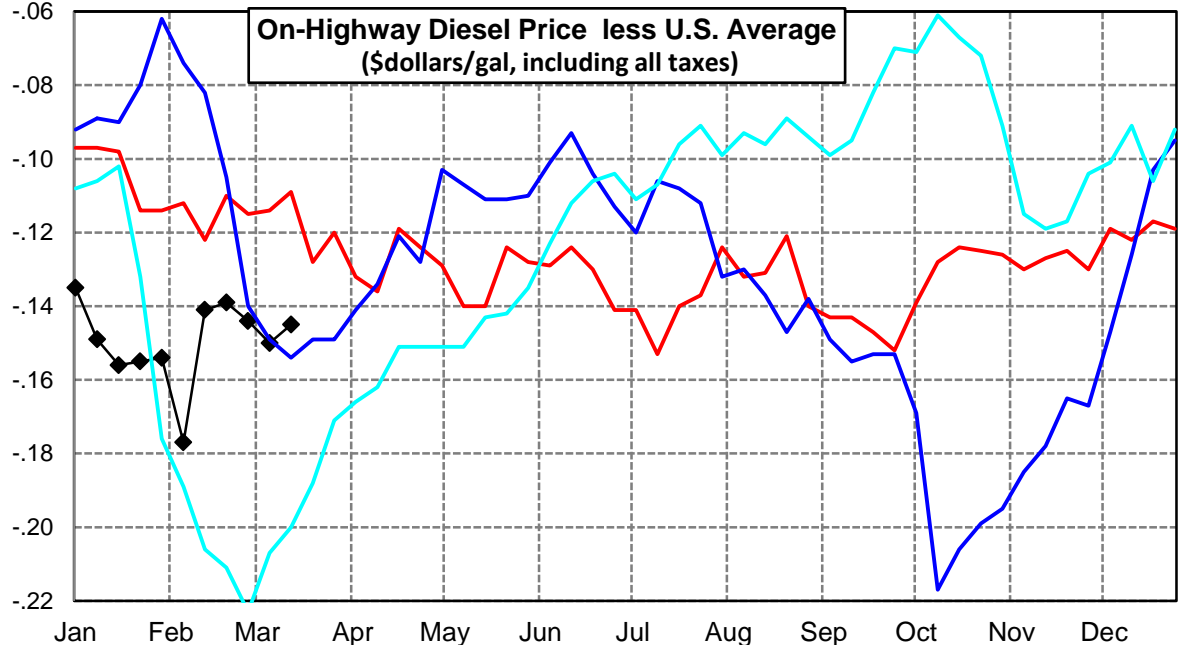
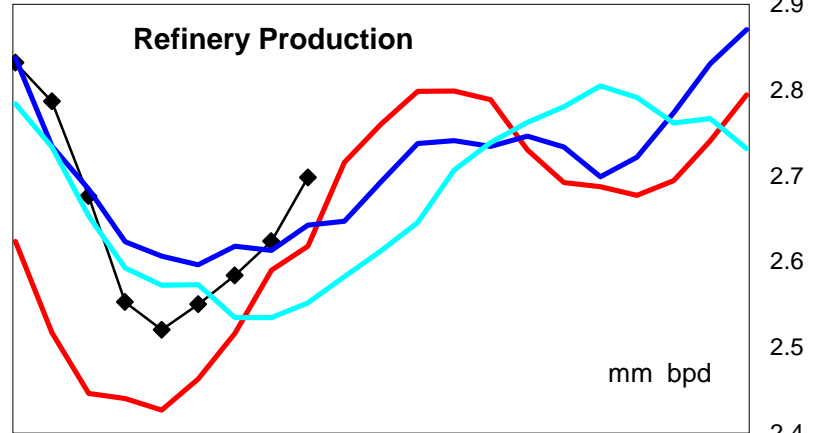
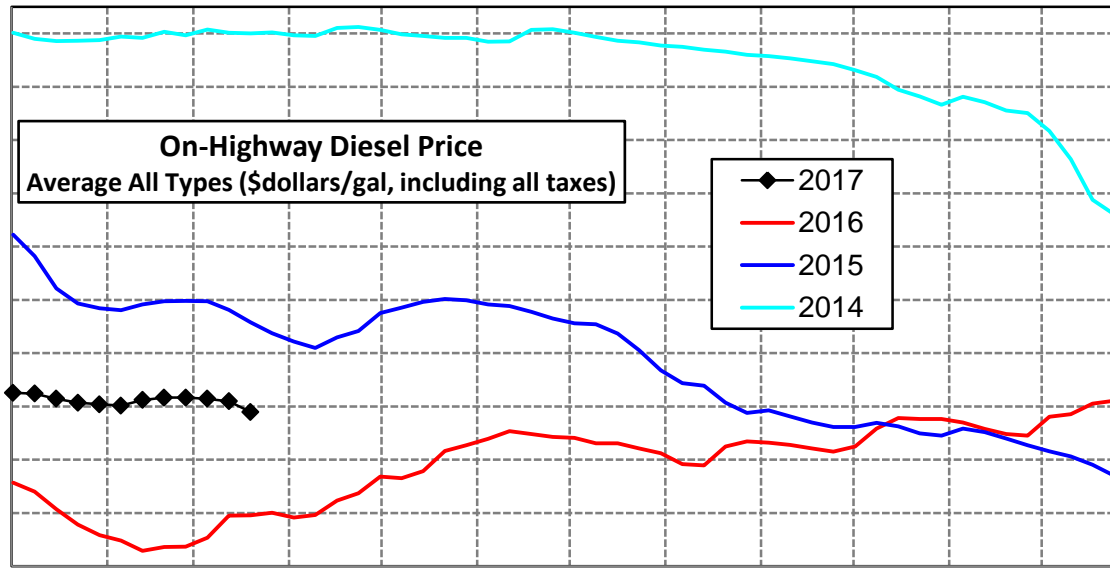
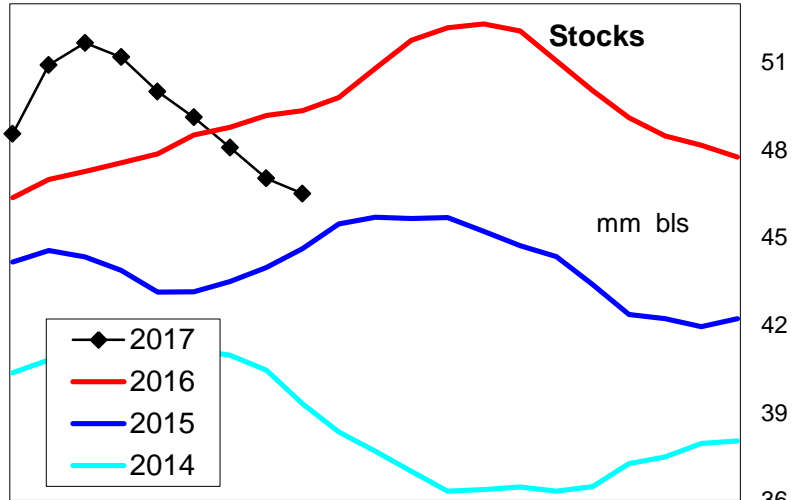
Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	27Feb17	06Mar17	13Mar17	20Mar17	
<b>Midwest</b>	\$2.499	\$2.502	\$2.491	<b>\$2.470</b>	-\$0.021
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					





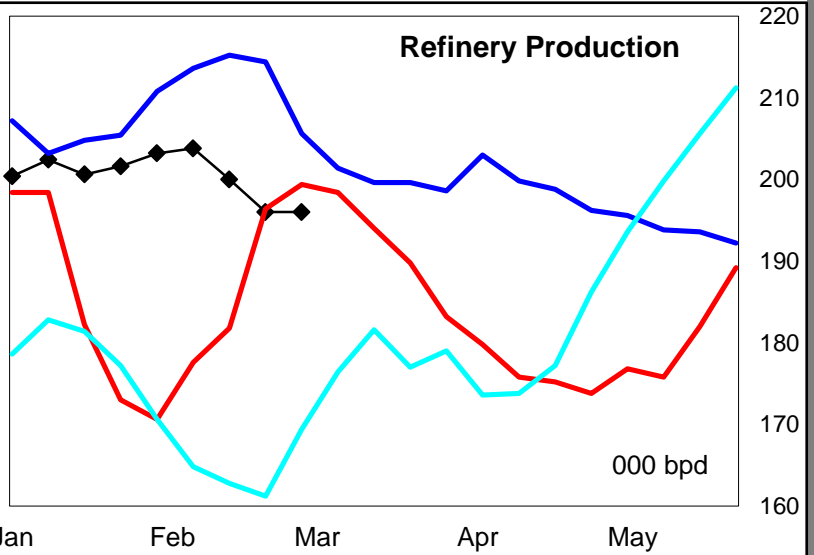
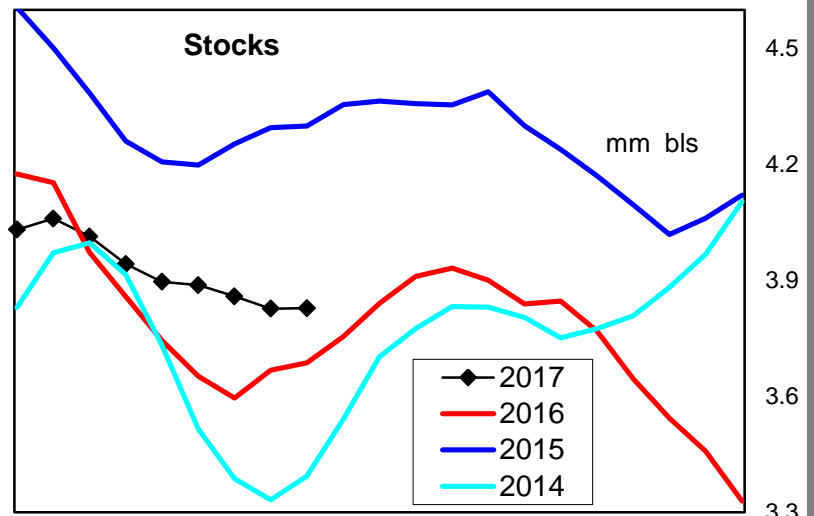
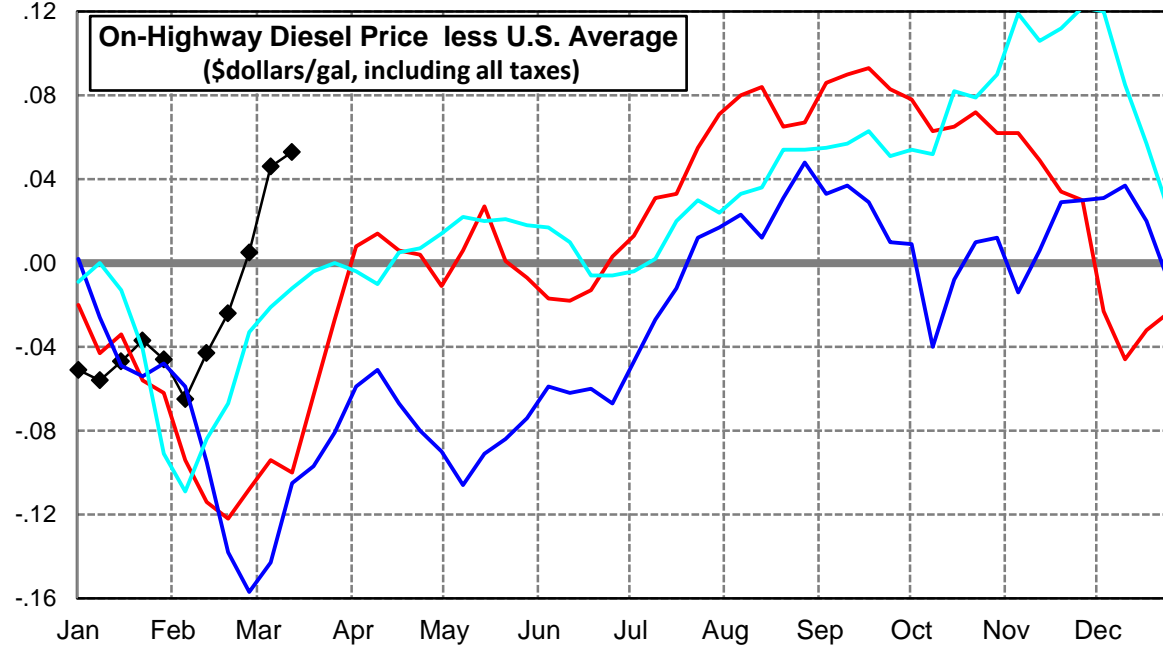
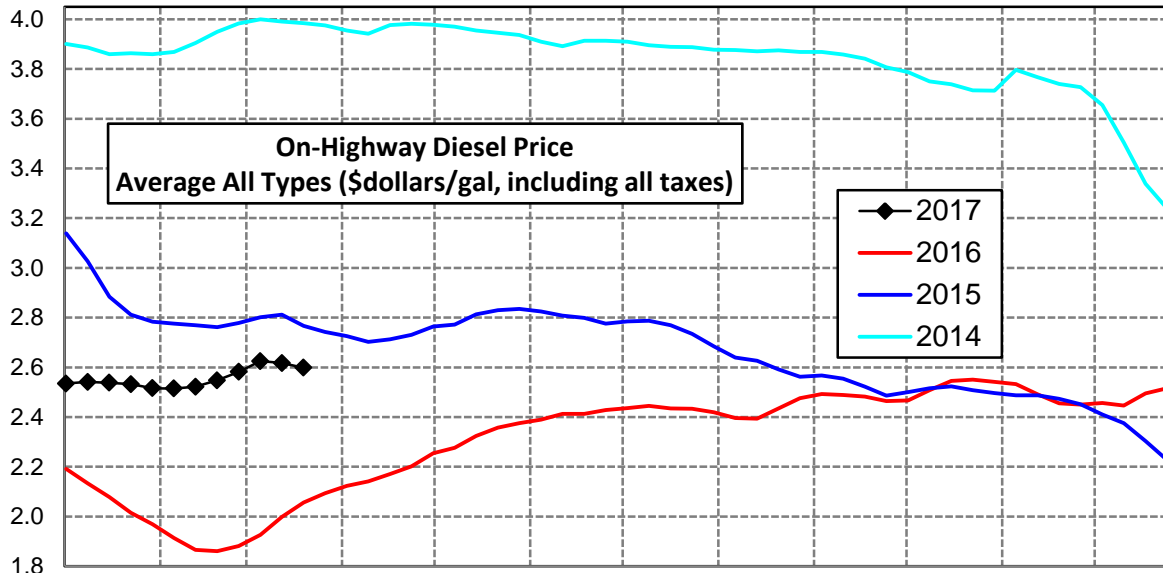
### Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	27Feb17	06Mar17	13Mar17	20Mar17	
<b>Gulf Coast</b>	\$2.433	\$2.429	\$2.419	<b>\$2.379</b>	-\$0.040
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



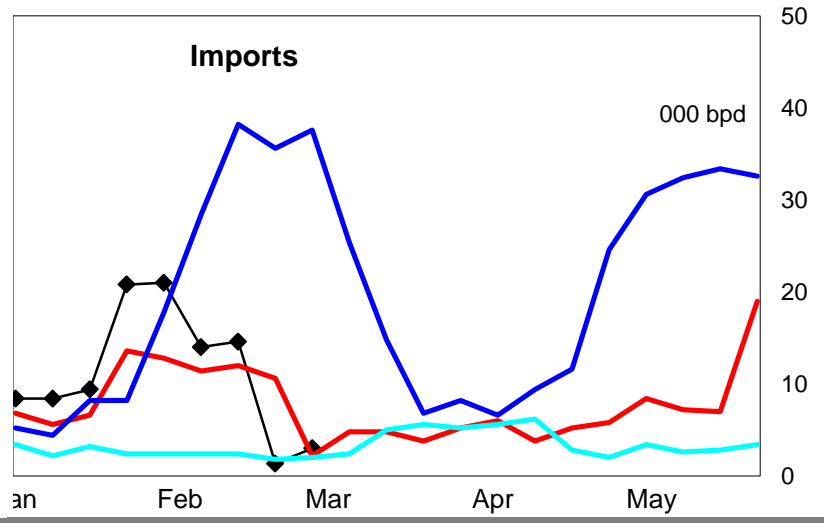
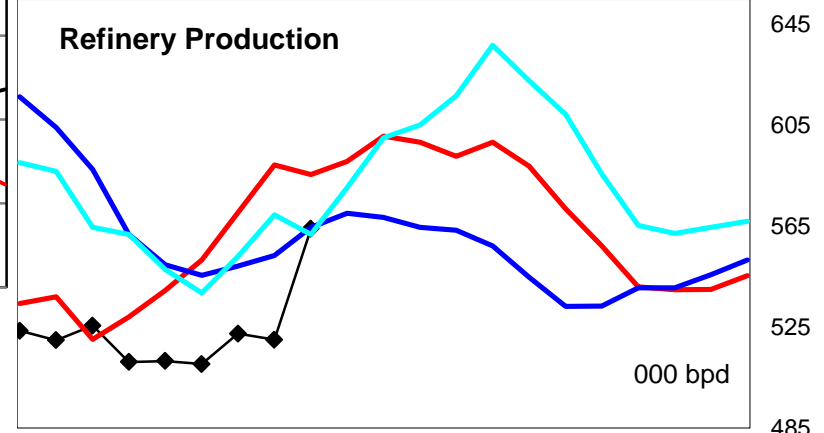
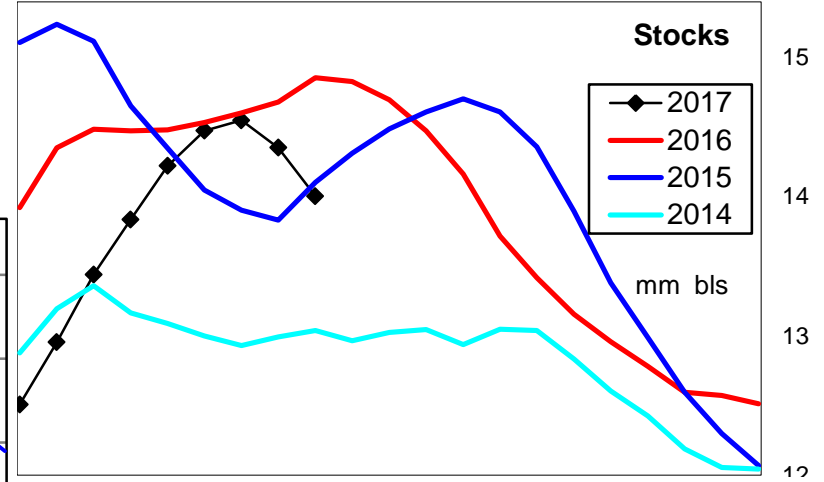
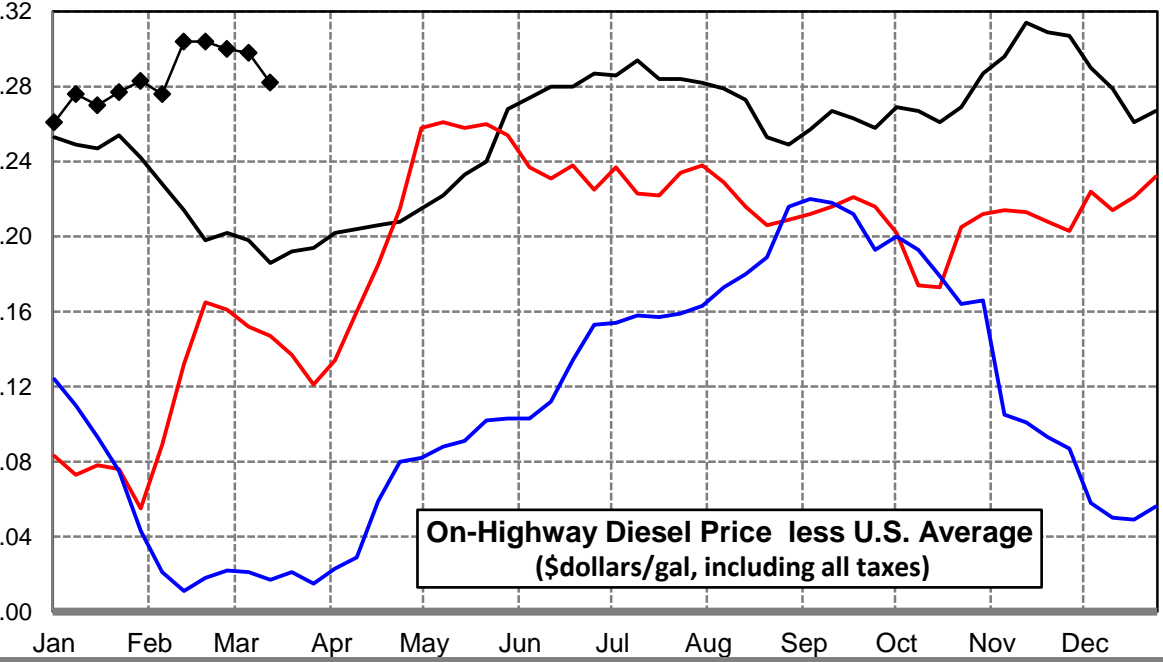
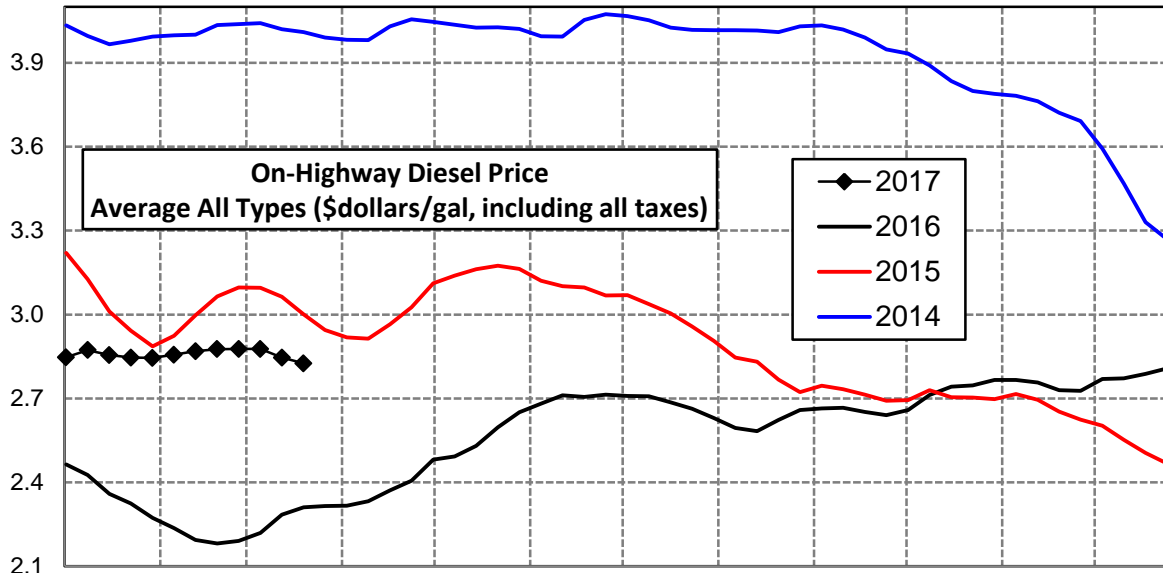
### Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	27Feb17	06Mar17	13Mar17	20Mar17	
<b>Rocky Mountain</b>	\$2.582	\$2.625	\$2.617	<b>\$2.599</b>	-\$0.018
1/ Source: U.S. Energy Information Administration					
2/ Source: Fundamental Petroleum Trends Reports					



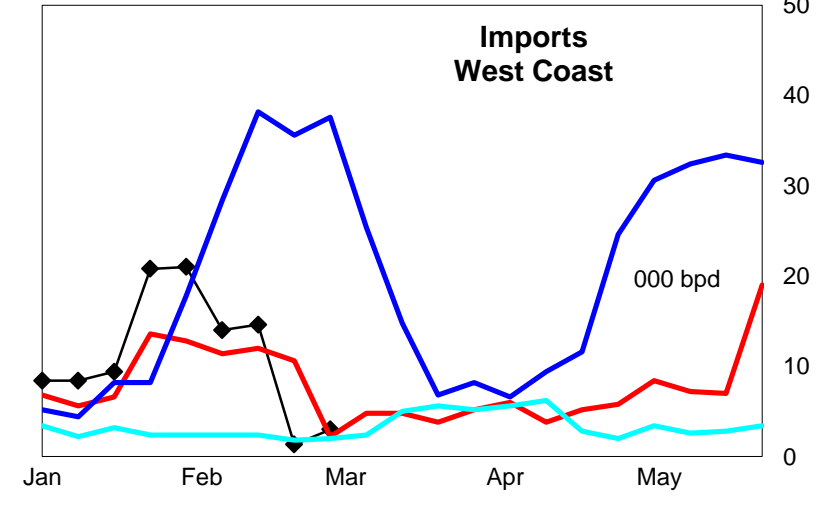
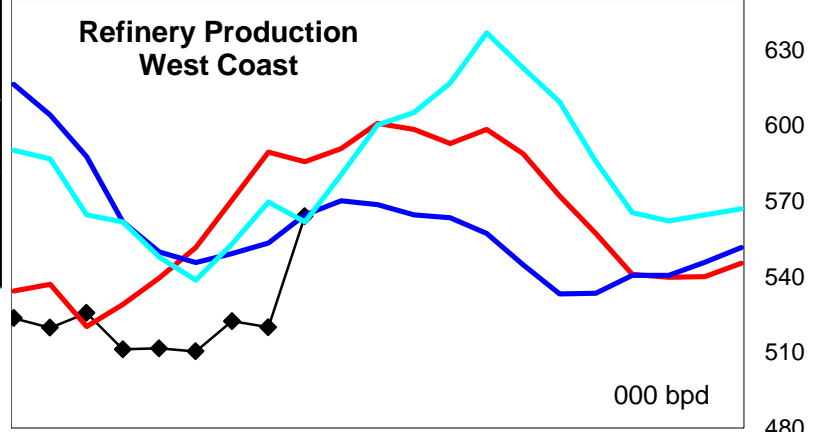
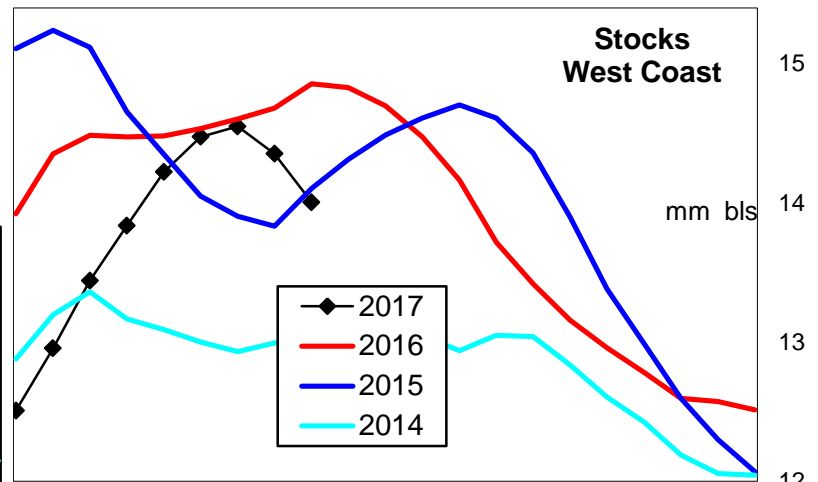
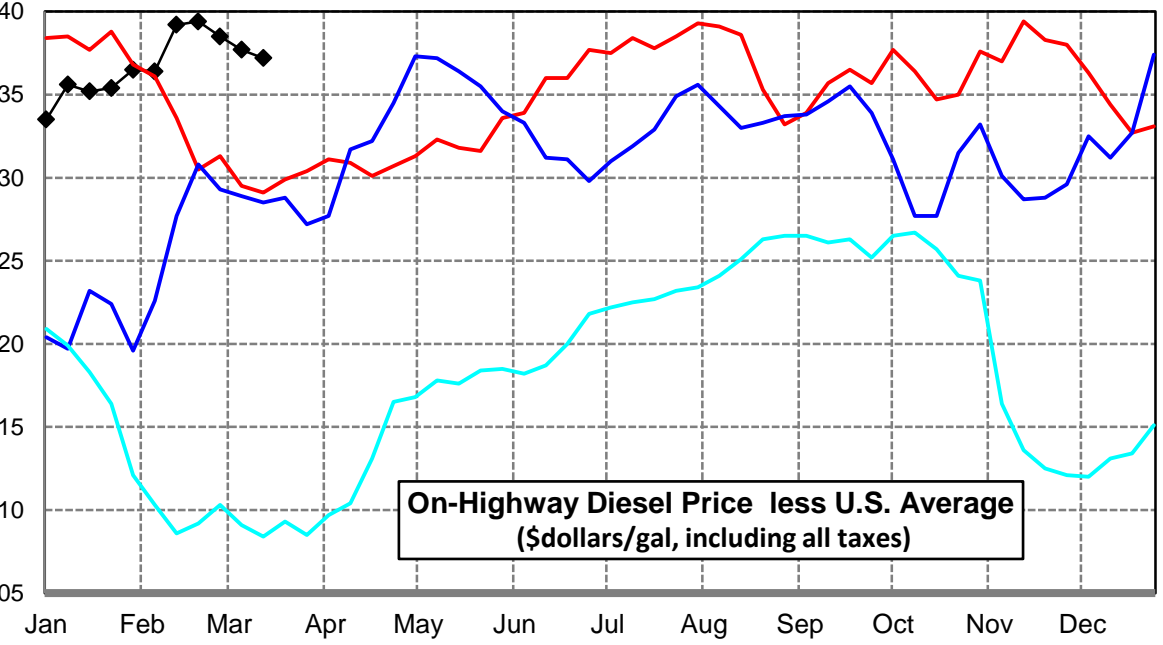
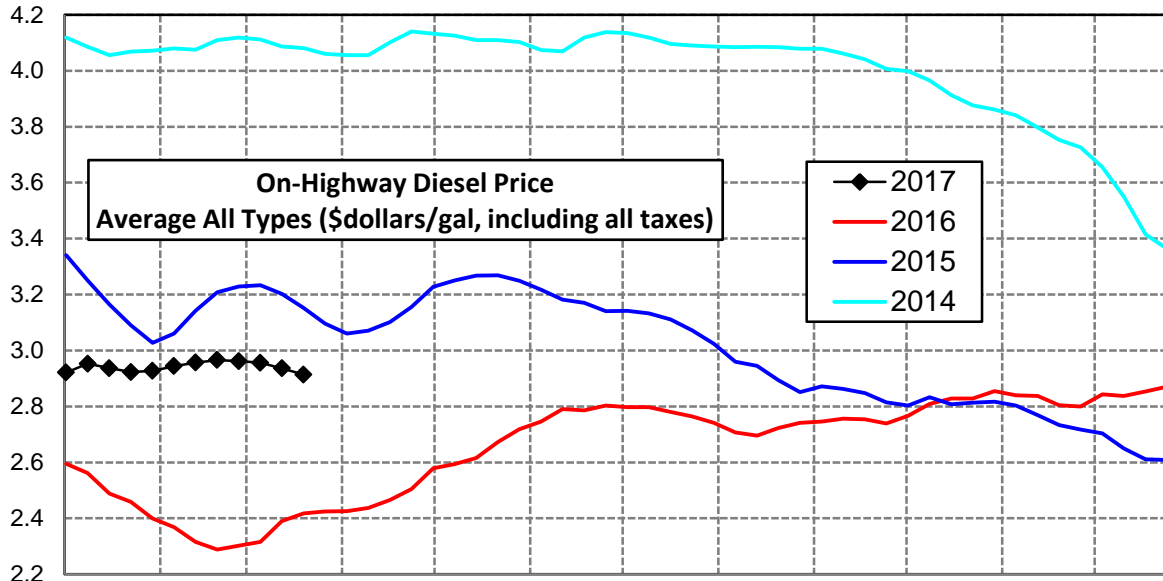
## West Coast Diesel Supply Fundamentals and On-Highway Price Trends

Weekly Retail On-Highway Diesel Prices					
Region	Actual Price week ending 1/			Forecast 2/	Change from week
	27Feb17	06Mar17	13Mar17	20Mar17	
<b>West Coast</b>	\$2.877	\$2.877	\$2.846	\$2.825	-\$0.021
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
	27Feb17	06Mar17	13Mar17	20Mar17	
<b>California</b>	\$2.962	\$2.956	\$2.936	<b>\$2.914</b>	-\$0.022
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	2.564	2.617	2.628	2.761	2.512	2.491	2.419	2.617	2.846	2.936
Mon-20-Mar-17	<b>\$2.538</b>	<b>\$2.594</b>	<b>\$2.602</b>	<b>\$2.733</b>	<b>\$2.483</b>	<b>\$2.470</b>	<b>\$2.379</b>	<b>\$2.599</b>	<b>\$2.825</b>	<b>\$2.914</b>
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.