



RETAIL DIESEL FUEL OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, June 06, 2017

| Region | Weekly Retail On-Highway Diesel Prices | | | | Change from week ago |
|------------------|--|---------|-------------|---------|----------------------|
| | Actual Price 1/ | | Forecast 2/ | | |
| | 22May17 | 29May17 | 05Jun17 | 12Jun17 | |
| U.S. | 2.539 | 2.571 | 2.564 | 2.534 | -0.030 |
| East Coast | 2.588 | 2.608 | 2.599 | 2.569 | -0.030 |
| New England | 2.626 | 2.622 | 2.624 | 2.591 | -0.033 |
| Central Atlantic | 2.733 | 2.751 | 2.744 | 2.708 | -0.036 |
| Lower Atlantic | 2.479 | 2.505 | 2.490 | 2.459 | -0.031 |
| Midwest | 2.468 | 2.512 | 2.505 | 2.469 | -0.036 |
| Gulf Coast | 2.384 | 2.423 | 2.417 | 2.387 | -0.030 |
| Rocky Mountain | 2.629 | 2.661 | 2.664 | 2.637 | -0.027 |
| West Coast | 2.828 | 2.843 | 2.836 | 2.809 | -0.027 |
| California | 2.912 | 2.931 | 2.927 | 2.898 | -0.029 |

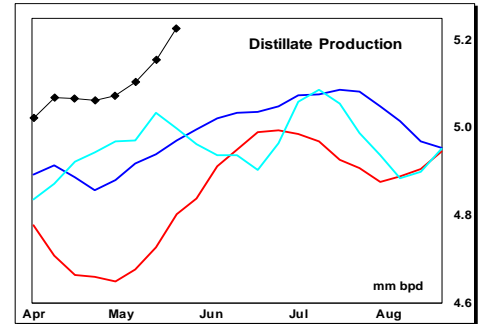
1/ Source: U.S. Energy Information Administration
2/ Source: Fundamental Petroleum Trends Reports

the last 3-yr in the Lower Atlantic and Gulf regions on high stock levels and Gulf production.

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

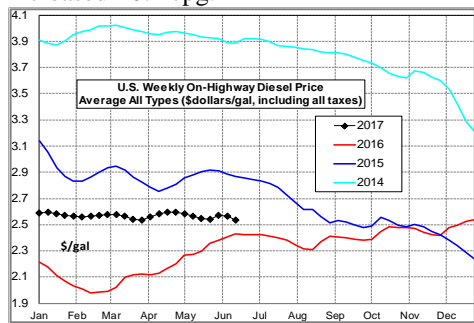
Gulf spot prices fell -12 cpg last week, while ending the week

which in turn were above 2014 and 2013.

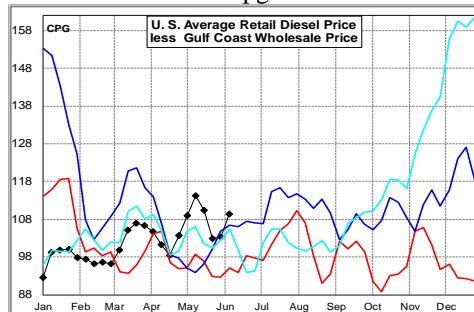


During the latest 4-wk period, stocks in regions East of the Rockies decreased -3.4 million barrels, compared to a -6.2 million barrel draw last year. The previous 2-yr saw a average build of +2.5 million barrels.

Diesel Fuel Price Trends U. S. retail diesel prices decreased -0.7 cpg last week. The decrease was led by the Lower Atlantic and Midwest, decreasing -1.5 cpg and -0.7 cpg; respectively. The Rockies increased +0.4 cpg.



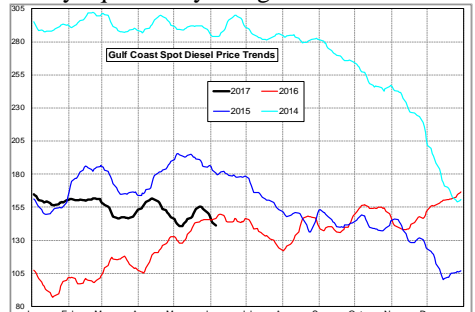
The U.S. average retail diesel price compared to the Gulf Coast wholesale market increased +6 cpg on the week.



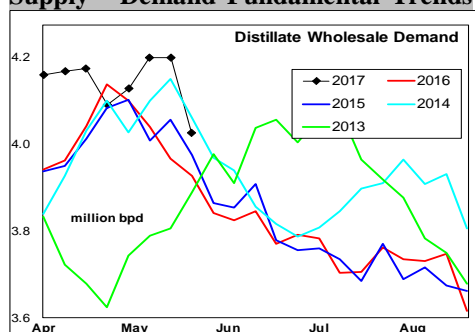
The national average on-highway price ended the week +16 cpg above a year ago. The highest retail prices were in California at \$2.93/gal and the Central Atlantic at \$2.74/gal. The lowest prices were in the Gulf at \$2.42/gal.

The region average retail price compared to the U.S. average was below

nearly equal to a year ago.



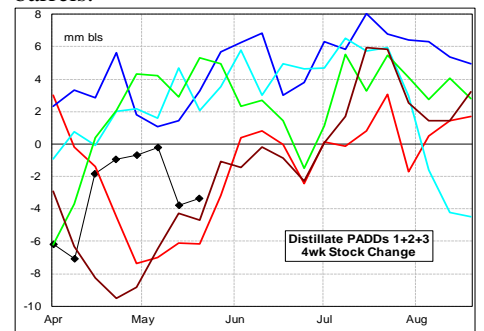
Supply - Demand Fundamental Trends



Distillate wholesale demand fell -0.3 million bpd last week to a level near the 3-yr mid range. Demand for the latest 4-wk period was +121,000 bpd above a year ago.

Supply increased +33,000 barrel bpd on the week, driven by higher production. During the latest 4-wk period, supply was +0.4 million bpd above a year ago, driven by record production.

Stocks increased +0.4 million barrels last week, to a level -2.9 million barrels below last year. Note that stocks in 2016 were +36 million barrels above 2015,



Look for a further seasonal decline in wholesale demand, and resulting stock builds. Record production and limited growth in exports should lead to builds significantly above last year and more in line with previous years.

Global Trends Driving Diesel Prices

Refinery crude oil thru put averaged +0.9 million bpd above the last 2-yr for the most recent 4-wk period. Robust product exports and record domestic use has limited stock building.

OPEC and non-OPEC producing countries commitment to extend the current cuts in production risk being offset by higher exports of countries without limits. However, high stock levels of crude oil and refined products, combined with a rapid increase in shale oil production underlies the recent price pull back.

Diesel Price Outlook:

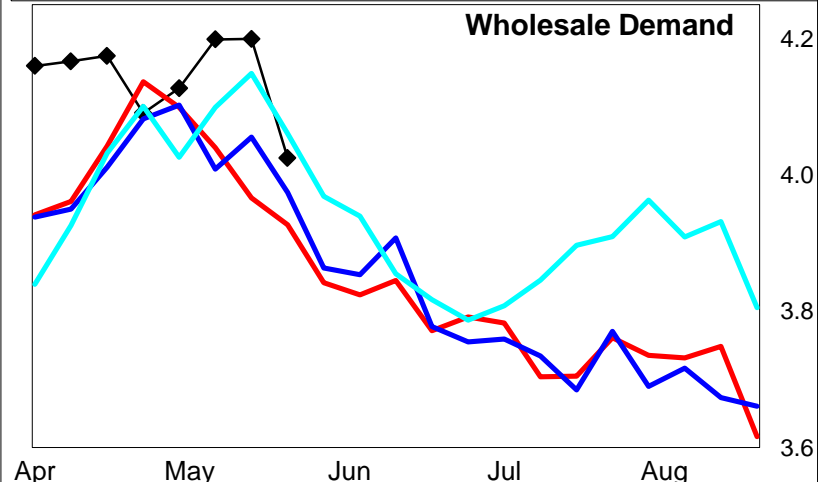
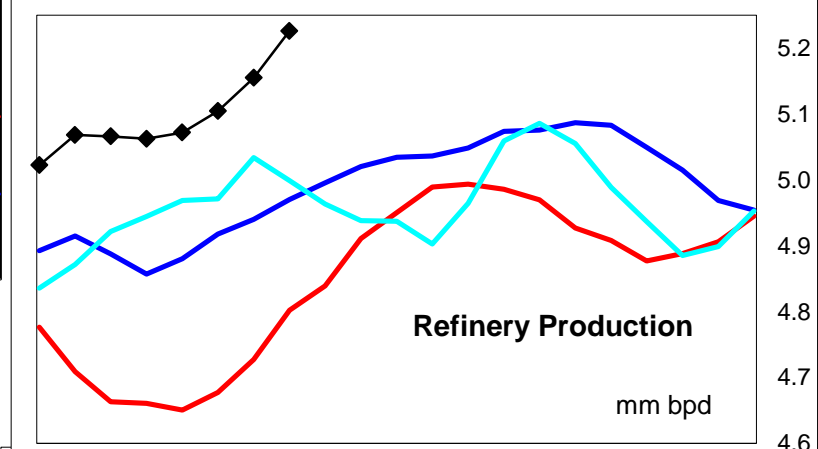
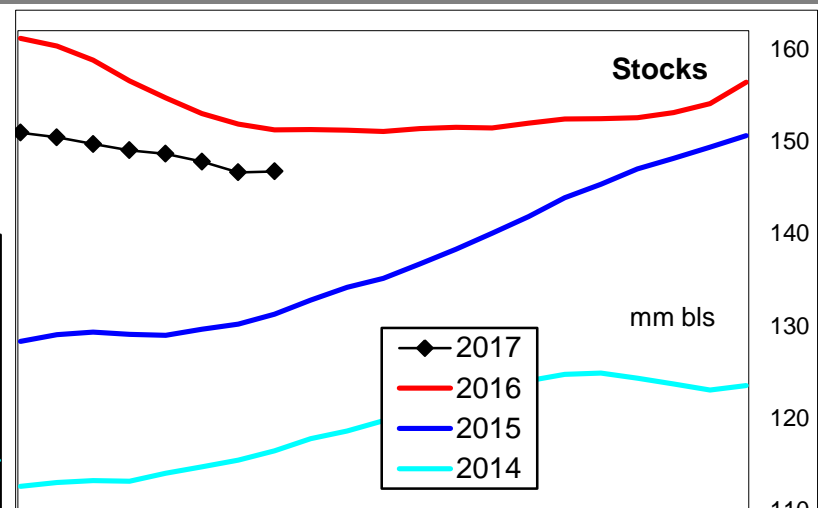
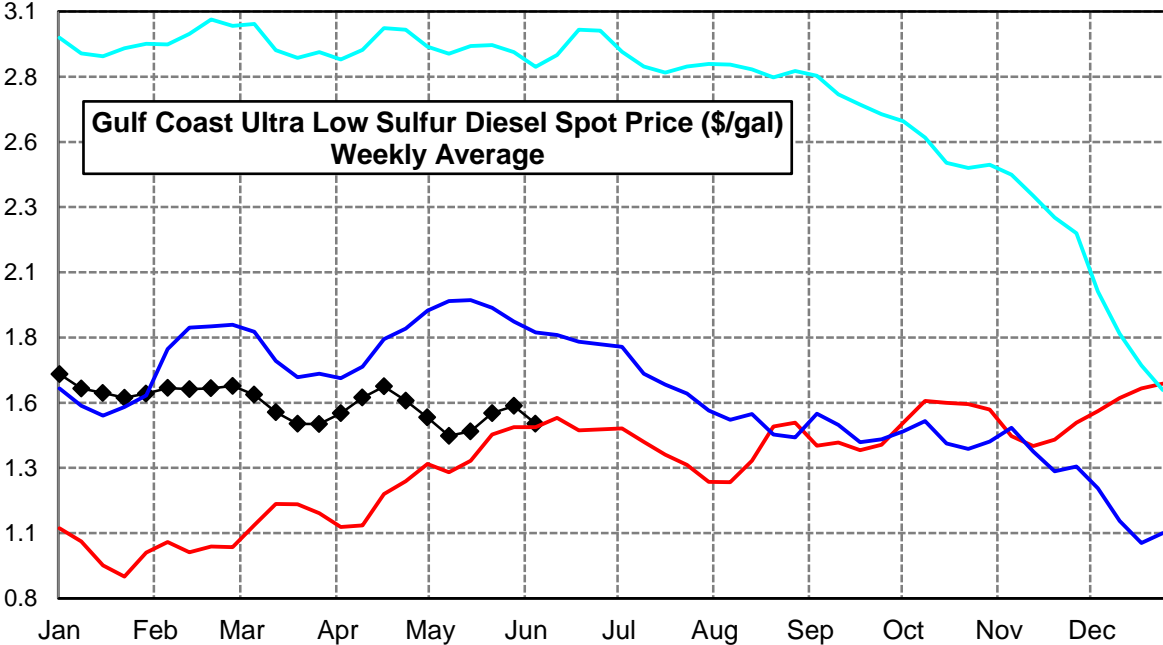
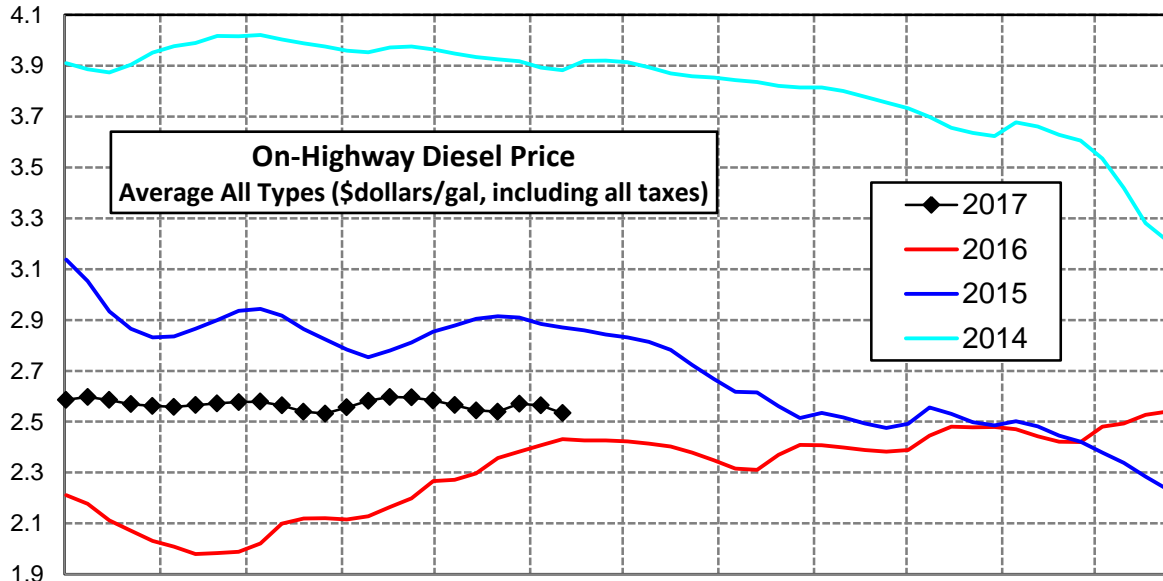
The Gulf and Southeast region on-highway diesel prices remain weak compared to the U.S. average. Tight supplies continue to support the West Coast and Rockies on-highway diesel prices.

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



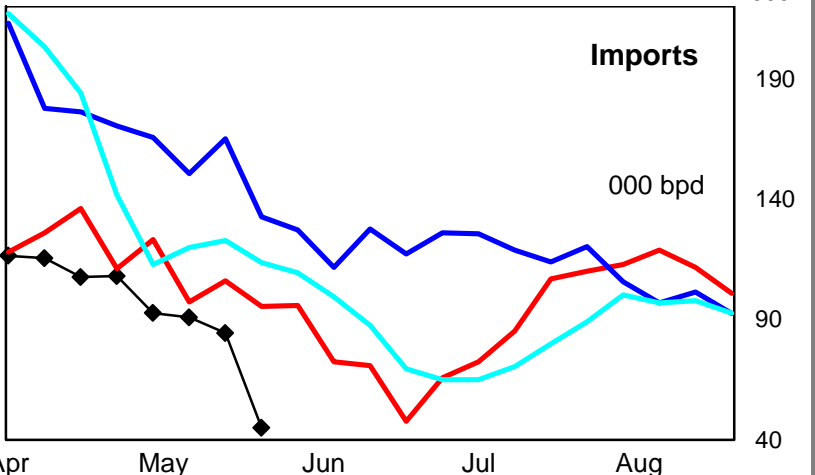
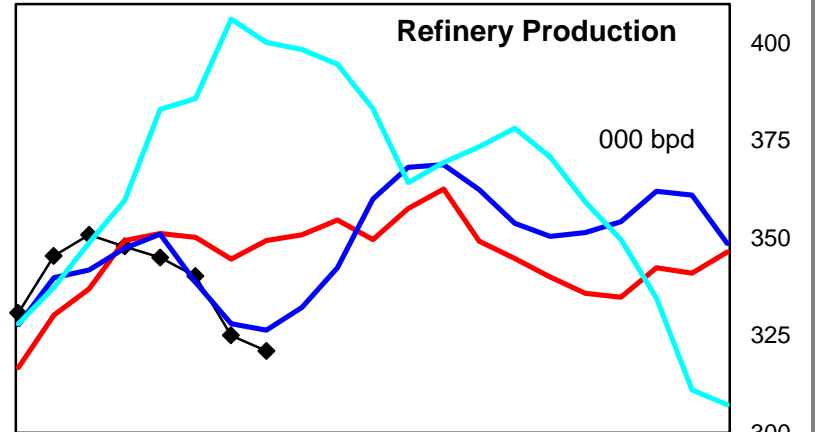
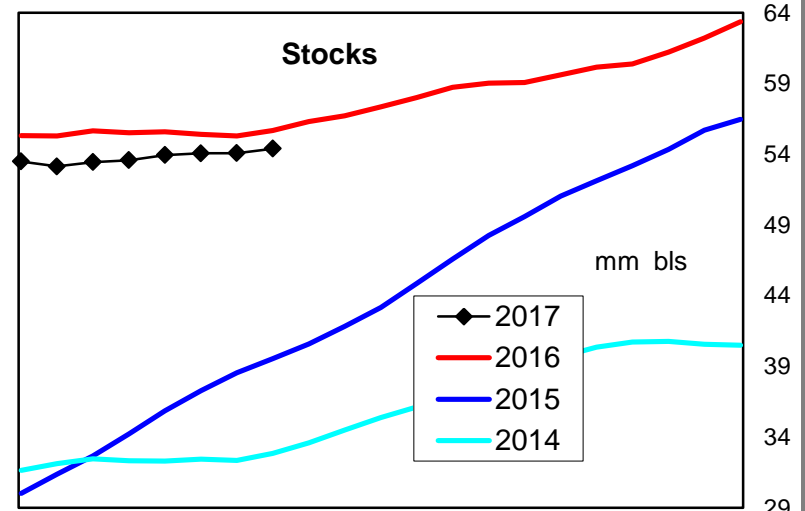
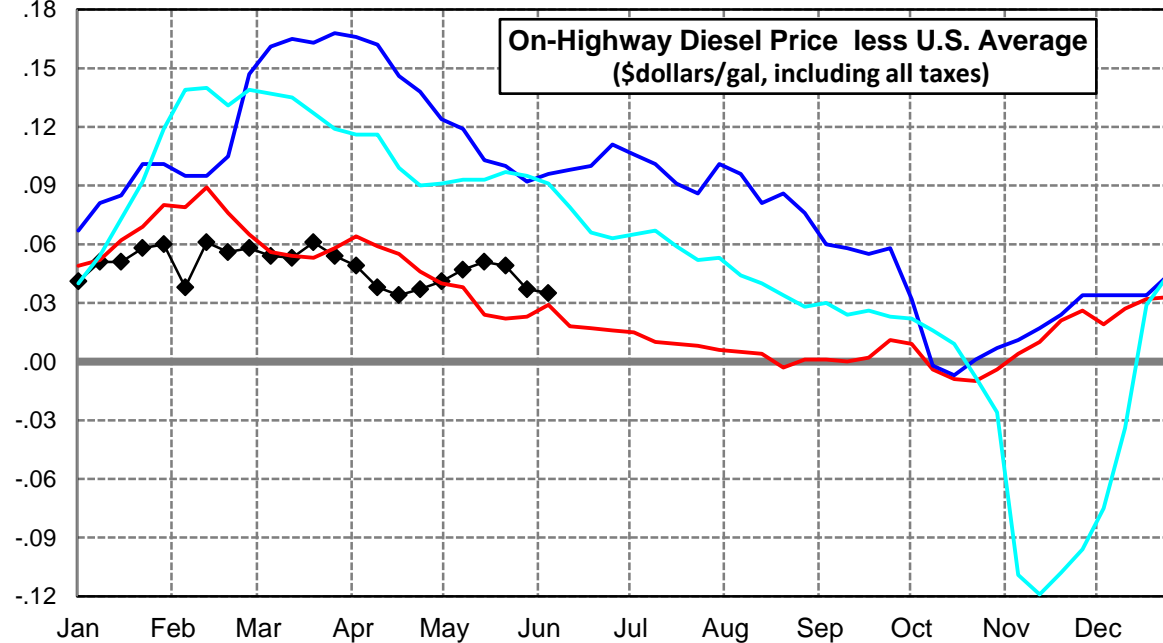
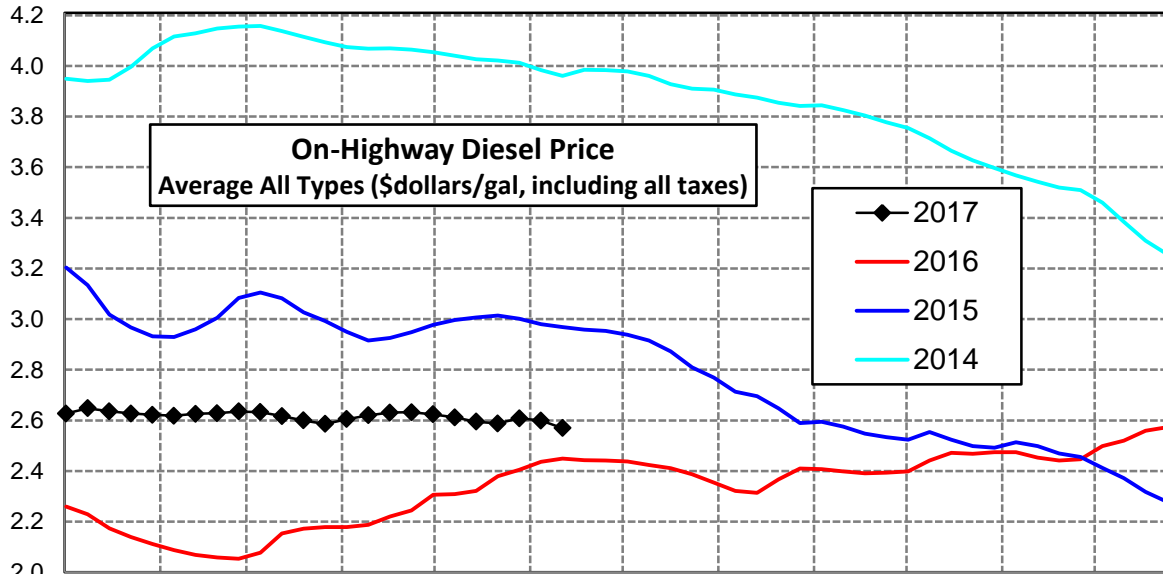
U. S. Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 22May17 | 29May17 | 05Jun17 | 12Jun17 | |
| United States Avg | \$2.539 | \$2.571 | \$2.564 | \$2.534 | -\$0.030 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



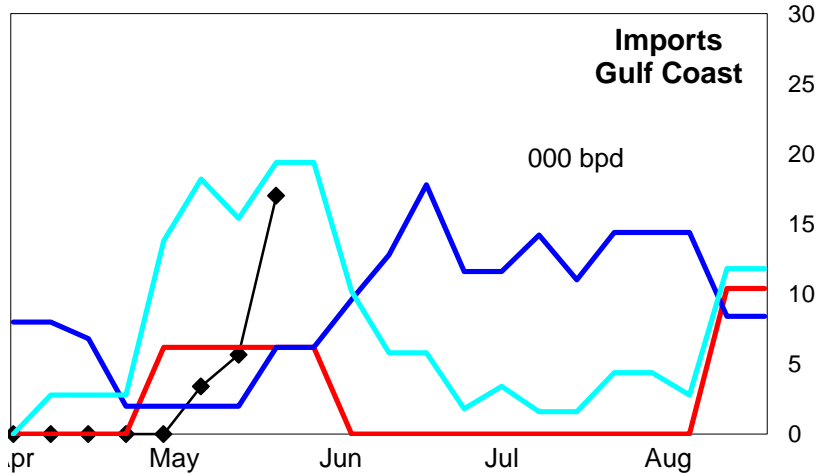
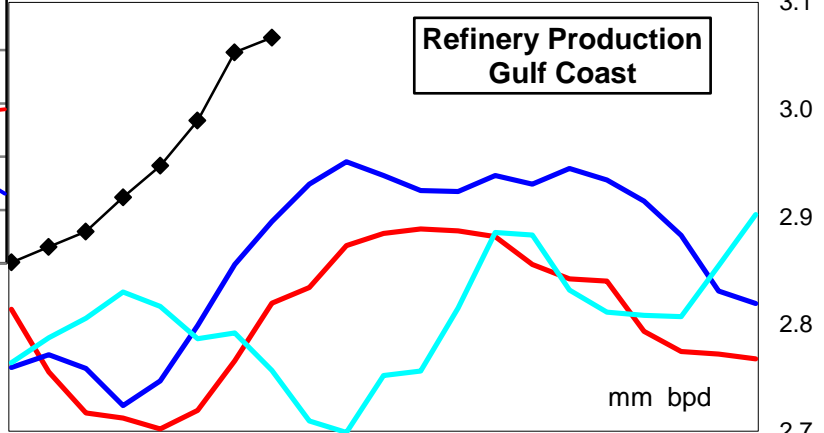
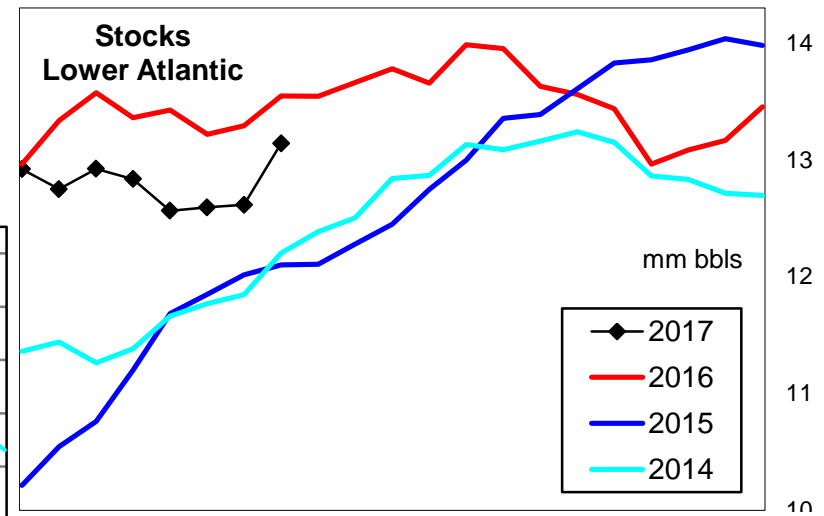
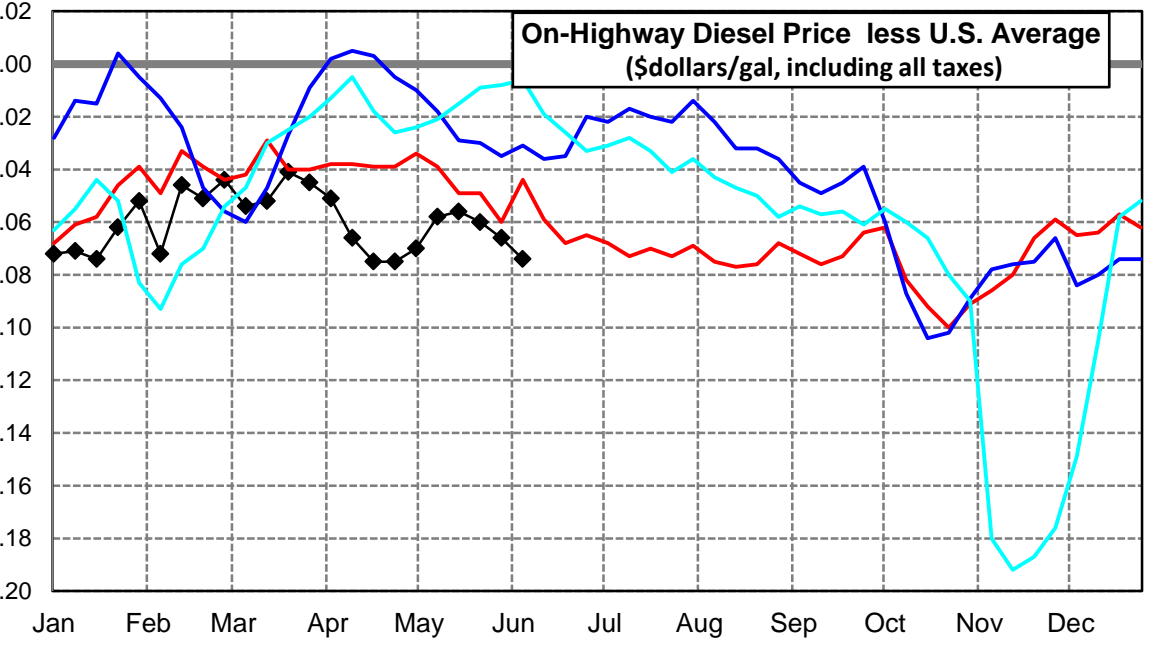
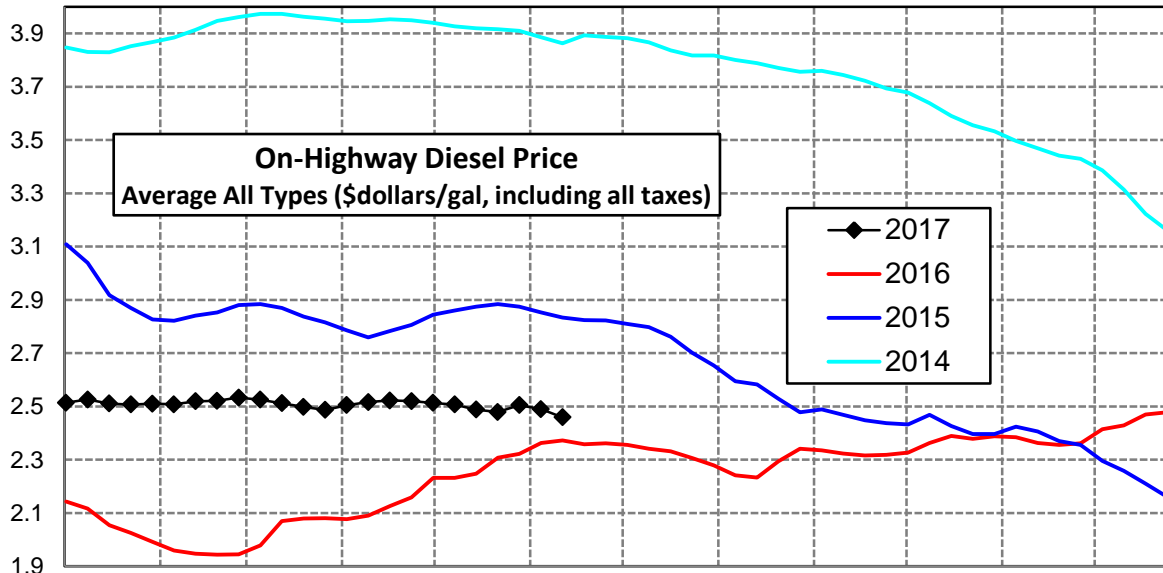
East Coast Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 22May17 | 29May17 | 05Jun17 | 12Jun17 | |
| East Coast | \$2.588 | \$2.608 | \$2.599 | \$2.569 | -\$0.030 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



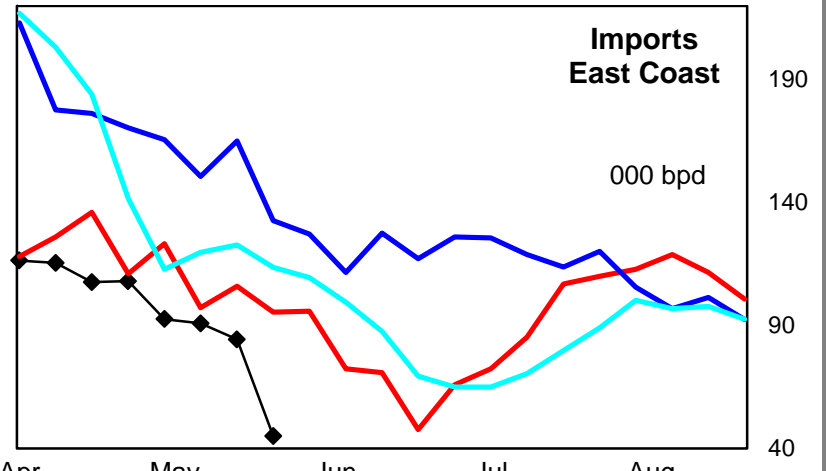
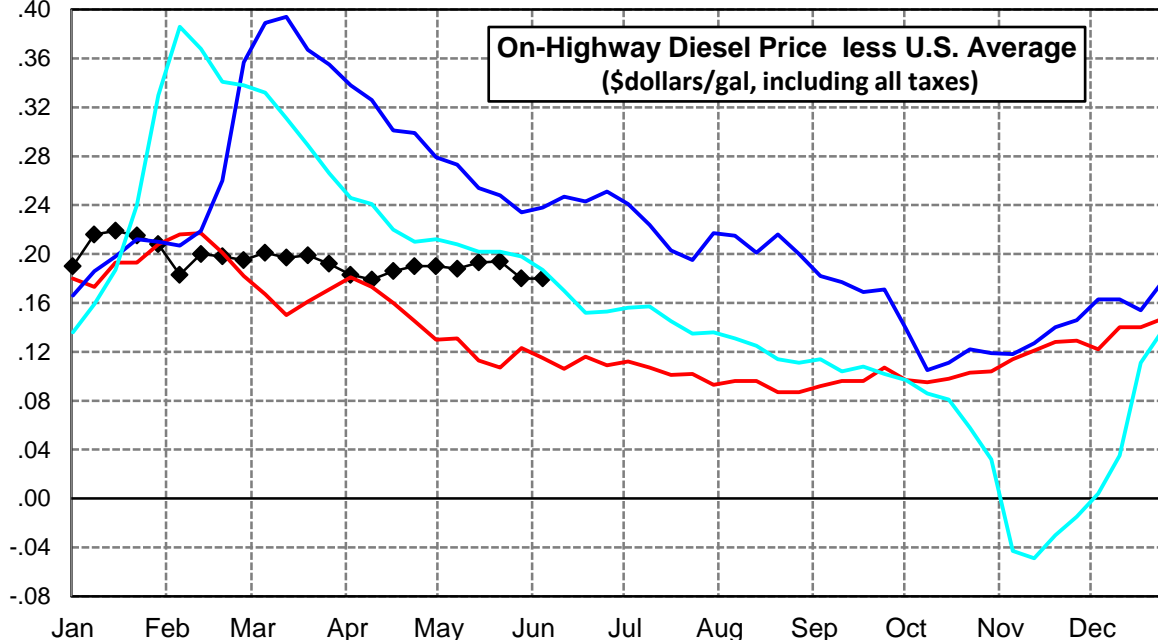
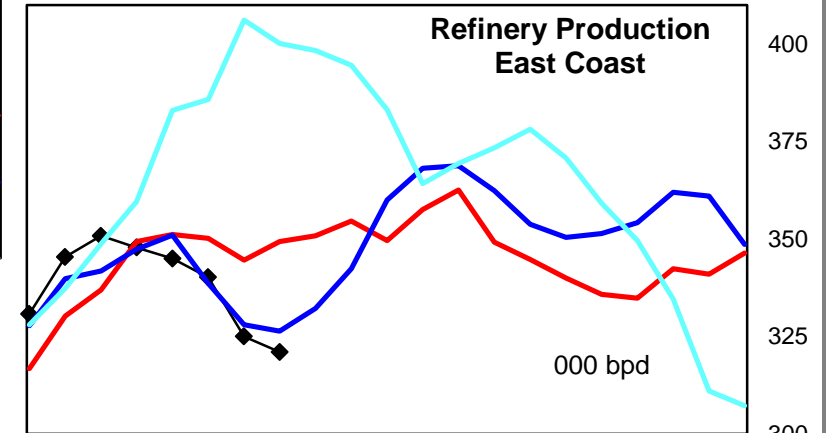
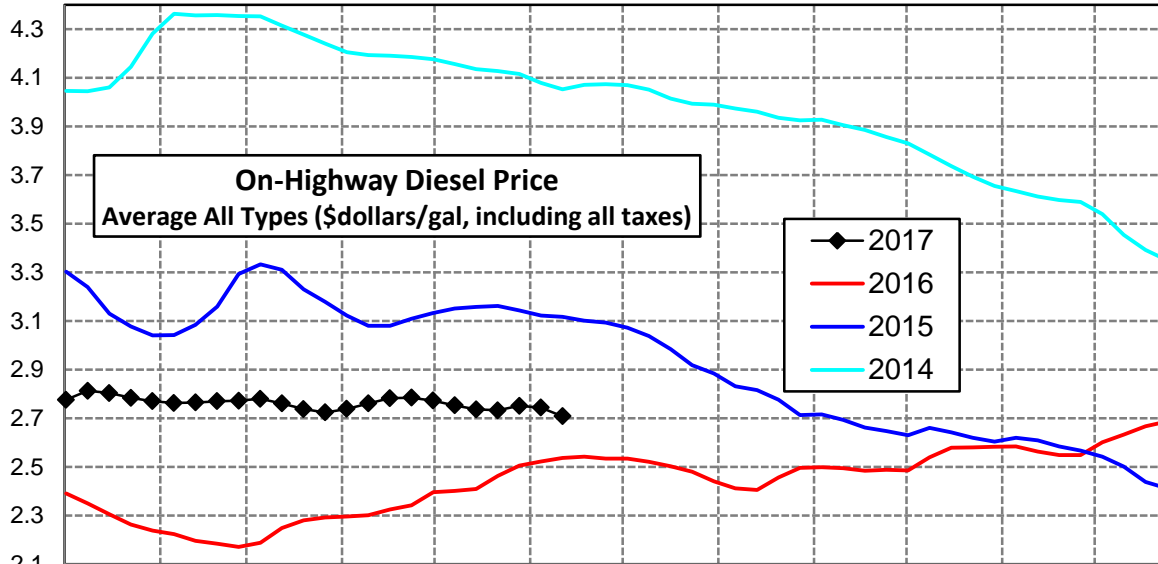
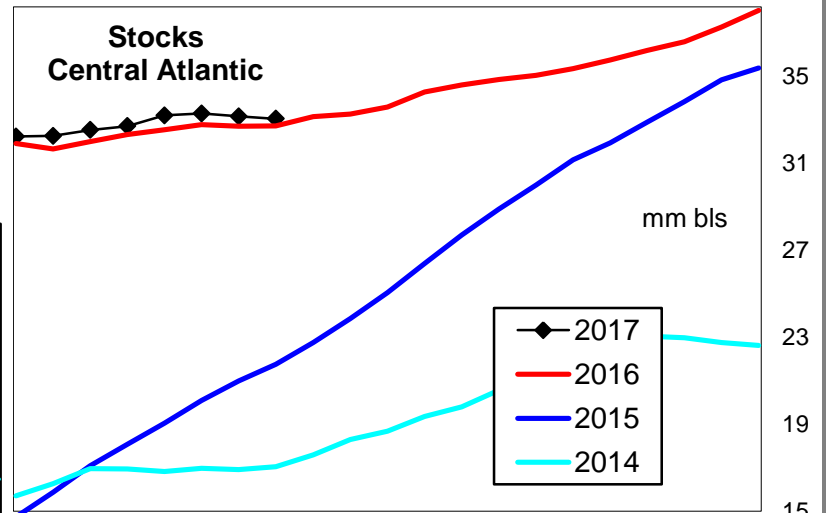
Lower Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 22May17 | 29May17 | 05Jun17 | 12Jun17 | |
| Lower Atlantic | \$2.479 | \$2.505 | \$2.490 | \$2.459 | -\$0.031 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



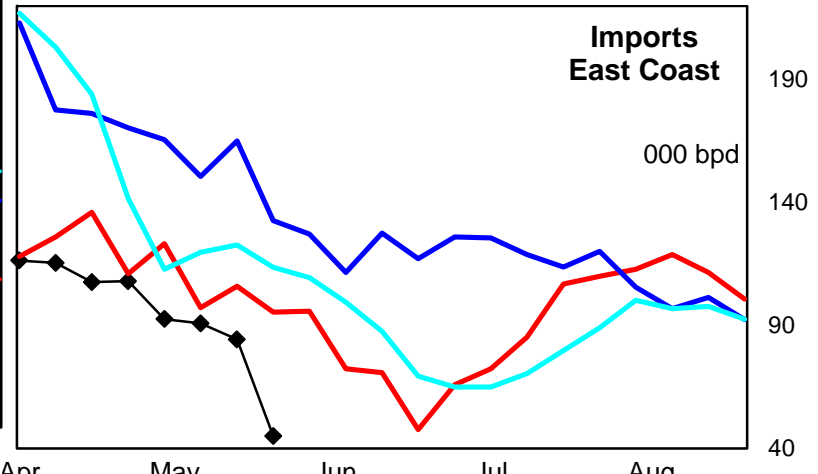
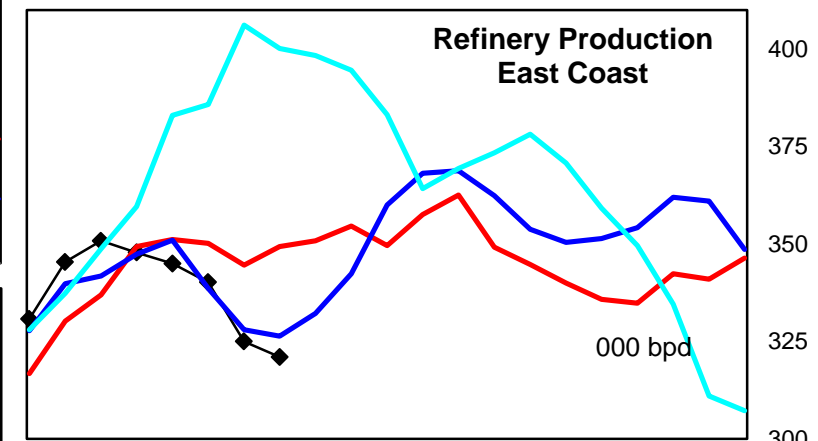
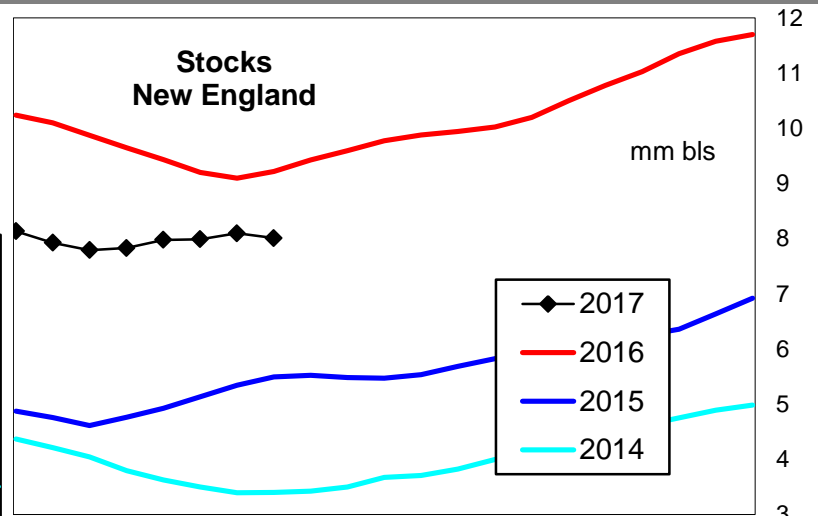
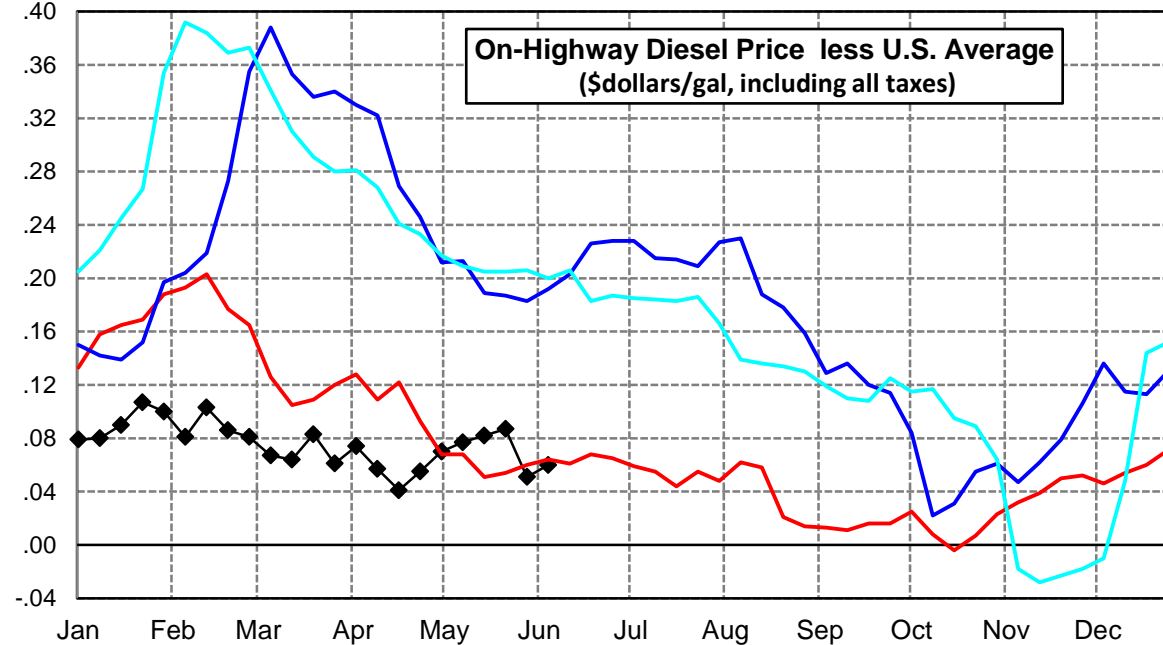
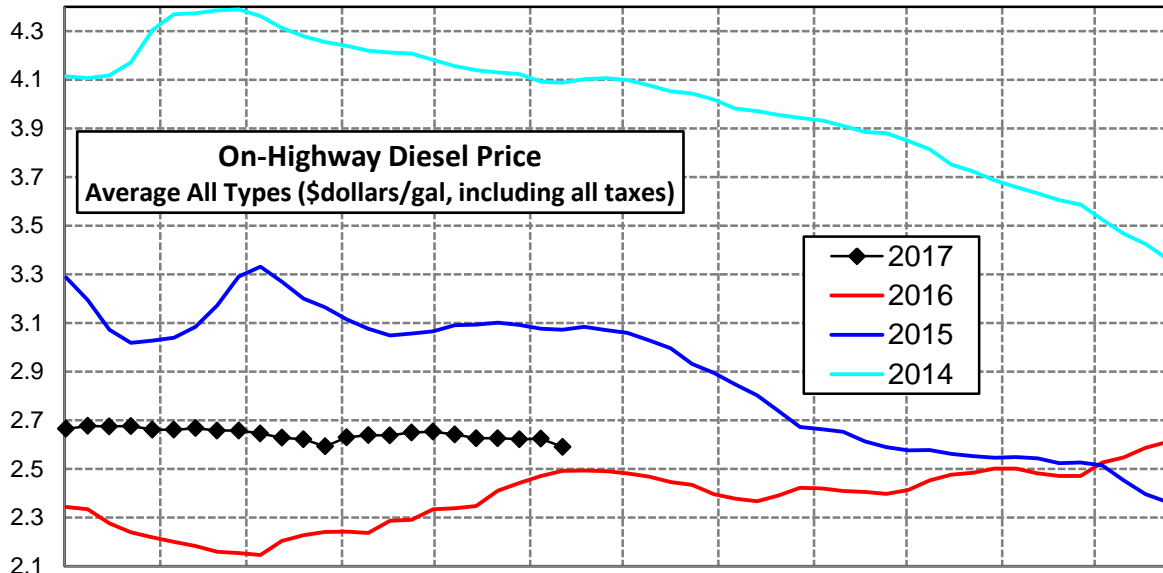
Central Atlantic Region Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 22May17 | 29May17 | 05Jun17 | 12Jun17 | |
| Central Atlantic | \$2.733 | \$2.751 | \$2.744 | \$2.708 | -\$0.036 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



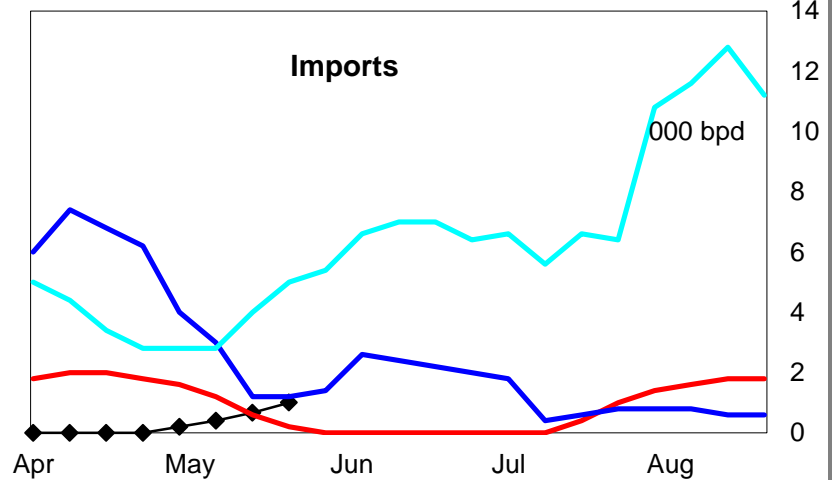
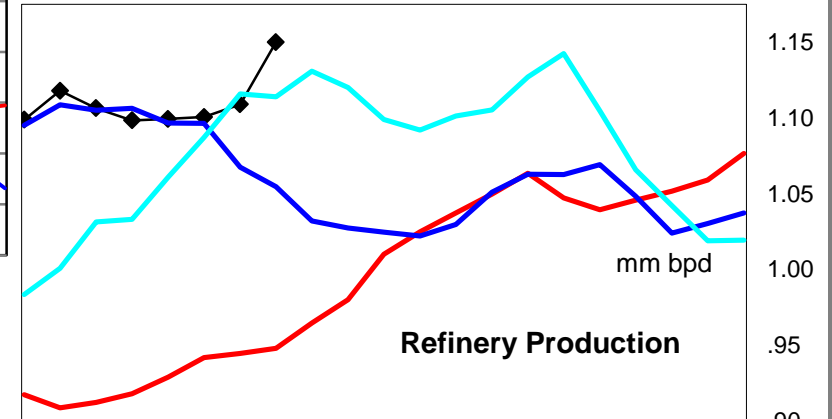
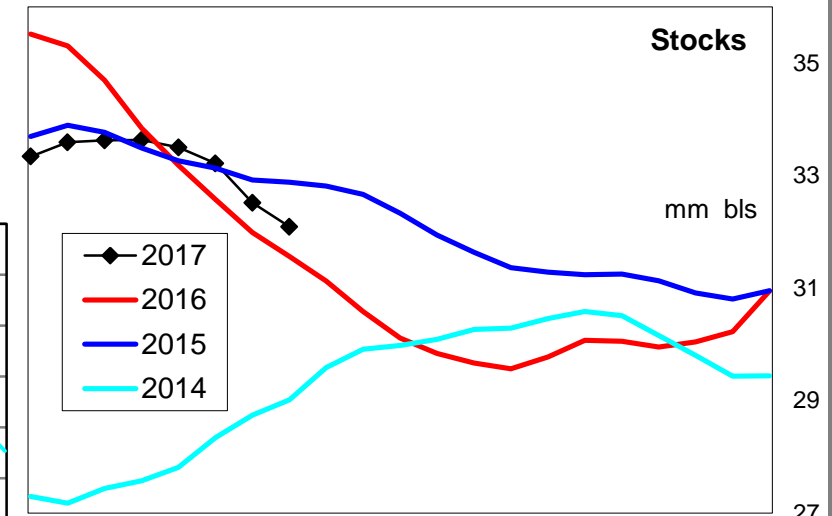
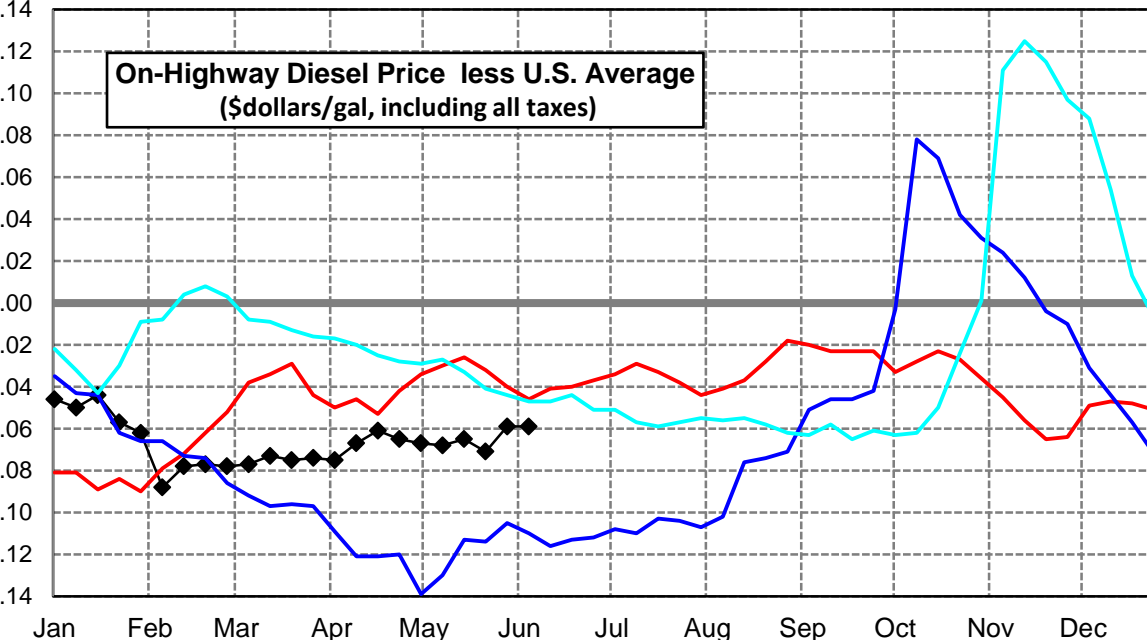
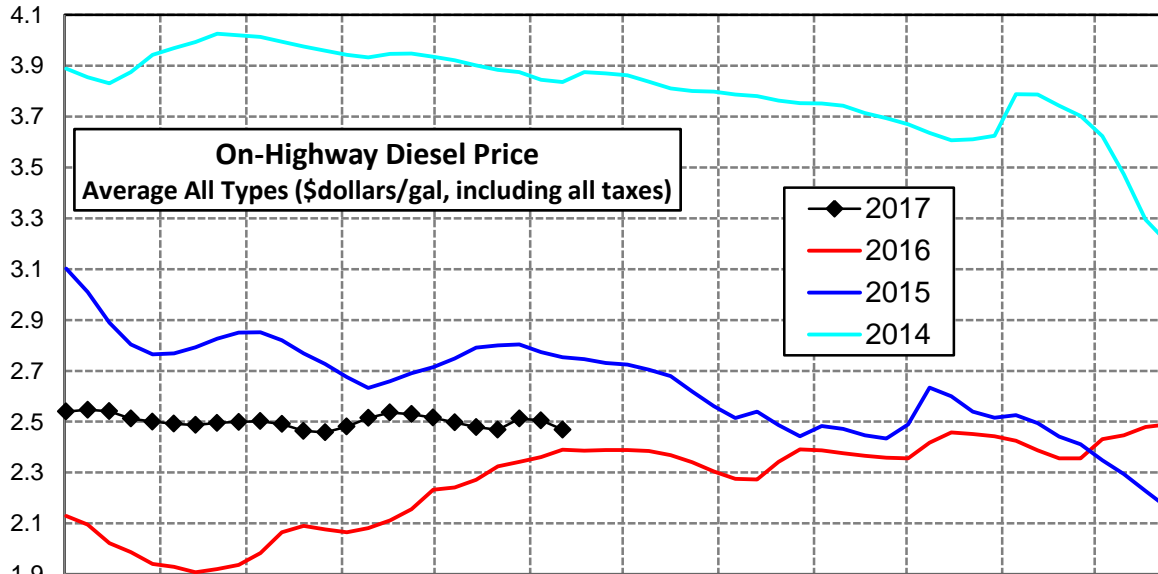
New England Region Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 22May17 | 29May17 | 05Jun17 | 12Jun17 | |
| New England | \$2.626 | \$2.622 | \$2.624 | \$2.591 | -\$0.033 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



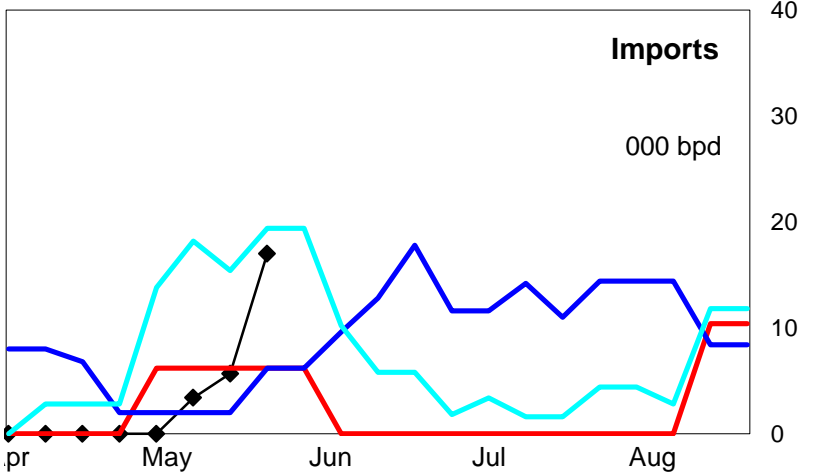
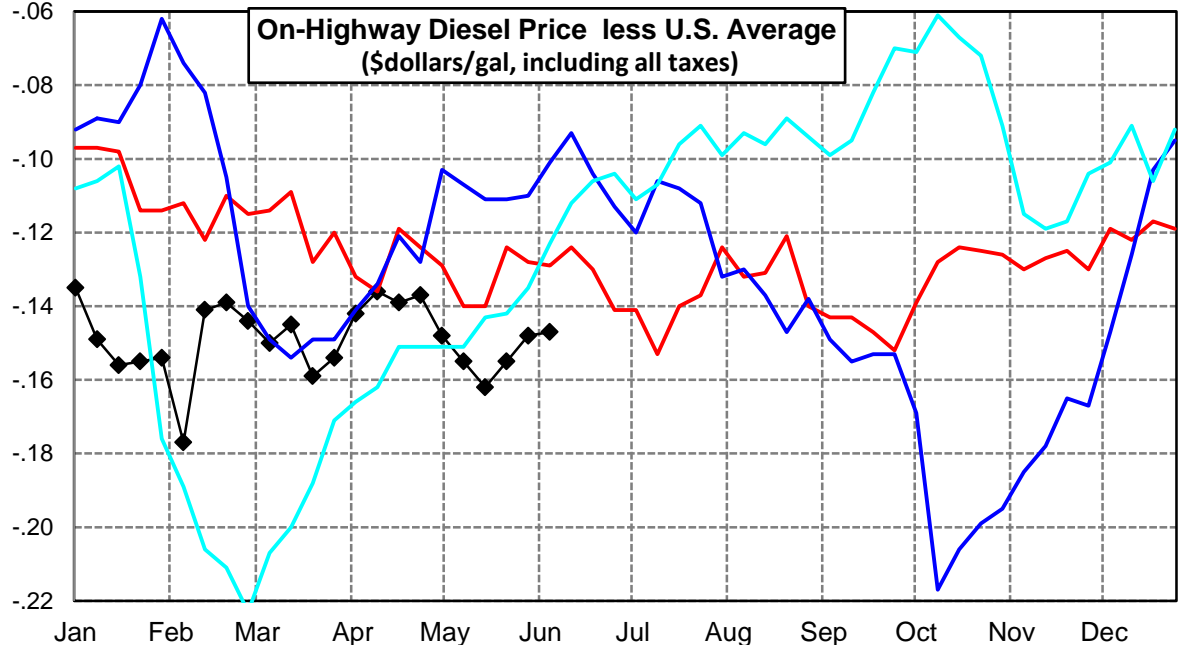
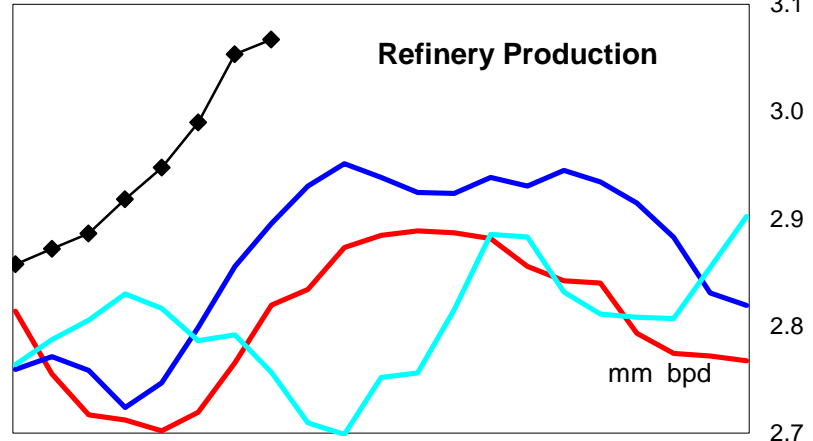
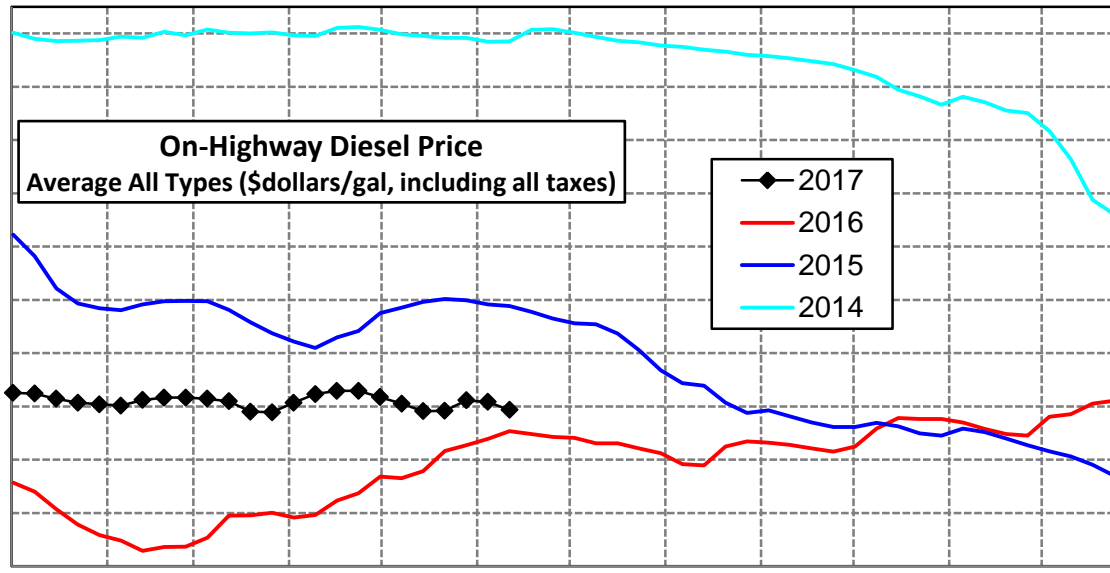
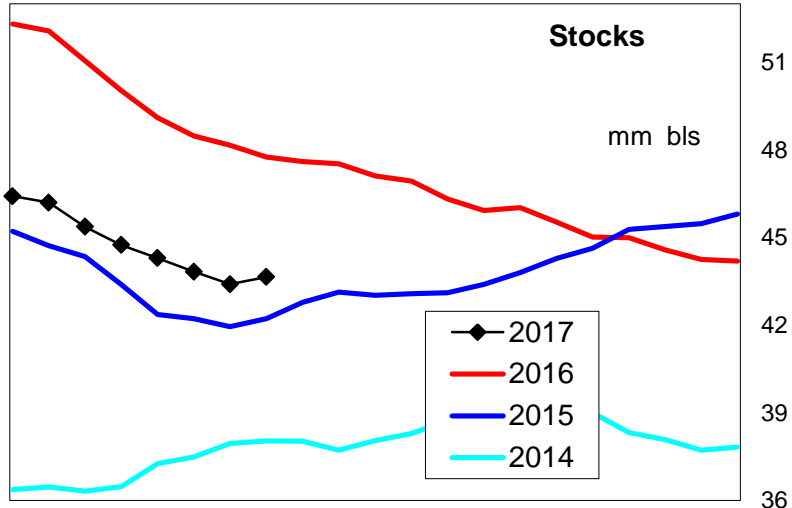
Midwest Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 22May17 | 29May17 | 05Jun17 | 12Jun17 | |
| Midwest | \$2.468 | \$2.512 | \$2.505 | \$2.469 | -\$0.036 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



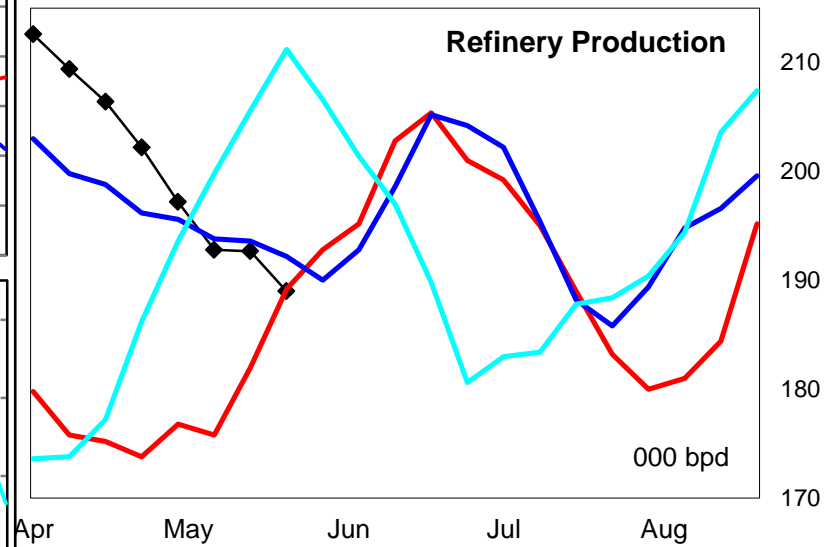
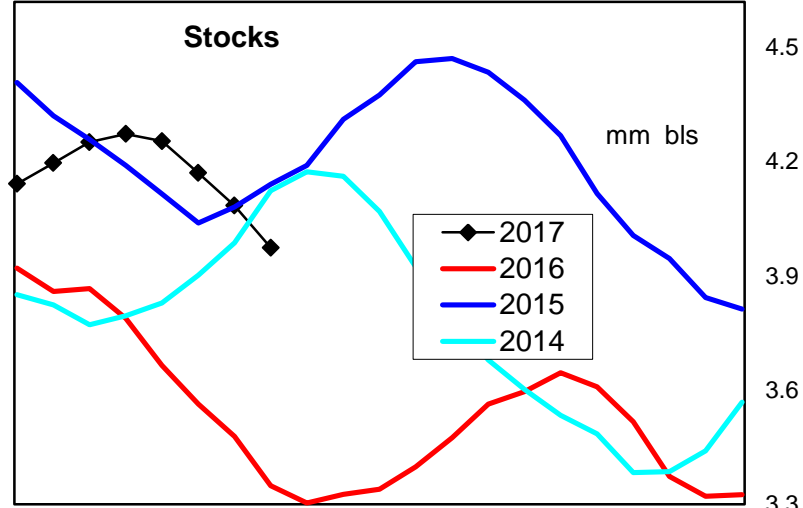
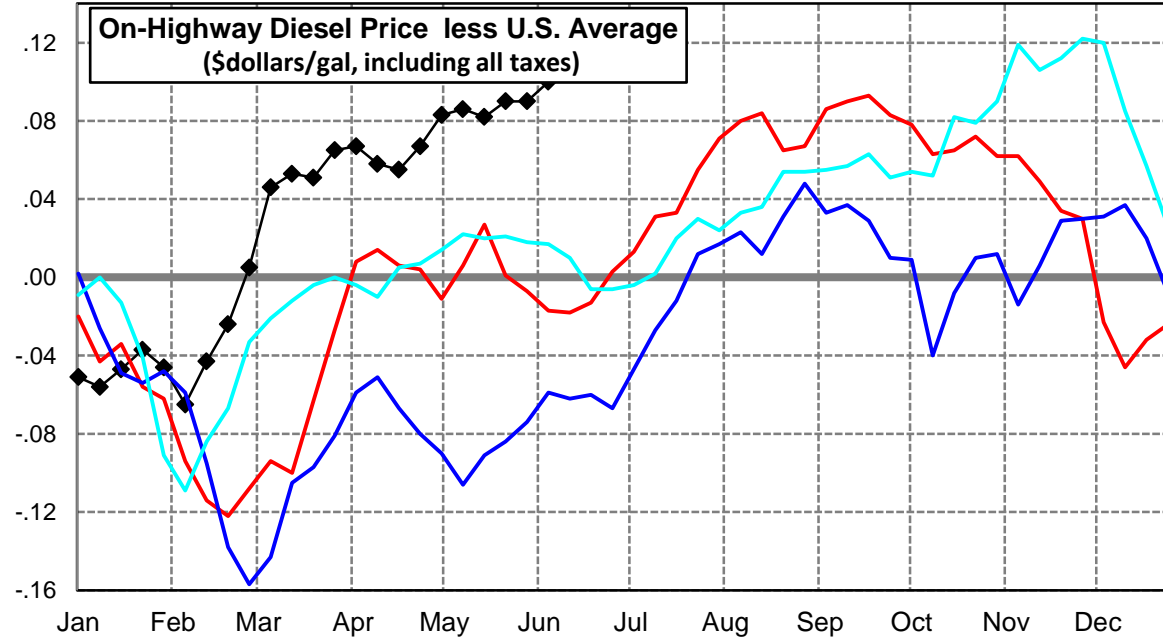
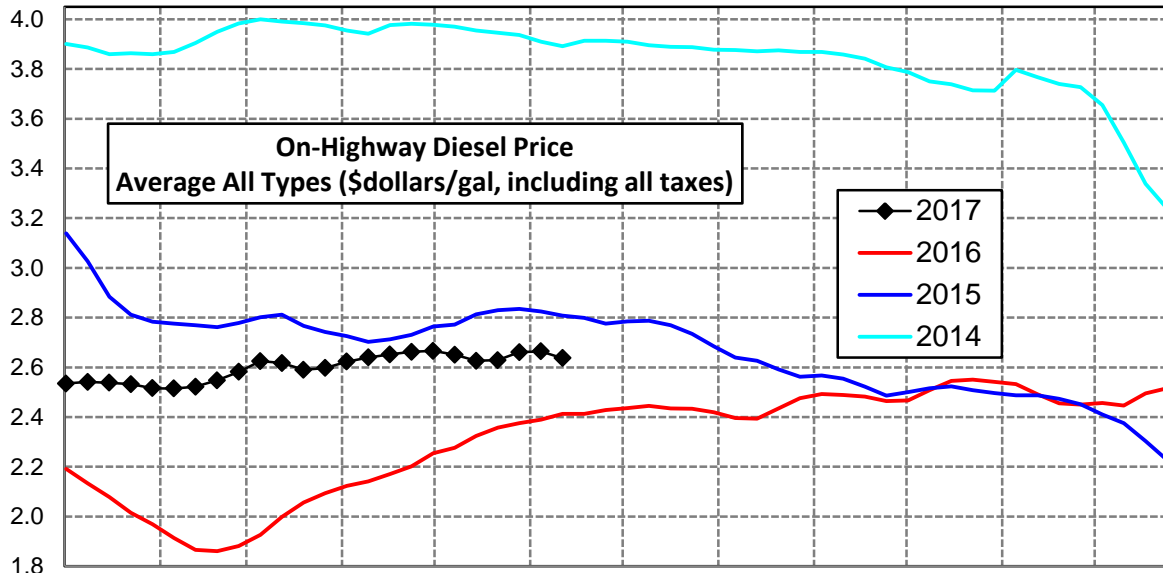
Gulf Coast Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 22May17 | 29May17 | 05Jun17 | 12Jun17 | |
| Gulf Coast | \$2.384 | \$2.423 | \$2.417 | \$2.387 | -\$0.030 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



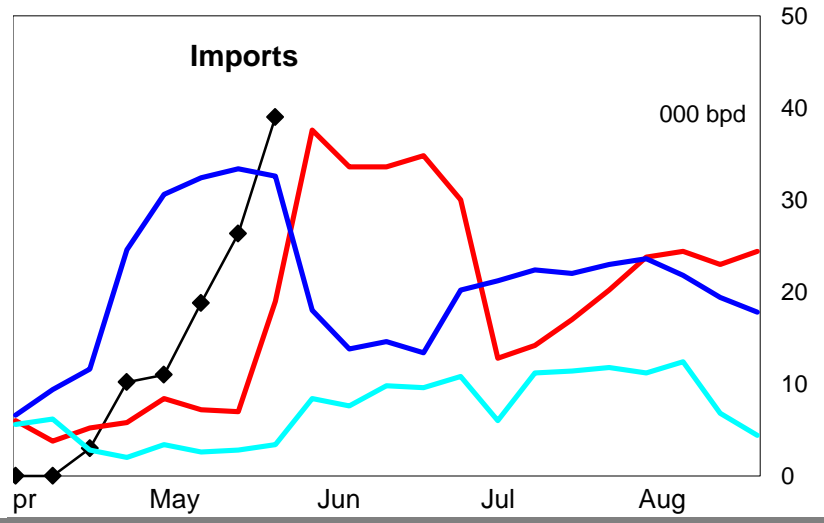
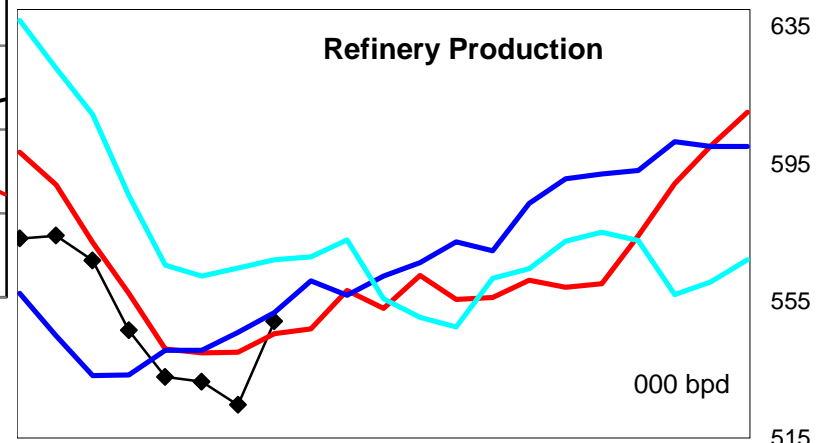
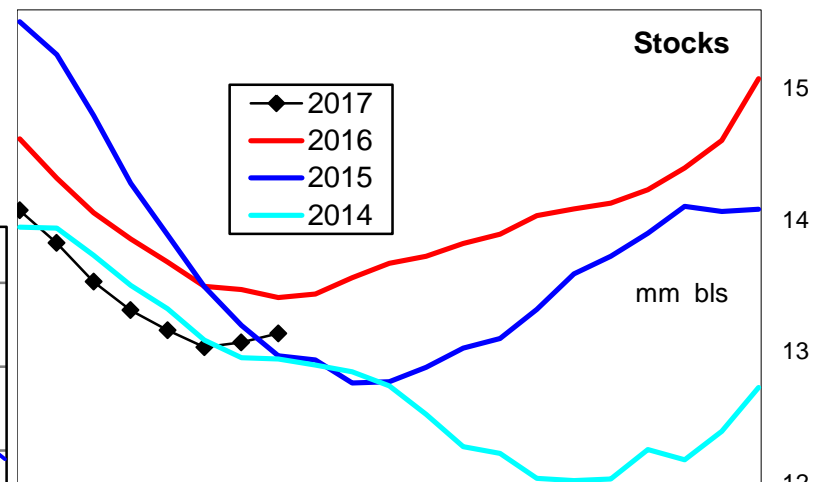
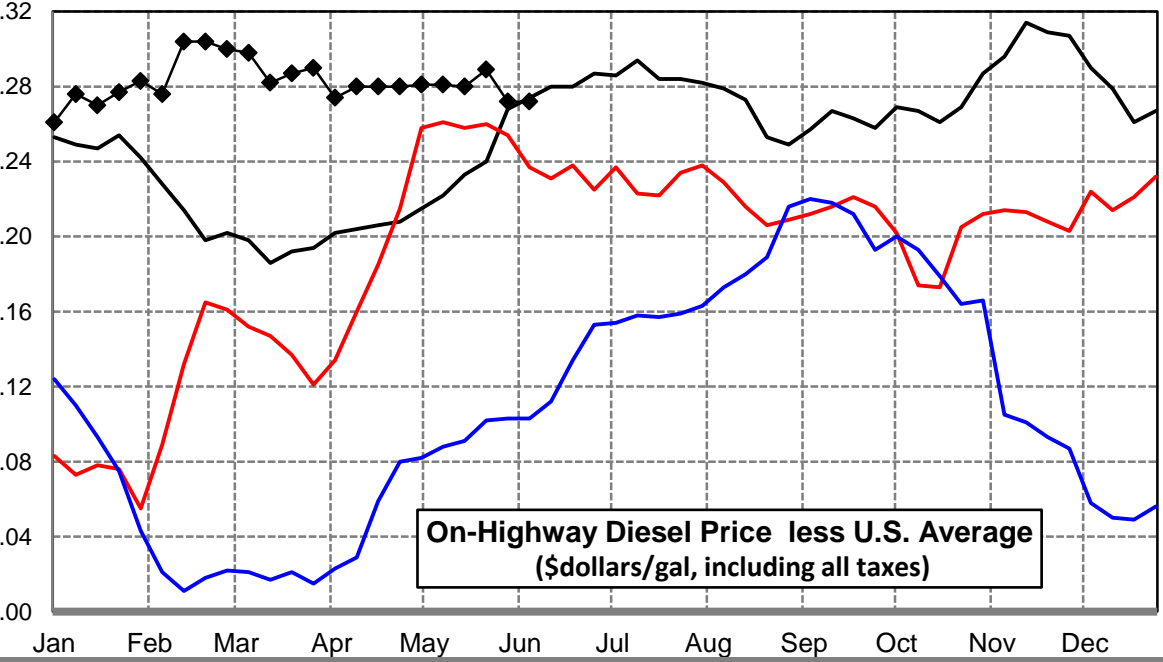
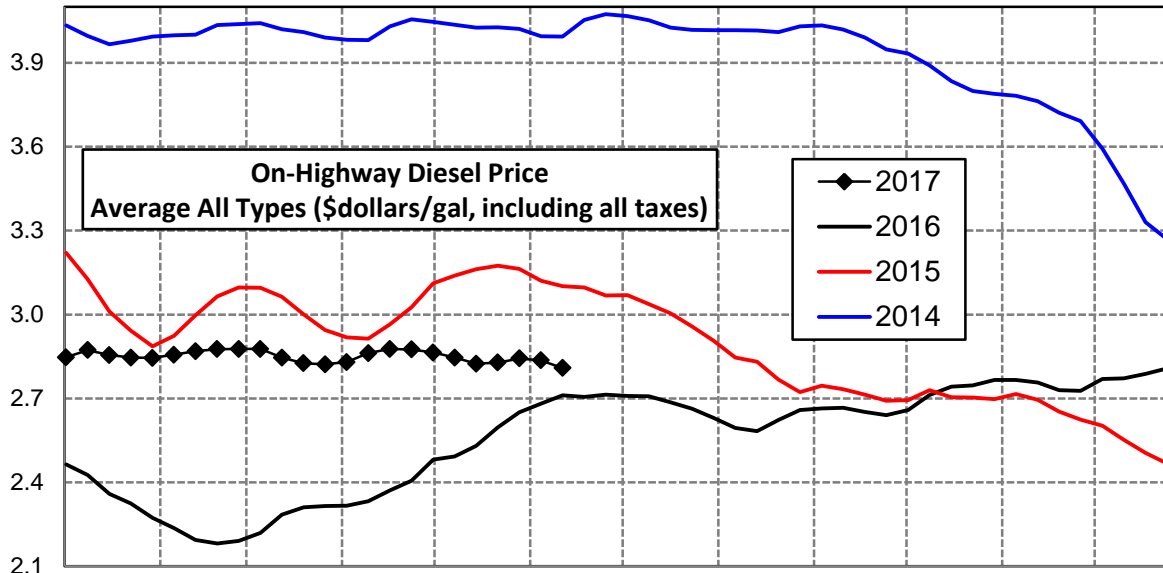
Rocky Mountain Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 22May17 | 29May17 | 05Jun17 | 12Jun17 | |
| Rocky Mountain | \$2.629 | \$2.661 | \$2.664 | \$2.637 | -\$0.027 |
| 1/ Source: U.S. Energy Information Administration | | | | | |
| 2/ Source: Fundamental Petroleum Trends Reports | | | | | |



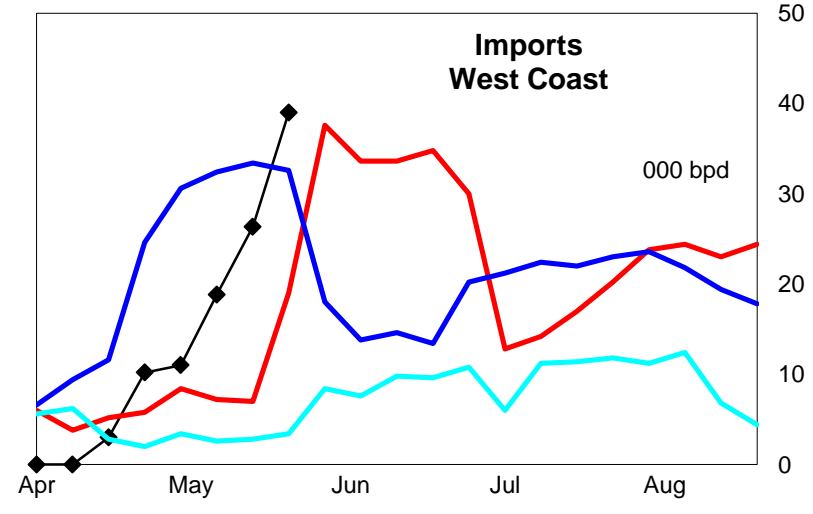
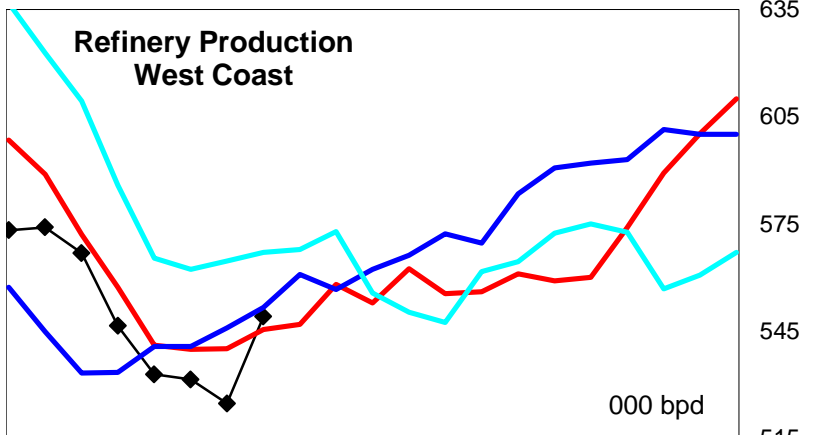
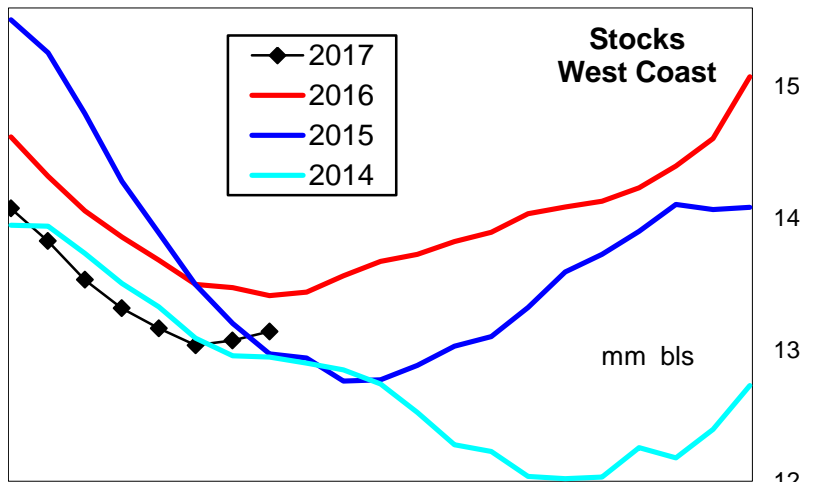
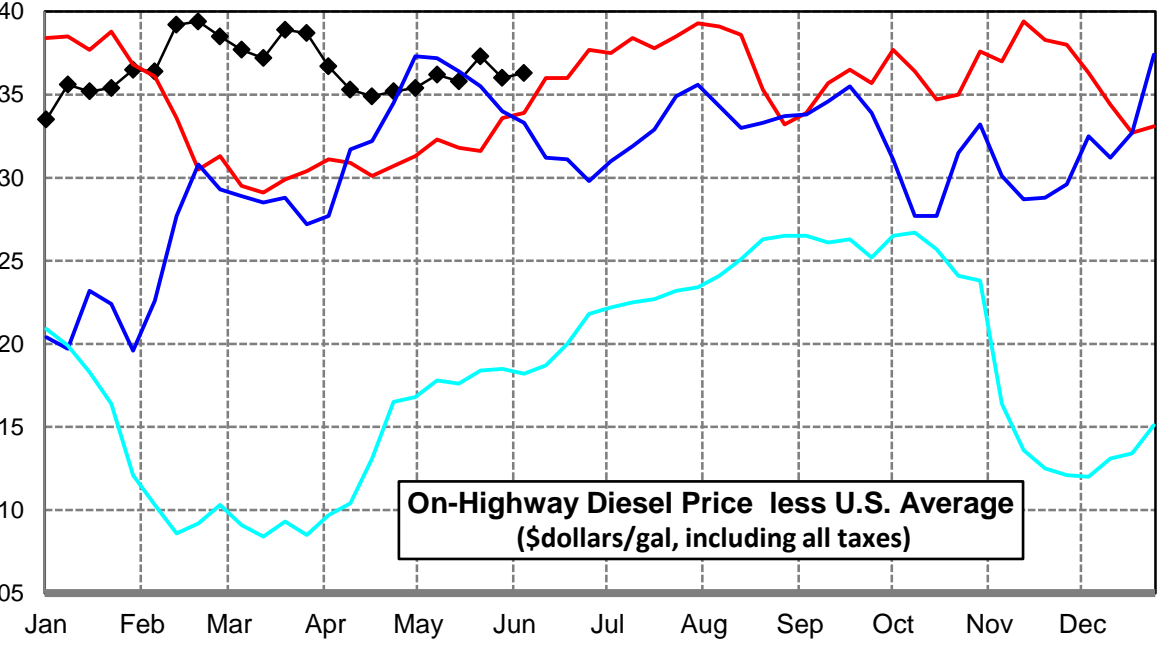
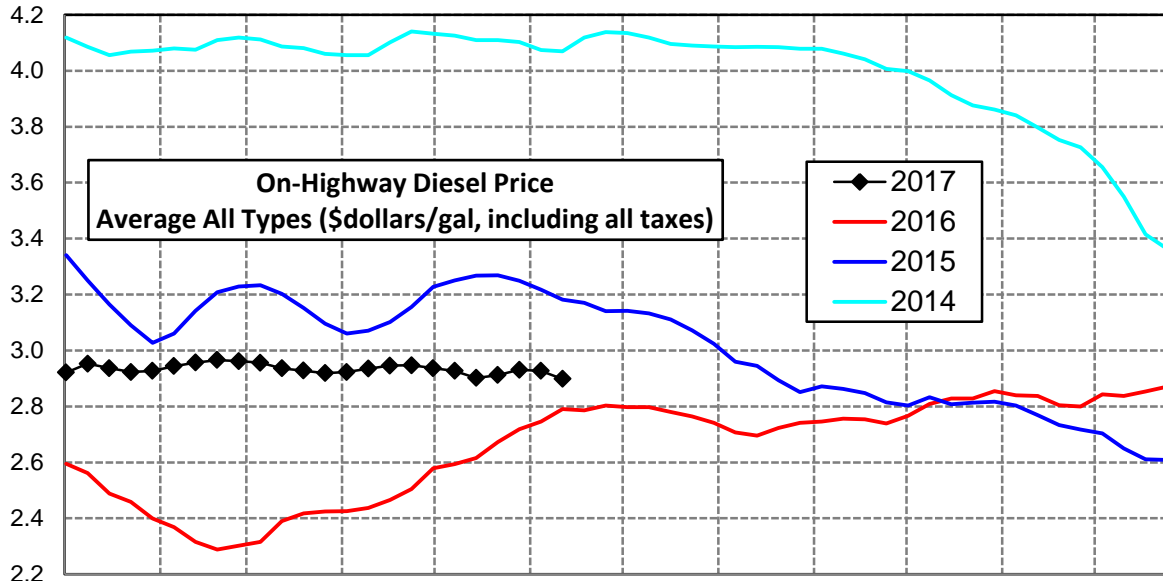
West Coast Diesel Supply Fundamentals and On-Highway Price Trends

| Weekly Retail On-Highway Diesel Prices | | | | | |
|---|-----------------------------|---------|---------|----------------|------------------|
| Region | Actual Price week ending 1/ | | | Forecast 2/ | Change from week |
| | 22May17 | 29May17 | 05Jun17 | 12Jun17 | |
| West Coast | \$2.828 | \$2.843 | \$2.836 | \$2.809 | -\$0.027 |
| 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 |
| | 22May17 | 29May17 | 05Jun17 | 12Jun17 | |
| California | \$2.912 | \$2.931 | \$2.927 | \$2.898 | -\$0.029 |
| 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-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 | 2.539 | 2.600 | 2.622 | 2.738 | 2.498 | 2.464 | 2.380 | 2.590 | 2.826 | 2.928 |
| Mon-27-Mar-17 | 2.532 | 2.586 | 2.593 | 2.724 | 2.487 | 2.458 | 2.378 | 2.597 | 2.822 | 2.919 |
| Mon-03-Apr-17 | 2.556 | 2.605 | 2.630 | 2.739 | 2.505 | 2.481 | 2.414 | 2.623 | 2.830 | 2.923 |
| Mon-10-Apr-17 | 2.582 | 2.620 | 2.639 | 2.761 | 2.516 | 2.515 | 2.446 | 2.640 | 2.862 | 2.935 |
| Mon-17-Apr-17 | 2.597 | 2.631 | 2.638 | 2.783 | 2.522 | 2.536 | 2.458 | 2.652 | 2.877 | 2.946 |
| Mon-24-Apr-17 | 2.595 | 2.632 | 2.650 | 2.785 | 2.520 | 2.530 | 2.458 | 2.662 | 2.875 | 2.947 |
| Mon-01-May-17 | 2.583 | 2.624 | 2.653 | 2.773 | 2.513 | 2.516 | 2.435 | 2.666 | 2.864 | 2.937 |
| Mon-08-May-17 | 2.565 | 2.612 | 2.642 | 2.753 | 2.507 | 2.497 | 2.410 | 2.651 | 2.846 | 2.927 |
| Mon-15-May-17 | 2.544 | 2.595 | 2.626 | 2.737 | 2.488 | 2.479 | 2.382 | 2.626 | 2.824 | 2.902 |
| Mon-22-May-17 | 2.539 | 2.588 | 2.626 | 2.733 | 2.479 | 2.468 | 2.384 | 2.629 | 2.828 | 2.912 |
| Mon-29-May-17 | 2.571 | 2.608 | 2.622 | 2.751 | 2.505 | 2.512 | 2.423 | 2.661 | 2.843 | 2.931 |
| Mon-05-Jun-17 | 2.564 | 2.599 | 2.624 | 2.744 | 2.490 | 2.505 | 2.417 | 2.664 | 2.836 | 2.927 |
| Mon-12-Jun-17 | 2.534 | 2.569 | 2.591 | 2.708 | 2.459 | 2.469 | 2.387 | 2.637 | 2.809 | 2.898 |
| Mon-19-Jun-17 | | | | | | | | | | |
| Mon-26-Jun-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.