

GasBuddy®

Fuel Price Outlook 2015



GasBuddy®

Consumers Working Together to Find Cheap Gas

www.GasBuddy.com

SUMMARY

About Our Annual Outlook

Accuracy, reliability, and neutrality are GasBuddy®'s mission with price forecasting, and it is achieved with independent analysis featured in this outlook.

It should be noted that this outlook is not indicative of what will happen, rather what we believe could happen, given specific inputs and different impacts and scenarios on production, supply, and demand.

Gasoline markets are complex, and this analysis is intended to take current factors and speculate on how today's events may impact gasoline prices in the future. GasBuddy® has worked to make these forecasts as reliable as possible and to be understood by anyone with little or no background on oil and petroleum markets and economics.

About the Authors



Patrick DeHaan, founder of energy blog TheGasGame.com and now Senior Petroleum Analyst with GasBuddy, has been cited by the San Jose Mercury News as one of the nation's most accurate forecasters and has been forecasting gasoline prices since 2004.



Gregg Laskoski, a former reporter, was Managing Director at AAA Auto Club South before joining GasBuddy in 2011.

Gasoline Forecast

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Gasoline Forecast

Part 1

Month	Low	High	Average
January	\$2.23	\$2.48	\$2.36
February	\$2.35	\$2.57	\$2.46
March	\$2.57	\$2.69	\$2.63
April	\$2.71	\$2.80	\$2.76
May	\$2.86	\$3.14	\$3.00
June	\$2.64	\$3.05	\$2.85
July	\$2.56	\$2.98	\$2.77
August	\$2.67	\$2.86	\$2.77
September	\$2.61	\$2.71	\$2.66
October	\$2.51	\$2.62	\$2.57
November	\$2.43	\$2.60	\$2.52
December	\$2.30	\$2.47	\$2.39
2015 Average			\$2.642

Numbers reflect likely range of prices by month, with monthly average

Gasoline Forecast

Part 2

Data © GasBuddy

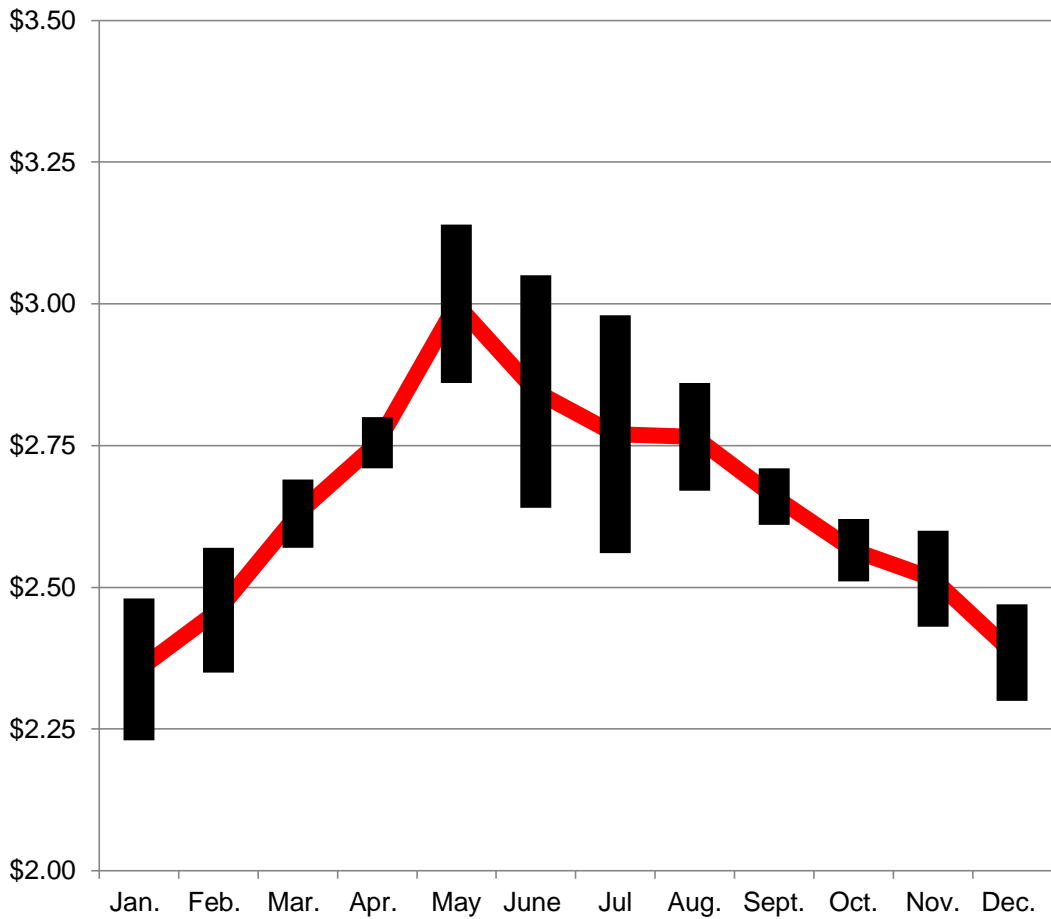


Chart reflects likely range of prices by month, with monthly average in red

Peak Gasoline Prices

Select Cities

City	Peak Average
Atlanta	\$2.80-\$3.10
Boston	\$2.85-\$3.15
Charlotte	\$2.80-\$3.05
Chicago	\$3.35-\$3.60
Columbus	\$2.90-\$3.20
Dallas	\$2.80-\$3.05
Denver	\$2.70-\$2.95
Detroit	\$2.75-\$3.05
Houston	\$2.85-\$3.10
Indianapolis	\$2.85-\$3.15
Jacksonville	\$2.90-\$3.20
Los Angeles	\$3.35-\$3.65
Memphis	\$2.75-\$2.95
Miami	\$2.95-\$3.30
Minneapolis	\$2.85-\$3.20
New York City	\$3.10-\$3.40
Philadelphia	\$2.90-\$3.20
Phoenix	\$2.80-\$3.15
San Francisco	\$3.45-\$3.70
Seattle	\$3.10-\$3.50
St. Louis	\$2.65-\$2.95

Prices represent 2015 average price peaks for select U.S. cities

Significant Volatility

Volatility is a given for any gasoline price forecast as unpredictable geopolitical issues arise, as well as refinery outages and problems, and weather impacts production of products, and this year, GasBuddy forecasts several periods of significant volatility.

With OPEC's recent shift in attitude in the last few months- cutting oil prices and seeking to regain market share- there remains a question of how long OPEC and its members will stay this course. Should attitude and policy reverse towards a desire of higher oil prices, this may dramatically alter this forecast.

Refinery maintenance season and a shift back to EPA mandated cleaner burning gasoline during the late winter and early spring generally culminates in an increase of 35-75 cents per gallon in gasoline prices. In a typical year, there are several unexpected problems that arise during complex turnarounds that refineries conduct. The West Coast and Great Lakes states are most susceptible to price shocks if unexpected issues arise during maintenance seasons.

While the U.S. escaped a major hurricane last year, hurricane season has brought significant harm to oil infrastructure in the last decade, and while hurricanes are not guaranteed to impact such facilities, such an event could interrupt notable infrastructure and drive up gasoline and other refined product prices.

Gasoline taxes are being evaluated in several states. Even the federal government may look at increasing taxes on gasoline, something it hasn't done since 1993. Several states have already raised prices with the New Year, and several other states are identifying best methods to raise funding for road repairs- any new taxes will push prices higher than expected.

Diesel Forecast

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Diesel Forecast

Part 1

Month	Low	High	Average
January	\$2.79	\$3.15	\$2.97
February	\$2.63	\$2.83	\$2.73
March	\$2.52	\$2.79	\$2.66
April	\$2.64	\$2.85	\$2.75
May	\$2.78	\$2.94	\$2.86
June	\$2.84	\$3.17	\$3.01
July	\$2.75	\$3.13	\$2.94
August	\$2.79	\$3.02	\$2.84
September	\$2.72	\$2.96	\$2.76
October	\$2.65	\$2.87	\$2.70
November	\$2.61	\$2.79	\$2.70
December	\$2.59	\$2.75	\$2.67
2015 Average			\$2.82

Numbers reflect likely range of prices by month, with monthly average

Diesel Forecast

Part 2

Data © GasBuddy

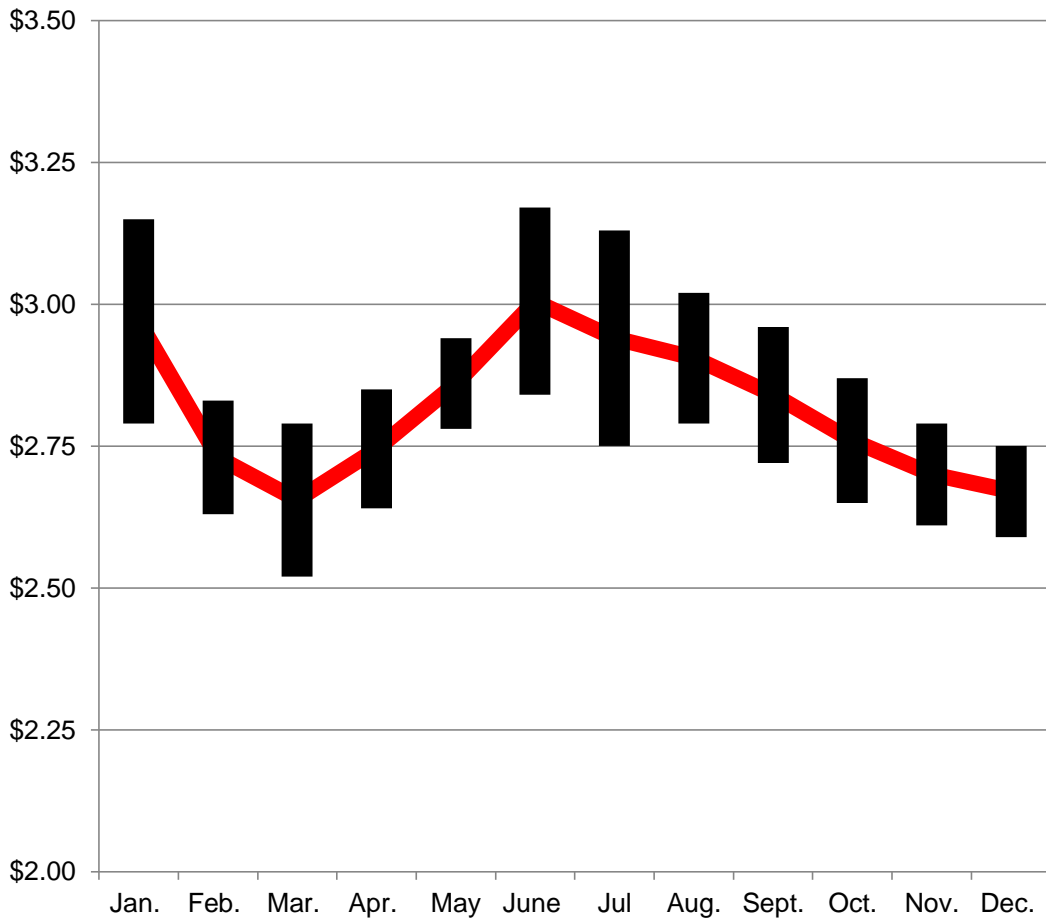


Chart reflects likely range of prices by month, with monthly average in red

Fuel Outlook Commentary

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Extraordinarily high energy production from western Canada, from N. Dakota's Bakken region and the Permian Basin in west Texas have added lower cost crude and tighter competition to the global basket of crudes. Will the shale production of 2014 be repeated in 2015? Or will suppressed crude prices suspend much of the N. American shale production and new drilling until further notice?

It appears that we are indeed in the midst of a paradigm shift; and OPEC's largest producer, Saudi Arabia, is exerting a willingness to wait out the slump in crude oil prices no matter how low they may go.

Ali al-Naimi, Saudi Arabia oil minister recently stated at the Middle East Economic Survey (MEES):

"It is not in the interest of OPEC producers to cut their production, whatever the price is," he told the Middle East Economic Survey. "Whether it goes down to \$60, \$50, \$40, \$20, it is irrelevant."

In the MEES interview Naimi said Saudi Arabia and other Gulf oil producers would be able to withstand a long period of low crude prices, largely because their production costs were so low — at only about \$4-\$5 a barrel.

"We want to tell the world that high efficiency producing countries are the ones that deserve market share," Mr. Naimi added. "If the price falls, it falls. . . Others will be harmed greatly before we feel any pain."

If there's an expectation that somehow a more robust U.S. economy will increase fuel demand and serve as a catalyst to higher crude prices in the latter half of 2015, it doesn't appear to be a perception that's widely held. Former Federal Reserve Chairman Alan Greenspan said last week that "The United States is doing better than anybody else, but we're still not doing all that well. We still have a very sluggish economy."

Fuel Outlook Commentary

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While 2015 should present a much more temperate gasoline price background than 2012, 2013 and 2014, the potential for springtime spikes is greatest in Illinois and the Great Lakes region. However, the severity of any spikes has been muted by the deep plunge preceding the price climb of 2015.

A first-quarter rally in gas prices is virtually guaranteed by federal (EPA) regulations that remain unchanged. From February through April refineries will be depleting inventories of winter-blend gasoline and undergoing the annual maintenance necessary before beginning production of the more expensive, cleaner burning, (lower Reid Vapor Pressure) 'summer blend'. Motorists in Virginia and Maryland will also see an increase in their respective state gasoline taxes; five cents per gal. in Virginia; three cents per gal. in Maryland.

It is the GasBuddy consensus that U.S. consumers will see fuel prices rise in Q1 of 2015 consistent with increases of recent years. Northeastern consumers will benefit from the depressed price of Brent relative to WTI, but the area could still see some of the highest prices in the U.S. due to the decline in North Atlantic refining in recent years.

We project the national price of gas will average \$2.48 through the first quarter of 2015; \$2.87 through Q2; \$2.73 through Q3 and \$2.49 through Q4. Our consensus figures show the national average at \$3.00 for the month of May, the only month of the year that we anticipate gas prices to touch \$3/gallon. **For the year, GasBuddy projects the U.S. average gasoline price to be \$2.64, amounting to a savings of \$97 billion during 2015 versus the \$465 billion dollars motorists shelled out for gasoline in 2014.**

Forecast Quotes

“What occurred in 2014 was nothing short of a paradigm shift in favor of North American energy producers and consumers, at the expense of OPEC and the Middle East.”

-Gregg Laskoski, Senior Petroleum Analyst

“While we continue making comparisons of today’s gas prices to the Great Recession, the biggest factor this time around is the absence of such an economic slowdown, making the drop in gasoline prices exponentially better this time around.”

-Patrick DeHaan, Senior Petroleum Analyst

“It’s going to be difficult for Americans to face another spring-time spike in gasoline prices but hopefully, when we do see prices climb it will be much more palatable especially if we see pump prices start with a \$2- instead of a \$3- for most of the time.”

-Gregg Laskoski, Senior Petroleum Analyst

“As much we were thrilled by \$2.99 gas at Thanksgiving time, we now enjoy \$1.99 gas in many places. I fully expect we’ll soon become complacent with those \$2.99 prices once these sub-\$2 prices stick around a bit longer.”

-Patrick DeHaan, Senior Petroleum Analyst

“Towards the end of 2014, the market showed bountiful supply, strong production, and not enough demand to suck up the inventory. Much of these factors will carry over into 2015. Overall, prices at the pump will be lower than it has been in recent years, and once again the \$2 sign will become a familiar number to see on street corners.”

-Allison Mac, Petroleum Analyst

About GasBuddy®

GasBuddy® is the premier source for real-time local gas prices. Founded in 2000, GasBuddy.com developed as an initiative to provide consumers access to local, current gas prices. Through the GasBuddy.com website and the free GasBuddy mobile app, users can find and share gas prices with fellow drivers, saving big money at the pump.

GasBuddy®'s service has won multiple awards from publications such as Time Magazine and PC World. In addition, GasBuddy®'s smartphone app has been mentioned in hundreds of print publications as well as major media outlets, and has been downloaded nearly 50 million times.

Average gasoline prices are continuously updated using new data inputs, and GasBuddy® is the only source of near real-time pricing data, 24 hours a day, 7 days a week.

Market-specific and other custom forecasts are available from GasBuddy for a nominal charge. GasBuddy has provided forecasts for large end-users as well as smaller businesses, as well as custom alerts before price spikes are expected. For more information, see contact information below.

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