

GasBuddy[®]

Fuel Price Outlook 2016



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, head petroleum analyst, has been hailed as one of the nation's most accurate forecasters by the San Jose Mercury News and has been forecasting gasoline prices for over a decade. He is a regular contributor to CSP Magazine and regularly cited in U.S. periodicals and countless news broadcasts.



Gregg Laskoski, senior petroleum analyst, is a former Gannett newspaper reporter and managing director at AAA Auto Club South and has been explaining fuel price trends since 2002. He also contributes analysis on energy issues to U.S. News & World Report's 'Economic Intelligence'.

About the Contributors



Will Speer, senior petroleum analyst, joined GasBuddy in 2015 and brings expertise in market analysis, refinery operations, and gasoline and diesel markets from seven years spent on the commodities trading floor of a major U.S. refiner.



Jeff Pelton, senior petroleum analyst, joined GasBuddy in 2015. He worked for nearly 10 years as a Fuel Pricing Analyst for one of the largest retailers on the East Coast and can provide an "insider's" perspective when it comes to all things retail fuel related.

Gasoline Forecast

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Gasoline Forecast

Part 1

Month	Range	Average
January	\$1.91 - \$2.06	\$1.97
February	\$1.82 - \$2.12	\$2.04
March	\$2.07 - \$2.37	\$2.23
April	\$2.21 - \$2.59	\$2.42
May	\$2.43 - \$2.74	\$2.63
June	\$2.36 - \$2.61	\$2.48
July	\$2.31 - \$2.57	\$2.43
August	\$2.38 - \$2.53	\$2.46
September	\$2.21 - \$2.40	\$2.30
October	\$2.13 - \$2.29	\$2.21
November	\$2.03 - \$2.18	\$2.13
December	\$1.92 - \$2.13	\$2.01
<i>2016 U.S. Average</i>		\$2.28

Numbers reflect range of national average by month, with monthly average in bold.

Gasoline Forecast

Part 2

Data © GasBuddy

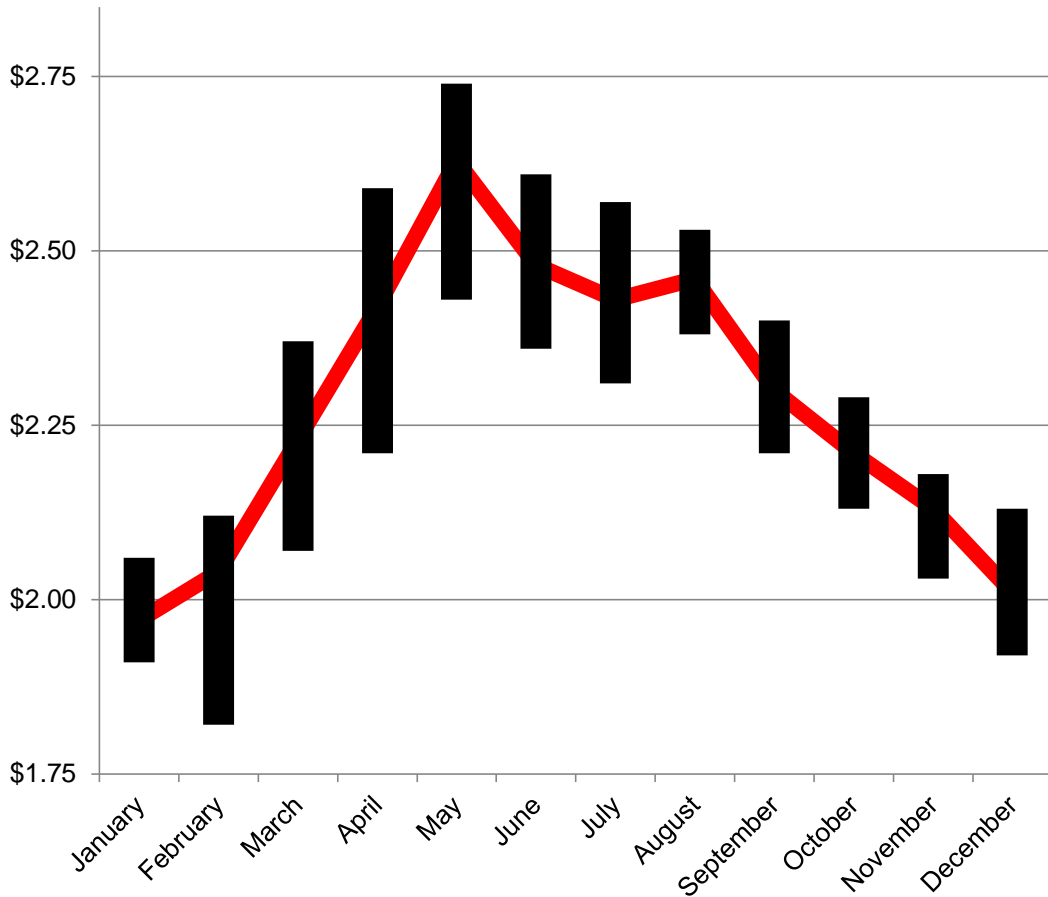


Chart reflects range of national average by month, with monthly average shown as red line.

Average Gasoline Price Peak

Select Cities

City	Peak Daily Average
Atlanta	\$2.45-\$2.65
Boston	\$2.55-\$2.75
Charlotte	\$2.45-\$2.70
Chicago	\$2.85-\$3.15
Columbus	\$2.65-\$2.90
Dallas	\$2.35-\$2.65
Denver	\$2.40-\$2.65
Detroit	\$2.75-\$2.95
Houston	\$2.30-\$2.50
Indianapolis	\$2.75-\$2.95
Jacksonville	\$2.45-\$2.65
Los Angeles	\$3.75-\$4.25
Memphis	\$2.45-\$2.70
Miami	\$2.60-\$2.85
Minneapolis	\$2.70-\$2.90
New York City	\$2.85-\$3.05
Philadelphia	\$2.70-\$2.90
Phoenix	\$2.40-\$2.70
San Francisco	\$3.65-\$3.95
Seattle	\$2.95-\$3.35
St. Louis	\$2.65-\$2.95

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 failure to address over production and falling oil prices, there remains a question of how long OPEC and its members will stay this course. Additionally, new Saudi/Iran tensions and an agreement with Iran to ease sanctions in exchange for throttling back nuclear ambitions may unexpectedly shift during the year.

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 major hurricanes 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. In addition, 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. The current low cost environment of gasoline makes raising taxes an attractive option for cash-strapped states.

Diesel Forecast

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Diesel Forecast

Part 1

Month	Range	Average
January	\$2.13 - \$2.32	\$2.19
February	\$1.97 - \$2.30	\$2.14
March	\$1.94 - \$2.15	\$1.99
April	\$2.03 - \$2.42	\$2.13
May	\$2.17 - \$2.38	\$2.25
June	\$2.04 - \$2.31	\$2.18
July	\$1.93 - \$2.26	\$2.09
August	\$1.84 - \$2.15	\$1.98
September	\$1.96 - \$2.26	\$2.07
October	\$2.08 - \$2.35	\$2.18
November	\$2.21 - \$2.47	\$2.29
December	\$2.30 - \$2.53	\$2.37
<i>2016 U.S. Average</i>		\$2.16

Numbers reflect range of national average by month, with monthly average in bold.

Diesel Forecast

Part 2

Data © GasBuddy

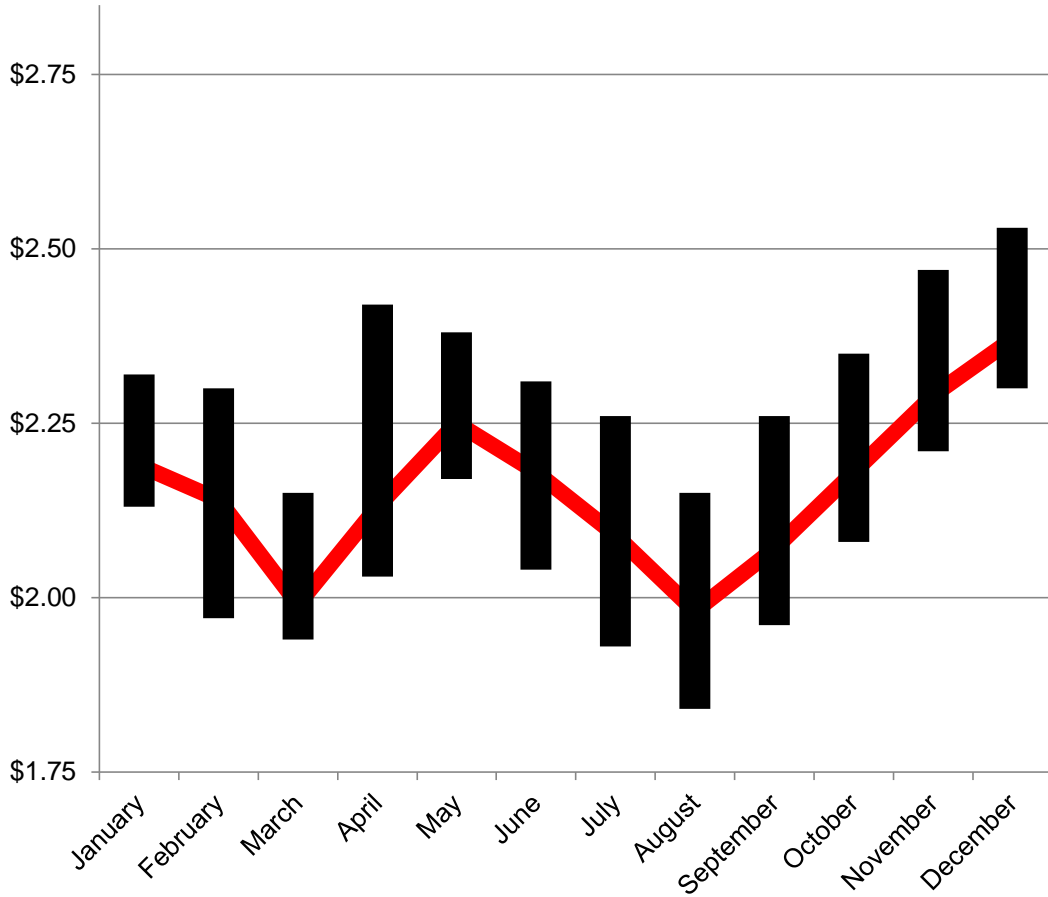


Chart reflects range of national average by month, with monthly average shown as red line.

Fuel Outlook Commentary

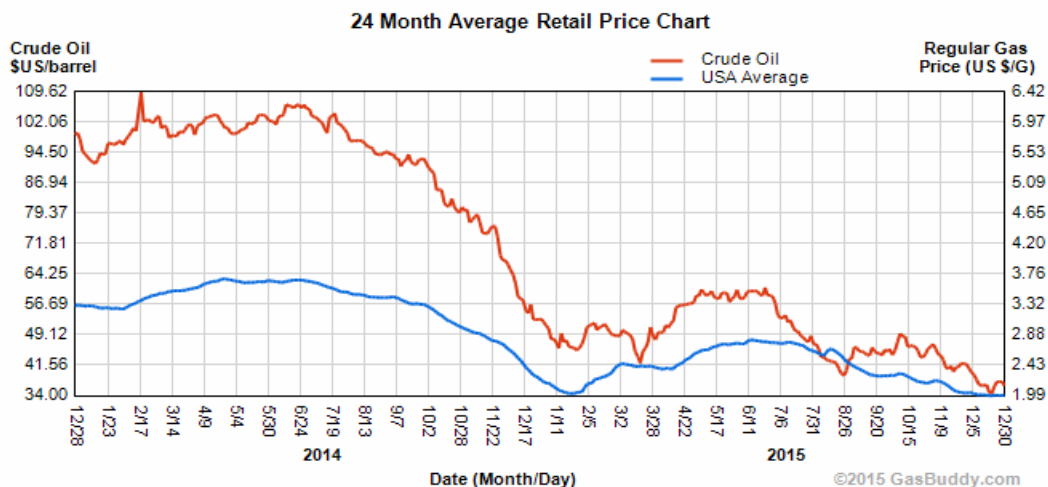
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“Lower for longer.”

That global crude oil prices and, indirectly, U.S. gasoline prices are now deeply rooted in what has become the mantra of oil producers, economists, analysts, OPEC oil ministers and non-OPEC members alike, is indisputable and universally accepted.

It's a trend that began in recent years and accelerated with fracking that enables oil to be extracted from rich reserves that were previously unrecognized and/or inaccessible. In recent years vast reserves have been discovered in the Gulf of Mexico, the North Sea, Liberia, Ivory Coast, Ghana, Australia, Russia, even in the Arctic. And if not one drop of that oil ever reaches a refinery, the current global supply remains beyond robust and outpaces demand projections for China, the U.S., India, Europe.

In the U.S. our crude oil inventory in 2015 reached its highest level in 80 years. Despite the glut, OPEC continues to produce without restraint indicating determination to press prices lower in order to inhibit further growth from N. American producers and wrestle away market share it has lost to the U.S. / Canada / Mexico oil boom.



Fuel Outlook Commentary

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But a number of factors will be watched carefully in 2016 that could impact the direction of crude and gasoline prices. How much oil will Iran bring to global markets? How much U.S. oil might become available to overseas markets after Congress lifted the ban on exports?

Taxes too, represent a significant piece of the price of gasoline and we would be remiss if we overlooked them. While we can almost guarantee that the federal gas tax will not be raised in an election year, many state legislatures continue to weigh potential increases to offset the shortfall from federal funding for highways, bridges & infrastructure. And California is no longer at the top of the tax heap. That notorious distinction now belongs to the Keystone state. Pennsylvania motorists on Dec. 31 paid an average price of \$2.16 for a gallon of gas. Remove the 73.7-cents of federal and state taxes from that price and they would have been giddy over gasoline averaging \$1.39. The lesson here is that as fuel prices decline, taxes represent an increasingly disproportionate chunk of that price.

Overall, healthier economies induce greater demand and increased fuel consumption. In the U.S., the Labor Dept. placed the November Labor Participation Rate at 62.5%. That means an estimated 95 million people of working age did not consume any fuel commuting to non-existent jobs.

Additional factors always represent potentially sudden impact and volatility in the price at the pump and they materialized in 2015 and cannot be discounted in 2016. Refinery operations and output were compromised by equipment problems at BP's Whiting refinery in Indiana and at multiple refineries in California, most recently at two Tesoro refineries in December, and the resulting spikes have been disruptive. A month later California's average price remains nearly 20 cents higher as a result.

Fuel Outlook Commentary

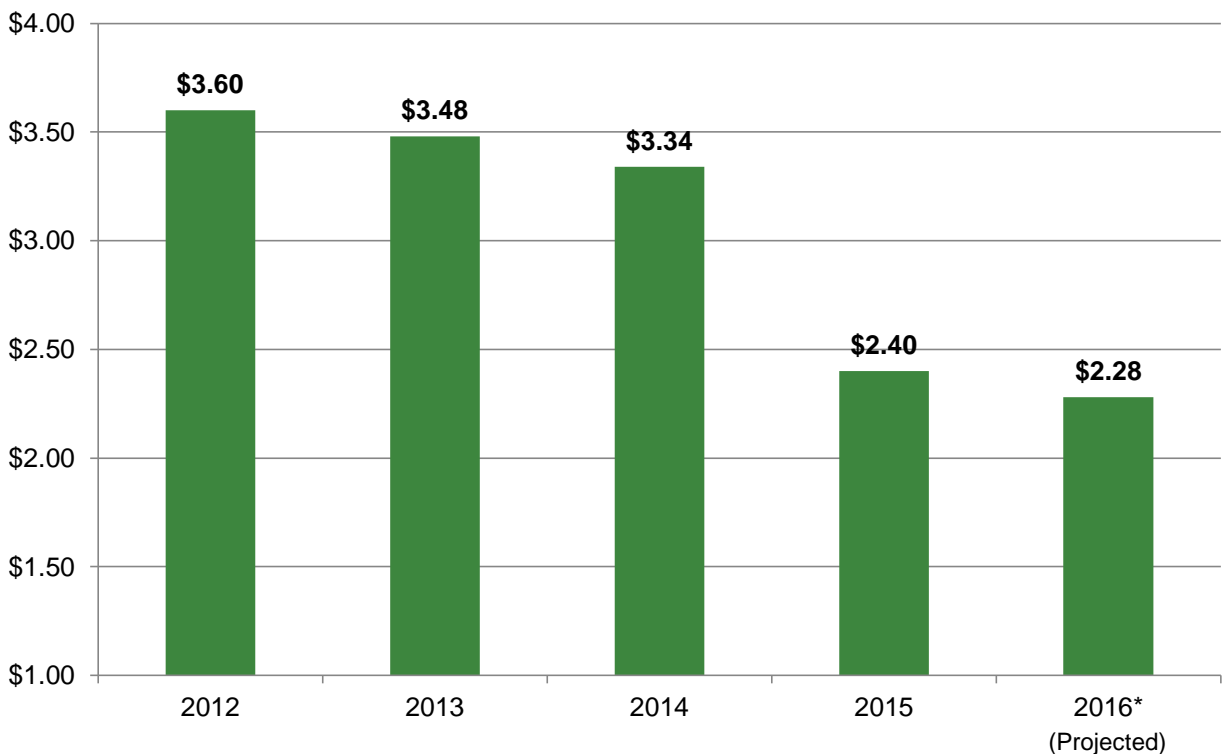
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Shipping and infrastructure logistics play a role too and when fog stalled Houston's shipping channels in February 2015, Florida markets dependent on prompt ship arrivals saw gas prices rise immediately.

Weather is always a wild card. So are currency fluctuations. And the cost of credit.

No matter which of the aforementioned issues, price points or questions attract your attention, agreement or rebuttal, GasBuddy's team of analysts is confident in sharing that we expect 2016 will deliver more good news on gas prices for U.S. consumers.

Consider the following: The national average price of gasoline has declined each year since 2012 (**\$3.60**), 2013: **\$3.48**, 2014: **\$3.34**, 2015: **\$2.40**.



Fuel Outlook Commentary

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The U.S. average price of gas begins 2016 at \$1.99 / gal. Over the past four years, the rise from Jan. 1 to the “peak” in the U.S. average, which occurs every year as refineries transition from ‘winter blend’ to ‘summer blend’ gasoline in compliance with EPA mandates, has decreased compared to the hikes seen 5 to 10 years ago. Since 2012 that climb has averaged 53 cents per gal.

Embracing all of the data cited above the GasBuddy team of analysts constructed this forecast for the U.S. average price of gasoline, month-by-month, for 2016. We anticipate that consumers will see gas prices that compare closely to 2015, but in the aggregate, should move lower and yield additional savings.

For the year, GasBuddy projects the U.S. average gasoline price to be \$2.28, which would amount to the nation’s motorists spending \$20 billion less at the pump versus 2015.

Forecast Quotes

“The fuel price climate for 2016 will continue to cool, leading to a yearly gasoline price average that drops for its fourth straight year. Just like every year, however, there may be pain at the pump or hotspots that lead to skepticism about the future of fuel prices, but these hotspots will be relatively short-lived and only serve as a temporary roadblock to another year of affordable fuel prices.”

-Patrick DeHaan, head petroleum analyst

“While it's encouraging to see retail gas prices at the low end of the spectrum right now, consumers should keep informed about proposals in their states to raise fuel taxes either now or later. 18 states are already paying more than 50 cents per gallon in combined federal and state taxes. If taxes hold steady, it will be a rewarding year at the pump.”

-Gregg Laskoski, senior petroleum analyst

“As the U.S. petroleum oversupply has lowered crude oil prices, motorists have grown accustomed to the resulting lower gasoline and diesel prices. Driving and car purchasing habits have been boosted by the low price environment, with more miles being driven with less efficient cars spelling higher demand for gasoline. 2016 will be an important year to see if stronger U.S. and global fuel demand can provide support for sagging commodity prices.”

-Will Speer, senior petroleum analyst

“Drivers saw the national average dip under \$2 for the first time since March 2009 and year over year saved \$134B. 2016 should be another great year of low gas prices for drivers. The only obstacles could be refinery maintenance, both planned and unplanned, adverse weather in the form of hurricanes, and the inherent geopolitical factors that come with crude oil. The good news is that when all these factors are weighed, gas prices should still enjoy lows on par with 2015.”

-Jeff Pelton, senior 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 at over 130,000 gas stations in the United States.

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.



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