FUNDAMENTAL PETROLEUM TRENDS

WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, June 15, 2011

Cash Basis Outlook

Product	Market	Weeks Forward 1 - 2	Weeks Forward 3 - 6
RBOB	NYH	→	→
	Gulf	→	→
	W Coast	→	→
Conventional	NYH	→	→
	Gulf	→	→
	Grp III	→	→
	Chicago	→	→
	W Coast	→	→
Gulf Coast Price Outlook		→	→

Wholesale demand increased +207,000 bpd last week, on a seasonal uptrend. The latest 4-wk average demand was +46,000 bpd above a year ago.

Production increased +23,000 bpd to a new 5-year high. Imports decreased -843000 bpd with the level comparable to the highest of the last 3-years.

Stocks increased +0.6 million barrels on the week, to a level above four of the last 5-years. The latest 4-wk stock build East of the Rockies was +9.3 million barrels, the third consecutive weekly record.

Chicago and the Group III saw further basis declines last week as production spiked with refiners returning from unplanned maintenance. Basis levels in these markets fell to the low end of the historic range, with risk of further declines on high production.

Basis levels in the Gulf and East Coast are being supported by high export volumes, at level above the mid range. West Coast basis levels remain depressed on near record high production and high stock levels for this time of year.

RBOB

New York Harbor basis to trend lower on improving supply over the next 6-wks.

Conventional

New York Harbor basis to trade sideways on improved supply

Chicago & Group III basis to trend lower on a sharp increase in supply and stock builds.

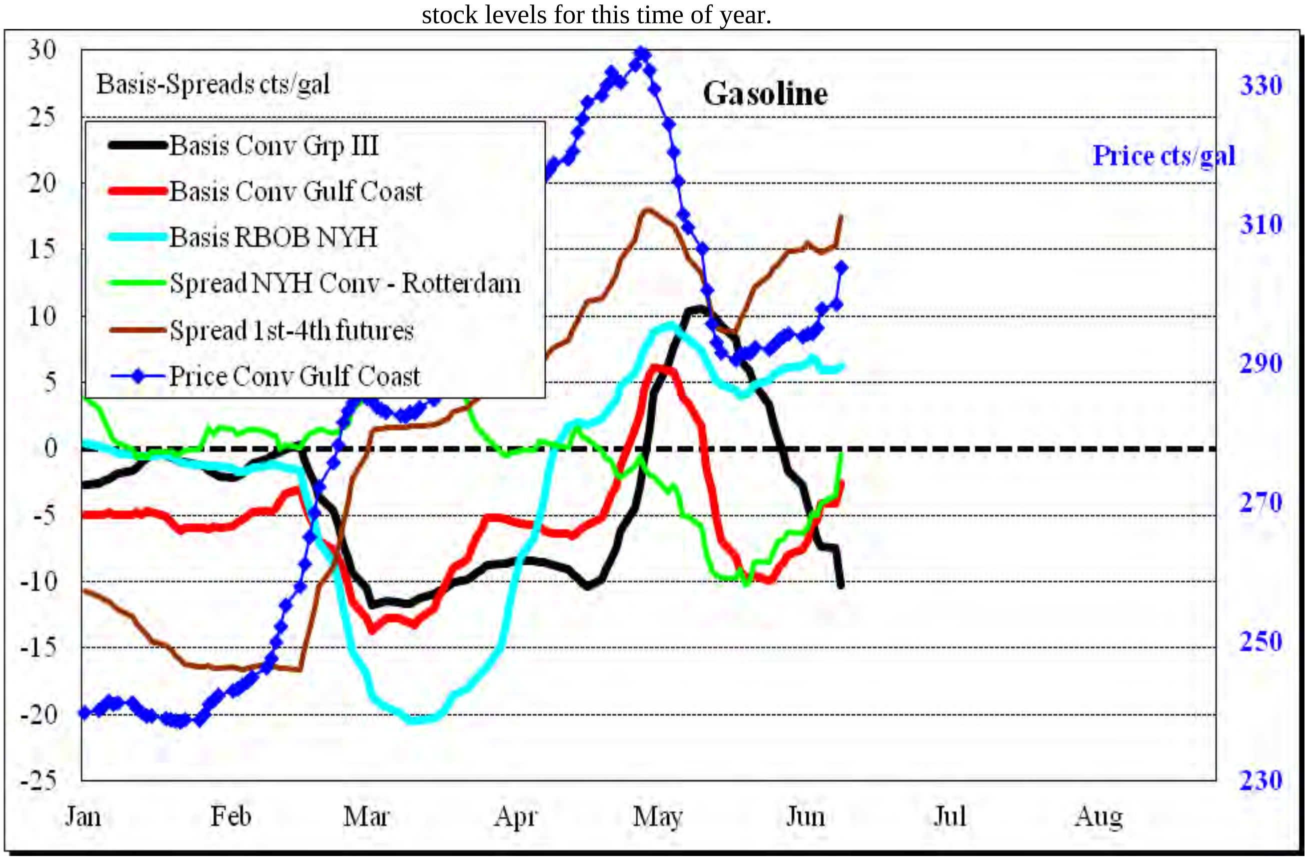
Gulf Basis to trade sideways on improved supply.

West Coast (Los Angeles) basis to trend higher as stocks extend a seasonal draw down.

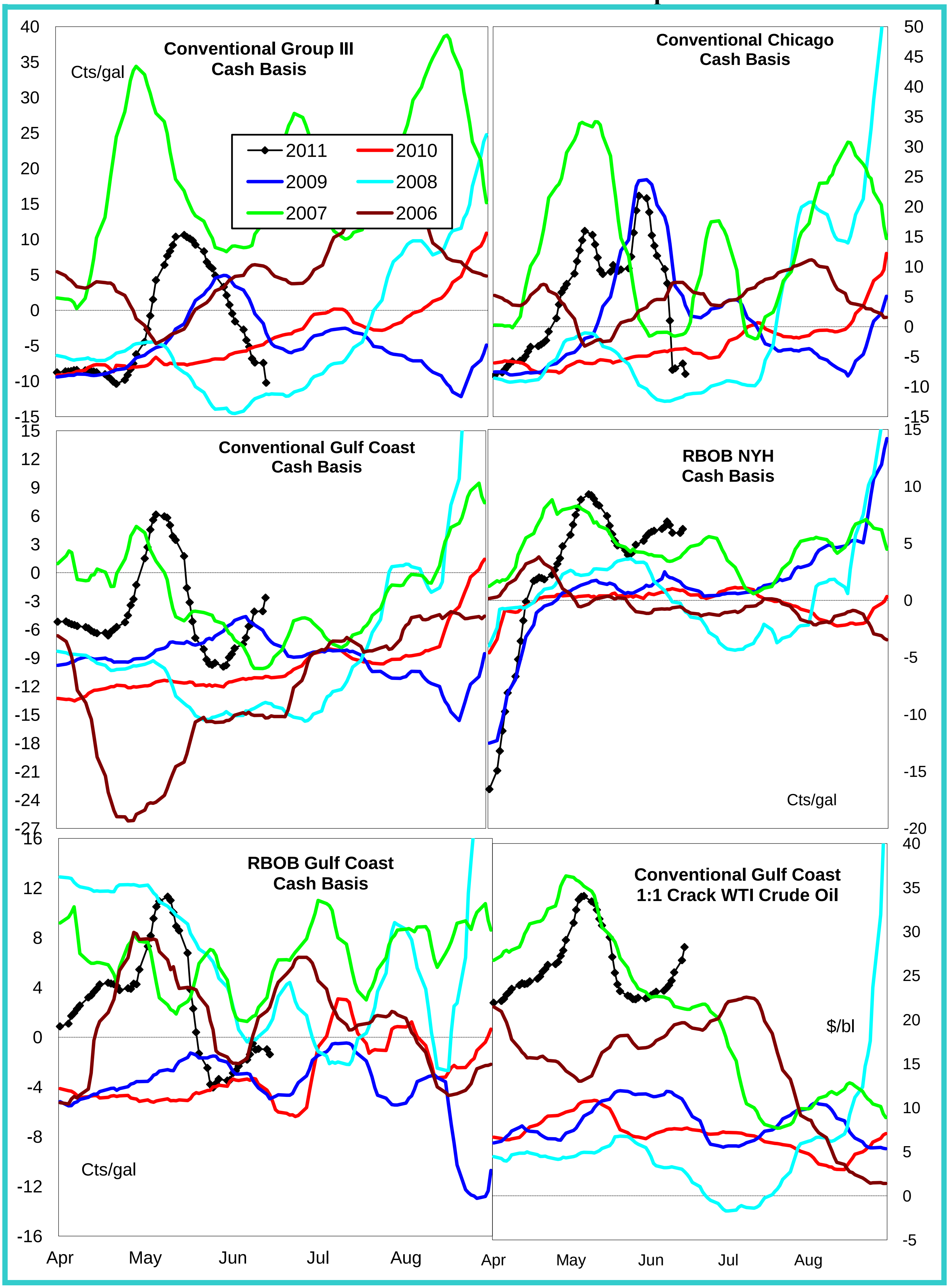
Gulf Coast Price

Gasoline demand has improved, compared to historic levels, but remains only slightly above year ago levels. Blend stock import economics remain favorable so that supplies should continue to improved.

Expect the supply balance to improve further on peak seasonal production, with the risk of oversupply by late summer in the absence of hurricane disruptions.



Gasoline Cash Basis and Related Price Spreads



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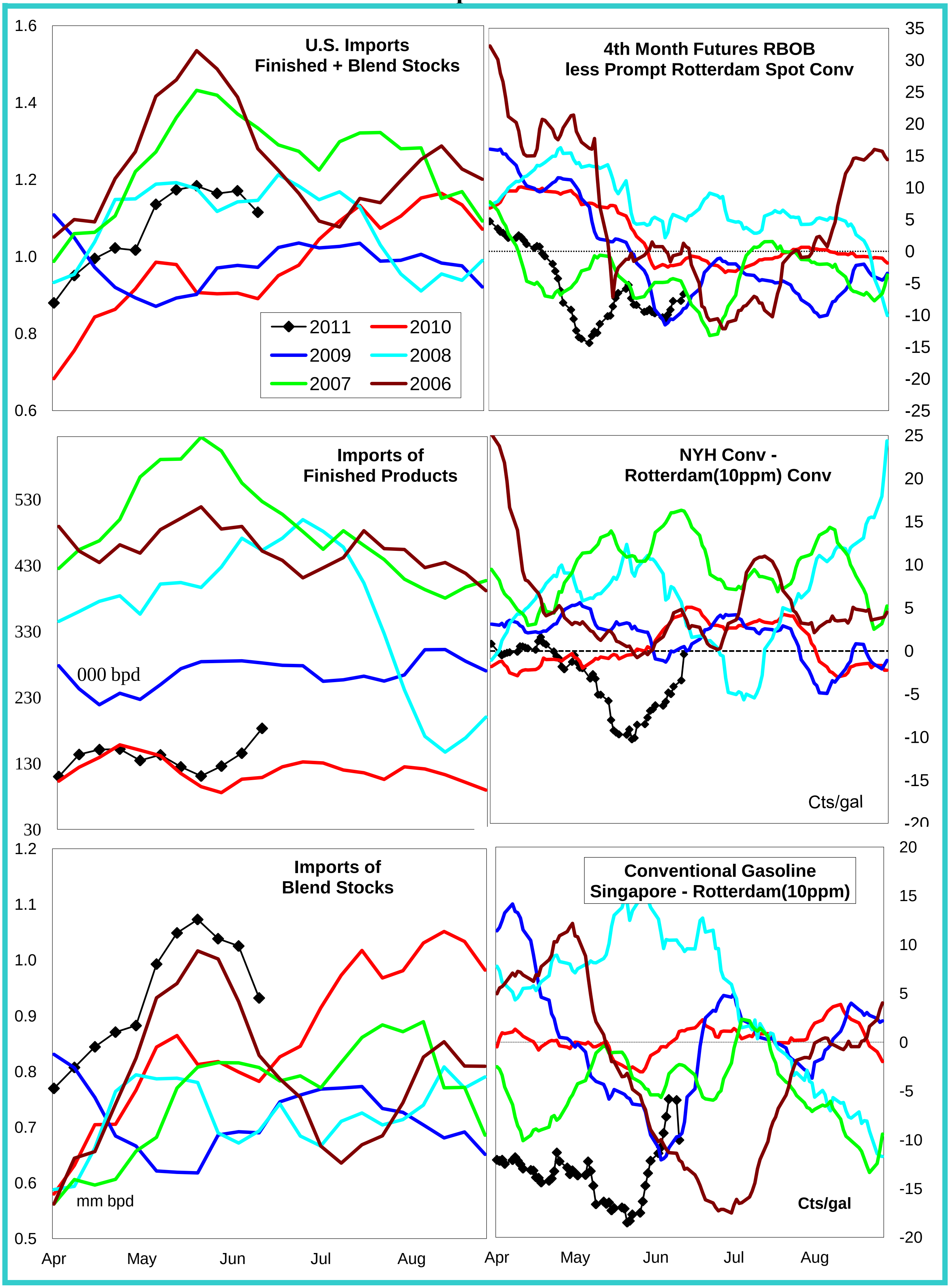
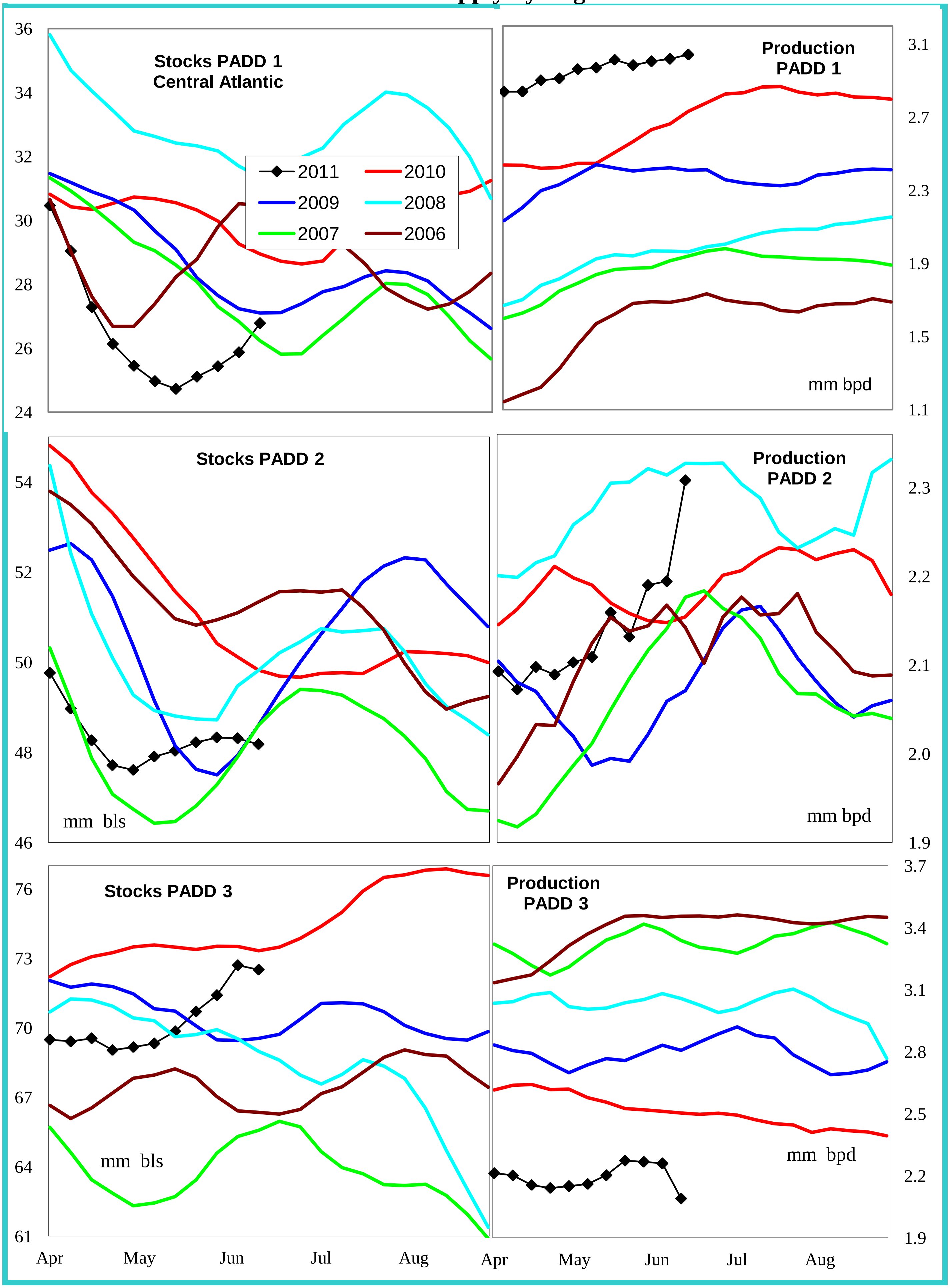
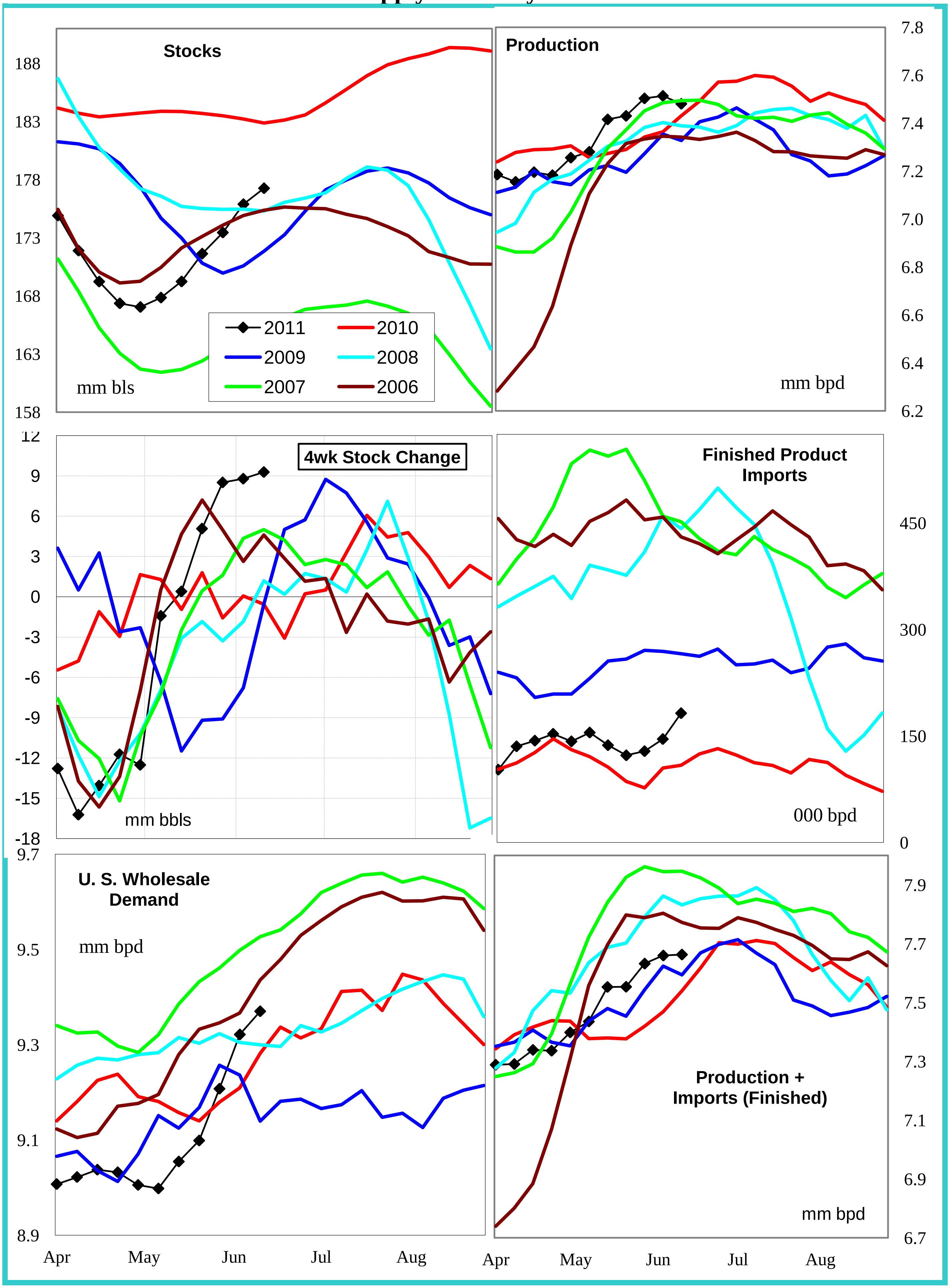
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply