FUNDAMENTAL PETROLEUM TRENDS

WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK
A Fundamental Petroleum Trends Weekly Report
Lehi German Tel: 816.505.0980   www.fundamentalpetroleumtrends.com Friday, June 24, 2011

Cash Basis Outlook			
Product	Market	Weeks Forward	
		1 - 2	3 - 6
RBOB	NYH	→	→ (red)
	Gulf	→	→ (green)
	W Coast	→	→ (green)
Conventional	NYH	→	→
	Gulf	→	→ (green)
	Grp III	→	→ (green)
	Chicago	→	→ (green)
	W Coast	→	→ (green)
Gulf Coast Price Outlook		→ (red)	→

Wholesale demand decreased -51,000 bpd last week.   The latest 4-wk average demand was +84,000 bpd above a year ago, the most robust growth of the year.

Production increased +72,000 bpd to a new 5-year high. Imports decreased -248,000 bpd with the level falling to the low end of the historic range.

Stocks decreased -0.5 million barrels on the week, although the level remains above four of the last 5-years. The latest 4-wk stock build East of the Rockies was +6.2 million barrels, the 4th consecutive weekly record for this time of year.

NYH RBOB cash basis remains above the historic range on tight supply of this grade. Chicago and Group III basis fell to record lows for this time of year as production levels were extremely high. West Coast basis levels remain below the 5-year range on high production and ample stock levels.

Expect cash basis to trend higher in most regional markets in response to sharply lower spot prices that should cause the downstream supply chain to restock, and the seasonal upswing in consumer demand.

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, offset by higher seasonal demand.

Chicago & Group III basis to trade sideways in the near term on excess supply, then higher on rising seasonal demand.

Gulf Basis to trade sideways on improved supply, then higher on peak seasonal demand.

West Coast (Los Angeles) basis to trend higher as stocks extend a seasonal draw down.
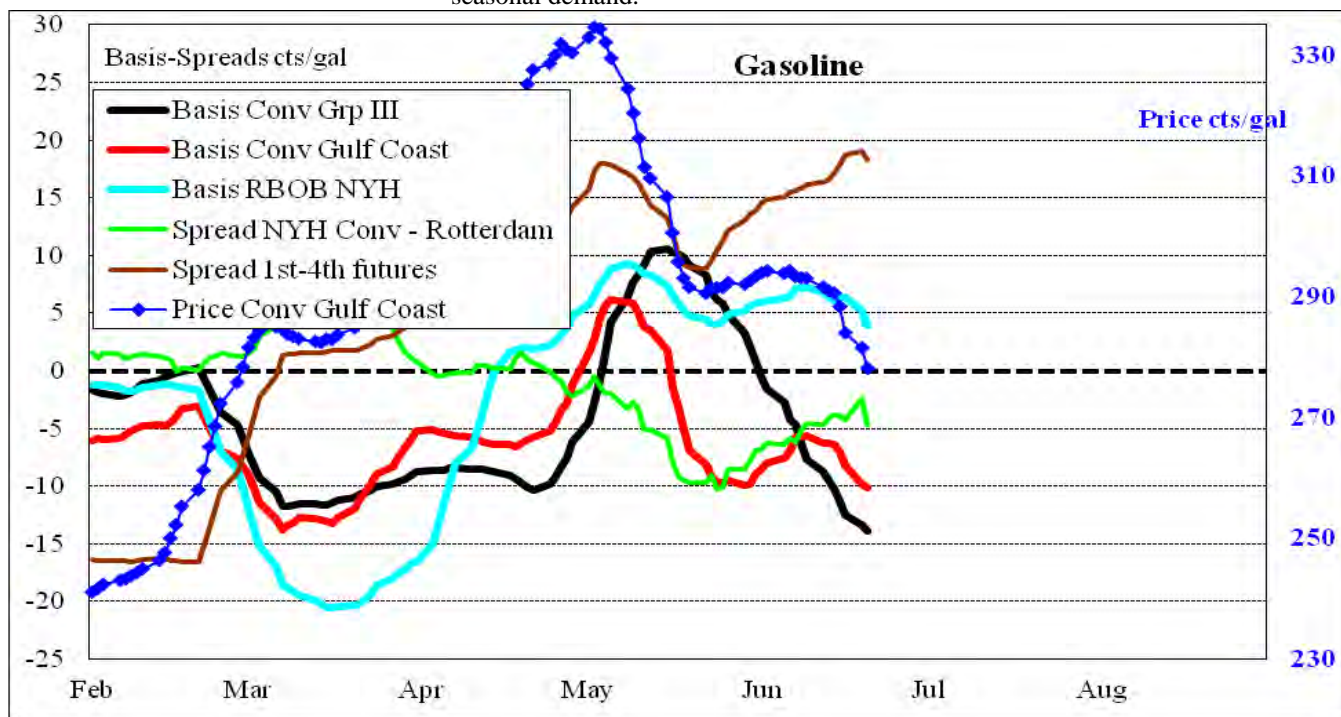
Gulf Coast Price
Gasoline demand has improved, compared to historic levels, but remains only slightly above year ago levels. Blend stock import economics remain favorable, avoiding supply squeezes on the East Coast.

Expect most regional markets to remain well supplied during the peak summer driving season on modest demand growth, ample stock levels and high production rates.
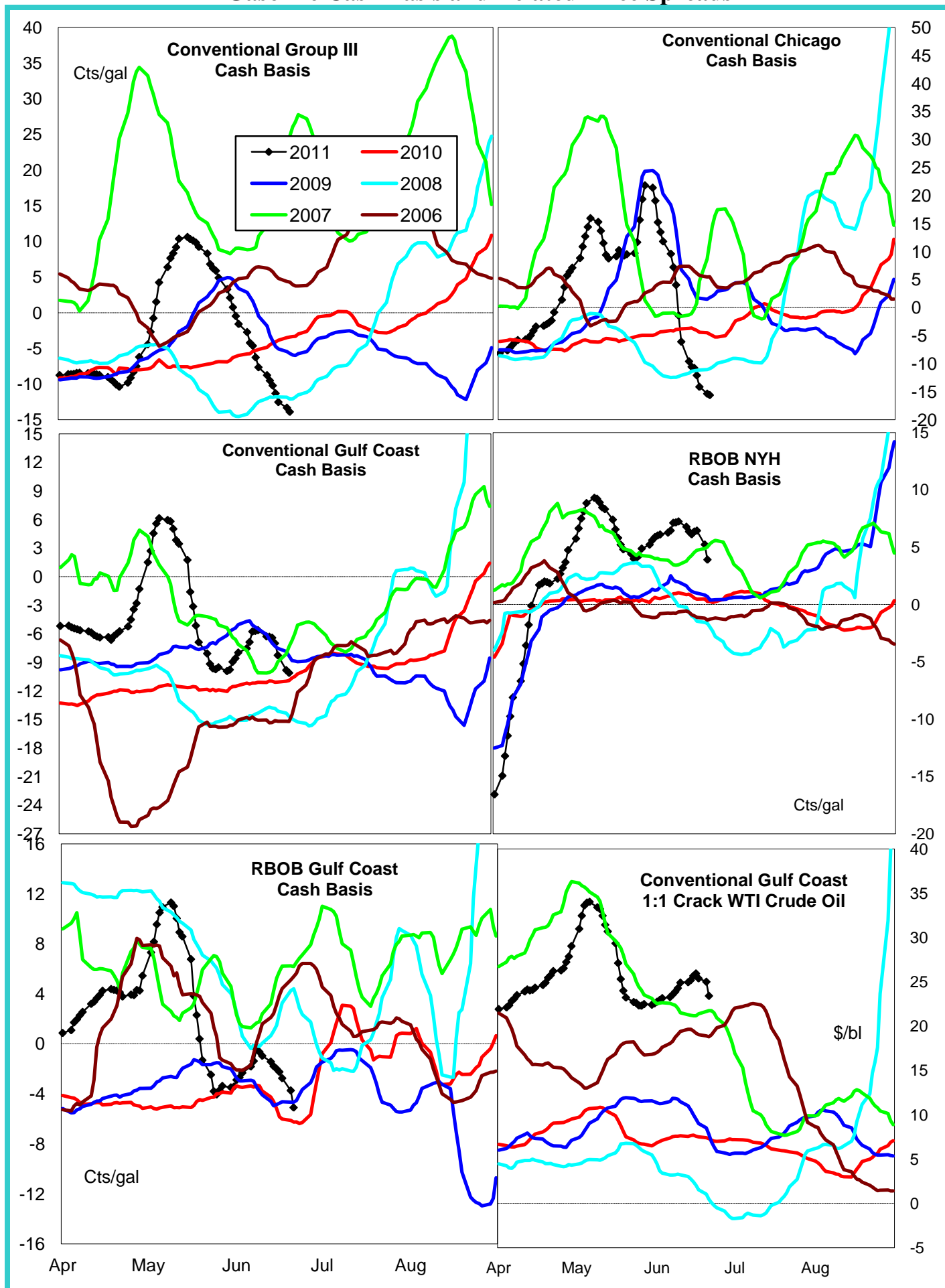
Slower economic growth in both developed and developing countries points to further downside price risk.

Release of strategic crude oil stocks by developed countries represents a very short term impact, with producing countries likely to adjust output to offset the increase.
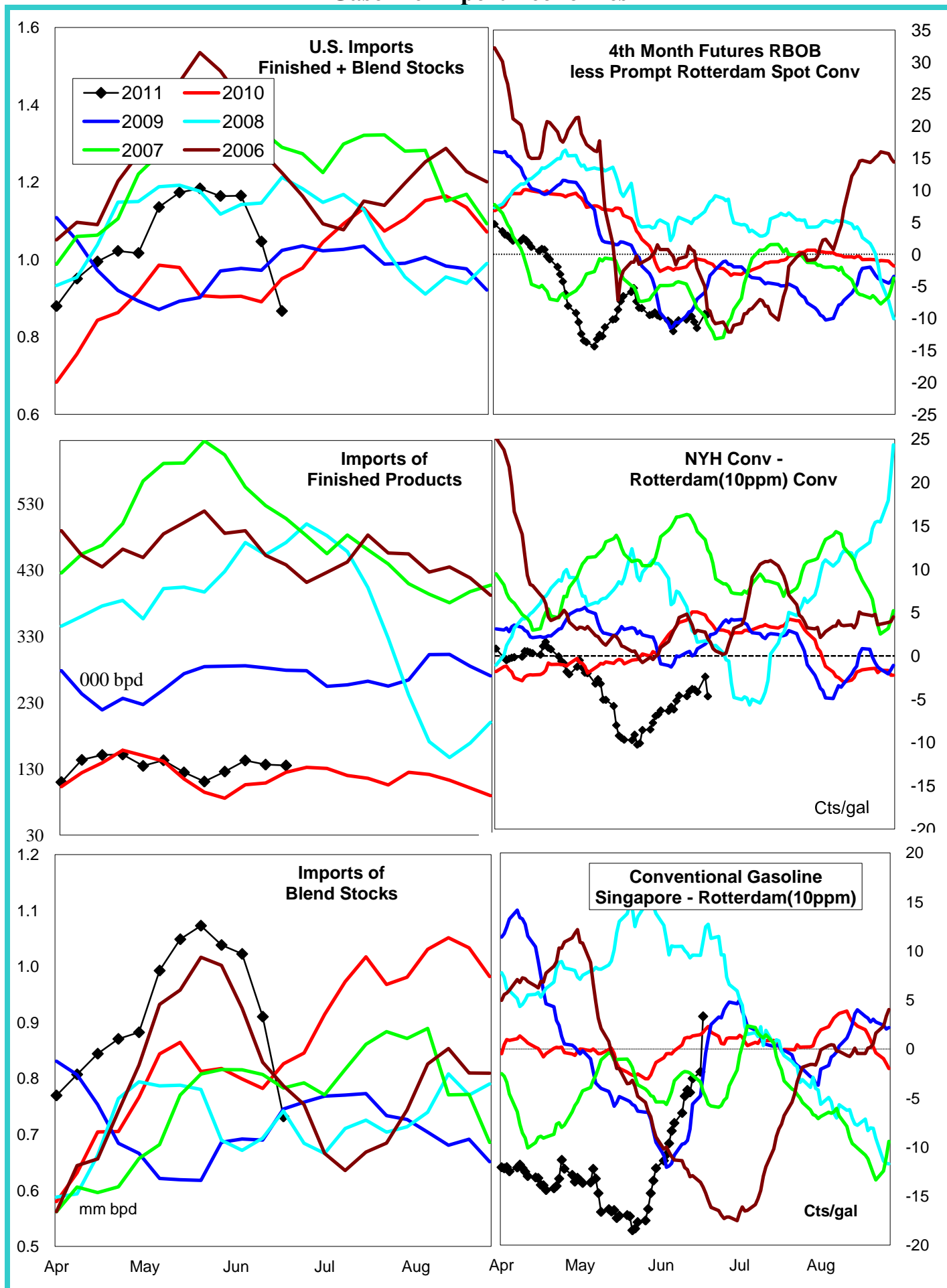

Gasoline — Basis-Spreads cts/gal / Price cts/gal
- Basis Conv Grp III
- Basis Conv Gulf Coast
- Basis RBOB NYH
- Spread NYH Conv - Rotterdam
- Spread 1st-4th futures
- Price Conv Gulf Coast

Gasoline Cash Basis and Related Price Spreads

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Gasoline Import Economics

U.S. Imports Finished + Blend Stocks

Legend:
- 2011
- 2010
- 2009
- 2008
- 2007
- 2006

4th Month Futures RBOB less Prompt Rotterdam Spot Conv

Imports of Finished Products

000 bpd

NYH Conv - Rotterdam(10ppm) Conv

Cts/gal

Imports of Blend Stocks

mm bpd

Conventional Gasoline Singapore - Rotterdam(10ppm)

Cts/gal

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Gasoline Supply by Region

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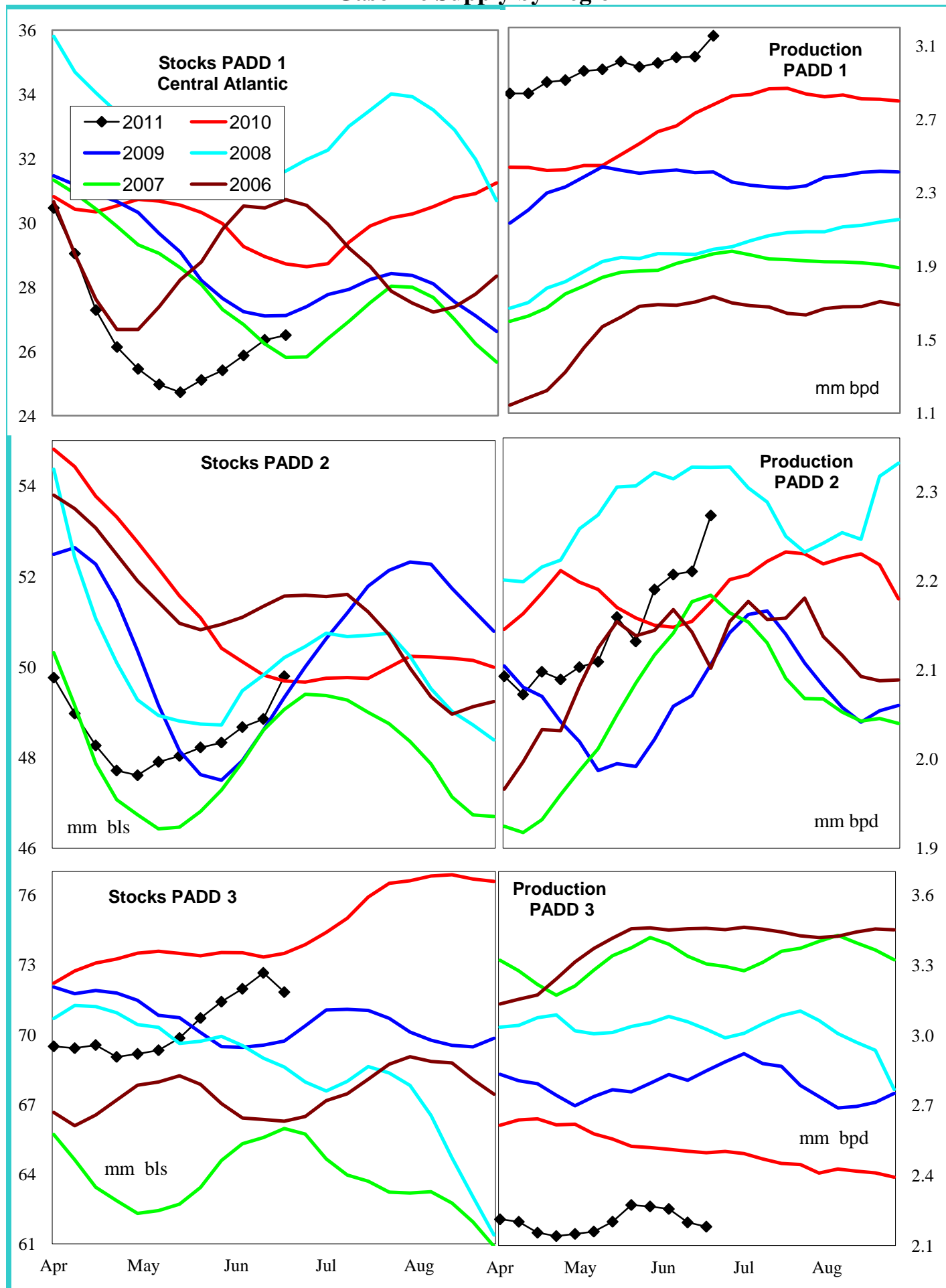
Gasoline Supply Summary PADDs 1+2+3

Stocks

mm bls

	2011	2010
	2009	2008
	2007	2006

Production

mm bpd

4wk Stock Change

mm bbls

Finished Product Imports

000 bpd

U. S. Wholesale Demand

mm bpd

Production + Imports (Finished)

mm bpd

PADD 5 Gasoline Supply

Refinery Production (mm bpd)

RBOB Los Angeles Cash Basis (Cts/gal)

2011	2010	
2009	2008	
2007	2006	

Imports Finished + Blend stocks (000 bpd)

RBOB Los Angeles - Singapore Conventional (Cts/gal)

Stocks (mm bls)

Conventional Los Angeles Cash Basis (Cts/gal)

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