



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, July 21, 2011

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

Wholesale demand did not rebound from the 4th of July week collapse, increasing just +12,000 bpd on the week. The latest 4-wk average demand was -203,000 bpd below a year ago, particularly weak.

Production increased +344,000 bpd on the week, while imports also increased

+129,000 bpd. While imports have increased, the level remains well below the historic range.

Stocks increased +0.8 million barrels, as the 4-wk stock change of -0.6 million barrel decline in markets East of the Rockies, matched historic lows for the period.

The supply squeeze continues in the Central Atlantic Region of PADD 1 where stock levels are below the historic range - driven by extremely low imports and robust exports from the Gulf. This squeeze, combined with lackluster demand, has depressed cash basis in other regional markets having a more adequate supply balance.

NYH RBOB cash basis remains above the historic range on tight supply of this grade. Basis trended higher last week for conventional grades in NYH and sideways for Gulf RBOB.

Basis extended the recent downtrend in Midwest and West Coast markets; at levels well below the 5-year historic range for this time of year.

Expect imports into the East Coast to improve the supply balance in that market, which should allow basis levels in other regional markets to improve during the next 45-days of peak demand.

RBOB

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

Conventional

New York Harbor basis to trend higher on rising seasonal demand.

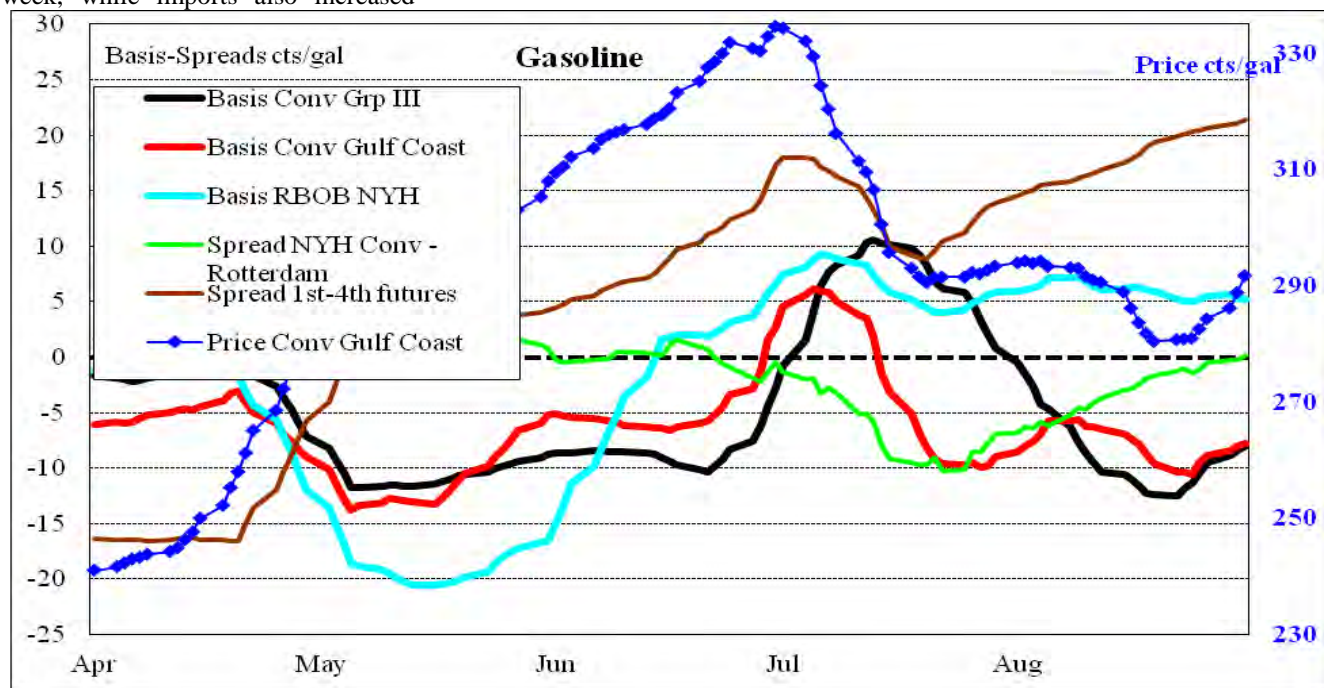
Chicago & Group III basis to trend higher on higher seasonal demand, and improved East Coast supplies.

Gulf Basis to trend higher on peak seasonal demand and improved East Coast supplies.

West Coast (Los Angeles) basis to trend higher on increased exports and improved East Coast supplies, but remain weak compared to the historic range.

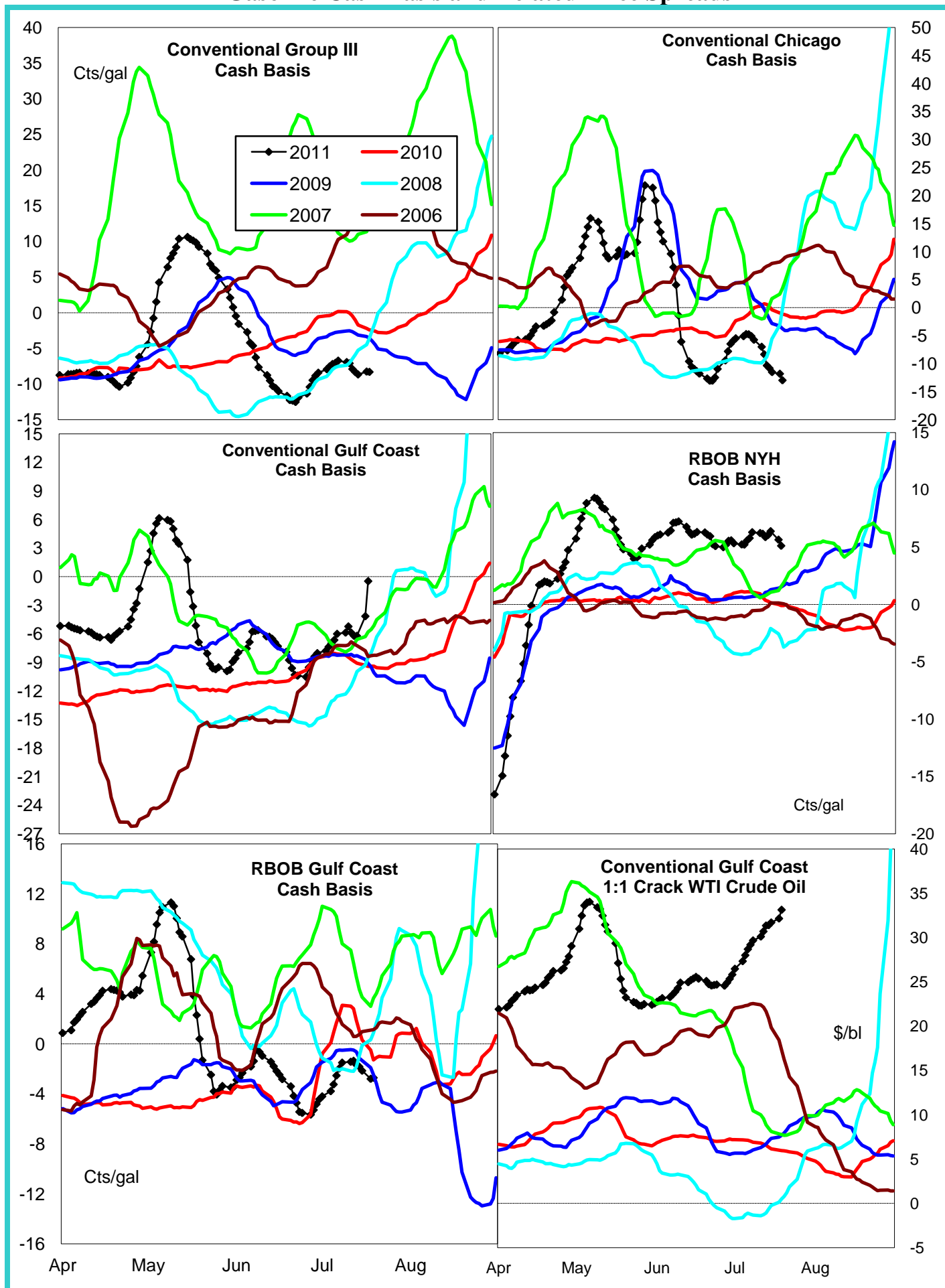
Gulf Coast Price

The supply squeeze in the key Central Atlantic Region, robust exports from the Gulf and very weak demand compared to year ago levels continues to depress cash basis in the Midwest and West Coast markets. In the absence of hurricane disruptions, expect the supply balance to improve in PADDs 1 and 3. Combined with slow economic growth, the risk of a price decline continues.

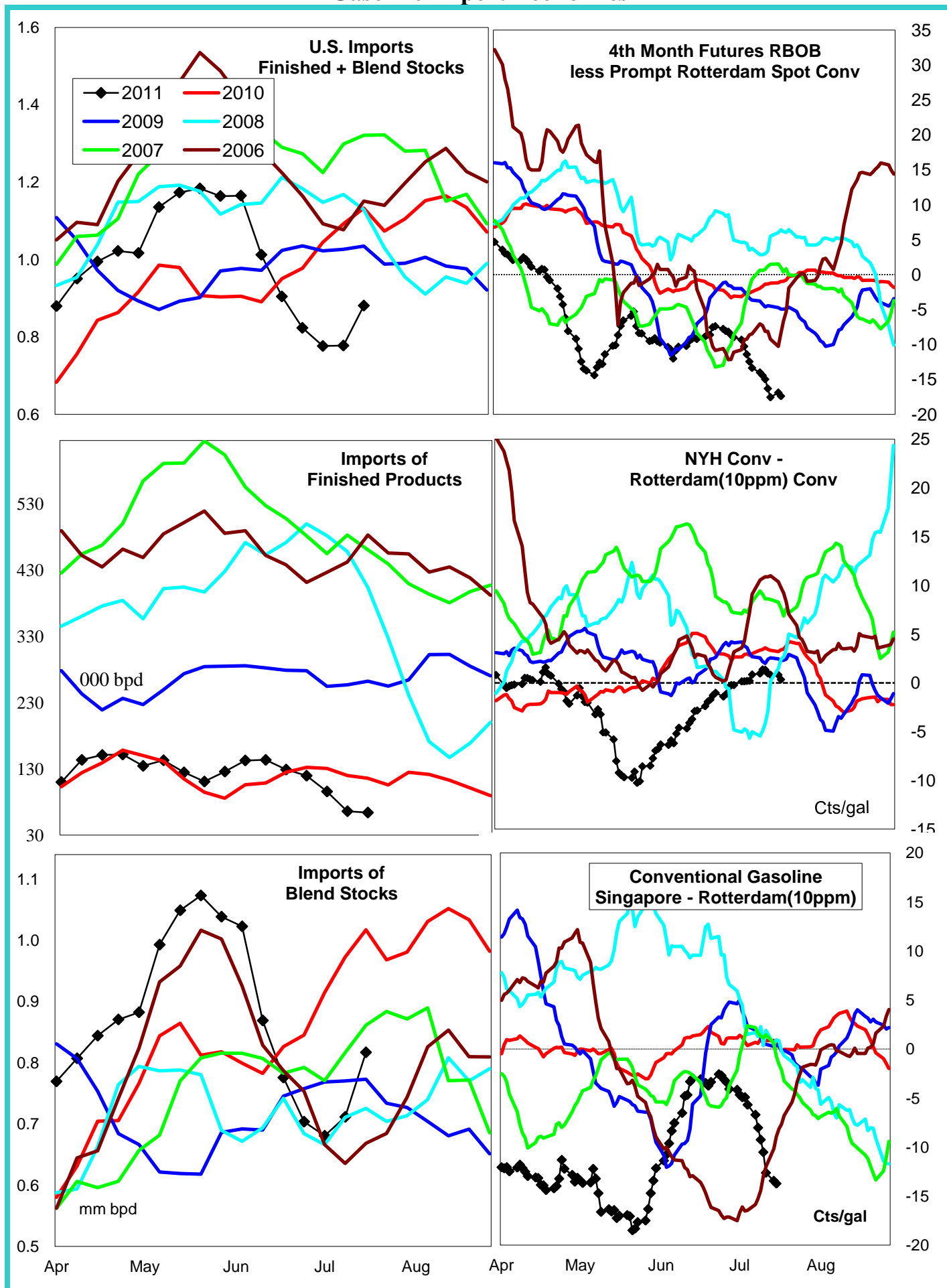


Disclaimer - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and is intended for informational purposes and is not to be construed as a recommendation to sell or buy, or trade in any commodity mentioned herein. Information is obtained from sources believed reliable, but is in no way guaranteed. Opinions, market data and recommendations are subject to change at any time. Past results are not indicative of future results. Charts are developed by Fundamental Petroleum Trends from EIA, NWS, other public data and proprietary models unless otherwise noted and credited.

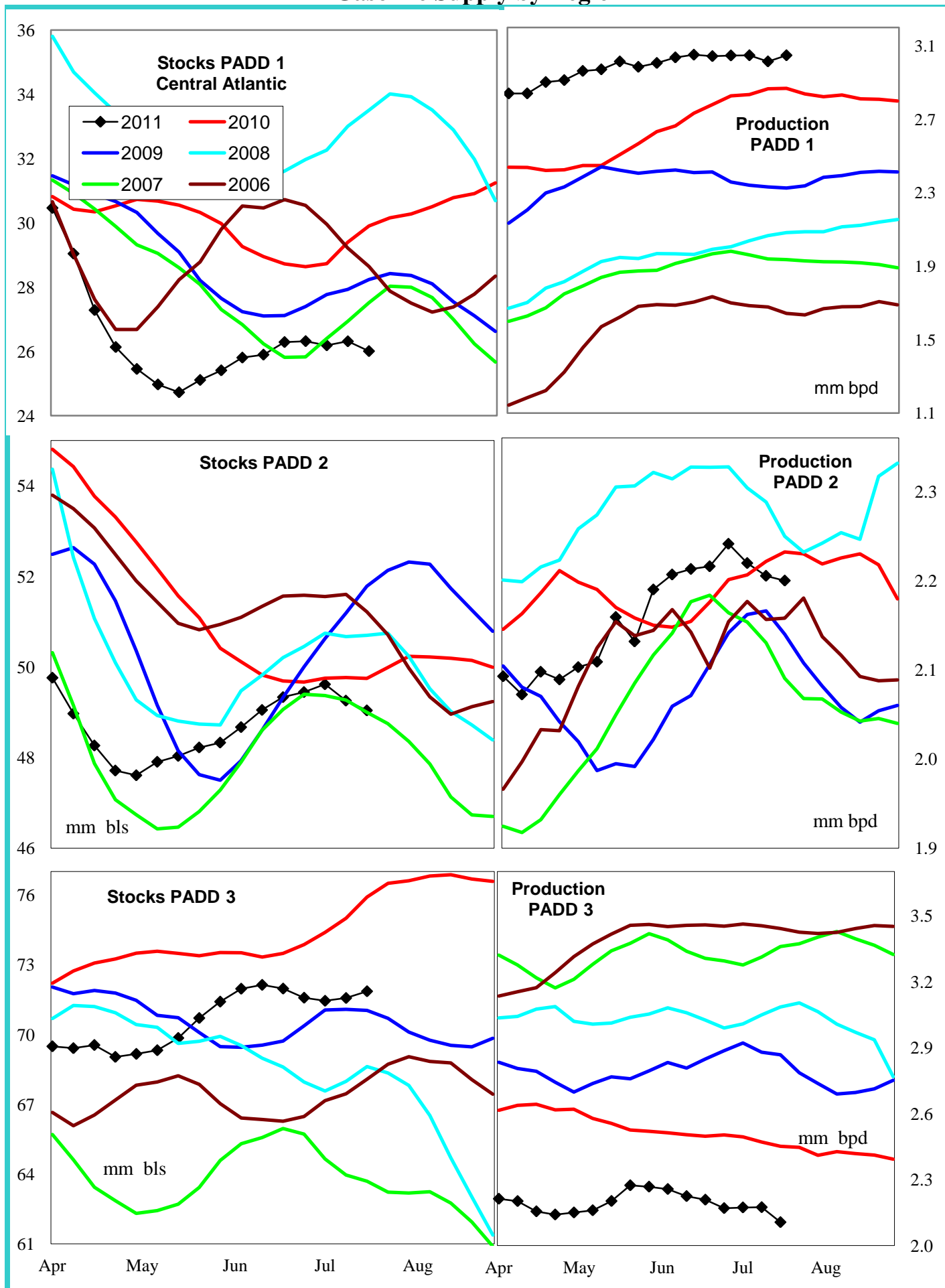
Gasoline Cash Basis and Related Price Spreads



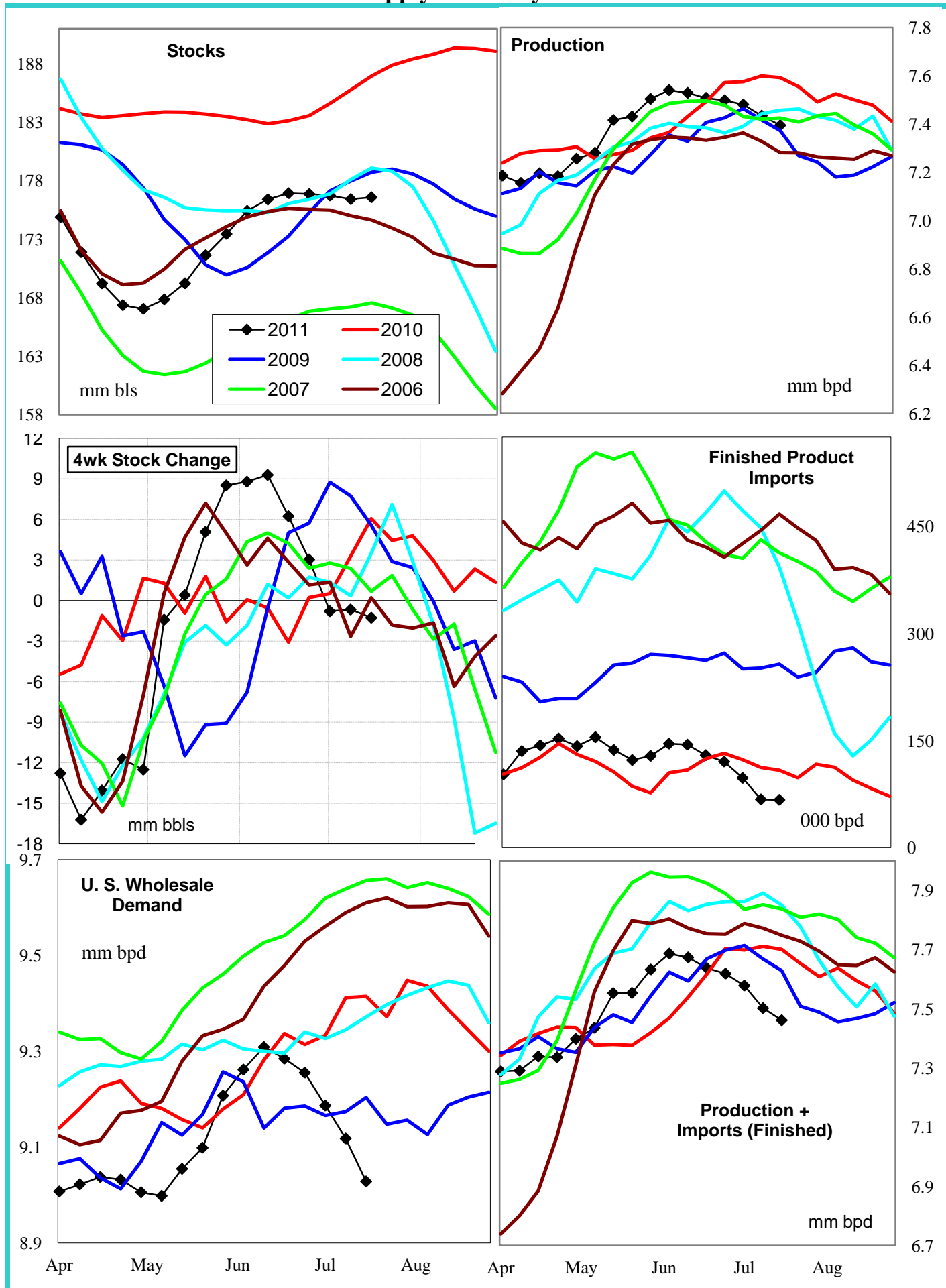
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

