



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, July 28, 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 decreased -29,000 bpd last week, exhibiting a counter seasonal downtrend, to record low levels. The latest 4-wk average demand was -311,000 bpd below a year ago, the largest year-on-year decline of 2011.

Production decreased -52,000 bpd on the week, while imports fell -219,000 bpd to a record low level.

Stocks increased +1 million barrels, lifting the +0.6 million barrel 4-wk stock change to the low end of the historic range in markets East of the Rockies.

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, continues to depress 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 trends were mixed last week with the West and Gulf Coasts trending lower while the Chicago and the Group III increased slightly. Basis levels in the Midwest and West Coast markets remain below the historic range. Basis levels in the Gulf are at the low end of the historic range.

Exceptionally weak demand may depress cash basis for the balance of the season across markets outside of NYH.

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.

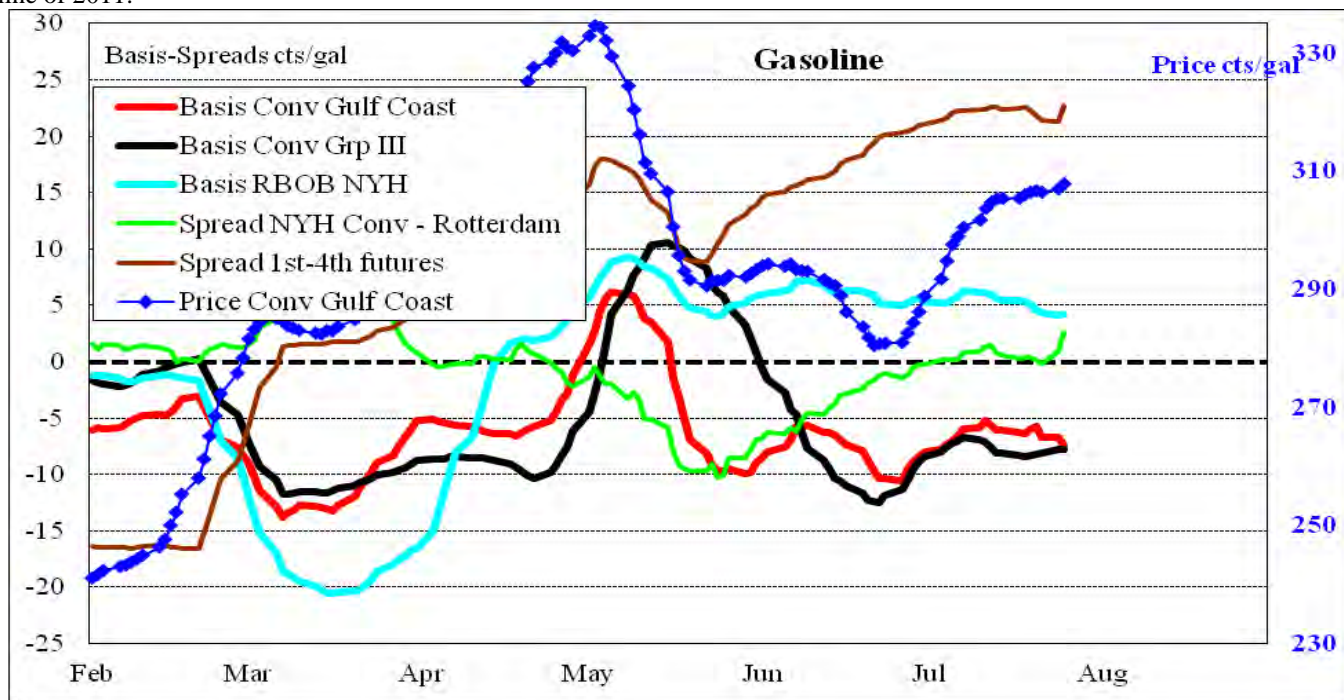
Chicago & Group III basis to trend higher on higher seasonal demand, and improved East Coast supplies.

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.

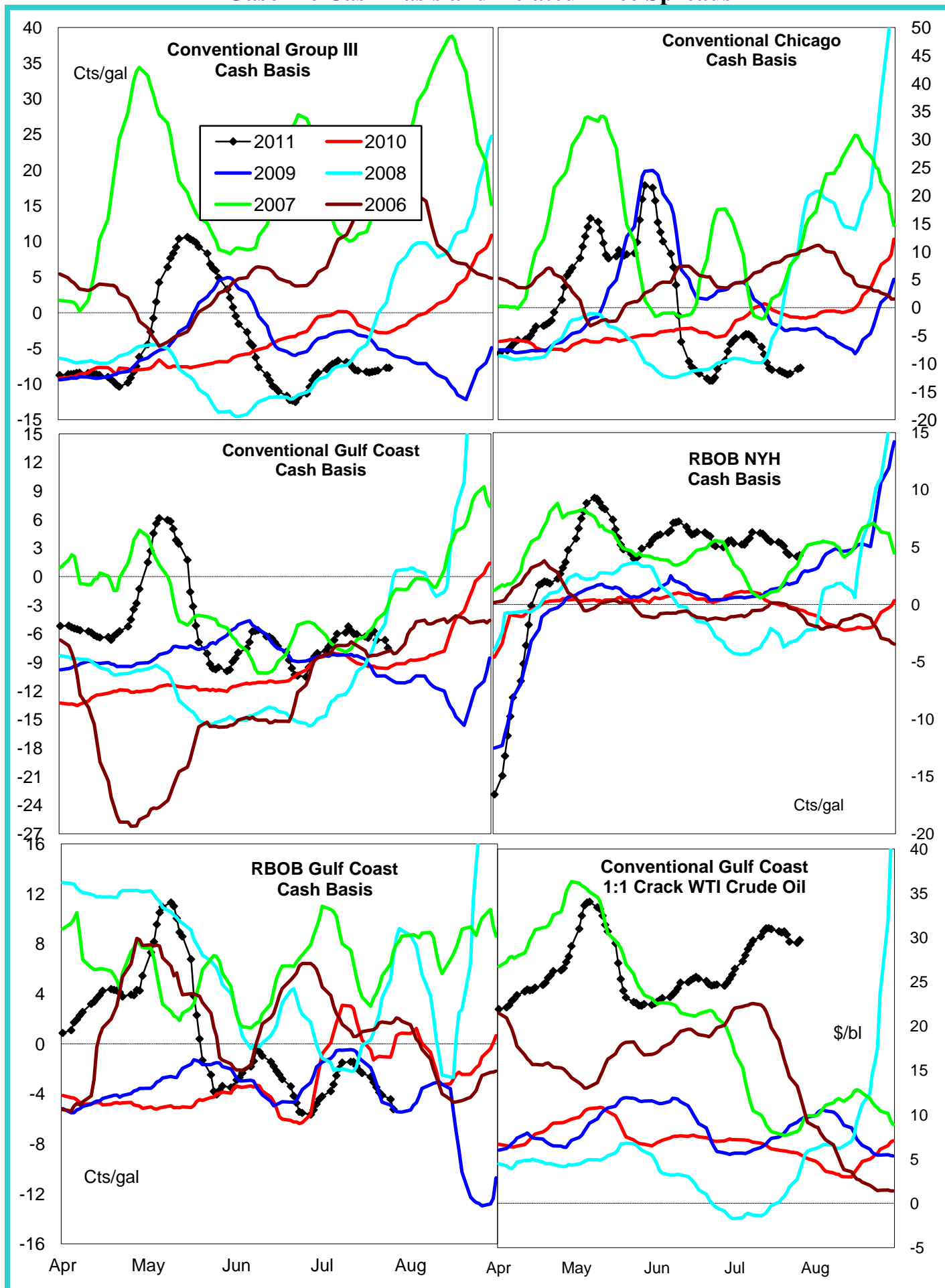
Gulf Coast Price

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 remains in place.

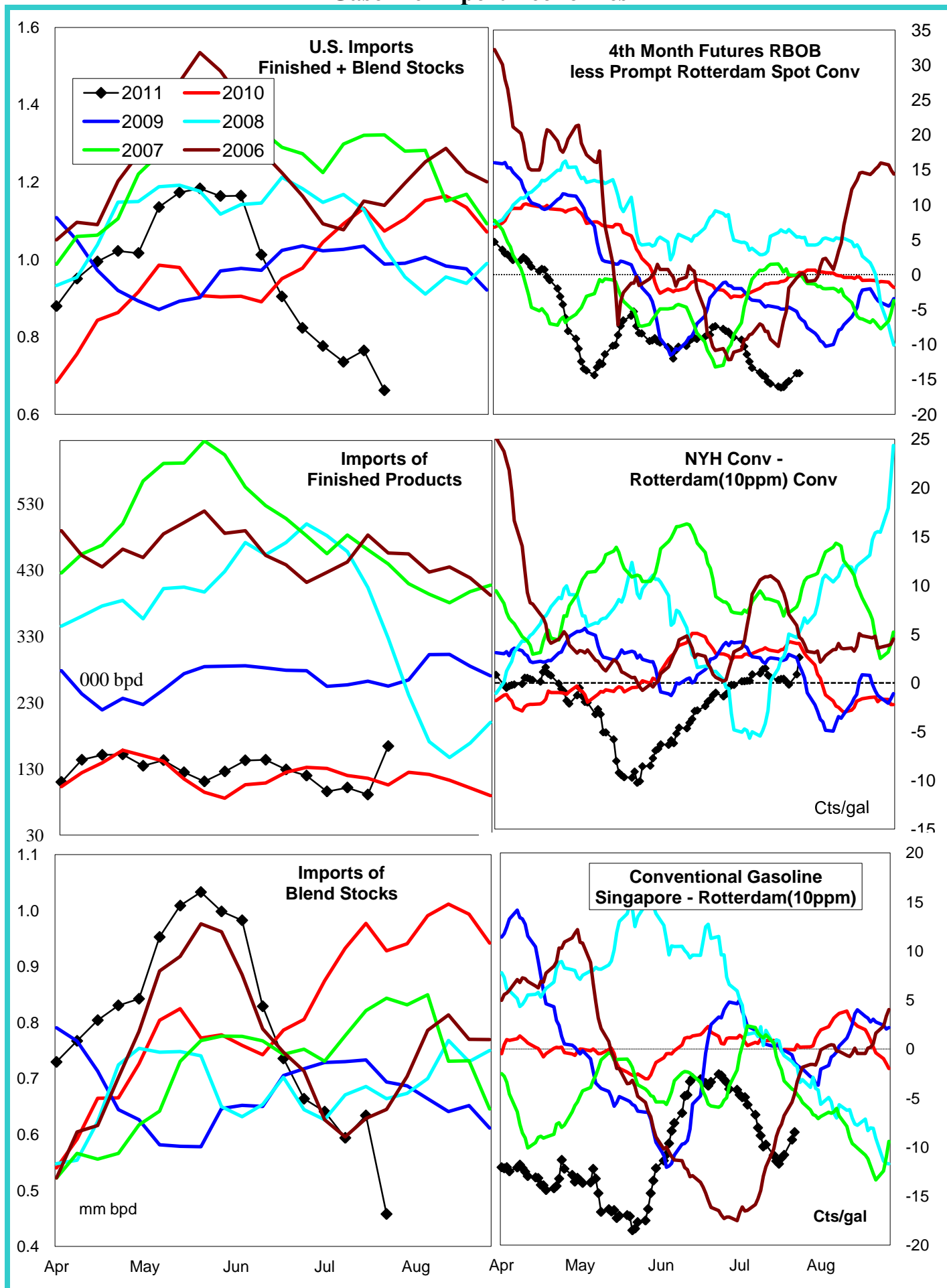


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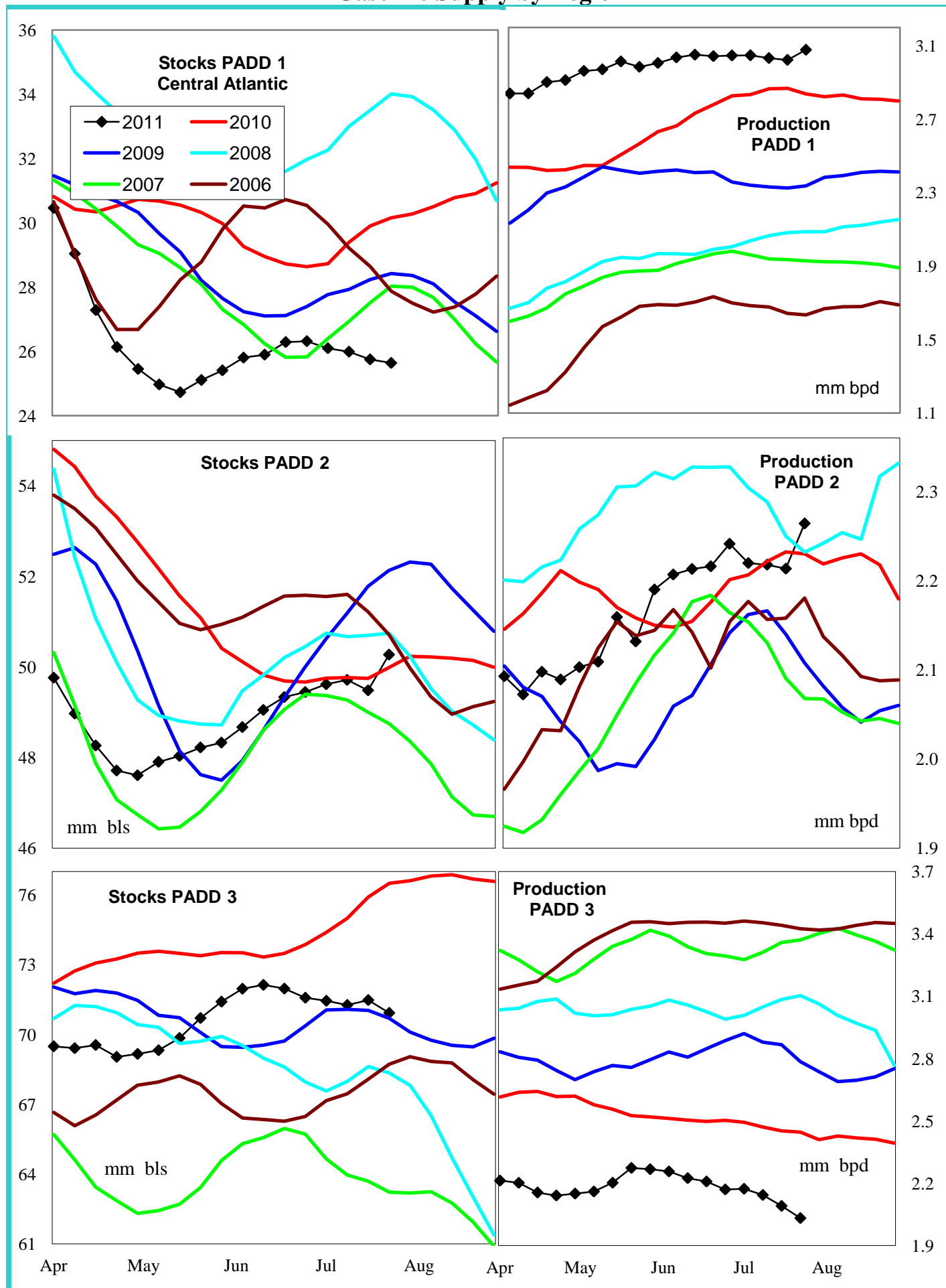
Gasoline Cash Basis and Related Price Spreads



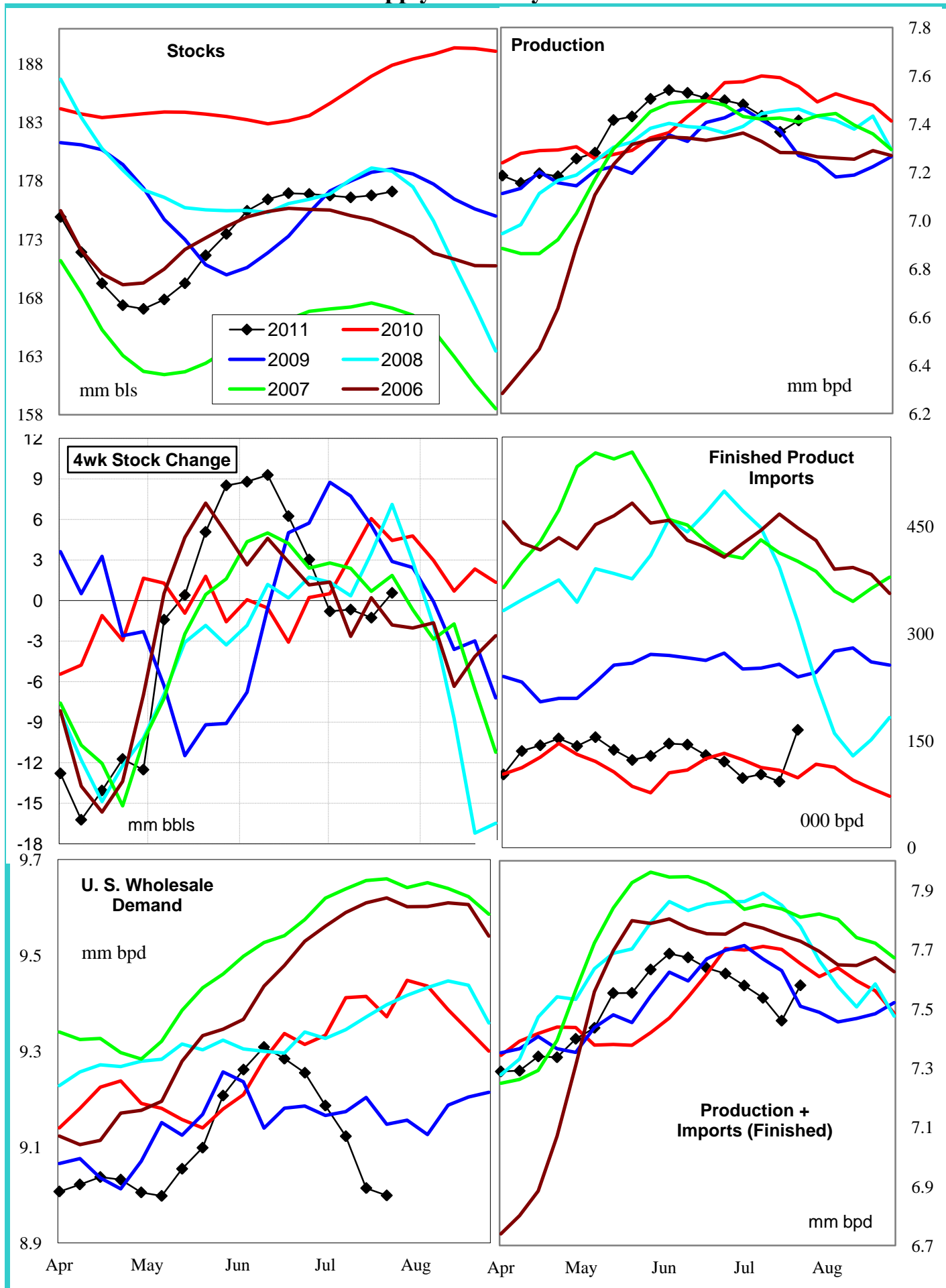
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

