



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, August 11, 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 increased +29,000 bpd last week, but the level remains near the 2009 5-year lows. The latest 4-wk average demand was -324,000 bpd below a year

ago, matching the record lows during the recession.

Production jumped +387,000 bpd on the week, partially offset by a -212,000 bpd drop in imports.

Stocks decreased -1.6 million barrels last week, a draw less than average for this time of year. The latest 4-wk stock change was a draw of -0.2 million barrels, slightly less than the historic average.

The supply squeeze continues in the Central Atlantic Region of PADD 1 where stock levels are below the historic range - driven by low imports and robust exports from the Gulf. This squeeze has kept the forward price curve steeply inverted, even through the recent sharp price pull back.

Cash basis increased across all regional markets last week, driven by lower flat prices and peak summer demand, although at a very low level.

NYH RBOB cash basis remains above the historic range on tight supply of this grade. Basis levels remain extremely weak in the Group III and in all West Coast Markets.

Peak summer demand and lower flat prices should support further basis

increases in all regional markets for the balance of this month.

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 peak seasonal demand.

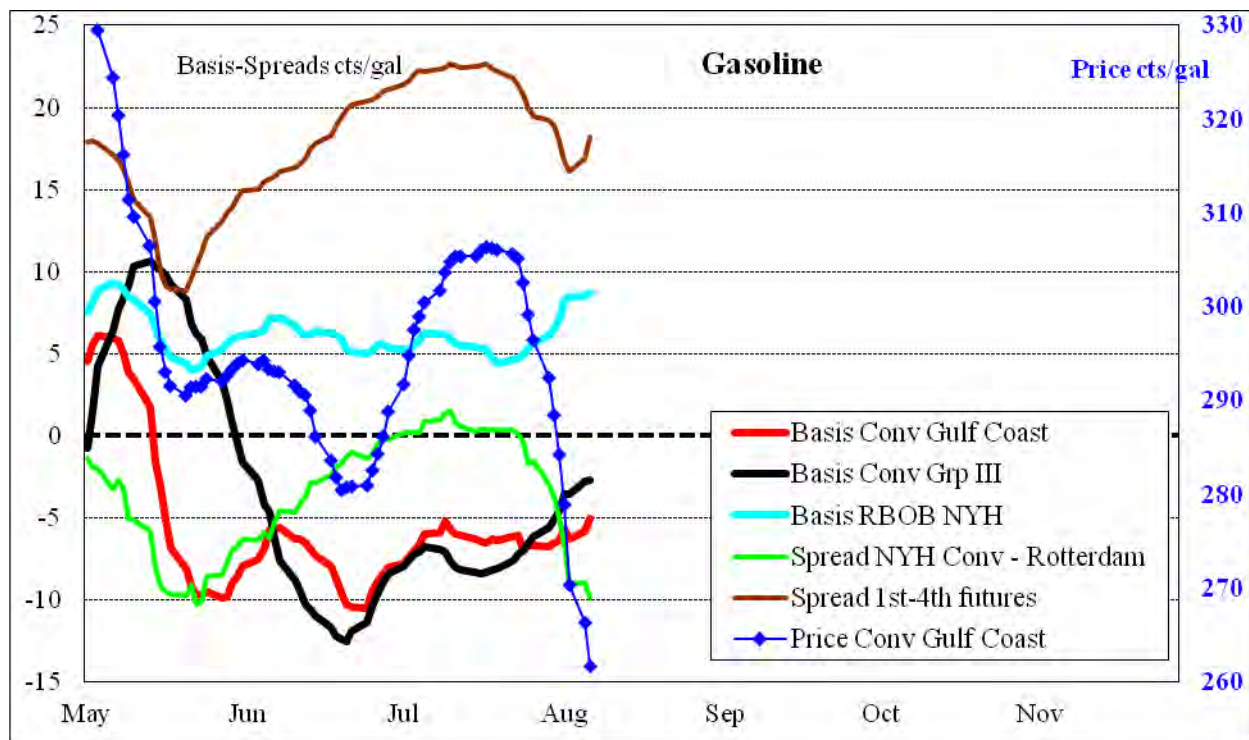
Chicago & Group III basis to trend higher on an improving PADD 1 supply and peak seasonal demand.

Gulf Basis to trend slightly higher on peak seasonal demand and improved East Coast supplies, partially offset by high stocks.

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

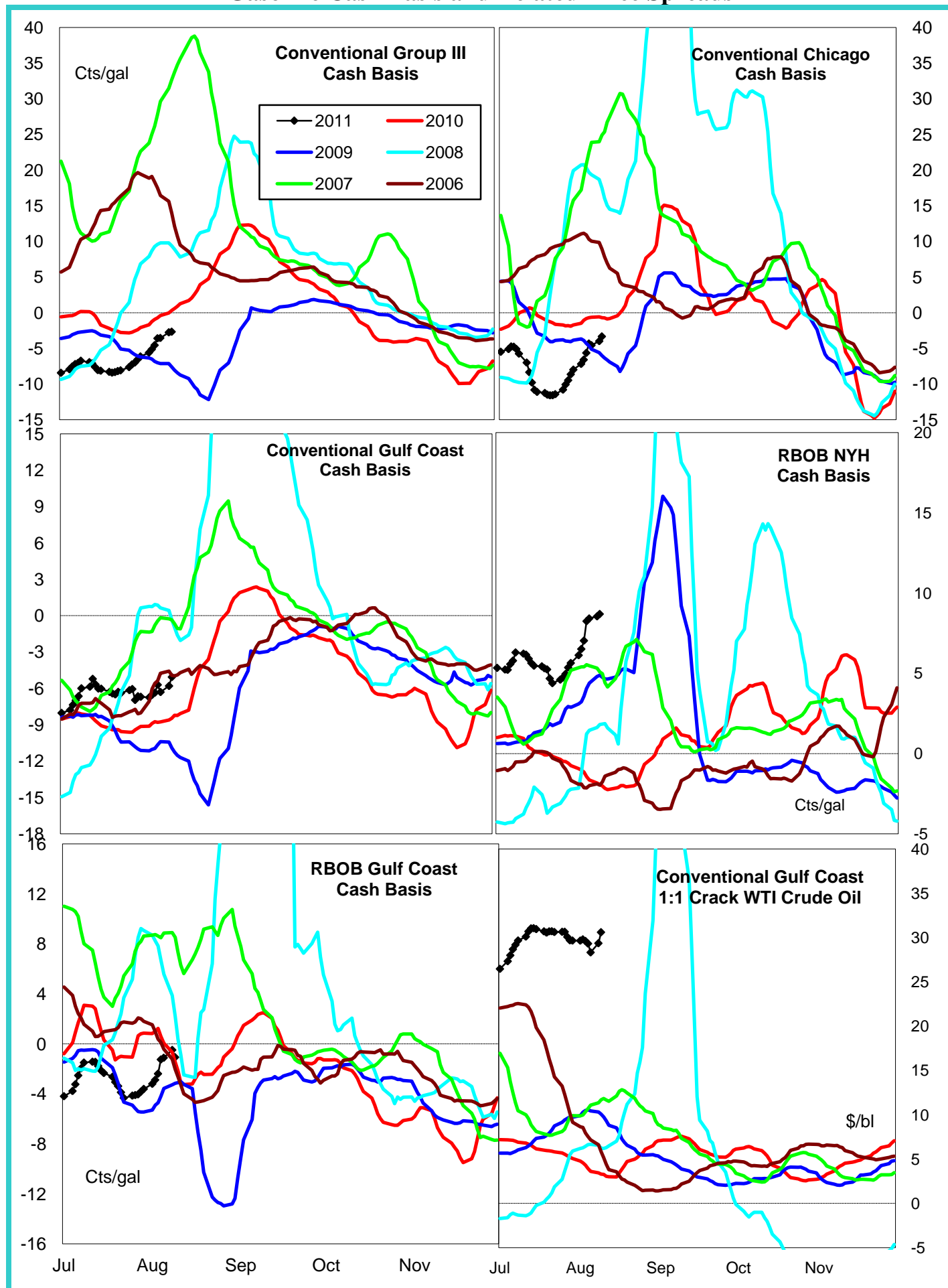
Gulf Coast Price

The recent price collapse has been driven by expectations of slower global economic growth. The very ample carryout supplies of gasoline in markets outside the Central Atlantic Region increase the risk of further price weakness as peak summer demand comes to an end. In the absence of hurricane disruptions, expect further price weakness.

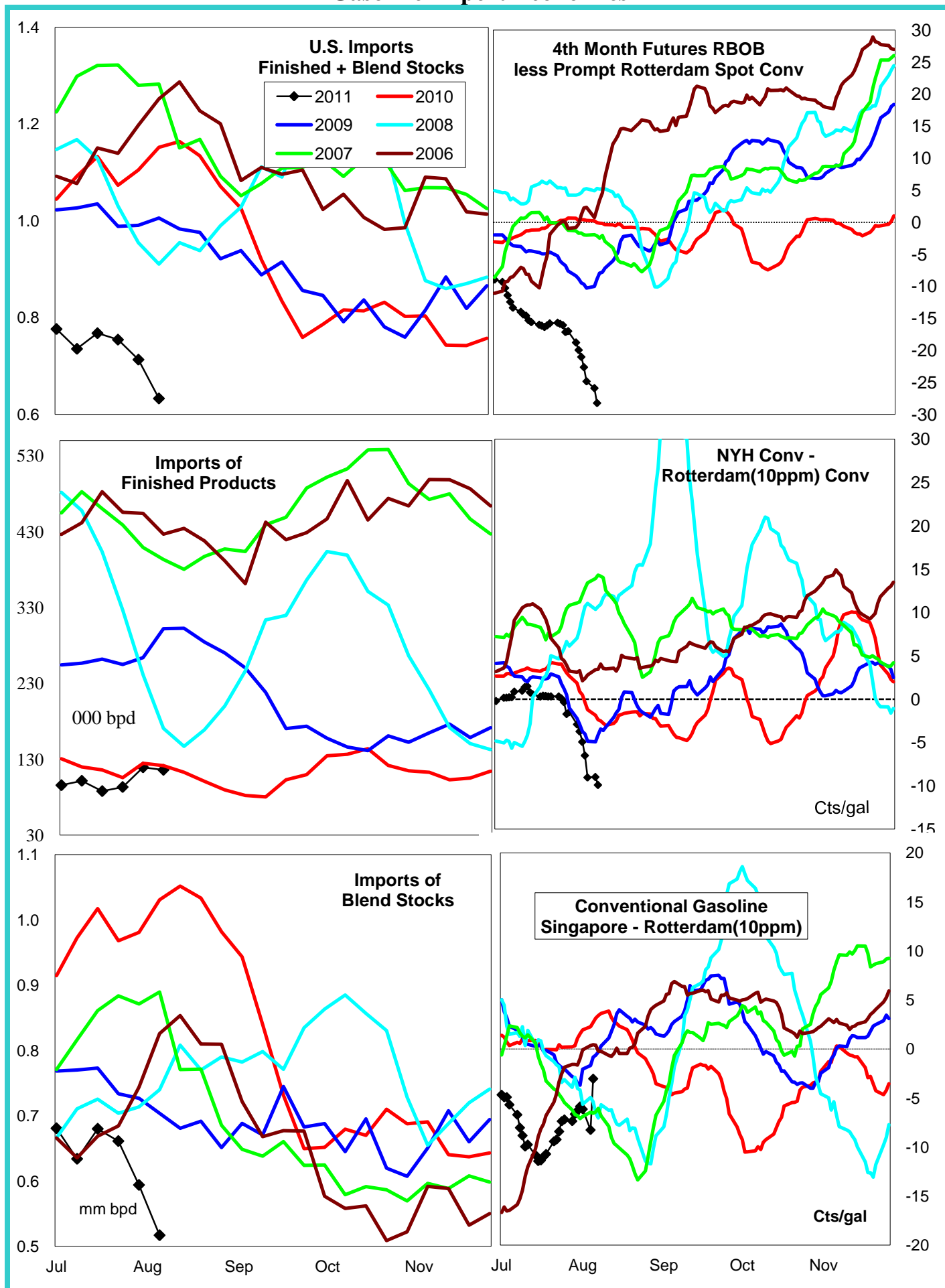


Disclaimer - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and 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.

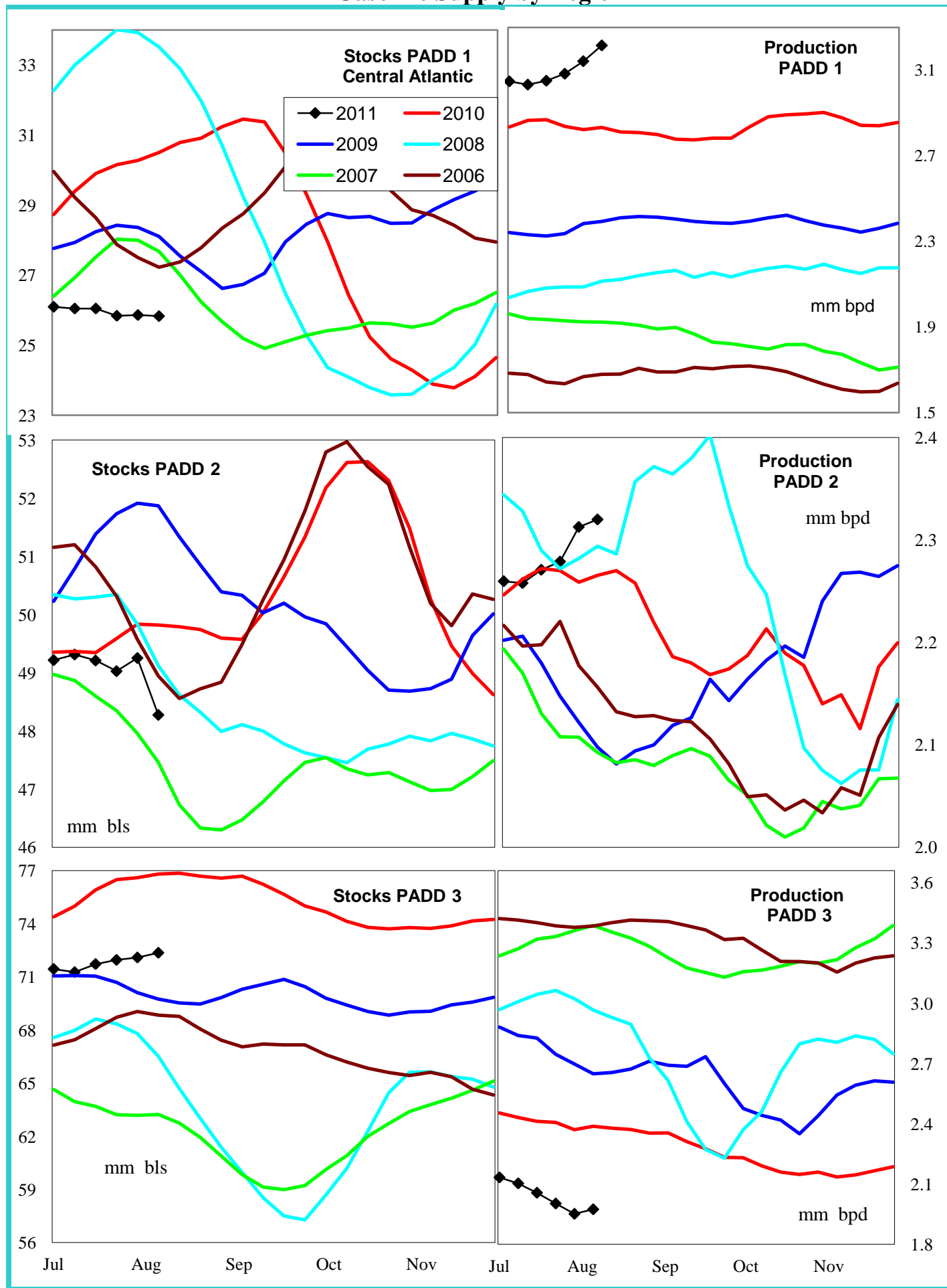
Gasoline Cash Basis and Related Price Spreads



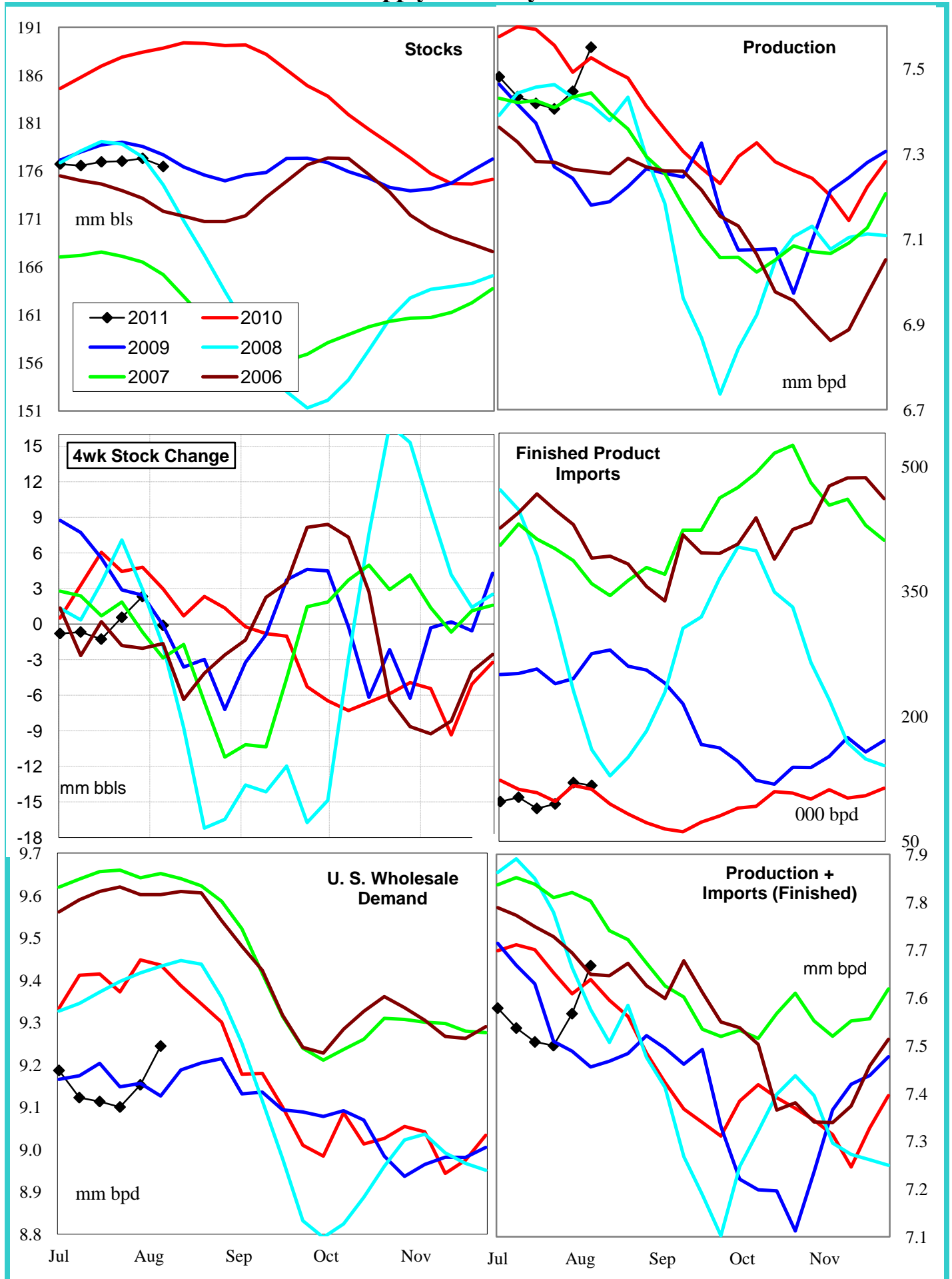
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

