



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, September 09, 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 fell -273,000 bpd last week on the disruption by hurricane Irene and start of seasonal downtrend. The latest 4-wk average demand was -274,000 bpd

below a year ago, and below even the record lows during the recession.

Production fell -423,000 bpd, mostly in PADD 1 where refiners closed ahead of hurricane Irene. Imports remain at record low levels.

Stocks increased +0.2 million barrels with draws on the East Coast offset by builds in PADDs 2 and 3. The latest 4-wk stock change East of the Rockies was a draw of -1.3 million barrels, a level near record low draw for this time of year.

Stock levels are near 5-year highs in the Gulf while PADDs 1 and 2 are at the low end of the historic range.

Cash basis fell sharply last week in all regional markets, driven by an end to summer demand and less damage than expected from hurricane Irene, that led to aggressive selling by suppliers in markets East of the Rockies.

Expect a broad based seasonal decline in basis, on very weak demand and high production levels.

RBOB

New York Harbor basis to trend lower on reduced seasonal demand, partially offset by record low imports.

Conventional

New York Harbor basis to trend lower on reduced seasonal demand, partially offset by record low imports.

Chicago & Group III basis to trend seasonally lower on increased supply and return to operation of process units down for unplanned maintenance.

Gulf Basis to trend seasonally lower on very high stock levels and lower seasonal demand.

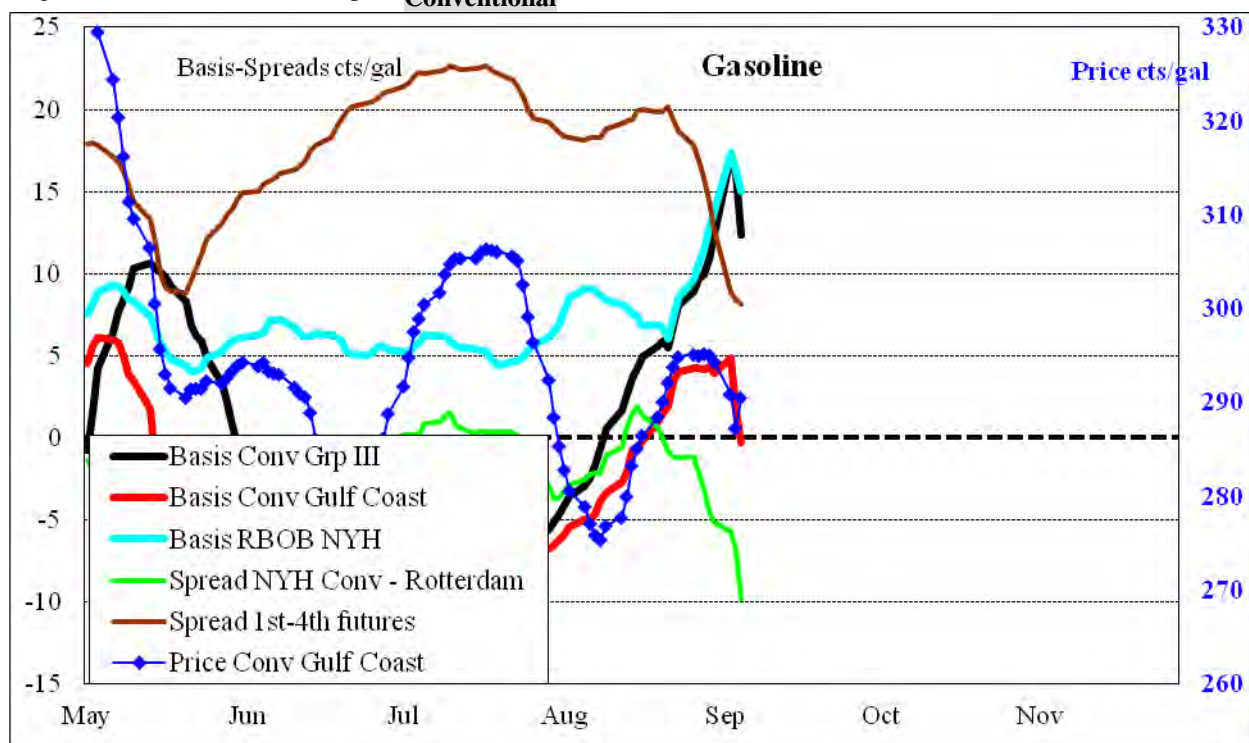
West Coast (Los Angeles) basis to trend lower on high production rates and lower seasonally demand.

Gulf Coast Price

Very low imports to the East Coast should keep the local cash markets in the area relatively tight, offset by excess Gulf supplies and weak demand.

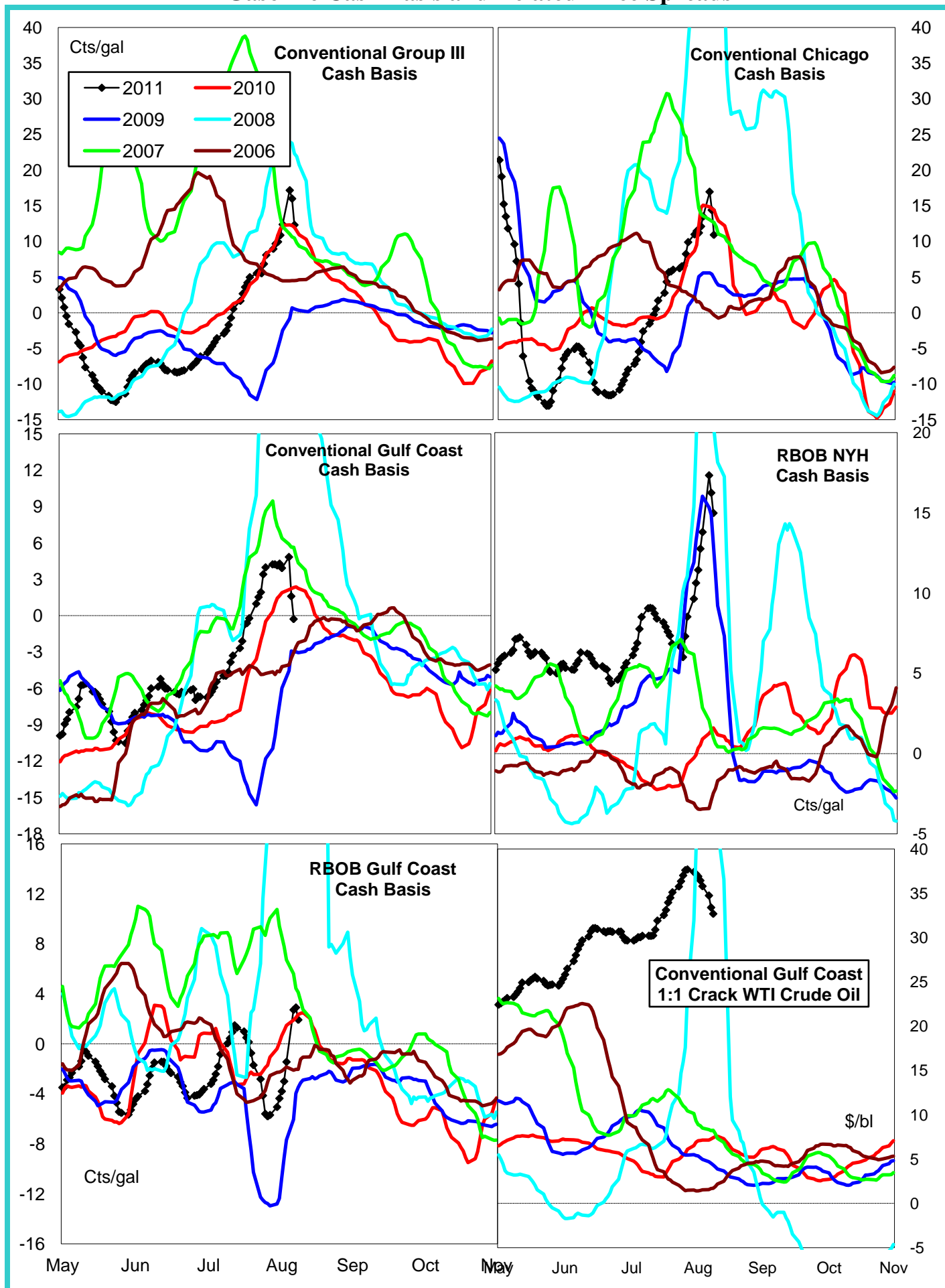
In the absence of hurricane disruptions to the Gulf region, expect price weakness on excess supplies outside the East Coast as refiners convert to fall grades and seasonal demand trends lower.

Risk of hurricane disruptions on the Gulf continue for the next 45-days.

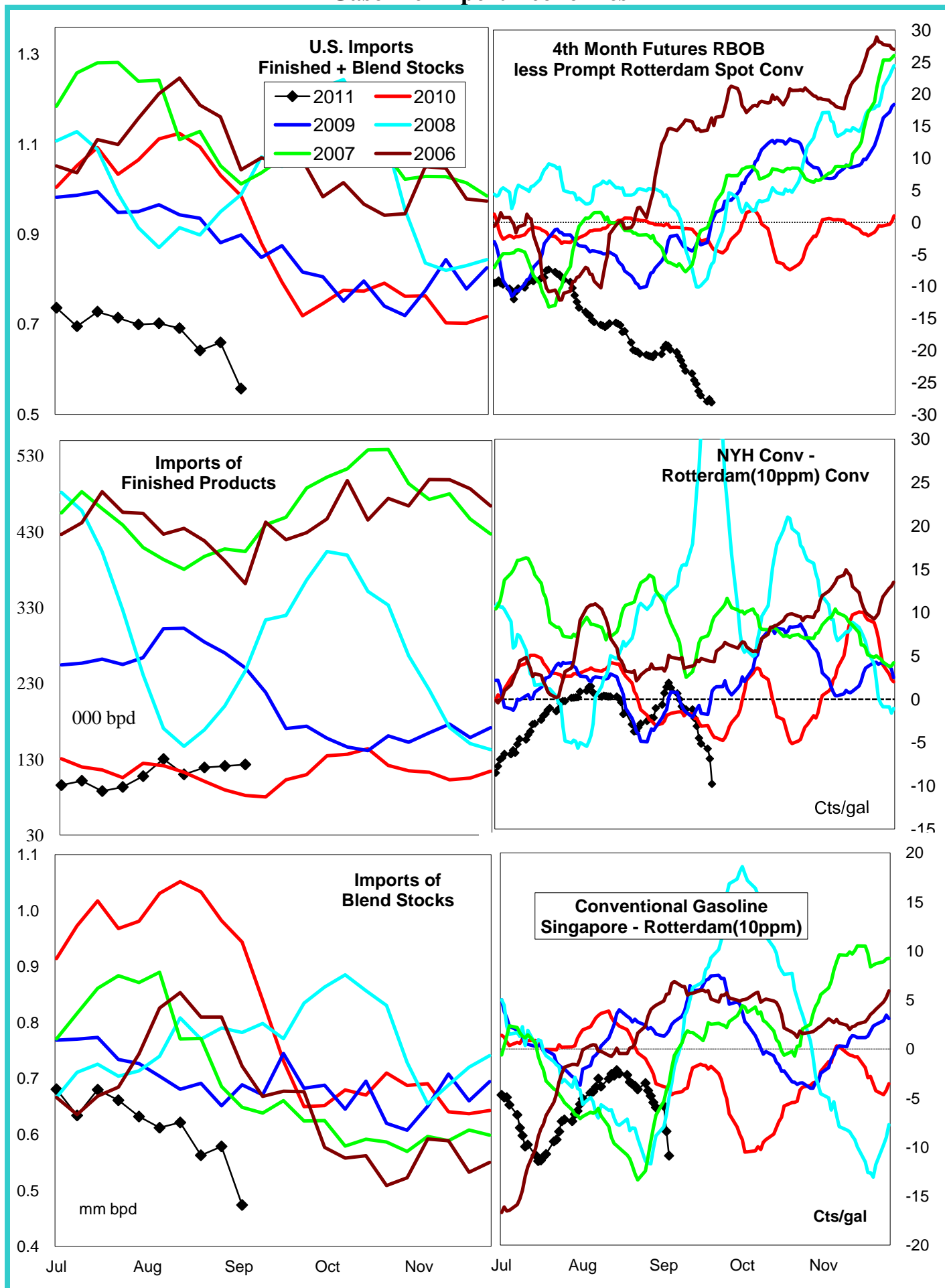


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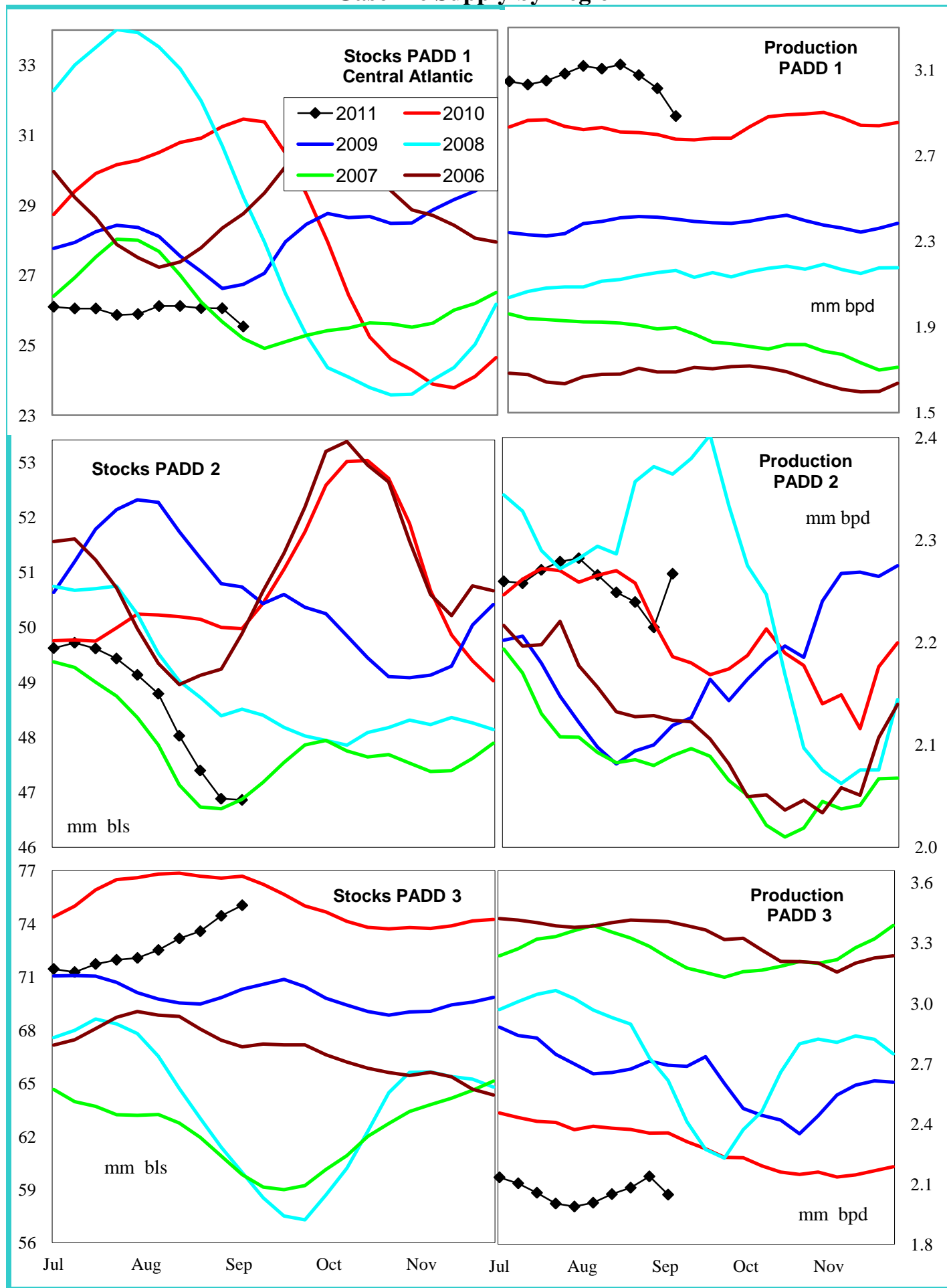
Gasoline Cash Basis and Related Price Spreads



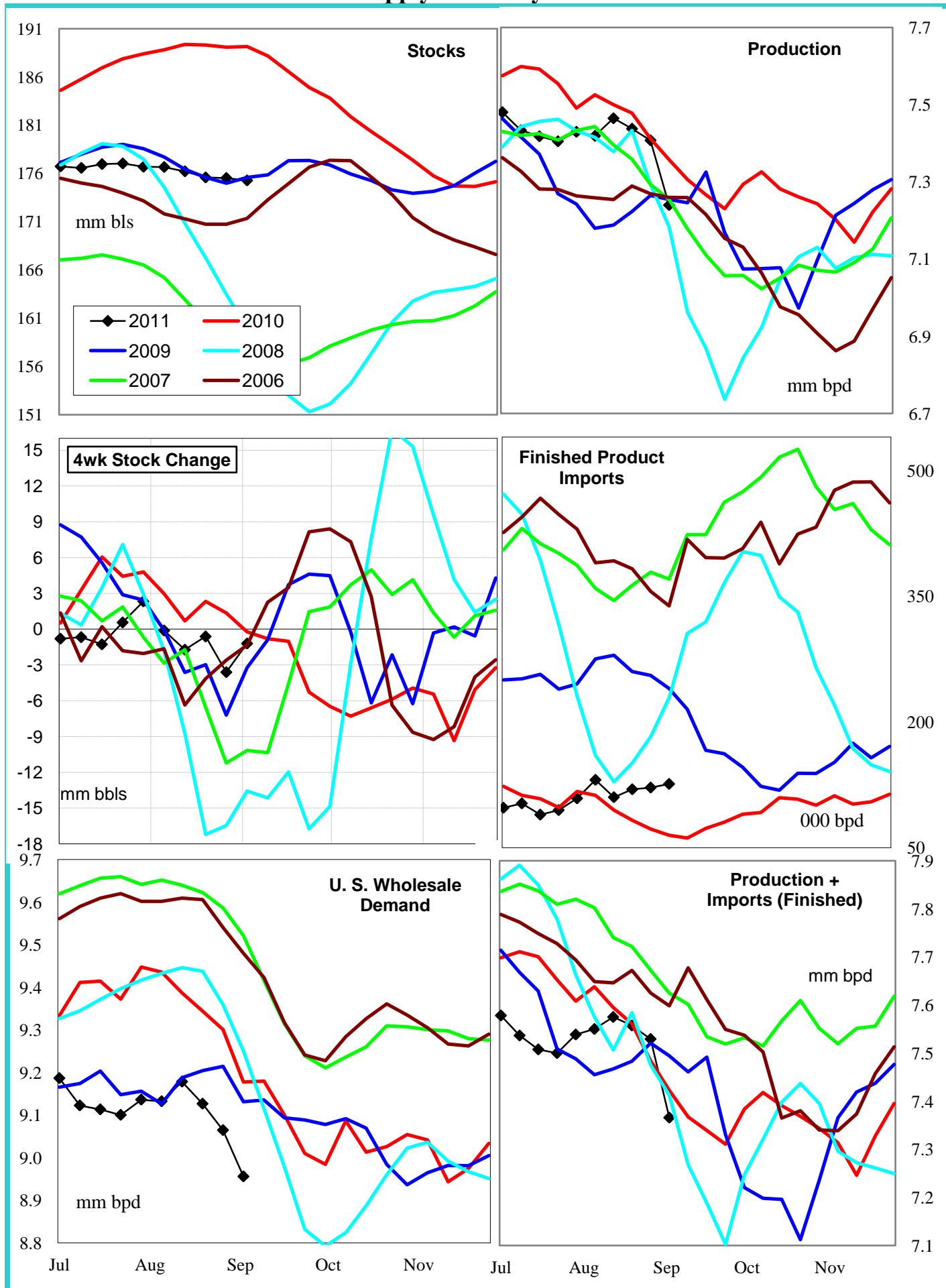
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

