



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

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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 +106,000 bpd last week, but remains at a level below each of the last 2-years. The latest 4-wk average demand was -222,000 bpd below a year ago.

Production increased +201,000 bpd last week, driven by EIA national level estimates, with most regions unchanged to lower.

Stocks increased +0.8 million barrels with builds in PADDs 1 and 2, offset by a -2 million barrel decline in the Gulf. The latest 4-wk stock change East of the Rockies was a build of +6 million barrels, a level near 5-year highs for this time of year.

Stock levels remain at record highs in the Gulf, with meaningful builds in the Central Atlantic Region of PADD 1 and the Midwest. Refinery maintenance in the Rockies have created a supply squeeze in the region. Production was well above the last 3-years on the West Coast.

Cash basis trended lower in all markets last week as tight global markets continue to support the NYMEX RBOB contract, while weak U.S. demand and ample supplies depressed regional cash markets.

Expect basis to bounce in the near term on the contract roll from October to November, then renewed weakness on weak demand, ample supplies, and tightness in global markets.

RBOB

New York Harbor basis to bounce on the contract roll, then trend lower on reduced seasonal demand, partially offset by record low imports.

Conventional

New York Harbor basis to bounce on the contract roll, then trend lower on reduced

seasonal demand, partially offset by record low imports.

Chicago & Group III basis to bounce on the contract roll, trade sideways in the near term from all ready low levels on fall refinery maintenance, then seasonally lower on ample supplies.

Gulf Basis to bounce on the contract roll, then trade sideways in the near term from all ready low levels on fall refinery maintenance, then seasonally lower on ample supplies.

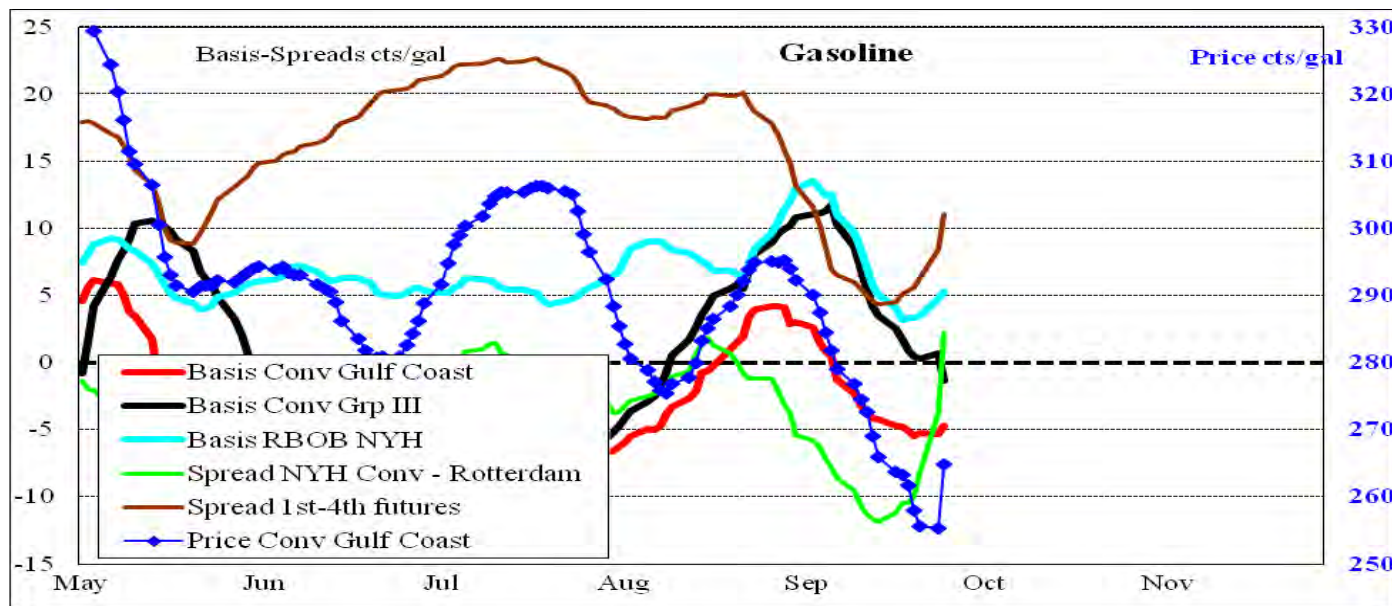
West Coast (Los Angeles) basis to trend lower on production rates above the last 3-years and seasonally stock builds.

Gulf Coast Price

U.S. gasoline markets are extremely weak compared to global markets; the result of soft demand, high production rates in the U.S. and robust economic growth in developing countries.

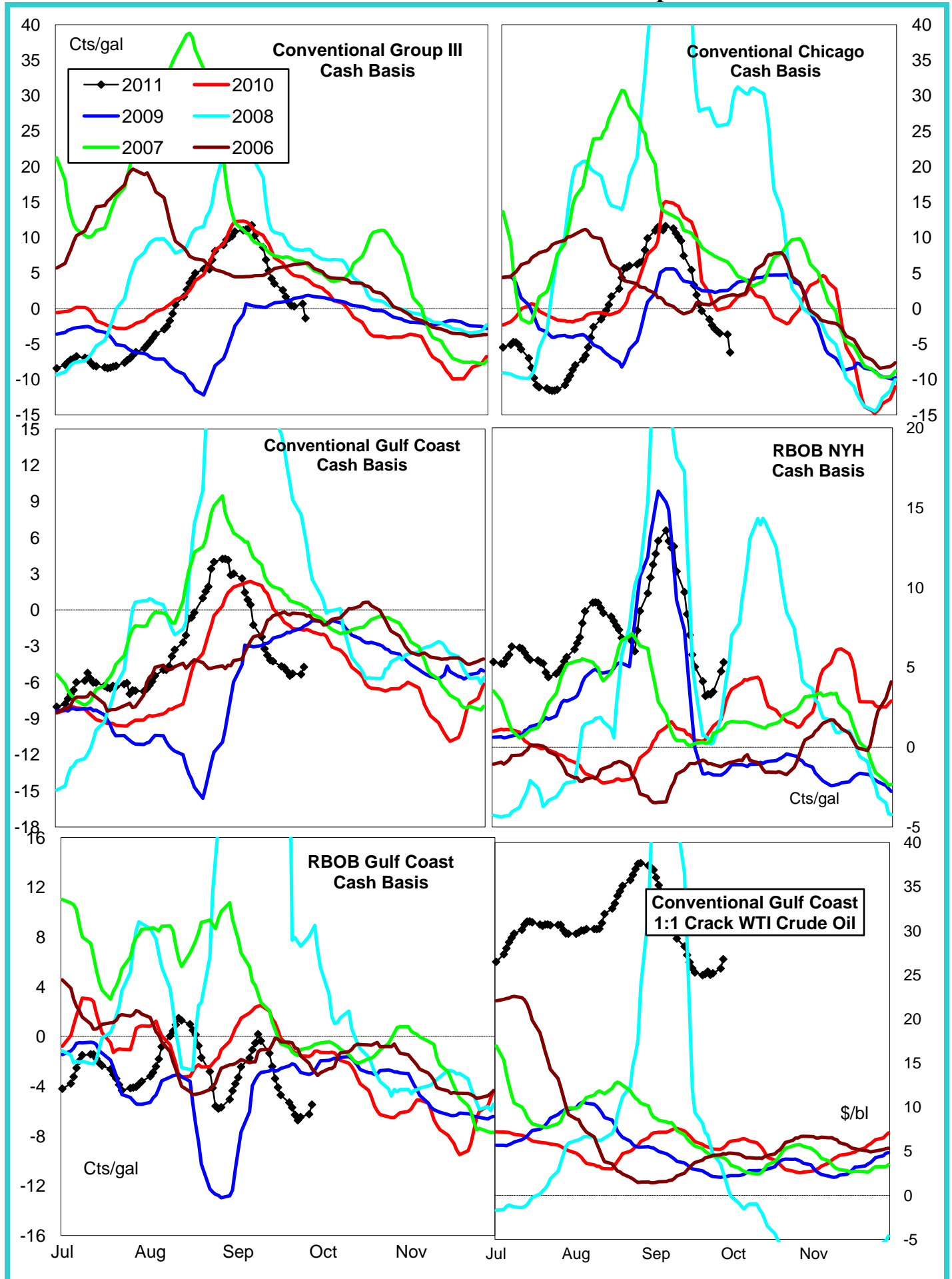
Without hurricane disruptions to Gulf production, markets East of the Rockies are becoming over supplied. Wide price spreads between domestic and foreign markets, and excess domestic supplies should lead to higher exports, providing modest support to cash basis.

Slowing global economic growth risk further price declines during the next quarter.

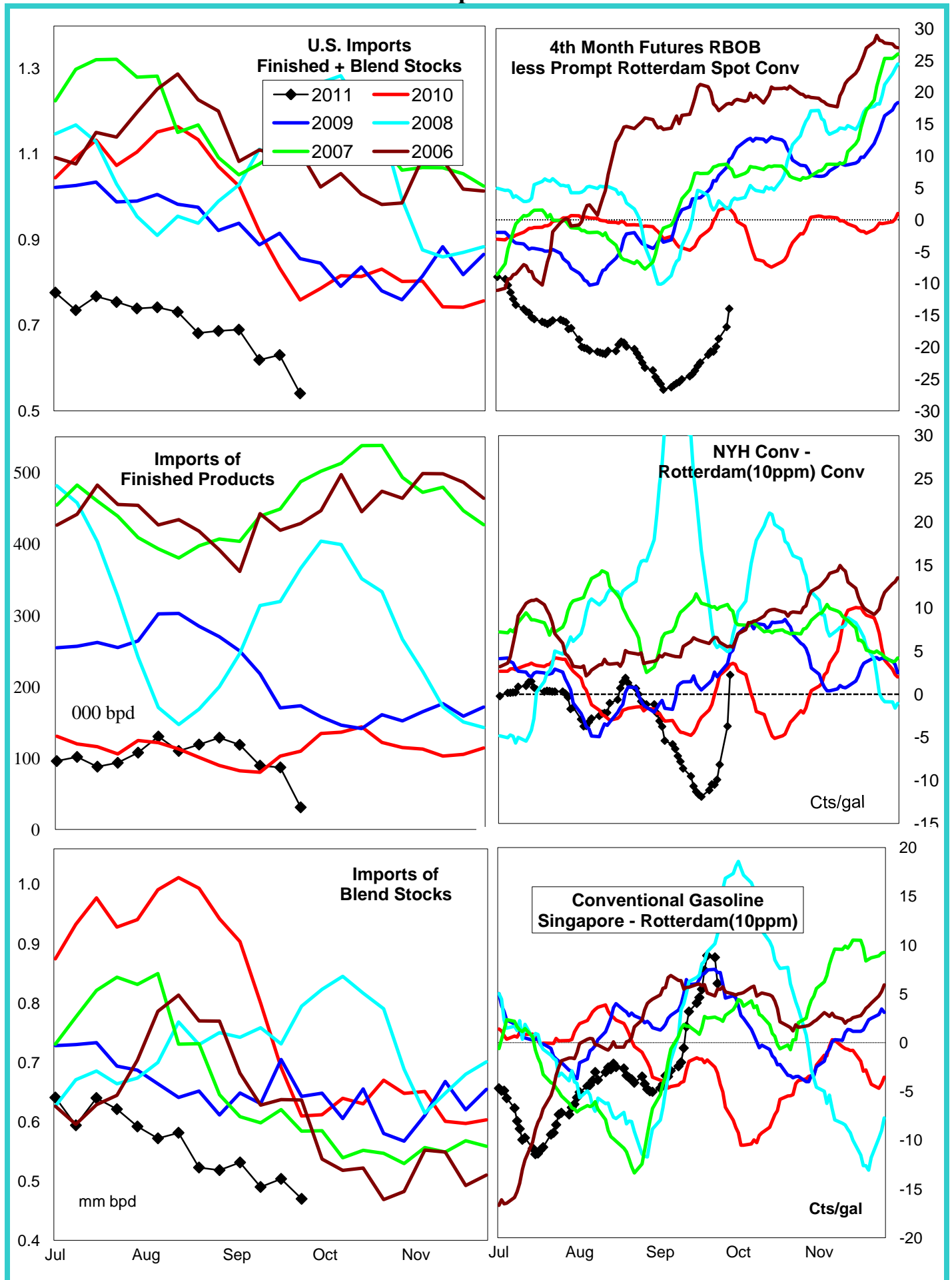


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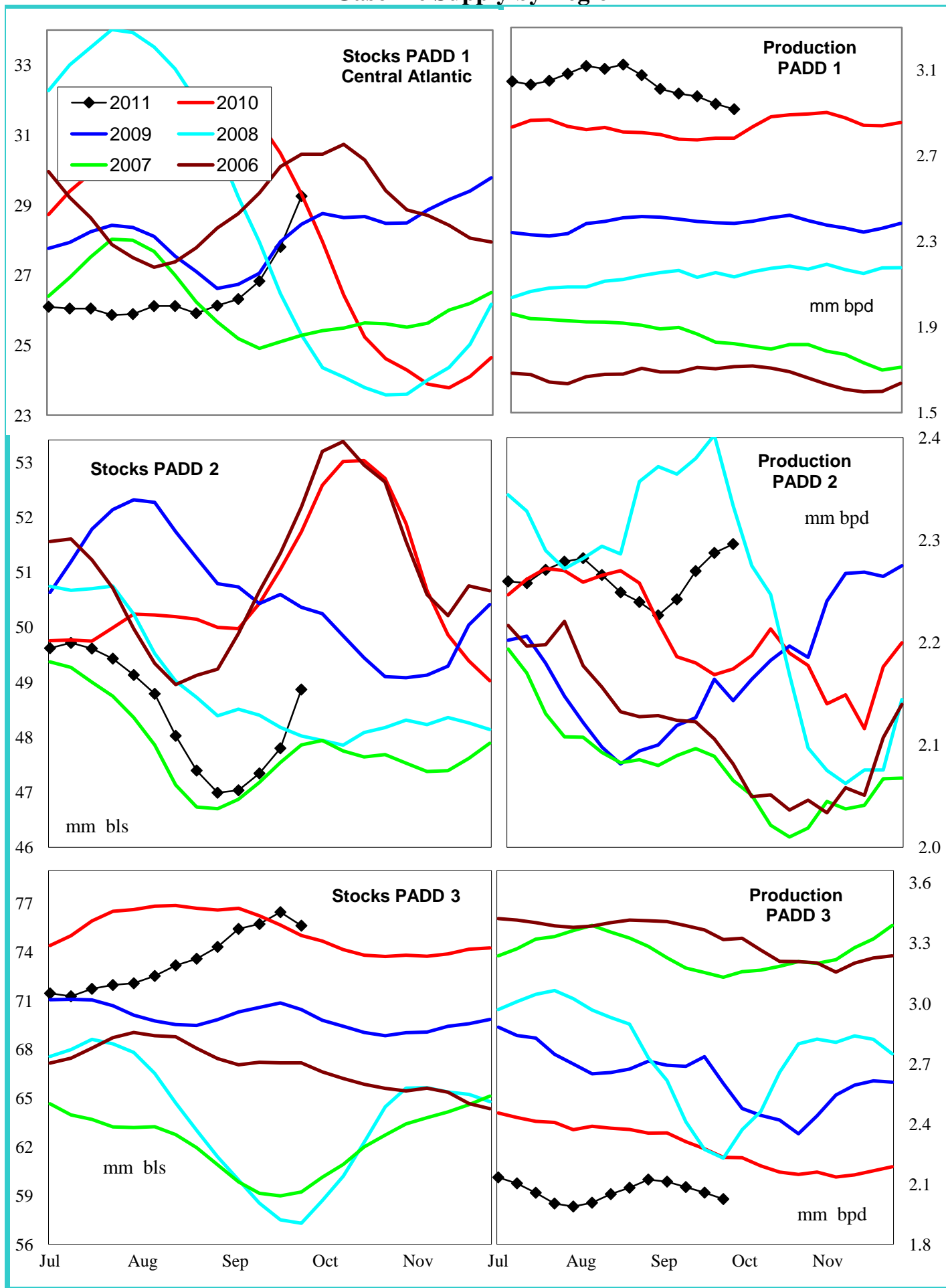
Gasoline Cash Basis and Related Price Spreads



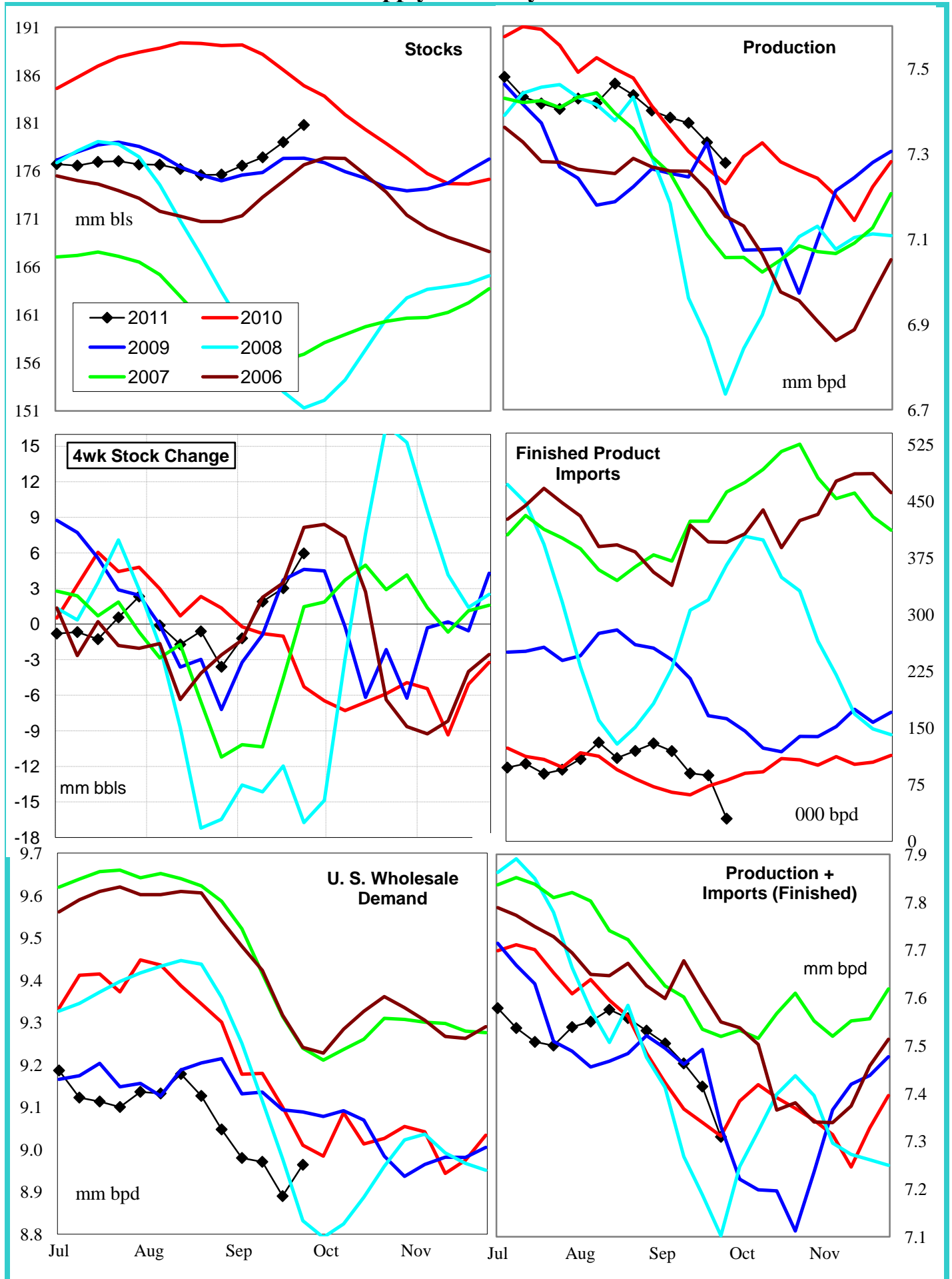
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

