



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 05, 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 -5,000 bpd last week, with the level below each of the last 2-years. The latest 4-wk average demand was -152,000 bpd below a year ago.

Production increased +7,000 bpd last week, with the level above the 5-year range.

Stocks decreased -1.1 million barrels on exceptionally low imports. The latest 4-wk stock change East of the Rockies was a build of +4.5 million barrels, a level at the upper end of the historic range.

Refinery maintenance on the East and West Coasts, combined with exceptionally low imports to the East Coast, risk a supply squeeze in these two markets. Midwest production has reached record highs, leading to significant stock rebuilding from earlier lows.

Cash basis spiked last week, due to a surge in buying following the sharp price declines, announcement of unplanned and planned maintenance that shut down refineries; and the roll to November futures contract.

Basis levels were near record highs for this time of year on the West Coast, NYH and the Gulf. Midwest basis levels were near the mid range.

Current elevated basis levels should trend lower within the next 10-days as firms cover deficits caused by refiner maintenance, and the downstream supply chain is restock following the price pull back.

RBOB

New York Harbor basis to trade sideways on low imports, then lower as supplies are

received from the Gulf to cover refinery maintenance deficits.

Conventional

New York Harbor basis to trade sideways on low imports, then lower as supplies are received from the Gulf to cover refinery maintenance deficits.

Chicago & Group III basis to trend lower on the surge in supply

Gulf Basis to trend lower as deficits created by refinery maintenance are re supplied

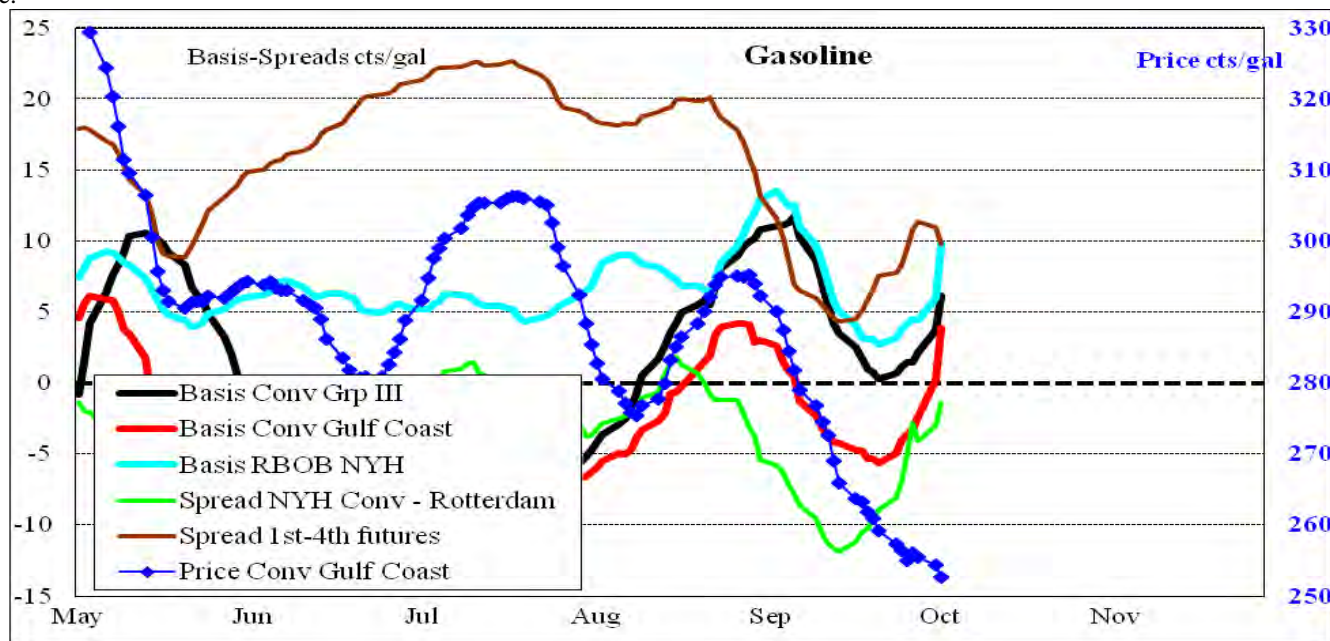
West Coast (Los Angeles) basis to strengthen in the short term on refinery maintenance, then fall sharply as imports increase and refineries restart.

Gulf Coast Price

U.S. gasoline prices remain unusually low compared to major global markets; with a resulting collapse in imports.

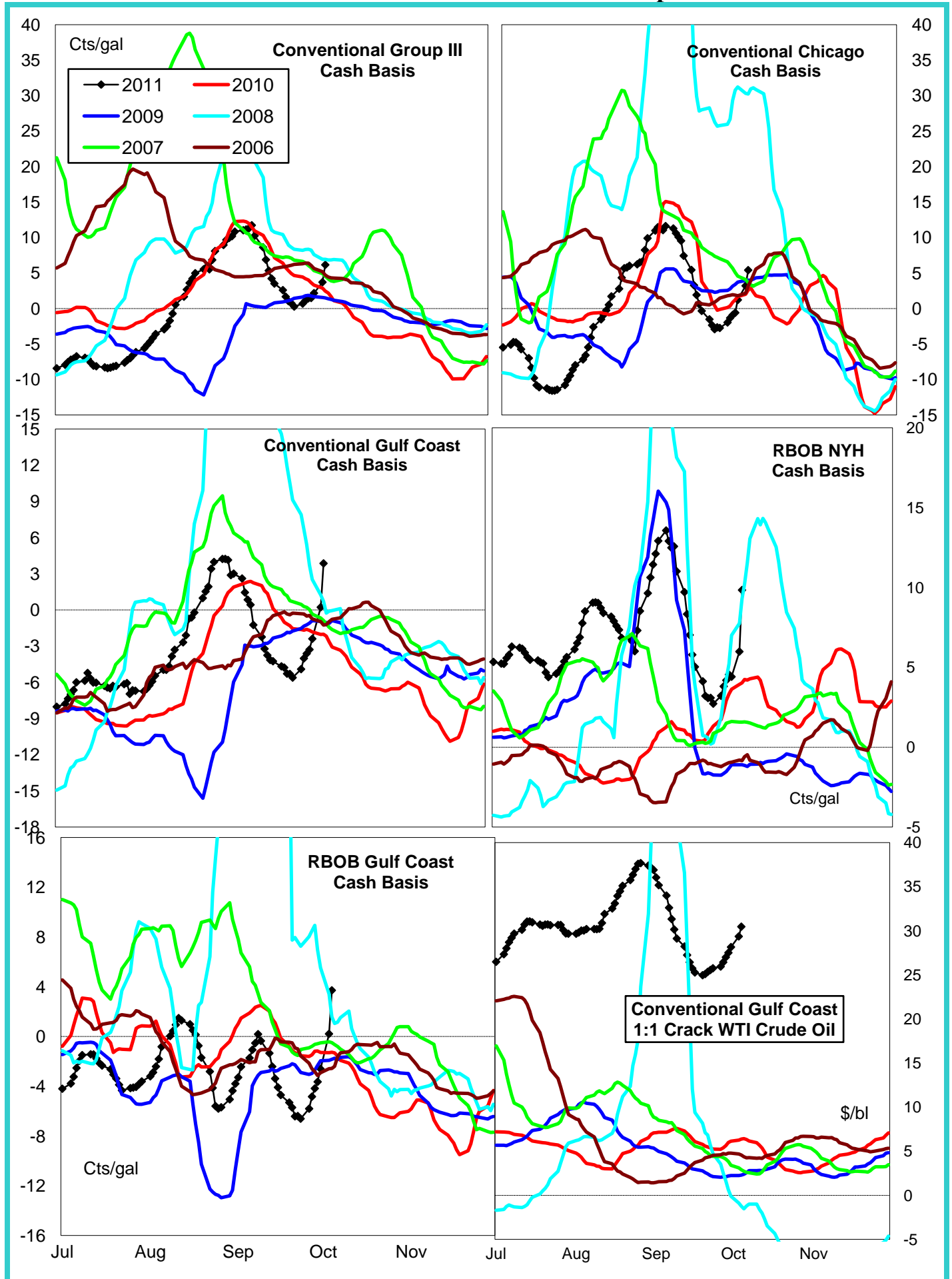
Refinery maintenance and low imports should provide support to prices in the near term, followed by further price declines as seasonal demand trends lower and plants return from fall maintenance.

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

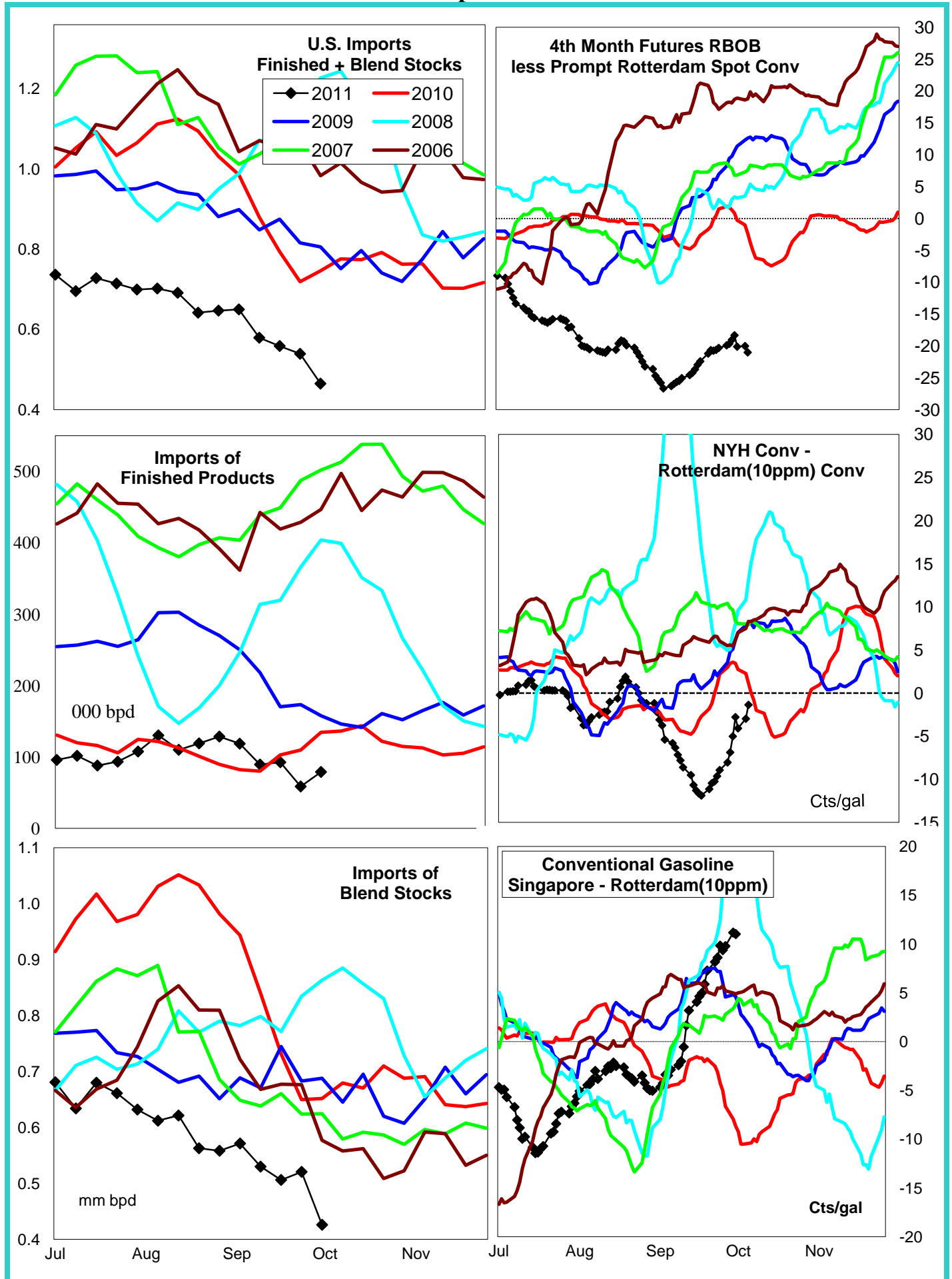


Disclaimer - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and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

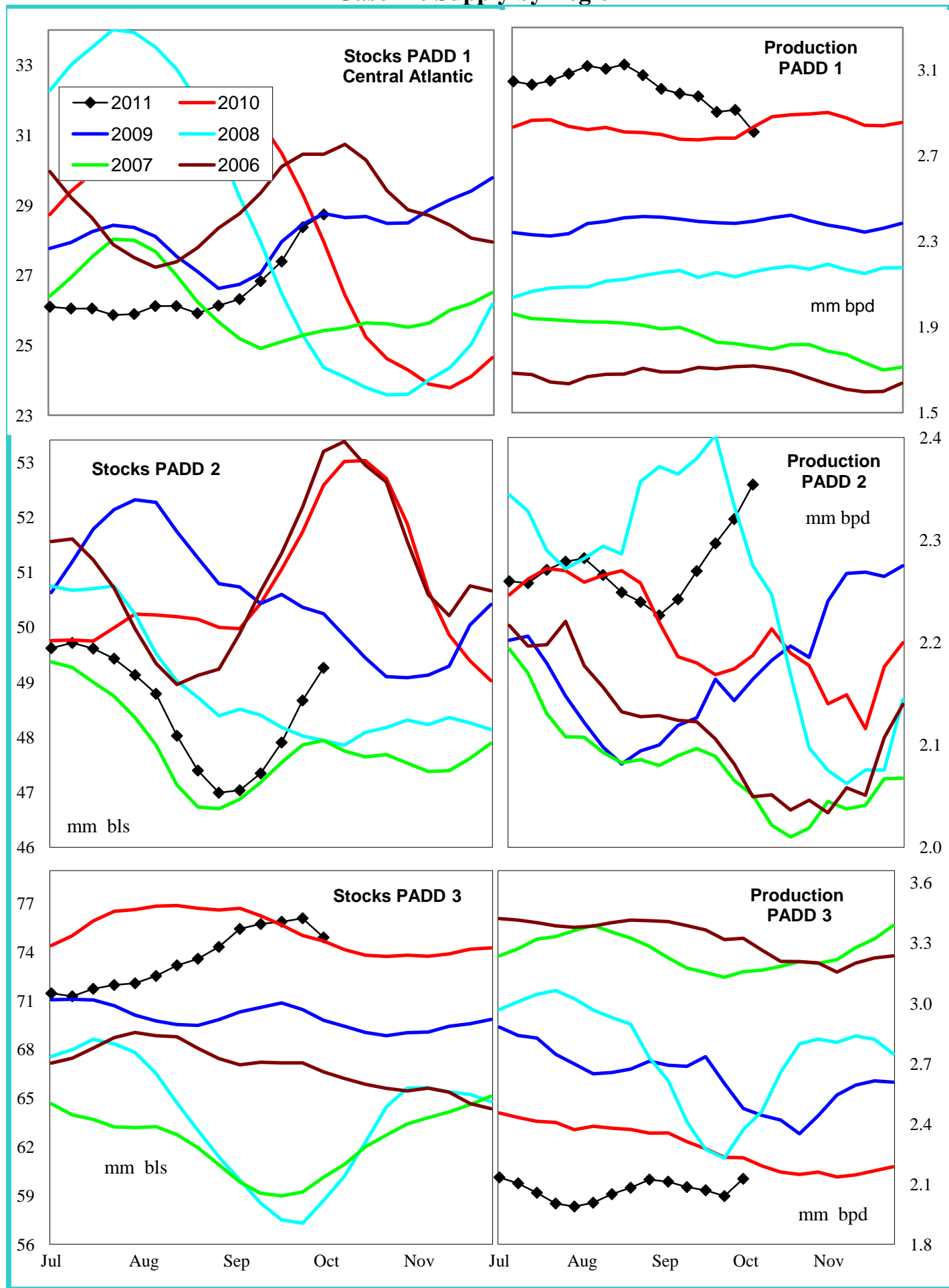
Gasoline Cash Basis and Related Price Spreads



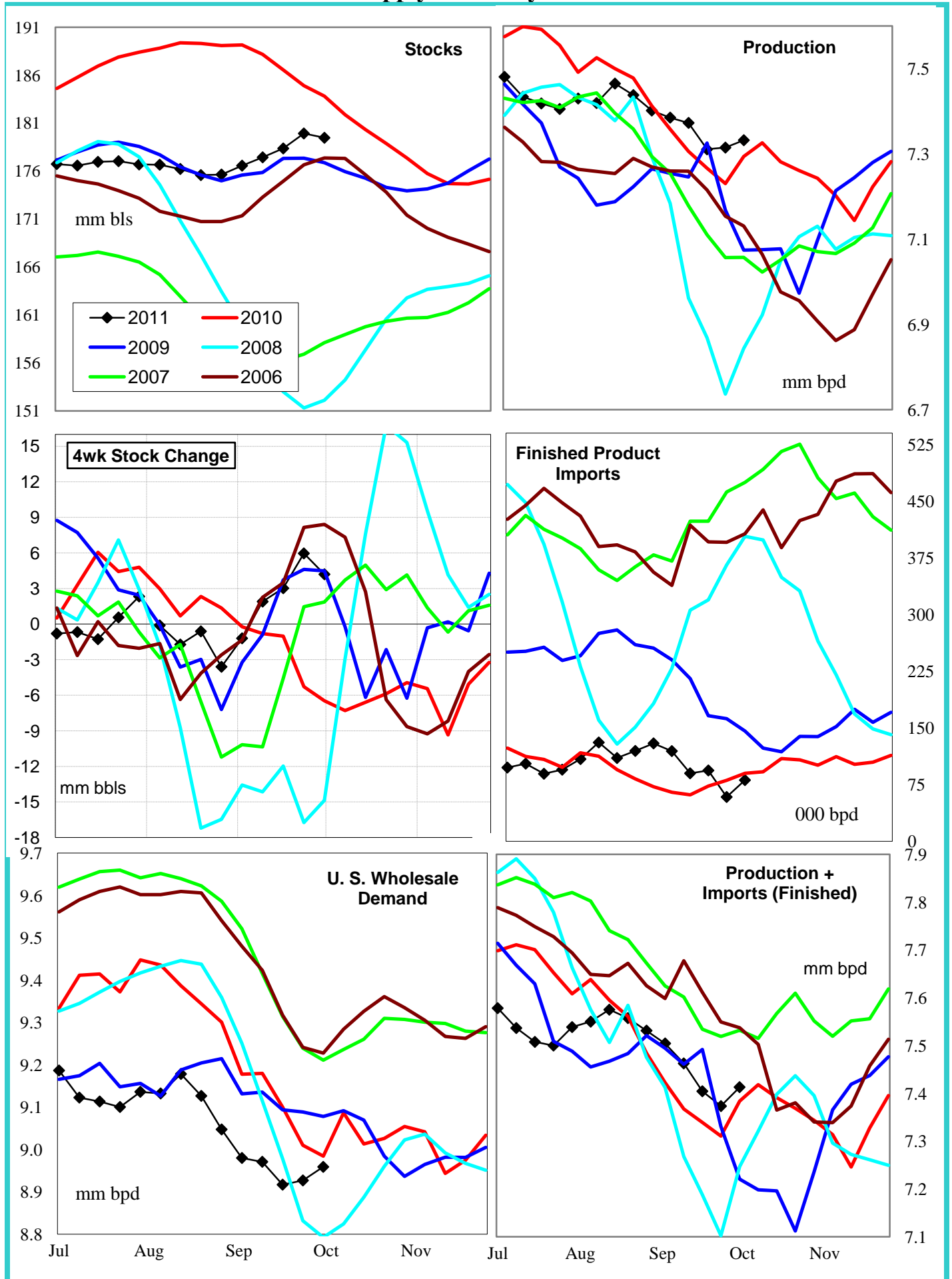
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

