



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, January 25, 2012

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 +102,000 bpd last week, with the latest 4-wk average -563,000 bpd below a year ago.

Supply decreased -80,000 bpd last week on a sharp drop in production. Supply in markets East of the Rockies fell to a new 5-year low last week. The rate of stock building East of the Rockies fell to a record low as refiners slashed output in response to low demand.

Cash basis levels remain elevated in NYH. Over supply in the Midwest pushed basis in the Group and Chicago to new record lows. West Coast basis extended the downtrend in the Northwest while trading flat in California.

Look for basis levels to remain elevated in NYH on uncertainty about spring supply, and a rebound in the Midwest as refiners cut output.

RBOB

New York Harbor basis to trade sideways on low imports that offset lower seasonal demand and uncertainty about spring supplies.

Conventional

New York Harbor basis trend seasonally lower on reduced demand, although at the upper end of the historic range.

Chicago basis to trend higher as refiners cut output on record stock levels.

Group III basis to reverse the extreme decline as refiners cut output.

Gulf Basis to trade sideways at a level near the mid range on robust exports.

West Coast (Los Angeles) basis to trade sideways in the near term as refiners limit output on the start of refinery maintenance.

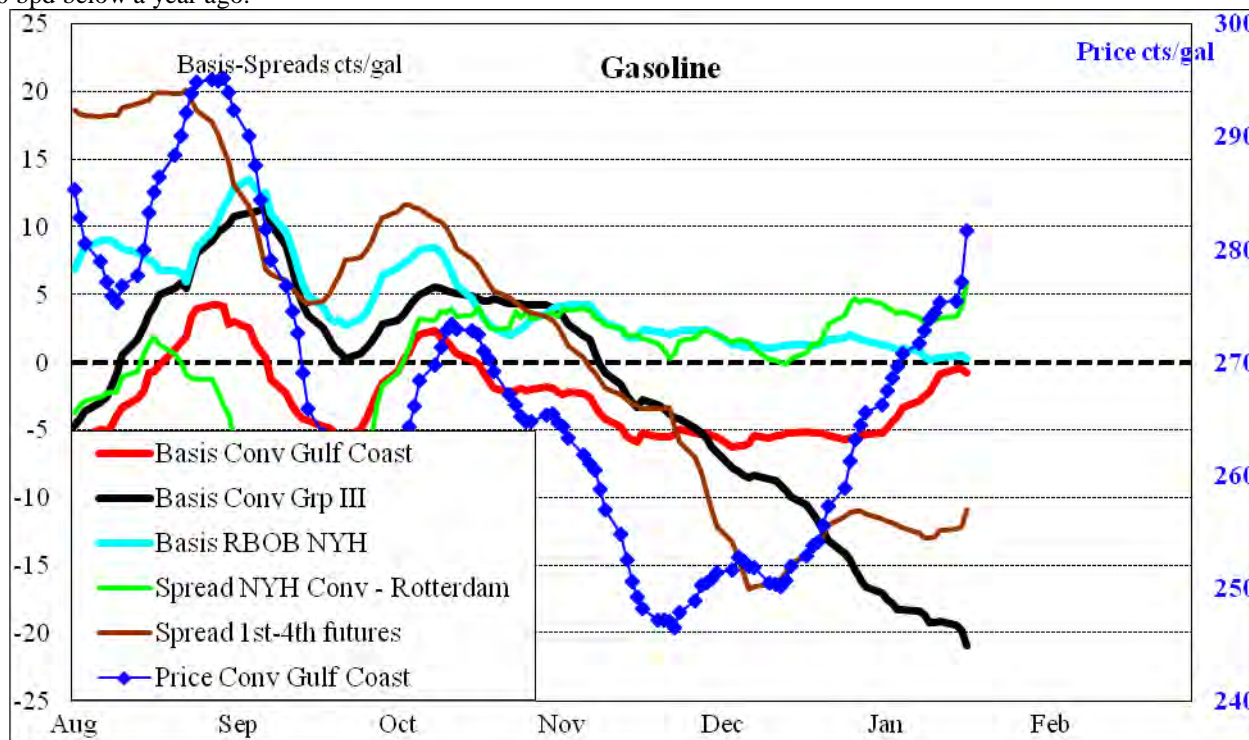
Gulf Coast Price

PetroPlus refining in Europe declared bankruptcy this week, risking the closure of all plants. Refiner closures in the Caribbean and Central Atlantic Region risk further tightening of supply on the East Coast this spring.

This reduction in supply is offset by demand destruction in the U.S. and a recession in Europe.

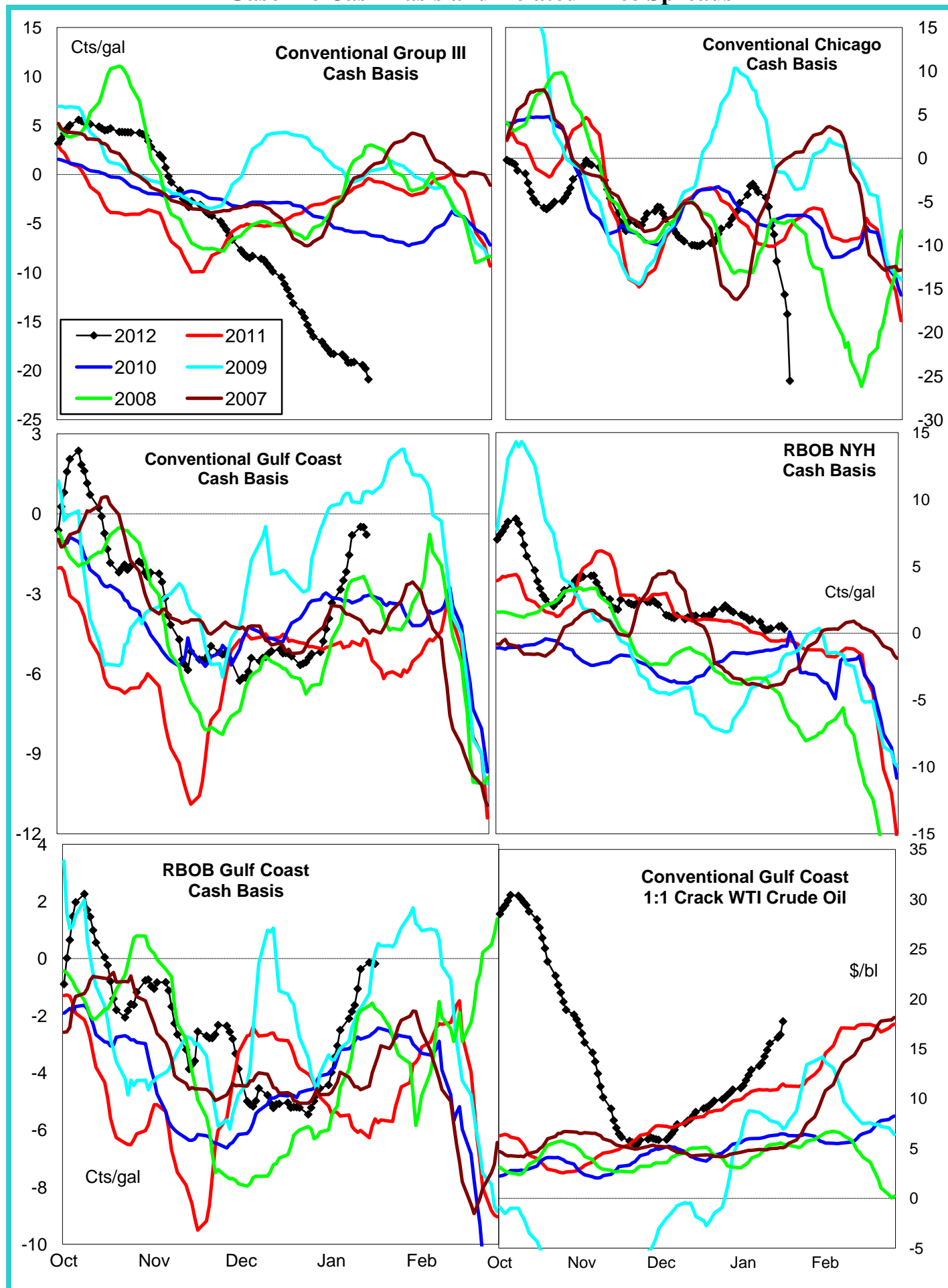
On balance, the tightness in the Northeast has depressed basis in regional markets outside NYH and the Gulf where supplies are in seasonal surplus.

Risk of a price pull back continues on very weak demand during the next 45-days, seasonal stock building and a deepening financial crisis in Europe.

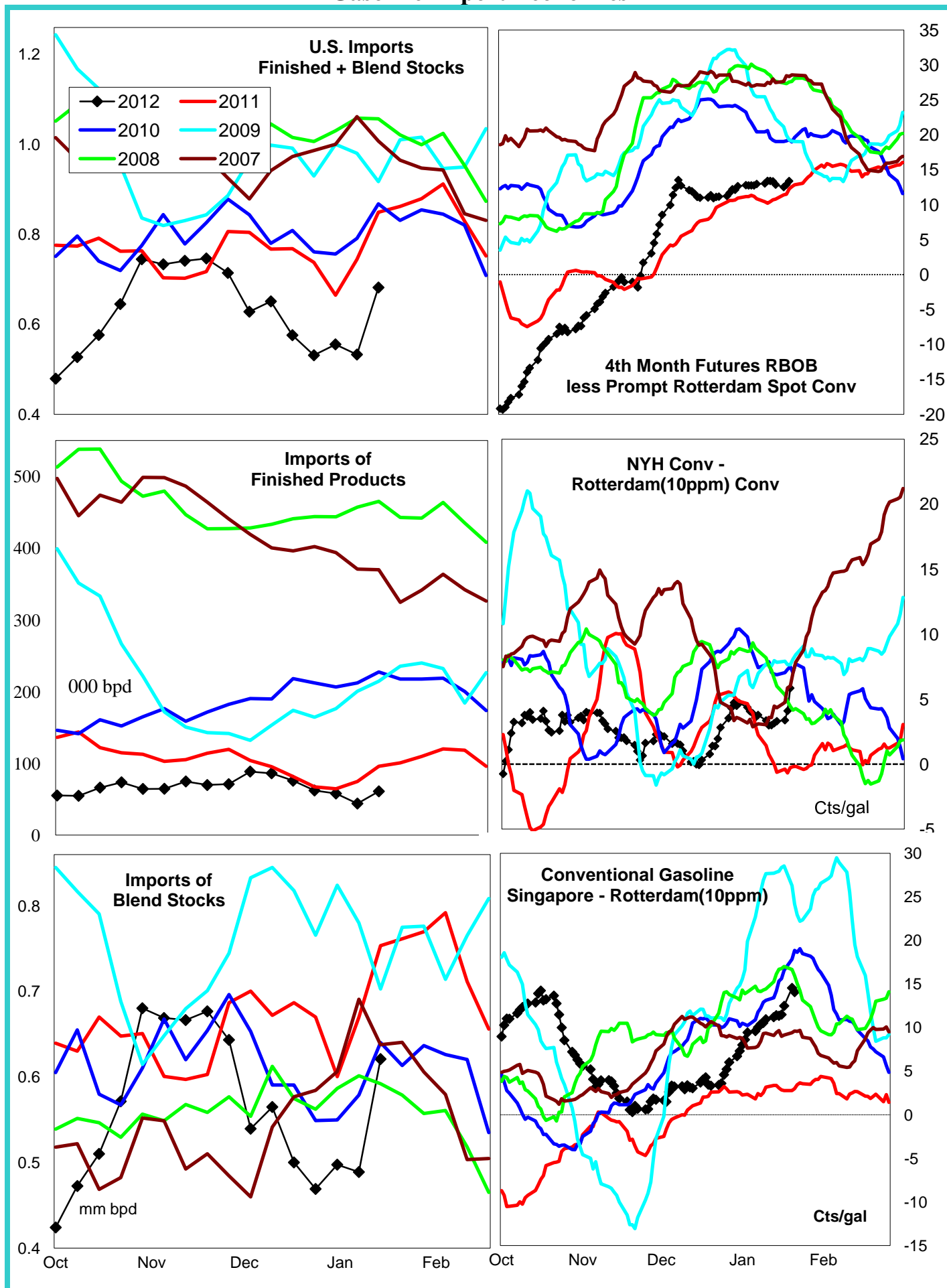


Disclaimer - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and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

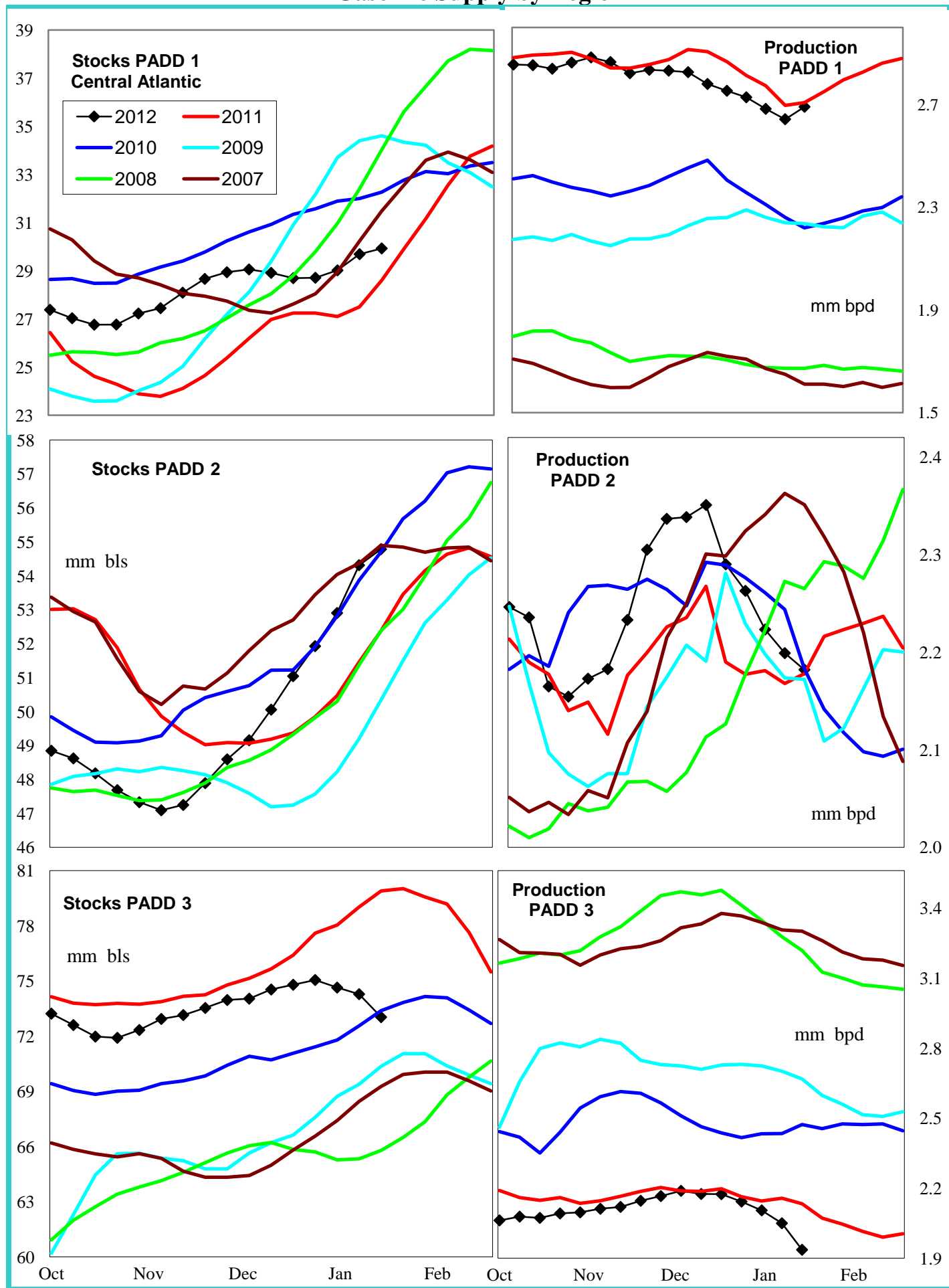
Gasoline Cash Basis and Related Price Spreads



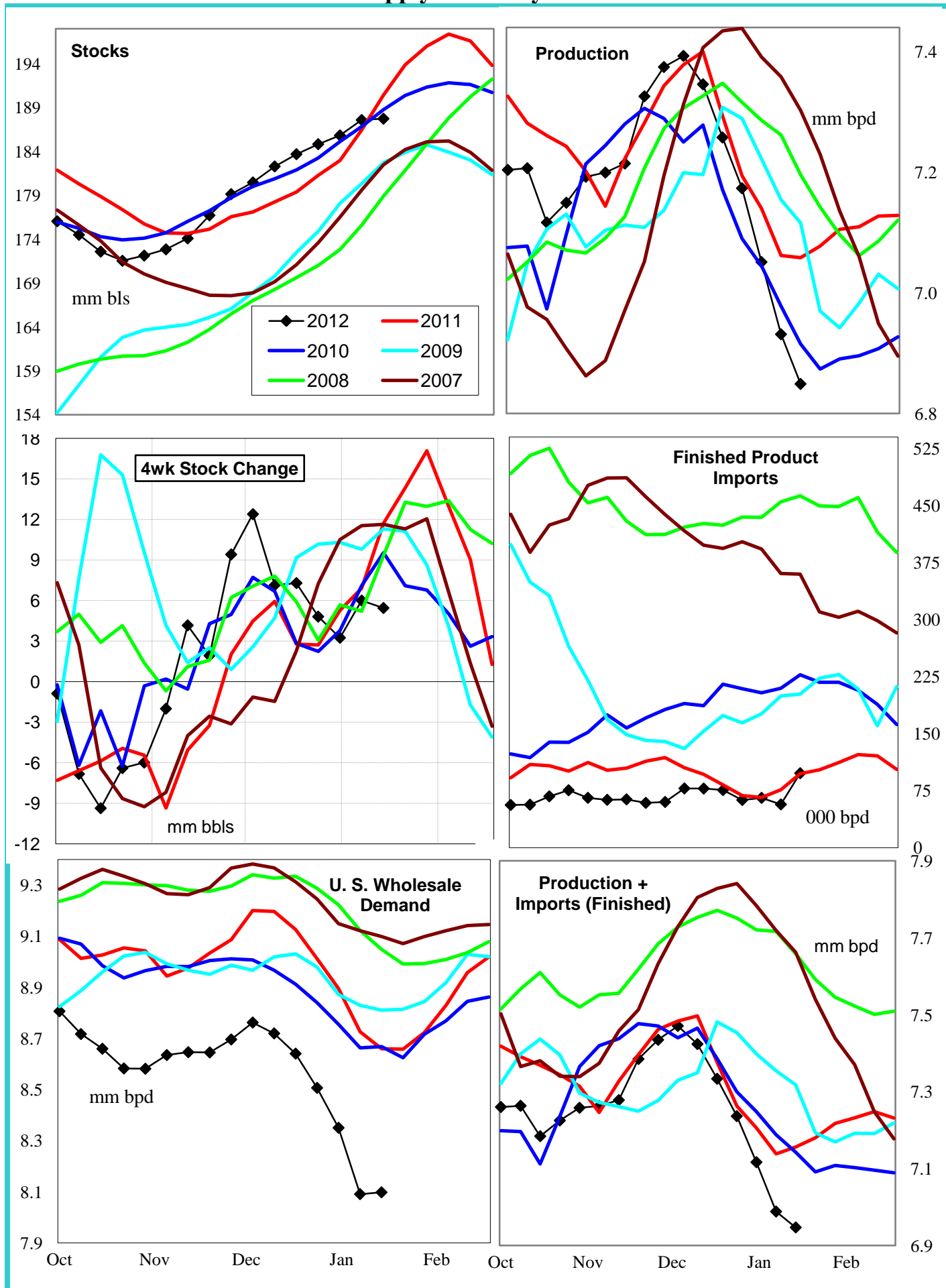
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

