



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, February 17, 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 +128,000 bpd last week, with the latest 4-wk average -561,000 bpd below a year ago.

Supply was nearly unchanged on the week with higher production offset by

lower imports. Supplies East of the Rockies fell to -362,000 bpd below a year ago and at a record low. Stocks increased +0.4 million barrels, with the build concentrated in PADDs 2 & 3.

Cash basis plunged last week in Chicago on intense refiner selling. Basis also trended lower in NYH and the Gulf on weak demand and strength in the NYMEX contract (driven by market concern over adequate supply in the peak spring driving season). West Coast basis spiked on a shift to spring grades and low stock levels. Basis levels in NYH, the Gulf and West Coast were each at the upper end of the historic range. Over supply continued to depress basis levels in the Midwest and Rockies.

Look for basis levels to remain elevated in NYH on uncertainty about spring supply, a pull back on the West Coast and improvement in the Midwest as refiners reduce output.

RBOB

New York Harbor basis to trend seasonally lower on weak demand and strength in NYMEX on spring supply concerns.

Conventional

New York Harbor basis to trend seasonally lower on weak demand and strength in NYMEX on spring supply concerns.

Chicago basis to trend higher on an end to refiner selling, and higher seasonal demand.

Group III basis to trend higher on lower production and higher seasonal demand.

Gulf Basis to trend seasonally lower on weak demand and strength in the NYMEX contract on concern about spring supplies.

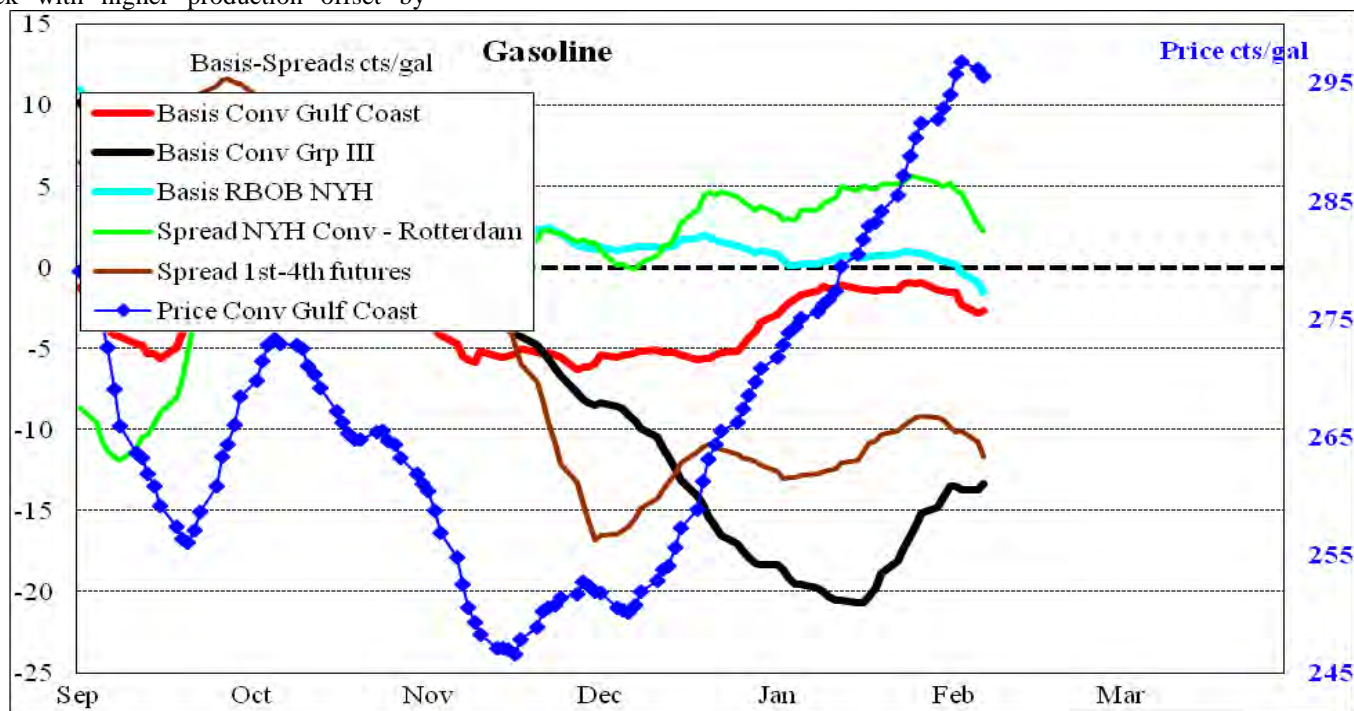
West Coast (Los Angeles) basis to pull back, due in part to the roll to spring NYMEX grades.

Gulf Coast Price

Imports remain extremely low to the East Coast, driving concern about a supply squeeze in the spring. Demand should remain extremely weak due in part to high retail prices for this time of year.

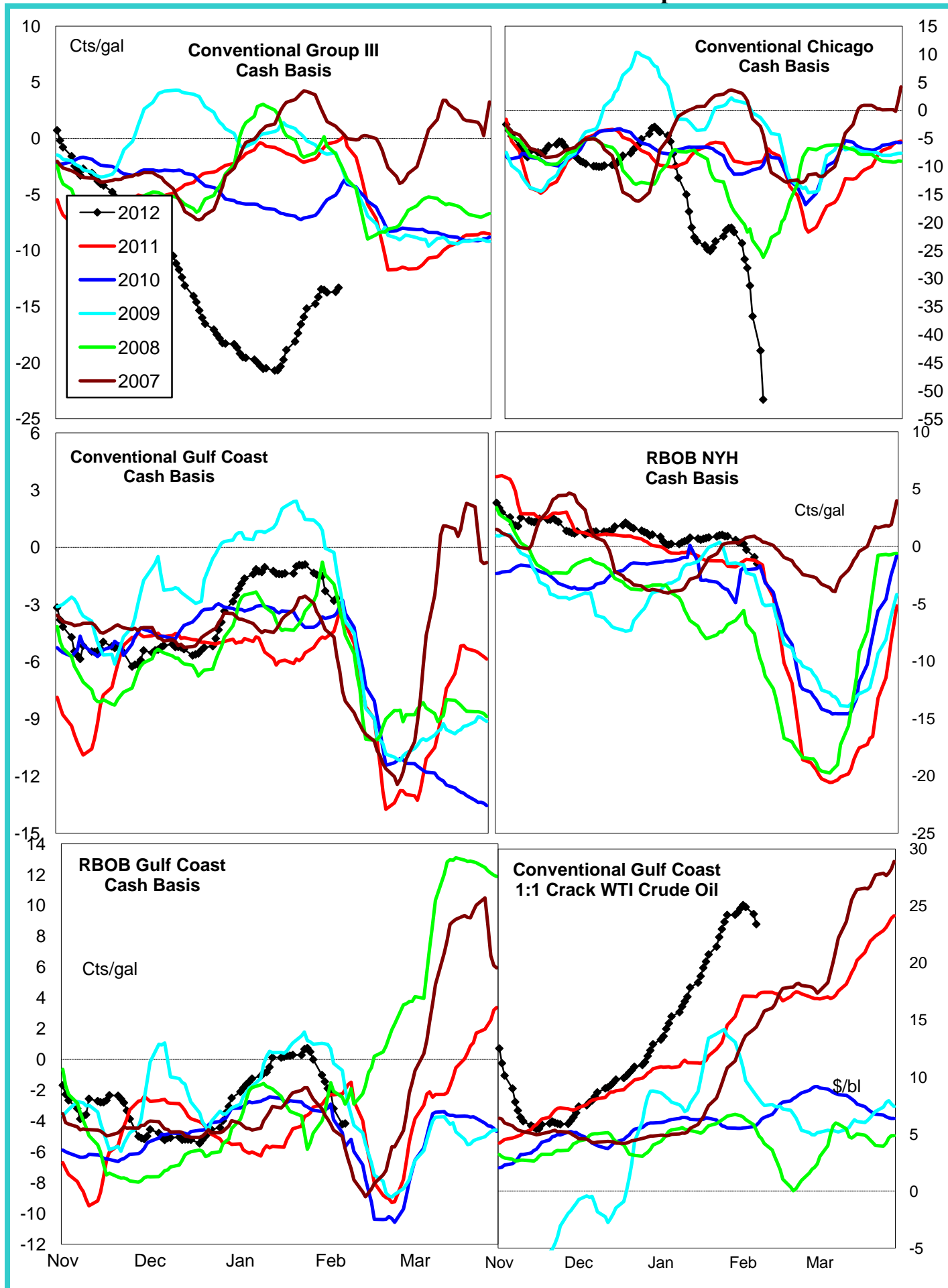
Continued year-on-year declines in U.S. demand and the recession in Europe should partially offset announced refinery closures in the Atlantic Basin.

Risk of a supply squeeze in the Northeast and a risk premium related to Iran sanctions should support prices in the near term.

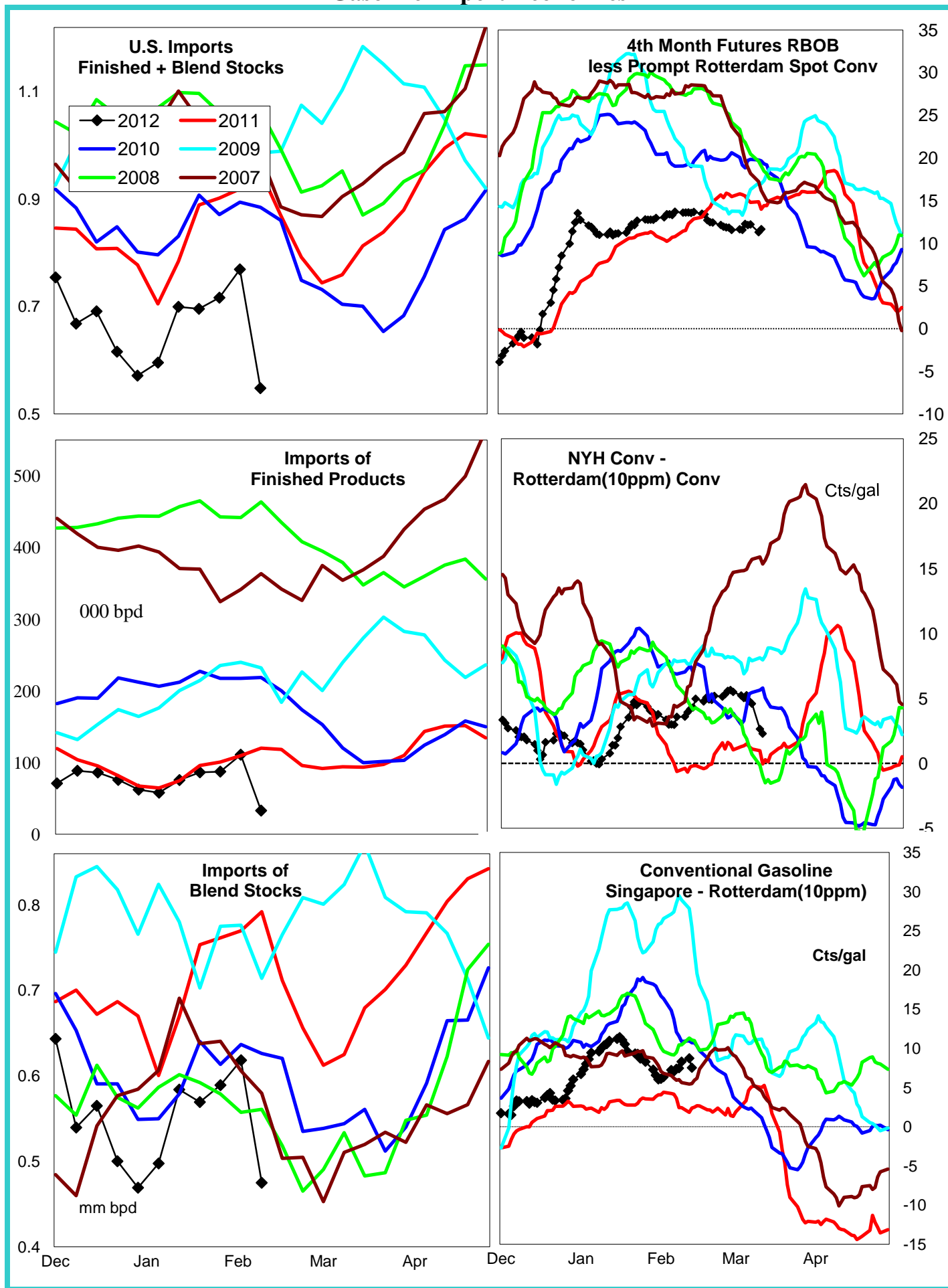


Disclaimer - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and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

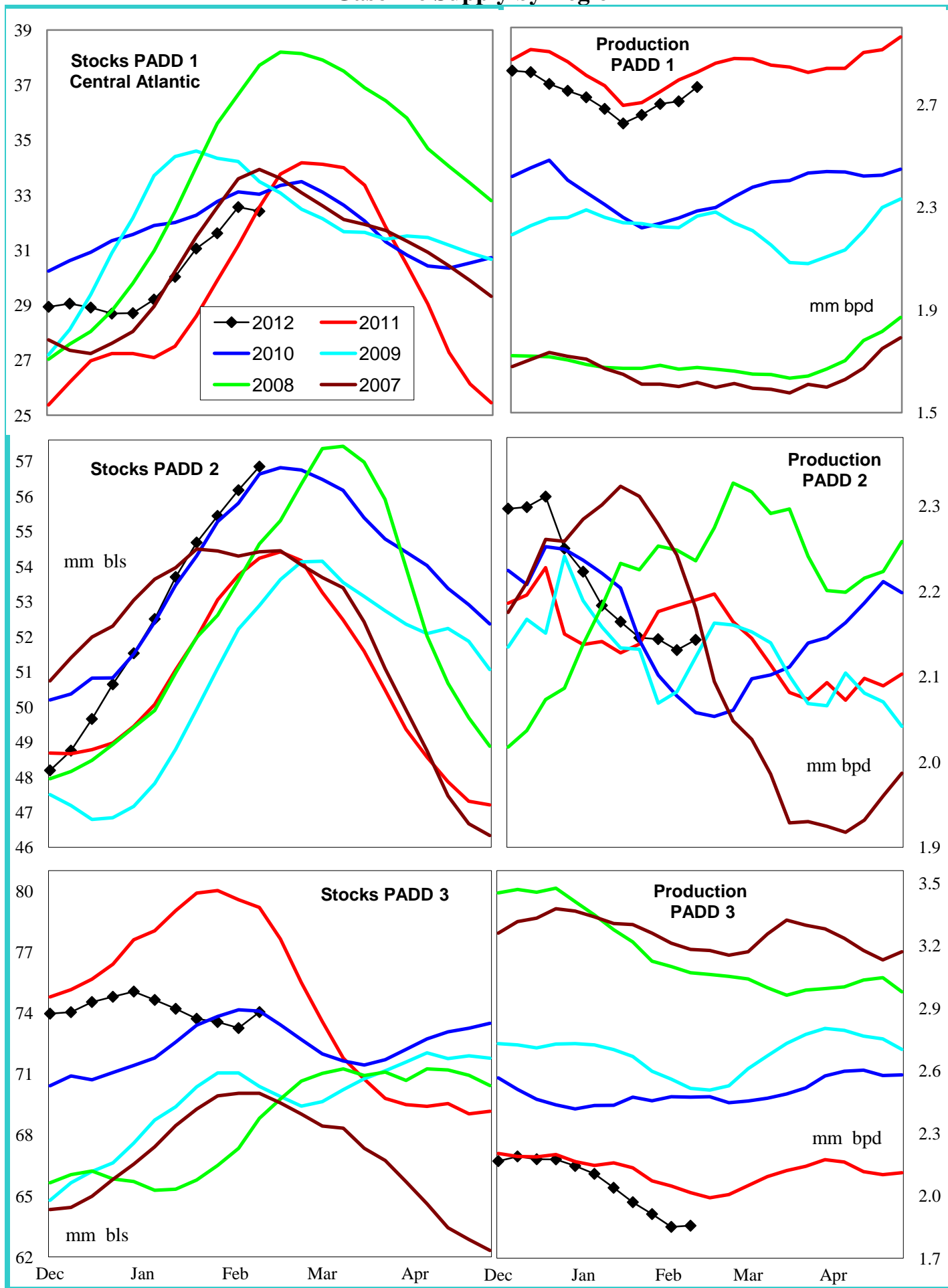
Gasoline Cash Basis and Related Price Spreads



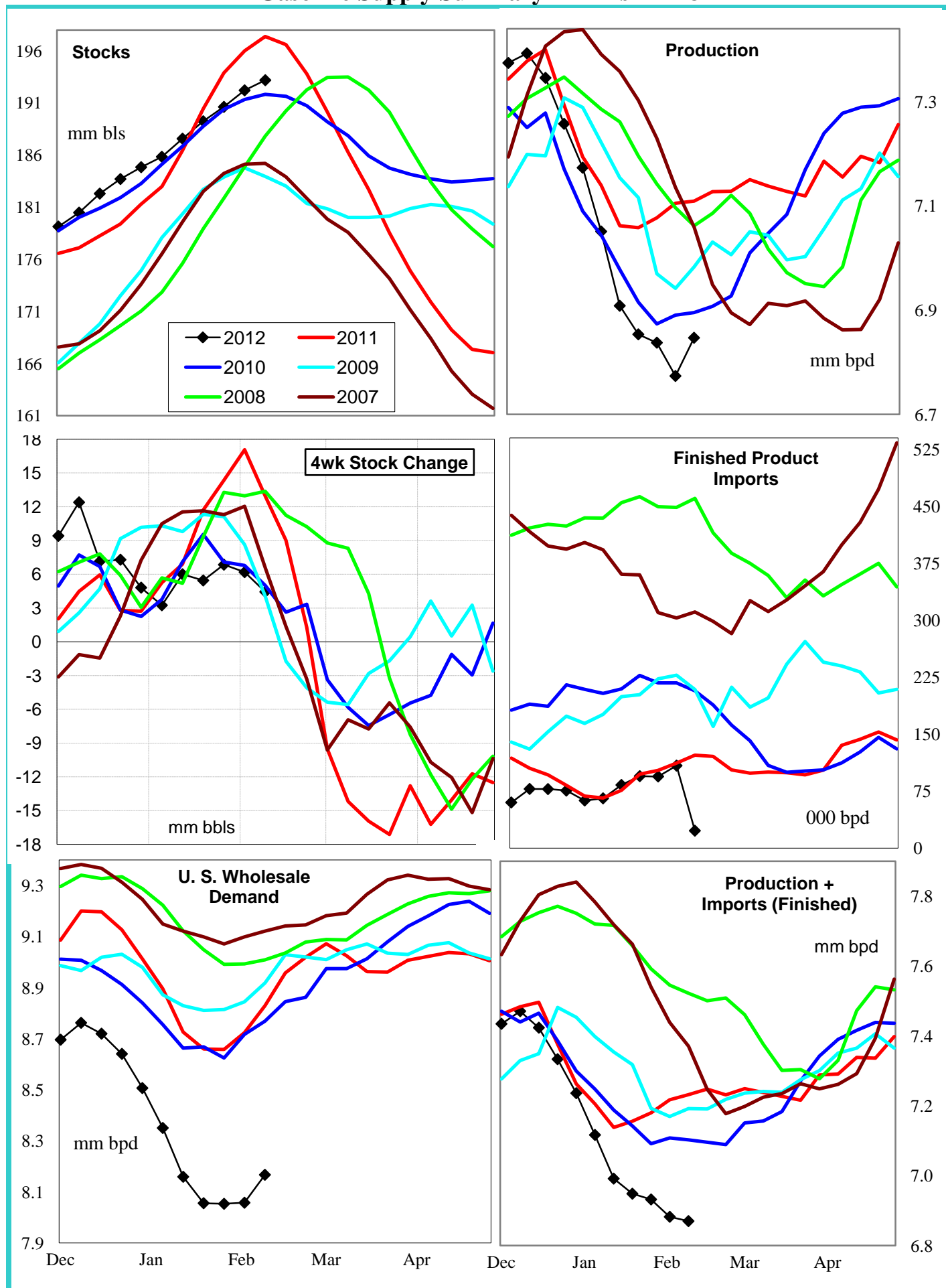
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply