



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, February 24, 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 surged +461,000 bpd last week, with the latest 4-wk average - 546,000 bpd below a year ago.

Production increased +187,000 bpd and imports jumped +297,000 bpd last week. Supplies East of the Rockies remain

below the 5-year range. Stocks declined -0.6 million barrels, although PADD 1 witnessed a +2.2 million barrel build on higher imports.

Cash basis saw significant increases in Midwest markets and the West Coast spike higher on the BPAmoco fire in Cherry Point WA.

Basis levels in NYH continue to trade at elevated levels. Gulf conventional grade basis is also above the historic range. Basis levels in the Midwest, while off the record lows, remain at the low end of the 5-year range. West Coast basis match levels match 5-year highs following the BPAmoco fire.

Look for basis levels to remain elevated in NYH on uncertainty about spring supply, a pull back on the West Coast once imports become available, and modest improvement in the Midwest as maintenance lowers output. Note: roll from March to spring grade April gasoline futures will lower absolute basis levels.

RBOB

New York Harbor basis to trend seasonally lower on weak demand and improving supplies.

Conventional

New York Harbor basis to trend seasonally lower on improving supplies.

Chicago basis to trend higher on lower production and higher seasonal demand.

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

Gulf Basis Conventional grade to pull back from recent surge on increased supplies. RBOB grade to trend higher on increased seasonal demand and improved supplies in PADD 1.

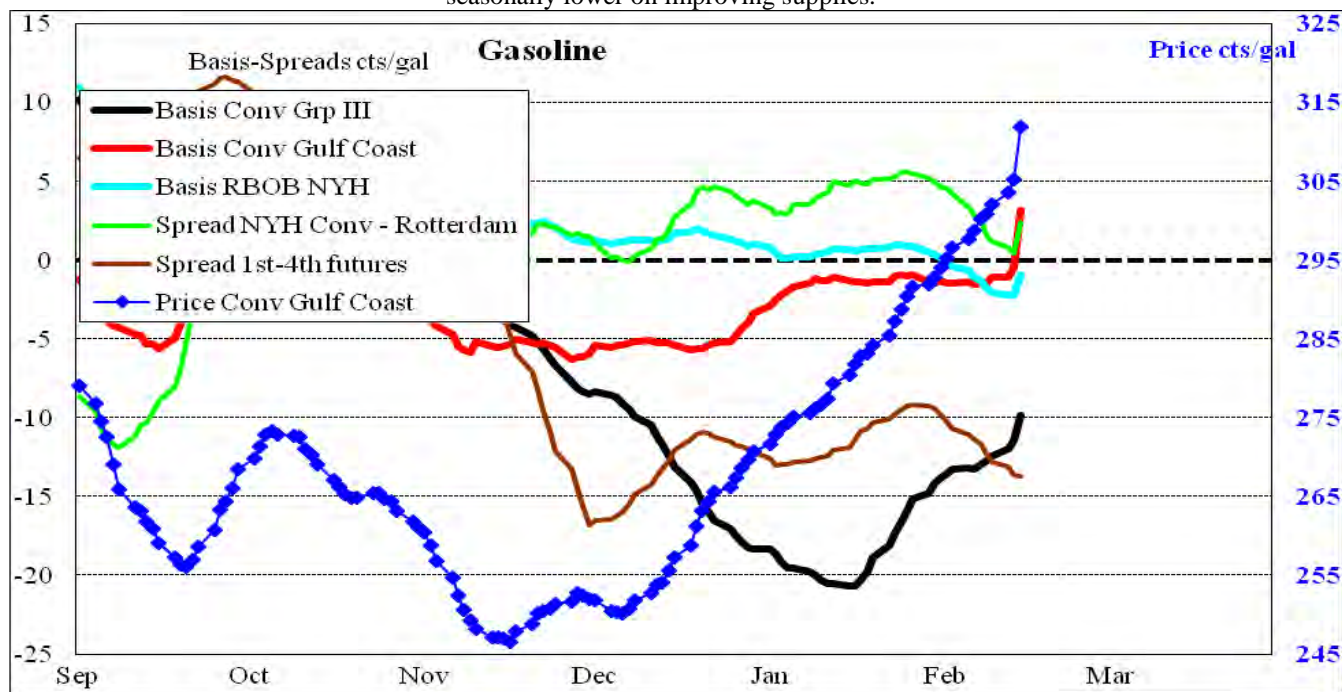
West Coast (Los Angeles) basis to remain volatile until lost production at Cherry Point is replaced, then experience a sharp pull back from record highs.

Gulf Coast Price

Imports increased +0.3 million bpd last week, matching levels of the last 2-years. This led to a large stock build on the East Coast. Gasoline year-on-year declines in demand remain above -6%. These fundamental trends should offset announced refinery closures in the Atlantic Basin, allowing the supply balance to improve ahead of peak spring driving season.

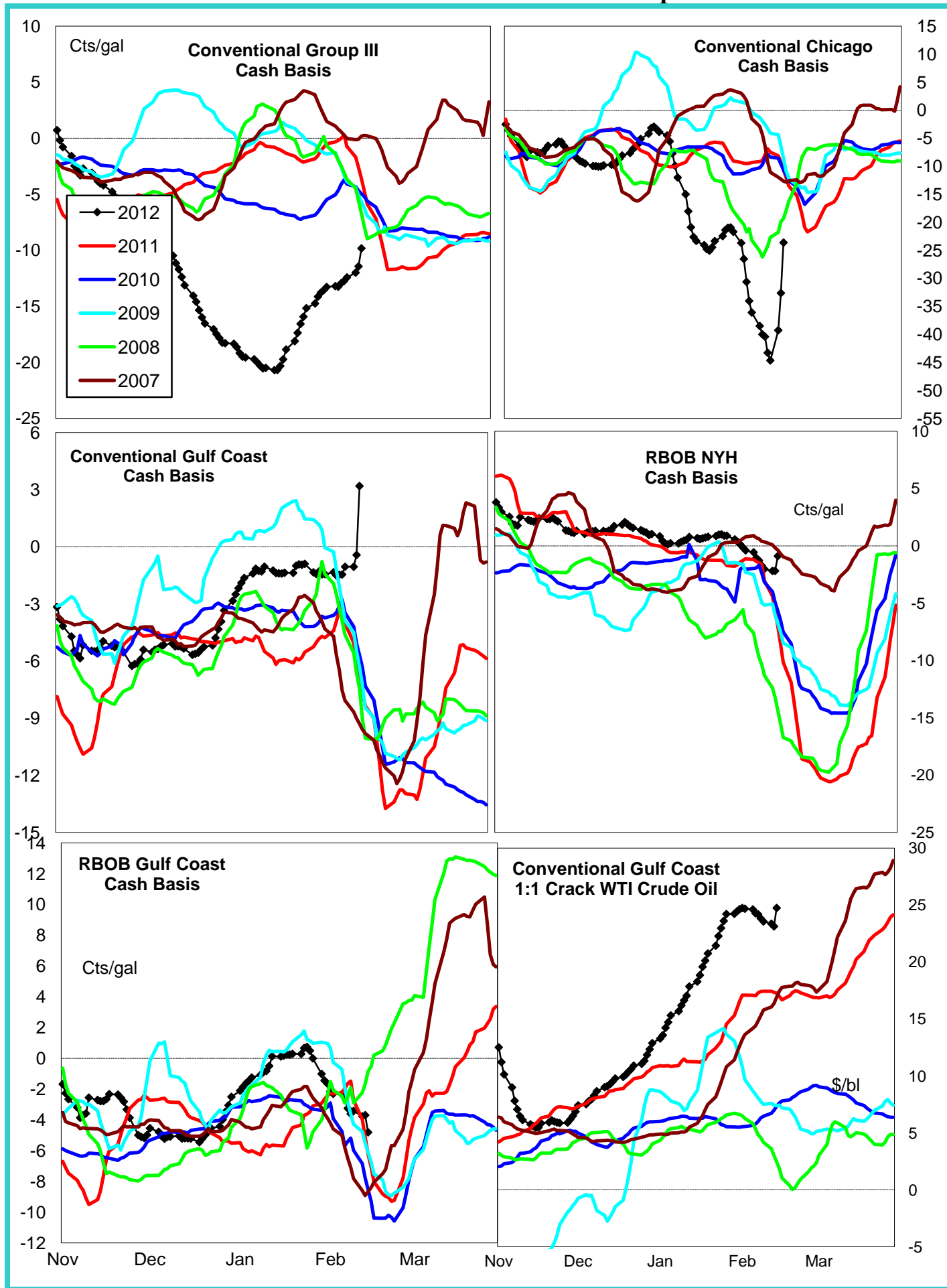
Gasoline supply fundamentals should continue to improve for the East Coast, partially offsetting the impact of Middle East tension.

Expect very volatile gasoline prices with risk of a significant price pull back just ahead of the peak driving season.

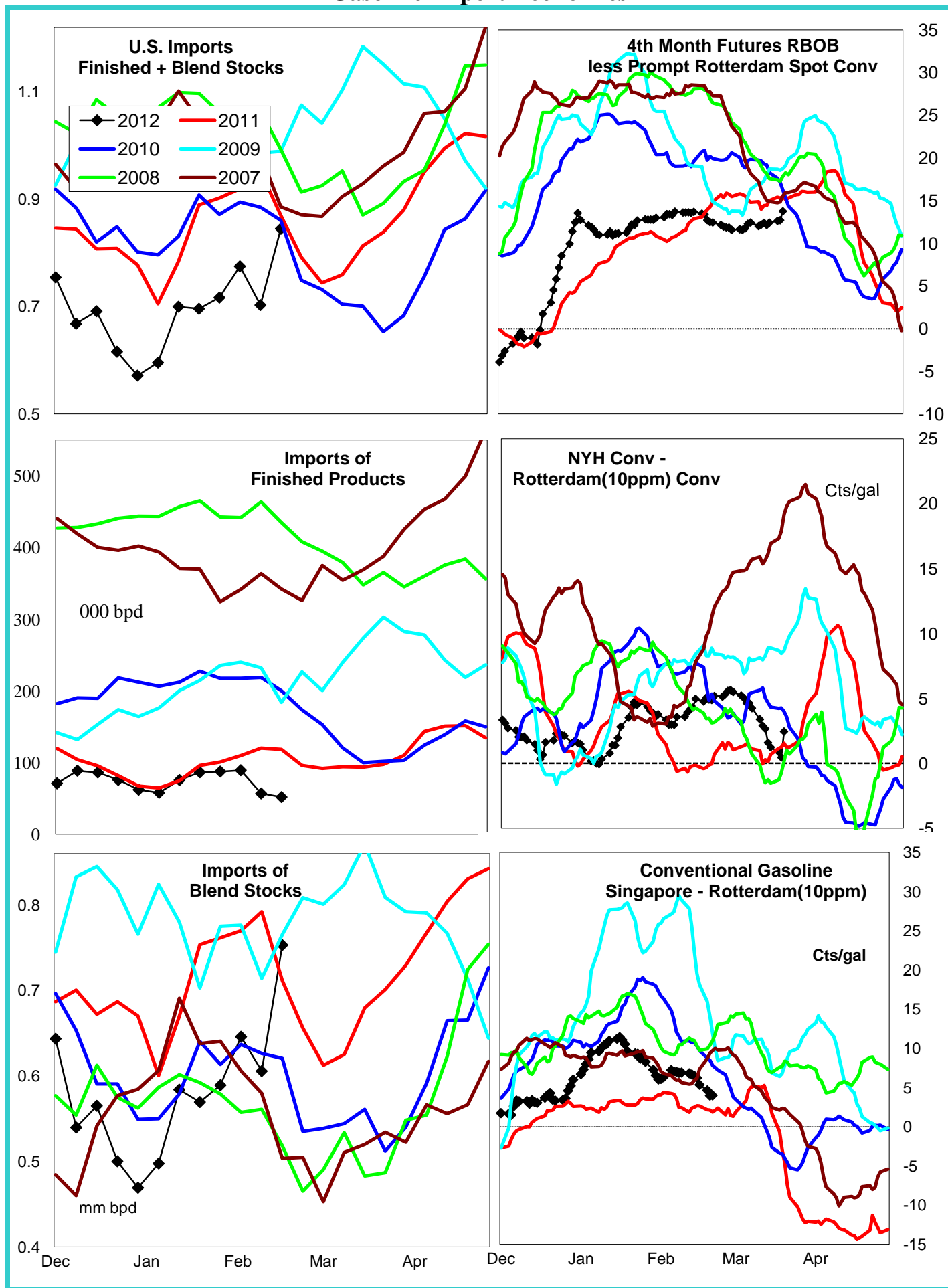


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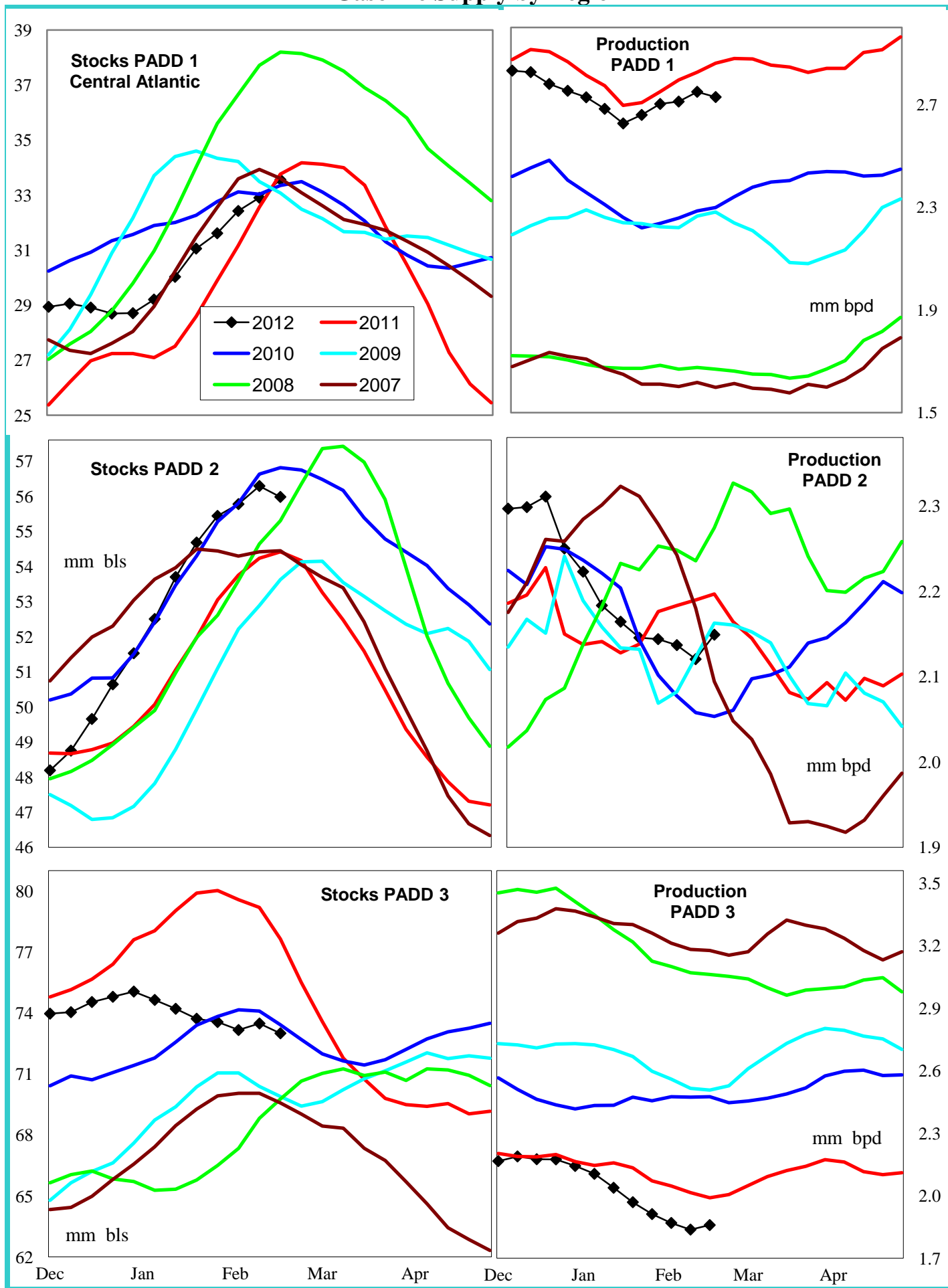
Gasoline Cash Basis and Related Price Spreads



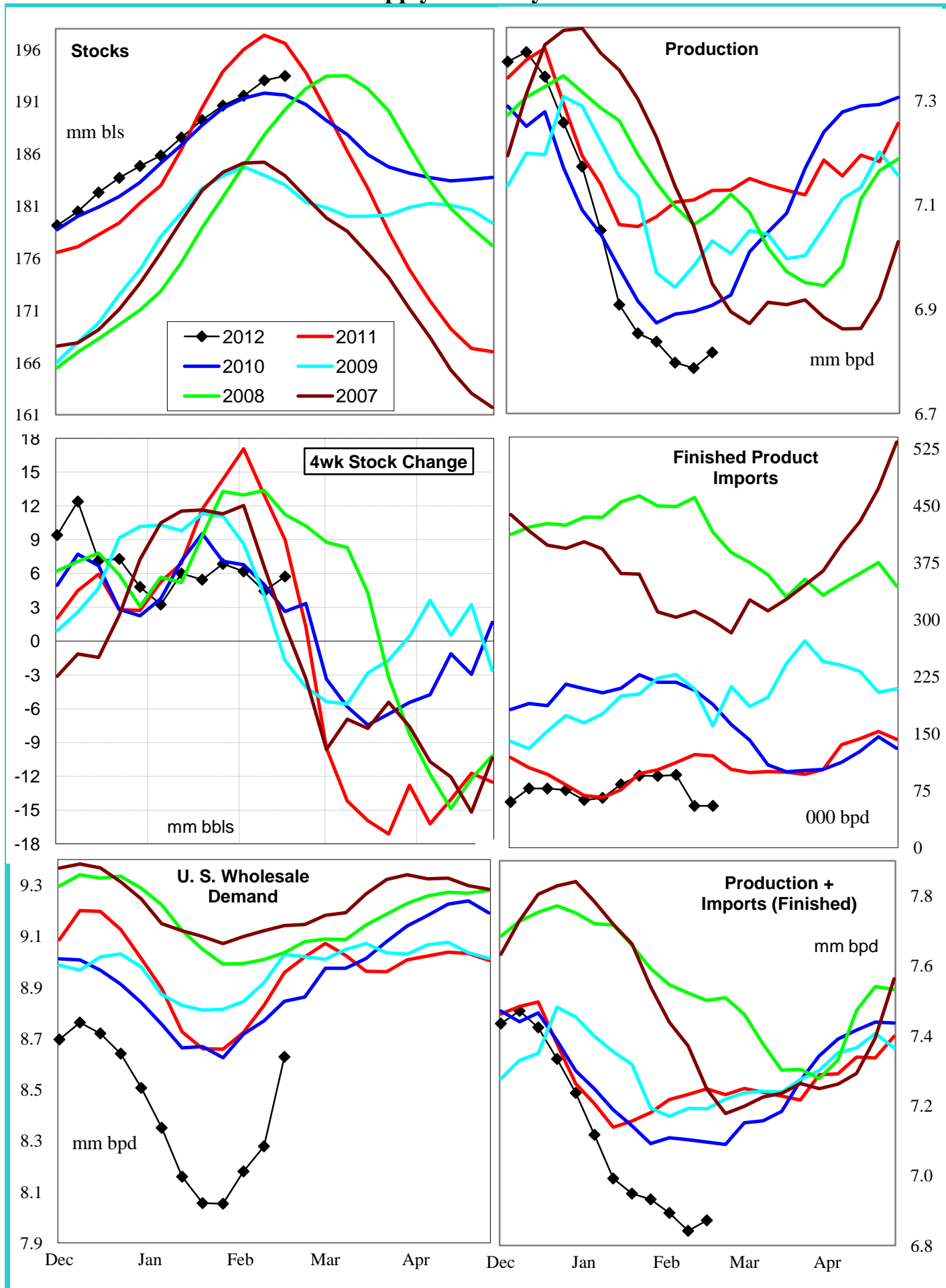
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply