



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 decreased -101,000 bpd last week, extending a counter seasonal decline. The latest 4-wk year-on-year decline exceeds -700,000 bpd; a new record low.

Production fell -261,000 bpd and imports decreased -23,000 bpd last week. Supplies East of the Rockies remain below the 5-year range. Stocks declined -0.4 million barrels, including a -1.1 million barrel draw in PADD 1.

Cash basis charts reflect the roll from winter to spring grade gasoline in the NYMEX RBOB contract. Recognizing the roll impact, cash basis fell to record lows in NYH, Gulf, Northwest and Group III markets.

As cash barrels of winter grade product are cleared from pipeline and terminal systems, basis for summer grade product will lead to basis strength across regional markets.

Extremely weak demand and market fears of physical shortages in the Central Atlantic Region of PADD 1 should limit basis levels in markets outside NYH to the low end of the historic range during the next quarter. Should unplanned refinery maintenance occur in regional markets, basis levels would spike, as recently occurred on the West Coast.

RBOB

New York Harbor basis to trend higher on switch to summer grade wet bbls and continued tight supplies.

Conventional

New York Harbor basis to trend higher on switch to summer grade wet bbls and continued tight supplies.

Chicago basis to trade sideways on weak demand and disposal of winter grade wet bbls, then higher on improved seasonal demand and tightening octane supply.

Group III basis to trade sideways on weak demand then higher on switch to summer grades and stock draw down.

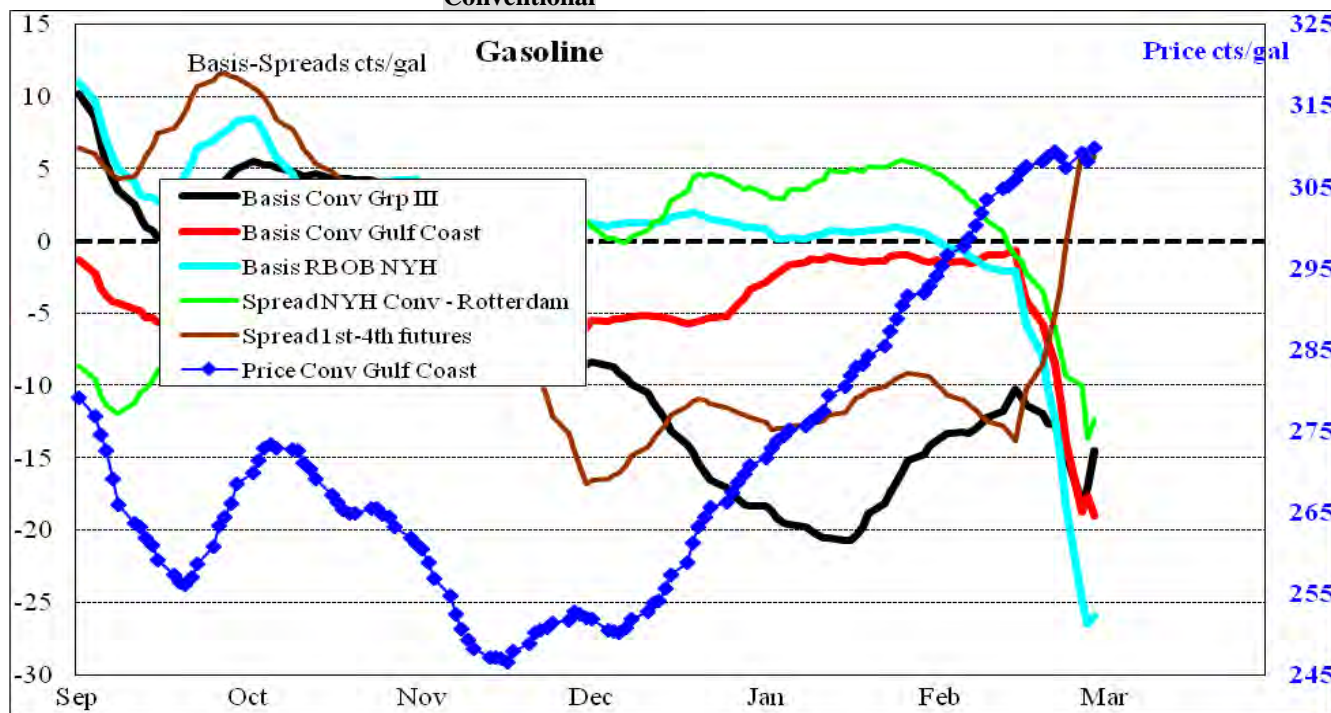
Gulf Basis Conventional grade to trend higher on switch to summer grades and tightness in the Northeast.

West Coast (Los Angeles) basis to remain elevated until maintenance is completed in the region, then experience a pull back from current levels.

Gulf Coast Price

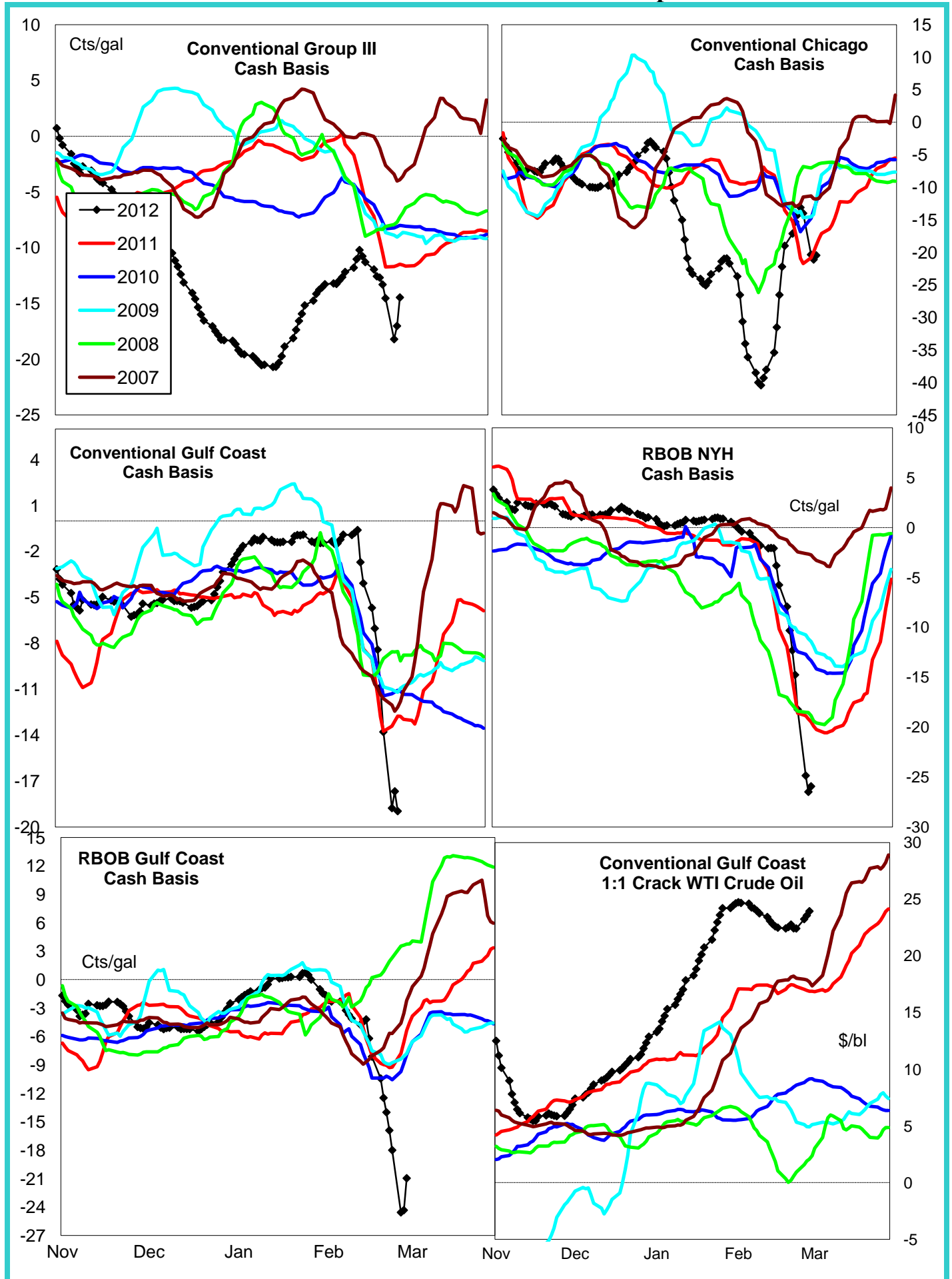
The collapse in gasoline demand is likely to become even pronounced on very high retail prices during the 2nd quarter. As it becomes evident that supplies will be adequate to meet the reduced level of demand, the risk of a meaningful price pull back will increase over the next quarter.

Tight global crude oil prices, slower economic growth in developing countries, and political tension in the Middle East should lead to continue volatile energy prices.

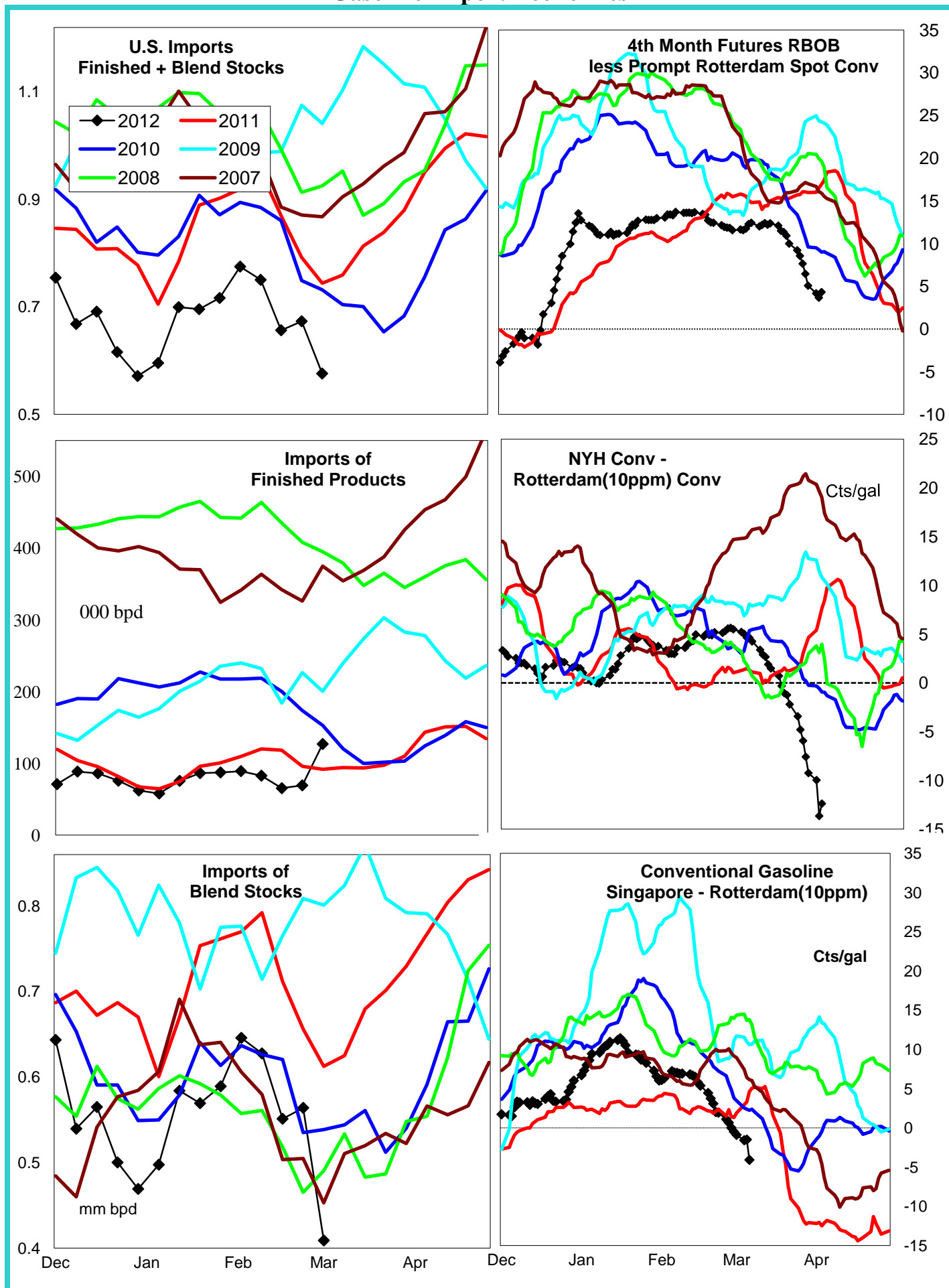


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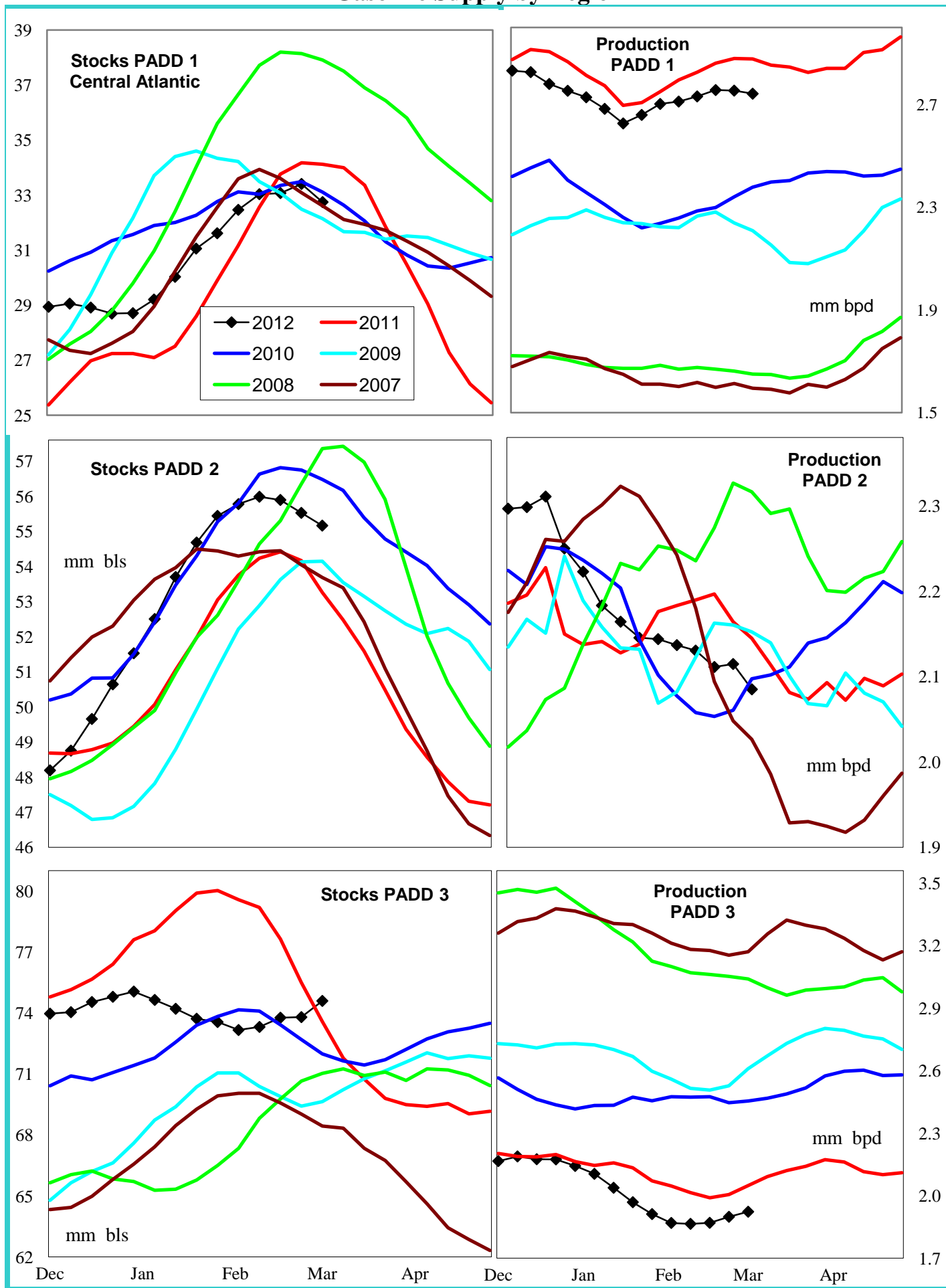
Gasoline Cash Basis and Related Price Spreads

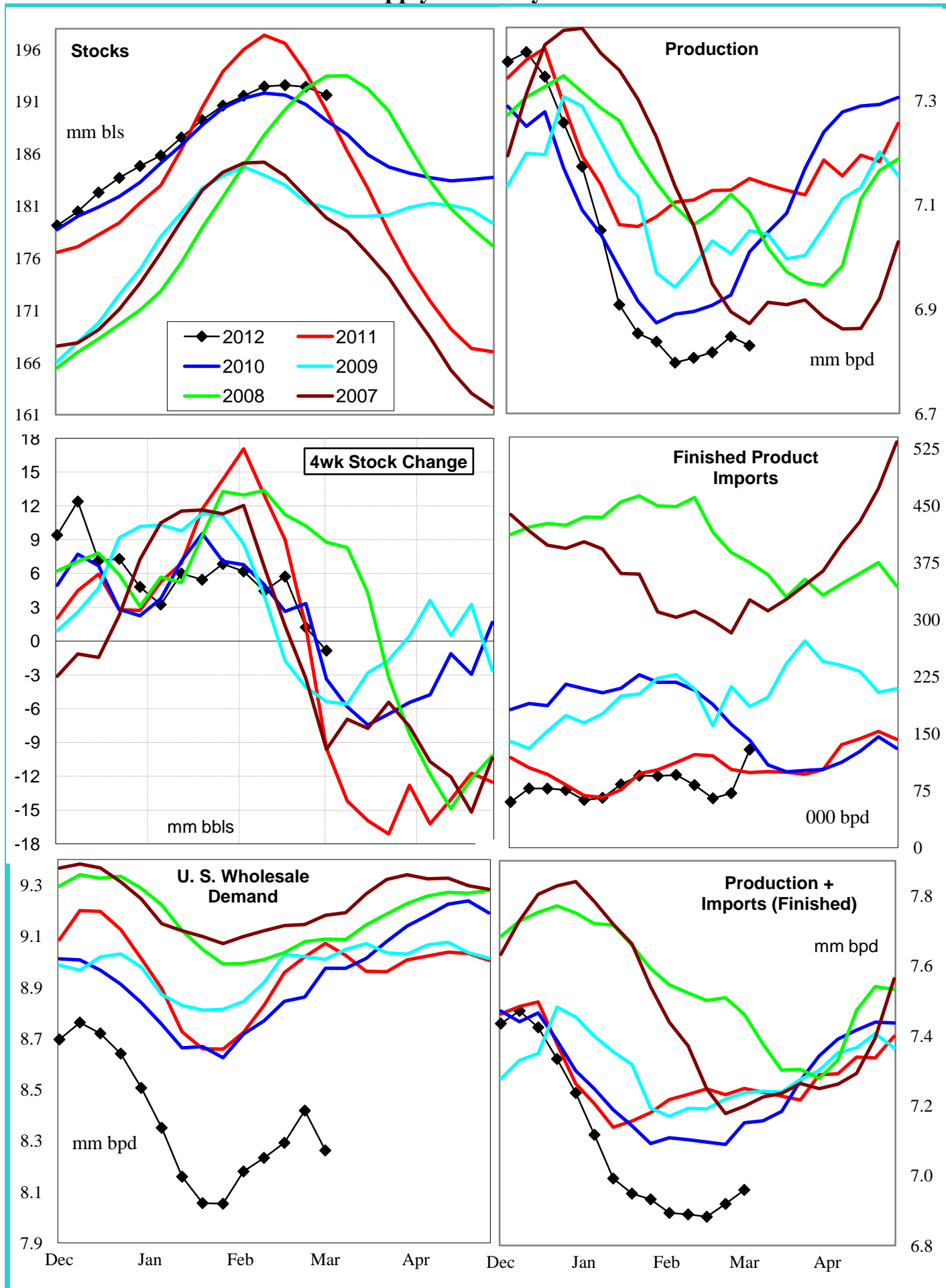


Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3

PADD 5 Gasoline Supply

