



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 increased +153,000 bpd last week, a level well below the 5-year range. The latest 4-wk year-on-year decline was -449,000 bpd (-4.8%).

Production increased +258,000 bpd on the week, a level below the last 2-years. Supplies were -259,000 bpd below last year in the combined markets East of the Rockies. Combined blend stock and finished product imports decreased -215,000 bpd, partially offsetting the rise in production.

Stocks increased +2.1 million barrels, with builds concentrated in PADDs 2 & 3.

Cash basis extended the recent downtrend in all markets early last week, with a bounce higher late in the week. A steeply inverted NYMEX RBOB contract has depressed basis in nearly all markets, with West Coast markets matching 5-year lows.

Look for increase in basis on the roll to August futures contract, having a lower inversion.

RBOB

New York Harbor basis to trade at levels above the historic average on low stock levels.

Conventional

New York Harbor basis to trend seasonally higher, from the recent record low.

Chicago basis to trend higher from the recent fall to historic lows.

Group III basis to trend higher from the recent collapse to near historic lows.

Gulf Basis to trend trade near average of last 2-years on weak demand.

West Coast (Los Angeles) basis to trade at low end of historic range on high production and seasonal stock building.

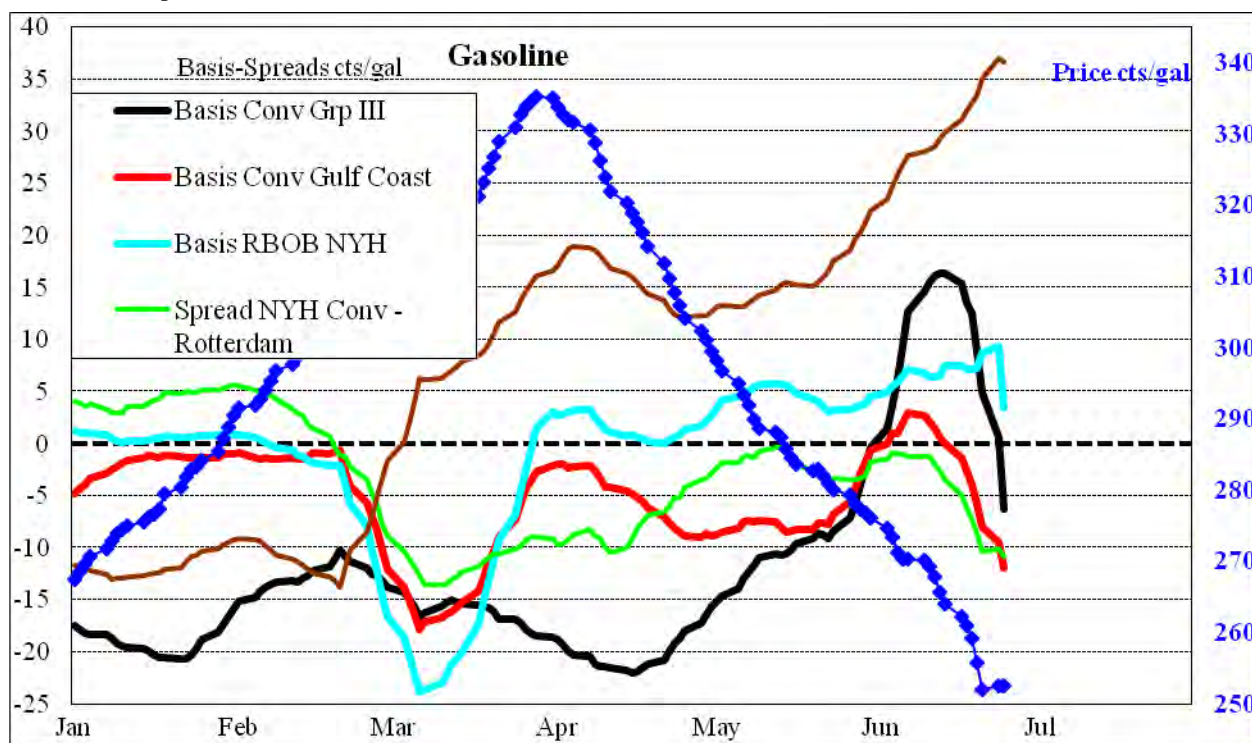
Gulf Coast Price

Atlantic Basin gasoline supplies remain tight as evidenced by a record high differential between Northwest Europe and NYMEX RBOB contract. Asian gasoline and Middle East price spreads to the NYMEX are unusually weak, at 5-year lows.

Look for weak demand and higher summer production to drive stock builds over the next 60-days.

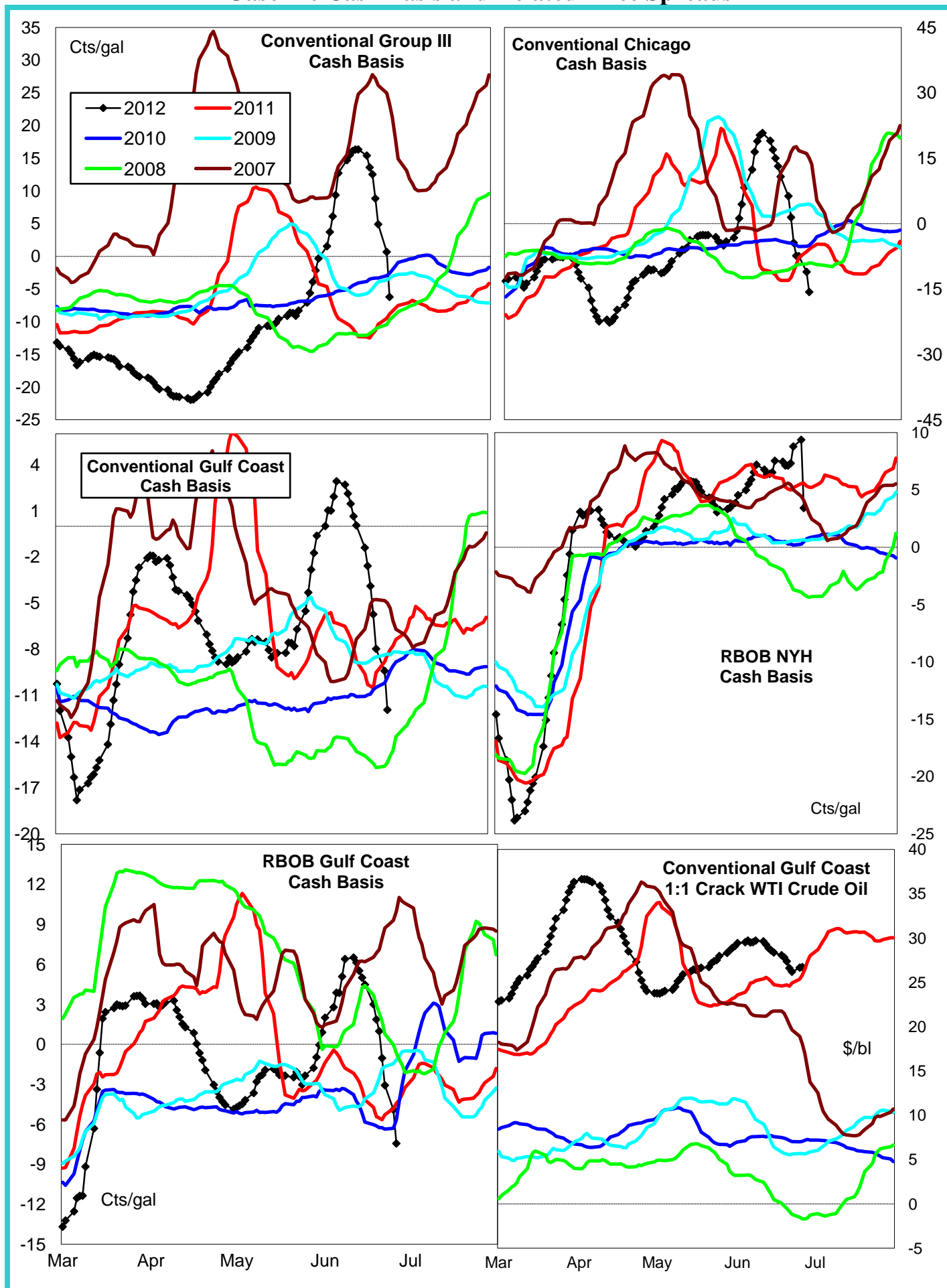
Recession and debt crisis in Europe, slower Asian economic growth and slower U.S. growth should limit global energy demand during the 2nd half of 2012. Concurrently high global crude oil production and stock levels are point to an oversupplied market.

Gasoline prices remain at risk of further decline.

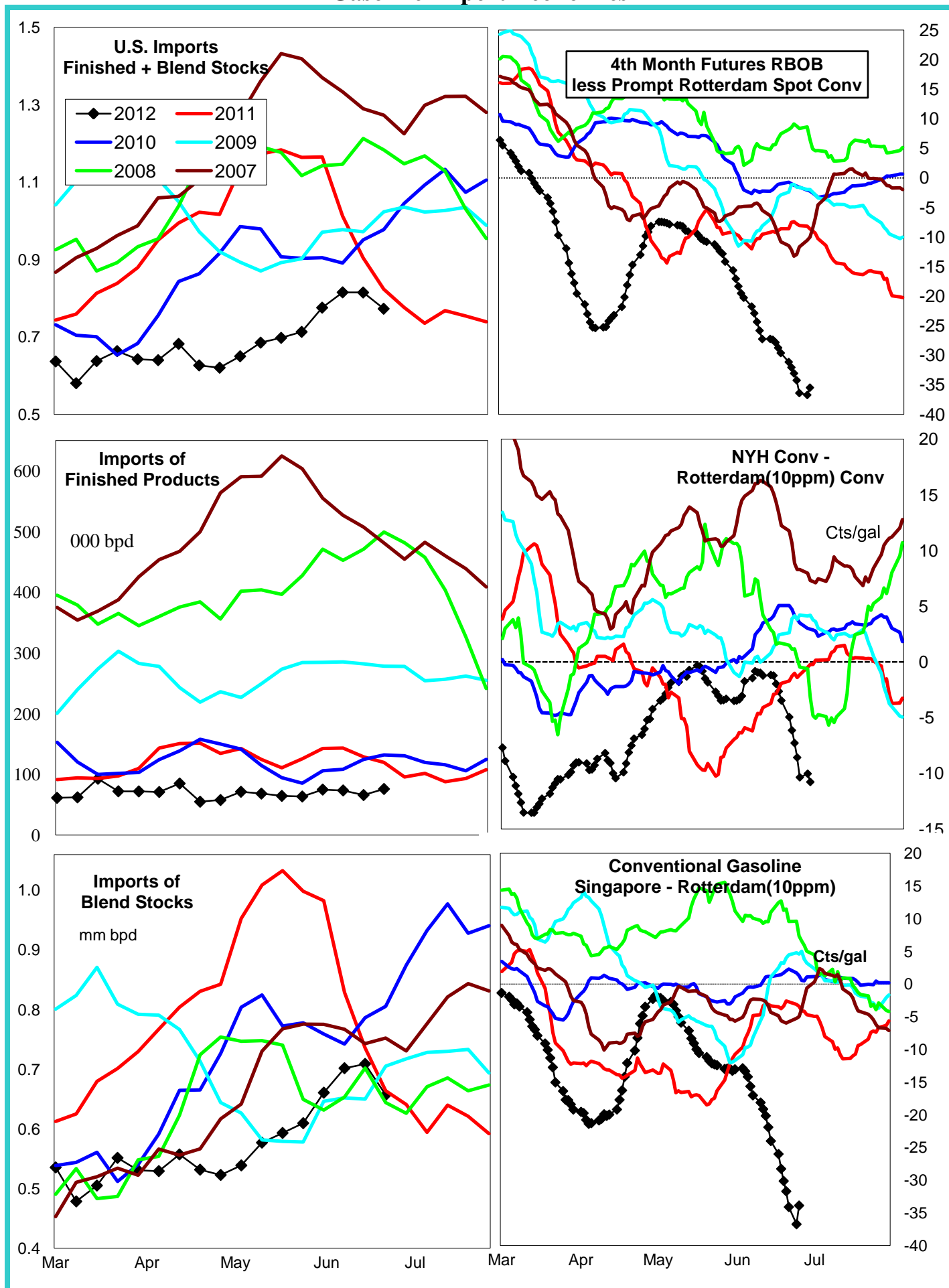


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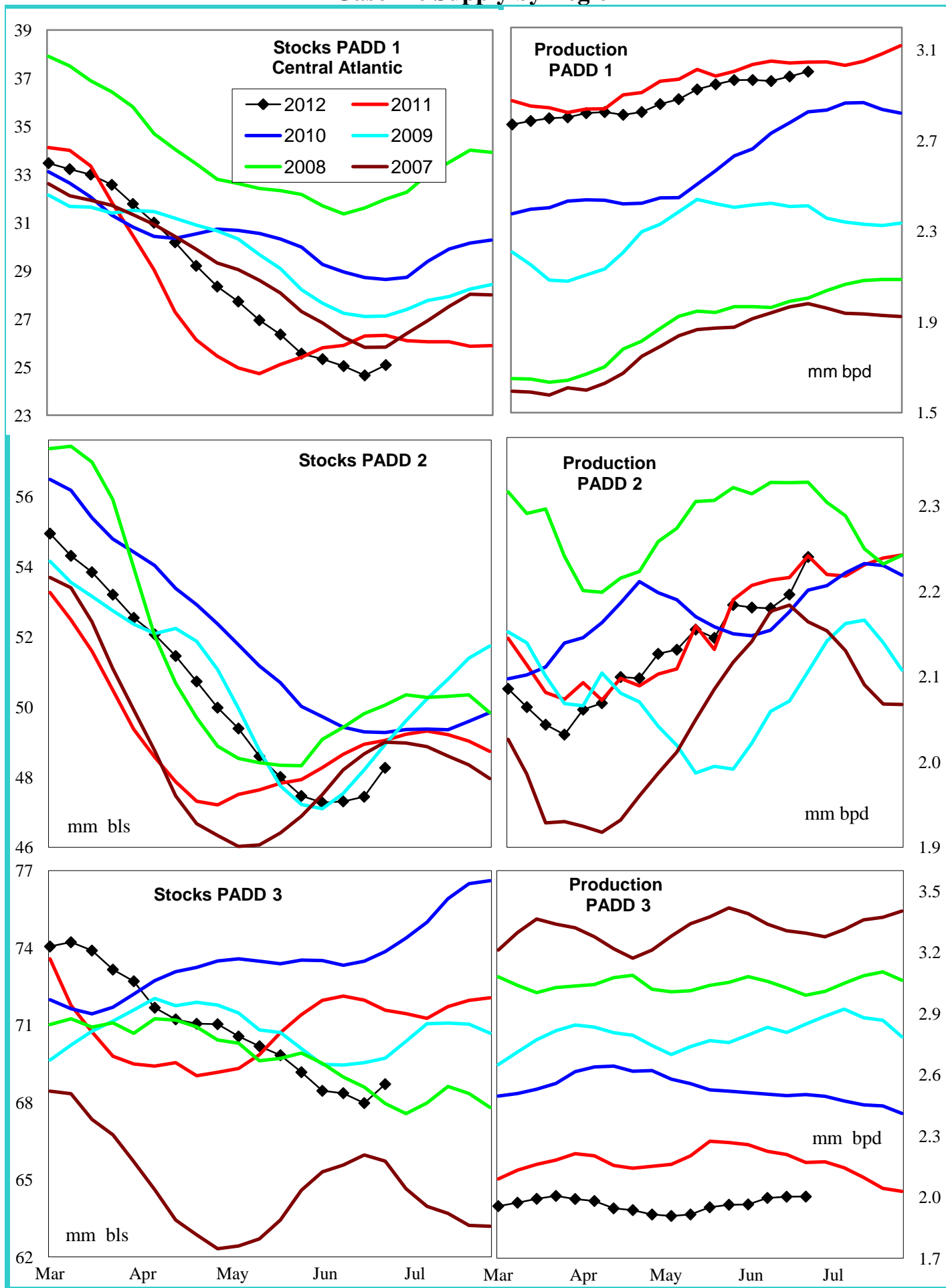
Gasoline Cash Basis and Related Price Spreads



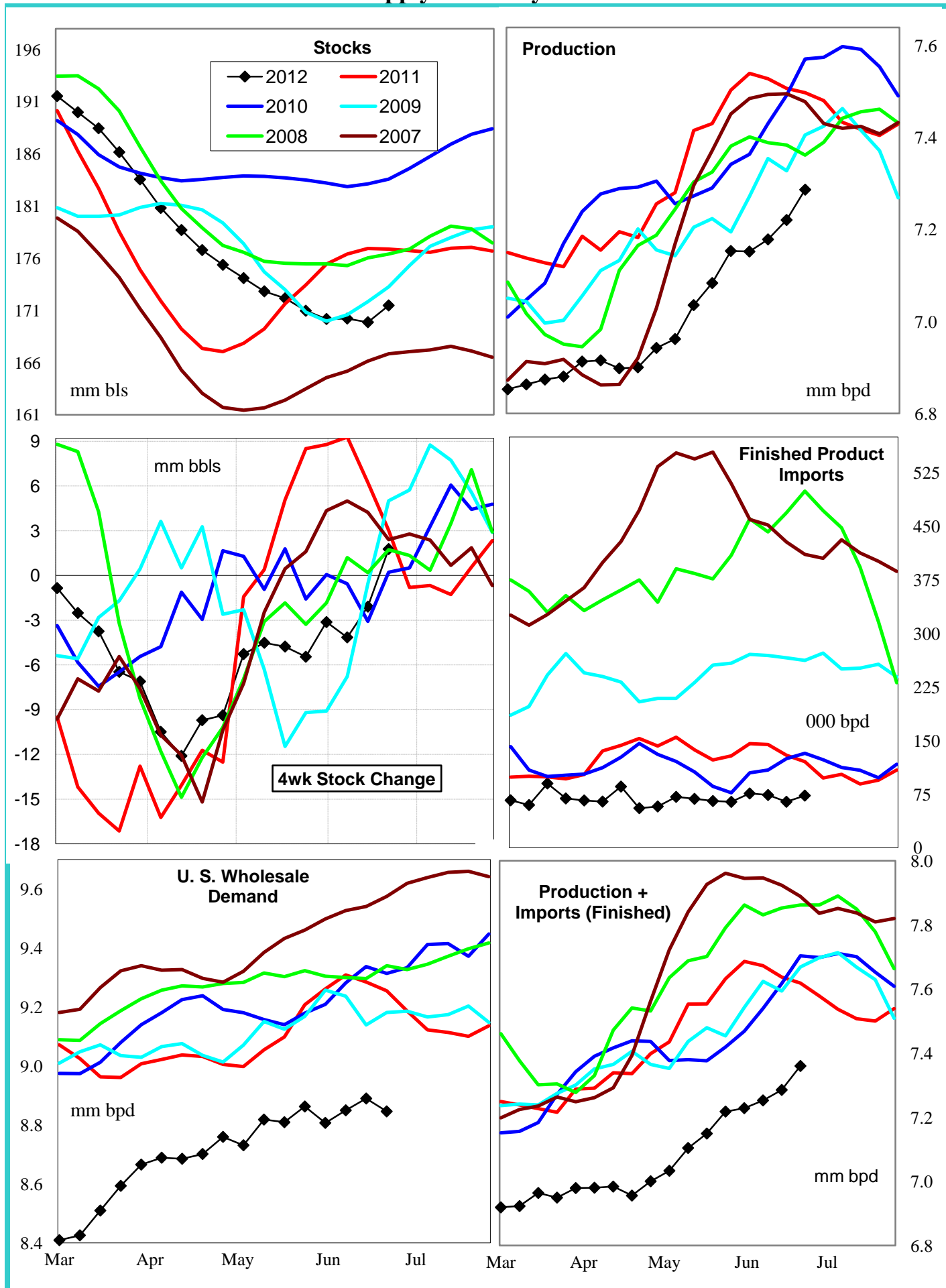
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

