



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 +155,000 bpd last week, a level still below the 5-year range. The latest 4-wk year-on-year decline was -397,000 bpd (-4.3%).

Production increased +108,000 bpd on the week, to a level that matched historic highs. Imports increased +50,000 bpd on the week, with the level comparable to last

year. Supplies were -262,000 bpd below last year in the combined markets East of the Rockies.

Stocks increased +0.2 million barrels, including a -1.7 million barrel draw on the East Coast.

Cash basis traded sideways to higher in all markets East of the Rockies last week on higher summer demand and lower flat price. West Coast basis trended lower late in the week, after an earlier modest upturn. A steeply inverted NYMEX RBOB contract has depressed basis in nearly all markets, with West Coast markets matching 5-year lows.

Look for basis to trade sideways in most regional markets for the near term on tight East Coast supplies, then seasonally higher on peak demand.

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 trade sideways in the near term, then seasonally higher as demand peaks.

Group III basis to trade sideways in the near term then seasonally higher as summer demand peaks.

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

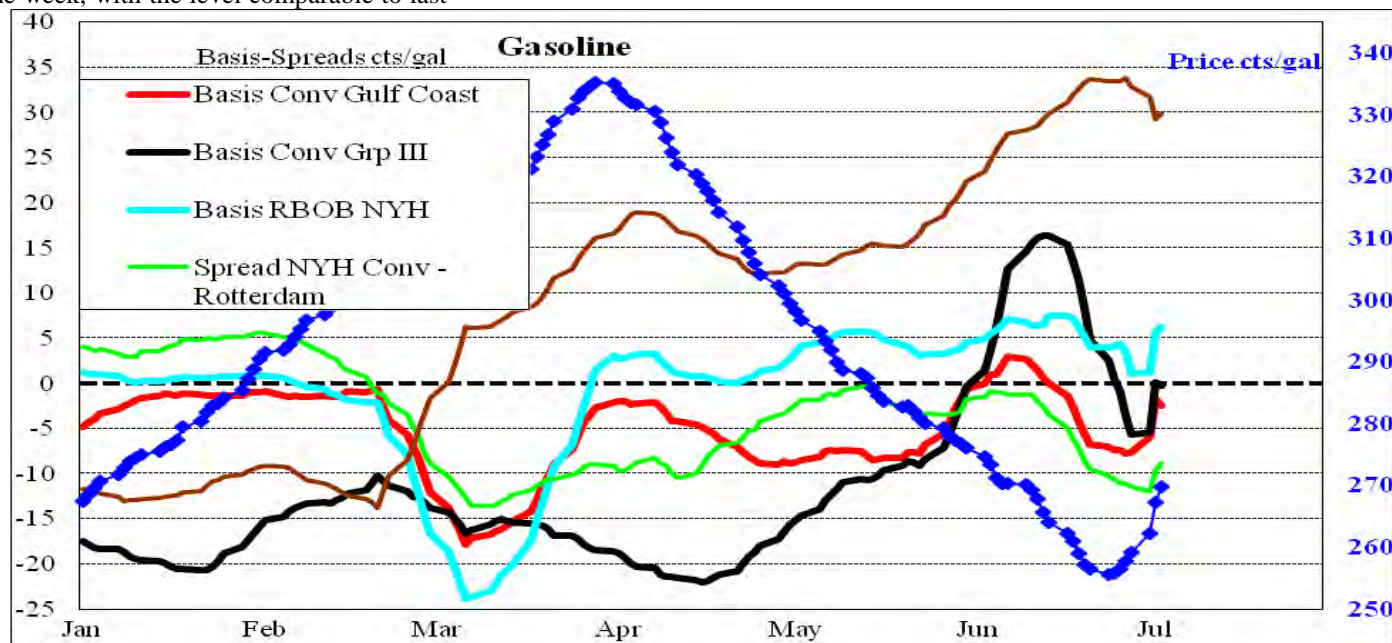
East Coast gasoline supplies are very tight on record low stocks, low imports, reduced local production and high dependence on receipts from the Gulf.

Record premiums in Northwest Europe versus the NYMEX RBOB contract point to an even tighter European Market, a key factor in low imports to the U.S.

The tight overall Atlantic Basin market has limited seasonal stock building in U.S. markets this summer, and appears likely to continue to keep supplies tight through the end of the peak driving season.

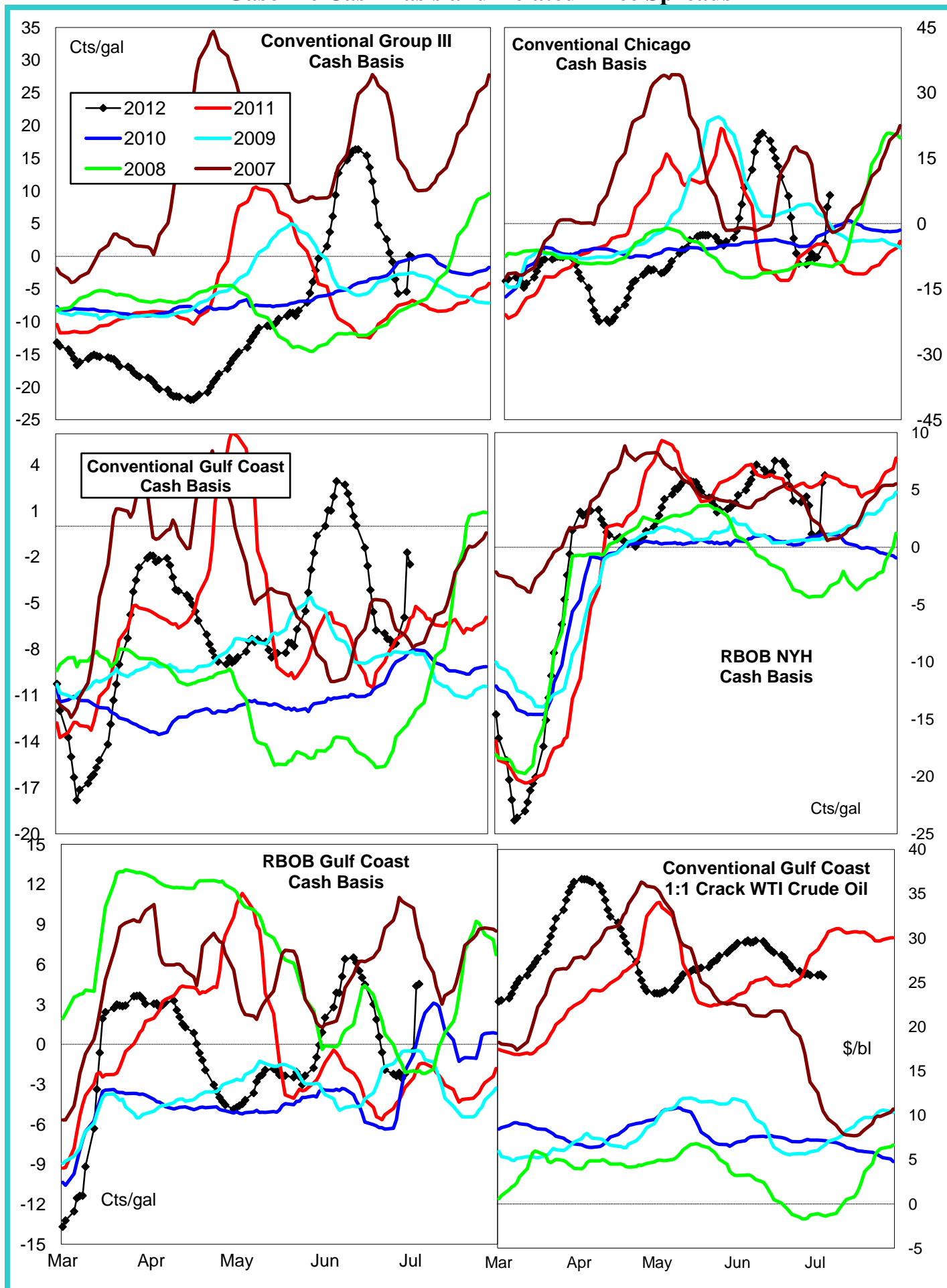
Recession and debt crisis in Europe, slower Asian economic growth and slower U.S. growth should limit global energy demand during the 2nd half of 2012. Concurrently high global crude oil production and stock levels are point to an oversupplied market.

Gasoline prices remain at risk of further decline, with steeply inverted forward price curves.

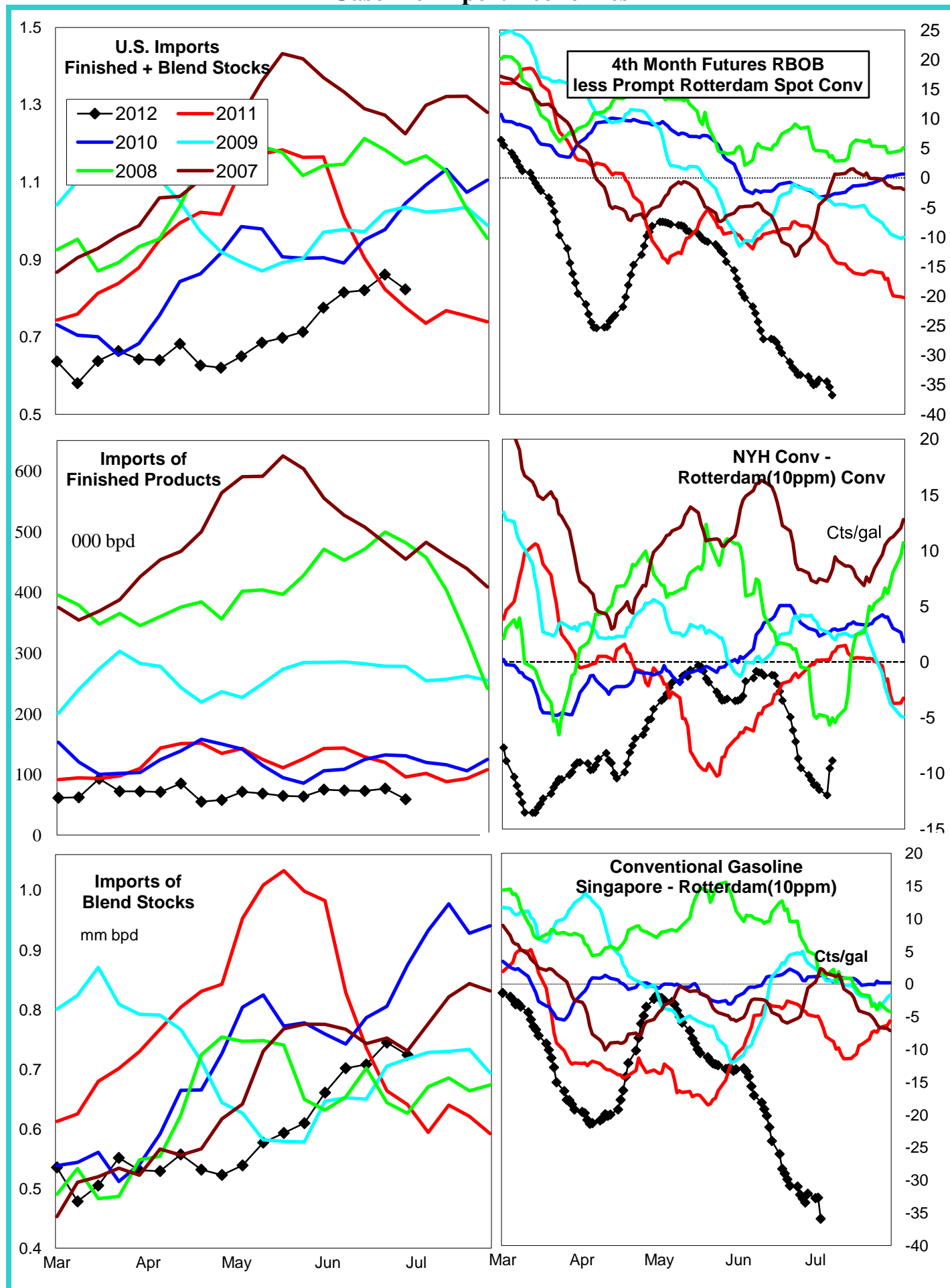


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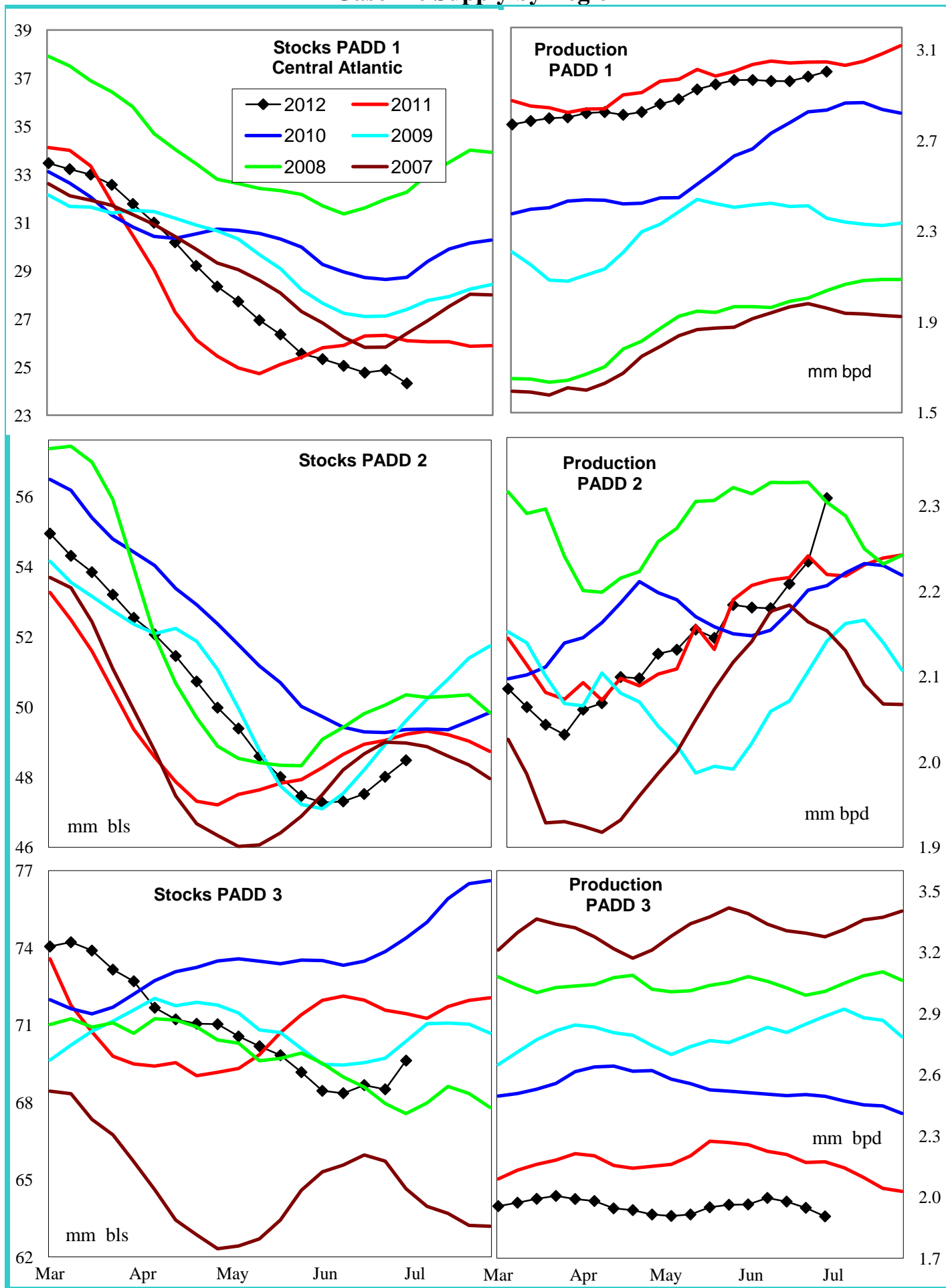
Gasoline Cash Basis and Related Price Spreads



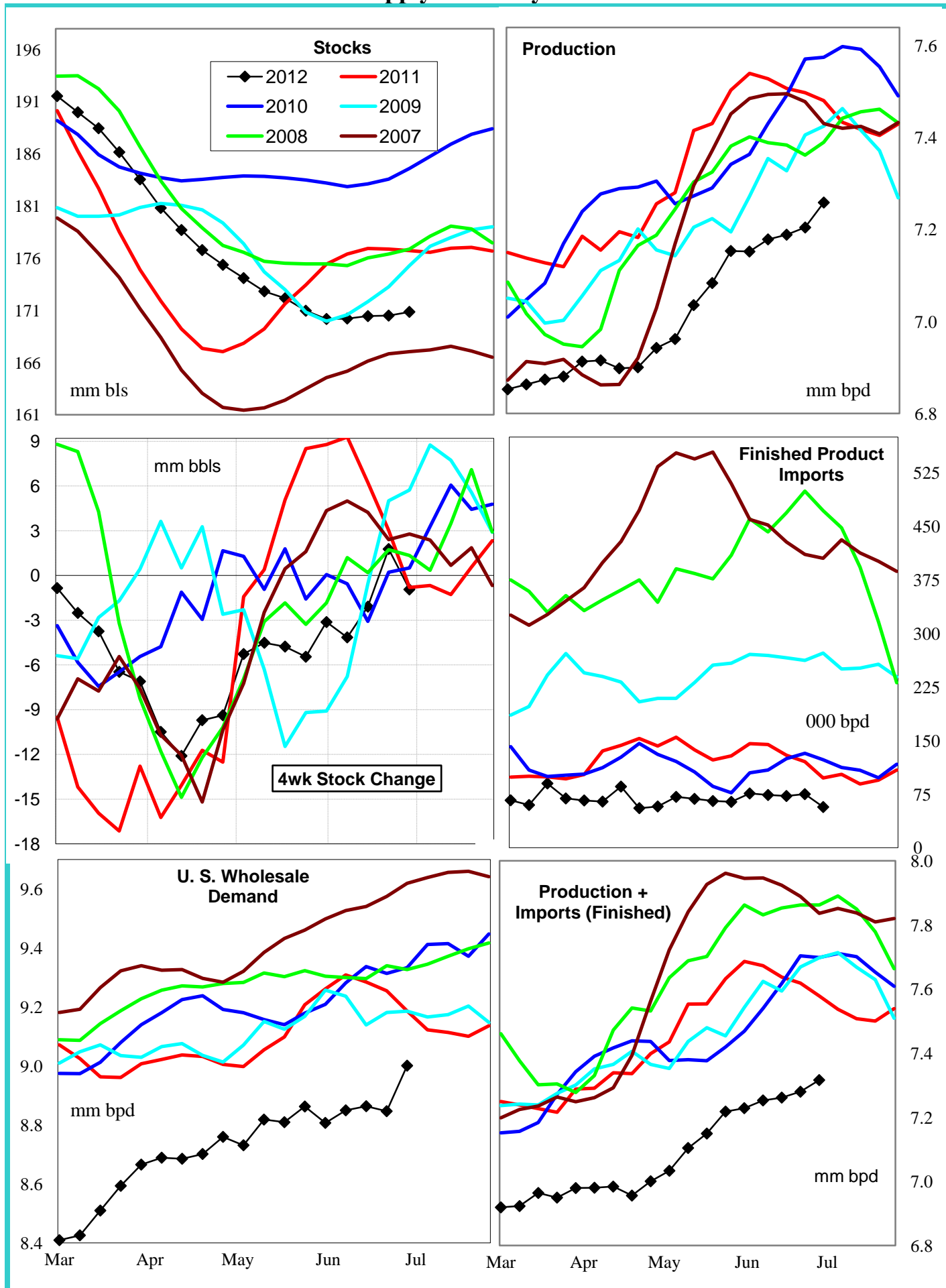
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

