



## 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 -84,000 bpd last week, due in part to the 4th holiday week limiting tanker truck loadings. The latest 4-wk year-on-year decline was -362,000 bpd (-3.9%).

Production decreased -70,000 bpd on the week, to a level comparable with the

last 2-years. Imports increased +96,000 bpd on the week, to the highest level of 2012. Supplies were -235,000 bpd below last year in the combined markets East of the Rockies.

Stocks increased +2.8 million barrels, including a +1.1million barrel build on the East Coast.

Cash basis higher in NYH, while trading sideways to lower in other markets. Basis levels in markets East of the Rockies traded slightly above each of the last 2-years, while the West Coast traded nearly last years' record 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, with risk of a pull back on increased imports.

#### Conventional

**New York Harbor** basis to trend higher in the near term on tight supplies, then pull back on increased imports.

**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 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, then trend higher as refiners began late summer maintenance.

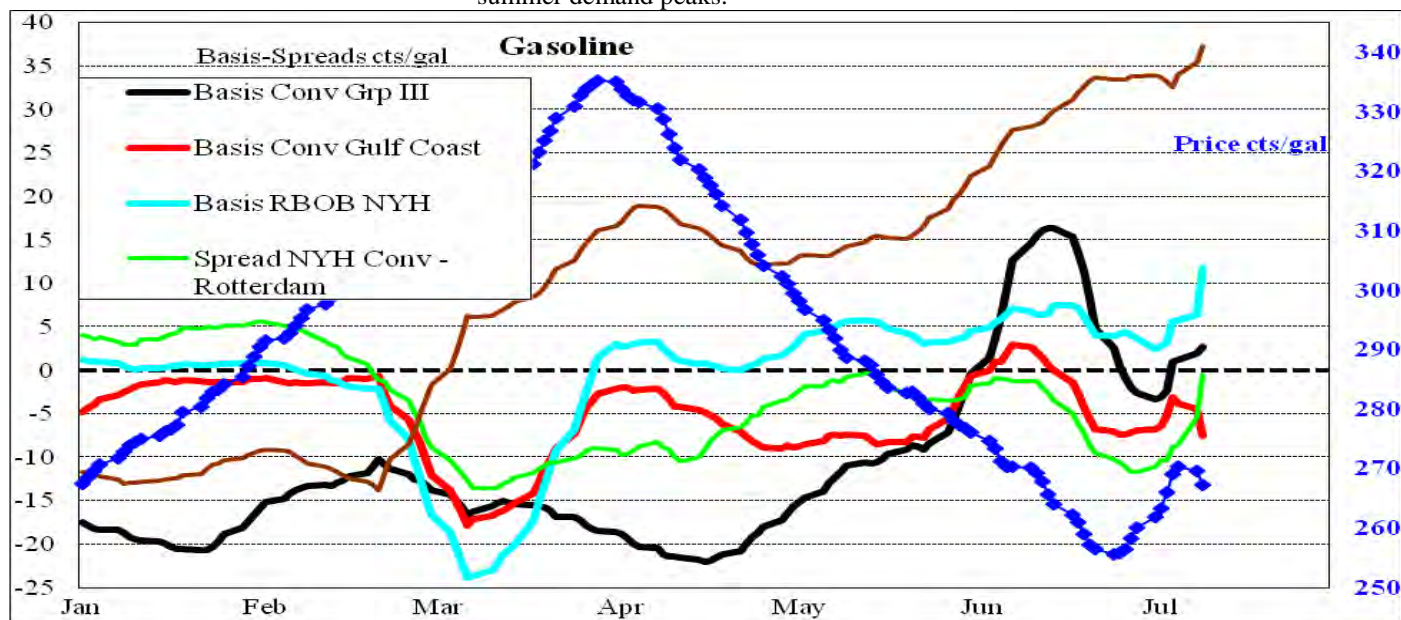
#### Gulf Coast Price

Atlantic Basin gasoline supplies remain very tight, as evidenced by a record high inversion in the forward price curve, and a record differential of Northwest Europe over the NYMEX RBOB contract.

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.

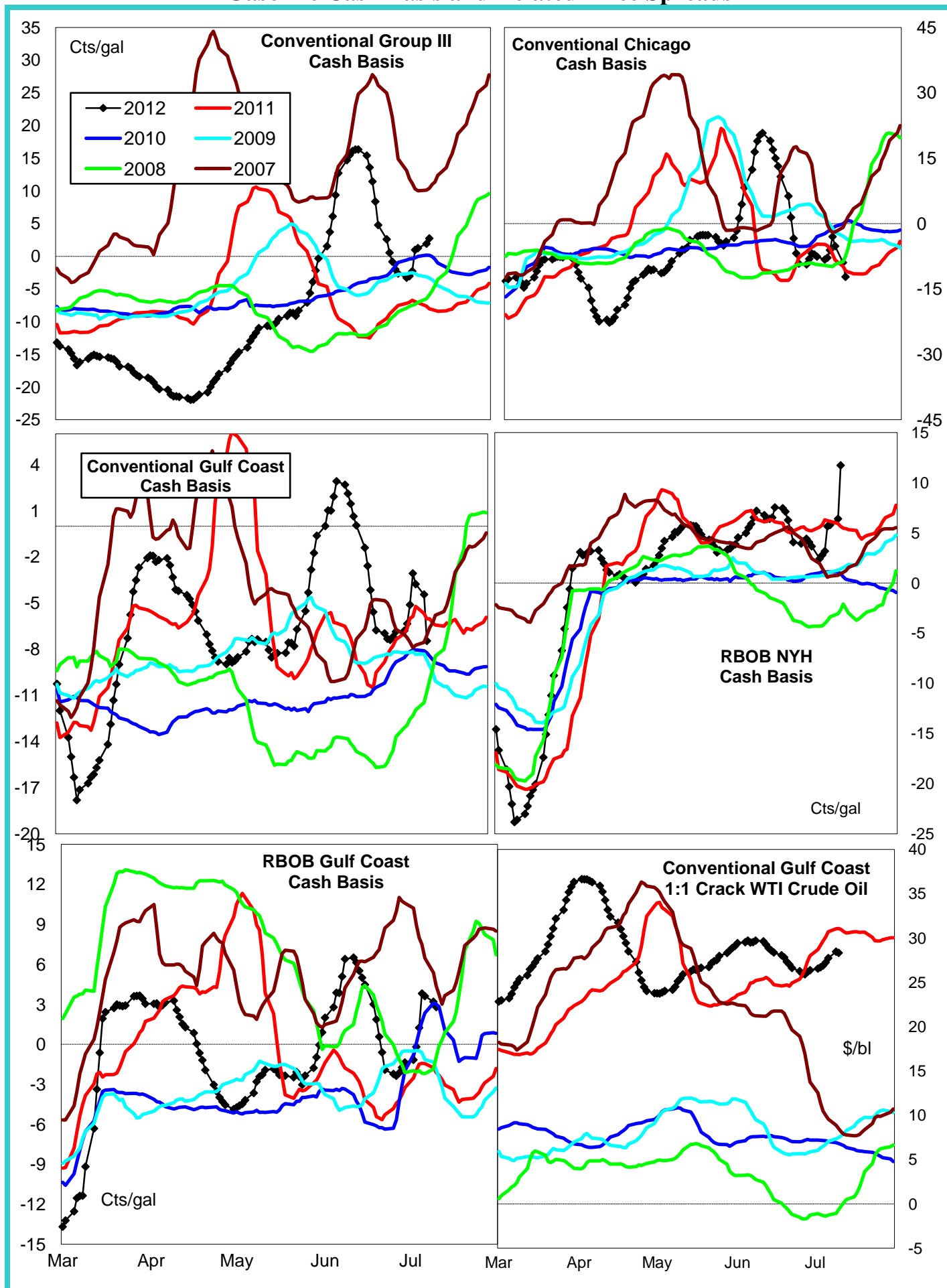
Recession and debt crisis in Europe, slower Asian economic growth and slower U.S. growth should limit global energy demand during the 2nd half of 2012. Concurrently high global crude oil production and stock levels are point to an oversupplied market.

Gasoline prices remain at risk of a sharp decline, on a collapse in the forward price curve (before or at the end of the summer driving season).

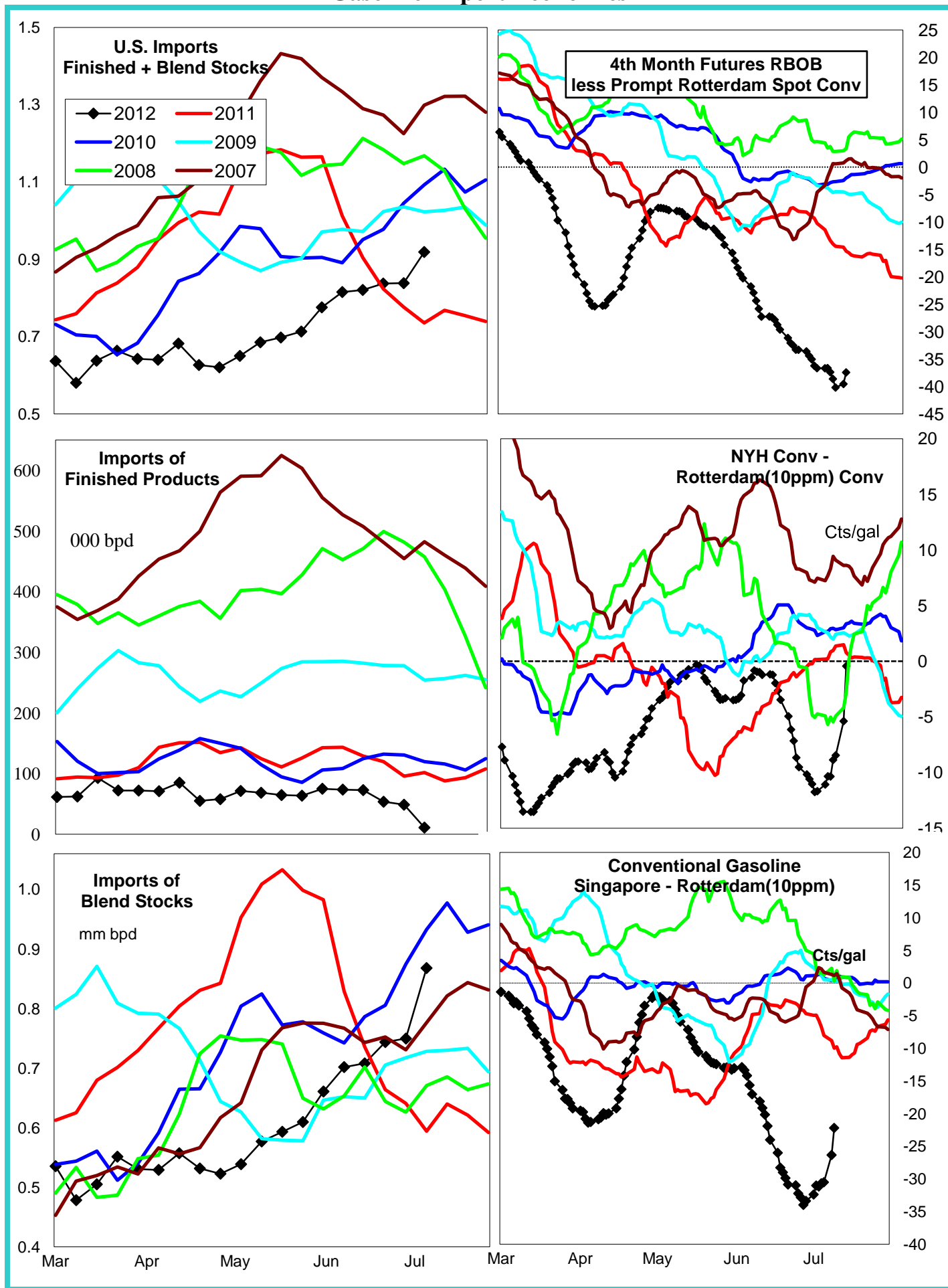


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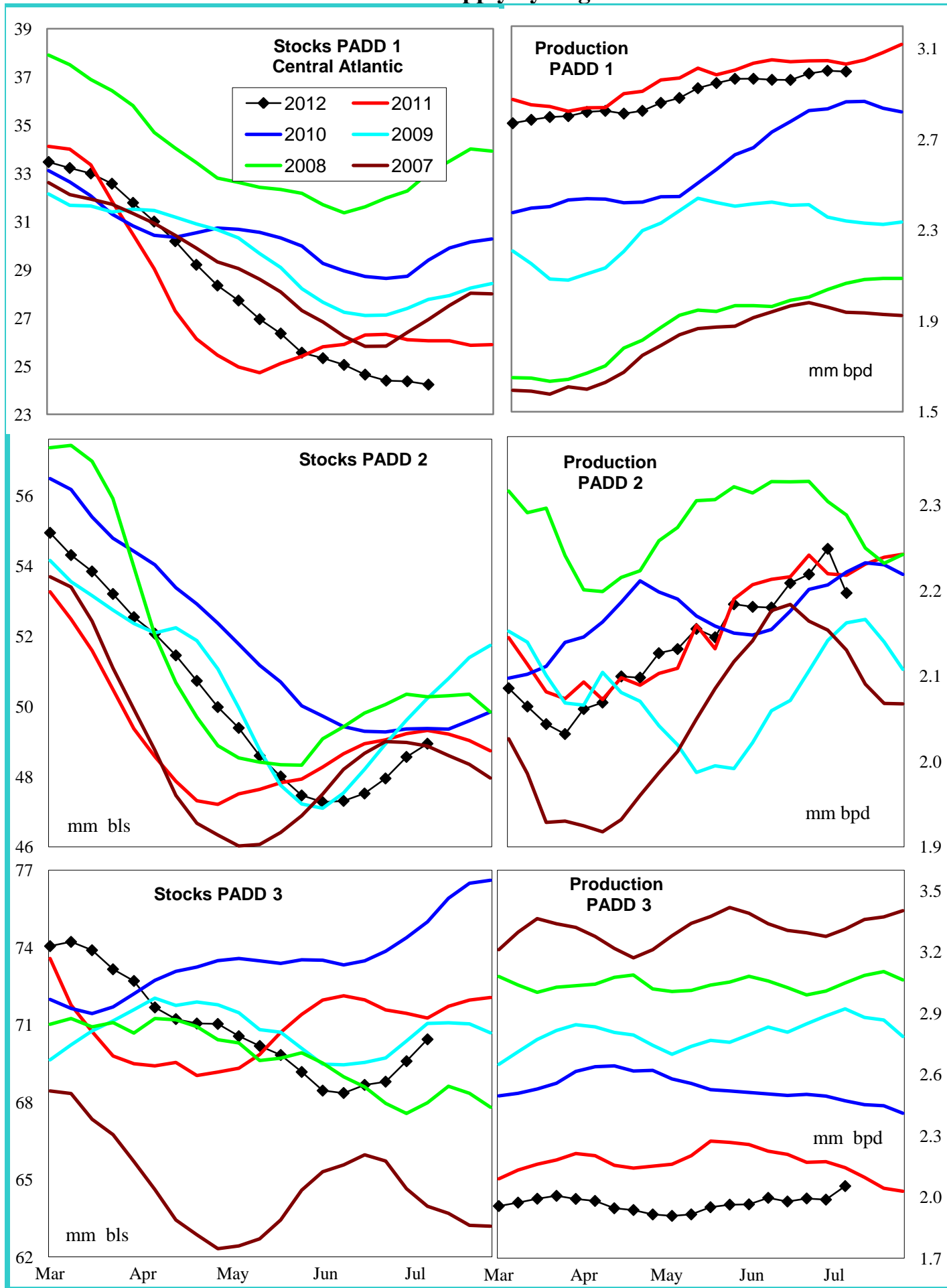
# Gasoline Cash Basis and Related Price Spreads



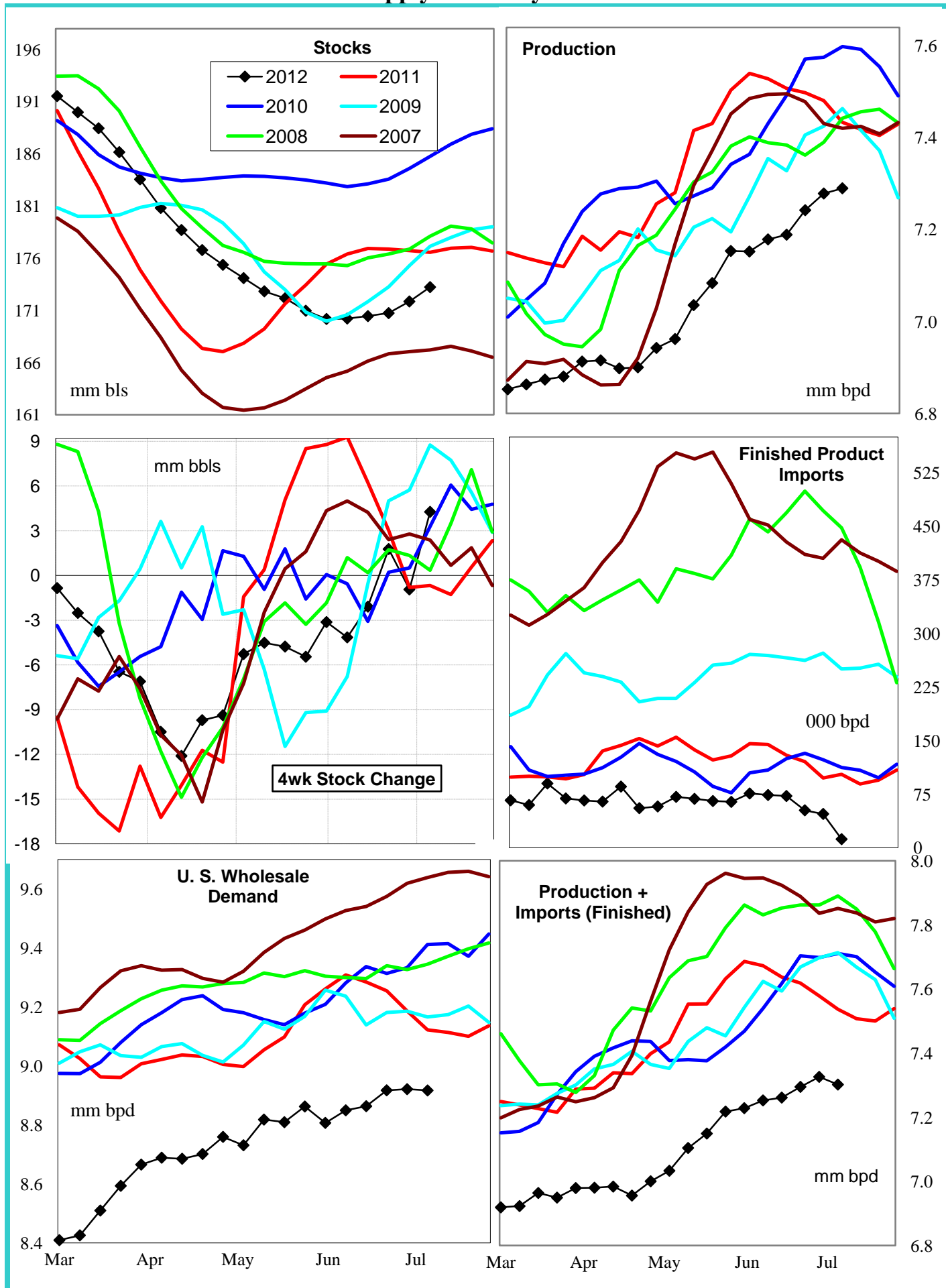
## Gasoline Import Economics



# Gasoline Supply by Region



# Gasoline Supply Summary PADDs 1+2+3



# PADD 5 Gasoline Supply

