WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, August 03, 2012

Cash Basis Outlook			
Product	Market	Weeks Forward 1 - 2	Weeks Forward 3 - 6
RBOB	NYH	→	→
	Gulf	→	→
	W Coast	→	→
Conventional	NYH	→	→
	Gulf	→	→
	Grp III	→	→
	Chicago	→	→
	W Coast	→	→
Gulf Coast Price Outlook		→	→

Wholesale demand increased +160,000 bpd last week, continuing the lackluster summer peak. The latest 4-wk year-on-year decline was -308,000 bpd (-3.4%).

Supplies reversed the previous surge, falling -0.7 million bpd last week with both production and imports falling nearly -300,000 bpd.

The drop in supply led to a -2.2 million barrel stock draw last week. This included a -1.3 million barrel draw on the East Coast.

Cash basis spiked in most regional markets; driven by the roll to September contract and unplanned refinery maintenance in the Midwest.

Look for basis in regional markets to trade sideways in the short term on peak summer demand and tight supplies in Midwest markets; then trend sharply lower as end of summer wholesale demand declines and higher RVP grades are introduced in early September.

RBOB

New York Harbor basis to trade at elevated levels in very short term on peak summer demand, then pull back an end to peak summer travel.

Conventional

New York Harbor basis to trade sideways in the very near term on tight supplies, then pull back on an end to peak summer demand.

Chicago basis to trade at extremely elevated levels on unplanned refinery maintenance, followed by a steep decline as plants return to operation.

Group III basis to traded at elevated levels in the very near term on unplanned refinery maintenance, then trend lower as plants return to operation.

Gulf Basis to trade at elevated levels on tight supplies in PADDs 1 & 2, then pull back on an end to peak summer demand and plants returning to operation in the Midwest.

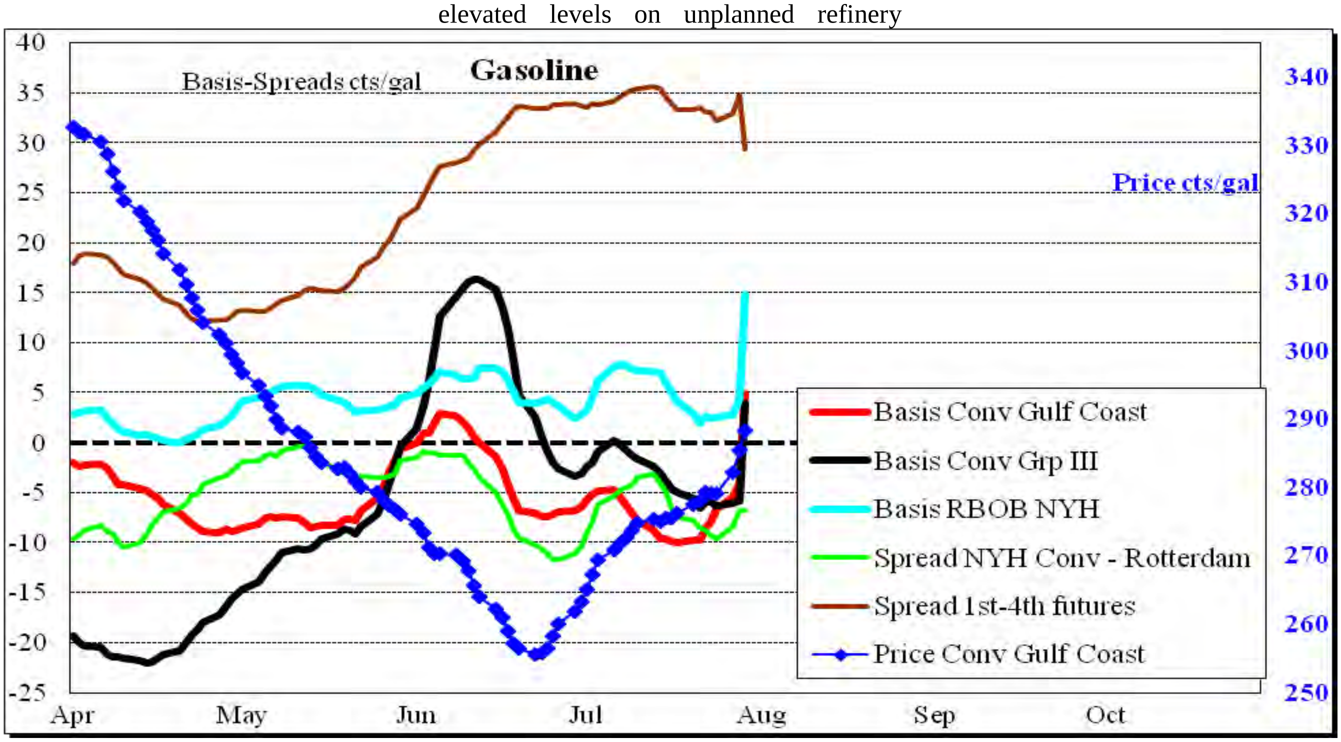
West Coast (Los Angeles) basis trend higher on low stock levels and start of fall maintenance.

Gulf Coast Price

Low imports & stocks on the East Coast, unplanned refinery maintenance in the Midwest, and peak summer demand has driven a sharp rebound in prices during the last month.

Look for and end to peak summer wholesale demand, higher RVP grades in early September, completion of unplanned maintenance in the Midwest to limit price increases after mid month.

Slowing global economic growth, debt crisis in Europe and political unrest in the Middle East are the headline news items driving energy prices.



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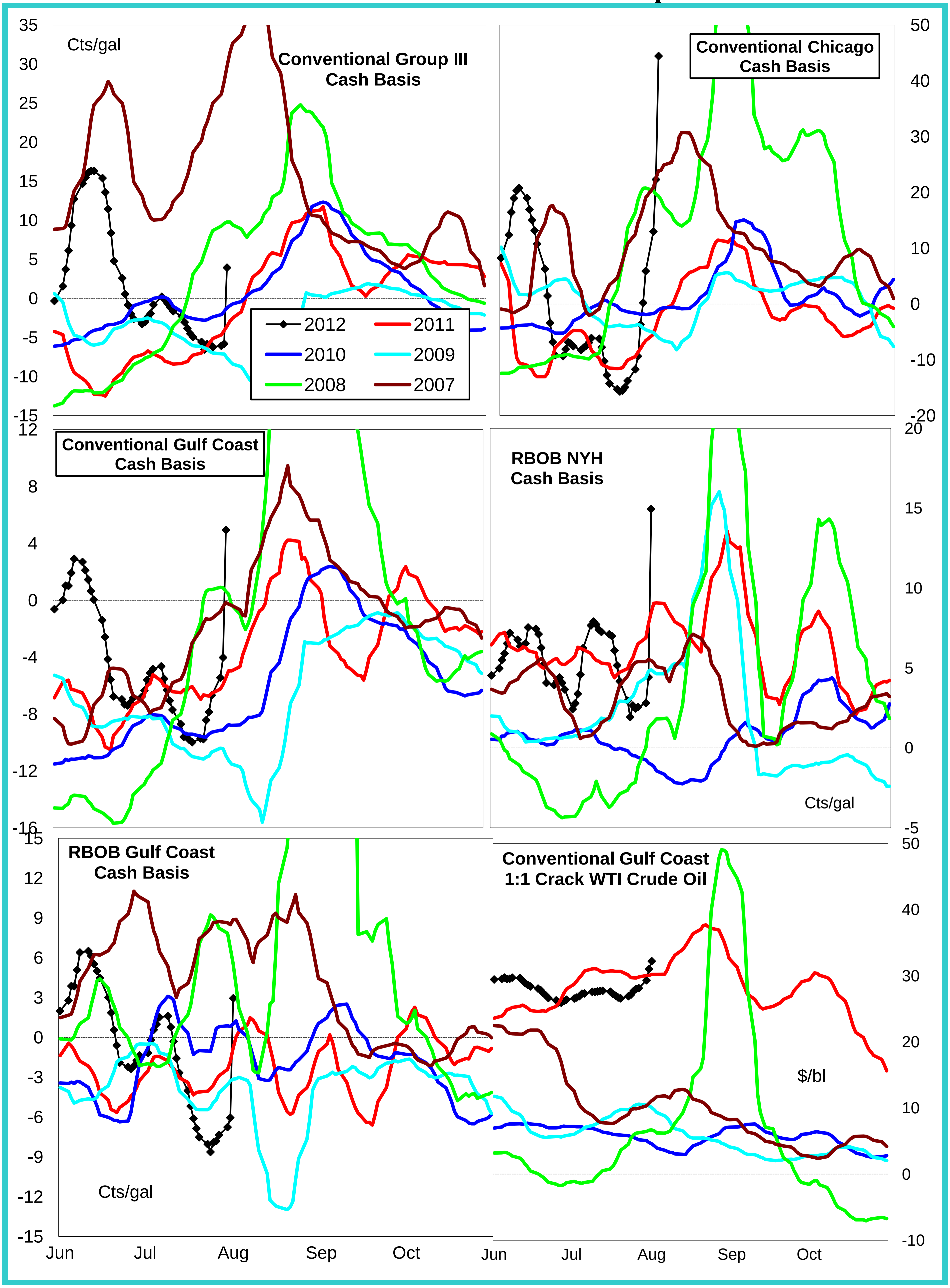
Gasoline Cash Basis and Related Price Spreads



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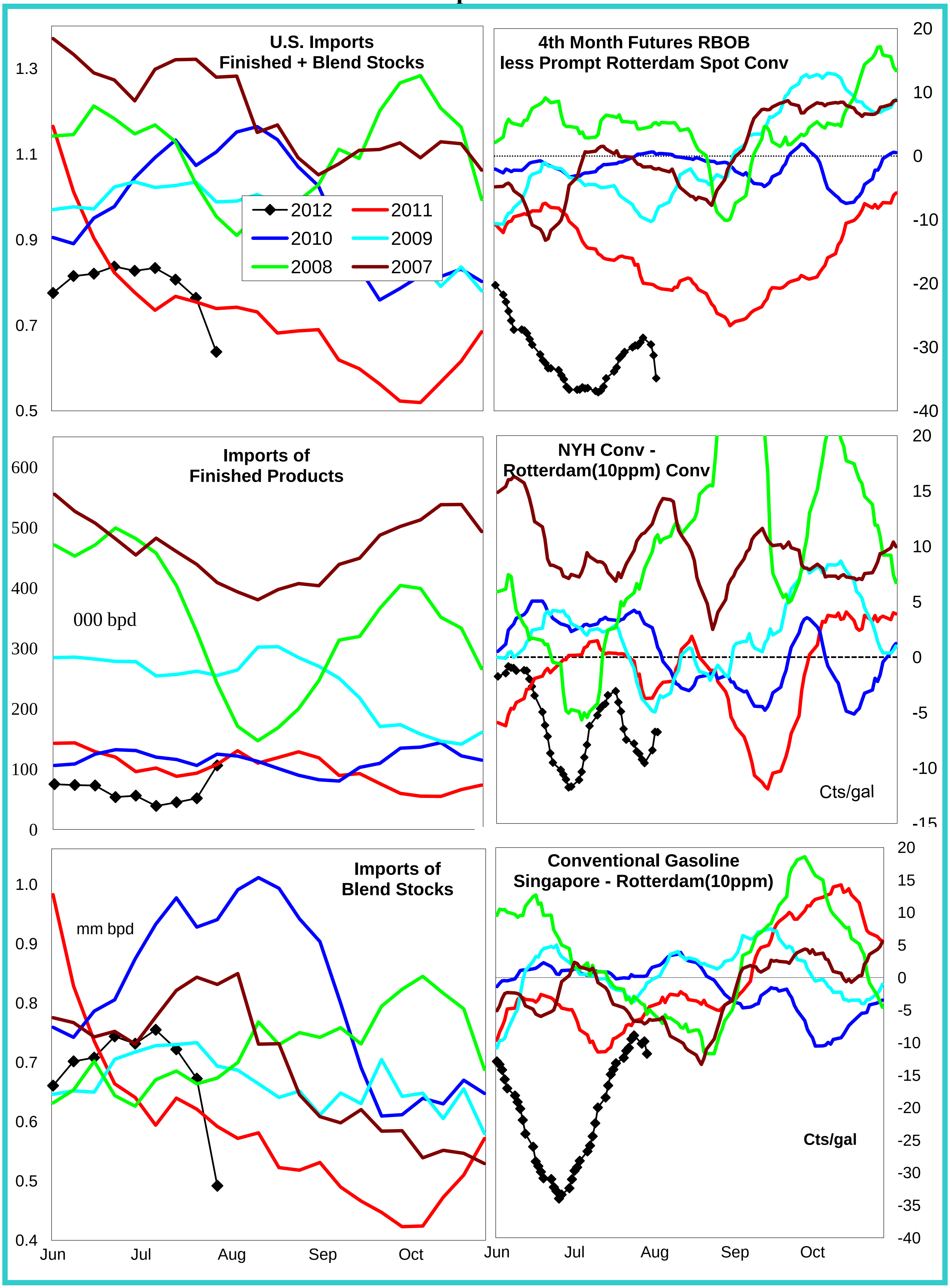
Gasoline Import Economics



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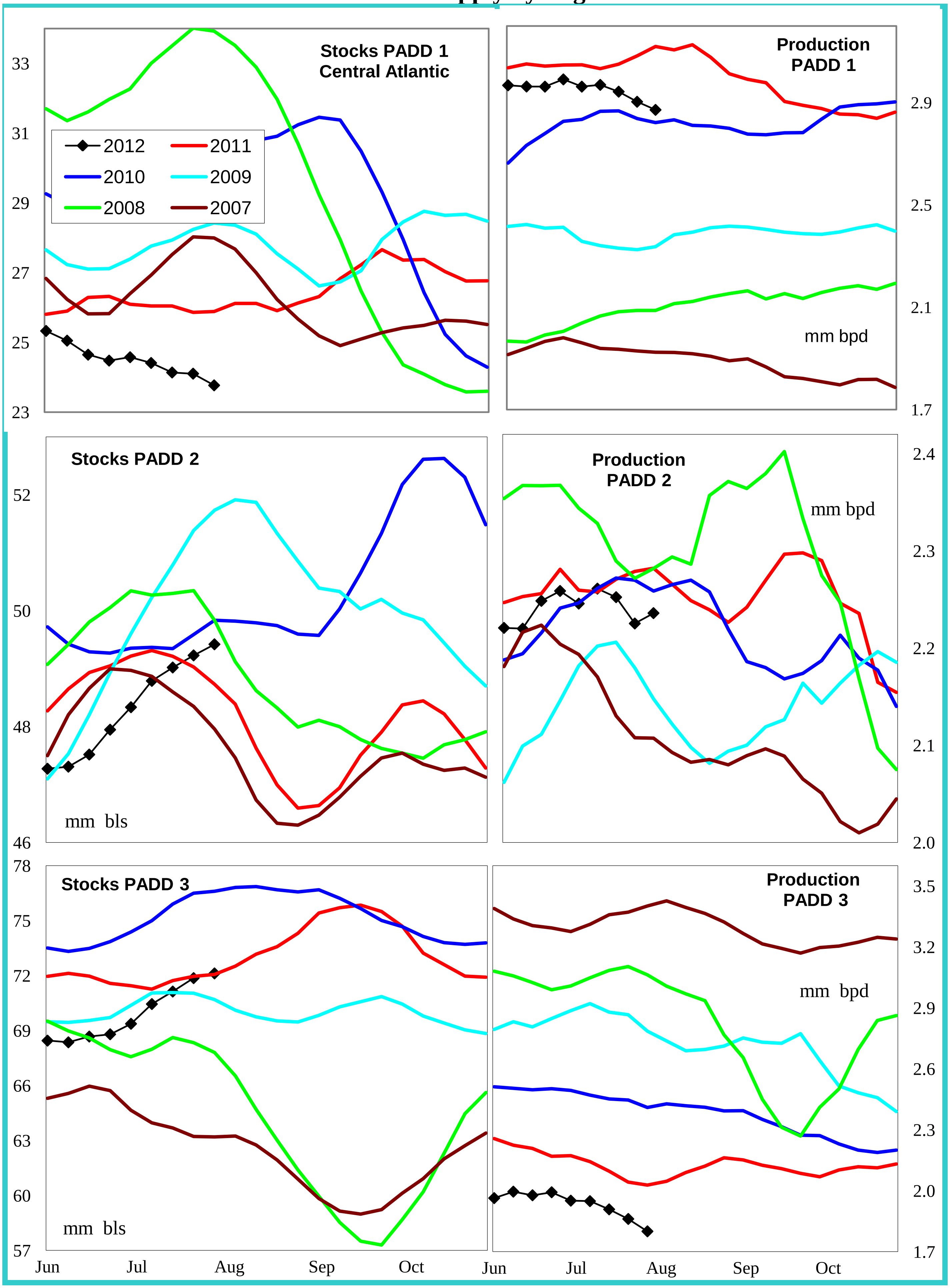
Gasoline Supply by Region



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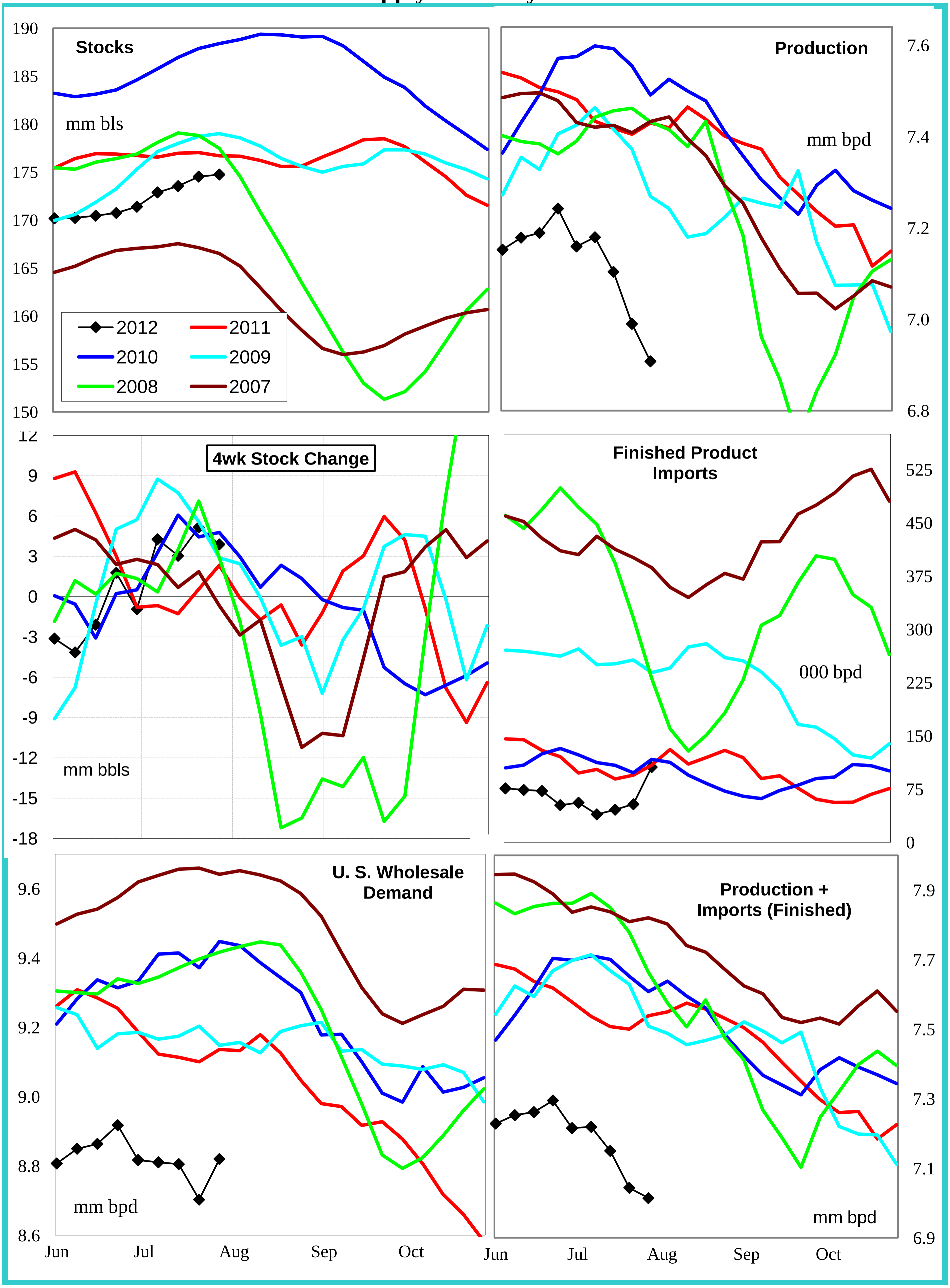
Gasoline Supply Summary PADDs 1+2+3



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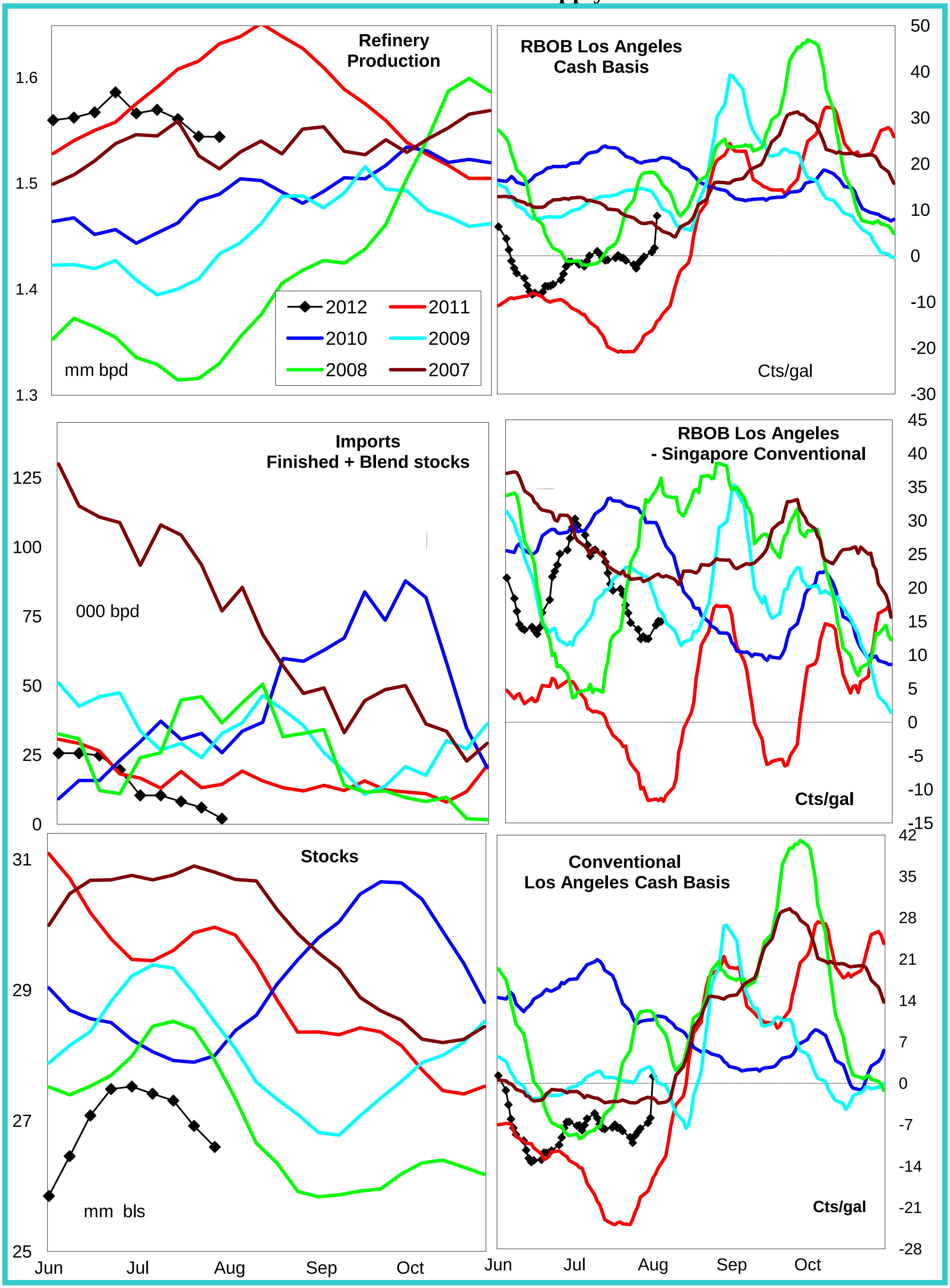
PADD 5 Gasoline Supply



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