



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, August 24, 2012

| 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 fell -227,000 bpd last week, partially offsetting the previous

week surge. The latest 4-wk year-on-year decline was -154,000 bpd (-1.7%).

Supplies decreased -43,000 bpd on lower imports and production.

Stocks decreased -1 million barrels, including a -2.2 million barrel draw on the Gulf Coast.

Cash basis extended the recent downtrend in nearly all markets last week, except Gulf conventional grade. The decrease was driven by very tight East Coast supplies that continued to support a record forward price curve inversion in the RBOB contract.

West Coast basis has dropped to the low end of the 5-year range as Chevron restarted downstream gasoline production units with intermediate feed stocks.

Look for basis on RBOB grades to strengthen from recent lows as the inversion in the forward price curve declines with lower seasonal demand and higher RVP product. Conventional grade product basis should trend seasonally lower.

RBOB

New York Harbor basis to trade sideways then higher from current lows as forward price curve inversion declines.

Conventional

New York Harbor basis to trend higher from current very low levels.

Chicago basis to trend lower on an end to peak summer demand.

Group III basis to trend lower on an end to peak summer demand.

Gulf Basis to trend lower on an end to peak summer demand and plants returning to operation in the Midwest.

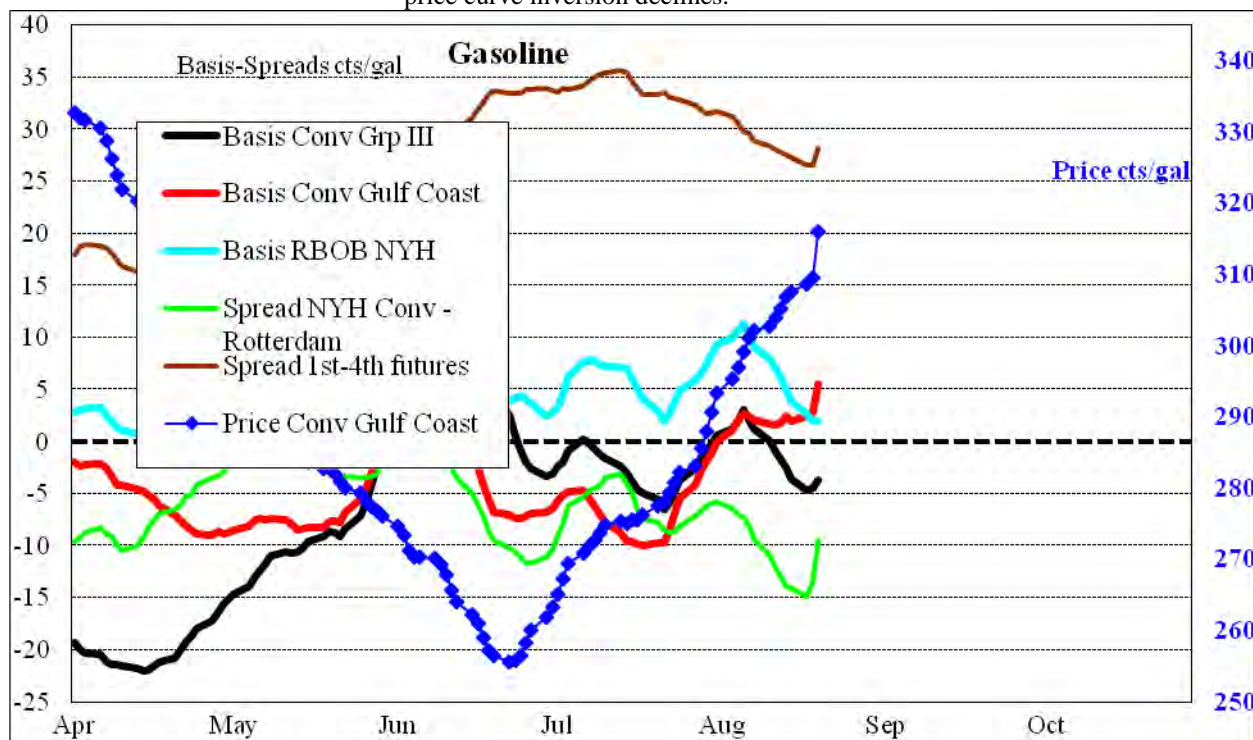
West Coast (Los Angeles) basis to trend higher from current low levels as forward price curve inversion declines.

Gulf Coast Price

Look for an end to peak summer wholesale demand and higher RVP grades in early September to lead to price weakness early next month. Very tight supplies on the East Coast may limit the pull back.

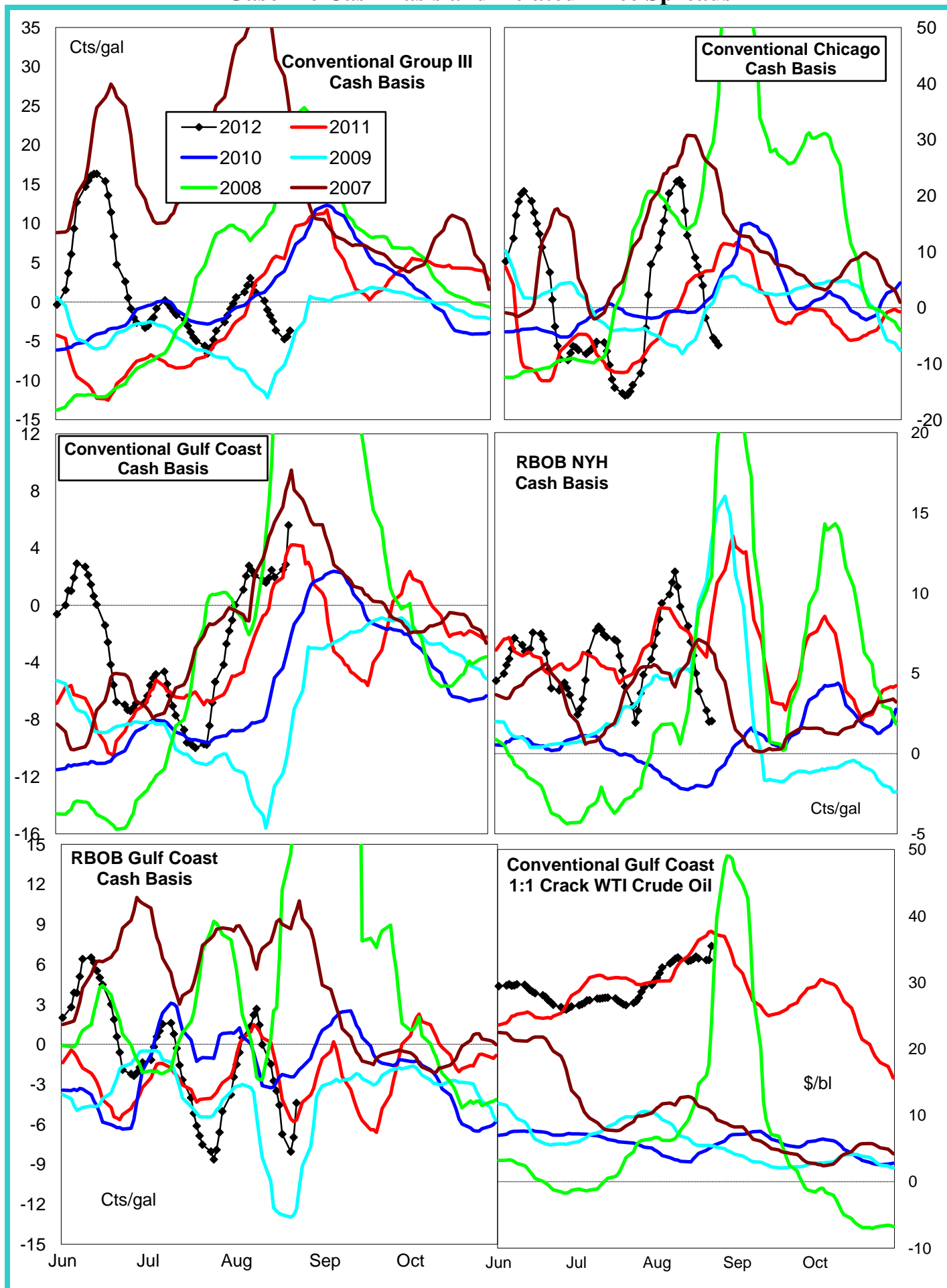
A rise in Middle East tension risk further upside in energy prices. This risk is offset by a continued slowdown in global economic growth.

Look for volatile energy prices with longer term downside risk due to slow global economic growth.

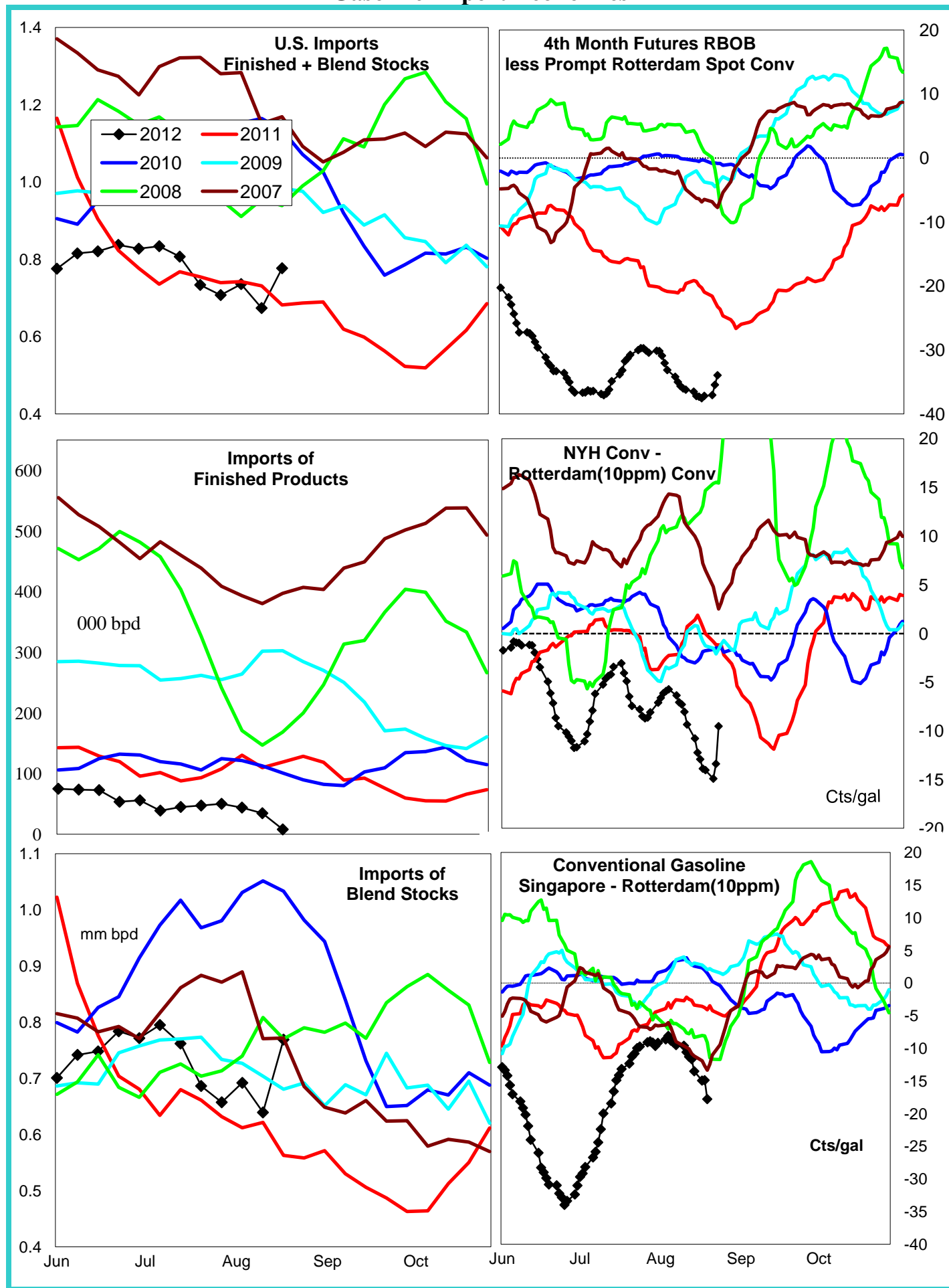


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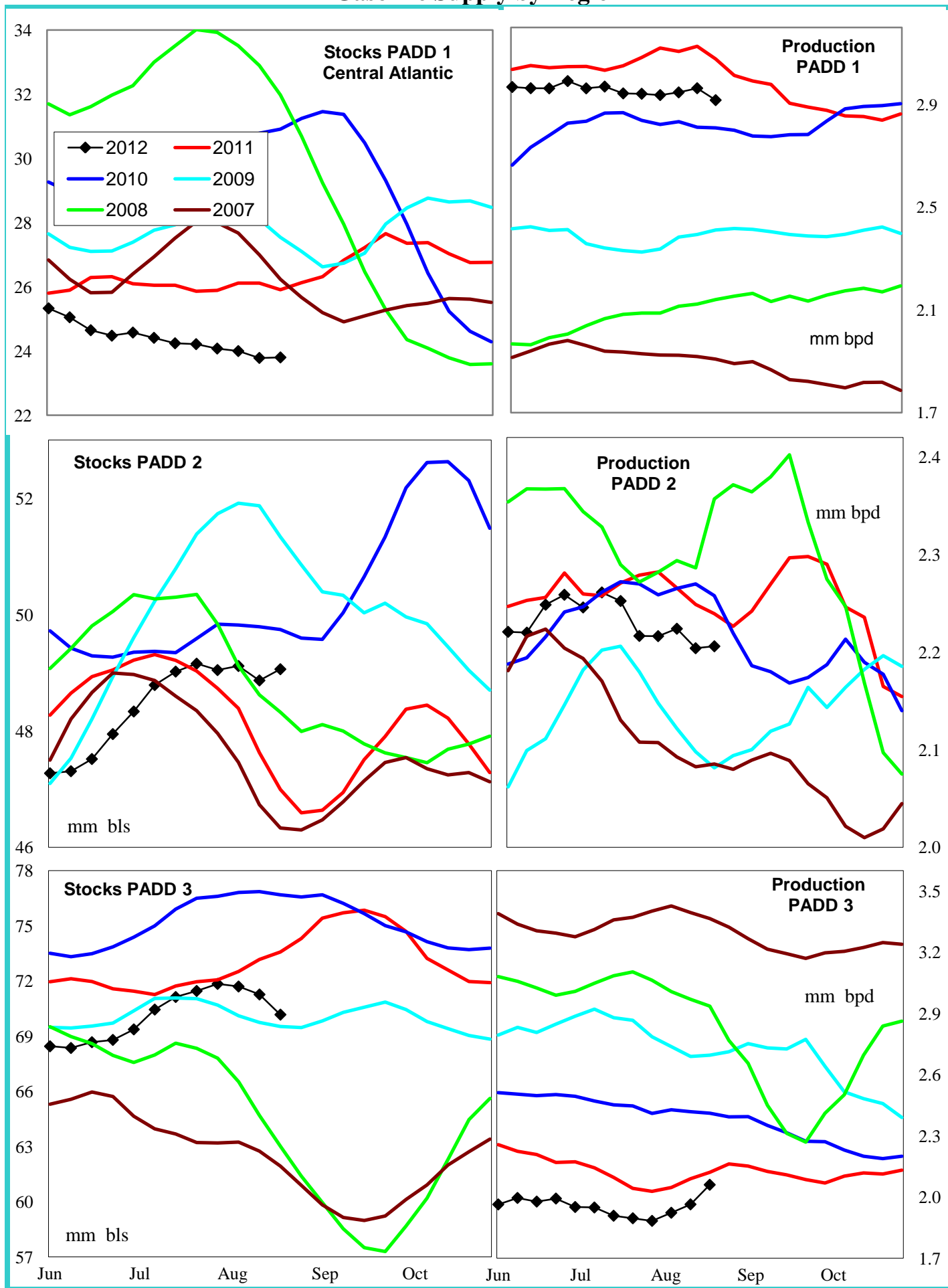
Gasoline Cash Basis and Related Price Spreads



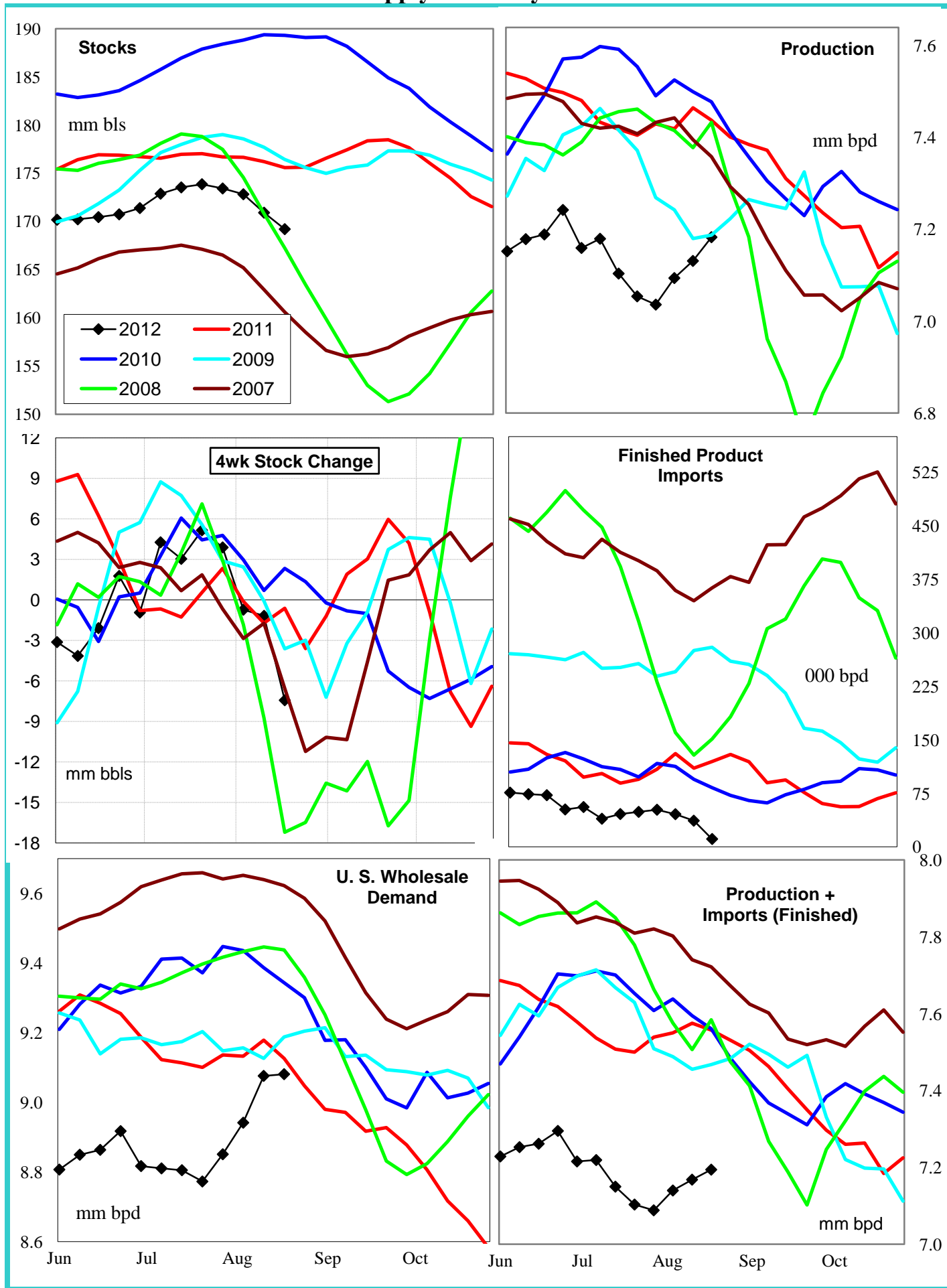
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

