FUNDAMENTAL PETROLEUM TRENDS

WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Sunday, September 23, 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 decreased -63,000 bpd last week on an end to peak summer travel. The latest 4-wk year-on-year change in demand was a -81,000 bpd decrease.

Supplies fell -174,000 bpd on sharply lower imports that offset a rise refinery production for the week.

Stocks fell -1.4 million barrels, including -2.3 million barrel draw on the East Coast.

Cash basis for RBOB grades extended the recent downtrend in NYH and the Gulf last week, falling to levels near a year ago. Basis levels remain near record highs for conventional gasoline in all markets East of the Rockies. The high basis is due in part to lost production by refiners during hurricane Isaac, and very low import levels.

California basis rebounded last week to levels near year ago highs for this time of year.

Look for a pull back in basis for conventional grades as the output recovers following hurricane Isaac and seasonal demand trends lower.

RBOB

New York Harbor basis to trade sideways following the recent pull back, then trend seasonally lower.

Conventional

New York Harbor basis to collapse as supplies improved and seasonal demand trends lower.

Chicago basis fall sharply on improved supplies and lower seasonal demand.

Group III basis collapse on increased receipts from the Gulf and lower seasoanl demand.

Gulf Basis to fall sharply as refinery output fully recovers since hurricane Isaac and demand trends seasonally lower.

West Coast (Los Angeles) basis to pull back from the recent uptrend on lower seasonal demand.

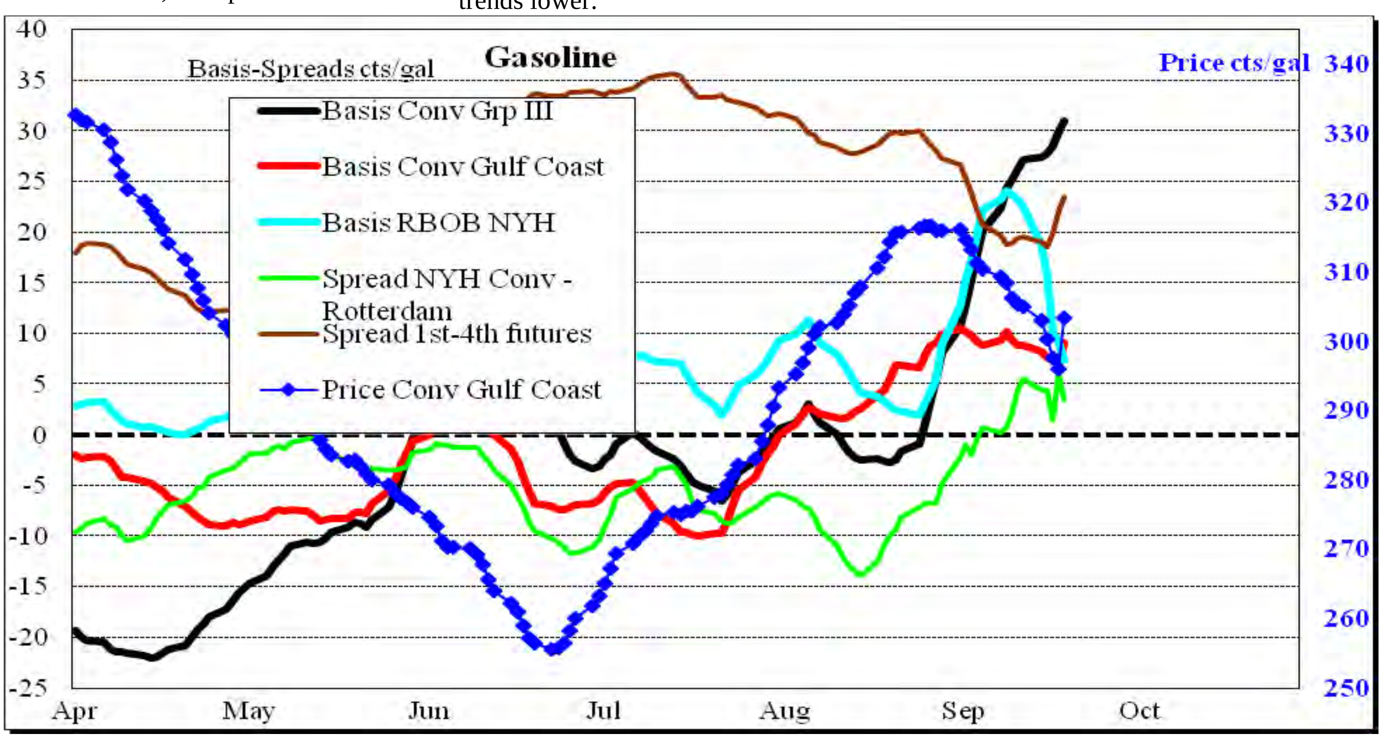
Gulf Coast Price

The lost production due to hurricane Isaac has led to very tight supplies in all markets East of the Rockies; driving cash basis to record levels even as seasonal demand trends lower.

Expect price weakness as supplies improve in East of the Rockies markets as refiners resupply downstream markets.

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 intermediate term downside risk due to slow global economic growth.



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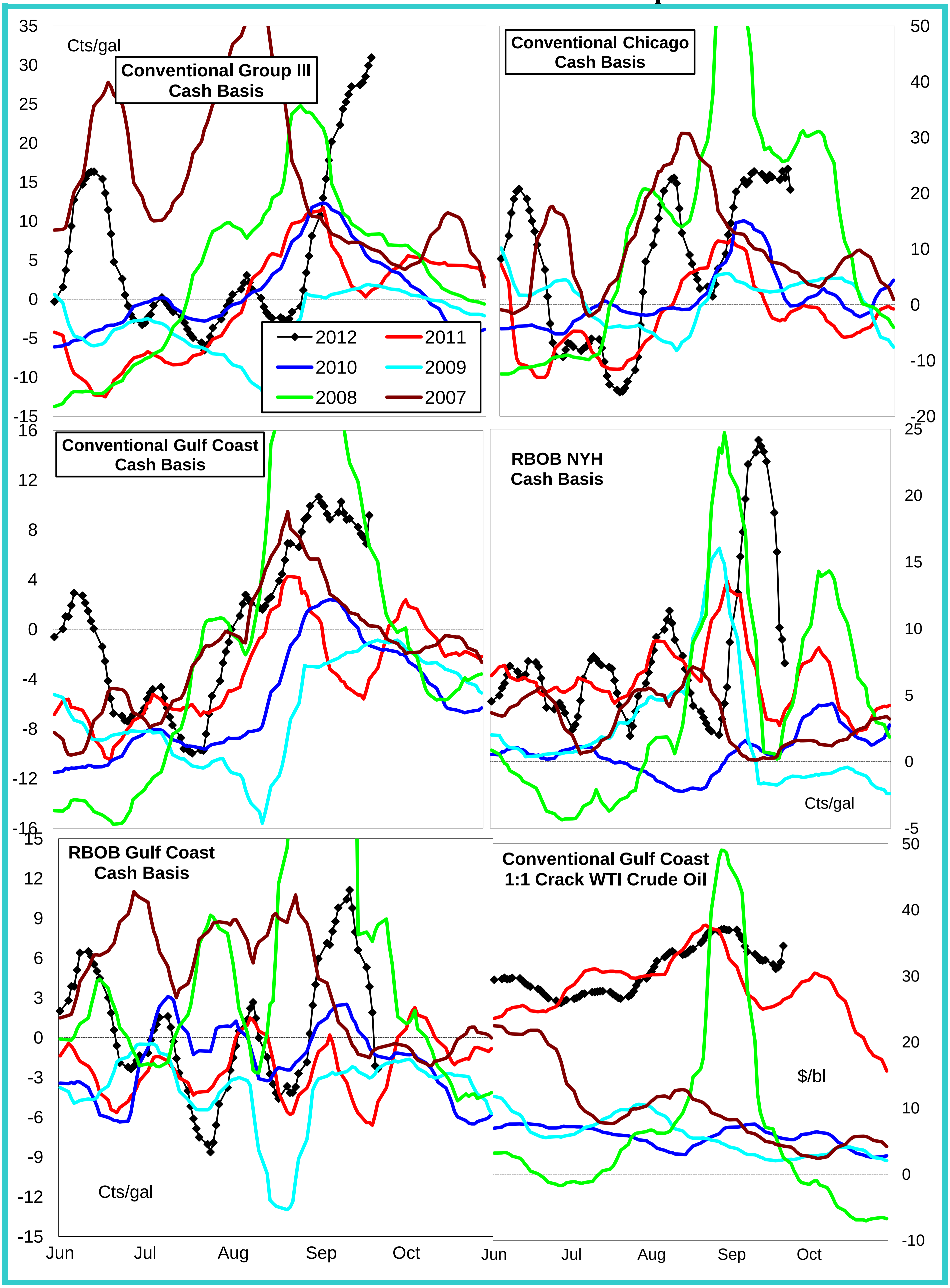
Gasoline Cash Basis and Related Price Spreads



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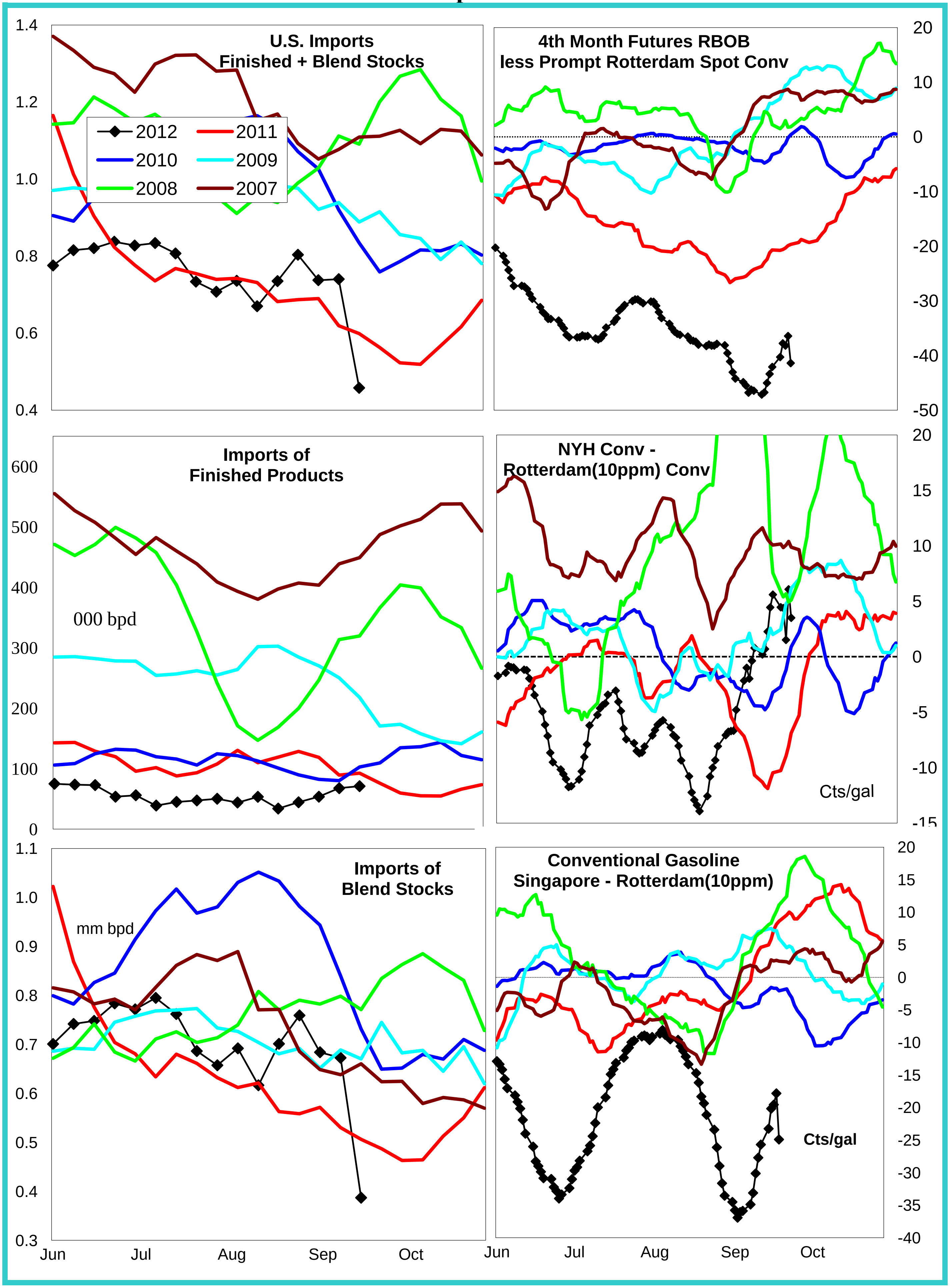
Gasoline Import Economics



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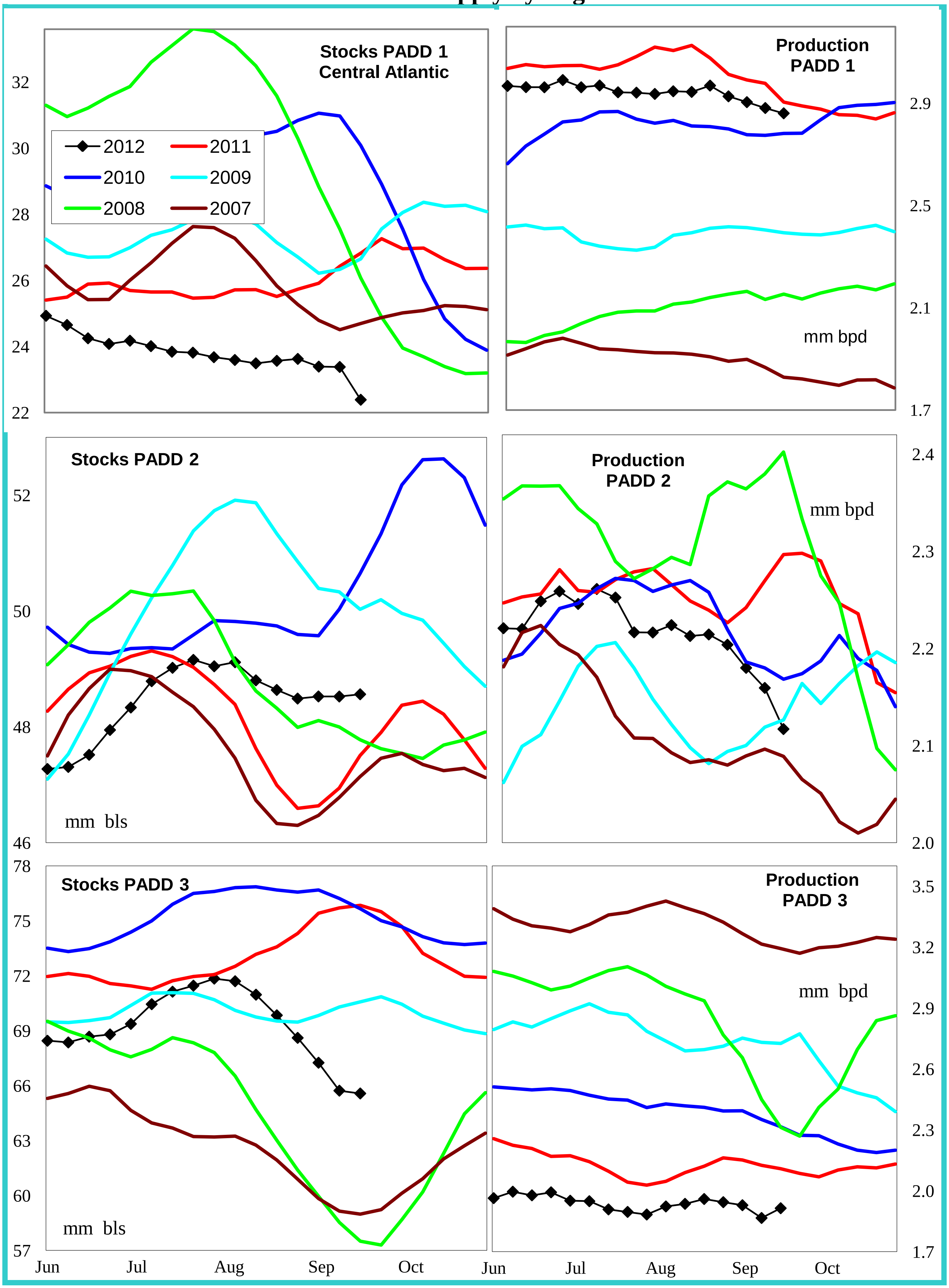
Gasoline Supply by Region



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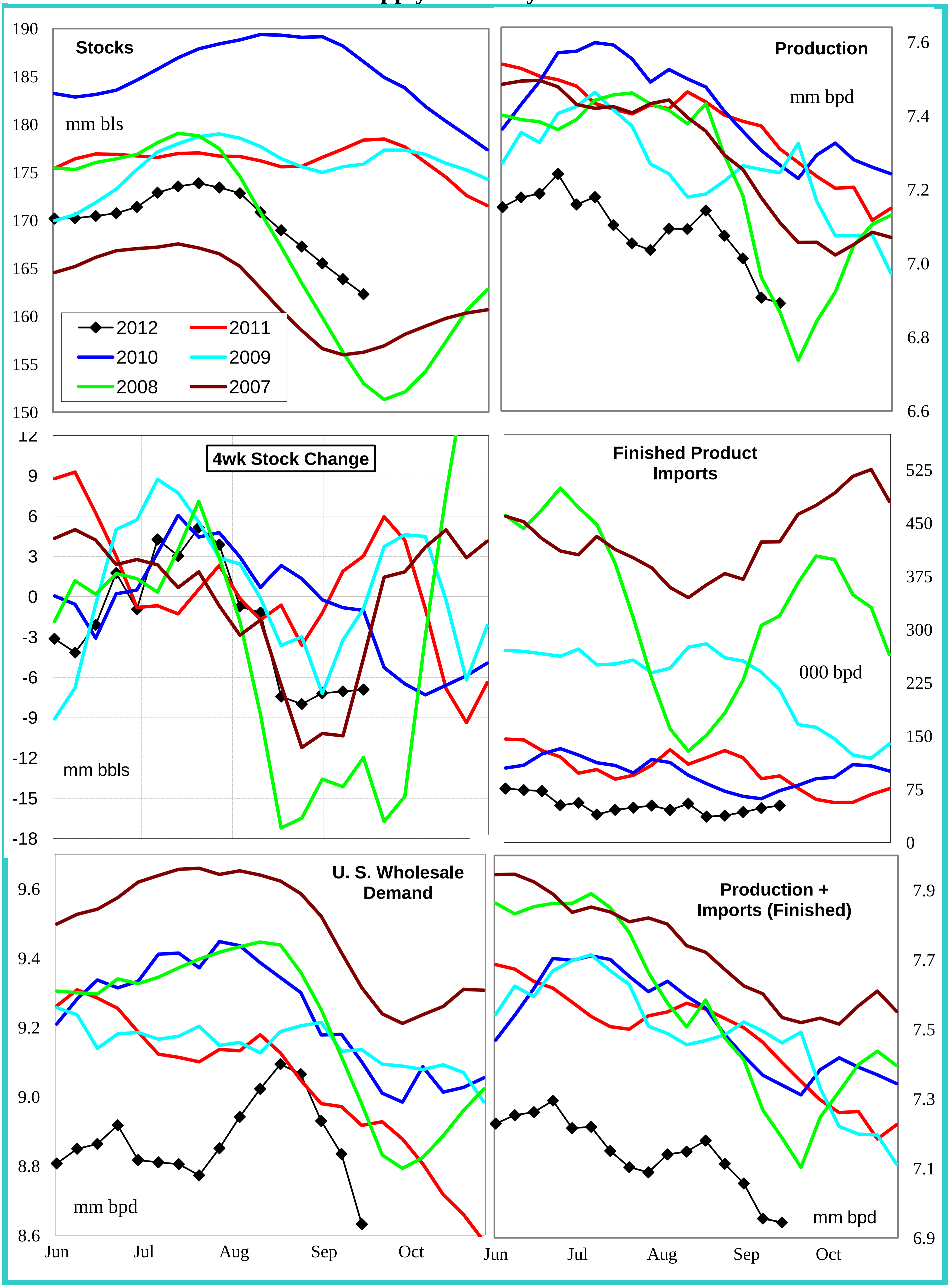
Gasoline Supply Summary PADDs 1+2+3



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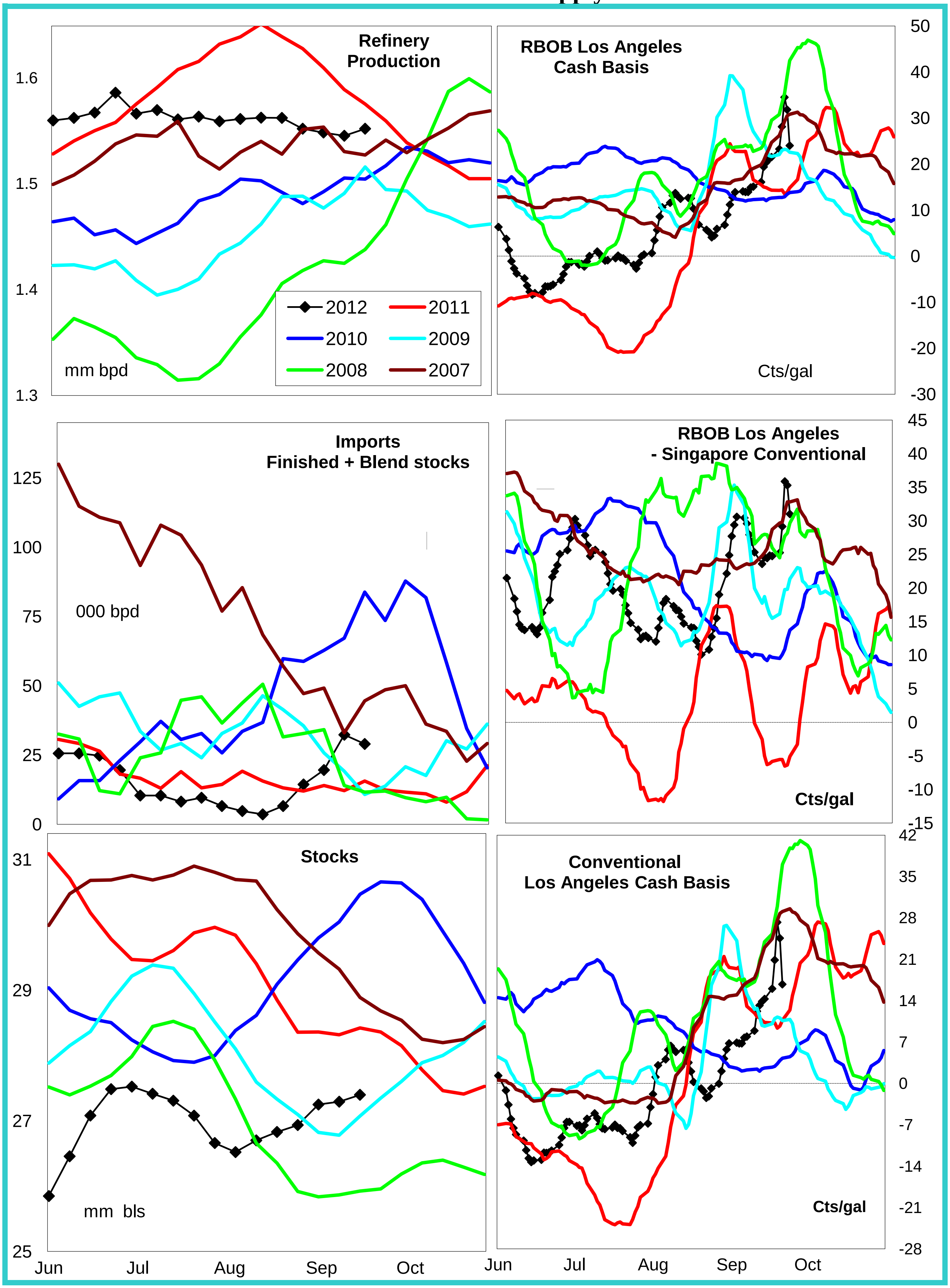
PADD 5 Gasoline Supply



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