



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 17, 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 increased +142,000 bpd last week with the level comparable to last years' record low. The latest 4-wk year-on-year change in demand was a -203,000 bpd decrease (-2.3%).

Supplies increased +432,000 bpd on higher production.

Stocks increased +1.7 million barrels last week, beginning fall stock builds.

Lower seasonal demand and increased production of winter grades should lead to improved supplies on the East Coast over the next month.

Basis extended the earlier sharp downtrend in all regional markets last week. NYH basis for conventional grades remained elevated at the end of the week. Basis levels traded below the last 2-years on the West Coast. In the Group and Gulf basis traded at the low end of the 5-year range. Chicago saw a plunge in basis to lows last seen in February 2012.

Expect further weakness in basis for most regional markets on lower seasonal demand and start of fall stock builds.

RBOB

New York Harbor basis to trend lower as imports and receipts from the Gulf resupply the market.

Conventional

New York Harbor basis to trend lower as imports and receipts from the Gulf lift stock levels.

Chicago basis bounce off record low levels, but remain depressed on excess supply.

Group III basis to trade trend seasonally lower on reduced demand and start of

seasonal stock builds during the next few weeks.

Gulf Basis to trend lower on reduced seasonal demand and above average stock building.

West Coast (Los Angeles) basis to extend the downtrend on high production and improving stock levels.

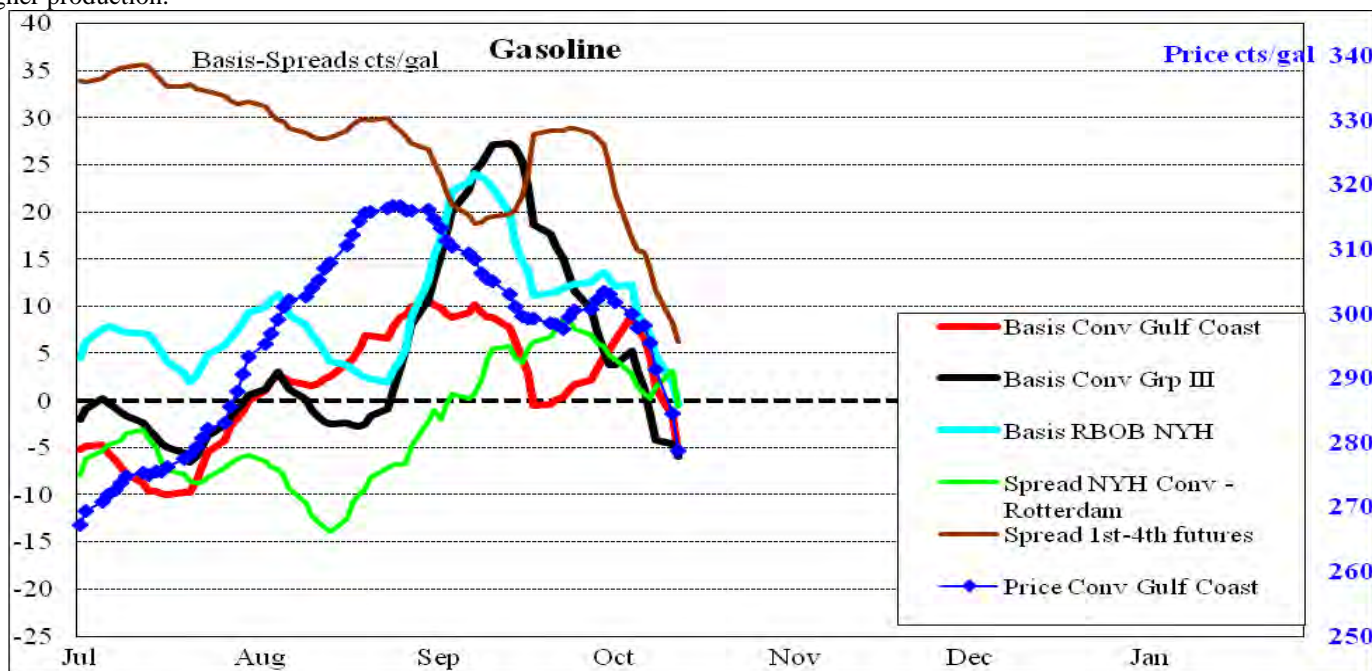
Gulf Coast Price

Stocks increased last week +1.7 million barrels, including a +1.6 million barrel build on the East coast. This build is the start of fall stock builds.

Lower demand and start of fall stock build season has led to a significant end of season correction in gasoline prices. Cash basis in all regional markets and the forward price curve of the NYMEX RBOB contract have collapsed.

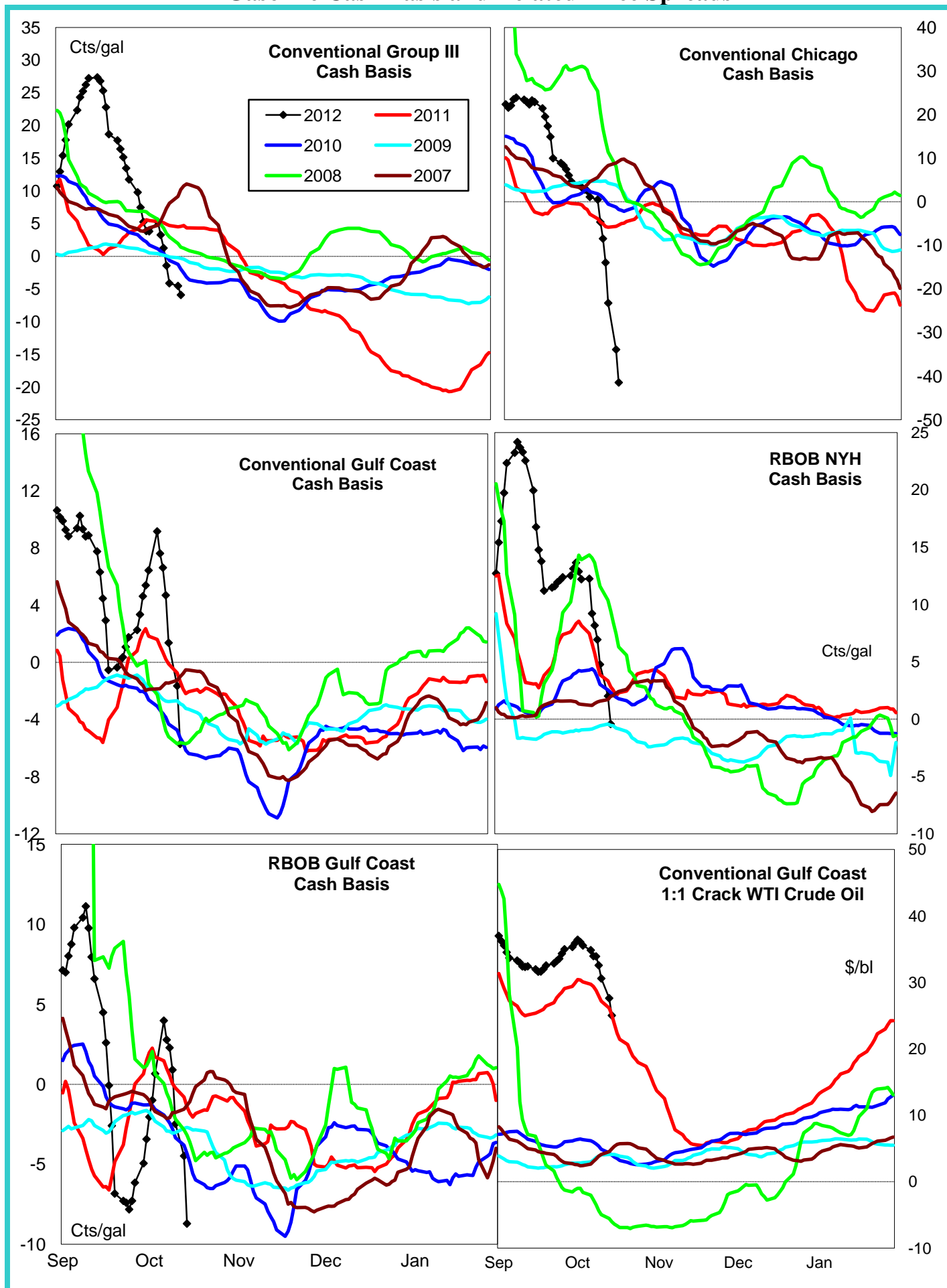
The deep recession in Europe and slow economic growth in Asia should lead to slower demand growth for energy during the 1st half of 2013.

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

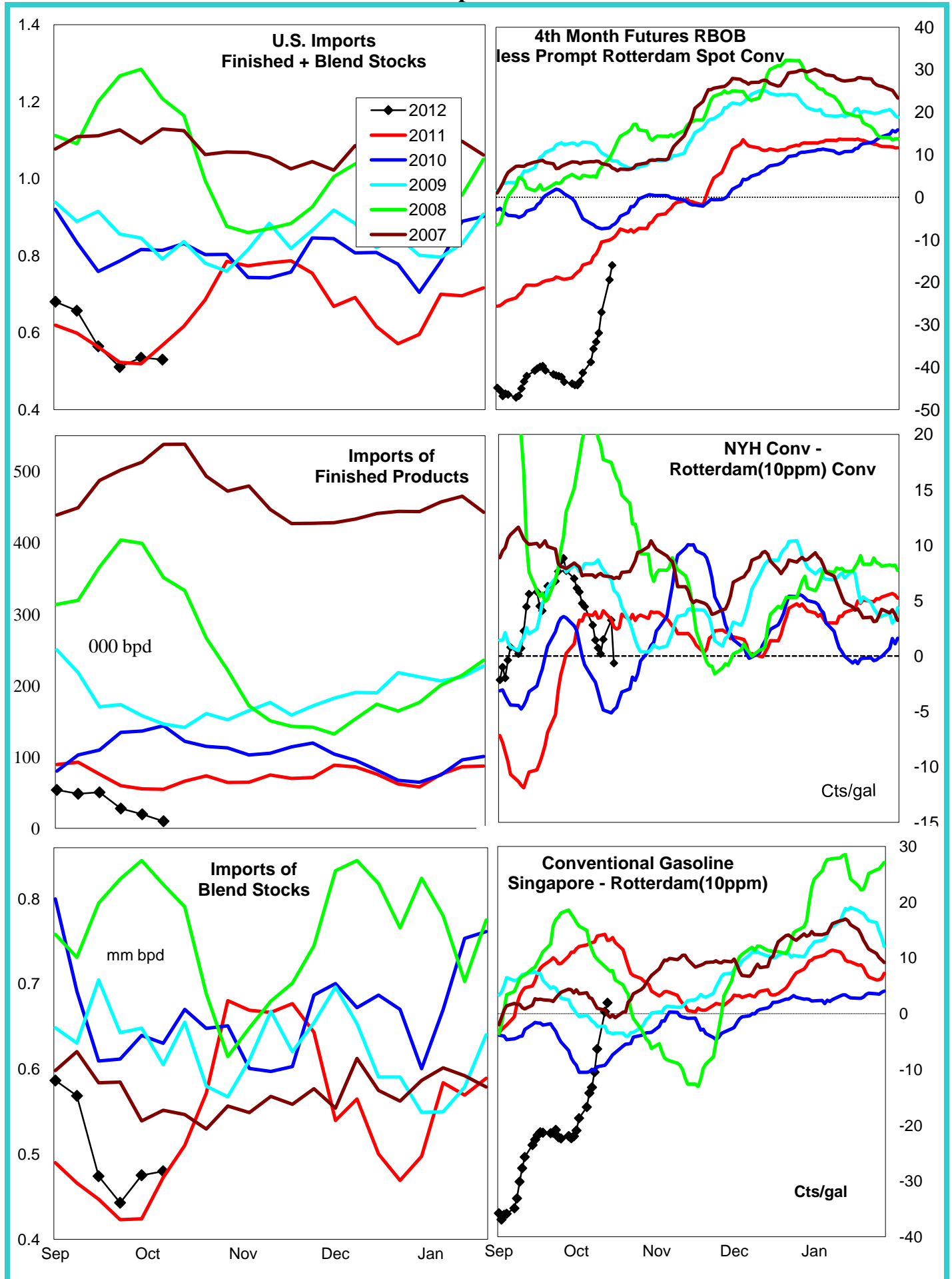


Disclaimer - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and is intended for informational purposes and is not to be construed as a recommendation to sell or buy, or trade in any commodity mentioned herein. Information is obtained from sources believed reliable, but is in no way guaranteed. Opinions, market data and recommendations are subject to change at any time. Past results are not indicative of future results. Charts are developed by Fundamental Petroleum Trends from EIA, NWS, other public data and proprietary models unless otherwise noted and credited.

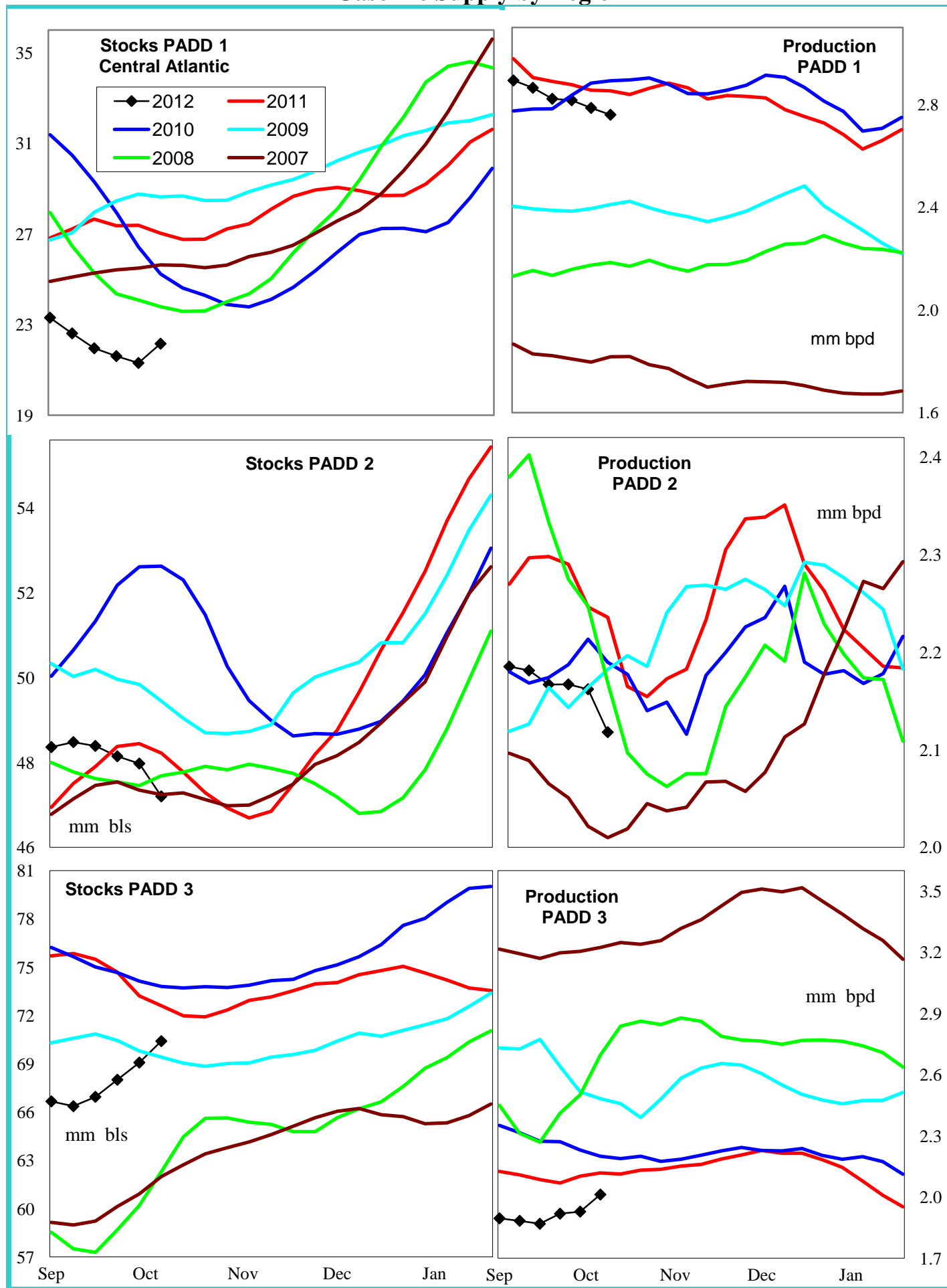
Gasoline Cash Basis and Related Price Spreads



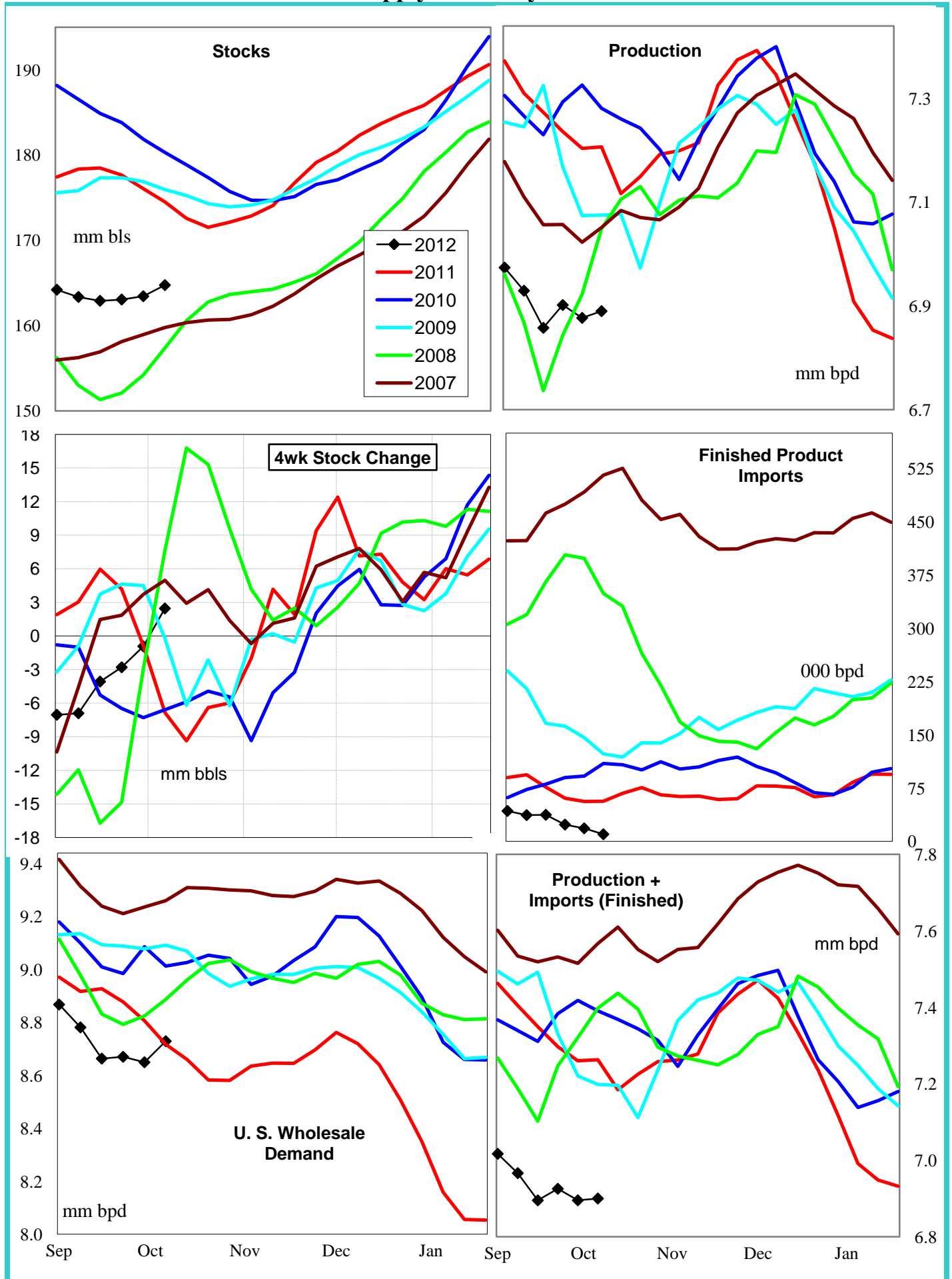
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply