



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 fell -236,000 bpd last week continuing the seasonal downtrend, at a level below a year ago. The latest 4-wk year-on-year change in demand was a -157,000 bpd decrease (-1.8%).

Supplies decreased -61,000 bpd on lower production.

Stocks increased +1.4 million barrels last week, including builds of greater than +1.3 million on both the East and West Coasts.

Lower seasonal demand and increased production of winter grades has driven a meaningful improvement in supply for these coastal regional markets.

Basis extended the longer term sharp downtrend in all regional markets last week. Basis levels plunged to 5-year lows in the Northwest, Gulf and Chicago markets last week, as well as for RBOB grades in NYH. Refiners aggressively sold winter grades into a seasonally weak demand market.

Expect a rebound in demand ahead of the holiday season and strengthening of cash basis from the depressed levels for all regional markets.

RBOB

New York Harbor basis to trend higher from depressed levels, due in part to the pull back in NYMEX RBOB contract prices.

Conventional

New York Harbor basis to trade sideways at levels below the last 2-years on much improved stock levels.

Chicago basis trend modestly higher from depressed levels, with extended refinery

maintenance in the winter quarter limiting further declines.

Group III basis to trend seasonally lower on reduced demand and start of stock builds during the next few weeks.

Gulf Basis to trend higher from depressed levels, following the correction lower of the NYMEX RBOB contract.

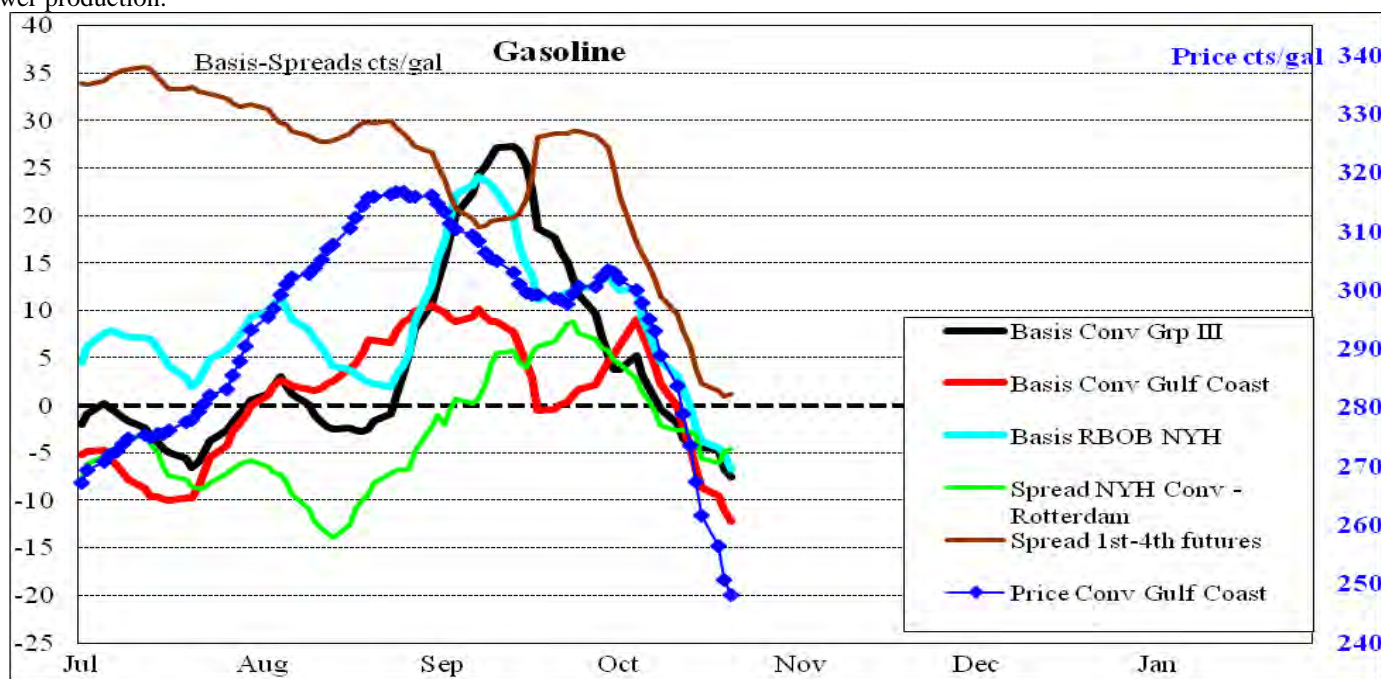
West Coast (Los Angeles) basis to trade at the low end of the historic range on seasonal stock builds.

Gulf Coast Price

Stocks in the key PADD 1 region increased nearly +3 million barrels in the last 2-wks as gasoline buyers seemed to go on strike while refiners aggressively sold winter grade product into a weak seasonal market, driving basis to extremely low levels in most regional markets. European markets also collapsed, with the naphtha to RBOB contract falling from record highs to record lows.

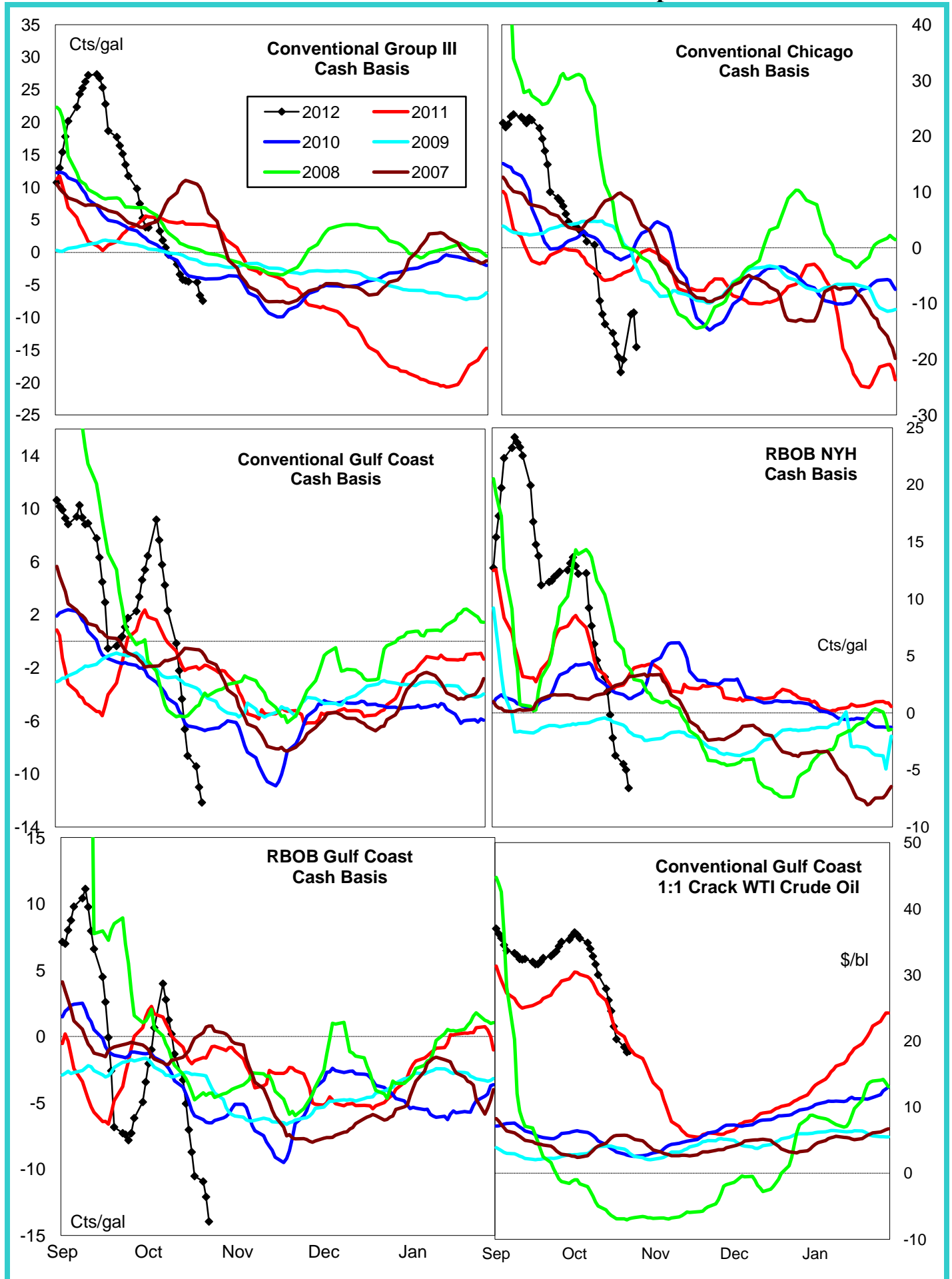
The deep recession in Europe and slow economic growth in Asia should lead to slower demand growth for energy during the 1st half of 2013.

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

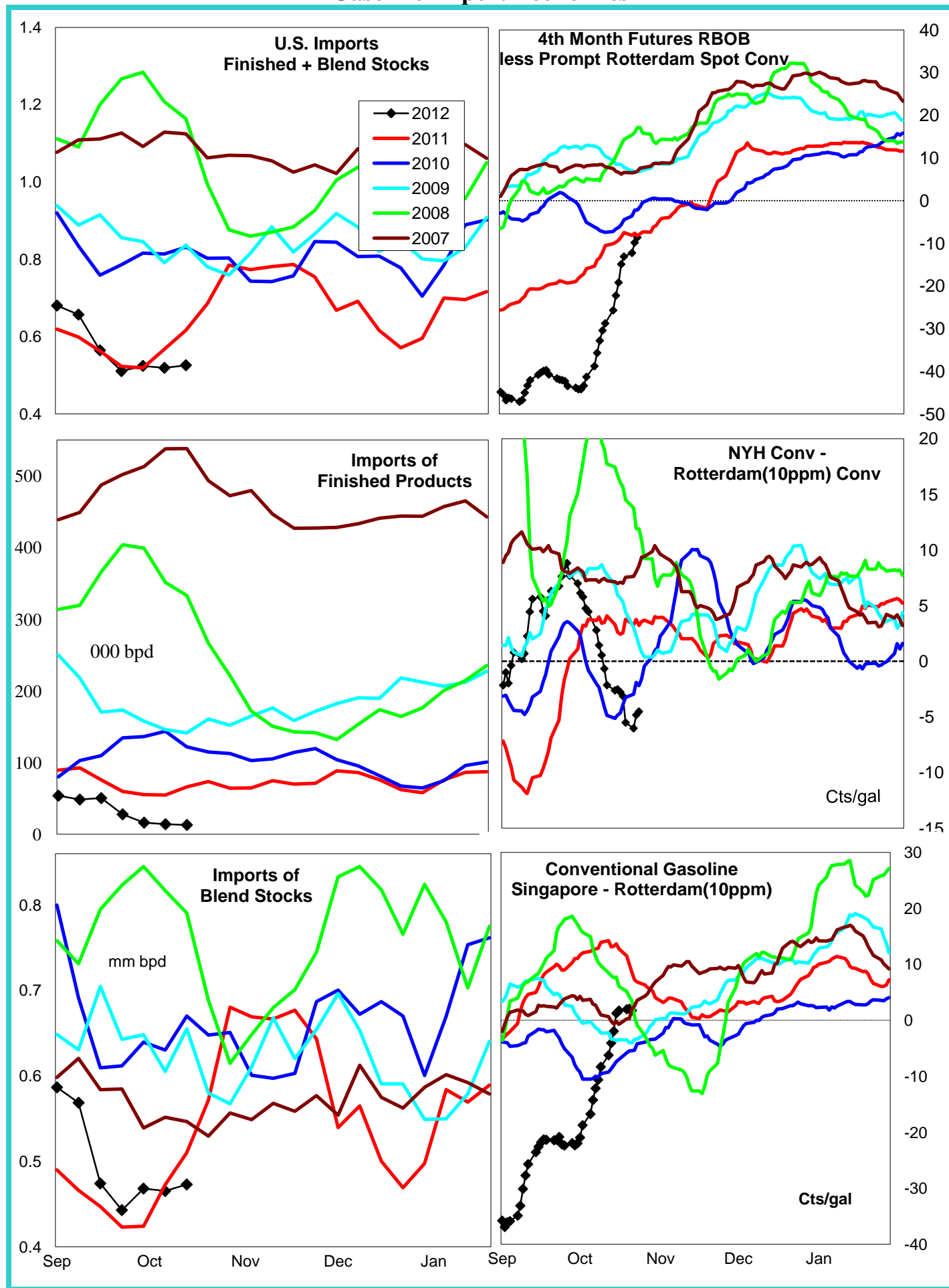


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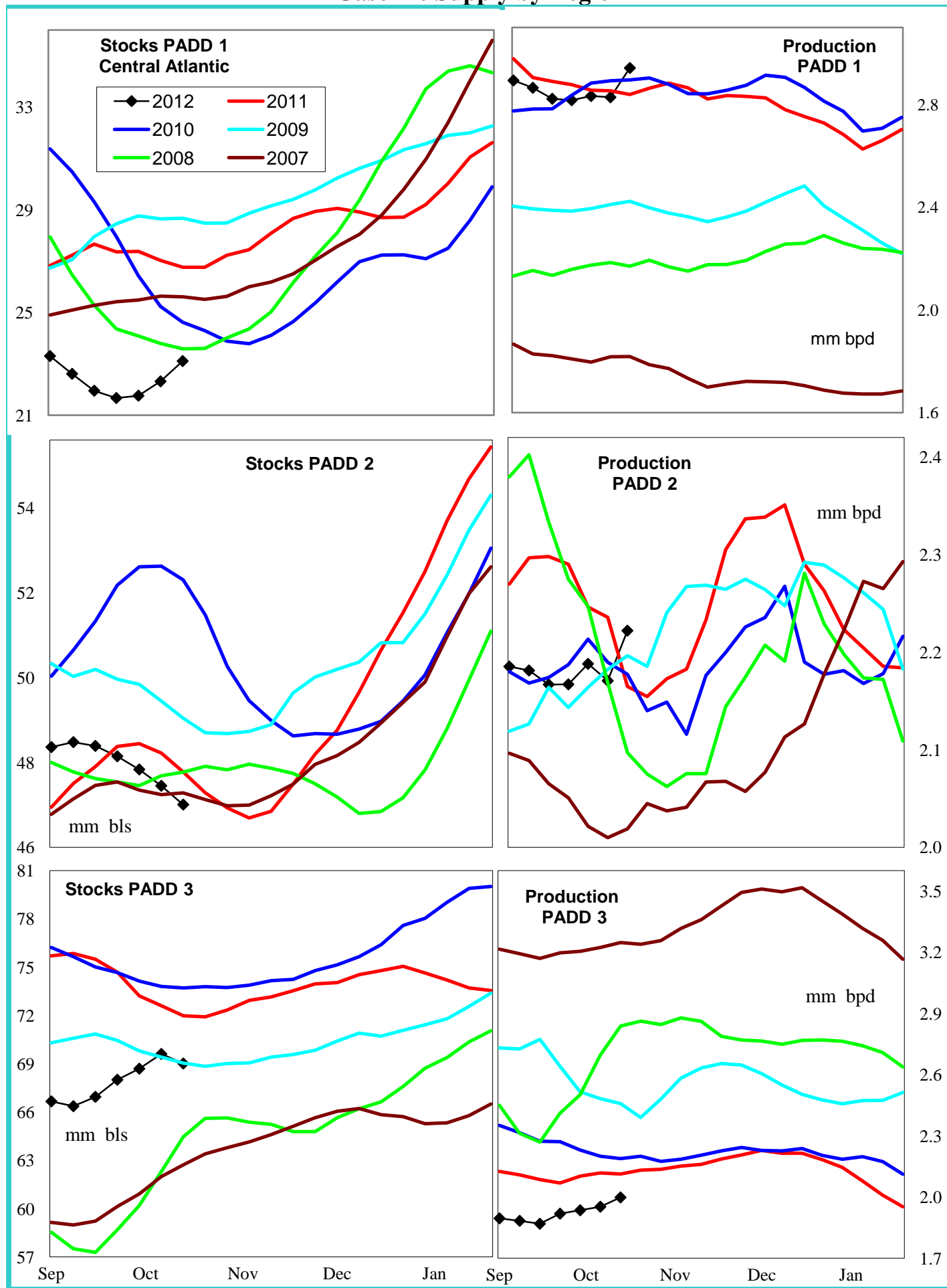
Gasoline Cash Basis and Related Price Spreads

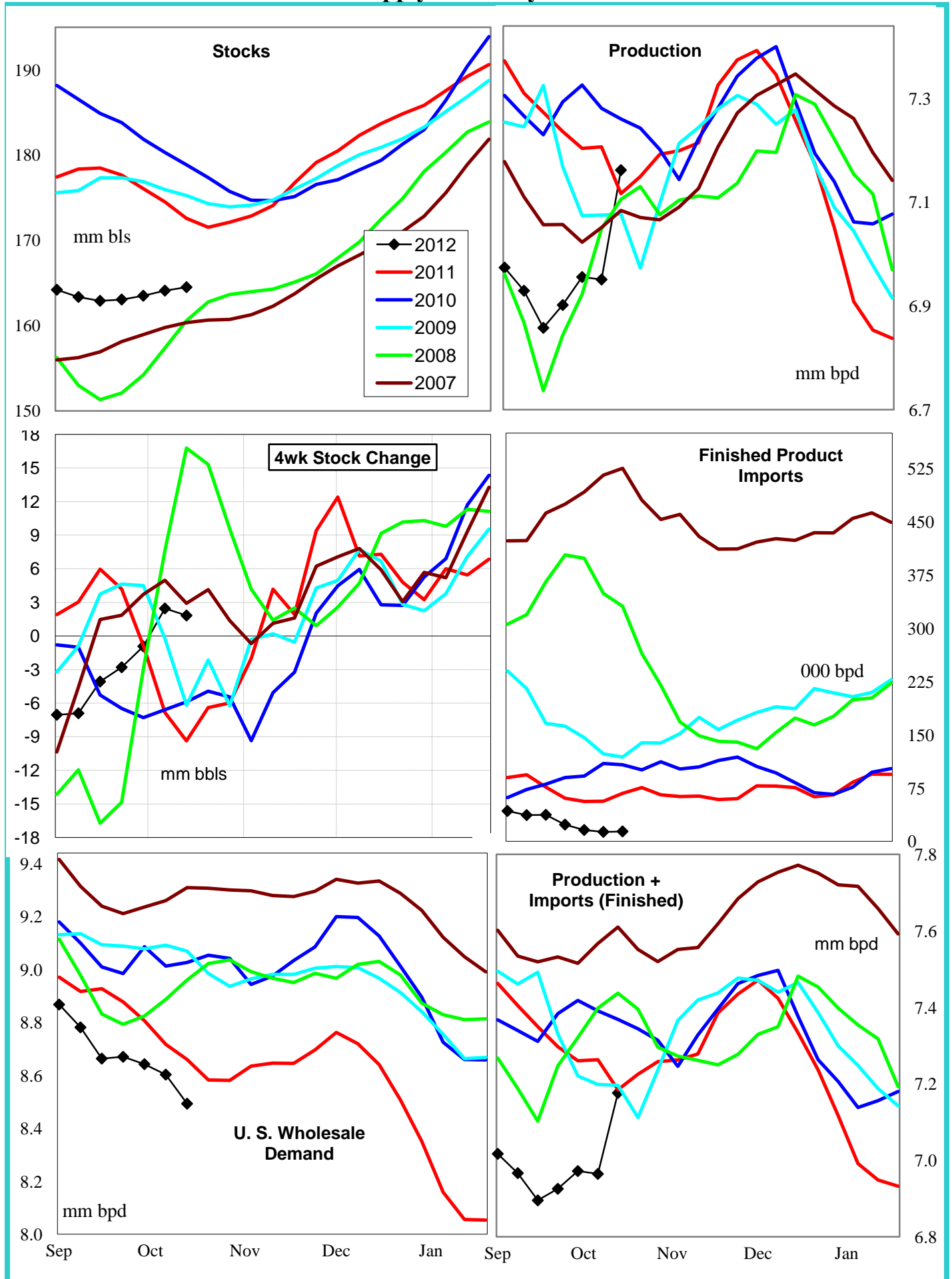


Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3

PADD 5 Gasoline Supply

