FUNDAMENTAL PETROLEUM TRENDS

WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, November 02, 2012

Cash Basis Outlook

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

Wholesale demand jumped +351,000 bpd last week as the downstream distribution chain increased stocks ahead of Hurricane Sandy. The latest 4-wk year-on-year change in demand was a +7,000 bpd increase (+0.1%).

Supplies increased +304,000 bpd on higher production and imports.

Stocks increased +0.9 million barrels last week, including a build of +1.5 million barrels in the Gulf as pipelines shut down ahead of Hurricane Sandy.

Basis jumped sharply in NYH as a result of closed terminals caused by flooding and lost power. Other markets east of the Rockies saw modest increases in basis late in the week. West Coast basis traded at levels that matched 5-year lows, while northwest markets saw record low basis.

Look for declines in NYH basis as receipts from the Gulf and imports resupply that market. Other markets should see basis trade at levels comparable to the last 3-years on adequate supplies and lower seasonal demand.

RBOB

New York Harbor basis to pull back from elevated levels pipeline receipts return to normal and imports rise sharply with waiver of the Jones Act.

Conventional

New York Harbor basis to pull back from elevated levels pipeline receipts return to normal and imports rise sharply with waiver of the Jones Act.

Chicago basis trend modestly higher from depressed levels, with extended refinery maintenance in the winter quarter providing support.

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 as shipments to the northeast return to normal rates.

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

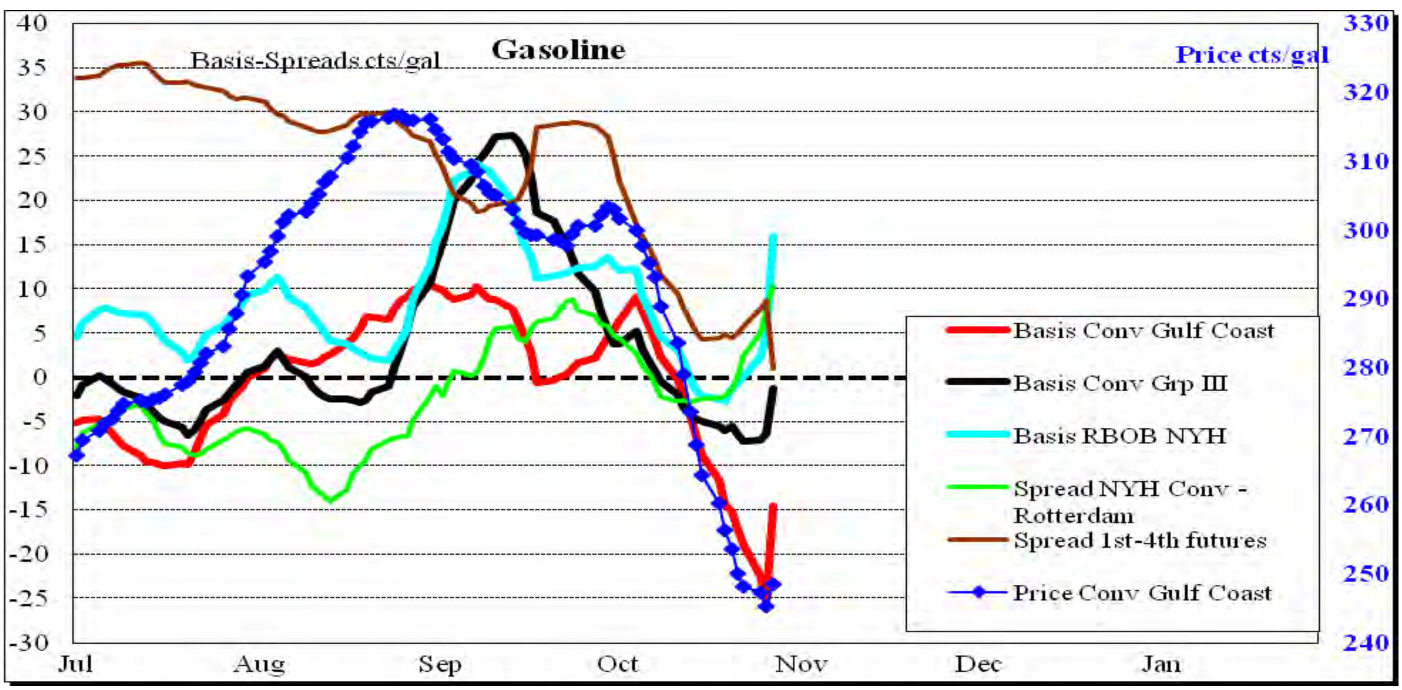
Gulf Coast Price

Waiver of the Jones Act should allow a surge in imports to the northeast and restart of pipeline deliveries from the Gulf should assure improved gasoline supplies to the Central Atlantic Region in the very near term.

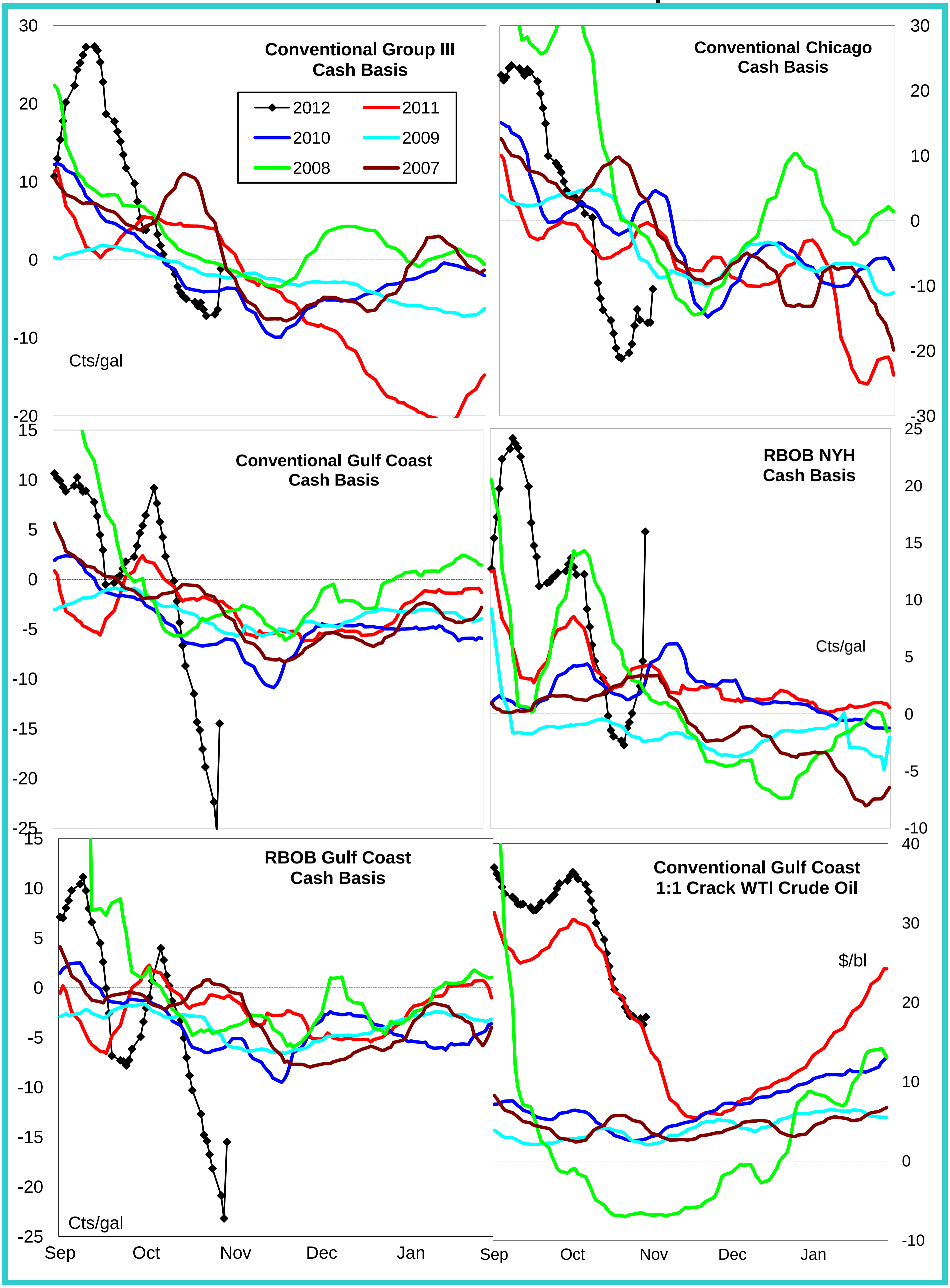
A uptrend of production following an end to maintenance and lower seasonal demand should drive stock building in the near term.

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.



Gasoline Cash Basis and Related Price Spreads



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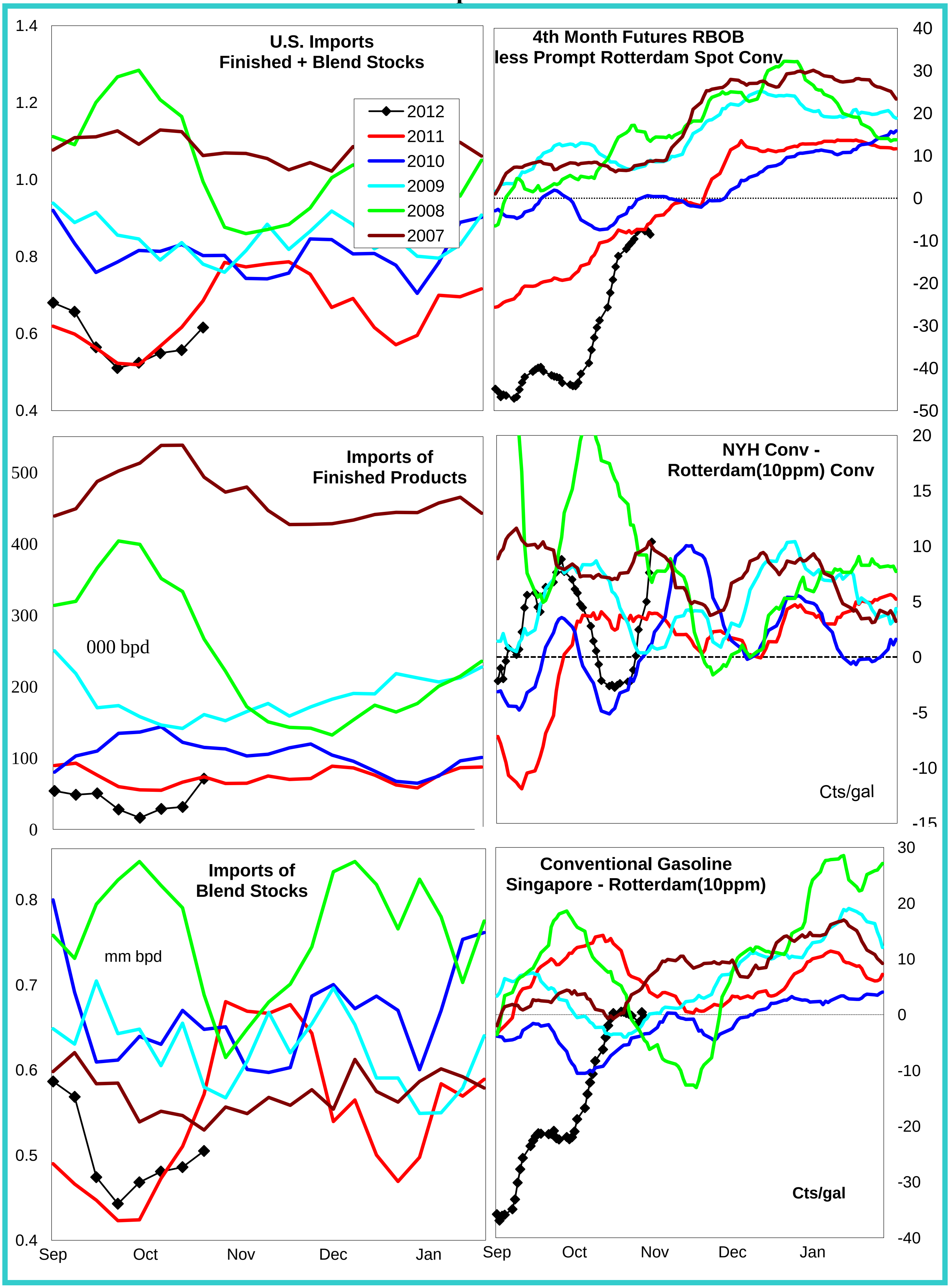
Gasoline Import Economics



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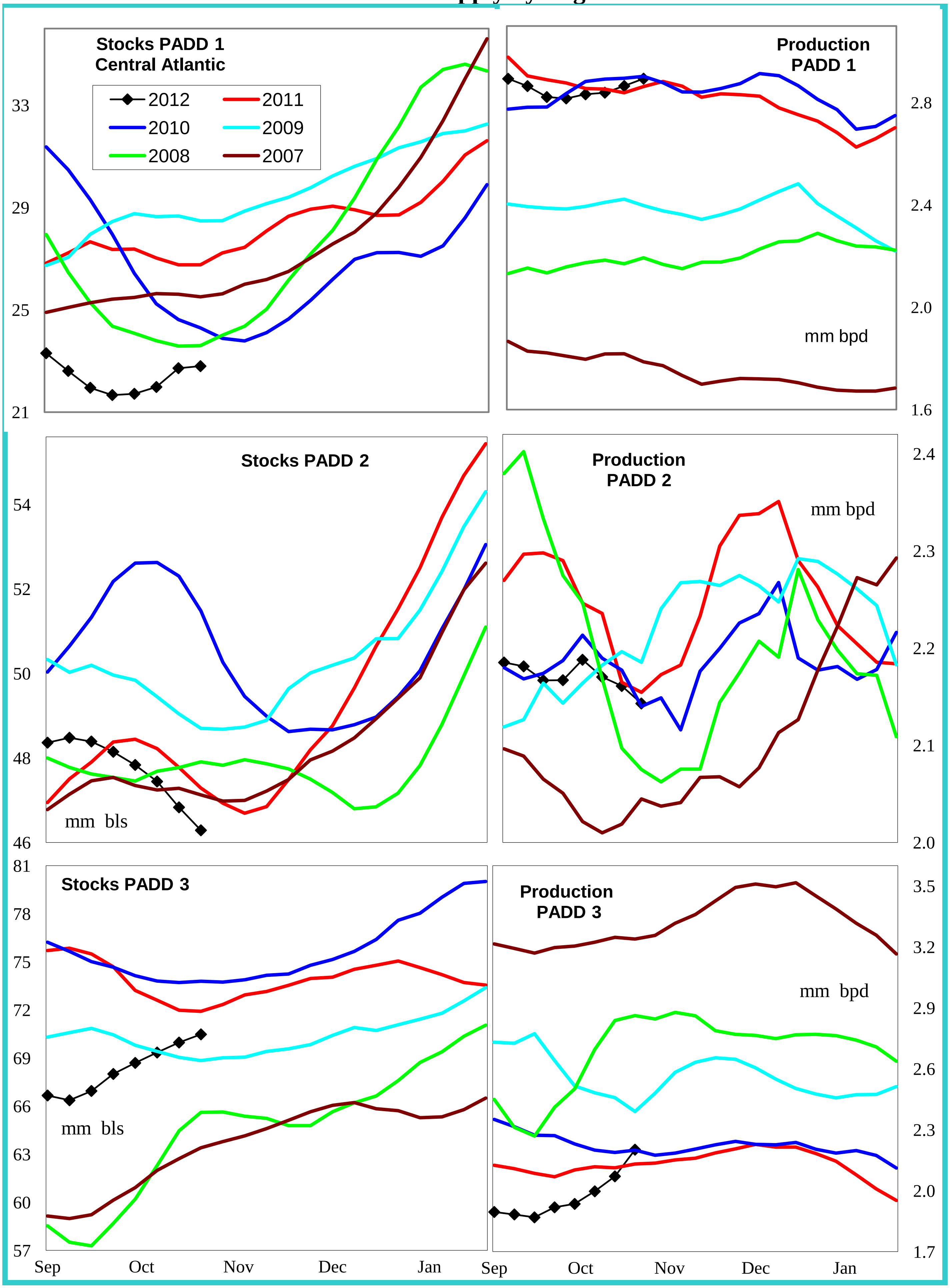
Gasoline Supply by Region



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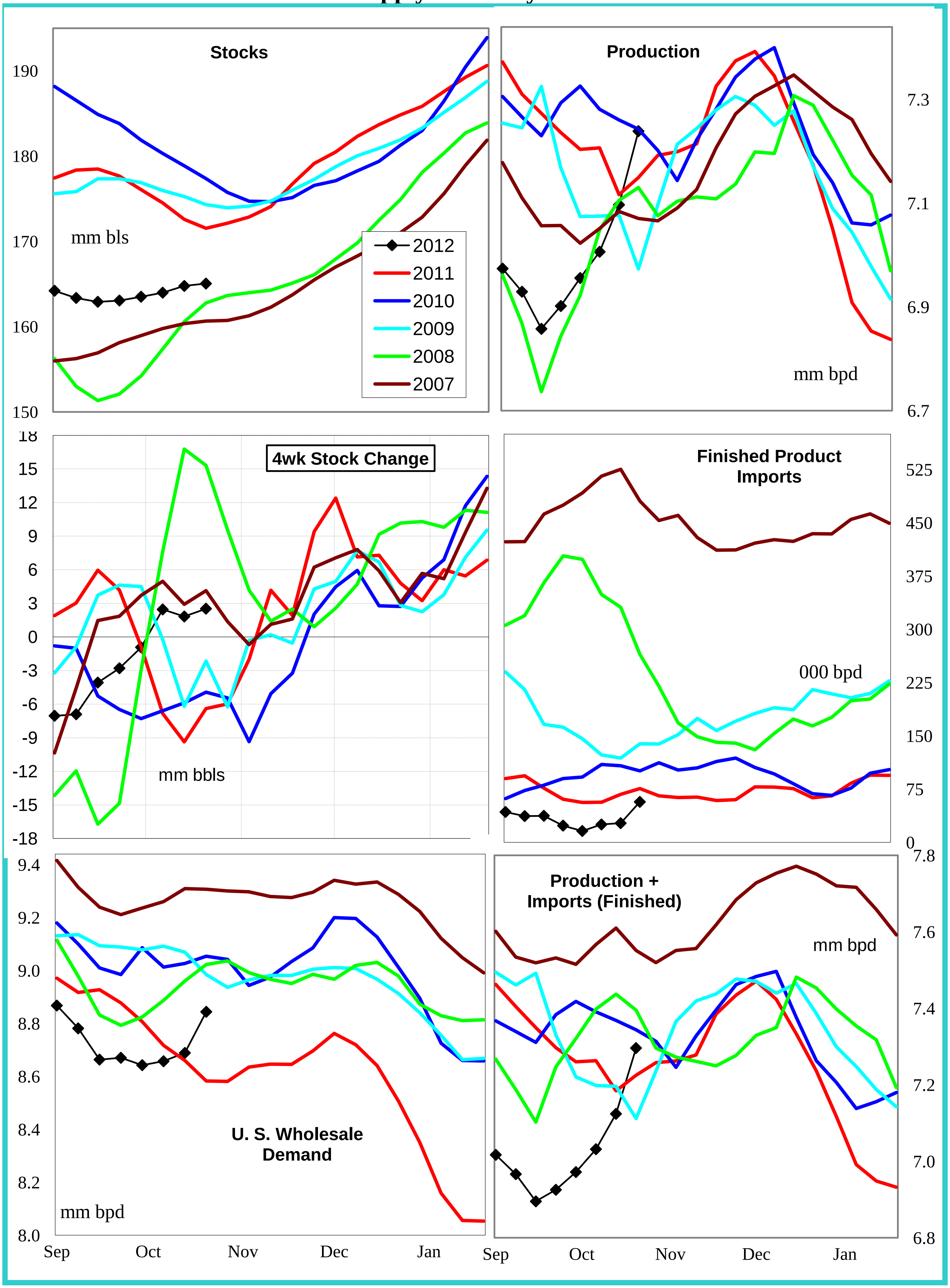
Gasoline Supply Summary PADDs 1+2+3



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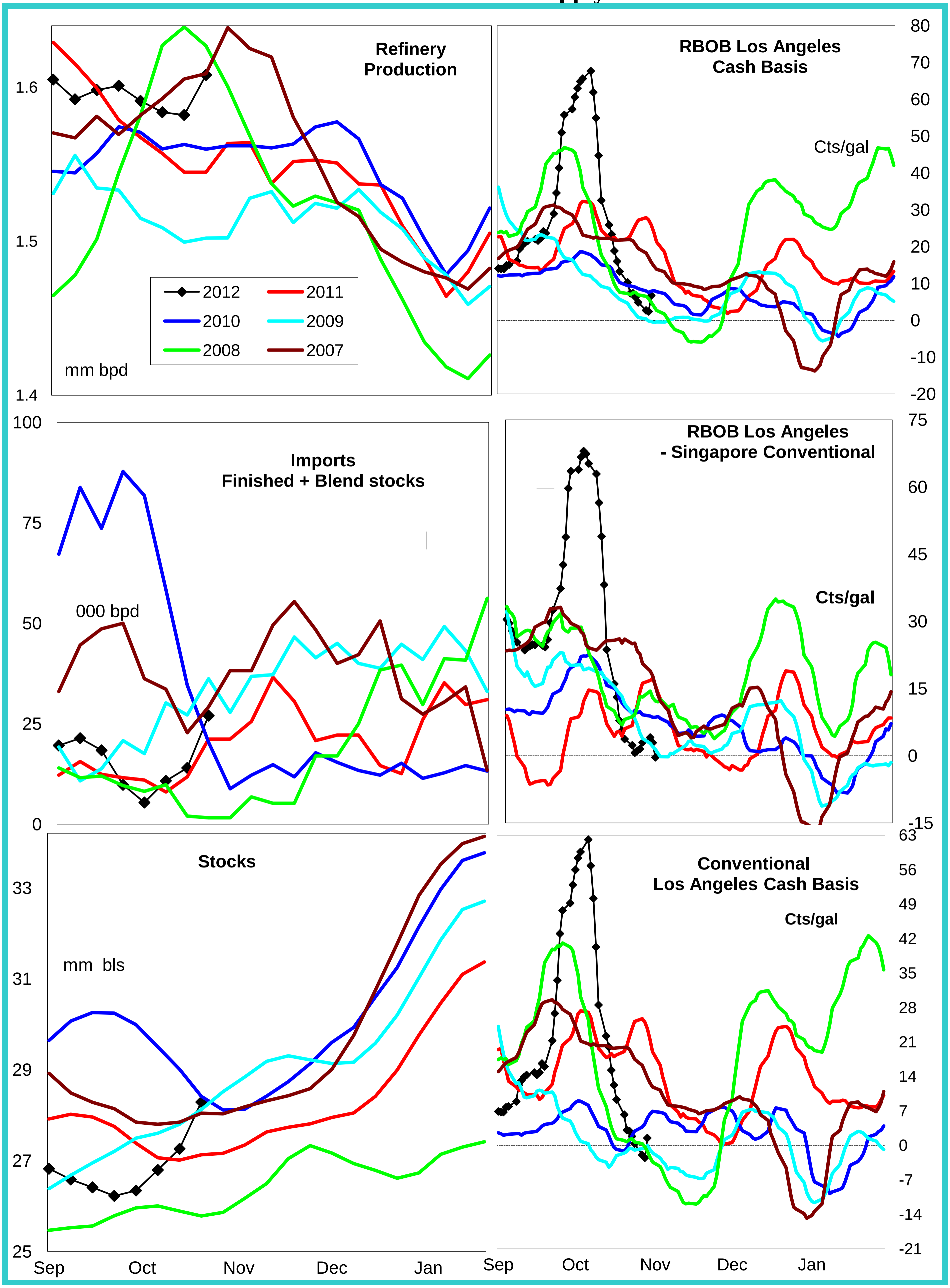
PADD 5 Gasoline Supply



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