



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 collapsed last week - 537,000 bpd as a result of Hurricane Sandy. The latest 4-wk year-on-year change in demand was a +21,000 bpd increase (+0.2%).

Supplies fell -0.7 million bpd on lower production and imports, due to Hurricane Sandy.

Stocks increased +2.9 million barrels last week, including a build of +4.6 million barrels in the Gulf as pipelines shut down ahead of Hurricane Sandy.

Basis traded at an elevated level in NYH last week on tight supplies, while other regions each saw increases after an earlier collapse on the Nov-Dec roll.

Basis levels remain below the historic range in the Gulf and Northwest regional markets; while midwest markets traded near year ago levels on tight supplies.

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 as 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 to traded at the upper end of the historic range, 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.

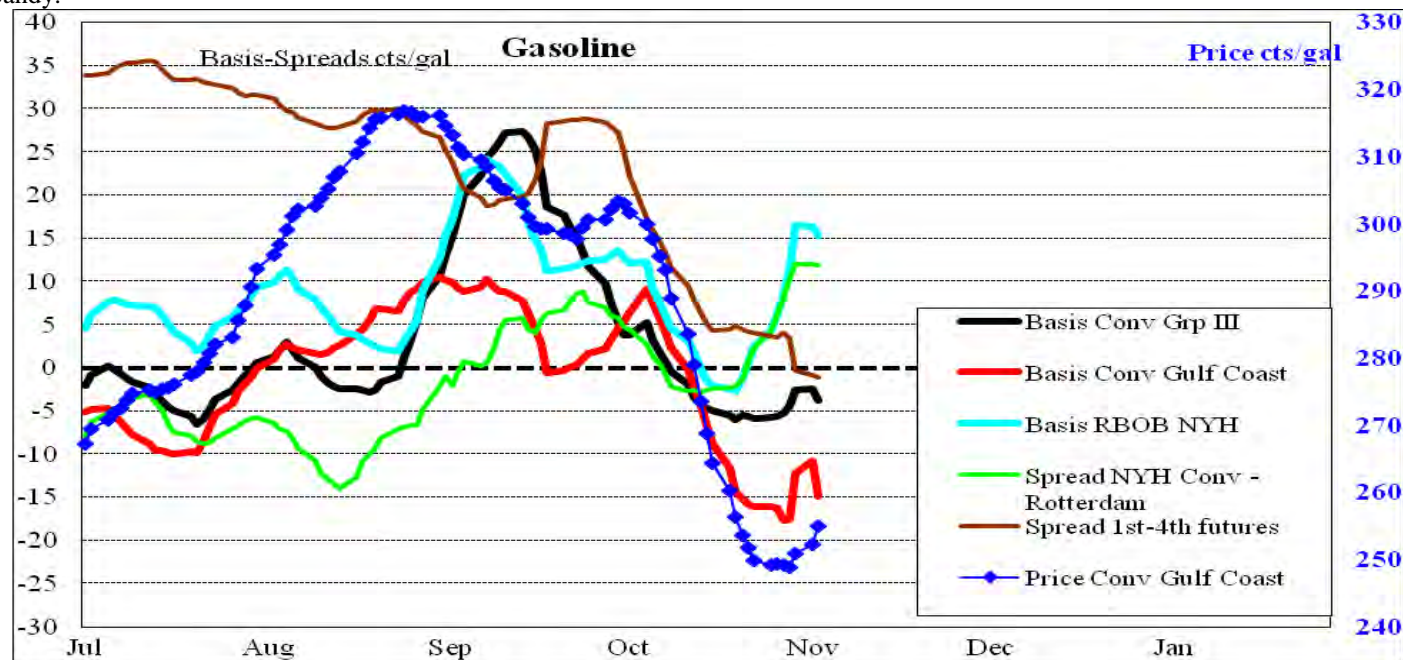
Gulf Coast Price

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.

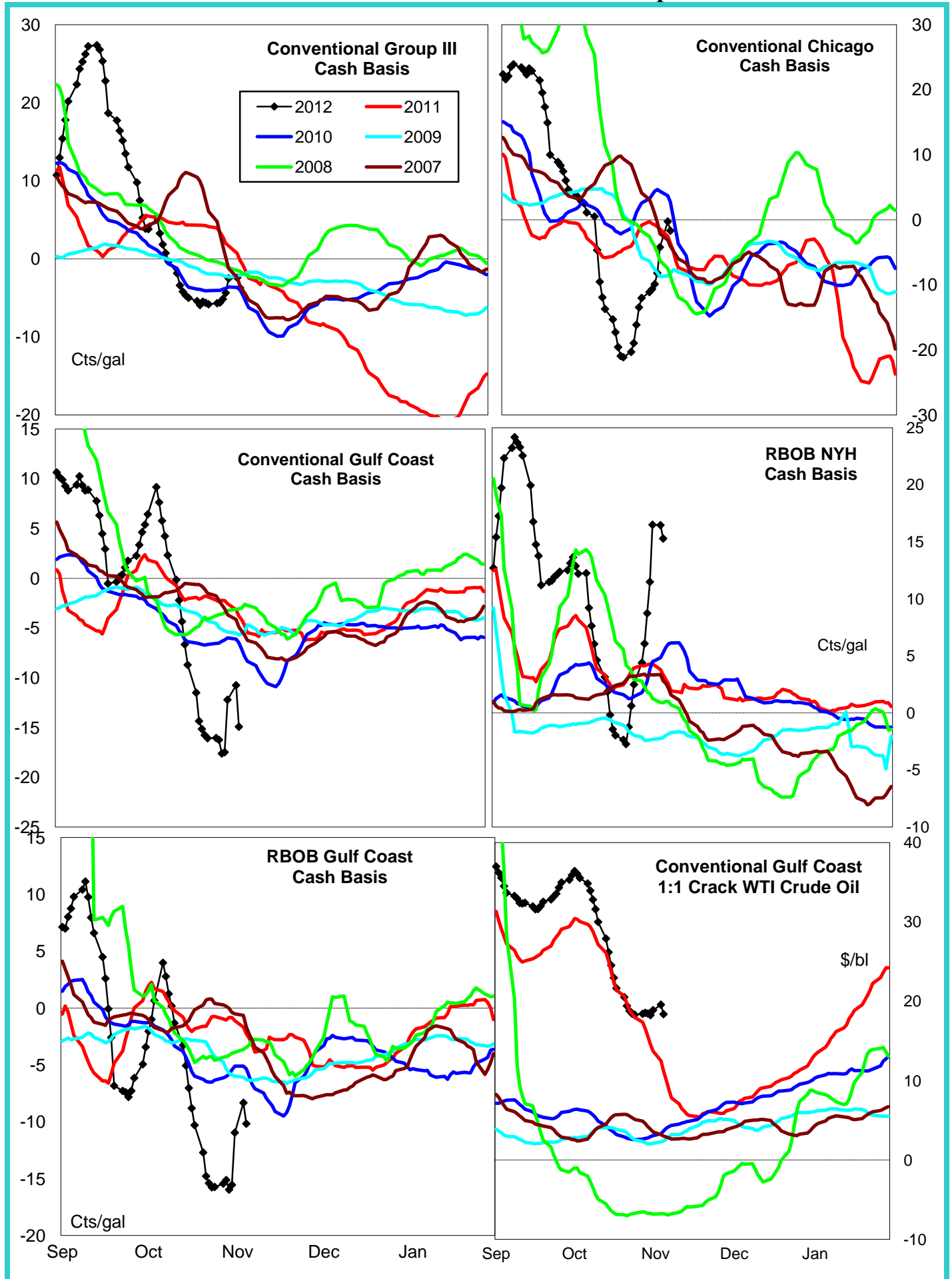
The deep recession in Europe and slow economic growth in Asia should lead to slower demand growth for energy during the 1st half of 2013.

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

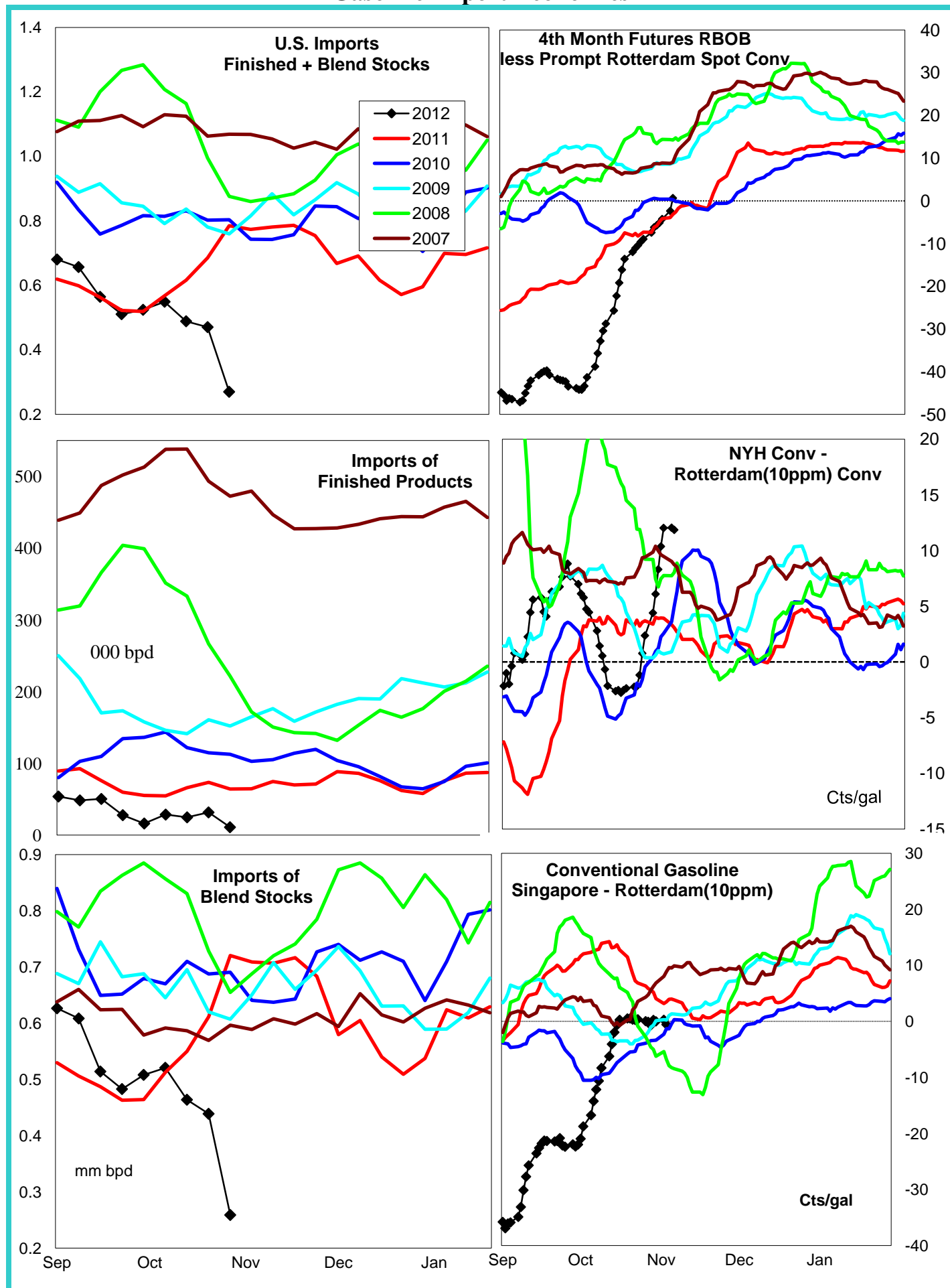


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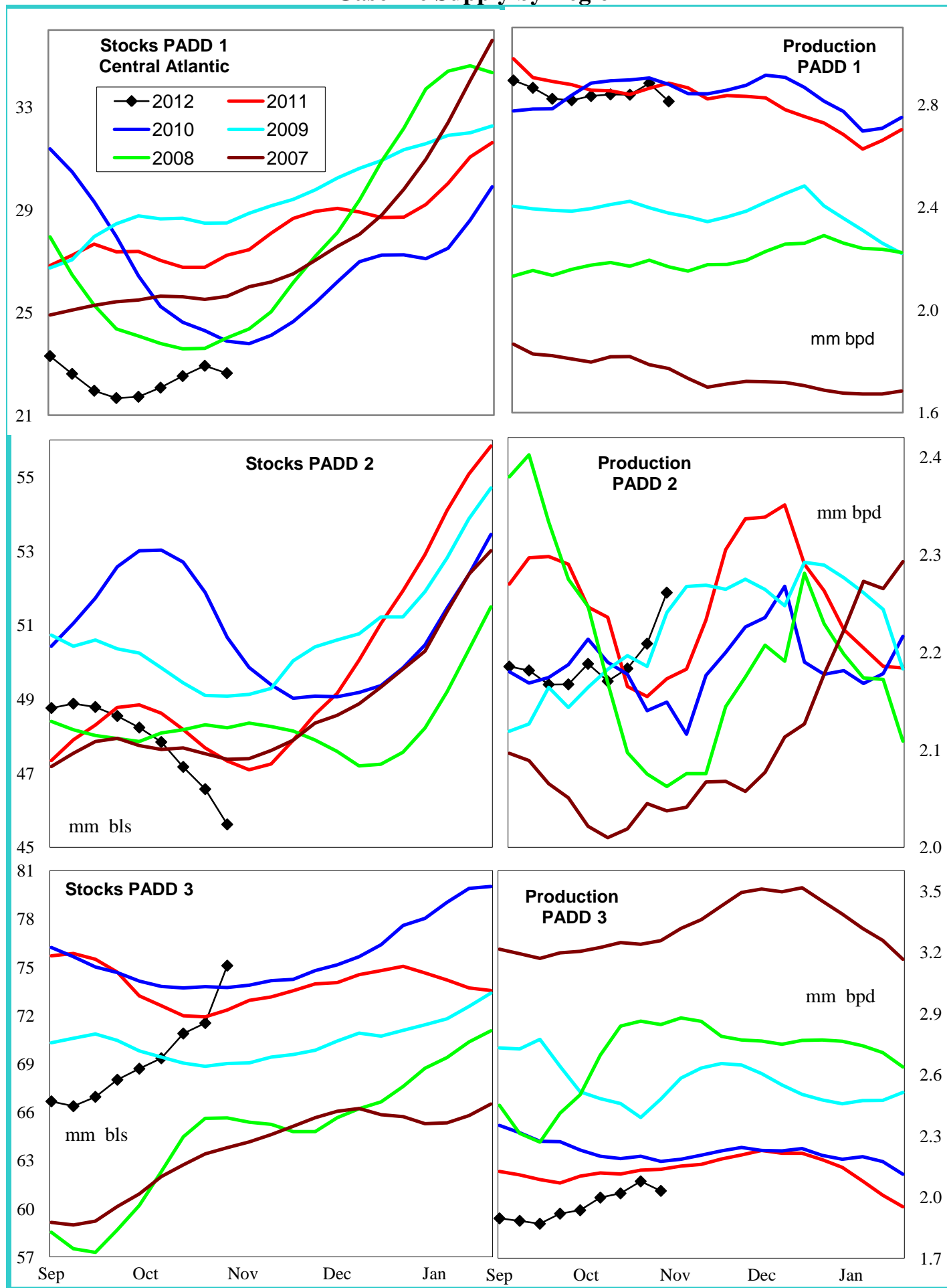
Gasoline Cash Basis and Related Price Spreads



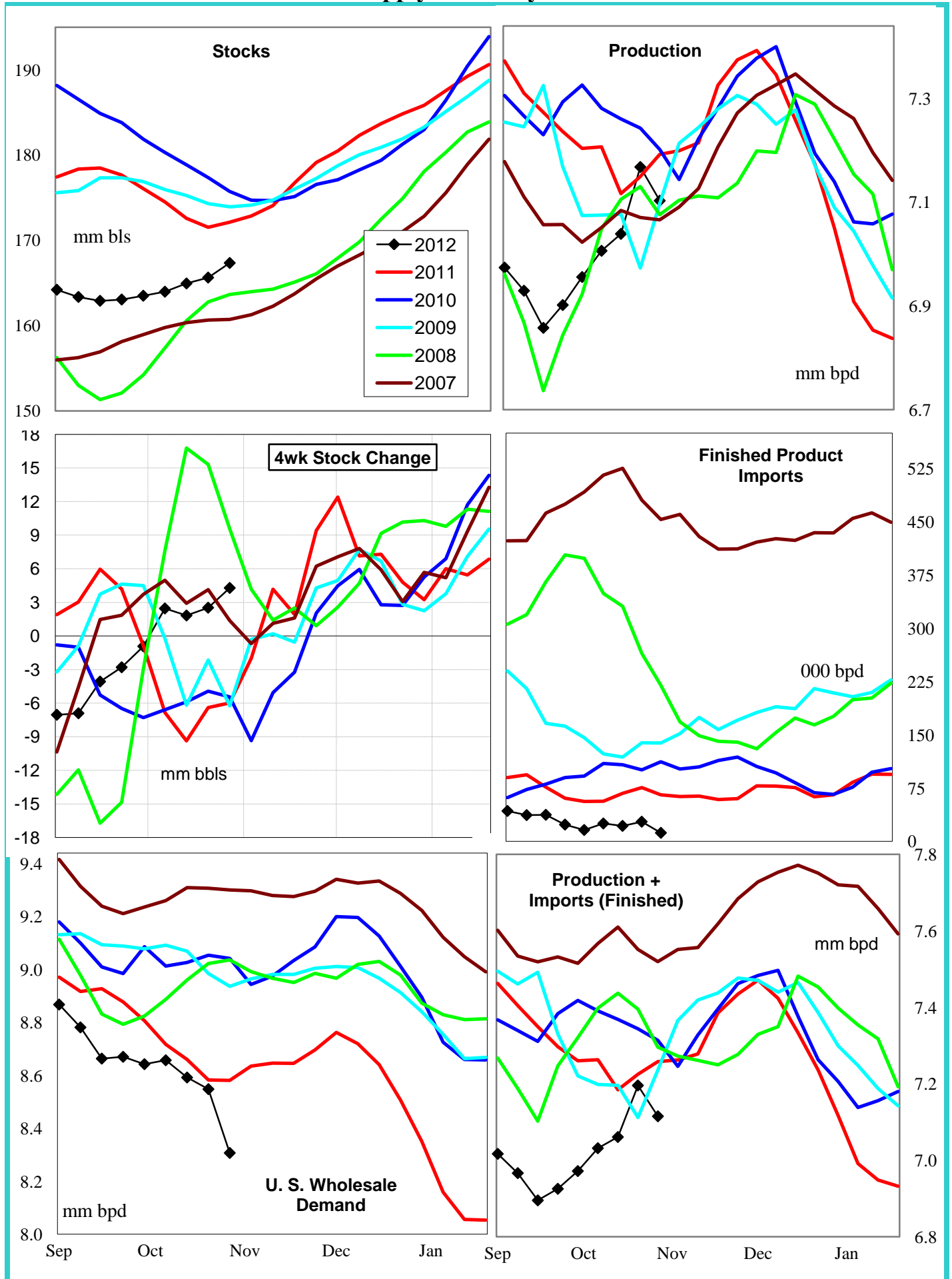
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

