



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 -0.5 million bpd last week to a record low for this time of year. The latest 4-wk year-on-year change in demand was a -29,000 bpd decrease.

Supplies plunged -0.6 million bpd on the week, with both production and imports lower.

Weak demand was not offset by the drop in supplies, leading to a nearly +4 million barrel stock build on the week, with increases in all regions.

Basis continued to fall sharply in all regional markets, except the Northwest last week. Basis levels were at record lows in the Group III, Gulf, Northwest, and northern California markets.

Shutdown of the main Colonial line from the Gulf may further depress basis in that region.

NYMEX RBOB contract appears to be significantly overvalued compared to cash markets; with global gasoline markets also declining against the contract.

RBOB

New York Harbor basis to trade at levels comparable to the last 2-years on improving stock levels.

Conventional

New York Harbor basis to trade slightly above the average of the last 3-years on continued low stocks.

Chicago basis to trend lower in the near term on seasonal build in stocks, then trend

higher on an upturn in seasonal demand ahead of the Christmas holiday.

Group III basis to trend lower in the near term on seasonal stock builds, then rebound on higher seasonal demand.

Gulf Basis to trend lower on the Colonial pipeline emergency shutdown, then rebound on increased seasonal demand.

West Coast (Los Angeles) basis to trade at record lows on high stocks and production.

Gulf Coast Price

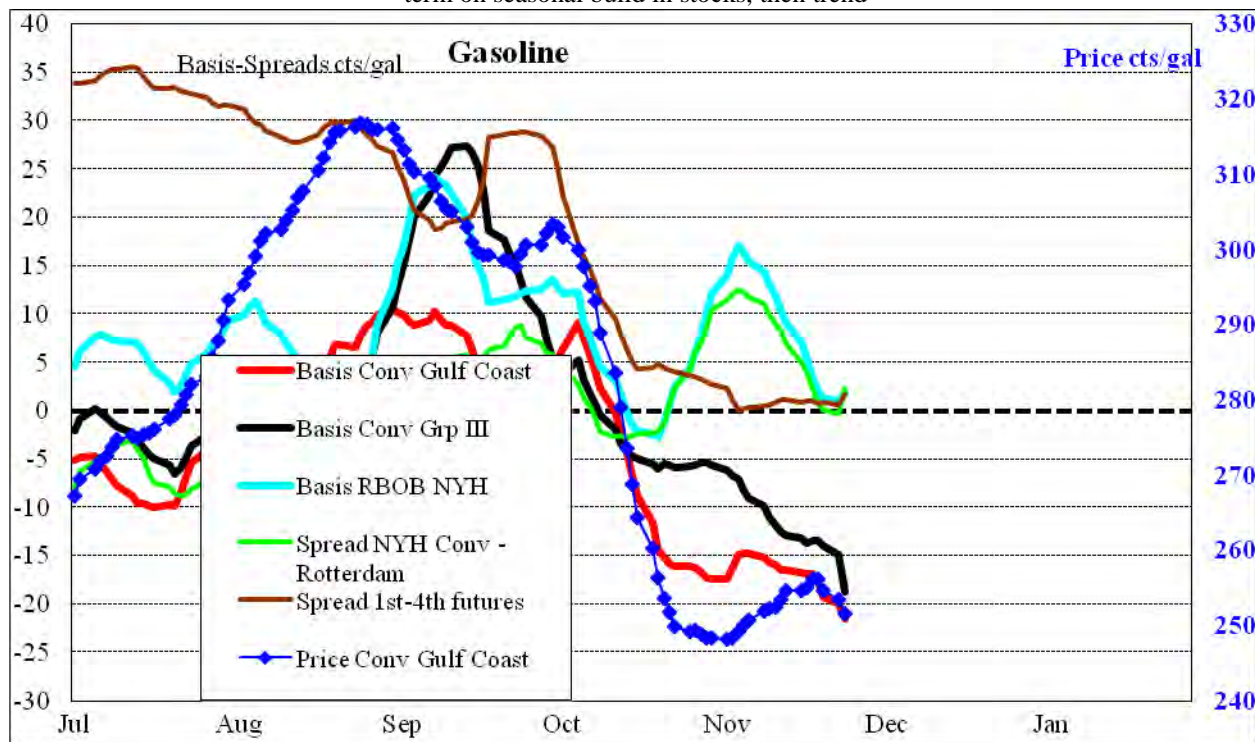
Exceptionally weak seasonal demand and investor support for the NYMEX RBOB contract has driven basis levels to record lows in most regional markets.

Expect a seasonal bounce in demand ahead of the Christmas holiday to lift basis levels in regional markets.

Gasoline prices are likely to trend lower on seasonal stock building in most markets.

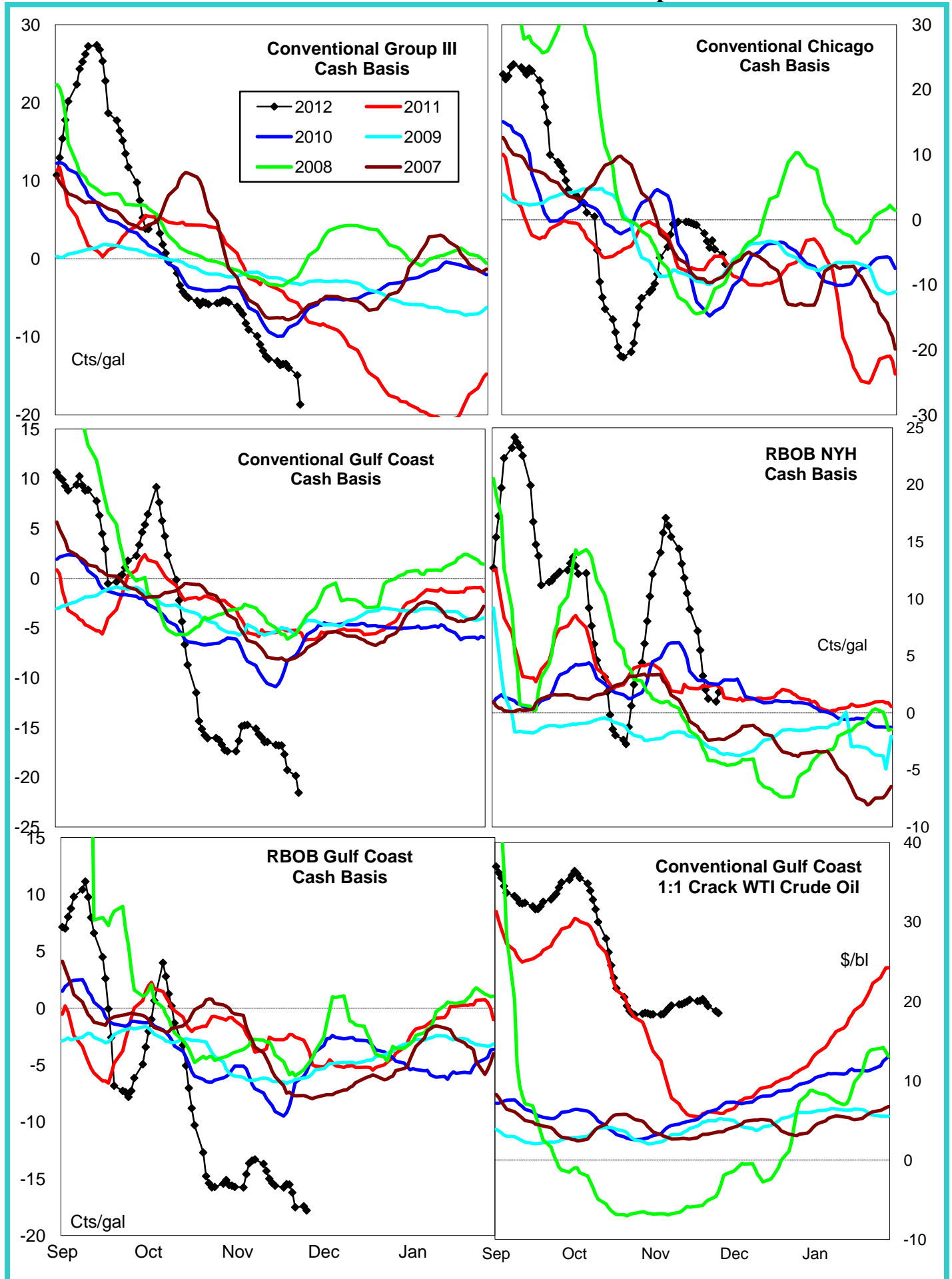
The deep recession in Europe and slow economic growth in Asia should lead to slower demand growth for energy during the 1st half of 2013.

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

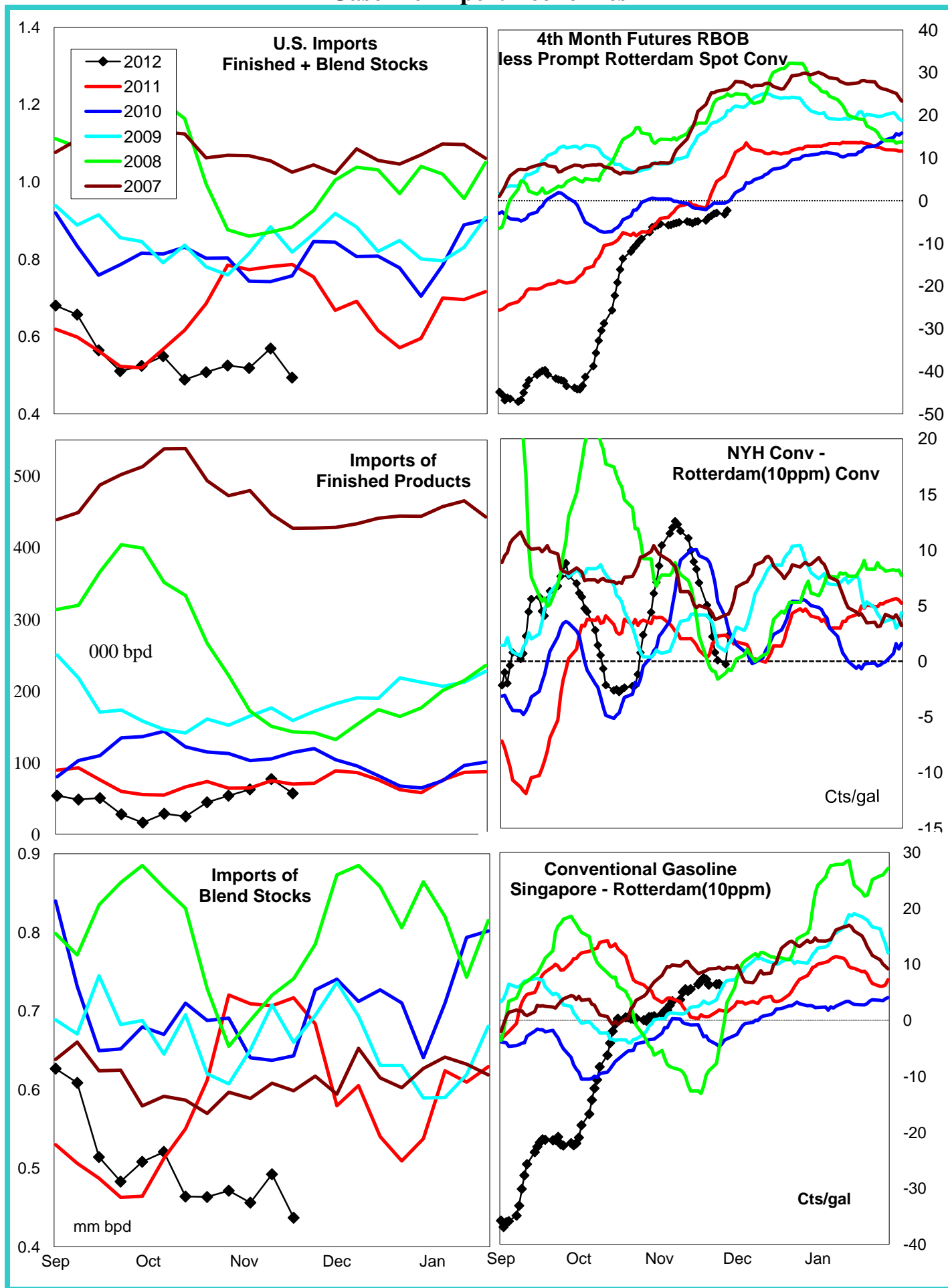


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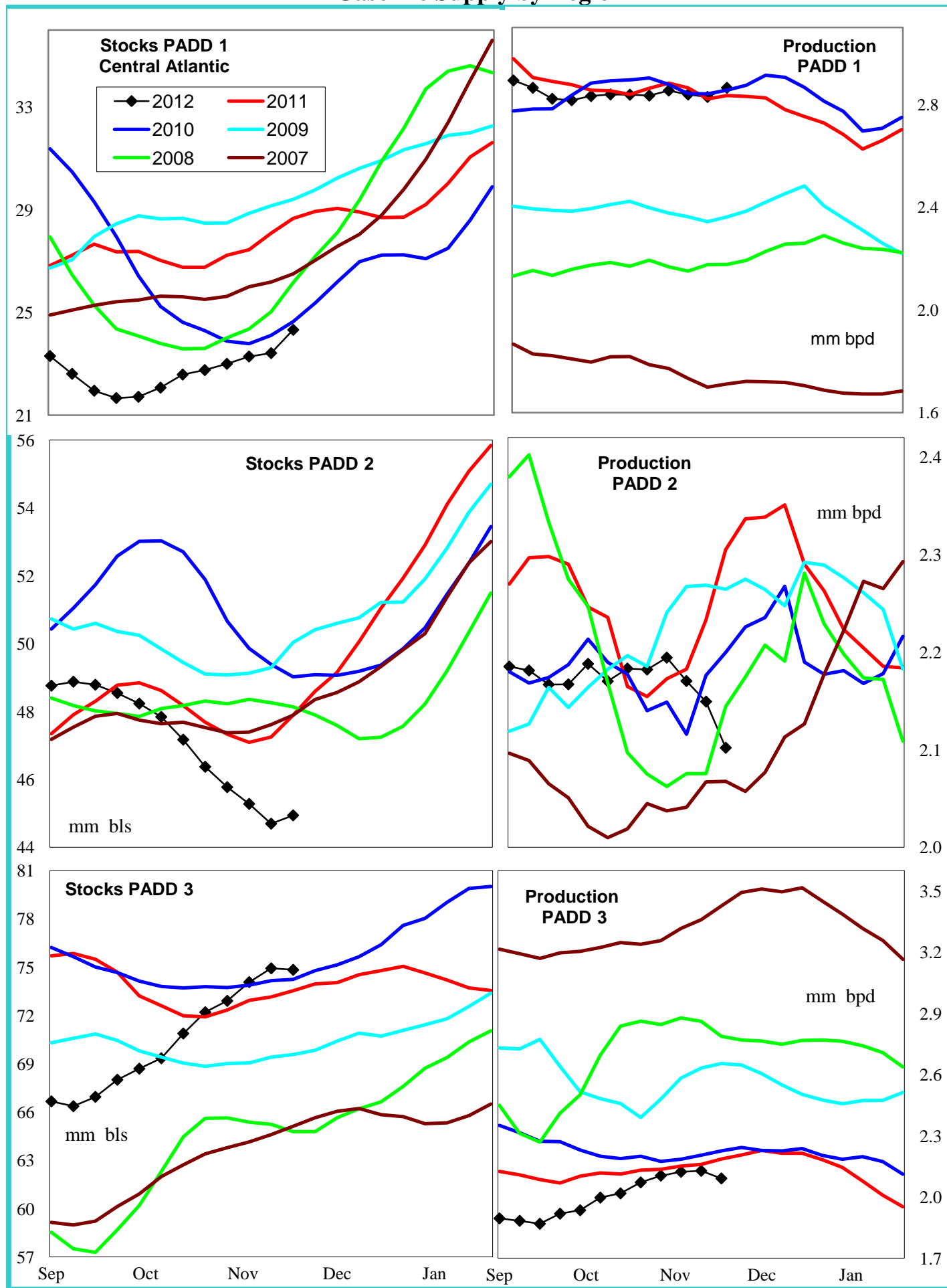
Gasoline Cash Basis and Related Price Spreads



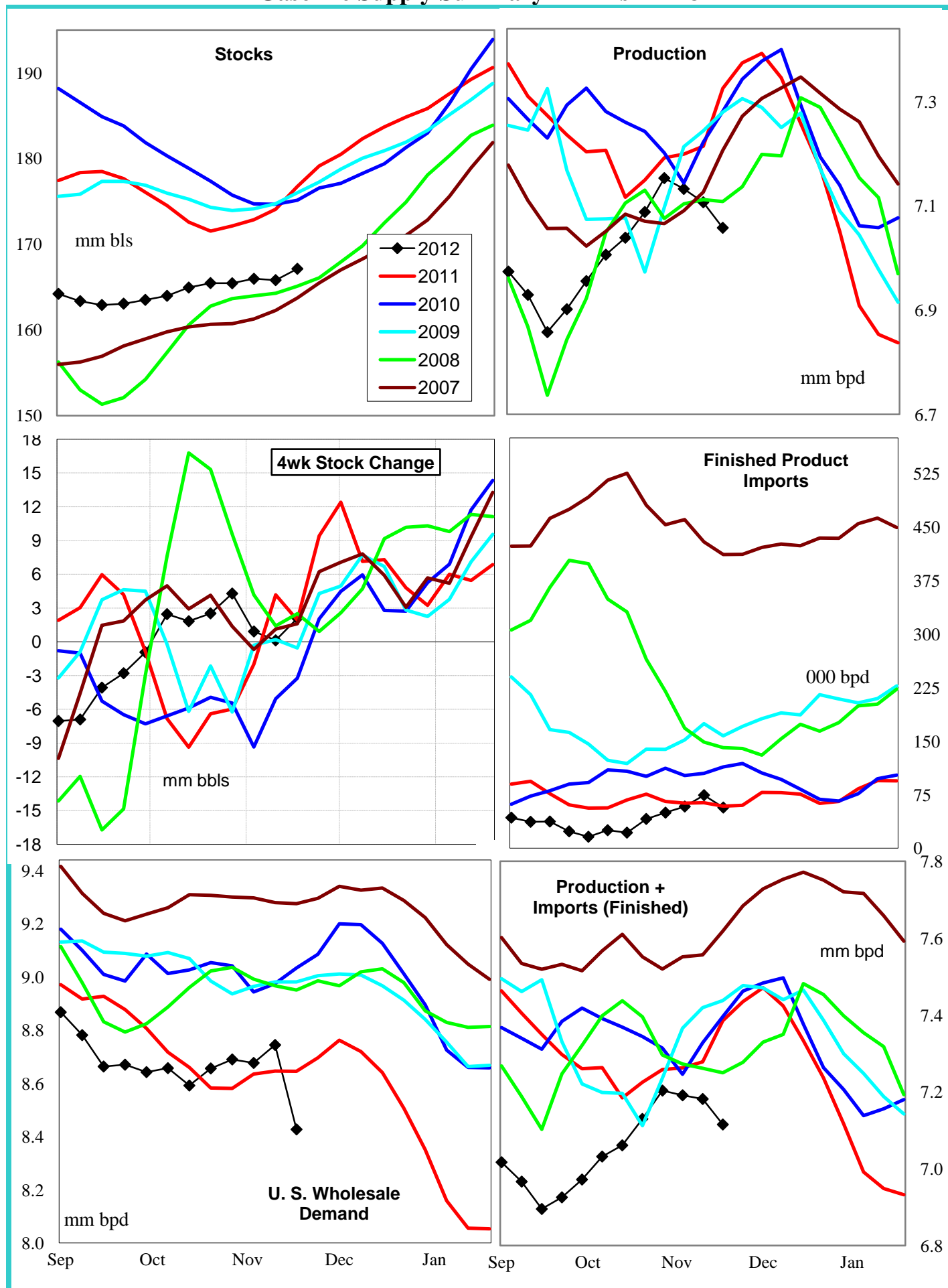
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

