



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, December 12, 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 +134,000 bpd last week, start of a pre Christmas increase in travel. The latest 4-wk year-on-year change in demand was a -109,000 bpd decline.

Supplies declined -0.2 million bpd on the week, driven by lower production.

Seasonally weak demand led to a +5 million barrel increase in stocks.

The nearly +17 million barrel stock build during the last 3-wks has continued to driven basis lower on the West Coast, Gulf, Midwest and Rocky Mountain regional markets where levels are at fresh 5-year lows. Only NYH and Chicago regional markets have sustained basis levels comparable to the last 5-years.

Global gasoline markets are all trading at 5-year highs compared to the NYMEX RBOB contract, the key support to the futures contract while regional U.S. cash markets have collapsed.

RBOB

New York Harbor basis to trade at levels comparable to the 5-year range on seasonal stock building.

Conventional

New York Harbor basis to trade at levels within the 5-year range on seasonal stock builds.

Chicago basis to be pressured lower by the collapse in Gulf and Group III basis, which should drive increased deliveries to the Chicago market.

Group III basis should remain weak over the next 90-days on seasonal stock builds and a relatively tight East Coast market.

Gulf Basis to improve from record low levels on exports and deliveries to other regional markets.

West Coast (Los Angeles) basis to trade at record lows on extremely high stock levels and seasonal builds.

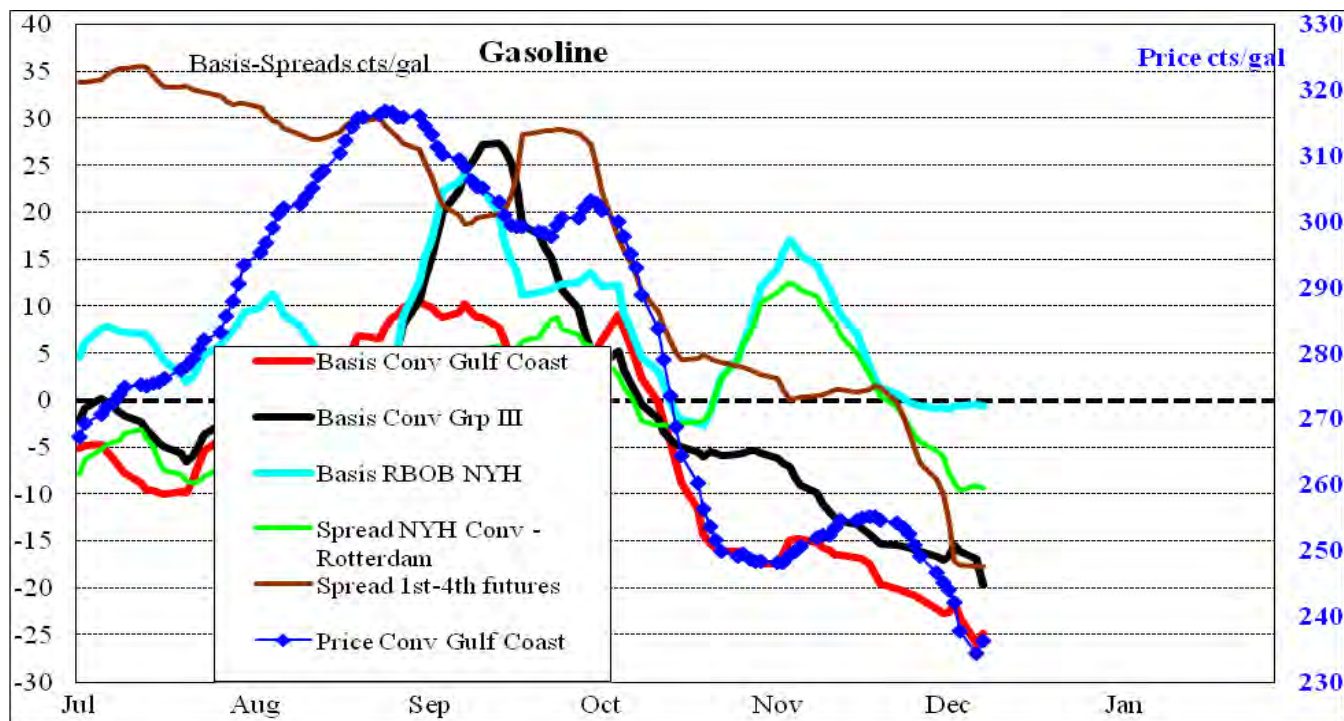
Gulf Coast Price

Global gasoline markets continue to trade at 5-year highs compared to the NYMEX RBOB contract. This strength should attract exports from U.S. coastal markets facing record low cash basis.

U.S. gasoline stock levels are at 5-year highs for this time of year, due in part to a +17 million barrel stock build during the last 3-wks. Risk has increased that coastal refiners dependent on waterborne crude oil supplies will cut crude oil runs due to poor refining economics.

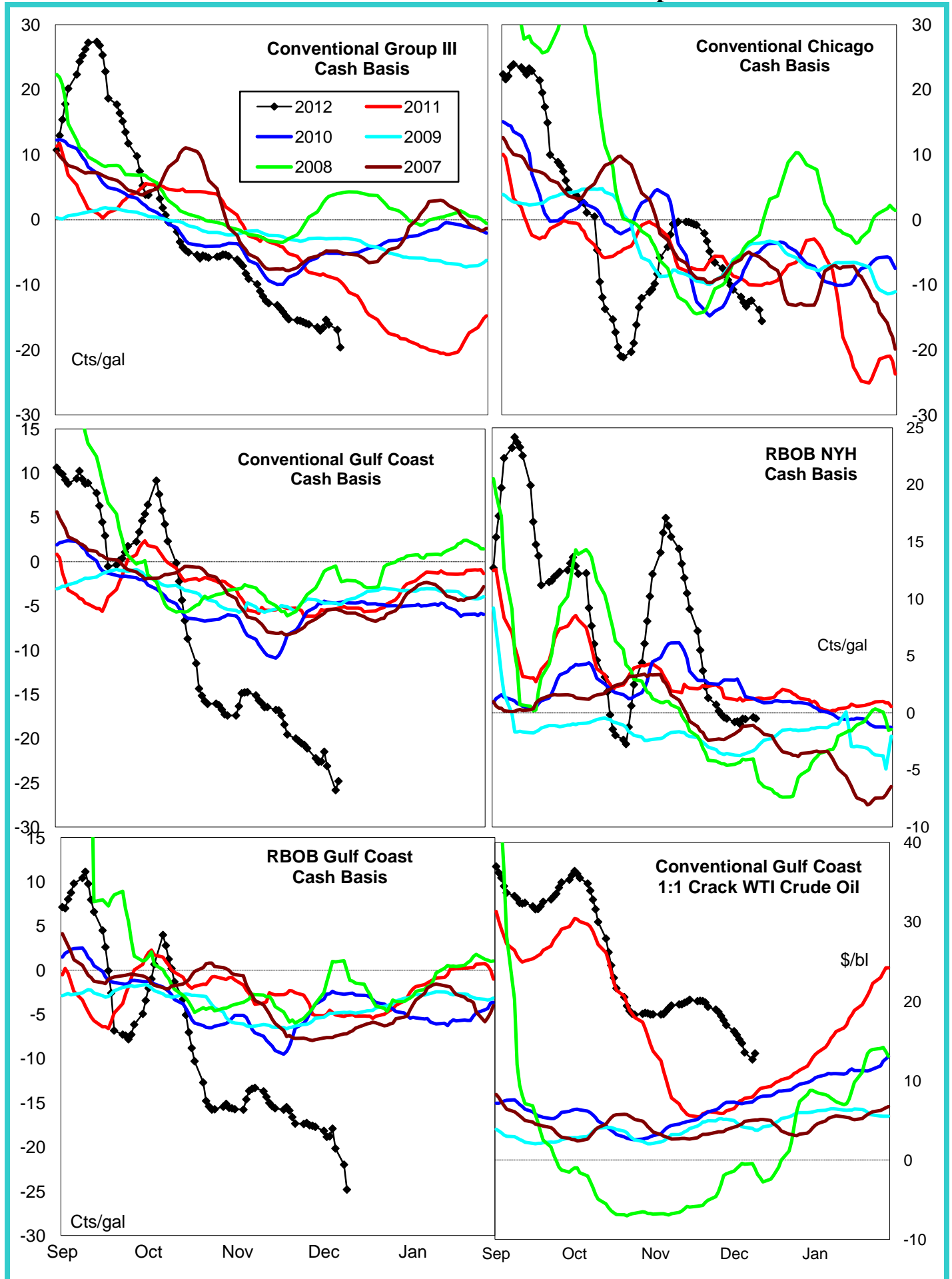
The deep recession in Europe and slow economic growth in Asia should lead to slower demand growth for energy during the 1st half of 2013.

Look for volatile energy prices with downside risk due to slow global economic growth and seasonal over supplies of gasoline in major cash markets.

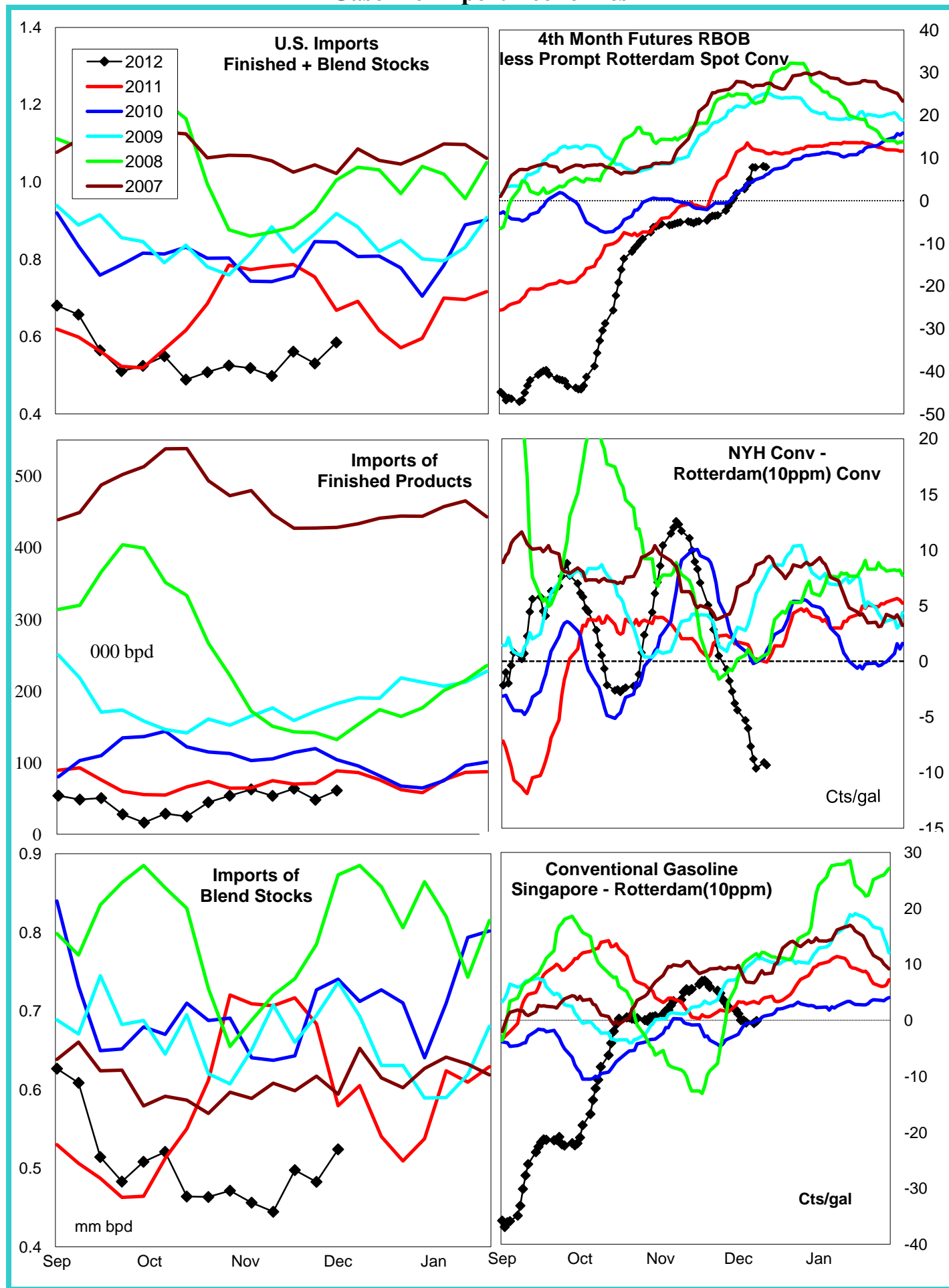


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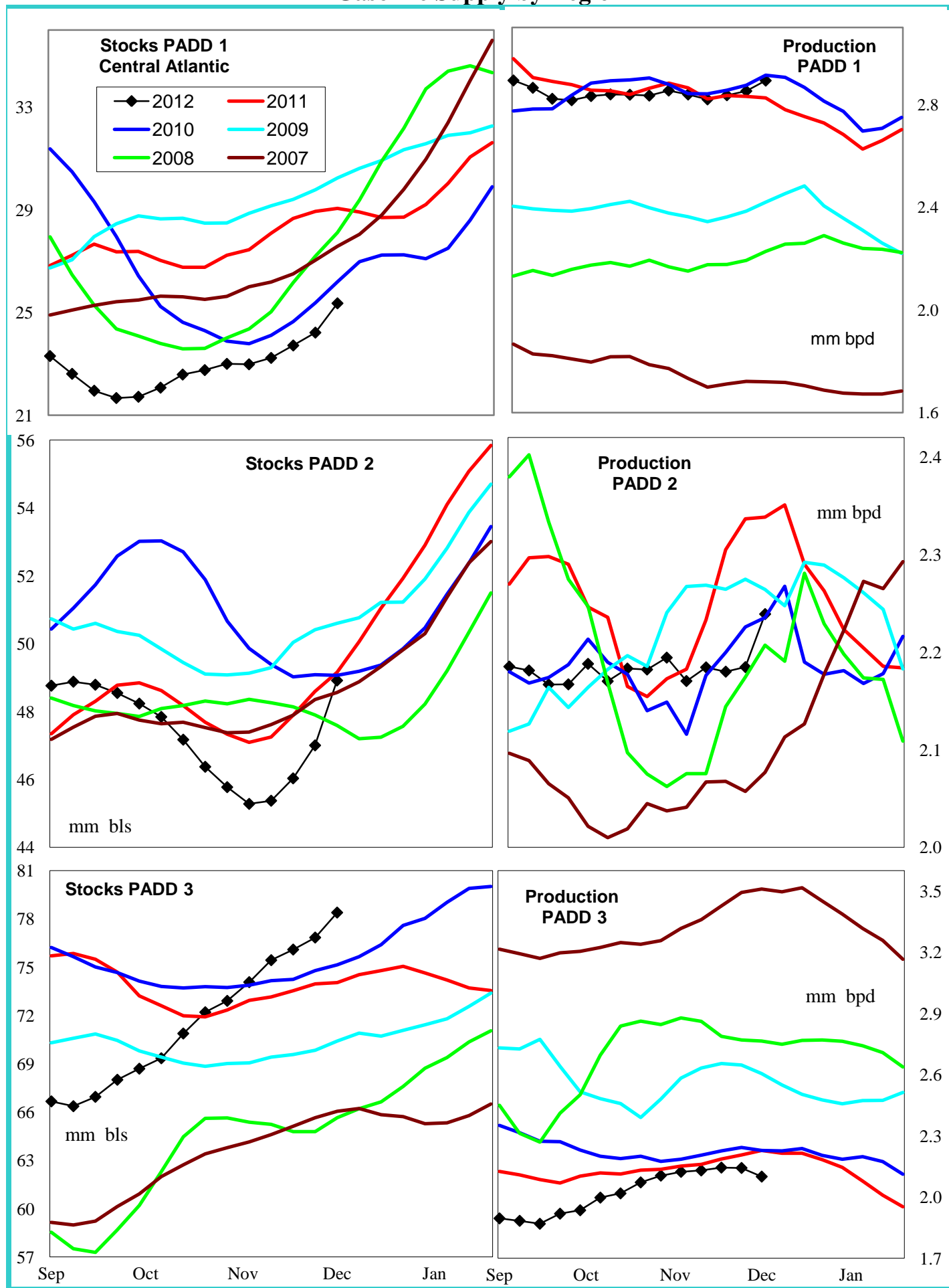
Gasoline Cash Basis and Related Price Spreads

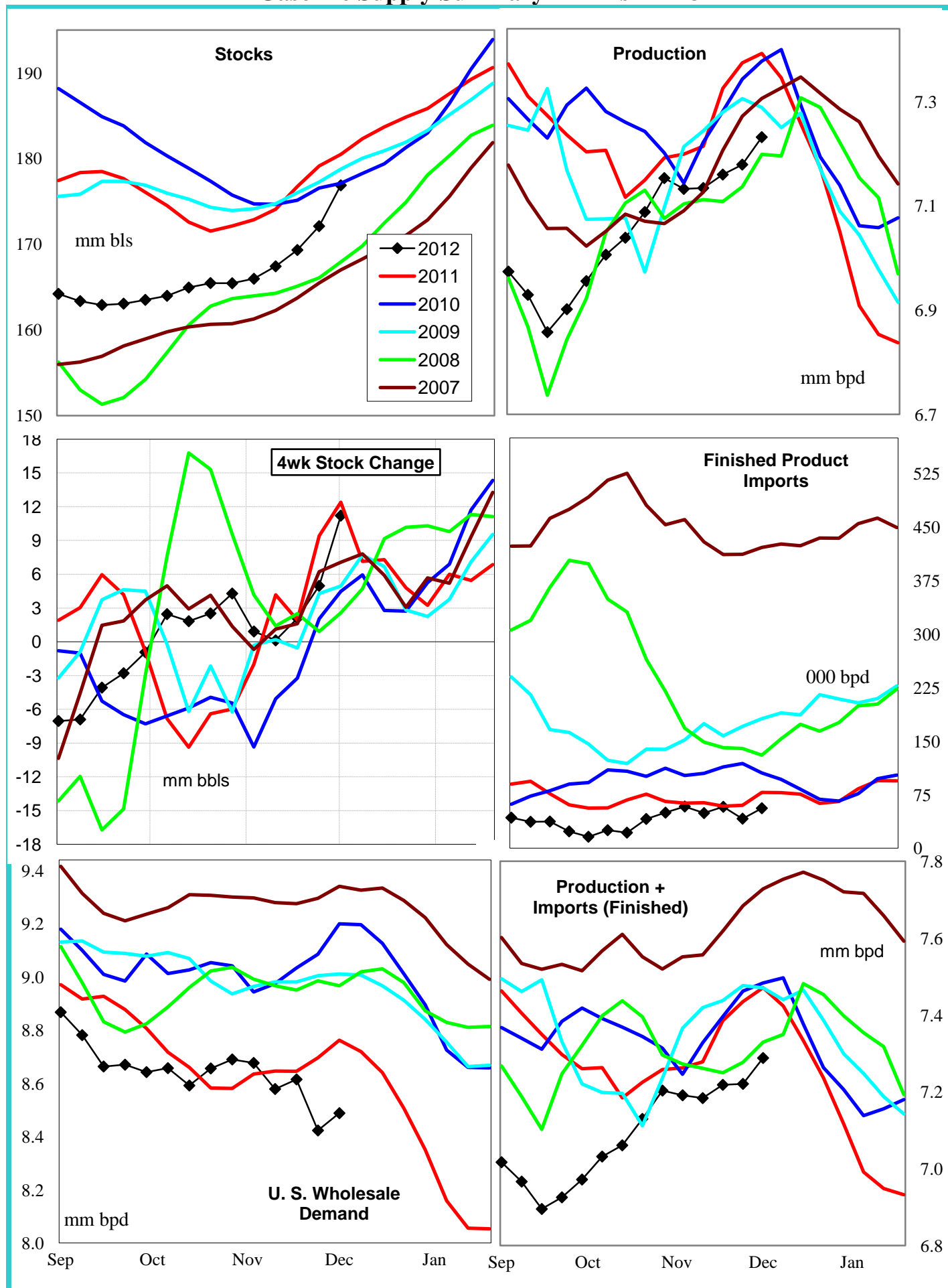


Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3

PADD 5 Gasoline Supply

