



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 decreased -10,000 bpd last week, to a level comparable with last year. The latest 4-wk year-on-year change in demand was a -244,000 bpd decline.

Supplies jumped +0.7 million bpd on the week, reversing the prior week collapse.

Seasonally weak demand led to a +3.8 million barrel increase in stocks.

Group III basis fell to a record low of nearly -40 cpg last week on record high production and low seasonal demand. NYH traded sideways while other regions saw modest increases from earlier record lows. Basis levels remain below the 5-year range in all regional markets except NYH which traded at the historic mid range.

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 remain seasonally weak on low demand and record high PADD 2 output.

Group III basis should rebound from record year-end lows and extremely high production; however 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 remain weak on high stock levels and seasonal stock builds.

Gulf Coast Price

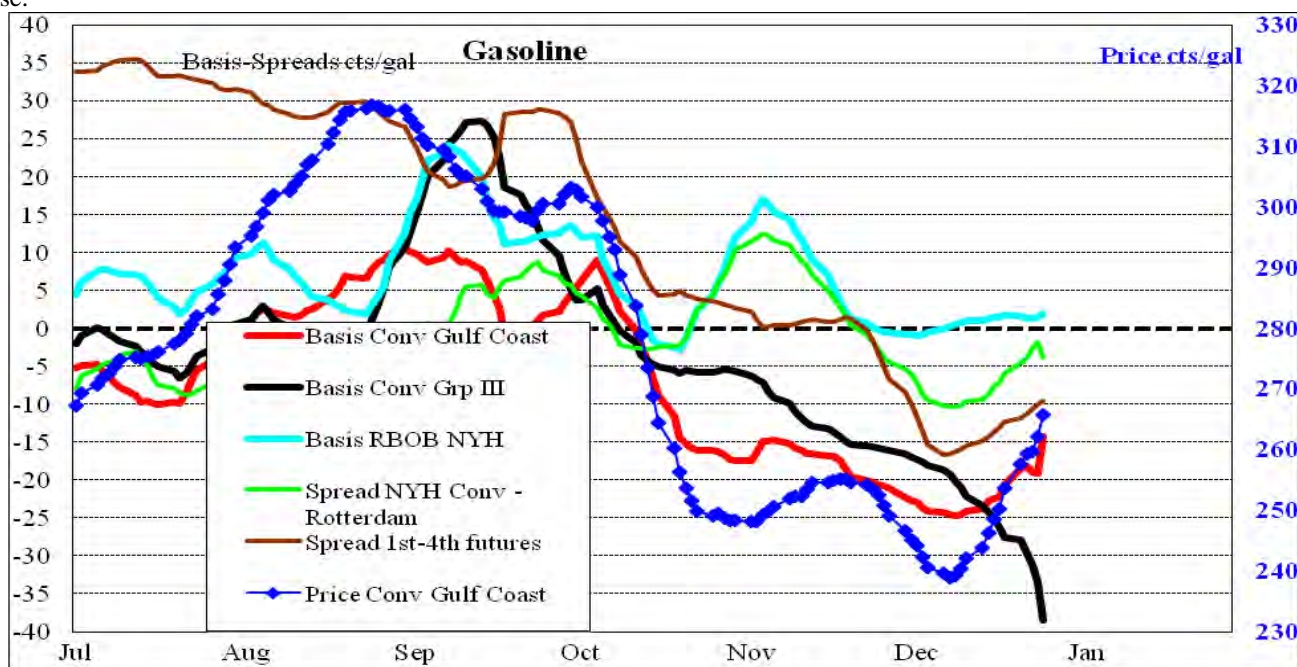
Gasoline stocks in the Gulf reached fresh record highs last week, while production the the midwest jumped to new all time highs. Exports provided modest strength to Gulf prices while weak demand pressured midwest basis to new record lows.

Inland markets, including the Rockies, Group III and Chicago remain depressed on high output and low demand. Coastal markets are supported by exports.

The market is over supplied in all regions other than New England and Central Atlantic. Lower year on year demand and peak seasonal production has particularly depressed basis while leading to a record rate of stock building in markets East of the Rockies.

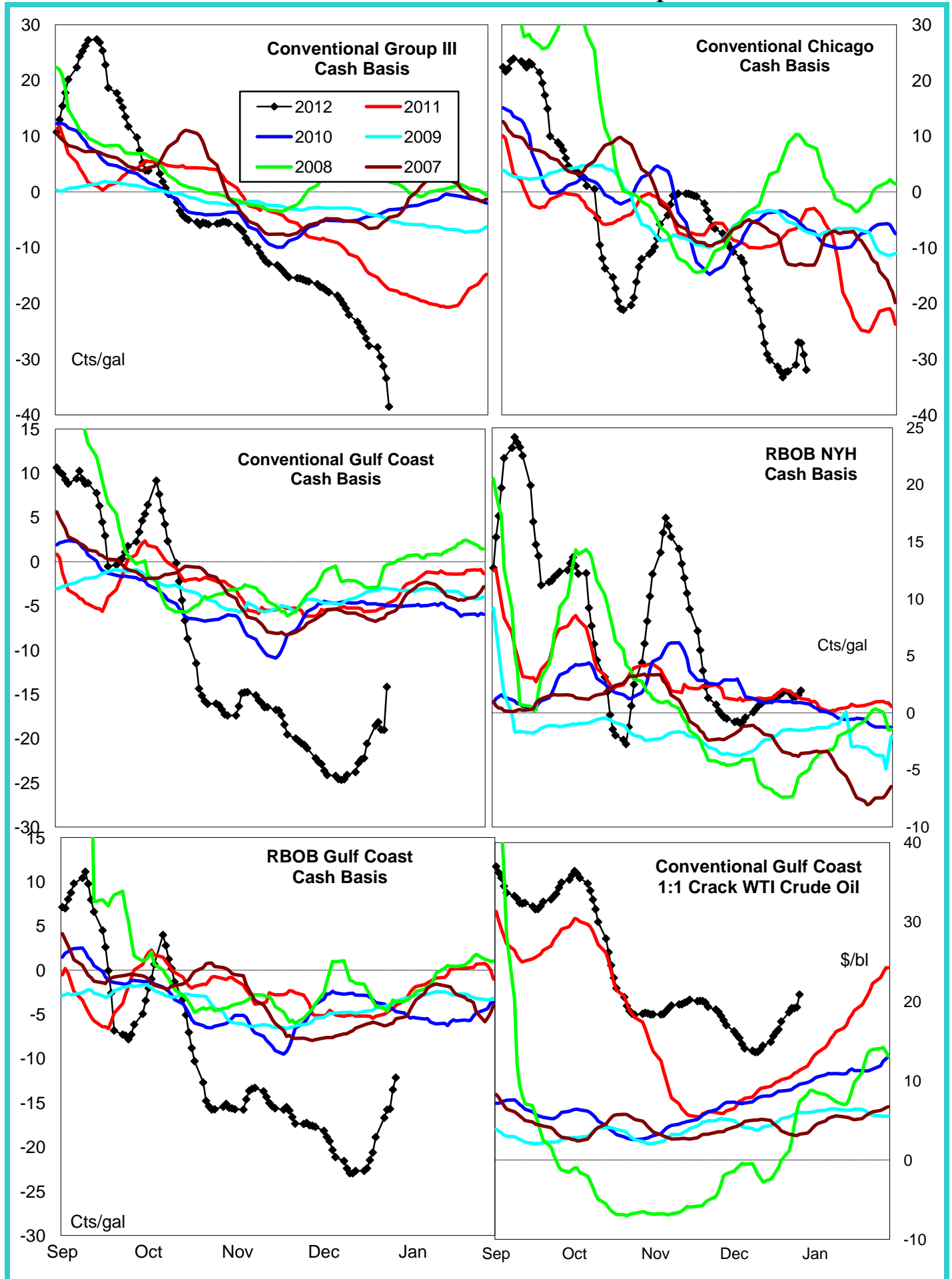
The deep recession in Europe and slow economic growth in Asia should lead to slower demand growth for energy during the 1st half of 2013.

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

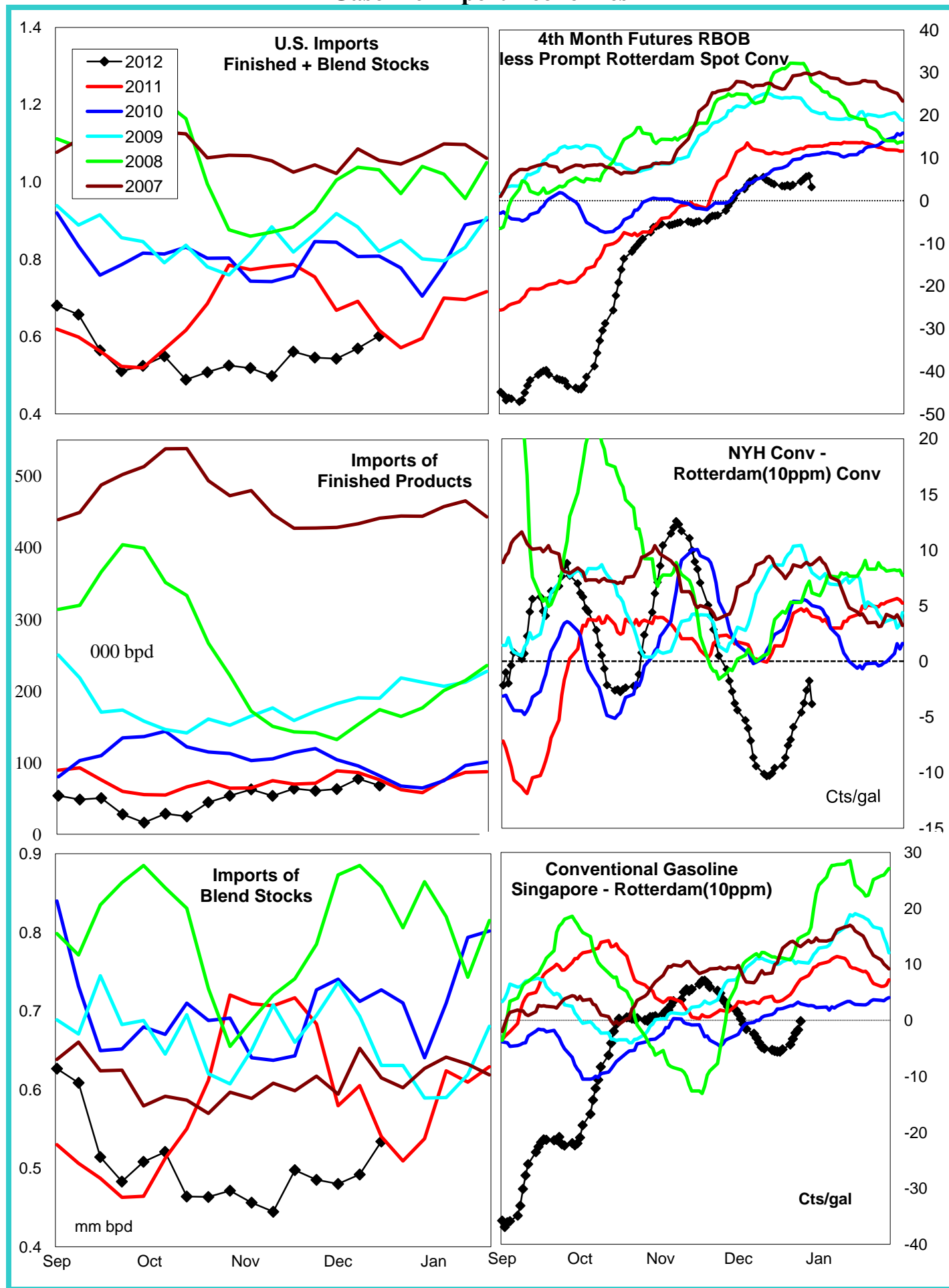


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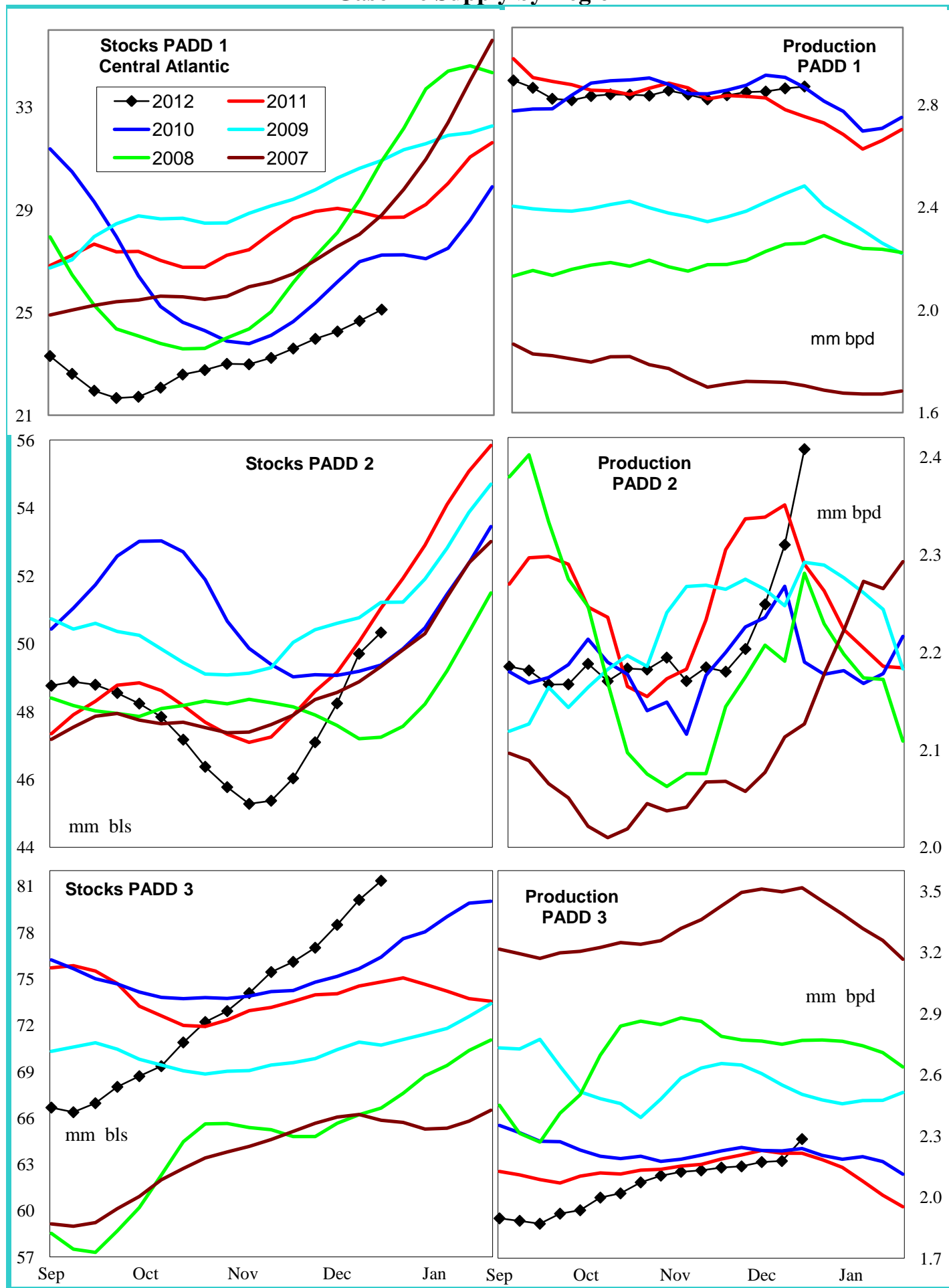
Gasoline Cash Basis and Related Price Spreads

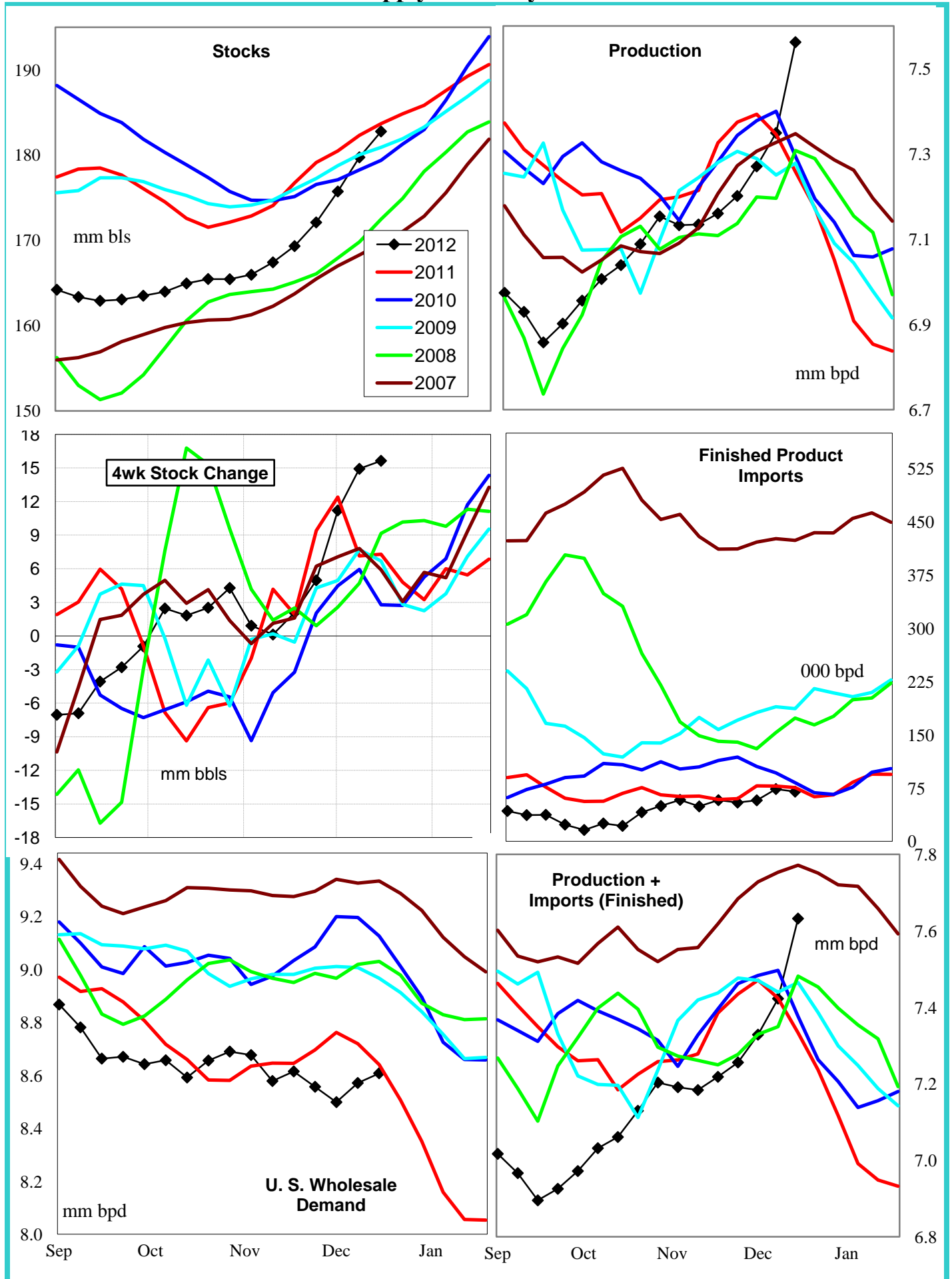


Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3

PADD 5 Gasoline Supply

