



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 -90,000 bpd last week, to a level comparable with last year. The latest 4-wk year-on-year change in demand was a -198,000 bpd decline.

Supplies fell -0.7 million bpd on the week, reversing the prior week increase.

Seasonally weak demand led to a +2.6 million barrel increase in stocks.

Basis in midwest markets remains extremely weak, trading at or near record lows for the last 5-years. Weakness is driven by very rapid stock building and a stock level now at 5-year highs for this time of year. Gulf basis rebounded on higher exports and a draw in stocks last week. West Coast basis levels declined last week with northwest regional markets at record 5-year lows.

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 trade sideways on low seasonal demand, offset by start of winter refinery maintenance.

West Coast (Los Angeles) basis to remain weak on high stock levels and seasonal stock builds, with risk of further decline ahead of the start of winter maintenance.

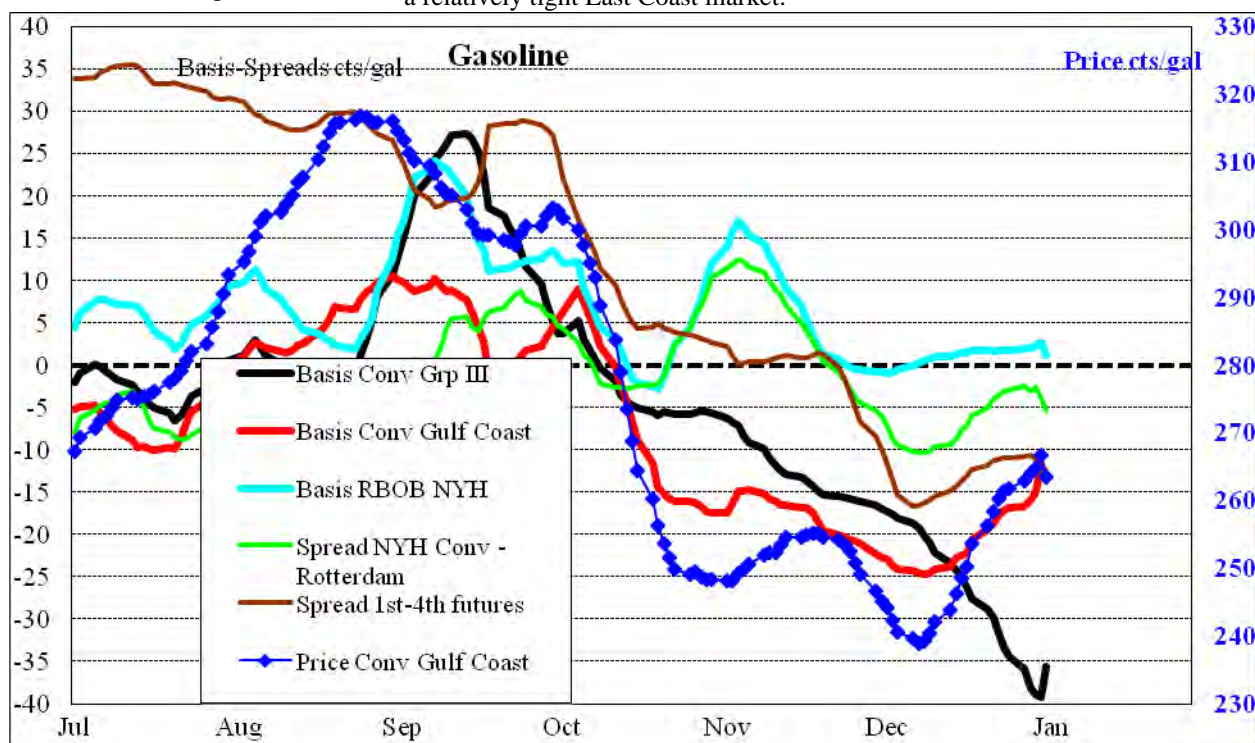
Gulf Coast Price

Regional gasoline markets outside the Northeast are all very well supplied with stock levels at 5-year highs in each area. Start of winter refinery maintenance on the West and Gulf Coast regions should strengthen these markets by the middle of the 1st quarter.

Inland markets, including the Rockies, Group III and Chicago remain depressed on high output and low demand.

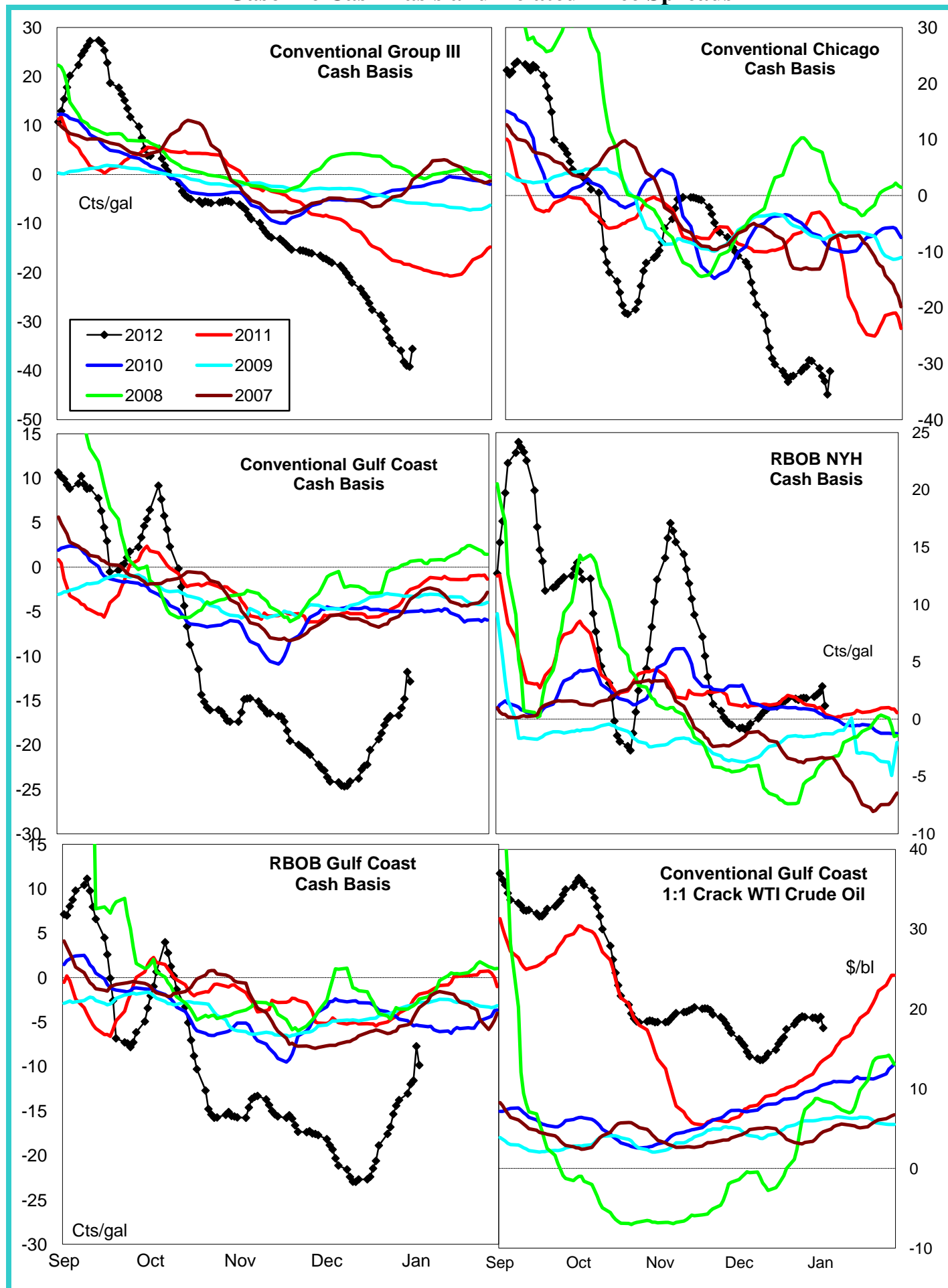
The deep recession in Europe and slow economic growth in Asia should lead to slower demand growth for energy during the 1st half of 2013.

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

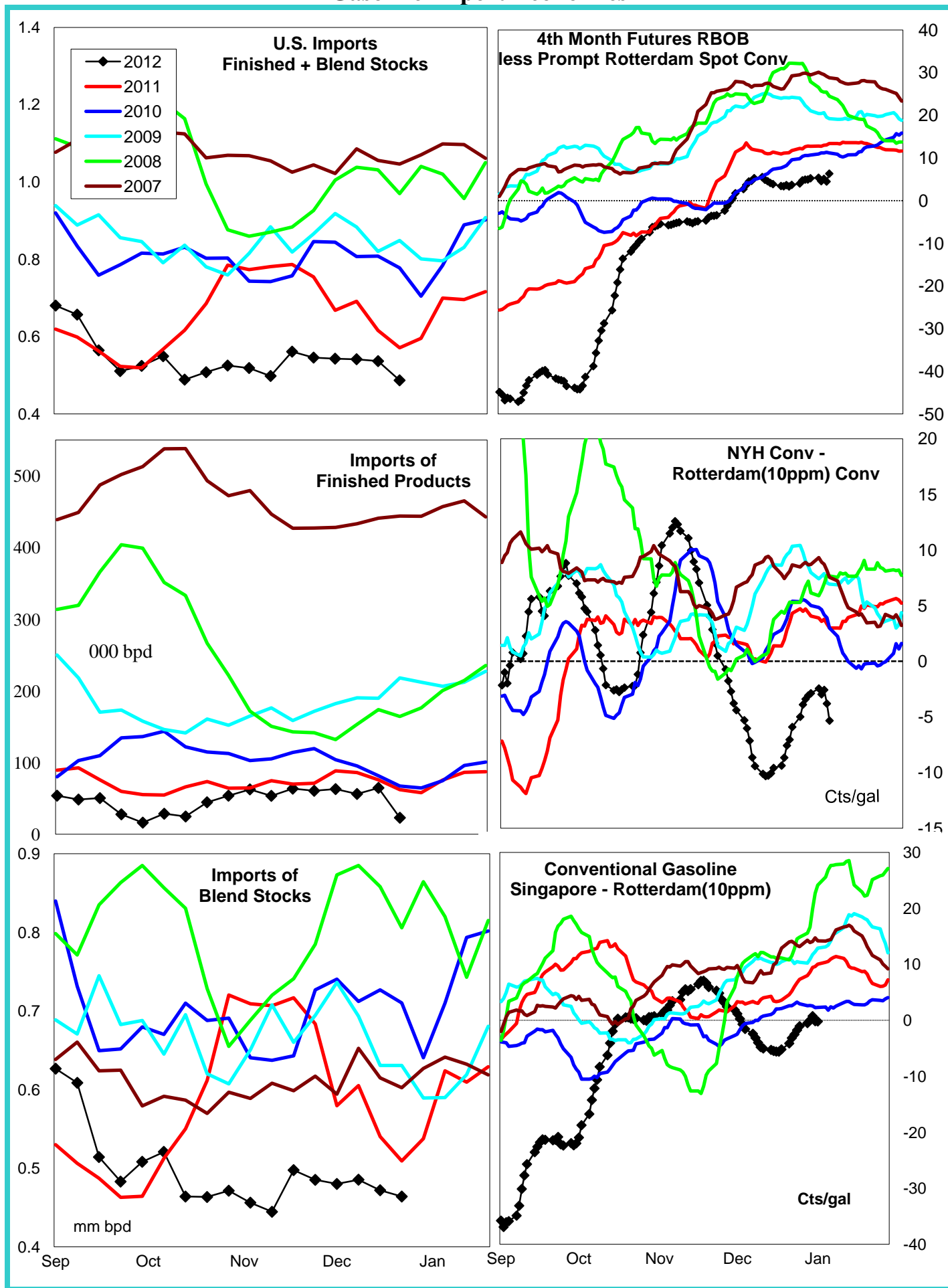


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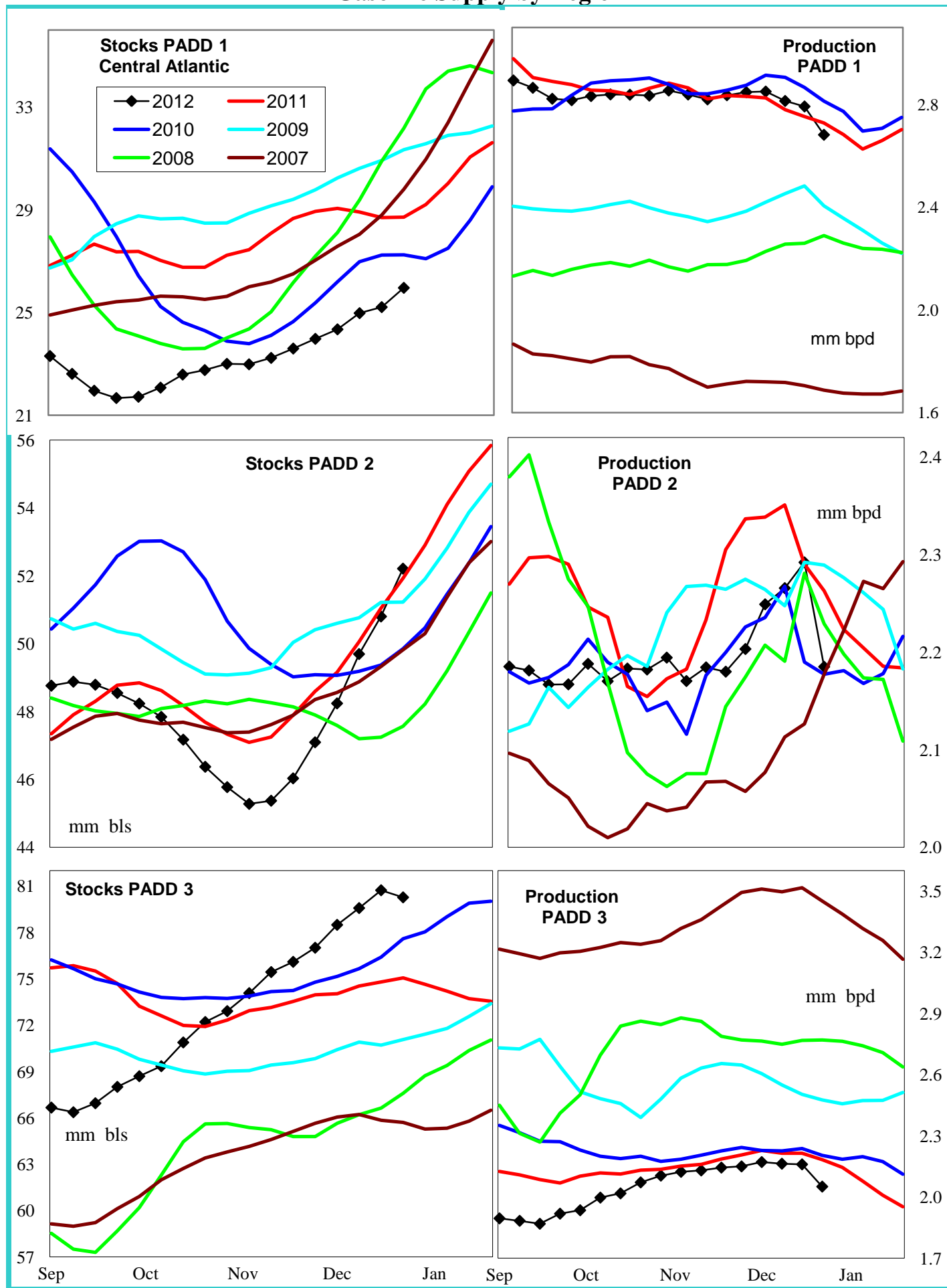
Gasoline Cash Basis and Related Price Spreads



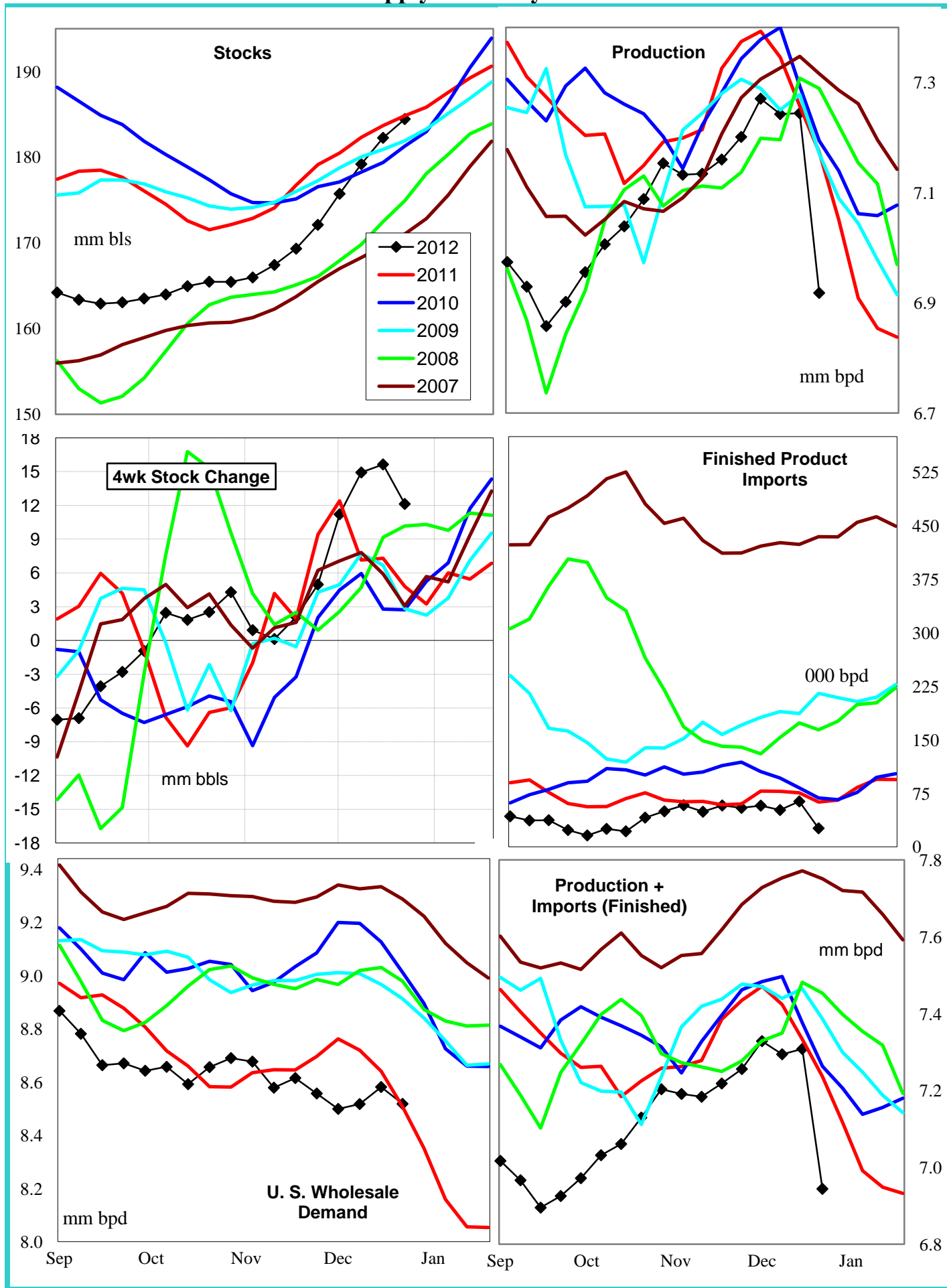
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

