



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 plunged -0.5 million bpd last week, to a level comparable to last years' record low in 'late January'. The latest 4-wk year-on-year change in demand was a -196,000 bpd decline.

Refiners cut output in response to lower demand and containment in the distribution system by -0.53 million bpd.

Seasonally weak demand led to a +7.4 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 lower production. West Coast basis levels extended the downtrend last week in nearly all regional markets, falling to 5-year lows in the Northwest.

RBOB

New York Harbor basis to trade at levels comparable to the 5-year mid range on seasonal stock building. There is potential for a jump in imports to pressure basis lower.

Conventional

New York Harbor basis to trade at levels within the 5-year range on seasonal stock builds. There is potential for a jump in imports to pressure basis lower.

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.

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

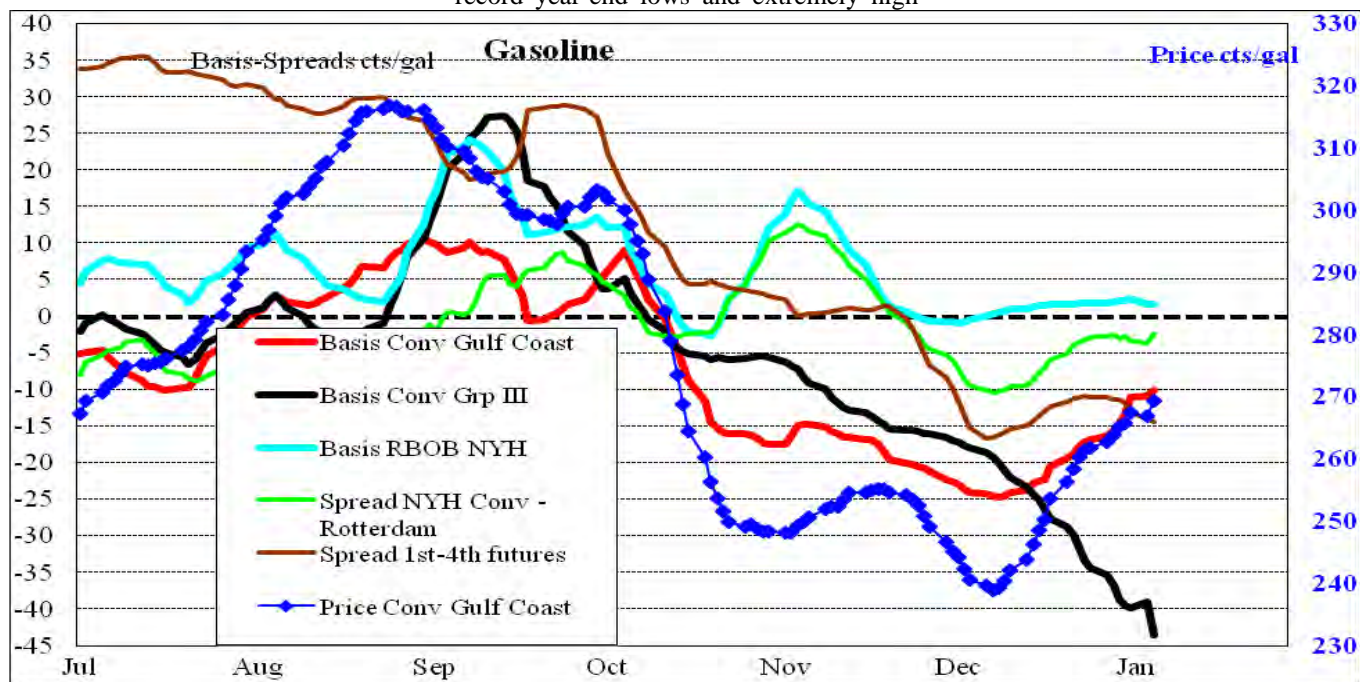
Tight supplies in Northwest Europe, driven in part by poor refining margins from waterborne crude oil supplies, continue to support the NYMEX RBOB contract.

Combined with record high stocks in many U.S. regional markets, these fundamental trends underlie the depressed gasoline basis in regional markets outside the Central Atlantic Region.

Start of winter refinery maintenance on the West and Gulf Coast regions should strengthen these markets by the middle of the 1st quarter.

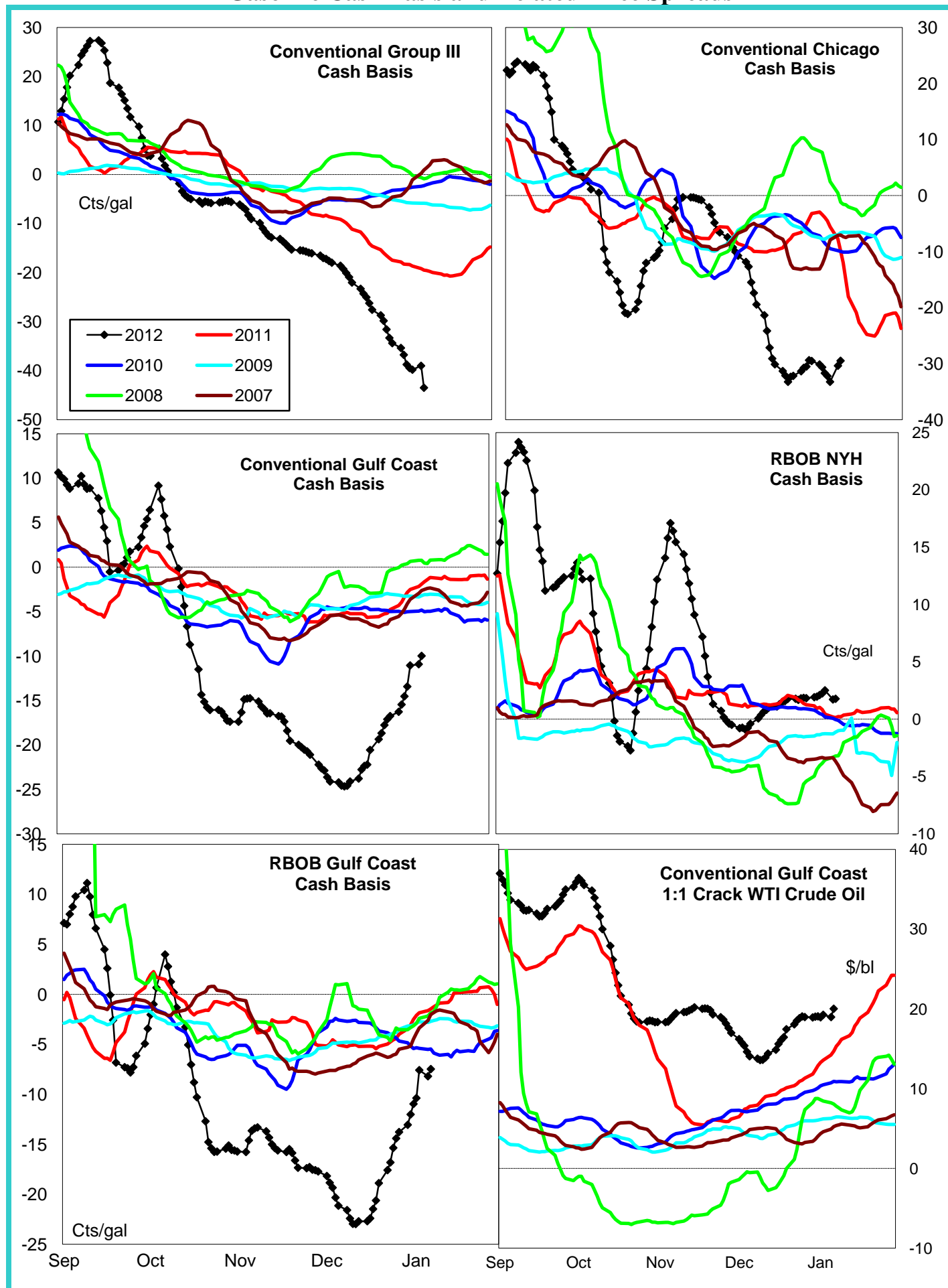
Inland markets, including the Rockies, Group III and Chicago remain depressed on high output and low demand.

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

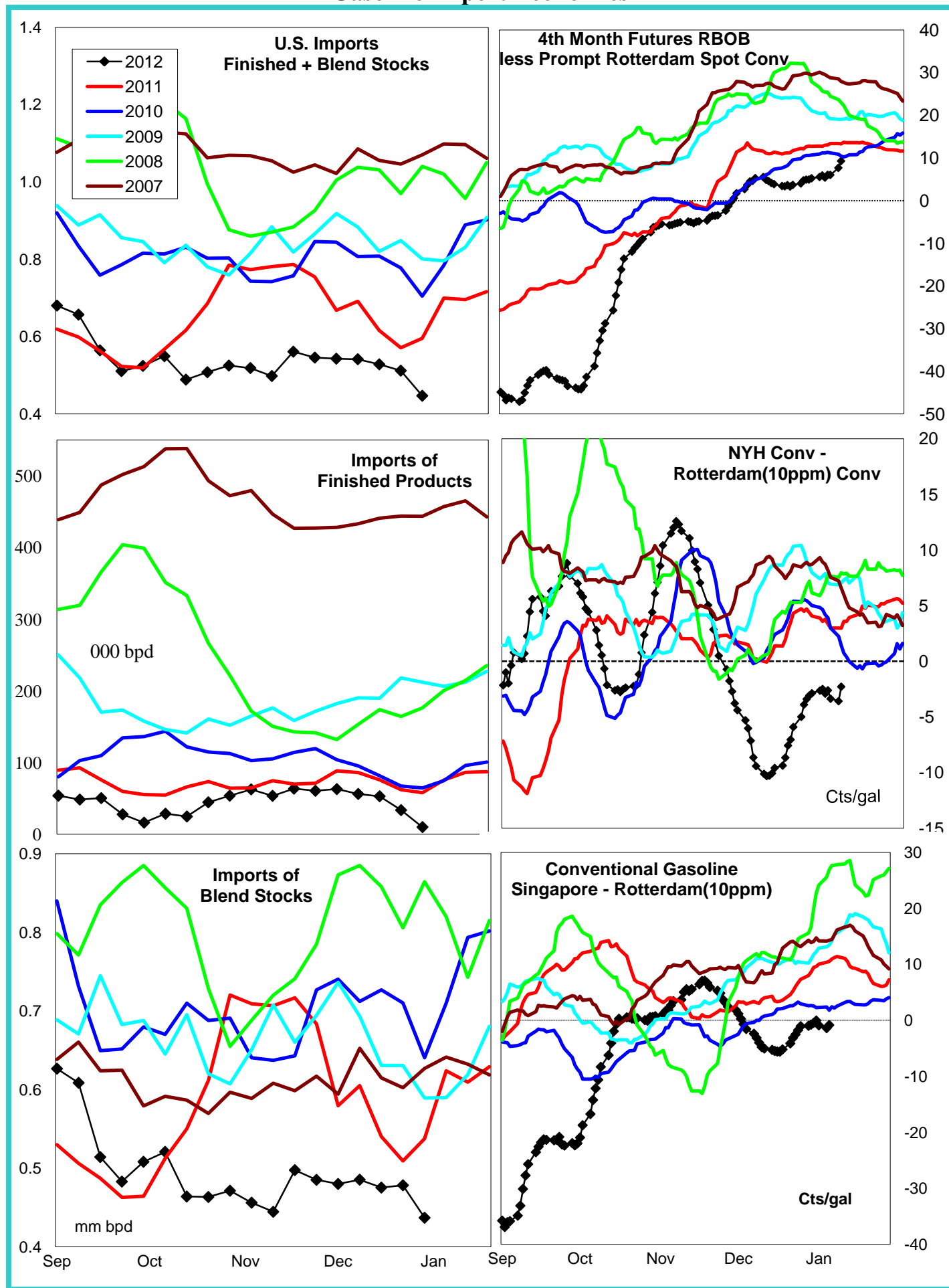


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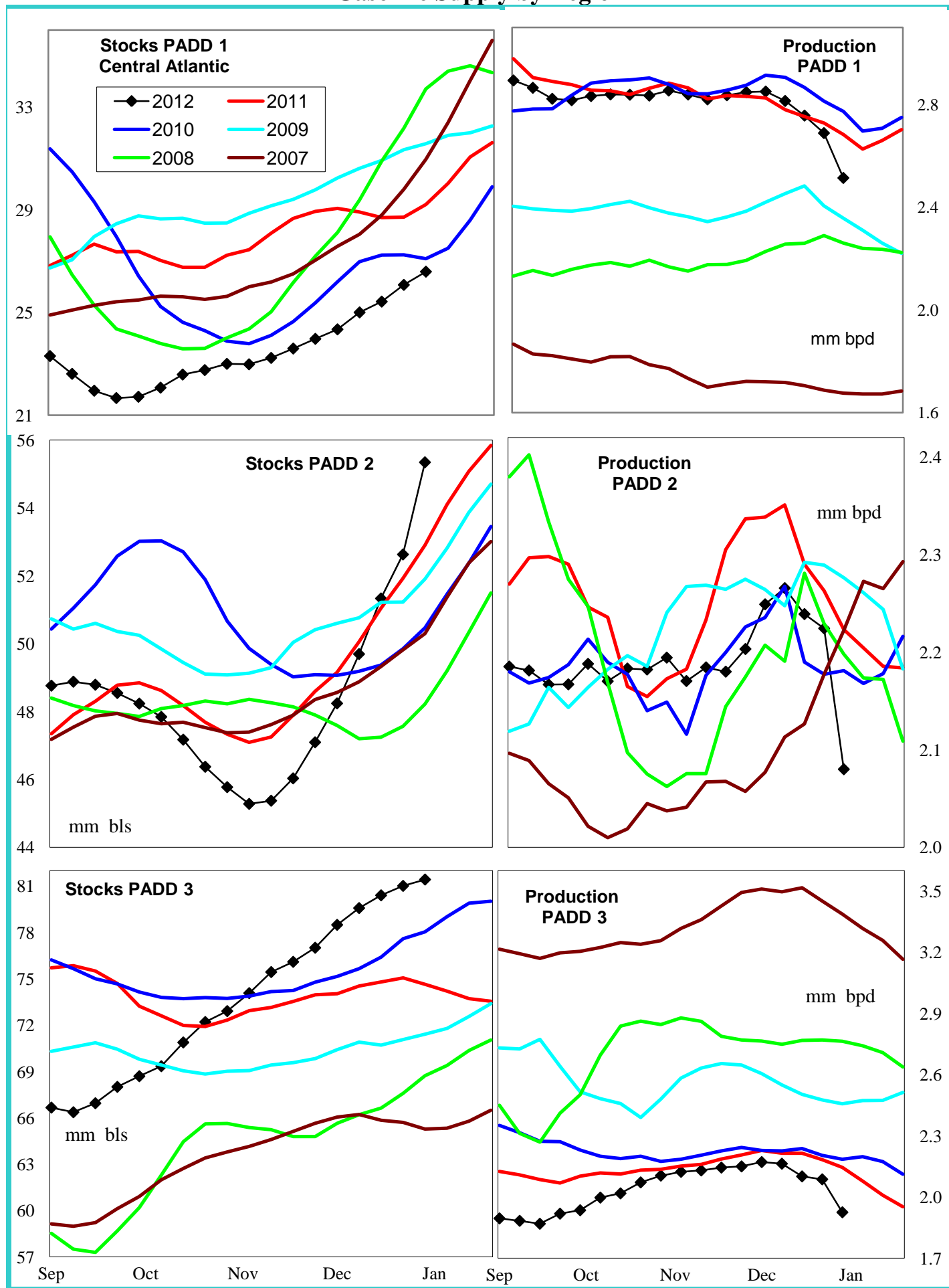
Gasoline Cash Basis and Related Price Spreads



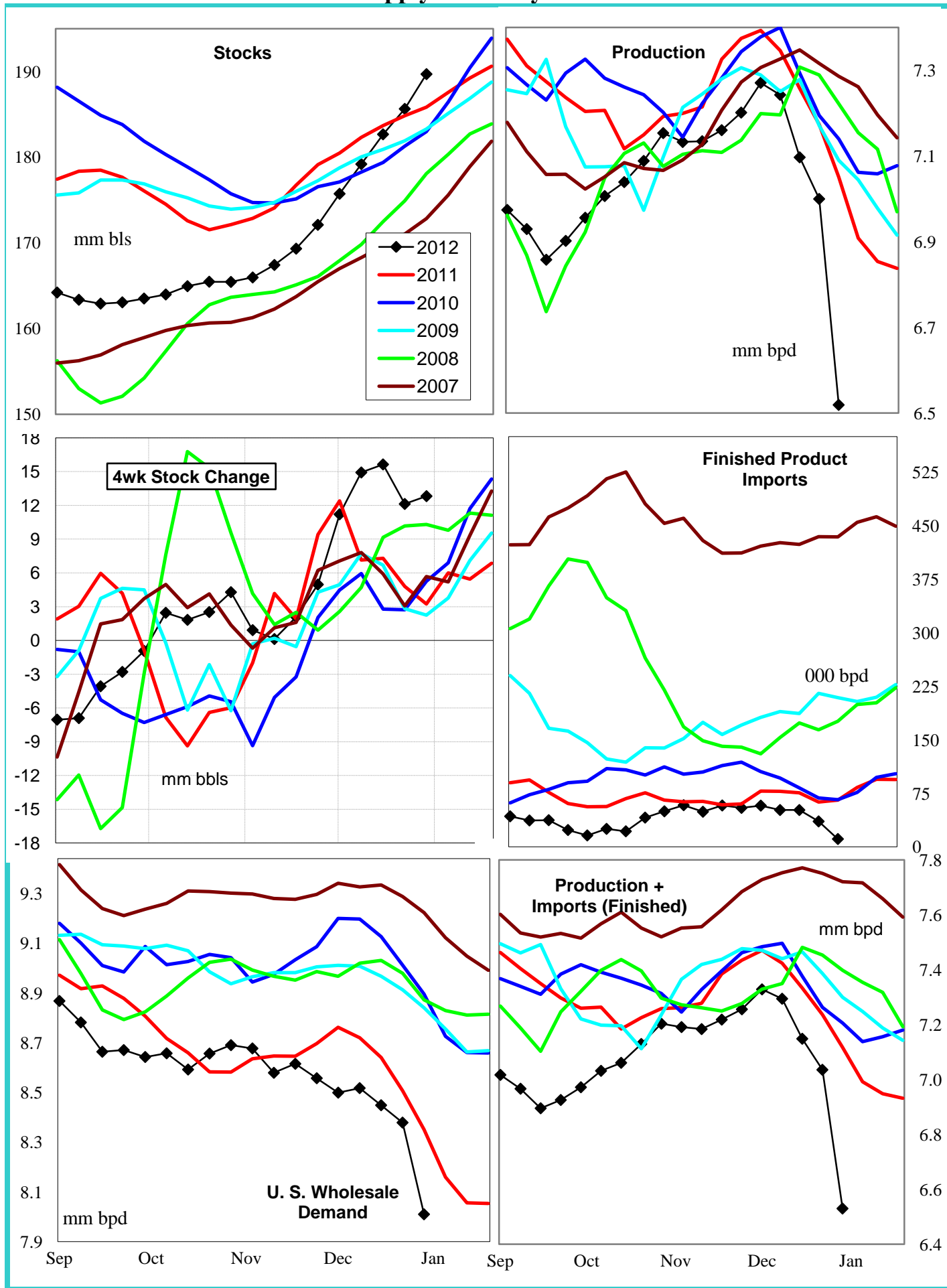
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

