



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 increased +33,000 bpd last week, with the level well above last years' record low. The latest 4-wk change in demand was a +239,000 bpd increase,

extending the year-on-year growth since the first of the year.

Supplies decreased -66,000 bpd on the week, due to lower imports.

Stocks declined -2.9 million barrels on robust demand growth.

Basis trended higher in all regional markets last week with the exception of southern CA and Gulf RBOB grade, both of which saw modest declines.

Basis levels have climbed to 5-year highs for this time of year in nearly all regional markets; reflecting the strength in demand growth as well as lower production in PADDs 1 & 2.

Look for near term basis strength in the Gulf; followed by weakness as the refiners return from winter maintenance.

Midwest basis to exhibit continued near term strength on very low stock levels and production, with weakness likely as Gulf refiners increase deliveries to midwest markets.

RBOB

New York Harbor basis to trade at levels comparable to the 5-year mid range on seasonal stock building, then trend lower against spring RBOB NYMEX grades.

Conventional

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

builds, then lower against spring RBOB NYMEX grades.

Chicago basis to extend the uptrend, with maintenance ongoing at the BPAmoco plant. Expect a mid spring pull back as receipts increase from the Gulf.

Group III basis to strengthen on very low production and stock levels in the area, with risk of a mid spring pull back on higher receipts from the Gulf.

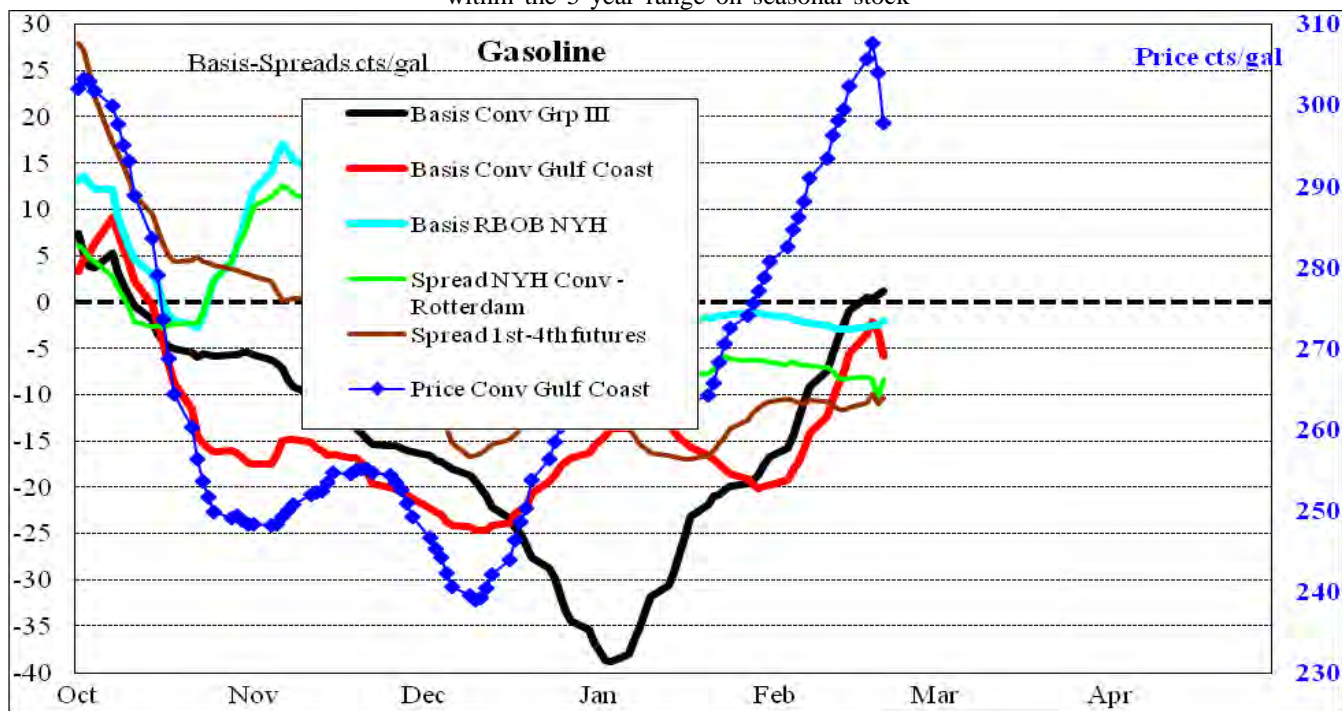
Gulf Basis to strengthen in the near term on robust demand and above average maintenance, followed by a pull back as refiners return to operation.

West Coast (Los Angeles) basis risk a pull back as refiners return from maintenance.

Gulf Coast Price

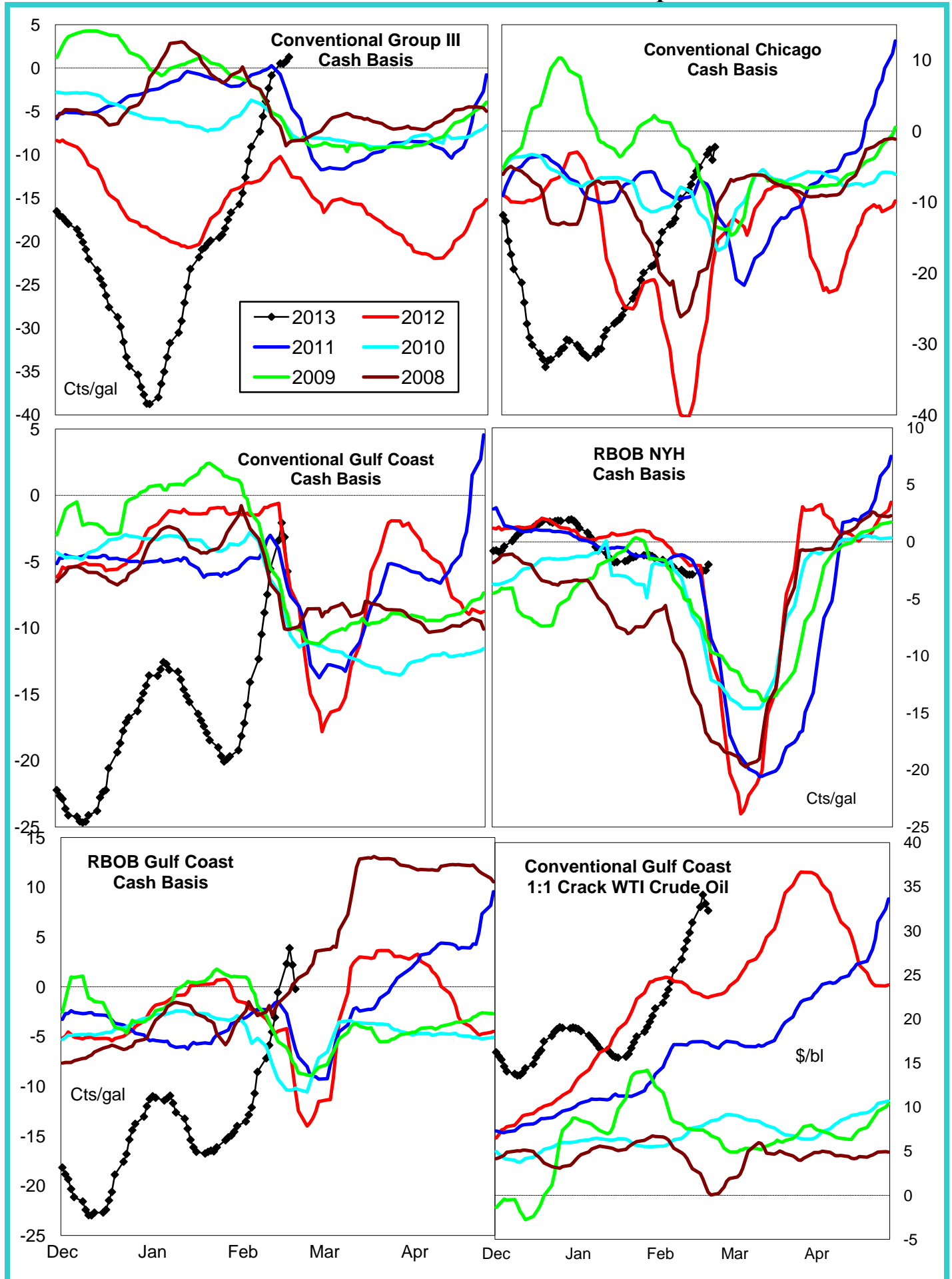
Robust year-on-year demand growth and an earlier than normal stock draw has provided strength to gasoline basis in most regional markets. Expect wide variances in the supply balance between regional markets as refinery maintenance expands to northern locations.

Above average level of refinery maintenance, high stock draws in markets East of the Rockies and higher seasonal demand should provided renewed support to wholesale prices following the recent price pull back.

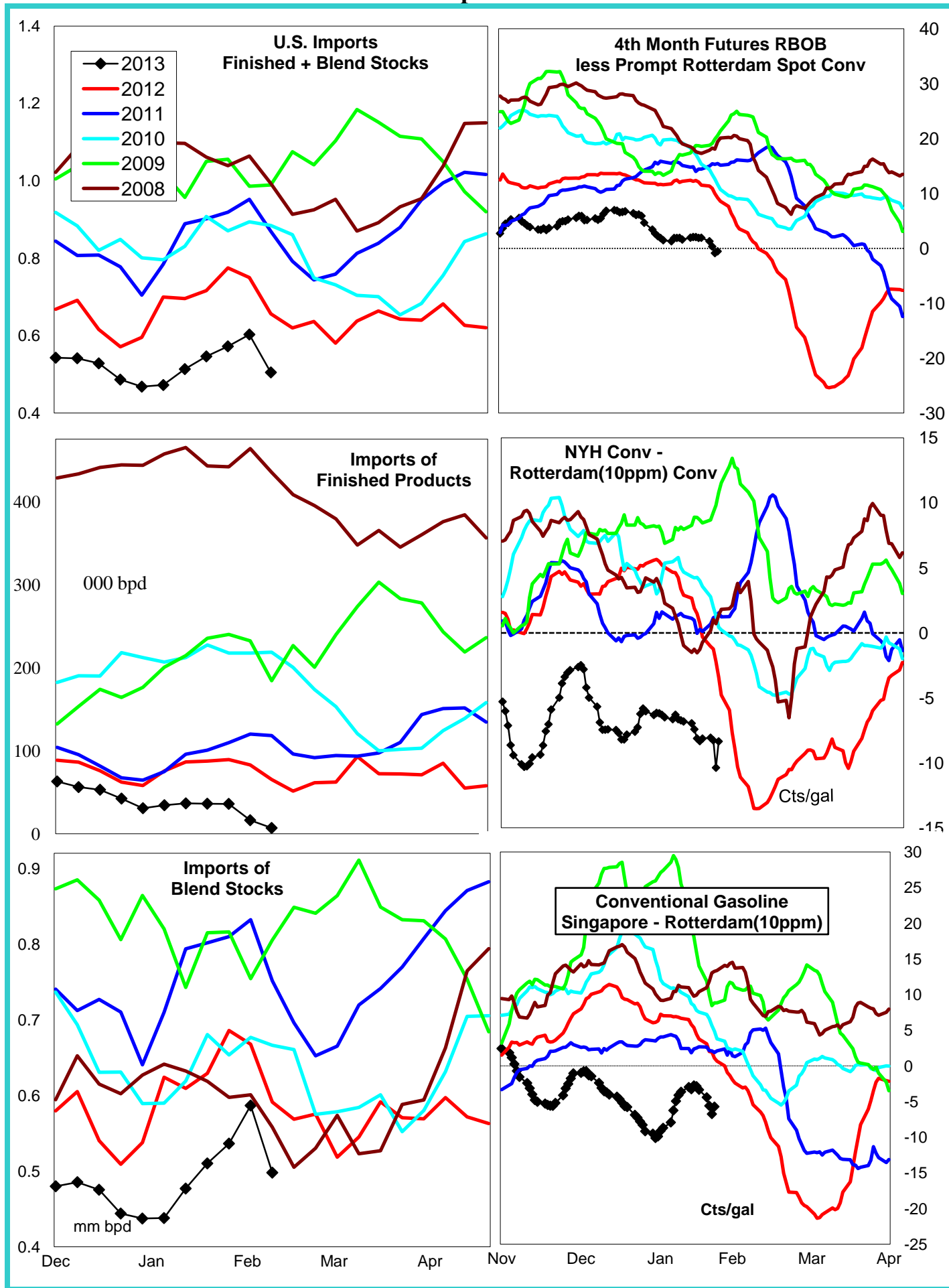


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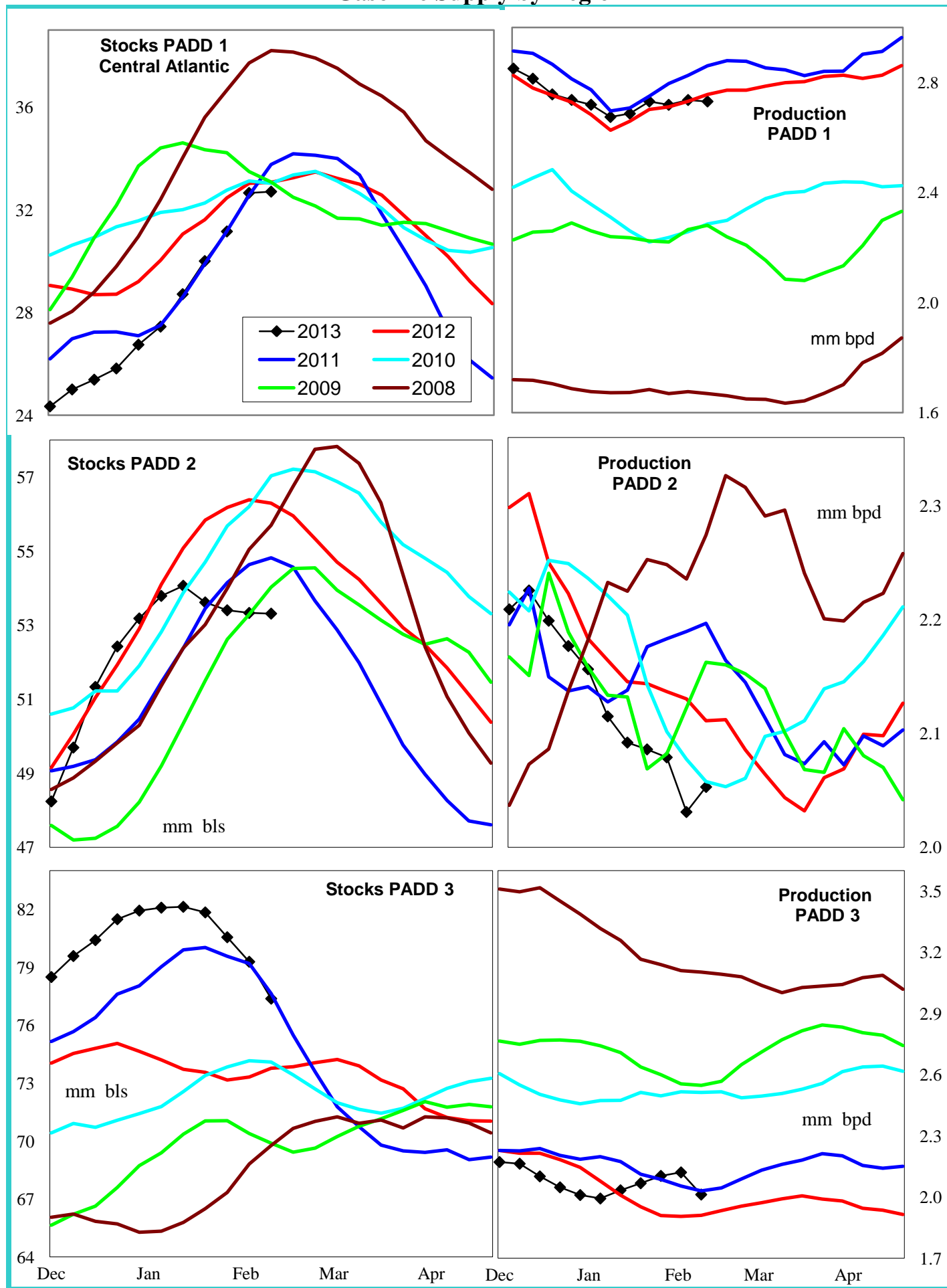
Gasoline Cash Basis and Related Price Spreads



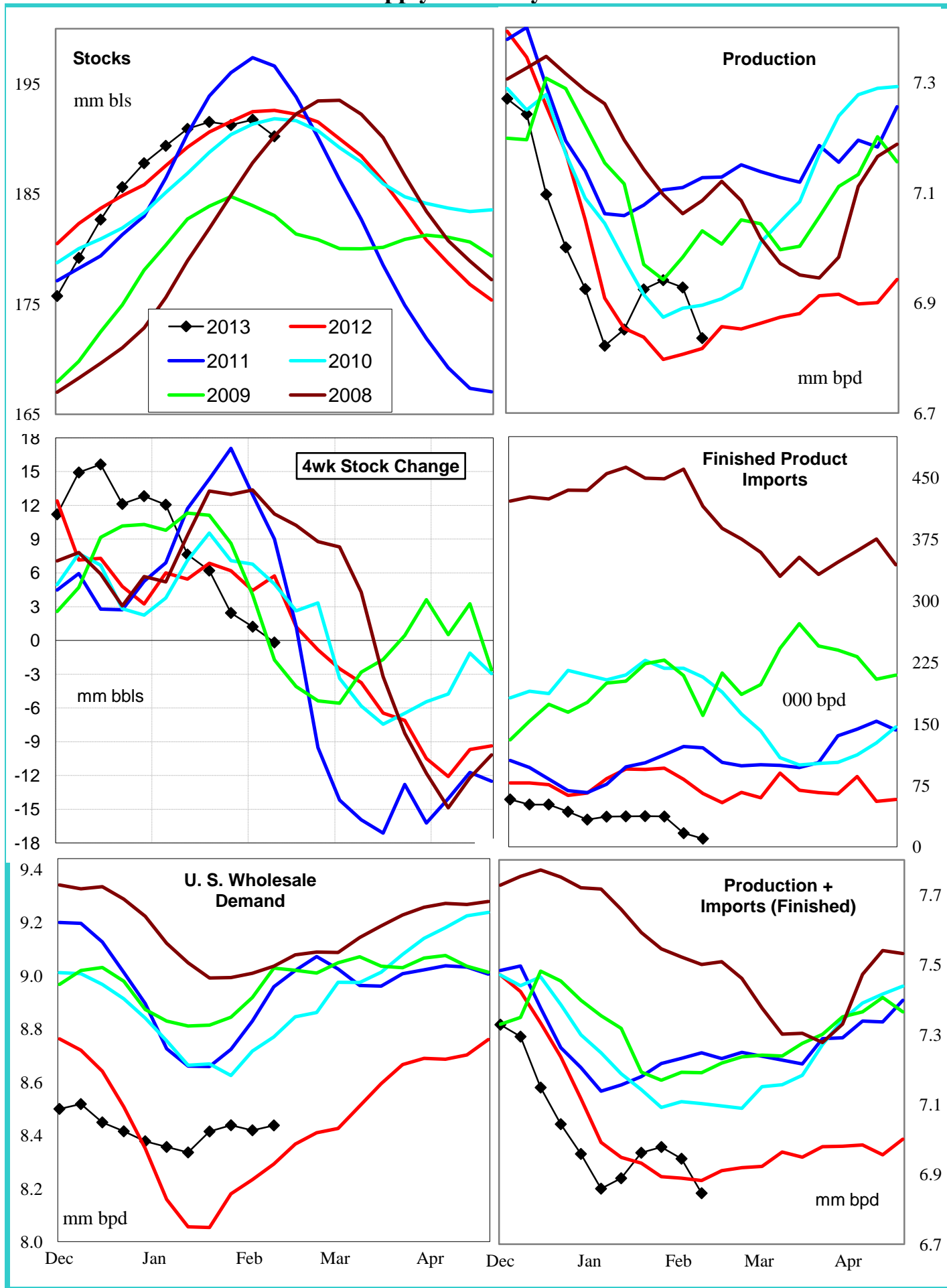
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

