



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 +160,000 bpd last week, with the level well above last years' record low. The latest 4-wk change in demand was a +164,000 bpd increase, extending the year-on-year growth since the first of the year.

Supplies surged +345,000 bpd as refiners returned from maintenance and processed intermediate feed stocks in to finished gasoline.

Stocks declined -1.9 million barrels, less than the average, on the jump in supply.

Basis trended higher in Midwest markets while trading sideways to lower in other regional markets.

Basis levels traded above the historic range, due in part to weakness in the RBOB March winter grade gasoline contract.

Note the roll from March winter grade to April summer grade RBOB contract will reduce cash basis to levels near the historic mid range.

Midwest basis to exhibit strength on very low stock levels and improved supply balance on the East coast, 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 against spring RBOB NYMEX grades.

Conventional

New York Harbor basis to trade at the historic mid range against spring RBOB NYMEX grades.

Chicago basis to strengthen against the spring RBOB contract with upgrade

ongoing at the BPAmoco plant. Expect mid spring weakness as receipts increase from the Gulf.

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

Gulf Basis to strengthen against spring ROB contract due to year on year increase in demand, limited by the return of refiners from winter maintenance.

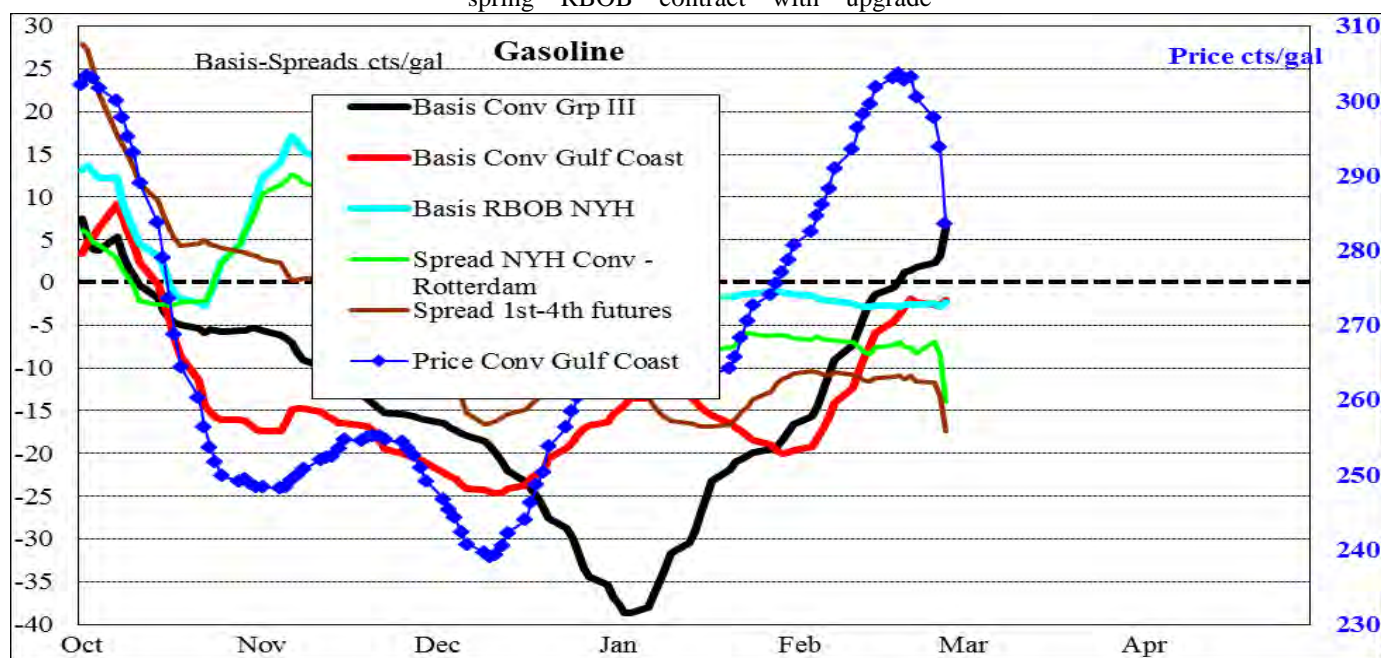
West Coast (Los Angeles) basis risk a pull back as refiners return from maintenance.

Gulf Coast Price

The roll from March winter to April summer grade RBOB futures will push basis to historic mid range in most markets, with robust year on year growth partially offset by increased production as gulf refiners return from winter maintenance.

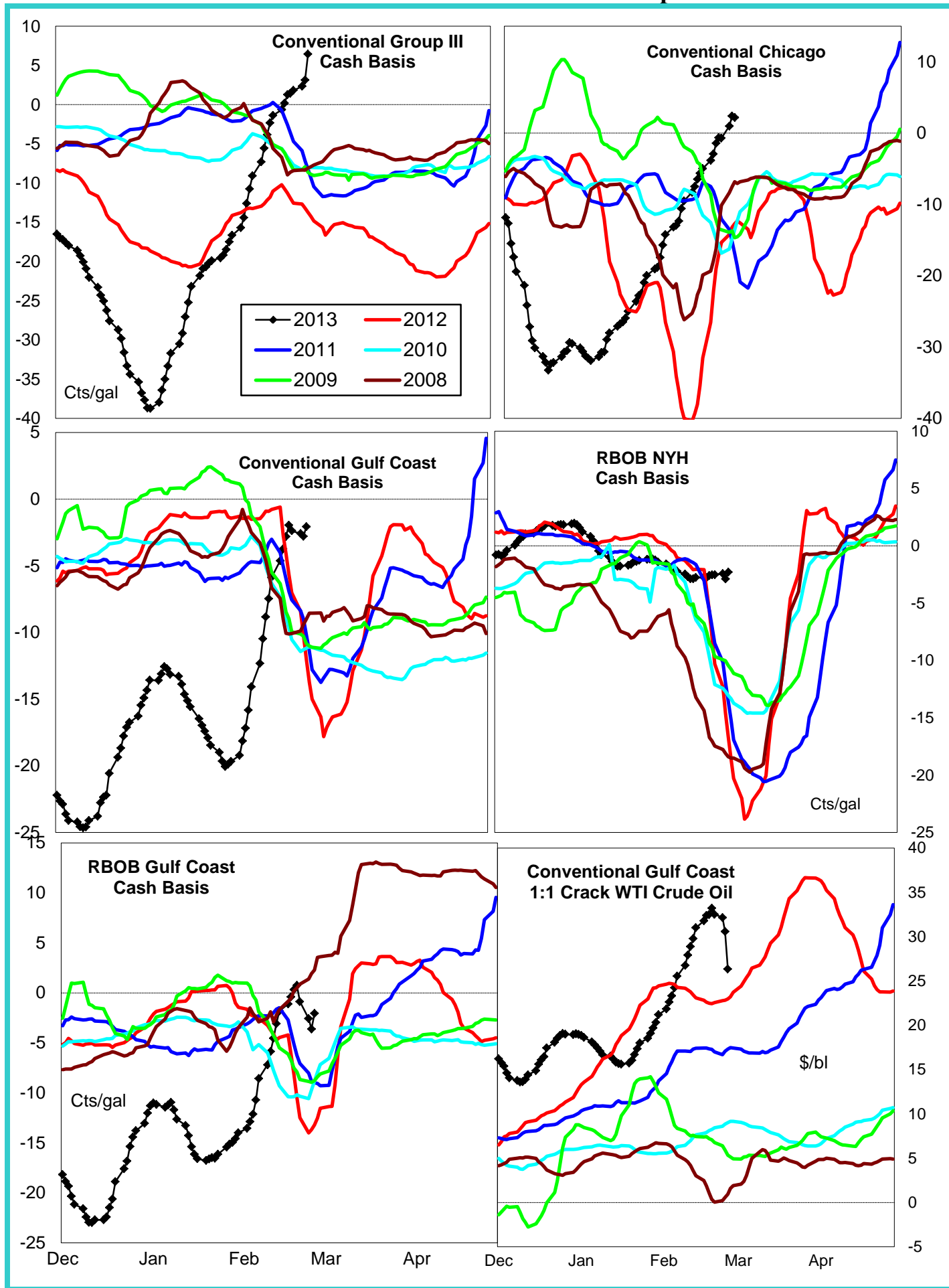
Expect wide variances in the supply balance between regional markets as refinery maintenance expands to northern locations.

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 current price pull back.

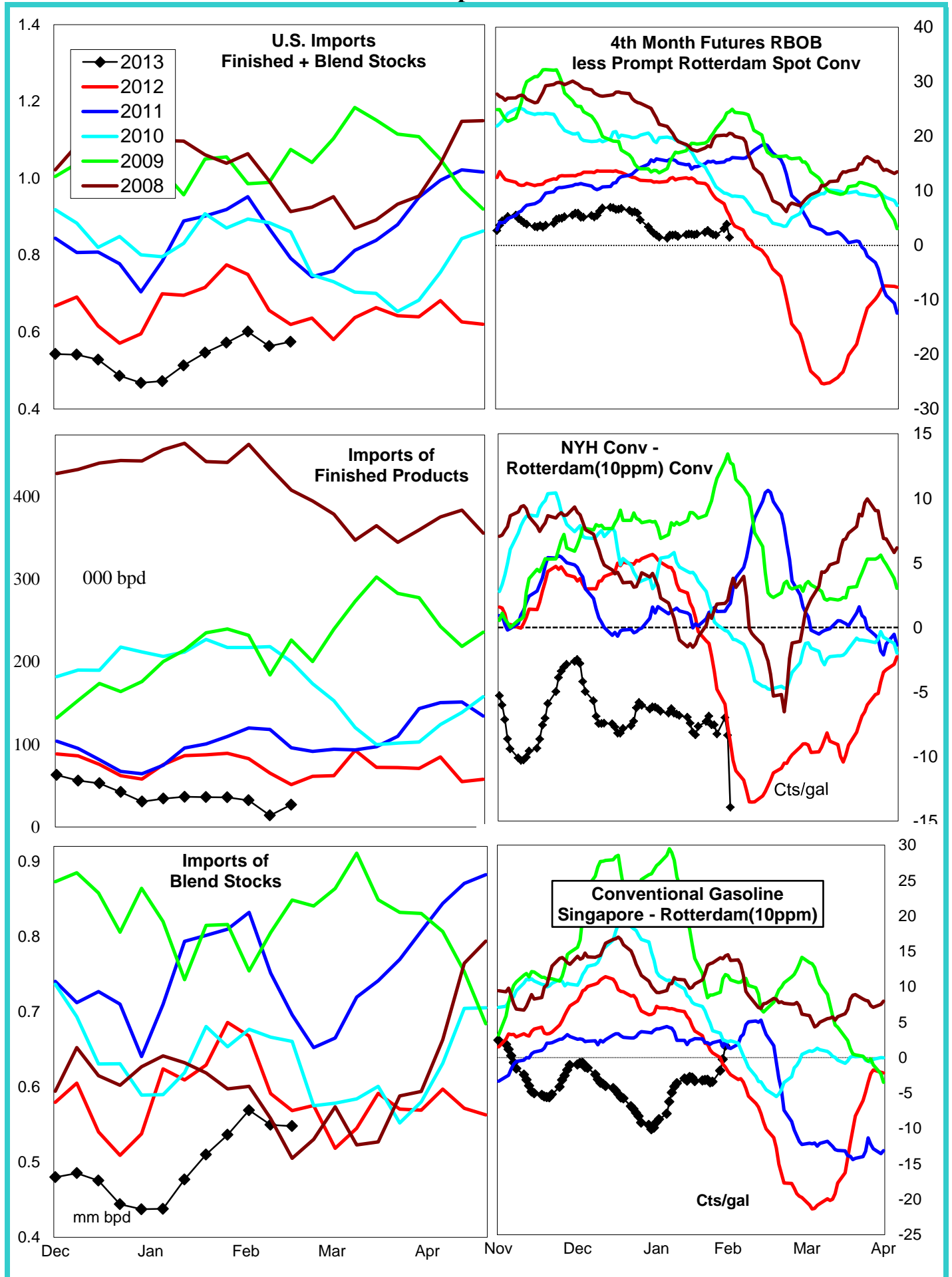


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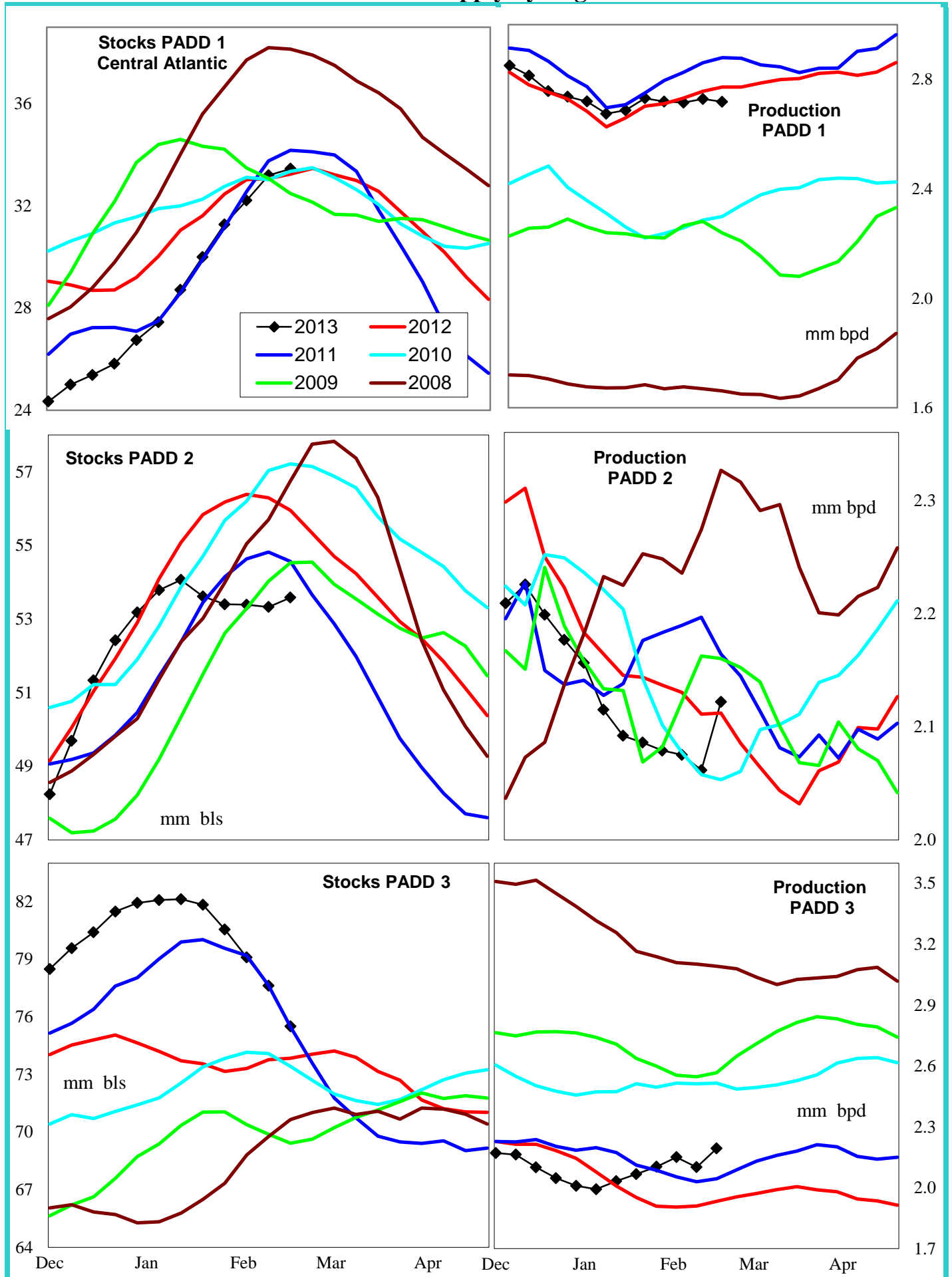
Gasoline Cash Basis and Related Price Spreads



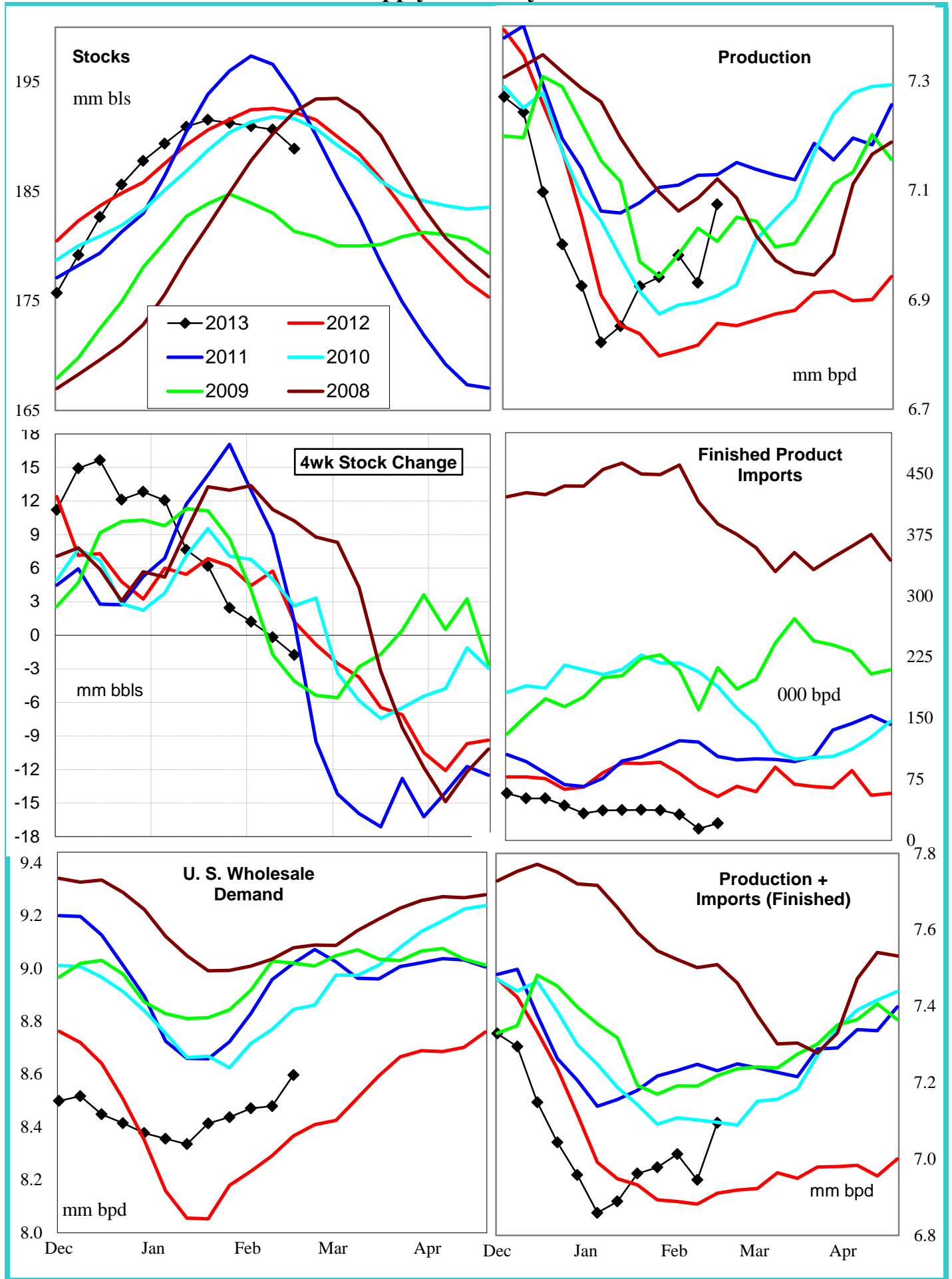
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply