



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, October 24, 2013

| 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 declined -0.3 million bpd last week, to a level slightly above the last 2-yrs. The latest 4-wk average

demand was +201,000 bpd above a year ago.

Supplies fell -351,000 bpd on lower production and imports.

Stocks declined -1.8 million barrels last week to a level near 5-yr highs.

Basis fell sharply last week in the Gulf, Midwest and Northwest regional markets. Basis levels in each of these markets each match historic lows or are at fresh record lows.

Look for basis to extend a seasonal downtrend in most regional markets (a fire at the Citgo Lemont IL refinery should support basis in that market for the near term).

RBOB

New York Harbor basis to trade sideways on record stock levels offset by refinery maintenance.

Conventional

New York Harbor basis to trend lower as winter grades are placed in to the market.

Chicago basis to be supported in the short term by the Citgo Lemont fire, then trend seasonally lower on increased supplies and lower seasonal demand.

Group III basis to extend the seasonal downtrend on very high stock levels in the G3.

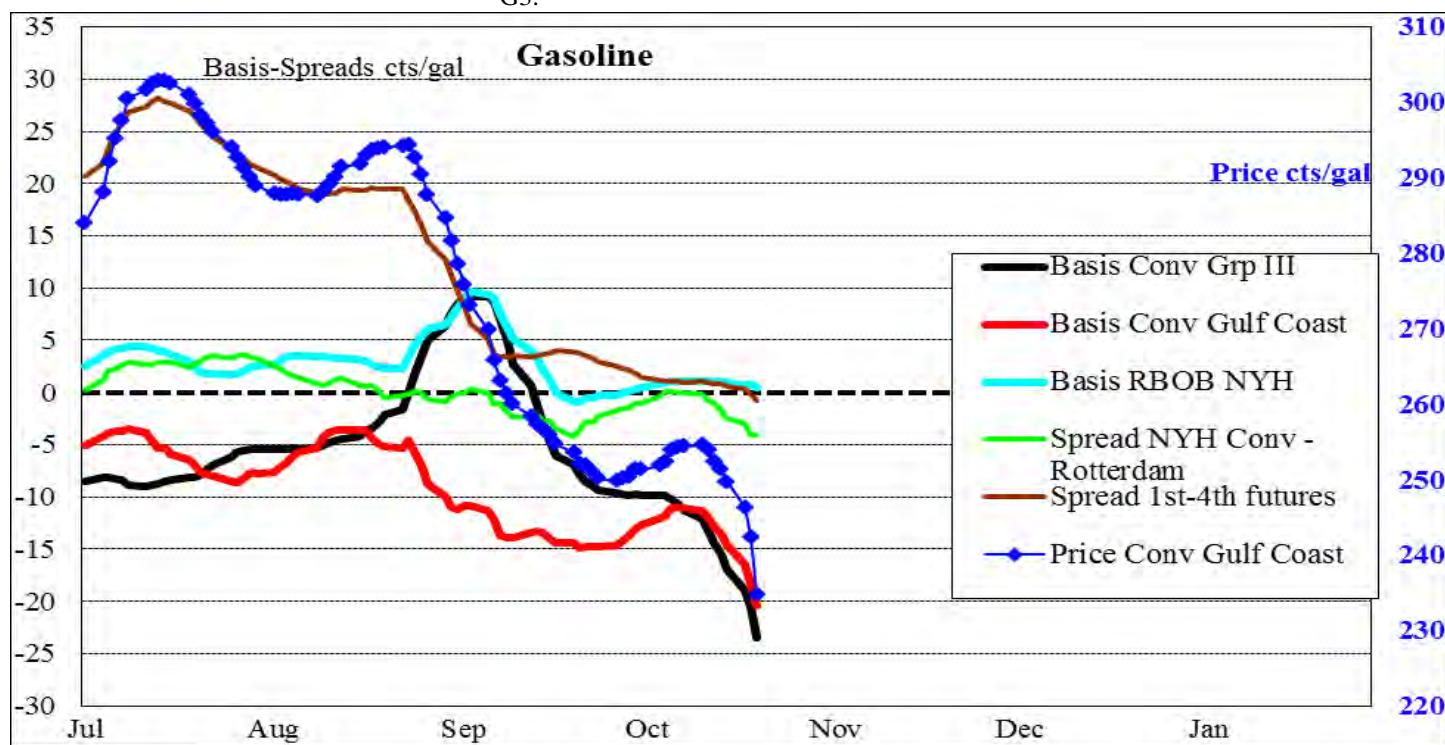
Gulf Basis to trend seasonally lower on high stock levels and lower seasonal demand.

West Coast (Los Angeles) basis to trend seasonally lower on very high production and seasonal stock builds.

Gulf Coast Price Gasoline stocks remain extremely high in the East and Gulf regional markets. Favorable cost of Canadian and inland U.S. crude oil compared to waterborne supplies should support continued high gasoline production.

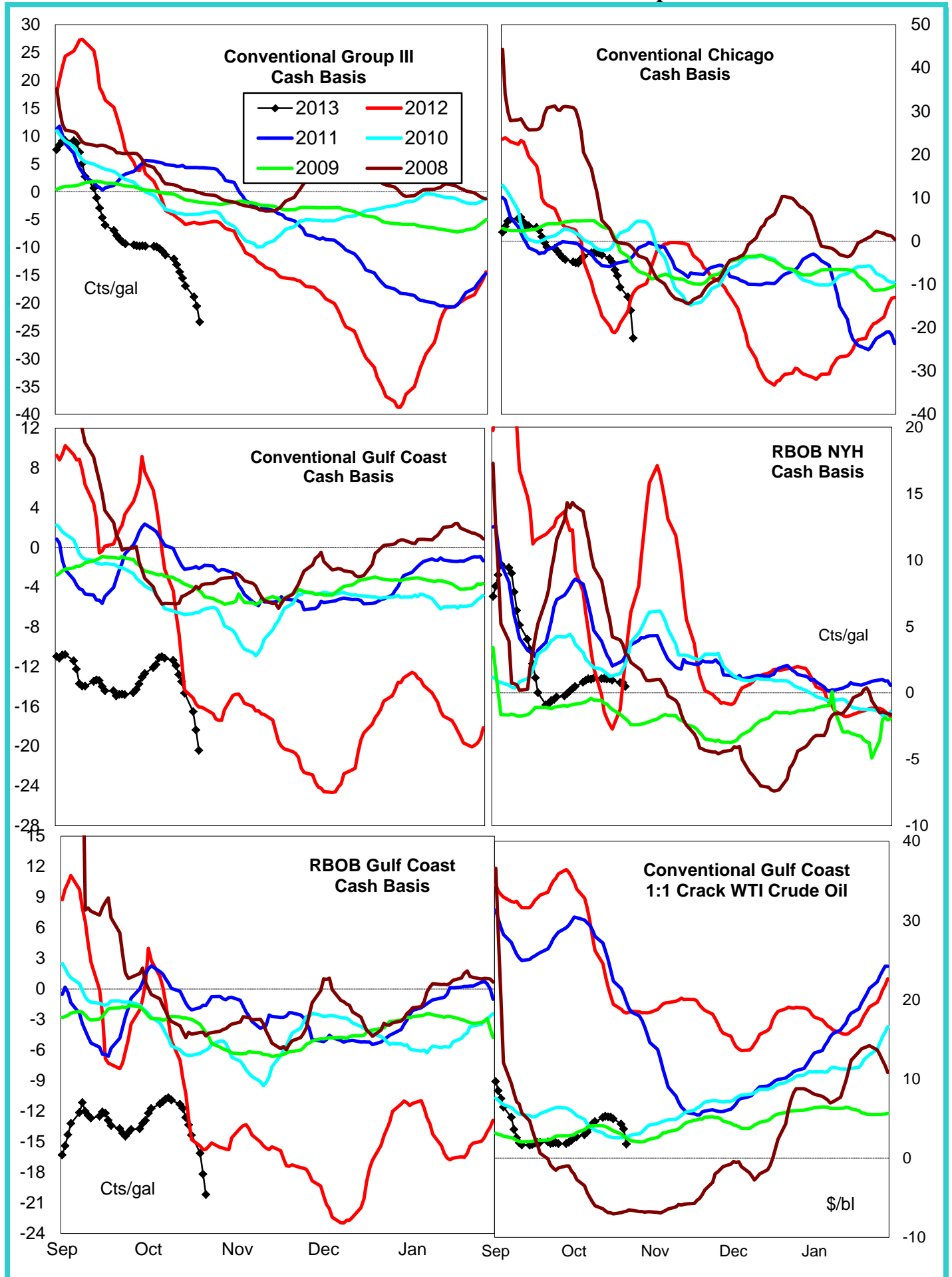
Peak refinery maintenance for the next 30-days should limit short term production; followed by a return to season high output after mid November.

Gasoline markets should remain very well supplied for the next quarter; with risk of further price weakness by end of the 4th quarter.

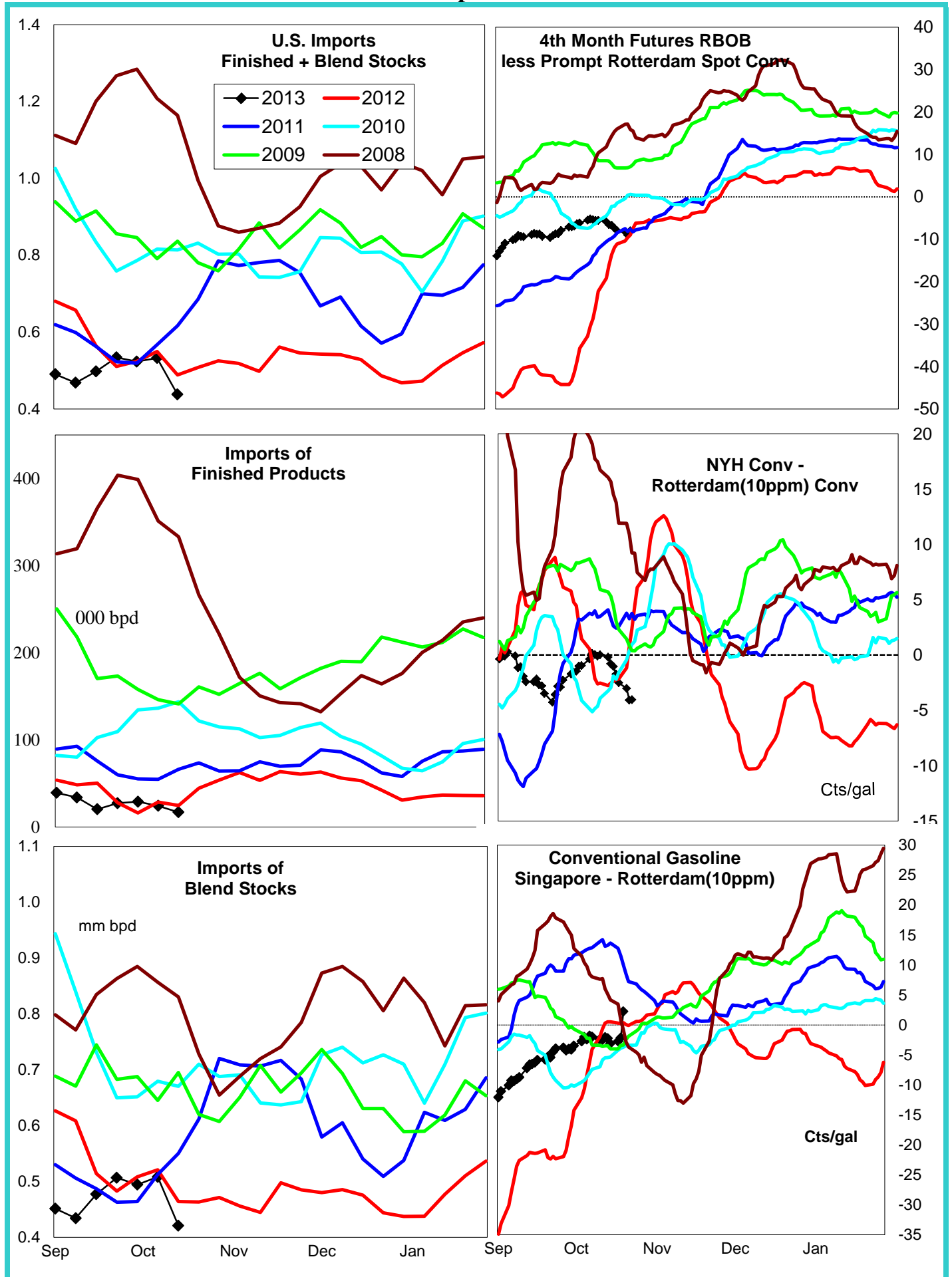


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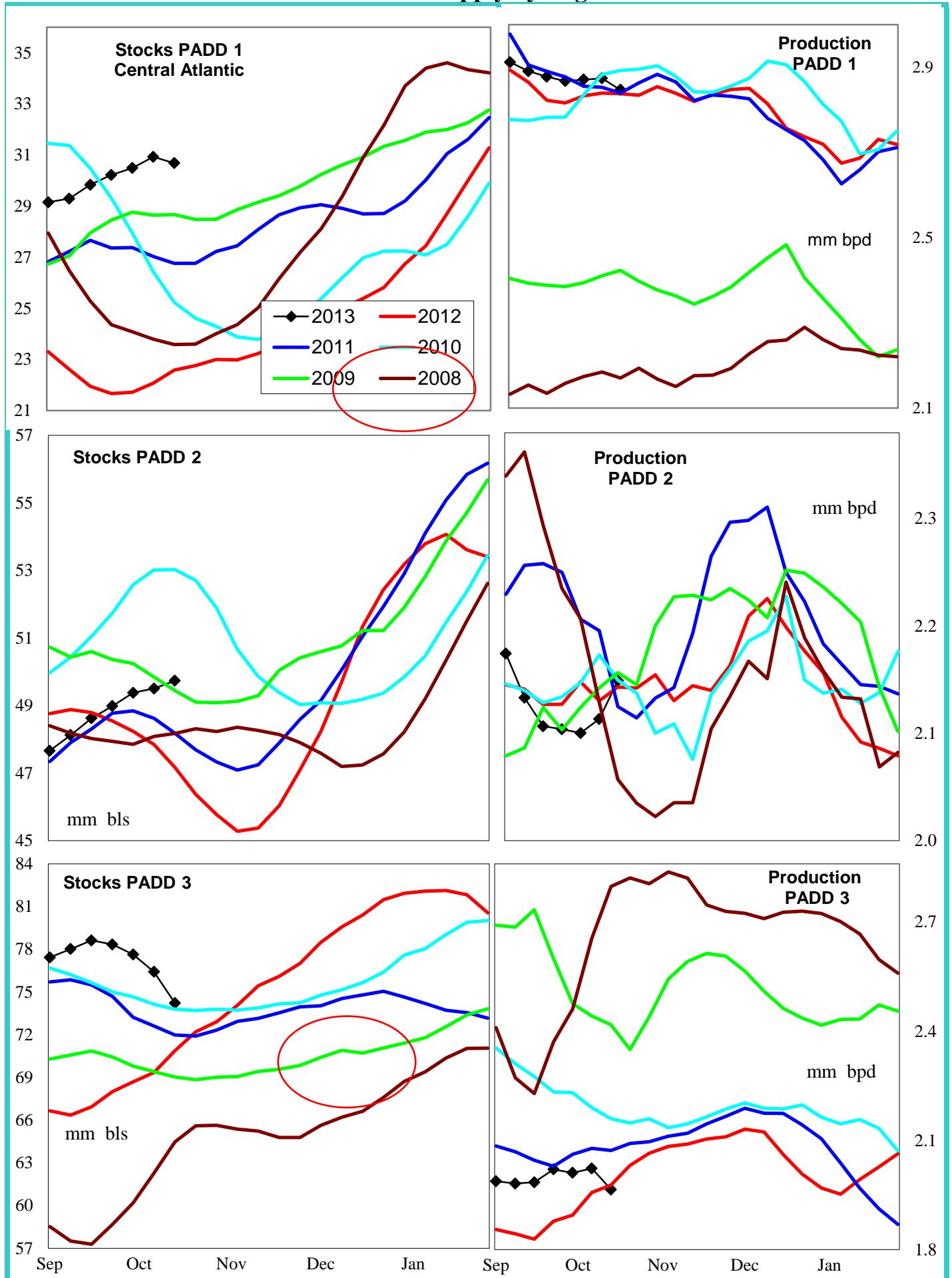
Gasoline Cash Basis and Related Price Spreads



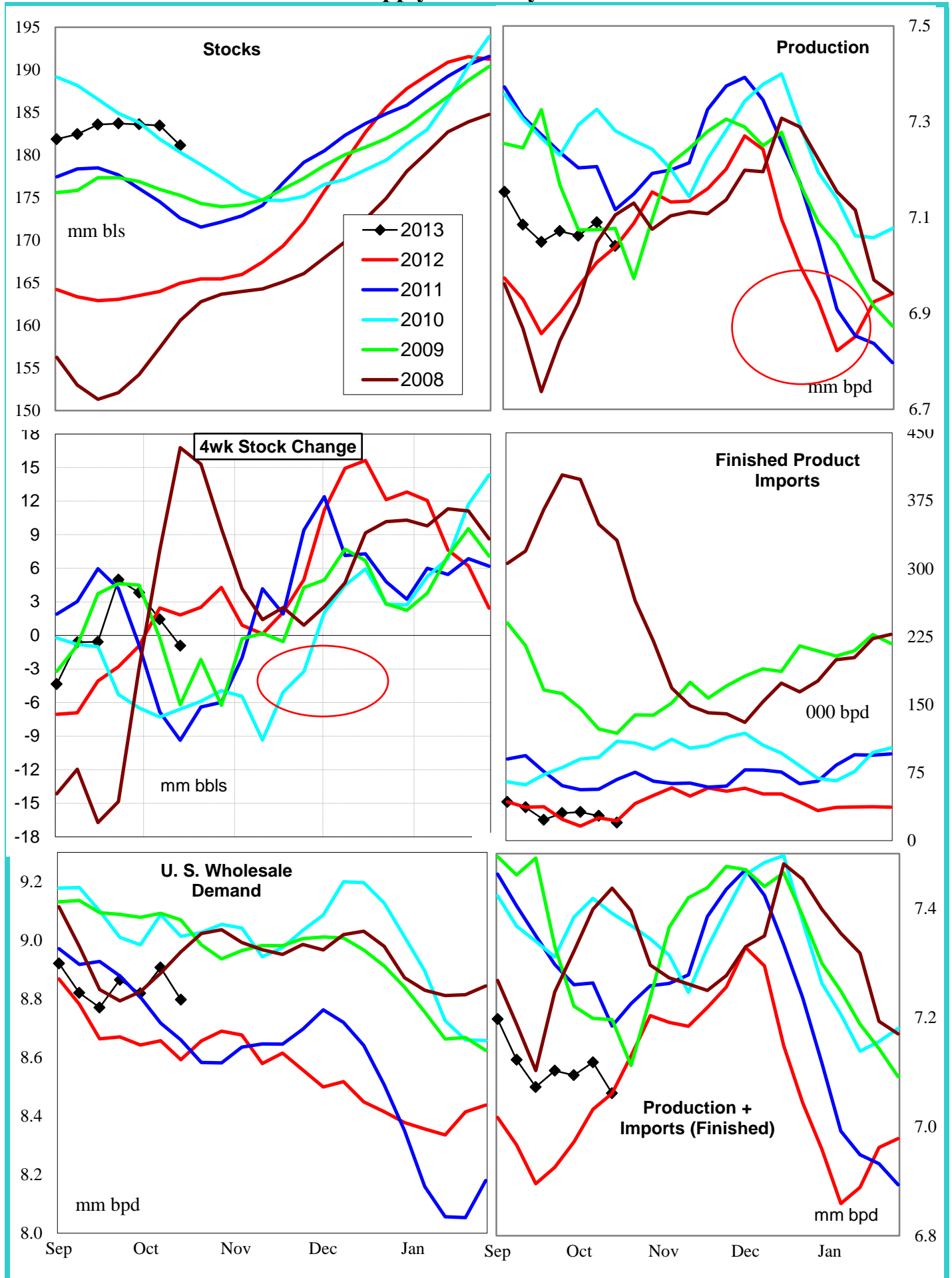
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply