



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, June 12, 2014

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 fell -0.5 million bpd last week, to a level below the historic range. The latest 4-wk average demand was +249,000 bpd above a year ago.

Supplies fell -0.9 million bpd on unplanned refinery maintenance in the Gulf and lower imports.

Stocks increased +1.7 million barrels last week, concentrated in the Midwest region. Stock levels on the East coast are near historic highs while below the 5-yr range in the Midwest.

Cash basis trended higher in the Gulf and Northwest last week, while other markets traded flat to slightly lower. Basis levels remain very weak in Group III market, while other regional markets traded at or above the mid range.

Look for basis strength in most markets for the near term on higher seasonal demand and high stock levels on the East Coast.

RBOB

New York Harbor basis to trade sideways on very ample supply, with potential increase if imports remain low.

Conventional

New York Harbor basis to remain weak in the near term on high stock levels, then trend higher from the extremely low level.

Chicago basis to trade sideways in the near term on low stock levels, then trend lower on increased receipts from the Gulf.

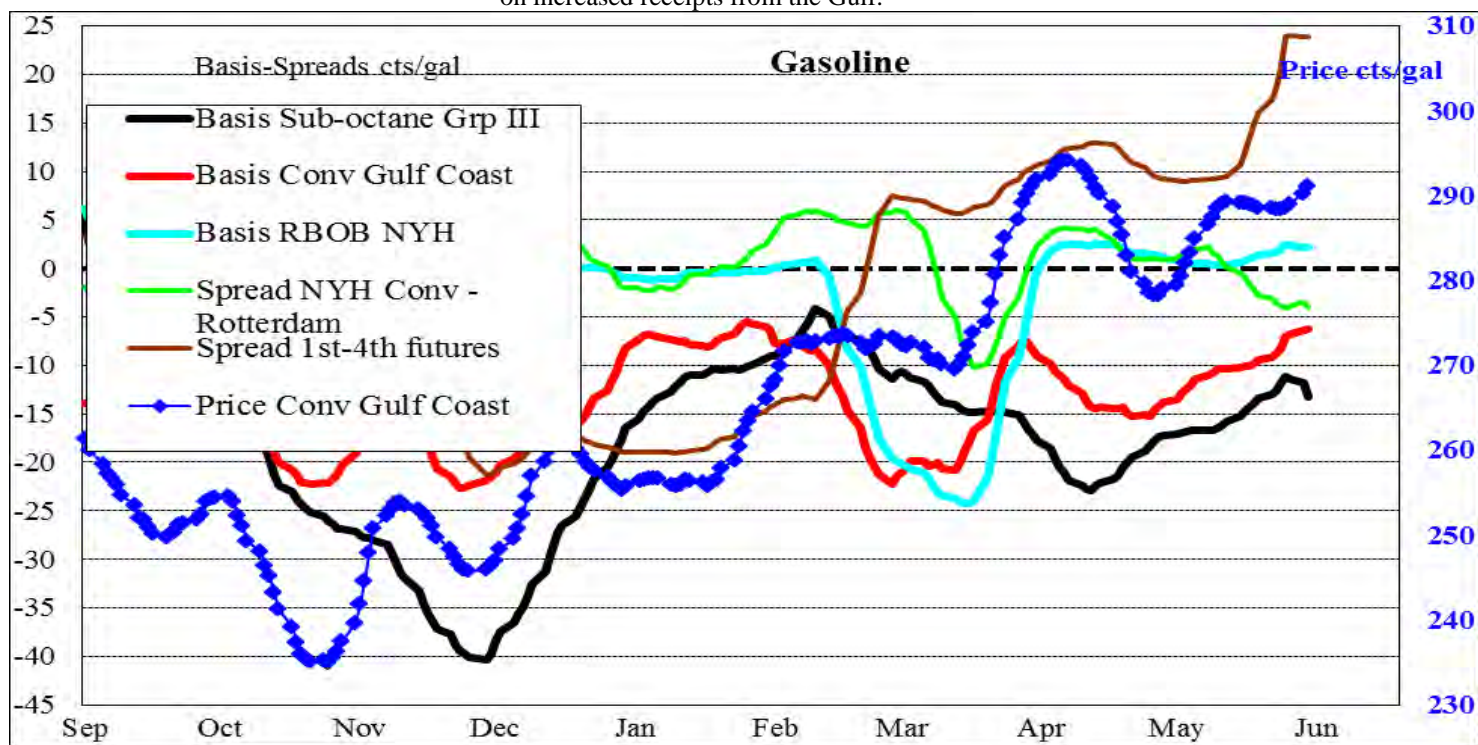
Group III basis to trend modestly higher over the next month on increased seasonal demand, and further stock draw down in the area.

Gulf Basis to trade sideways as refiners return from unplanned maintenance and improved supplies that offset higher seasonal demand.

West Coast (Los Angeles) basis to extend the current downtrend as refinery maintenance is completed.

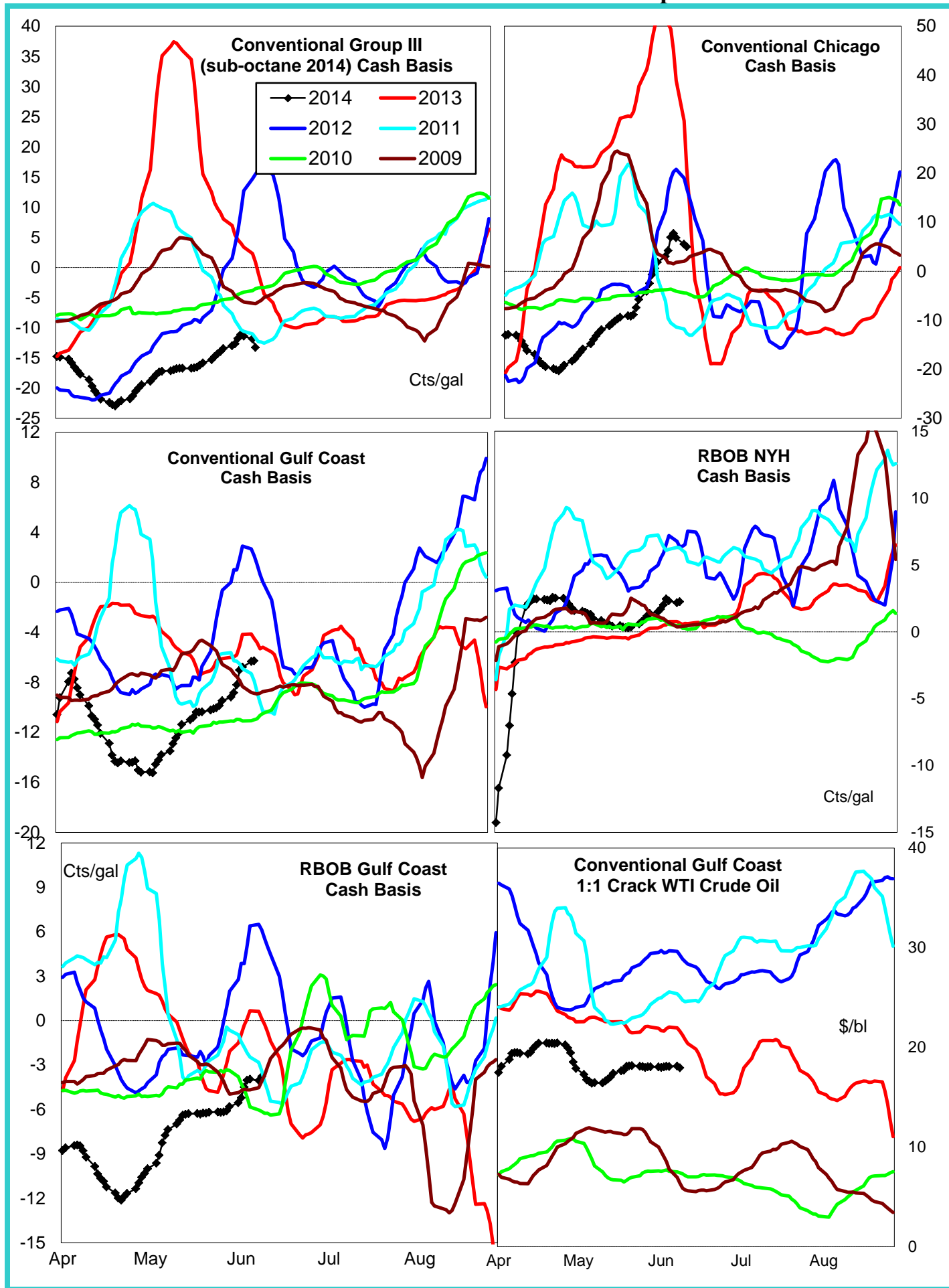
Gulf Coast Price Wholesale demand should rebound from last week's very low level. Unplanned maintenance in the Gulf and a sharp drop in imports should lead to some tightening of supplies in markets East of the Rockies.

A tightening of gasoline supply and the Iraq conflict should support higher prices in the near term.

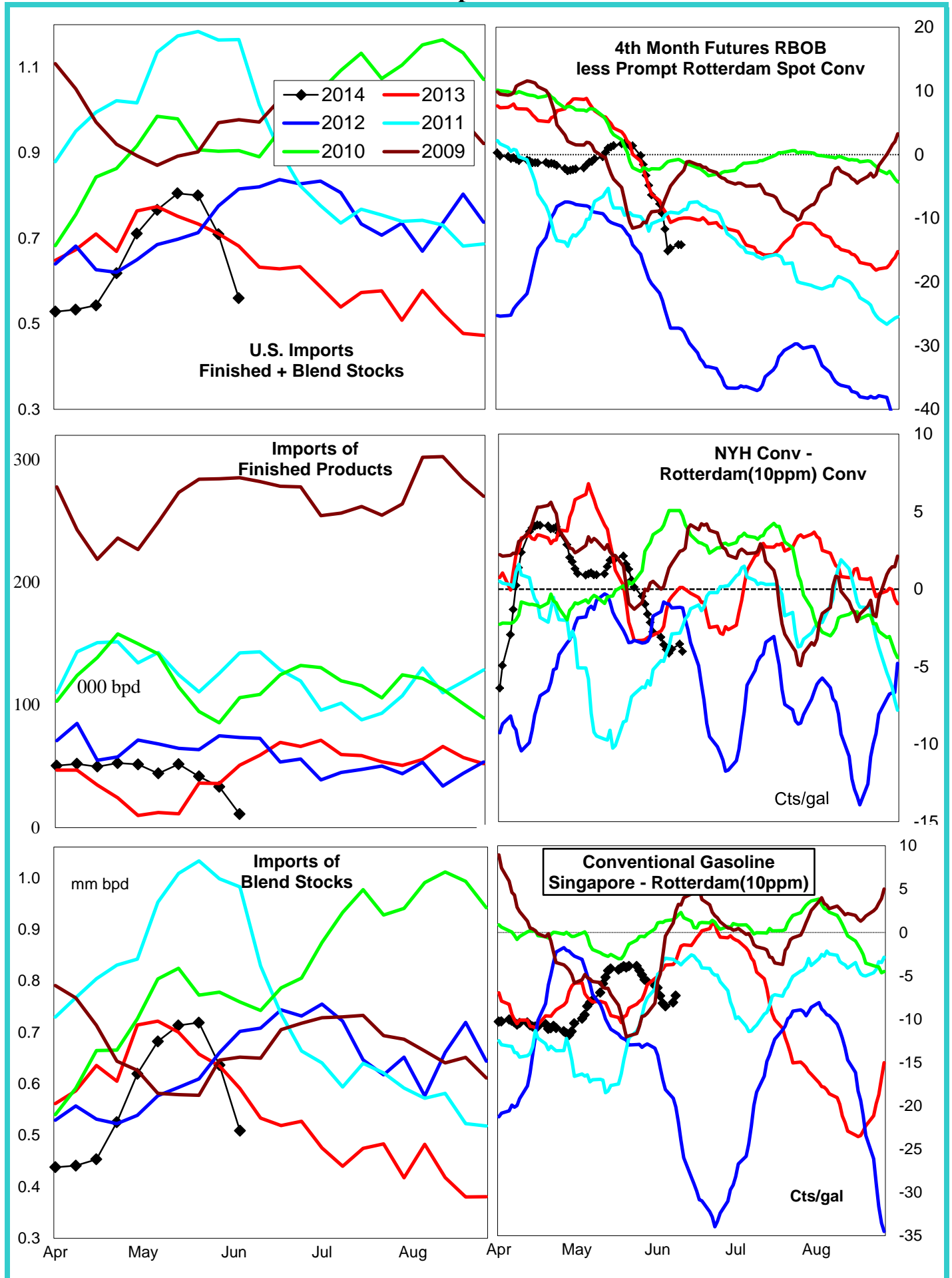


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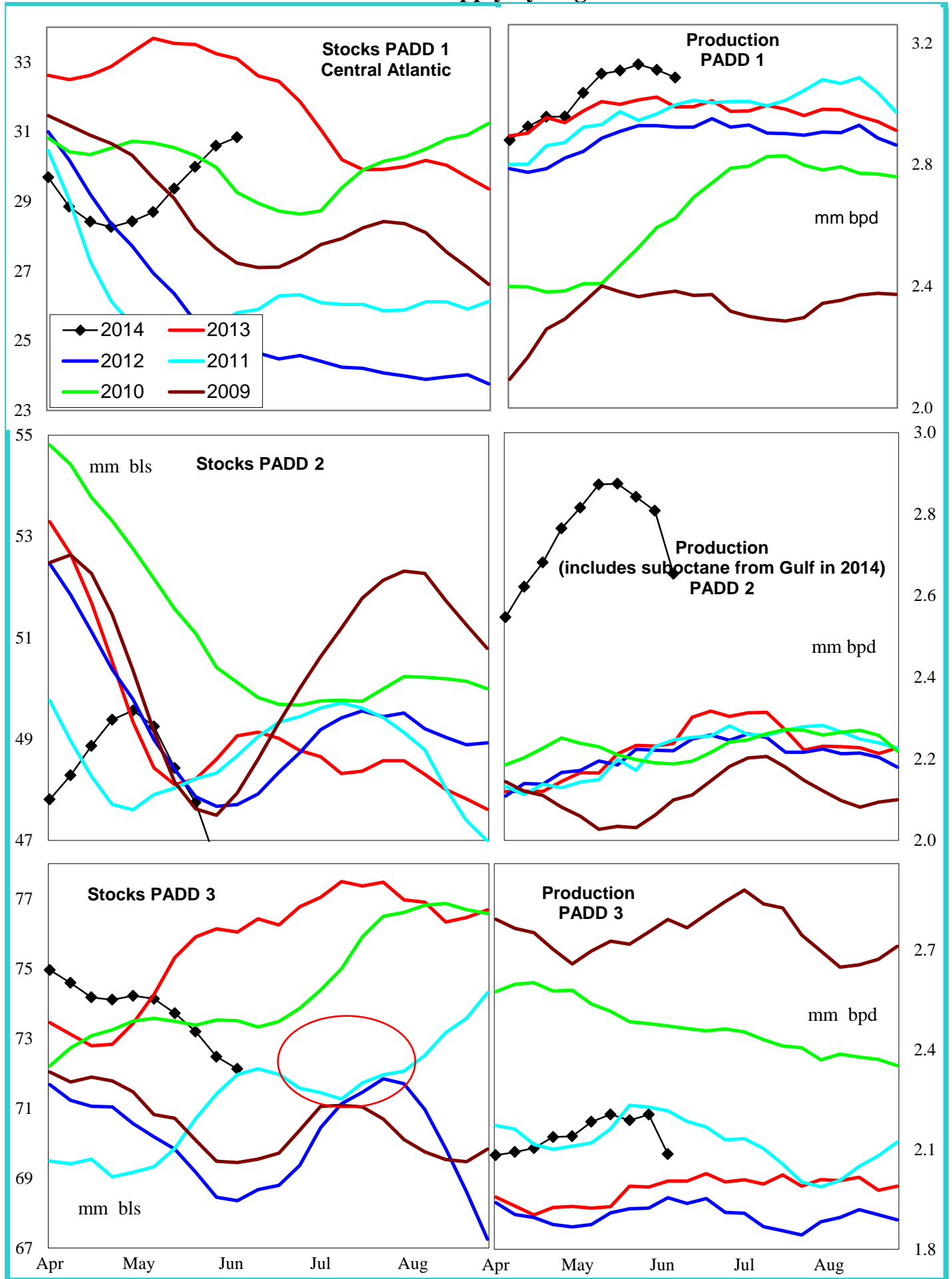
Gasoline Cash Basis and Related Price Spreads



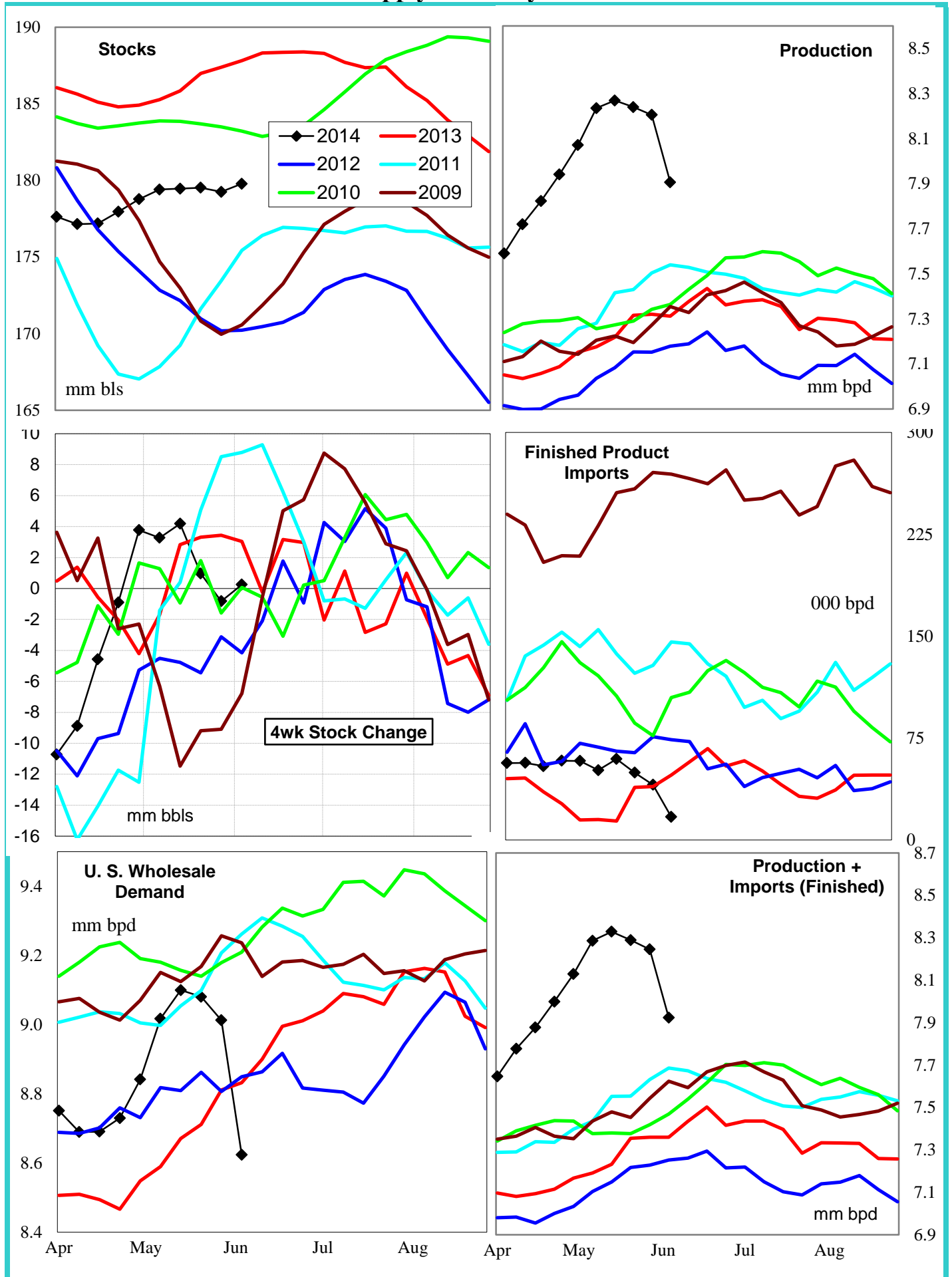
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply