


**FUNDAMENTAL
PETROLEUM
TRENDS?**
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 was nearly unchanged last week, following the prior week surge. The latest 4-wk average year-on-year increase was +181,000 bpd.

Production increased +28,000 bpd on the week, a new 5-year high, due in part to very strong blend stock imports.

The latest 4-wk average supply was -30,000 bpd below last year while demand was +181,000 bpd higher.

Stocks increased +1.3 million barrels last week, to a new high for the season. The latest 4-wk stock change East of the Rockies was +1.4 million barrels, at the mid range.

Cash basis trended higher in all regional markets last week; due to robust demand and a surge in imports to the Central Atlantic Region. The earlier sharp pull back in flat price also contributed to basis improvement.

Basis levels also moved higher with the level above the mid range in most markets east of the Rockies, and at the upper end of the historic range on the West Coast.

Stock levels remain low in PADD 2 although production is at the upper end of the historic range.

Expect further basis improvement on peak summer demand and high blend stocks to the East Coast.

RBOB

New York Harbor basis to trade sideways as high imports are balanced with peak summer demand.

Gulf Coast basis should strengthen on higher seasonal demand and lower flat price.

West Coast (Los Angeles) basis to trend lower as process units return to operation and imports arrive.

Conventional

New York Harbor basis to trade sideways as high imports are balanced with peak summer demand.

Chicago basis to trend higher on relatively tight supply and peak summer demand.

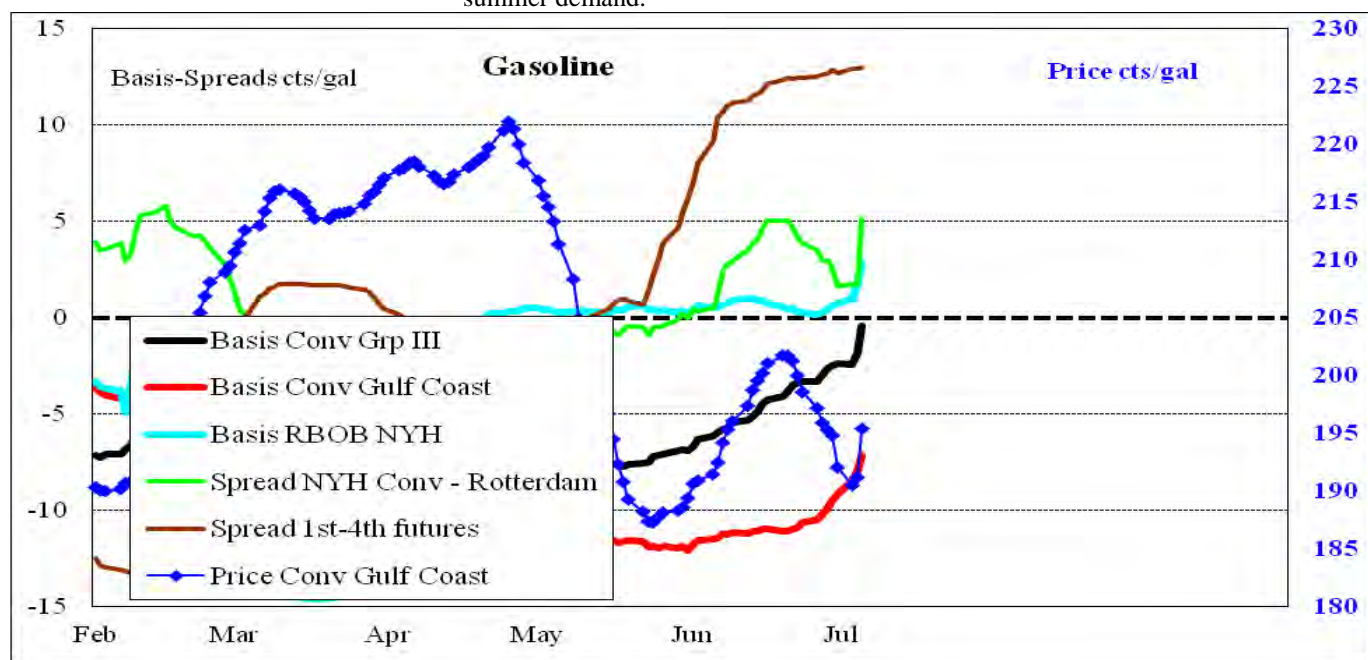
Group III basis to extend the recent uptrend on relatively tight supply and peak summer demand, limited by increased production.

Gulf Basis is should strengthen on higher seasonal demand and lower flat price.

West Coast (Los Angeles) to trend lower as process units return to operation and imports arrive.

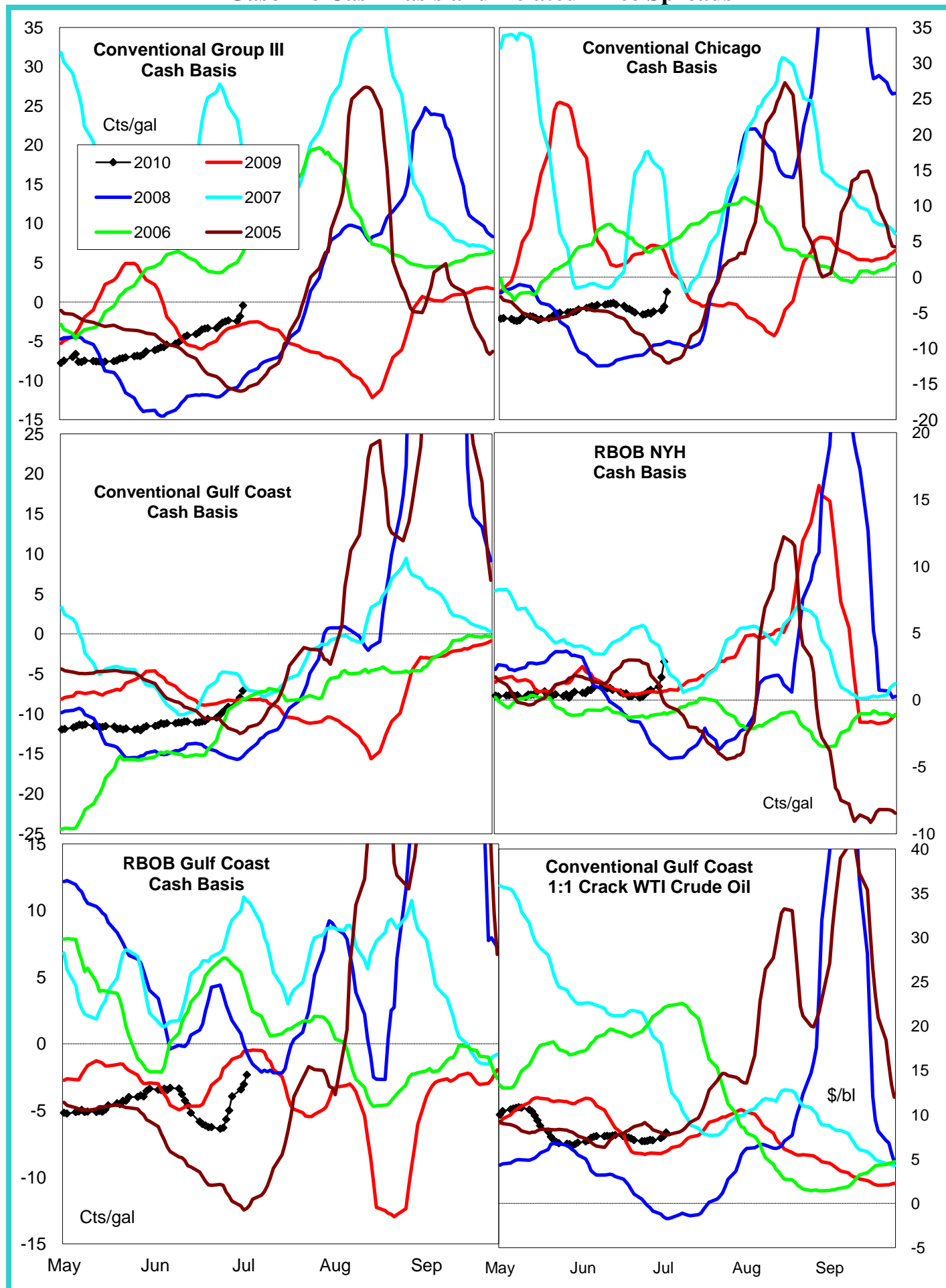
Gulf Coast Price

Recent robust demand is balanced by increased imports which should limit flat price increases. Stock levels remain extremely high in PADDs 1 and 3. Risk of a sharp pull back persist after mid summer on persistent excess supply in these key markets.

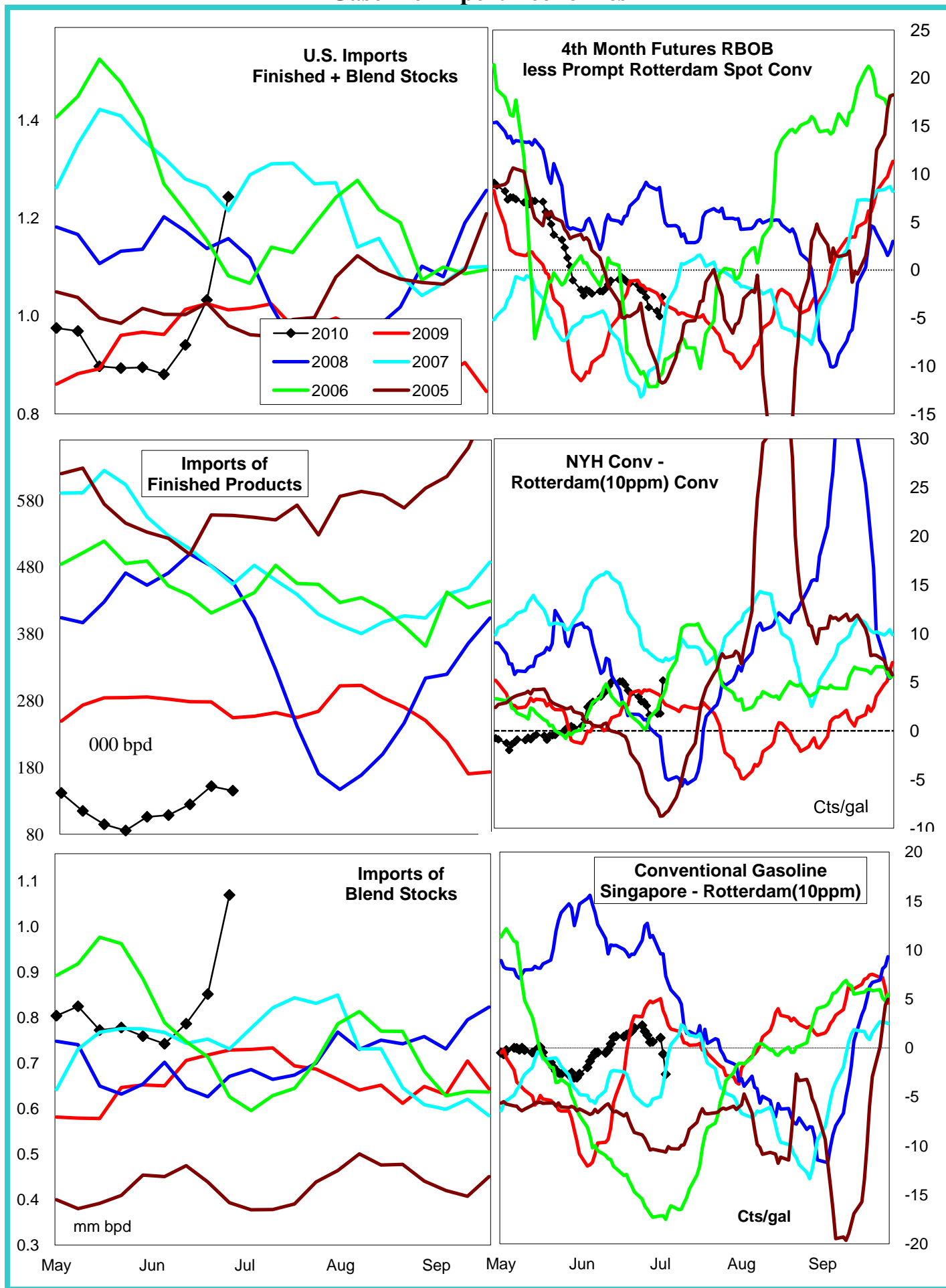


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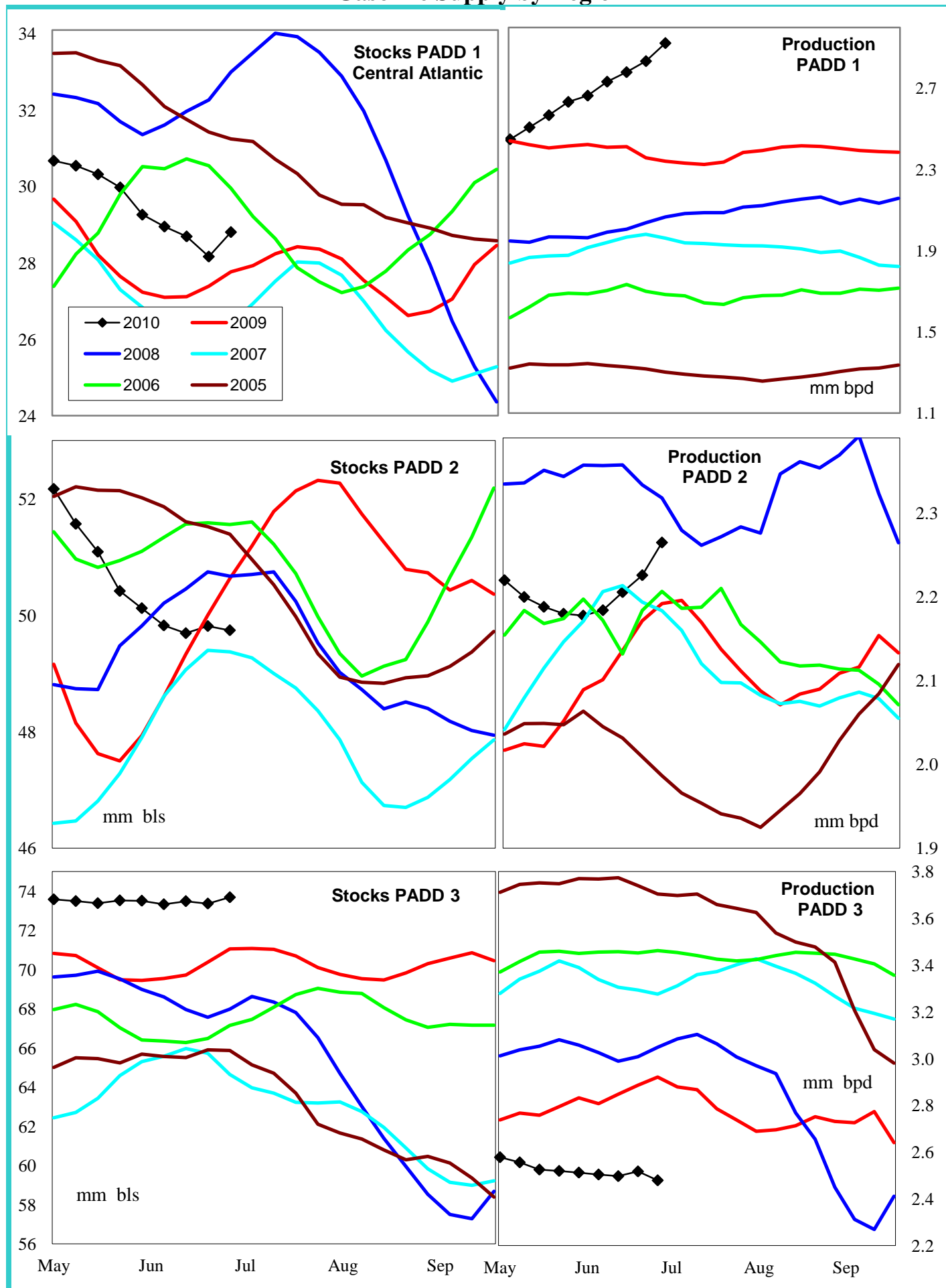
Gasoline Cash Basis and Related Price Spreads



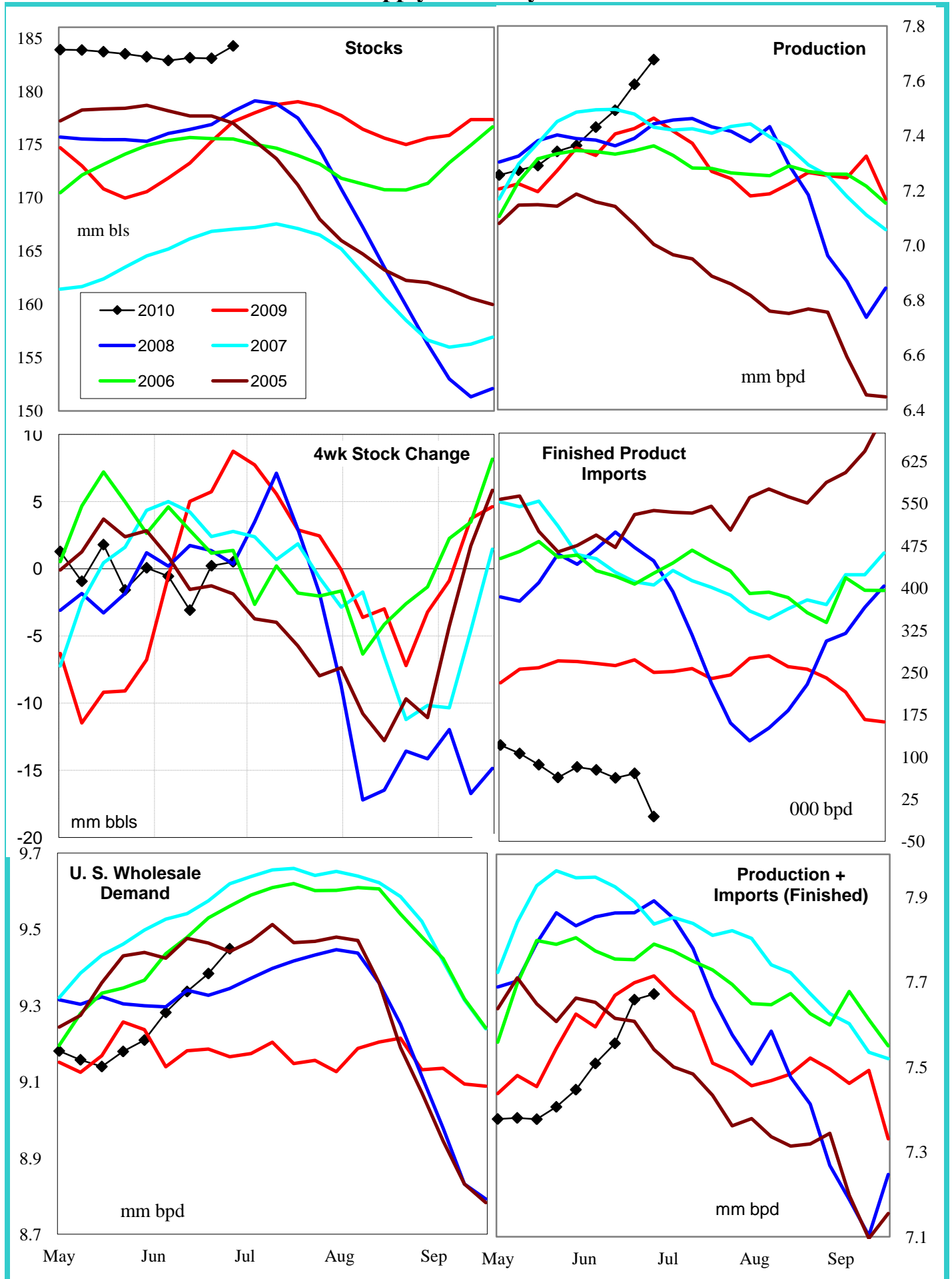
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

