


**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 increased +186,000 bpd last week, to a record high for the period. Demand was driven by stock building by the downstream supply chain

ahead of a) Christmas holiday weekend and b) snow storms on the East Coast. The latest 4-wk average demand was +260,000 bpd above last year.

Production fell -176,000 bpd while imports also decreased -232,000 bpd. Production levels matched 5-year highs for the period.

Record demand led to a counter seasonal stock draw of -2.3 million barrels, including a -1.7 million barrel draw in PADD 1.

Stock levels are unseasonably low in both PADDs 1 and 2. Stock levels are high on the West Coast and record levels on the Gulf.

NYH basis remains elevated on tight supplies in the market. Basis levels in the midwest are above the mid range on low stock levels. West Coast EPA grades basis spiked on low trading volume and scheduling disruptions.

Expect Midwest basis levels to trend lower in the 1st quarter on seasonal stock building, partially offset by improving supplies in the Central Atlantic Region of PADD 1.

RBOB

New York Harbor basis to trend lower on improved supply.

West Coast (Los Angeles) basis to trend lower on a seasonal downturn in demand and stock building.

Conventional

New York Harbor basis trend lower on improved supply.

Chicago basis to trend lower as supplies increase during a period of weak demand.

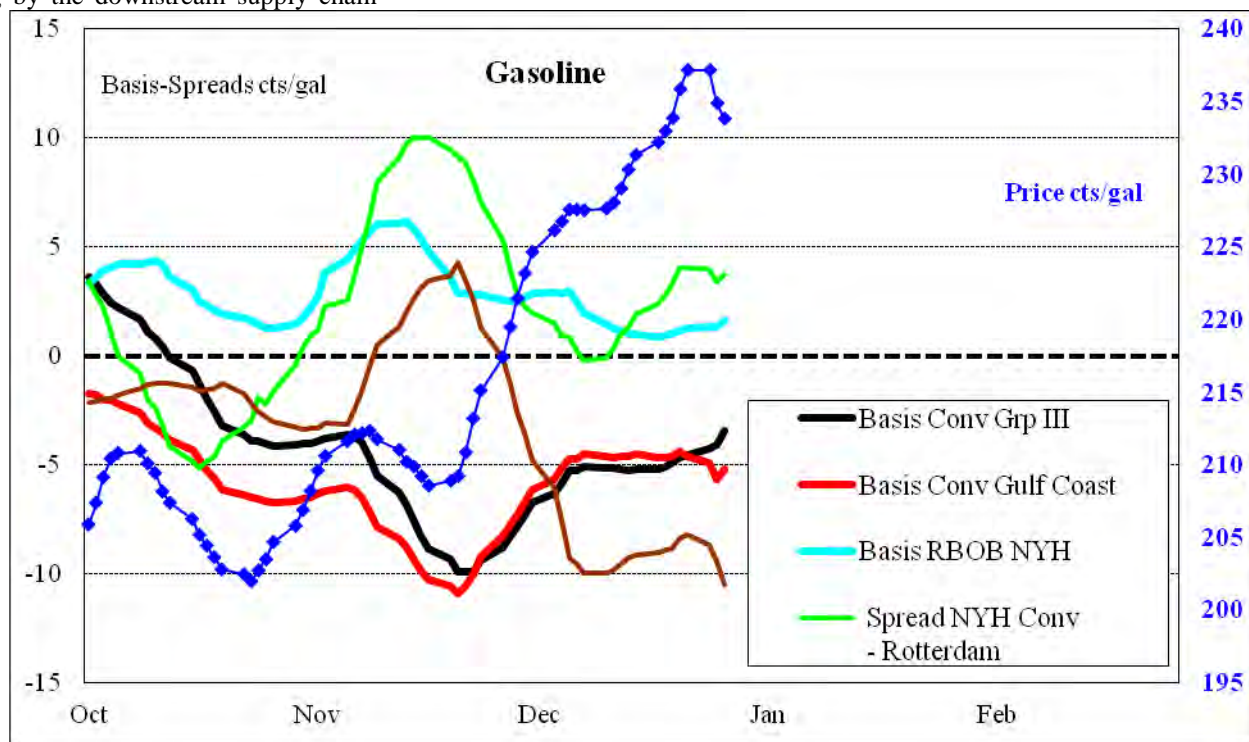
Group III to trend lower on low seasonal demand and stock building.

Gulf Basis to trade sideways on increased supply and low seasonal demand.

West Coast (Los Angeles) basis to trend lower on a seasonal decline in demand and stock builds.

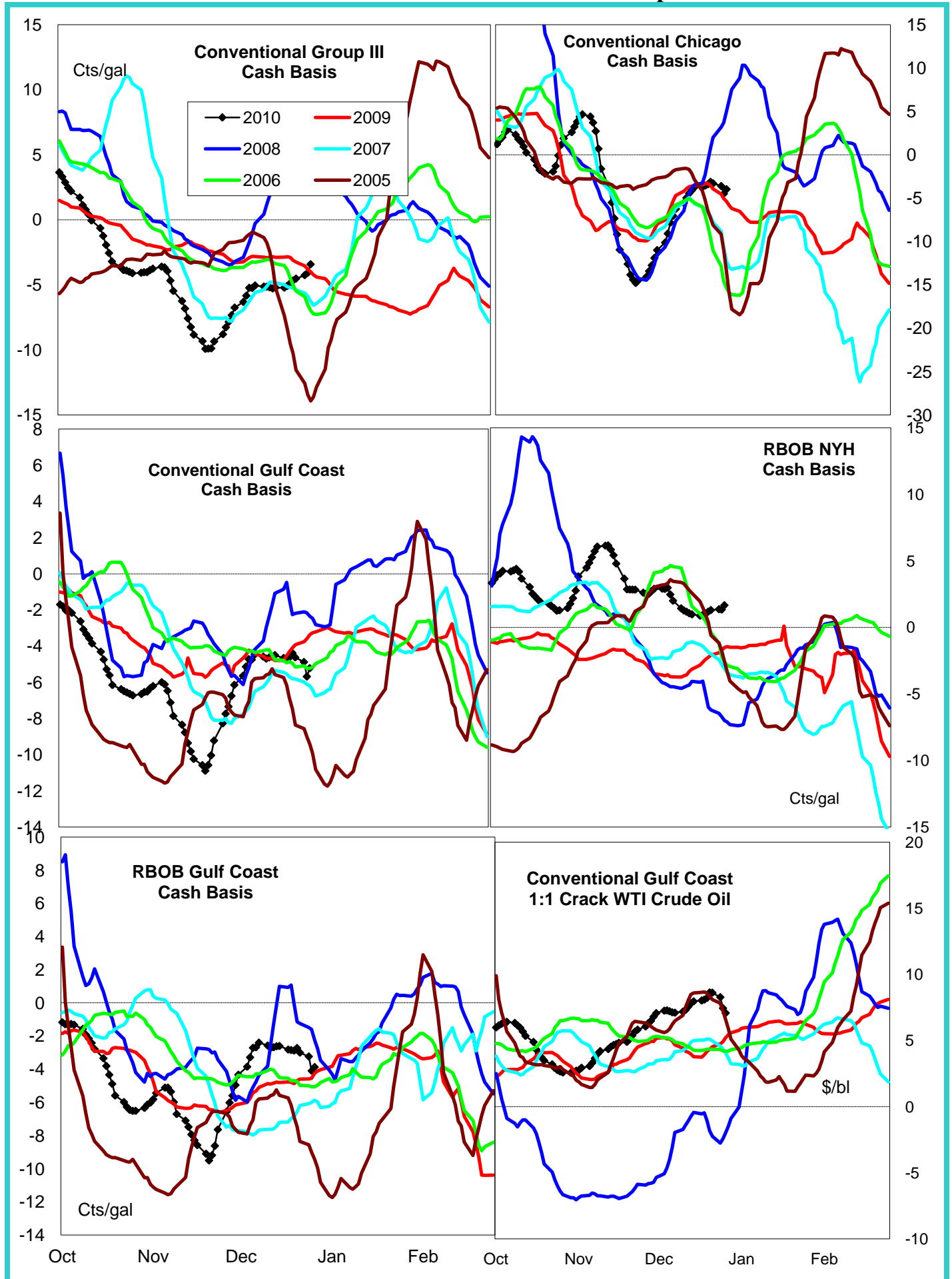
Gulf Coast Price

Supplies remain tight in the Central Atlantic Region of PADD 1, drawing supplies away from the Midwest where stock levels are unusually low for this time of year. Low seasonal demand and high production due to favorable refining margins should improve the supply balance in all regions during the 1st quarter, placing downward pressure on gasoline prices.

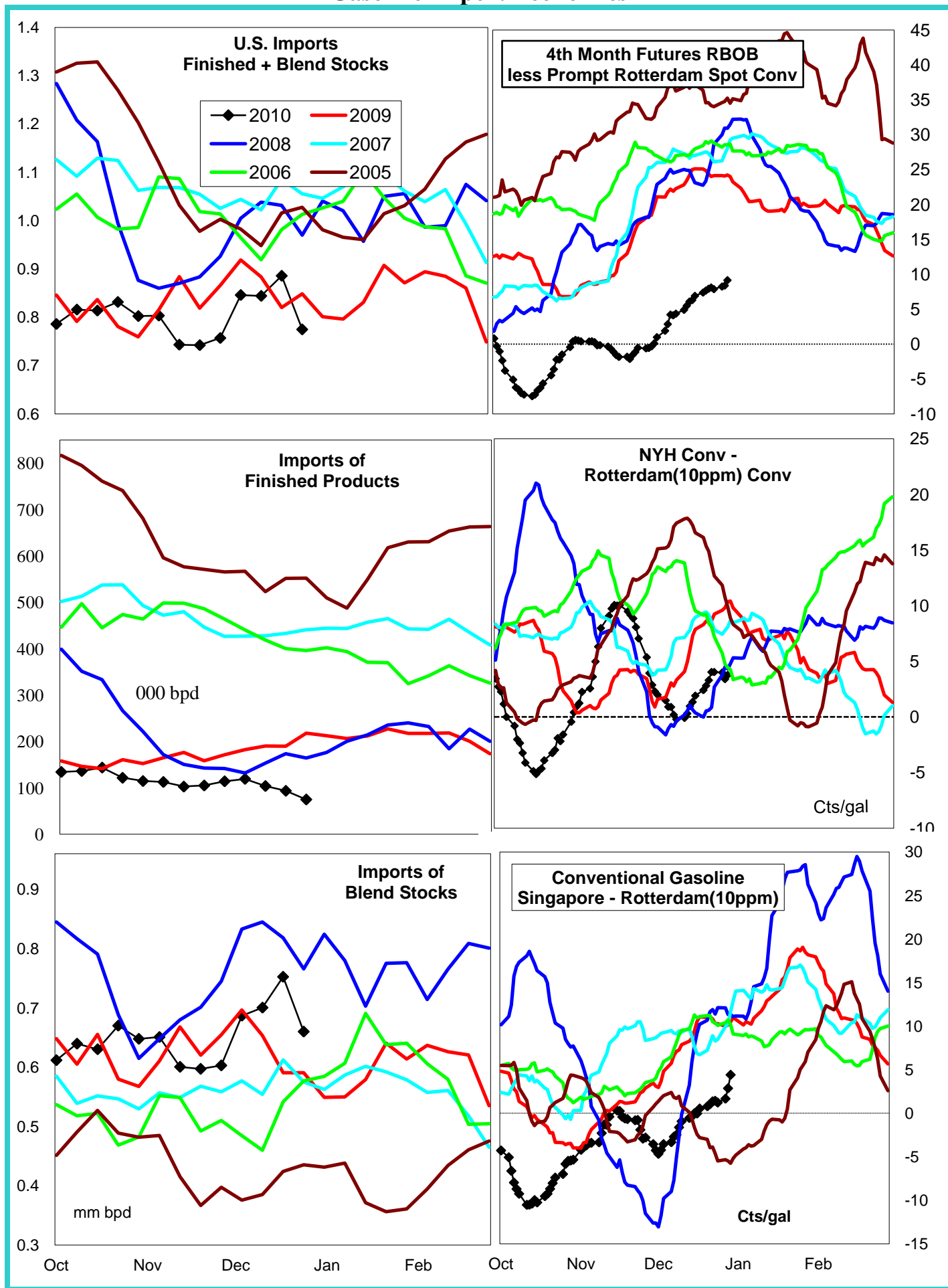


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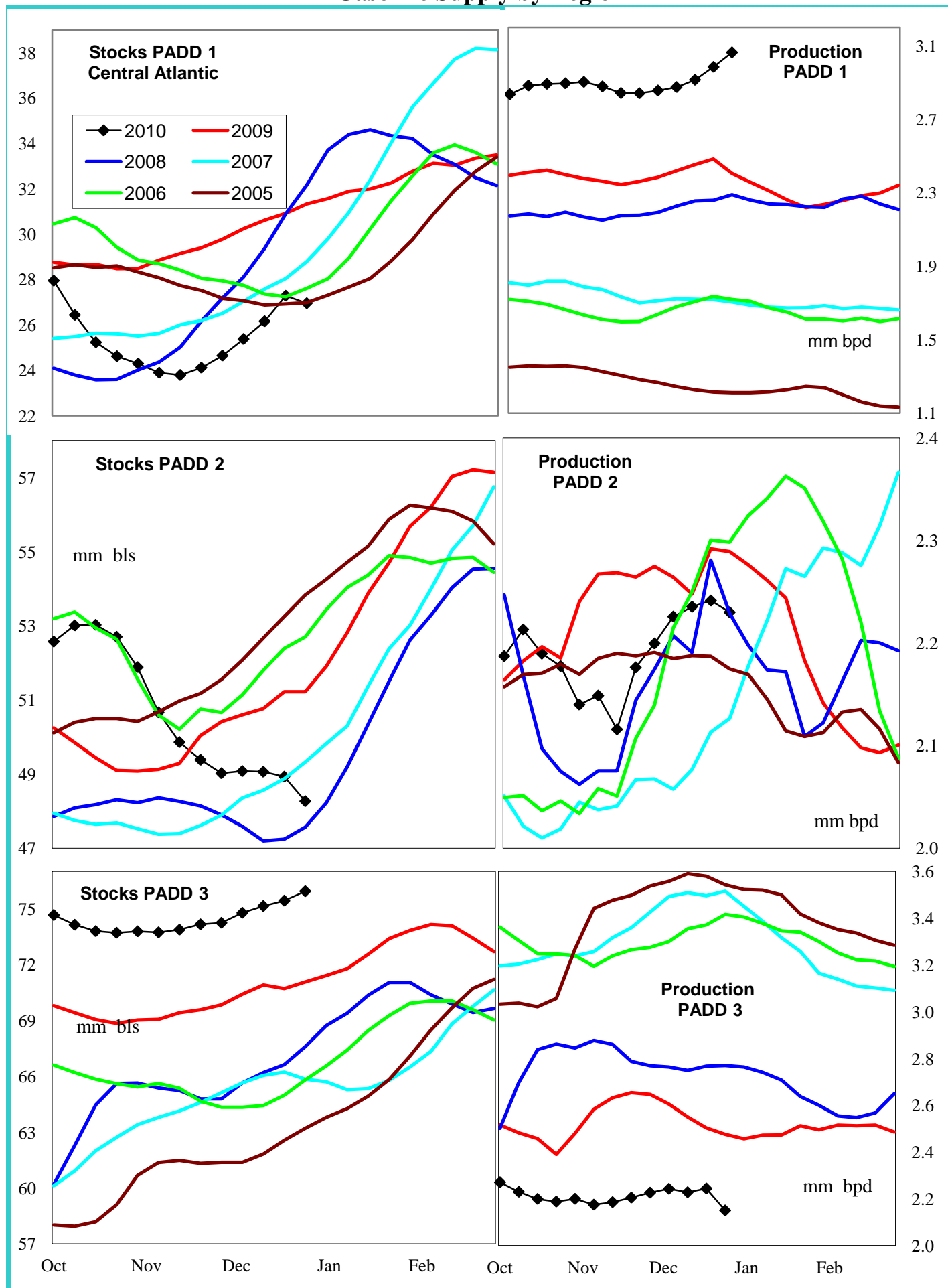
Gasoline Cash Basis and Related Price Spreads



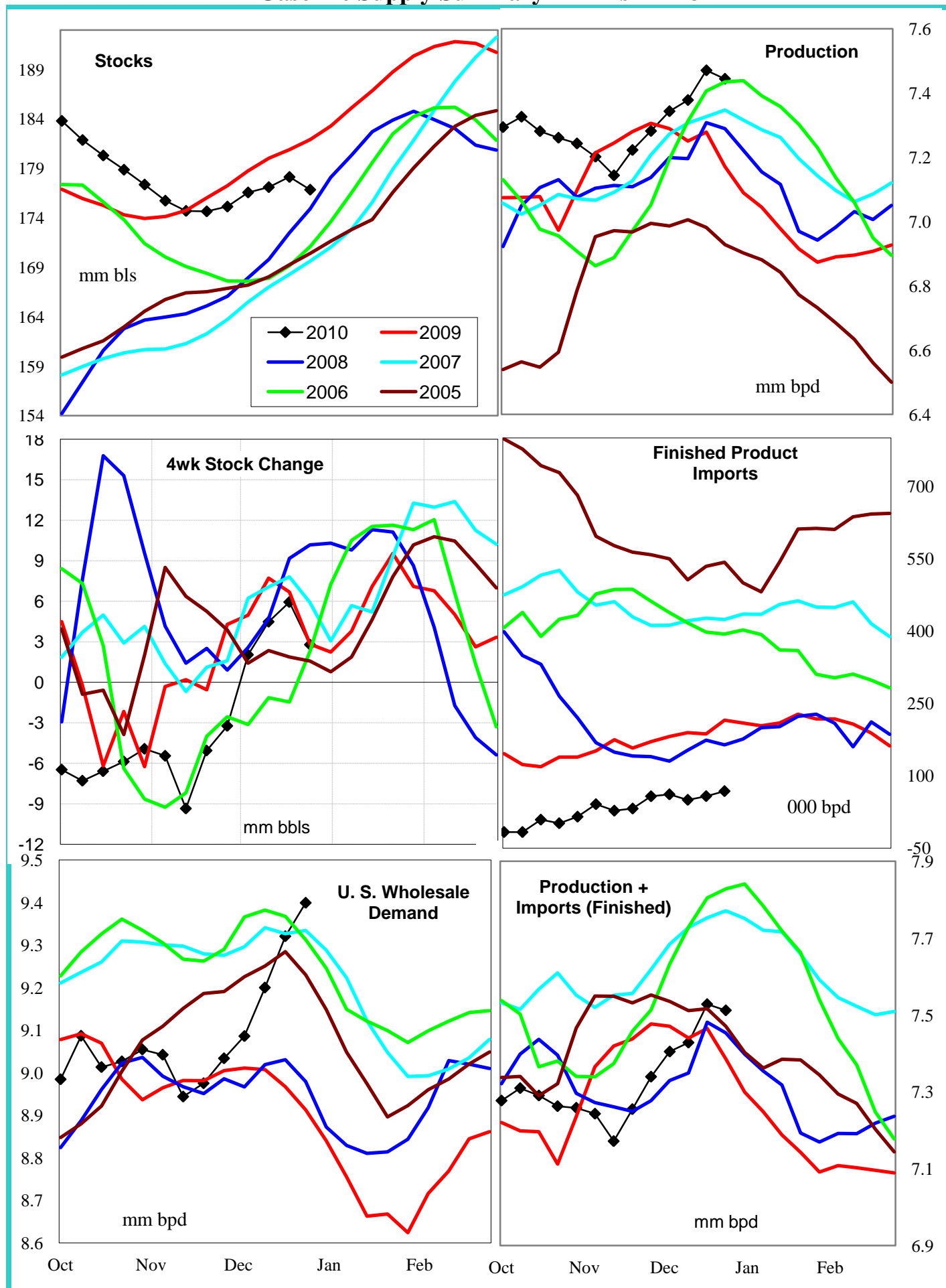
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

