


**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 decreased -44,000 bpd last week, on a seasonal downturn. The

latest 4-wk average demand was +172,000 bpd above last year.

Production increased +142,000 bpd last week, to a level above the mid range. Production rebounded +199,000 bpd in PADD 2.

Imports decreased -149,000 bpd and remain at a level below the 5-year range.

Stocks increased +4.4 million barrels, with builds in major regions. Stock levels remain extremely low in the New England and Central Atlantic Regions of PADD 1.

Basis trended lower in all major markets last week, except in the Group III where unplanned refinery maintenance limited earlier output.

Basis levels fell to record lows early last week on the West Coast and in the Gulf on low seasonal demand and high stock levels.

Expect basis weakness in NYH and Chicago markets as supplies improve, with near term weakness in the Gulf on excess supply. Basis levels in Group III should also trend lower as refiners return to operation and demand falls to a seasonal low.

RBOB

New York Harbor basis to trend lower on low seasonal demand.

West Coast (Los Angeles) basis to trend higher on winter refinery maintenance.

Conventional

New York Harbor basis trend lower on low seasonal demand.

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

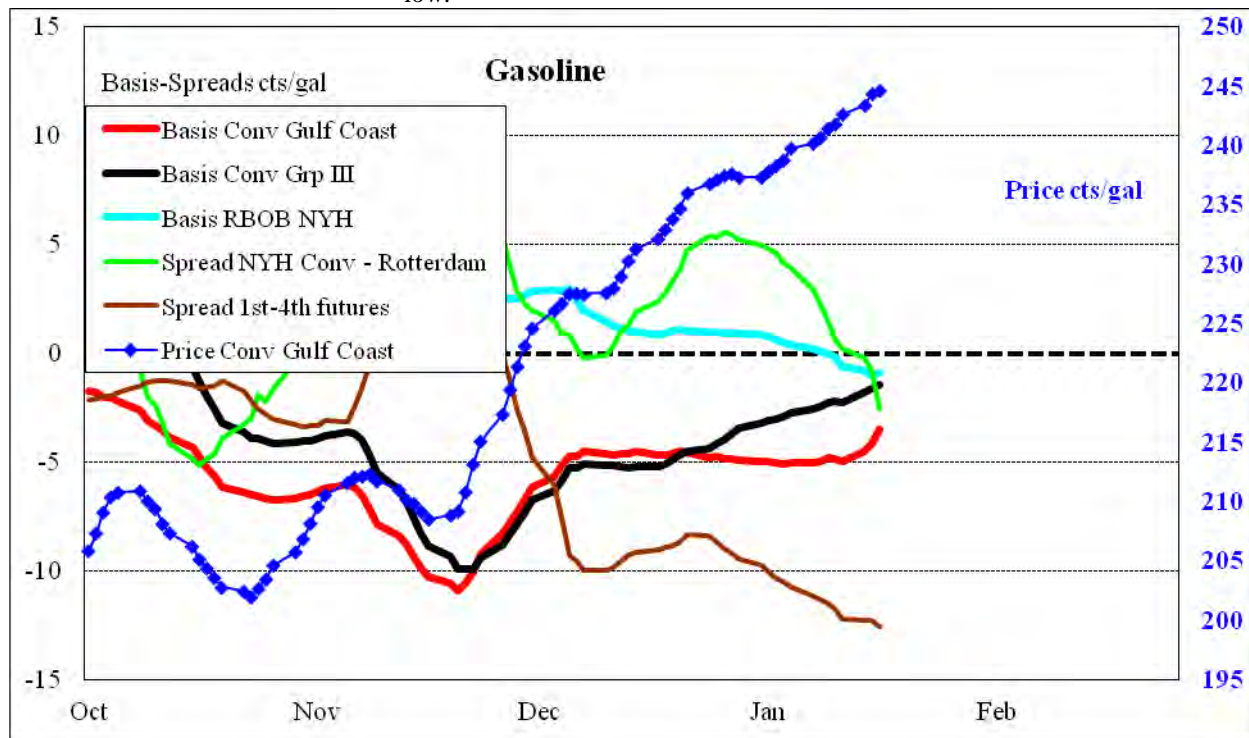
Group III to trend lower refiners return to operation from unplanned maintenance.

Gulf Basis to exhibit near term weakness on excess supplies, then trend higher.

West Coast (Los Angeles) basis to trend higher on winter refinery maintenance.

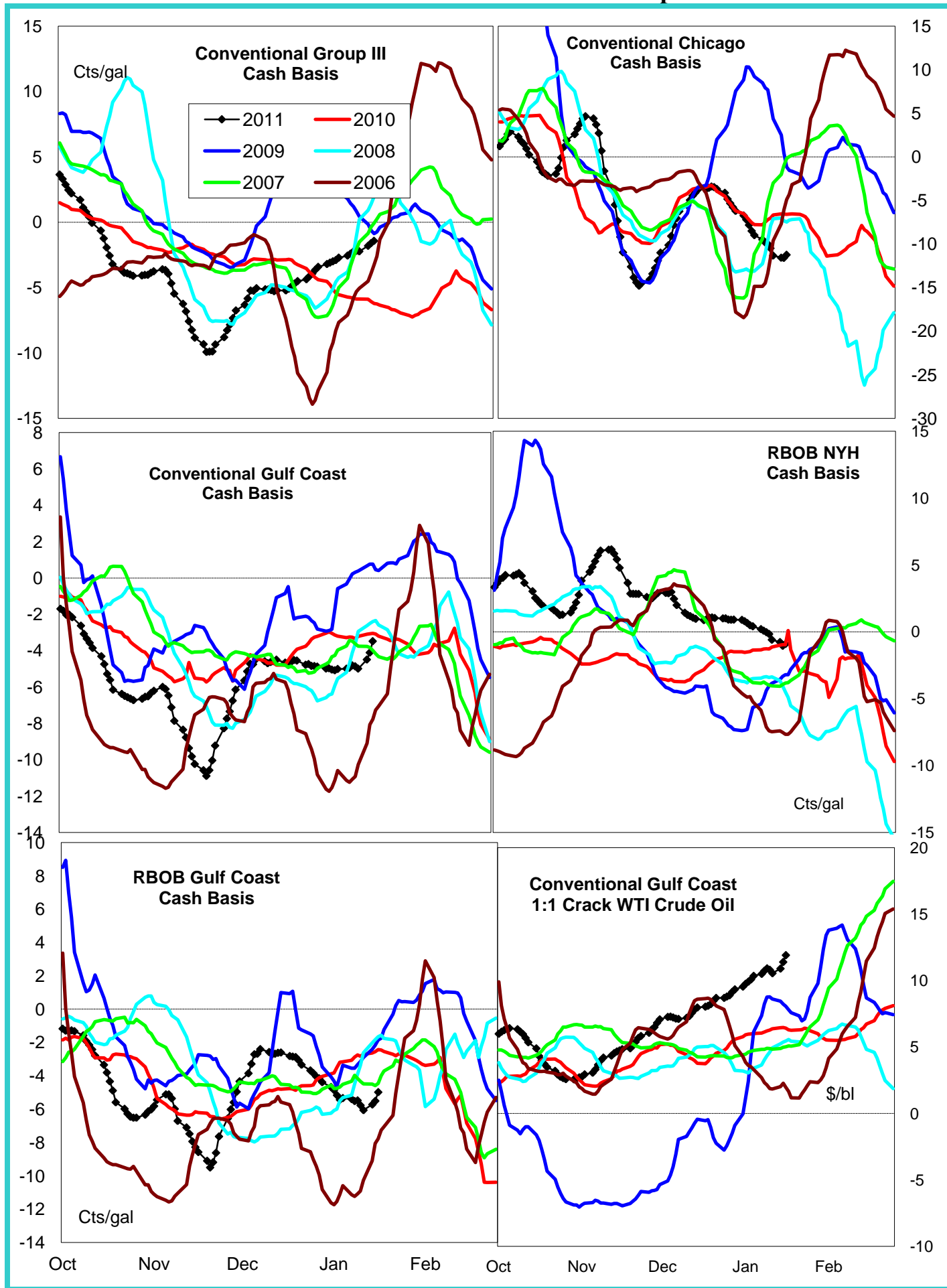
Gulf Coast Price

Tight supplies on the East Coast should began to improve on low seasonal demand and more favorable import economics during the 1st quarter. Very favorable refining margins should lead to increased production, which will drive seasonal stock builds in the midwest and East Coast. A pull back in prices is likely based on these trends during the 1st quarter.

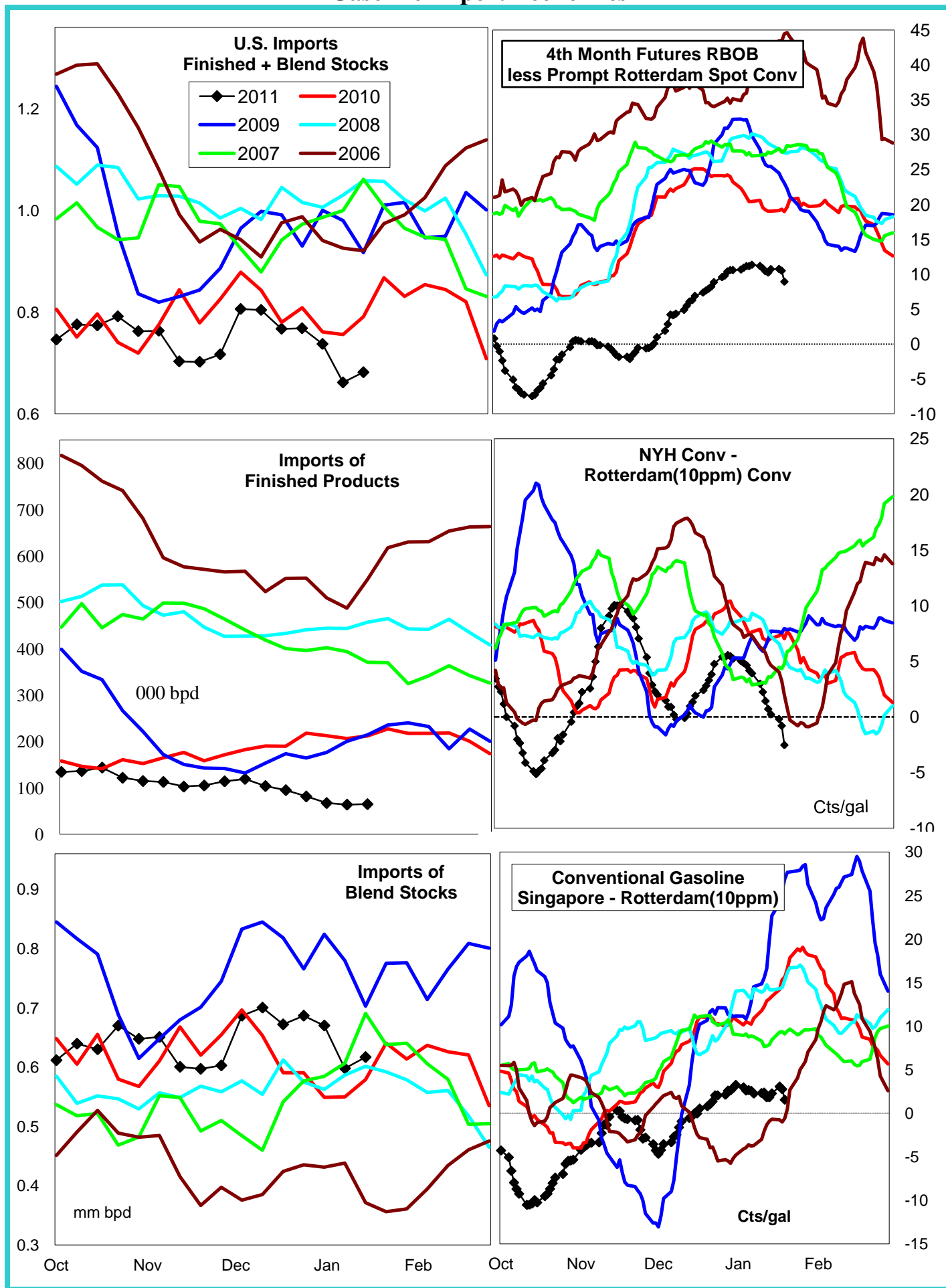


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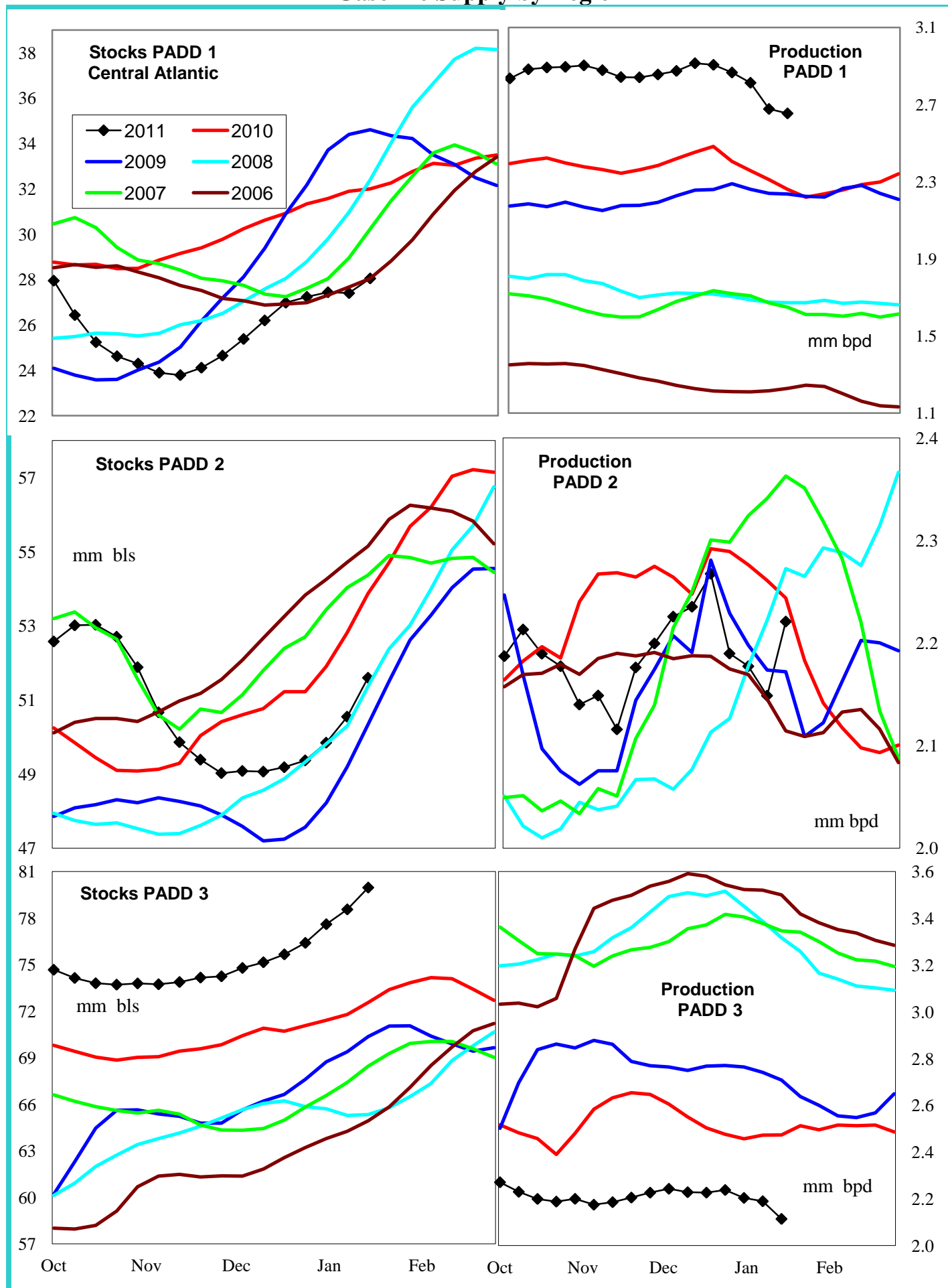
Gasoline Cash Basis and Related Price Spreads



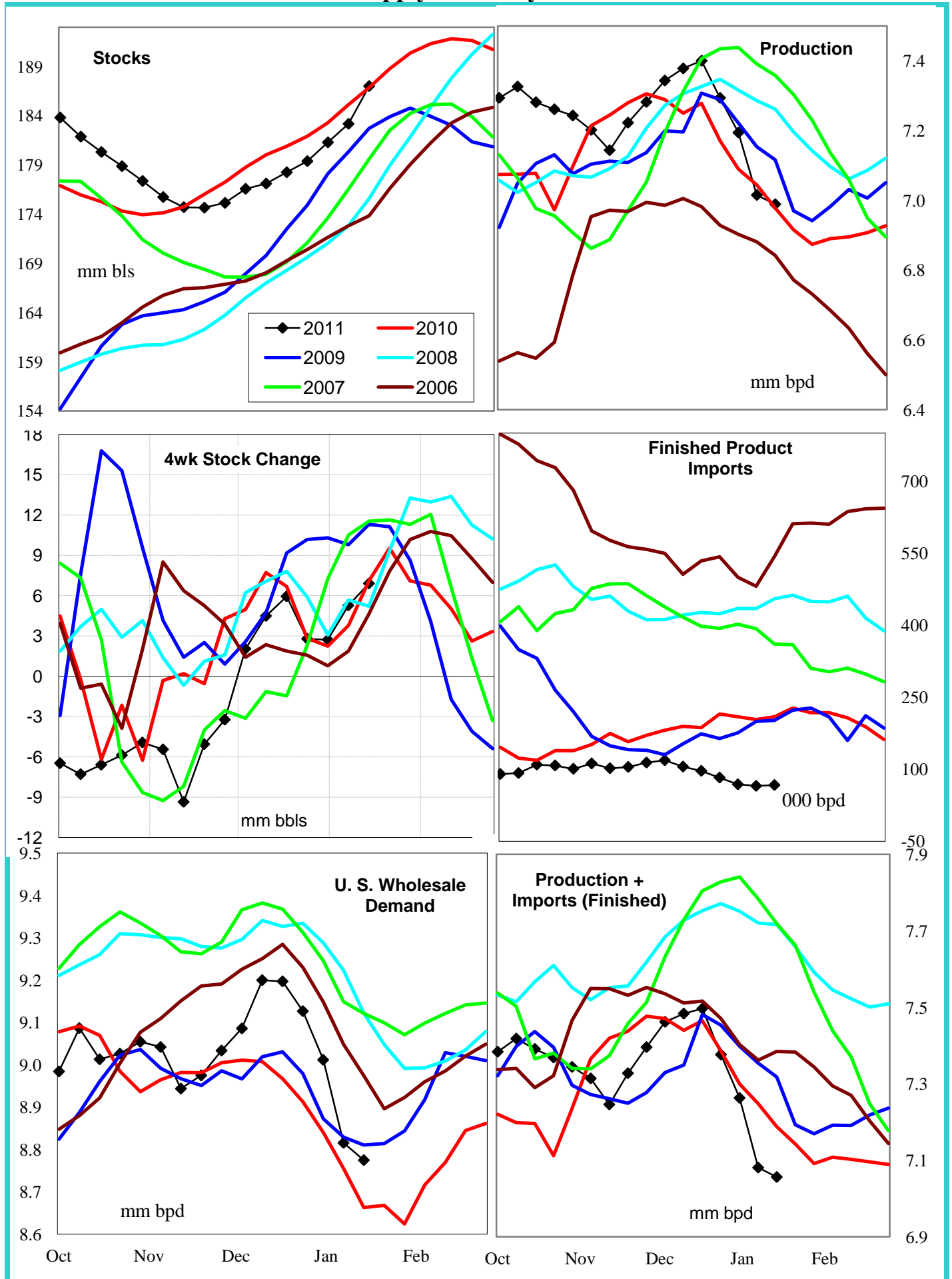
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

