


**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 +328,000 bpd last week, after an extended period of very weak demand. The latest 4-wk average demand was -144,000 bpd below

a year ago. Demand destruction is occurring in response to very high retail prices.

Production increased +160,000 bpd on the week. Imports fell -188,000 bpd, to a level near 5-year lows.

Stocks fell -7 million barrels, with significant decreases in all regional markets East of the Rockies. Stocks increased +1.4 million barrels on the West Coast, lifting the level to a 5-year high.

Basis surged last week for RBOB grades in markets East of the Rockies as spring grades were trading in all markets. Conventional grade basis remains relatively weak in East of the Rockies markets. West Coast basis fell late in the week on high stock levels.

A supply squeeze is likely in markets East of the Rockies with very low supplies and stock levels at record lows.

RBOB

New York Harbor basis to trend higher on a tightening of supply and higher seasonal demand.

Conventional

New York Harbor basis to trend higher later in the quarter on tightening supplies.

Chicago basis to trend higher on low stock levels and higher seasonal demand.

Group III to trend higher on low stock levels and higher seasonal demand.

Gulf Basis to trend higher during the 2nd quarter on a tightening of supply and higher seasonal demand.

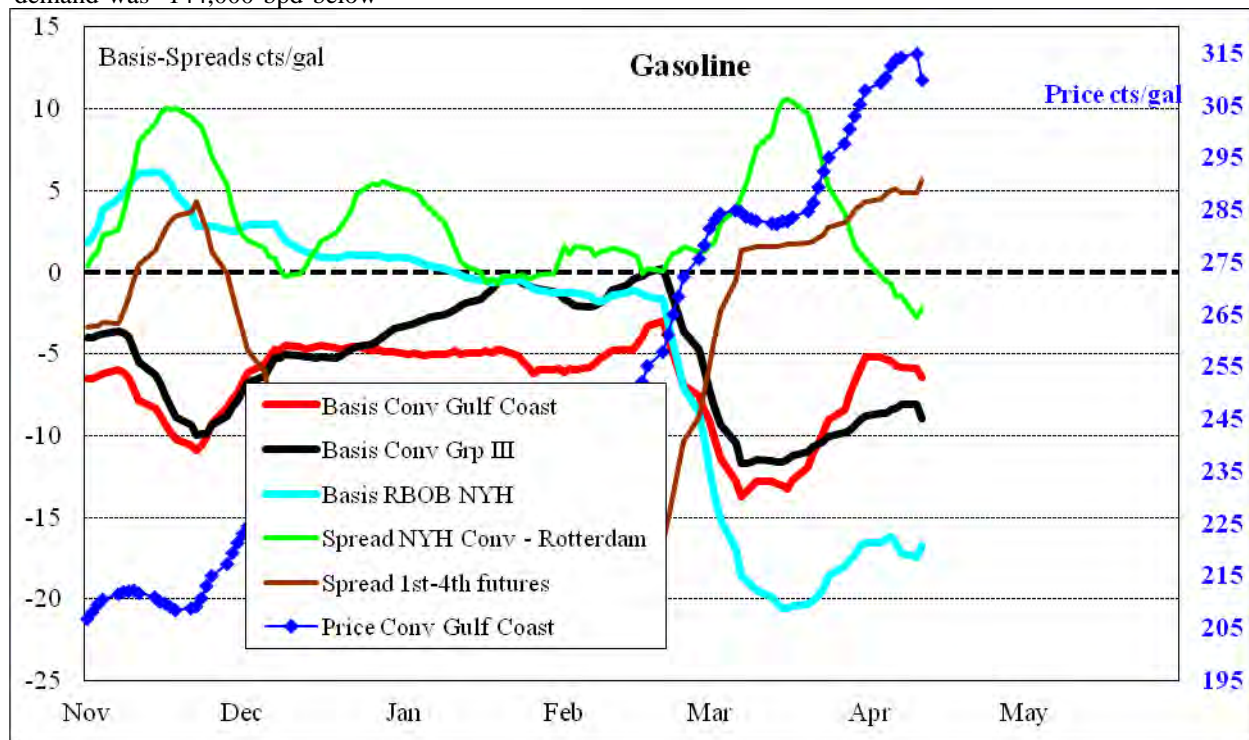
West Coast (Los Angeles) basis to trade sideways on record stock levels.

Gulf Coast Price

Recent demand trends point to demand destruction from current high retail prices. However the seasonal upturn in demand should lift overall demand levels in the near term.

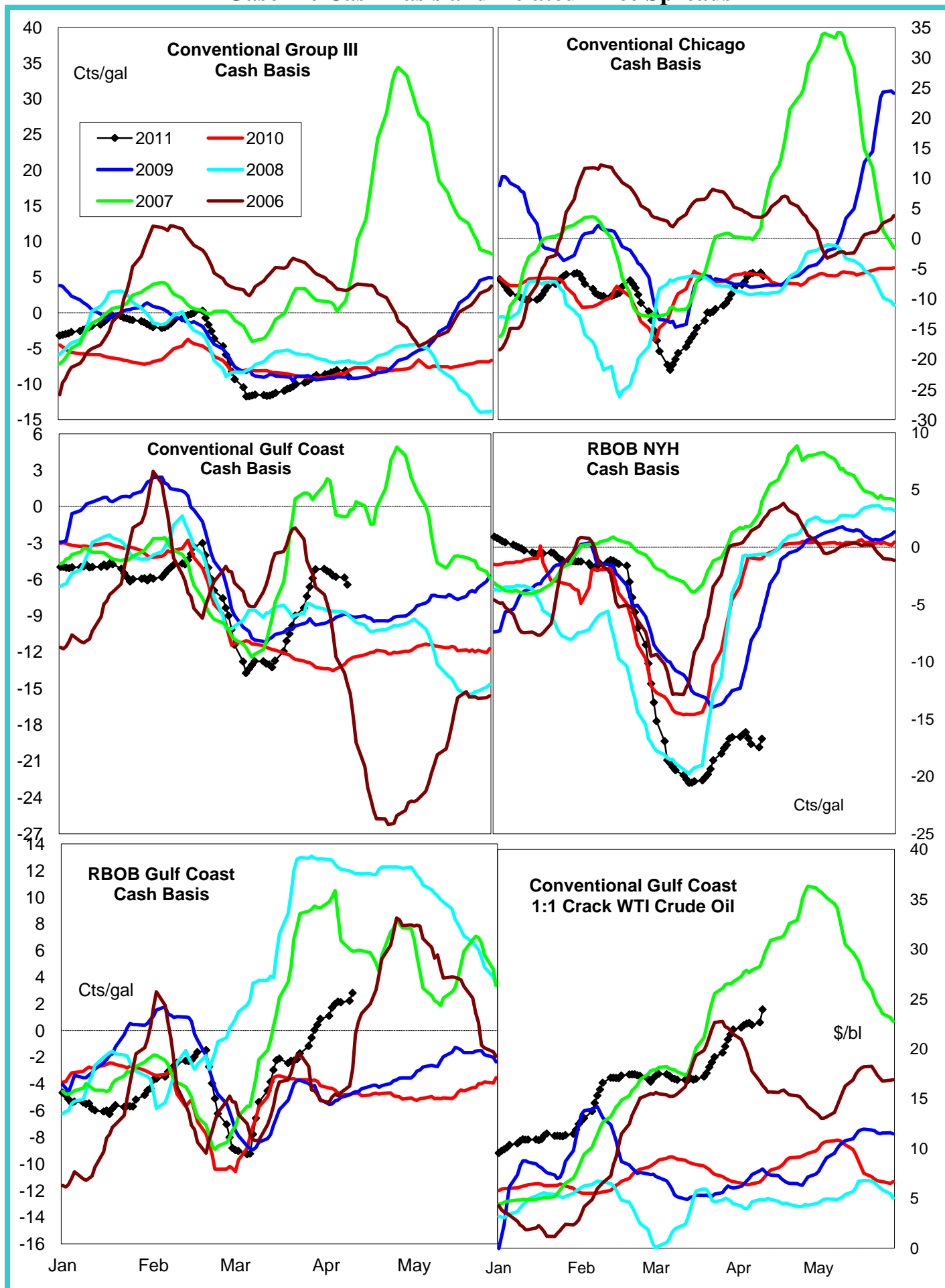
Low production, very low imports and near record low stock levels in PADDs 1 and 2 point to a supply squeeze East of the Rockies during the 2nd quarter.

Refinery production in PADD 1 should ramp up later in the current quarter, including an announced restart of a refinery closed during the recession, which should improve supplies late in the 2nd quarter; raising the risk of a price pull back.

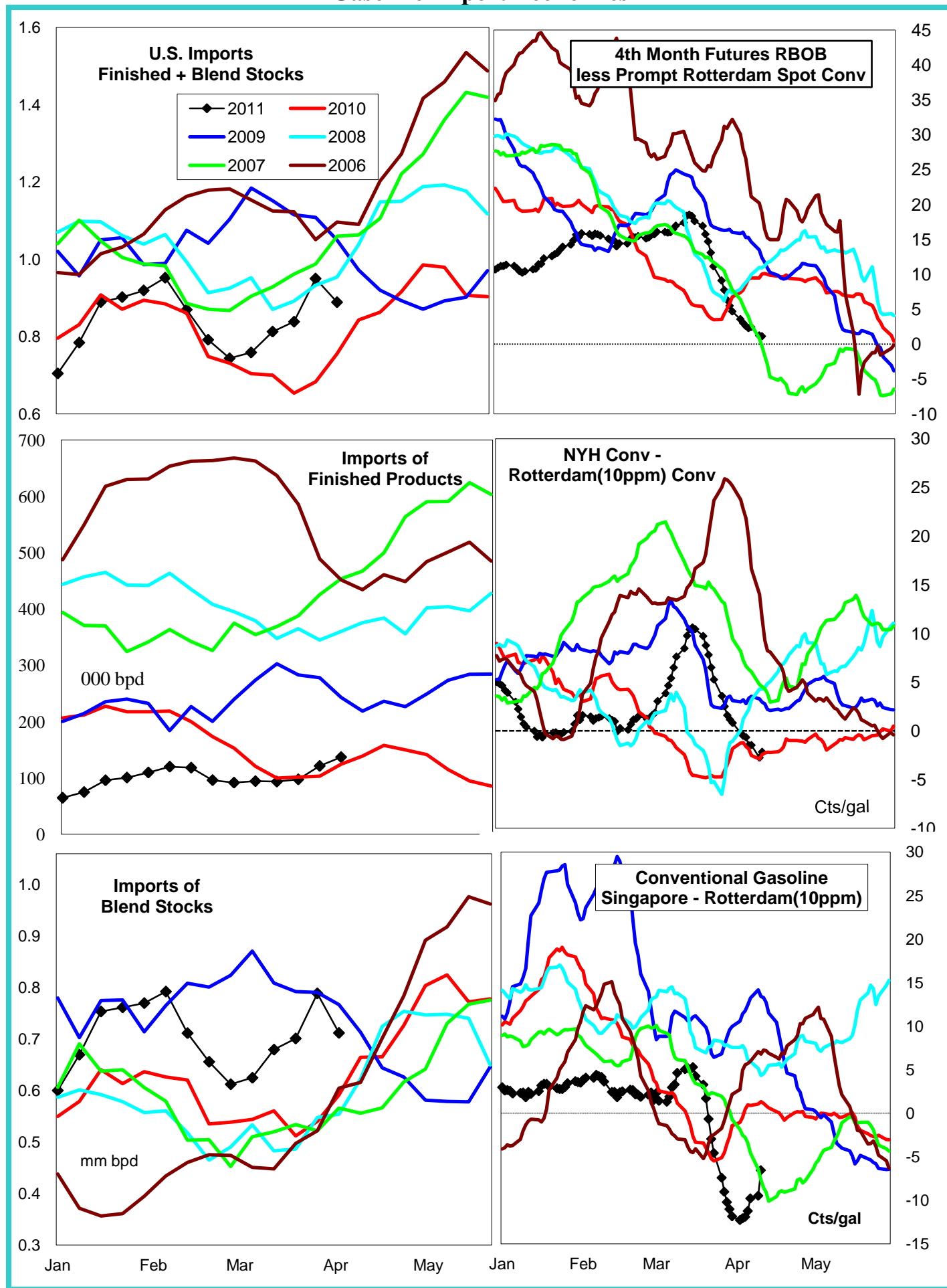


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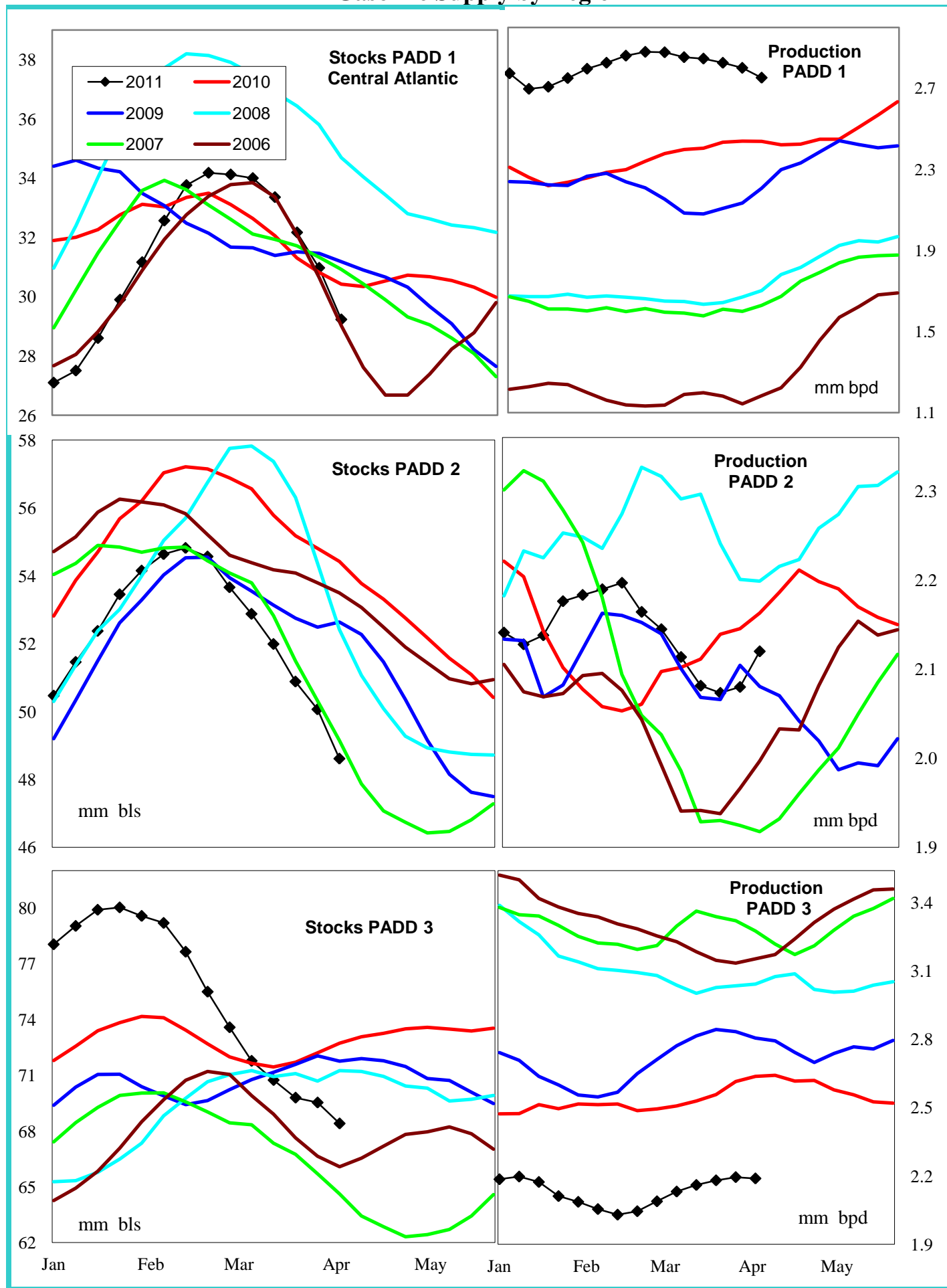
Gasoline Cash Basis and Related Price Spreads



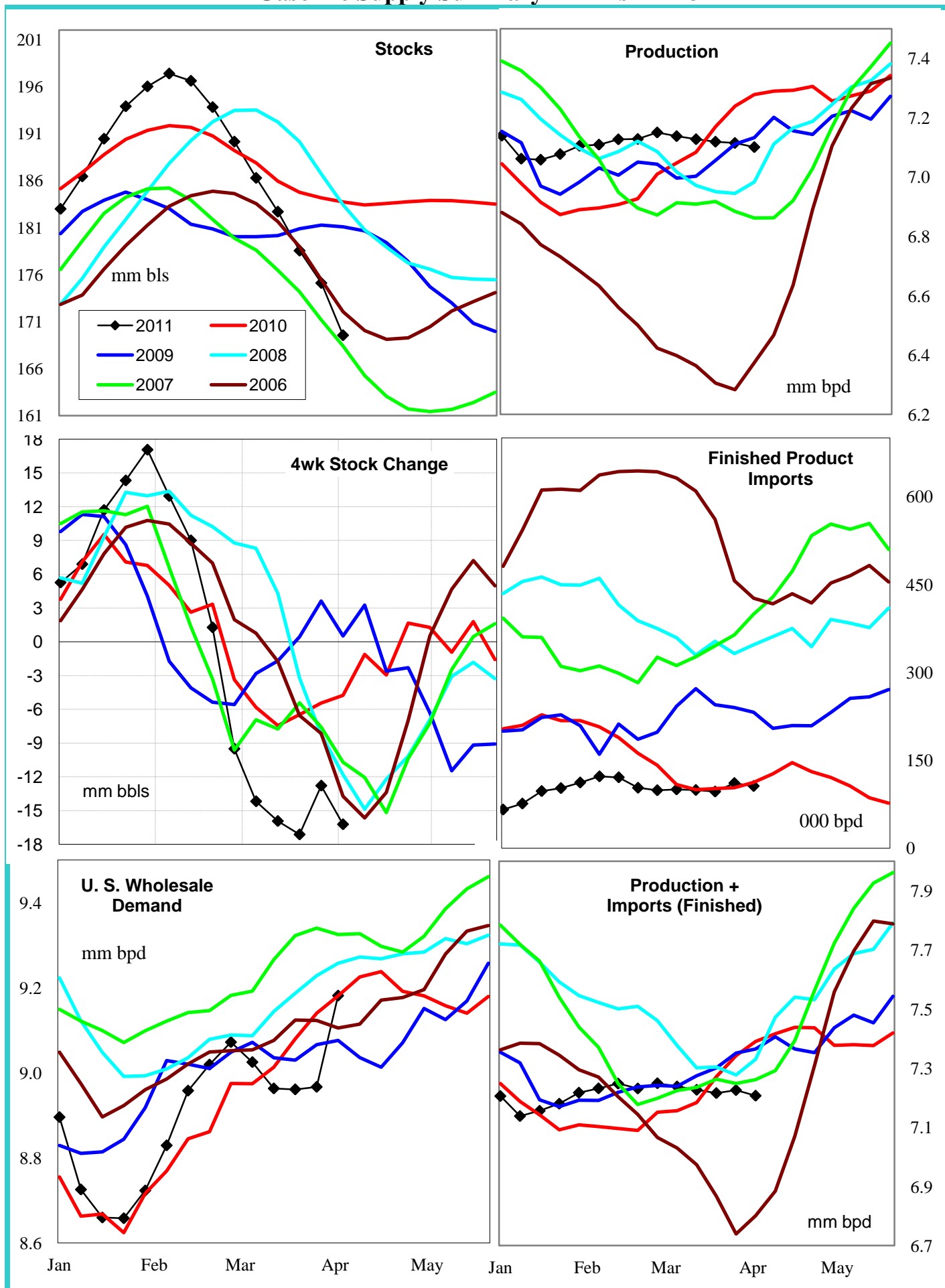
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

