



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 fell -205,000 bpd last week, on a counter seasonal decline. The

latest 4-wk average demand was -179,000 bpd below a year ago. Demand destruction is occurring in response to high retail prices.

Production decreased -15,000 bpd on the week to a level below the mid range. Imports increased +56,000 bpd, to a level well above the last 2-years.

Stocks decreased -1 million barrels, including a -1.7 million barrel draw in PADD 1. Stocks on the West Coast were at 5-year highs for this time of year.

Basis spiked on the roll from May to June futures contracts. Basis levels against June futures were at the upper end of the historic range, with the exception of NYH and Group III conventional grades. West Coast basis matched 5-year lows on extremely high stock levels.

Expect tight supplies in markets East of the Rockies to support basis in the near term, which should be followed by a decline as refiners return to operation and imports increase. Very weak demand should also contribute to basis weakness by end of the 1st quarter. A seasonal decline in West Coast stocks should support higher basis in that region.

RBOB

New York Harbor basis to trade sideways in the near term, then lower on increased supplies.

Conventional

New York Harbor basis to trend higher from current mid range in the near term, then sideways as supplies increase.

Chicago basis to trend higher on low stock levels, then sideways on increased supplies.

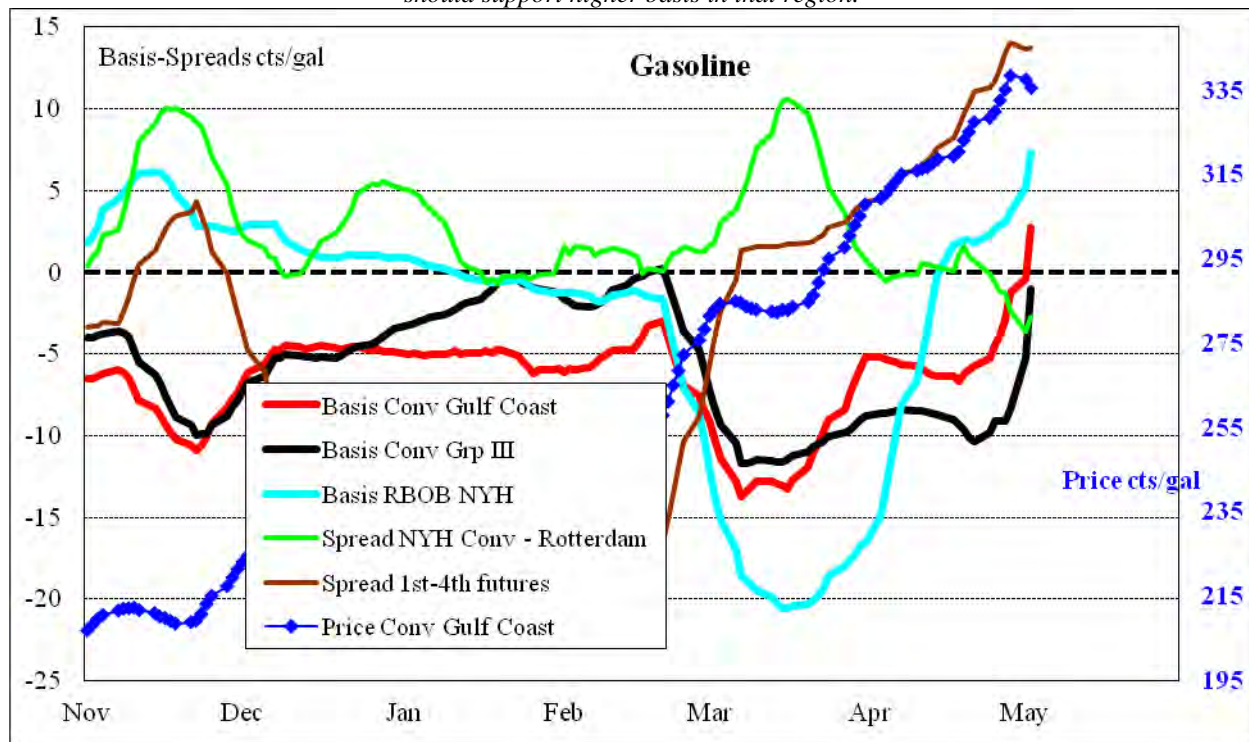
Group III to trend higher on low stock levels, then sideways on increased supplies.

Gulf Basis to trend higher on low supplies, then lower as refiners ramp up production and imports to PADD 1 peak.

West Coast (Los Angeles) basis to trend higher from record lows on seasonal stock drawdown.

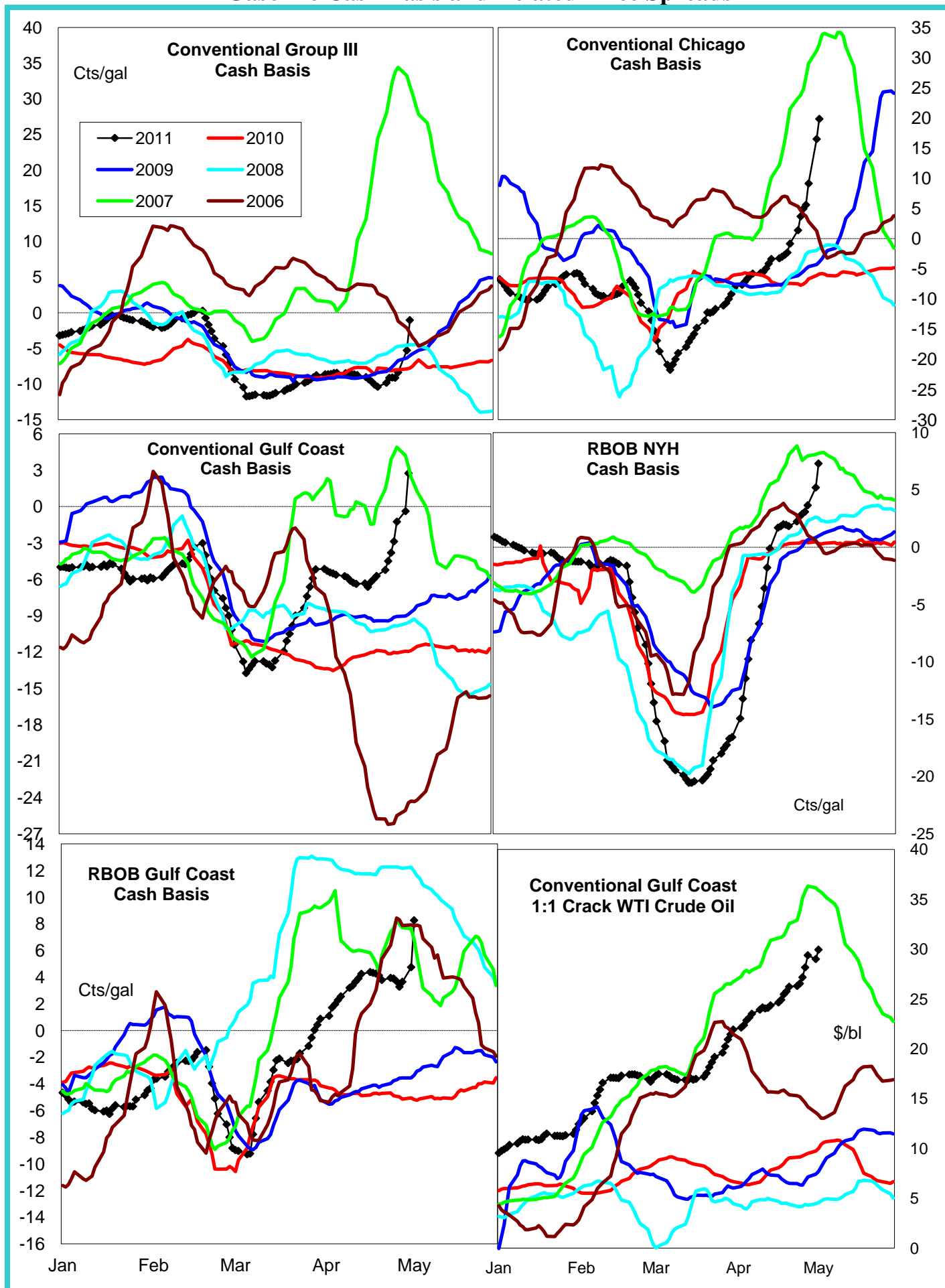
Gulf Coast Price

Expect supplies to increase as refiners return from maintenance and imports peak. Combined with lackluster demand, and slower global economic growth, a price pull back is likely early in the summer driving season.

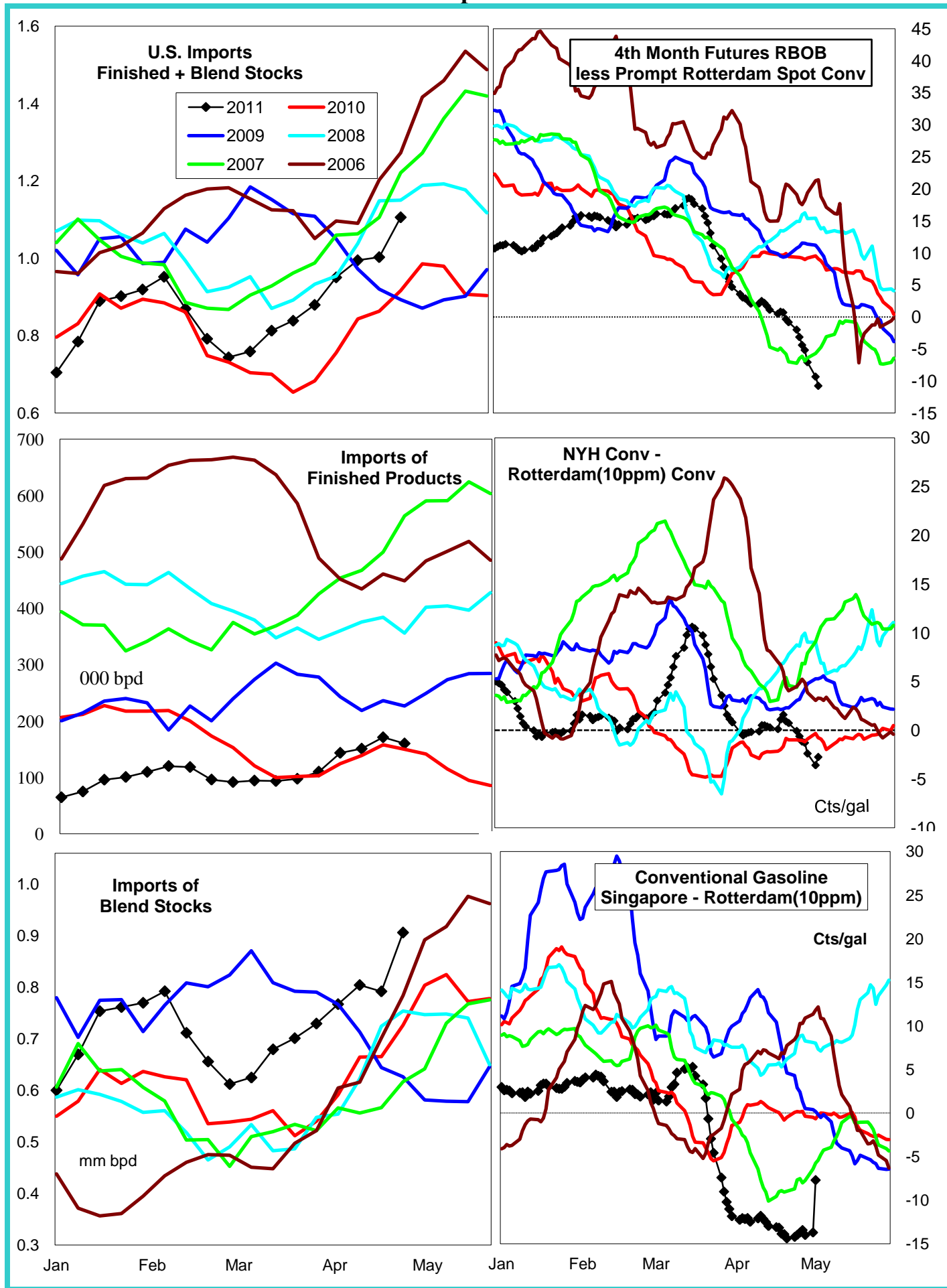


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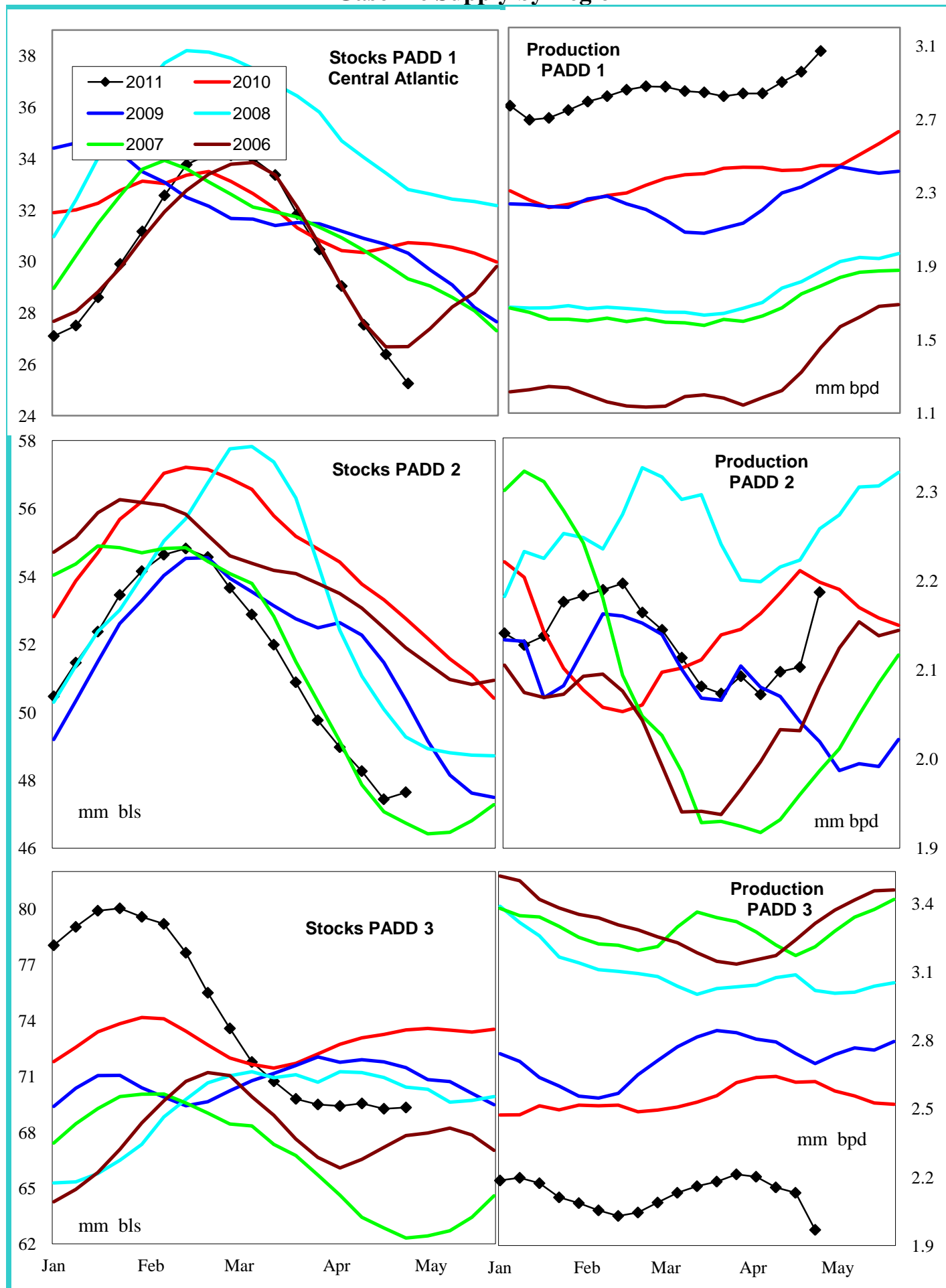
Gasoline Cash Basis and Related Price Spreads



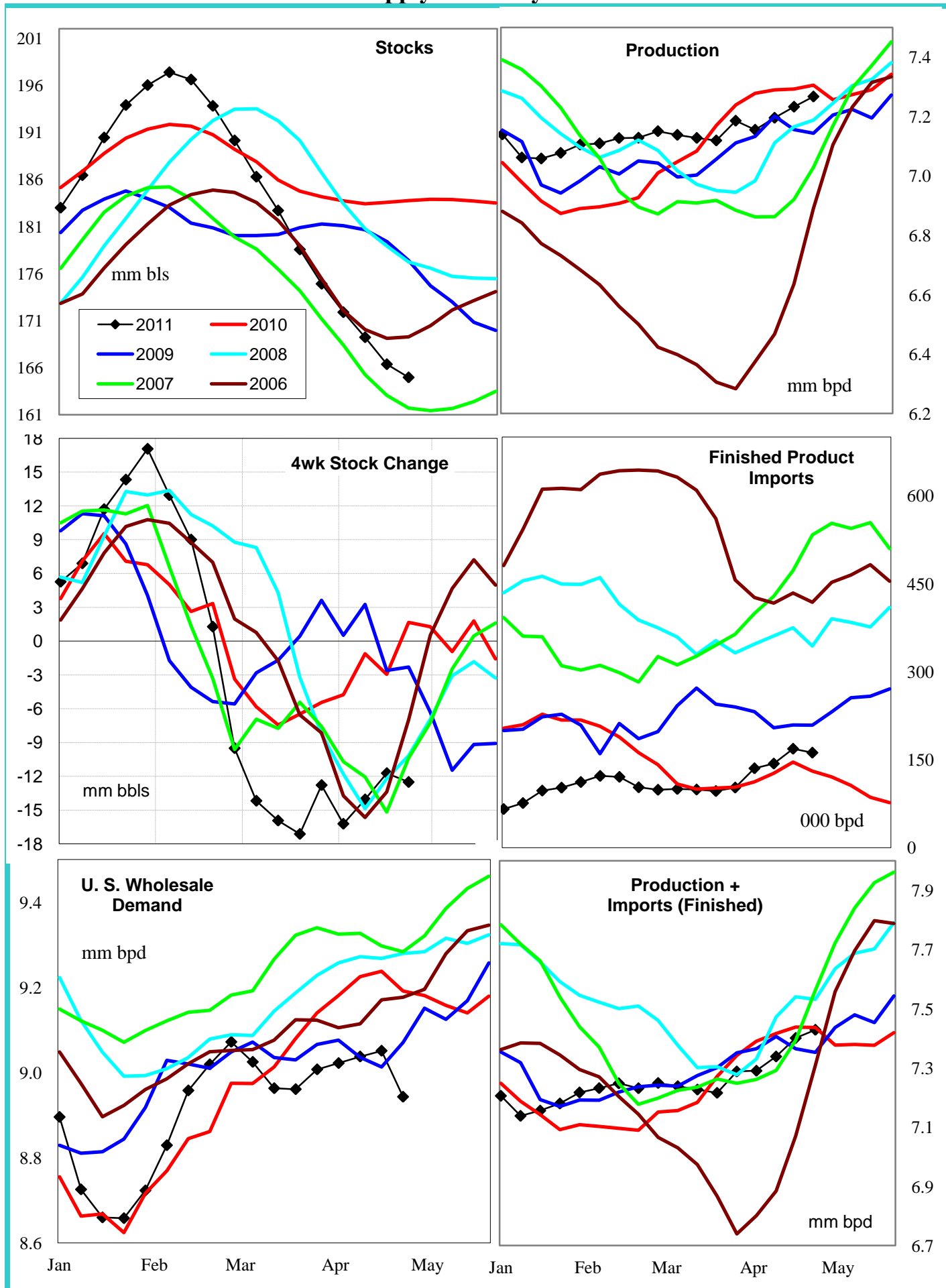
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

