



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 -117,000 bpd last week, the 2nd consecutive weekly decline. The latest 4-wk average demand was -221,000 bpd below a year ago. Demand destruction is occurring in response to high retail prices.

Production increased +50,000 bpd on the week to a level that matched four of the last 5-years for the period. Imports increased +107,000 bpd, to a level above each of the last 3-years.

Stocks increased +1.3 million barrels, including a +3.5 million barrel build in PADD 1. Stocks on the West Coast matched 5-year highs for this time of year.

Basis spiked higher in all markets East of the Rockies on exceptionally low supplies, and risk of supply disruptions due to the Mississippi River flood. Basis levels were at the upper end of the historic range for all markets East of the Rockies. Basis levels collapsed on the West Coast to record lows on excess supply.

Expect refiners to return from unplanned maintenance in the near term,

and higher imports to lead to improved supplies by month end, driving a sharp decline in cash basis across all markets East of the Rockies. A seasonal decline in West Coast stocks should support higher basis in that region.

RBOB

New York Harbor basis to see a sharp drop as supplies increase by month end.

Conventional

New York Harbor basis to see a sharp pull back by month end as supplies increase.

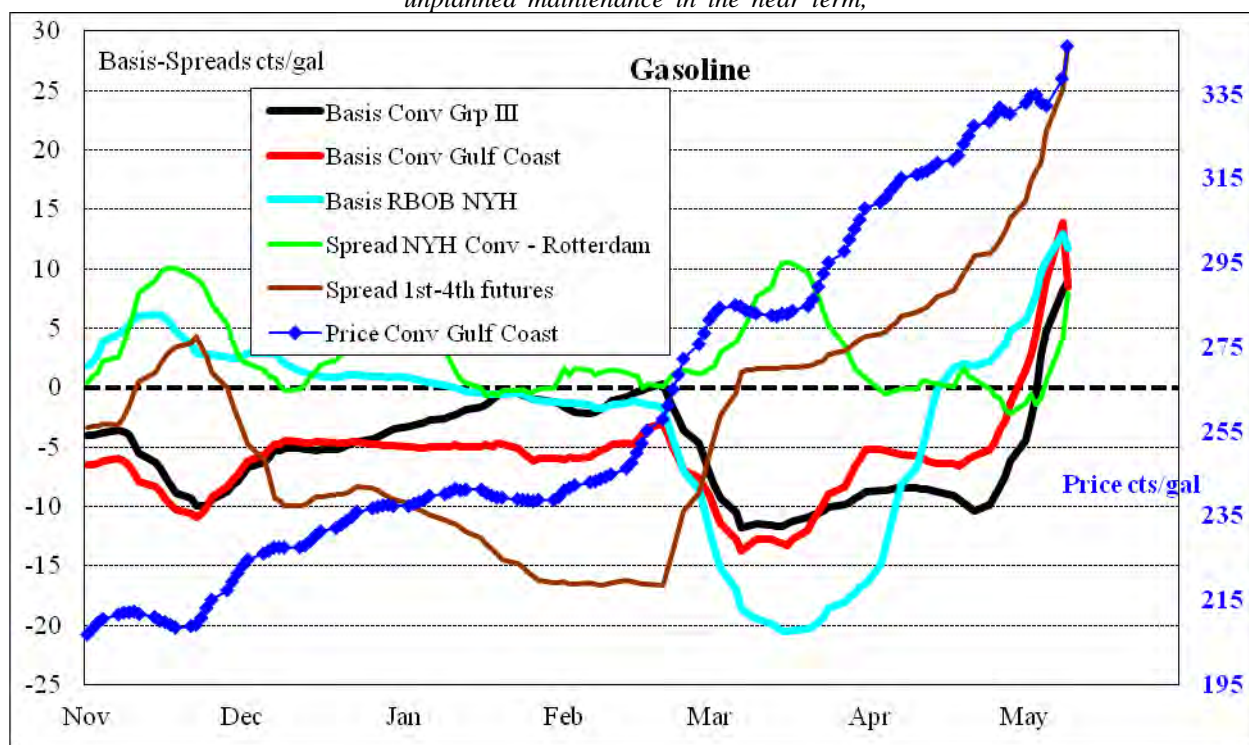
Chicago & Group III basis to see a pull back by month end as supplies increase.

Gulf Basis to witness a pull back by month end as supplies increase.

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

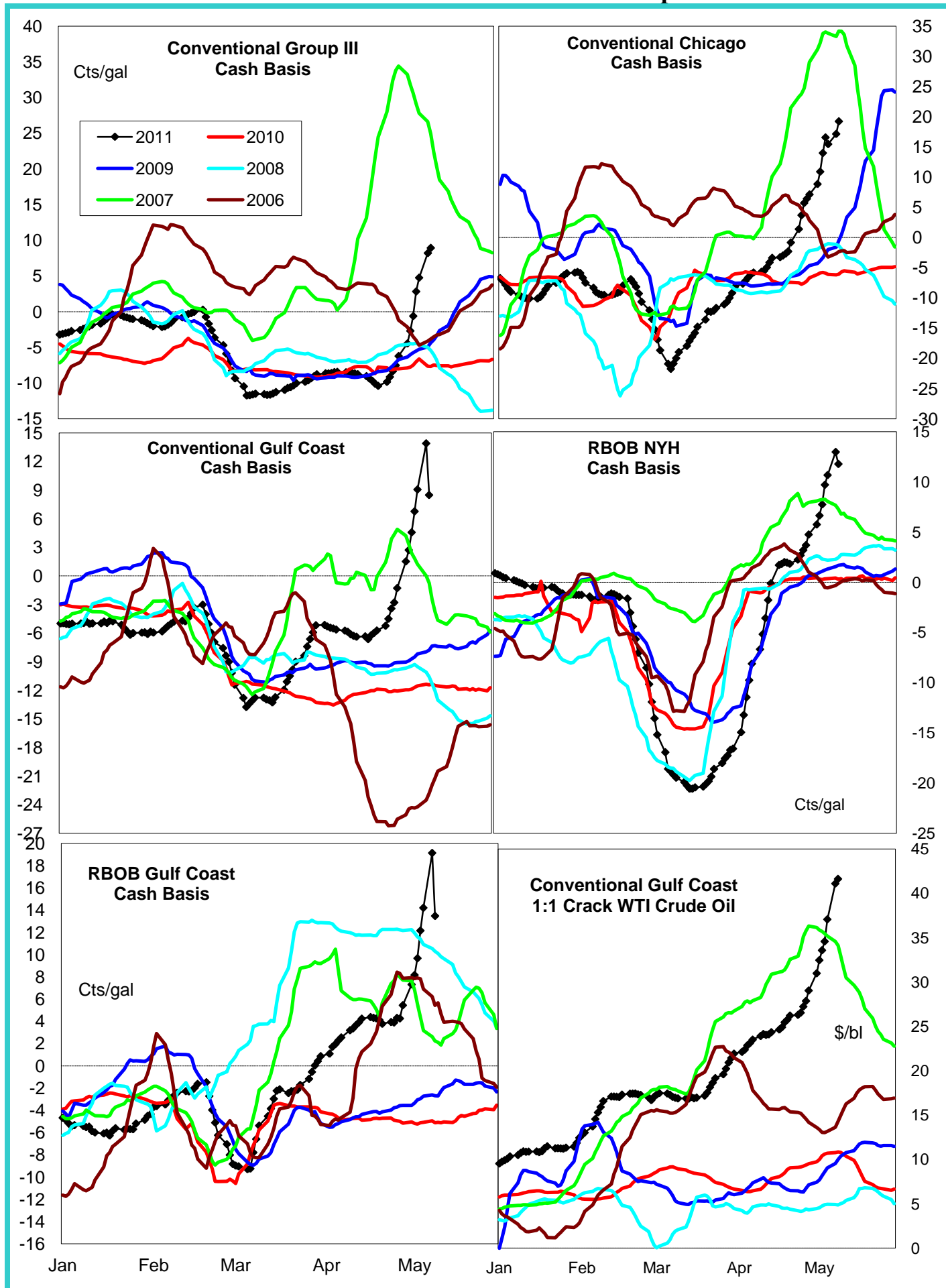
Gulf Coast Price

Expect supplies to increase as refiners return from maintenance and imports peak. Combined with lackluster demand, and slower global economic growth, further price weakness is likely.

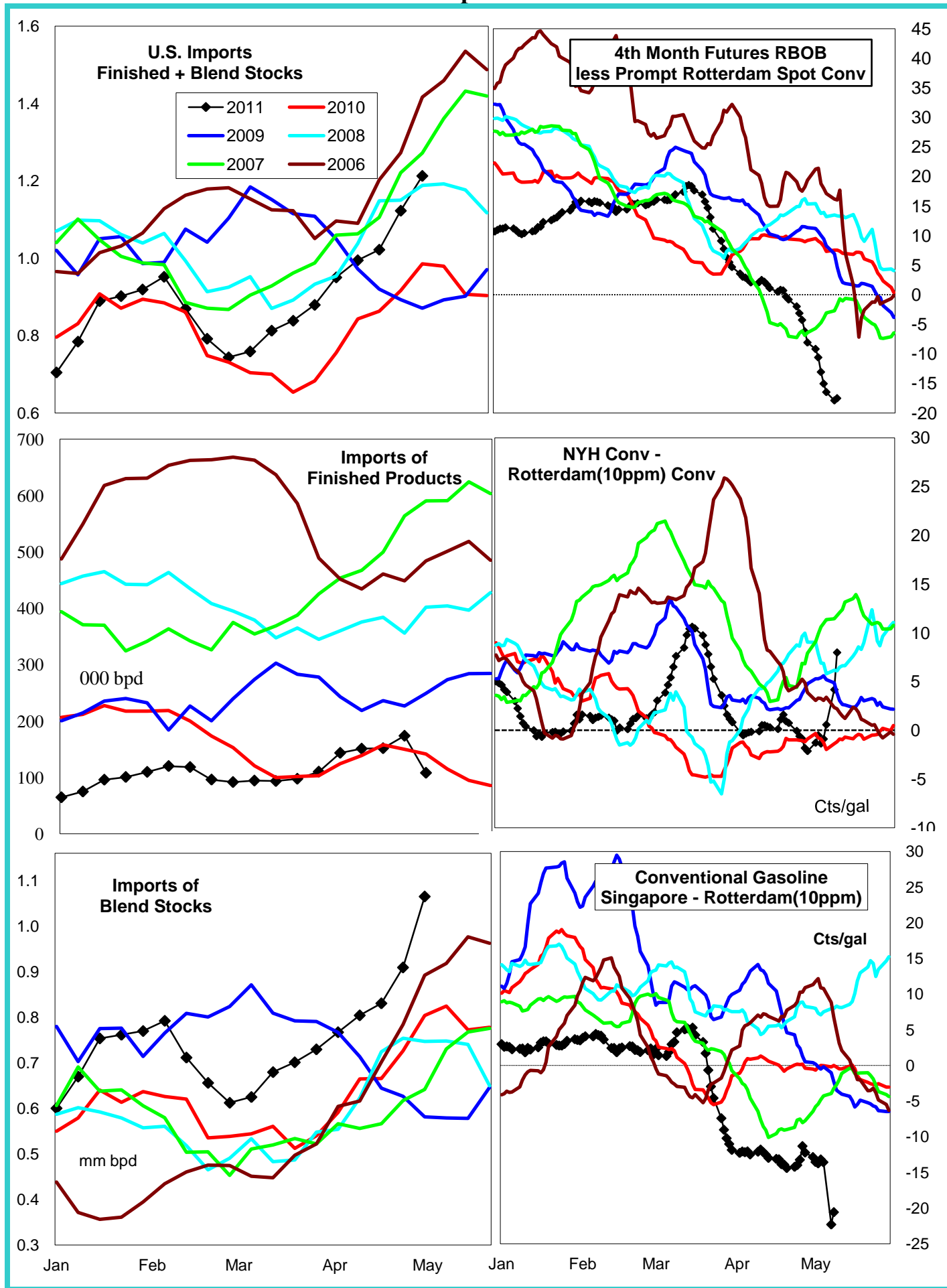


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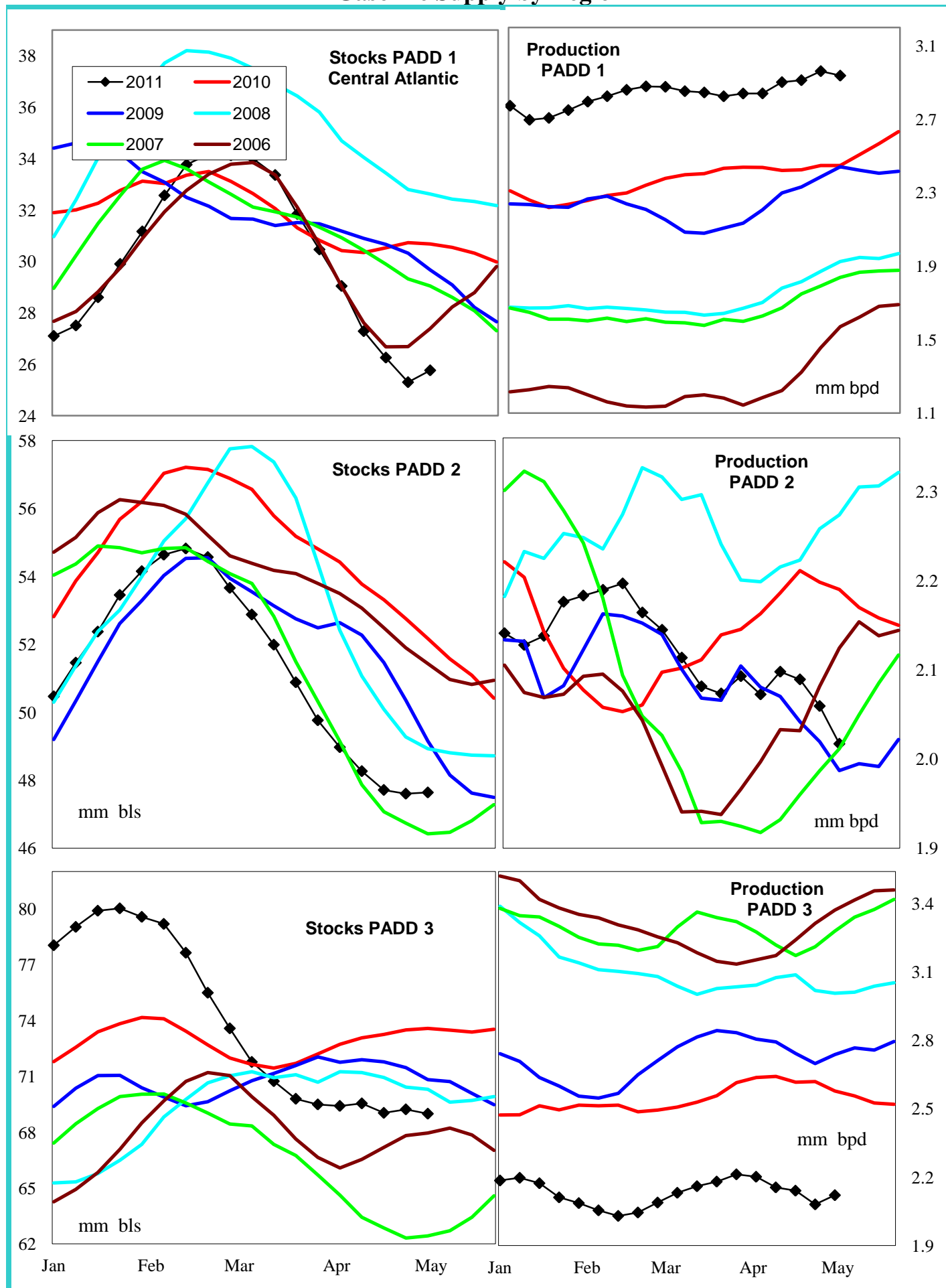
Gasoline Cash Basis and Related Price Spreads



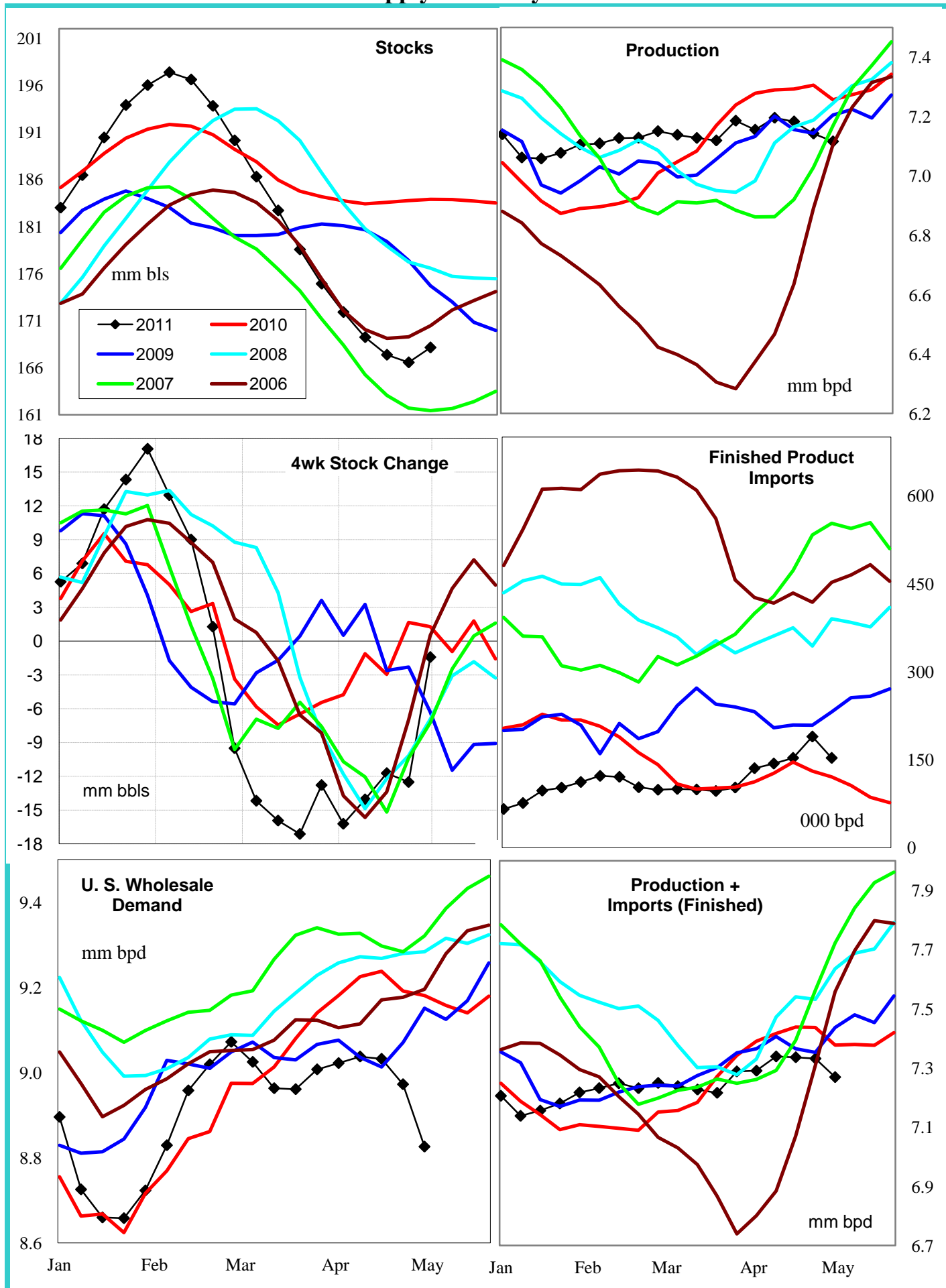
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

