



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 -58,000 bpd last week. The latest 4-wk average demand was -31,000 bpd below a year ago, again lackluster demand.

Production fell -444,000 bpd on a cumulative drop in blend stock imports of -432,000 bpd during the last 2-wks. Imports were at record low levels.

The large drop in supply led to a -1.4 million barrel stock draw on the week. Stock levels have declined to match 5-year lows in the key Central Atlantic Region of PADD 1. The tightness in supply for this region has supported NYMEX RBOB futures and consequently depressed basis in other regional markets that are better supplied.

NYH RBOB cash basis remains above the historic range on tight supply of this grade. RBOB basis in Chicago trended higher last week on refinery upsets in that regional market. All other regional markets fell sharply on the supply squeeze underway in the Central Atlantic Region of PADD 1. Basis levels on the West Coast, conventional grades East of the Rockies and RBOB on the Gulf all fell to levels below the 5-year range.

Expect cash basis outside of NYH to remain under near term pressure due to the supply squeeze in the Central Atlantic Region, then trend higher as imports arrive in NYH and peak summer demand.

RBOB

New York Harbor basis to trend lower on improving supply over the next 6-wks.

Conventional

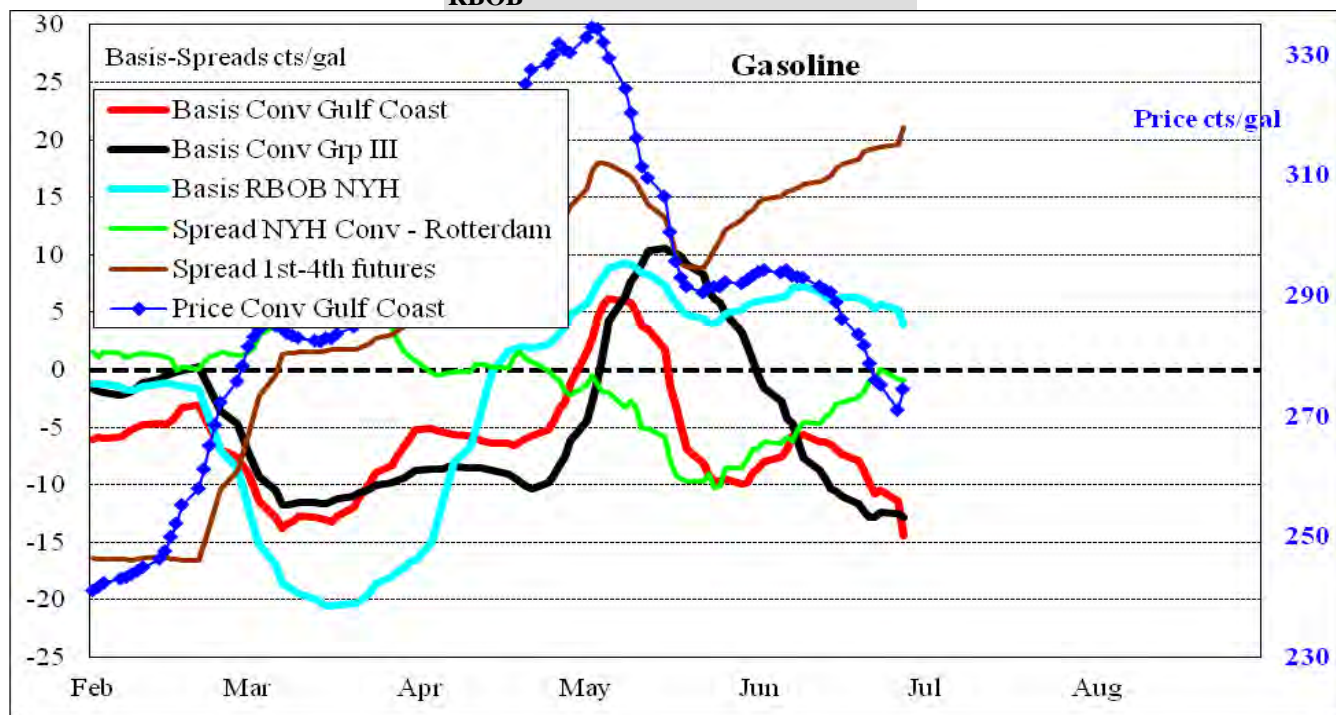
New York Harbor basis to trend higher as the NYH market is resupplied by imports. **Chicago & Group III** basis to remain under pressure in the near term on a squeeze in NYH, then higher on peak summer demand.

Gulf Basis to remain under pressure in then near term on squeeze in NYH then higher on peak summer demand.

West Coast (Los Angeles) basis to trend higher as stocks extend a seasonal draw down.

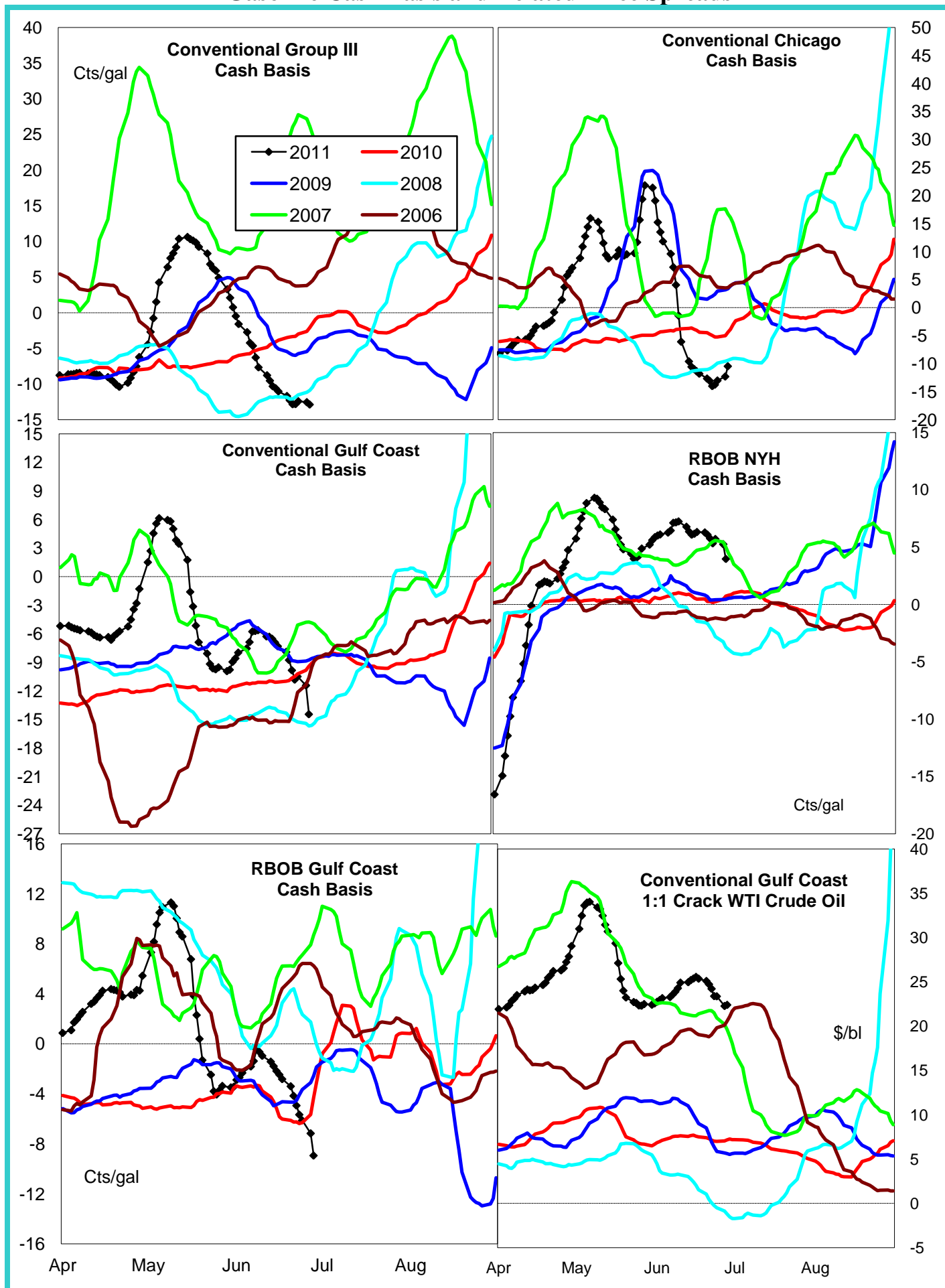
Gulf Coast Price

Weekly wholesale gasoline demand continues to be volatile, driven in part by swings in wholesale price trends that affect stocking/destocking by the downstream supply chain. However, the level remains lackluster. Expect imports to increase on more favorable economics following the recent collapse, and refiners that have been offline in the region to return to operation. Improved supply on the East Coast and slower global economic growth points to continued downside price risk by mid summer.

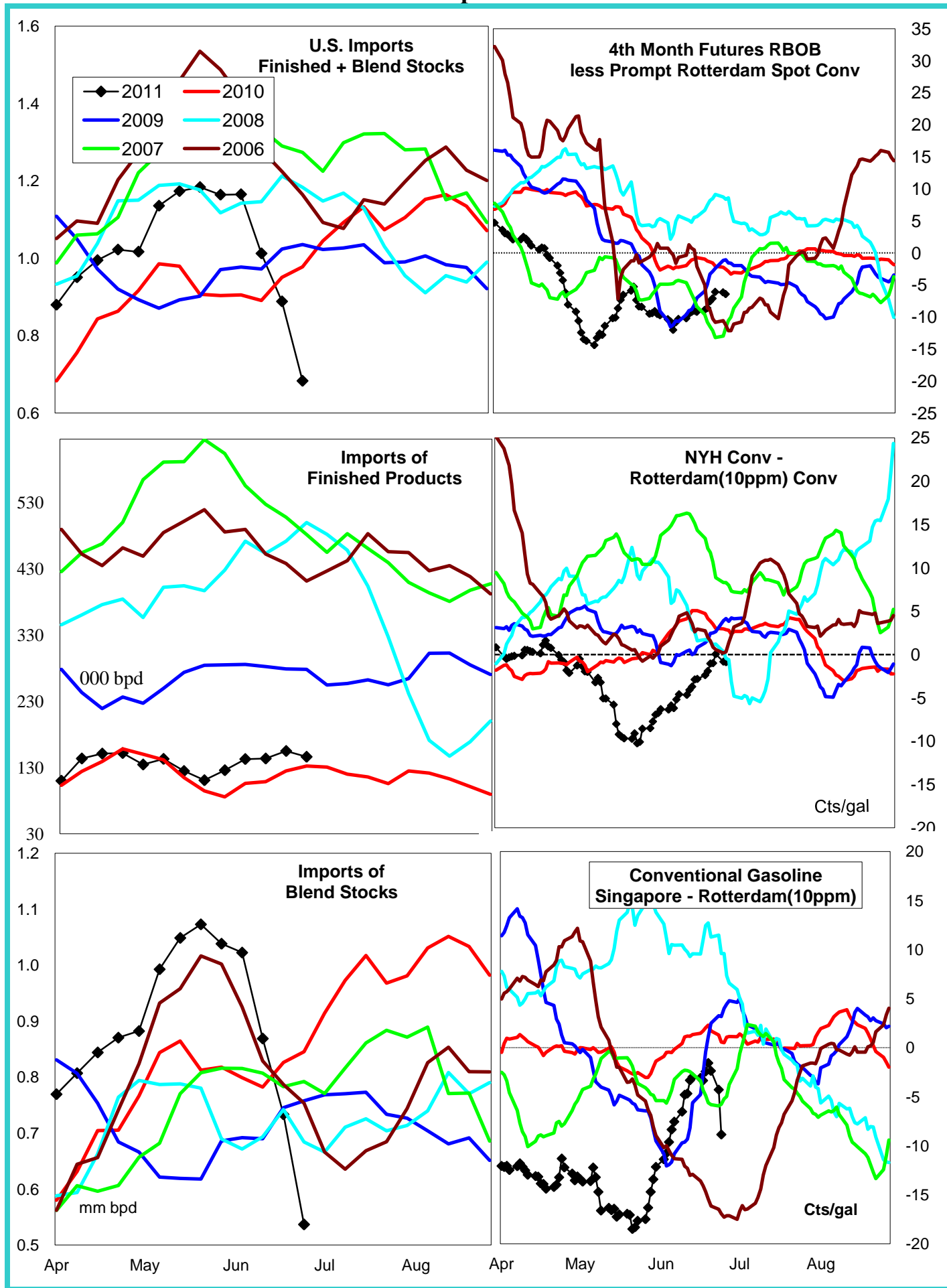


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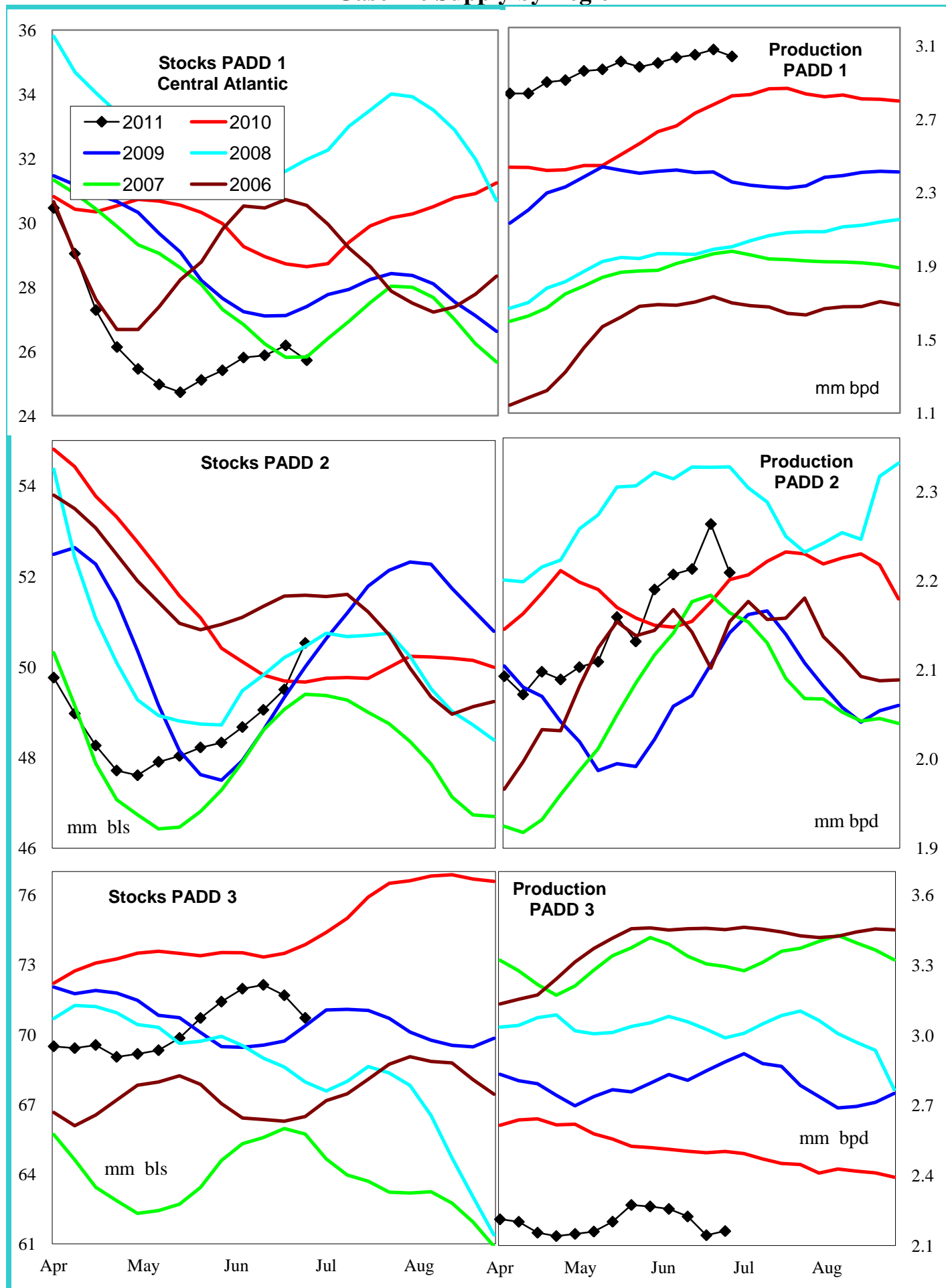
Gasoline Cash Basis and Related Price Spreads



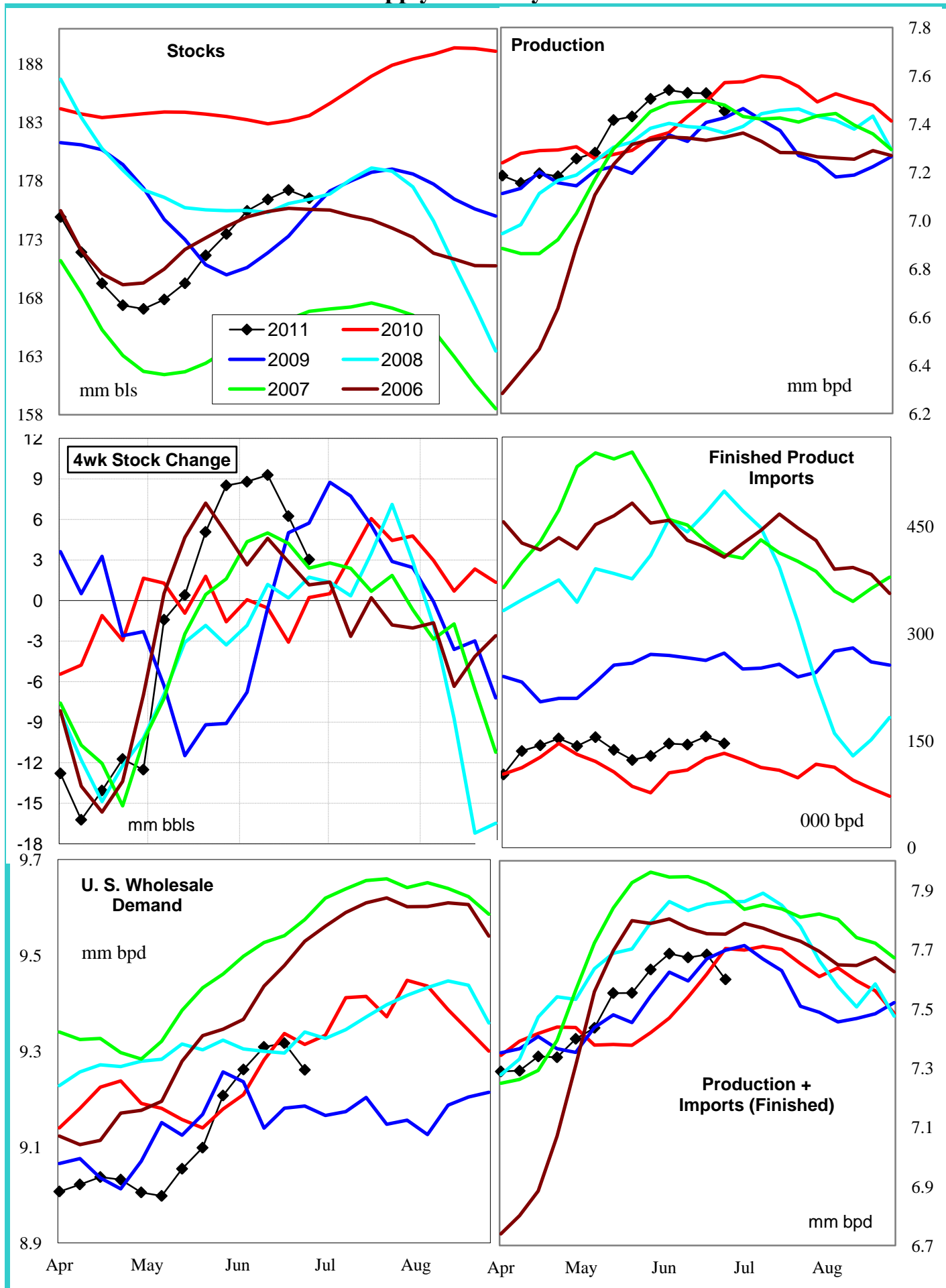
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

