



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 +48,000 bpd last week. The latest 4-wk average demand was -58,000 bpd below a year ago, still a lackluster rate.

Production reversed the prior week decline, rising +432,000 bpd on the week. Imports were nearly unchanged at record low levels.

Stocks decreased -0.6 million barrels, as the 4-wk stock change of -0.8 million barrel decline, fell below the historic range for the period.

A supply squeeze continues in the Central Atlantic Region of PADD 1 where stock levels are below the historic range - driving by extremely low imports and robust exports from the Gulf.

NYH RBOB cash basis remains above the historic range on tight supply of this grade. Basis trended higher last week for all grades in markets East of the Rockies on higher seasonal demand and stock draws in key markets. Basis levels for conventional grades remain weak in Midwest markets.

West Coast basis levels remain at record lows on high production and the tight Central Atlantic Region market.

Expect cash basis to trend higher for conventional grades in the Midwest as seasonal demand trends higher, limited by the ongoing tightness in NYH.

RBOB

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

Conventional

New York Harbor basis to trend higher on rising seasonal demand.

Chicago & Group III basis to trend higher on higher seasonal demand, but remain below the mid range.

Gulf Basis to trade sideways, following the recent uptrend, at levels near the mid range.

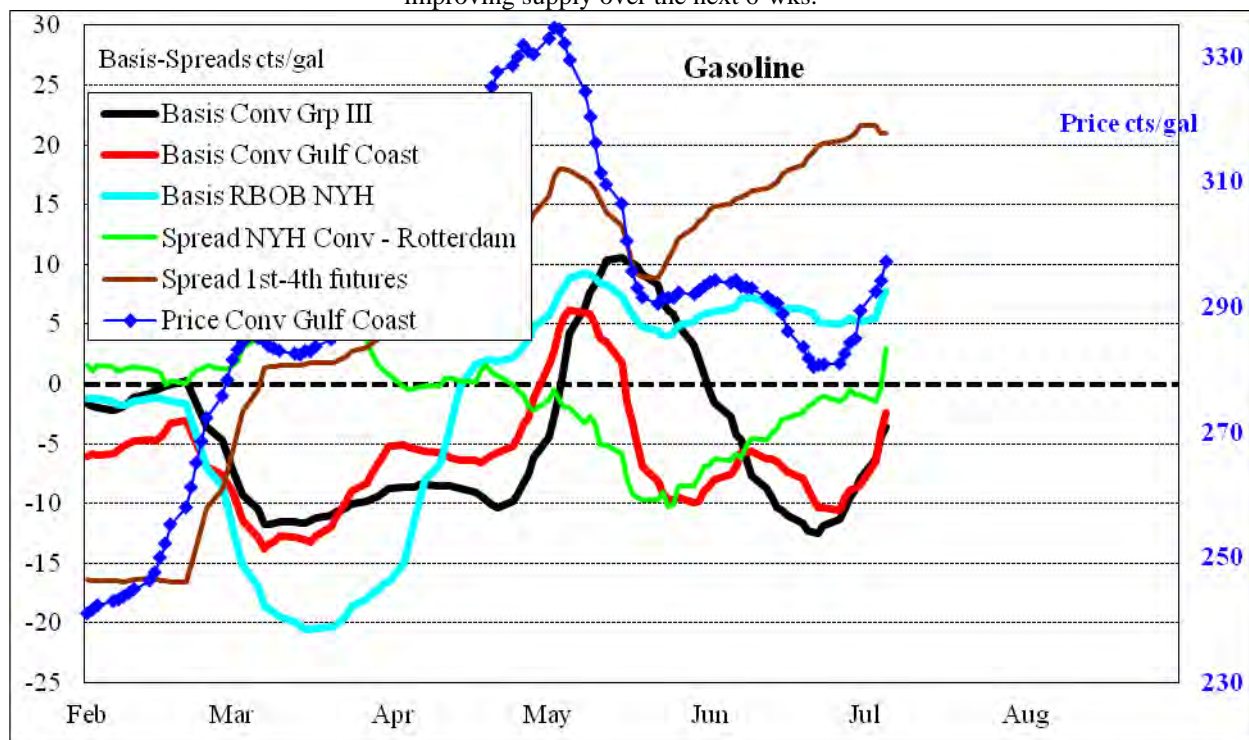
West Coast (Los Angeles) basis to remain weak on high production, soft demand and tightness on the East Coast.

Gulf Coast Price

Gasoline demand based on the monthly EIA estimates, was below last year for each of the months of January through April of 2011; including a sharp drop of -341,000 bpd in April. This lackluster demand has been driven by high retail prices and high unemployment. The latest 4-wk average demand data also indicate lower year-on-year demand.

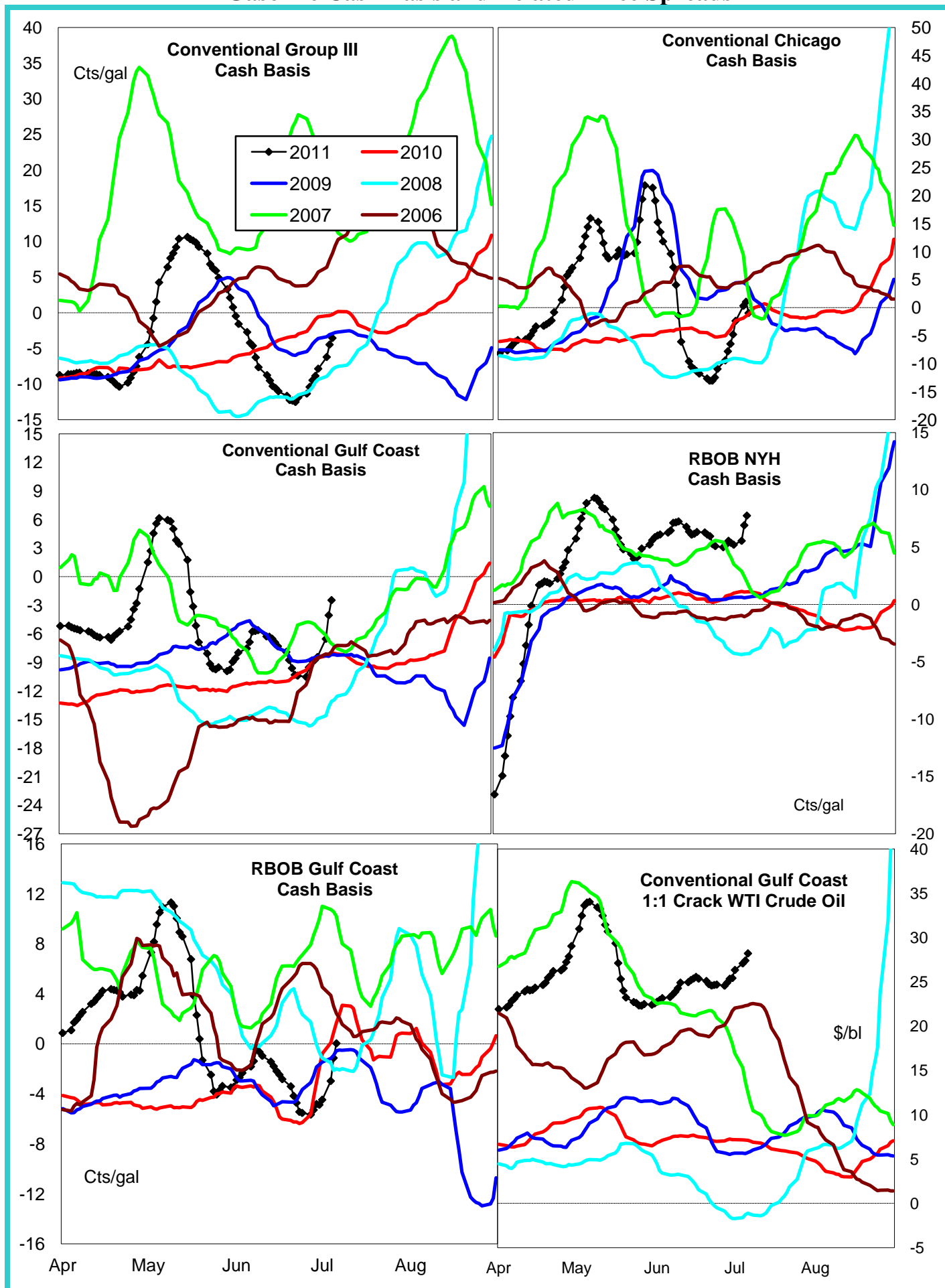
Weak demand has been partially offset by record exports, which reached 479,000 bpd in April.

Given these fundamental trends, risk to the downside in prices should continue through the peak summer season.

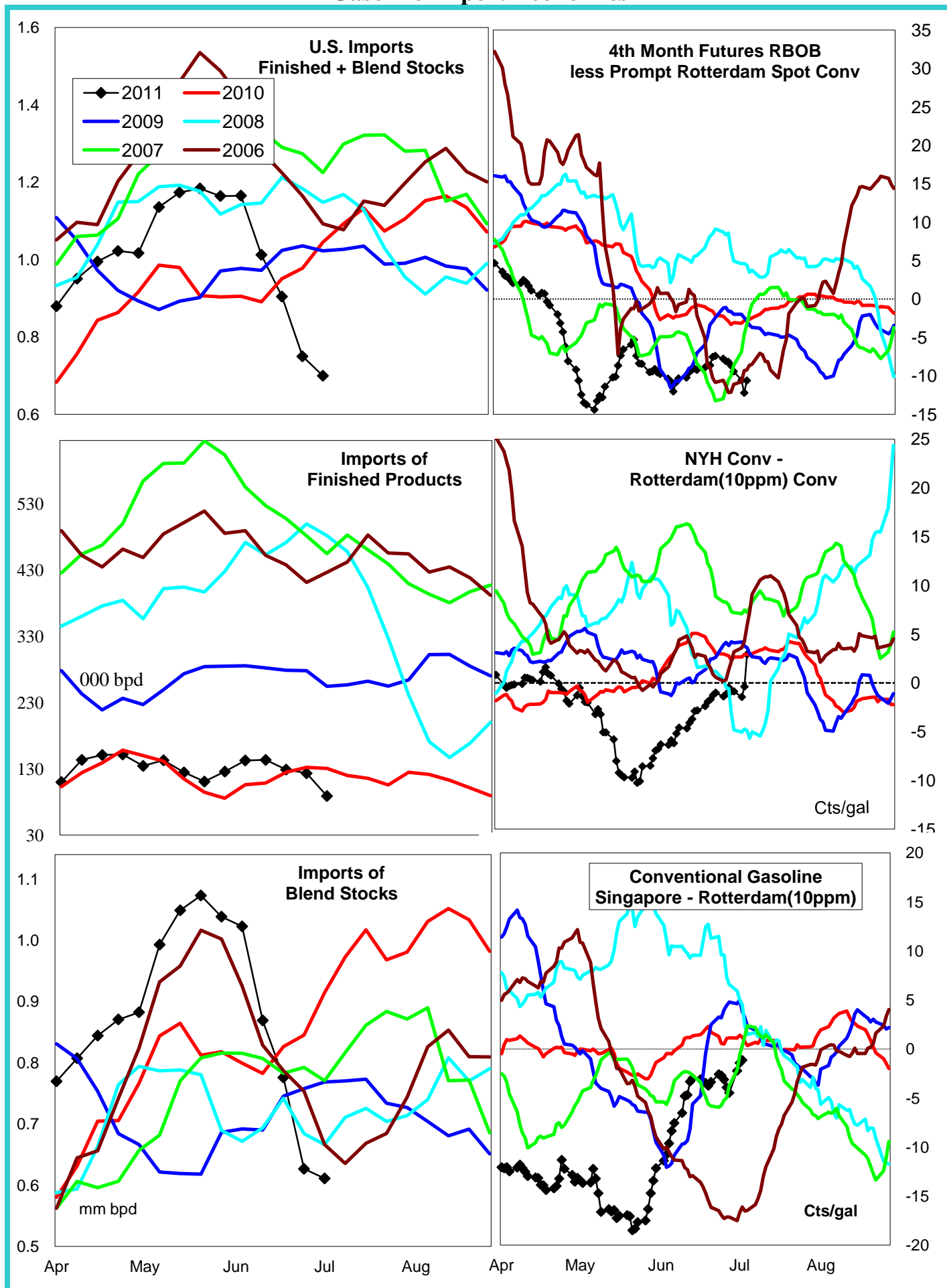


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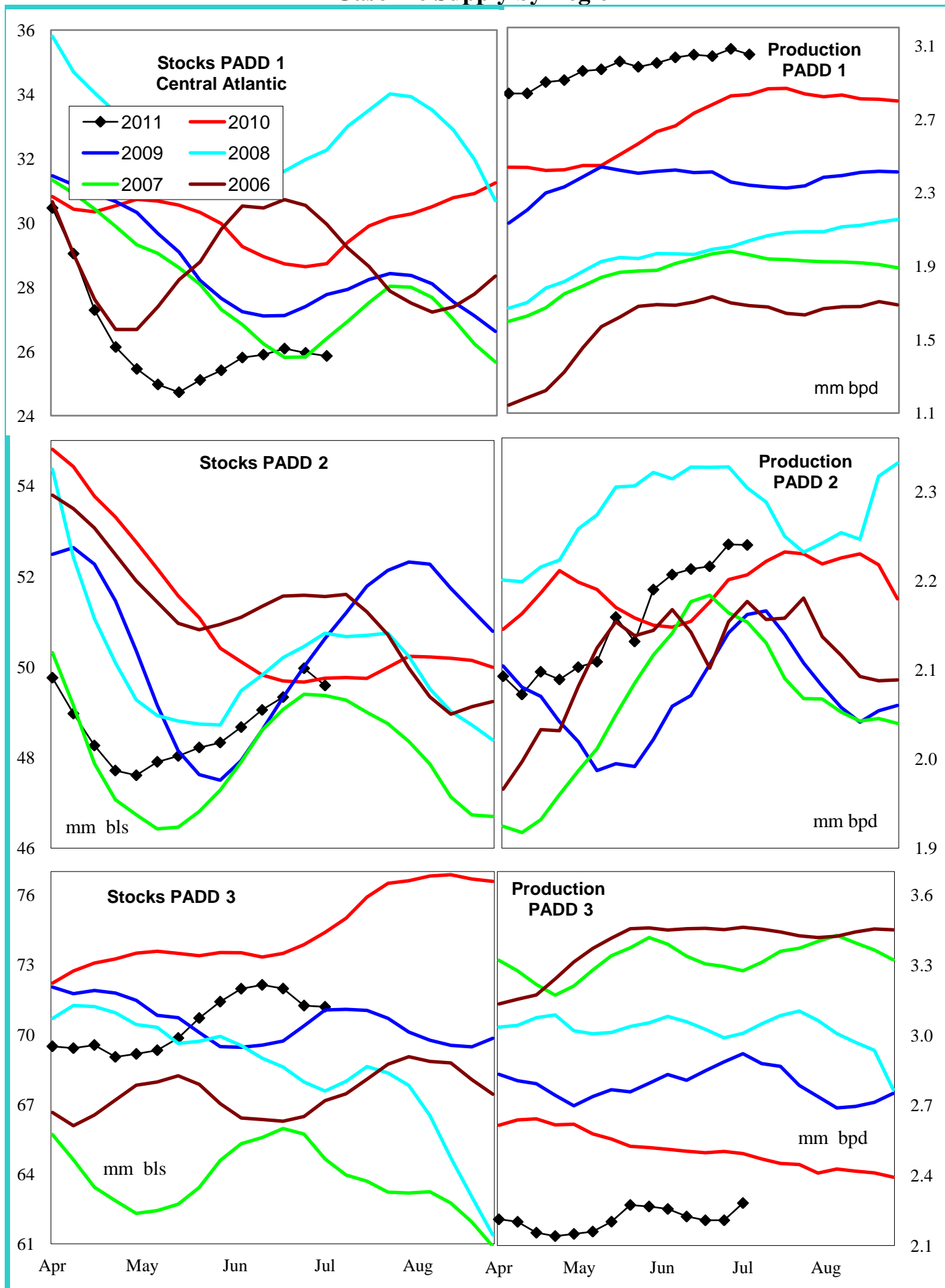
Gasoline Cash Basis and Related Price Spreads



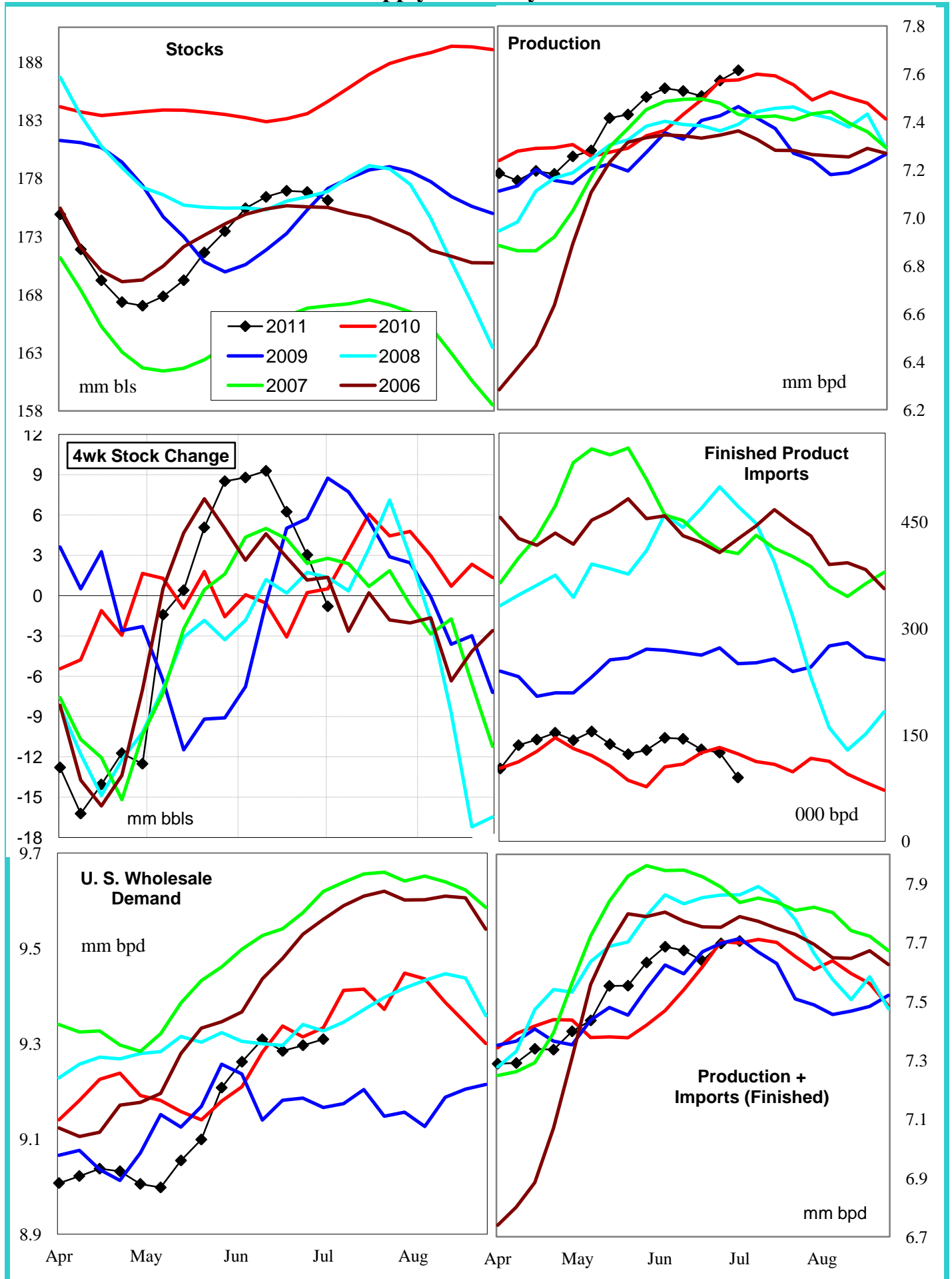
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

