



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 +216,000 bpd last week, the first meaningful increase since late June. The latest 4-wk average demand was -342,000 bpd below a year ago, the largest year-on-year decline of 2011.

Production decreased -44,000 bpd on the week, while imports climbed +183,000 bpd.

Stocks saw a counter seasonal +1.7 million barrel stock build, due to continued weak demand. The latest 4-wk stock build East of the Rockies of +1.8 million barrels matched the mid range.

The supply squeeze continues in the Central Atlantic Region of PADD 1 where stock levels are below the historic range - driven by low imports and robust exports from the Gulf. This squeeze, combined with lackluster demand, continues to depress cash basis in other regional markets having a more adequate supply balance.

Cash basis increased in most regional markets this week due to the roll from August to September RBOB contract.

NYH RBOB cash basis remains above the historic range on tight supply of this grade. With the exception of Gulf conventional gasoline, basis increased in all markets and products; driven by the futures roll. Basis levels in the Midwest and West Coast markets remain unusually low. Gulf basis continues to be supported by exports.

Very weak demand should depress cash basis for the balance of the season across markets outside of 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 peak seasonal demand.

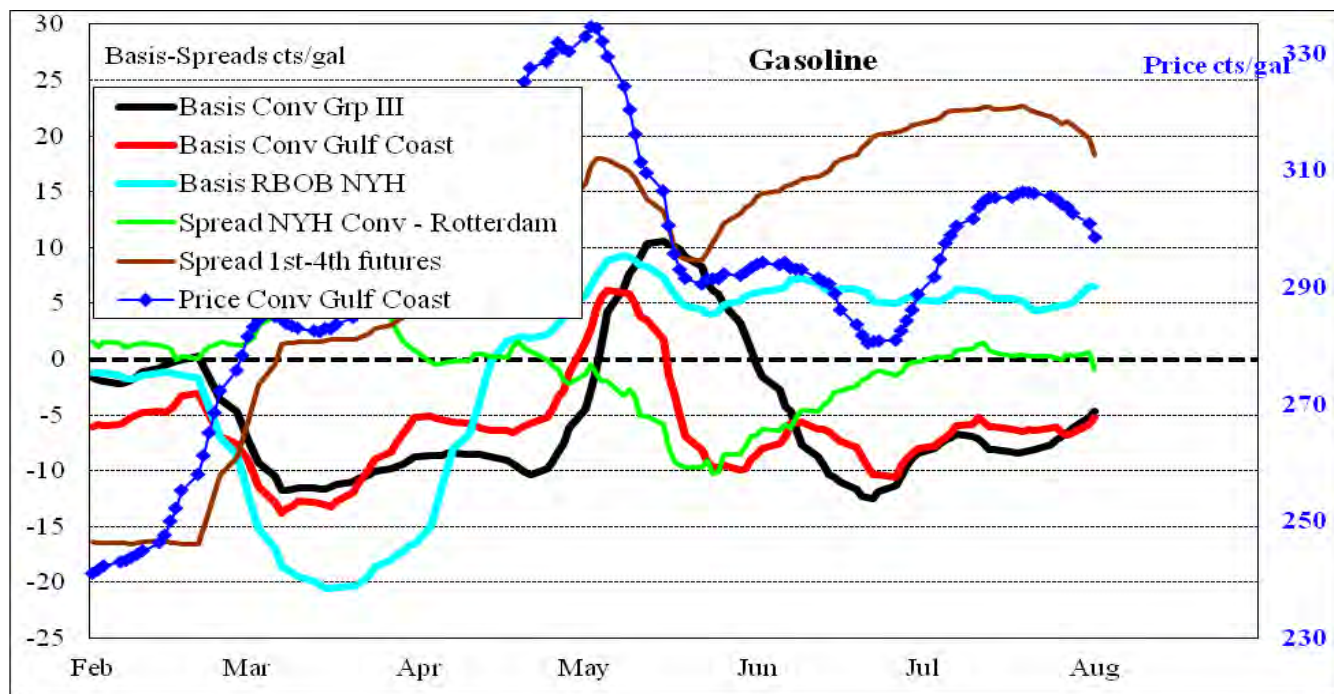
Chicago & Group III basis to trend higher on an improving PADD 1 supply and peak seasonal demand.

Gulf Basis to trend higher on peak seasonal demand and improved East Coast supplies.

West Coast (Los Angeles) basis to trend higher on increased exports and improved East Coast supplies, but remain weak compared to the historic range.

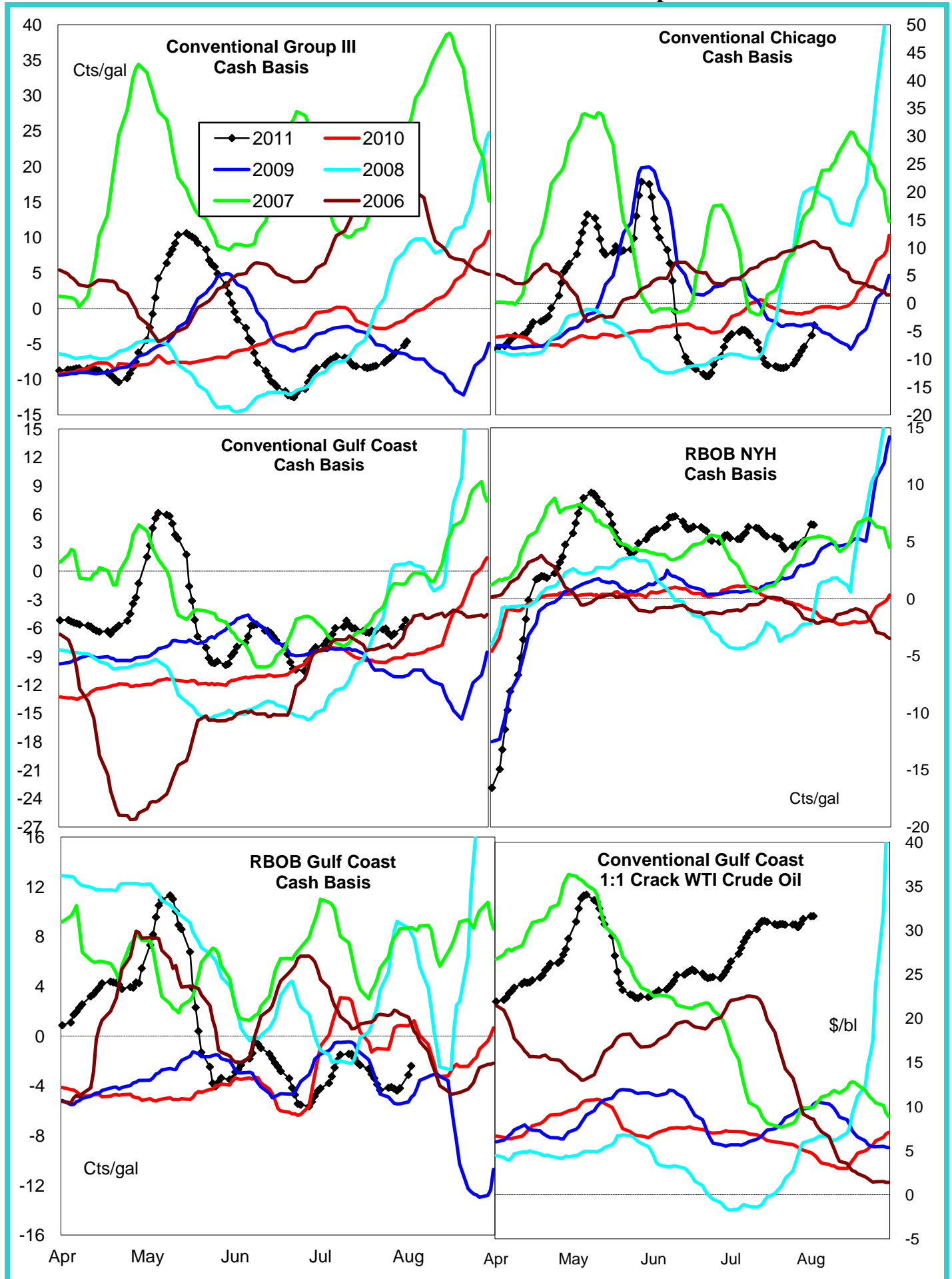
Gulf Coast Price

The supply squeeze in the key Central Atlantic Region, robust exports from the Gulf and very weak demand compared to year ago levels continues to depress cash basis in the Midwest and West Coast markets. Gasoline markets are very well supplied in all regions except the Northeast. In the absence of hurricane disruptions, expect further price weakness.

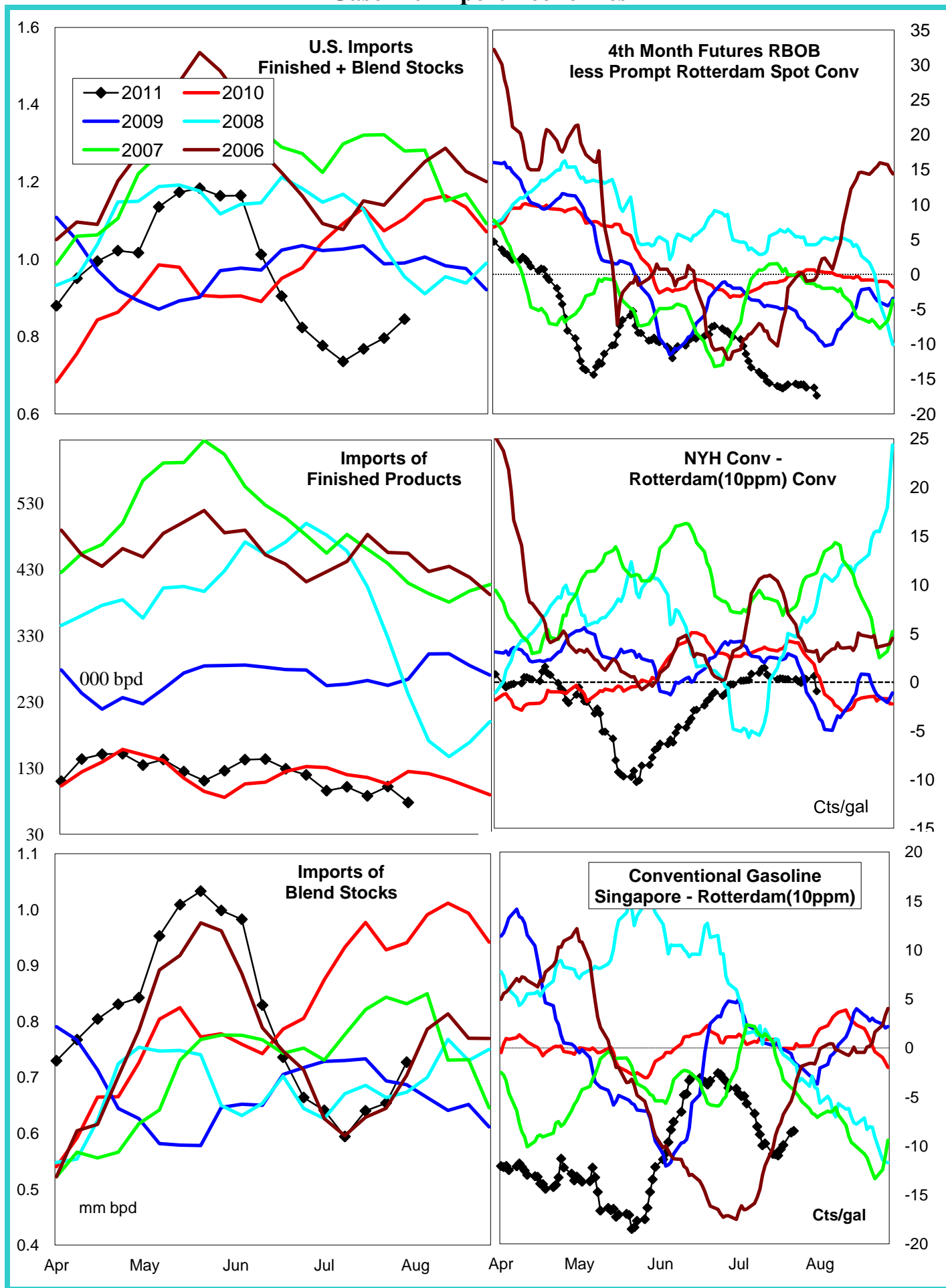


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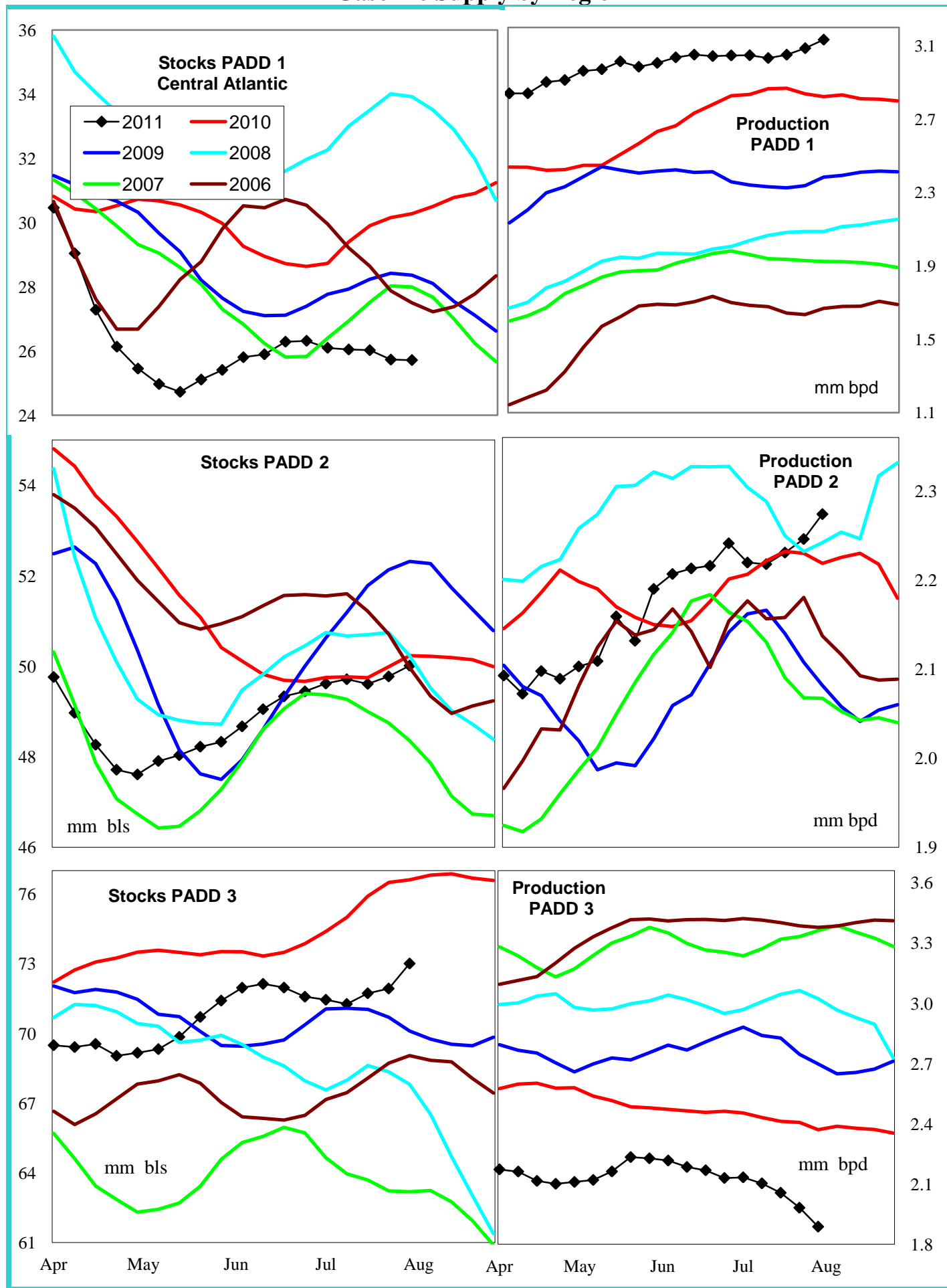
Gasoline Cash Basis and Related Price Spreads



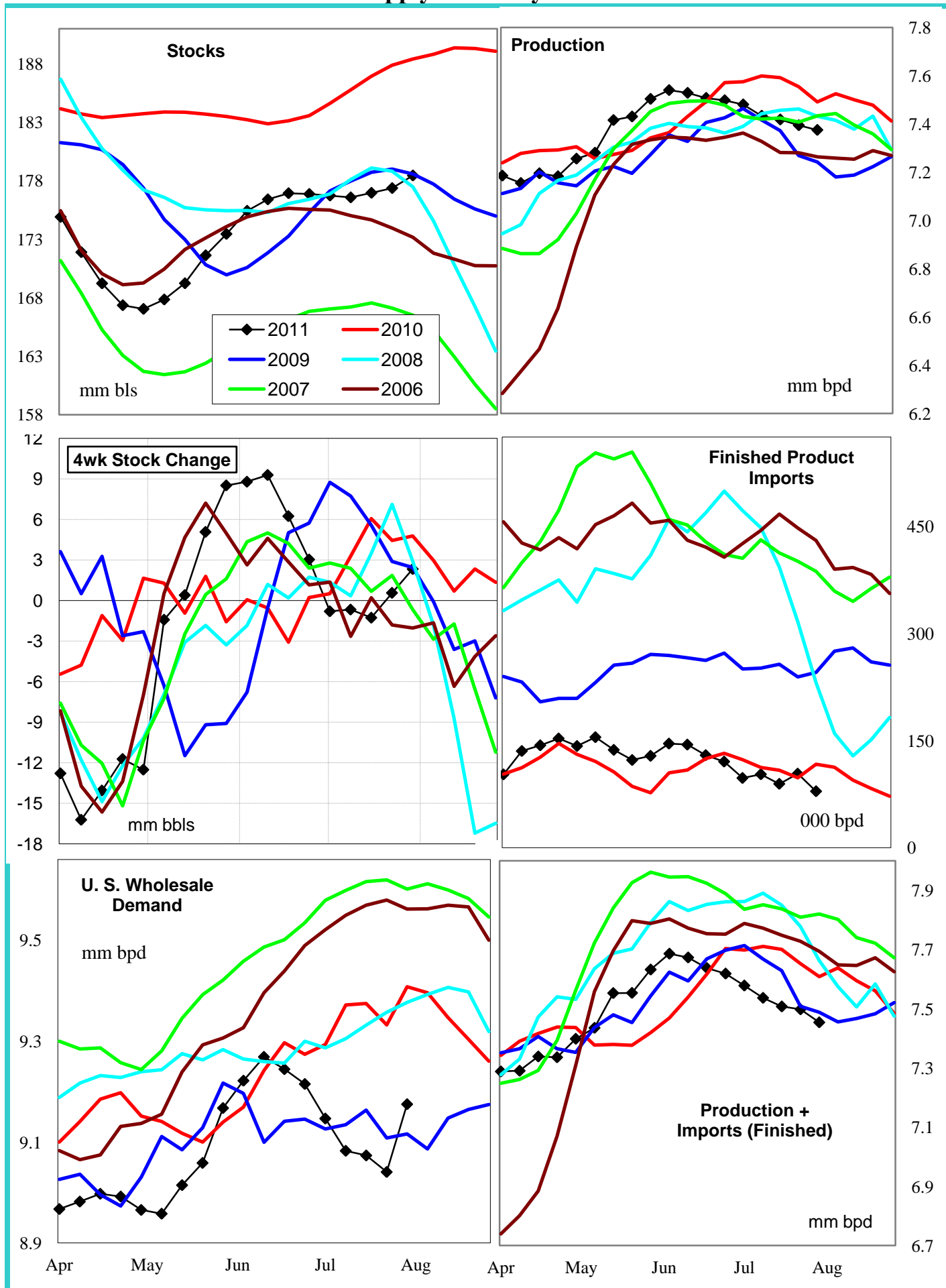
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

