



## 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 was unchanged last week, at a level below the 5-year range. The latest 4-wk average demand was -156,000 bpd below a year ago, and below even the record lows during the recession.

Production fell -278,000 bpd last week, concentrated in the Gulf. Imports remain extremely low.

Stocks increased +3.3 million barrels with builds in major markets except the East Coast. The latest 4-wk stock change East of the Rockies was a build of +3 million barrels, a level that matched 5-year highs for this time of year.

Stock levels reached new 5-year highs on the Gulf last week, with builds in the key Central Atlantic Region and PADD 2.

Cash basis extended the longer term seasonal decline in all markets last week, except the Northwest.

Expect basis to trade sideways in the near term on a modest seasonal rebound in demand, start of fall refinery maintenance and lower flat prices; then trend lower during the 1st half of the 4th quarter on high levels of supply and weak demand.

#### RBOB

**New York Harbor** basis to trend lower on reduced seasonal demand, partially offset by record low imports.

#### Conventional

**New York Harbor** basis to trend lower on reduced seasonal demand, partially offset by record low imports.

**Chicago & Group III** basis to trade sideways in the near term from all ready

low levels on an upturn in demand and fall refinery maintenance, then seasonally lower on ample supplies.

**Gulf Basis** to trade sideways in the near term from all ready low levels on an upturn in demand and fall refinery maintenance, then seasonally lower on ample supplies.

**West Coast (Los Angeles)** basis to trend lower on production rates above the last 3-years and seasonally stock builds.

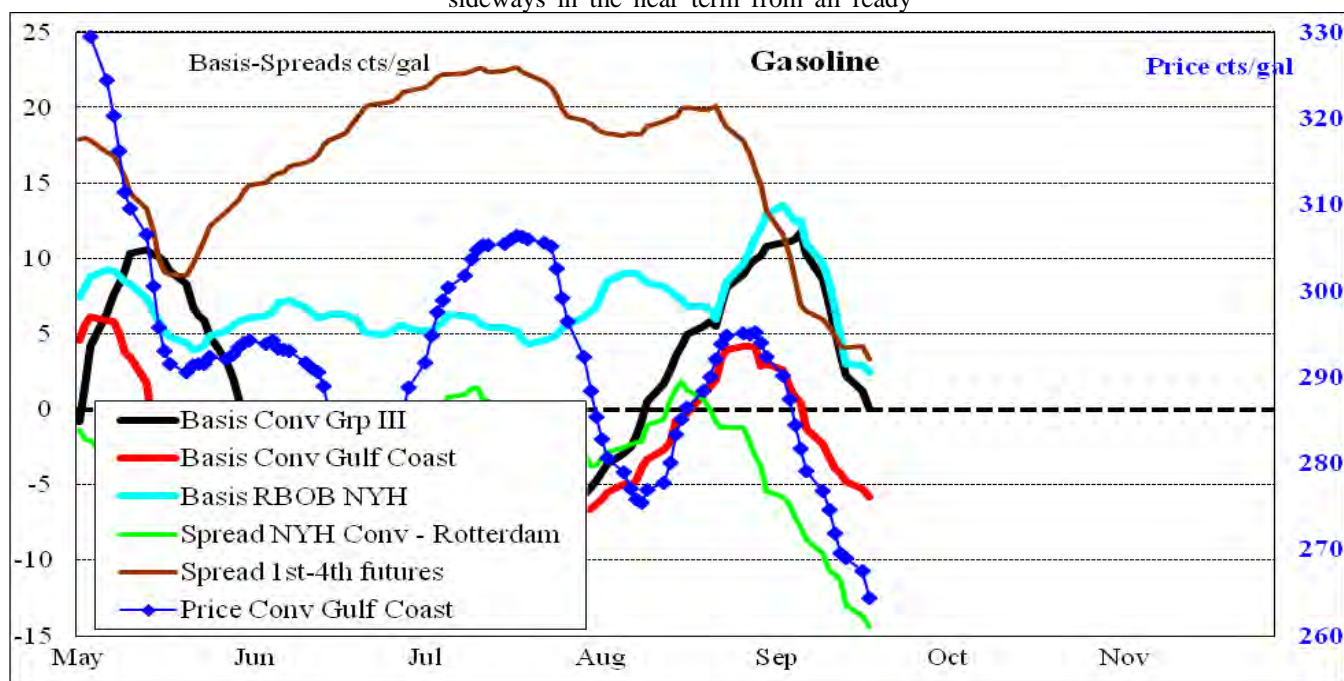
#### Gulf Coast Price

The Gulf Coast market is extremely over supplied with stocks at record high levels. The start of fall refinery maintenance should constrain output during the next 60-days. However seasonally low demand is likely to result in continued high stock levels.

In the absence of hurricane disruptions to the Gulf region, expect price weakness on excess supplies as refiners convert to fall grades and seasonal demand trends lower.

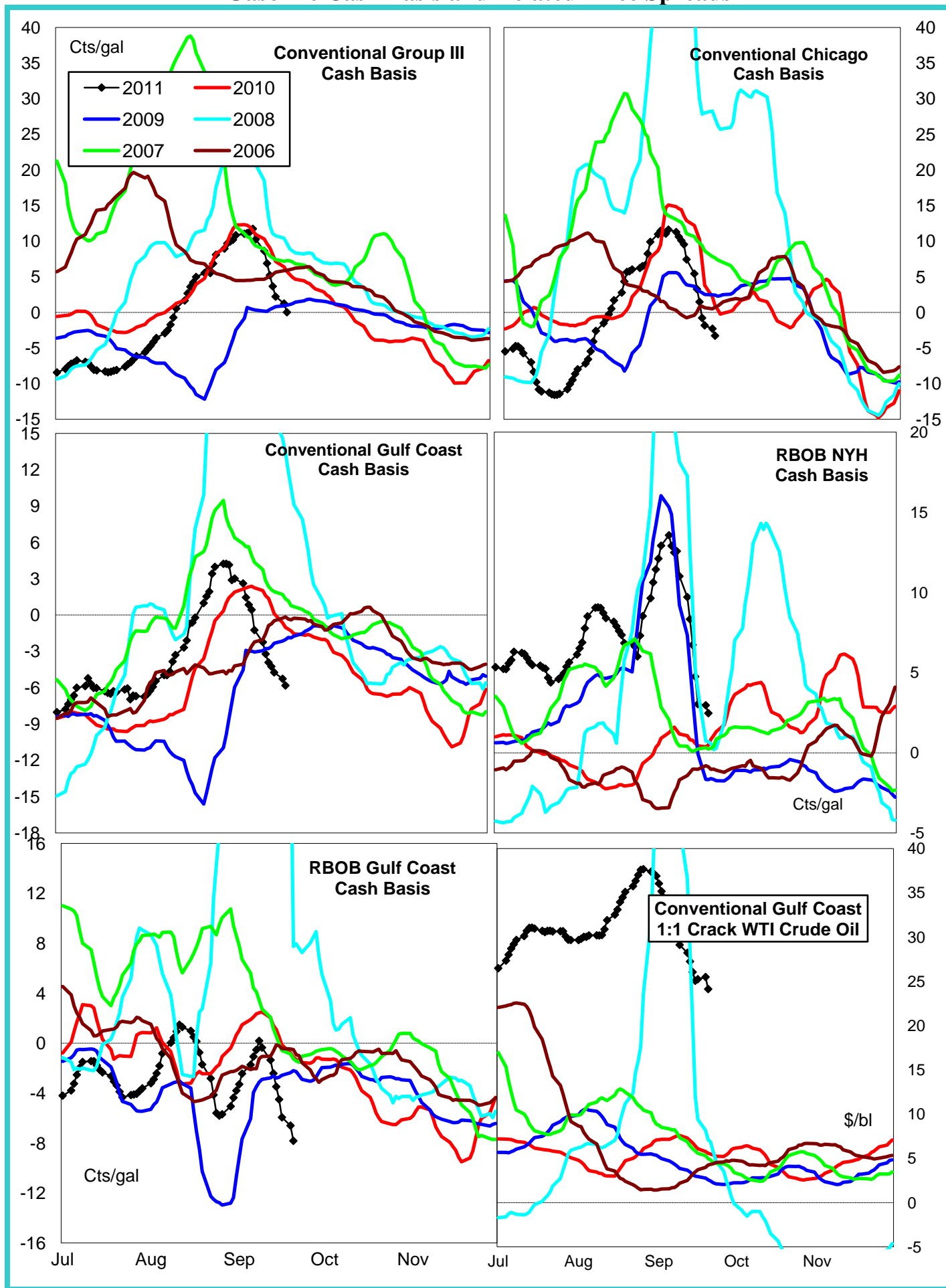
Tight global gasoline markets should lead to exports from the U.S. coasts, limiting the downside to cash basis.

Risk of hurricane disruptions on the Gulf continue for the next 30-days.

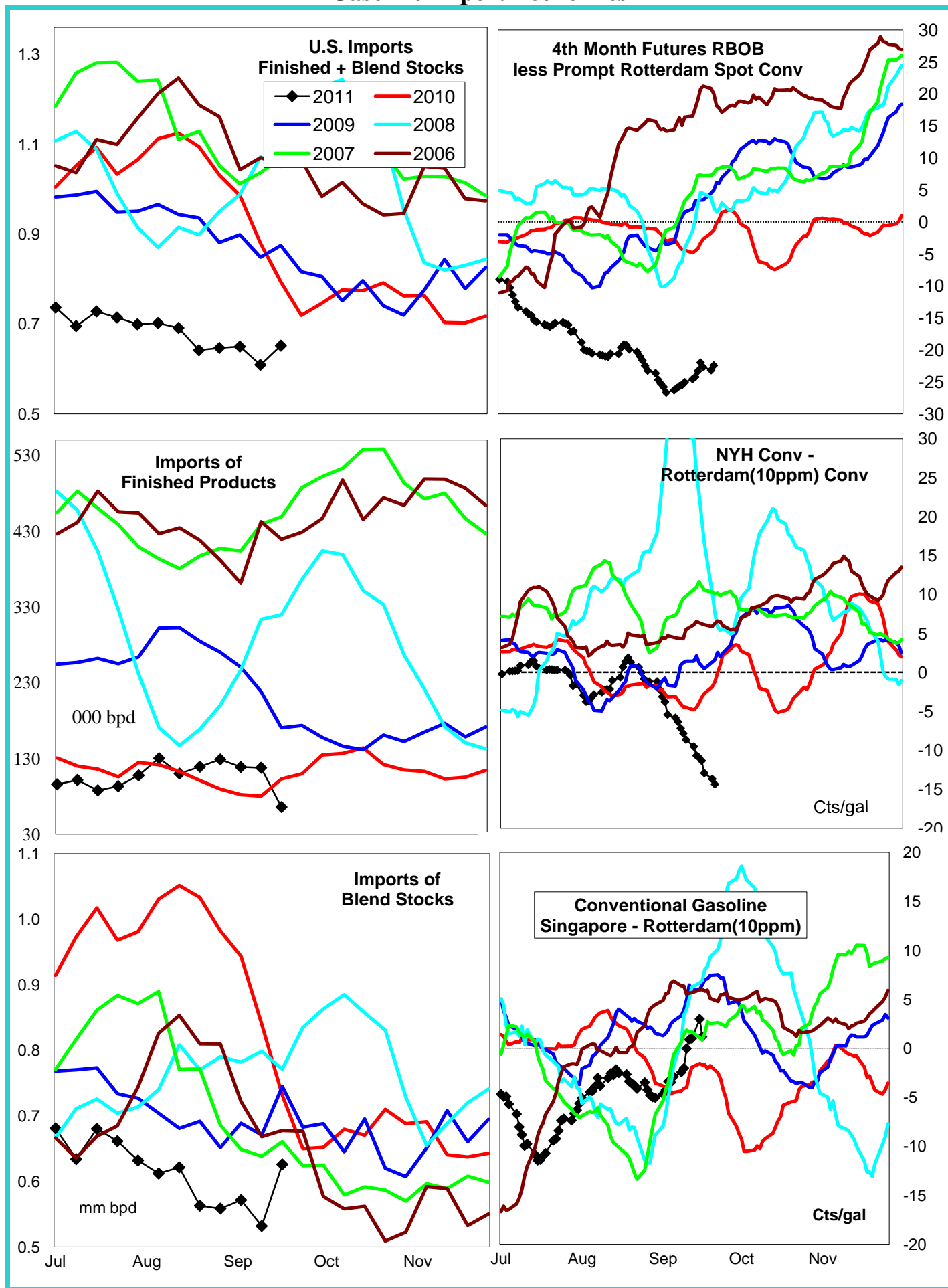


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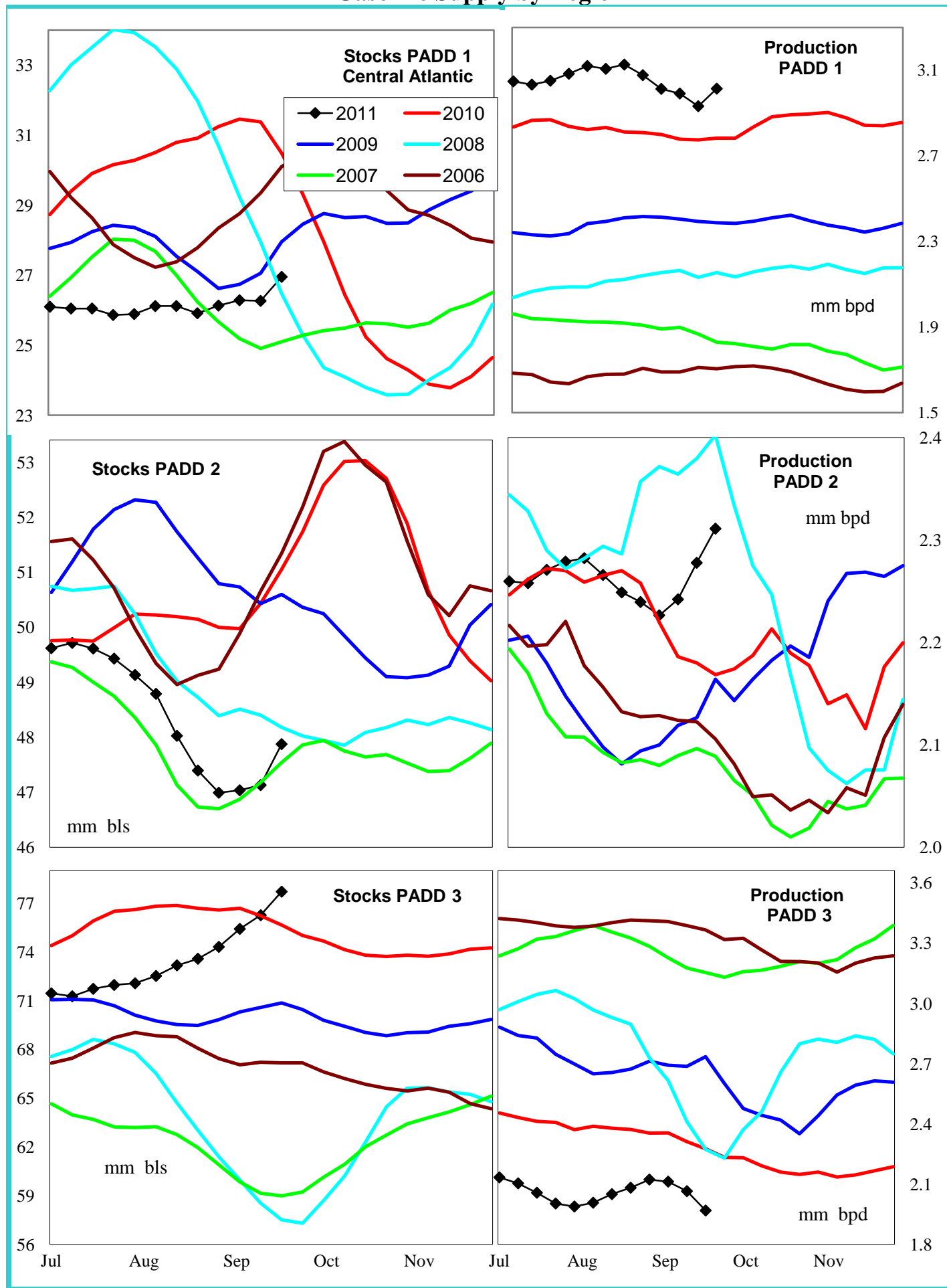
# Gasoline Cash Basis and Related Price Spreads



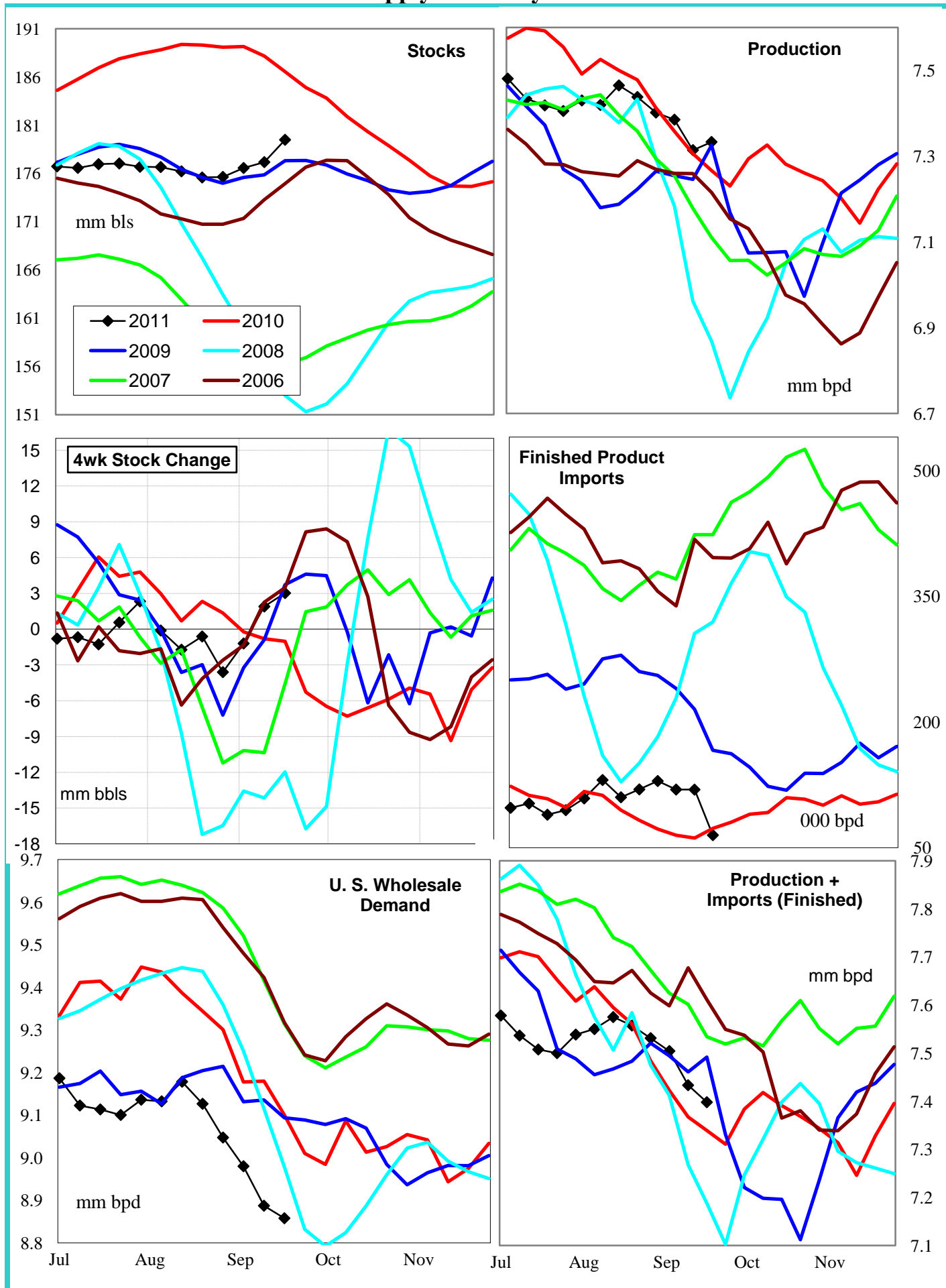
# Gasoline Import Economics



# Gasoline Supply by Region



# Gasoline Supply Summary PADDs 1+2+3



# PADD 5 Gasoline Supply

