



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		→	→

Stocks decreased -4.1 million barrels on sharply reduced supply. The latest 4-wk stock change East of the Rockies was a draw of -1.5 million barrels, a level that matched the mid range.

Unplanned and planned refinery maintenance on the East Coast and in Eastern Canada will continue the current supply squeeze in NYH. Maintenance in the Northwest and LA basin will continue to keep supplies tight in the near term in this market. Earlier summer refinery maintenance in the Chicago area has resulted in lower than normal maintenance in this market for the fall quarter, leading to extreme over supply.

Cash basis surged in most markets early last week, before pulling back late this week. The exception was Chicago where basis traded at record lows on over supply.

Look for basis to trend modestly lower from the current elevated levels in most markets, with the exception of NYH. Refinery maintenance during the next 30-days should prevent sharp basis declines prior to month end.

RBOB

New York Harbor basis to trade at elevated levels on the current supply squeeze, which may not be fully resolved until early November.

Conventional

New York Harbor basis to trade at elevated levels on the current supply squeeze, which may not be fully resolved until early November.

Chicago & Group III basis to trend lower on high production rates, compared to tight supply in NYH.

Gulf Basis to trend lower as deficits created by refinery maintenance are re supplied

West Coast (Los Angeles) basis to trend modestly lower from current very high levels as refinery maintenance in the Northwest ends.

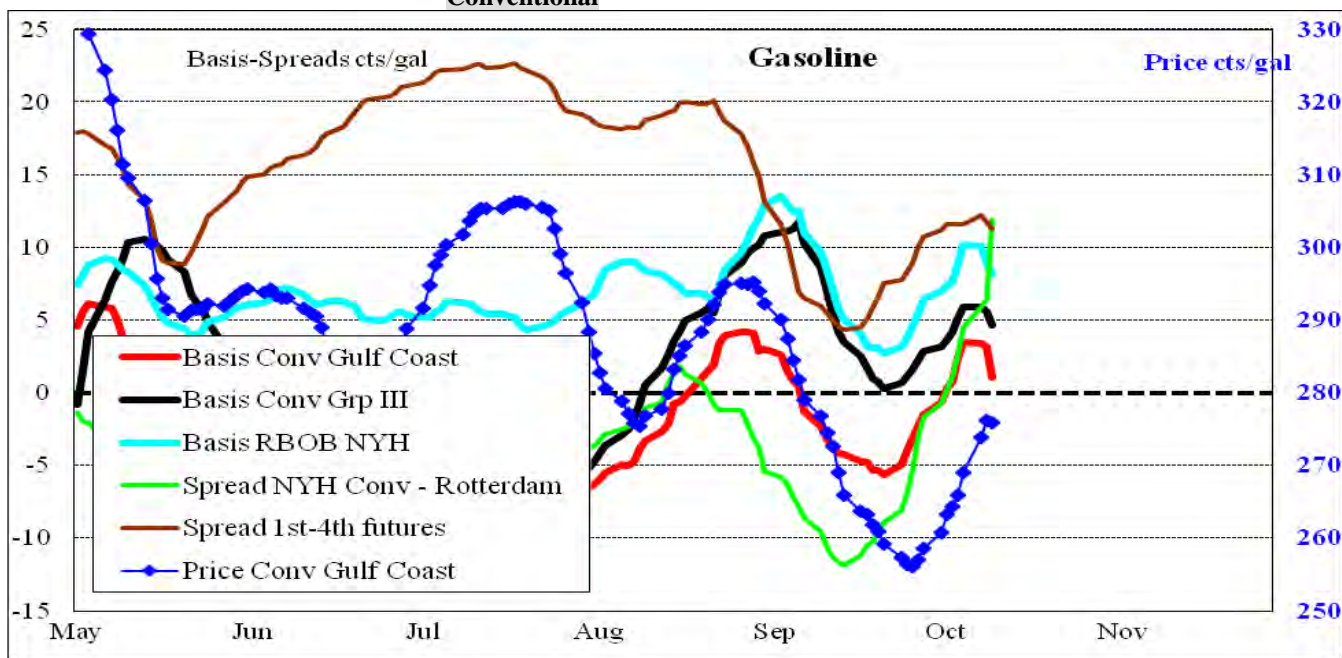
Gulf Coast Price

Asia and Middle East gasoline prices are unusually high compared to U.S. domestic cash markets on robust demand in the Asia Pacific Region and more recently the unplanned maintenance at Shell's 500K Singapore refinery.

Refinery maintenance on the Atlantic Coast, and record low imports into PADD 1 should support Gulf spot prices through month end.

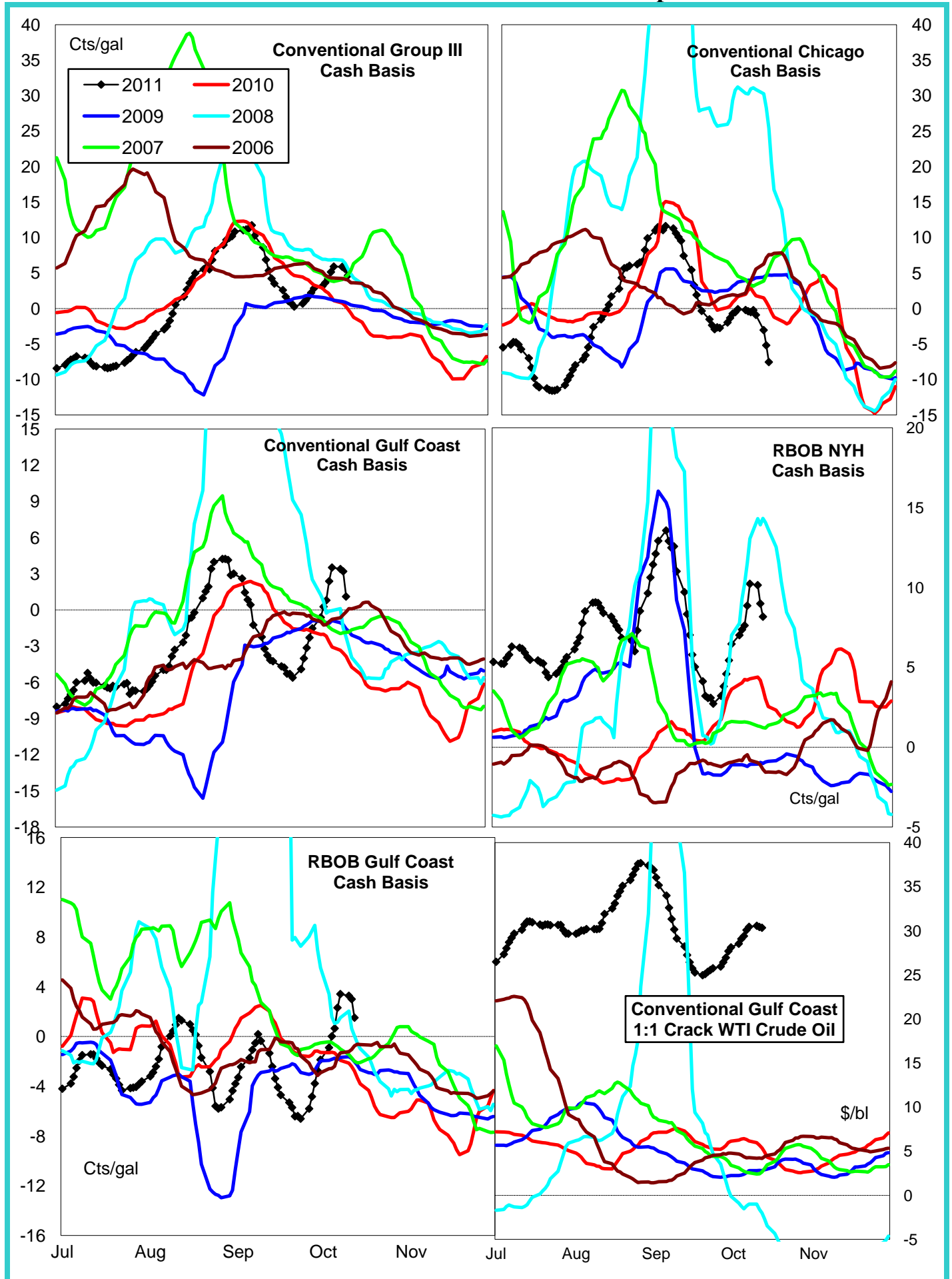
Wholesale demand increased +51,000 bpd last week, with the level below each of the last 2-years. The latest 4-wk average demand was -60,000 bpd below a year ago.

Production fell -372,000 bpd as planned and unplanned refinery maintenance expanded.

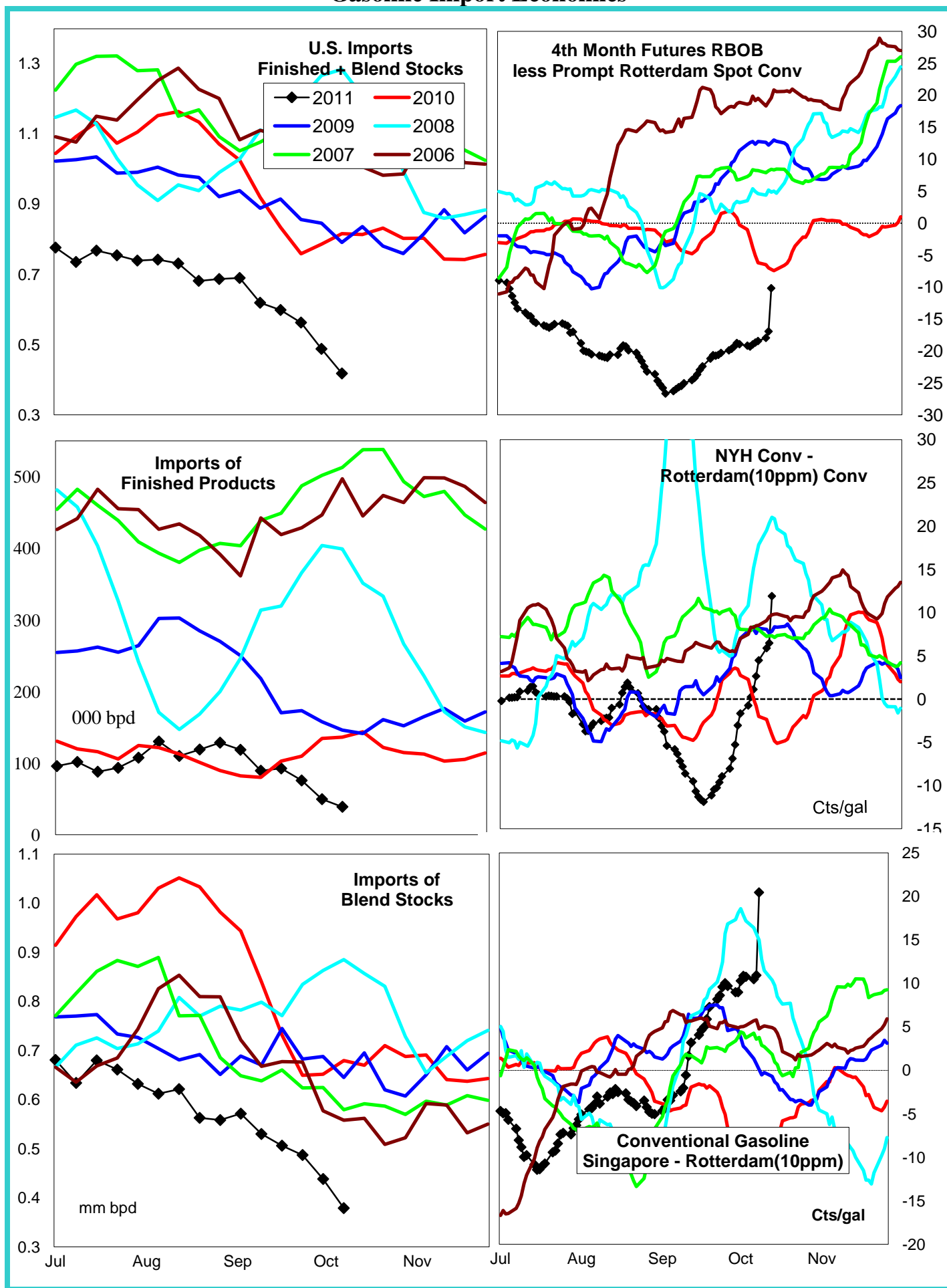


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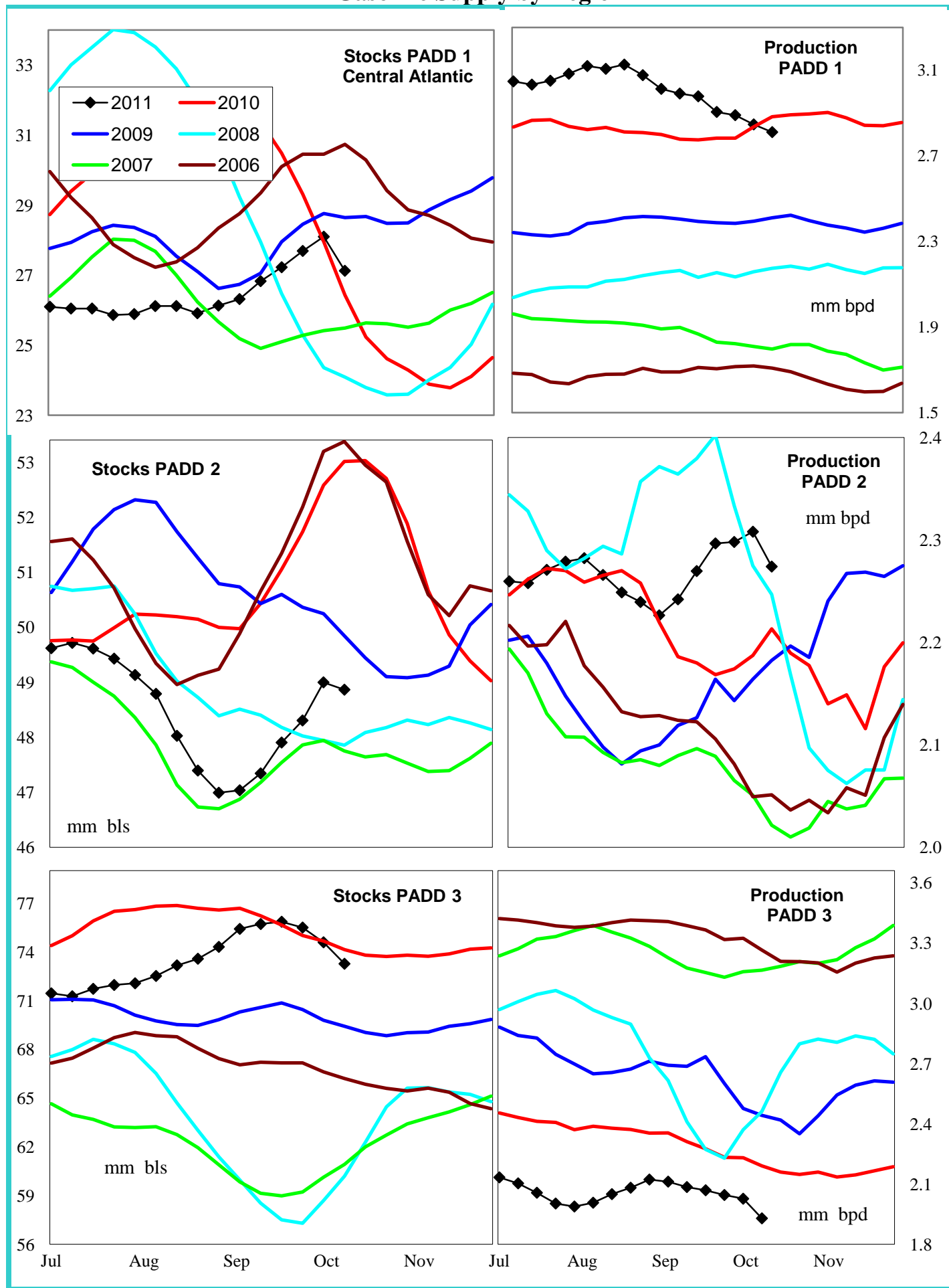
Gasoline Cash Basis and Related Price Spreads



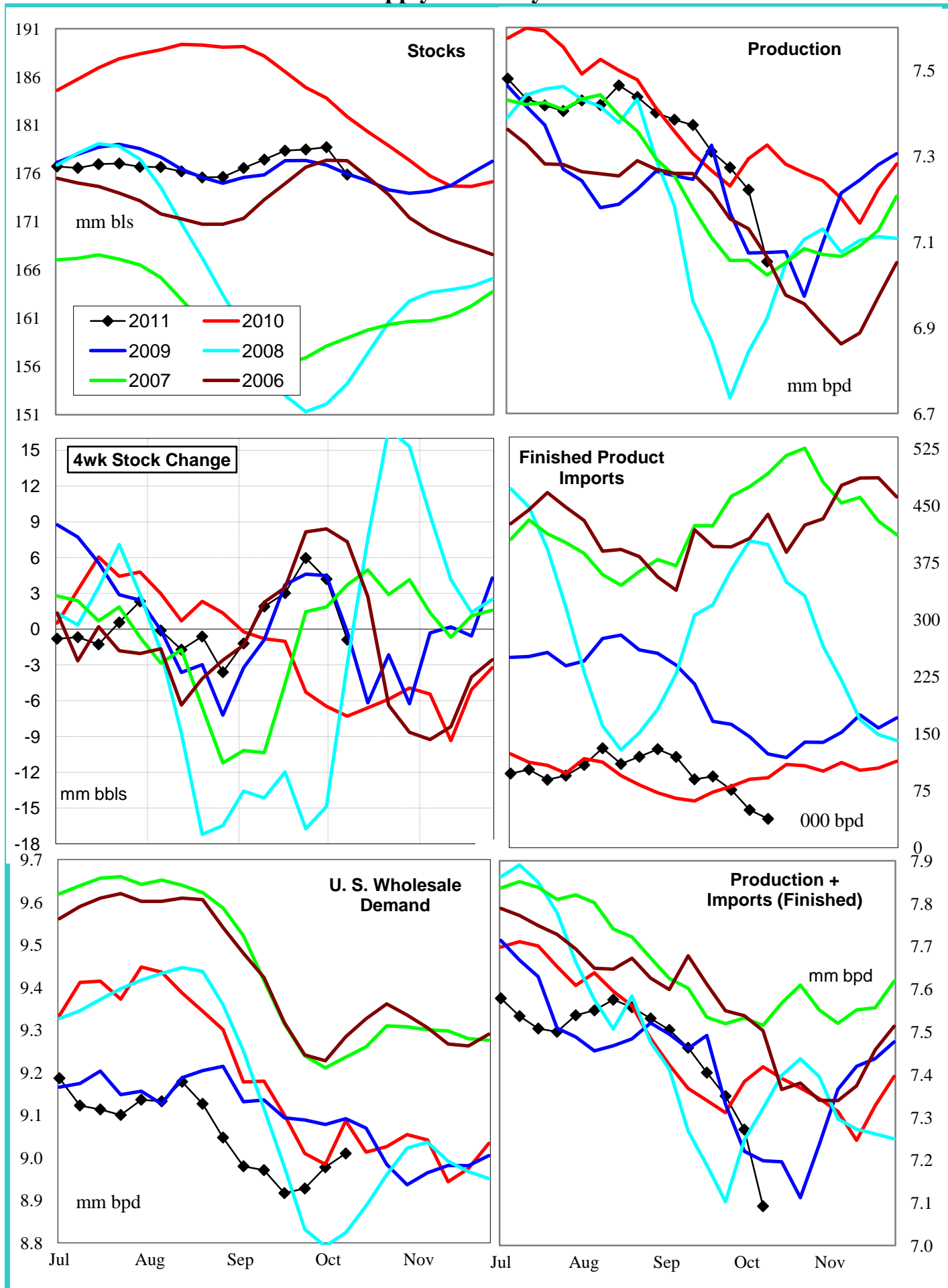
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

