



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 +177,000 bpd last week on higher holiday travel;

with the latest 4-wk average -262,000 bpd below a year ago. Demand remains weak.

Production fell -282,000 bpd on the week. Imports also fell sharply, down -337,000 bpd, to near record lows. Sharply lower supply and higher weekly demand led to a below average build of +0.2 million barrels last week.

Cash basis declined last week in all regional markets, with sharp drops on the West Coast and in the Midwest.

Basis levels ended the week at record lows for this time of year on the West Coast and Group III markets. The NYH market for conventional grade remains at the upper end of the historic range.

Expect basis to trade at the low end of the historic range in Midwest and West Coast markets; markets without significant exports. The East Coast should experience support on refinery capacity closures, low imports and robust exports.

RBOB

New York Harbor basis to trade sideways on low imports and closure of refining capacity in the Central Atlantic Region.

Conventional

New York Harbor basis to trend lower on weak demand, with the downside limited by refinery closures and low imports.

Chicago basis to trend lower on seasonal over supplies

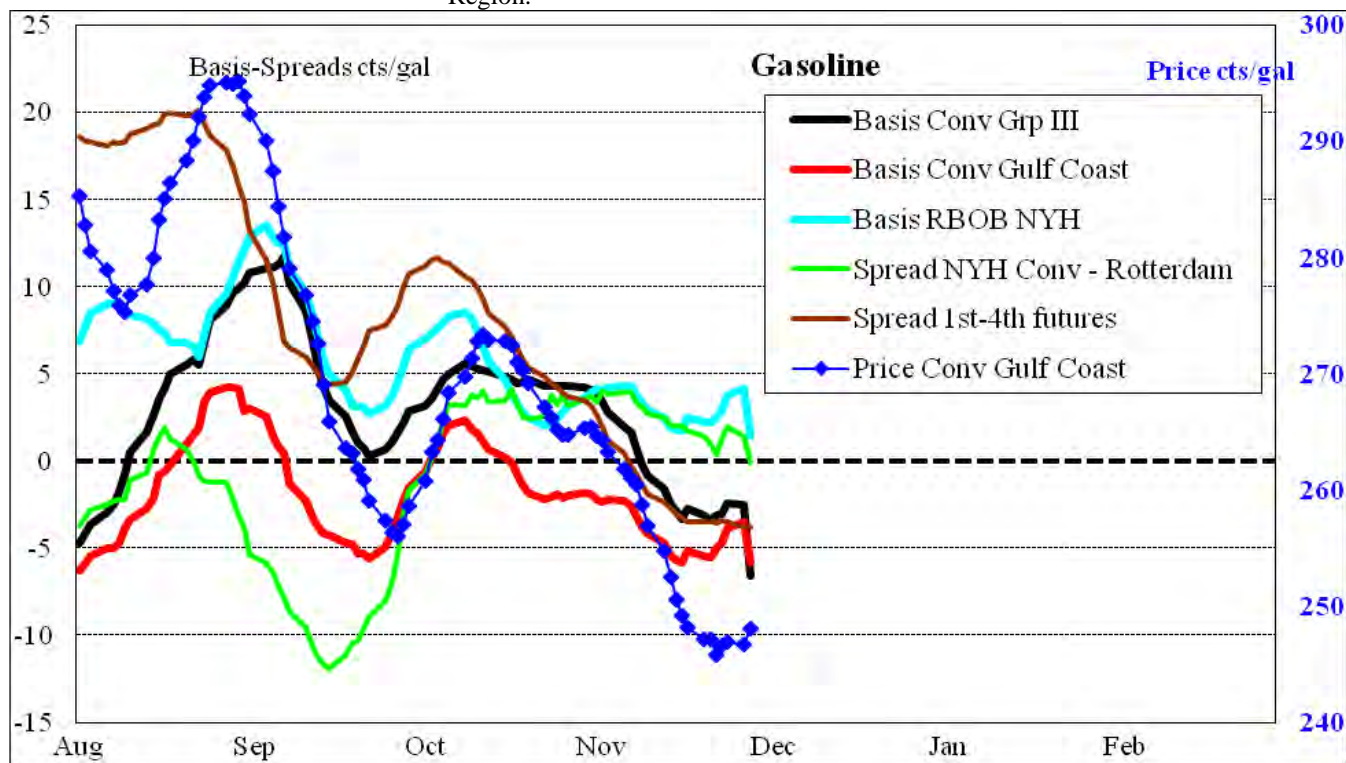
Group III basis to trade sideways after recently falling to record lows, on seasonal stock building

Gulf Basis to trade sideways at low end of historic range on very high stock levels.

West Coast (Los Angeles) basis to trend lower on seasonal stock building.

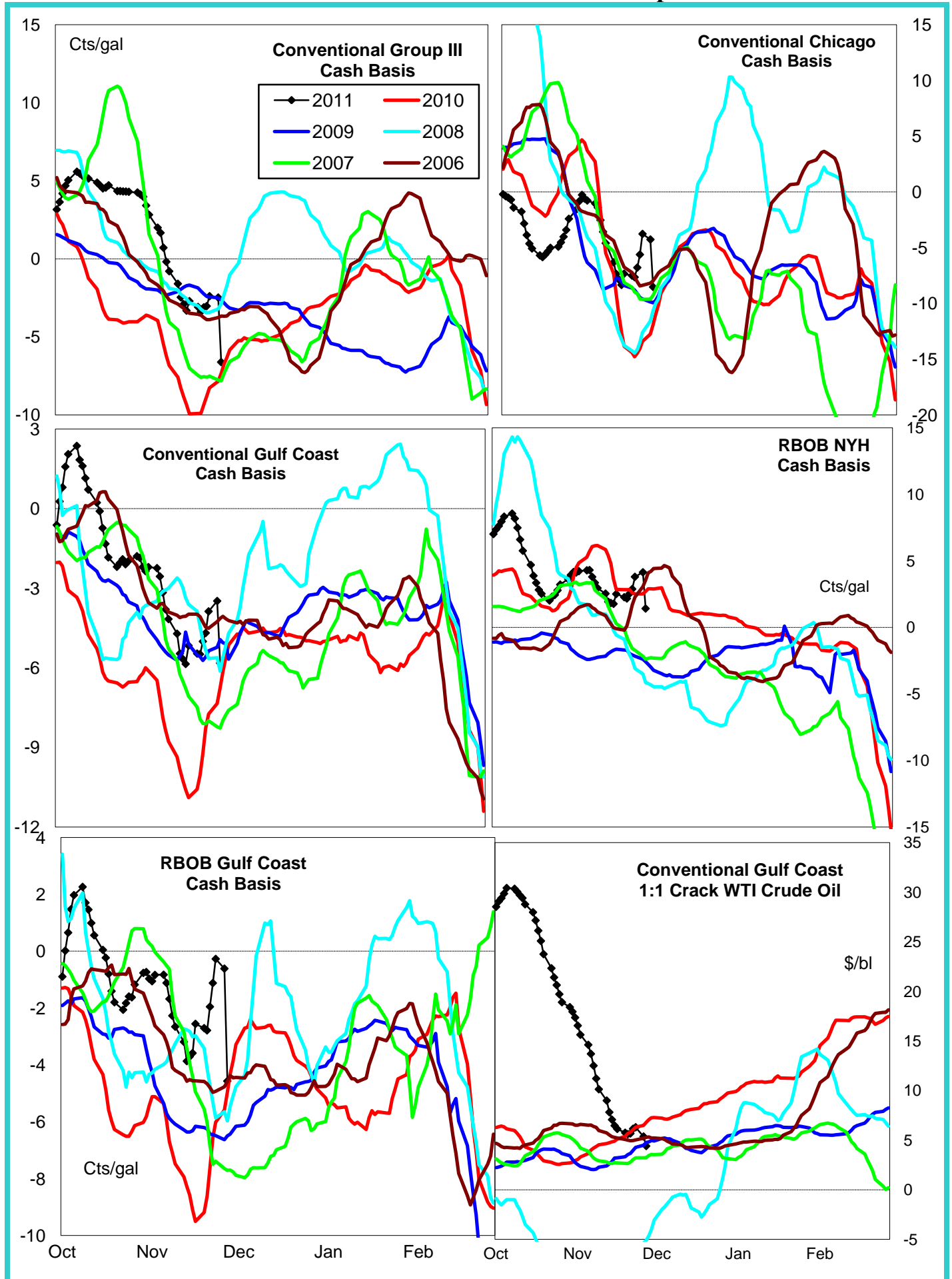
Gulf Coast Price

Closure of East Coast refining capacity, low imports from Europe and modest economic growth should support NYMEX RBOB futures during the next quarter. Combined with a seasonal build in stocks, expect weak cash basis in most regional markets. The slowdown in European and Asian economic growth risk a pull back in energy prices during the 1st quarter of 2012.

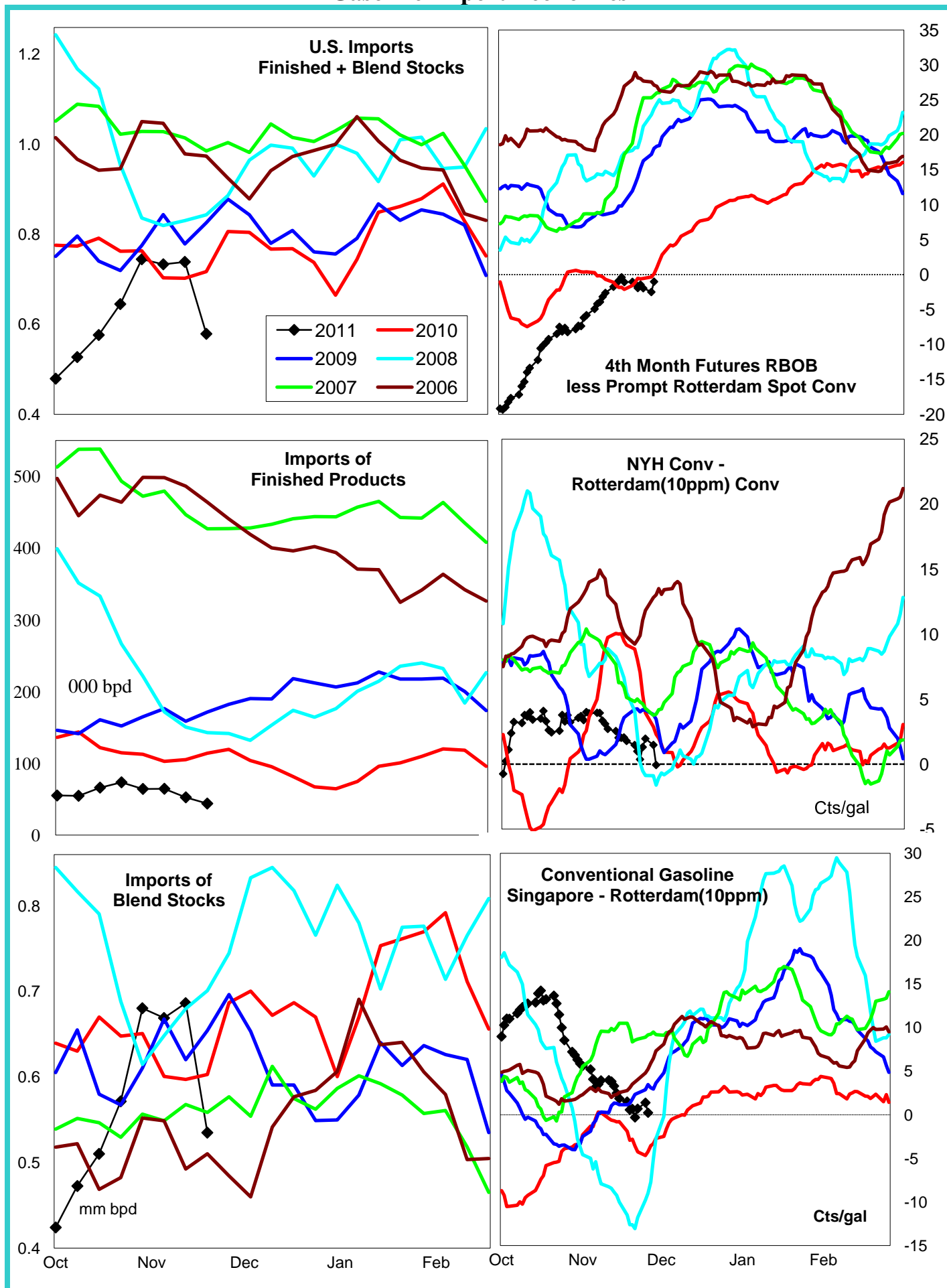


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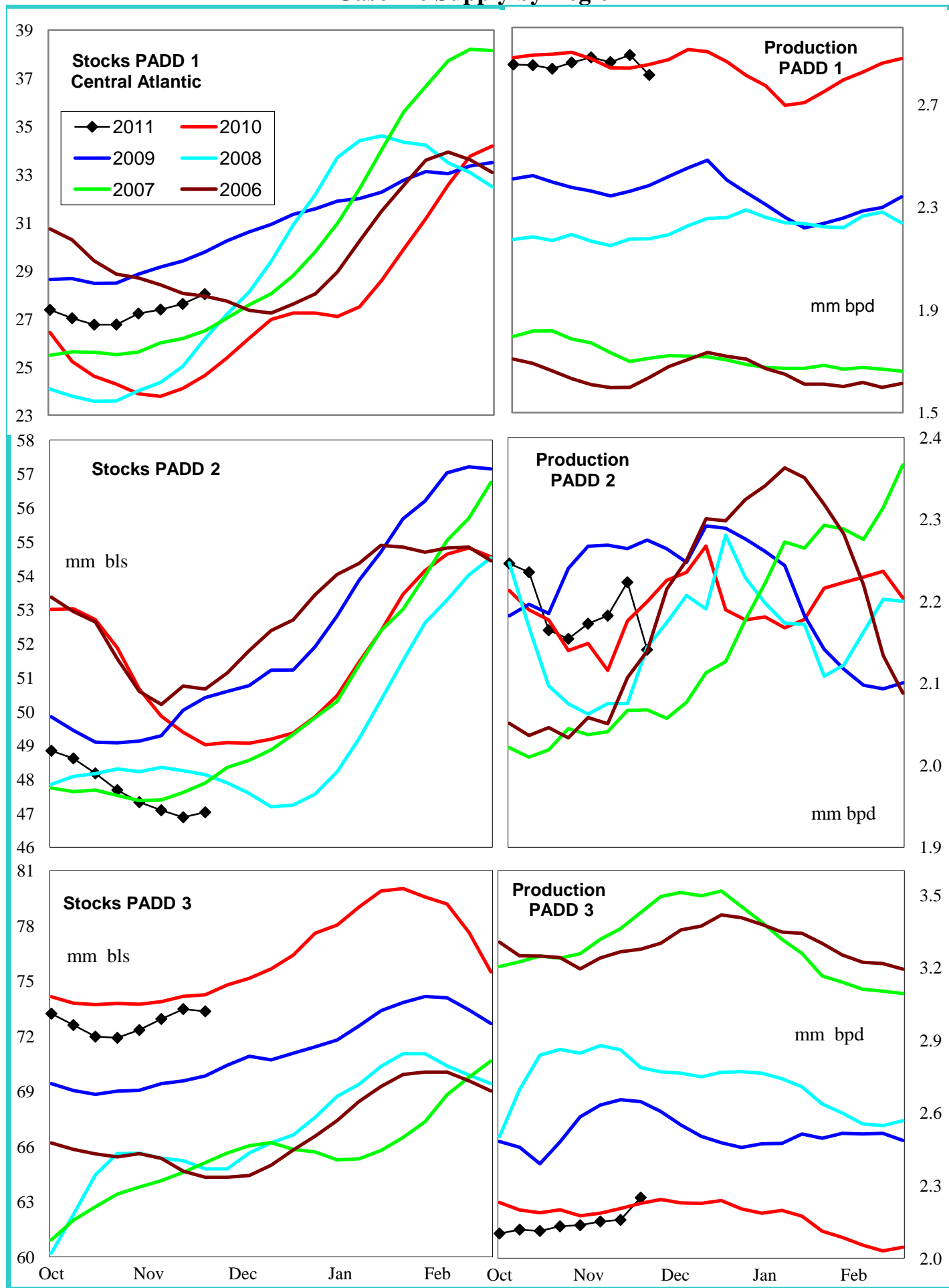
Gasoline Cash Basis and Related Price Spreads



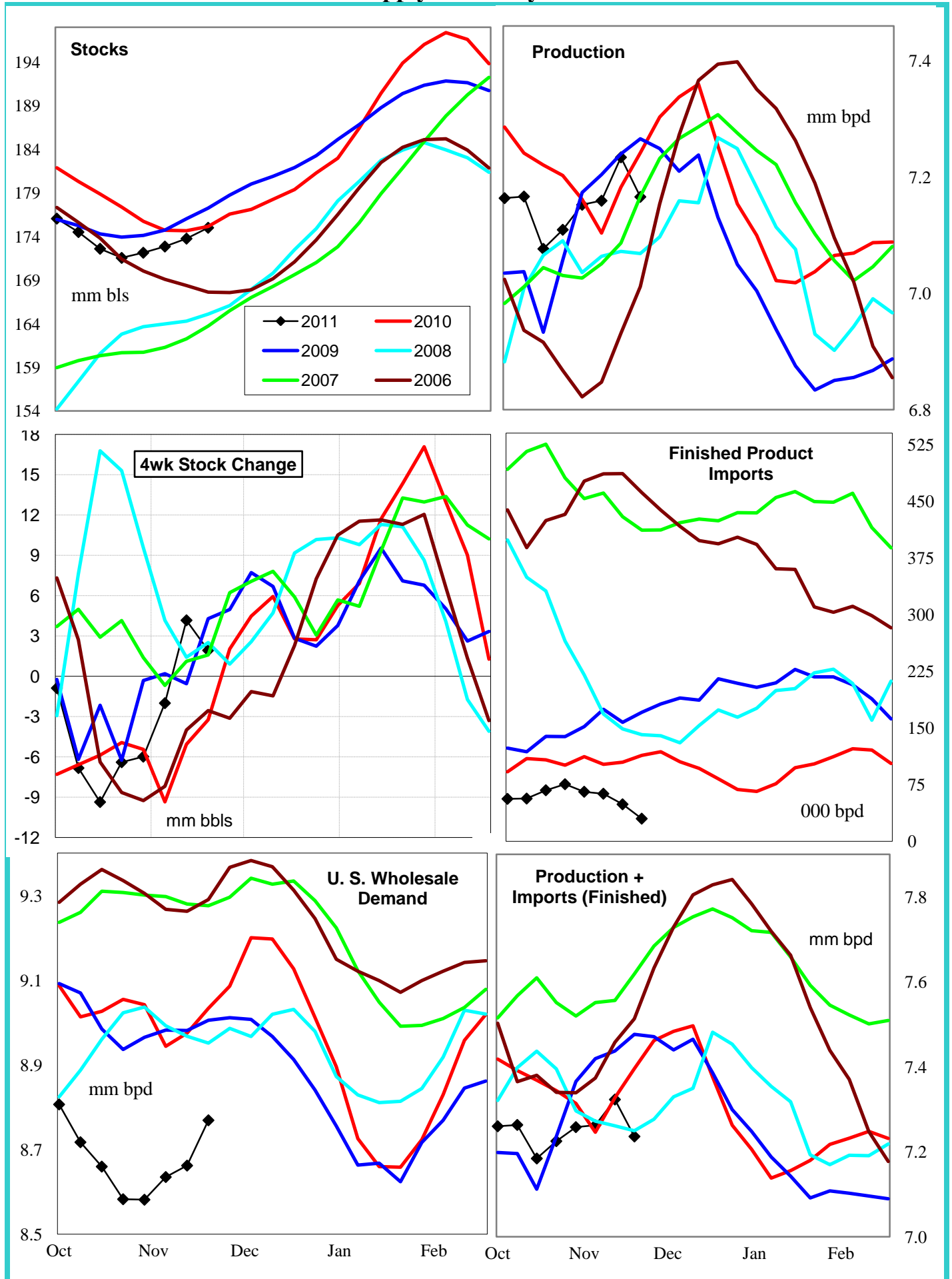
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

