



## 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 +44,000 bpd last week on favorable weather for travel. The latest 4-wk average demand was - 523,000 bpd below a year ago, a record year-on-year decline. Auto fleet fuel efficiency and less consumer travel underlie the large decline in demand.

Production increased +12,000 bpd on the week, with the level above the 5-year range. Imports decreased -76,000 bpd to record lows for the period. Stocks decreased -0.7 million barrels. The latest 4-wk stock build East of the Rockies was at the upper end of the historic range.

Cash basis traded sideways in NYH and the Gulf, slightly higher in Chicago and plunged to record lows in the Group last week. West Coast basis extended the counter seasonal uptrend on unplanned refinery maintenance.

Basis levels remain elevated in NYH and sharply above the last 3-years in California. Group III basis fell to extremely low levels on excess supplies.

Expect basis to trend lower on the East and West Coasts, bounce higher in the Group and exhibit seasonal weakness in Chicago.

#### RBOB

*New York Harbor* basis to trade sideways on extremely low imports that offset lower seasonal demand.

#### Conventional

*New York Harbor* basis trend seasonally lower on reduced demand, although at a level above the mid range.

*Chicago* basis to trend lower on seasonal over supply

*Group III* basis to bounce from record low levels, but remain weak on excess supplies. *Gulf Basis* to trade sideways at a level near the mid range on robust exports.

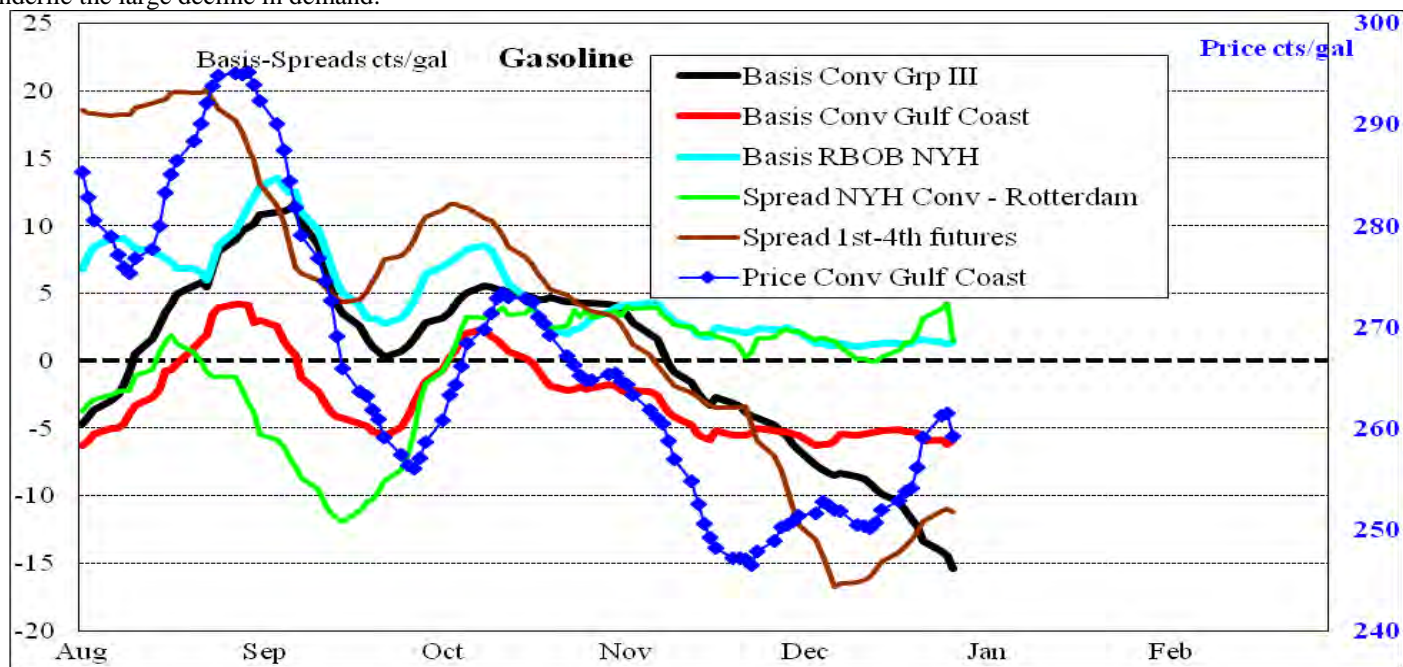
*West Coast (Los Angeles)* basis to trend sharply lower from elevated levels as refiners return to operation.

#### Gulf Coast Price

Sharply higher gasoline exports and record low imports have offset the collapse in domestic demand, so that coastal gasoline markets have not experienced extreme over supply. The prospect of refinery closures in Europe due to poor refining margins and working capital constraints, and closures on the East Coast should limit over supply in the 1st quarter.

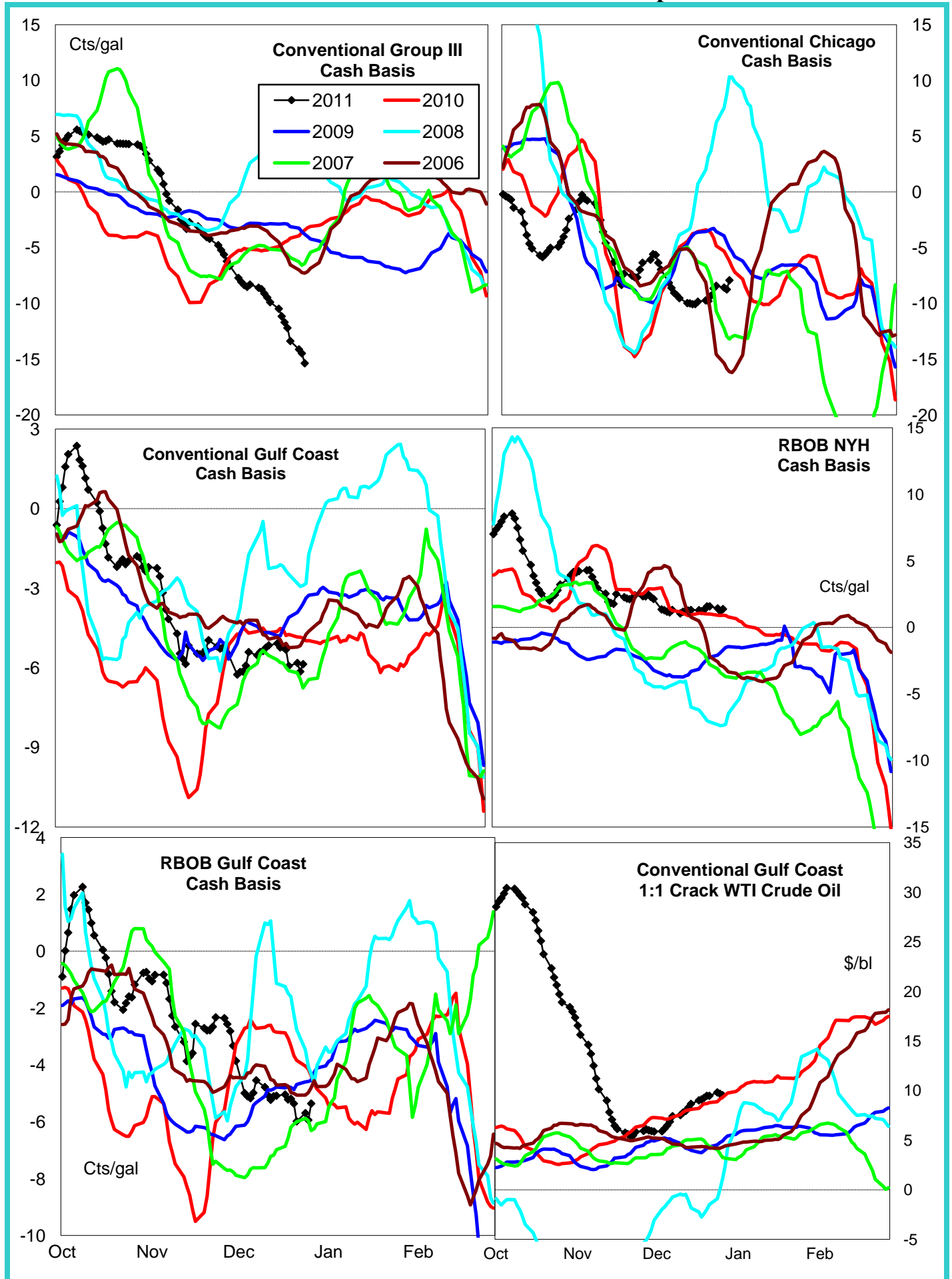
However, the return of Libyan crude oil supply should provide more favorable refining economics for both European refiners and East Coast refiners to return to operation later in 2012.

Weak U.S. demand, high stock levels and slower global growth point to downside price risk during the 1st quarter.

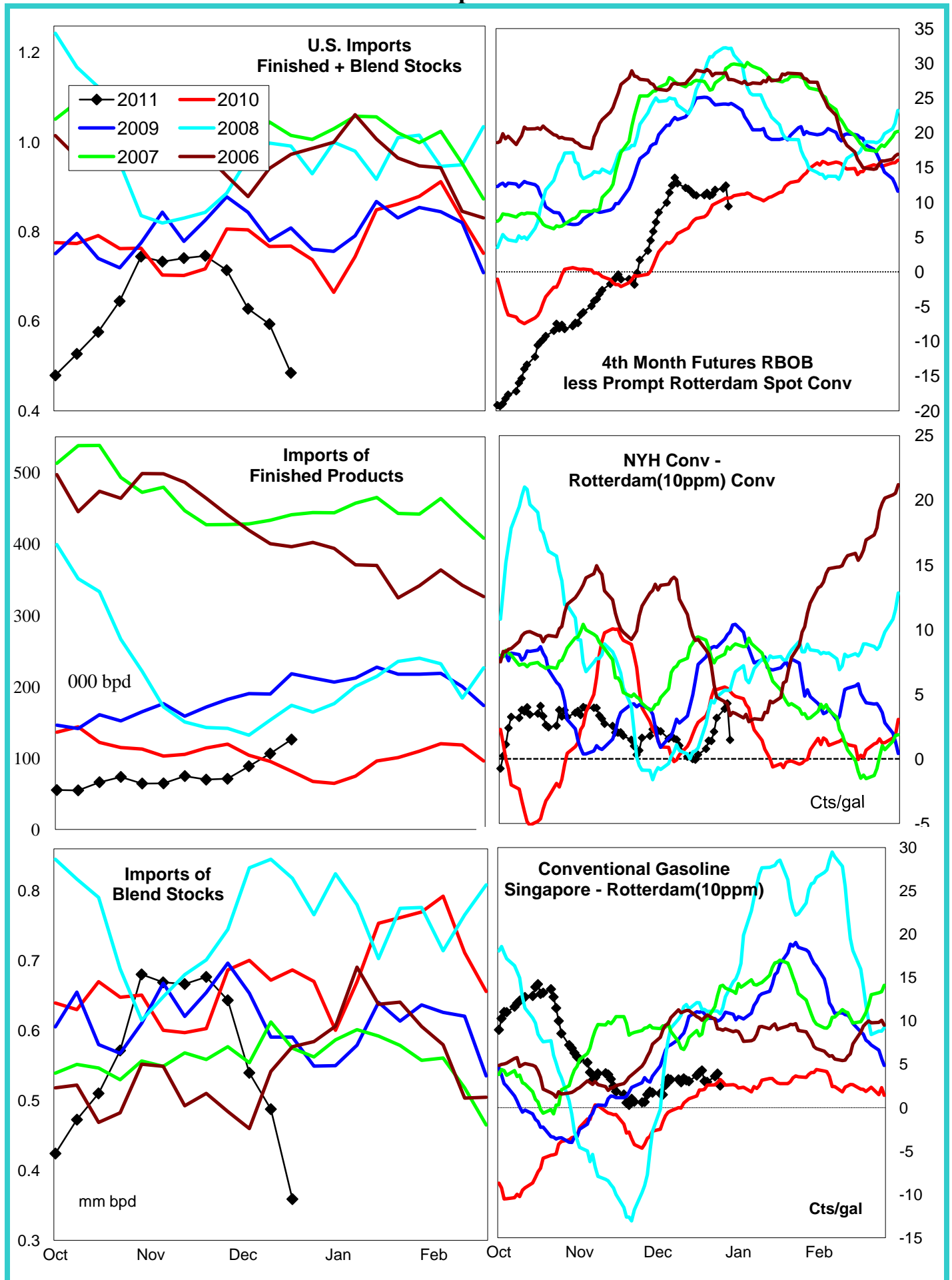


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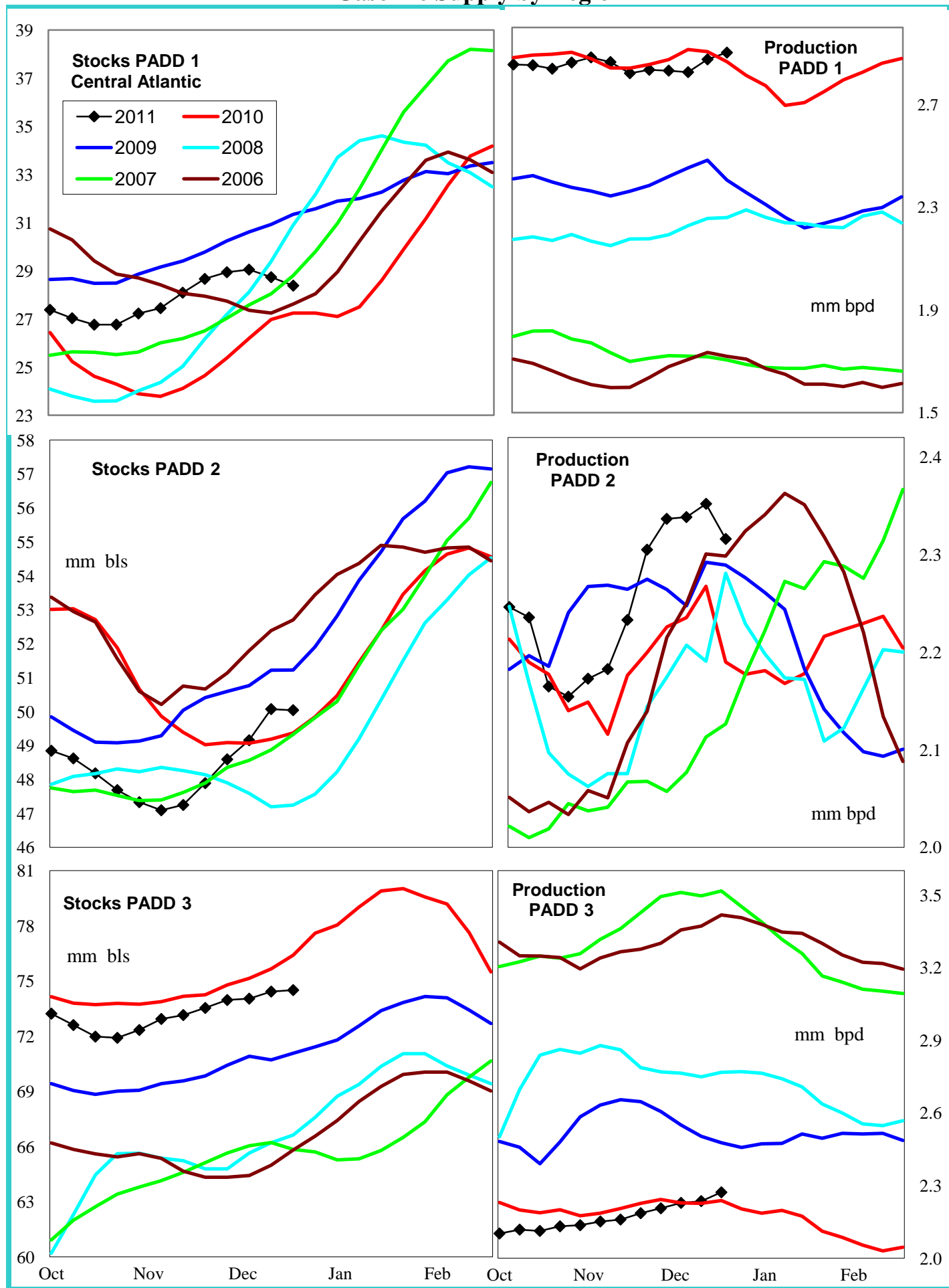
# Gasoline Cash Basis and Related Price Spreads



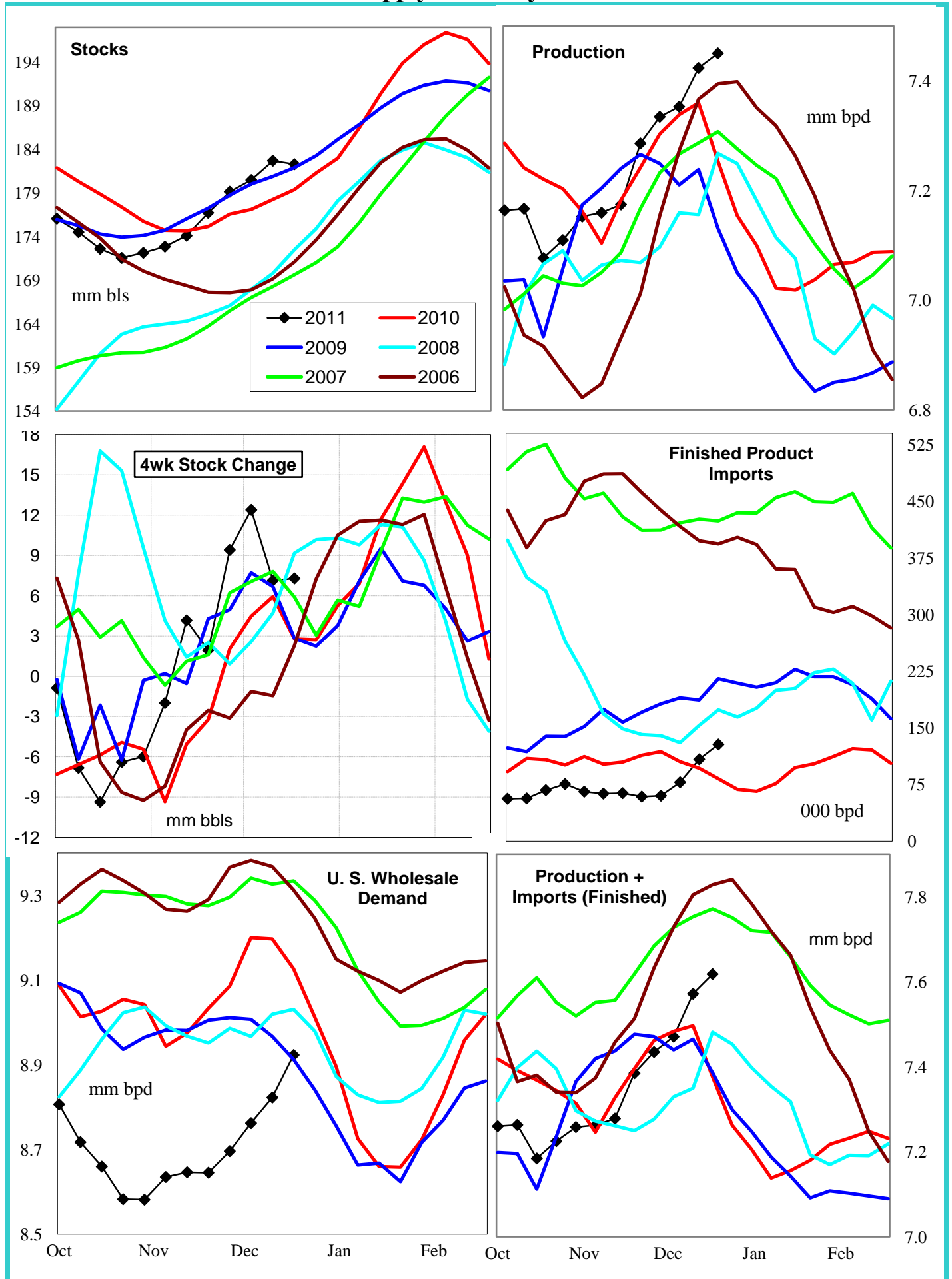
# Gasoline Import Economics



## Gasoline Supply by Region



# Gasoline Supply Summary PADDs 1+2+3



# PADD 5 Gasoline Supply

