



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 fell -367,000 bpd last week on reduced distribution activity during the holiday week. The latest 4-wk average demand was -448,000 bpd below a

year ago, pointing to continued weak demand.

Refiners cut output -466,000 bpd last week, an earlier than normal reduction ahead of winter maintenance. Imports increased +209,000 bpd, but the level remains extremely low. The low level of demand led to a +2.5 million barrel stock build for the week. The latest 4-wk stock build East of the Rockies was near the 5-year mid range.

Cash basis trended higher in NYH, Chicago and the Gulf for RBOB grades last week, while conventional grades traded sideways in these markets.

Group III remains extremely over supplied with weak demand that has driven basis to record lows.

West Coast basis levels are elevated on low stocks and start of winter maintenance.

Look for basis levels to remain elevated in NYH on uncertainty about spring supply, a rebound in the Group on lower production and elevated on the West Coast during winter maintenance.

RBOB

New York Harbor basis to trade sideways on low imports that offset lower seasonal demand and uncertainty about spring supplies.

Conventional

New York Harbor basis trend seasonally lower on reduced demand, although at the upper end of the historic range.

Chicago basis to trend lower on seasonal rise in winter supplies.

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.

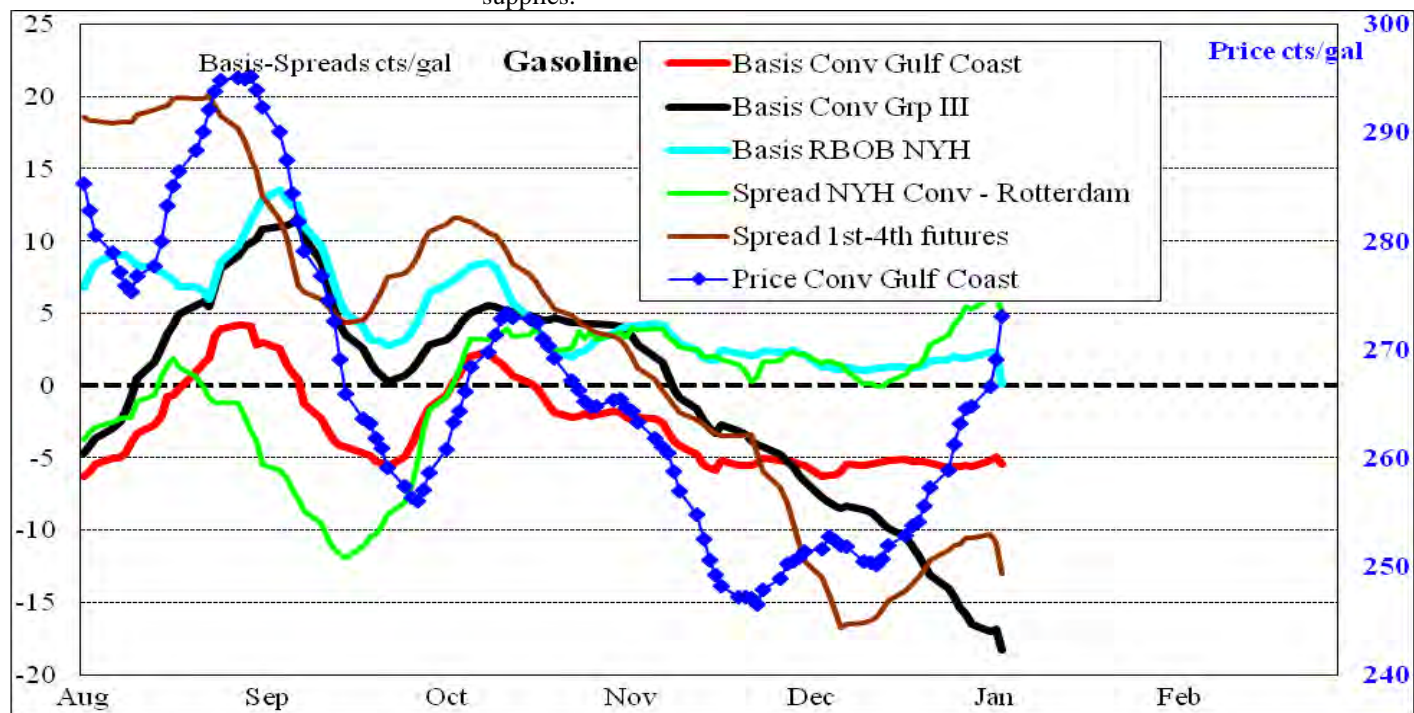
West Coast (Los Angeles) basis to trade sideways on low stocks and winter maintenance, then sharply lower on increased production.

Gulf Coast Price

Refiners cut production last week in all regional markets, representing an earlier than normal decline ahead of winter maintenance and seasonally low demand.

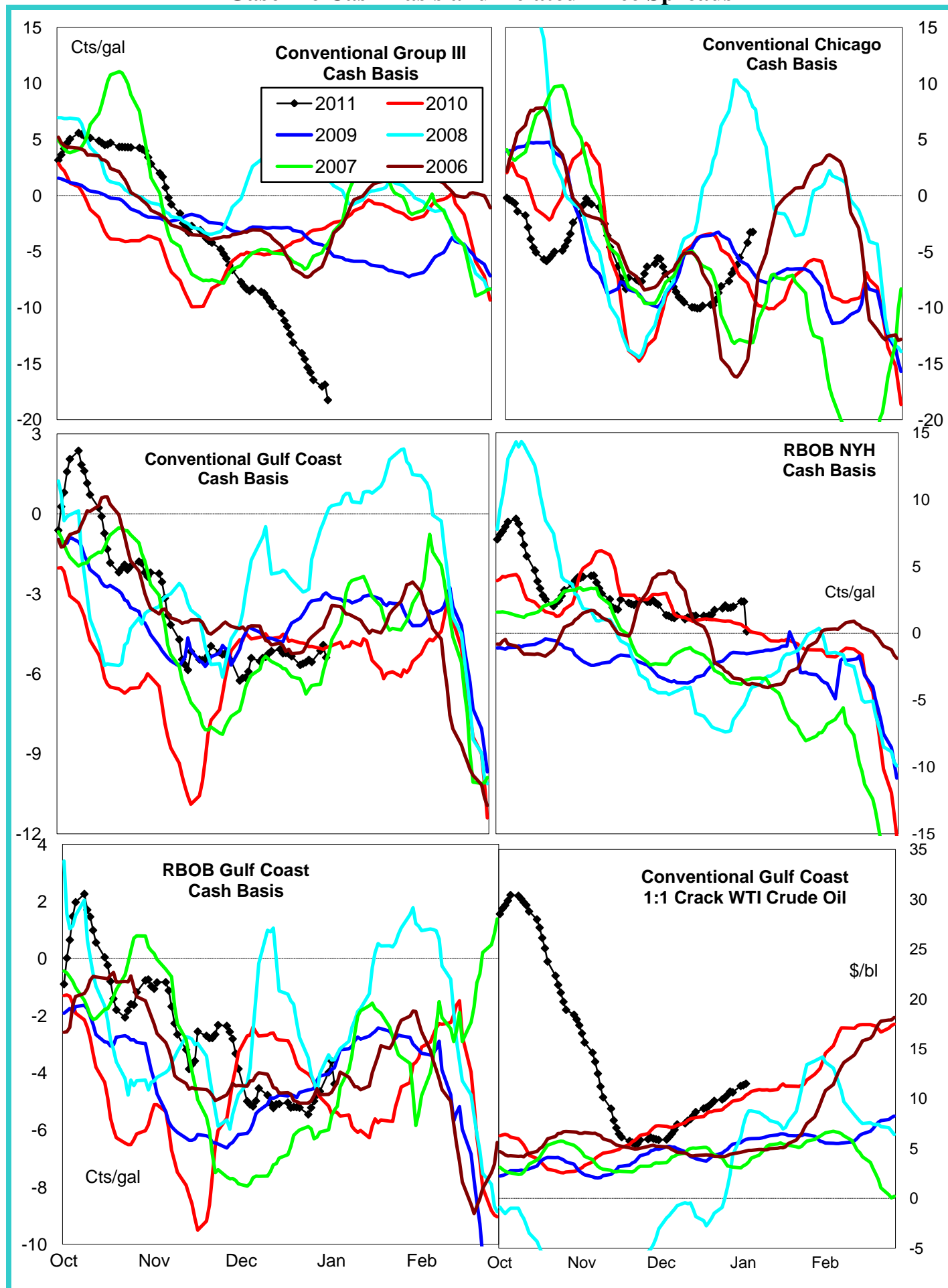
The prospect of refinery closures in Europe due to poor refining margins and working capital constraints, and closures on the East Coast should limit over supply in the 1st quarter.

Risk of a 1st quarter price pull back continues on very weak seasonal demand during the next 45-days, seasonal stock building and a deepening financial crisis in Europe.

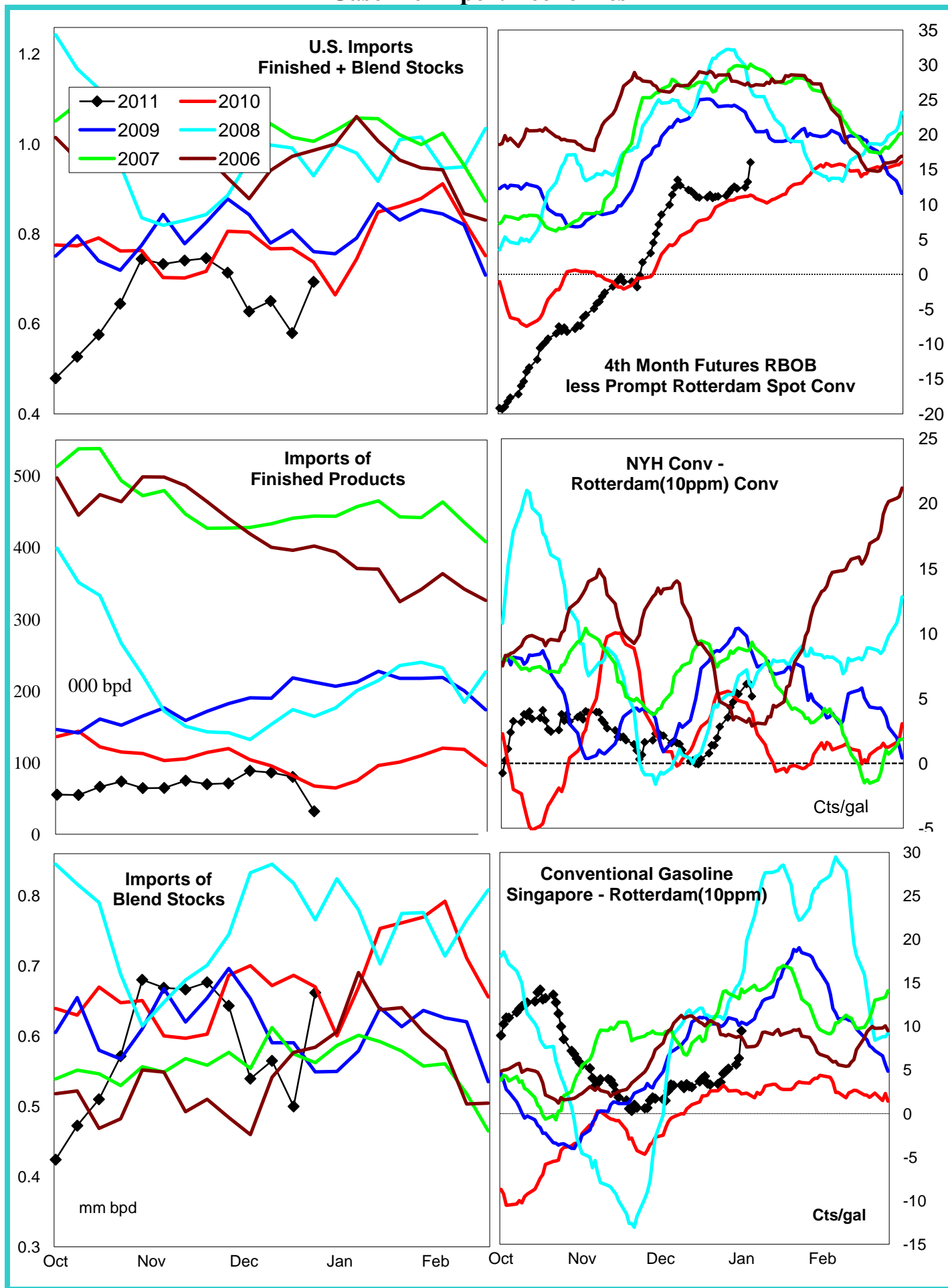


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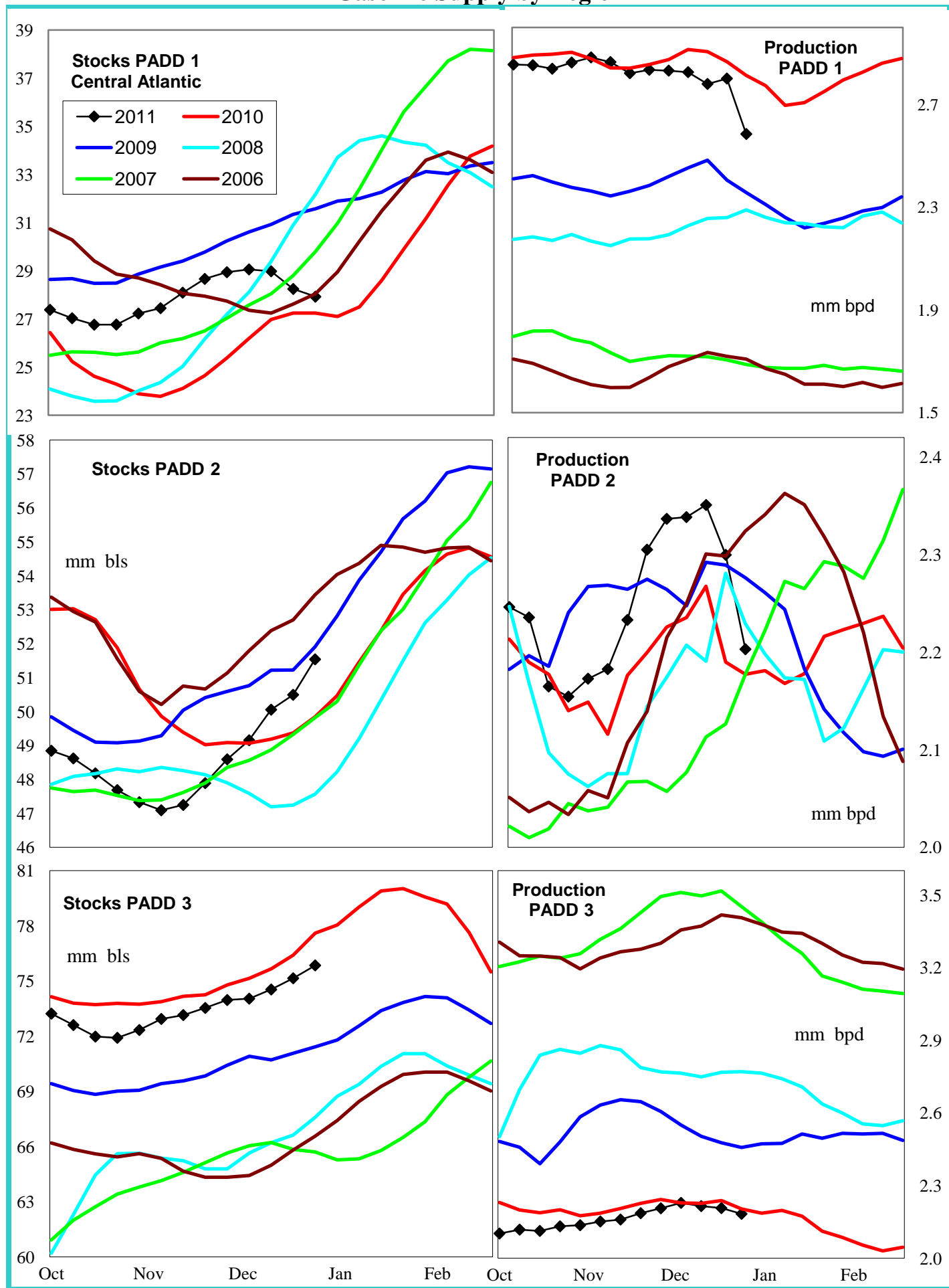
Gasoline Cash Basis and Related Price Spreads



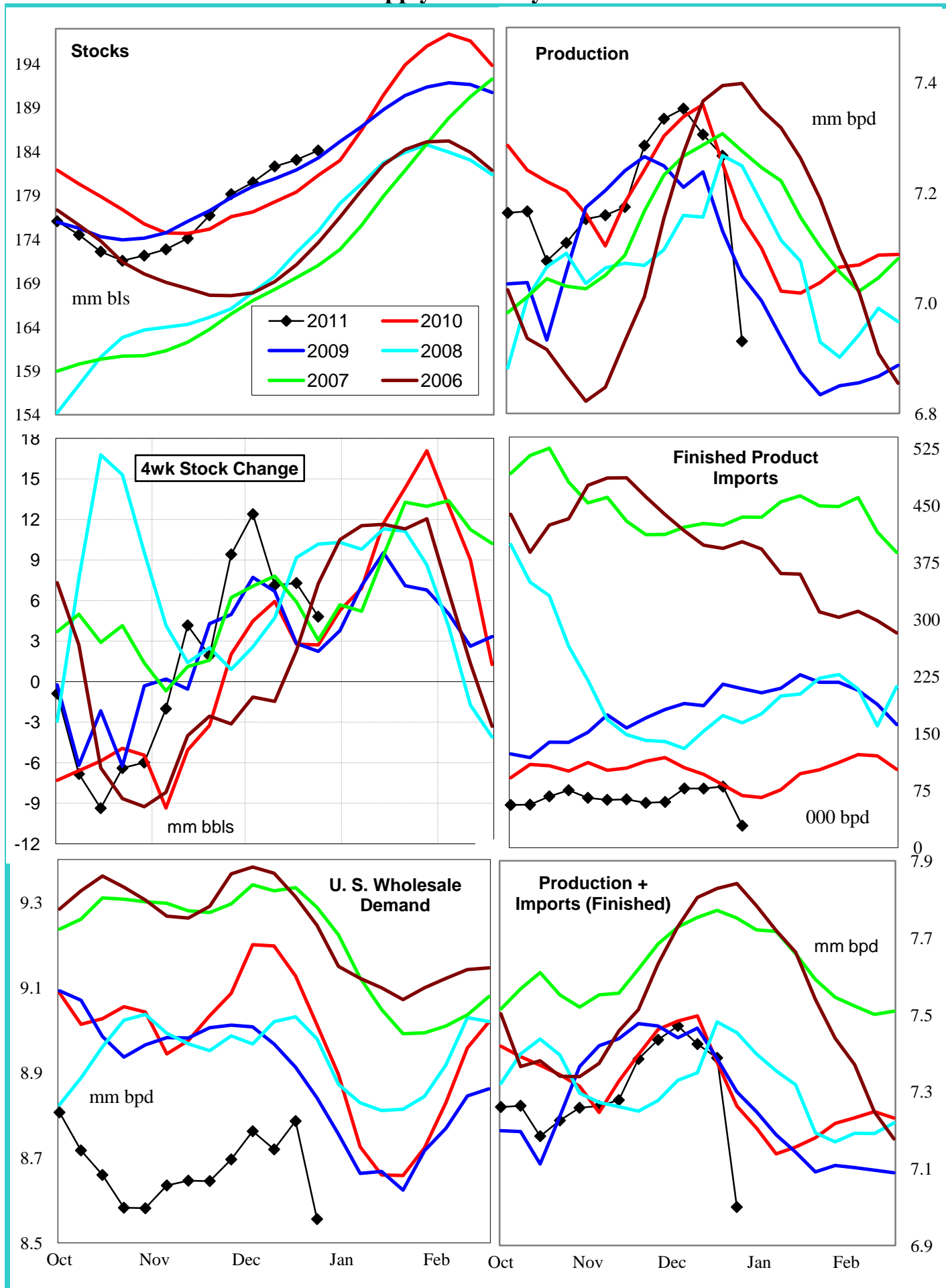
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

