



## 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		→	→

Refiners & blenders have responded to the structural decline in gasoline demand by reducing production to match 5-year lows. The low level of demand led to a +3.6 million barrel stock build for the week. Supply cuts have limited the 4-wk stock build East of the Rockies to a record low for this time of year.

Cash basis trended higher in the Gulf Coast last week on counter seasonal stock draws. Basis trended sideways to lower in other regional markets, including a sharp decline in California markets as stock levels increased.

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

Look for basis levels to remain elevated in NYH on uncertainty about spring supply, a rebound in the Group on lower production and a seasonal upturn on the West coast as winter maintenance continues.

#### 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 trend lower in the near term on seasonal stocks builds and weak demand, then higher as winter maintenance continues.

#### Gulf Coast Price

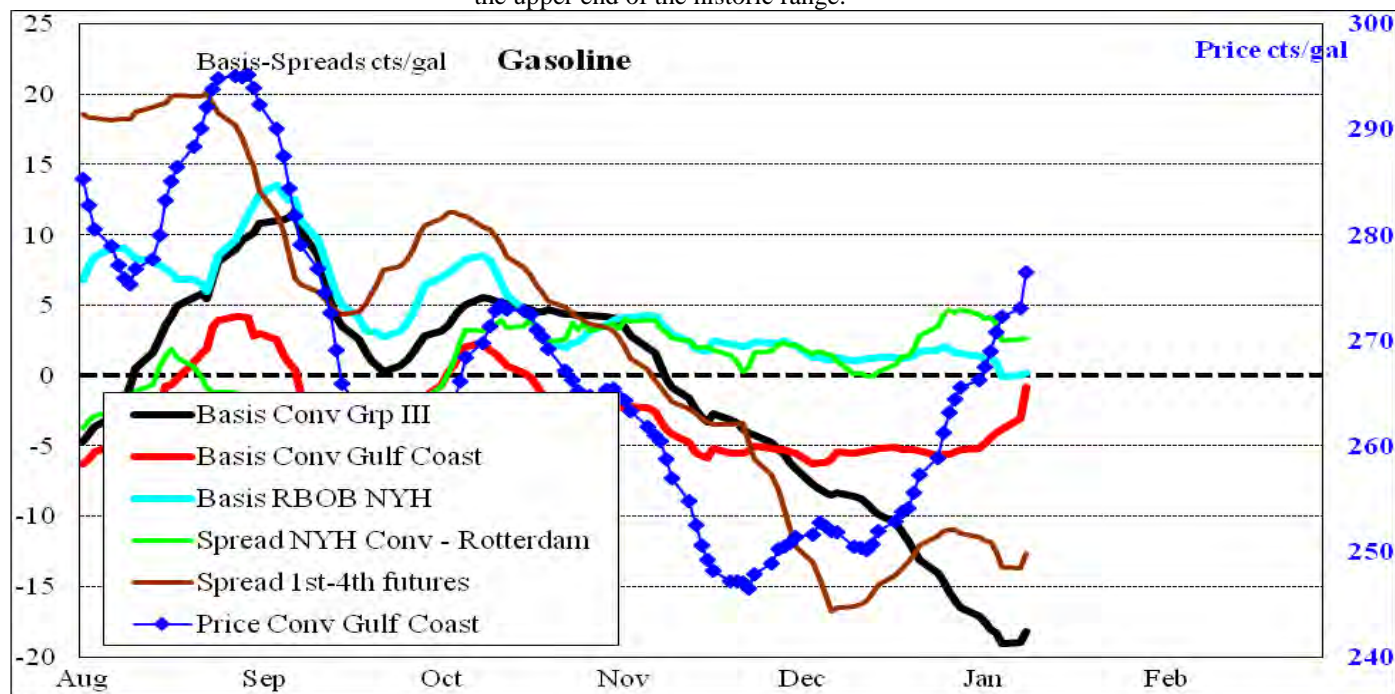
Seasonally low demand, combined with large year-on-year declines that are due to structural changes in the auto fleet fuel efficiency and less consumer travel should continue during the 1st quarter.

The refining and blending industries have responded to the drop in demand by reducing output and imports to record low levels.

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.

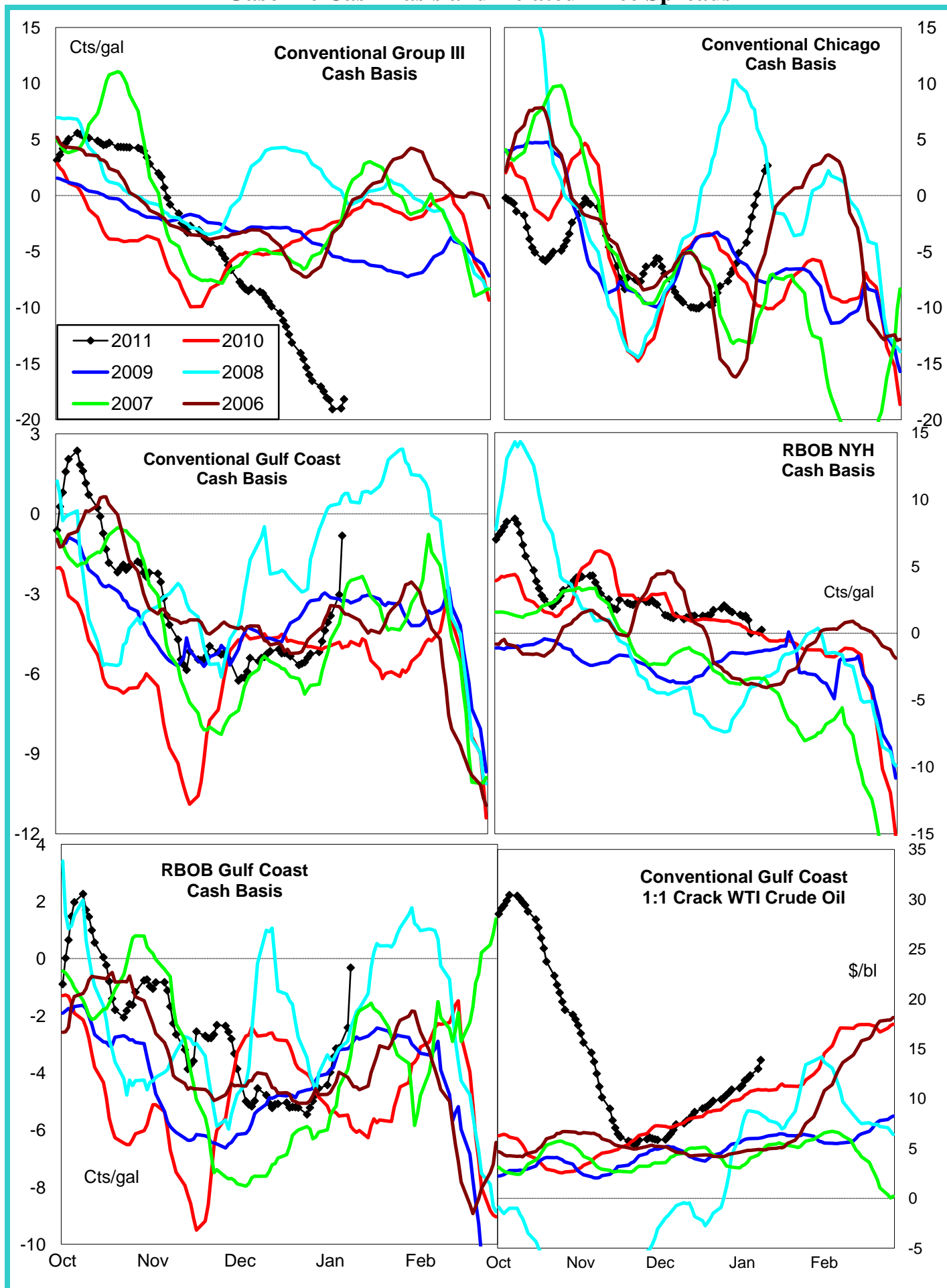
Risk of a 1st quarter price pull back continues on very weak seasonal demand during the next 45-days, seasonal stock building and a deepening financial crisis in Europe.

Wholesale demand fell -377,000 bpd last week, and was down -744,000 bpd in the last 2-wks. The latest 4-wk average demand was -437,000 bpd below a year ago, in line with the large year-on-year declines of the last year.

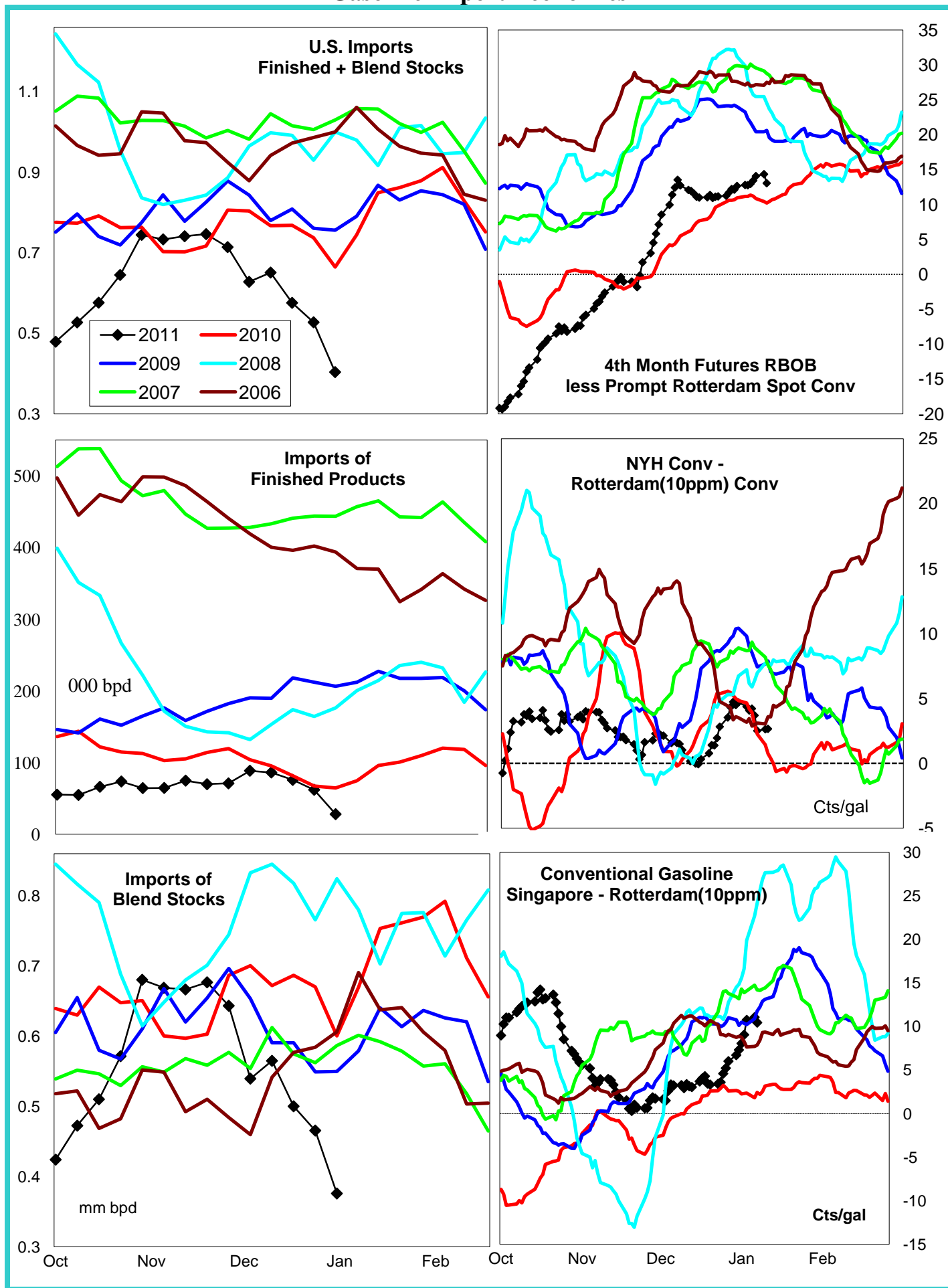


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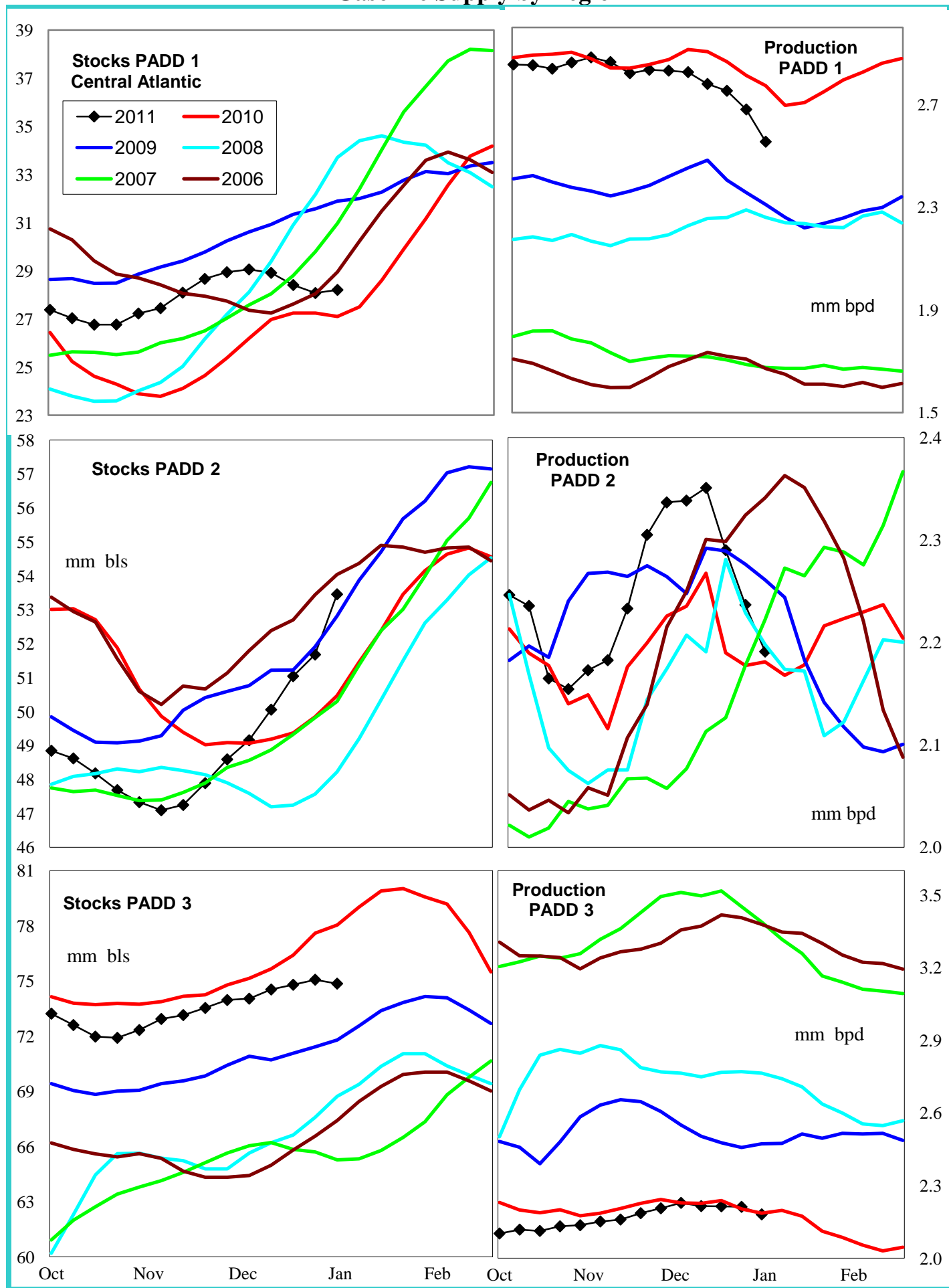
# Gasoline Cash Basis and Related Price Spreads



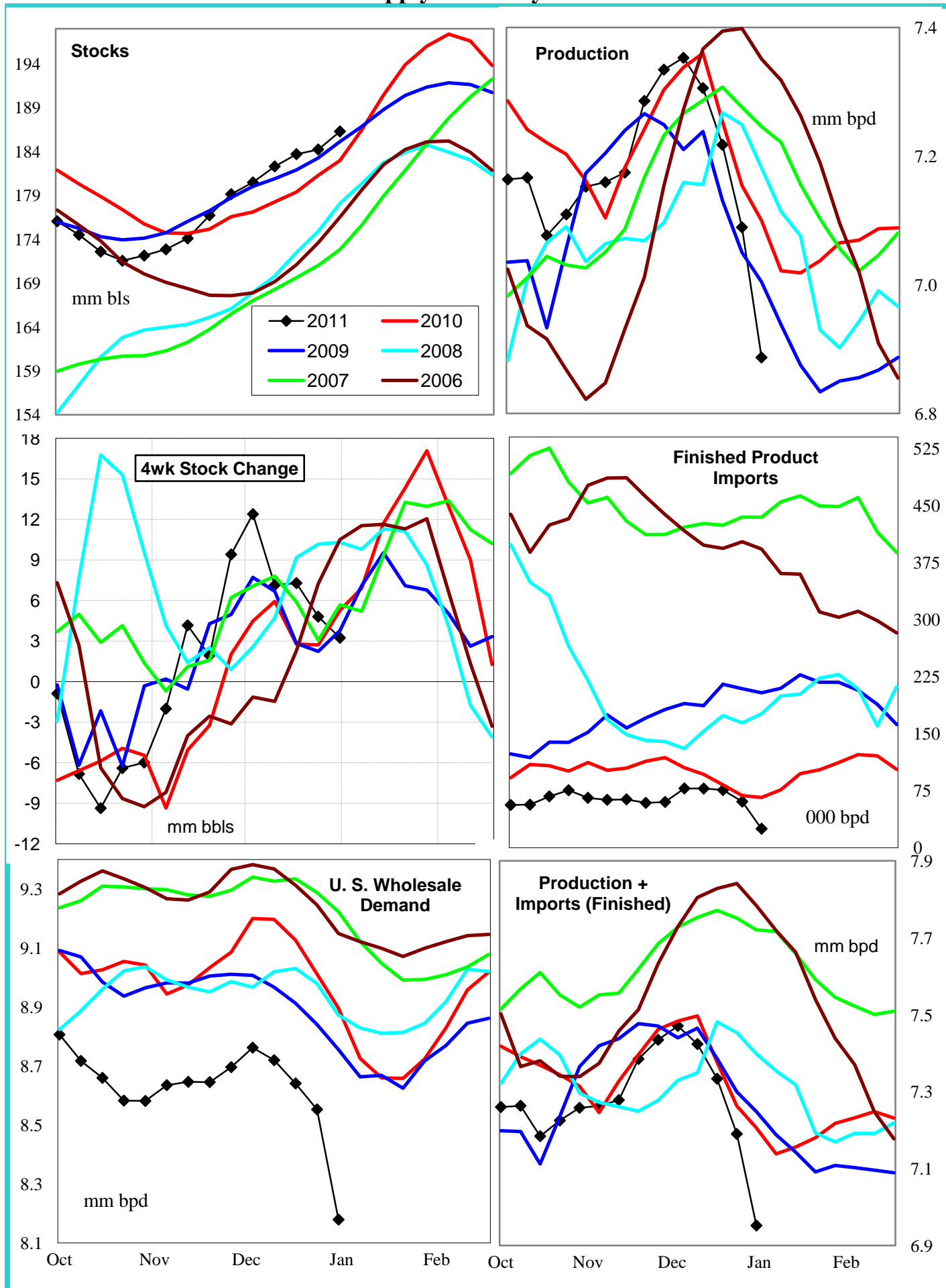
# Gasoline Import Economics



## Gasoline Supply by Region



# Gasoline Supply Summary PADDs 1+2+3





# PADD 5 Gasoline Supply

