



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 decreased -131,000 bpd last week, with the latest 4-wk average -634,000 bpd below a year ago.

Supply increased +295,000 bpd last week on sharply higher imports; with the level matching 5-year highs for the period. Stocks increased +3 million barrels, with nearly all of the increase in PADD 1.

Cash basis levels in the Gulf and NYH continue to trade near historic highs for this time of year on supply concerns. Midwest markets saw basis increases from record lows, although the level remains below the 5-year range.

West Coast basis extended the longer term downtrend on over supply.

Look for basis levels to remain elevated in NYH on uncertainty about spring supply, and a rebound on the West Coast and further improvement in the Midwest as refiners reduce output.

RBOB

New York Harbor basis to trade sideways in the near term on supply concerns, then lower as high imports improve the supply balance.

Conventional

New York Harbor basis to trade sideways in the near term on supply concerns, then lower as high imports improve the supply balance.

Chicago basis to trend higher as refiners cut output and East Coast supply improves. *Group III* basis to trend higher as refiners cut output and East Coast supply improves. *Gulf Basis* to trade sideways in the near term then lower as imports improve supplies on the East Coast.

West Coast (Los Angeles) basis to trend lower on above average supply and limited spring refinery maintenance during the next 45-days.

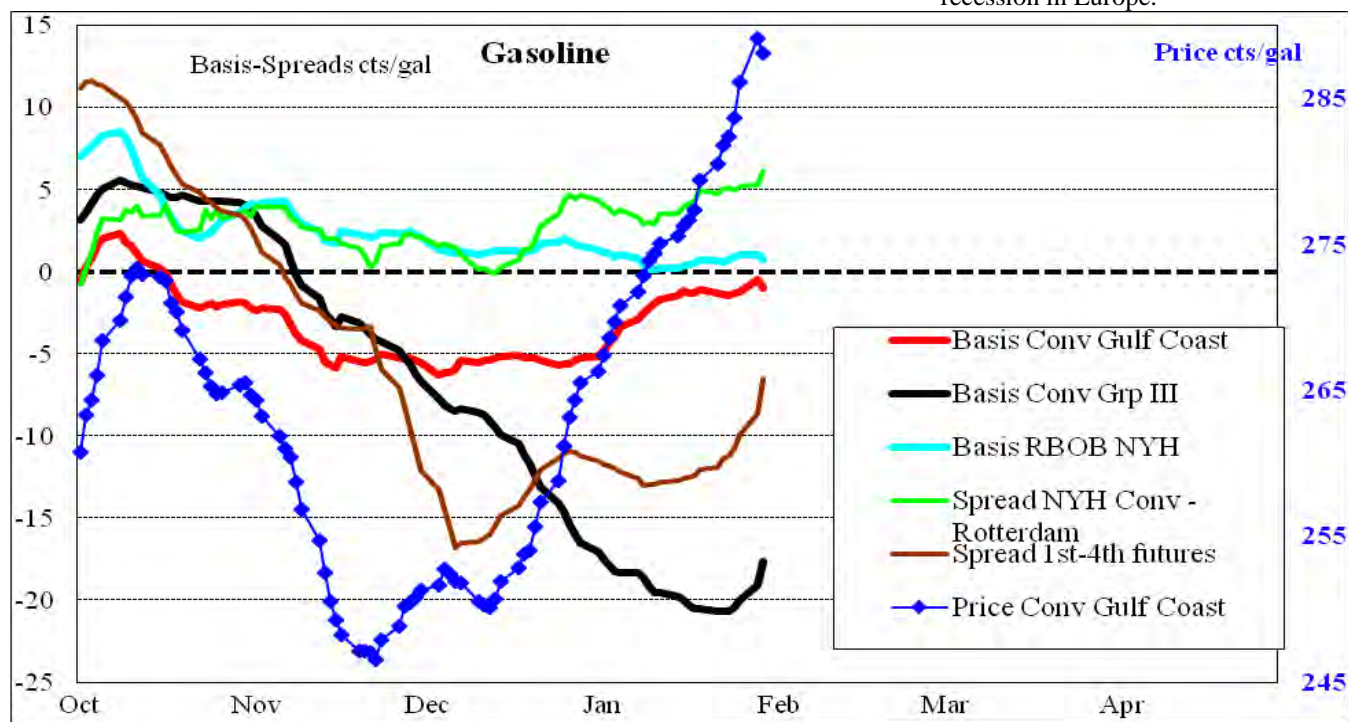
Gulf Coast Price

The recent surge in gasoline imports should continue on very favorable import economics. Look for high imports to improve the supply balance in PADD 1, leading to a price pull back before peak spring demand.

Continued year-on-year declines in U.S. demand and the recession in Europe should partially offset announced refinery closures in the Atlantic Basin.

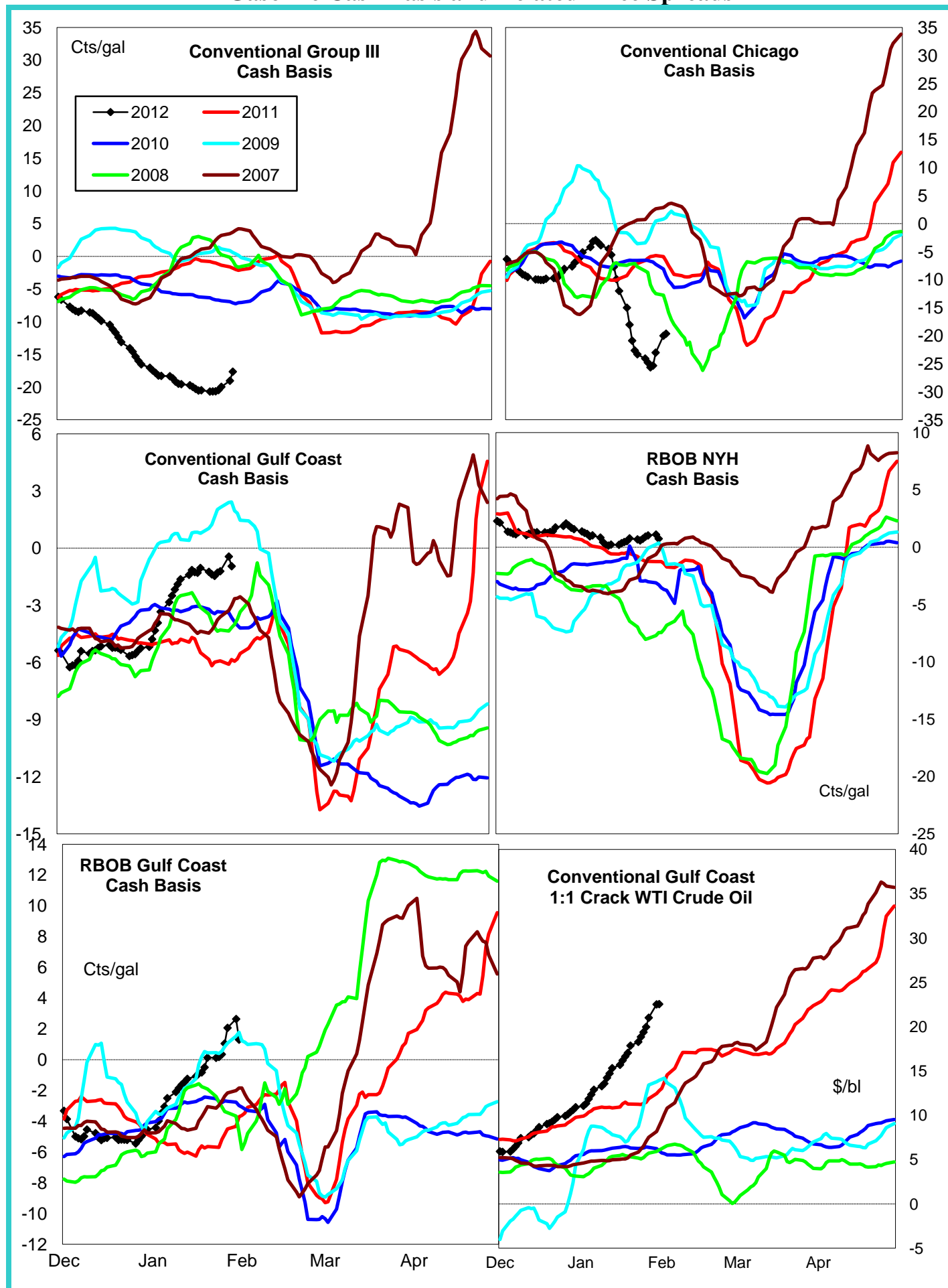
As the supply balance in the Northeast improves, and refiners begin maintenance in other regions, basis levels outside NYH and the Gulf should improve.

Risk of a price pull back continues on very weak demand during the next 45-days, a high level of imports and the recession in Europe.

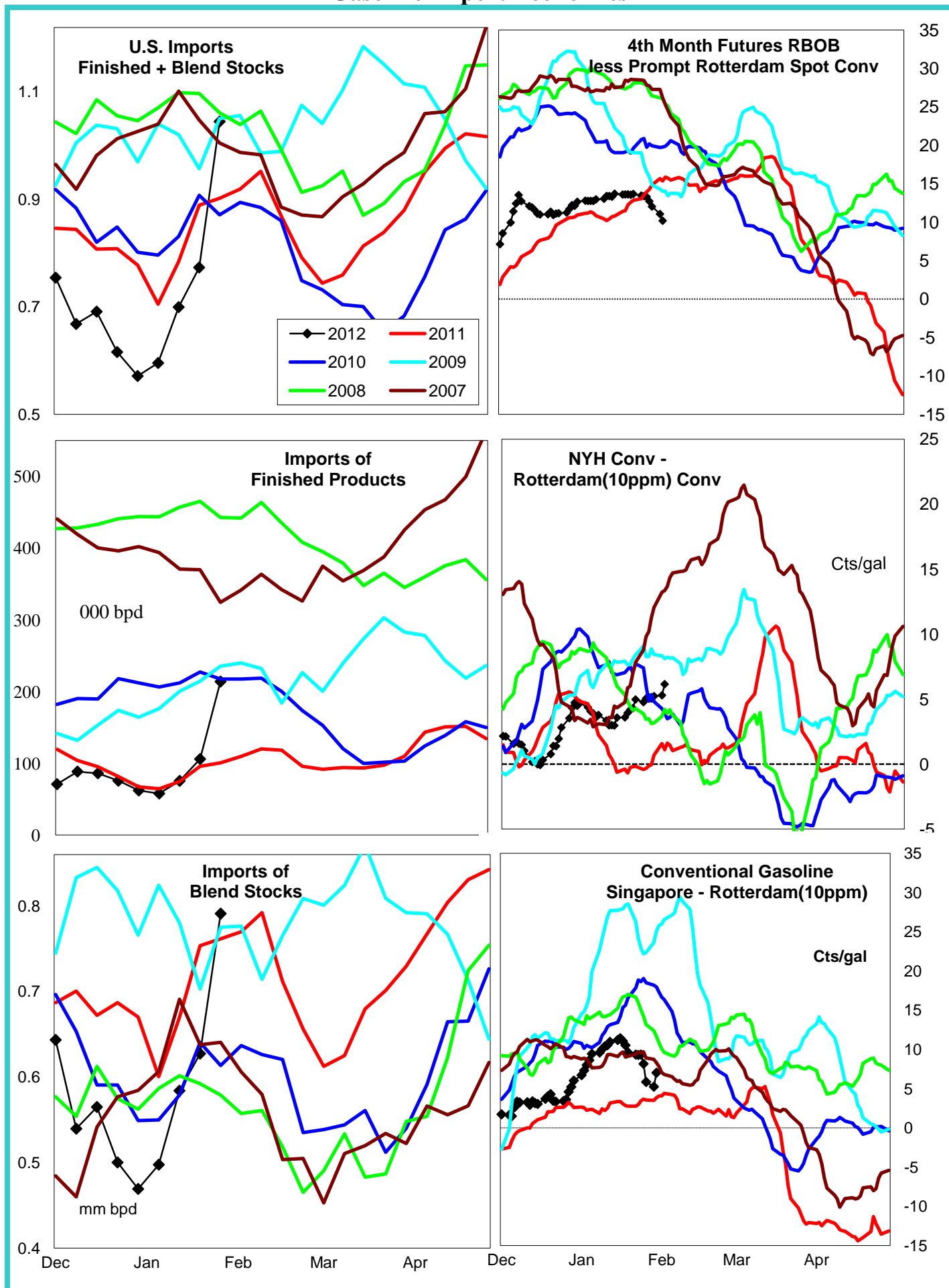


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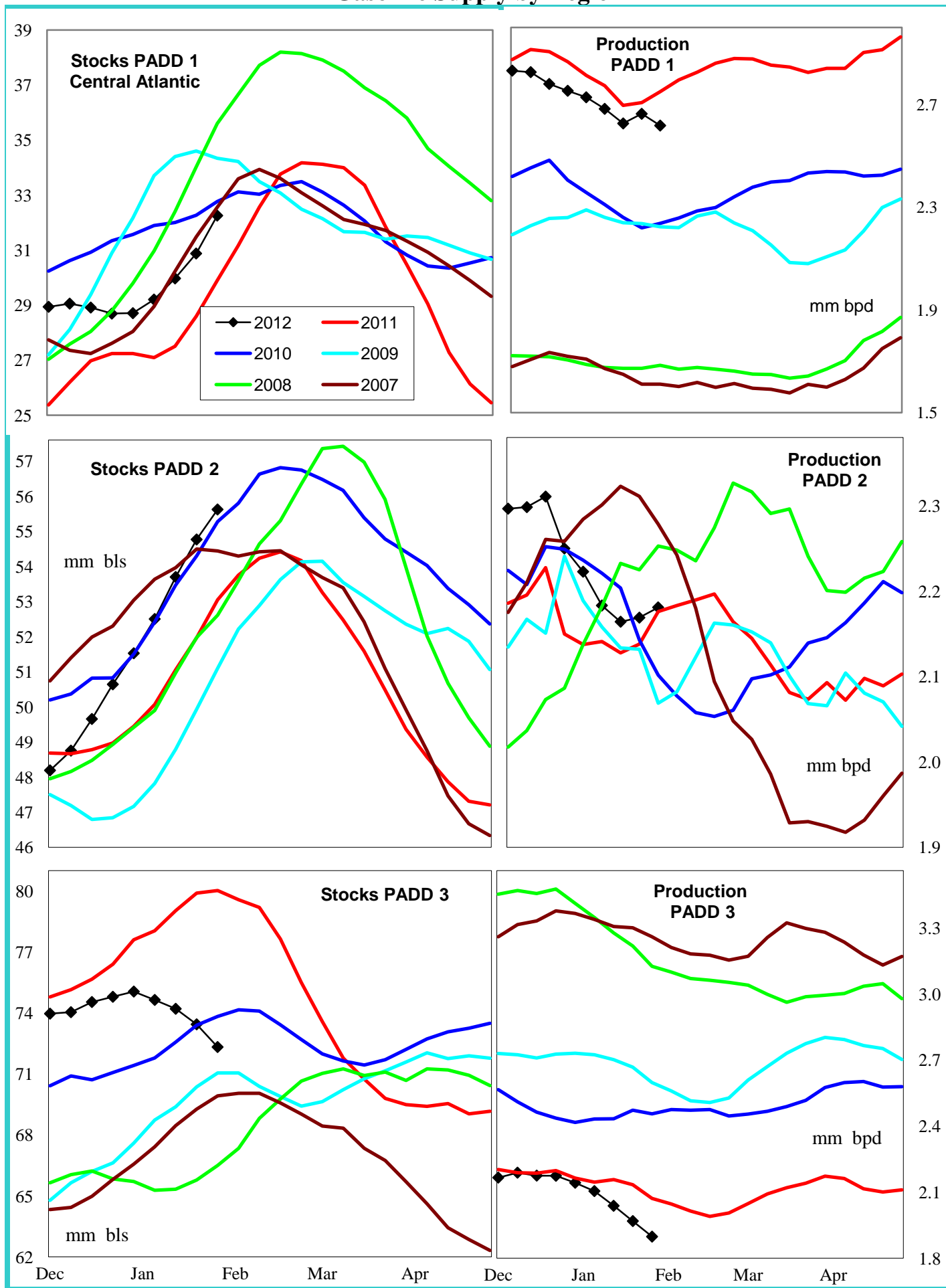
Gasoline Cash Basis and Related Price Spreads



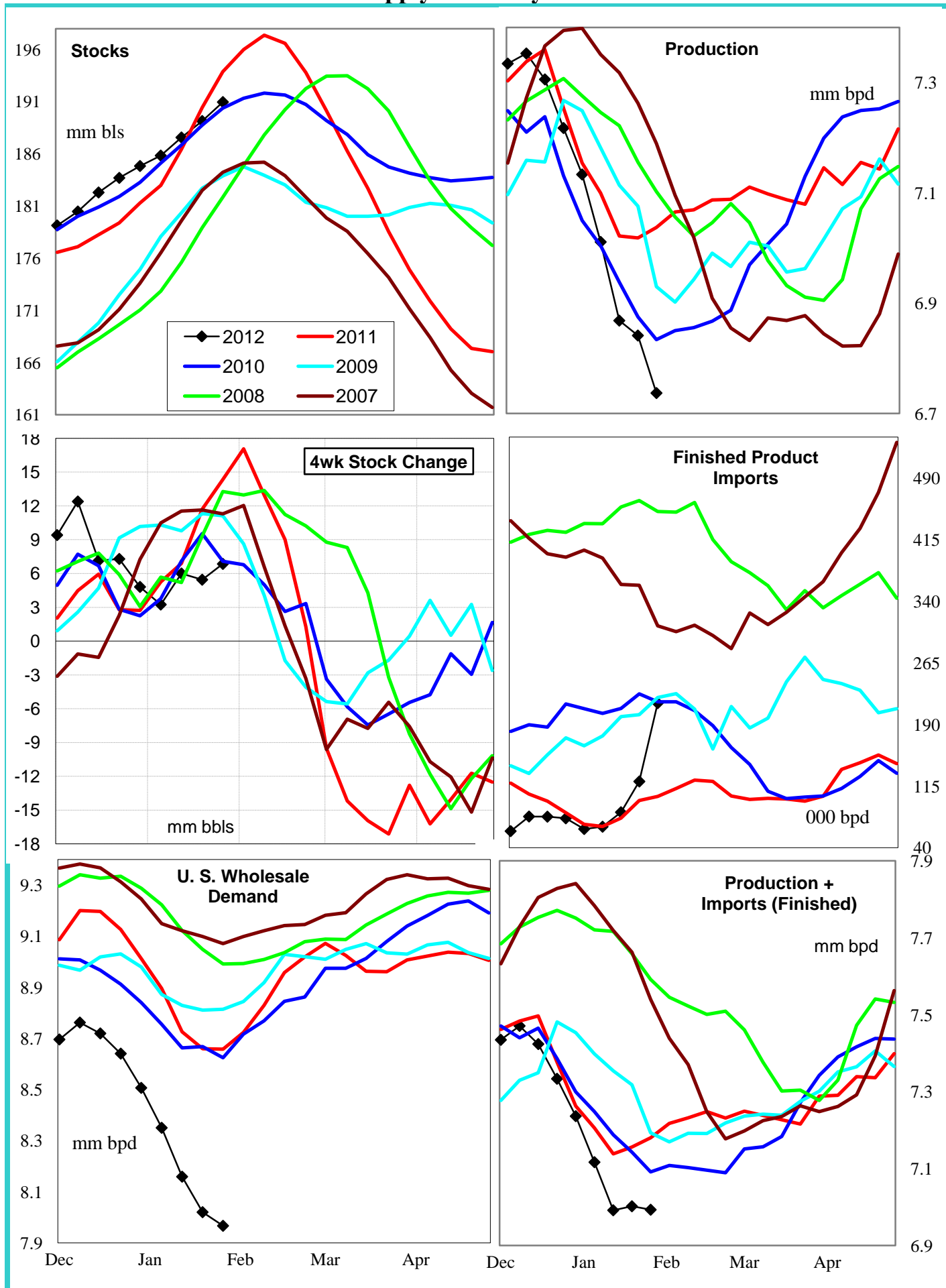
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

