



## 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 +21,000 bpd last week, with the latest 4-wk average - 595,000 bpd below a year ago.

Supply fell -265,000 bpd last week on sharply lower imports. Supplies East of the Rockies fell to -350,000 bpd below the previous 5-year low. Stocks increased

+1.6 million barrels, with the build concentrated in PADDs 2 & 3.

Cash basis levels in the Gulf and NYH continue to trade near historic highs for this time of year on supply concerns, including unusually low production in the Gulf. Basis improved in the Group II market, but Chicago collapsed to near recent lows on the week.

West Coast basis trends were mixed with LA trading near the mid range, while the Bay Area and Northwest traded at 5-year lows for this time of year.

Look for basis levels to remain elevated in NYH on uncertainty about spring supply, a rebound on the West Coast and 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 increased imports improve the supply balance.

#### Conventional

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

*Chicago* basis to trend higher on low production and East Coast supply improves.

*Group III* basis to trend higher on low production and East Coast supply improves.

*Gulf Basis* to trade sideways in the near term then lower on an increase in production and increased imports to 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.

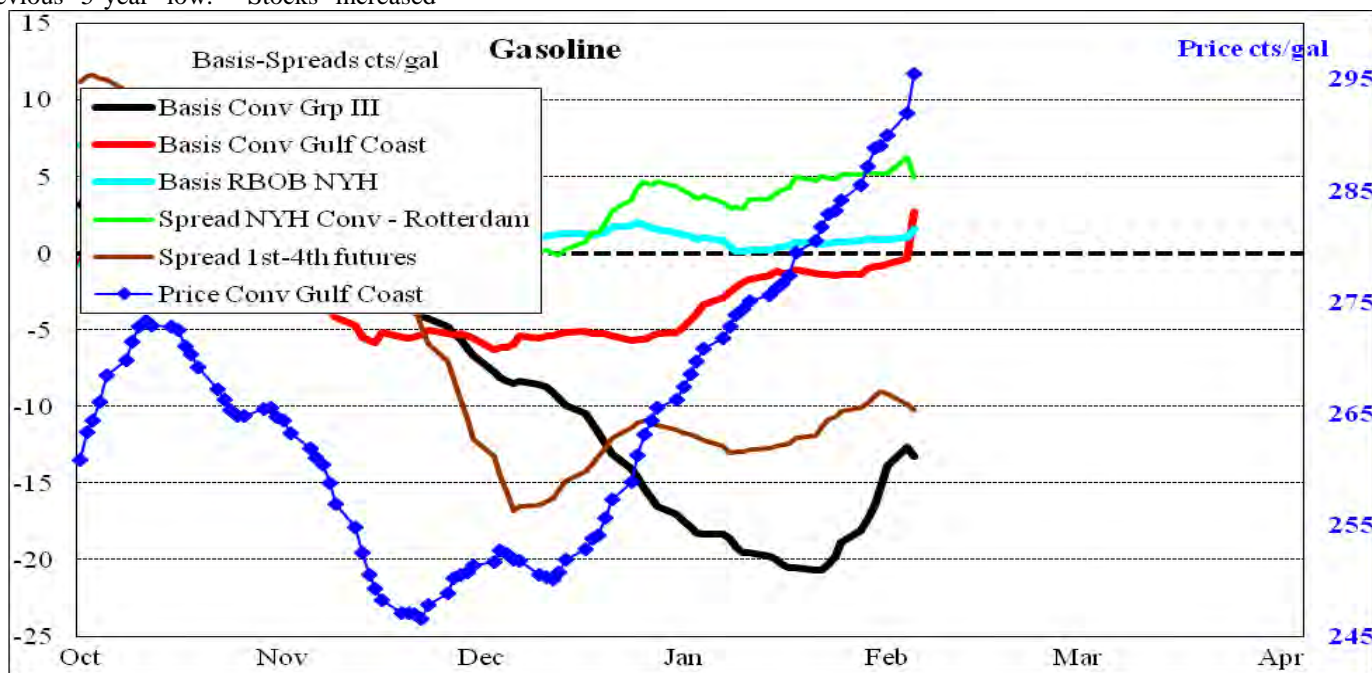
#### Gulf Coast Price

Expect import levels to be above average over the next 6-wks on attractive import economics. Demand should remain extremely weak due in part to high retail prices for this time of year.

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

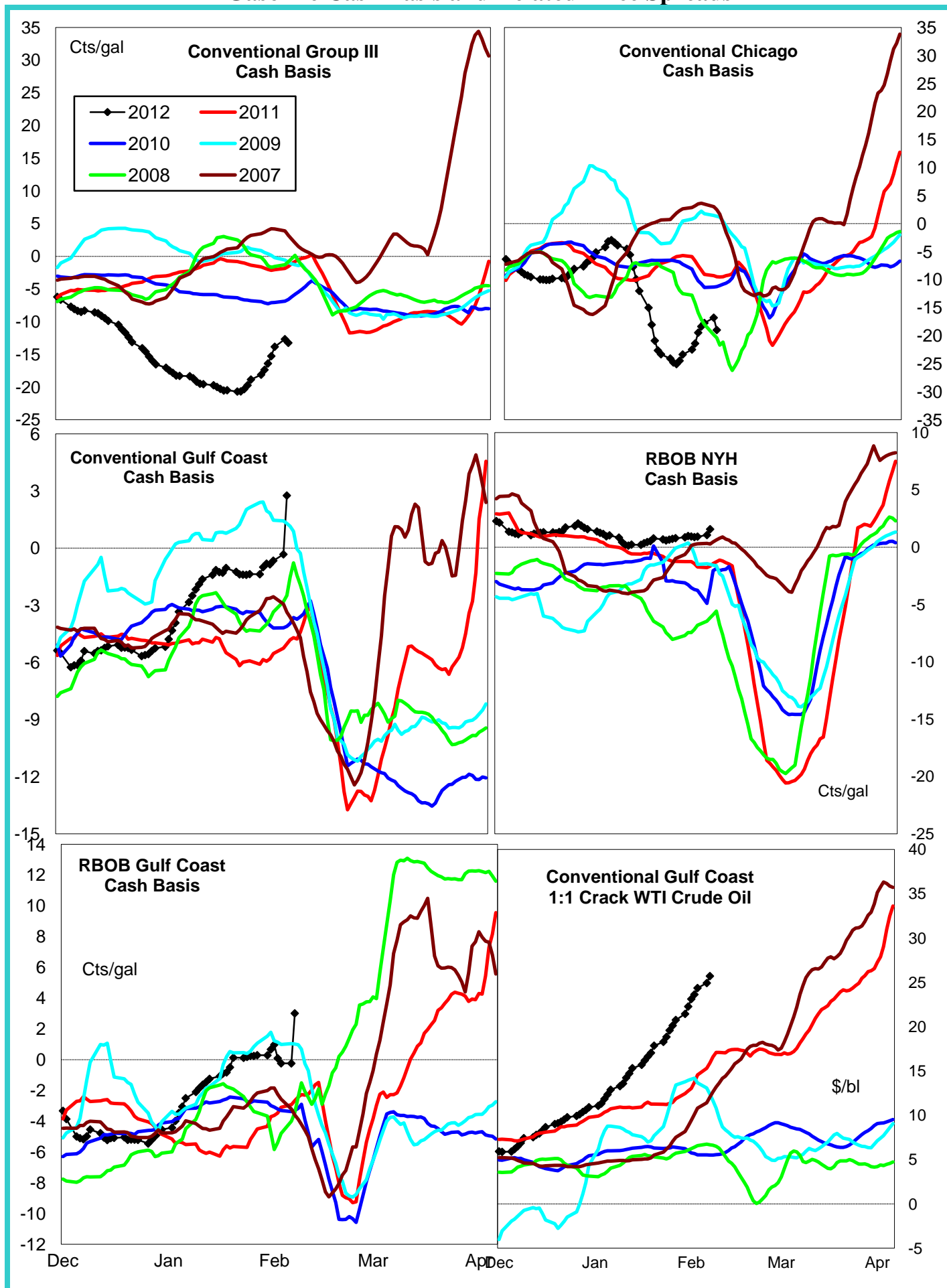
As the supply balance in the Northeast improves, and refiners begin maintenance in other regions, basis levels outside NYH and the Gulf should improve.

Political uncertainty about Iran's response to sanctions should keep a 'risk premium' in global oil prices; partially offset by very weak demand in the Atlantic Basin markets.

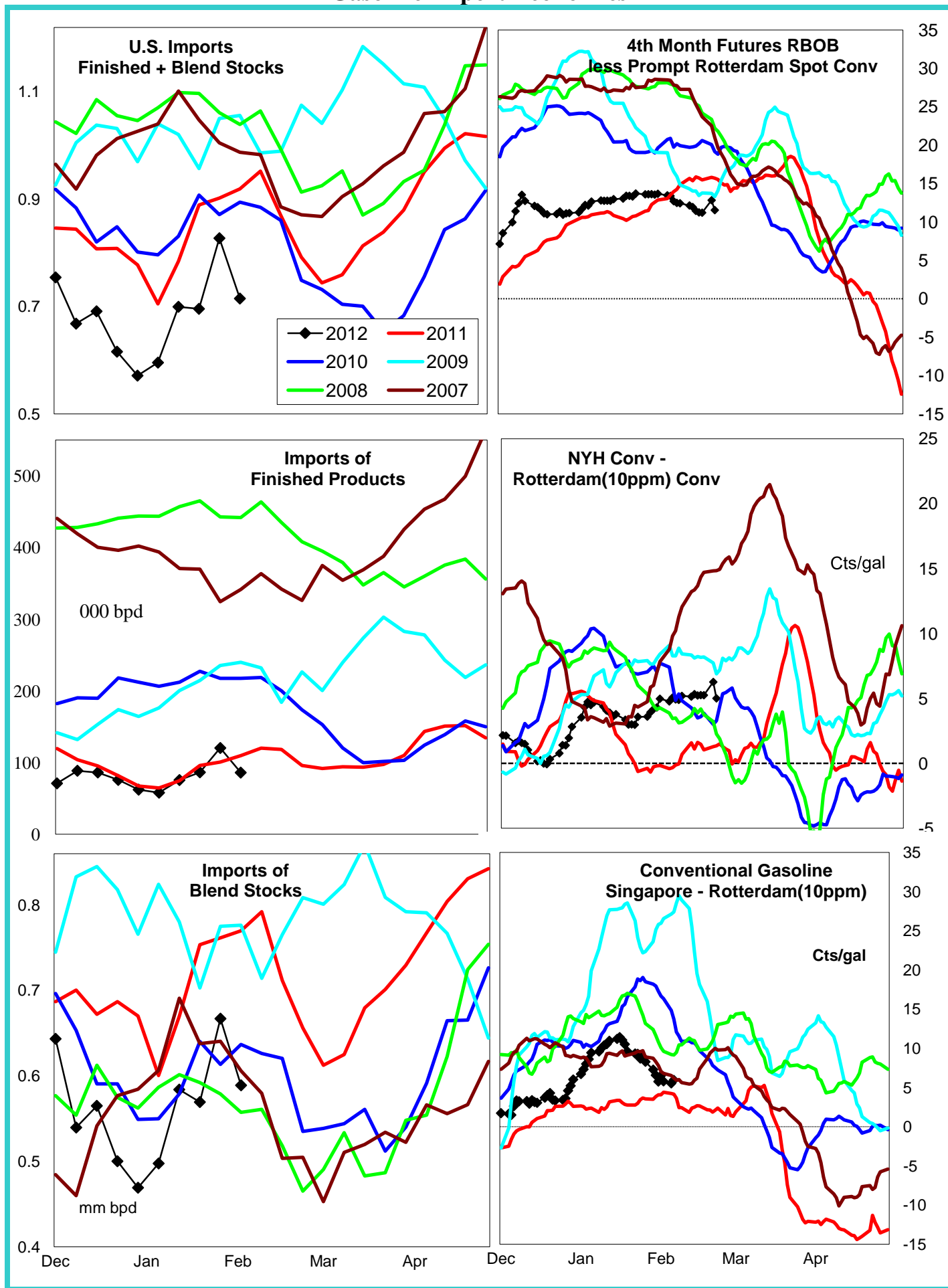


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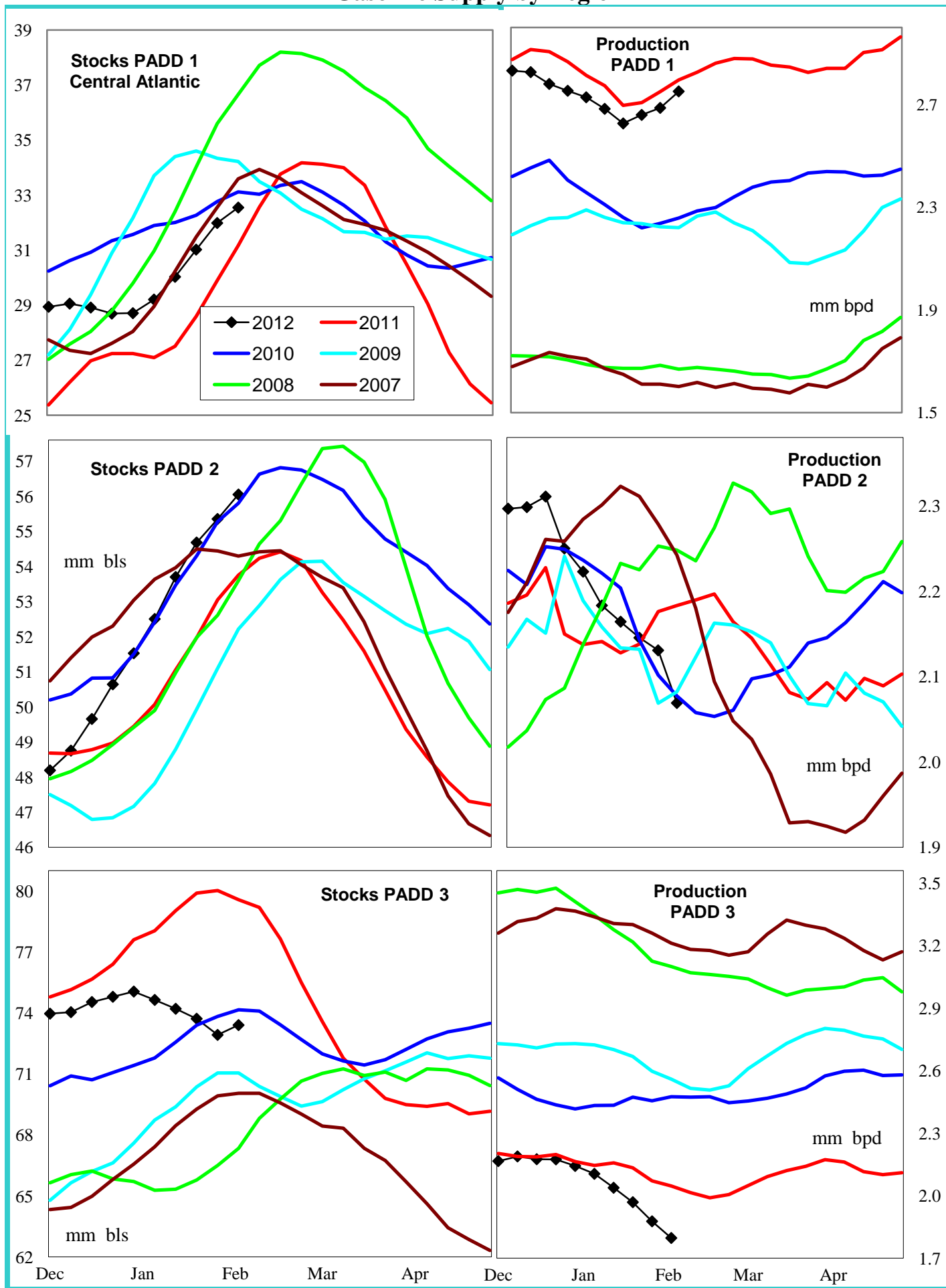
# Gasoline Cash Basis and Related Price Spreads



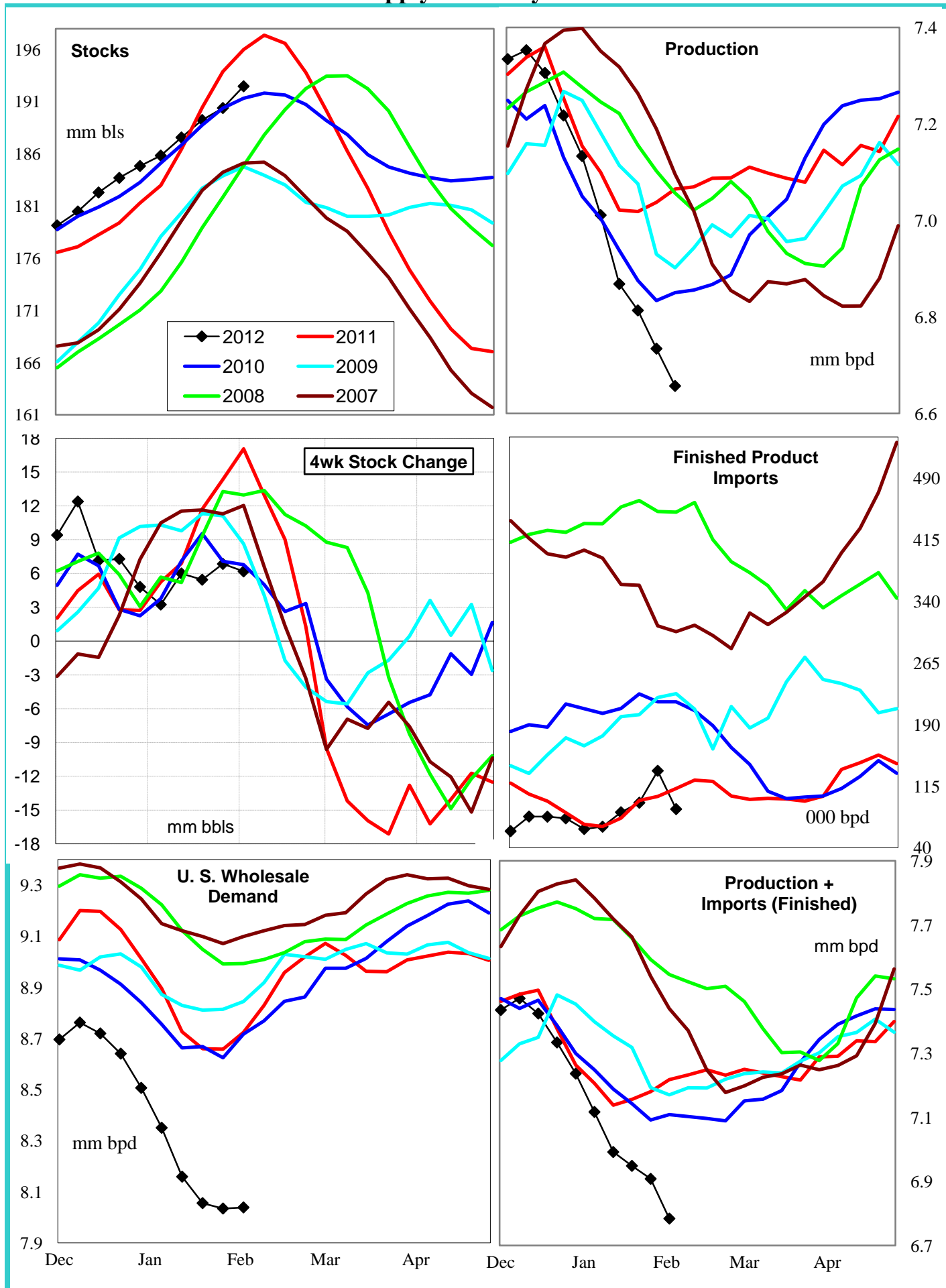
# Gasoline Import Economics



# Gasoline Supply by Region



# Gasoline Supply Summary PADDs 1+2+3



# PADD 5 Gasoline Supply

