



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 +298,000 bpd last week, as marketers filled inventory ahead of the Memorial week travel. The latest 4-wk year-on-year decline was -233,000 bpd (-2.6%).

Production and imports each climbed over +200,000 bpd; lifting supply to the highest level of the year. Supplies were 360,000 bpd below last year in the combined markets East of the Rockies. Combined blend stock and finished product imports reached the highest level of the year, driven by very attractive import economics.

Stocks decreased -0.8 million barrels, including modest builds on the East and West Coasts. *The higher level of imports to the East Coast reduces the risk of a supply squeeze in that market during the summer quarter.*

RBOB grade basis declined last week in NYH and the Gulf to levels that matched 5-year lows for this time of year. Basis collapsed on the West Coast as BPA-moco's refinery returned to operation. Basis levels in Chicago were comparable to the last 2-years on unplanned refinery maintenance. Group III basis remains at the low end of the historic range.

RBOB

New York Harbor basis to trend higher from the recent pull back that resulted from higher imports.

Conventional

New York Harbor basis to trade at levels comparable to the historic average on increased imports.

Chicago basis to trend lower from elevated levels as unplanned maintenance is completed.

Group III basis to trend modestly higher on increased seasonal demand, limited by increased production.

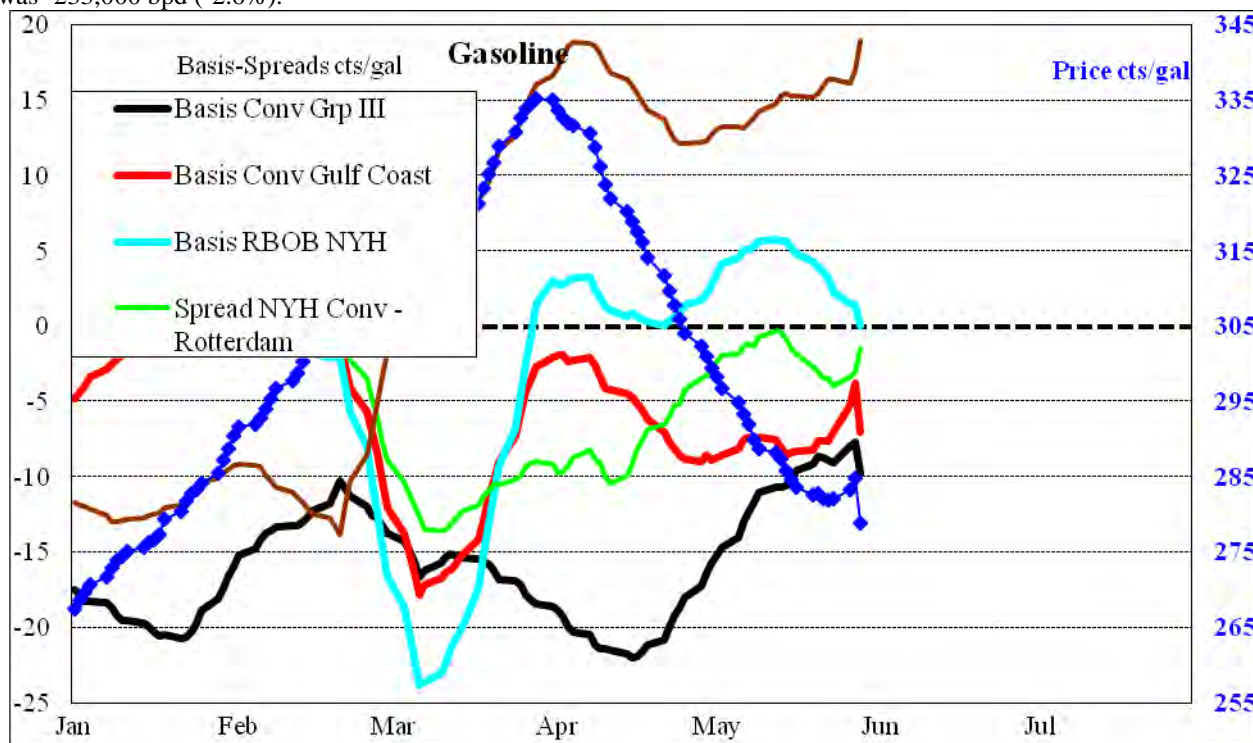
Gulf Basis Conventional grade to bounce back from the recent collapse, trading at the low end of the historic range.

West Coast (Los Angeles) basis to extend the current downtrend on increased supply.

Gulf Coast Price

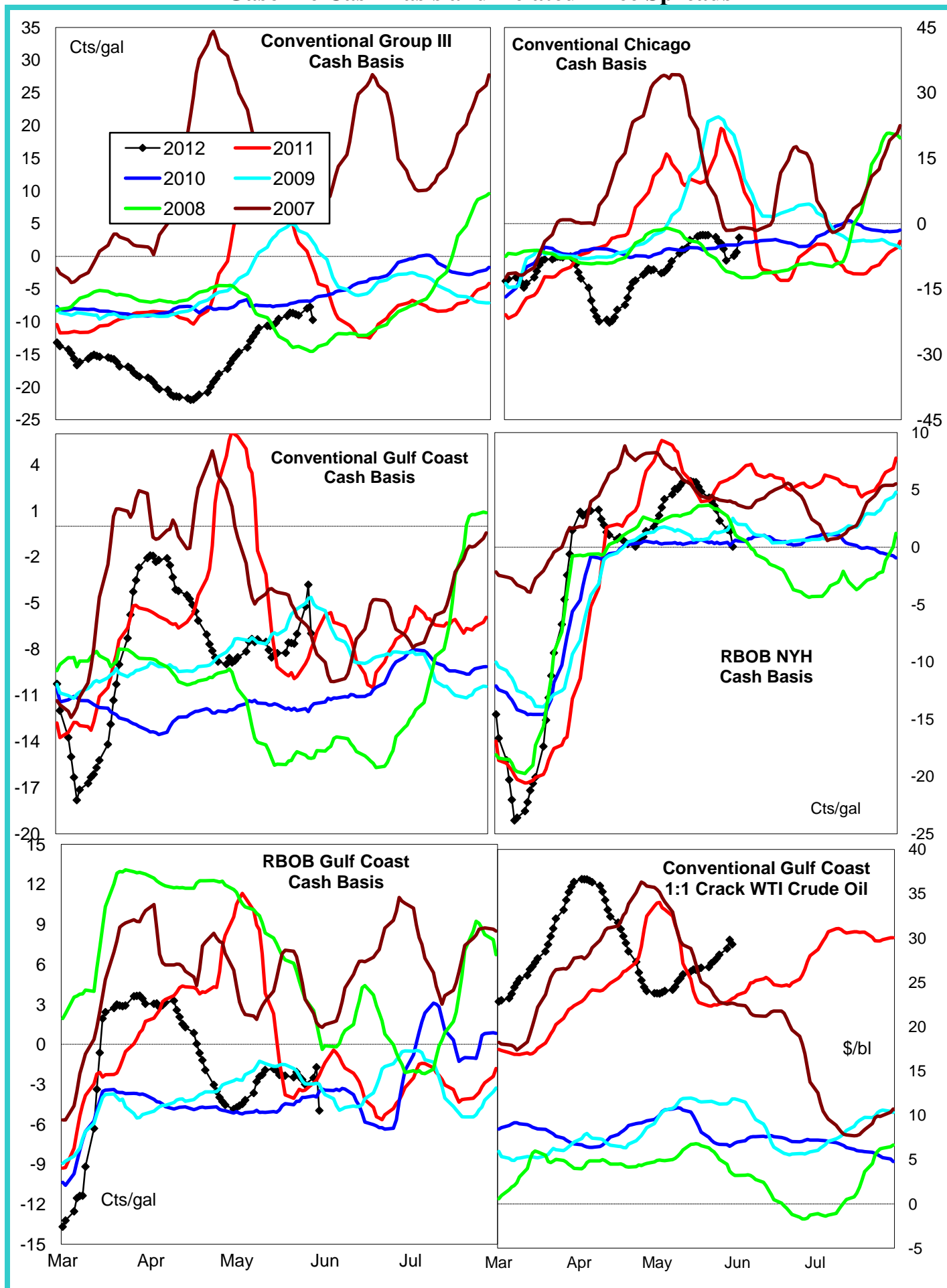
Very attractive import economics should lead to higher imports to the East Coast during the next 45-days. Demand should continue to see year-on-year declines. Production should trend seasonally higher. These fundamental trends point to an improving supply balance during the next 45-days.

Slower global economic growth as a result of the European debt crisis and a slowdown in Asian economies should continue to pressure energy prices lower.

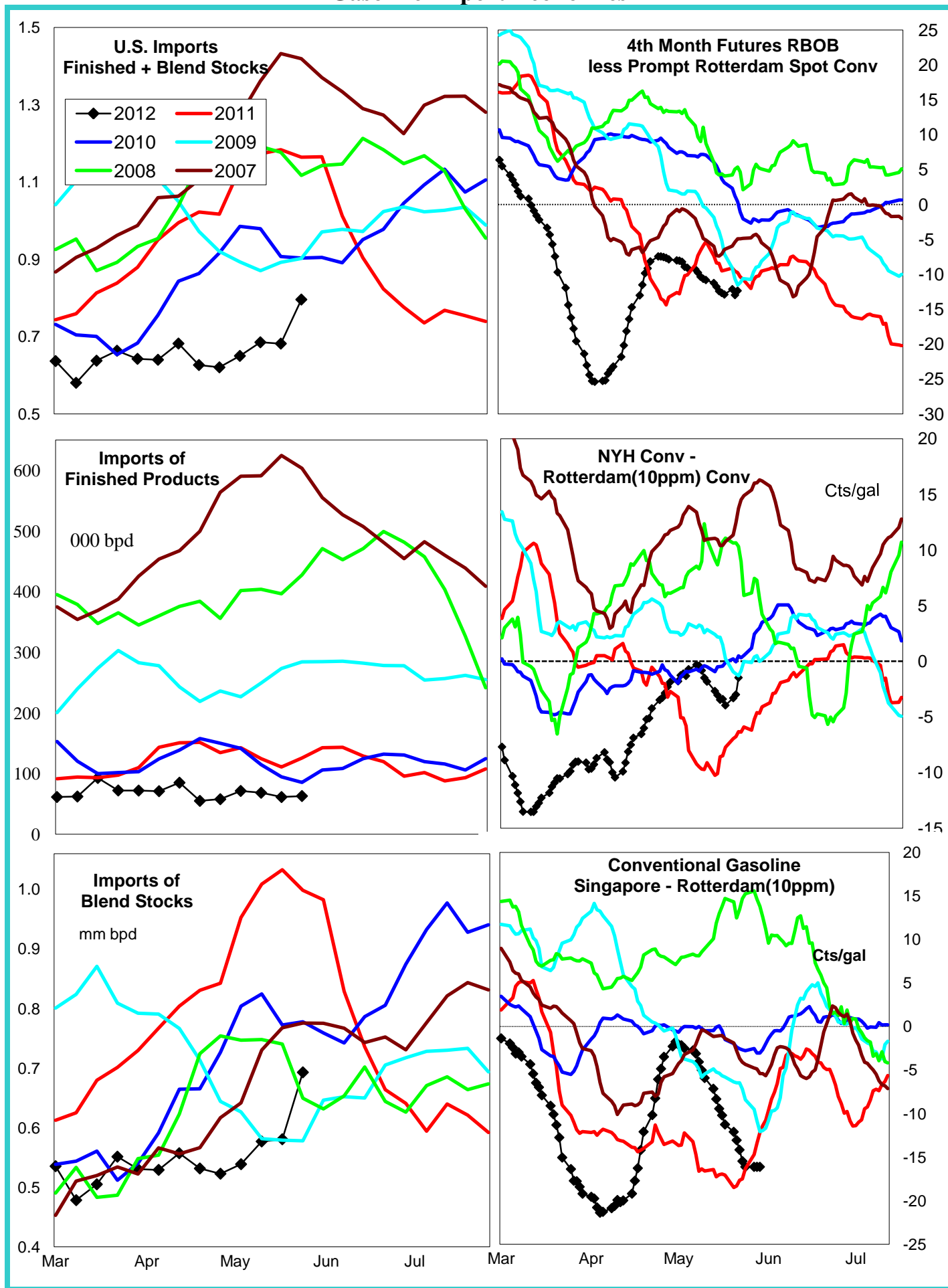


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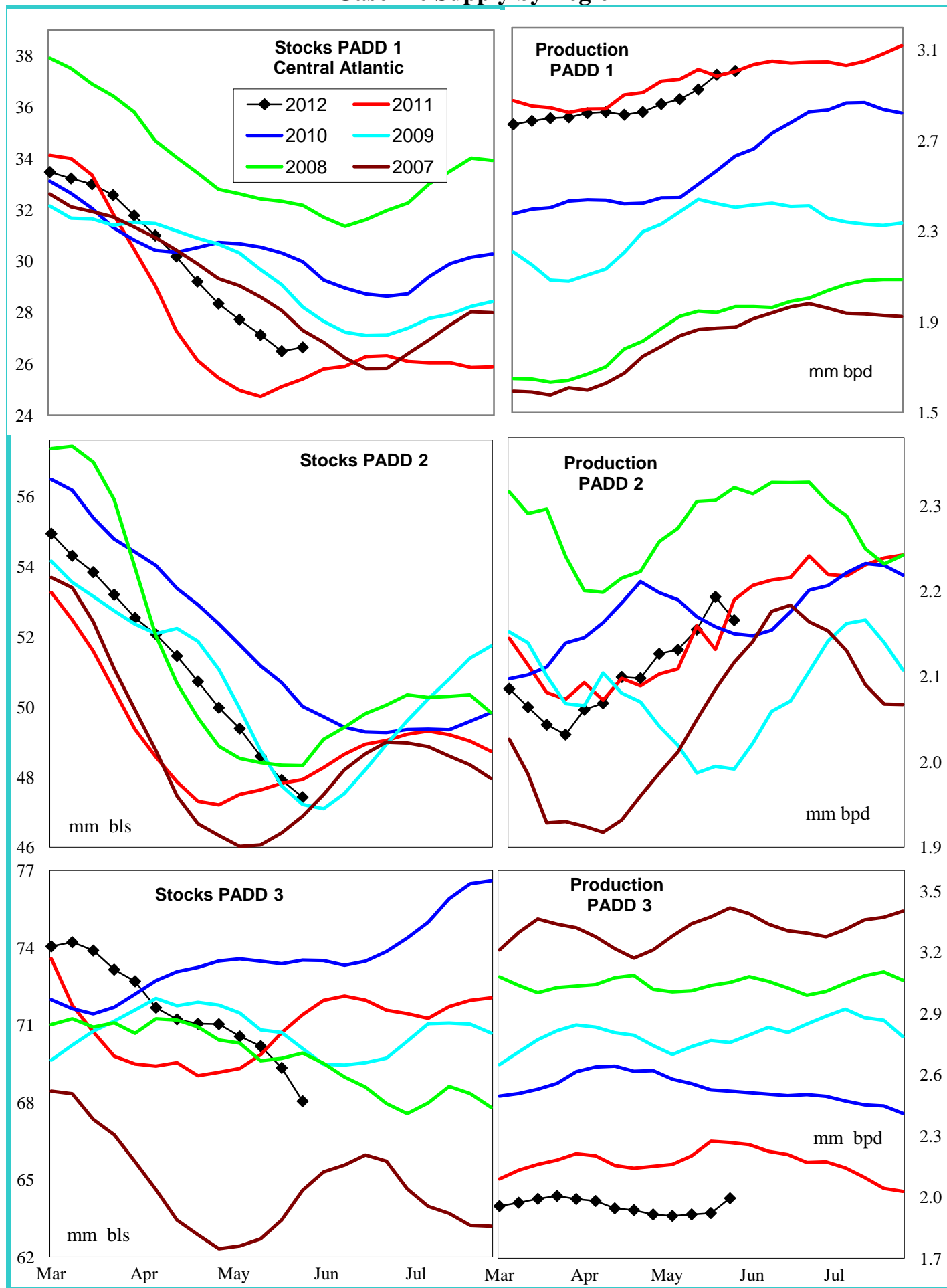
Gasoline Cash Basis and Related Price Spreads



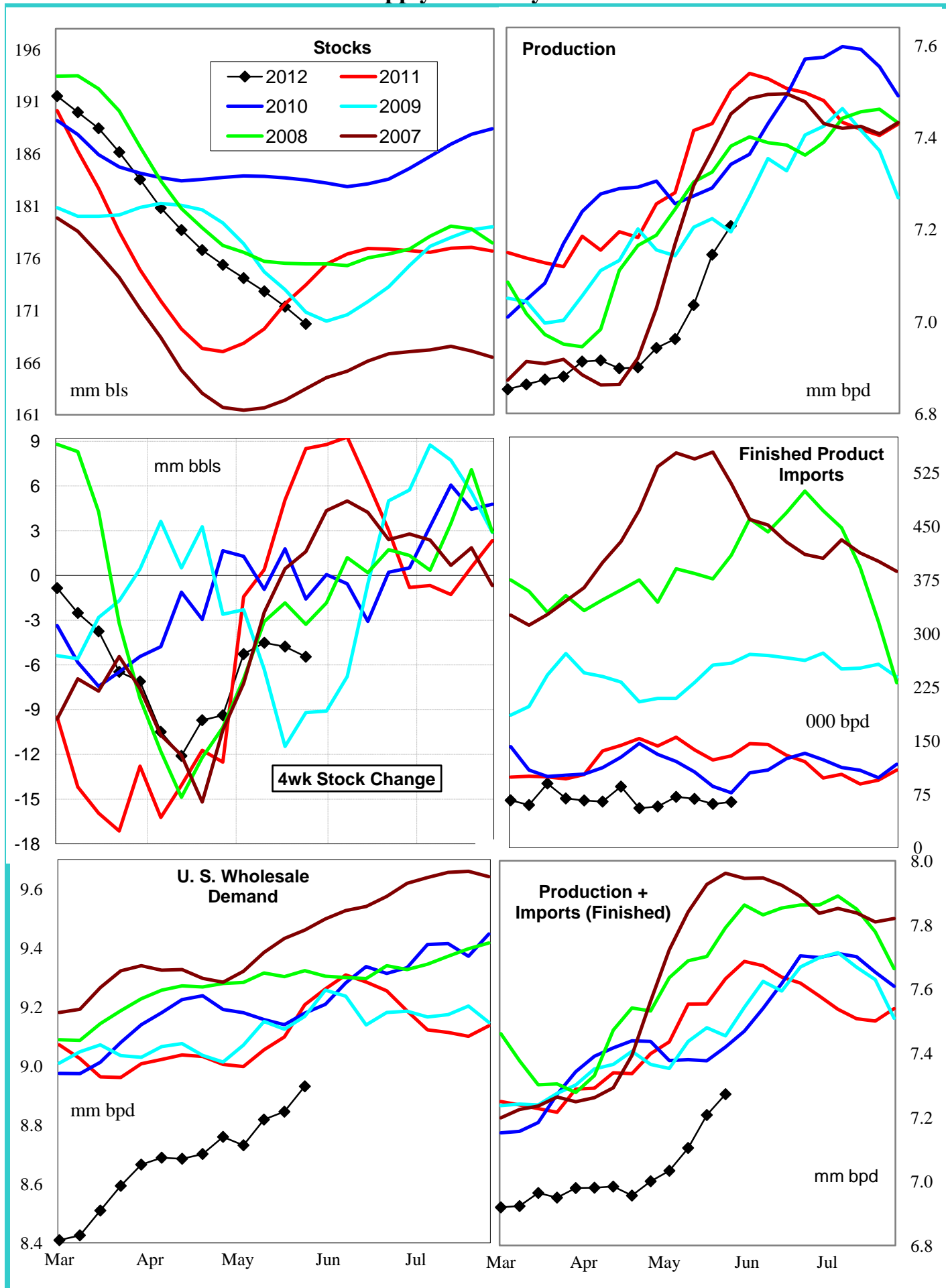
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

