



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 +113,000 bpd last week, on increased travel due to hurricane evacuation travel. The latest 4-

wk year-on-year increase was +60,000 bpd; the first year on year increase of 2012.

Supplies increased +367,000 bpd on lower higher imports and production.

Stocks fell -2.3 million barrels, including -2.4 million barrel draw in the Gulf.

Cash basis for all grades of gasoline extended the recent uptrend in all regional markets last week, due to the roll from September to October futures, and to a lesser extent by retail hoarding during hurricane Isaac.

West Coast basis also trended high on tight supplies following the Chevron fire.

Look for sharp pull back in basis for most markets on lower seasonal demand, switch to winter RVP grades and increased supplies as refiners return from shutdown following hurricane Isaac.

RBOB

New York Harbor basis to trend lower on reduced seasonal demand and switch to winter RVP grades.

Conventional

New York Harbor basis to trend lower on reduced seasonal demand and switch to winter RVP grades.

Chicago basis trend lower on end to peak summer demand and switch to higher RVP.

Group III basis trend lower on end to peak summer demand, with decrease limited by record low stock levels.

Gulf Basis to trend lower as refiners return to operation, switch to winter RVP grades and reduced seasonal demand.

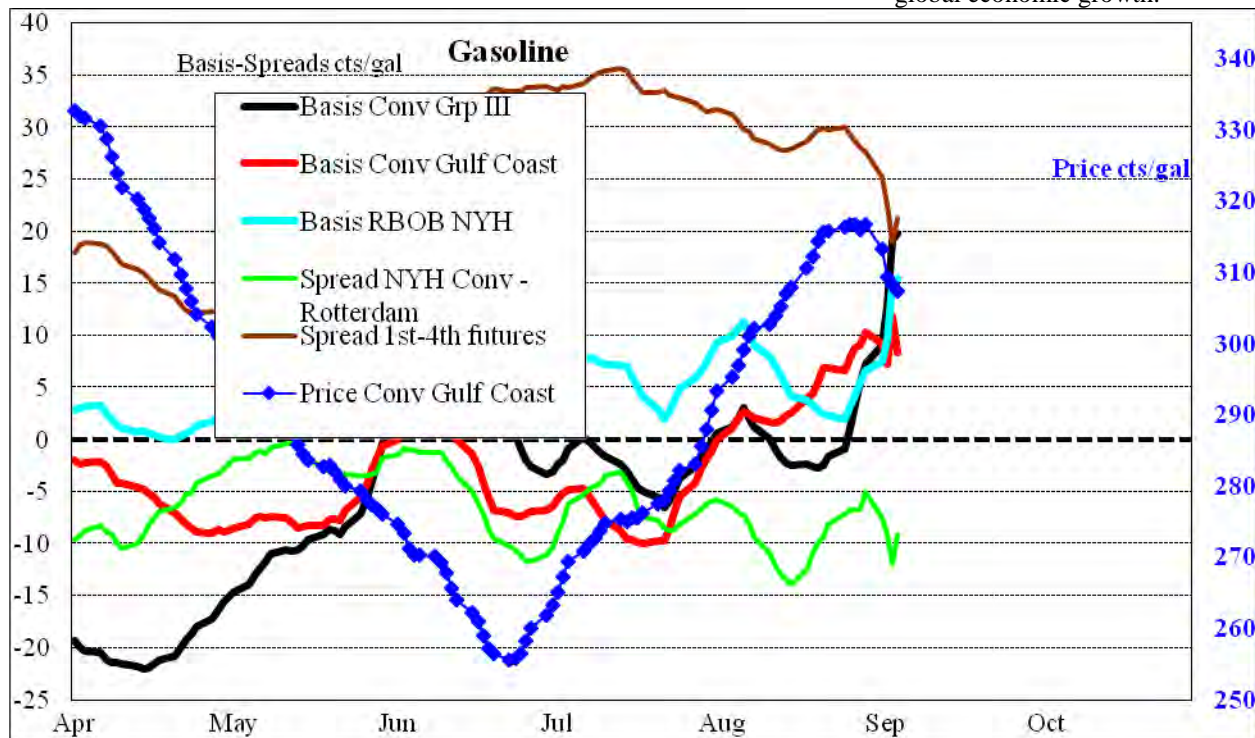
West Coast (Los Angeles) basis to trend lower on reduced seasonal demand.

Gulf Coast Price

Restart of Gulf refiners, waiver on summer grade RVP in many southern states, and lower seasonal demand should lead to improved supply balance over the next 30-days, and a meaningful pull back in prices. Tight supplies on the East Coast may limit the pull back.

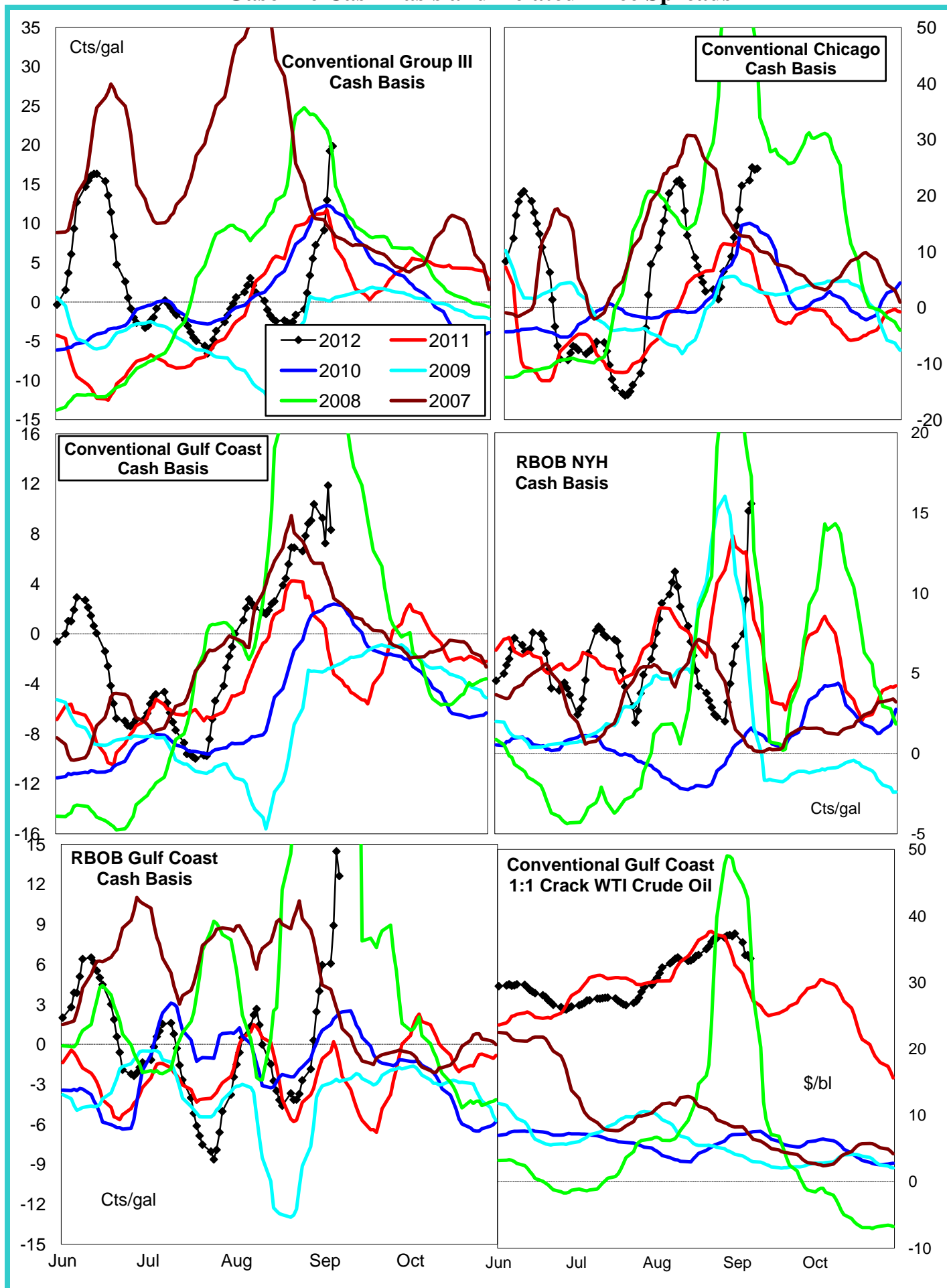
A rise in Middle East tension risk further upside in energy prices. This risk is offset by a continued slowdown in global economic growth.

Look for volatile energy prices with longer term downside risk due to slow global economic growth.

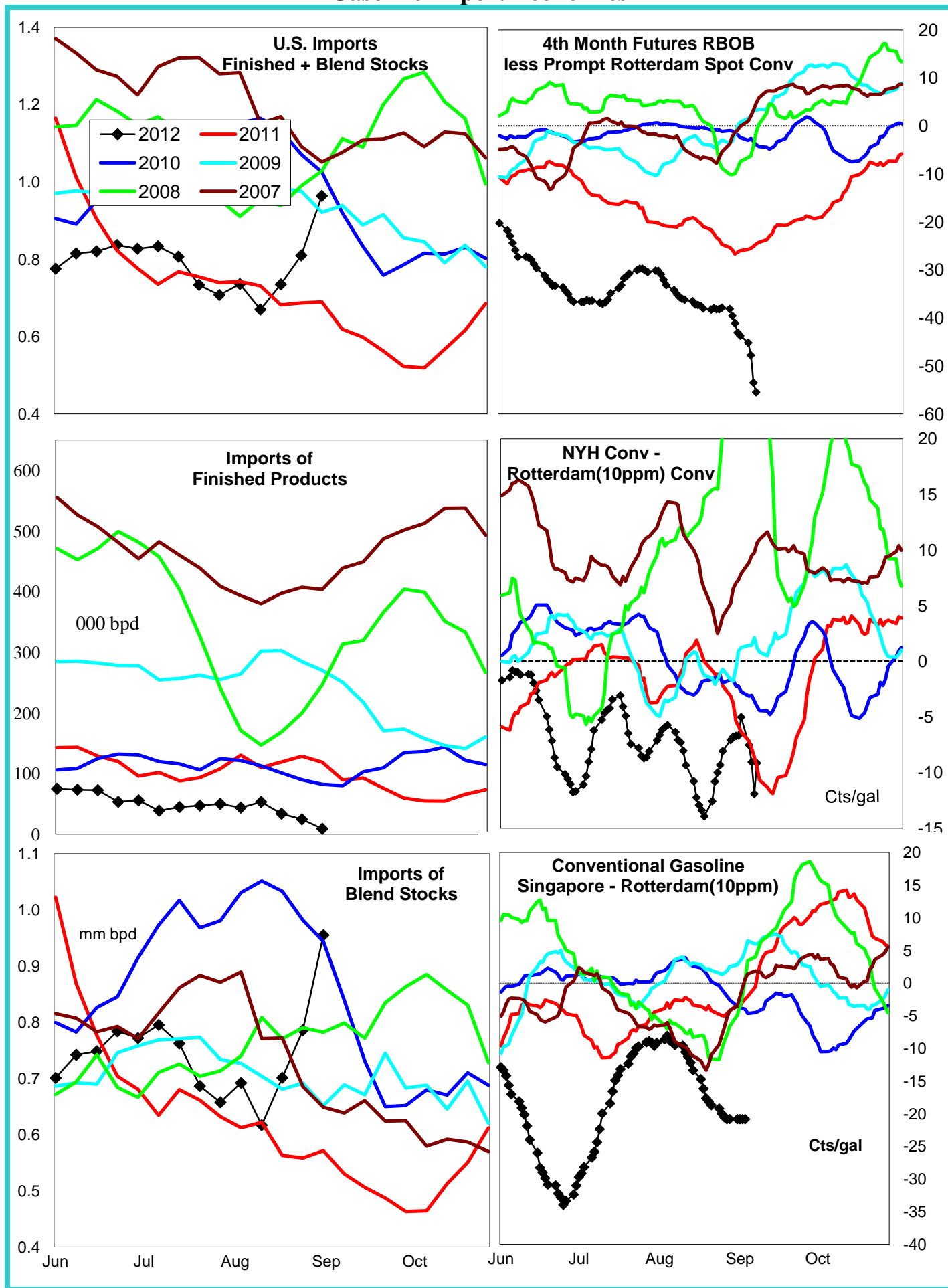


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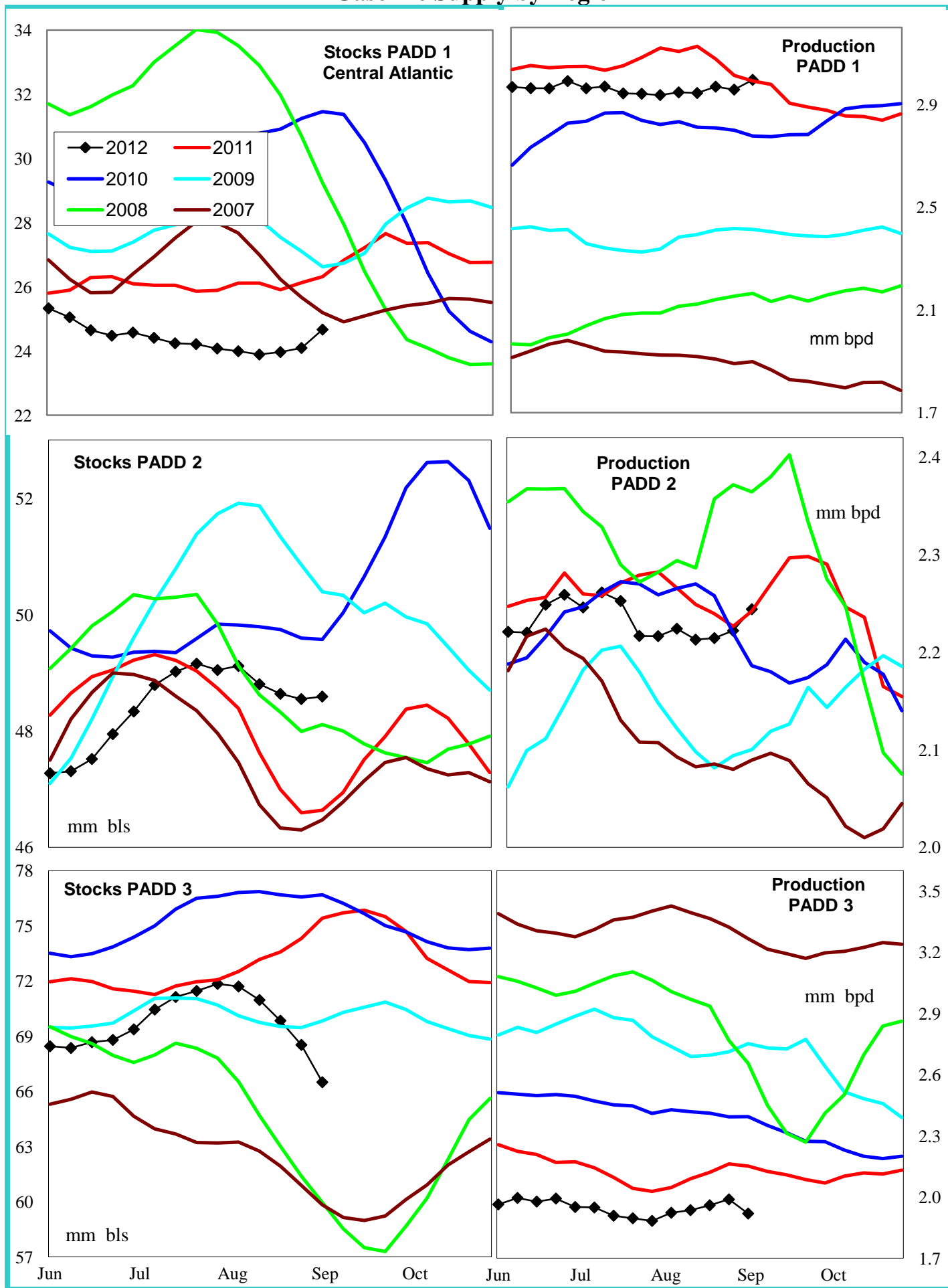
Gasoline Cash Basis and Related Price Spreads



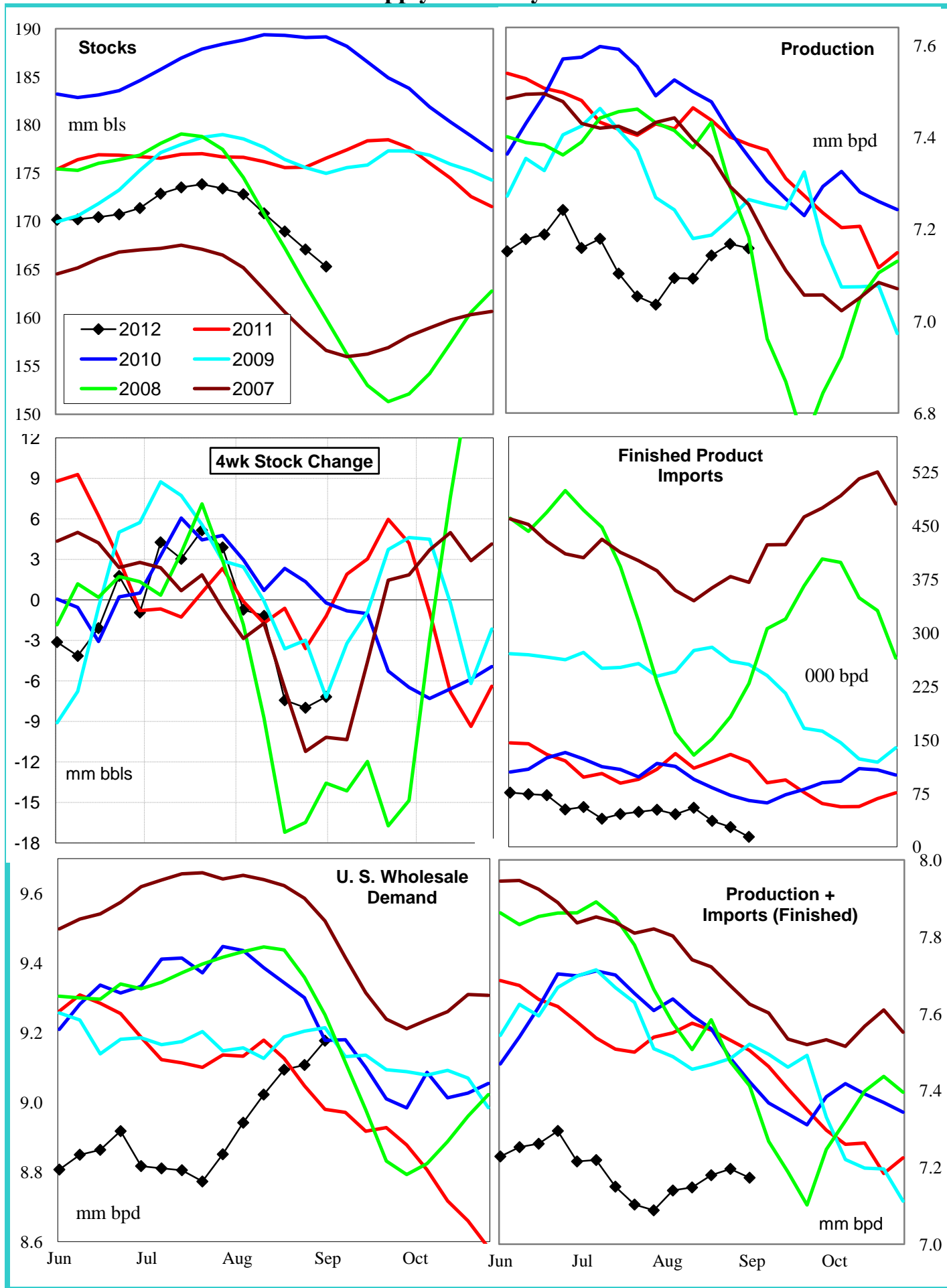
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

