



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 declined -137,000 bpd last week with the level below the 5-year range. The latest 4-wk year-on-year change in demand was a -225,000 bpd decrease (-2.5%).

Supplies increased +259,000 bpd on higher production and imports.

Stocks were nearly unchanged on the week, including a -0.7 million barrel decline on the East Coast.

The extreme supply squeeze in NYH should improve on lower seasonal demand, higher imports, and increased production of winter grade gasoline. Unplanned refinery maintenance at Exxon's plant on the west coast has led to a spike in gasoline prices for that region to all time high basis levels.

Basis levels surged in all regions last week due to the roll from October to November RBOB futures contract. Comparing spot market prices to the *November RBOB contract* shows that basis has dropped to season lows from highs at the end of August (*against the November contract*) for markets excluding of NYH and the West Coast.

RBOB

New York Harbor basis to trend lower as imports and receipts from the Gulf resupply the market.

Conventional

New York Harbor basis to trend lower as imports and receipts from the Gulf lift stock levels.

Chicago basis trend lower on lower seasonal demand.

Group III basis to trend lower on reduced seasonal demand.

Gulf Basis to trend lower on reduced seasonal demand.

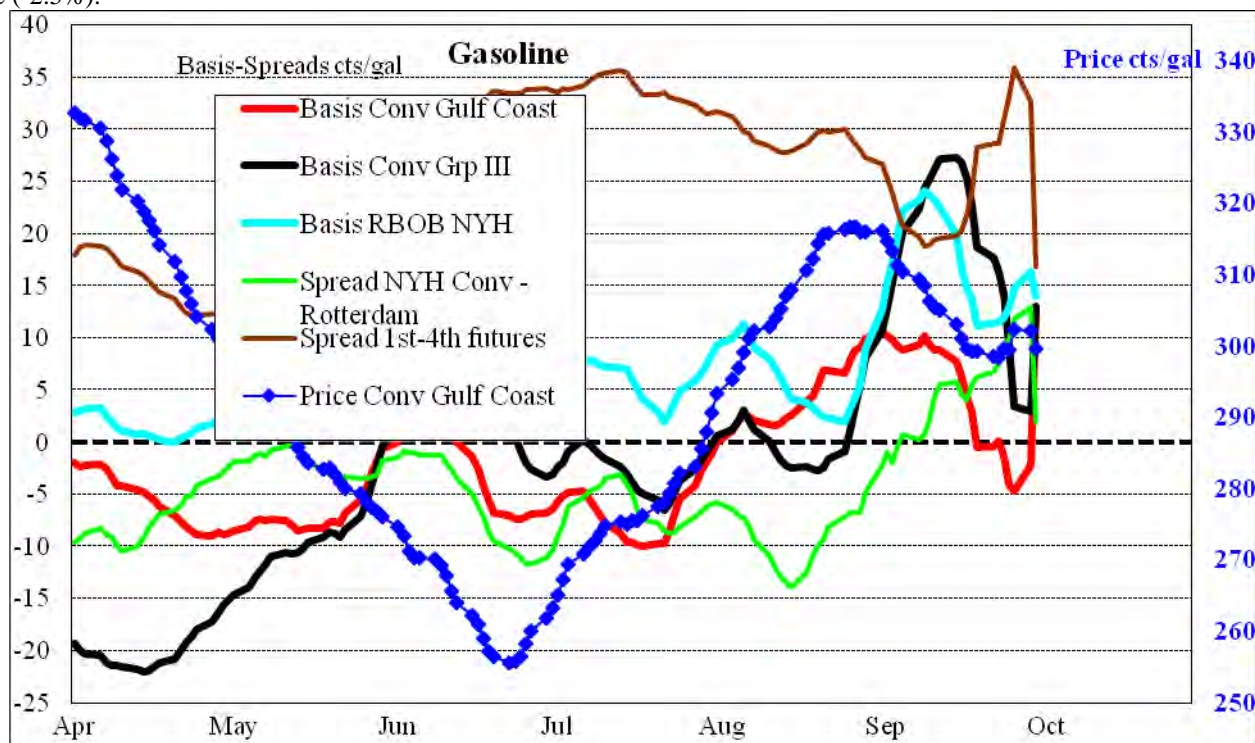
West Coast (Los Angeles) basis to collapse when maintenance is completed at the Exxon plant.

Gulf Coast Price

Look for an end to the supply squeeze on the east coast on an increase in imports, lower seasonal demand and increased production of winter grade product. The west coast spike should collapse on completion of unplanned maintenance at the Exxon plant. IF the maintenance is extended, the a surge in imports should improve the supply balance.

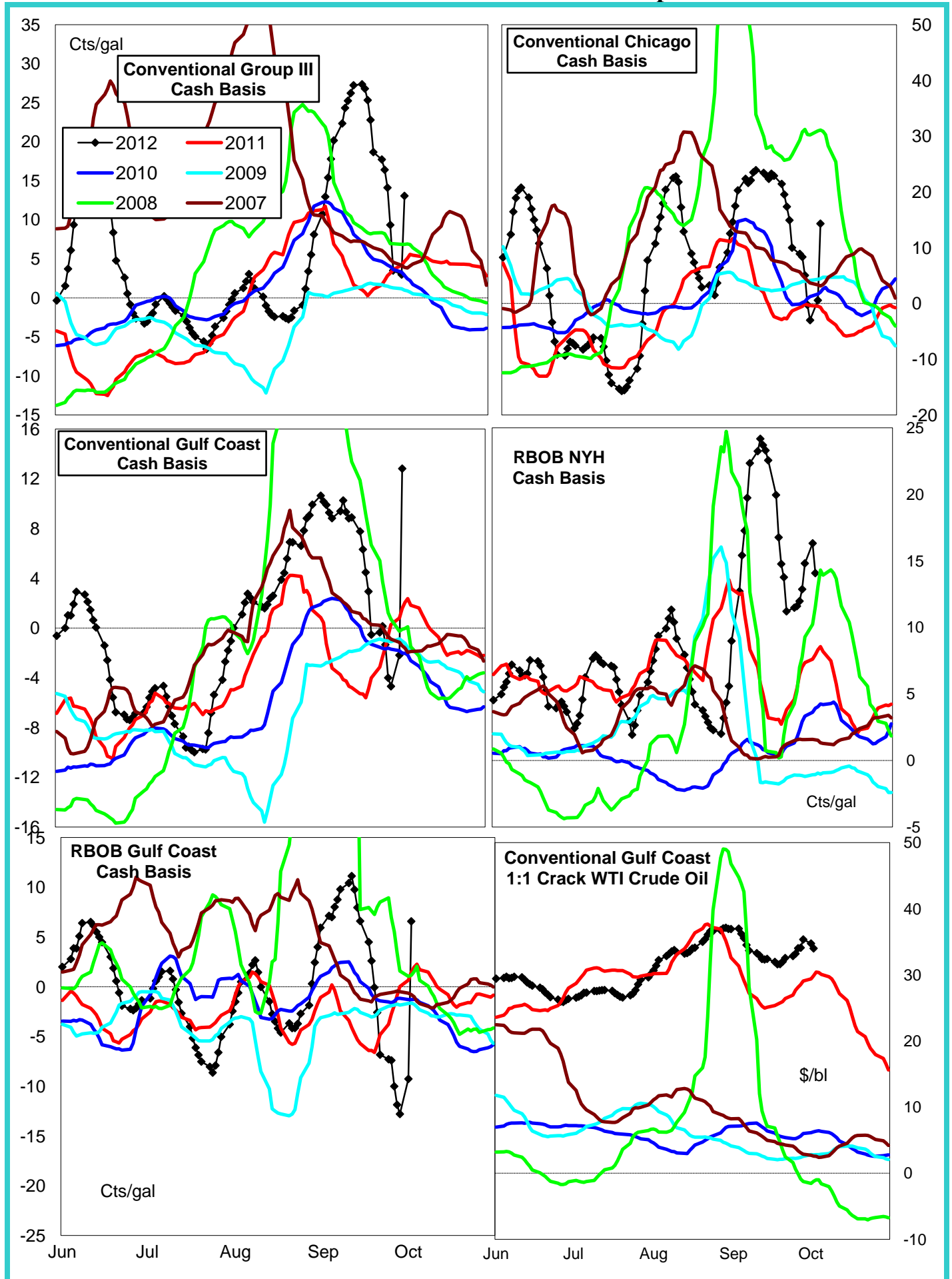
A financial crisis in Iran increases oil supply uncertainty in the region. This risk is partially offset by a continued slowdown in global economic growth.

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

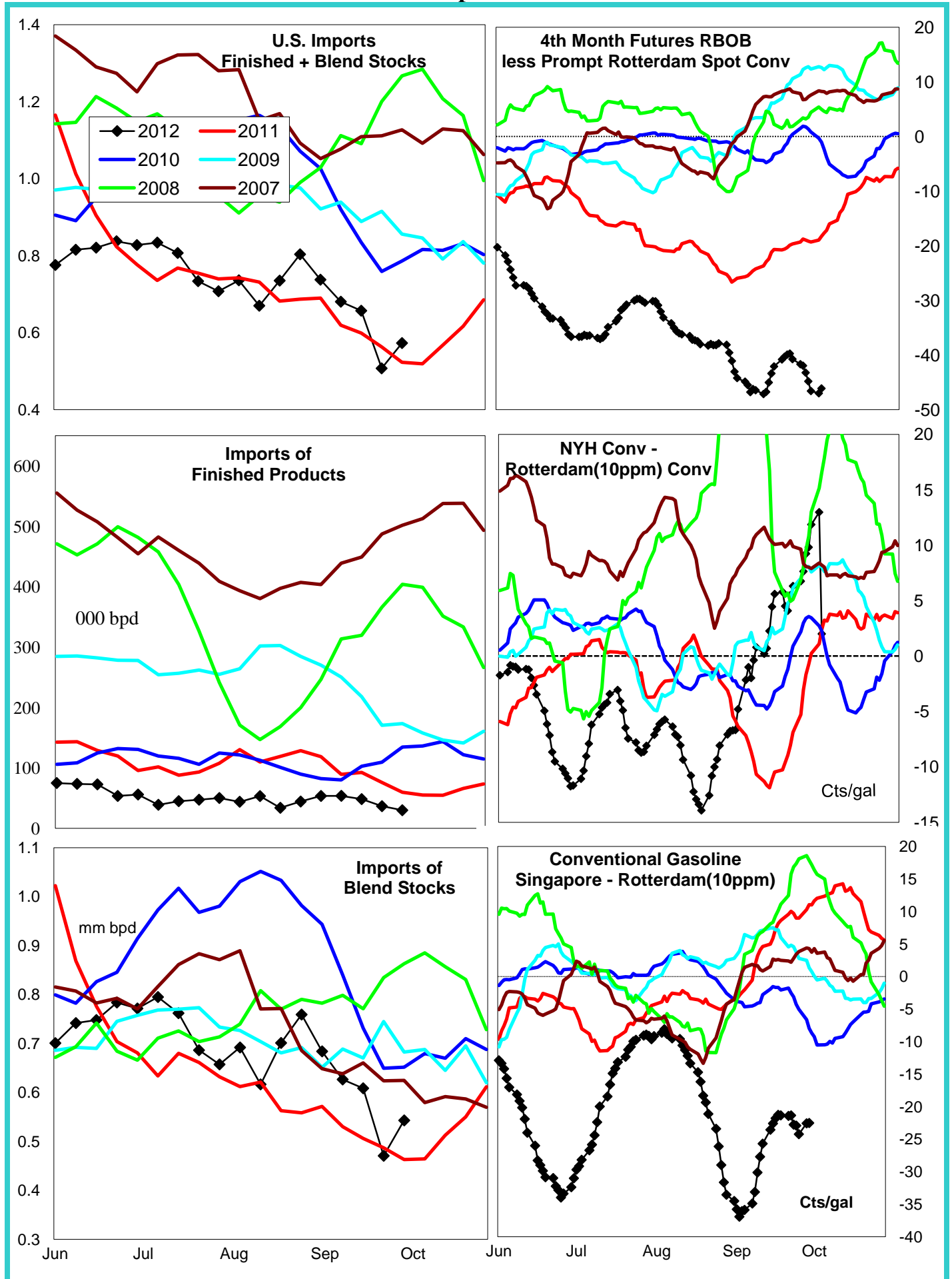


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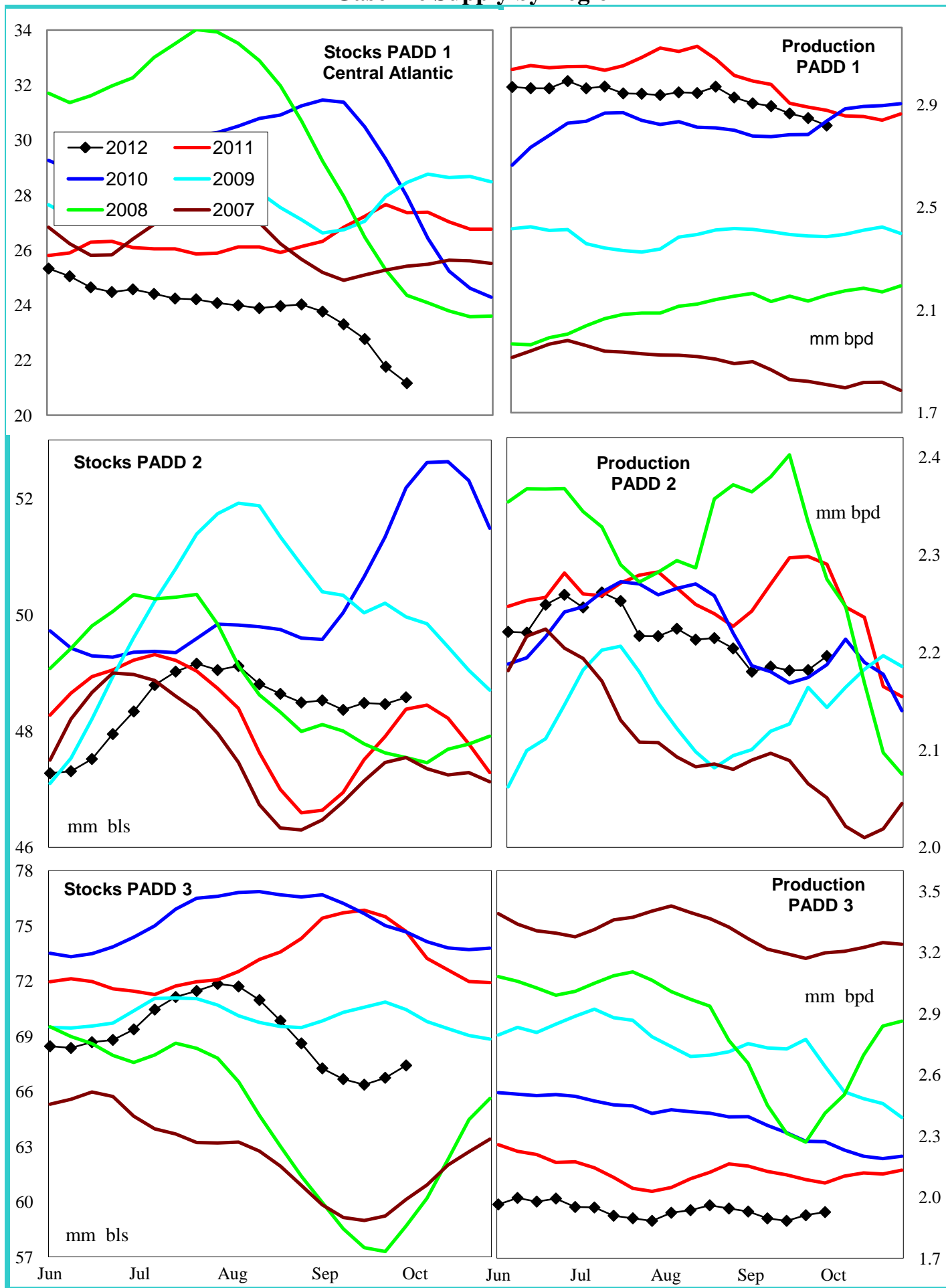
Gasoline Cash Basis and Related Price Spreads



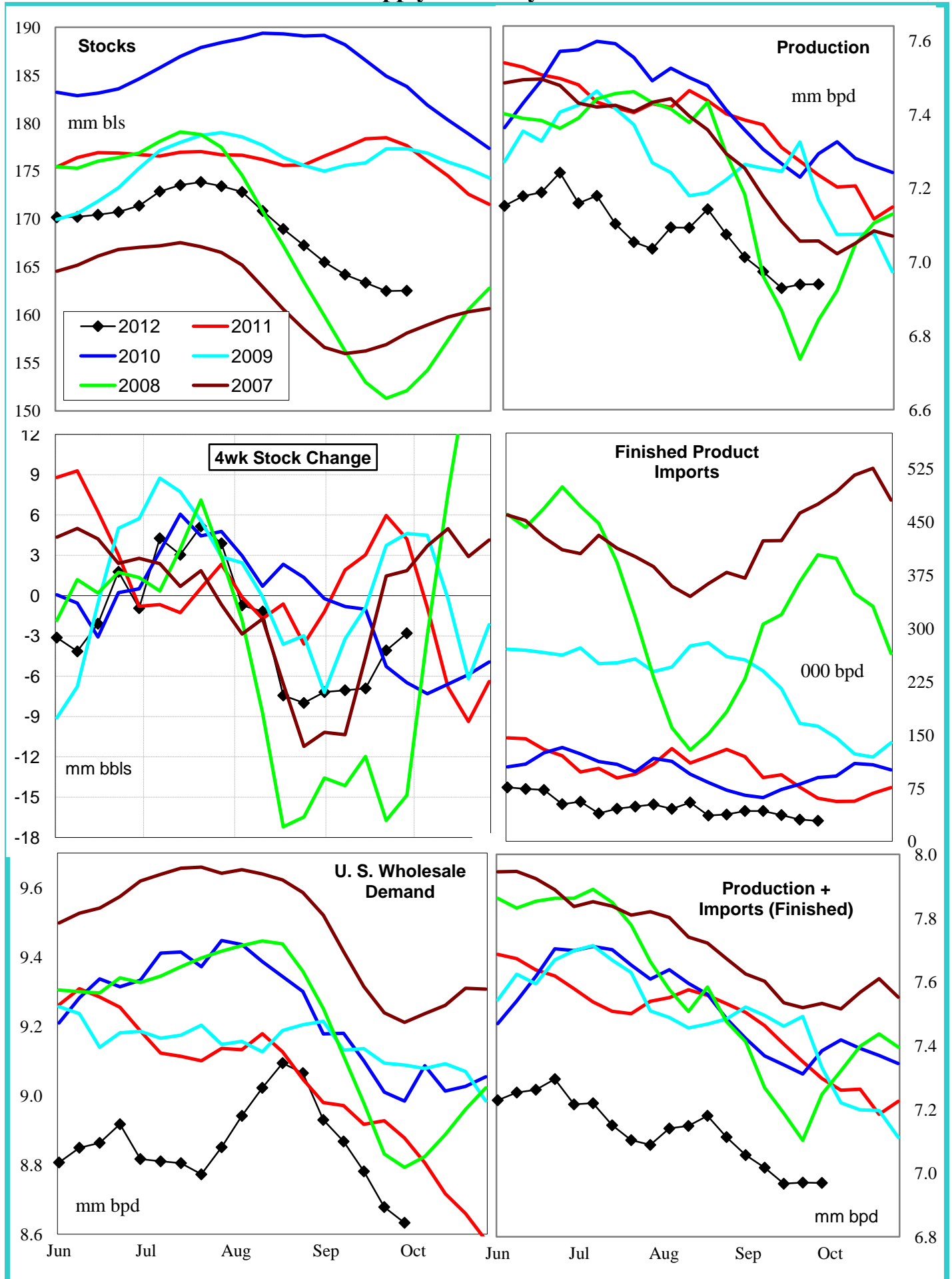
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply