

**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 spiked +400,000 bpd last week, due in part to the EIA including an updated export estimate. The latest 4-wk change in demand was unchanged from a year ago.

Supplies fell -223,000 bpd, on a sharp drop in imports. Production levels matched 5-year highs for the week.

Stocks declined -1.7 million barrels on the week. Stock levels remain extremely high in the East and Gulf coast markets.

Basis levels trended higher late last week on thin trade during the 4<sup>th</sup> holiday week. Look for higher seasonal demand and record stocks on the East Coast to lead to modest basis increases in most regional markets outside of NYH over the next 30-days.

**RBOB**

*New York Harbor* basis to trade sideways on high stock levels.

**Conventional**

*New York Harbor basis* to trend seasonally higher, limited by high stock levels.

*Chicago* basis to trend higher on peak seasonal demand and an over supplied East coast.

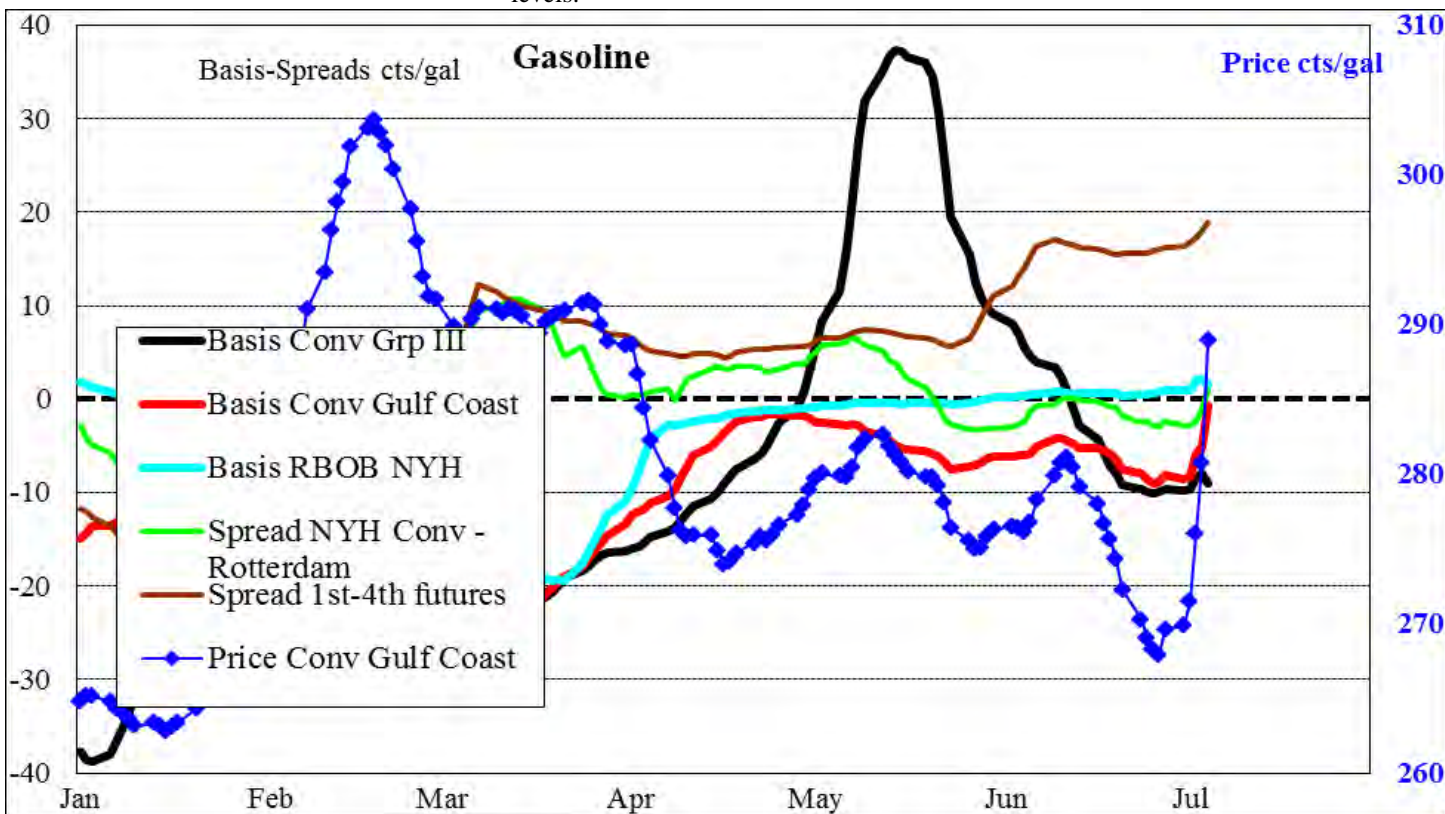
*Group III* basis to trade sideways at low levels in the near term, and then trend higher as seasonal demand strengthens.

*Gulf Basis* to trade sideways on extremely high stock levels and excess supplies on the East Coast, trending modestly higher on peak seasonal demand.

*West Coast (Los Angeles)* basis to trend higher following the recent pull back.

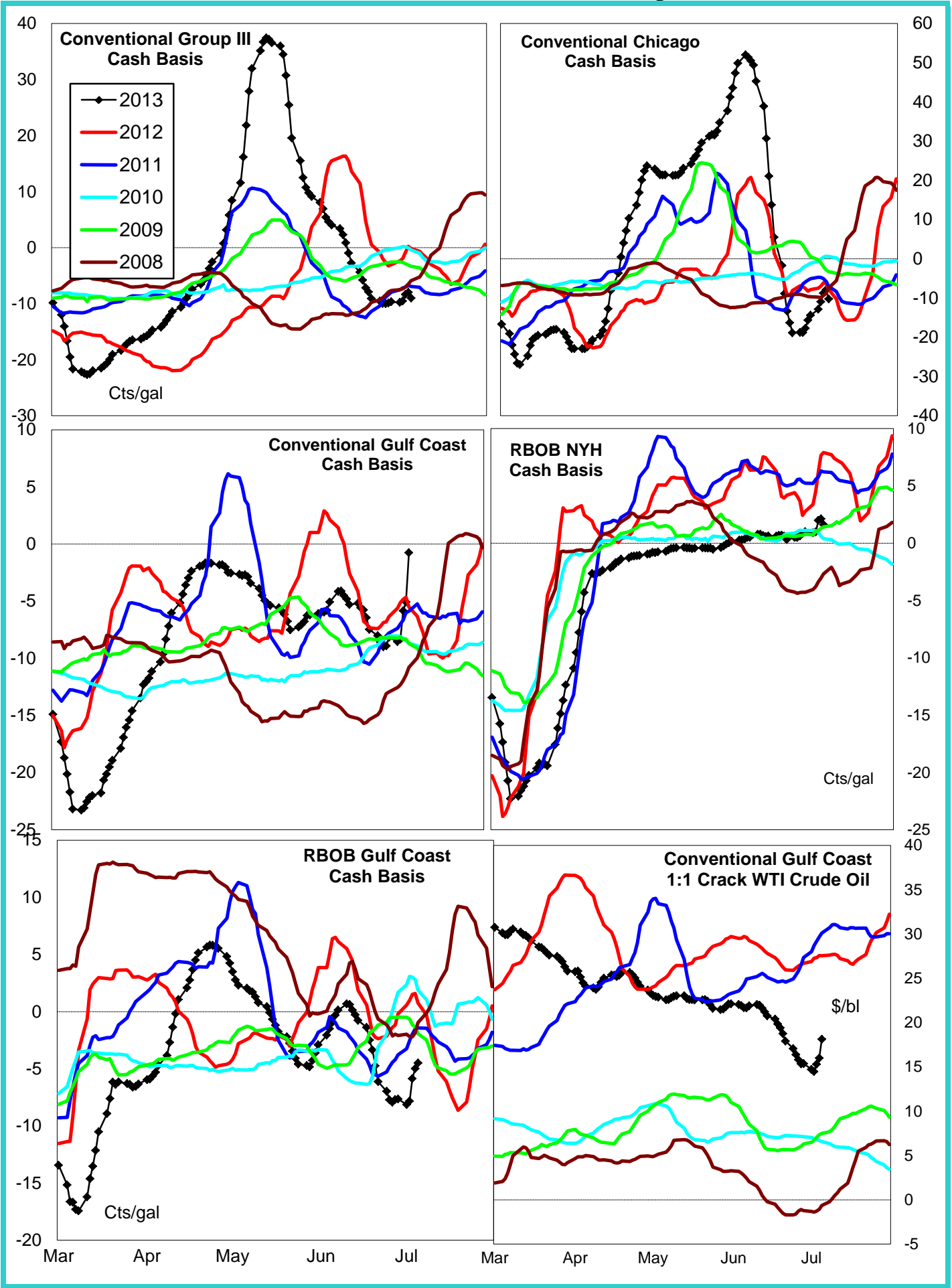
**Gulf Coast Price** Look for higher seasonal production and a post holiday week pull back in wholesale demand to significantly limit seasonal stock draws for the balance of the summer quarter.

High stock levels, slower global economic growth and the Fed stated intent to reduce bond buying over the next year risk a return to price weakness during the summer quarter.

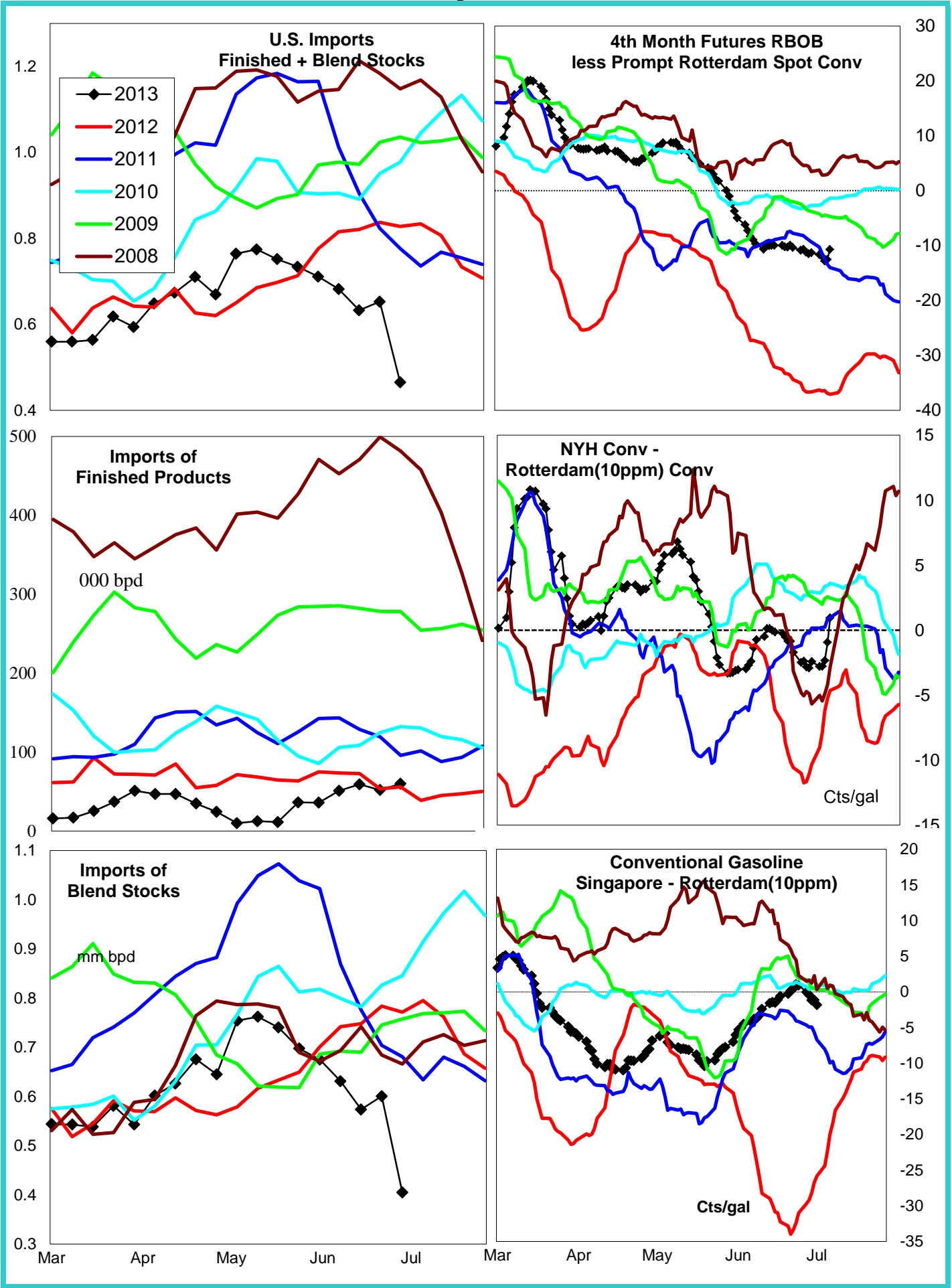


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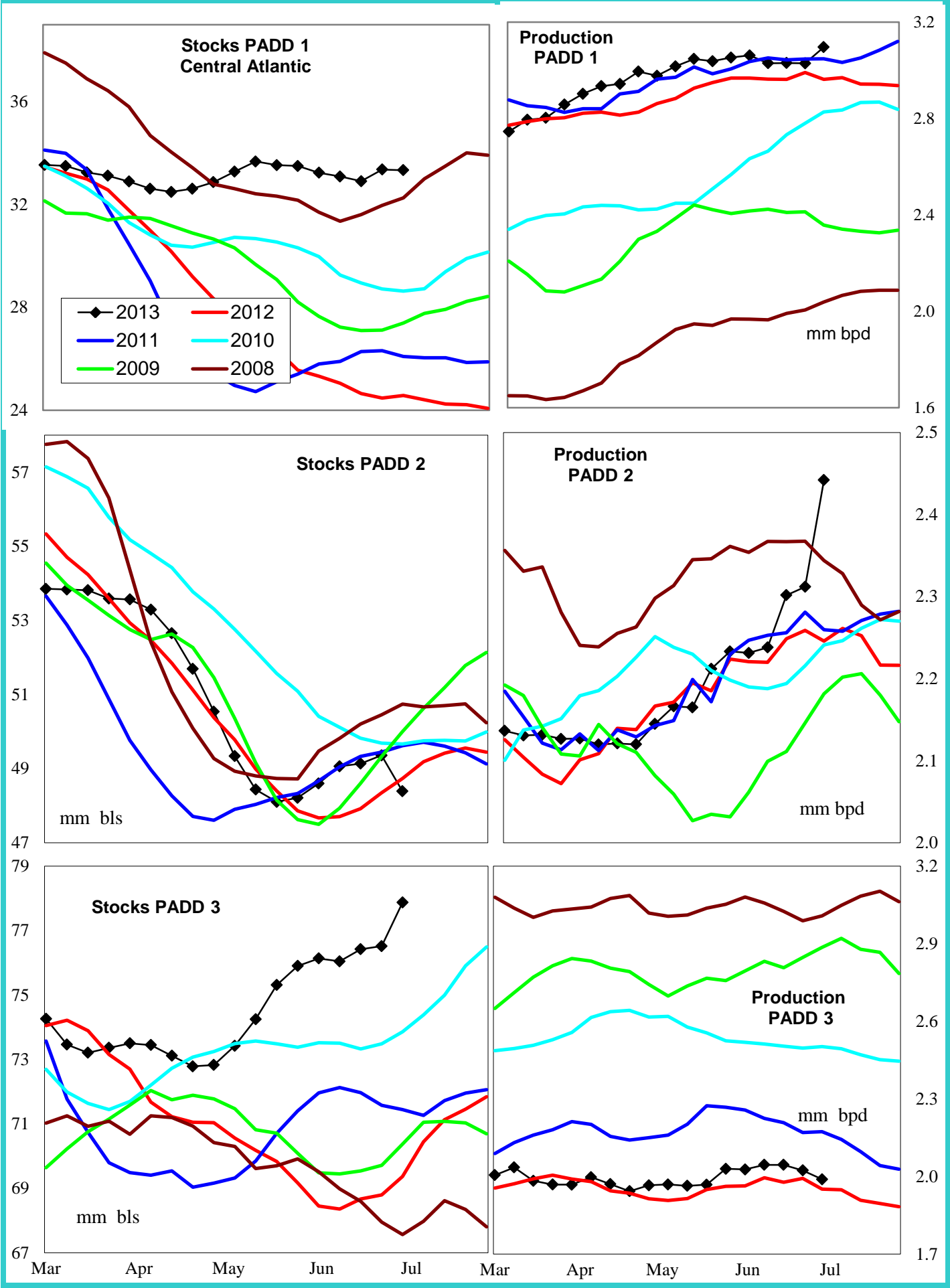
Gasoline Cash Basis and Related Price Spreads



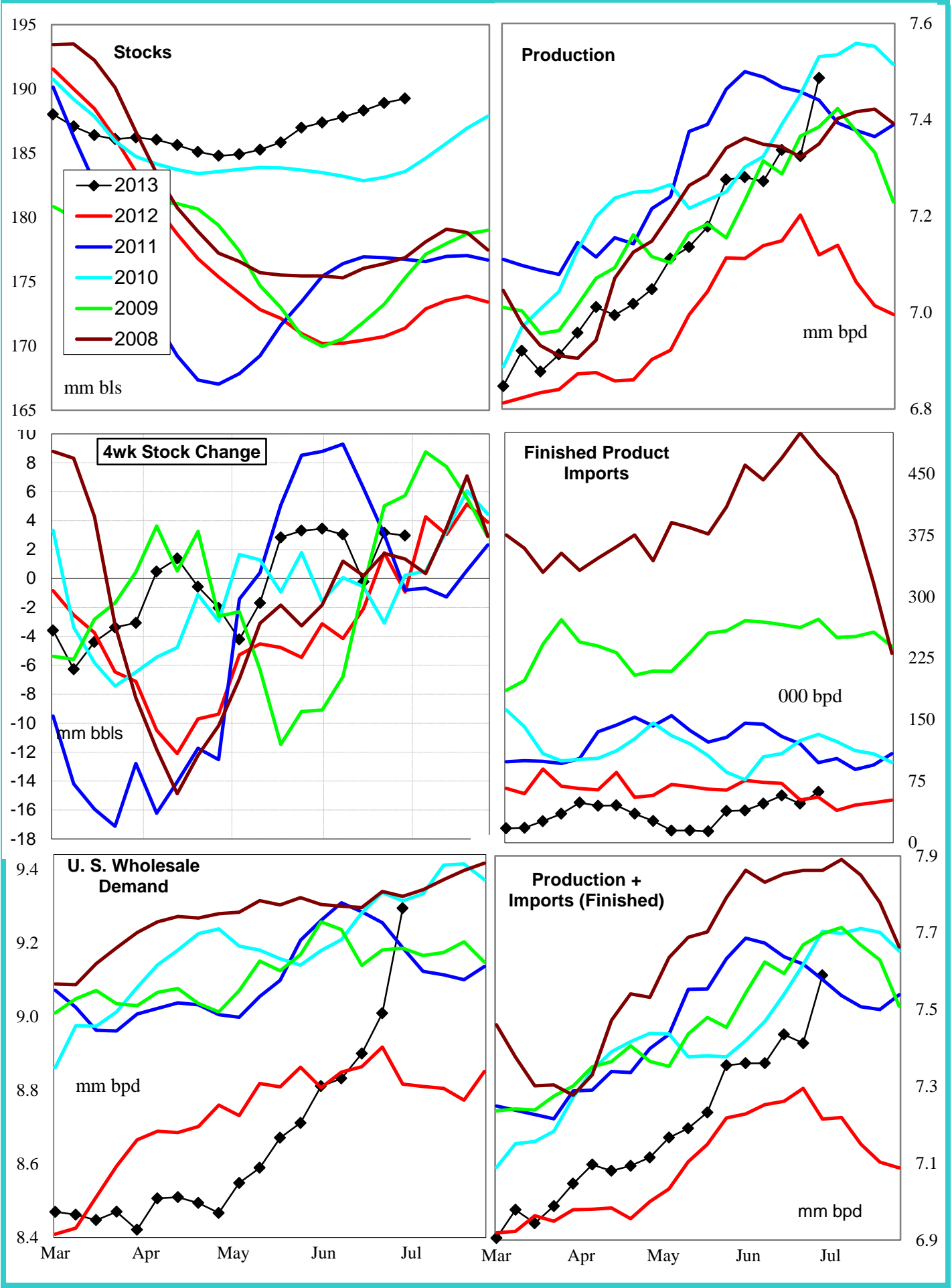
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

