



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 decreased -15,000 bpd last week, though the level remains very robust. The latest 4-wk average demand was +404,000 bpd above a year ago, and likely includes some exports.

Supplies decreased -161,000 bpd last week, on lower production.

Stocks jumped +0.3 million barrels last week to a level above the historic range on increased production and an import surge.

Production in the Midwest has been at record high levels for the last 5-wks, pointing to increased FCCU's capacity and gas liquids blending in the sub octane pool.

Basis in NYH traded sideways last week at levels comparable to the historic mid range. Basis plunged in Chicago, the Midwest and Gulf markets on increased supply and lower demand after the holiday week. Basis has dropped to historic lows in the Northwest.

The current forecast of extremely cold weather during the next 10-days should reduce travel, driving seasonal demand sharply lower.

RBOB

New York Harbor basis to trade sideways at the mid range on an improved supply balance.

Conventional

New York Harbor basis to trade sideways at the mid range on an improved supply balance.

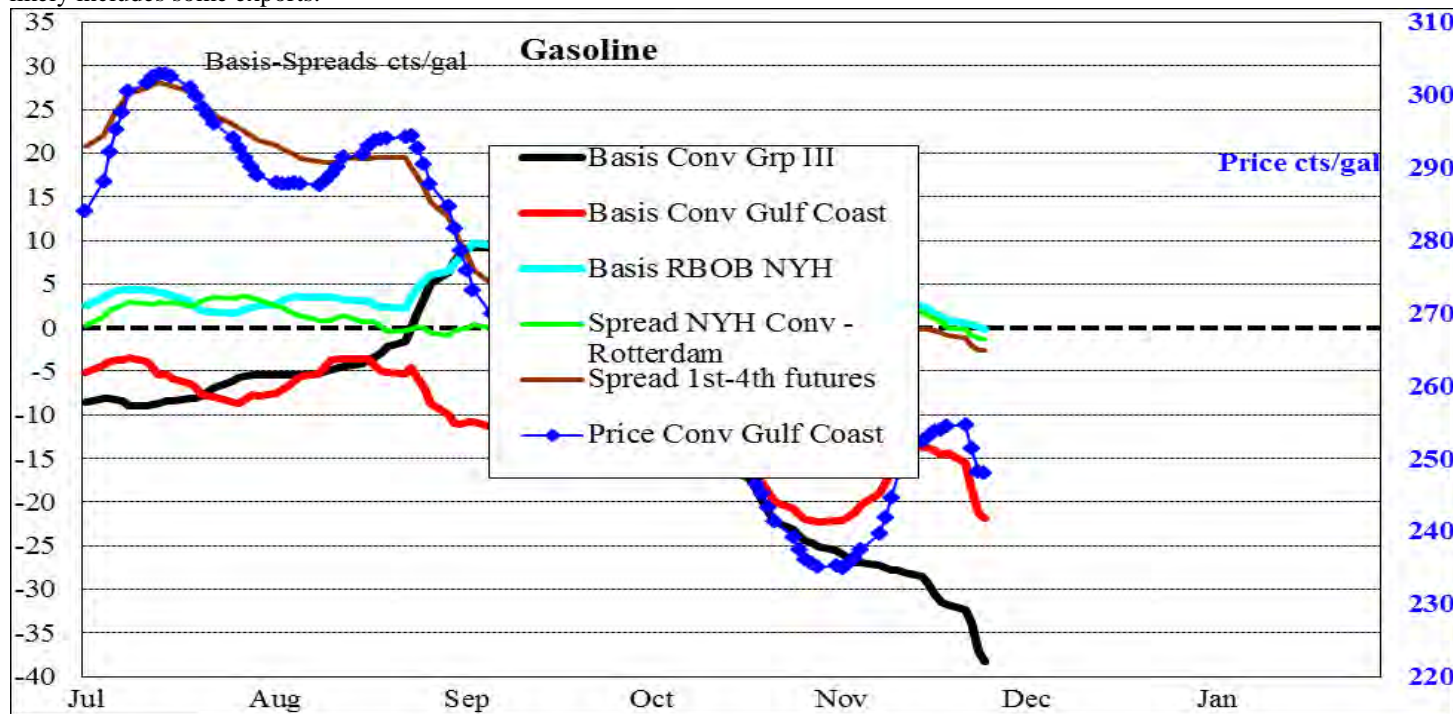
Chicago basis to remain extremely weak on record production in the region, likely driving refinery production cuts during the next month.

Group III basis to remain extremely weak on record production and liquids blending, likely driving production cuts.

Gulf Basis to trend seasonally lower on increased production and lower seasonal demand.

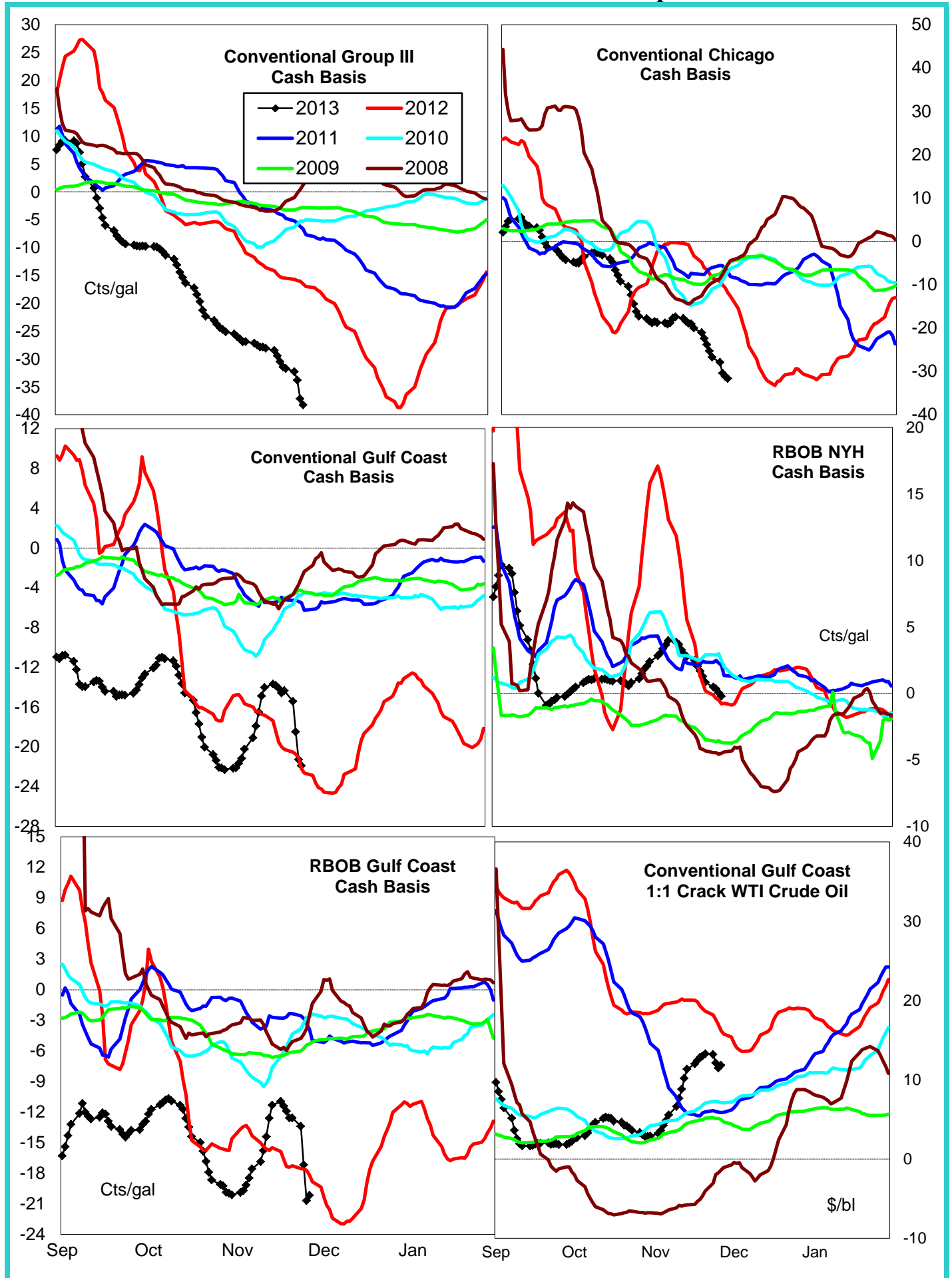
West Coast (Los Angeles) basis to trend seasonally lower on very high production and seasonal stock builds.

Gulf Coast Price Look for a sharp improvement in the supply balance during the current month on higher production, increased imports and lower demand. Extremely cold weather during the 1st half of December should reduce travel and retail demand. These fundamental trends have driven cash basis to record lows in major markets, risking a pull back in NYMEX RBOB prices.

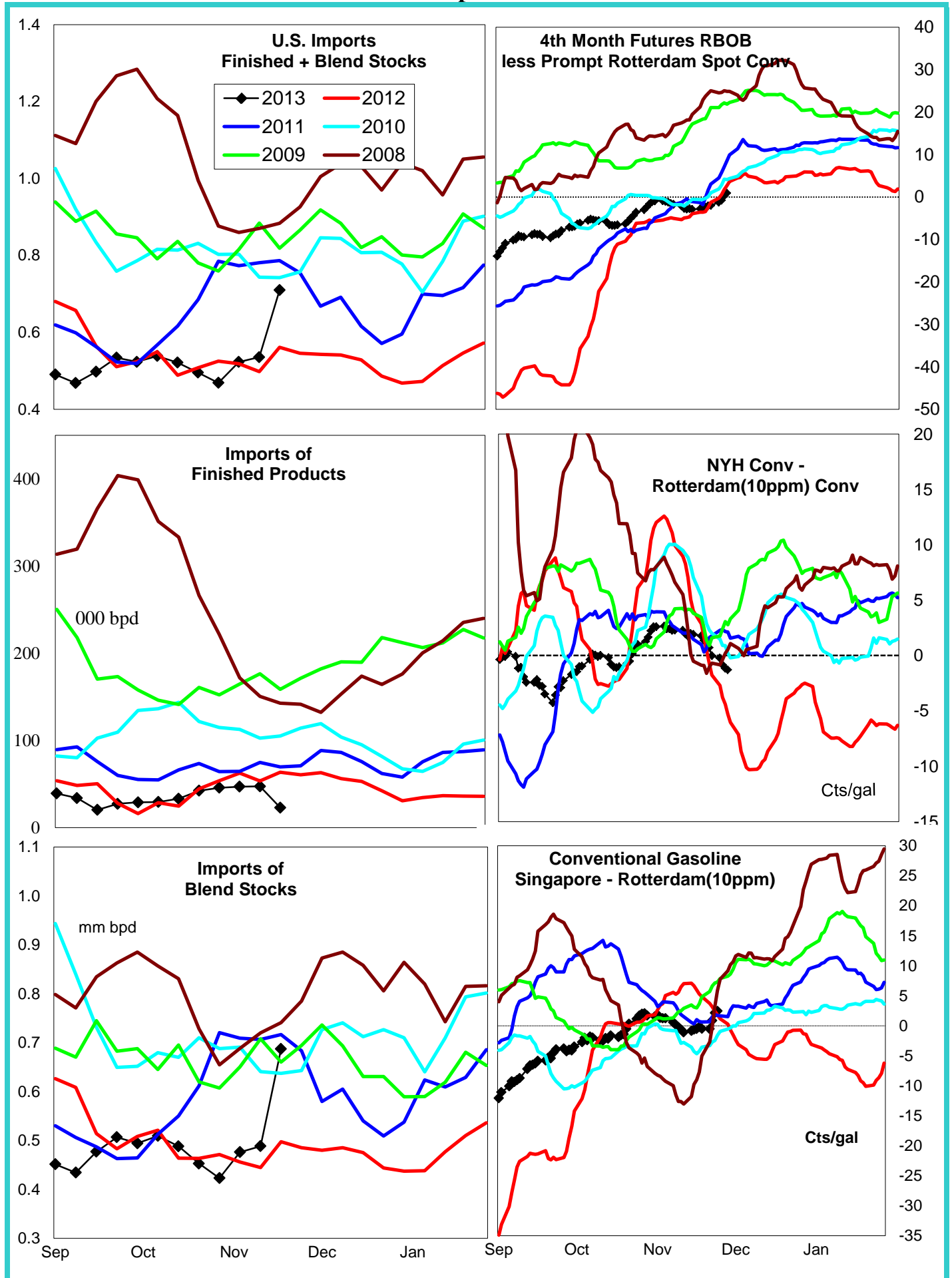


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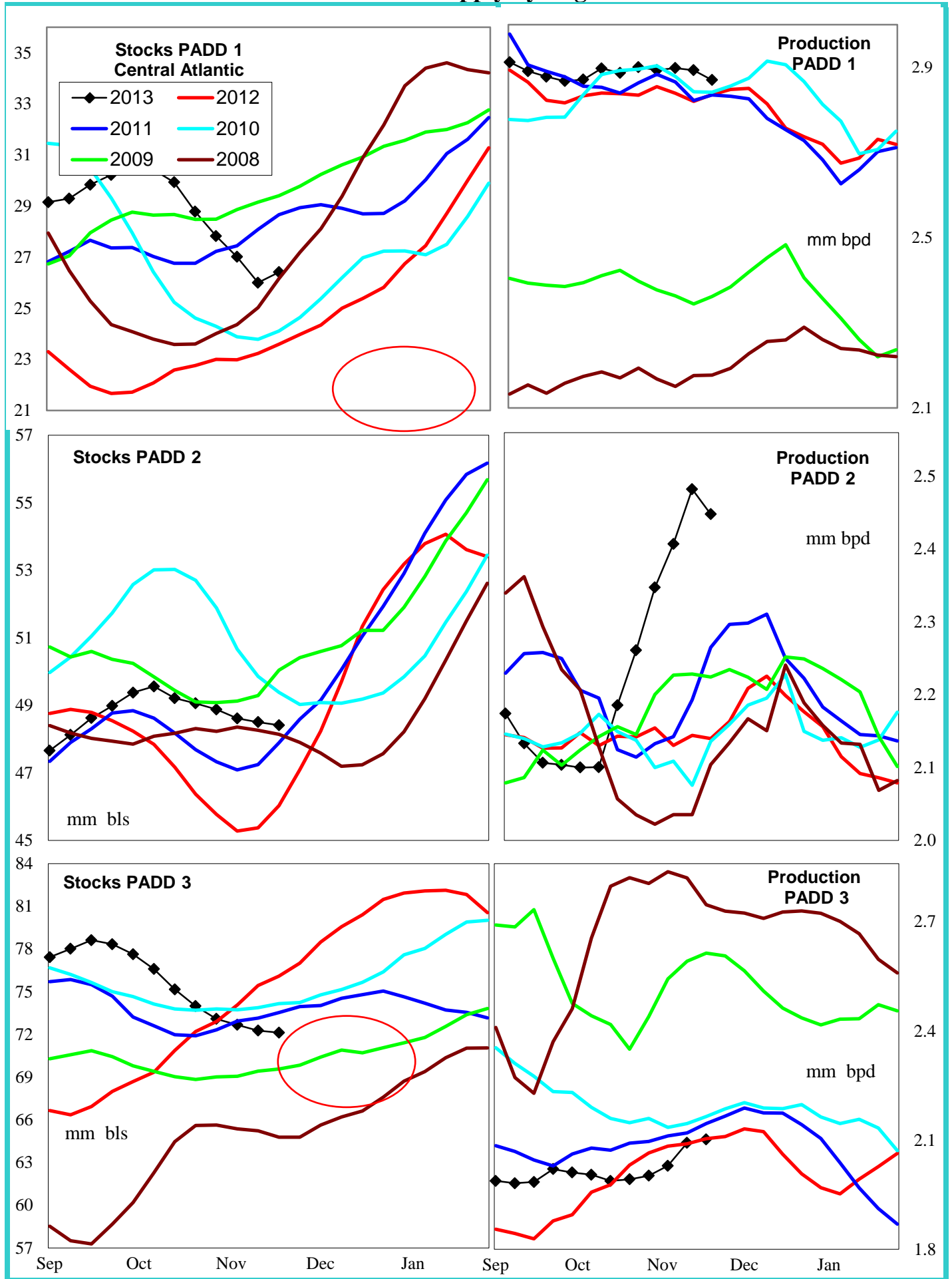
Gasoline Cash Basis and Related Price Spreads



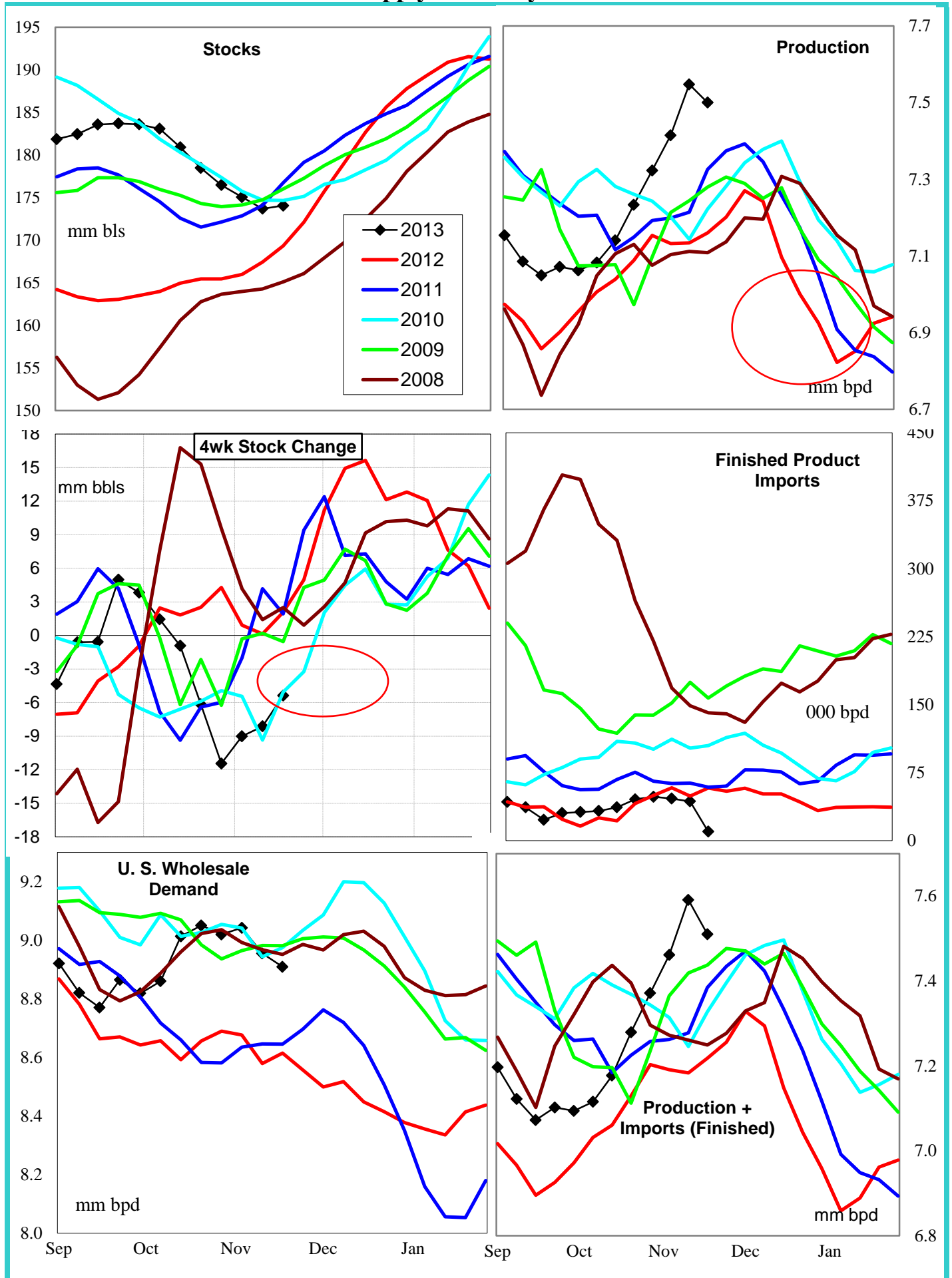
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply