



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 fell -525,000 bpd last week, to a level below the 5-yr range. The latest 4-wk average demand was +222,000 bpd above a year ago, and likely includes some exports.

Supplies decreased -25,000 bpd last week, on lower imports.

Stocks increased +6.7 million barrels last week to a level above the historic range.

The record production in the Midwest region is due in part to shipments of sub octane product from the Gulf recorded as produced in the Midwest when blended to a finished grade.

Basis trended higher in Chicago last week, while all other regional markets traded sideways to lower. Basis levels in nearly all markets outside NYH are at or near record lows for this time of year.

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 trade at the low end of the historic range on high production and lower seasonal demand in the near term, then trend higher as Gulf refiners began winter maintenance.

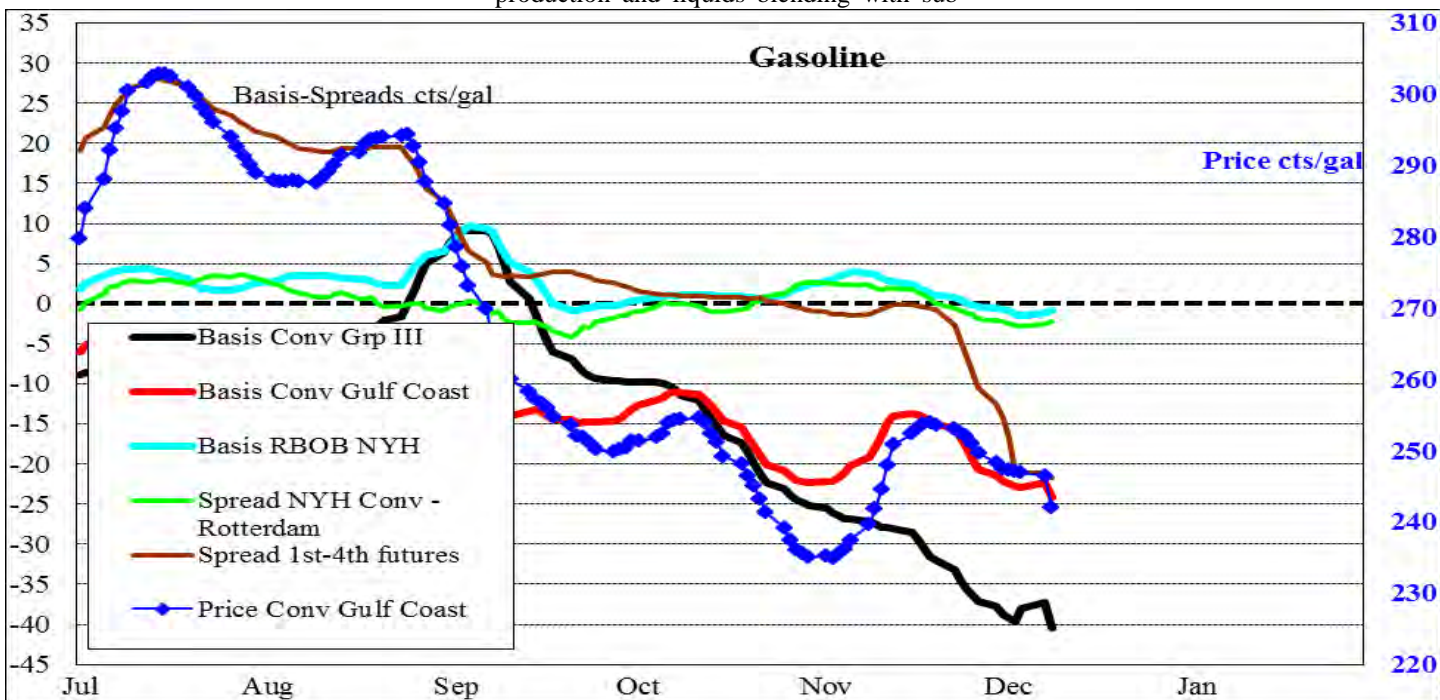
Group III basis to remain weak on high production and liquids blending with sub

octane product, trending higher early in the 1st quarter as Gulf refiners began winter maintenance.

Gulf Basis to trade sideways at the low end of the historic range in the near term, then trend higher early next year as refiners began winter maintenance.

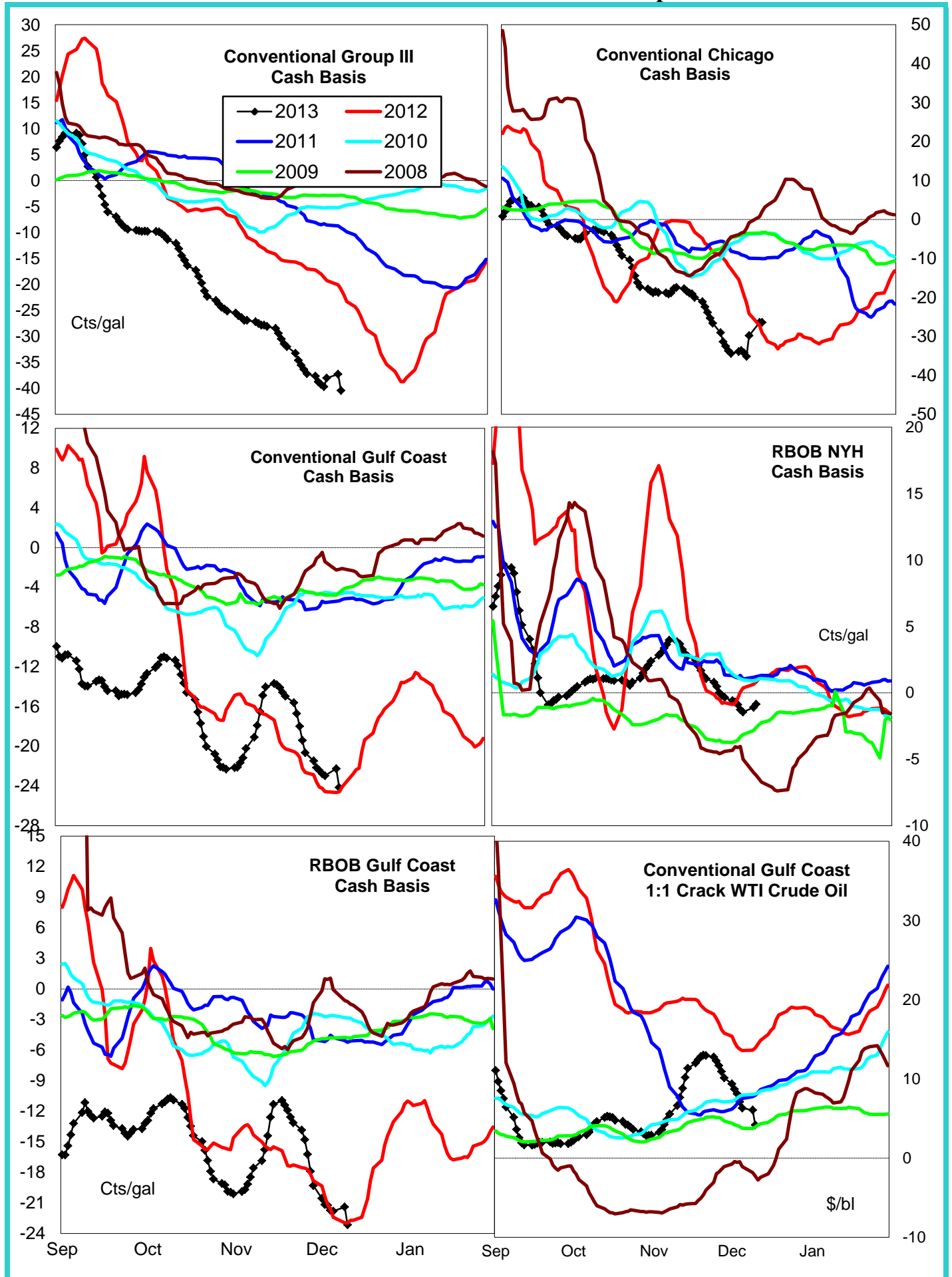
West Coast (Los Angeles) basis to remain weak in the near term, then trend seasonally higher as refiners began winter maintenance.

Gulf Coast Price Look for continued improvement in the supply balance on the East coast with the return of refiners in the region to operation and above average imports. Seasonal stock builds in other regions should keep cash basis depressed in most regions. High seasonal production and a return to operation of European Refiners (and above average imports to the U.S.) risk a pullback in prices during the next month.

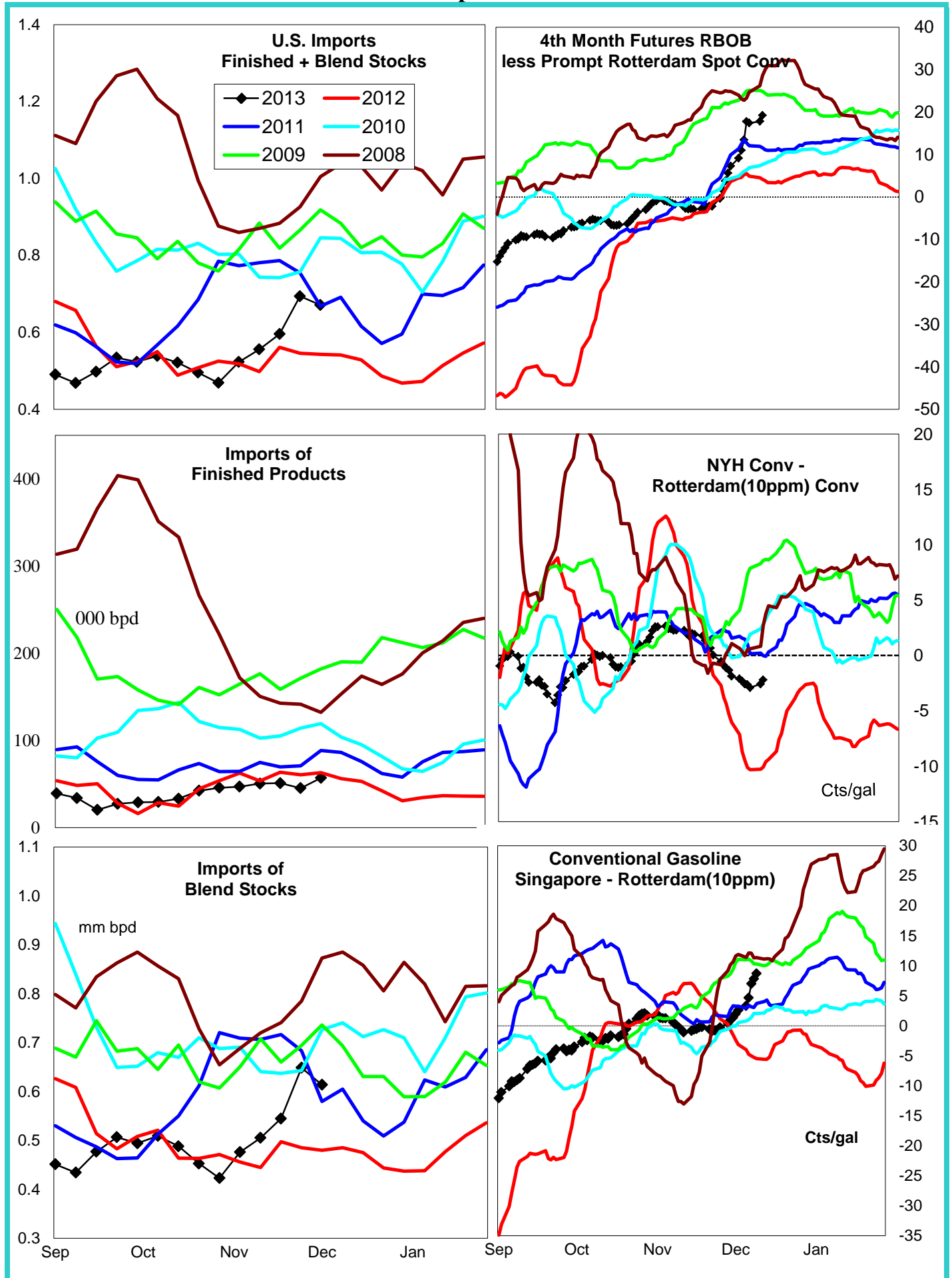


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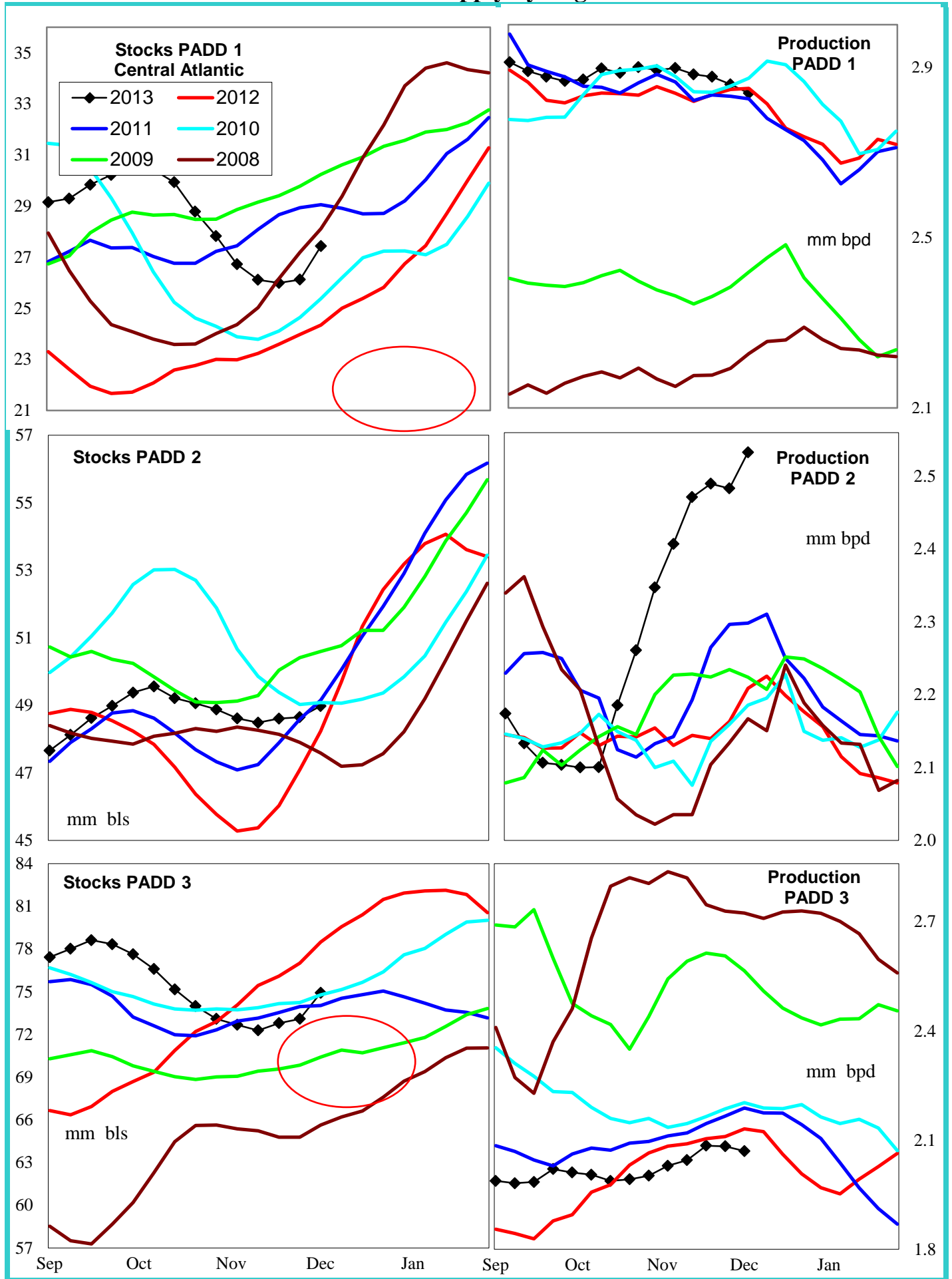
Gasoline Cash Basis and Related Price Spreads

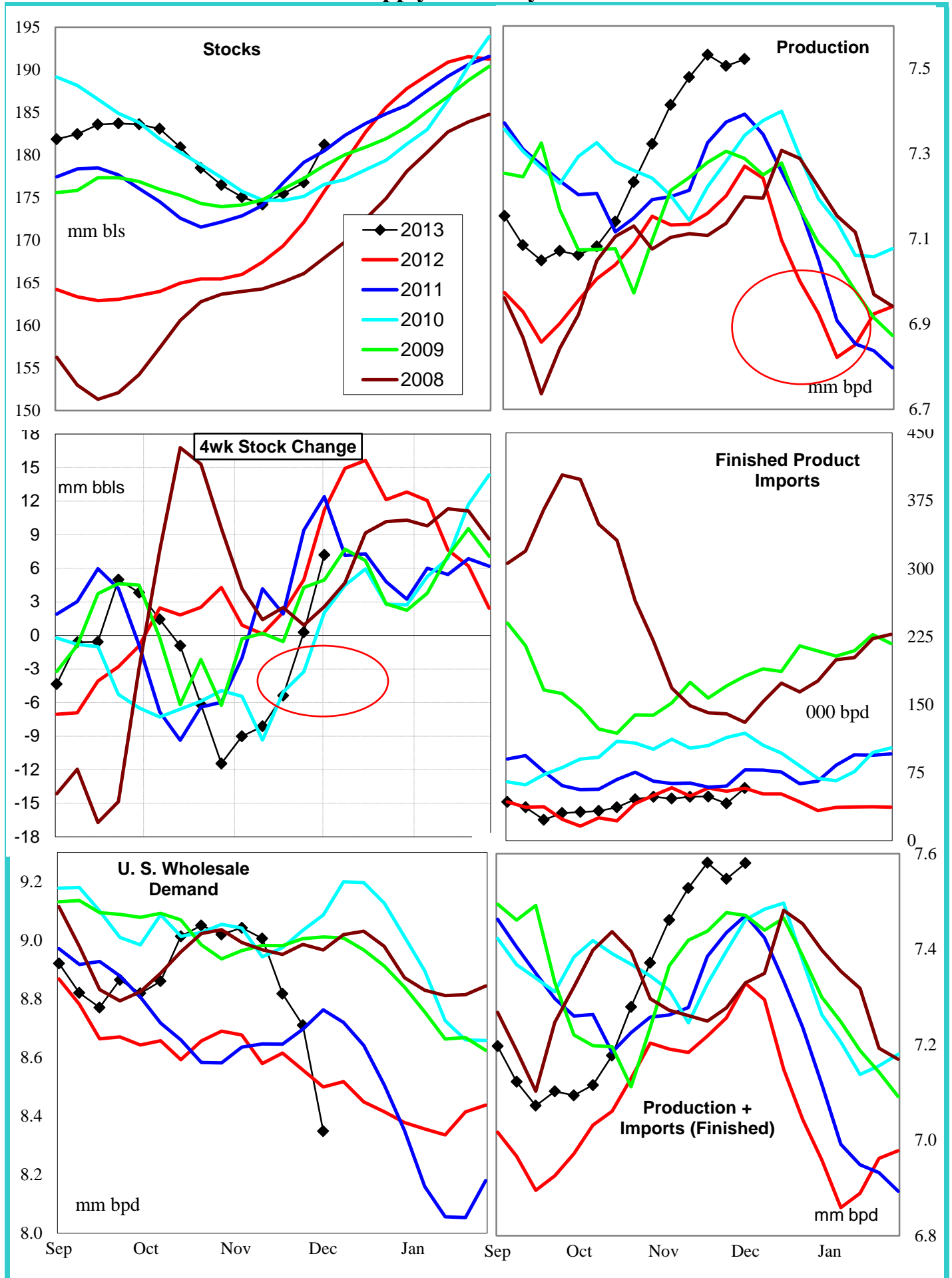


Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3

PADD 5 Gasoline Supply