



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 +38,000 bpd last week, although the level remains below the historic range in inclement weather in markets East of the Rockies.

The latest 4-wk average demand was - 8,000 bpd below a year ago.

Supplies increased +273,000 bpd on higher production and imports.

Stocks increased +2.1 million barrels last week to a level above historic highs for the period.

Basis pulled back last week in the Gulf region, while trading sideways in Chicago. Group III and West Coast regional markets saw basis extend the longer term uptrend from earlier record lows.

Look for basis to trade sideways in markets East of the Rockies during the next month, then pull back on the roll to spring grade at month end.

RBOB

New York Harbor basis to trade sideways at the mid range on weak seasonal demand then trend lower on the switch to spring NYMEX contract.

Conventional

New York Harbor basis to trade sideways at the mid range on weak seasonal demand, then seasonally lower on the switch to spring NYMEX contract.

Chicago basis to trade sideways following recent strength, then risk a pull back on

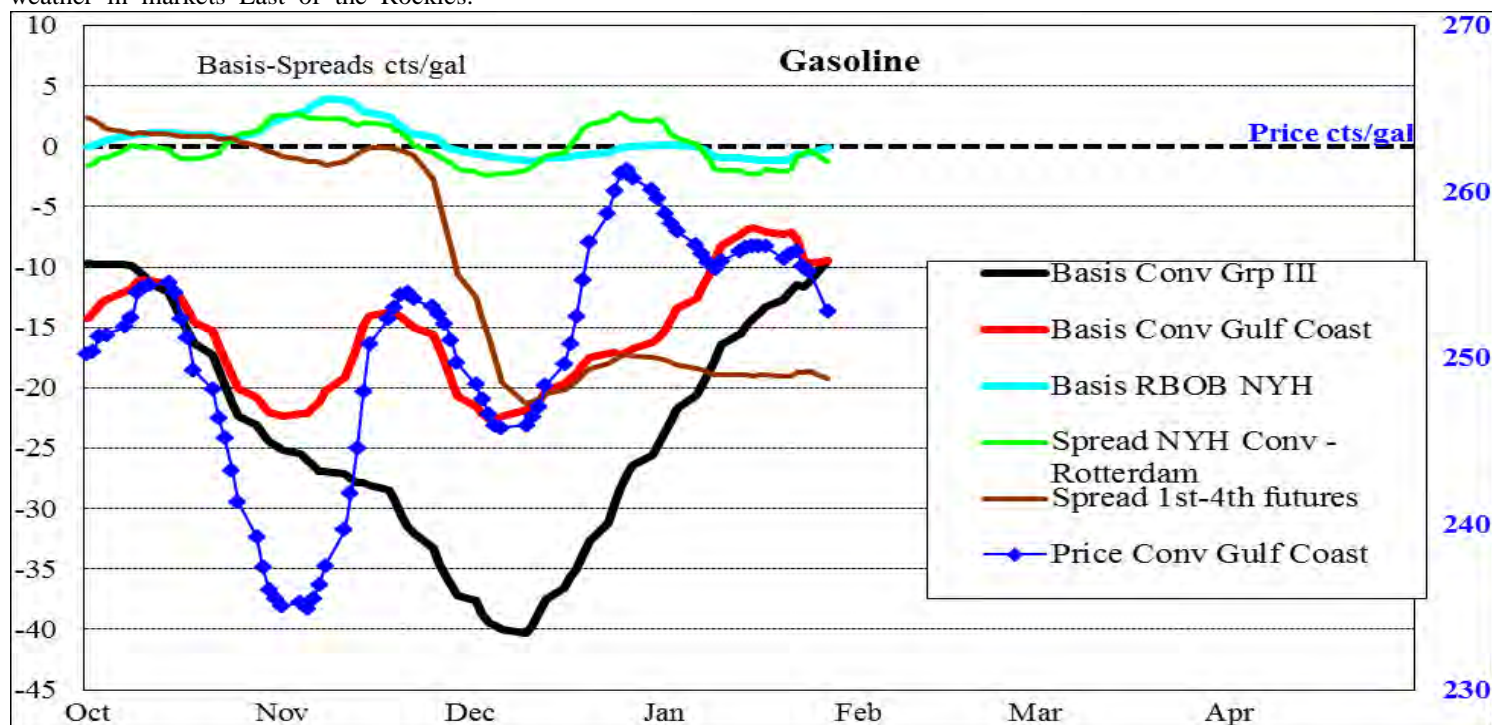
excess winter grade inventory ahead of the roll to spring NYMEX contract.

Group III basis to trade sideways on seasonal stock builds and weak seasonal demand, then pull back on the switch to NYMEX spring contract at the end of February.

Gulf Basis to trade sideways in the near term then risk a pull back on excess winter grade stocks and the roll to spring NYMEX contract.

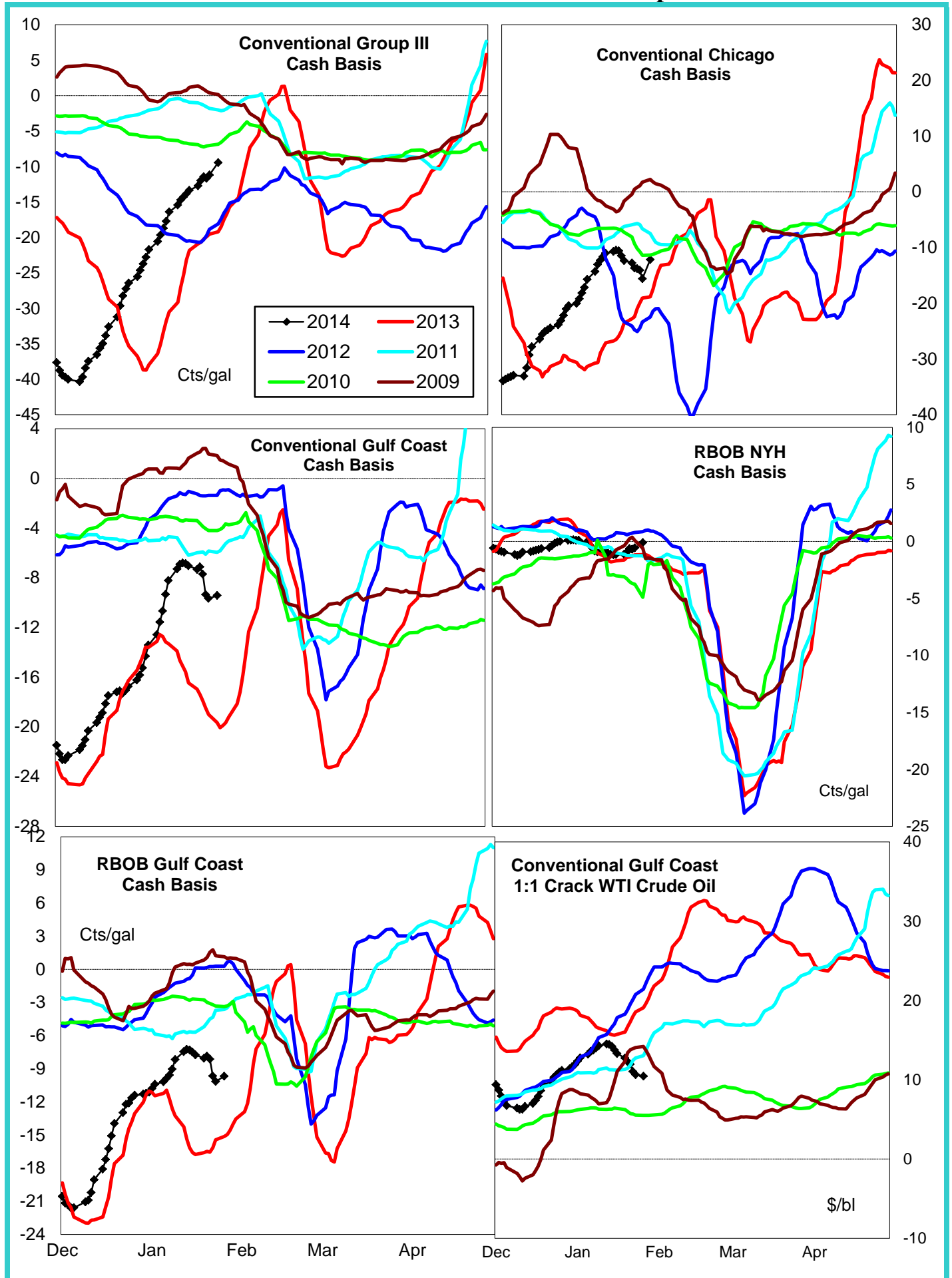
West Coast (Los Angeles) basis trend higher in the near term on refinery upsets in the region, then trade sideways on increased production.

Gulf Coast Price Look for the seasonal uptrend in demand to be delayed as a result of inclement weather until mid February. Combined with a reduction in output as refiners conduct winter maintenance, look for price strength by late in the quarter.

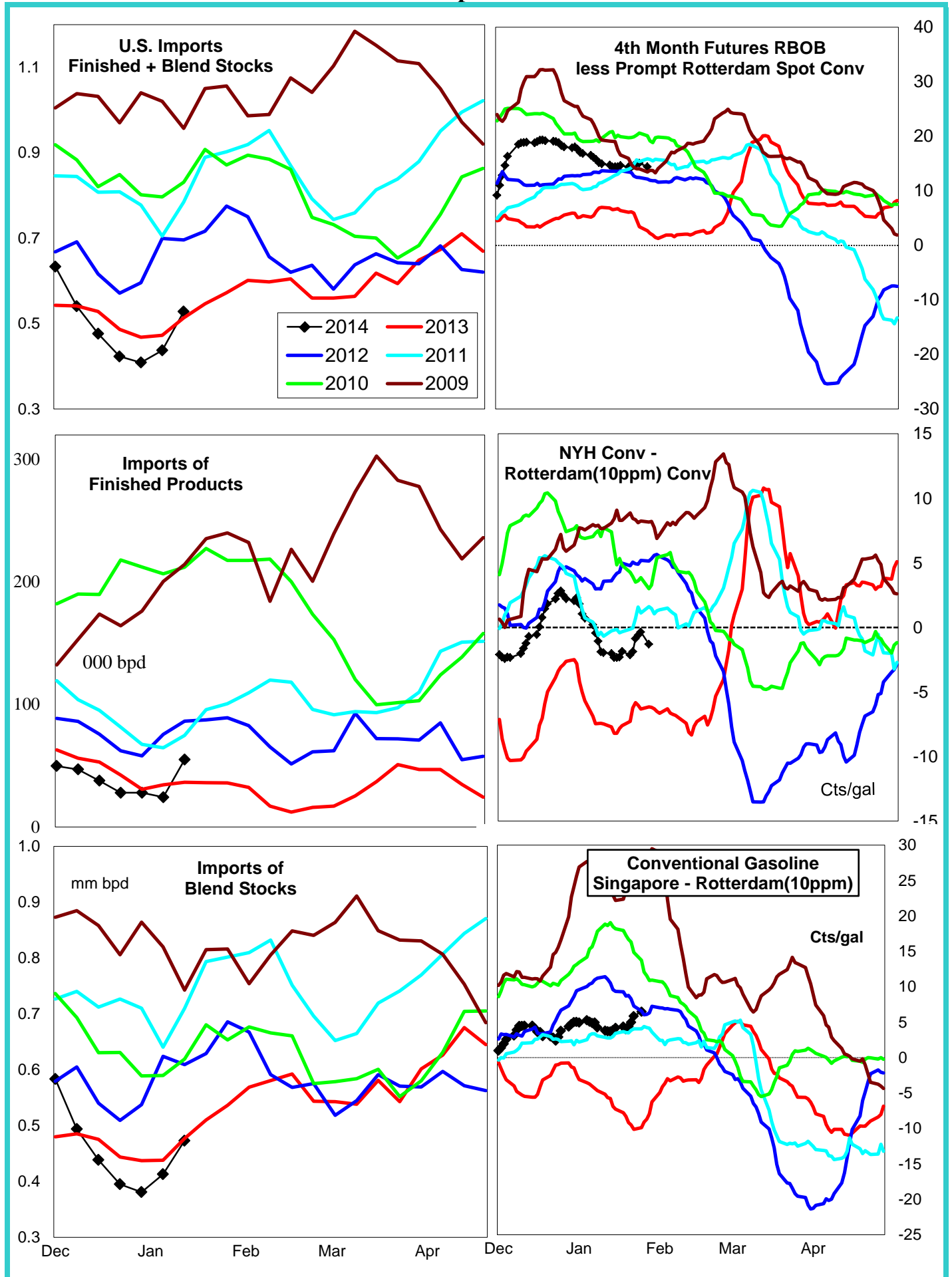


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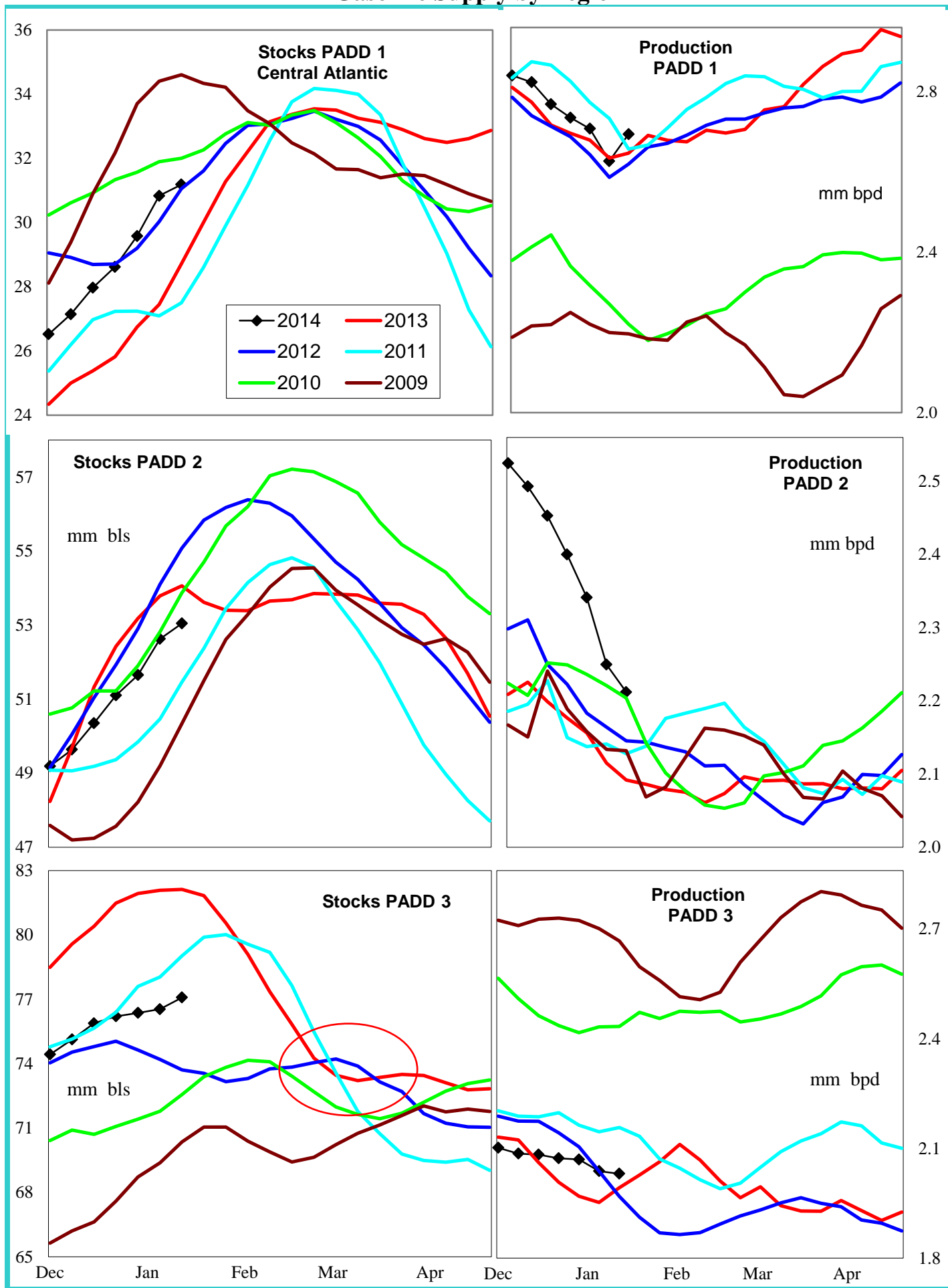
Gasoline Cash Basis and Related Price Spreads



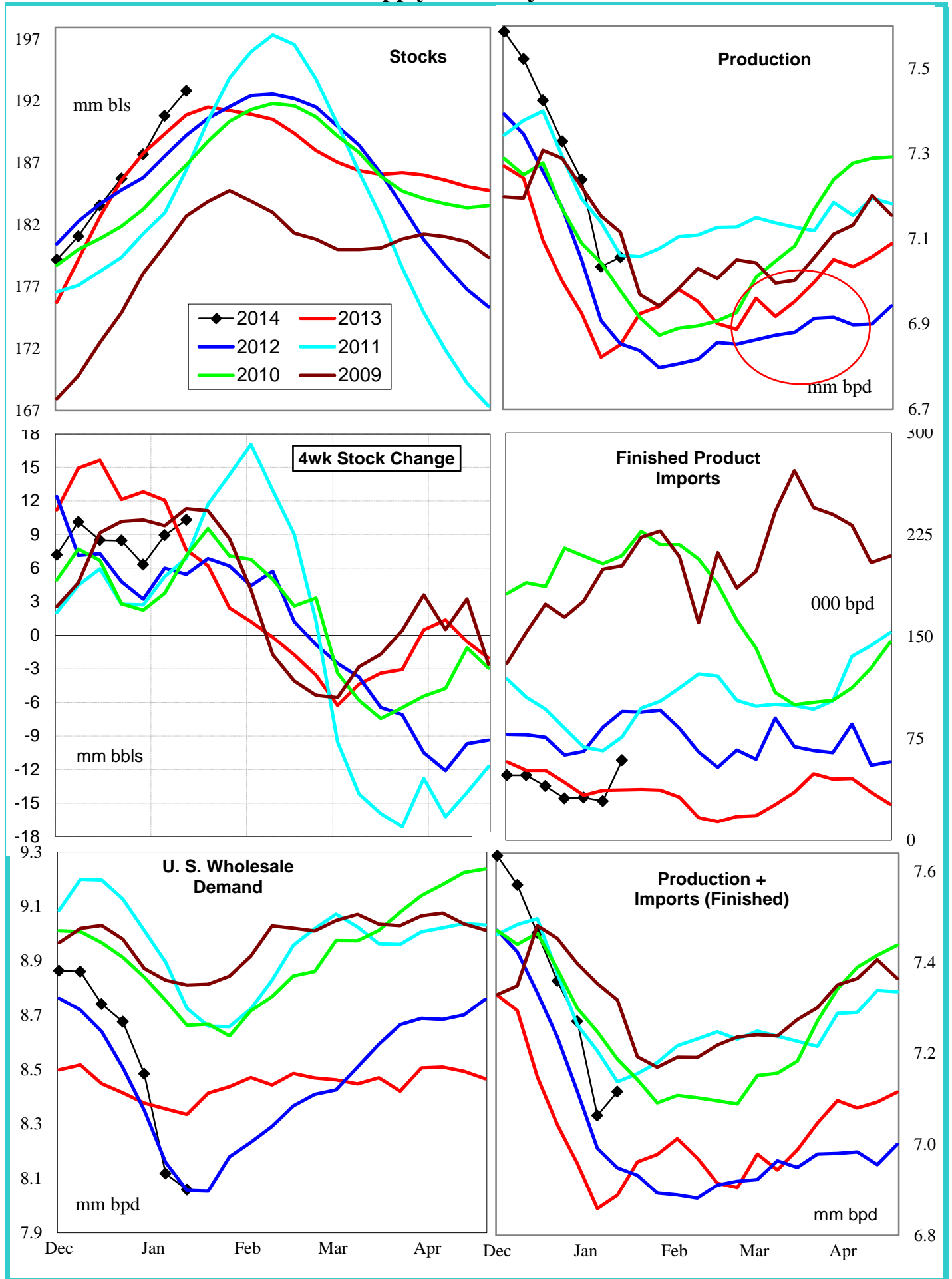
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

