



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 -132,000 bpd last week, on a pull back from the previous week surge. The latest 4-wk average demand was -138,000 bpd below a year ago; driven by inclement weather.

Supplies decreased -237,000 bpd on lower production as refiners began winter maintenance.

Stocks increased +0.5 million barrels last week, with the level matching historic

highs. Stock levels in the Midwest are the lowest, relative to prior years, of any regional market. Stock levels in the Central Atlantic Region of PADD 1 are only marginally above the last 2-yr.

The Midwest saw a modest decline late in the week, while Chicago and the Gulf were each slightly higher. California markets saw a late week pull back in basis while the Northwest continued to trend higher. Basis levels on the West Coast were below the last 2-yr while the Midwest and Gulf markets saw levels comparable to the last 2-yr.

Look for basis to trade sideways in markets East of the Rockies through mid month, then pull back on a tightening in Central Atlantic supplies (low imports and unplanned refinery maintenance in the region) and 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.

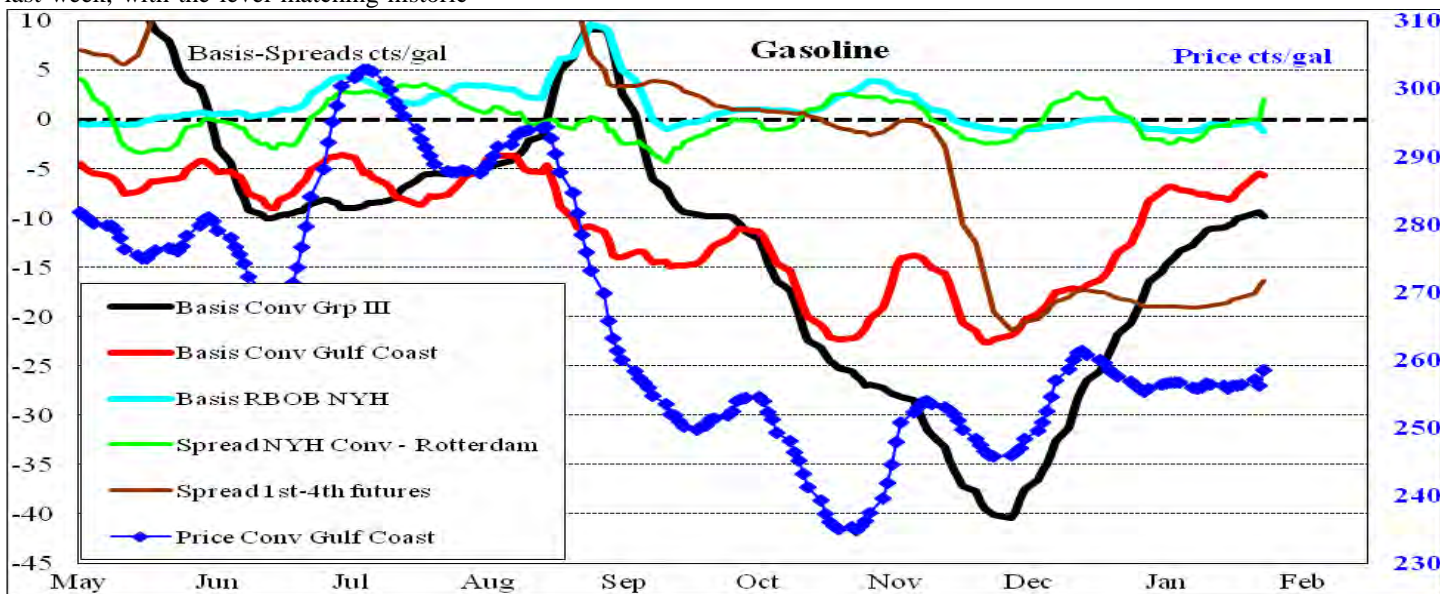
Chicago basis to trade sideways following recent strength, then risk a pull back on excess winter grade inventory ahead of the roll to spring NYMEX contract.

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. *There is increased risk of above average basis in this region on relatively low PADD 2 stocks during the 2nd quarter.*

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.

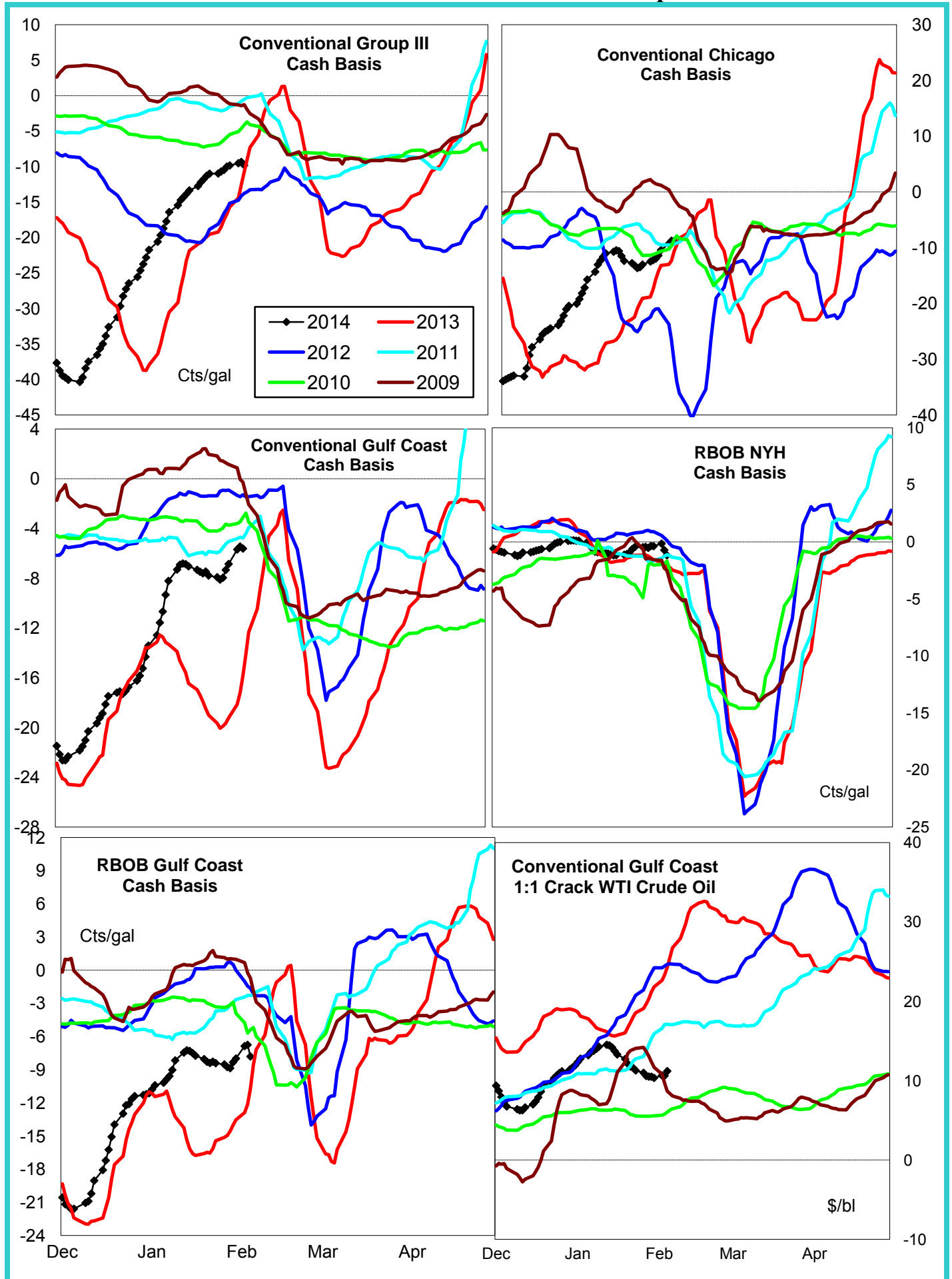
West Coast (Los Angeles) basis to trend lower on very high production in the near term, then trade sideways on a seasonal stock draw.

Gulf Coast Price Look for seasonal tightening in Central Atlantic Regional stocks as gulf refiners increase shipments of diesel relative to gasoline to the East Coast, unplanned maintenance at PADD 1 refiners, and low imports. Wholesale demand should return to year-on-year growth as soon as inclement weather East of the Rockies comes to an end. Combined with a reduction in output as refiners conduct winter maintenance, look for price strength over the next several weeks.

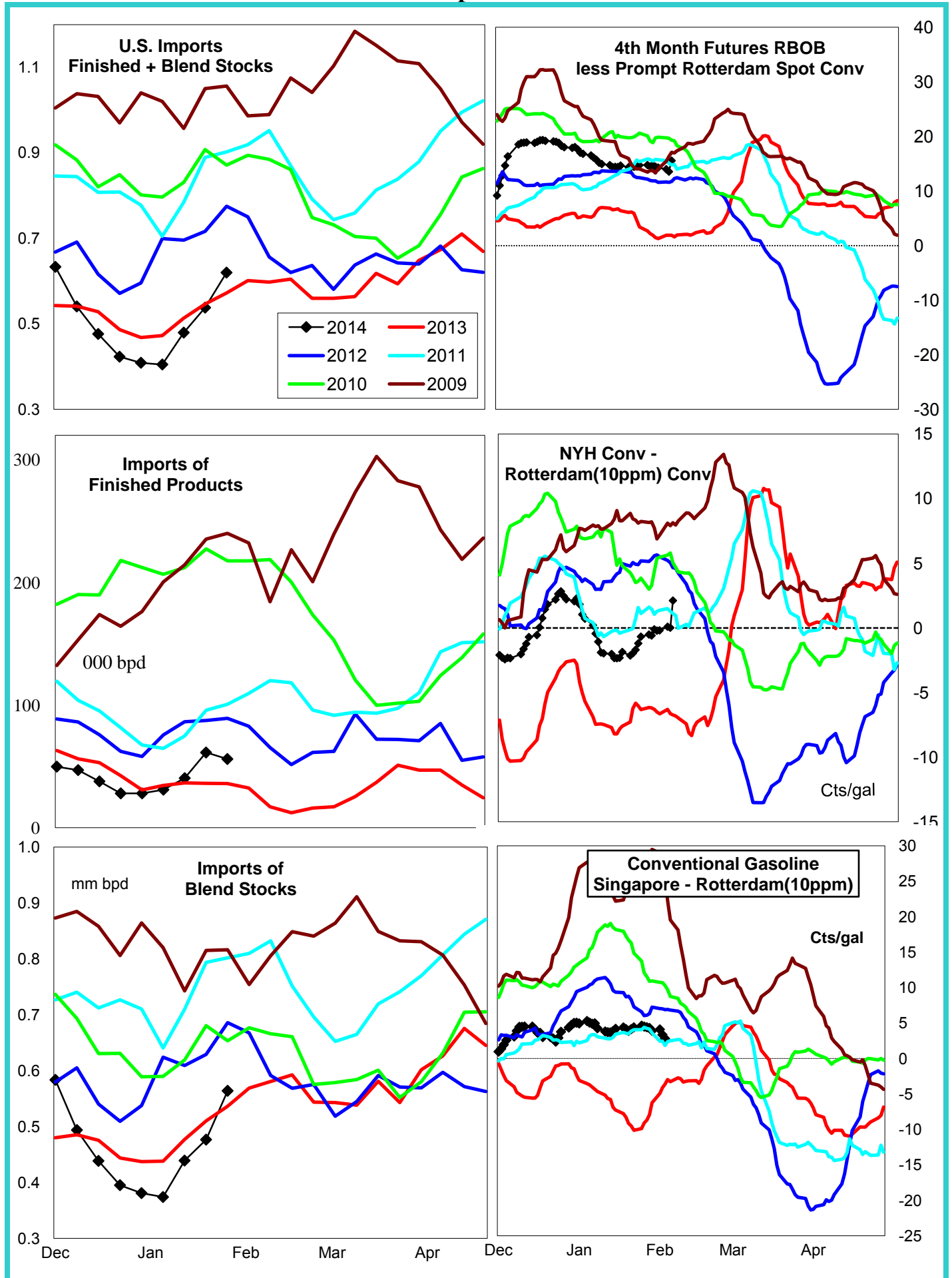


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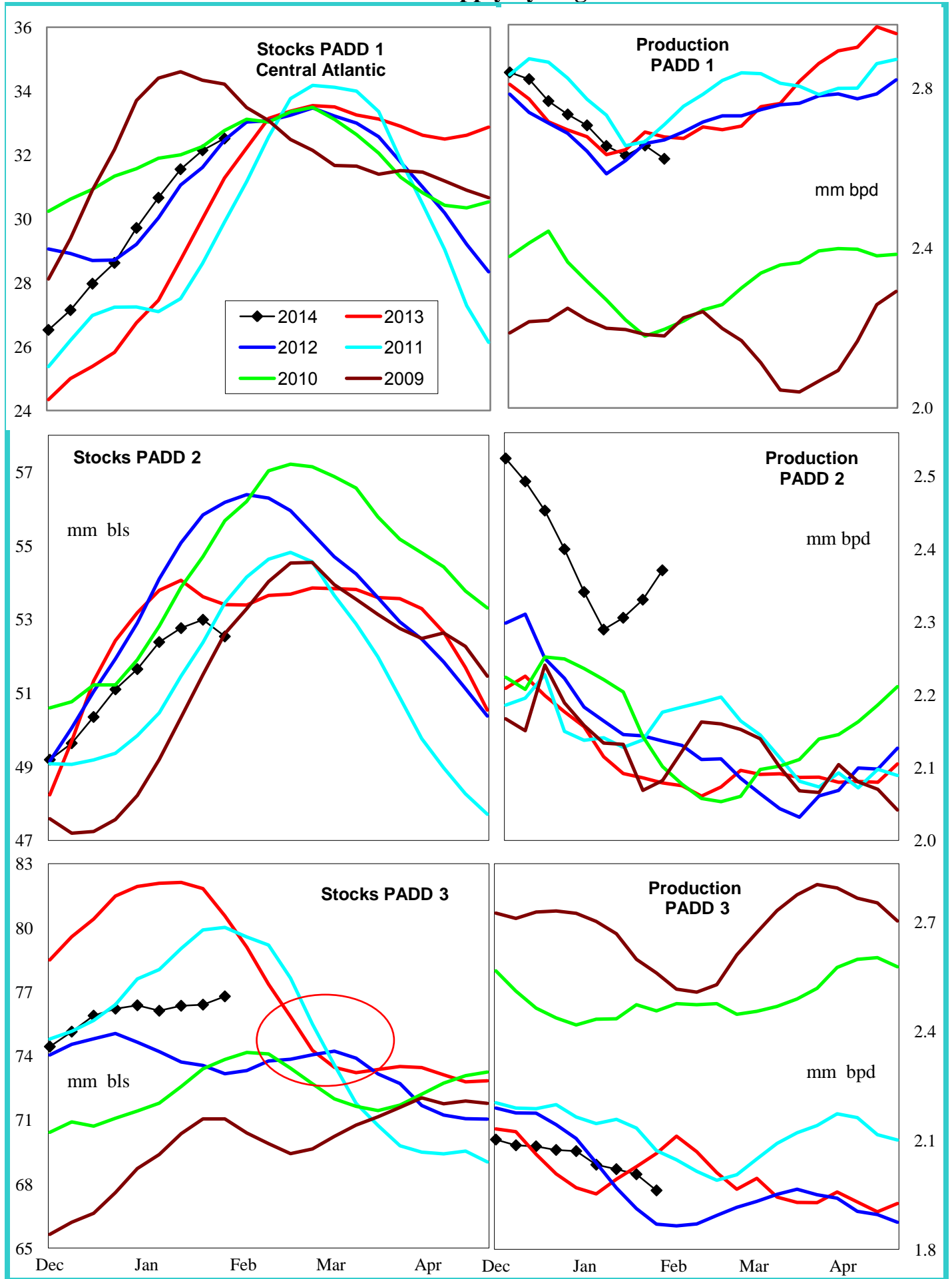
Gasoline Cash Basis and Related Price Spreads



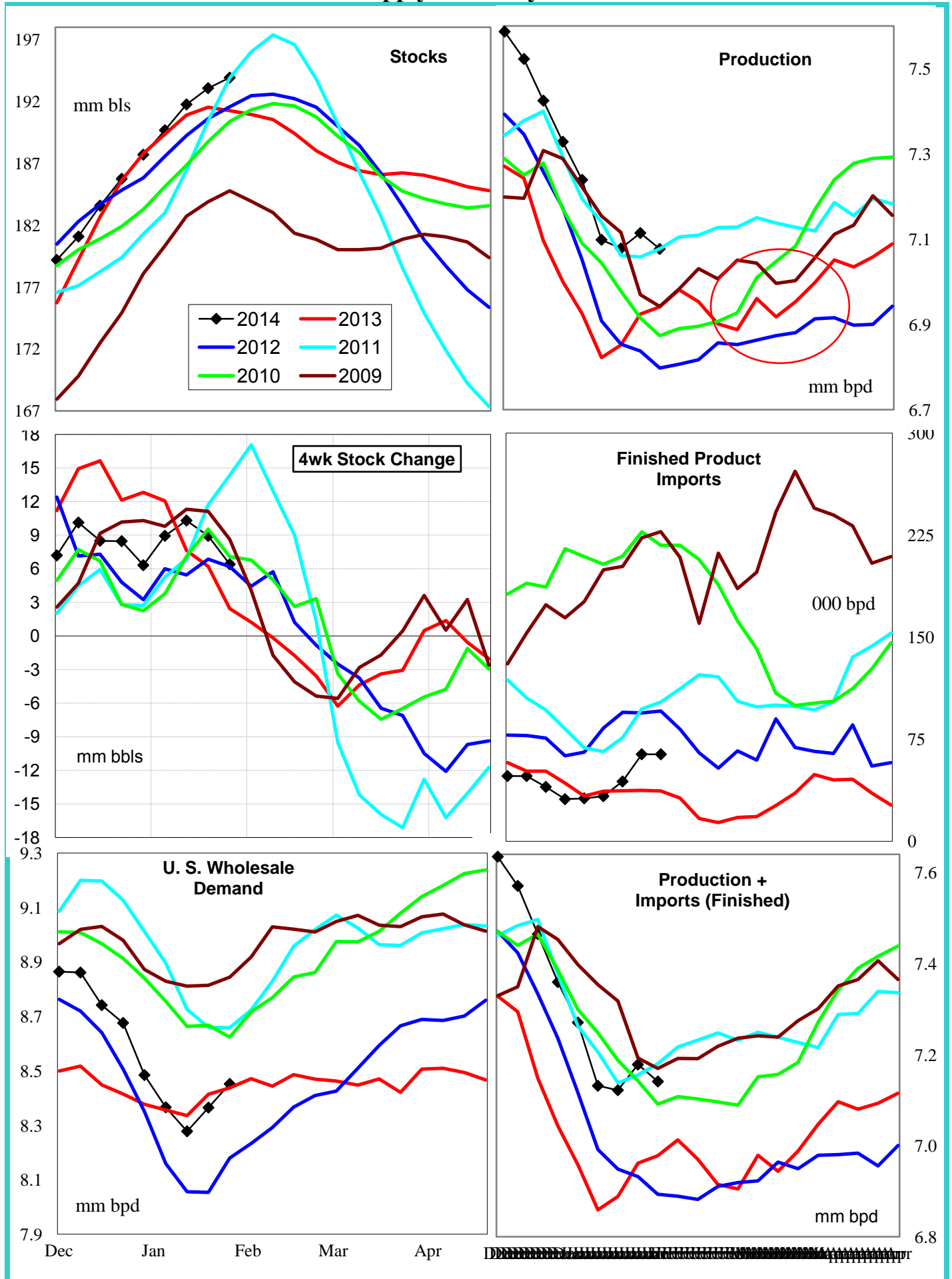
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

