



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 has surged +1 million bpd during the last 3-wks from winter lows. The latest 4-wk average demand was -25,000 bpd below a year ago, but trending sharply higher.

Supplies jumped +385,000 bpd as a result of numerous FCCU's returning to operation. Look for a pull back in output once the 'in process' material is converted to finished product.

Stocks fell -5.2 million barrels last week, with draws in all regional markets. *Stock levels remain below the 5-yr range in the Central Atlantic and Midwest regions.*

Cash basis traded sideways last week in nearly all regional markets. The Gulf region was the exception where excess stocks of winter grade product pushed basis to record lows. Basis levels on the West Coast traded near historic lows for the period. Midwest markets show basis levels above the last 2-yr, and strongest relative to prior years of all regional markets.

Look for a broad based uptrend in basis on higher seasonal demand and the switch to summer grade product.

RBOB

New York Harbor basis to trend higher on higher seasonal demand, low stock levels and limited imports.

Conventional

New York Harbor basis to trend higher on higher seasonal demand, low stock levels and limited imports.

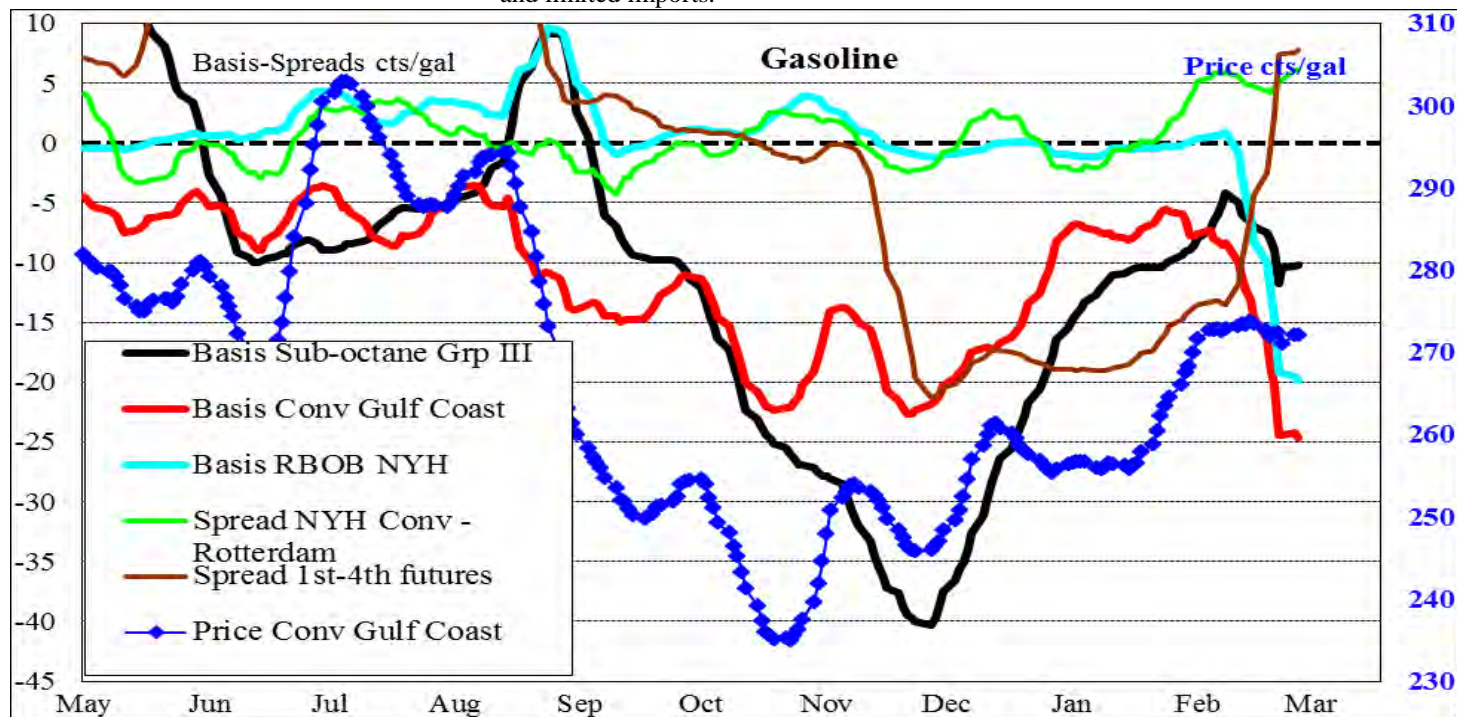
Chicago basis to trade at upper end of historic range on higher seasonal demand and above average FCCU maintenance in the region.

Group III basis to trade at upper end of historic range on higher spring demand and tightness east of the Mississippi.

Gulf Basis to trend higher on the switch to summer grade product, limited by very high stock levels.

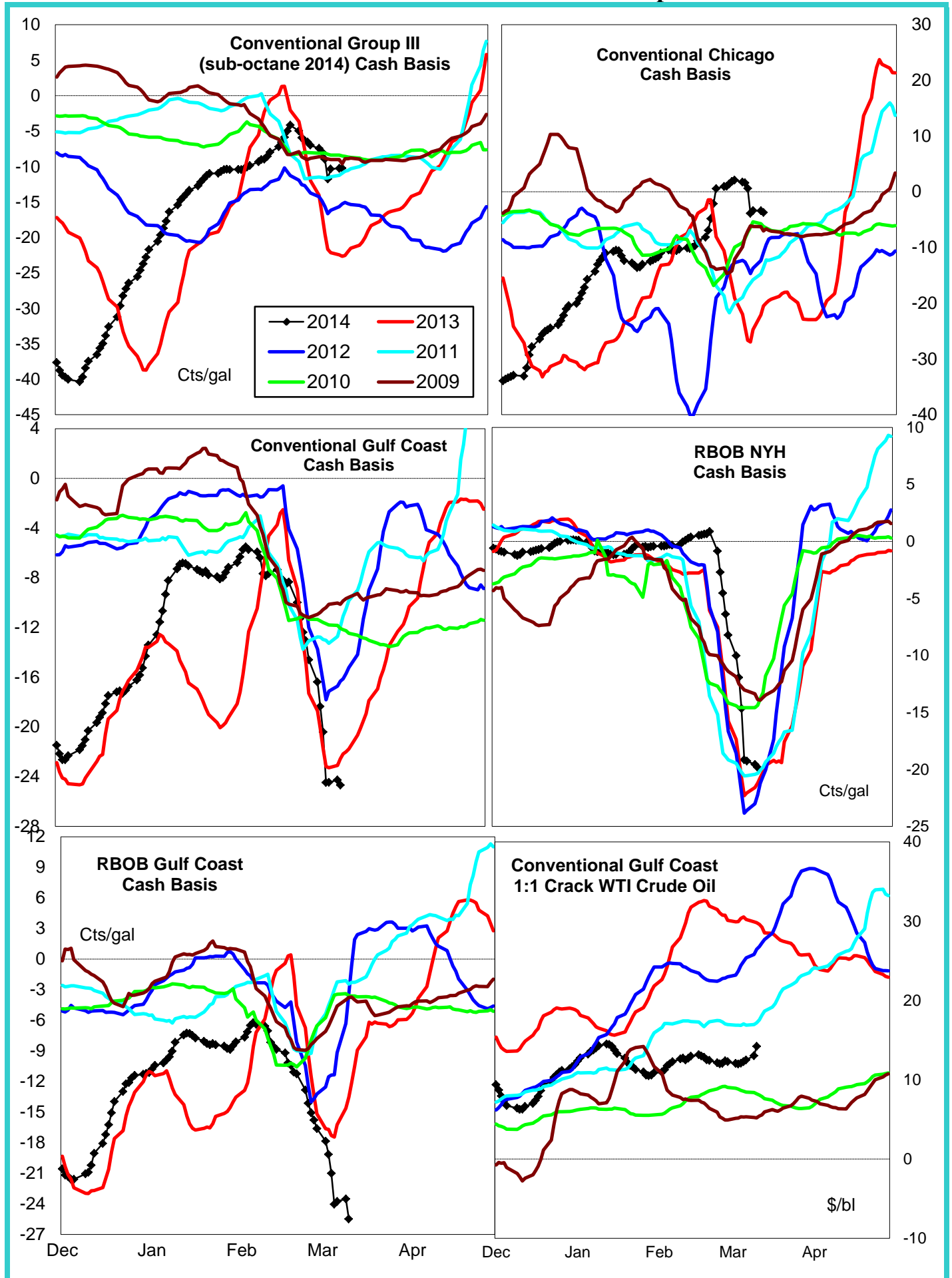
West Coast (Los Angeles) basis trend seasonally higher on spring stock draw.

Gulf Coast Price Look for the switch to summer grade product (which reduces volume of gas liquids blending), FCCU maintenance on the East coast and Midwest and higher seasonal demand to support prices, following the current global pull back in energy prices. Slower economic growth in China may limit the rebound in global energy prices during the next quarter.

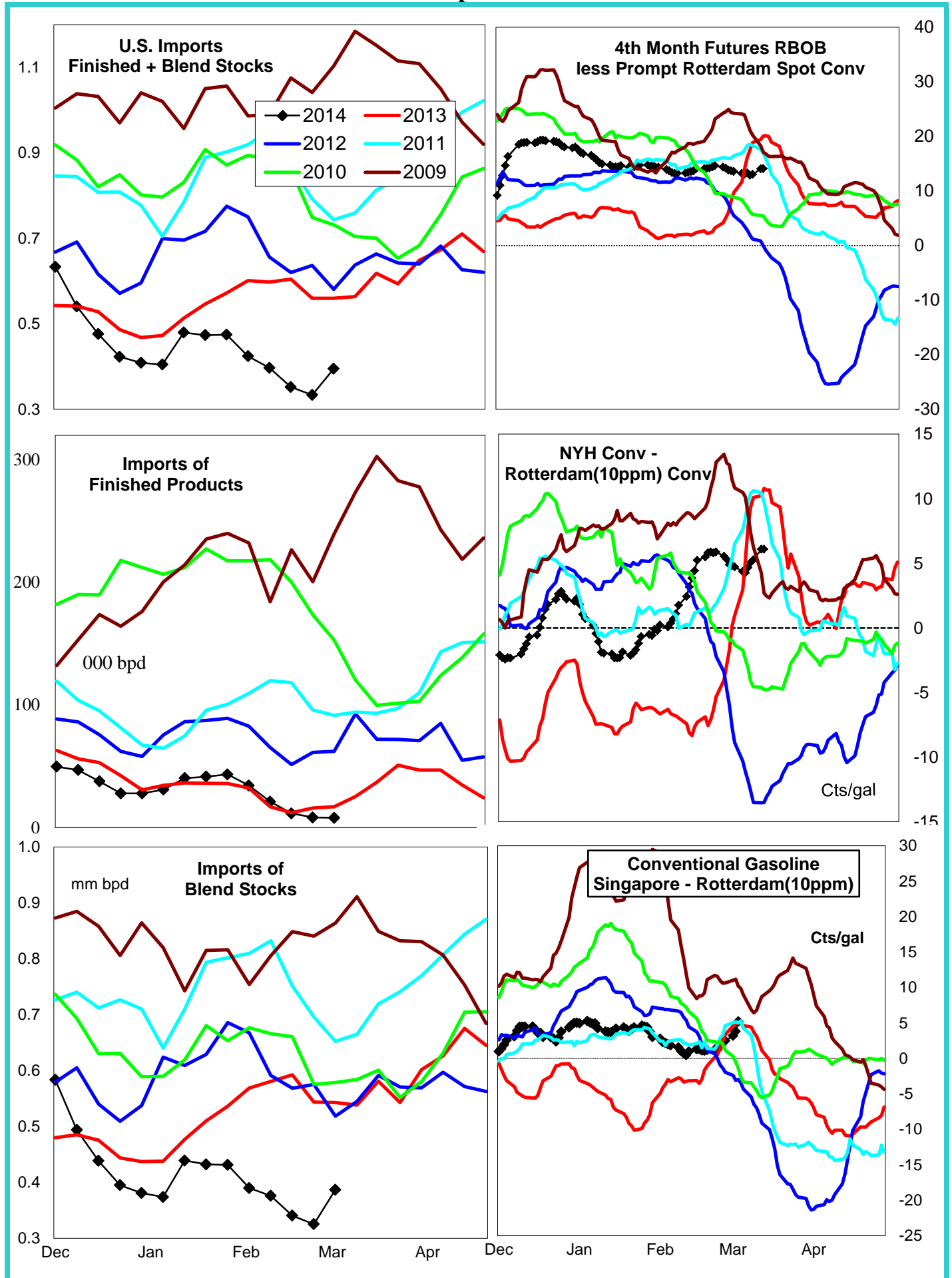


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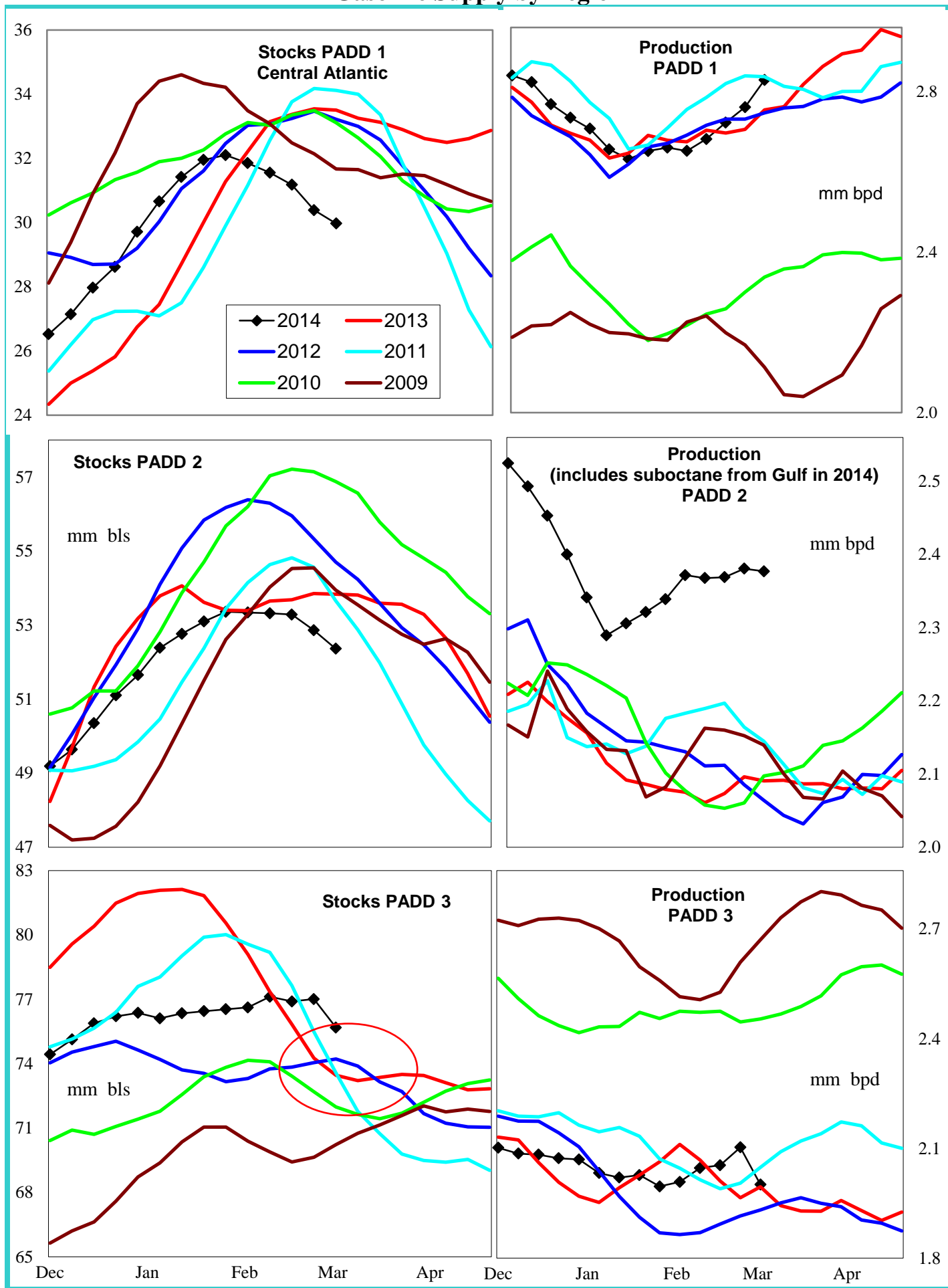
Gasoline Cash Basis and Related Price Spreads



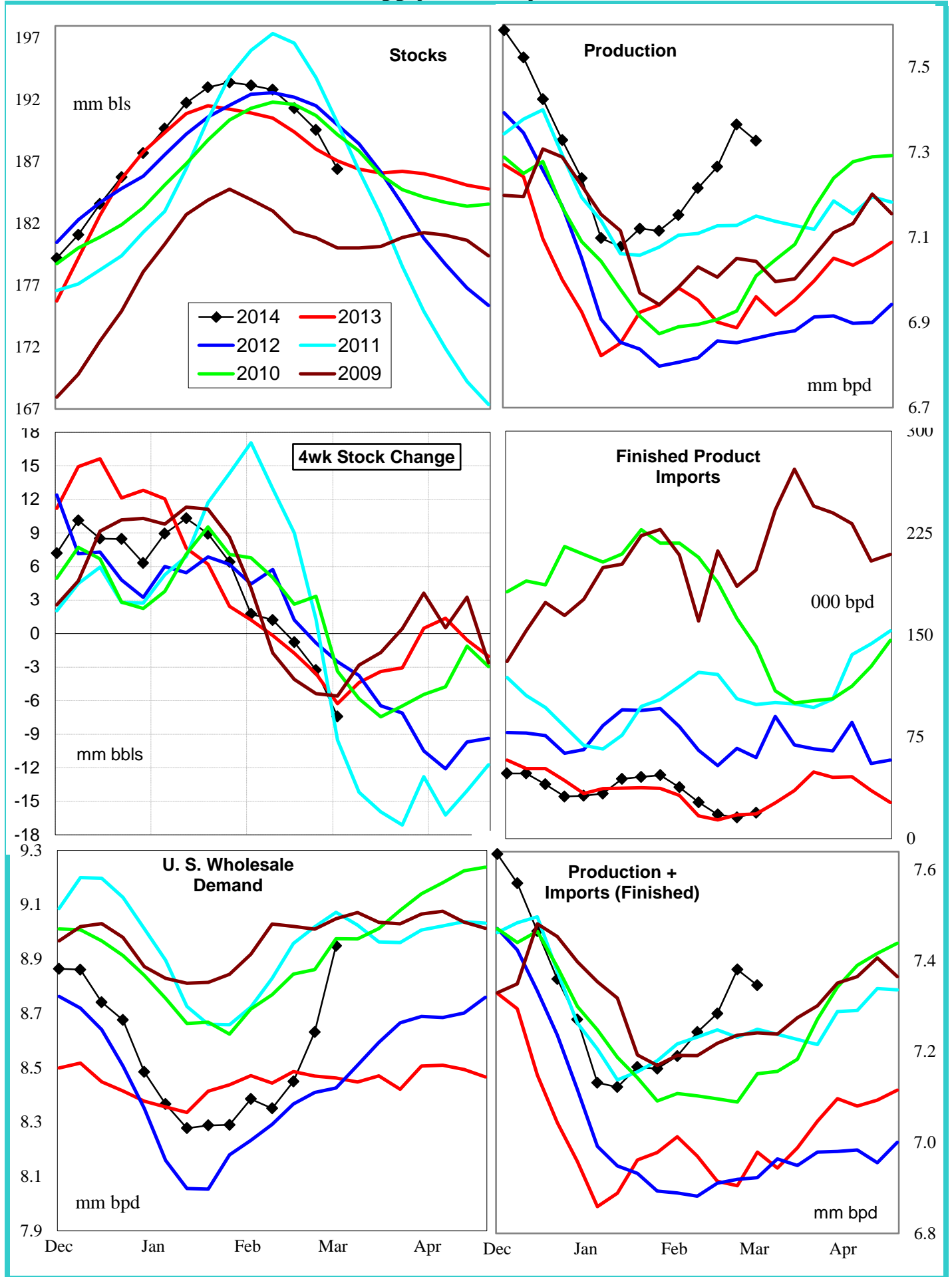
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply