



## 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 +0.3 million bpd last week, to a level well above the last 2-yrs. The latest 4-wk average demand was +375,000 bpd above a year ago, the highest year-on-year growth rate since last fall.

Supplies increased +296,000 bpd on increased production last week. Look for

the surge in production to pull back as refiners complete processing 'in process material' following FCCU maintenance. However the substitution of domestic shale crude for heavy gravity imports may support higher gasoline output going forward.

Stocks decreased -5.2 million barrels last week, with significant draws in all markets. *Stock levels are below the 5-yr range in the Midwest and East coast regions.*

Cash basis trended higher in west coast markets last week. Midwest markets trended lower with the Gulf and NYH trading sideways.

Basis levels are weak in the North west and Midwest regional markets.

Very high levels of production have offset the recent surge in wholesale demand, so that seasonal stock draws have matched the 3-yr mid range. Look for renewed strength in cash basis for Midwest and Northwest markets on higher seasonal demand and refinery maintenance.

#### RBOB

**New York Harbor** basis to trade sideways on increased supplies.

#### Conventional

**New York Harbor basis** to traded sideways on increased supplies.

**Chicago** basis to reverse the recent pull back on higher seasonal demand and refinery maintenance.

**Group III** basis to reverse the recent pull back on higher seasonal demand and spring refinery maintenance.

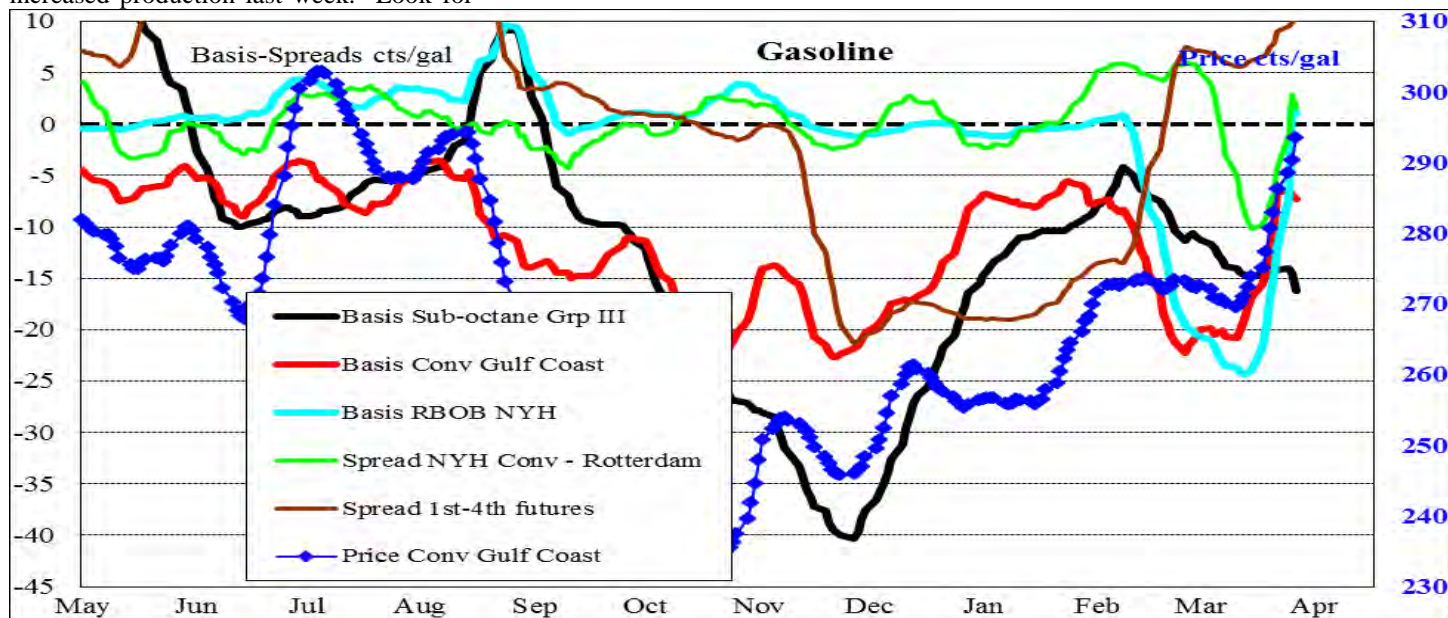
**Gulf Basis** to trade sideways on high production and stock levels.

**West Coast (Los Angeles)** basis to trend seasonally higher in the near term then pull back from elevated levels on increased supply.

**Gulf Coast Price** Refiners east of the Rockies have been producing record gasoline output, driven by below average maintenance and substitution of domestic shale crude for higher gravity imports.

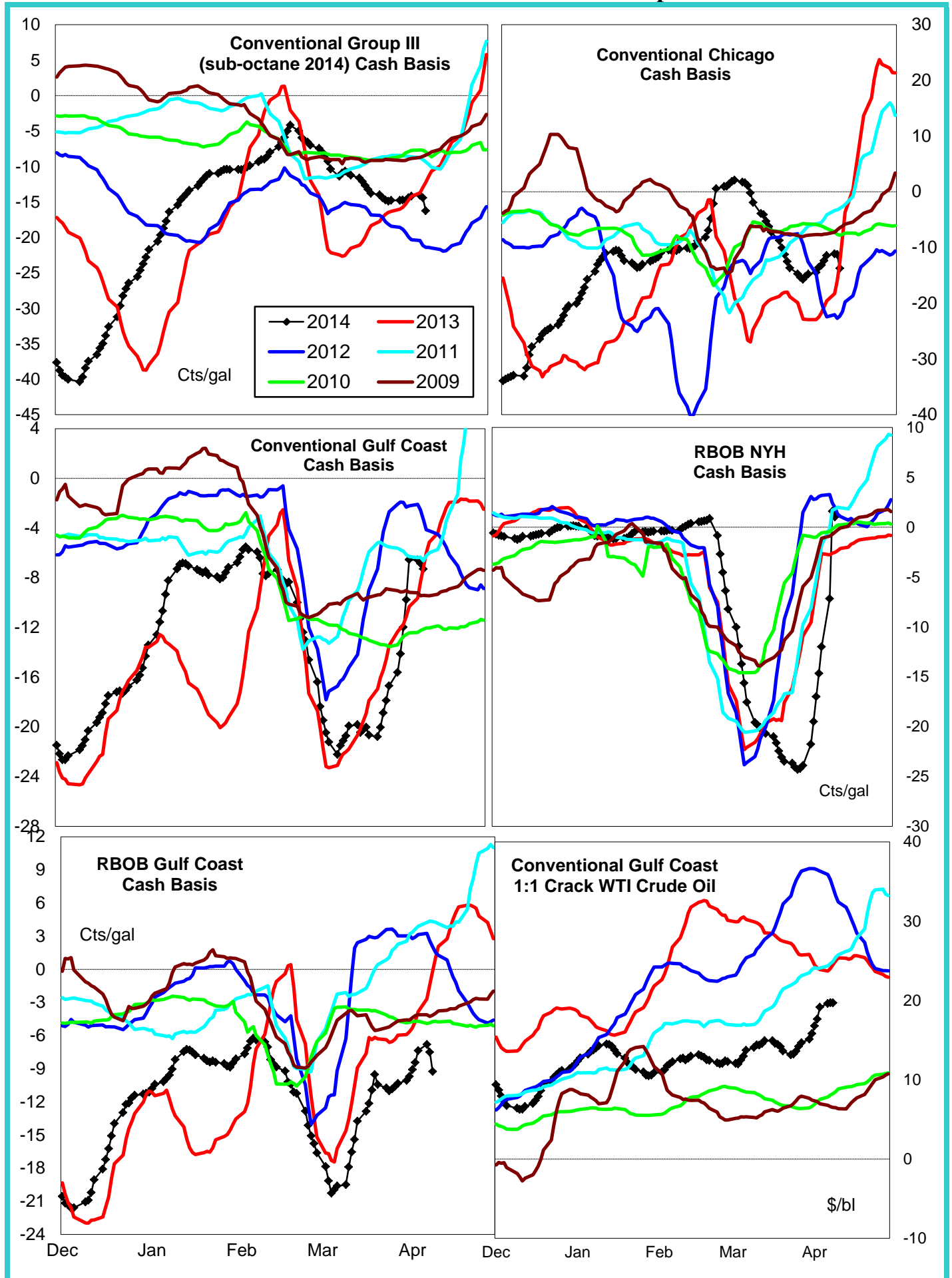
Look for year-on-year growth in demand, and above average maintenance on FCCU's in the Midwest to provide support to prices, limited by the increase in yields from substitution of domestic shale crude.

Slower economic growth in China may limit the rebound in global energy prices during the next quarter.

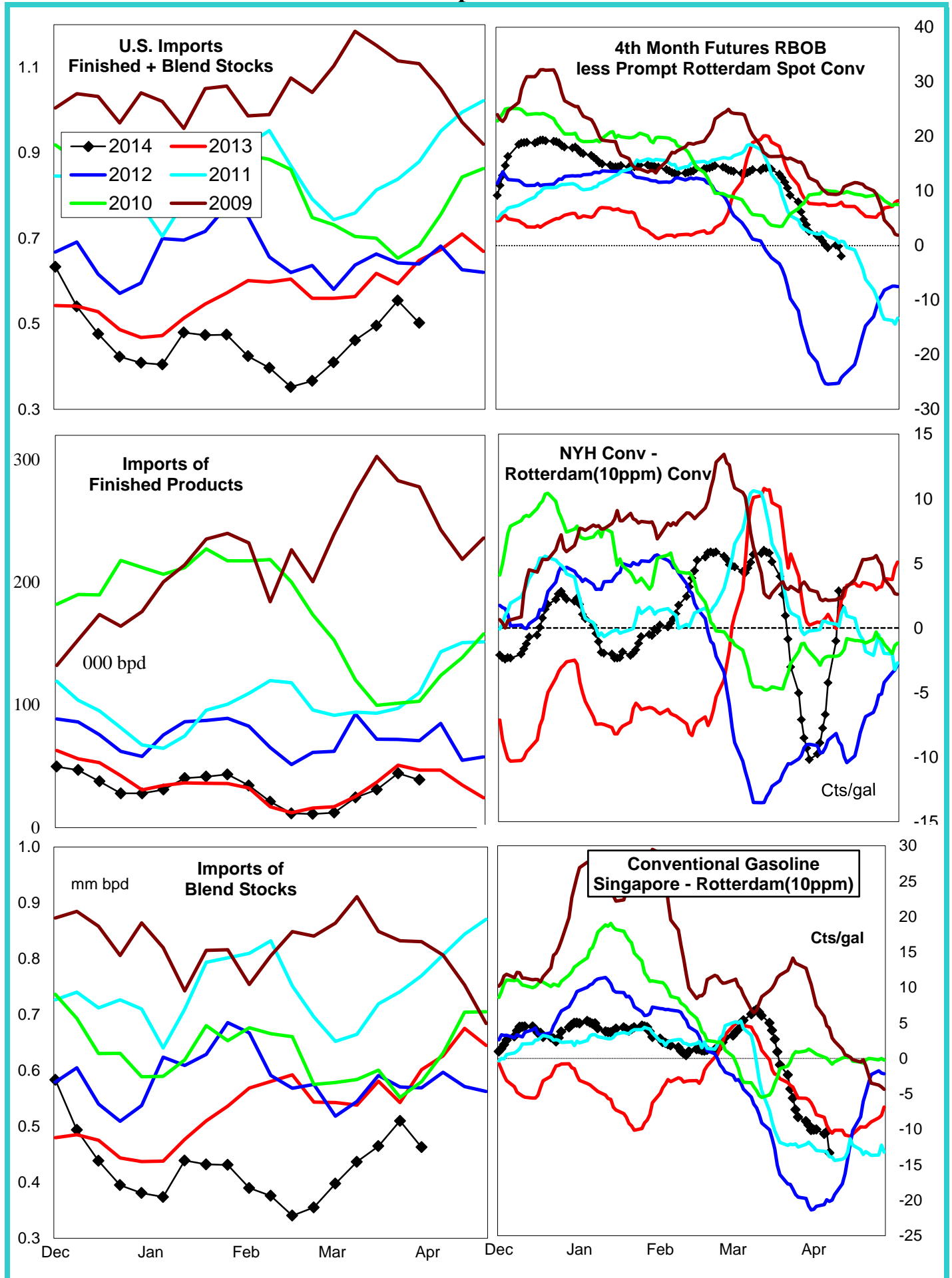


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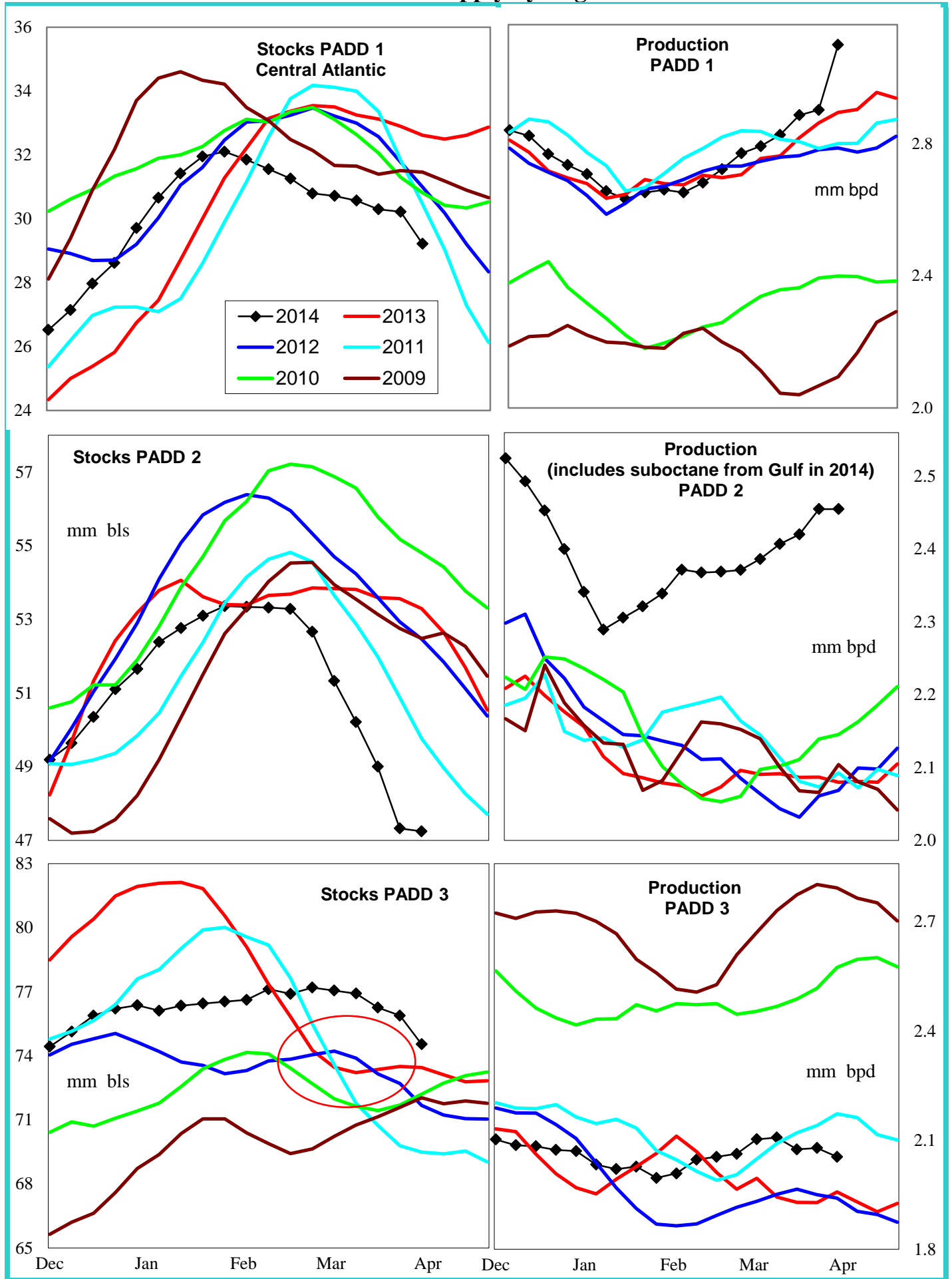
# Gasoline Cash Basis and Related Price Spreads



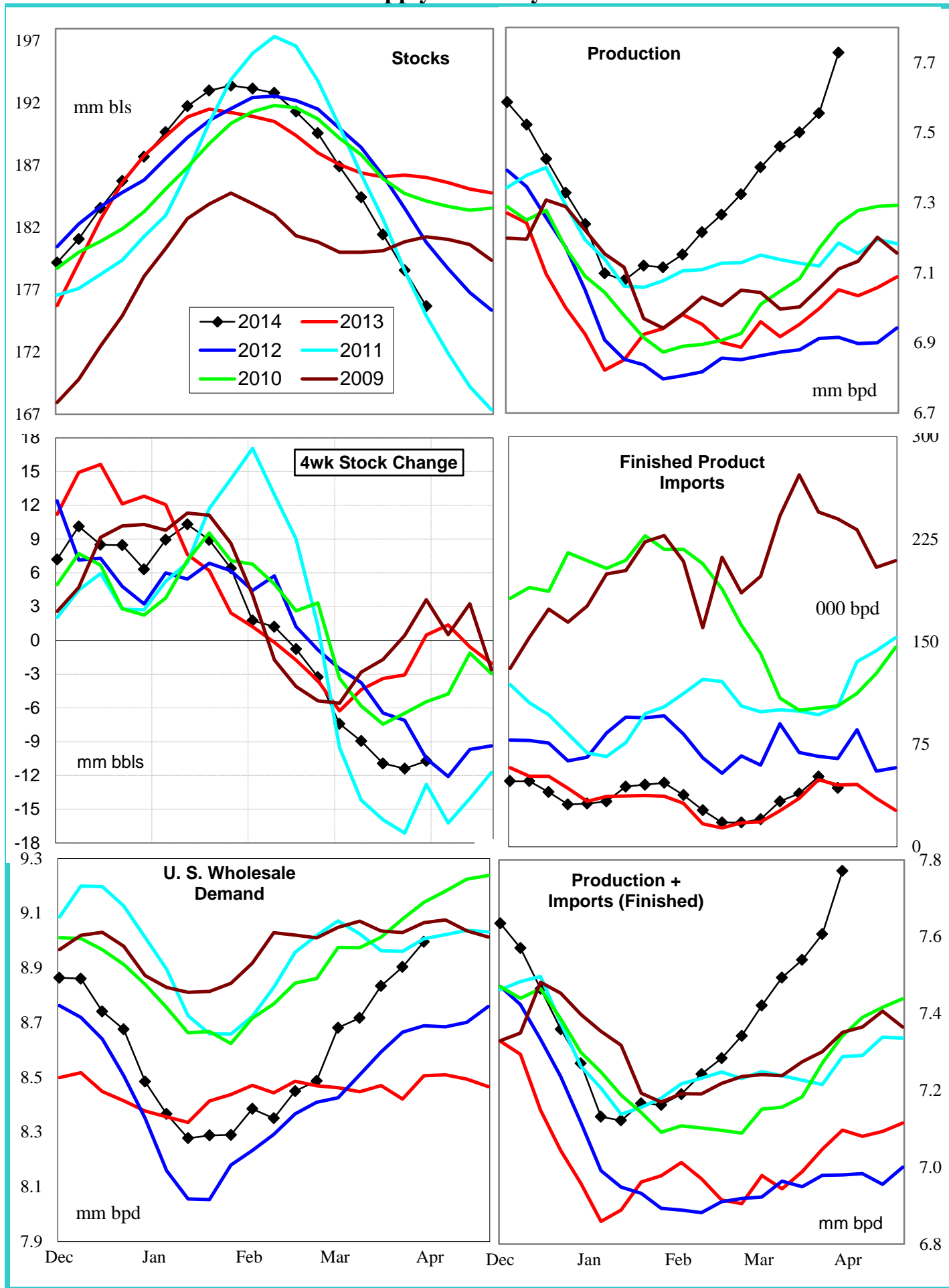
## Gasoline Import Economics



# Gasoline Supply by Region



## Gasoline Supply Summary PADDs 1+2+3



**PADD 5 Gasoline Supply**