



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 -17,000 bpd last week, maintaining the prior week surge. The latest 4-wk average demand was +447,000 bpd above a year ago.

Supplies increased +106,000 bpd with output at a record high level for this time of year. The substitution of domestic shale crude for heavy gravity imports should support higher gasoline output going forward.

Stocks increased +1 million barrels last week, with the build concentrated on the East Coast. Stock levels in all regional markets, except the West Coast were above the 3-yr mid range.

Cash basis trended higher last week ending 23May14, in all regional markets except NYH. Basis levels remain particularly weak in the Midwest and Gulf regions on very high production.

Look for modest basis strength in the Midwest on higher seasonal demand, limited by high production and stock levels. West Coast markets to strengthen in the near term on unplanned maintenance.

RBOB

New York Harbor basis to trade sideways on increased supplies.

Conventional

New York Harbor basis to trade sideways on increased supplies.

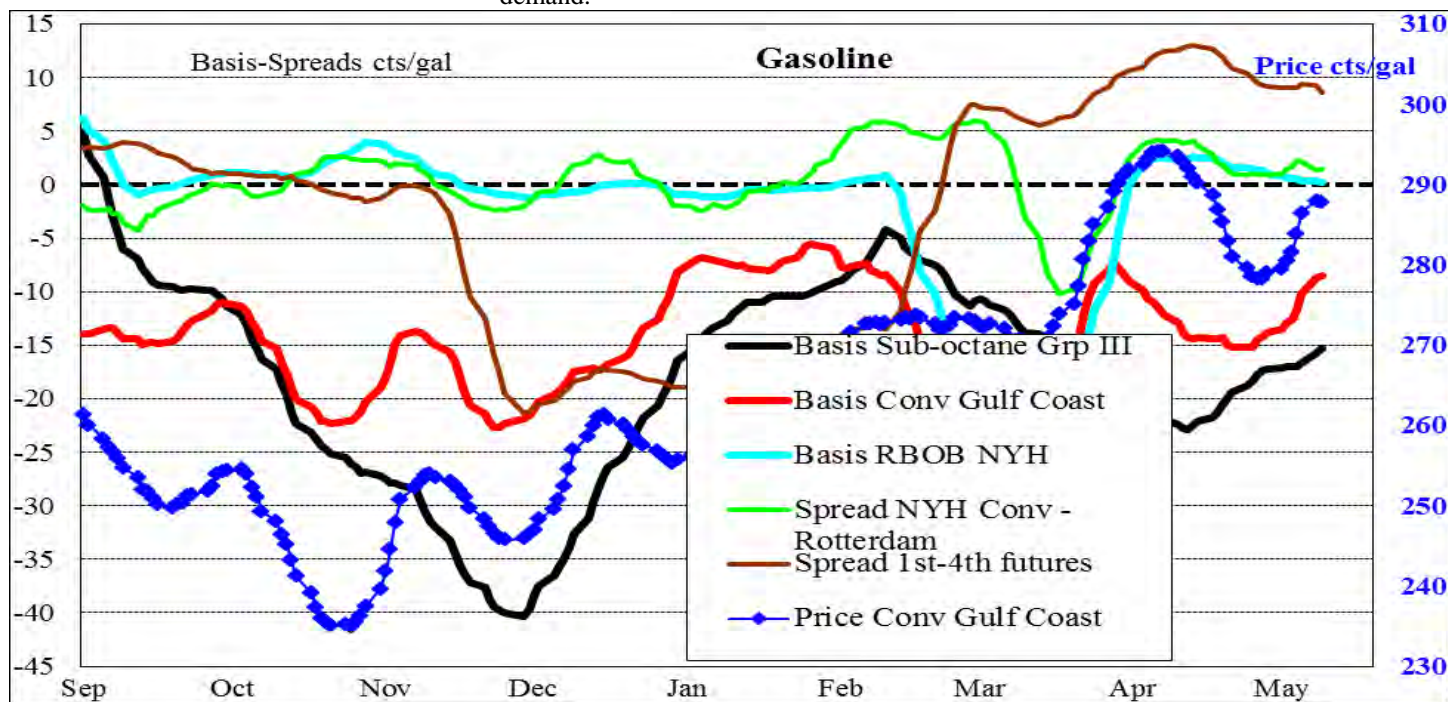
Chicago basis to traded sideways on very high supply, offset by increased seasonal demand.

Group III basis to trend modestly higher over the next month on increased seasonal demand, limited by record high stocks.

Gulf Basis to trade sideways with record stock levels, offset by peak seasonal demand.

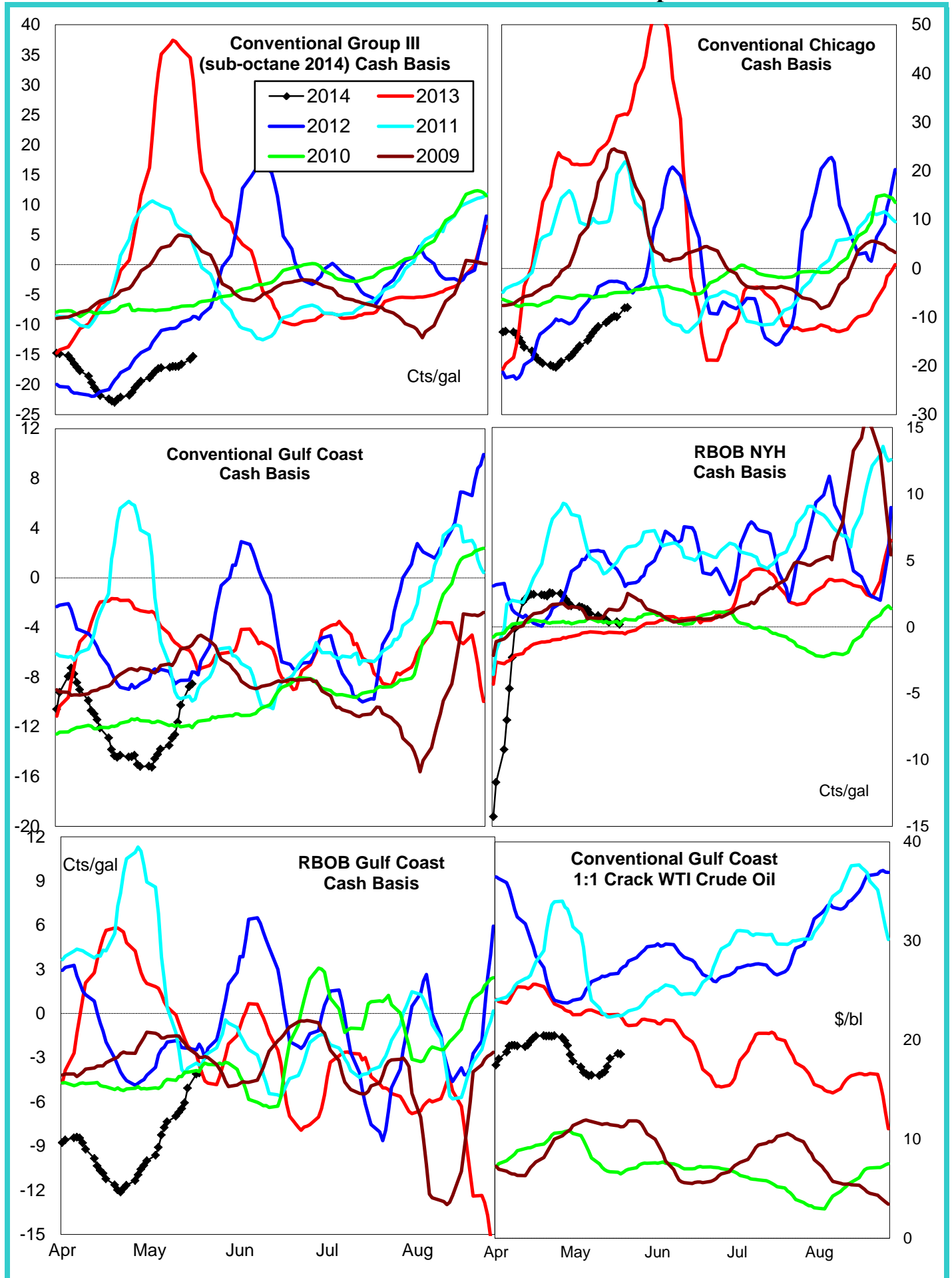
West Coast (Los Angeles) basis to trend higher in the near term on unplanned maintenance, followed by a pull back as refiners return to operation.

Gulf Coast Price Extremely high production and high imports have driven record stock builds in markets East of the Rockies during the last month. Stock levels are above the 3-yr mid range in all regional markets except the West Coast. The North American crude oil market remains extremely over supplied, another constraint on gasoline prices. These fundamentals point to risk of a pull back in price over the net 30-days.

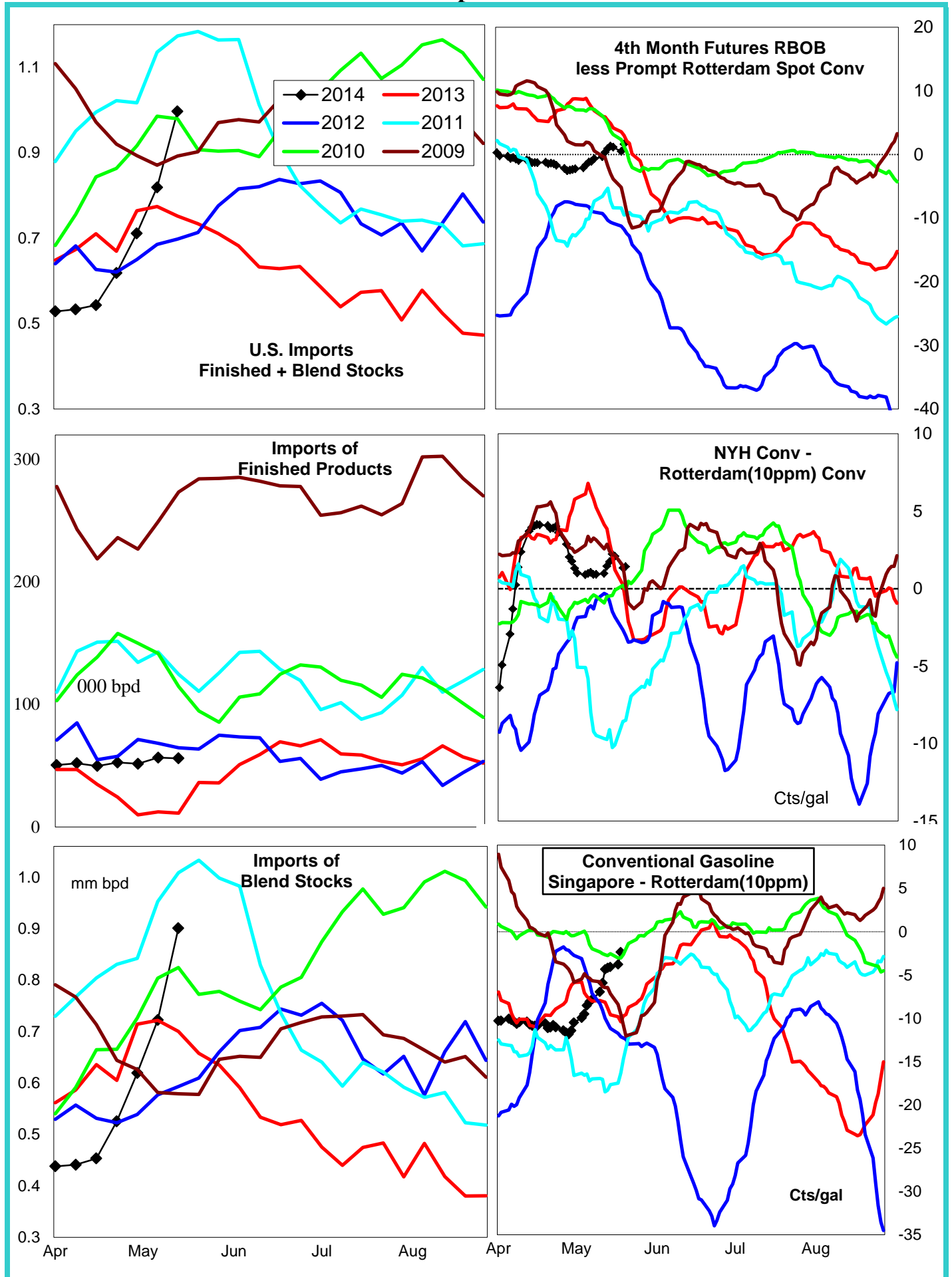


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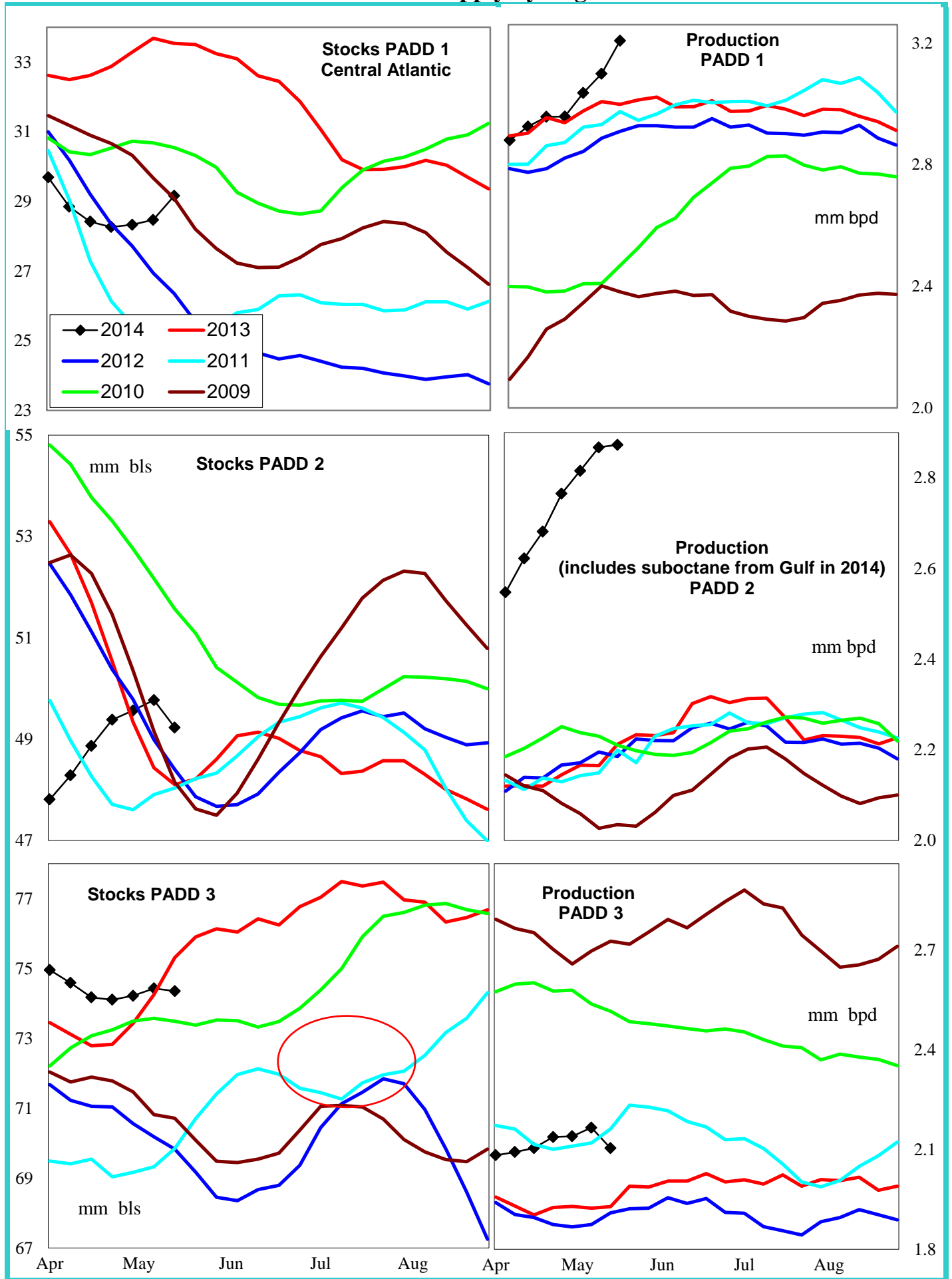
Gasoline Cash Basis and Related Price Spreads



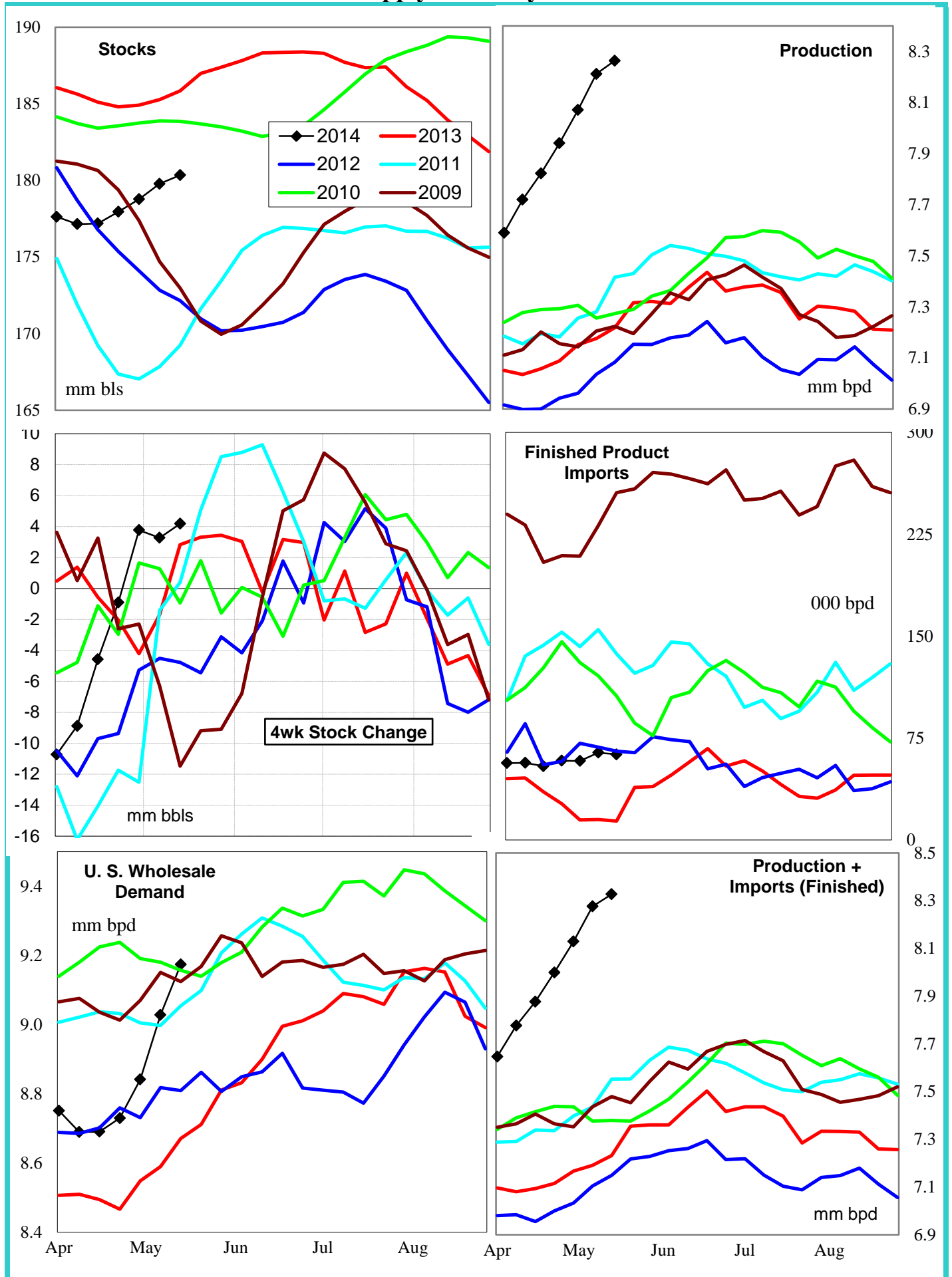
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply