FUNDAMENTAL PETROLEUM TRENDS

WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, December 29, 2014

Cash Basis Outlook			
Product	**Market**	**Weeks Forward 1 - 2**	**Weeks Forward 3 - 6**
RBOB	**NYH**	→	→
	Gulf	→	→
	W Coast	→	→
Conventional	**NYH**	→	→
	Gulf	→	→
	Grp III	→	→
	Chicago	→	→
	W Coast	→	→
Gulf Coast Price Outlook		→	→

Wholesale demand increased +145,000 bpd last week, following the prior week surge to a new record weekly high. The latest 4-wk average demand was +363,000 bpd above last year.

Supplies increased +0.4 million bpd on the week as downstream process units reached peak winter thruput and imports climbed to a record level. Stocks increased +4.1 million barrels with significant increases in all regions, except the Gulf. Stock levels ended the week above the 5-yr range for the period.

Cash basis trended lower Midwest and Gulf markets last week, falling to levels that matched historic lows for the period. Basis was flat in NYH while trending higher on the West Coast.

Look for widespread basis increases early next month on improved supplies in the Northeast from a higher level of imports and start of winter maintenance in the Gulf region.

Risk of near term weakness continues in Midwest markets on peak winter thruput after the high level of maintenance last fall.

RBOB

New York Harbor basis to trend seasonally lower on increased imports and lower winter quarter demand.

Conventional

New York Harbor basis to trade lower on increased imports and lower winter quarter demand.

Chicago basis risk near term weakness on peak refinery operations, then trend higher on improved supplies in the Northeast and start of Gulf winter maintenance.

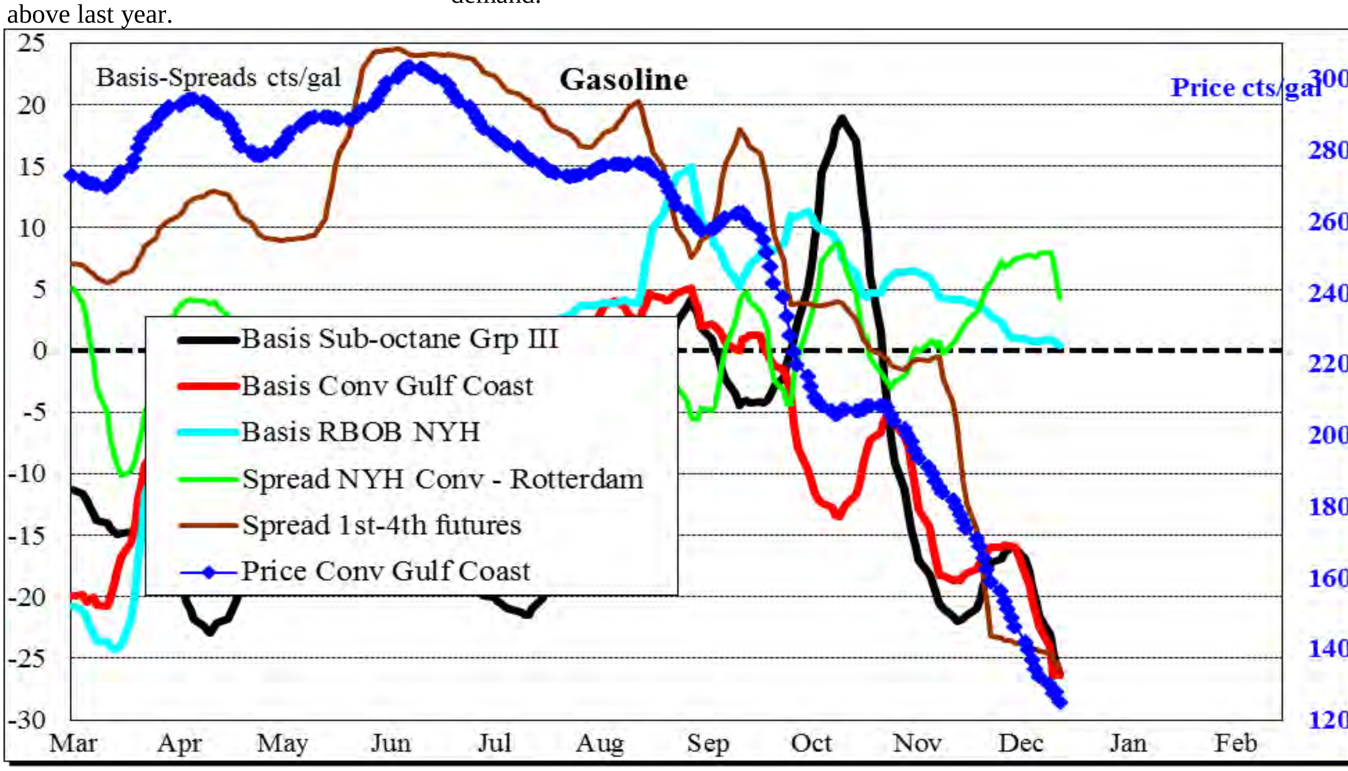
Group III basis risk near term weakness on peak refinery operations, then trend higher on improved supplies in the Northeast and start of Gulf winter maintenance.

Gulf Basis to trade sideways in the near term, then higher on start of winter maintenance.

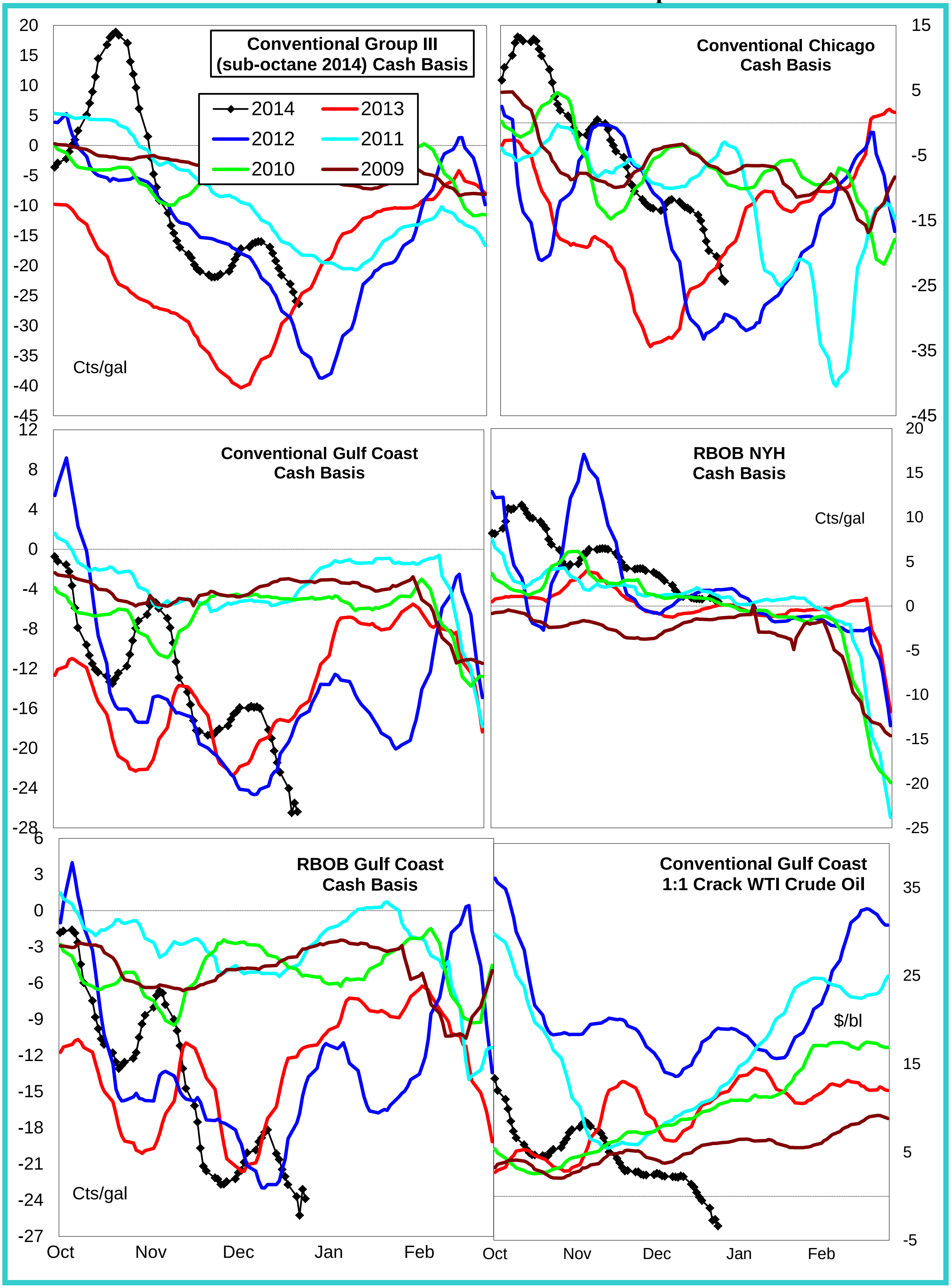
West Coast (Los Angeles) basis to trade sideways on peak winter production then trend higher on start of refinery maintenance.

Gulf Coast Price Robust wholesale demand is currently being offset by higher imports and peak winter production, leading to a record rate of stock building East of the Rockies.

With the start of winter refining maintenance in the Gulf region, look for an uptrend in gasoline prices during the 1st half of the winter quarter, limited by the global over supply of crude oil.



Gasoline Cash Basis and Related Price Spreads



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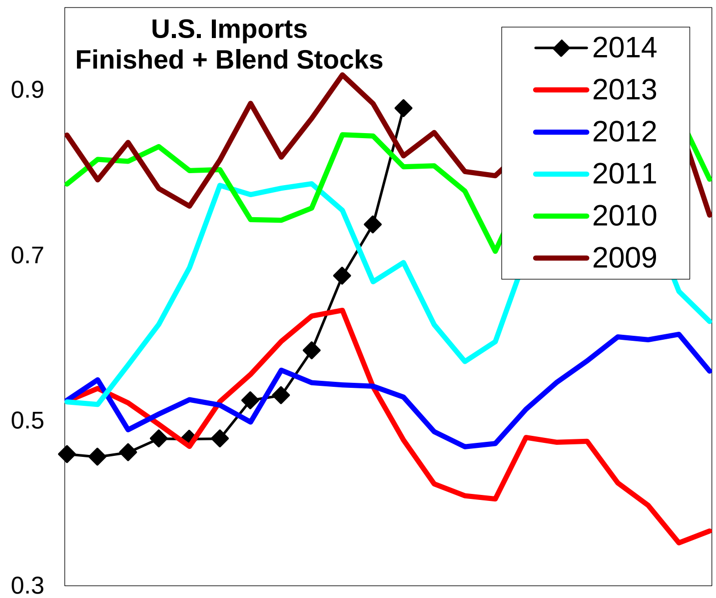
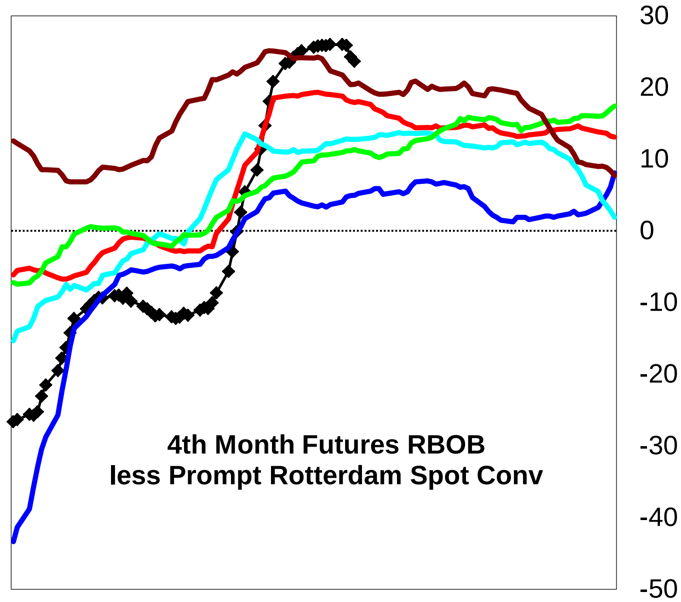
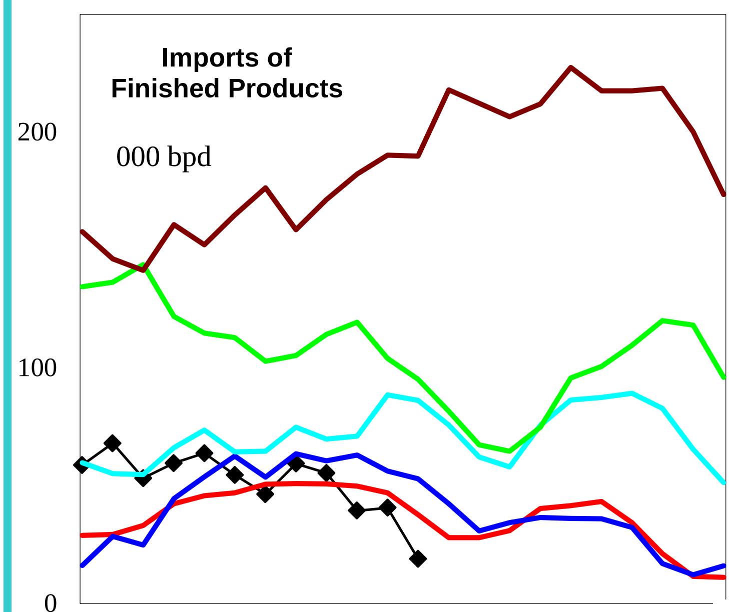
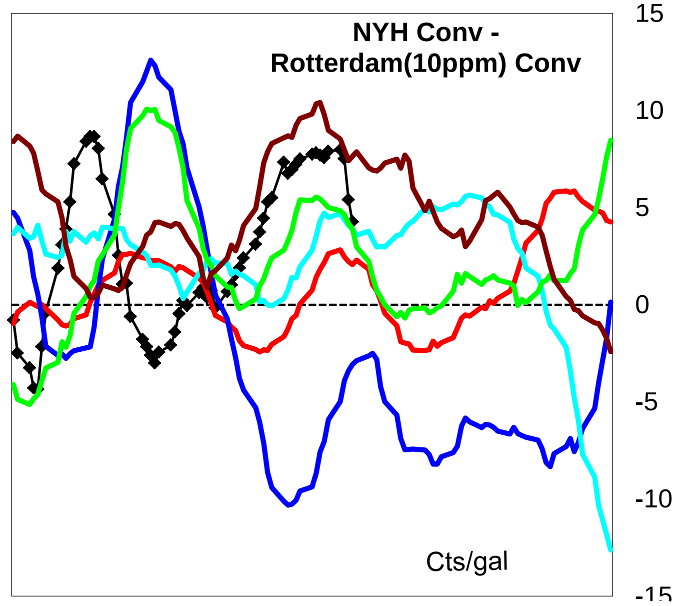
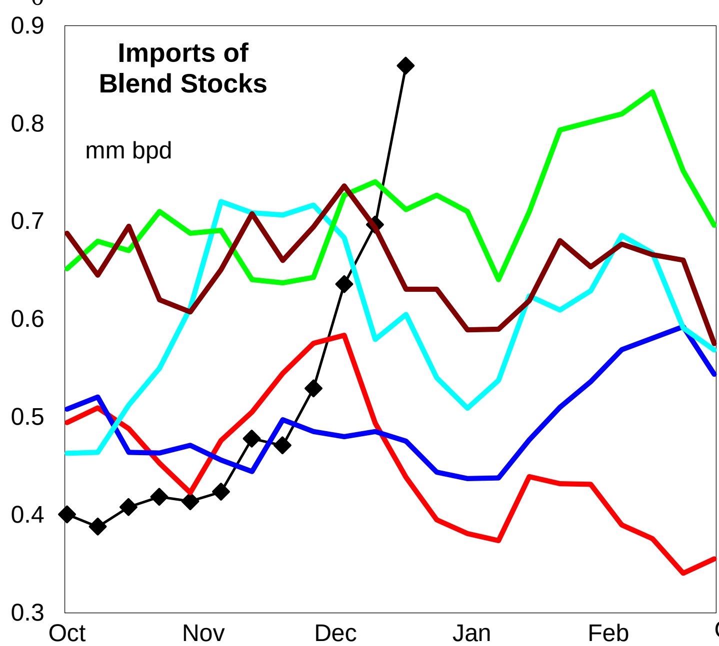
Gasoline Import Economics

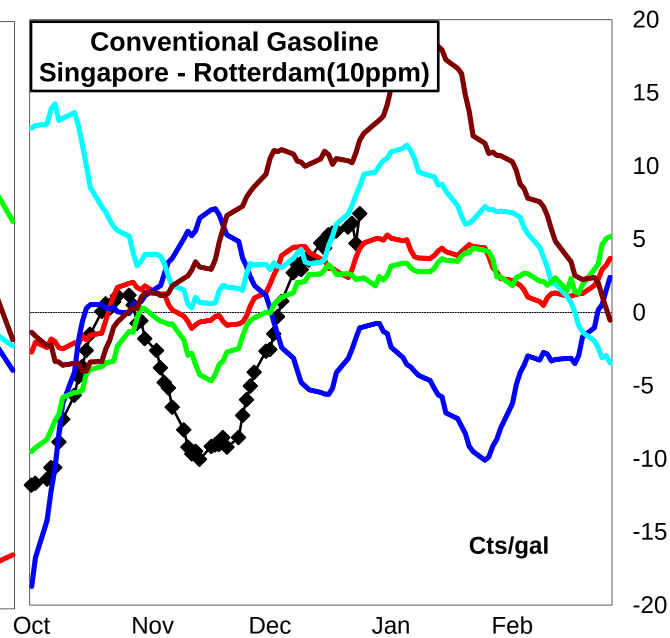




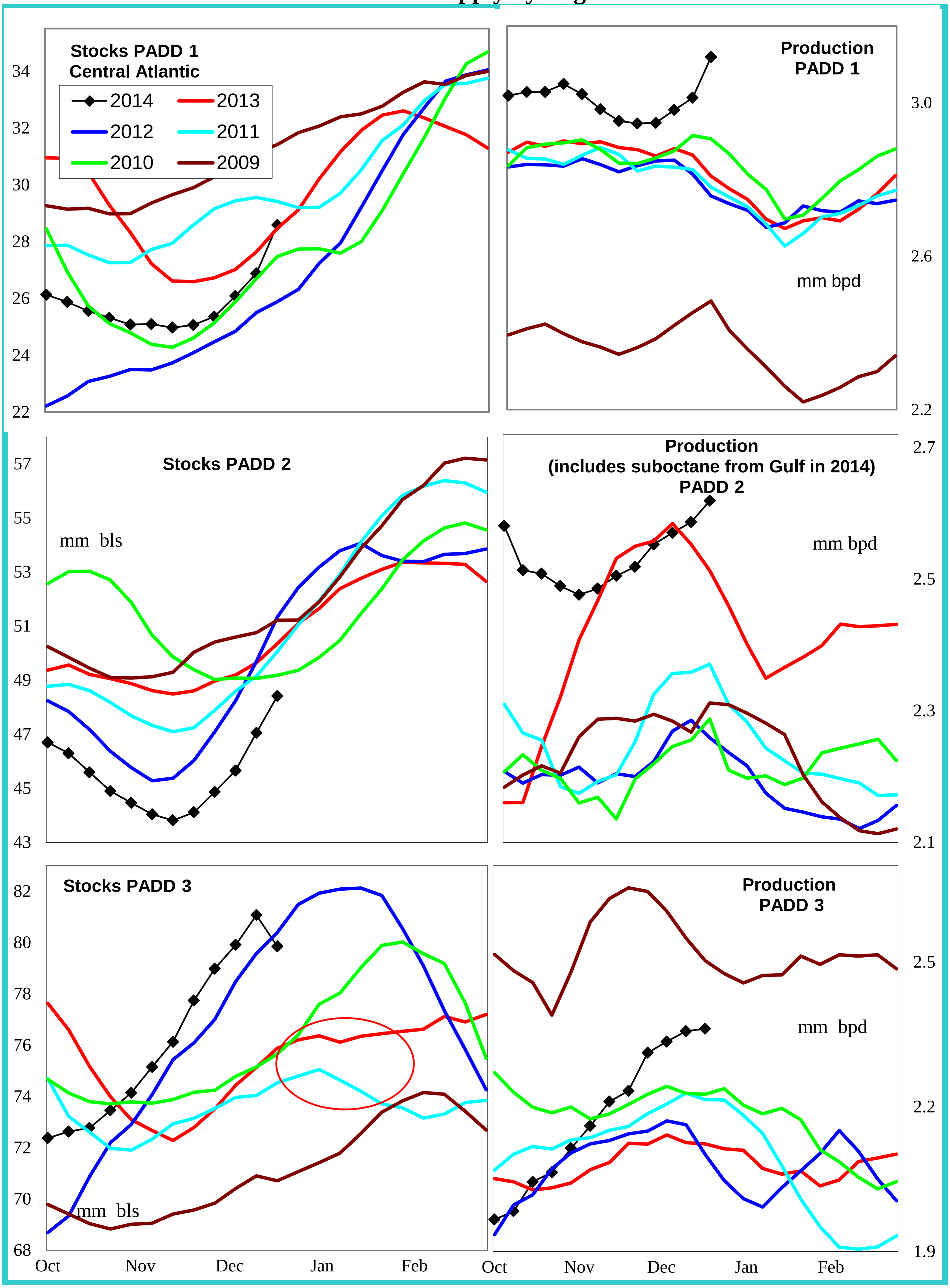




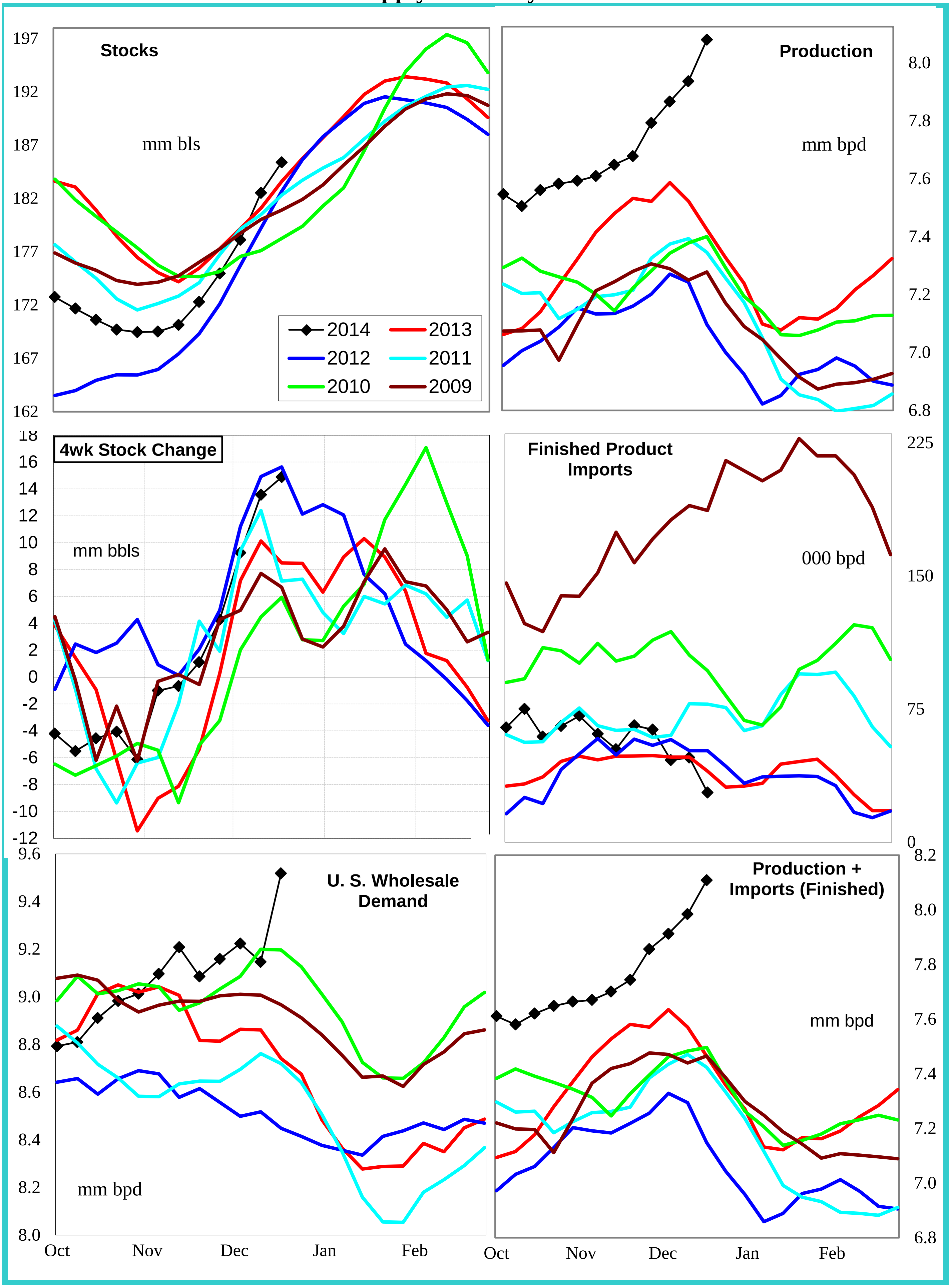




Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply