FUNDAMENTAL PETROLEUM TRENDS

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	Weeks Forward 3 - 6
RBOB	NYH	→	→
	Gulf	→	→
	W Coast	→	→
Conventional	NYH	→	→
	Gulf	→	→
	Grp III	→	→
	Chicago	→	→
	W Coast	→	→
Gulf Coast Price Outlook		→	→

Wholesale demand increased +96,000 bpd last week, to a new record weekly high. The latest 4-wk average demand was +405,000 bpd above last year.

Supplies increased +235,000 bpd on the week as downstream process units reached peak winter thru put and imports of blend stocks were at record highs. Stocks increased +3 million barrels with significant increases in all regions, except the West Coast. Stock levels ended the week above the 5-yr range for the period.

Cash basis trended higher last week in all regional markets, except NYH. Basis levels were near record lows in the Midwest last week, while other markets traded near the average of the last 2-yrs.

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

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 to trend higher on start of winter maintenance in the Gulf region, but continue to trade at the low end of the historic range on high stock levels.

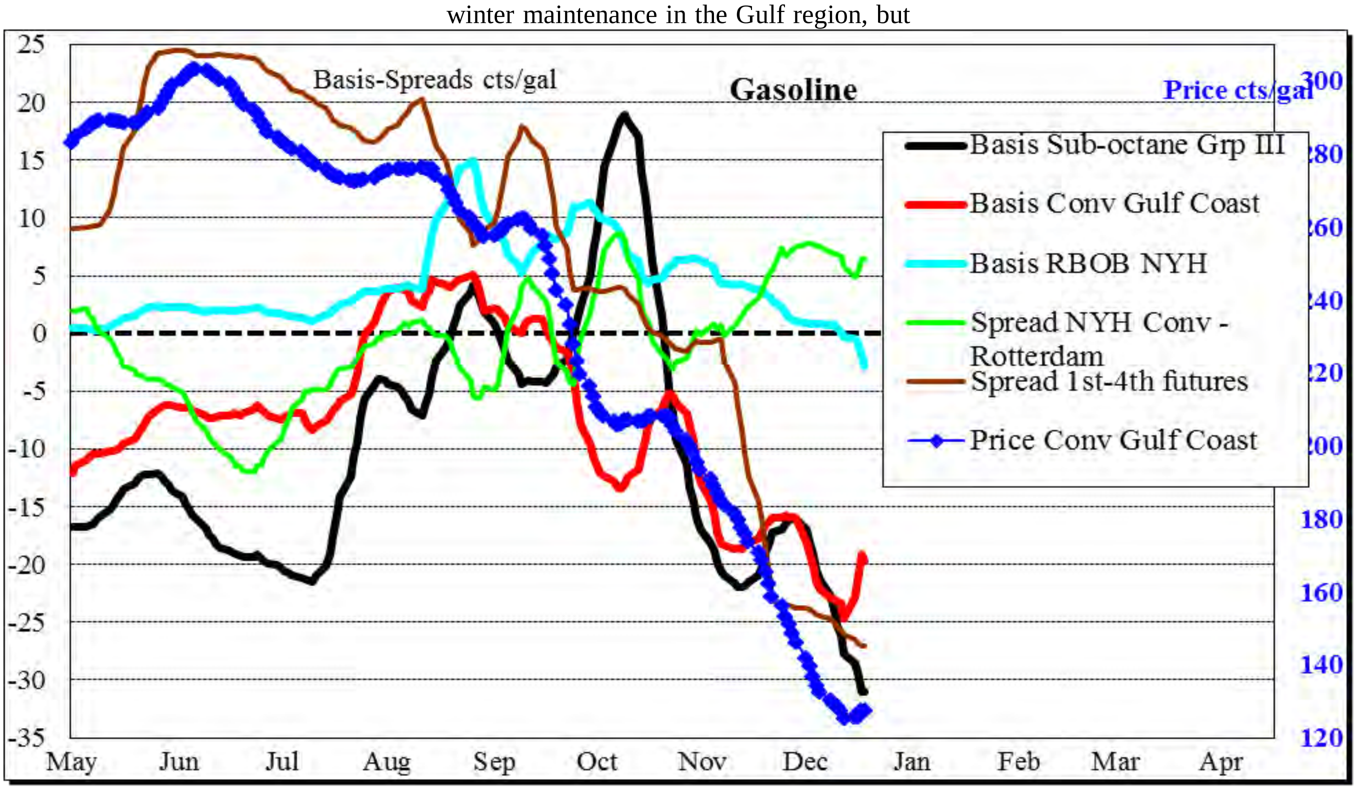
Group III basis to trend higher on improved supplies in the Northeast and start of Gulf winter maintenance, but remain at the low end of the historic range on record stock levels in the area.

Gulf Basis to trend higher on start of winter maintenance.

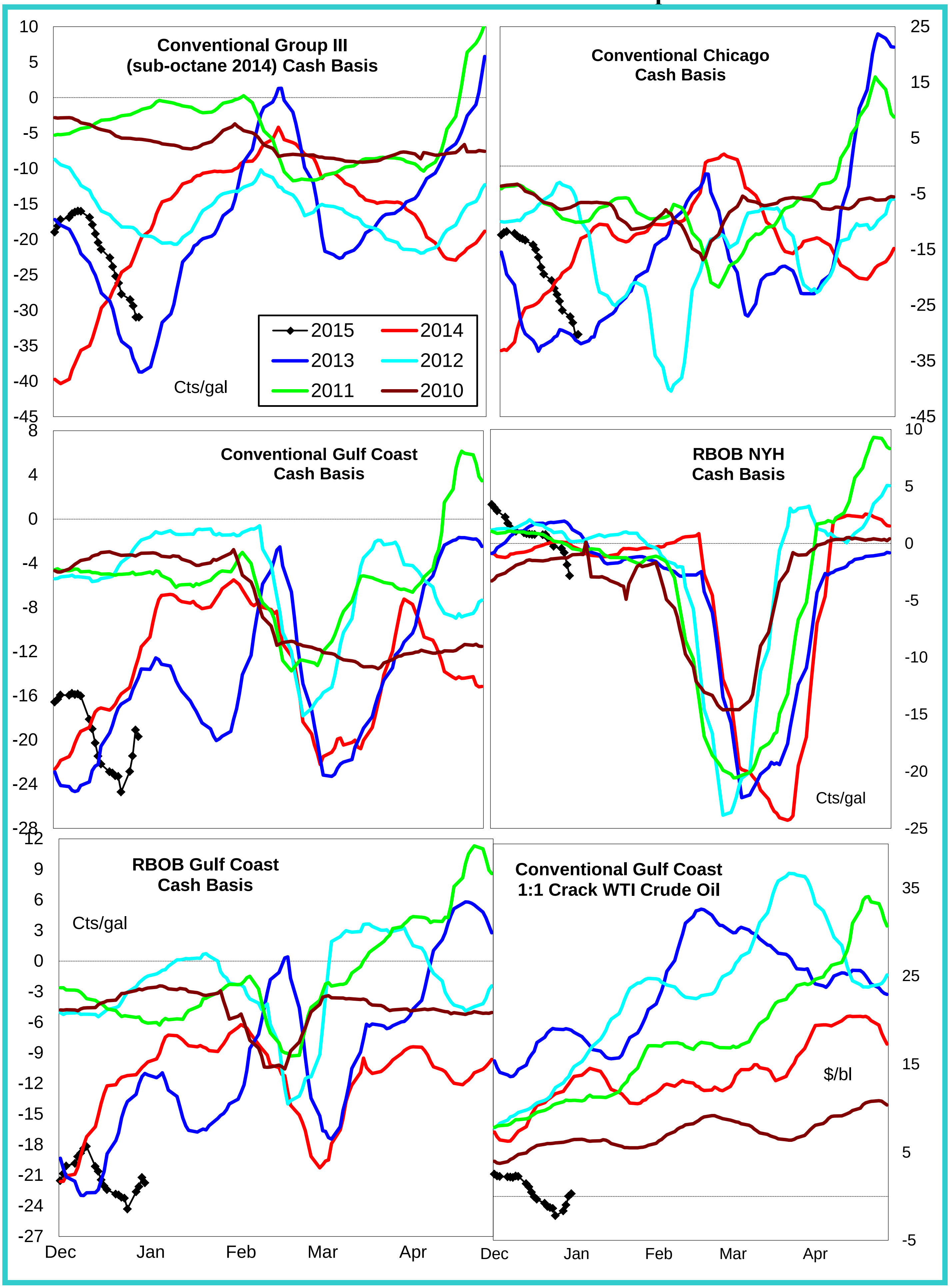
West Coast (Los Angeles) basis to trend higher a seasonal declined in production as maintenance begins on downstream process units.

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

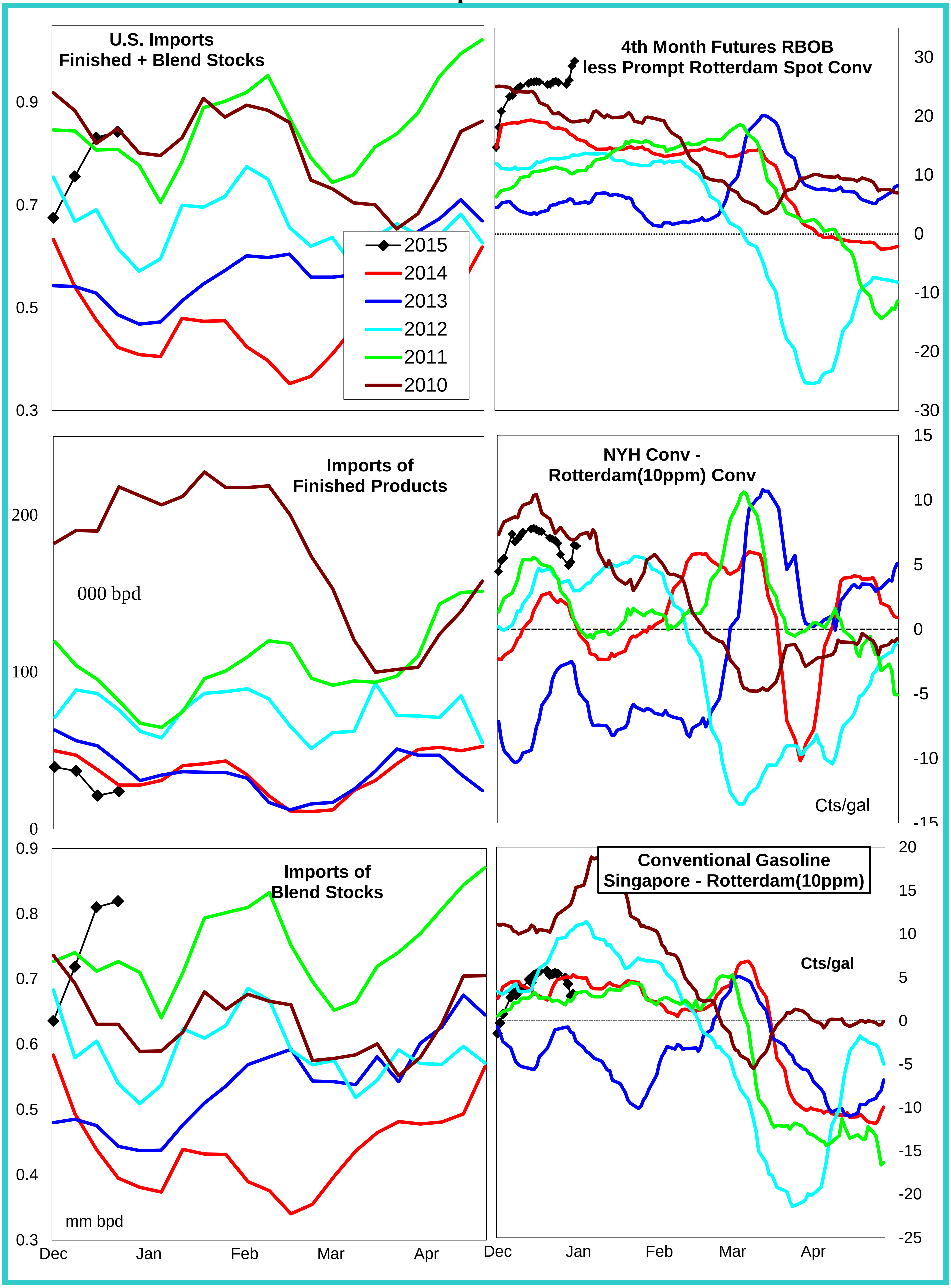
With the start of winter refining maintenance in the Gulf region, look for an uptrend in gasoline prices during the 1st half of the winter quarter, limited by the global over supply of crude oil.



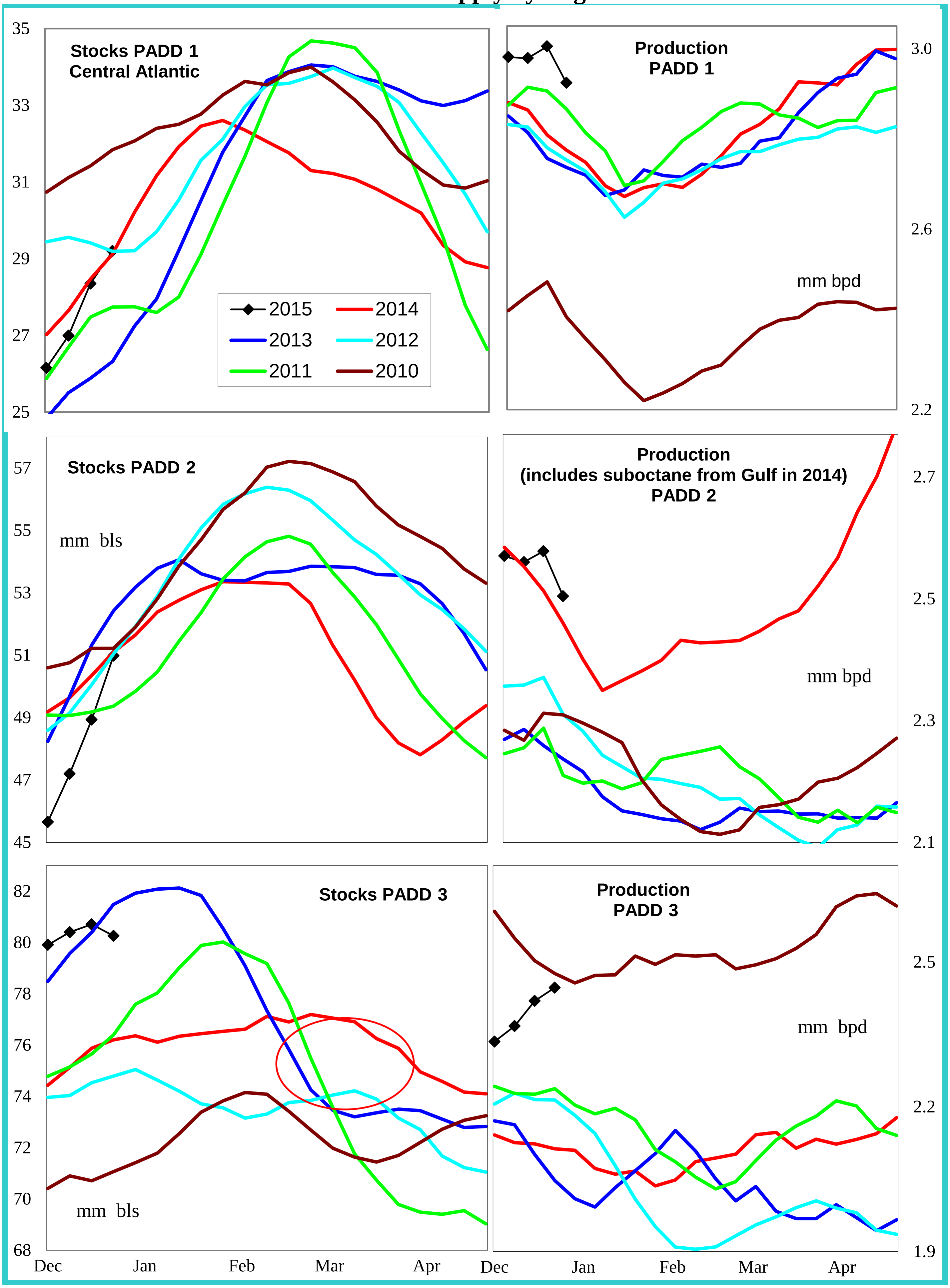
Gasoline Cash Basis and Related Price Spreads



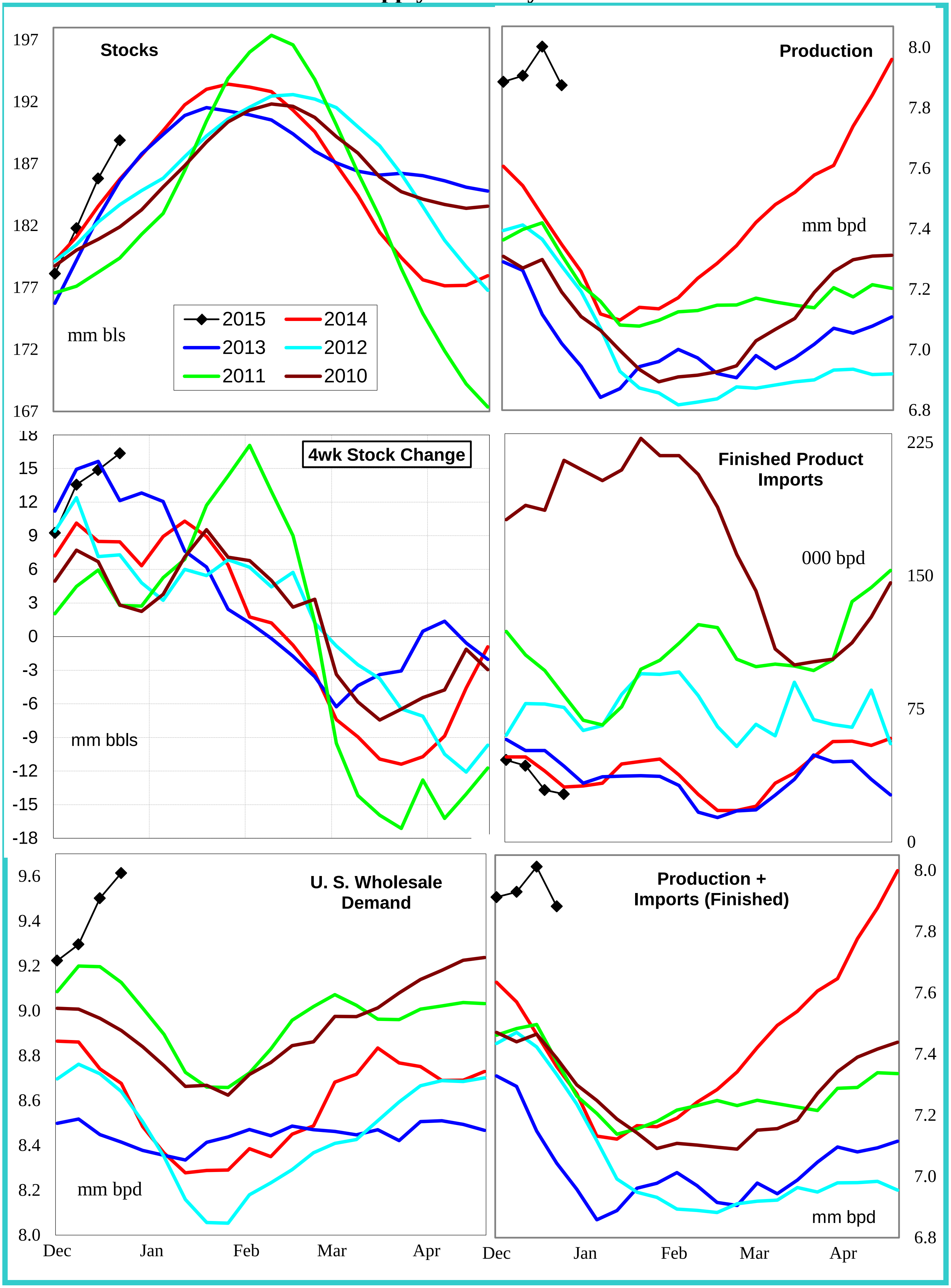
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply