



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 +0.6 million bpd last week, reversing earlier declines. The latest 4-wk average demand was -0.25 million bpd below last year.

Supplies increased +0.7 million bpd last week reversing earlier declines. Supply for the most recent 4-wks was -0.2 million bpd below a year ago.

Stocks have increased three consecutive weeks with a cumulative build of +23.6 million barrels. Stocks ended the week at a fresh 5-yr high for this time of year.

Cash basis trended lower last week in all regional markets except the Group III and NYH. Extremely high stock levels and high production risk weakness in all regional markets wholesale demand falls to a seasonal low.

Midwest markets are at risk of basis weakness due to extremely high stock levels that may require refiner 'fire sales' to liquidate product from inventory.

RBOB

New York Harbor basis to trade within the 3-yr range on ample supplies.

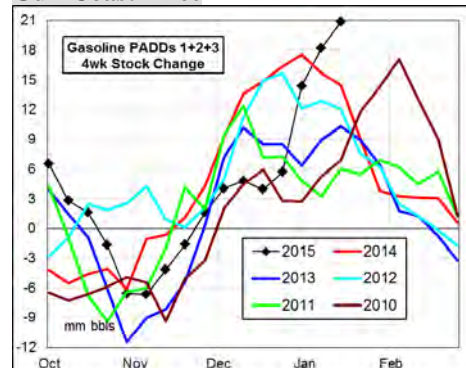
Chicago basis at risk further short term weakness due to extremely high stock levels; then trend seasonally higher.

Group III basis risk weakness in the near term on high stock levels, then to trend seasonally higher.

Gulf Basis to trade sideways on low demand, then trend higher on expansion of winter maintenance.

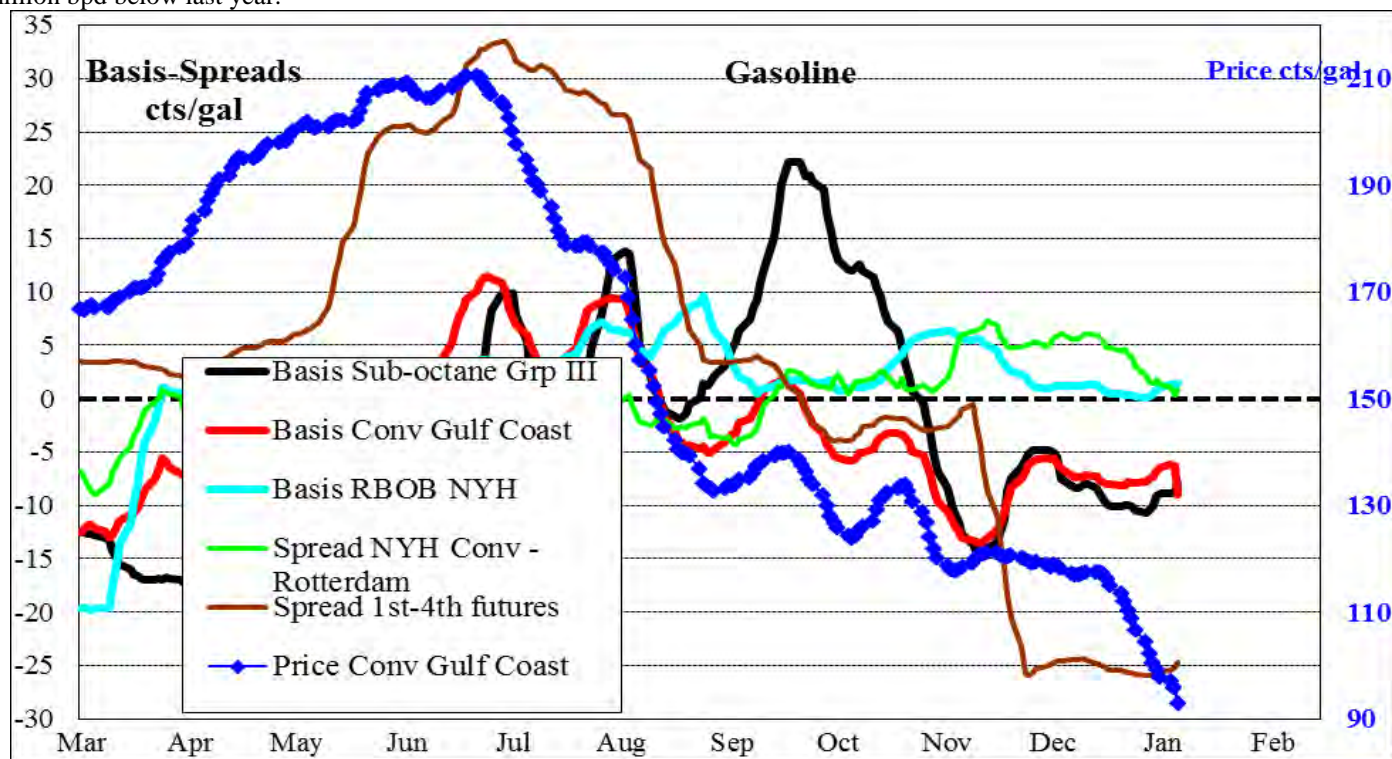
West Coast (Los Angeles) basis to correct further as stocks continue a seasonal build.

Gulf Coast Price



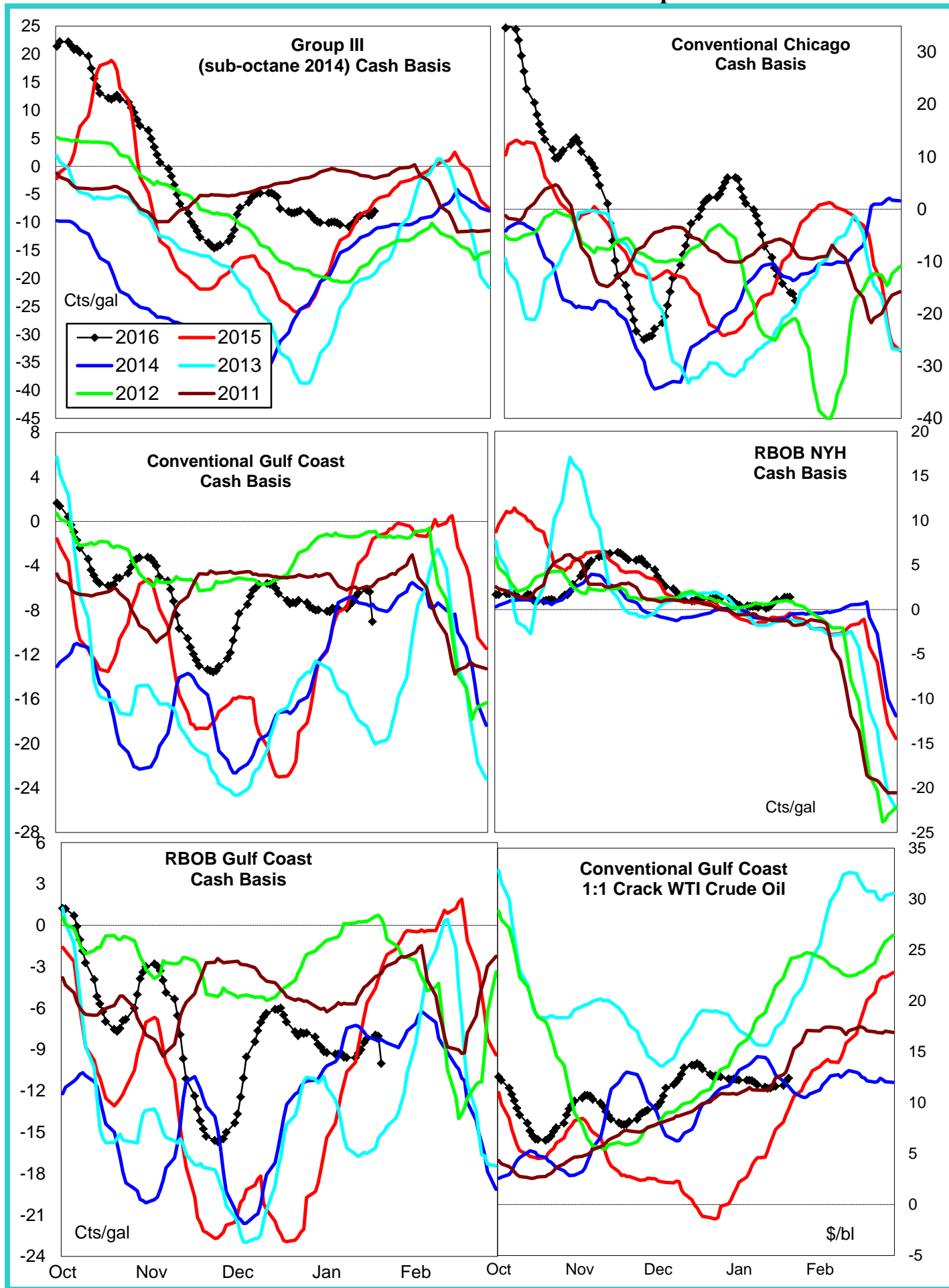
The latest 4-wk stock build reach a record level last week, driven by refiner margins for gasoline being nearly 2X that of middle distillates and low seasonal demand

An improvement in the supply – demand balance over the next 30-days should drive an upturn in gasoline prices; independent of crude oil price trends.

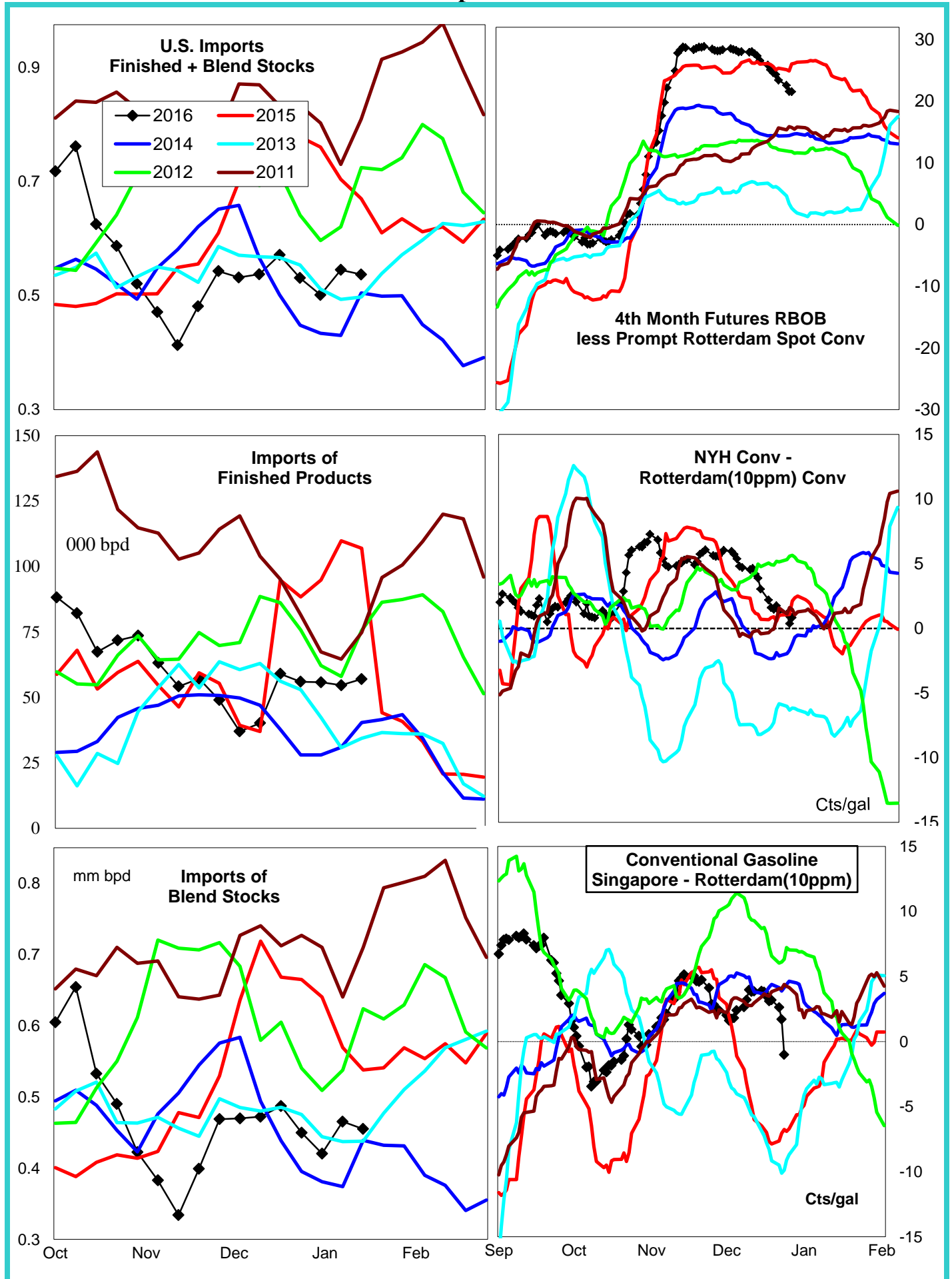


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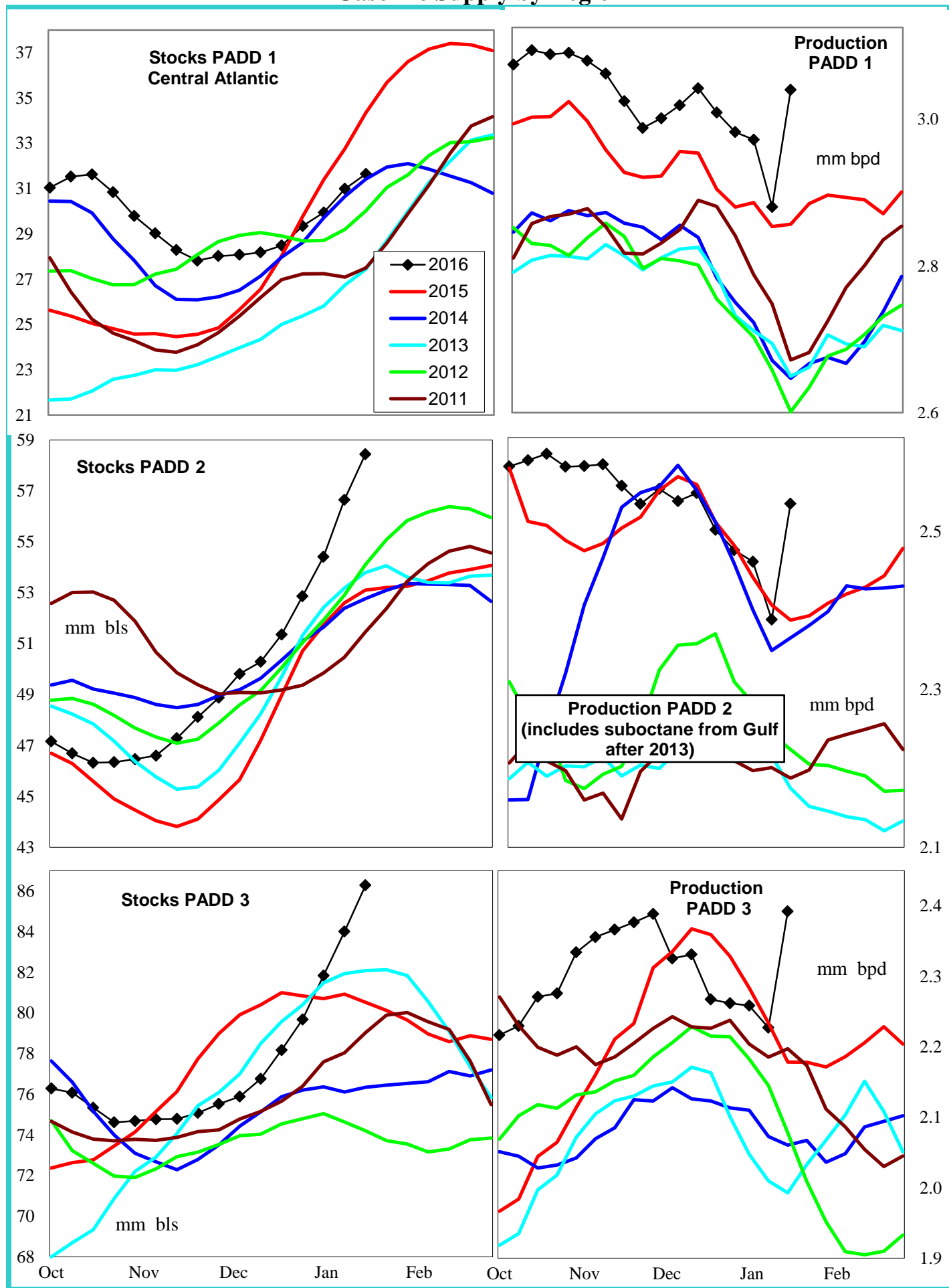
Gasoline Cash Basis and Related Price Spreads



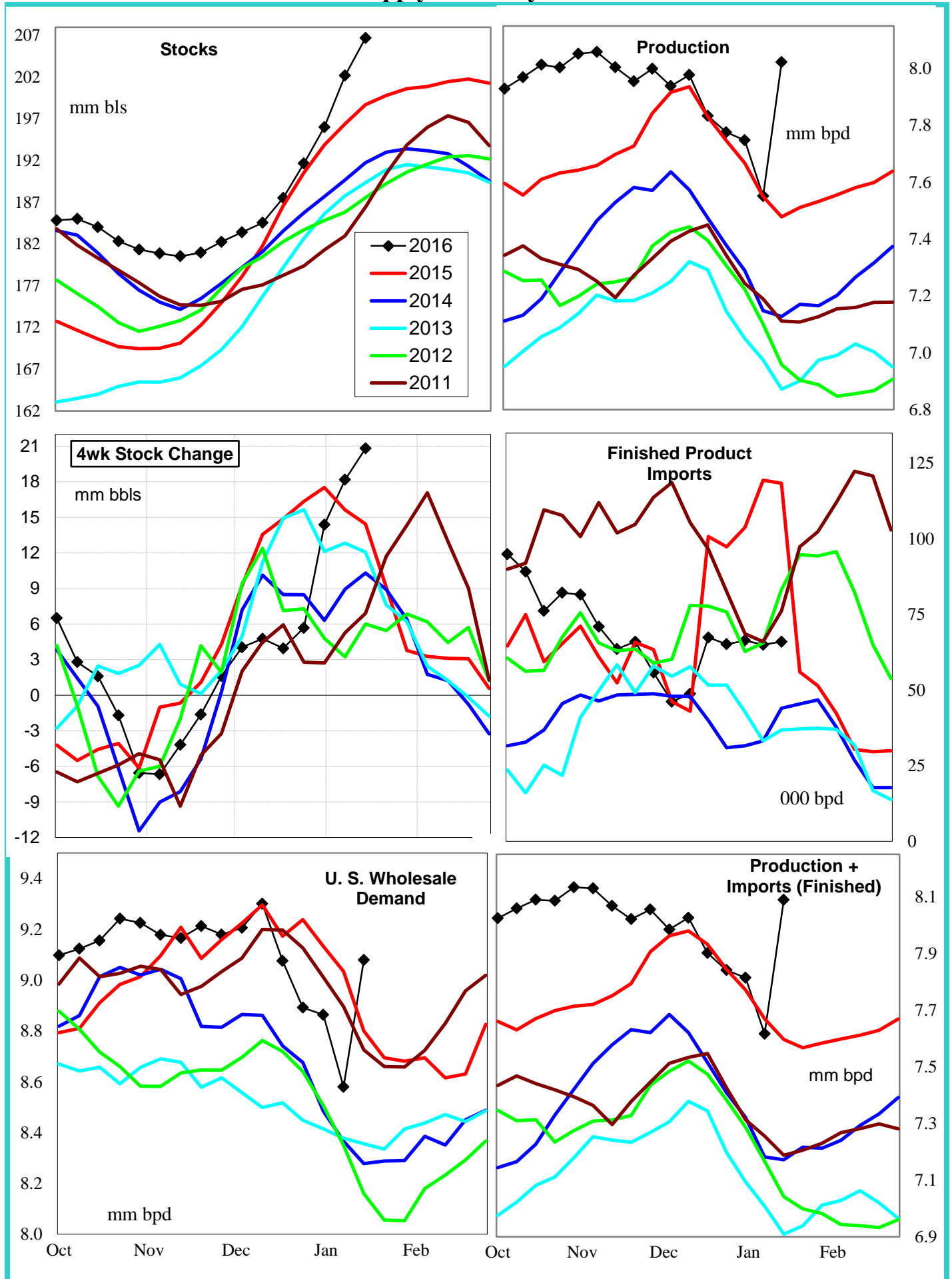
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply