



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 -0.3 million bpd, last week, although the level remains above the prior 3-yrs. The latest 4-wk average demand was +224,000 bpd above last year, a +2.6% increase.

Supplies fell -0.4 million bpd last week, on lower production. Supply for the most recent 4-wks was +438,000 bpd above last year. Stocks increased +1.7 million barrels on the week, with builds in all regions except the west coast. Stock levels ended the week above the 5-yr range in all markets East of the Rockies. Extended maintenance on the ExxonMobil FCCU and lower imports has led to a spike in cash basis in west coast markets, offset by a spike in imports.

Cash basis remains near 5-yr lows in Midwest and Gulf markets on very high stock levels.

Look for basis to trend modestly higher in Midwest markets on a seasonal increase in demand. West coast basis should collapse on arrival of import cargos.

New York Harbor basis to trade sideways following the conversion to summer grade product, high stock levels and production above the historic range.

Chicago basis to trend higher from current lows on higher seasonal demand.

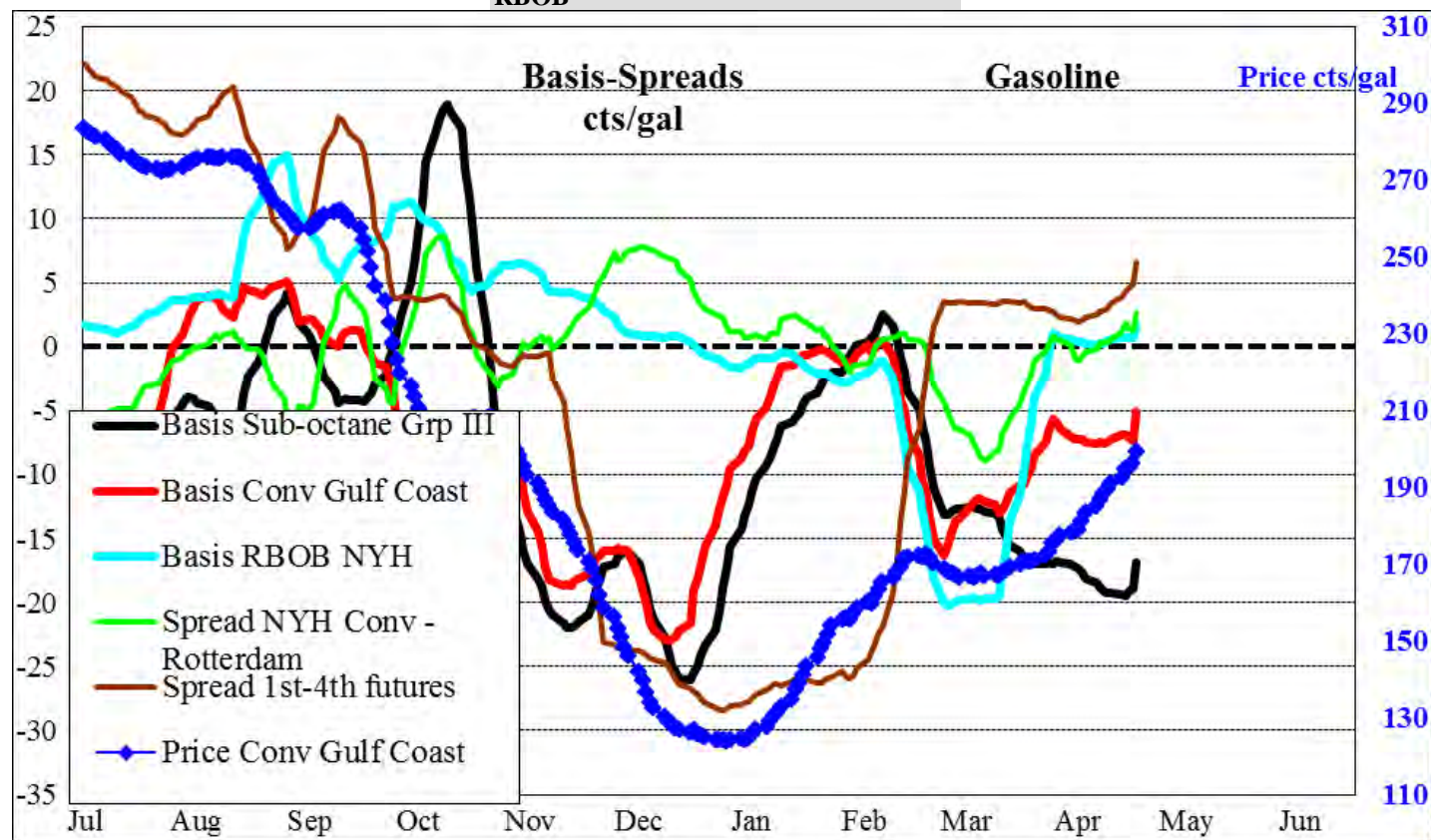
Group III basis to trend higher from current depressed levels on increased seasonal demand.

Gulf Basis to trade sideways on high stock levels.

West Coast (Los Angeles) basis to collapse on arrival of import cargos. Basis should trade at elevated levels on extended maintenance on the ExxonMobil FCCU.

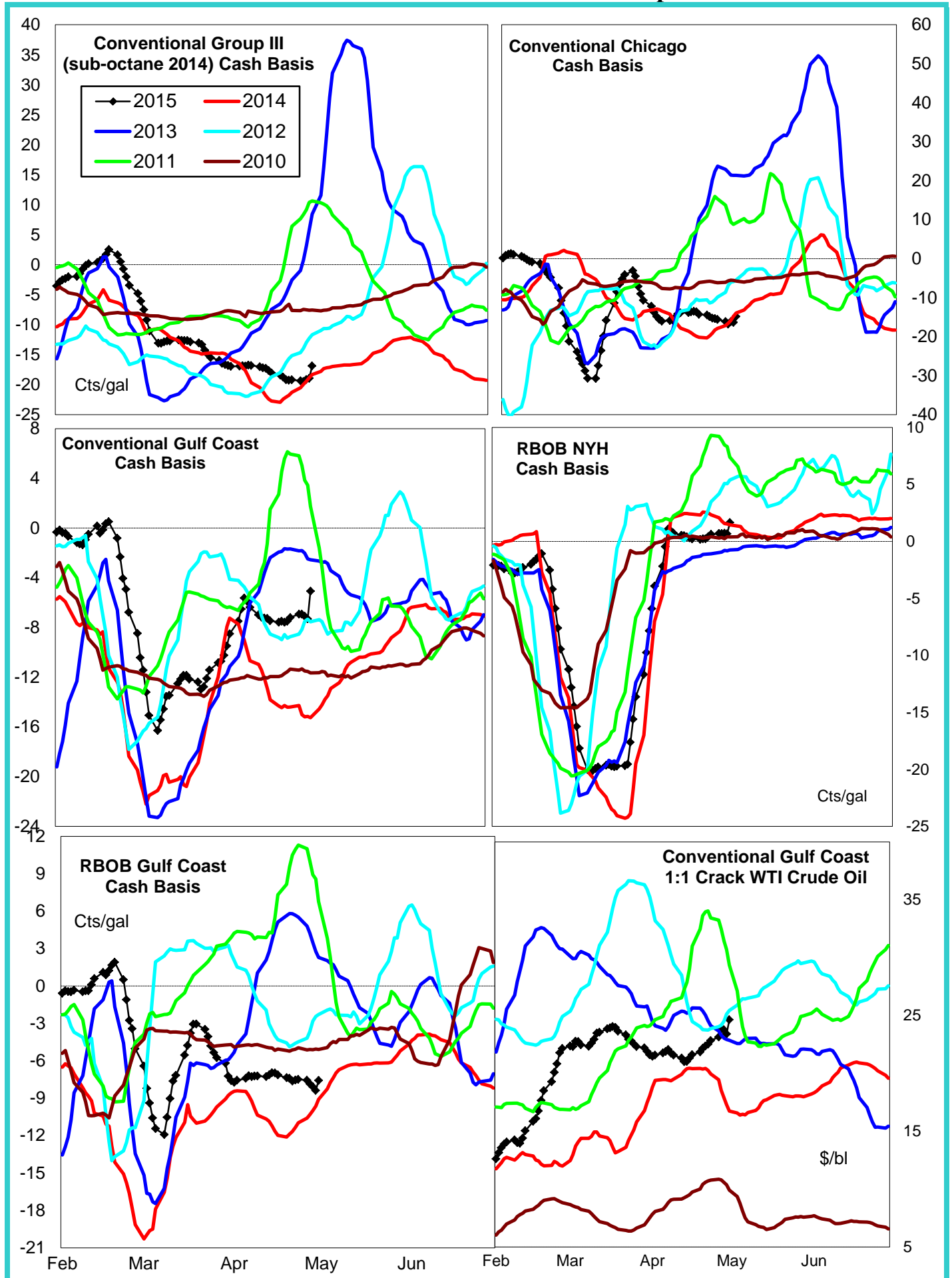
Gulf Coast Price Look for wholesale prices to trend higher on a rebound in year-on-year growth and Middle East tension driving global crude oil prices. Very high stock levels risk a price pull back in the 2nd half of the spring quarter as refiners reach maximum output.

RBOB

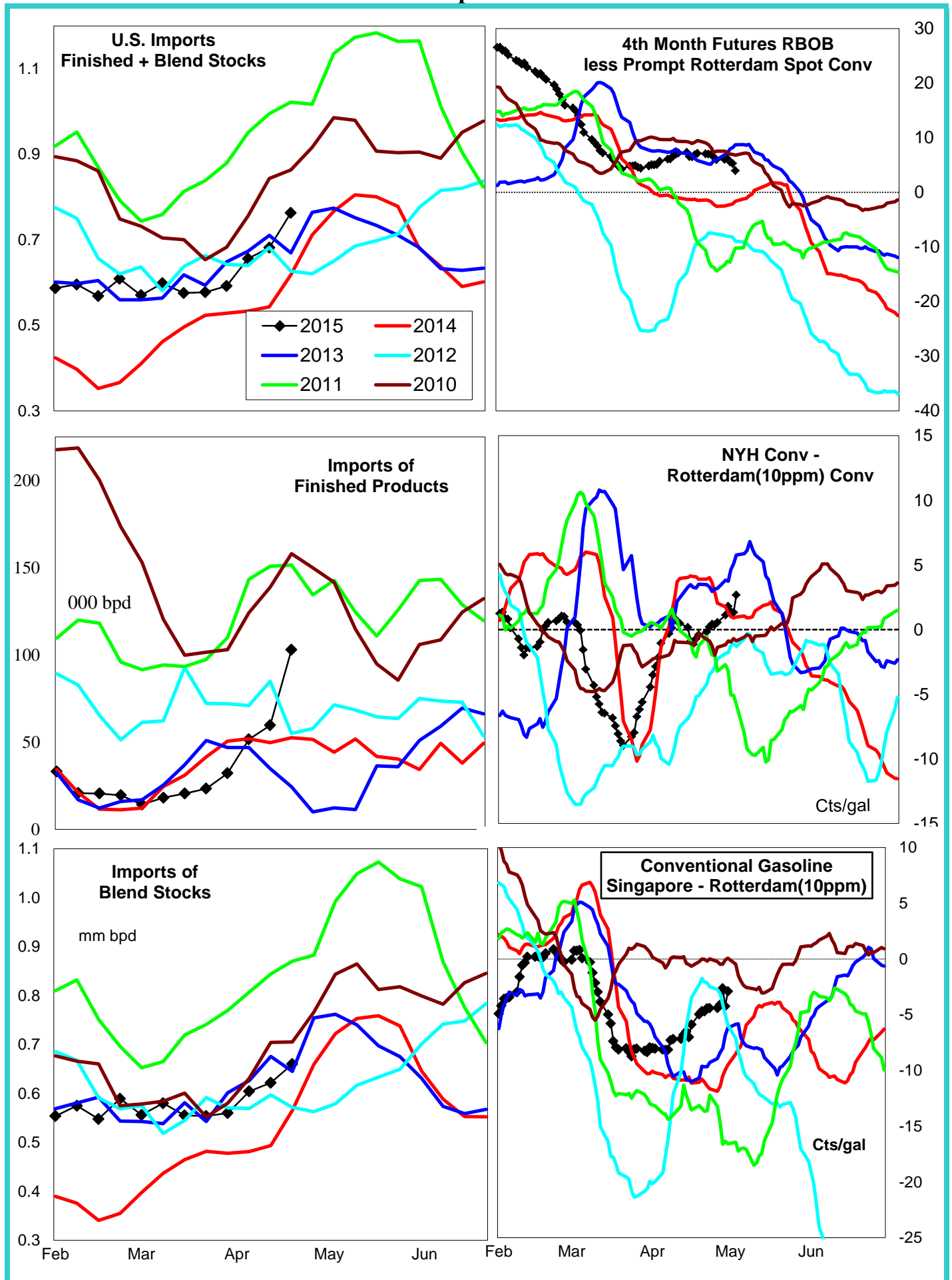


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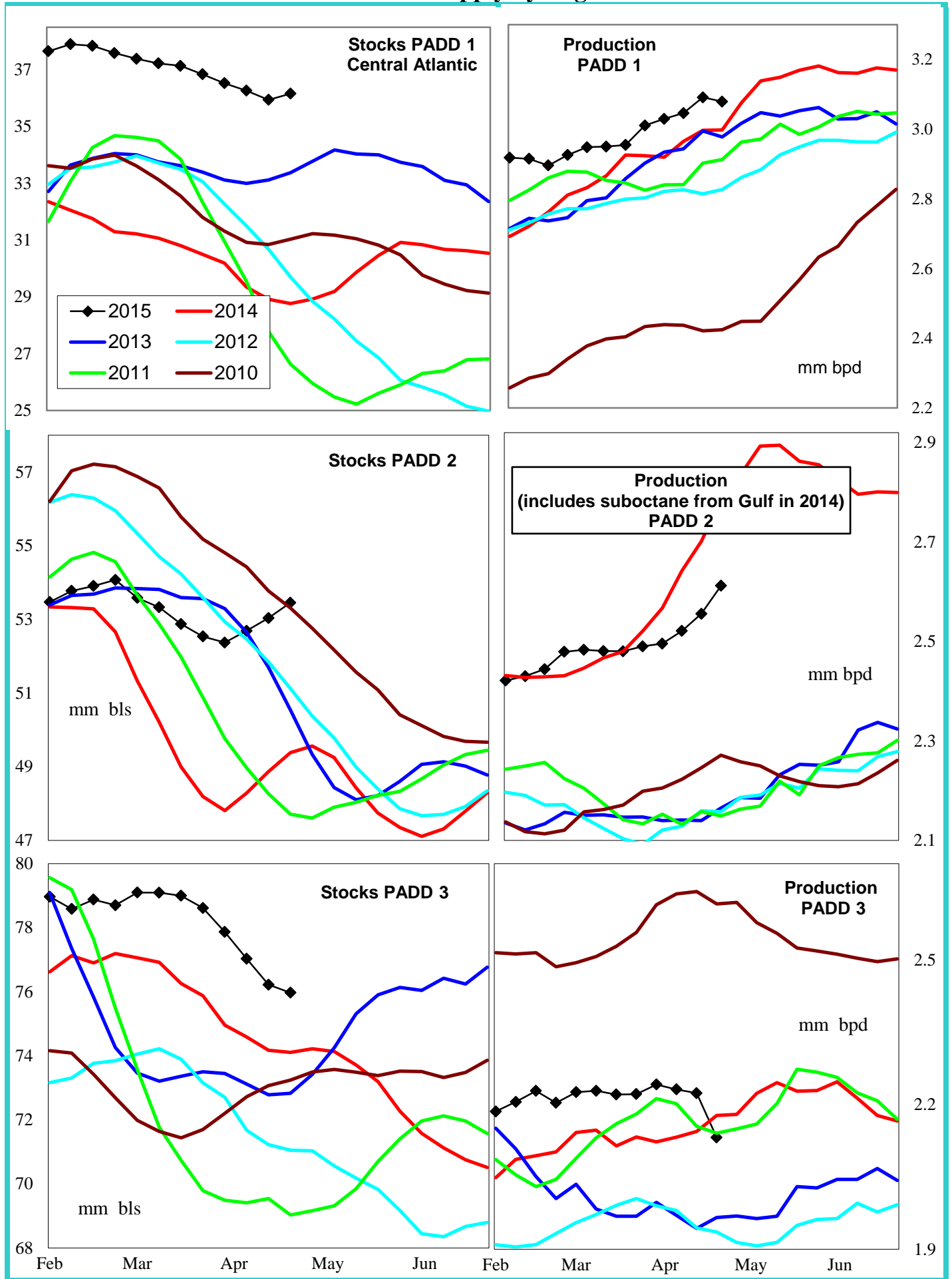
Gasoline Cash Basis and Related Price Spreads



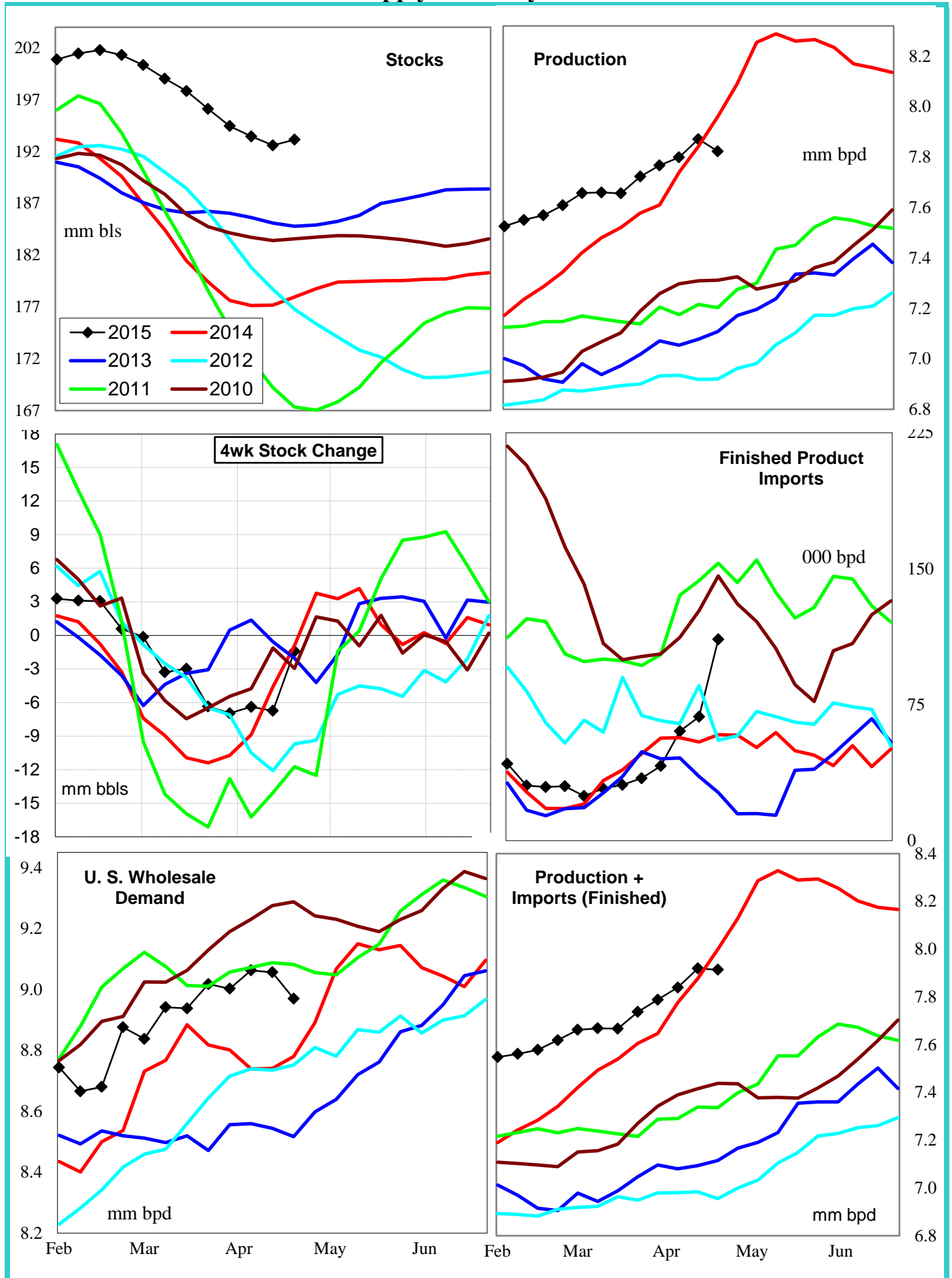
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply