



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 +0.4 million bpd last week, to a level above the historic range. The latest 4-wk average demand was -59,000 bpd below last year, the 2nd consecutive year-on-year decline.

Supplies increased +182,000 bpd last week on higher production. Supply for the most recent 4-wks was +97,000 bpd above a year ago.

Stocks increased +0.1 million barrels on the week, including a -1 million barrel draw on the East Coast.

Stock levels ended the week at above average levels in regions East of the Rockies, with the Rockies and West regions at the low end of the historic range.

Cash basis increased late in the week in all regions on the roll from Dec to Jan futures contracts (inverted forward curve). Basis in California markets trended higher on unplanned refinery maintenance.

Basis levels traded at the upper end of the historic range in NYH and West Coast regions.

RBOB

New York Harbor basis to trend seasonally lower.

Chicago basis to remain weak through the winter quarter with risk of sharp declines on likely over supply.

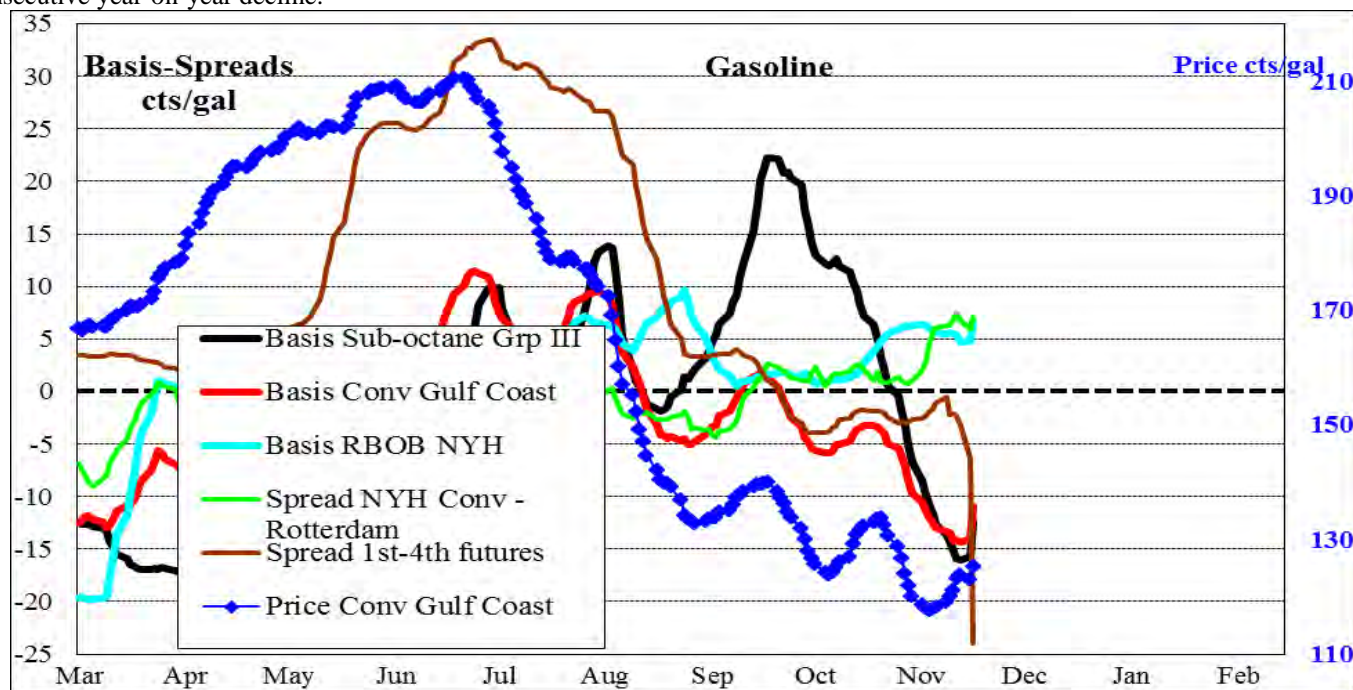
Group III basis to extend the current seasonal downtrend, again with risk of a sharp decline on likely over supply.

Gulf Basis to trend lower on increased supply and lower seasonal demand, partially offset by high stocks on the East Coast.

West Coast (Los Angeles) basis to pull back on completion of unplanned maintenance and lower seasonal demand.

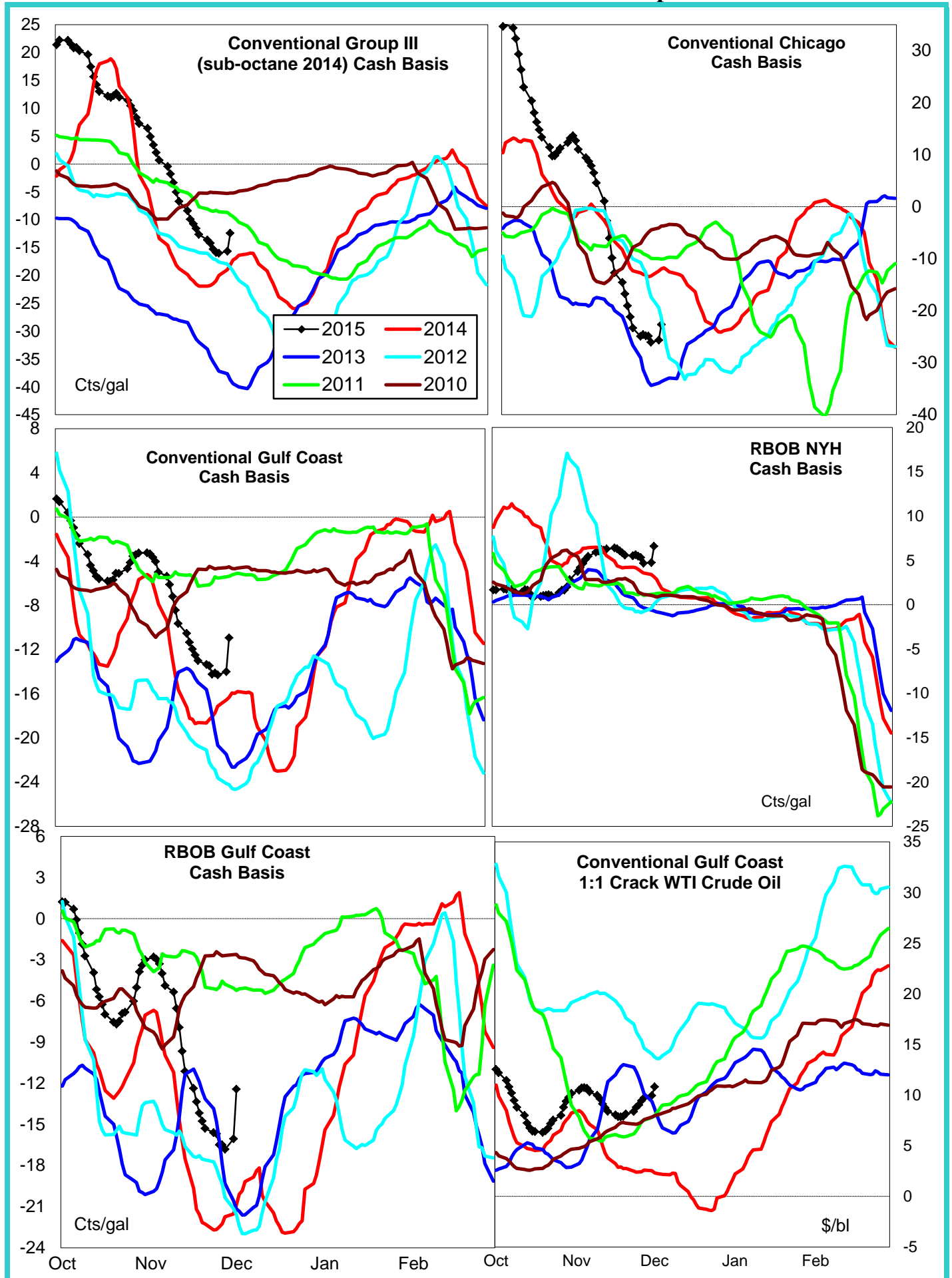
Gulf Coast Price Stocks have begun a seasonal build, from above average levels East of the Rockies. The start of stock builds on the West Coast has been delayed due to unplanned maintenance. Regional variance in supply has led to exceptionally low prices in the upper Ohio Valley and above average prices in the intermountain region.

A strengthening \$dollar and over supplied global crude oil market underlies the continued weak oil prices. Combined with a seasonal increase in gasoline production and already ample stock levels, gasoline prices are likely to remain very weak during the next quarter.

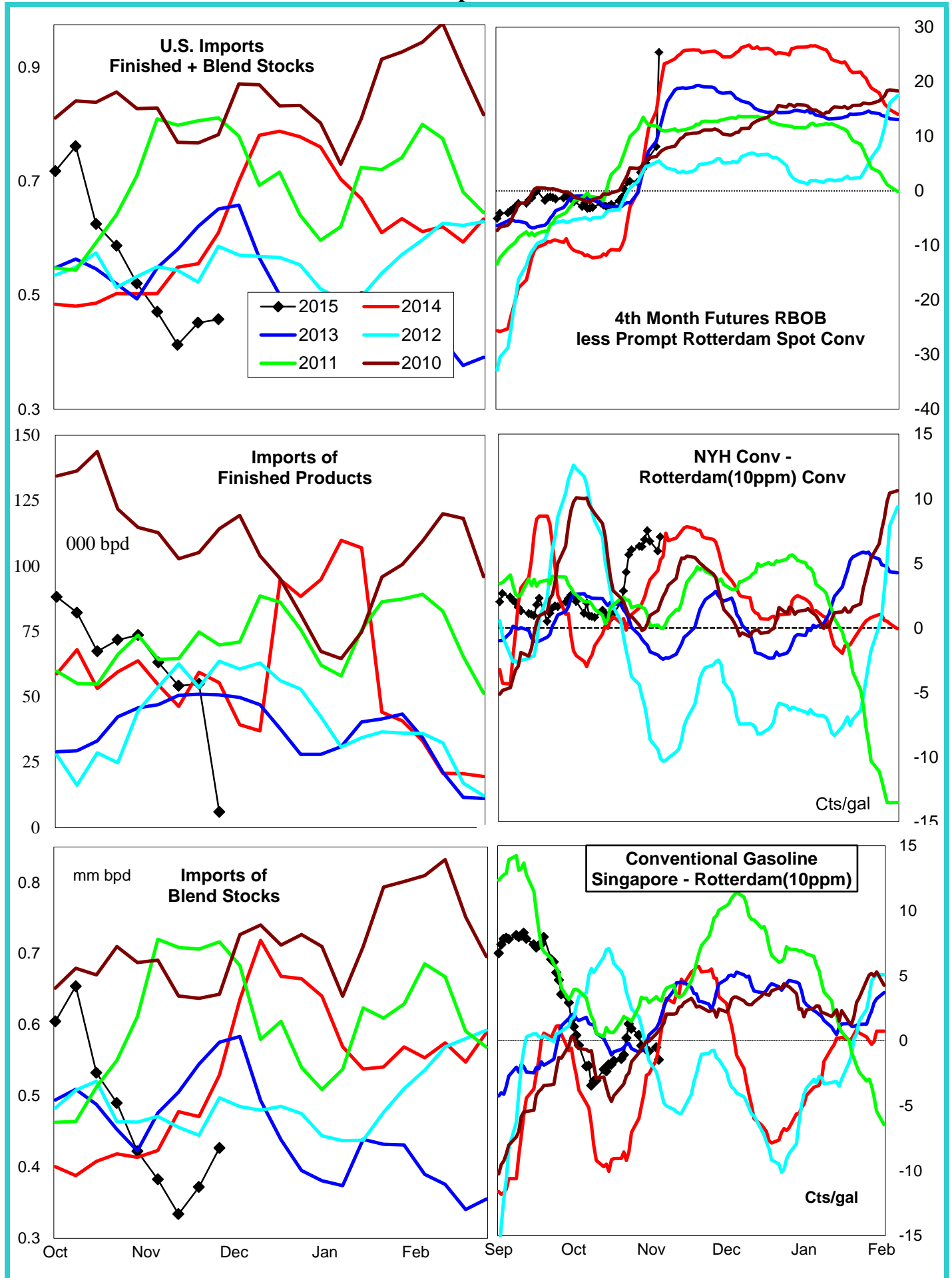


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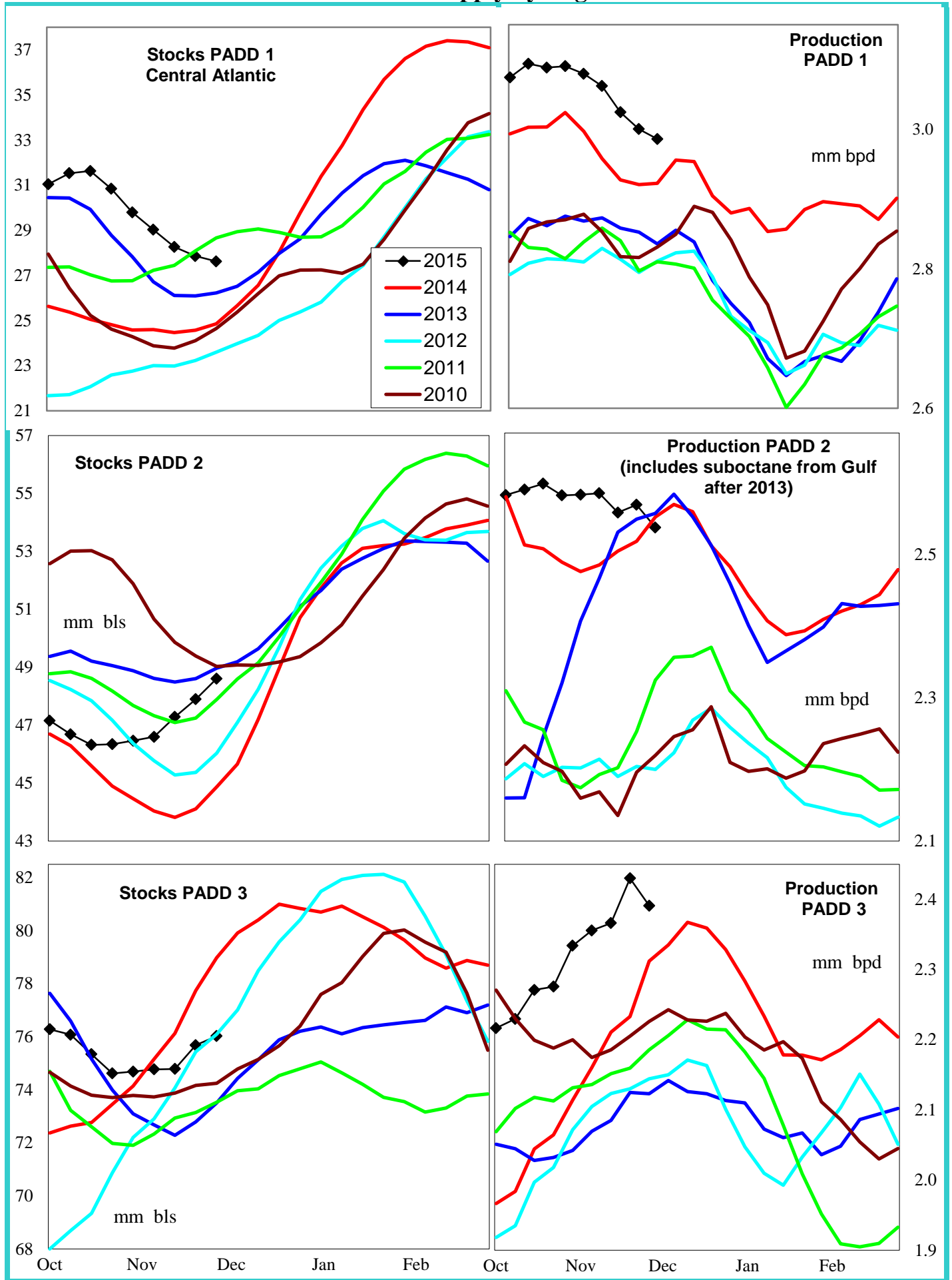
Gasoline Cash Basis and Related Price Spreads



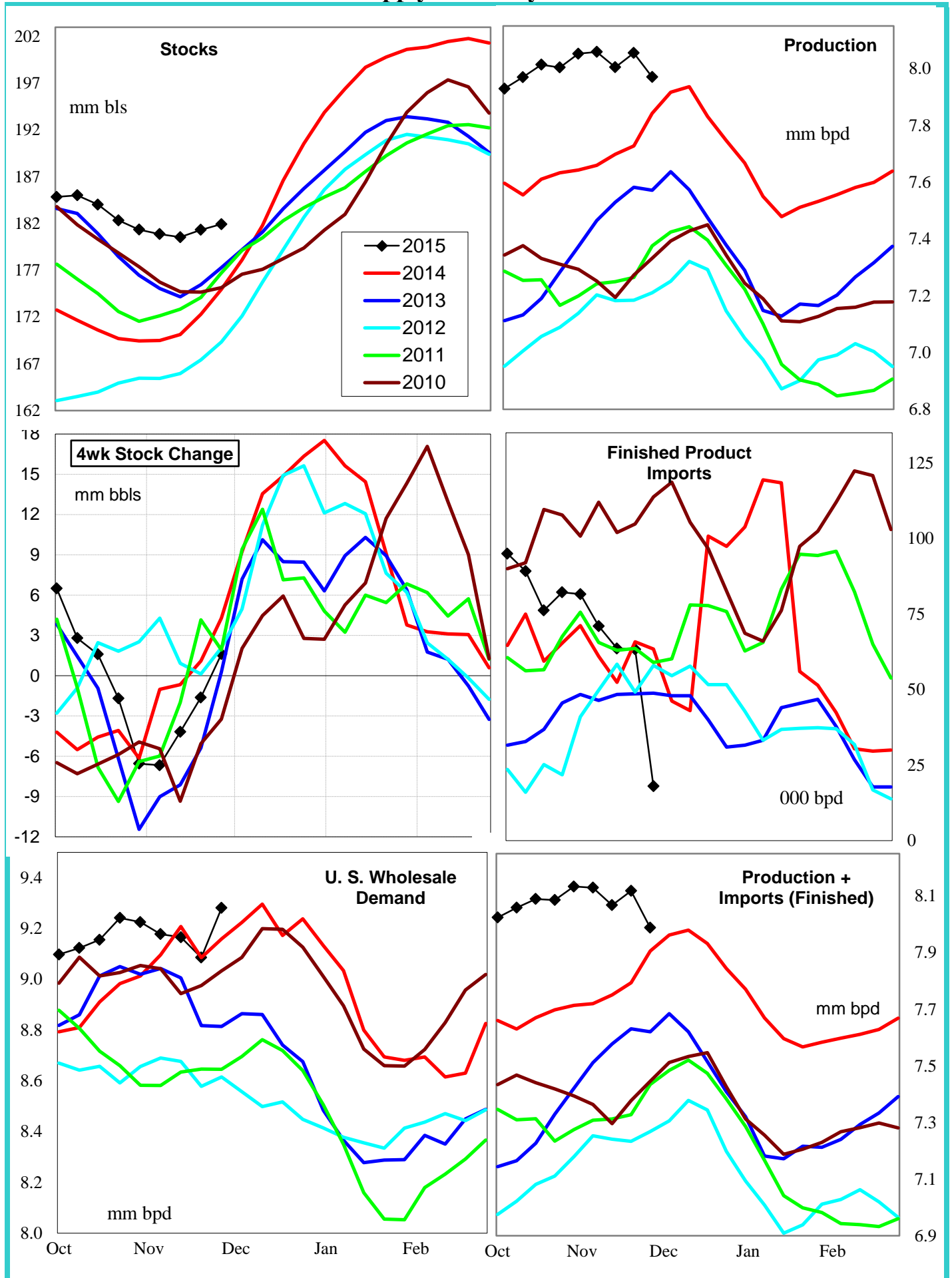
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply