RBOB is a blendstock used in producing gasoline.

RBOB gasoline futures (ticker: RB)

Size: 42000 gallons (so if u buy 1 contract and it shoots $1, then your profit is $42000)

Price: The price you get is the price for 1 gallon.

There are different RBOB formulations for summer and winter, affecting production and blending schedules.

On average, about 45-50% of a barrel of crude oil is refined into gasoline. This percentage can vary based on the type of crude oil and the configuration of the refinery.

Gasoline is produced through 3 refining processes (Hydroskimming, Cracking, and Coking).

1. Cracking (Catalytic Cracking – 50-60%, Hydrocracking – 40-60%)
2. Coking (Delayed Coking 20-30%, Flexicoking 25-35%): Maximizes use of heavy residues
3. Hydroskimming – 20-30%: Primarily distillation and reforming.

**Complexity of Refineries:**

Simple Refineries (Hydroskimming): Primarily produce gasoline, diesel, and kerosene. Less efficient in maximizing gasoline yield compared to more complex refineries.

Complex Refineries (Cracking and Coking): Utilize catalytic cracking, hydrocracking, and coking processes to break down heavier crude components into lighter fractions, significantly increasing gasoline yield and efficiency.

Weather conditions around refineries impact supply

Regulations requiring cleaner-burning fuels can affect demand for RBOB

A rise in industrial activity, including construction and manufacturing, can drive demand for gasoline used in machinery and transportation.

Refining costs and profit margins affect gasoline supply and prices

Mandates for biofuel blending can influence the composition of gasoline, affecting demand for RBOB

Import and export activities influence the supply and demand balance

Tariffs and trade restrictions can impact the import and export of crude oil and gasoline

**Indicators for Demand:**

* **Gross Domestic Product (GDP) Growth:** A rising GDP generally leads to increased travel and transportation, boosting gasoline demand.
* **Employment Rates:** Higher employment levels increase commuting and travel for work and leisure.
* **Vehicle Miles Traveled (VMT):** Measures the total distance traveled by vehicles. Higher VMT usually correlates with increased gasoline consumption. The U.S. Department of Transportation provides monthly VMT reports.
* **Traffic Volume Reports:** Provide real-time insights into driving patterns and congestion. Consider data from regional transportation authorities or Google Traffic Reports.
* **Crude Oil Prices** affect gasoline production costs and, subsequently, retail prices.
* **Seasonal Demand:** Higher demand during the summer driving season and holidays can spike gasoline consumption.
* **Refinery Maintenance Schedules:** Planned or unplanned outages can impact gasoline supply. Industry reports on refinery maintenance can be insightful.
* **Refinery Utilization Rates:** Indicate the level of gasoline production. Higher utilization usually means more gasoline supply. The EIA provides weekly data on refinery capacity utilization.
* **Inventory Levels:** Current gasoline stocks provide insights into supply-demand balance. Low inventories can signal potential price increases. The EIA's weekly petroleum status report includes inventory data.
* **Vehicle Sales Data:** Trends in gasoline-powered versus electric vehicles (EVs) impact future gasoline demand. Monthly vehicle sales reports from automotive industry sources are key.
* **Fuel Efficiency Trends:** Advances in vehicle fuel efficiency can reduce gasoline consumption. Monitoring average fuel efficiency standards helps predict changes in demand.