Gasoline futures are only traded on the NYMEX exchange as RBOB (reformulated blendstock). Most traders actively trade the RBOB-Brent futures spread (RBBr) as an indication of their view of gasoline cracks. Historically, the US has been the biggest market for gasoline, with demand over 9 mbls/day, although China is rapidly catching it, and much attention is paid to US stocks and the US "driving season" over the summer months. After at record demand year in the US in 2015, traders were expecting the same in 2016 but whilst demand was up, it wasn't to the same extent as the previous year leading to large stock overhang and lower gasoline cracks in 2016.

Gasoil is traded in both the ICE exchange in Europe and as Heating Oil on the Nymex exchange and traders trade both again as crack to brent or indeed as at spread between the two. Historically, Europe has been short of gasoil (diesel), and usually imports from Asia and the Middle East and also increasingly from the US Gulf coast. Diesel demand is strongly linked to GDP and both gasoil and heating oil have also historically been linked to the heating seasons. However, recently in US, with increasing exports driven by strong refinery margins all year and demand from South America, whose own infrastructure is outdated, has seen seasonality blurred.

The re-emergence of US Shale Oil industry after the fall in oil prices in 2015 has surprised many, including the members of OPEC who are again attempting to control crude oil prices with their outputs cuts aligning themselves with many non OPEC nations such as Russia. The availability of cheap crude oil coupled with product demand either from economic recovery or to replace local supply issues has seen higher refinery margins, particularly in the US leading to record refining runs being seen.

In addition, the recovery in demand in China, India and South East Asia, the real growth hubs for oil products throughout 2016 and 2017, has seen demand increasing locally for both gasoline and diesel.

What to look for:

Supply and demand information and traders views of this are critical to trading oil products cracks, so pay careful attention to market news on stocks, refinery shutdowns and demand

Try to think about normal trade flows of these products and how these might be interrupted by events occuring and what this may mean to price. It is unlikely that any short term news event will lead to at material change in these normal trade flows, so most traders will be expecting the market to revert to these trade flows and price the market accordingly.

Been mindful of the differing effects on supply and demand geographically and how this may effect prices. You should also consider seasonality where it does still exist as many traders will expect the normal supply and demand patterns to be followed.

You can trade four distinct contracts in RBOB, Heating Oil and Gasoil and therefore have a forward curve for all three. Try to think how news headlines and market movement may effect this forward curve, are the fundamentals likely to effect one part of the curve more than another ?. How can you adapt your trading strategy to take advantage of this ?