


**FUNDAMENTAL
PETROLEUM
TRENDS?**
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 surged +543,000 bpd last week, following the prior week collapse on inclement weather.

Production jumped +435,000 bpd on the week with increases in all regions. Imports also increased, rising +137,000

bpd, although the level remains below the 5-year range.

The latest 4-wk average supply was - 34,000 bpd below a year ago. This compares to the latest demand that was - 244,000 bpd below last year.

Stocks decreased -0.9 million barrels on the week. The latest 4-wk stock build East of the Rockies was +1.4 million barrels, below the mid range.

Production has returned to the 5-year mid range for East of Rockies markets.

Cash basis trended higher last week in all markets with the exception of RBOB in the Gulf. Basis levels in the Group and LA markets remain below the historic range, while other markets are near the mid range.

Expect the seasonal uptrend in demand to continue. Refinery maintenance should limit supply in the next 60-days, leading to further basis increases. The roll from March to April futures contracts will show lower cash basis because physical bbls are still winter grade in many markets. Reflecting this discrepancy, expect relative basis strength in all markets.

RBOB

New York Harbor basis to experience lower basis decline on transition from winter to spring grades due to low stock levels.

Gulf Coast basis to trend higher on improving demand, then lower on change over from winter grade product.

West Coast (Los Angeles) basis to trend seasonally higher on rising demand and seasonal stock draws.

Conventional

New York Harbor basis to experience lower basis decline on transition from winter to spring grades due to low stock levels

Chicago basis to trend higher in near term on increased demand then lower on change from winter to spring grade product.

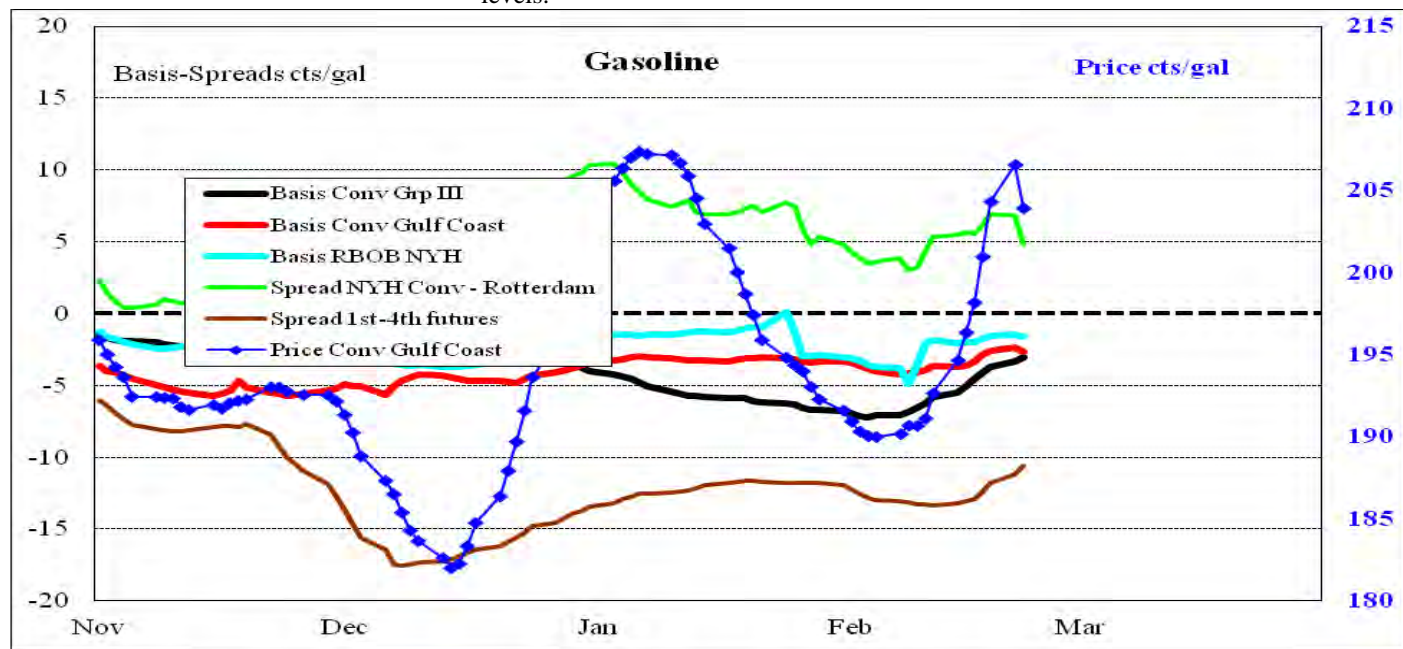
Group III to trend higher in near term on increased demand but remain at low end of historic range on excess supplies.

Gulf Basis to trend higher on improving demand, then lower on change over from winter grade product.

West Coast (Los Angeles) basis to trend seasonally higher on rising demand and seasonal stock draws.

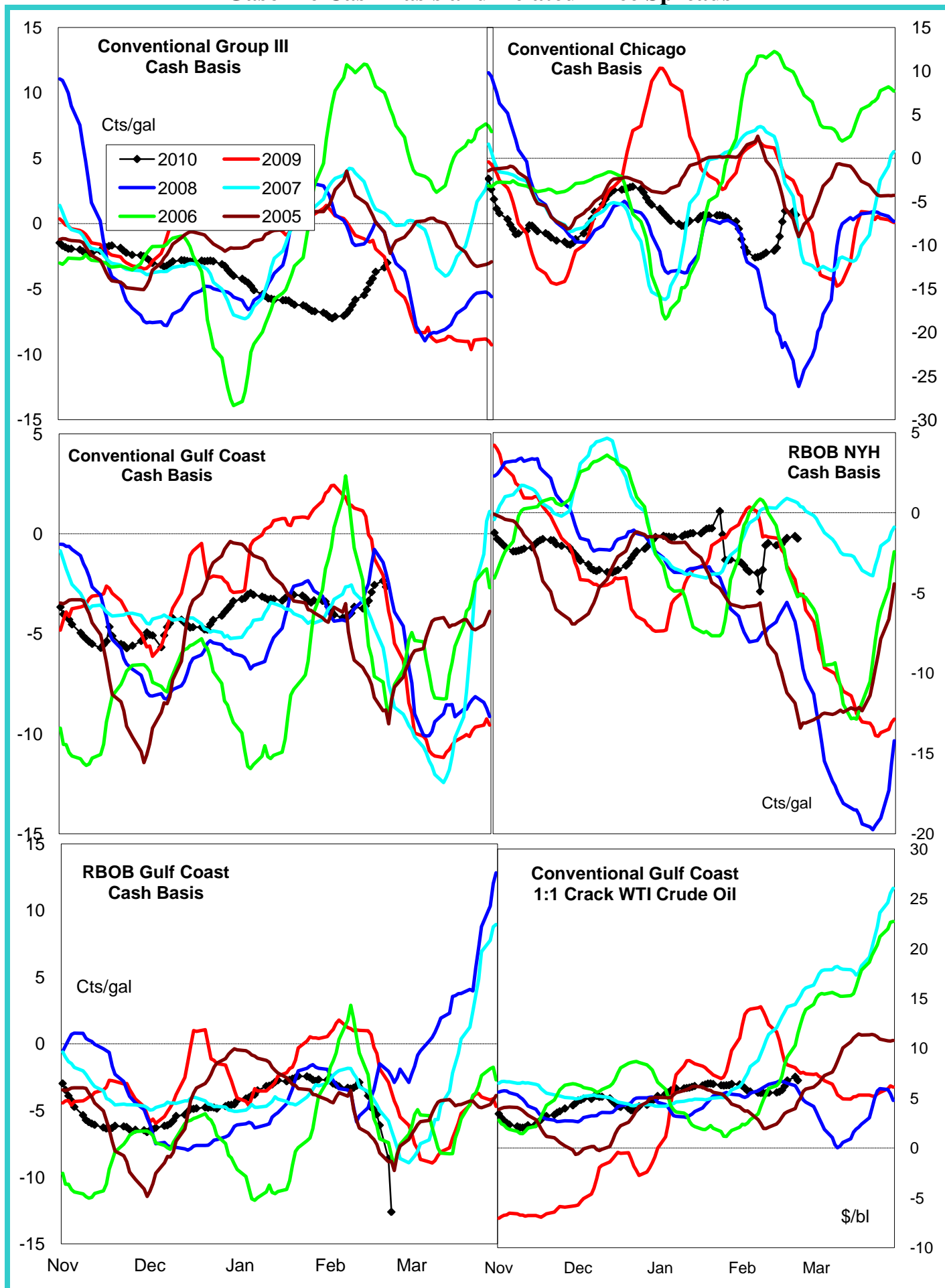
Gulf Coast Price

Look for a seasonal uptrend in demand, but the level may remain weak on lack of economic growth. Maintenance of FCCUs' at many refiners should limit production during the next 60-days. Gasoline prices should exhibit strength relative to the overall energy complex.

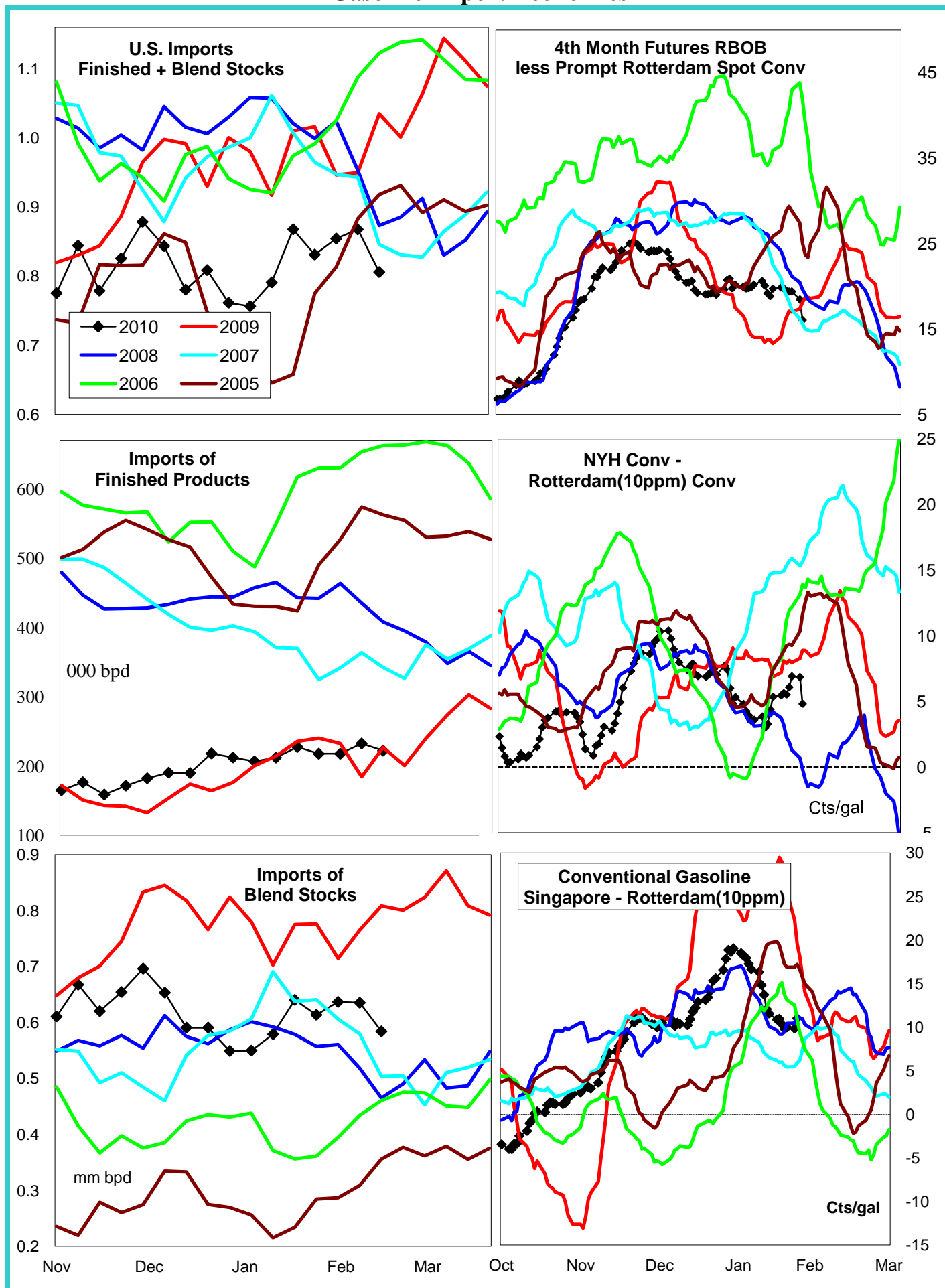


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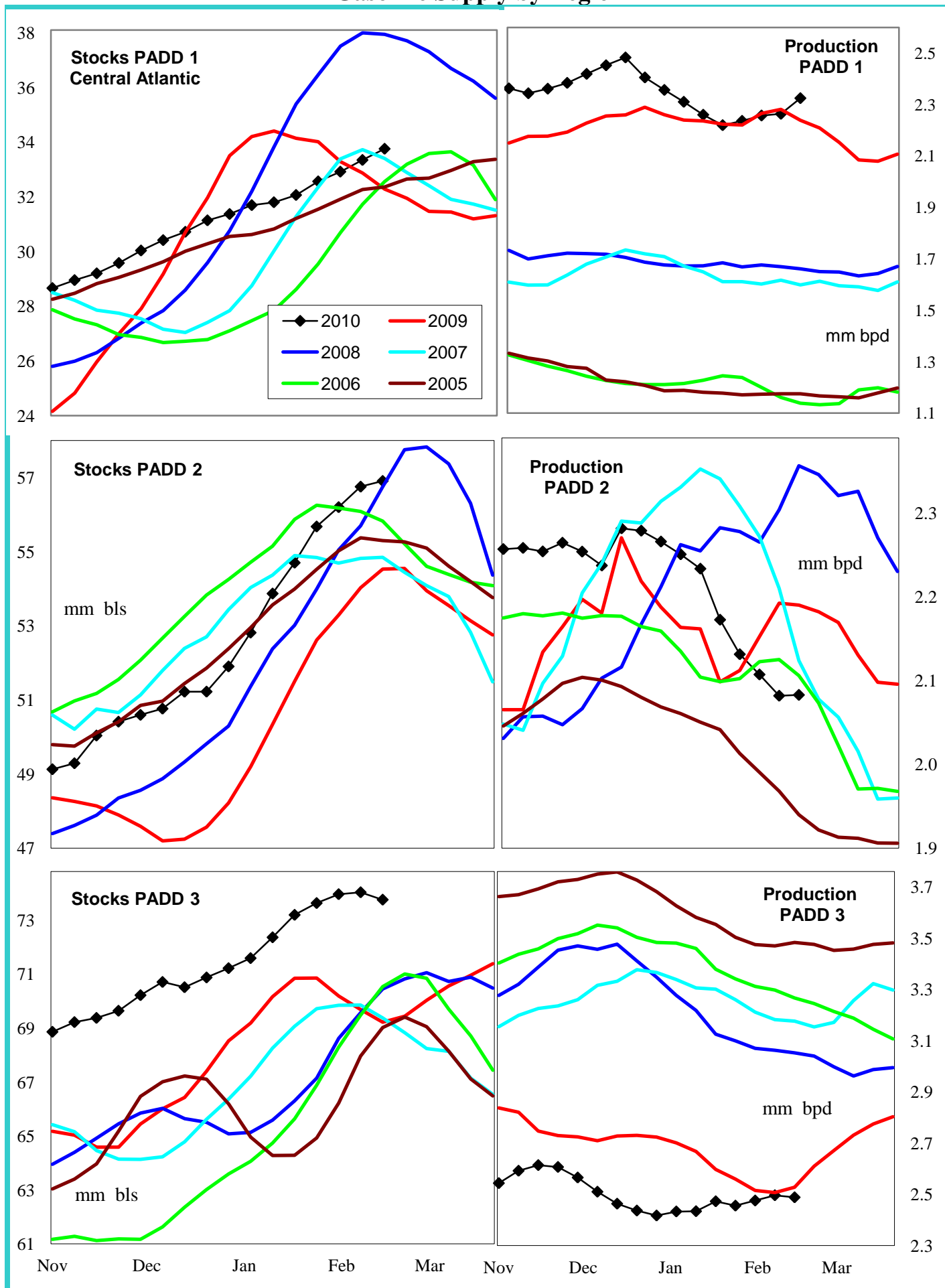
Gasoline Cash Basis and Related Price Spreads



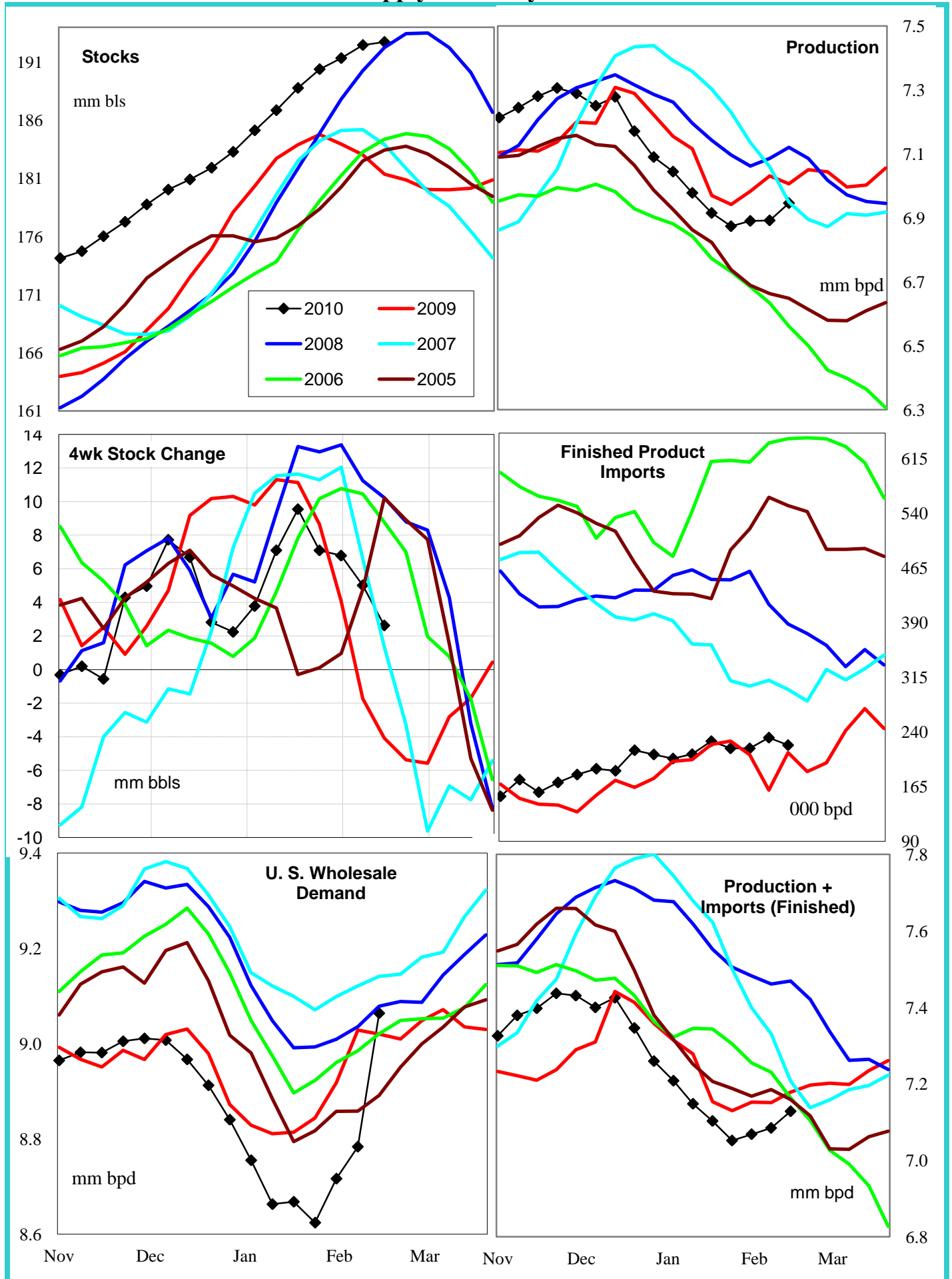
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

