


**FUNDAMENTAL
PETROLEUM
TRENDS?**
WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK
A Fundamental Petroleum Trends Weekly Report

 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, March 03, 2010

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 -182,000 bpd last week, following the prior week surge.

Production decreased -32,000 bpd on the week with a -71,000 bpd declined in imports. Imports have dropped to record

lows, due in part to closure of refineries last year in the Atlantic Basin.

The latest 4-wk average supply was -15,000 bpd below a year ago. This compares to the latest demand that was -224,000 bpd below last year.

Stocks increased +0.8 million barrels on the week. The latest 4-wk stock build East of the Rockies was +3.3 million barrels, below the mid range.

Production was above the mid range last week, for East of Rockies markets.

Cash basis fell sharply in all markets last week on the roll to the April futures contract (spring RVP grades). Most regional markets have excess supplies of winter grade stocks which must be liquidated in the near term, which should keep basis depressed in the near term.

Low exports have limited supplies to New England and Central Atlantic Regions of PADD 1, depressing basis in other regions with excess stocks of winter grades.

RBOB

New York Harbor basis to trade sideways as winter grade inventory is liquidated, then strengthen on low imports.

Gulf Coast basis to remain weak in the very near term until winter grades are liquidated then strengthen on higher seasonal demand.

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

Conventional

New York Harbor basis trade sideways as winter grade inventory is liquidated, then strengthen on low imports

Chicago basis to trade lower in the near term until winter grade product is liquidated, then higher on spring refinery maintenance.

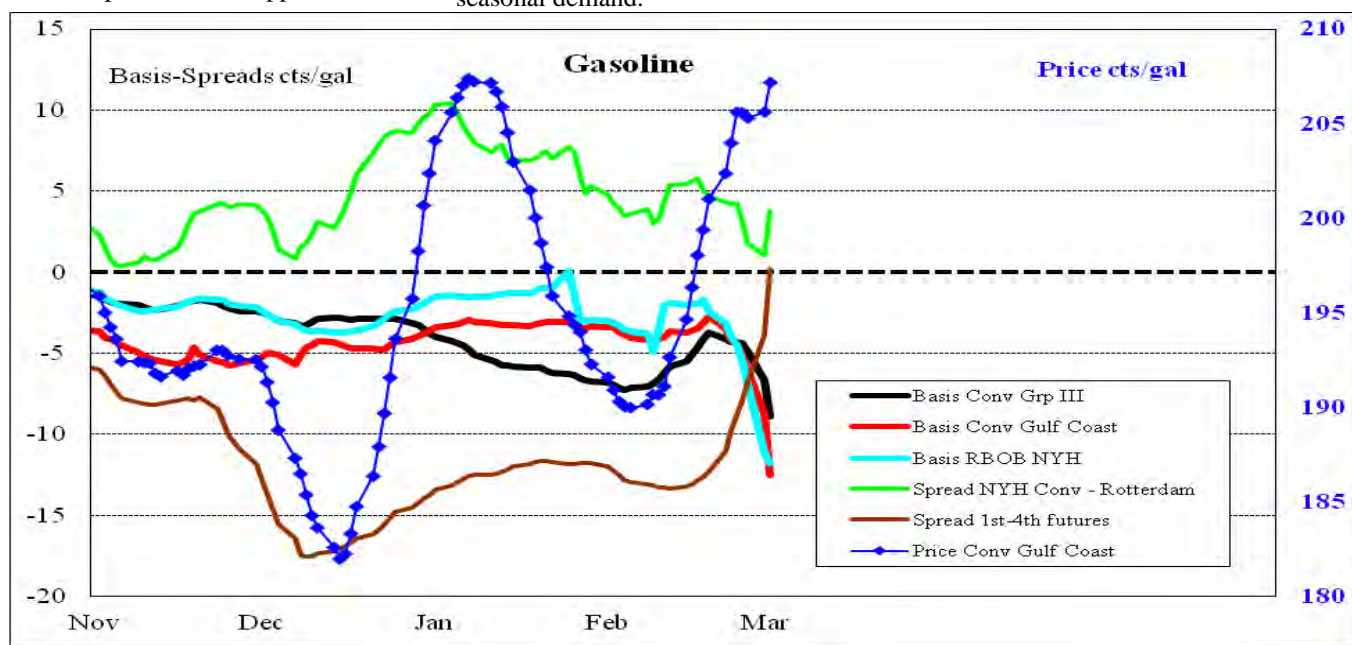
Group III to trade lower in the near term until winter grade product is liquidated, then higher on spring refinery maintenance.

Gulf Basis to remain weak in the very near term until winter grades are liquidated then strengthen on higher seasonal demand.

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

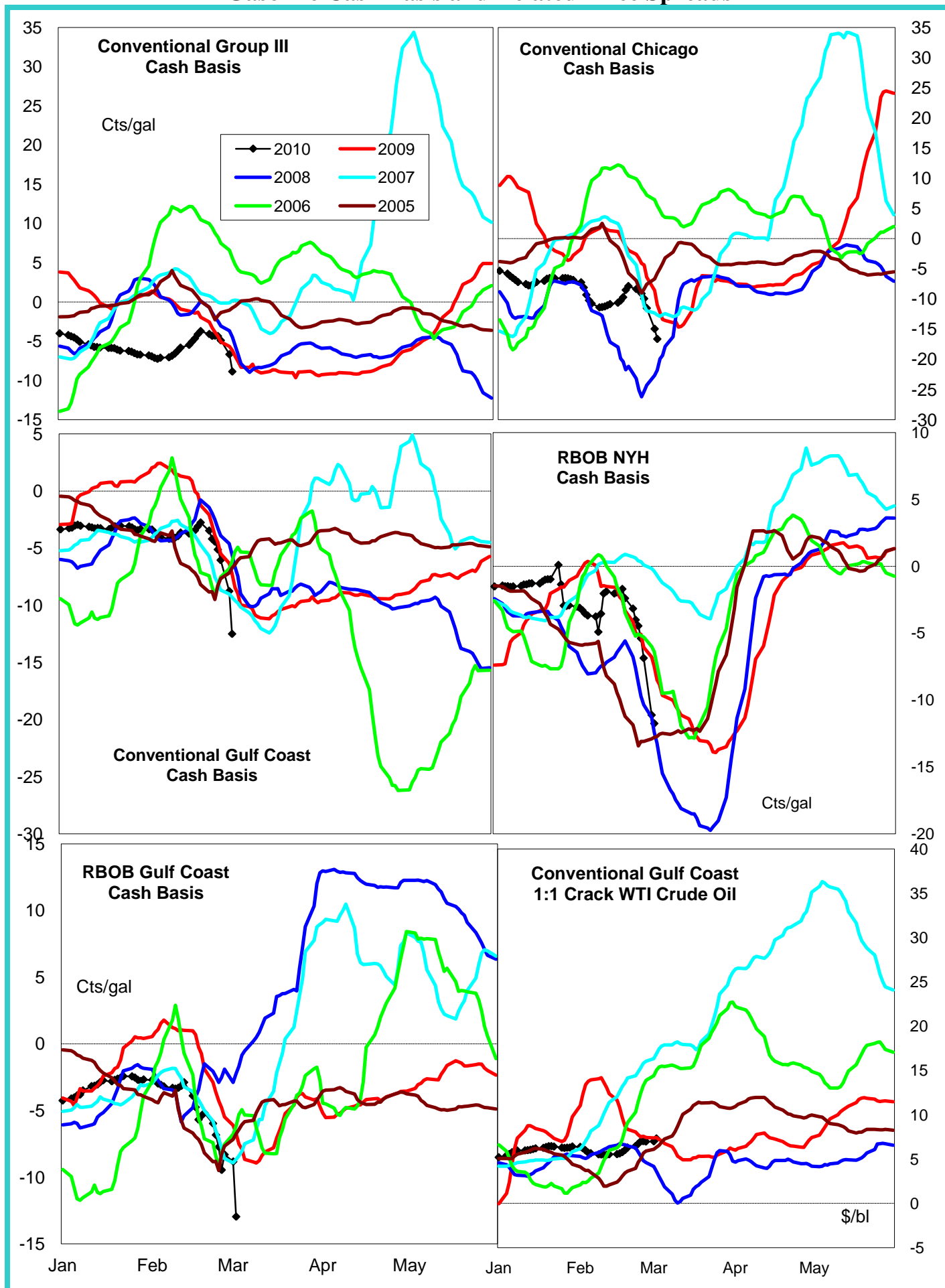
Gulf Coast Price

Low stock levels in the Northeast and high stocks of winter grade gasoline in other regions will depress basis in markets outside the Central Atlantic Region in the near term. Low imports and spring refinery maintenance in regions outside the Gulf will lend strength to gasoline by mid month.

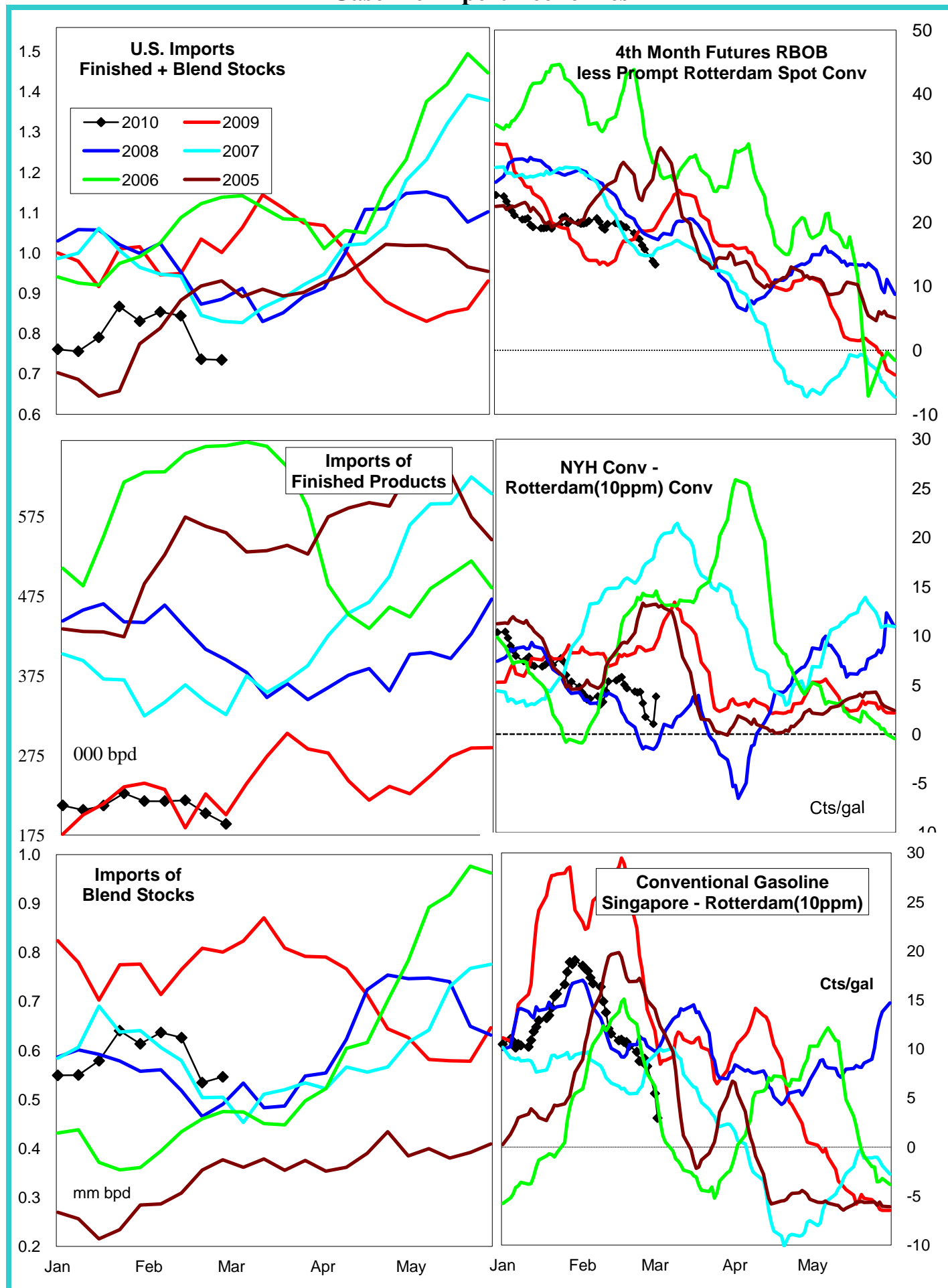


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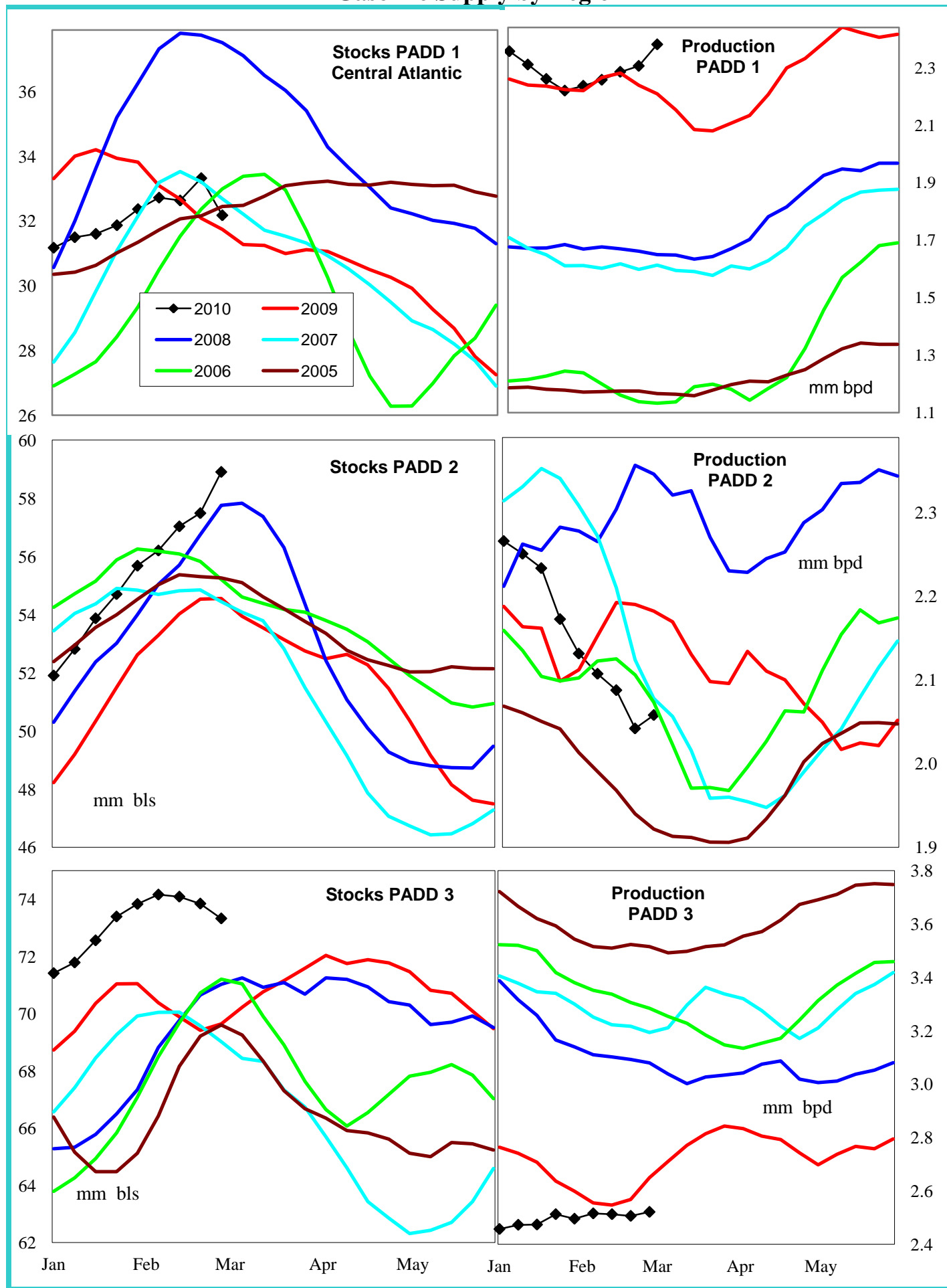
Gasoline Cash Basis and Related Price Spreads



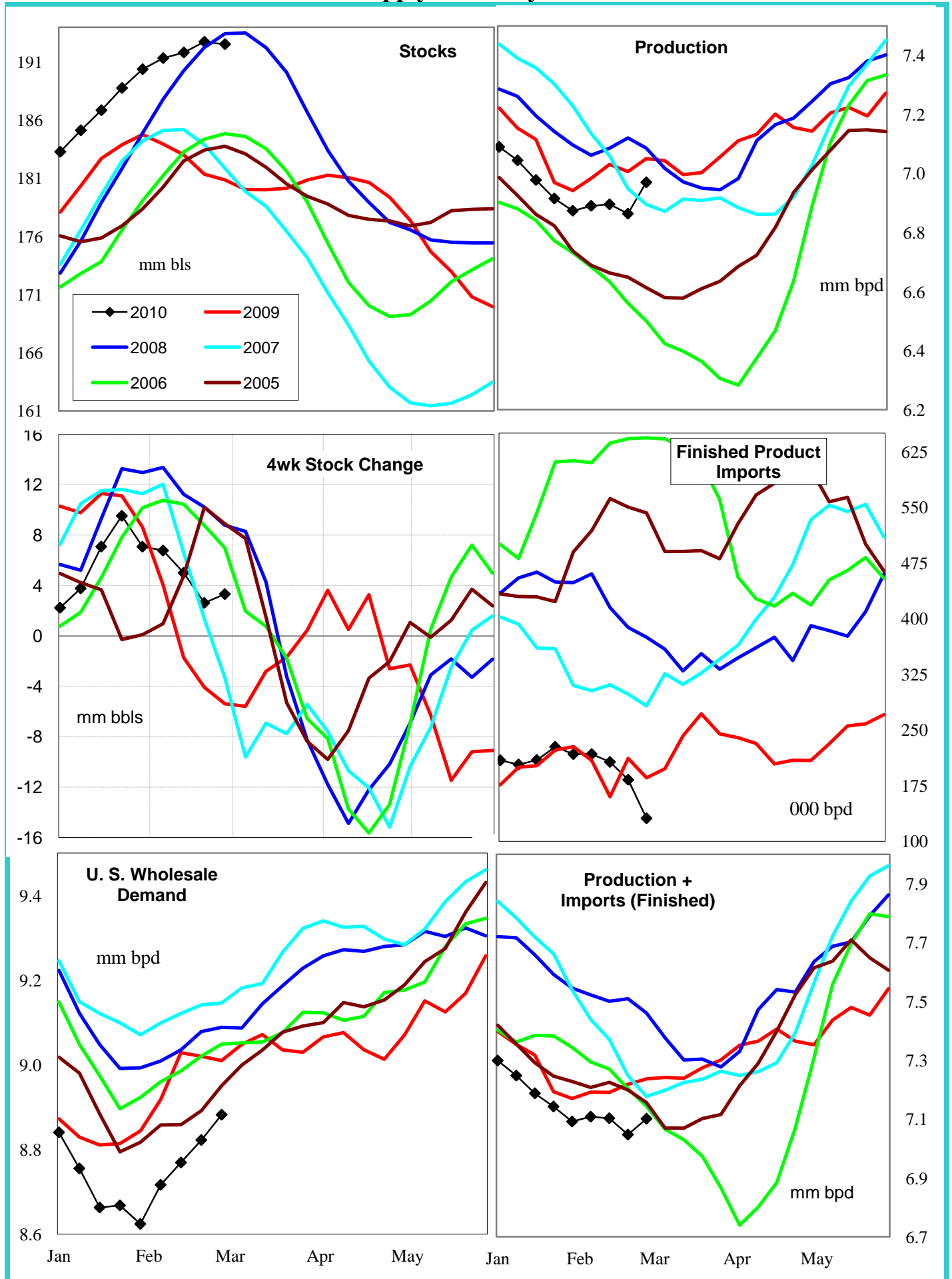
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

