


**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 17, 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 -143,000 bpd last week, pointing to continued weakness compared to the historic range.

Production increased +203,000 bpd last week, offset by a -198,000 bpd decline in imports. Closure of 1.2 million bpd crude oil refining capacity in the Atlantic Basin (outside of the U.S.) last year has reduced available supplies of gasoline for import.

The latest 4-wk average supply was -31,000 bpd below a year ago. This compares to the latest demand that was -89,000 bpd below last year.

Stocks decreased -1.7 million barrels on the week, with declines in all major regional markets. The latest 4-wk stock draw East of the Rockies was -5.8 million barrels, a larger draw than four of the last five years.

Production surged +262,000 bpd East of the Rockies last week, lifting supply to the upper end of the historic range.

Cash basis for winter grade products remain extremely weak, while summer grades have trended higher last week in most regional markets. Basis levels for winter grade fuels are near historic lows for the period while summer grades are above the mid range in most markets.

Expect basis strength on rising seasonal demand and refinery maintenance in regions outside the Gulf. Very low imports on the East Coast should provide support to NYMEX futures limiting basis strength in other regional markets.

RBOB

New York Harbor basis to strengthen on liquidation of winter RVP grades and low imports.

Gulf Coast basis to strengthen on liquidation of winter RVP grades and increased dependence by PADD 1 on

receipts from the Gulf to replace lower imports.

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

Conventional

New York Harbor basis to strengthen on liquidation of winter RVP grades and low imports.

Chicago basis to strengthen on liquidation of winter RVP grades, and above average spring refinery maintenance.

Group III basis to strengthen on above average refinery maintenance.

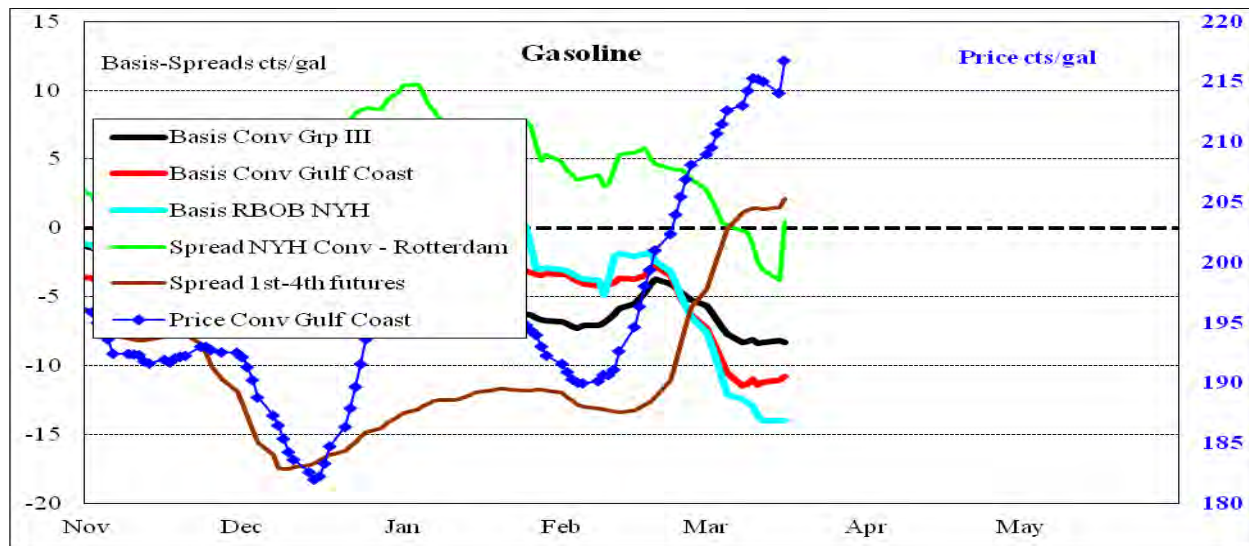
Gulf Basis basis to strengthen on liquidation of winter RVP grades and increased dependence by PADD 1 on receipts from the Gulf to replace lower imports.

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

Gulf Coast Price

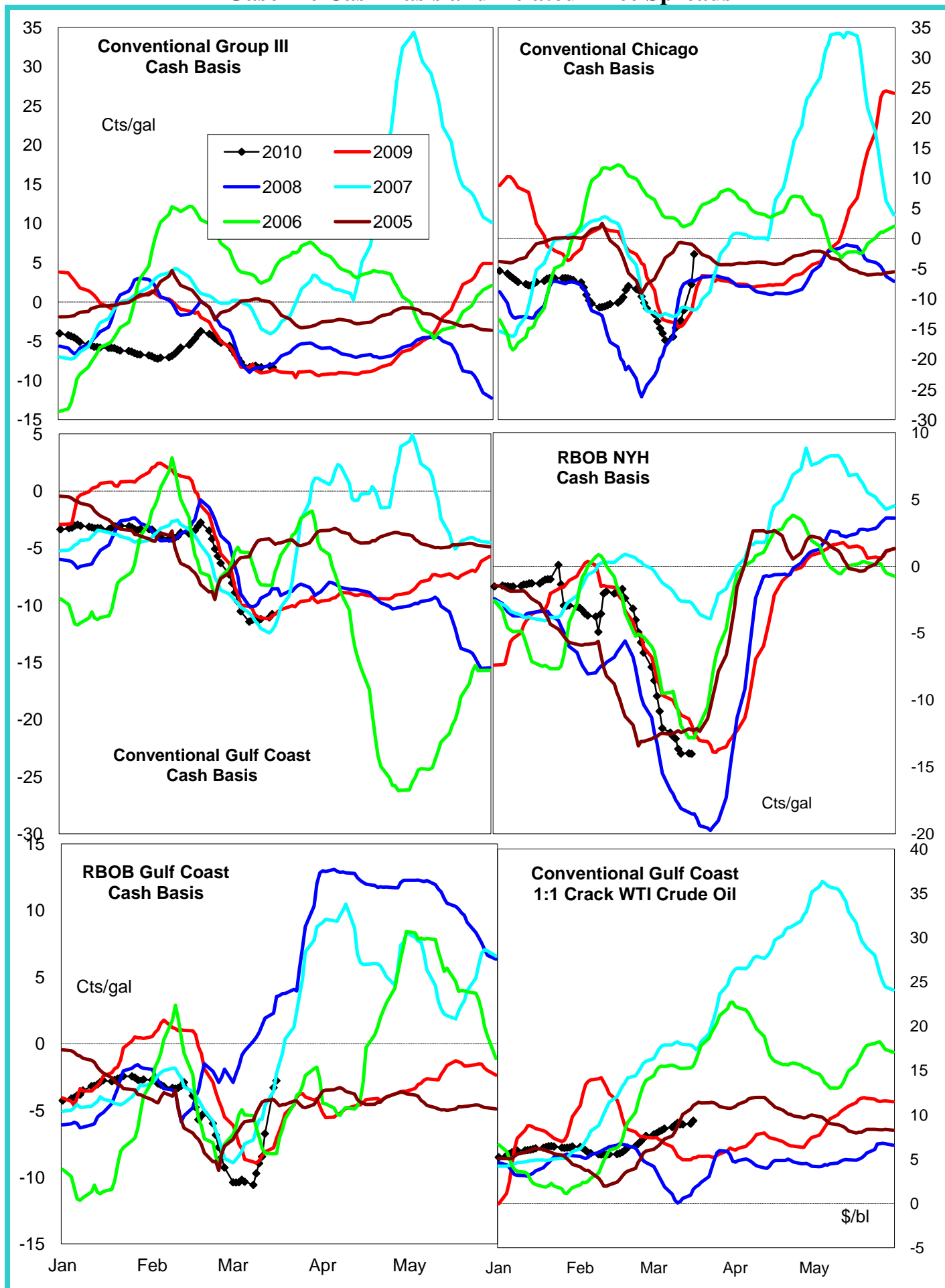
Gasoline demand remains relatively weak compared to the historic range. Low imports and spring refinery maintenance should lead to a tightening of supply, even with relatively low demand.

Expect further seasonal tightness in the gasoline market, which should provide price strength during the spring quarter.

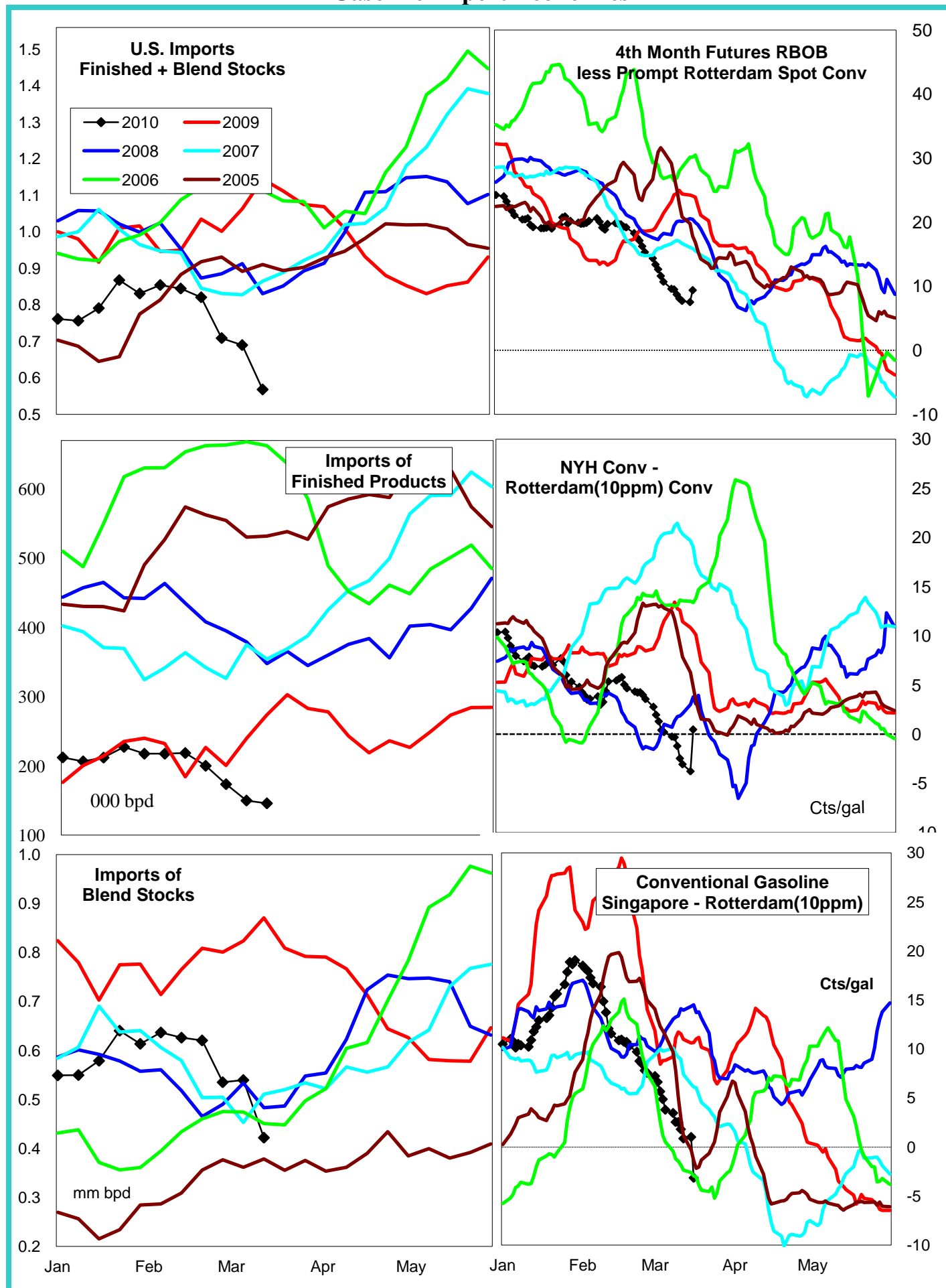


Disclaimer - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and is intended for informational purposes and is not to be construed as a recommendation to sell or buy, or trade in any commodity mentioned herein. Information is obtained from sources believed reliable, but is in no way guaranteed. Opinions, market data and recommendations are subject to change at any time. Past results are not indicative of future results. Charts are developed by Fundamental Petroleum Trends from EIA, NWS, other public data and proprietary models unless otherwise noted and credited.

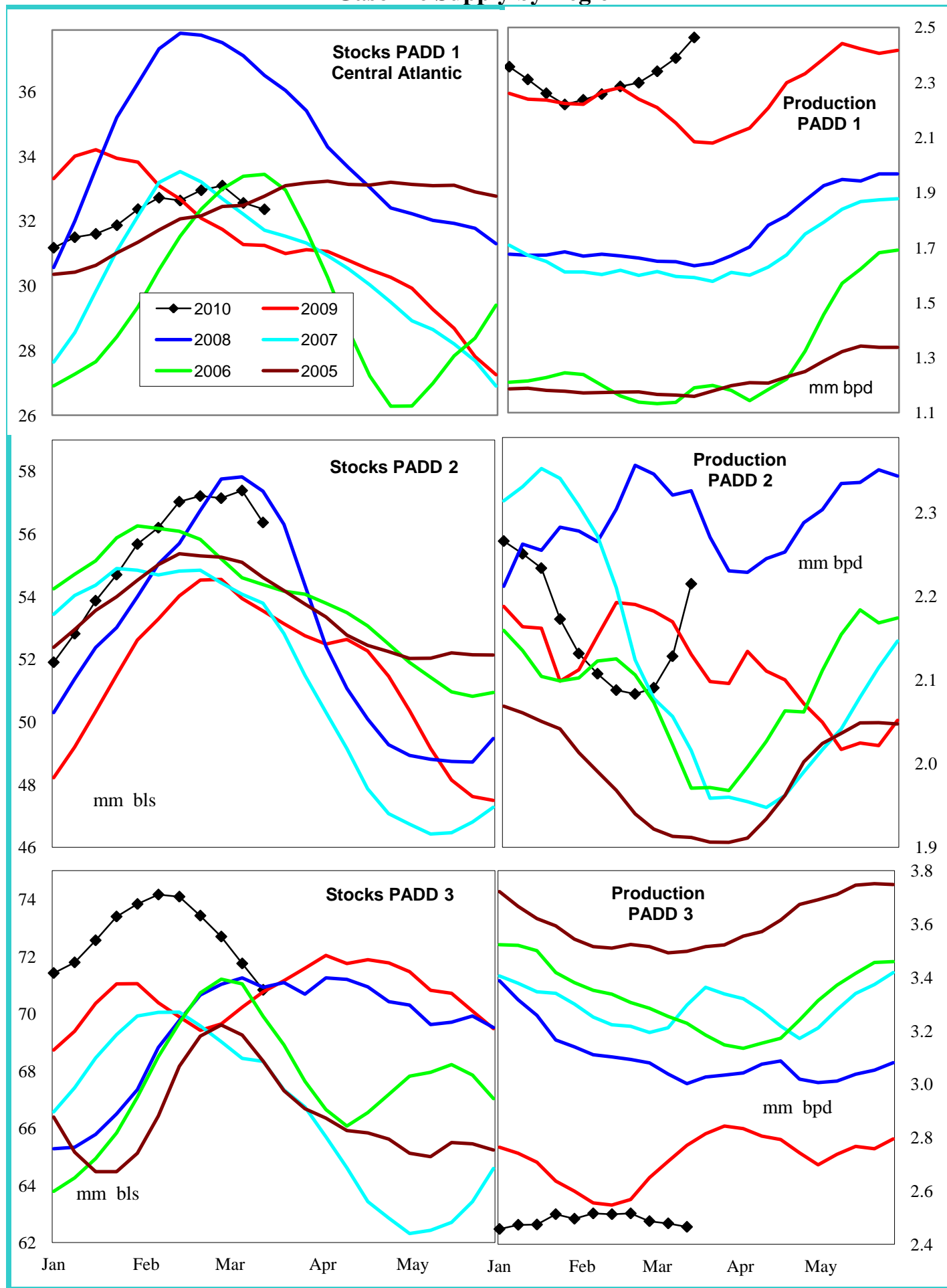
Gasoline Cash Basis and Related Price Spreads



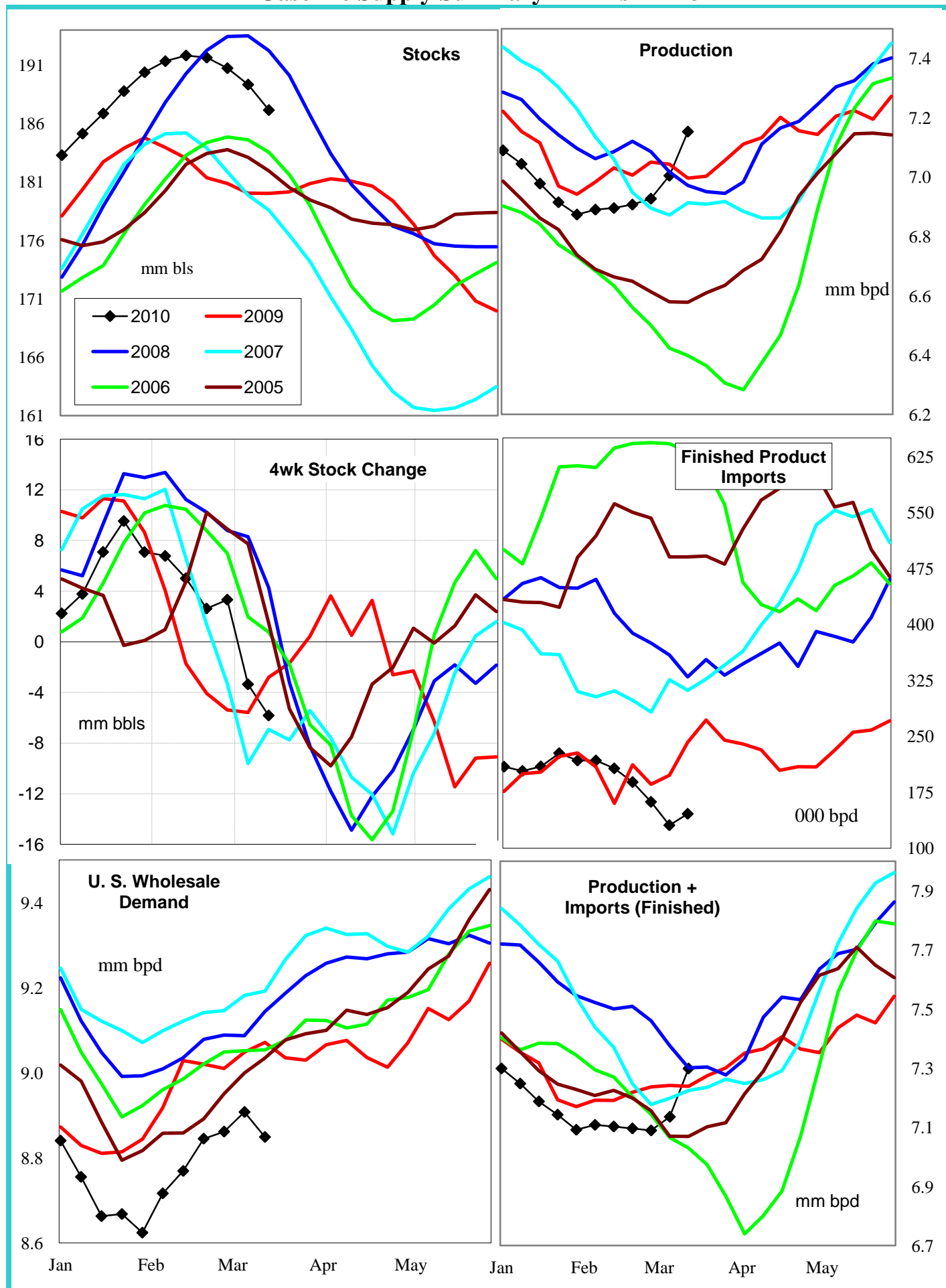
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

