


**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 24, 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 rebounded last week from earlier declines, rising +238,000 bpd and to a level within the historic range.

Production increased +63,000 bpd last week to a record high level for the period. Imports were nearly unchanged and remain extremely low as a result of the Irvin refinery in Canada being off line for

maintenance and closure of refineries in Europe last year.

The latest 4-wk average supply was -15,000 bpd below a year ago. This compares to the latest demand that was -105,000 bpd below last year.

Stocks decreased -2.7 million barrels on the week, with draws in all regions. The latest 4-wk stock draw East of the Rockies was -7.8 million barrels, matching the highest draw of the last 5-years for the period. East of the Rockies, supply remains below the last 3-years for March.

Cash basis is particularly weak across all regional markets as supplies of winter grade product depress local cash prices and low imports into the East Coast support NYMEX futures.

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 most 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 remain relatively weak on record high production and stock levels.

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.

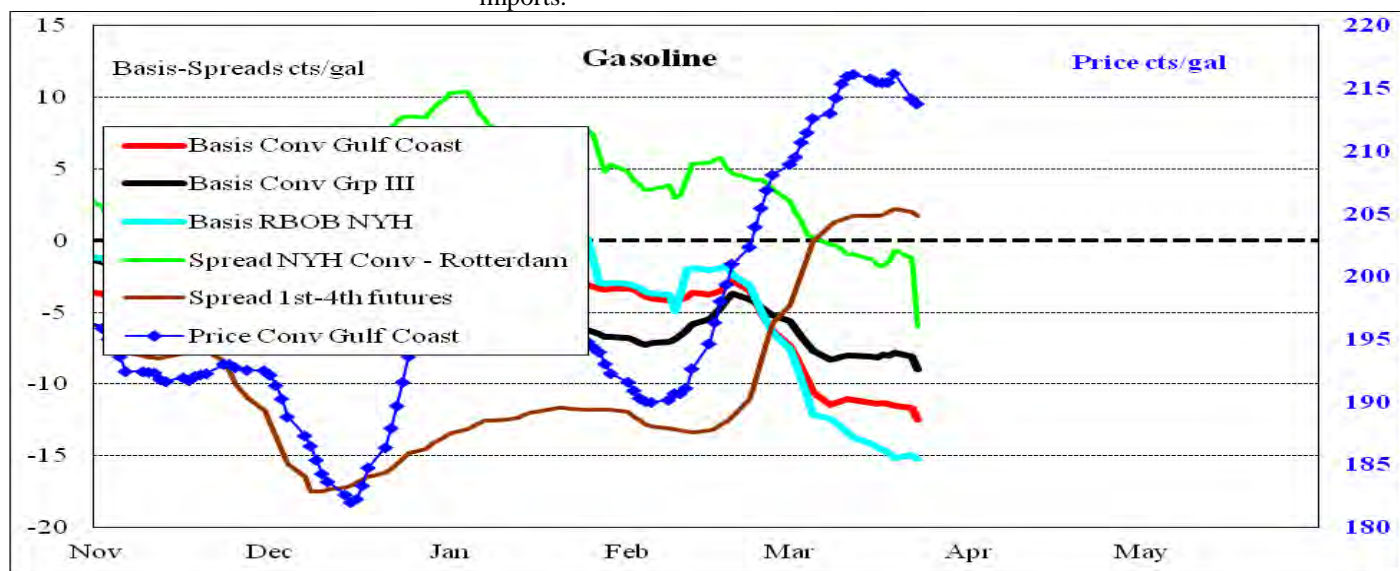
Group III basis to strengthen on above average refinery maintenance.

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 remain relatively weak on record high production and stock levels.

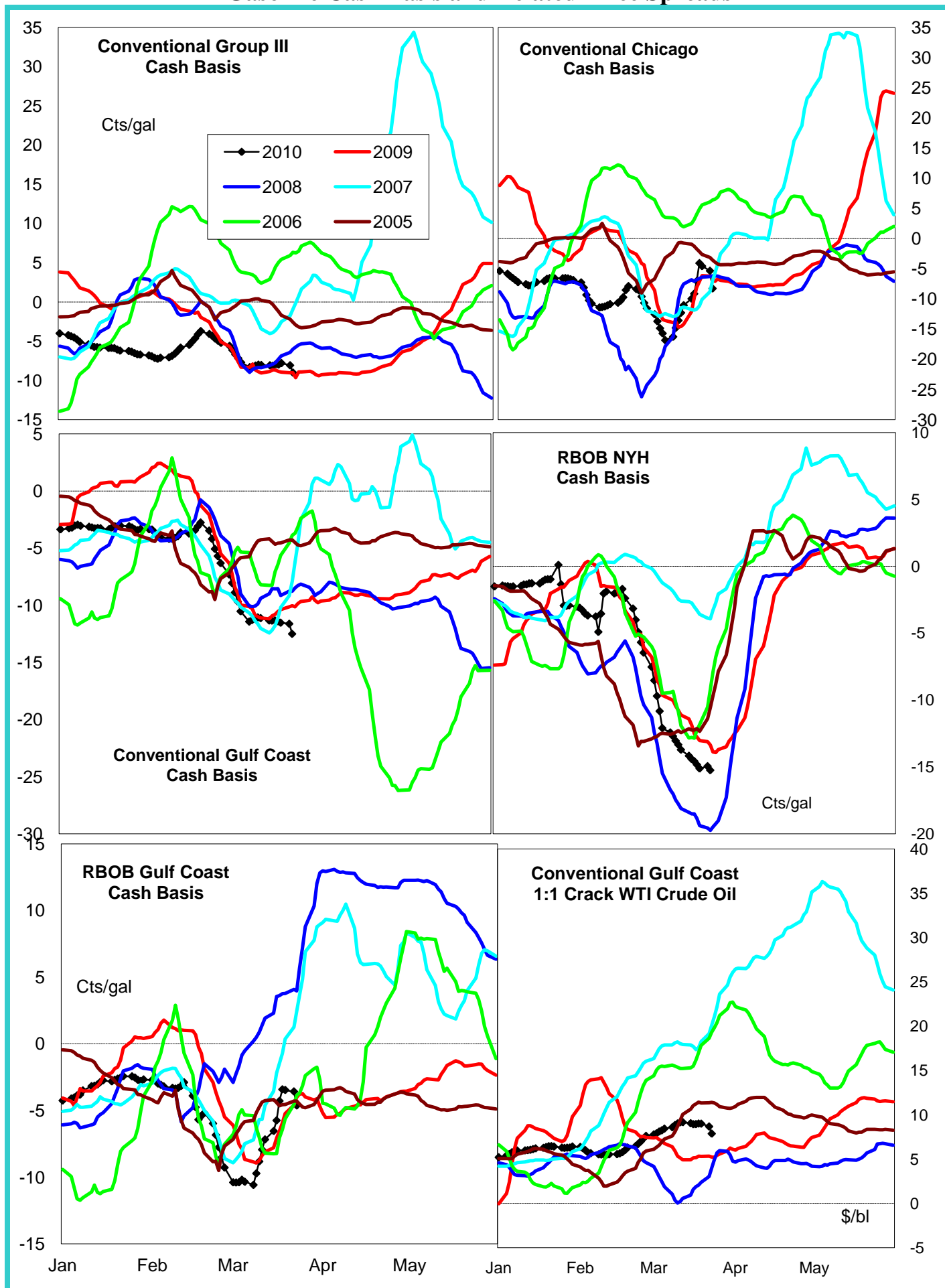
Gulf Coast Price

Prompt gasoline basis has been particularly weak on overhang of winter grades and low imports of spring grades into the Central Atlantic Region. Expect imports to rise as the Irving refinery returns to operation; which combined with liquidation of winter grades by month end should support higher basis and cash prices across regional markets. The closure of Atlantic Basin refineries should limit imports to the low end of the historic range.

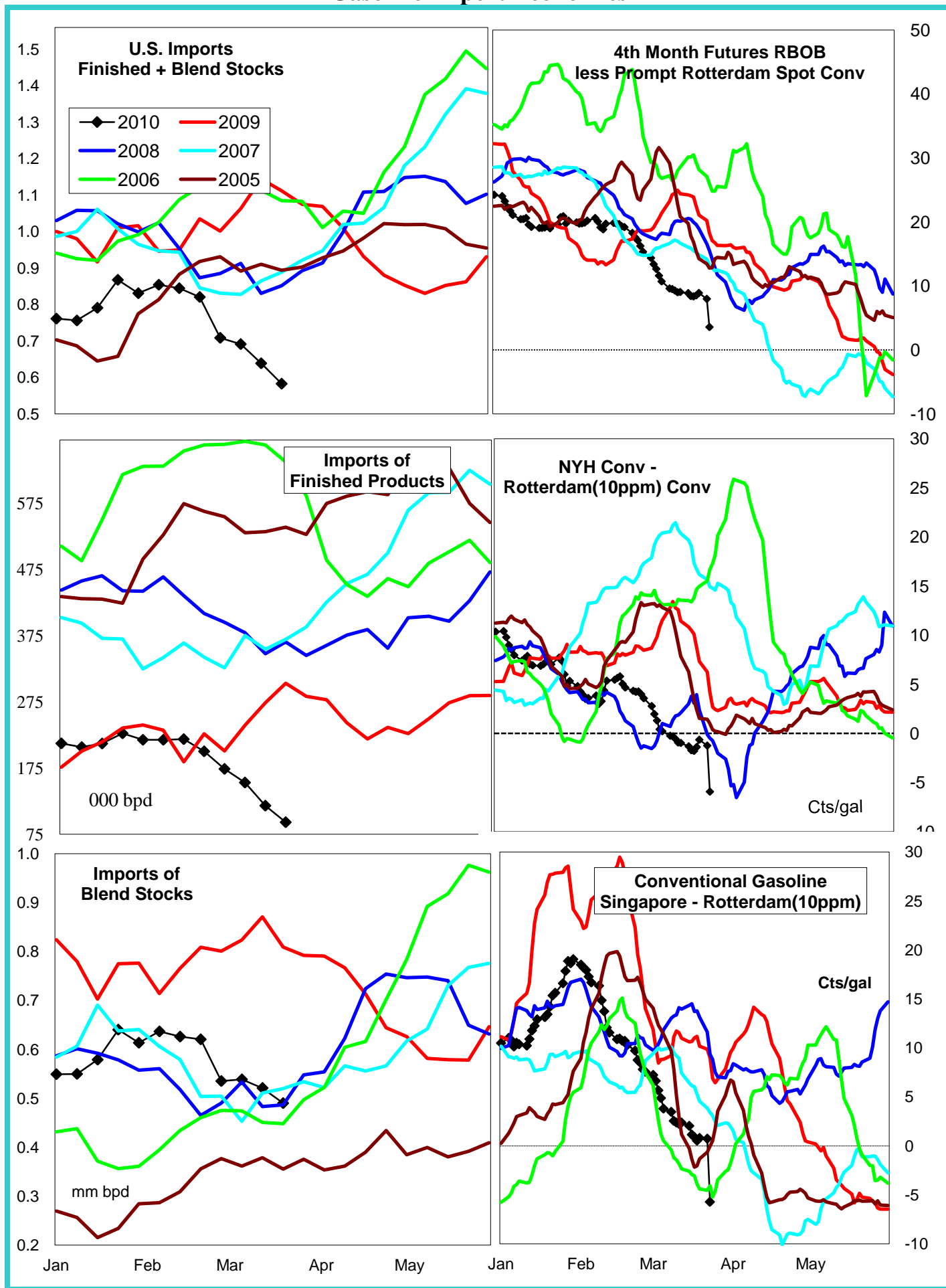


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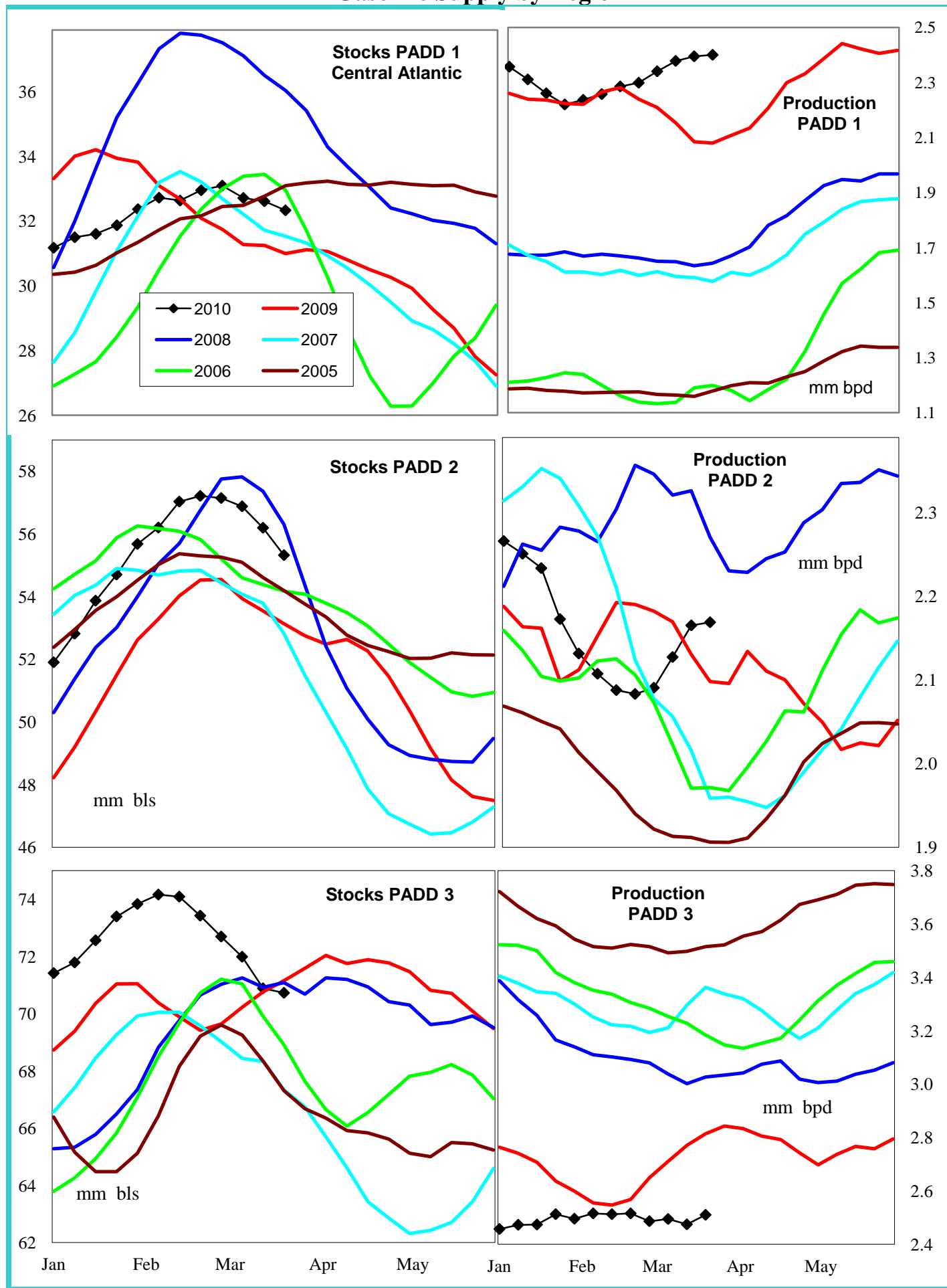
Gasoline Cash Basis and Related Price Spreads



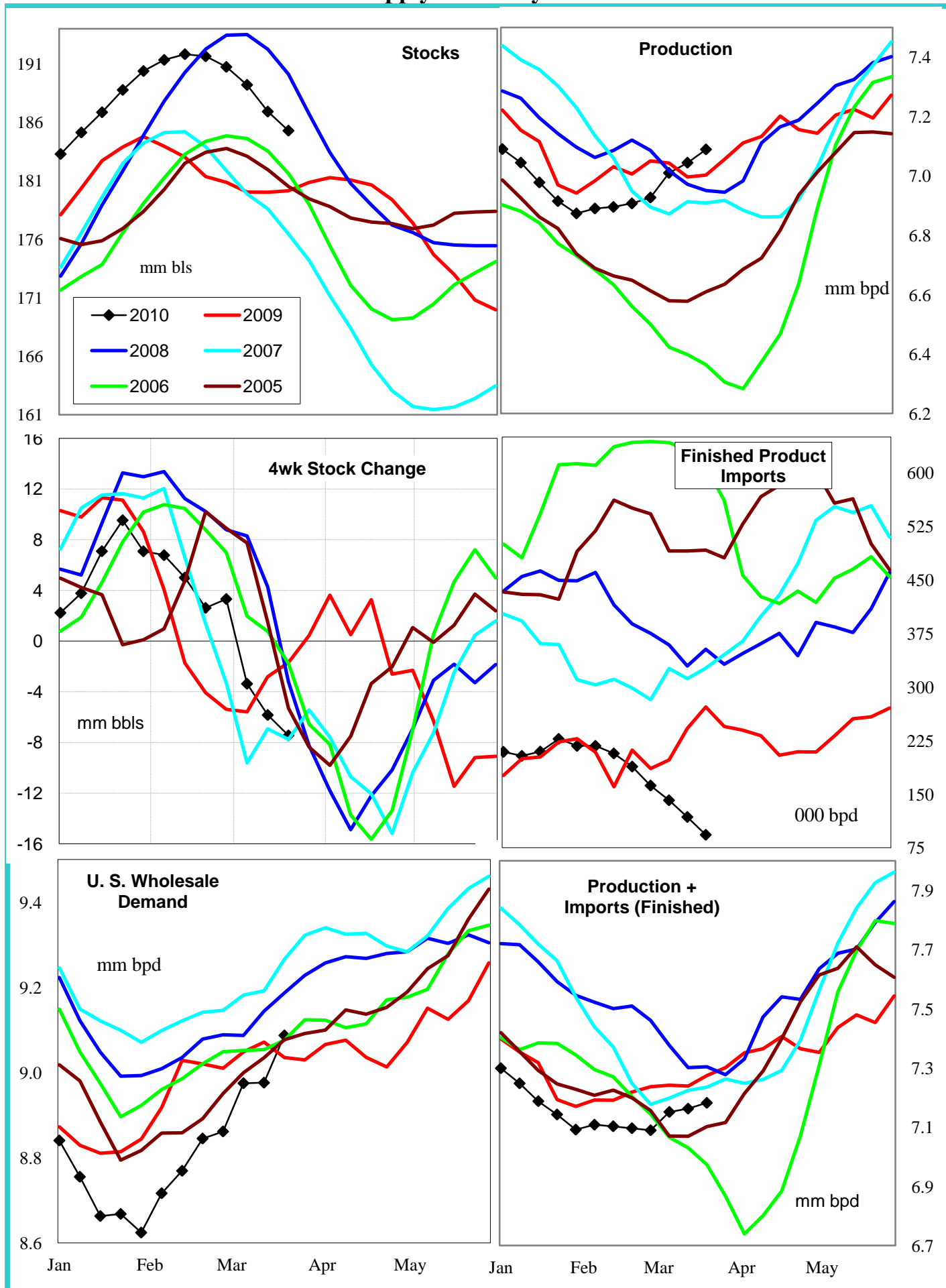
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

