


**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, April 07, 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 increased +16,000 bpd last week, but remains weak.

Production increased +56,000 bpd on the week, to a new 5-yr high for the period. Imports increased +46,000 bpd, but remain at an extremely low level.

The latest 4-wk average supply was +37,000 bpd above a year ago. This compares to the latest demand that was -33,000 bpd below last year.

Stocks decreased -2.5 million barrels on the week, including a -3 million barrel draw in PADD 1. The latest 4-wk stock draw East of the Rockies was -5.4 million barrels, less than four of the last five years. East of the Rockies, supply remains below the mid range.

Cash basis extended the recent weakness in all markets outside NY where spring grades and tight supplies lifted basis to the mid range for the period. Stock levels in all major markets other than PADD 1 are at record highs for this time of year.

In the near term, record low stocks in the Central Atlantic Region of PADD 1, and record high stocks in other regional markets will continue to depress cash basis outside the East Coast. By early May, liquidation of winter grade product will lead to higher cash basis in most regional markets. West Coast markets are likely to face an extended period of weakness due to extreme over supply.

RBOB

New York Harbor basis to trade sideways to higher on low stock levels; with higher imports likely offset by increased seasonal demand.

Gulf Coast basis to strengthen on liquidation of winter RVP grades and increased dependence by PADD 1 on receipts from the Gulf to offset low imports.

West Coast (Los Angeles) basis to remain weak on record high production and stock levels.

Conventional

New York Harbor basis trade sideways to higher on low stock levels; with higher imports likely offset by increased seasonal demand.

Chicago basis to strengthen on some Illinois refiners unable to produce grades for sale in the state. A supply squeeze for Chicago grades is likely.

Group III basis to strengthen modestly on increased seasonal demand.

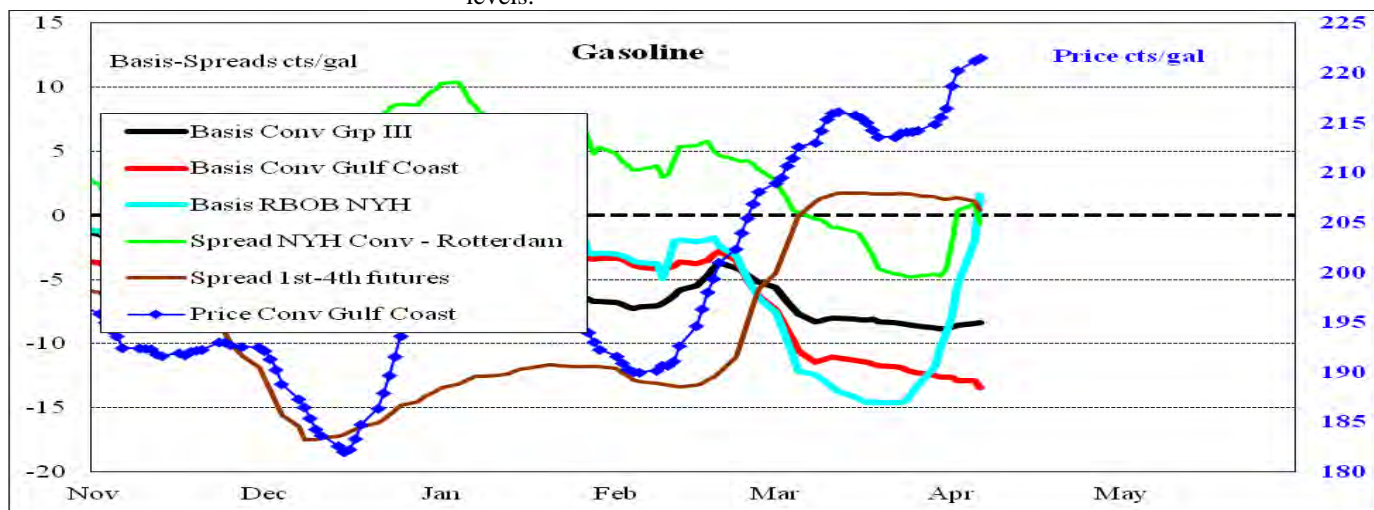
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West Coast (Los Angeles) basis to remain weak on record high production and stock levels.

Gulf Coast Price

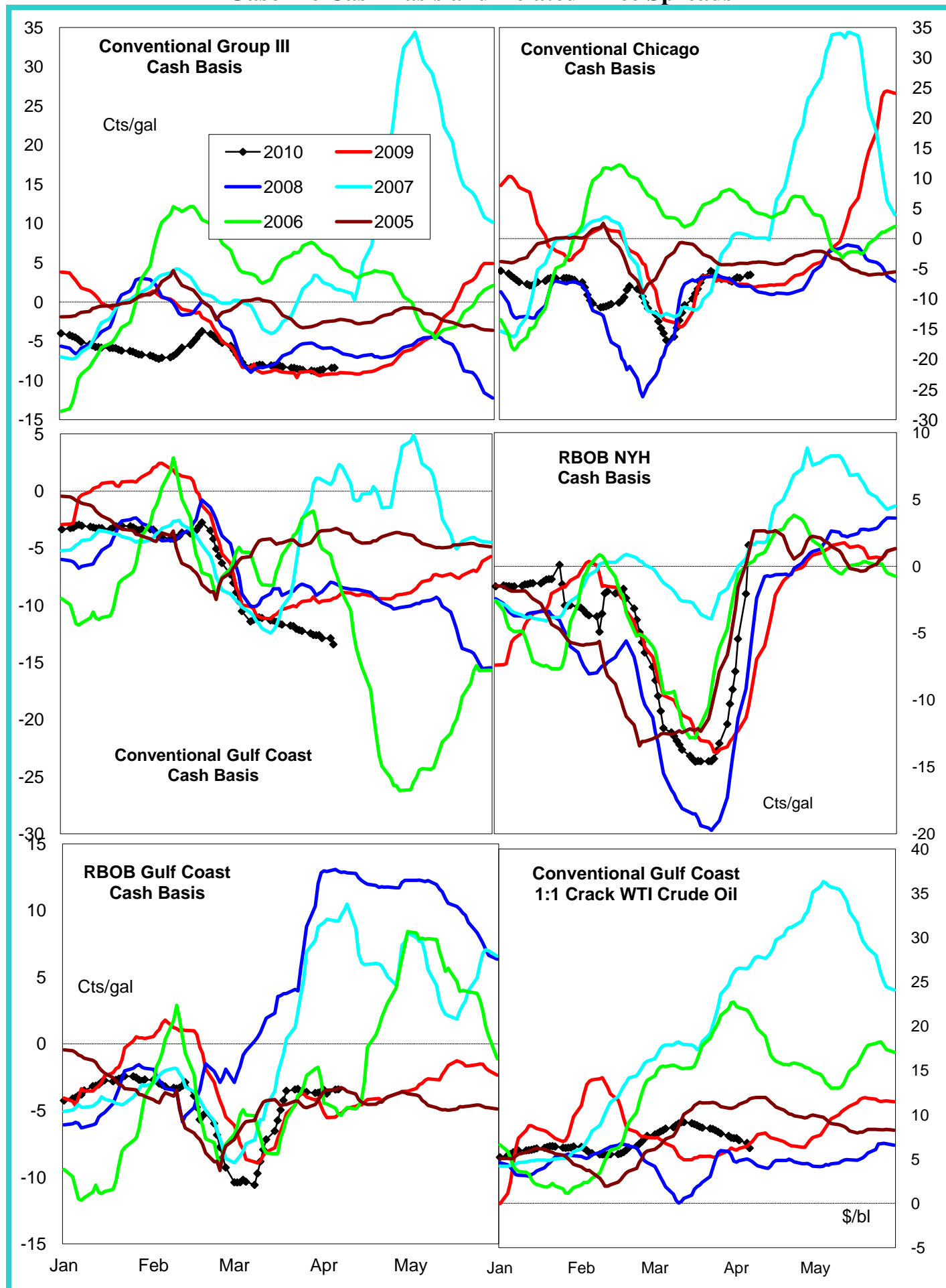
Very low imports have led to very low stock levels in the Central Atlantic Region of PADD 1. With record high stocks in other regions, basis remains extremely weak in most regional markets. Gasoline grades for the city of Chicago are in tight supply because key refiners are unable to produce the new grades required by the state. These trends point to significant regional imbalances which may persist throughout the spring quarter.

Weak demand growth has limited gasoline price increases compared to crude oil.

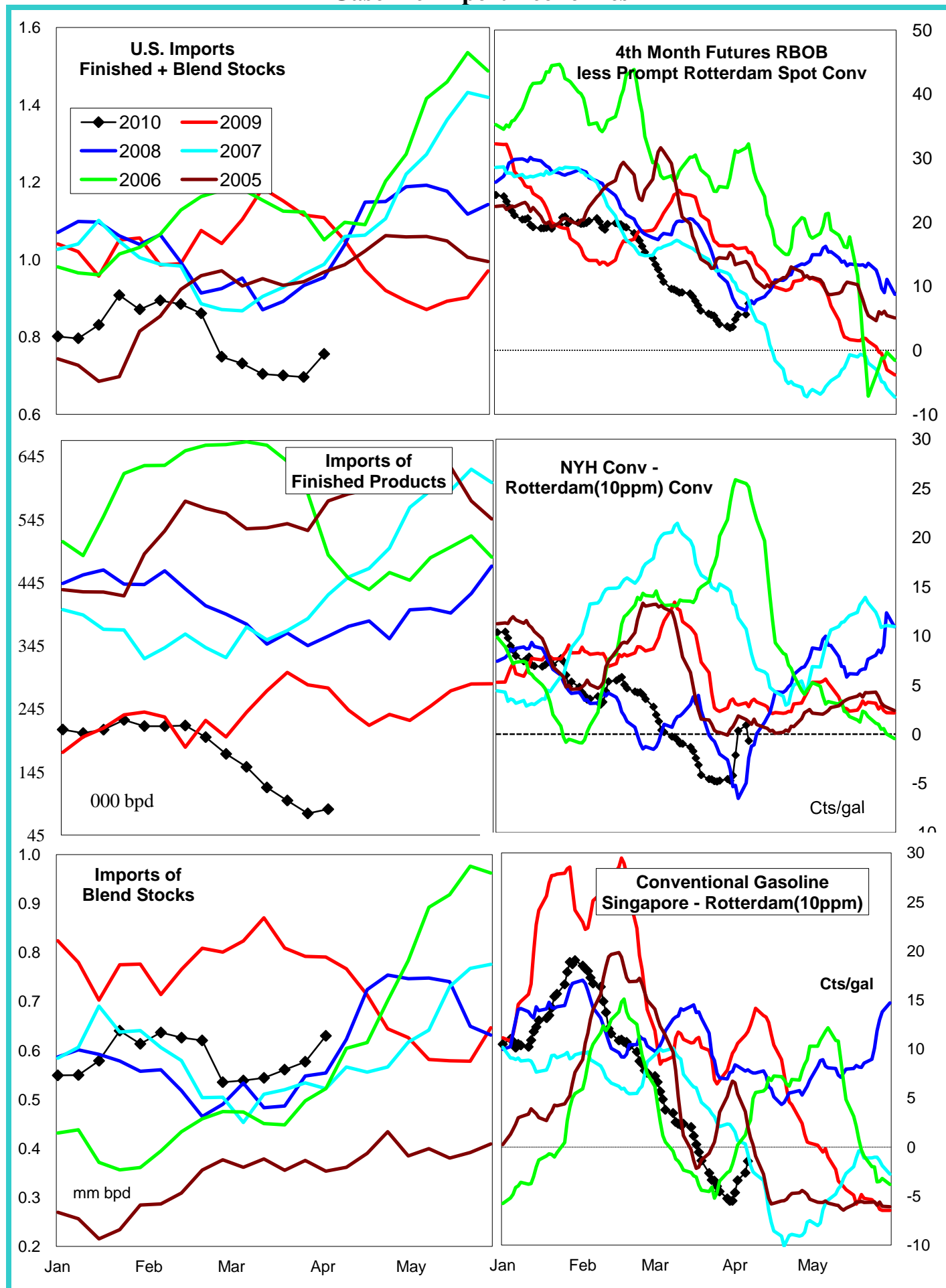


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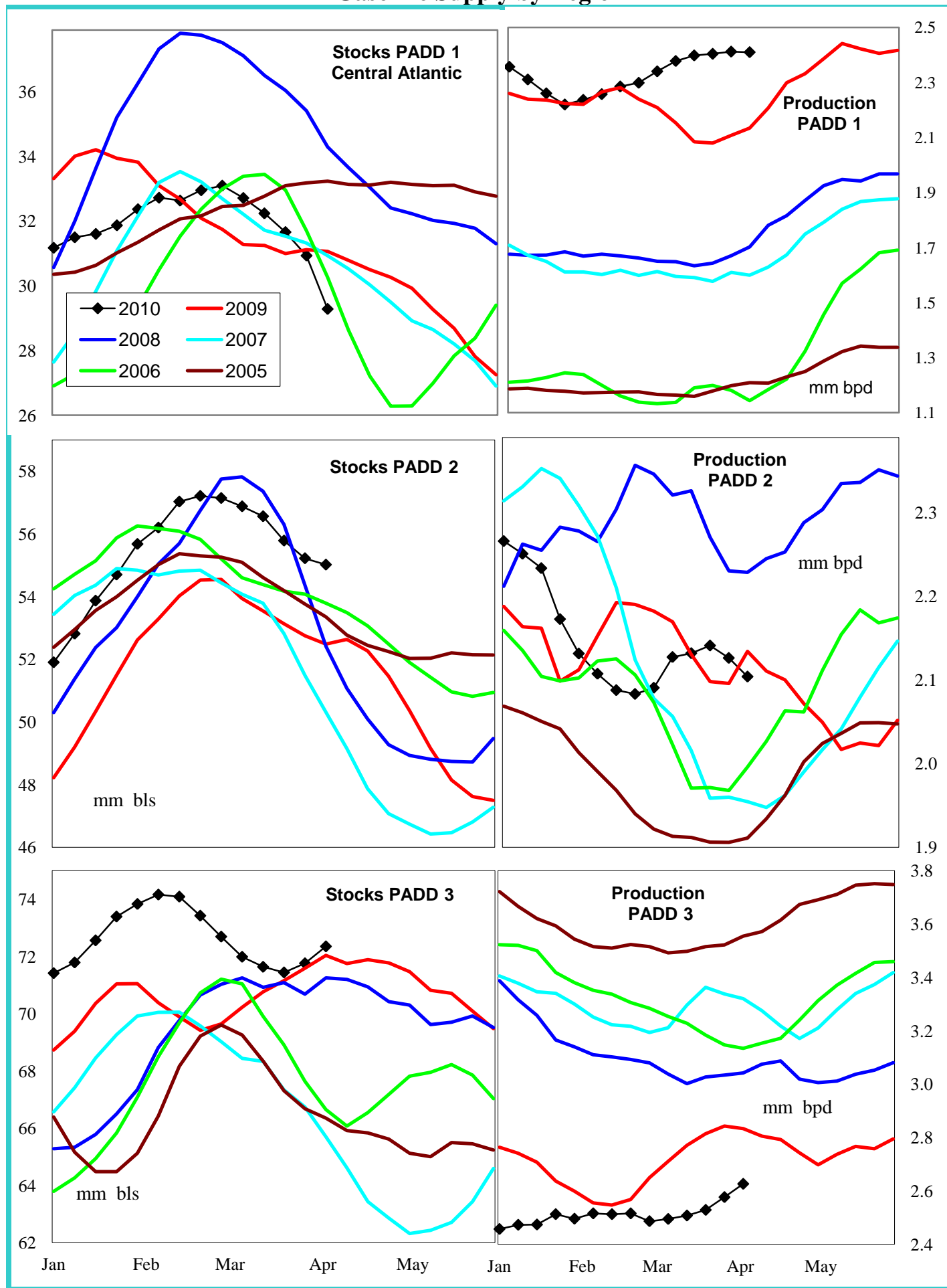
Gasoline Cash Basis and Related Price Spreads



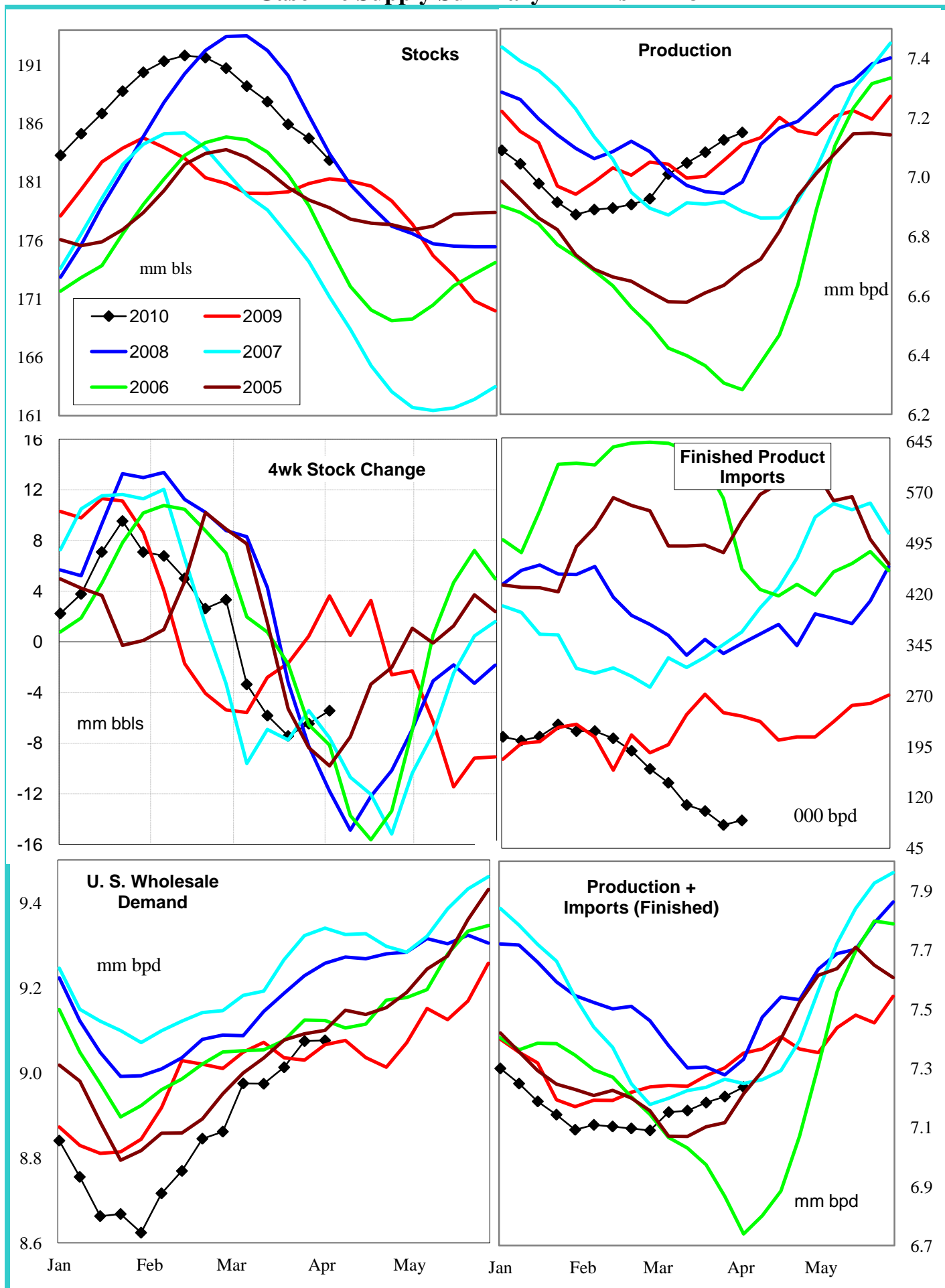
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

