


**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 21, 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 -173,000 bpd last week, following a surge during the prior 4-wk period.

Production increased +148,000 bpd on the week, to a fresh 5-year high for the period. Imports increased +185,000 bpd, but remain well below the historic range.

The latest 4-wk average supply was +110,000 bpd above a year ago. This compares to the latest demand that was +96,000 bpd above last year.

Stocks increased +3.6 million barrels on the week. Stock levels in all major markets increased last week. The latest 4-wk stock draw East of the Rockies was -1.1 million barrels, less than four of the last five years. East of the Rockies, supply reached a new 5-year high for the period.

Cash basis increased for conventional grades in the Group III, Gulf, and for RBOB on the East and West Coast. Basis traded flat in other regional markets. Basis levels remain at the low end of the historic range in all regional markets.

All markets outside New England and the Central Atlantic Regions of PADD 1 remain extremely over supplied. Rising seasonal demand and low imports to the East Coast should allow the market balance to improve in most regional markets over the next 60-days. However high production, including extremely attractive ethanol blending economics should assure very ample supply in markets other than the East Coast.

Expect basis to move modestly higher in markets East of the Rockies as winter grades of product are liquidated by end

April. West Coast basis should remain weak on high levels of supply.

RBOB

New York Harbor basis to trend higher on increased demand and tightening supply.

Gulf Coast basis to strengthen on higher seasonal demand.

West Coast (Los Angeles) basis to remain weak relative to the historic range on over supply.

Conventional

New York Harbor basis to trend higher on increased demand and tightening supply

Chicago basis to strengthen further on supply limitations and increased demand.

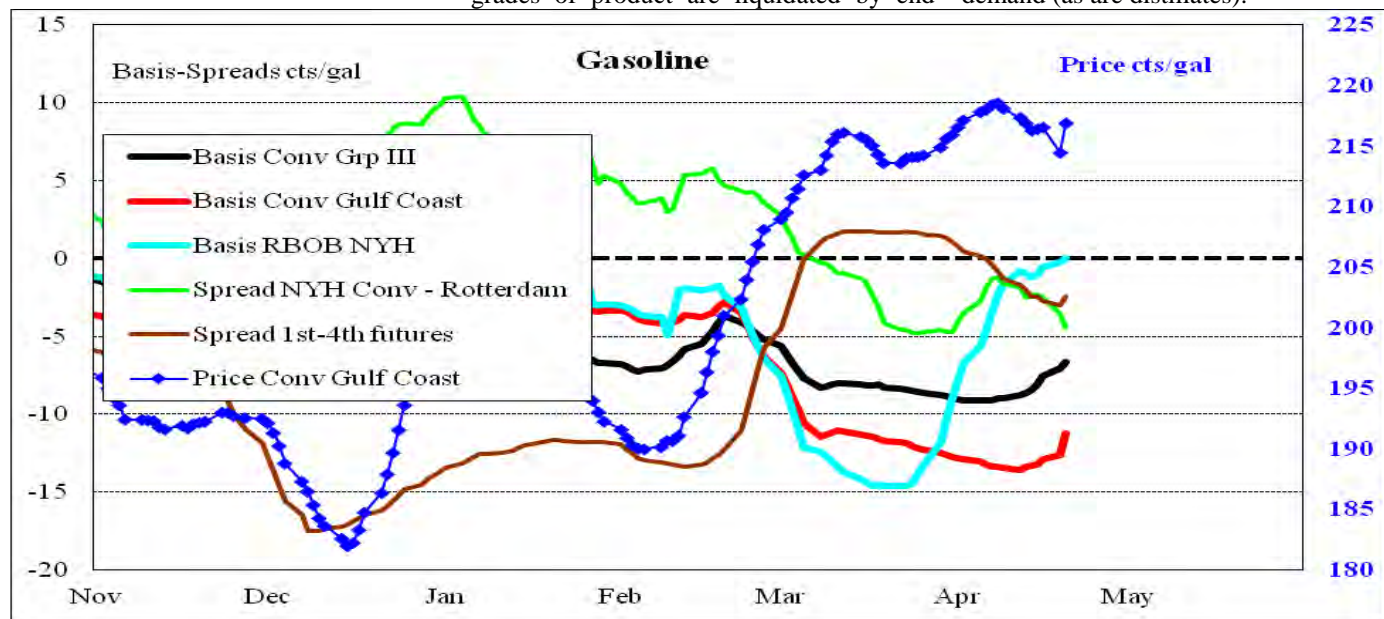
Group III basis to strengthen on increased seasonal demand.

Gulf Basis basis to strengthen on higher seasonal demand.

West Coast (Los Angeles) basis to remain weak relative to the historic range on over supply..

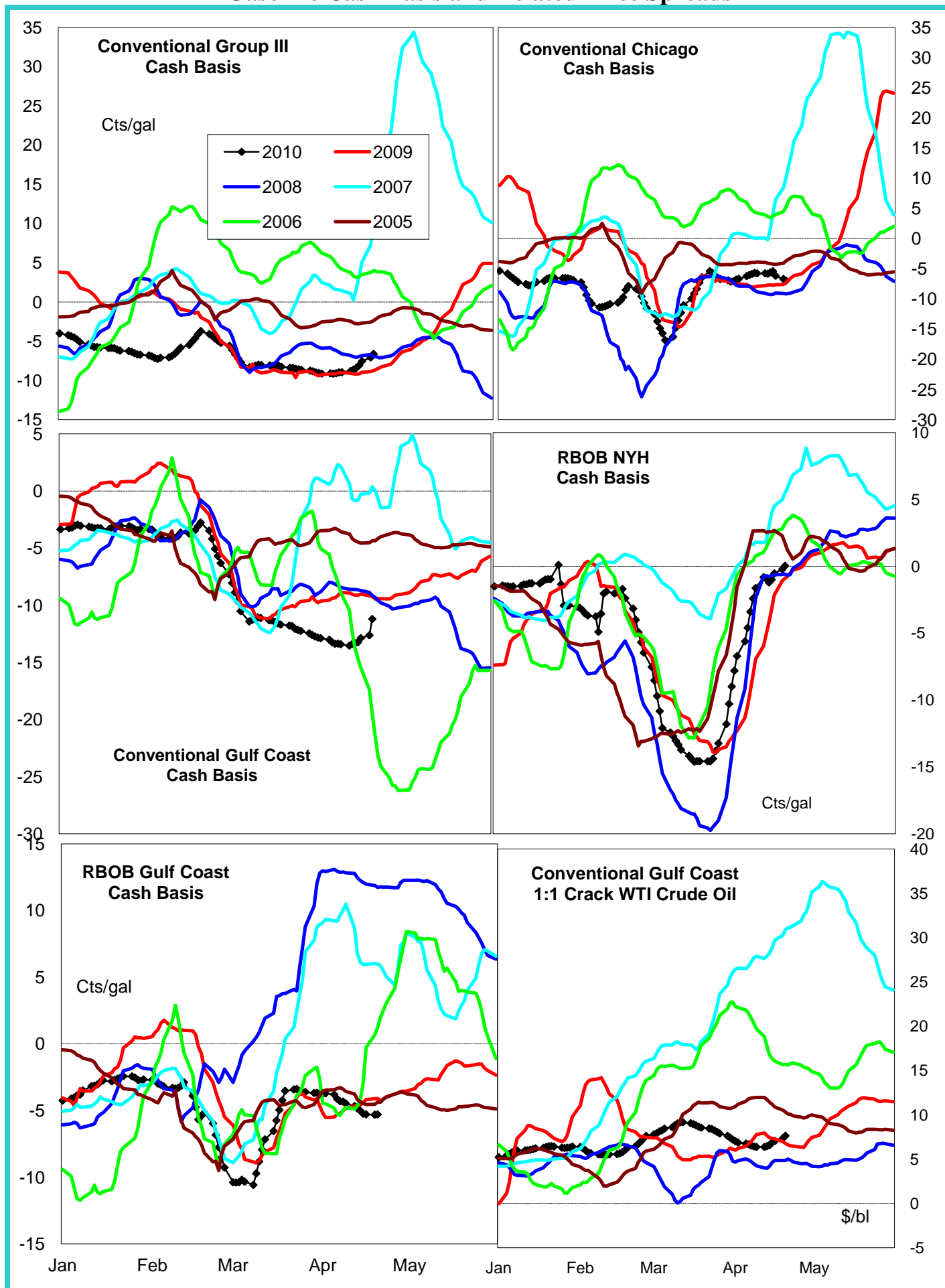
Gulf Coast Price

Supplies are extremely high in all markets except the East Coast which depends on imports. High refinery output, attractive ethanol blending and displacement by refiners of imports contribute to such high level of supply. Unless demand shows a meaningful increase over the next 60-days, a pull back in prices is likely. The U.S. gasoline market is not driven by world demand (as are distillates).

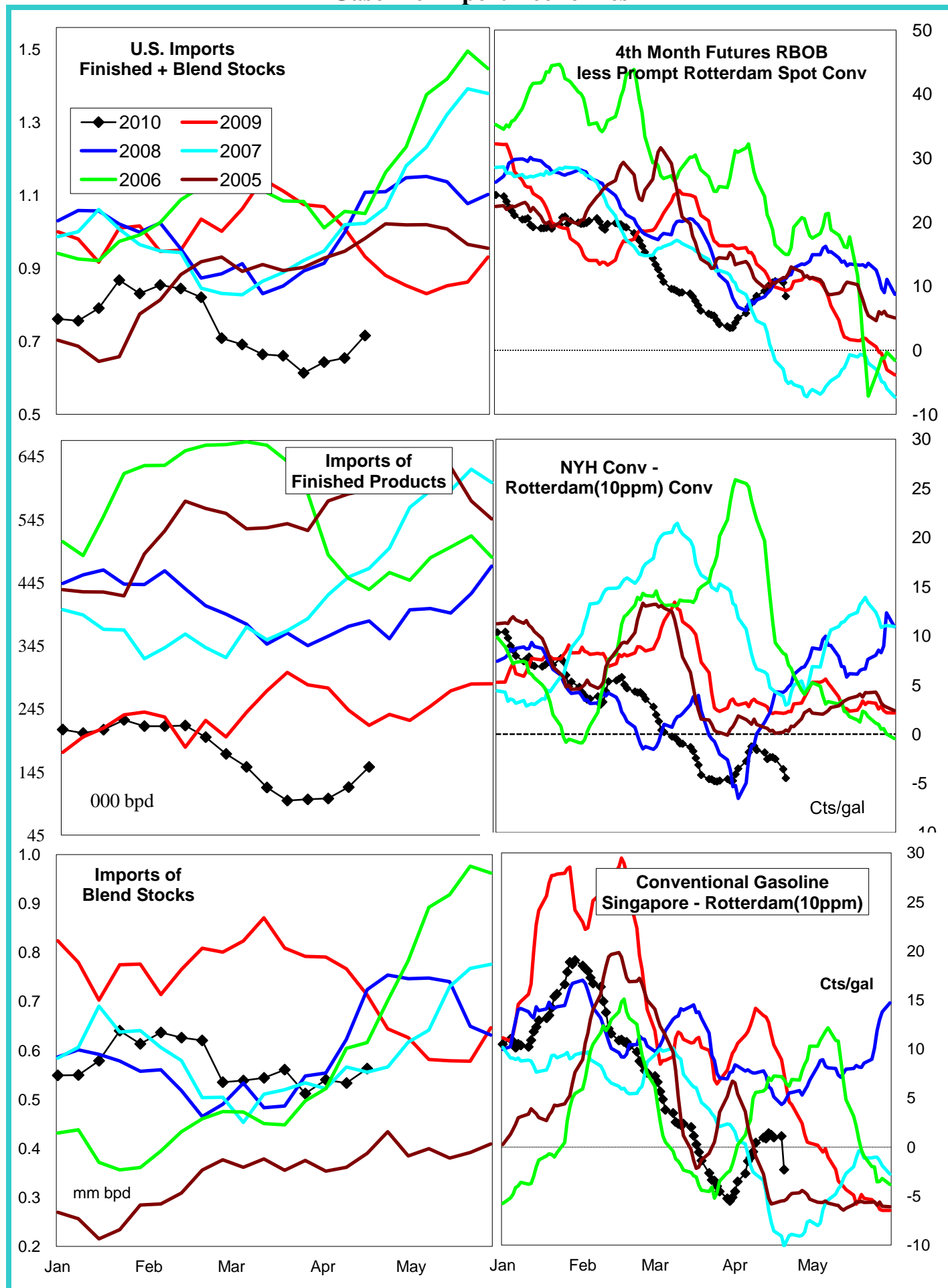


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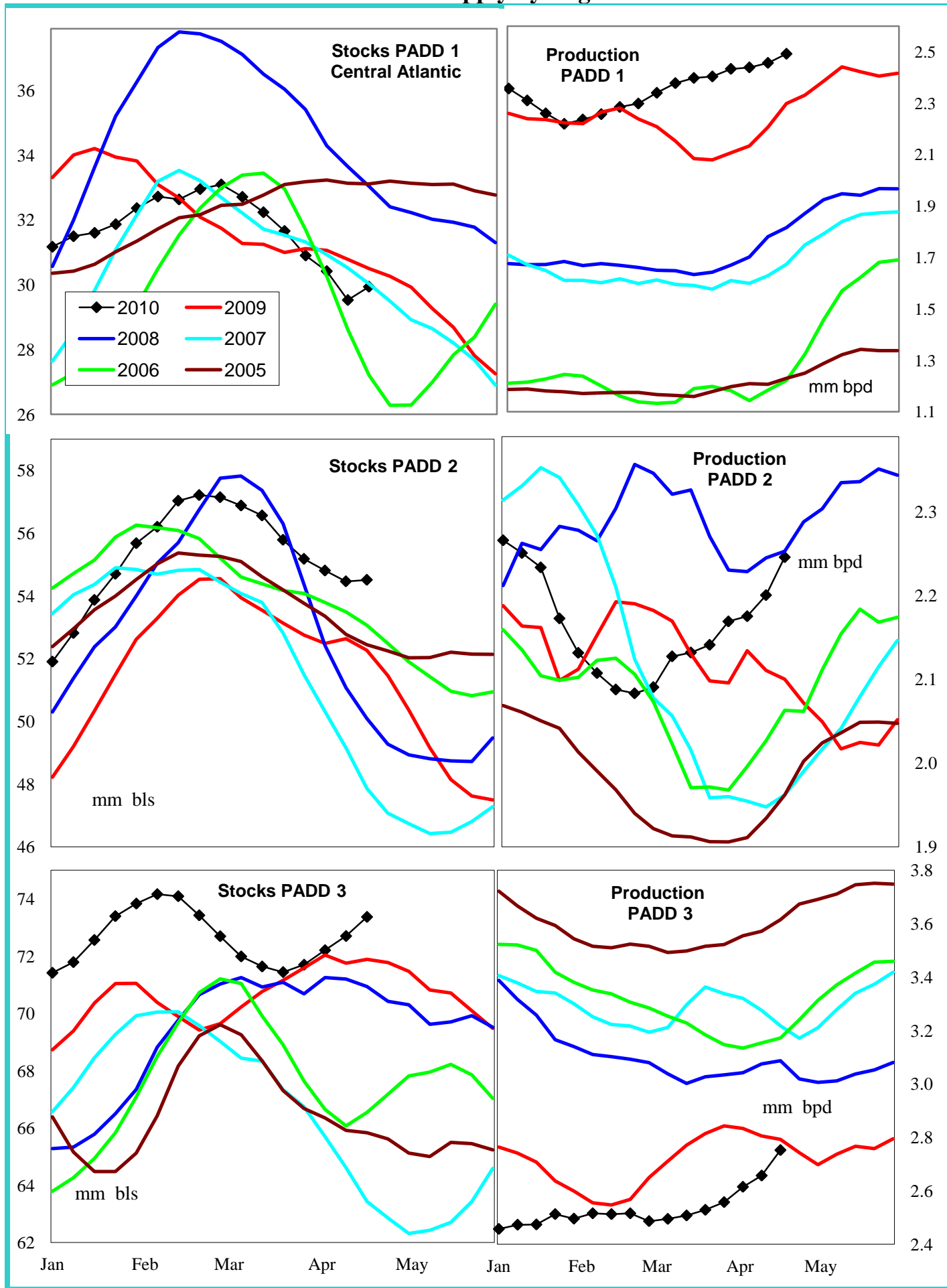
Gasoline Cash Basis and Related Price Spreads



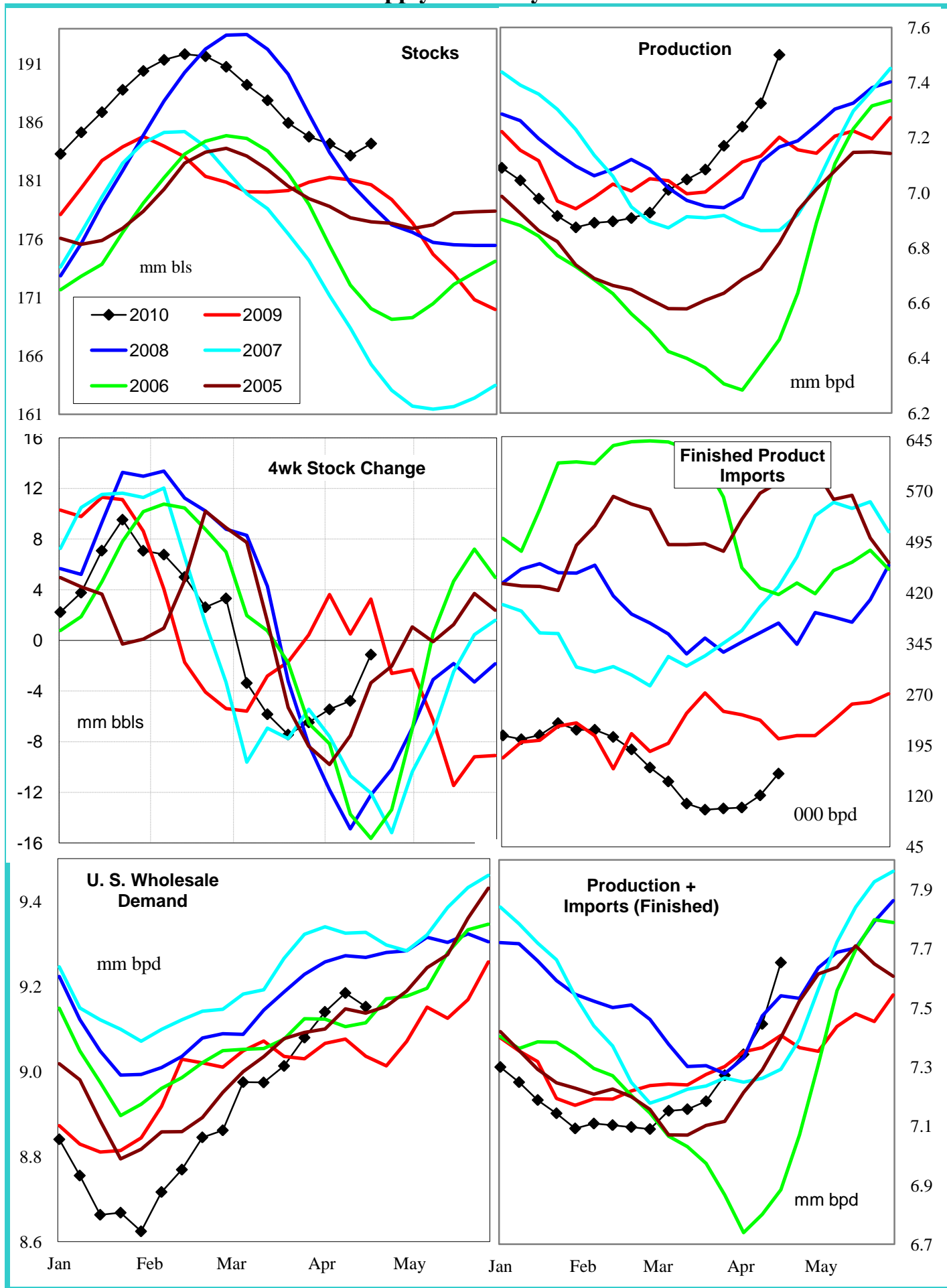
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

