


**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, May 05, 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 is robust; up +224,000 bpd for the latest 4-wk period. Demand continues to exhibit both seasonal growth and increase compared to the 5-year range.

Production declined -62,000 bpd on the week, but remains above the historic range. Imports also increased +164,000 bpd on the week to the historic mid range.

The latest 4-wk average supply was +254,000 bpd above a year ago.

Stocks increased +1.3 million barrels on the week. Stocks increased +2.2 million barrels in PADD 1 last week, lifting the level to the mid range. Stock levels in all other regions are above the 5-year range. The latest 4-wk stock change East of the Rockies was +1.7 million barrel stock build, at the upper end of the historic range.

Cash basis traded flat to slightly higher last week in markets East of the Rockies. Basis levels ended the week near record lows in all markets, with the exception of NYH RBOB grade.

Expect basis to remain weak in the near term across all markets on excess supplies. Rising imports to the East Coast should improve supply in that region and allow modest strength in basis for other regional markets late in the quarter.

RBOB

New York Harbor basis to trade sideways on increase imports.

Gulf Coast basis to trade sideways in the near term on excess supply, then higher as the East Coast supply improves.

West Coast (Los Angeles) basis to remain weak on increased supply.

Conventional

New York Harbor basis to trade sideways on increased imports.

Chicago basis to remain weak on high levels of supply in the near term, then strength as PADD 1 supply improves.

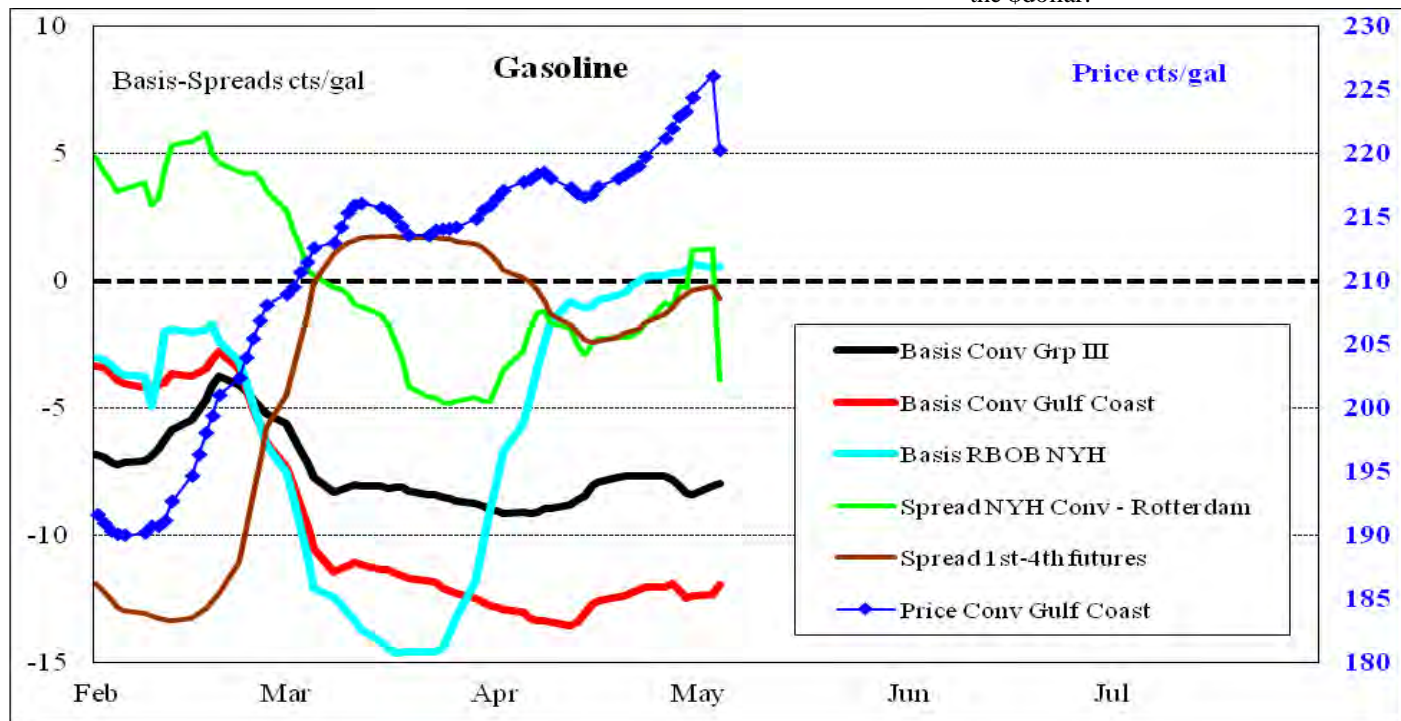
Group III basis to remain weak on high levels of supply in the near term, then strengthen as PADD 1 supply improves.

Gulf Basis to trade sideways in the near term on excess supply, then higher as the East Coast supply improves.

West Coast (Los Angeles) basis to remain weak on increased supply.

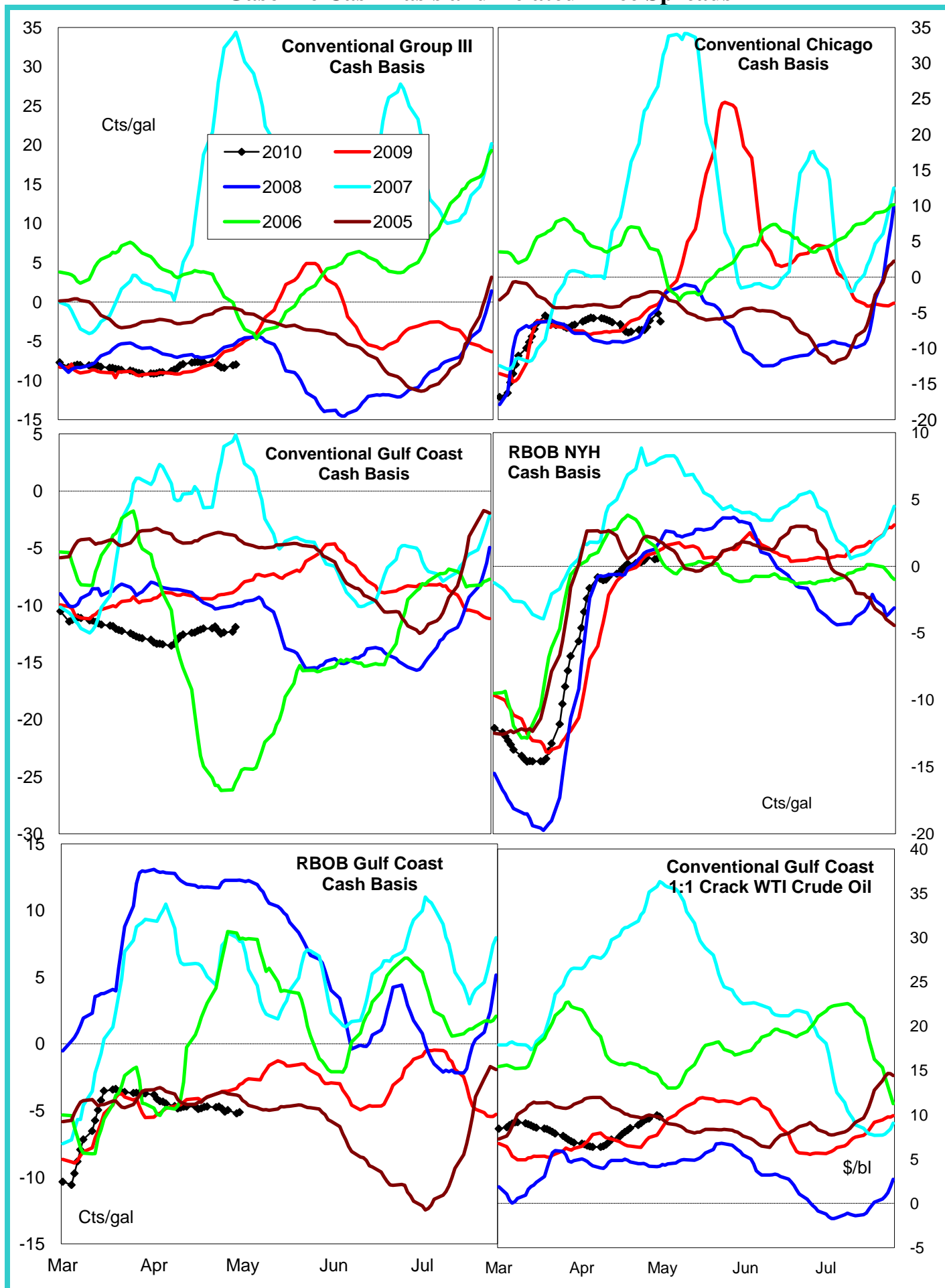
Gulf Coast Price

Rising imports have significantly improved the supply balance in PADD 1. With stock levels at record highs in all regions outside of PADD 1, the market is extremely over supplied. The current price pull back reflects the oversupply as well as global financial uncertainty causing strength in the \$dollar.

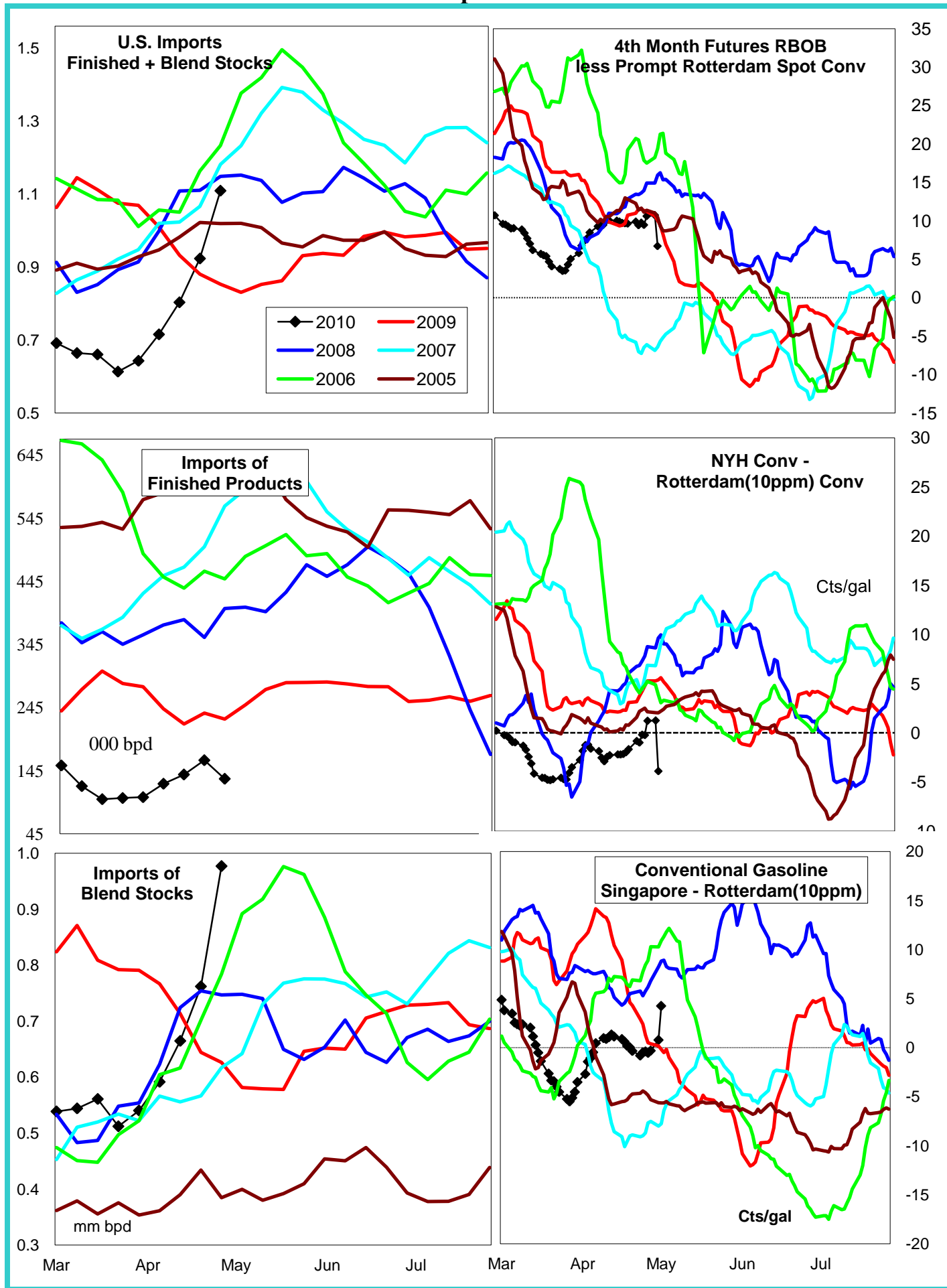


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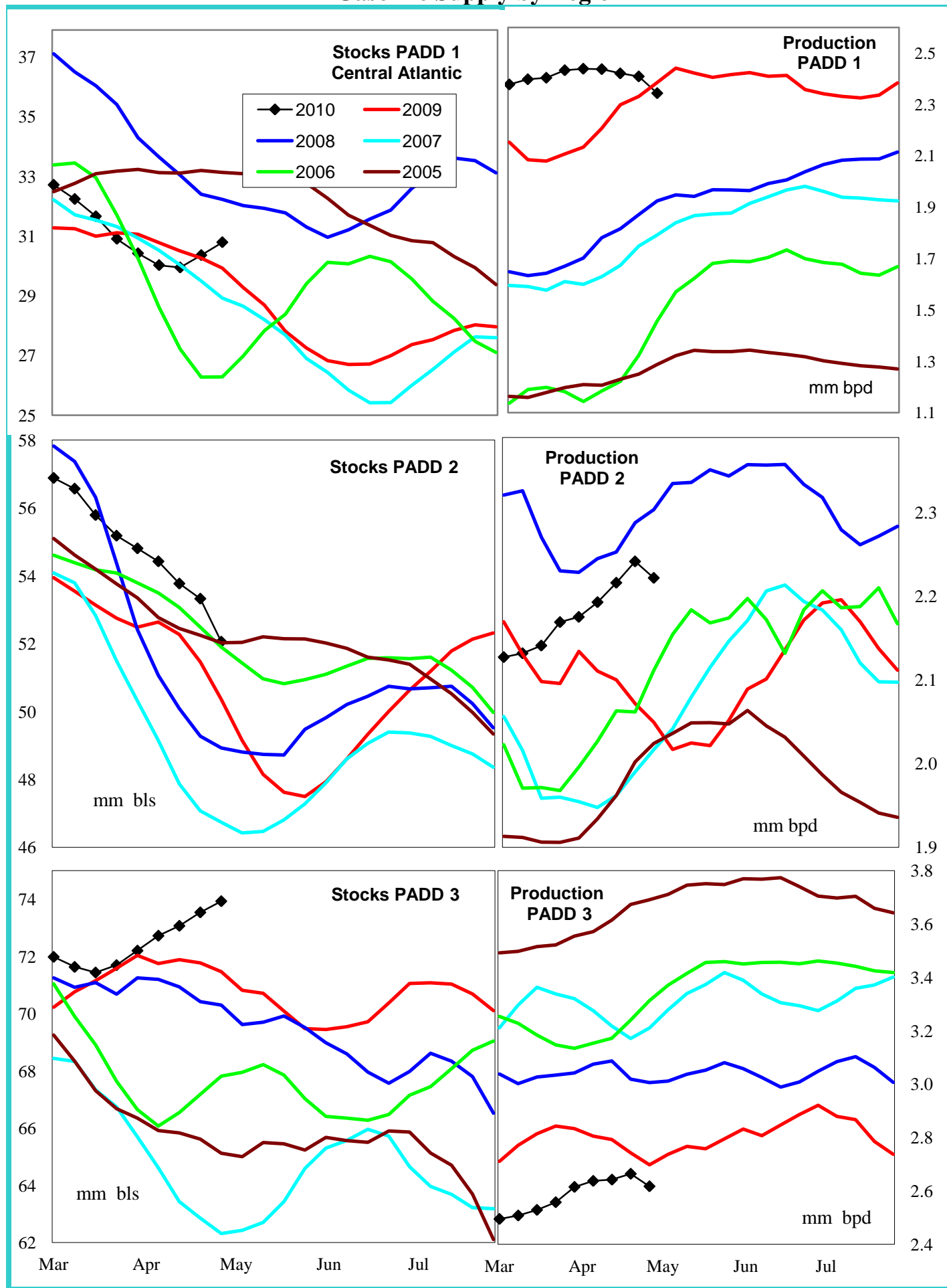
Gasoline Cash Basis and Related Price Spreads



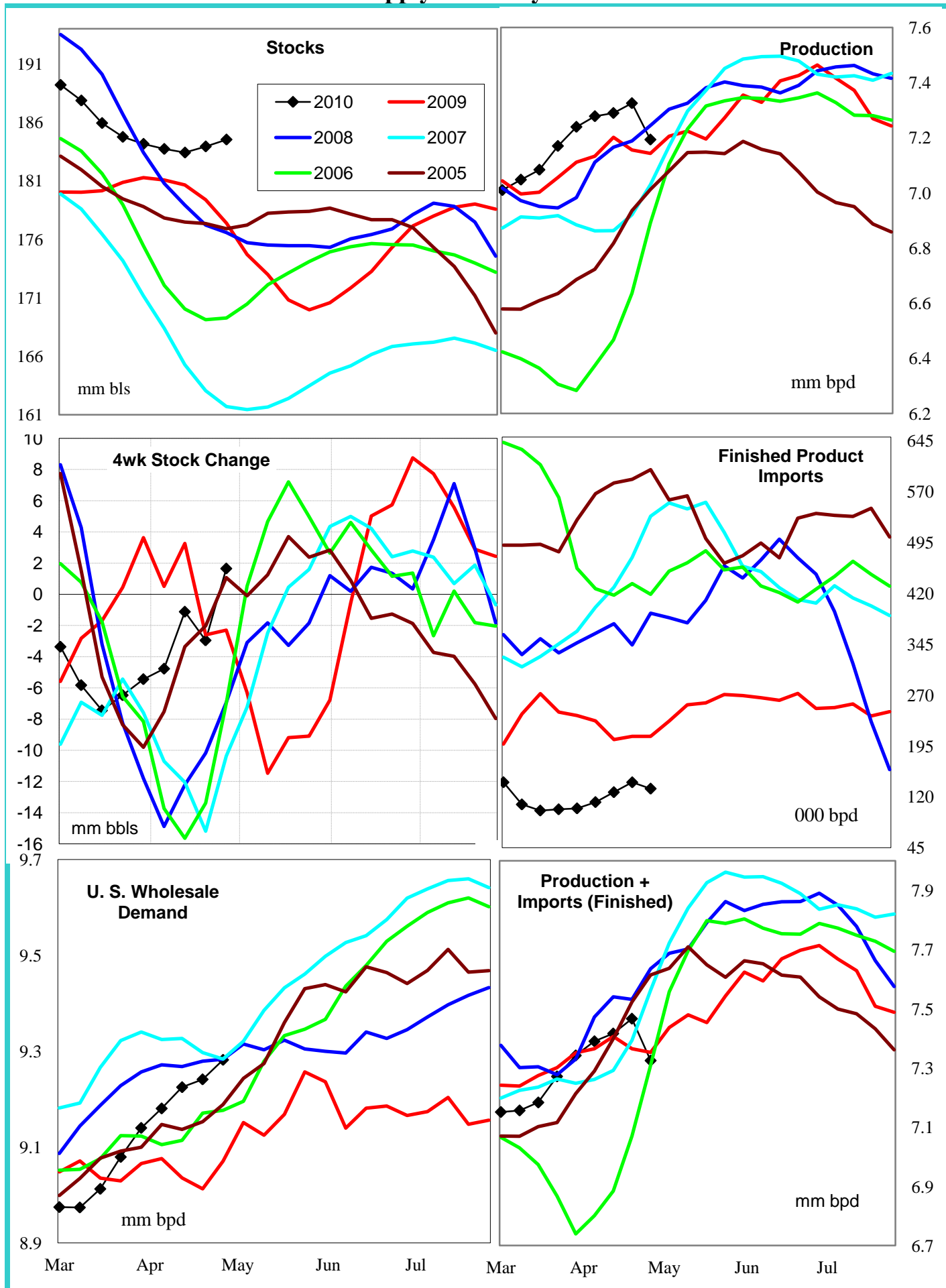
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply