


**FUNDAMENTAL
PETROLEUM
TRENDS?**
WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK
A Fundamental Petroleum Trends Weekly Report

 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, May 20, 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 -48,000 bpd last week; due in part to the continued sharp drop in wholesale prices which caused the downstream supply chain to draw down stocks.

Production increased +269,000 bpd on the week, to a new high for this time of year. Imports decreased -20,000 bpd on the week, to below the historic range.

The latest 4-wk average supply was +251,000 bpd above a year ago.

Stocks decreased -0.3 million barrels on the week, although the level remains well above the historic range. The latest 4-wk stock change East of the Rockies was a -0.9 million barrel stock draw, near the mid range.

Cash basis traded flat to slightly higher last week in markets East of the Rockies. Basis levels ended the week at the low end of the historic range in nearly all markets. West Coast basis remains below the historic range.

Expect basis to experience modest strength on the sharp drop in cash prices and upturn in wholesale demand ahead of the start of peak summer driving. Imports into PADD 1 remain low, which should prevent this region from becoming as over supplied as other markets, thus limiting the basis improvement in the midwest and gulf markets.

RBOB

New York Harbor basis to see modest strength on low imports and higher seasonal demand.

Gulf Coast basis to trend higher on drop in cash price and higher seasonal demand.

West Coast (Los Angeles) basis should improve on a seasonal decline in supply and stock levels.

Conventional

New York Harbor basis to see modest strength on low imports and higher seasonal demand

Chicago basis to trend higher on rising seasonal demand and lower cash prices

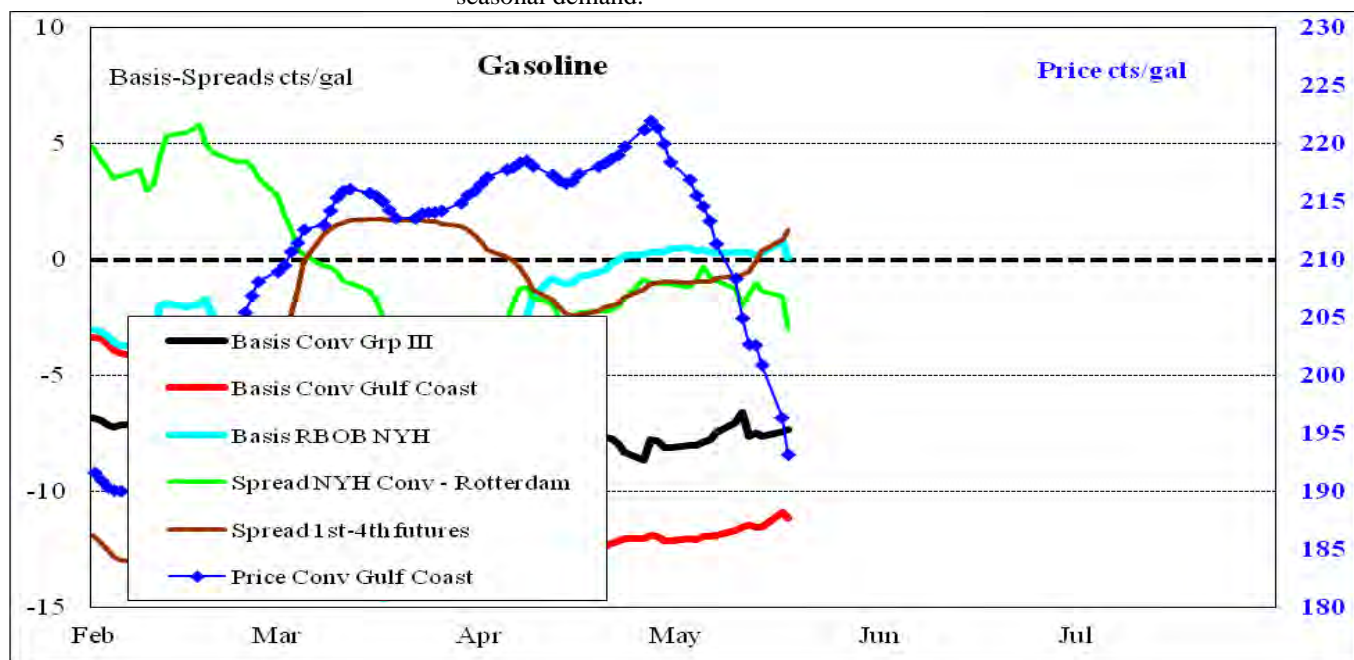
Group III basis to see modest improvement on higher seasonal demand and lower cash prices

Gulf Basis to trend higher on drop in cash price and higher seasonal demand

West Coast (Los Angeles) basis should improve on a seasonal decline in supply and stock levels.

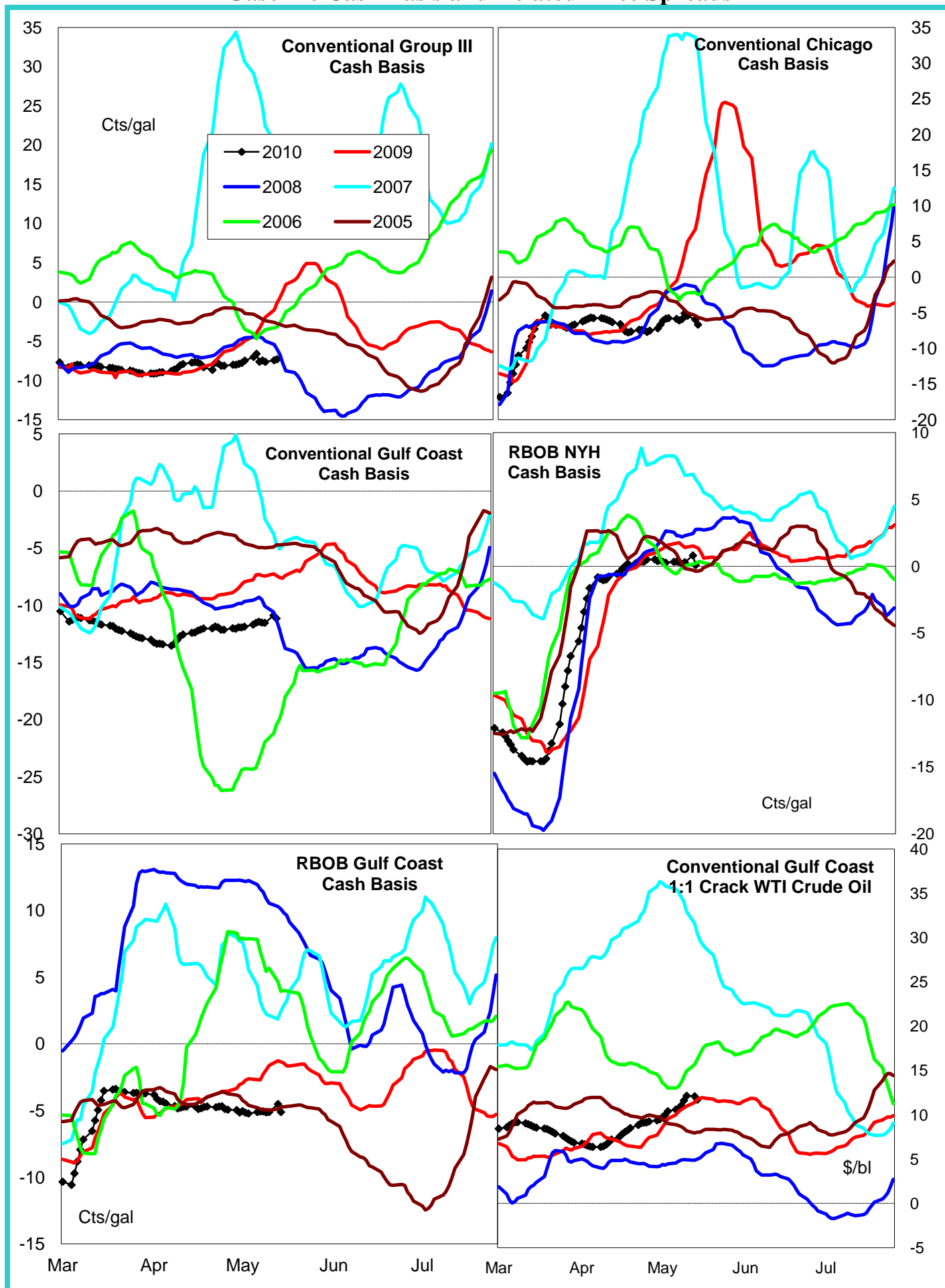
Gulf Coast Price

Gasoline demand has been lackluster during the last two weeks; attributed in part to the sharp drop in wholesale prices that causes the downstream supply chain to draw down stocks. Expect wholesale demand to increase in the 2nd half of May, lifting both cash basis and prices relative to the overall energy complex. European financial disruptions and slowing of China growth rates continue to depress energy prices in the near term.

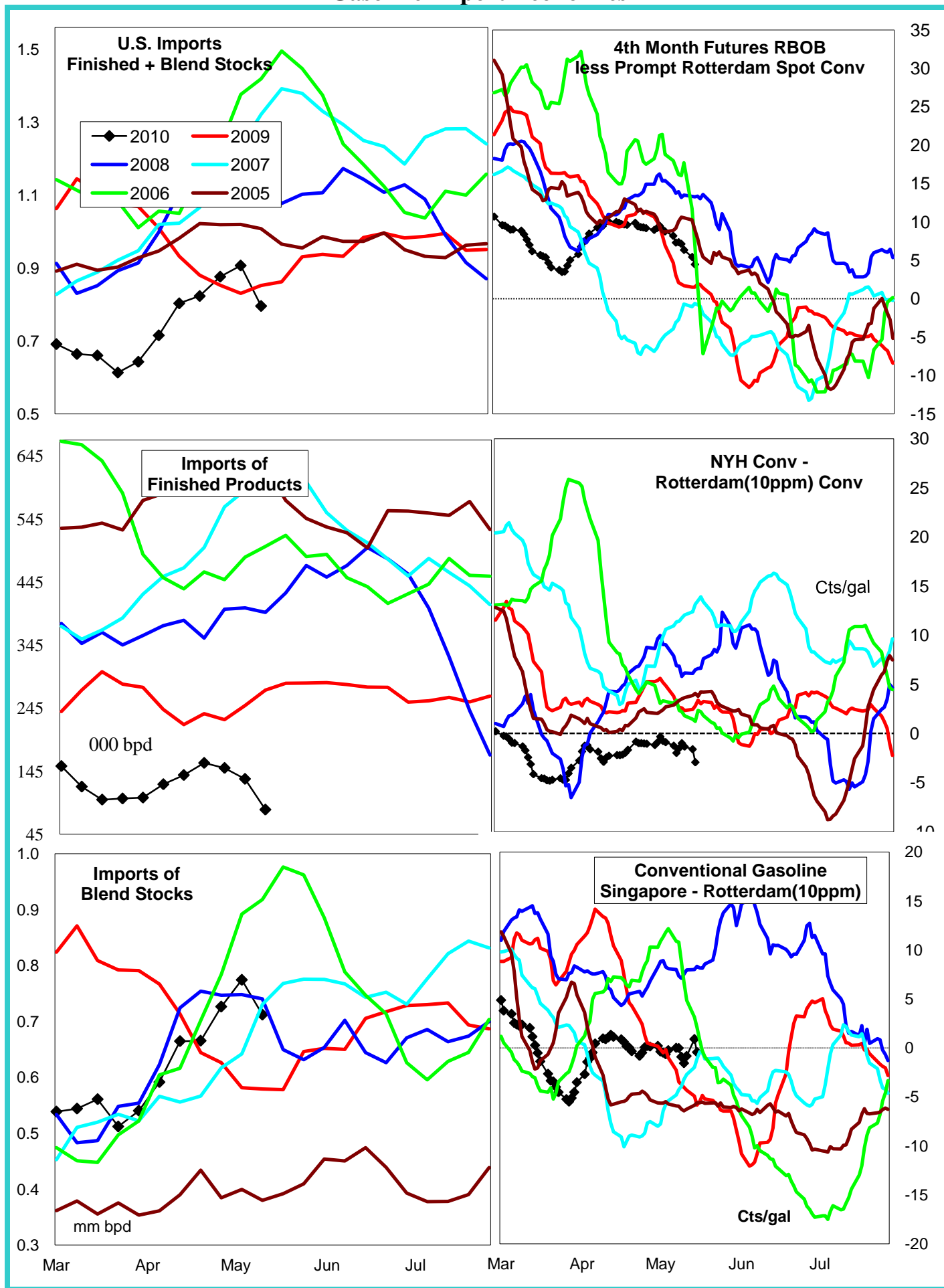


Disclaimer - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and 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.

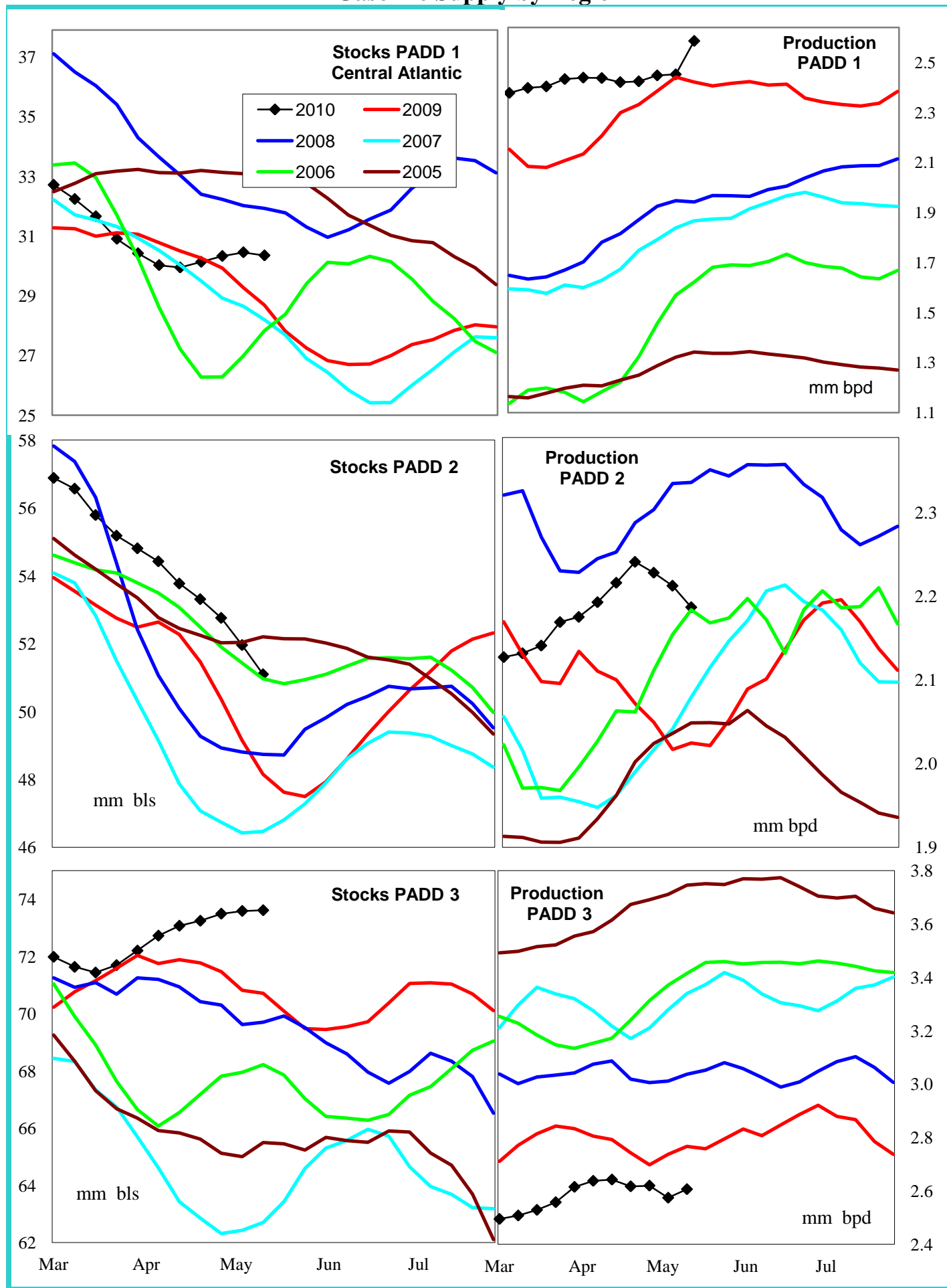
Gasoline Cash Basis and Related Price Spreads



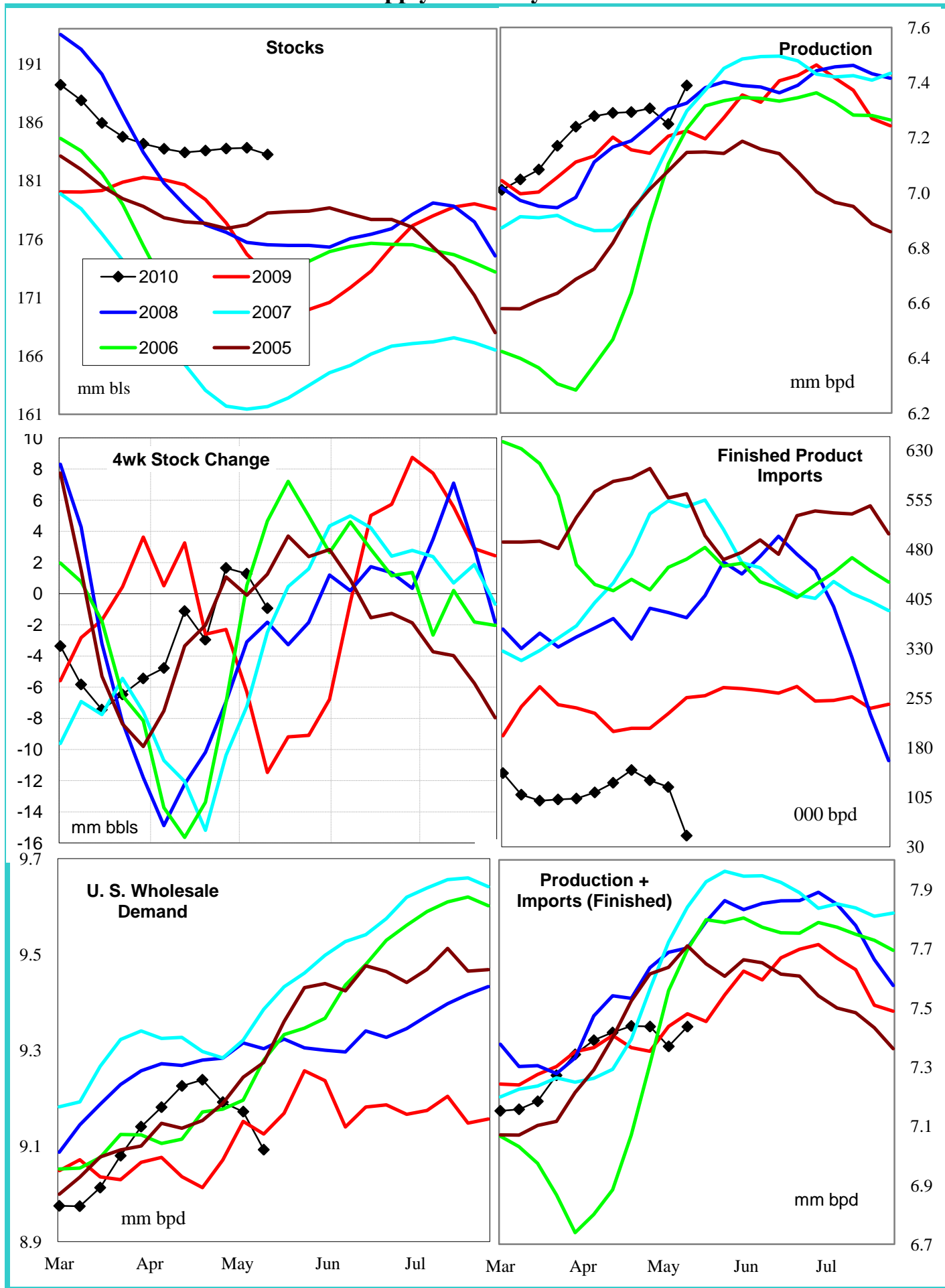
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

