


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

 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, June 11, 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 remains very lackluster with the last three weekly rate below a year ago. High unemployment continues to limit consumer travel.

Production decreased -123,000 bpd on the week, reducing output to the historic mid range for the period. Imports decreased -166,000 bpd to a level below the historic range.

The latest 4-wk average supply was just -61,000 bpd below last year while demand was -93,000 bpd lower.

Stocks were unchanged on the week with the level at a 5-year high for this time of year. The latest 4-wk stock change East of the Rockies was flat, compared to builds in four of the last five years.

Cash basis traded unchanged to slightly higher in markets East of the Rockies. West Coast basis pulled back after spiking on a supply squeeze from unplanned maintenance.

Basis levels remain at the low end of the historic range in markets East of the Rockies. West Coast basis traded at the historic mid range.

Weak demand and excess refining capacity should limit basis strength across regional markets. Any supply imbalances caused by unplanned refinery maintenance should be short lived with increased production or imports readily available.

With refiners limiting output and extremely low imports, higher seasonal demand should provide modest support to cash basis during the next 60-days.

RBOB

New York Harbor basis to trade sideways in the near term on ample supply and weak demand; then strengthen modestly on higher seasonal demand.

Gulf Coast basis is at risk of further declines by mid summer on persistently high stock levels.

West Coast (Los Angeles) basis to trend lower as process units return to operation and imports arrive.

Conventional

New York Harbor basis to trade sideways in the near term on ample supply and weak demand; then strengthen modestly on higher seasonal demand.

Chicago basis to remain at low end of historic range on ample supplies, with modest strength as summer demand trends higher.

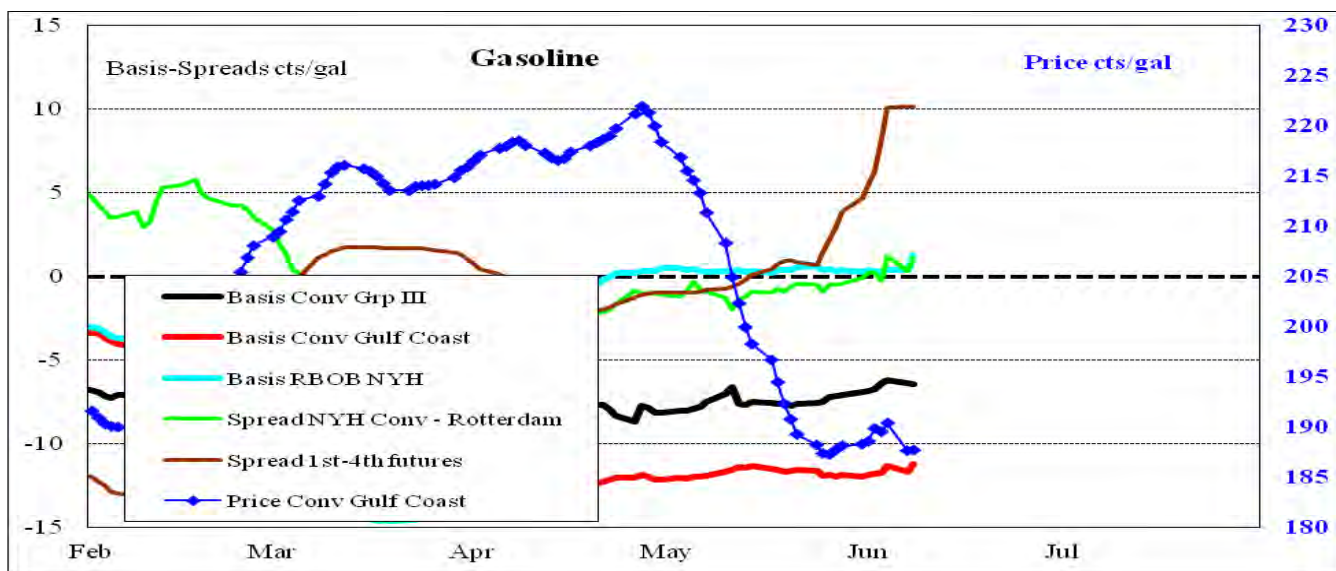
Group III basis to remain at low end of historic range on ample supplies, with modest strength as summer demand trends higher.

Gulf Basis is at risk of further declines by mid summer on persistently high stock levels.

West Coast (Los Angeles) to trend lower as process units return to operation and imports arrive.

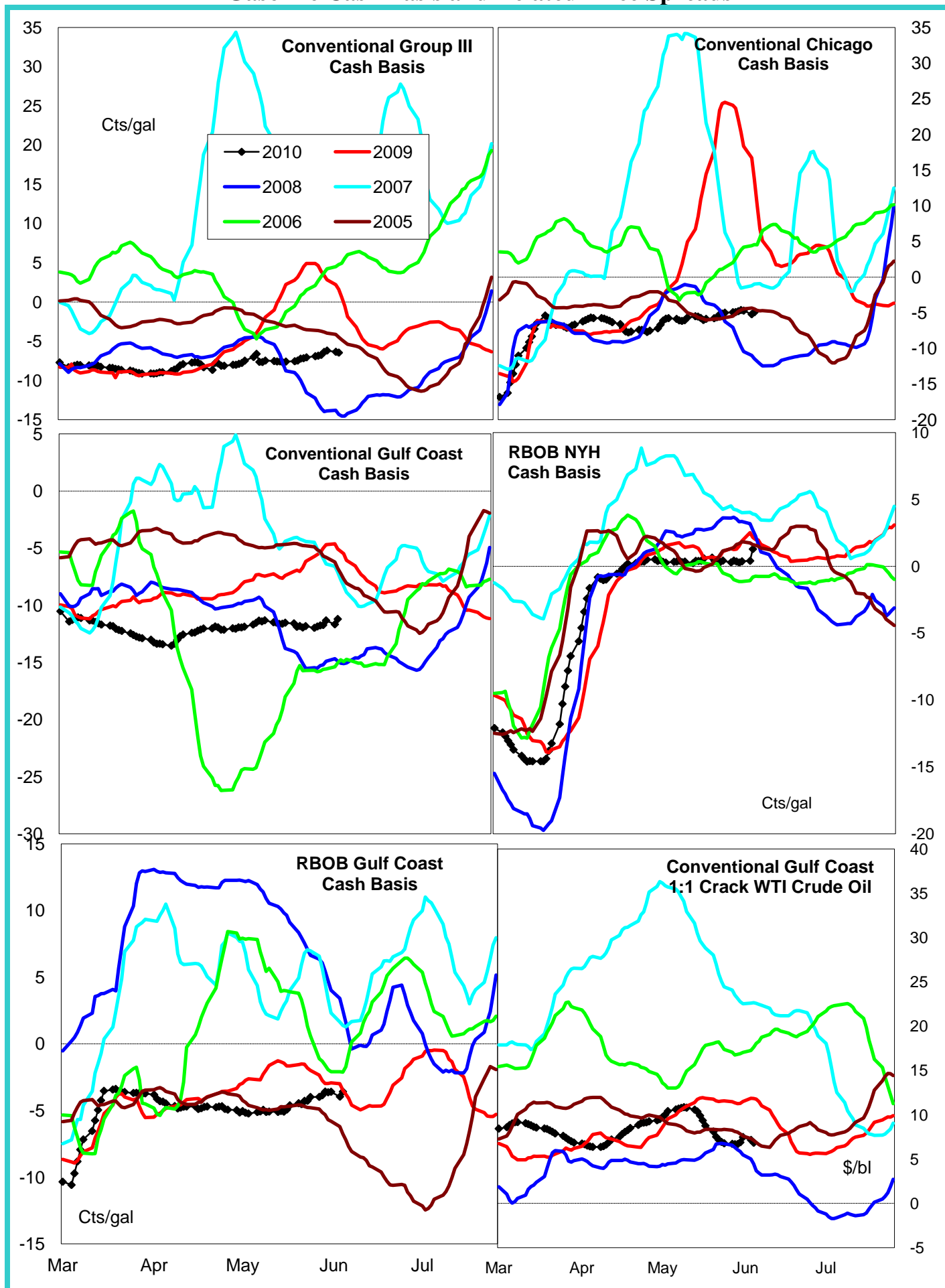
Gulf Coast Price

With lackluster demand and very high stock levels in markets East of the Rockies the gasoline market is over supplied. Refiners are limiting output and imports remain below the historic range. These trends point to the risk of an over supplied market during the summer driving season and risk of further price weakness.

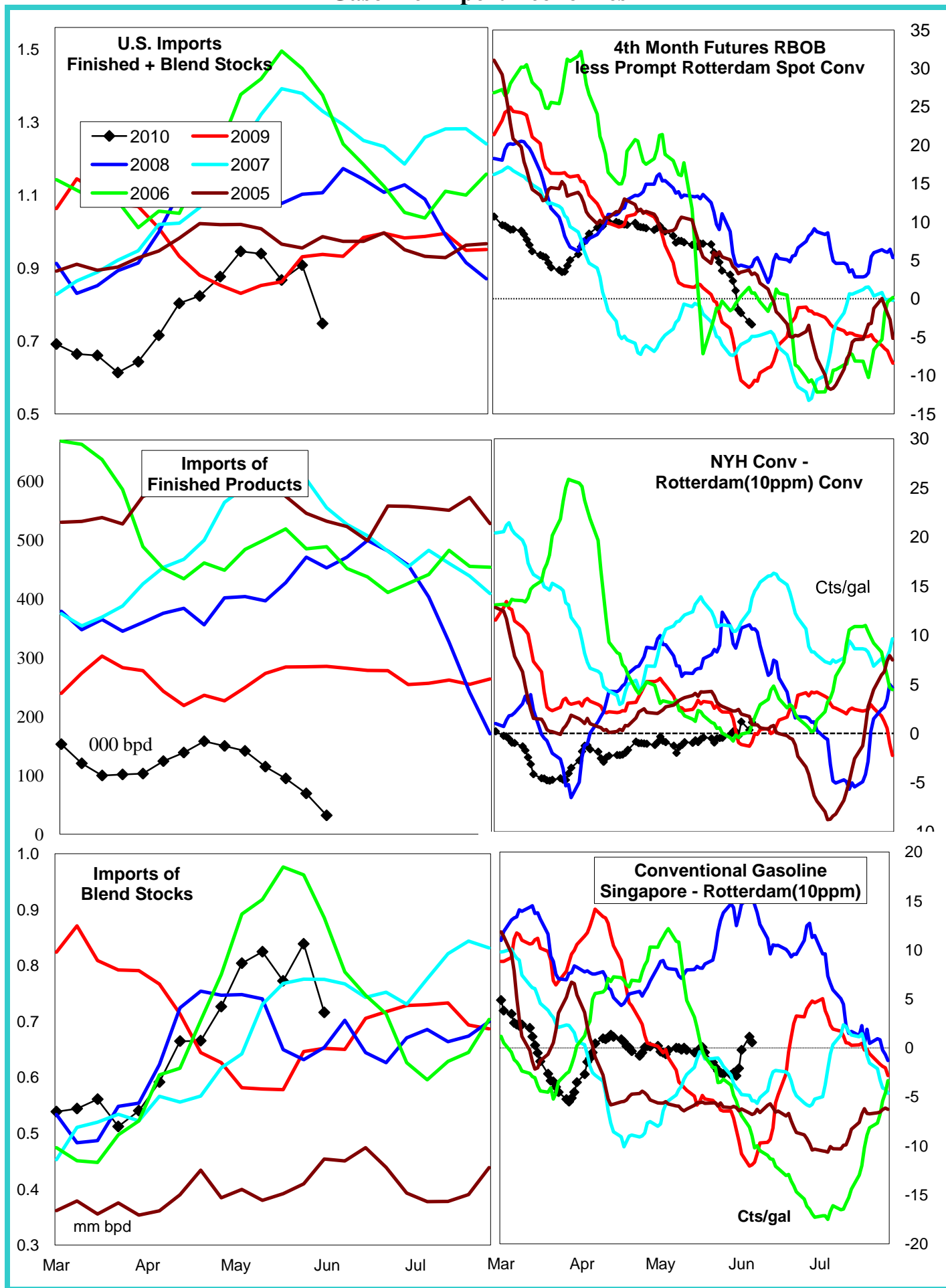


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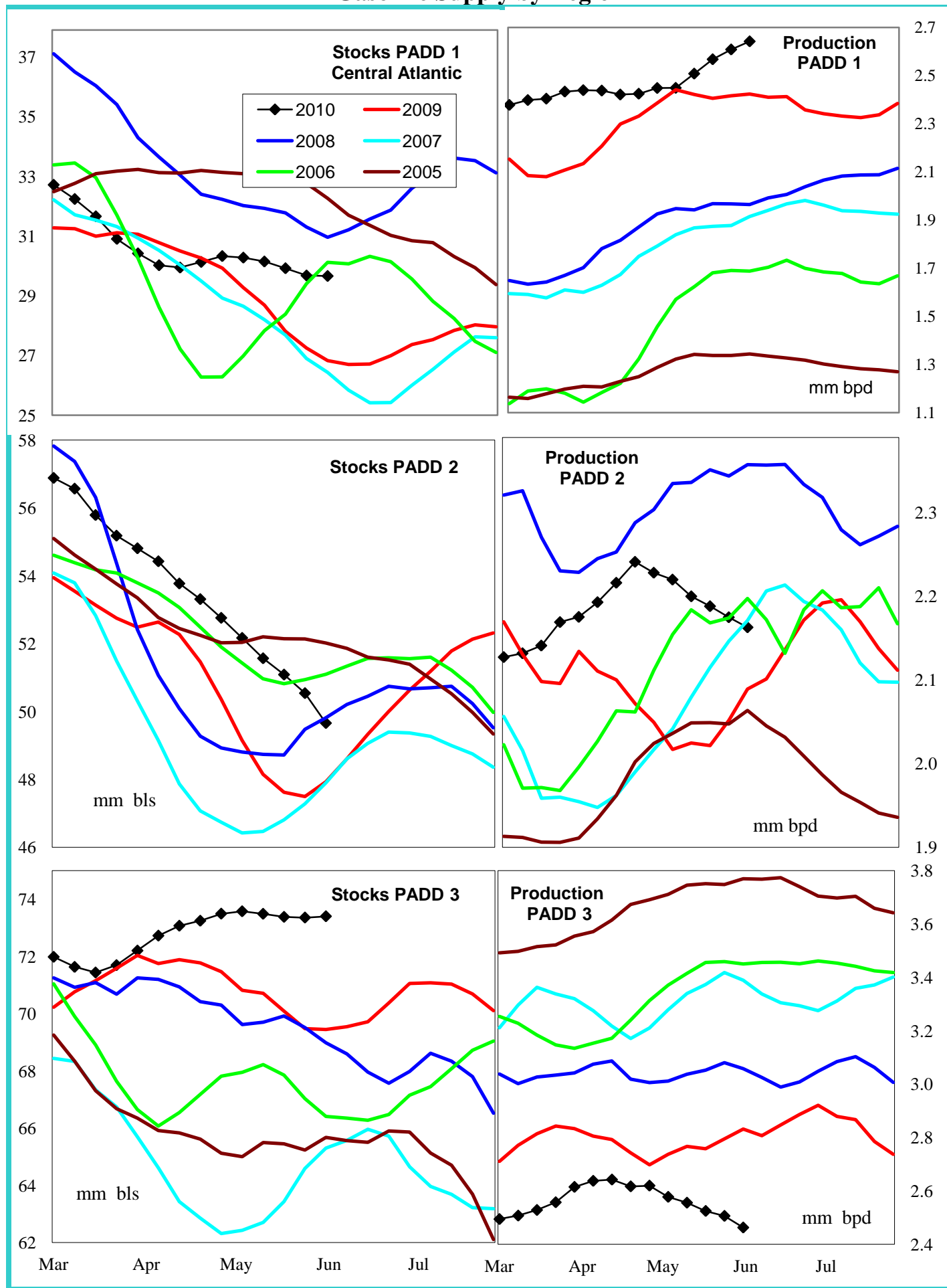
Gasoline Cash Basis and Related Price Spreads



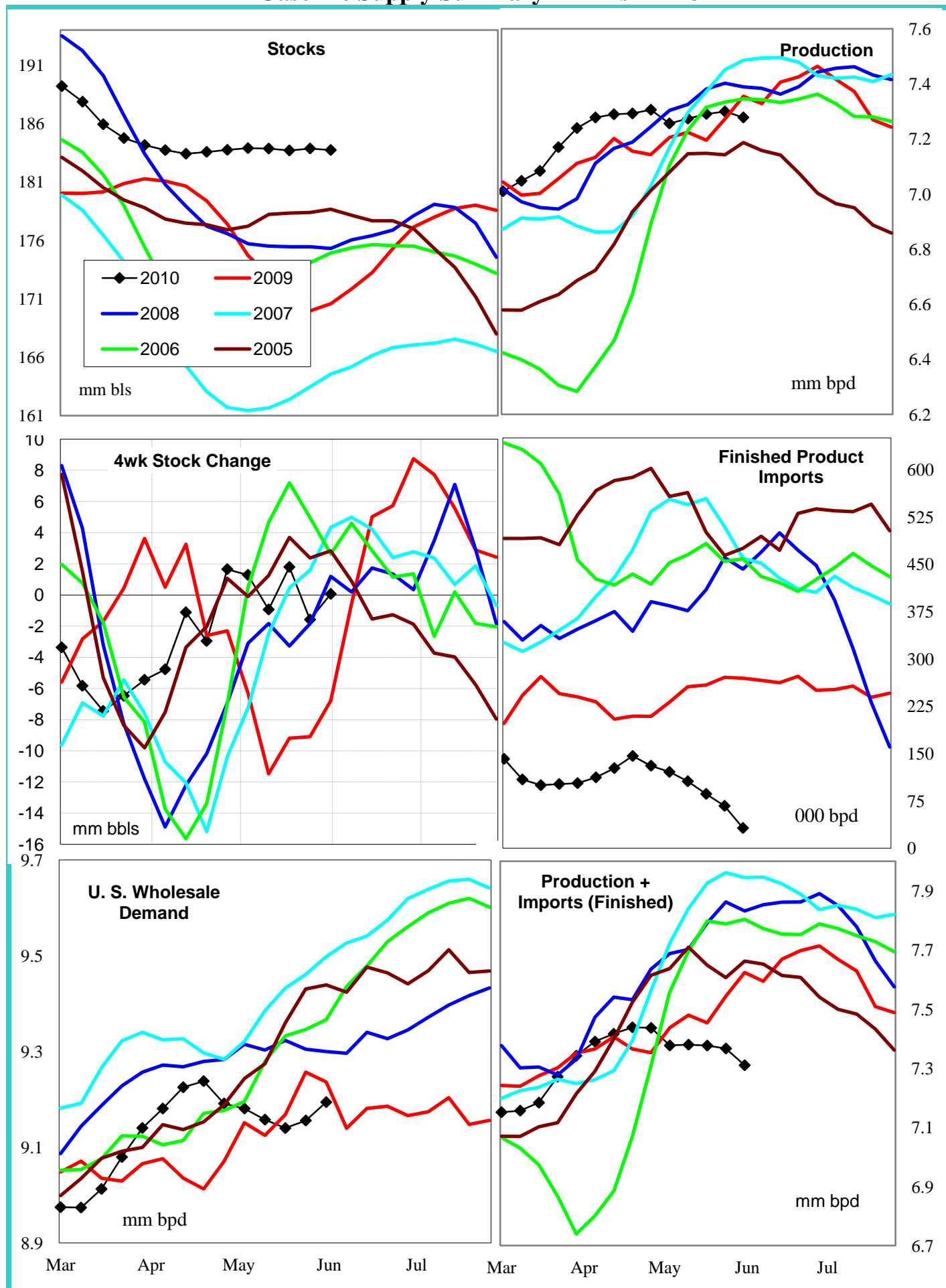
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

