


**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, June 16, 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 +144,000 bpd last week, the first meaningful upturn during the last 6-wks.

Production increased +161,000 bpd on the week, to a level above the historic mid range. Imports increased +50,000 bpd but remains below the historic range.

The latest 4-wk average supply was just -155,000 bpd below last year while demand was -62,000 bpd lower.

Stocks decreased -0.6 million barrels last week, with the level still above the historic range. The latest 4-wk stock change East of the Rockies was -0.6 million barrels, at the low end of the historic range.

Cash basis trended higher in all major markets east of the Rockies. West Coast basis continued the recent downtrend, following an earlier spike on unplanned refinery maintenance.

Basis levels remain below the mid range in markets East of the Rockies. West Coast basis also traded below the mid range.

Regional supply imbalances are becoming evident; PADDs 2 and 5 have relatively tight supplies while the Gulf and East Coast have very ample stock levels. These trends should provide support to basis in the Midwest and West Coast compared to the Gulf and NYH. However, excess refining capacity and lackluster demand should limit the magnitude and duration of basis strength.

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 below the historic mid range, but with some risk of a surge if unplanned maintenance continues.

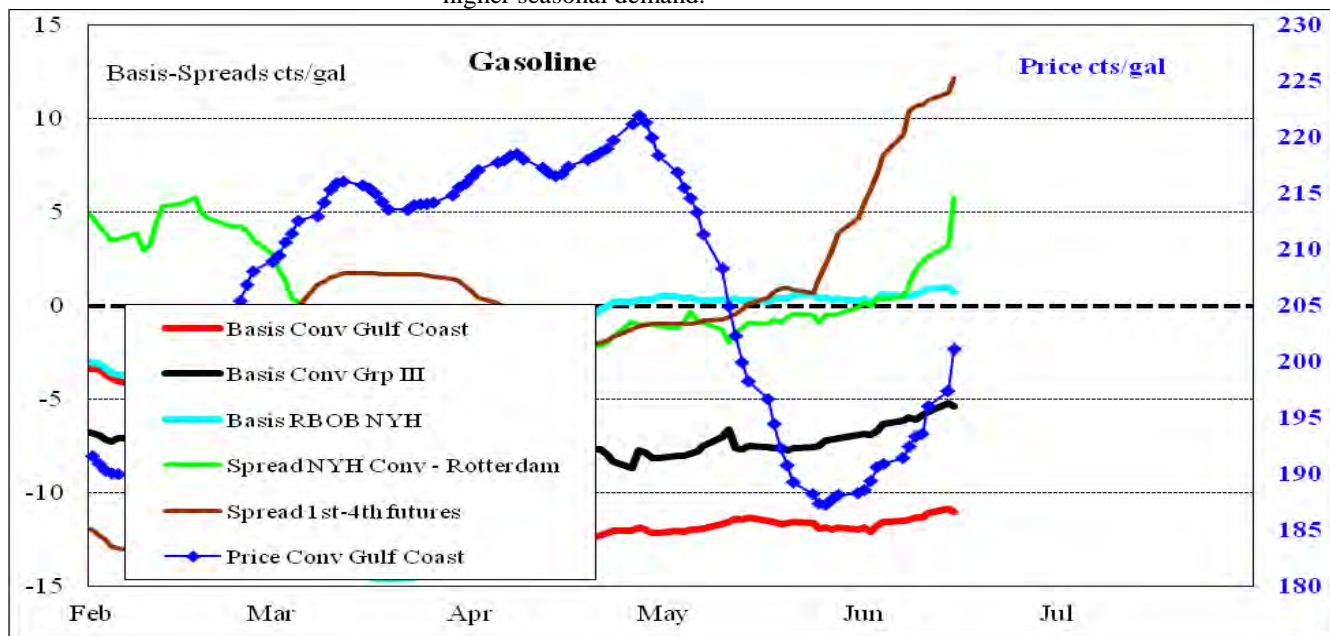
Group III basis to remain below the mid range on a seasonal improvement in supply.

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.

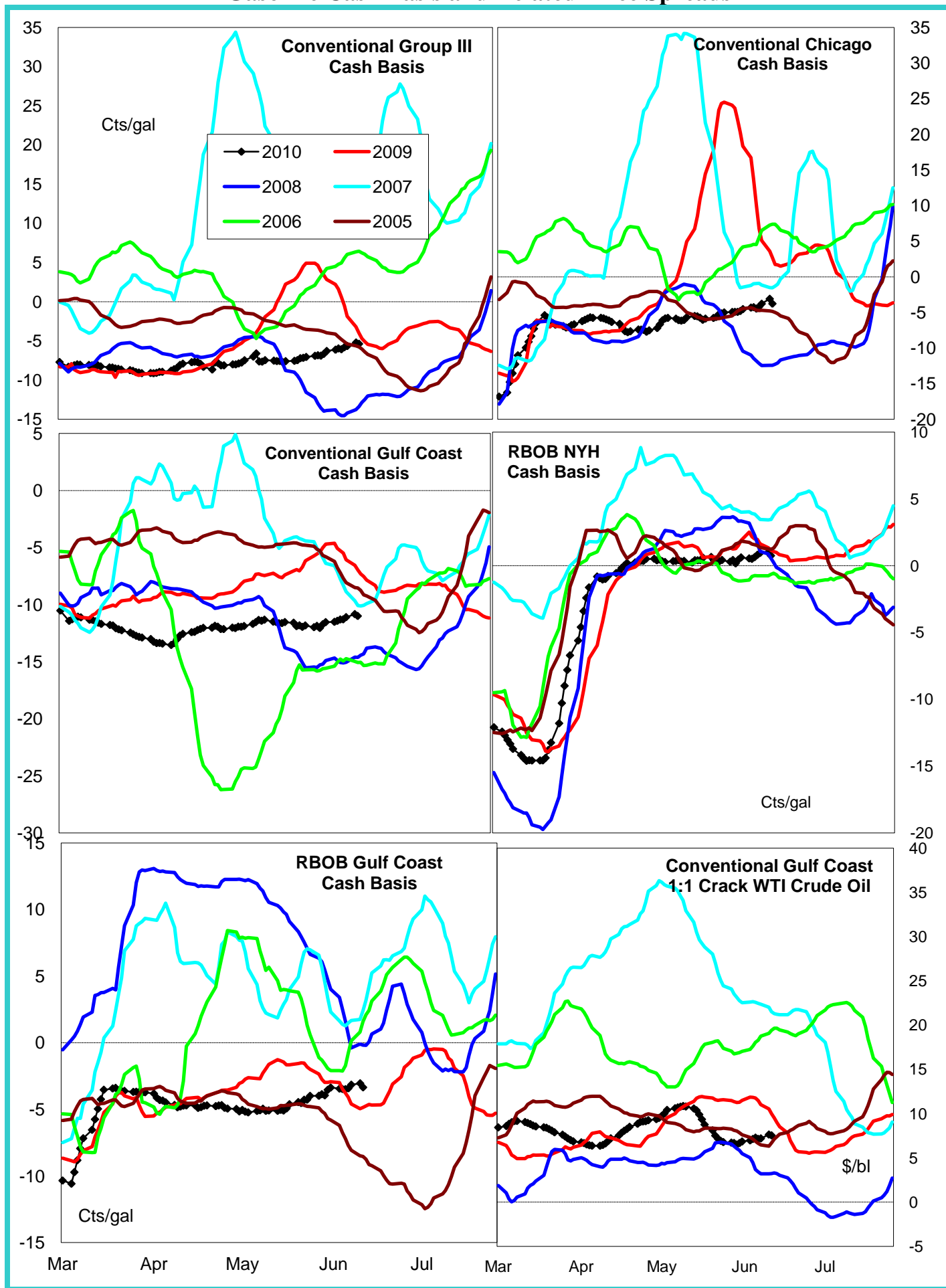
Gulf Coast Price

A seasonal upturn in demand and very low imports should lead to modest improvement in the supply balance East of the Rockies, particularly the East Coast. Continued over supply on the Gulf point to a risk of over supply during the peak summer driving season; which may lead to a sharp pull back in prices by mid summer.

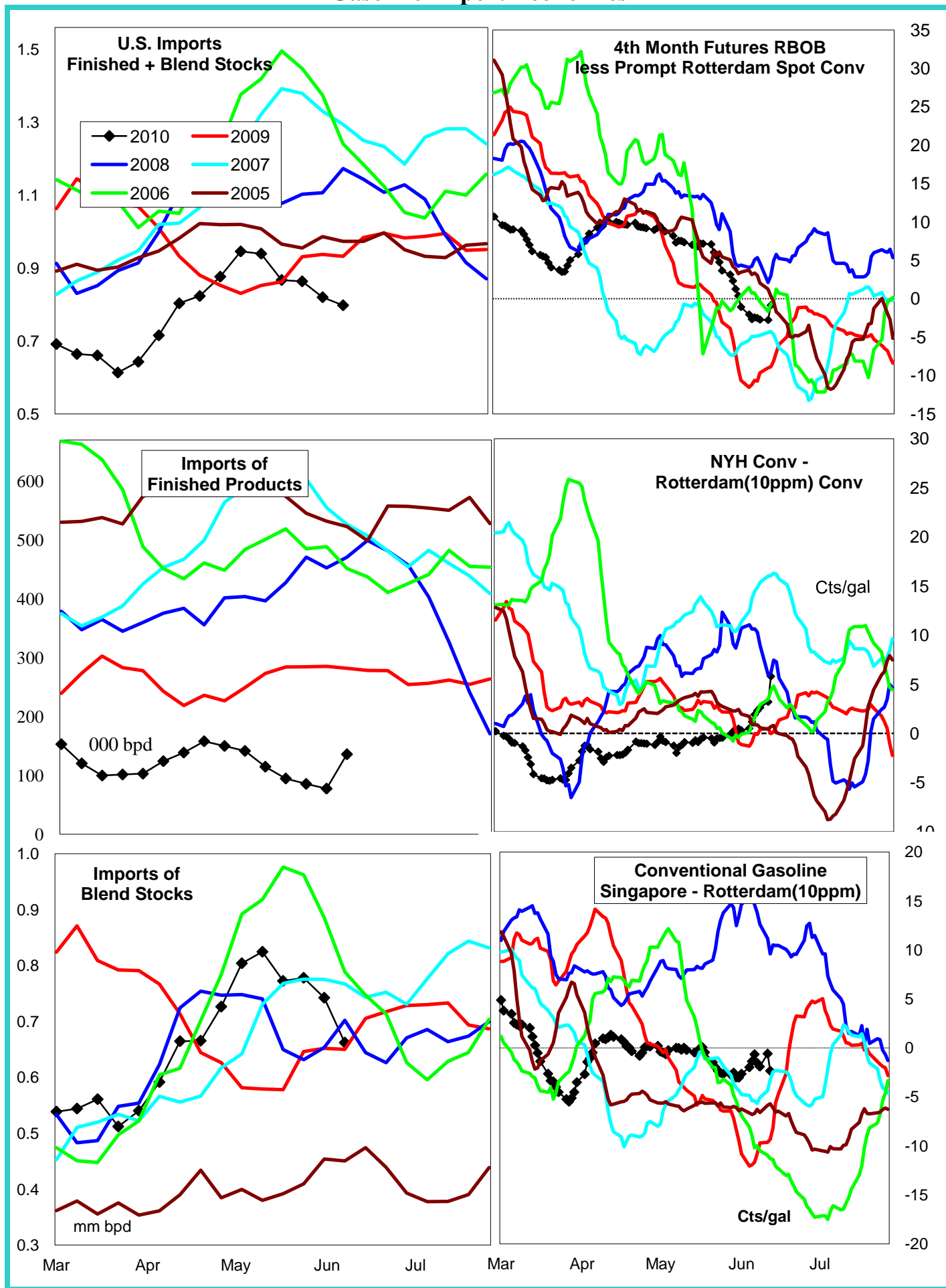


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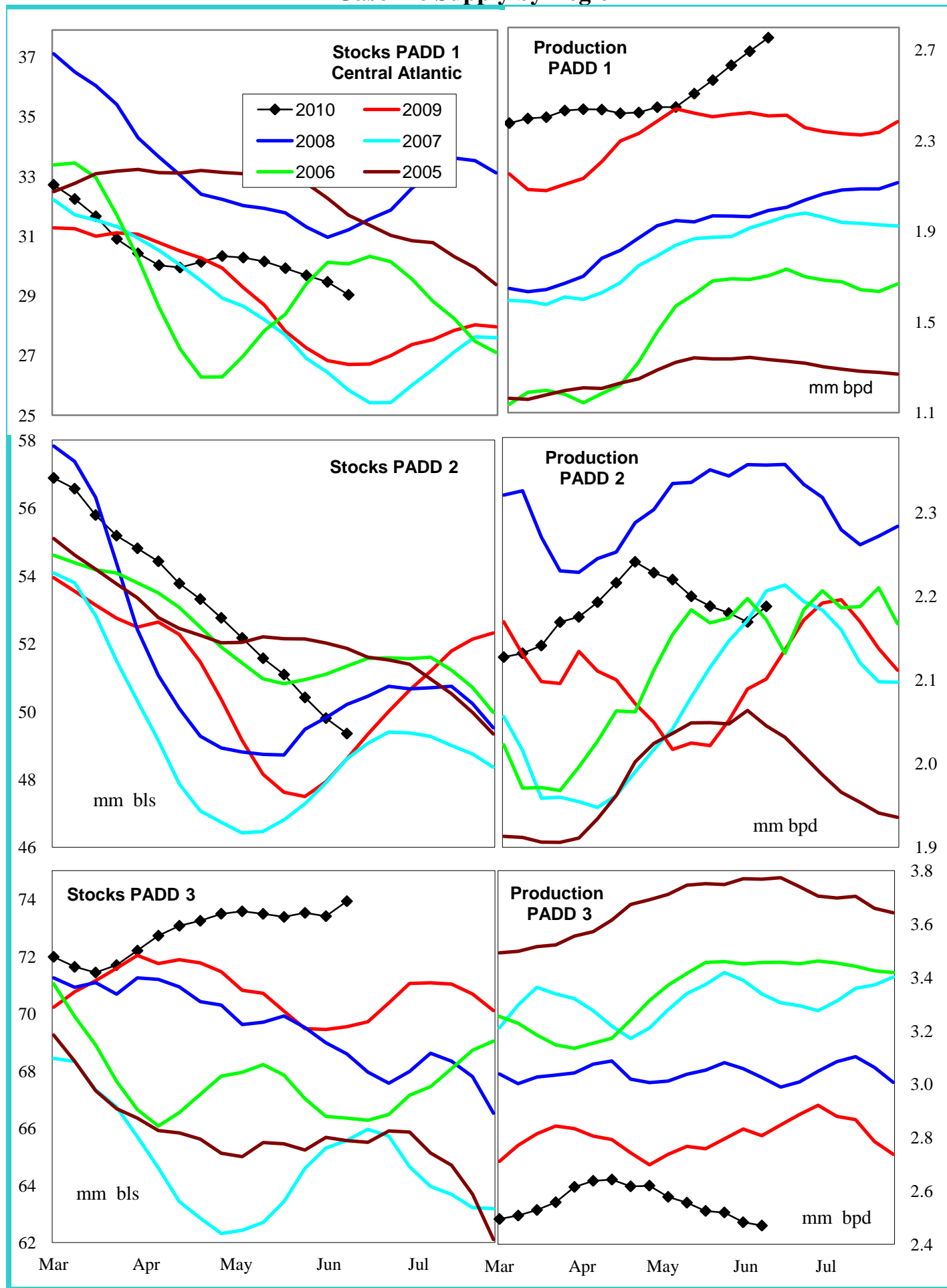
Gasoline Cash Basis and Related Price Spreads



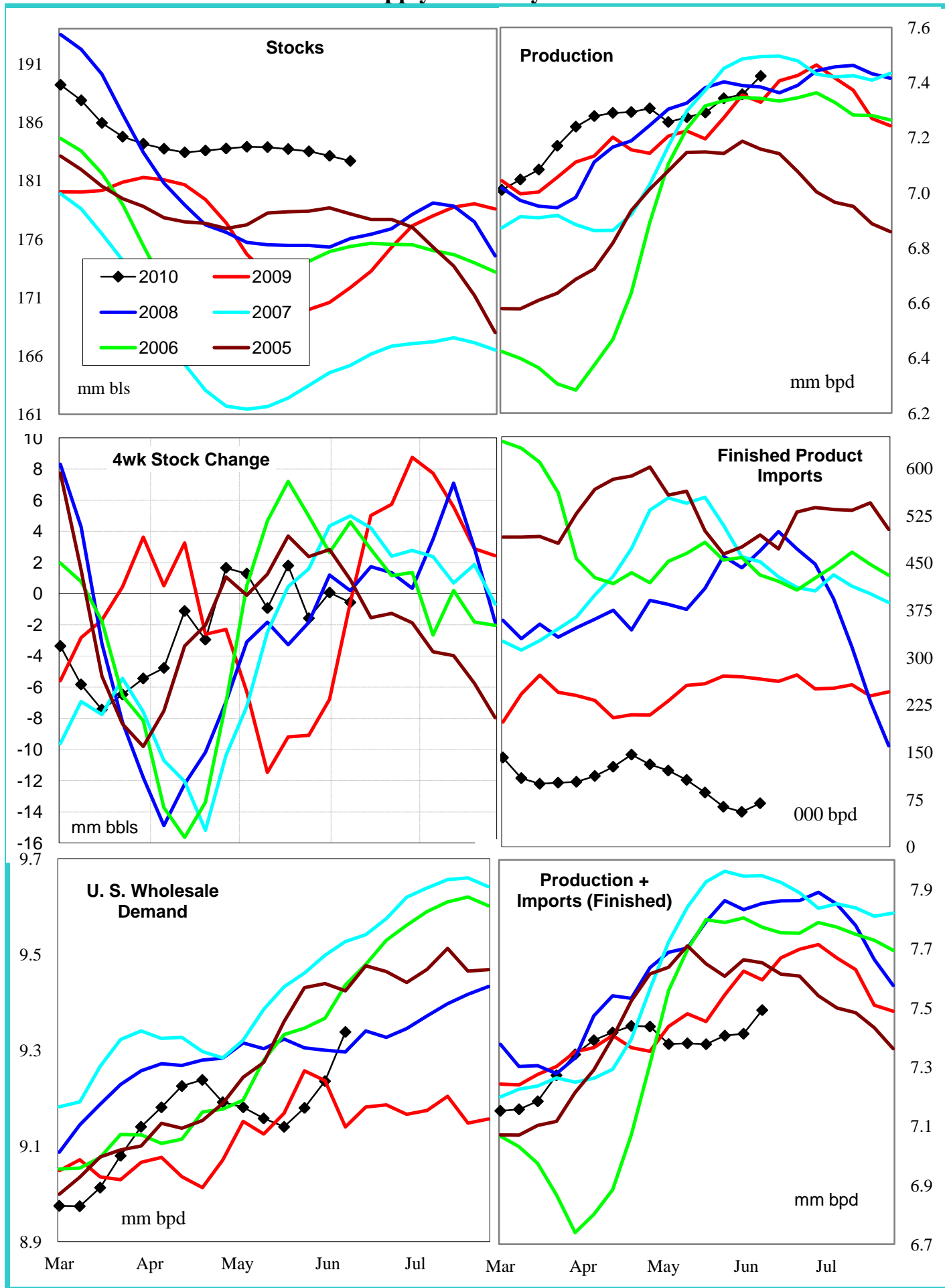
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

