
**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 23, 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 declined -97,000 bpd last week, pointing to continued lackluster demand growth.

Production increased +85,000 bpd on the week, the upper end of the historic range. Imports were nearly unchanged on the week at level well below the historic range.

The latest 4-wk average supply was -42,000 bpd below last year while demand was +76,000 bpd higher.

Stocks decreased -0.8 million barrels last week, with the level slightly above the historic range. The latest 4-wk stock change East of the Rockies was -3.1 million barrels, a record large draw for this time of year.

RBOB grade cash basis trended lower in all markets East of the Rockies last week. Conventional grade basis trended higher in most markets East of the Rockies. West Coast basis trended higher for all grades late in the week on continued unplanned refinery maintenance.

Basis levels were above the mid range on the West Coast and Group III markets on relatively tight supplies. Other markets were at or below the mid range.

Relatively tight supplies in the Midwest and West Coasts should support basis compared to the Gulf and NYH. 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 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 trend higher on relatively tight supply.

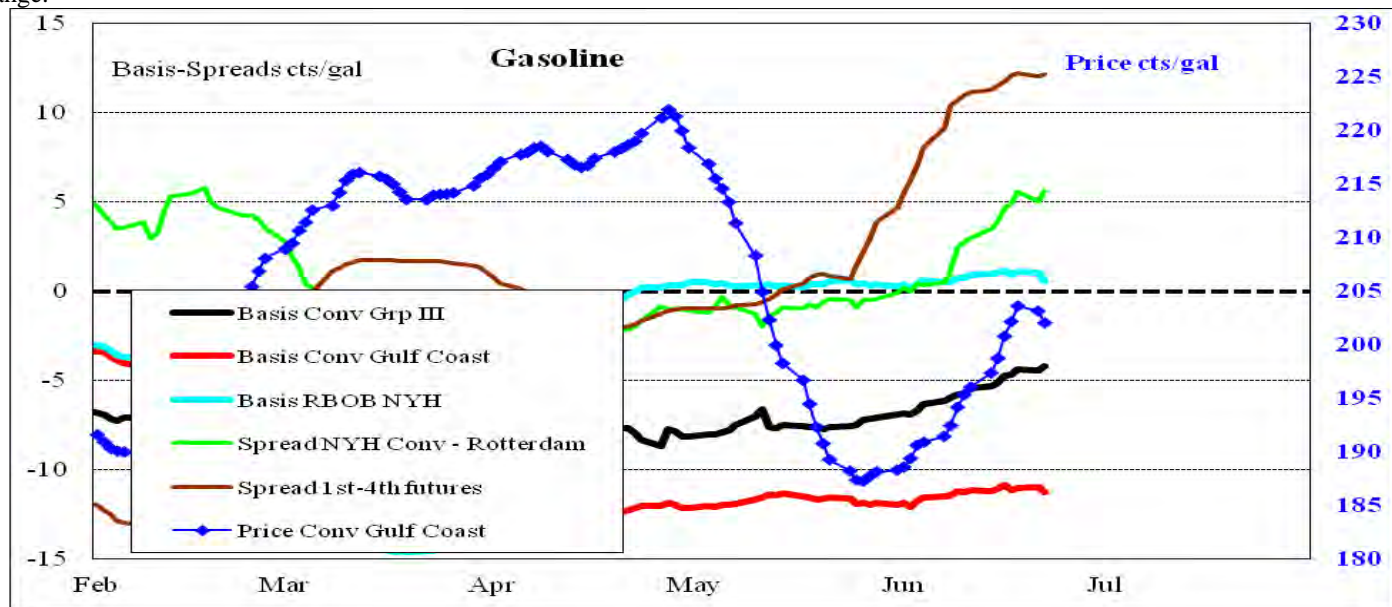
Group III basis to extend the recent uptrend on relatively tight supply.

Gulf Basis is at risk of 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.

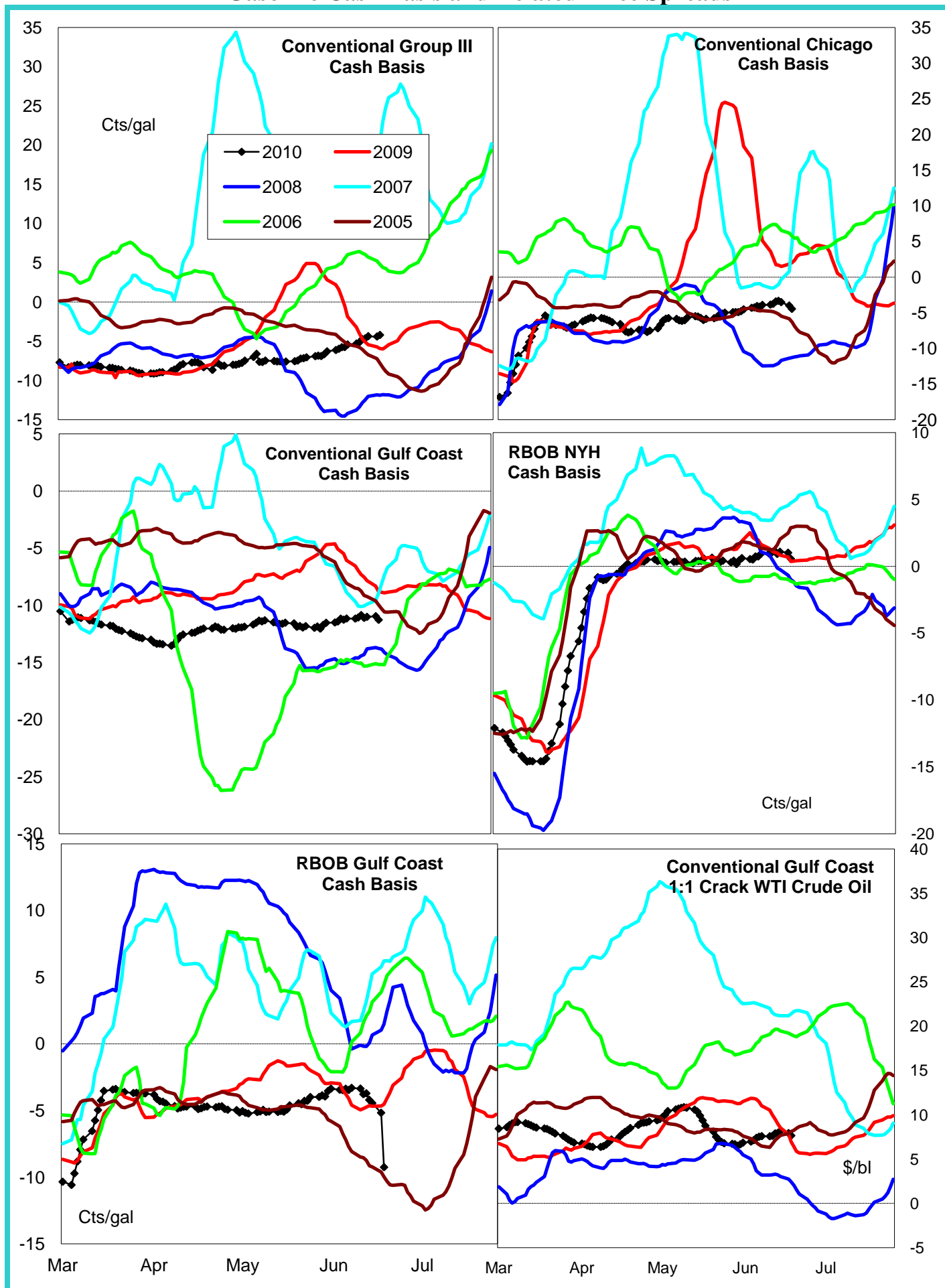
Gulf Coast Price

Very ample supplies of RBOB grade and ethanol has recently depress cash basis for this grade East of the Rockies. Conventional grades have witnessed modest strength. The Gulf Coast remains exceptionally over supplied, combined with lackluster demand, prices should face downward pressure by mid summer.

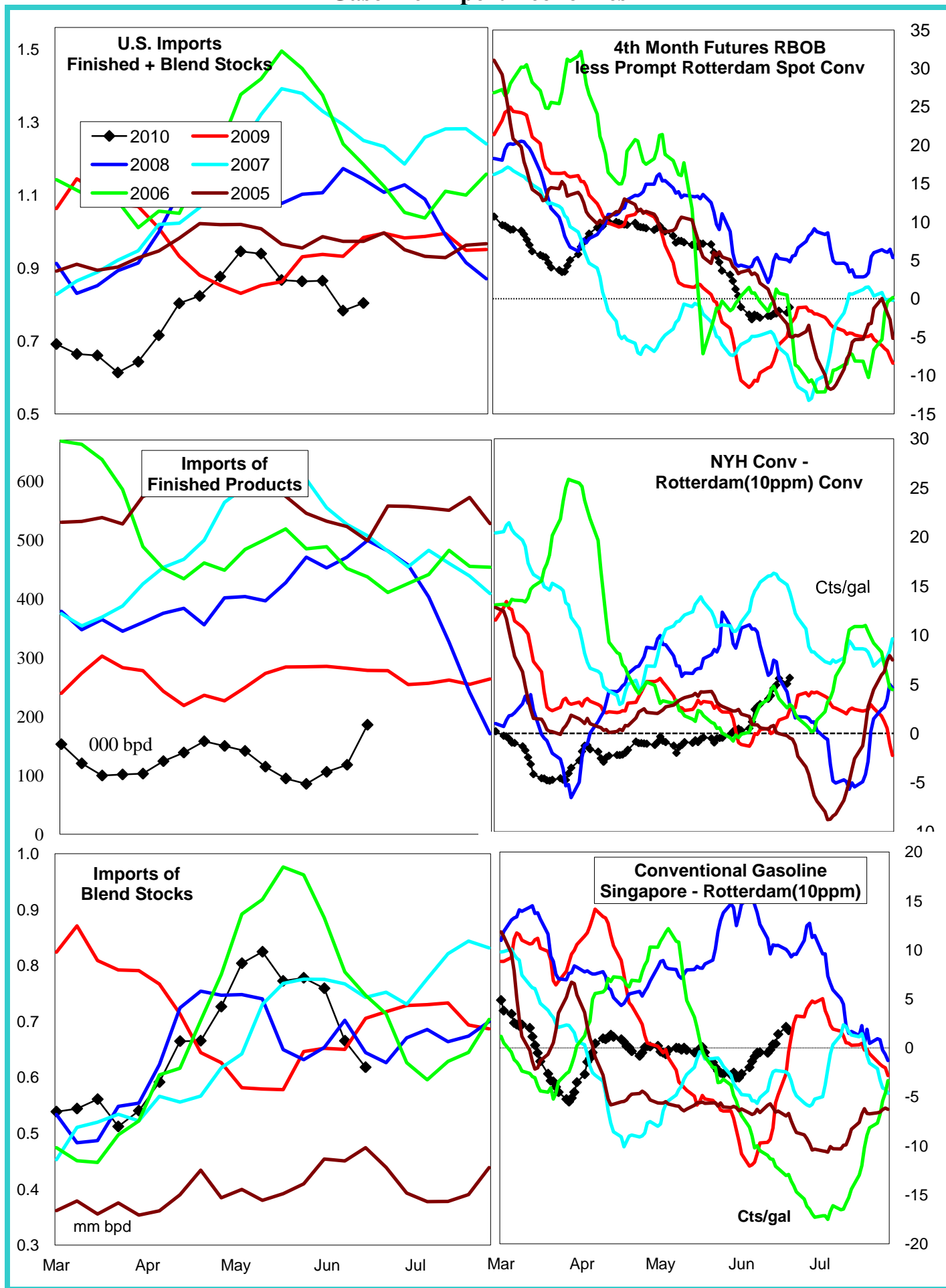


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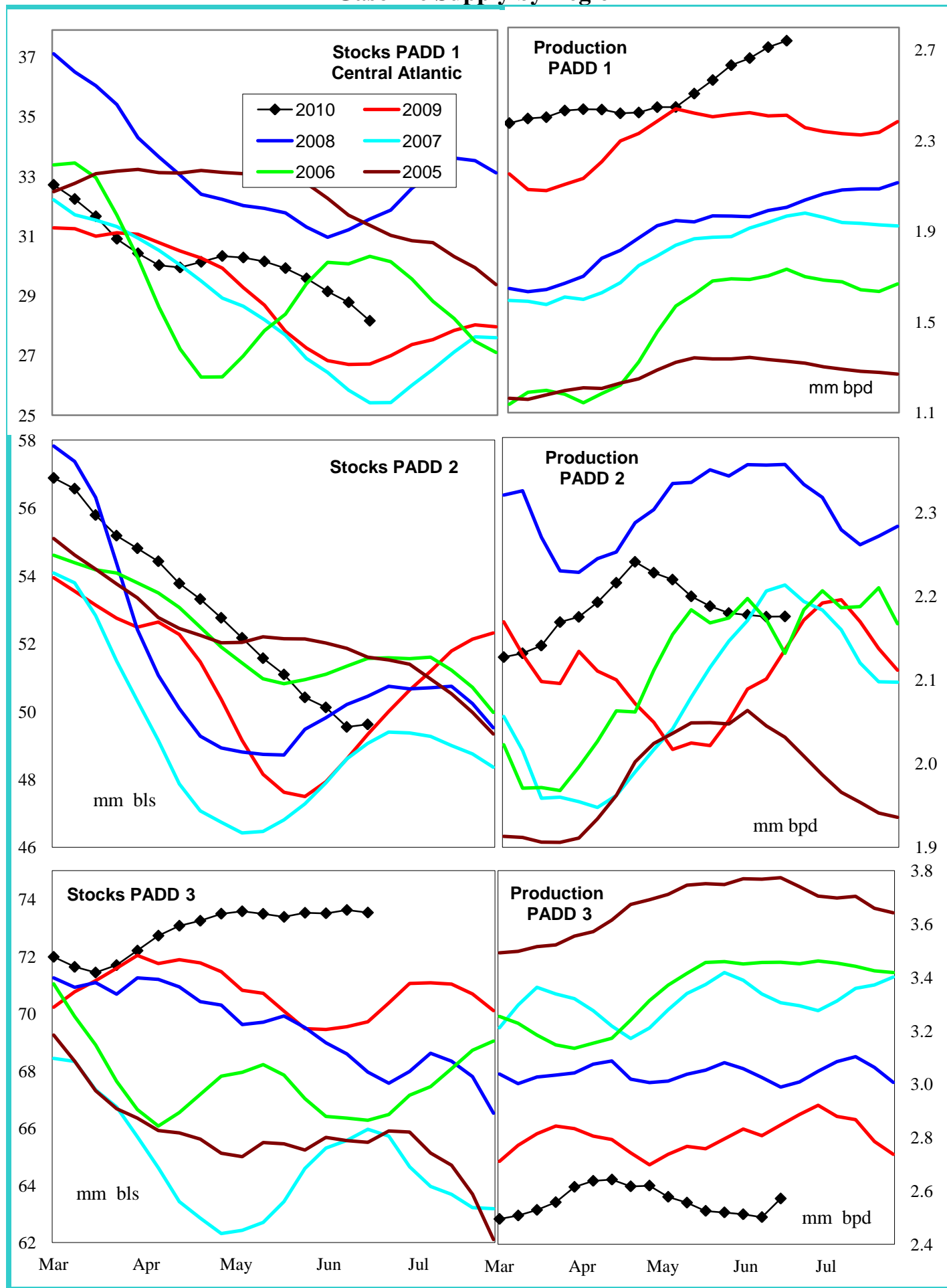
Gasoline Cash Basis and Related Price Spreads



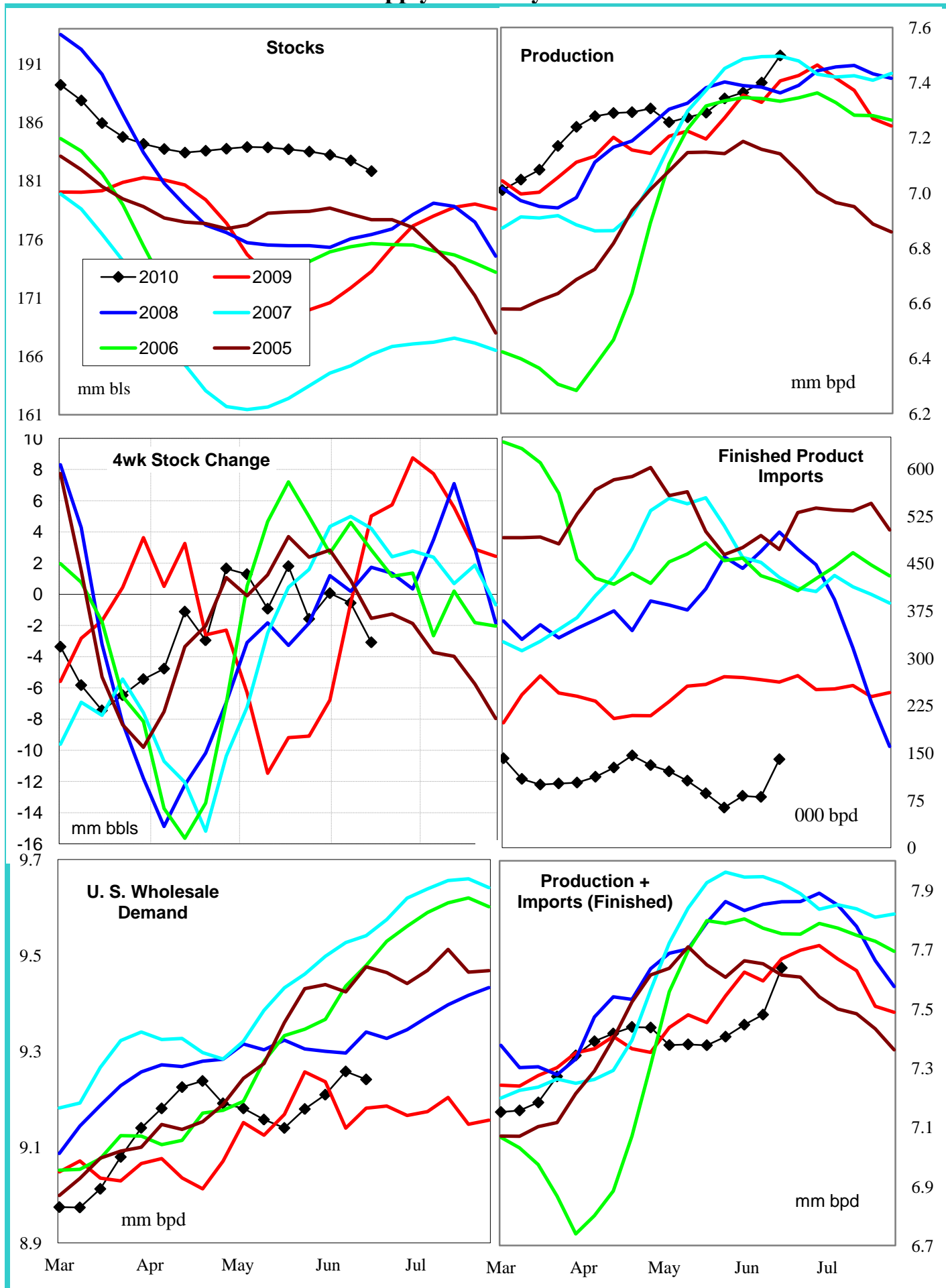
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

