



**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, July 15, 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 fell -369,000 bpd last week as the downstream supply chain ran down inventories following the 4th of July holiday weekend. A build up of stocks in the downstream supply chain ahead of the holiday likely contributed to earlier increased demand. The latest 4-wk

average year-on-year increase was +165,000 bpd.

Production increased +47,000 bpd on the week, yet another 5-year high. The increase was due in part to earlier high levels of blend stock imports, as imports fell -333,000 bpd last week.

The latest 4-wk average supply was +73,000 bpd above last year.

Stocks increased +1.6 million barrels last week, to a new high for the season. The latest 4-wk stock change East of the Rockies was +3.5 million barrels, a level above the mid range.

Cash basis trended higher across markets late last week, then pulled back this week. The recent weakness was due in part to the weekly drop in demand and counter seasonal stock builds

Basis levels for conventional grades remain above the mid range in most markets for this time of year. RBOB grade basis remains weak in NYH and on the Gulf Coast. Tight supplies continue to support West Coast basis at the upper end of the historic range.

Stock levels remain low in PADD 2 although production now matches historic highs for the period.

Look for cash basis to extend the current weak trend on flat demand, very high stocks and/or high production levels. IF hurricanes do not strike the Gulf, the

East of Rockies market faces severe over supply during the next 60-days.

RBOB

New York Harbor basis to trade sideways on very high stock levels and flat demand.

Gulf Coast basis to trade sideways to lower on very high stocks and flat demand.

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 on flat demand and high stocks.

Chicago basis to trade flat to lower on increased production and flat demand.

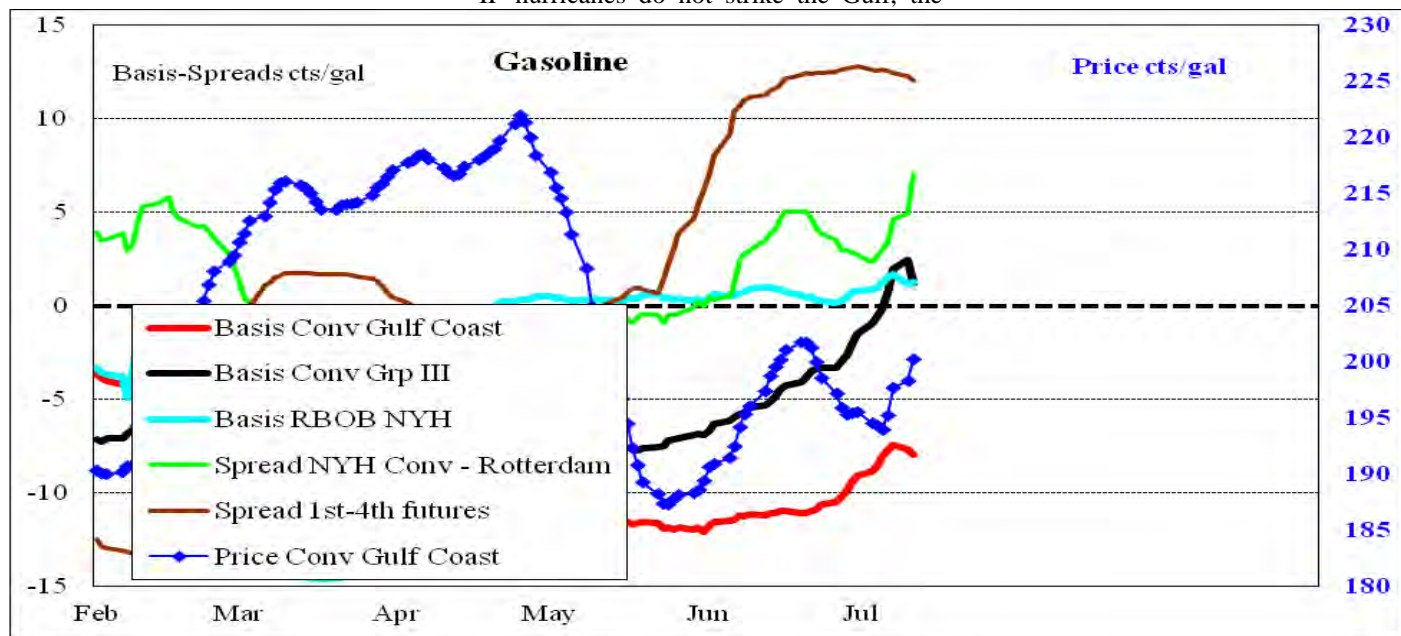
Group III basis to trade flat to lower on high production and increased receipts from the Gulf.

Gulf Basis is should trade flat to lower on very high stocks and flat demand.

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

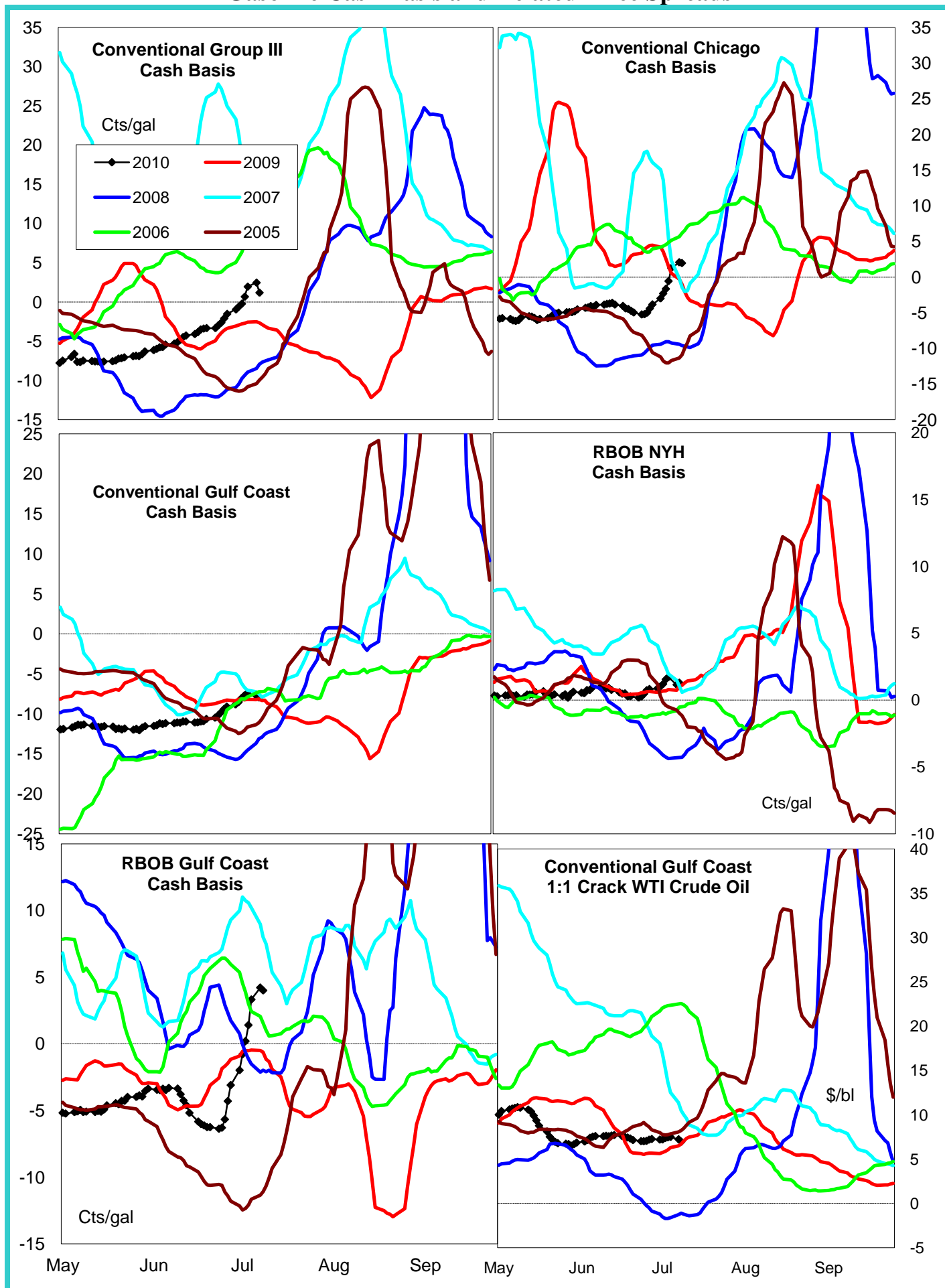
Gulf Coast Price

Renewed evidence of only modest demand growth, counter seasonal stock builds and record levels, combined with record production points to a sharp price pull back during the next 60-days in the absence of hurricane damage to the Gulf.

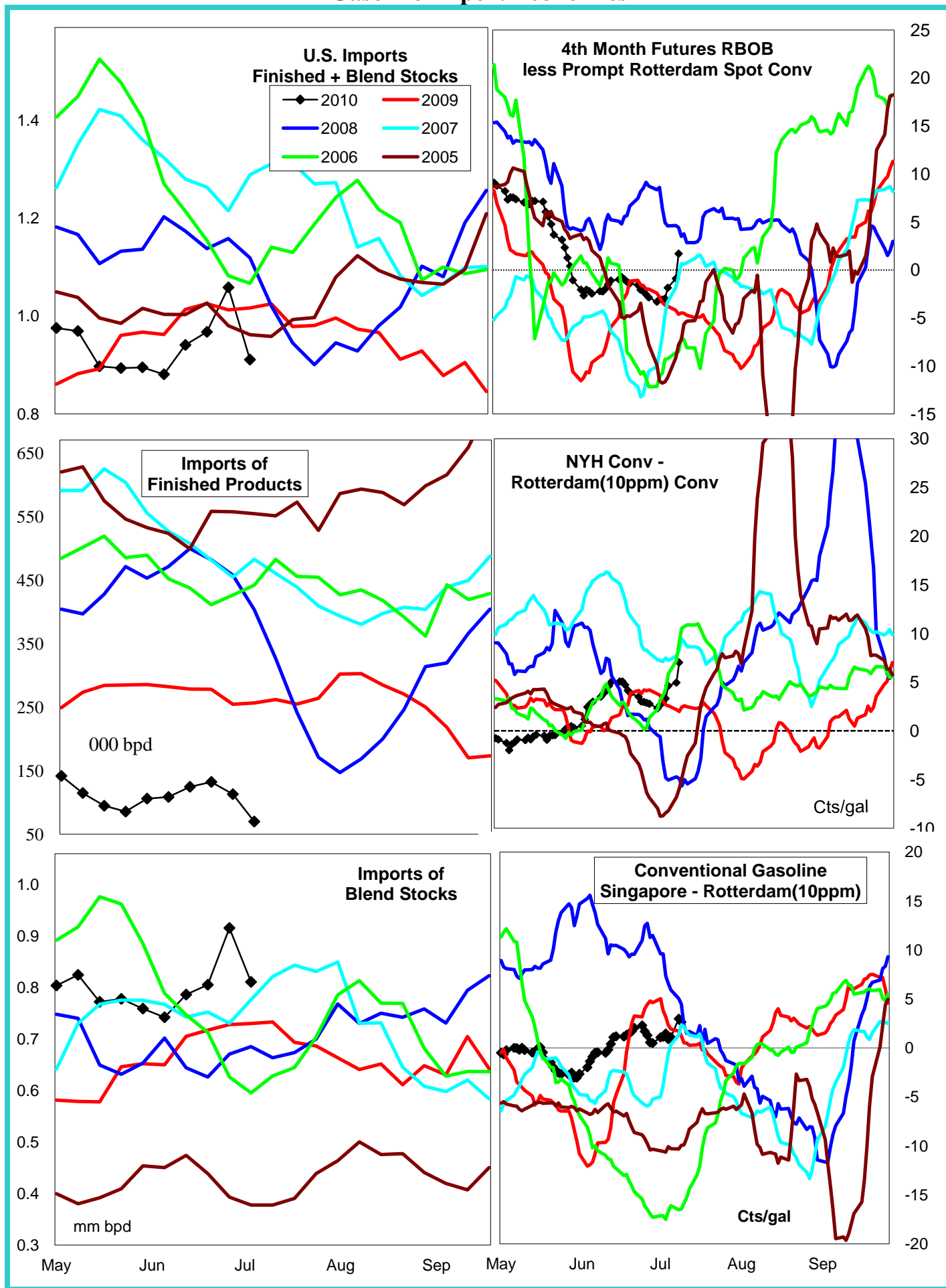


Disclaimer - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and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

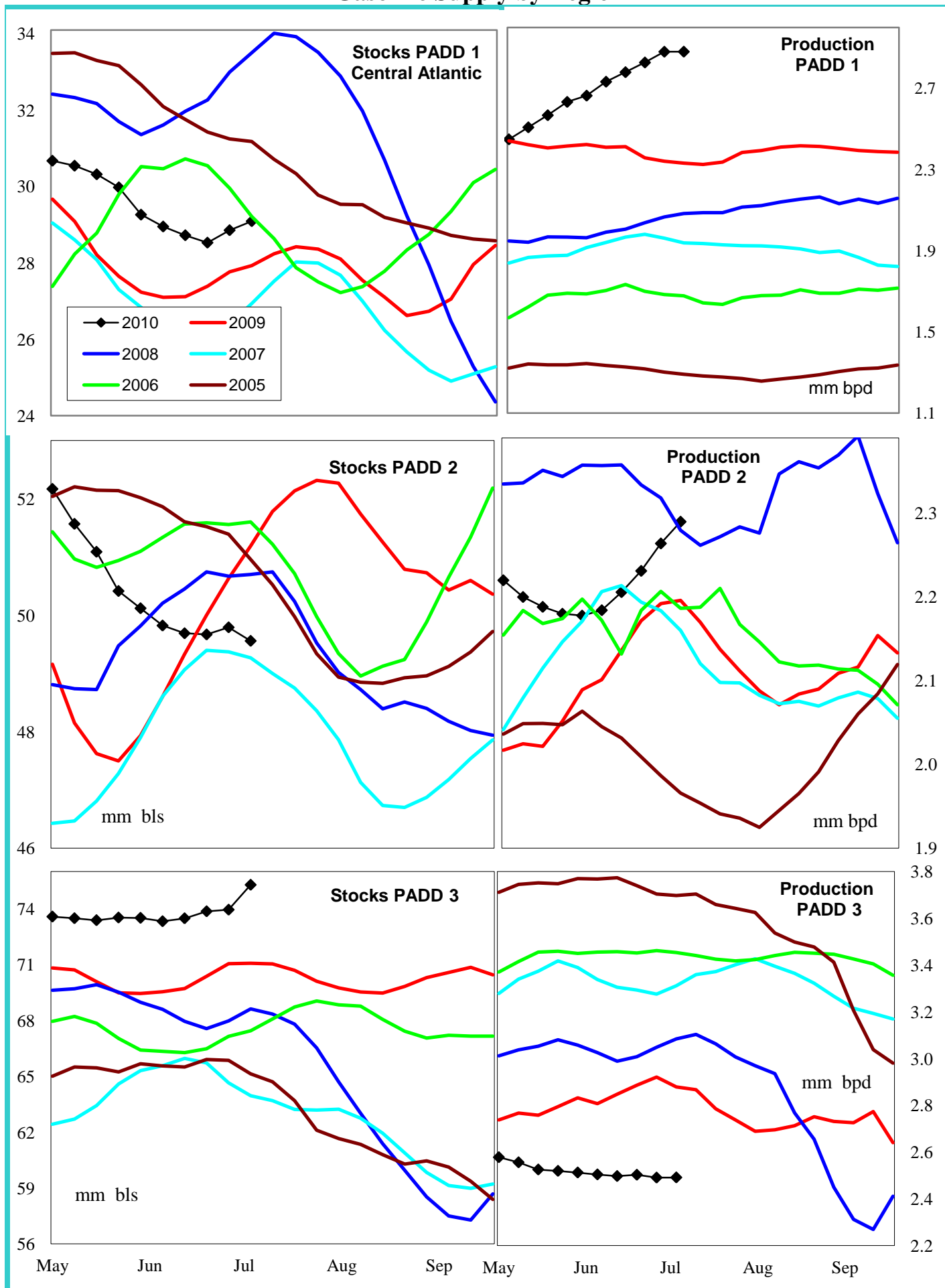
Gasoline Cash Basis and Related Price Spreads



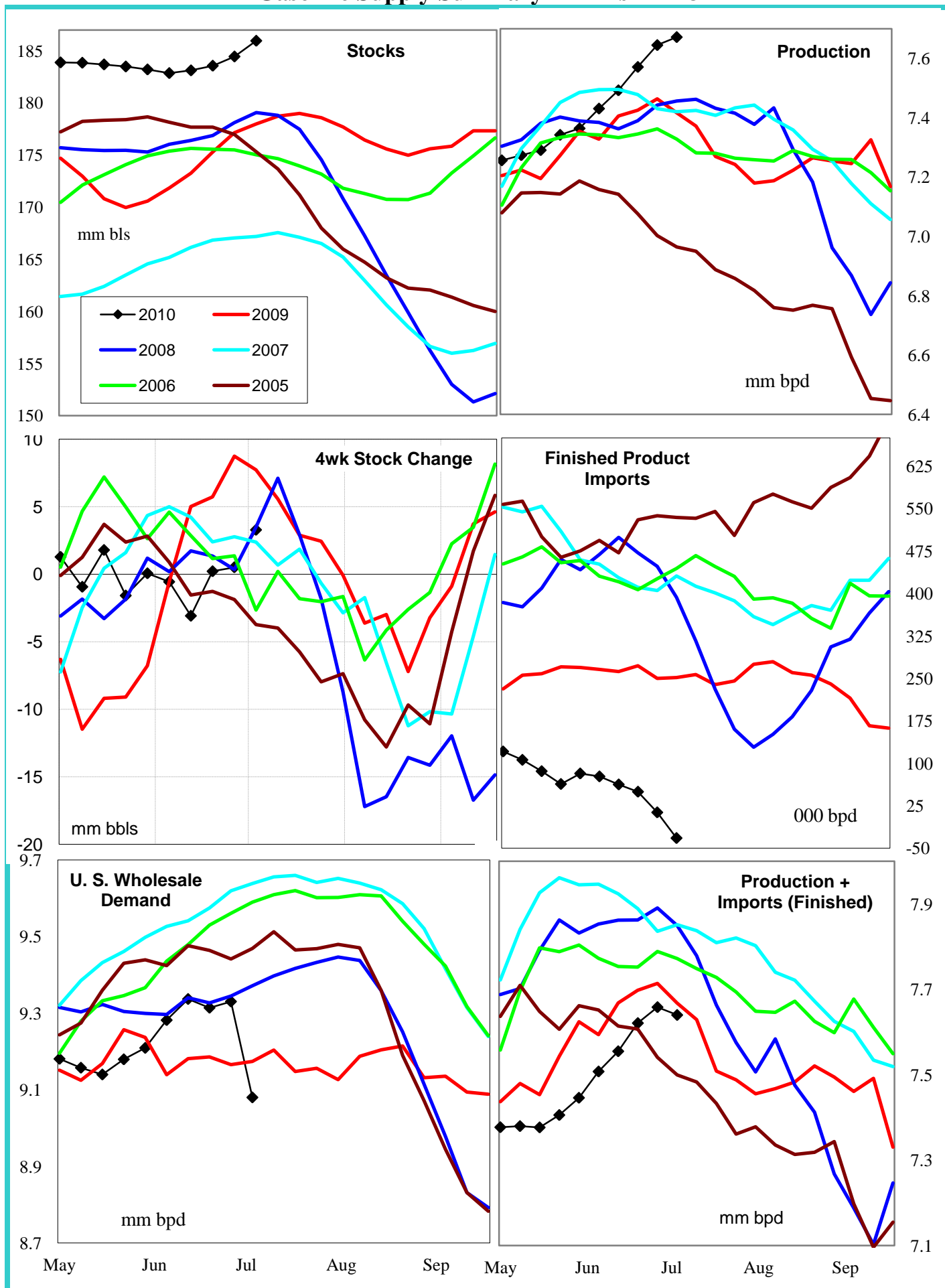
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

