


**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, July 28, 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 +552,000 bpd in the past two weeks. The latest 4-wk average year-over-year increase of +2.1% was the most robust growth since the beginning of the recession.

Production increased +256,000 bpd, reversing the prior week decline. Blend stock imports remain near the mid range.

The latest 4-wk average supply was +140,000 bpd above last year.

Record demand was offset by record levels of production, leaving stocks unchanged on the week. The latest 4-wk stock change East of the Rockies was +4.4 million barrel build, above the historic range for the period.

Cash basis trended lower for nearly all grades and all regional markets.

Basis levels ended the week at the low end of the historic range for RBOB in NYH and Chicago. Conventional grades were near the mid range in markets East of the Rockies. West Coast basis levels remain at the upper end of the historic range.

Extremely high stock levels on the Gulf and in the Lower Atlantic Region of PADD 1, combined with high production rates in all regions should further depress basis during the next 30-days as the peak summer driving season draws to an end.

RBOB

New York Harbor basis to trade at the low end of the historic range on very high production

Gulf Coast basis to trade sideways / lower on extreme over supply.

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

Conventional

New York Harbor basis to at the low end of the historic range on high production levels.

Chicago basis to trend lower on high production and increased receipts from the Gulf.

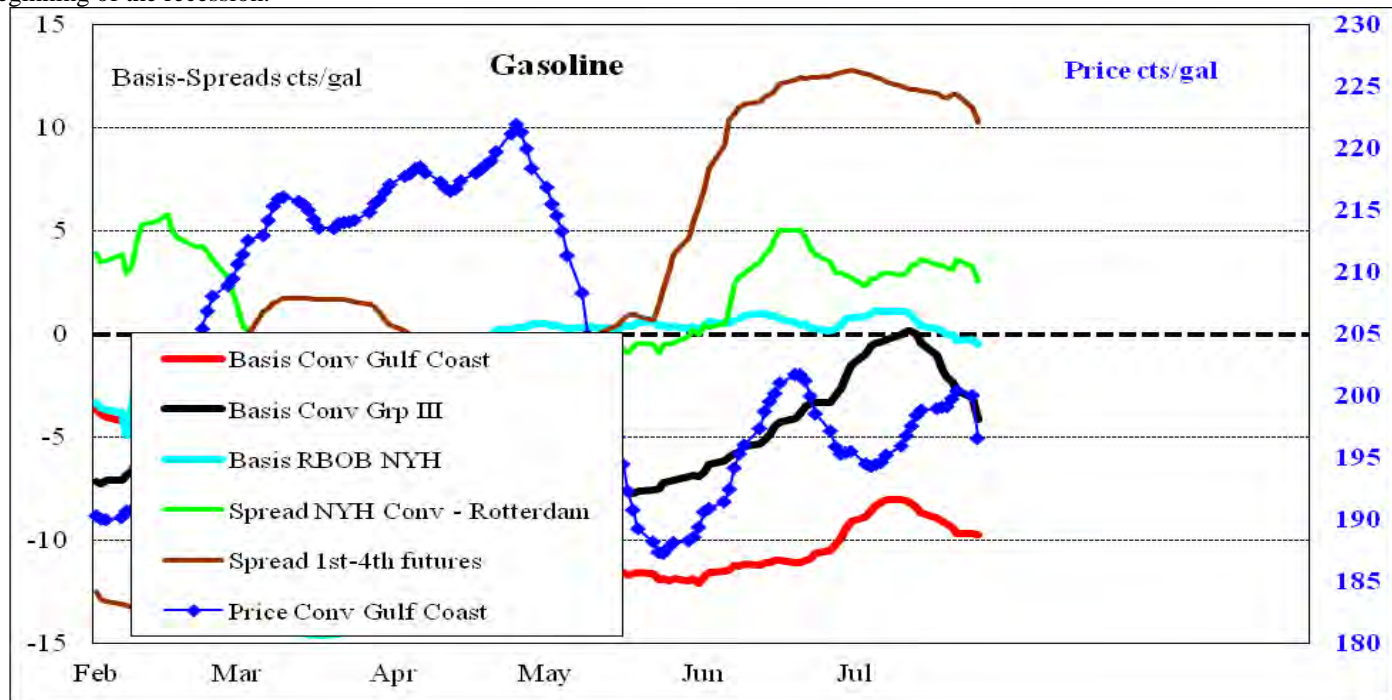
Group III basis to trend lower on high production and increased receipts from the Gulf.

Gulf Basis is to trend lower on extreme over supply

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

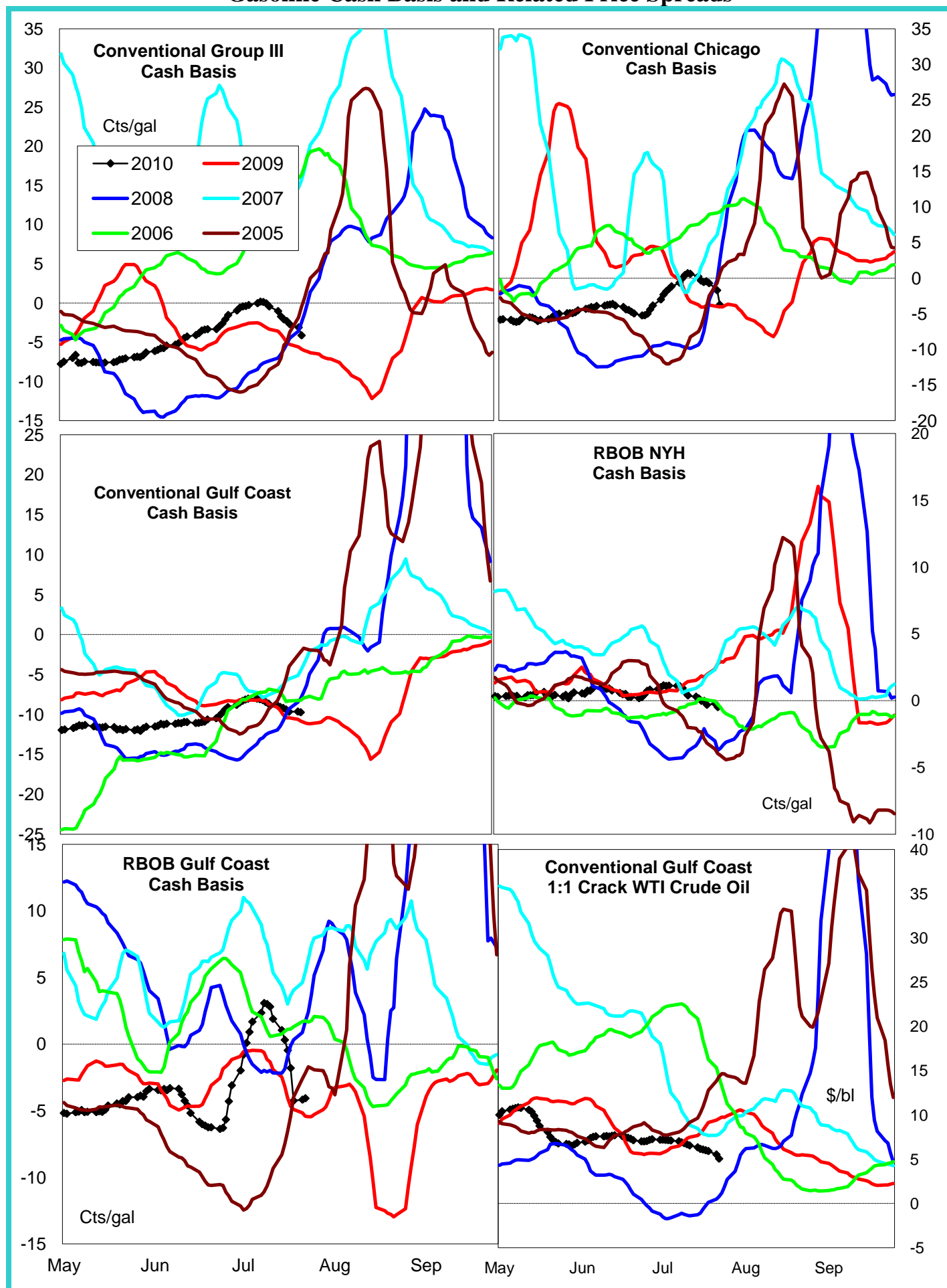
Gulf Coast Price

The gasoline market is over supplied with an end to peak summer driving just ahead. Expect weakness in prices on excess supplies for all transport fuels and rising crude oil stock levels.

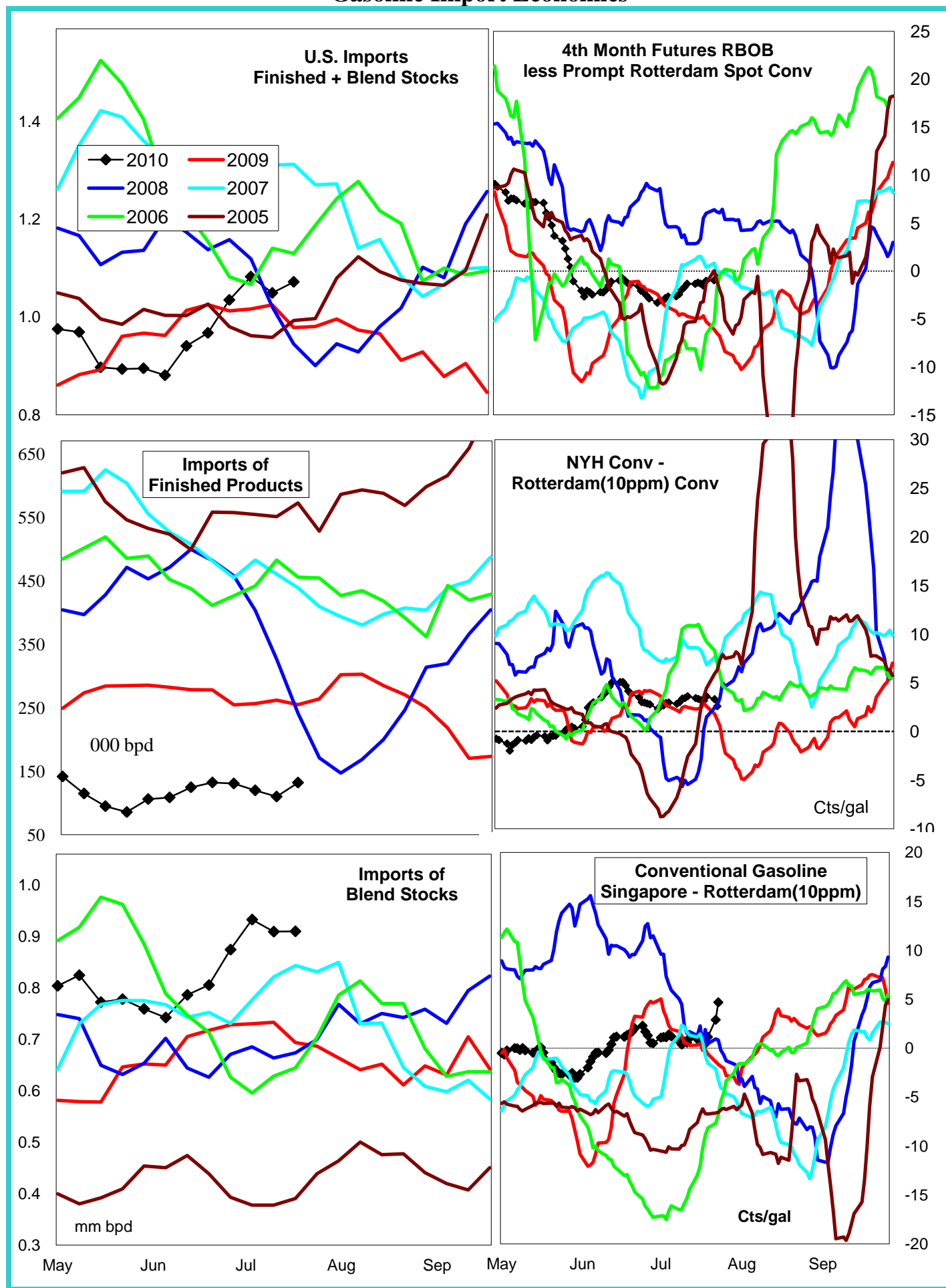


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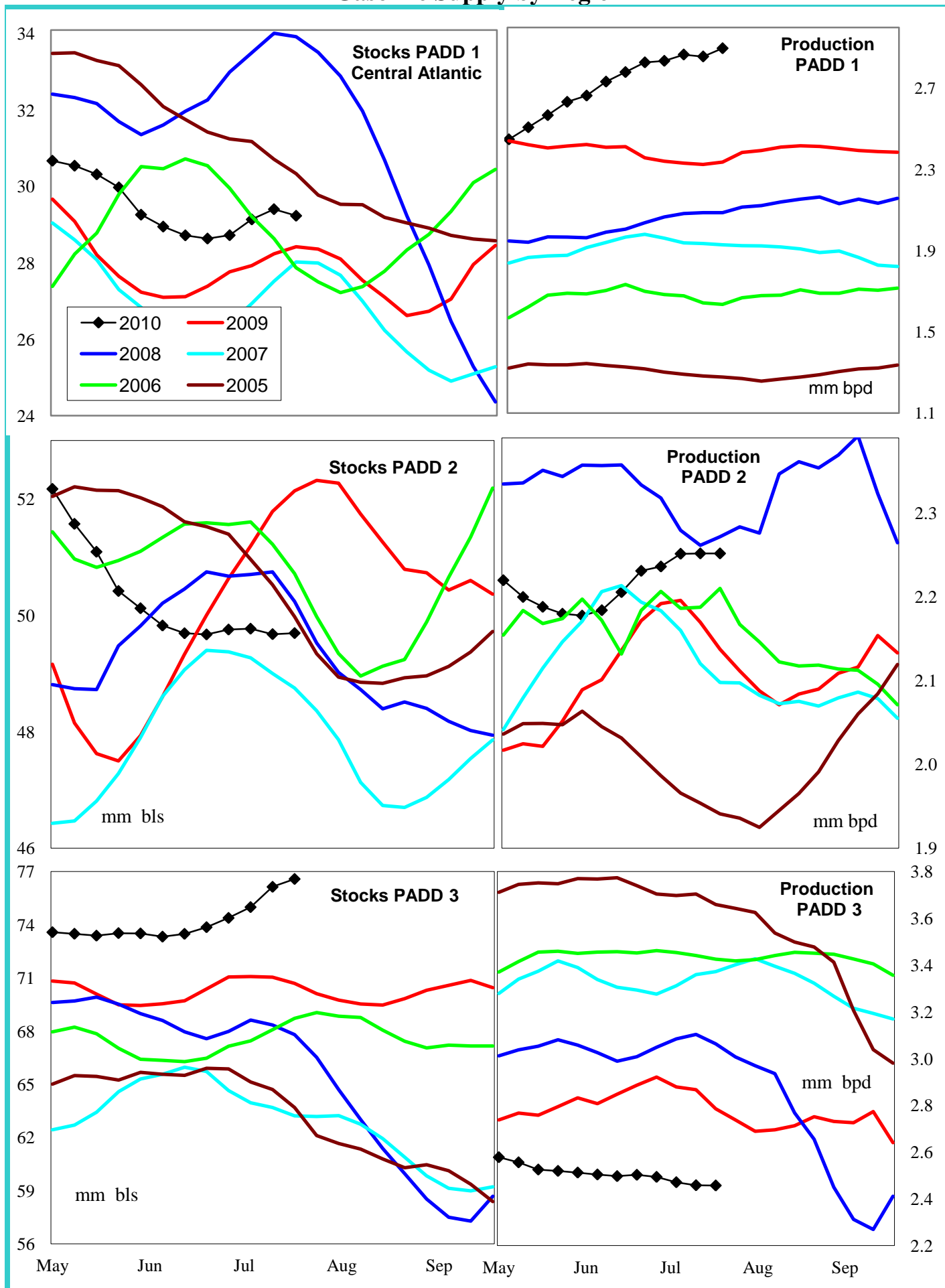
Gasoline Cash Basis and Related Price Spreads



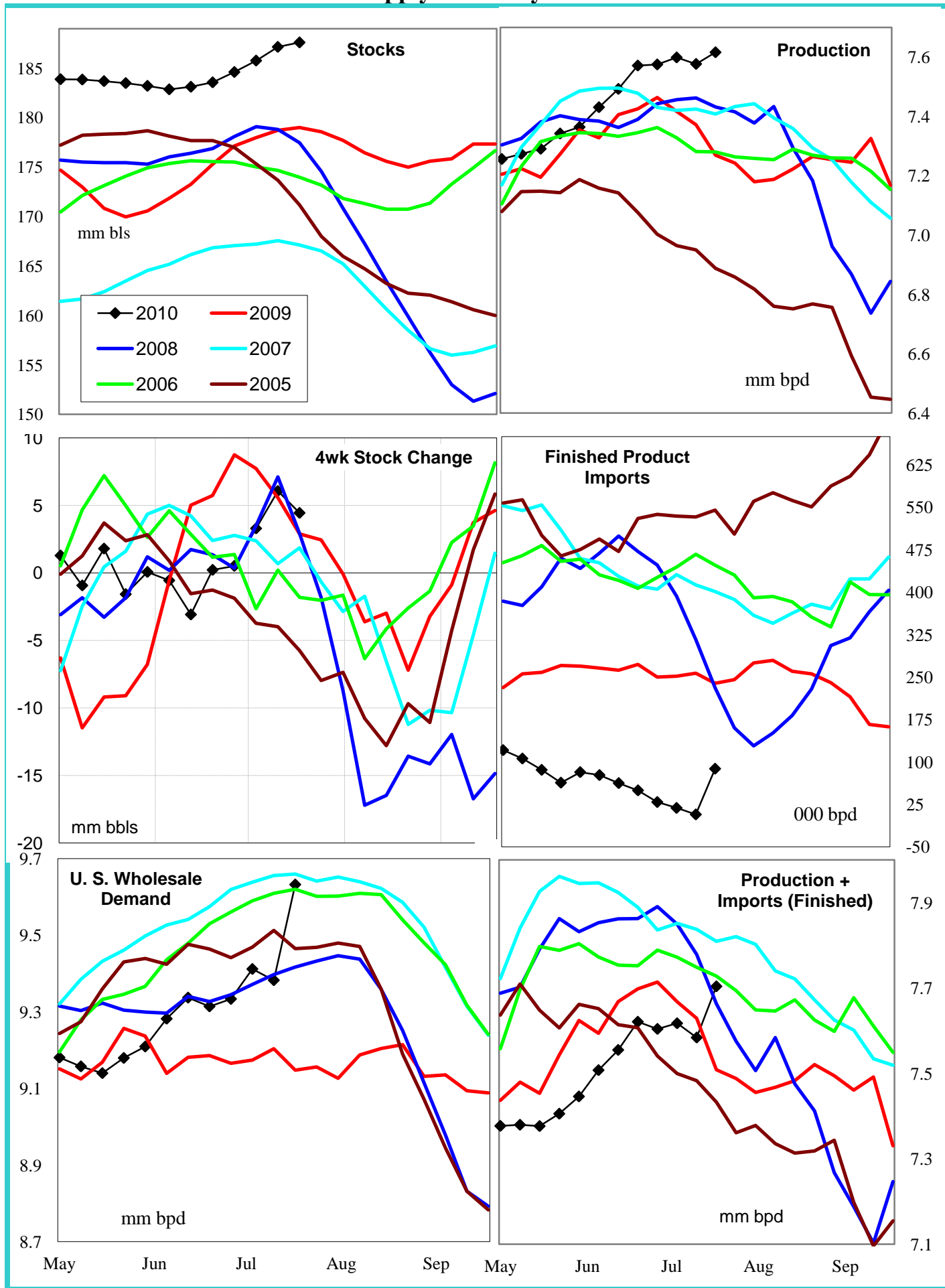
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

