


**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, August 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 decreased -396,000 over the last 2-wks, down sharply from the robust growth in mid July. The latest 4-wk average demand was +301,000 bpd above last years' record low level.

Production decreased -97,000 bpd, but remains above the 5-year range. Imports

declined -275,000 bpd to the low end of the historic range.

The latest 4-wk average supply was +166,000 bpd above last year.

Slowing demand and continued high production led to a +0.4 million barrel counter seasonal build. The latest 4-wk stock change East of the Rockies was +3 million barrel build, a record build for the period.

Cash basis for RBOB grades declined across most regional markets last week. Basis for conventional grades trended higher late in the week for regional markets, with the exception of NYH which declined on excessive supply. Basis levels remain at the low end of the historic range in all regional markets East of the Rockies.

Stocks have experienced a counter seasonal build during the last month, at record high levels. During the each of the last 5-years stocks declined during the latest 4-wk period. The market is extremely over supplied.

PADD 2 production remains near historic highs while stocks have seen counter seasonal builds, at a level near 5-year highs for the period.

Sharply lower flat prices and an over supplied NYH market should limit the downside to cash basis in regional markets.

RBOB

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

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 trade at the low end of the historic range on high imports.

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

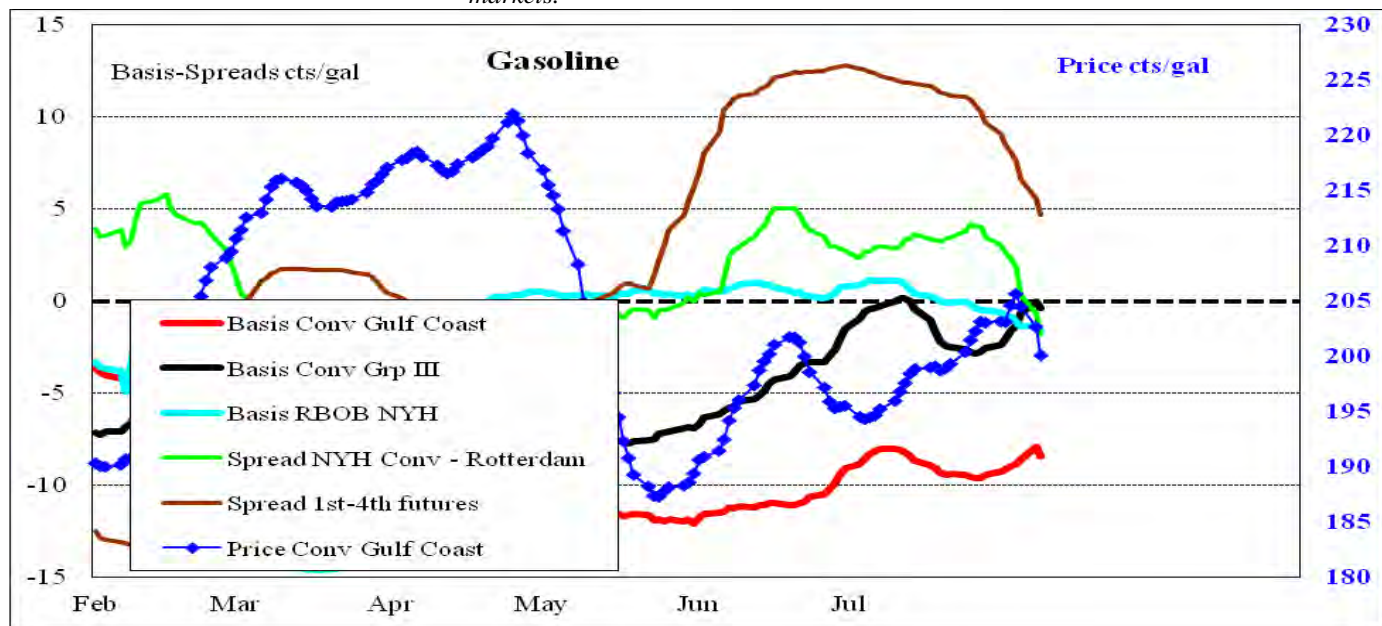
Group III basis to trend lower on high production and increased receipts from the Gulf.

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.

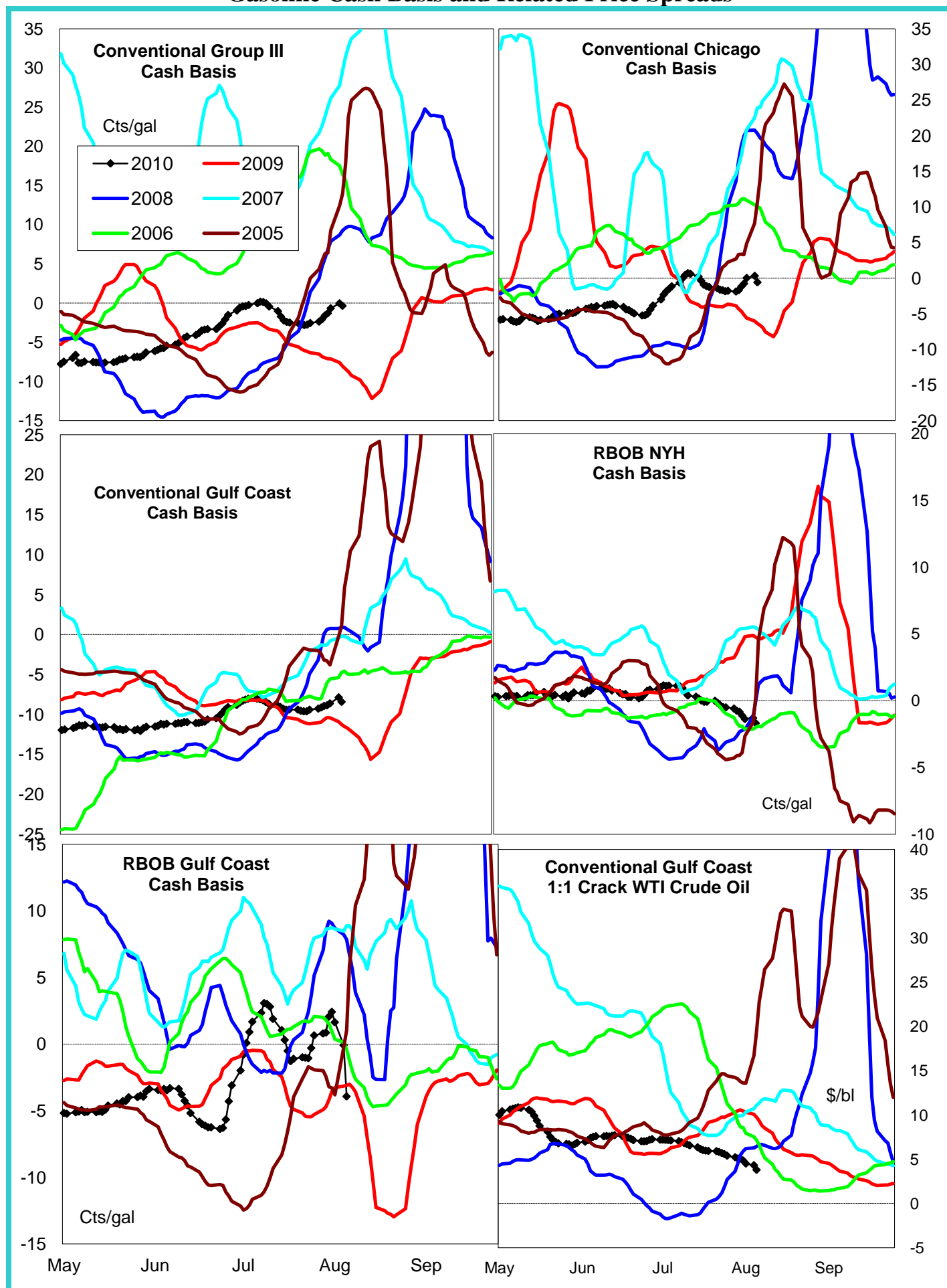
Gulf Coast Price

The market is extremely over supplied. while demand has pulled back from mid July peak. Expect a sharp drop in imports and increased wholesale demand from current levels through month end. These fundamental trends should limit the current price decline, prior to an end to peak summer driving..

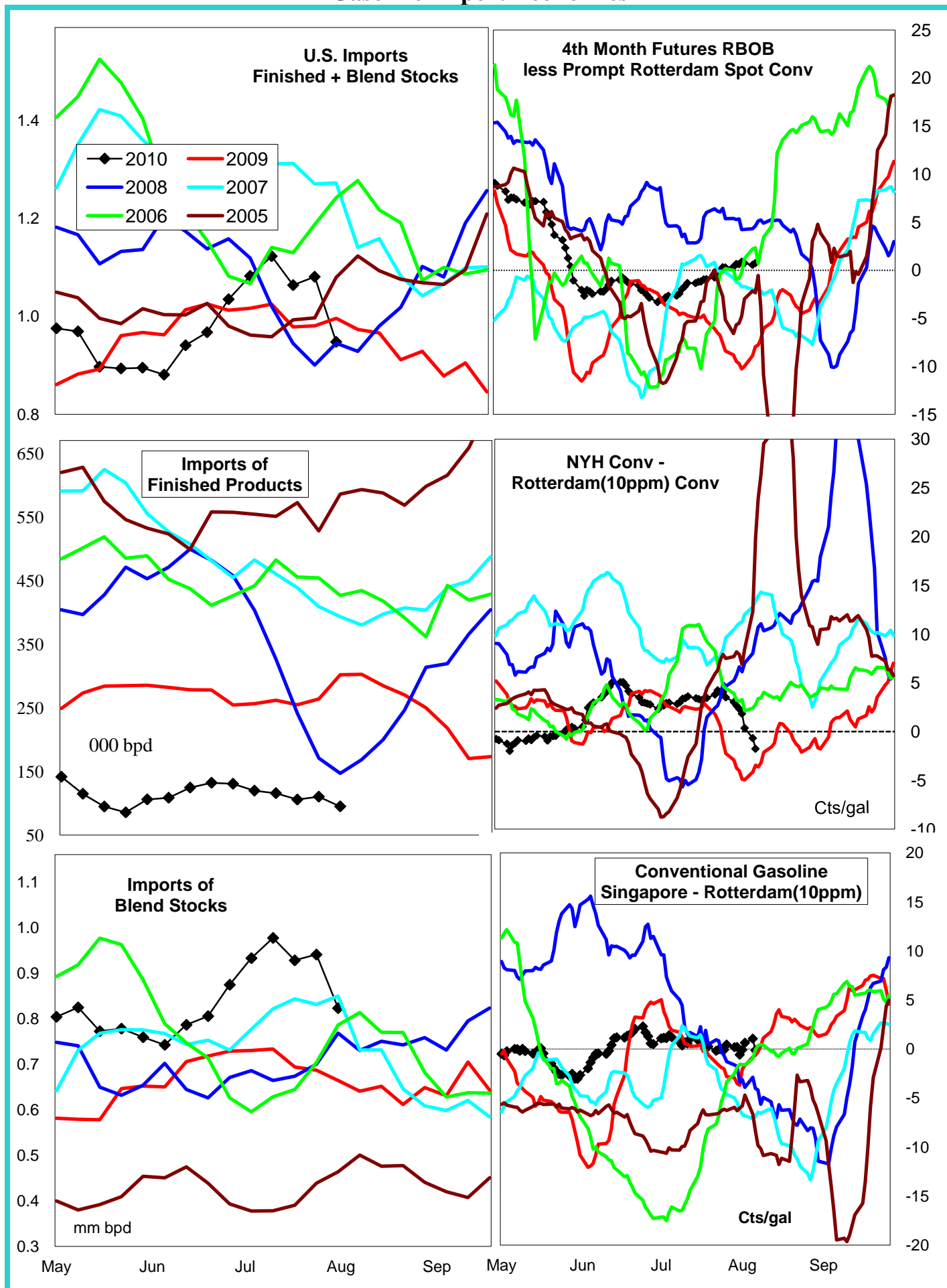


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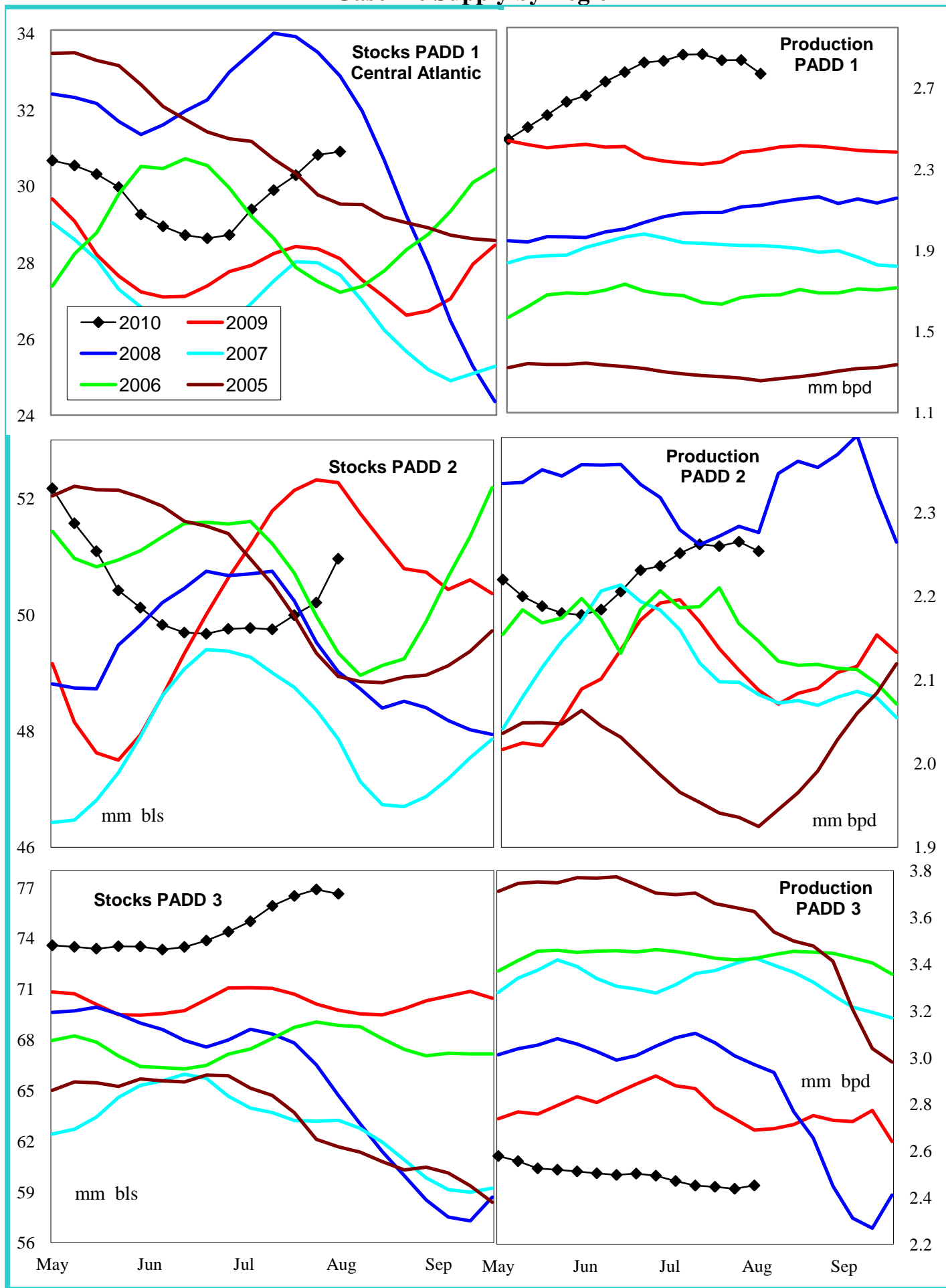
Gasoline Cash Basis and Related Price Spreads



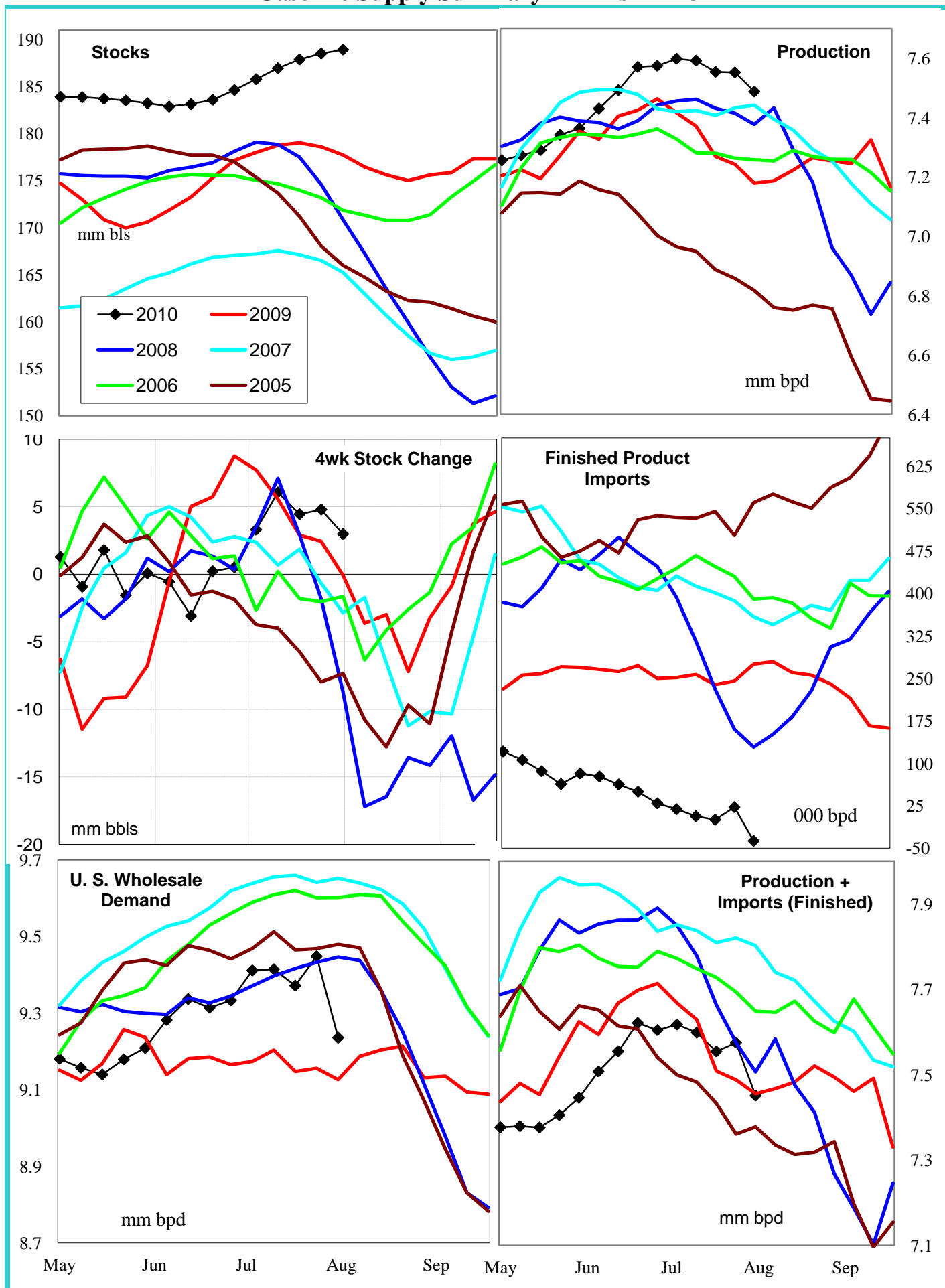
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

