


**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 18, 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 jumped +223,000 bpd last week, as wholesale buyers returned to the market after the prior steep decline. The latest 4-wk average demand was +320,000 bpd above last years' record low level.

Production decreased -157,000 bpd, to the historic mid range. Imports increased +121,000 bpd to the mid range.

The latest 4-wk average supply was +212,000 bpd above last year.

Continue high production offset the surge in demand, leaving stocks unchanged on the week; +13.6 million barrels above the prior record level. The latest 4-wk stock change East of the Rockies was +0.7 million barrel build, a record build for the period.

Cash basis for RBOB grades declined across regional markets last week. NYH fell to record lows for the period. Basis for conventional grades extended the prior week uptrend in most markets with levels below the mid range in most markets. Basis fell sharply on the West Coast to levels below the mid range.

Regional markets remain over supplied East of the Rockies, with the risk of basis declines as peak summer demand comes to an end.

The exceptionally weak RBOB cash basis in NYH due to oversupply in the Central Atlantic Region has supported cash basis in other regional markets. This trend appears likely to extend through the end of

the current peak summer demand season on robust imports and high blending rates.

RBOB

New York Harbor basis to remain weak on exceptional over supply

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.

Conventional

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

Chicago basis to trade sideways on high production, offset by excessive East Coast supply.

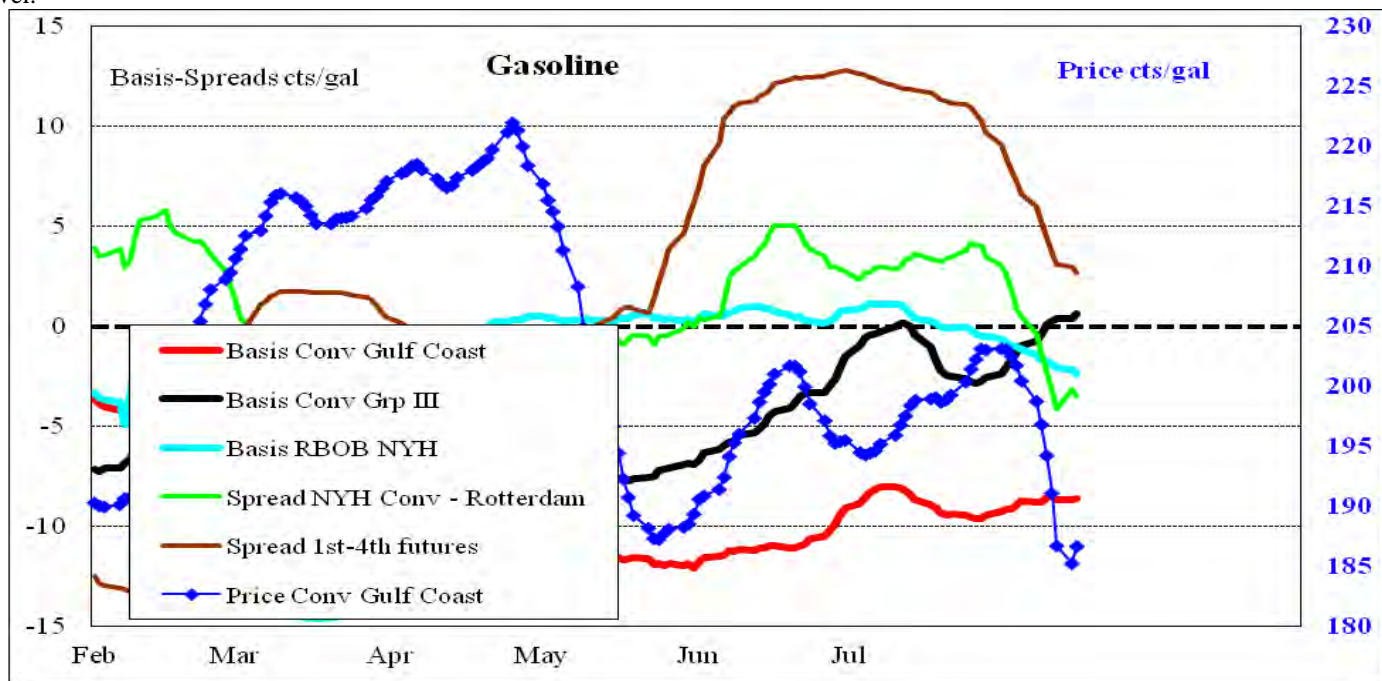
Group III to trade sideways on high production, offset by excessive East Coast supply.

Gulf Basis is to trend lower on excess supply

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

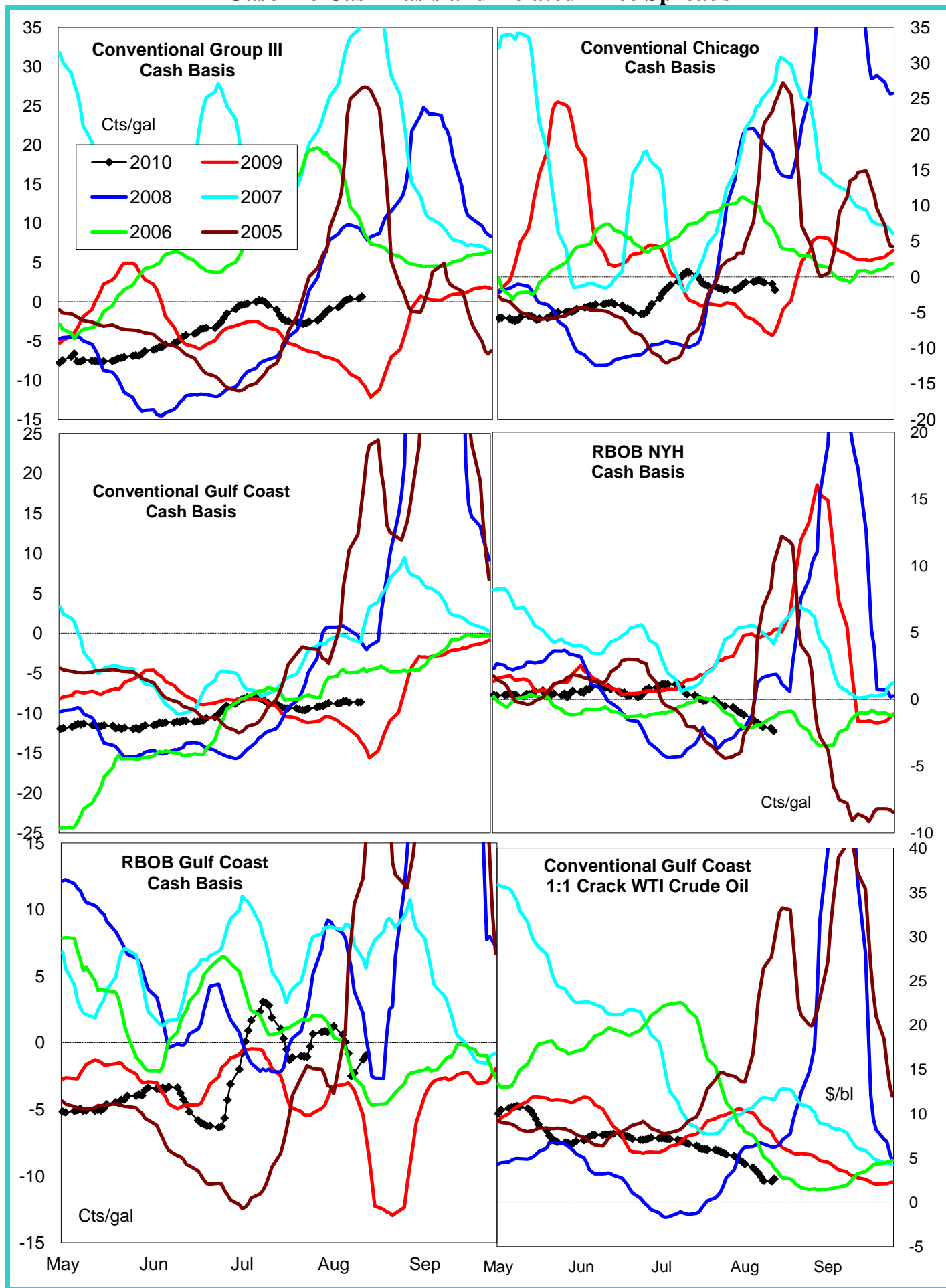
Gulf Coast Price

The market is over supplied, with NYH RBOB basis at record low levels, reflecting robust blending and high end of season stock levels. With only 3-wks left in the peak summer season, expect the over supplied market to pressure flat prices during the balance of the month.

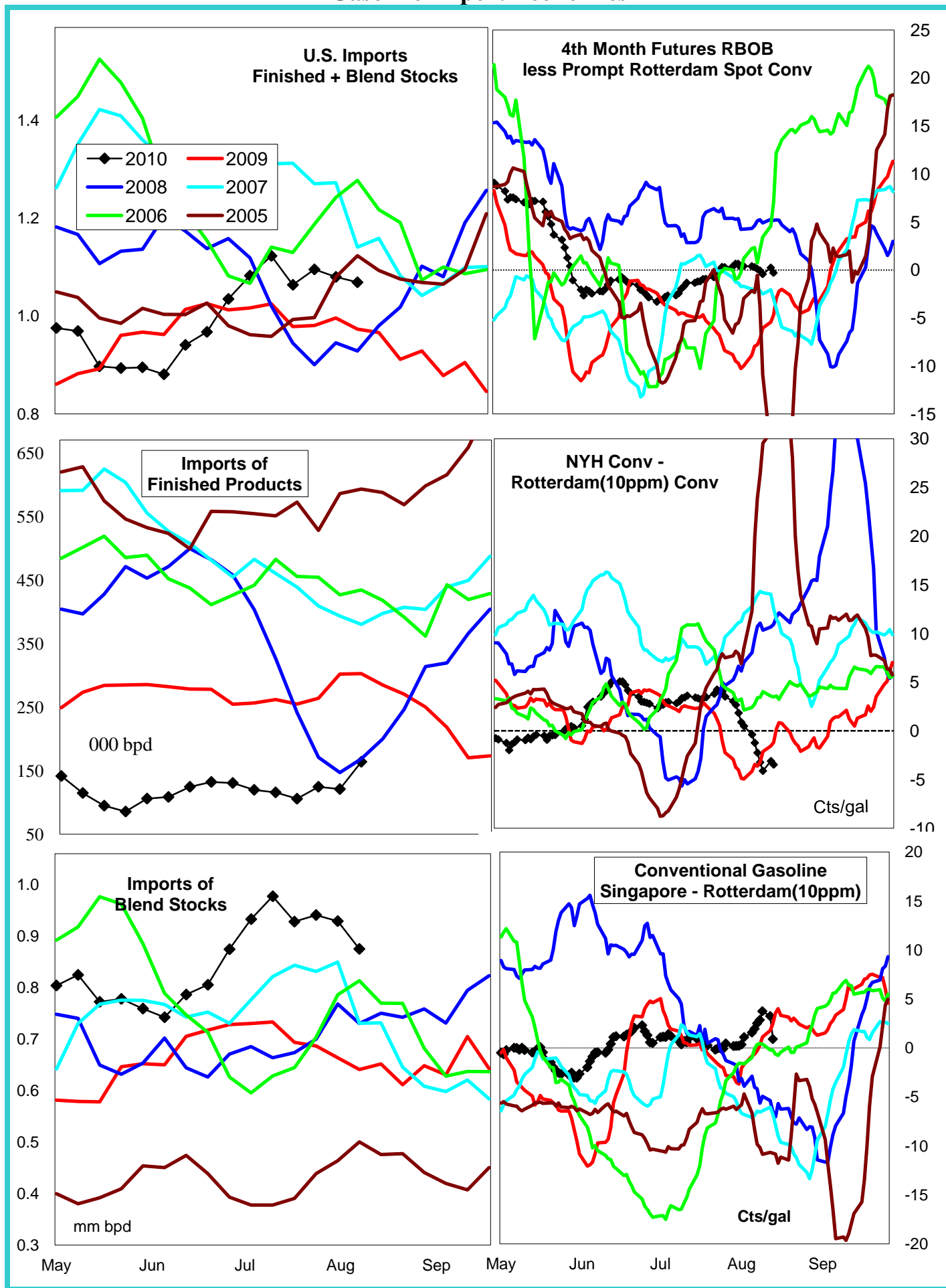


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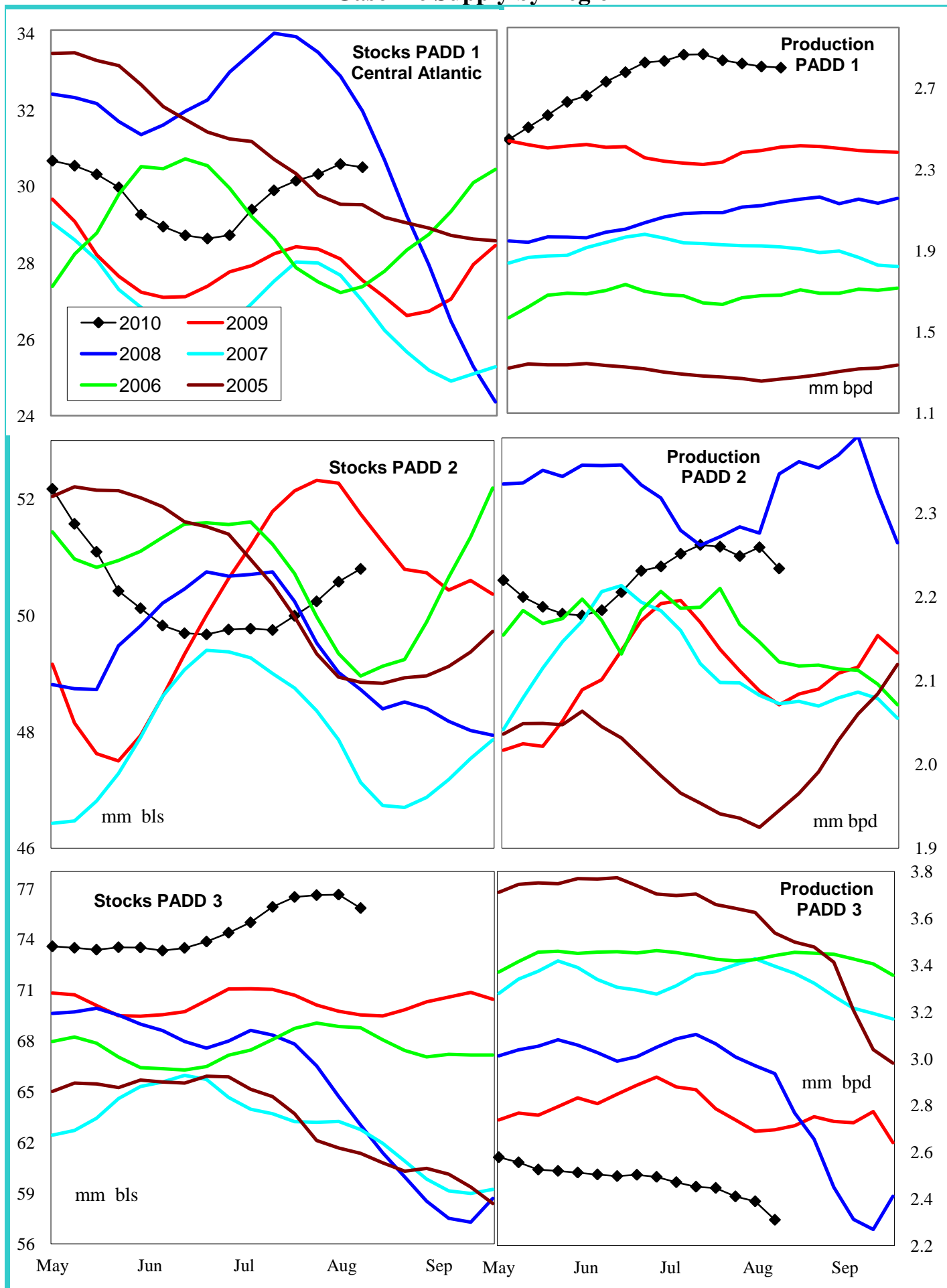
Gasoline Cash Basis and Related Price Spreads



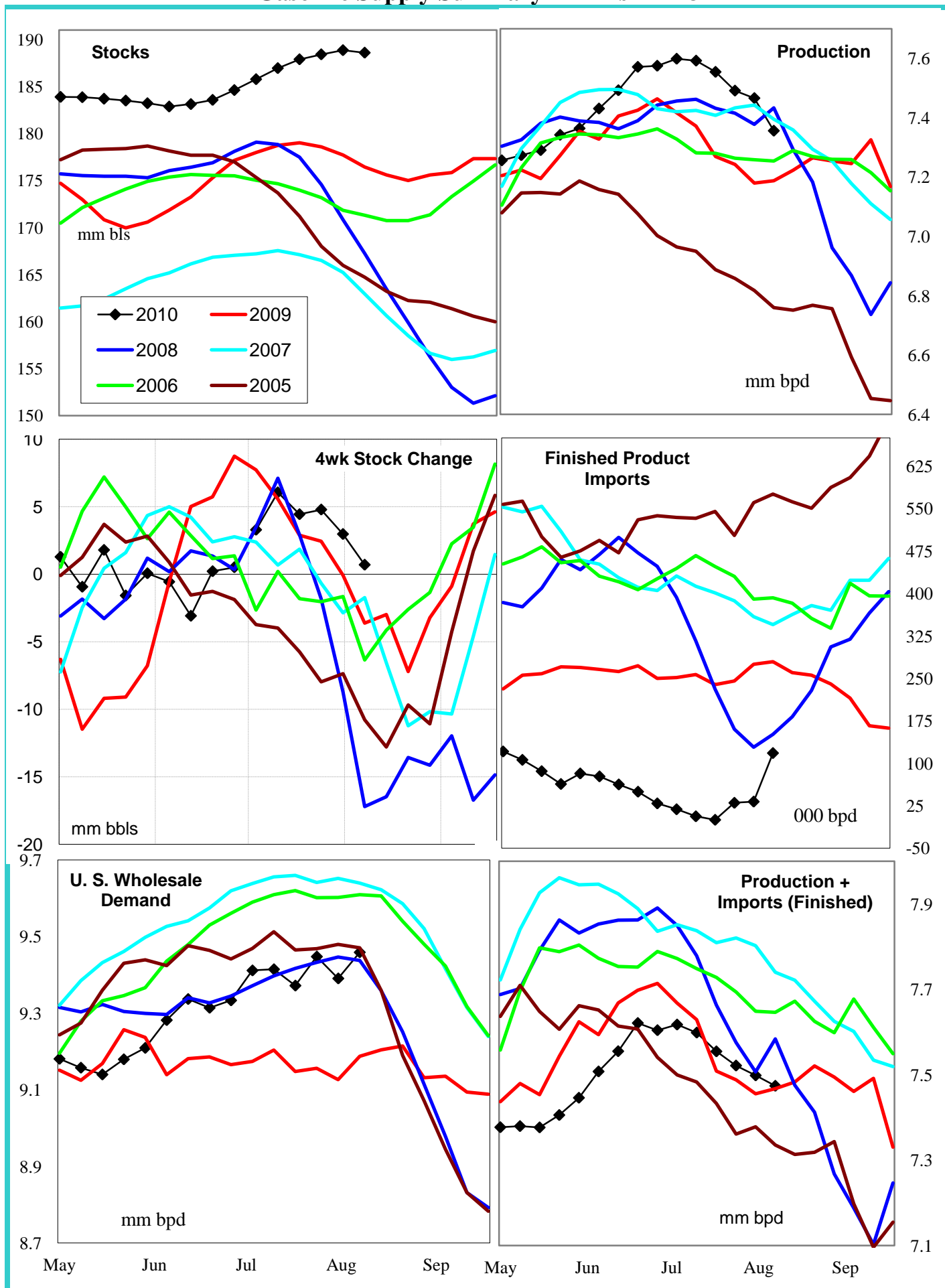
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply