
**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, September 22, 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 -172,000 bpd last week as the seasonal downtrend continued. The latest 4-wk average demand was -9,000 bpd below last year.

Production declined -155,000 bpd, to a level that matched the 5-year mid range. Imports increased +206,000 bpd, but remain at the low end of the historic range.

The latest 4-wk average supply was -143,000 bpd below last year.

Stocks increased +1.6 million barrels last week, even on lower production and very low imports. The latest 4-wk stock change East of the Rockies was a draw of -1.7 million barrels, a slightly larger draw than the mid range. Stock levels remain at record highs in all regions except the Midwest.

Cash basis trended lower in all regional markets except NYH last week. Basis levels ended the week near the mid range in most markets East of the Rockies and at the low end of the range on the West Coast.

Expect further weakness in basis for most regional markets on exceptionally high carry out stocks from the summer driving season.

Above normal FCCU maintenance in the Chicago area and sharply lower imports to the Central Atlantic Region of PADD 1, combined with a seasonal uptrend in demand during October should

provide support to basis in these two regional markets.

RBOB

New York Harbor basis to trade sideways on lower demand then strengthen on low imports.

West Coast (Los Angeles) basis to trend lower on renewed imports and increased production.

Conventional

New York Harbor basis to trade sideways on lower demand then strengthen on low imports

Chicago basis to exhibit strength in October on high FCCU maintenance.

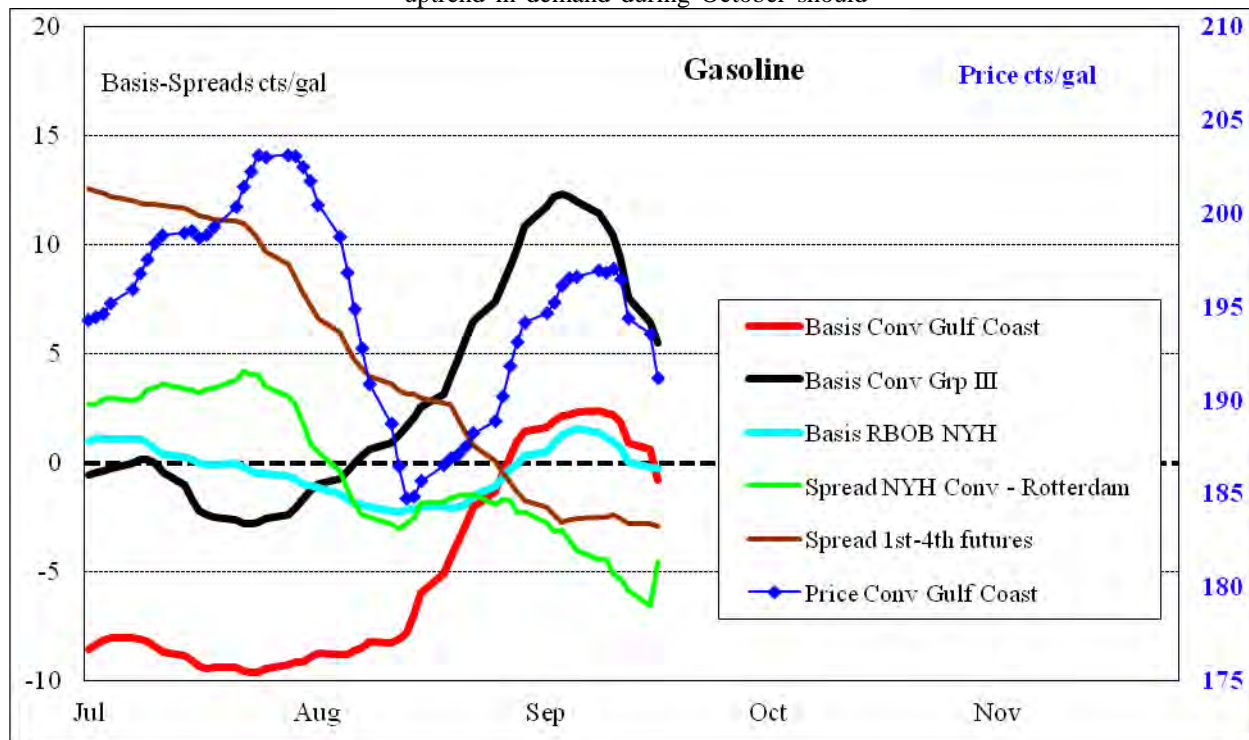
Group III to exhibit modest strength in October on refinery maintenance and Chicago tightness.

Gulf Basis is to trend lower as seasonal demand slows.

West Coast (Los Angeles) to trend lower on renewed imports and increased production.

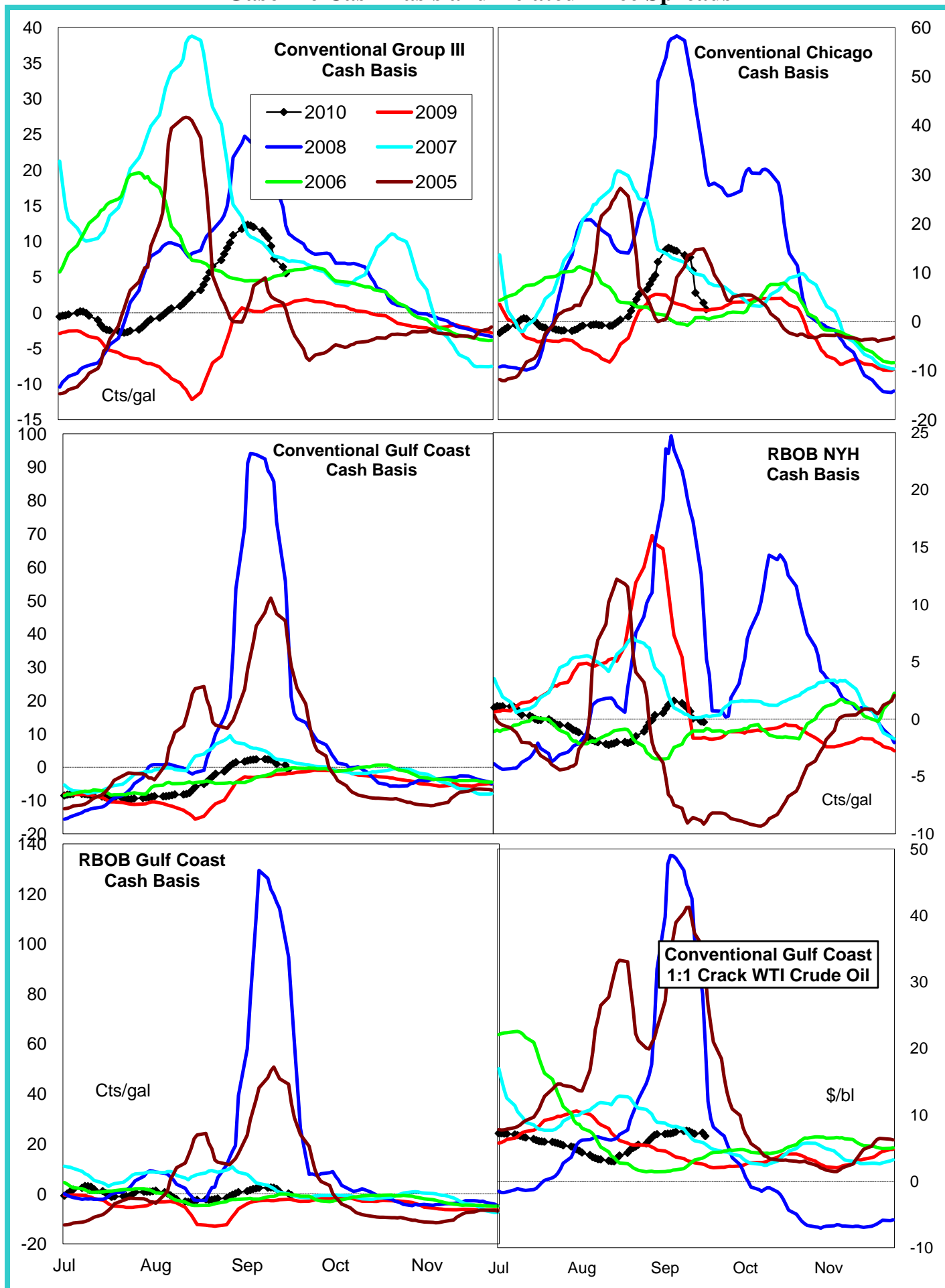
Gulf Coast Price

There exist a very significant stock overhang in nearly all regional markets. Expect this overhang to extend into the 4th quarter, leading to an ongoing downside price risk.

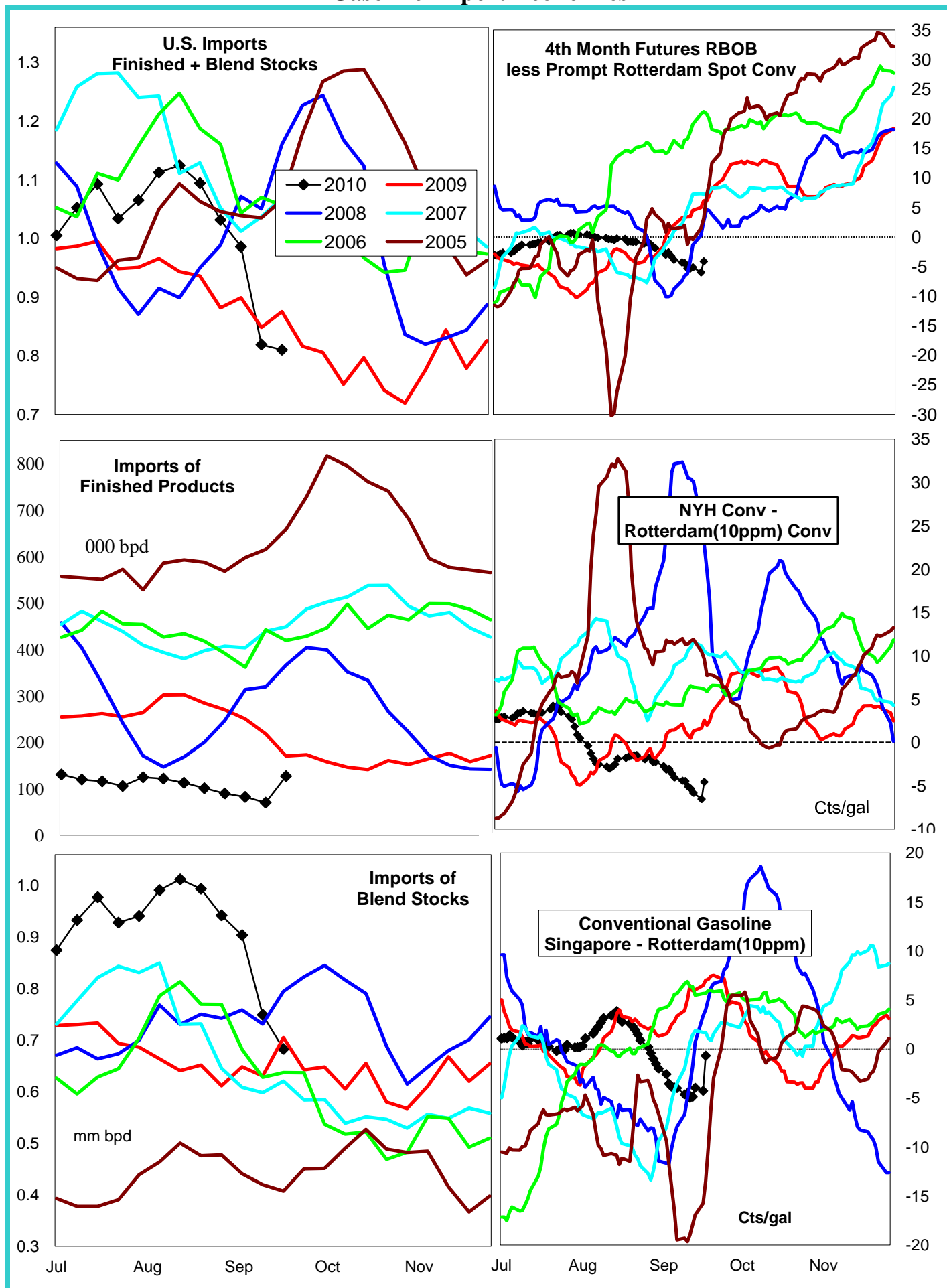


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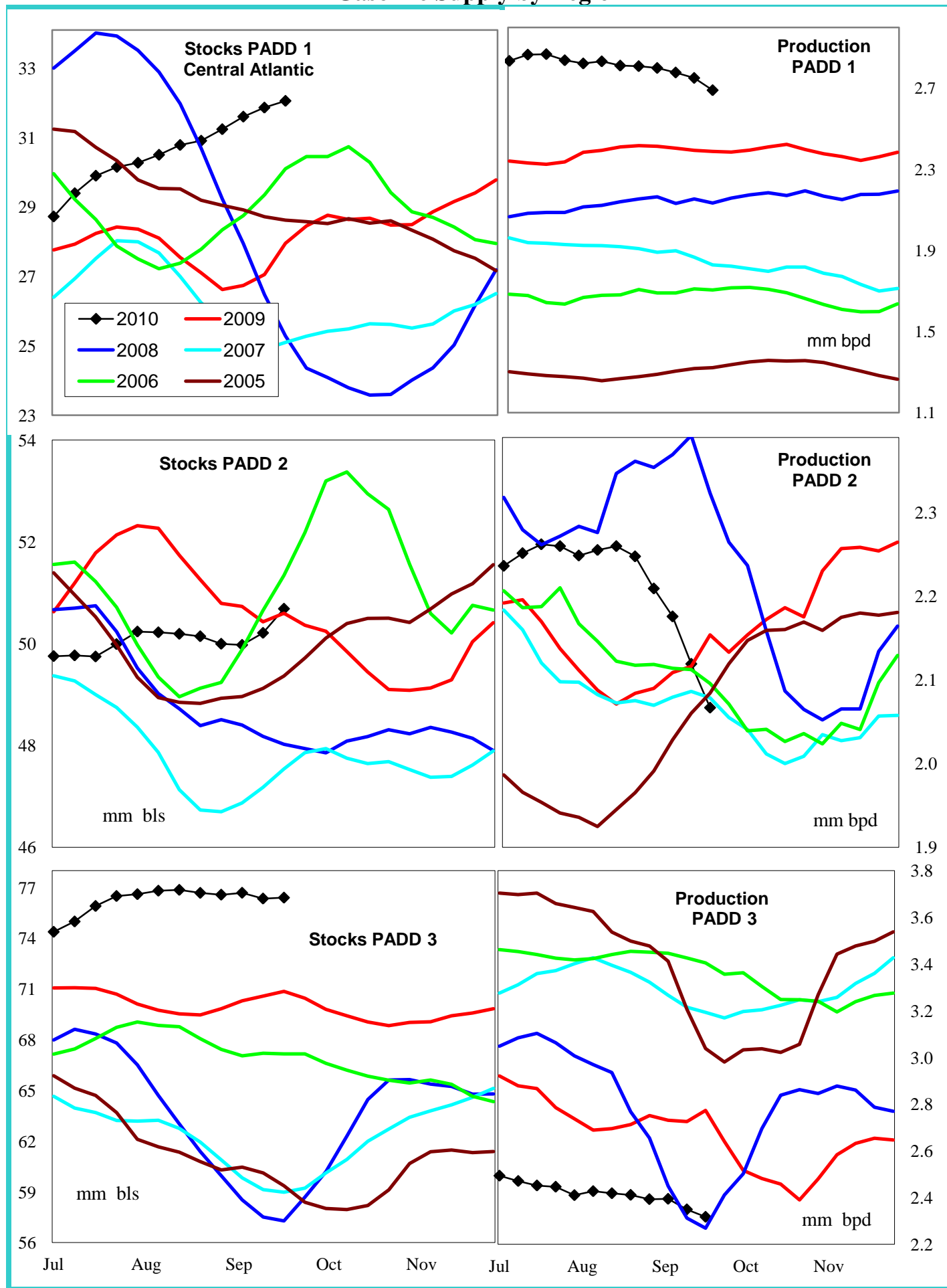
Gasoline Cash Basis and Related Price Spreads



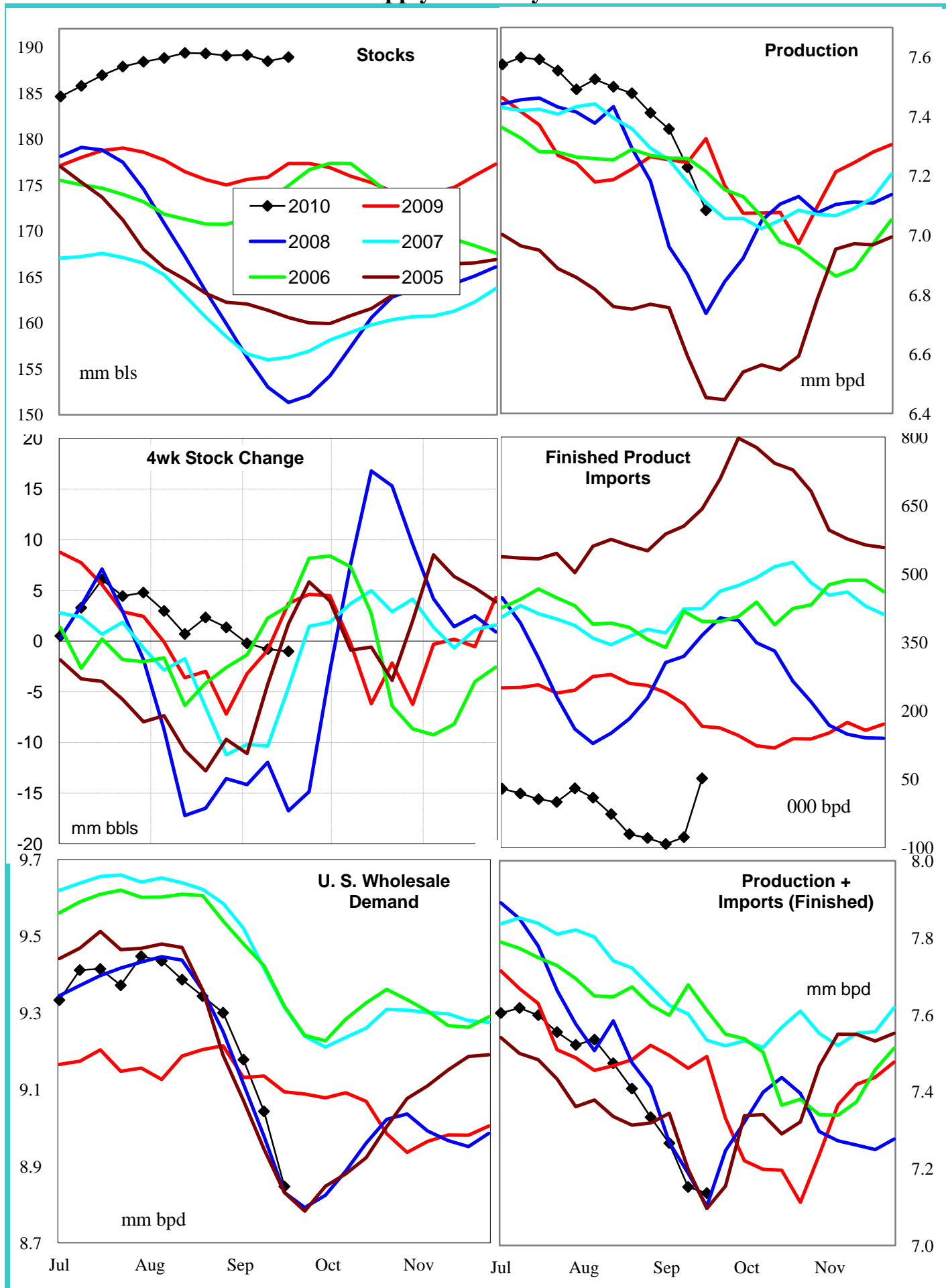
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

