


**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, September 30, 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 spiked +539,000 bpd last week on a restatement of stocks in PADD 1 and likely hoarding in the Chicago area. A seasonal uptrend normally occurs in late September but this increase appears an outlier. The latest 4-

wk average demand was +78,000 bpd above last year.

Production increased +264,000 bpd, to a record high level for the period. Imports increased +31,000 bpd, but remain at the low end of the historic range.

The latest 4-wk average supply was -117,000 bpd below last year.

Stocks fell -3.5 million barrels, including a -4 million barrel draw on the East Coast. The latest 4-wk stock change East of the Rockies was a draw of -5.3 million barrels, a record draw for a non hurricane year. Stock levels were at record highs in each region for this time of year.

Cash basis trended lower for all grades and in all regional markets except NYH last week. Basis levels ended the week at the low end of the historic range in Chicago, the West Coast and conventional grades on the Gulf. Other markets were the mid range.

A tightening of stocks in NYH on low imports may depress basis in other regions with higher stock levels.

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.

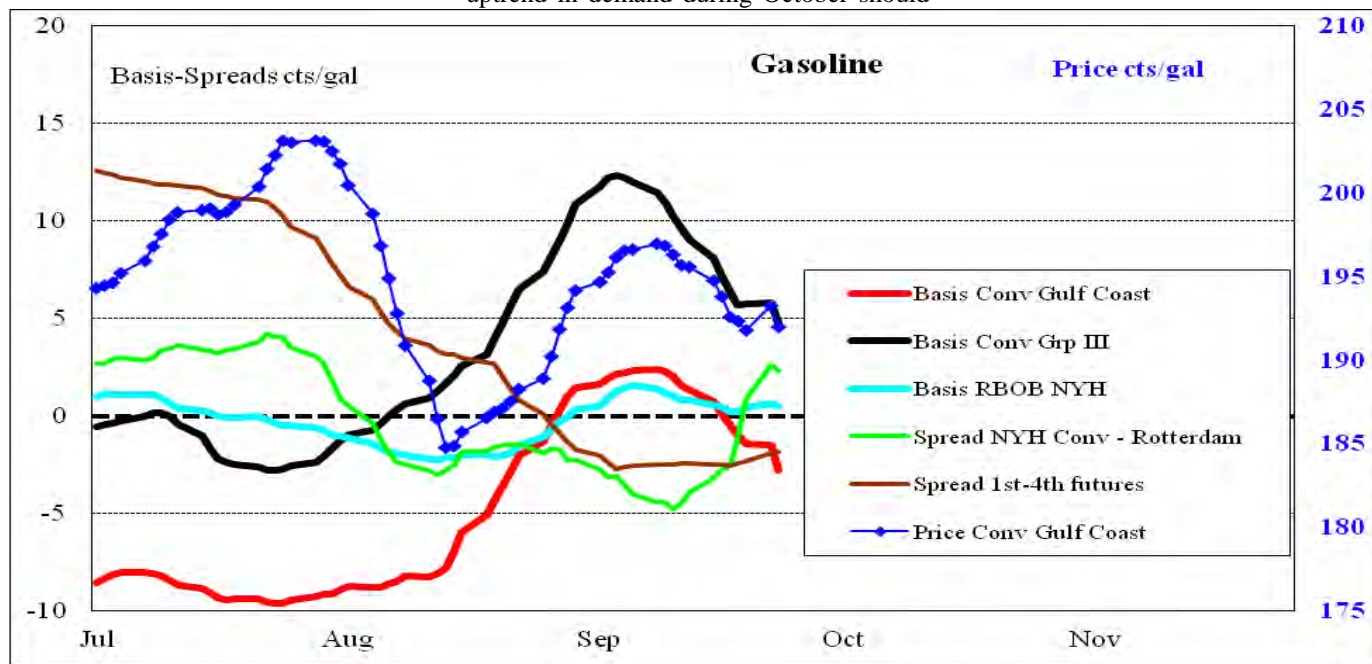
Group III to exhibit modest strength in October on refinery maintenance and Chicago tightness.

Gulf Basis is to trend lower as seasonal demand slows.

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

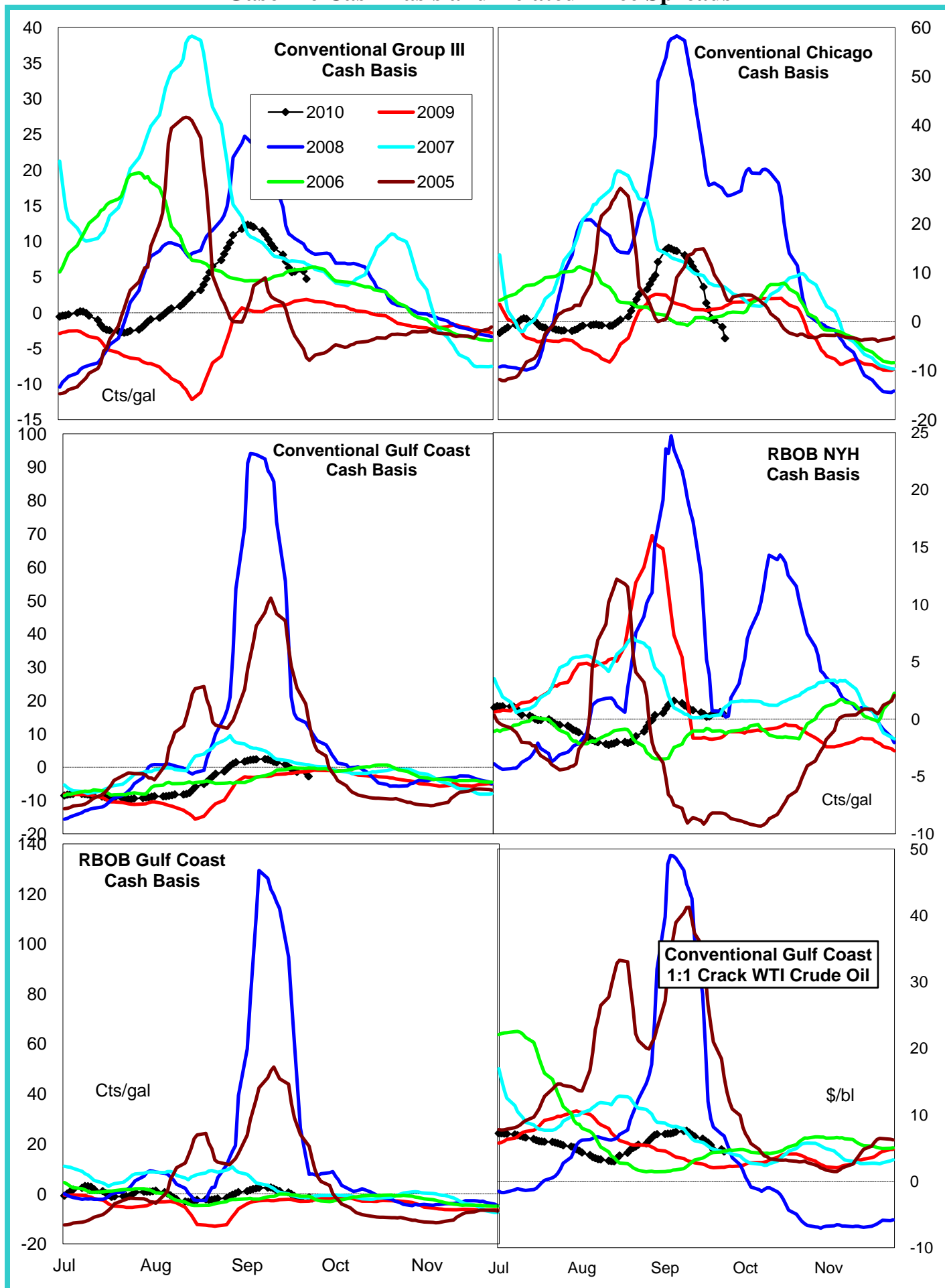
Gulf Coast Price

The overhang in gasoline stocks and high production rates continues which should pressure gasoline prices compared to the overall energy complex into the 4th quarter, partially offset by strength in distillate markets.

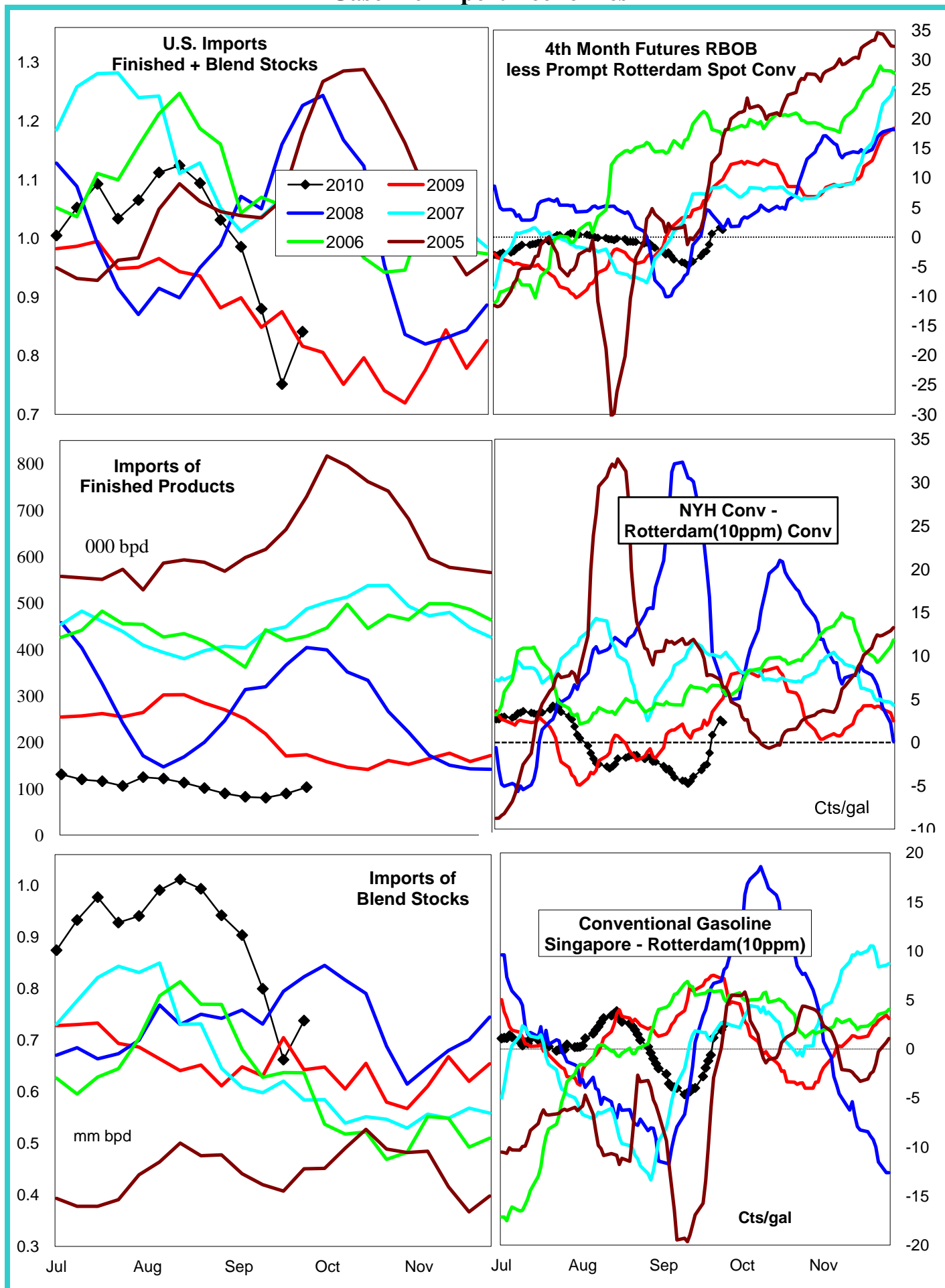


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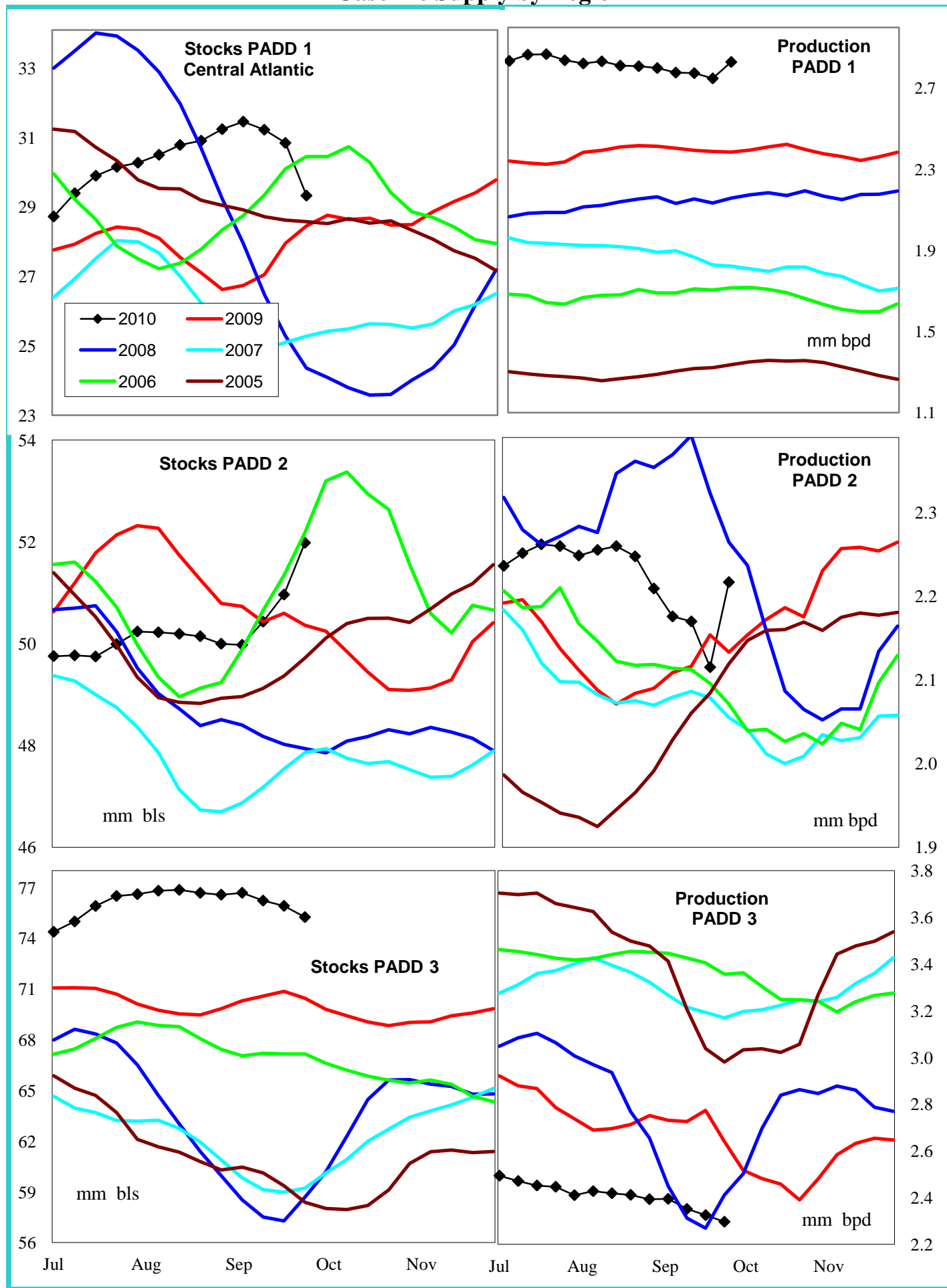
Gasoline Cash Basis and Related Price Spreads



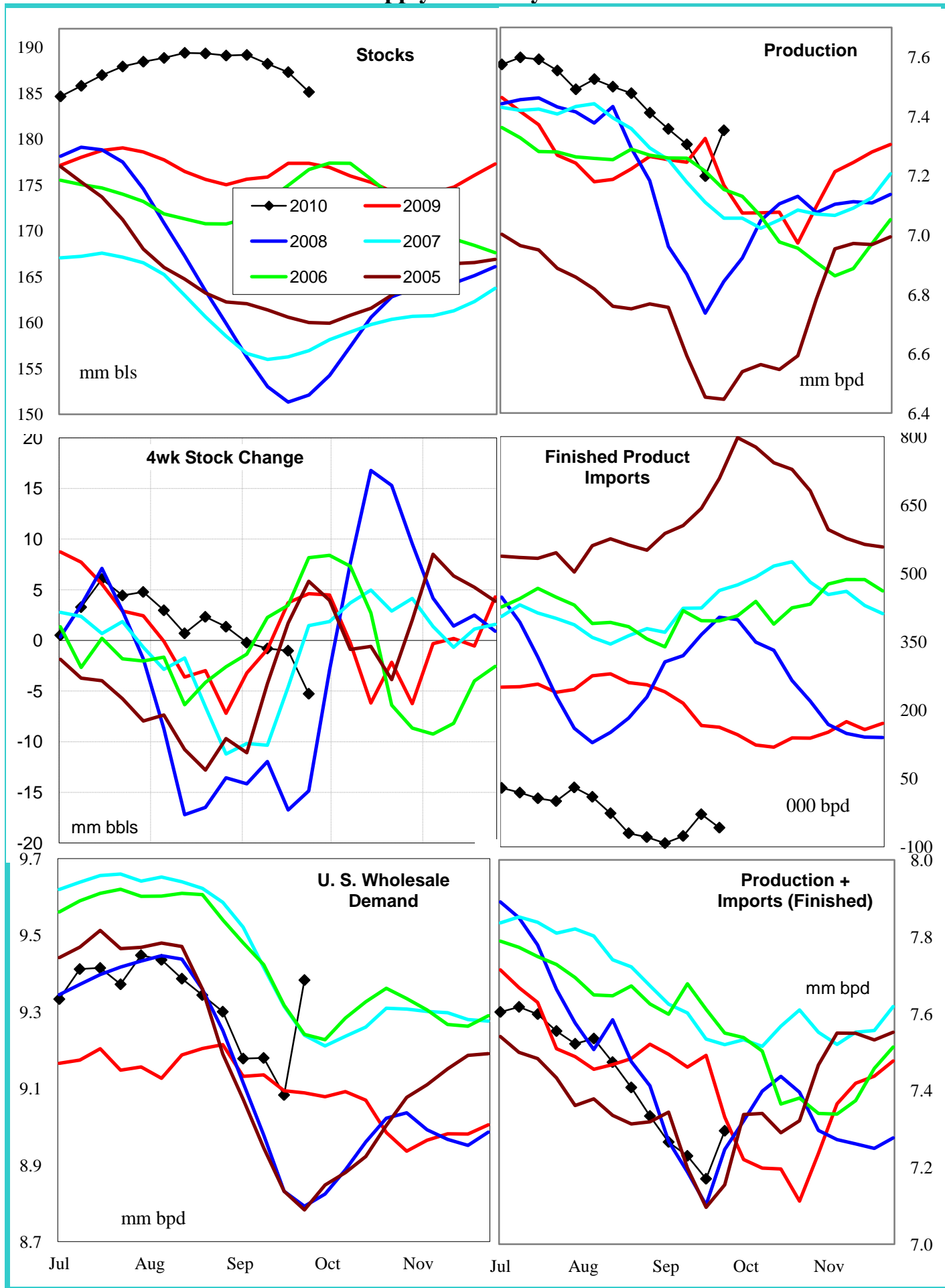
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

