


**FUNDAMENTAL
PETROLEUM
TRENDS?**
WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK
A Fundamental Petroleum Trends Weekly Report

 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, October 15, 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 declined -177,000 bpd last week, falling to the low end of the

historic range. The latest 4-wk average demand was -103,000 bpd below last year.

Production decreased -42,000 bpd, to a level below the mid range as East Coast refiners continued maintenance. Imports remain at record low levels.

The latest 4-wk average supply was -96,000 bpd below last year.

Stocks decline -1.8 million barrels on the week, with the draw concentrated in PADD 1. During the last month stocks have declined -10 million barrels in PADD 1, while increasing +3 million barrels in all other regions combined.

Low imports, refinery maintenance in PADD 1 and Eastern Canada have led to significant tightening of supply on the East Coast. Stock levels in all other regions remain at record highs for this time of year.

Cash basis fell last week in all regional markets on lackluster demand and excess stock levels in most markets.

With weak demand and high stock levels in all markets outside the Northeast, look for continued seasonal weakness in basis.

RBOB

New York Harbor basis to trade sideways in the near term on refiner maintenance, then lower as plants return to operation.

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

Conventional

New York Harbor basis to trade sideways in the near term on refiner maintenance, then lower as plants return to operation.

Chicago basis to trend lower on high stock levels that offset FCCU maintenance.

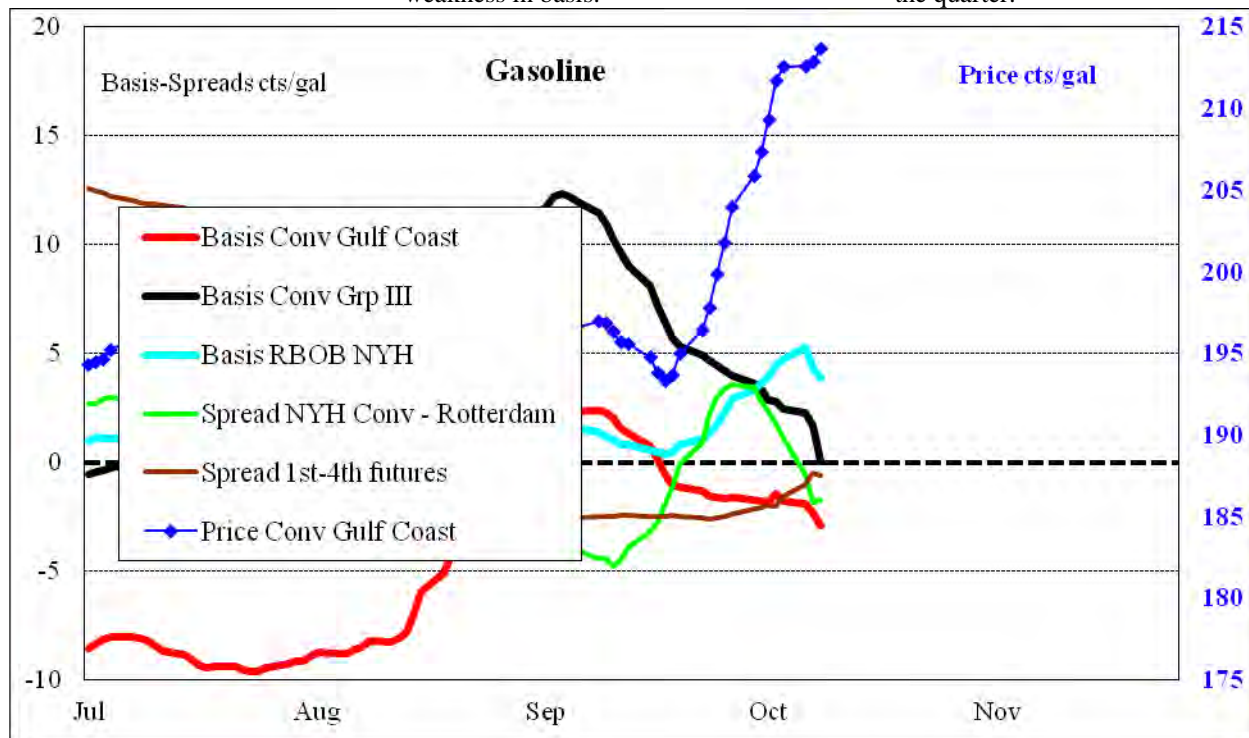
Group III to trend lower on high stock levels that offset refinery maintenance.

Gulf Basis to remain weak as seasonal demand slows.

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

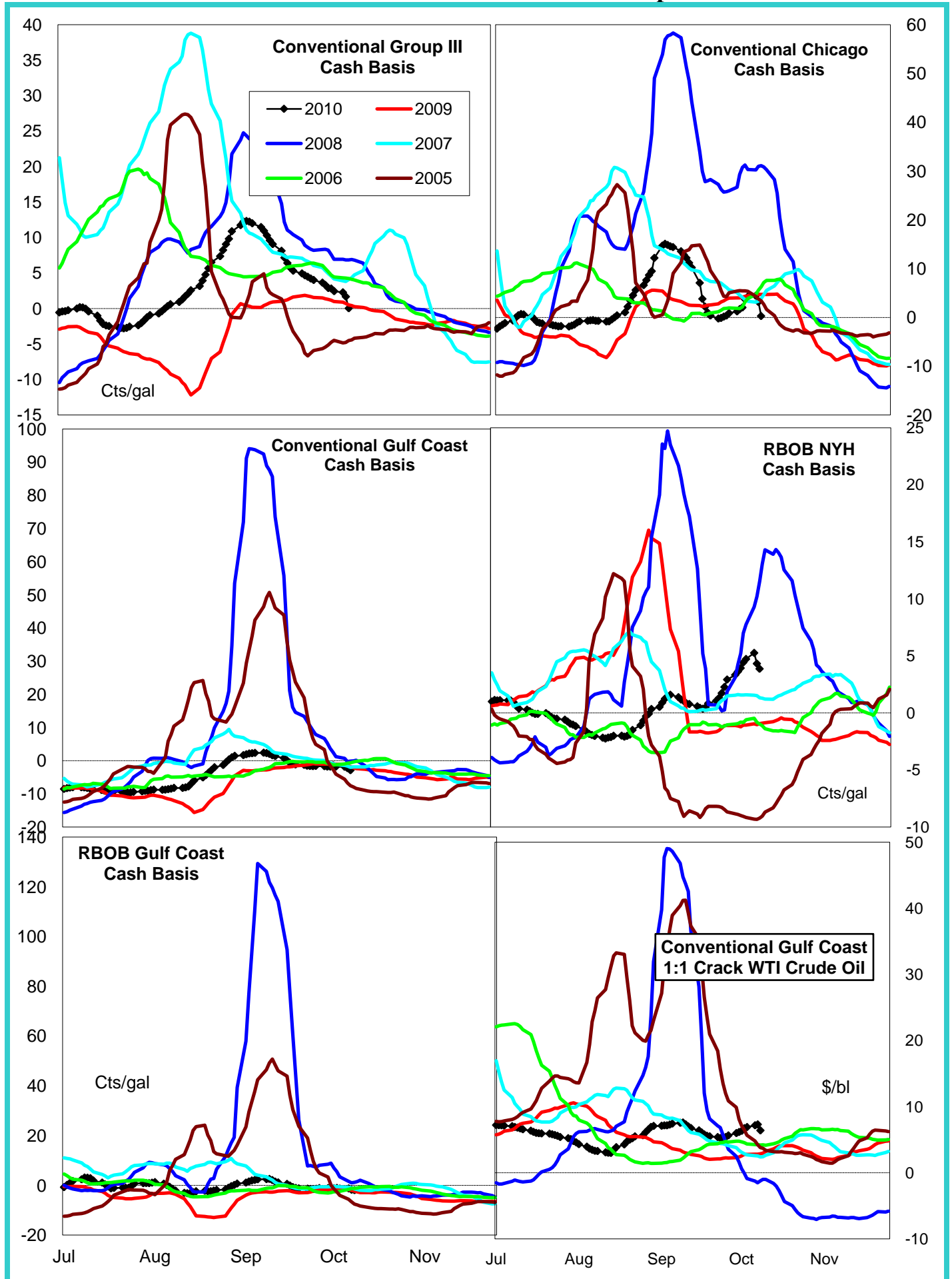
Gulf Coast Price

Stocks remain very high in all regions except the East Coast where low imports and refinery maintenance has led to sharply lower stock levels. Expect near term strength in prices, with declines as refiners return from maintenance later in the quarter.

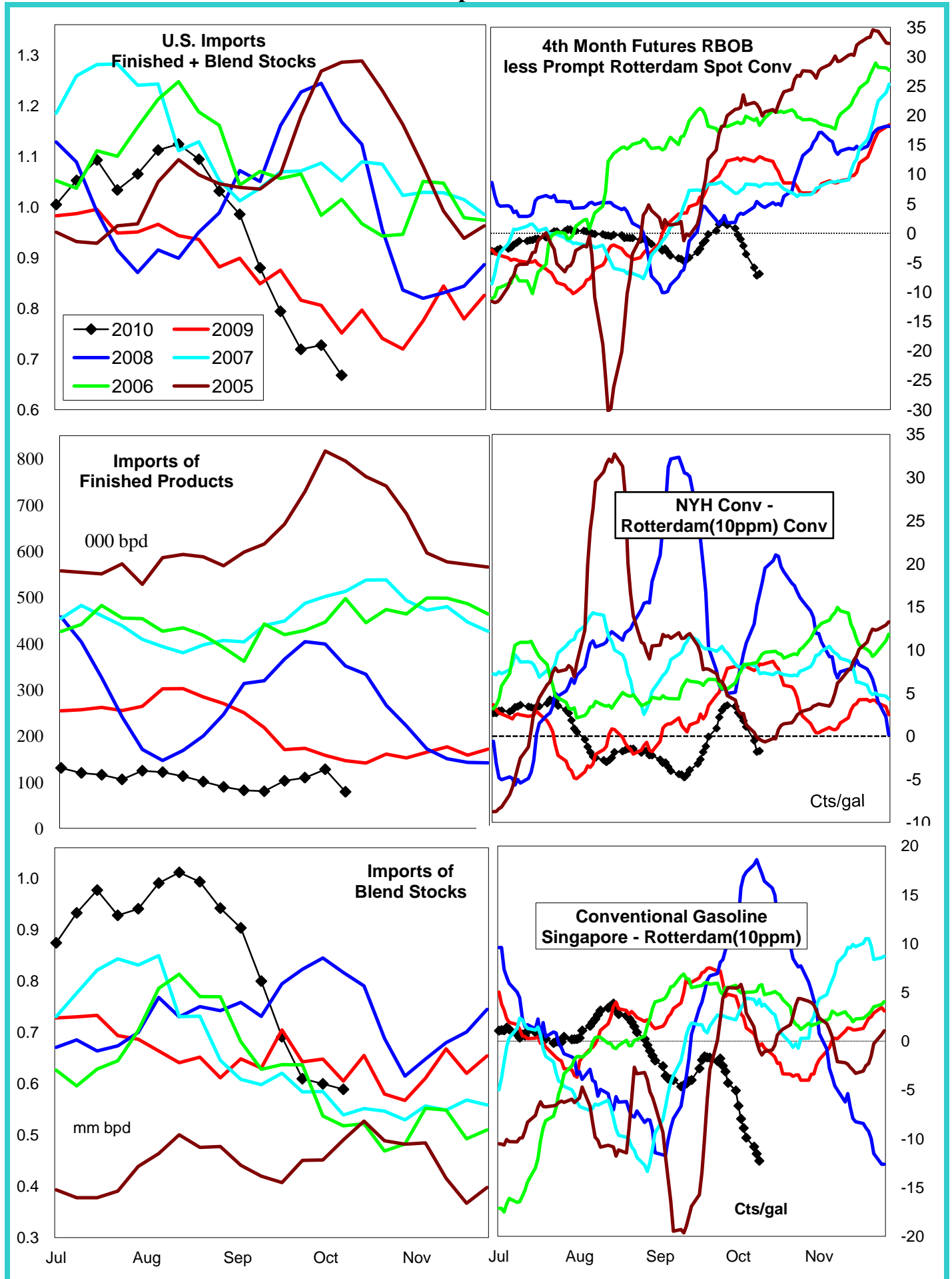


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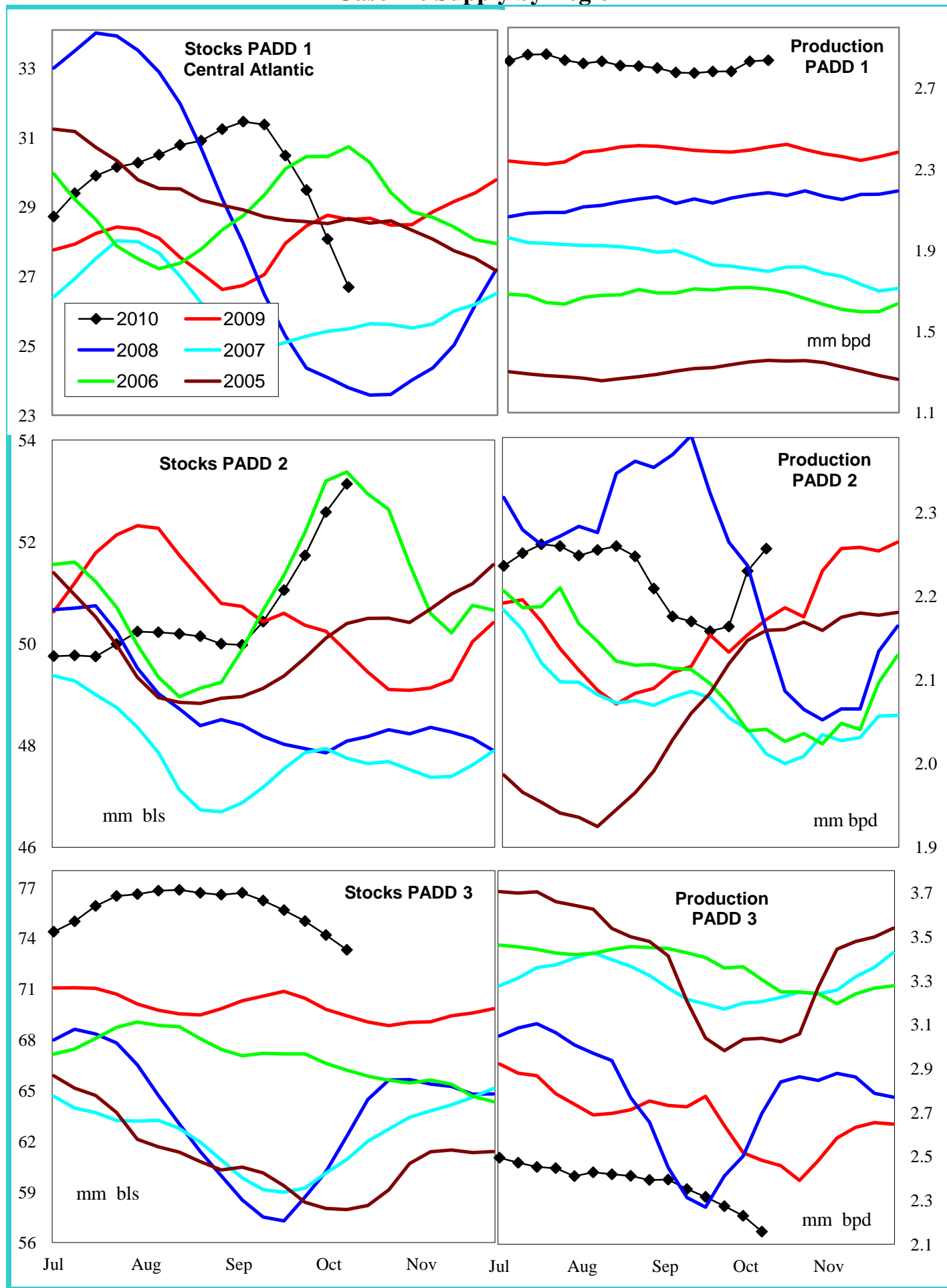
Gasoline Cash Basis and Related Price Spreads



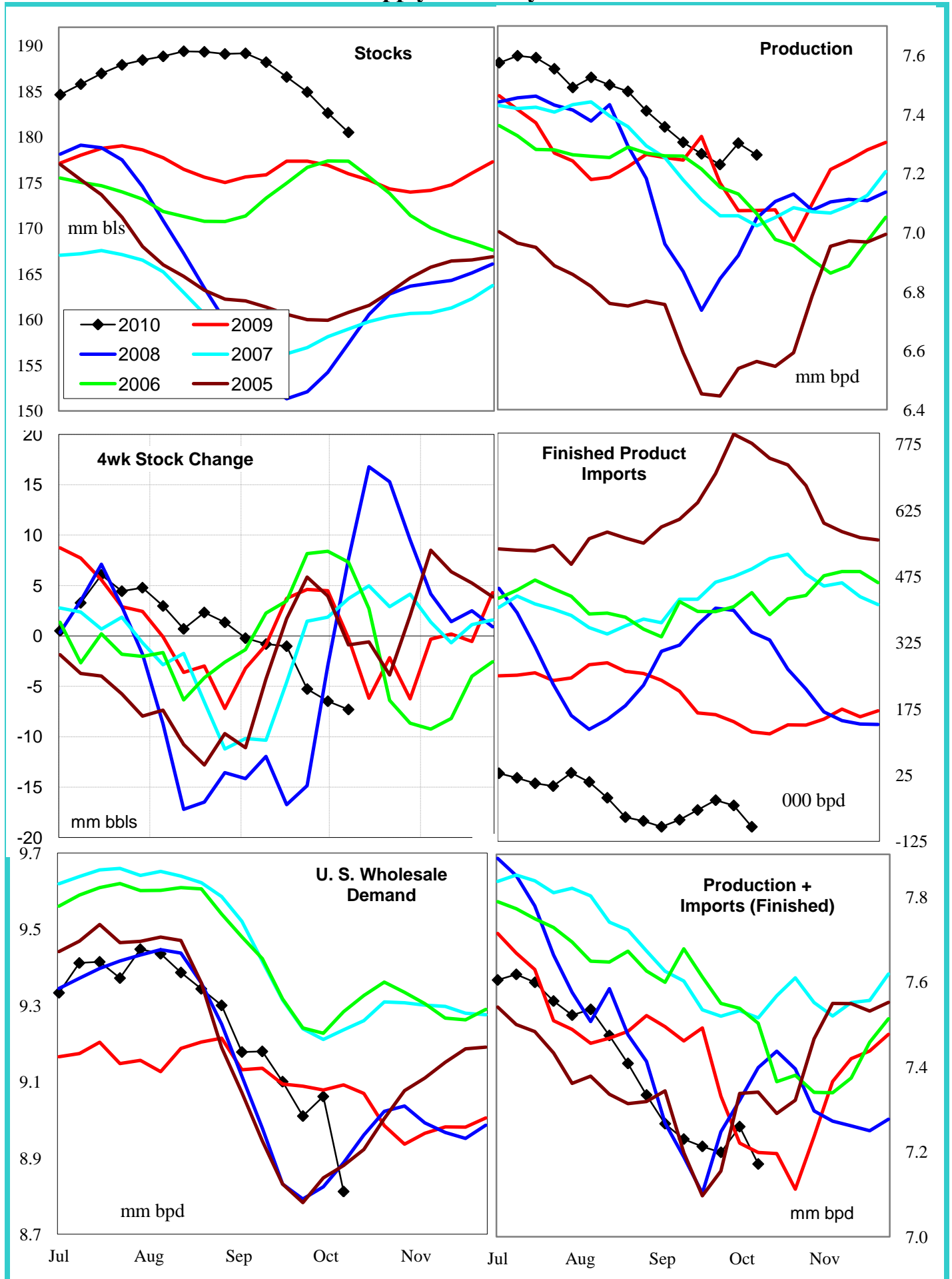
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

