


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

 Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, October 27, 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 +467,000 bpd last week, to a level that matched the historic high. Favorable weather for travel and restatement of stocks by the EIA led to

the surge in demand. The latest 4-wk average demand was -71,000 bpd below last year.

Production increased +168,000 bpd on the week, to a record high for this time of year. Imports increased +220,000 bpd to the historic mid range.

The latest 4-wk average supply was +165,000 bpd above last year.

Stocks fell -4.4 million barrels with draws across all regions.

Imports were sharply higher in PADD 1 last week, and plants are expected to begin returning from maintenance in the near term. These trends should improve the supply balance on the east coast by early November. Stock levels in other regions remain exceptionally high.

Cash basis trended lower in nearly all markets East of the Rockies last week. West Coast basis increased late in the week. Basis levels are extremely weak in the Midwest and gulf regions, while the west coast and NYH witness basis levels near the 5-year mid range.

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

is resupplied, basis in that market should trend lower, allowing other markets to strengthen.

**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 remain weak until the East Coast is resupplied, then strengthen.

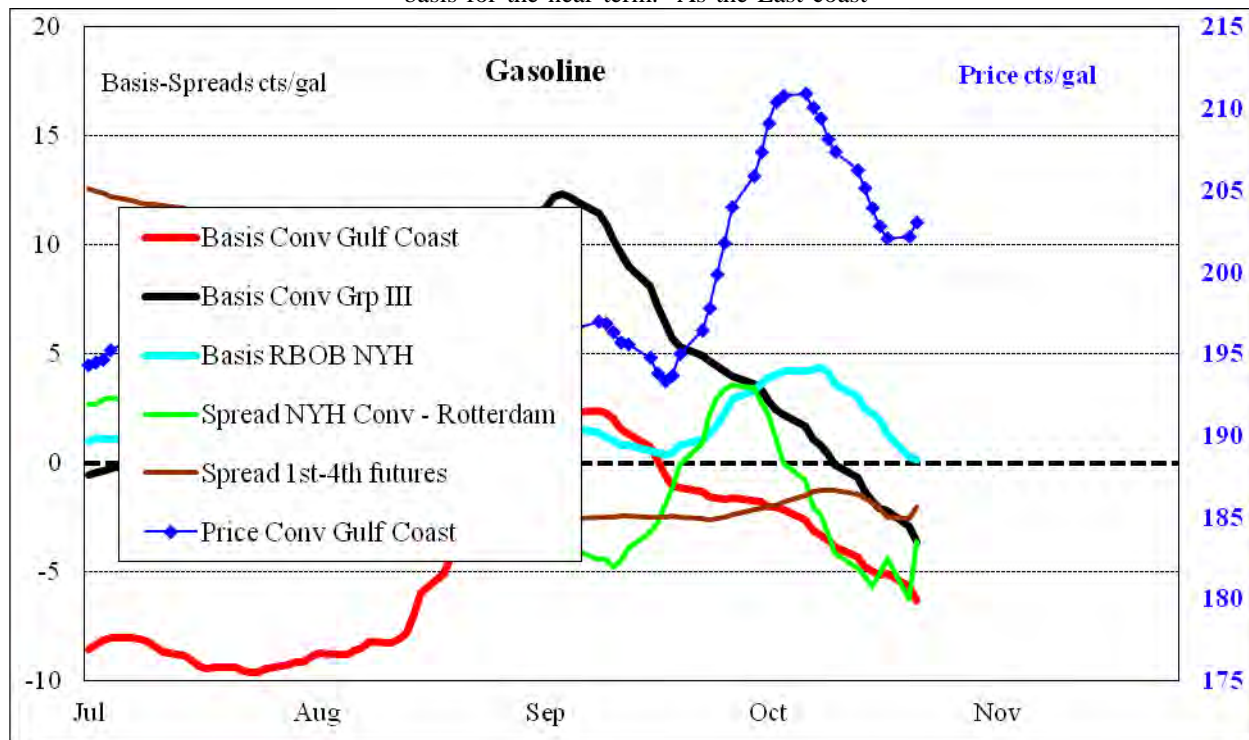
**Group III** to remain weak until the East Coast is resupplied, then strengthen.

**Gulf Basis** to remain weak as seasonal demand slows.

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

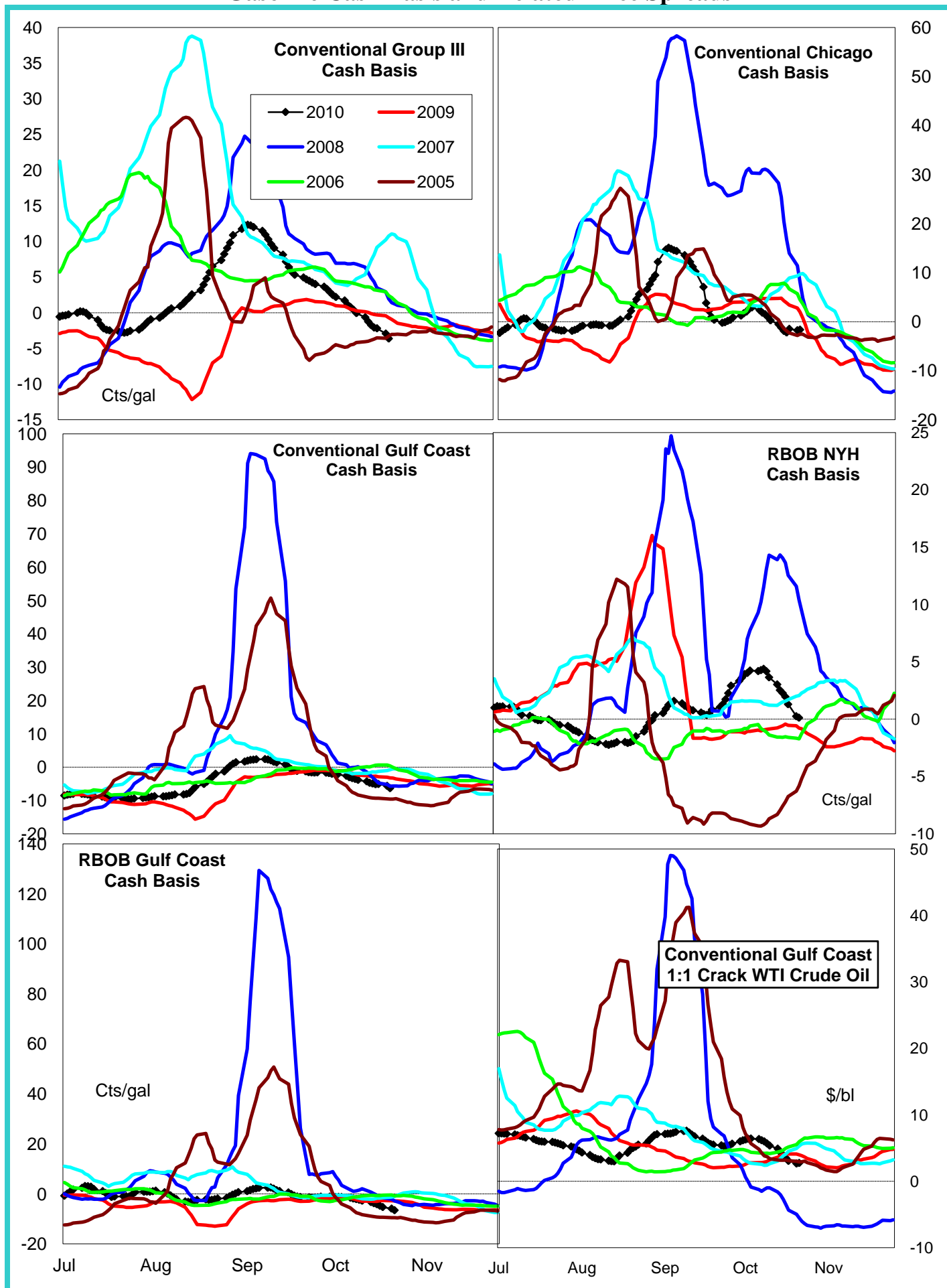
**Gulf Coast Price**

The supply balance should improve on the East Coast over the next 30-days, and with excess supplies in other regions, there is a meaningful risk of price weakness.

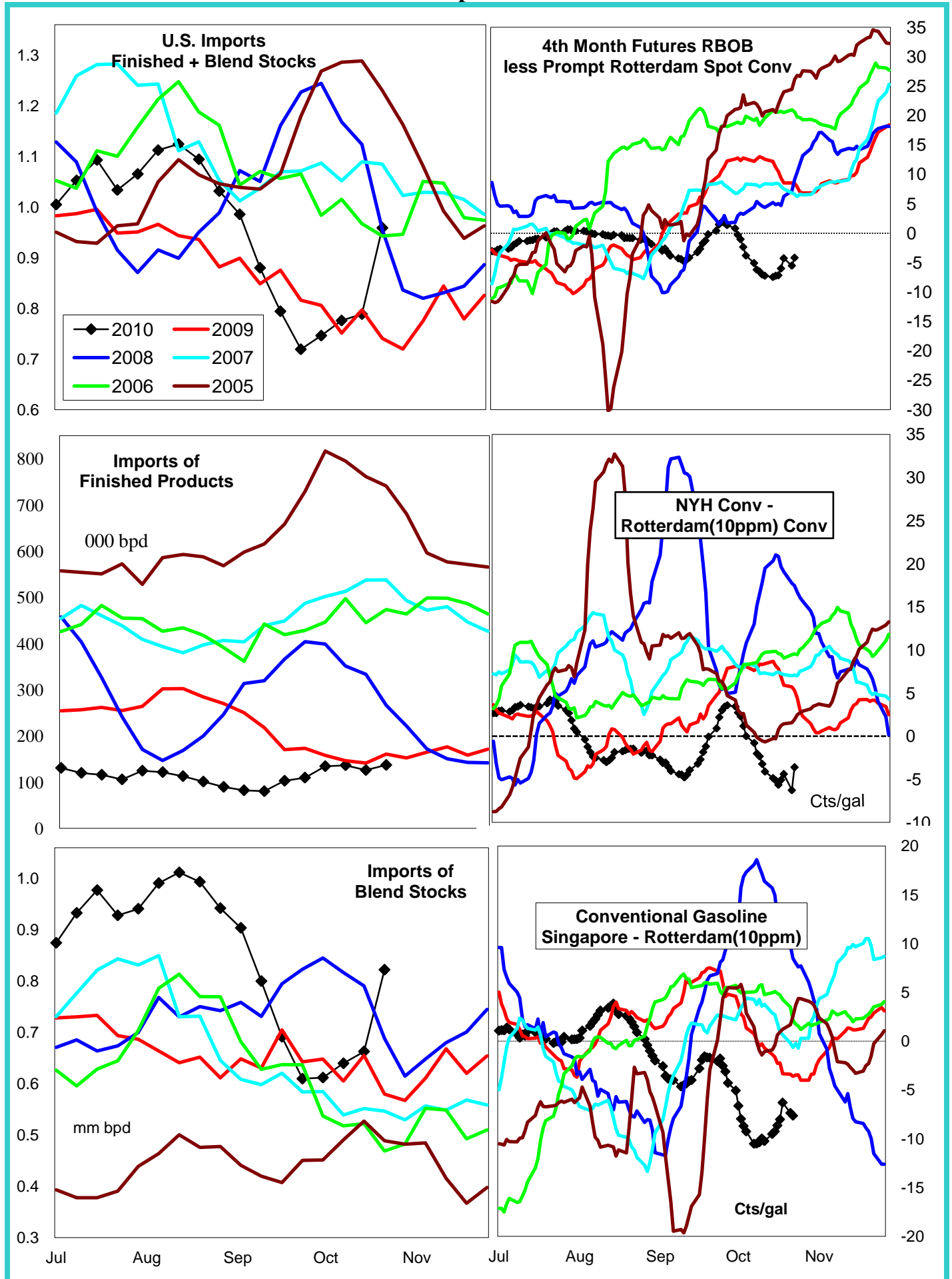


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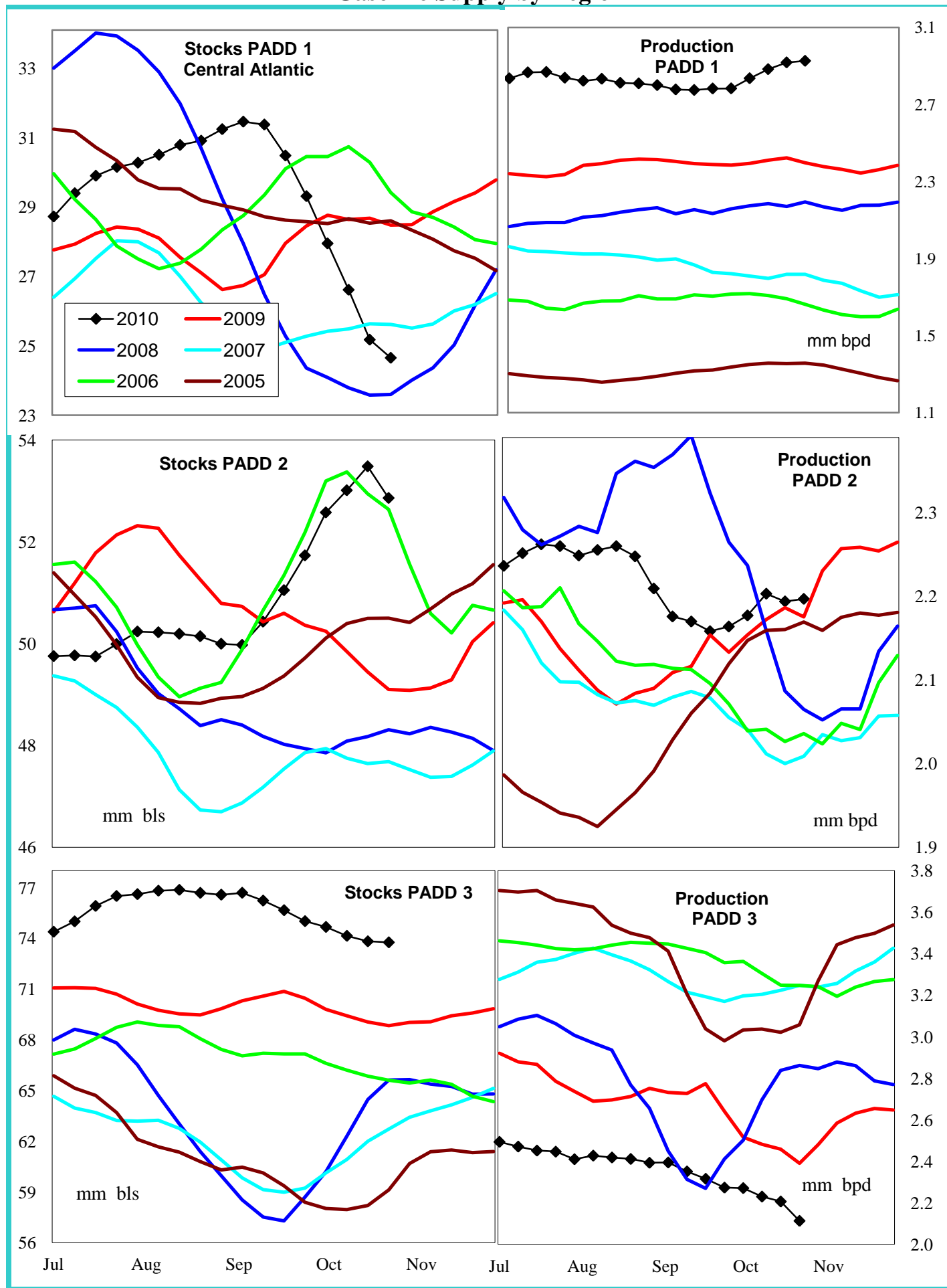
# Gasoline Cash Basis and Related Price Spreads



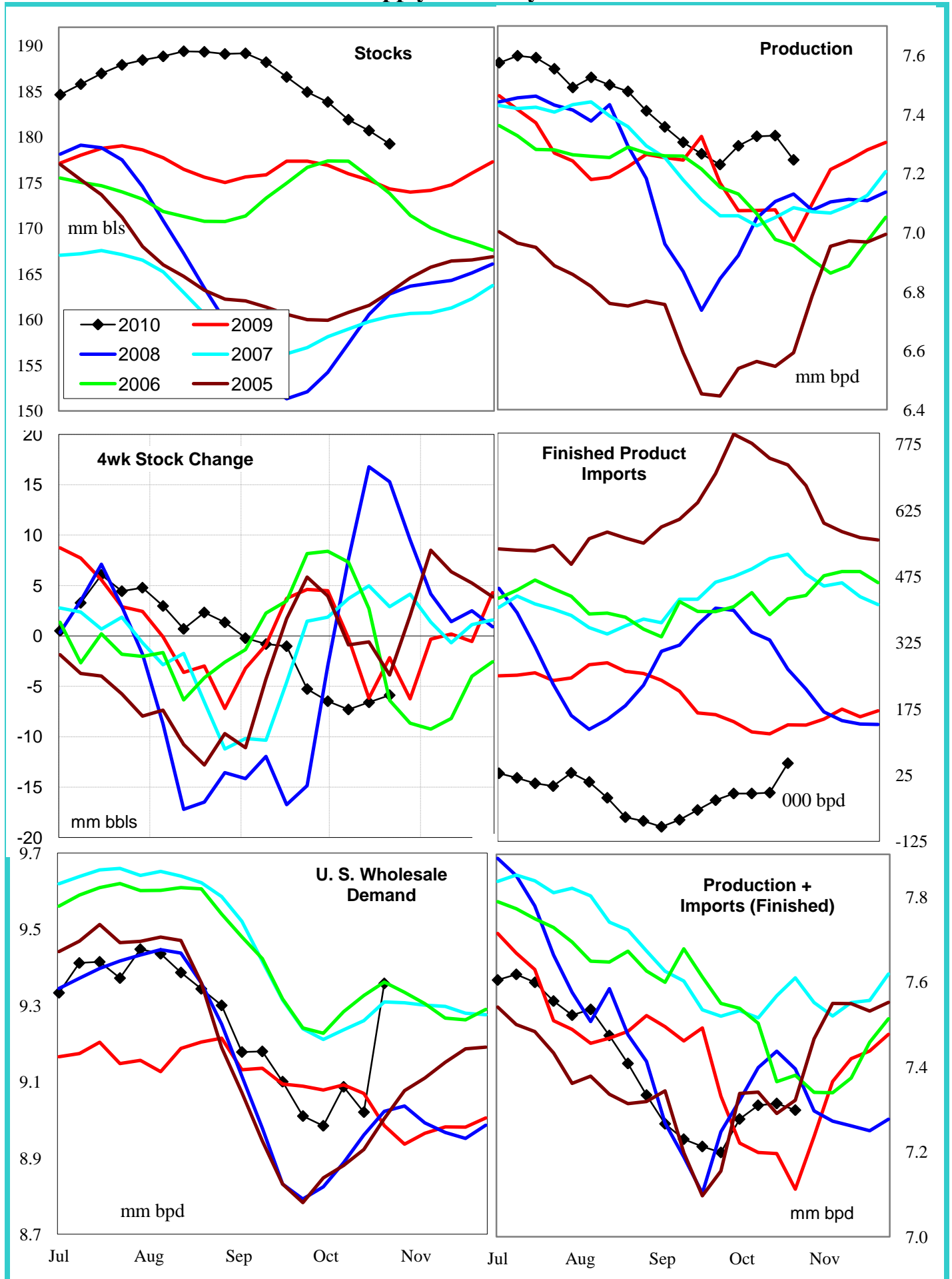
# Gasoline Import Economics



# Gasoline Supply by Region



# Gasoline Supply Summary PADDs 1+2+3



# PADD 5 Gasoline Supply

