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, November 04, 2010

Cash Basis Outlook			
Product	Market	Weeks Forward 1 - 2	Weeks Forward 3 - 6
RBOB	NYH	→ gray	→ red
	Gulf	→ gray	→ green
	W Coast	→ red	→ red
Conventional	NYH	→ gray	→ red
	Gulf	→ gray	→ green
	Grp III	→ green	→ red
	Chicago	→ green	→ red
	W Coast	→ red	→ red
Gulf Coast Price Outlook		→ green	→ red

Wholesale demand reversed most of the prior week spike, falling -343,000 bpd last week. The latest 4-wk average demand was unchanged from a year ago.

Production decreased -233,000 bpd on the week, still a level above the historic range. Imports declined -128,000 bpd, to a level at the low end of the historic range.

The latest 4-wk average supply was +271,000 bpd above last year.

The drop in supply led to a -2.7 million barrel stock draw for the week. Stocks fell below the historic range in the key Central Atlantic Region of PADD 1; with other markets East of the Rockies showing continued high stock levels.

Cash basis bounced higher across all markets last week from extremely low levels, as fall maintenance peaked and favorable weather supported retail demand.

Completion of maintenance at Chicago area refiners and on the East Coast during the current month should lead to a seasonal downtrend in basis for these specific markets from the current elevated levels. Improved supplies on the East Coast should lift basis in other regional markets from the depressed levels seen recently.

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 elevated until maintenance completed this month, then trend seasonally lower

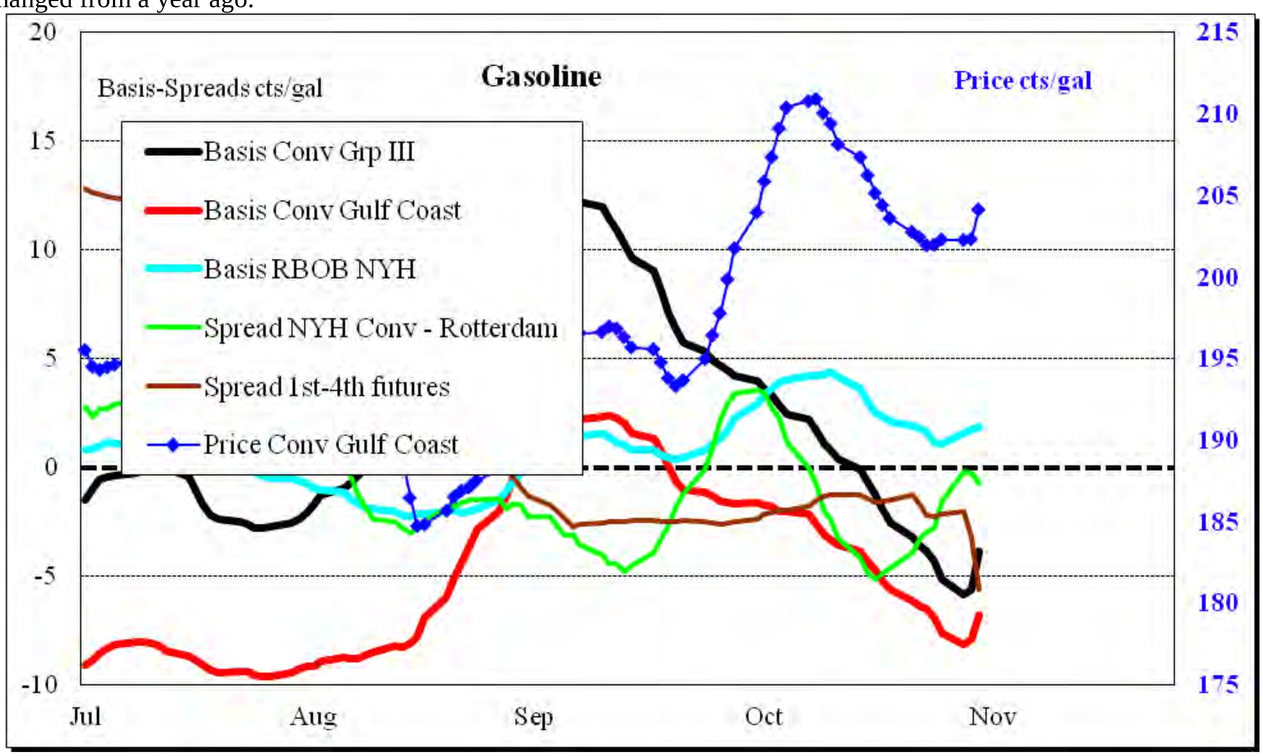
Group III to experence modest support from tightness in Chicago, then follow a seasonal downtrend

Gulf Basis to remain weak on high stock levels, improving as East Coast refiners return from maintenance.

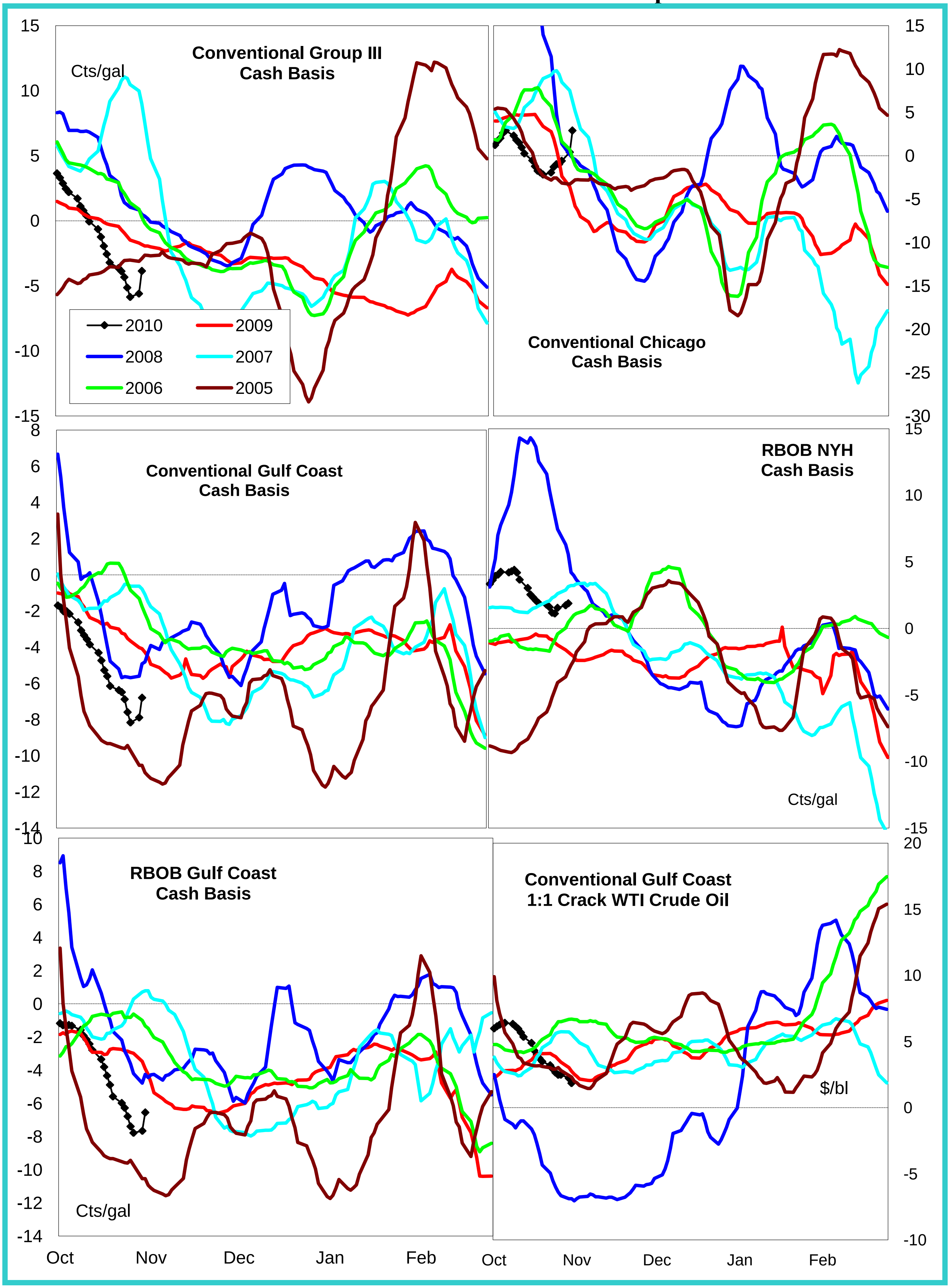
West Coast (Los Angeles) to trend lower on renewed imports and increased production.

Gulf Coast Price

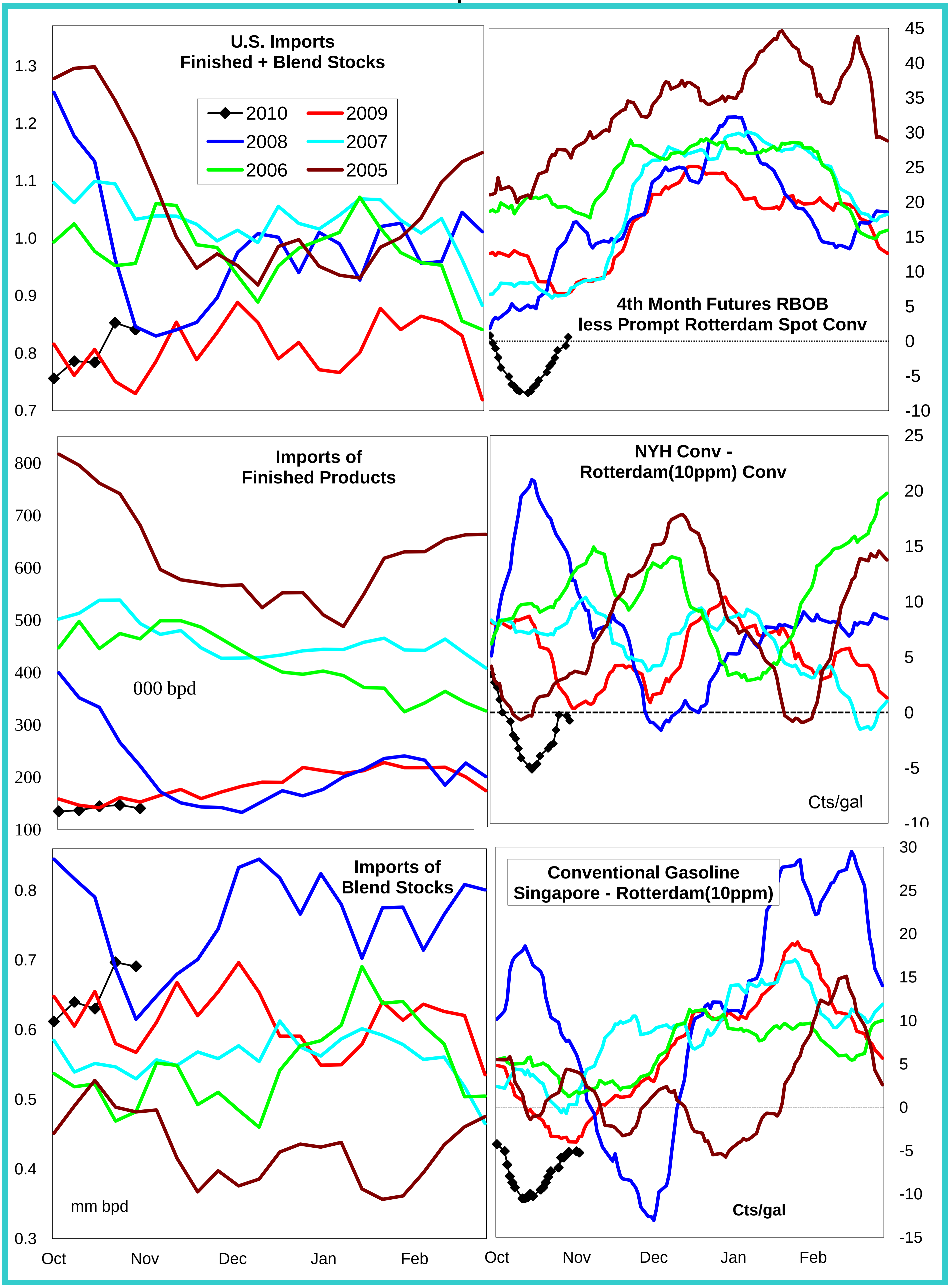
Current inflation concerns are supporting global energy oil prices. However, as refiners return from maintenance and high crude oil stock levels persist, risk of a pull back in prices remains during the 4th quarter.



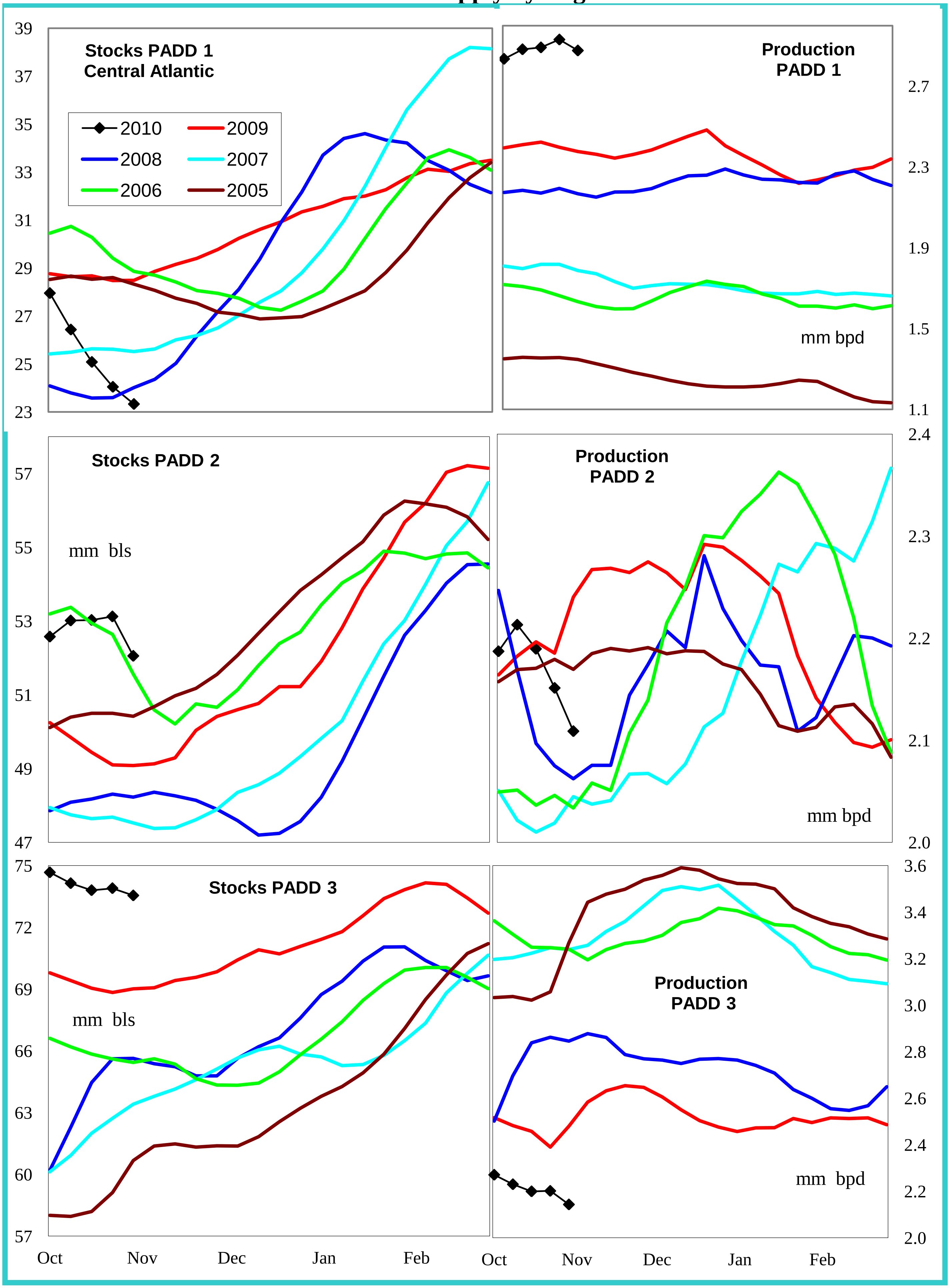
Gasoline Cash Basis and Related Price Spreads



Gasoline Import Economics



Gasoline Supply by Region



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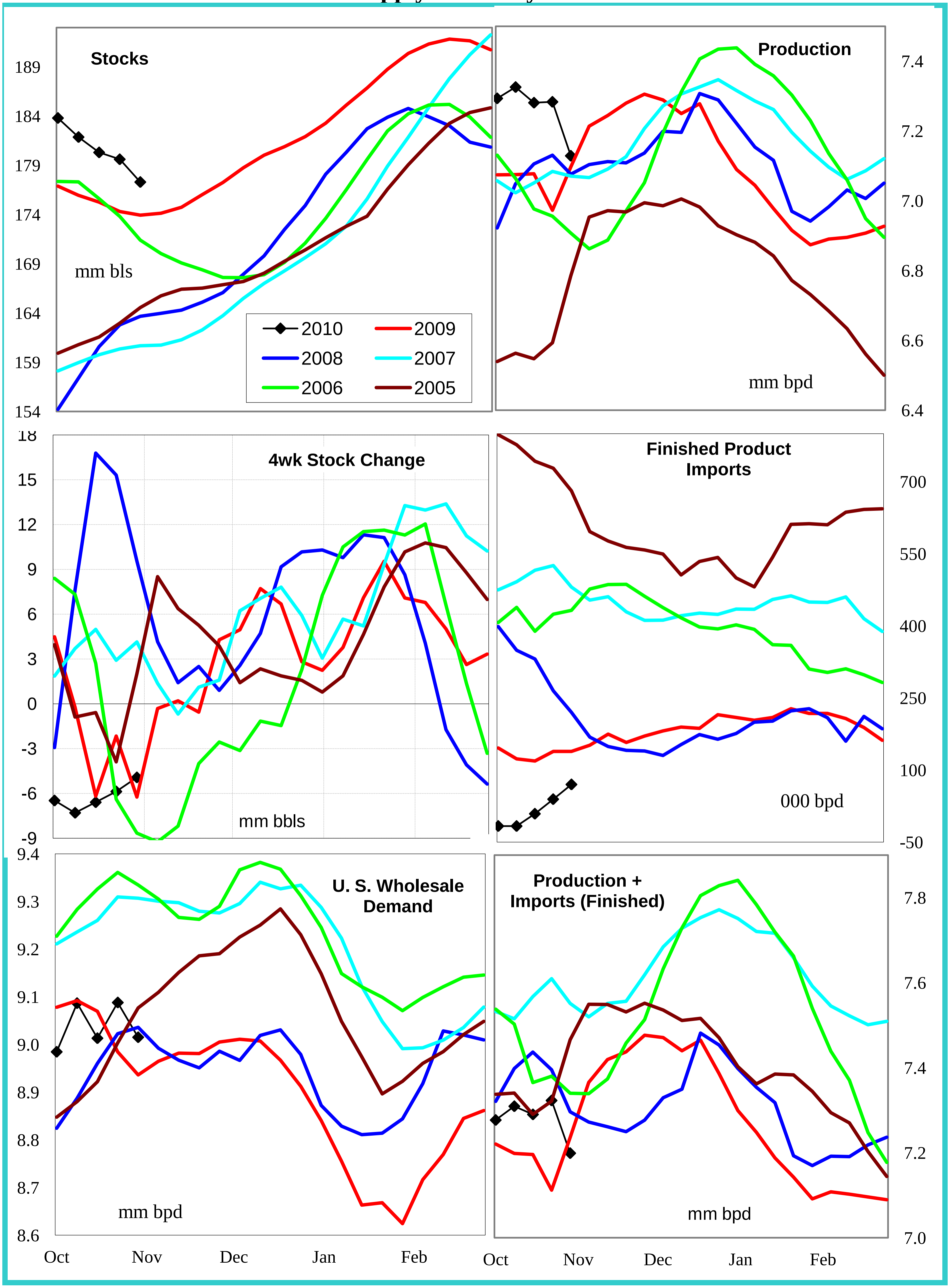
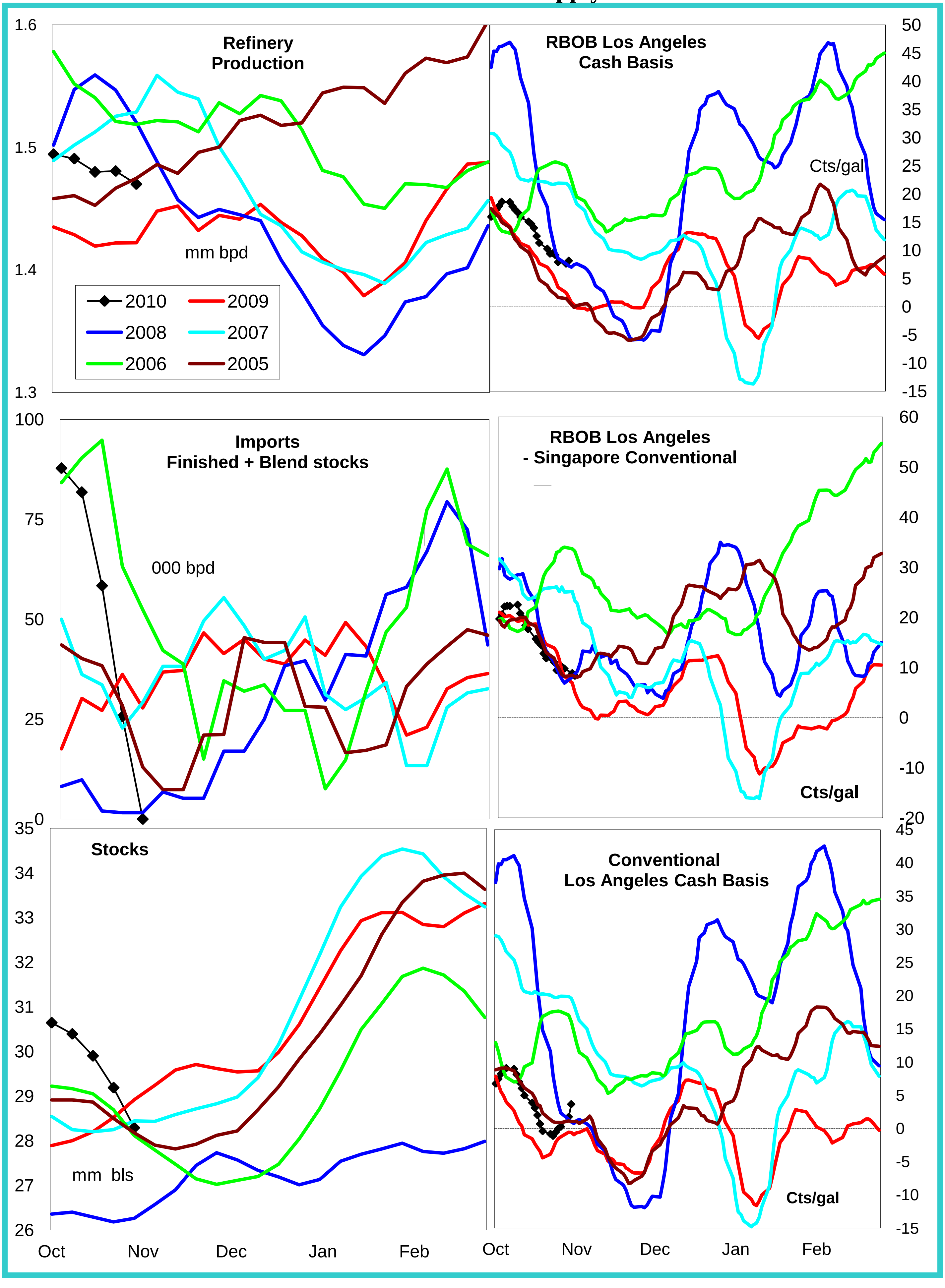
Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply



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