


**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, November 10, 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 increased +41,000 bpd last week, with the latest 4-wk average Up +163,000 bpd above a year ago.

Production increased +30,000 bpd on the week, at the upper end of the historic range. Imports declined -69,000 bpd, to a level below the 5-year range.

The latest 4-wk average supply was +233,000 bpd above last year.

Robust demand led to a -1.9 million barrel stock draw for the week. Stocks declined -5.5 million barrels during the latest 4-wk period in markets East of the Rockies, near the 5-year record.

Cash basis extended the recent uptrend across all markets last week. Favorable weather conditions for consumer travel, downstream supply chain stock building in response to higher wholesale prices and continued maintenance in several key regional markets supported the increase.

Expect demand to trend lower in the second half of the month on much colder weather across the country; higher production as refiners return from maintenance, and higher imports on improved economics. These trends should lead to a seasonal decline in basis for most regional markets.

RBOB

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

Chicago basis to remain elevated until maintenance completed, then trend seasonally lower

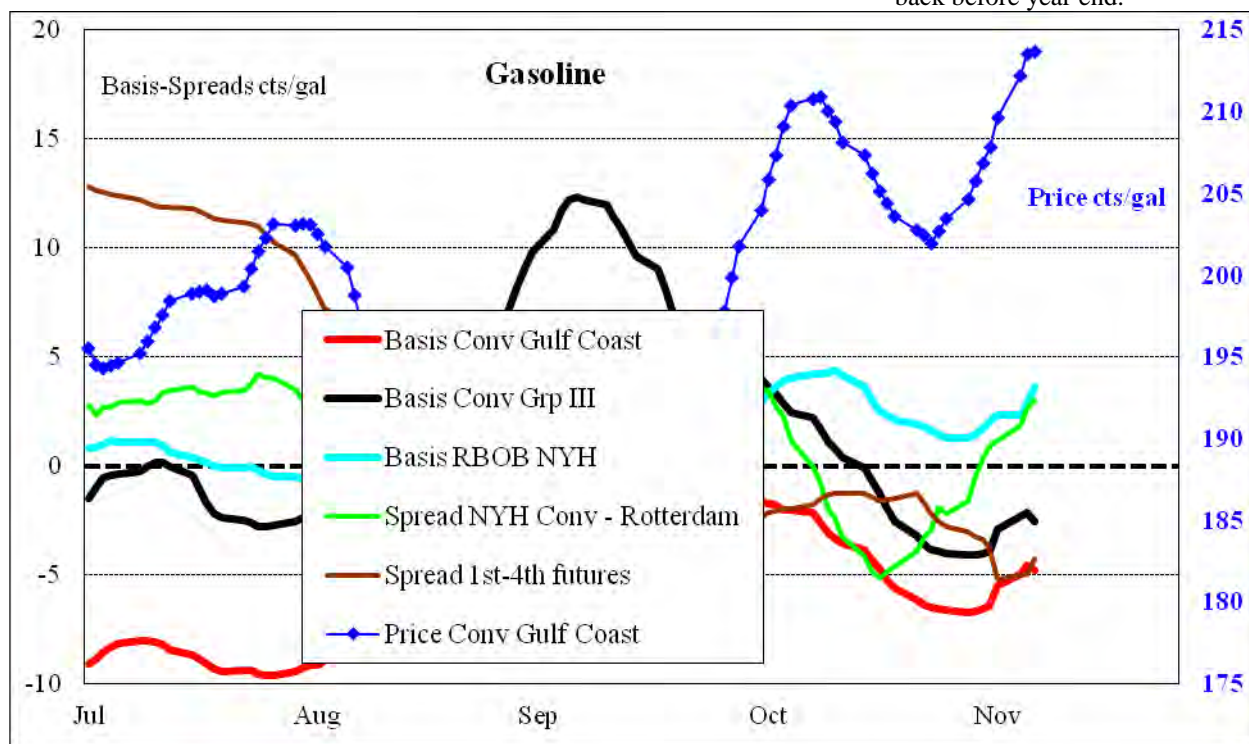
Group III to experience support from tightness in Chicago, then follow a seasonal downtrend

Gulf Basis to trend lower on completion of maintenance on the East Coast and lower seasonal demand.

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

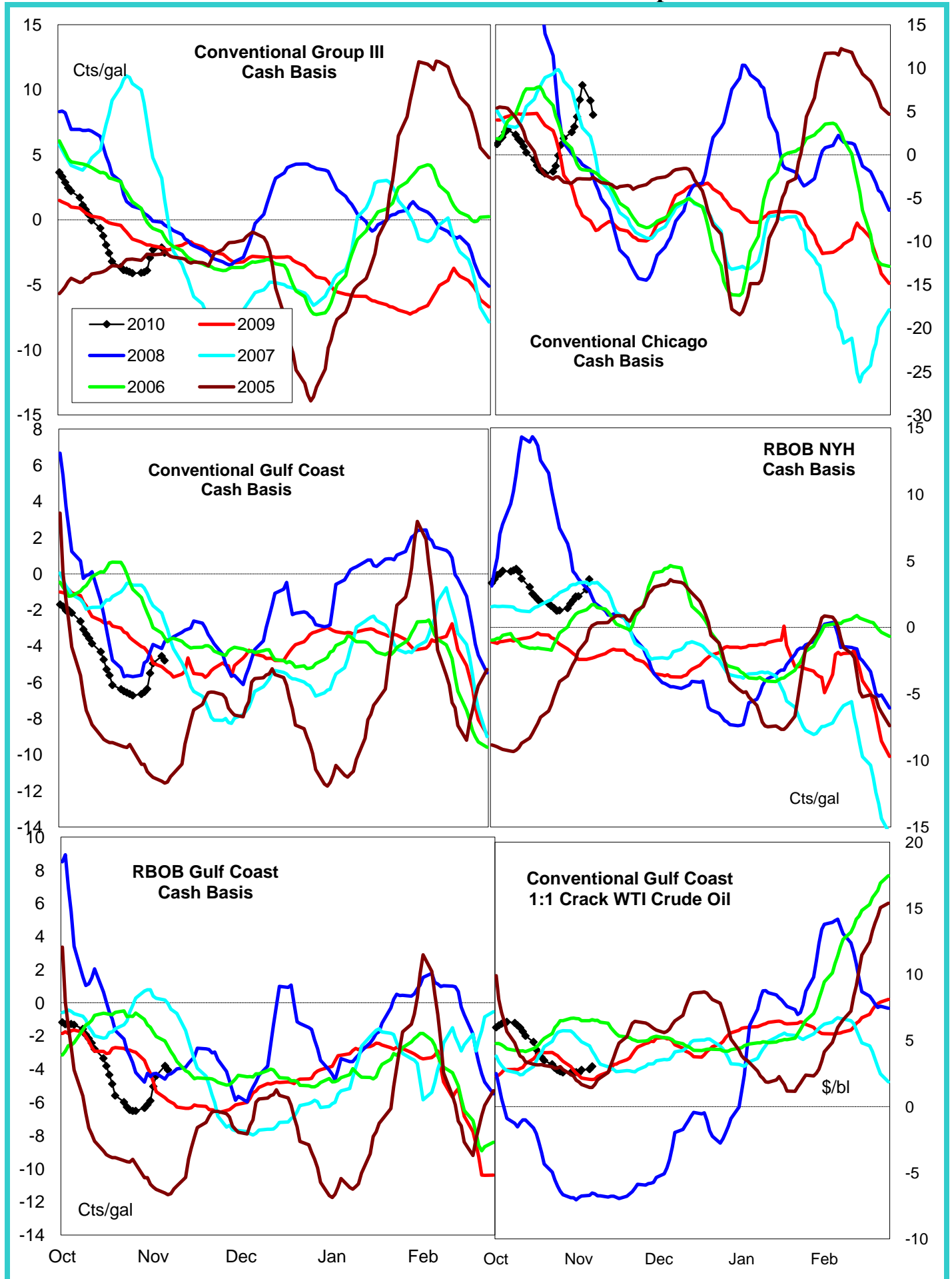
Gulf Coast Price

Robust late fall demand and limited supplies has supported the current price jump. However, seasonal weakness in demand and increased supply during the 2nd half of November risks a price pull back before year end.

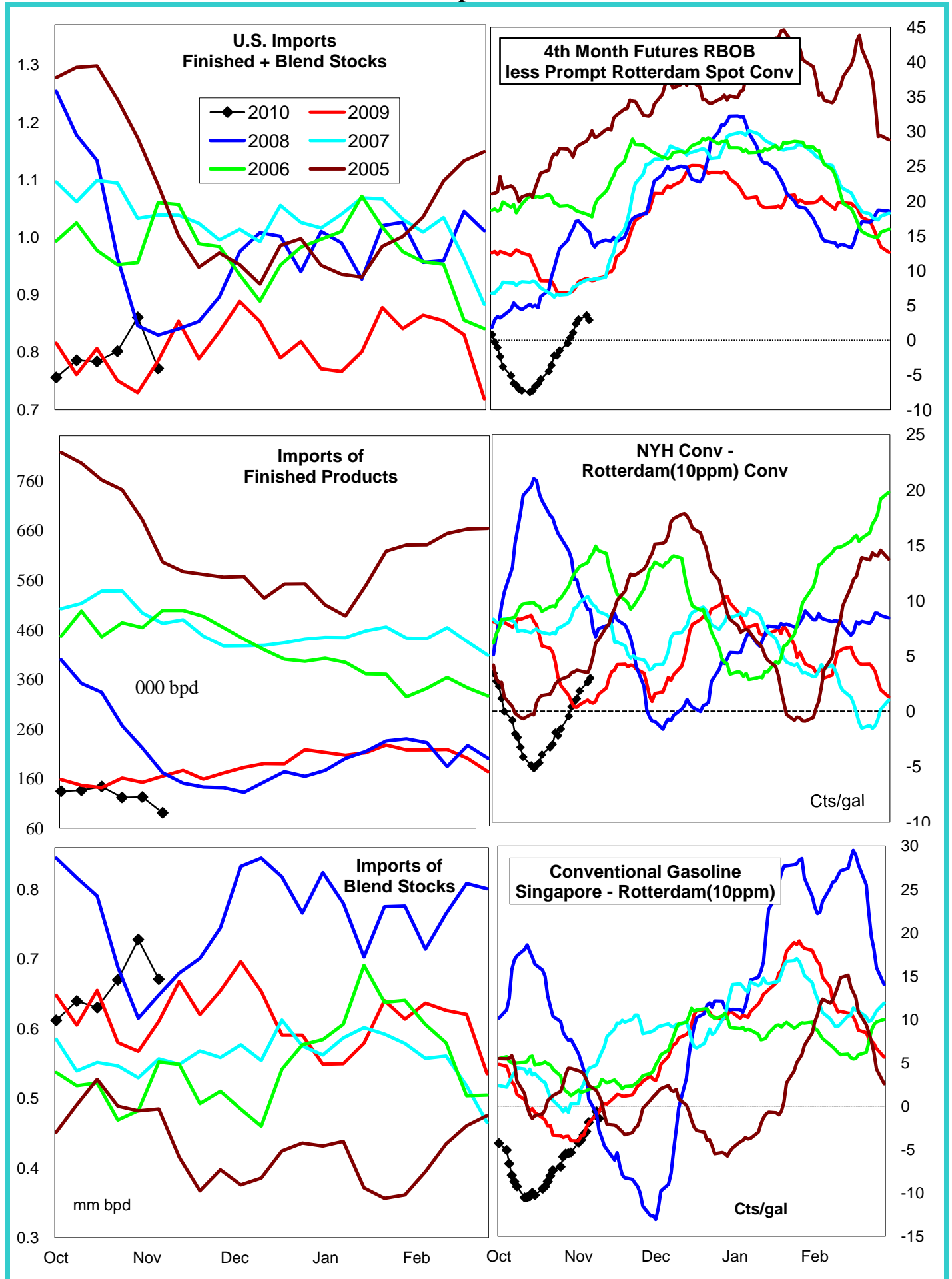


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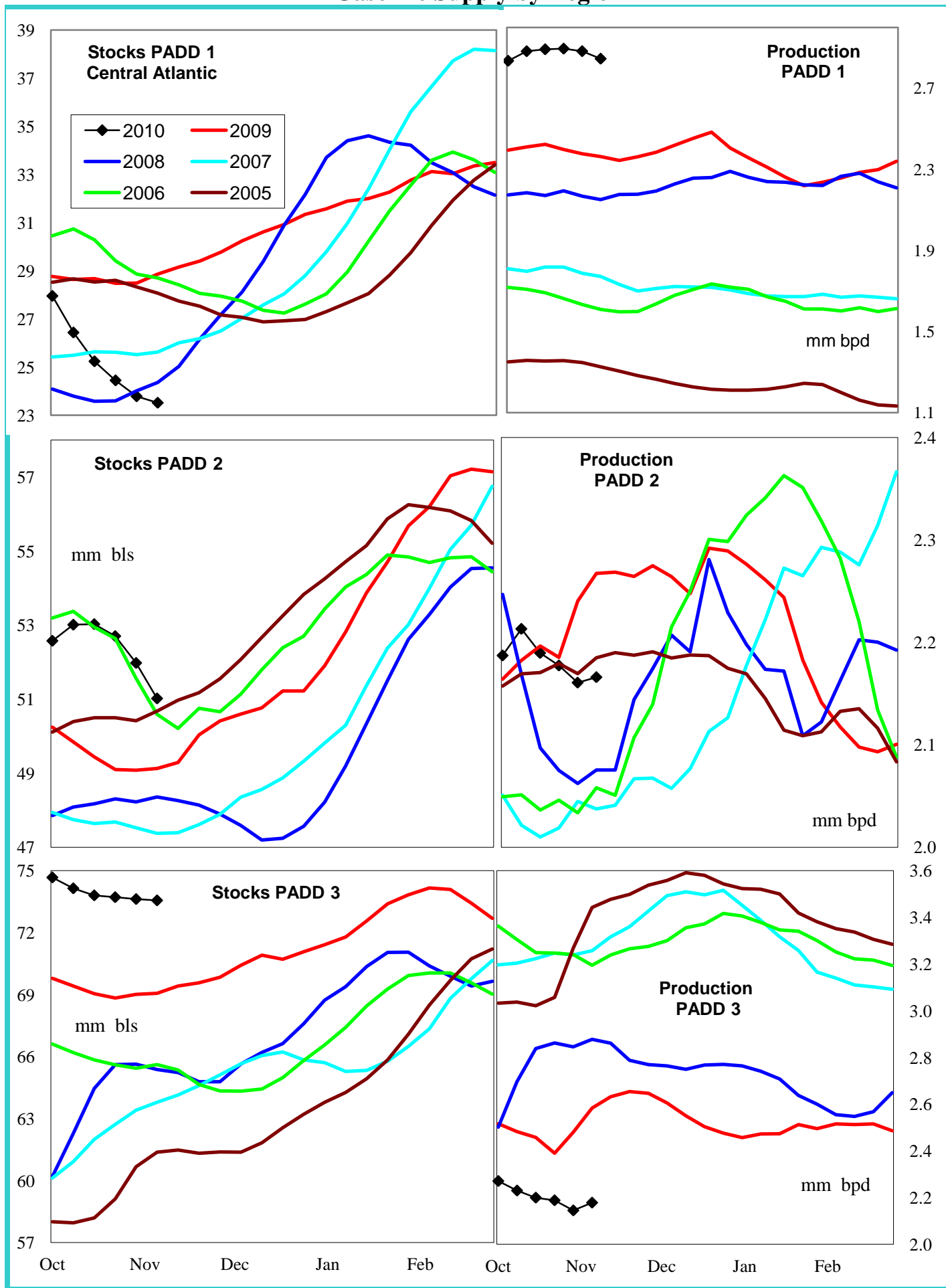
Gasoline Cash Basis and Related Price Spreads



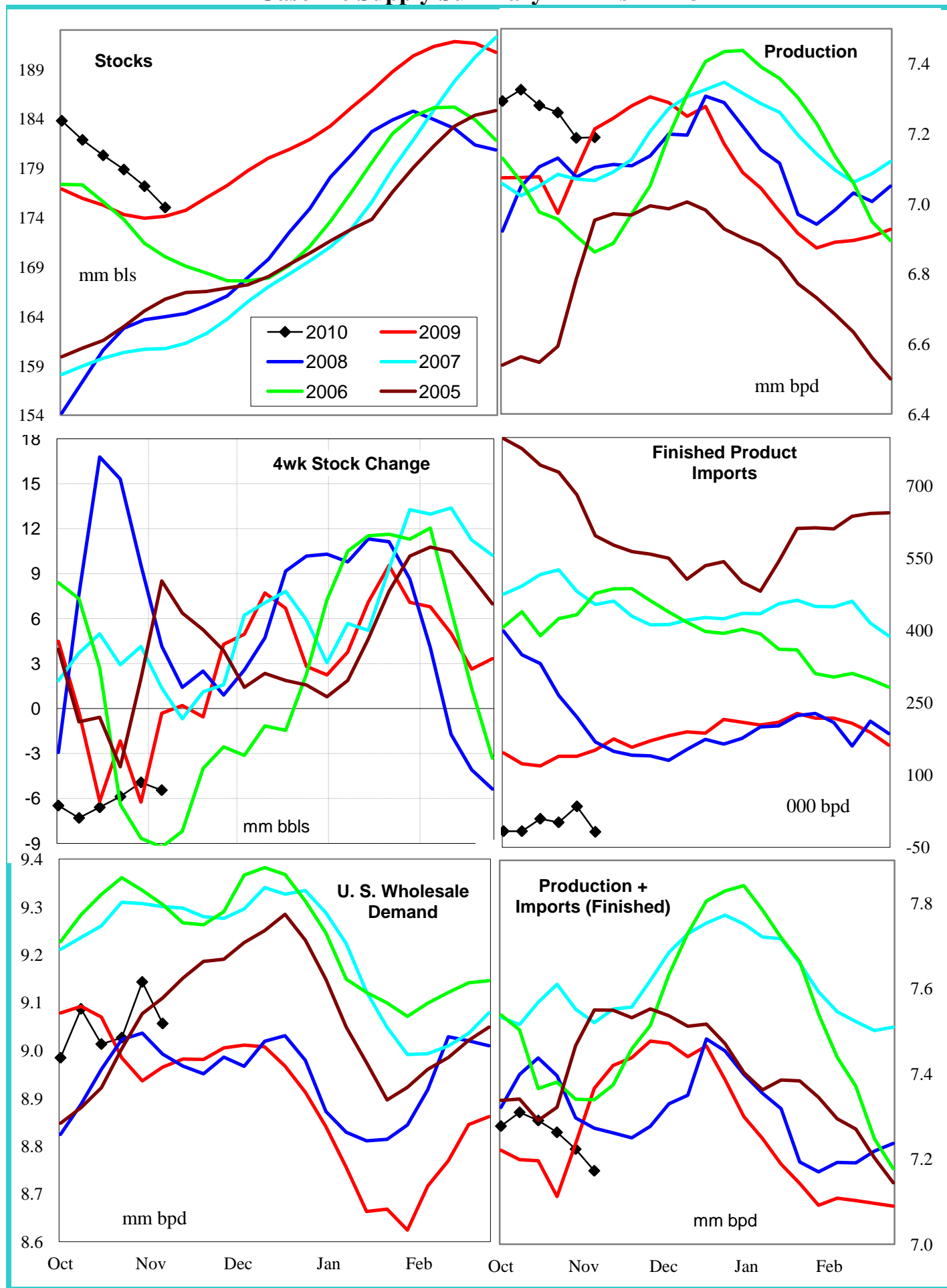
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply