WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, November 18, 2010

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

Wholesale demand decreased -104,000 bpd last week, with the latest 4-wk average +162,000 bpd above a year ago.

Production decreased -79,000 bpd on the week, to match the historic mid range. Imports declined -240,000 bpd, to a new record low level.

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

Reduced supply led to a -2.7 million barrel stock draw; concentrated in PADD 2 where maintenance continued and receipts from the Gulf were redirected to the extremely tight East Coast market. The latest 4-wk stock draw in markets east of the Rockies was a record high -9.4 million barrels.

Cash basis spiked in NYH on extremely tight supplies. The inverted forward price curve drove basis sharply lower, where the levels fell to record lows for this time of year in most regional markets outside the East Coast.

Supplies should improve in NYH within 1-wk as key East Coast refiners, including the Irving Canada refinery are expected to restart, and cargos are in route from the Gulf. Increased imports from Europe continue to be limited as that market restocks from the earlier shutdown of refiners in France.

Expect cash basis to fall in NYH on improved supply by month end and increase in other regions.

RBOB

New York Harbor basis to remain elevated in the very short term, then fall sharply as supplies improve.

West Coast (Los Angeles) basis to trend lower on a seasonal decline in demand and stock building.

Conventional

New York Harbor basis to remain elevated in the very short term, then fall sharply as supplies improve.

Chicago basis to rebound when NYH is resupplied, with the increase limited by increased production.

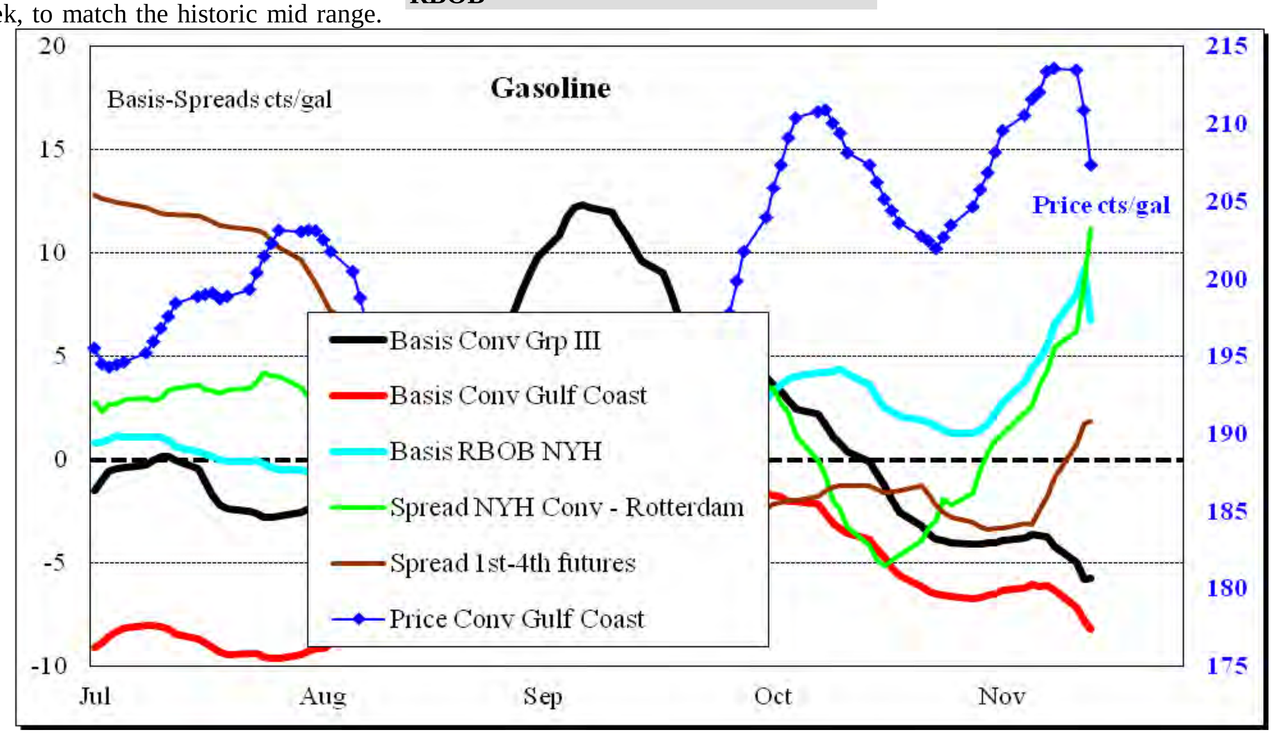
Group III to rebound when NYH is resupplied.

Gulf Basis to rebound when NYH is resupplied.

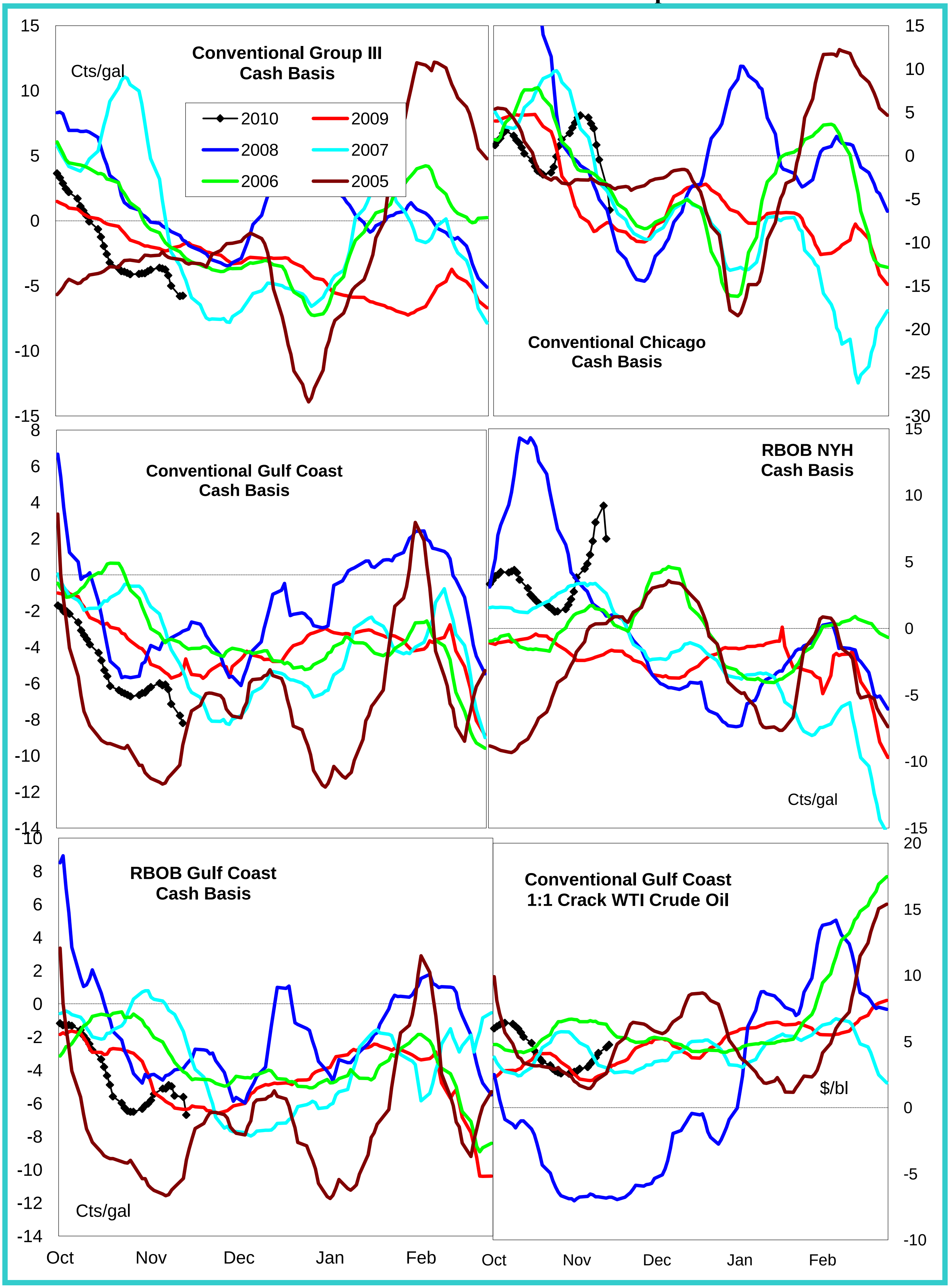
West Coast (Los Angeles) to trend lower on a seasonal decline in demand and stock building.

Gulf Coast Price

The NYH market should become over supplied within the next 30-days, following the spike in prices which will attract imports from both Atlantic Basin and even Asian export centers. Expect significant price weakness for gasoline by year end.



Gasoline Cash Basis and Related Price Spreads



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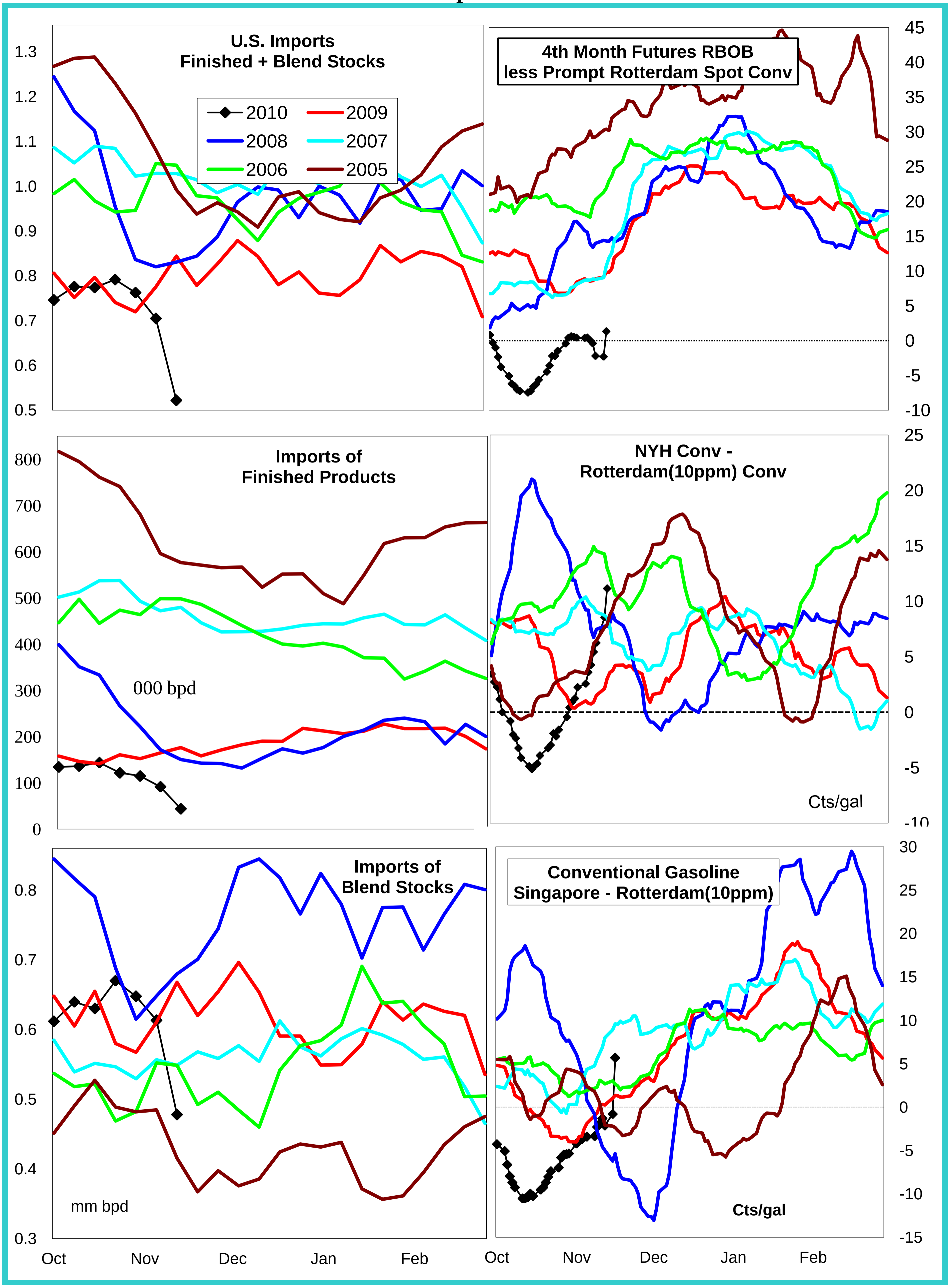
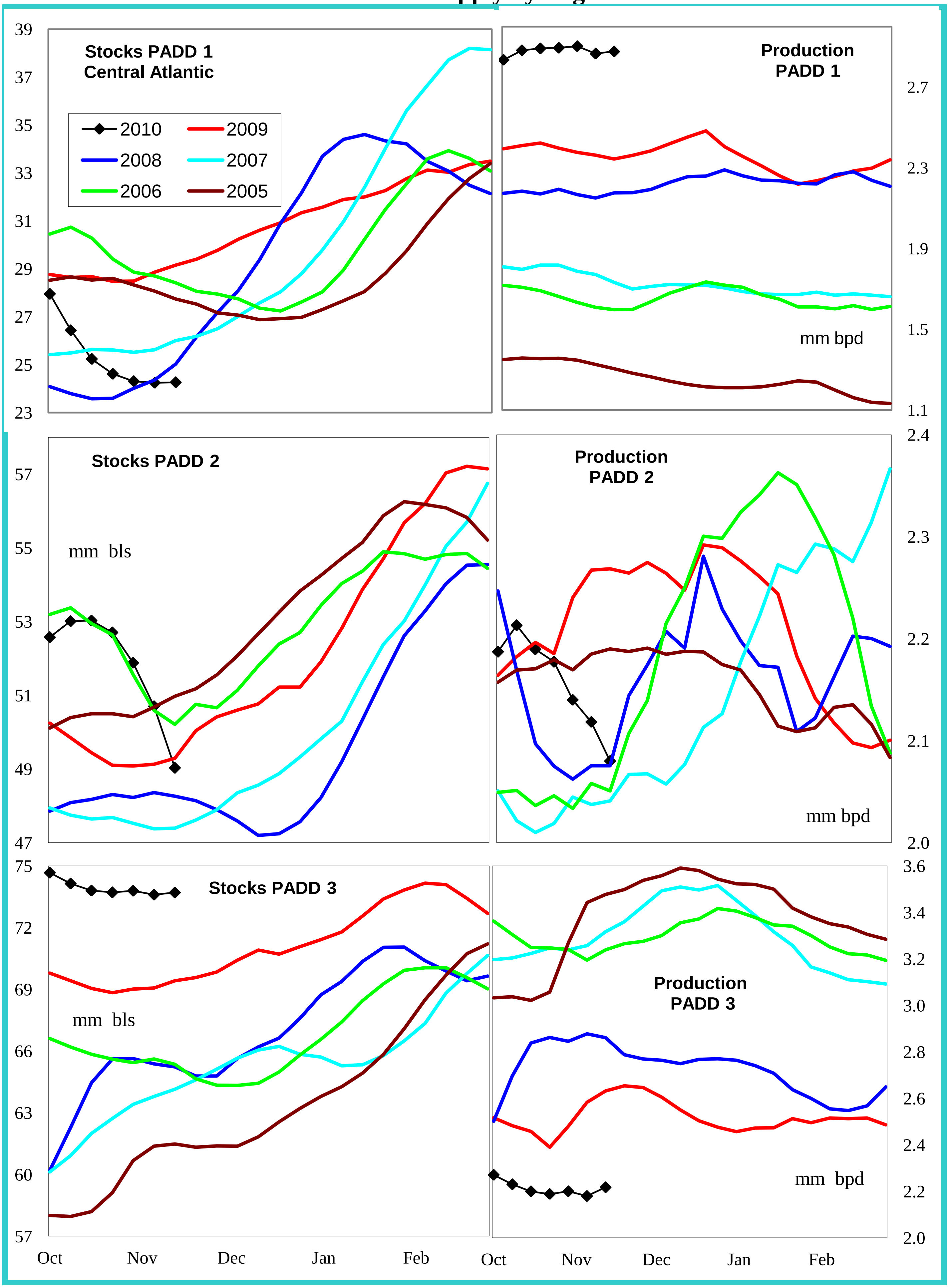
Gasoline Import Economics



Gasoline Supply by Region



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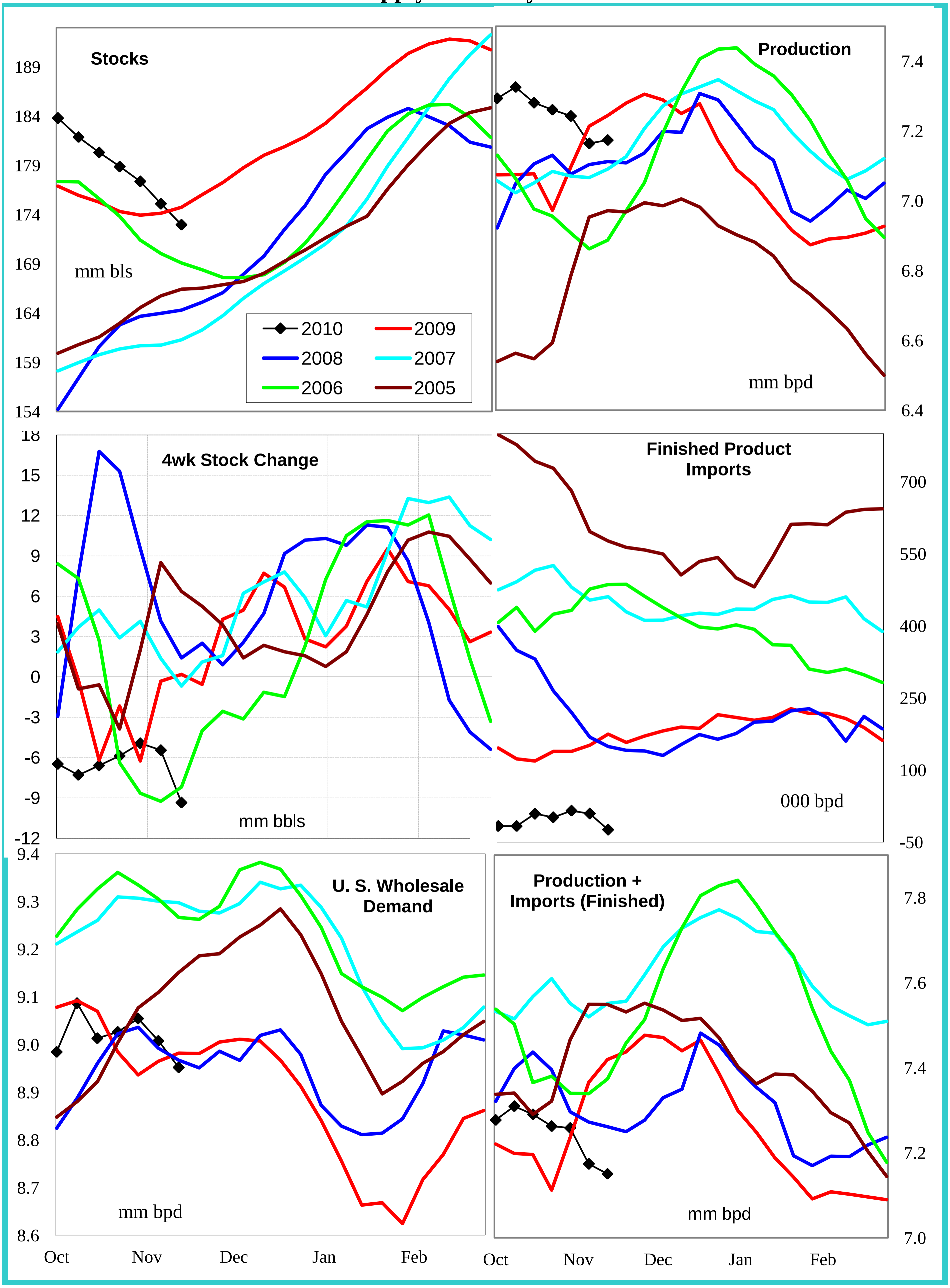
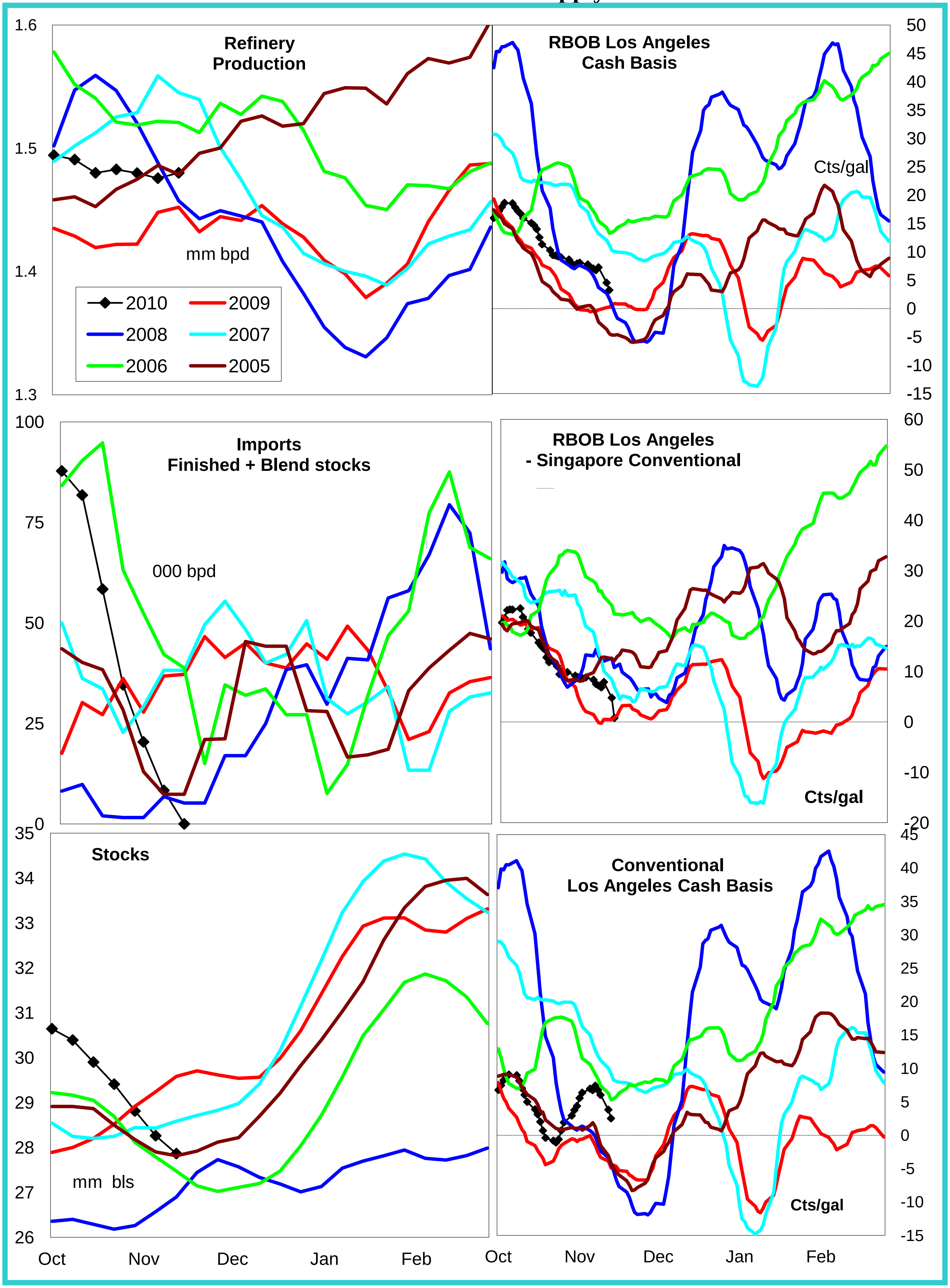
Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply



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