


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

 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Sunday, November 28, 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		→	→

Production increased +11,000 bpd on the week (including a -147,000 bpd adjustment by the EIA at the national level), to match the historic mid range. Imports increased +212,000 bpd on the week, still at a level below the historic range. The latest 4-wk average supply was -146,000 bpd below last year.

Lower seasonal demand led to a +1.9 million barrel stock build, with the increase concentrated in PADD 1 as higher imports and lower demand point to recovery in the supply balance for this region.

Cash basis fell to record lows last week in the Midwest and Gulf markets as a result of the supply squeeze in NYH. Basis also fell on the West Coast in response to the tight supply in NYH.

Refineries have now restarted on the East Coast, imports are gradually increasing, combined with lower seasonal demand, the improving supply balance should lead to higher basis in other regional markets and a pull back in NYH.

RBOB

New York Harbor basis to extend the recent decline as supplies improve.

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

Conventional

New York Harbor basis extend recent downtrend on improved supply and lower seasonal demand.

Chicago basis to rebound as NYH is resupplied, limited by sharply higher production as plants return to operation.

Group III to rebound when NYH is resupplied, limited by increased seasonal output.

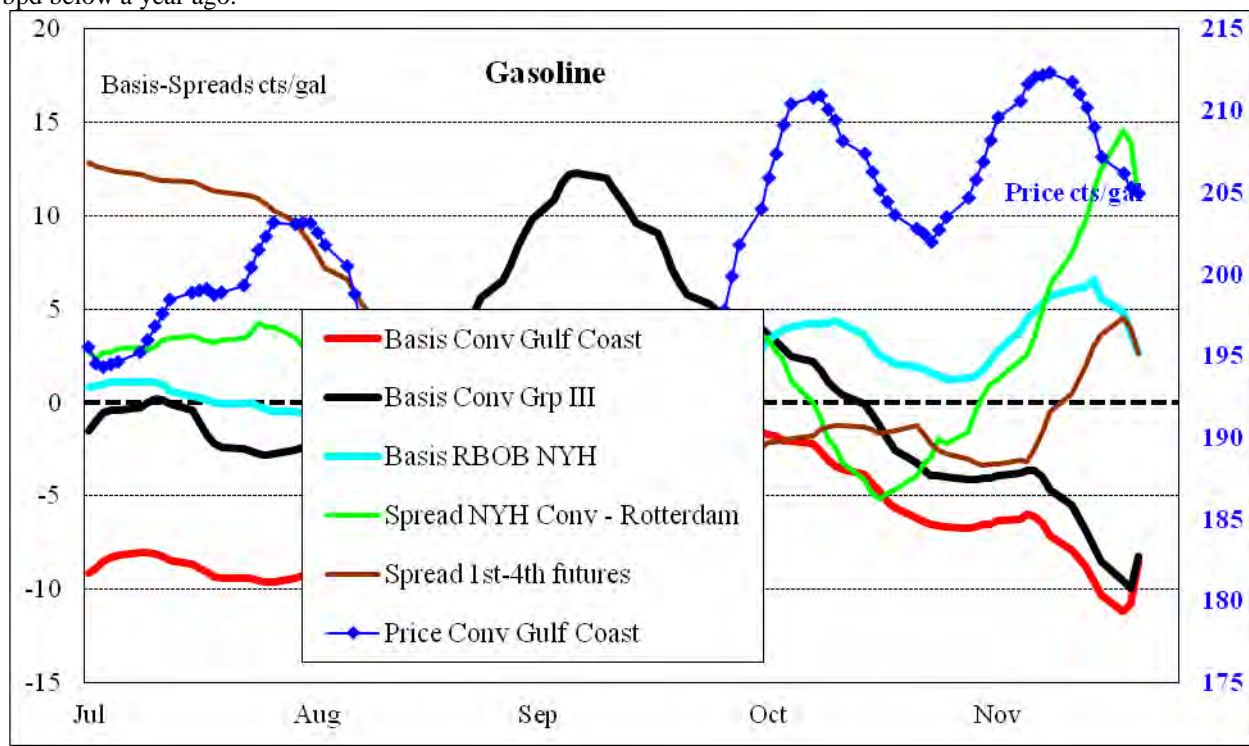
Gulf Basis to rebound as NYH is resupplied, limited by excess stock levels.

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

Gulf Coast Price

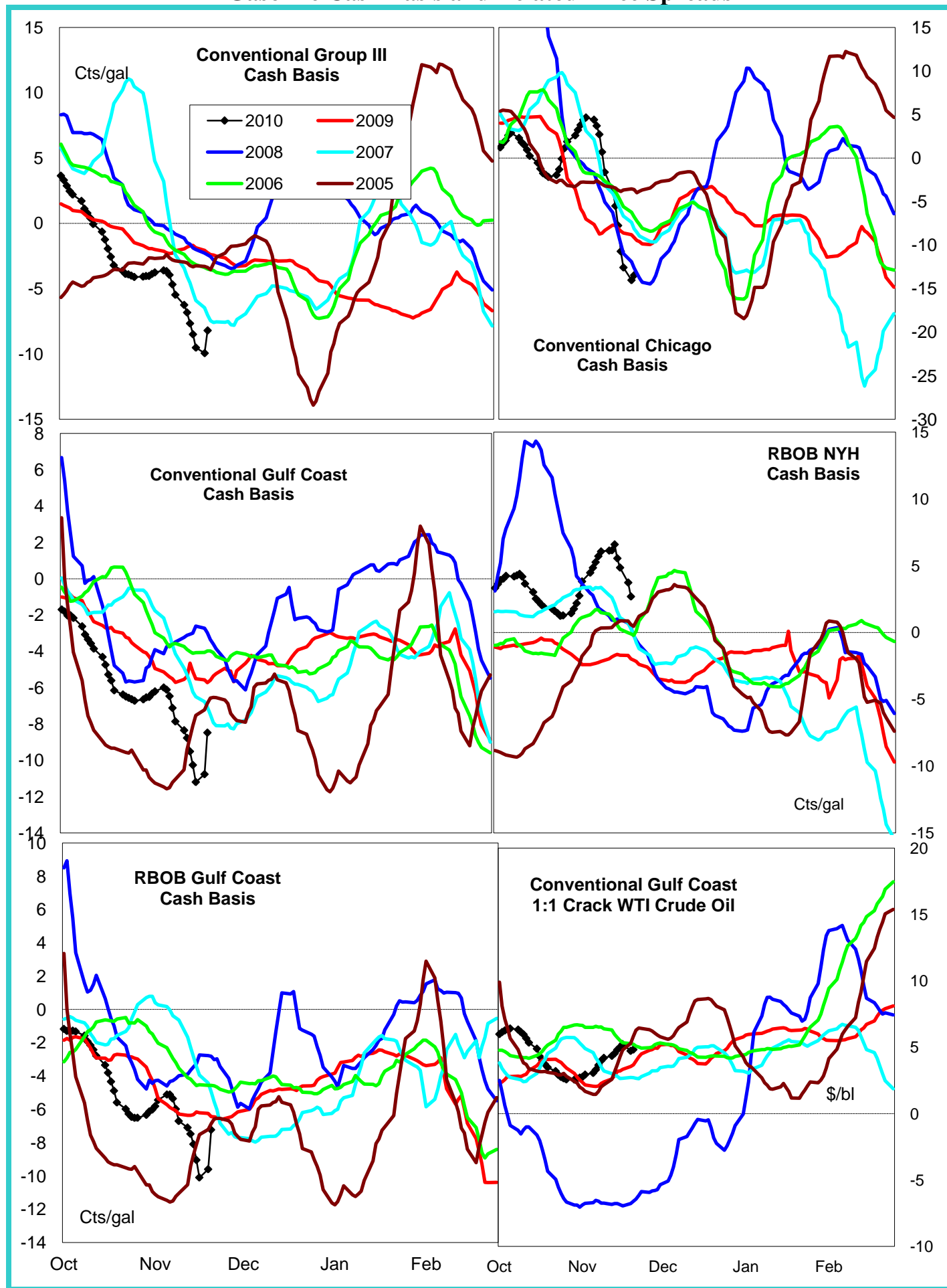
An improved supply balance in NYH should lead to a pull back in gasoline prices as demand trends seasonally lower and production increases in all regional markets; driving seasonal builds.

Wholesale demand decreased -123,000 bpd last week, with the latest 4-wk average -29,000 bpd below a year ago.

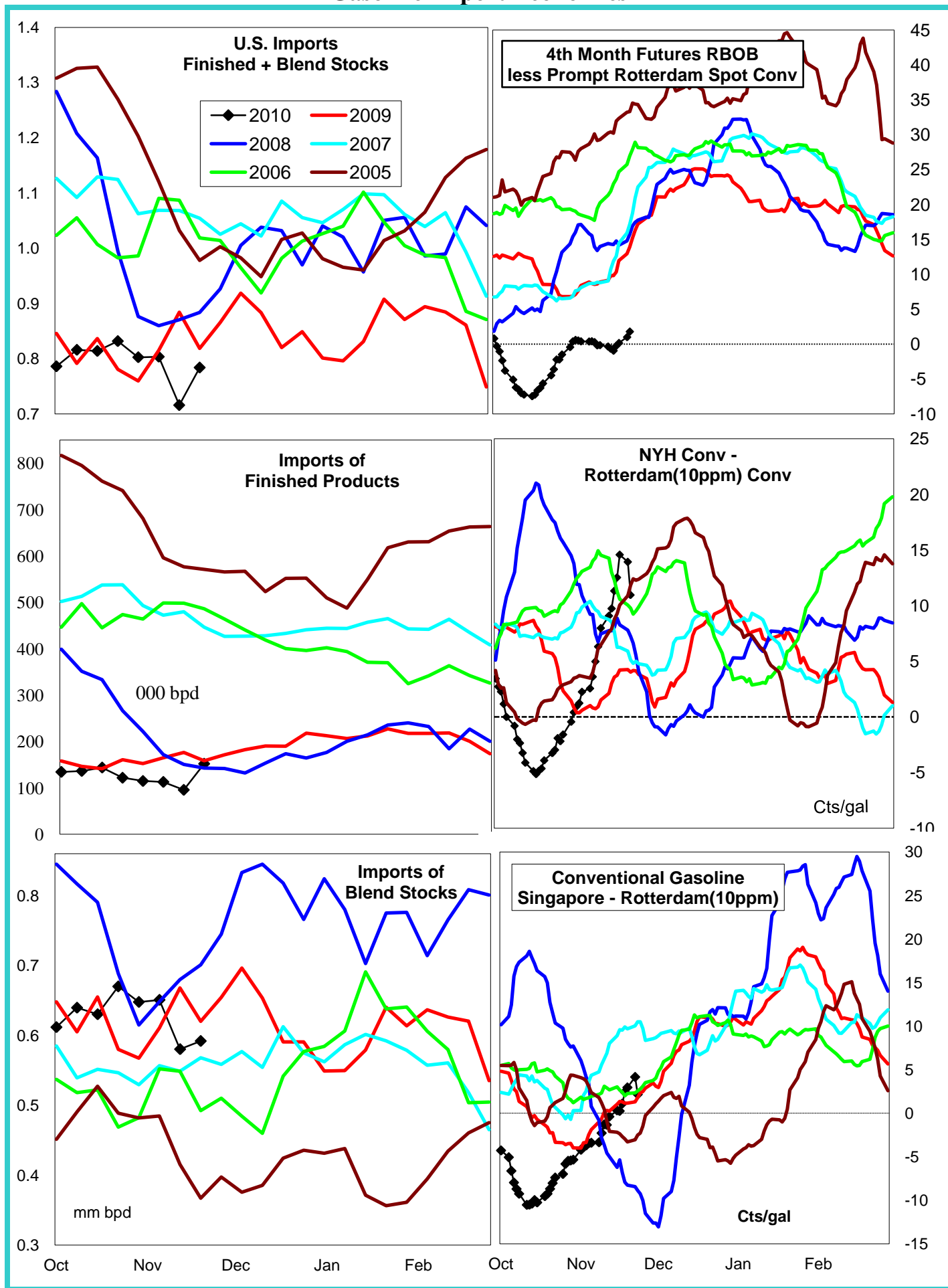


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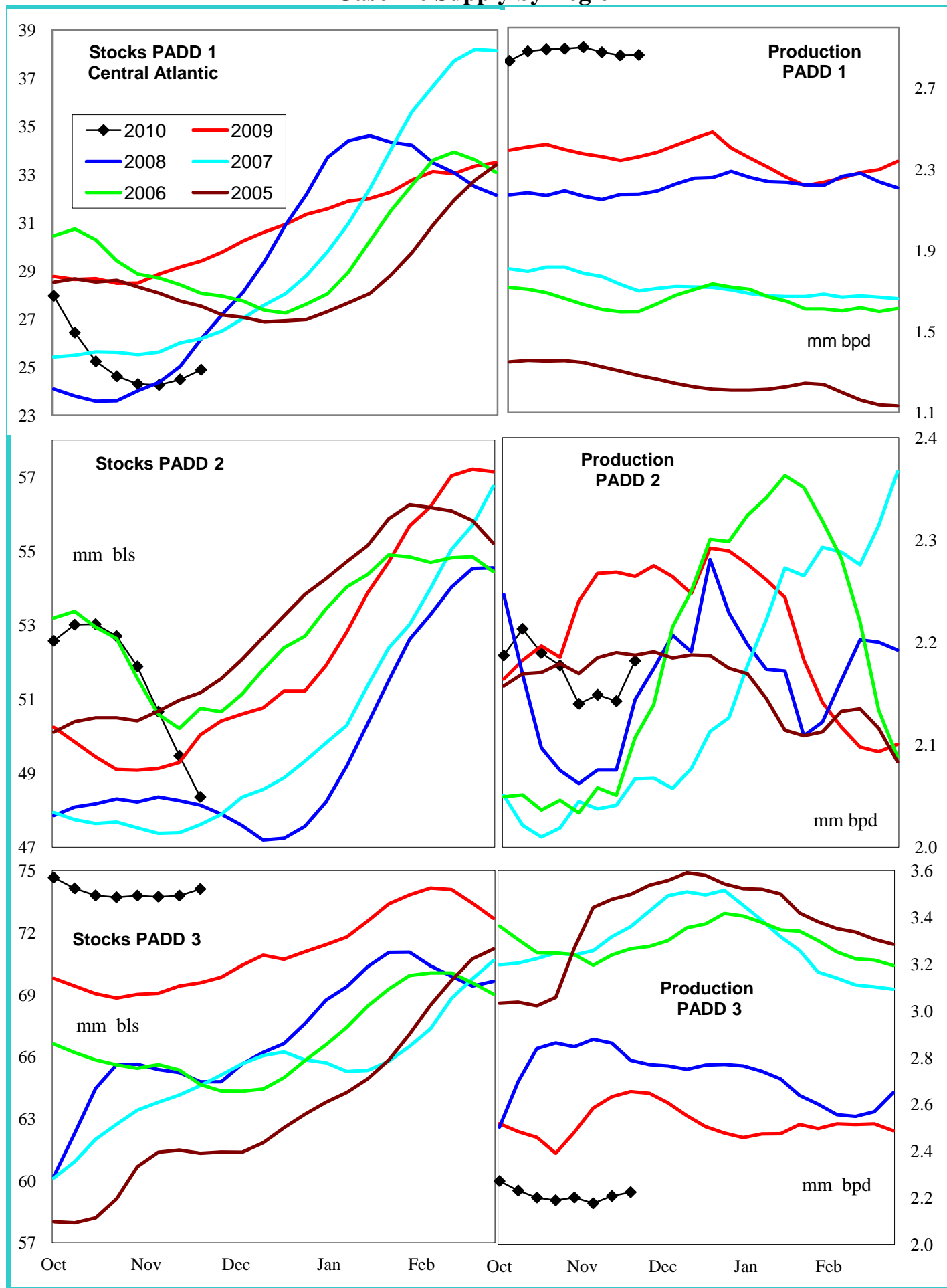
Gasoline Cash Basis and Related Price Spreads



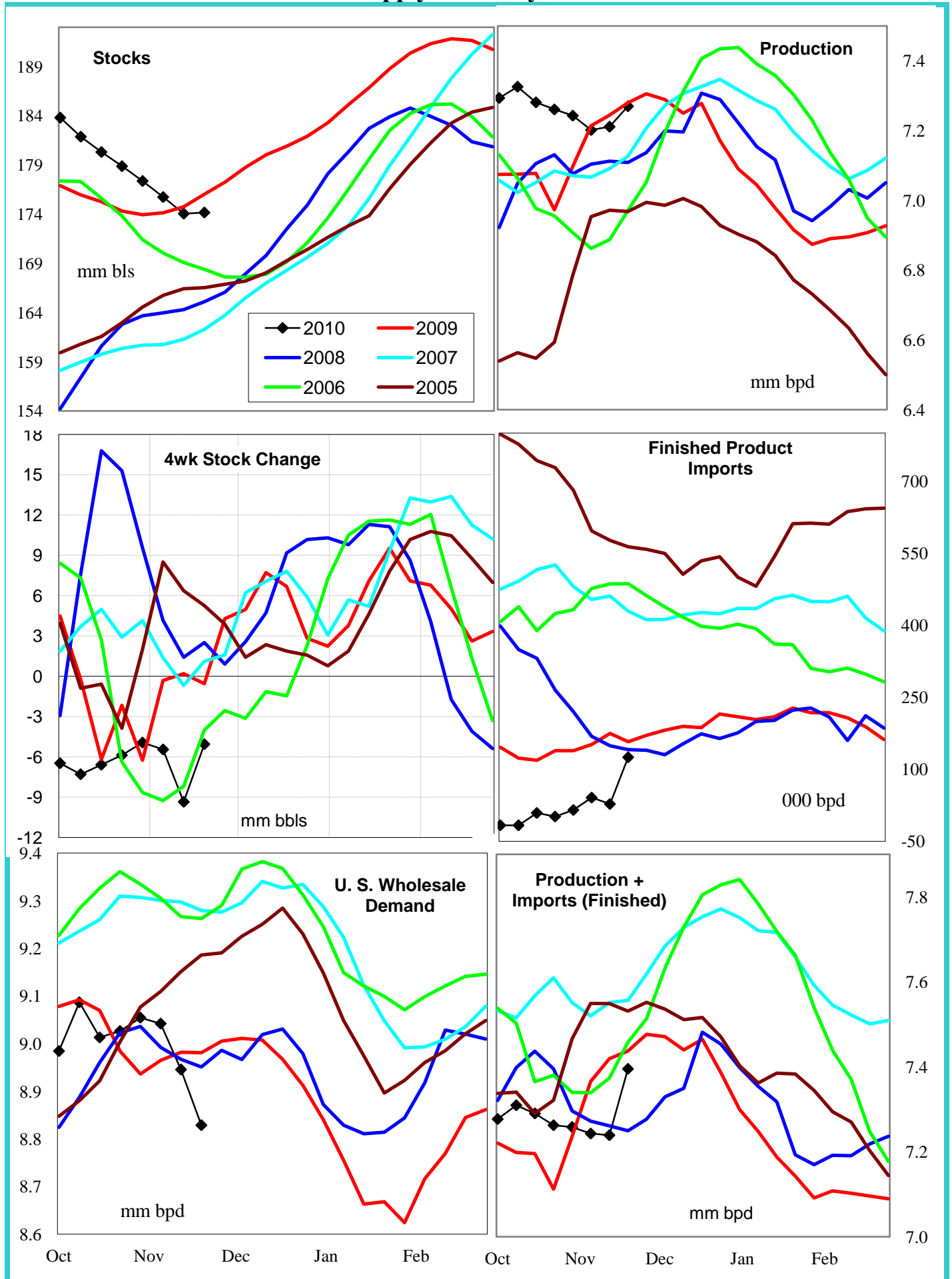
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply