


**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) Thursday, December 23, 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 decreased -136,000 bpd last week, but remains at a very robust level for this time of year. The latest 4-

wk average demand was +159,000 bpd above last year.

Production increased +122,000 bpd with imports also rising +131,000 bpd on the week. Production levels were at record highs for the week, leading to a +2.4 million barrel stock build, concentrated in the Gulf region. The latest 4-wk build was +6 million barrels, at the 5-year mid range.

Stock levels remain low in PADD 2 on a drop in production and low receipts from the Gulf. Gulf supplies have been delivered to the East Coast to offset very low imports and reduced production.

Basis traded flat to higher in most regional markets last week on very thin volume. Chicago basis extended the recent uptrend while the Group was flat.

Basis levels remain elevated in NYH where tight supplies persist; supporting Gulf basis levels. Group basis levels remain at the low end of the historic range.

Expect Midwest basis levels to trend lower in the 1st quarter on seasonal stock building, partially offset by improving supplies in the Central Atlantic Region of PADD 1.

**RBOB**

*New York Harbor* basis to trend lower on improved supply.

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

**Conventional**

*New York Harbor* basis trend lower on improved supply.

*Chicago basis* to trend lower as supplies increase during a period of weak demand.

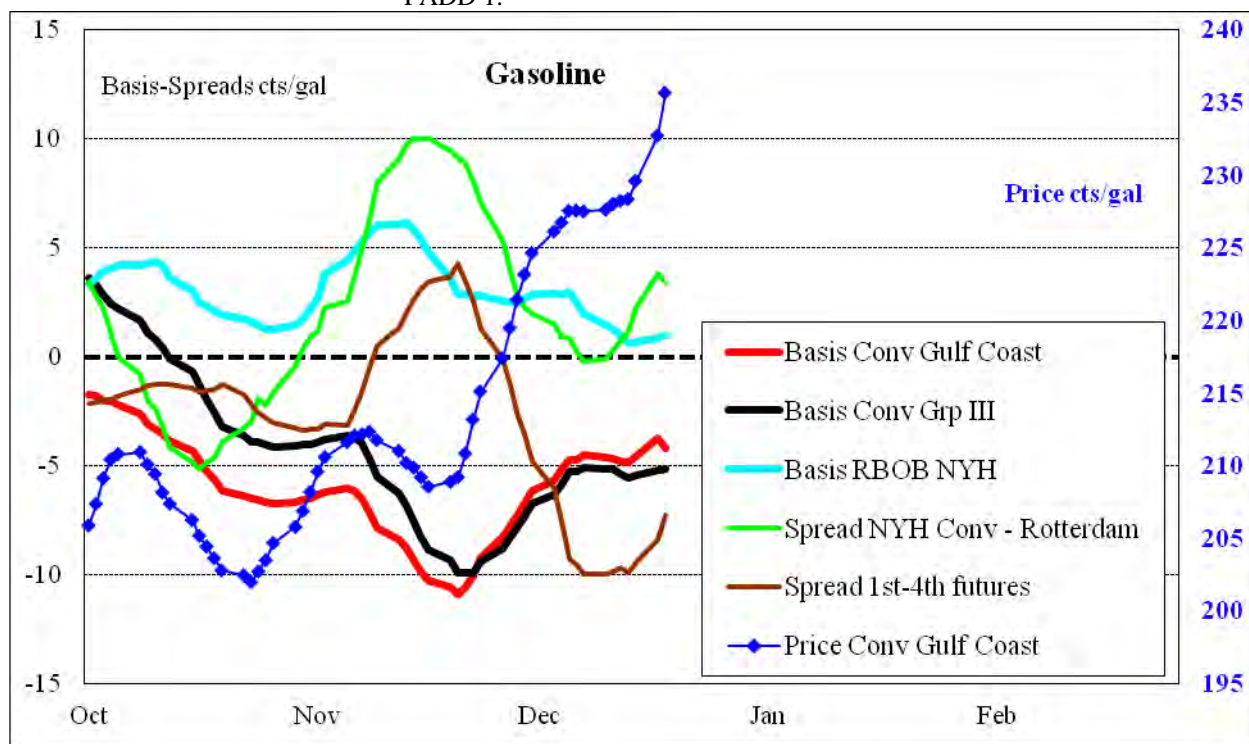
*Group III* to traded sideways on low seasonal demand and stock building.

*Gulf Basis* to trade sideways on increased supply and low seasonal demand.

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

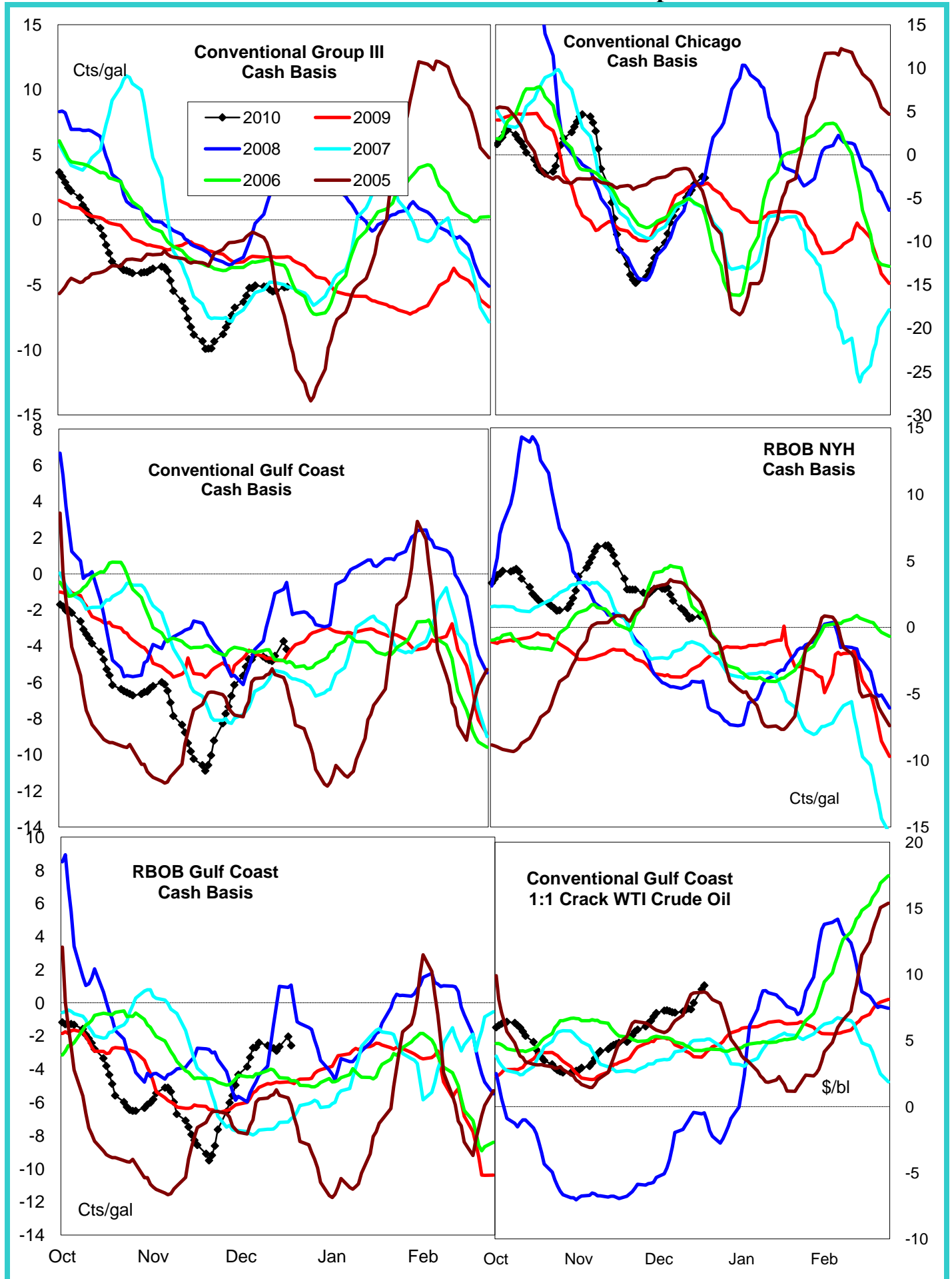
**Gulf Coast Price**

Supplies remain tight in the Central Atlantic Region of PADD 1, drawing supplies away from the Midwest. Low seasonal demand and high production due to favorable refining margins should improve the supply balance in all regions during the 1st quarter, placing downward pressure on gasoline prices.

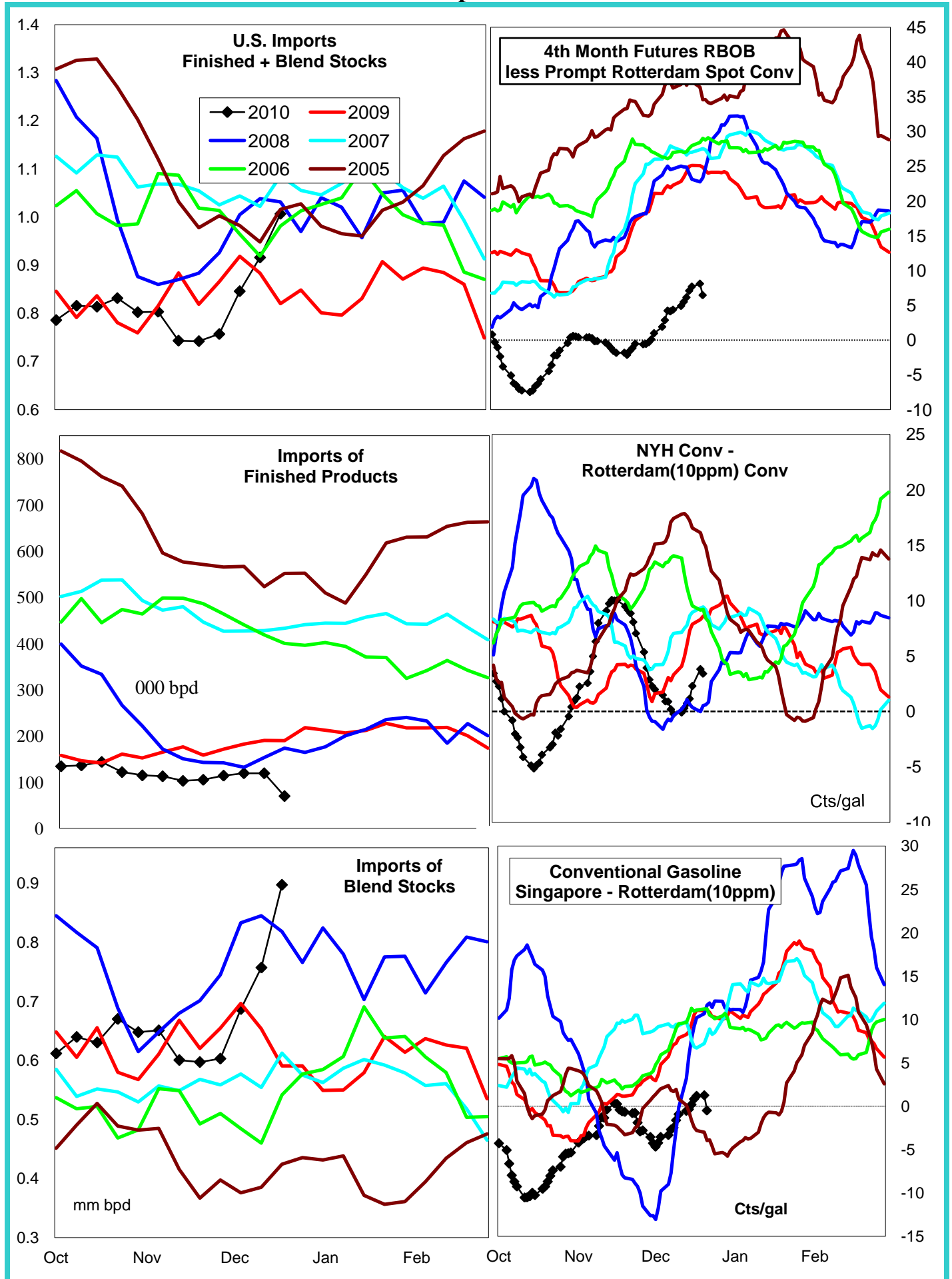


**Disclaimer** - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and is intended for informational purposes and is not to be construed as a recommendation to sell or buy, or trade in any commodity mentioned herein. Information is obtained from sources believed reliable, but is in no way guaranteed. Opinions, market data and recommendations are subject to change at any time. Past results are not indicative of future results. Charts are developed by Fundamental Petroleum Trends from EIA, NWS, other public data and proprietary models unless otherwise noted and credited.

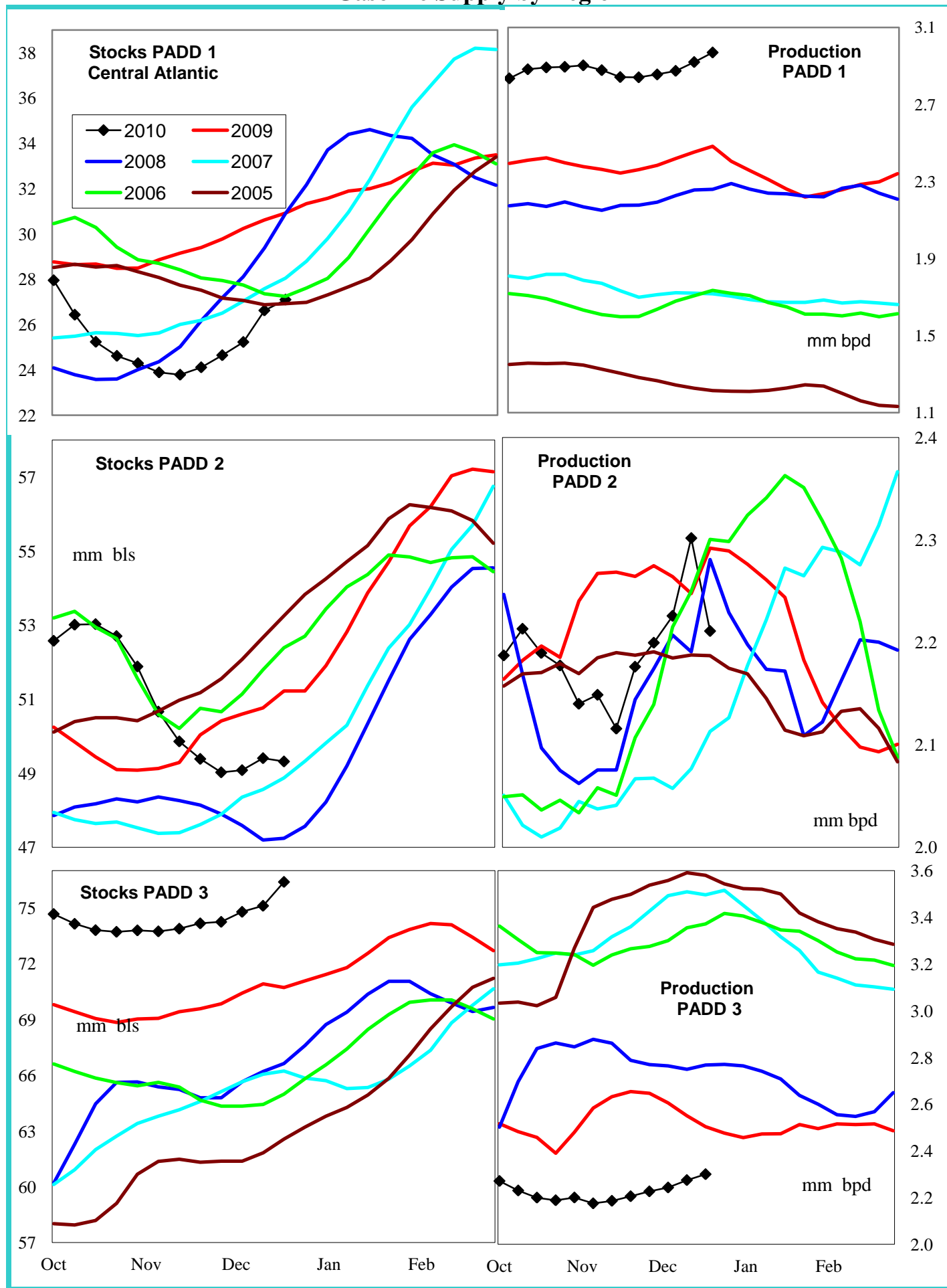
# Gasoline Cash Basis and Related Price Spreads



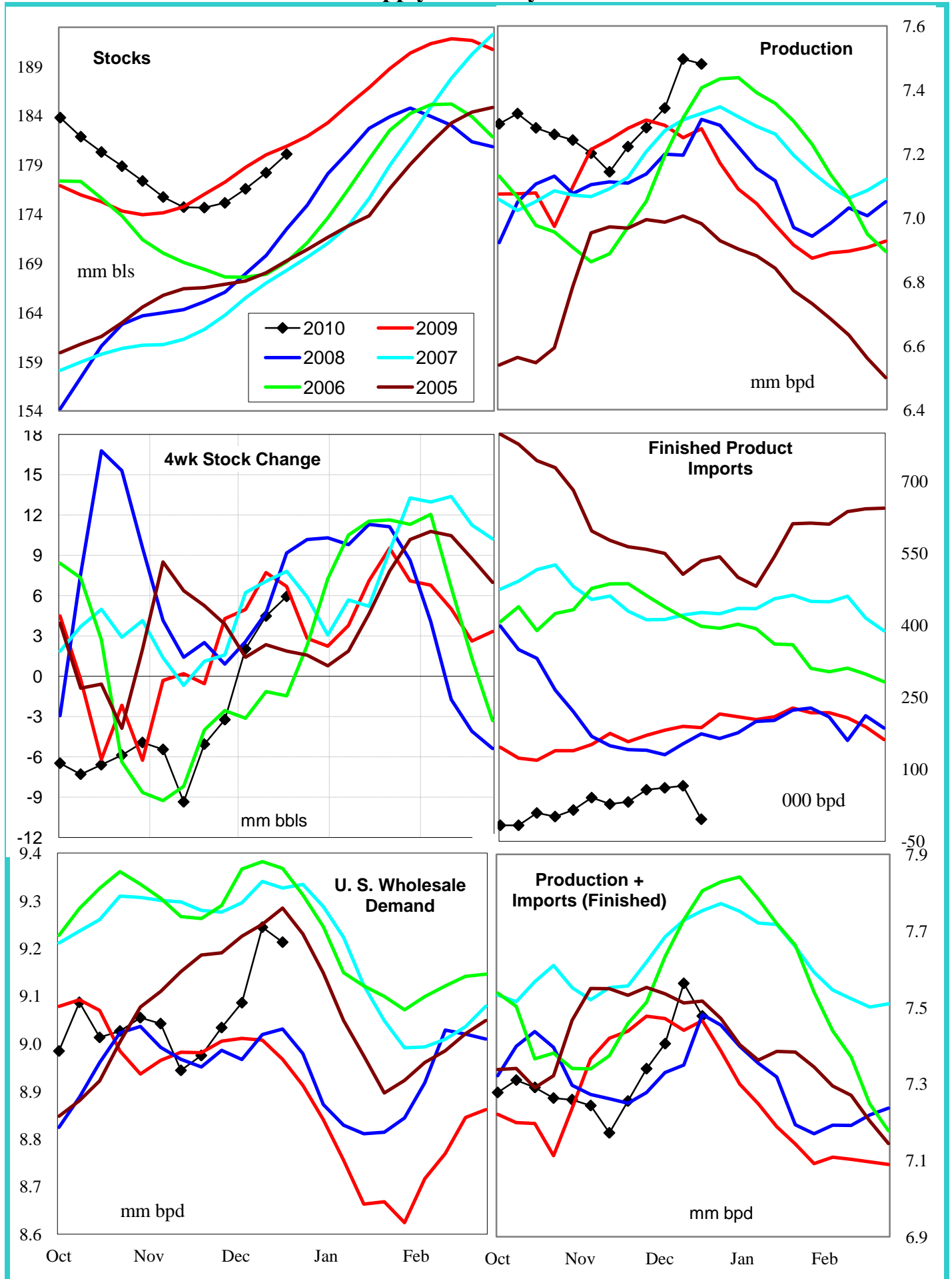
# Gasoline Import Economics



# Gasoline Supply by Region



# Gasoline Supply Summary PADDs 1+2+3



# PADD 5 Gasoline Supply

