


**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, January 27, 2011

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 -143,000 bpd last week, on the continued seasonal downturn. The seasonal low in demand

should be reached in the next 3-wks. The latest 4-wk average demand was +94,000 bpd above last year.

Production decreased -52,000 bpd last week, to a level above the mid range. Imports decreased -78,000 bpd to a record low level.

Stocks increased +2.4 million barrels, including a +2.1 million barrel build in PADD 1; primarily the New England region. Import economics remain unfavorable and continue to limit supplies in the Central Atlantic Region.

Basis declined in the Gulf late in the week to match historic lows. NYH basis trended slightly lower. Basis trended higher in Chicago, Group III and West Coast markets.

Basis levels ended the week near the mid range in most markets, with the exception of the Gulf, which fell on an oversubscribed scheduling deadline.

Expect basis weakness in NYH and Chicago markets as supplies improve, with near term weakness in the Gulf on excess supply. Basis levels in Group III should also trend lower as refiners return to operation and demand drops to a seasonal low.

RBOB

New York Harbor basis to trend lower on low seasonal demand.

West Coast (Los Angeles) basis to trend higher on winter refinery maintenance.

Conventional

New York Harbor basis trend lower on low seasonal demand.

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

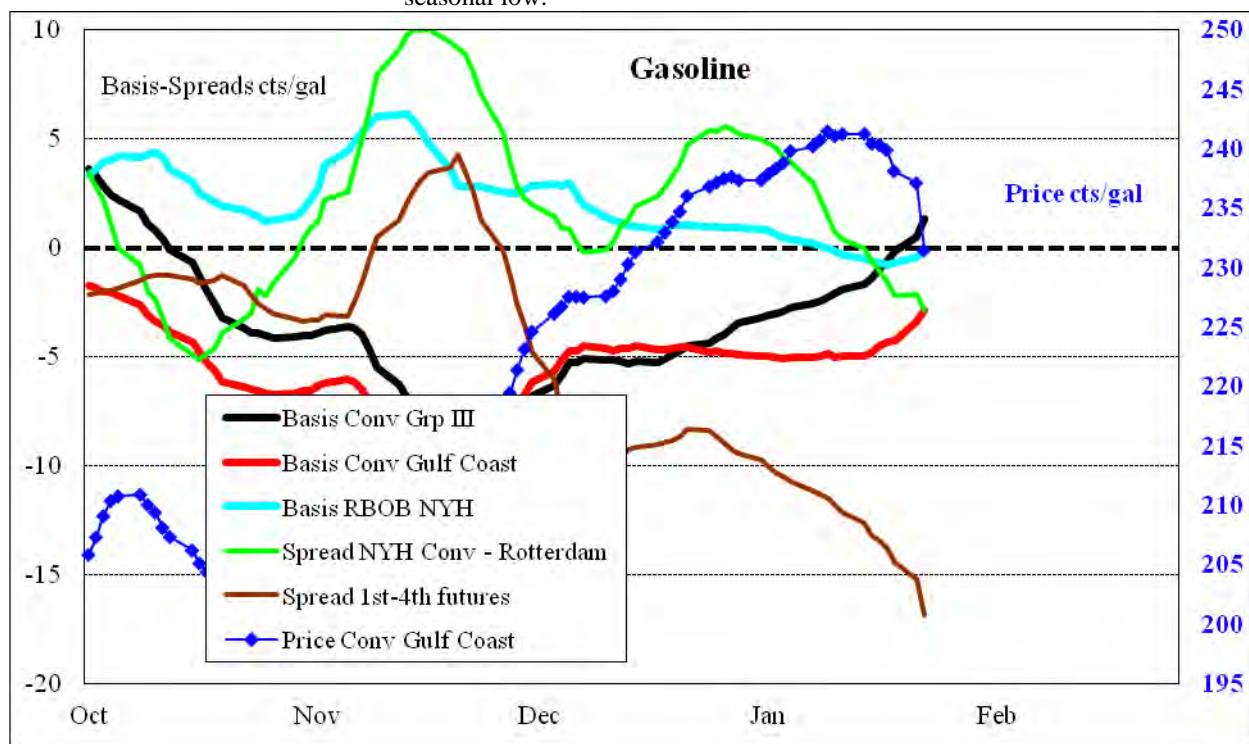
Group III to trend lower as refiners return to operation from unplanned maintenance.

Gulf Basis to exhibit near term weakness on excess supplies, then trend higher.

West Coast (Los Angeles) basis to trend higher on winter refinery maintenance.

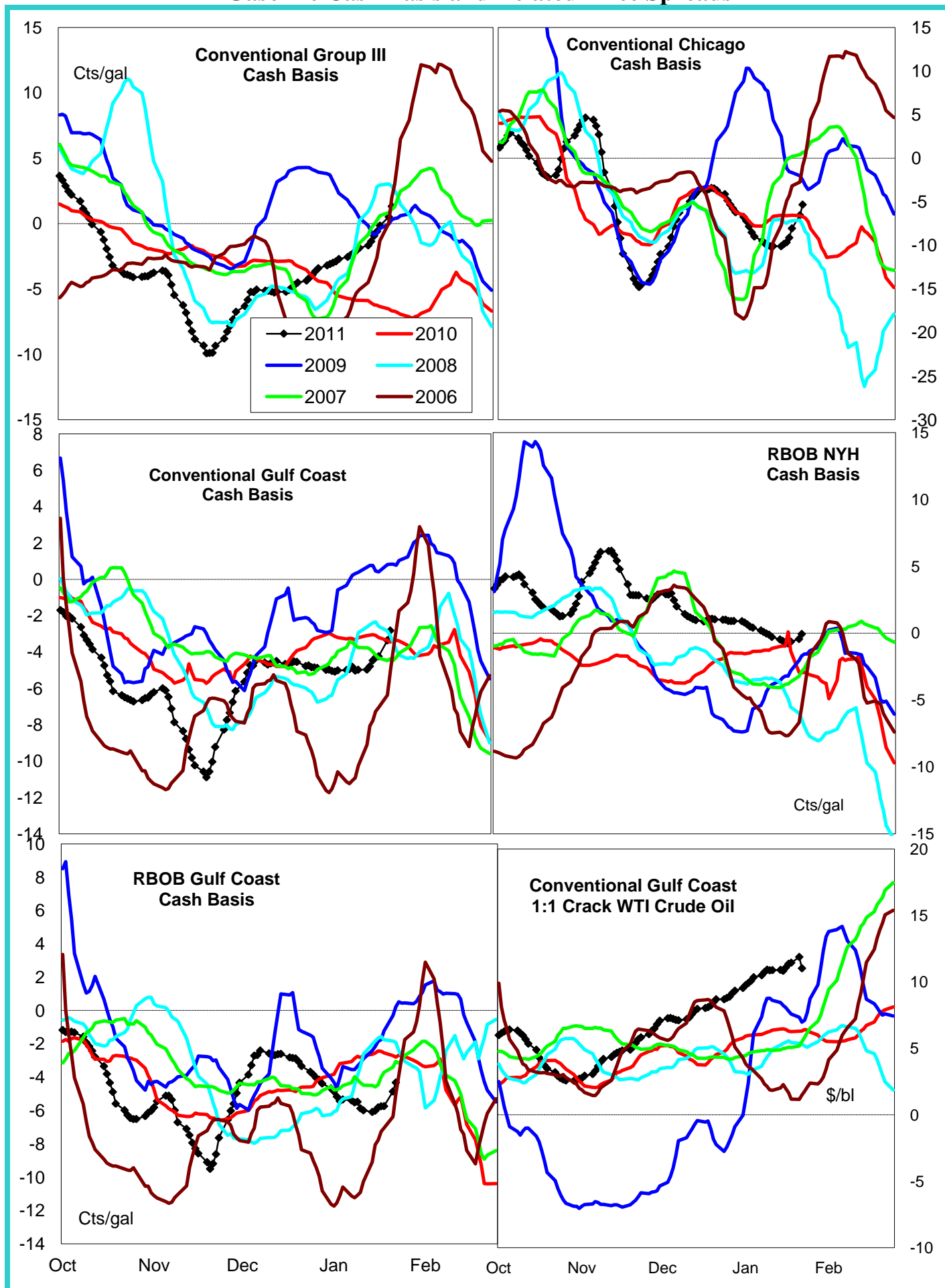
Gulf Coast Price

Stocks surged in New England last week, however supplies remain tight in the key Central Atlantic Region. Unfavorable import economics are likely to keep gasoline supplies tight in this region for the foreseeable future, supporting prices compared to historic differentials versus the overall energy complex.

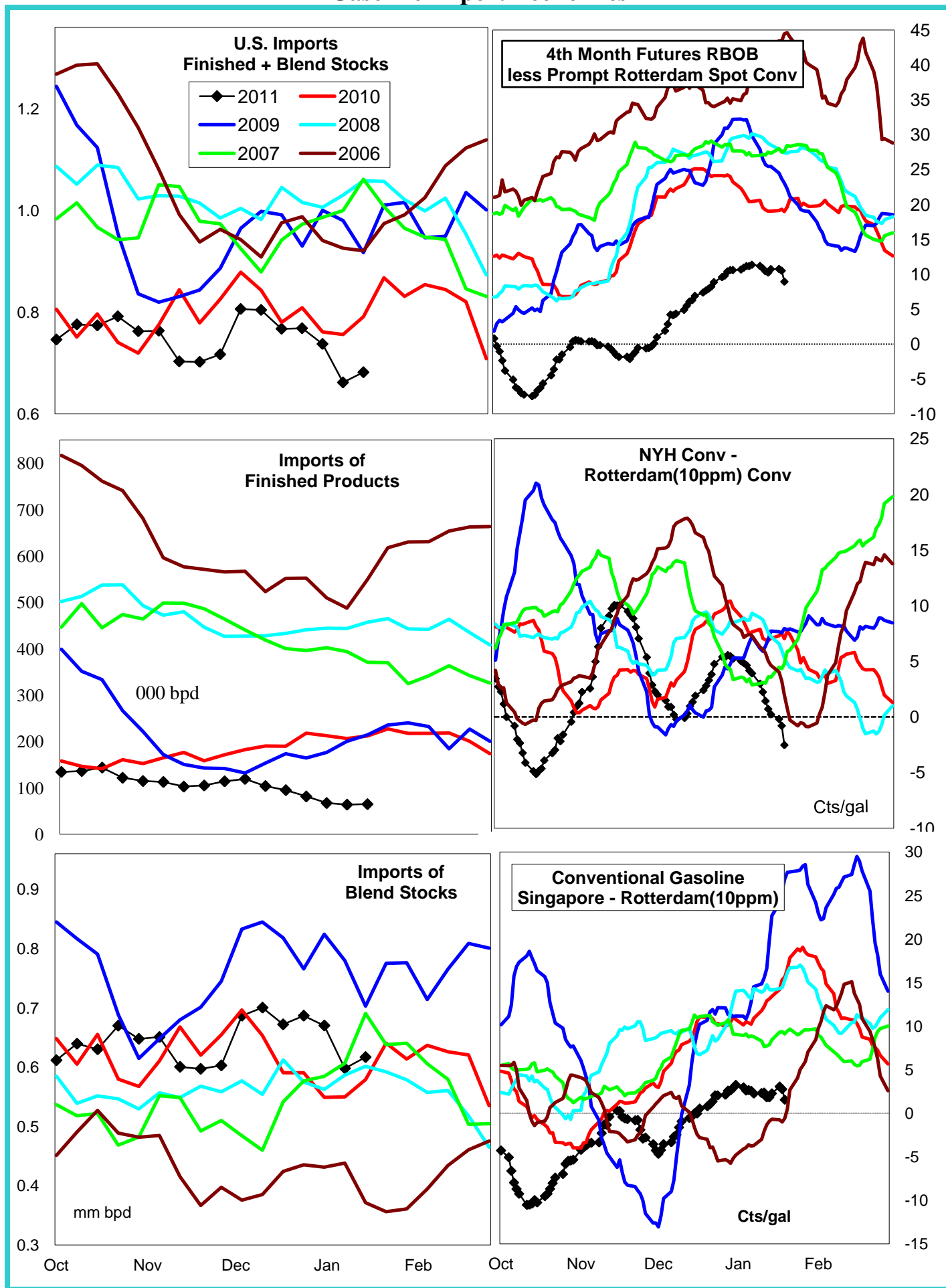


Disclaimer - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and 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.

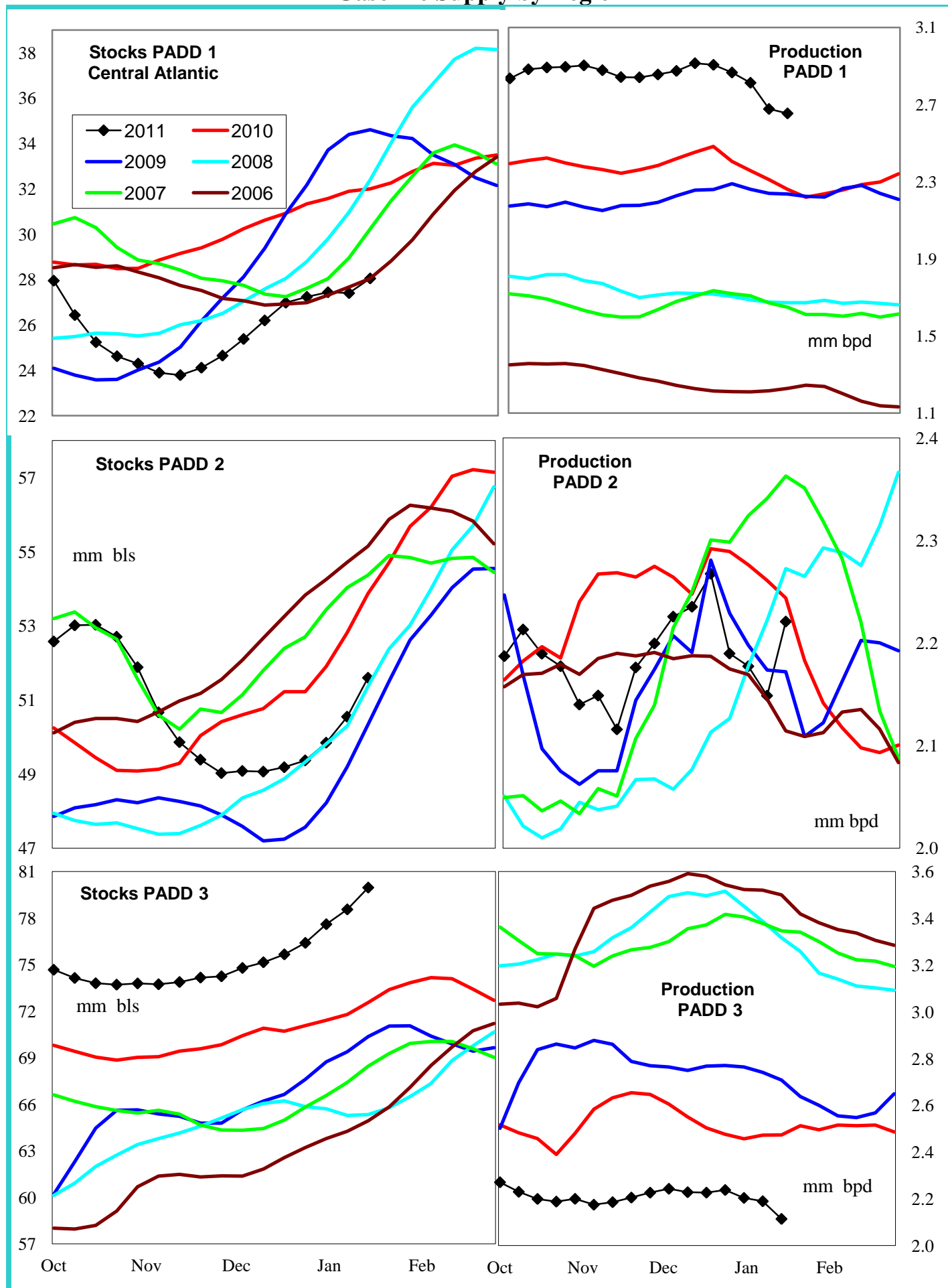
Gasoline Cash Basis and Related Price Spreads



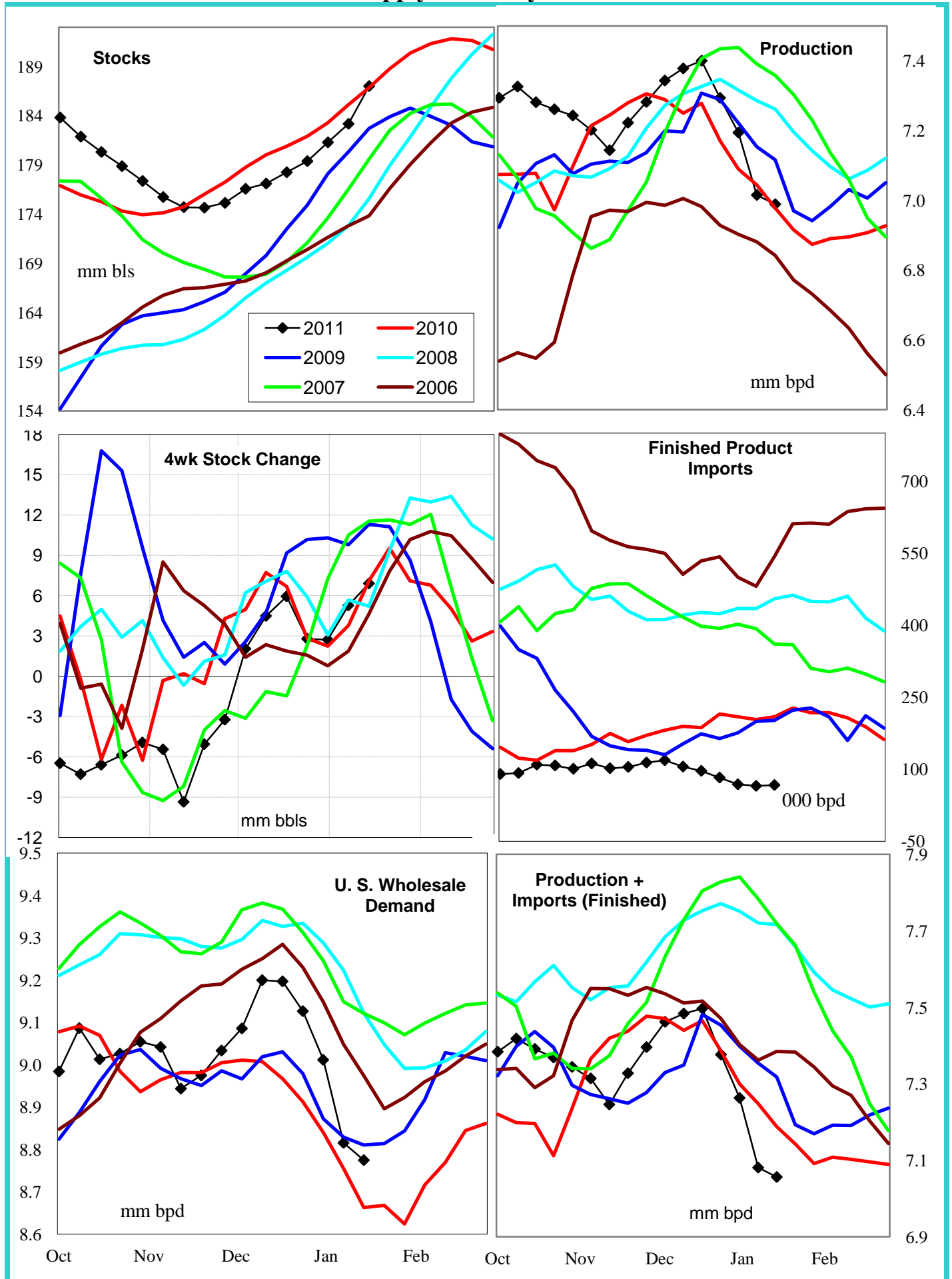
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply