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

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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 +291,000 bpd last week, on improved weather and continued seasonal upturn in demand. The latest 4-wk average demand was +5,000 bpd above a year ago.

Production decreased -26,000 bpd on record blending activity that offset the -0.3 million bpd drop in crude oil runs. Imports decreased -127,000 bpd to a level below the historic range. Stocks fell -2.8 million barrels on the week.

Basis traded flat in NYH market, while trending higher in all other regional markets last week. Basis levels were above the mid range in Midwest markets, while at the upper end of the historic range in NYH and the Gulf.

The roll to spring grade gasoline futures contracts will see basis decline from current levels against the March winter grade contract. The above chart of expected basis trends reflects the outlook relative to the current level against the historic range.

RBOB

New York Harbor basis to trend lower on improved supplies and pressure to liquidate winter grades.

West Coast (Los Angeles) basis to trade sideways as plants return to operation, then lower as supplies improve.

Conventional

New York Harbor basis trend lower on improved supplies and pressure to liquidate winter grades.

Chicago basis to trade sideways in near term on excess supply, then higher on

increased seasonal demand and spring refinery maintenance.

Group III to trade sideways in near term on excess supply, then higher on increased seasonal demand and spring refinery maintenance..

Gulf Basis to trend higher on declining stock levels during peak maintenance.

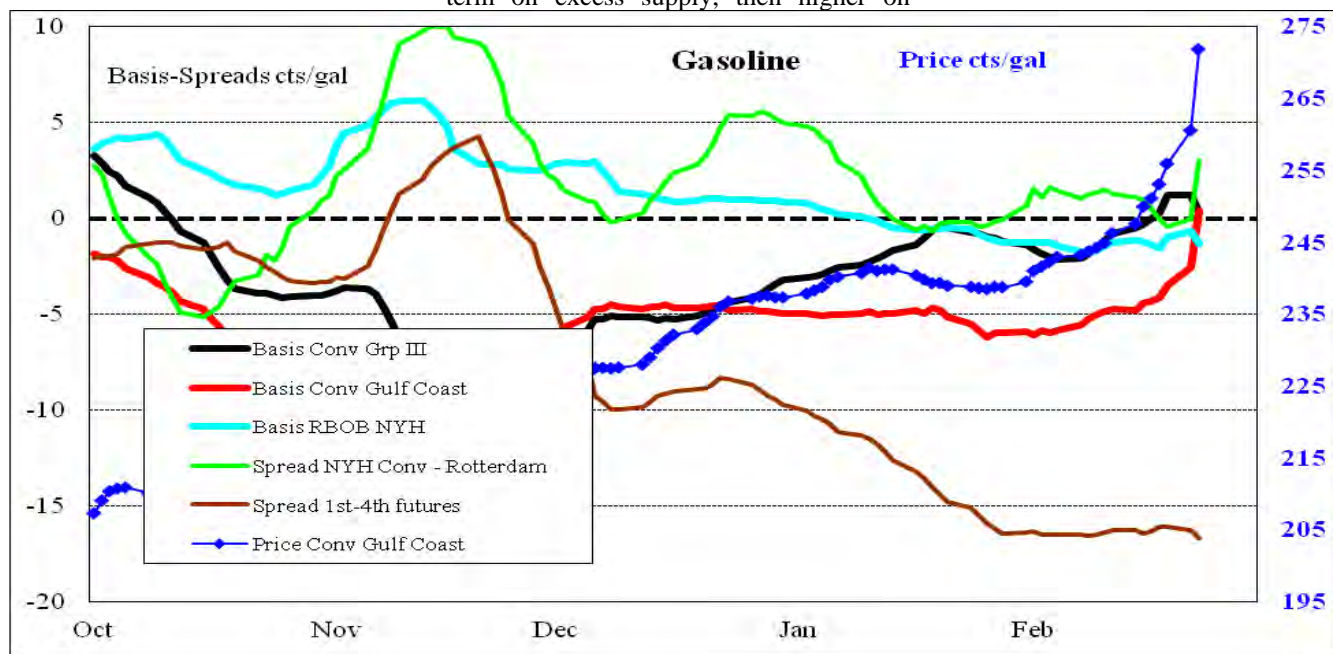
West Coast (Los Angeles) basis to sideways as plants return to operation, then lower as supplies improve.

Gulf Coast Price

Gasoline production has been unusually high on attractive blend economics, which has offset the decline in crude oil runs. Stock levels are slightly above average in most regional markets with the exception of the Gulf which has very high stock levels. However, stocks are trending lower in the Gulf on peak refinery maintenance.

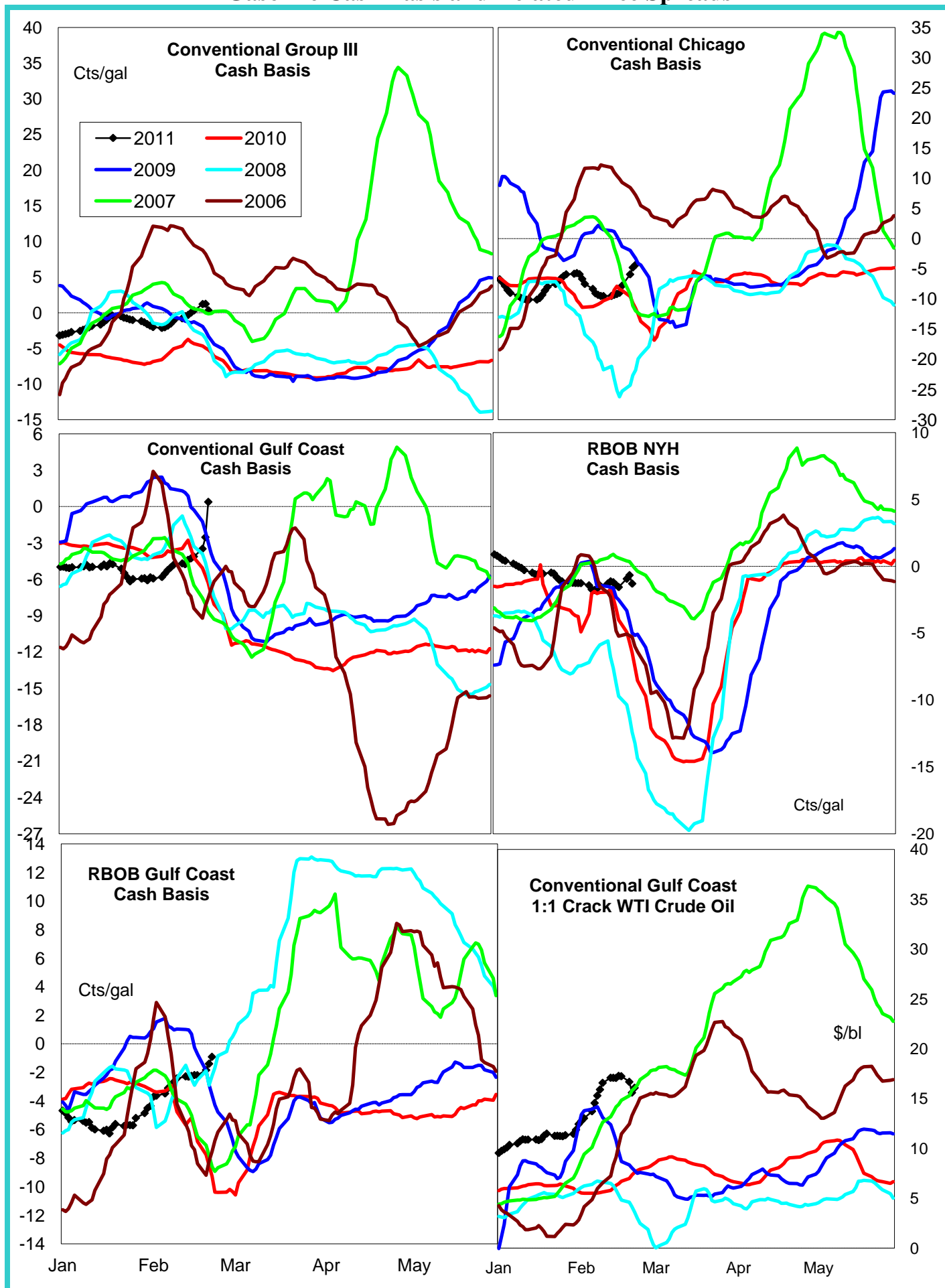
Imports to the East Coast are below the 5-year range, so that the market continues as risk of tightening supplies.

The spike in global energy prices and a seasonal tightening in gasoline supplies should support prices during the quarter.

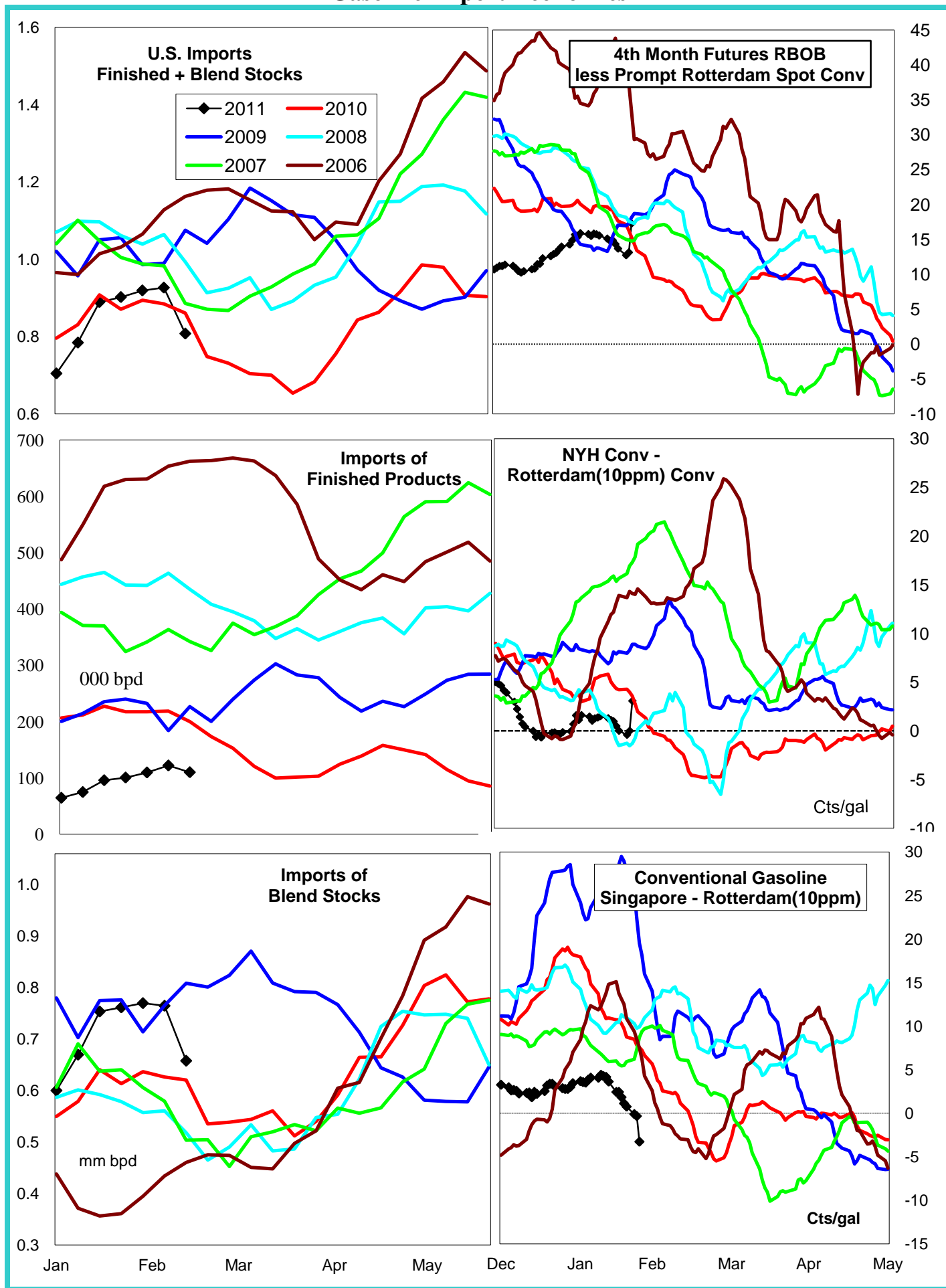


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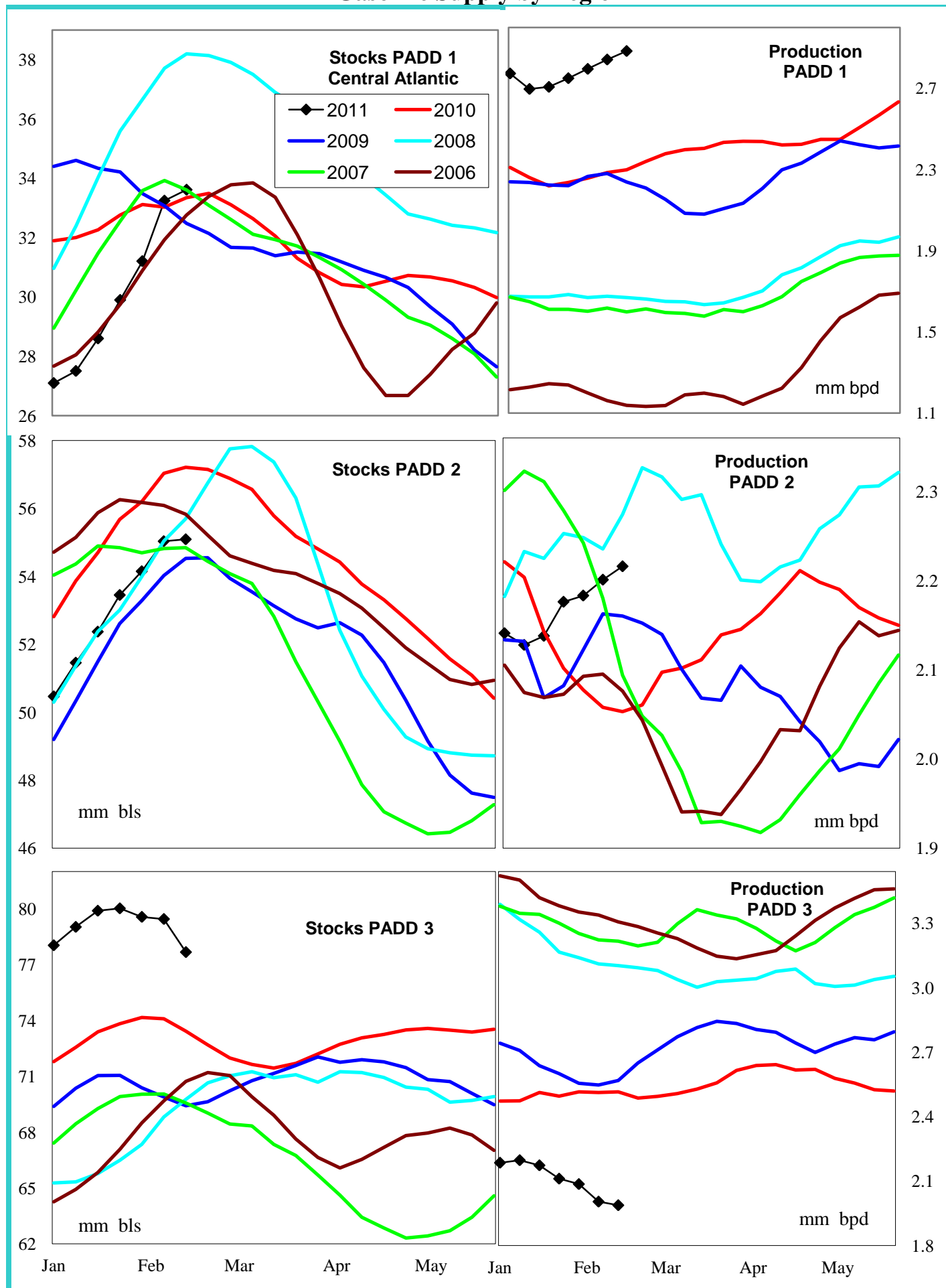
Gasoline Cash Basis and Related Price Spreads



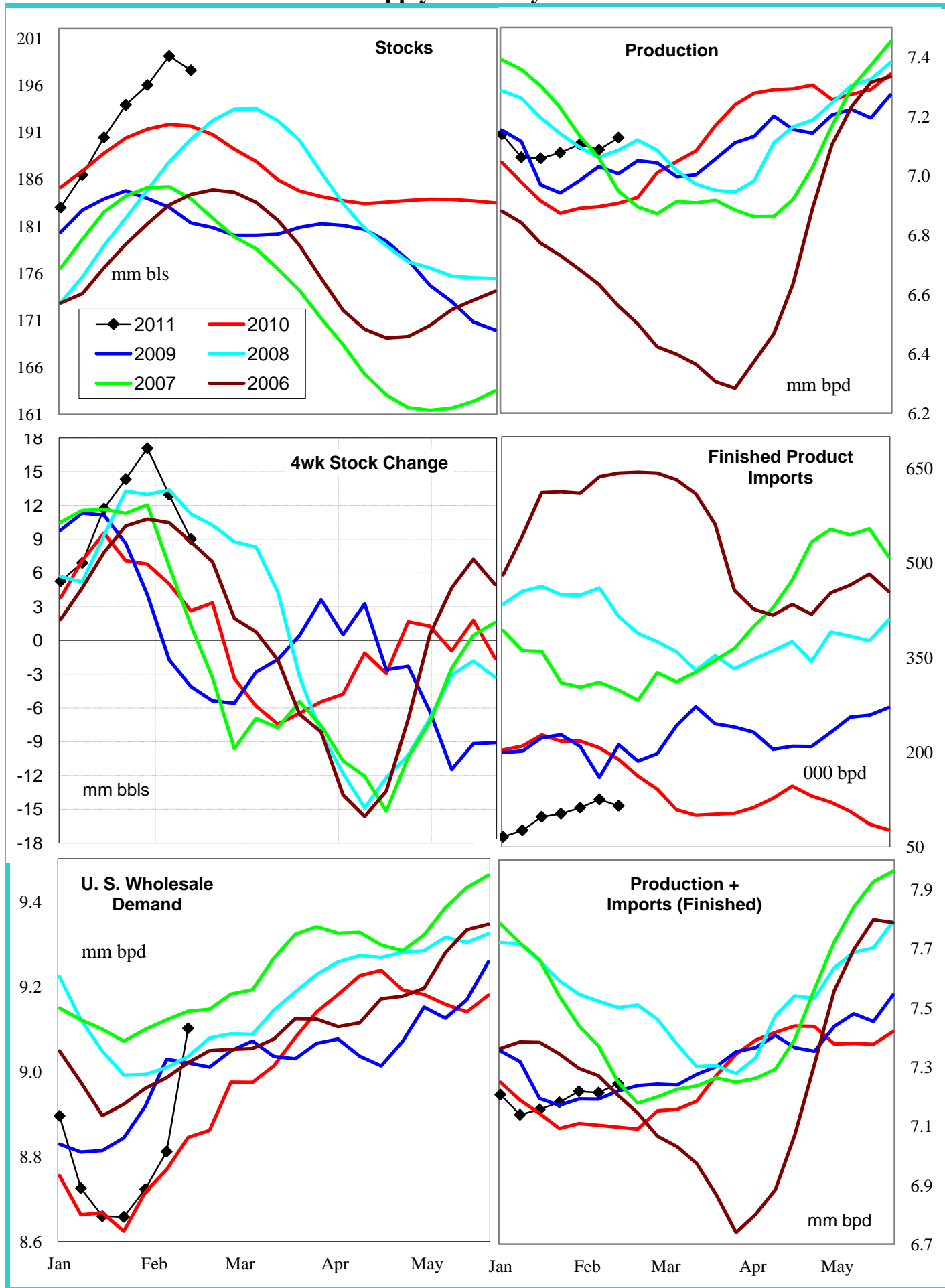
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

