


**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 decreased -13,000 bpd last week, with the level well below the 5-year range for the period. The latest 4-wk average demand was -112,000 bpd below a year ago. The lack of a bounce higher

last week in demand, points to demand destruction on high retail prices, although a bounce in demand is likely.

Production increased +114,000 bpd on the week. Imports increased +193,000 bpd, to a level above the mid range.

Stocks fell -0.4 million barrels, including a -2.9 million barrel decline in PADD 1. The latest 4-wk stock draw East of the Rockies was -12.8 million barrels, the 5th consecutive weekly record draw.

Basis trended higher on the week in Gulf and Midwest markets for all grades, while trading sideways in NYH. West Coast basis declined on very ample stock levels.

Basis levels on the West Coast were marginally above the last 2-years. RBOB basis in NYH remains extremely weak. Basis levels in the Gulf were well above the last 2-years on robust exports. Group and Chicago basis remain weak, given the very low stock and production levels.

Low stock levels in PADD 2 risk a supply squeeze in the 2nd quarter. Expect a near term bounce in demand to lift basis across most regional markets.

RBOB

New York Harbor basis to trend higher on a tightening of supply and higher demand.

Conventional

New York Harbor basis to trade sideways on ample supplies.

Chicago basis to trend higher on low stock levels and higher seasonal demand.

Group III to trend higher on low stock levels, increased seasonal demand and spring refinery maintenance.

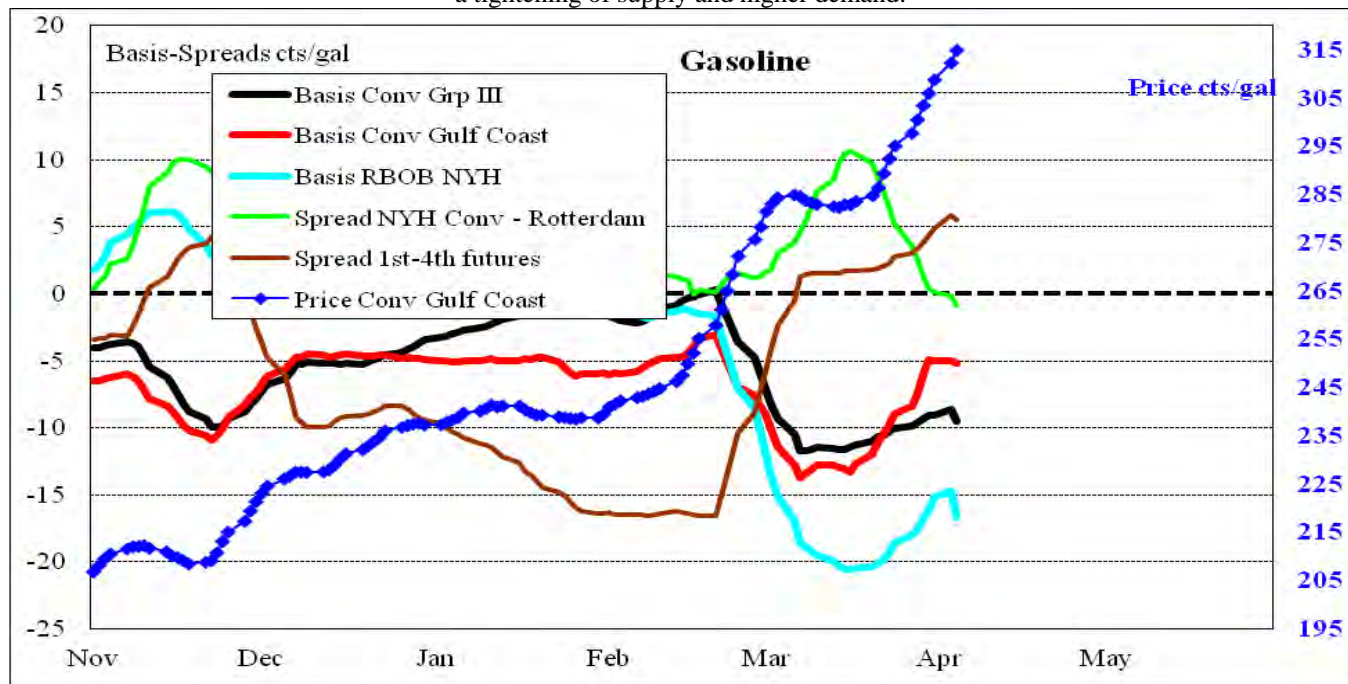
Gulf Basis to trade sideways on increased supply, including higher imports to the East Coast.

West Coast (Los Angeles) basis to trade sideways in the near term after the recent pull back, then higher on rising seasonal demand.

Gulf Coast Price

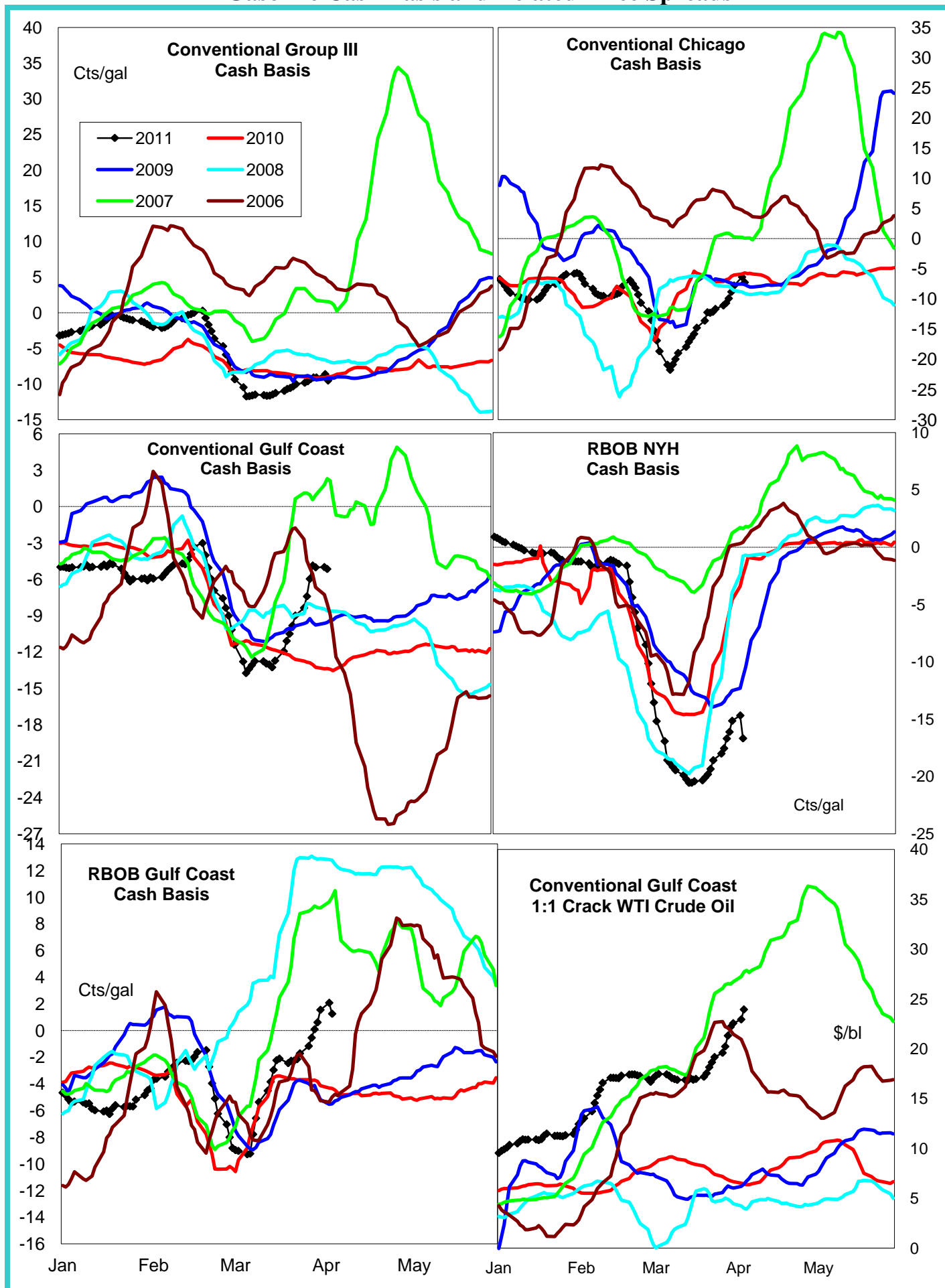
Recent demand trends point to demand destruction from current high retail prices. However the seasonal upturn in demand should lift overall demand levels in the near term.

Refiners maximizing middle distillate output, robust Gulf exports, and stock levels below the mid range in markets East of the Rockies point to the risk of a supply squeeze in these markets during the 2nd quarter. Gasoline prices should continue to trend higher during the quarter.

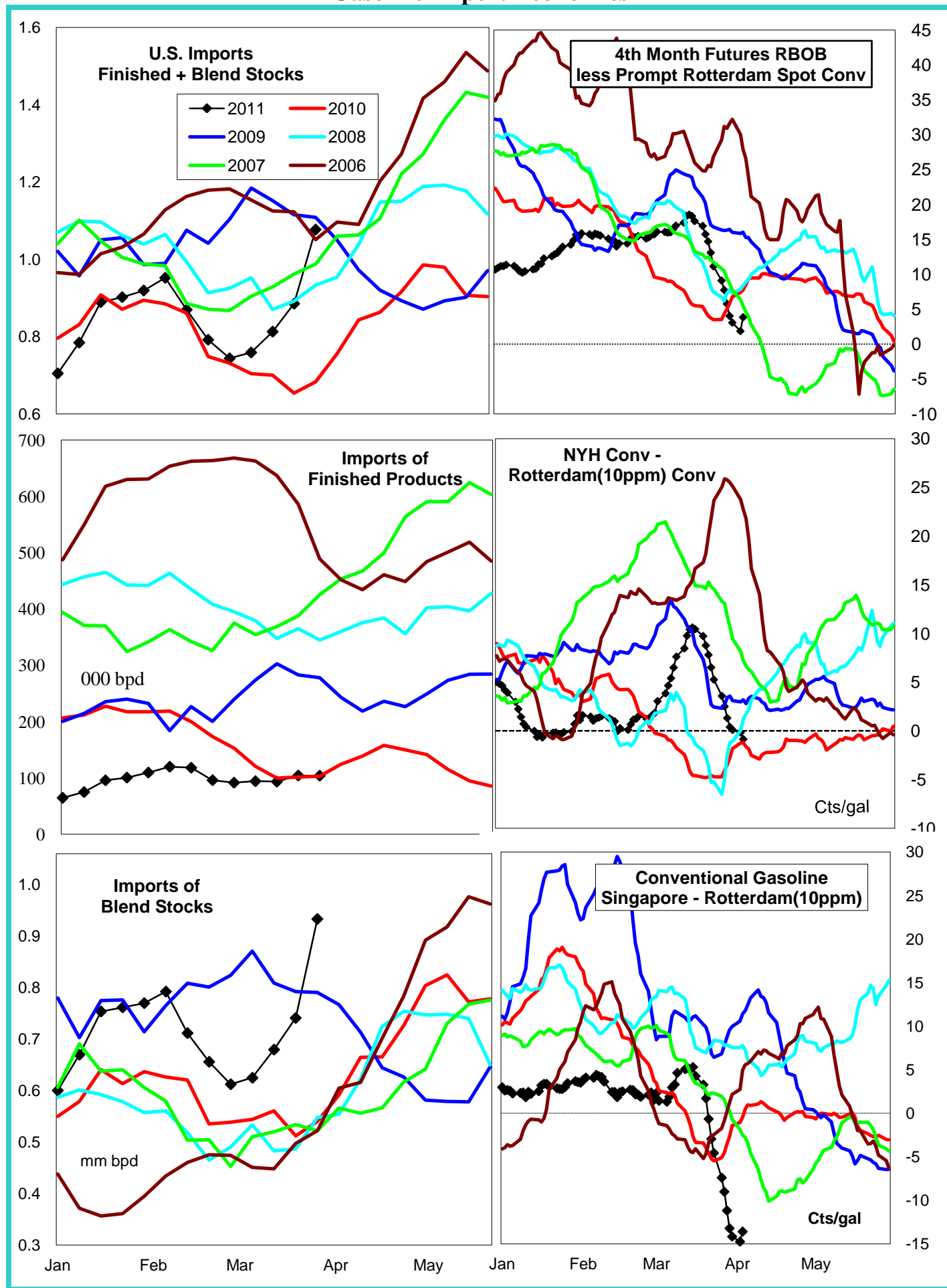


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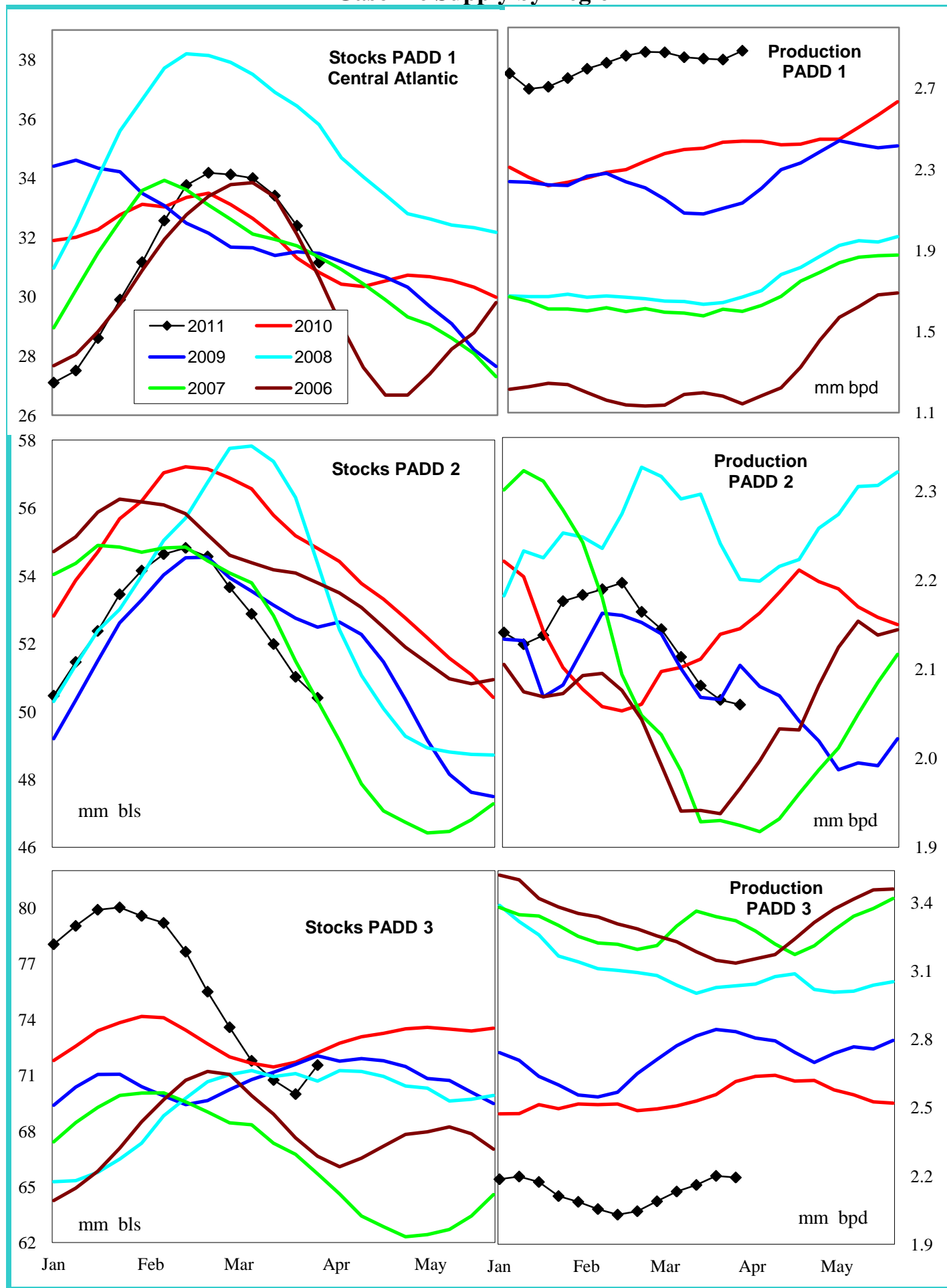
Gasoline Cash Basis and Related Price Spreads



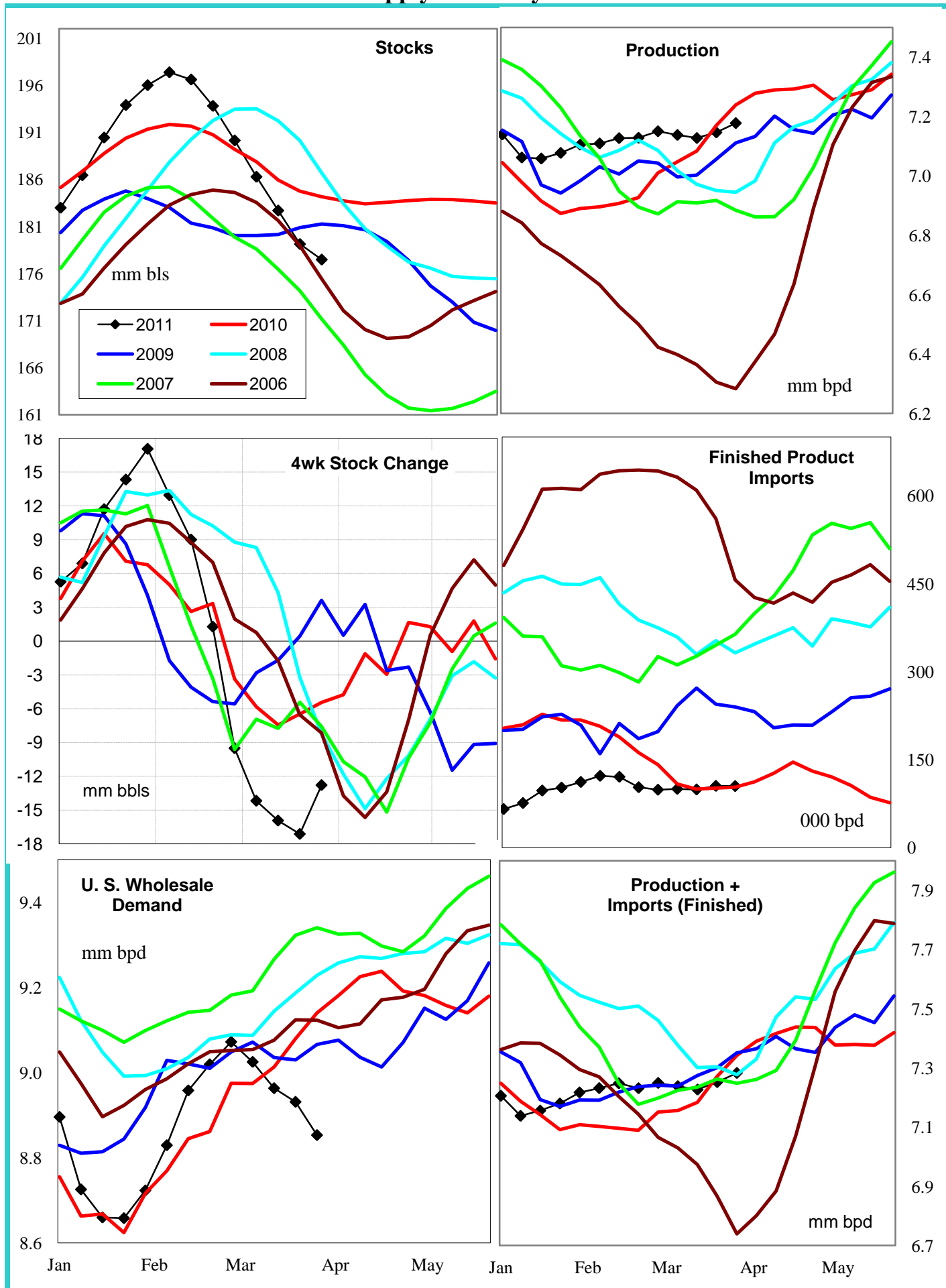
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

