



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, May 26, 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 -23,000 bpd last week, with the level below the 5-year range for the 4th consecutive week. The latest 4-wk average demand was -193,000 bpd below a year ago.

Imports spiked +585,000 bpd on the week to a level at the upper end of the historic range. Production also increased +128,000 bpd to a level above the historic range.

Stocks surged +3.8 million barrels on the week, with increases in all regions East of the Rockies. Markets are witnessing significant supply improvements with the exception of Chicago where refinery disruptions have again spiked wholesale prices.

Basis traded sideways to lower in markets East of the Rockies, except Chicago which spiked higher. West Coast basis continued to recover from the earlier collapse. Basis levels remain elevated in Chicago, NYH RBOB and the Group III. The Gulf and West Coast basis levels are very weak, with the West Coast still below the 5-year range.

Expect basis levels on the East Coast and Midwest to trend lower as supplies improve, while trending higher on the West Coast from record lows.

RBOB

New York Harbor basis to trend lower on improving supply

Conventional

New York Harbor basis to trade sideways on improved supply

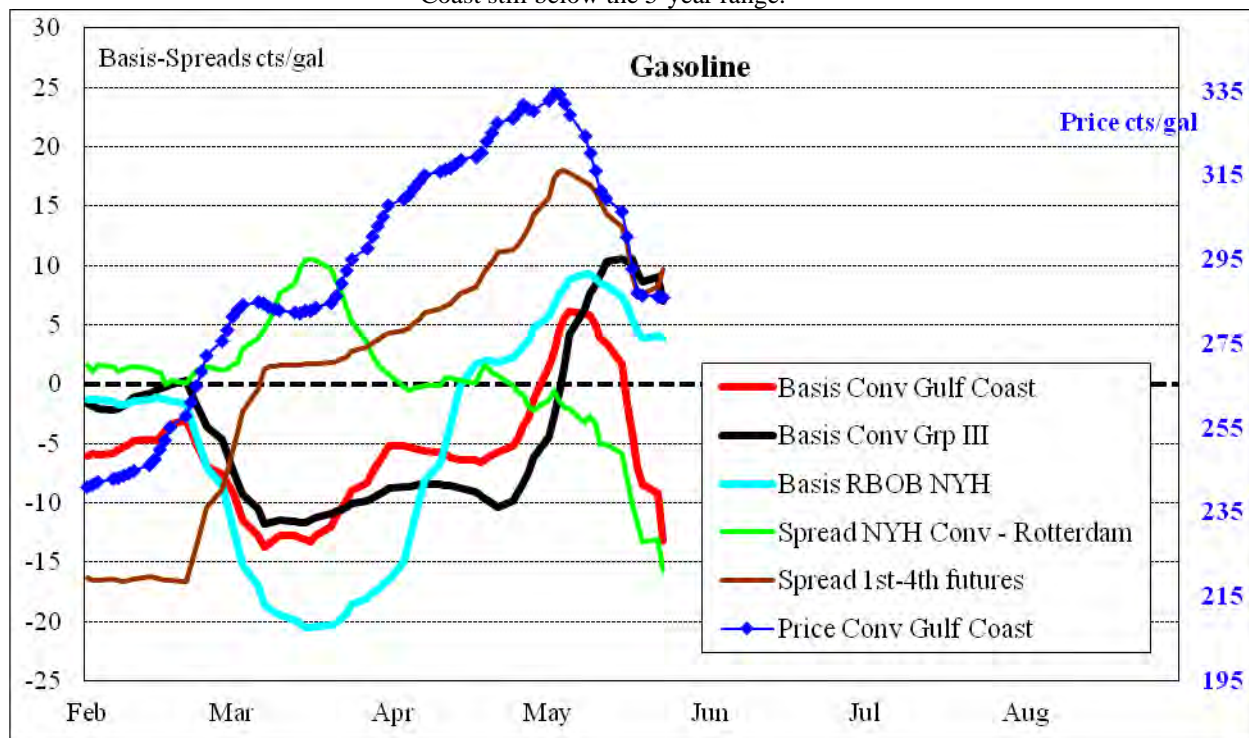
Chicago & Group III basis to trade sideways on refinery disruptions, then lower on higher production.

Gulf Basis to trade sideways on improved supply.

West Coast (Los Angeles) basis to trend higher from record lows on seasonal stock drawdown.

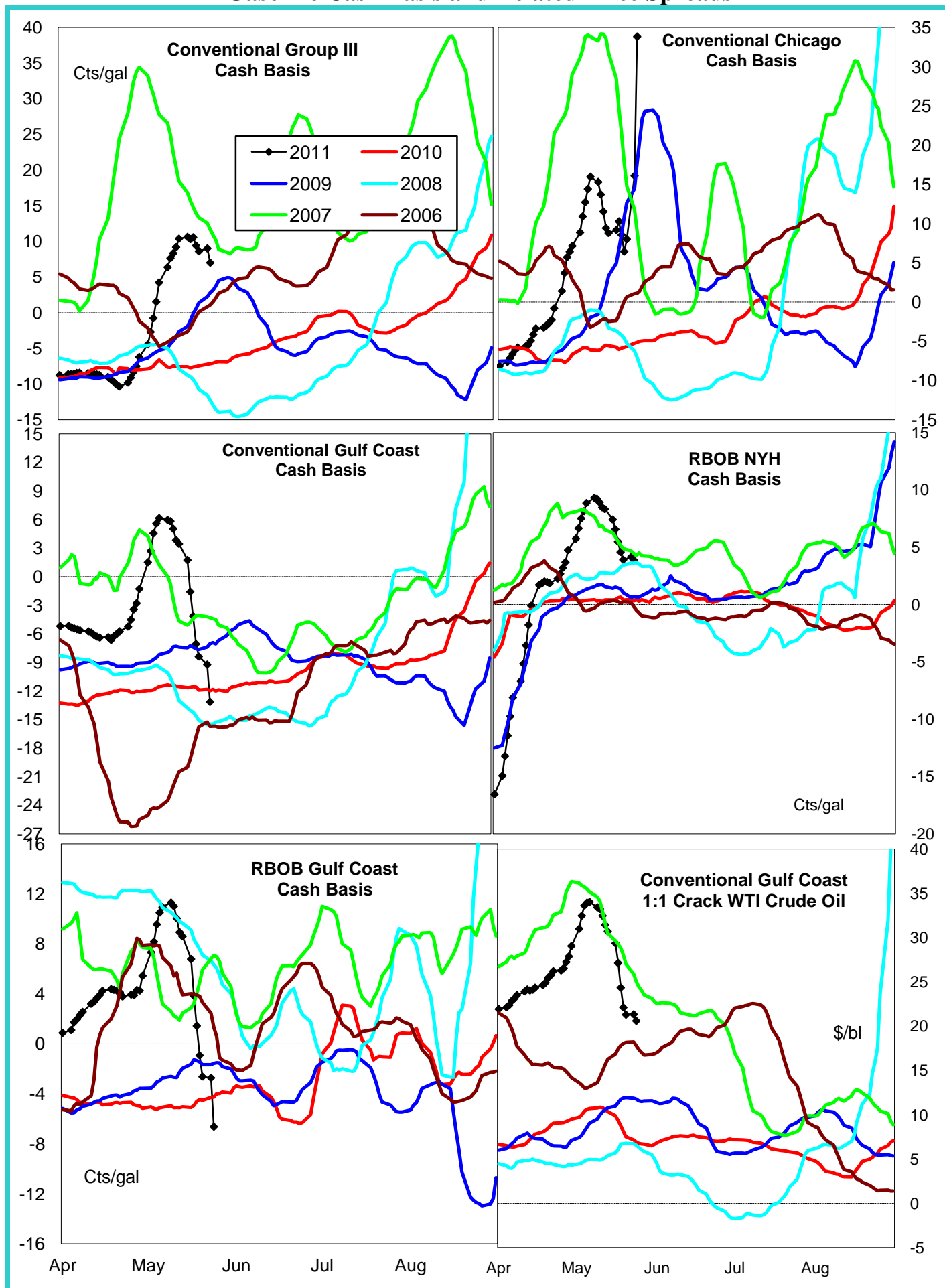
Gulf Coast Price

Supplies were sharply higher last week in markets outside the West Coast, with a surge in PADD 1 on the high level of imports. Combined with lackluster demand, and slower global economic growth, price risk remains to the downside.

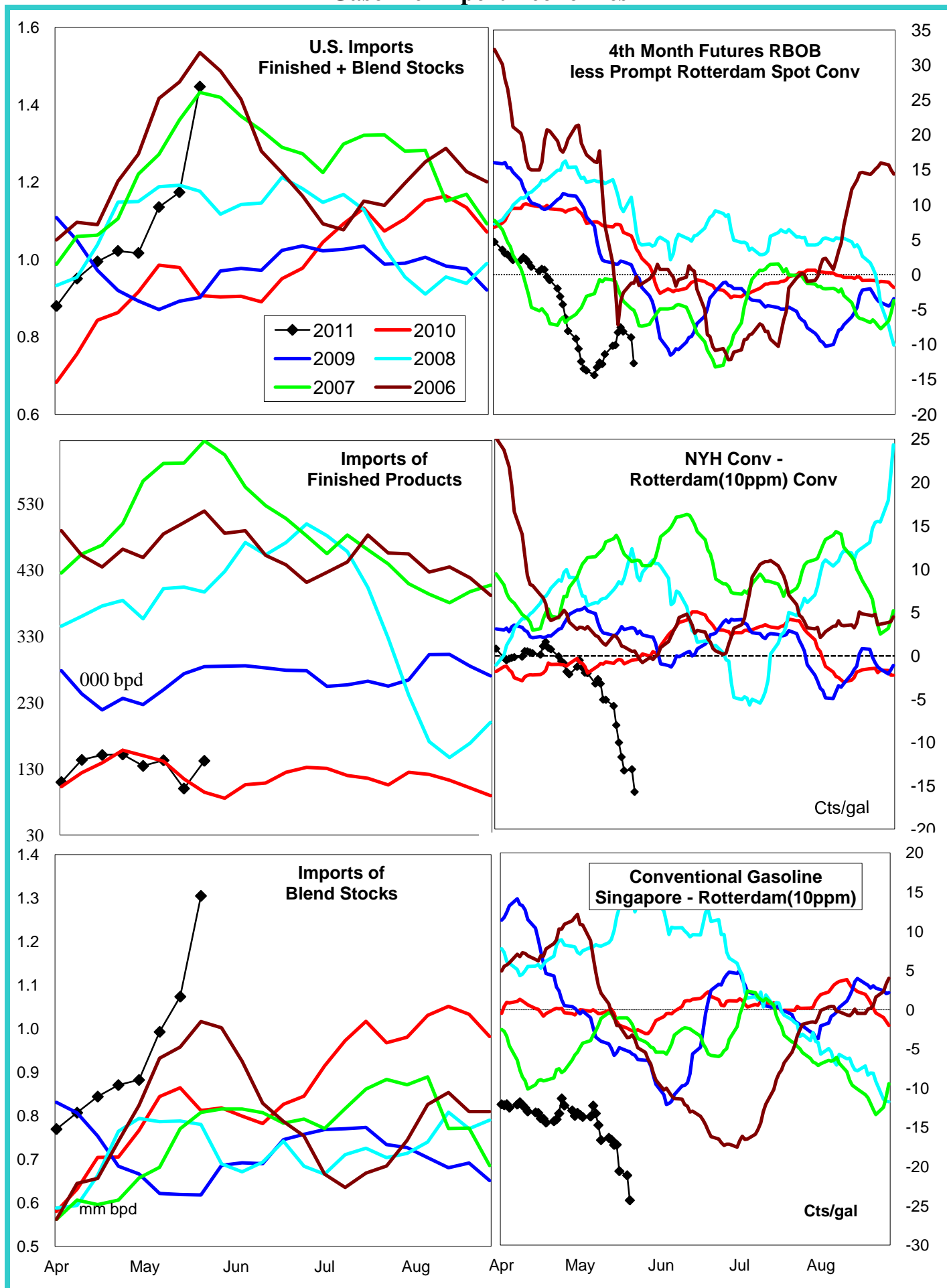


Disclaimer - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and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

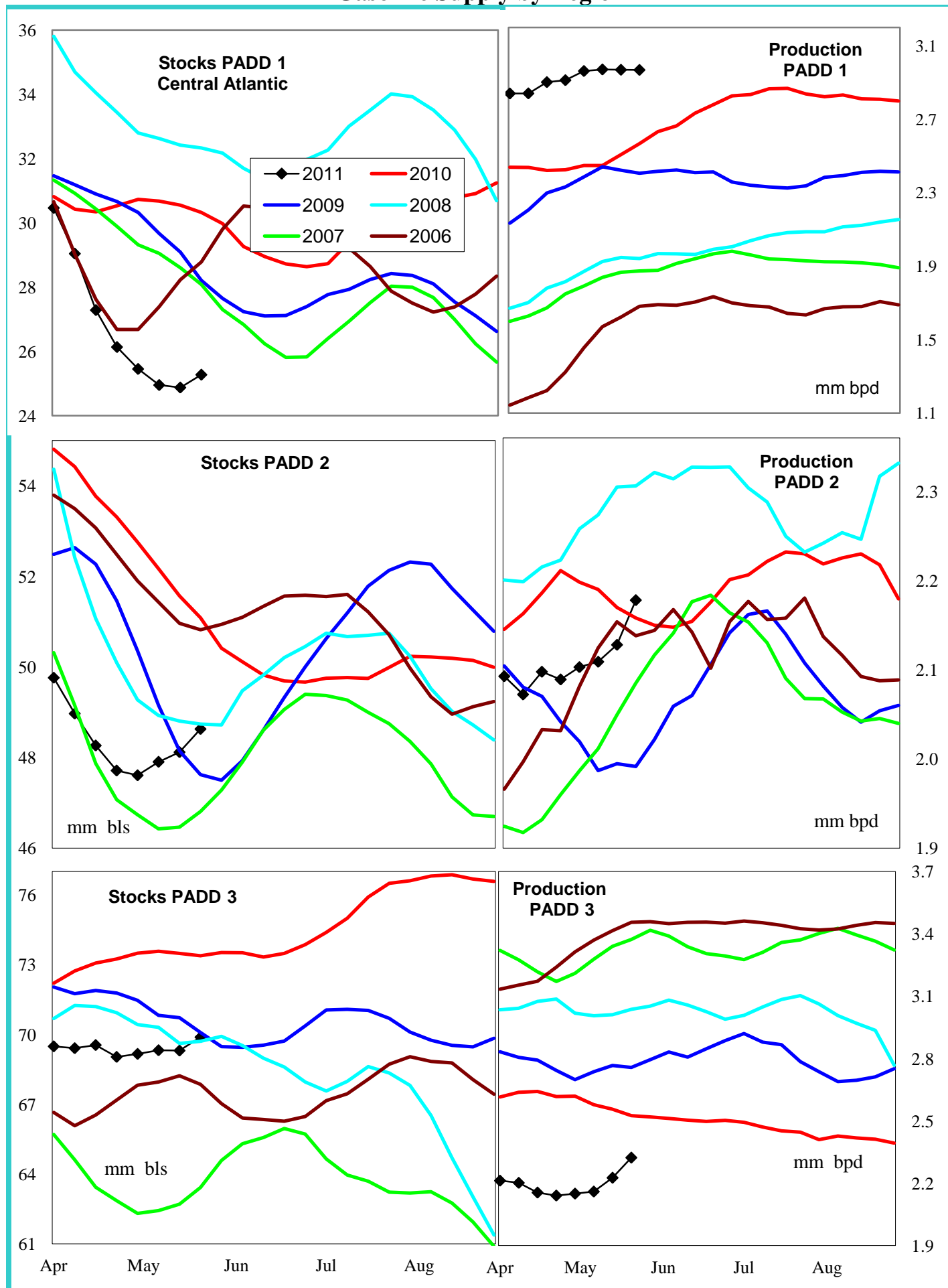
Gasoline Cash Basis and Related Price Spreads



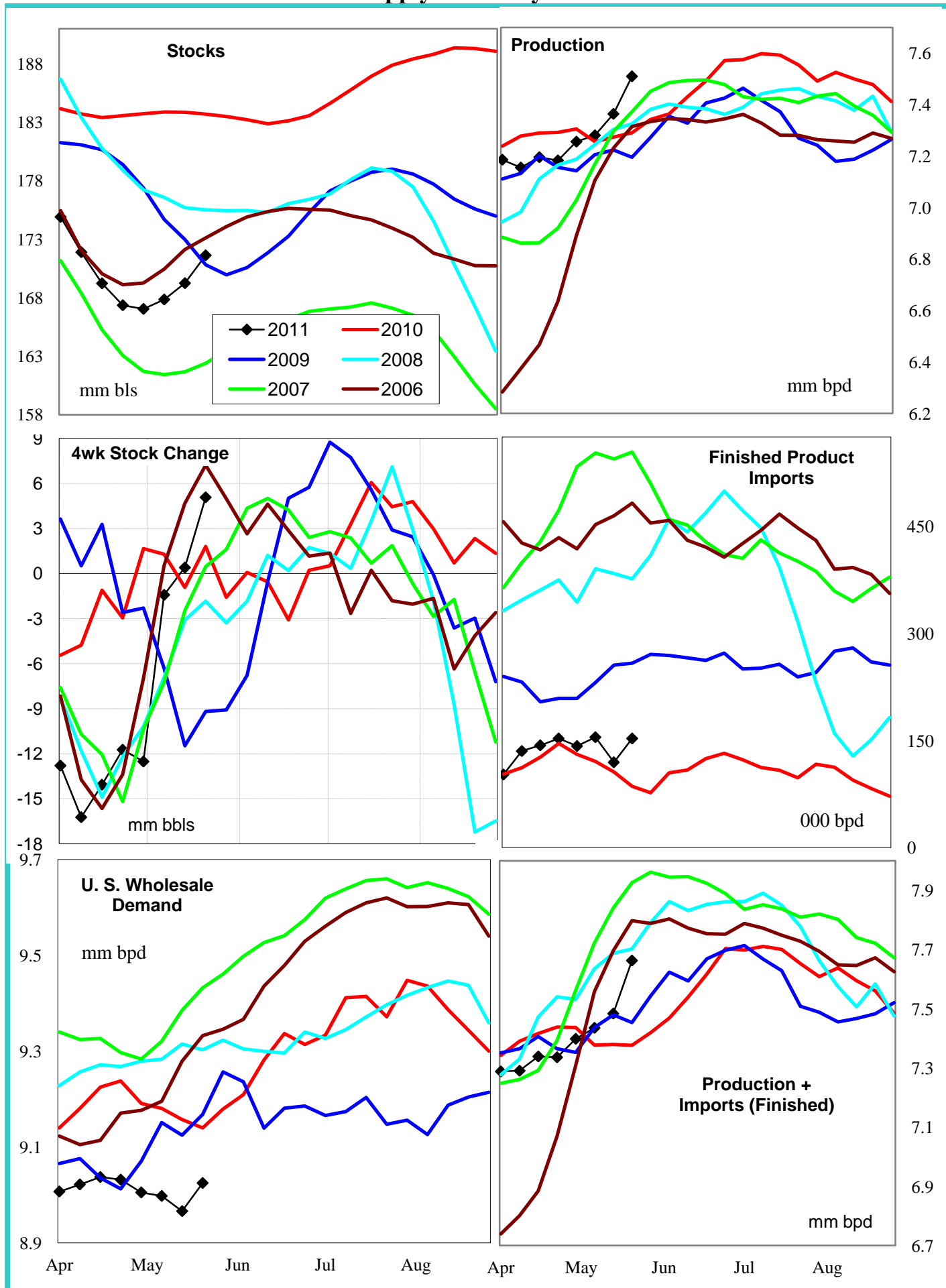
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

