



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, June 02, 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 surged +406,000 bpd last week, as the downstream supply chain rebuilt stocks after the earlier price

collapse, and to meet Memorial weekend demand. The latest 4-wk average demand was -44,000 bpd below a year ago.

Production increased +174,000 bpd to a new 5-year high. Imports decreased -208,000 bpd but the level remains above the last 3-years.

Stocks increased +2.6 million barrels on the week, lifting the level above four of the last 5-years. The latest 4-wk stock build East of the Rockies was +8.5 million barrels, a record for this time of year. Markets served by Chicago area refineries remain in a supply squeeze on unplanned maintenance.

Basis trended higher in all regional markets last week with the exception of Group III and the West Coast where the trend was lower. Basis levels reached record highs in Chicago on a supply squeeze. Basis remains elevated for RBOB in NYH and in the Group III, while levels in other markets were near the mid range. The West Coast remains below the historic 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

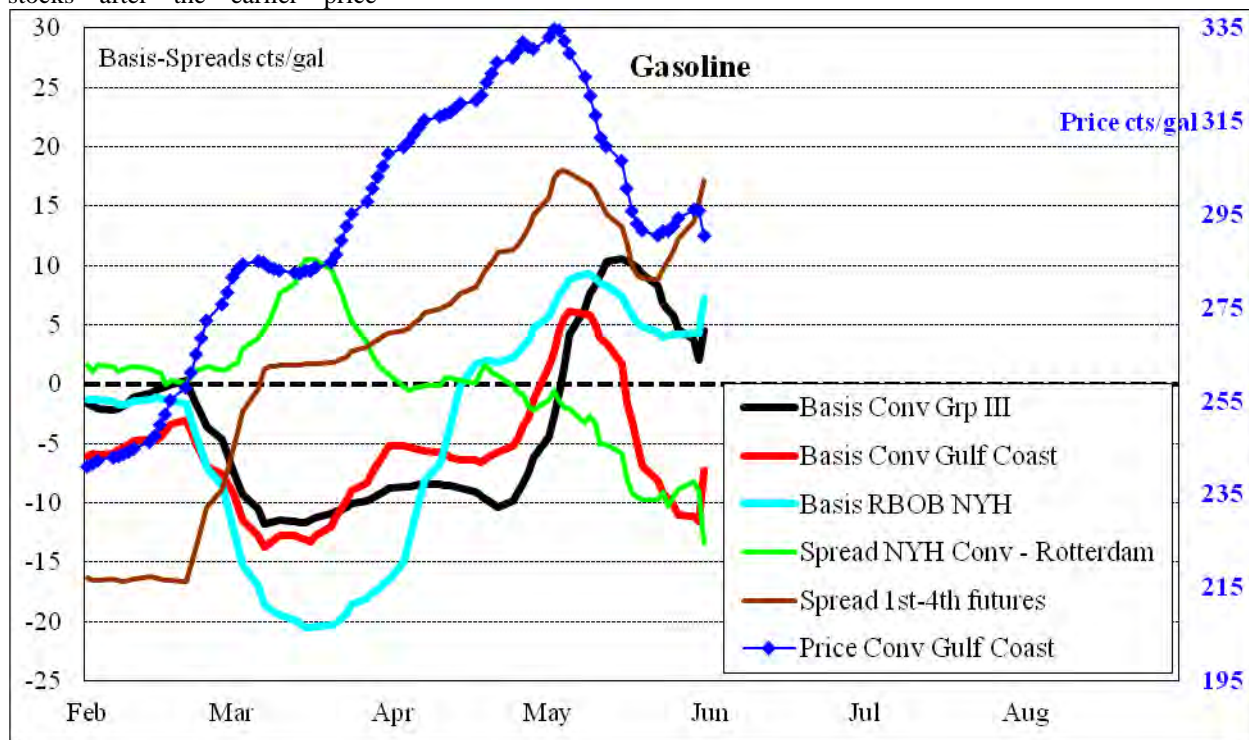
Chicago basis to trade collapse as Gulf product arrives and plants return to operation in the near term. Group III basis to trend lower on high production levels.

Gulf Basis to trade sideways on improved supply.

West Coast (Los Angeles) basis to trade sideways in the near term on extreme over supply, then higher as exports increase.

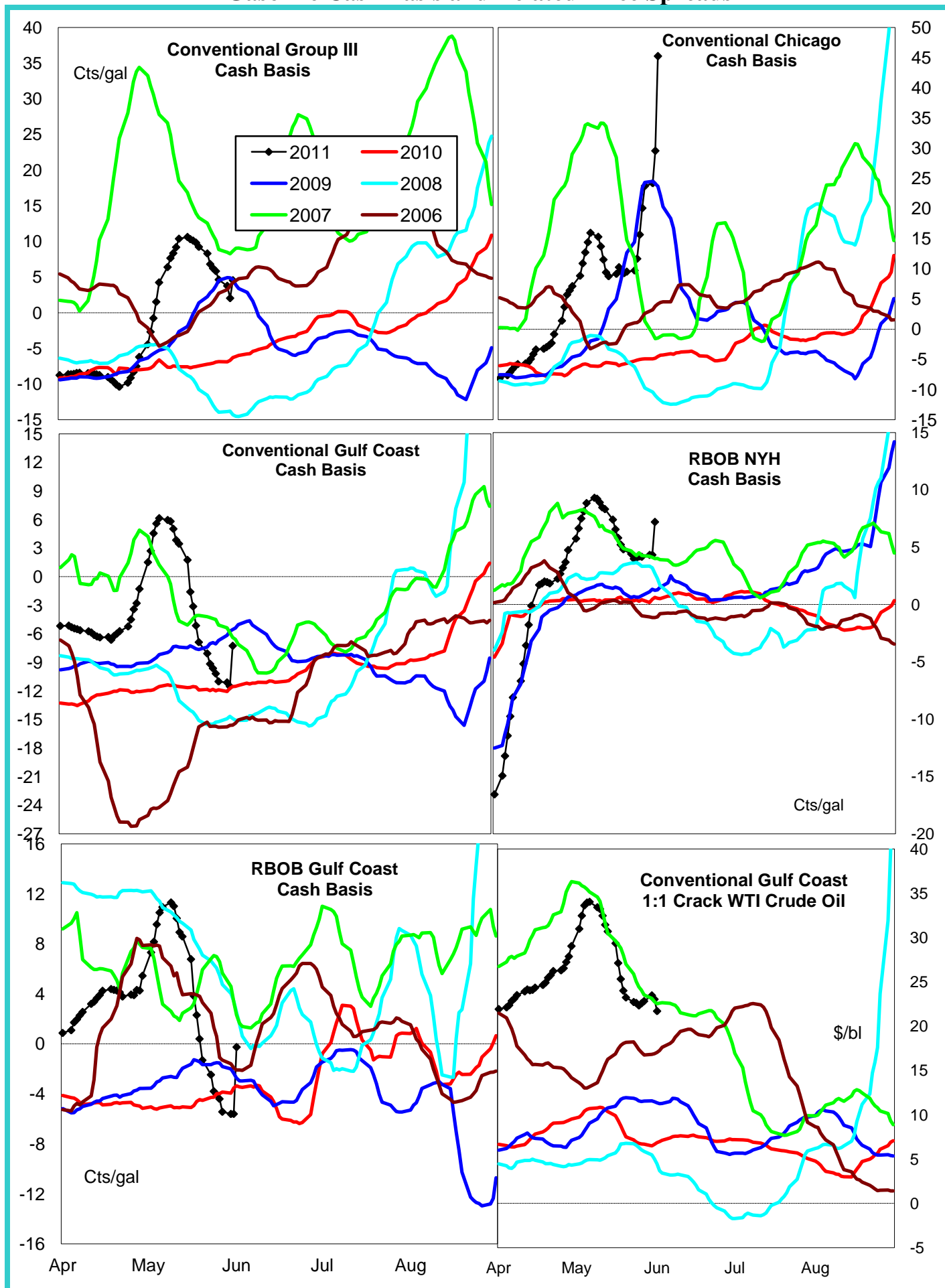
Gulf Coast Price

The very weak West Coast market should drive a surge in exports from that region. The Chicago market should collapse as process units return to operation and Gulf receipts arrive. The gasoline market is likely to become over supplied by early summer on high imports, production and lackluster demand, leading to price weakness.

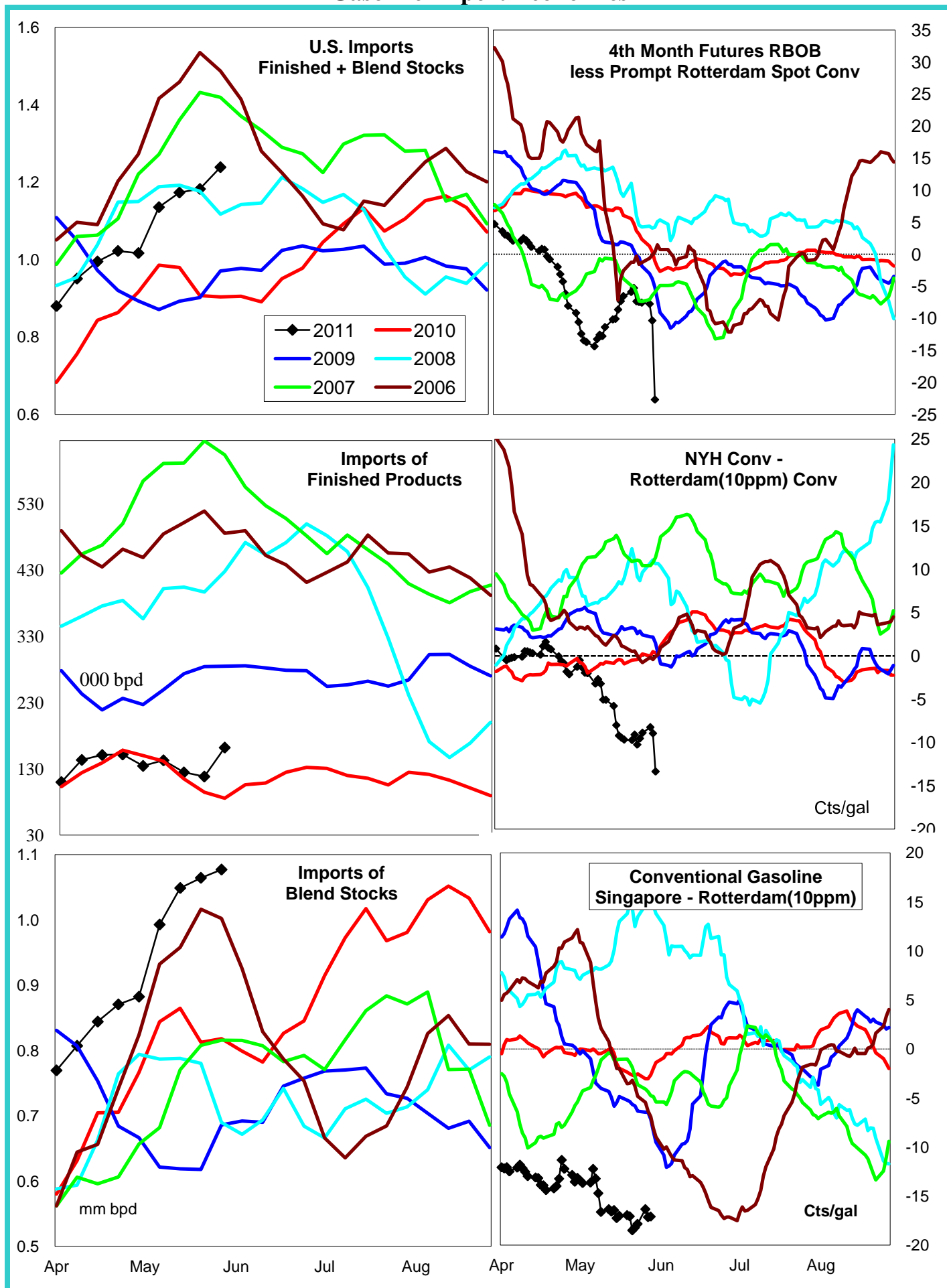


Disclaimer - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and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

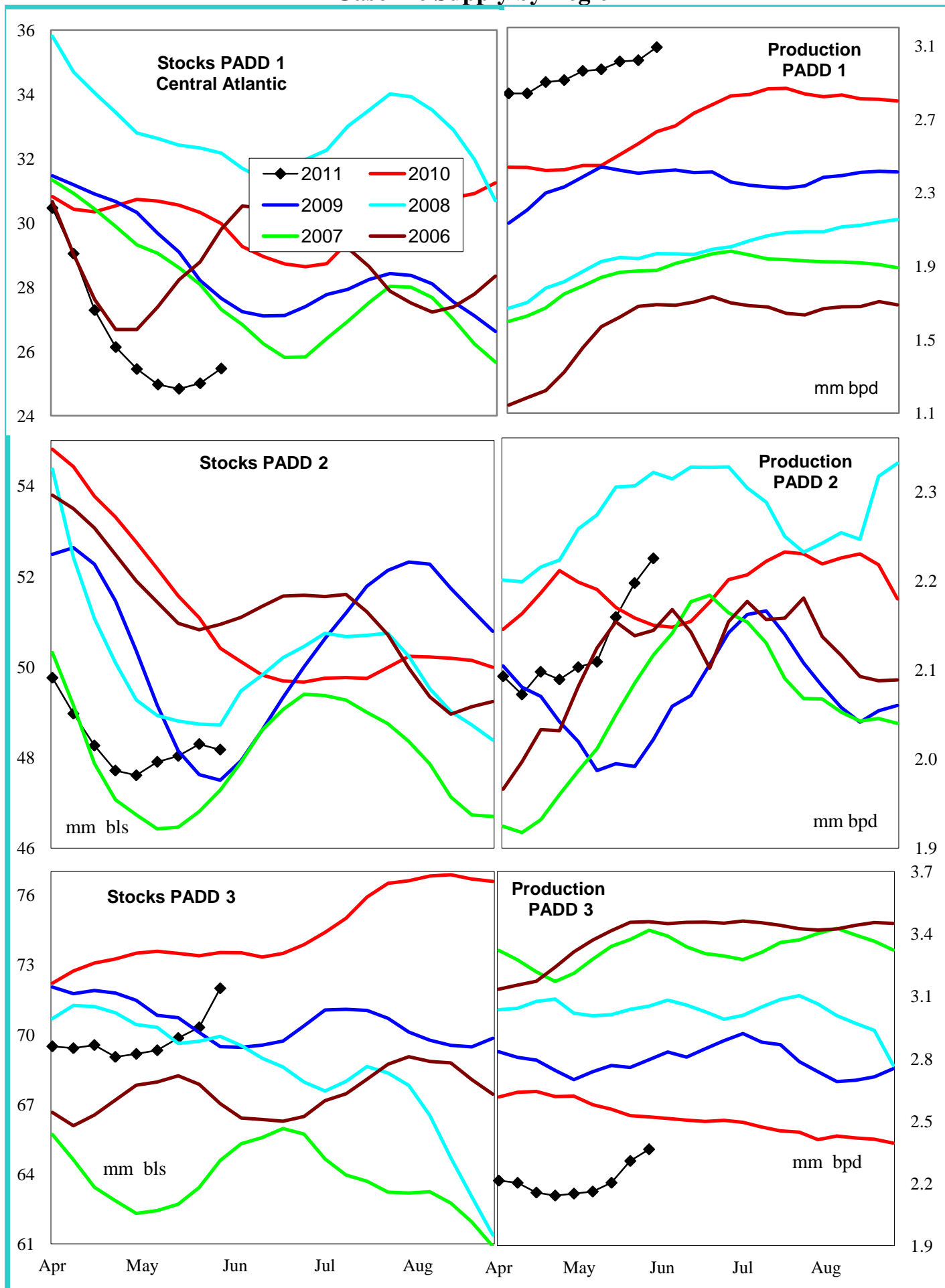
Gasoline Cash Basis and Related Price Spreads



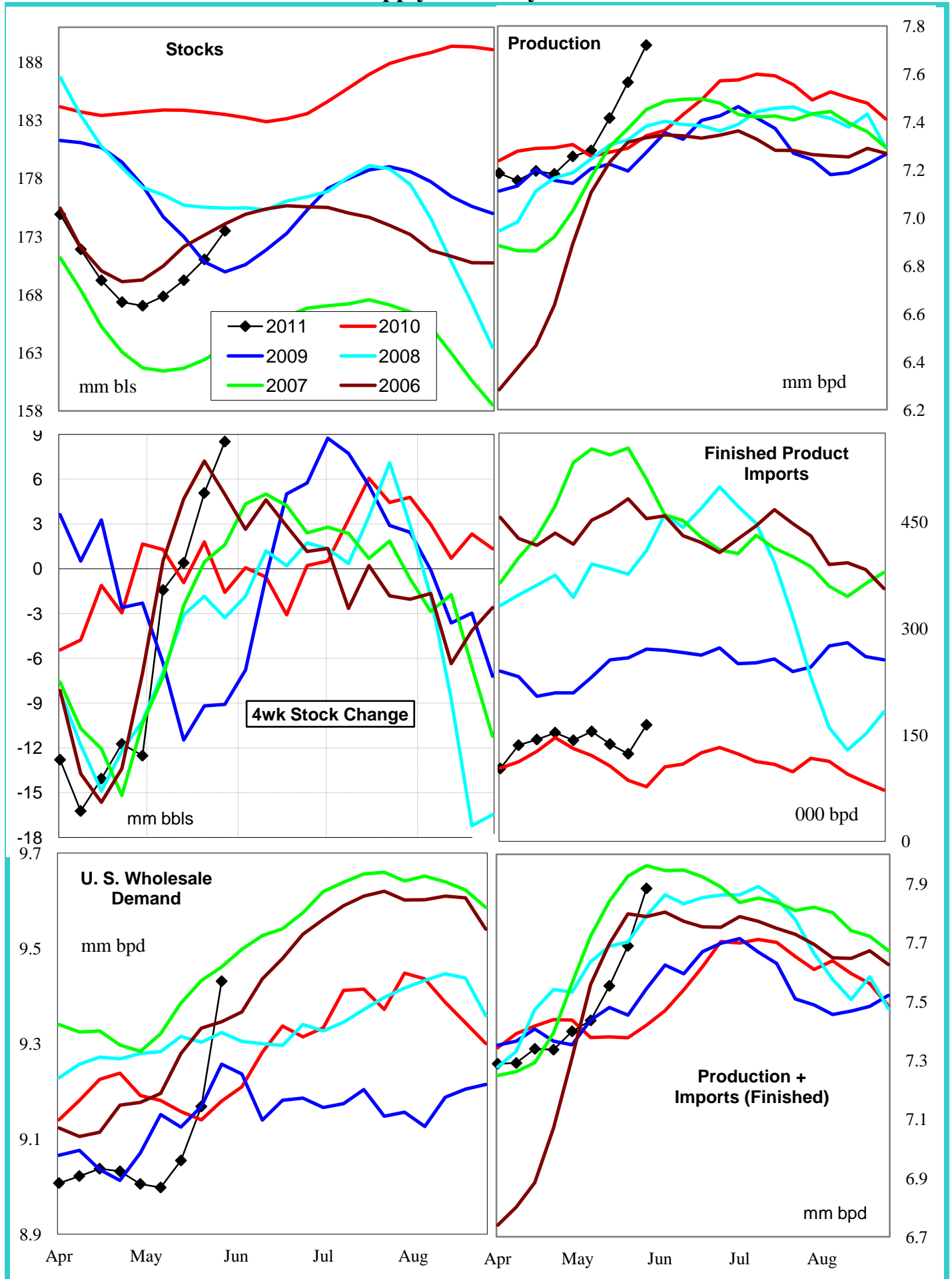
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

