



## WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Thursday, January 07, 2016

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 fell -1.2 million bpd last week, on a holiday shortened week for loading fuel, and floods across the Midwest and southeast that restricted terminal loading and travel. The latest 4-wk average demand was -339,000 bpd below last year.

Supplies fell -1 million bpd last week reversing the prior week increase, as

refiners began process unit maintenance. Supply for the most recent 4-wks was -148,000 bpd below a year ago; due in part to a -263,000 drop in blend stock imports.

Stocks increased +10.6 million barrels on the week, with sharp builds in all regions.

Stocks ended the week at a level near 5-yr highs for the period. Stocks increased +1 million barrels on the West Coast, although the level remains -5 million barrels below the last 2-yrs.

Cash basis fell sharply in all regional markets last week, driven by heavy refiner selling on large stock builds.

Basis crashed on the West Coast on the stock build and restart of refiners following unplanned maintenance. Basis levels in Midwest markets traded at the low end of the historic range; while the Gulf was near the 3-yr mid range.

#### RBOB

*New York Harbor basis* to trade within the 3-yr range on ample supplies.

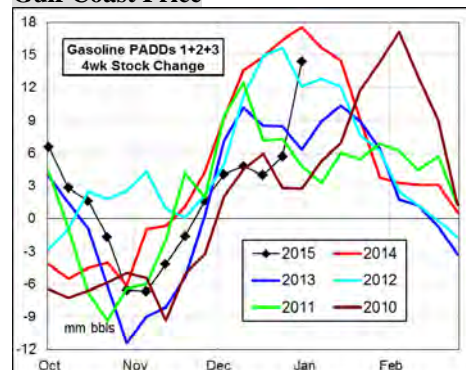
*Chicago basis* to trade sideways following the recent pull back, then trend seasonally higher as gulf refiners began maintenance and reduce shipments to this market.

*Group III basis* risk weakness in the near term on high stock levels, then to trend seasonally higher.

*Gulf Basis* to trade sideways on low demand, then trend higher on start of winter maintenance.

*West Coast (Los Angeles) basis* to correct further as stocks began a seasonal build.

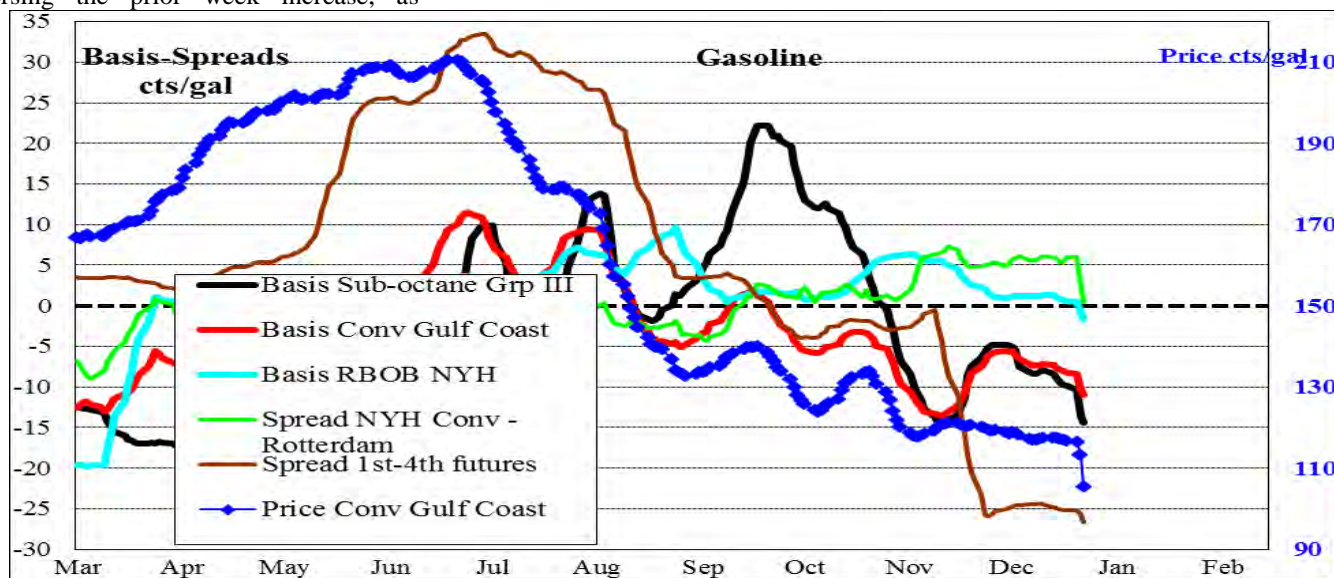
#### Gulf Coast Price



The surge in stocks East of the Rockies last week led to a 4-wk stock build slightly above the 3-yr mid range.

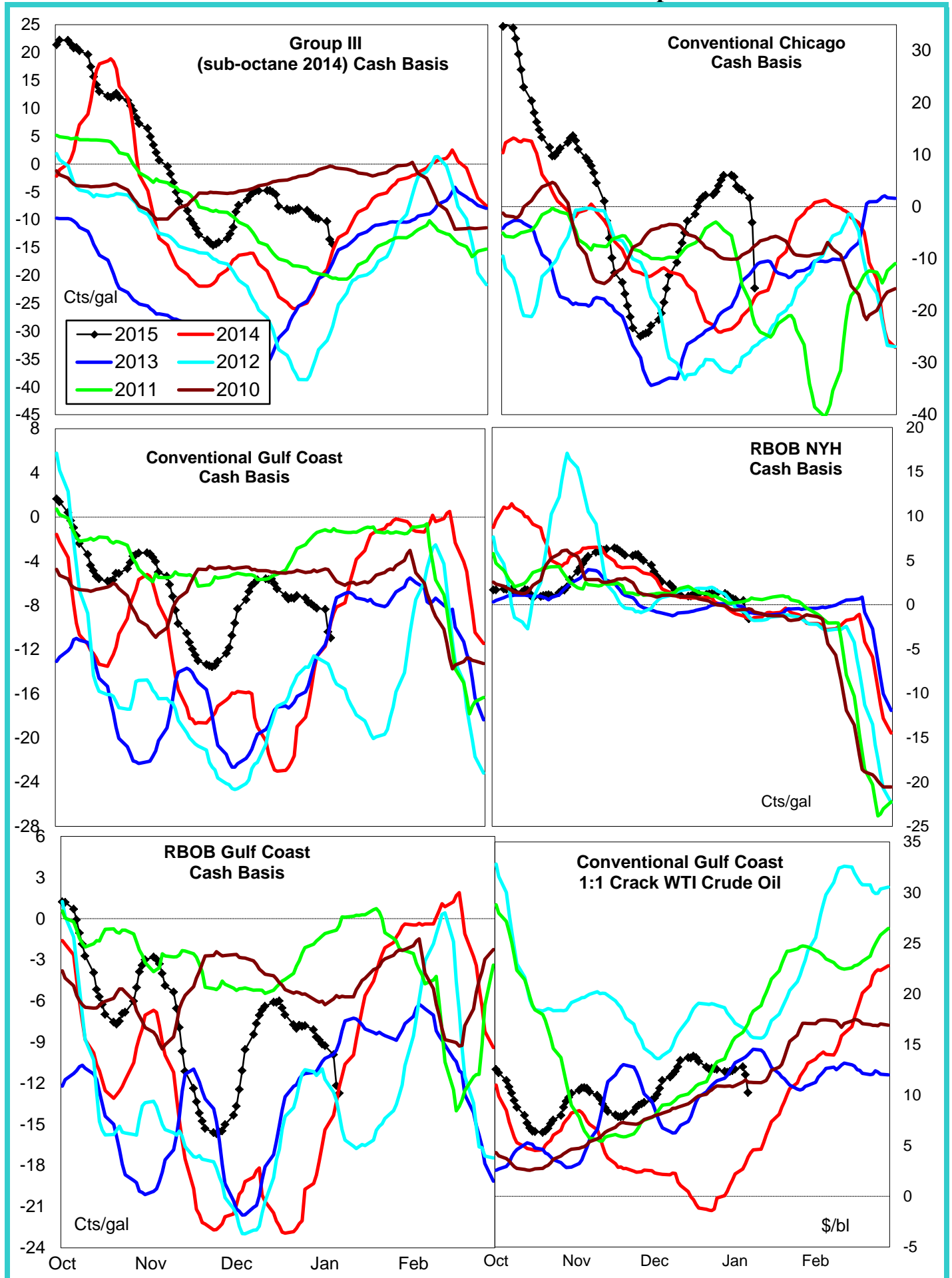
Look for a rebound in wholesale demand in the near term, and lower production as Gulf refiners began winter maintenance to provide support to prices by month end.

*Extreme over supply of distillates may lead to an above average maintenance season during the 1<sup>st</sup> quarter, which in turn risk a gasoline supply squeeze during the 2<sup>nd</sup> quarter of 2016.*

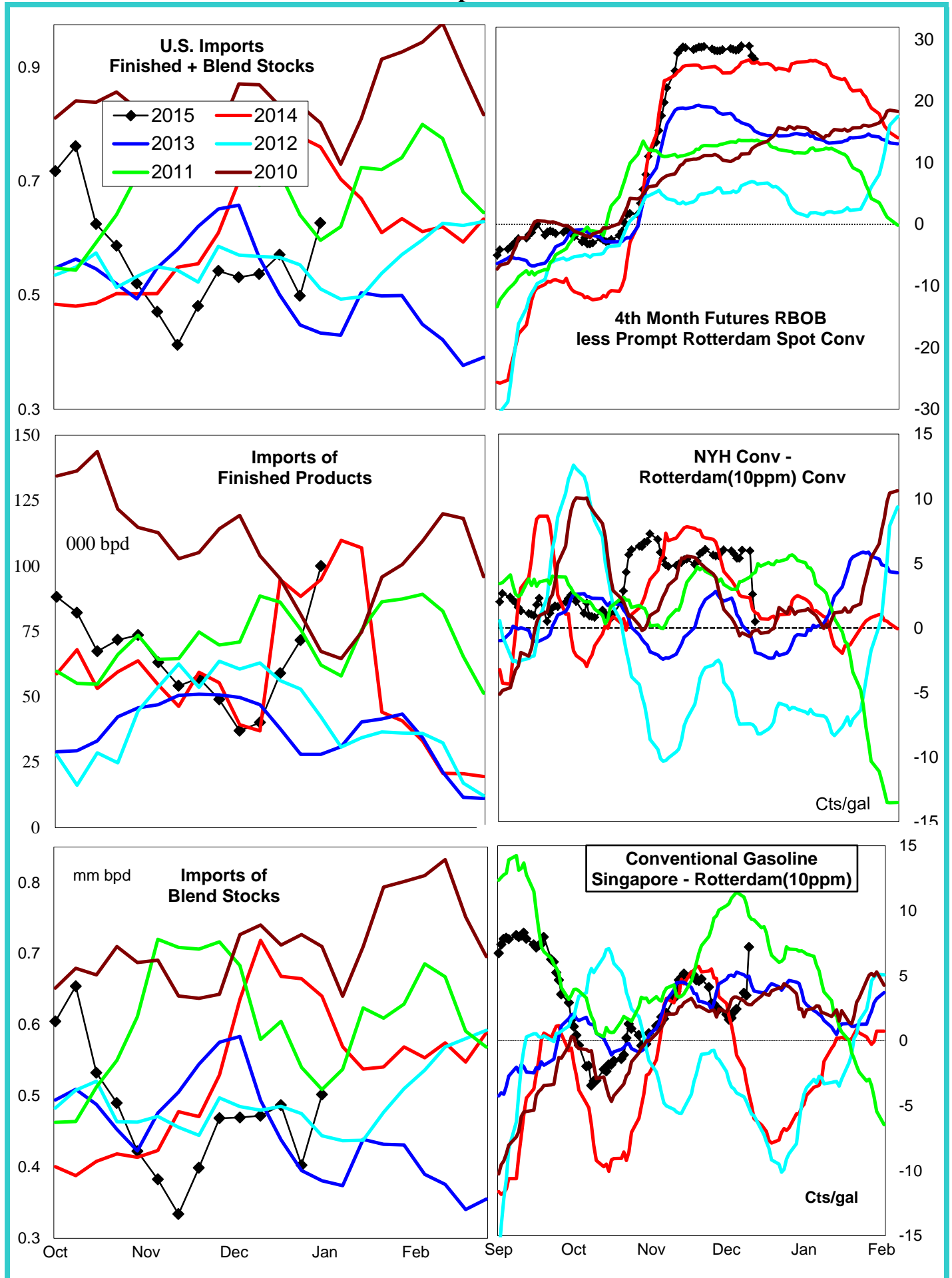


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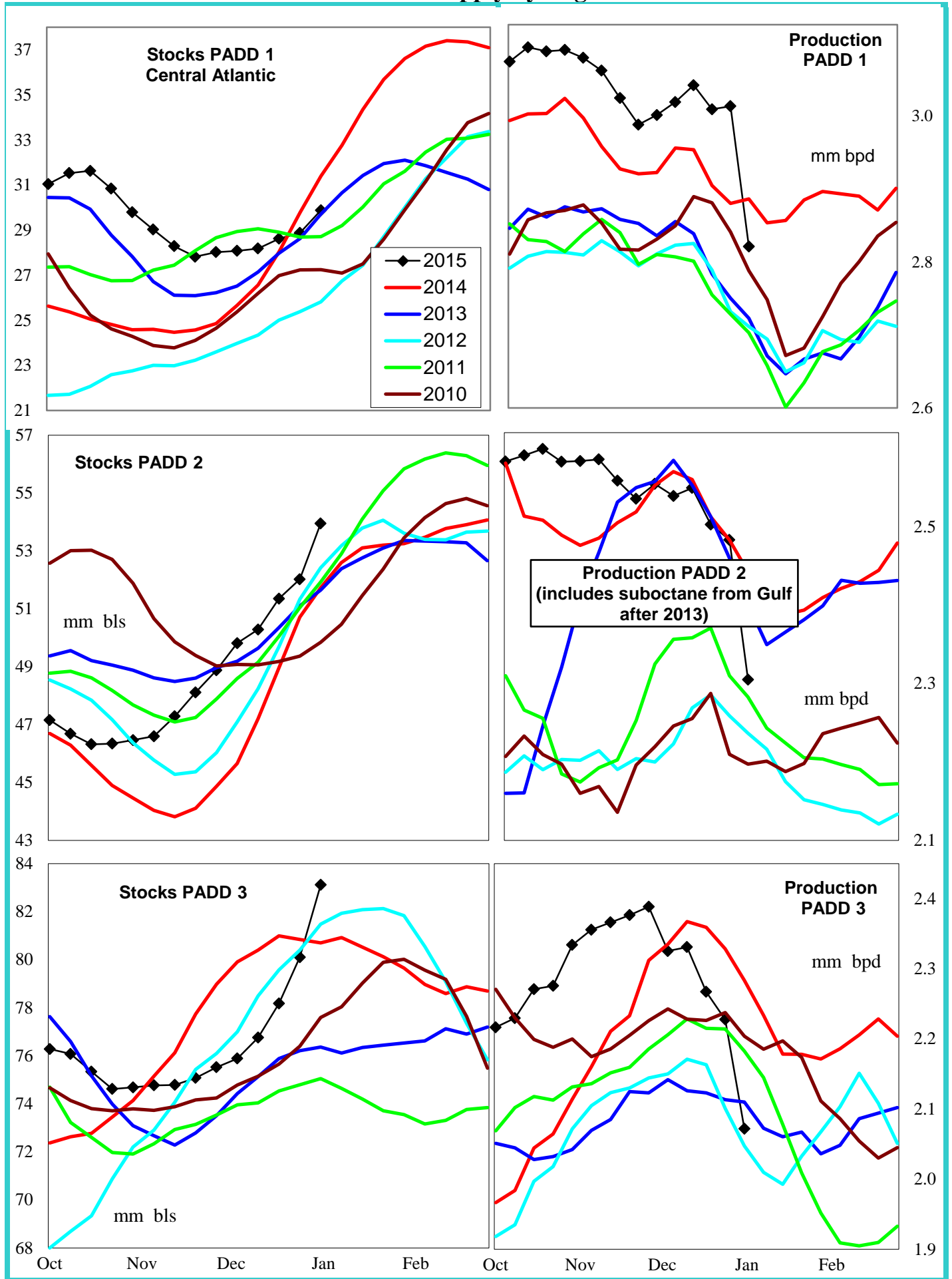
# Gasoline Cash Basis and Related Price Spreads



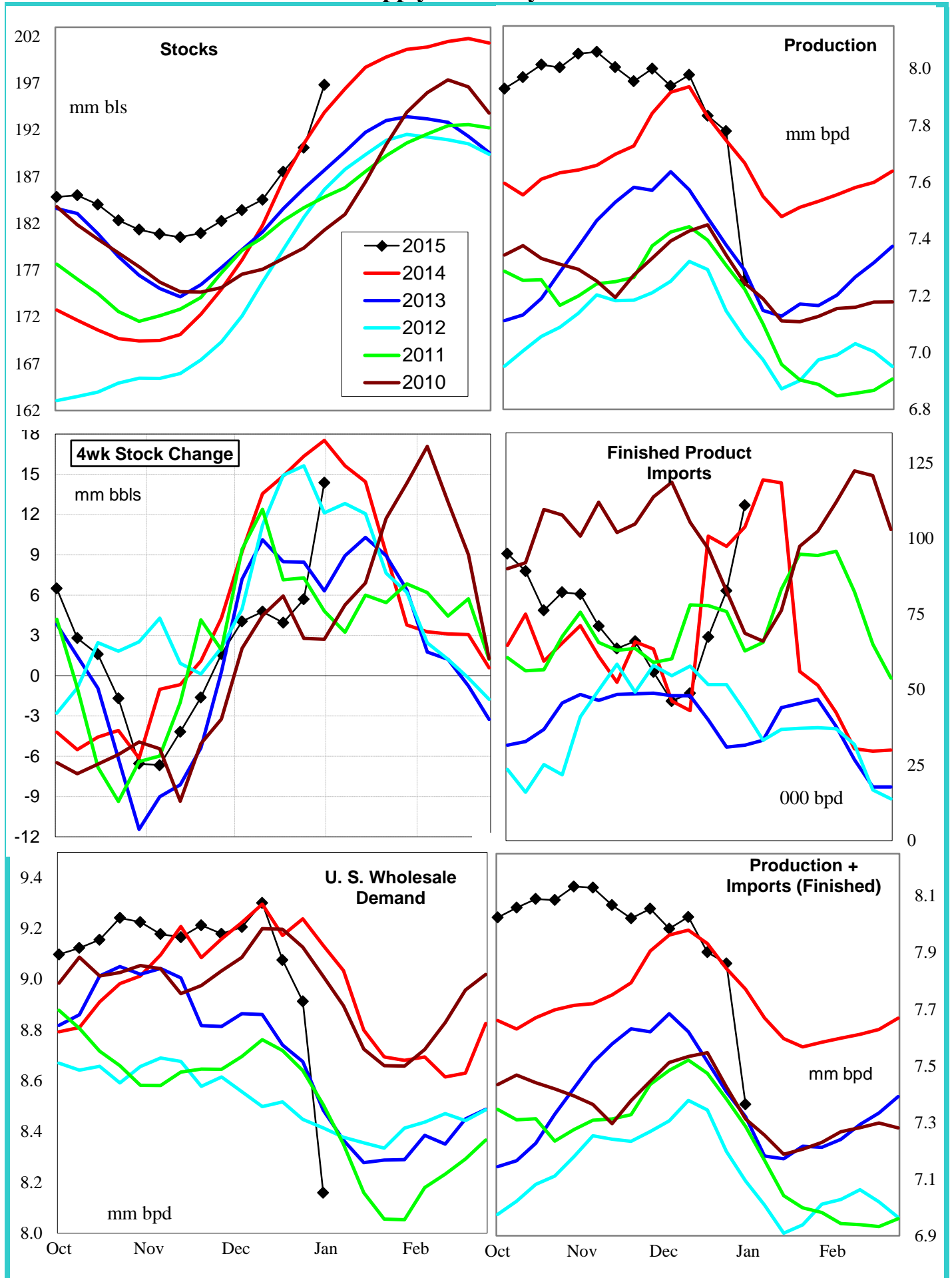
# Gasoline Import Economics



# Gasoline Supply by Region



## Gasoline Supply Summary PADDs 1+2+3





**PADD 5 Gasoline Supply**