



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 +341,000 bpd last week, partially reversing the prior week collapse. The latest 4-wk average demand was -0.4 million bpd below last year.

Supplies decreased -0.1 million bpd last week extended the decline as process unit maintenance begins. Supply for the most recent 4-wks was -0.3 million bpd below a year ago.

Stocks increased +19 million barrels during the last 2-wks, a record rate of build. Stocks ended the week at a 5-yr high for this time of year.

Cash basis extended the sharp decline in all west coast markets, while Chicago also saw a collapse to record low levels.

Midwest markets are at risk of basis weakness due to extremely high stock levels that may require refiner 'fire sales' to liquidate product from inventory.

RBOB

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

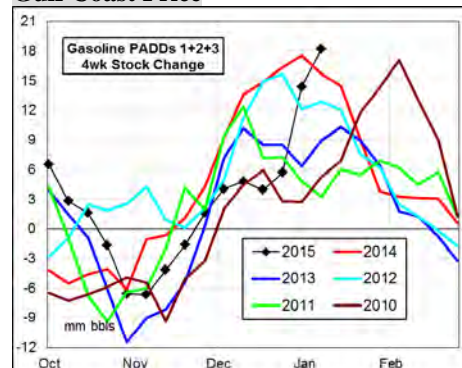
Chicago basis at risk for further short term weakness due to extremely high stock levels; then trend seasonally higher.

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 expansion of winter maintenance.

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

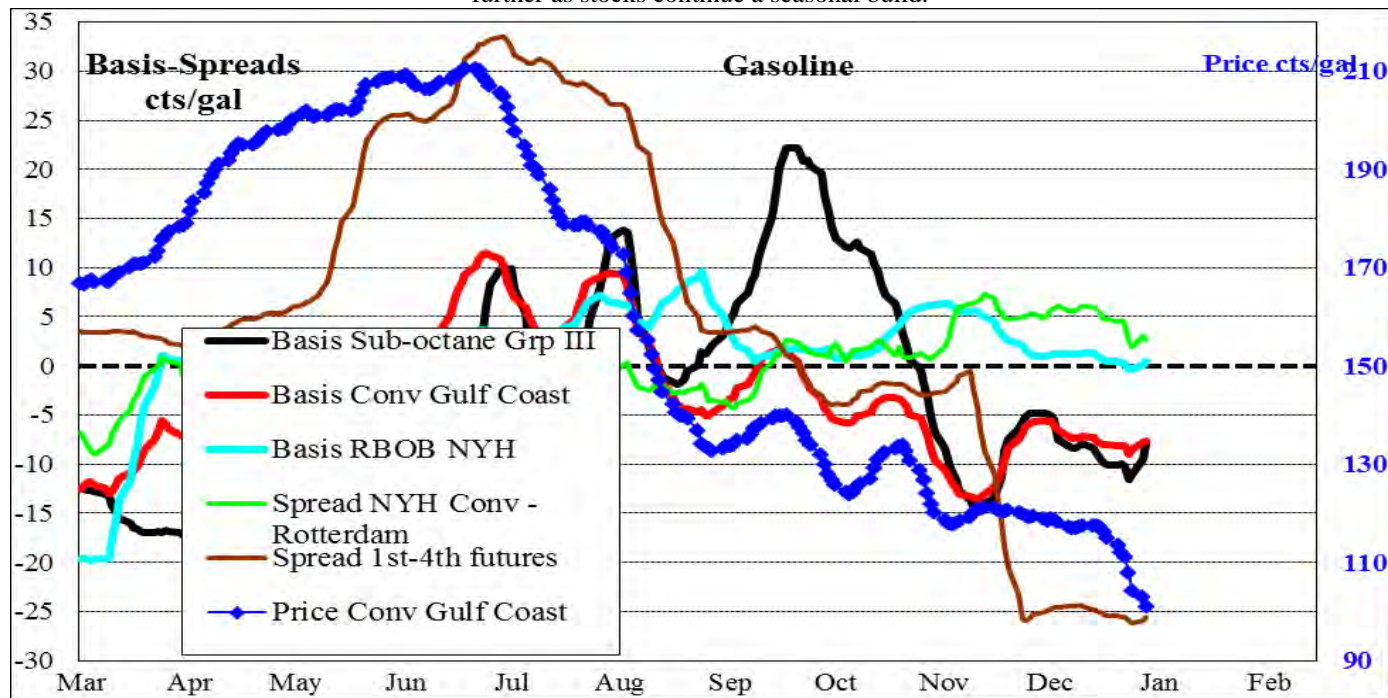
Gulf Coast Price



Look for sharp decline in refinery production during the next 30-days, and an upturn in wholesale demand that leads to significant seasonal stock draws.

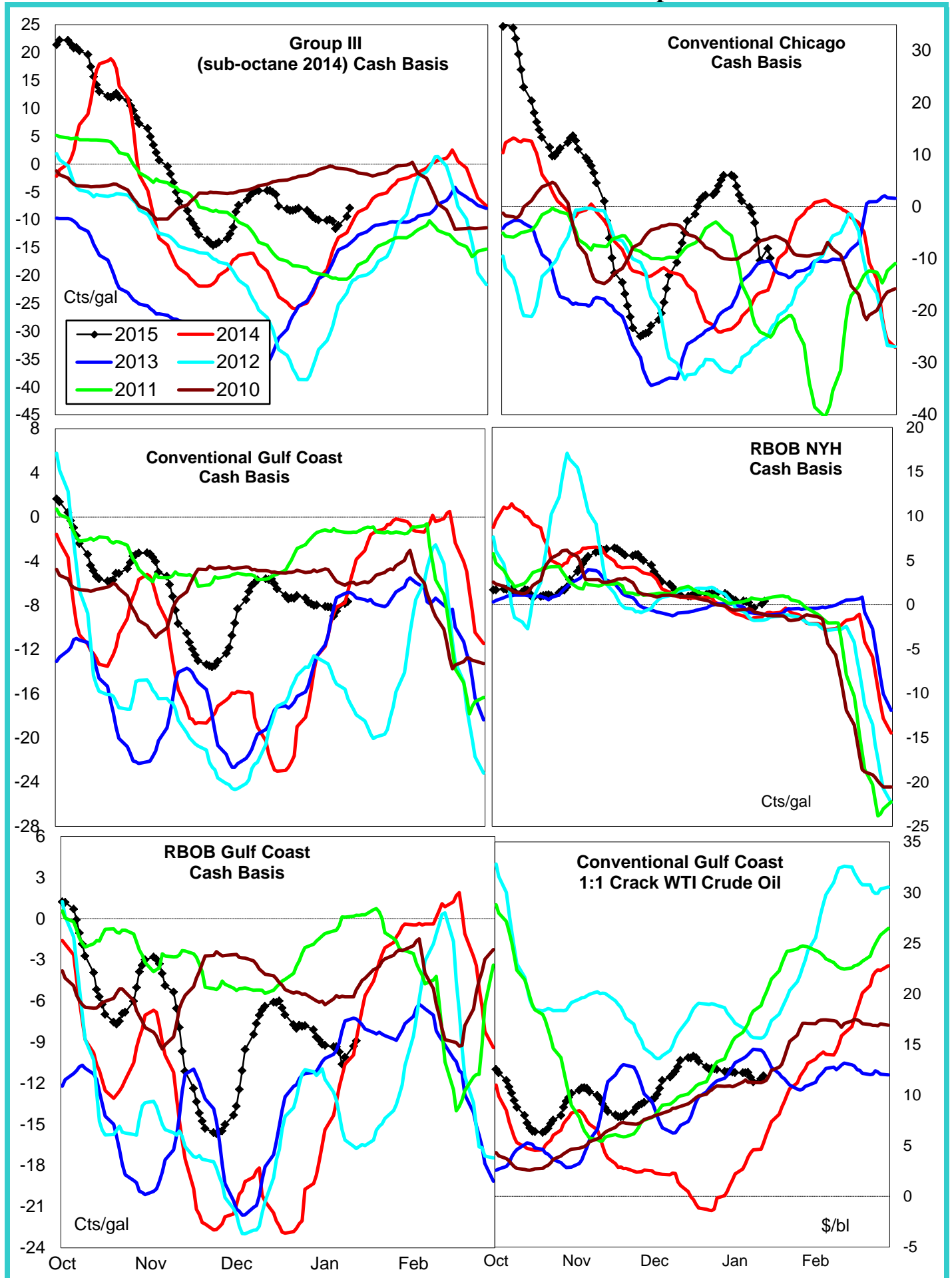
An improvement in the supply – demand balance over the next 30-days should drive an upturn in gasoline prices; independent of crude oil price trends.

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

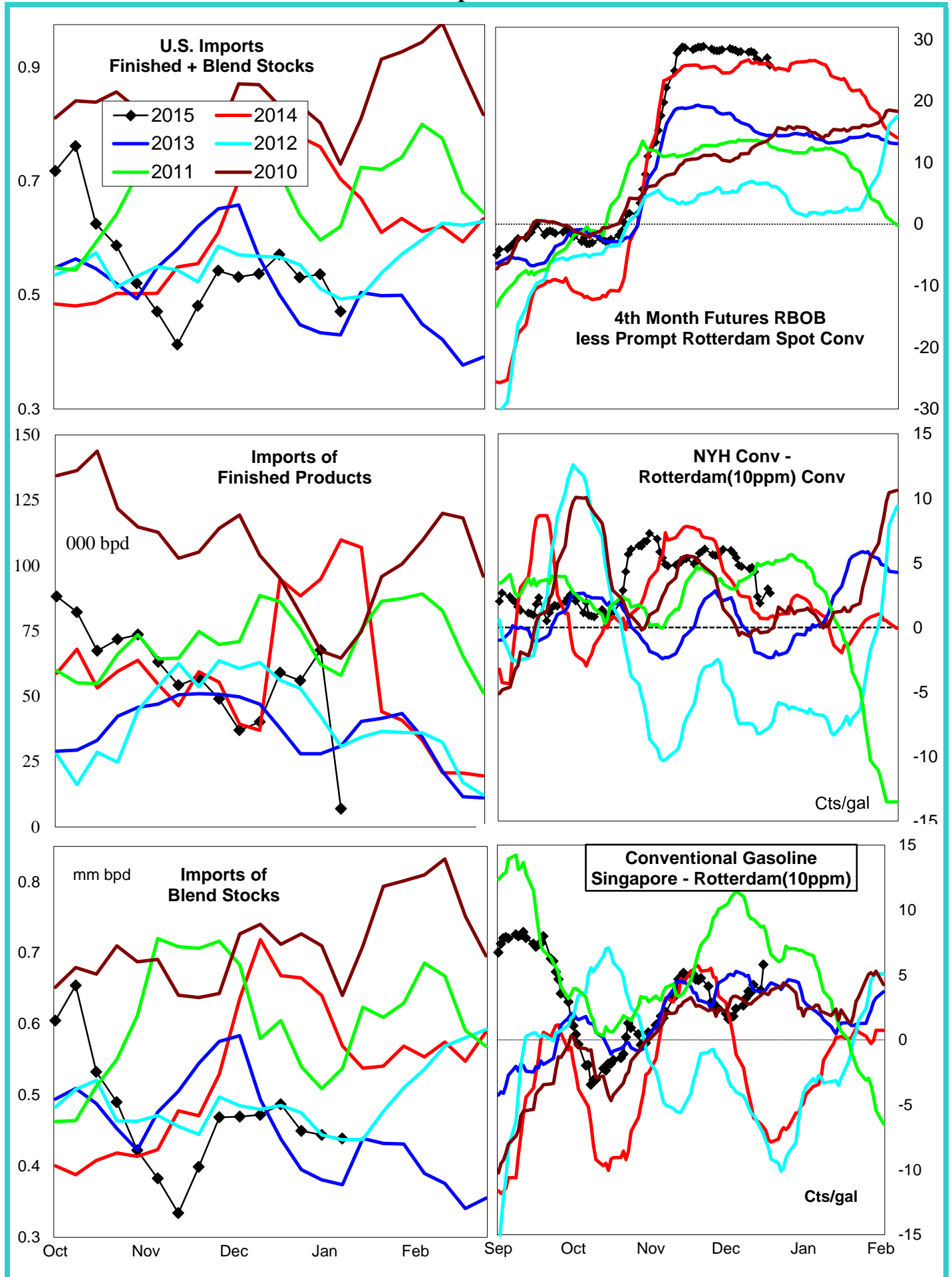


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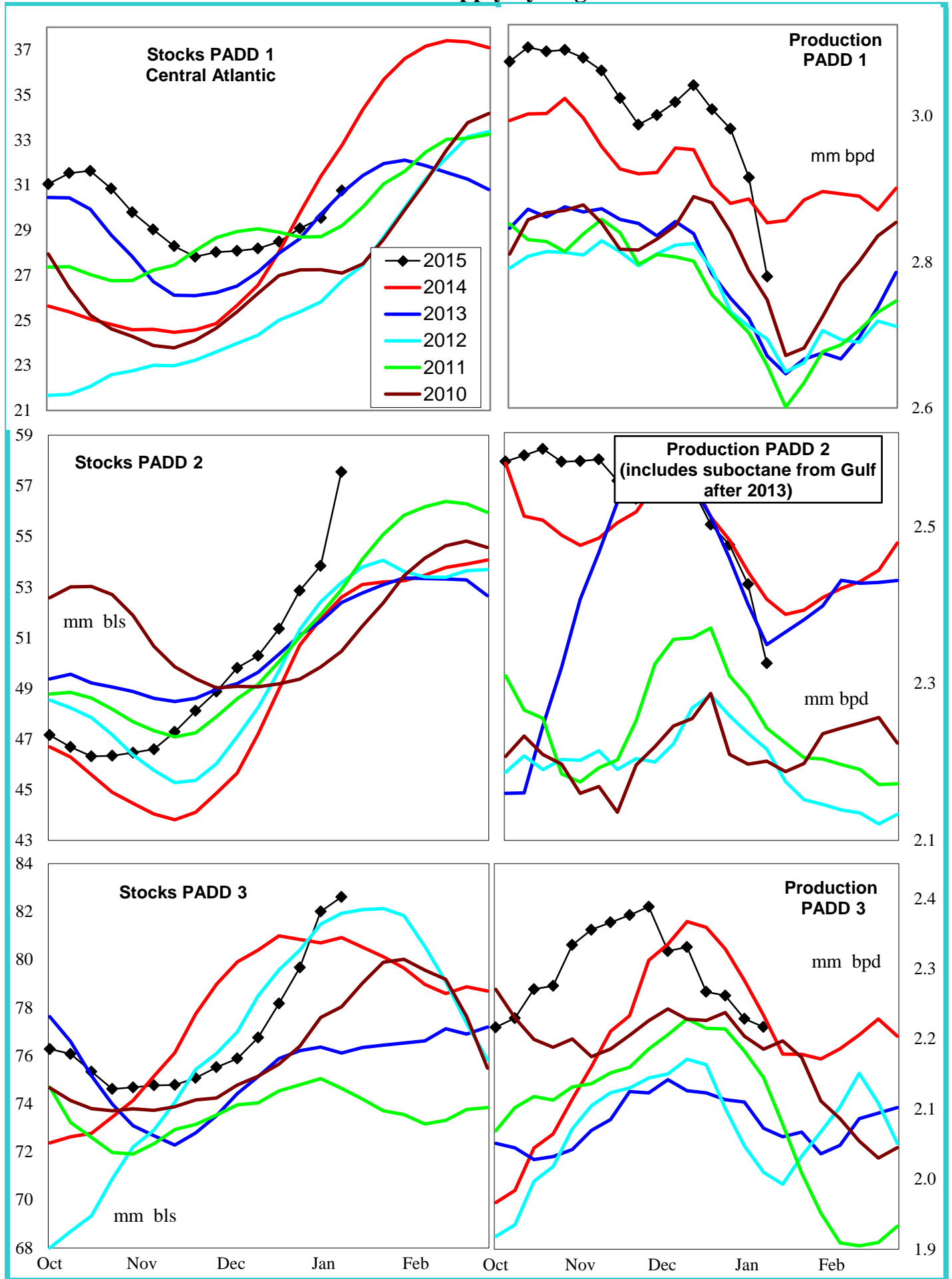
Gasoline Cash Basis and Related Price Spreads

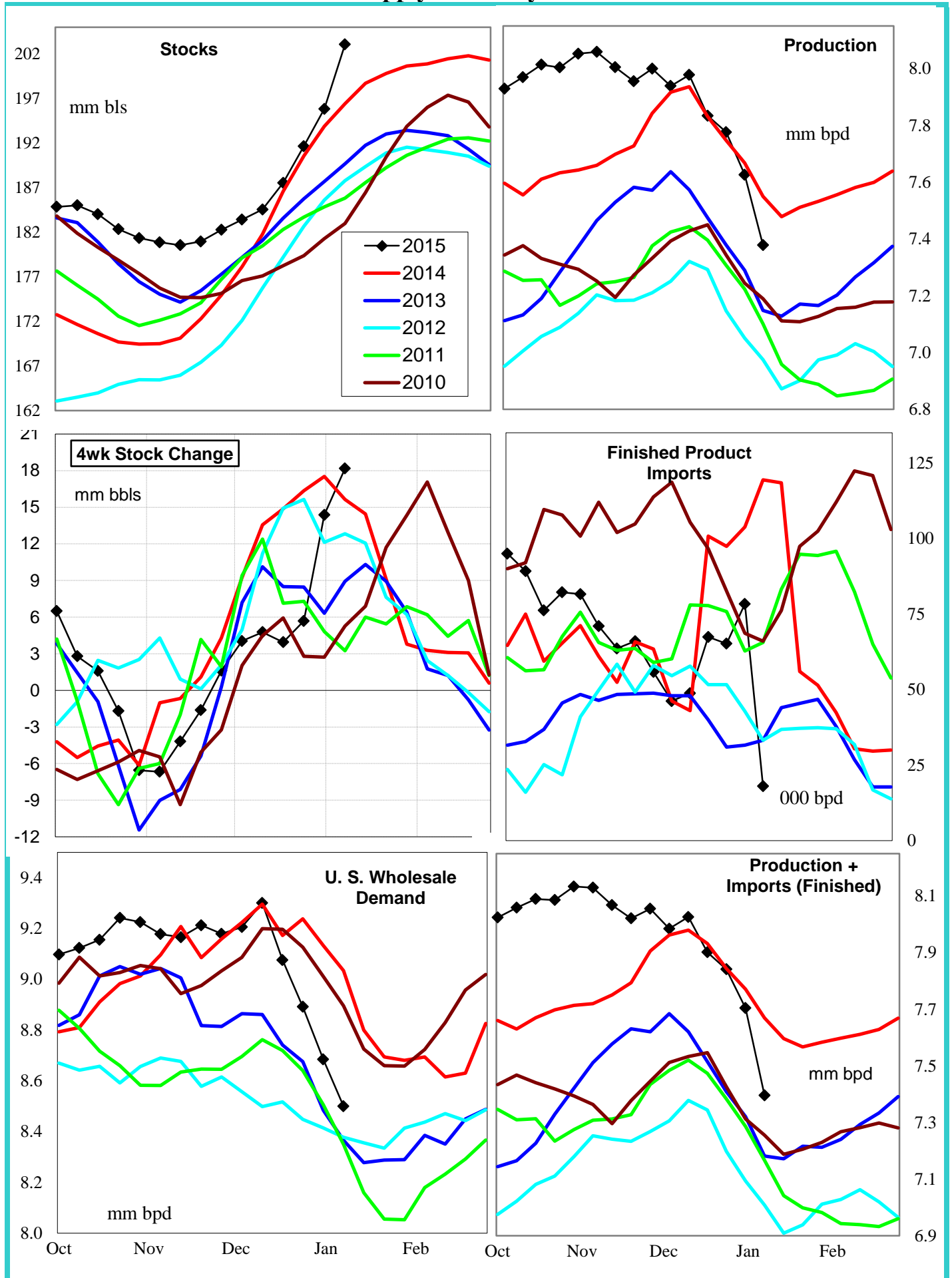


Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3

PADD 5 Gasoline Supply

