

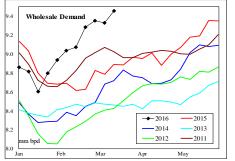
WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

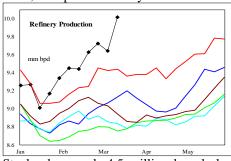
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, March 16, 2016

Cash Basis Outlook			
Product	Market	Weeks Forward	
		1 - 2	3 - 6
RBOB	NYH	\Rightarrow	\rightarrow
	Gulf		
	W Coast	-	
Conventional	NYH	\Rightarrow	
	Gulf		\rightarrow
	Grp III	\rightarrow	
	Chicago	-	+
	W Coast		
Gulf Coast Price Outlook		\Rightarrow	

Wholesale demand was nearly unchanged last week, with the level well above the 5-yr range. The latest 4-wk average demand was +0.6 million bpd above last year.

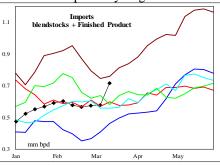


Supply increased +0.6 million bpd on the week, with the most recent 4-wk supply +256,000 bpd above last year.

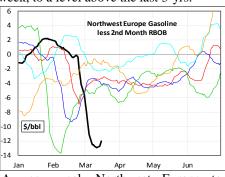


Stocks decreased -4.5 million barrels last week, above the average for this time of

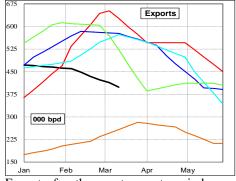
year. Stocks ended the week +11 million barrels above prior 5-yr highs.



Imports increased +151,000 bpd on the week, to a level above the last 3-yrs.

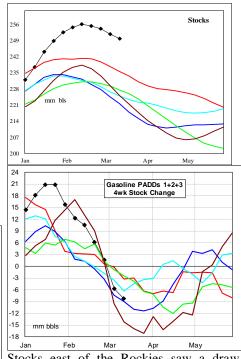


A very weak Northwest Europe to NYMEX RBOB cash basis points to risk of increased imports during the next month.



Exports for the most recent period were 398,000 bpd, down -200,000 bpd from a year ago.

Stocks decreased -0.7 million bpd on the week, with the level +6% above a year ago. Stock levels were at 5-yr highs in all regional markets.



Stocks east of the Rockies saw a draw equal to the 3-yr record for this time of year during the most recent 4-wk period.

Cash Basis and Refining Trends

New York Harbor basis to trend higher from record lows on seasonal stock draws. **Chicago** basis to trend higher on refinery

maintenance. *Group III* basis to trend lower on extremely high Midwest stocks.

Gulf Basis to extend the uptrend from low levels on switch to summer RVP grades.

West Coast (Los Angeles) basis to trend higher on the switch to summer RVP grades.

Gulf Coast Price

The latest 4-wk stock change East of the Rockies matched record draws of the last 3-yrs.

Robust wholesale demand combined with spring maintenance and higher global oil prices should support an uptrend in gulf gasoline prices.

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25

20

15

10

5 0

-5 -10

-15

-20 -25

-30

-35 8

4

0

-4

-12

-16

-20

-24

-28

-32₂

9

6

3 0

-3 -6

-9 -12

-15 -18

-21 -24

-27 -30

-33

-36

Jan

Cts/gal

Feb

03/16/2016 **Gasoline Cash Basis and Related Price Spreads Conventional Chicago** 30 **Group III Cash Basis** (sub-octane 2014) Cash Basis 2015 -2016 20 2014 2013 2011 2012 10 0 -10 -20 -30 Cts/gal -40 10 **RBOB NYH Conventional Gulf Coast Cash Basis** 5 **Cash Basis** 0 -5 -10 -15 -20 -25 Cts/gal -30 40 **RBOB Gulf Coast Conventional Gulf Coast Cash Basis** 1:1 Crack WTI Crude Oil 35 30 25 20 15 10

Mar

Apr

May

Jan

Feb

Mar

Apr

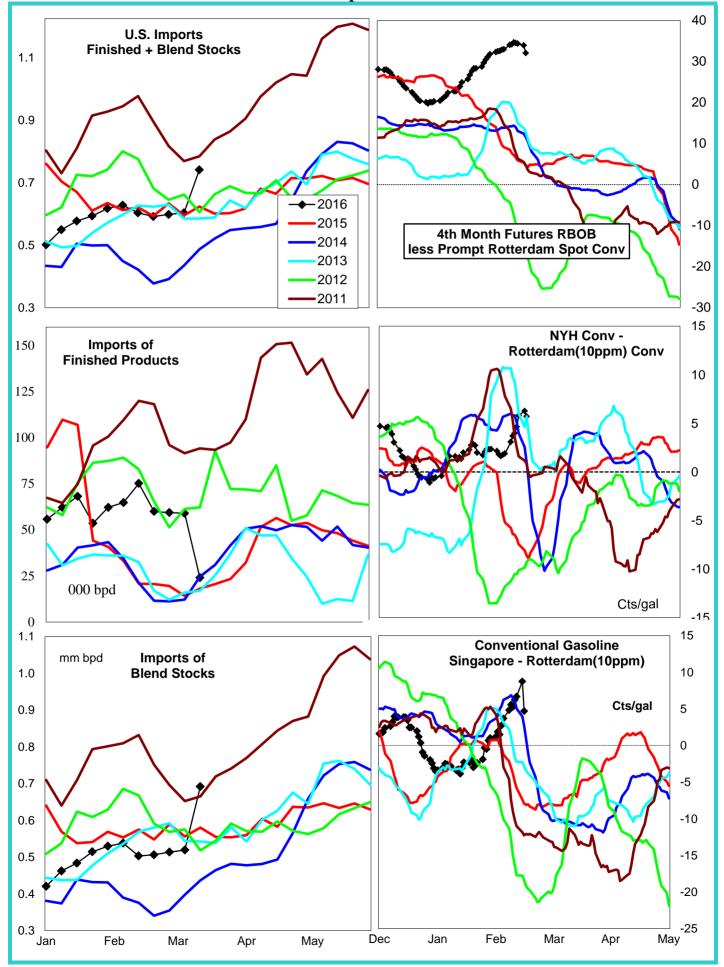
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May

5

0

Gasoline Import Economics



2016

2014

2012

mm bls

mm bls

Feb

39

37

35

33

31

29

27

25

61

59

57

55

53

51

49

47

84

82

80

78

76

74

72

70

68

Jan

03/16/2016 **Gasoline Supply by Region** Stocks PADD 1 **Production Central Atlantic** PADD 1 3.0 2.8 2015 2013 2011 mm bpd 2.6 **Production PADD 2** 2.8 Stocks PADD 2 (includes suboctane from Gulf after 2013) 2.6 2.4 mm bpd 2.2 2.0 **Production** Stocks PADD 3 PADD 3 2.3 2.2 2.1 mm bpd

Apr

May

Jan

Feb

Mar

Apr

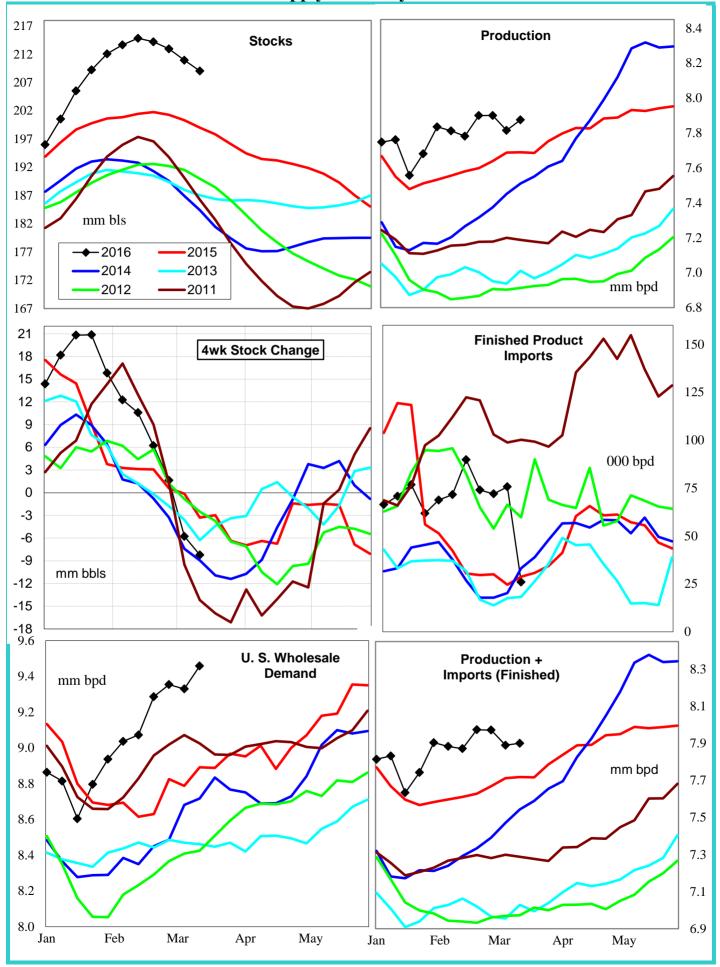
Mar

May

2.0

1.9

Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

