



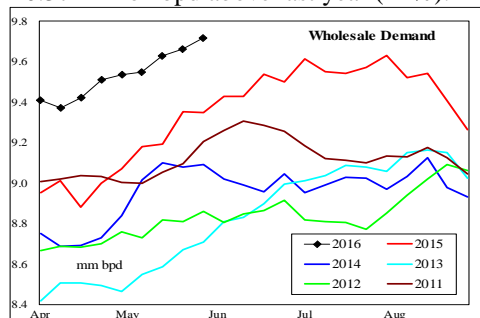
WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

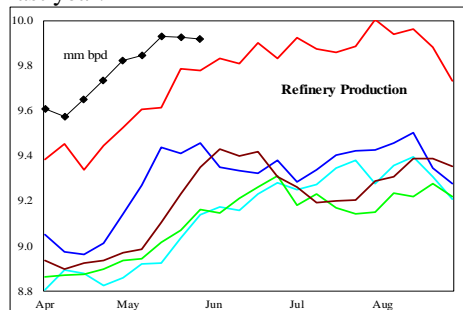
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, June 02, 2016

Cash Basis Outlook			
Product	Market	Weeks Forward	
		1 - 2	3 - 6
RBOB	NYH	→	→
	Gulf	→	→
	W Coast	→	→
CBOB & CARB	NYH	→	→
	Gulf	→	→
	Grp III	→	→
	Chicago	→	→
	W Coast	→	→
Gulf Coast Price Outlook		→	→

Wholesale demand increased +0.2 million bpd last week, to a level above the prior 5-yrs. The latest 4-wk average demand was +0.37 million bpd above last year (+4%).



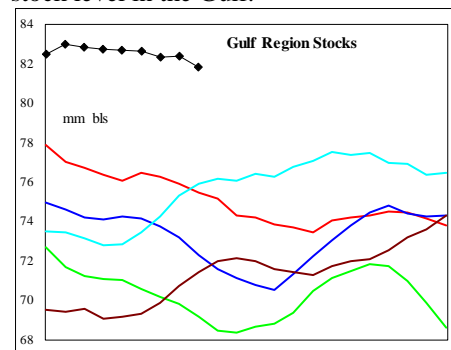
Supply increased +38,000 bpd on the week, driven by higher production. The latest 4-wk supply 0.24 million bpd above last year.



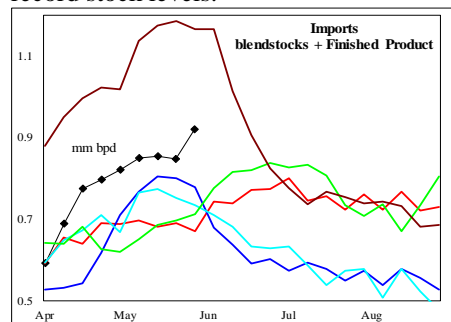
Stocks decreased -1.5 million barrels with

the draw concentrated on the East and West Coasts. Stocks ended the week +18 million barrels above prior 5-yr highs.

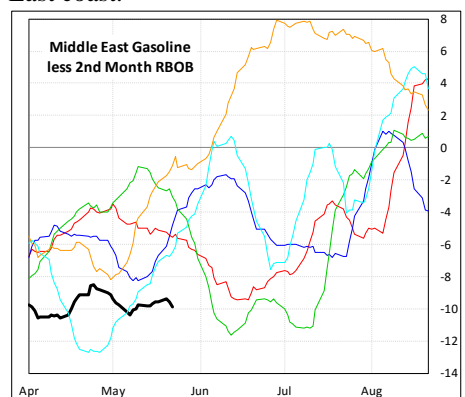
Stock levels in the Gulf region were +6.8 million barrels above last year, and a record for this time of year. High imports have maintained record stocks on the East Coast, contributing to the high stock level in the Gulf.



Imports were nearly unchanged on the week, with the high level contributing to record stock levels.

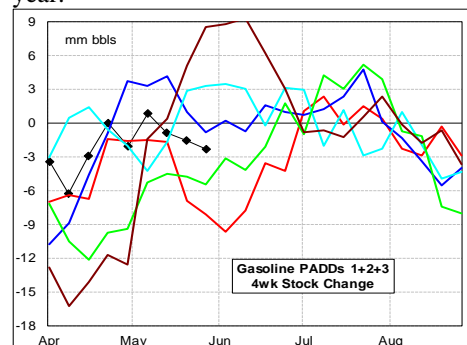


Gasoline basis in all global markets traded at levels below the historic range. The relative strength in U.S. futures markets underlies the high level of imports to the East coast.



Exports for the week ending 27May16 were 374,000 bpd, down -72,000 bpd from a year ago.

The increased domestic use has been offset by lower exports during the 1st half of this year.



The latest 4-wk stock change in markets East of the Rockies was a -2.3 million barrel draw, greater than the 3-yr mid range, but much less than last year's -9 million barrel draw.

Cash Basis and Refining Trends

New York Harbor basis to trade sideways on high stock levels.

Chicago basis to trend higher in the near term on maintenance of gasoline processing units; then pull back from elevated levels.

Group III basis to trend higher on increased seasonal demand and maintenance in the Chicago and Gulf regions.

Gulf Basis to trend higher on maintenance of gasoline process units in the area and Chicago.

West Coast (Los Angeles) basis to trend higher from near historic lows on increased seasonal demand.

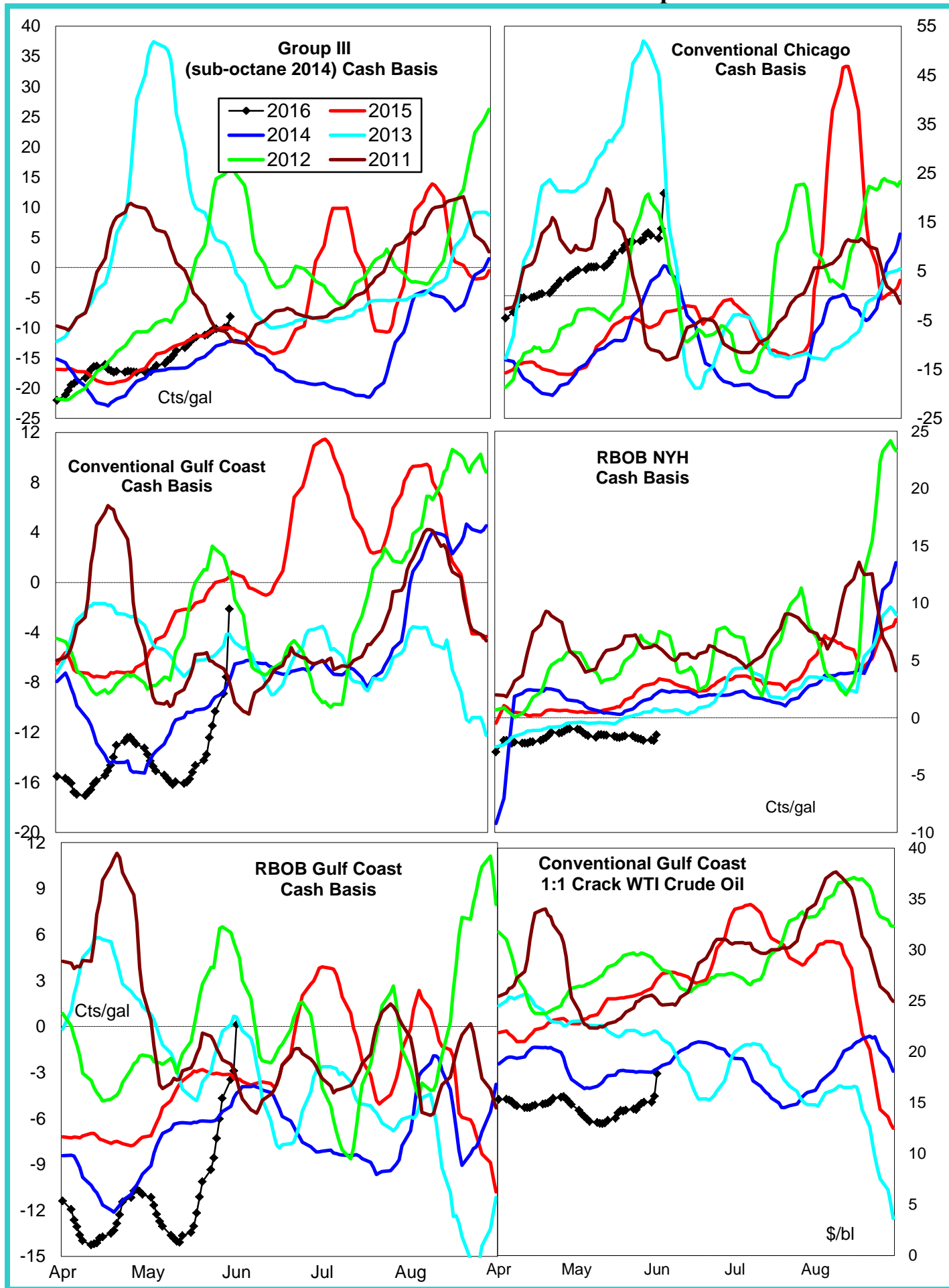
Gulf Coast Price

Maintenance of gasoline processing units in the Chicago and Gulf regions has supported sharply higher basis. Look for further strength in these markets until the units are returned to operation.

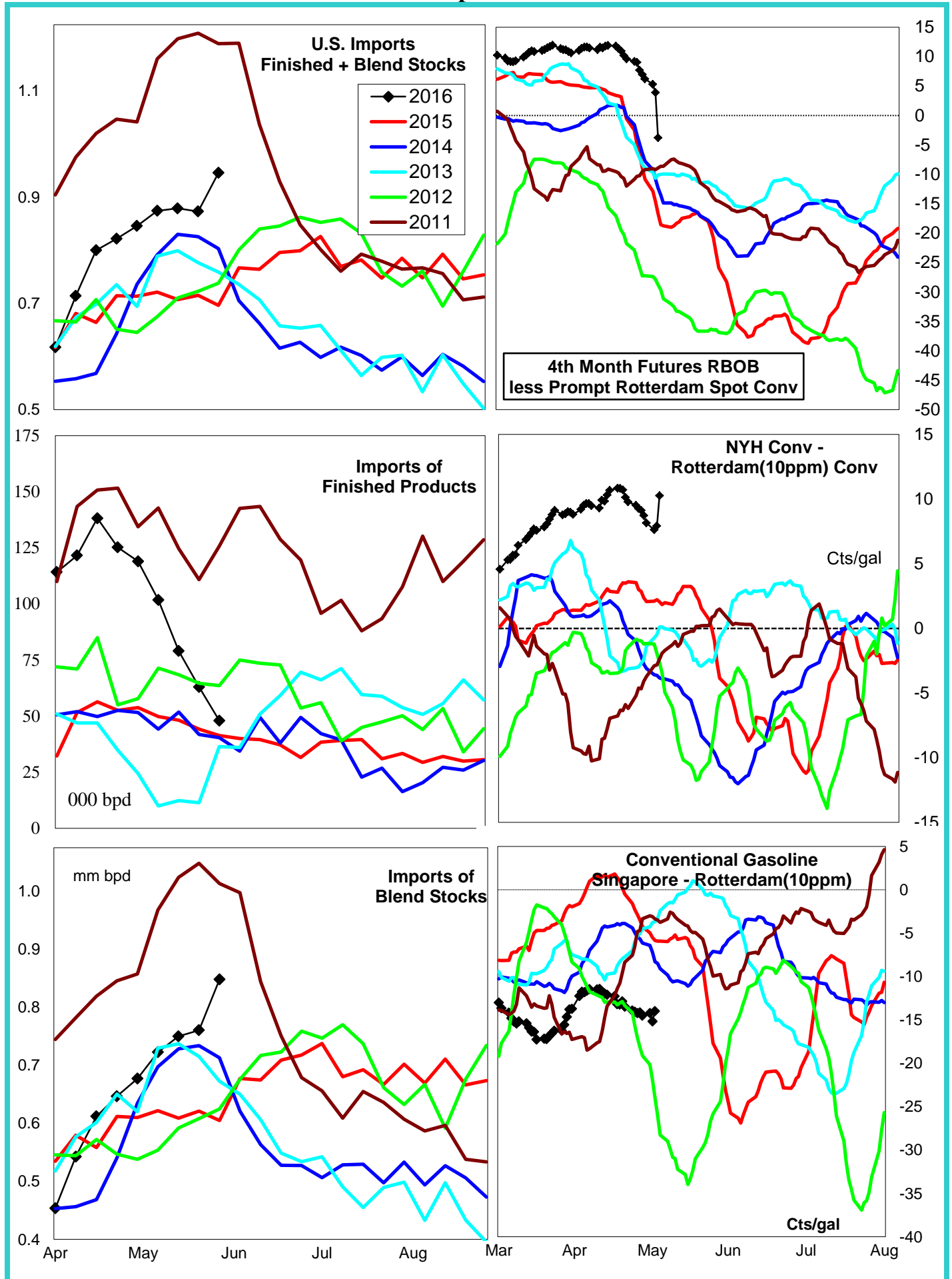
Well supplied global markets have provided increased imports to the East Coast, resulting in record stock levels for both the East and Gulf regions. Spot market prices risk a pull back as refiners complete maintenance.

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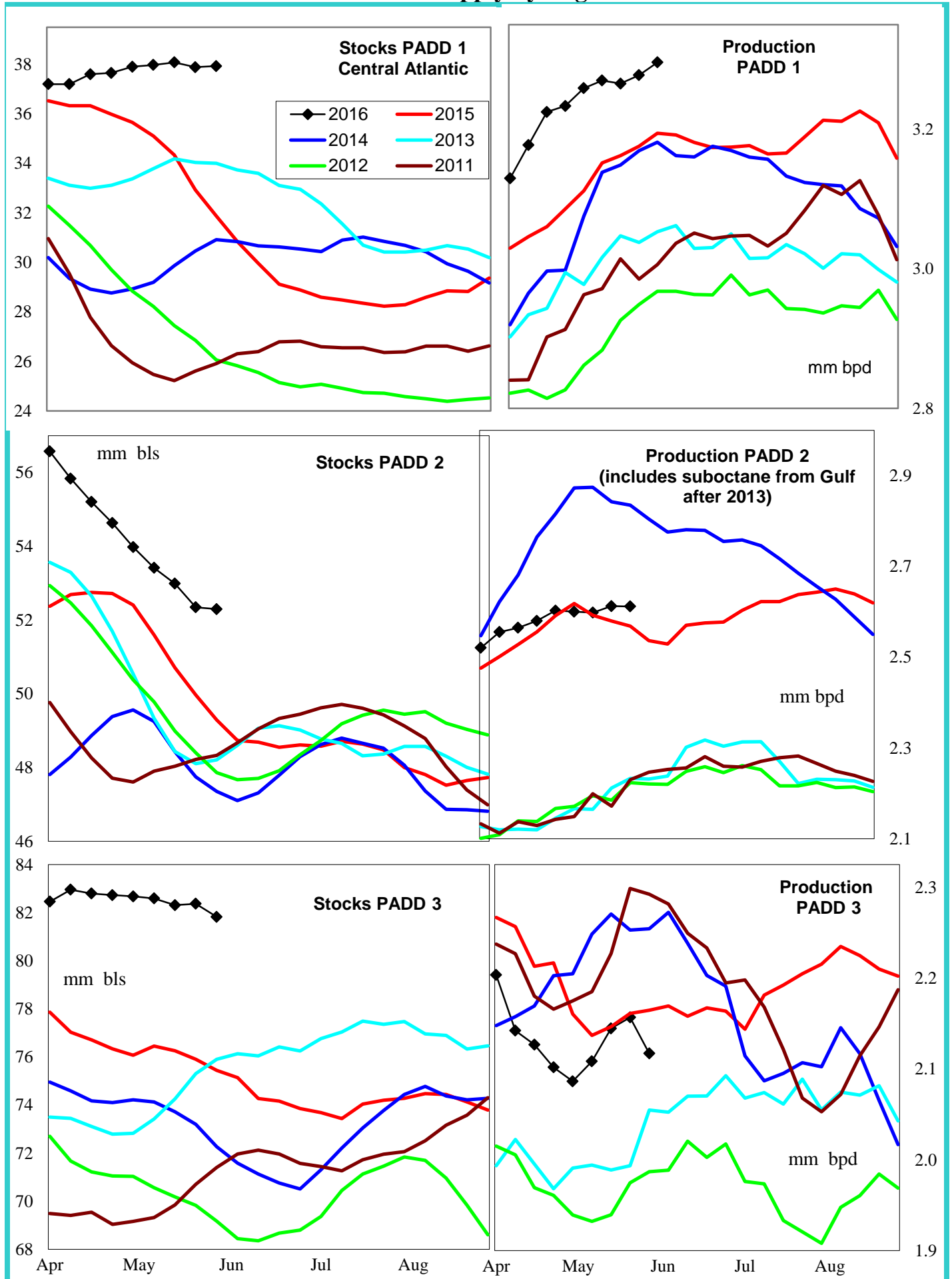
Gasoline Cash Basis and Related Price Spreads



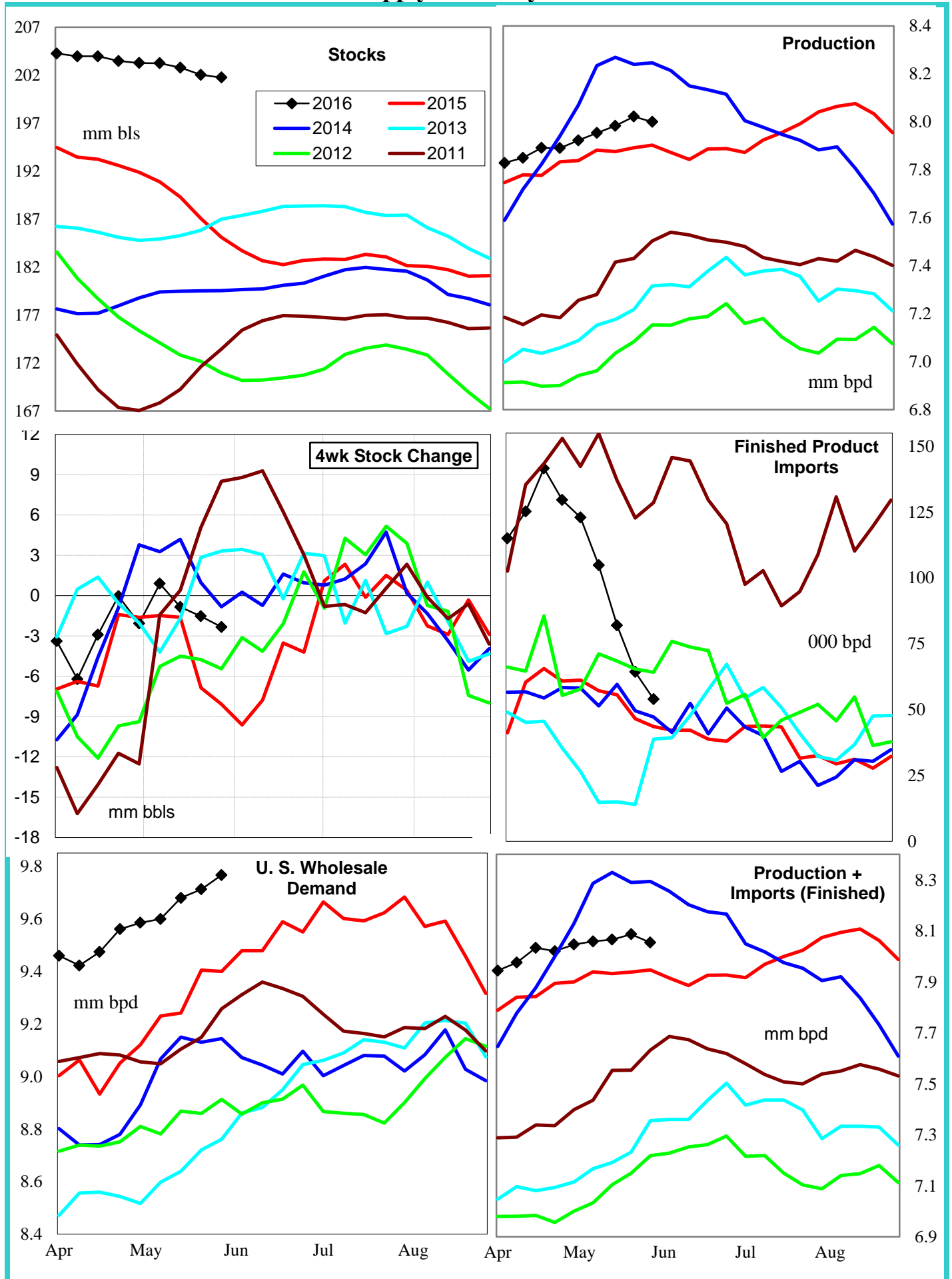
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply