



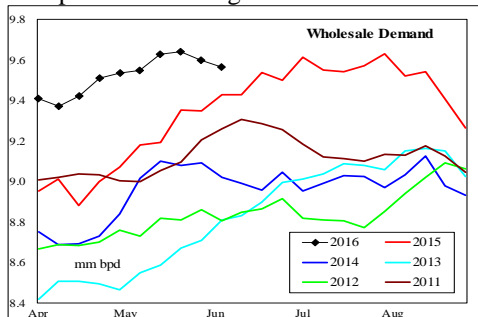
WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

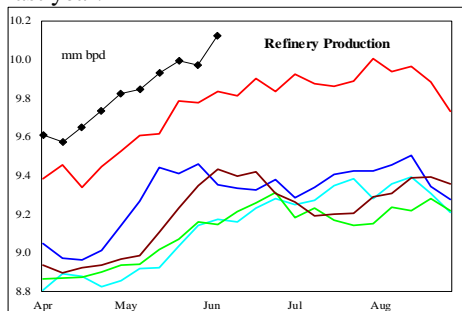
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, June 08, 2016

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 decreased -0.15 million bpd last week, on a holiday short week for transport rack loadings.



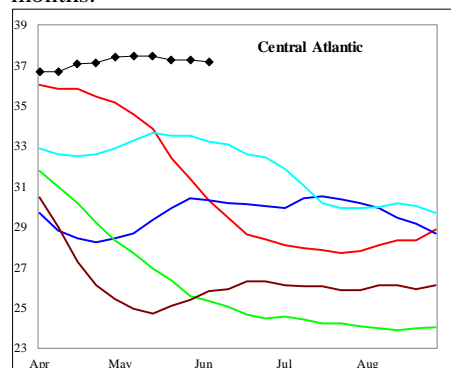
Supply increased +100,000 bpd on the week, driven by higher production. The latest 4-wk supply 0.18 million bpd above last year.



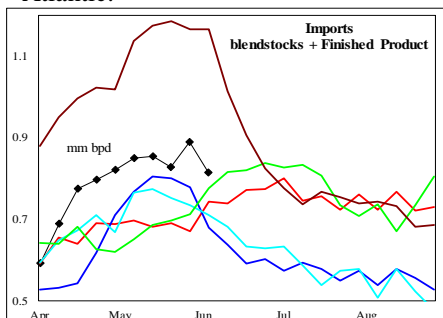
Stocks increased +1 million barrels with the build concentrated on the East Coast

and Midwest. Stocks ended the week +22 million barrels above prior 5-yr highs.

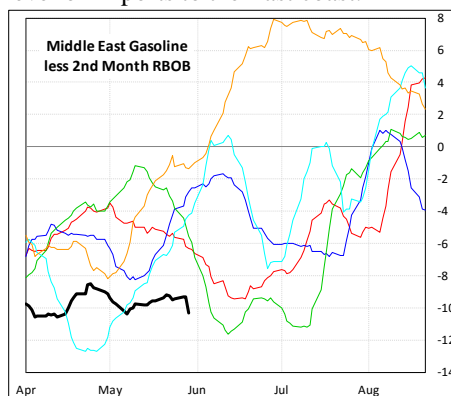
Stock levels in the Central Atlantic region failed to see a seasonal stock draw during the last 6-wks, during peak maintenance season. Stock levels are +27% above a year ago on a near +50% increase in imports during the last 2-months.



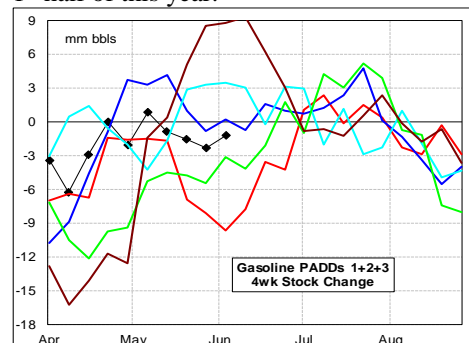
Imports continue at a pace well above the last 3-yr, contributing to record stock levels in New England and the Central Atlantic.



Gasoline basis in all global markets continue to trade 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 -1.2 million barrel draw, slightly below the 3-yr mid range.

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 unplanned maintenance of gasoline processing units; then pull back from elevated levels.

Group III basis to trend higher on CVR run cuts and maintenance in the Chicago area.

Gulf Basis risk a seasonal pull back on an over supplied East coast market.

West Coast (Los Angeles) basis to trend higher increased seasonal demand.

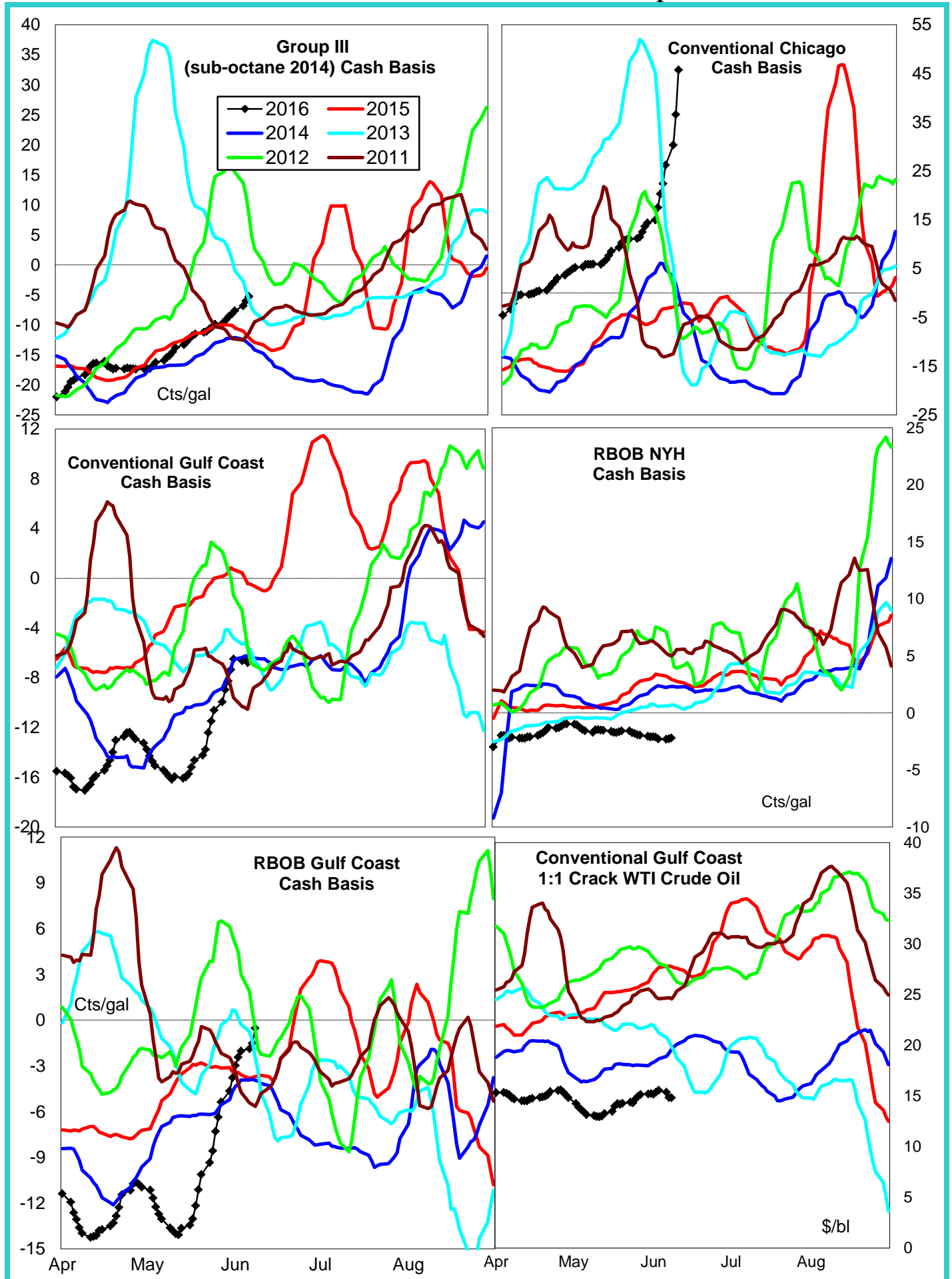
Gulf Coast Price

Imports of blend stocks into the East Coast has kept stock levels extremely high; backing up into record stock levels in the Gulf.

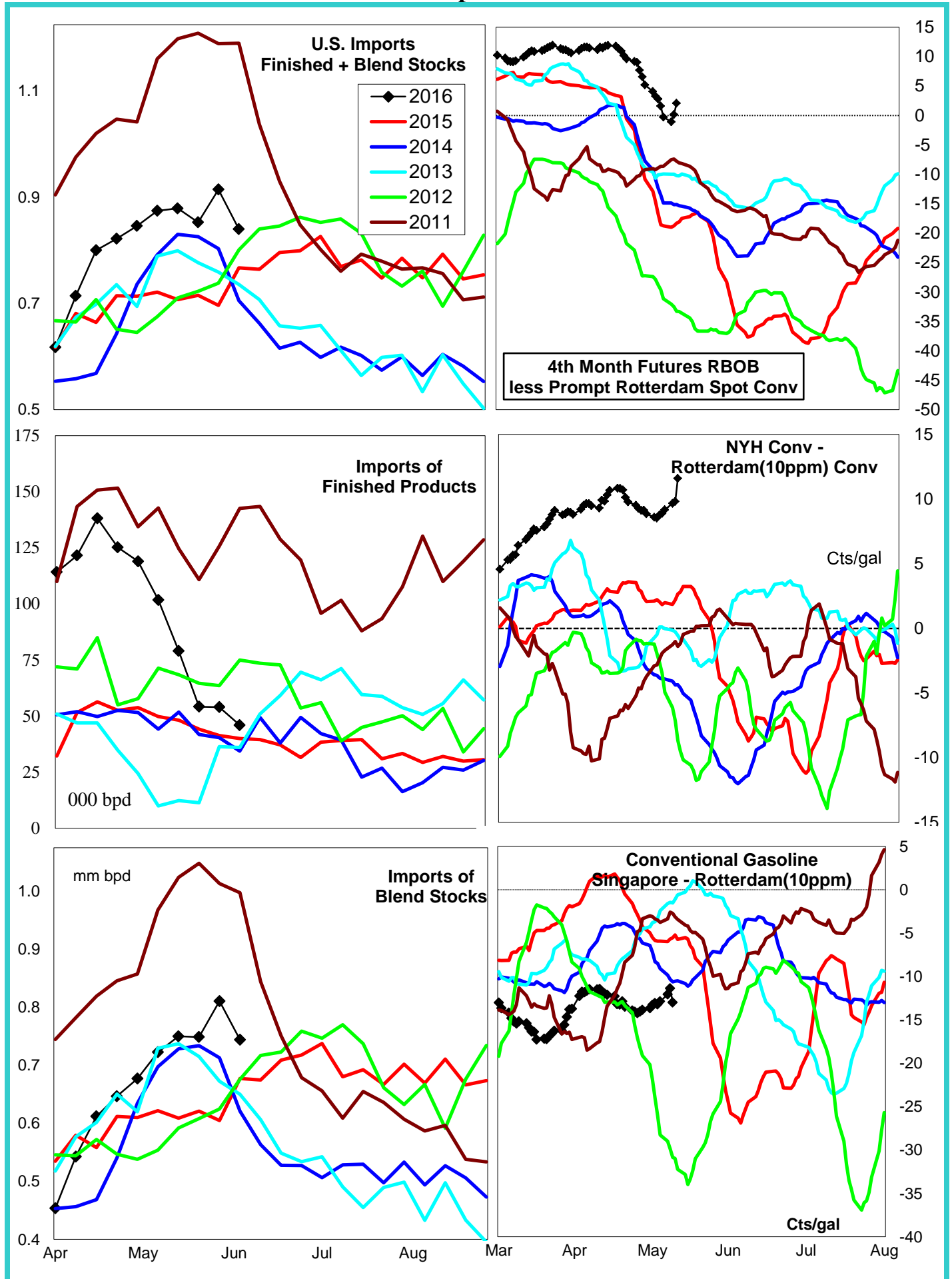
Unplanned process unit maintenance in the Midwest and pipeline disruptions on Magellan systems in Texas and Missouri should support elevated basis in these regions for the near term. Spot market prices risk a pull back when the Midwest supply issues are resolved.

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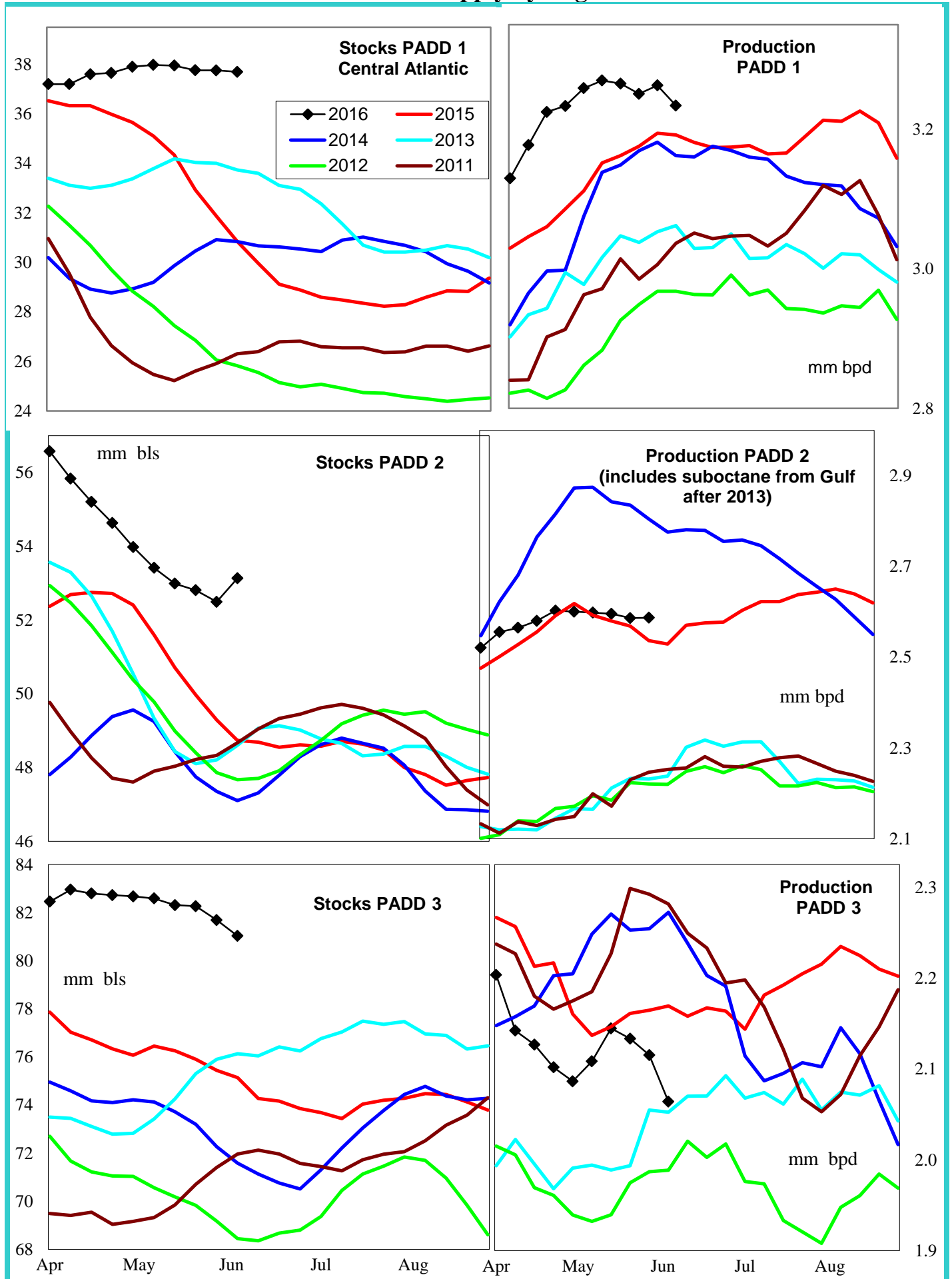
Gasoline Cash Basis and Related Price Spreads



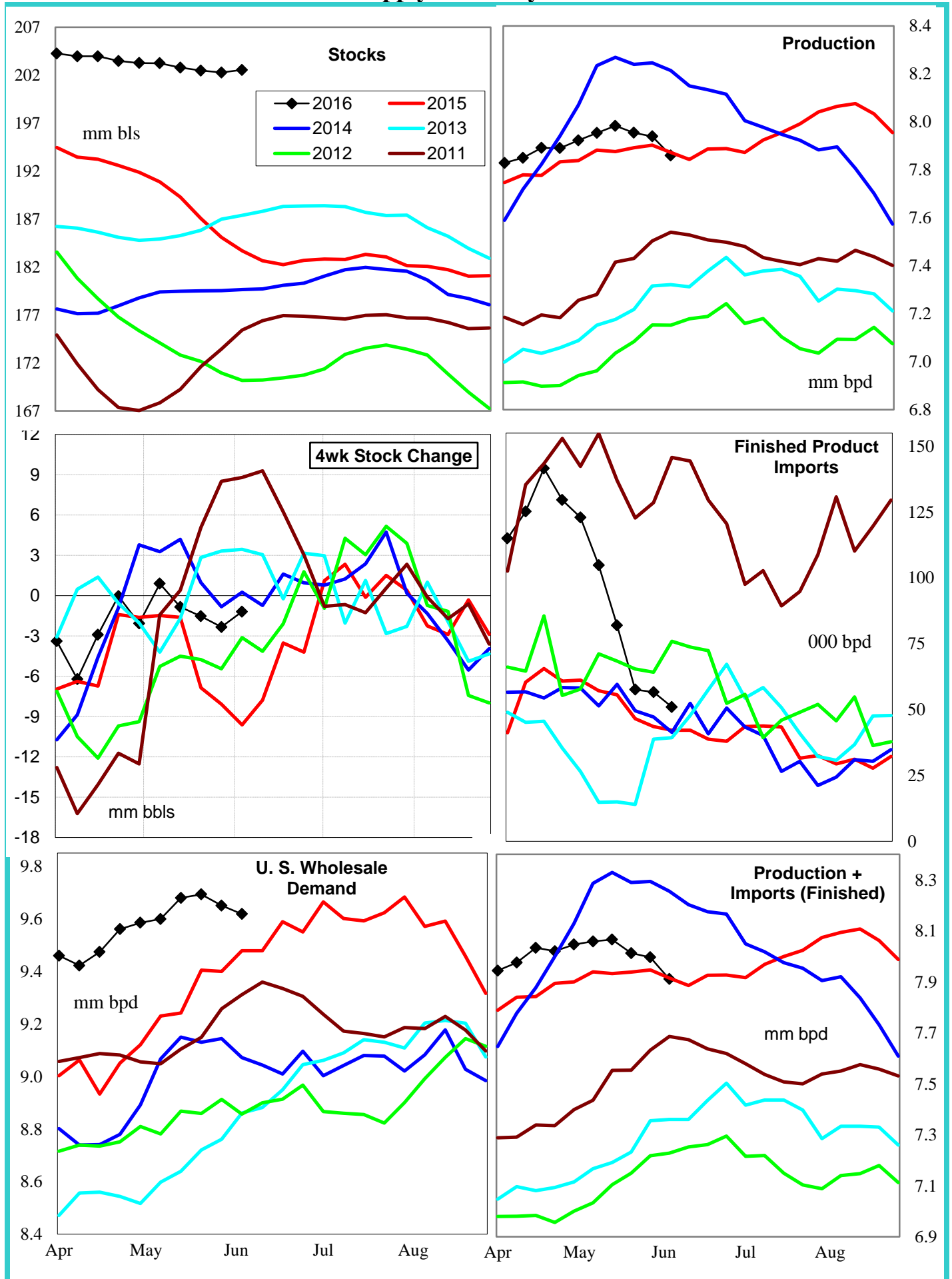
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply