



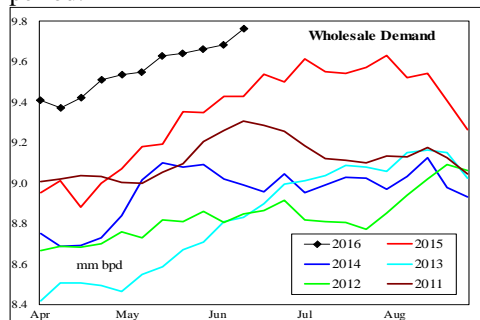
## WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

### A Fundamental Petroleum Trends Weekly Report

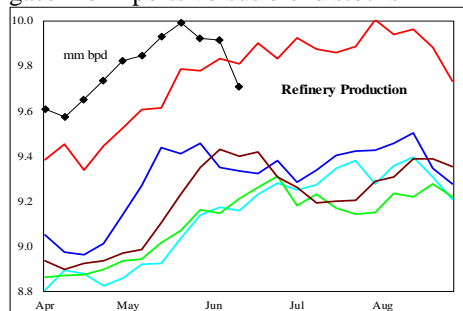
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, June 15, 2016

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, with the level +0.27 million bpd above a year ago for the latest 4-wk period.



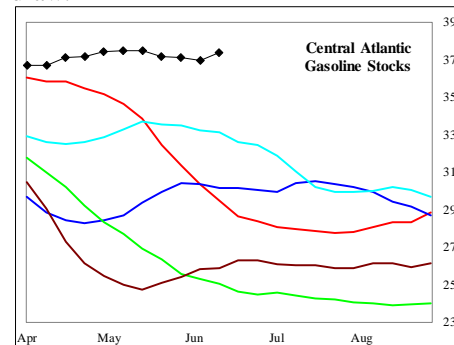
Supply decreased -0.5 million bpd on the week, driven by substitution of finished gasoline imports versus blend stocks



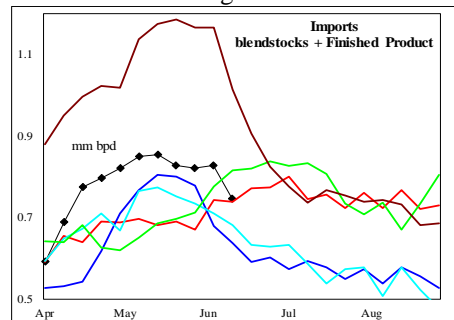
Stocks fell -2.6 million barrels with draws in the Midwest and West Coast partially

offset by a +1.3 million barrel build on the East Coast. Stocks ended the week +19 million barrels above prior 5-yr highs.

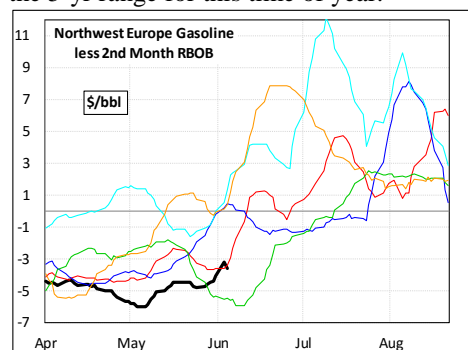
Stock levels in the Central Atlantic region are now +28% above last year, and are yet to experience a seasonal draw.



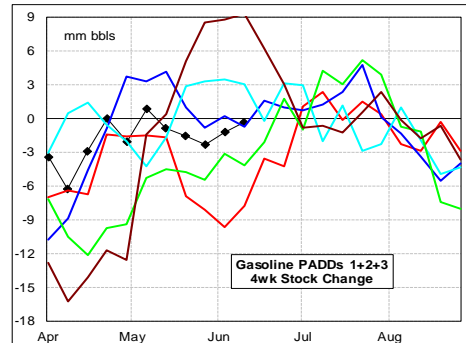
Extremely high stocks are due to a +226,000 bpd rise in imports of combined finished and blend stocks to the East coast during the last month.



Stock levels in every regional market, except the West Coast, are at levels above the 5-yr range for this time of year.



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 1<sup>st</sup> half of this year.



The latest 4-wk stock change in markets East of the Rockies was a -0.7 million barrel draw, comparable to the 3-yr mid range and significantly above last year's -7.8 million barrel draw.

#### Cash Basis and Refining Trends

**New York Harbor basis** to trade sideways at levels below the 5-yr range on high stock levels.

**Chicago basis** to pull back sharply as refiners return to operation from unplanned maintenance.

**Group III basis** to trade sideways with risk of a seasonal pull back on high stocks and production.

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

**West Coast (Los Angeles) basis** to trade sideways in the near term then higher on peak summer demand.

#### Gulf Coast Price

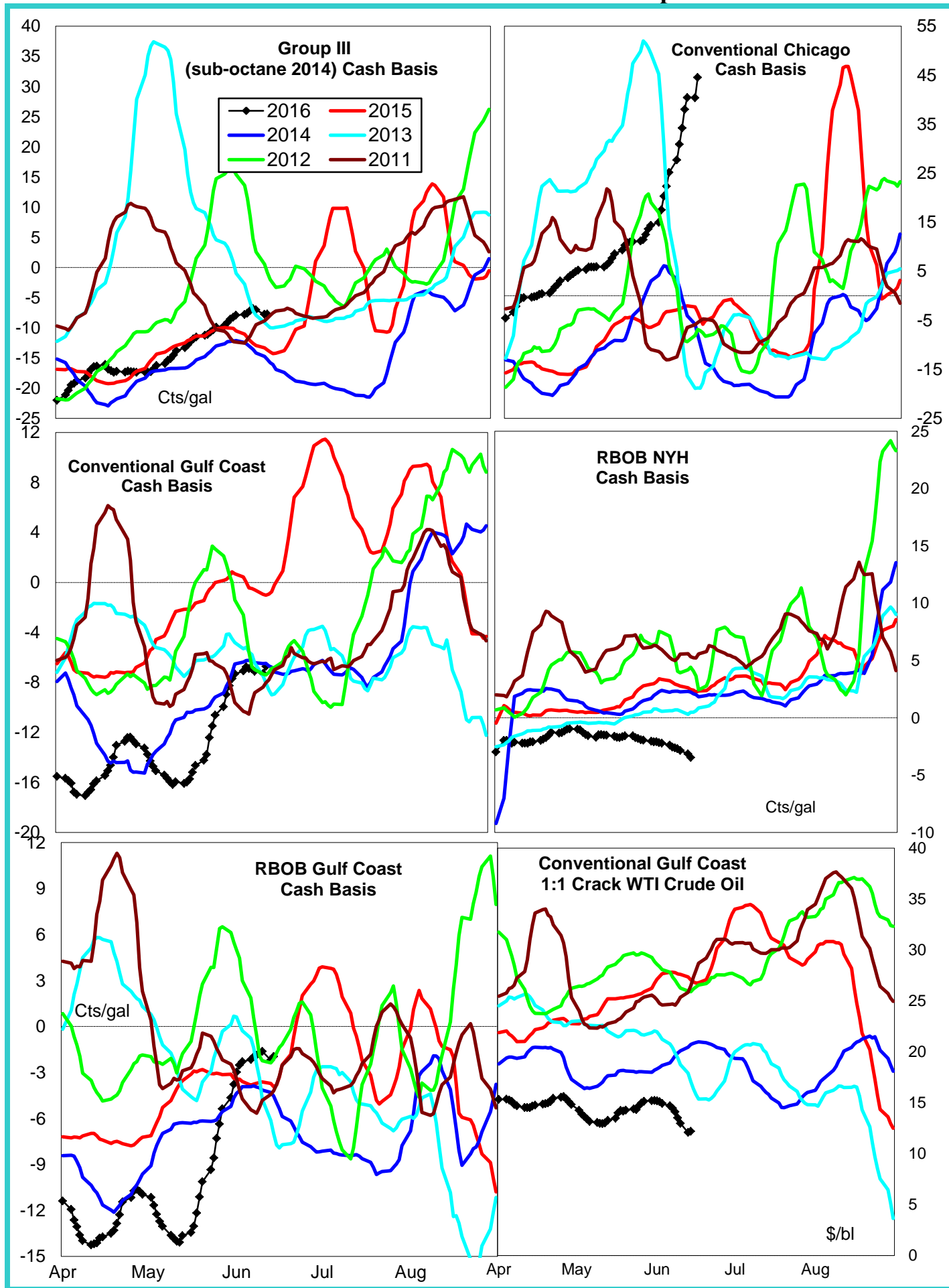
Stocks remain extremely high in all regional markets except the West Coast. Favorable import economics underlie a very over supplied east Coast market.

Return to operation of downstream process units in the Chicago area should lead to much improved supply balance in that region.

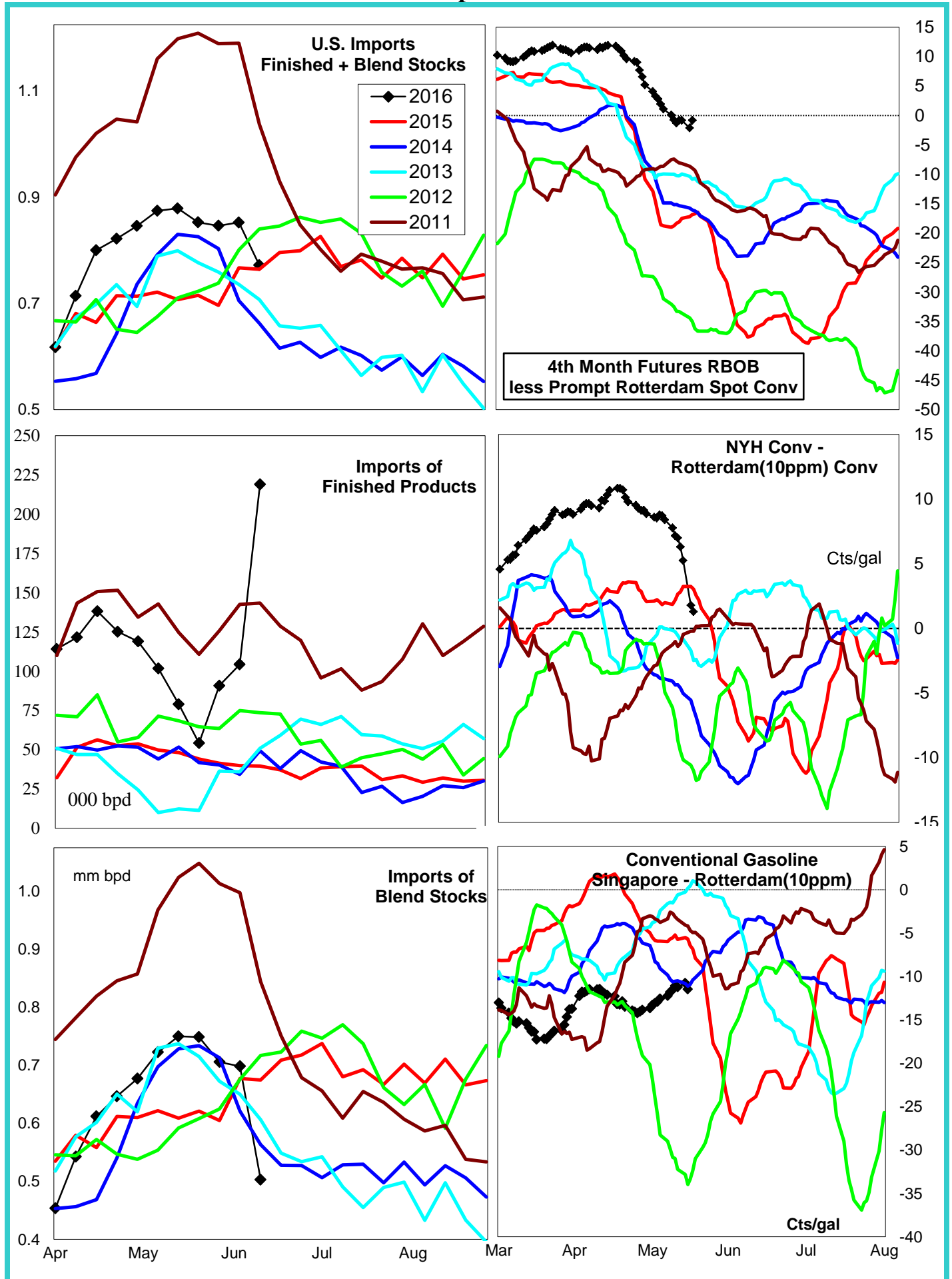
Very high stock levels, imports and peak refinery runs risk further weakness in gasoline prices during the quarter.

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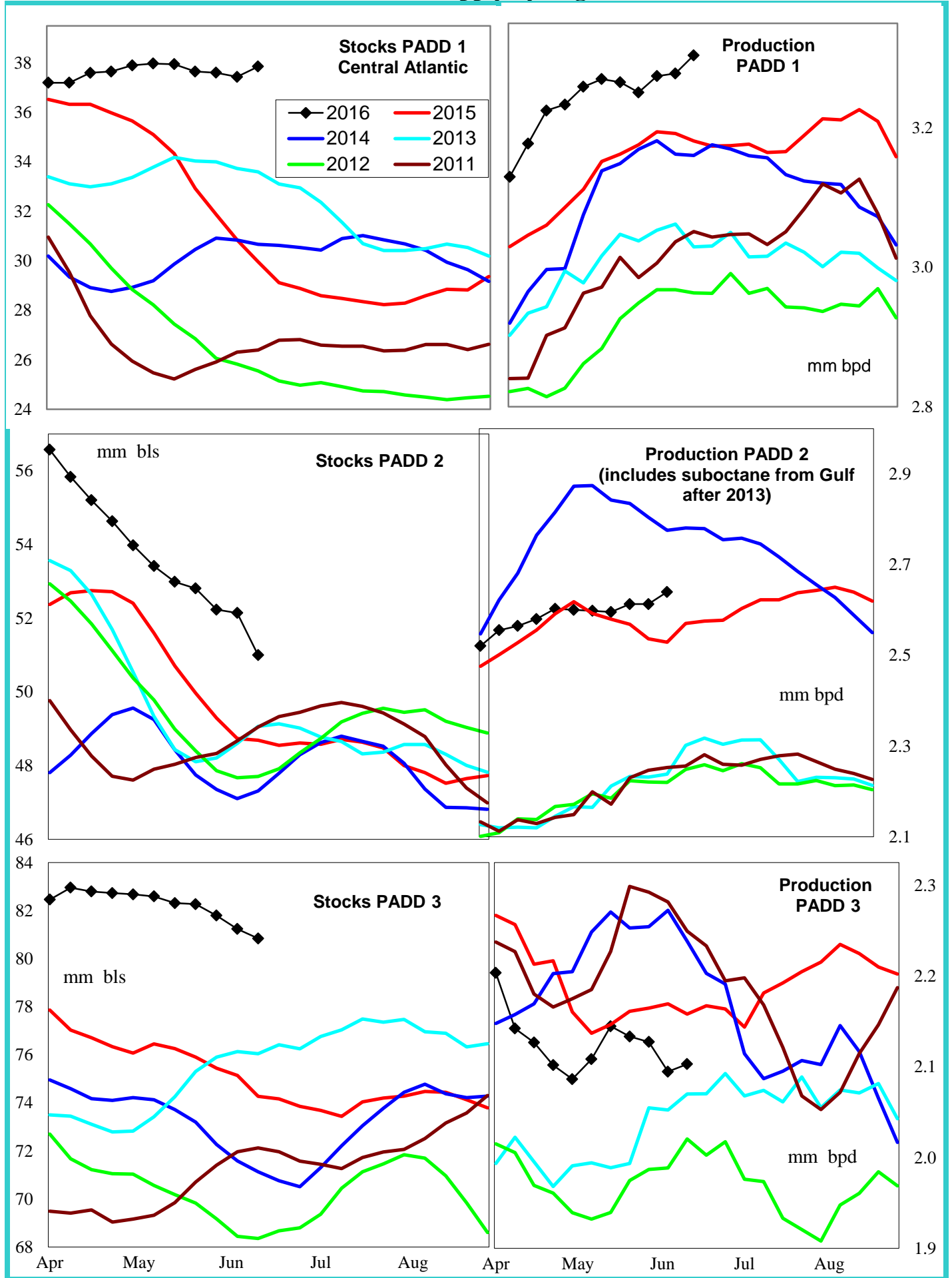
# Gasoline Cash Basis and Related Price Spreads



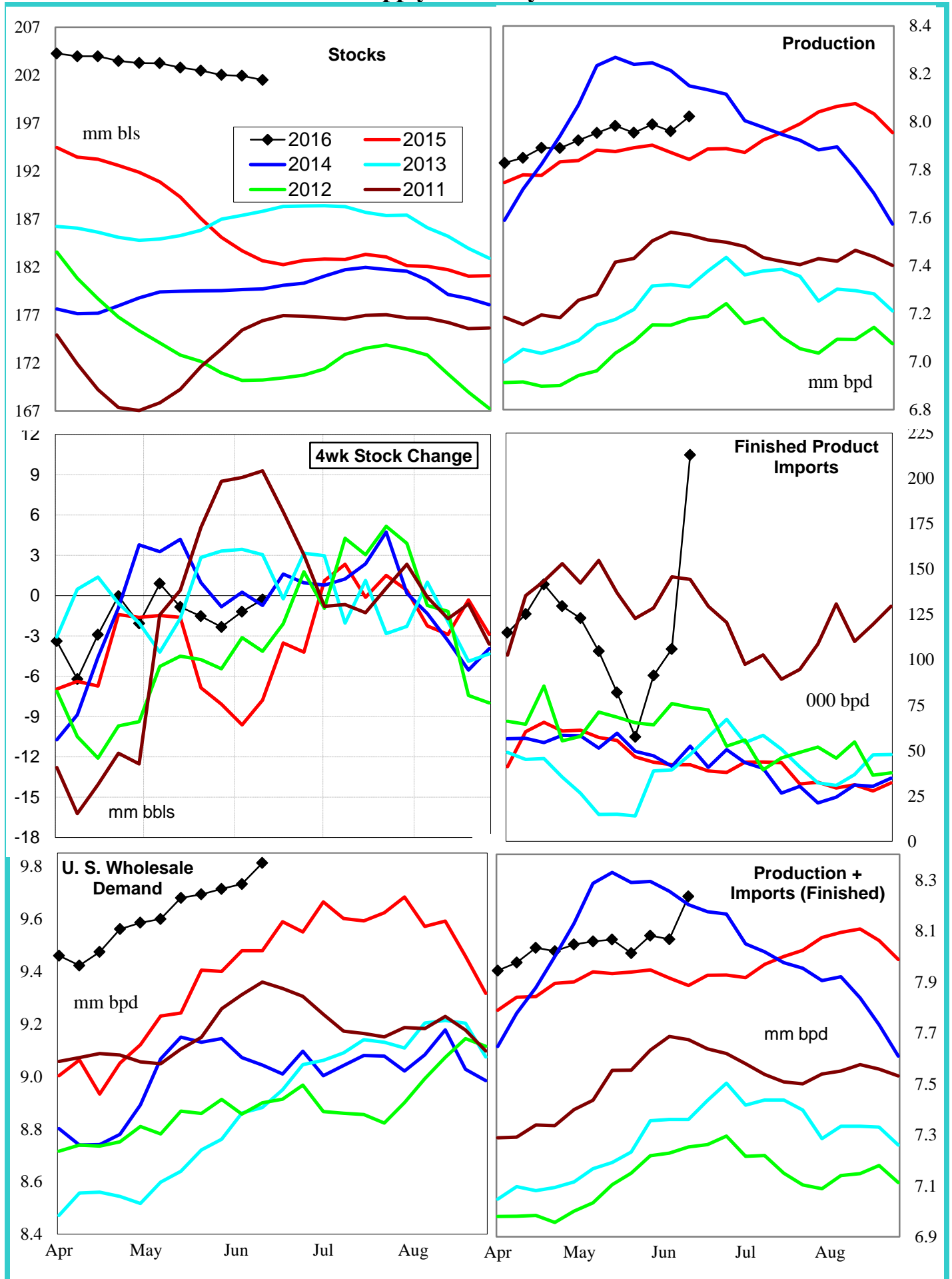
## Gasoline Import Economics



# Gasoline Supply by Region



## Gasoline Supply Summary PADDs 1+2+3



**PADD 5 Gasoline Supply**