



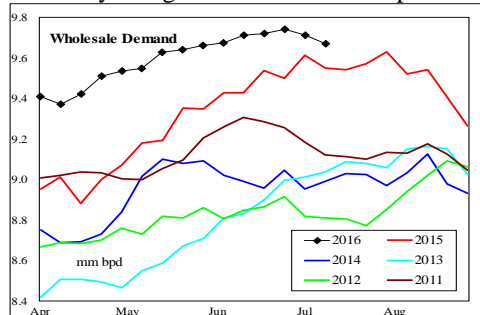
## WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

### A Fundamental Petroleum Trends Weekly Report

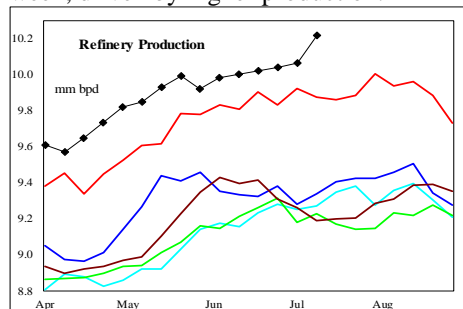
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, July 13, 2016

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 -84,000 bpd last week, with the level +0.2 million bpd above a year ago for the latest 4-wk period.



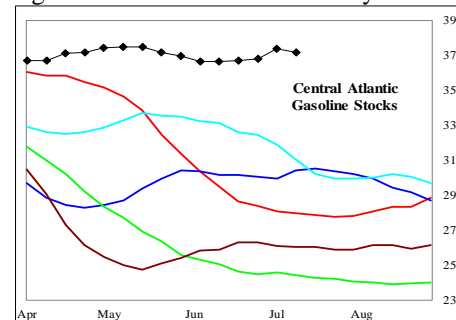
Supply increased +0.3 million bpd on the week, driven by higher production.



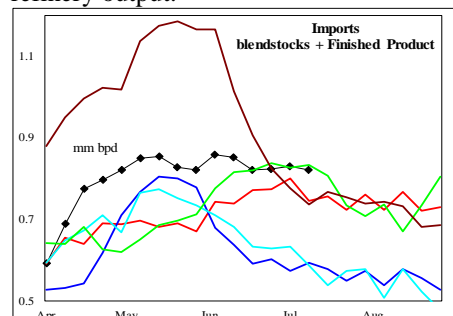
Stocks increased +1.2 million barrels, including builds in all regions except the

Gulf. Stock levels remain well above the 5-yr range in all regions, except the West coast.

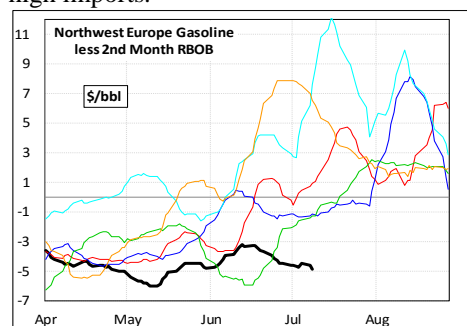
Stock levels in the Central Atlantic region are now +32% above last year.



The over supplied East Coast is due to very high imports and record high refinery output.



Northwest European gasoline prices compared to the CME RBOB futures are extremely weak, pointing to continued high imports.

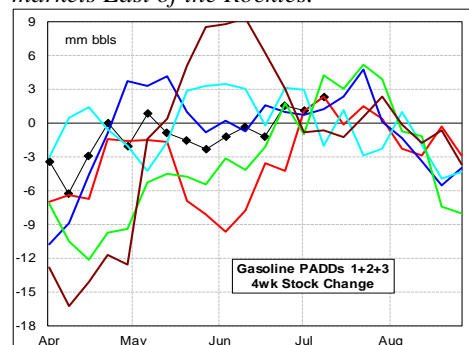


Exports for the week ending 24June16 were 395,000 bpd, +30,000 bpd above a year ago.

The latest 4-wk stock change in markets East of the Rockies was a +2.3 million barrel build, equal to 3-yr highs for the period.

The very high level of stocks and lack of meaningful stock draws during the last

month points to a significant risk of continued over supply during the balance of the peak summer driving season in markets East of the Rockies.



### Cash Basis and Refining Trends

**New York Harbor basis** to exhibit continued weakness on extreme over supply in the region; driven by favorable import economics.

**Chicago basis** to trade sideways in the near term, then trend lower on late season over supply.

**Group III basis** to trade sideways on very high stock levels, then trend lower on late season over supply.

**Gulf Basis** to trade sideways on very high stock levels, with risk of a pull back on extreme over supply on the East Coast.

**West Coast (Los Angeles) basis** to strengthen following recent pull back.

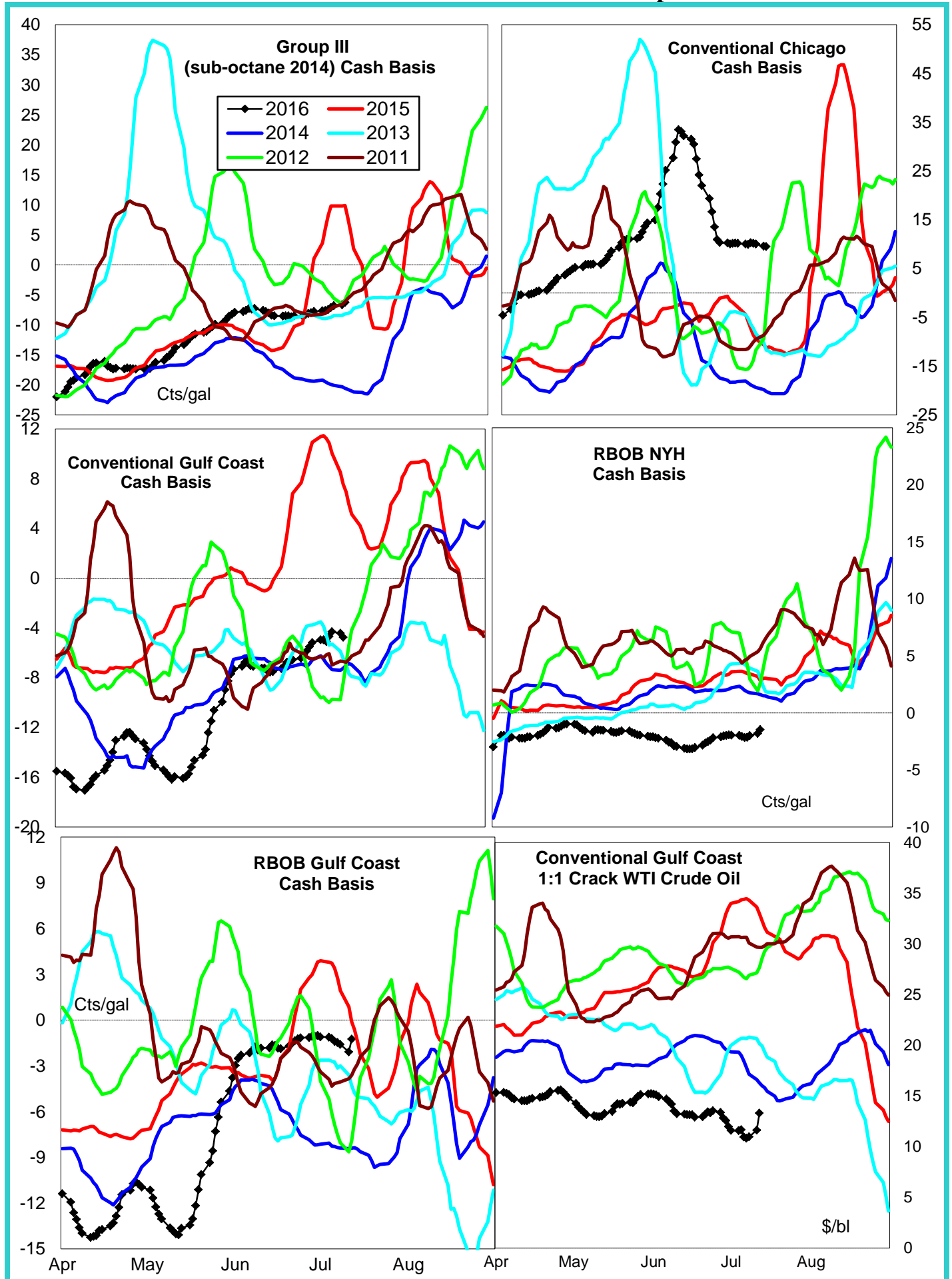
### Gulf Coast Price

The holiday short week led to a stock build for the week; however; favorable imports economics and peak summer production should maintain over supply through the balance of the summer driving season. Combined with stock levels above the 5-yr range in all regions except the West Coast, there is significant risk of on going weak wholesale prices for the balance of the summer quarter.

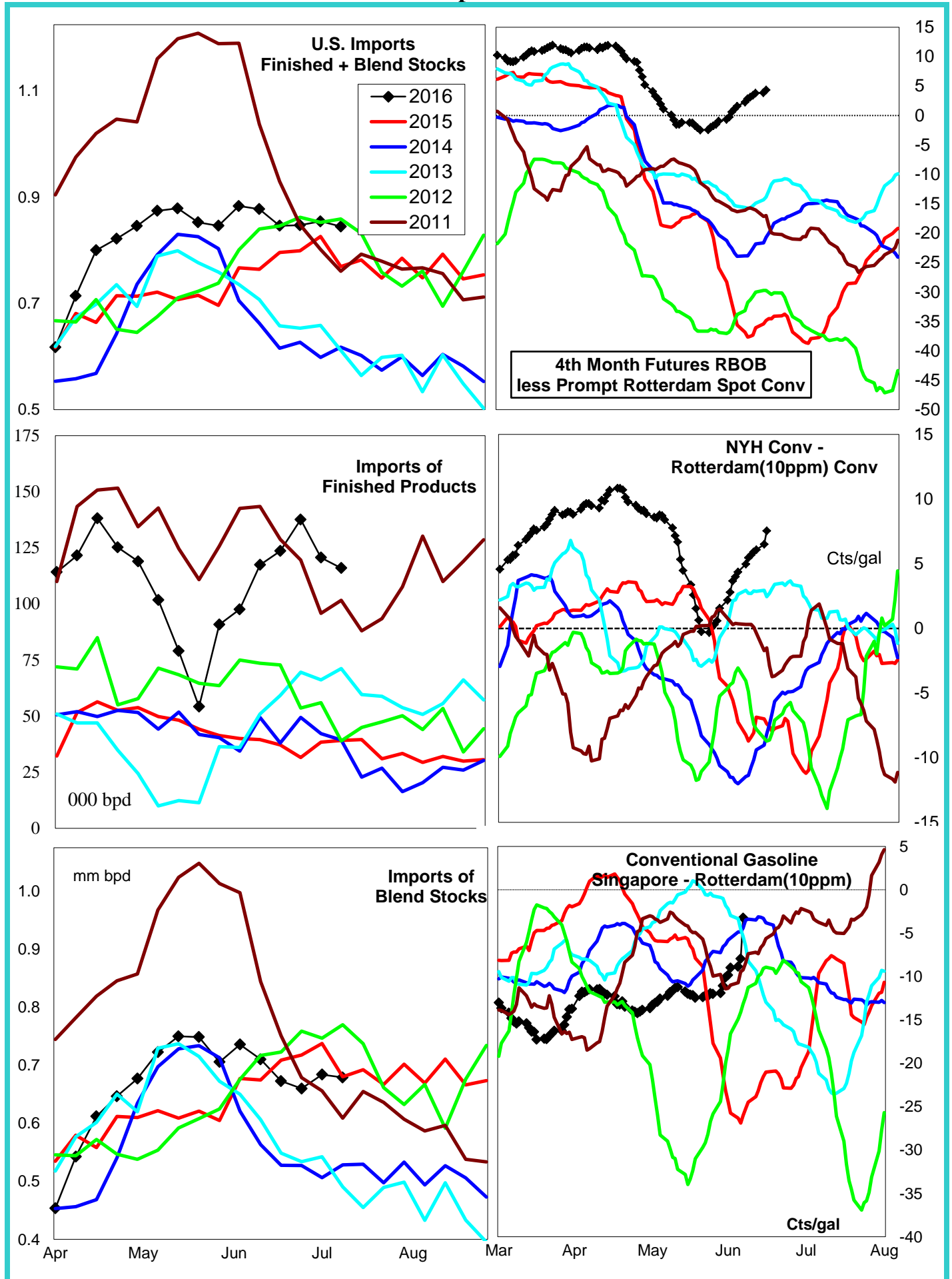
There is a meaningful risk that refiners in the East and Gulf coast regions may begin earlier than normal fall maintenance due to weak refining margins; driven by over supply of gasoline.

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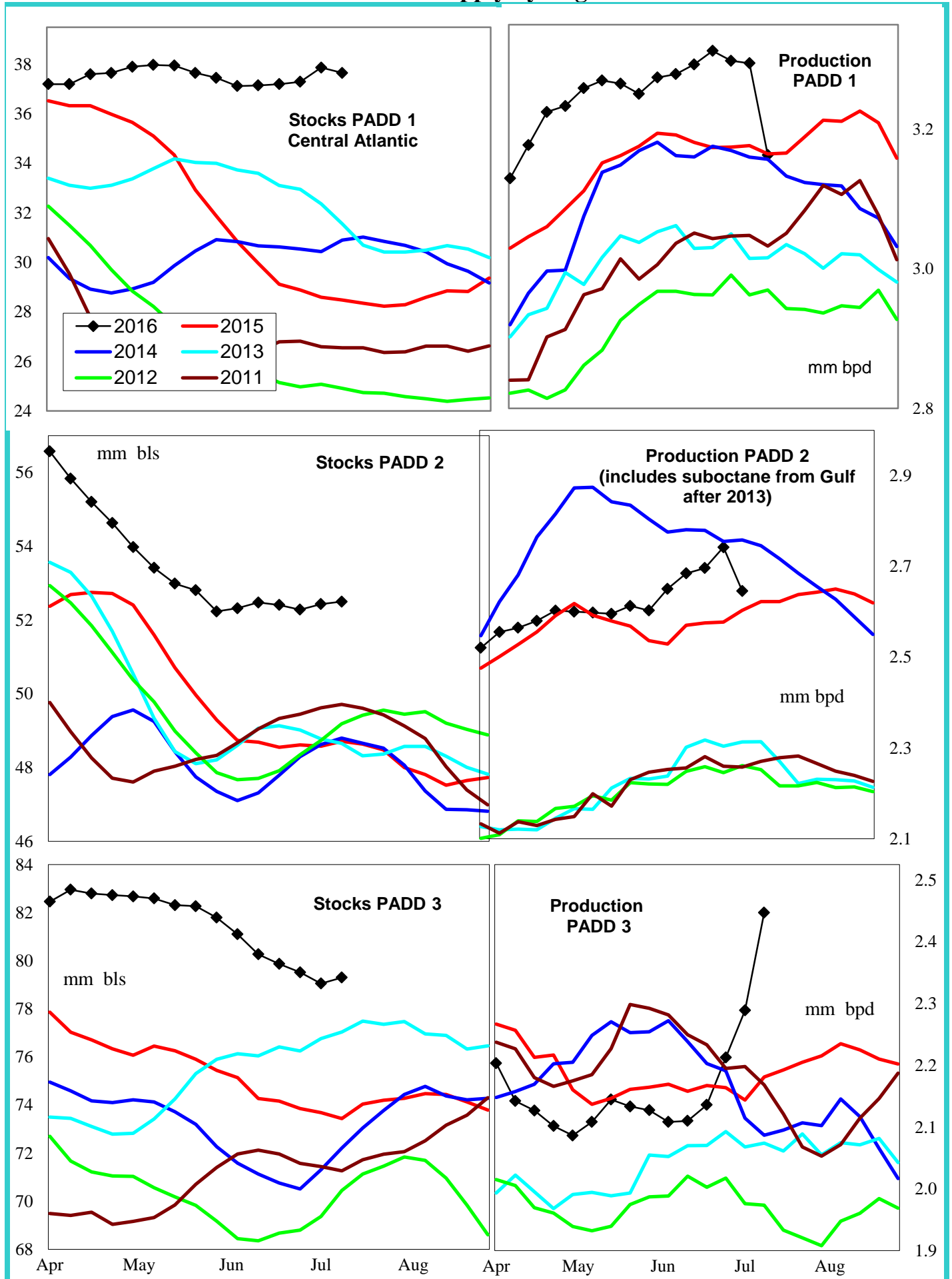
# Gasoline Cash Basis and Related Price Spreads



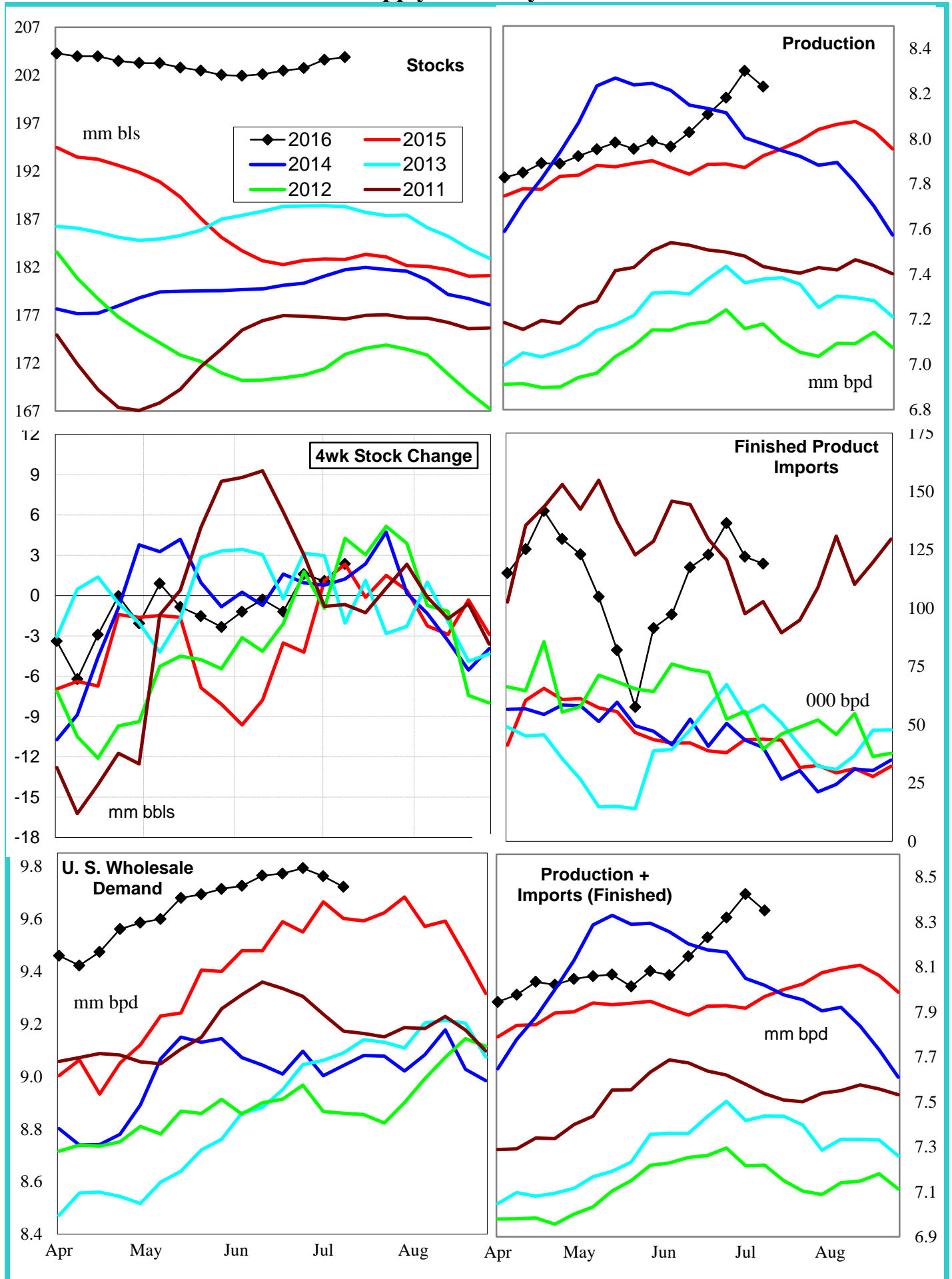
# Gasoline Import Economics



# Gasoline Supply by Region



# Gasoline Supply Summary PADDs 1+2+3



**PADD 5 Gasoline Supply**