

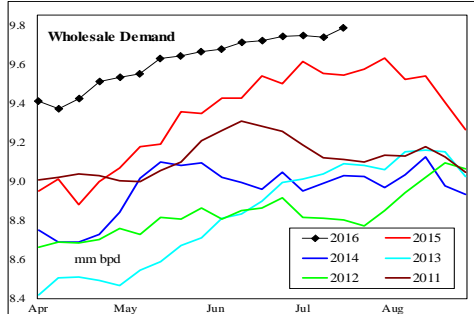


## WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

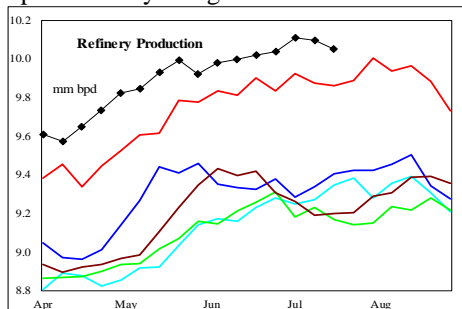
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, July 20, 2016

Wholesale demand increased +114,000 bpd last week, with the level +126,000 bpd above a year ago for the latest 4-wk period.

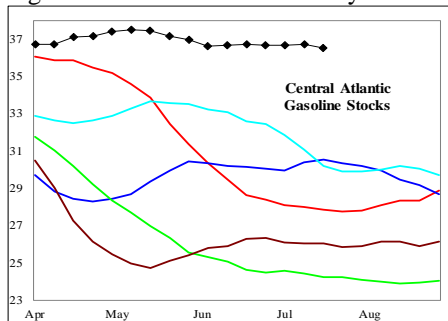


Supply decreased -91,000 bpd on the week, driven by lower production. Supply for the latest 4-wk period was +0.9 million bpd above a year ago.



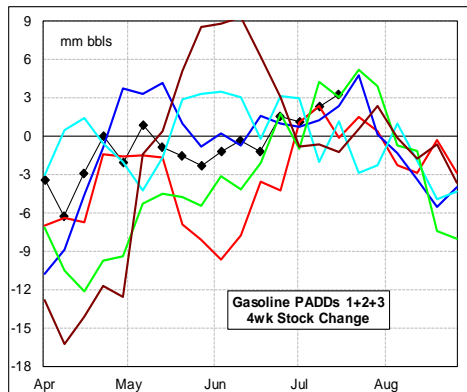
Stocks increased +0.9 million barrels, including a +1.3 million barrel build in the Midwest. Stock levels remain well above the 5-yr range in all regions, except the West coast.

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

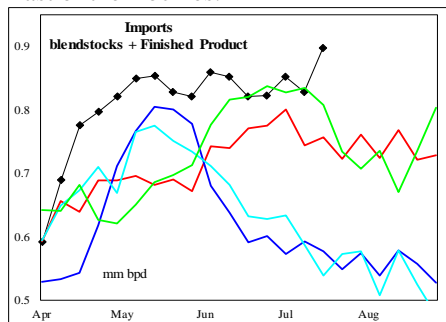


The over supplied East Coast is due to very high imports and record high refinery output.

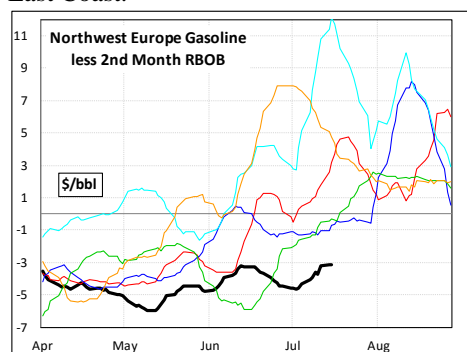
Stock change in the combined markets East of the Rockies for the latest 4-wk period was a build of +3 million barrels, matching the 5-yr high for the period.



Imports increased +77,000 bpd last week, to a new record high for this time of year, contributing to the over supplied markets East of the Rockies.



Northwest European gasoline prices compared to the CME RBOB futures are extremely weak, trading at a level well below the 5-yr range. This weakness should drive continued high imports to the East Coast.

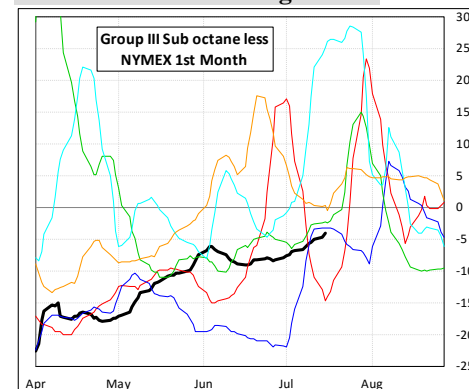


Exports for the week ending 24June16 were 395,000 bpd, +30,000 bpd above a year ago.

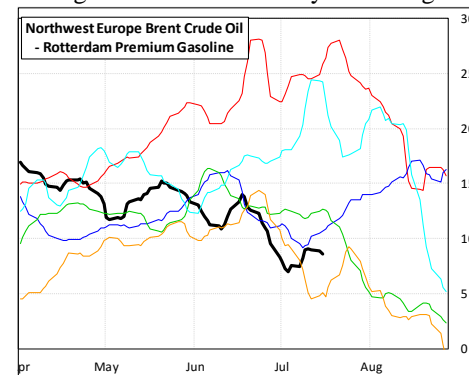
*The very high level of stocks and lack of meaningful stock draws during the last month points to a significant risk of continued over supply during the balance*

*of the peak summer driving season in markets East of the Rockies.*

### Cash Basis and Refining Trends



The over supplied East Coast and peak summer demand in the Midwest continued to lift Group III cash basis last week, ending at a level near the 3-yr mid range.



Extremely weak gasoline crack spreads in Northwest Europe risk a pull back in production during the fall quarter, reducing the pressure for exports to the U.S.

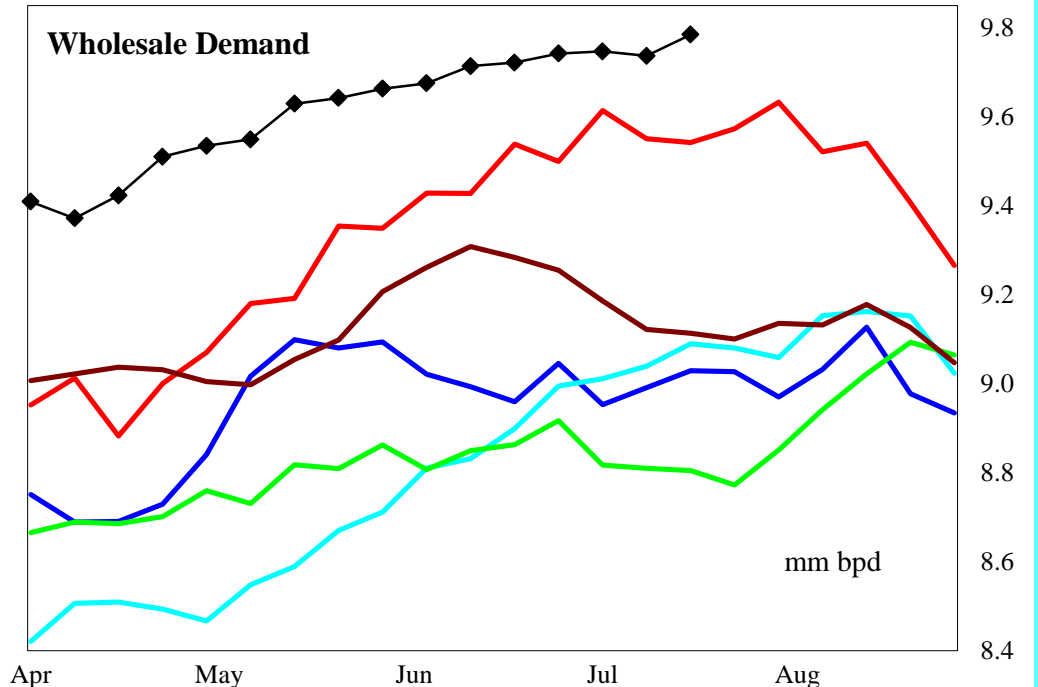
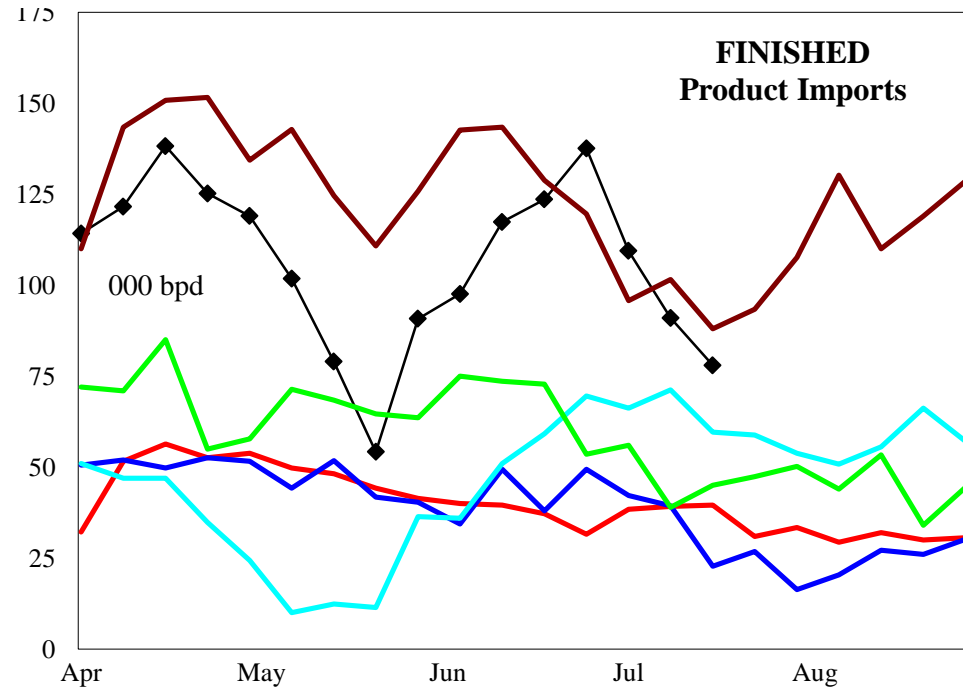
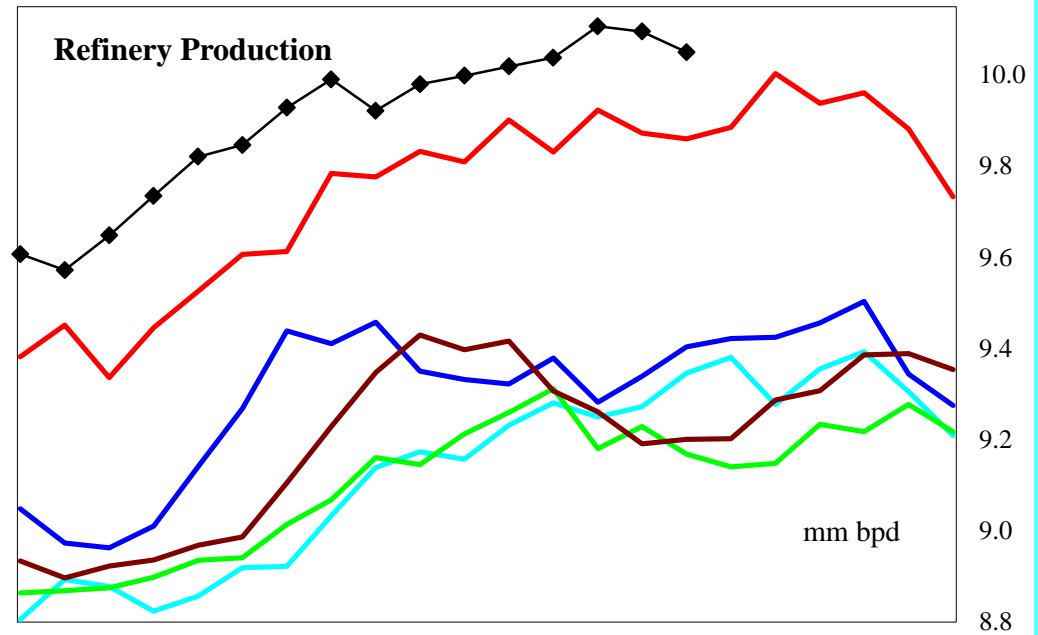
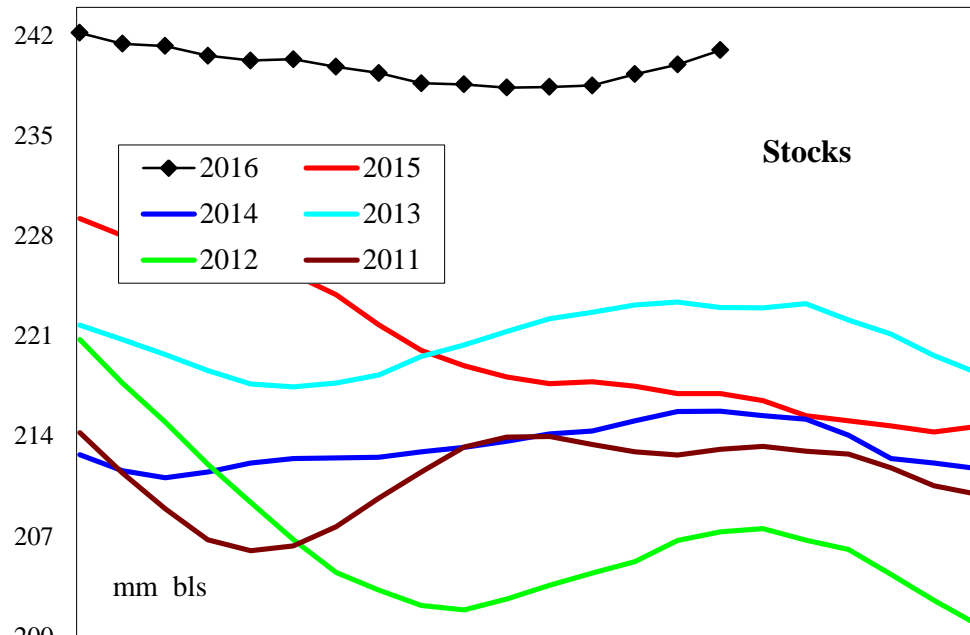
### Gulf Coast Price

Modest year-on-year demand growth, high imports and production continue to support extremely high stock levels of gasoline in all regions except the West Coast. With wholesale demand to peak within 1-month, there is risk of continued weak gasoline prices.

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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# United States Gasoline Supply and Demand



4 wk avg variance to prior year

000 bpd (000 bls stks)

Stocks

24,715

Production

141

Fin Impt

68

Blend Impt

2

Demand=>

4wk avg

126

Jun

369

May

388

Apr

74

% change

11.4

1.4

158.8

0.2

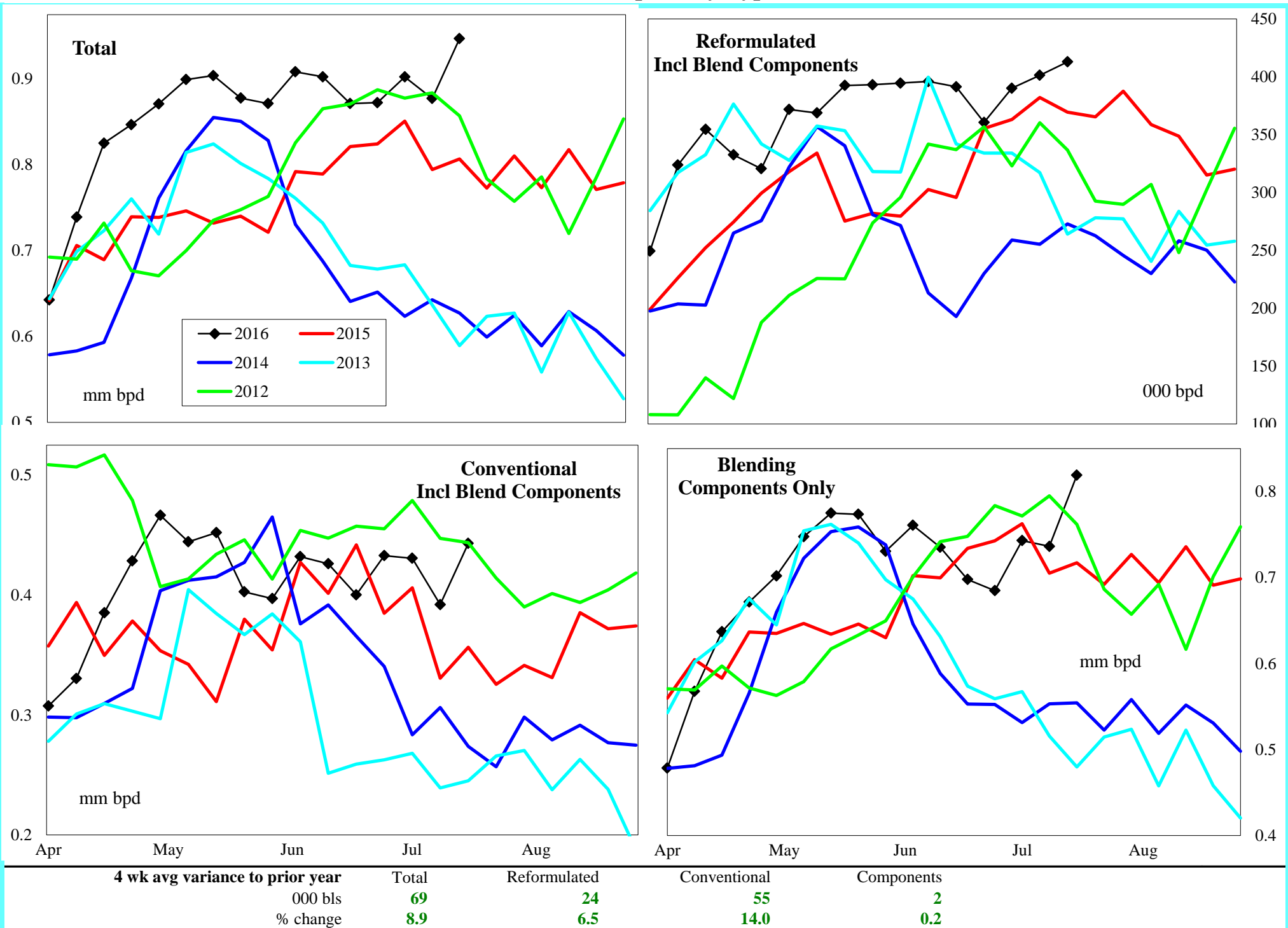
1.3

3.9

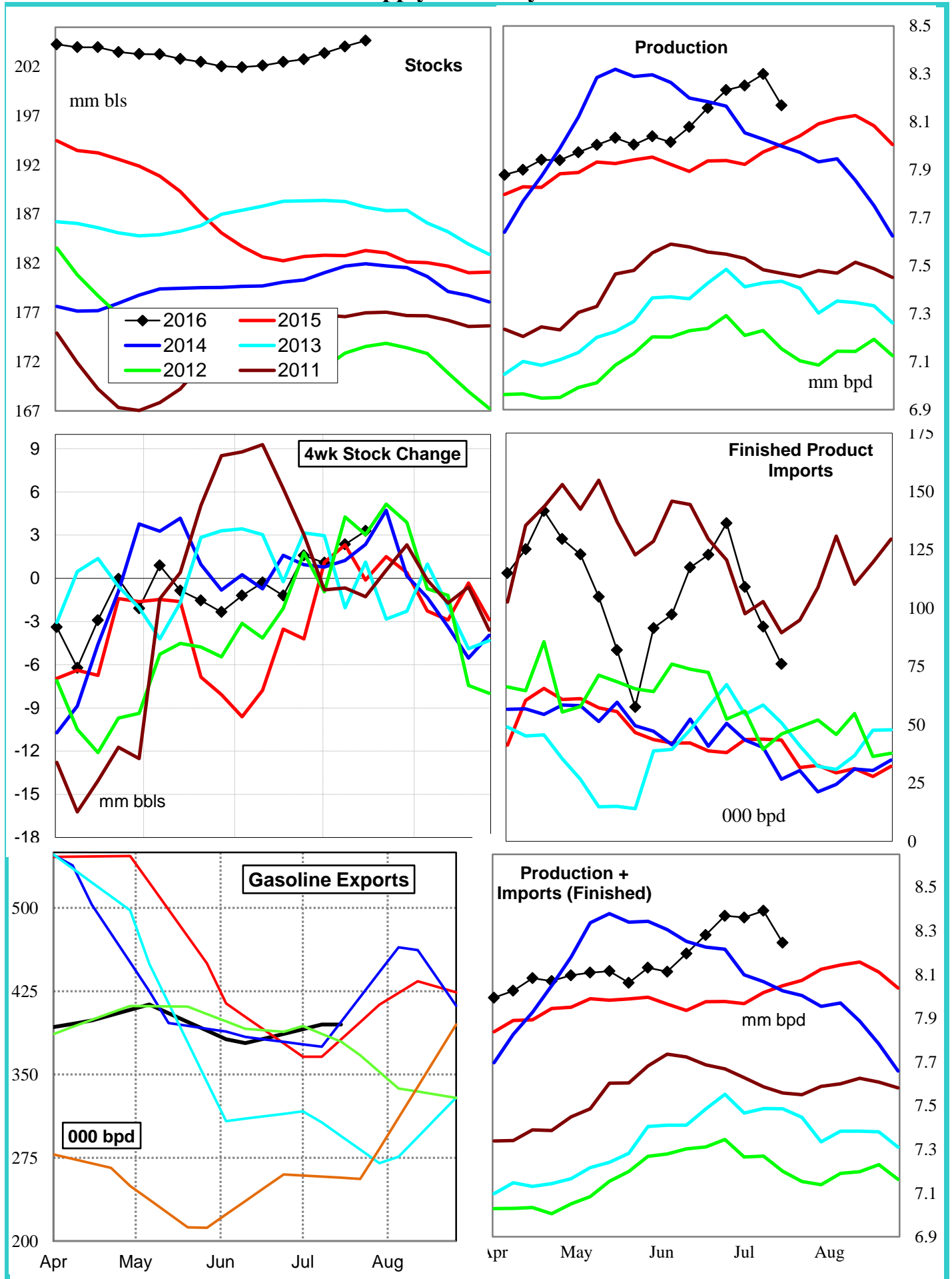
4.2

0.8

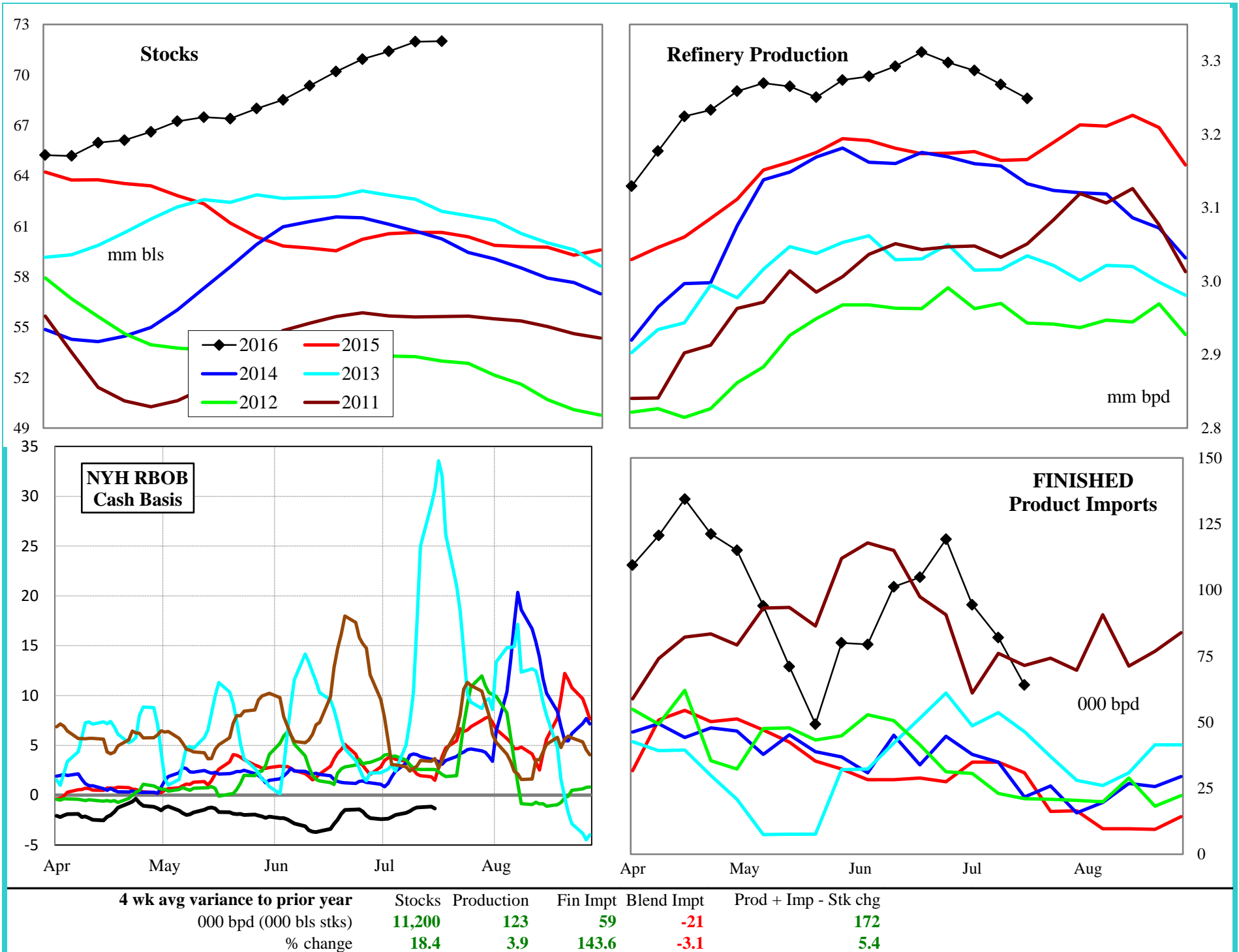
## Gasoline Imports by Type



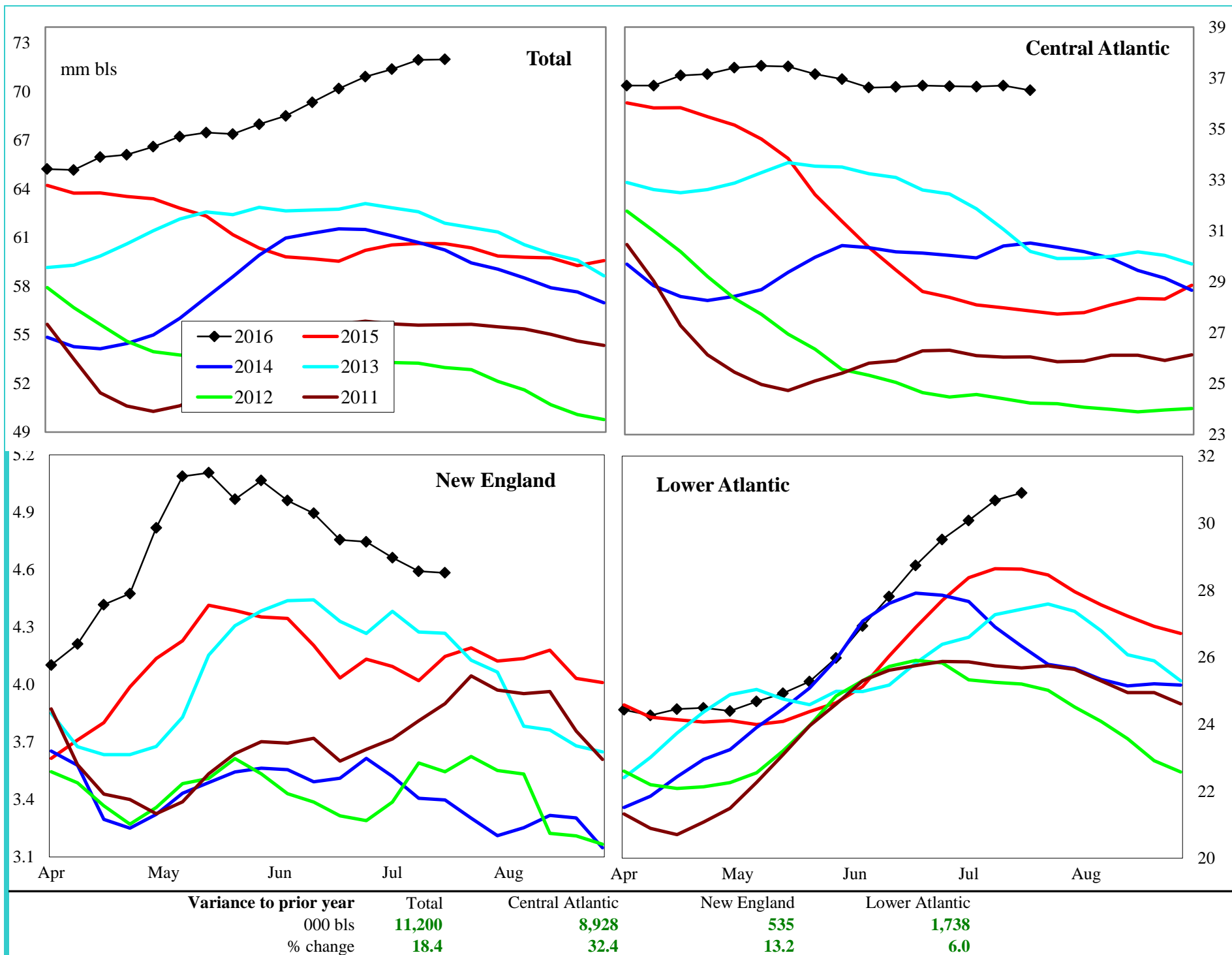
## Gasoline Supply Summary PADDs 1+2+3



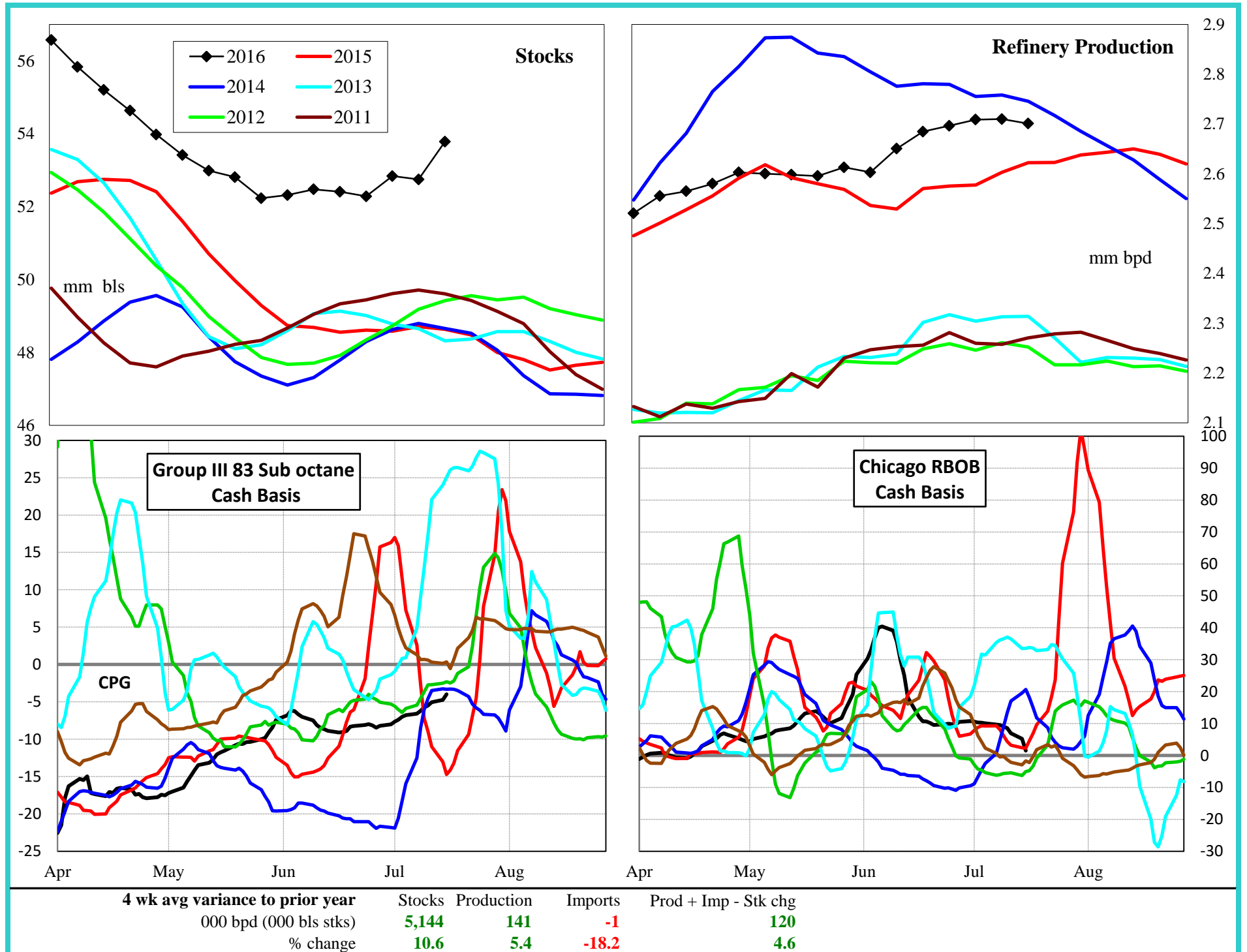
## PADD 1 Gasoline Supply



# PADD 1 Gasoline Stocks by Region

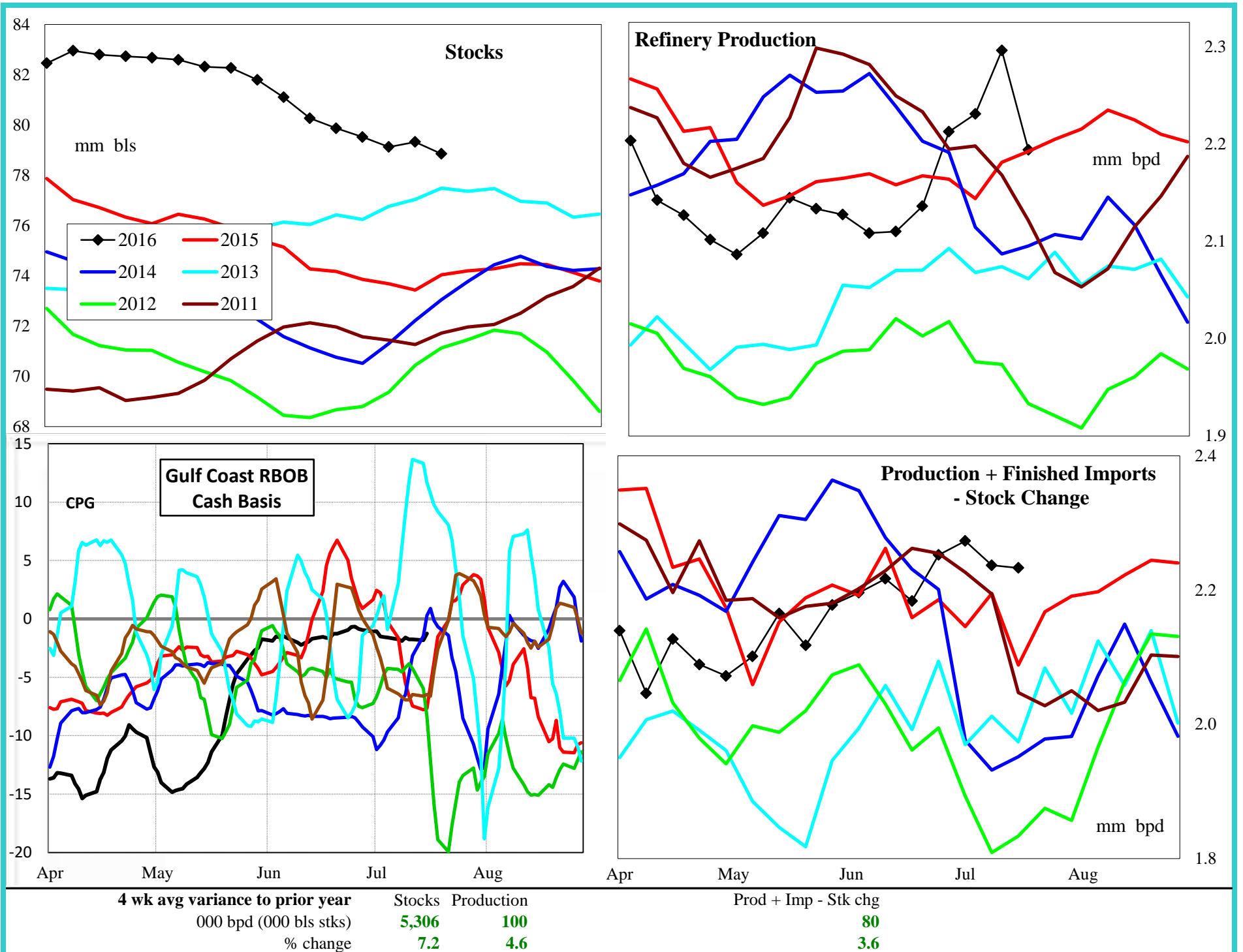


## PADD 2 Gasoline Supply



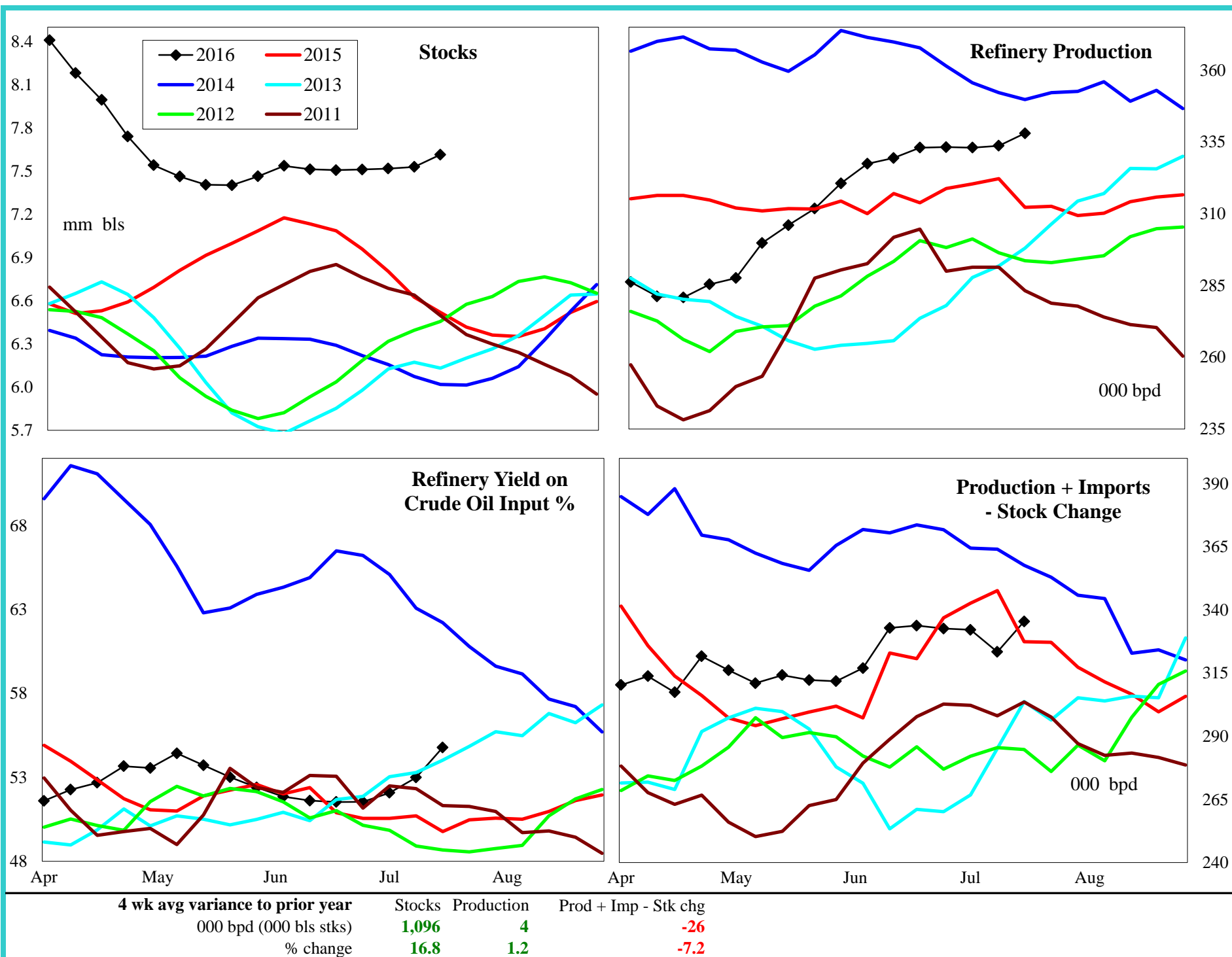


# PADD 3 Gasoline Supply

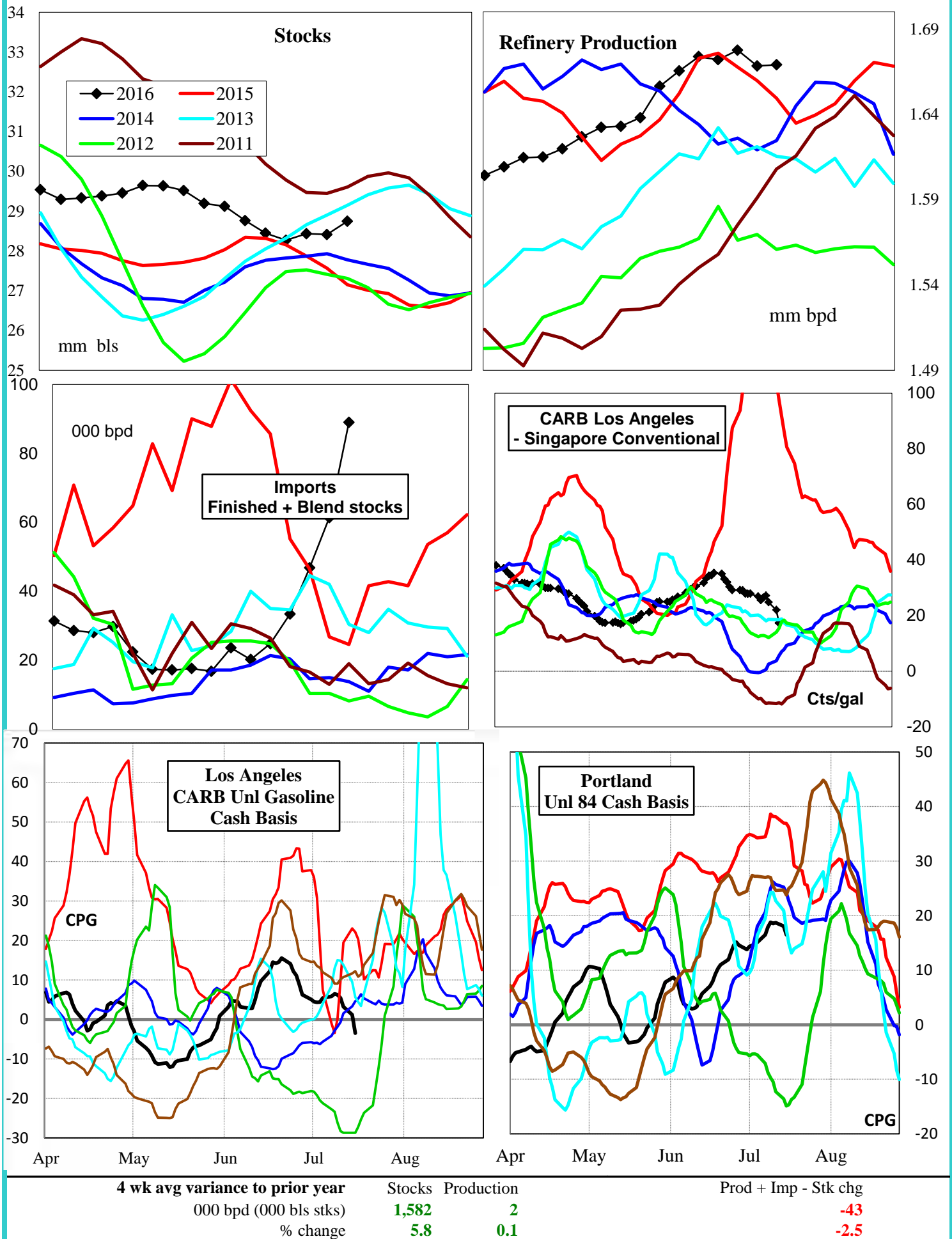




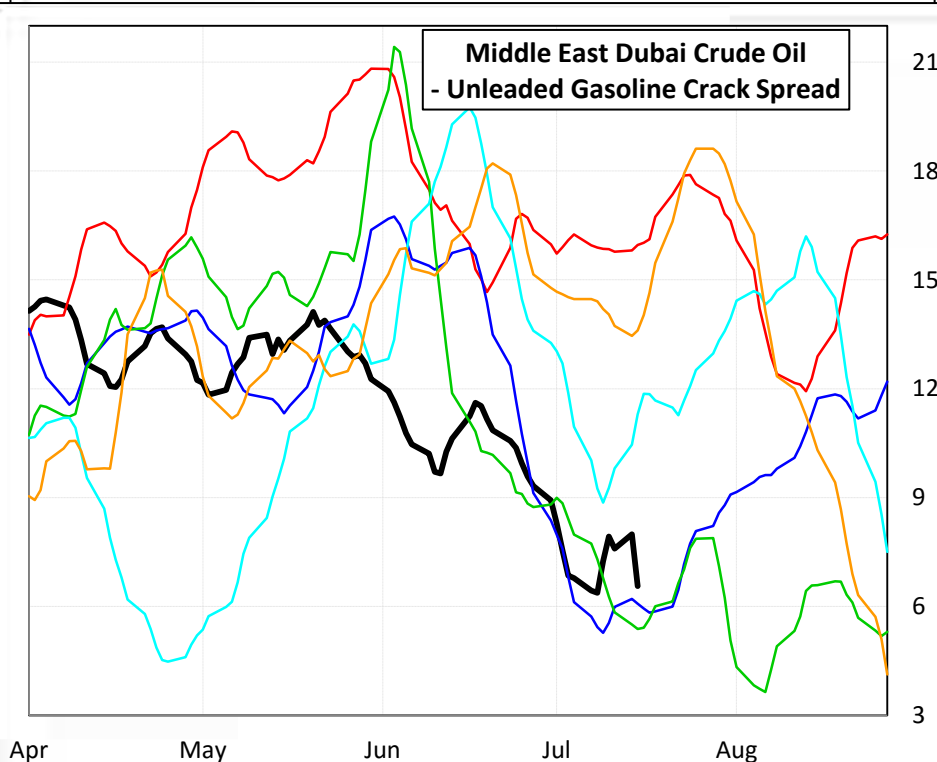
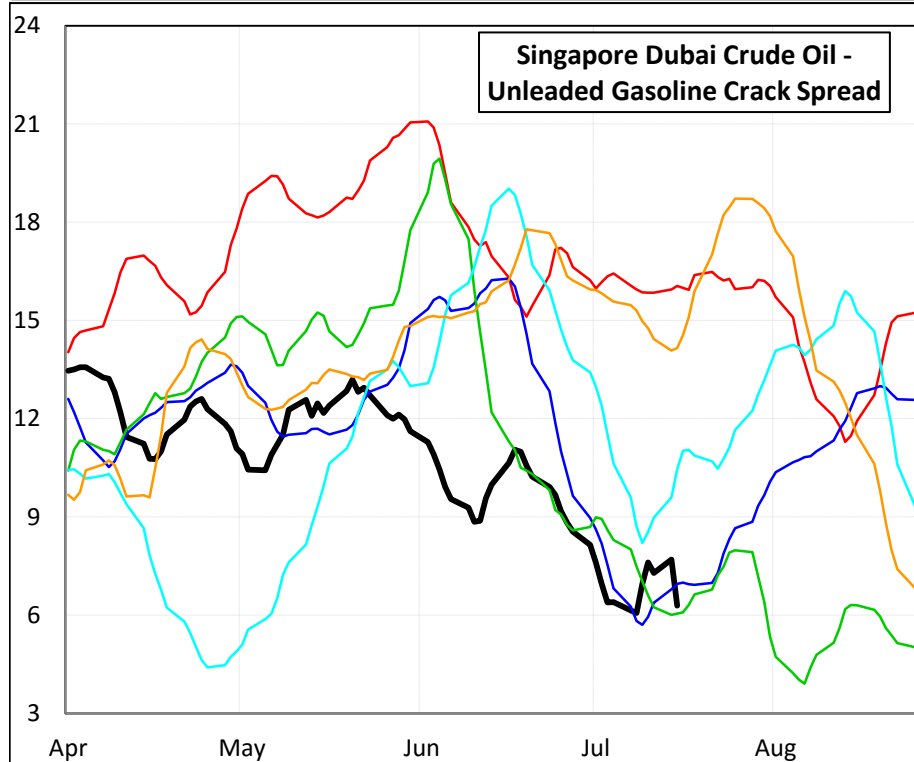
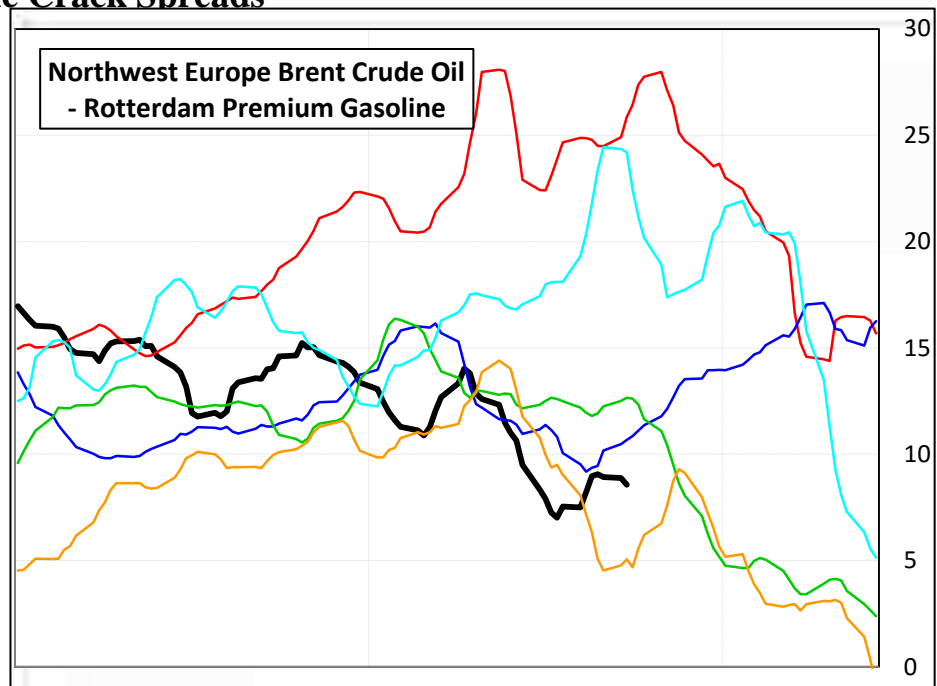
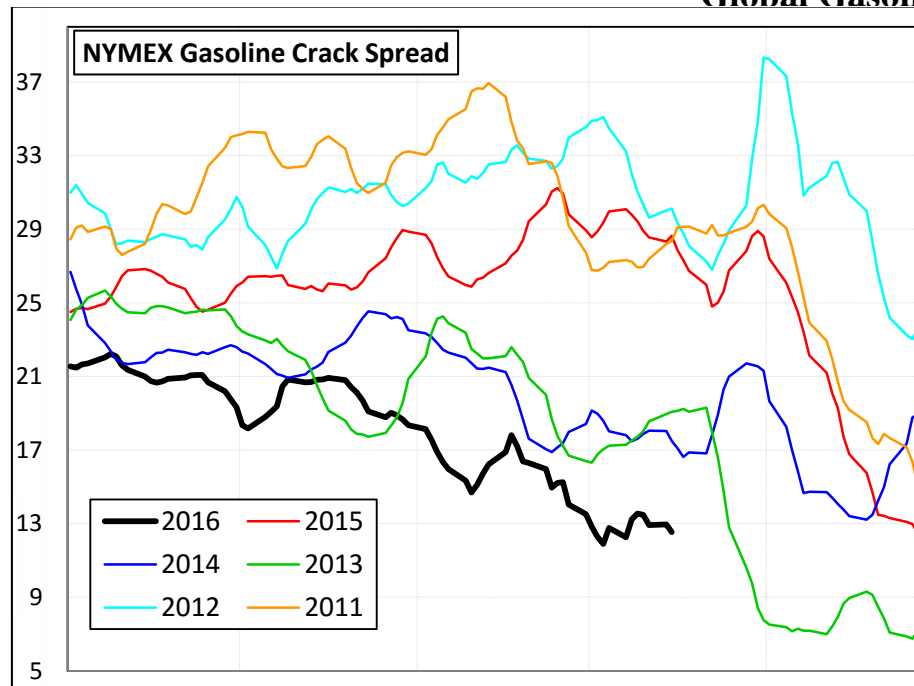
# PADD 4 Gasoline Supply



# PADD 5 Gasoline Supply



## Global Gasoline Crack Spreads



## Global Gasoline Cash Basis

