

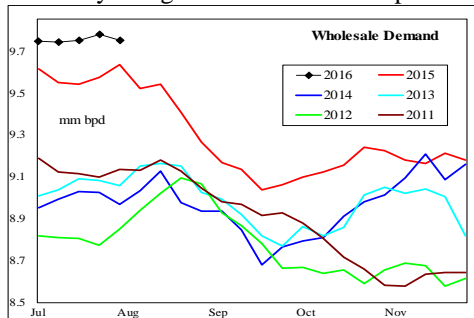


WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

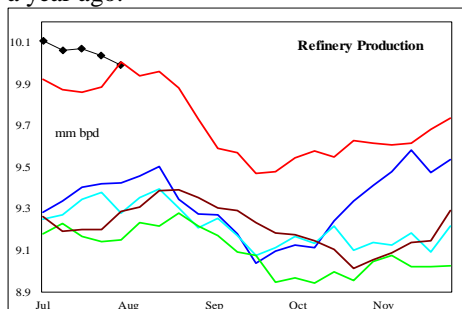
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, August 04, 2016

Wholesale demand was nearly unchanged on the week, with the level +207,000 bpd above a year ago for the latest 4-wk period.

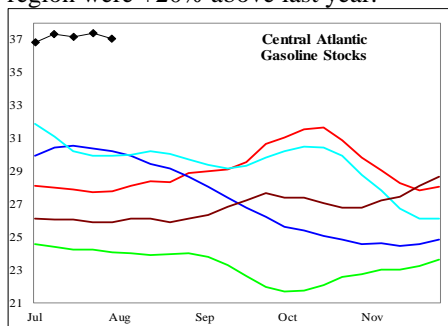


Supply fell -0.3 million bpd on the week, with the 4-wk average +280,000 bpd above a year ago.



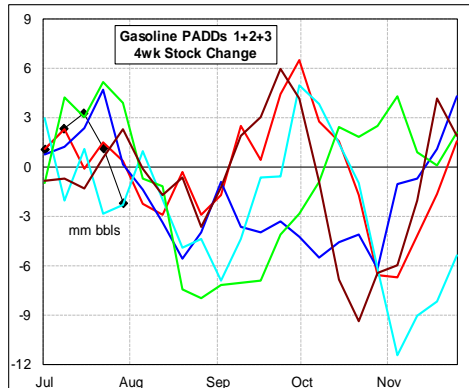
Stocks fell -3.3 million barrels, with draws in all regions except the Rockies. Stock levels remain extremely high in all regions, with even the West Coast near 5-yr highs.

Stock levels in the Central Atlantic region were +20% above last year.

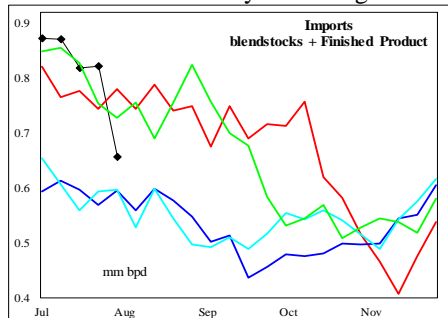


A sharp drop in imports may continue until the switch to fall RVP, as marketers seek to liquidate summer product.

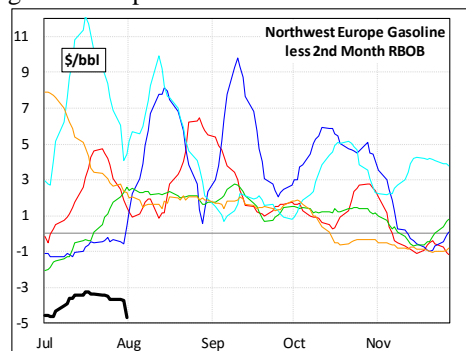
Stock change in the combined markets East of the Rockies for the latest 4-wk period was a draw of -2.4 million barrels, equal to the prior record draw for the period.



Imports decreased -232,000 bpd last week, to a level above the 3-yr mid range.



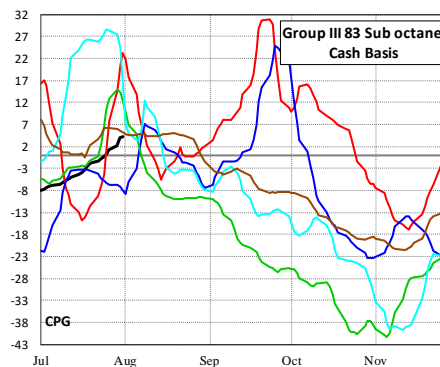
Northwest European gasoline prices compared to the CME RBOB futures remain extremely weak, trading at a level well below the 5-yr range. This weakness should support a high level of exports to the East Coast, including potential fall grade RVP product.



Exports for the week ending 22Jul16 were 454,000 bpd, +57,000 bpd above a year ago.

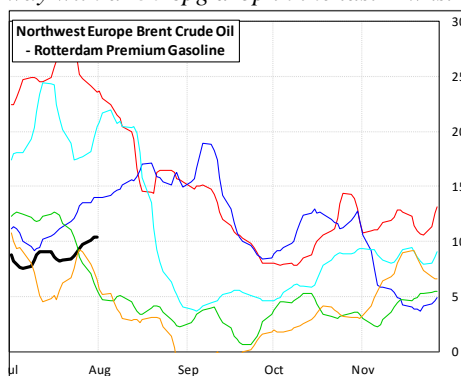
The high level of stocks risk further downward pressure on refining margins as peak summer demand ends next month.

Cash Basis and Refining Trends



A -2 million barrel drawdown of stocks in the Group III region underlies the uptrend in cash basis for that region. Basis in all markets East of the Rockies trended higher on the week.

All west coast markets saw a continued sharp downtrend in cash basis for the week, with every market trading below the 5-yr range. Portland has led the way with a -30 cpg drop in the last 2-wks.



Very weak gasoline crack spreads in Northwest Europe risk a pullback in production during the fall quarter, reducing the pressure for exports to the U.S. next quarter.

Gulf Coast Price

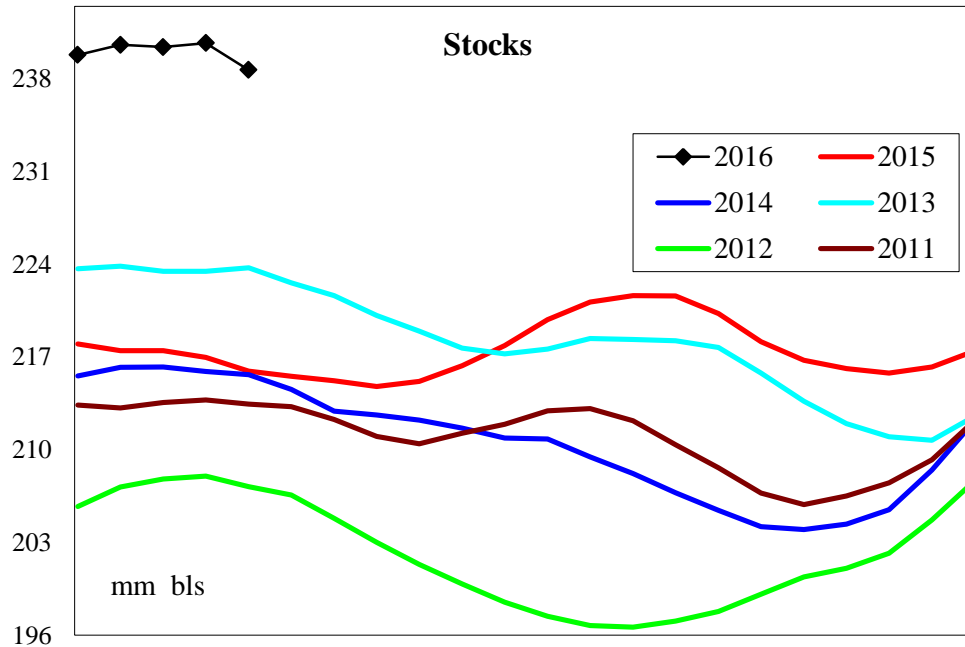
Look for significant stock draws during the balance of August as refiners seek to run down summer grade product. Midwest markets should see further basis gains as inventories are drawn down. Peak summer demand and meaningful stock draws should provide near term support to prices.

However excess global gasoline supply risk price weakness as fall grades reach the market next month.

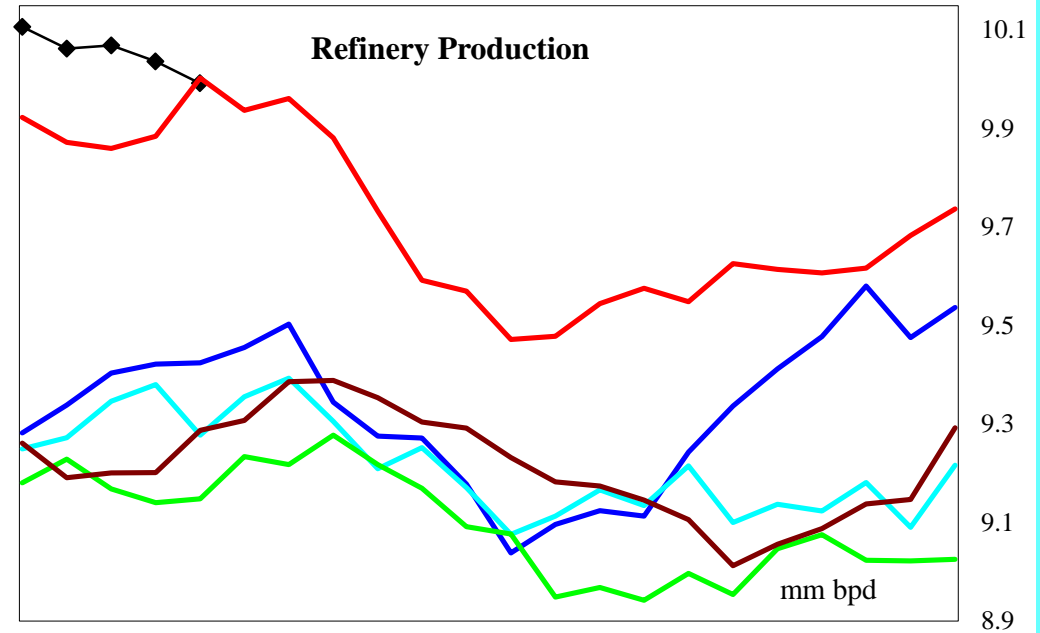
Disclaimer - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and is intended for informational purposes and is not to be construed as a recommendation to sell or buy, or trade in any commodity mentioned herein. Information is obtained from sources believed reliable, but is in no way guaranteed. Opinions, market data and recommendations are subject to change at any time. Past results are not indicative of future results. Charts are developed by Fundamental Petroleum Trends from EIA, NWS, other public data and proprietary models unless otherwise noted and credited.

United States Gasoline Supply and Demand

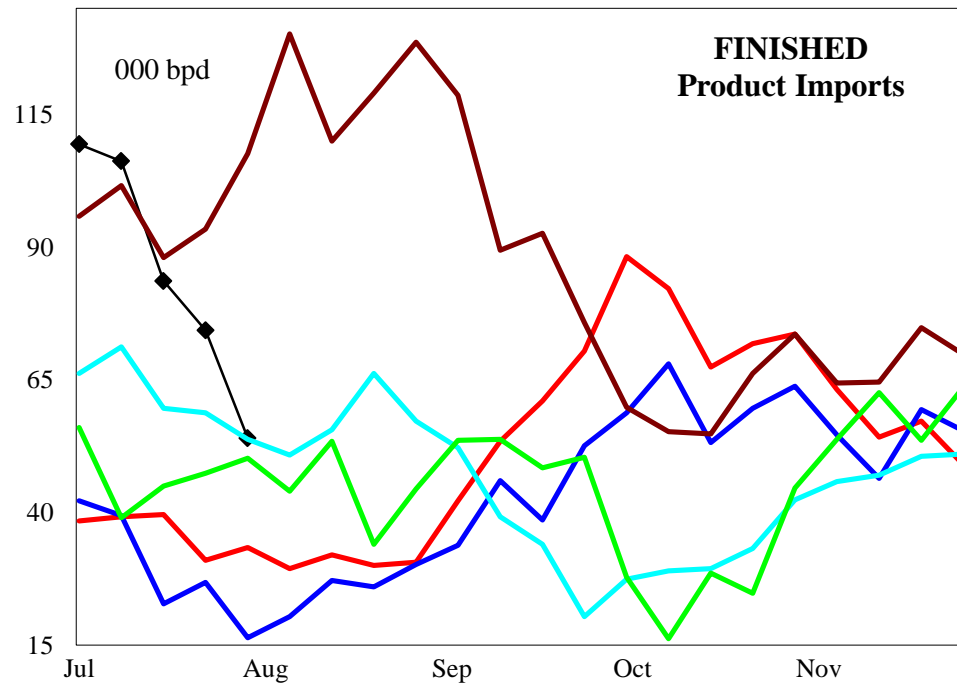
Stocks



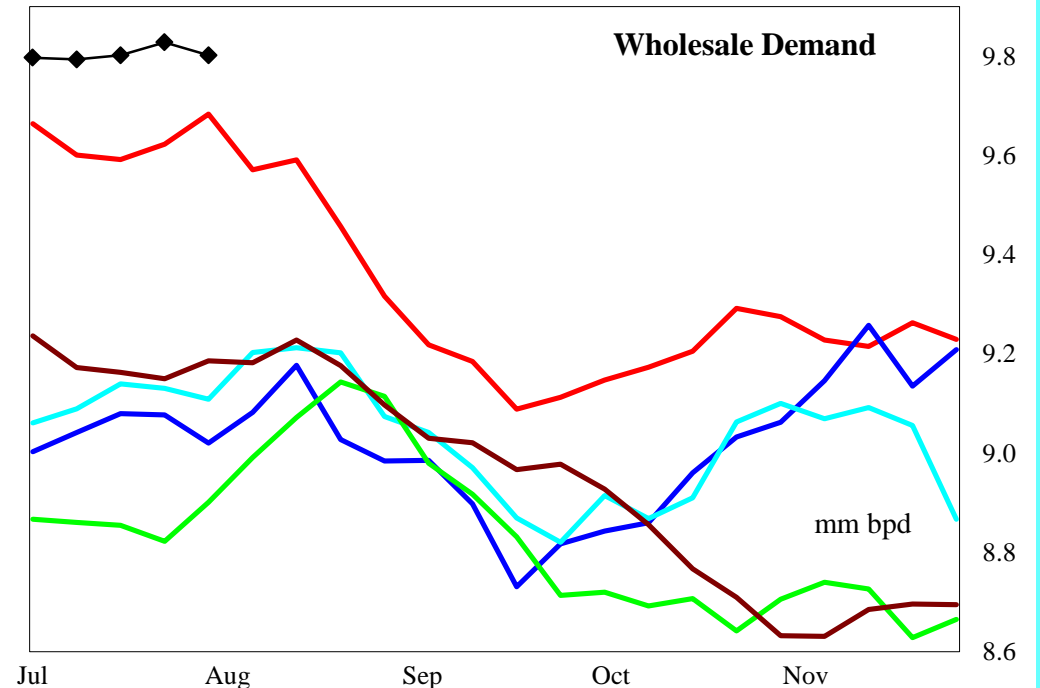
Refinery Production



FINISHED Product Imports



Wholesale Demand



4 wk avg variance to prior year

000 bpd (000 bbls stks)

Stocks 21,457 Production 224 Fin Impt 56 Blend Impt 17 Demand=>

% change

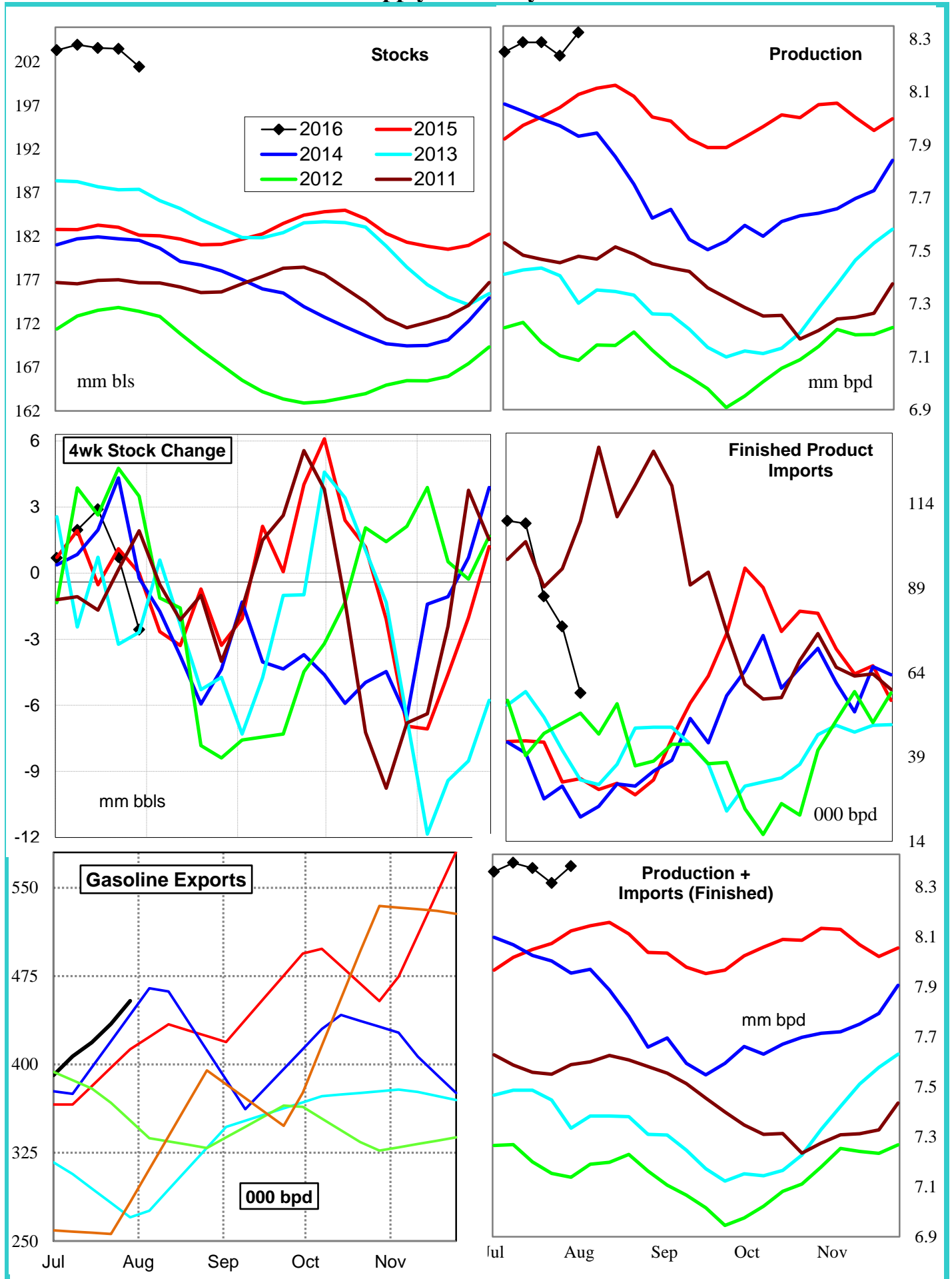
9.9 2.3 194.8 2.4

4wk avg	Jun	May	Apr
207	369	388	74
2.2	3.9	4.2	0.8

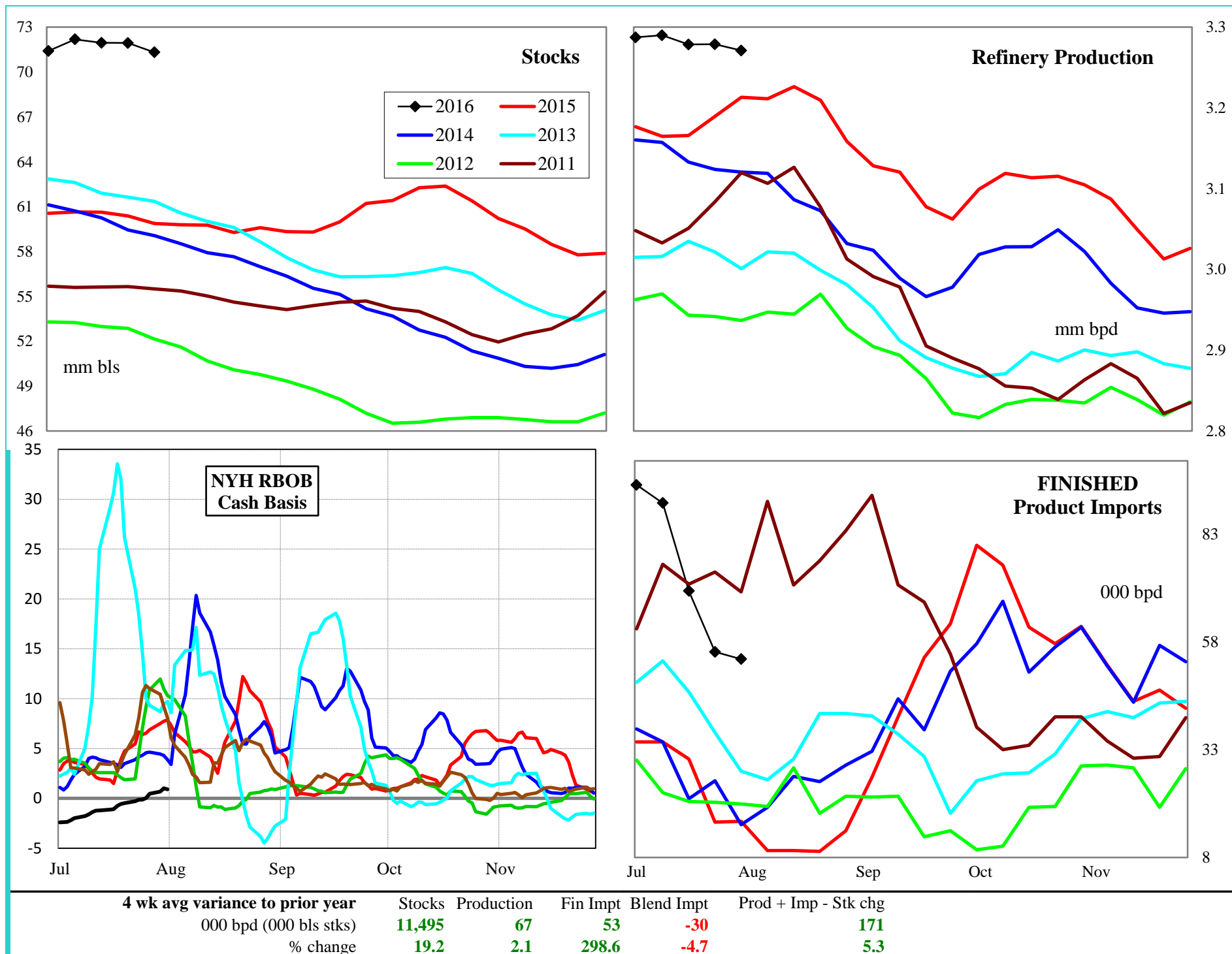
Gasoline Imports by Type



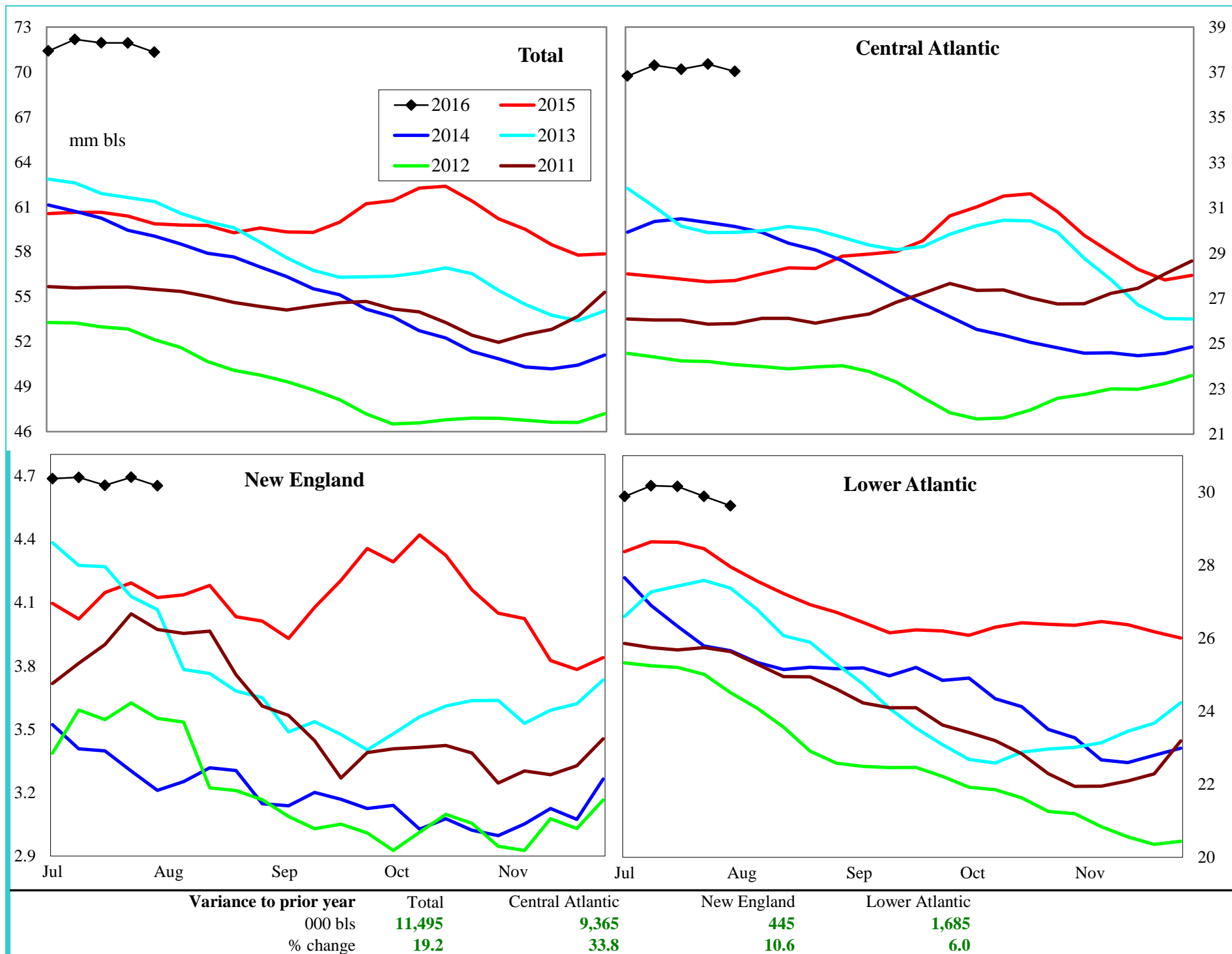
Gasoline Supply Summary PADDs 1+2+3



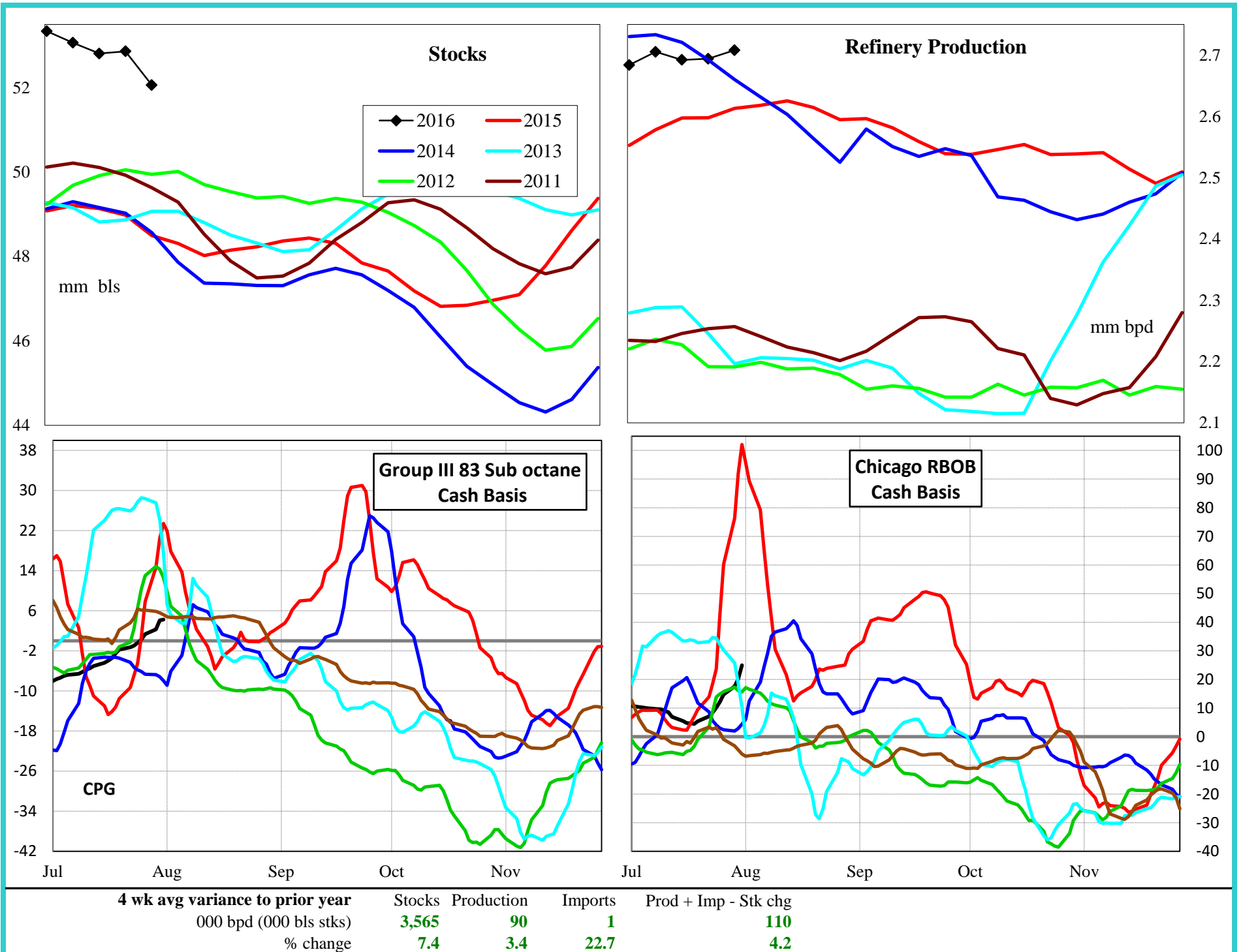
PADD 1 Gasoline Supply



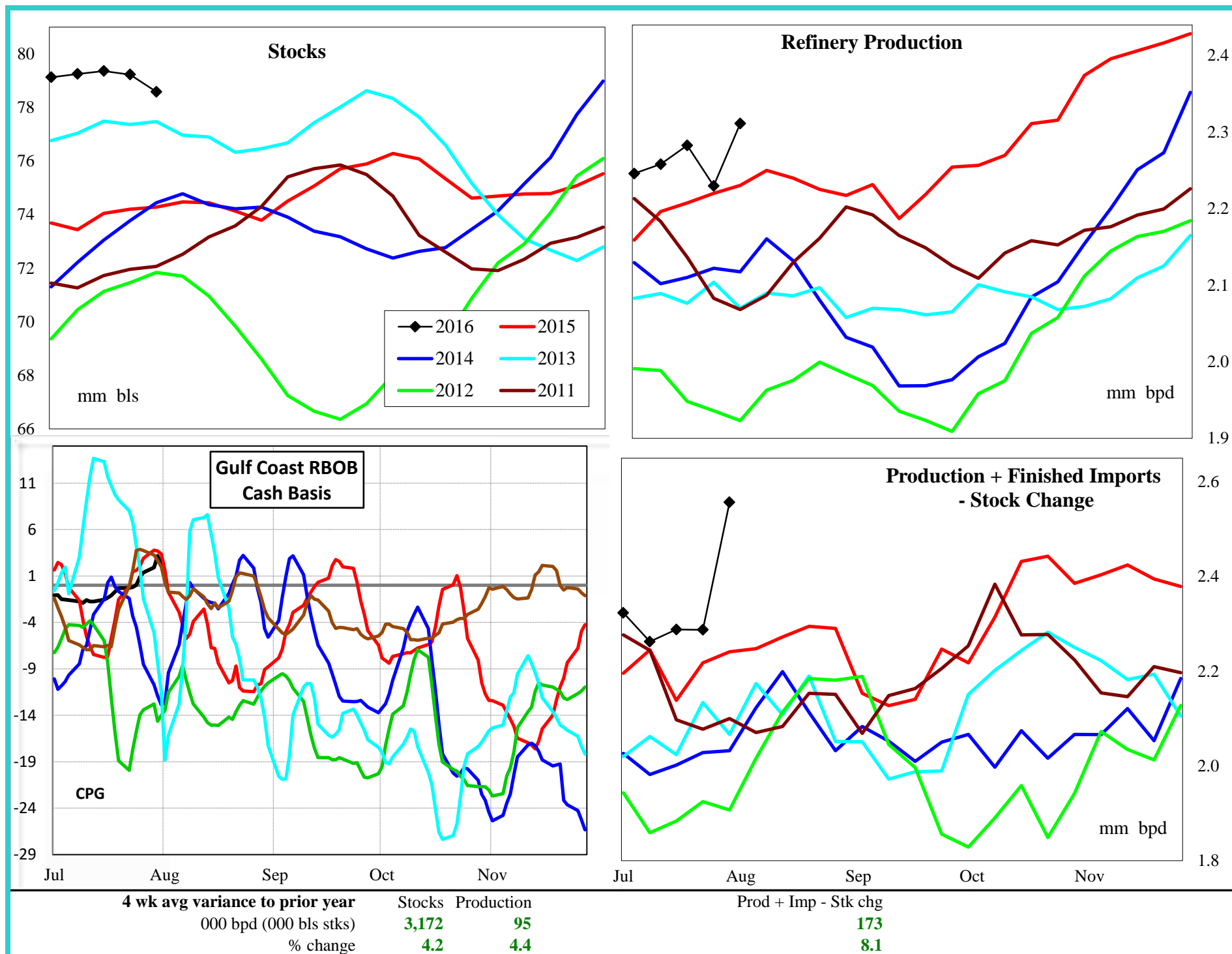
PADD 1 Gasoline Stocks by Region



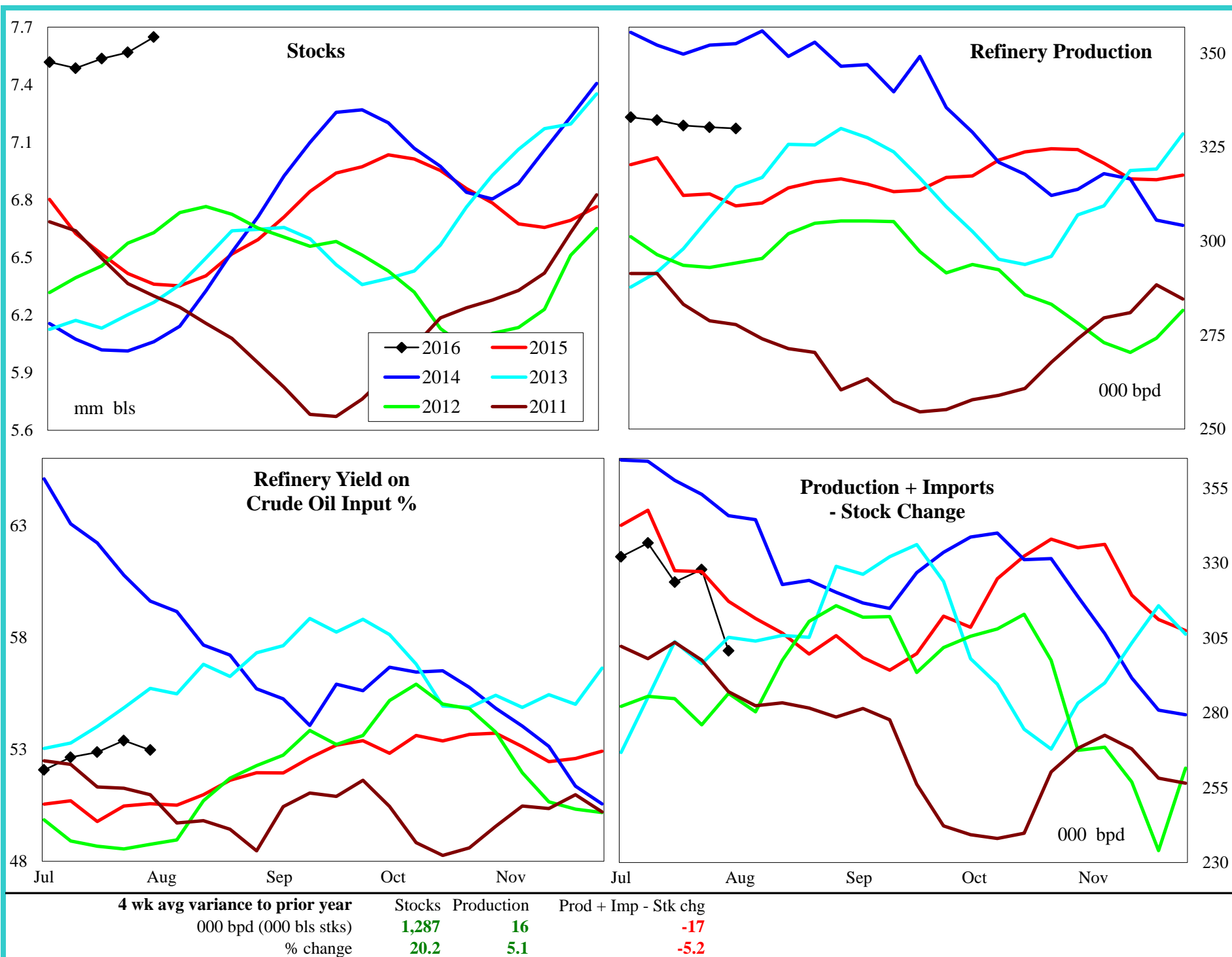
PADD 2 Gasoline Supply



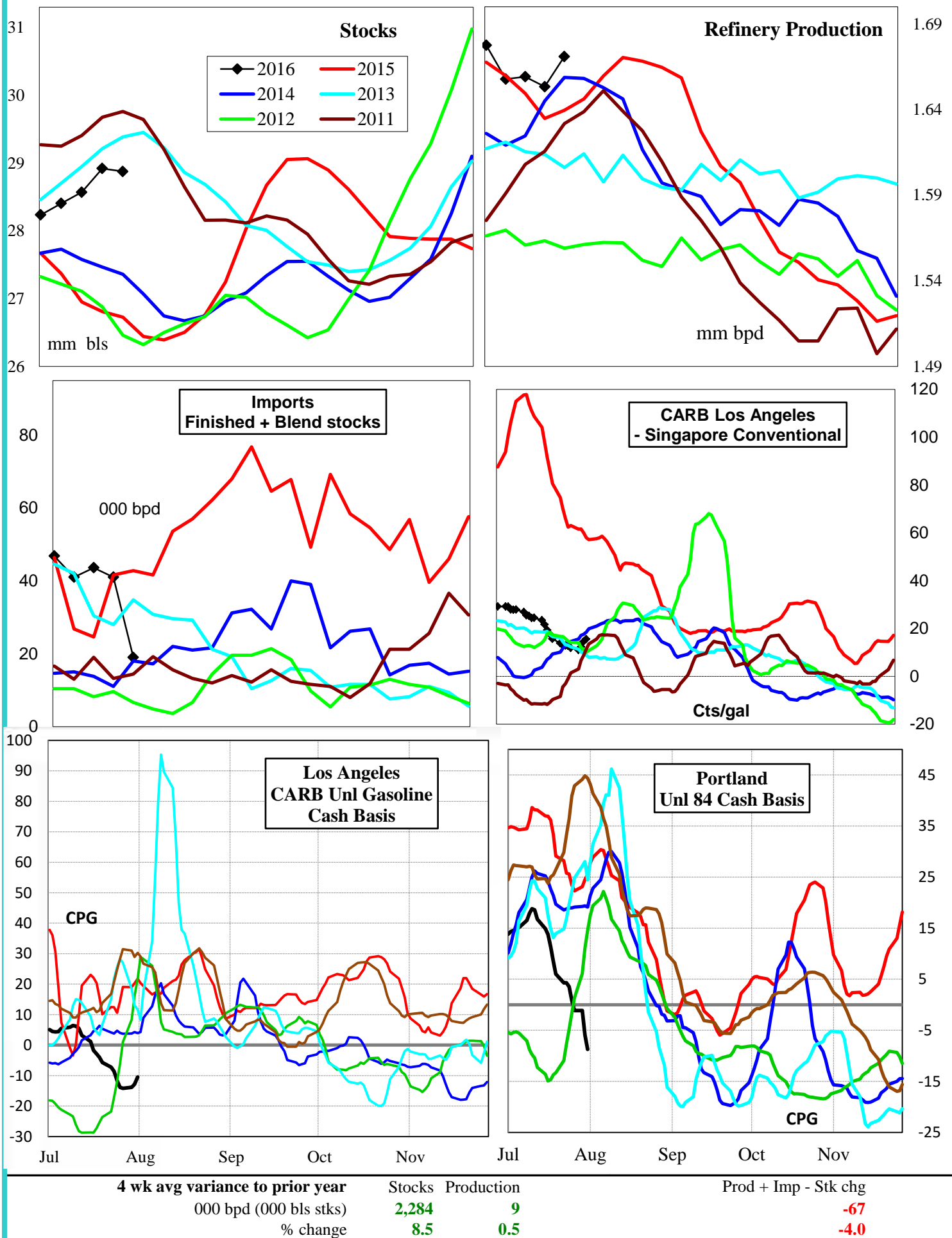
PADD 3 Gasoline Supply



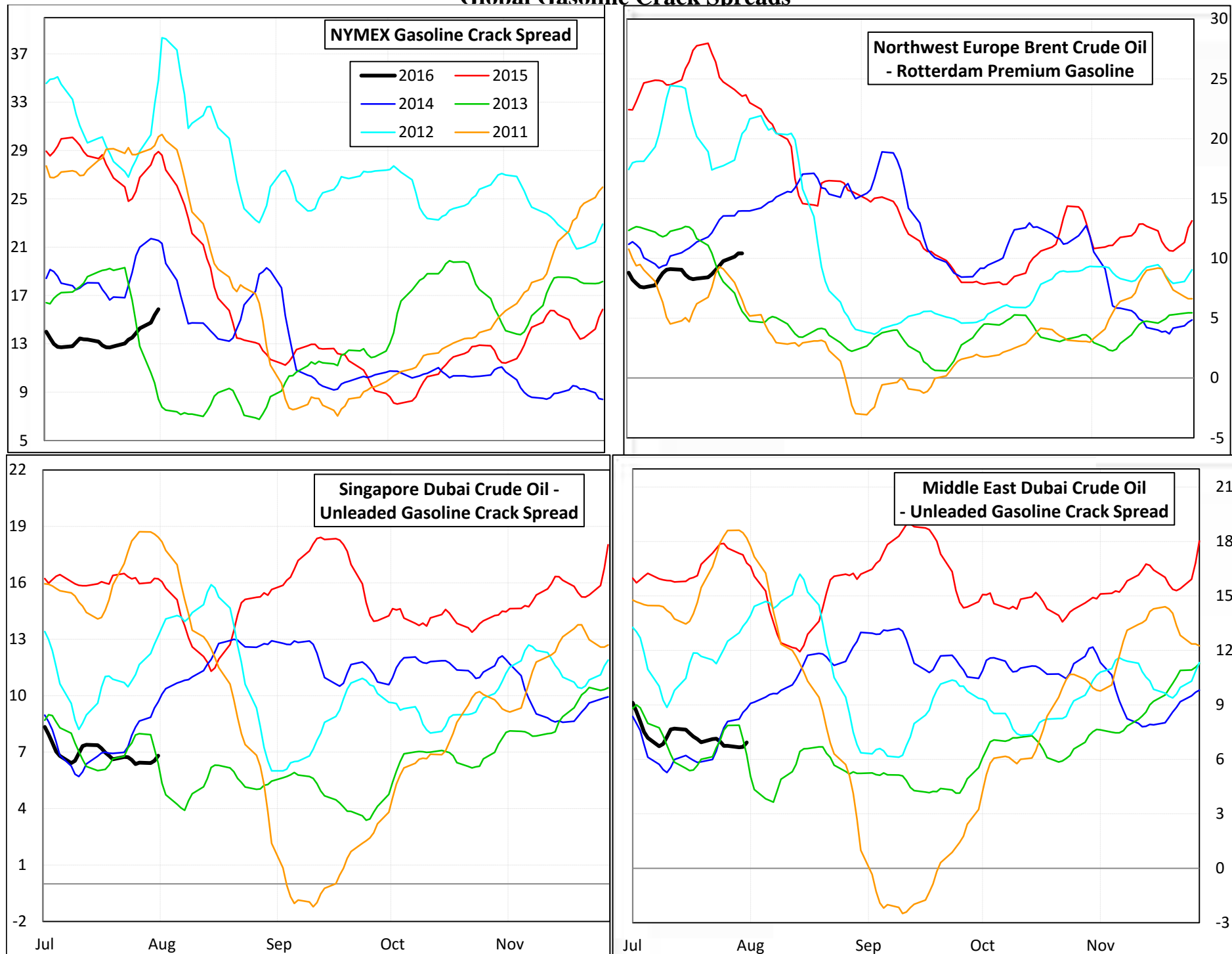
PADD 4 Gasoline Supply



PADD 5 Gasoline Supply



Global Gasoline Crack Spreads



Global Gasoline Cash Basis

