

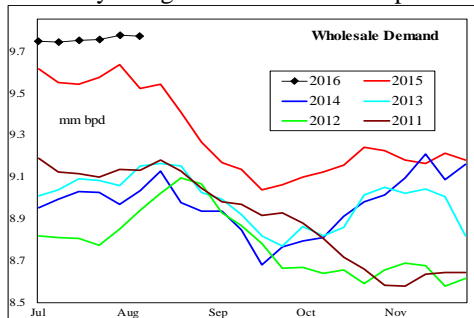


WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

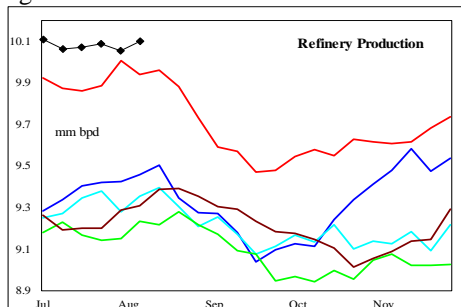
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 10, 2016

Wholesale demand was nearly unchanged on the week, with the level +161,000 bpd above a year ago for the latest 4-wk period.

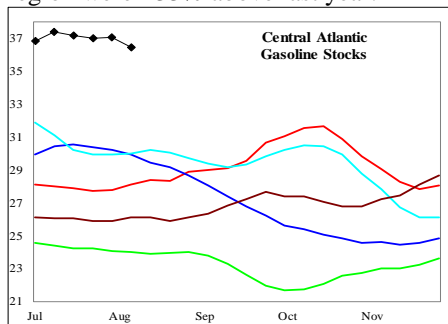


Supply climbed +0.4 million bpd on the week, driven by a spike in imports with the 4-wk average +153,000 bpd above a year ago.



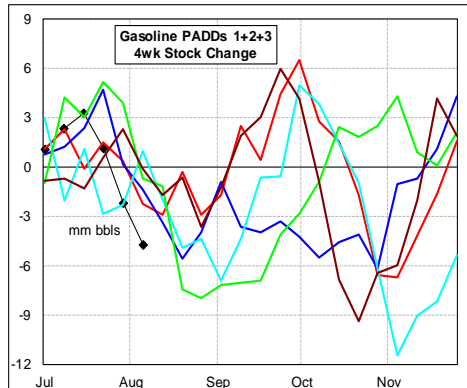
Stocks fell -2.8 million barrels, with draws in all regions. Stock levels remain very high in all regions, with even the West Coast near 5-yr highs.

Stock levels in the Central Atlantic region were +33% above last year.

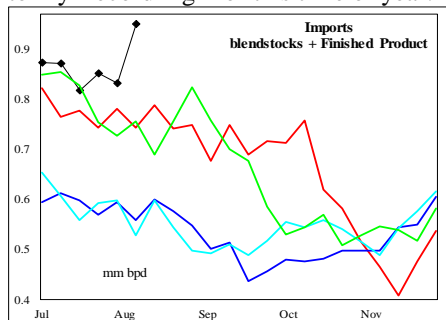


Imports remain extremely high on the East coast.

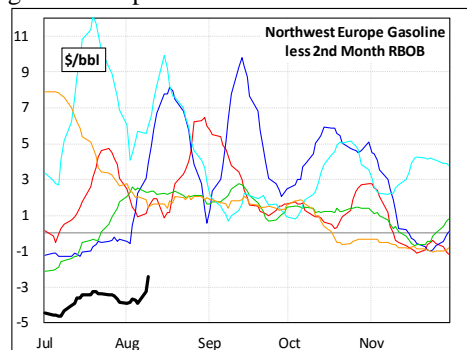
Stock change in the combined markets East of the Rockies for the latest 4-wk period was a draw of -4.7 million barrels, a record draw for the period; pointing to an earlier than normal seasonal draw at end of summer.



Imports rebounded from the prior week decline, up +0.3 million bpd on the week to 4-yr record high for this time of year.



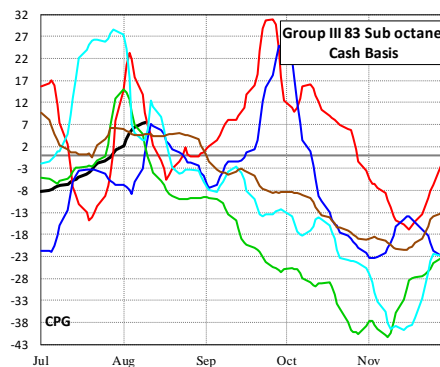
Northwest European gasoline prices compared to the CME RBOB futures remain extremely weak, trading at a level well below the 5-yr range. This weakness should support a high level of exports to the East Coast, including potential fall grade RVP product.



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

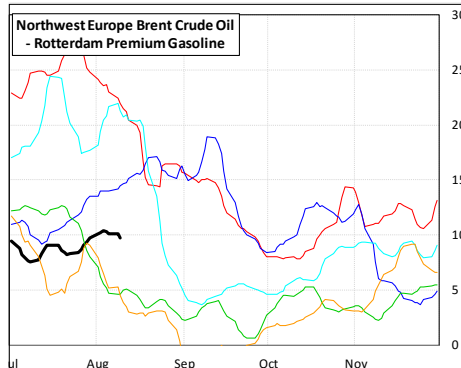
The high level of stocks risk further downward pressure on refining margins as peak summer demand ends this month.

Cash Basis and Refining Trends



A -2.5 million barrel drawdown of stocks in the Group III region during the last 6-wks underlies the uptrend in cash basis for that region.

Cash basis in Midwest and Gulf markets traded sideways last week at levels near the 2-yr average. There is significant risk of basis weakness in markets East of the Rockies on an end to peak summer demand, high stock levels and start of fall grade RVP switchover early next month. California saw basis trend higher from record lows, but the level remains below the 5-yr range



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

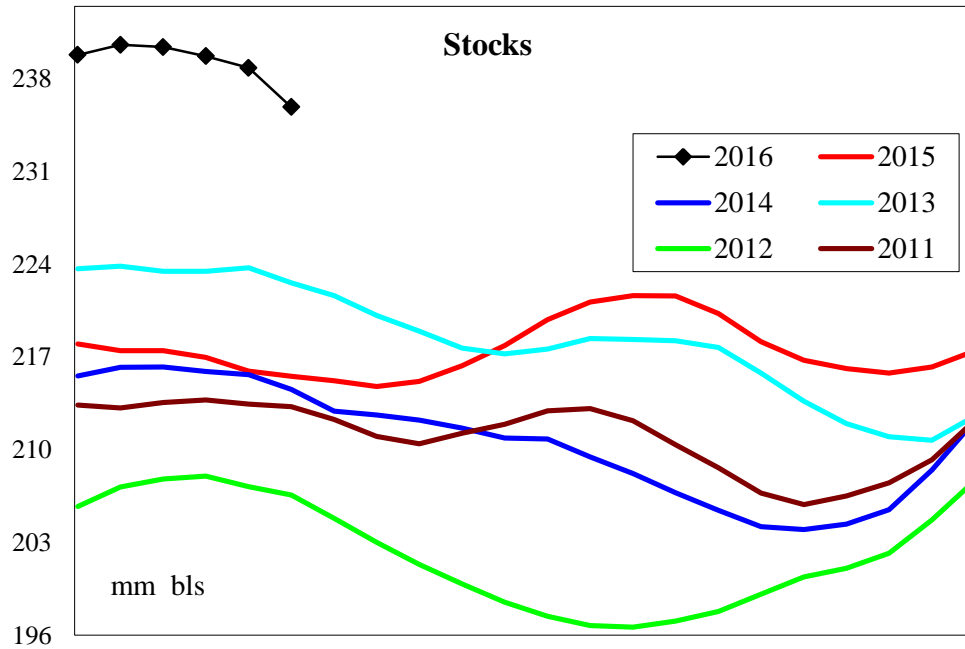
Look for significant stock draws during the balance of August as refiners seek to run down summer grade product. Midwest markets risk a pullback in basis as summer demand season ends.

Excess global gasoline supply risk further price weakness as fall grades reach the market next month

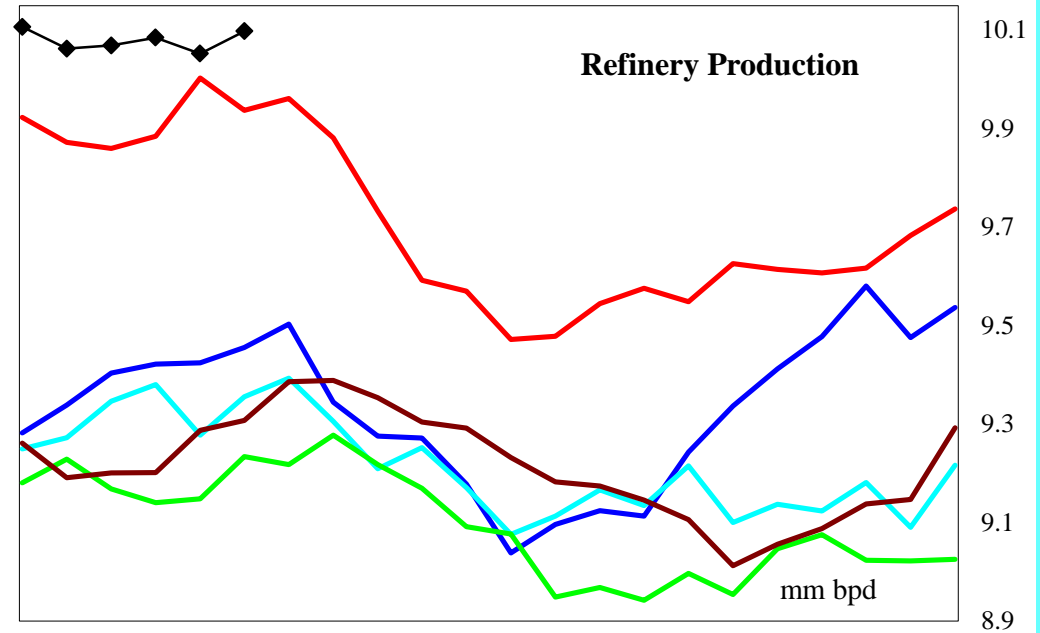
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United States Gasoline Supply and Demand

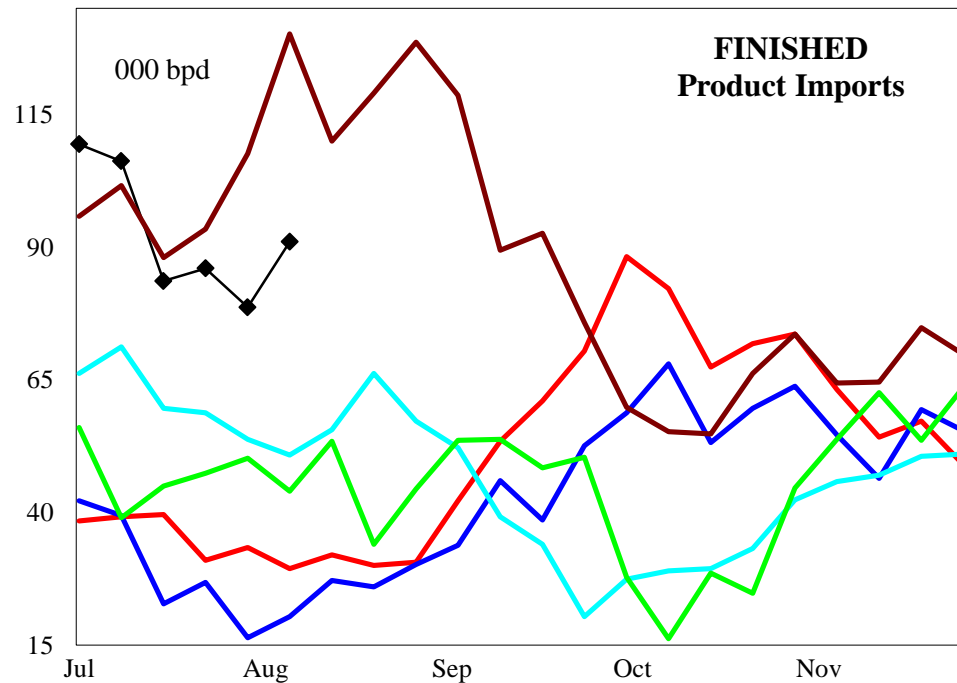
Stocks



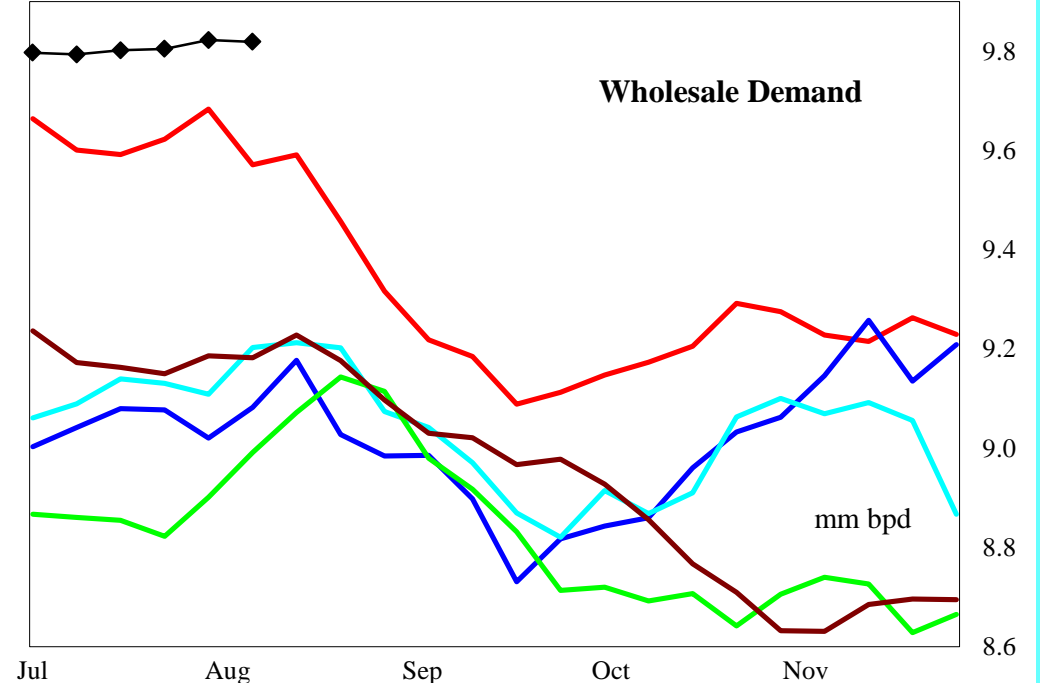
Refinery Production



FINISHED Product Imports



Wholesale Demand


4 wk avg variance to prior year

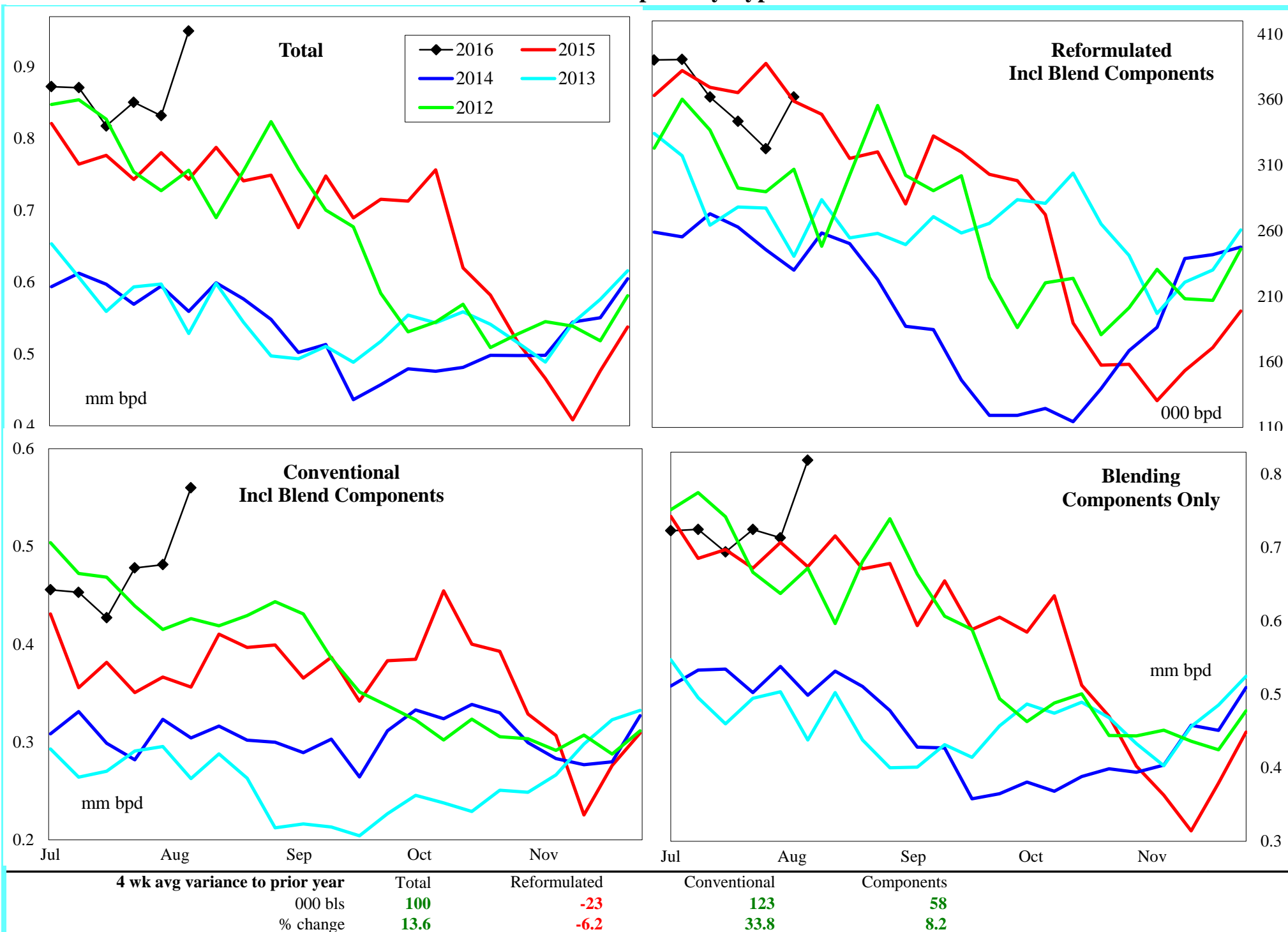
000 bpd (000 bls stks)

Stocks
19,901
Production
110
Fin Impt
43
Blend Impt
58
Demand=>
369
4wk avg
161
Jun
369
May
388
Apr
74

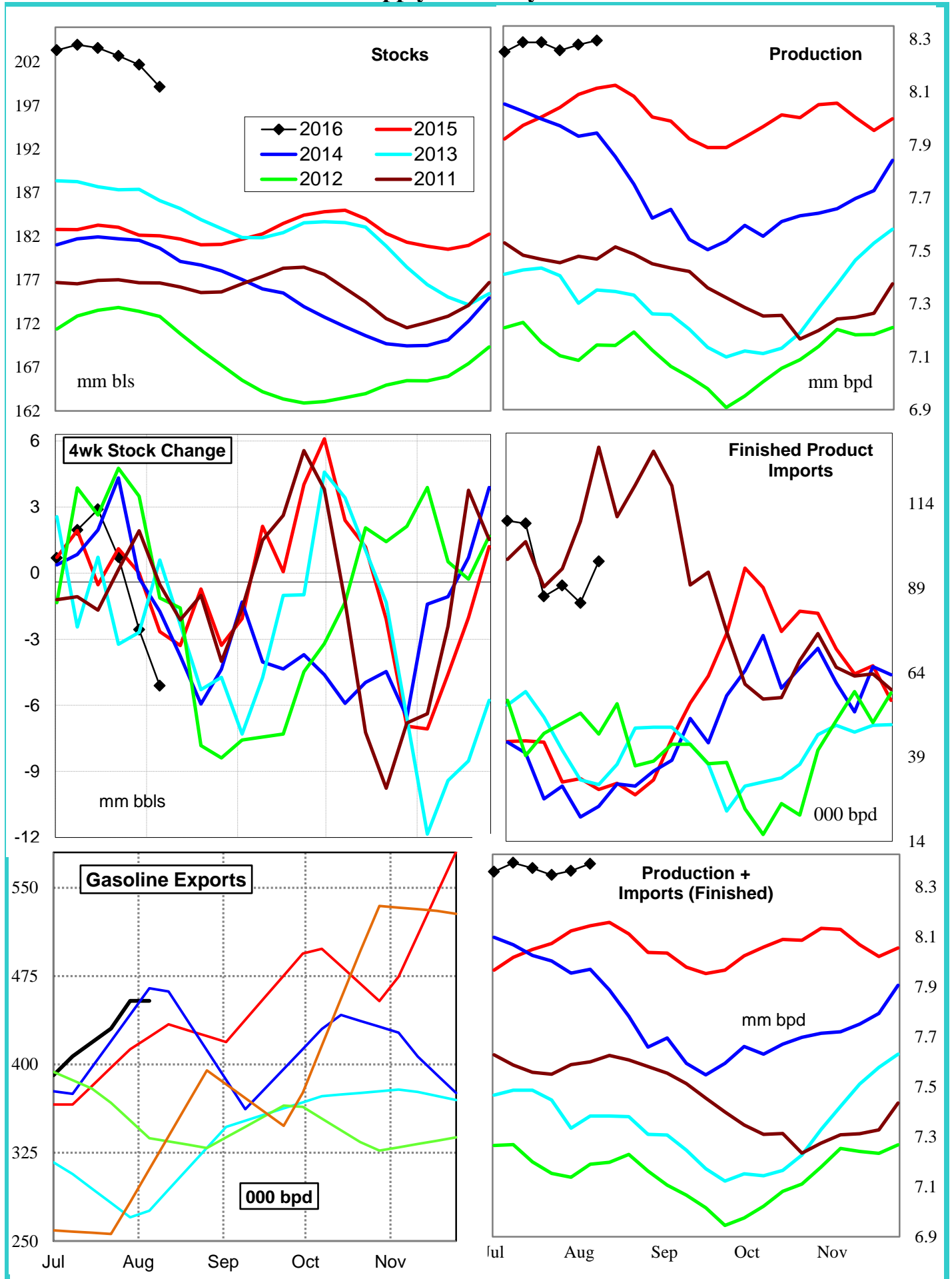
% change

9.2
1.1
118.1
8.2
1.7
3.9
4.2
0.8

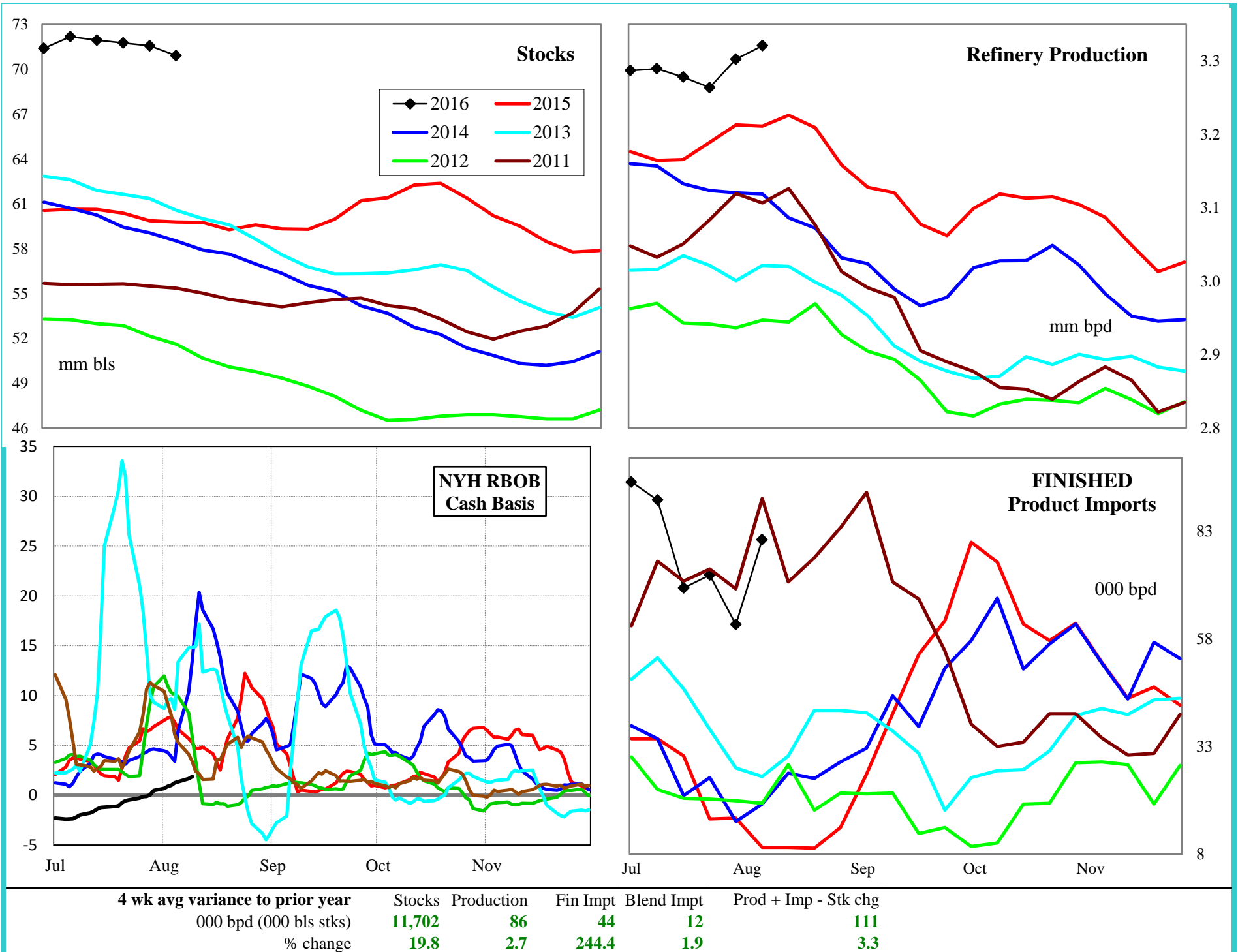
Gasoline Imports by Type



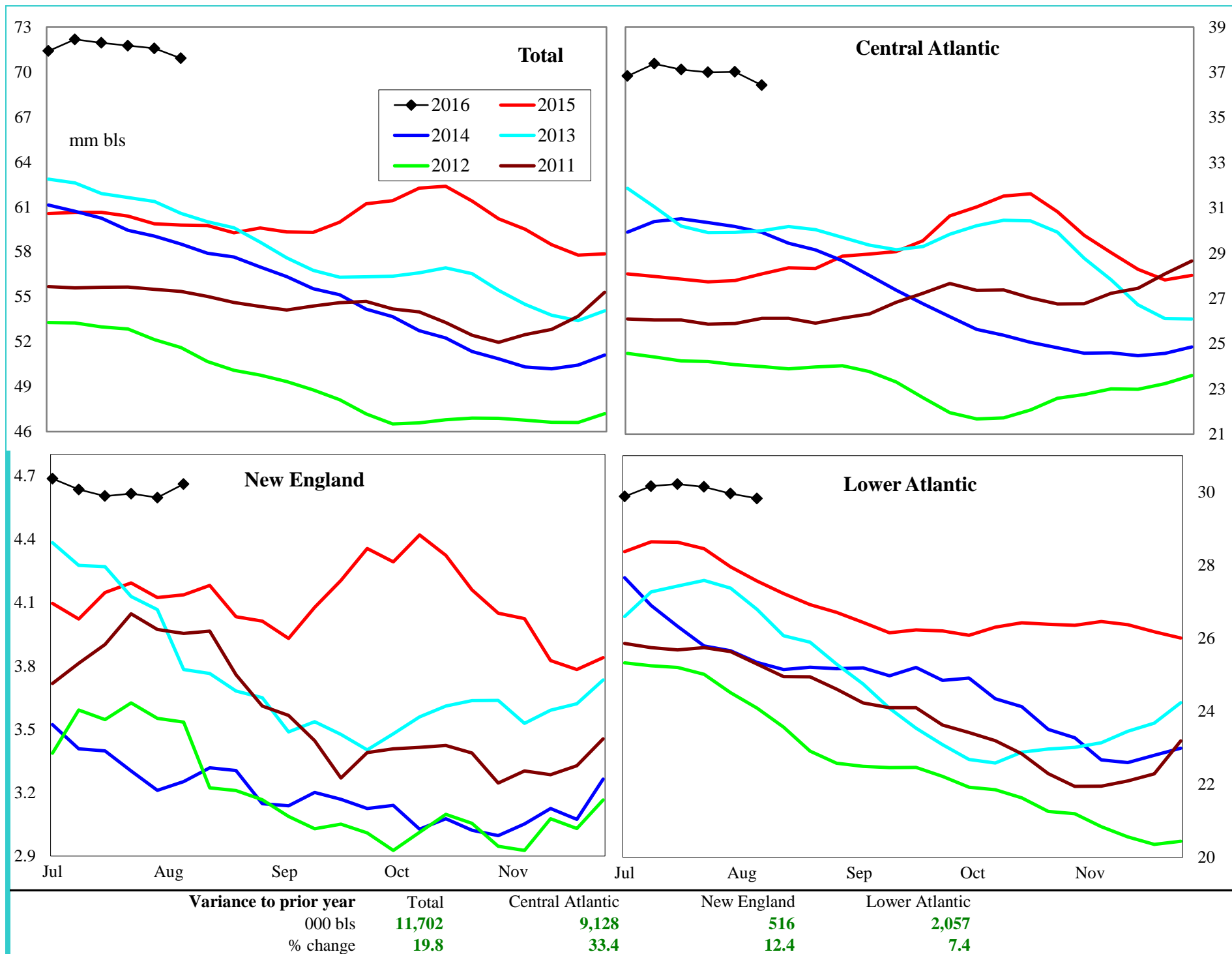
Gasoline Supply Summary PADDs 1+2+3



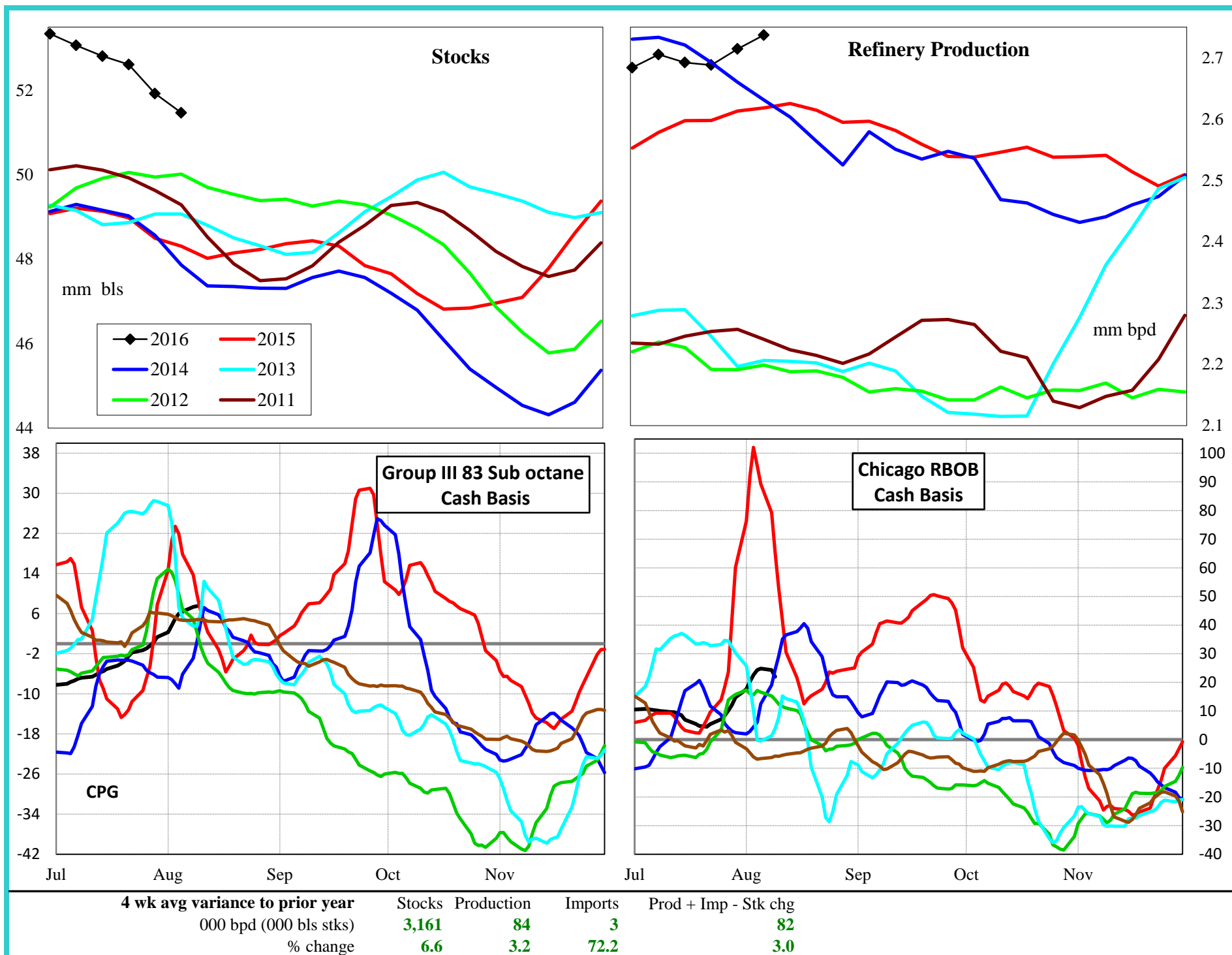
PADD 1 Gasoline Supply



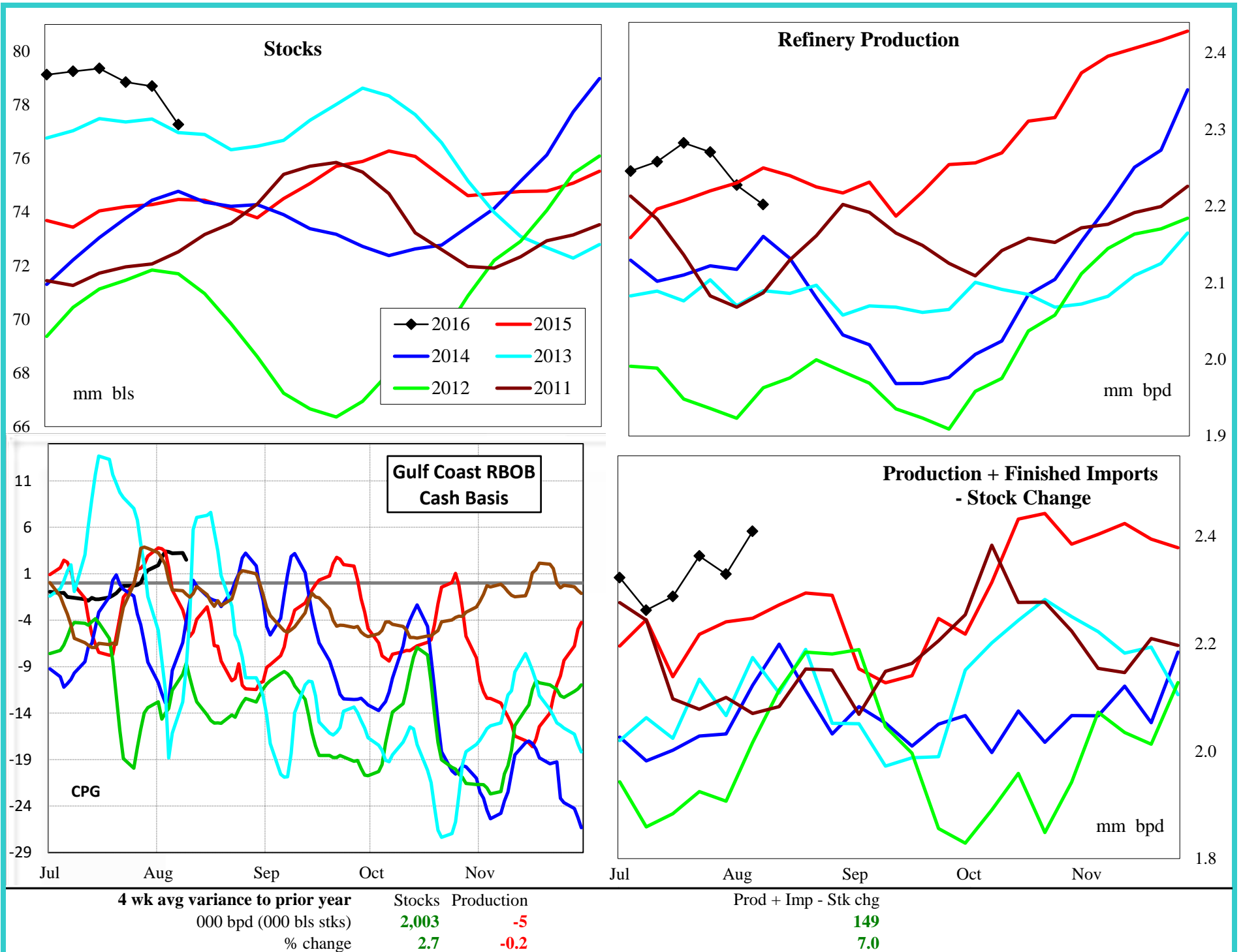
PADD 1 Gasoline Stocks by Region



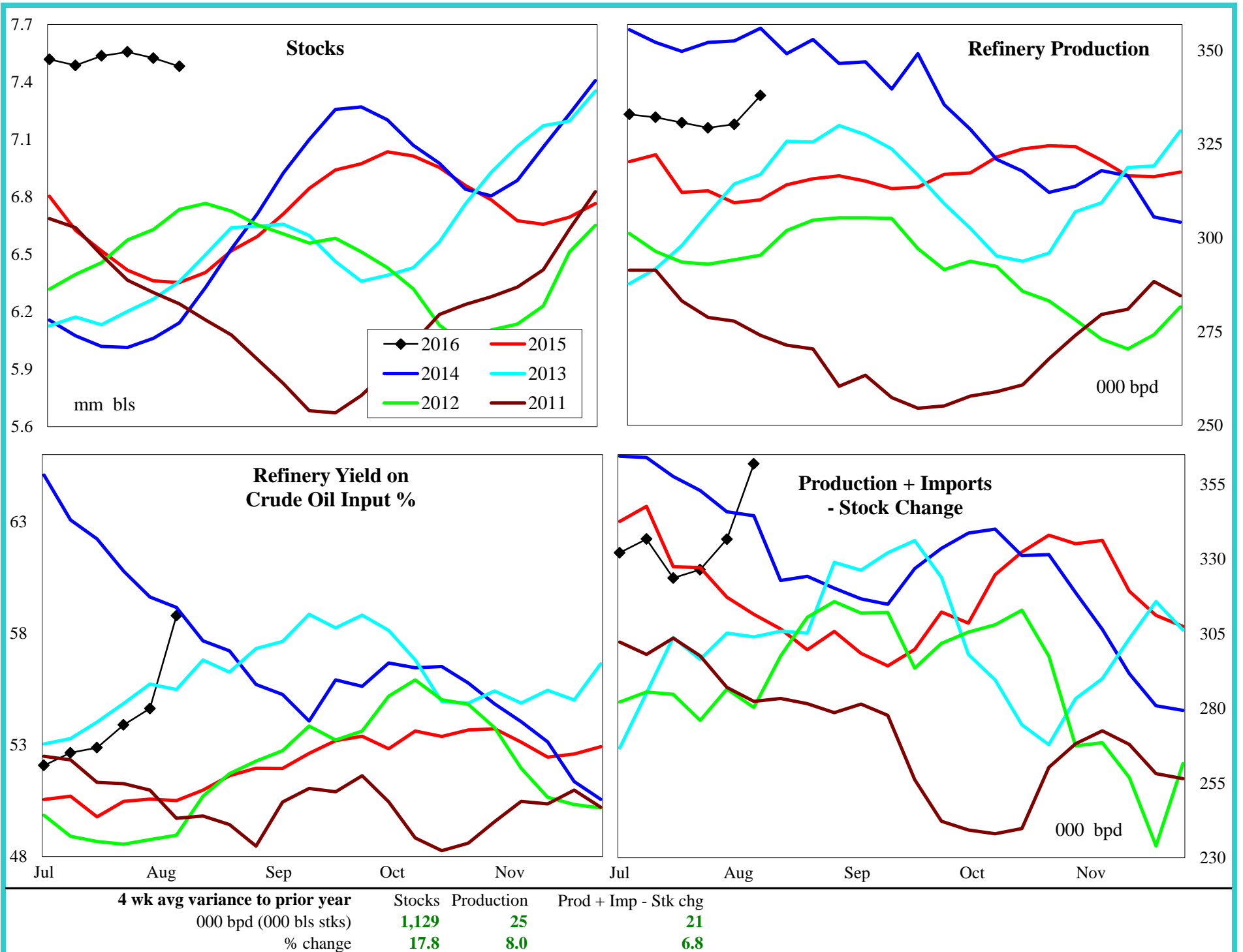
PADD 2 Gasoline Supply



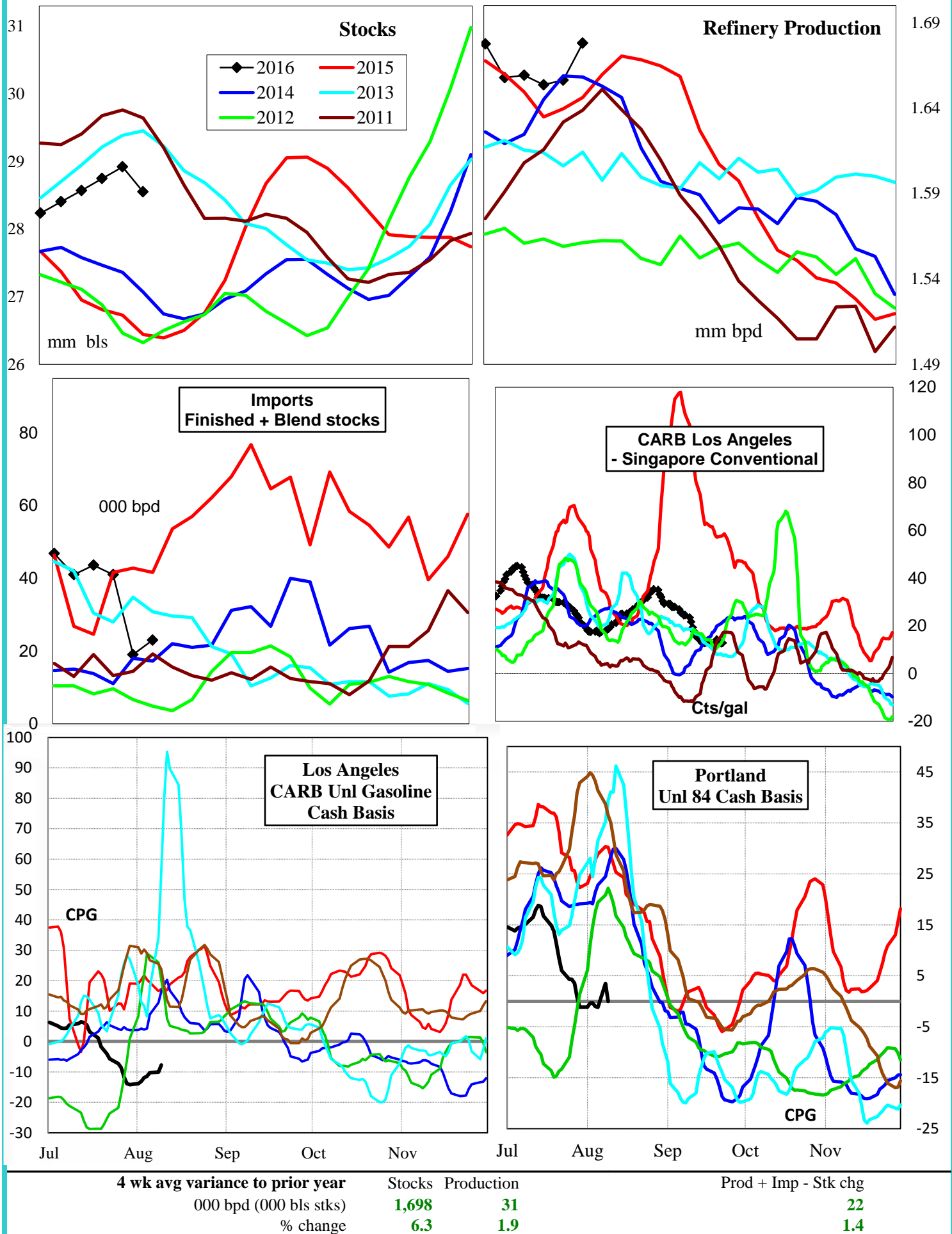
PADD 3 Gasoline Supply



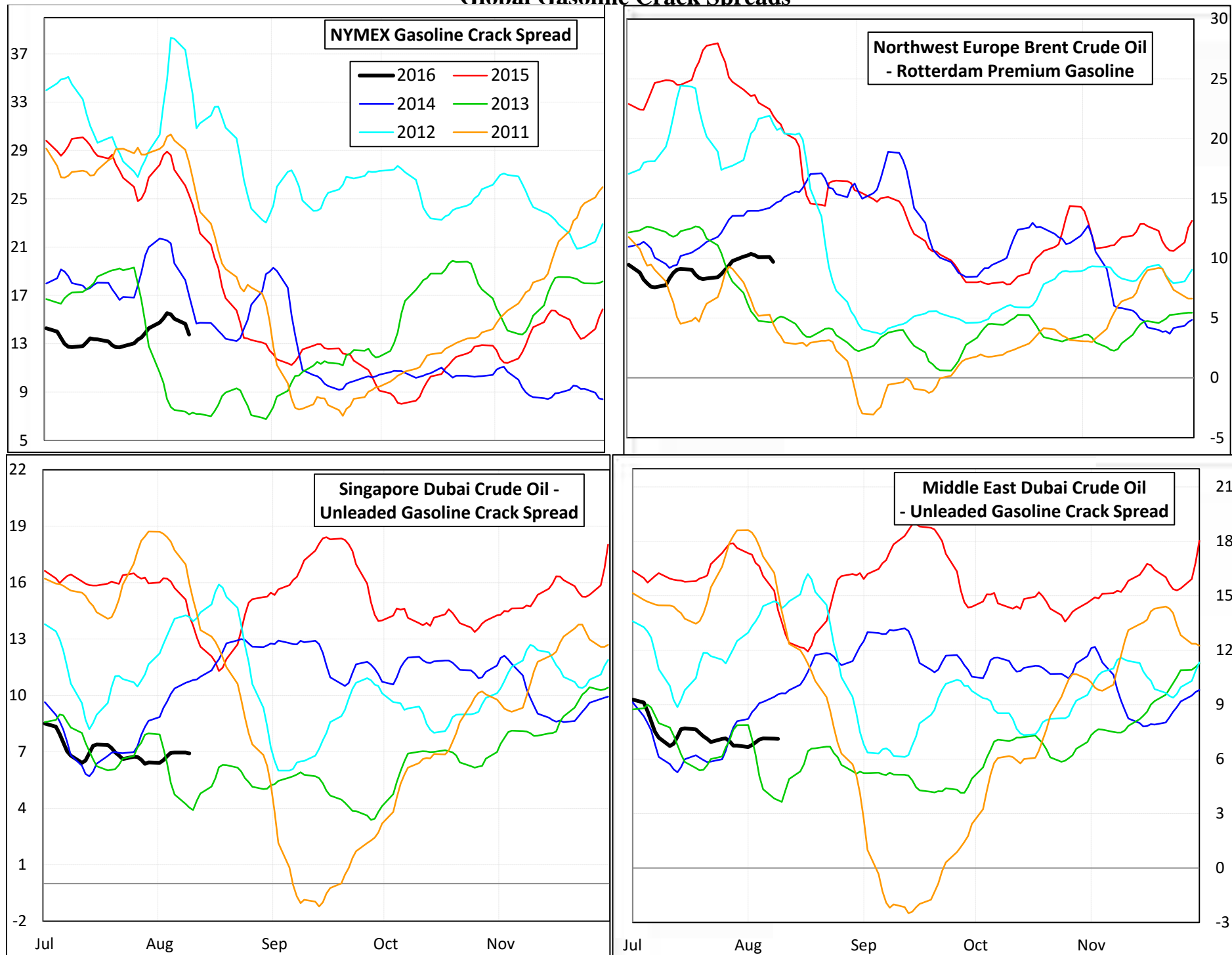
PADD 4 Gasoline Supply



PADD 5 Gasoline Supply



Global Gasoline Crack Spreads



Global Gasoline Cash Basis

