

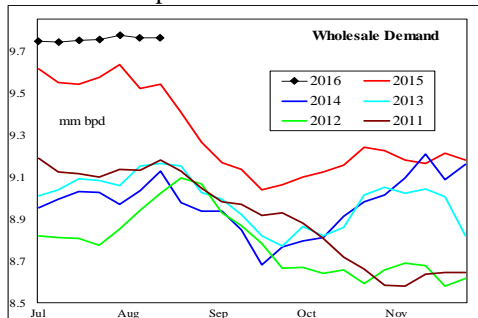


WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

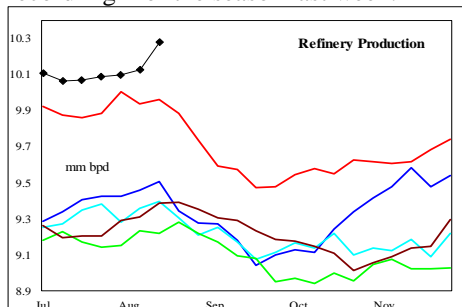
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, August 18, 2016

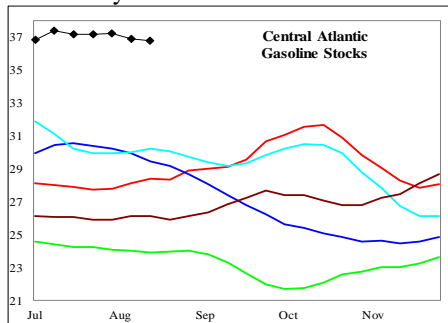
Wholesale demand was nearly unchanged on the week. Look for a sharp decrease by month end as peak summer travel ends.



Supply decreased -0.14 million bpd on the week, driven by a -0.32 million bpd drop in imports. Production reached a new record high for the season last week.



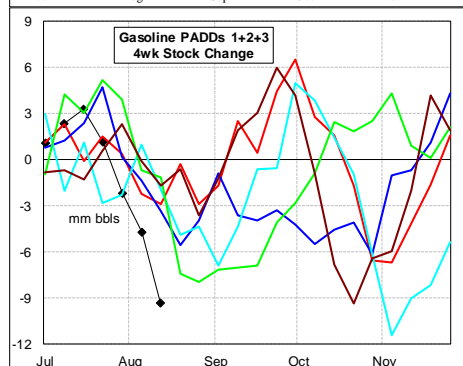
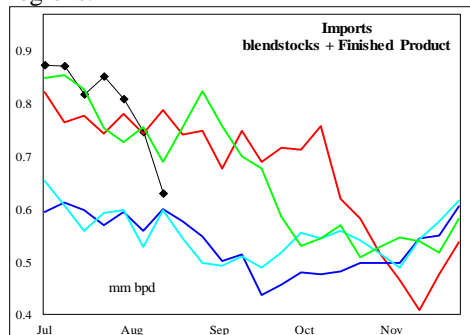
Stocks decreased -2.7 million barrels, with draws in all regions except the West Coast which reported a +1.5 million barrel build to new record highs. Stock levels remain very high in nearly all regions except the Midwest where stocks are slightly above the last 3-yrs.



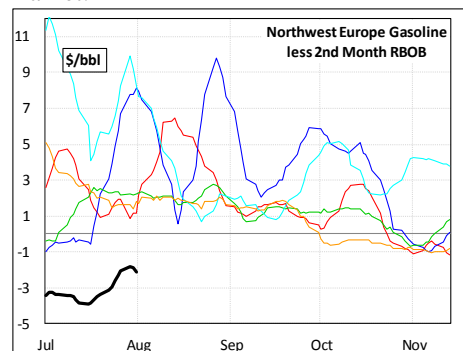
Imports fell -320,000 bpd last week, as imports were diverted from the east coast to other Atlantic markets.

Stock change in the combined markets East of the Rockies for the latest 4-wk period was a draw of -9.3 million barrels, a record draw for the 3rd consecutive 4-wk period. Very high production in the Gulf, West Coast and imports to the East Coast

have kept stock levels very high in these regions.



Northwest European gasoline prices compared to the CME RBOB futures trended higher last week, although the level remains well below the 5-yr range. This weakness should support a high level of exports to the East Coast, maintaining stock levels above the historic range in this market.



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

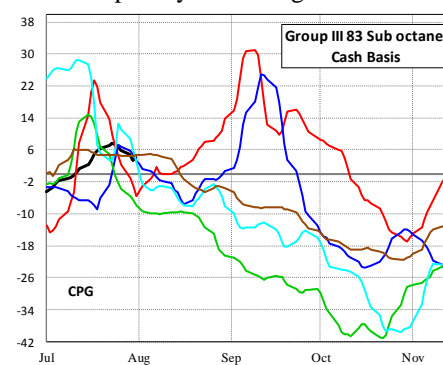
The high level of stocks risk renewed downward pressure on refining margins as peak summer demand ends this month.

Cash Basis and Refining Trends

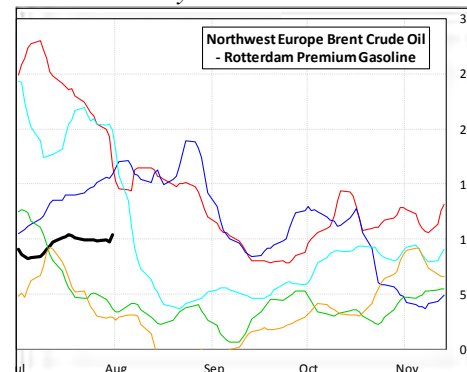
Cash basis for CBOB grade gasoline trended lower in all markets East of the

Rockies last week, pointing to an early then normal seasonal pull back.

Cash basis for gasoline on the west coast trended slightly higher last week, although the level remains below the historic range in all regional markets; driven in part by record high stock levels.



There is risk of further basis weakness in markets East of the Rockies on an end to peak summer demand, with high stock levels and start of fall grade RVP switchover early next month.



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

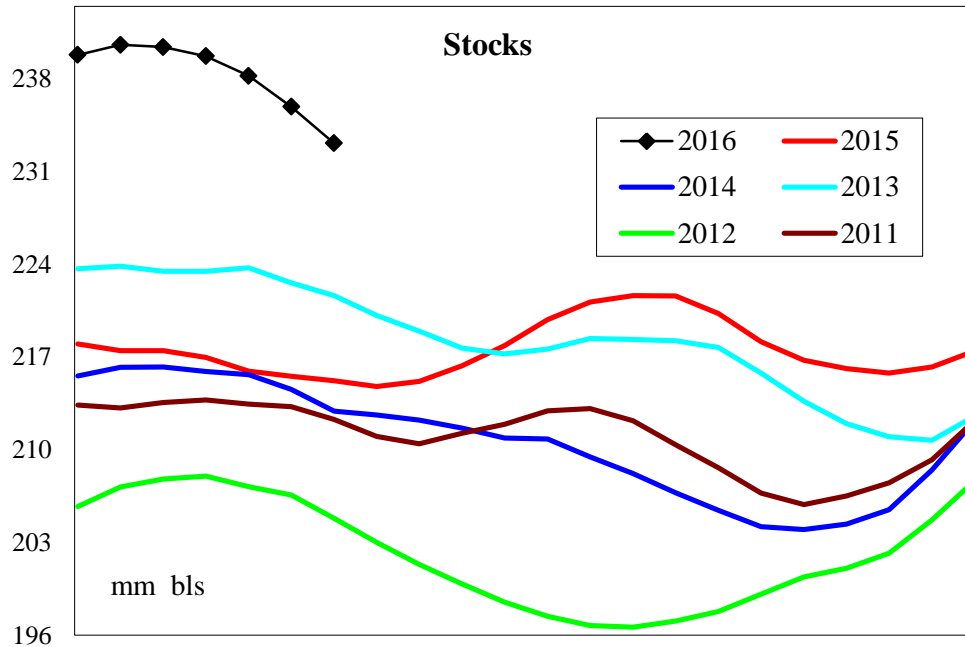
In the absence of weather disruptions on the Gulf, combined with a high level of imports; too much supply should continue to burden the East and Gulf coast markets in the near term. The start of fall refinery maintenance in the U.S. and Europe should lead to some improvement in the supply balance during the next quarter.

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

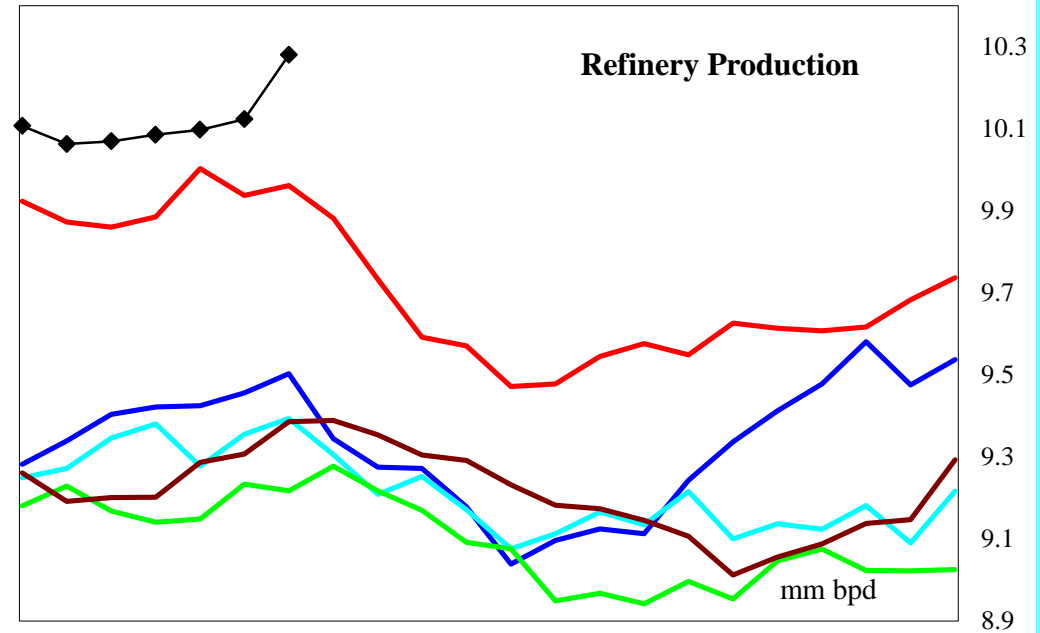
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United States Gasoline Supply and Demand

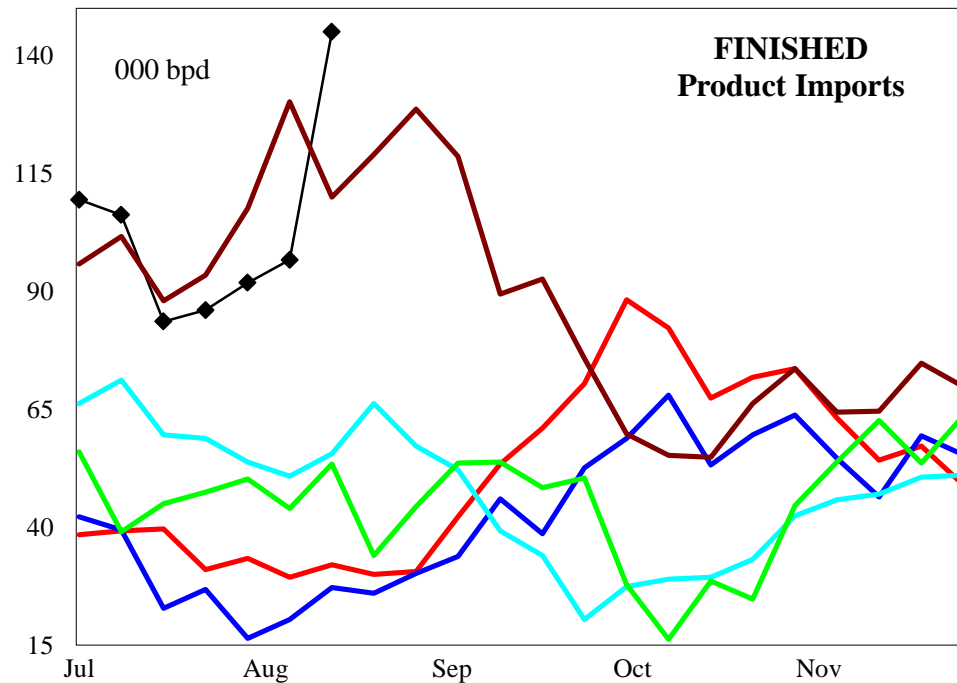
Stocks



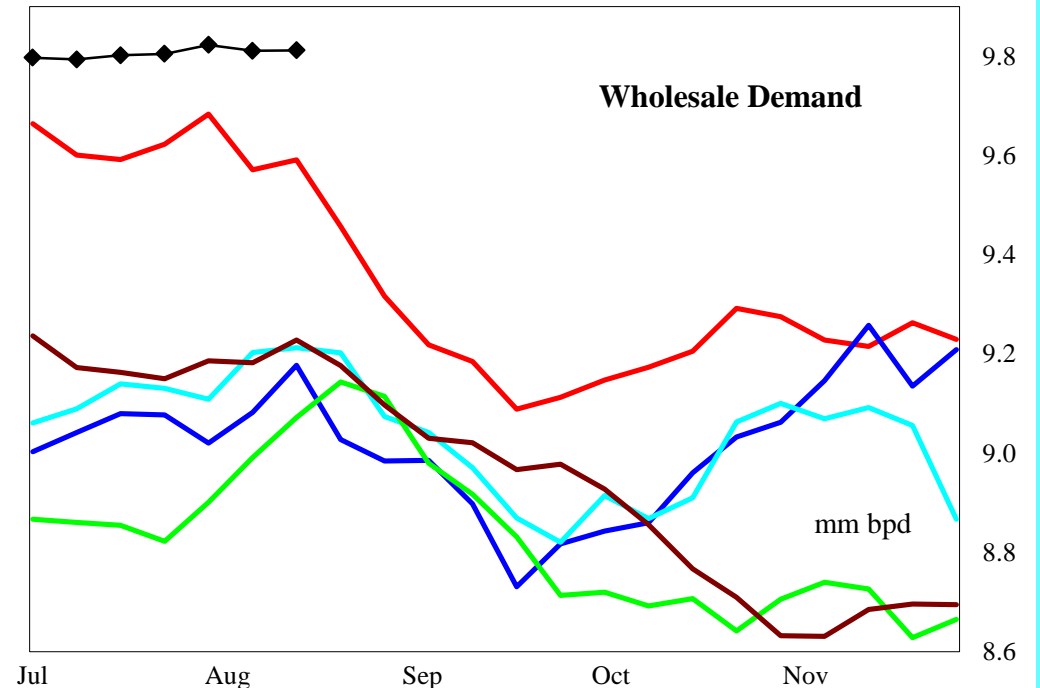
Refinery Production



FINISHED Product Imports



Wholesale Demand


4 wk avg variance to prior year

000 bpd (000 bls stks)

Stocks
19,885
Production
133
Fin Impt
65
Blend Impt
-50
Demand=>
4wk avg
166
Jun
369
May
388
Apr
74

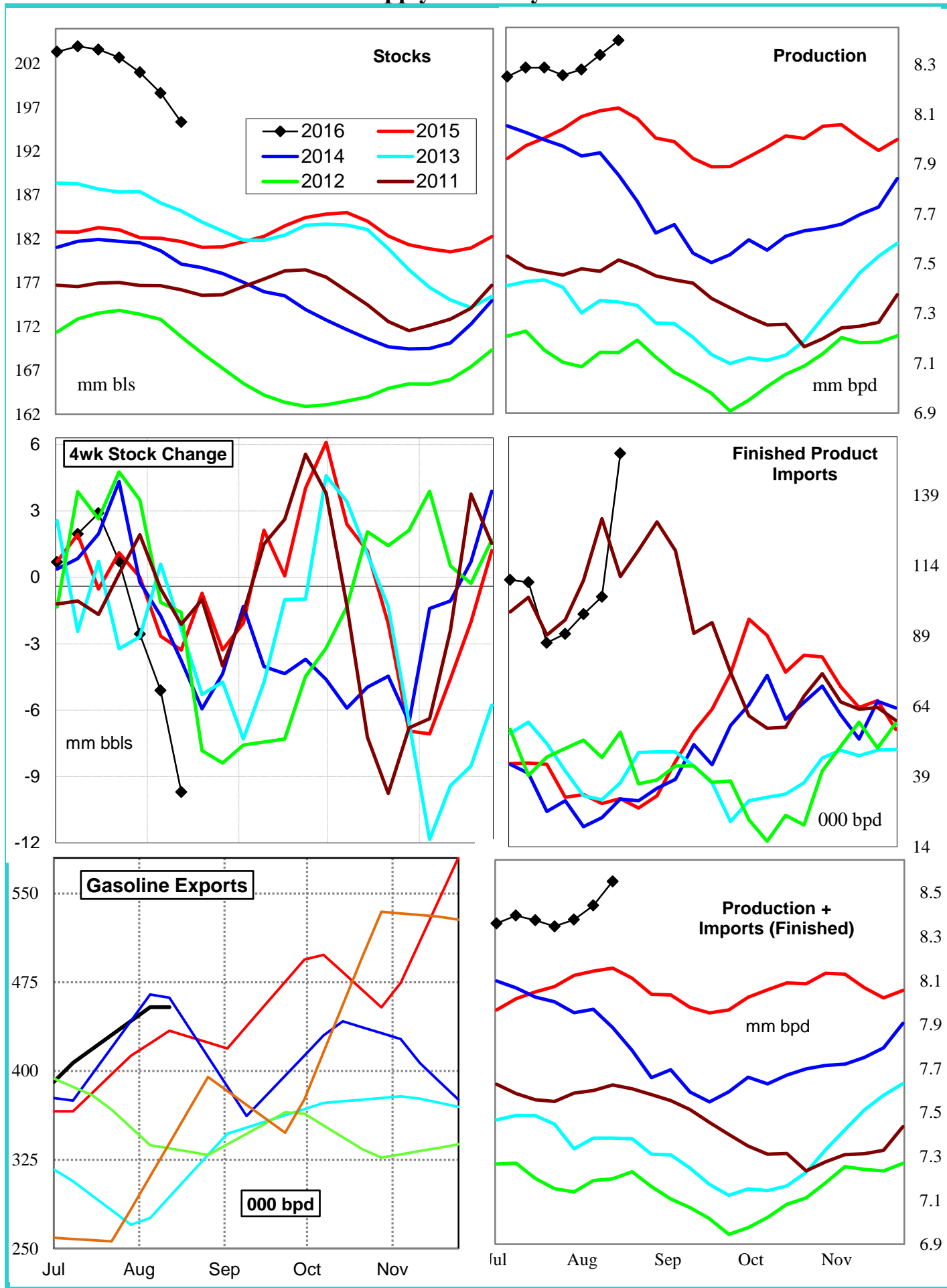
% change

9.3
1.3
212.3
-7.0
1.7
3.9
4.2
0.8

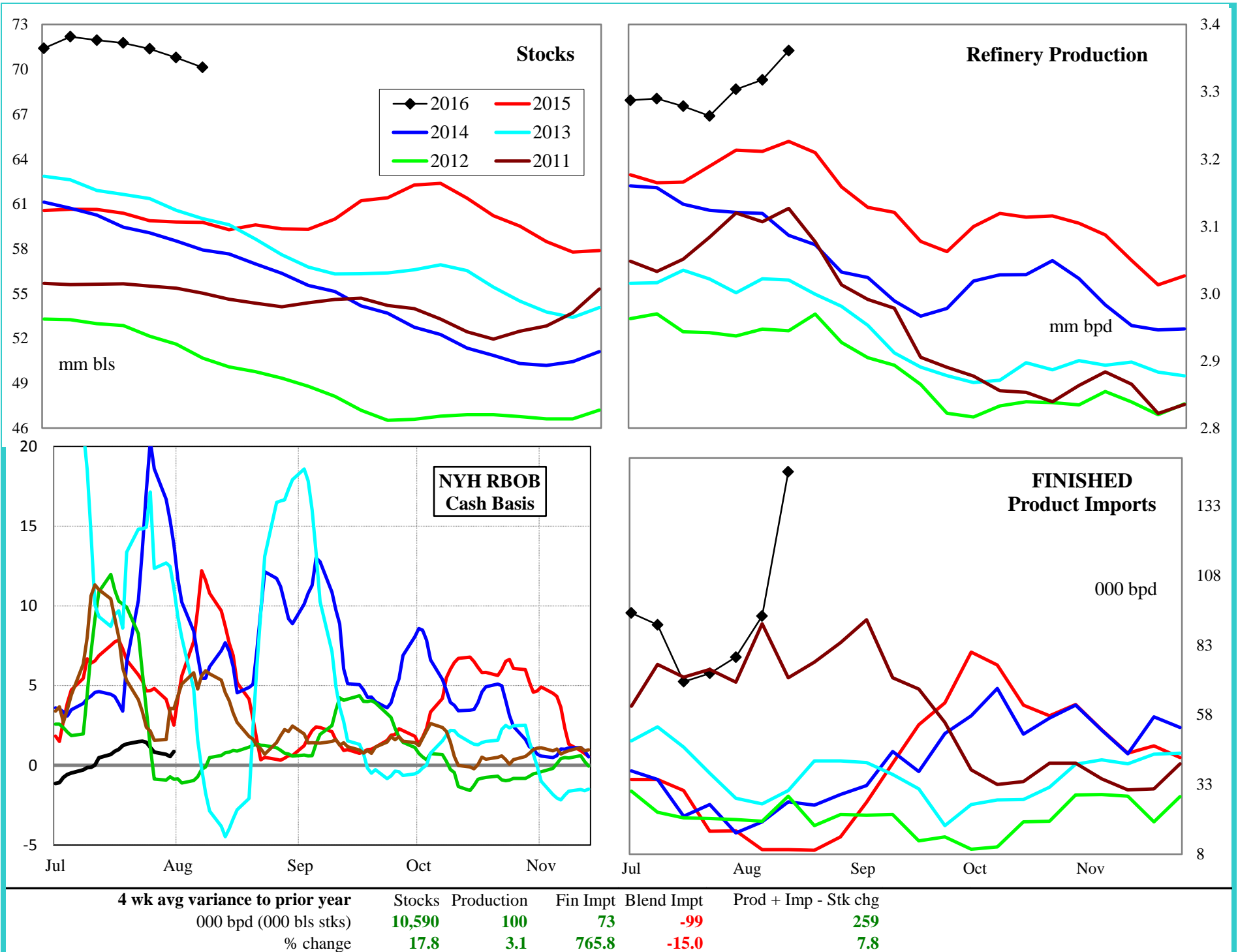
Gasoline Imports by Type



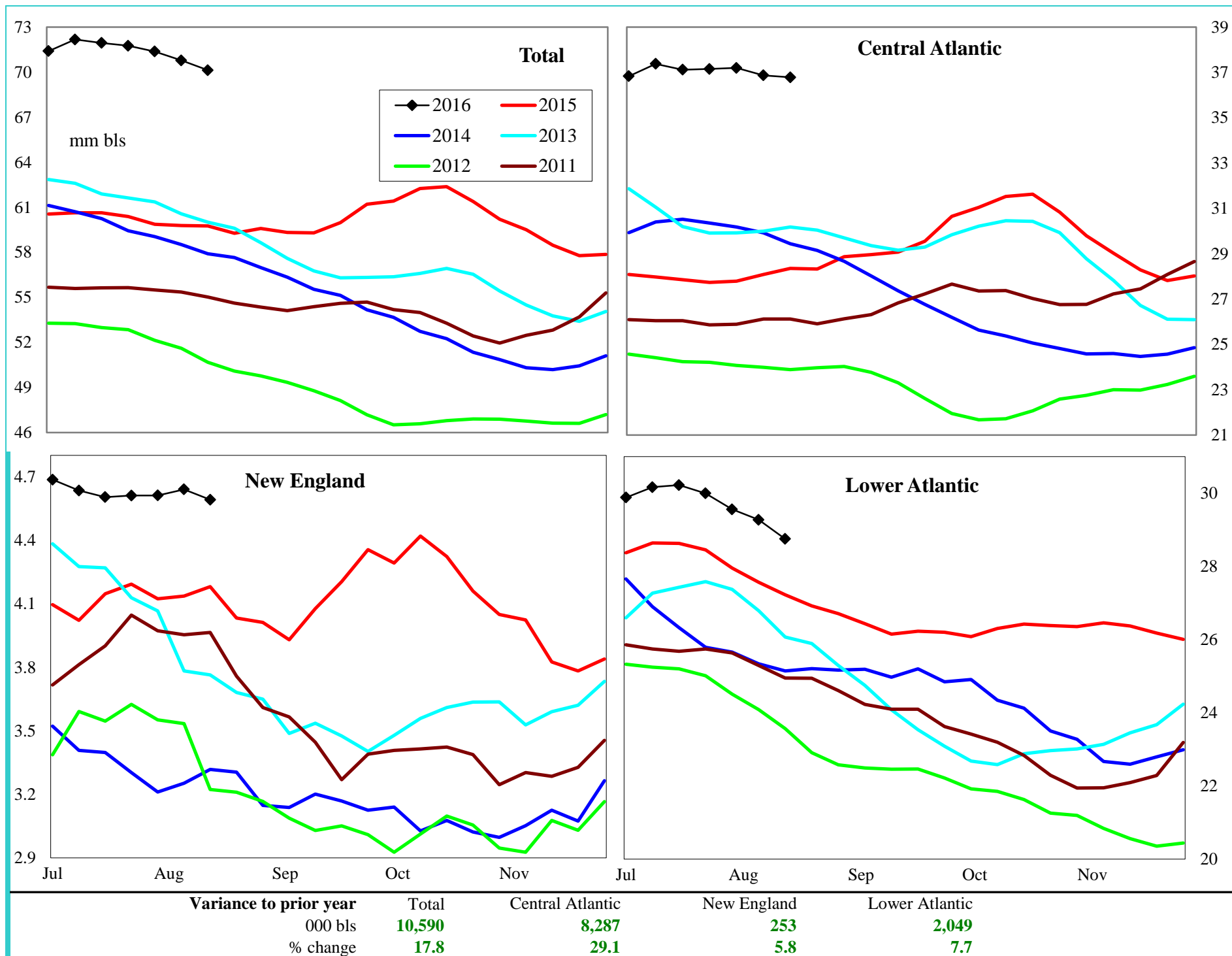
Gasoline Supply Summary PADDs 1+2+3



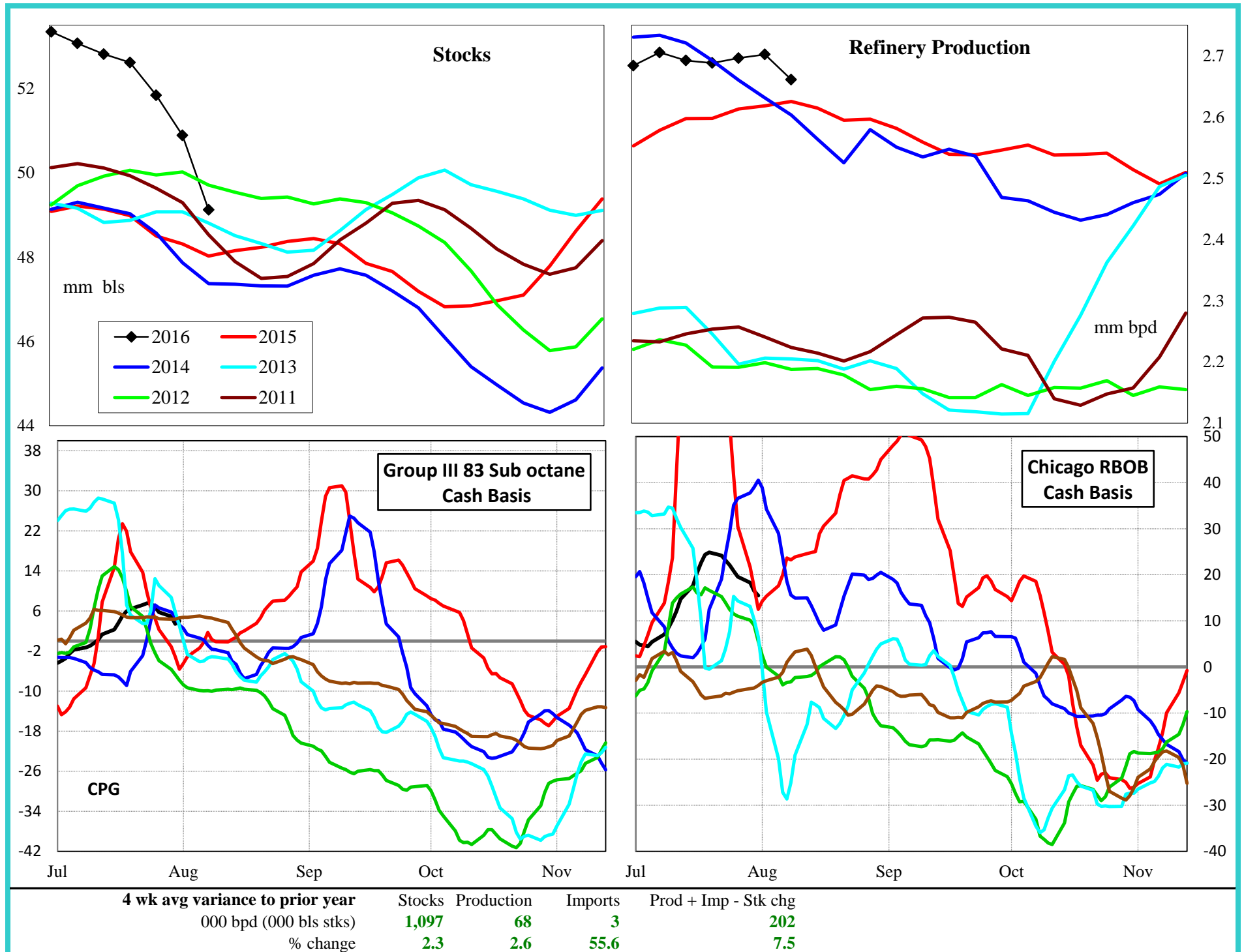
PADD 1 Gasoline Supply



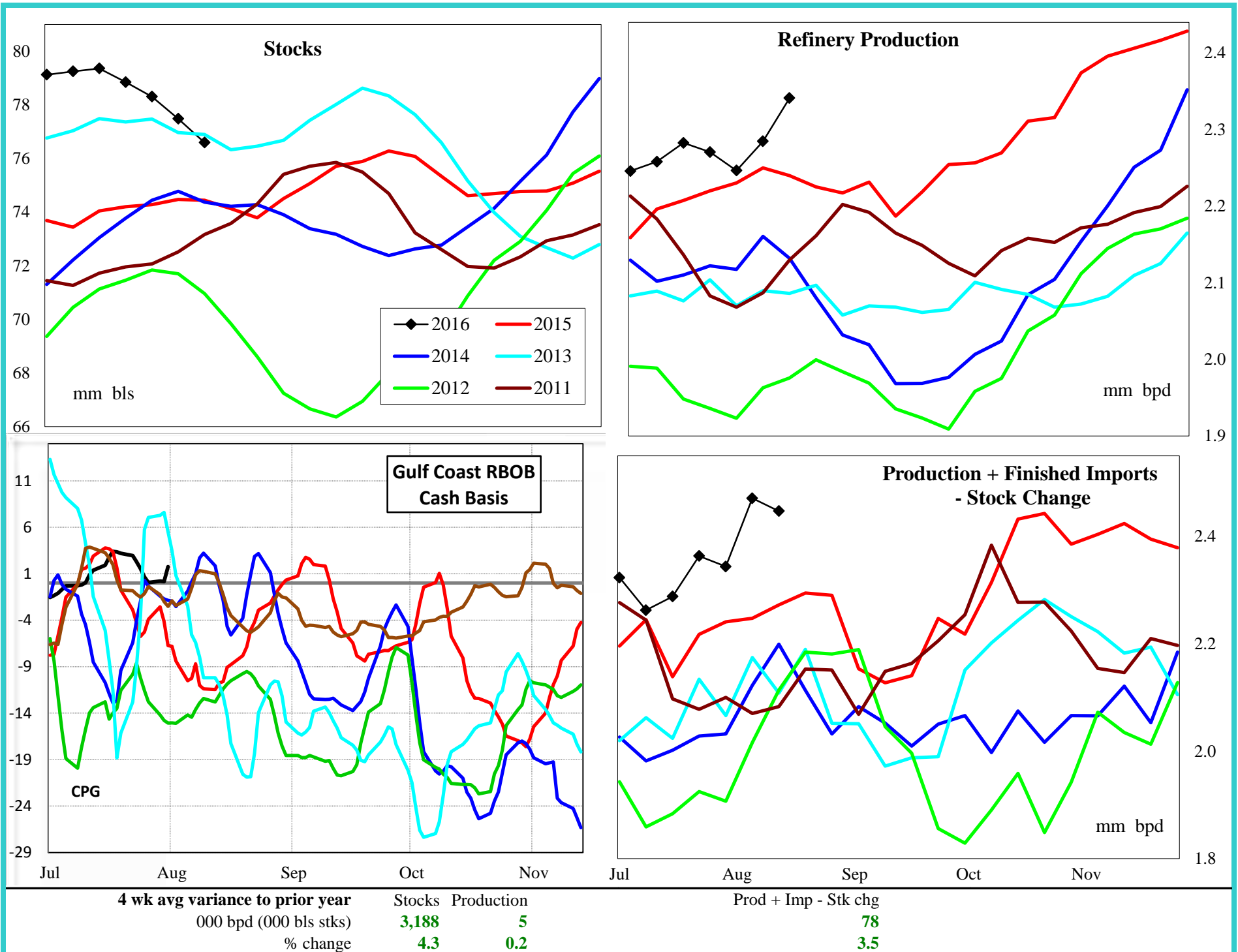
PADD 1 Gasoline Stocks by Region



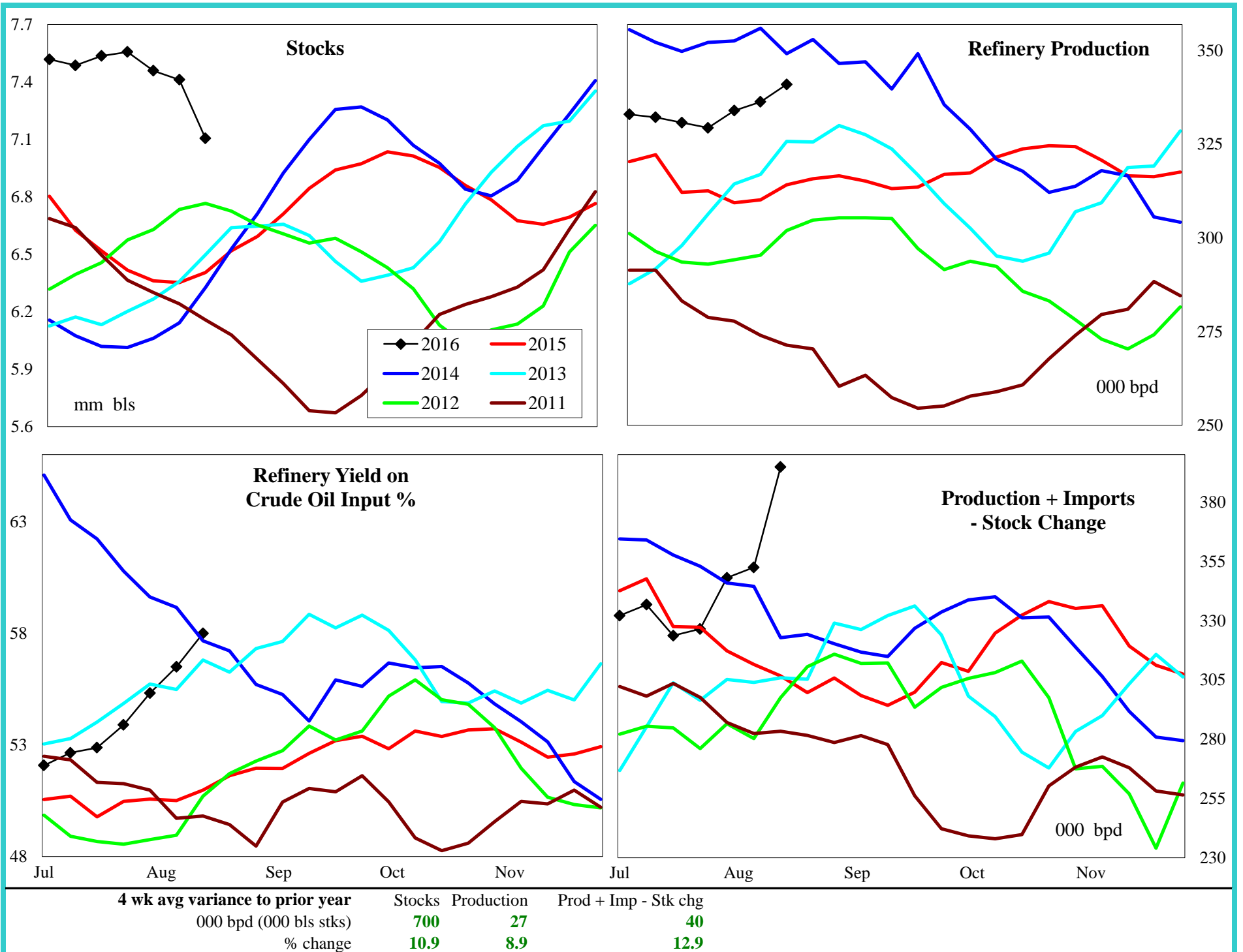
PADD 2 Gasoline Supply



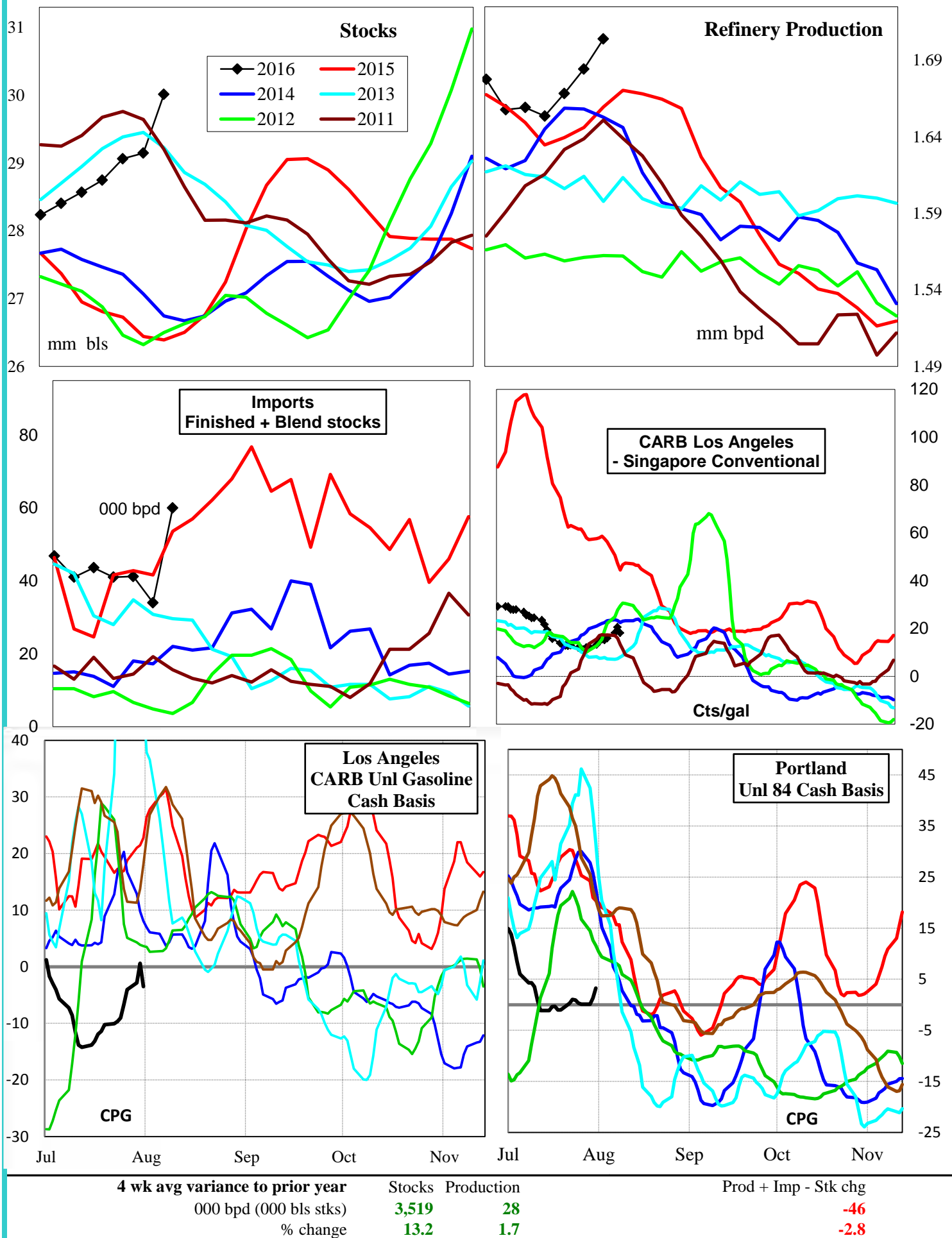
PADD 3 Gasoline Supply



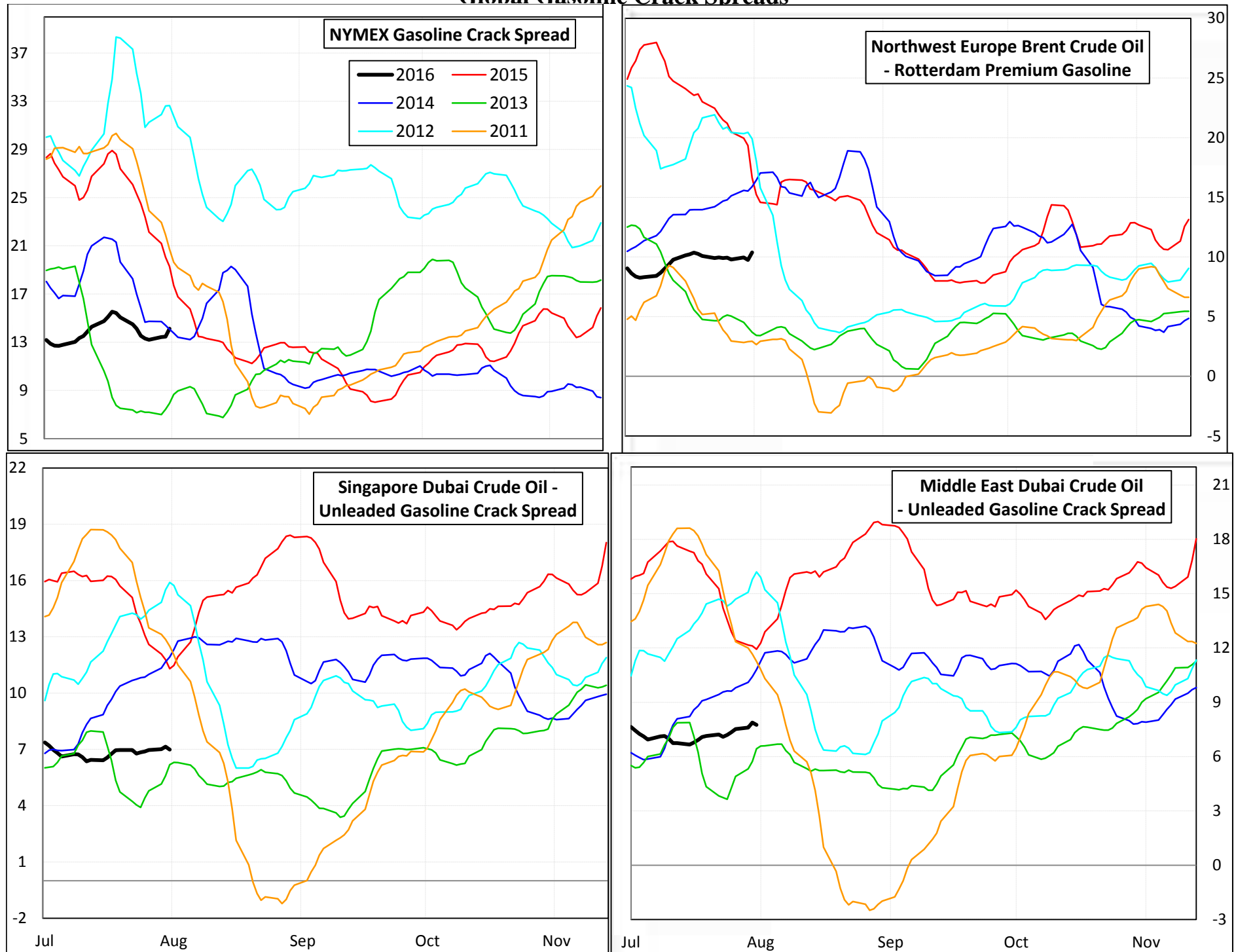
PADD 4 Gasoline Supply



PADD 5 Gasoline Supply



Global Gasoline Crack Spreads



Global Gasoline Cash Basis

