

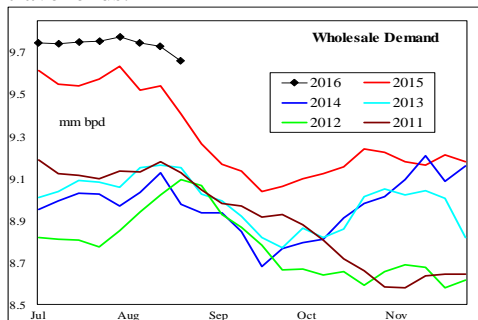


## WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

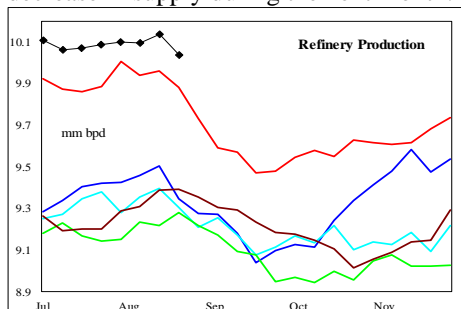
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Thursday, August 25, 2016

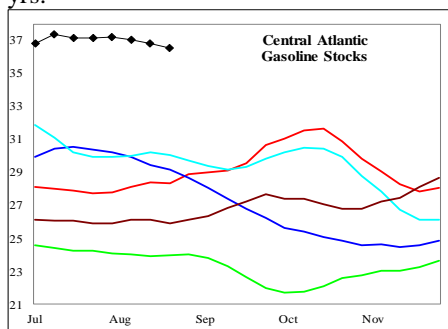
Wholesale demand decreased -0.1 million bpd on the week. Look for a sharp decrease by month end as peak summer travel ends.



Supply decreased -54,000 bpd on the week, driven by a -0.24 million bpd drop in production. Look for a sharp seasonal decrease in supply during the next month.



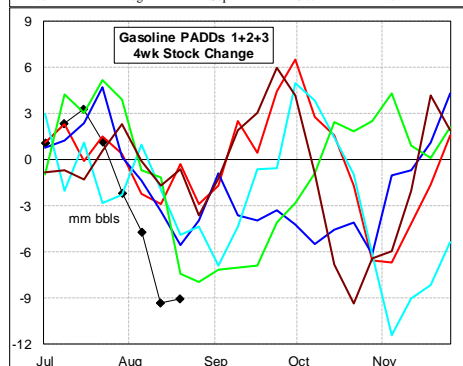
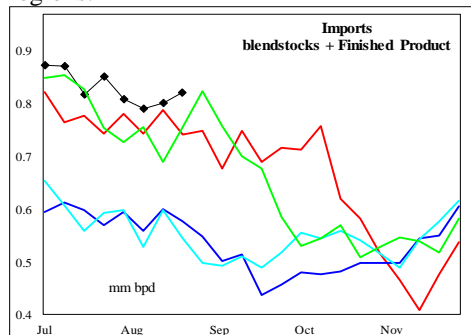
Stocks were unchanged on the week, with a -1 million barrel draw on the east coast offset by a +1.4 million barrel build in the Gulf region. Stock levels remain very high in nearly all regions except the Midwest where stocks are slightly above the last 3-yrs.



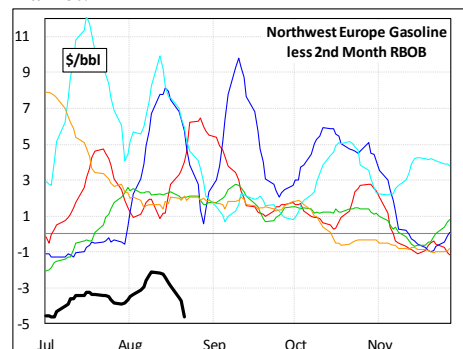
Imports increased +190,000 bpd last week, going to both the Gulf and East Coasts.

Stock change in the combined markets East of the Rockies for the latest 4-wk period was a draw of -9 million barrels, a record draw for the 4<sup>th</sup> consecutive 4-wk period. Very high production in the Gulf, West Coast and imports to the East Coast

have maintained high stock levels in these regions.



Northwest European gasoline prices compared to the CME RBOB futures trended lower last week, with basis levels in all global markets extremely weak. This weakness should support a high level of exports to the East Coast, maintaining stock levels above the historic range in this market.



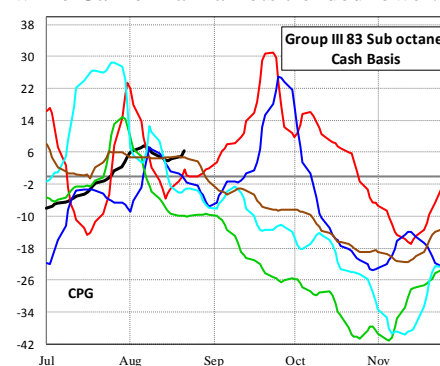
Exports for the week ending 22Jul16 were 454,000 bpd, +57,000 bpd above a year ago.

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

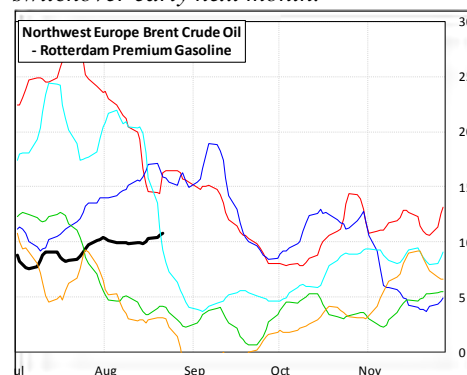
#### Cash Basis and Refining Trends

Cash basis for CBOB grade gasoline trended higher in the Gulf and Group III markets last week, with northwest markets

also higher. Chicago basis was unchanged while California markets trended lower.



*There is risk of a basis pull back 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.*



Gasoline crack spreads trended higher in all global markets last week, with domestic markets seeing sharply higher counter seasonal trends.

#### Gulf Coast Price

Global gasoline markets have not experienced the recent uptrend in prices witness in domestic markets; leaving global basis at record lows. This trend points to risk of increased imports into U.S. markets during the next quarter.

In the absence of weather disruptions on the Gulf, combined with a high level of imports; excess supply should continue to burden the East and Gulf coast markets.

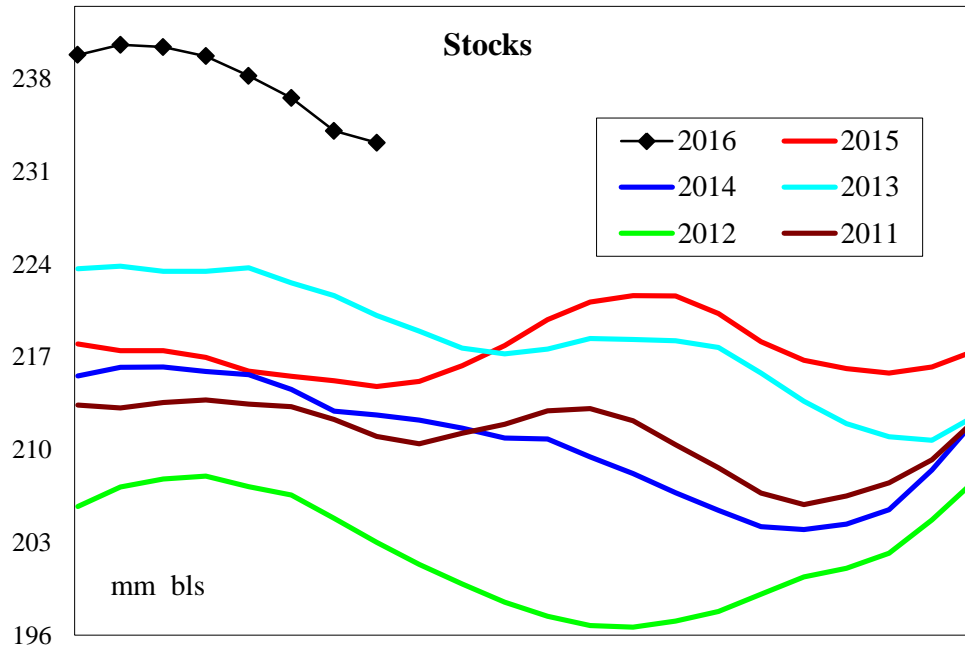
The start of fall refinery maintenance in the U.S. and Europe should lead to some improvement in the supply balance during the next quarter.

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

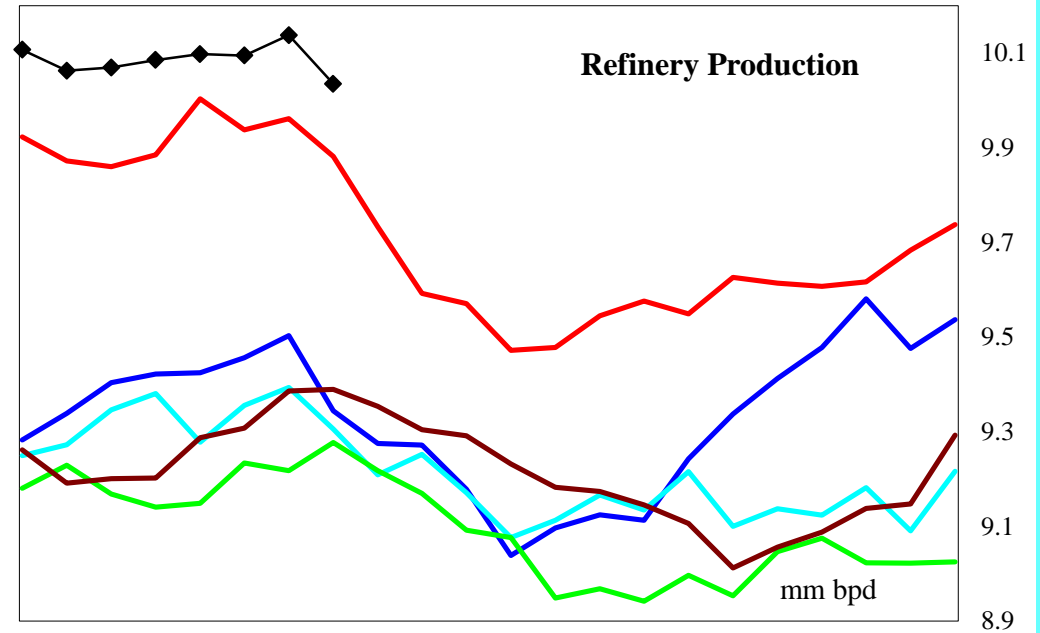
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# United States Gasoline Supply and Demand

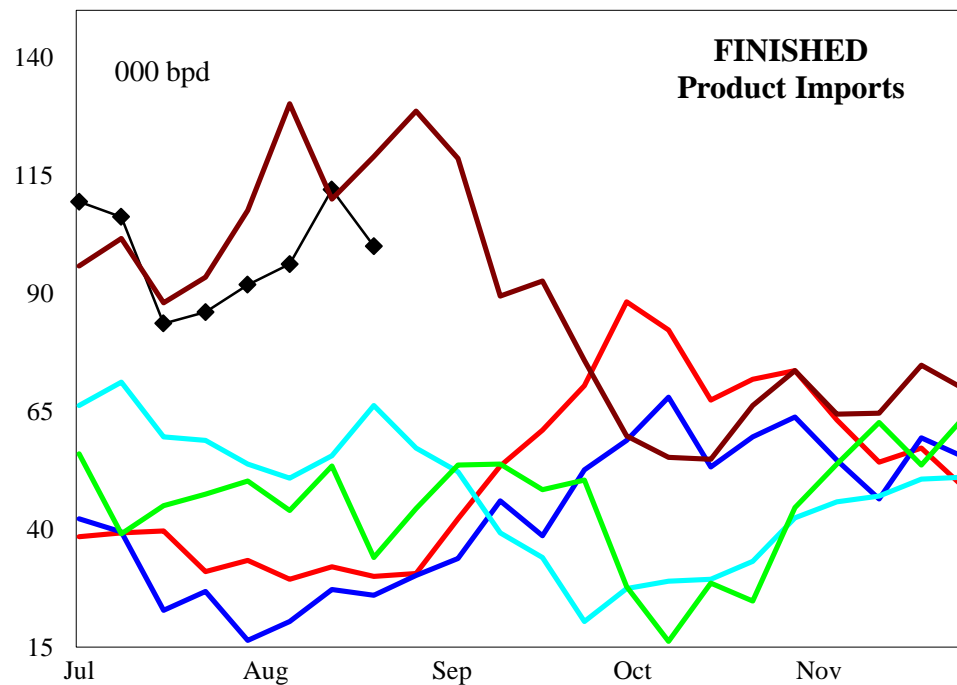
## Stocks



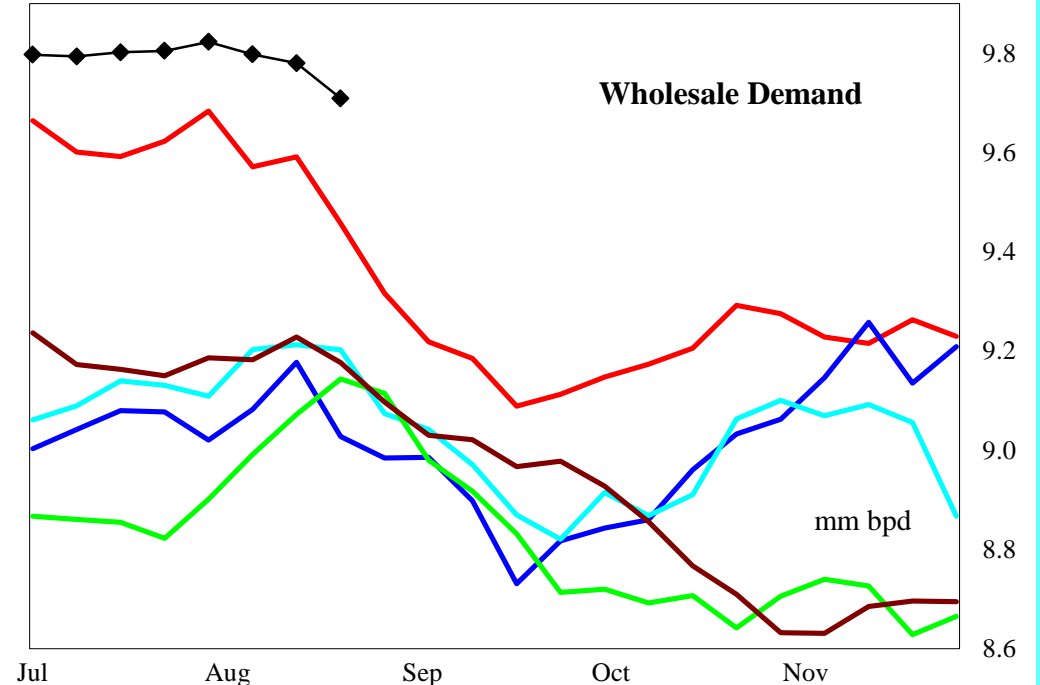
## Refinery Production



## FINISHED Product Imports



## Wholesale Demand



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

18,261

8.5

Production

100

1.0

Fin Impt

67

222.3

Blend Impt

-74

-10.2

Demand=>

4wk avg

169

1.8

Jul

313

3.3

Jun

369

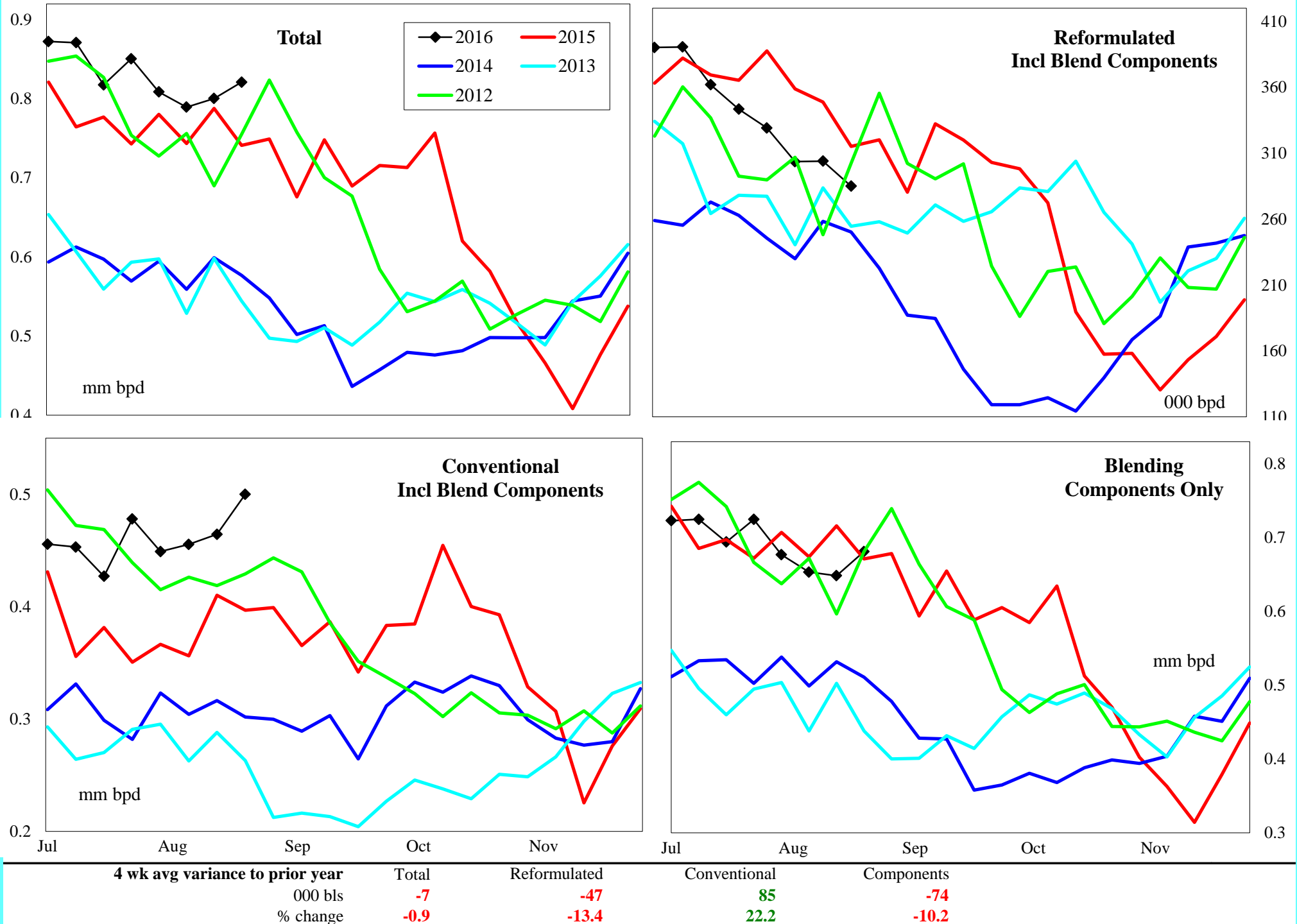
3.9

May

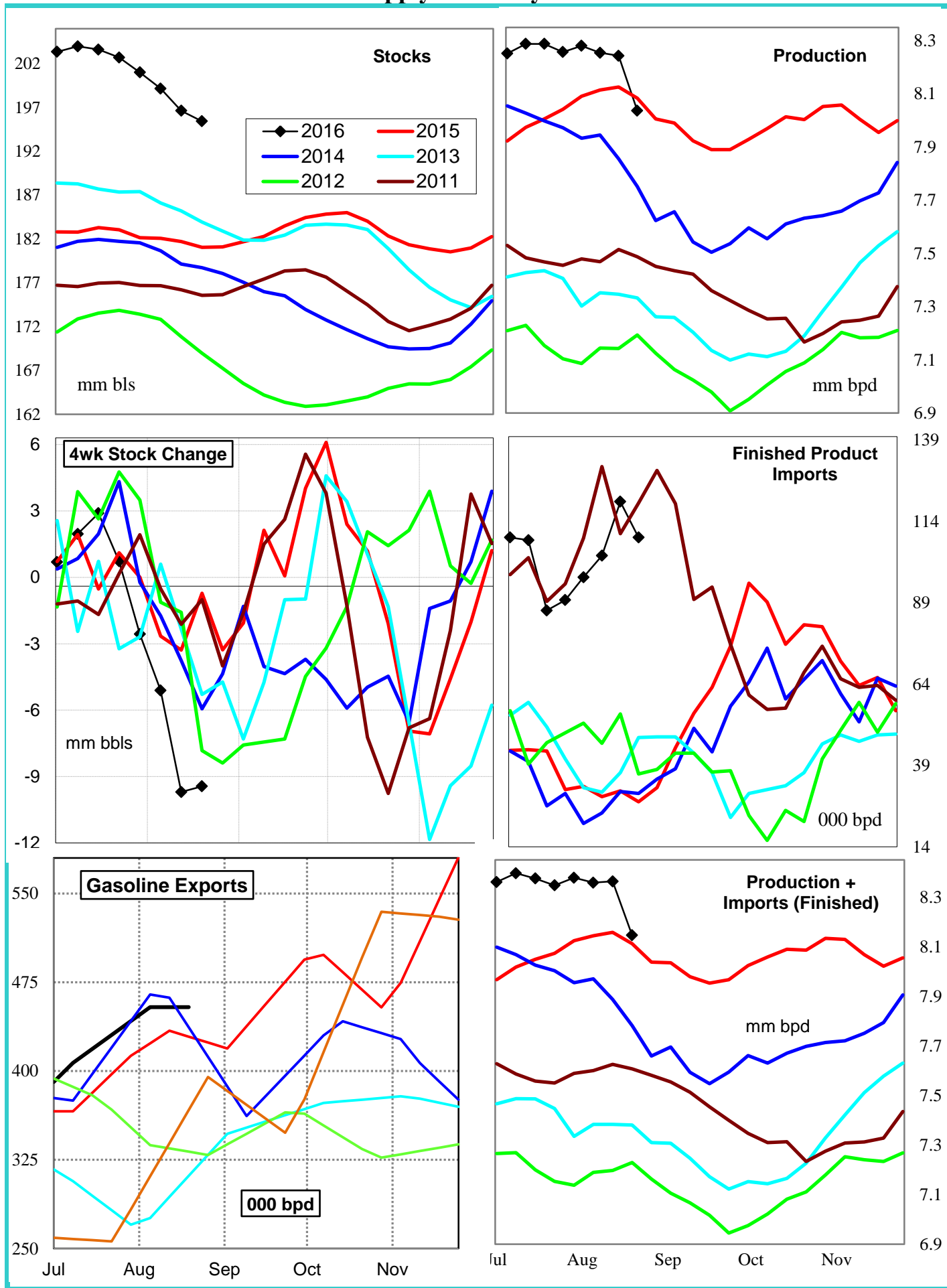
185

2.0

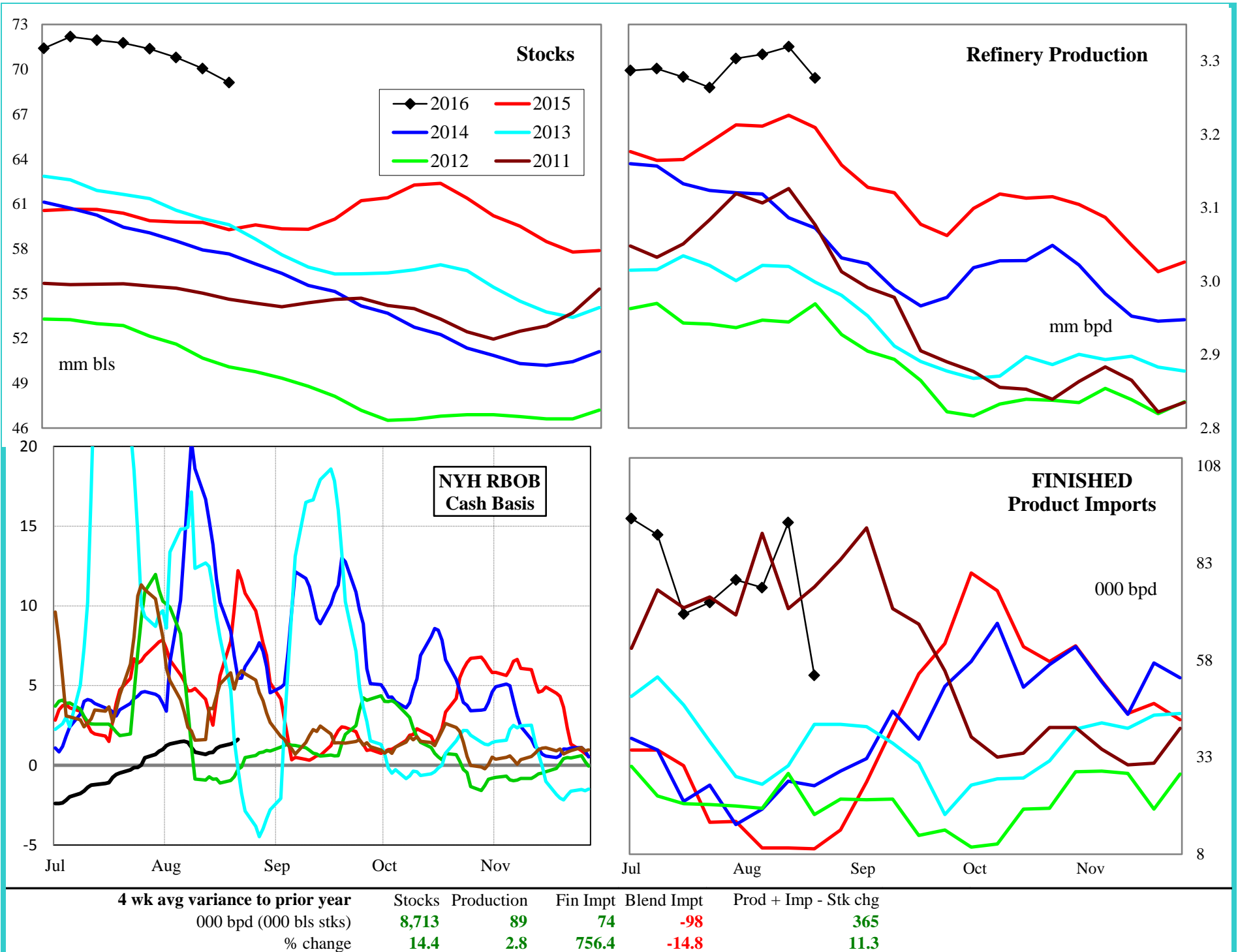
# Gasoline Imports by Type



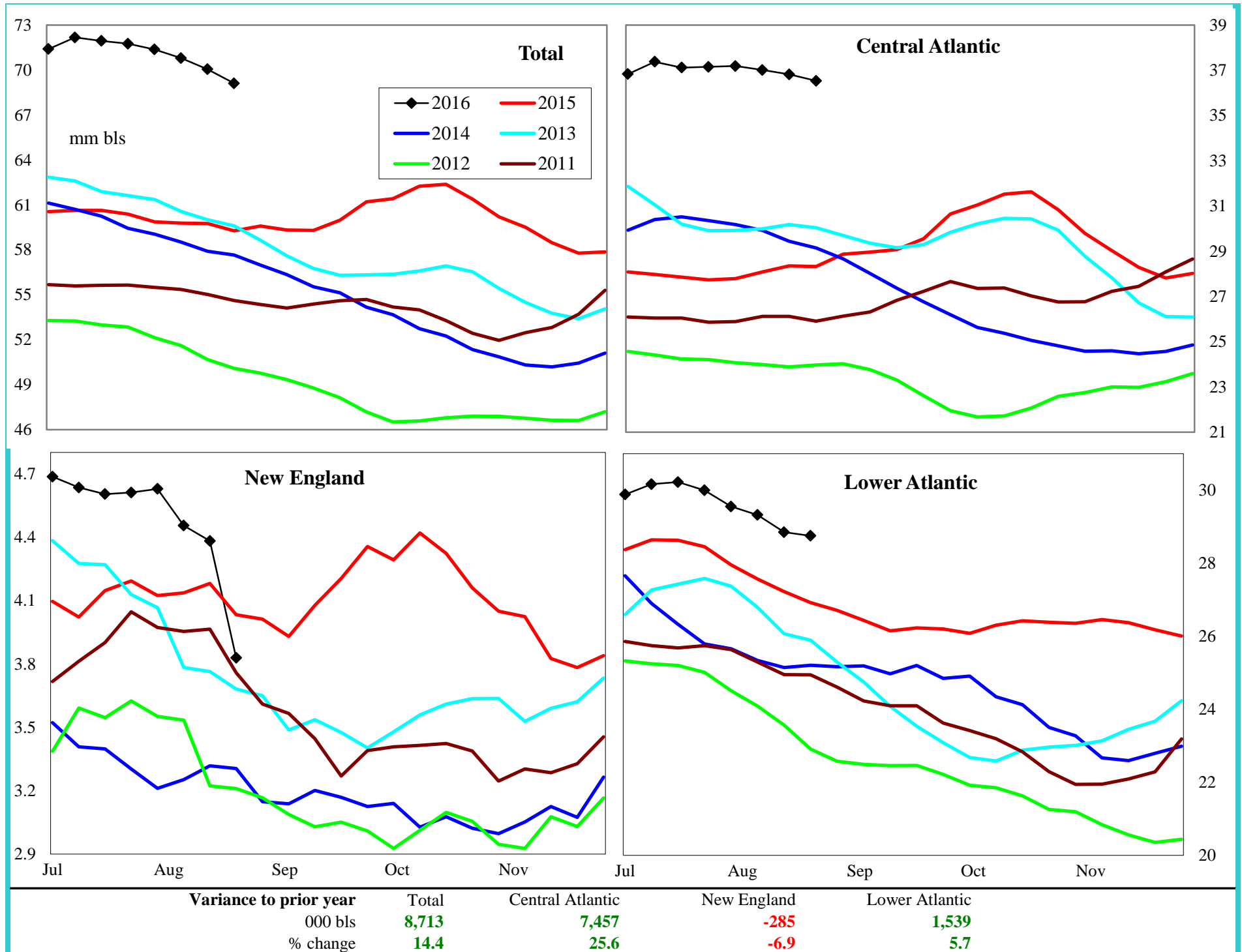
## Gasoline Supply Summary PADDs 1+2+3



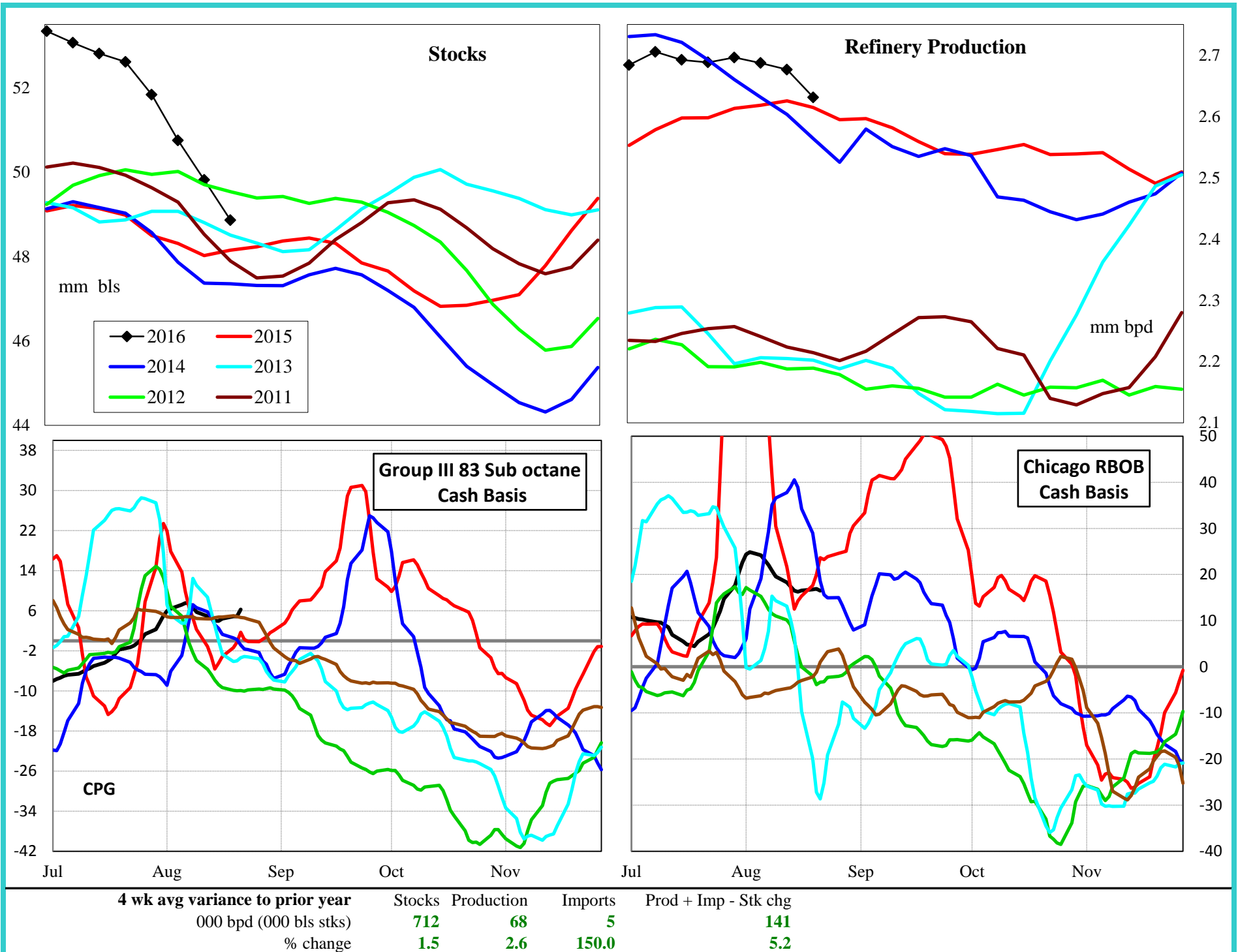
# PADD 1 Gasoline Supply



# PADD 1 Gasoline Stocks by Region

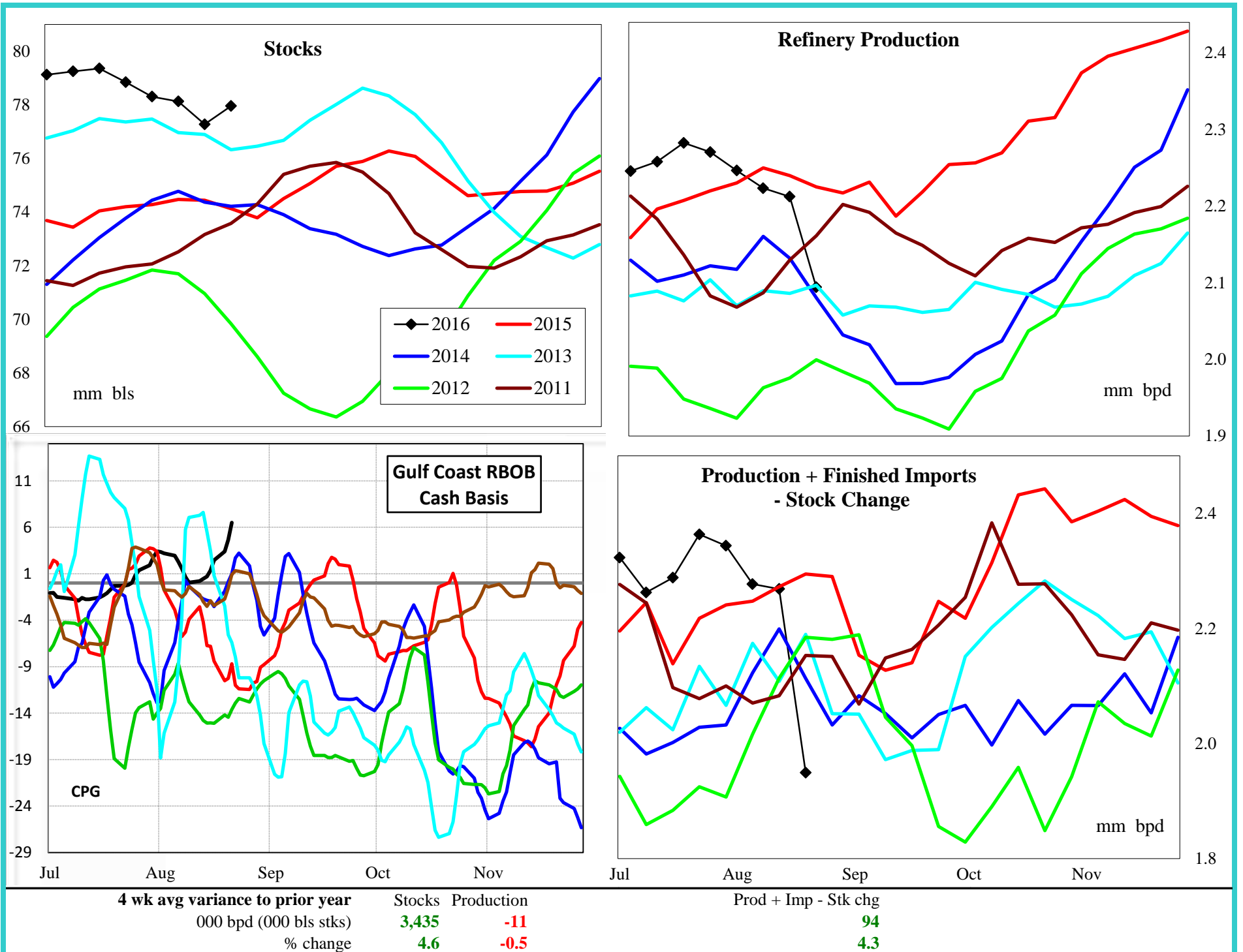


# PADD 2 Gasoline Supply



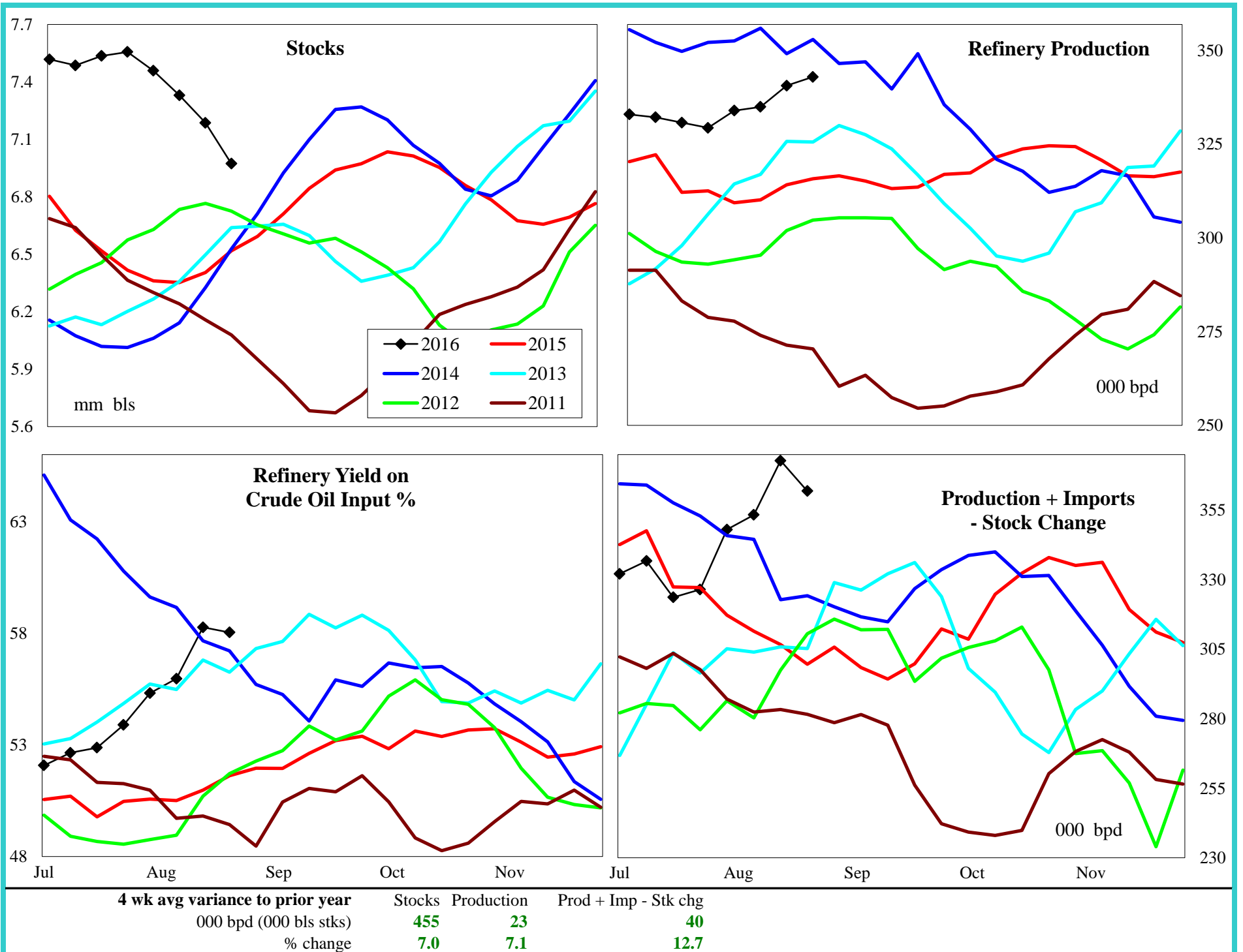


# PADD 3 Gasoline Supply

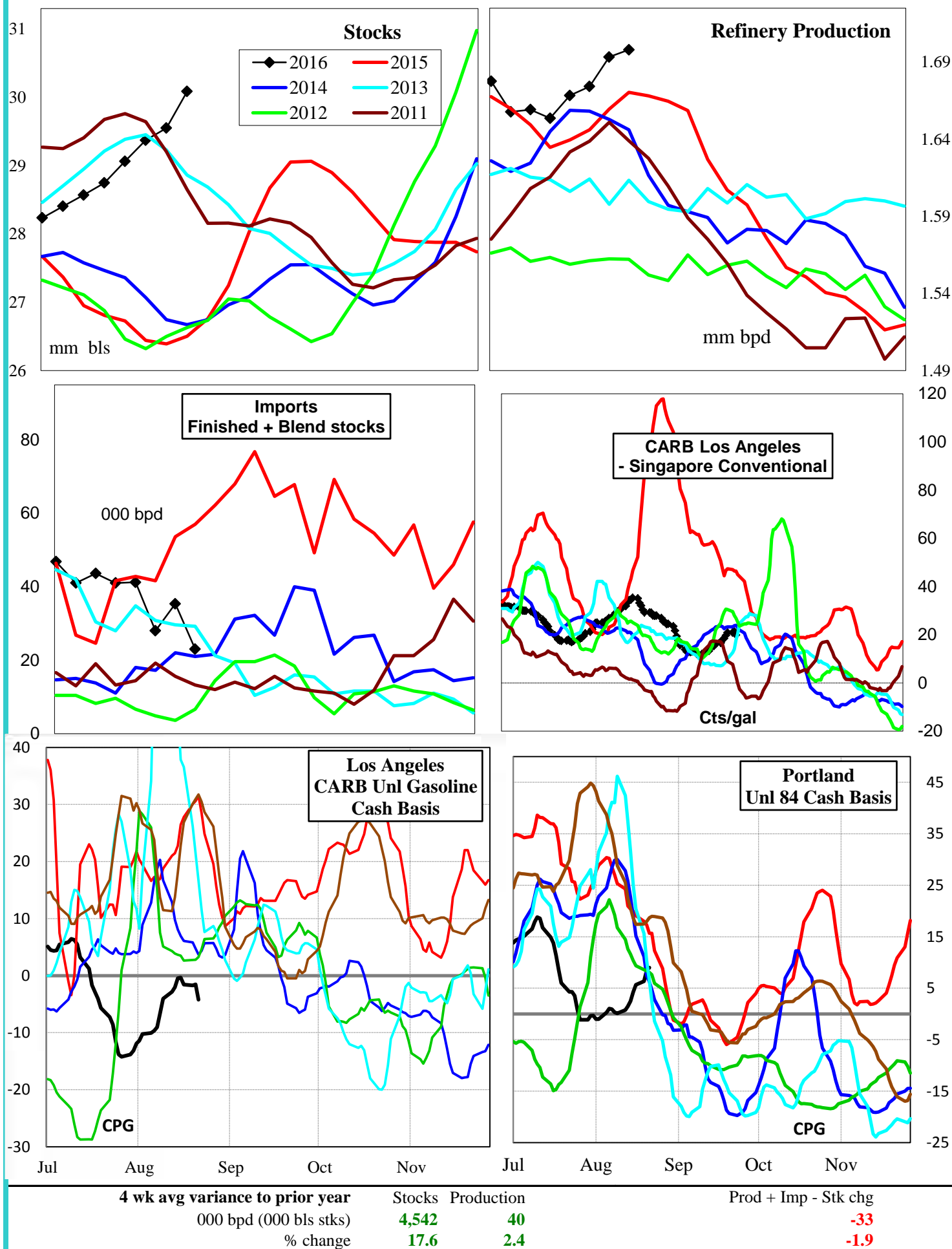




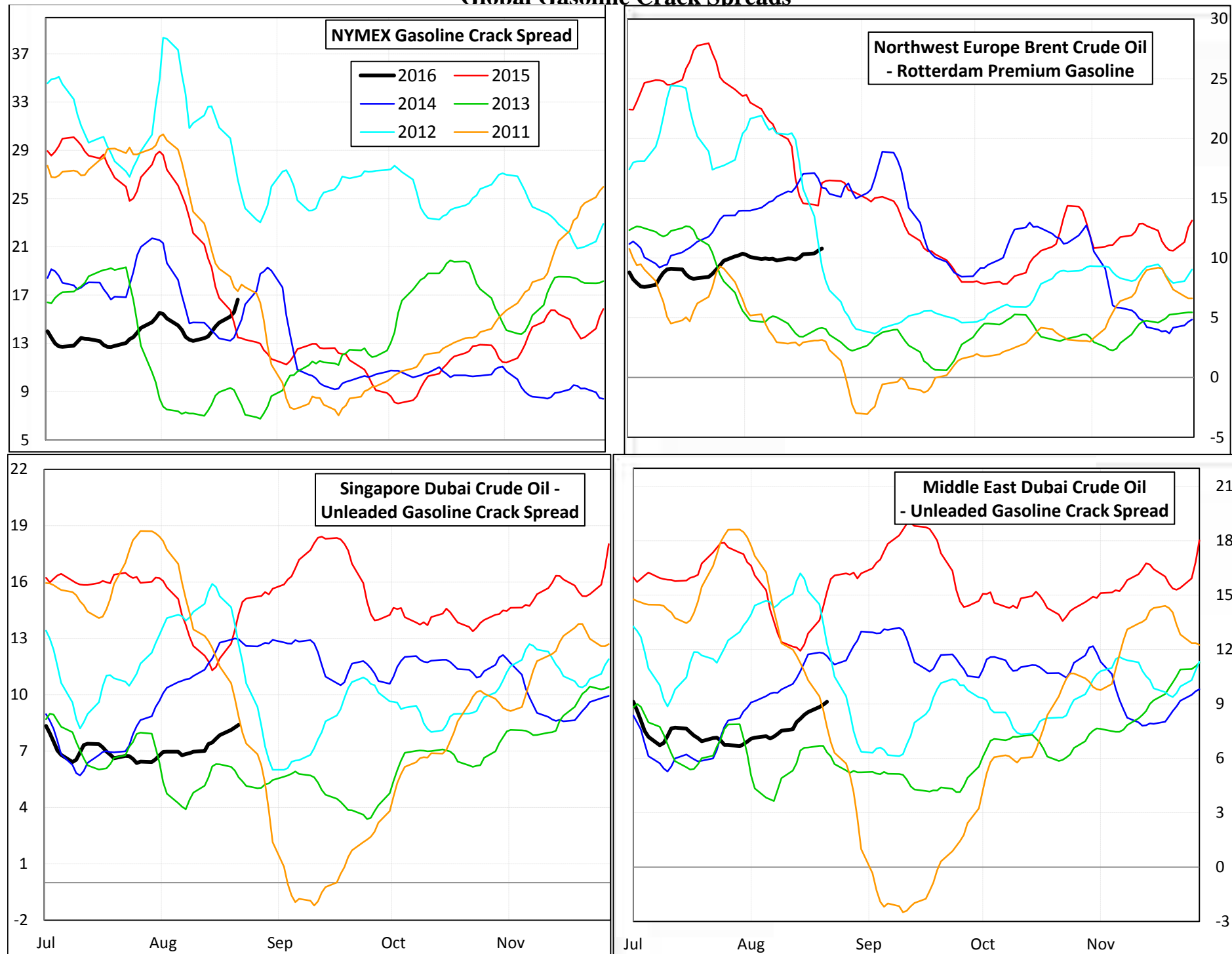
# PADD 4 Gasoline Supply



# PADD 5 Gasoline Supply



## Global Gasoline Crack Spreads



## Global Gasoline Cash Basis

