

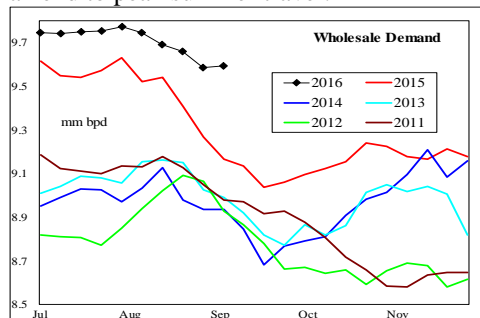


WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

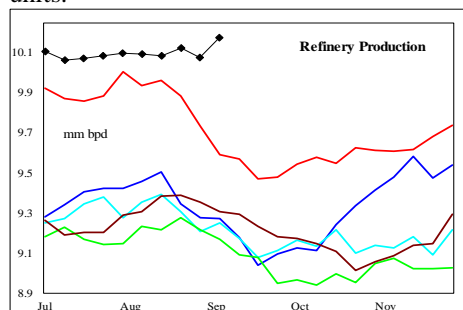
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, September 08, 2016

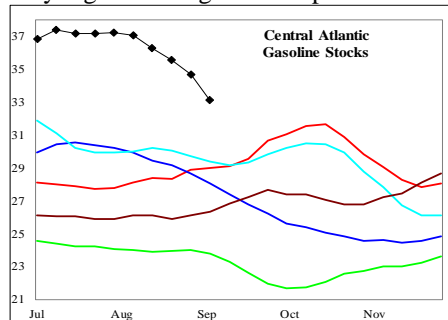
Wholesale demand increased +0.1 million bpd on the week. Look for a sharp decrease during the next several weeks on an end to peak summer travel.



Supply decreased -73,000 bpd on a sharp drop in imports. Production increased +152,000 bpd, concentrated in the Gulf region on restart of gasoline processing units.

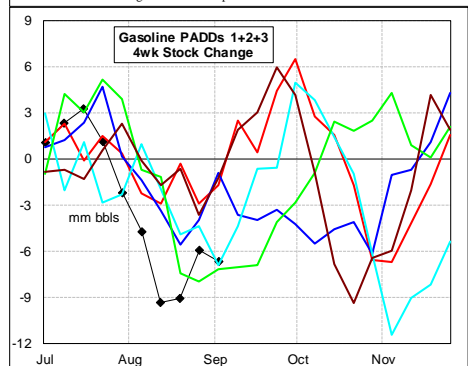
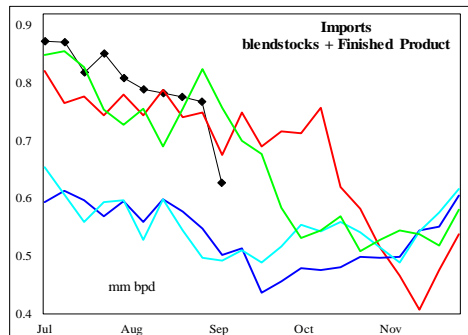


Stocks fell -4.2 million barrels on the week; with significant draws on the East, Gulf and West Coasts. Stock levels remain very high in all regions except the Rockies.

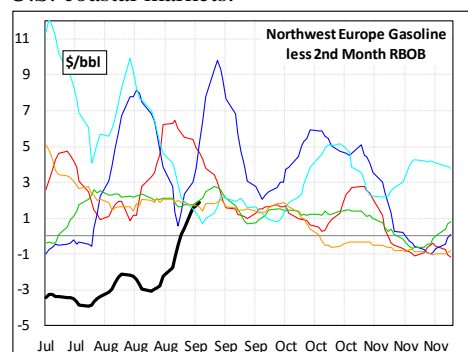


Imports fell -225,000 bpd last week, the result of weather disruptions to off loading cargoes.

Stock change in the combined markets East of the Rockies for the latest 4-wk period was a draw of -6.9 million barrels, a level near historic lows for this time of year. A -1.3 million barrel draw occurred on the West Coast, due in part to a -71,000 bpd drop in supply for the week.



Northwest European gasoline prices compared to the CME RBOB futures trended higher last week, with end of weak basis at the low end of the historic range in all global markets. On going weakness should support a high level of exports to U.S. coastal markets.

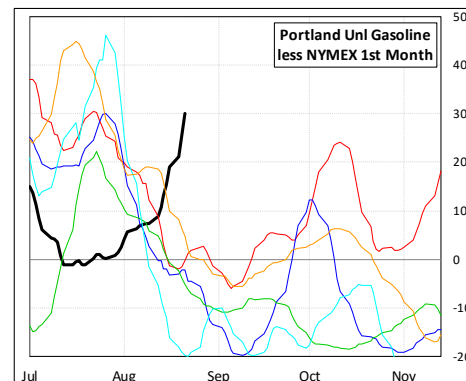


Exports for the week ending 26Aug16 were 549,000 bpd, +130,000 bpd above a year ago.

Cash Basis and Refining Trends

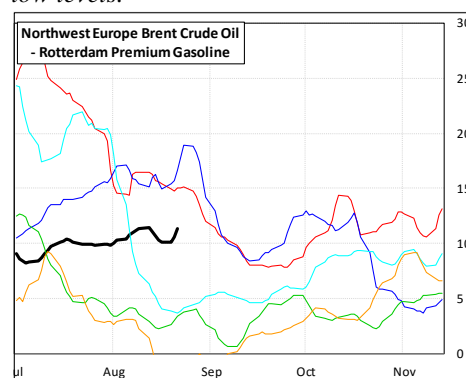
Cash basis for CBOB grade gasoline trended lower in Midwest and Gulf markets last week, with Chicago trading at 5-yr lows for this time of year on record high stock levels.

Basis in the Northwest spiked to record highs for this time of year on unplanned refinery maintenance in the area.



Weather delays to off loading of cargoes in the Northeast led to a sharp uptrend in RBOB basis in NYH for the week.

Look for the start of fall maintenance in markets East of the Rockies, combined with a return to high imports on the East Coast, to support basis in Midwest markets by the 2nd half of the month; albeit from low levels.



Gasoline crack spreads trended higher in Europe and Pacific Rim global markets last week. The level remains below the last 2-yrs.

A tightening of supply on the East and West Coasts last week led to a surge in gasoline crack spreads, to the upper end of the 3-yr range for this time of year in these markets.

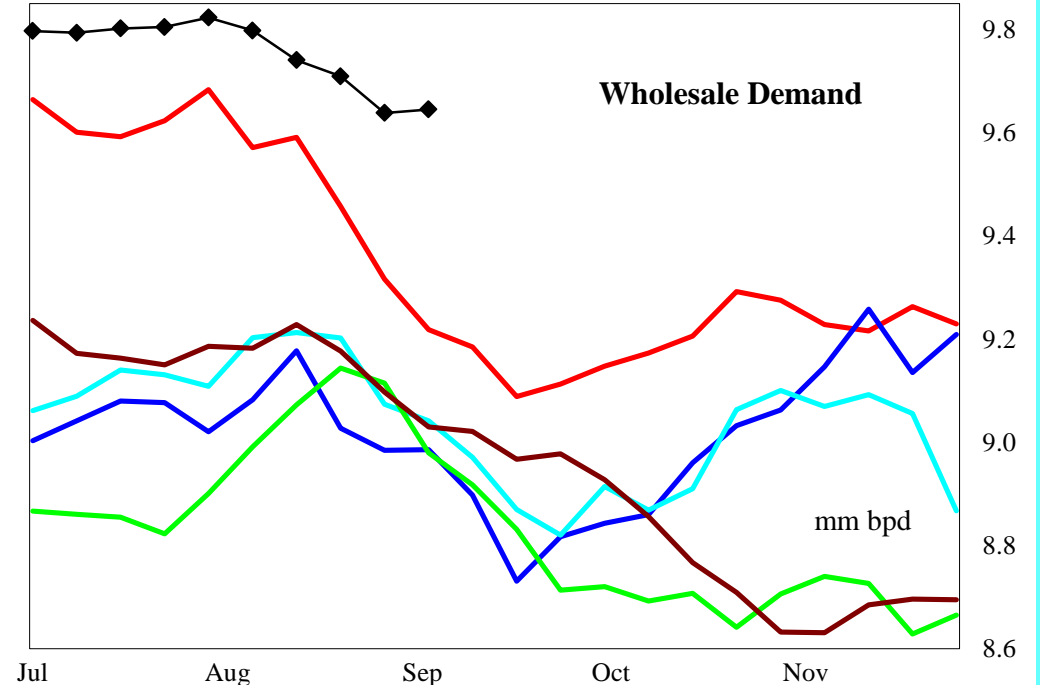
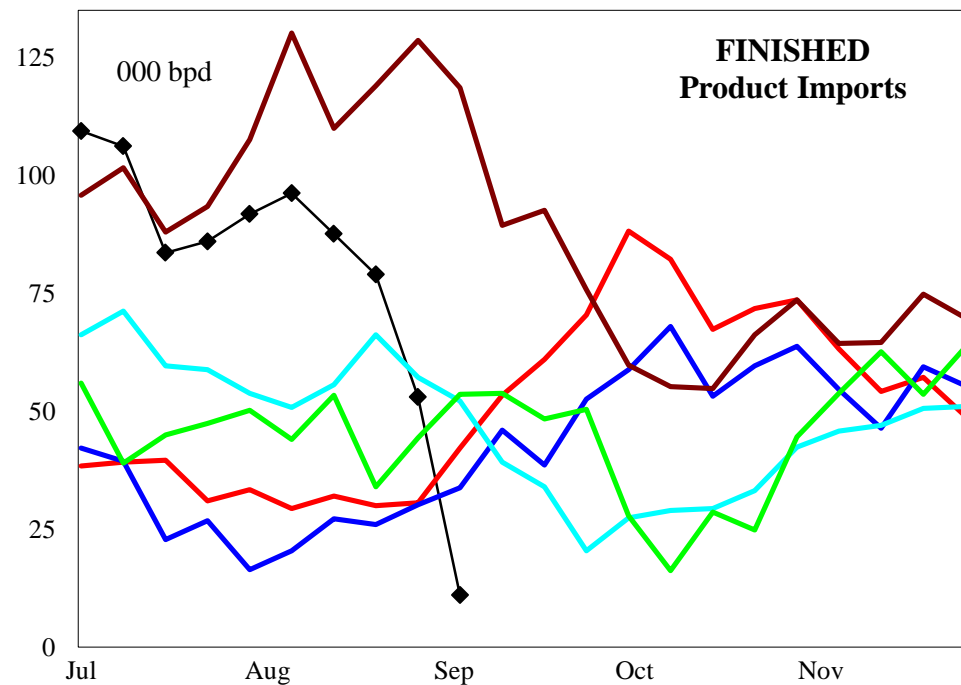
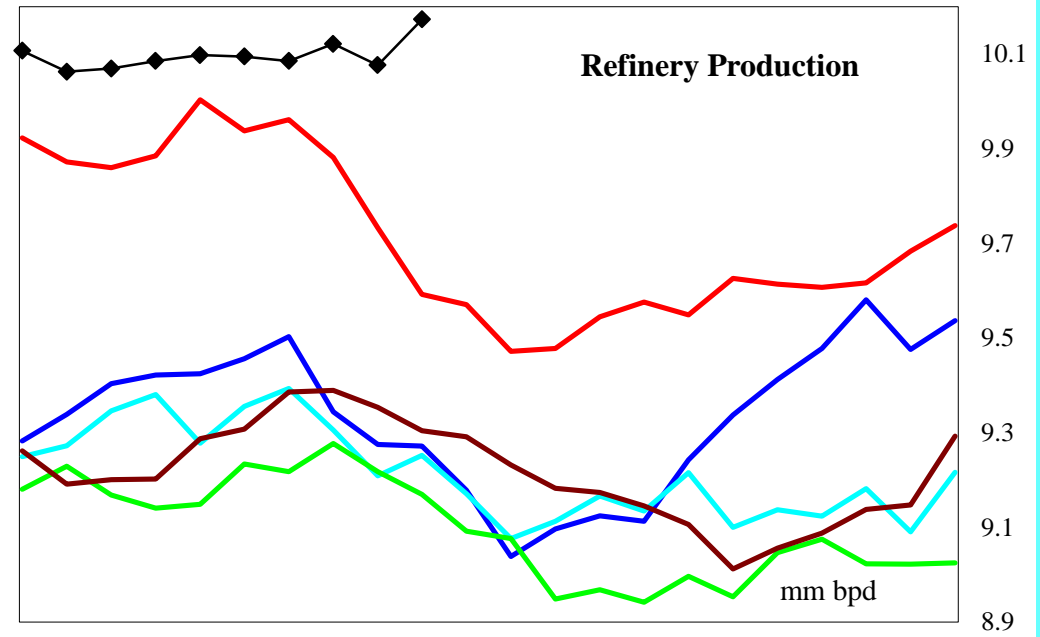
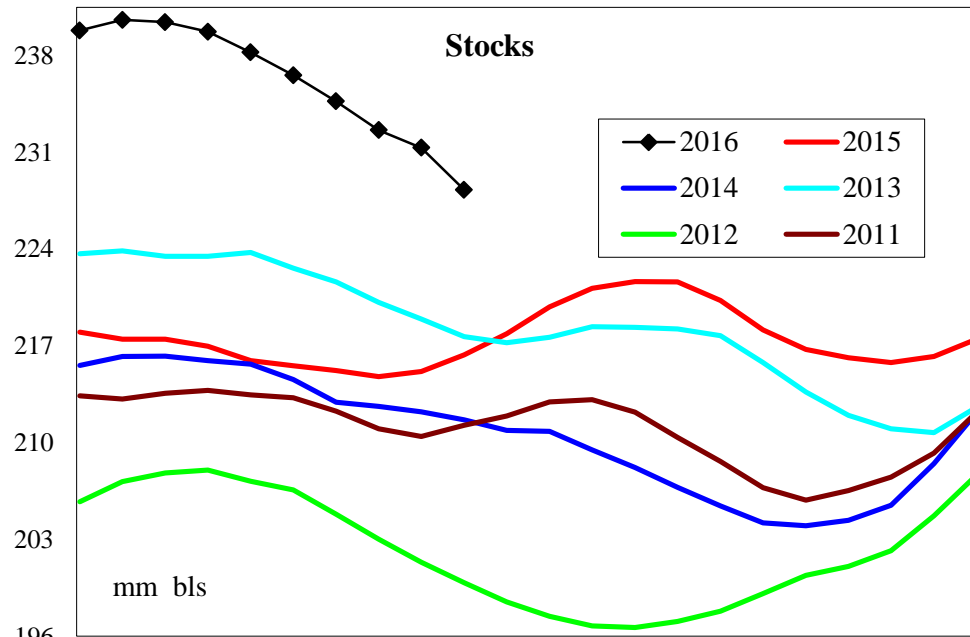
Gulf Coast Price

Imports were delayed last week on weather disruptions, concurrently with peak retail demand for Labor Day weekend travel; the result was a -4.2 barrel stock draw.

Look for a surge in imports, and sharply lower seasonal demand to largely offset the start of fall maintenance; pointing to risk of renewed price weakness over the next month.

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United States Gasoline Supply and Demand



4 wk avg variance to prior year

000 bpd (000 bls stks)

Stocks Production Fin Impt Blend Impt Demand=>

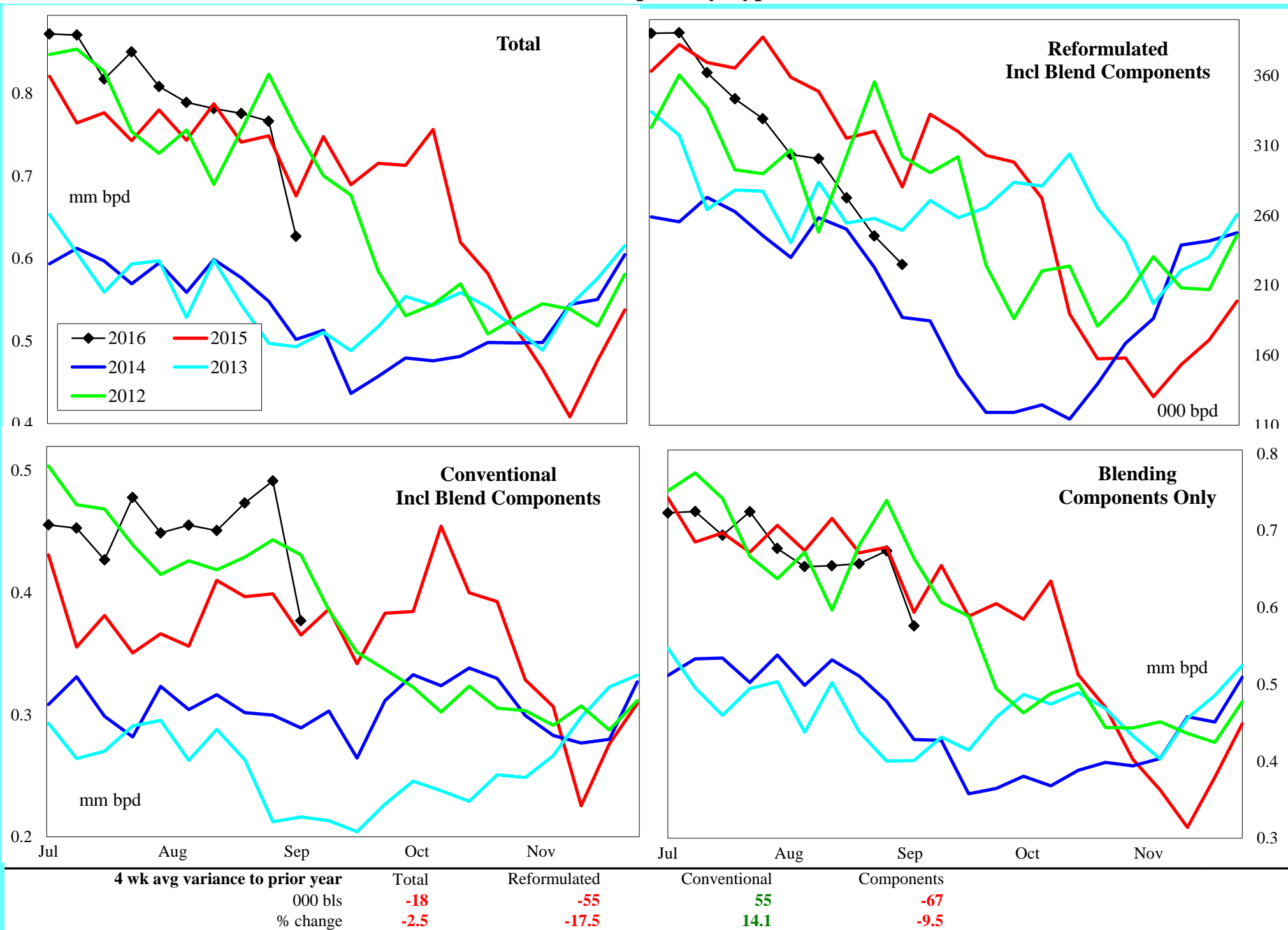
13,246 273 49 -67

% change

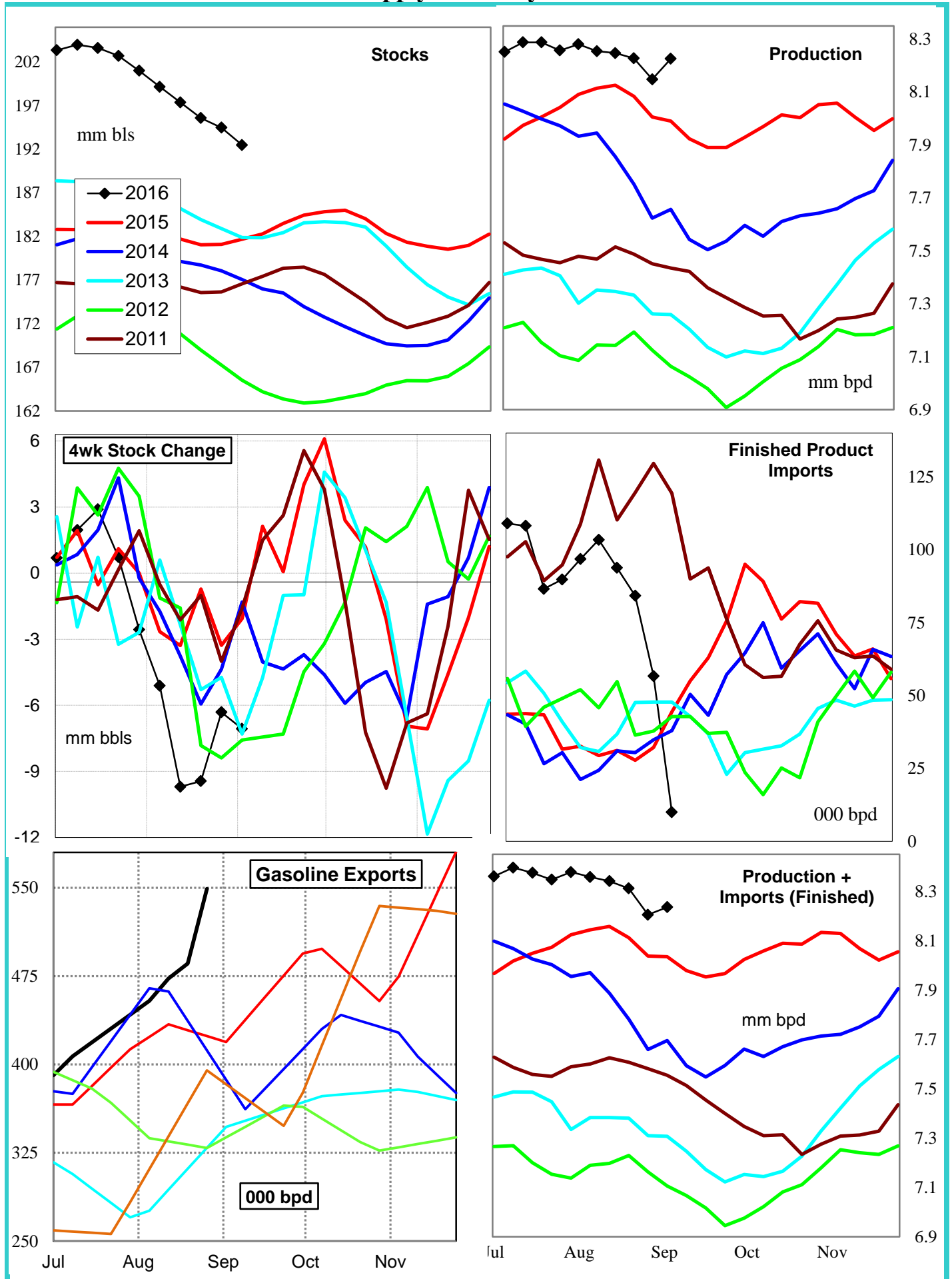
6.2 2.8 176.4 -9.5

4wk avg	Jul	Jun	May
295	313	369	185
3.2	3.3	3.9	2.0

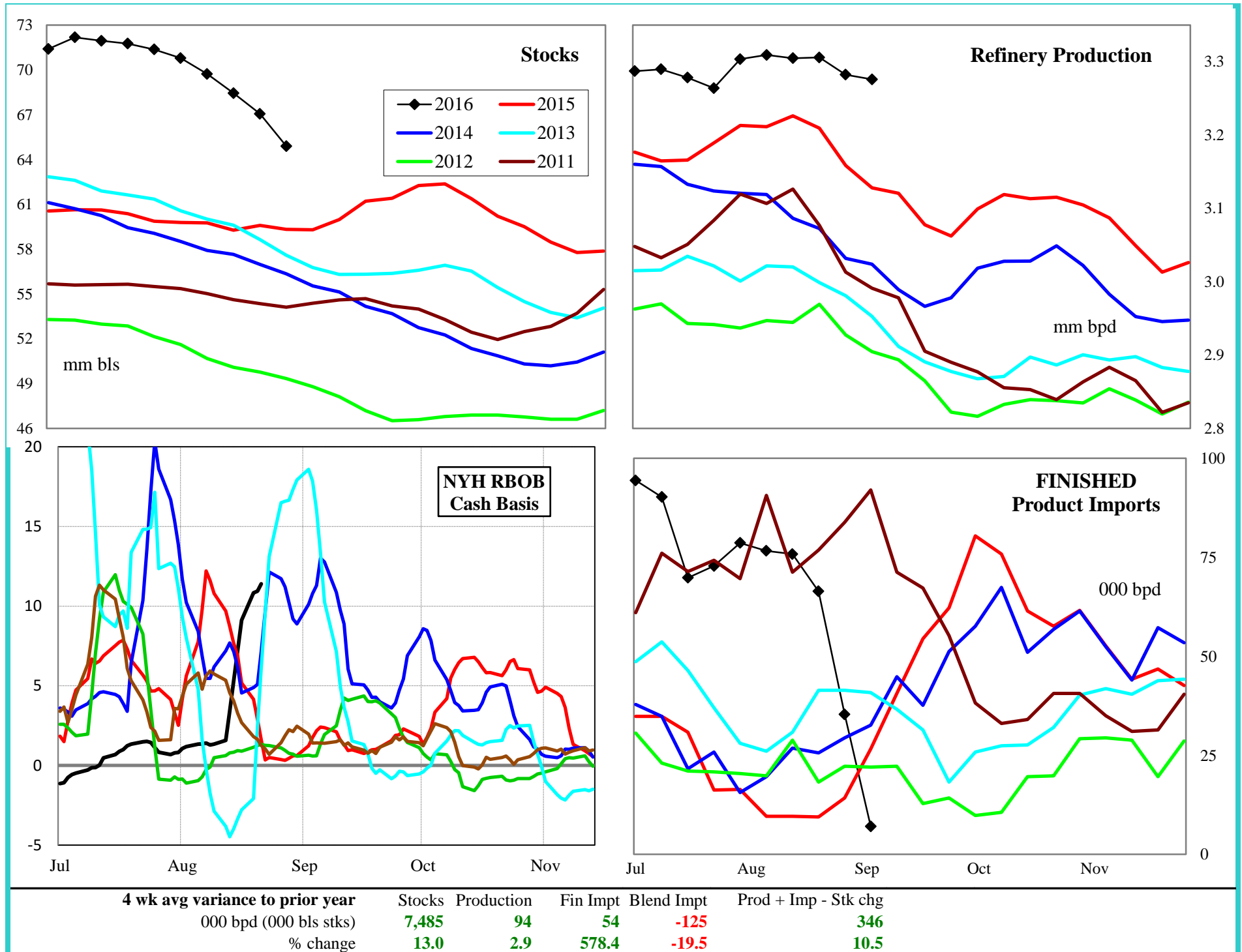
Gasoline Imports by Type



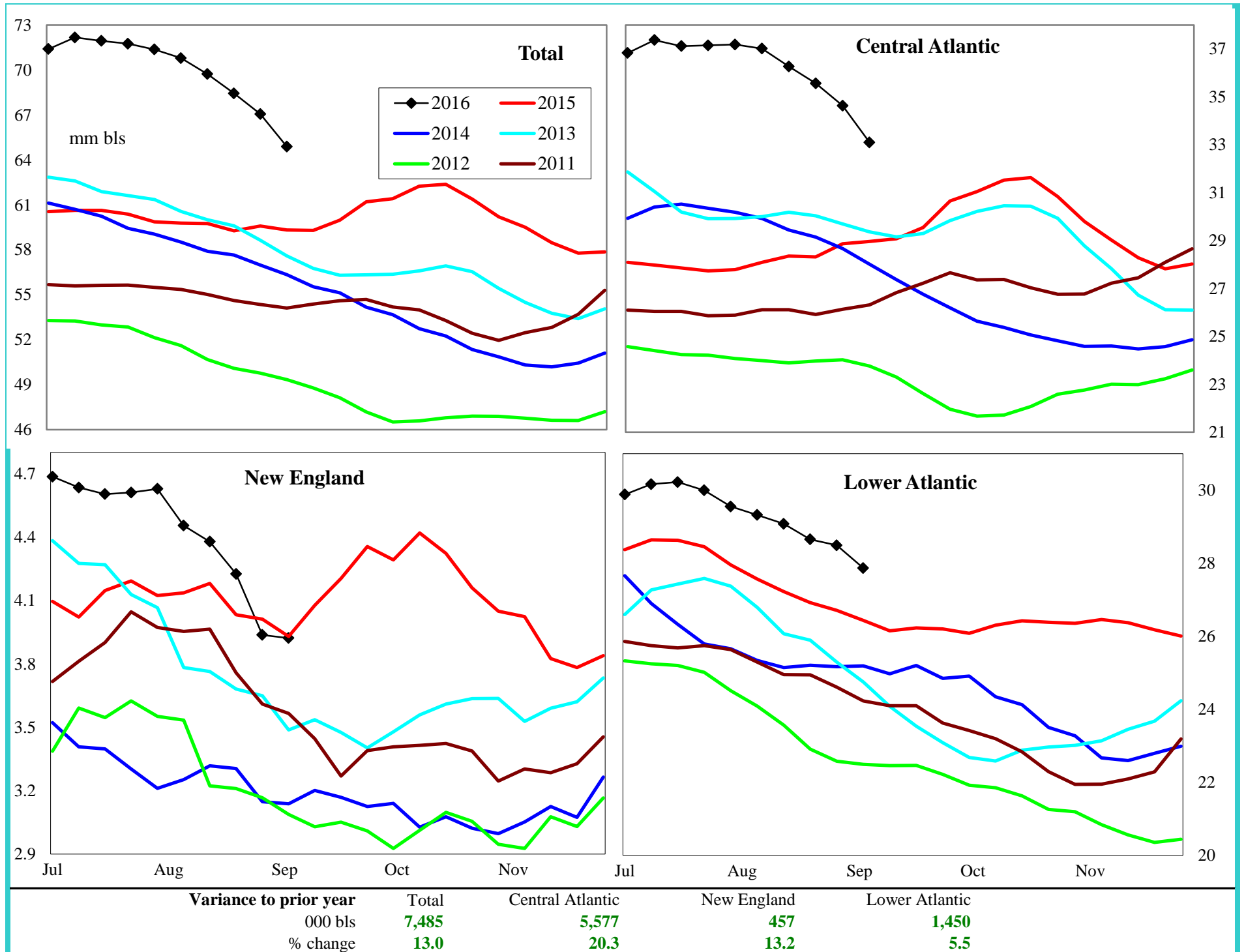
Gasoline Supply Summary PADDs 1+2+3



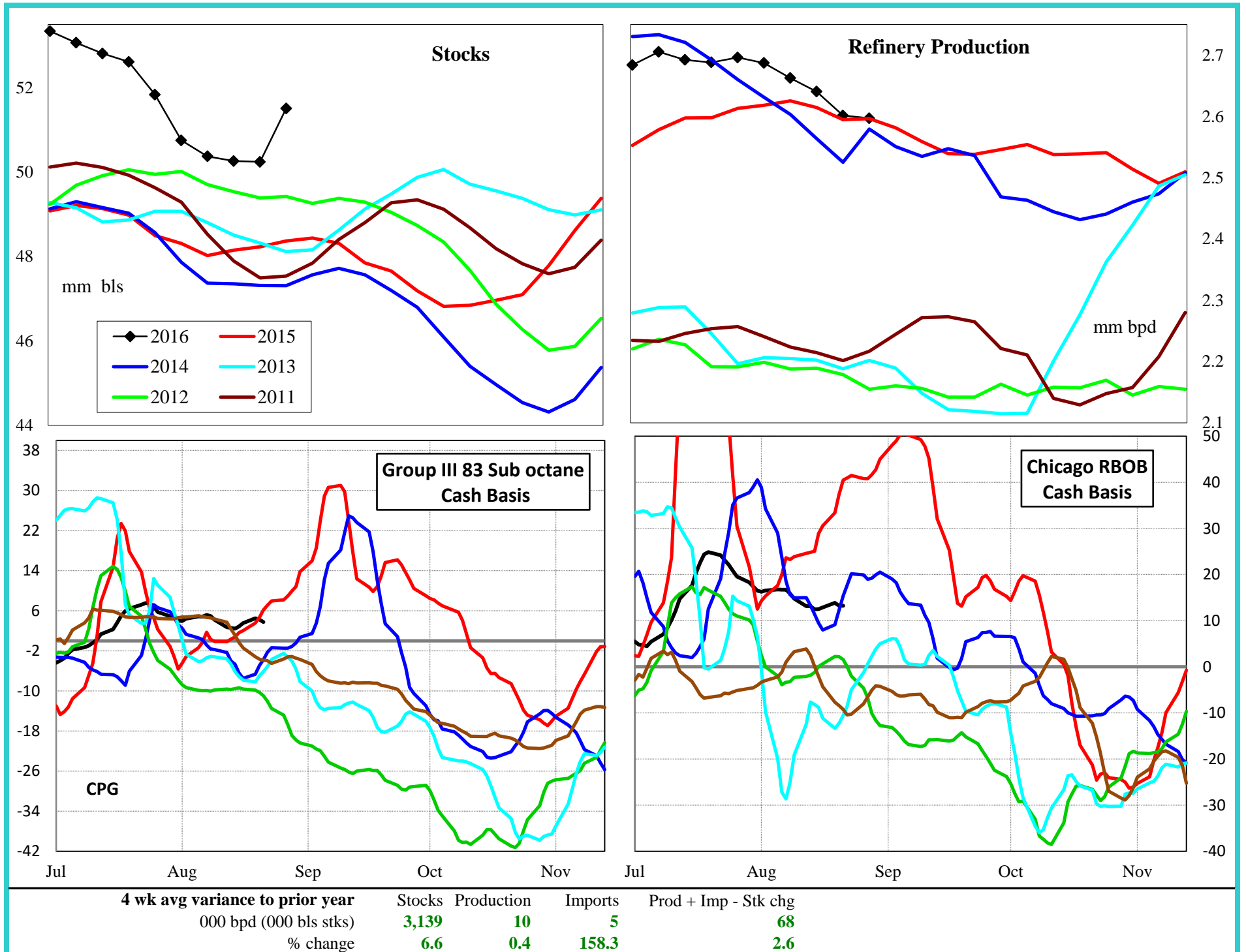
PADD 1 Gasoline Supply



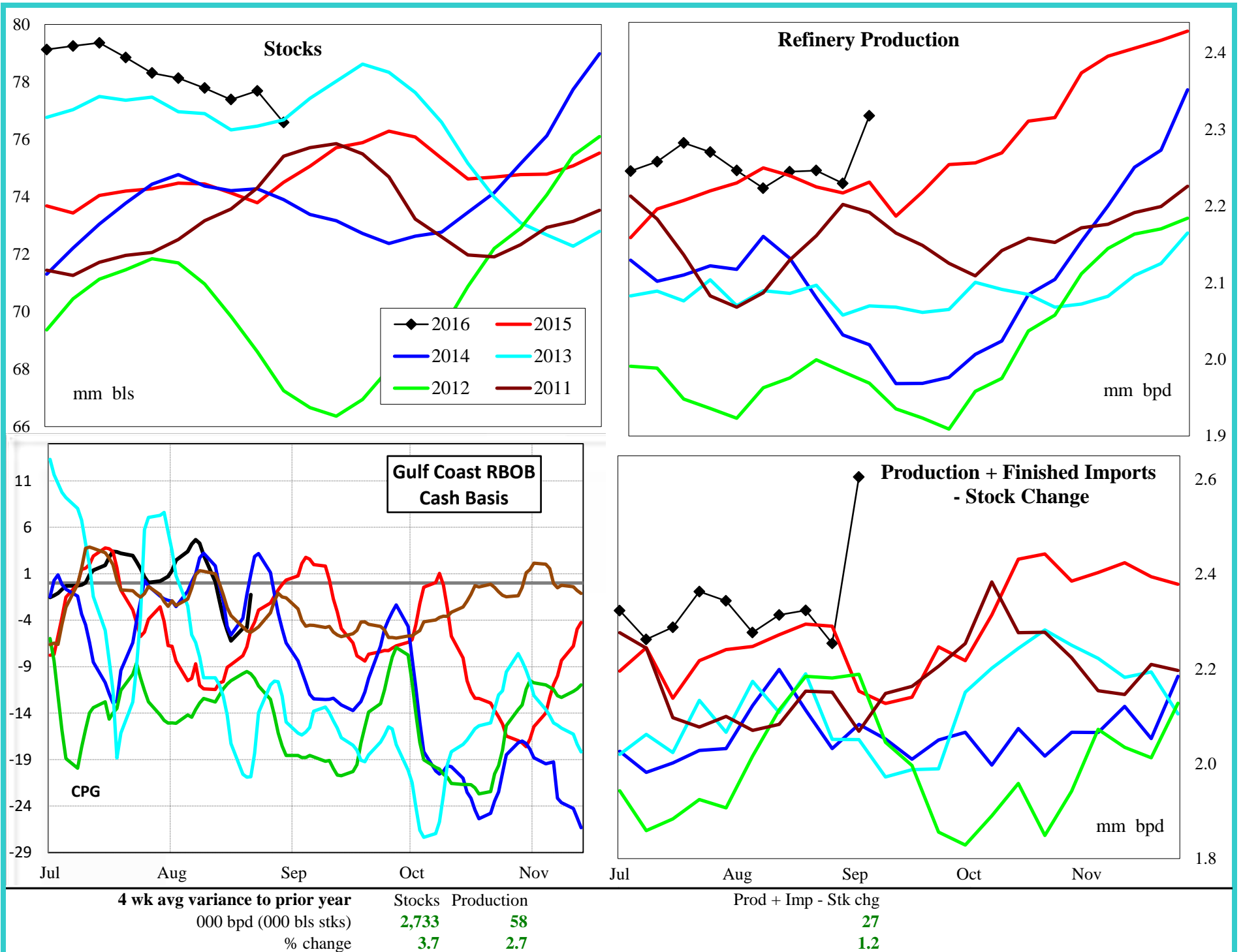
PADD 1 Gasoline Stocks by Region



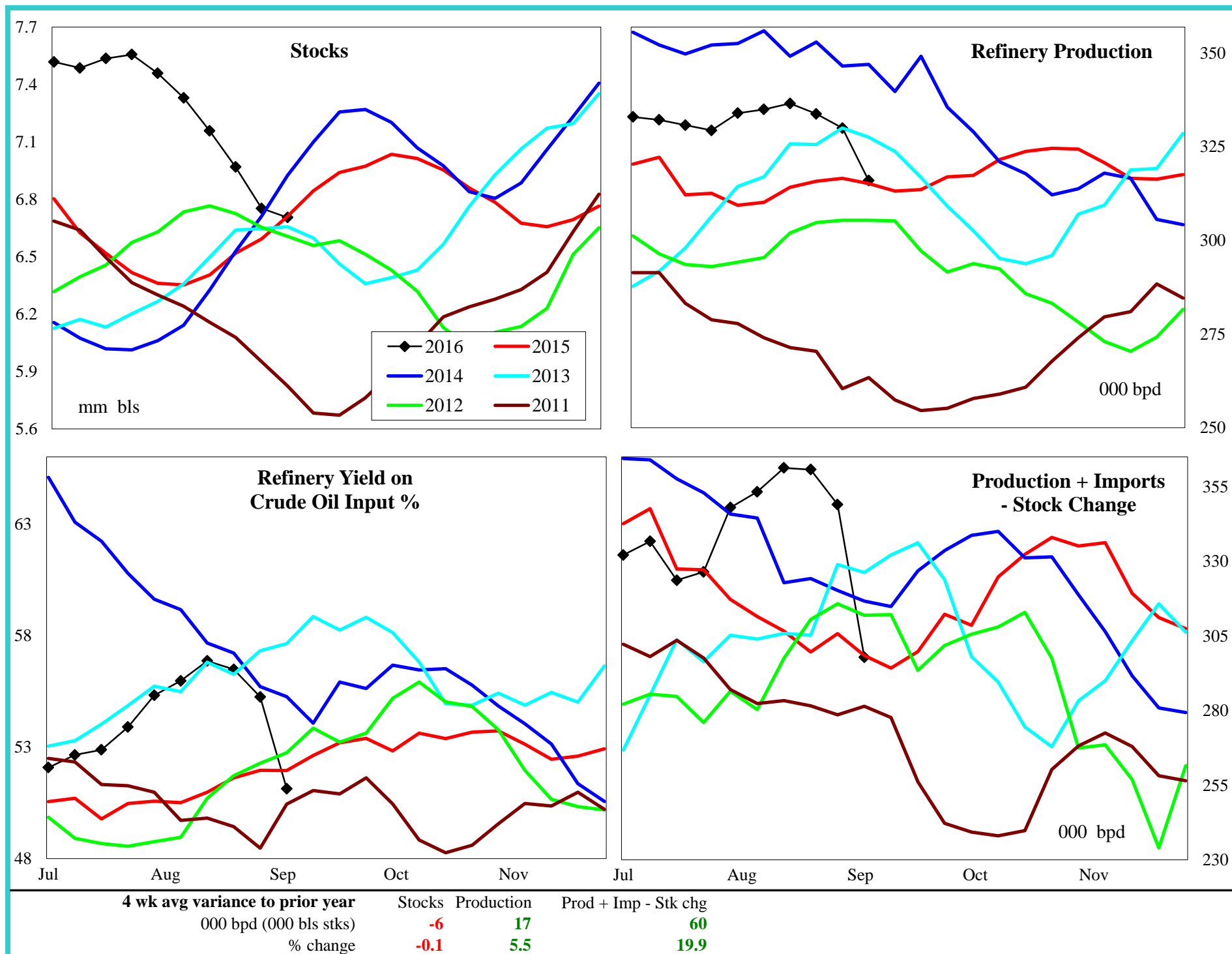
PADD 2 Gasoline Supply



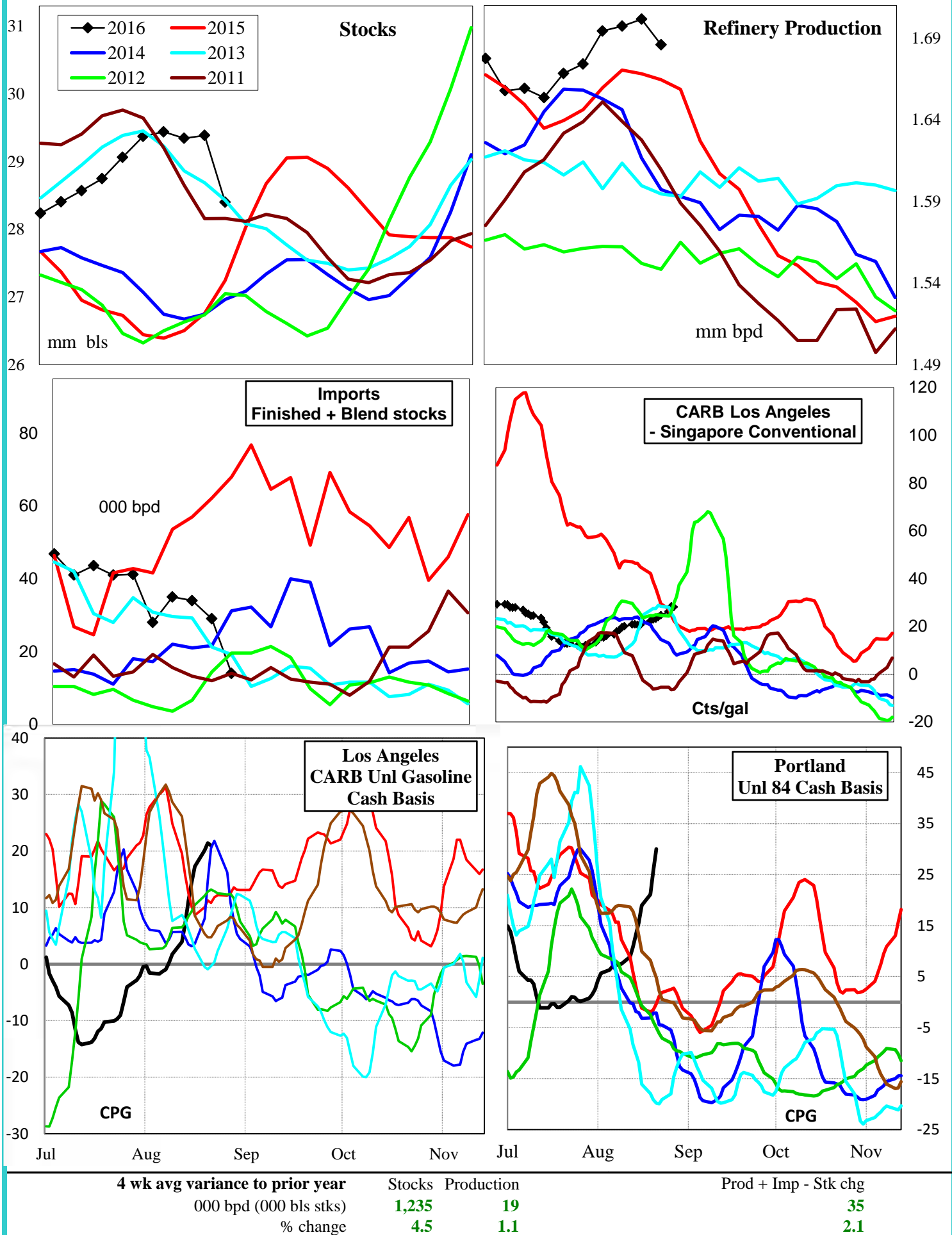
PADD 3 Gasoline Supply



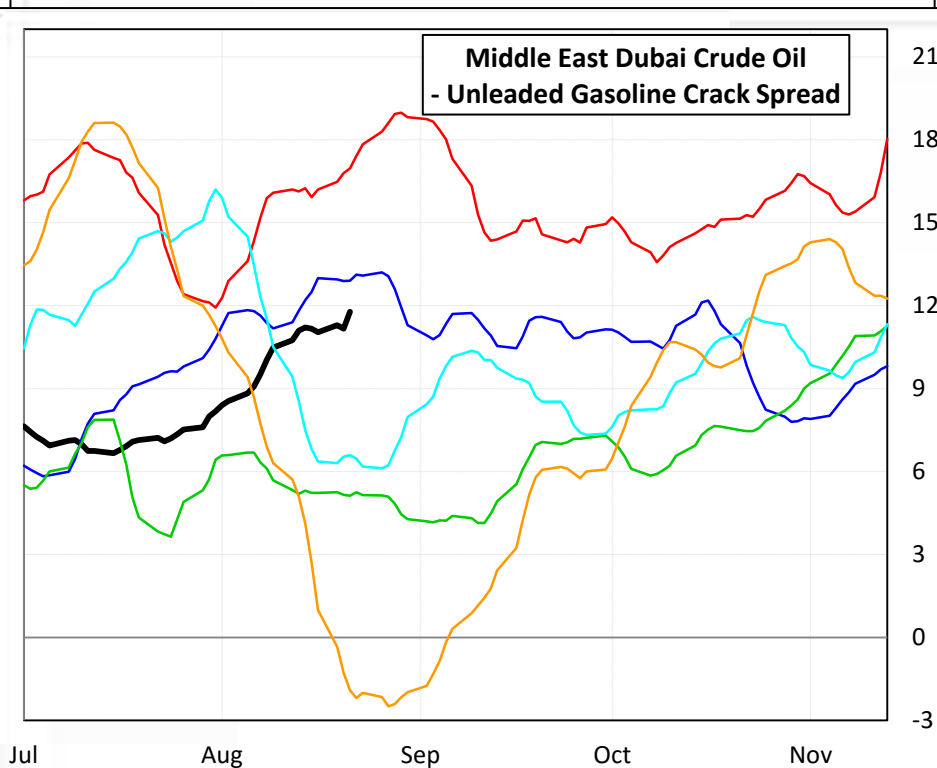
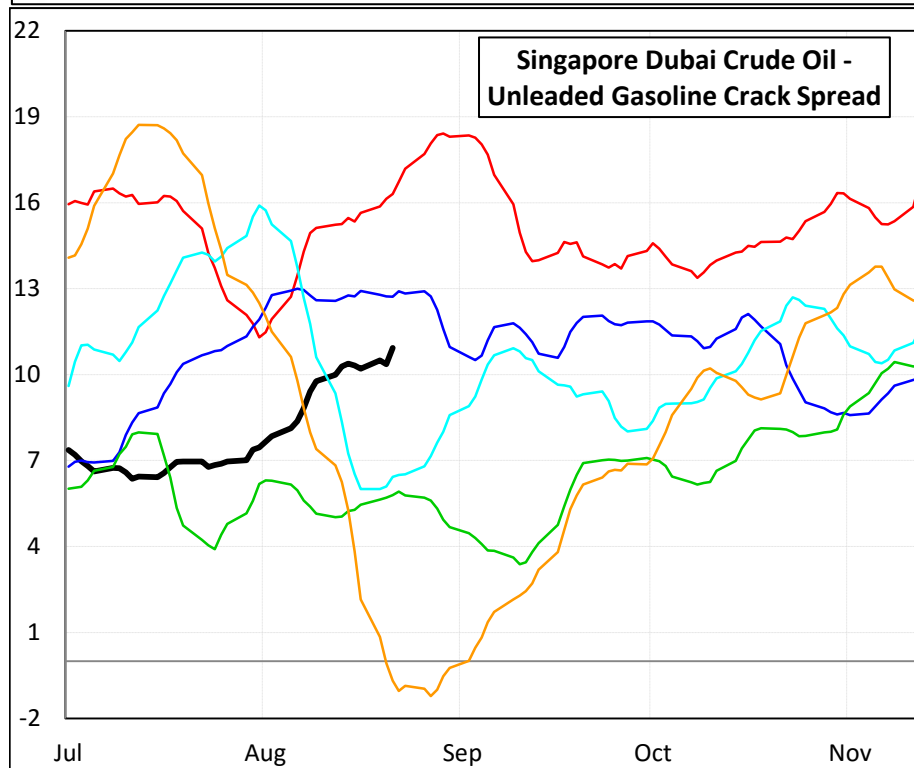
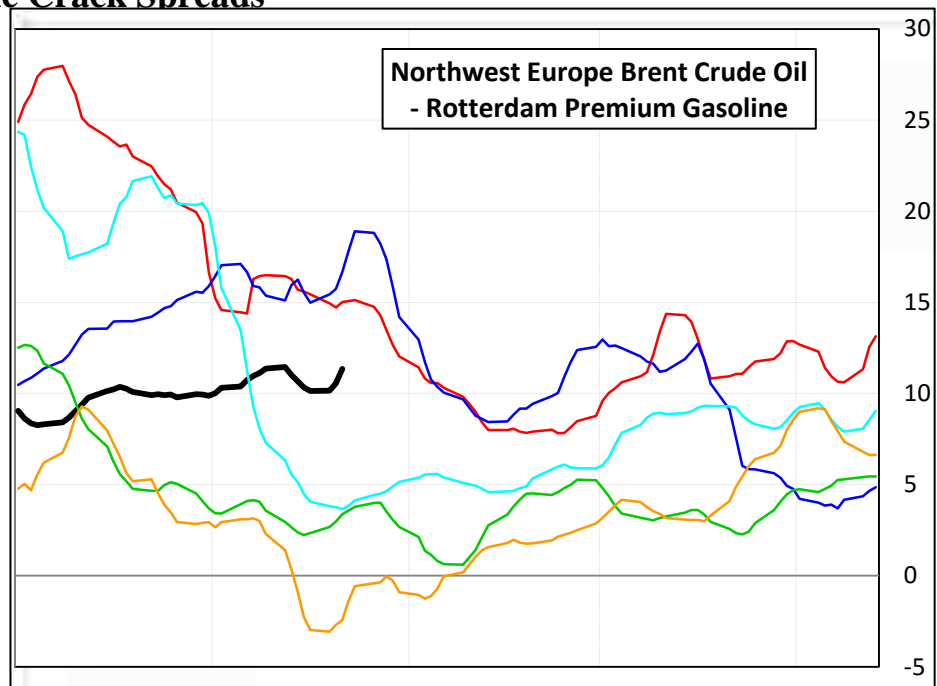
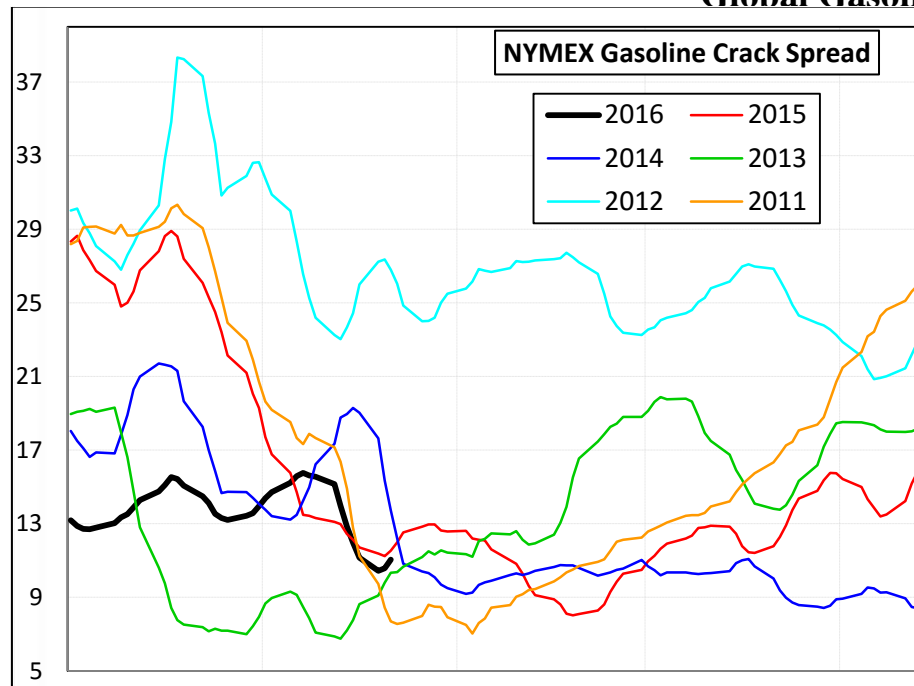
PADD 4 Gasoline Supply



PADD 5 Gasoline Supply



Global Gasoline Crack Spreads



Global Gasoline Cash Basis

