

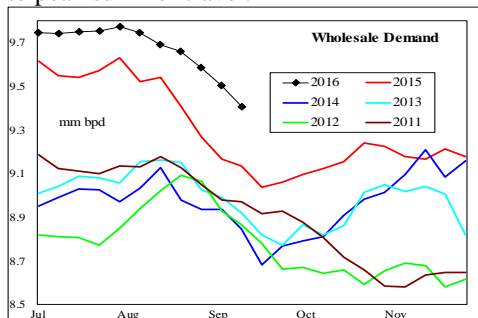


WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

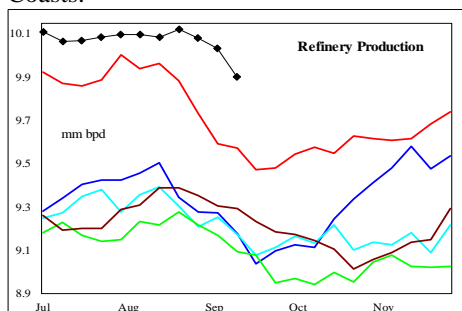
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, September 14, 2016

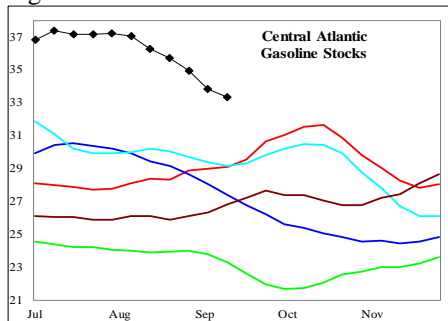
Wholesale demand decreased -0.2 million bpd on the week. Look for a sharp decrease during the next month on an end to peak summer travel.



Supply decreased -230,000 bpd on lower production. Production declined -273,000 bpd, concentrated on the East and West Coasts.



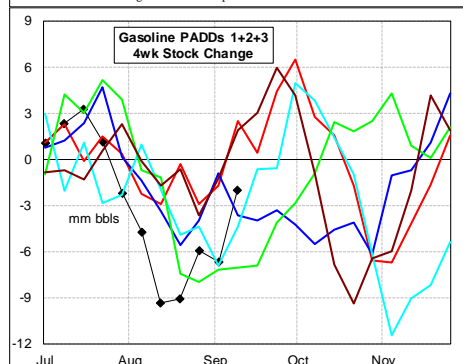
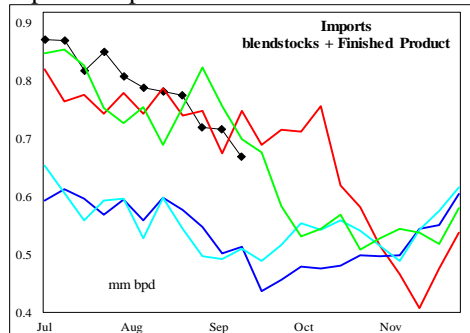
Stocks increased +0.6 million barrels on the week; including a +2.3 million barrel build in the Gulf which was due to Colonial Pipeline unplanned maintenance. Stock levels remain very high in all regions east of the Rockies.



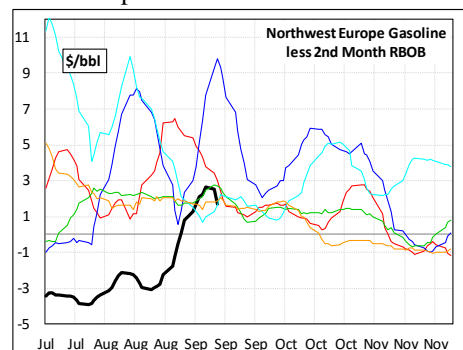
Imports increased +43,000 bpd last week, less than expected due to reduced off loading of cargoes during the holiday weekend.

Stock change in the combined markets East of the Rockies for the latest 4-wk period was a draw of -2 million barrels, a smaller draw than two of the last 3-yrs. A -0.9 million barrel draw occurred on the

East Coast, as a result of the Colonial Pipeline unplanned maintenance.



Northwest European gasoline prices compared to the CME RBOB futures trended lower last week. Basis versus CME RBOB futures was below the historic range in all Pacific Rim markets. On going weakness should support a high level of exports to U.S. coastal markets.

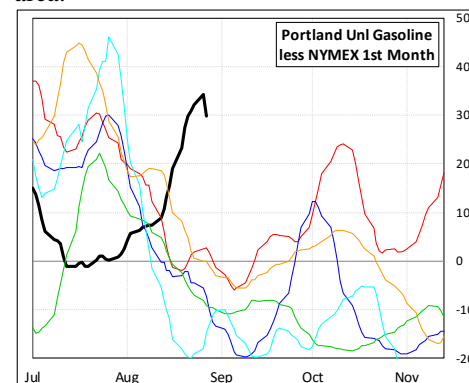


Exports for the week ending 26Aug16 were 549,000 bpd, +130,000 bpd above a year ago.

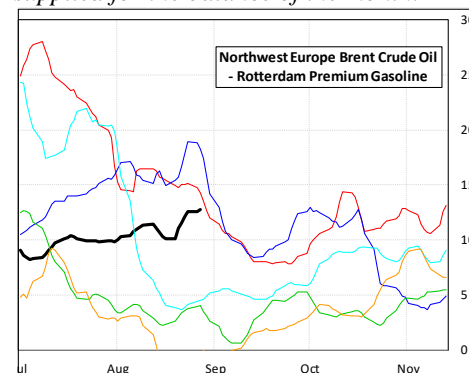
Cash Basis and Refining Trends

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

Basis in all West Coast markets fell last week. Northwest basis levels remain at record highs for this time of year on unplanned refinery maintenance in the area.



Start of fall refinery maintenance is behind prior years, with crude oil runs +0.5 million bpd above the last 2-yrs for the period. Combined with sharply lower seasonal demand, an expected return to high import levels on the East and West Coast, markets should remain very well supplied for the balance of the month.



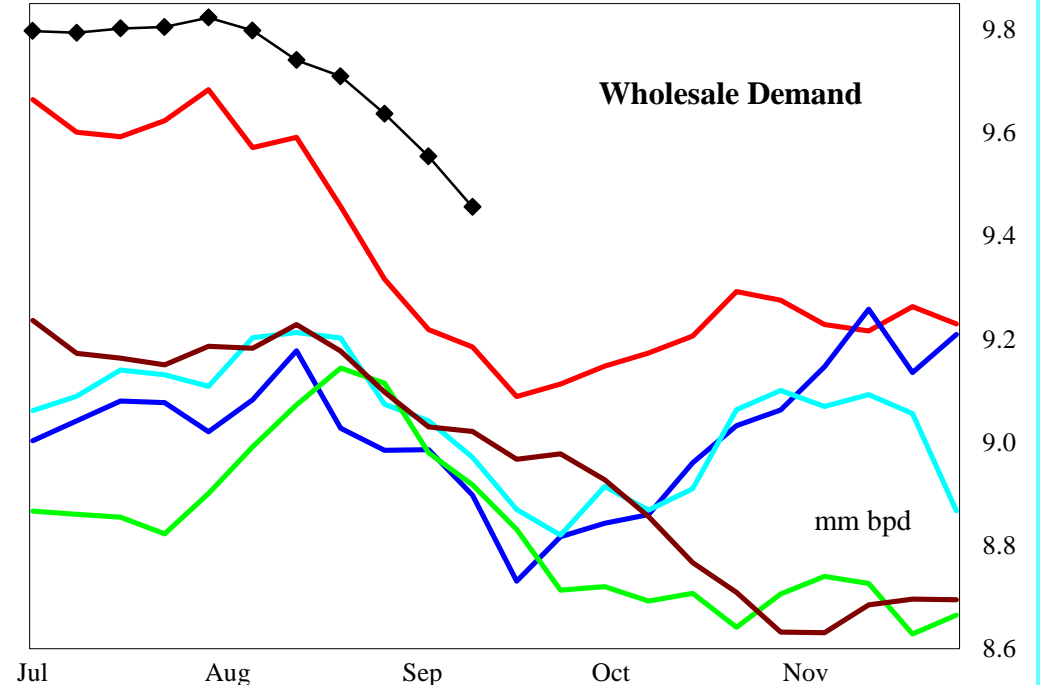
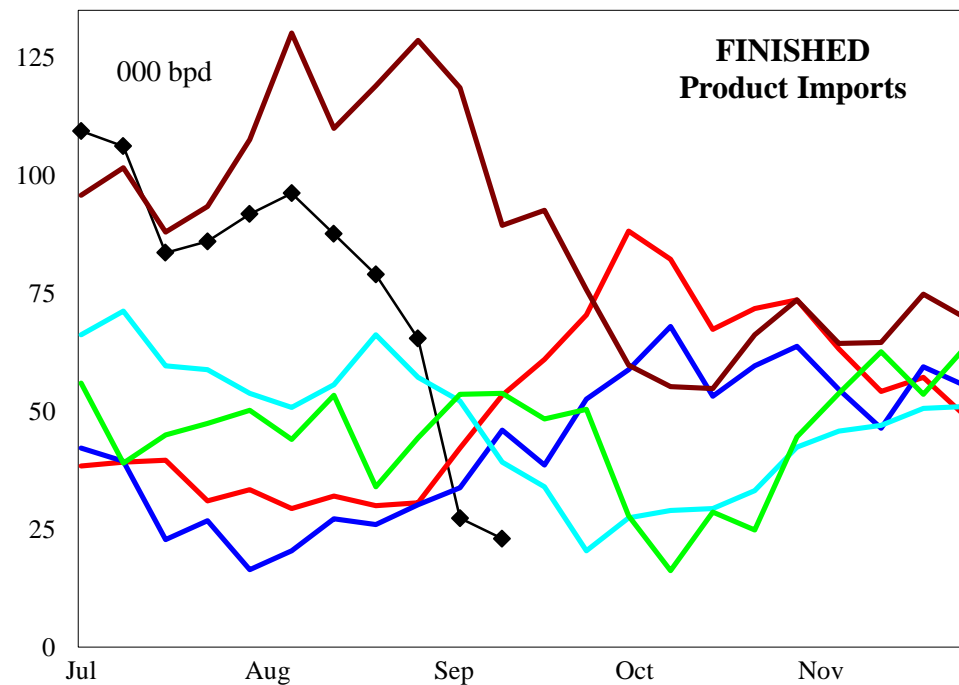
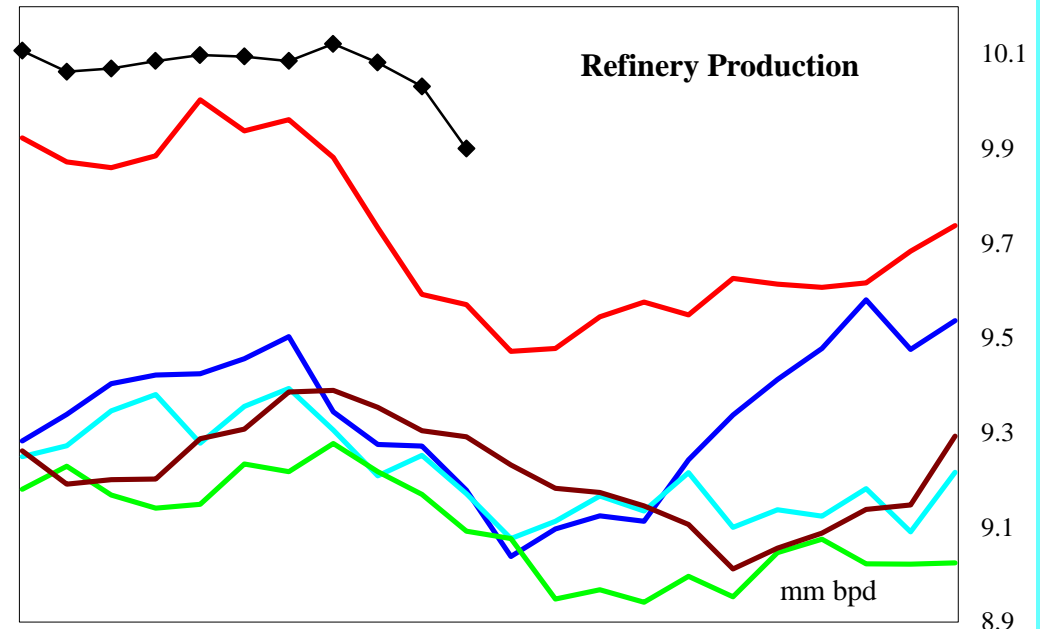
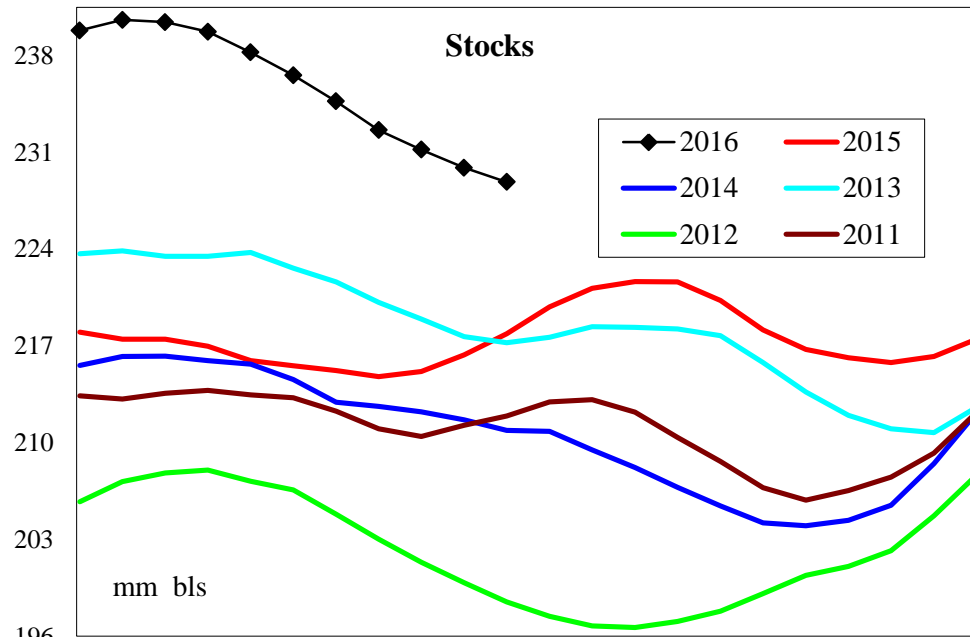
Gasoline crack spreads trended higher in Europe and Pacific Rim global markets last week. The level remains near 2-yr lows for this time of year.

Gulf Coast Price

A seasonal decrease in wholesale demand, delayed start to fall refinery maintenance, favorable import economics, and very high stock levels all point to well supplied gasoline markets East of the Rockies. These fundamental trends point to risk of price weakness

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United States Gasoline Supply and Demand



4 wk avg variance to prior year

000 bpd (000 bls stks)

Stocks

10,973

Production

429

Fin Impt

13

Blend Impt

16

Demand=>

4wk avg

386

Aug

165

Jul

313

Jun

273

% change

5.0

4.5

40.0

2.3

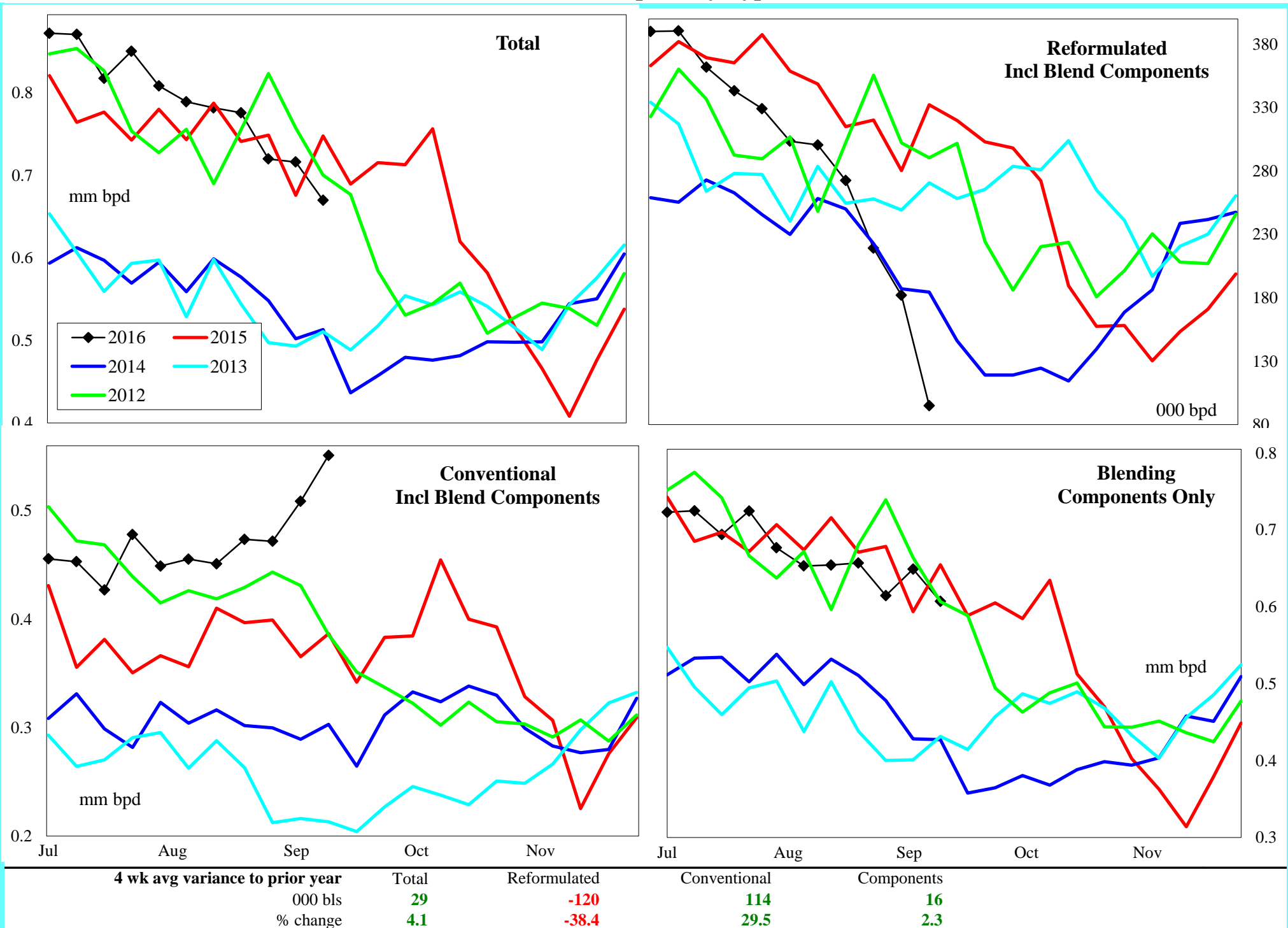
4.2

1.7

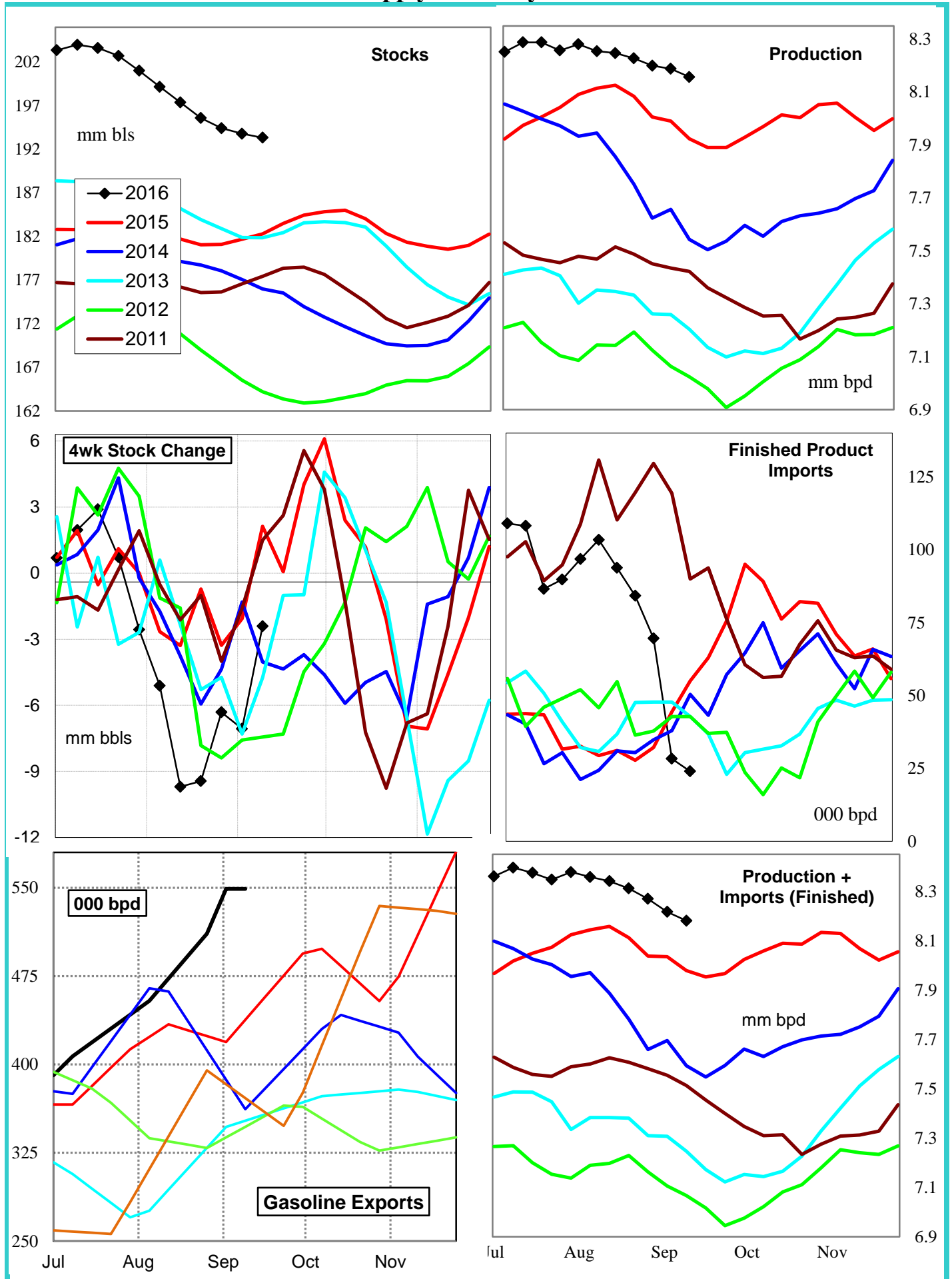
3.3

2.9

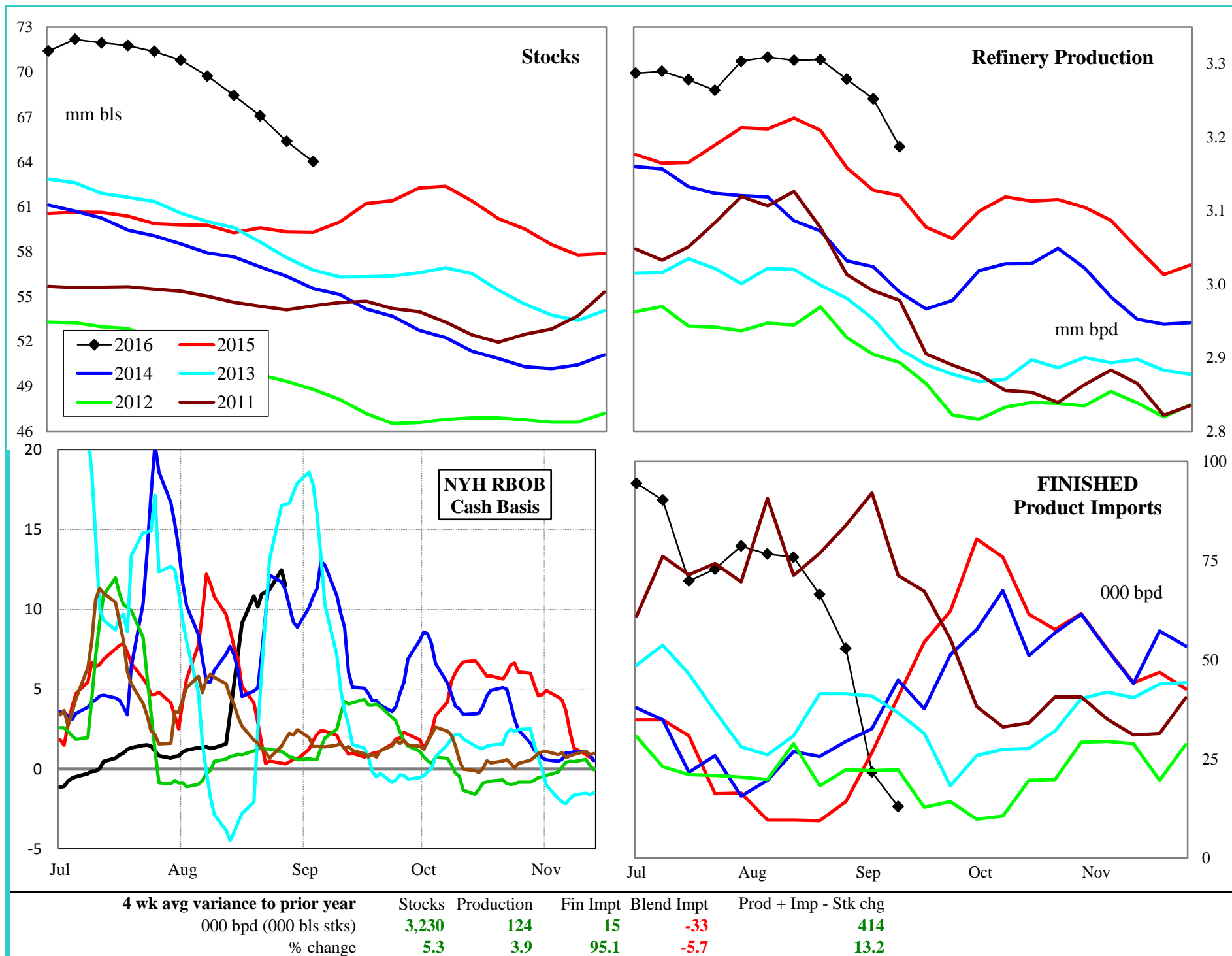
Gasoline Imports by Type



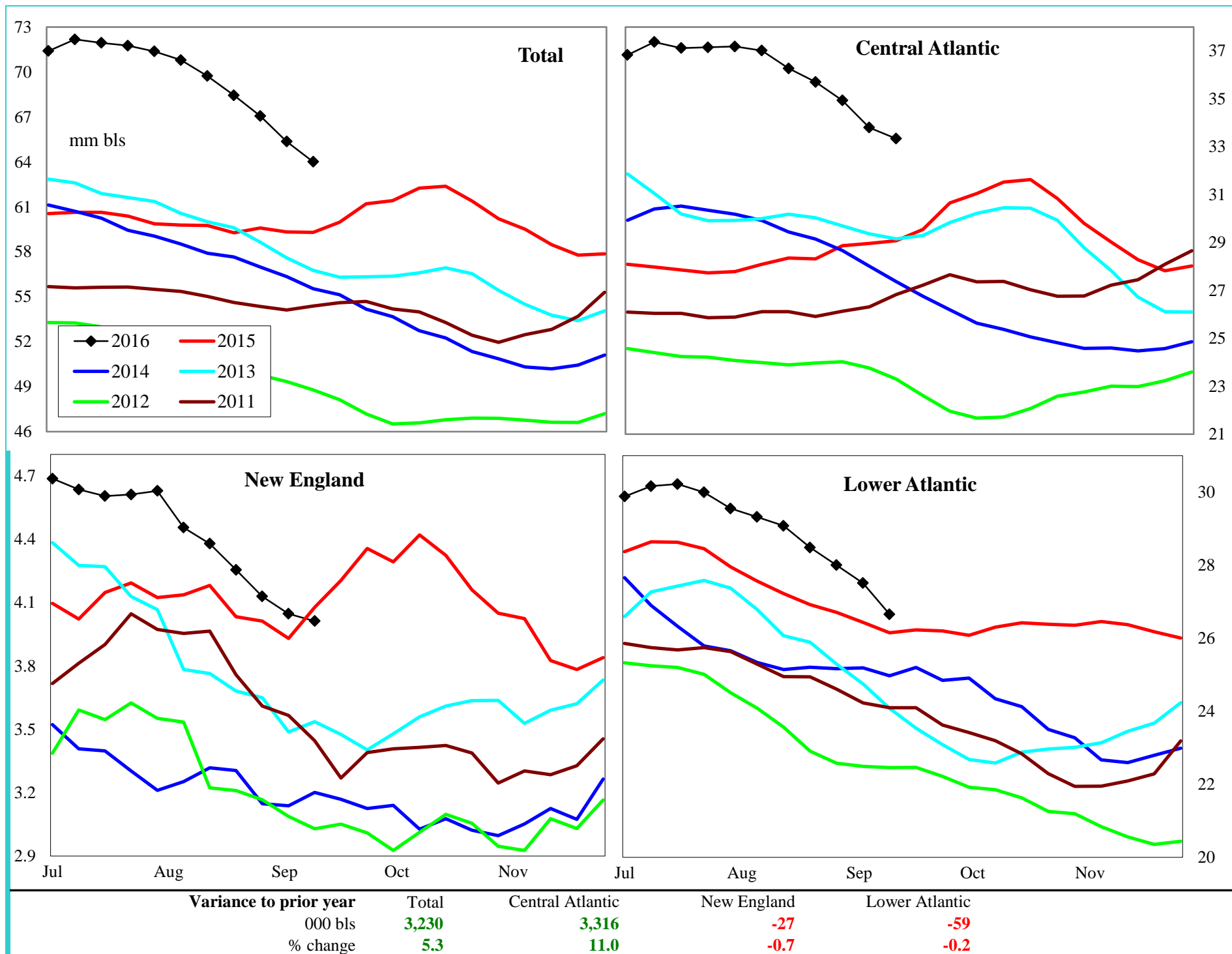
Gasoline Supply Summary PADDs 1+2+3



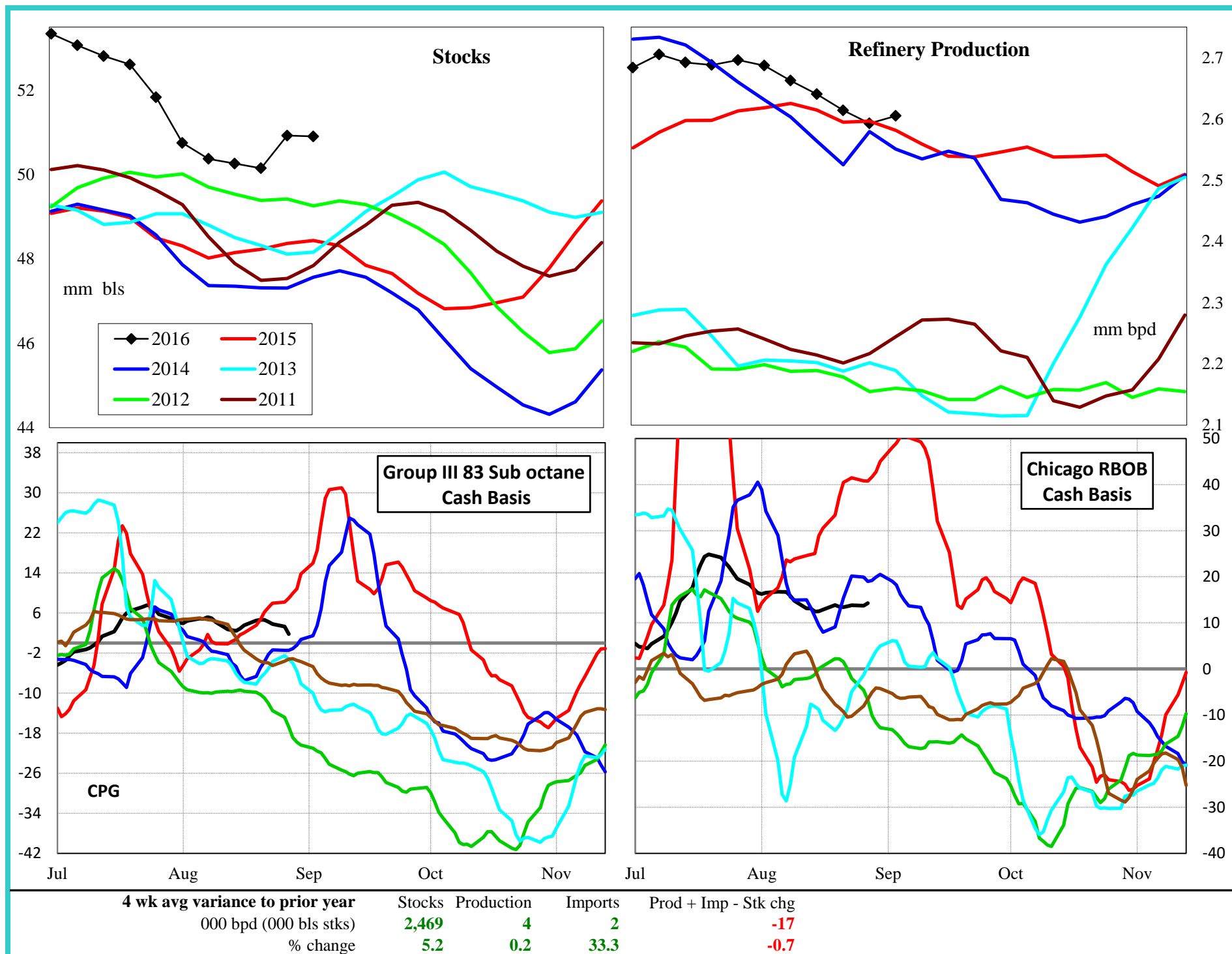
PADD 1 Gasoline Supply



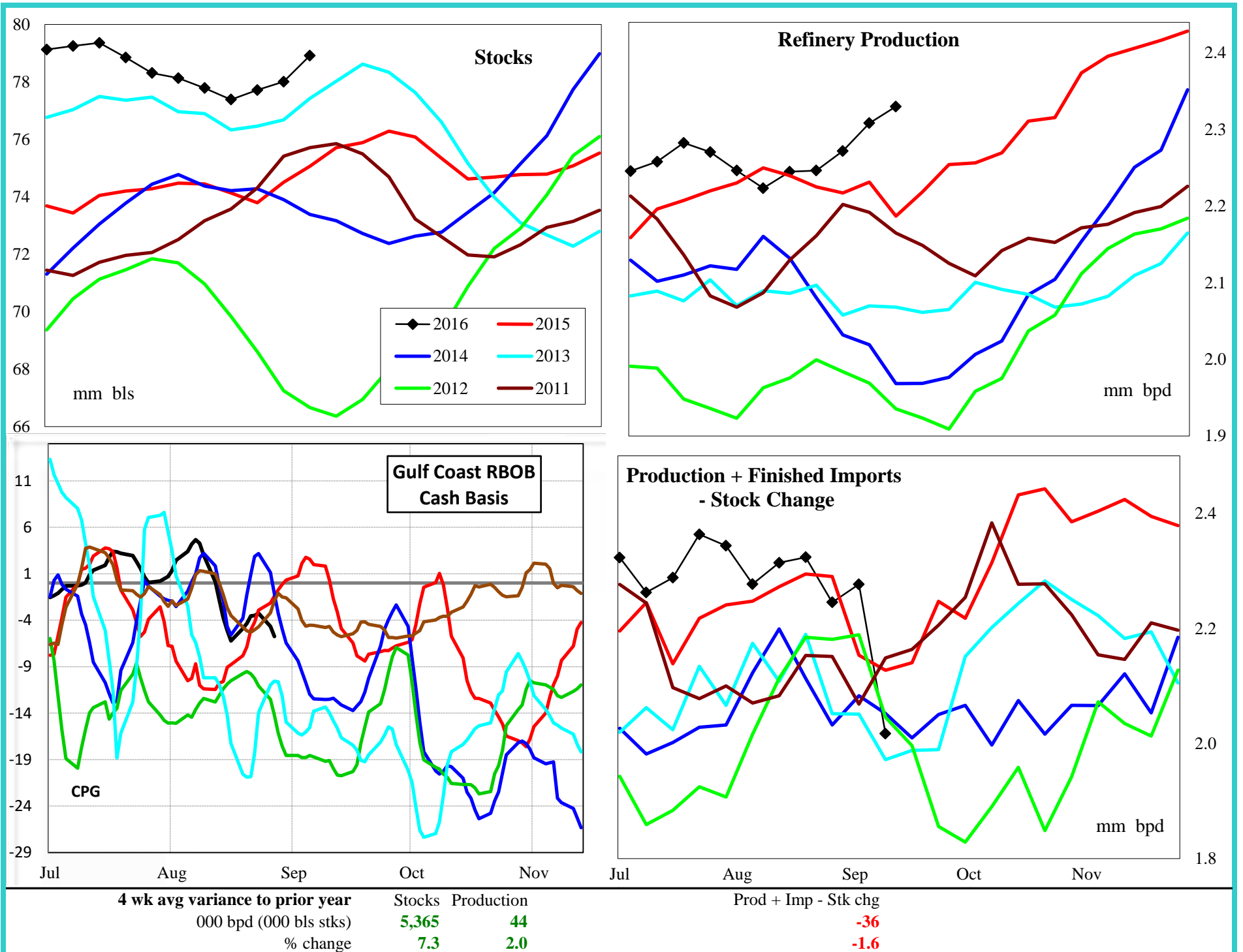
PADD 1 Gasoline Stocks by Region



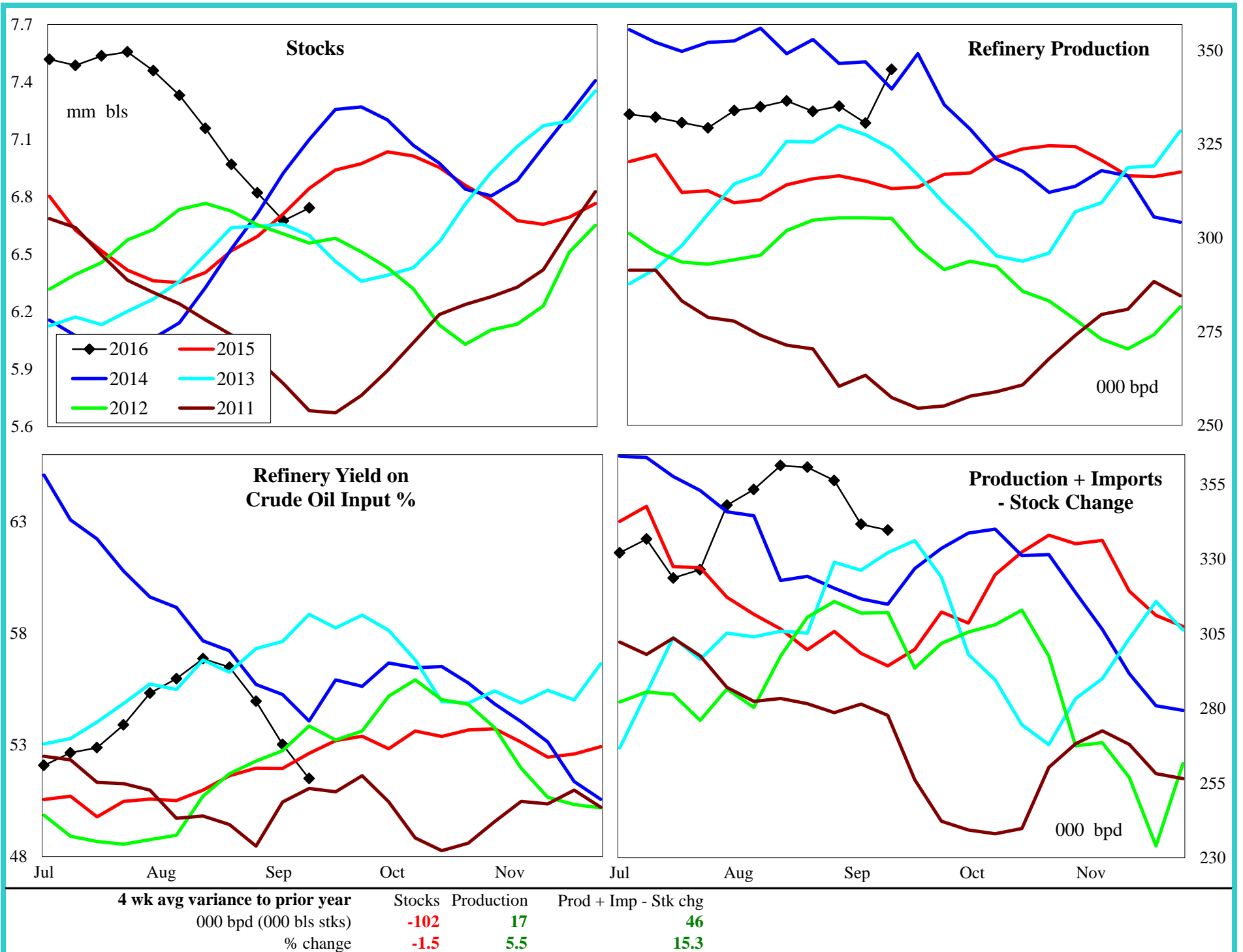
PADD 2 Gasoline Supply



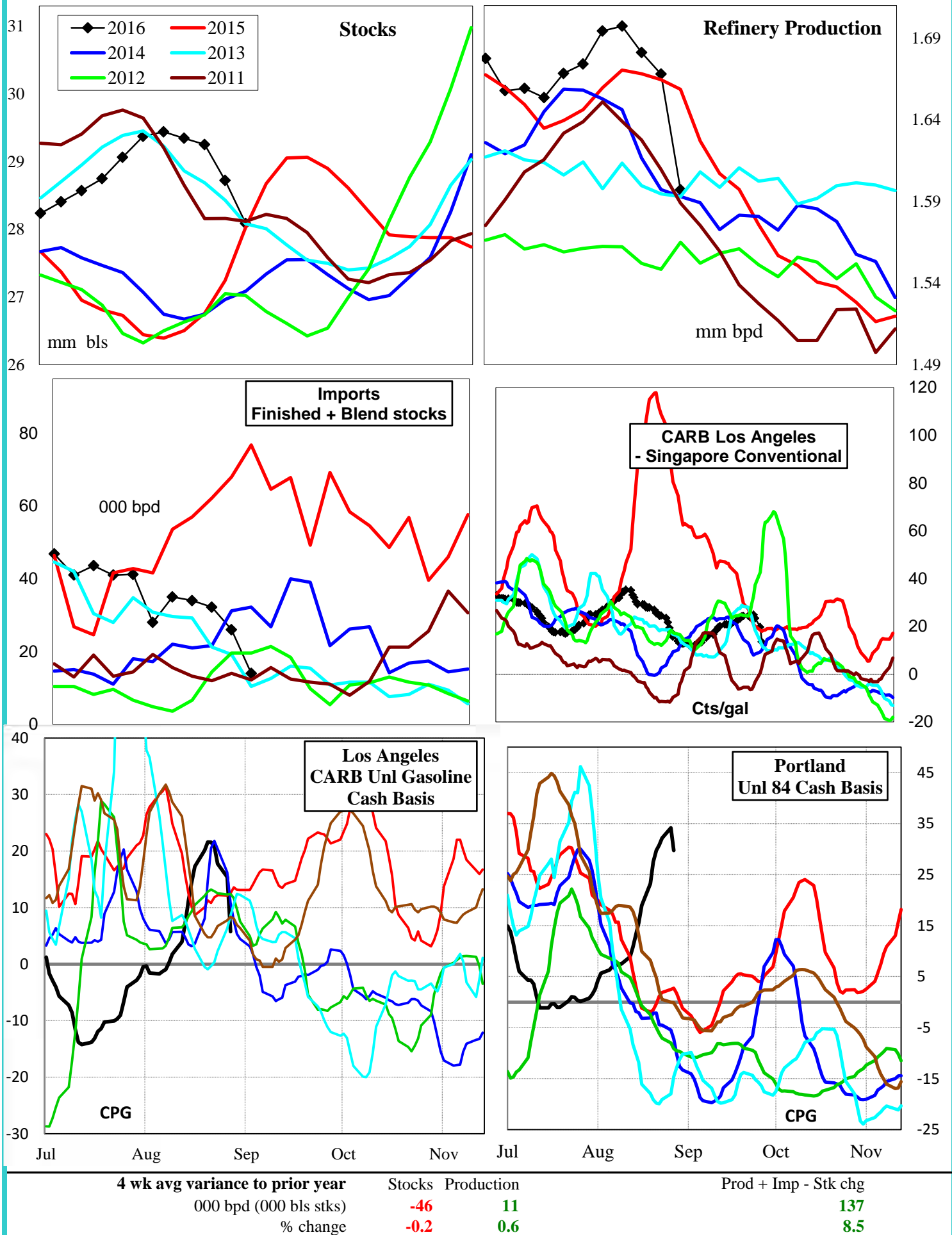
PADD 3 Gasoline Supply



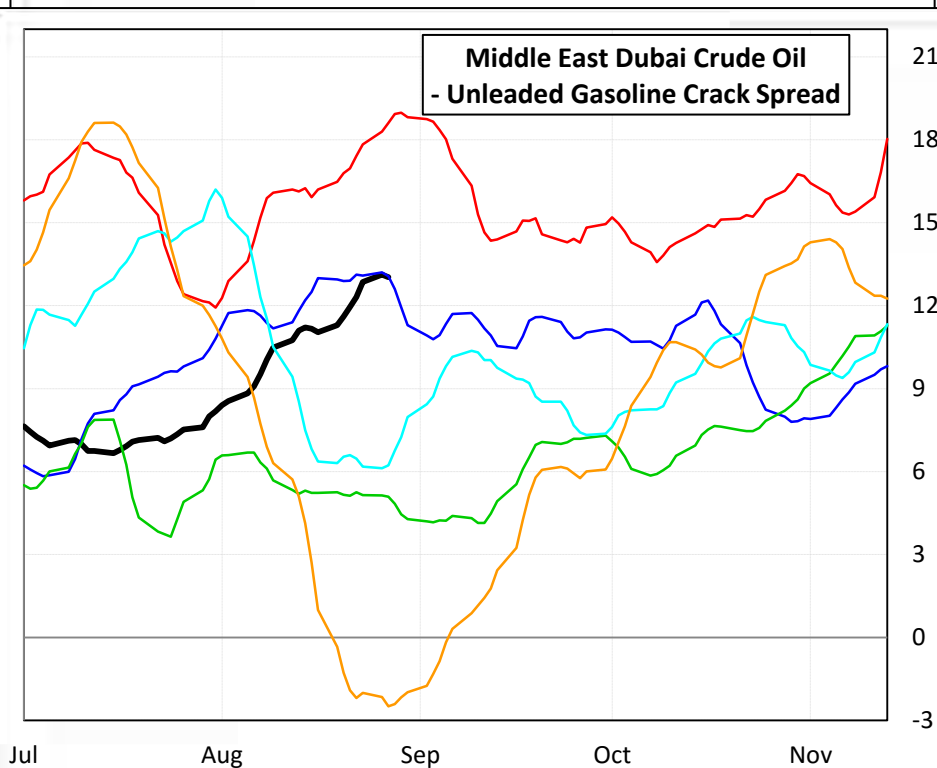
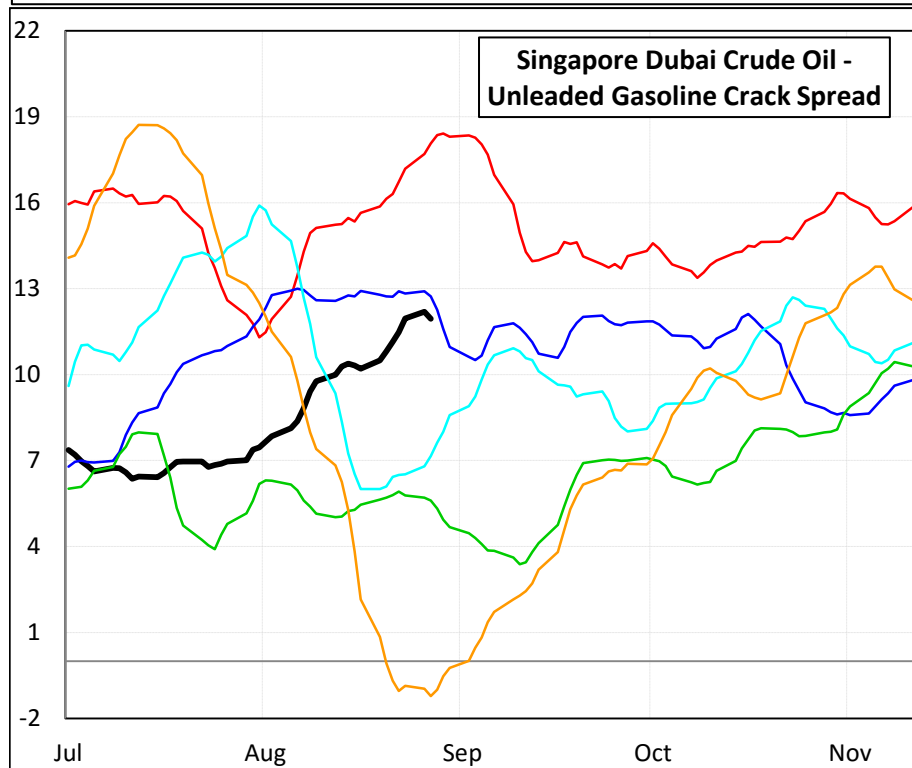
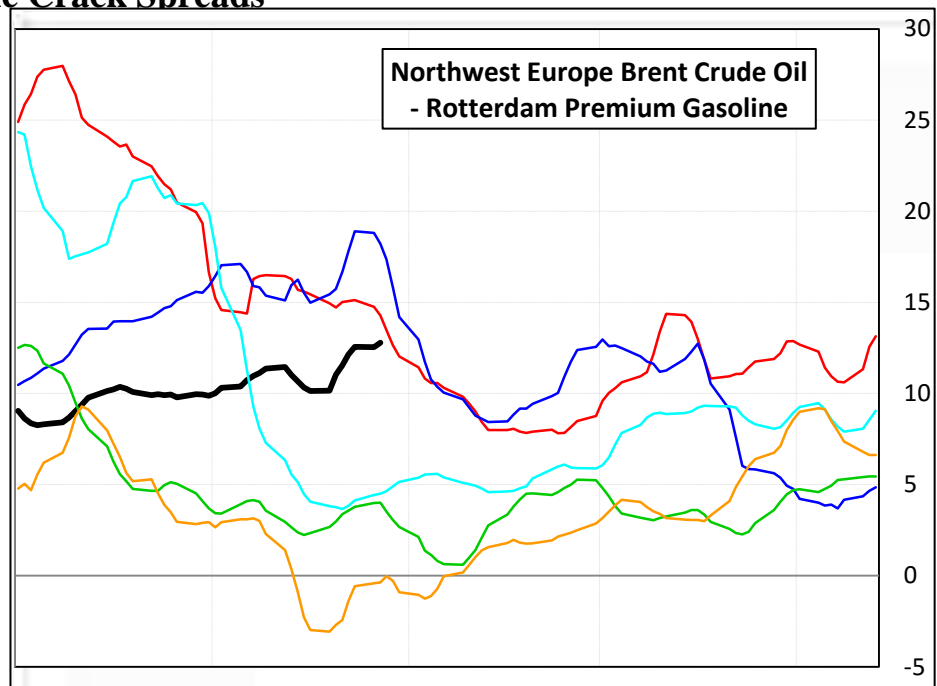
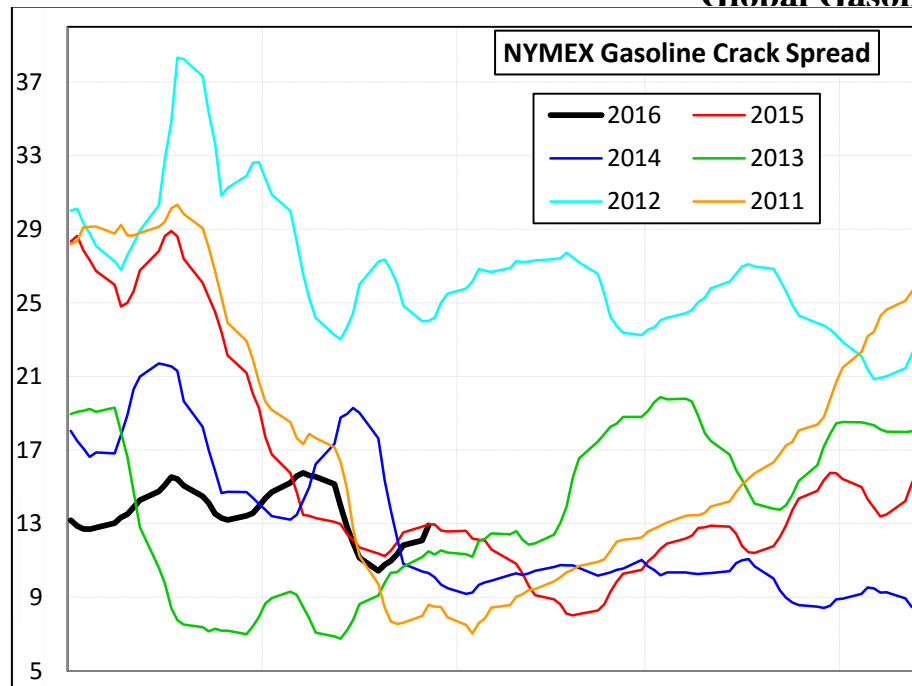
PADD 4 Gasoline Supply



PADD 5 Gasoline Supply



Global Gasoline Crack Spreads



Global Gasoline Cash Basis

