

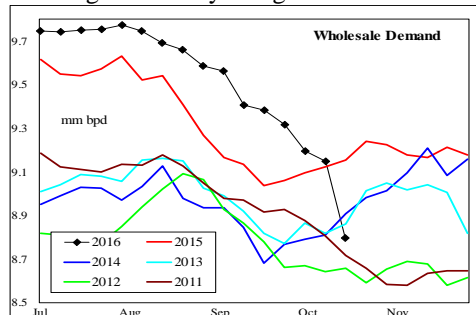


WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

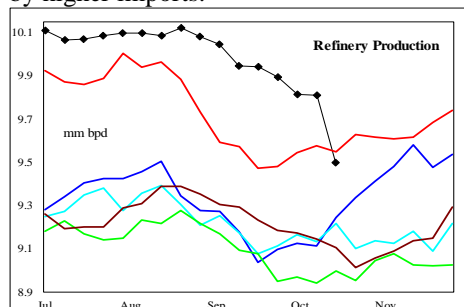
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 19, 2016

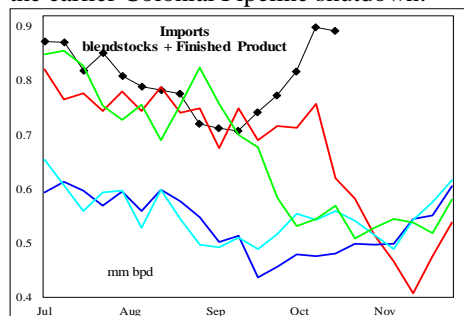
Wholesale demand fell -0.5 million bpd on the week, leaving the most recent 4-wk unchanged from a year ago.



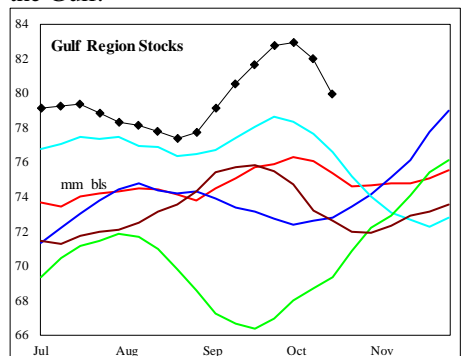
Supply fell -364,000 bpd last week on sharply lower production, partially offset by higher imports.



Imports continued at record levels, on very weak European basis and a follow up to the earlier Colonial Pipeline shutdown.



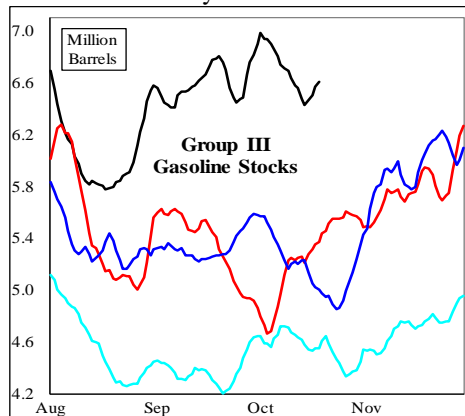
Stocks increased +2.4 million barrels on the week; with builds in all regions except the Gulf.



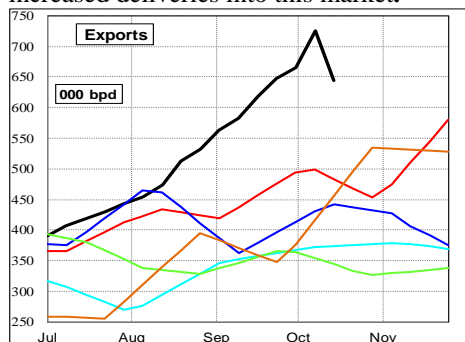
Stock levels ended the week extremely

high in the Midwest, Gulf and Rockies. Stock levels in New England and the Lower Atlantic regions were also above the 5-yr range. Only the West Coast and Central Atlantic regions reported stock levels below prior 5-yr highs.

Group III stocks were unchanged from a week ago, with the level +1.1 million barrels above last year.



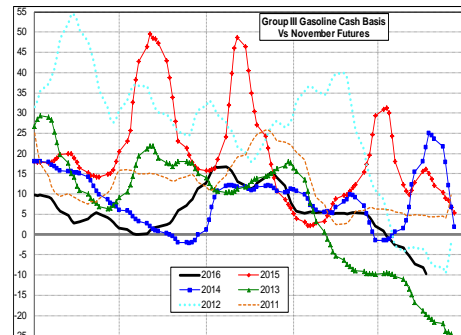
During the Colonial pipeline shutdown, gulf refiners increased exports by more than +50% compared to a year ago. The surge in Midwest stocks during the same period indicates Gulf refiners also increased deliveries into this market.



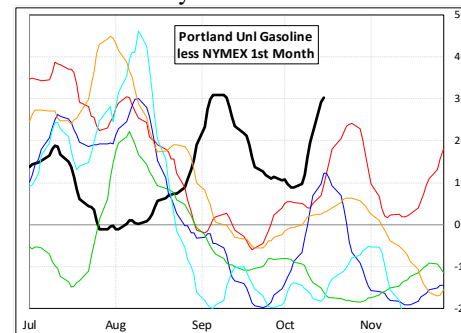
Exports for the week ending 30Sep16 were 644,000 bpd, down from the earlier record of 805,000 bpd; but still well above prior years.

Cash Basis and Refining Trends

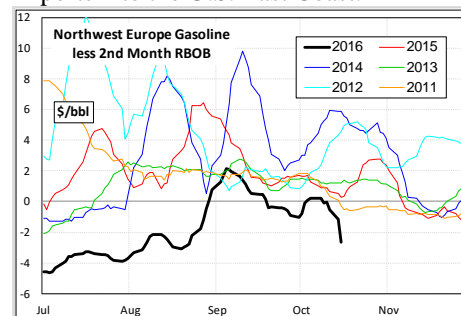
Cash basis for CBOB grade gasoline in Midwest markets extended the steep decline of the last 2-wks; with the level in the Group III and Chicago each near 5-yr lows for the period. Above average maintenance and lower stock levels continued to support CBOB basis in the Gulf at levels above the last 3-yrs.



Basis in California markets traded sideways to lower on the week, at a level below the average of the last 2-yrs. Northwest markets reported a continued surge in basis with the level at record highs for this time of year.



Cash basis in Global gasoline markets remains particularly weak, with all markets trading below the 5-yr range. This weakness has contributed to the record imports into the U.S. East Coast.

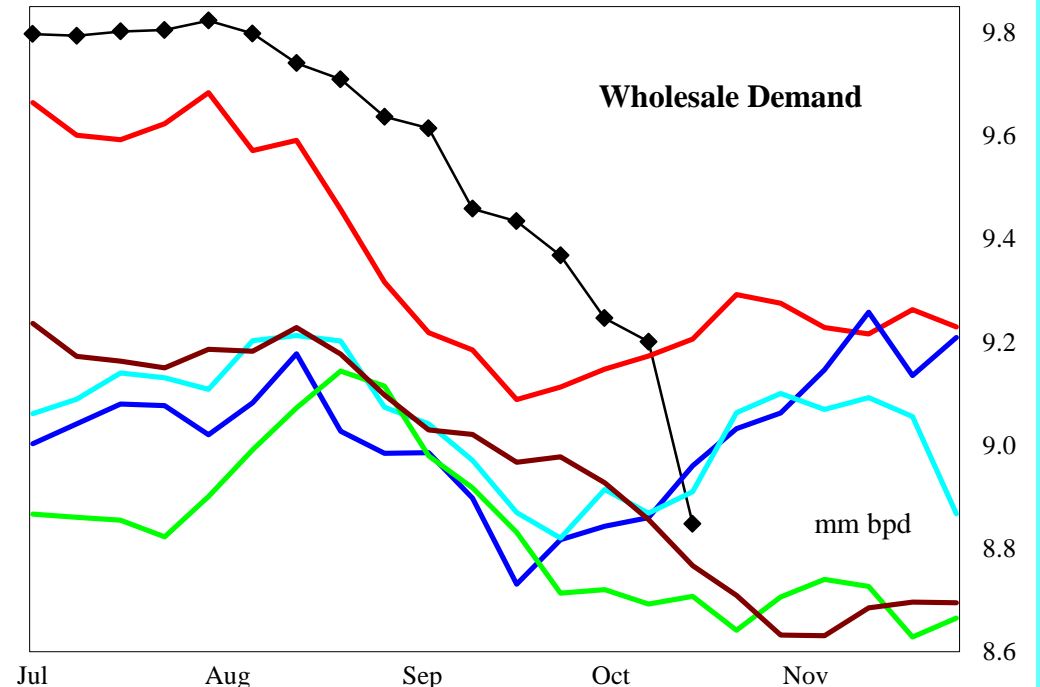
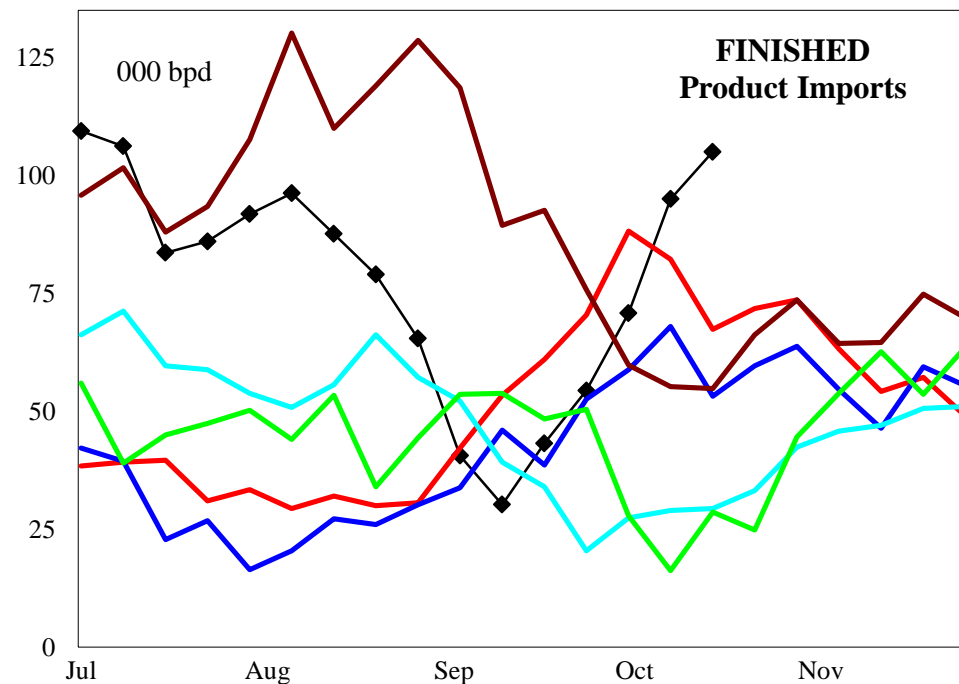
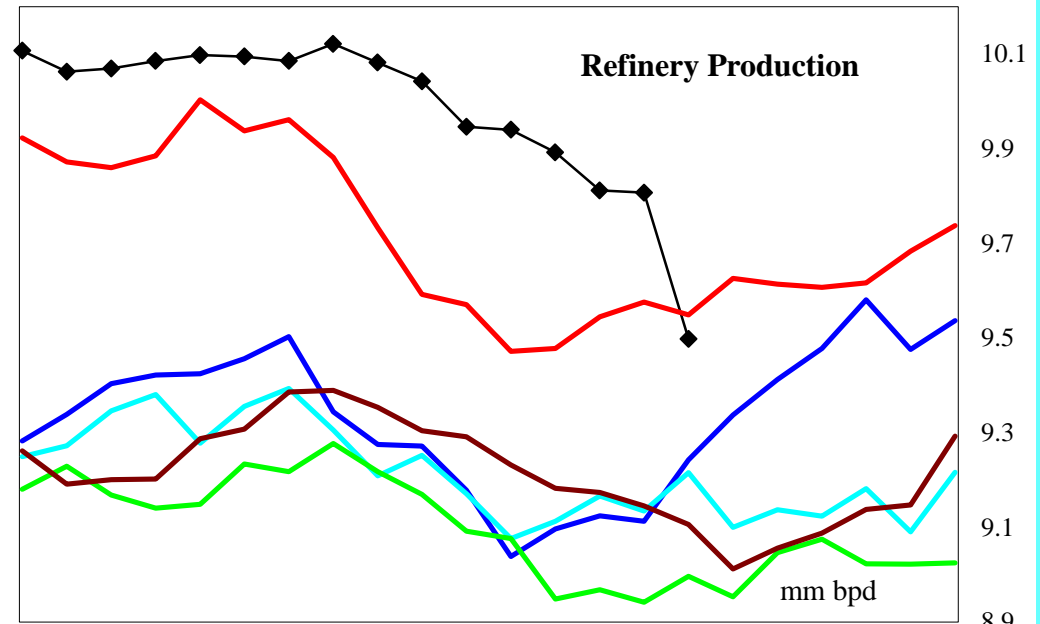
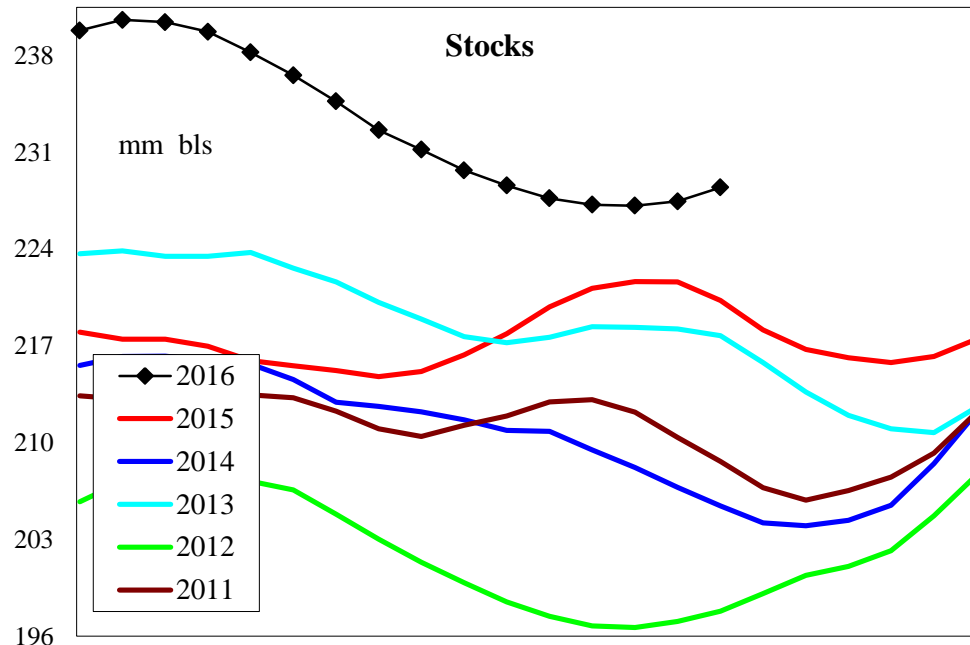


Gulf Coast Price

Record imports, seasonal decrease in wholesale demand and persistently high stock levels risk a significant pull back in gasoline prices during the current quarter as refiners return from fall maintenance. Such weakness is all ready under way in the Midwest; increasing the risk of refinery run cuts for that region during the current quarter

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United States Gasoline Supply and Demand



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Fin Impt

Blend Impt

Demand=>

4wk avg

Sep

Aug

Jul

8,183

200

-7

120

15

57

165

159

3.7

2.1

-7.5

18.5

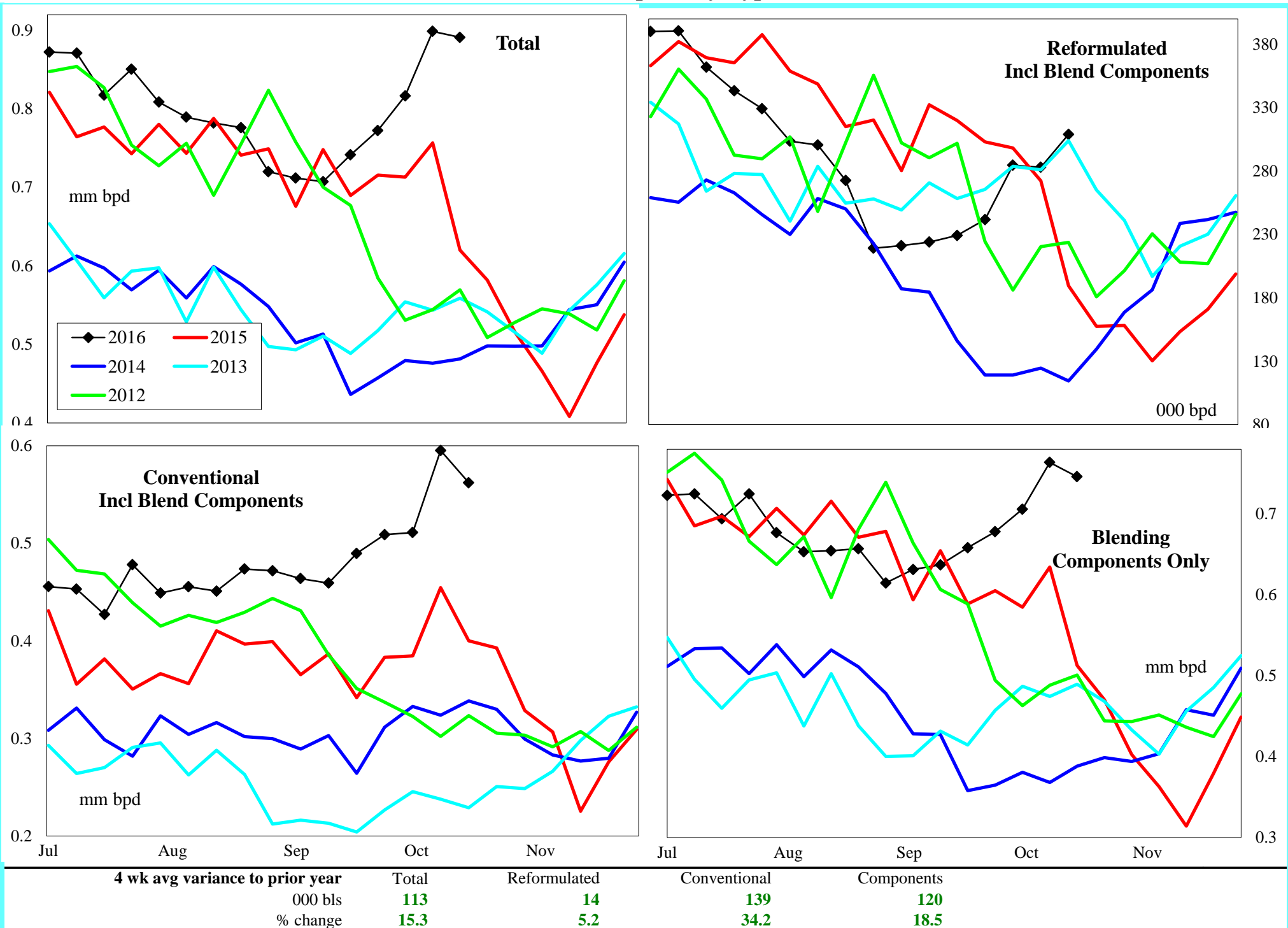
0.2

0.6

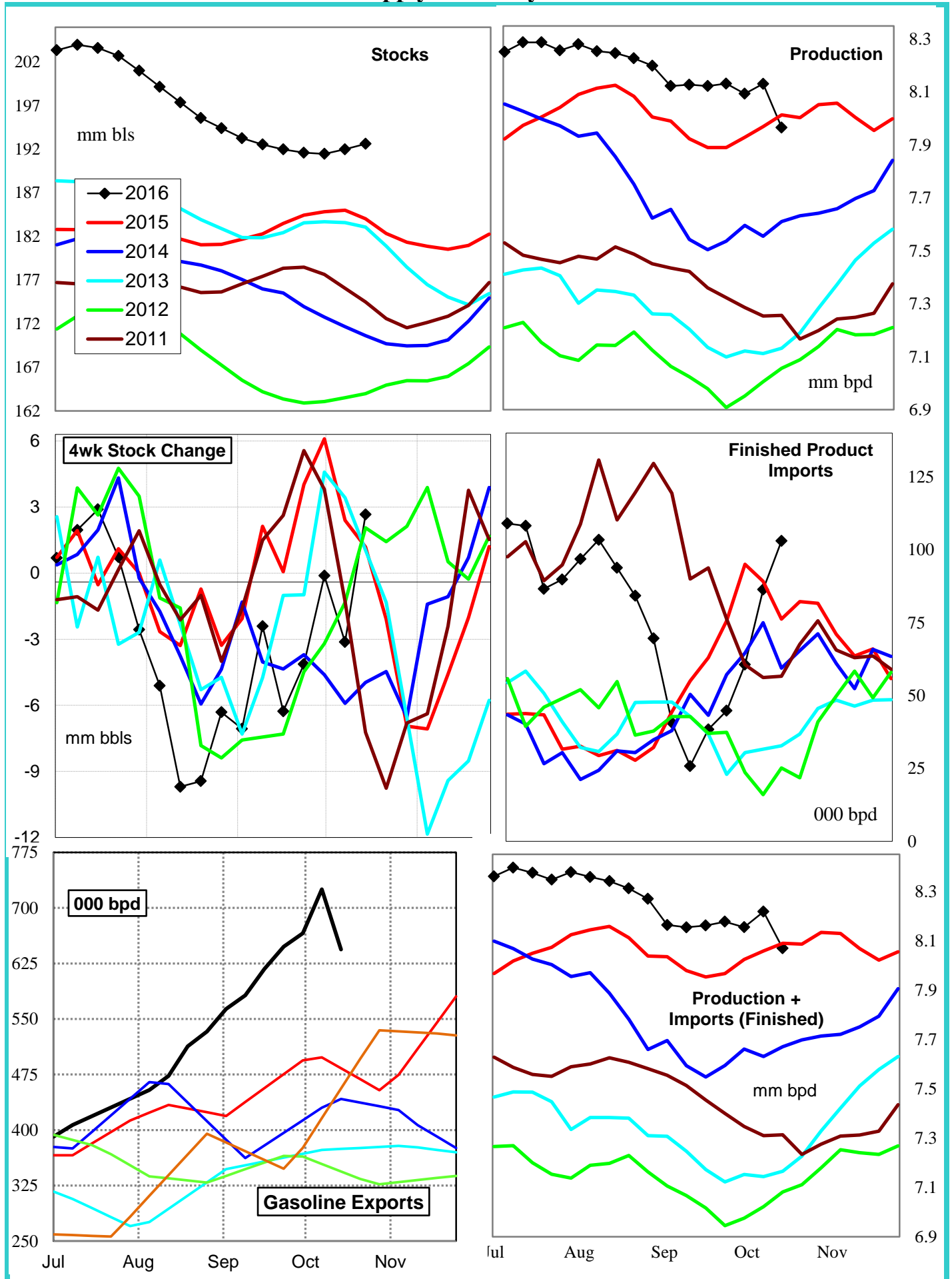
1.7

1.7

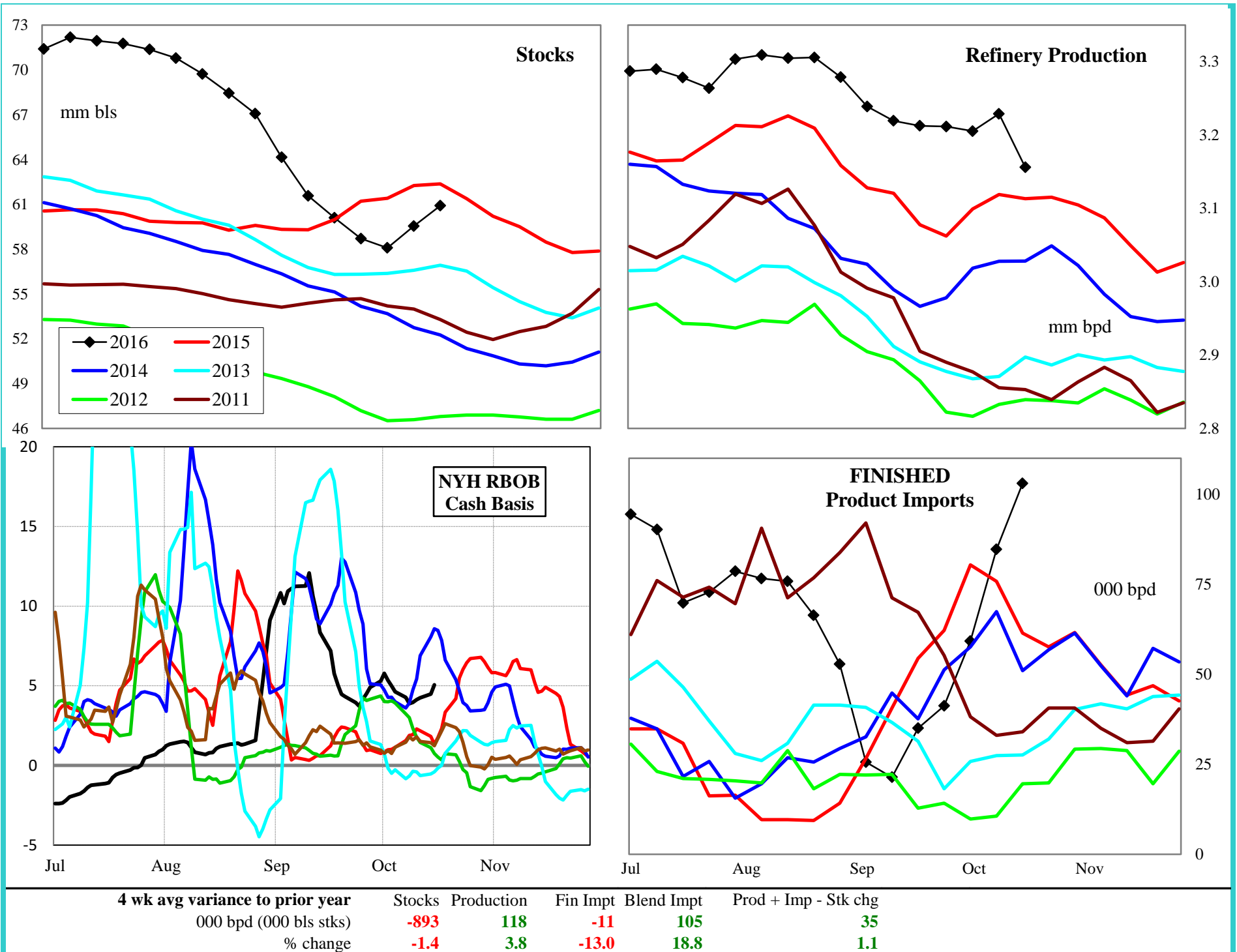
Gasoline Imports by Type



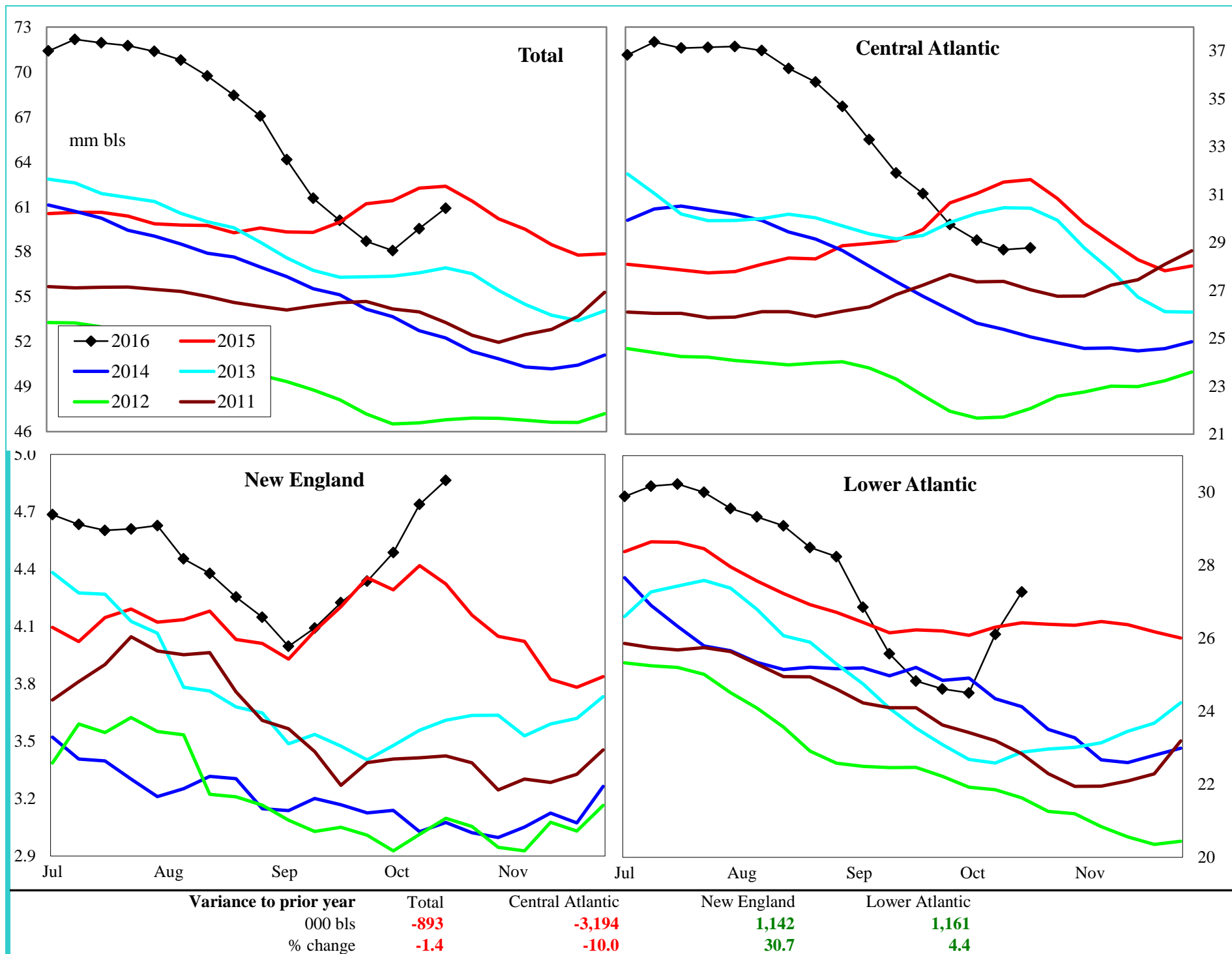
Gasoline Supply Summary PADDs 1+2+3



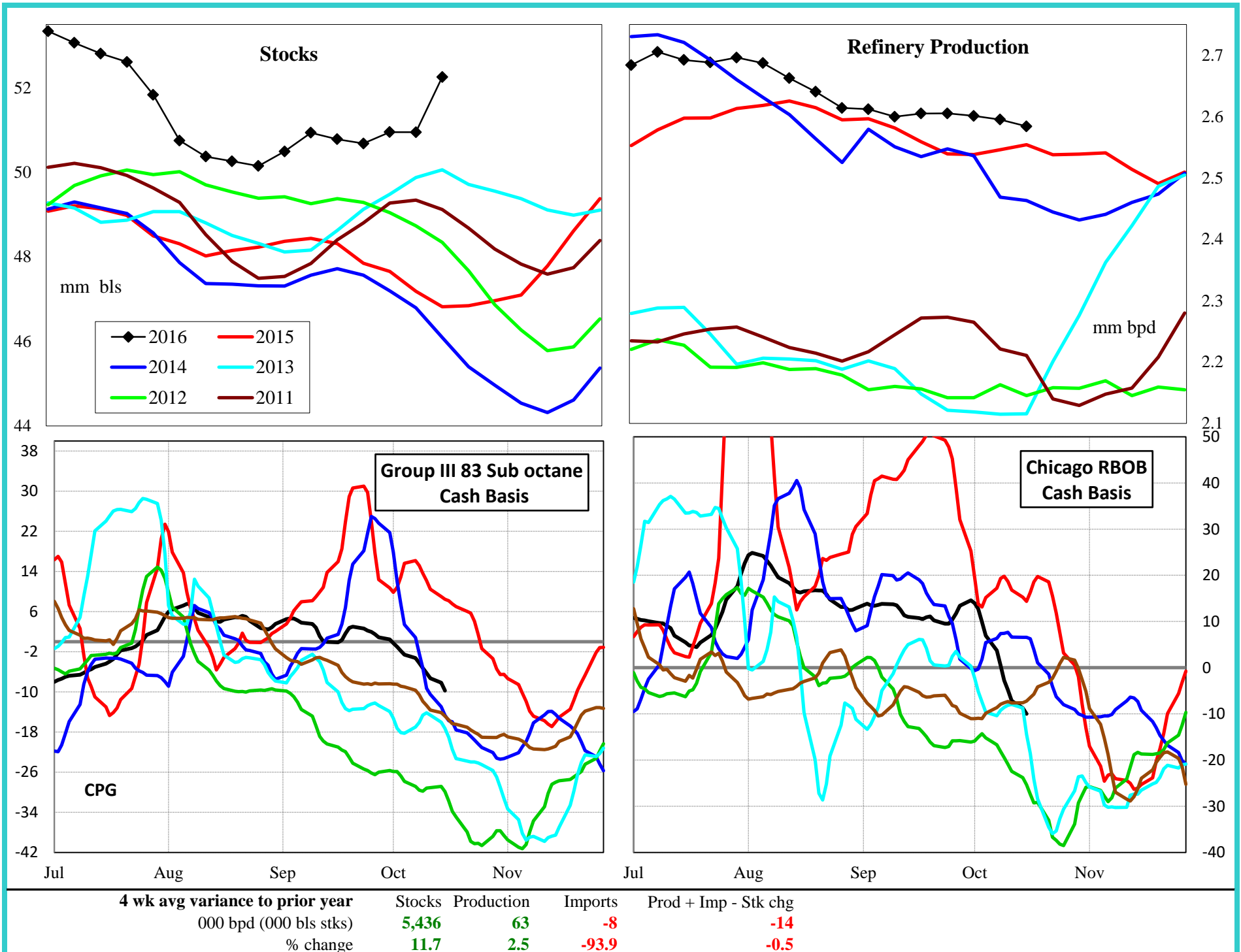
PADD 1 Gasoline Supply



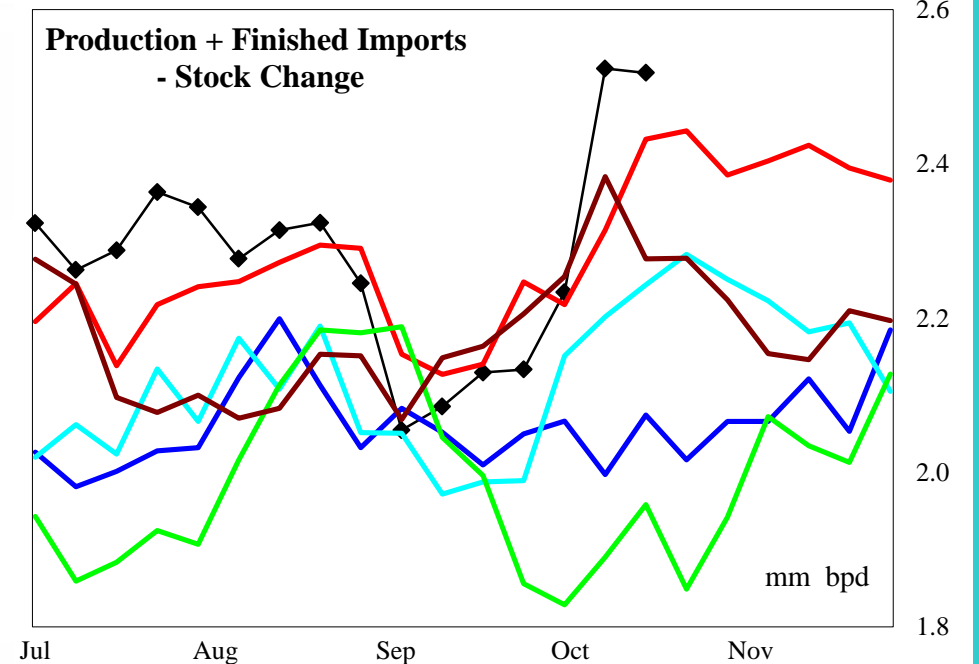
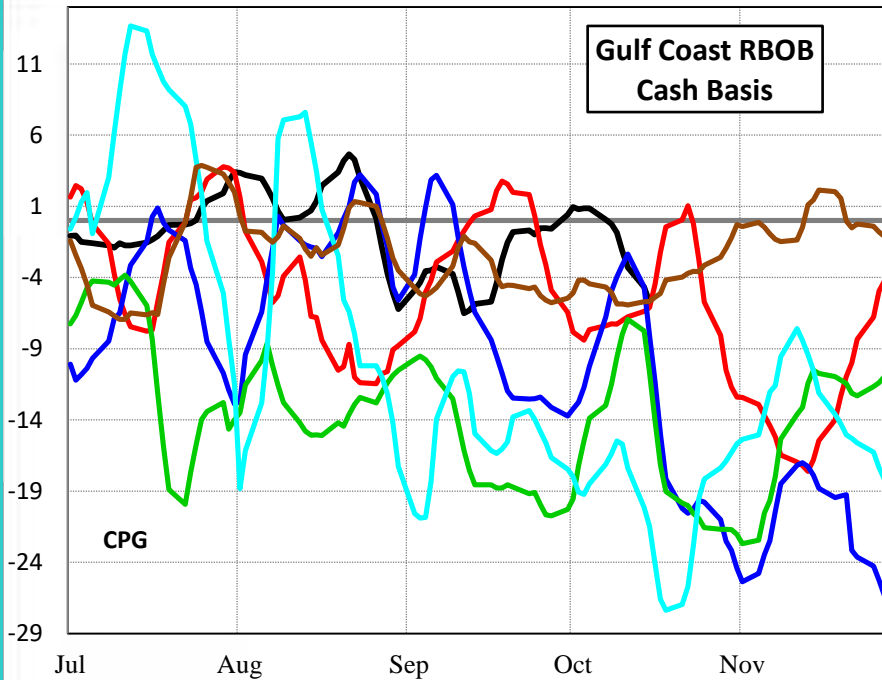
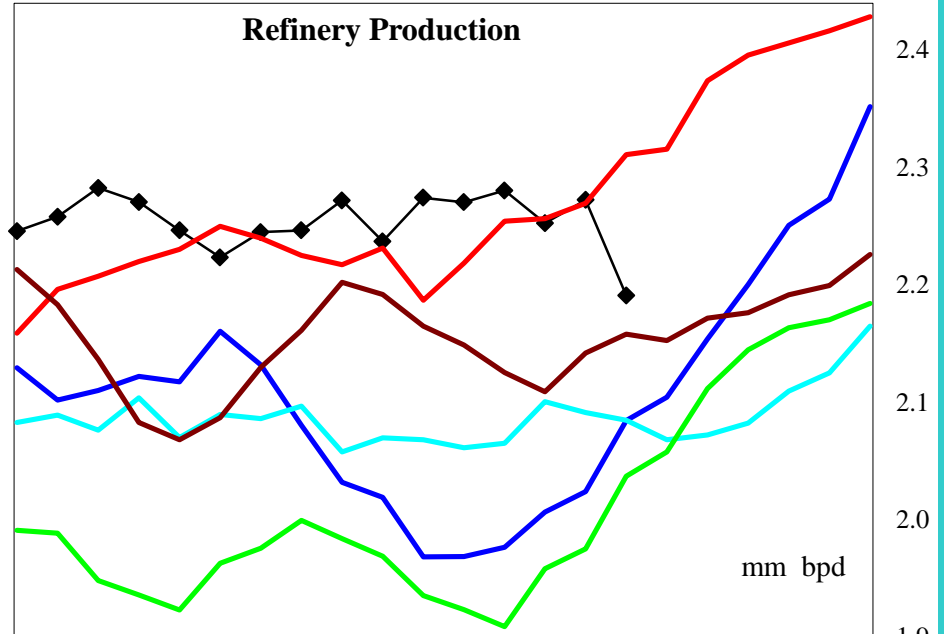
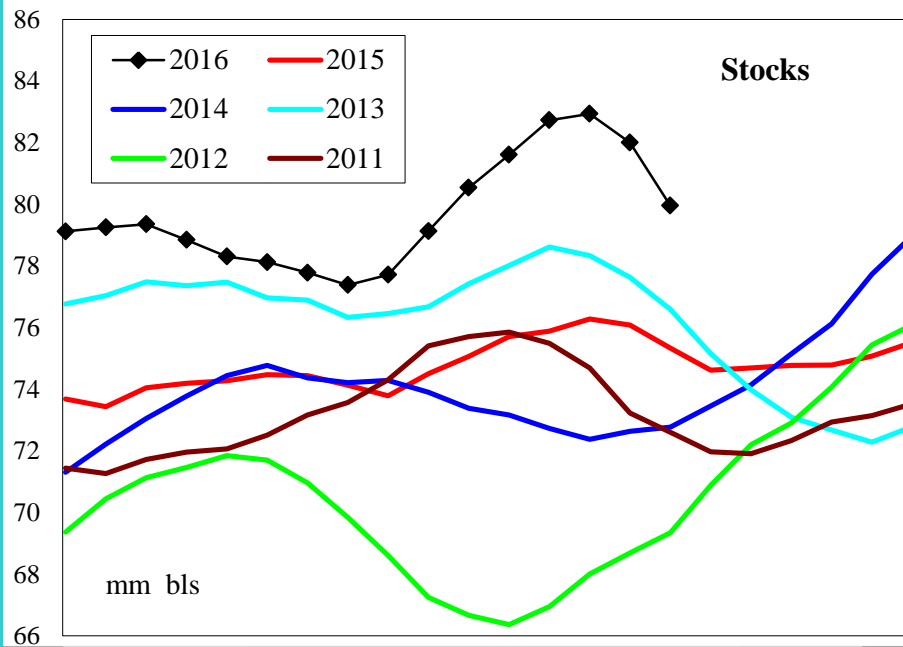
PADD 1 Gasoline Stocks by Region



PADD 2 Gasoline Supply



PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks Production

4,437 32

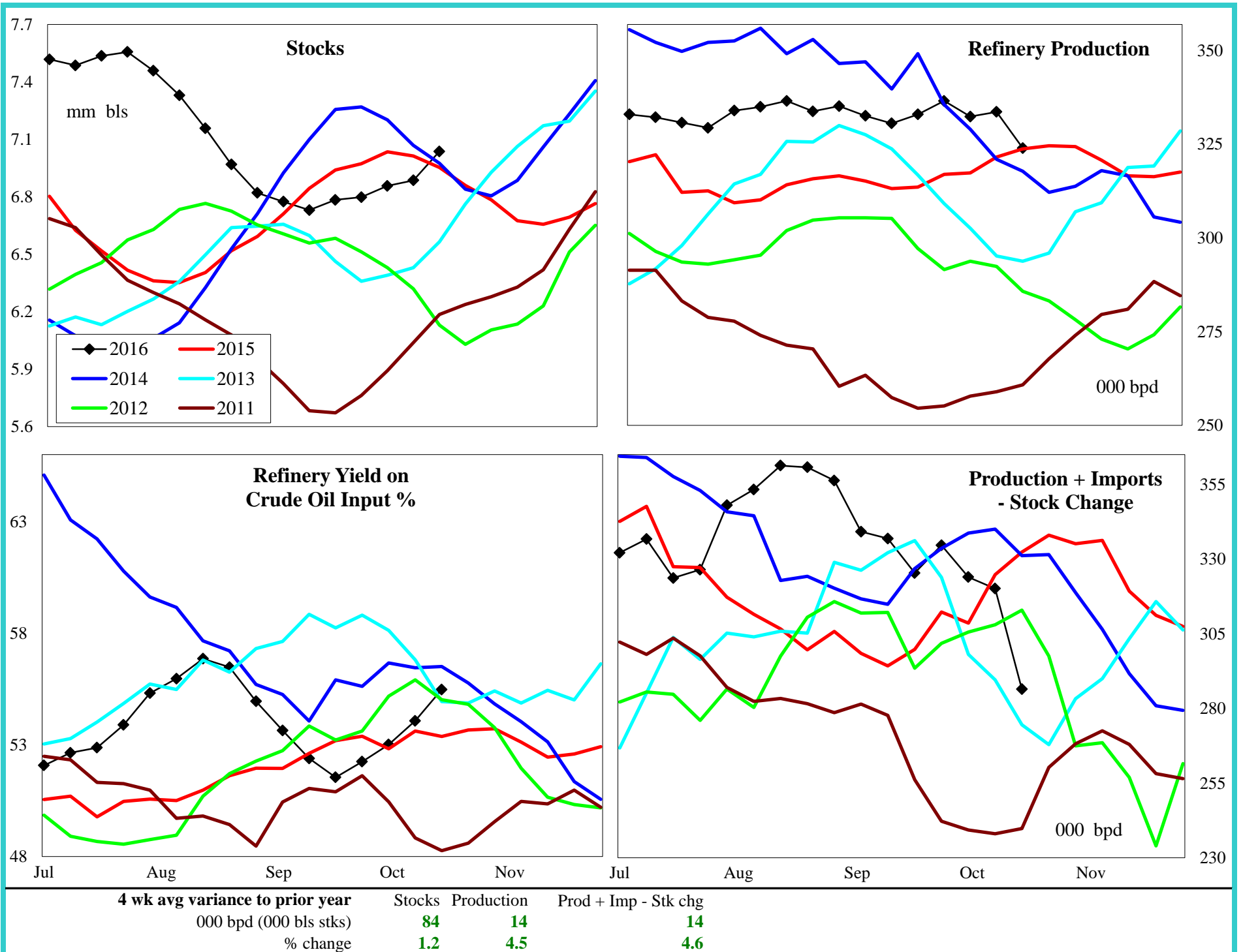
5.9 1.5

Prod + Imp - Stk chg

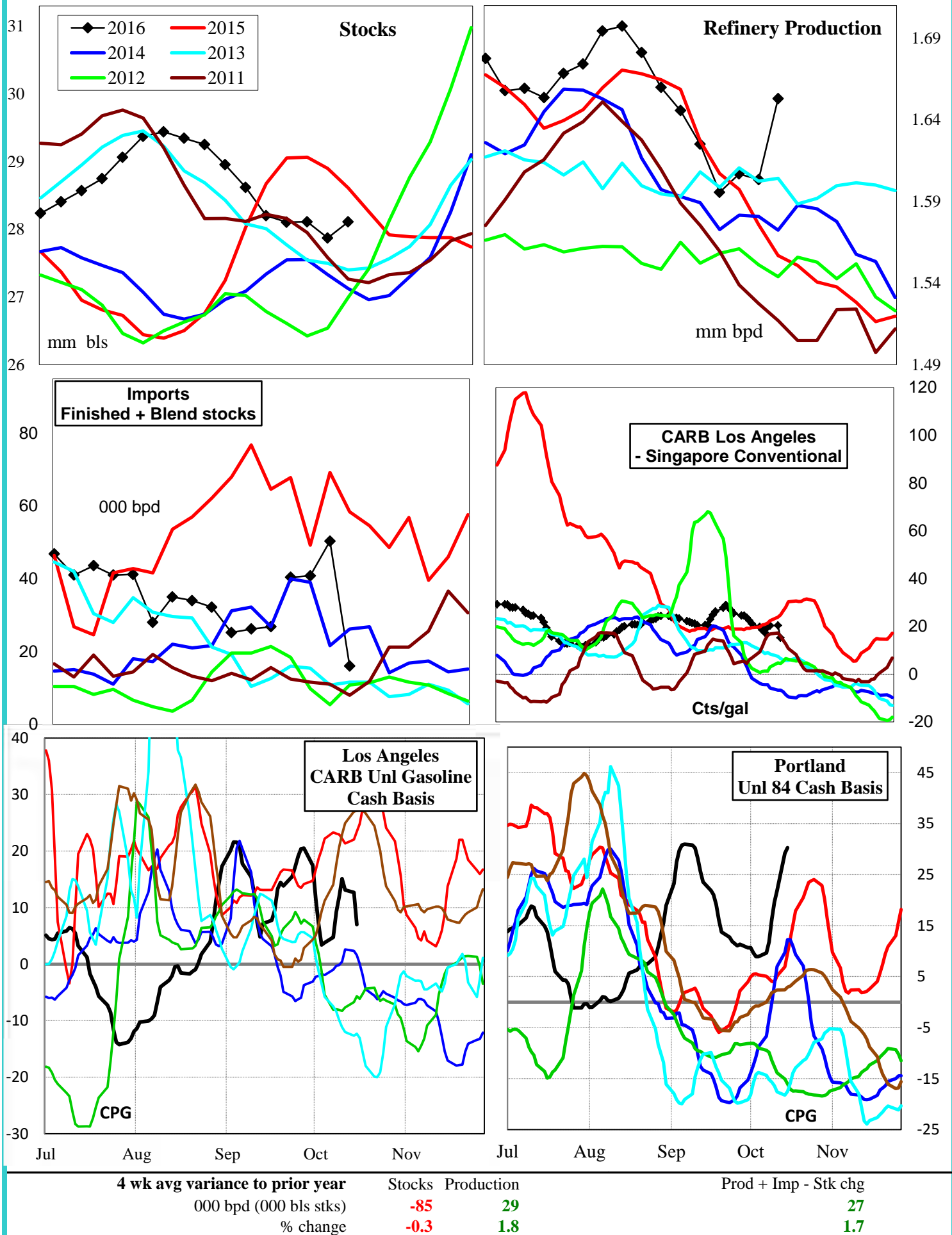
107

4.7

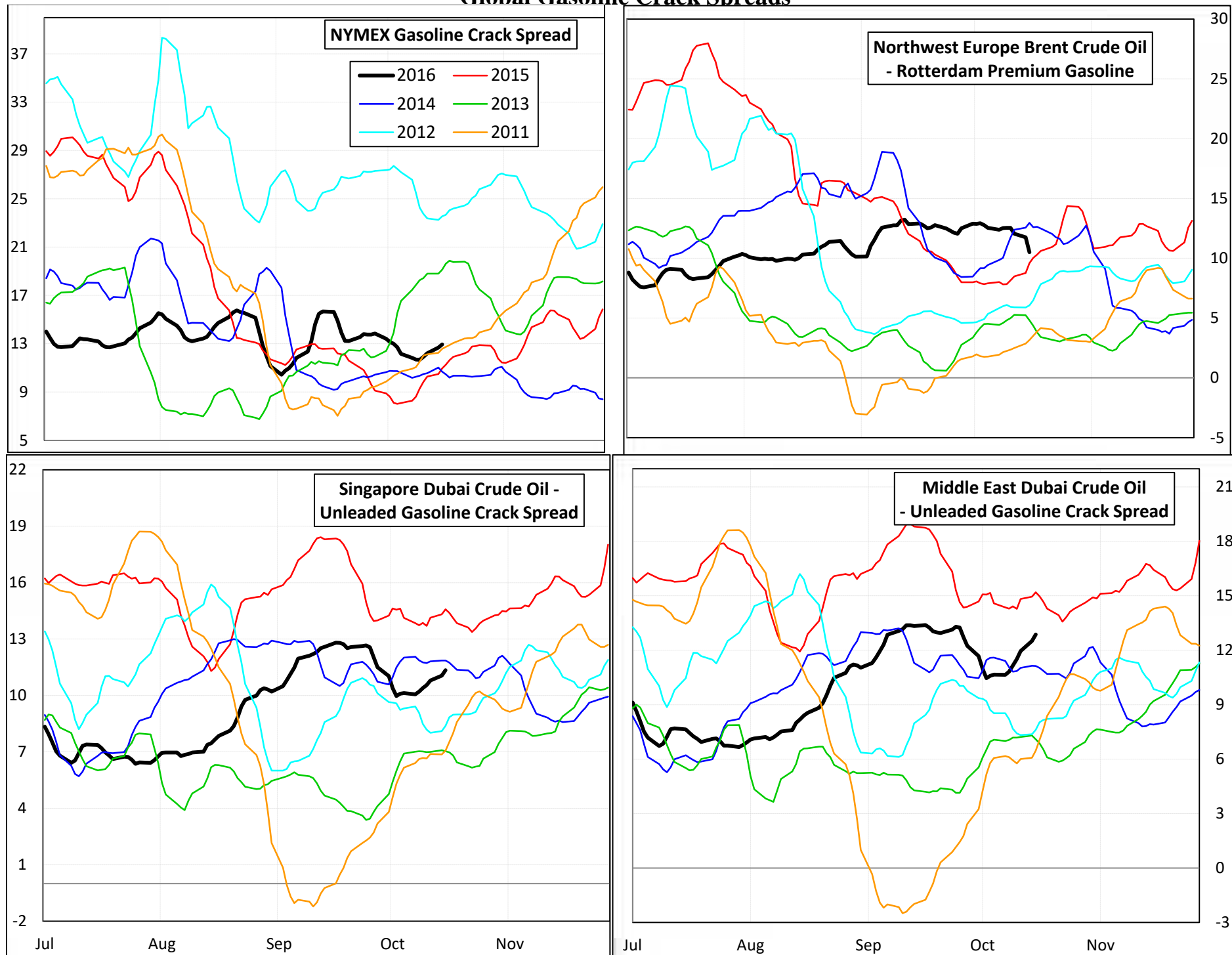
PADD 4 Gasoline Supply



PADD 5 Gasoline Supply



Global Gasoline Crack Spreads



Global Gasoline Cash Basis

