

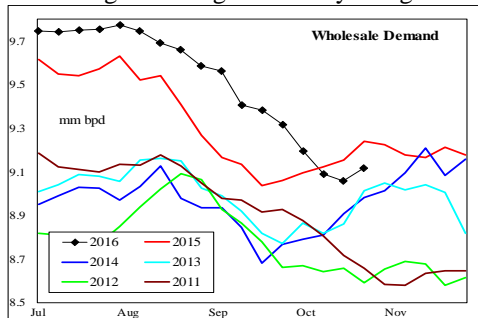


## WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

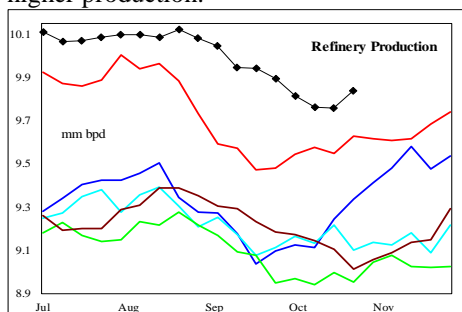
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, October 26, 2016

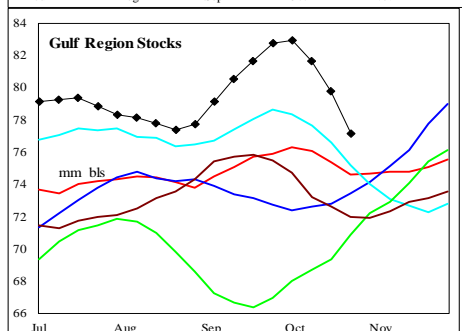
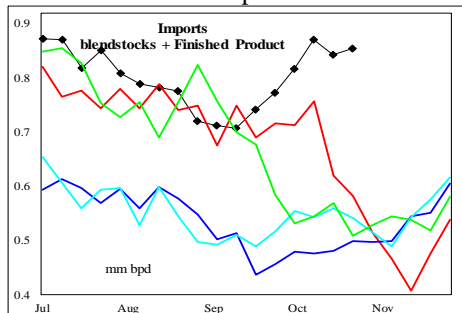
Wholesale demand increased +0.3 million bpd on the week, with the most recent 4-wk average unchanged from a year ago.



Supply increased +0.3 million bpd on higher production.



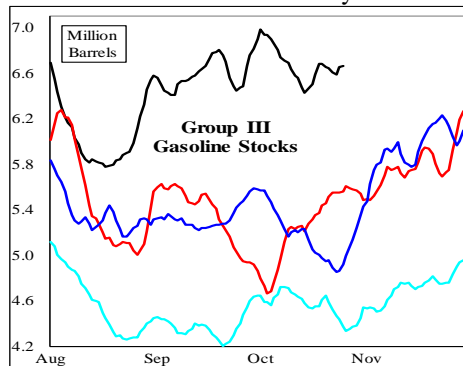
Imports continued at record levels, on very weak European basis and a follow up to the earlier Colonial Pipeline shutdown.



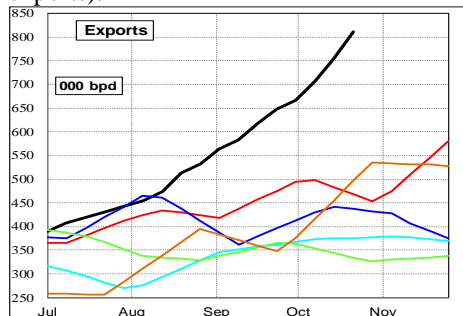
Stocks decreased -2 million barrels on the week, with draws in all regions except the East Coast. Record imports underlie the +2 million barrel stock build on the East Coast last week.

Stock levels ended the week above the 5-yr range in all regional markets except the West Coast.

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

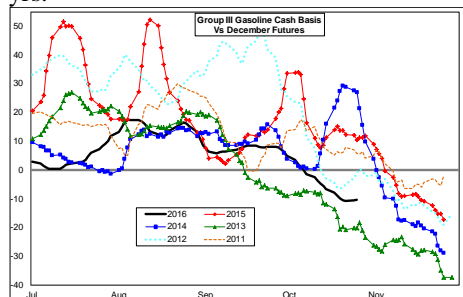


Exports were +0.8 million bpd last week, a +66% increase from a year ago. RINS values may be driving the surge in imports on the East Coast (blenders generate RINS) and Gulf exports by refiners (refiners avoid RINS obligations on exports).

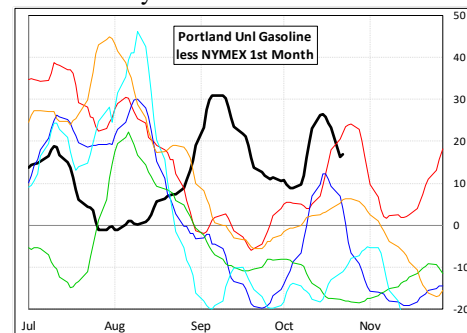


#### Cash Basis and Refining Trends

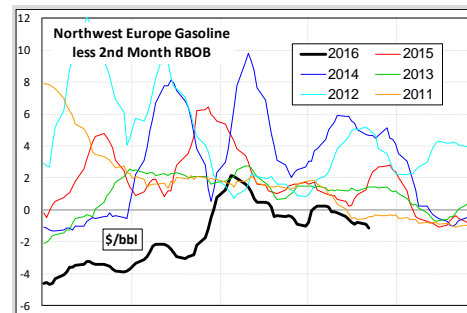
Cash basis for CBOB grade gasoline in Midwest markets traded sideways last week at levels just above 5-yr lows on extremely high stocks and production. Above average maintenance and lower stock levels continued to support CBOB basis in the Gulf at levels above the last 3-yrs.



Basis in West Coast markets trended lower last week. California markets saw basis at the low end of the last 2-yr range for the period. Northwest coast markets reported basis trading near last year's record highs for this time of year.



Cash basis in Global gasoline markets trended higher last week. Basis levels remain below the 5-yr range in Northwest Europe and Asian markets. This weakness has contributed to the record imports into the U.S. East Coast.

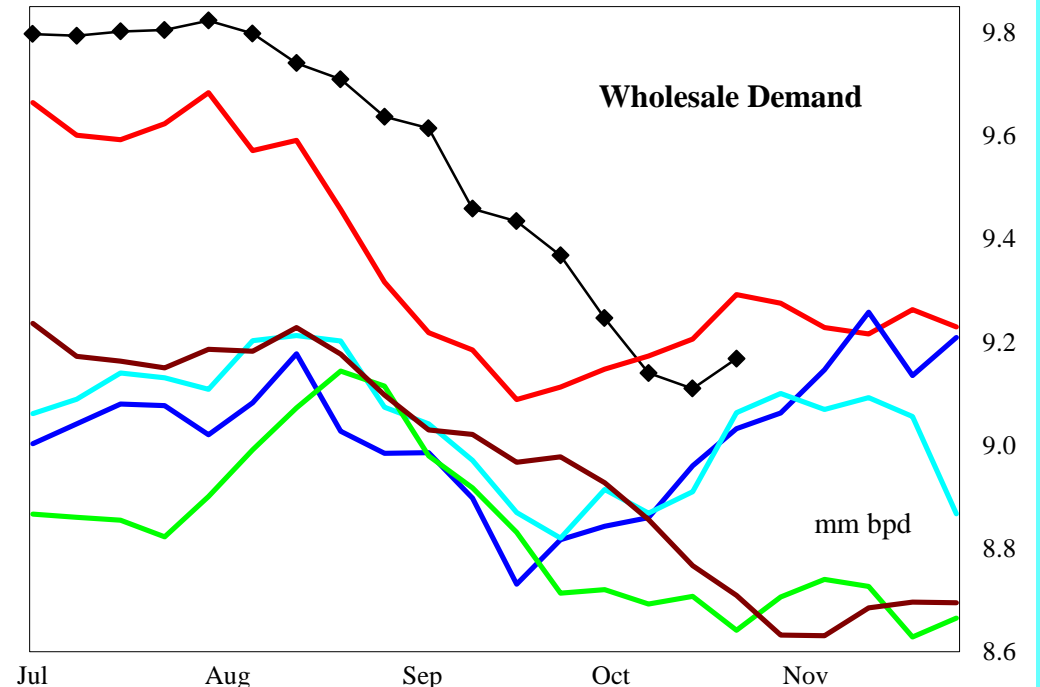
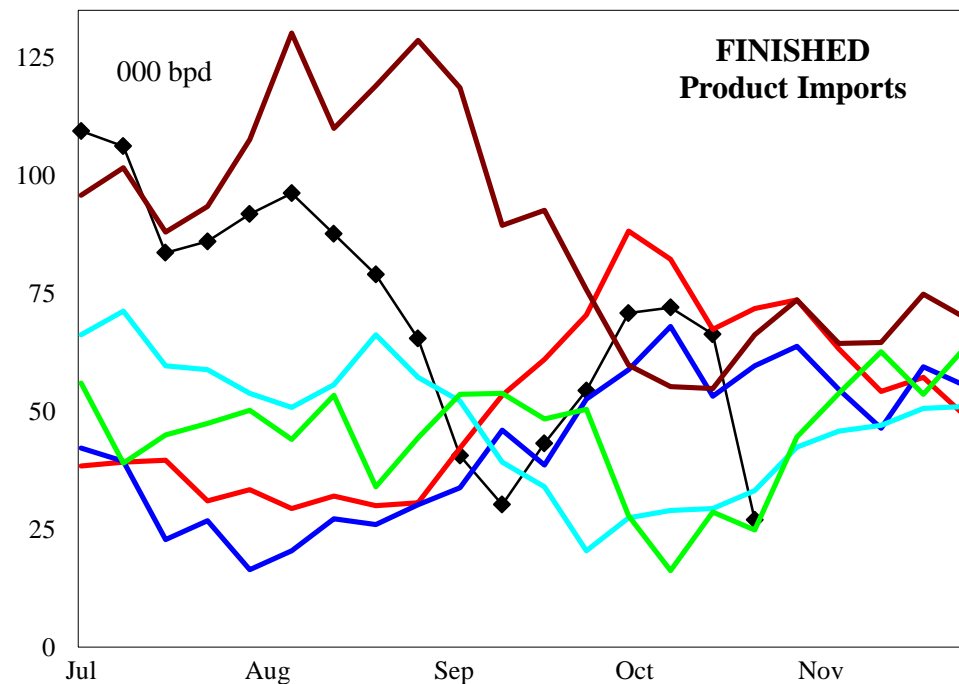
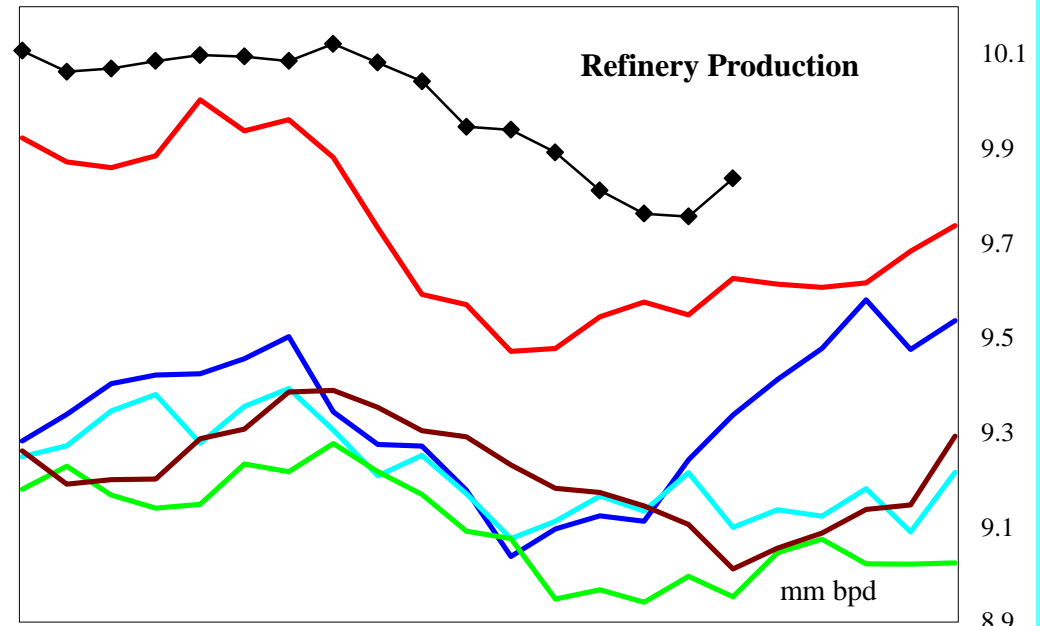
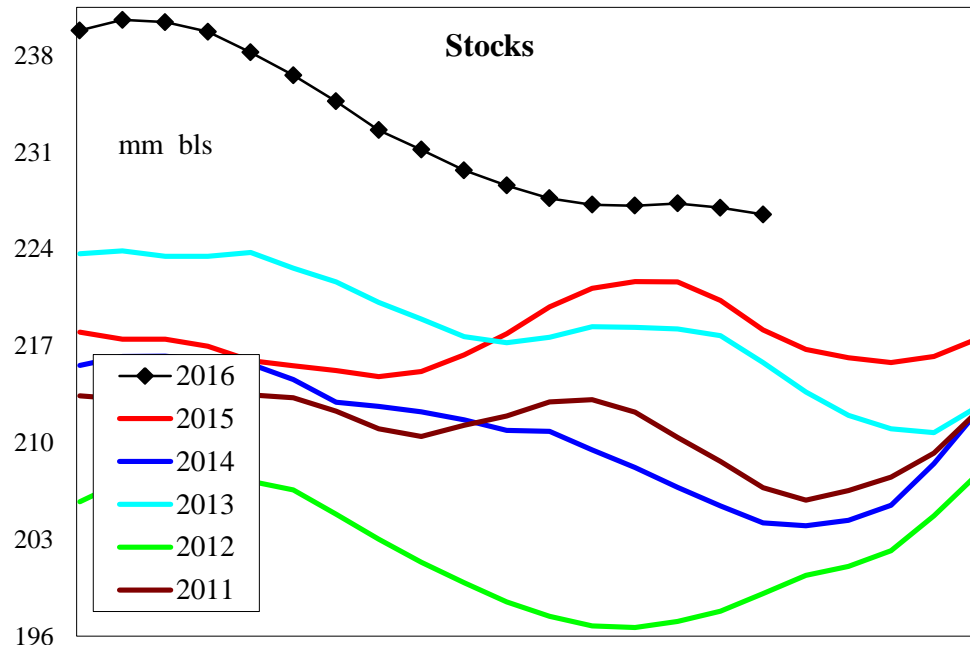


#### Gulf Coast Price

Record imports to the East Coast, record exports from the Gulf and very high stocks in every region except the West Coast point to an over supplied gasoline market in the Atlantic Basin and most U.S. regional markets. These fundamentals point to significant risk of a pull back in 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)

Stocks

Production

Fin Impt

Blend Impt

Demand=>

4wk avg

Sep

Aug

Jul

7,364

263

-5

199

-6

57

165

159

% change

3.4

2.8

-5.5

33.6

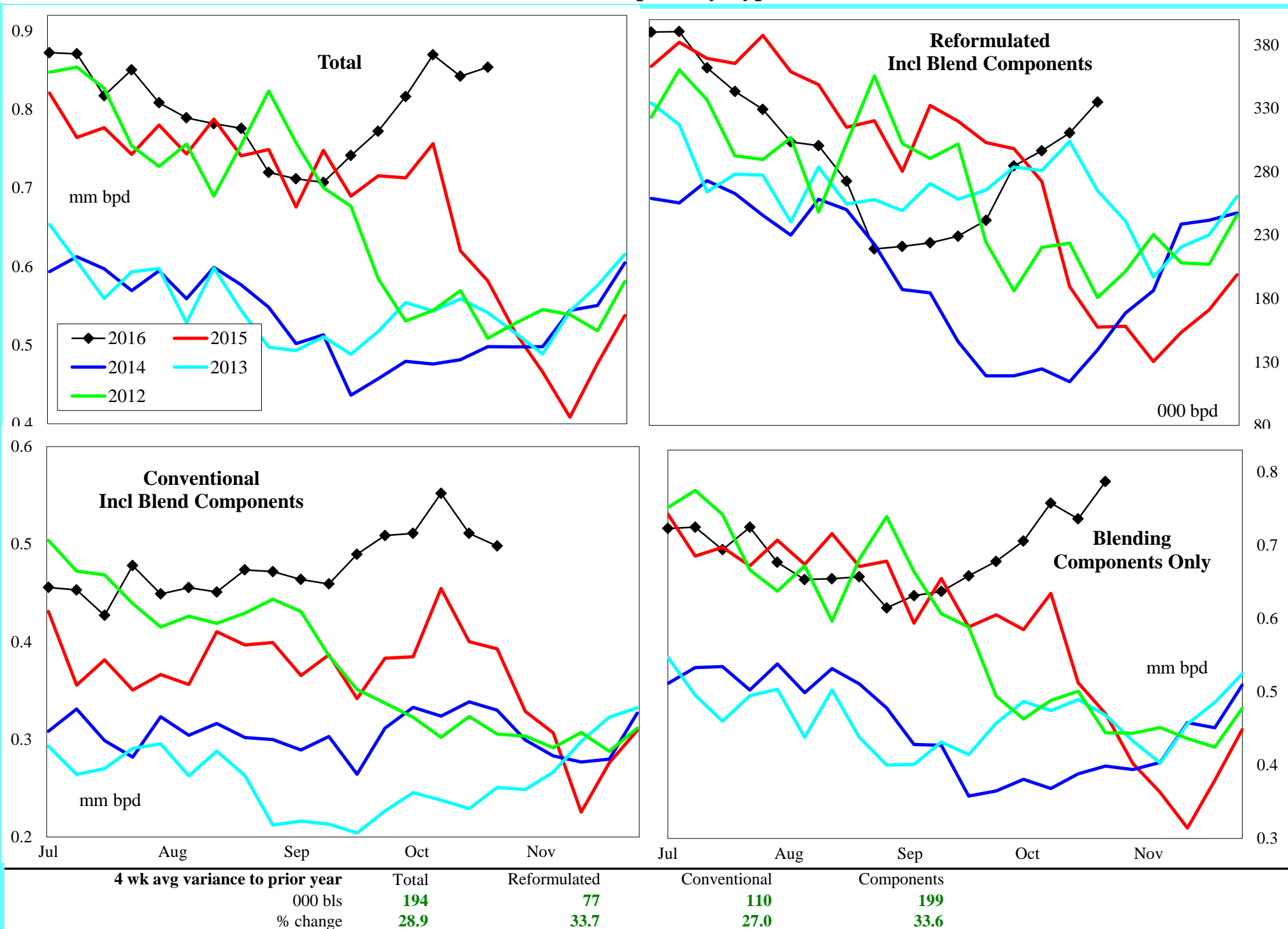
-0.1

0.6

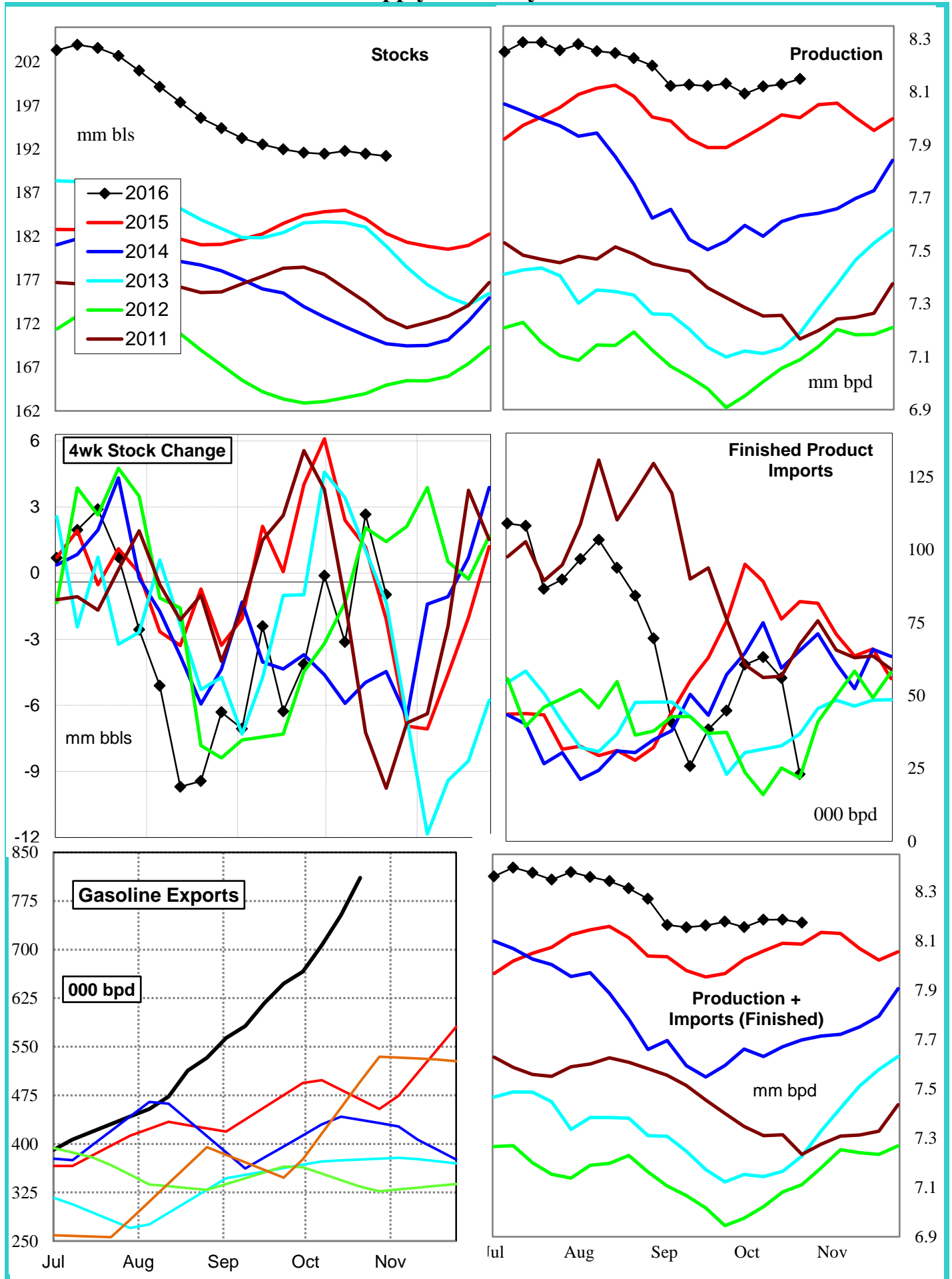
1.7

1.7

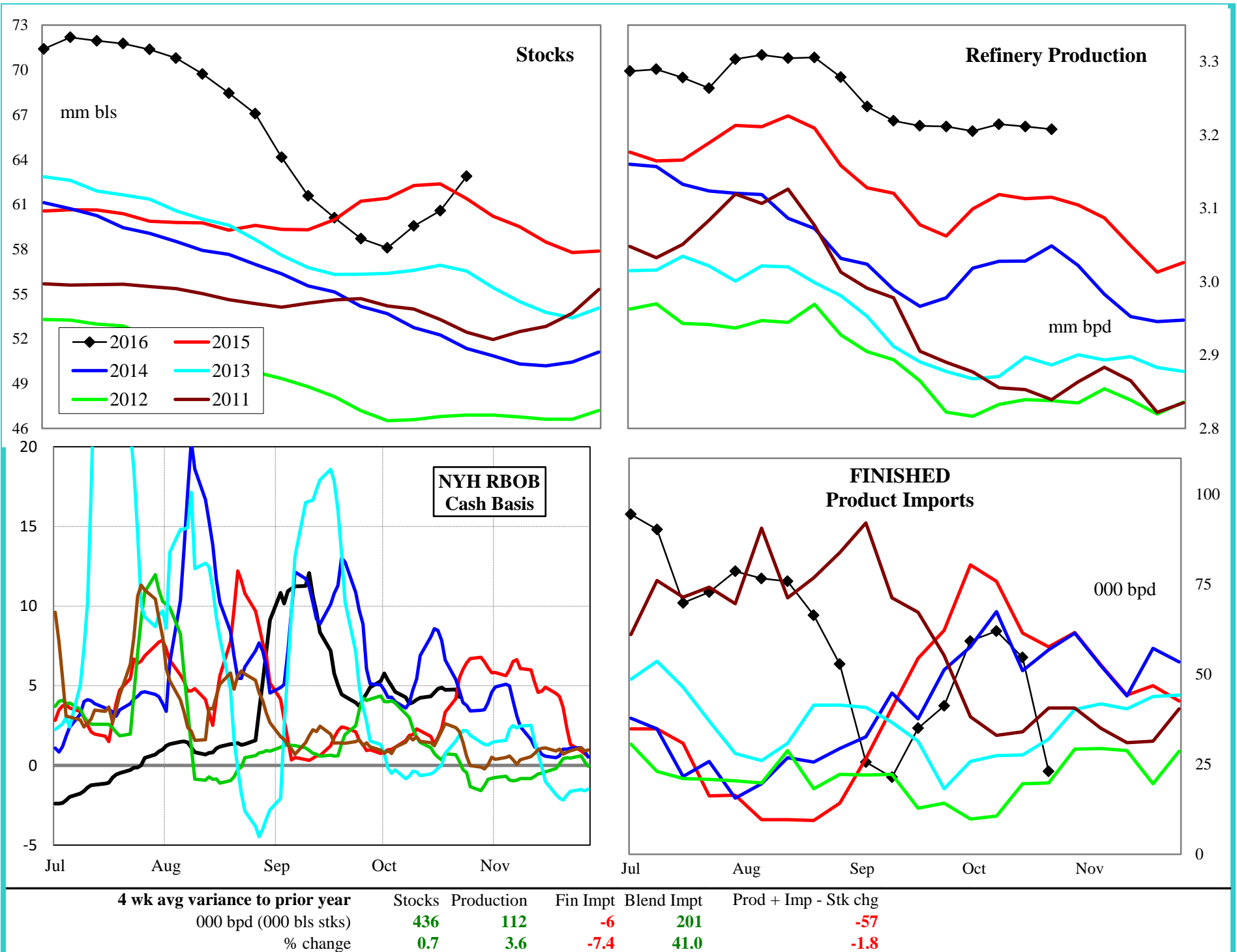
## Gasoline Imports by Type



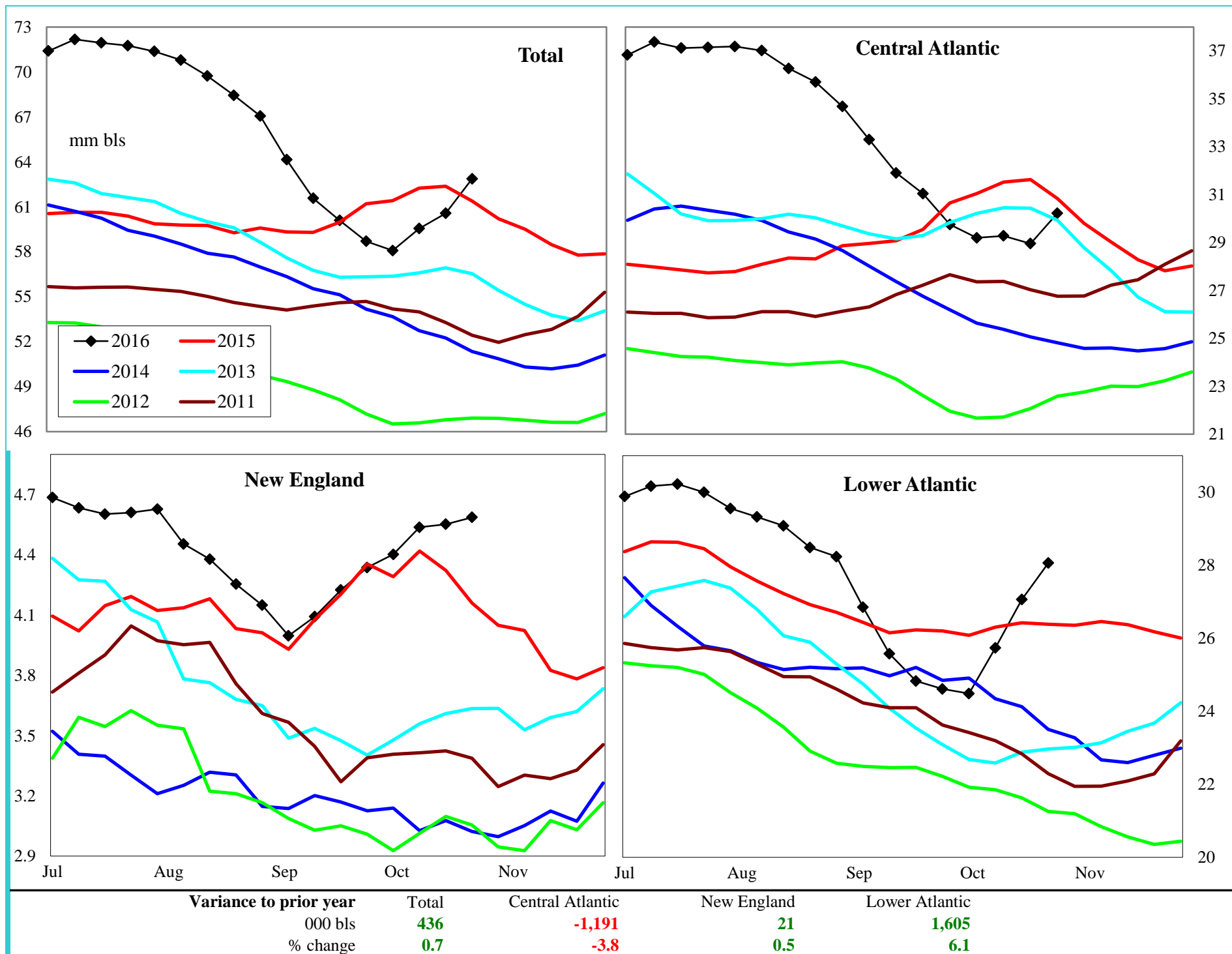
# Gasoline Supply Summary PADDs 1+2+3



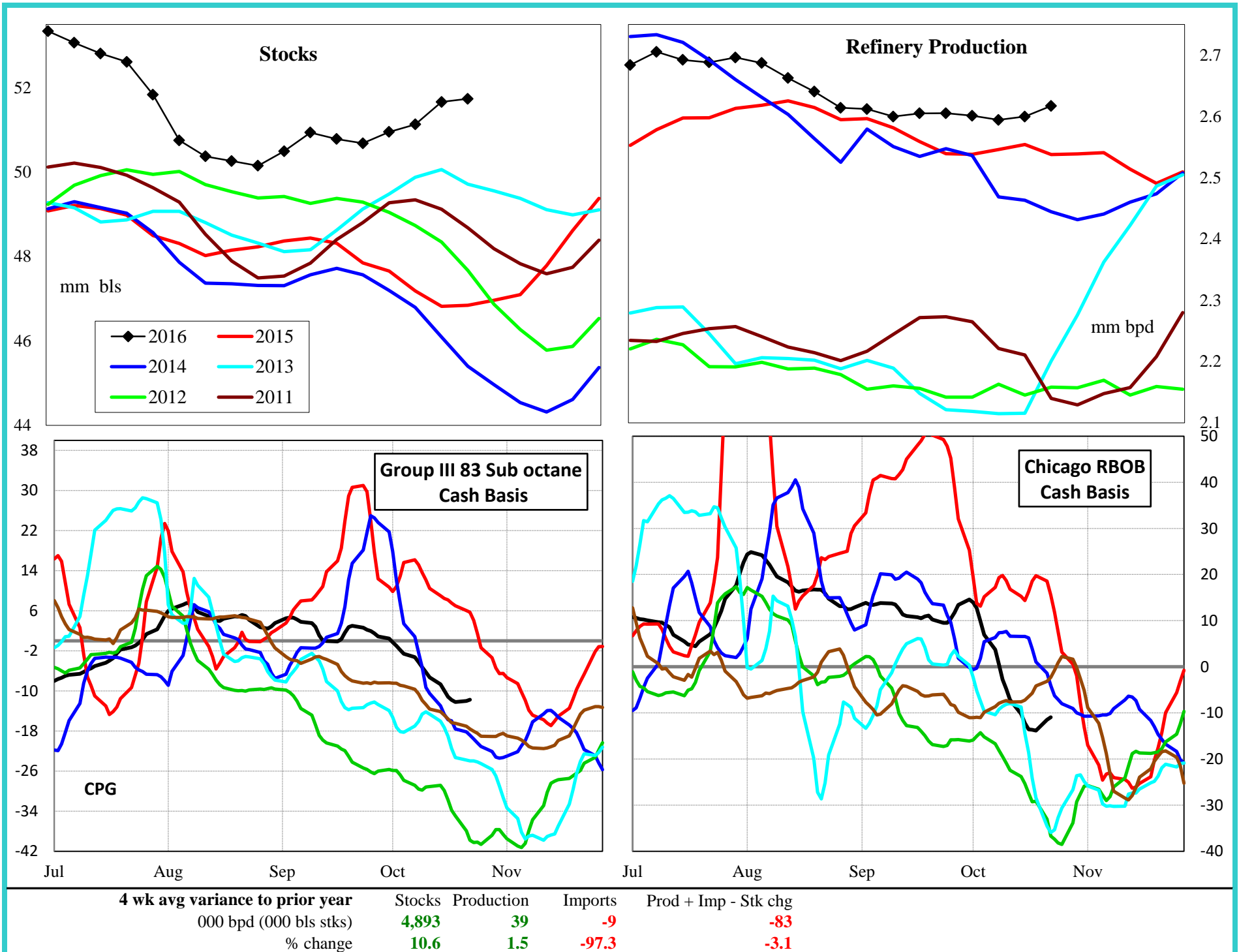
# PADD 1 Gasoline Supply



## PADD 1 Gasoline Stocks by Region

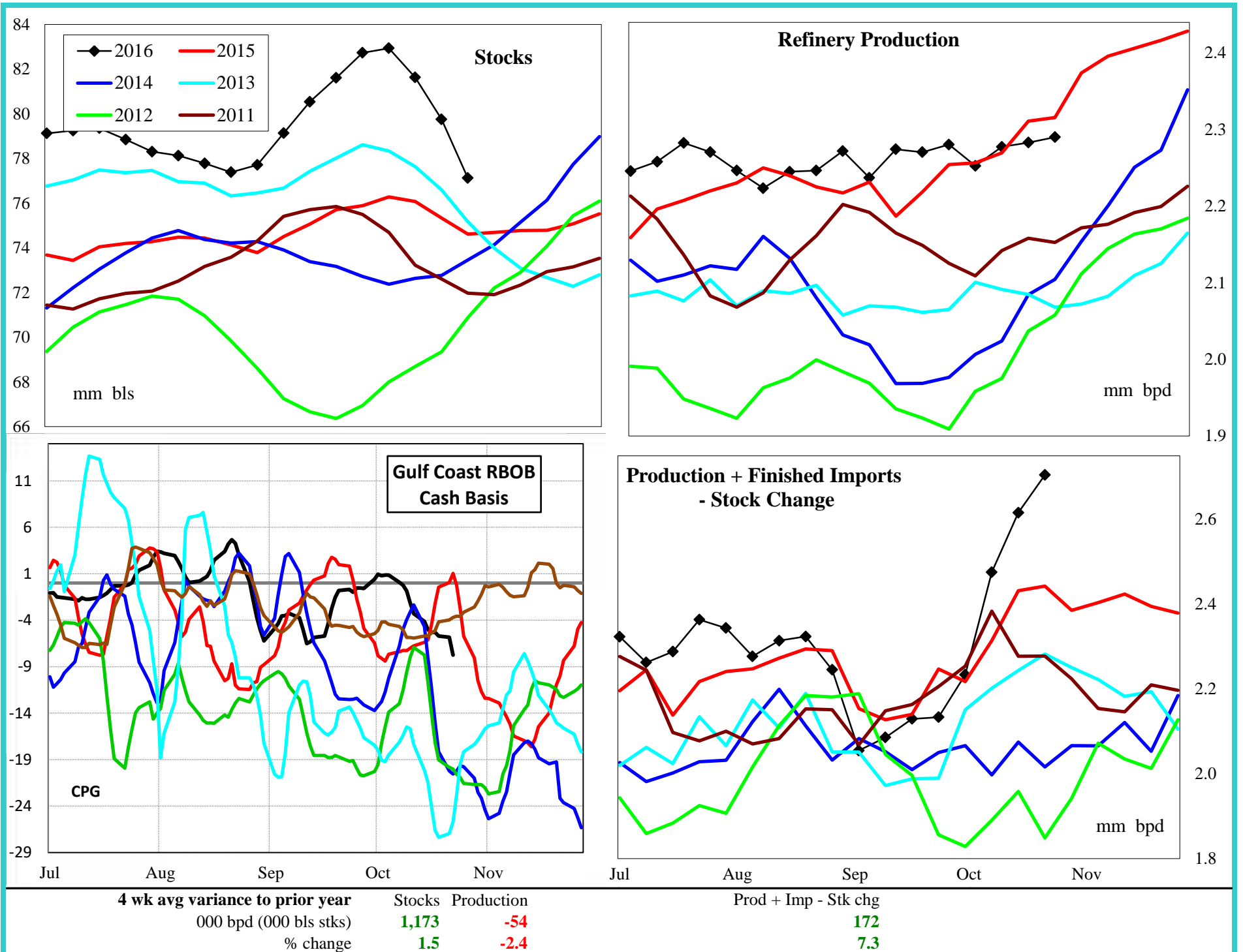


## PADD 2 Gasoline Supply



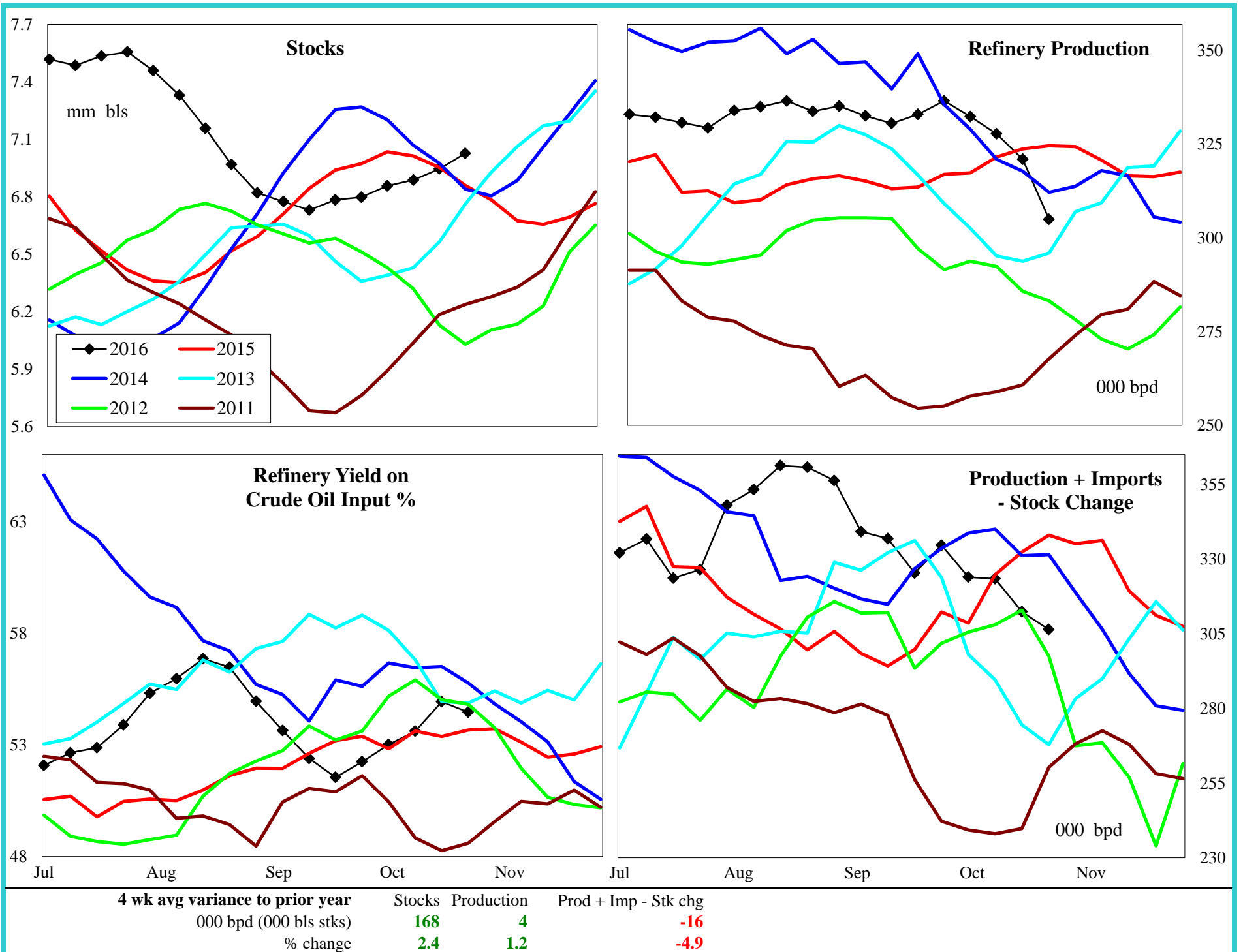


## PADD 3 Gasoline Supply

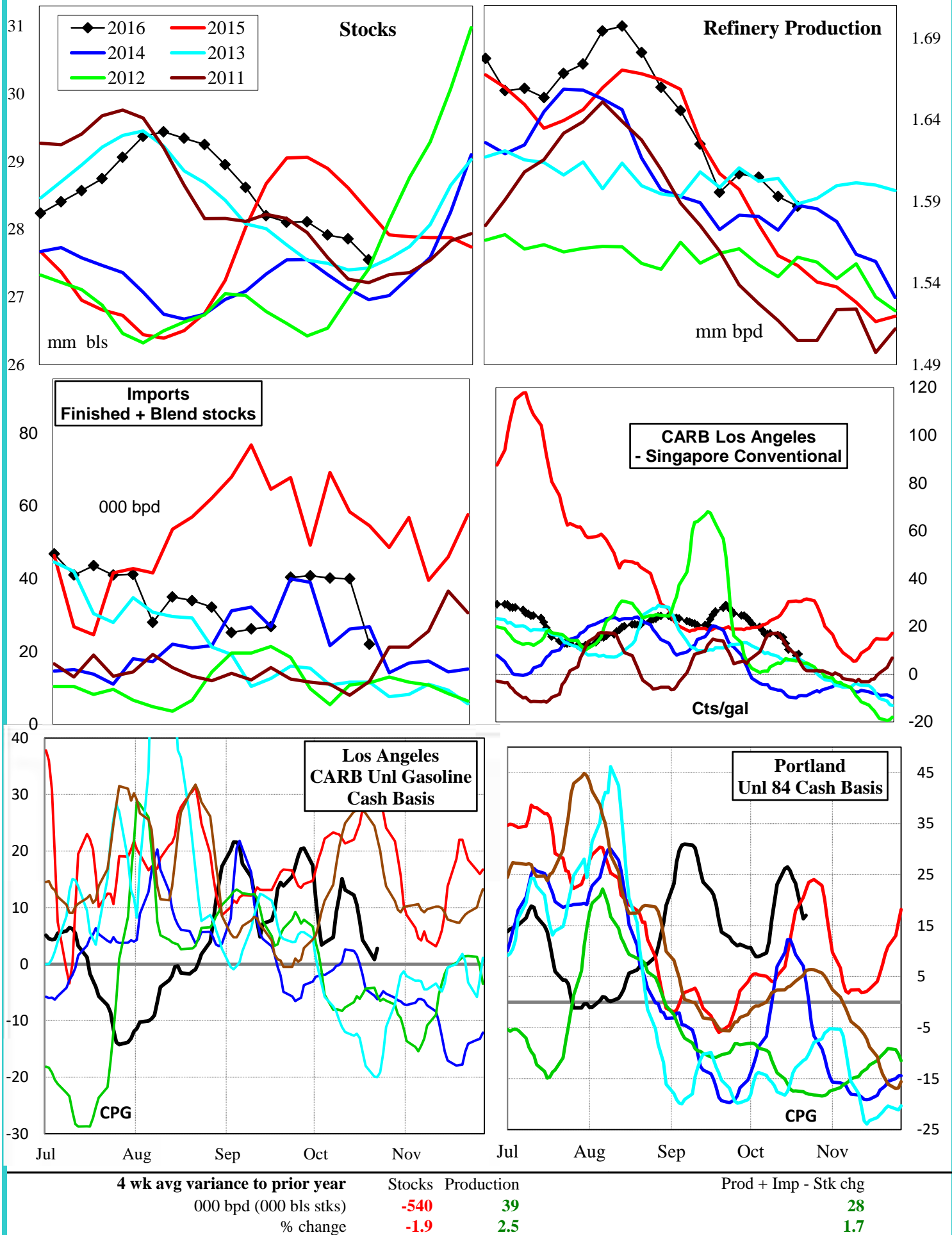




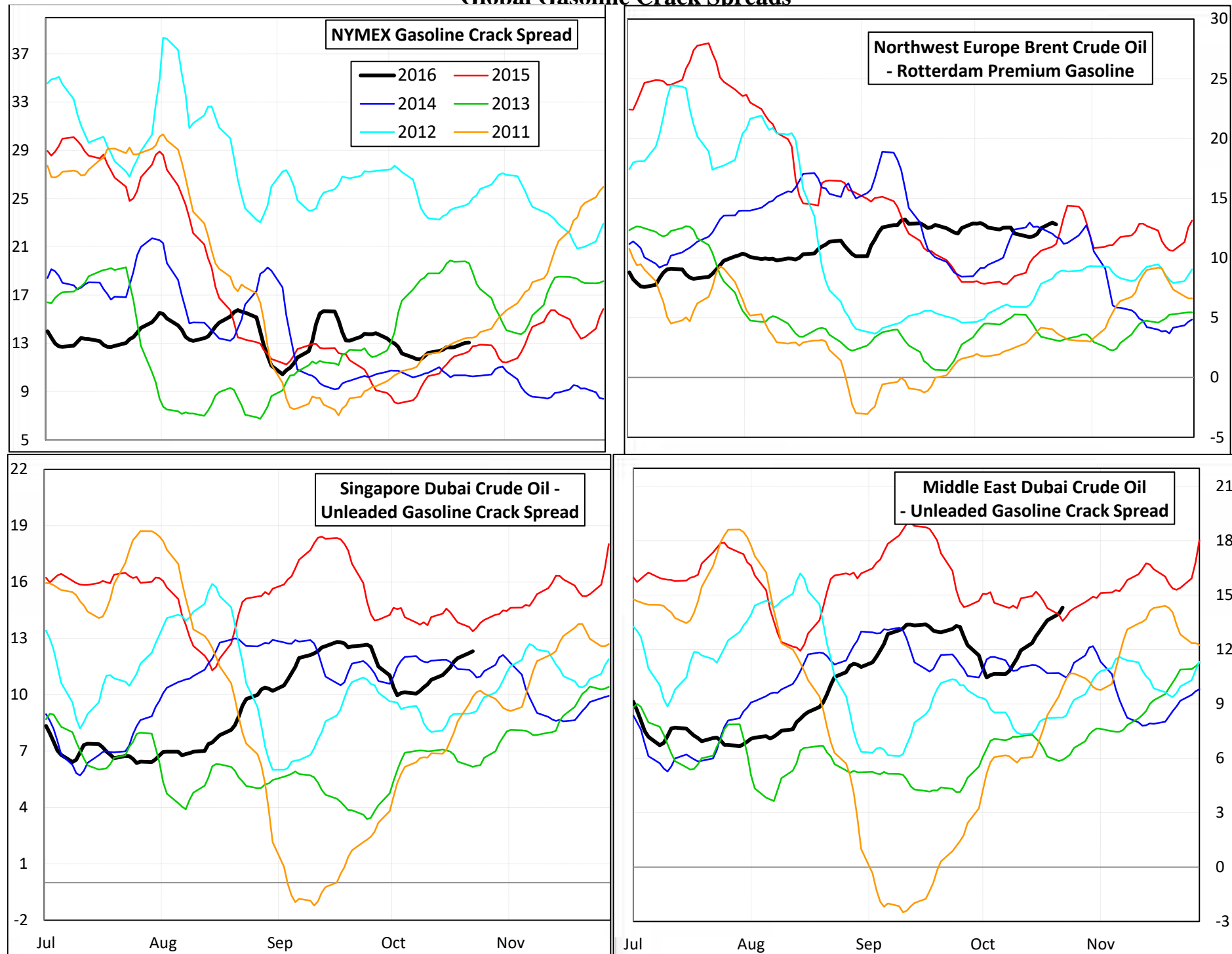
## PADD 4 Gasoline Supply



# PADD 5 Gasoline Supply



## Global Gasoline Crack Spreads



## Global Gasoline Cash Basis

