

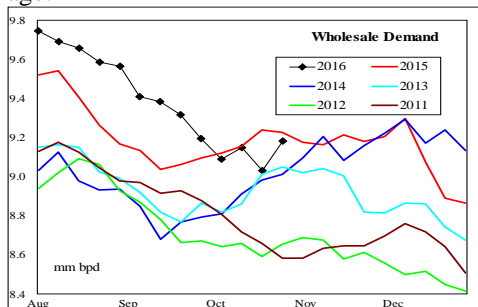


WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

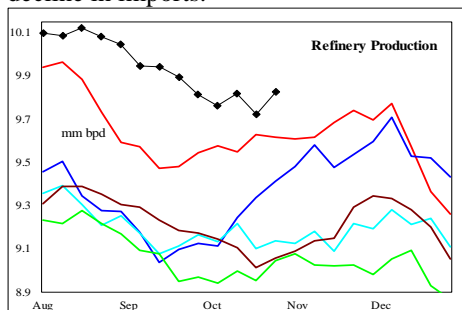
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, November 02, 2016

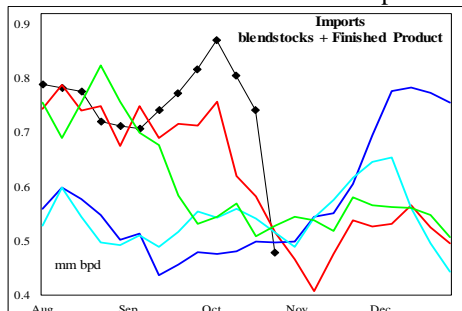
Wholesale demand increased +0.1 million bpd on the week, with the most recent 4-wk average -115,000 bpd below a year ago.



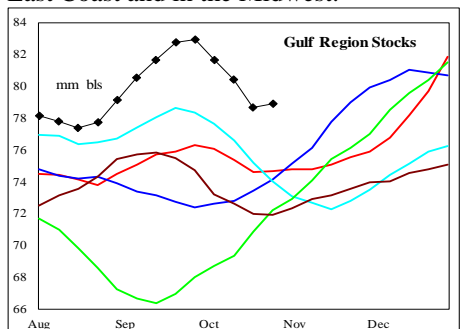
Supply fell -0.4 million bpd on a sharp decline in imports.



Imports fell to a level below the last 3-yrs after being a record for the last month on earlier shutdown of the Colonial Pipeline.

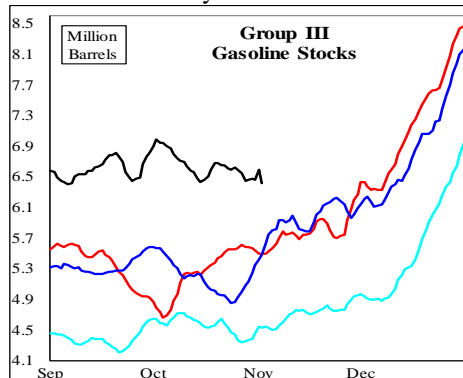


Stocks decreased -2.2 million barrels on the week, with draws concentrated on the East Coast and in the Midwest.

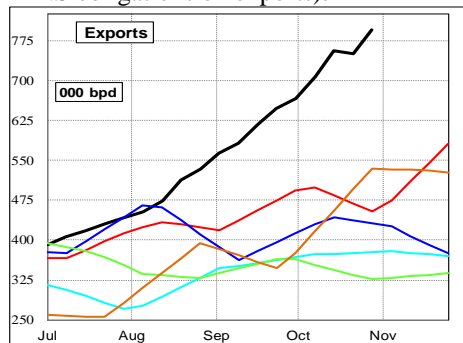


Stock levels were above the 5-yr range in all regions except the West Coast.

Group III stocks were nearly unchanged from a week ago, with the level +1 million barrels above last year.

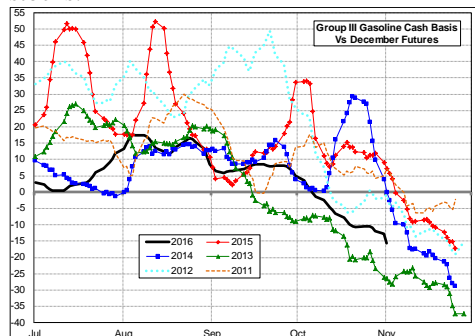


Exports were +0.8 million bpd last week, a +80% increase from a year ago. RINS values may be driving the surge in Gulf exports by refiners (refiners do not have a RINS obligations on exports).



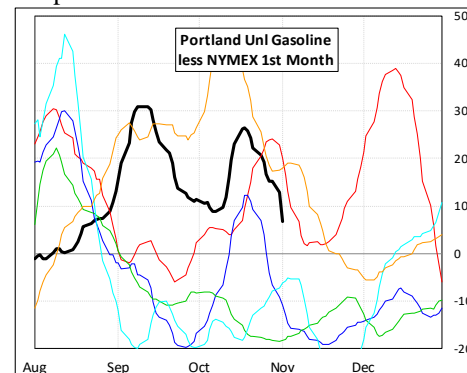
Cash Basis and Refining Trends

Cash basis for CBOB grade gasoline trended lower last week in Midwest and Gulf markets; due in part to the recent shutdown of the Colonial Pipeline. Basis levels remain very weak in Midwest markets on low maintenance and very high stocks.

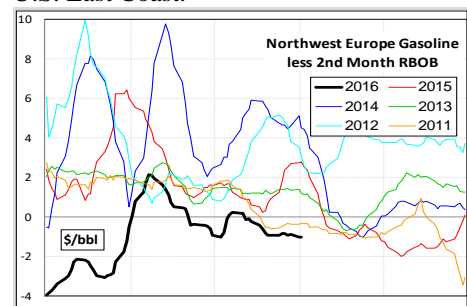


Above average maintenance and lower stock levels continued to support CBOB basis in the Gulf at levels above Midwest markets.

Basis in Los Angeles surged to match historic highs for the period on very high maintenance. Concurrently basis collapsed in the Northwest as refiners there returned to operation.



Cash basis in Global gasoline markets traded mostly sideways last week, with the Middle East reporting declines. Basis levels were below the 5-yr range in all global markets. This weakness has contributed to the record imports into the U.S. East Coast.

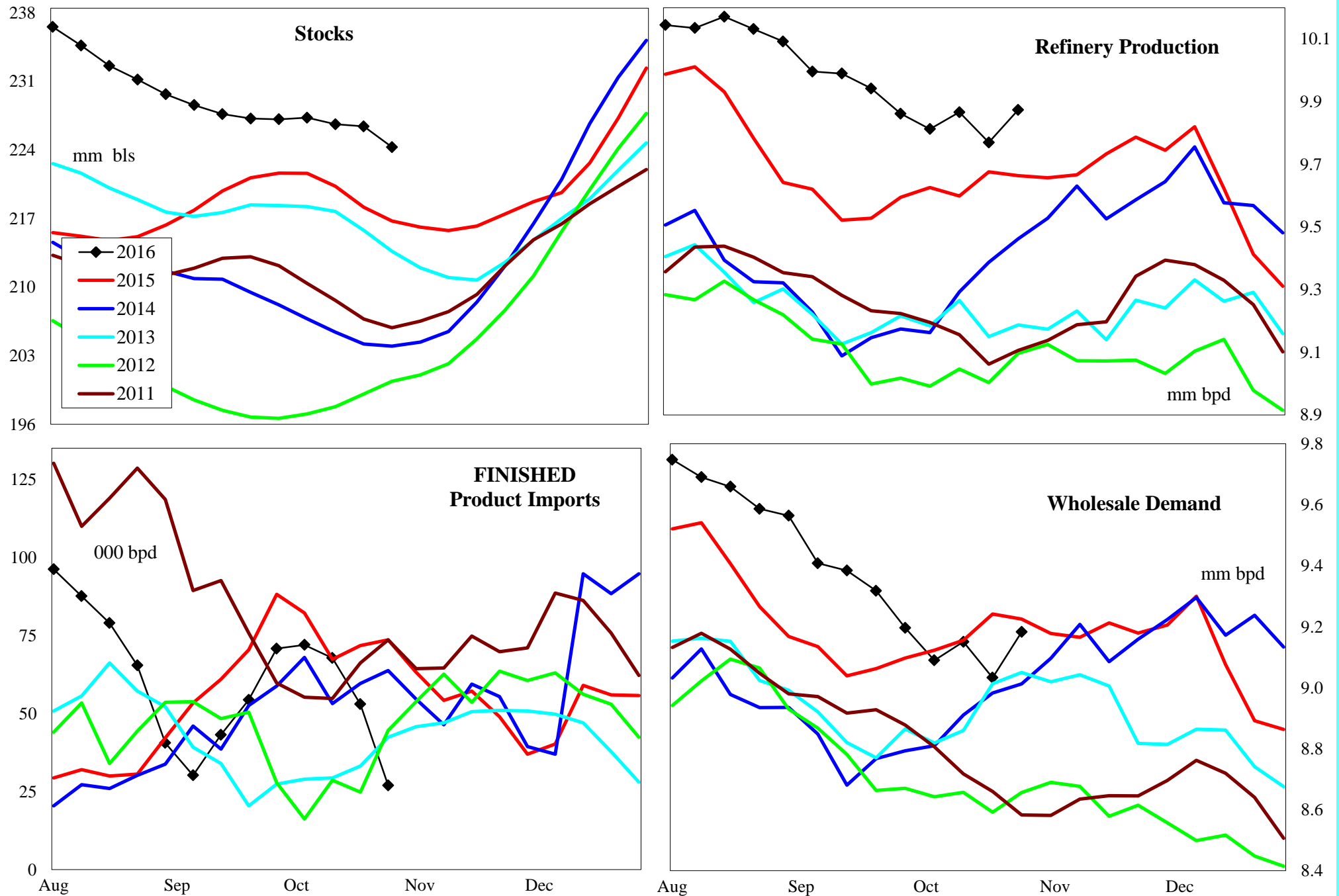


Gulf Coast Price

Very high stock levels in all regional markets except the West Coast, weak European cash basis and refiners returning from maintenance point to risk of extreme over supply by year end. These fundamentals point to significant risk of a significant pullback in prices during the current quarter. 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

8,457

164

-9

126

-115

57

165

159

3.9

1.7

-13.1

22.8

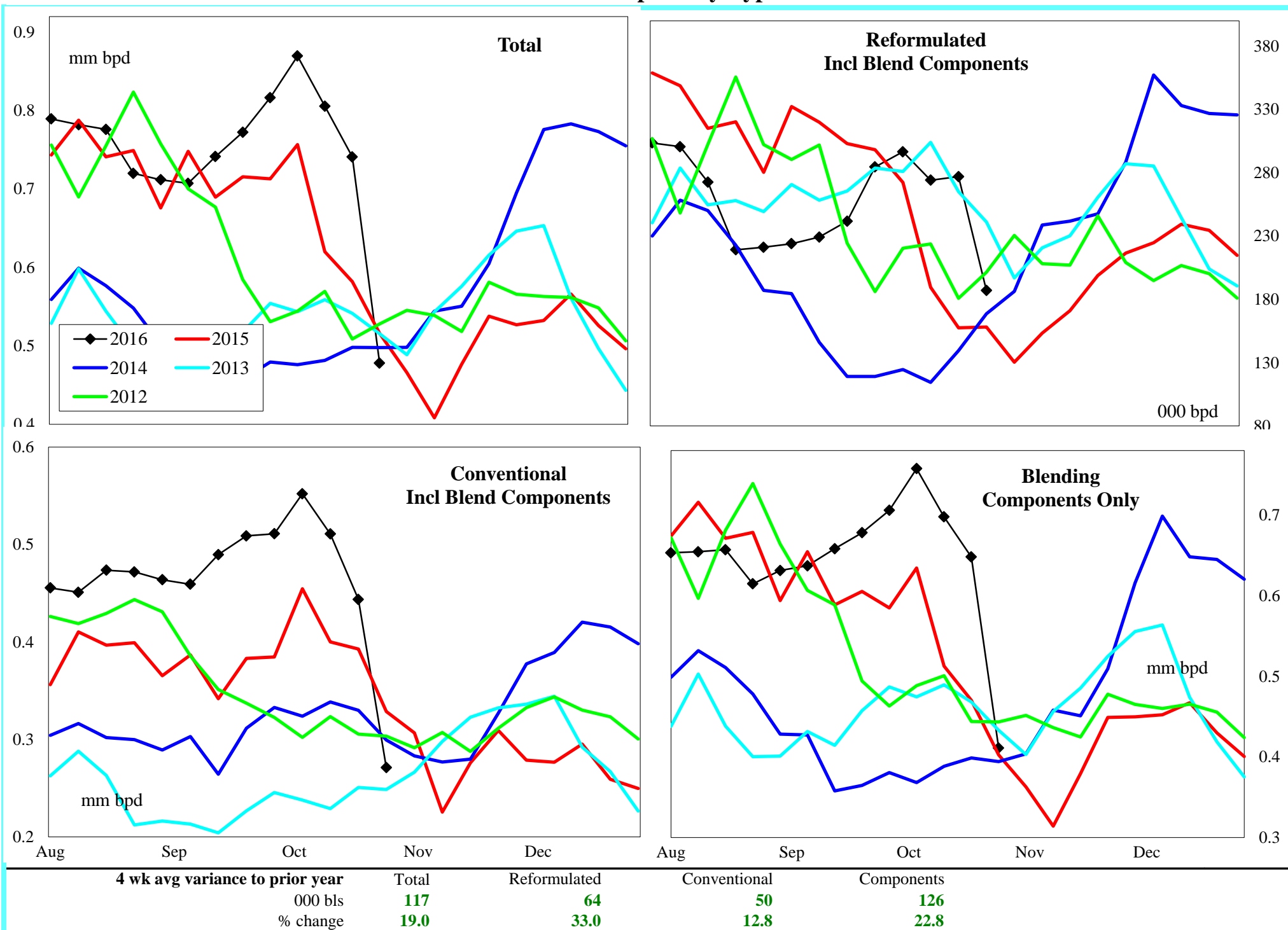
-1.2

0.6

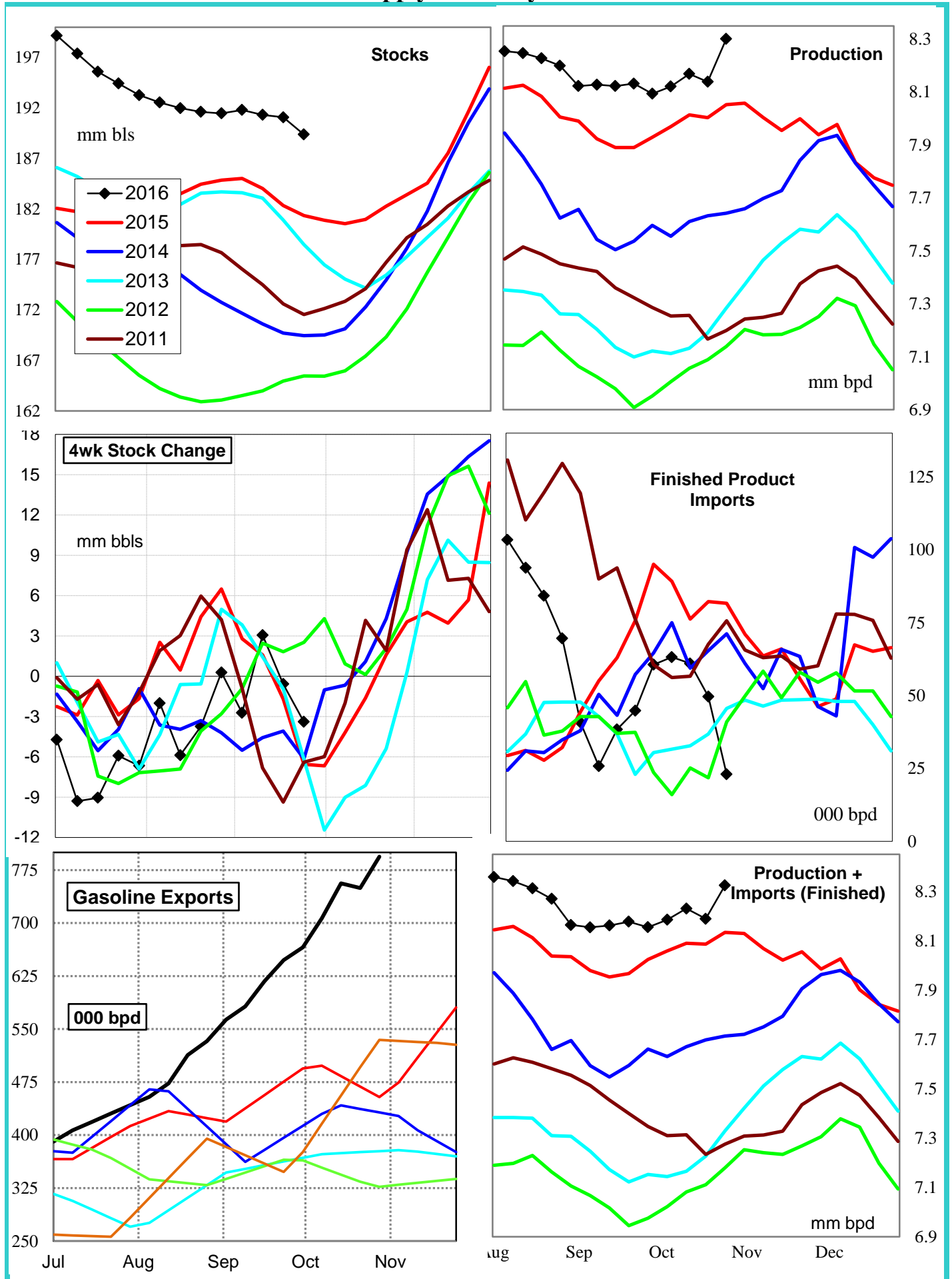
1.7

1.7

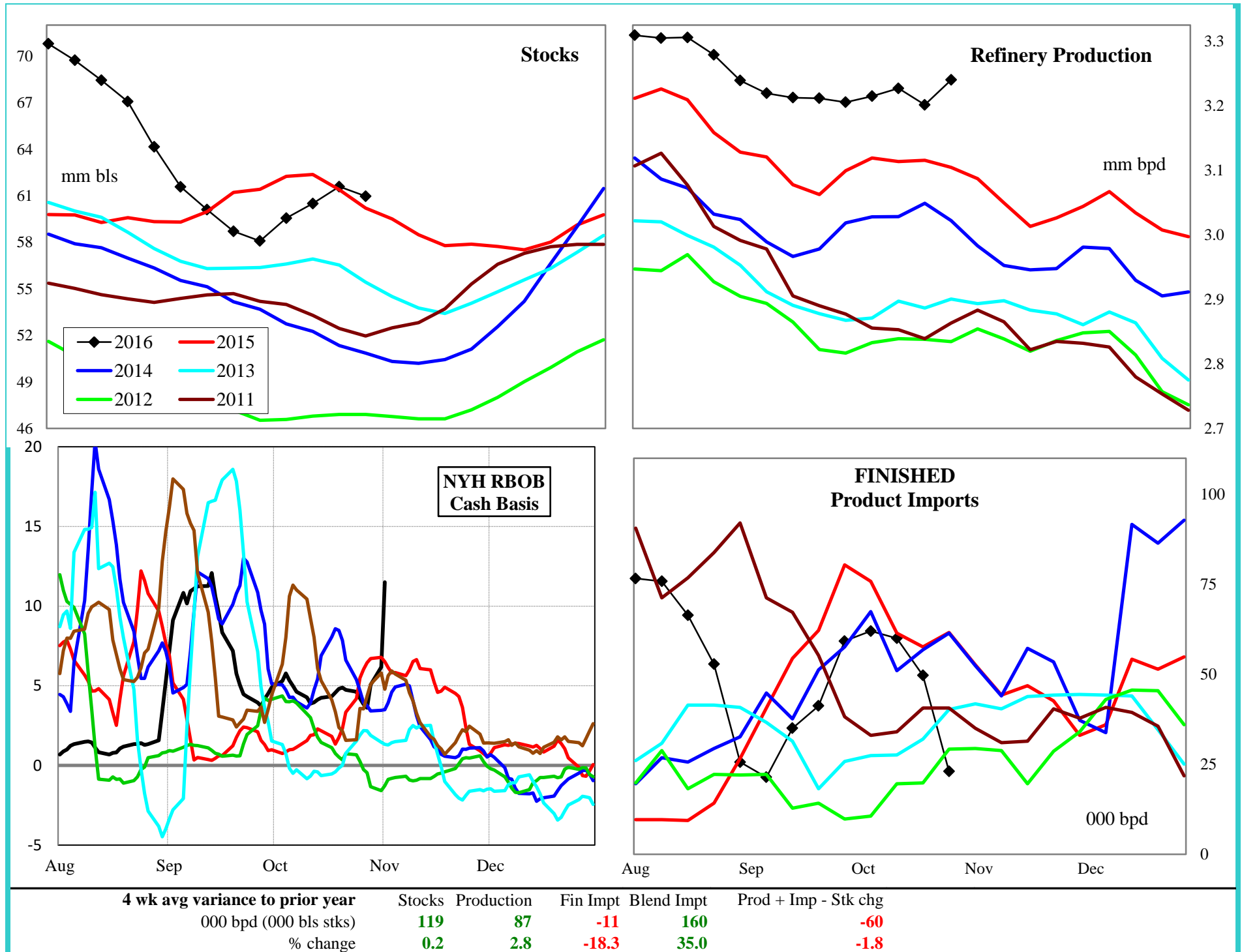
Gasoline Imports by Type



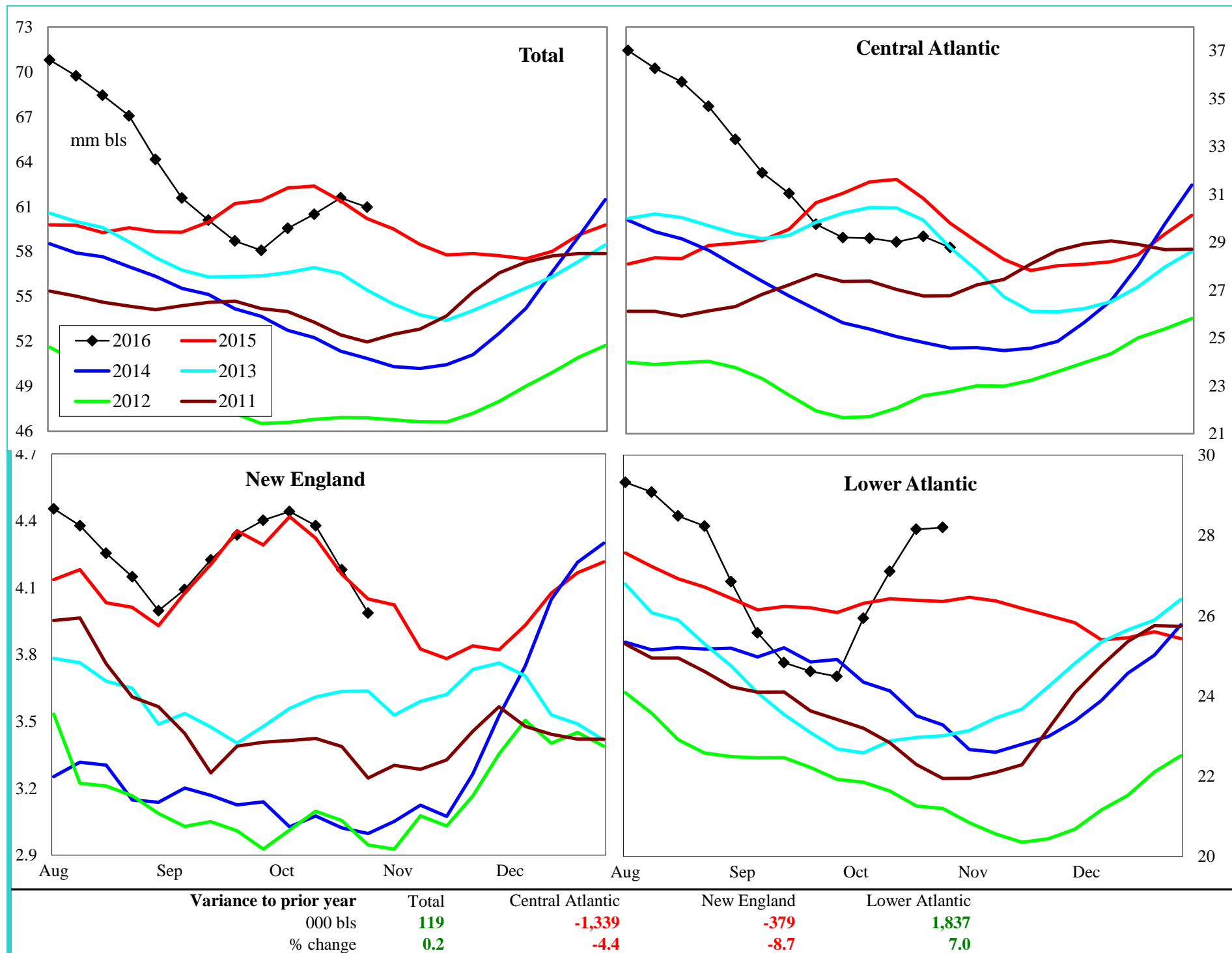
Gasoline Supply Summary PADDs 1+2+3



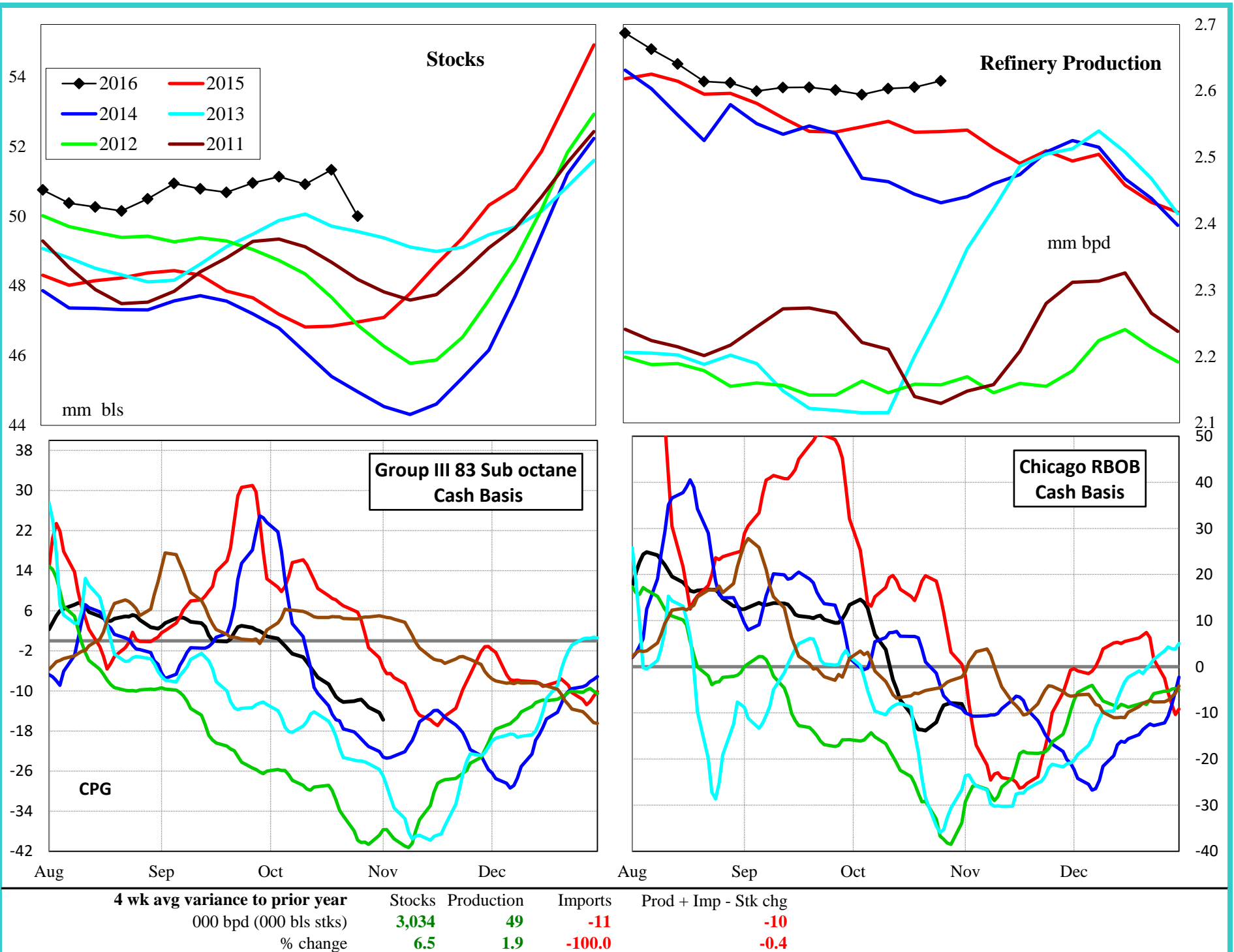
PADD 1 Gasoline Supply



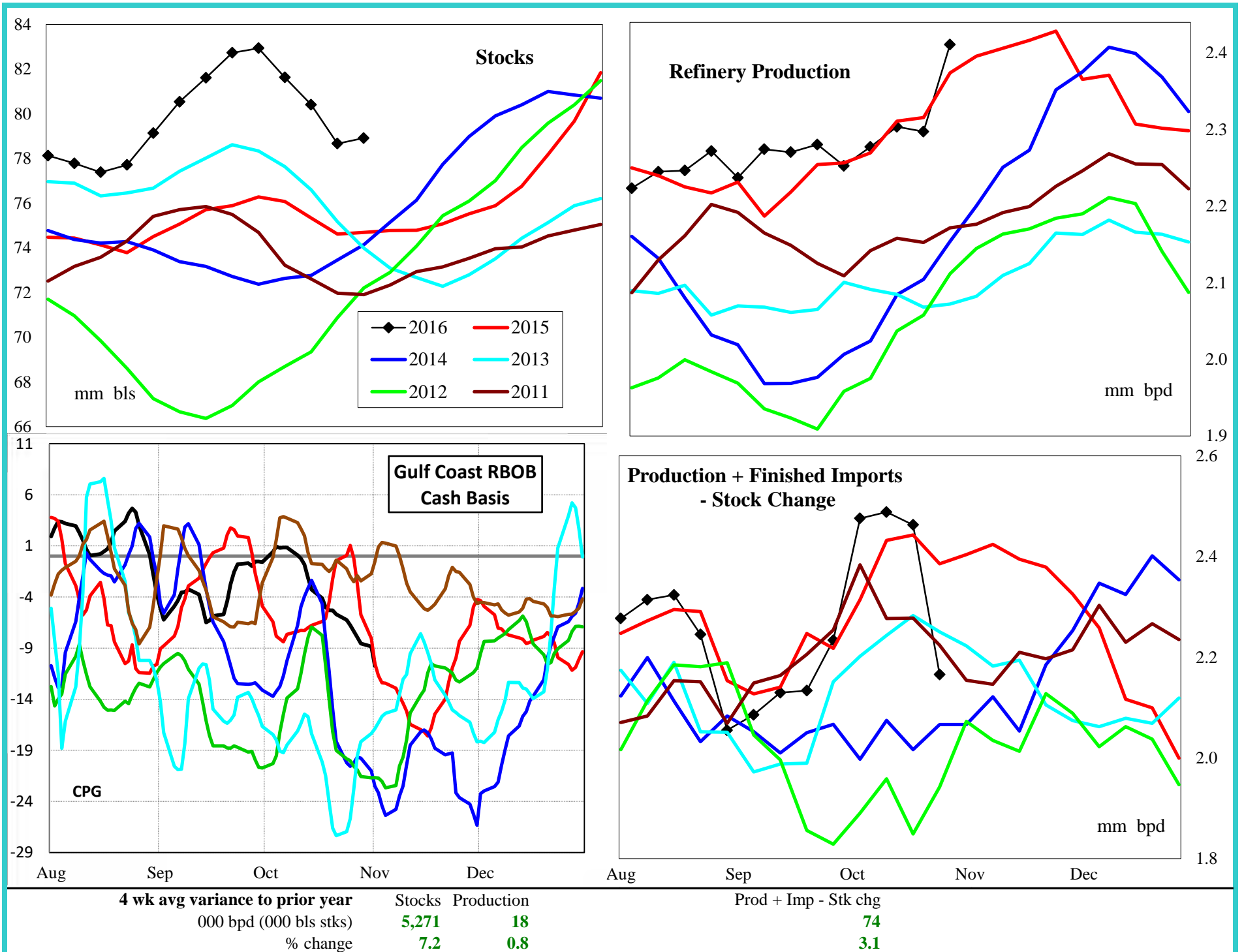
PADD 1 Gasoline Stocks by Region



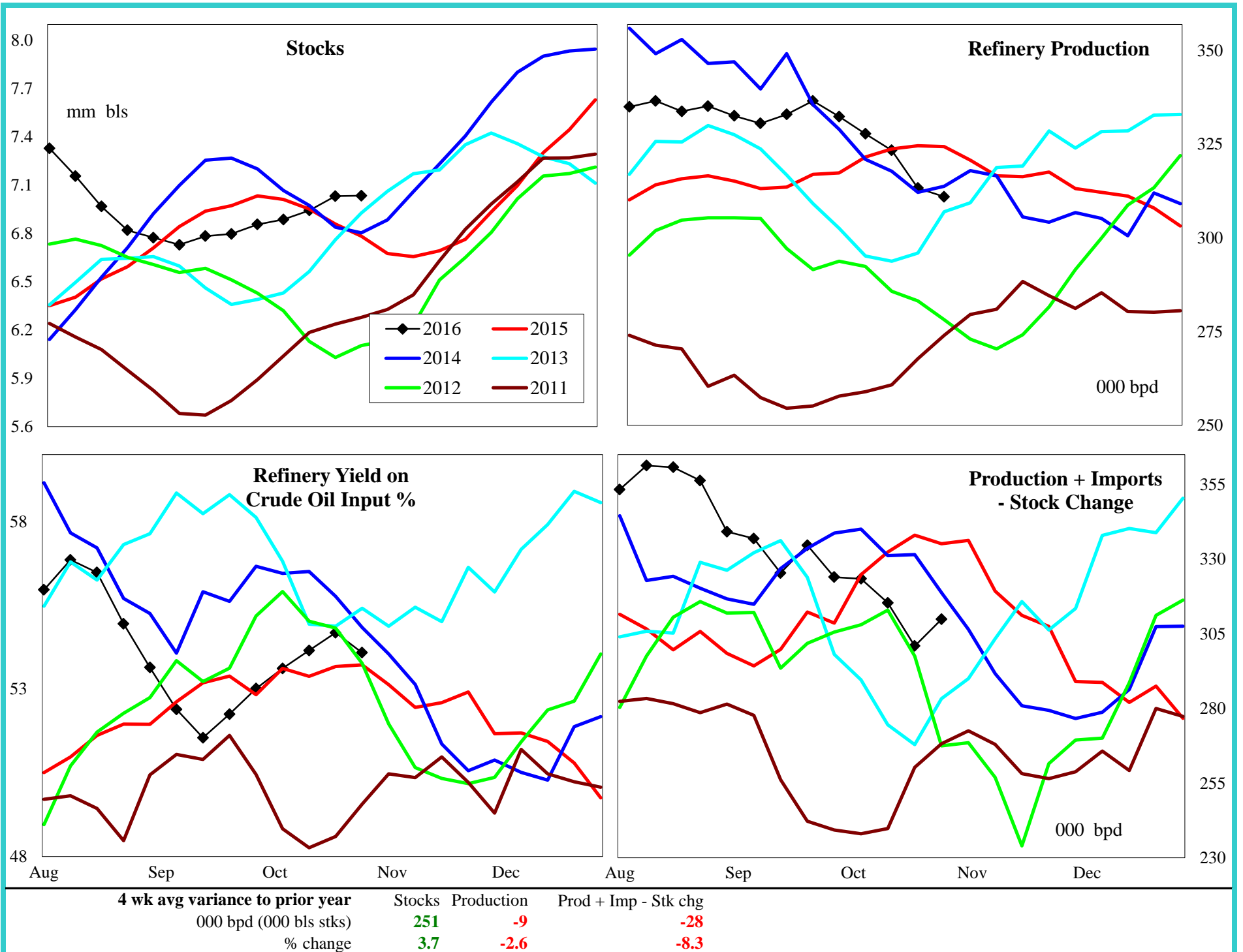
PADD 2 Gasoline Supply



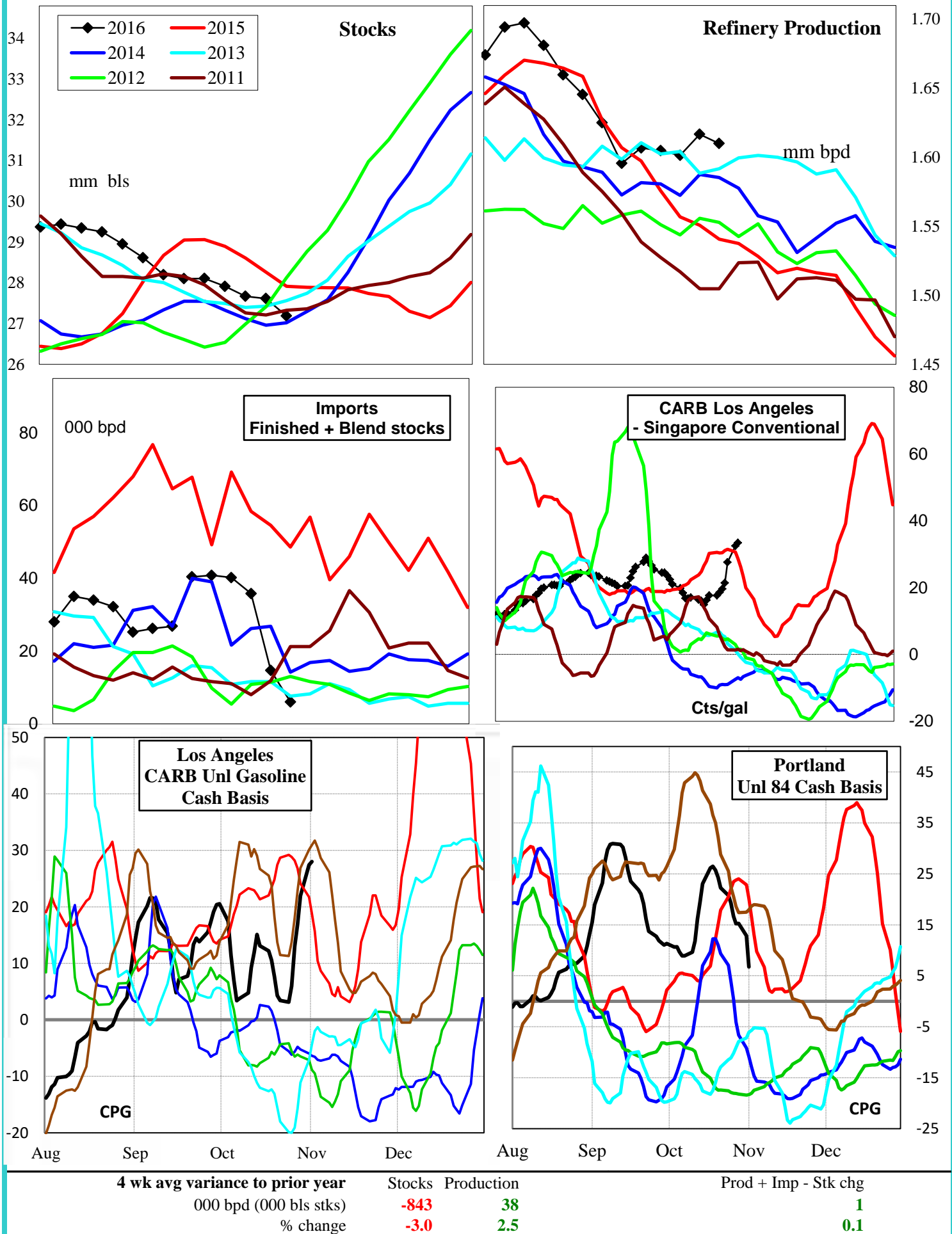
PADD 3 Gasoline Supply



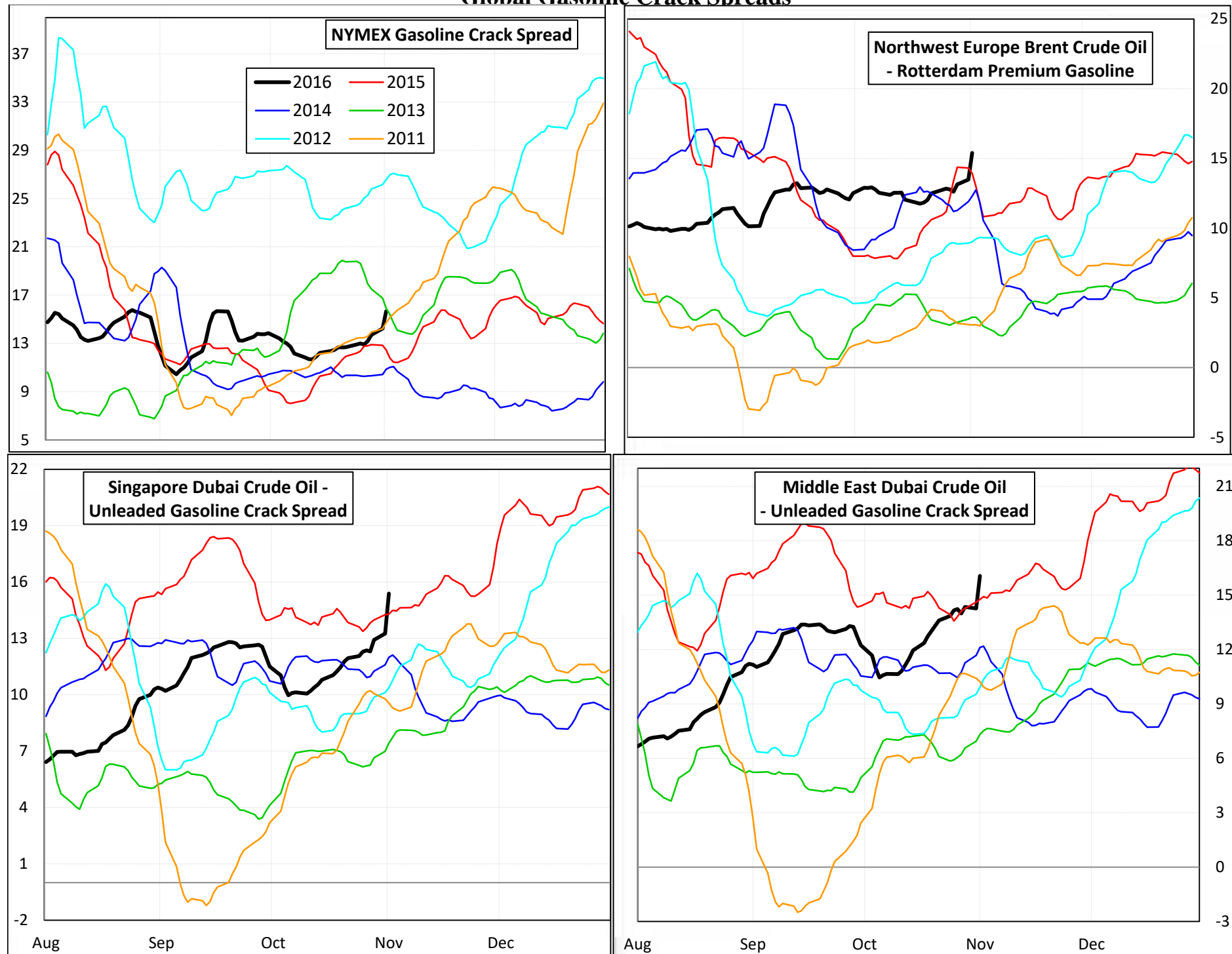
PADD 4 Gasoline Supply



PADD 5 Gasoline Supply



Global Gasoline Crack Spreads



Global Gasoline Cash Basis

