

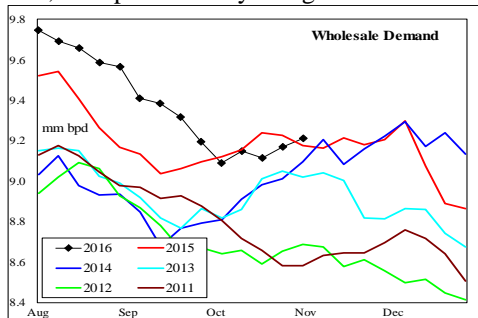


WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

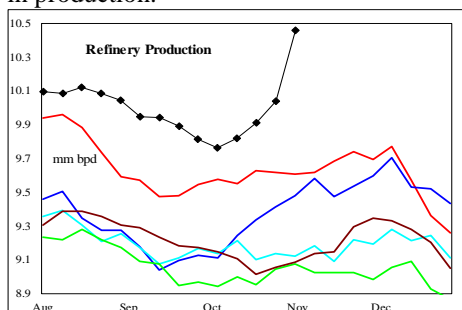
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, November 09, 2016

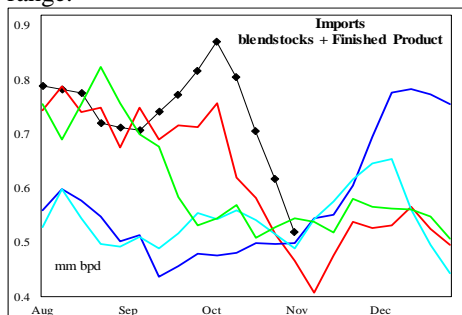
Wholesale demand was unchanged last week, with the most recent 4-wk average - 190,000 bpd below a year ago.



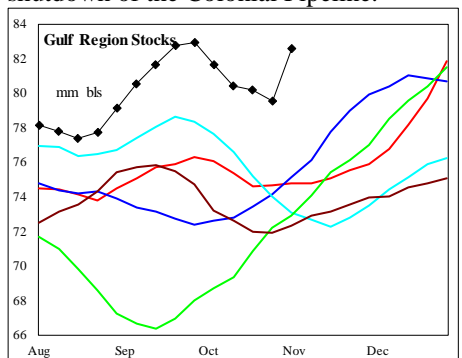
Supply surged +0.7 million bpd on a surge in production.



Imports increased +42,000 bpd on the week, with the level near the 3-yr mid range.



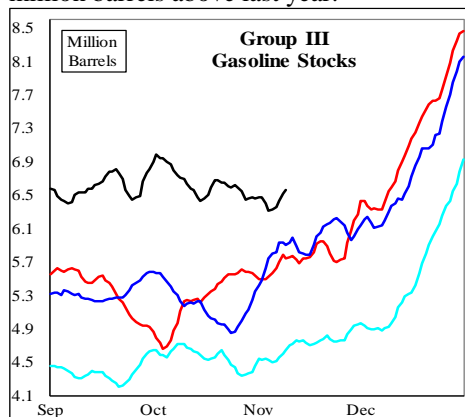
Stocks decreased -2.8 million barrels on the week, including a -5.4 million barrel draw on the East Coast that resulted from shutdown of the Colonial Pipeline.



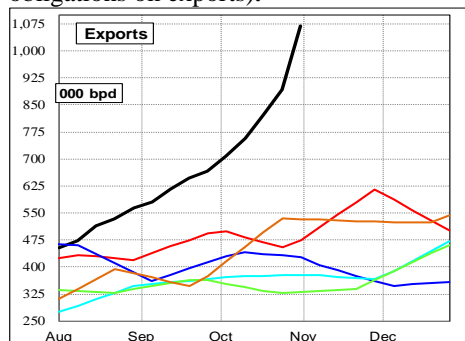
The East Coast draw led to a +3.7 million

barrel build in the Gulf. Stock levels were at the upper end of the historic range in all regions except the West Coast where stock levels matched historic lows.

Group III stocks were nearly unchanged from a week ago, with the level +0.6 million barrels above last year.

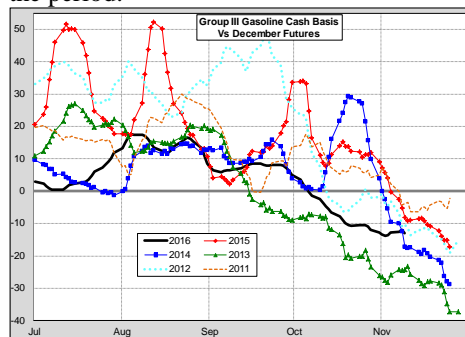


Exports were 1.1 million bpd last week, driven in part by the shutdown of the Colonial pipeline as well as high RINS values (refiners do not have a RINS obligations on exports).



Cash Basis and Refining Trends

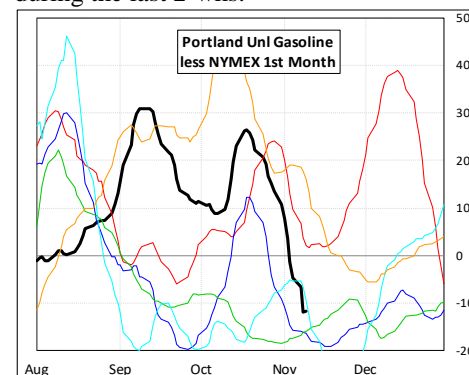
Cash basis for CBOB grade gasoline in the Group III traded sideways last week at a level equal to 3-yr lows for the period. Chicago basis levels matched 5-yr lows for the period.



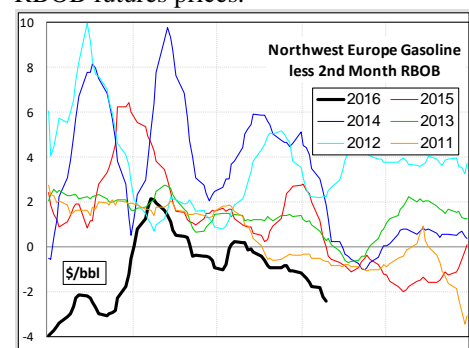
Gulf CBOB basis extended the downtrend

which began in early October, with the level trading near the 3-yr mid range on robust exports.

Basis in all West Coast markets fell sharply last week. Los Angeles basis traded above the last 2-yr, while other markets traded near the midrange of the last 2-yr. Restart of refiners in the Northwest underlies a collapse in basis during the last 2-wks.



Cash basis in Global gasoline markets traded mostly lower last week, with all markets trading below the 5-yr range. This weakness was due in part to shutdown of the Colonial pipeline which supported RBOB futures prices.



Gulf Coast Price

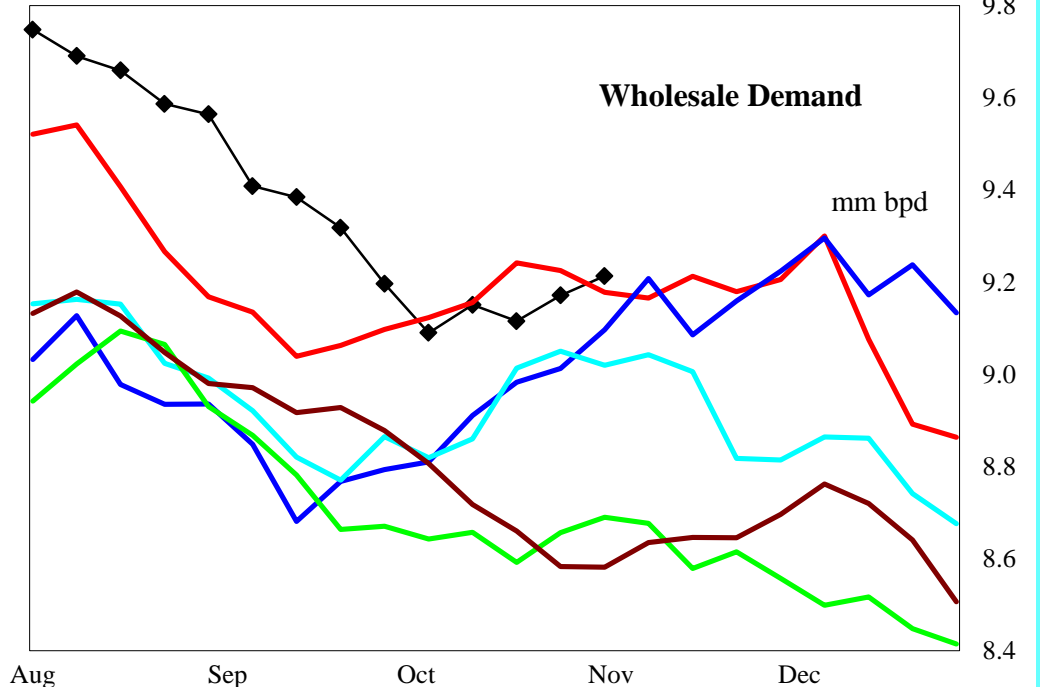
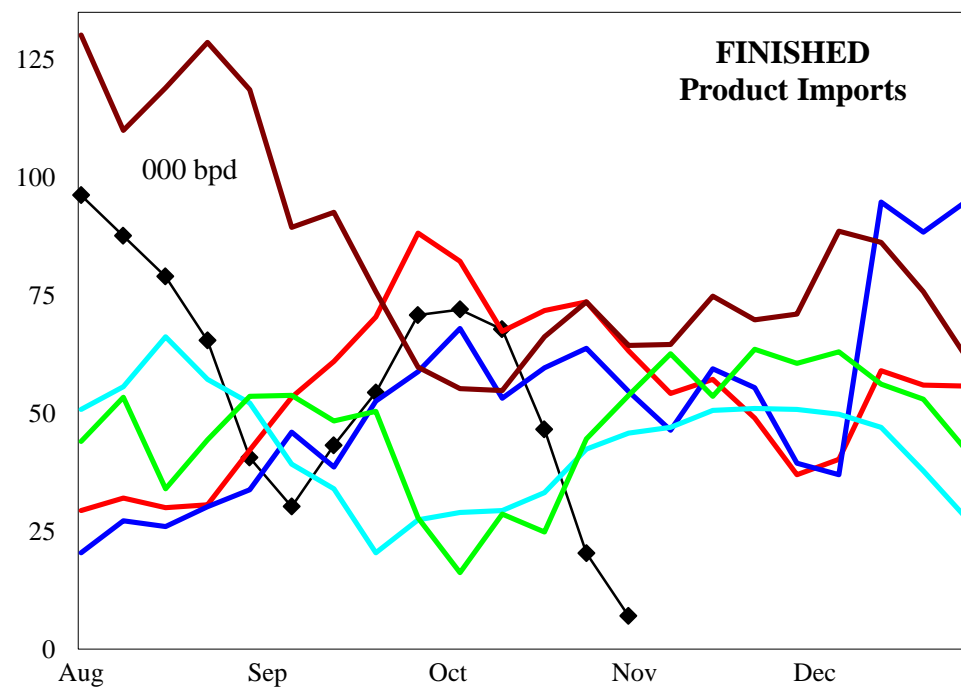
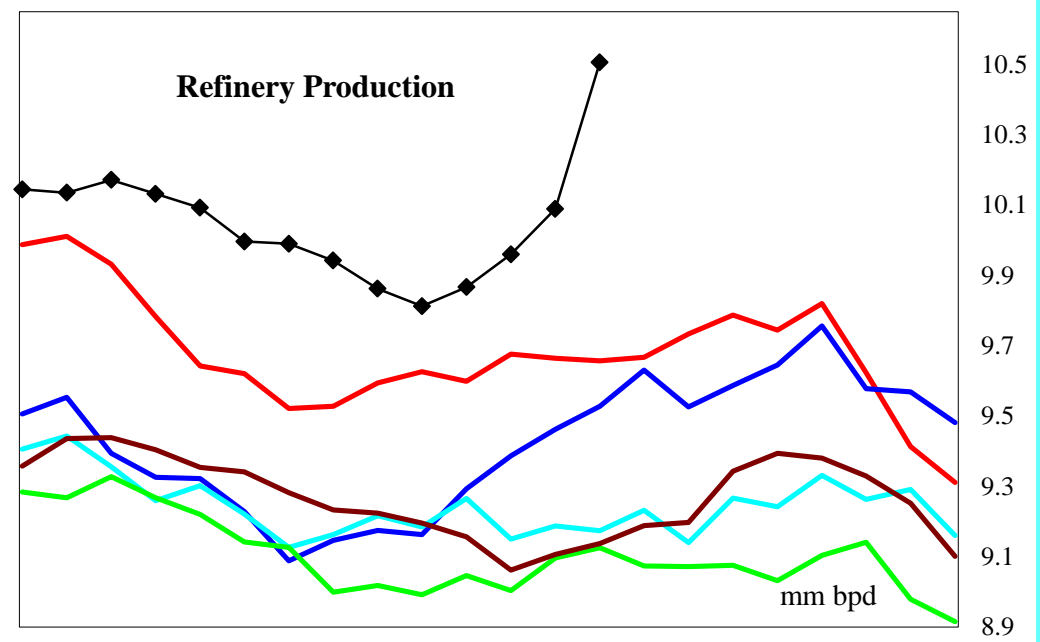
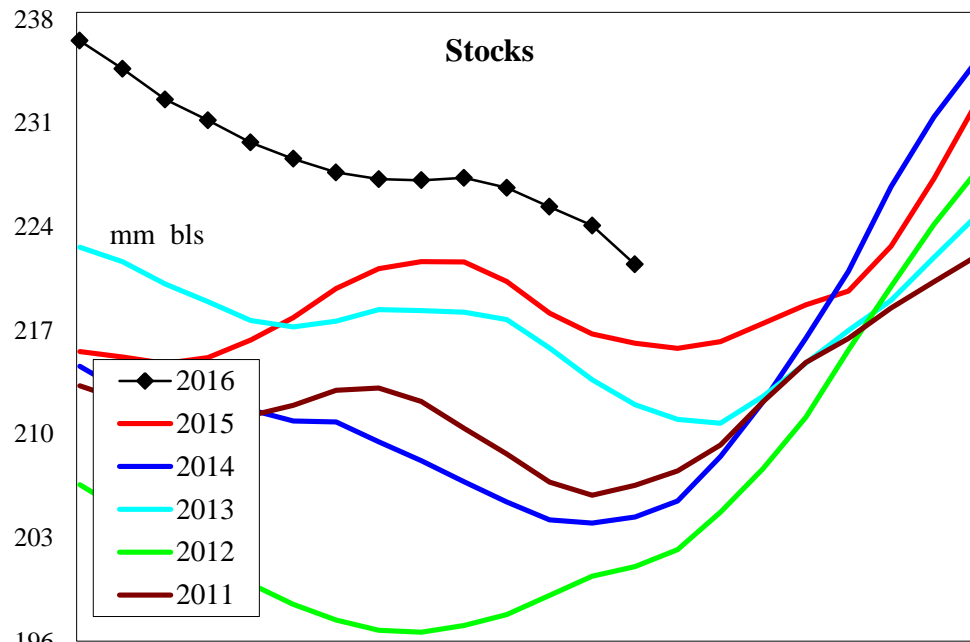
Shutdown of the Colonial Pipeline again disrupted supplies in the Gulf (leading to another surge in exports) and a sharp draw down of East Coast Stocks.

Gulf refiners have 'discovered' the export market with the level of exports more than double last year.

Refiners have maintained very high production which contributed to stock levels well above the 5-yr range during the last quarter. As stocks rebuild on the East Coast look for renewed wholesale price weakness in markets East of the Rockies.

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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

% change

7,718

276

-31

174

-190

57

165

159

3.6

2.9

-42.6

38.6

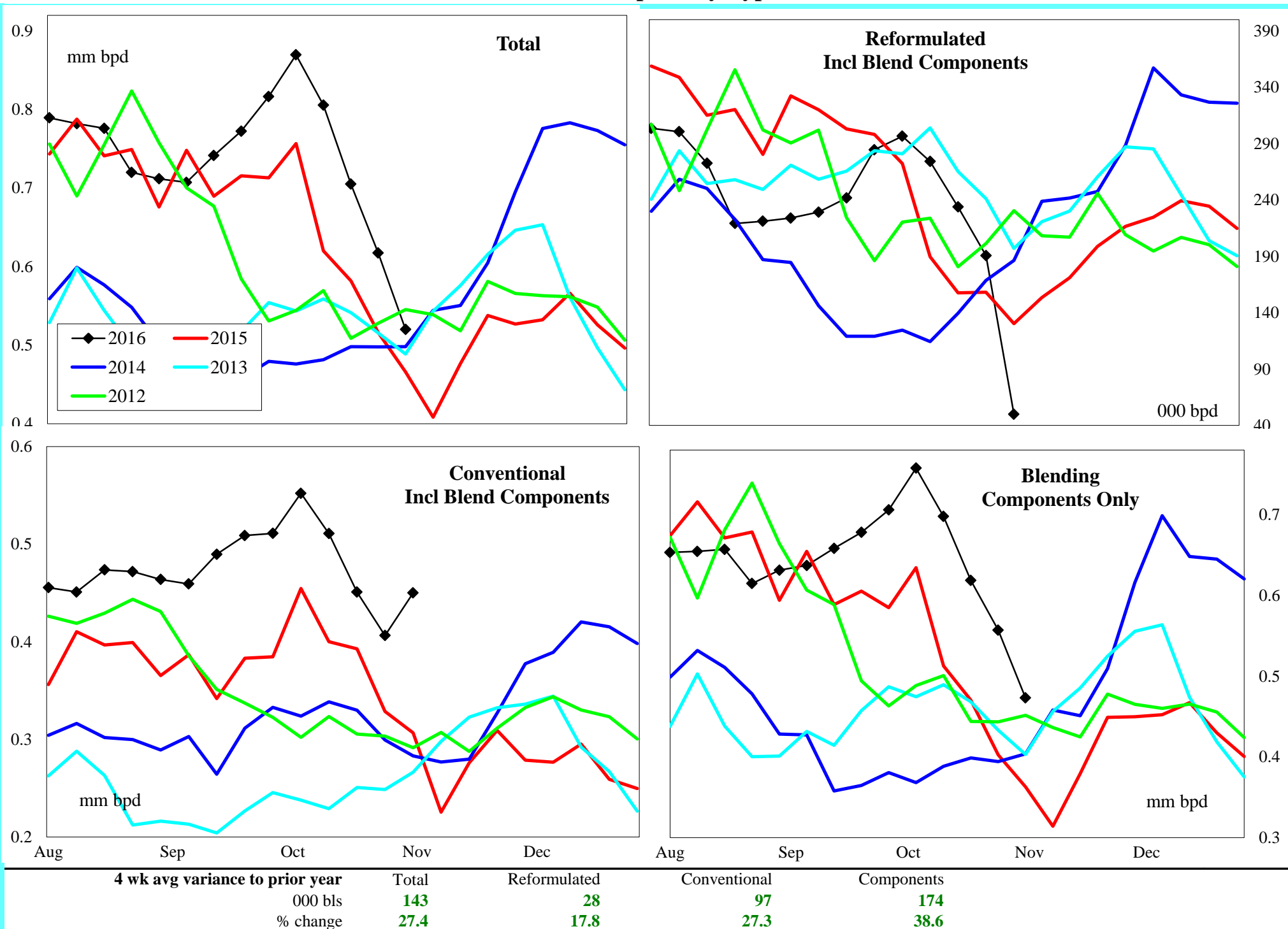
-2.1

0.6

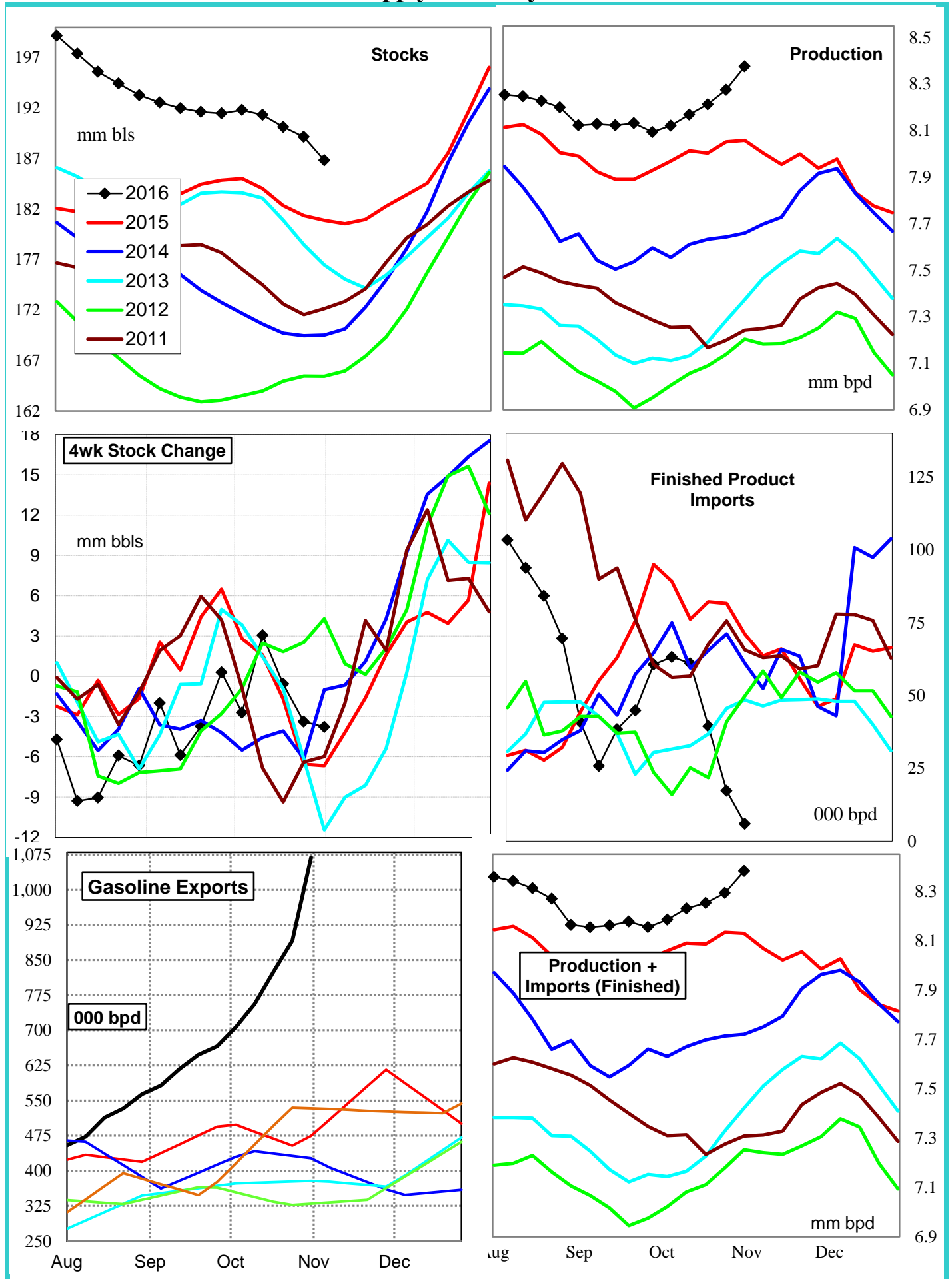
1.7

1.7

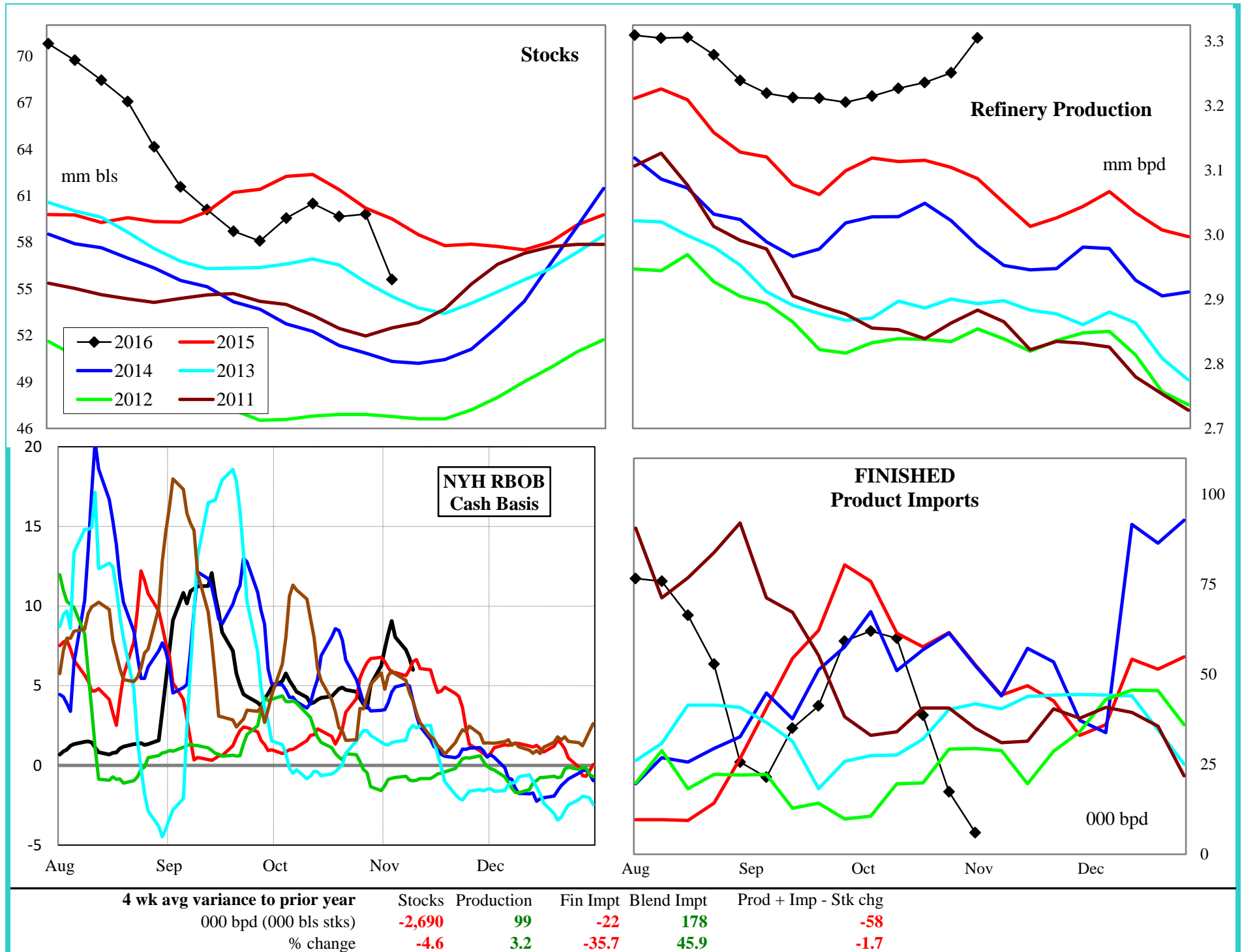
Gasoline Imports by Type



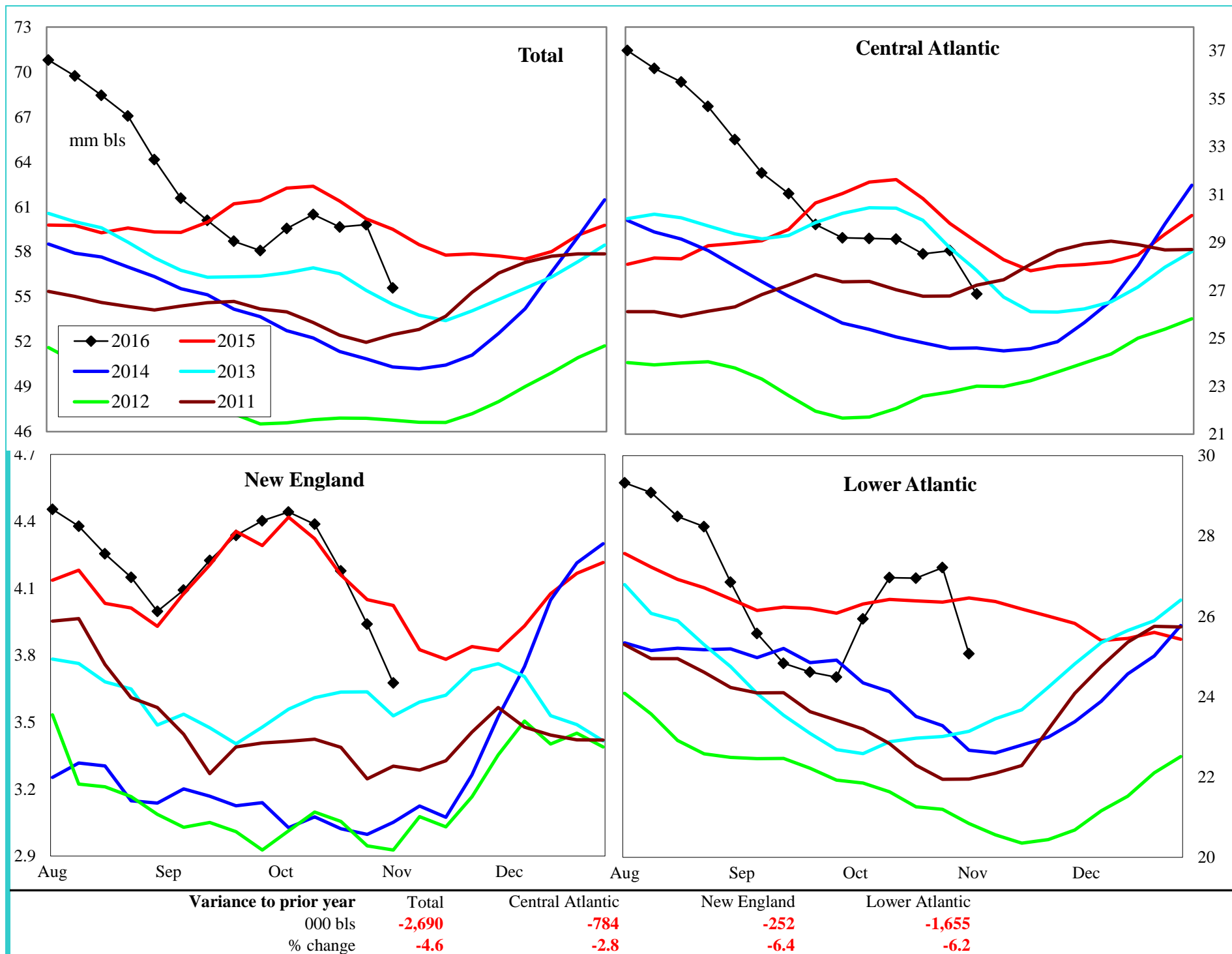
Gasoline Supply Summary PADDs 1+2+3



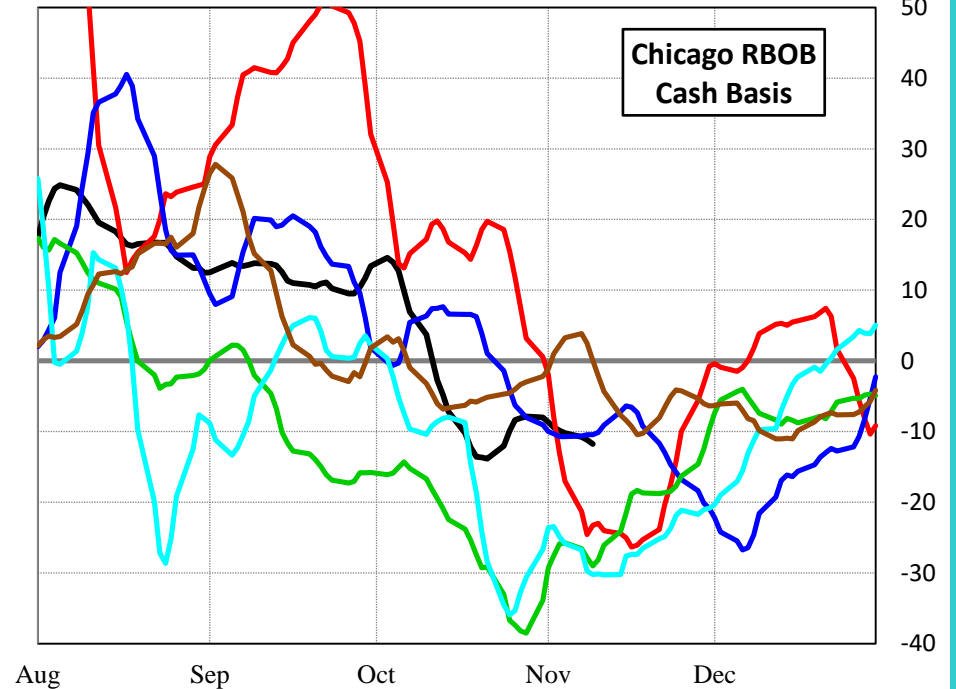
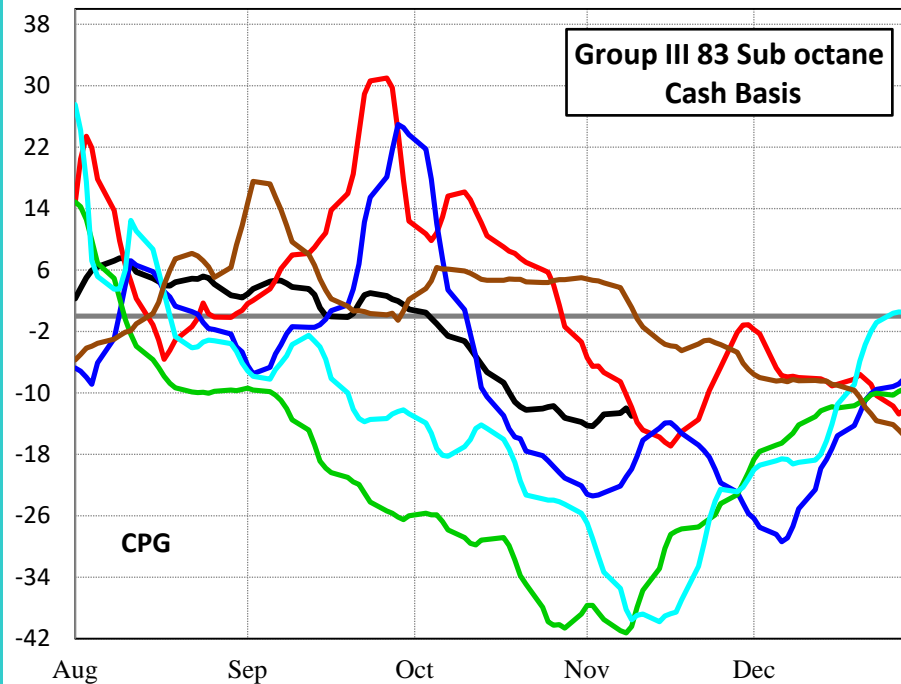
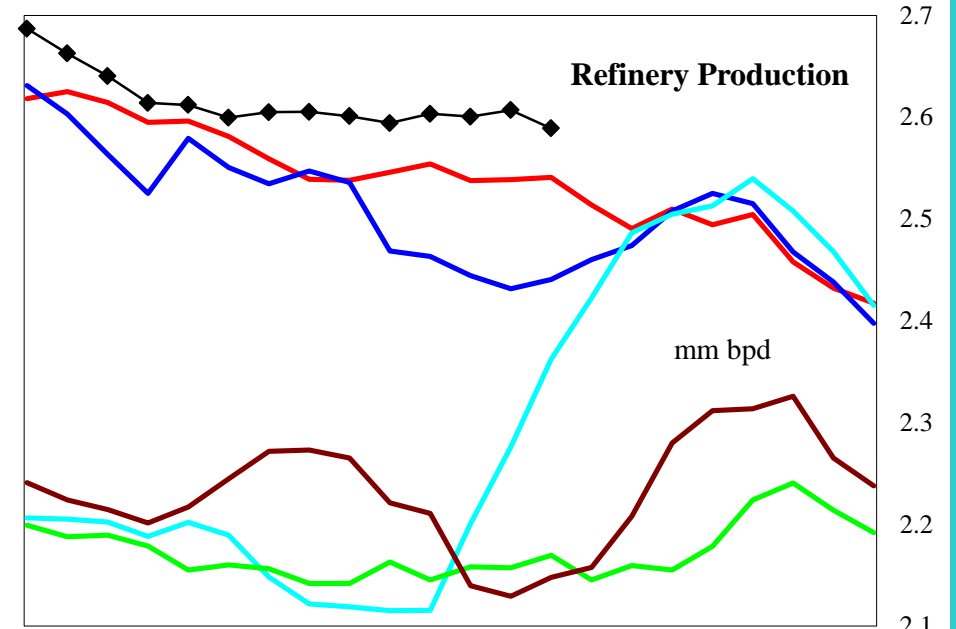
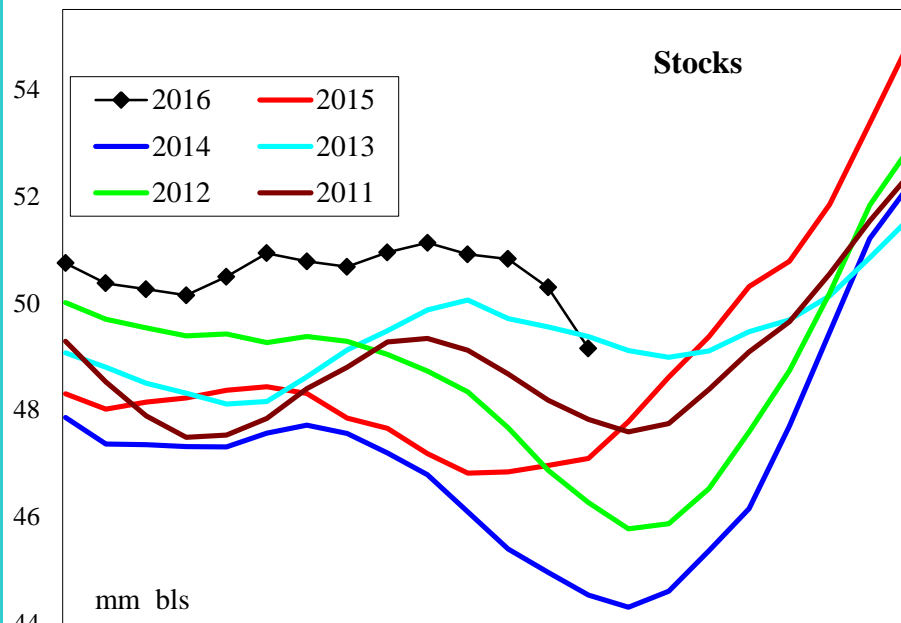
PADD 1 Gasoline Supply



PADD 1 Gasoline Stocks by Region



PADD 2 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

2,056

4.4

Production

60

2.3

Imports

-10

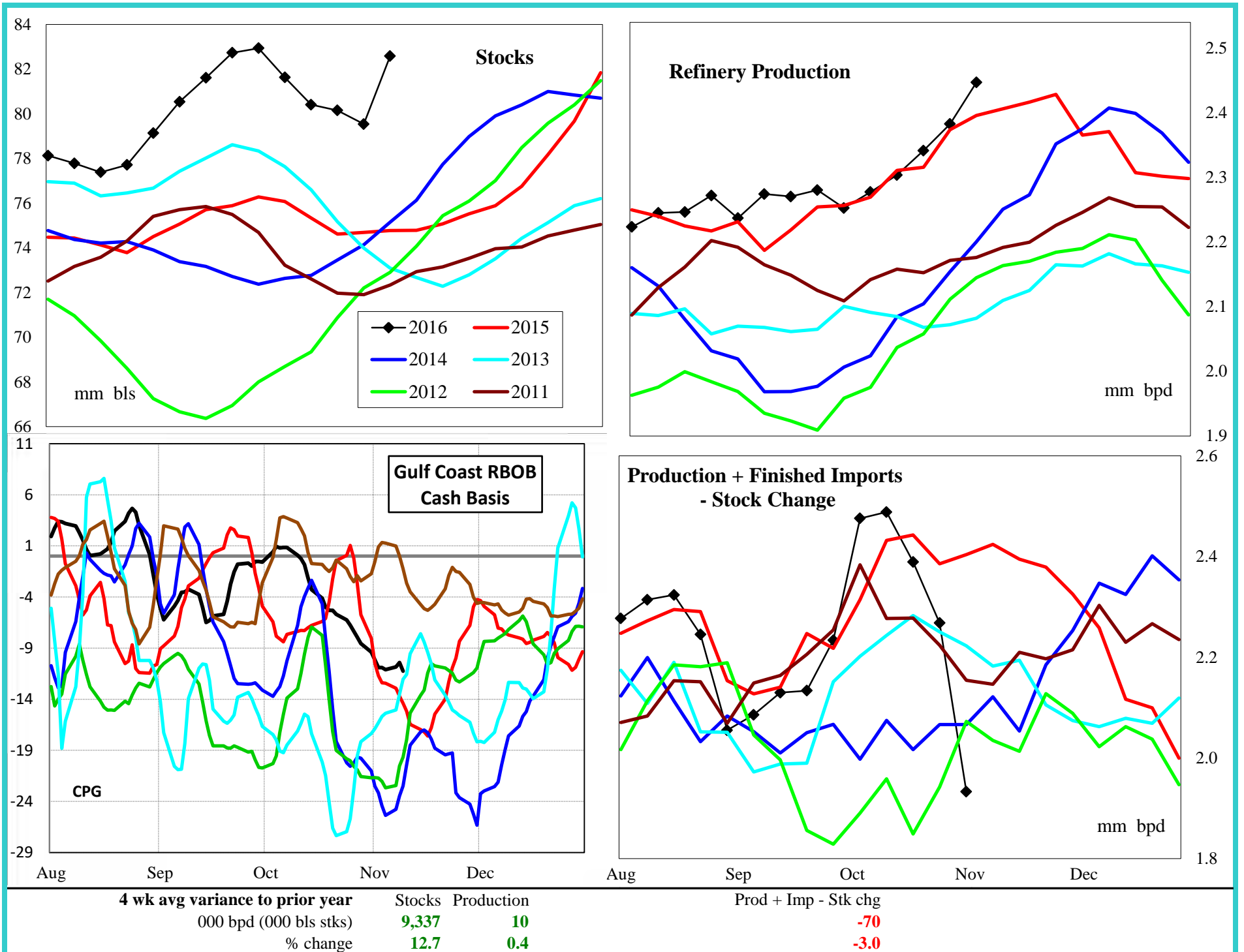
-100.0

Prod + Imp - Stk chg

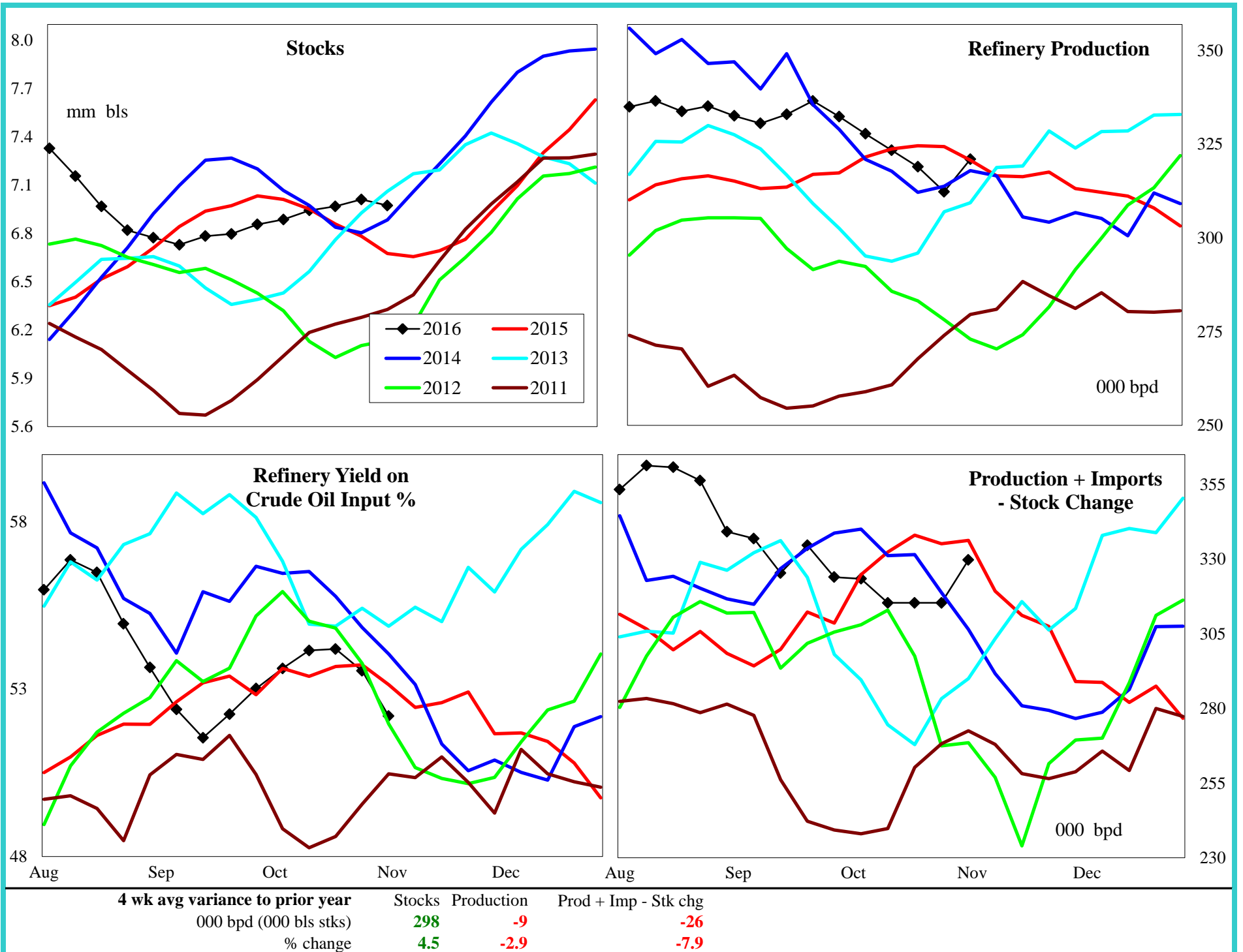
118

4.6

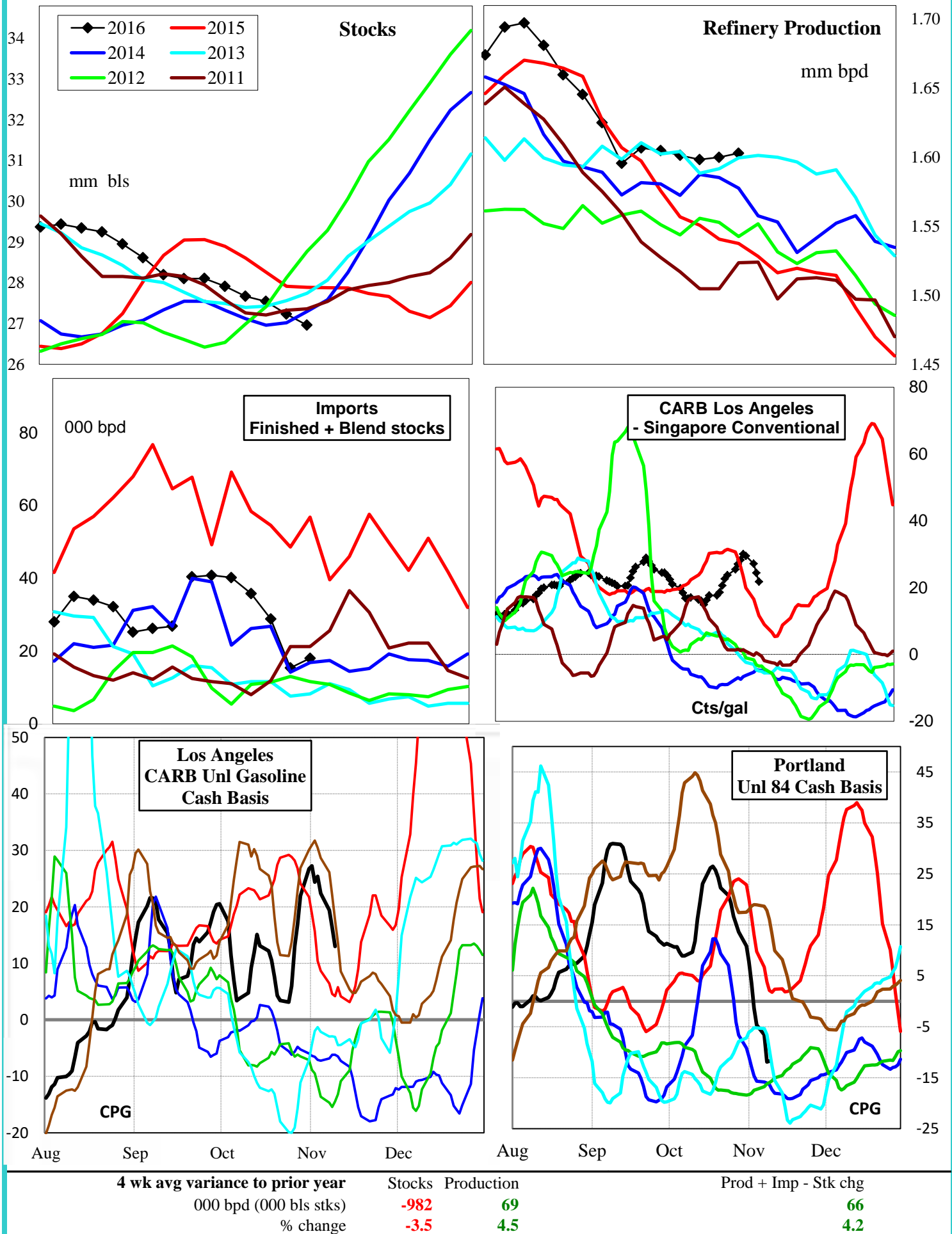
PADD 3 Gasoline Supply



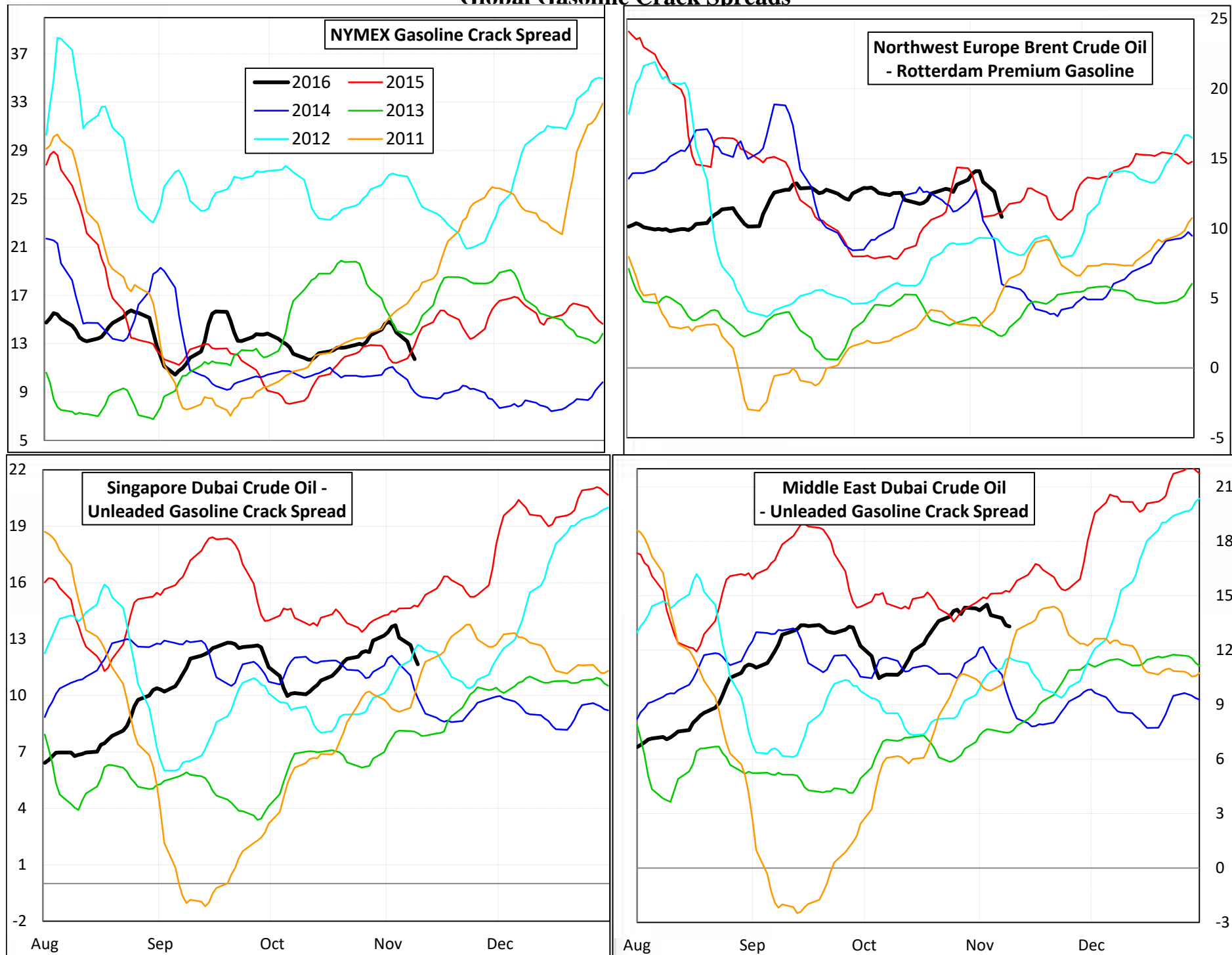
PADD 4 Gasoline Supply



PADD 5 Gasoline Supply



Global Gasoline Crack Spreads



Global Gasoline Cash Basis

