

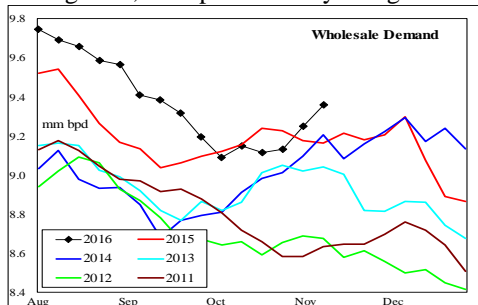


WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

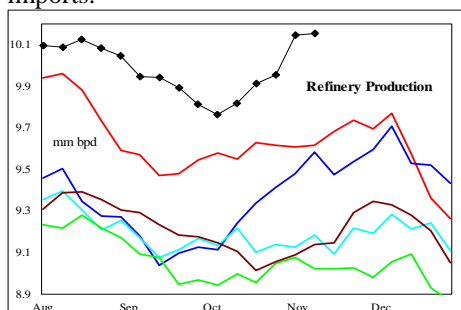
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, November 17, 2016

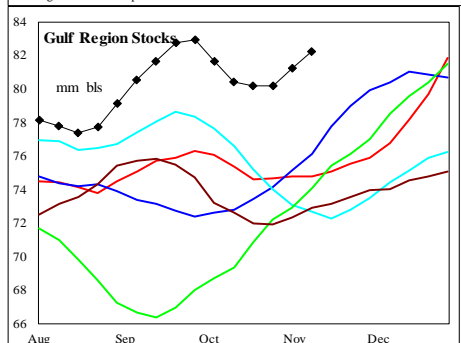
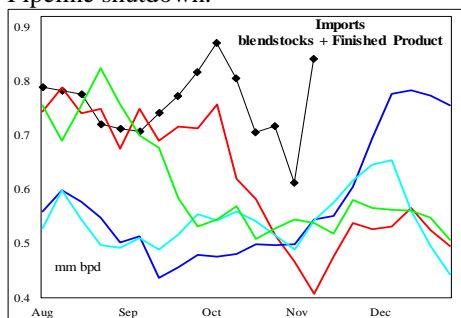
Wholesale demand increased +0.15 million bpd last week, with the most recent 4-wk average -24,000 bpd below a year ago.



Supply was nearly unchanged on the week with lower production offset by higher imports.



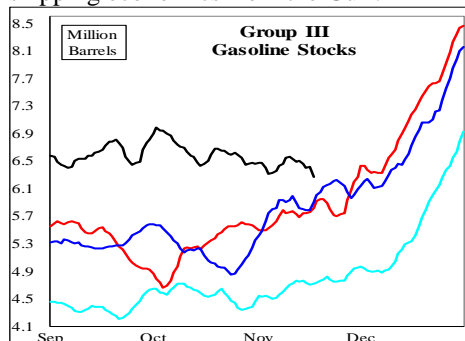
Imports increased +321,000 bpd on the week, with the level near earlier record highs that occurred during the 1st Colonial Pipeline shutdown.



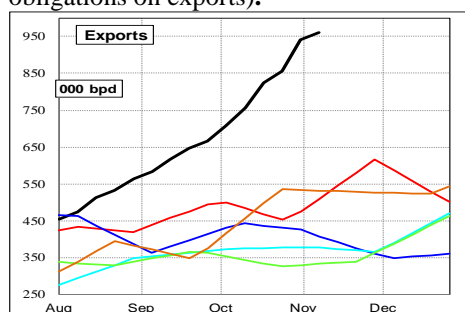
Stocks increased +0.7 million barrels on the week, with the East Coast, Rockies and West Coast each reporting builds.

Stock levels remain extremely high on the Gulf Coast, while the Midwest has declined to within the historic range. West Coast stock levels remain below the 5-yr range on extremely high maintenance.

Group III stocks decreased -0.2 million barrels last week, extending a counter seasonal downtrend. The decline is largely due to a period of unfavorable shipping economics from the Gulf.

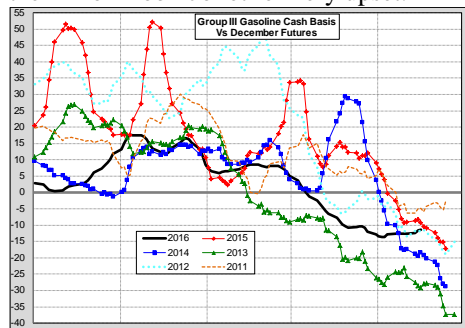


Exports were 1.2 million bpd last week, driven in part by the shutdown of the Colonial pipeline as well as high RINS values (refiners do not have a RINS obligations on exports).



Cash Basis and Refining Trends

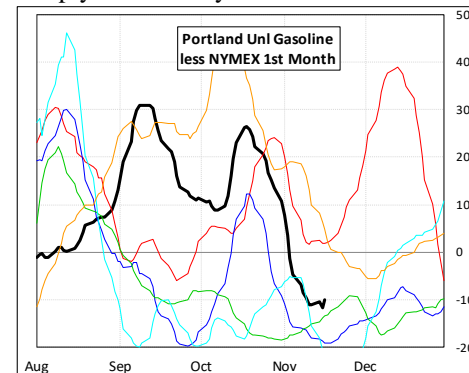
Cash basis for CBOB grade gasoline in the Group III continued to trade in a narrow range on unfavorable shipping economics from the Gulf that has tightened supplies. Chicago basis trended higher last week on the ExxonMobil Joliet refinery upset.



Gulf CBOB basis extended the downtrend

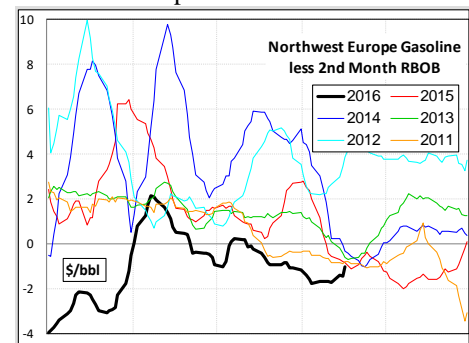
which began in early October, with the level trading near the 3-yr mid range on robust exports.

Basis in all West Coast markets traded sideways to lower last week at levels sharply below last year.



Gasoline crack spreads extended a multi-week downtrend in all global markets last week. Crack spreads traded near the mid range of the last 2-yr for the period; with the NYMEX trading near historic lows.

Cash basis in Global gasoline markets trended higher last week, with all markets trading at the low end of the 5-yr range. This weakness was due in part to shutdown of the Colonial pipeline which supported RBOB futures prices.

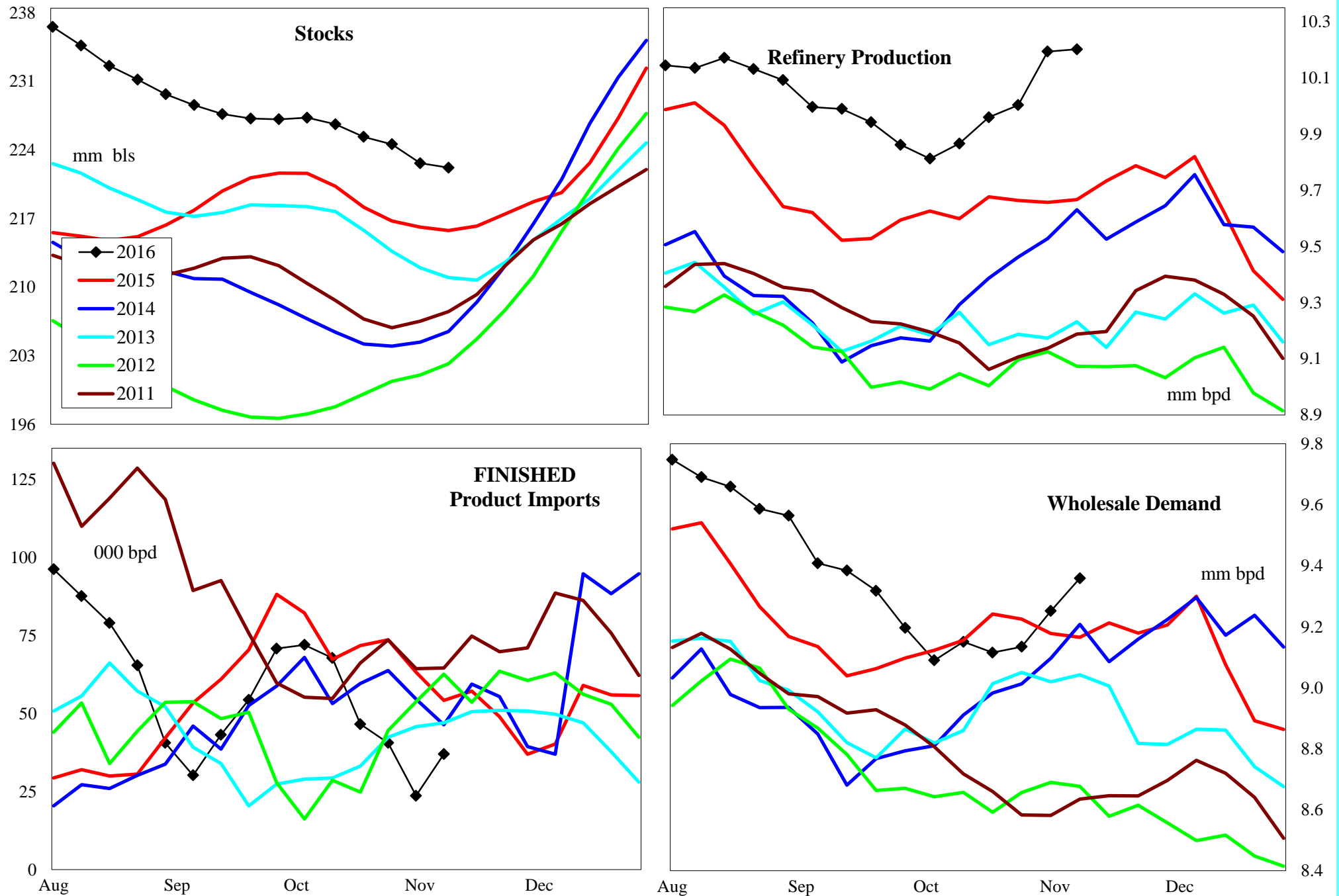


Gulf Coast Price

Imports rebounded last week, in response to the 2nd shutdown of the Colonial Pipeline. Exports remain extremely high, again a response by Gulf refiners to the pipeline shutdown. Stock levels in the Gulf are +10% above last year and a record for this time of year. Economics are again favorable for shipping from the Gulf into Midwest markets. As refiners return to peak winter production, 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)

% change

Stocks

Production

Fin Impt

Blend Impt

Demand=>

4wk avg

Sep

Aug

Jul

7,455

445

-35

245

-0.3

57

165

159

3.5

4.6

-58.5

63.8

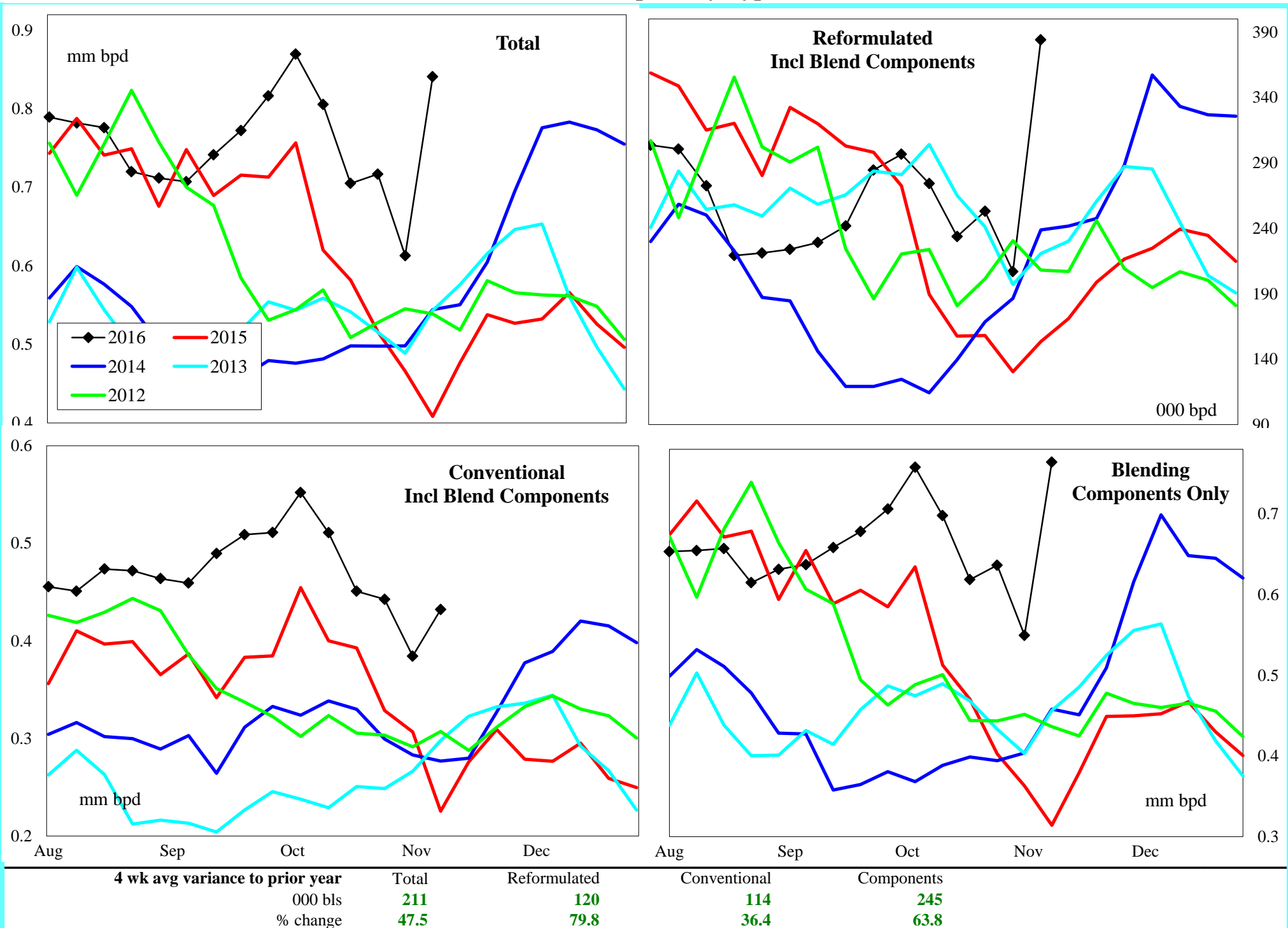
0.6

1.7

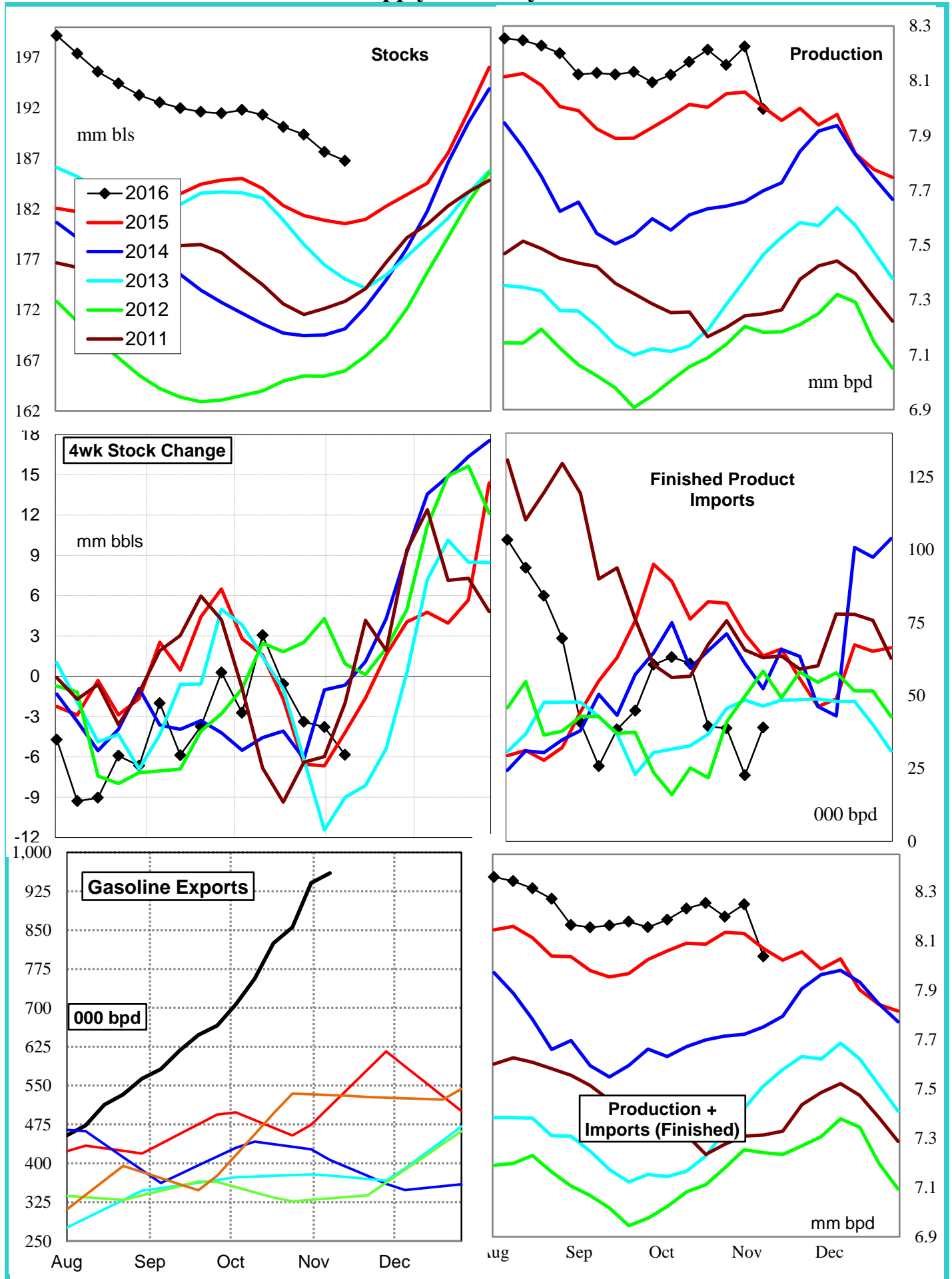
1.7

1.7

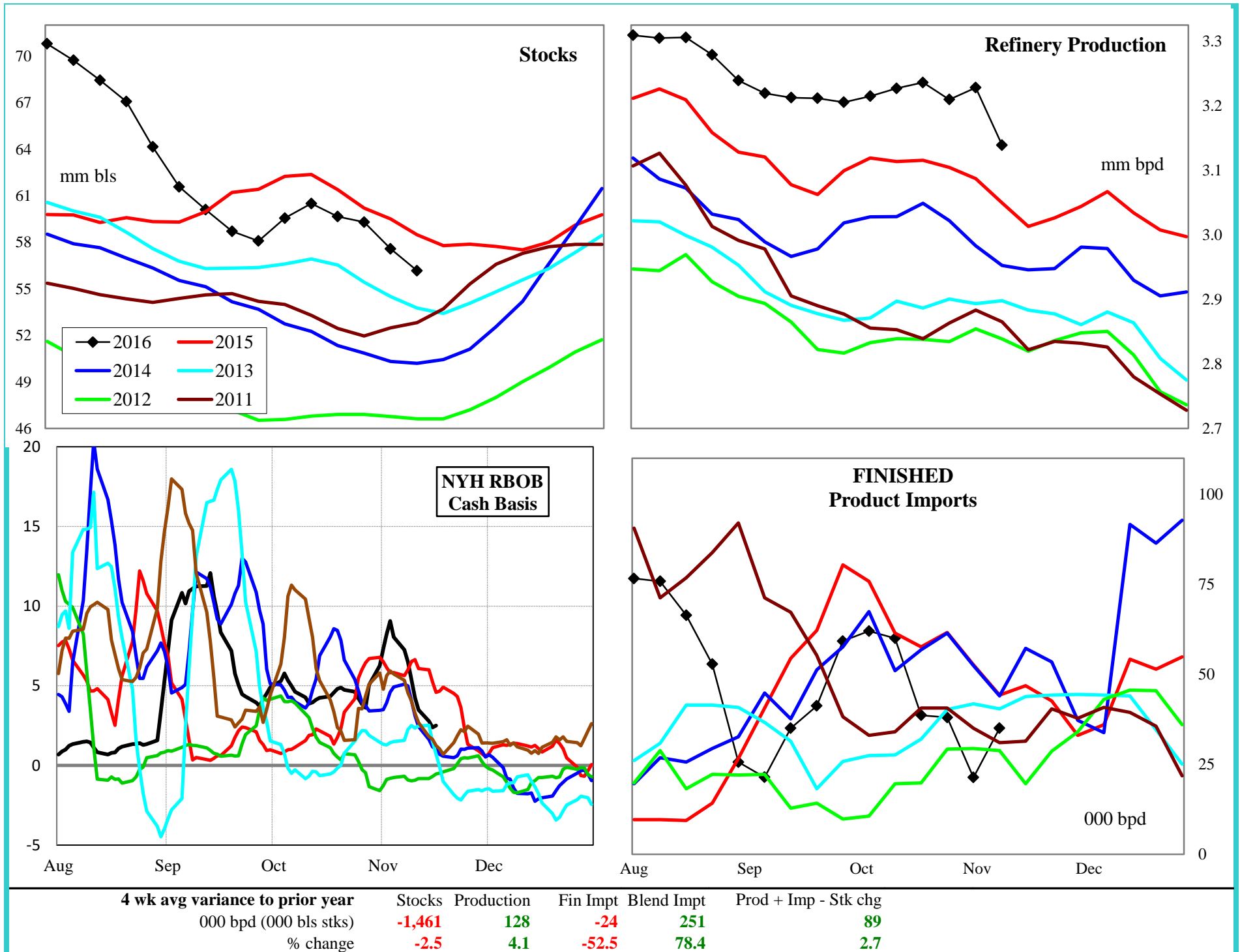
Gasoline Imports by Type



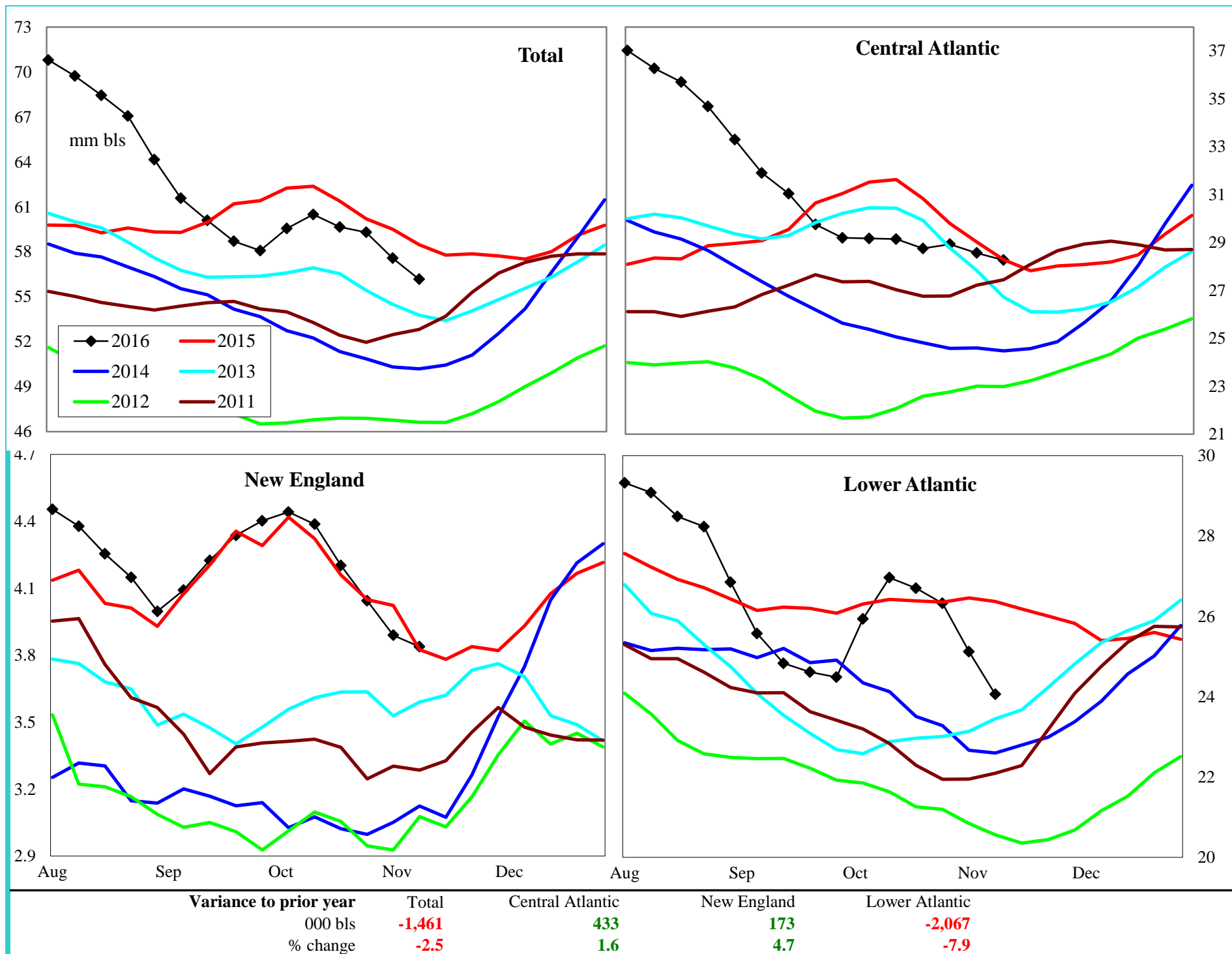
Gasoline Supply Summary PADDs 1+2+3



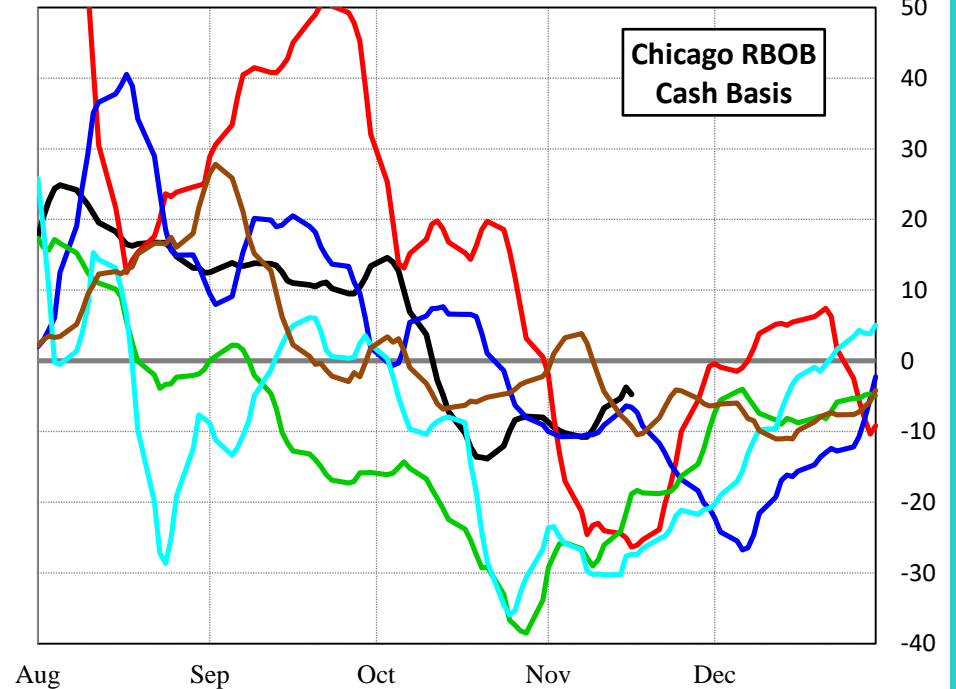
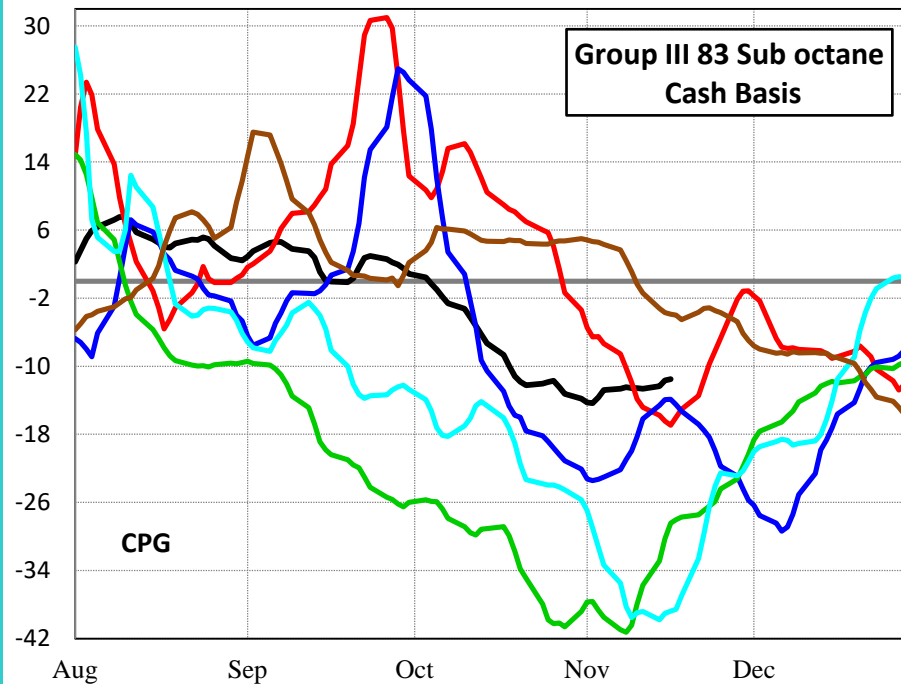
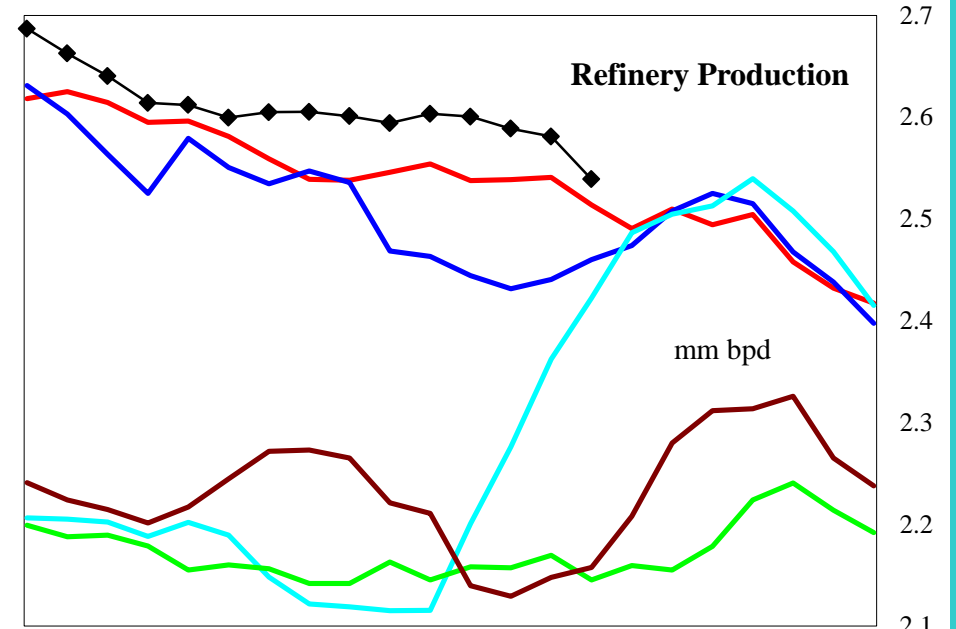
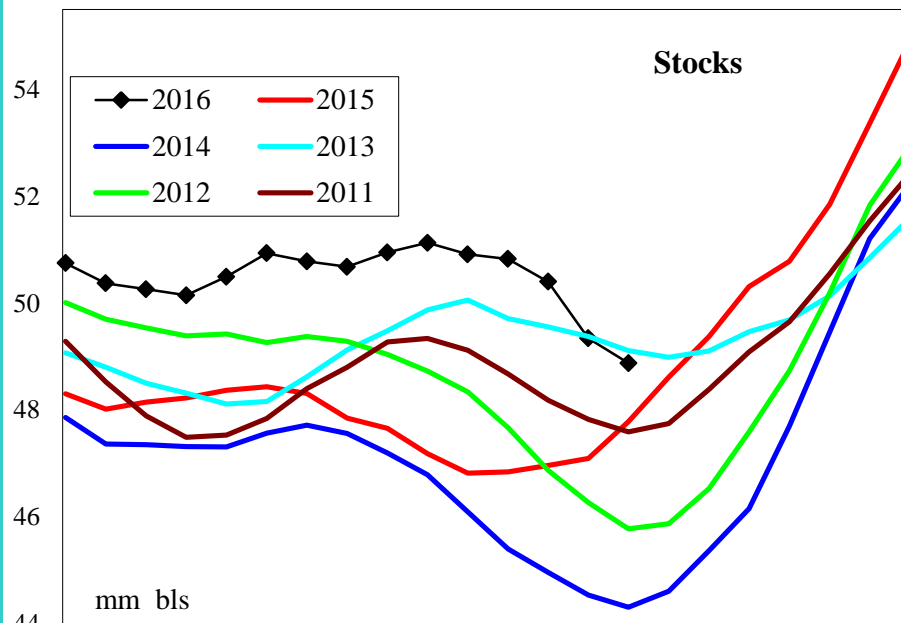
PADD 1 Gasoline Supply



PADD 1 Gasoline Stocks by Region



PADD 2 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,094

2.3

Production

52

2.0

Imports

-6

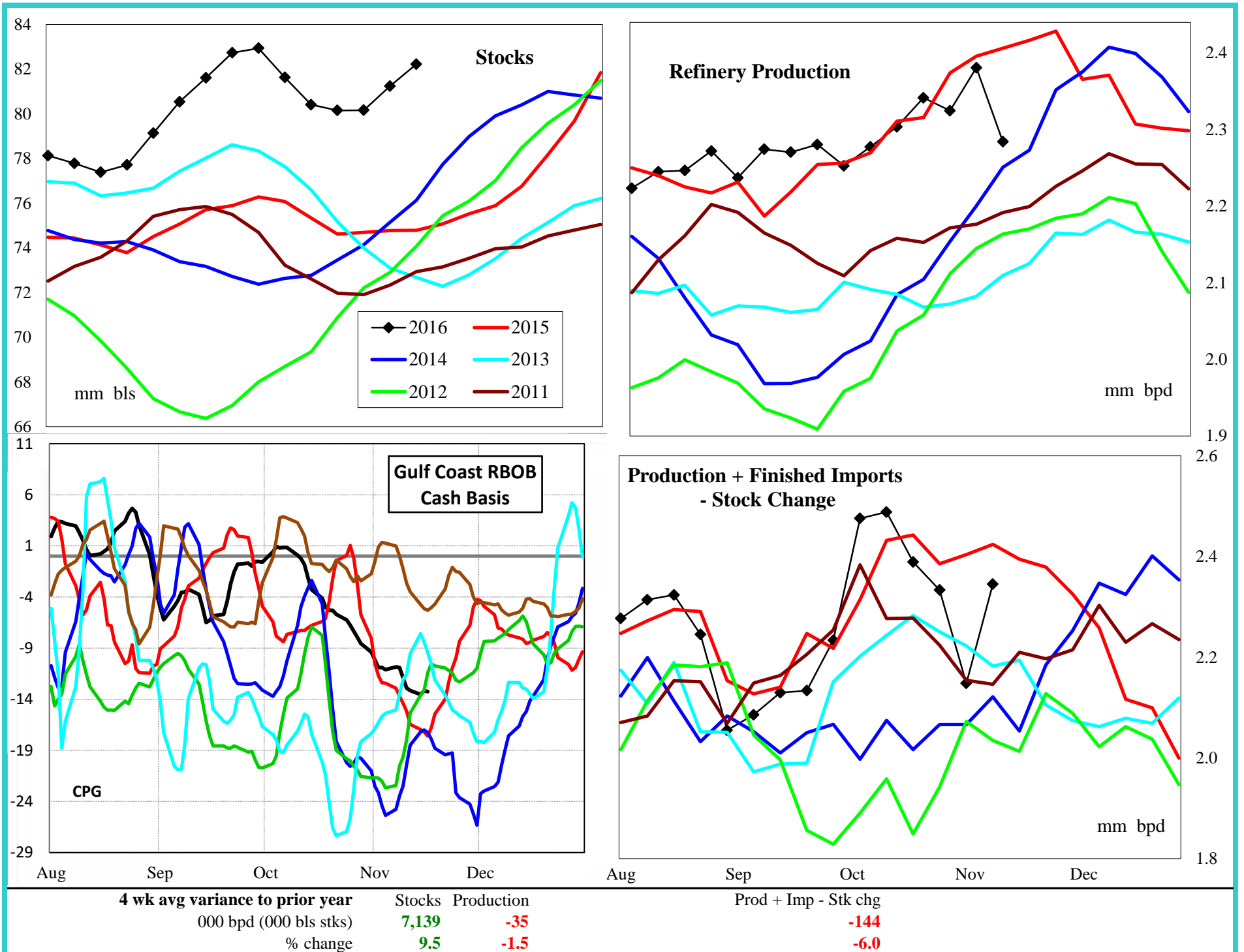
-86.2

Prod + Imp - Stk chg

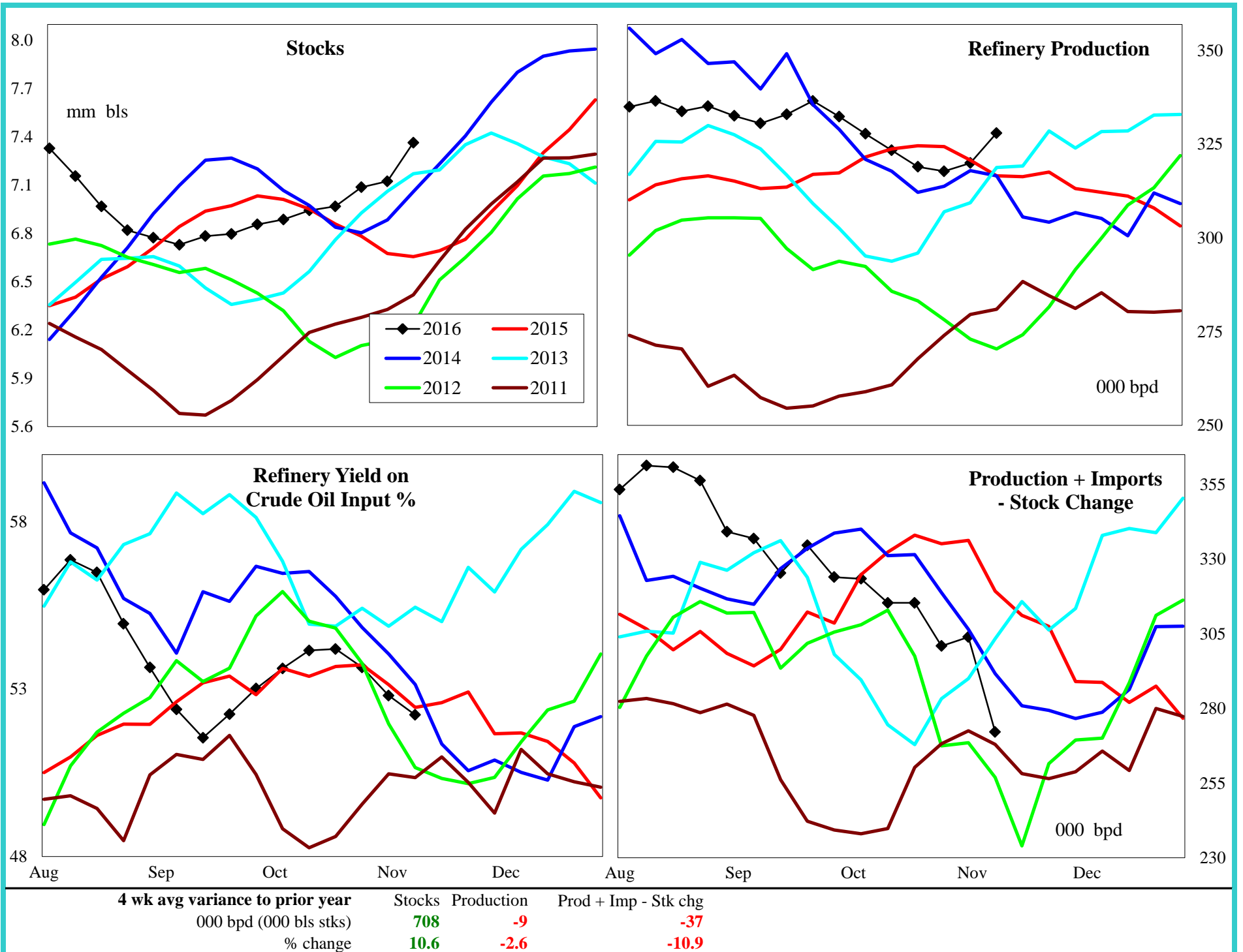
182

7.1

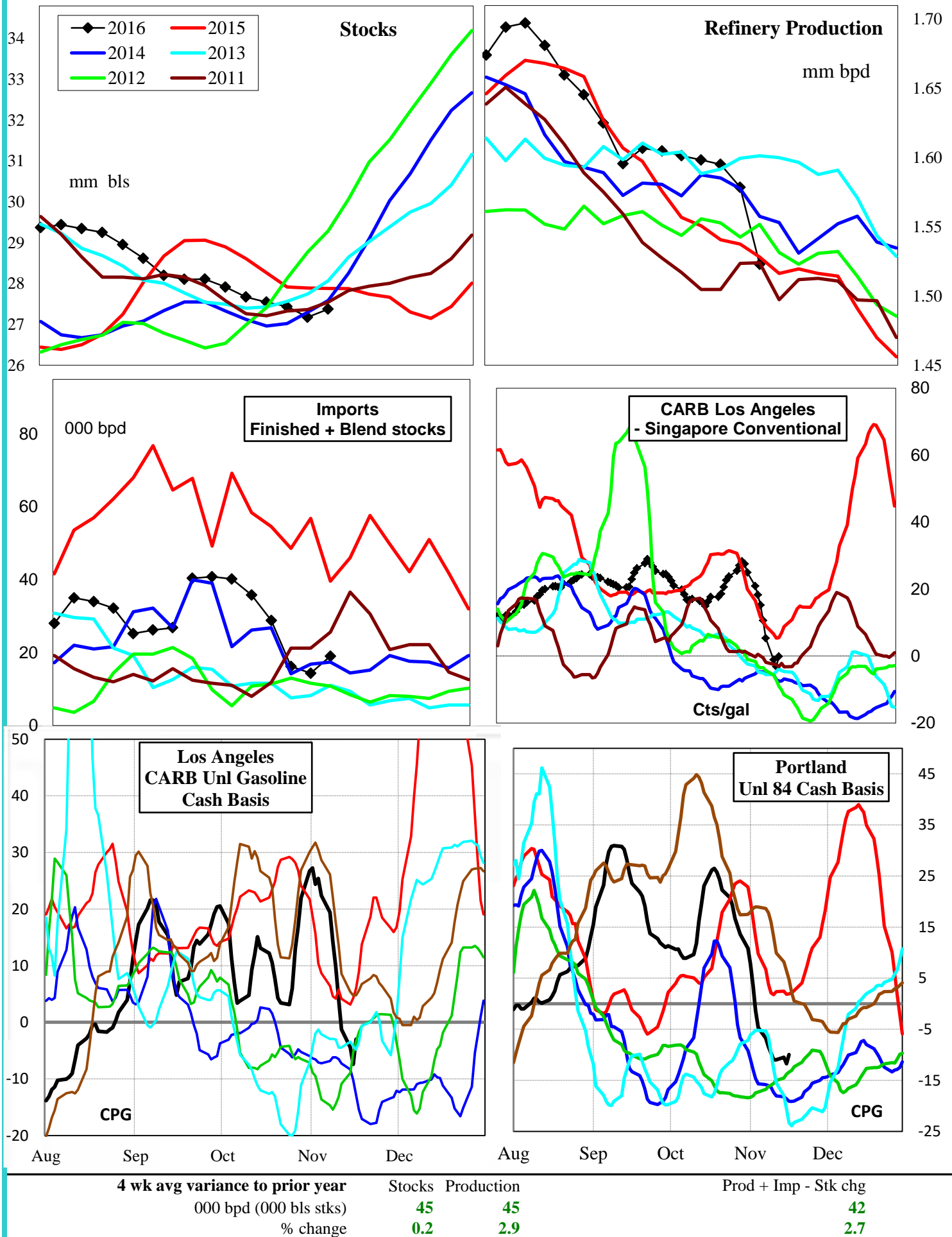
PADD 3 Gasoline Supply



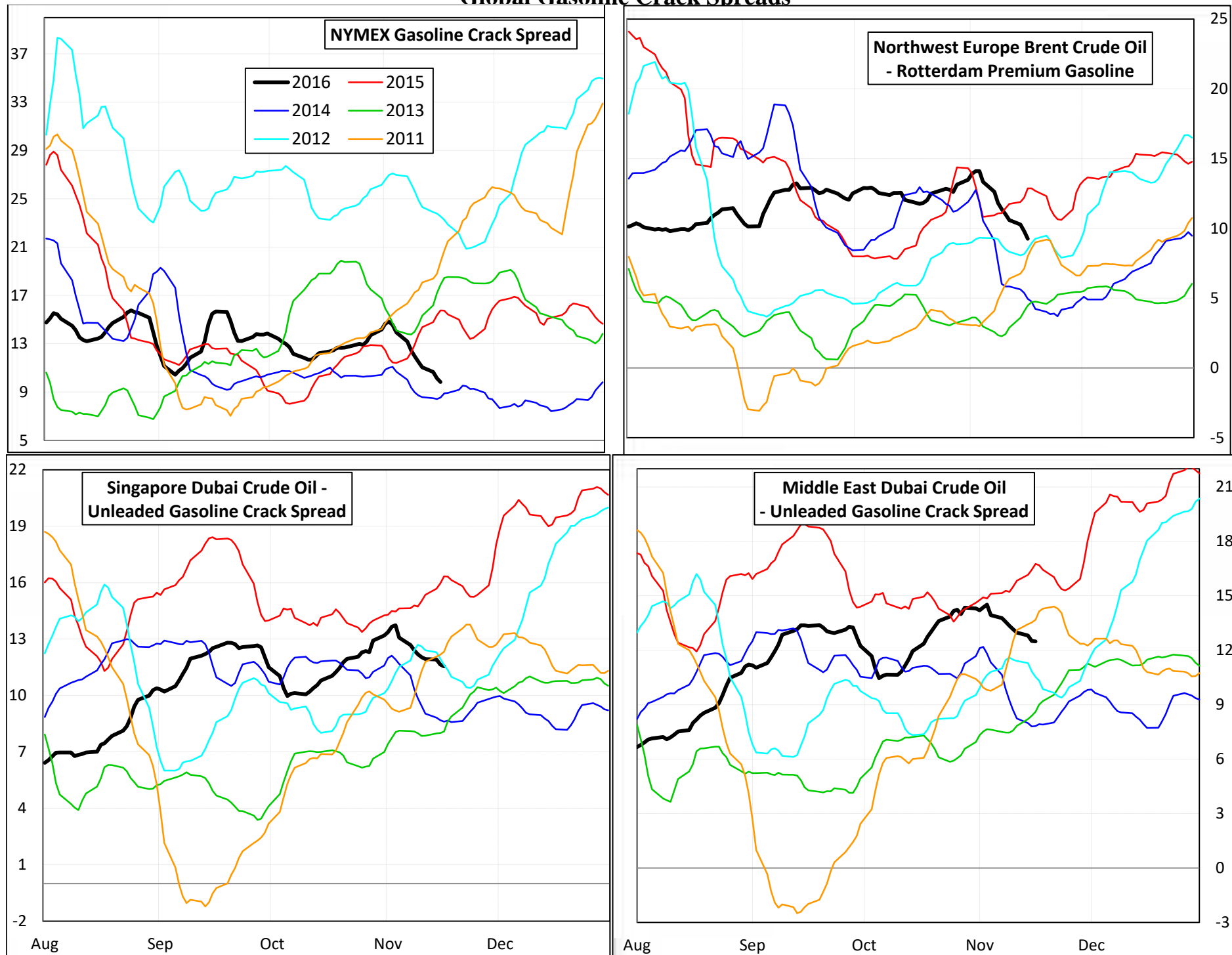
PADD 4 Gasoline Supply



PADD 5 Gasoline Supply



Global Gasoline Crack Spreads



Global Gasoline Cash Basis

