

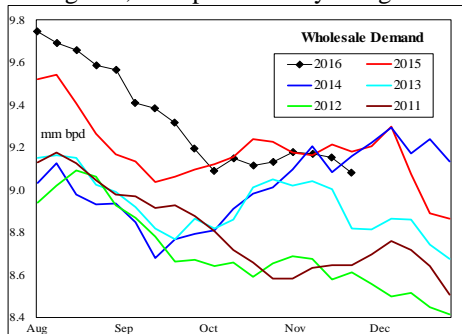


WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

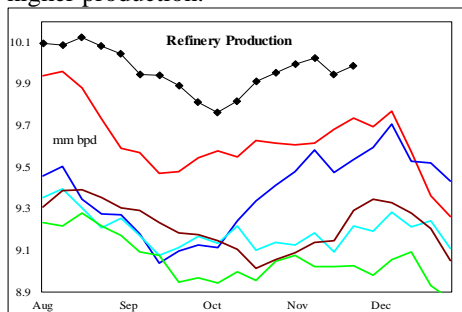
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, November 30, 2016

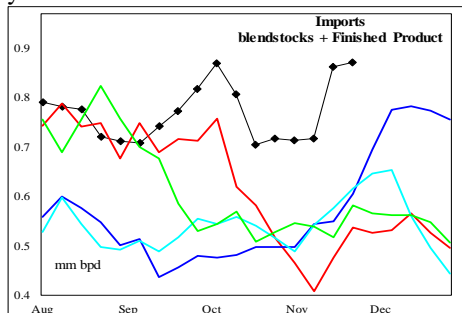
Wholesale demand increased +0.1 million bpd last week, with the most recent 4-wk average +8,000 bpd above a year ago.



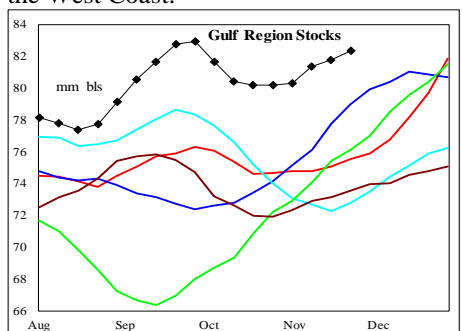
Supply increased +0.3 million bpd on higher production.



Imports were unchanged last week, but remain at a record level for this time of year.



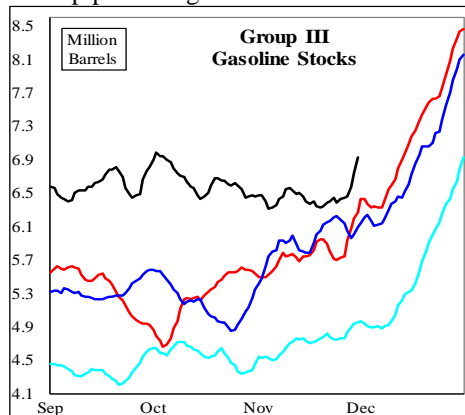
Stocks increased +2.1 million barrels on the week, with builds in all regions except the West Coast.



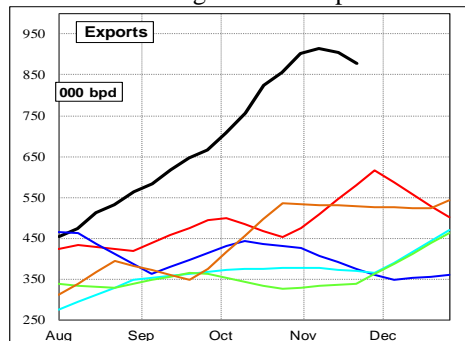
Stock levels are at 5-yr highs on the East Coast, Gulf and Rockies. West Coast

stock levels remain very low on extremely high maintenance.

Group III stocks increased +0.4 million barrels last week, beginning the winter build. Stocks remain just above the historic range, due to line fill on the Little Rock pipeline segment.



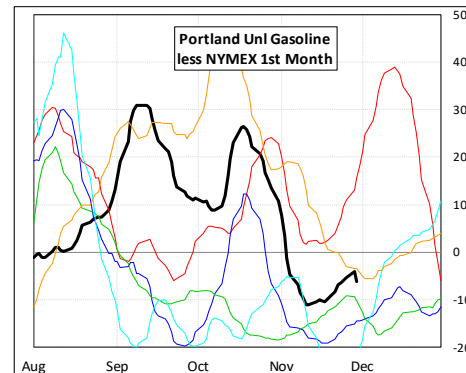
Exports were 0.9 million bpd last week, while lower than early November during the Colonial pipeline shutdown, still +50% above last year. Very high RINS values contribute to the increase refiners do not have a RINS obligations on exports.



Cash Basis and Refining Trends

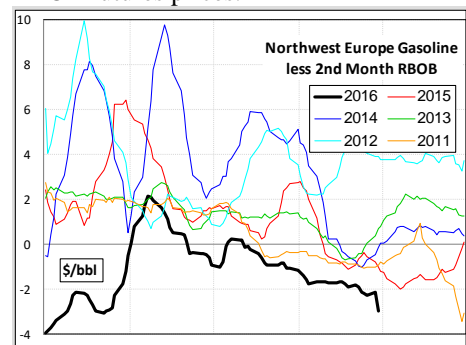
Cash basis for CBOB grade gasoline in the Group III fell late in the week, but ended at a level above the last 3-yrs. Chicago and Gulf CBOB basis traded above the 5-yr range on refinery maintenance in the region. With refinery maintenance nearly complete, look for seasonal weakness on stock builds during the next quarter.

Basis in California markets trended lower last week, with Los Angeles trading near historic lows for the period. Northwest markets saw basis trading above the 3-yr mid range.



Gasoline crack spreads were unchanged to higher in most global markets; except Northwest Europe which extended a longer term downtrend. Crack spreads traded near the mid range of the last 2-yrs for the period in all global markets.

Cash basis in Global gasoline markets trended higher last week, except for Northwest Europe which extended a longer term downtrend. All markets traded at levels below the 5-yr range. This weakness was due in part to strength in RBOB futures prices.



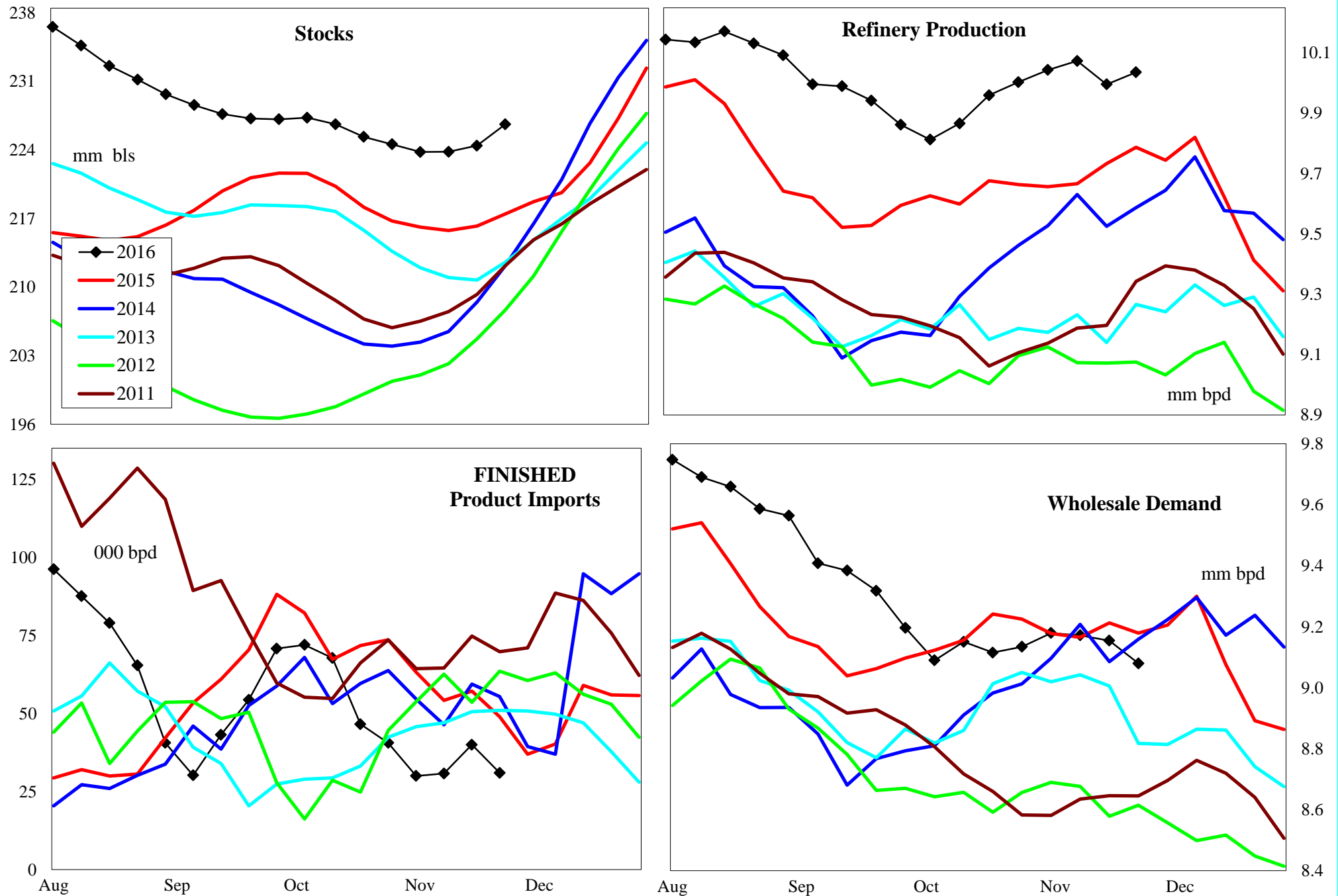
Gulf Coast Price

Imports to the East Coast remain extremely high, while exports from the Gulf also remain at record levels. This counter diction may be driven in part by high RINS prices and an over supplied European market. Stock levels in the Gulf have been above the 5-yr range for the last 4-months; due in part to Colonial Pipeline maintenance. Economics are favorable for shipping from the Gulf to the Chicago area. On balance the Gulf remains over supplied.

These fundamental trends point to risk of a winter quarter pull back in gasoline prices; even with the OPEC crude oil production cut.

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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

Oct

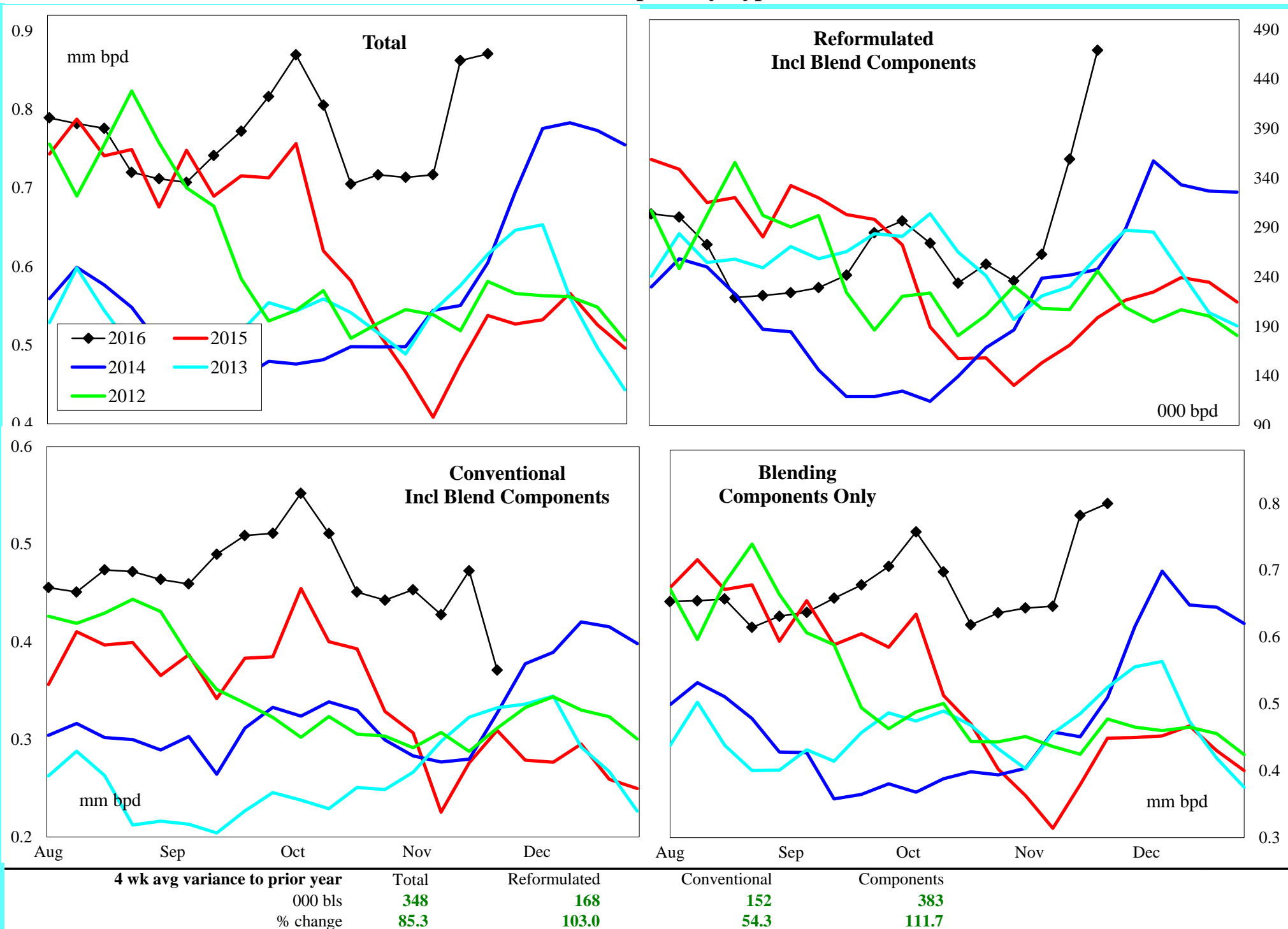
Jan

Aug

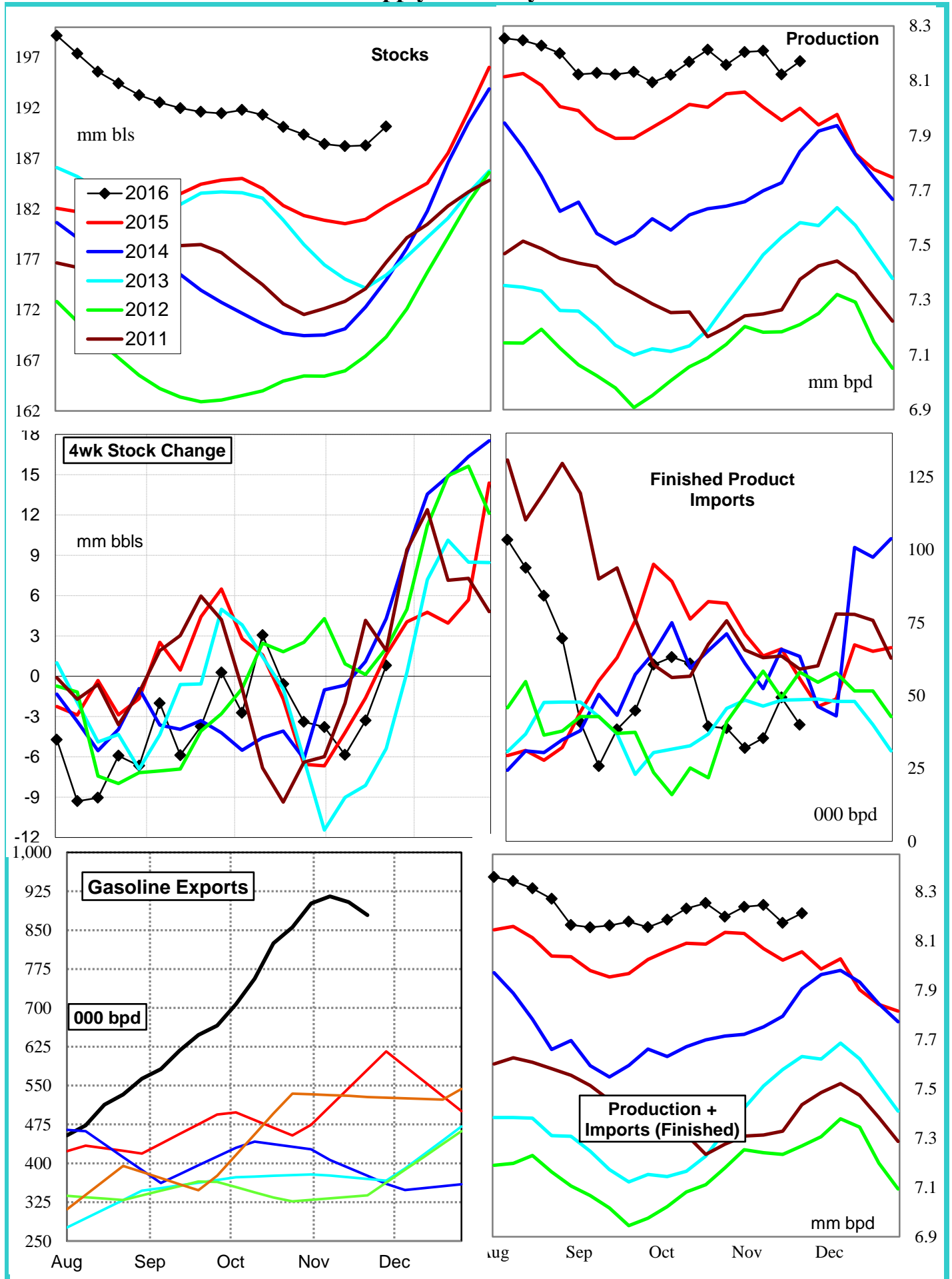
% change

9,256
437
-34
383
8
-159
57
128
4.3
4.5
-51.9
111.7
0.1
-1.7
0.6
1.4

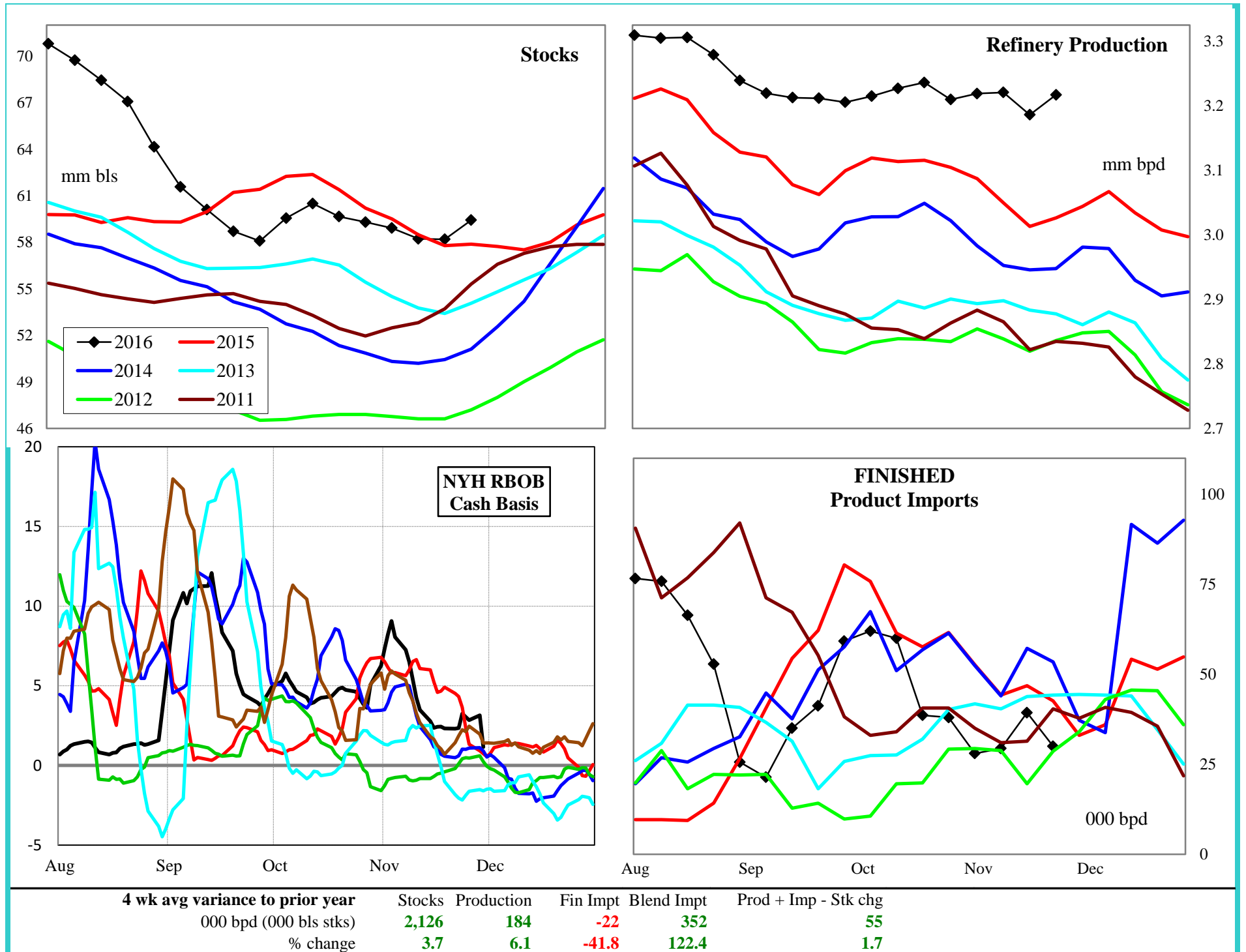
Gasoline Imports by Type



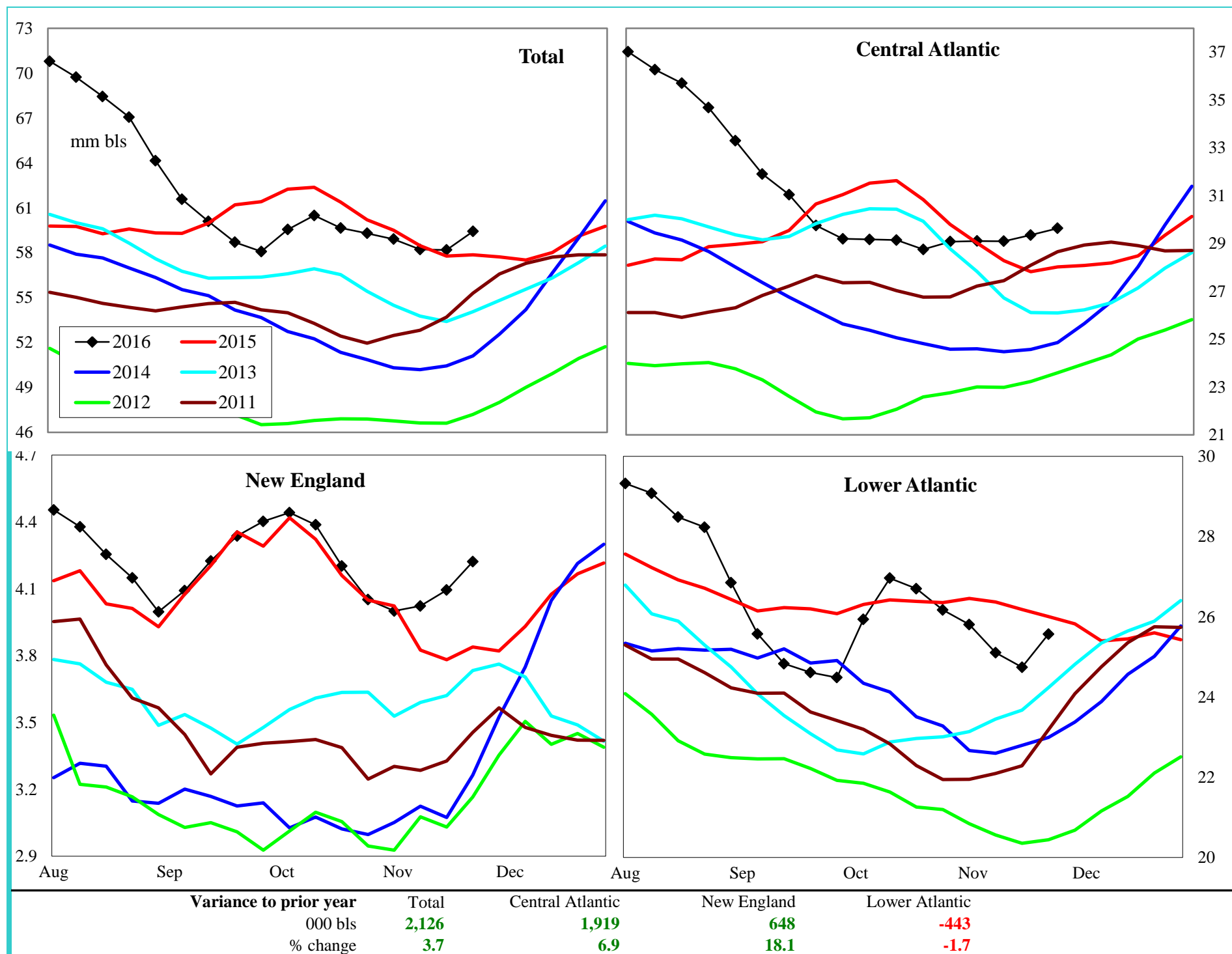
Gasoline Supply Summary PADDs 1+2+3



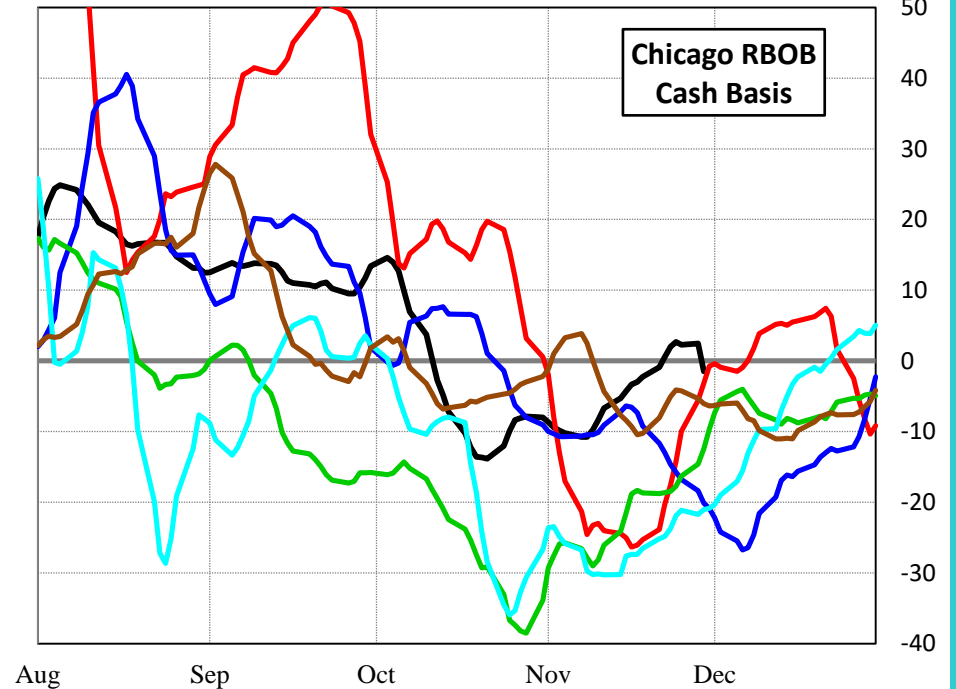
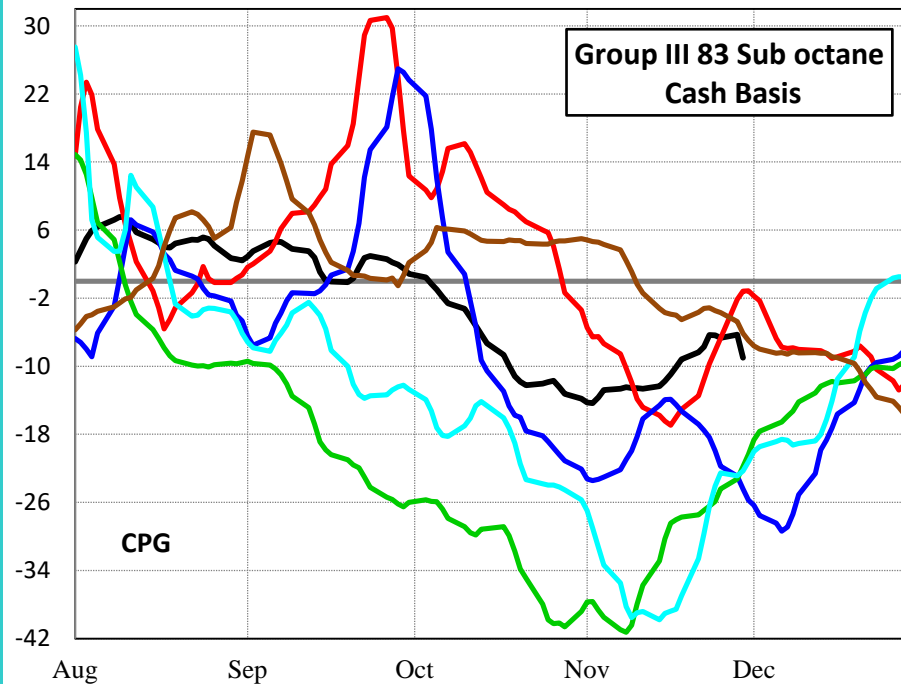
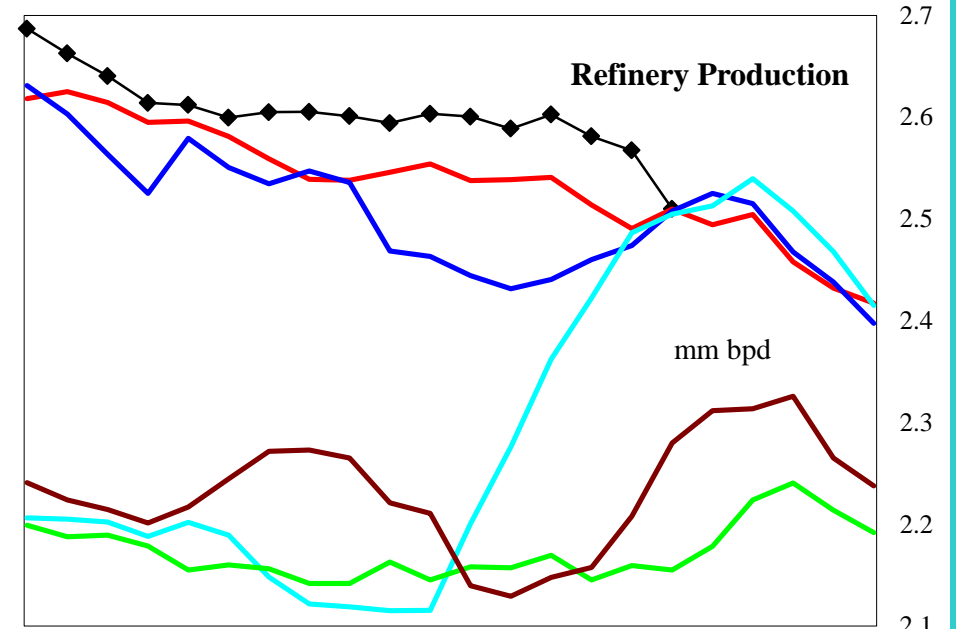
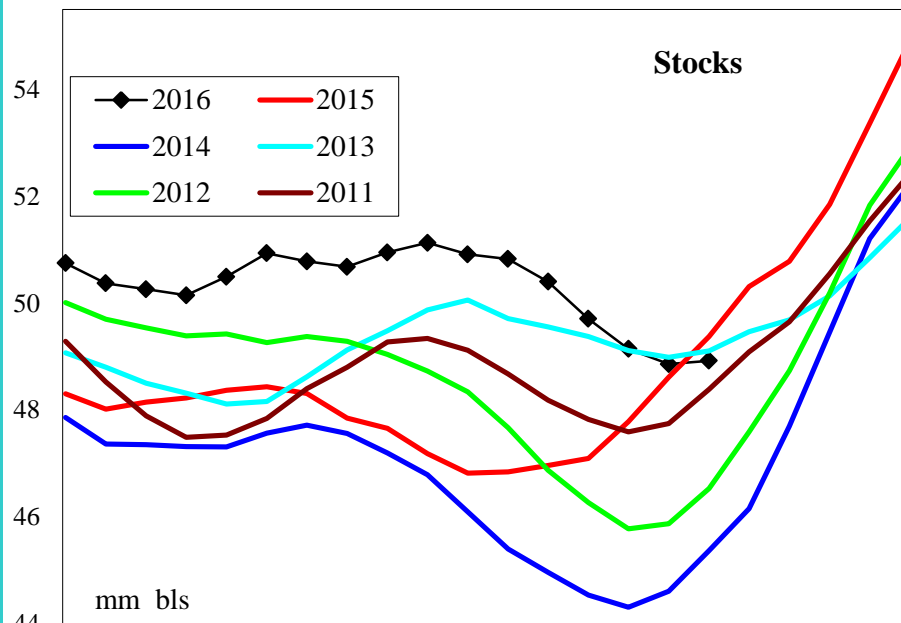
PADD 1 Gasoline Supply



PADD 1 Gasoline Stocks by Region



PADD 2 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-454

-0.9

Production

62

2.4

Imports

-2

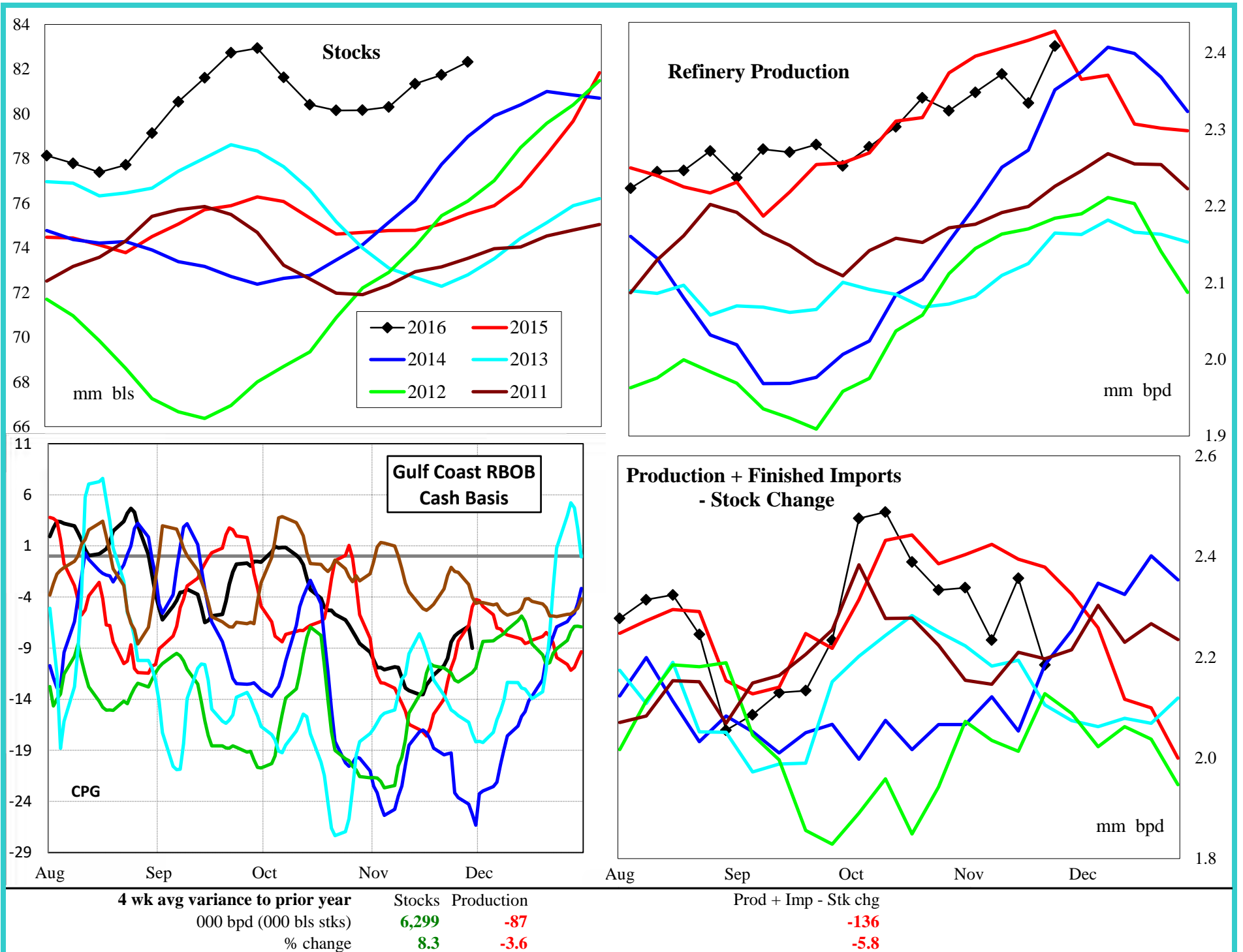
-21.1

Prod + Imp - Stk chg

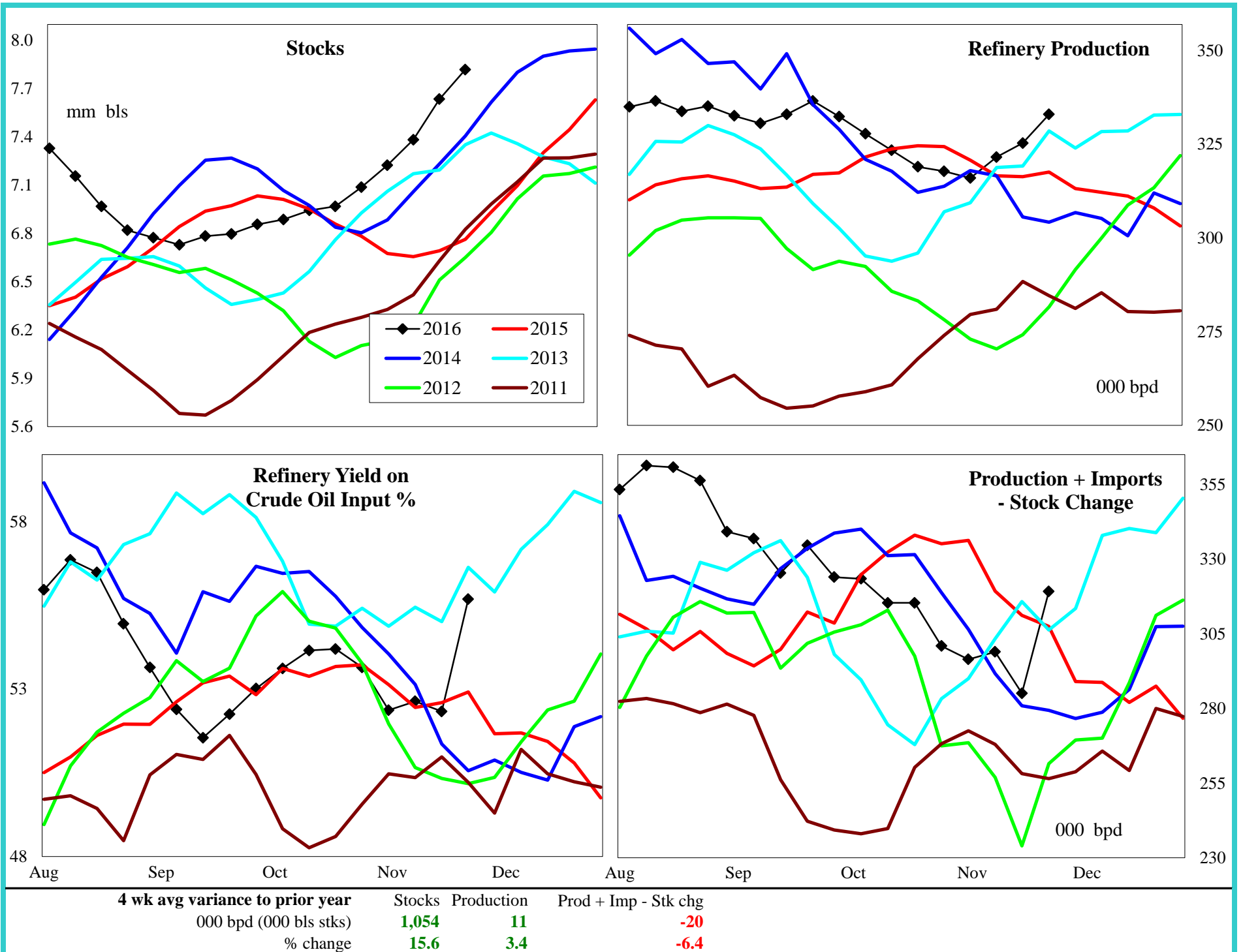
197

8.1

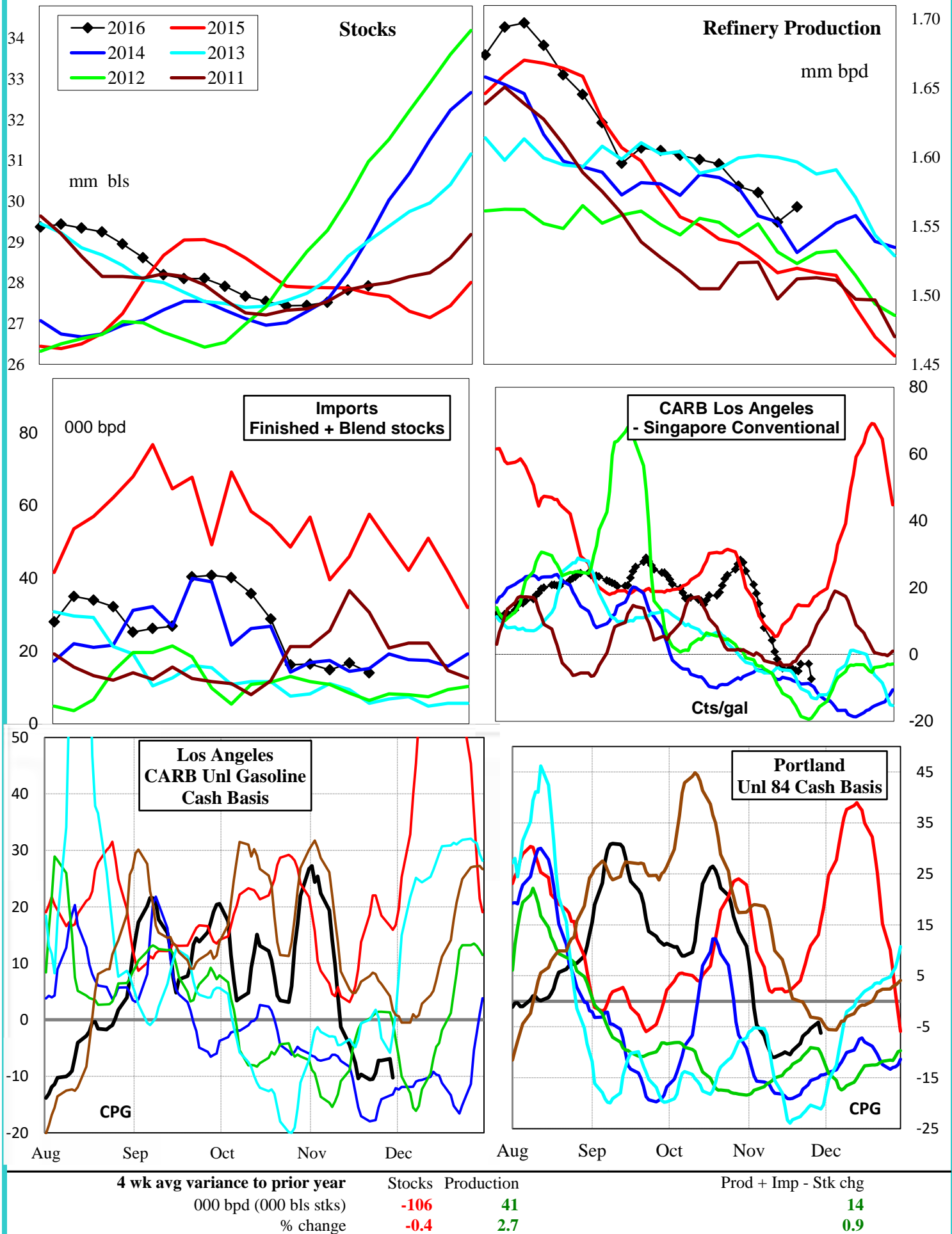
PADD 3 Gasoline Supply



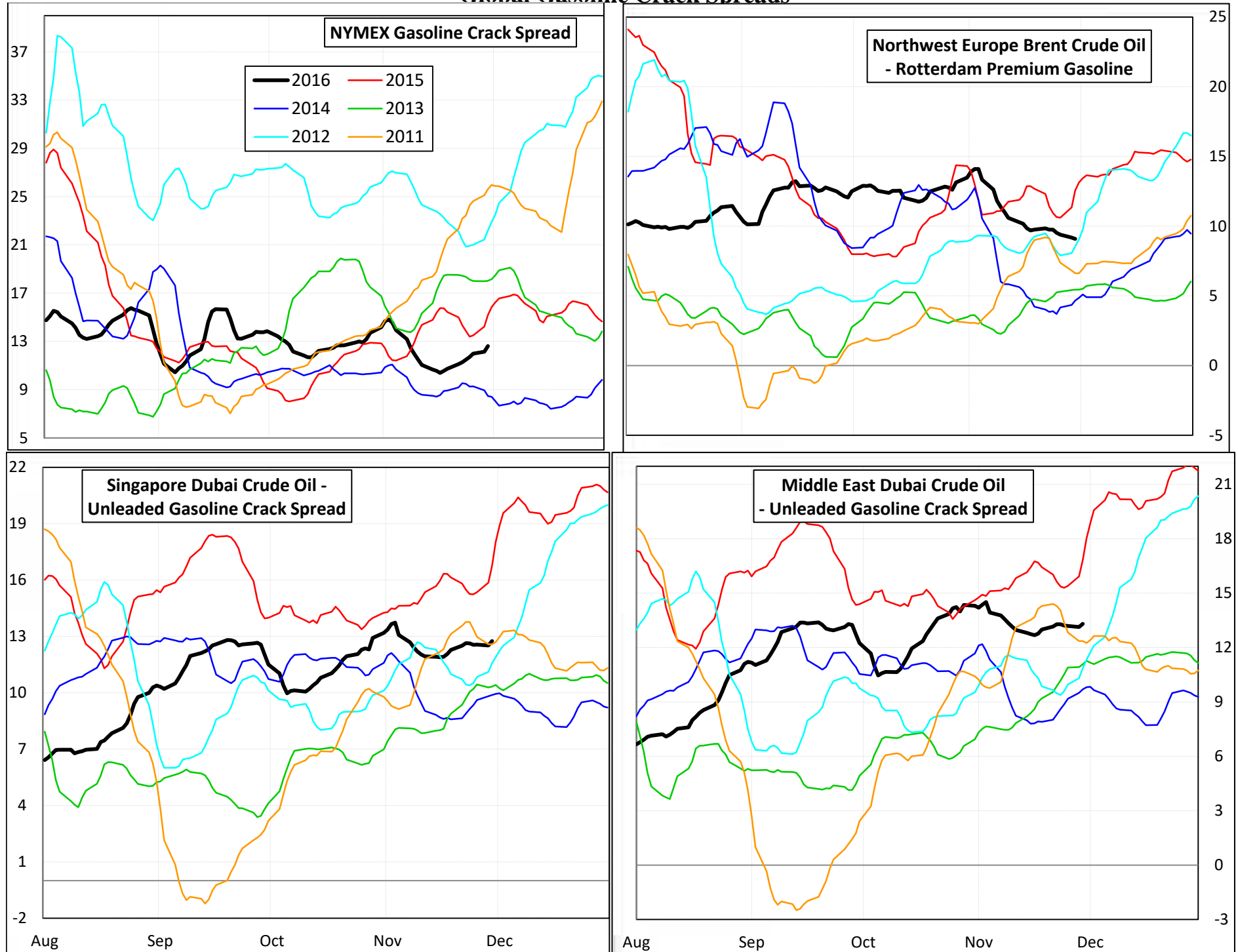
PADD 4 Gasoline Supply



PADD 5 Gasoline Supply



Global Gasoline Crack Spreads



Global Gasoline Cash Basis

