

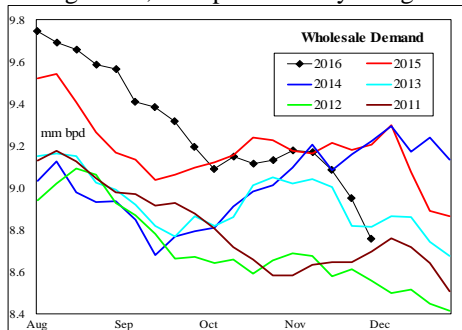


## WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

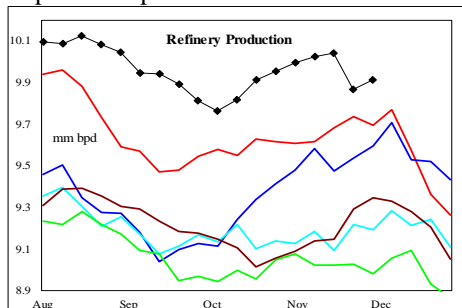
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, December 07, 2016

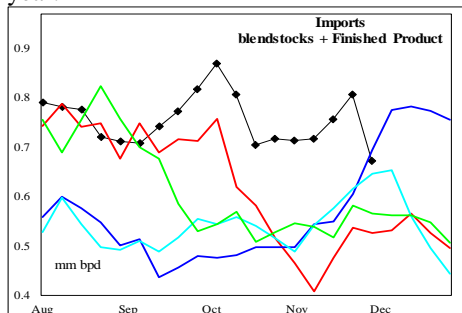
Wholesale demand decreased -0.3 million bpd last week, with the most recent 4-wk average -114,000 bpd below a year ago.



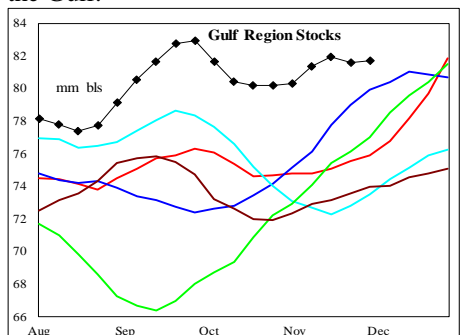
Supply fell -0.3 million bpd on lower imports and production.



Imports fell -0.2 million bpd last week, but remain at a record level for this time of year.



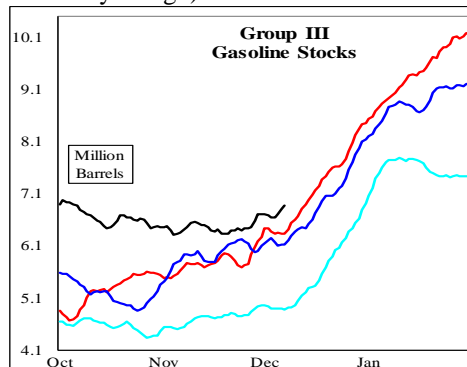
Stocks increased +3.4 million barrels on the week, with builds in all regions except the Gulf.



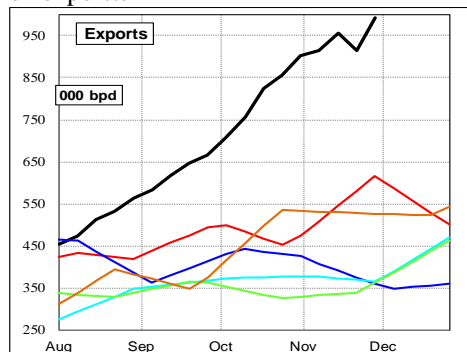
Stock levels are above the 5-yr range on the East Coast, Gulf and Rockies. The

Midwest and West Coast are each near the 3-yr mid range and trending seasonally higher.

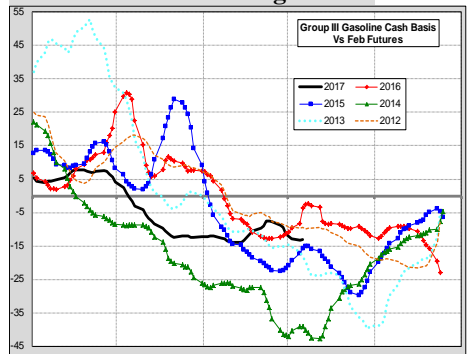
Group III stocks increased +0.2 million barrels last week to a level just above the historic range (with consideration for added line fill this year to Little Rock, the stock level would be below a year ago).



Exports were 1 million bpd last week, continuing the extremely high level that began in late August. Very high RINS values contribute to the increased exports as refiners do not have a RINS obligations on exports.



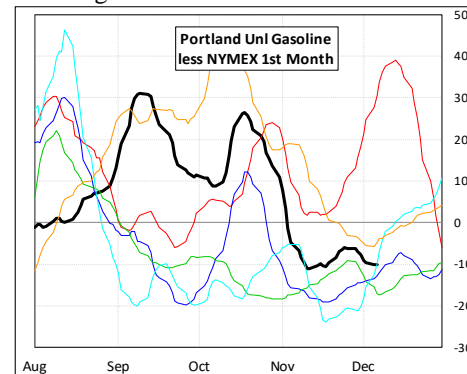
#### Cash Basis and Refining Trends



Cash basis for CBOB grade gasoline in the Group III and Chicago trended lower last week, to a level near the 3-yr mid range in each market. Gulf basis trended higher

during the week, ending at a level equal to 3-yr highs for this time of year. The relatively high basis in the Gulf is driven by record exports that has limited deliveries to the Midwest during a period of lower seasonal demand. *The dramatic increase in exports may limit seasonal weakness in both the Gulf and Midwest markets during the next quarter.*

West Coast basis traded sideways to lower last week. Los Angeles traded near historic lows for the period. Northwest markets saw basis trading near the 3-yr mid range.



Gasoline crack spreads were unchanged to lower in global markets; except the NYMEX which extended a longer term uptrend. Crack spreads traded below the 3-yr mid range in all global markets.

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

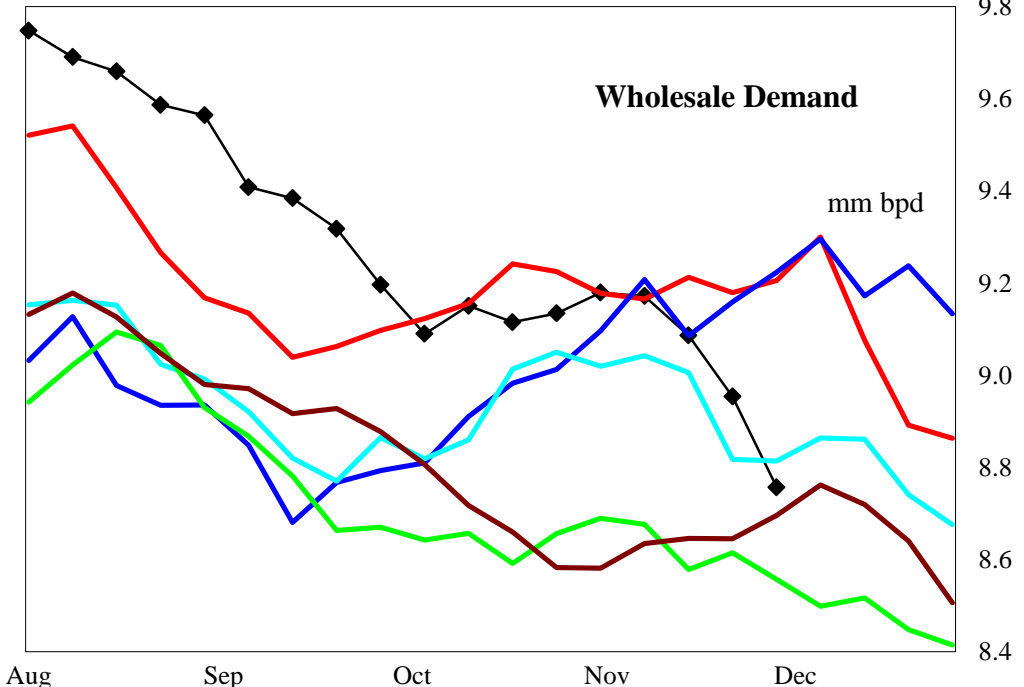
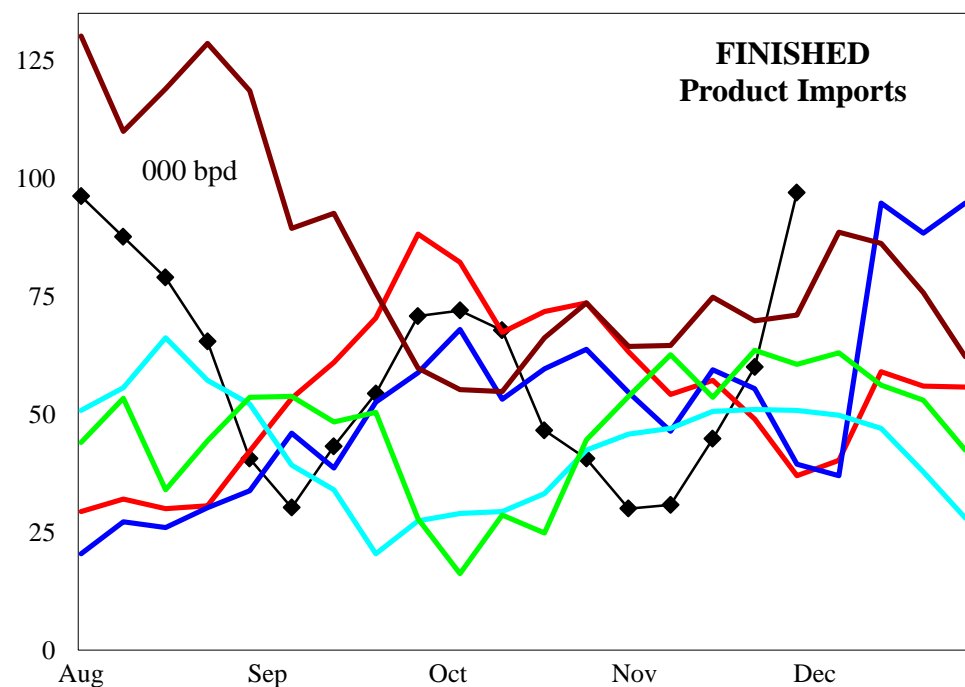
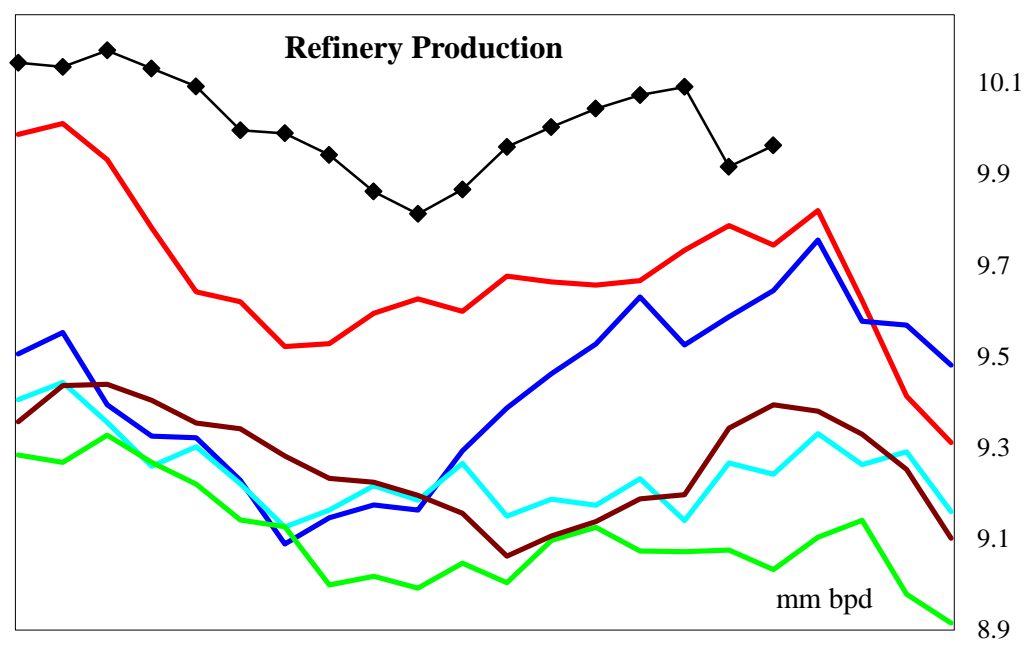
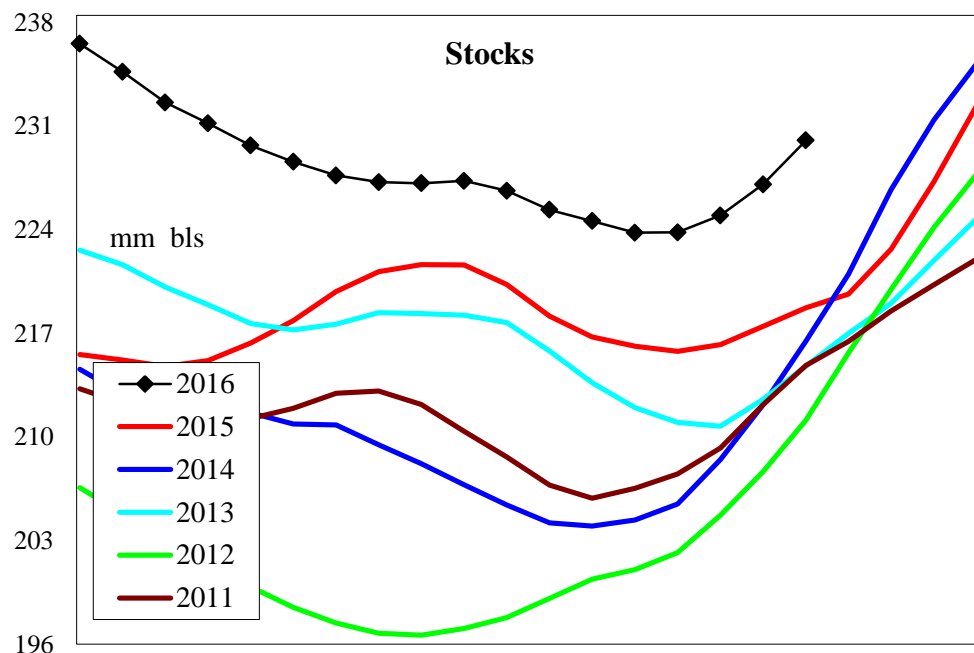
#### Gulf Coast Price

Exports from the Gulf look to change basis levels in that market as well as the Midwest during the normally depressed winter quarter. By moving product off shore, the extreme over supply in these markets during the winter quarter is less likely, with the result being higher average basis during this low demand period.

Very high stocks of all transport fuels and crude oil in the U.S. point to risk of a price pull back during the next quarter.

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# United States Gasoline Supply and Demand


**4 wk avg variance to prior year**

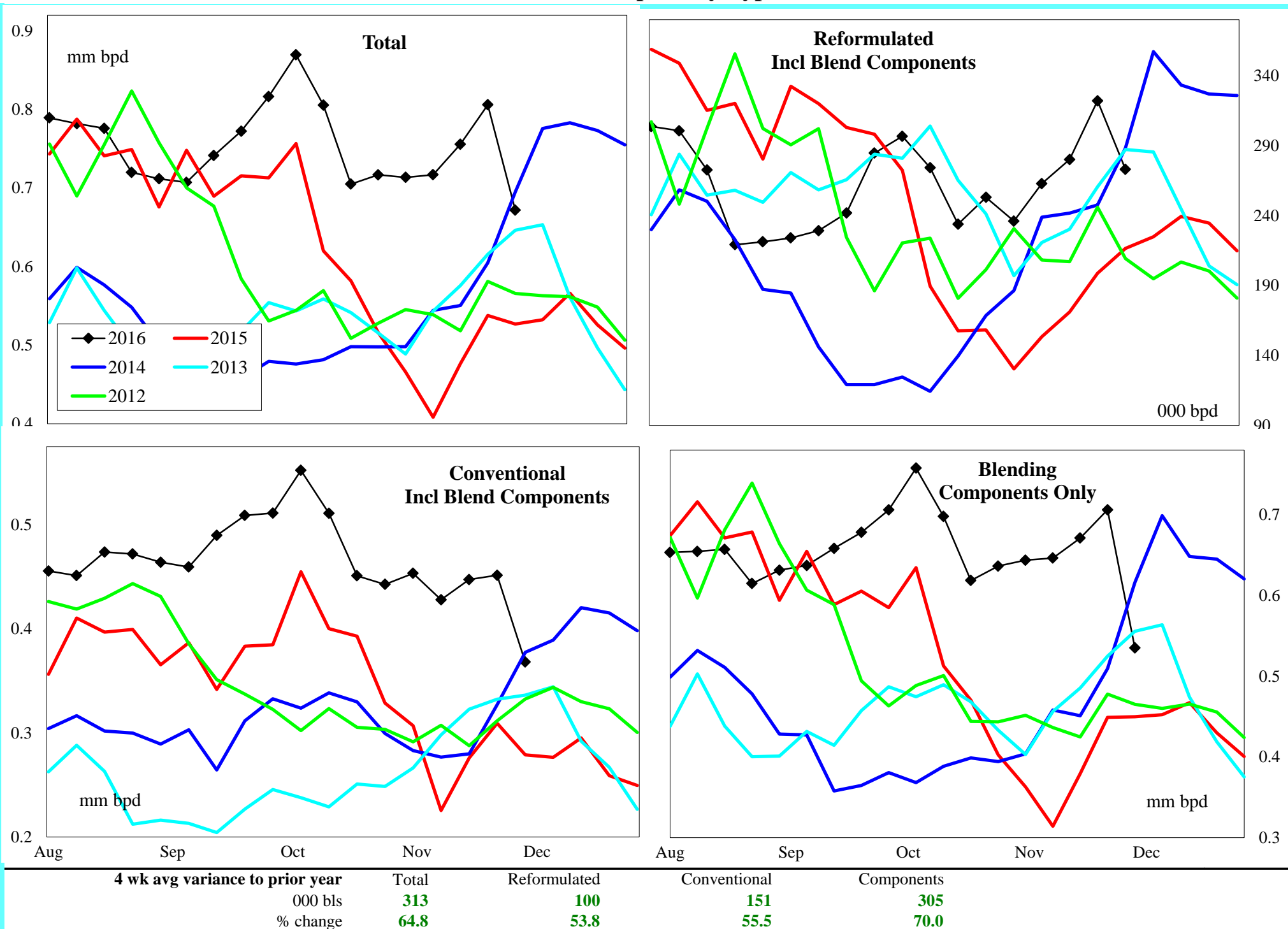
000 bpd (000 bls stks)

**Stocks**
**11,895**
**Production**
**257**
**Fin Impt**
**8**
**Blend Impt**
**305**
**Demand=>**
**4wk avg**
**-114**
**Oct**
**-159**
**Jan**
**57**
**Aug**
**128**

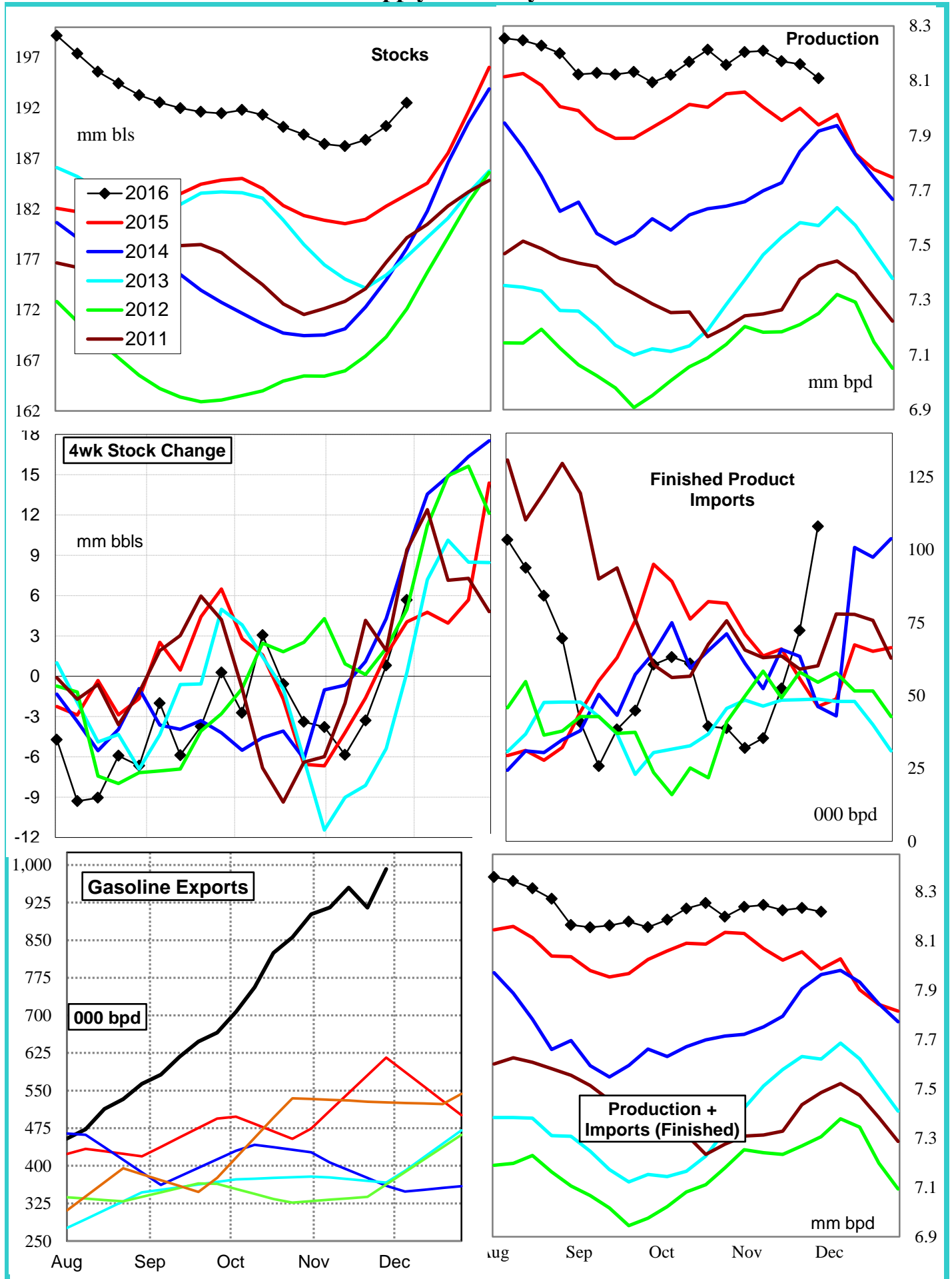
% change

**5.5**
**2.7**
**16.0**
**70.0**
**-1.2**
**-1.7**
**0.6**
**1.4**

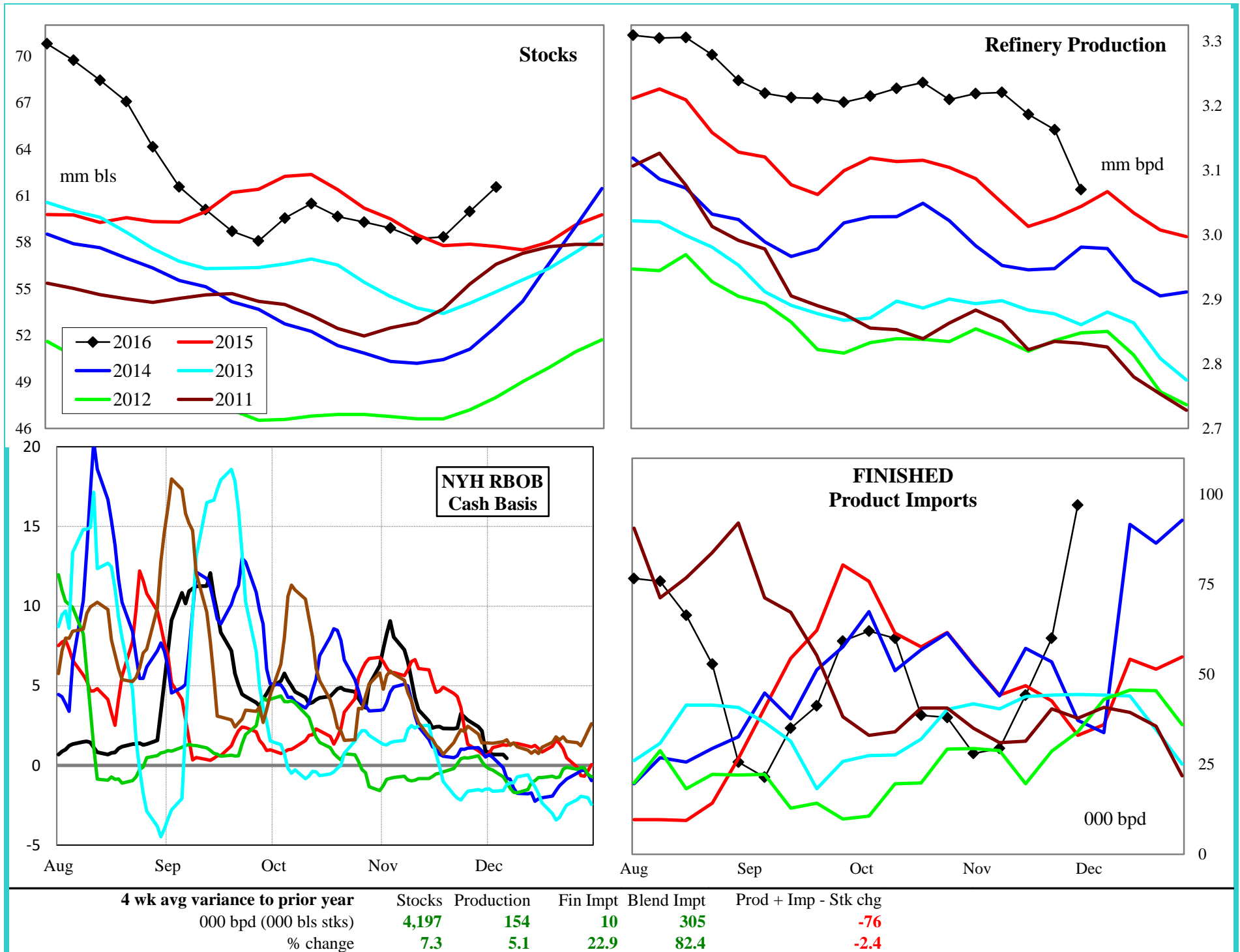
## Gasoline Imports by Type



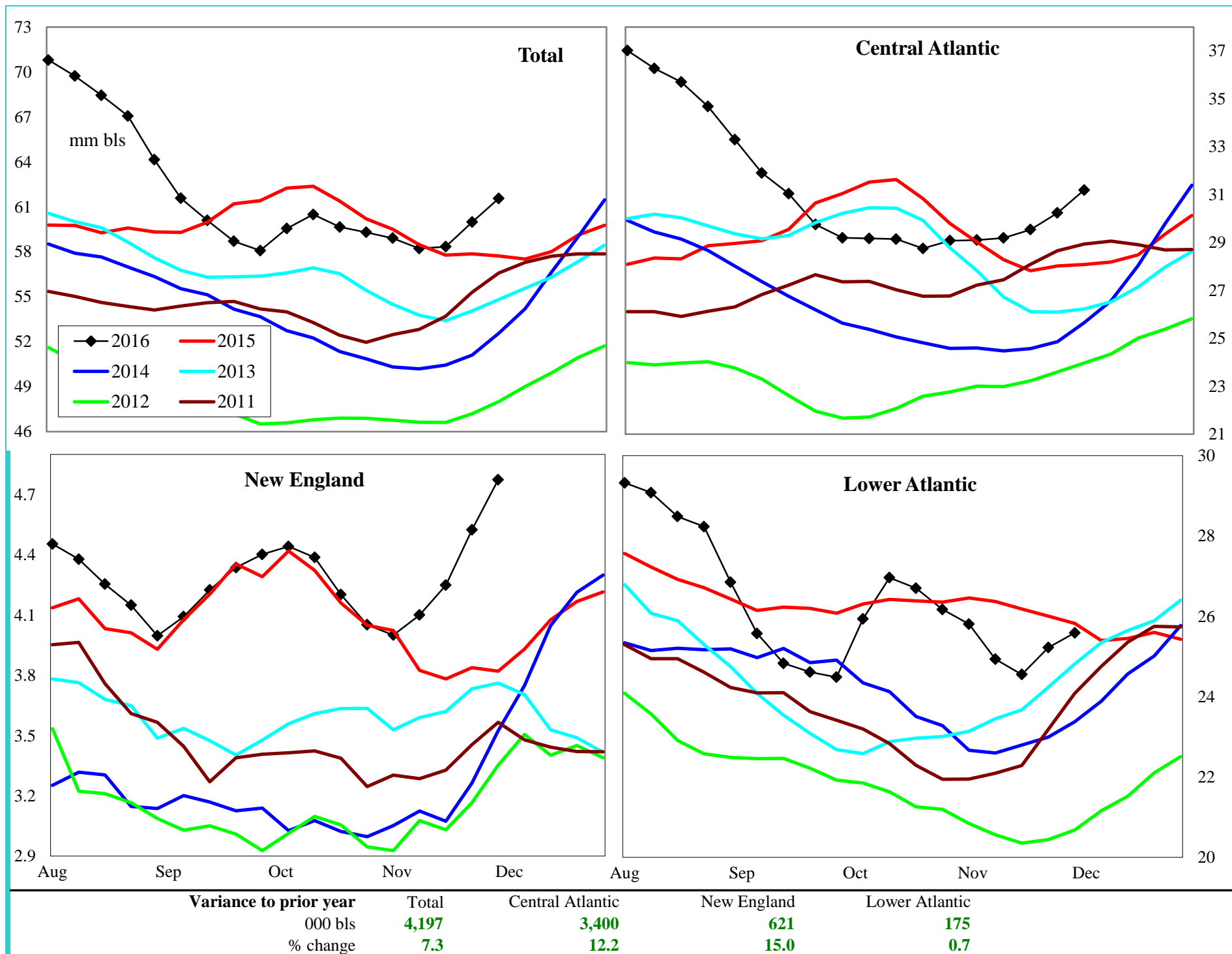
# Gasoline Supply Summary PADDs 1+2+3



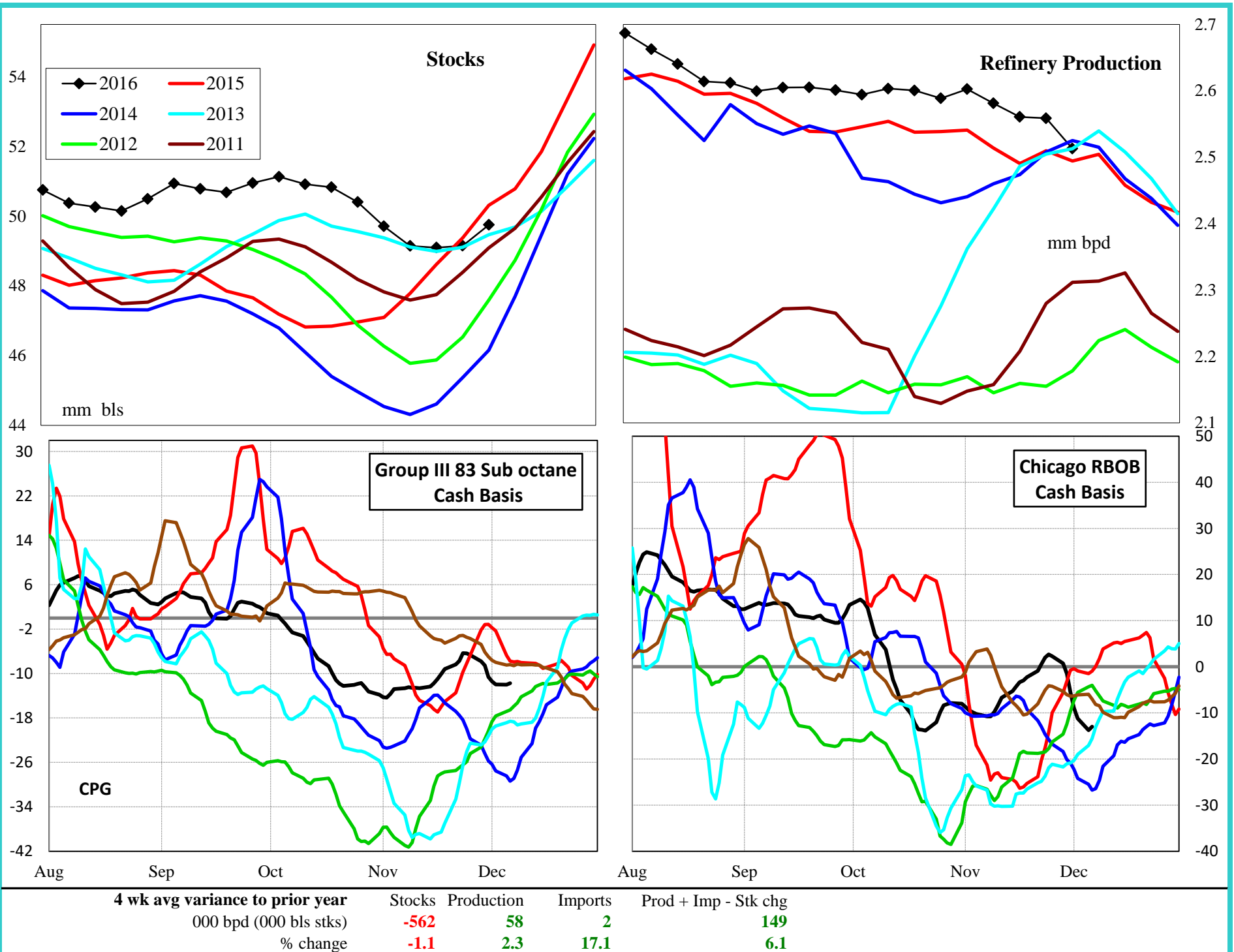
## PADD 1 Gasoline Supply



# PADD 1 Gasoline Stocks by Region

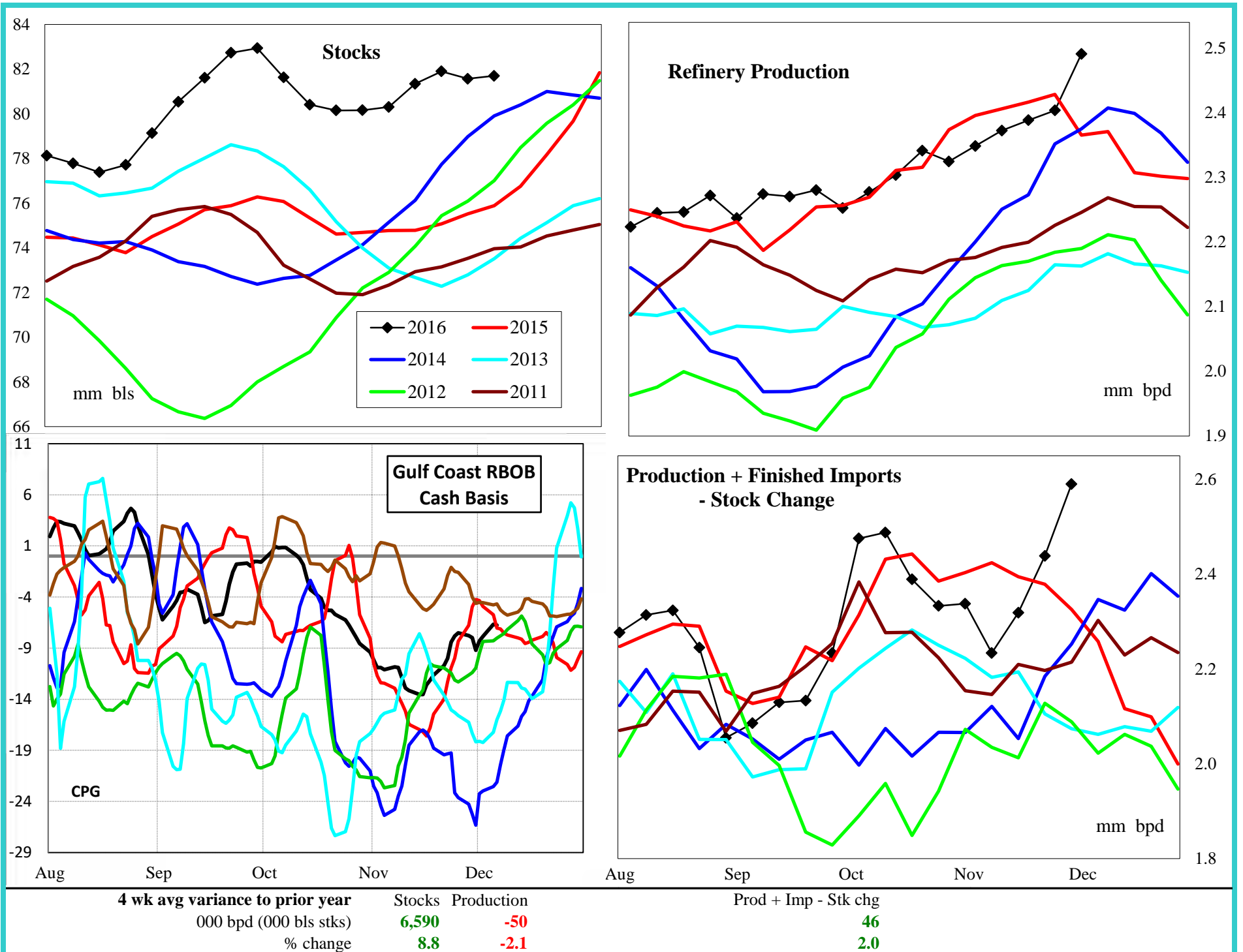


## PADD 2 Gasoline Supply



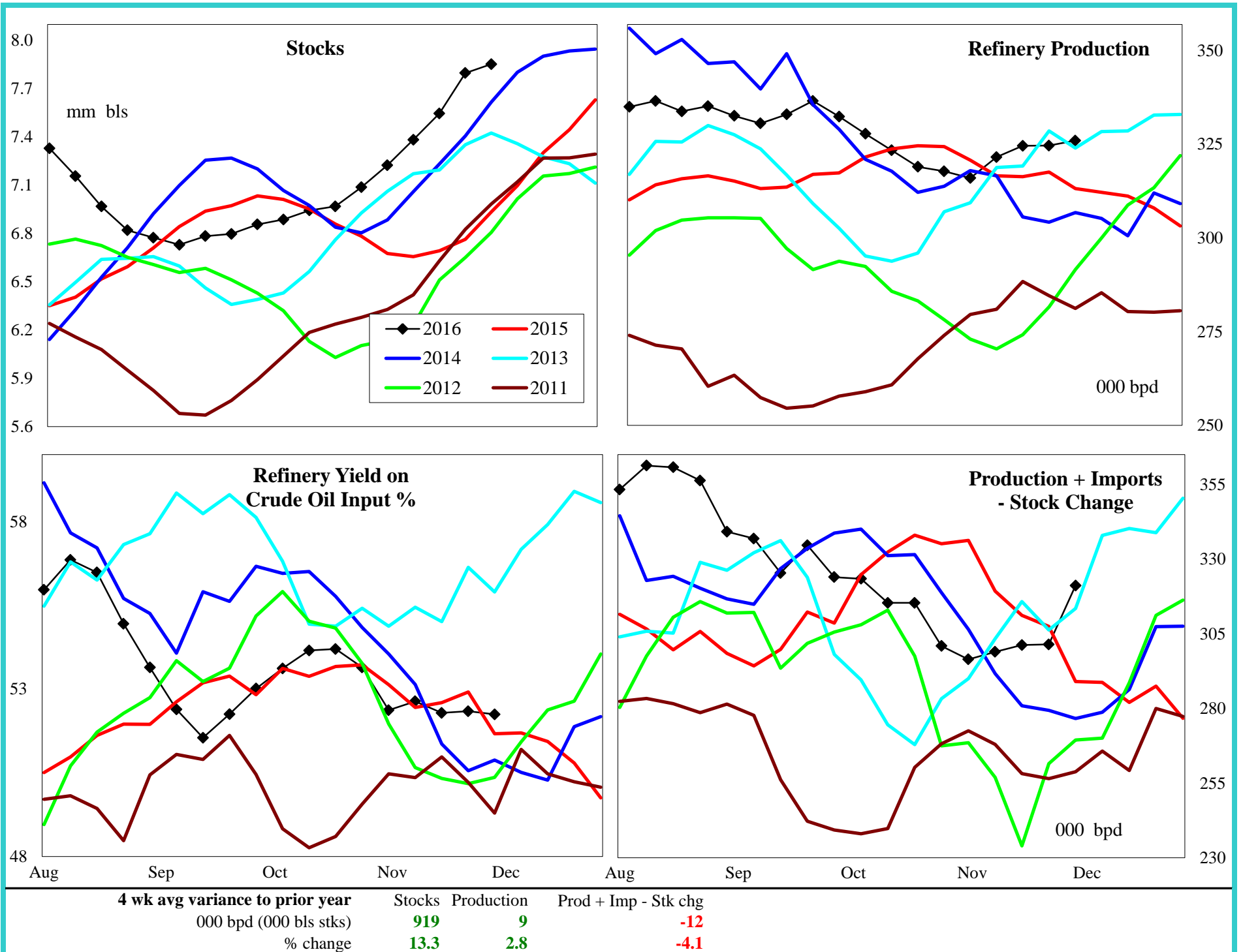


# PADD 3 Gasoline Supply

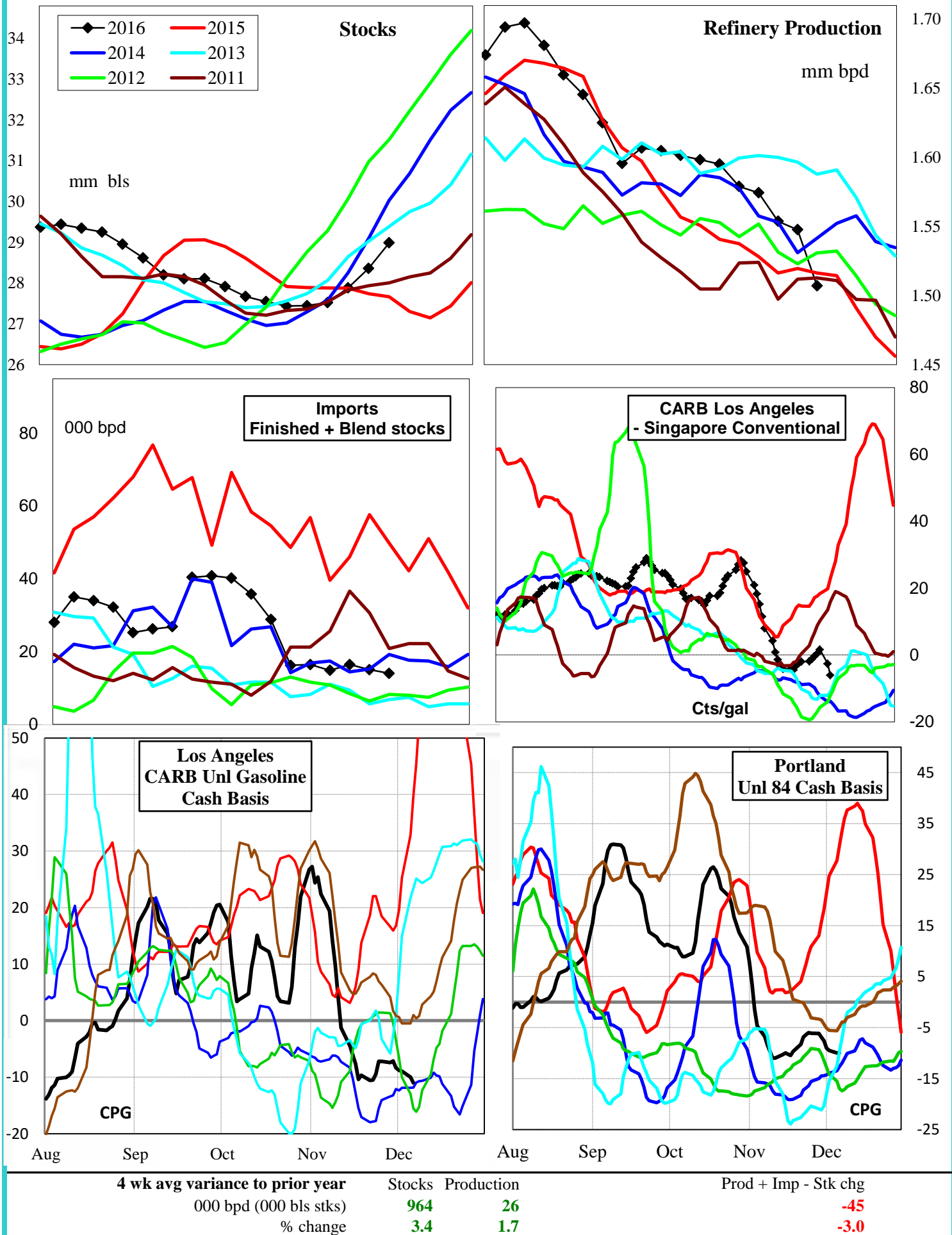




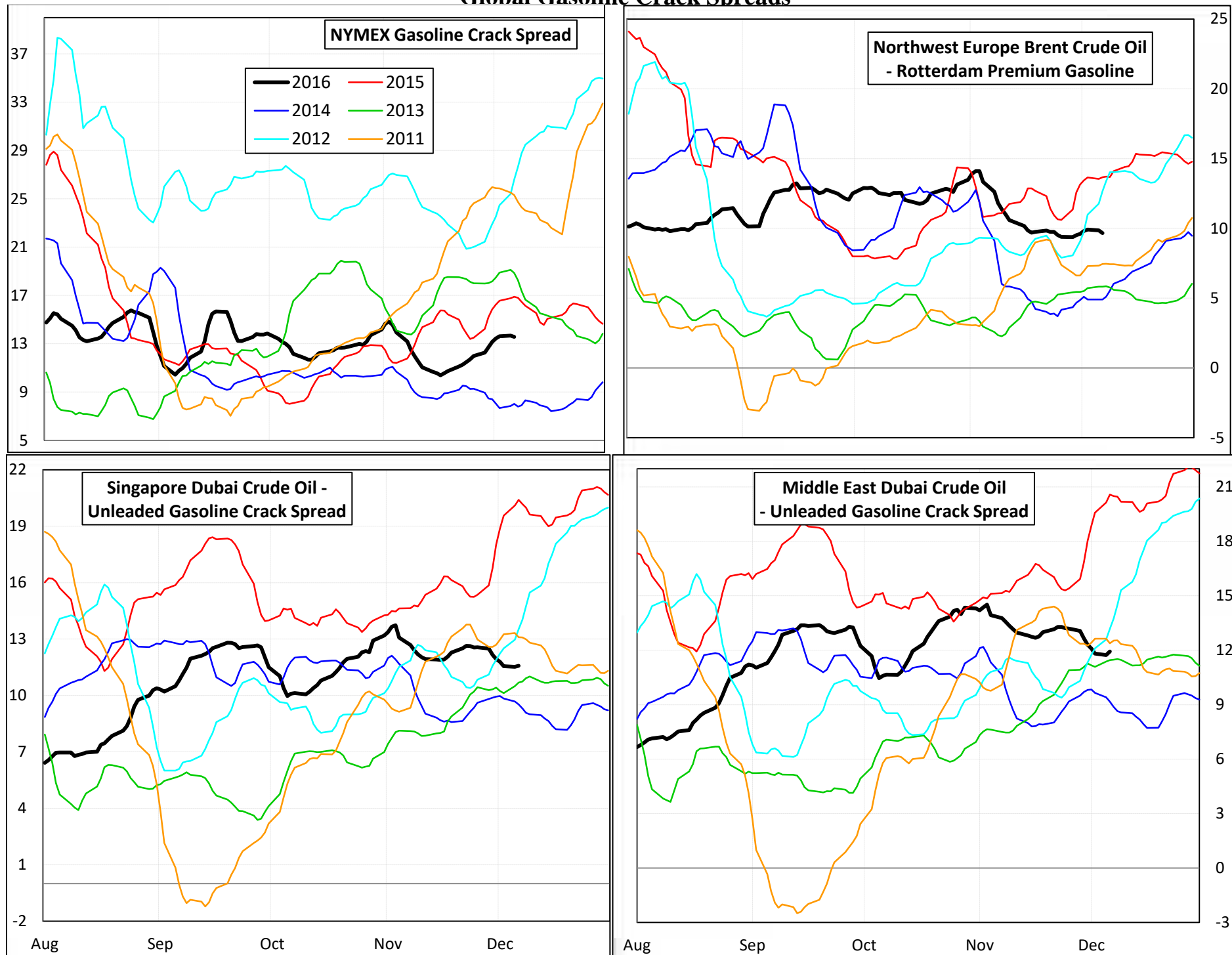
## PADD 4 Gasoline Supply



# PADD 5 Gasoline Supply



## Global Gasoline Crack Spreads



Global Gasoline Cash Basis

