

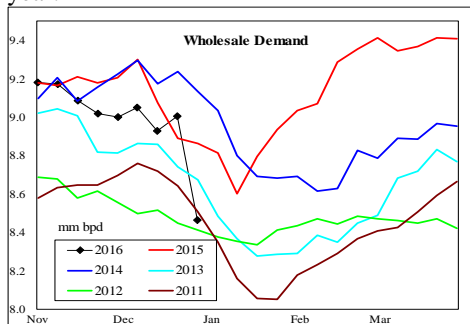


WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

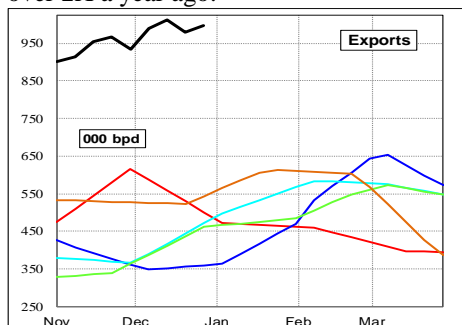
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, January 05, 2017

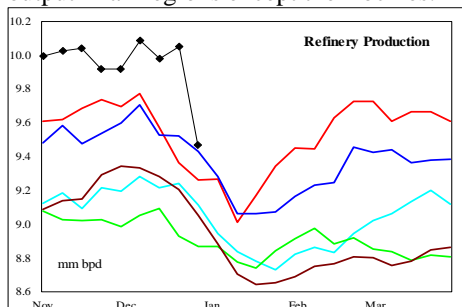
Wholesale demand fell -0.8 million bpd on a holiday shortened week. The latest 4-wk average demand was unchanged from last year.



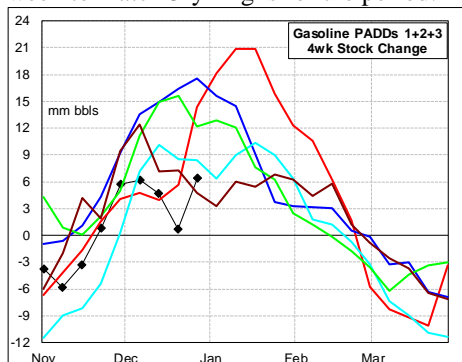
Exports were +1 million bpd last week, over 2X a year ago.



Supply fell -0.8 million bpd with lower output in all regions except the Rockies.



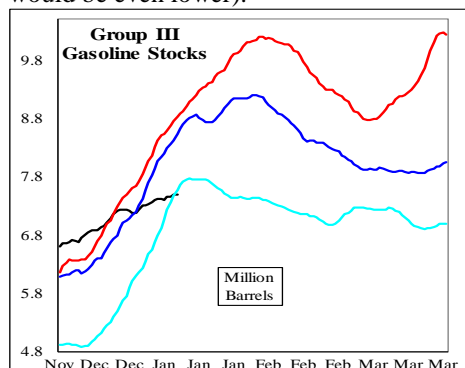
Imports climbed +0.3 million bpd on the week to match 5-yr highs for the period.



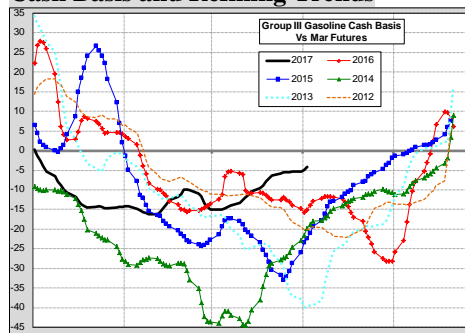
Stocks jumped +8.3 million barrels on the drop in wholesale demand with the latest

4-wk stock change for markets East of the Rockies a build of +6.4 million barrels compared to +16 million barrels in each of the last 2-yrs.

Group III stocks increased +0.35 million barrels last week, although the level was -1.6 million barrels below last year (with consideration for added line fill this year to Little Rock, the stock level would be even lower).



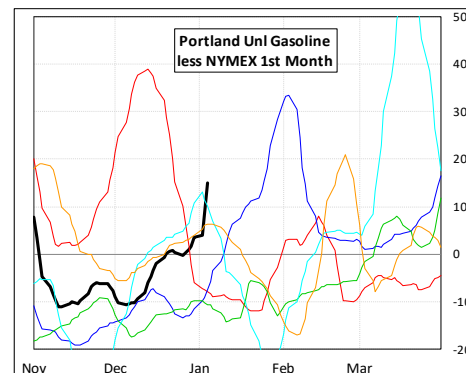
Cash Basis and Refining Trends



Cash basis for CBOB grade gasoline extended the month-long uptrend last week in the Group III and Chicago markets. Gulf basis pulled back late in the week.

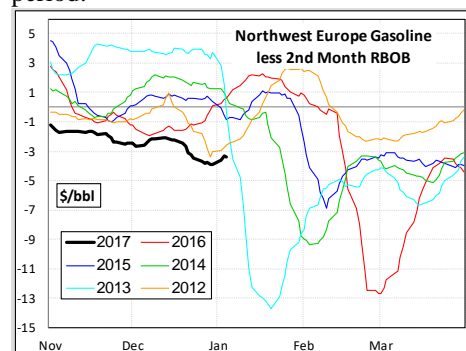
Given the sharp stock build across regions, look for significant weakness in the Chicago market going forward, where basis levels ended the week at a record high for this time of year.

Basis in the Northwest spiked last week, climbing to levels above the 5-yr range for this time of year; driven by extremely low stocks in the region. Basis in California markets traded mostly sideways at a level below the last 2-yrs.



Gasoline crack spreads trended lower in most global markets last week, at levels below the average of the last 2-yrs, with the exception of the NYMEX where the spread traded above the last 2-yrs.

Cash basis in most gasoline markets trended lower late last week. Northwest Europe traded at a level below the 5-yr range for this time of year. Other markets traded below the 2-yr average for the period.



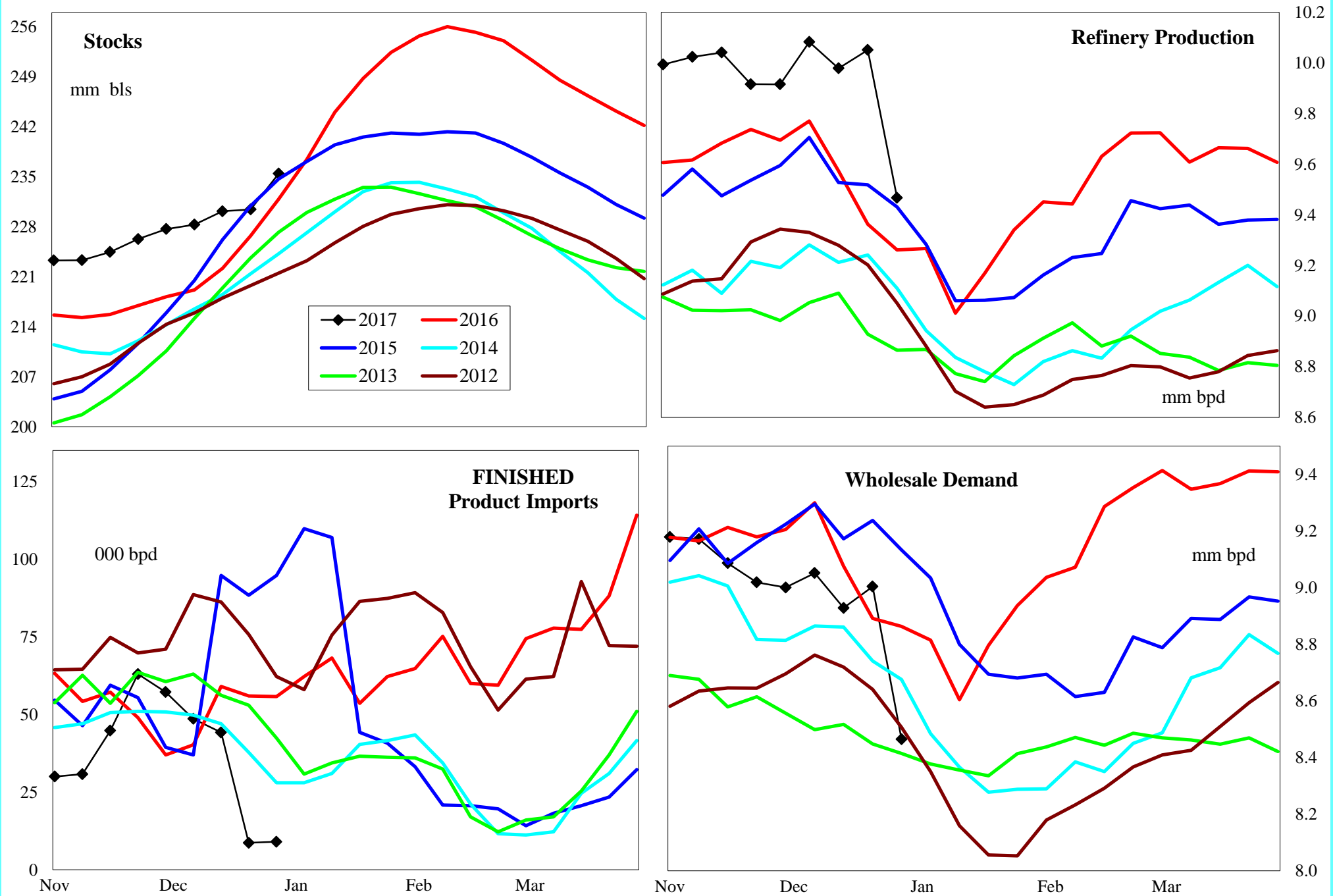
Gulf Coast Price

Exports remain at an extremely high level, over 2X compared to a year ago. While the holiday shortened week led to large stock builds, the increased rate of exports should continue to support cash basis in markets East of the Rockies as refiners begin winter maintenance in the Gulf.

Winter refinery maintenance in the Gulf and resulting lower demand should partially offset the announced OPEC production cuts; risking a seasonal pullback in global oil prices during the 1st quarter.

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United States Gasoline Supply and Demand



4 wk avg variance to prior year

000 bpd (000 bls stks)

Stocks

3,454

Production

497

Fin Impt

-37

Blend Impt

73

Demand=>

4wk avg

-18

Nov

-54

Oct

-172

Sep

217

% change

1.5

5.2

-54.6

16.2

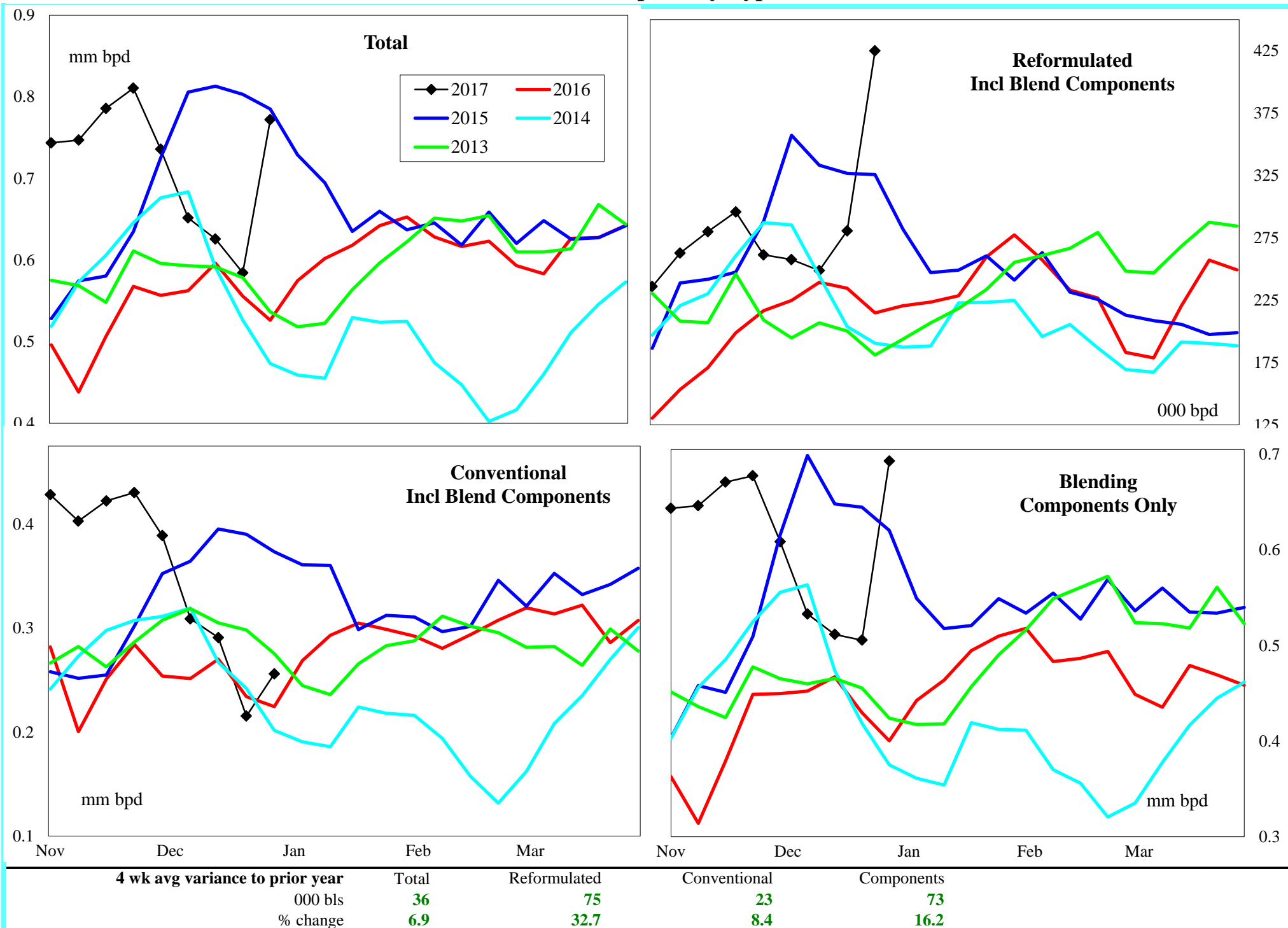
-0.2

-0.6

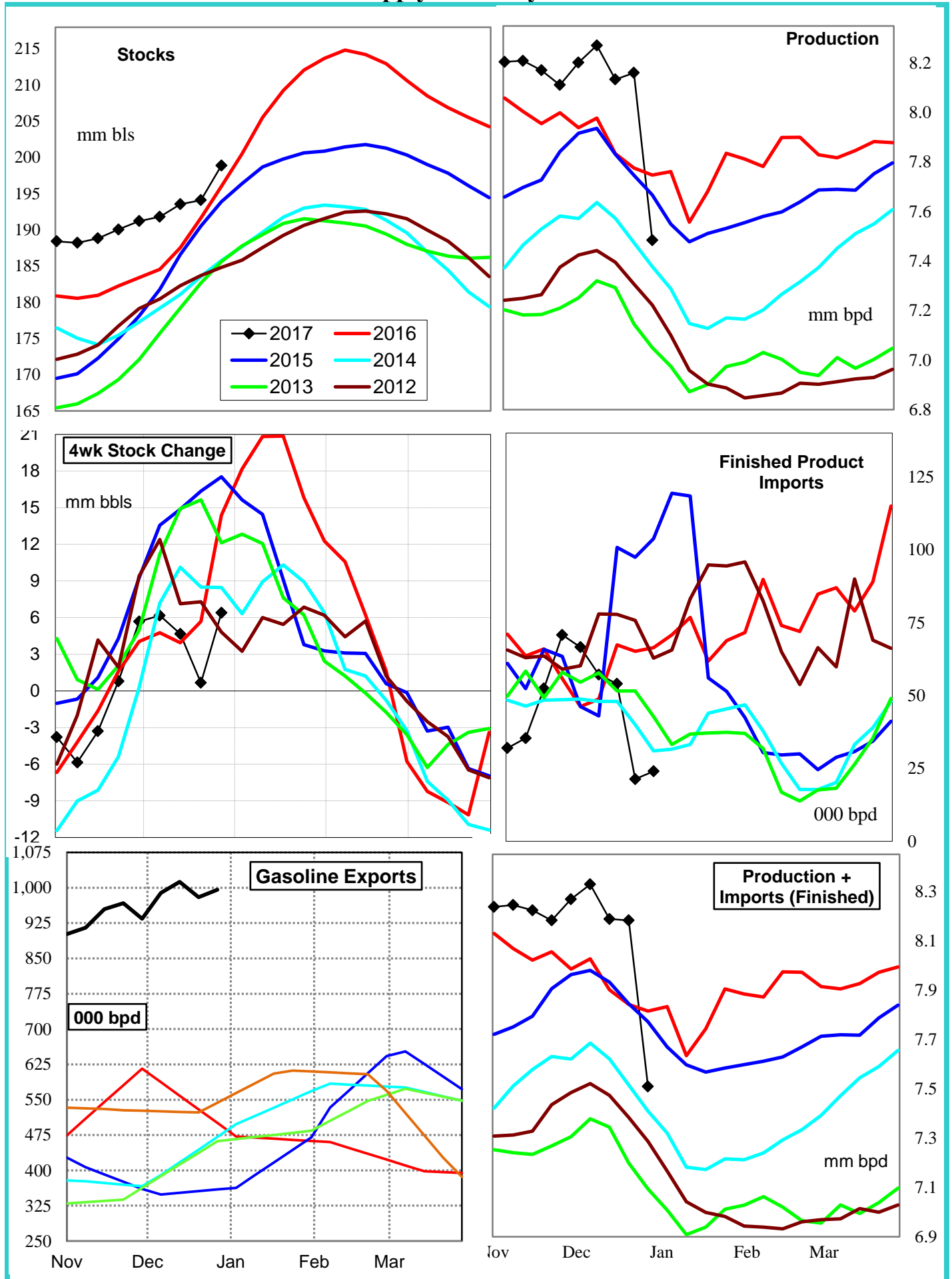
-1.9

2.3

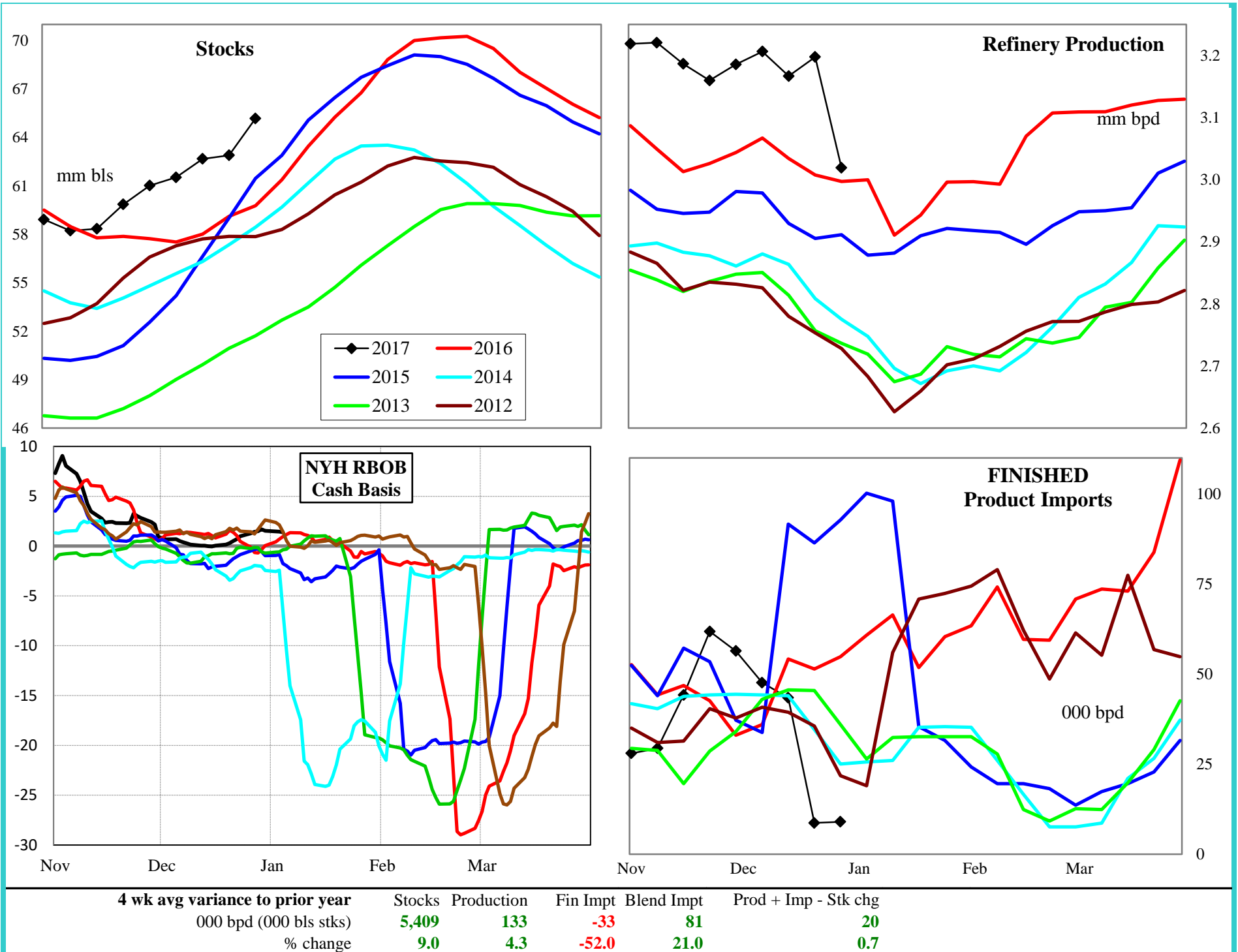
Gasoline Imports by Type



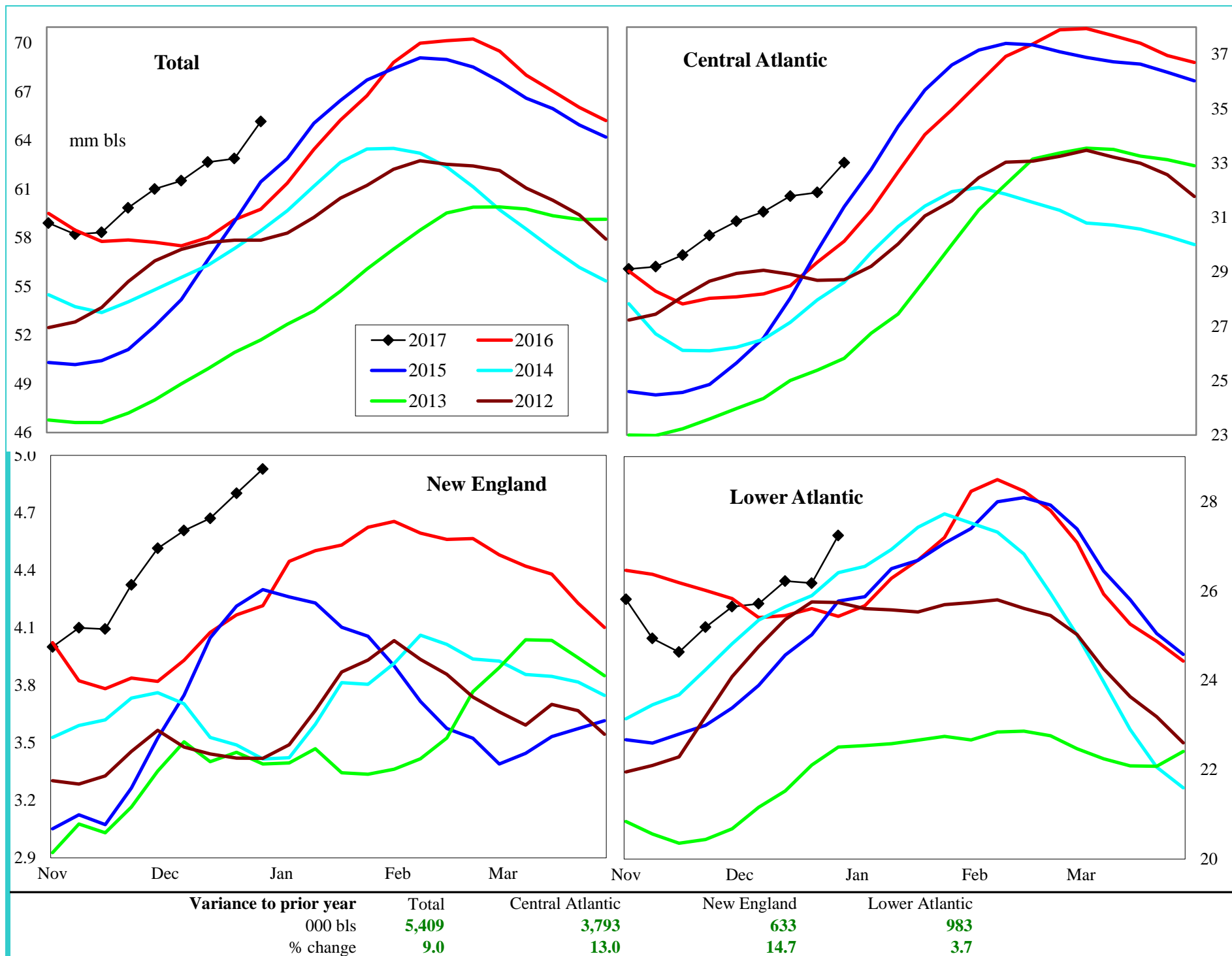
Gasoline Supply Summary PADDs 1+2+3



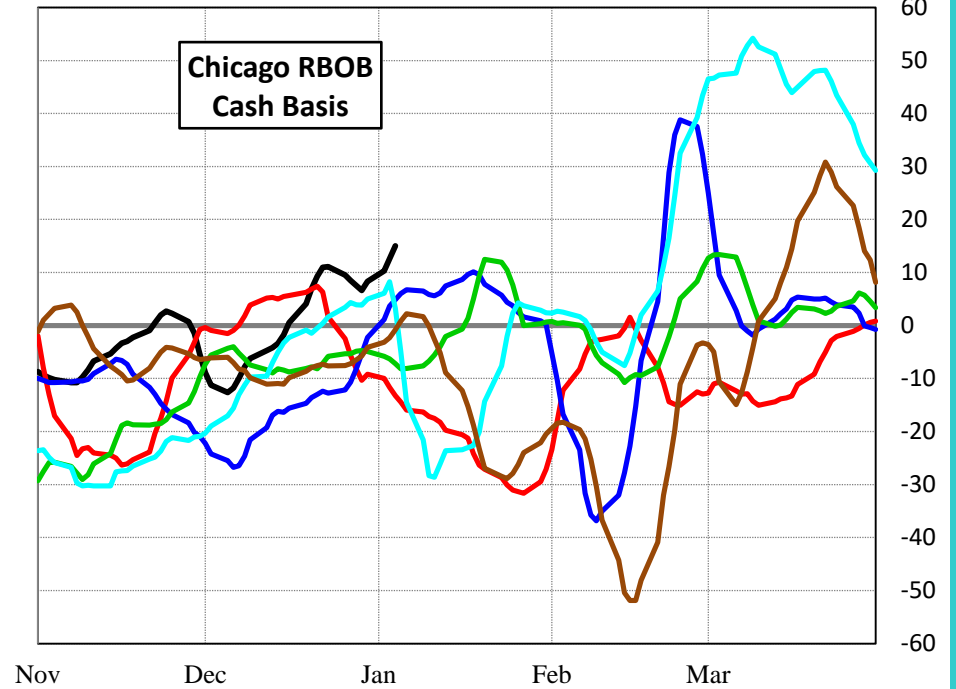
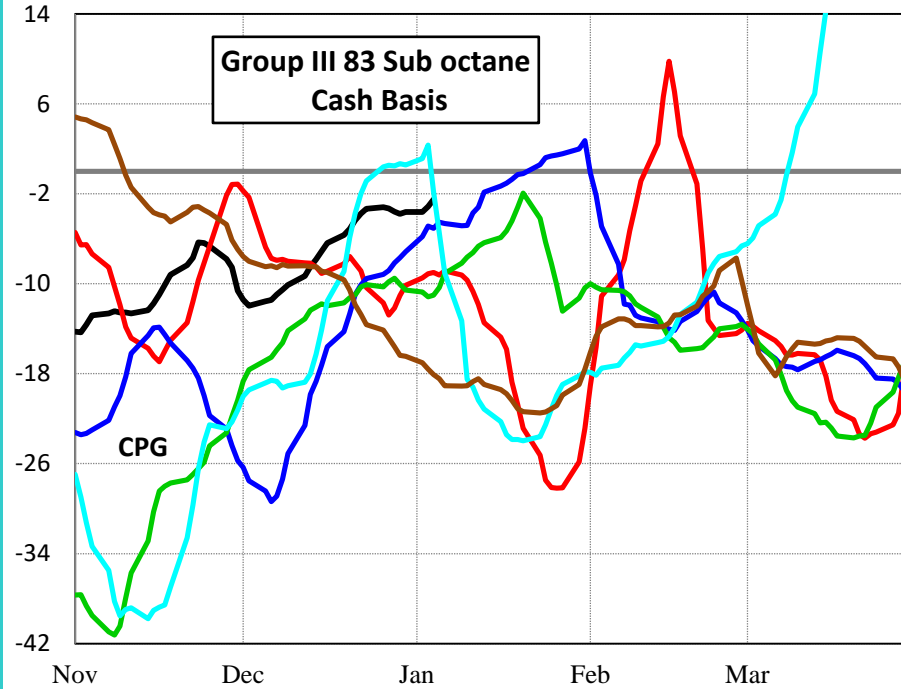
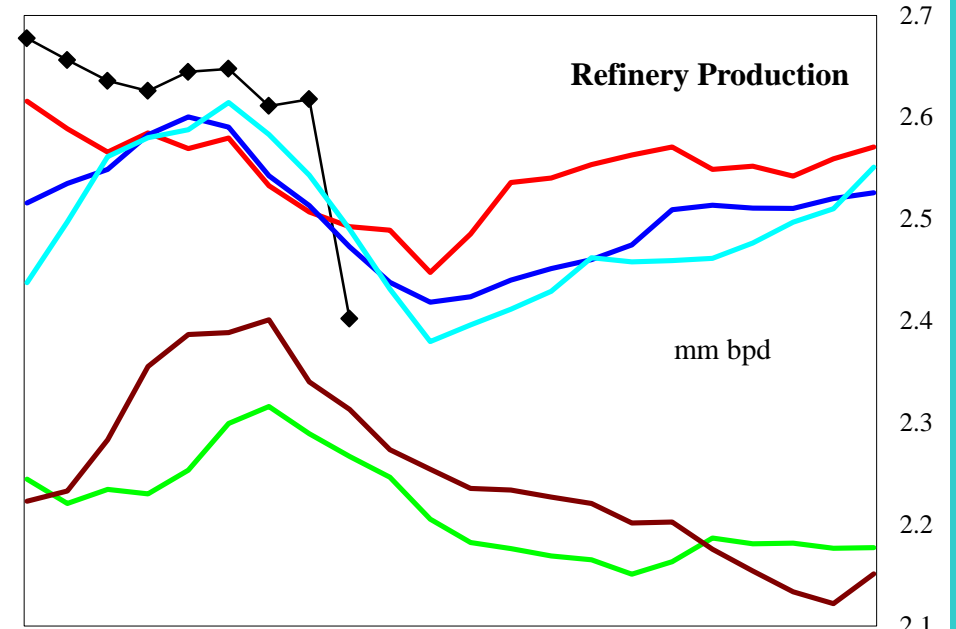
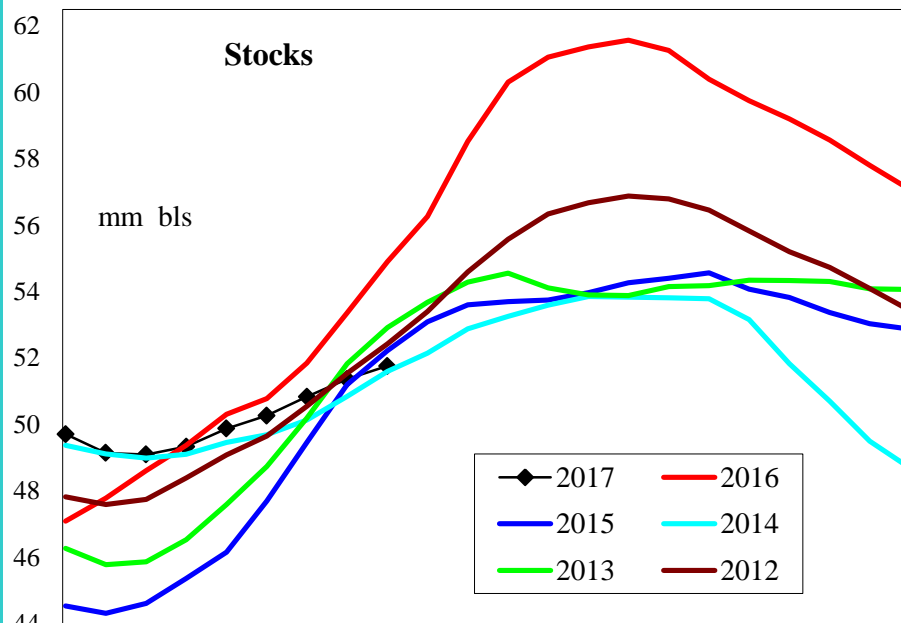
PADD 1 Gasoline Supply



PADD 1 Gasoline Stocks by Region



PADD 2 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-3,145

-5.8

Production

72

2.9

Imports

-2

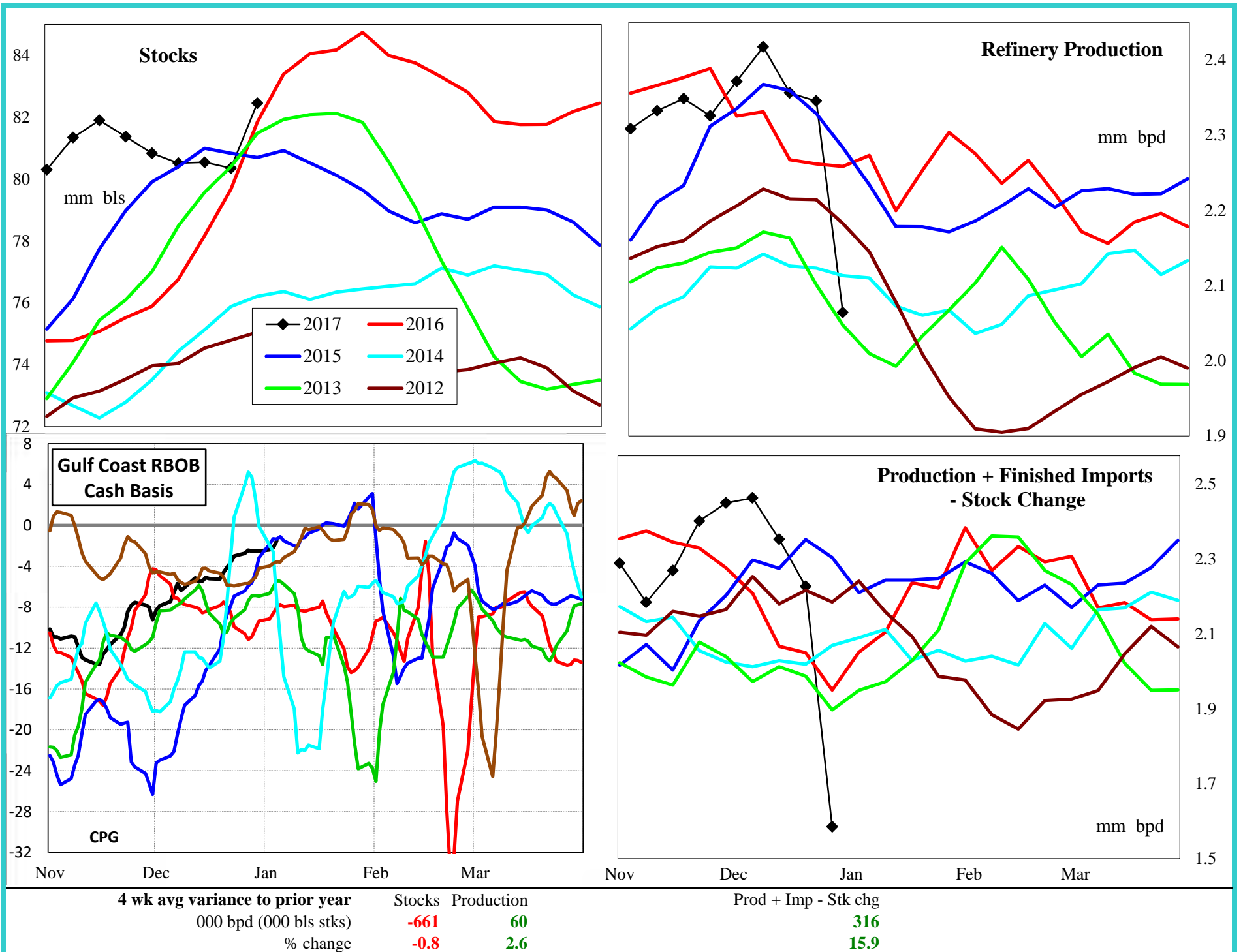
-14.3

Prod + Imp - Stk chg

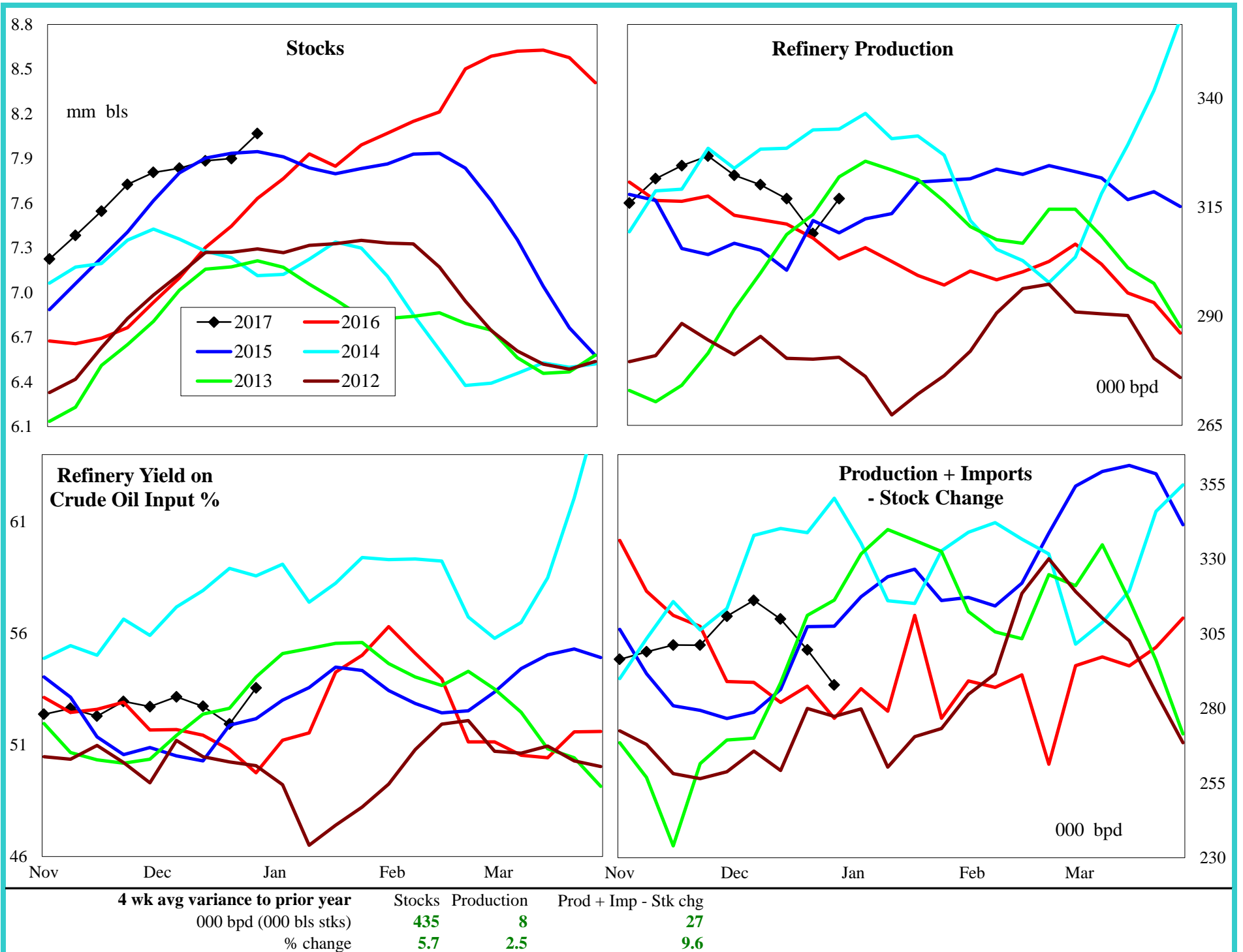
140

5.9

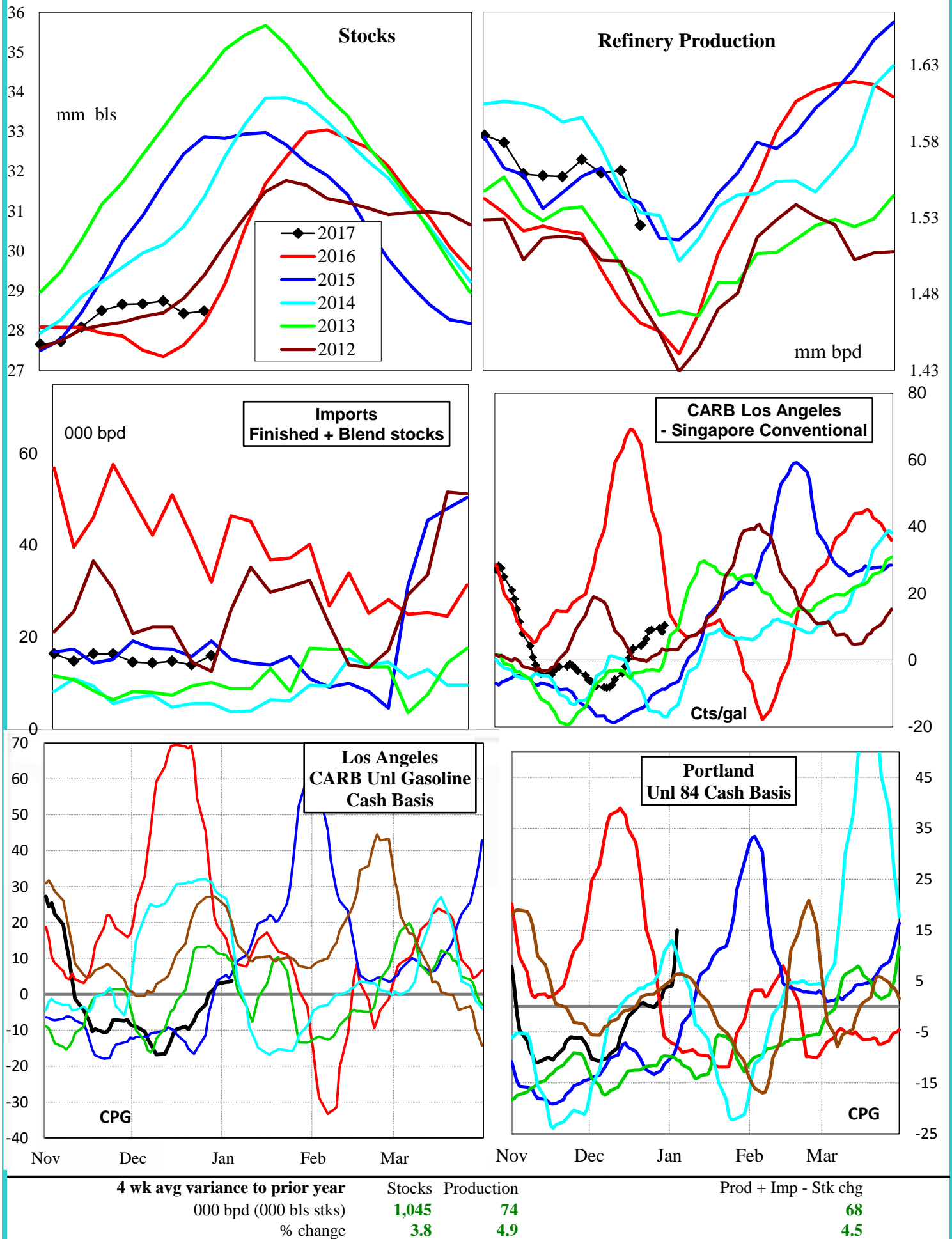
PADD 3 Gasoline Supply



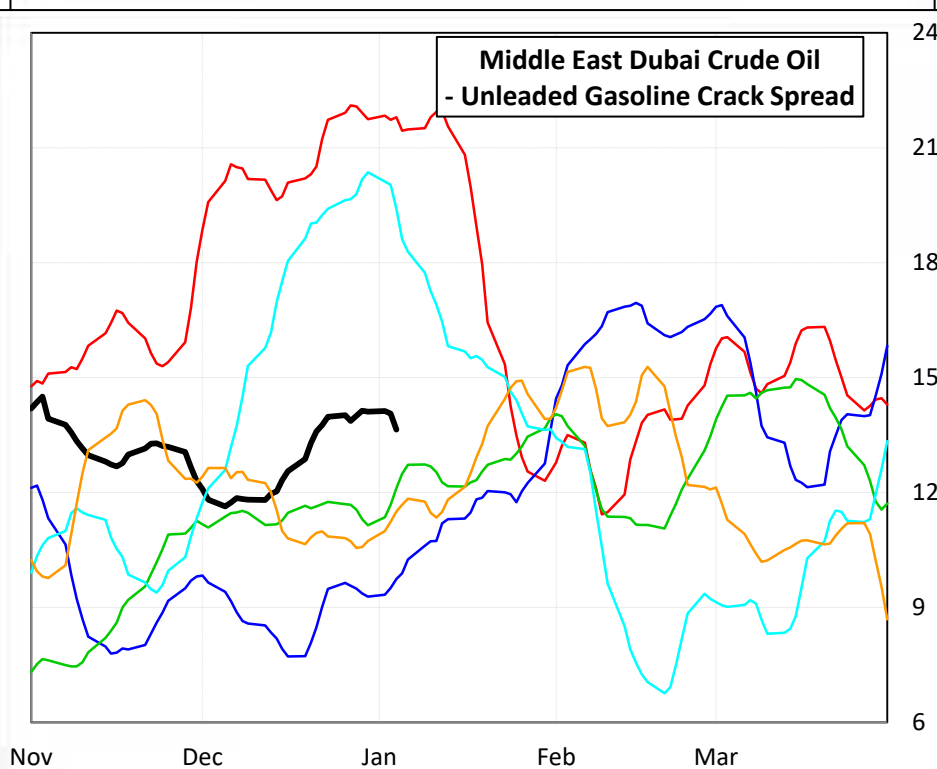
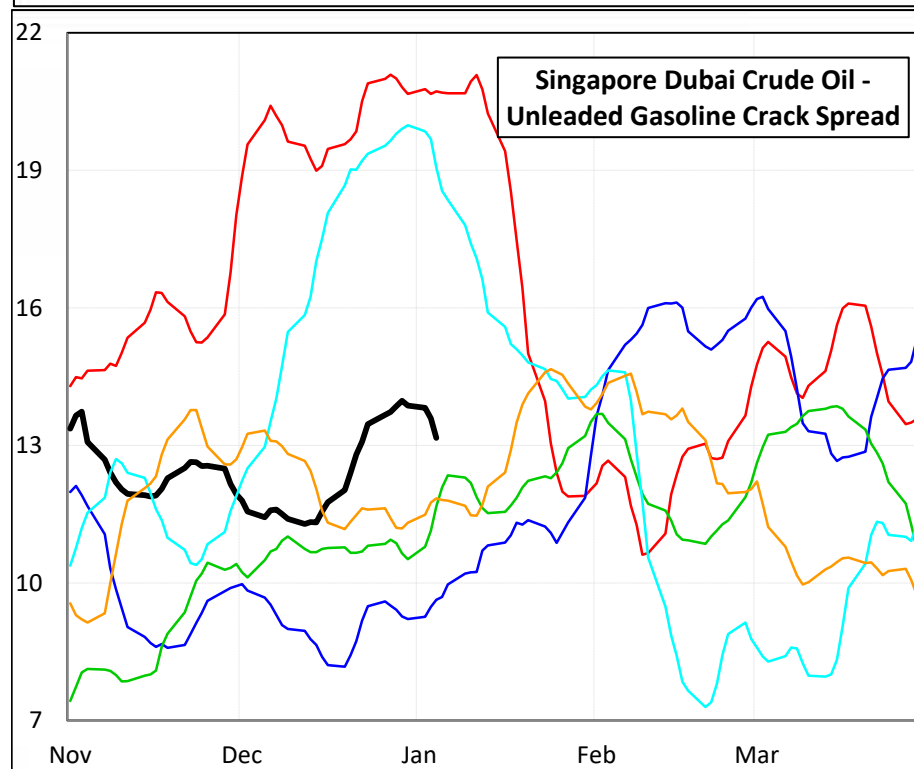
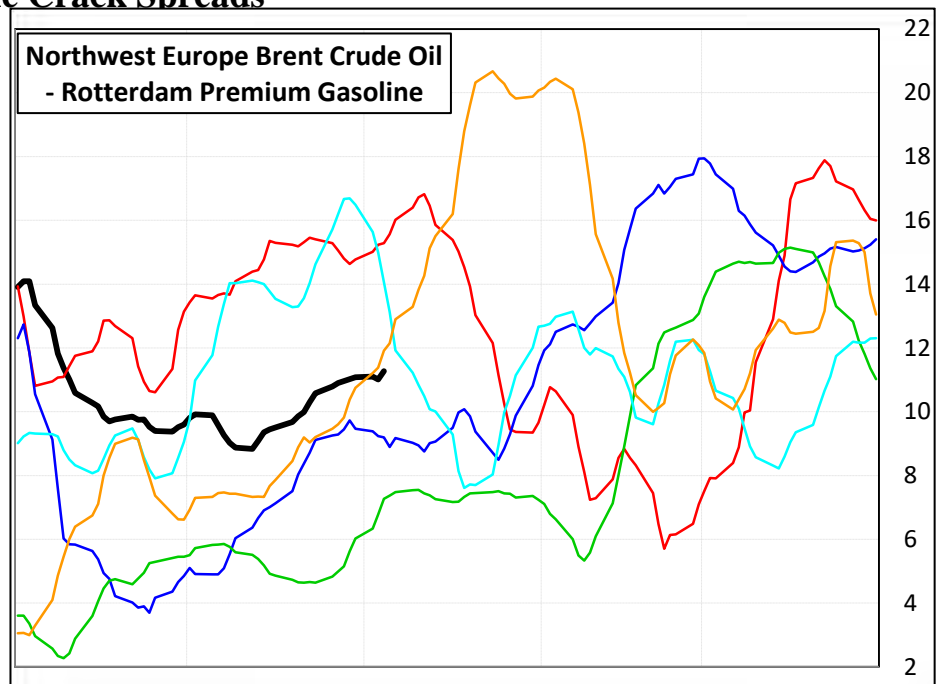
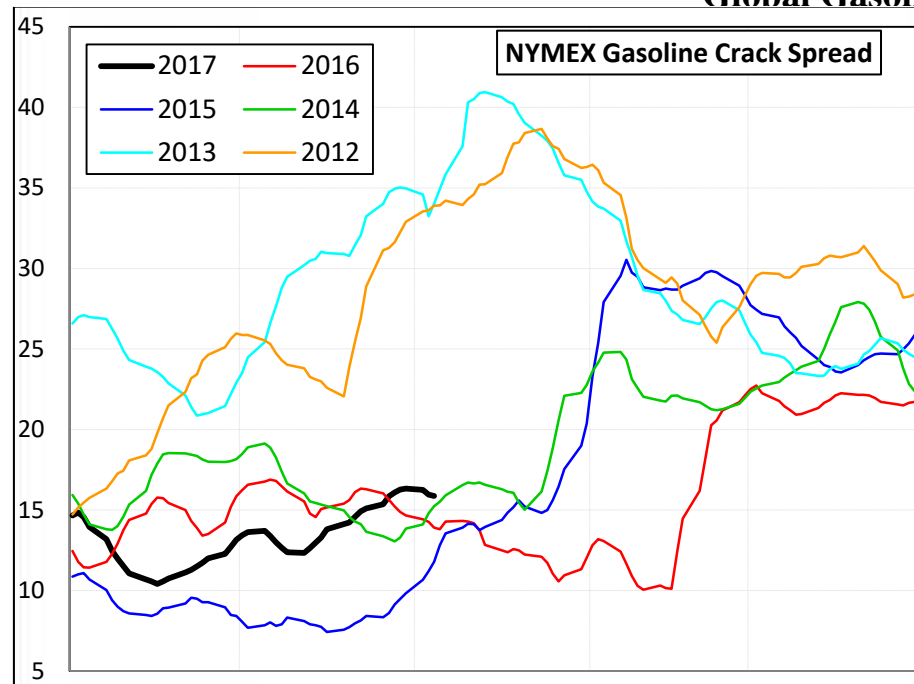
PADD 4 Gasoline Supply



PADD 5 Gasoline Supply



Global Gasoline Crack Spreads



Global Gasoline Cash Basis

