

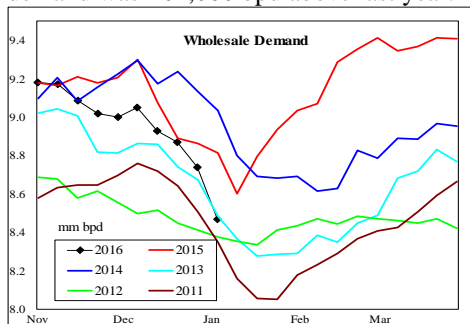


WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

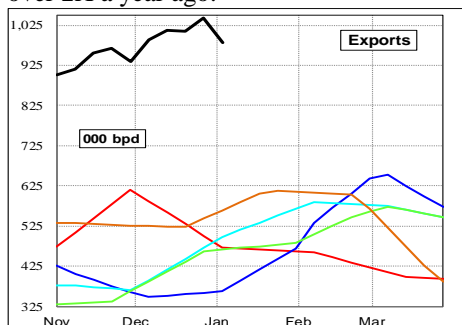
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, January 16, 2017

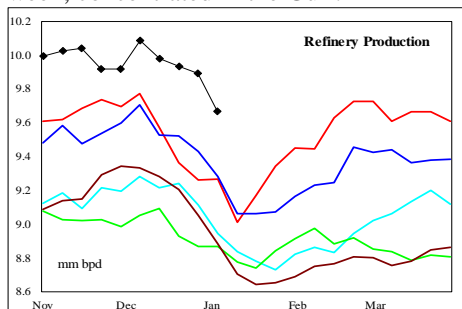
Wholesale demand was unchanged last week, at a level that matched 3-yr lows for the period. The latest 4-wk average demand was +61,000 bpd above last year.



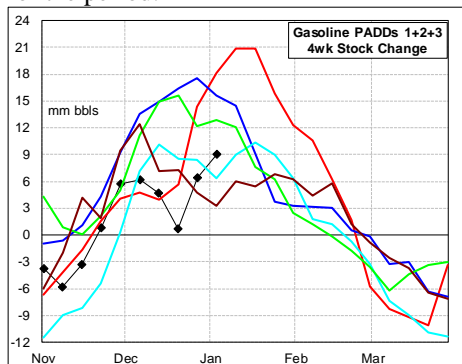
Exports were +1 million bpd last week, over 2X a year ago.



Supply increased +160,000 bpd on the week, concentrated in the Gulf.

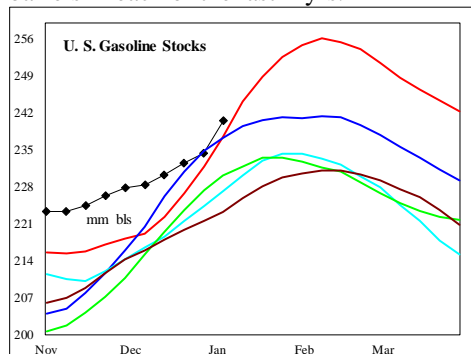


Imports decreased -39,000 bpd on the week to a level that matched historic highs for the period.

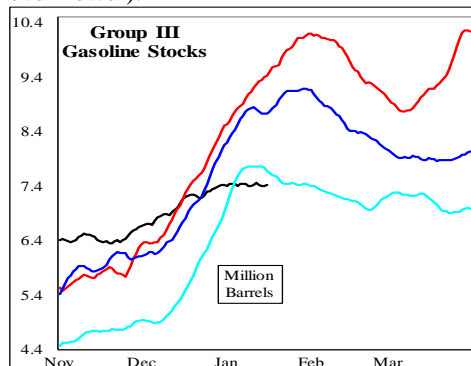


Stocks increased +5 million barrels on the

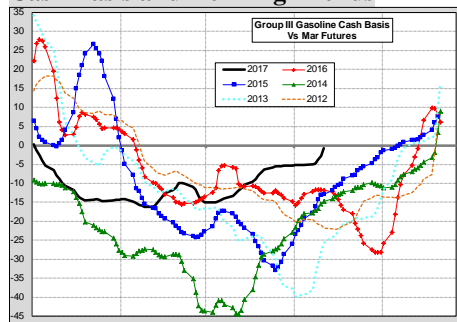
week, with the latest 4-wk stock change for markets East of the Rockies a build of +9.1 million barrels compared to +16.5 million barrels in each of the last 2-yrs.



Group III stocks decreased -0.2 million barrels last week, to a level below the last 3-yrs, (with consideration for added line fill to Little Rock, the stock level would be even lower).



Cash Basis and Refining Trends

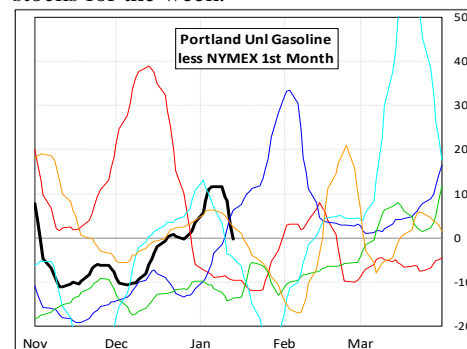


Cash basis for CBOB grade gasoline extended the long term uptrend last week in the Group III Chicago and the Gulf traded lower on the week.

Basis levels in the Group and Chicago traded above the 5-yr range for the week. Gulf basis traded near historic highs for the period; driven by the surge in exports.

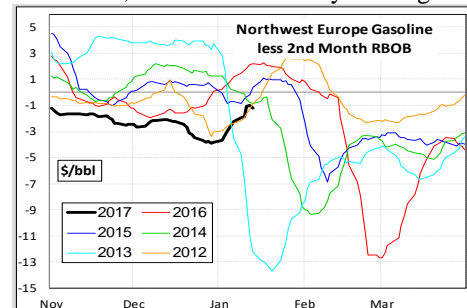
Basis on the west coast fell sharply in all regional markets. Levels in California markets fell below the last 2-yrs for the

period. The northwest reported levels near the 2-y average for the period. Contributing to the decline in west coast basis was a +2 million barrel build in stocks for the week.



Gasoline crack spreads trended higher in all global markets last week, to 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 all global gasoline markets trended higher last week. Basis levels in markets, other than the Northwest, traded near the 2-yr average.



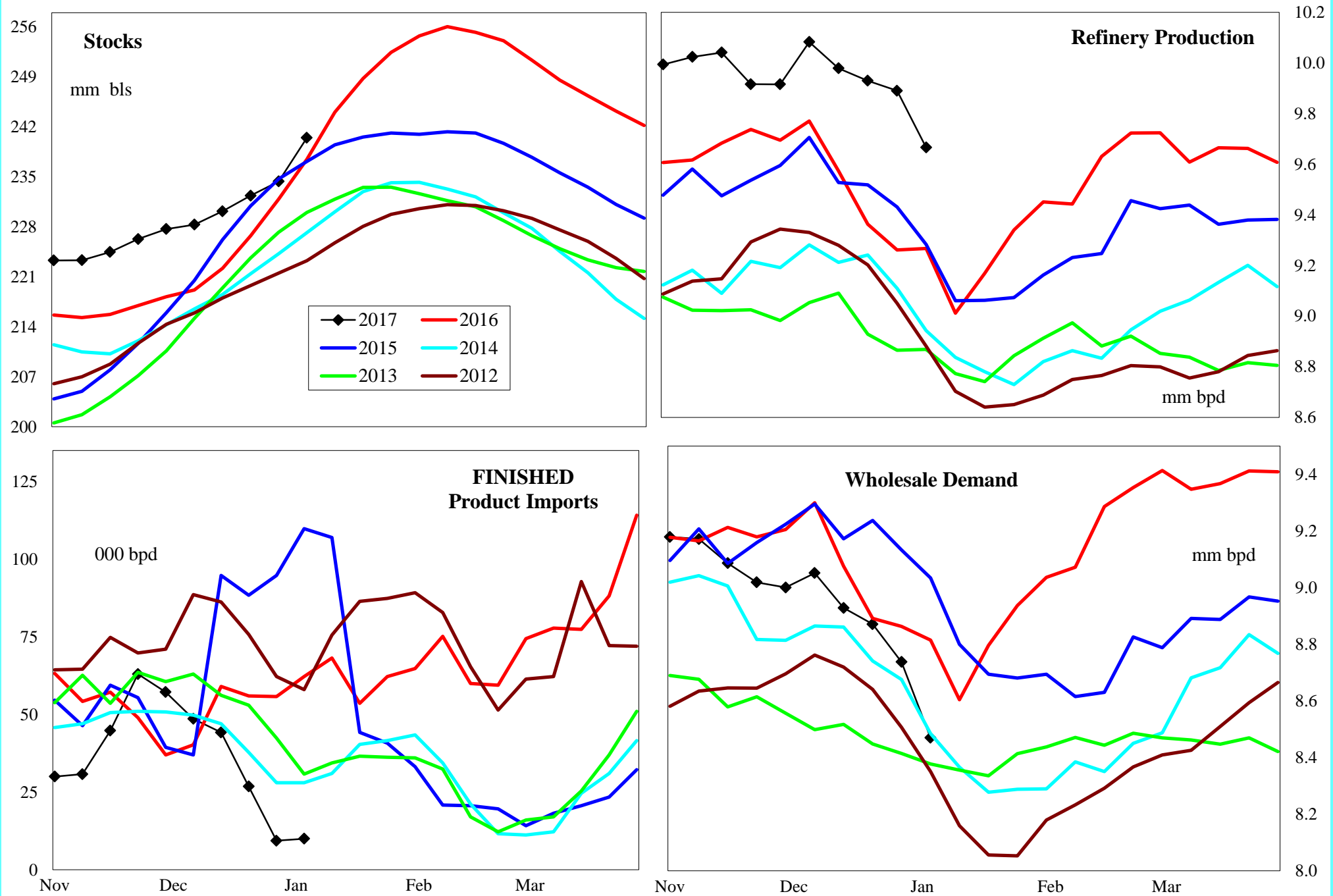
Gulf Coast Price

Exports continue at an extremely high level, more than 2X last year's rate. The holiday shortened week led to another large stock build pushing stock levels to match last year's record highs for the period. Record exports have reduced deliveries from the Gulf into the Midwest, driving stock levels to 5-yr lows for this time of year. Correspondingly cash basis ended the week at 5-yr highs in the Group and Chicago markets.

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)

% change

Stocks

Production

Fin Impt

Blend Impt

Demand=>

4wk avg

Nov

Oct

Sep

39

742

-47

151

61

-54

-172

217

0.0

8.1

-83.8

36.6

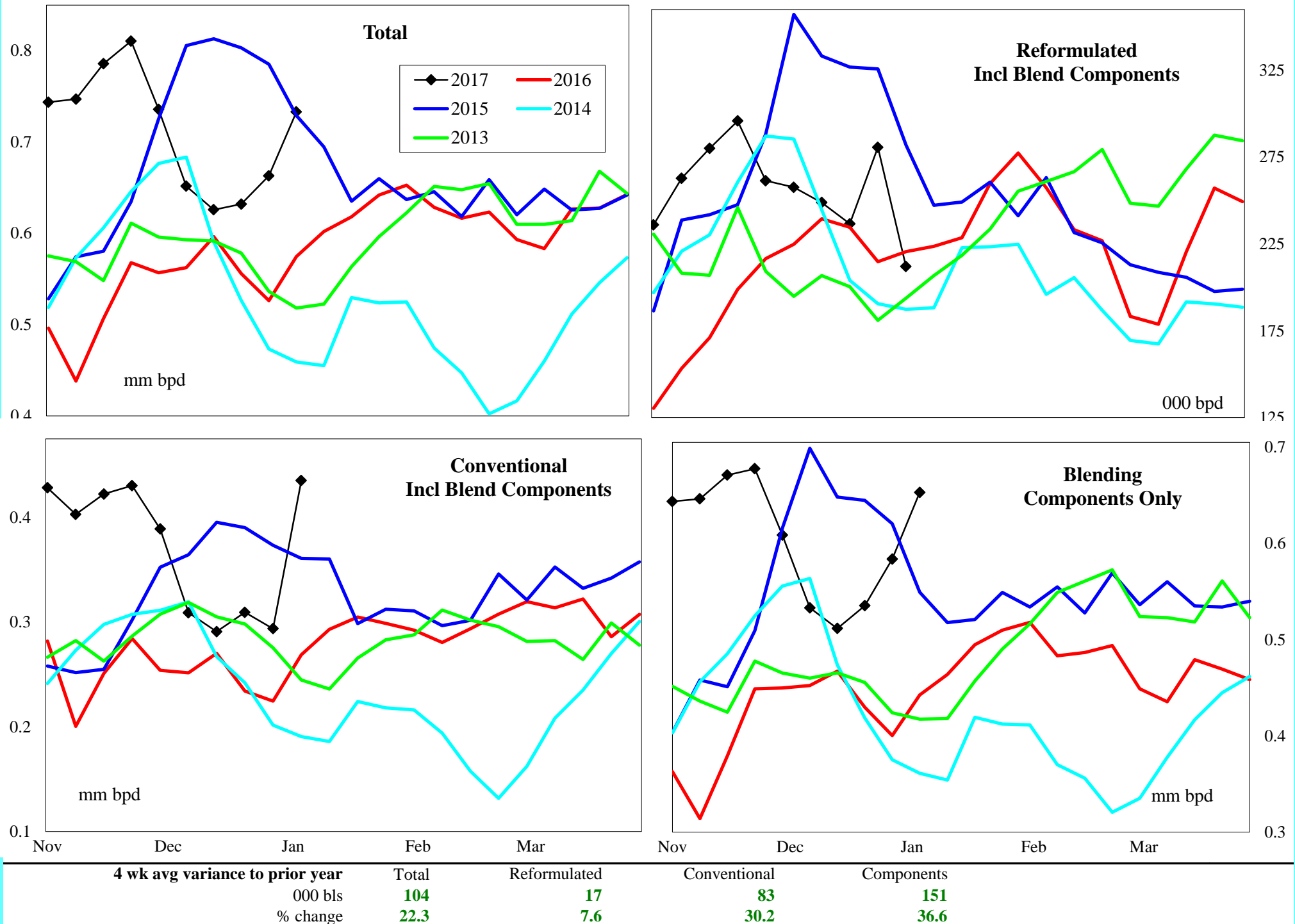
0.7

-0.6

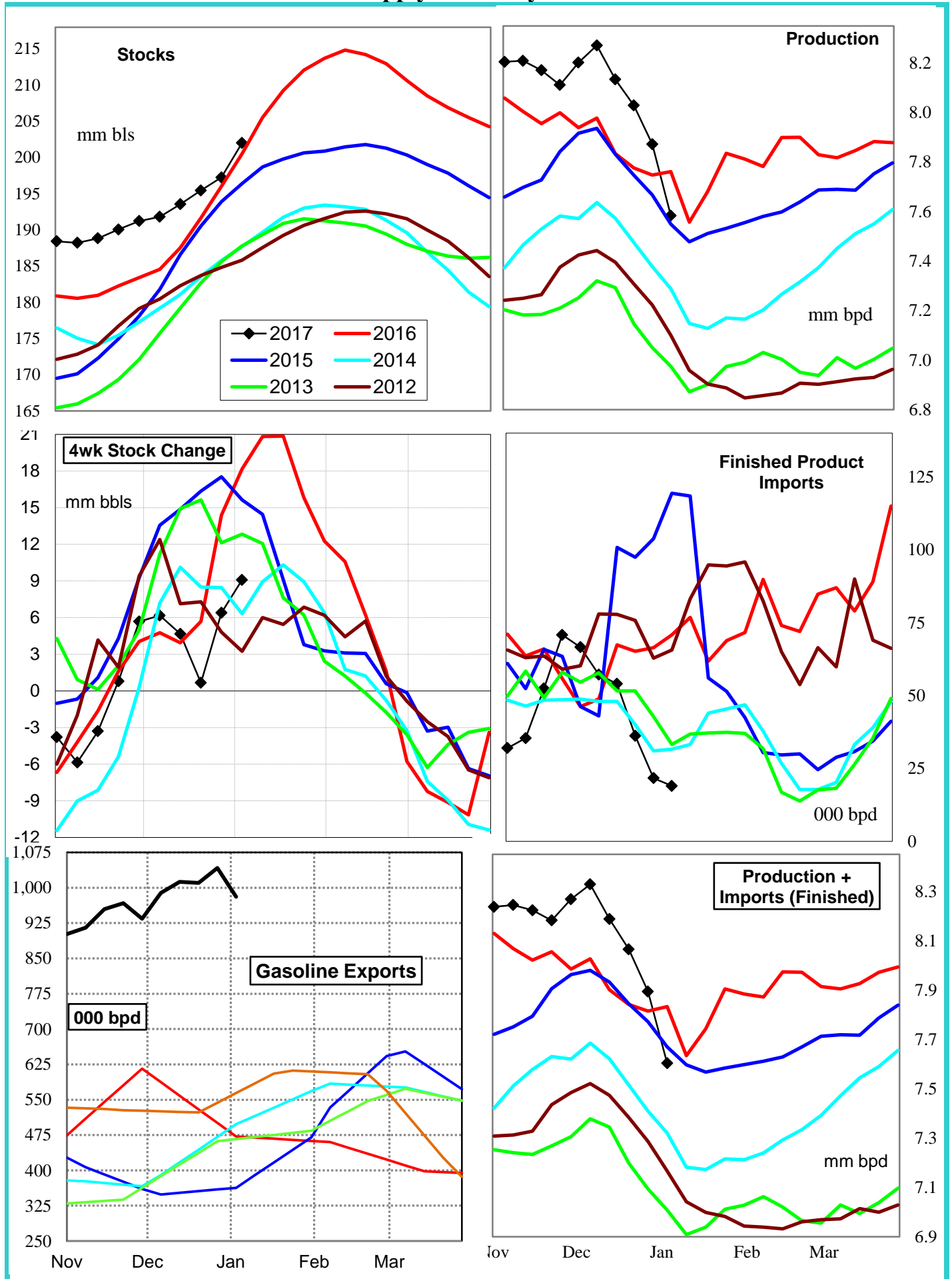
-1.9

2.3

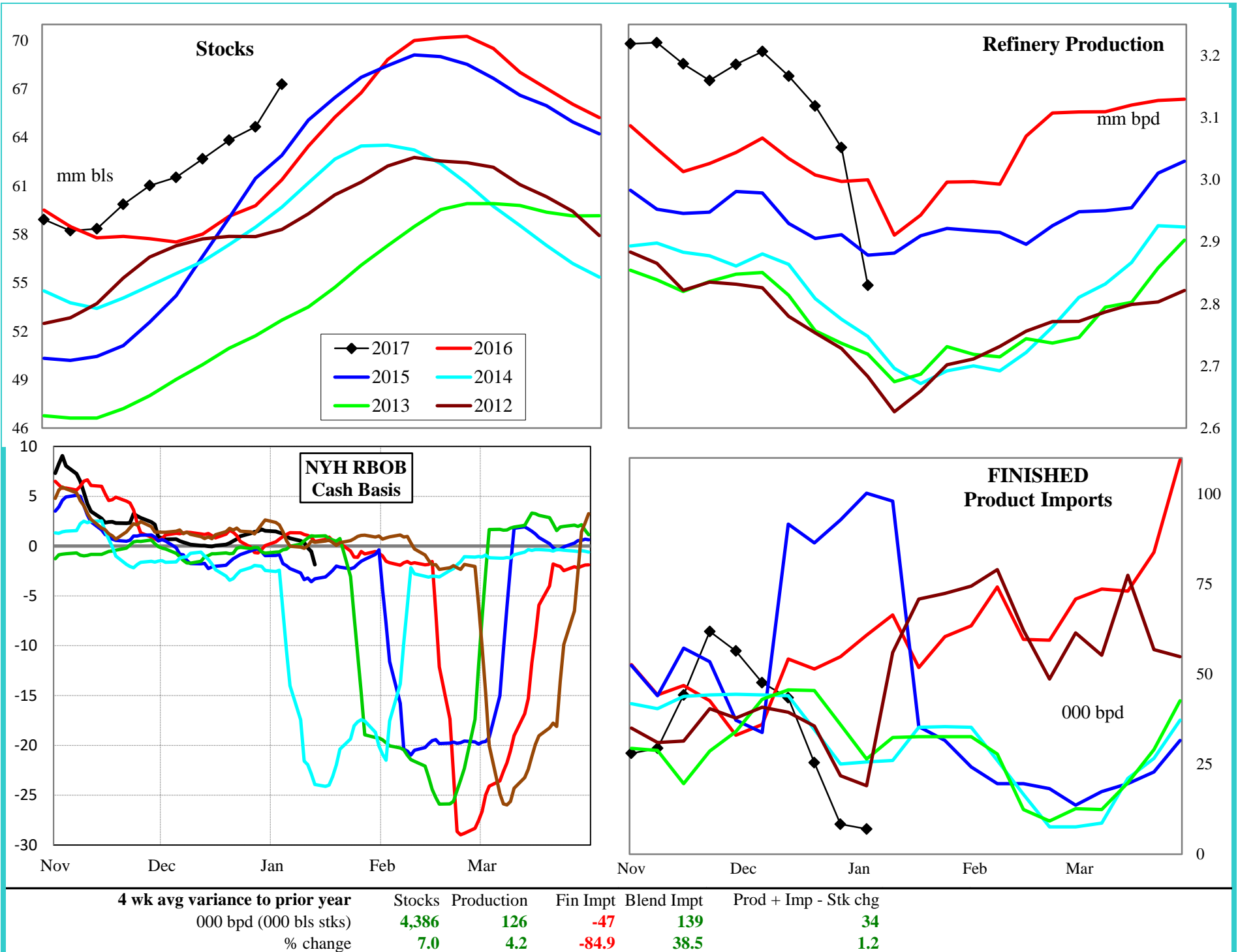
Gasoline Imports by Type



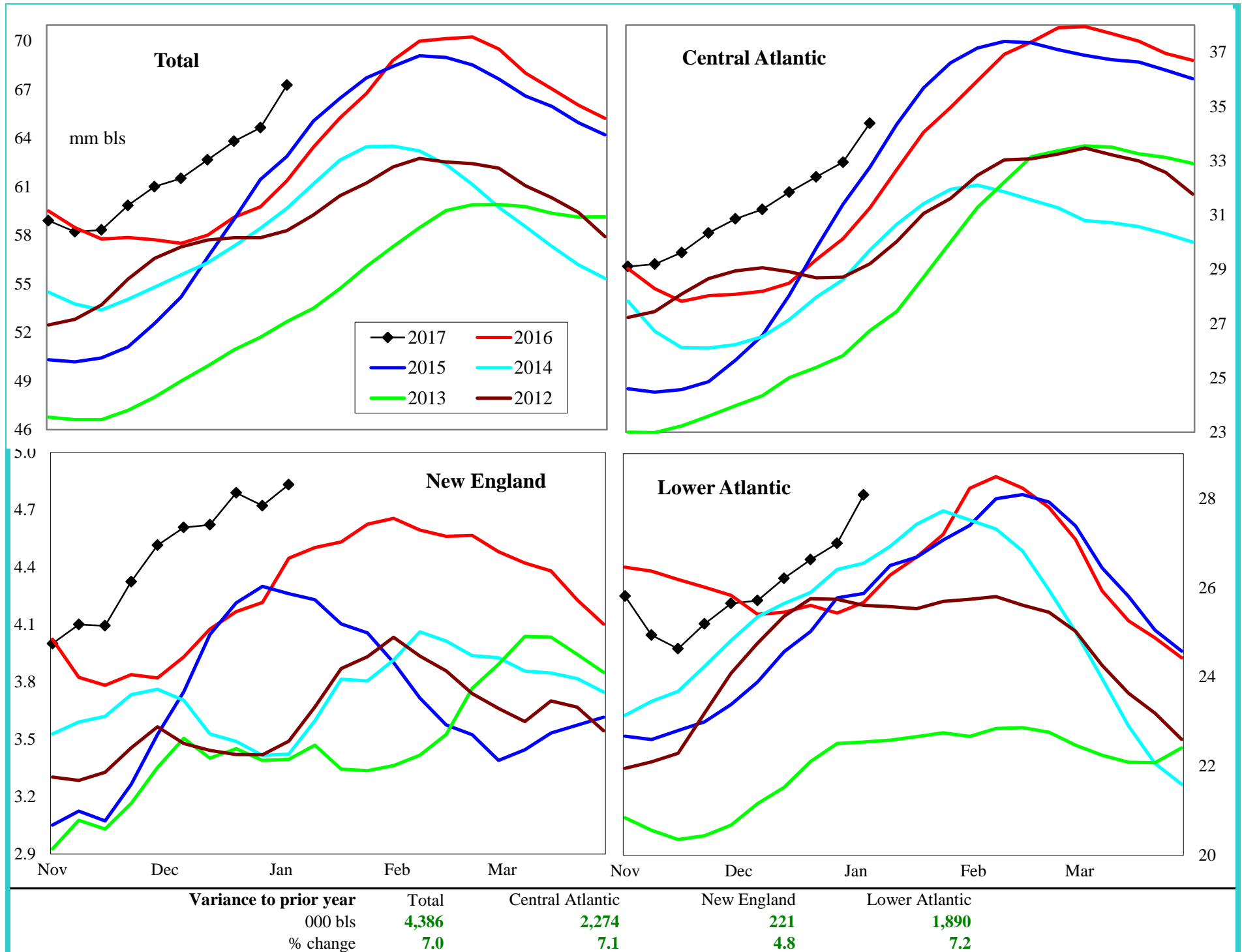
Gasoline Supply Summary PADDs 1+2+3



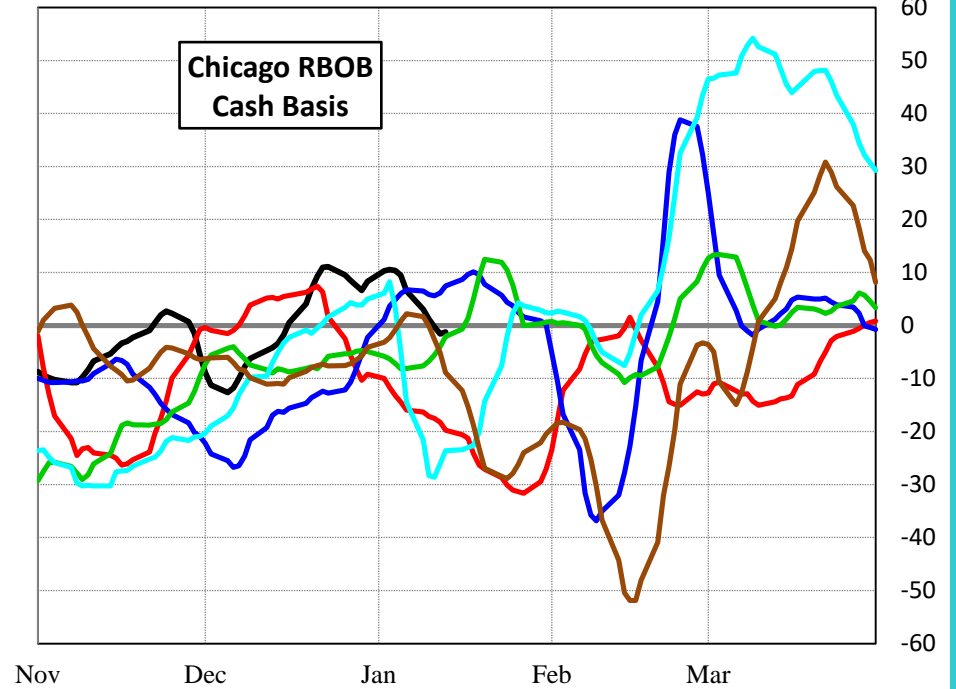
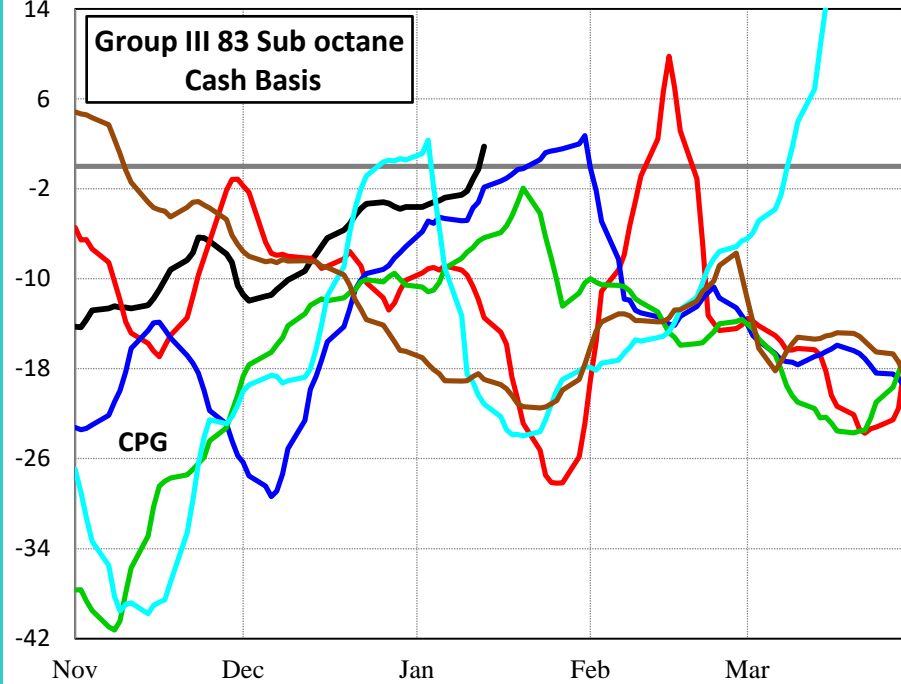
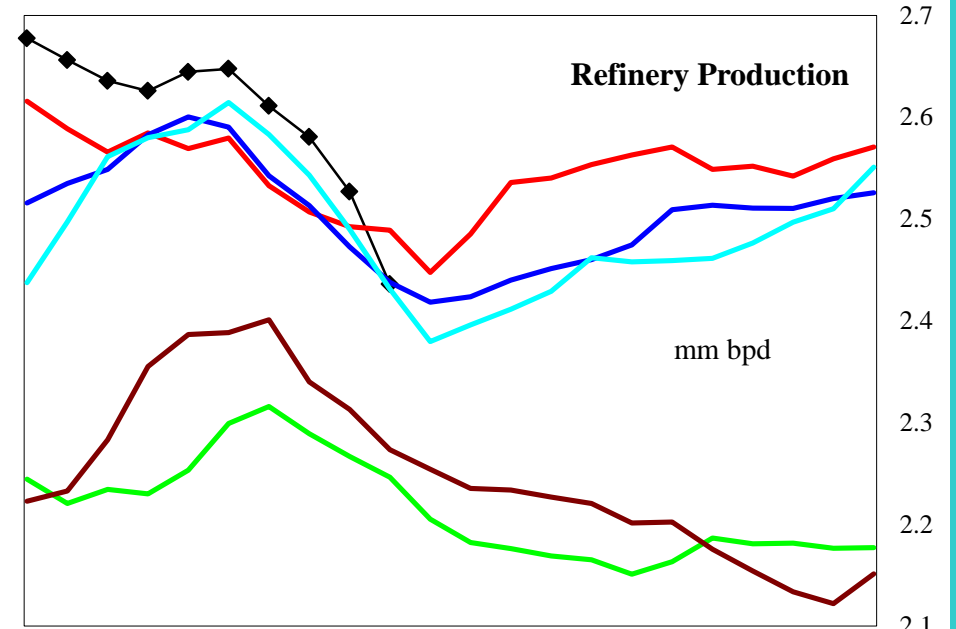
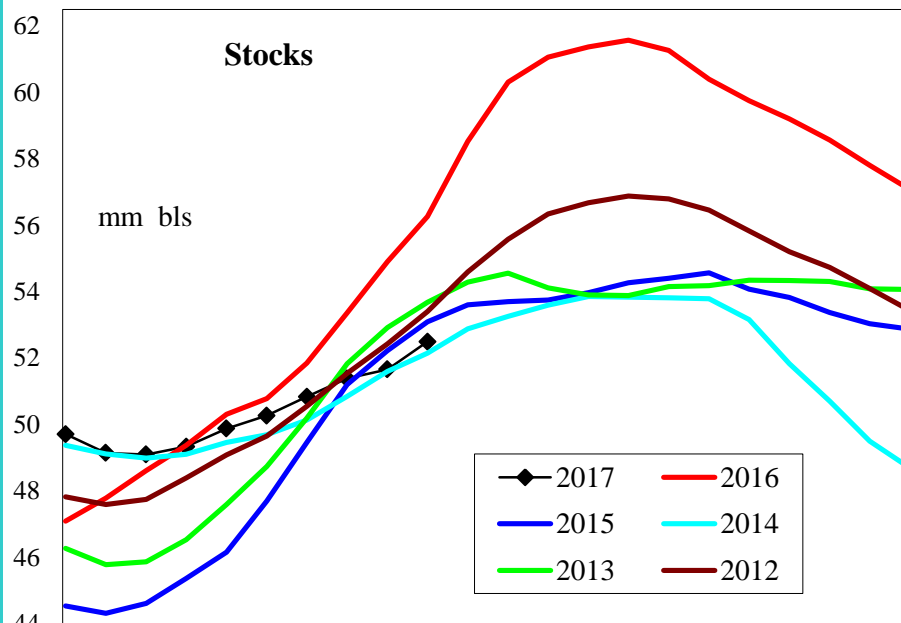
PADD 1 Gasoline Supply



PADD 1 Gasoline Stocks by Region



PADD 2 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-3,773

-6.8

Production

98

4.1

Imports

1

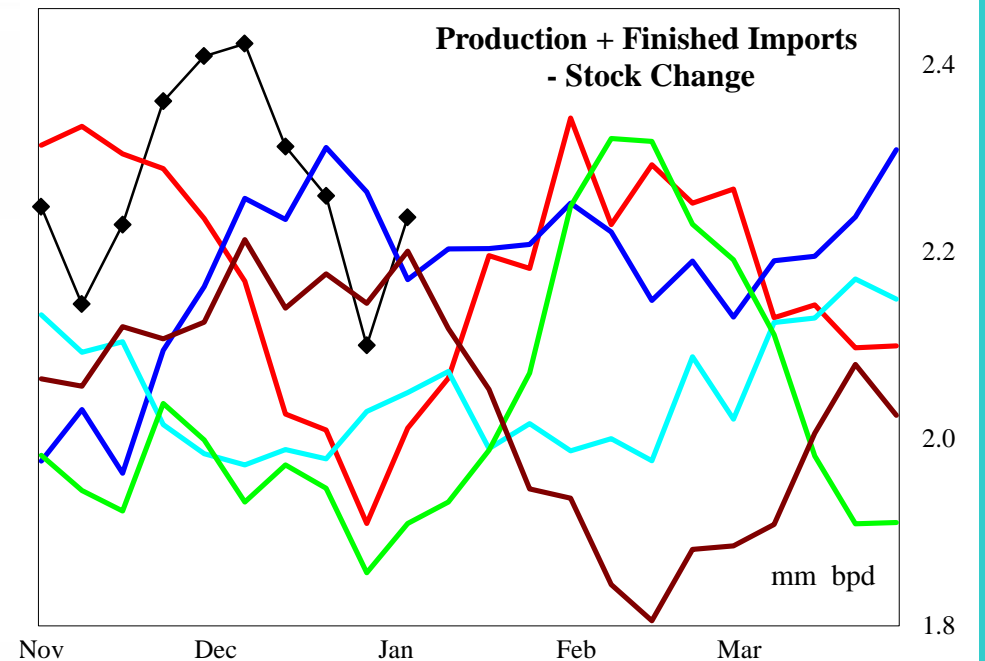
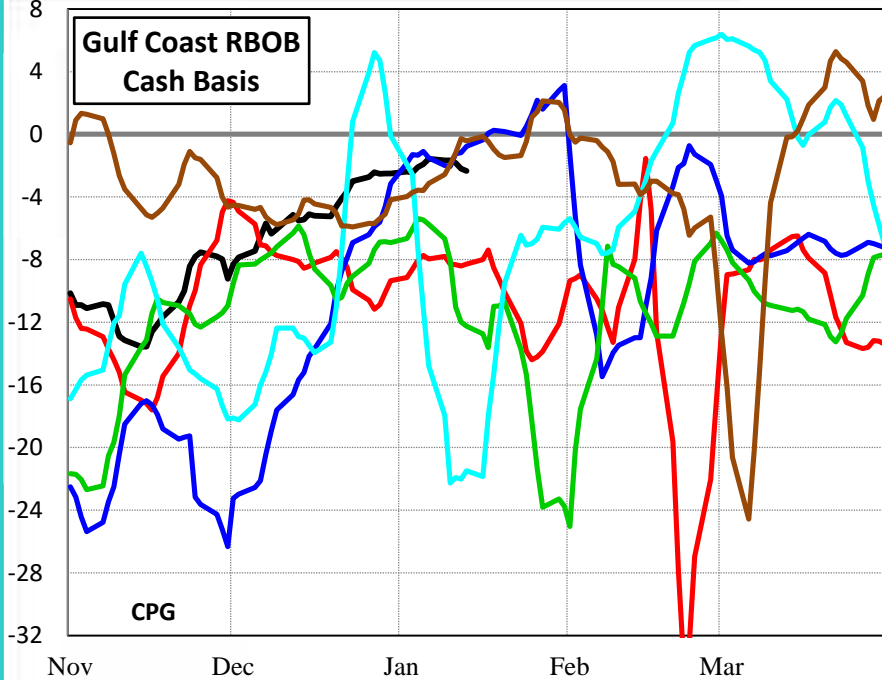
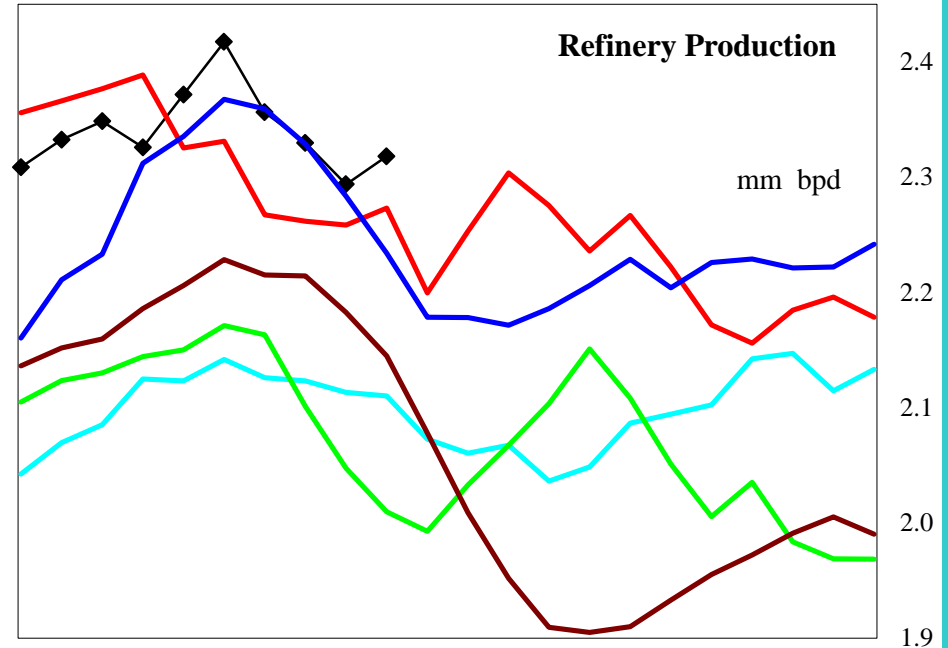
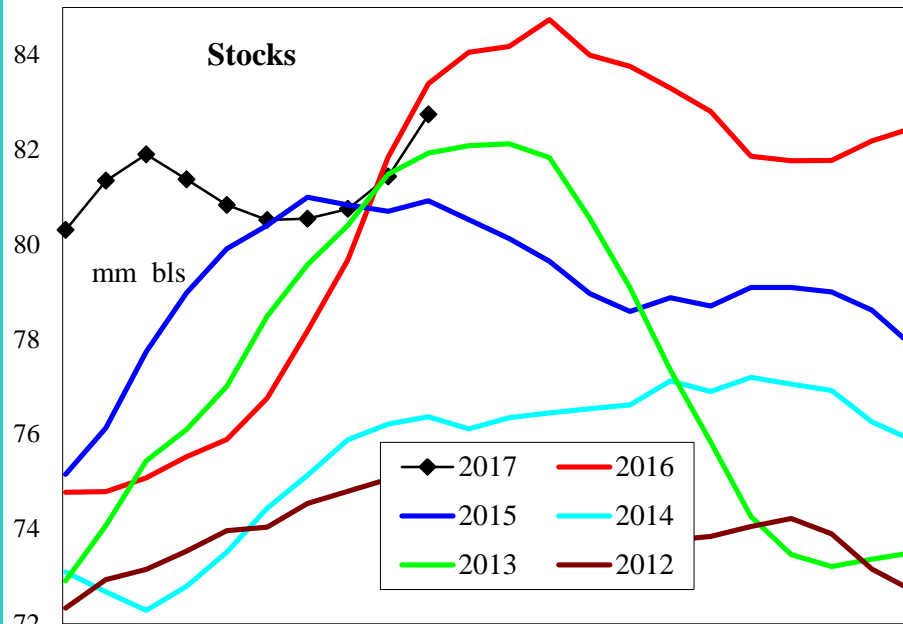
6.4

Prod + Imp - Stk chg

266

12.1

PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

129

114

0.2

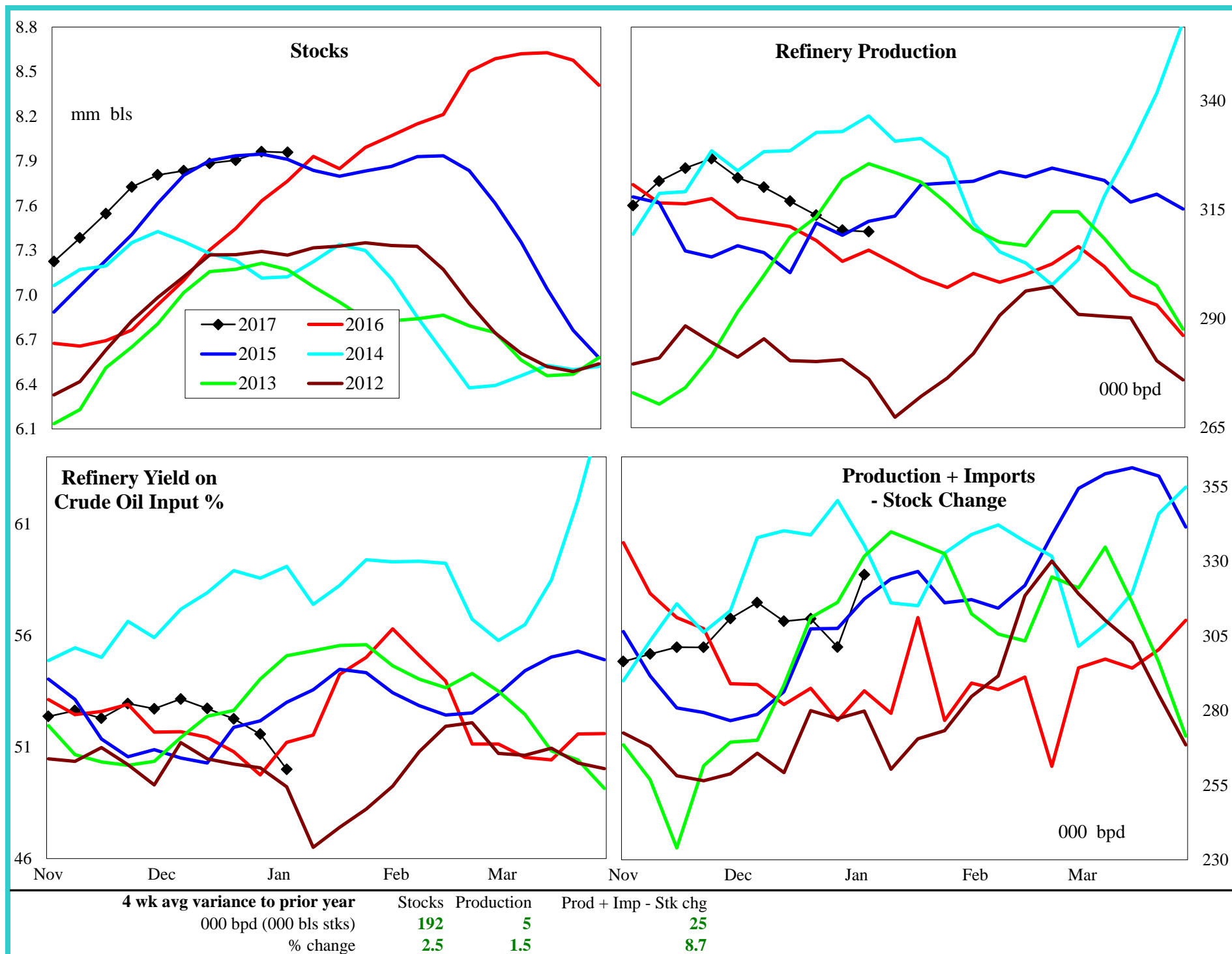
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Prod + Imp - Stk chg

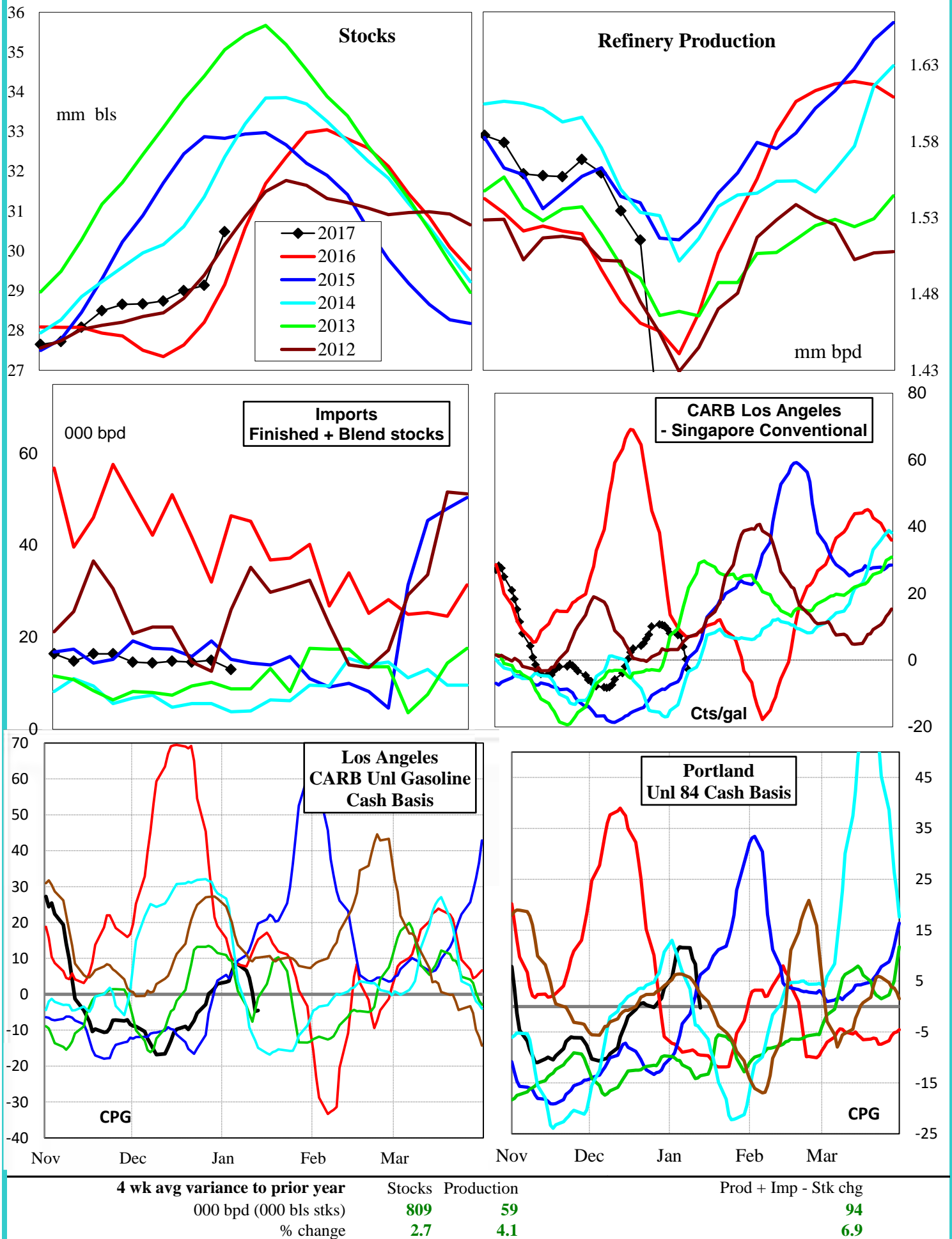
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13.7

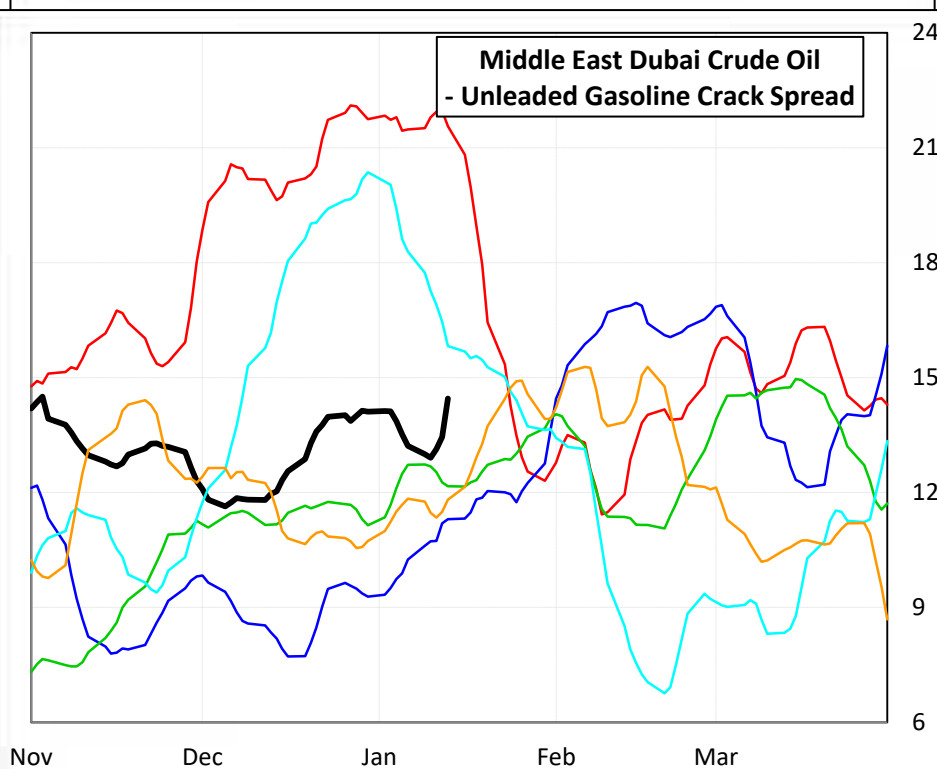
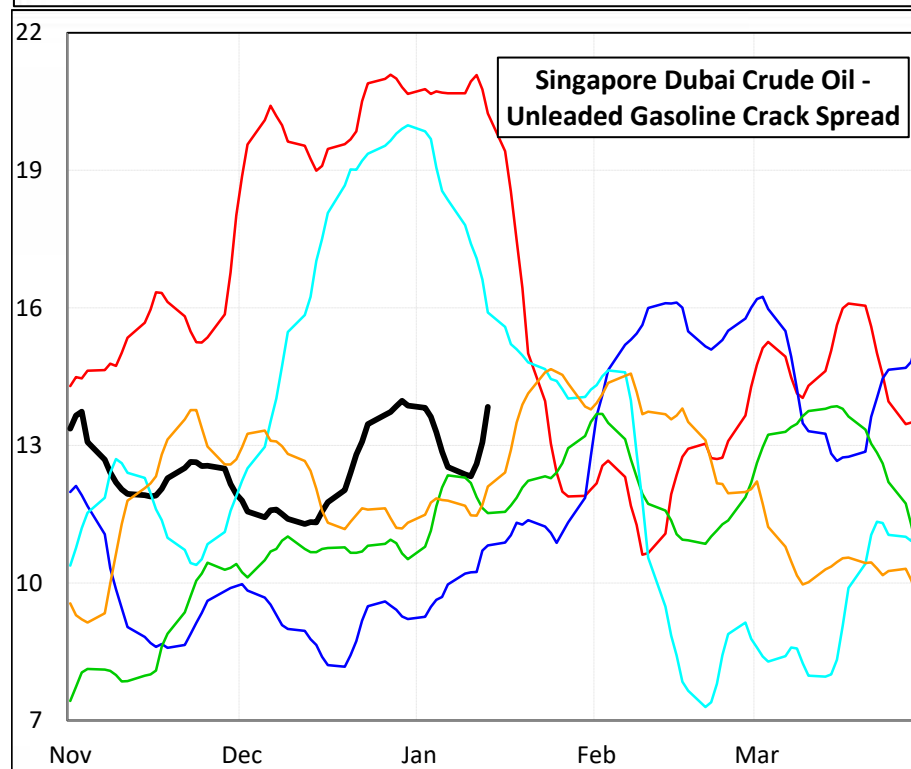
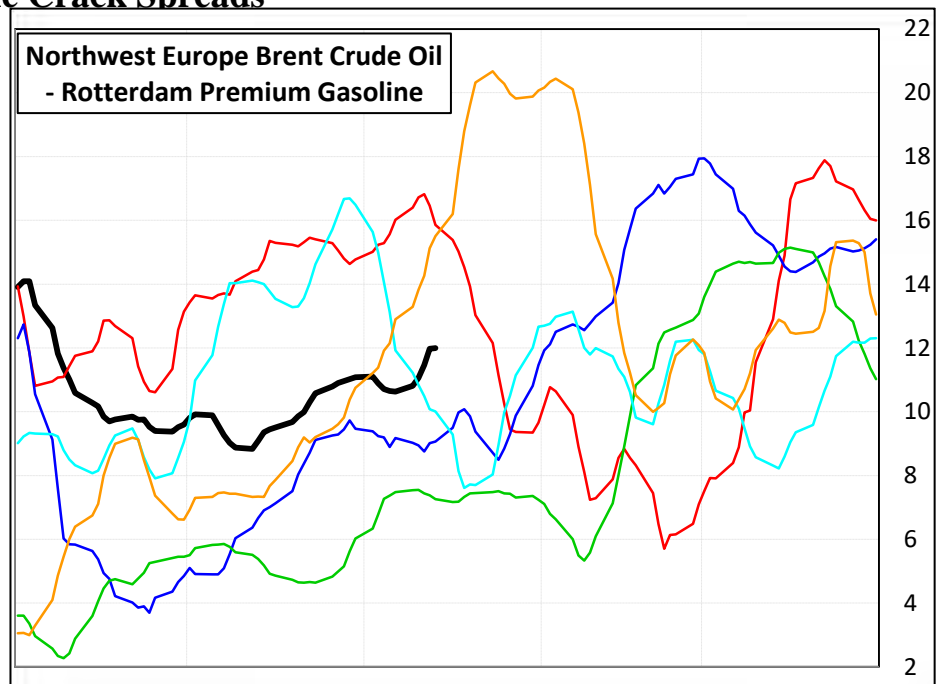
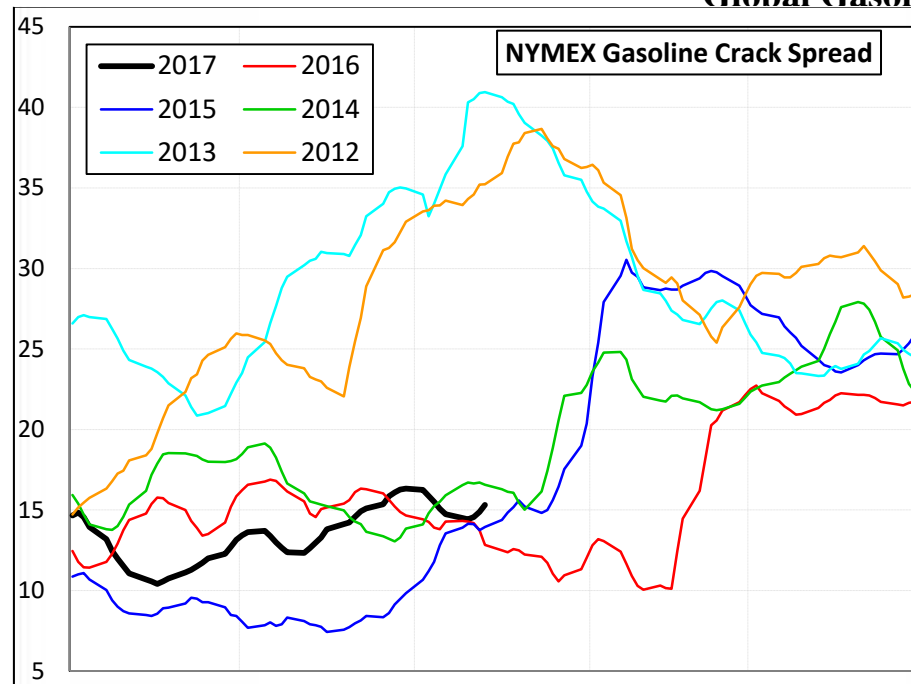
PADD 4 Gasoline Supply



PADD 5 Gasoline Supply



Global Gasoline Crack Spreads



Global Gasoline Cash Basis

