



## OPIS Newsletter

**Filter the noise in oil industry news and focus on what you really need to know for long-term strategic decisions**

For almost 40 years, the weekly OPIS Newsletter has reported on the fuel market with greater insight, context and attention to what comes next than other competitive news sources.

### WHO WE HELP

Refiners & Suppliers

Wholesalers & Jobbers

Retailers

Financial Institutions

### COMMODITIES

Gasoline

Diesel

Jet Fuel

LP/NGL

Renewables

Crude Oil

### MARKET SEGMENTS

Spot

Rack

Retail

### Market Challenge

The fuel market is constantly evolving, shaped by supply and demand shifts and changing regulations. There's more downstream energy news published 24/7 than most players can possibly track or sift for importance. Repackaged company press releases can't offer the breadth of insight the market needs, while specialized news often comes with a premium price tag that erodes its overall value.

### How We Help

OPIS Newsletter delivers weekly petroleum industry developments in a way that other sources don't – with more meaningful analysis and interpretation of market trends, at an affordable price. Our coverage includes the entire fuel supply chain including benchmark pricing and data snapshots of market moves.

### Benefits

- Learn operational and supply issues that go beyond corporate statements from refiners, distributors and midstream infrastructure operators
- Discover best practices for optimizing fuel purchases and sales
- Spot trends before investors do
- Estimate the effect on regional supply & demand of changes to U.S. infrastructure and company strategy
- Anticipate the future direction of the downstream market for competitive advantage
- Get weekly benchmark pricing by PADD

# OPIS Newsletter

## Key Feature-Benefit Overview

Key Feature	Benefit to Customer
Weekly Spot Prices, Averages & Margins	<ul style="list-style-type: none"> <li>At-a-glance information right on the first page to give you a quick sense of market direction</li> </ul>
PADD Reports	<ul style="list-style-type: none"> <li>Weekly wholesale rack pricing report featuring critical price discovery for your region</li> </ul>
Petroleum Inventory & Consumption Stats	<ul style="list-style-type: none"> <li>View industry trends in easy-to-read charts and graphs, accompanied by analysis of market impact</li> </ul>
Market Overview Column	<ul style="list-style-type: none"> <li>Unique OPIS perspective on market activity and downstream implications</li> </ul>
New Year Preview	<ul style="list-style-type: none"> <li>Annual year-end review with a look ahead to what's coming</li> </ul>
Regional Profitability Analysis	<ul style="list-style-type: none"> <li>Spot-rack-retail margins, along with commentary to provide context</li> </ul>

Vol. 38, No. 51 | Monday, December 18, 2017

### Oil Price Information Service

Independent Refined Products Prices and Comprehensive Analysis for All US Markets

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**Market Overview: Not All Refiners Enjoying Cheap Heavy Crude**

U.S. refiners have been keeping up run rates, but in some areas they could be running out of room. Winter typically supplies a rough stretch for crude processors, and with the season's solstice later this week, a bumper ride may already be ahead for some refiners. Shorter days and colder temperatures mean less driving, and that trend has been showing up in recent weekly EIA reports: gasoline demand dropping 3.5 million bbl may be a high ask. Looking larger is also the notoriously soft demand month of January.

Output of gasoline routinely north of 10 million bbl has made futures and spot prices more susceptible to downward pressure. RBOB futures hit lows last week not seen for two months.

The combination of falling prices and high output has left some regions with very thin gasoline refining margins. Backing that trend is the Midwest – more specifically, Great Lakes refiners with access to heavy Canadian crude now heavily discounted to the futures market.

Between pipeline bottlenecks and a lack of rail capacity, Western Canadian Select crude has seen discounts exceeding \$20/bbl versus NYMEX crude. Refineries that are able to run – and more importantly, get their hands on – the heavy grade are getting a nice Christmas present.

Meanwhile, other refiners are struggling with crack spreads that are not much better than processing fees. Coastal markets really stand out in this regard.

New York Harbor spot gasoline prices are not much different than RBOB futures, so their values are barely \$7/bbl over Brent futures. The current RBOB-Brent crack spread is among the lowest levels of the current quarter. Gulf Coast refiners who process light crude grades such as Light Louisiana Sweet (LLS), which was roughly \$62.50/bbl at presstime, are seeing prompt CBOB spot prices that are a little more than \$4.50/bbl.

The cheapest spot market in the country is Los Angeles. As of presstime, CARBOB had discounts there were approaching 20¢/bbl and outright prices had slipped below \$1.50/bbl. Regional benchmark crude Alaska North Slope is close to \$60/bbl, while prompt CARBOB is only about \$62.60/bbl, making the margin less than estimated processing cost.

With gasoline inventories likely to rise in the coming weeks, refiners (again, those not processing heavy crude) may have to lean on production of ULSD whose margins are solid but unimpressive at around \$17/bbl (based on the latest Brent and ULSD futures prices).

Heading into the holidays, refiners in the U.S. are dancing.

**AVERAGE U.S. CONTRACT PRICES**

U.S. No. 2, Unleaded Gasoline, Premium Gasoline

**AVERAGE U.S. SPOT PRICES**

U.S. No. 2, Unleaded Gasoline, Premium Gasoline

**U.S. PETROLEUM PRODUCT AVERAGES**

Product	U.S. No. 2	Unleaded Gasoline	Premium Gasoline	A Last Wk.	Mo. % Chg.
Gasoline	182.22	1.15	187.24	-1.41	-0.76
ULSD No. 2	182.22	-1.50	201.77	-1.46	-0.80
Jet	192.08	2.26	193.16	-2.05	-1.07
Ethanol	133.00	-3.89	130.34	-1.46	-1.10
Crude Oil	74.00	-4.26	72.00	-1.00	-1.37
Propane	75.00	-1.20	-	-	-
Heat	177.20	0.00	-	-	-
Program	50.21	0.07	103.20	-3.69	-7.35
Residual	142.22	0.00	-	-	-
Mar. VGO	163.40	3.20	-	-	-

**NATIONAL SPOT RACK-RETAIL MARGINS**

Product	Gasoline	A Last Wk.	Mo. % Chg.	A Last Wk.	Mo. % Chg.
National Index	243.12	-2.01	-0.83	-1.09	-1.31
Retail	182.24	1.59	222.71	1.12	0.50
Wholesale	24.31	-4.28	31.48	-4.11	-15.85
Rack-Retail Margin	24.31	-4.28	31.48	-4.11	-15.85
Spot	182.22	-1.11	193.22	-1.50	-0.77
Spot-Retail Margin	28.29	1.12	44.49	-3.37	-7.58

Source: OPIS Petroleum Intelligence Services

Serving The Downstream Petroleum Industry Since 1985

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