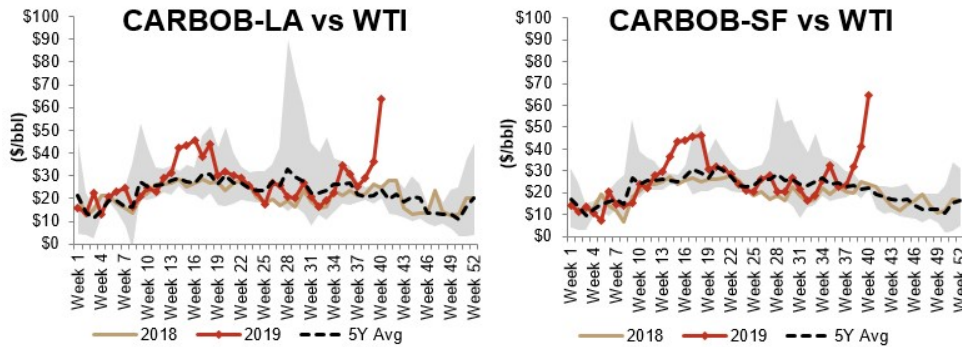


October 07, 2019

California Gasoline Spike

CARBOB LA cracks saw a meaningful increase from the previous month, averaging \$22.18/bbl in the first week of September to \$58.96/bbl in the first week of October. Gasoline cracks skyrocketed in California due to the recent price spike. The main contributor to the price spike was diminished supply, primarily caused by maintenance issues at the Chevron and Marathon refineries. Marathon Petroleum's 363 mb/d Carson facility partially closed its crude oil processing unit, while both of Chevron's refineries in Richmond and El Segundo have not been operating at their full capacities of 245 mb/d and 269 mb/d respectively.



California and PADD 5 have had persistent supply issues this summer. After severe weather impacted midstream operations Circle K and Fry's stations in Phoenix were effectively out of refined products earlier this year due to strict fuel type standards and limited import opportunities. Small issues become exacerbated because the region follows different standards than the rest of the country and therefore has fewer alternative sources of supply.

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