



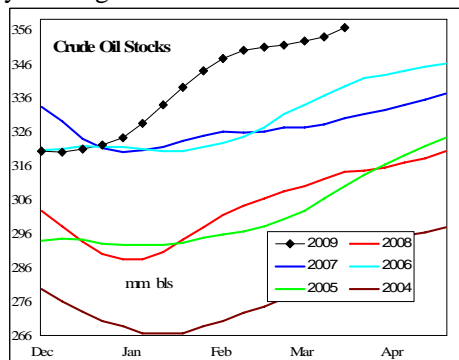
WEEKLY CRUDE OIL FUNDAMENTAL - PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

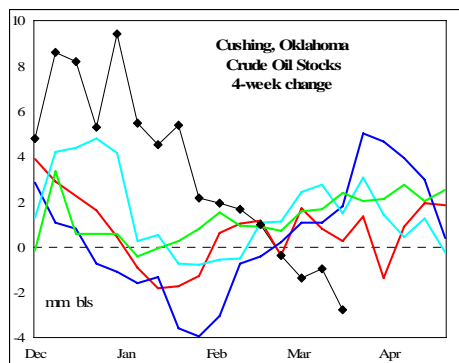
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, March 27, 2009

Supply & Refinery Input

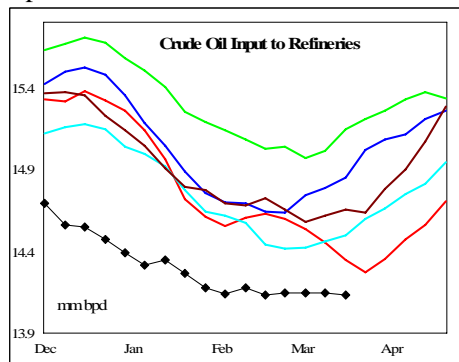
Crude oil stock levels are +14% above last year and well above the historic five year range.



Stock level changes in Cushing Oklahoma illustrate the significant change in the rate of stock builds and draws during the last 120 days. During December and January stock builds in Cushing were 3X to 4X the historic range, which was then followed by counter seasonal draws.



Very low refinery run rates during the 4th quarter of 2008 and early 2009 were combined with near normal imports during the same period, which led to the rapid stock builds.



Refinery rates were low because of the collapse in refined fuels demand and refining margins.

Refinery run rates, based on a comparison to prior years, are marginally higher now than during the 4th quarter and early 2009. This upturn was driven in part by improved gasoline refining margins and a light maintenance schedule in the Gulf.

Regional Markets

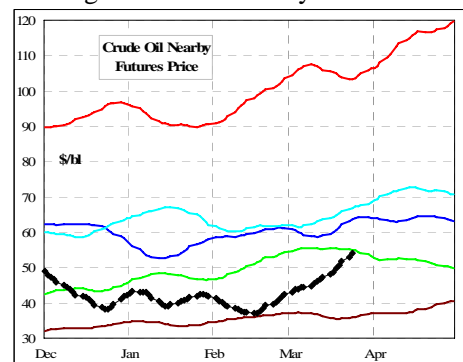
Gulf Coast (PADD 3) crude oil stocks have increased +20 million barrels in the 1st quarter as a result of low refinery runs, and increased domestic production combined with near normal imports.

The recent sharp drop in imports is due in part to lower deliveries from the Gulf into the Midwest (PADD 2) where refiners are in the midst of spring maintenance.

Refiners are conducting maintenance in PADD 1 (East Coast) where crude oil runs are at record lows. Low run rates on the East Coast are due in part to low refining margins where refiners in the region process higher cost light sweet West African crude oil grades.

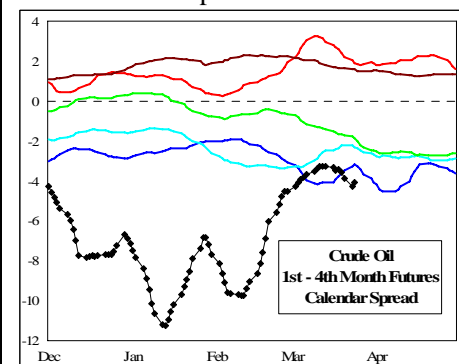
Price Trends

WTI crude oil spot prices increased +\$4.50/bbl during the week ending March 24th, extending the uptrend that that began in mid February.



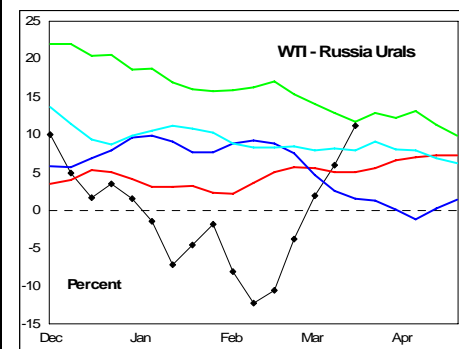
Fundamental trends that have contributed to the price increase included sharply lower imports, higher relative refinery crude oil run rates and the end to large stock builds in Cushing. The dramatic decline in the forward

crude oil price curve was due in part to large stock builds and subsequent draws in Cushing. As global demand collapsed, crude supplies became available to place into storage, combined with extremely low refinery runs in the Midwest on low margins, and higher inland domestic production of crude oil.



Global Crude Price Differentials

The U.S. domestic crude oil market was impacted significantly more than other regional crude oil markets by the over supply, during the last 4 months, as indicated by the spread between WTI and Russian Urals grade. WTI prices fell to -10% under this European marker crude oil during early February and has now removed to +10% over.

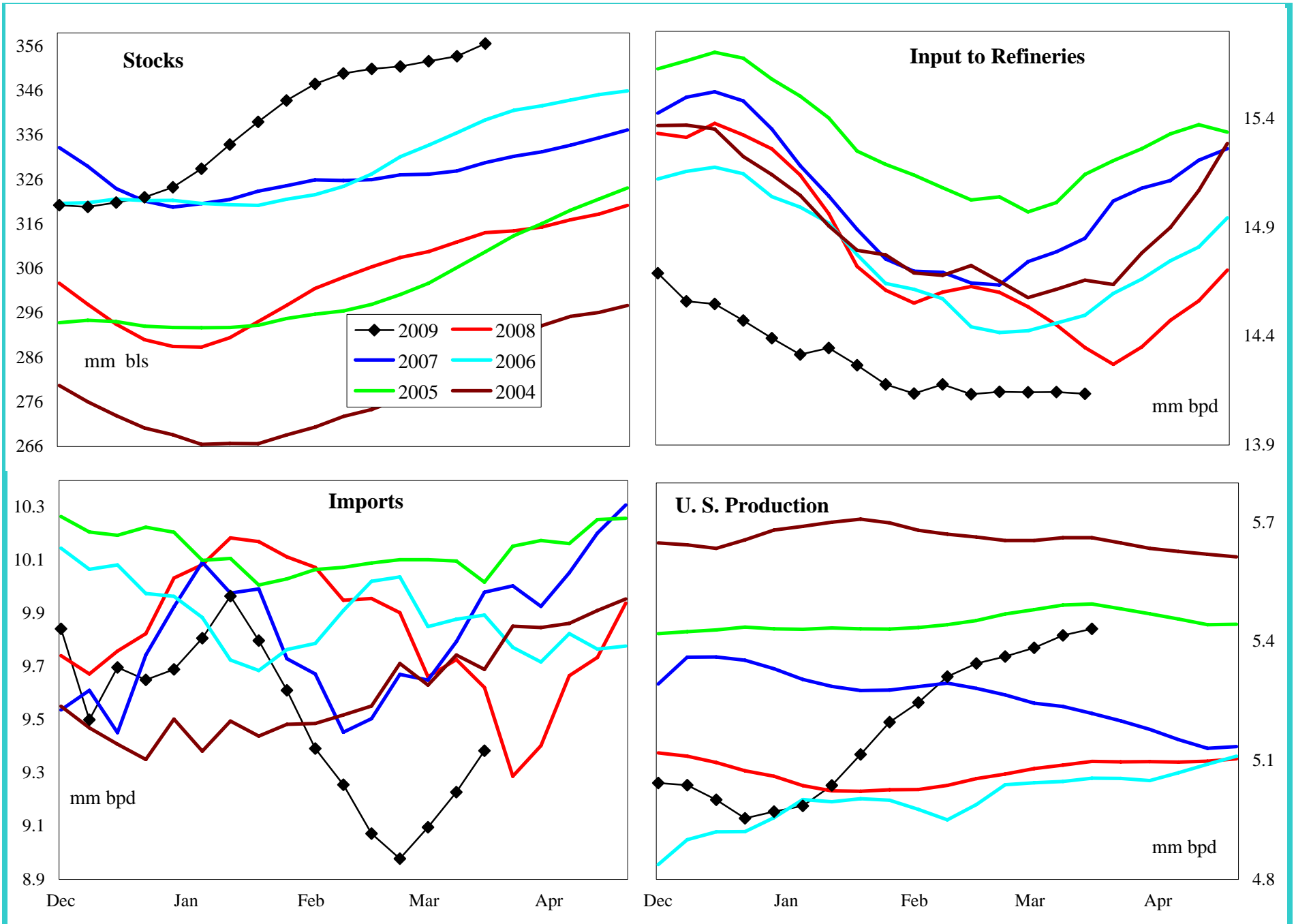


Emerging Trends

Global middle distillate markets face significant over supply during the 2nd quarter low demand period. Gasoline markets are also very well supplied. As refiners in the northern hemisphere return from spring maintenance there exists a high risk of renewed downward pressure on oil prices as a result of weak refined product fundamentals.

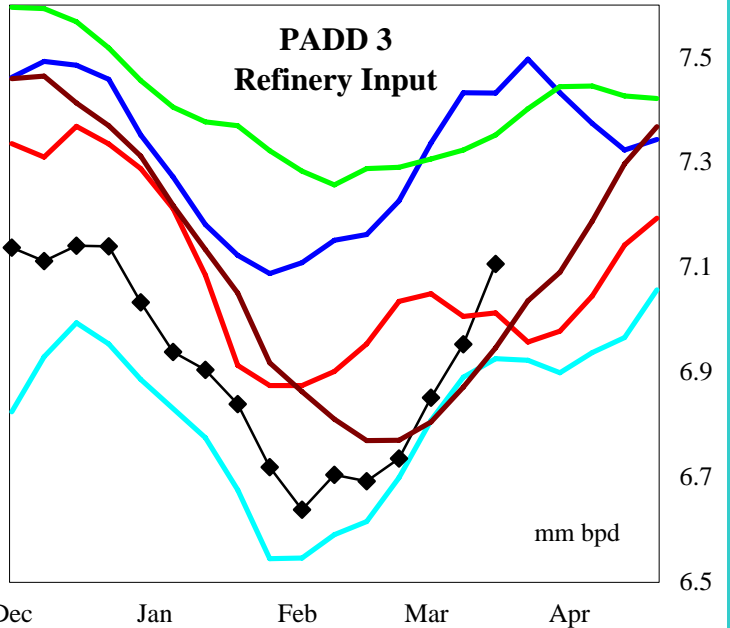
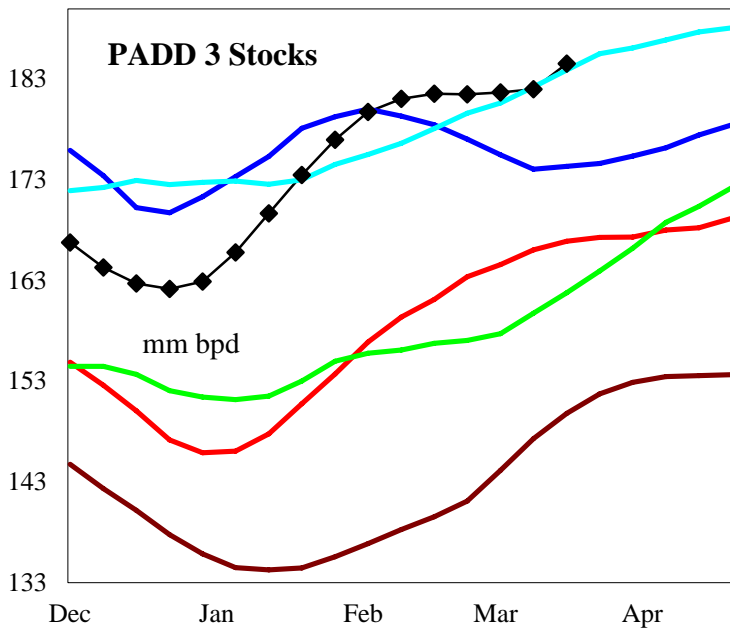
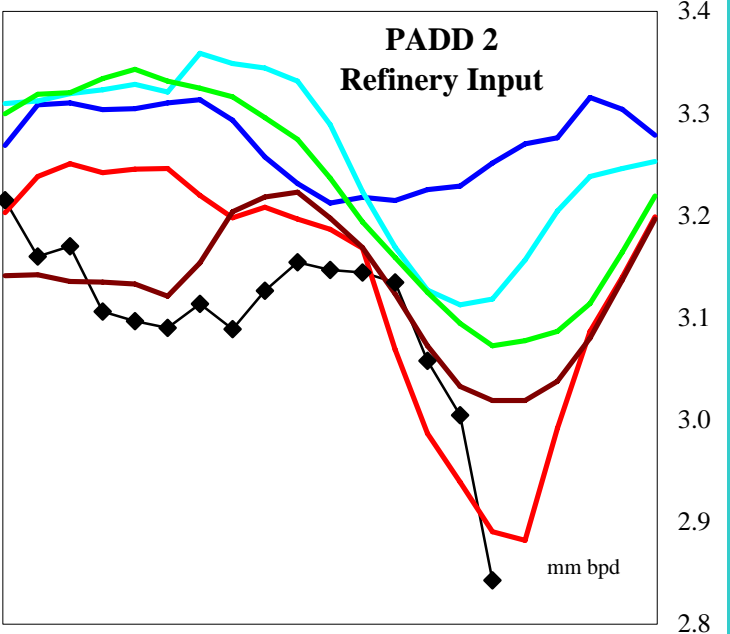
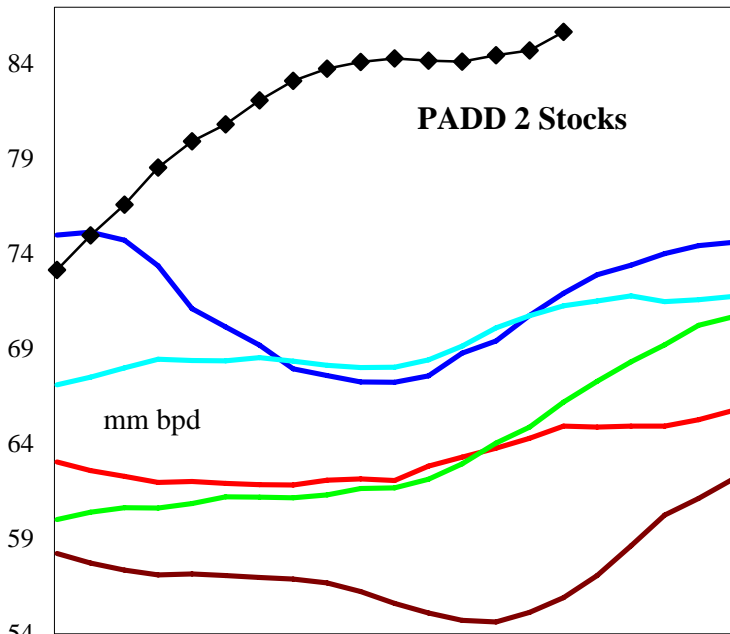
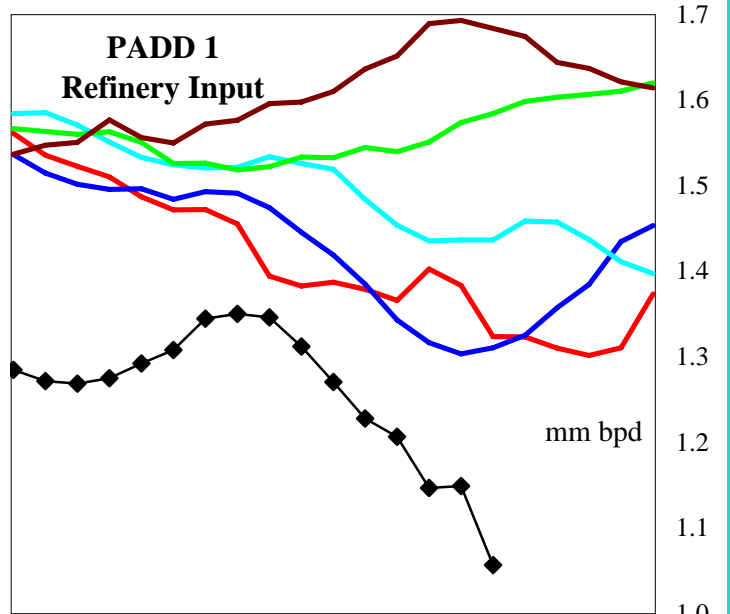
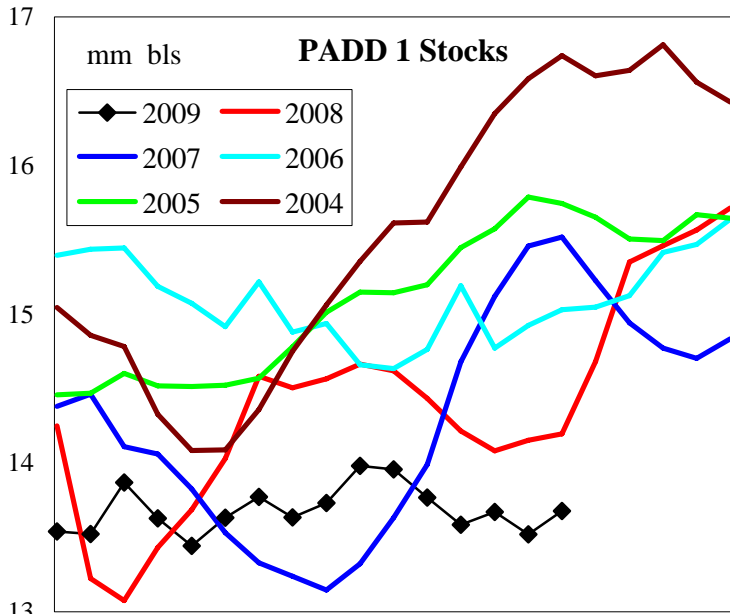
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United States Crude Oil Supply and Demand Balance

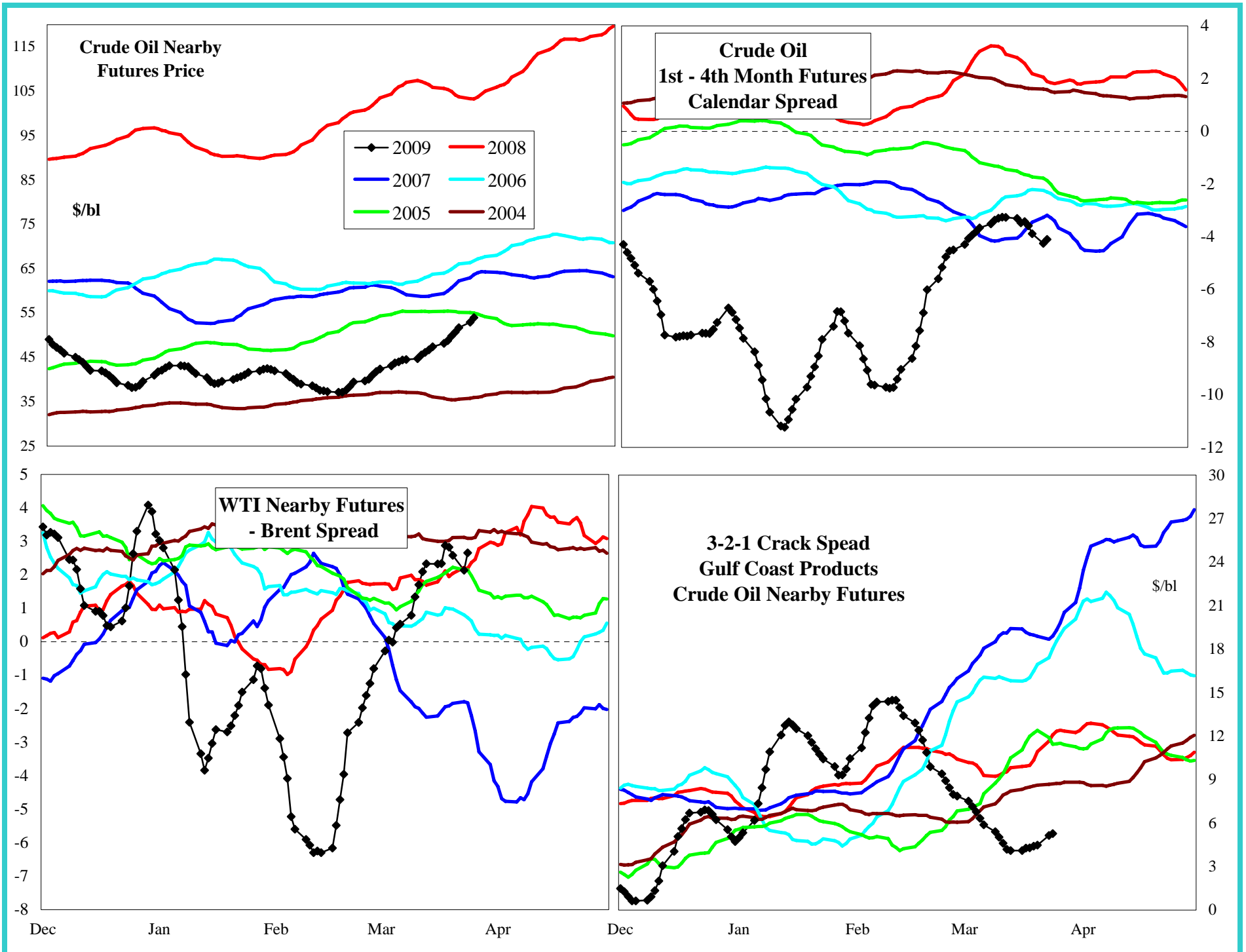


4 wk avg variance to prior year	Stocks	Input	Imports	U.S. Production
000 bpd (000 bls stks)	44,736	-319	-410	317
% change	14.3	-2.2	-4.3	6.2

Regional Crude Oil Supply / Demand



Crude Oil Price and Margin Trends



WTI Price Spread to Global Crude Oil Grades

