

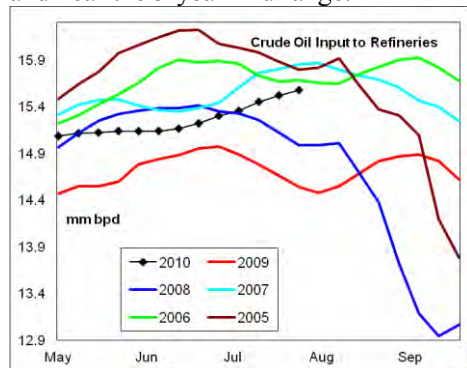
FUNDAMENTAL PETROLEUM TRENDS WEEKLY CRUDE OIL FUNDAMENTAL - PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

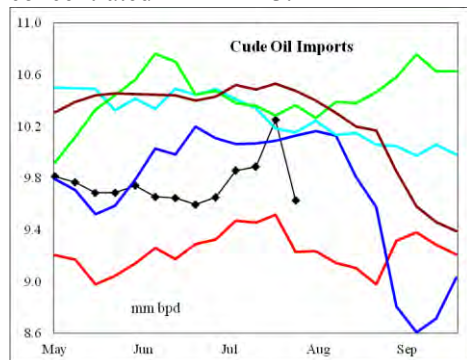
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 04, 2010

Supply & Refinery Input

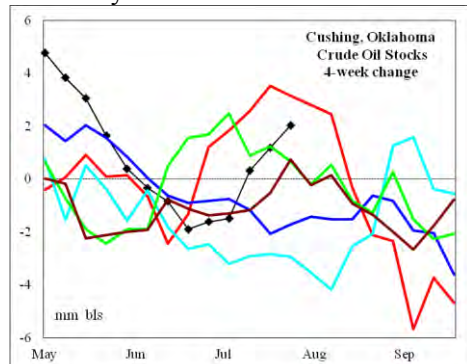
Refinery crude oil input increased +113,000 bpd last week with the 4-wk average +774,000 bpd above last year, and near the 5-year mid range.



Crude oil reversed the prior week surge, falling -1.5 million bpd, with the decline concentrated in PADD 3.



Crude oil stocks decreased -2.8 million barrels, with large increases in PADDs 1 and 3, partially offset by a +3 million barrel build on the West Coast. Stocks continued to build in Cushing, rising +0.7 million barrels; with the 4-wk build near last years' record rate.

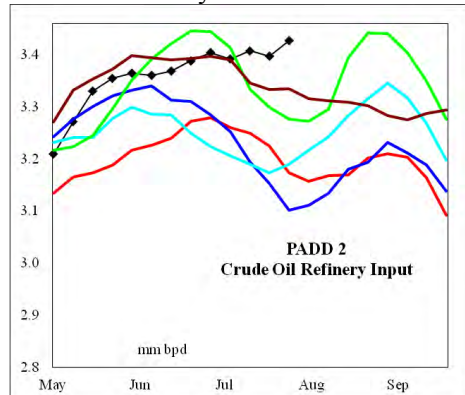


U.S. crude oil stocks are +8.5 million barrels above the prior 5-year high for

the period; driven by exceptionally high stock levels in PADD 2.

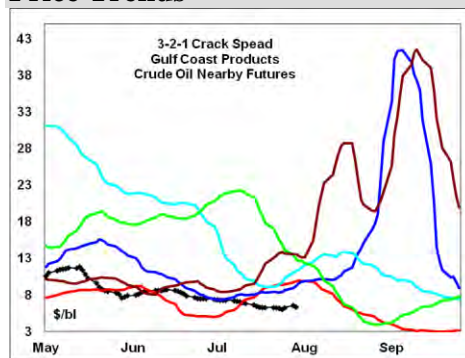
Regional Markets

Crude oil refinery runs increased in PADDs 1, 2 and 3 last week while declining in PADDs 4 and 5. Runs are at record levels in PADDs 2 and 3, while refinery closures and maintenance have reduced thruput on the East and West Coasts to near 5-year lows.



Crude oil imports fell -1.6 million bpd last week in PADD 3; partially offset by a +280,000 bpd increase on the West Coast. Imports into PADD remain above the historic range.

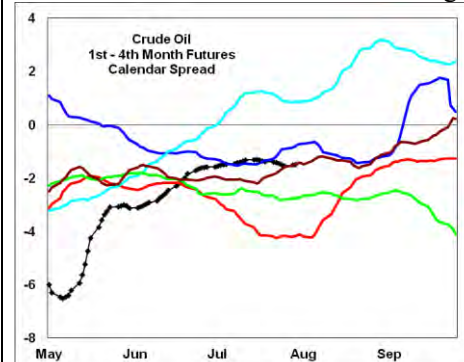
Price Trends



WTI crude oil prices jumped +\$5/bbl for the week ending 03Aug10. Gulf Coast conventional gasoline prices increased +\$5.25/bbl while diesel climbed +\$7.50/bbl for the week. Even with this improvement in Gulf refining margins, the level remained below the 5-year range for the period.

The forward crude oil price curve (1st to 4th month calendar spread) trended lower last week. The spread ended the week at the 5-year mid range.

The WTI – Brent crude oil price trended sharply lower on the week, as Brent crude oil prices strengthened relative to WTI. The spread ended the week at the low end of the historic range.



Global Crude Price Differentials

The WTI price traded flat to lower in comparison to most global grades last week. The exception was Canadian grades against which WTI prices strengthened. WTI prices traded above the historic mid range compared to Middle East, Asian and Eastern European crude oil grades, and above the mid range versus light Canadian crude oil.

Refined Product Trends

Wholesale demand for all transport fuels declined last week. Gasoline demand remains very robust at pre recession levels. Distillate demand remains very weak, with the latest weekly level near last years' lows and sharply below pre recession levels.

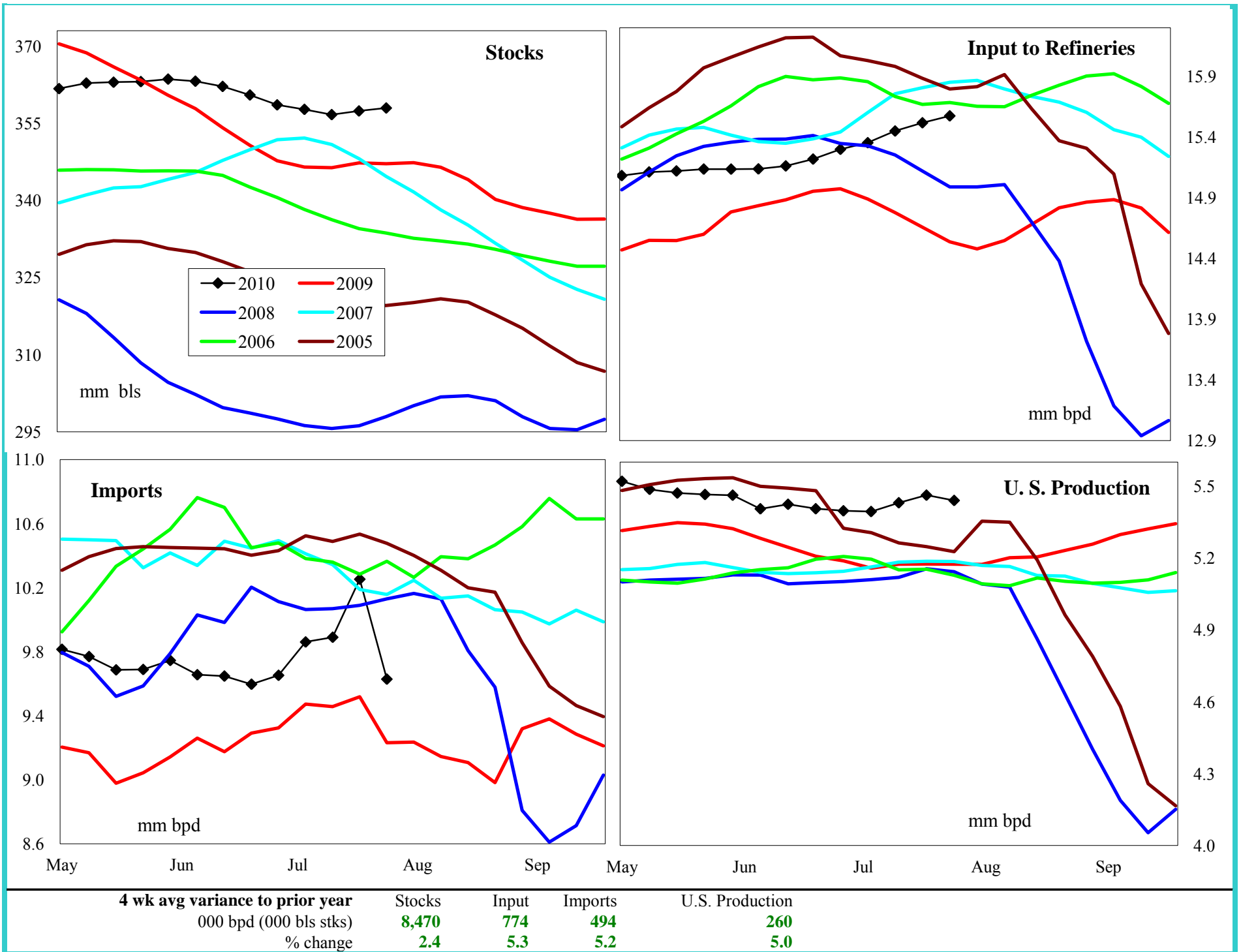
Gasoline production and imports remain very high with stocks exhibiting a counter seasonal build last week even with very high seasonal demand. Distillate output was near 5-year highs. Stocks of transport fuels remain extremely high in the key markets East of the Rockies.

Emerging Trends

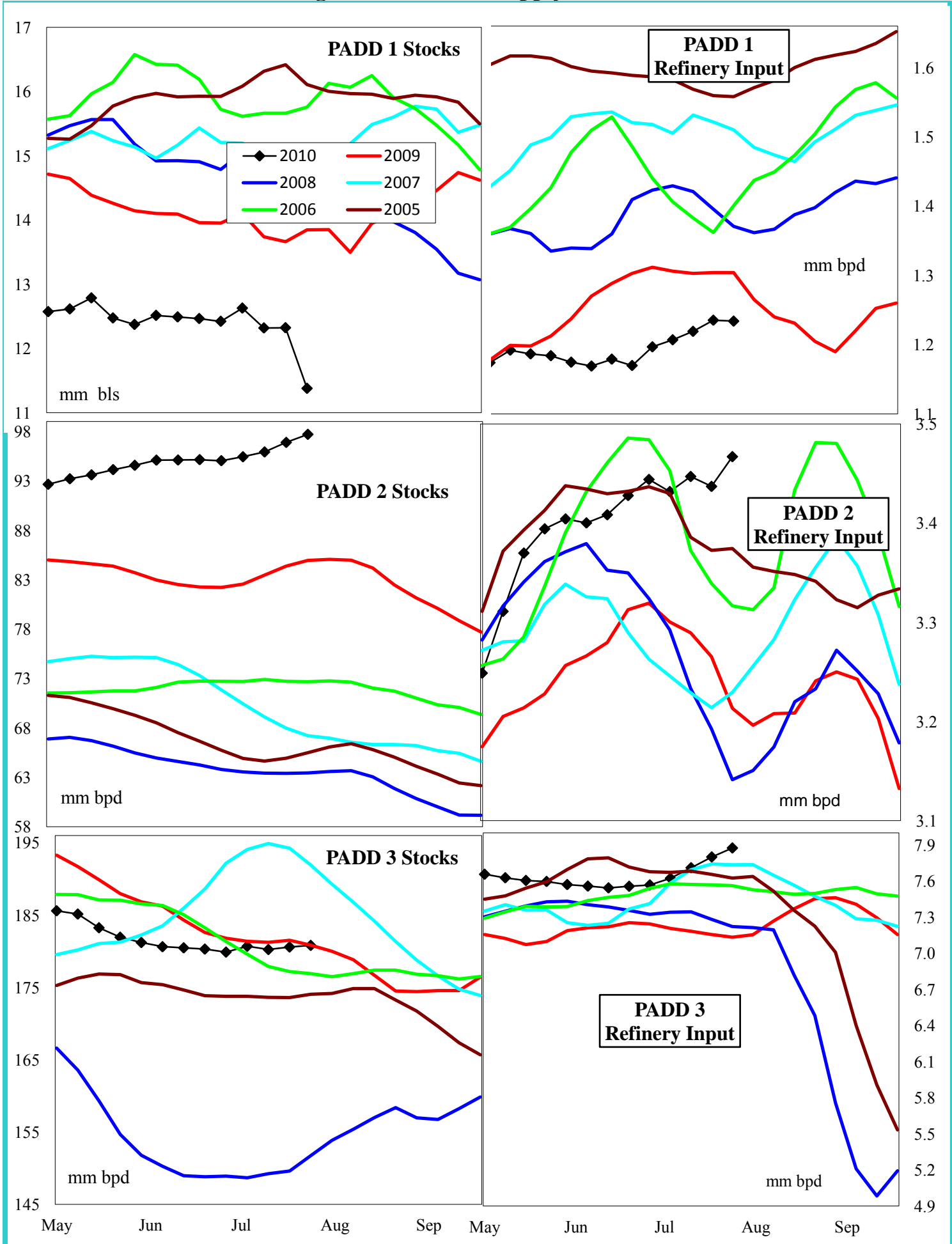
Crude oil stocks continue to build in Cushing, with the level at record levels. Expect a seasonal decline in crude oil stocks ahead of the start of fall refinery maintenance. U.S. petroleum markets remain extremely over supplied.

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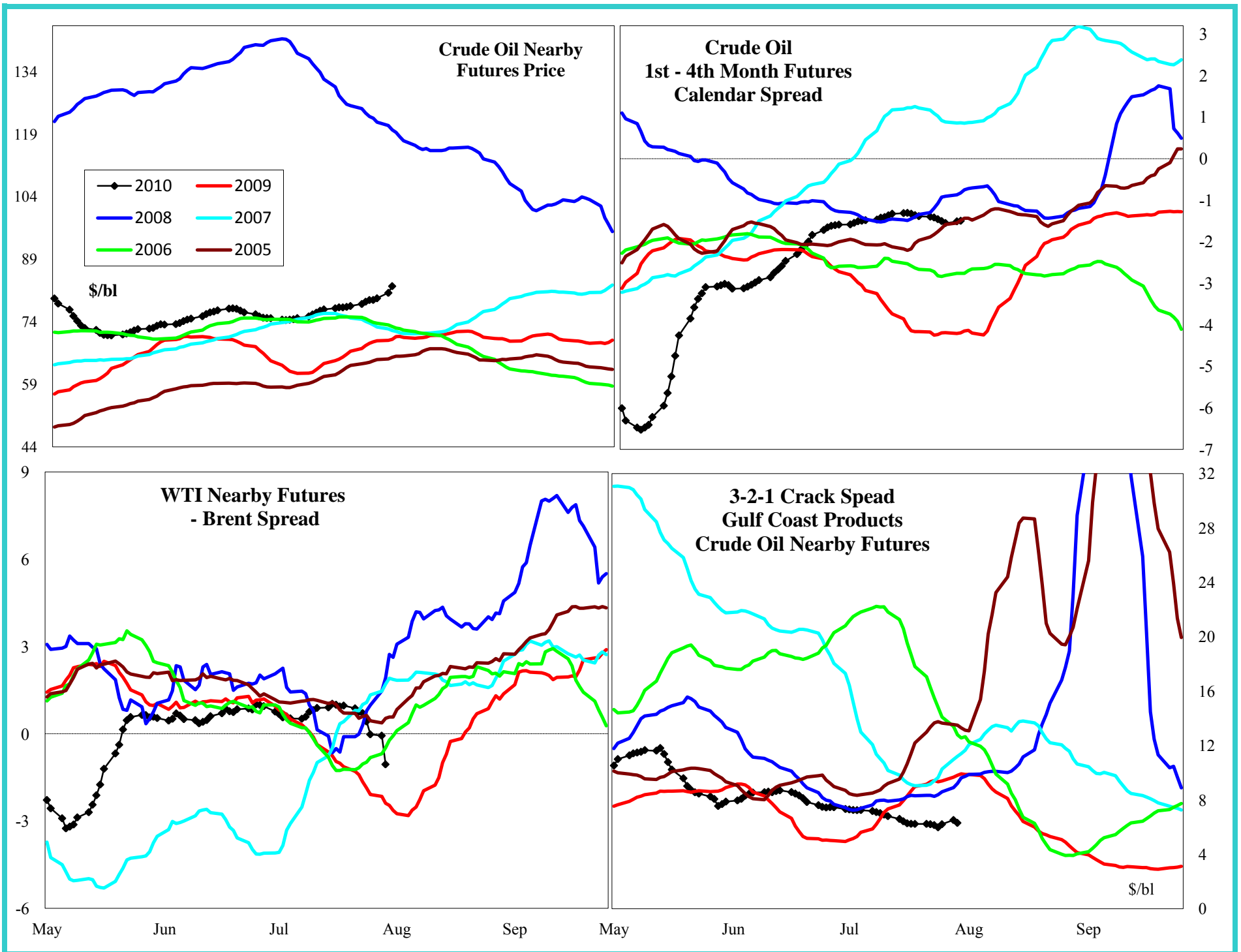
United States Crude Oil Supply and Demand Balance



Regional Crude Oil Supply / Demand



Crude Oil Price and Margin Trends



WTI Price Spread to Global Crude Oil Grades

