

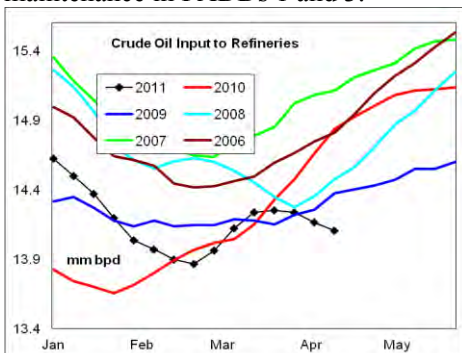
# FUNDAMENTAL PETROLEUM TRENDS WEEKLY CRUDE OIL FUNDAMENTAL - PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

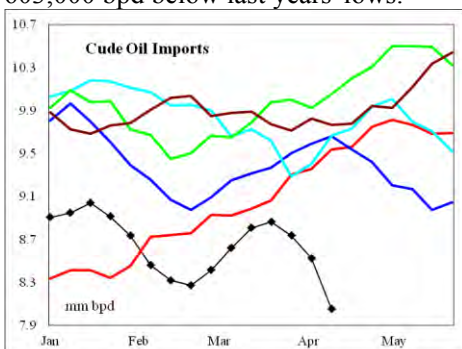
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Thursday, April 21, 2011

### Supply & Refinery Input

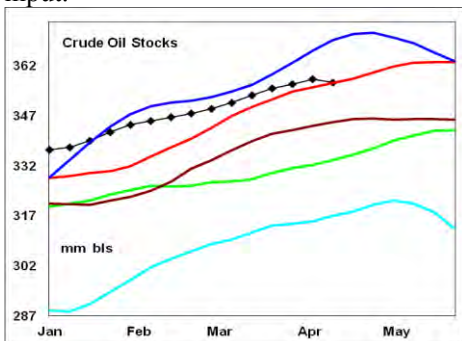
Refinery crude oil runs increased +87,000 bpd last week, on higher thru put in PADDs 1 & 2. However, run levels were at 5-year lows on late season maintenance in PADDs 1 and 3.



Crude oil imports decreased -518,000 bpd last week, with the 4-wk average -603,000 bpd below last years' lows.



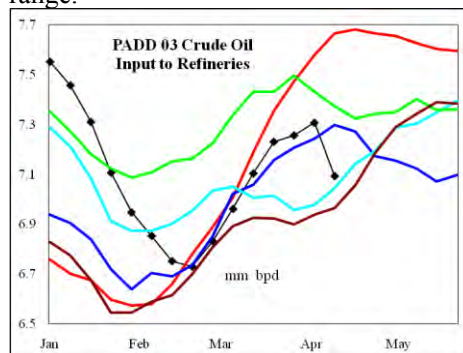
Stocks decreased -2.3 million barrels last week, on extremely low imports which more than offset record low refinery input.



### Regional Markets

Crude oil refinery runs increased +232,000 bpd in PADD 1 and +108,000 bpd in PADD 2 on the week. Thru put fell -253,000 bpd in PADD 3, where run levels fell to the low end of the 5-year

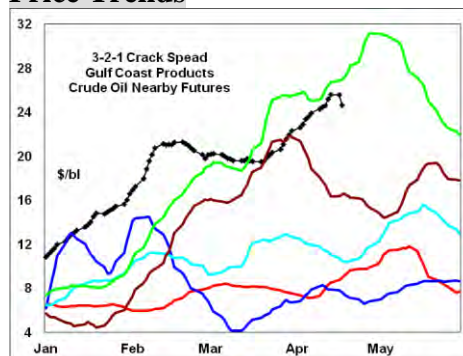
range.



The later than normal refinery maintenance season in the Gulf and PADD 1 regions has significantly limited finished product output. Runs in PADD 4 were also at record lows for the period; partially offset by thru put in PADD 2 that was near historic highs.

Crude oil stocks declined in all regional markets last week on lower imports into major regions. Stock levels are relatively low in PADDs 1, 3 and 5, driven by the low import rates. Concurrently, stock levels are above the 5-year range in PADDs 2 and 4; driven by Canadian imports.

### Price Trends

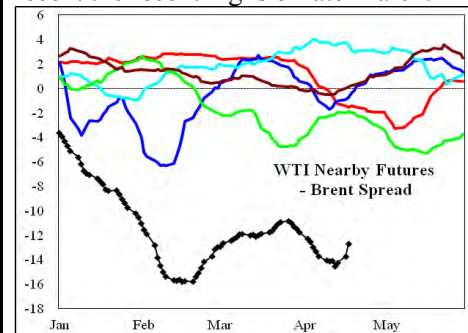


WTI crude oil prices increased +1.75/bbl for the week ending 19Apr11. Gulf Coast conventional gasoline increased +\$2.50/bbl while distillate prices were unchanged last week. These trends caused the Gulf refining margin to trend higher, ending near 5-year highs.

The forward crude oil price curve (1<sup>st</sup> to 4<sup>th</sup> month calendar spread) traded higher on the week, at a level nearly even across the curve.

The WTI - Brent crude oil price spread pulled back slightly late in the

week. The spread ended the week below recent the recent highs of late March.



### Global Crude Price Differentials

The WTI price differential compared to major global crude oil grades trended sharply lower last week, in favor of foreign grades.

The spread was below the historic range compared to all global grades, on weakness late last week for WTI.

### Refined Product Trends

Wholesale gasoline demand declined -119,000 bpd last week, while distillate demand surged +312,000 bpd. The latest 4-wk average year-on-year change was a -1.8% decline for gasoline and +6.2% increase for distillate.

Distillate supply jumped +0.3 million bpd on increased imports and production. Gasoline production also climbed +198,000 bpd.

Extremely low crude oil refinery runs in PADDs 1 and 3 have led to much larger than normal stock draws for gasoline and distillate during recent weeks. There is now significant risk of gasoline supply squeeze in markets East of the Rockies by the end of the 2nd quarter.

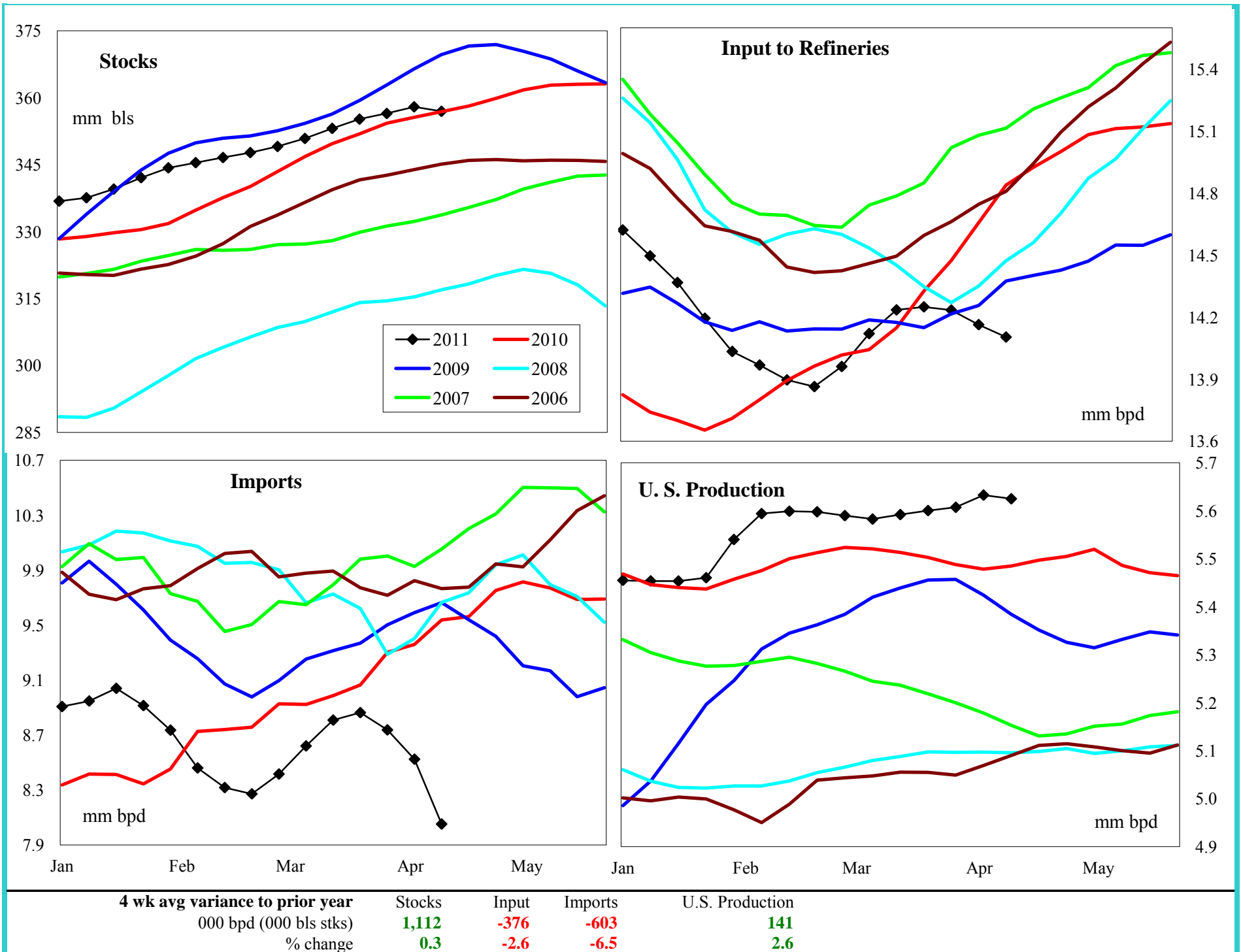
### Emerging Crude Oil Trends

Global crude markets remain highly volatile: risk of slower economic growth, driven in part by higher interest rates in developing countries, are being partially offset by inflation risk caused by the Fed's QE2.

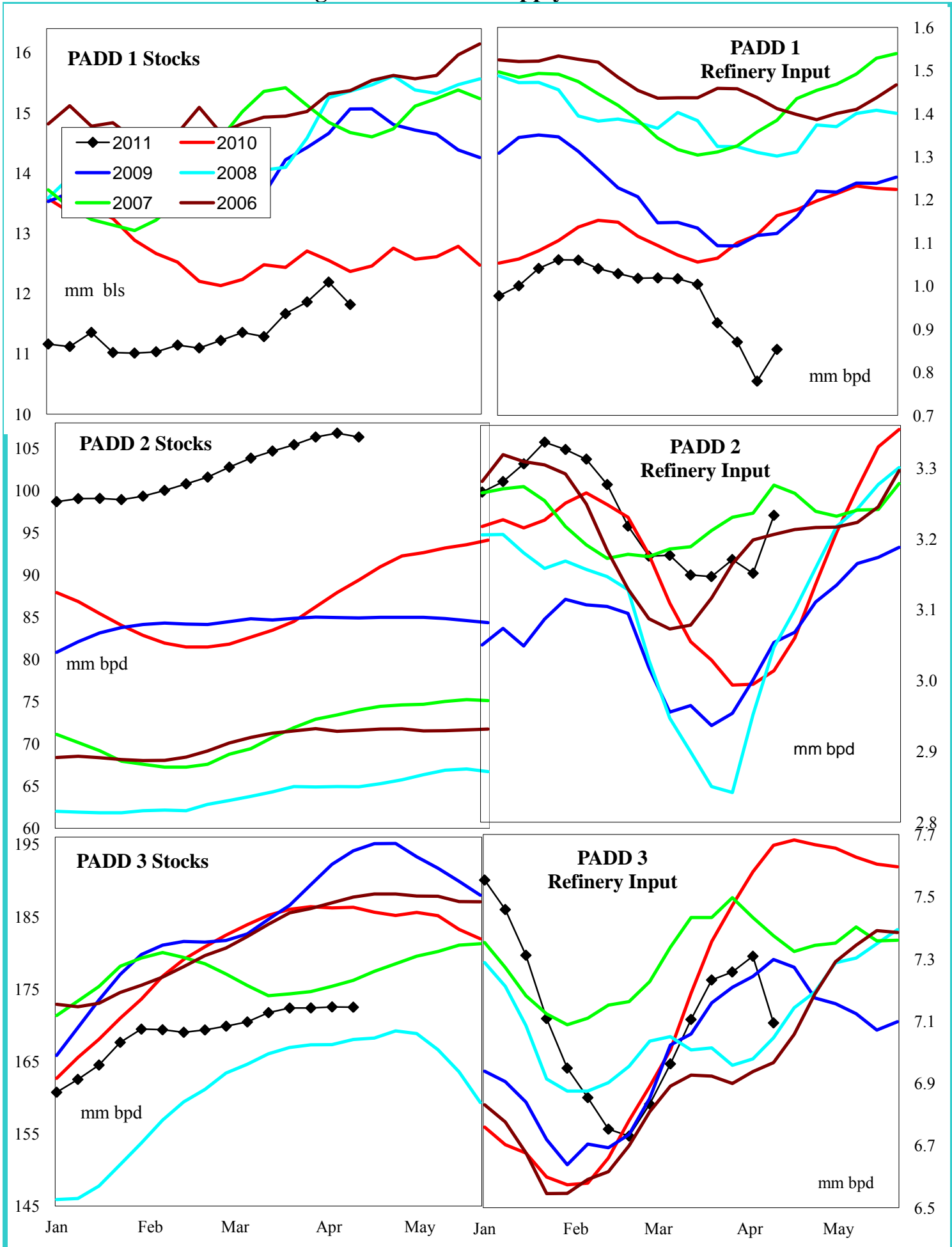
Expect a surge in crude imports into PADDs 1 and 3 as refiners return from maintenance, which should provide support to prices.

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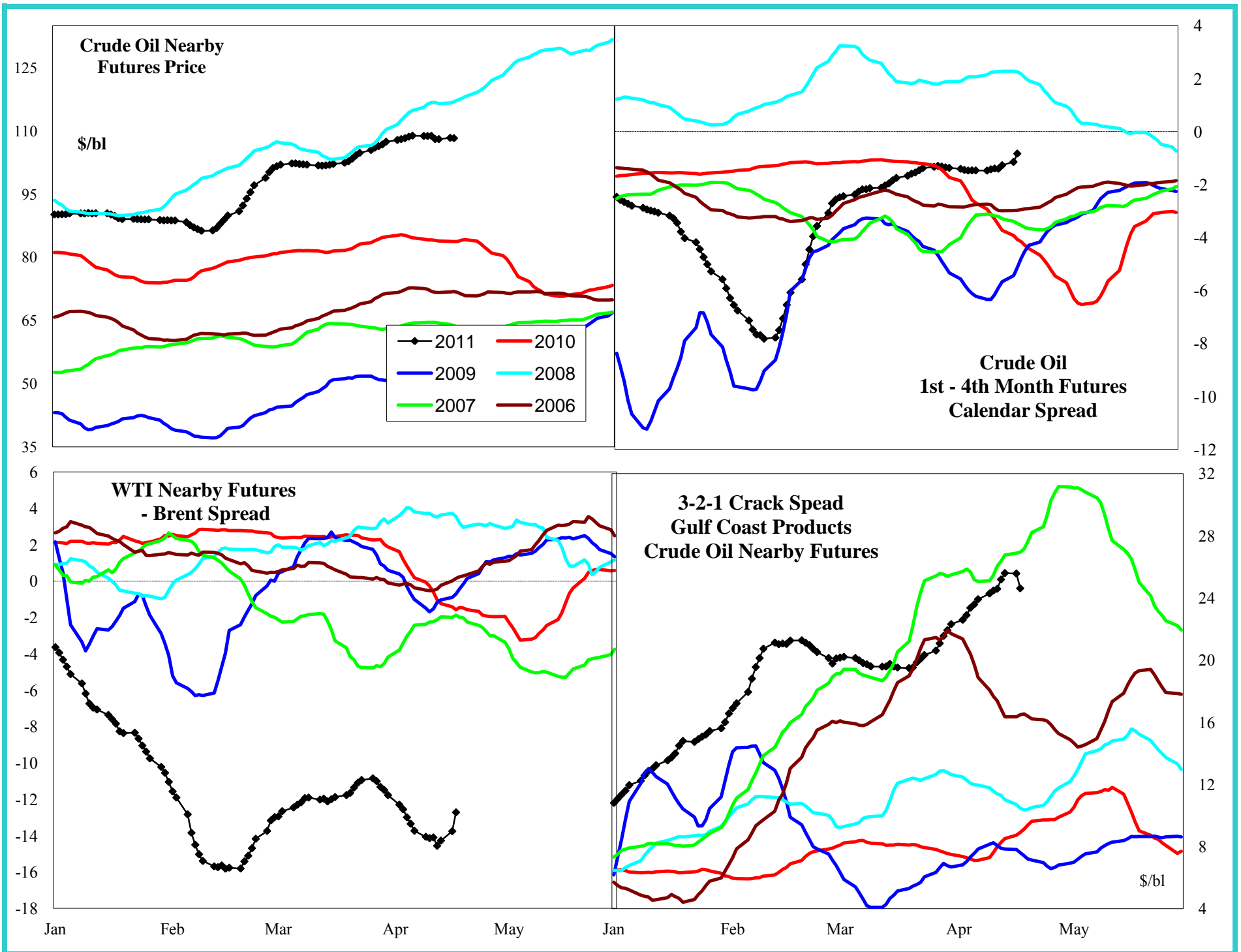
# United States Crude Oil Supply and Demand Balance



### Regional Crude Oil Supply / Demand



### Crude Oil Price and Margin Trends



# WTI Price Spread to Global Crude Oil Grades

