



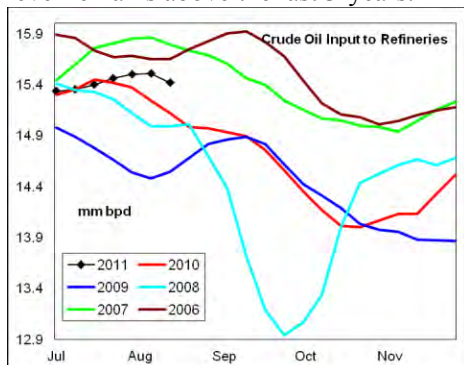
## WEEKLY CRUDE OIL FUNDAMENTAL - PRICE TRENDS

### A Fundamental Petroleum Trends Weekly Report

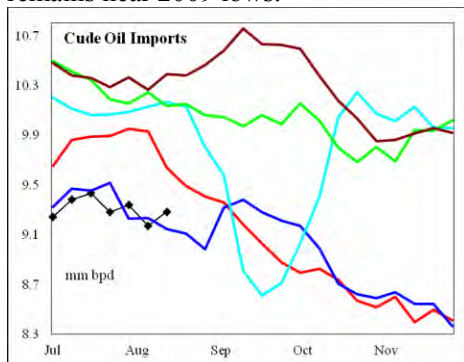
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, August 17, 2011

#### Supply & Refinery Input

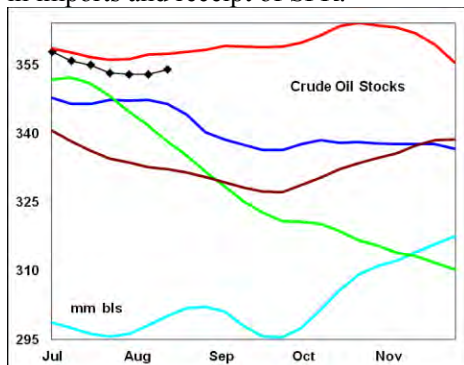
Refinery crude oil runs decreased - 205,000 bpd last week, although the level remains above the last 3-years.



Crude oil imports increased +185,000 bpd on the week, although the level remains near 2009 lows.



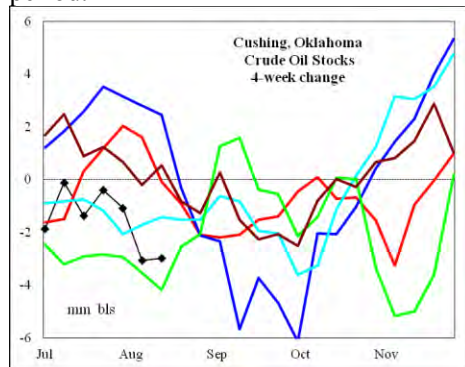
Stocks increased +4.2 million barrels last week; due to a +0.9 million bpd rise in imports and receipt of SPR.



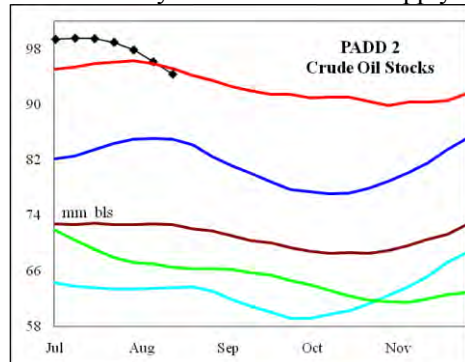
#### Regional Markets

Crude oil refinery runs decreased - 111,000 bpd in PADD 2, -60,000 bpd in PADD 3 and -43,000 bpd in PADD 1. Runs were unchanged in the Rockies and West. U.S. thru put was +138,000 bpd above a year ago for the latest 4-wk

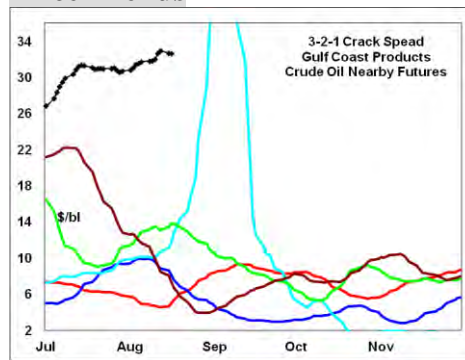
period.



Using the 4-wk average change in crude oil stocks, draws have occurred in Cushing during the last 2-months, with stock levels now -3.2 million barrels below a year ago. PADD 2 total crude oil stocks, including Cushing, matched last year's record highs as stocks increased at refiners and in the distribution system for domestic supply.



#### Price Trends



WTI crude oil prices increased +\$8/bbl for the week ending 16Aug11. Gulf Coast conventional gasoline prices increased +\$8.50/bbl and distillates increased +\$7/bbl. These trends left the Gulf refining margin unchanged on the week, at a record high level.

The forward crude oil price curve (1<sup>st</sup> to 4<sup>th</sup> month calendar spread) trended higher last week, with the level above four of the last 5-years.

The WTI - Brent crude oil price traded sideways last week, at a record low level. Release of supply from the strategic petroleum reserve should keep the spread under pressure in favor of Brent for the balance of the summer quarter.

#### Global Crude Price Differentials

The WTI price differential compared to most major global crude oil grades increased last week, as prices rebounded for recent lows. Excess supplies of landlocked domestic crude oil and release of strategic reserves continues to depress relative WTI prices.

#### Refined Product Trends

Wholesale gasoline demand remains particularly weak, without a meaningful summer peak. The demand level matches lows of 2009, during the depth of the recession. Very tight supplies in the Northeast due to low imports has supported prices throughout the summer season.

Wholesale distillate demand fell nearly -0.4 million bpd last week as the downstream supply chain drew down stocks as prices fell.

Global distillate supplies remain tight as indicated by an inverted forward price curve in Europe and record low carry on the NYMEX heating oil contract.

#### Emerging Crude Oil Trends

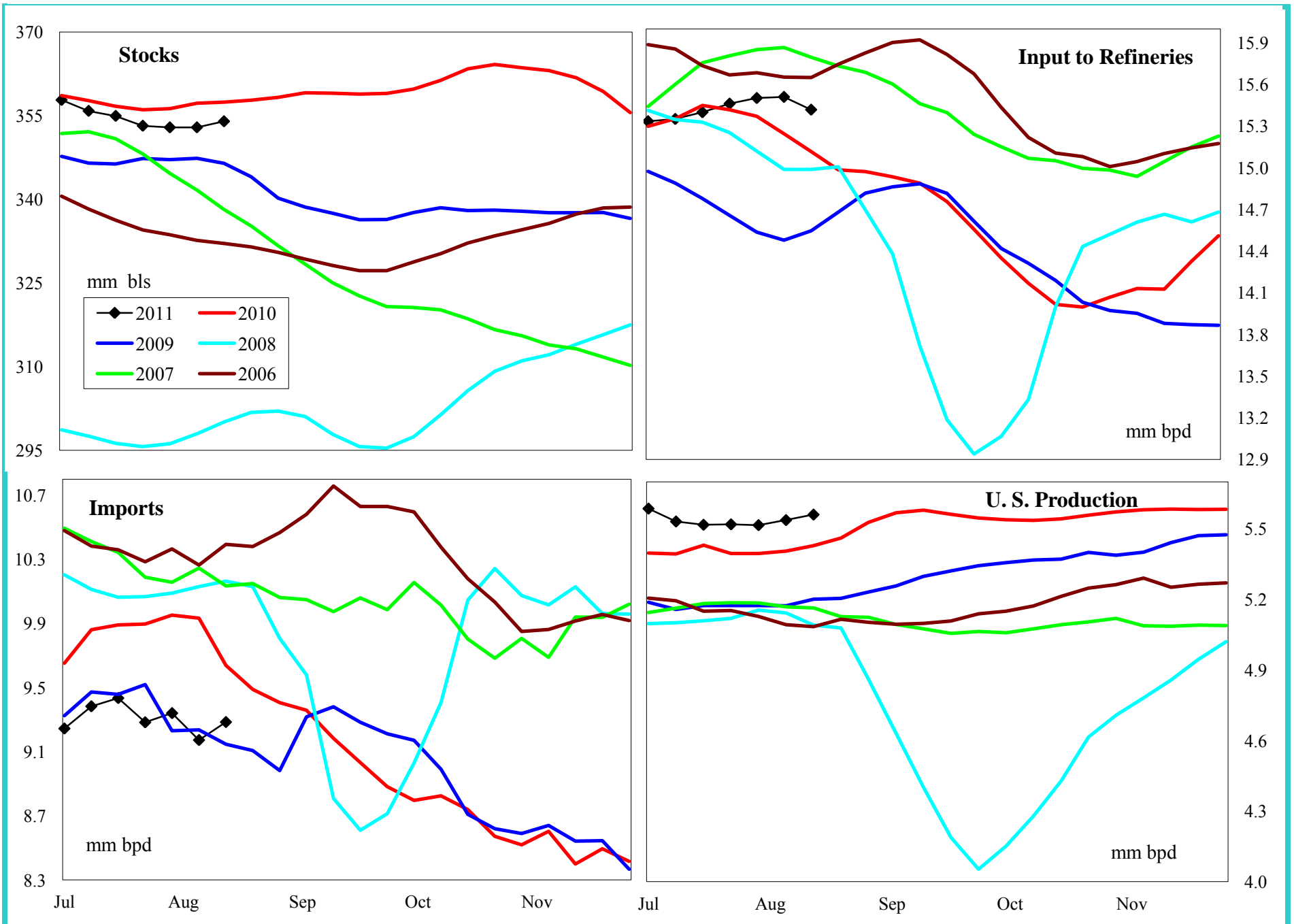
Release of SPR supplies and a rebound in imports of nearly +1 million bpd on the Gulf led to a +6.3 million stock build in that region.

However, a continued draw down of Cushing stocks has supported the front end of the NYMEX WTI forward price curve, even in the face of the recent price pull back.

Global crude oil supplies remain relatively tight with domestic waterborne and foreign crude oil grades trading at record premiums to WTI.

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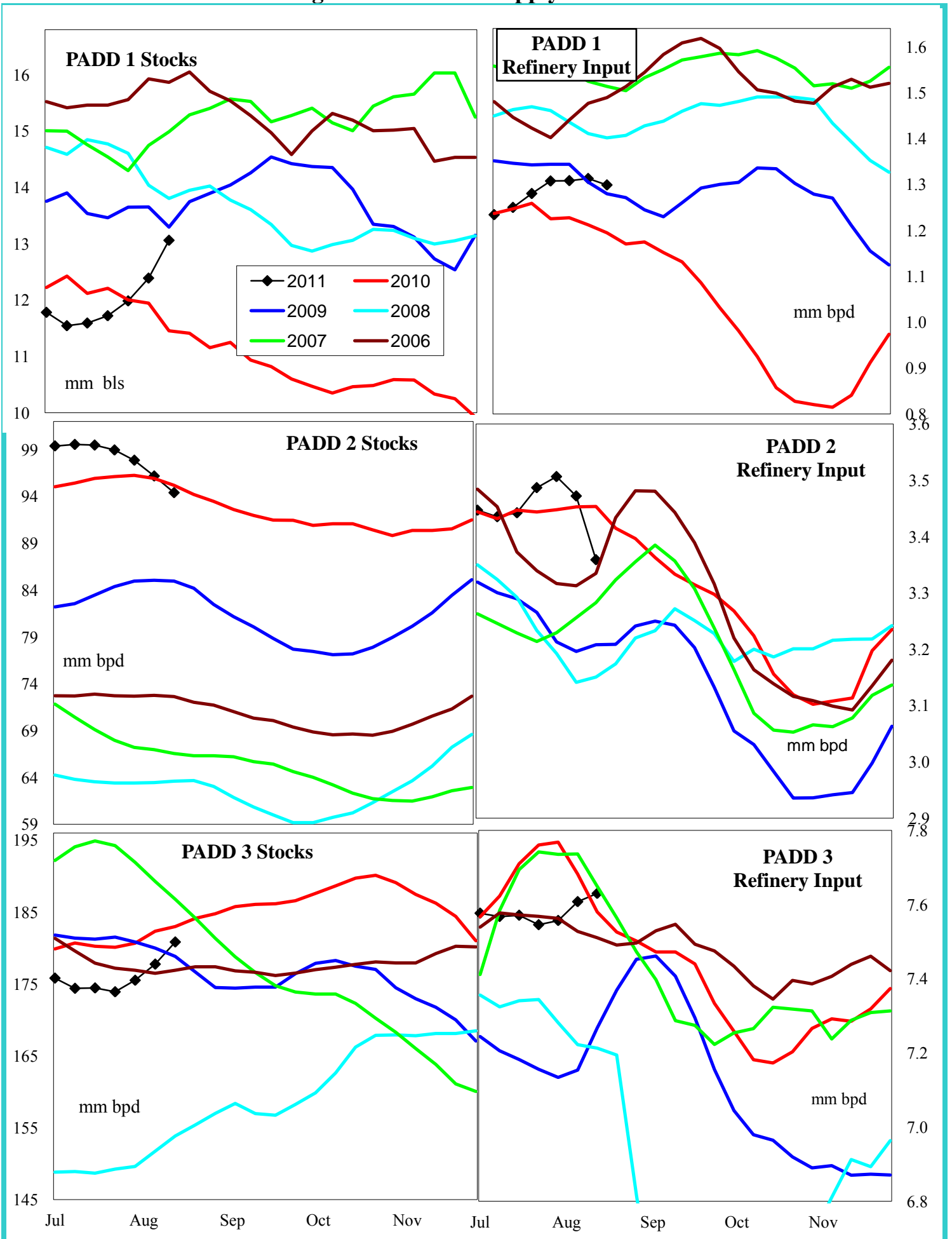
# United States Crude Oil Supply and Demand Balance



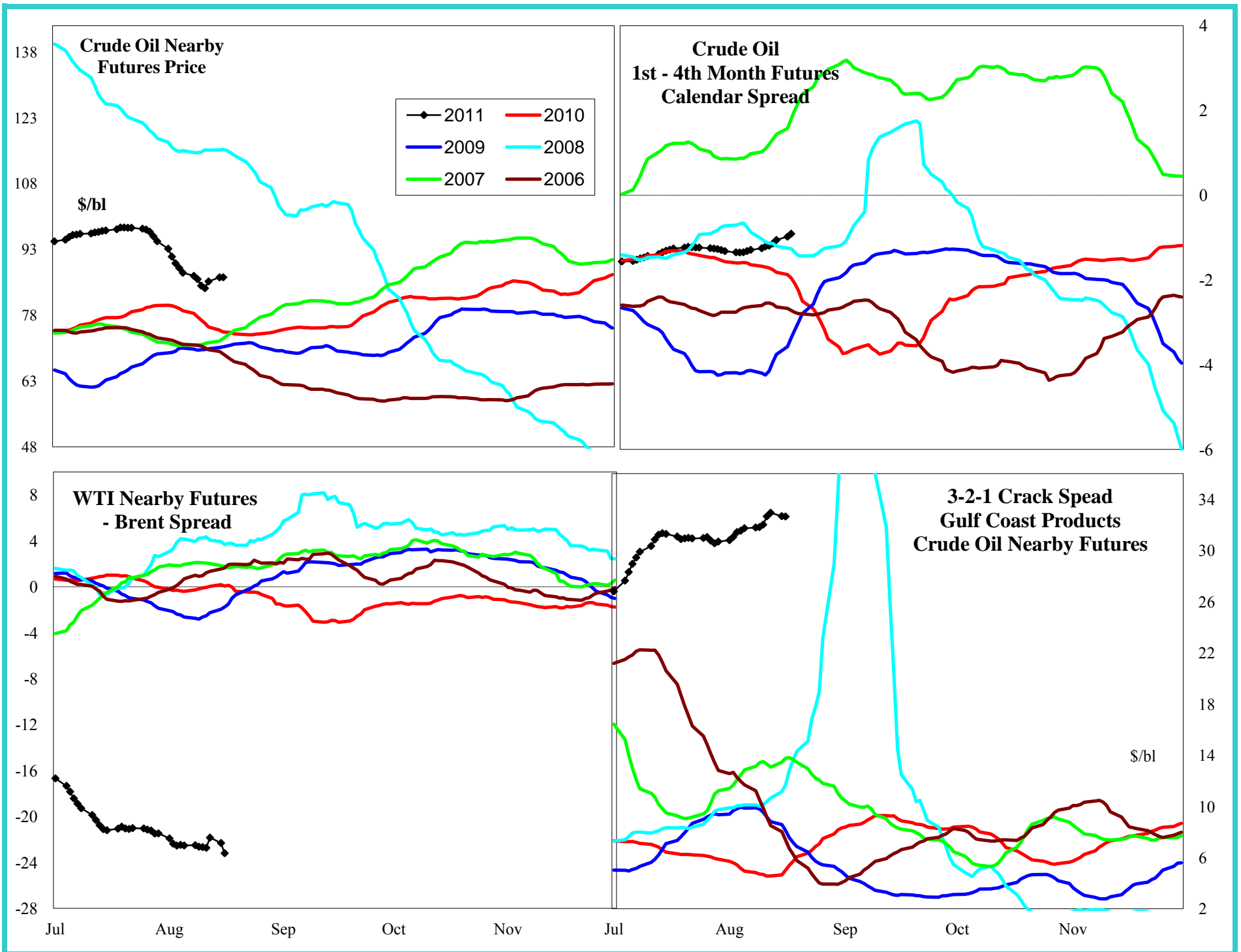
**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

	Stocks	Input	Imports	U.S. Production
	-191	138	-606	118
	-0.1	0.9	-6.1	2.2

### Regional Crude Oil Supply / Demand



### Crude Oil Price and Margin Trends



# WTI Price Spread to Global Crude Oil Grades

