



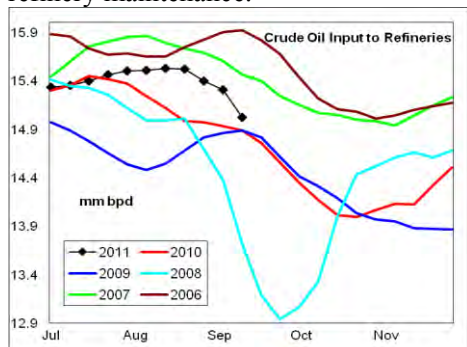
## WEEKLY CRUDE OIL FUNDAMENTAL - PRICE TRENDS

### A Fundamental Petroleum Trends Weekly Report

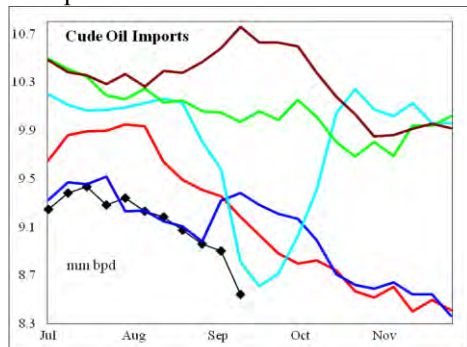
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, September 14, 2011

#### Supply & Refinery Input

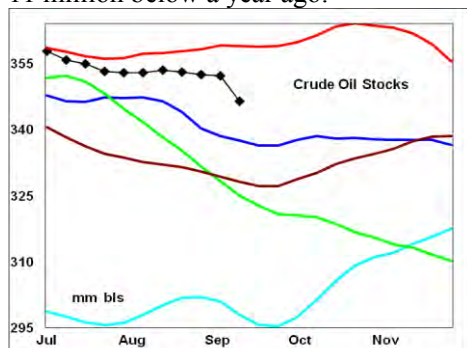
Refinery crude oil runs have declined - 846,000 bpd in the last 2-wks due to weather disruptions (hurricane Irene and tropical storm Lee), and the start of fall refinery maintenance.



Crude oil imports were unchanged last week after the prior week fall of -1.1 million bpd, as a result of the weather disruptions.



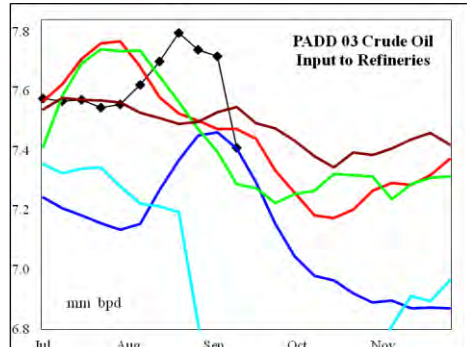
Stocks decreased -6.7 million barrels last week, including a -7.7 million barrel drop in the Gulf. U.S. stocks are now -11 million below a year ago.



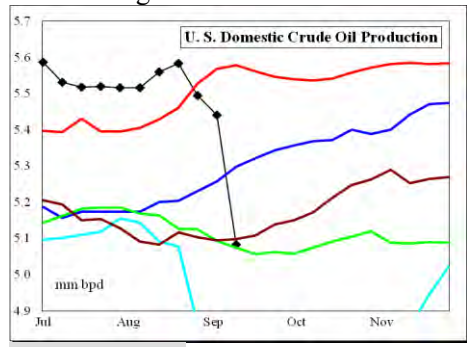
#### Regional Markets

Crude oil refinery runs decreased -0.6 million bpd in the Gulf last week as refiners reduced thru put ahead of tropical storm Lee and began fall

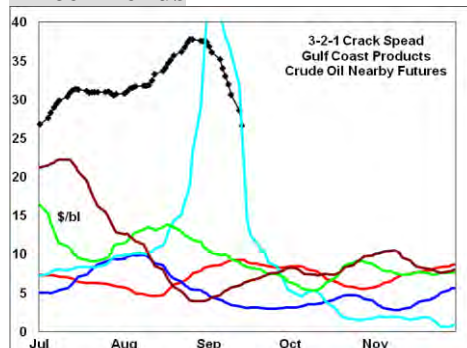
maintenance. Runs were also lower in PADDs 4 and 5 by -67,000 bpd and -59,000 bpd: respectively. Runs jumped +284,000 bpd in PADD 1 as plants returned to operation after hurricane Irene.



Tropical storm Lee led to a -559,000 bpd drop in domestic production last week, pushing the level to the low end of the historic range.



#### Price Trends



WTI crude oil prices increased +\$4/bbl for the week ending 13Sep11. Gulf Coast conventional gasoline prices fell - \$4.50/bbl and distillates declined - \$2.75/bbl. These trends led to a continued sharp decrease in the Gulf refining margin last week.

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 well above the mid range.

The WTI - Brent crude oil price trended higher last week, in favor of WTI, although the spread remains extremely wide. A lack of Libya supply to European markets and investors preference for Brent should keep the spread under pressure in favor of Brent for the fall quarter.

#### Global Crude Price Differentials

The WTI price differential compared to most major global crude oil grades trended higher last week. The spreads remain extremely wide as excess supplies of landlocked domestic crude oil and release of strategic reserves continues to depress relative WTI prices.

#### Refined Product Trends

Wholesale gasoline and distillate demand extended the recent downtrend, falling a combined -303,000 bpd last week; due in part to disruptions to travel caused by hurricane Irene and tropical storm Lee.

Gasoline demand remains extremely weak, -2.7% below last year. Distillate demand year-on-year growth slowed to +0.8% last week for the latest 4-week period.

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.

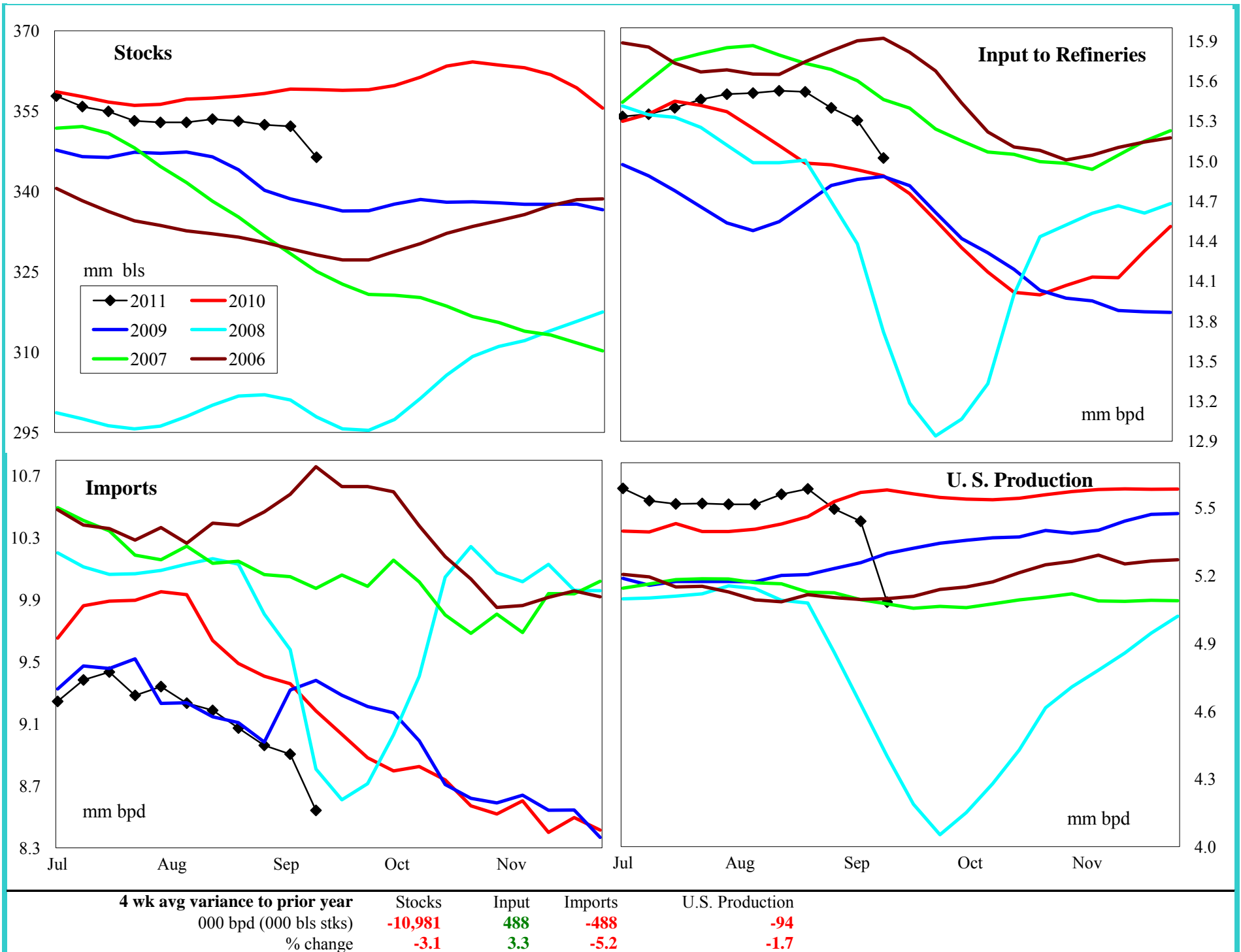
#### Emerging Crude Oil Trends

Cushing crude oil stocks ended the week -2.8 million barrels below last years' record high level. This decline was offset by record stock levels in PADD 2, which were +5.4 million barrels above a year ago.

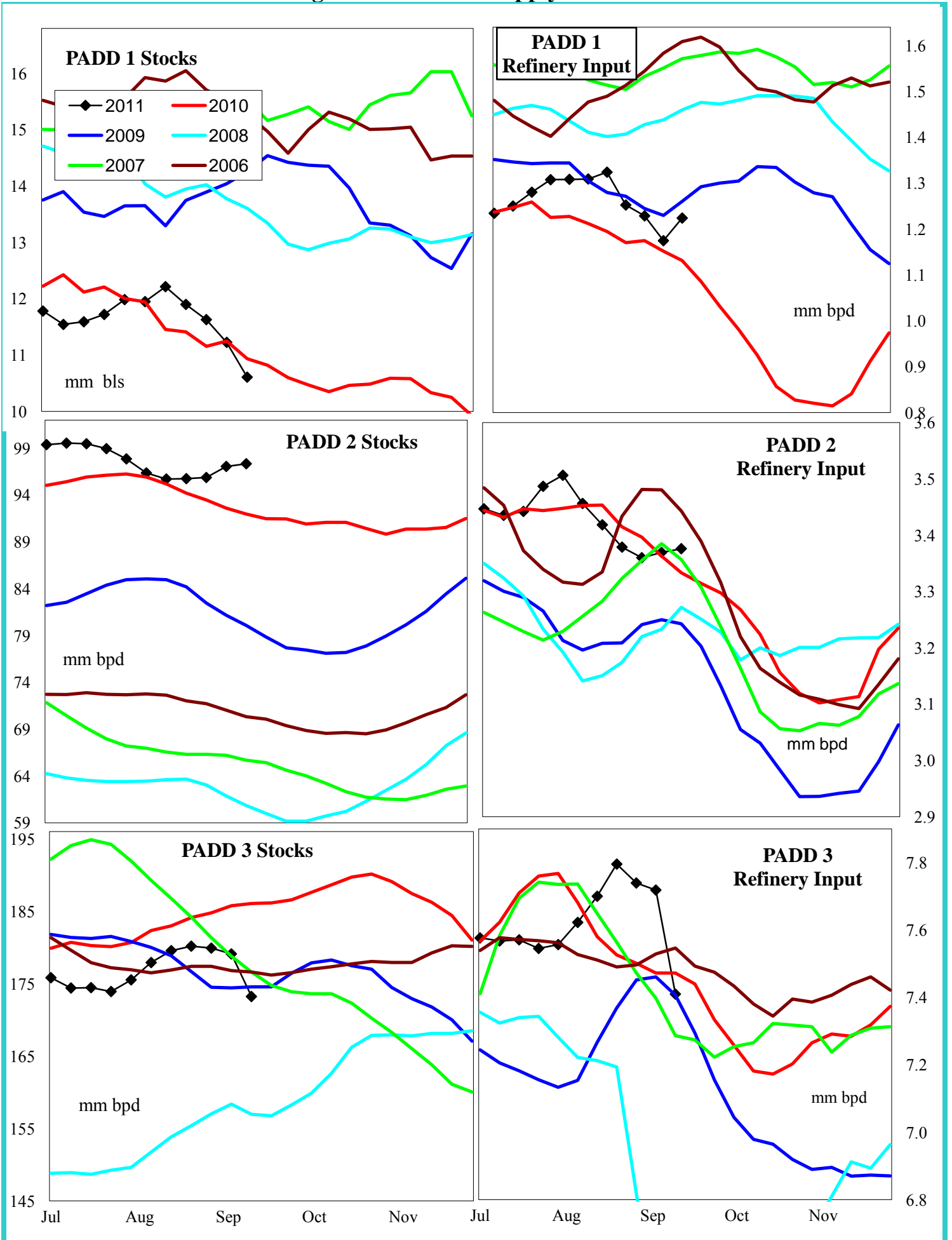
Some Libyan production is now likely to begin during the next quarter; partially offset by high U.S. domestic output, which on balance may lead to a lower WTI-Brent spread in the 4th quarter.

**Disclaimer** - The information contained on this website and in all its reports reflects the opinion of Fundamental Petroleum Trends. Futures and commodities trading involve significant risk and may not be suitable for every investor. Information contained herein is strictly the opinion of its author and is intended for informational purposes and is not to be construed as a recommendation to sell or buy, or trade in any commodity mentioned herein. Information is obtained from sources believed reliable, but is in no way guaranteed. Opinions, market data and recommendations are subject to change at any time. Past results are not indicative of future results. Charts are developed by Fundamental Petroleum Trends from EIA, NWS, other public data and proprietary models unless otherwise noted and credited.

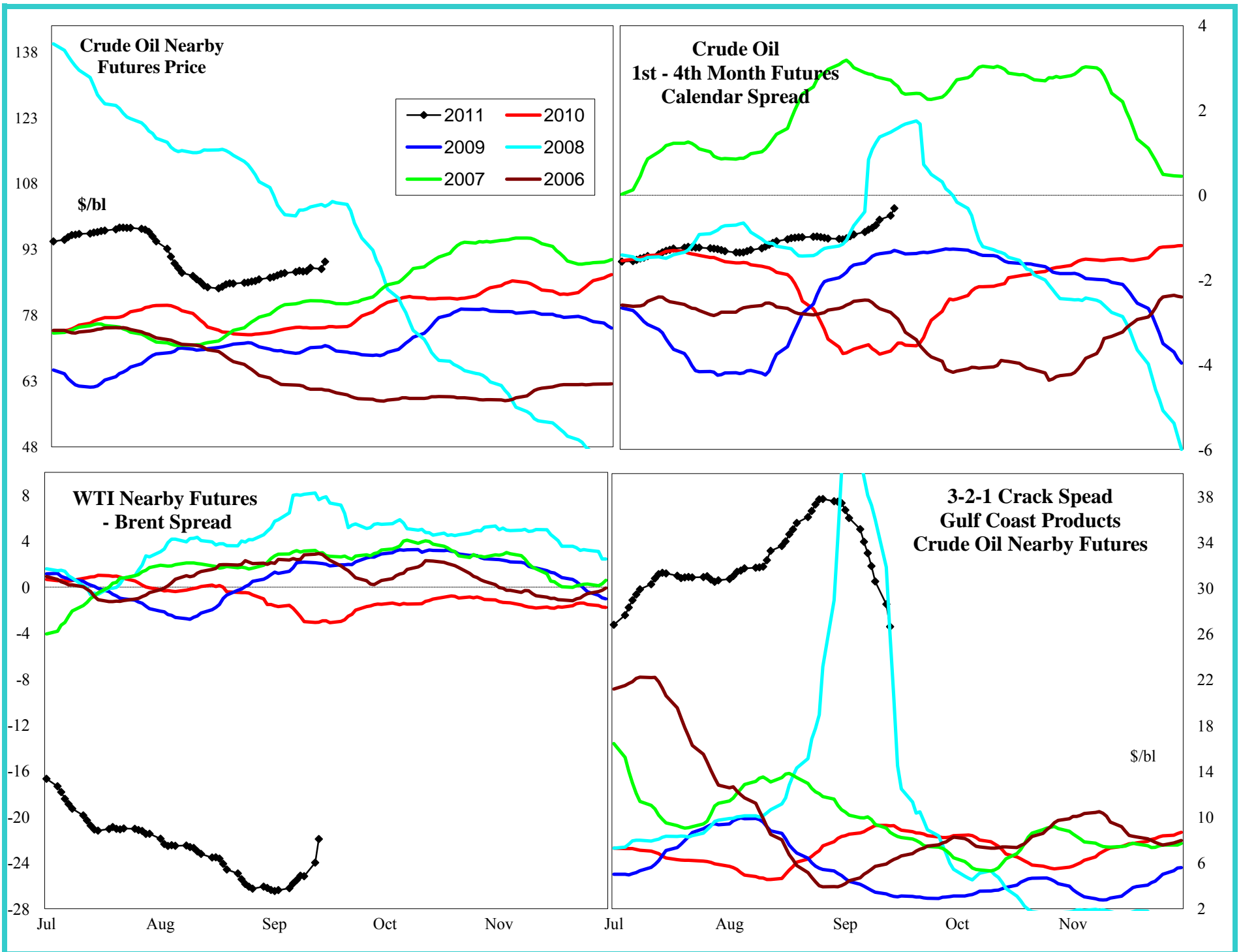
# United States Crude Oil Supply and Demand Balance



### Regional Crude Oil Supply / Demand



### Crude Oil Price and Margin Trends



# WTI Price Spread to Global Crude Oil Grades

