



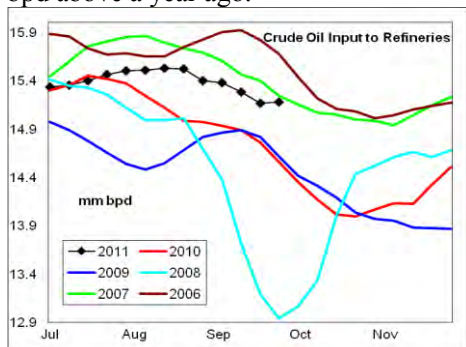
WEEKLY CRUDE OIL FUNDAMENTAL - PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

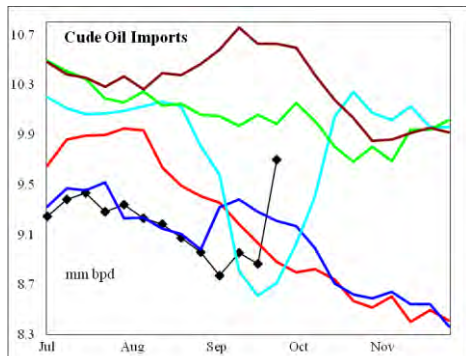
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, September 30, 2011

Supply & Refinery Input

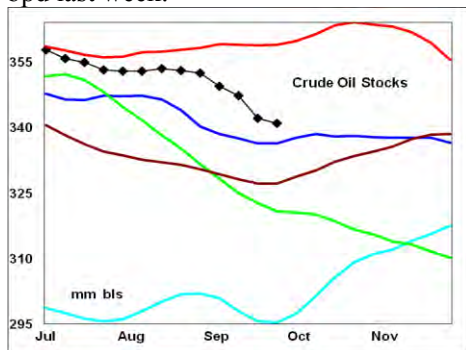
Refinery crude oil runs decreased -130,000 bpd last week as refiners in the Gulf began fall maintenance. Through put for the latest 4-wk period were +332,000 bpd above a year ago.



Since late July, crude oil runs have consistently exceeded the rates of each of the last 3-years, due to the start up of capacity expansions and restart of closed refiners on the East Coast.



Crude oil imports spiked +1.4 million bpd last week.



Imports were sharply higher in PADDs 1 and 3 as a result of earlier weather delayed cargoes being off loaded last week. Imports were also higher on the West Coast.

Crude oil stocks increased +1.9 million barrels last week, including a +2.8 million barrel build in the Gulf. The surge in imports reversed earlier stock draws in the Gulf that averaged over -7 million barrels per week during mid September.

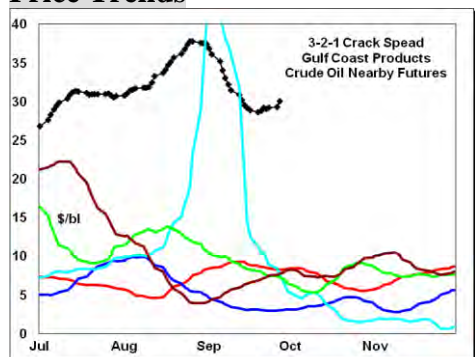
Regional Markets

Crude oil runs reached record highs in the Midwest last week, ahead of the start of fall refinery maintenance.

Runs in the Rockies were at record lows, down -100,000 bpd from the average for this time of year. The sharp drop in this region has led to a supply squeeze for refined products in the area.

Run rates in other regions do not yet reflect the start of significant refinery maintenance.

Price Trends

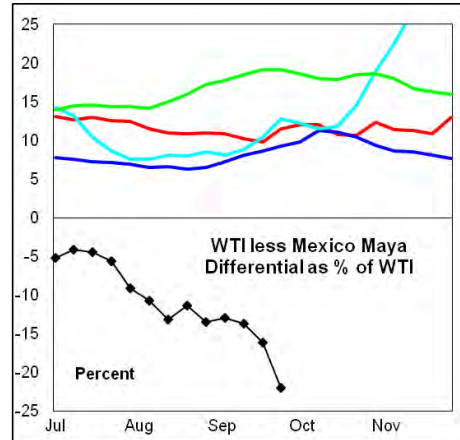


WTI crude oil prices declined -\$2/bbl for the week ending 27Sep11. Gulf Coast conventional gasoline prices increased +\$0.25/bbl and distillates decreased -\$2/bbl. These trends led to an increase in the Gulf refining margin last week.

The forward crude oil price curve (1st to 4th month calendar spread) traded sideways last week, with the level well above the mid range.

The WTI - Brent crude oil price trended lower last week, in favor of Brent, with the spread near new record lows. A lack of Libya supply to European markets and investors preference for the Brent contract should keep the spread under pressure in favor of Brent for the fall quarter.

Global Crude Price Differentials



The price differential for global crude oil grades compared to WTI prices have reached new record highs. Exceptional weakness in the WTI market on record imports from Canada and record domestic production continues.

This contrasts with tight global supplies that have led to exceptionally steep price inversions for Brent, as well as near record price inversions between prompt and deferred prices for other grades.

Refined Product Trends

Demand increased last week for gasoline and jet fuel, while distillate saw a modest decline. The latest 4-wk average year on year change in demand shows demand below last year for all three major transport fuels - gasoline (-2.4%), distillate (-1.0%) and jet fuel (-3.3%). These trends point to extremely slow growth in the U.S. economy.

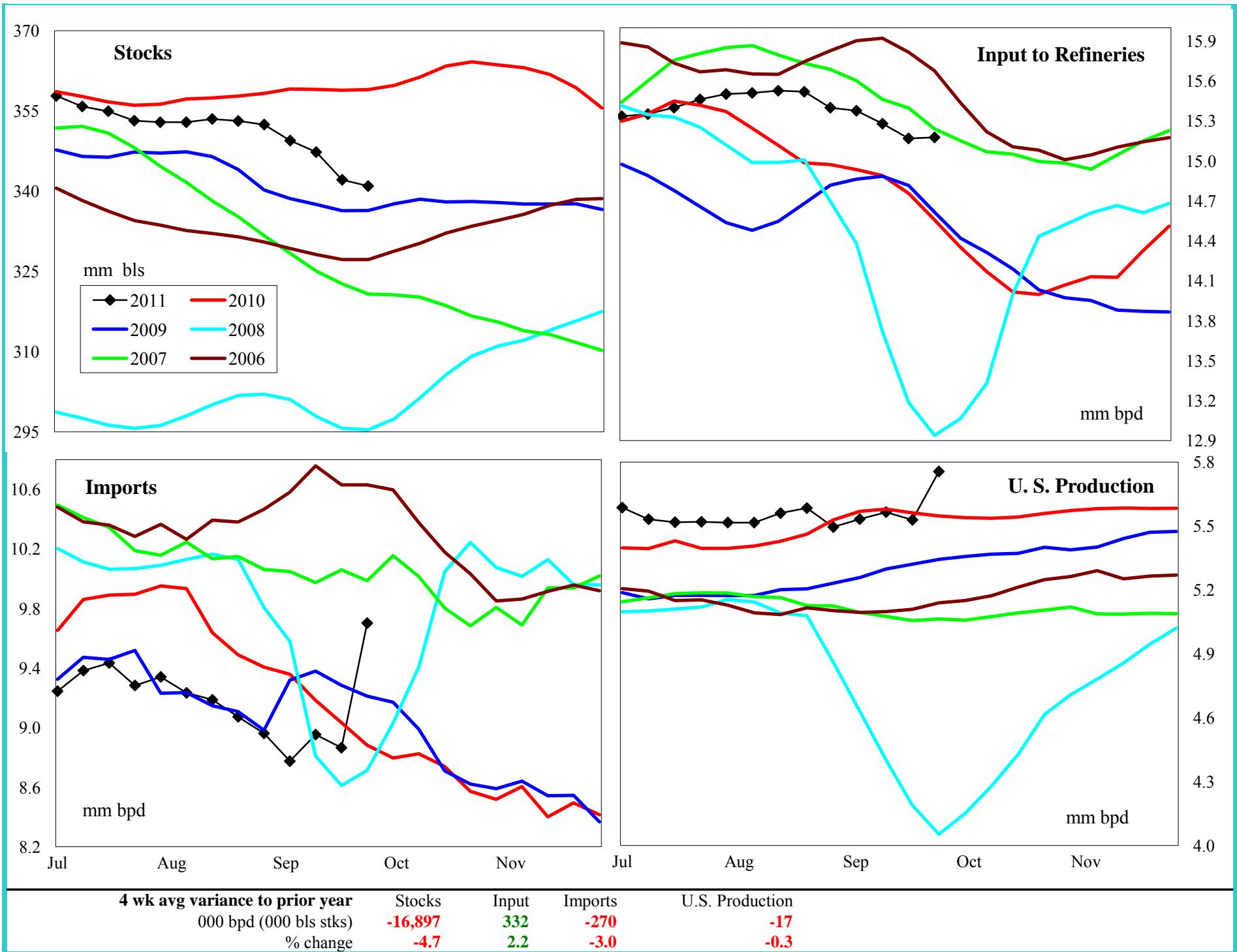
Emerging Crude Oil Trends

The forward price curve for Brent and other globally traded crude oil grades are steeply inverted, pointing to continued tight prompt supplies, and expectations that slower global economic growth will pressure prices lower in the future.

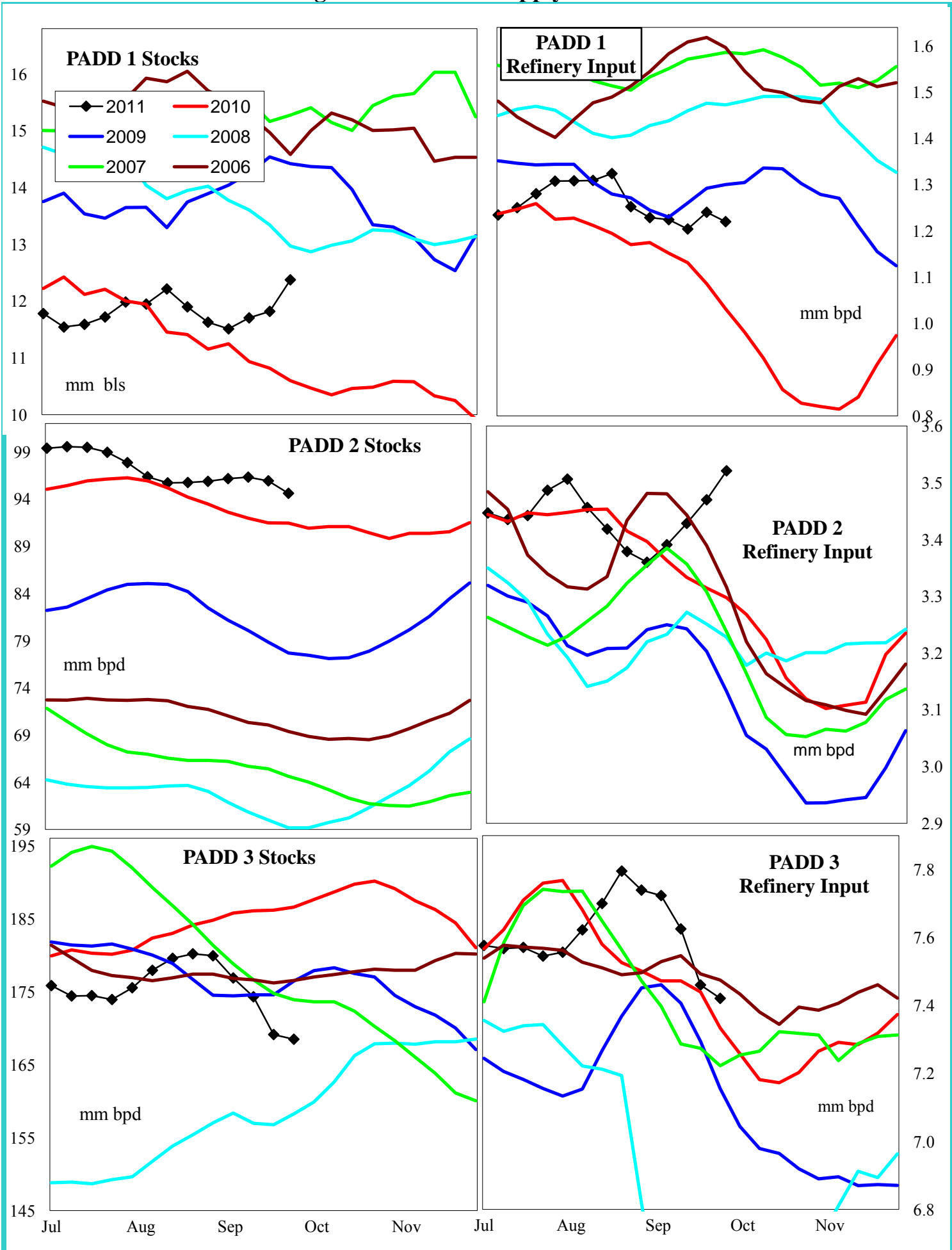
Extremely wide differentials between WTI and foreign grades has begun to impact domestic transport fuel pricing compared to international product pricing. U.S. domestic gasoline and distillate prices are now trading at steep discounts to international prices, which should lead to increased exports.

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.

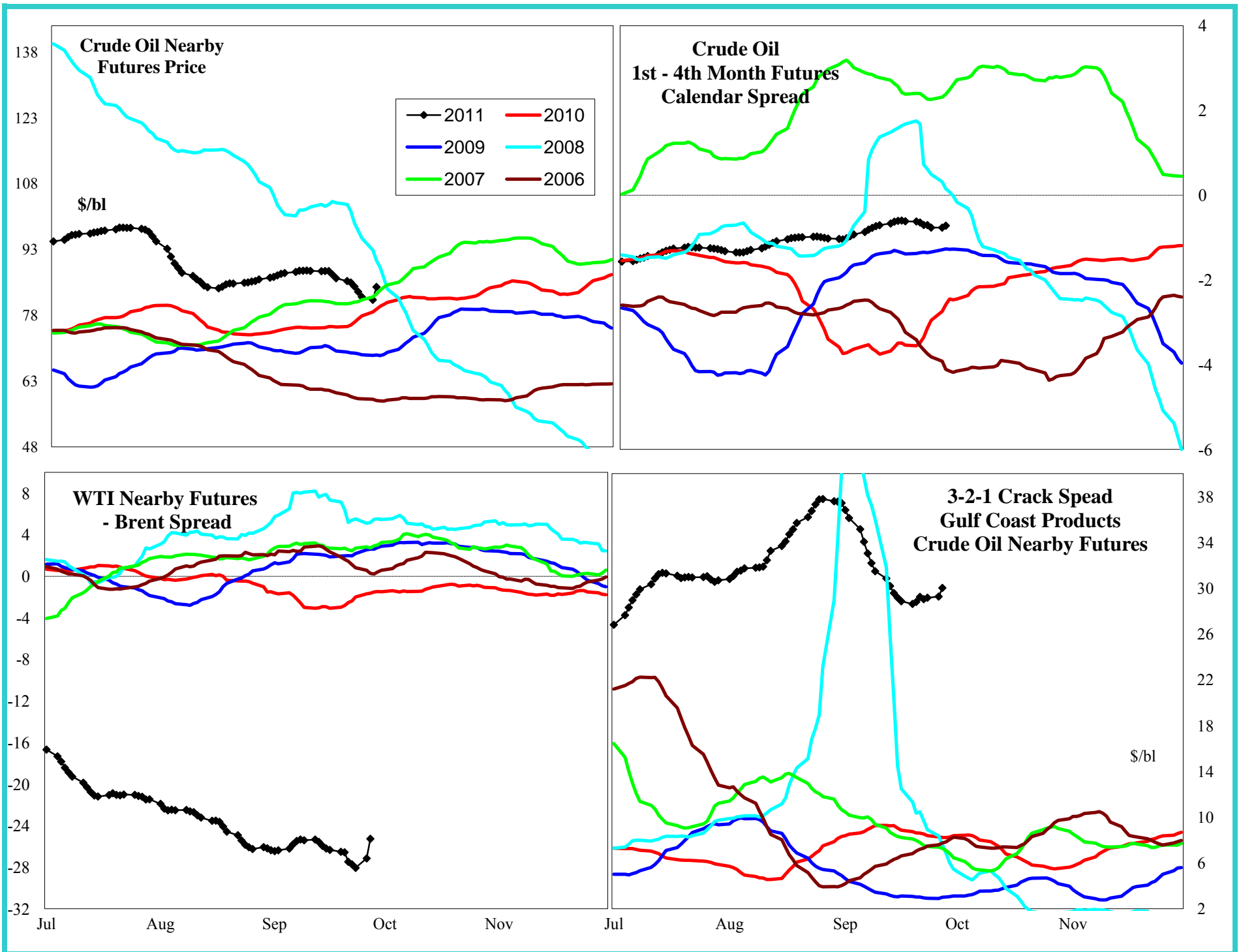
United States Crude Oil Supply and Demand Balance



Regional Crude Oil Supply / Demand



Crude Oil Price and Margin Trends



WTI Price Spread to Global Crude Oil Grades

