



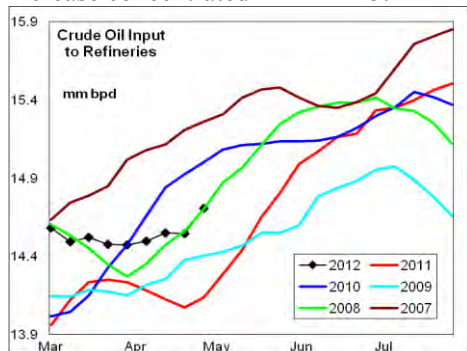
WEEKLY CRUDE OIL FUNDAMENTAL - PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

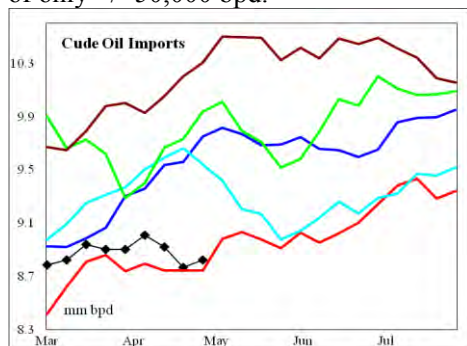
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Supply & Refinery Input

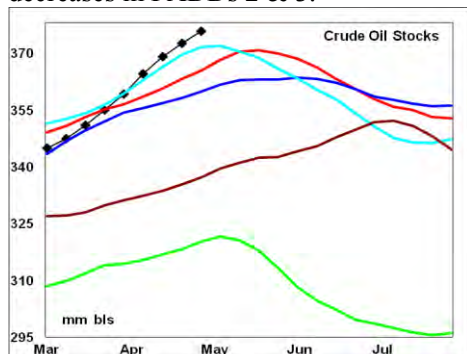
Refinery crude oil runs increased +230,000 bpd last week, with the increase concentrated in PADD 5.



Thru put for the latest 4-wk period was +434,000 bpd above a year ago. Runs increased +172,000 bpd on the West Coast, with other regions seeing changes of only +/- 50,000 bpd.



Crude oil imports were nearly unchanged on the week; with the West Coast surging +0.9 million bpd, offset by decreases in PADDs 2 & 3.

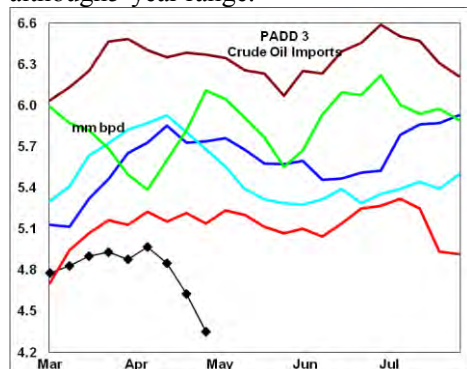


Crude oil stocks increased +2.8 million barrels on the week, including a +1.5 million barrel build in the Gulf. The level of U.S. stocks now exceeds prior 5-year highs and +9 million barrels above last year. Cushing stock levels ended the

week +2.5 million barrels above last years' record high.

Regional Markets

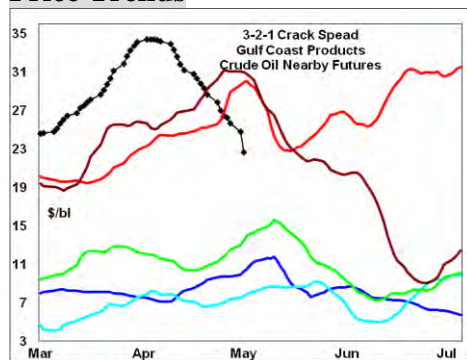
Crude oil imports have hit record lows in the Gulf on lower refinery runs and high domestic production. Imports also fell over -400,000 bpd in PADD 2 last week, although 5-year range.



Crude oil runs on the West Coast were -188,000 bpd below the 5-year range on unplanned repairs and other maintenance for the most recent 4-wk period. Runs were above last year in all other regions for the latest 4-wk period; +82,000 bpd in PADD 1, +292,000 bpd in PADD 2, +200,000 bpd in PADD 3 and +50,000 bpd in PADD 4.

The surge in imports to the West Coast points toward refiner's expectations of returning to operation from a record high maintenance season.

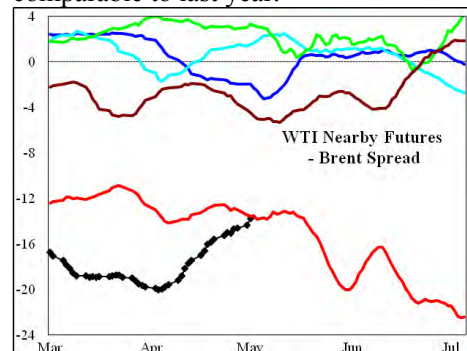
Price Trends



WTI crude oil prices increased +\$3/bbl for the week ending 01May12. Gulf Coast conventional gasoline prices fell -\$3/bbl while distillate prices increased +\$1/bbl for the same period. The Gulf refining margin fell sharply last week on divergent trends in crude cost and

gasoline prices. The margin ended the week below year ago levels.

The forward crude oil price curve (1st to 4th month calendar spread) trended higher last week in favor of the nearby month, ending in a carry comparable to last year.



The WTI – Brent crude oil price spread trended higher last week, in favor of WTI. An early start to reversal of the Seaway pipeline, and economic weakness in Europe has contributed to the tightening of the spread.

Crude oil prices in the Rockies and Canadian imports trended higher last week compared to WTI, at levels comparable to a year ago.

Refined Product Trends

Wholesale demand for middle distillates and gasoline remain lackluster. The latest 4-wk average demand for gasoline was down -4.7% compared to a year ago, while distillate and jet fuel decreased -1.6% and -6.2%, respectively.

Emerging Crude Oil Trends

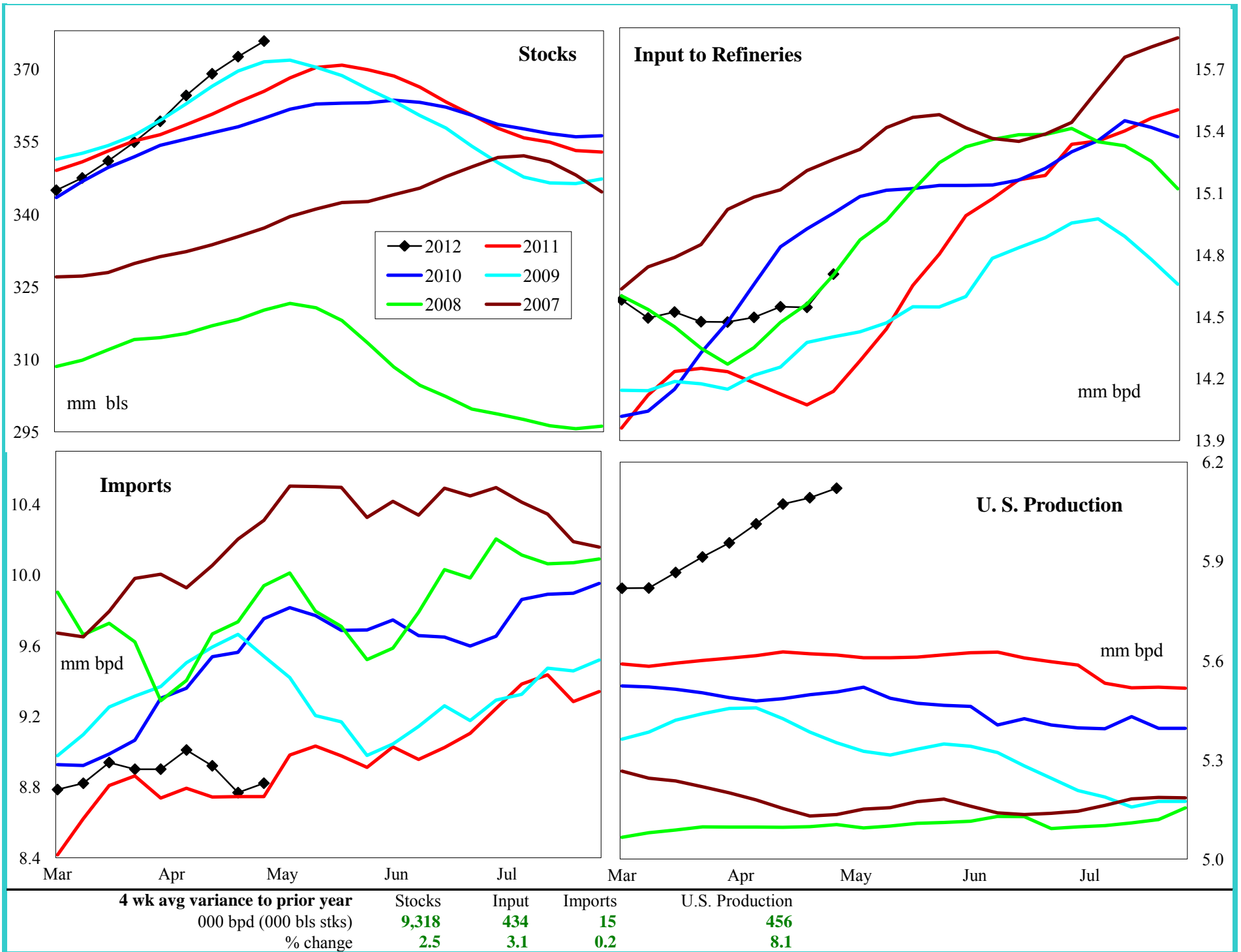
Start-up of the Seaway pipeline reversal in mid May should lead to a draw down of record stocks in Cushing, further strengthening inland domestic prices relative to waterborne grades.

The increase in relative prices for inland domestic crude supplies will pressure refining margins for refiners that have benefited from the depressed domestic crude values.

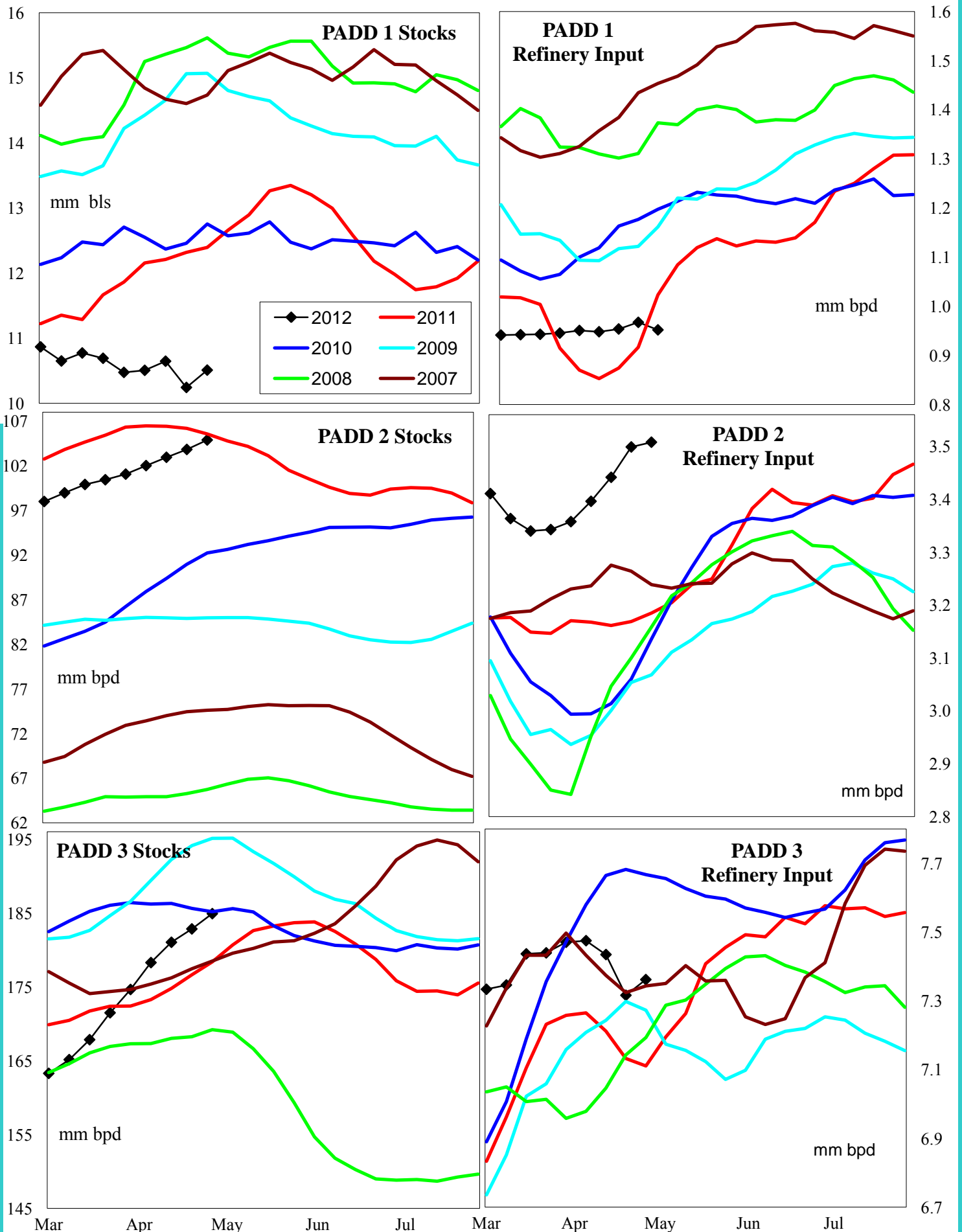
Look for crude oil runs to rise by an additional +0.8 million bpd over the next 45-days as plants return from maintenance; beginning the seasonal draw in crude oil stocks.

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United States Crude Oil Supply and Demand Balance



Regional Crude Oil Supply / Demand



Crude Oil Price and Margin Trends

