



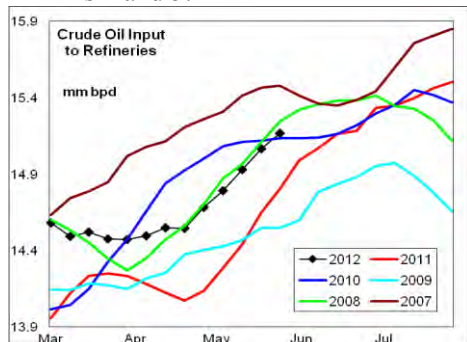
WEEKLY CRUDE OIL FUNDAMENTAL - PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

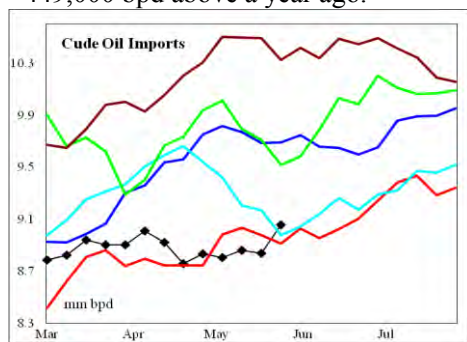
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Supply & Refinery Input

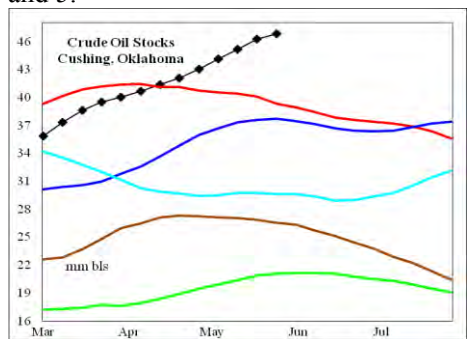
Refinery crude oil runs increased +182,000 bpd last week, concentrated in PADDs 1 and 5.



Thru put for the latest 4-wk period was +449,000 bpd above a year ago.



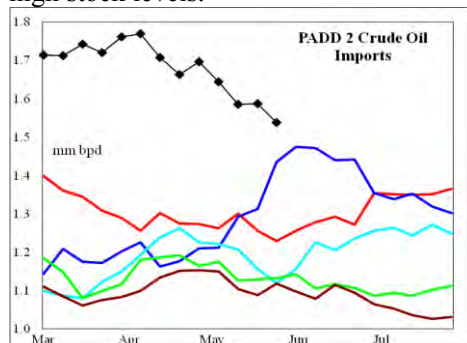
Crude oil imports increased +0.5 million bpd last week, concentrated in PADDs 1 and 5.



Crude oil stocks increased +2.2 million barrels on the week, including a +0.1 million barrel build in Cushing. Cushing stocks ended the week +7.5 million barrels above last years' record high. Stock levels in PADDs 2, 4 and 5 are each at record levels. Look for seasonal stock draws to began in the near term on higher refinery runs.

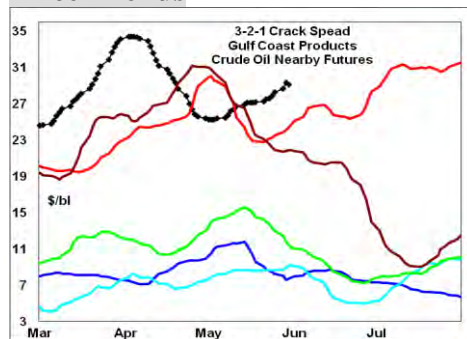
Regional Markets

Crude oil imports into PADD 2 from Canada have declined -250,000 bpd during the last 60-days. The decline was driven by spring maintenance on crude oil production facilities, refinery maintenance in the midwest and very high stock levels.



Crude oil runs during the latest 4-wk period increased +365,000 bpd in PADD 3 compared to last year, +152,000 bpd in PADD 2, and +146,000 bpd in PADD 5. Runs decreased -206,000 bpd in PADD 1 and -7,000 bpd in PADD 4 for the same period. Run rates on the West Coast exceed the last 3-years, which should lead to significant increase in product supply during the summer quarter.

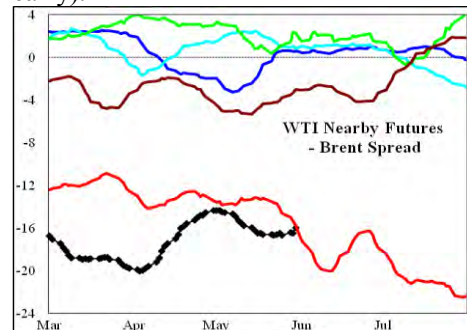
Price Trends



WTI crude oil prices decreased -\$2.50/bbl for the week ending 30May12. Gulf Coast conventional gasoline prices increased +\$0.50/bbl while distillate prices were -\$2.75/bbl lower for the same period. The Gulf refining margin trended higher on relative strength in gasoline prices for the week. The margin ended the week at levels above historic highs for the period.

The forward crude oil price curve

(1st to 4th month calendar spread) trended lower last week in favor of the deferred month, ending the week at a level that matched the 5-year high (low carry).



The WTI - Brent crude oil price spread traded sideways last week, ending at a level comparable to a year ago.

Differentials between Canadian imports versus WTI trended lower last week, ending the week at levels below the 5-year range. Gulf Coast domestic waterborne grades fell in value relative to WTI last week, in anticipation of increased supplies via Seaway Pipeline.

Refined Product Trends

Wholesale demand for transport fuels continue to see year-on-year declines during the latest 4-wk period with gasoline down -2.6%, distillate -1% and jet fuel down -0.7%.

Robust exports have led to continued stock draws for distillate and gasoline, even with higher production; driven by earlier refinery closures in Europe.

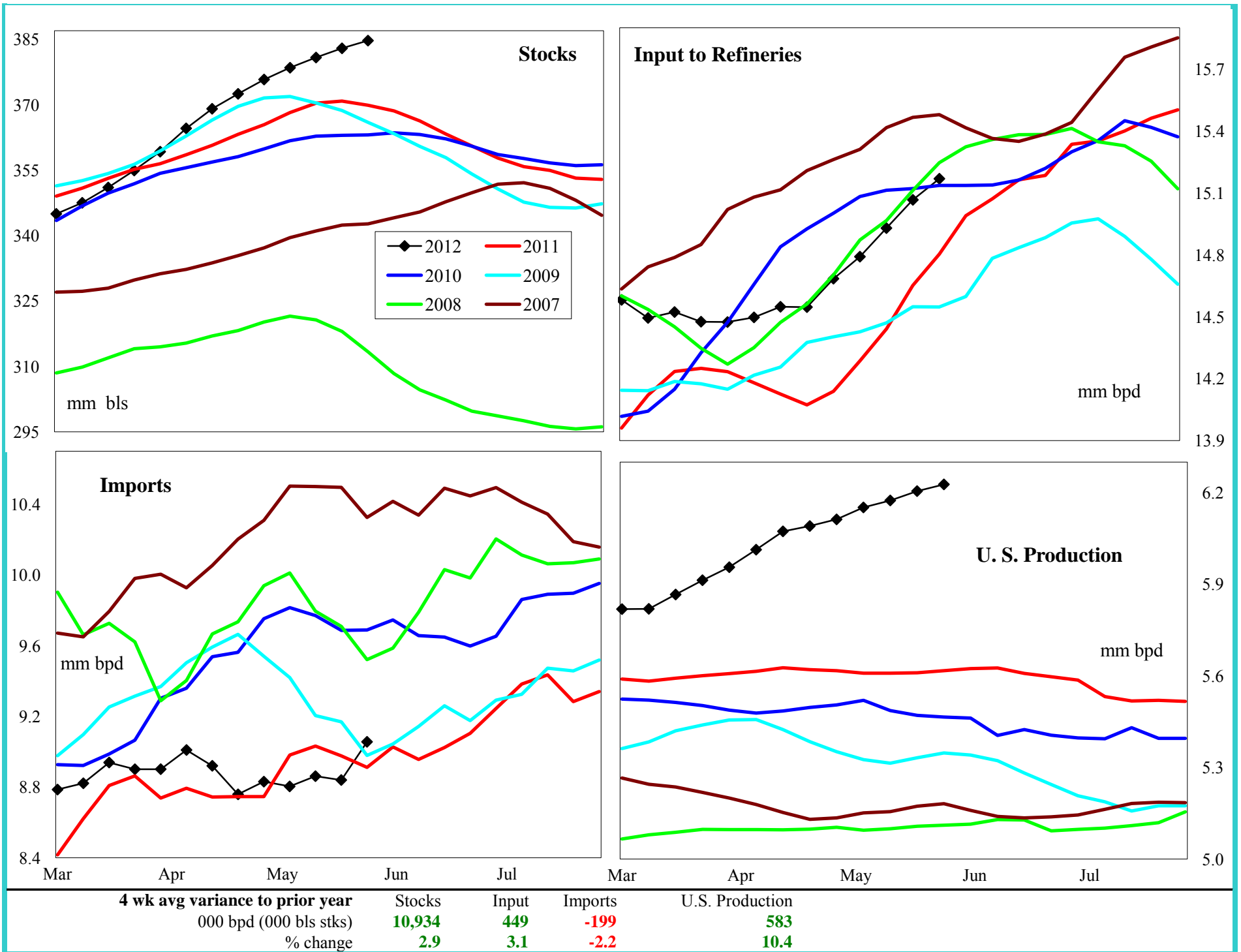
Emerging Crude Oil Trends

Economic recession in Europe, slower growth in China and a strengthening of the U.S. \$ (driven by the debt crises in Europe) are key factors pressuring global energy prices lower.

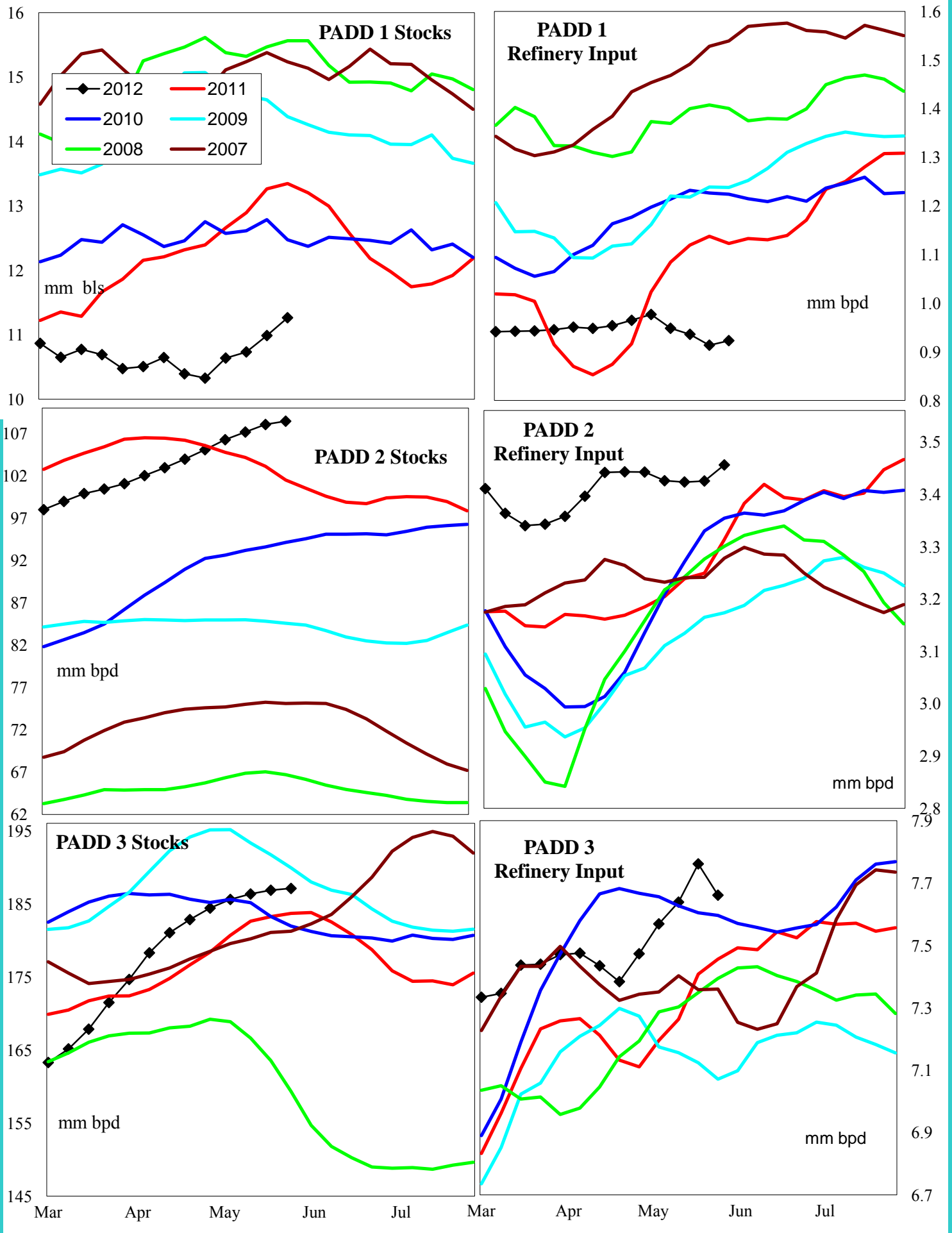
Increased supplies of domestic crude oil in the Midwest and deliveries to the Gulf are leading to declines in Canadian and domestic Gulf waterborne grades, compared to WTI. Lower global energy prices are also driving an increased carry in the WTI forward price curve.

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United States Crude Oil Supply and Demand Balance



Regional Crude Oil Supply / Demand



Crude Oil Price and Margin Trends

