

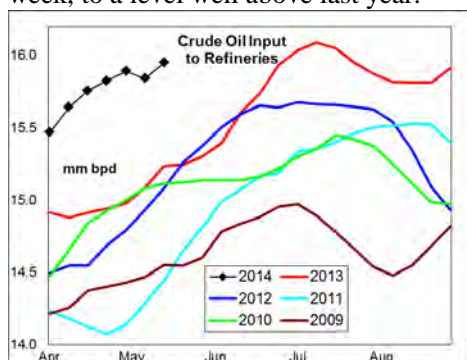


WEEKLY CRUDE OIL FUNDAMENTAL - PRICE TRENDS

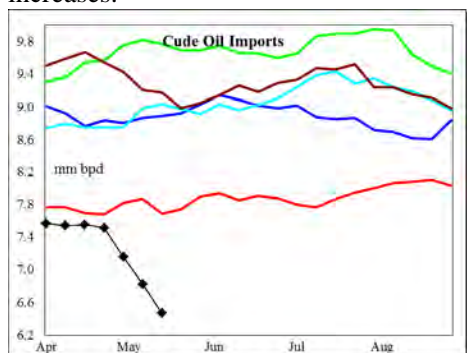
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

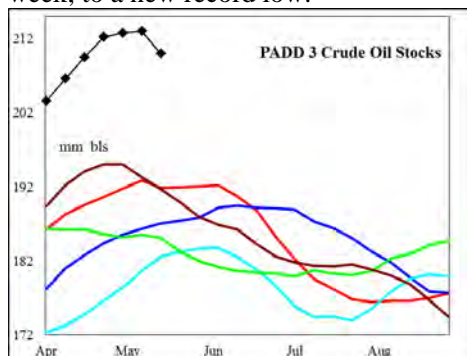
Supply & Refinery Input Crude oil refinery runs climbed +282,000 bpd last week, to a level well above last year.



Thru put for the latest 4-wk period was +0.8 million bpd above a year ago, driven by a lighter than normal maintenance season and capacity increases.

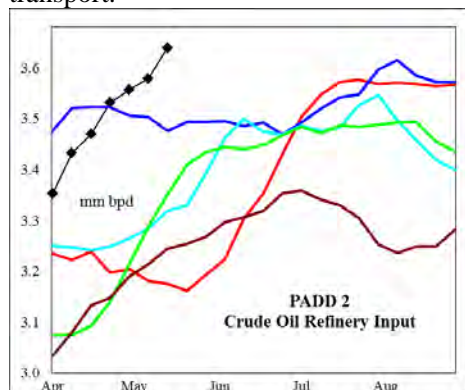


Imports plunged -0.7 million bpd on the week; to a new record low.



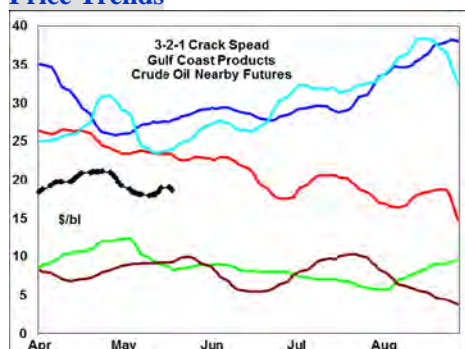
Crude oil stocks fell -7.2 million barrels last week, driven by the collapse in imports and increase in refinery runs. Stocks fell -5.7 million barrels in the Gulf region while Cushing saw a -0.2 million barrel draw. Refiners are

avoiding storage capacity constraints by cutting imports of crude oil as they continue to ramp up runs of domestic shale crude oil via both pipeline and rail transport.



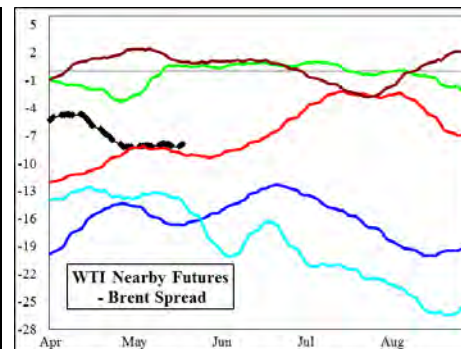
Regional Markets Runs have surged to new all time highs in the Midwest, at 3.6 million bpd last week. Runs for the most recent 4-wks were +373,000 bpd above a year ago on the Gulf, +360,000 bpd higher in the Midwest, with small year-on-year increases in all other regions.

Price Trends



WTI crude oil prices increased +\$0.50/bbl for the week ending 21May14. Gulf Coast RBOB gasoline prices increased +\$3.25/bbl on the week while distillate prices were nearly unchanged. Gulf refining margins trended higher on the week, but ended well below last year for the period (based on WTI crude oil prices).

The forward crude oil price curve (1st - 4th contract month) trended higher on the week, with the spread at a record inversion for this time of year.



The WTI – Brent crude oil price spread traded sideways last week, ending at a level above last year, in favor of WTI.

Prices for Canadian heavy and light crude grades compared to WTI futures traded sideways last week, ending at a level above the last 2-yrs.

WTI Midland crude oil price relative to WTI futures trended sharply higher last week with the spread slightly below the historic range. Gulf waterborne domestic crude oil grades also trended sharply higher on the week, although the differential remains well below the last 2-yrs.

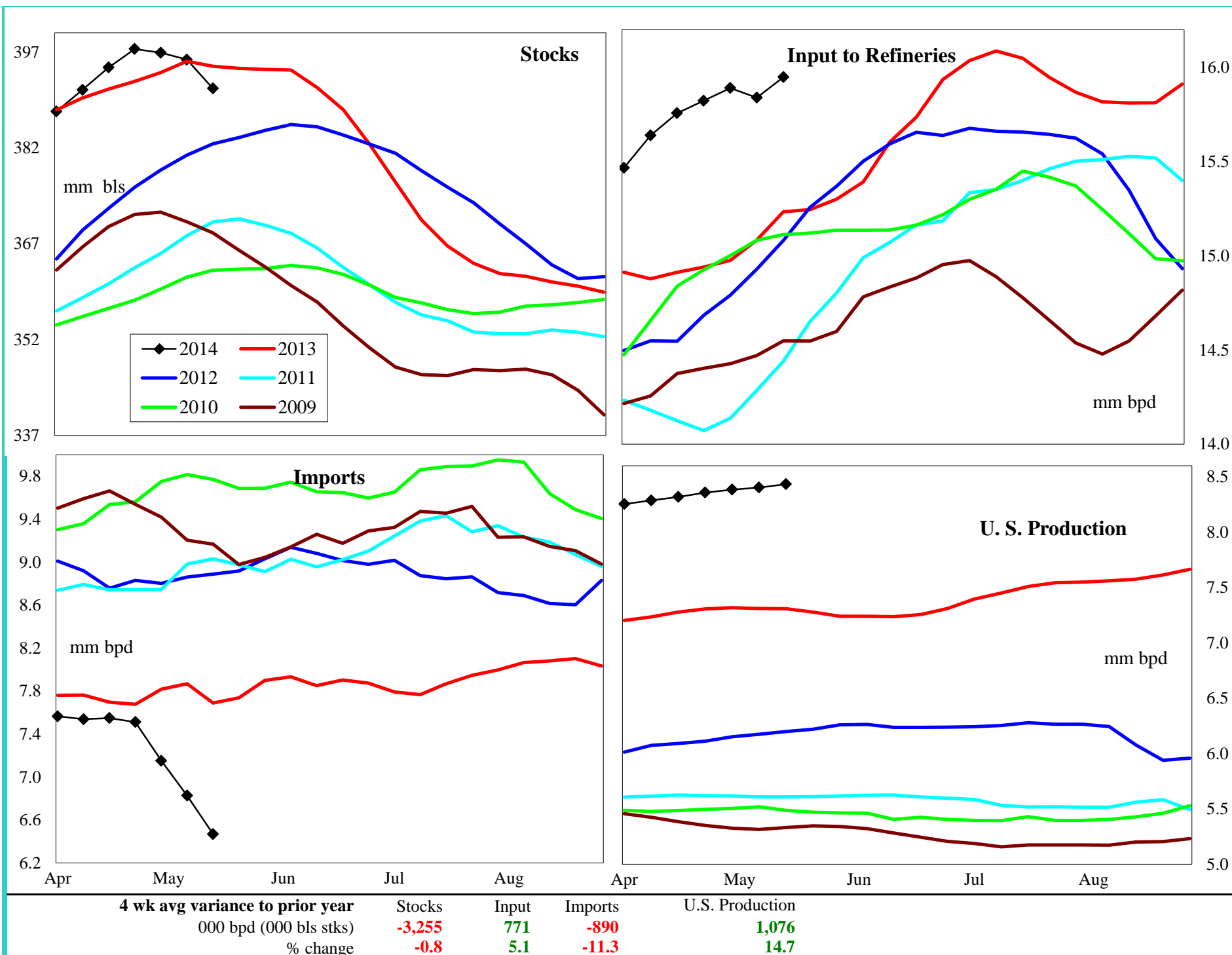
Refined Product Trends

Wholesale demand for distillate plunged -0.5 million bpd last week on lower exports, while gasoline demand remains well above the last 2-yrs. A surge in gasoline imports during the last week has more than offset higher demand, leading to a record rate of stock building in markets East of the Rockies.

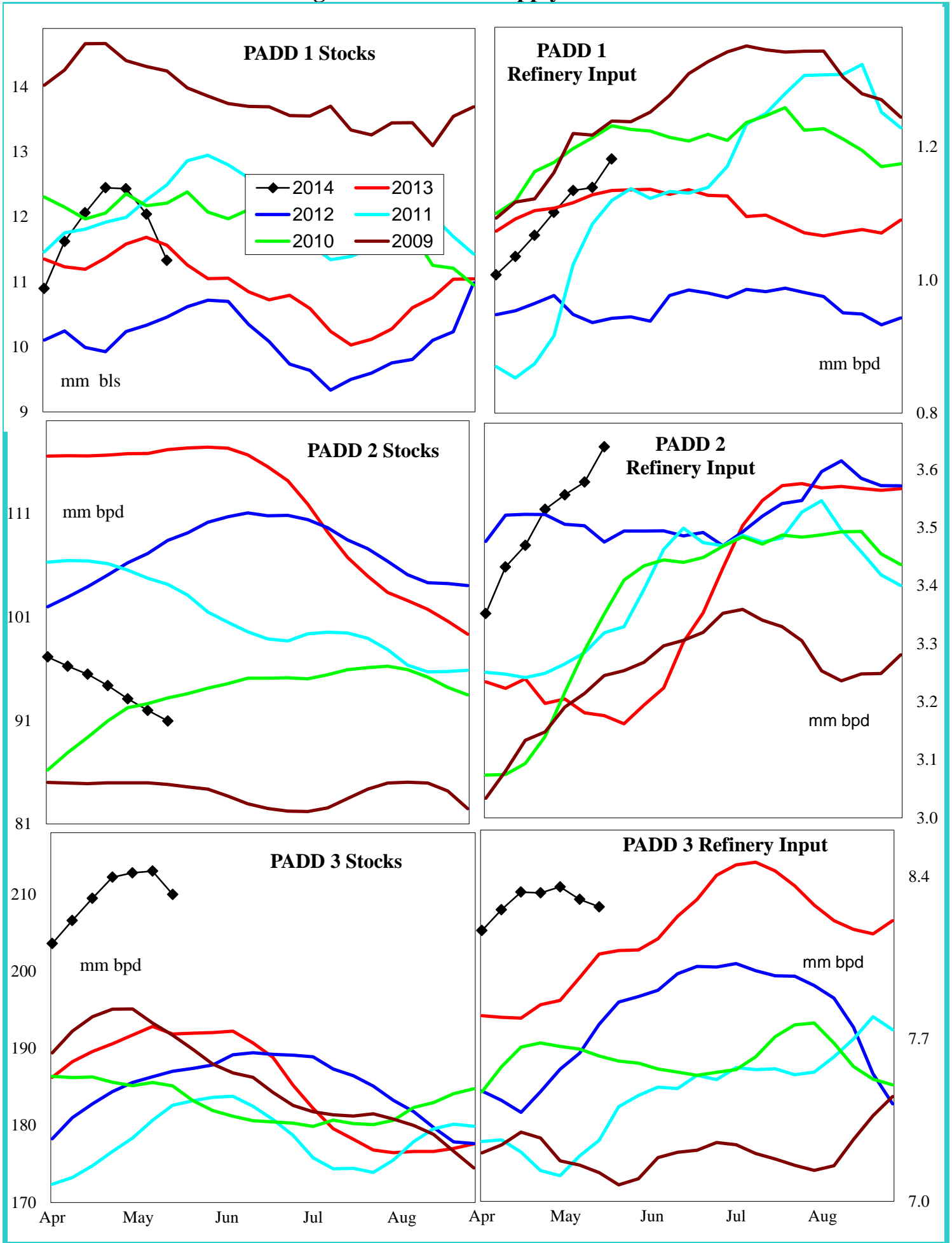
Emerging Crude Oil Trends

Refiners have dramatically cut crude oil imports to reduce the risk of storage capacity constraints. This cut in imports has provided strength to domestic crude oil supplies, although regional cash market differentials remain depressed compared to WTI futures.

United States Crude Oil Supply and Demand Balance



Regional Crude Oil Supply / Demand



Crude Oil Price and Margin Trends

