



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

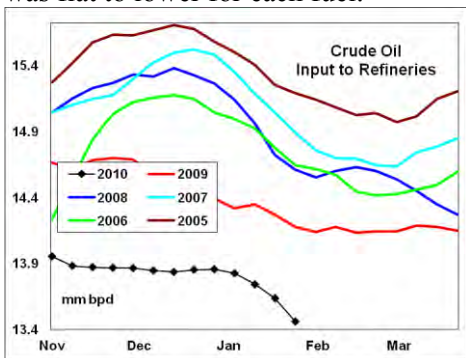
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, February 03,

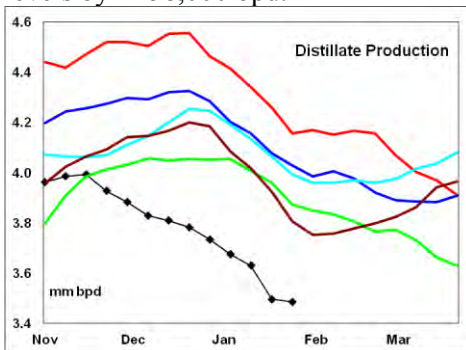


#### Major Fundamental Trends<sup>1</sup>

Wholesale demand for transport fuels remains particularly weak with the latest 4-wk average down -455,000 bpd. Distillate demand has declined -348,000 bpd, gasoline -123,000 bpd and jet fuel was up just +16,000 bpd. Current week-on-week demand change was flat to lower for each fuel.



In response to very weak demand and poor refining margins, refiners continue to constrain crude oil runs, which declined -163,000 bpd on the week. During the latest four week period runs were -574,000 bpd below last year. Particularly large declines were evident on the East and West Coast with the 4-wk average down -290,000 bpd in each region. Only in PADD 2 were runs above year ago levels by +158,000 bpd.

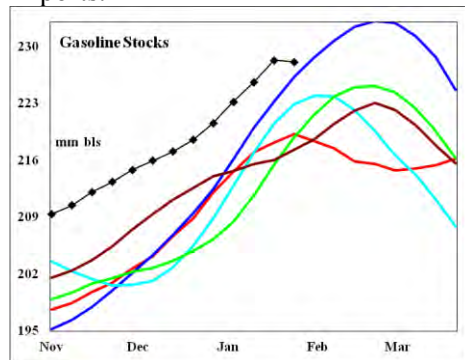


Refiners have cut distillate production by 705,000 bpd compared to a year ago for the most recent 4-wk period. This decline has been partially offset by a +222,000 bpd rise in imports. With immediately available imports to

meet any rise in heating oil demand, an improvement in the supply balance will depend on growth in demand. Longer term, closure of refiners may be required to balance supply with a lower demand level.

Seasonal gasoline demand should turn higher immediately. However, low demand levels compared to the historic range, points to ongoing weakness in the broader economy even as the seasonal trend turns higher.

Gasoline stock levels are above the five year range, the result of extremely high stock levels in PADD 3. By comparison, supplies are well balanced in the Central Atlantic Region of PADD 1; the result of extremely low imports.



While gasoline demand, relative to prior years, is stronger than middle distillates, the risk of excessive supplies in regional markets remains.

**Demand** was flat to lower for each transport fuel last week. Residual fuel oil demand fell -212,000 bpd.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -1.4%; distillate down -9%; jet fuel up +1.2% while residual fuel oil decreased -32%.

**Stocks forward coverage:** Gasoline demand coverage remains at a record high even with the -1.3 million barrel stock draw last week, the result of extremely weak demand.

Distillate demand coverage also remains extremely high on very weak demand that offset a -0.9 million barrel stock draw for the week.

Jet fuel coverage decreased on a -

0.5 million barrel stock draw last week. However, cover remains well above the five year range.

Residual fuel oil coverage spiked to a new all time high as a result of a +1.9 million barrel stock build and -212,000 bpd drop in demand.

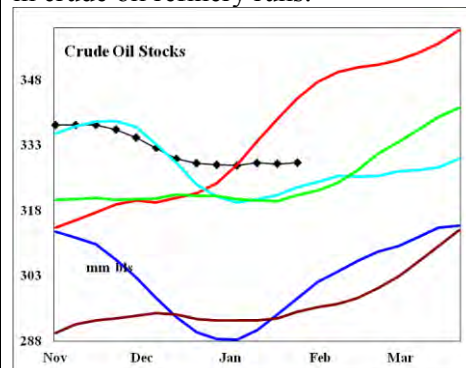
**Refinery utilization** rates decreased last week on a -163,000 bpd decline in crude oil runs. Runs were -574,000 bpd below last years' record low rate.

Gasoline yield % on crude oil runs increased on a -42,000 bpd decline in production which was less than expected based on the drop in production. Yield % remains above the 5-year range.

Distillate yield % on crude oil runs was near the five year low set in 2005 as refiners maximize gasoline output.

Jet fuel yield % on crude oil runs fell to the low end of the historic range. **Petroleum Imports** of crude oil increased +559,000 bpd last week. Gasoline and residual fuel oil imports increased while middle distillates fell -244,000 bpd on the week.

During the latest 4-wk period distillate imports increased +222,000 bpd compared to last year; finished gasoline imports decreased -3,000 bpd, gasoline blend stock imports decreased -138,000 bpd; jet fuel imports were +130,000 bpd higher while residual fuel oil imports declined -124,000 bpd. **Crude oil** stocks increased +2.3 million barrels last week, including a +5 The build resulted from a +559,000 bpd rise in imports and -163,000 bpd drop in crude oil refinery runs.



Stocks decreased -1 million barrels in Cushing.

<sup>1</sup> Source is latest EIA Weekly Statistics



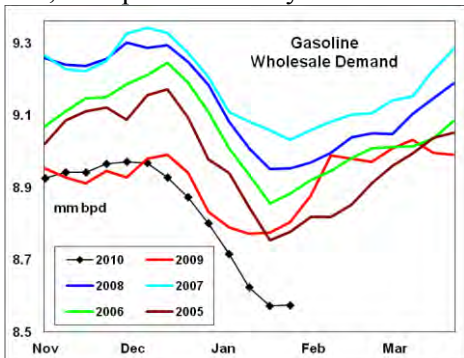
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

### A Fundamental Petroleum Trends Weekly Report

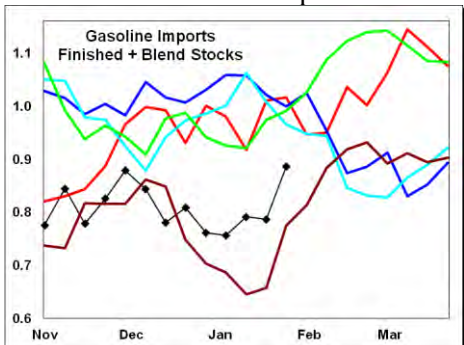
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#### Product Supply-Demand Trends

**Gasoline** demand has been nearly unchanged for the last three weeks, with the latest 4-wk average now -123,000 bpd below last year.

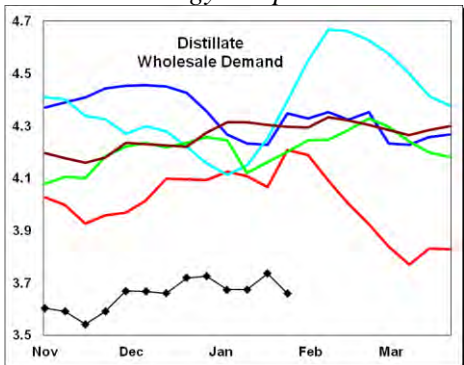


Gasoline production declined -52,000 bpd last week, with the latest 4-wk average -146,000 bpd below a year ago. Blend stocks increased +100,000 bpd on the week, which was all ready included in the domestic production.

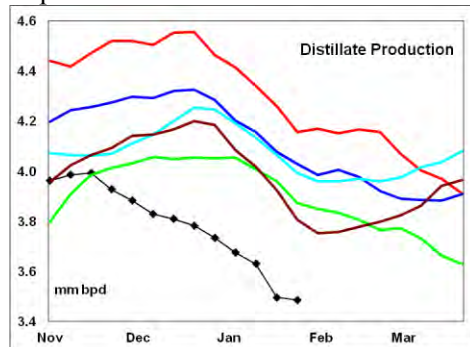


Low supply levels more than offset weak demand and led to a -1.3 million barrel stock draw on the week. Stock levels remain slightly above the prior five year high.

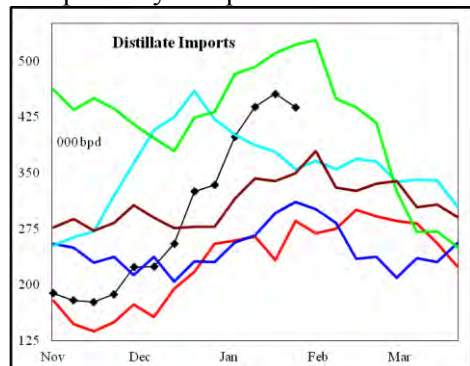
Seasonal demand should trend higher in the very near term, leading to continued stock draws. Expect gasoline price strength compared to the overall energy complex.



**Distillate** demand declined -66,000 bpd last week, with the latest 4-wk demand average -348,000 bpd below last year. Supply declined -252,000 bpd last week, including a -220,000 bpd drop in imports.



Stocks declined -0.9 million barrels on exceptionally low production.

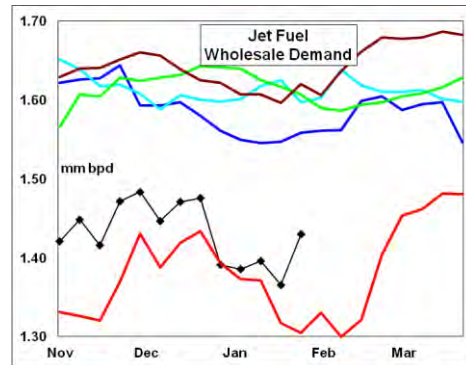


*Distillate wholesale demand remains very weak. Refiners have cut crude oil runs and maximized gasoline output to reduce the supply of distillate. The market remains very over supplied.*

*Until demand shows signs of recovery, the market will remain over supplied. Excess refining capacity and immediately available imports should persist during the foreseeable future. Expect distillate prices to remain very weak compared to the overall energy complex.*

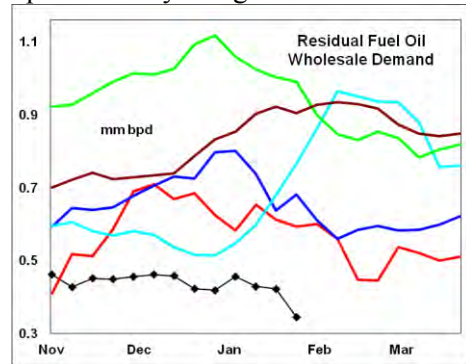
**Jet Fuel** demand was unchanged on the week, with the latest 4-wk average -16,000 bpd above a year ago.

Jet fuel supply decreased -58,000 bpd last week, with production below the five year range. Stocks decreased -0.5 million barrels, but remain at the upper end of the historic range.



*Wholesale demand remains weak. Refiners continue to restrain output to balance supply. Stock levels remain at the upper end of the range, and at record levels based on days of forward supply.*

*Jet fuel prices should remain weak compared to the overall energy complex. Residual fuel oil demand, including exports, decreased -212,000 bpd on the week, with the 4-wk average -217,000 bpd below a year ago.*



Imports jumped +301,000 bpd last week, partially offset by a -105,000 bpd drop in production. Stocks increased +1.9 million barrels, to the five year mid range.

*Residual fuel oil supply remains excessive in the Gulf. Stocks are building in PADDs 1 and 5, although the level remains below the historic range.*

*Residual fuel prices should remain relatively weak in the Gulf compared to the overall energy complex. Other regional markets are balanced to tight.*





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

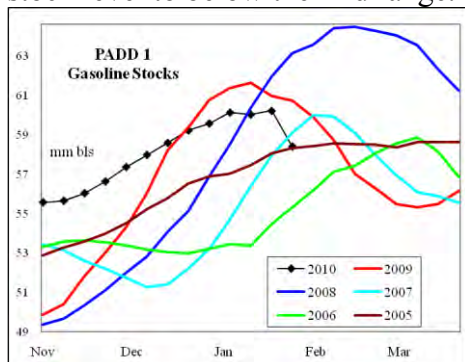
### A Fundamental Petroleum Trends Weekly Report

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#### PADD Supply Trends

**PADD 1** refinery crude oil runs increased +36,000 bpd, with the 4-wk average -291,000 bpd below last years' record low level. Crude oil imports jumped +589,000 bpd last week. Stock levels remain below the five year range.

Gasoline production increased +12,000 bpd on the week, with the 4-wk average -12,000 bpd below a year ago. Stocks fell -2.9 million barrels on the week, driving the stock level to below the mid range.



Distillate imports fell -311,000 bpd last week, reversing the prior week surge. Stock level match the five year high.

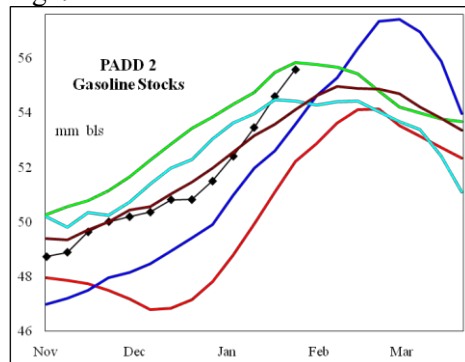
Jet fuel supply decreased -47,000 bpd last week. Stock levels remain above four of the last five years.

**PADD 2** crude oil refinery runs increased +36,000 bpd last week, with the 4-wk average +158,000 bpd above a year ago. Crude oil stocks and imports fell -2.2 million barrels and -335,000 bpd; respectively. Stock levels match the record high while imports are at the low end of the range. Stocks decreased -1 million barrels in Cushing, where the level is now -2 million barrels below last year.

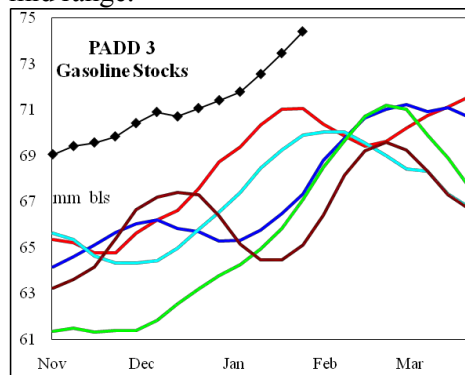
Gasoline production declined -21,000 bpd last week, to a level that matches the mid range. Weak demand and high receipts from the Gulf led to a +1.2 million barrel stock build. Stock levels match the five year high for the period.

Distillate production increased +50,000 bpd on the week, but remains below the mid range. Stock levels are

near the historic high. Jet fuel production fell -50,000 bpd on the week. Stocks remain at a five year high.



**PADD 3** refinery crude oil runs decreased -230,000 bpd on the week, to a level below the five year range. Very low runs and a +337,000 bpd rise in imports led to a +5 million barrel stock build. Stock levels are below the mid range.



Gasoline production decreased -103,000 bpd on the week, with the latest 4-wk average -202,000 bpd below a year ago. Stocks increased +0.7 million barrels to a new all time record high.

Distillate production declined -107,000 bpd last week, with the 4wk average -439,000 bpd below last year. Imports jumped to 140,000 bpd on the week, a record high. Stocks decreased -0.6 million barrels, with the level well above the historic range.

Jet fuel supply was -53,000 bpd below a year ago for the most recent 4-wk period. Stock levels are at the upper end of the five year range.

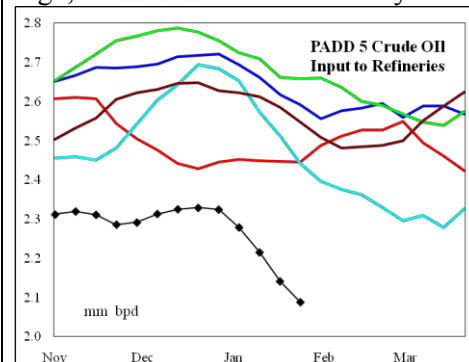
Residual fuel oil stocks, production and imports are all extremely high.

**PADD 4** refinery crude oil runs increased +20,000 bpd on the week with the latest 4-wk average -43,000 bpd below year ago levels. Imports fell -54,000 bpd on the week, to a new record low. Stock levels remain well above the historic range.

Gasoline production increased +28,000 bpd last week, but a level below the last three years. Stock levels remain well below the five year range.

Distillate production decreased -10,000 bpd on the week, with the latest 4-wk average -36,000 bpd below a year ago. Stocks are at the upper end of the historic range.

**PADD 5** crude oil refinery runs decreased -25,000 bpd on the week, with the latest 4-wk average -289,000 bpd below last year; the result of winter maintenance. Crude oil imports were -16% below last year, driving stock levels to -18% below last year. Light product yields reach a record high, more than 12% above last year.



Gasoline production increased +32,000 bpd with the latest 4-wk average +32,000 bpd above last years' record low. Stocks decreased -0.4 million barrels on the week, but remain at the upper end of the historic range.

Distillate supply was unchanged, at a record low level. Stocks decreased -0.6 million barrels, leaving the stock level below each of the last two years.

Jet fuel supply was nearly unchanged on the week with higher production offset by lower imports. Stock levels remain at the mid range.

Higher residual fuel oil imports lifted stocks +0.5 million barrels on the week.


**FUNDAMENTAL  
PETROLEUM  
TRENDS**


# PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

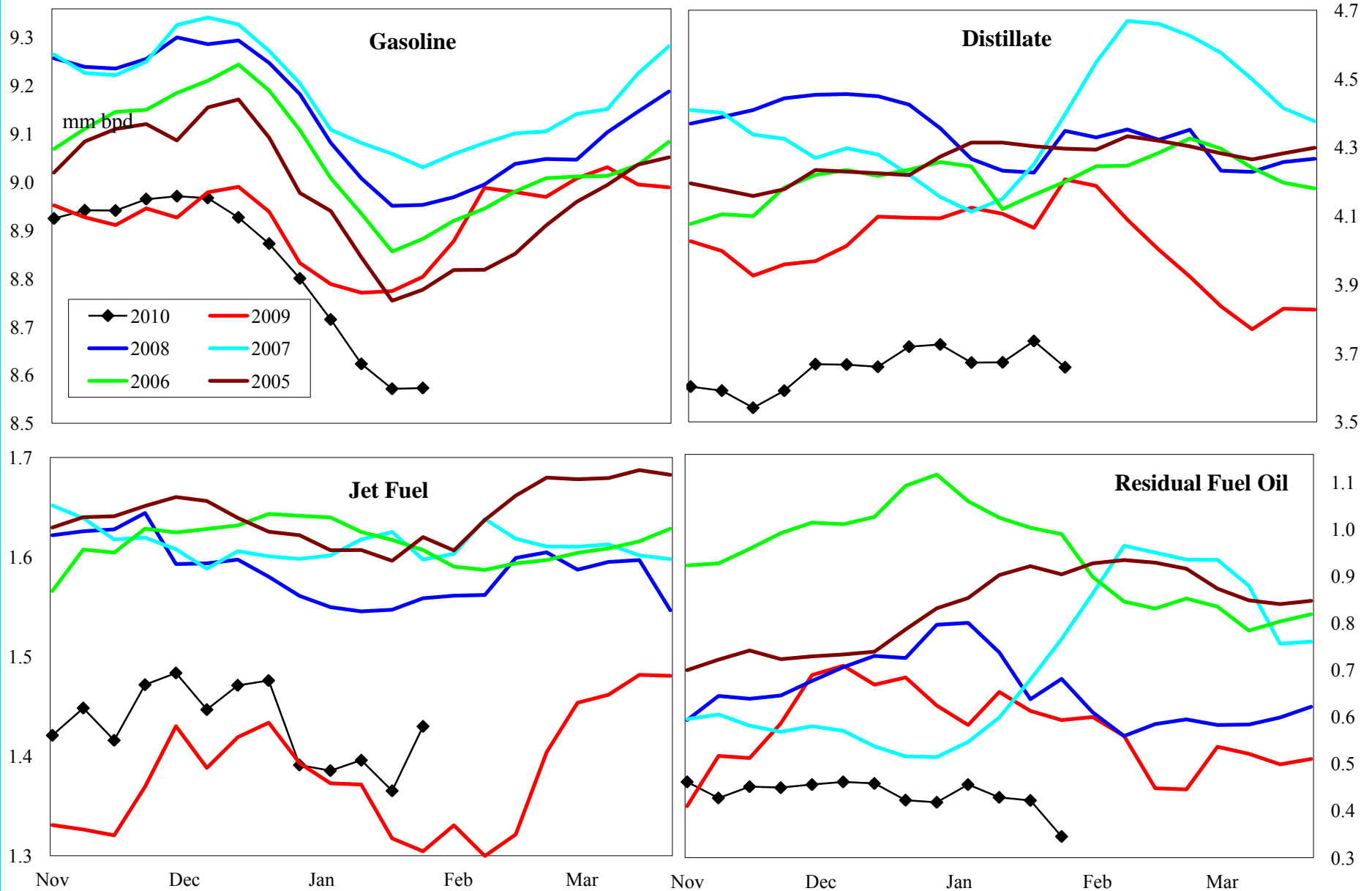
February 3, 2010

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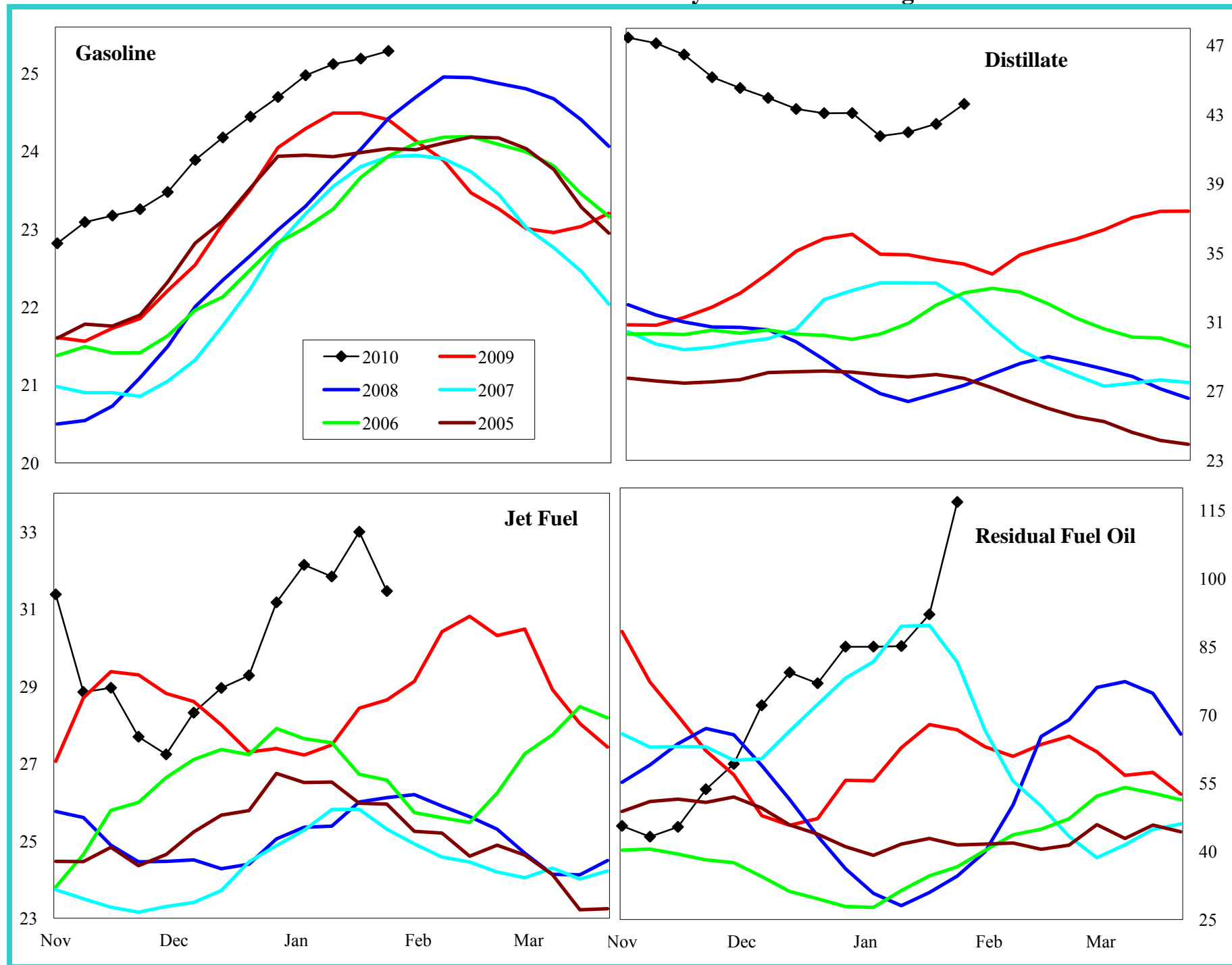
Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization</u> <u>Product Yield %</u>				<u>Imports</u>
Supply/Demand Trends	29-Jan-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	2,317	-156	-2,221	4,973	227	-506
	Imports	559	589	-335	337	-54	22
	Input	-163	36	36	-230	20	-25
	% Utilization	-0.75					
<u>Gasoline</u>	Stocks	-1,306	-2,868	1,243	733	10	-424
	Production	-52	12	-21	-103	28	32
	Imports	103	161	0	1	0	-59
	Supplied	-6					
<u>Distillate</u>	Stocks	-948	308	-150	-623	77	-560
	Production	-32	36	50	-107	-10	-1
	Imports	-220	-311	0	95	1	-5
	Supplied	-66					
<u>Jet Fuel</u>	Stocks	-451	-259	-345	200	153	-200
	Production	-34	-26	-58	3	8	39
	Imports	-24	-21	0	29	0	-32
	Supplied	0					
<u>Residual Fuel Oil</u>	Stocks	1,863	711	41	641	-2	472
	Production	-105	-12	-6	-88	1	0
	Imports	301	108	0	139	0	54
	Supplied	-212					

# United States Wholesale Petroleum Demand

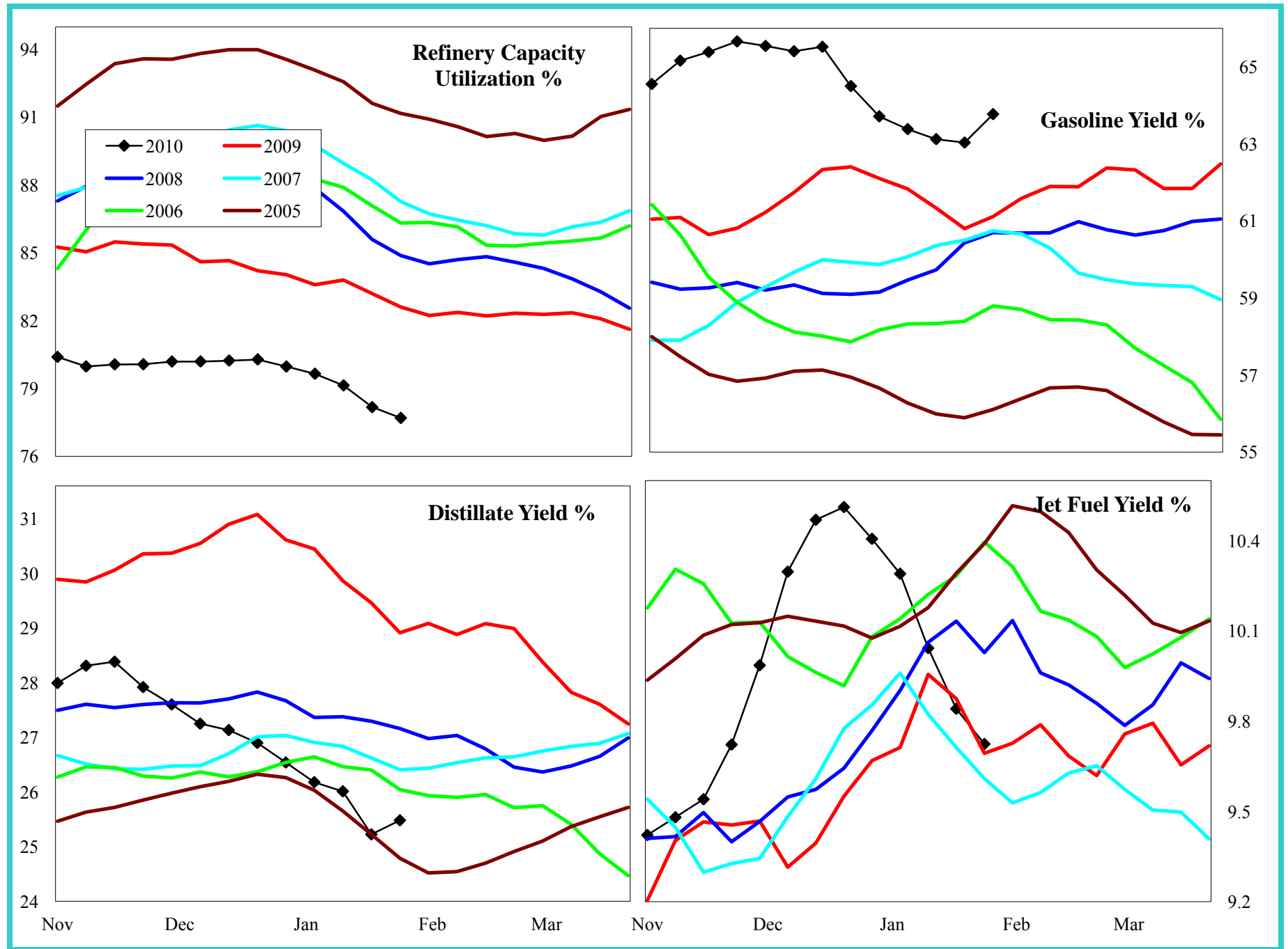


	000 bpd change from prior year				% change from prior year				
	4wk avg	Dec	Nov	Jan	4wk avg	Dec	Nov	Oct	
<b>Gasoline</b>	-123	34	83	-46	-1.4	0.4	0.9	-0.5	
<b>Distillate</b>	-348	-79	-309	-622	-8.6	-2.1	-8.0	-14.9	
<b>Jet Fuel</b>	16	96	-12	-42	1.2	6.9	-0.8	-3.0	
<b>Resid</b>	-217	-273	-41	-4	-31.9	-36.3	-7.9	-0.7	

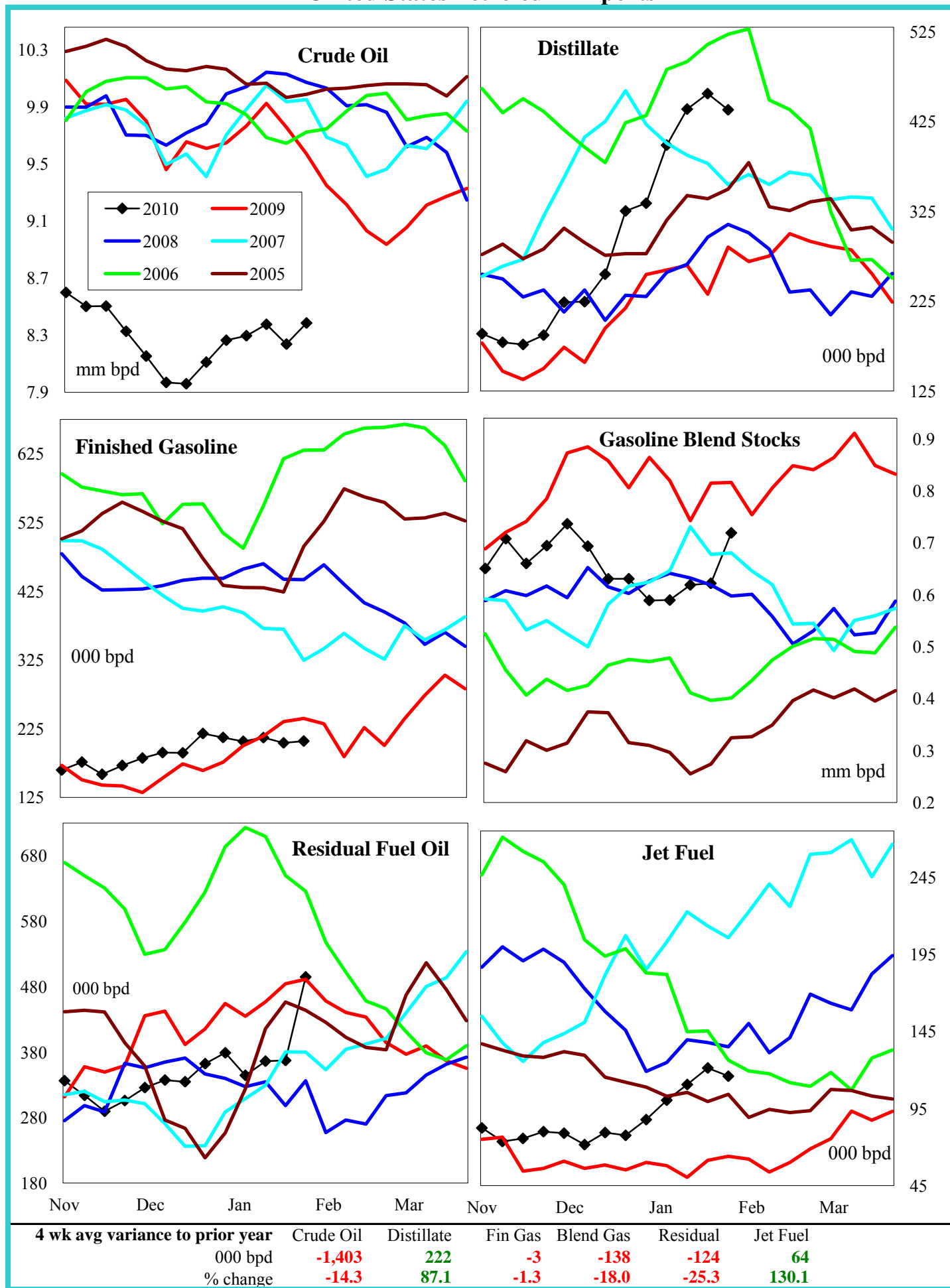


**United States Product Stocks: Days Forward Coverage**

## United States Refinery Percent Utilization Rate and Product Yields

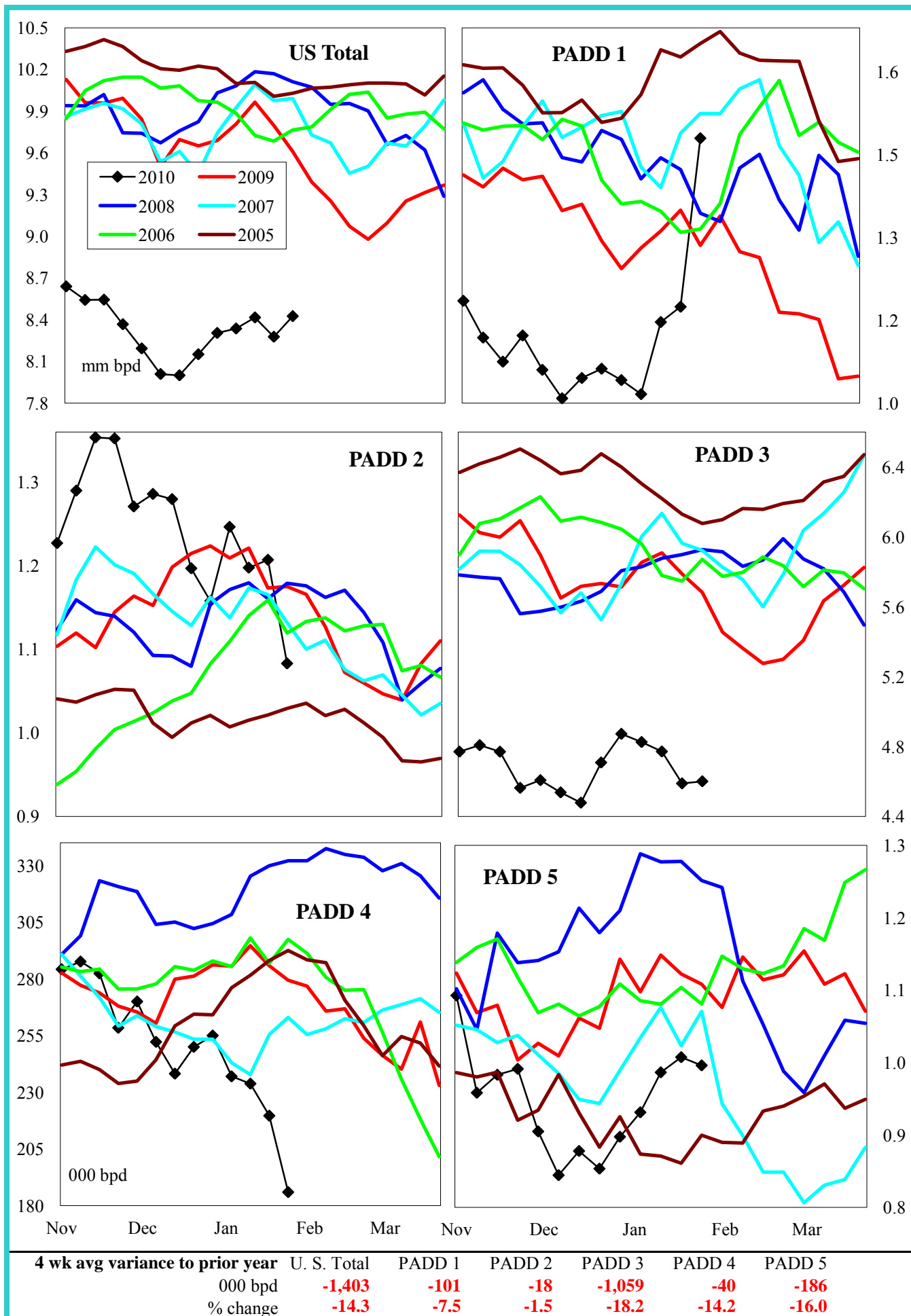


# United States Petroleum Imports

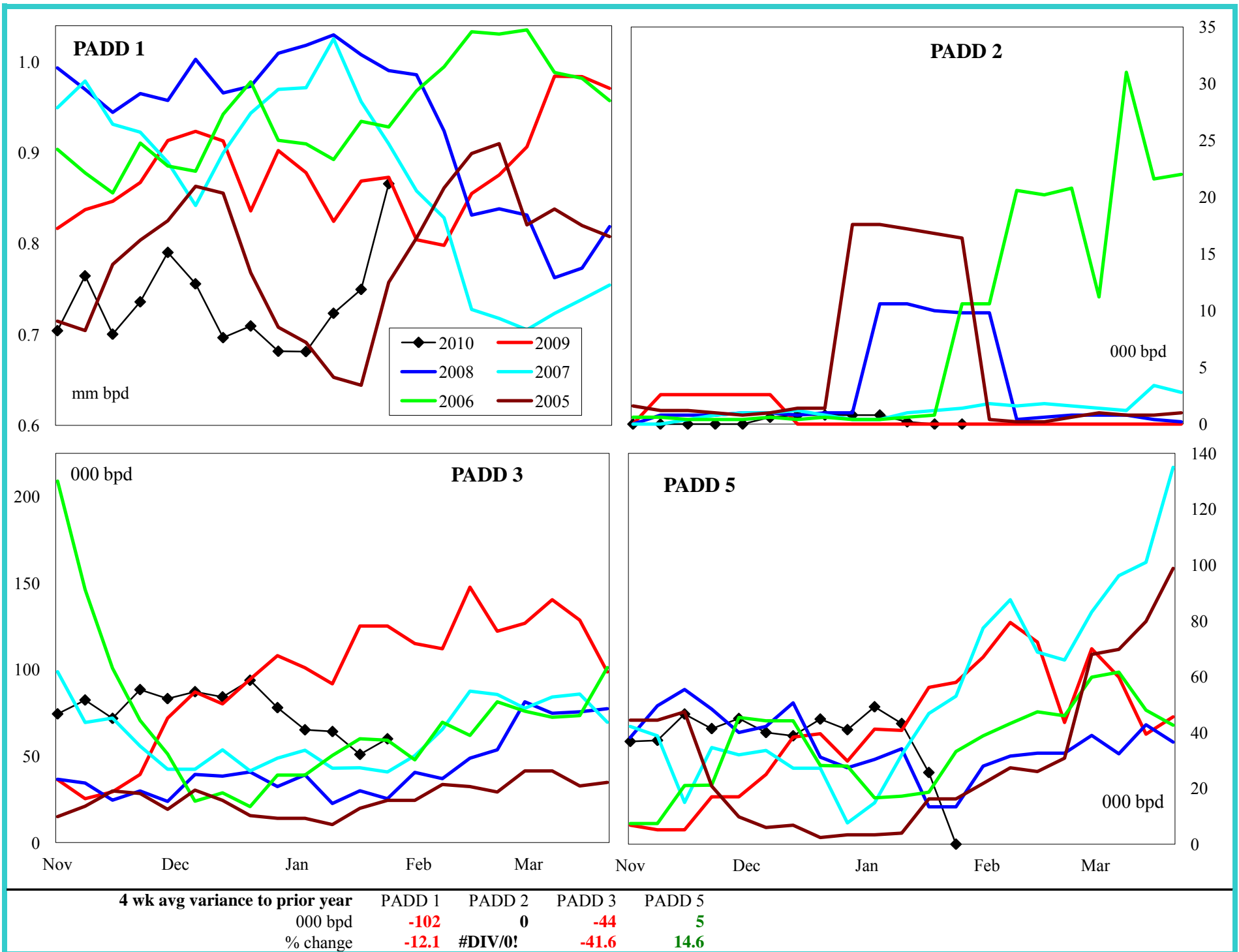




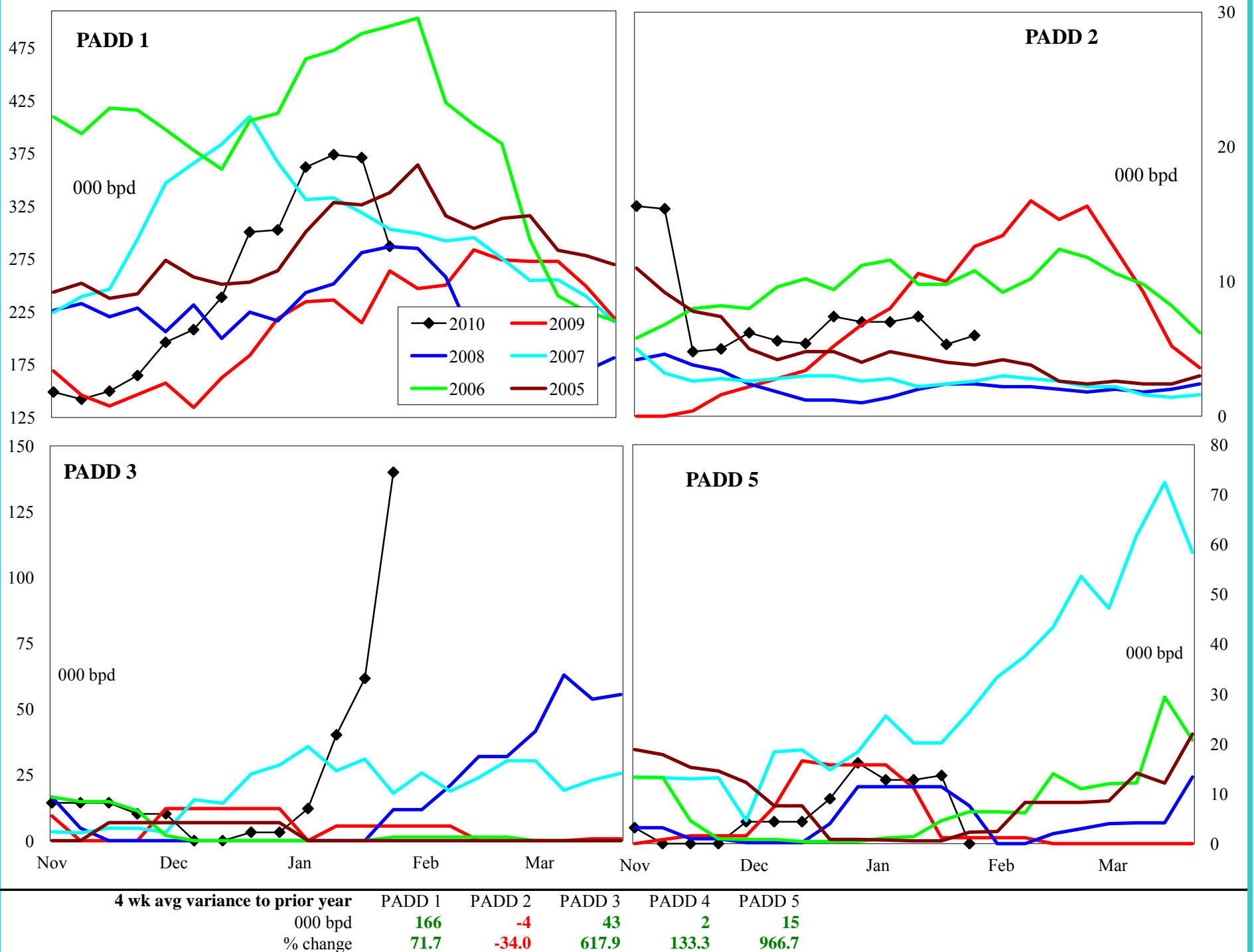
## Crude Oil Imports by PADD



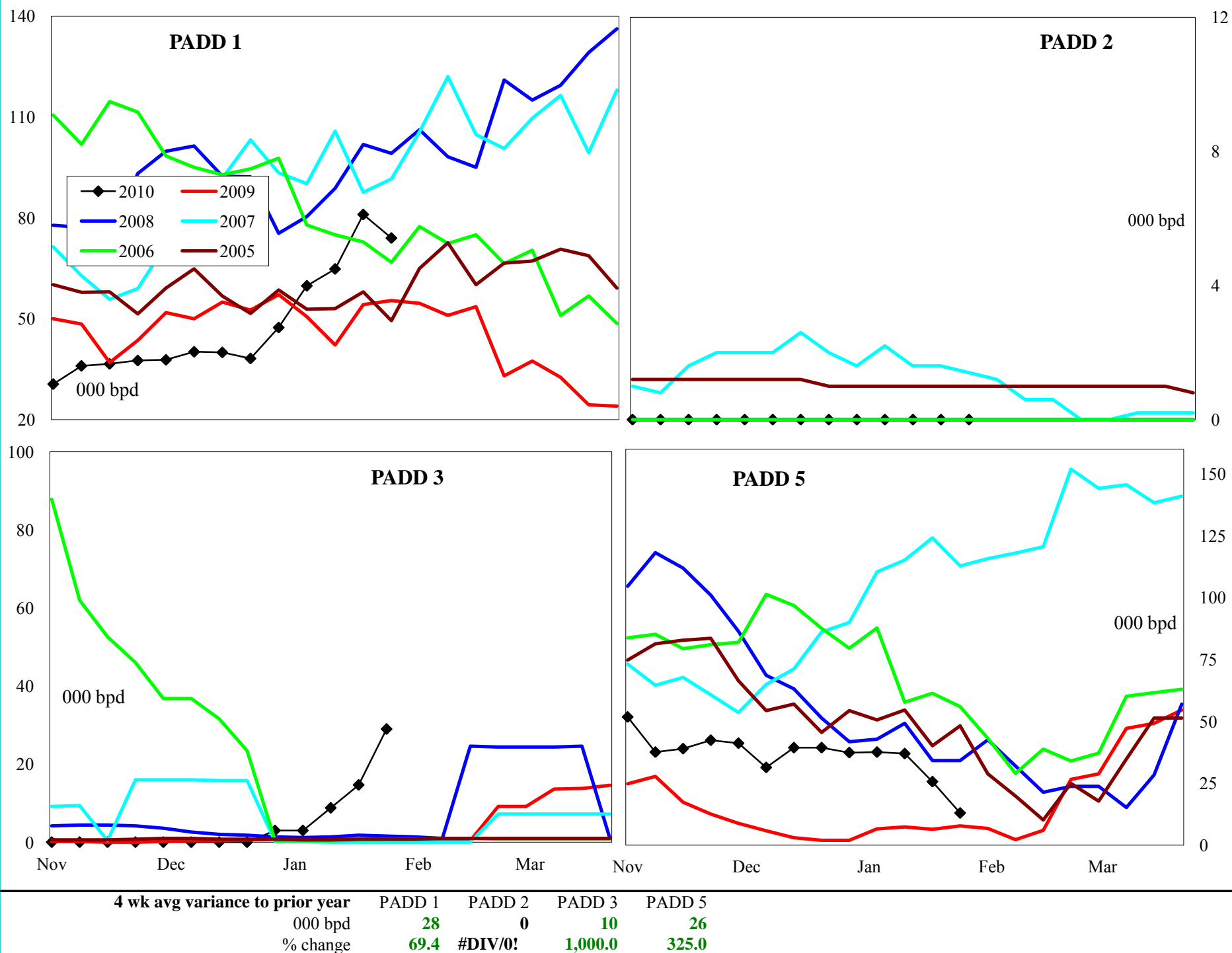
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

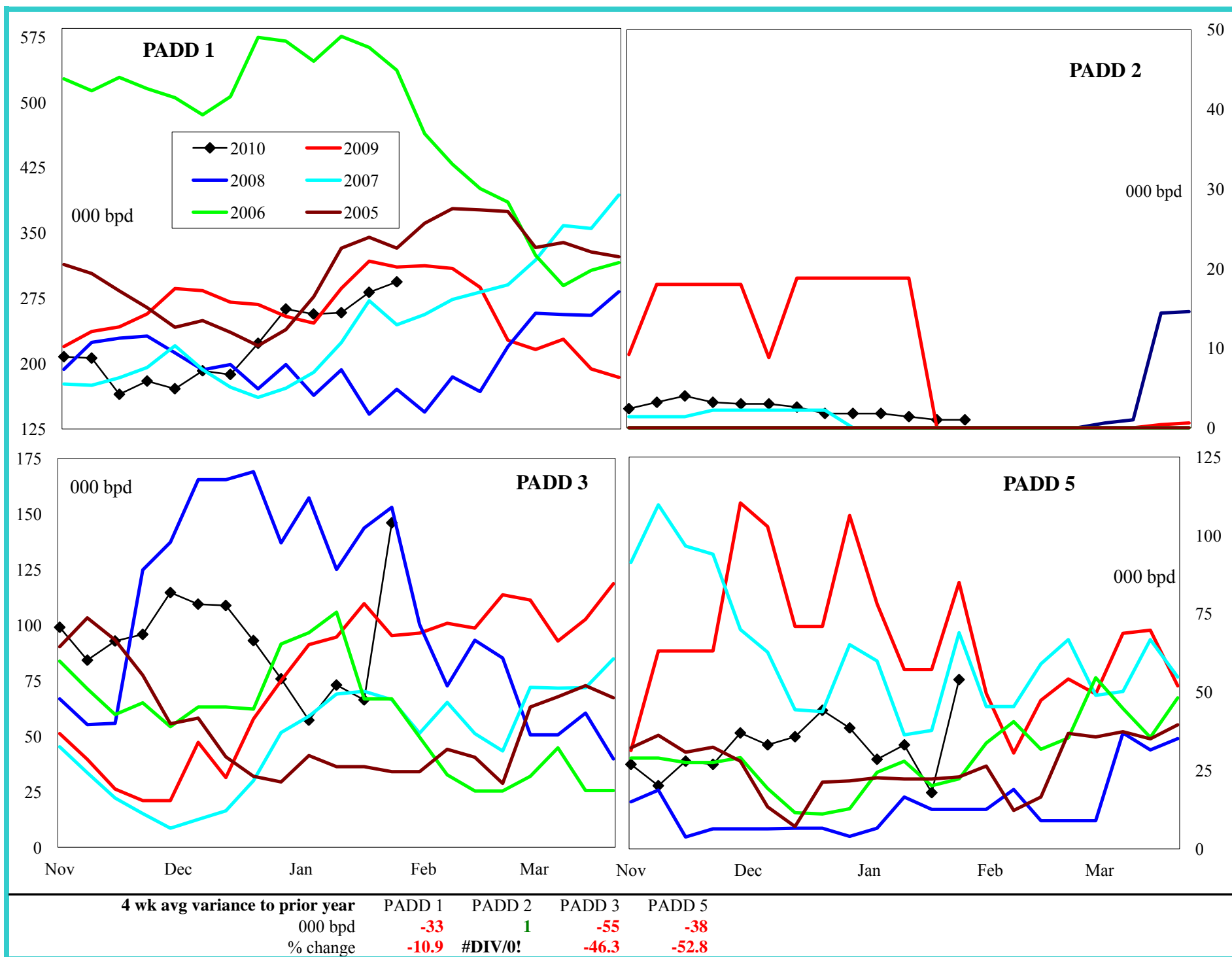


# Jet Fuel Imports by PADD

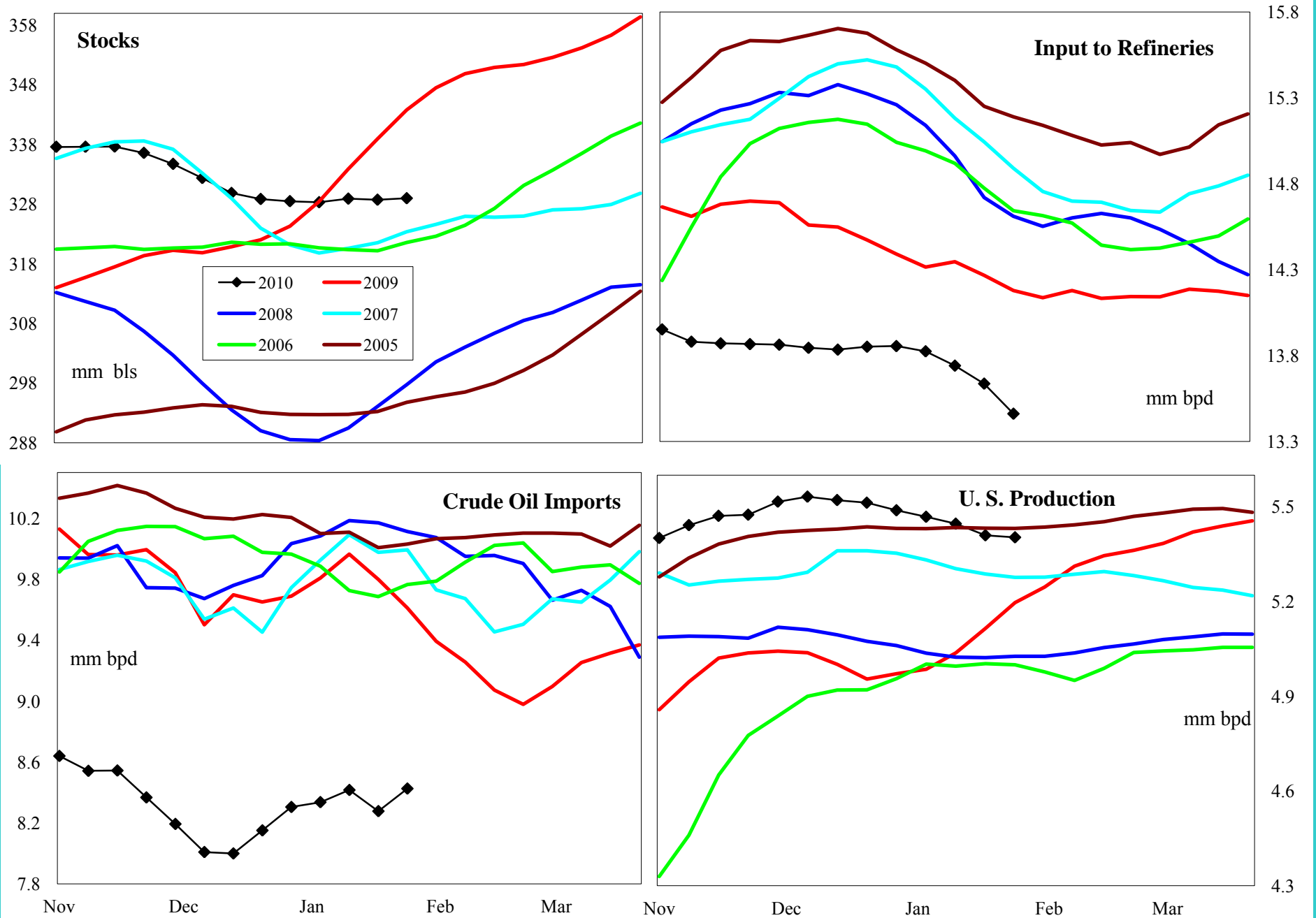




## Residual Fuel Oil Imports by PADD



# United States Crude Oil Supply and Demand Balance



**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

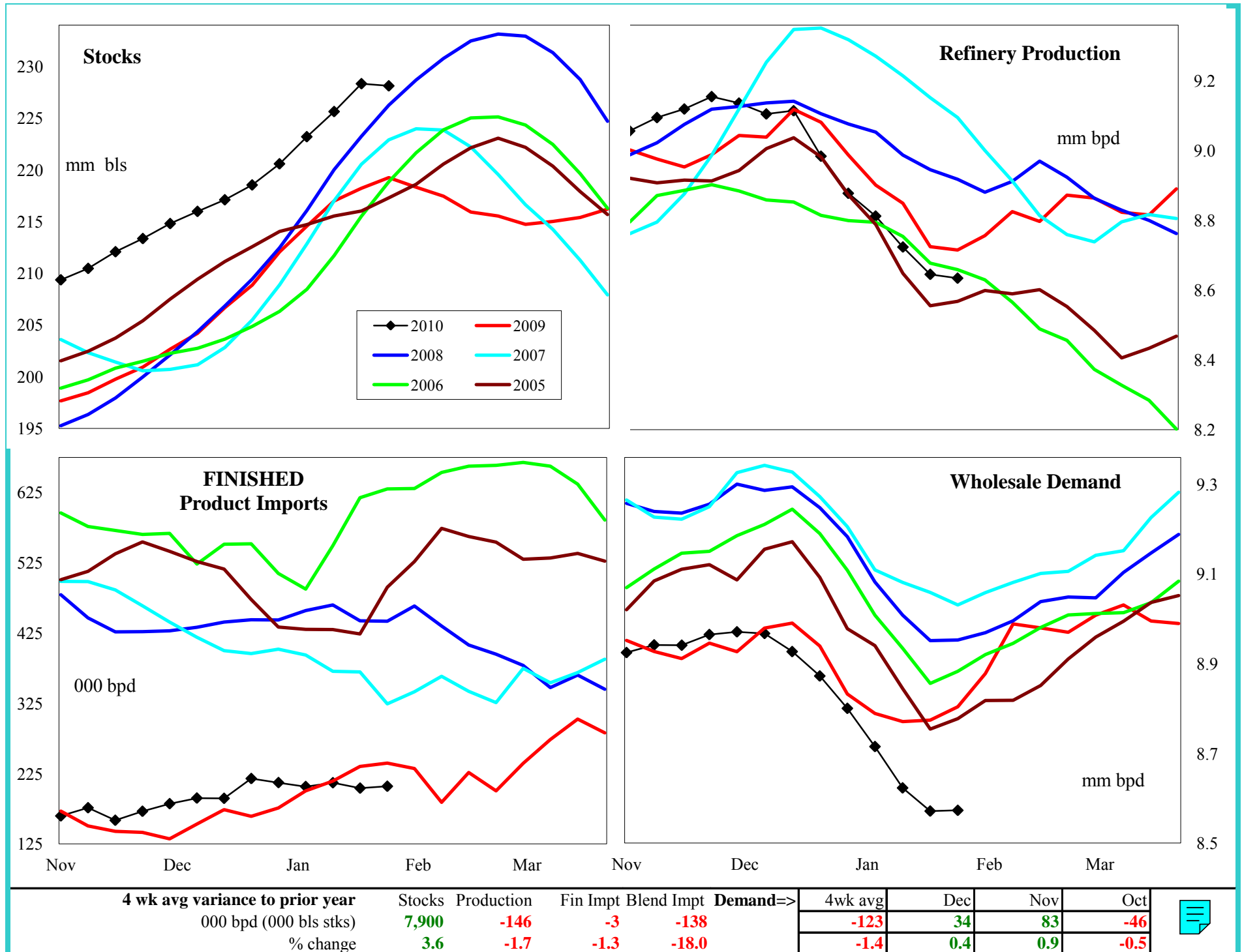
Stocks  
**-17,057**  
**-4.9**

Input  
**-574**  
**-4.0**

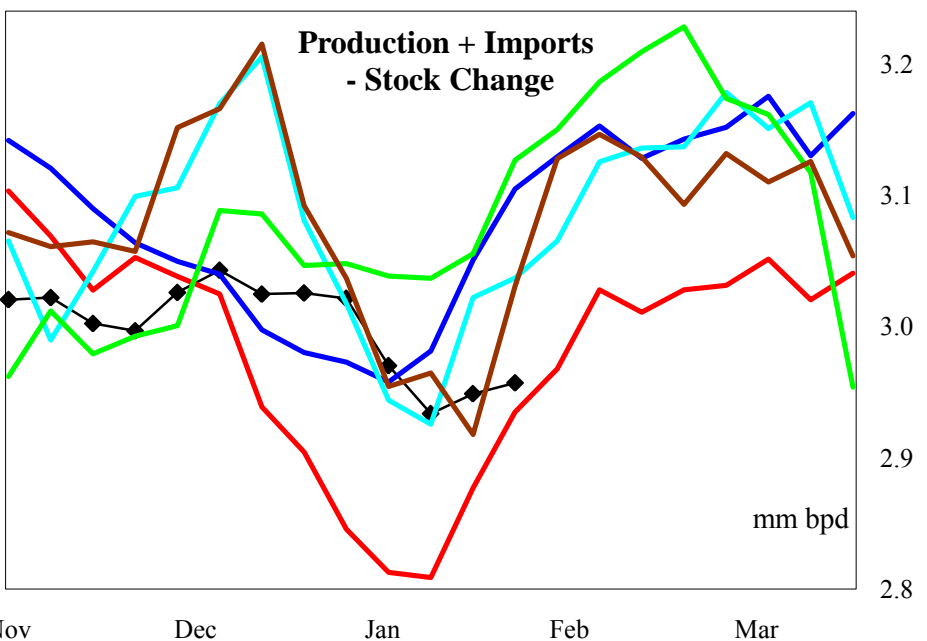
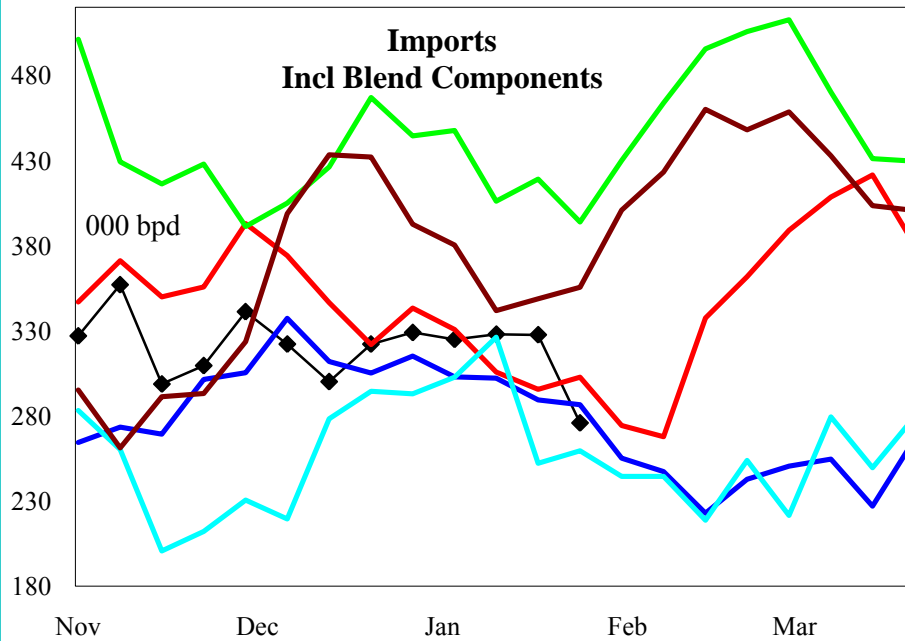
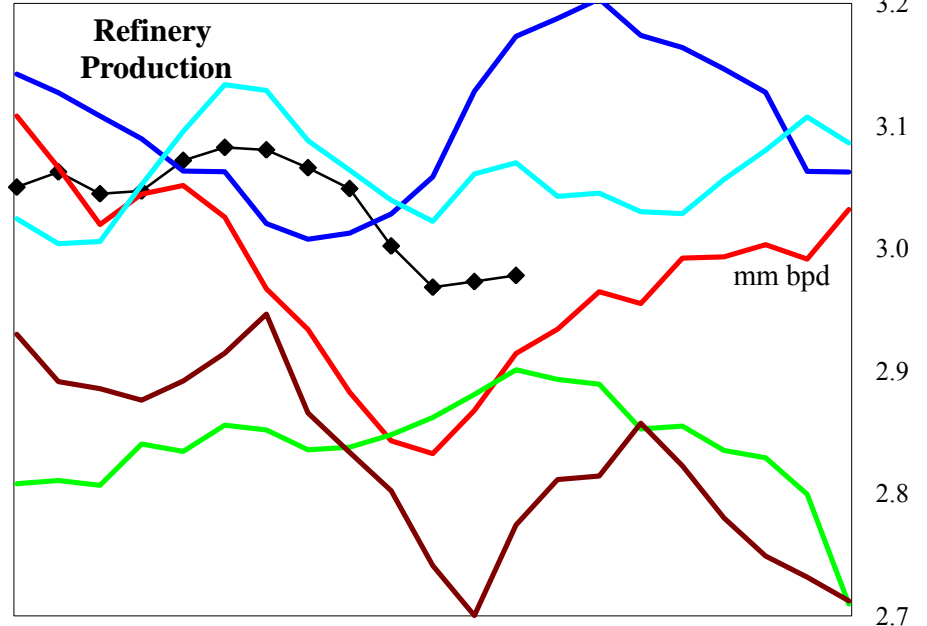
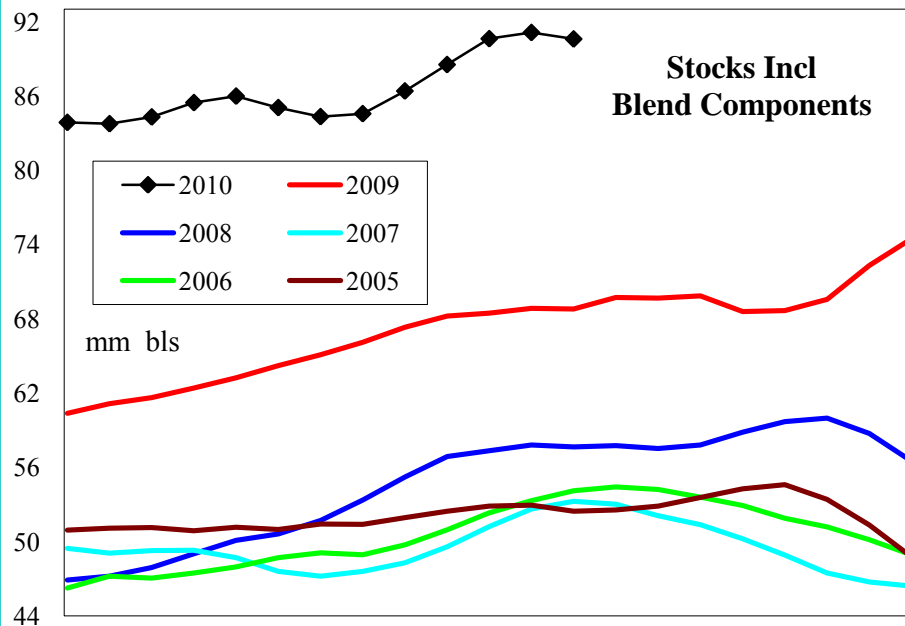
Imports  
**-1,403**  
**-14.3**

U.S. Production  
**369**  
**7.3**

# United States Gasoline Supply and Demand Balance



# United States Reformulated Gasoline Supply

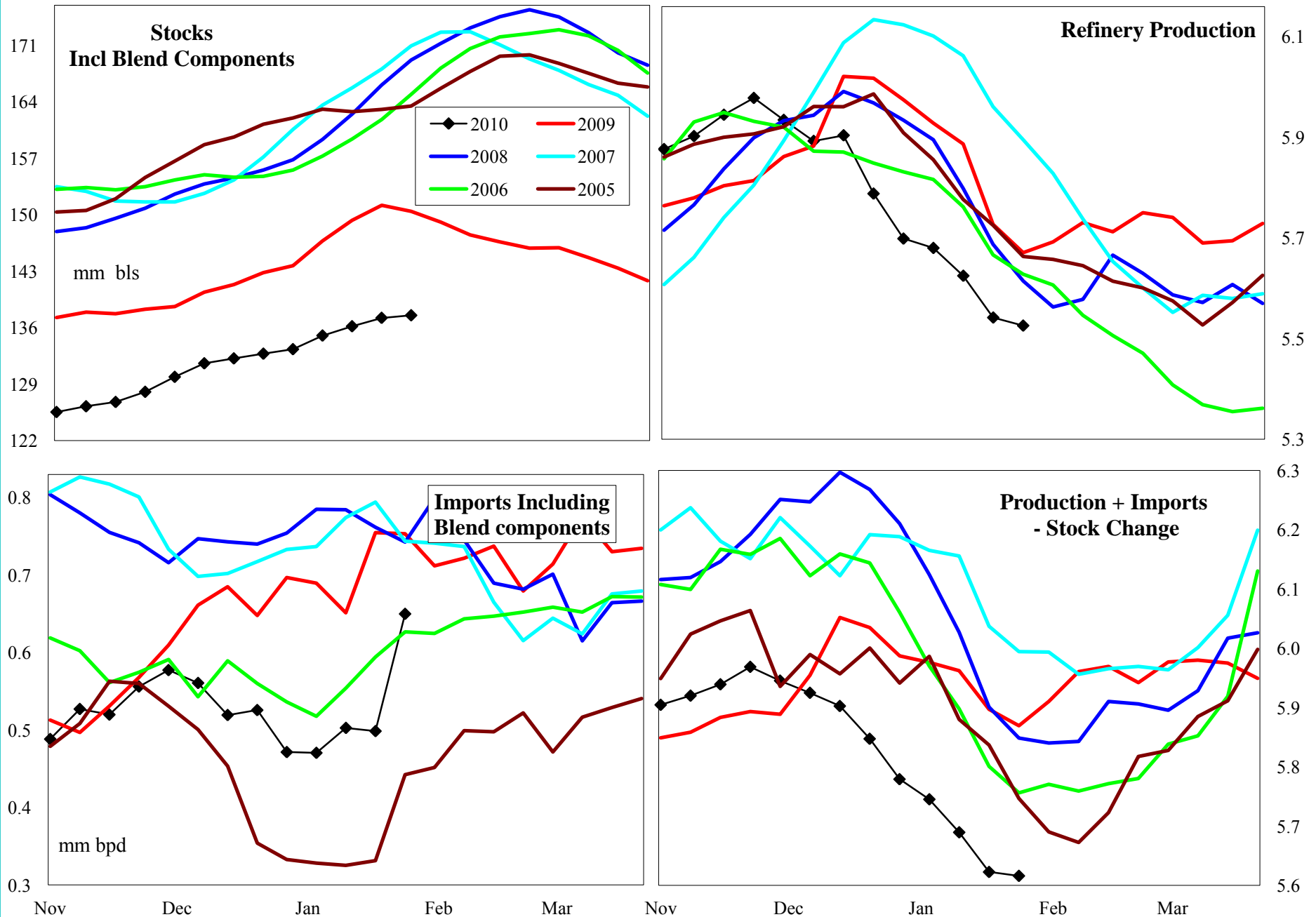


**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
21,804	90	5	94
31.7	3.1	1.8	3.3



# United States Conventional Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

-12,896

-8.6

Production

-237

-4.1

Imports

-182

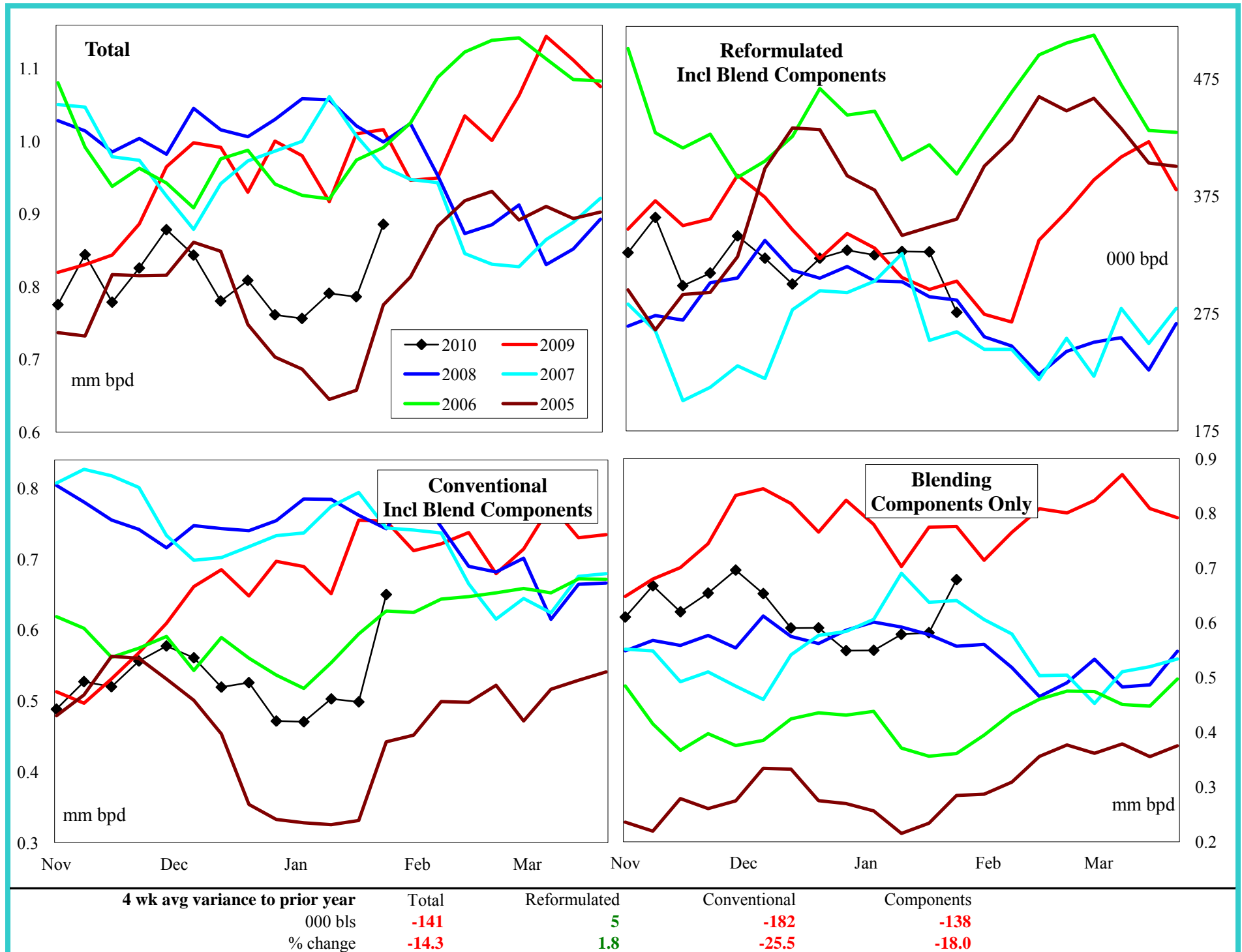
-25.5

Prod + Imp - Stk chg

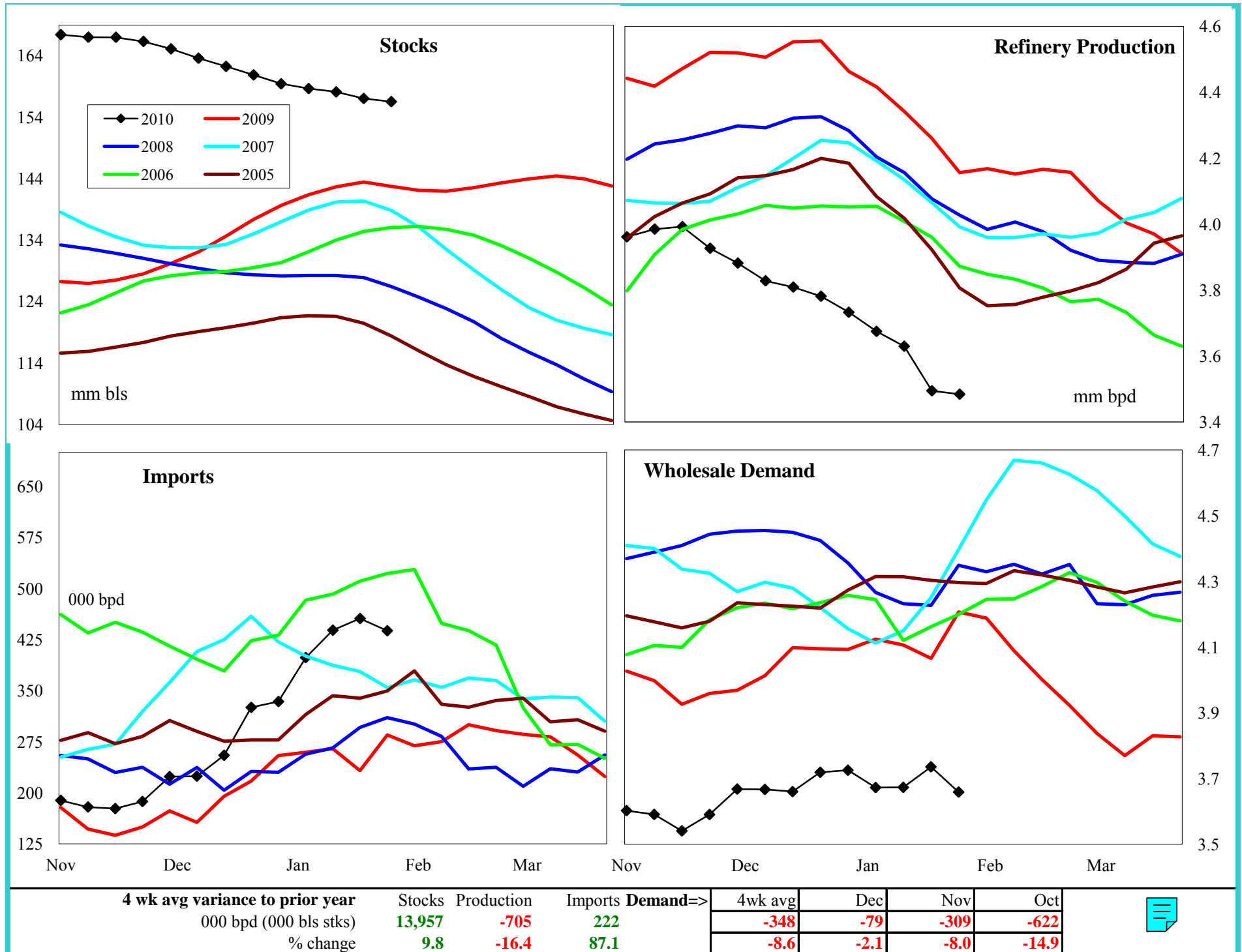
-258

-4.3

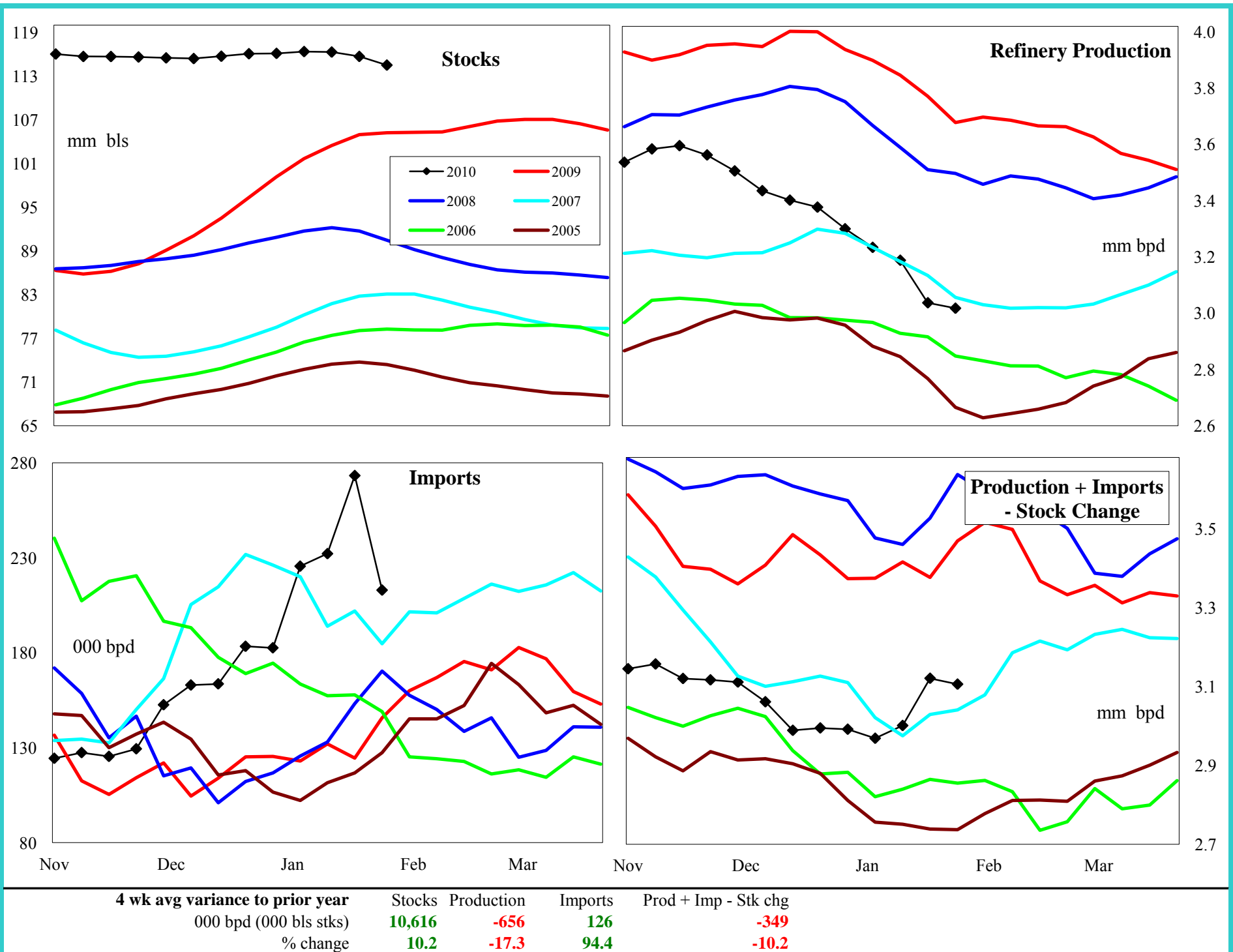
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

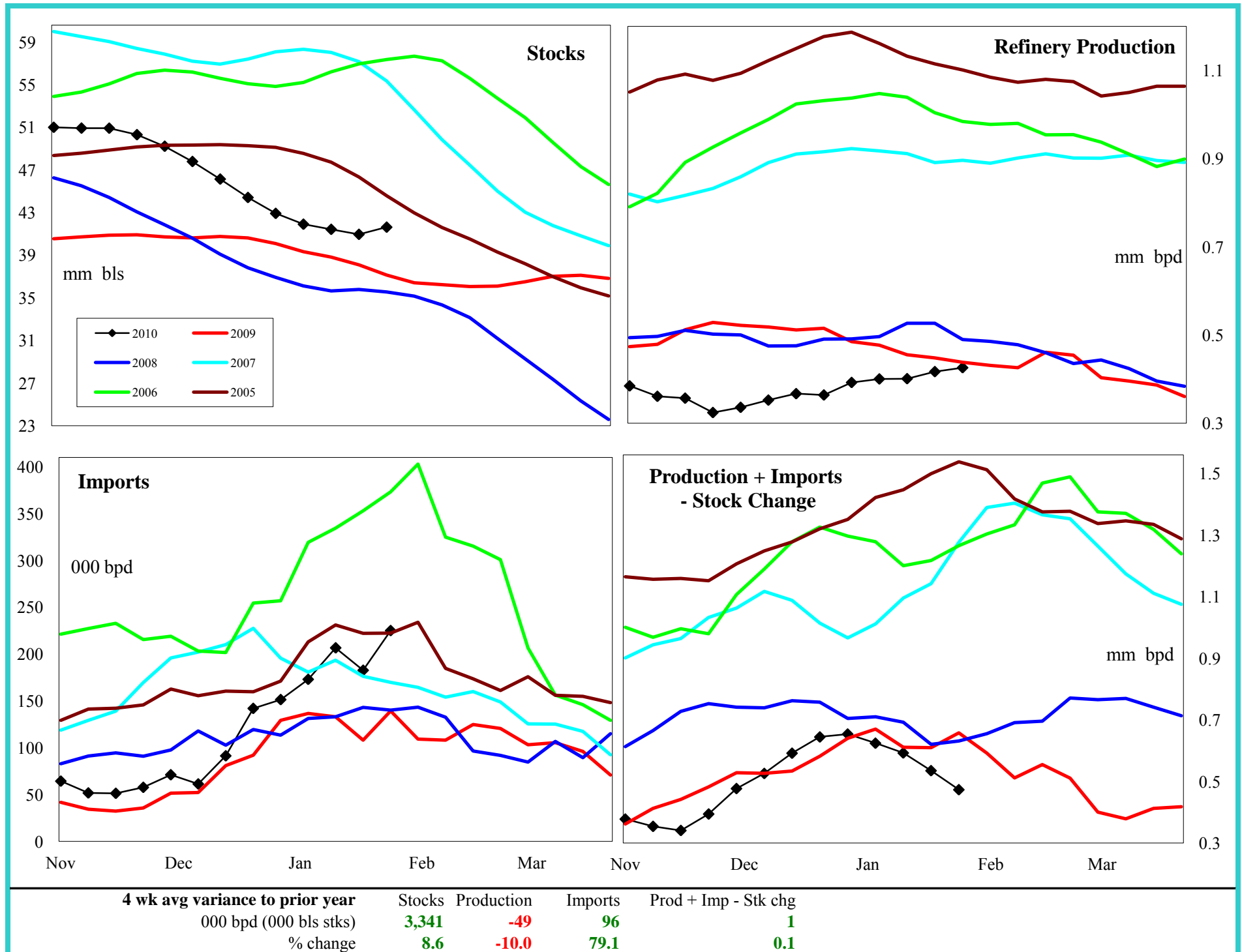


# United States Low Sulfur Distillate Supply

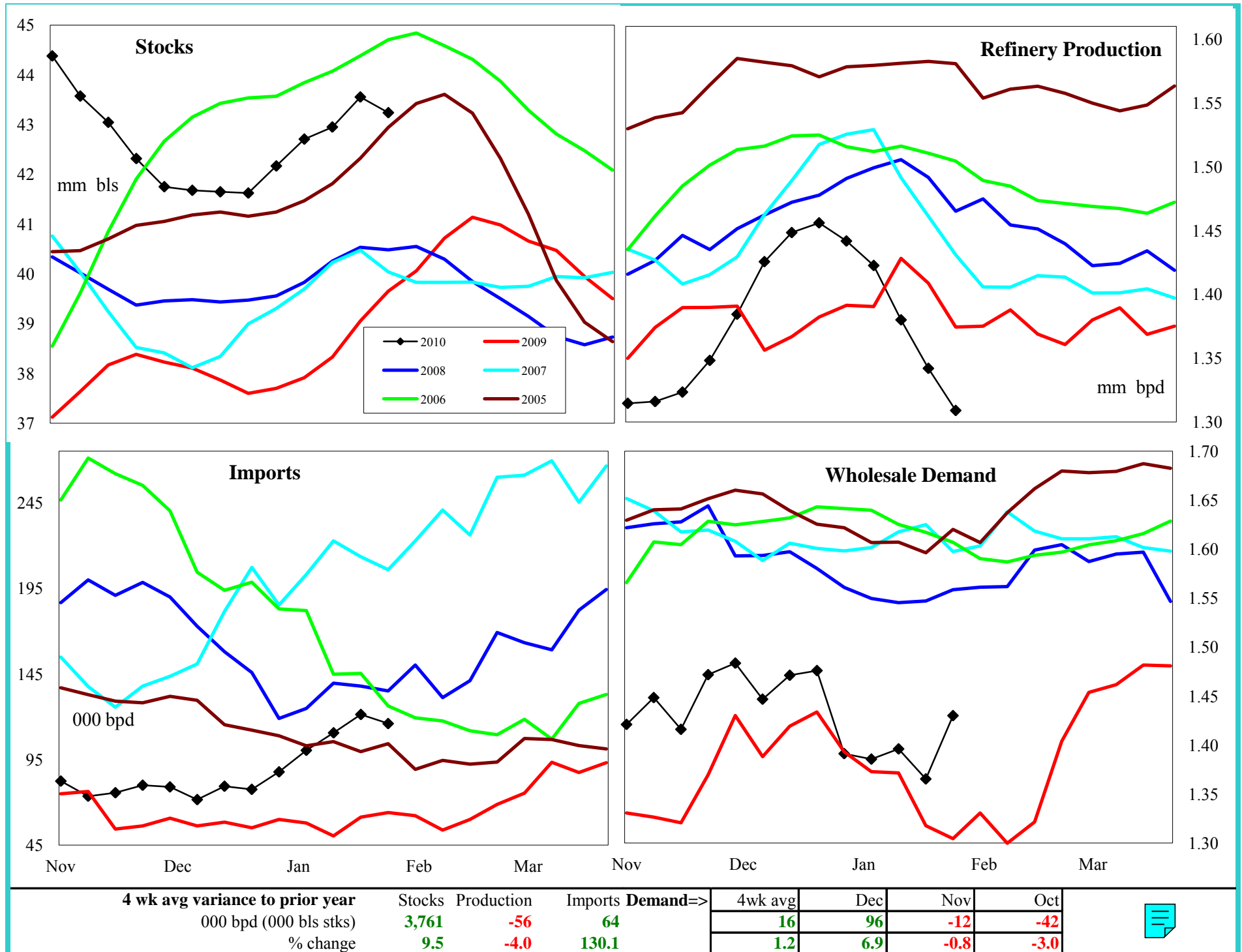




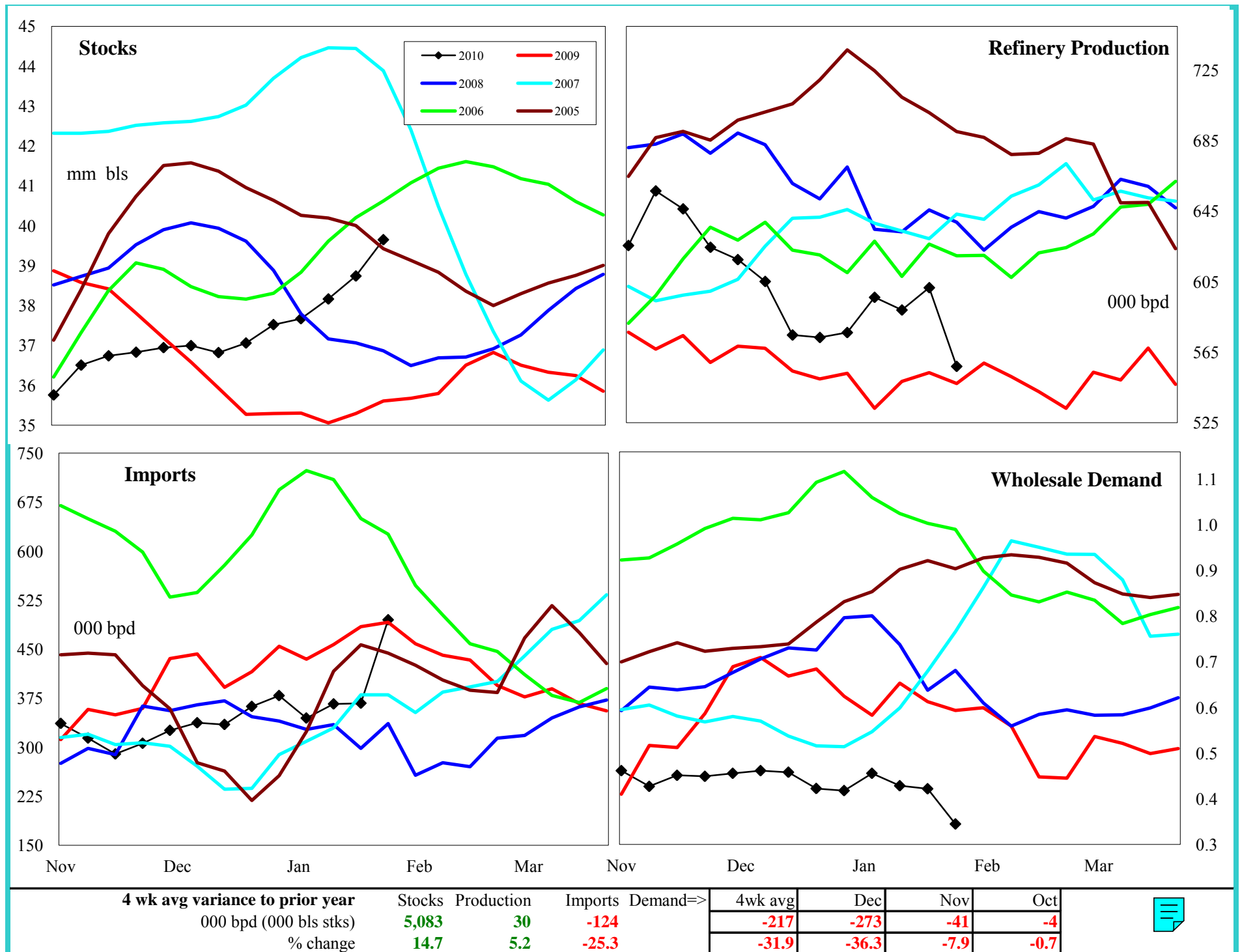
# United States High Sulfur Distillate Supply



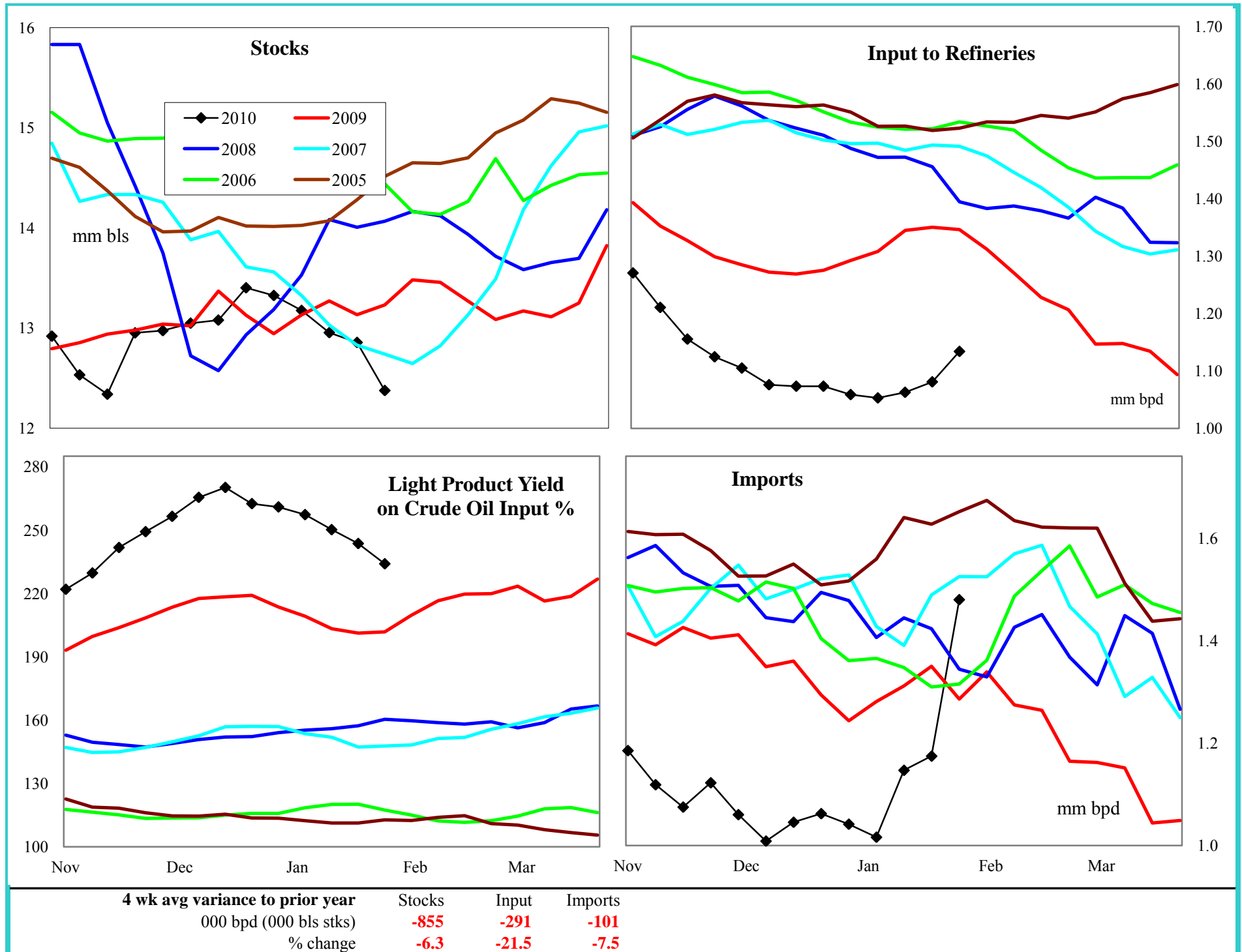
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

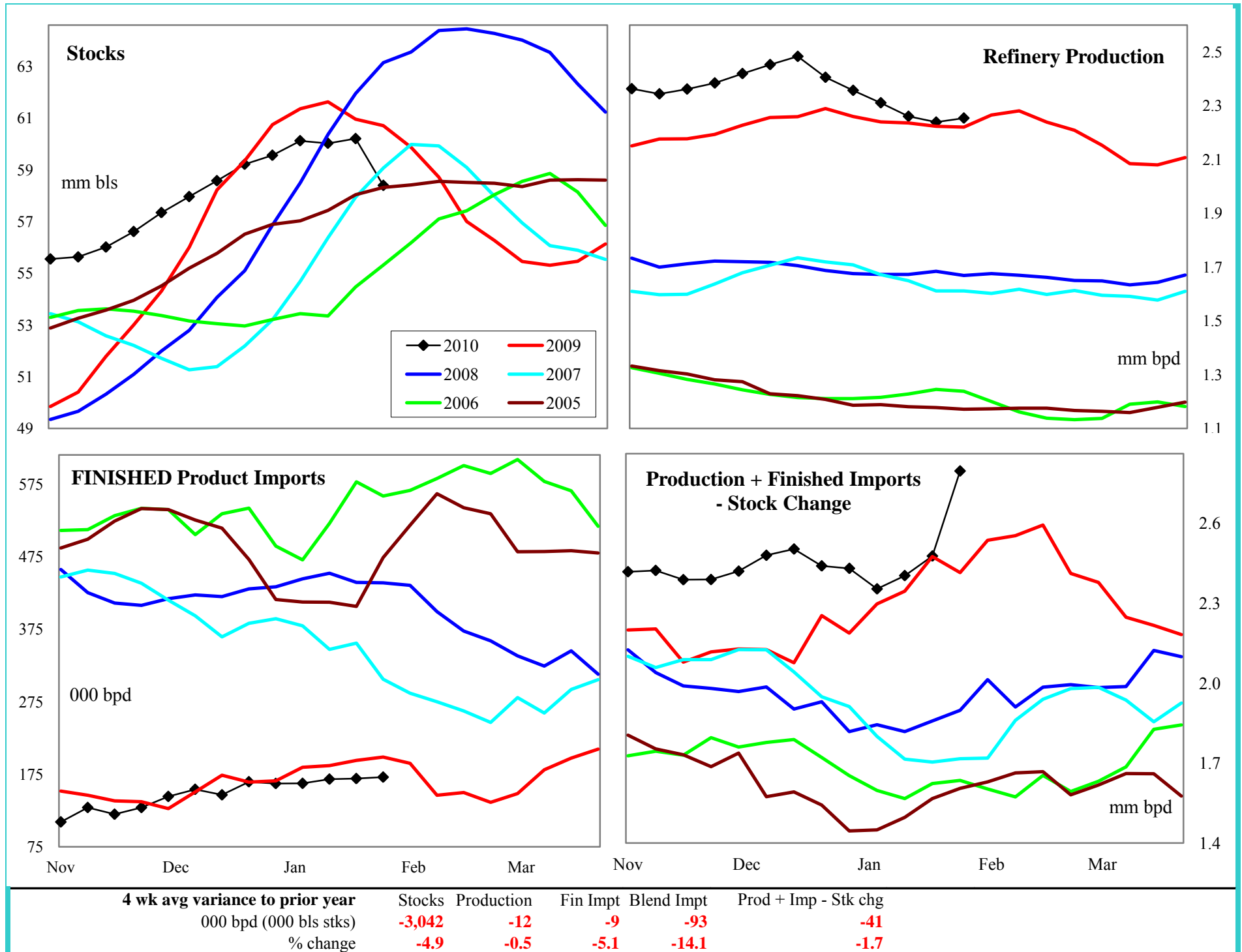


# PADD 1 Crude Oil Supply and Refining

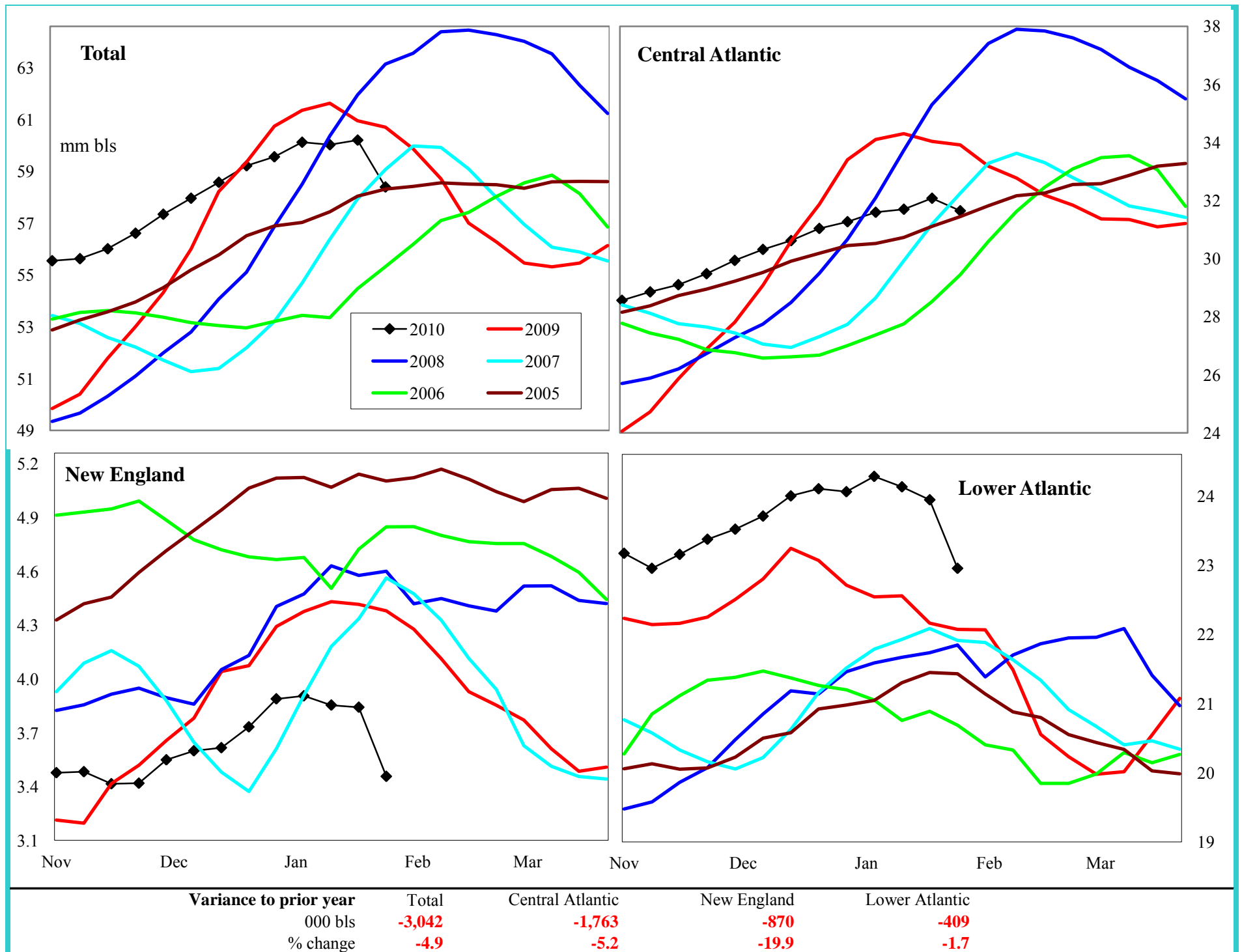




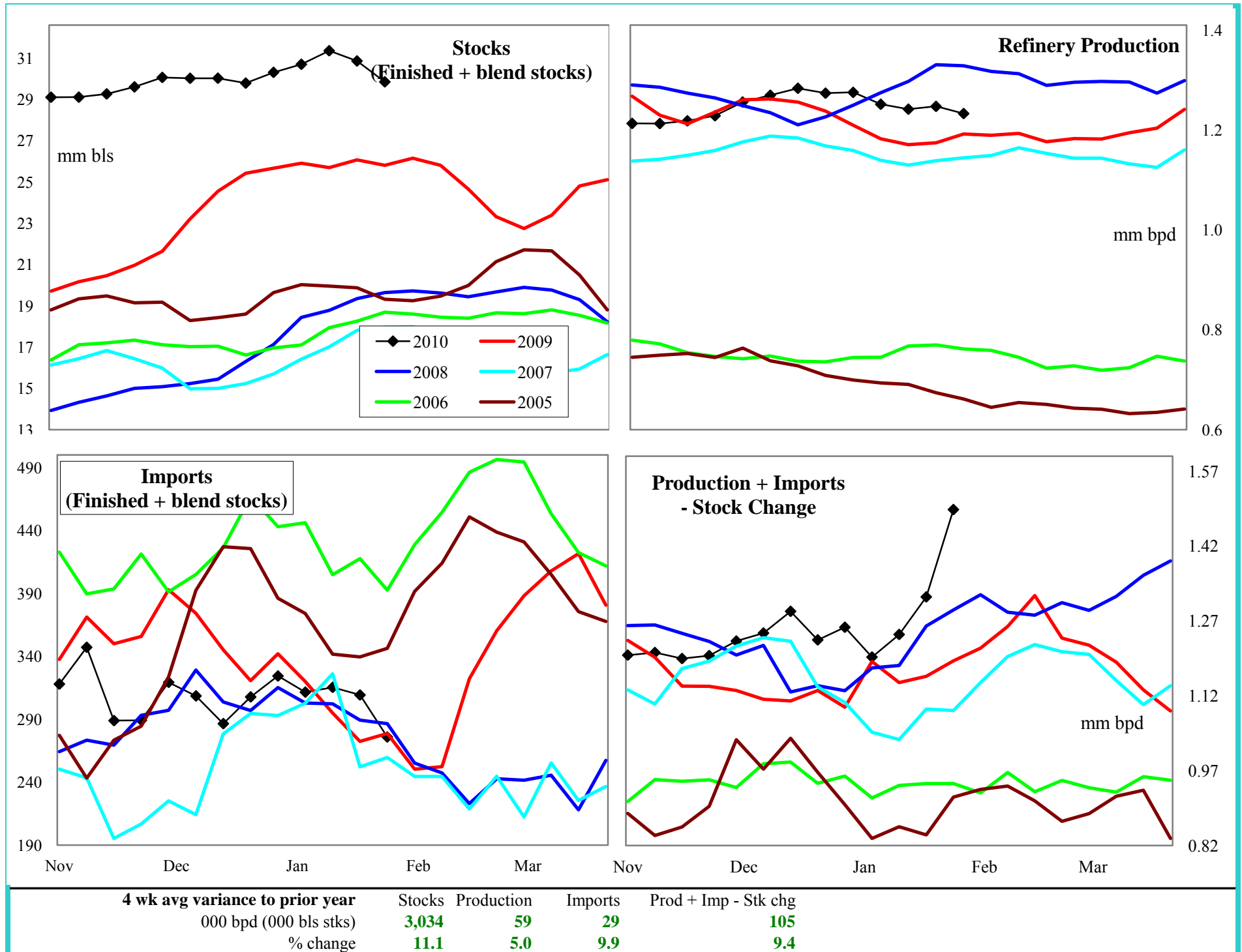
# PADD 1 Gasoline Supply



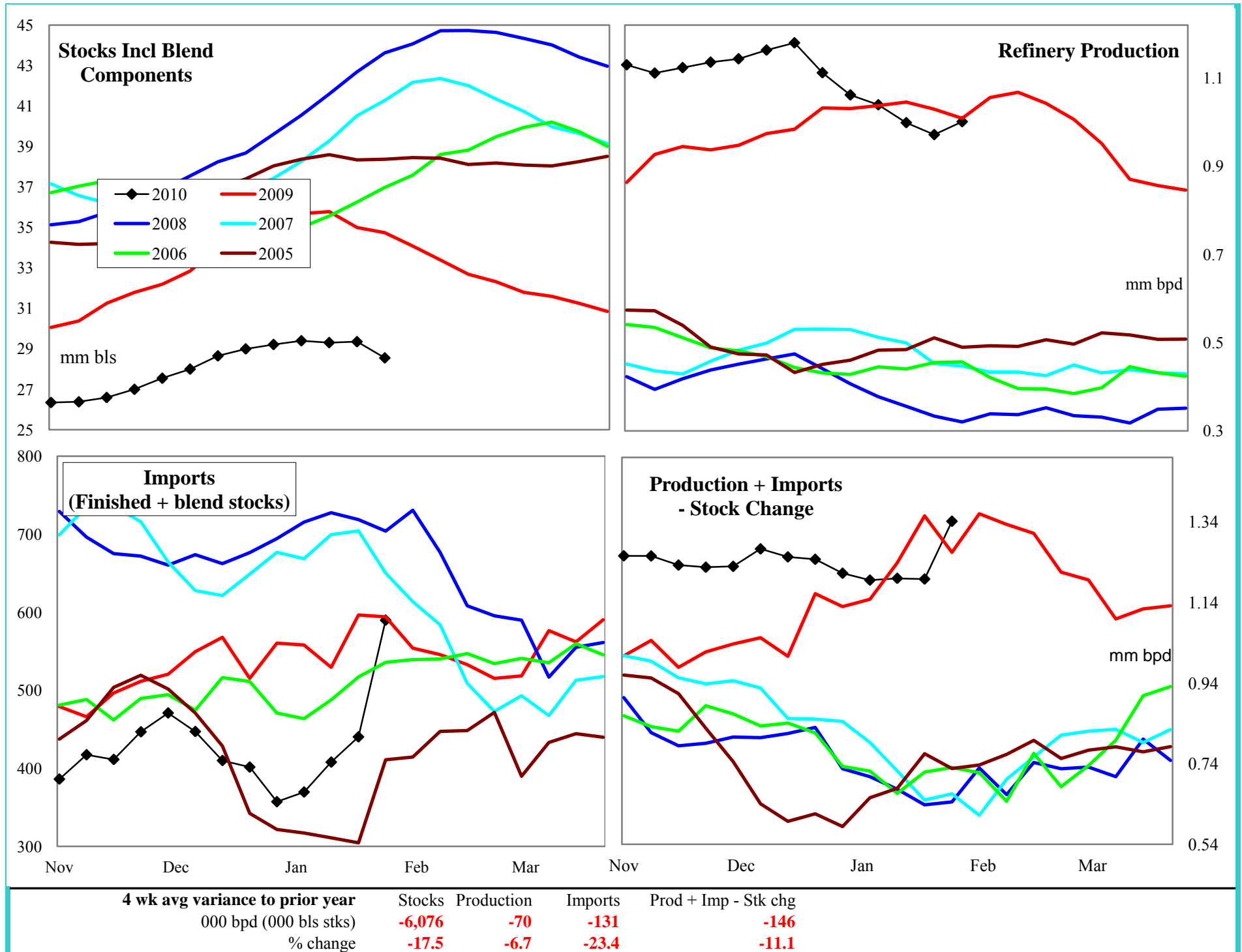
# PADD 1 Gasoline Stocks by Region



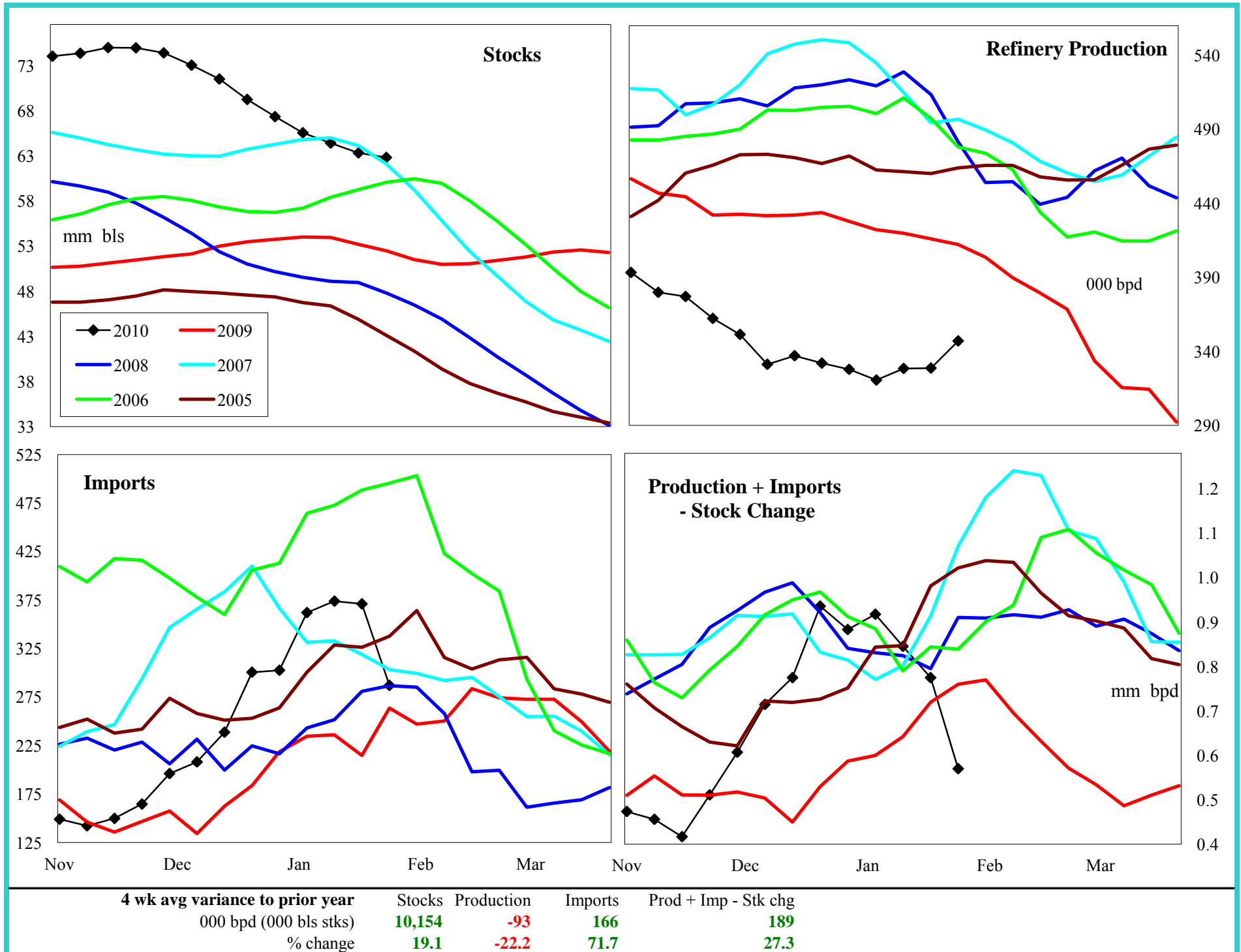
# PADD 1 Reformulated Gasoline Supply



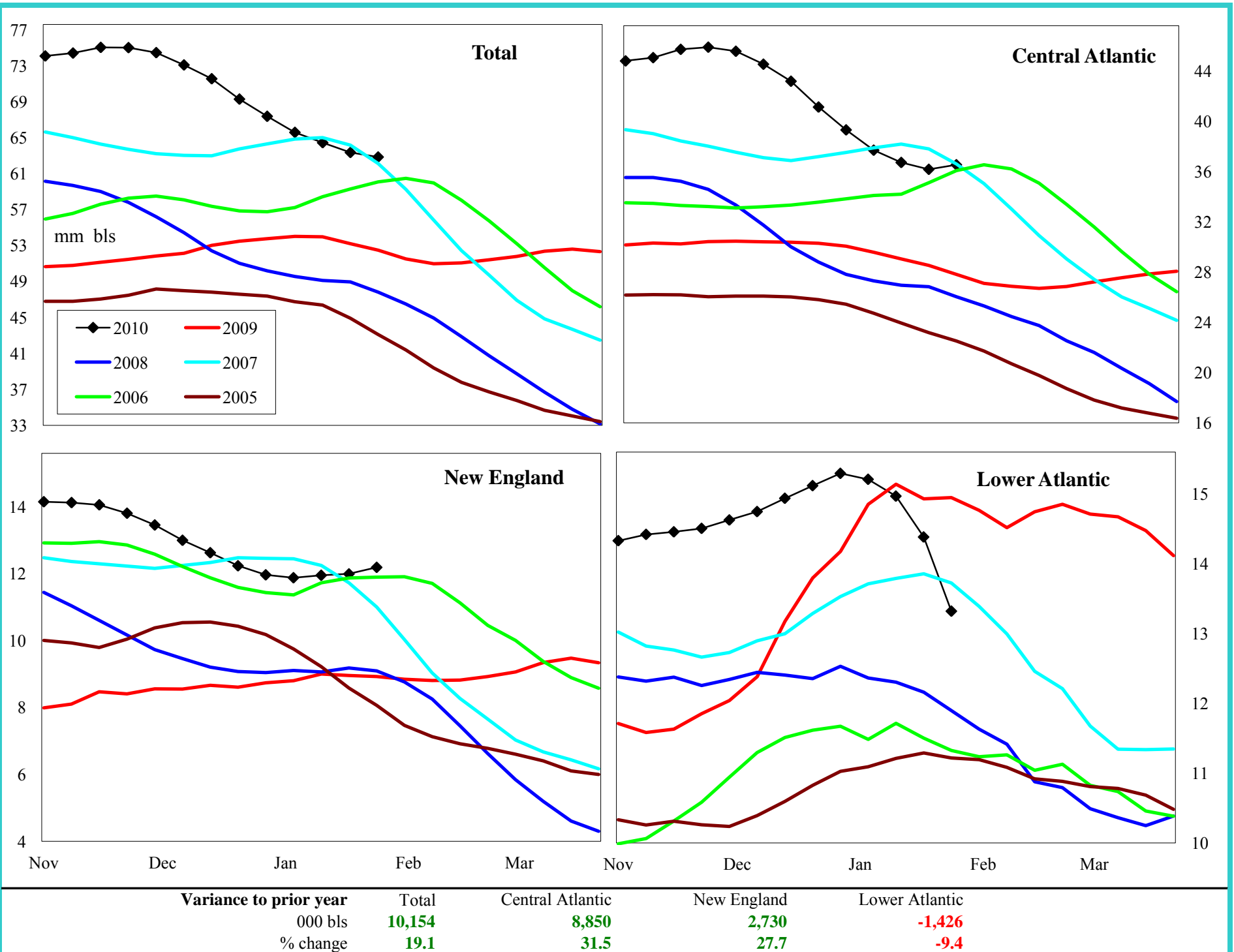
# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply

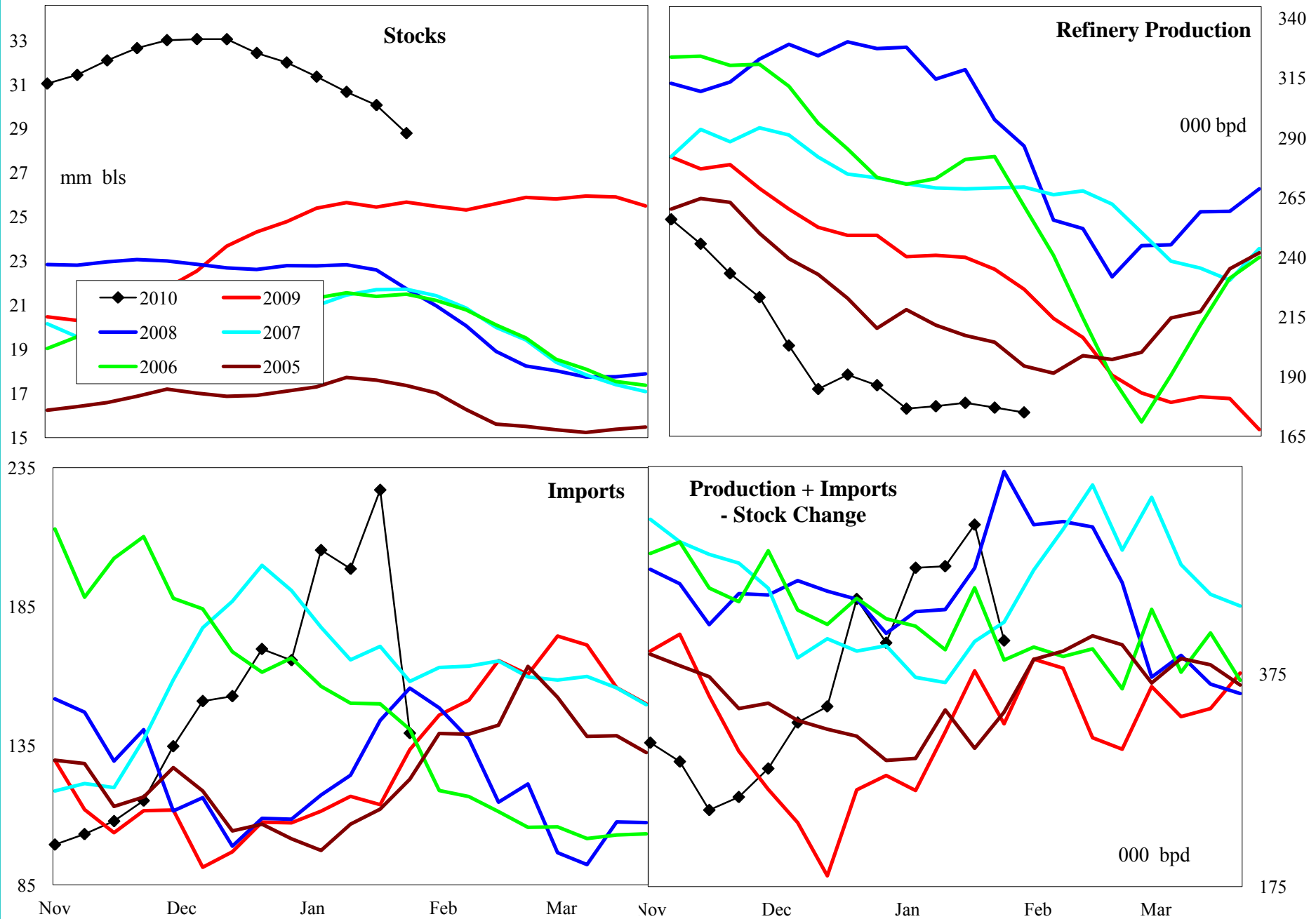


# PADD 1 Distillate Stocks by Region





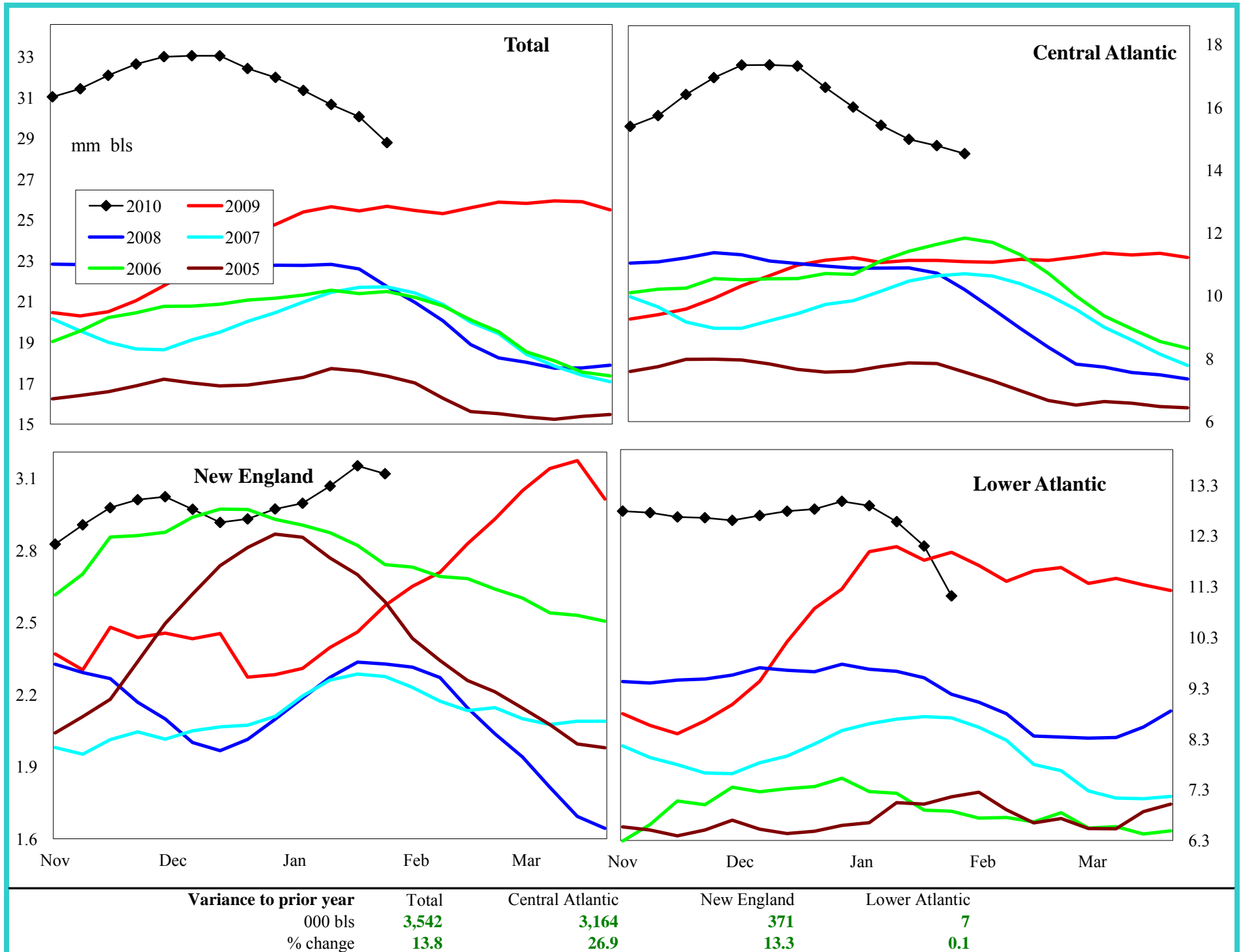
# PADD 1 Low Sulfur Distillate Supply



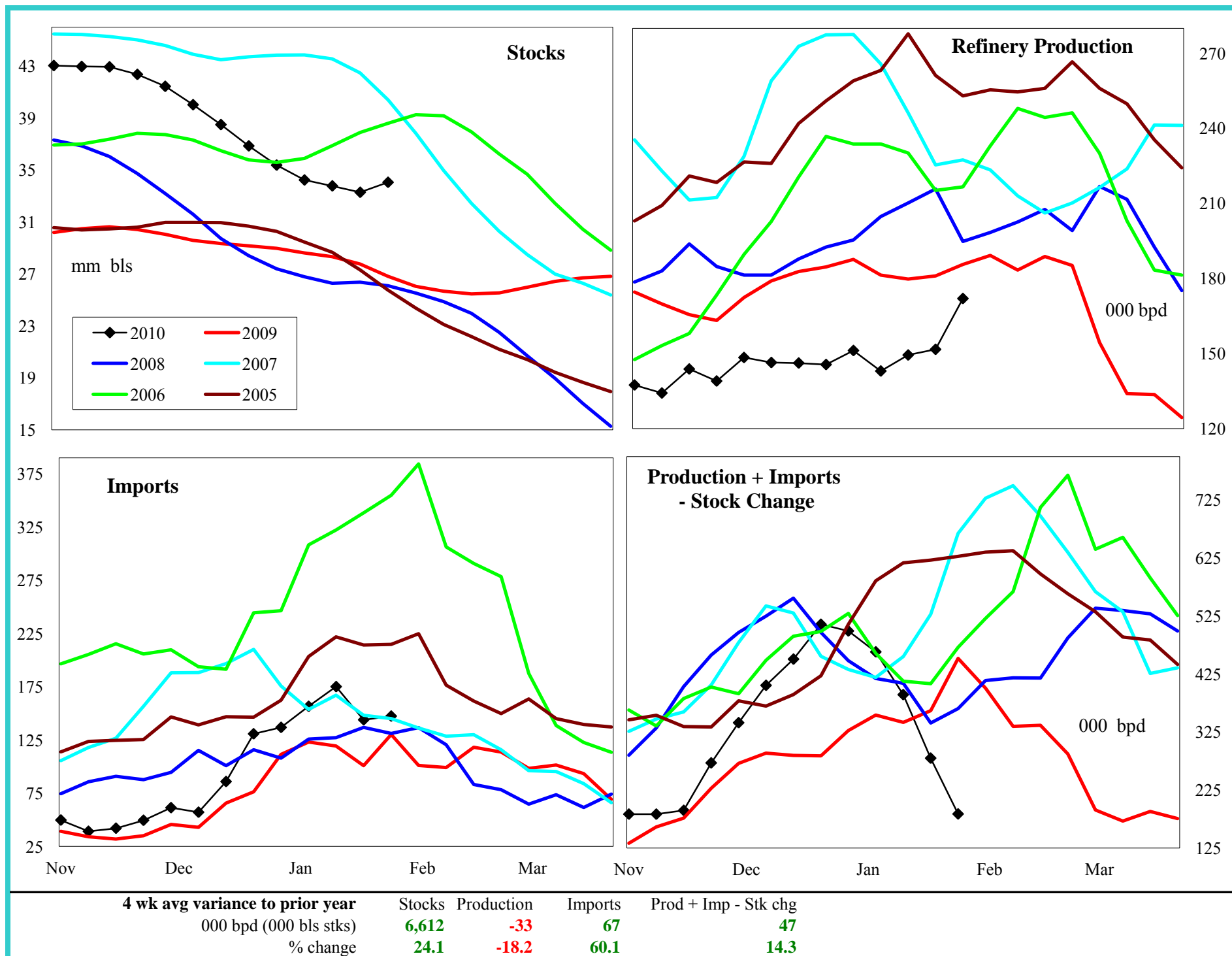
**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Metric	2010	2009	2008	2007	2006	2005
Stocks	3,542	-59	99	143	13.8	-25.2
Production	99	82.4	38.8			
Imports						
Prod + Imp - Stk chg						

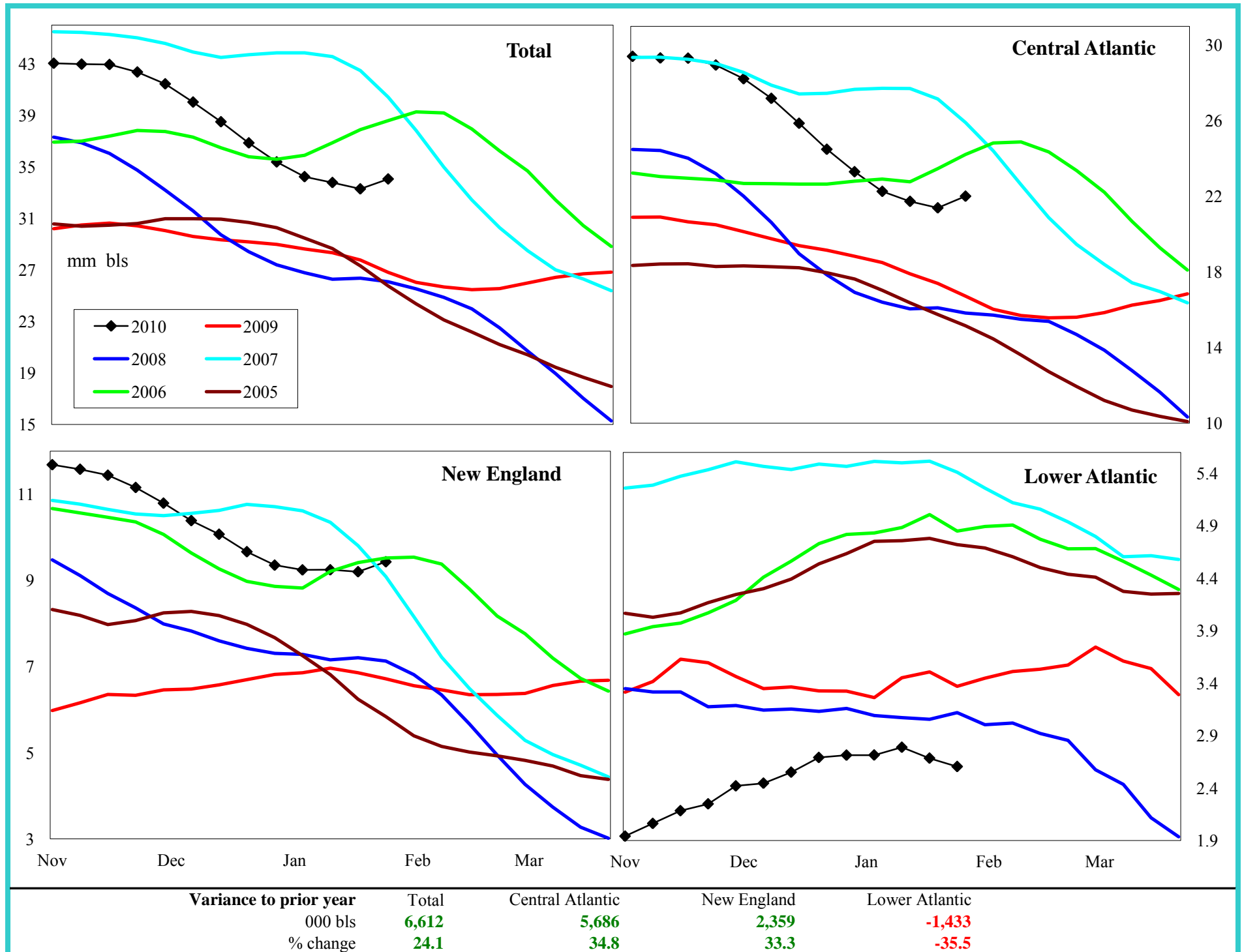
# PADD 1 Low Sulfur Distillate Stocks by Region



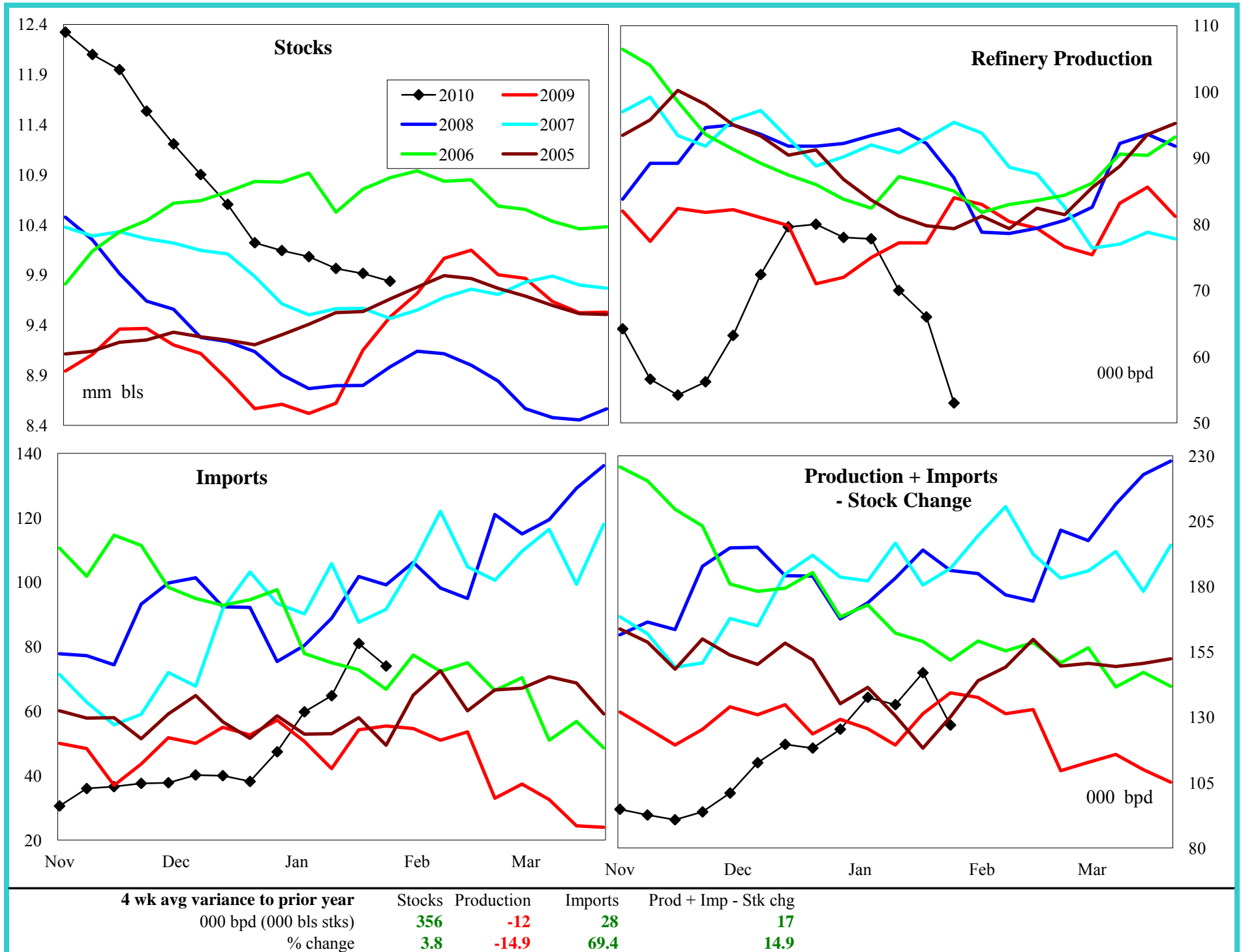
# PADD 1 High Sulfur Distillate Supply



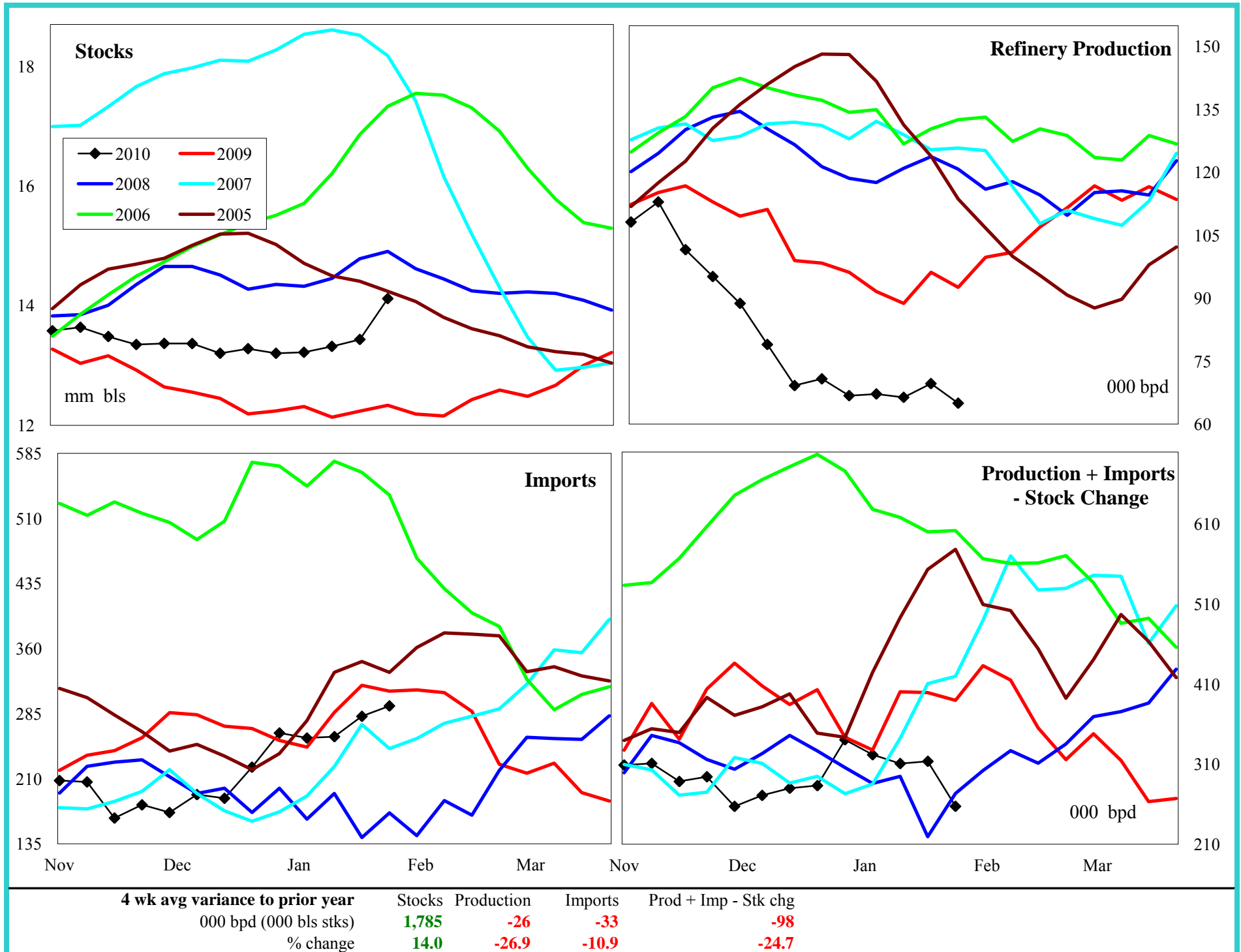
## PADD 1 High Sulfur Distillate Stocks by Region



# PADD 1 Jet Fuel Supply

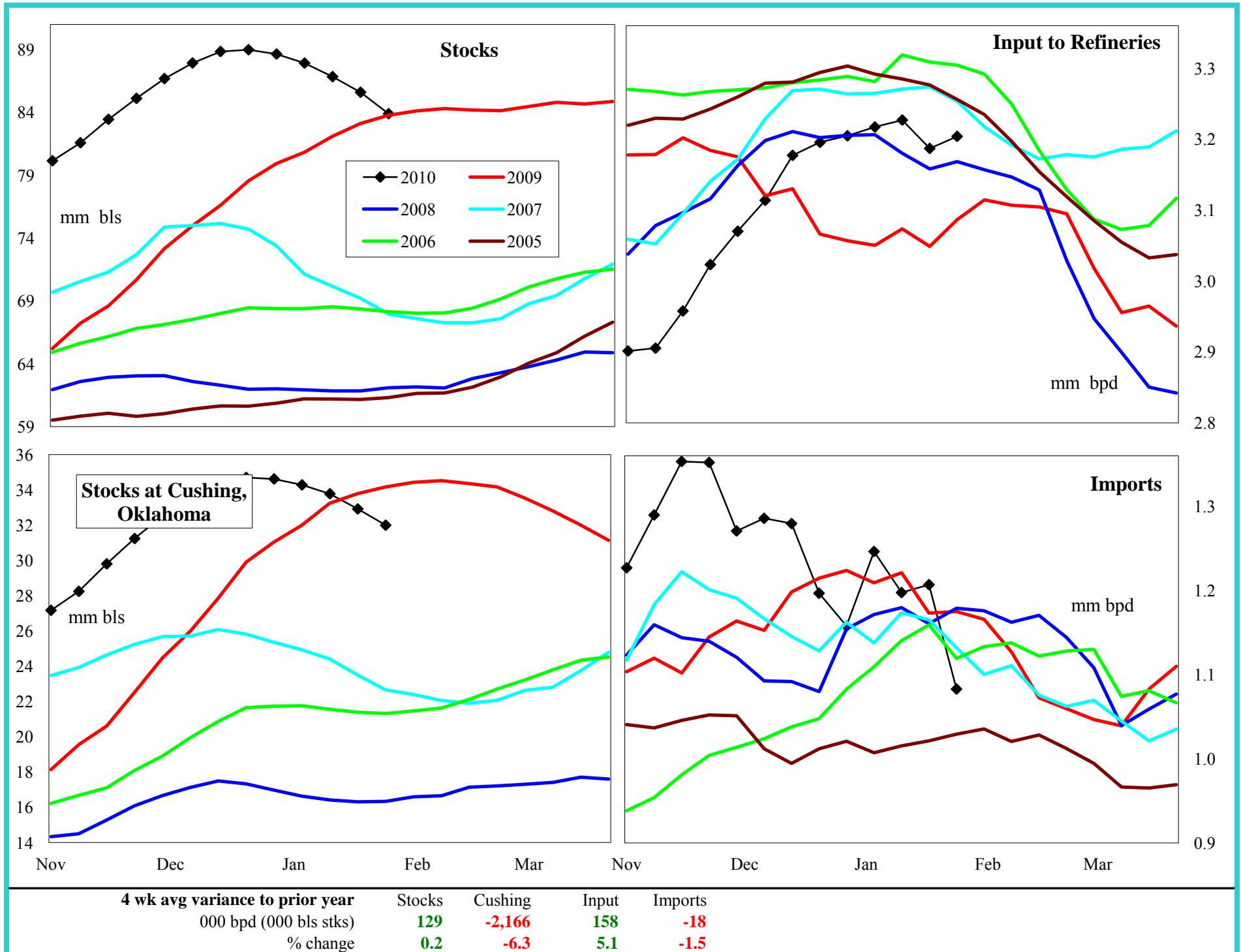


# PADD 1 Residual Fuel Oil Supply

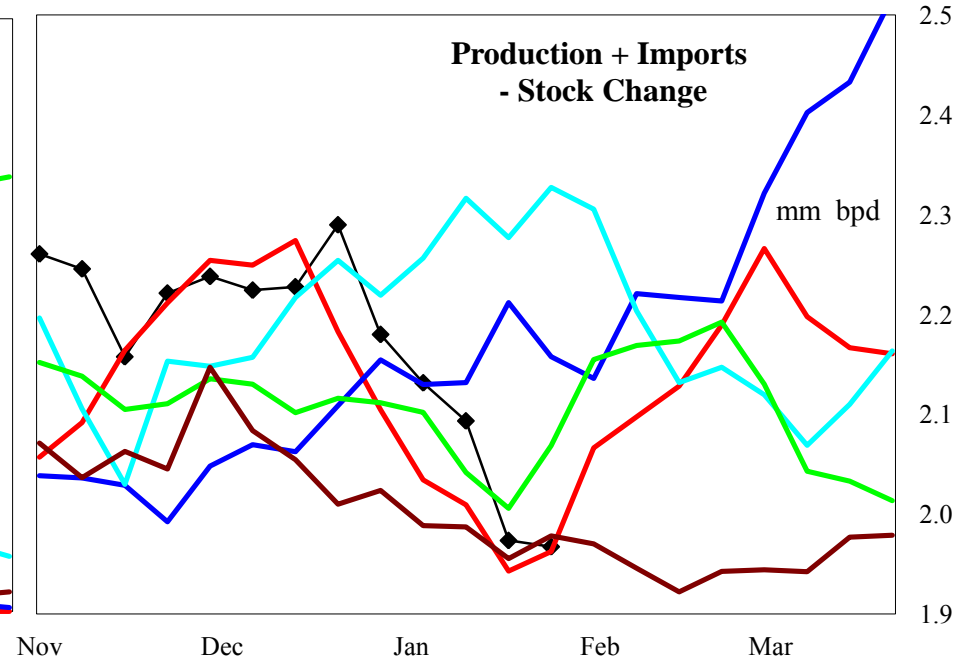
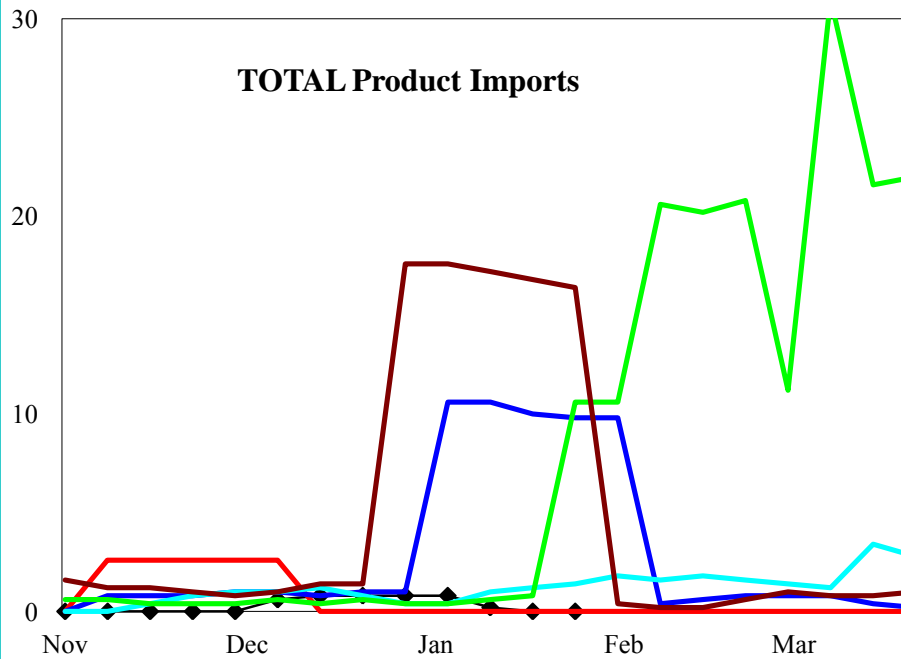
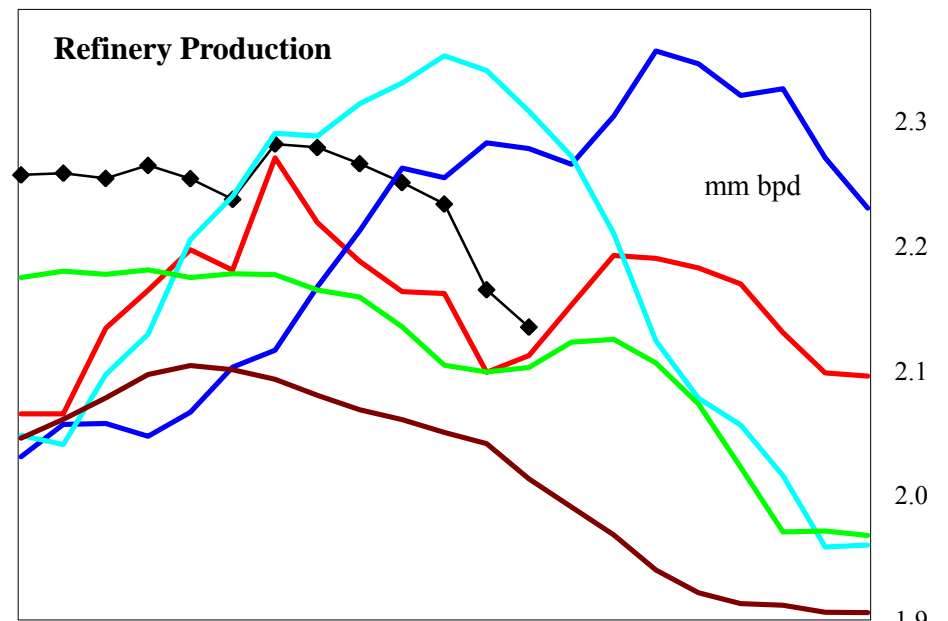
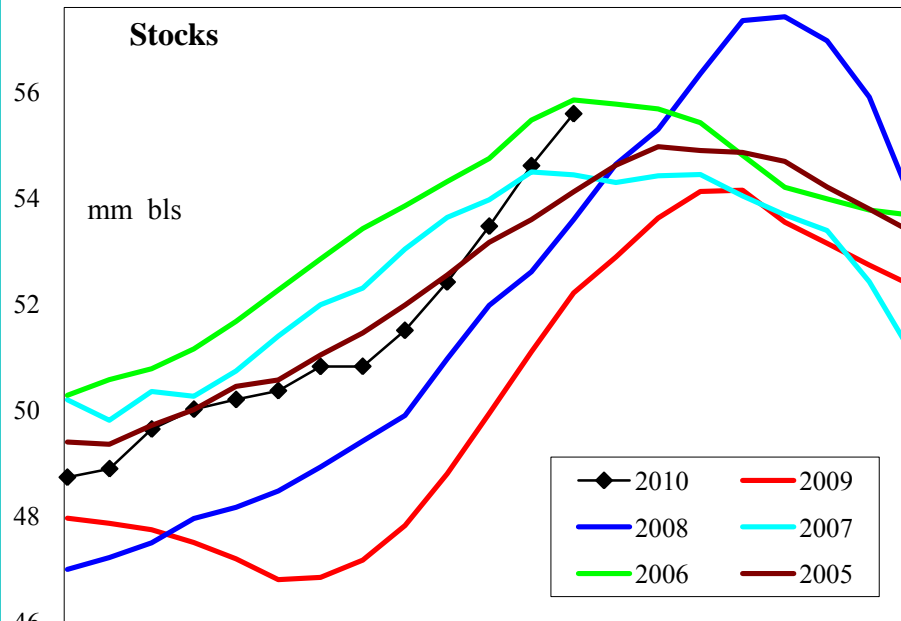




# PADD 2 Crude Oil Supply and Refining



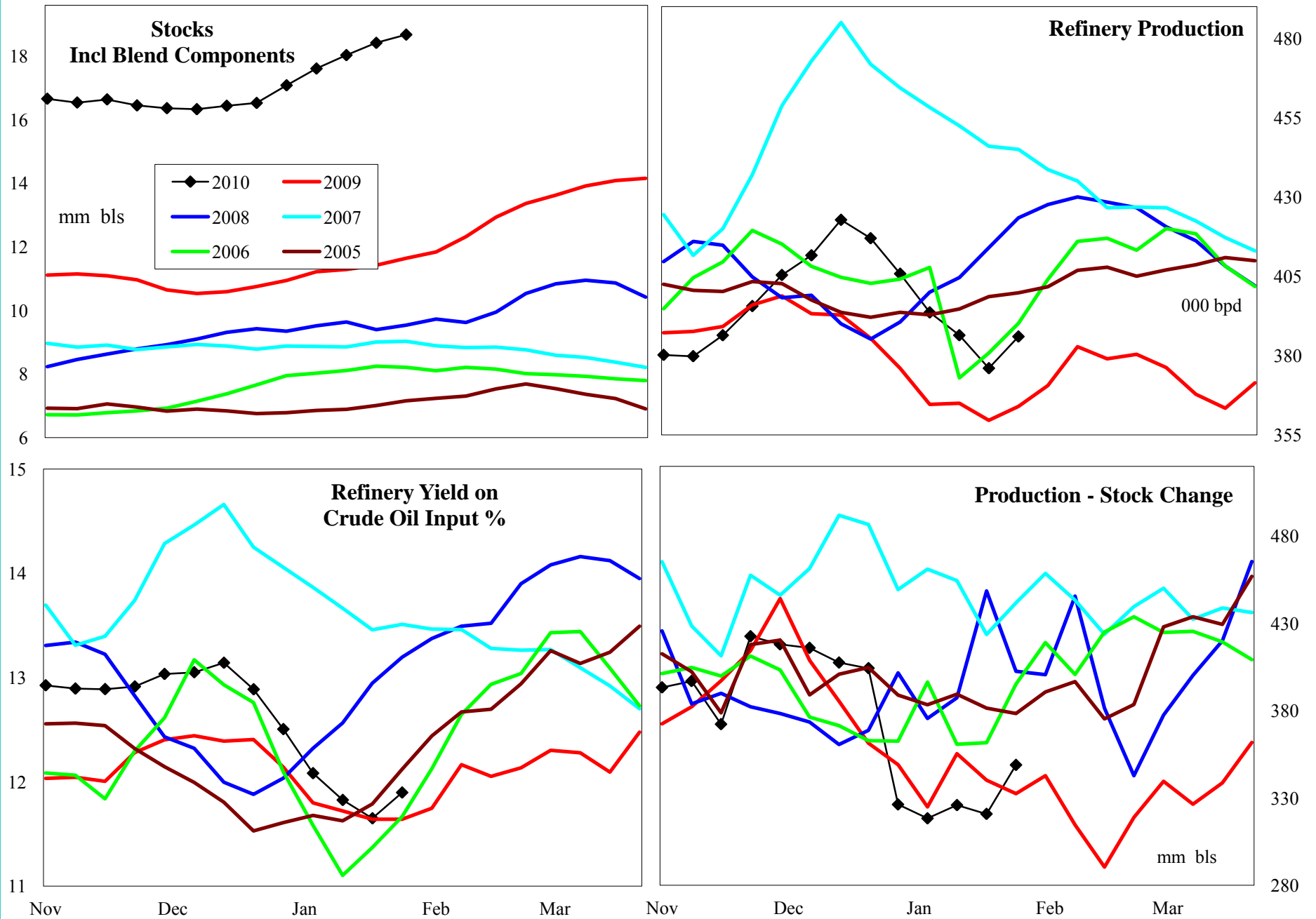
# PADD 2 Gasoline Supply



**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
3,380	81	0	117
6.4	3.8	#DIV/0!	6.0

# PADD 2 Reformulated Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

7,033

58.4

Production

22

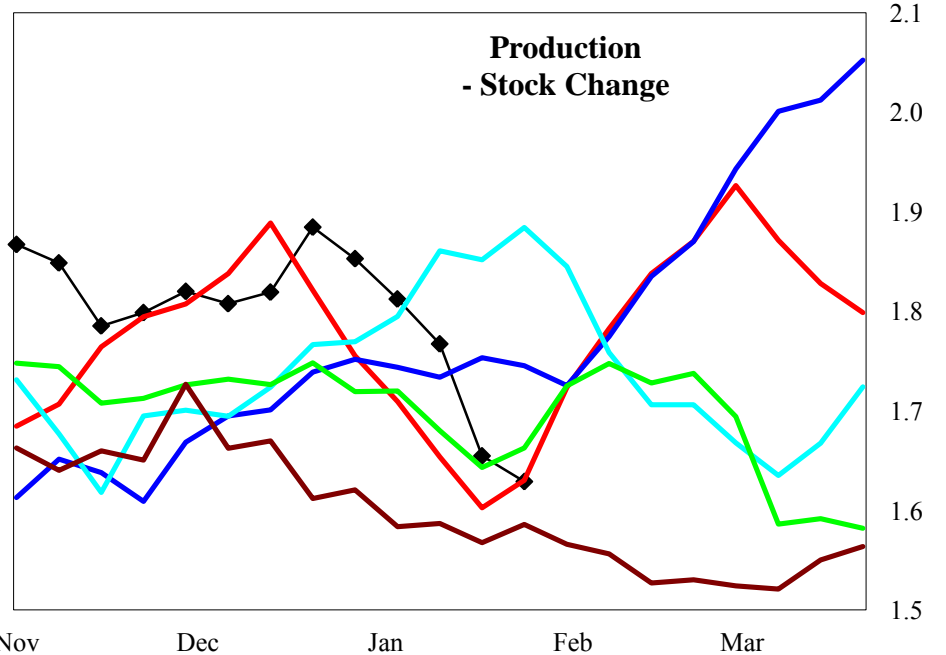
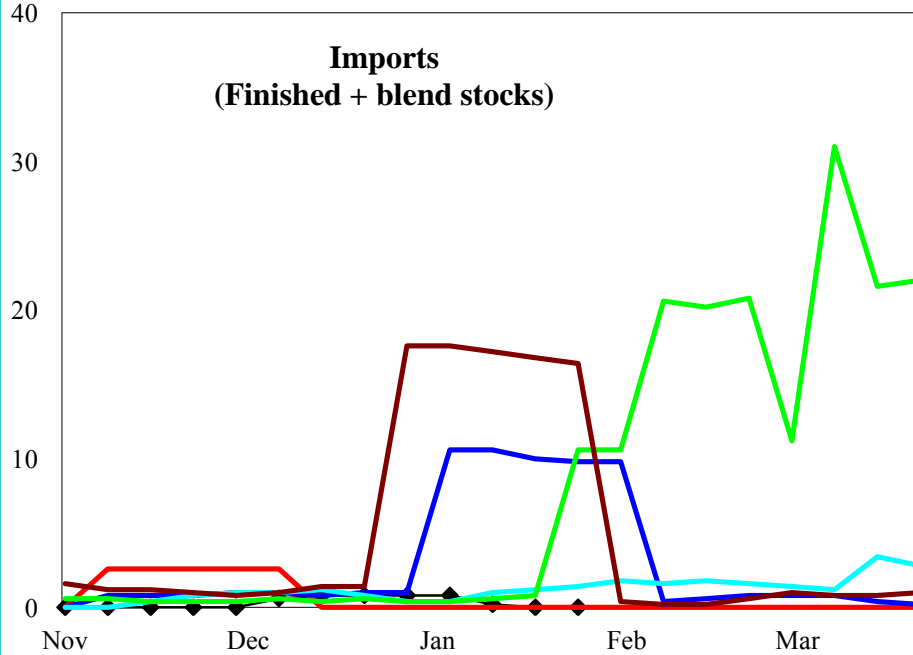
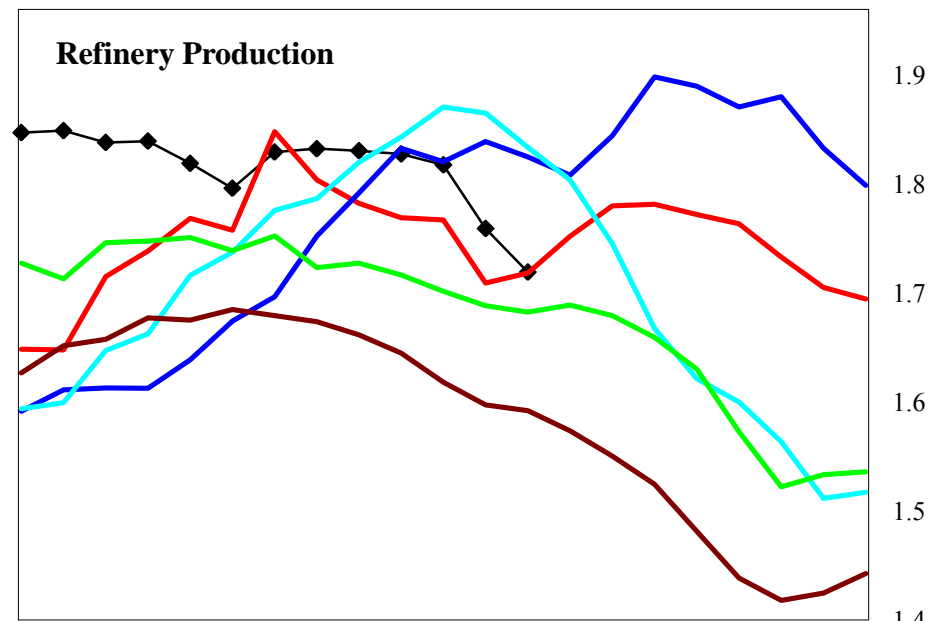
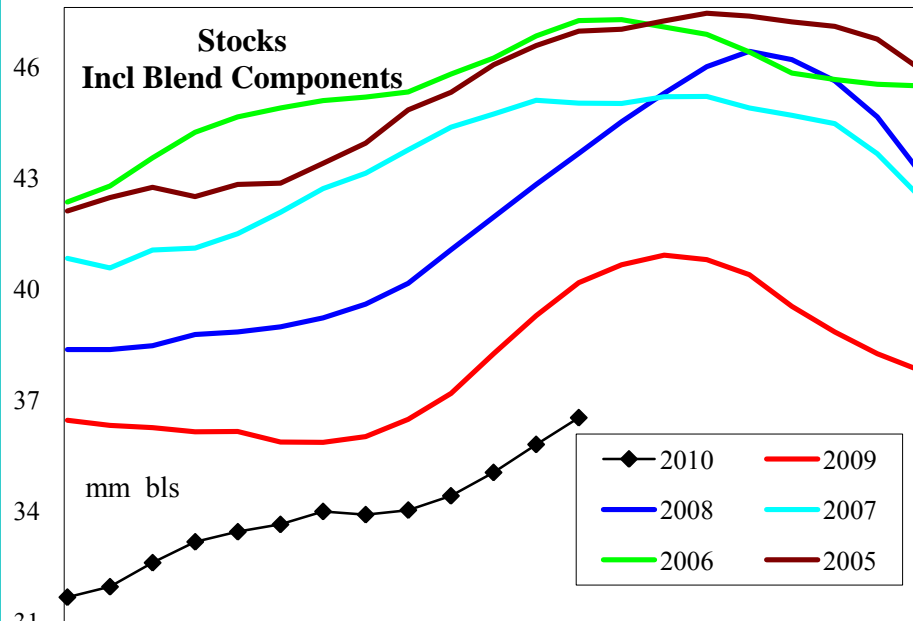
6.1

Prod - Stk chg

-10

-2.9

# PADD 2 Conventional Gasoline Supply



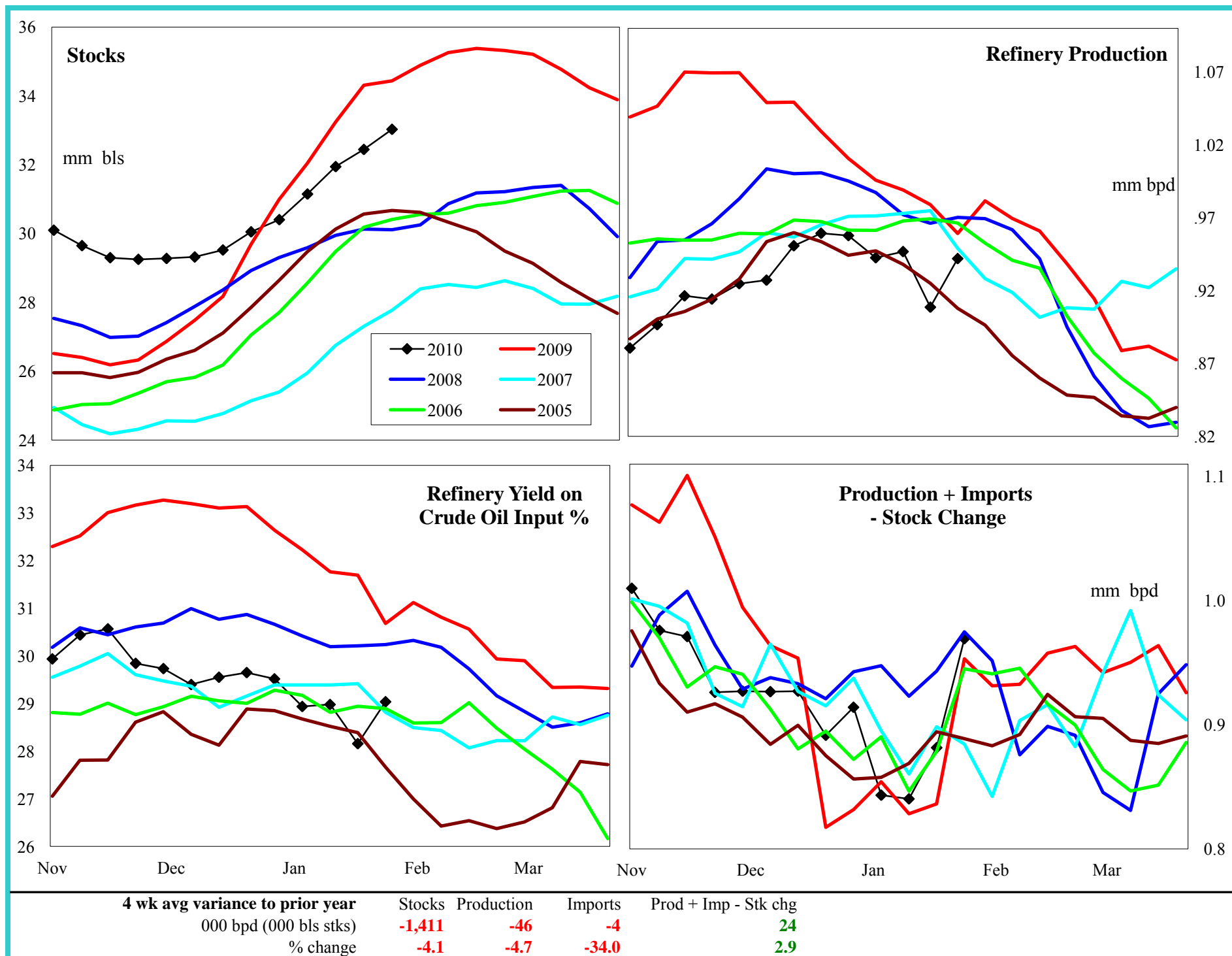
**4 wk avg variance to prior year**  
000 bpd (000 bbls stks)  
% change

Stocks  
**-4,248**  
**-10.3**

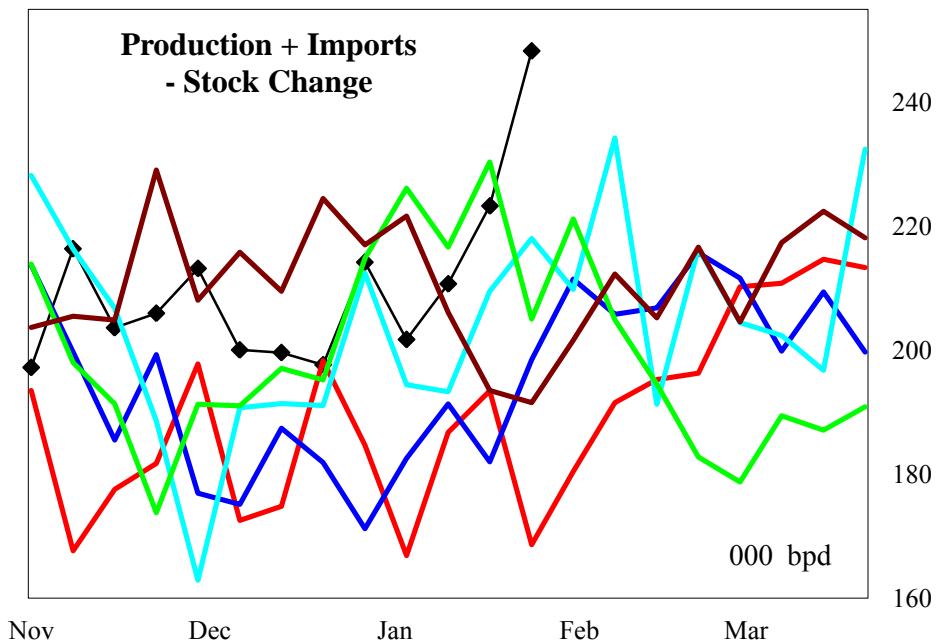
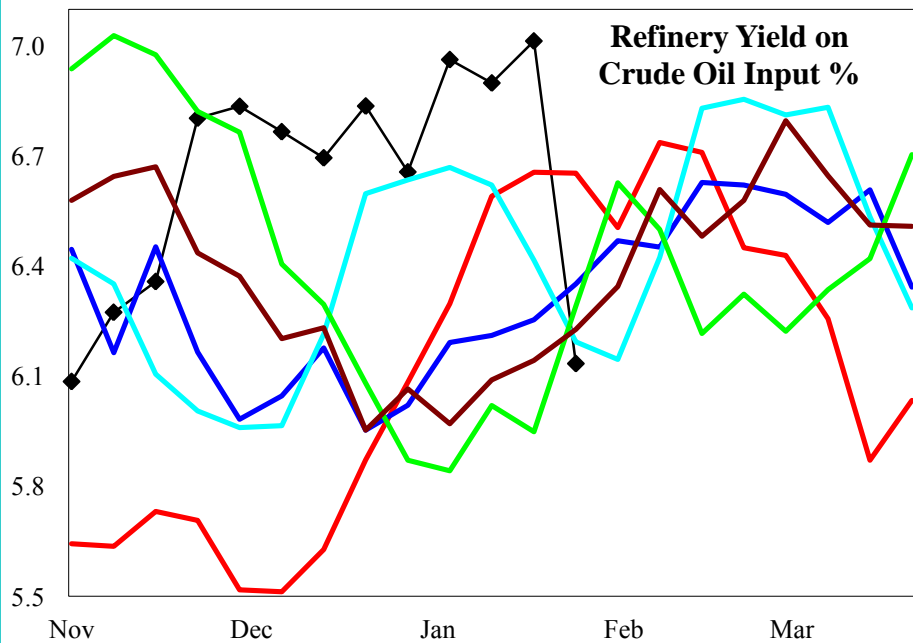
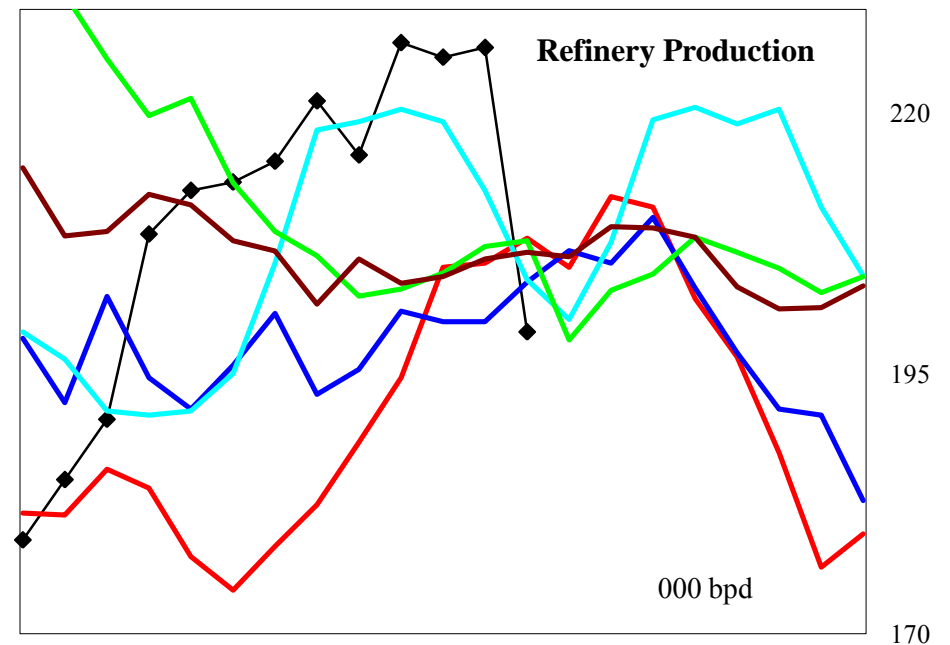
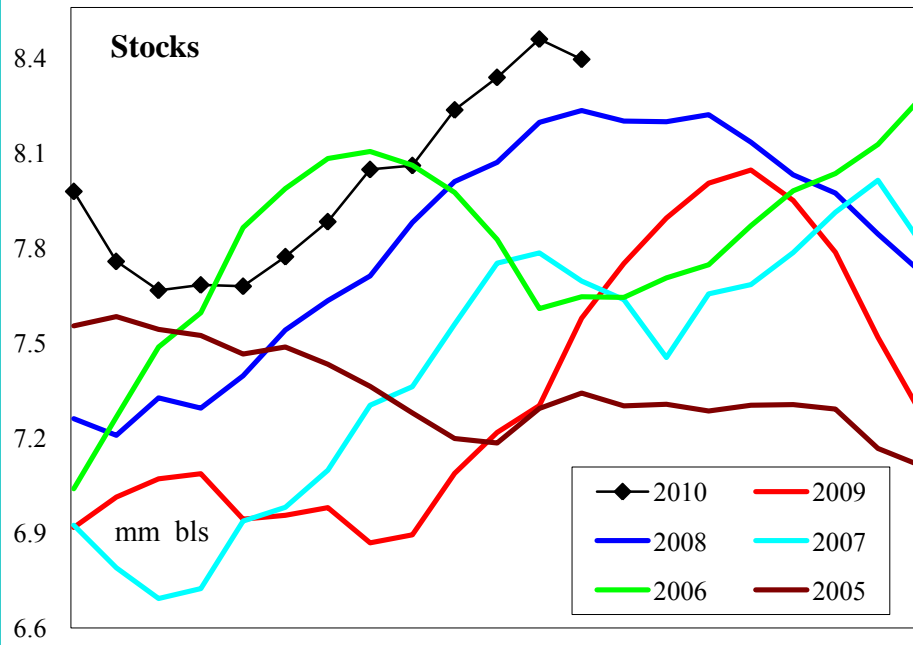
Production  
**64**  
**3.7**

Prod - Stk chg  
**141**  
**8.9**

# PADD 2 Distillate Supply



# PADD 2 Jet Fuel Supply

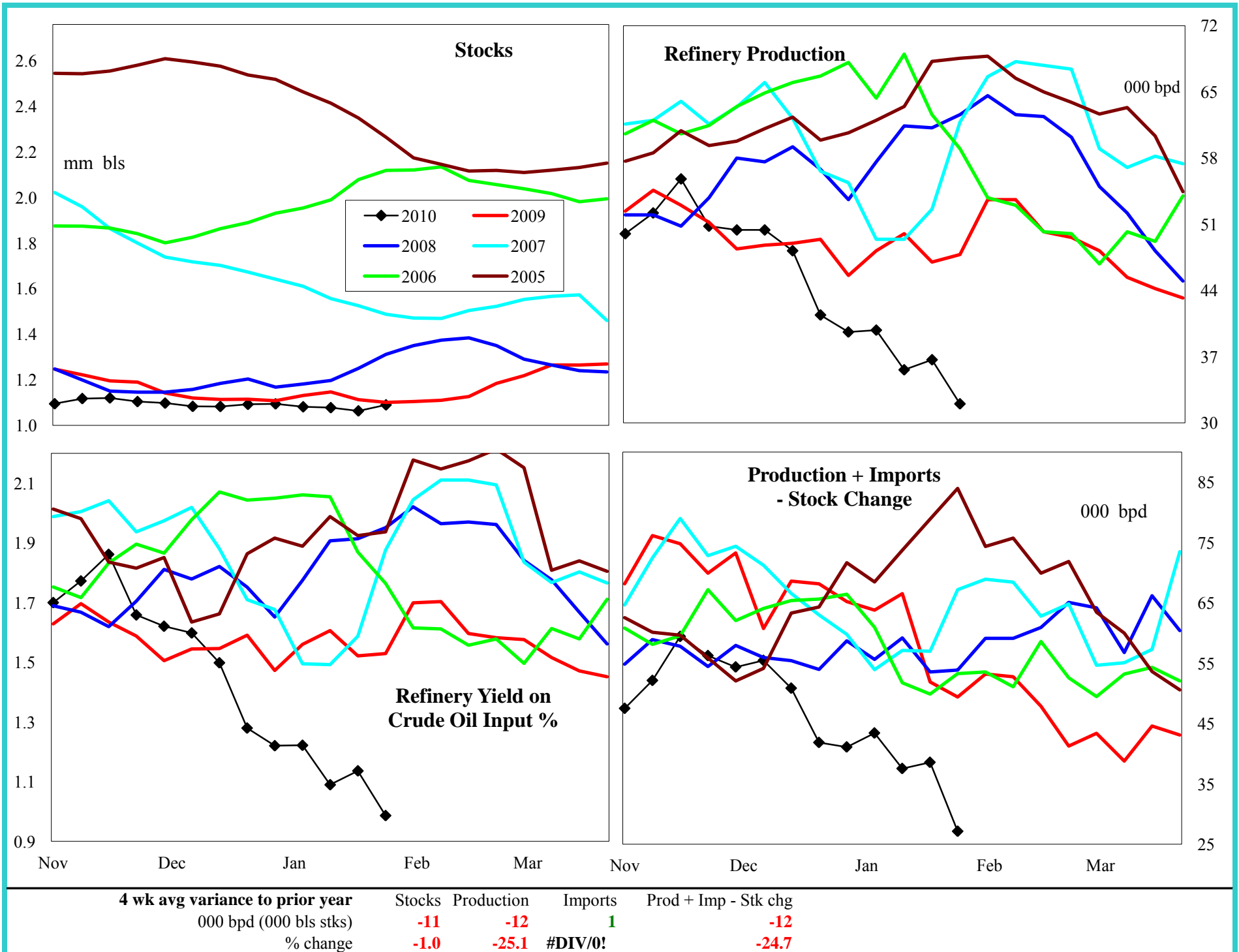


**4 wk avg variance to prior year**  
000 bpd (000 bbls stks)  
% change

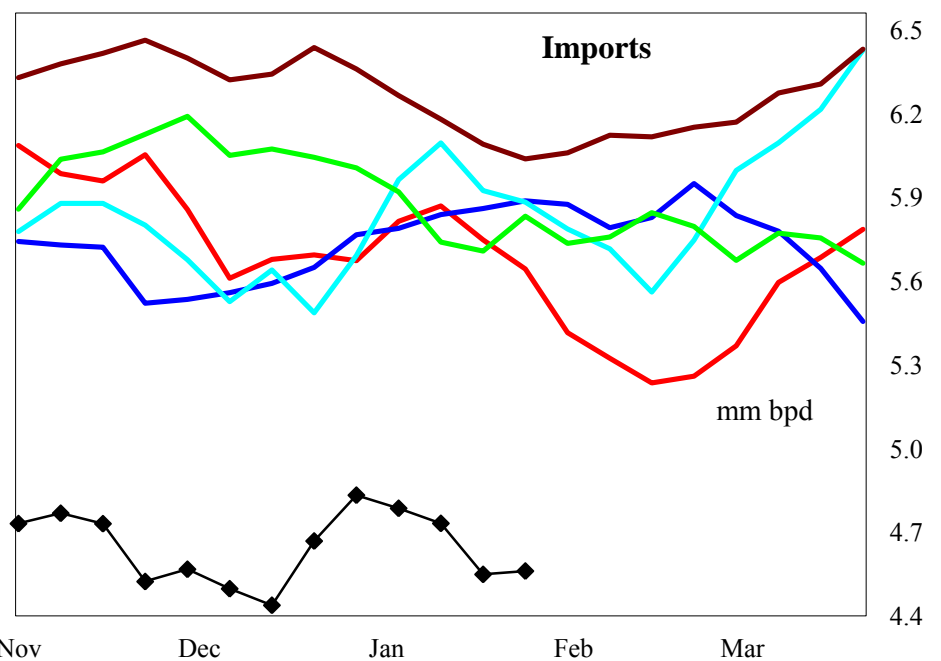
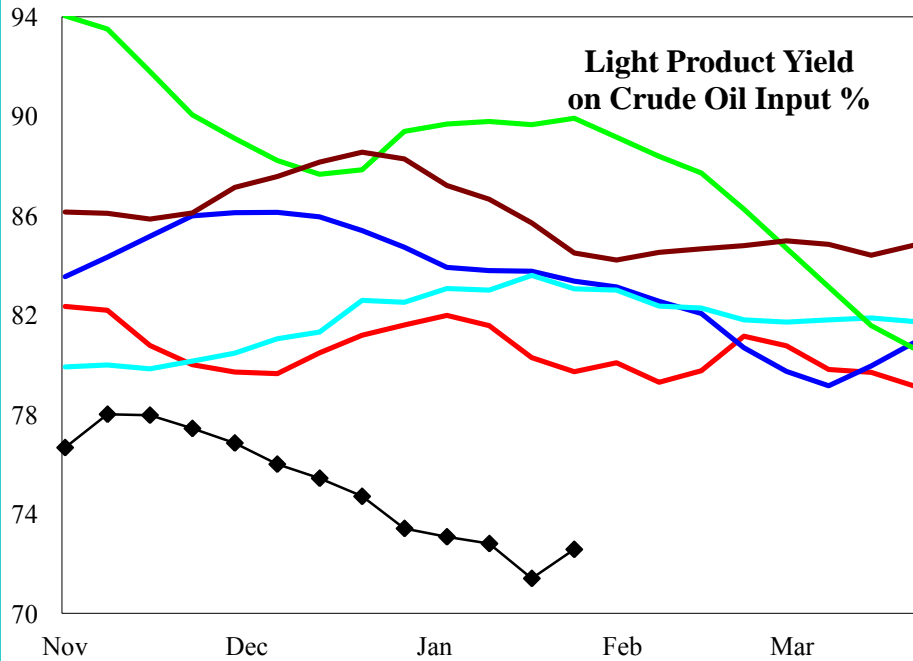
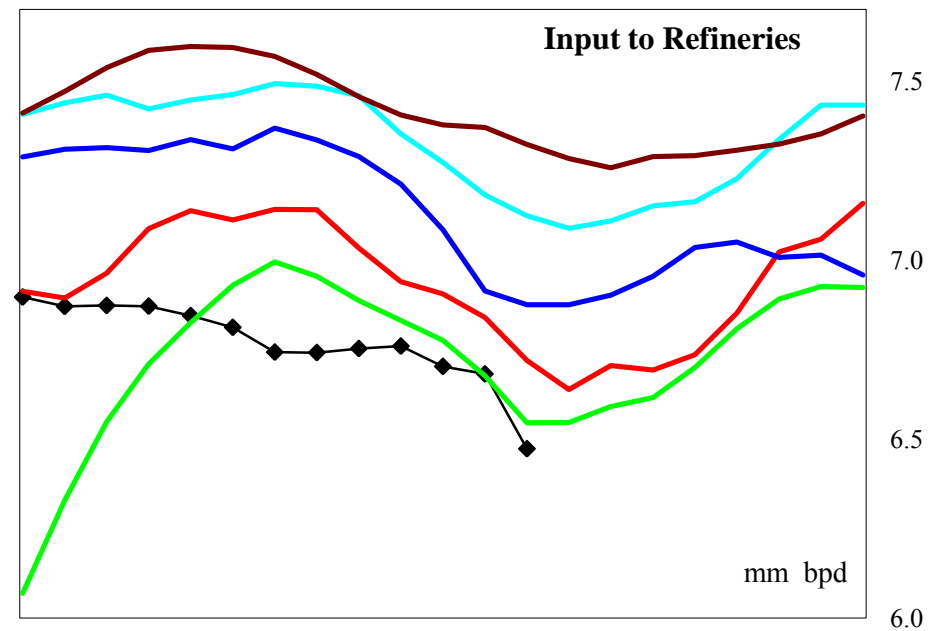
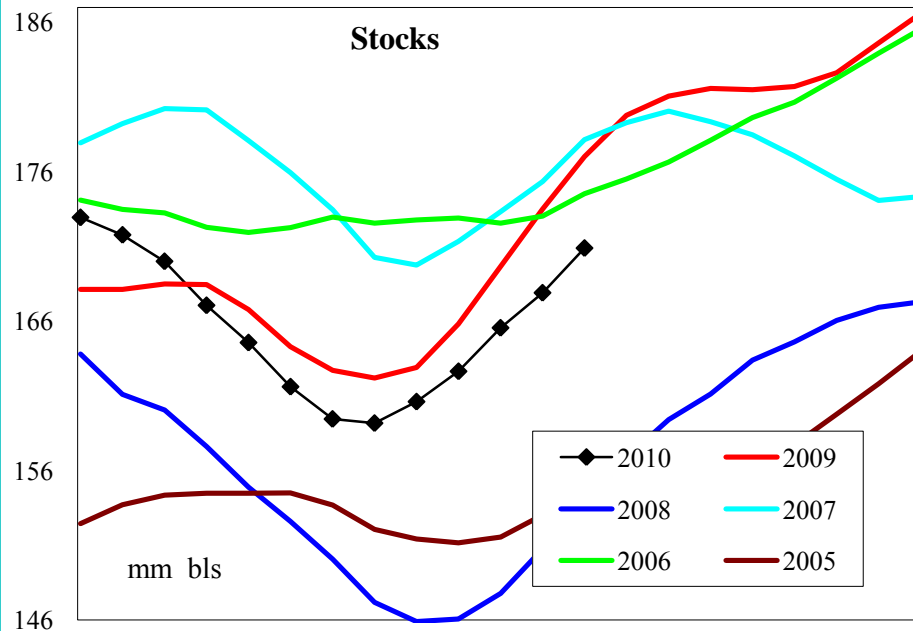
Stocks	Production	Imports	Prod + Imp - Stk chg
818	18	0	17
10.7	8.8	#DIV/0!	8.8



# PADD 2 Residual Fuel Oil Supply



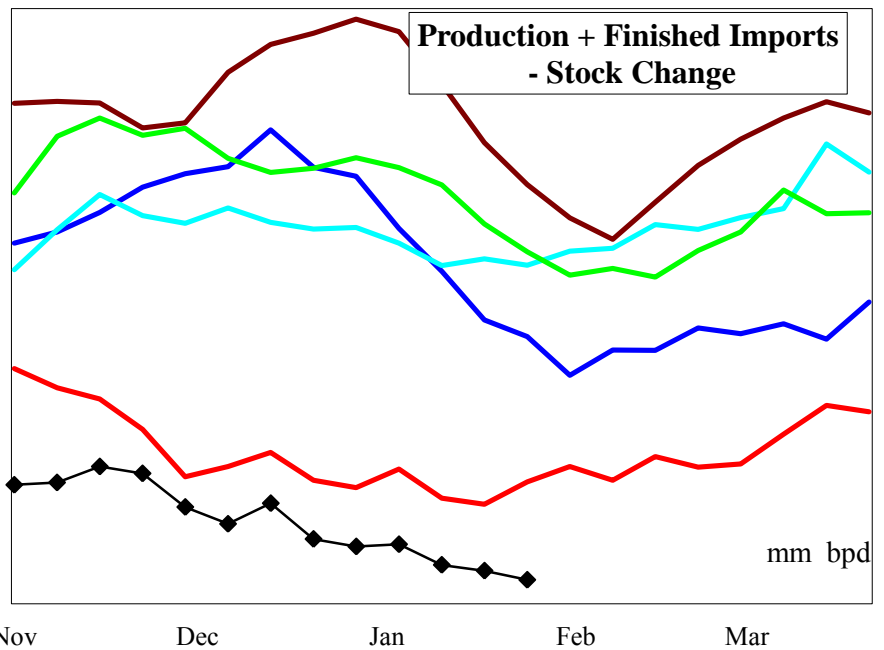
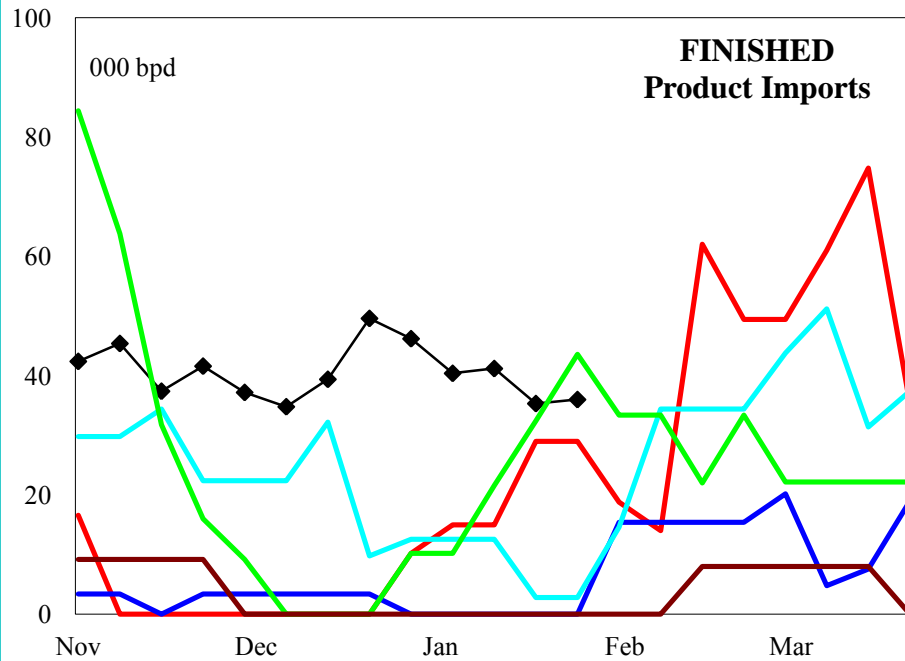
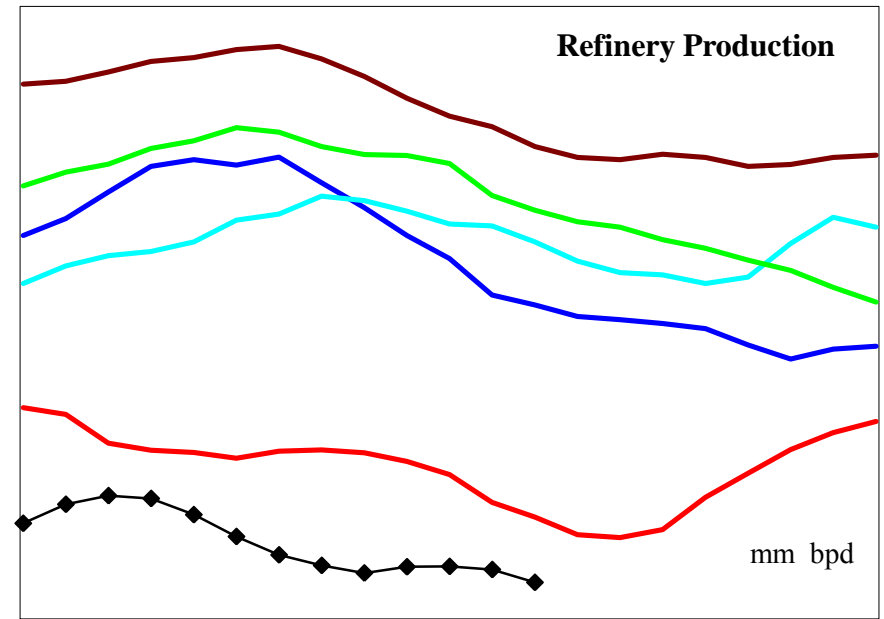
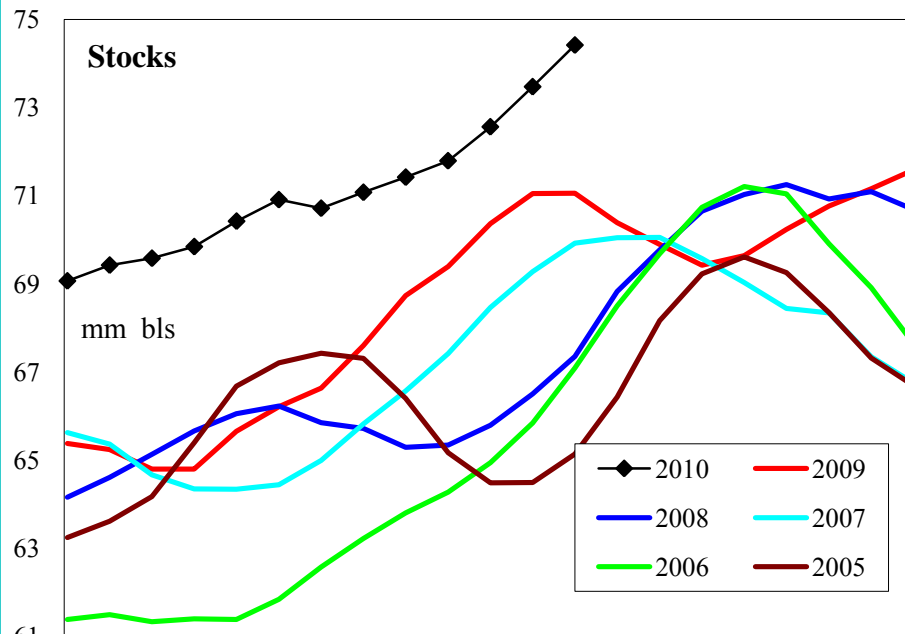
# PADD 3 Crude Oil Supply and Refining



**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

	Stocks	Input	Imports
000 bpd (000 bls stks)	-6,124	-108	-1,059
% change	-3.5	-1.6	-18.2

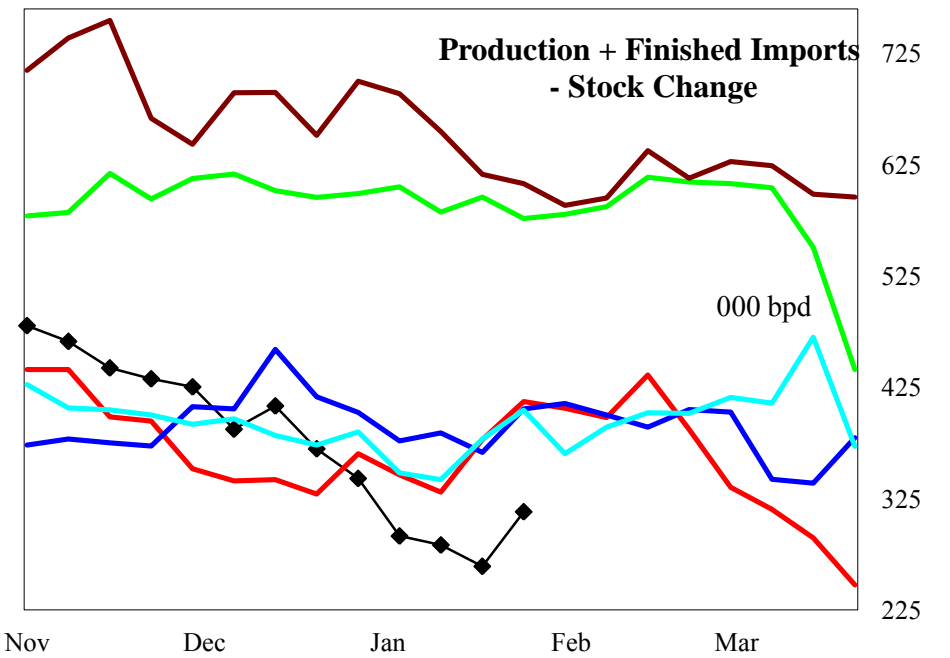
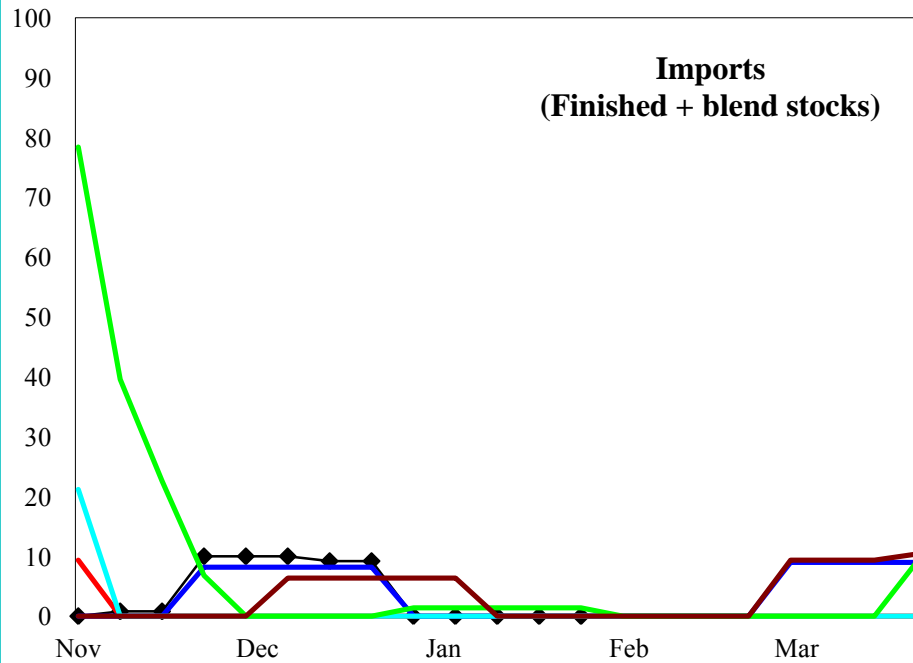
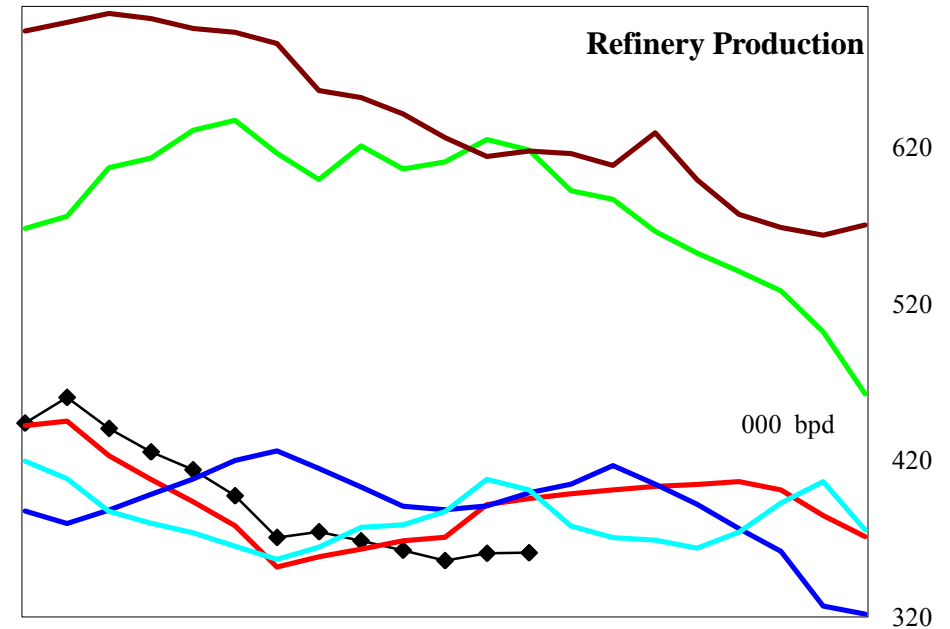
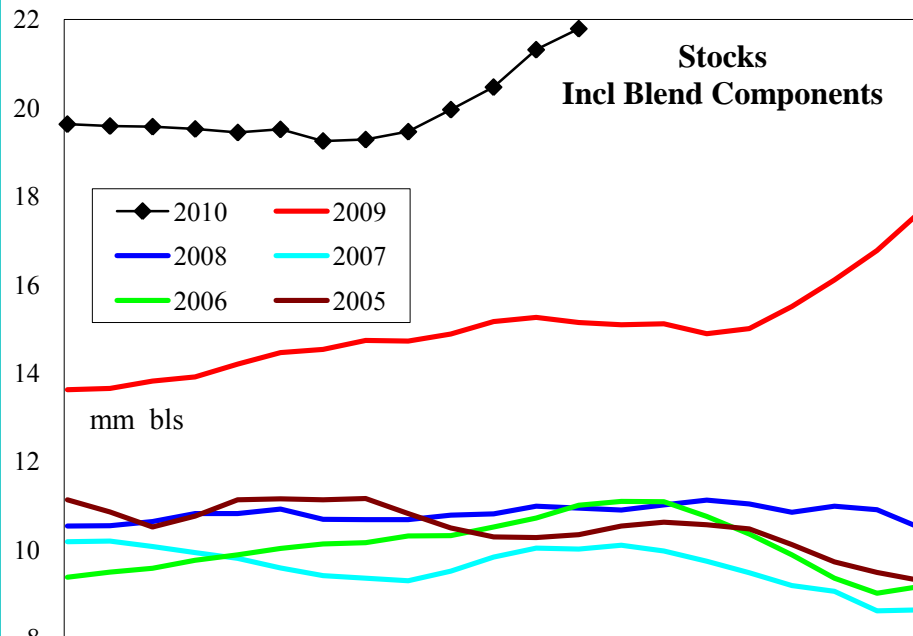
# PADD 3 Gasoline Supply



**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
2,644	-202	22	-66	-140
3.7	-7.5	117.3	-76.4	-5.6

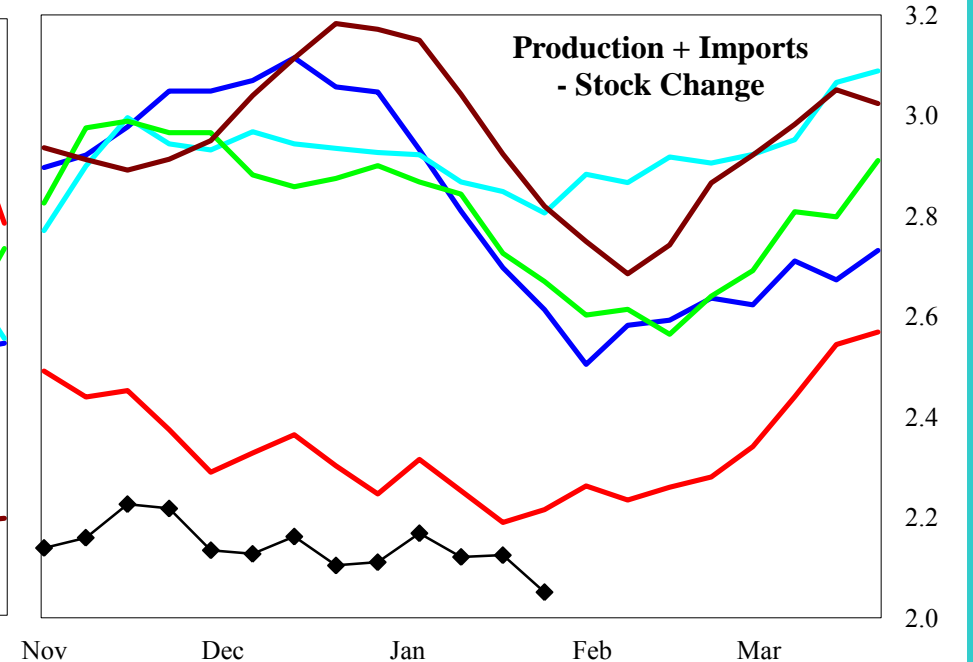
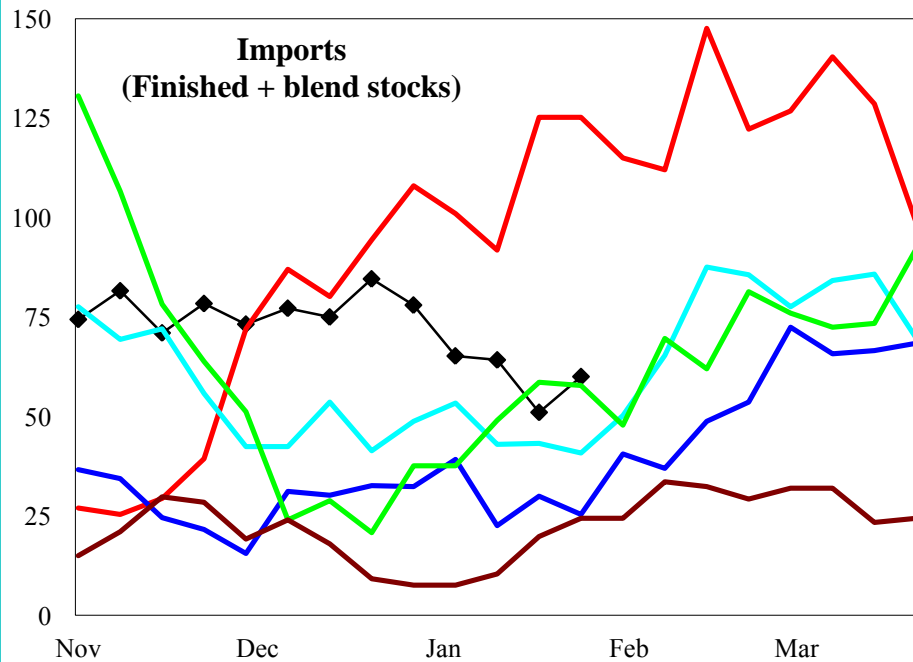
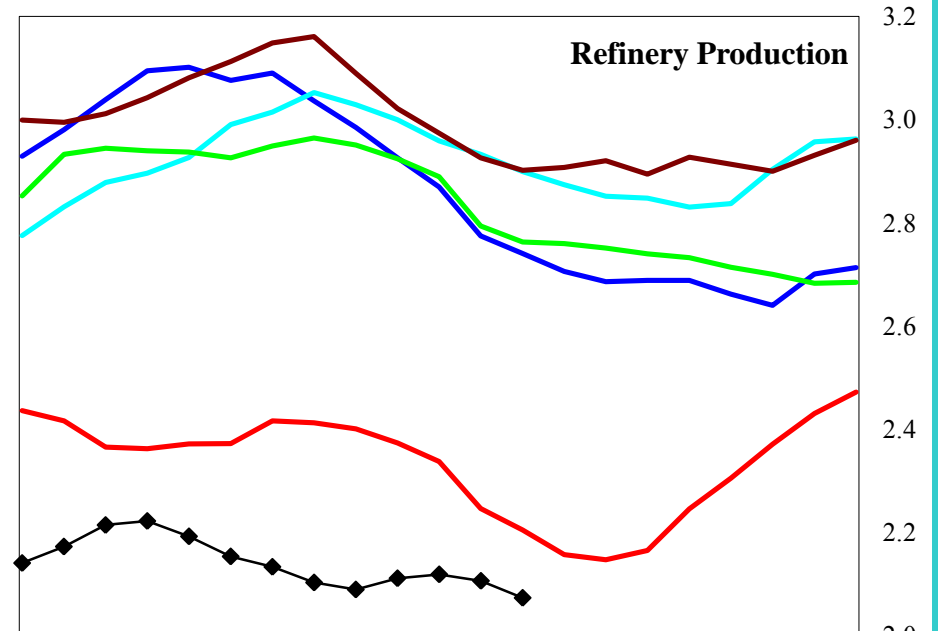
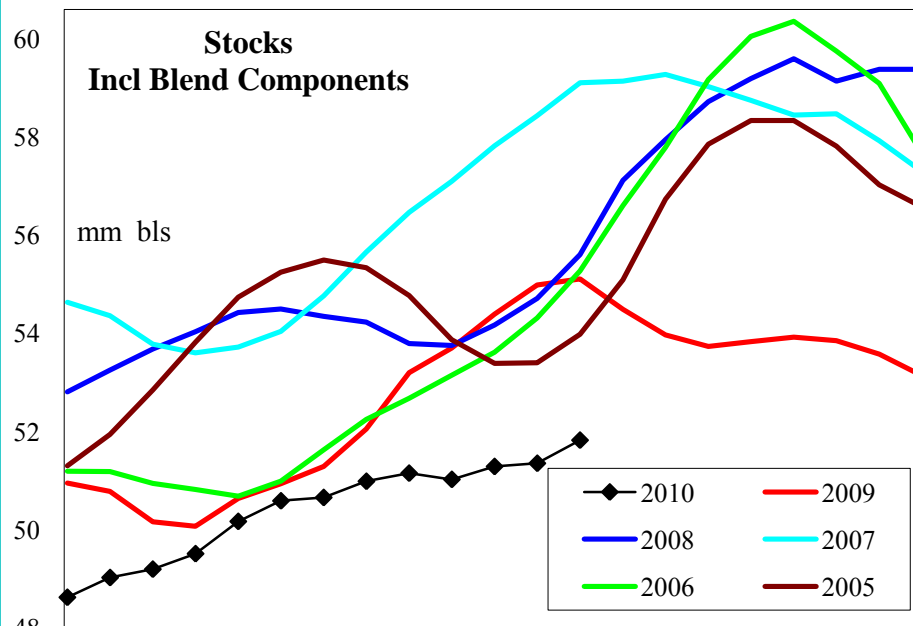
# PADD 3 Reformulated Gasoline Supply



**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
6,113	-28	0	-105
38.0	-7.1	#DIV/0!	-29.6

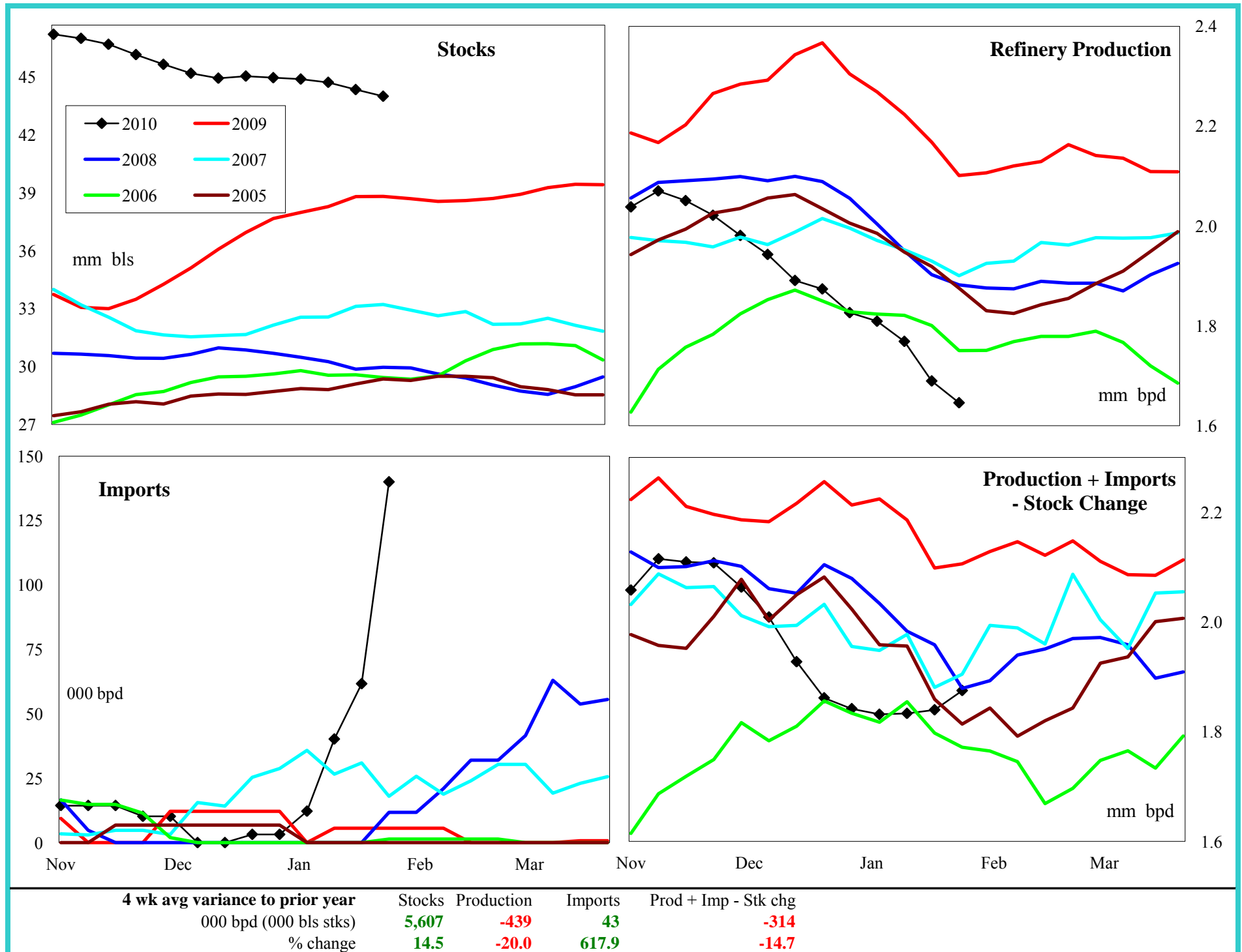
# PADD 3 Conventional Gasoline Supply



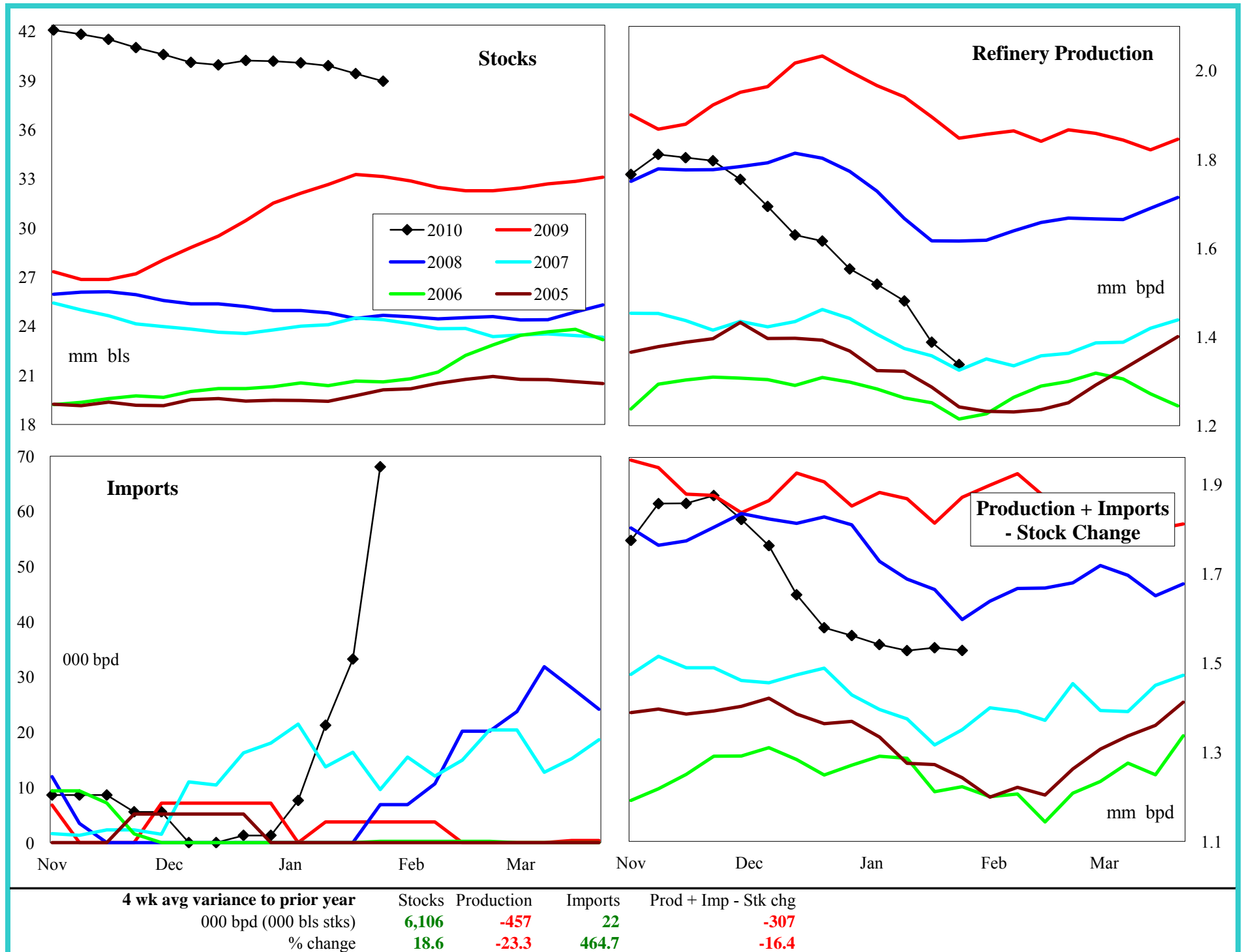
**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-3,469	-175	-44	-36
-6.2	-7.6	-41.6	-1.7

# PADD 3 Distillate Supply

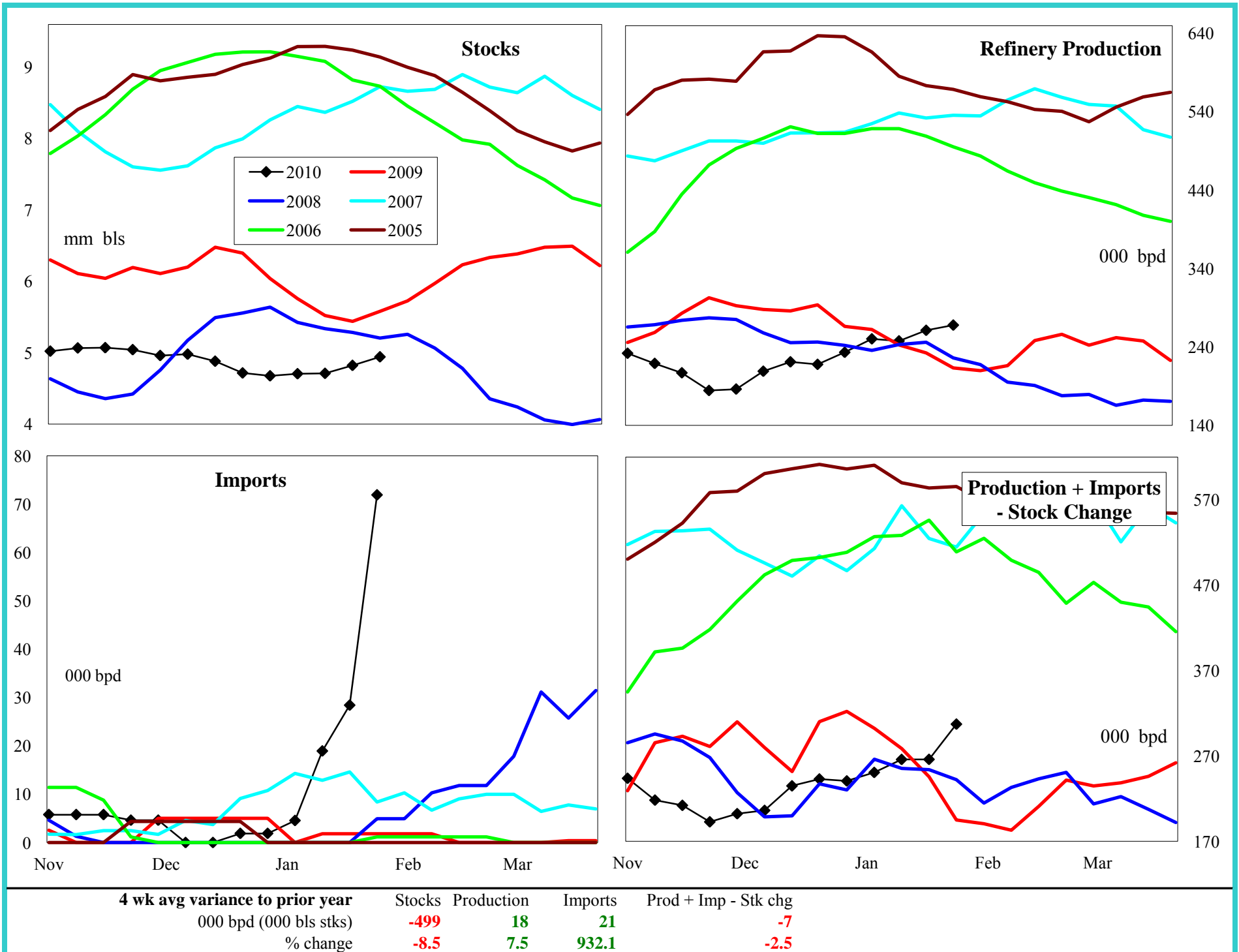


# PADD 3 Low Sulfur Distillate Supply

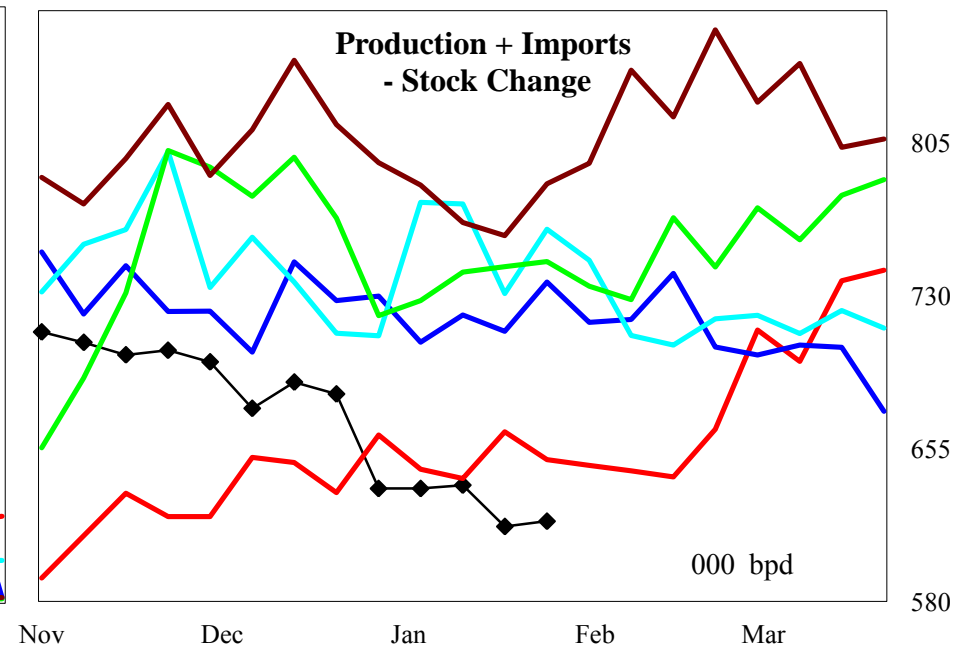
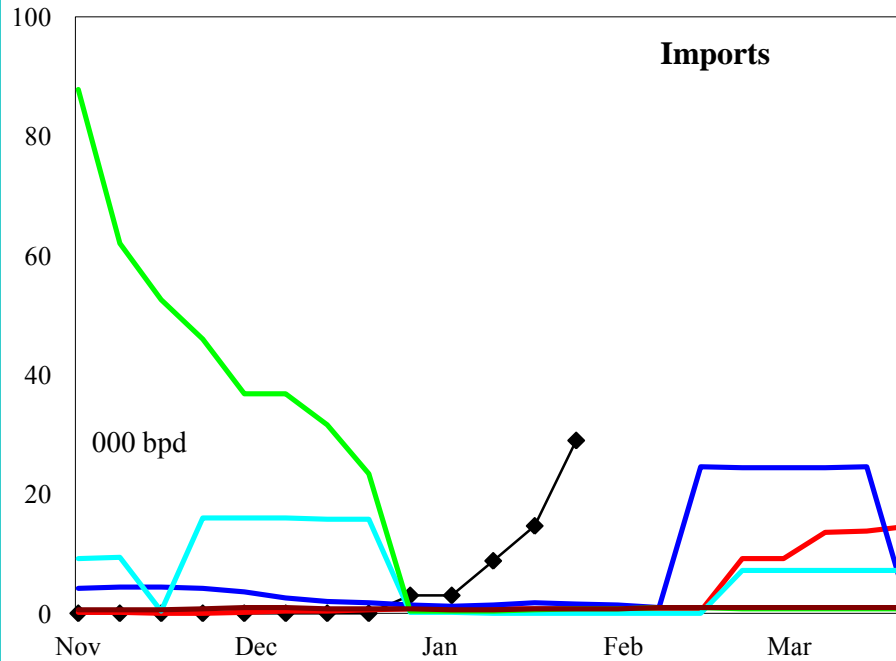
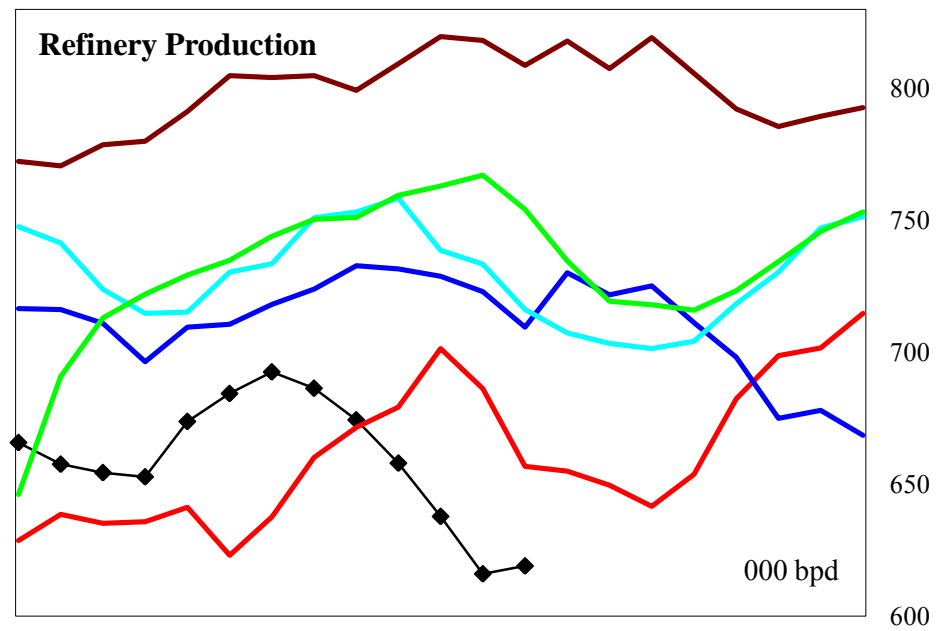
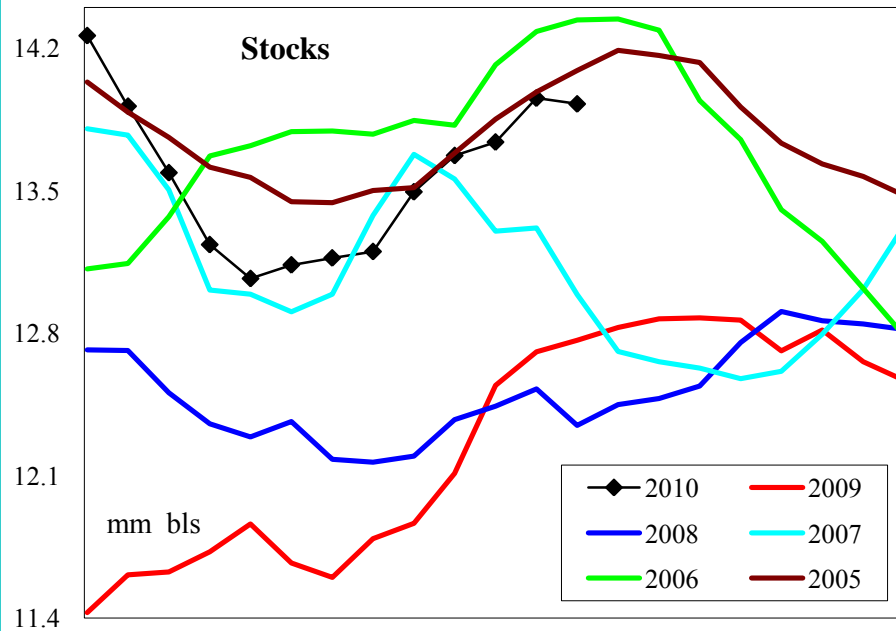




# PADD 3 High Sulfur Distillate Supply



# PADD 3 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

1,162

-63

10

-39

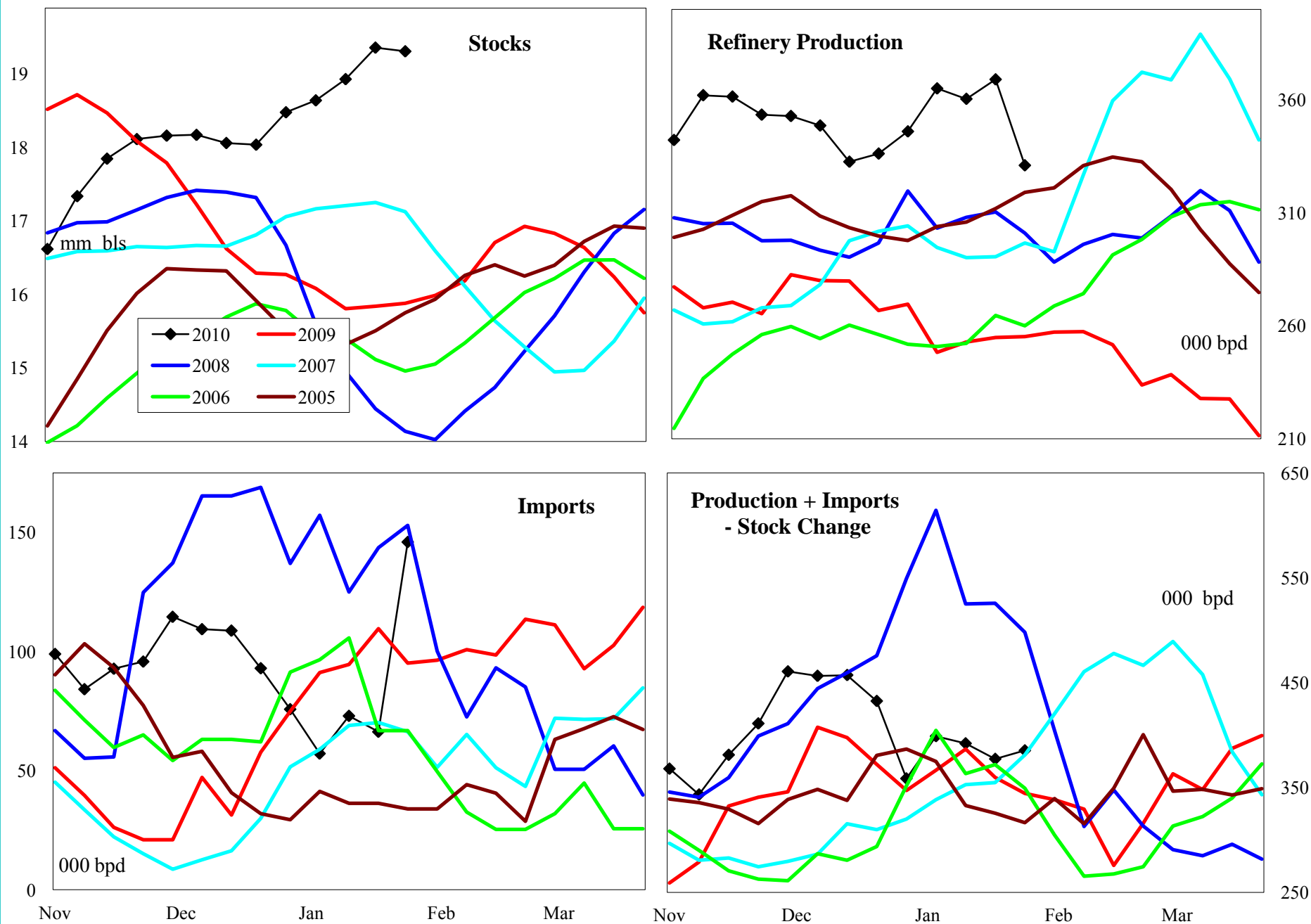
9.1

-9.1

1,000.0

-5.9

# PADD 3 Residual Fuel Oil Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**3,430**

**21.5**

Production

**106**

**41.3**

Imports

**-55**

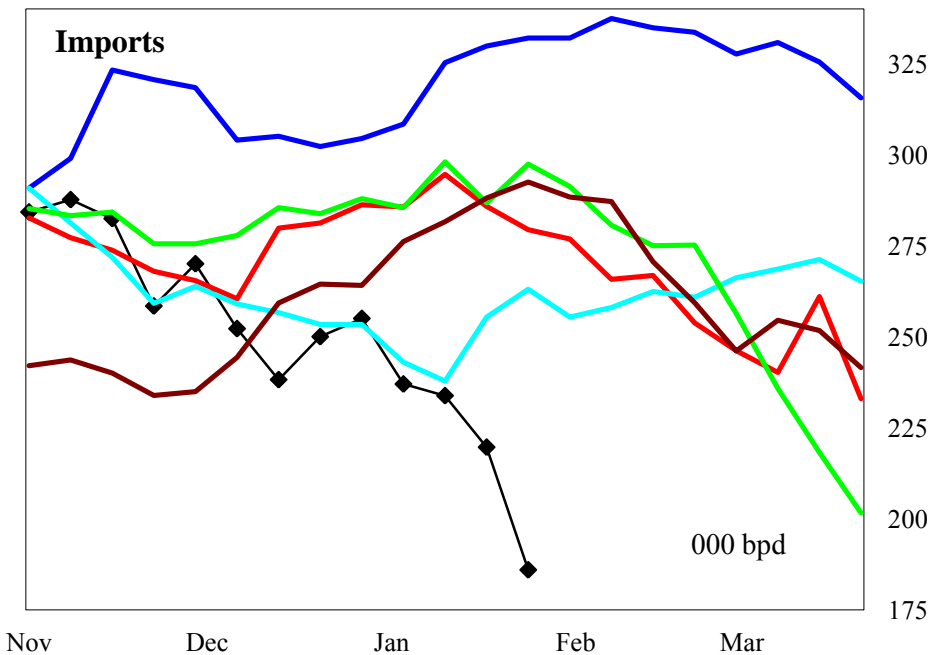
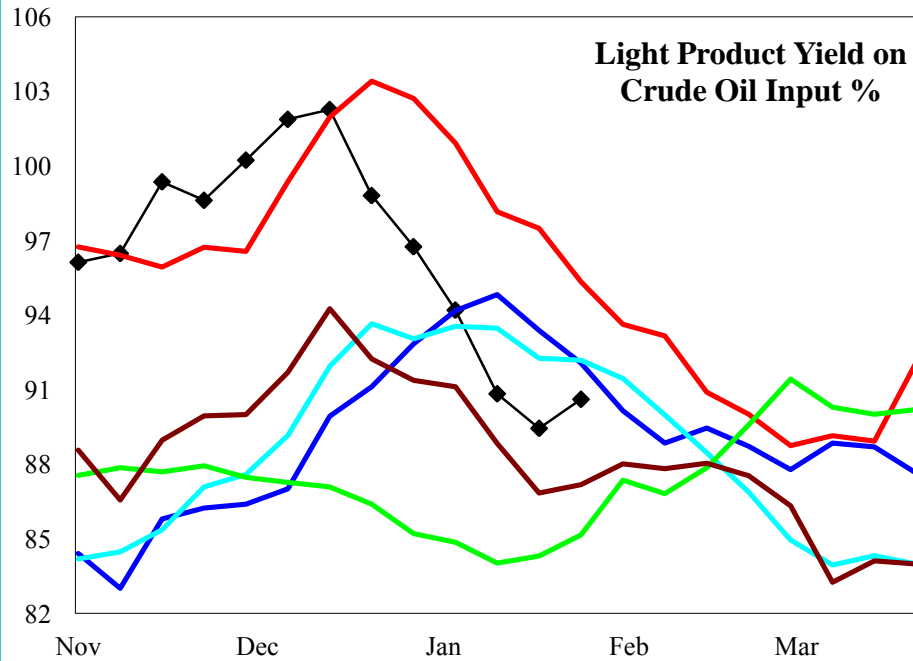
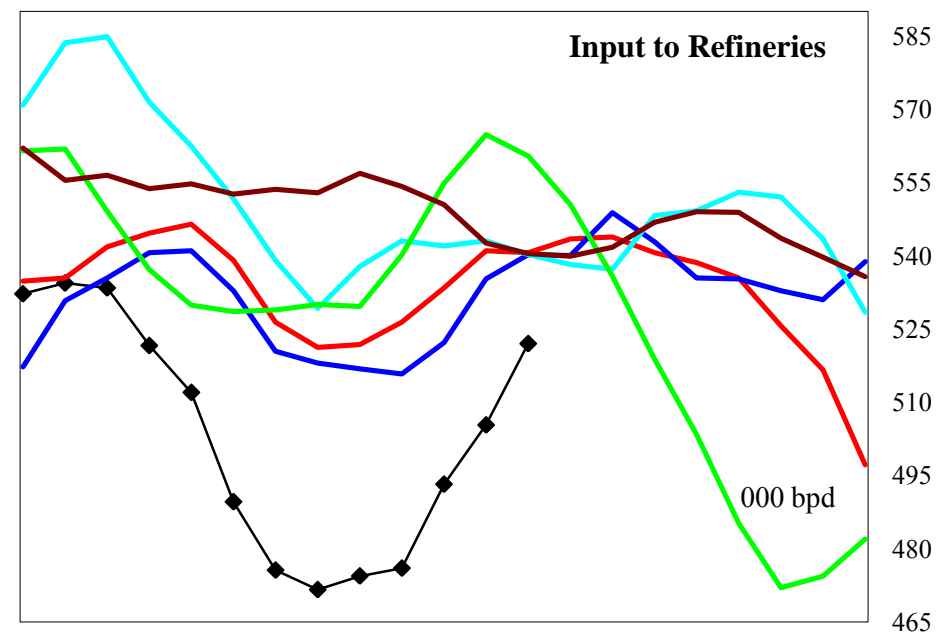
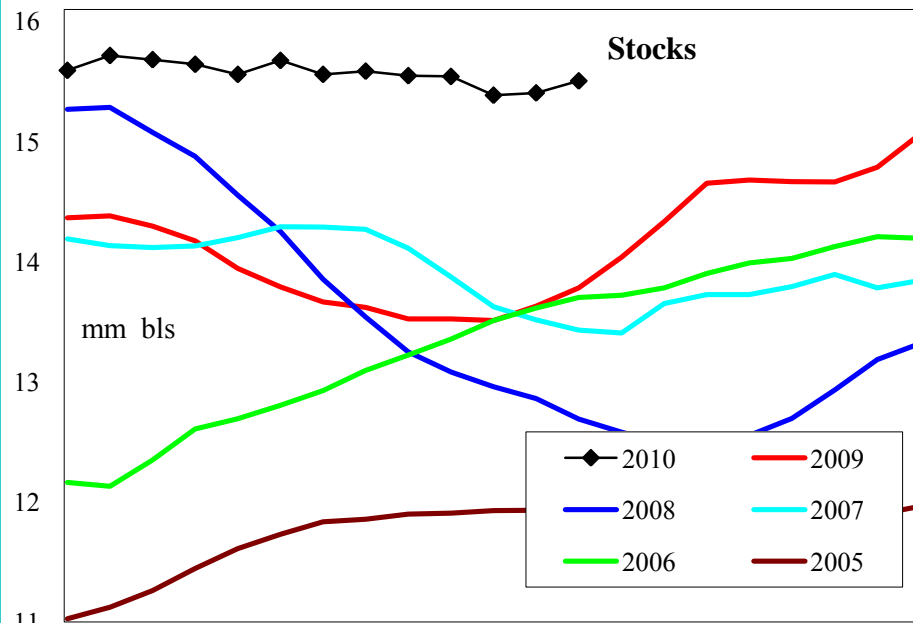
**-46.3**

Prod + Imp - Stk chg

**13**

**3.5**

# PADD 4 Crude Oil Supply and Refining



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**1,724**

**12.2**

Input

**-43**

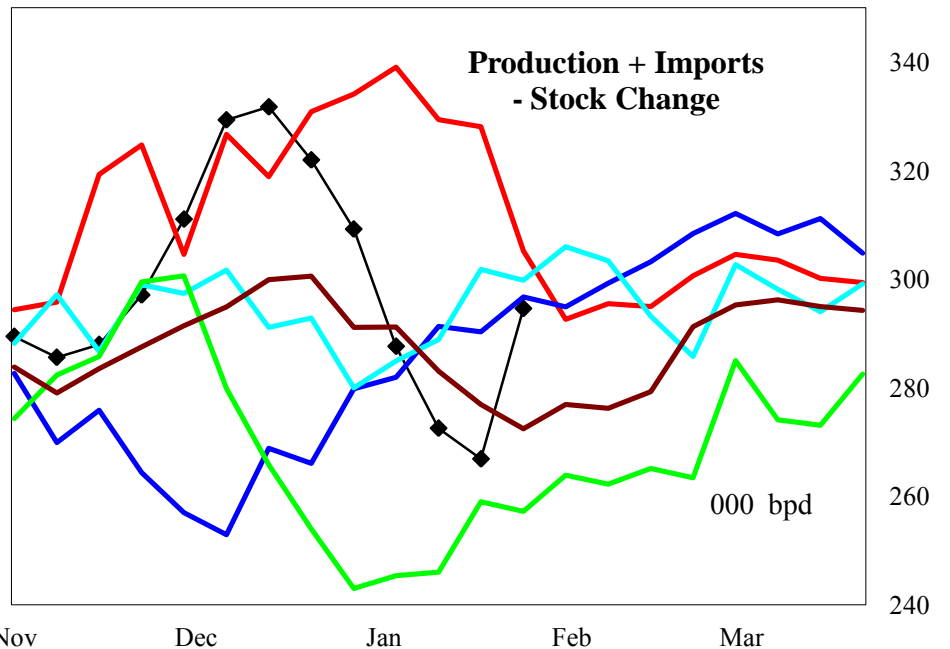
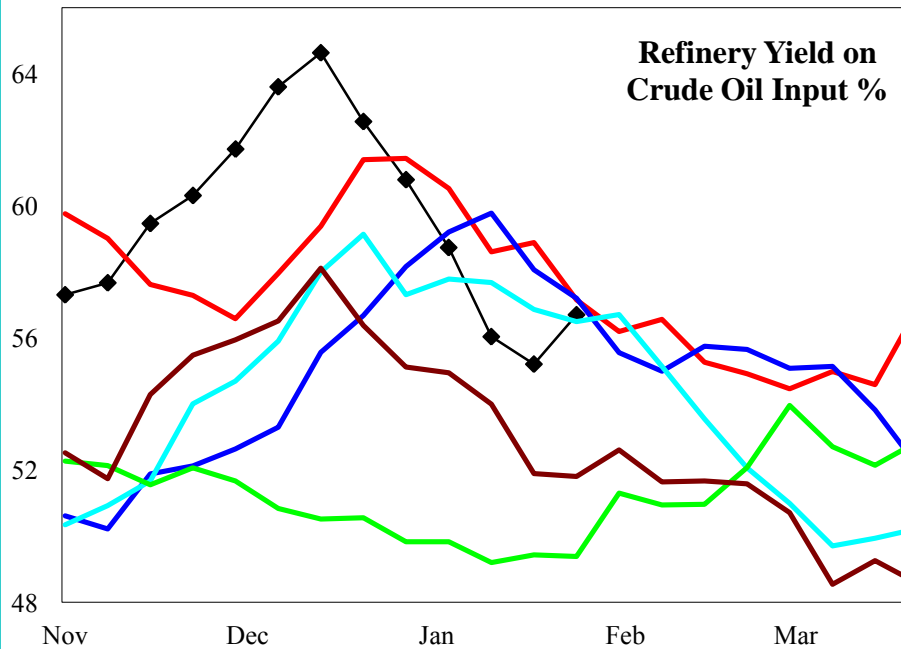
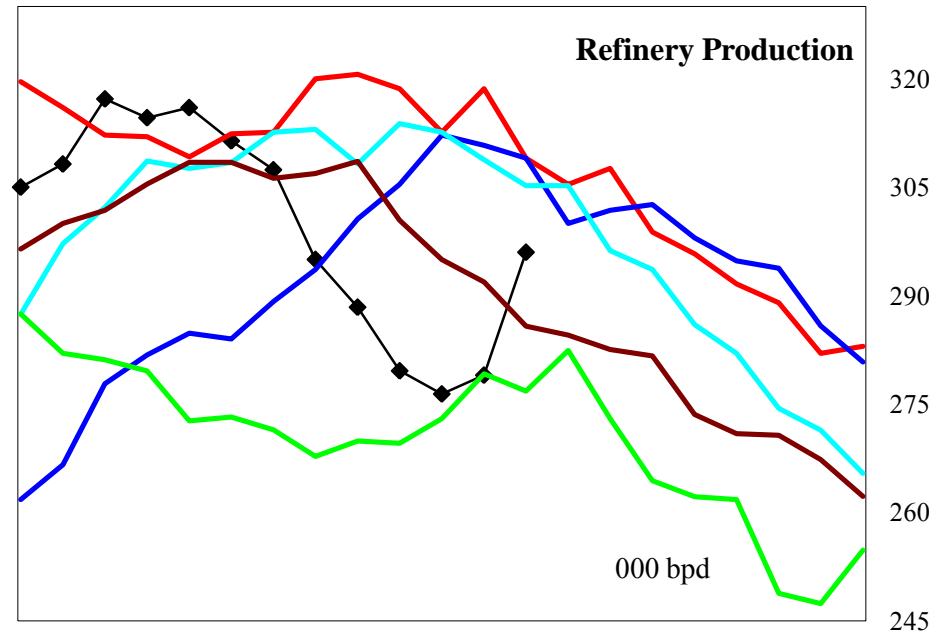
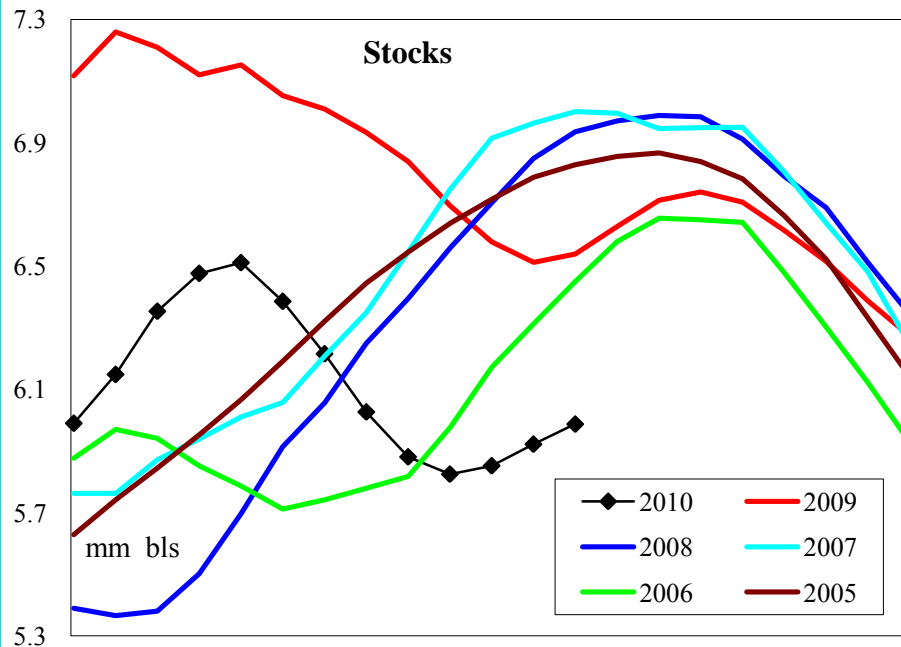
**-8.0**

Imports

**-40**

**-14.2**

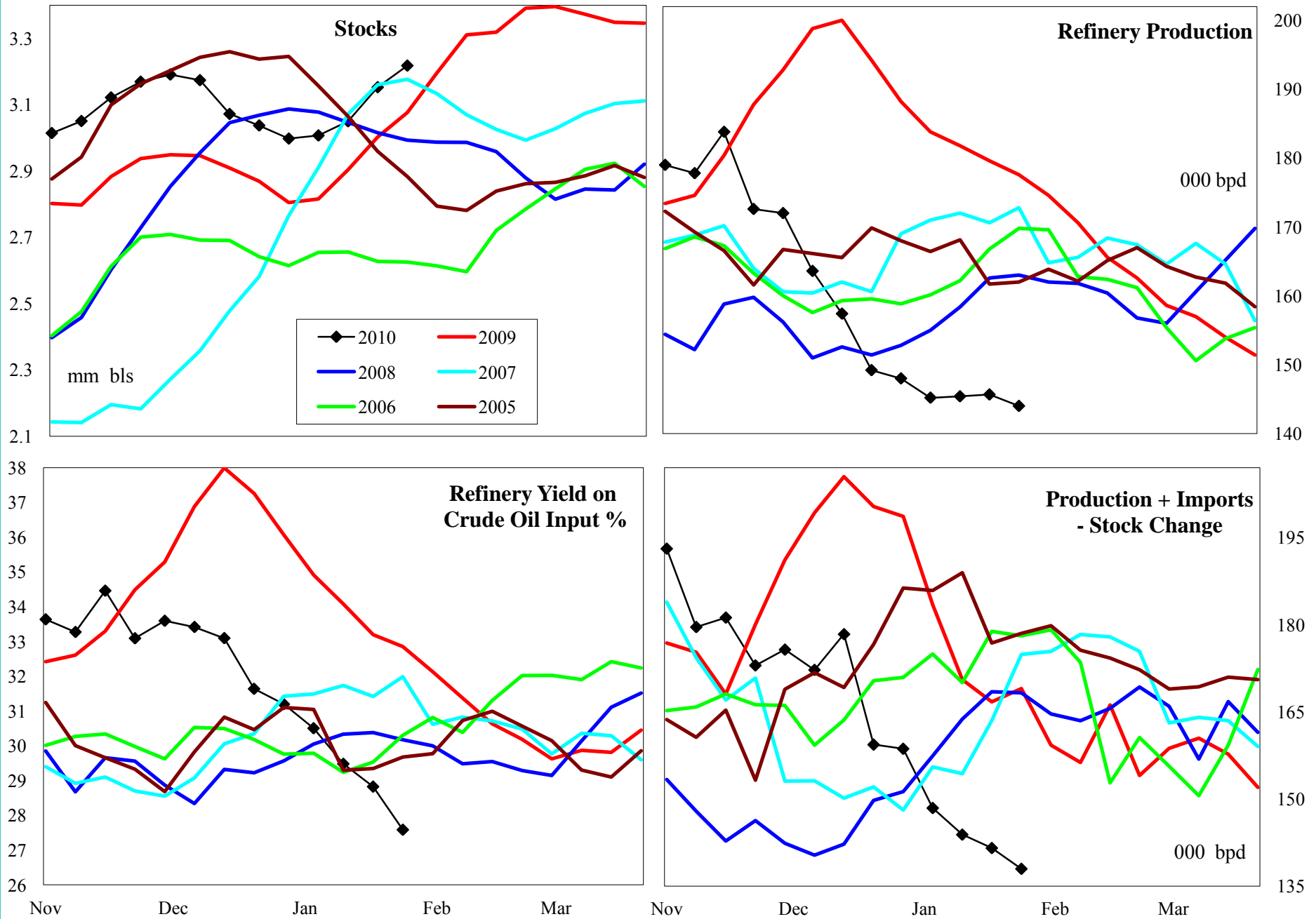
# PADD 4 Gasoline Supply



**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

	Stocks	Production	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-552	-45	-73
% change	-8.4	-14.1	-21.4

# PADD 4 Distillate Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

141

-36

2

-34

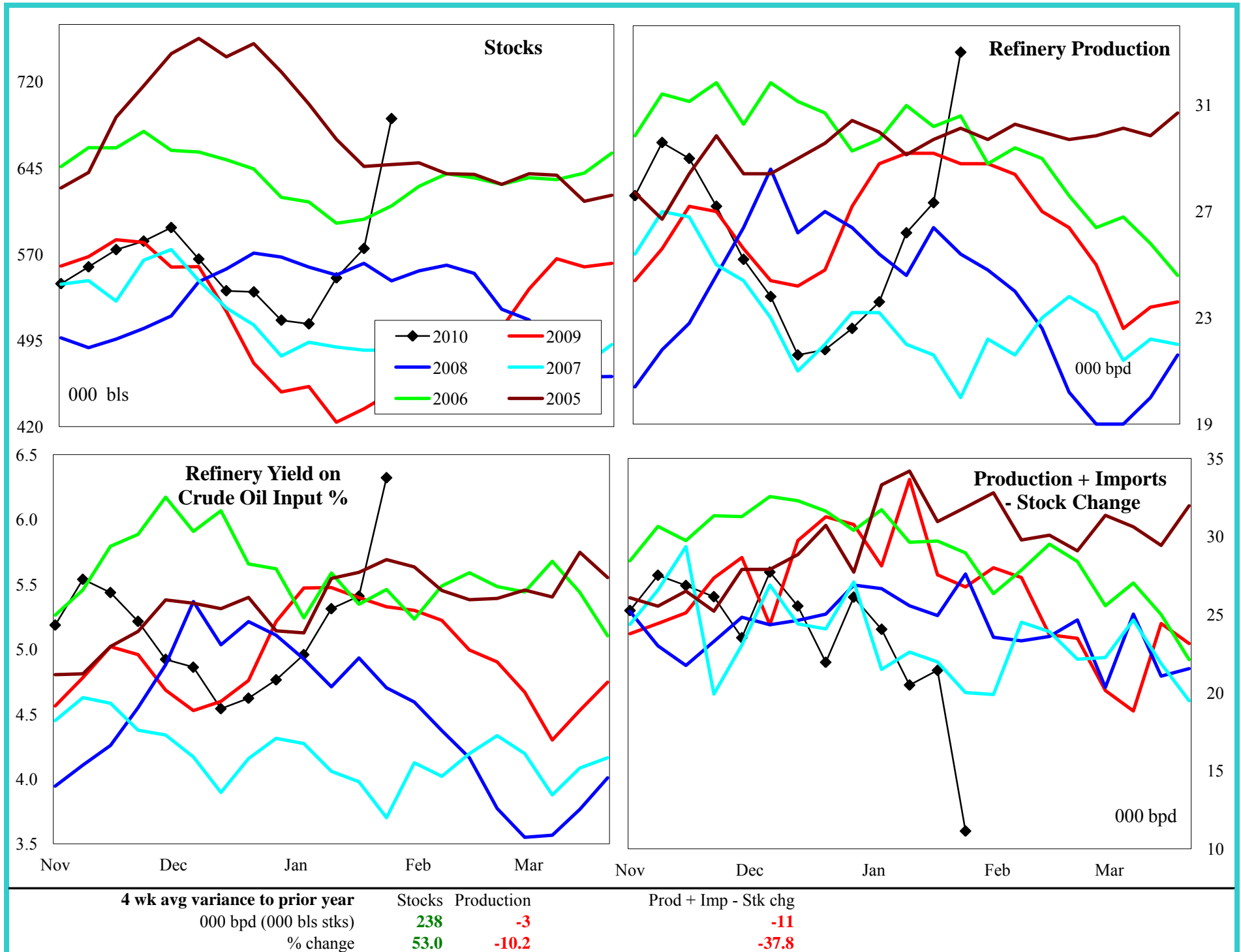
4.5

-19.8

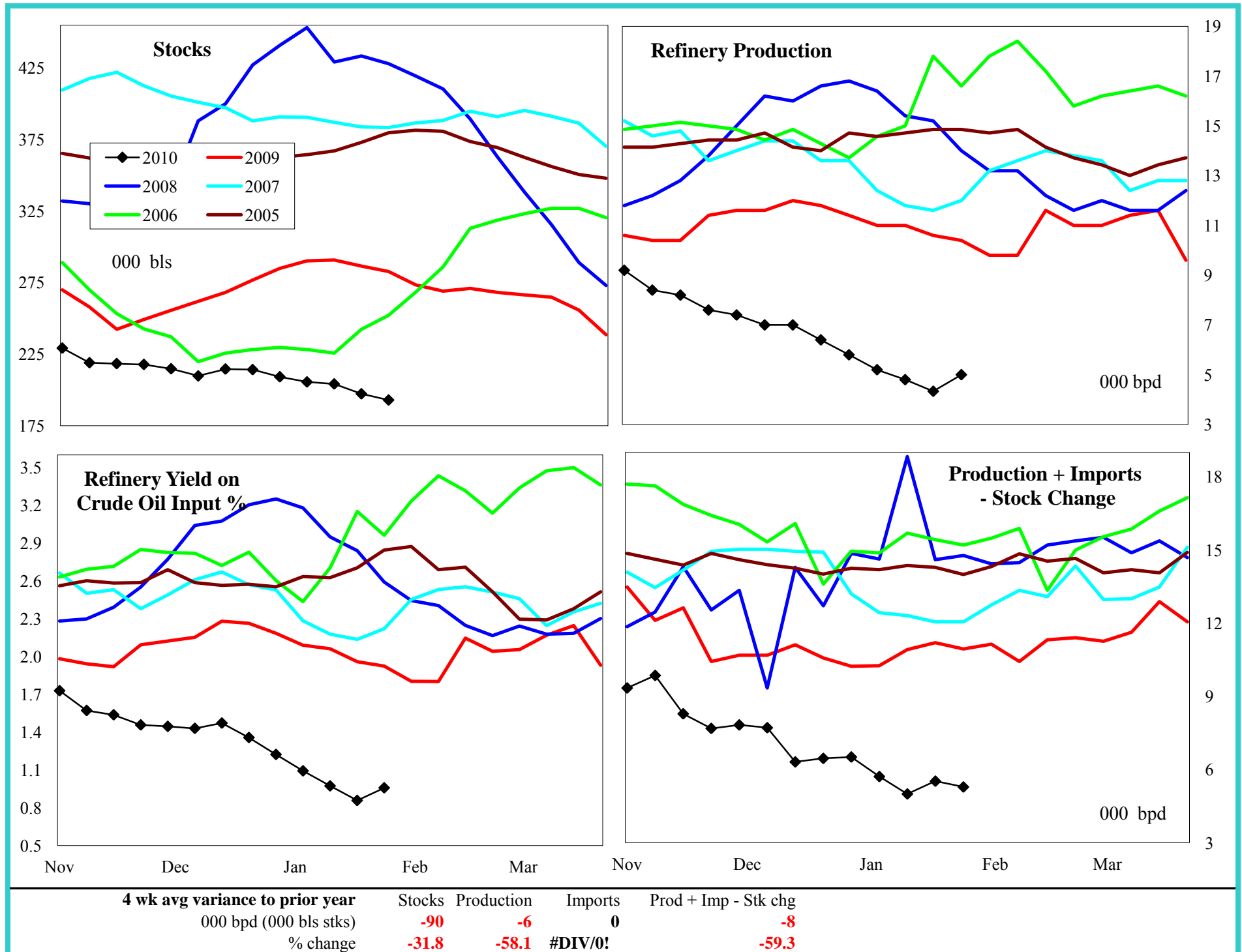
133.3

-18.6

# PADD 4 Jet Fuel Supply

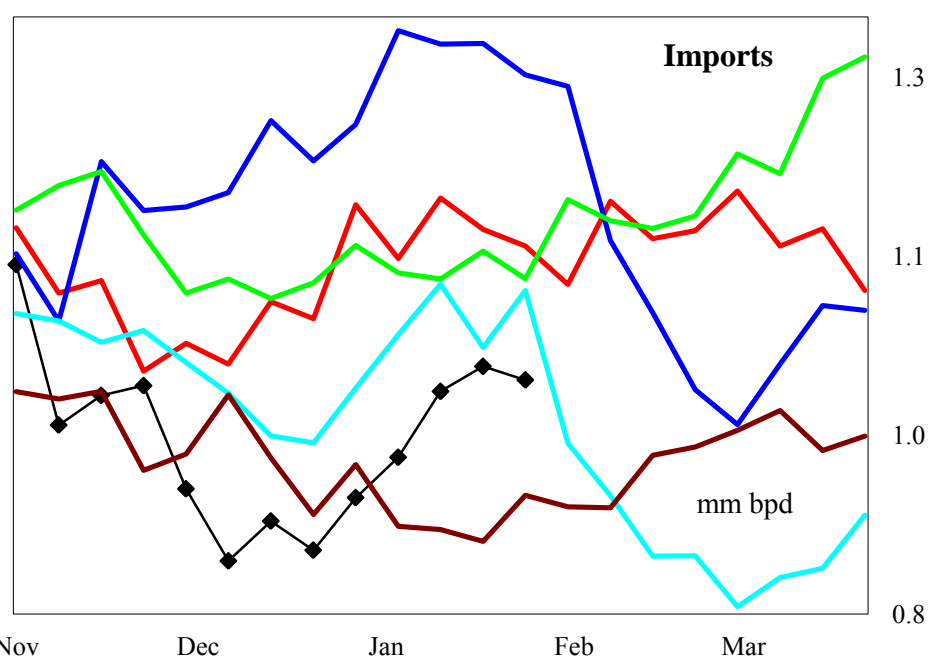
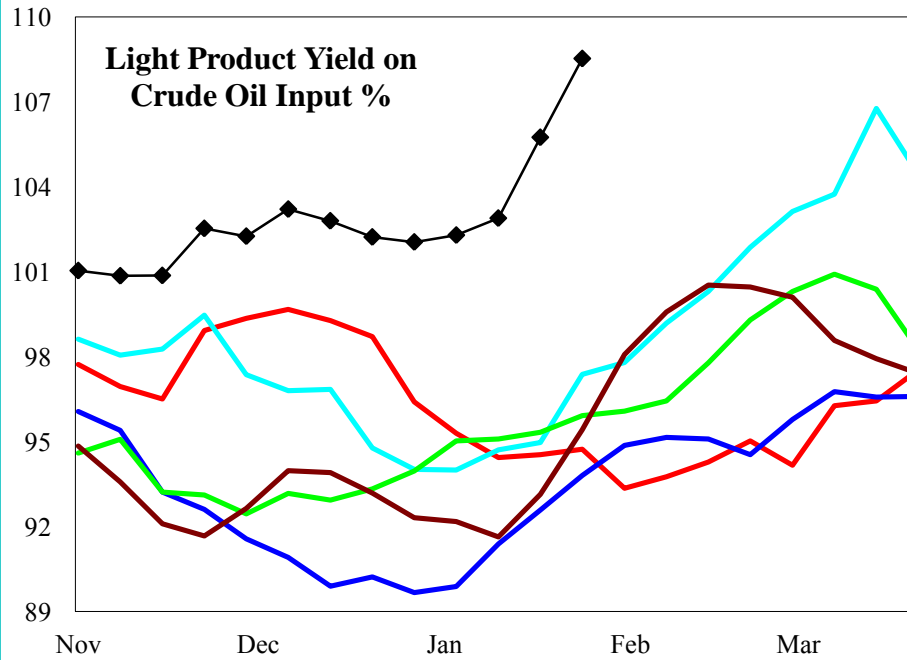
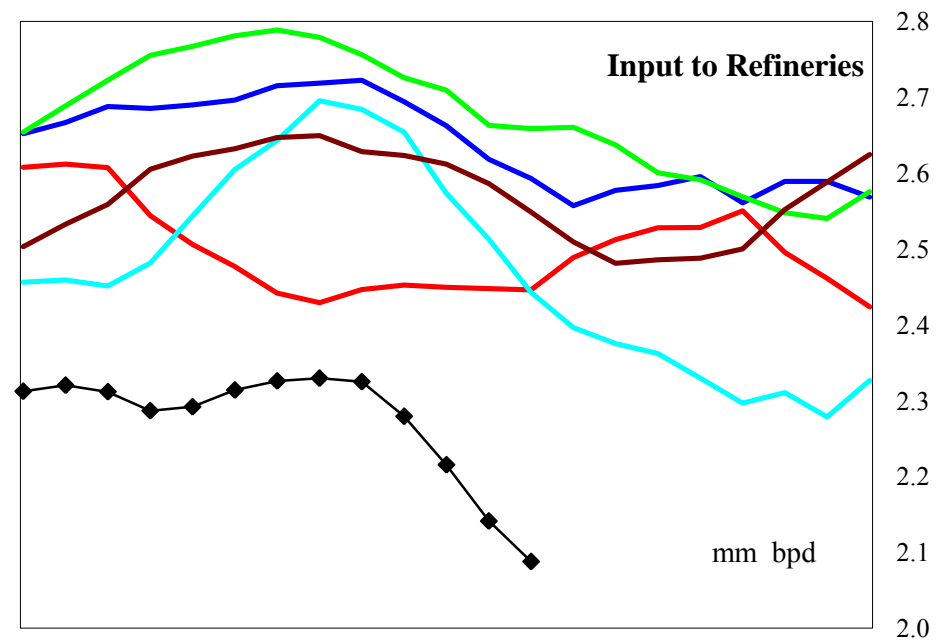
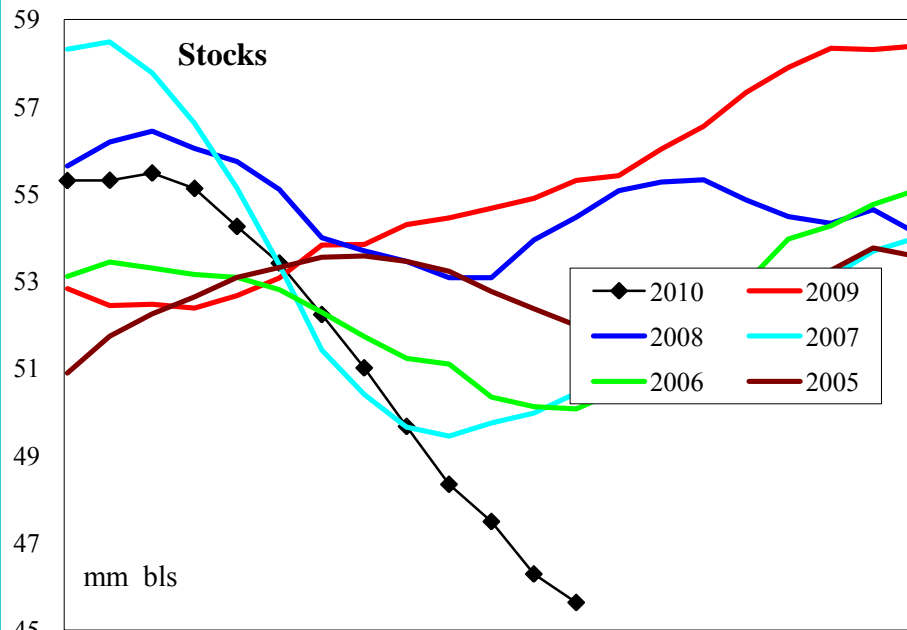


# PADD 4 Residual Fuel Oil Supply





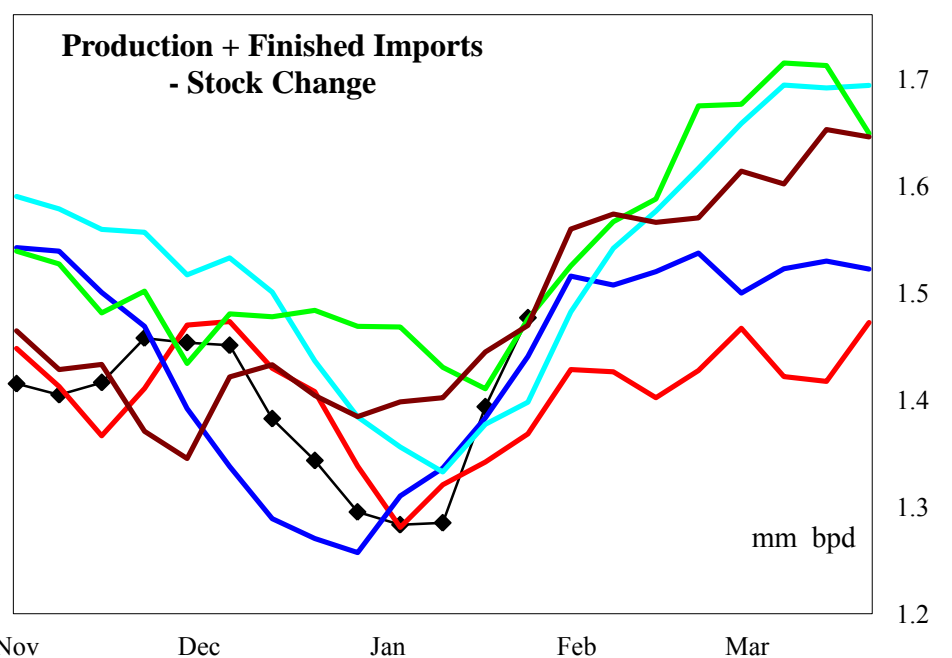
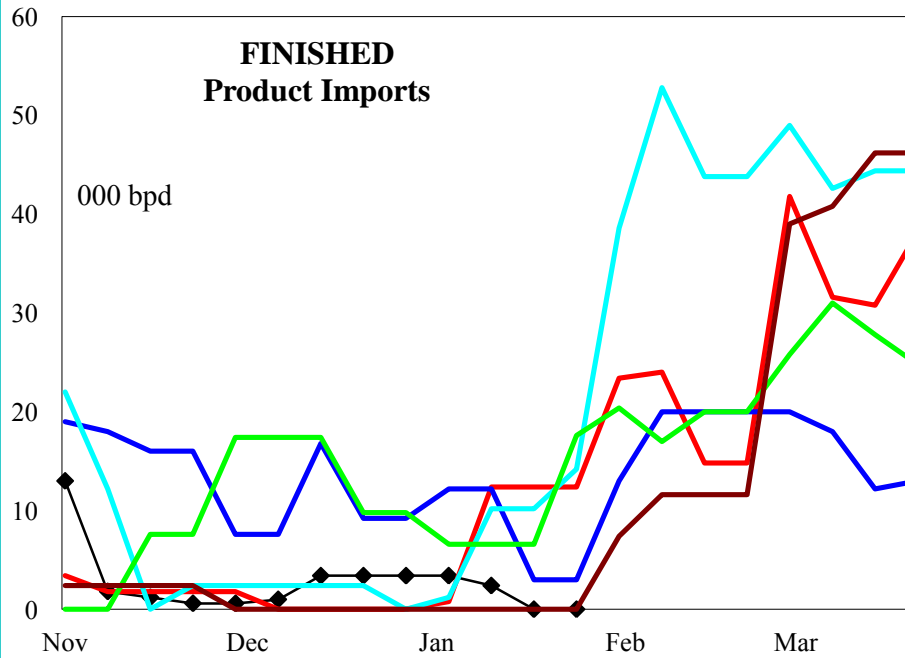
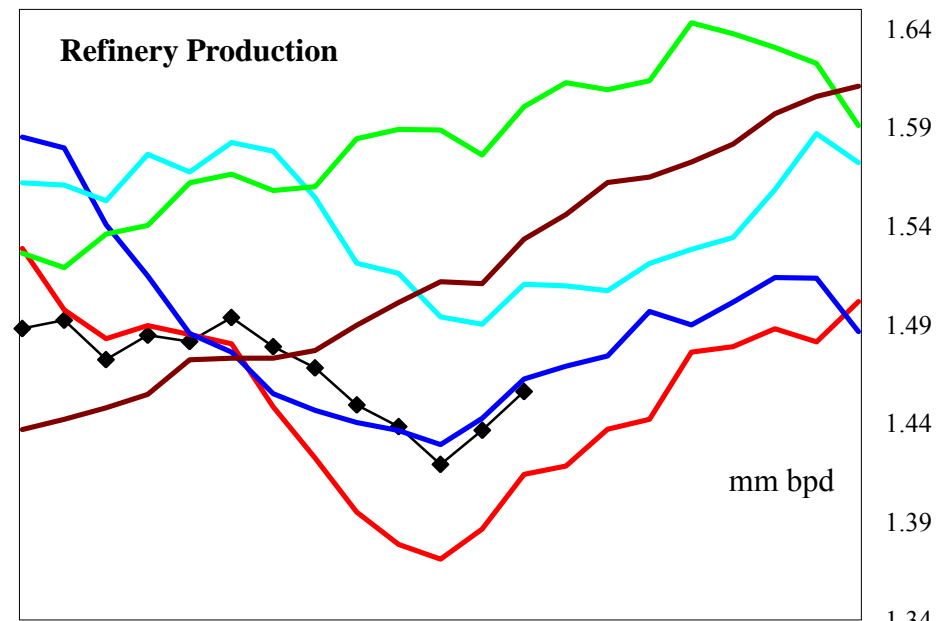
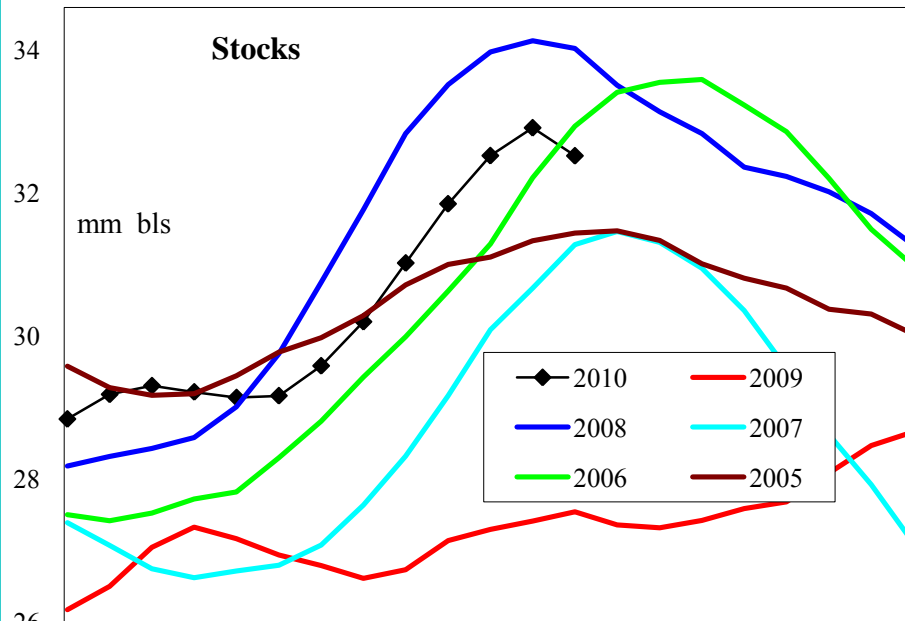
# PADD 5 Crude Oil Supply and Refining



**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

	Stocks	Input	Imports
000 bpd (000 bls stks)	-9,679	-289	-186
% change	-17.5	-11.7	-16.0

# PADD 5 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

5,220

18.8

Production

32

2.3

Fin Impt Blend Impt

-16

-100.0

21

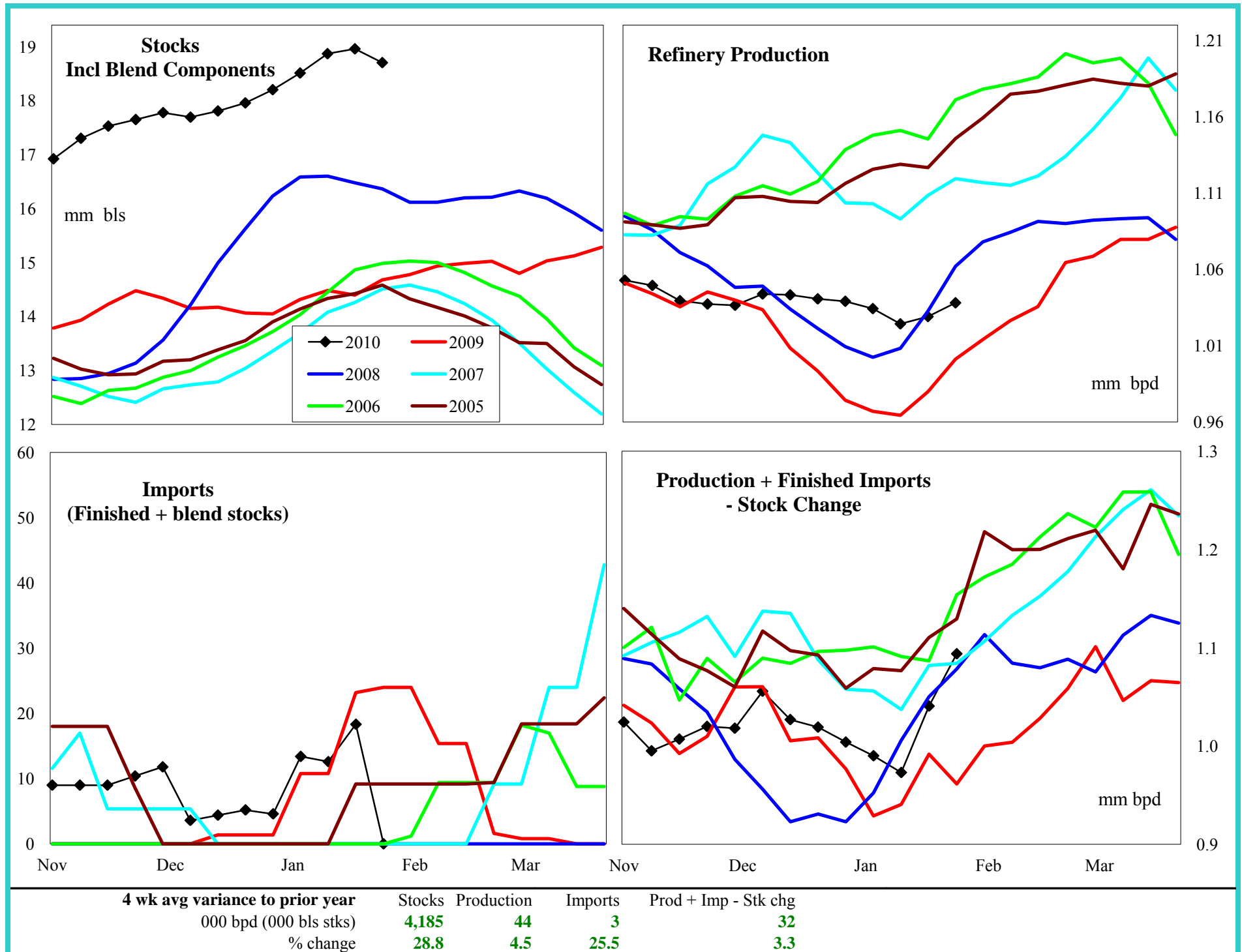
109.3

Prod + Imp - Stk chg

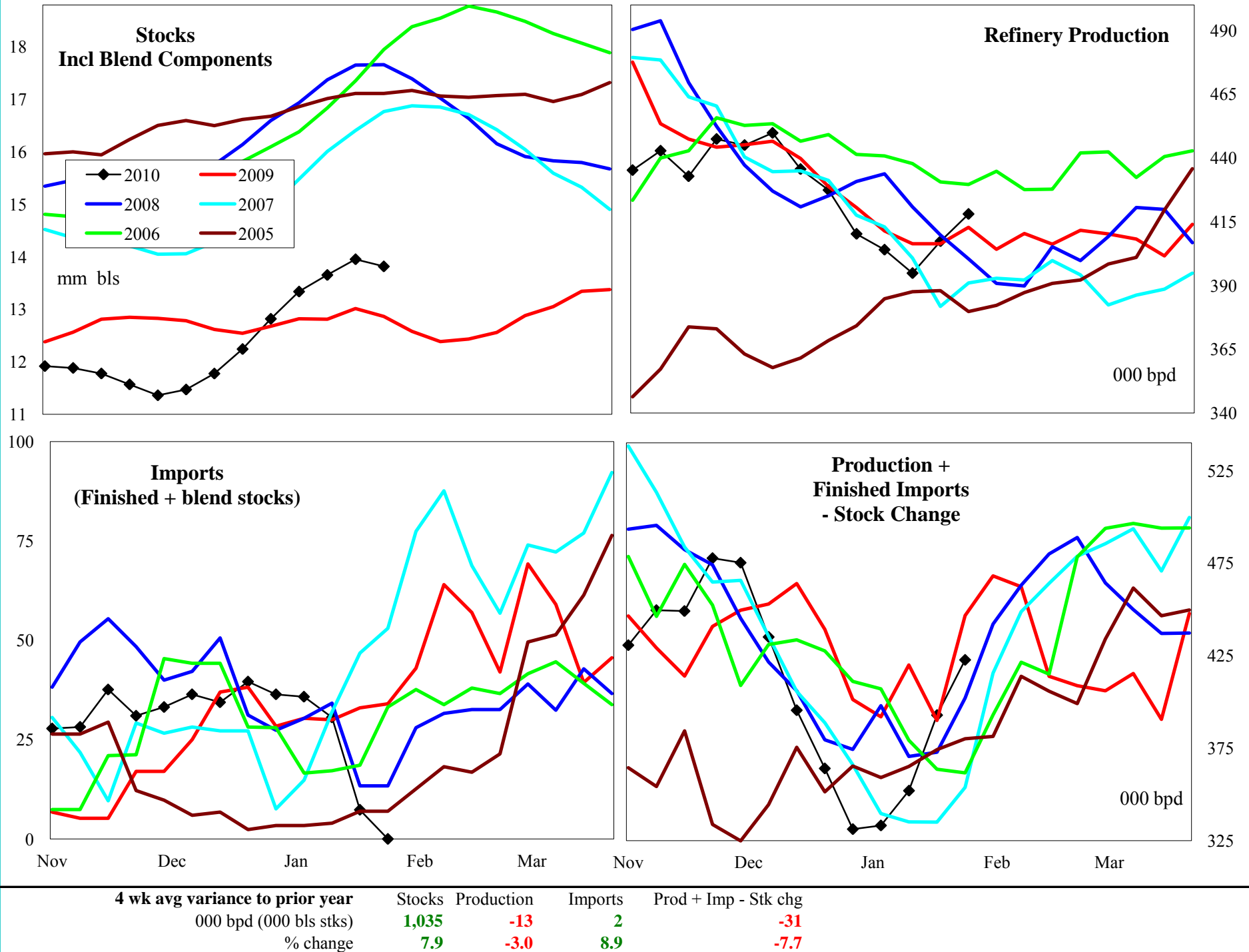
2

0.1

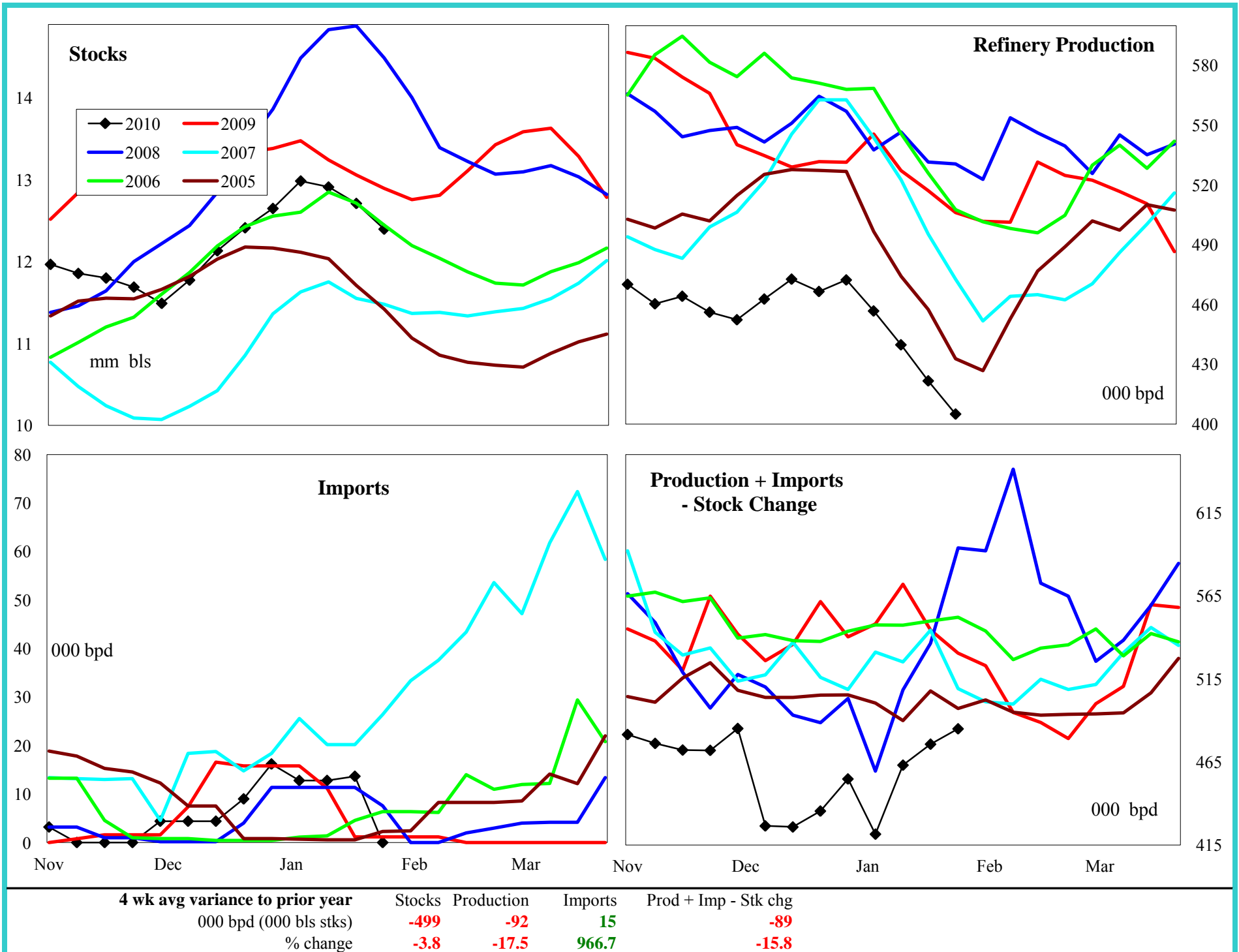
# PADD 5 Reformulated Gasoline Supply



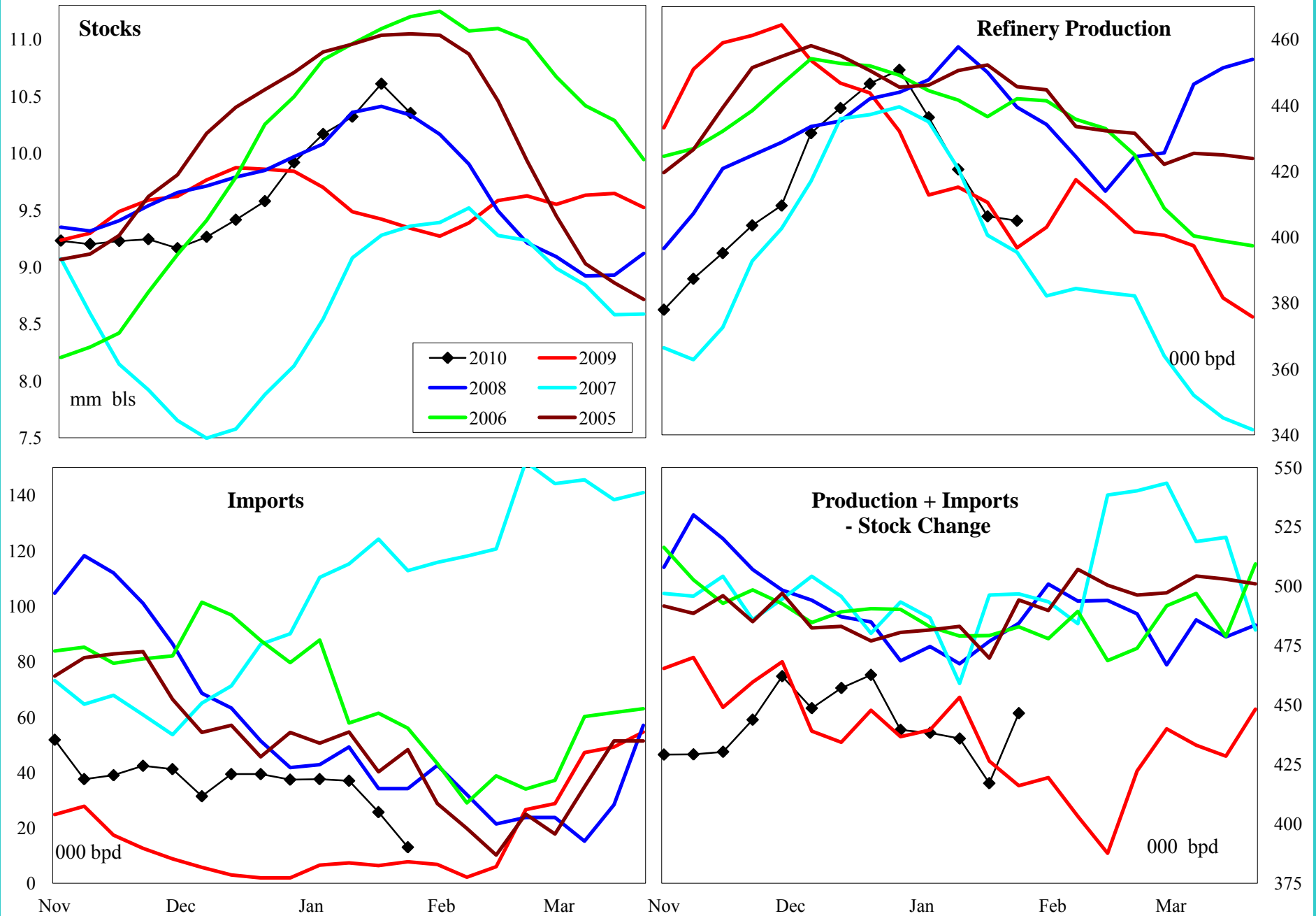
# PADD 5 Conventional Gasoline Supply



# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

932

2

26

-22

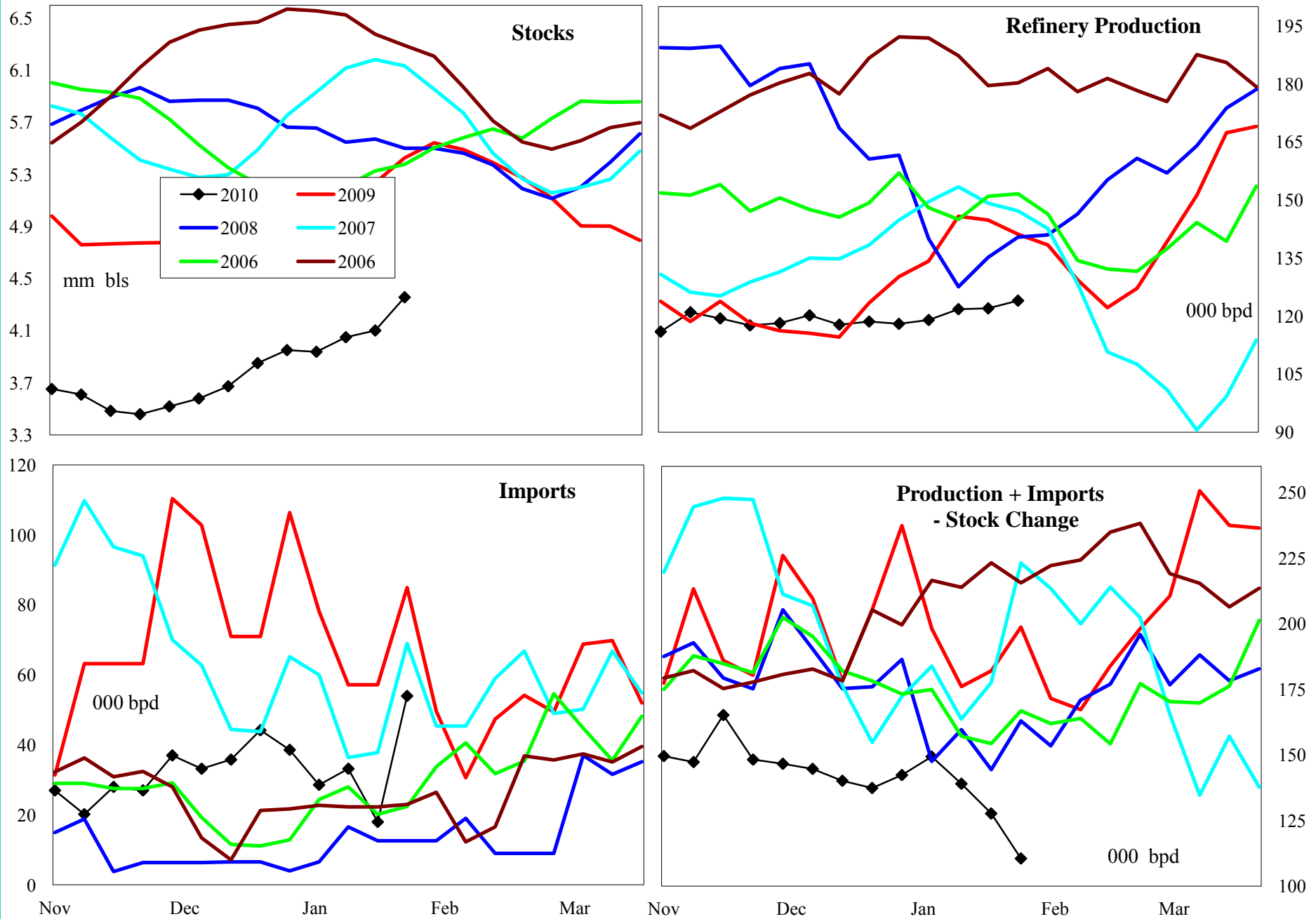
9.9

0.5

325.0

-5.0

# PADD 5 Residual Fuel Oil Supply



**4 wk avg variance to prior year**

000 bpd (000 bbls stks)

% change

Stocks

**-1,070**

**-19.6**

Production

**-33**

**-21.6**

Imports

**-38**

**-52.8**

Prod + Imp - Stk chg

**-56**

**-29.3**