



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

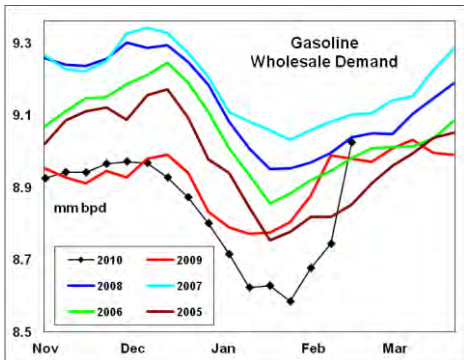
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, February 24,

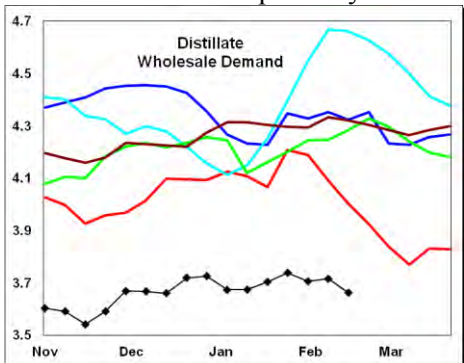


Major Fundamental Trends¹

Gasoline demand rebounded last week, rising +543,000 bpd, as improved weather led to increased consumer travel and inventory building by the downstream supply chain. The latest 4-wk average demand was -244,000 bpd below last years' record low. Even with last weeks' surge, demand remains weak.



Distillate demand decreased -125,000 bpd last week, with the 4-wk average -470,000 bpd below last years' record lows. Even with peak heating oil use and strong exports from the Gulf, demand remains exceptionally weak.

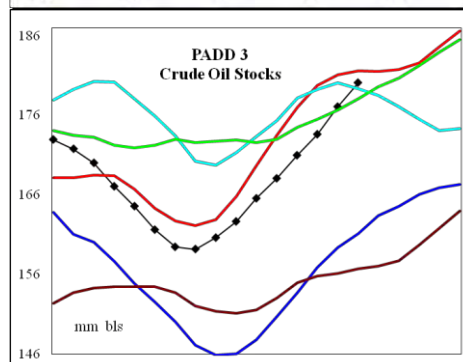
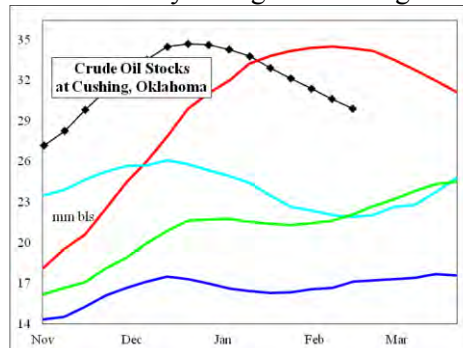


Jet fuel demand was nearly unchanged from last years' record lows for the most recent 6-wk period. Residual fuel oil demand was also below the 5-year range during the prior quarter.

U.S. economic growth has not yet led to measureable growth in domestic transport fuel demand.

Midwest crude oil supplies continue to tighten with stock levels in PADD 2 declining -9 million barrels

during the last 2-months. Concurrently, stock levels in the Gulf region have increased +25 million barrels during the same period and now match 5-year highs in the region.



Tightening crude oil supplies in PADD 2 has narrowed the NYMEX crude oil forward price curve and strengthened the cash basis for key grades supplying the Midwest.

Demand for gasoline spiked +543,000 bpd last week, following inclement weather across much of the country the prior week. Residual fuel oil demand also fell sharply.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -2.7%; distillate down -11%; jet fuel up +1.4% while residual fuel oil decreased -3.5%.

Stocks forward coverage: Gasoline demand coverage declined on a surge in wholesale demand and -0.9 million barrel stock draw. The coverage remains above the 5-year range.

Distillate demand coverage remains extremely high even with a -0.6 million barrel stock draw due to very low wholesale demand.

Jet fuel coverage increased on a +1

million barrel stock build and continued record low demand. Residual fuel oil coverage increased on a +2.2 million barrel stock build.

Refinery utilization rates increased on a +335,000 bpd increase in crude oil runs. Runs were 404,000 bpd below last years' record low rate.

Gasoline yield % on crude oil runs increased on a +435,000 bpd rise in production. The yield % was above last years' record high rate.

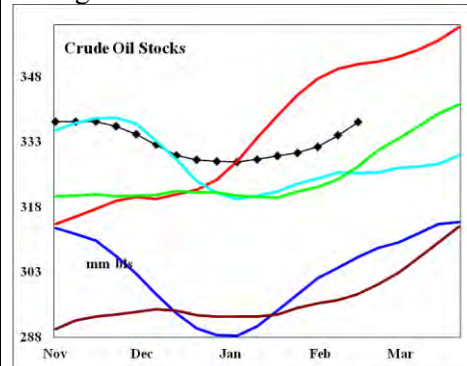
Distillate yield % on crude oil runs increased on a +158,000 bpd rise in output. However, the yield % level remains at the 5-year low.

Jet fuel yield % on crude oil runs increased on a +68,000 bpd rise in output. The yield % rate remains below the 5-year range.

Petroleum Imports increased +764,000 bpd last week, including a +536,000 bpd rise in crude oil imports.

During the latest 4-wk period distillate imports increased +205,000 bpd compared to last year; finished gasoline imports increased +14,000 bpd, gasoline blend stock imports decreased -46,000 bpd; jet fuel imports were +45,000 bpd higher while residual fuel oil imports increased +49,000 bpd.

Crude oil stocks increased +3 million barrels last week, including +2 million barrel builds in both PADDs 3 and 5. The seasonal stock build was extended this week with stock levels in the Gulf now matching 5-year highs. Stock levels remain very low in PADDs 1 and 5, regions where refineries closed during 2009.



¹ Source is latest EIA Weekly Statistics



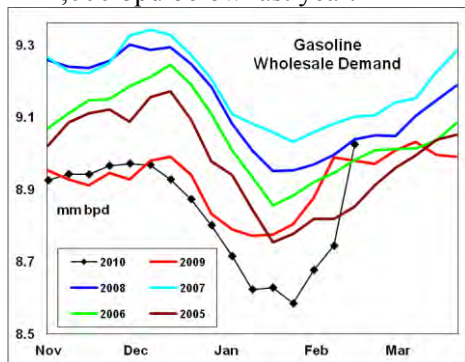
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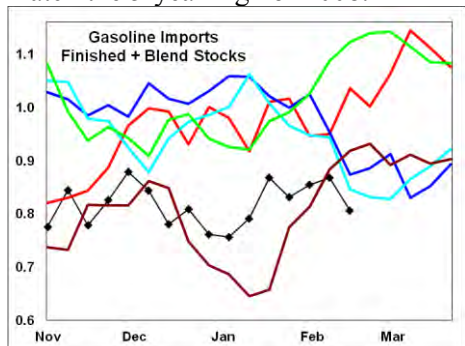
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Product Supply-Demand Trends

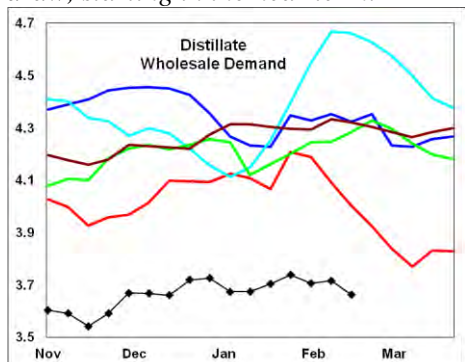
Gasoline demand surged +543,000 bpd last week, correcting from historic lows that was driven by inclement weather. The latest 4-wk average was -244,000 bpd below last year.



Gasoline production jumped +435,000 bpd on the week with increases in all regions. Imports increased +137,000 bpd on the week, but remain below the 5-year range. The surge in demand offset higher supply, leading to a -0.9 million barrel stock draw. Stock levels match the 5-year high of 2008.



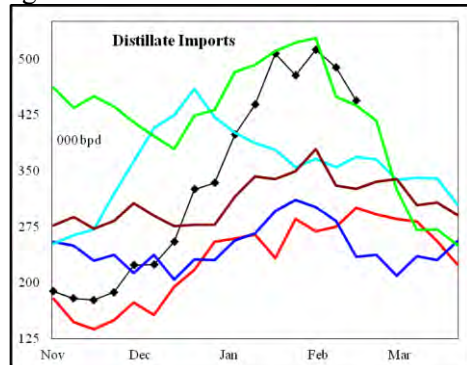
Expect demand to trend higher and refinery maintenance to push output lower, leading to a seasonal stock draw, starting in the near term.



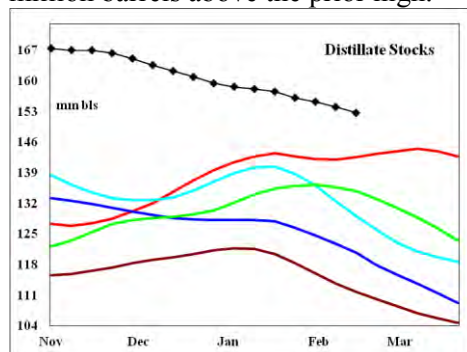
Distillate demand declined -125,000 bpd last week, with the latest 4-wk demand average -470,000 bpd below

last year. Distillate demand remains exceptionally weak in light of peak heating oil use and continued exports.

Imports increased +53,000 bpd on the week, with the 4-wk average +205,000 bpd above last year, matching the 5-year high. Production climbed +158,000 bpd on the week, but remains -688,000 bpd below a year ago.



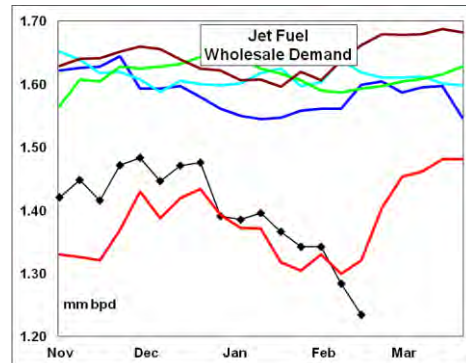
Stocks decreased -0.6 million barrels last week. Stock levels remain -11 million barrels above the prior high.



Weak demand has offset record low production, and should lead to record high carry out stock levels following the end to the heating season. Expect soft prices relative to the overall energy complex.

Jet Fuel demand increased just +10,000 bpd last week, after falling to record lows the prior week. The latest 4-wk average was +18,000 bpd above a year ago, the lowest year-over-year increase of the past several months.

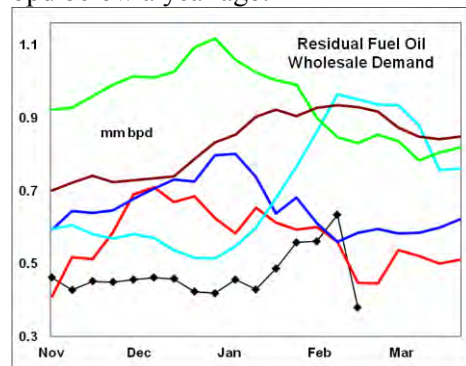
Jet fuel supply increased +108,000 bpd last week. Very low demand and increased supply led to a +1 million barrel stock build last week. Stock levels are near record highs for the period.



Weak wholesale demand, and increased supply has kept the market very well supplied. However, higher seasonal demand and spring refinery maintenance during the next quarter should lead to modest tightening of supply.

Weak economic growth should result in a soft middle distillate prices for the foreseeable future.

Residual fuel oil demand, including exports, declined -399,000 bpd last week, with the 4-wk average -22,000 bpd below a year ago.



Combined production and imports increased +136,000 bpd last week. The latest 4-wk supply was +35,000 bpd above a year ago. Stocks increased +2.2 million barrels on very weak demand last week. Stock levels are at the upper end of the historic range.

Very low production has been offset by rising imports, leading to higher stock levels. Supplies are very ample in PADDs 1, 3 and 5 while extremely low in the Midwest and Rockies.

Residual fuel prices should remain relatively weak in the Gulf and costal markets compared to the overall energy complex.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

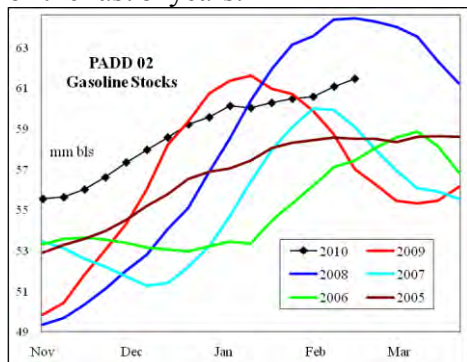
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PADD Supply Trends

PADD 1 refinery crude oil runs climbed +28,000 bpd on the week, with the 4-wk average down -167,000 bpd from a year ago. Stock levels fell to new five year lows, in part to earlier closing of refiners that reduce the need for working stocks.

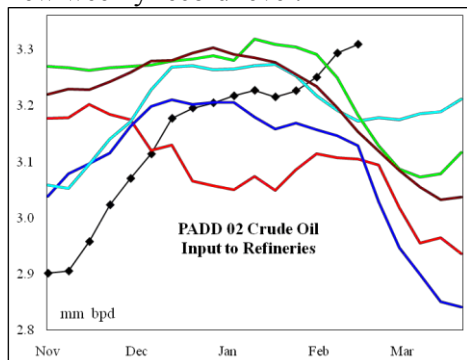
Gasoline production climbed +113,000 bpd while imports increased +193,000 bpd on the week. Stock levels were above four of the last 5-years.



Distillate supply increased +74,000 bpd last week. Import levels are above the 5-year range. Production reached the low end of the historic range. Stocks increased +0.6 million barrels on the week and with levels above the 5-year range.

Jet fuel supply was nearly unchanged, although high receipts from the Gulf led to a +0.9 million barrel stock build. Stock levels match the five year high for the period.

PADD 2 crude oil refinery runs increased +10,000 bpd last week to a new weekly record level.



Crude oil imports and stock levels extended the seasonal downtrend last week. Stocks in Cushing decreased -

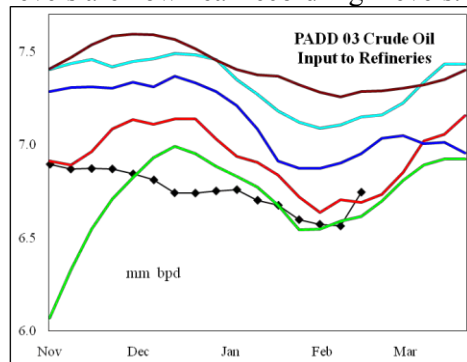
0.7 million barrels and are now -4.6 million barrels below last years' record high.

Gasoline production increased +98,000 bpd on the week, although the level remains below the mid range. Stock levels remain at a five year high.

Distillate production increased +16,000 bpd last week, matching the mid range. Stock levels were above four of the last 5-years.

Jet fuel stock levels are at record high levels with production near the mid range. Jet demand remains weak.

PADD 3 refinery crude oil runs increased +174,000 bpd last week, to the low end of the five year range. A +315,000 bpd rise in imports led to a +2.2 million barrel stock build. Stock levels are now near record high levels.



Gasoline production increased +59,000 bpd last week, to the low end of the 5-year range. Stocks were nearly unchanged at +8% above last year and a record level.

Distillate supply increased +54,000 bpd on the week, lifting output to the low end of the historic range. Stocks fell -1 million barrels last week, with the level +10% above last.

Jet fuel production increased +31,000 bpd last week, but the level remains below the 5-year range. Stocks decreased -0.3 million barrels but remains well above the last 3-years.

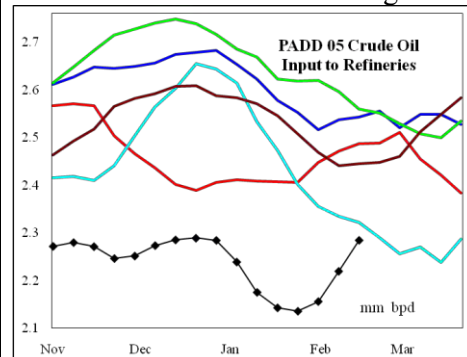
Residual fuel oil production extended the recent downtrend to the low end of the historic range. Low exports resulted in a +0.8 million barrel stock build. Stock levels climbed to a new all time high.

PADD 4 refinery crude oil runs increased +28,000 bpd on the week, with the latest 4-wk average -27,000 bpd below year ago levels.

Gasoline production increased +8,000 bpd last week, to a new record high for the period. Stocks were unchanged and remain below the 5-year range.

Distillate production increased +9,000 bpd last week, to the low end of the 5-year range. Stock levels reached a new record high last week for the period.

PADD 5 crude oil refinery runs increased +95,000 bpd on the week, with the latest 4-wk average -281,000 bpd below last year, including refiner closure last year and winter plant maintenance. Crude oil stocks increased +2.2 million barrels, with the level still below the historic range.



Gasoline production increased +157,000 bpd last week, to the upper end of the 5-year range. The latest 4-wk average was +70,000 bpd above last years' record low. Stocks decreased -0.6 million barrels on the week, but remain at the upper end of the historic range.

Distillate supply increased +68,000 bpd last week, with the 4-wk average -76,000 bpd below a year ago, and below the 5-year range. Stocks fell -0.4 million barrels, to the historic mid range.

Jet fuel supply increased +53,000 bpd on the week, lifting supply above the historic mid range. Stocks experienced a counter seasonal build of +0.4 million barrels with the level near the upper end of the historic range.


**FUNDAMENTAL
PETROLEUM
TRENDS**


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

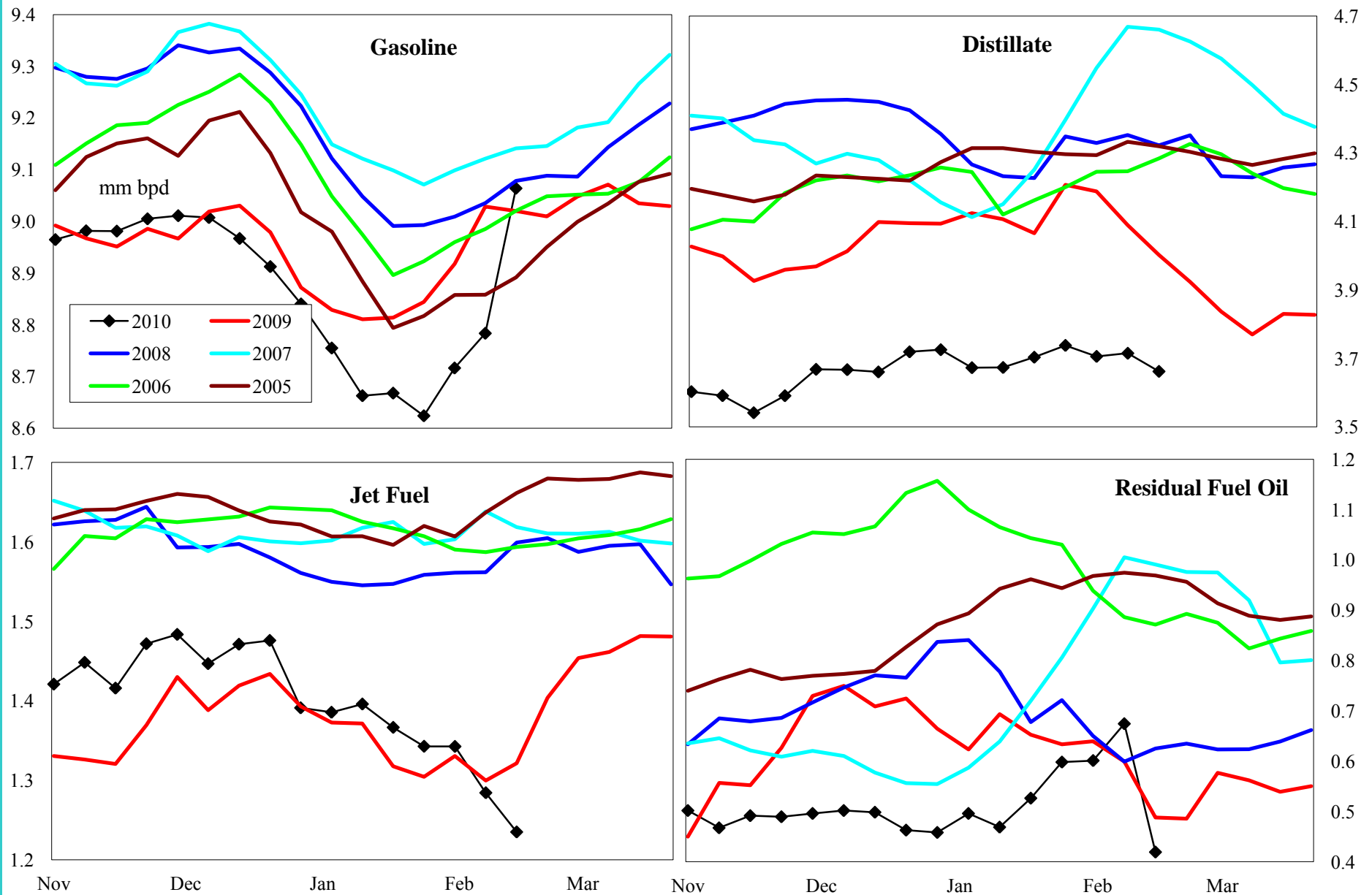
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Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization</u> <u>Product Yield %</u>				<u>Imports</u>
Supply/Demand Trends	19-Feb-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	3,034	-843	-418	2,169	-32	2,158
	Imports	536	54	-126	315	47	246
	Input	335	28	10	174	28	95
	% Utilization	1.42					
<u>Gasoline</u>	Stocks	-895	-216	260	-294	-45	-600
	Production	435	113	98	59	8	157
	Imports	137	193	0	-64	0	8
	Supplied	543					
<u>Distillate</u>	Stocks	-591	586	139	-1,036	101	-381
	Production	158	32	16	54	9	47
	Imports	53	42	-11	0	1	21
	Supplied	-125					
<u>Jet Fuel</u>	Stocks	974	857	60	-340	31	366
	Production	68	-3	12	31	6	22
	Imports	38	7	0	0	0	31
	Supplied	10					
<u>Residual Fuel Oil</u>	Stocks	2,166	1,190	-2	784	-22	216
	Production	-12	0	-10	-31	1	28
	Imports	148	77	2	3	43	23
	Supplied	-399					

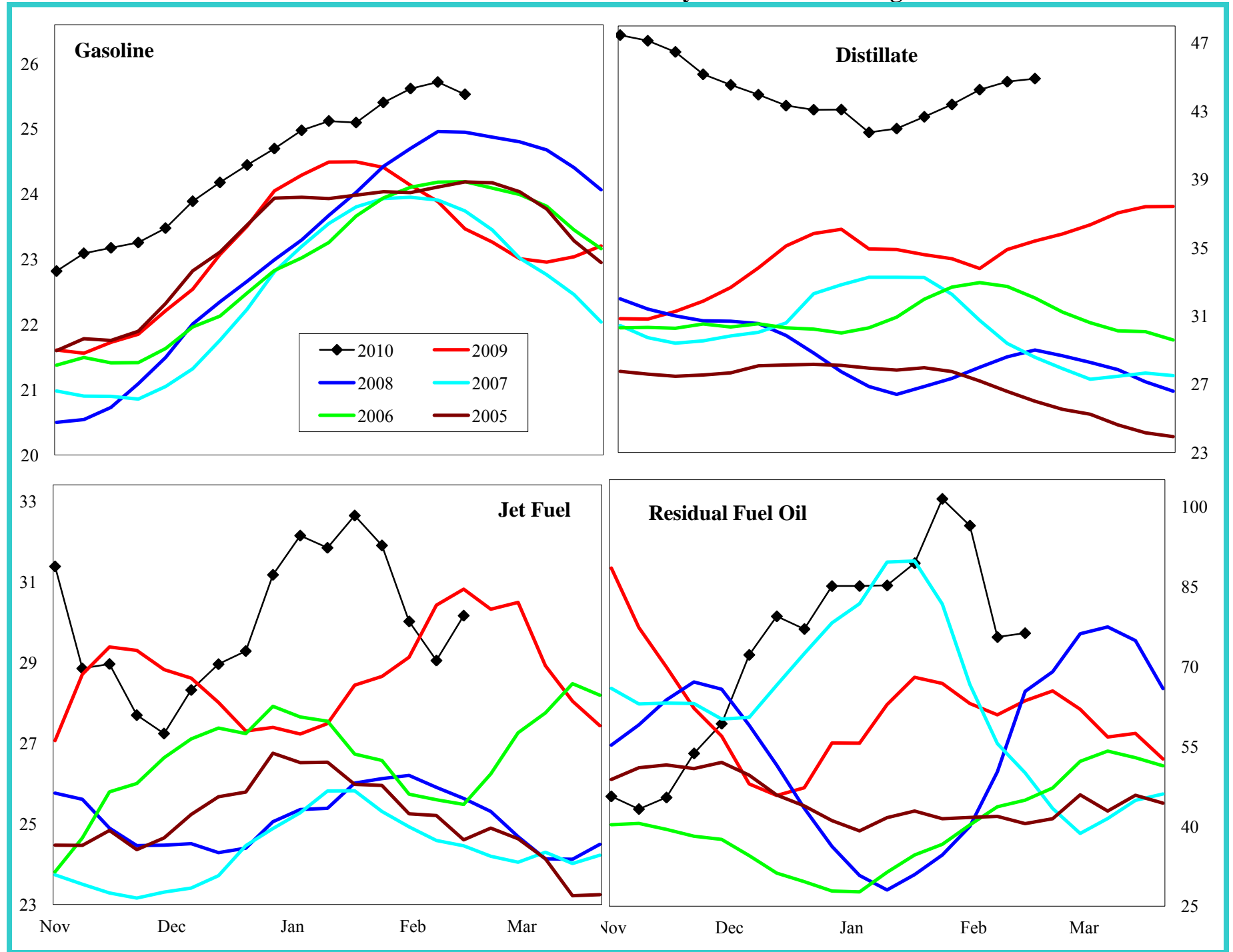
United States Wholesale Petroleum Demand



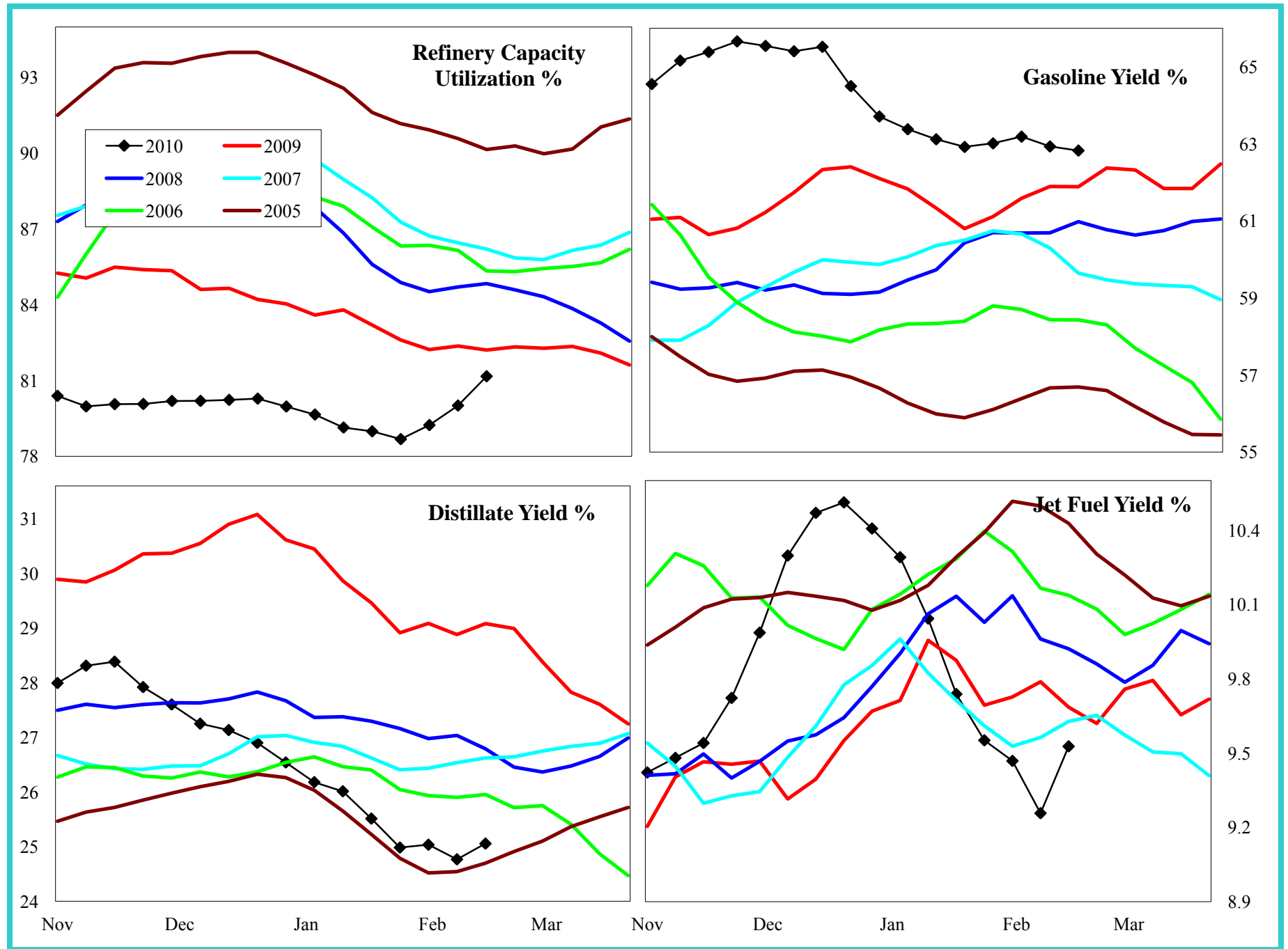
	000 bpd change from prior year				% change from prior year				
	4wk avg	Jan	Jan	Nov	4wk avg	Jan	Dec	Nov	
Gasoline	-244	-35	34	83	-2.7	-0.4	0.4	0.9	
Distillate	-470	-371	-79	-309	-11.3	-9.1	-2.1	-8.0	
Jet Fuel	18	6	96	-12	1.4	0.4	6.9	-0.8	
Resid	-22	-207	-273	-41	-3.5	-29.6	-36.3	-7.9	



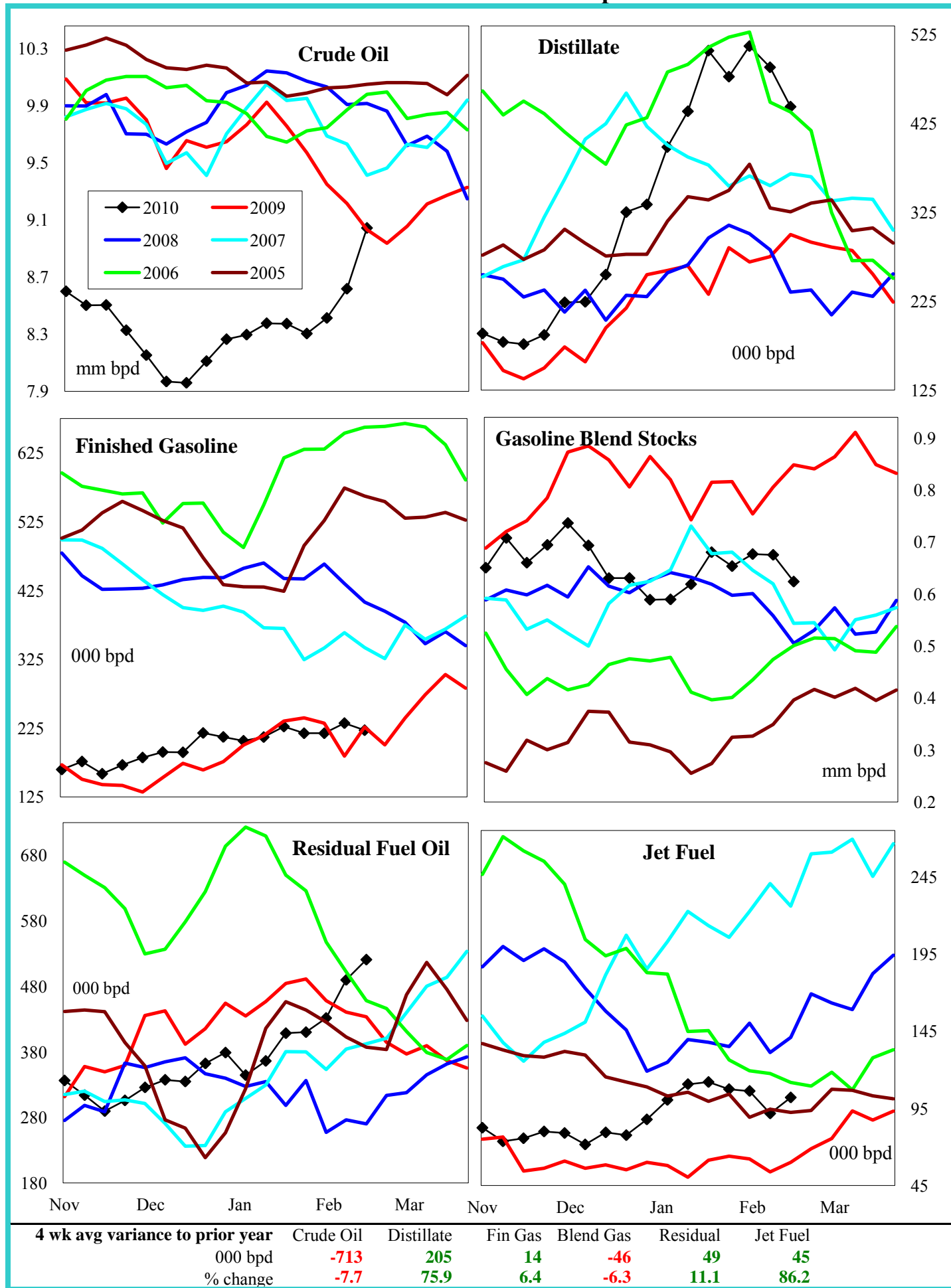
United States Product Stocks: Days Forward Coverage



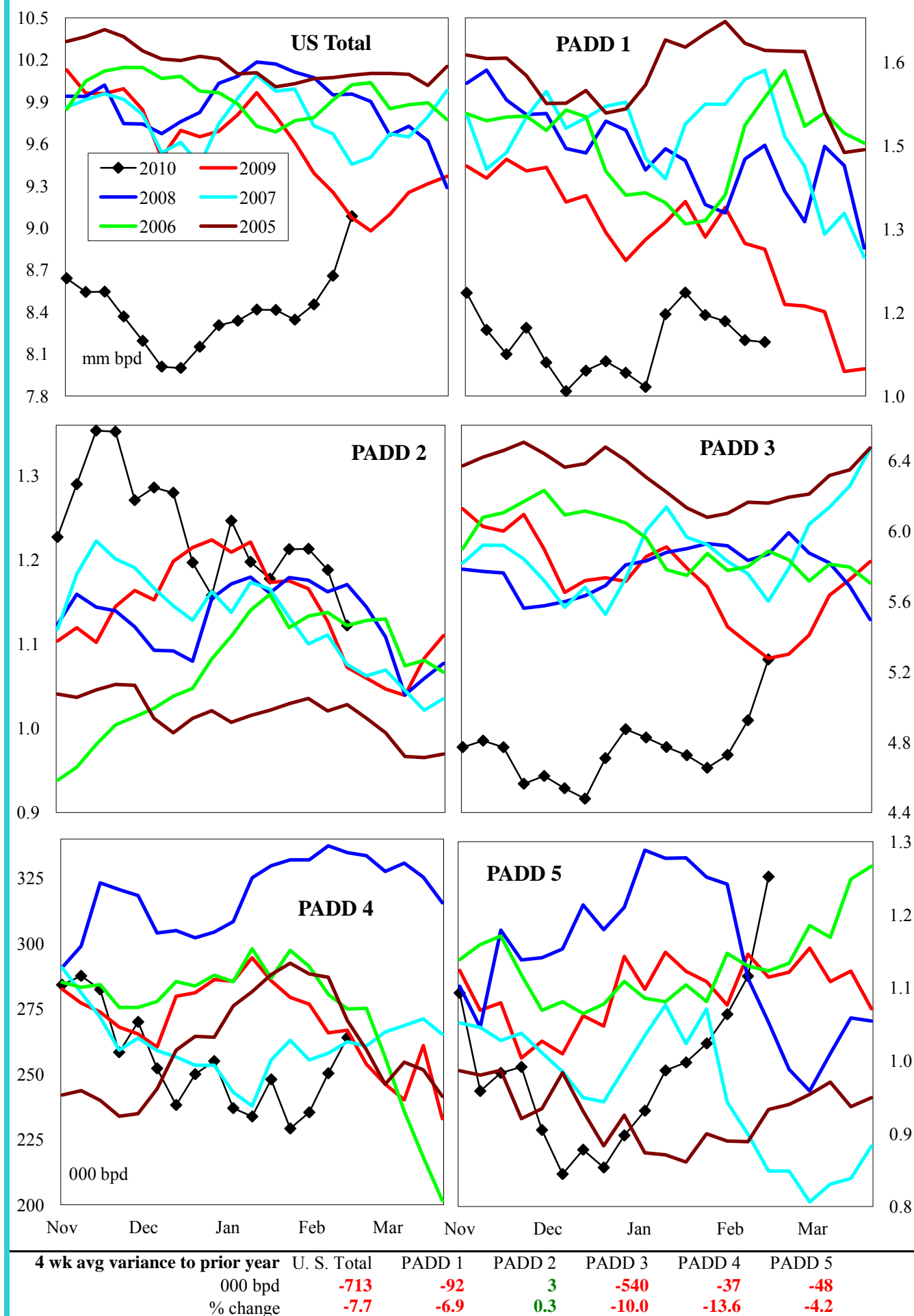
United States Refinery Percent Utilization Rate and Product Yields



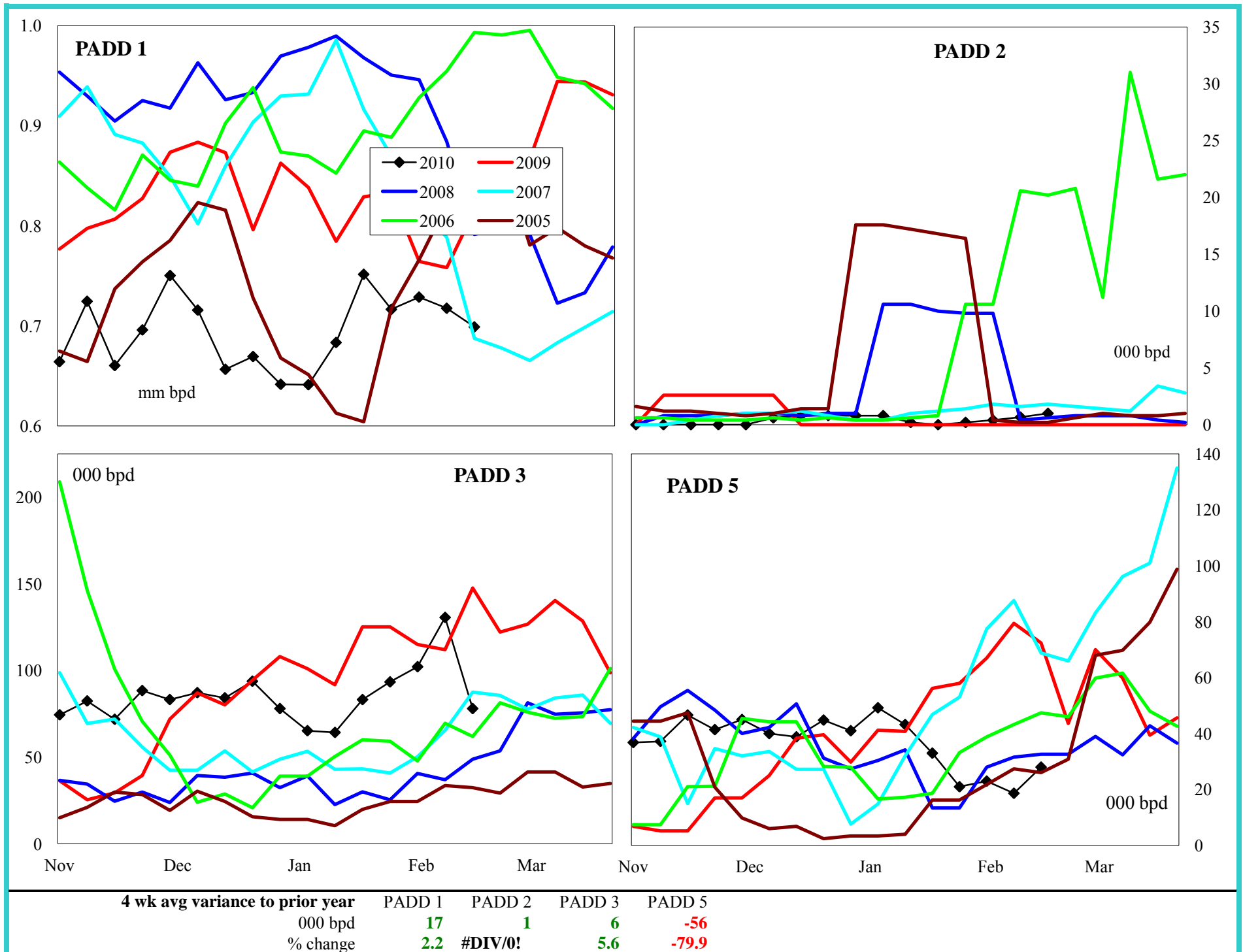
United States Petroleum Imports



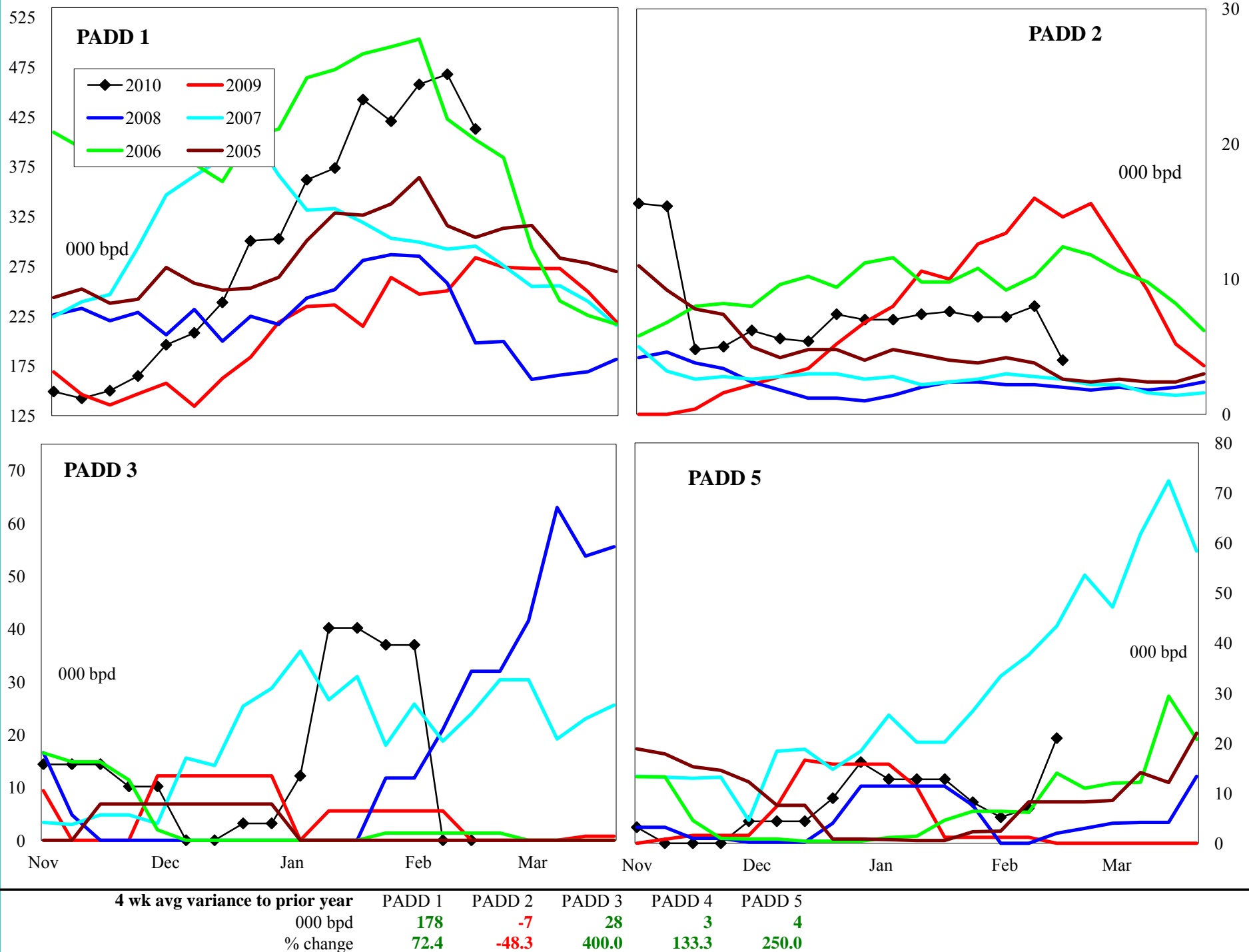
Crude Oil Imports by PADD



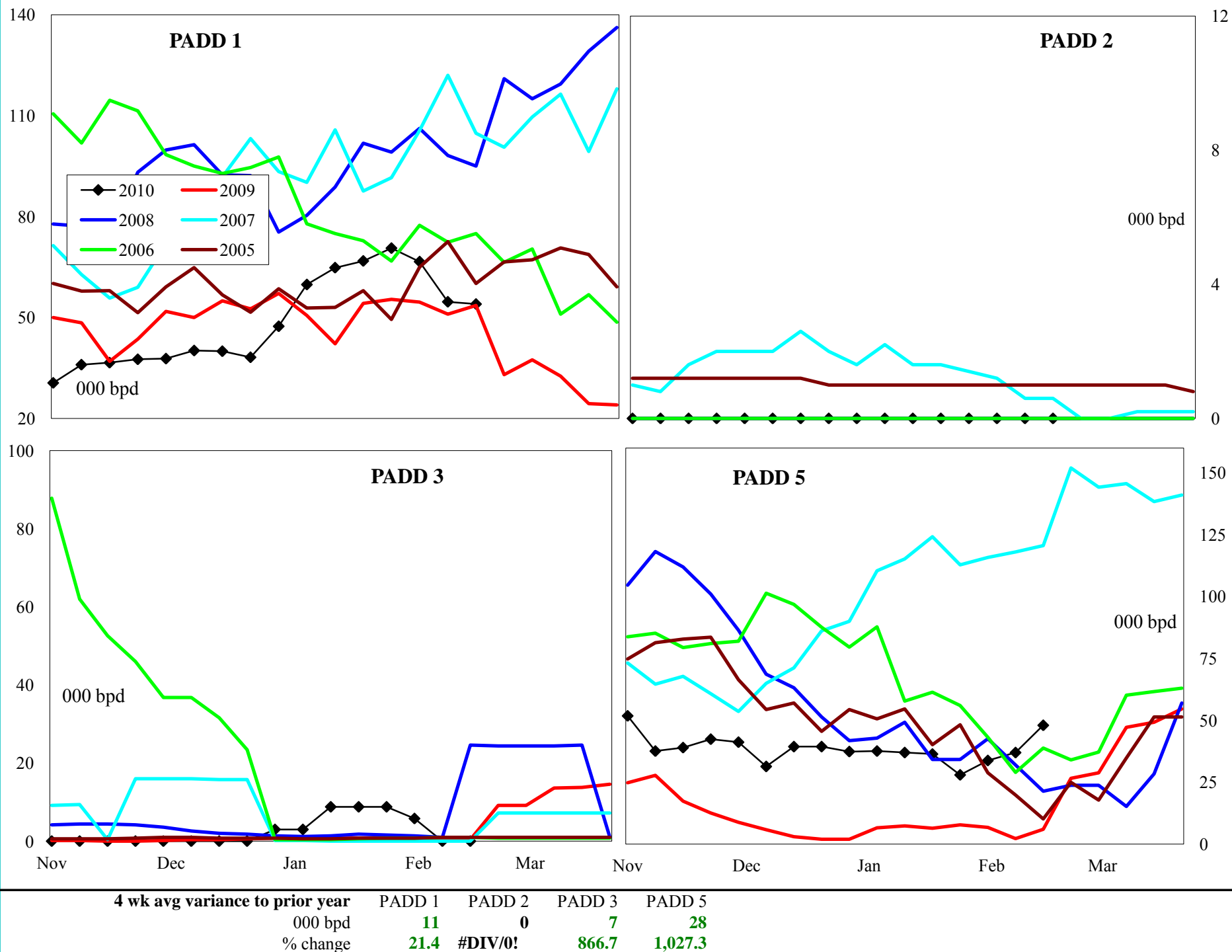
Gasoline Imports by PADD (Finished + Blend Stocks)



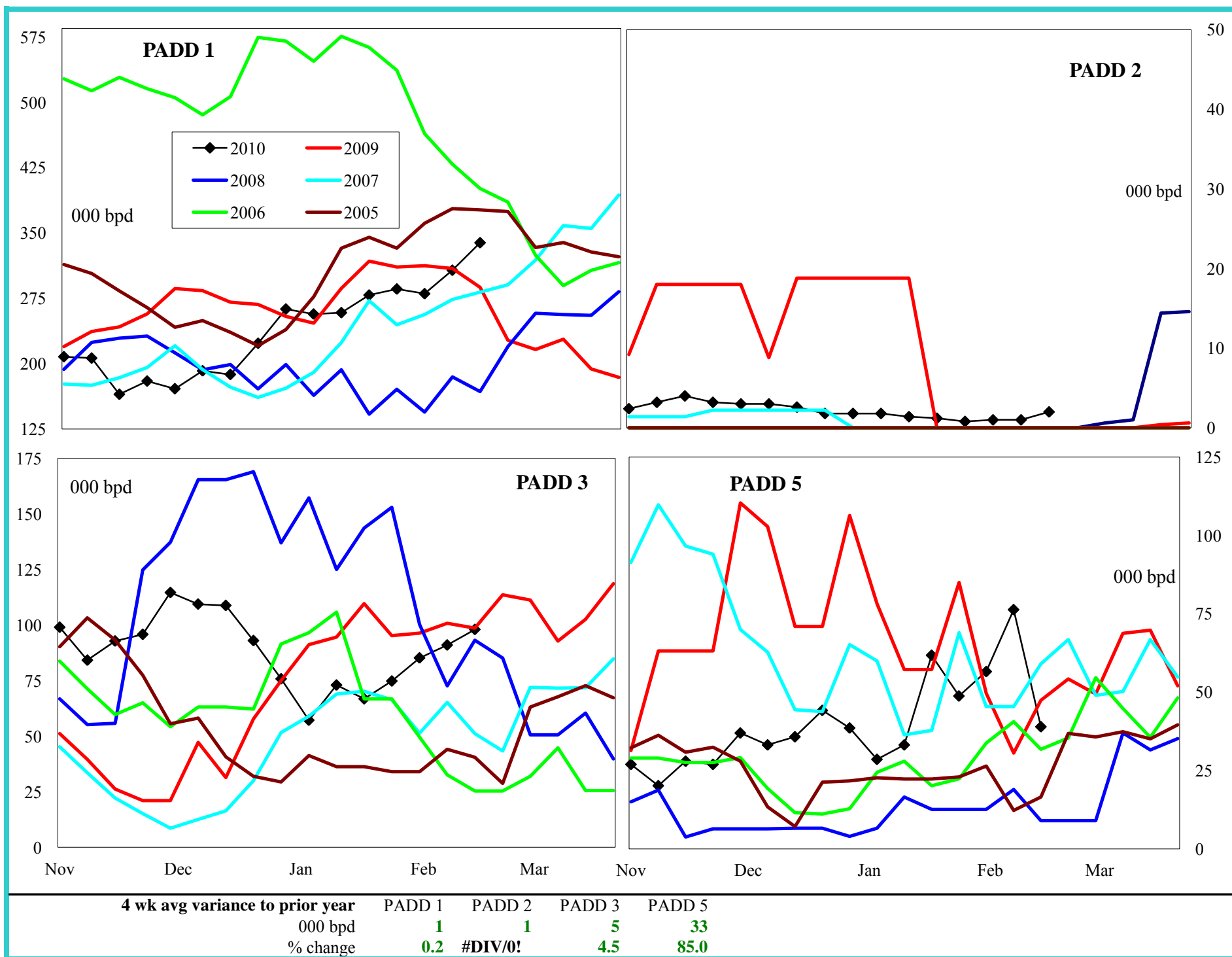
Distillate Imports by PADD



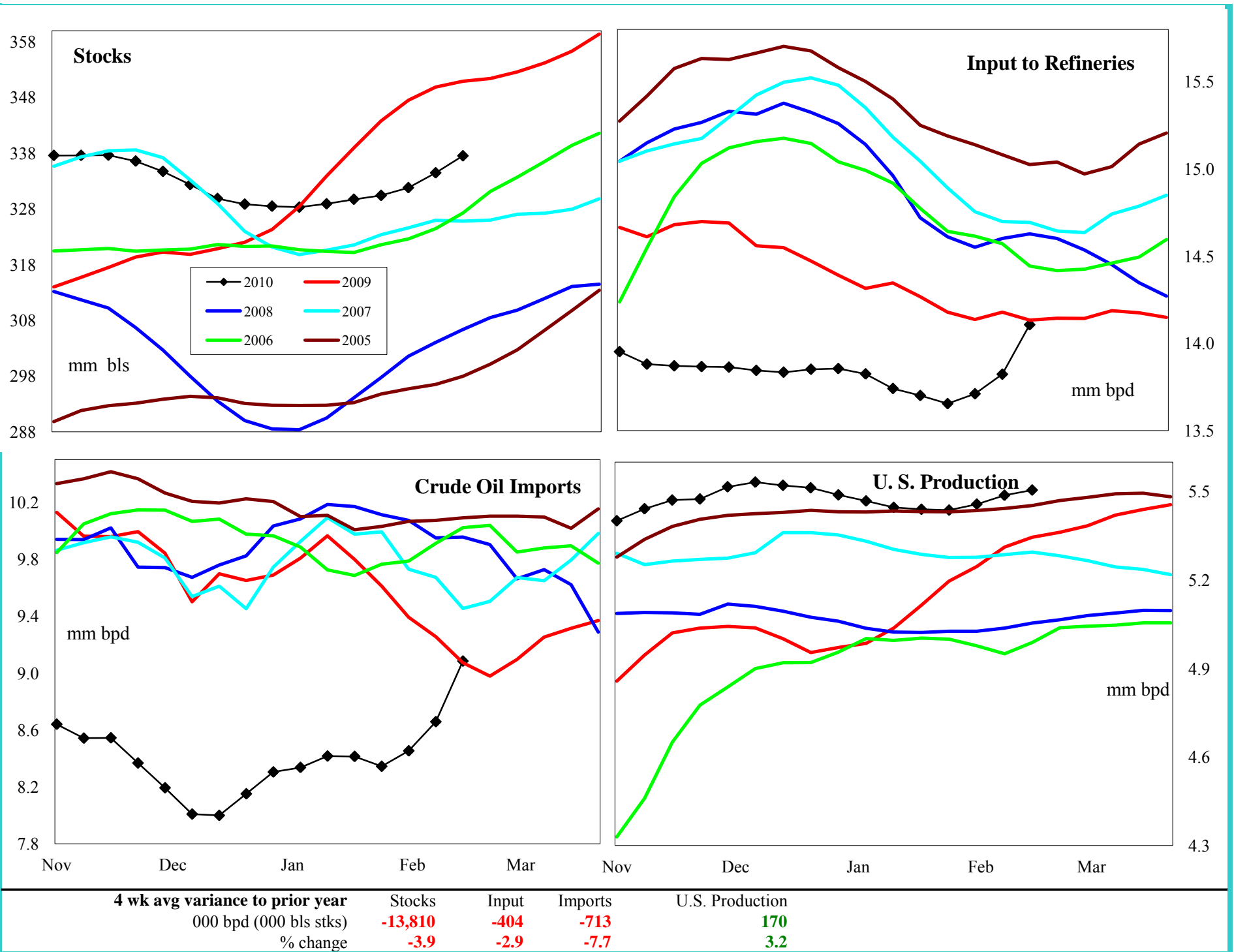
Jet Fuel Imports by PADD



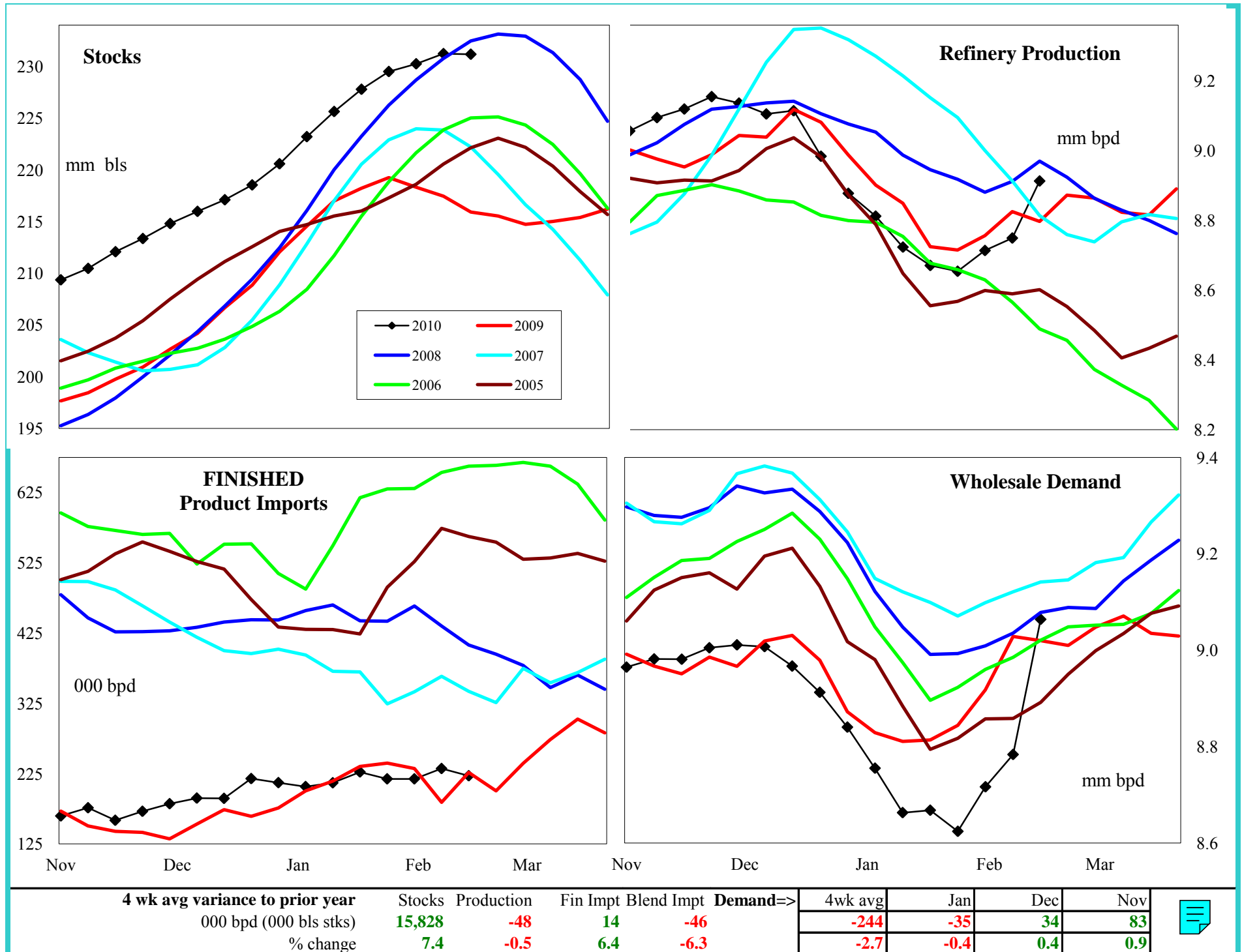
Residual Fuel Oil Imports by PADD



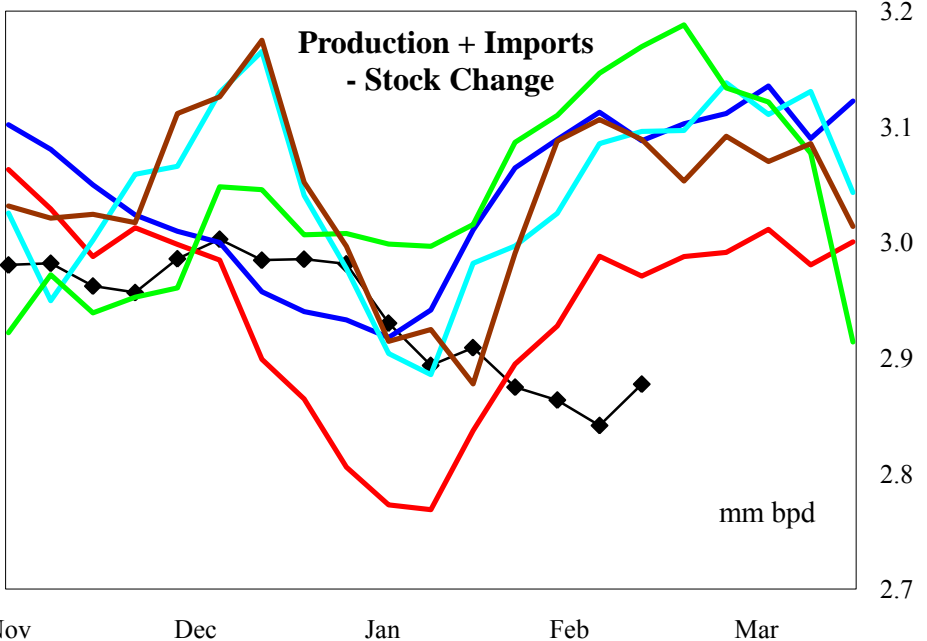
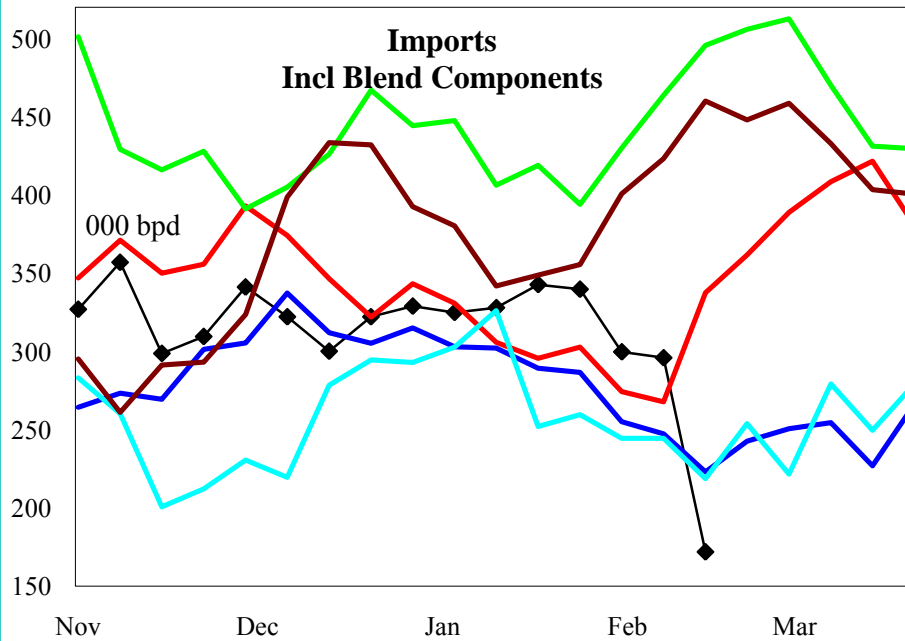
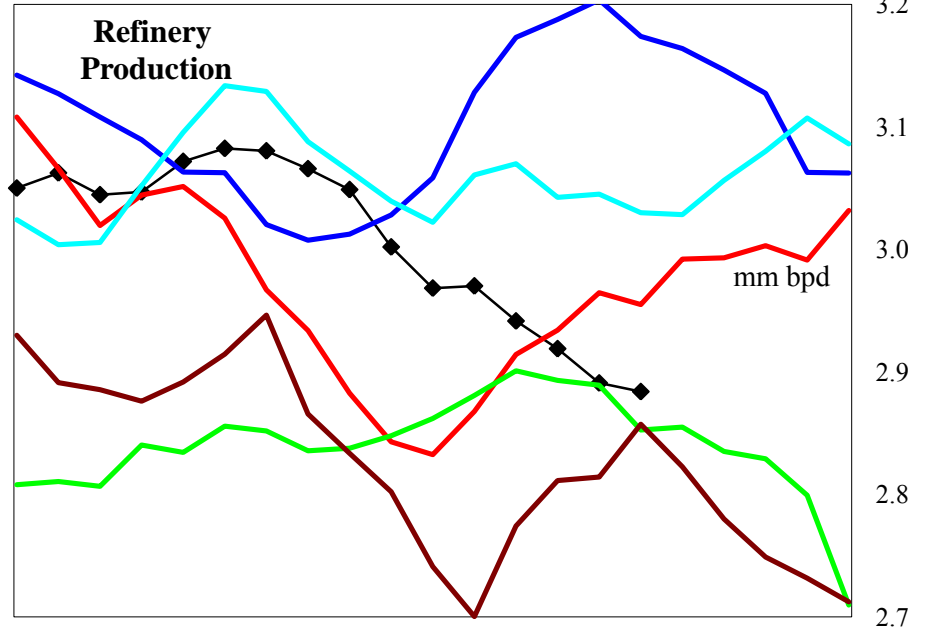
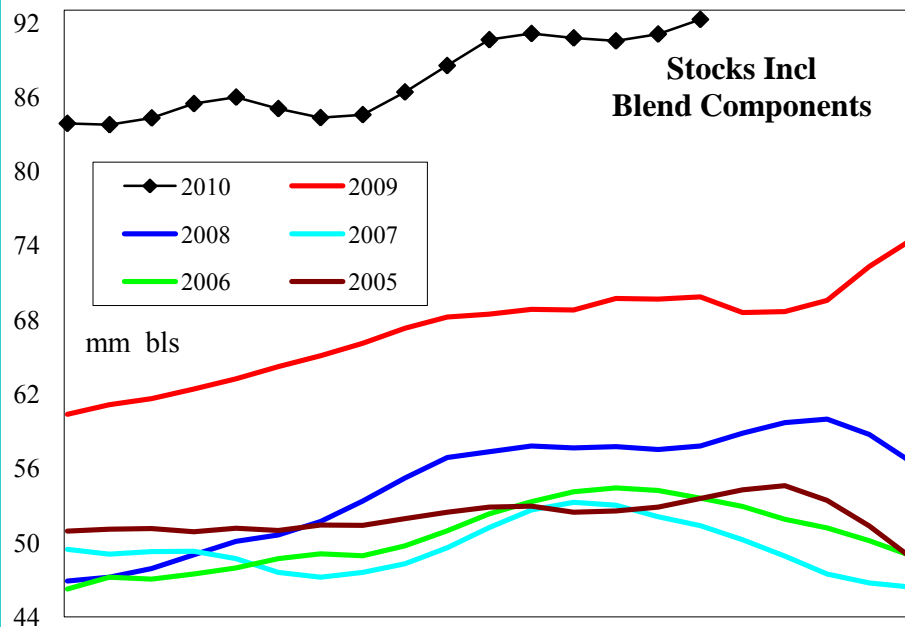
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



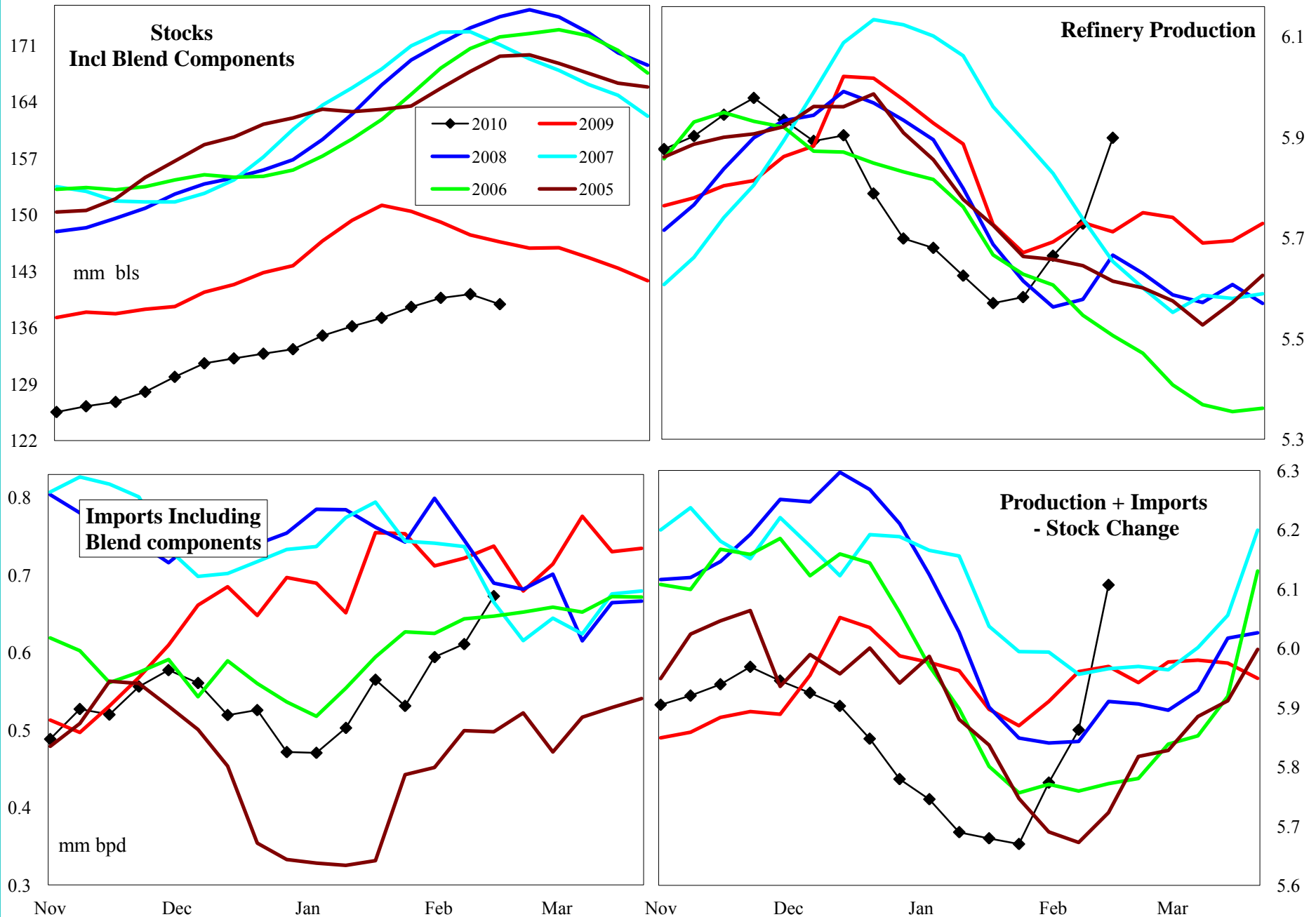
United States Reformulated Gasoline Supply



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

	Stocks	Production	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	22,405	-31	-19	-81
% change	32.1	-1.0	-6.3	-2.7

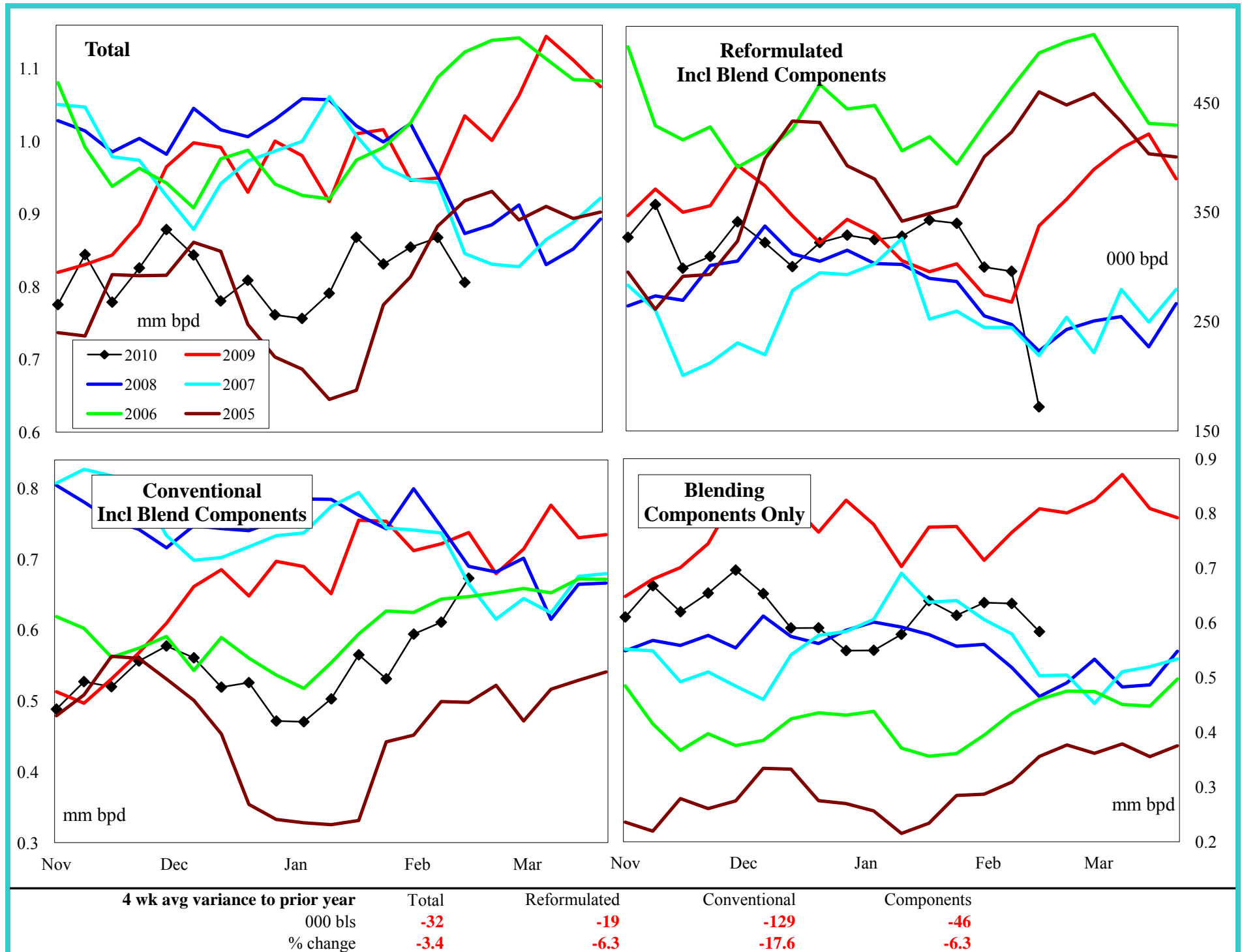
United States Conventional Gasoline Supply



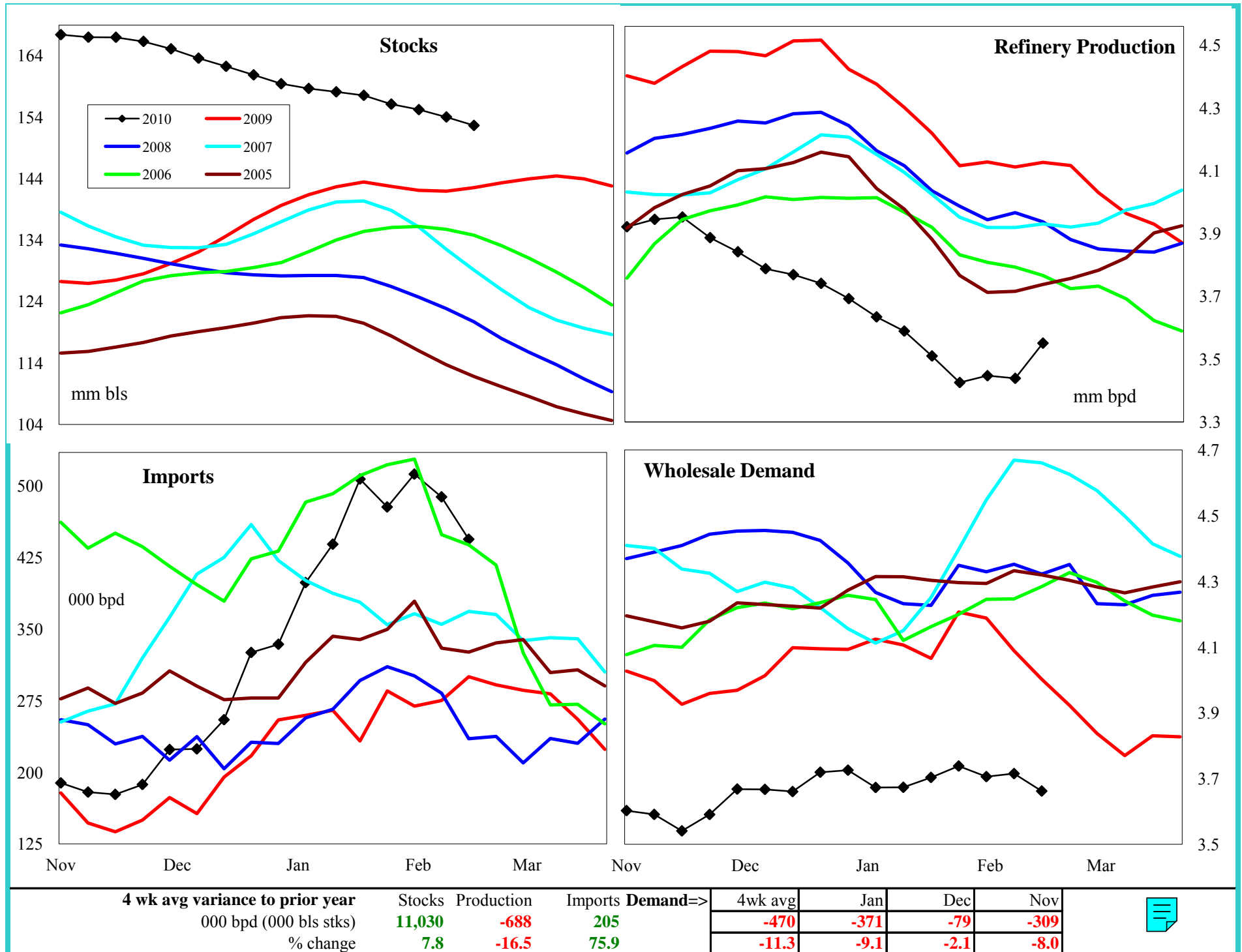
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
-7,741	-17	-129	-75
-5.3	-0.3	-17.6	-1.2

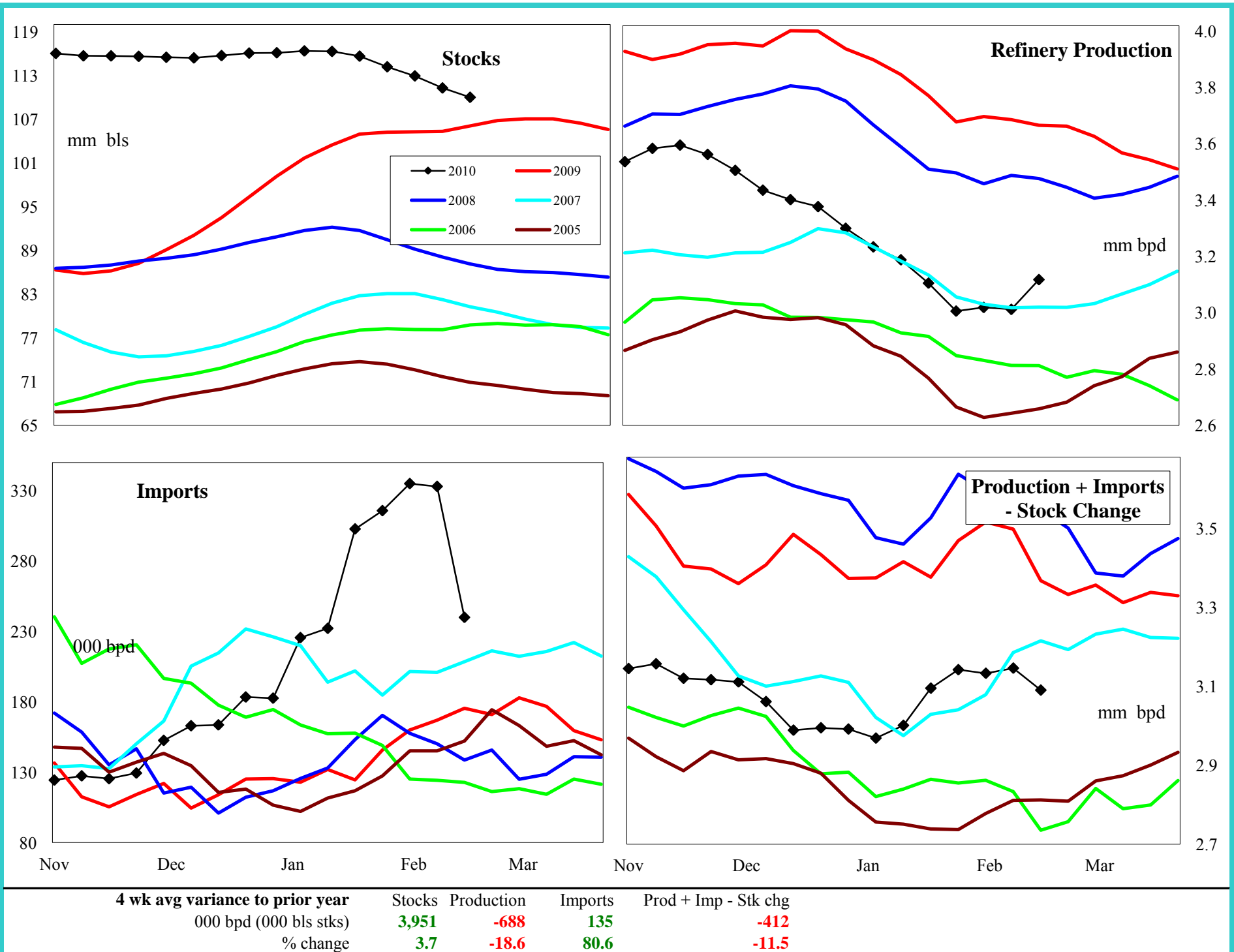
United States Gasoline Imports by Type



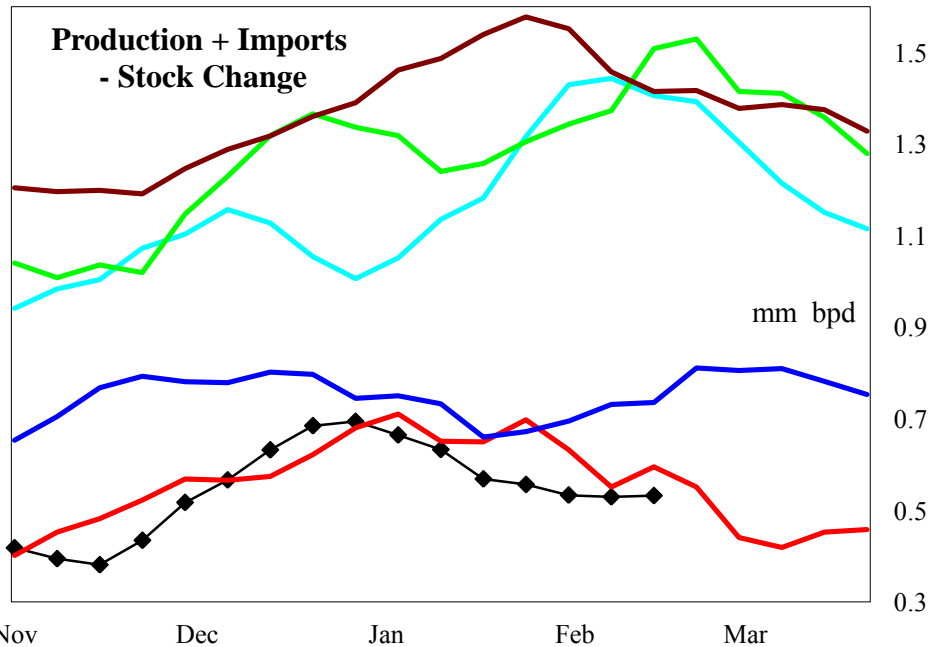
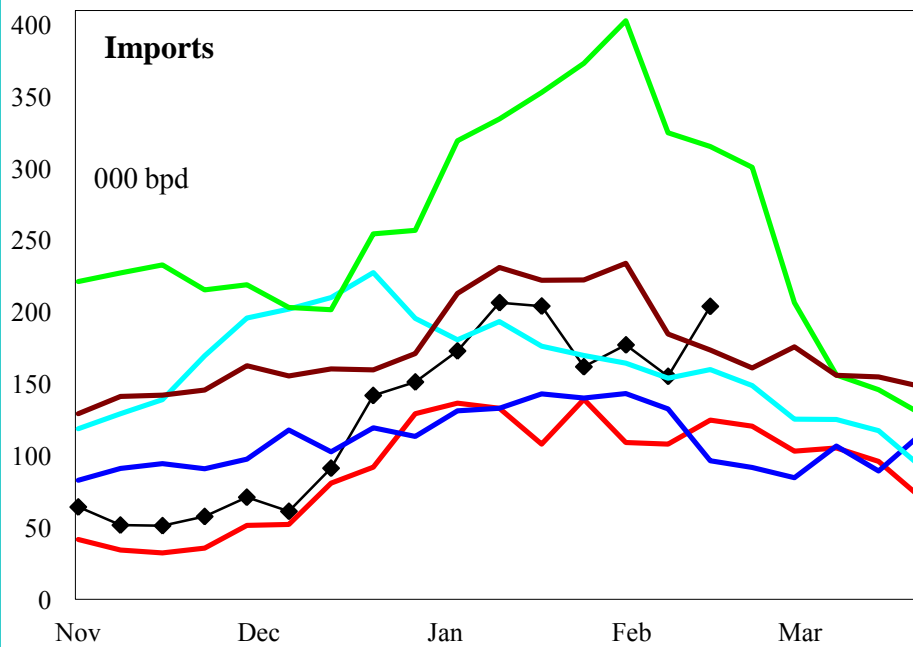
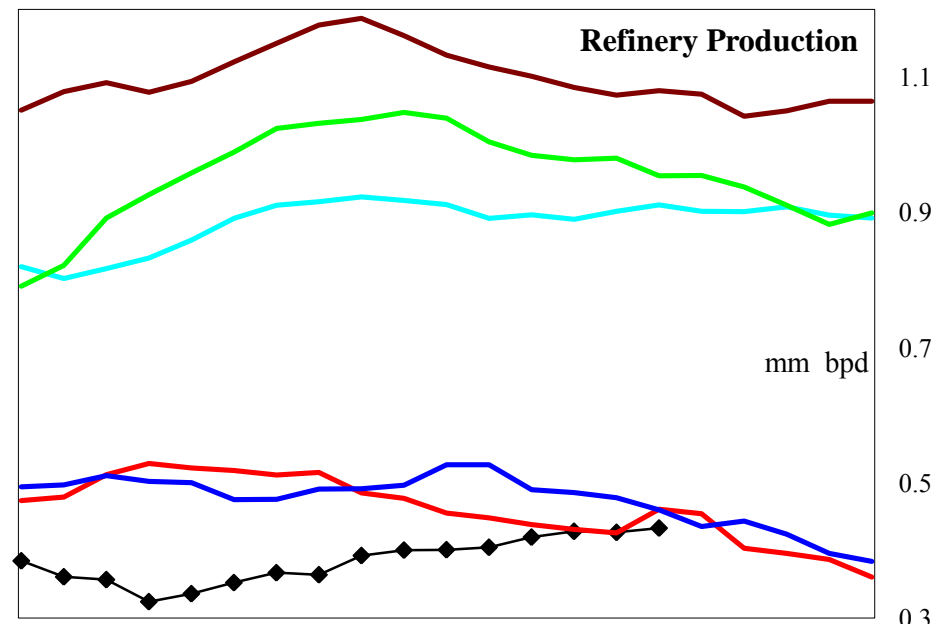
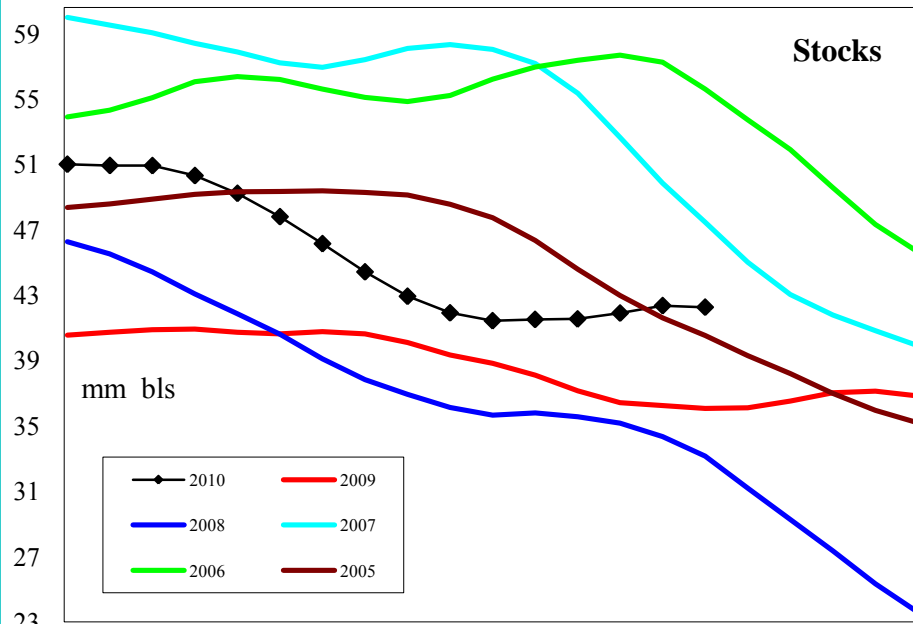
United States Distillate Supply and Demand Balance



United States Low Sulfur Distillate Supply



United States High Sulfur Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

7,079

0

70

-57

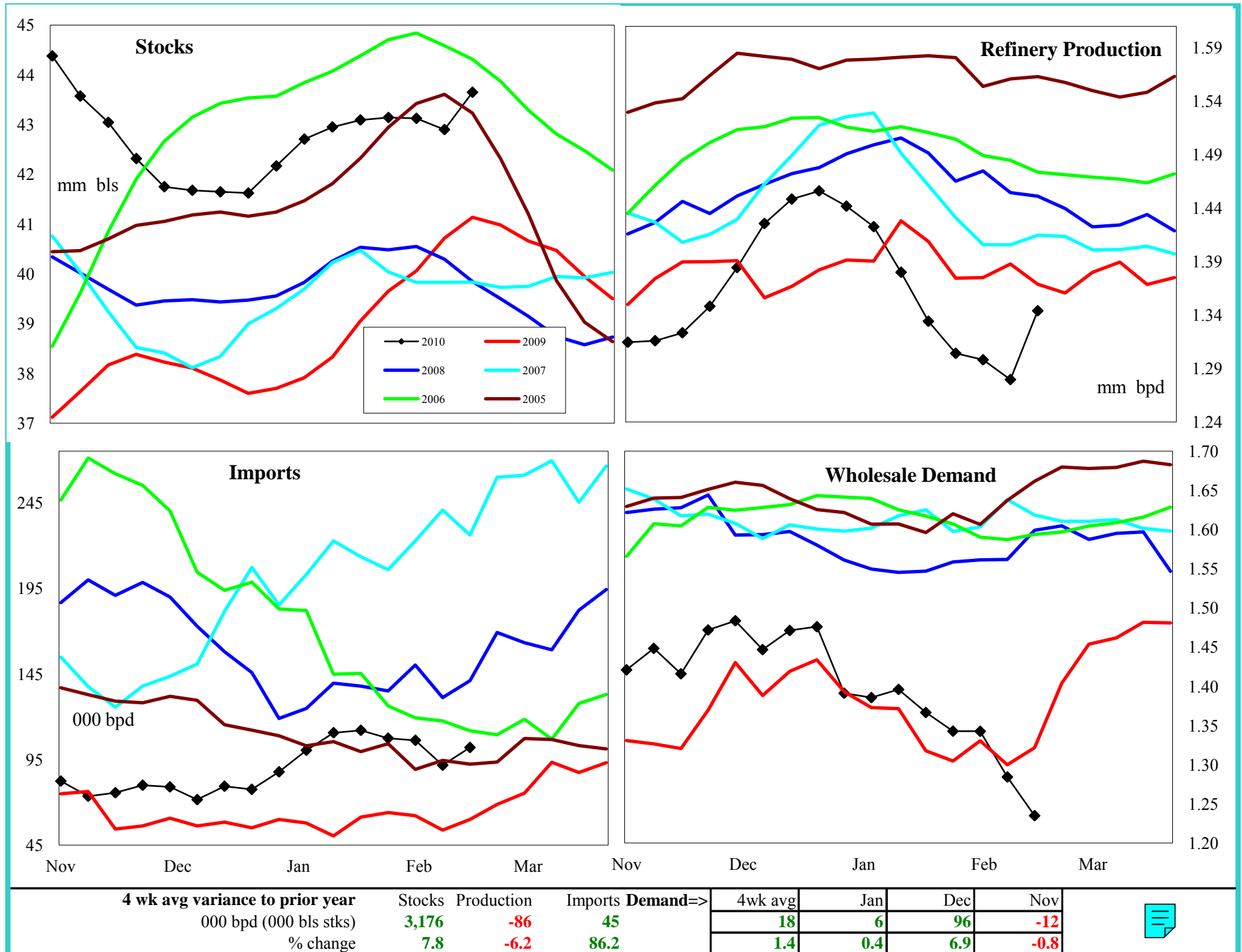
19.9

0.0

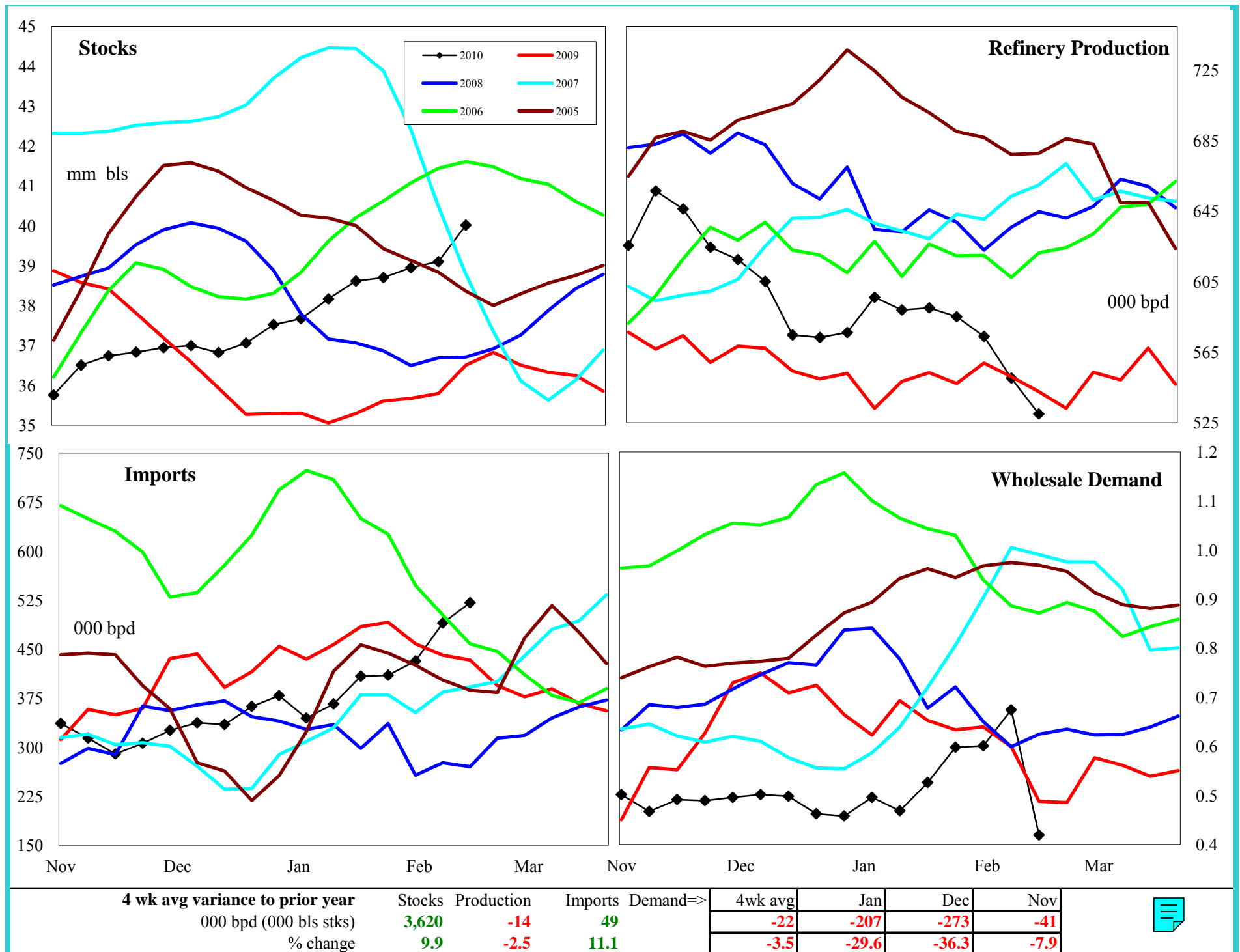
68.1

-9.8

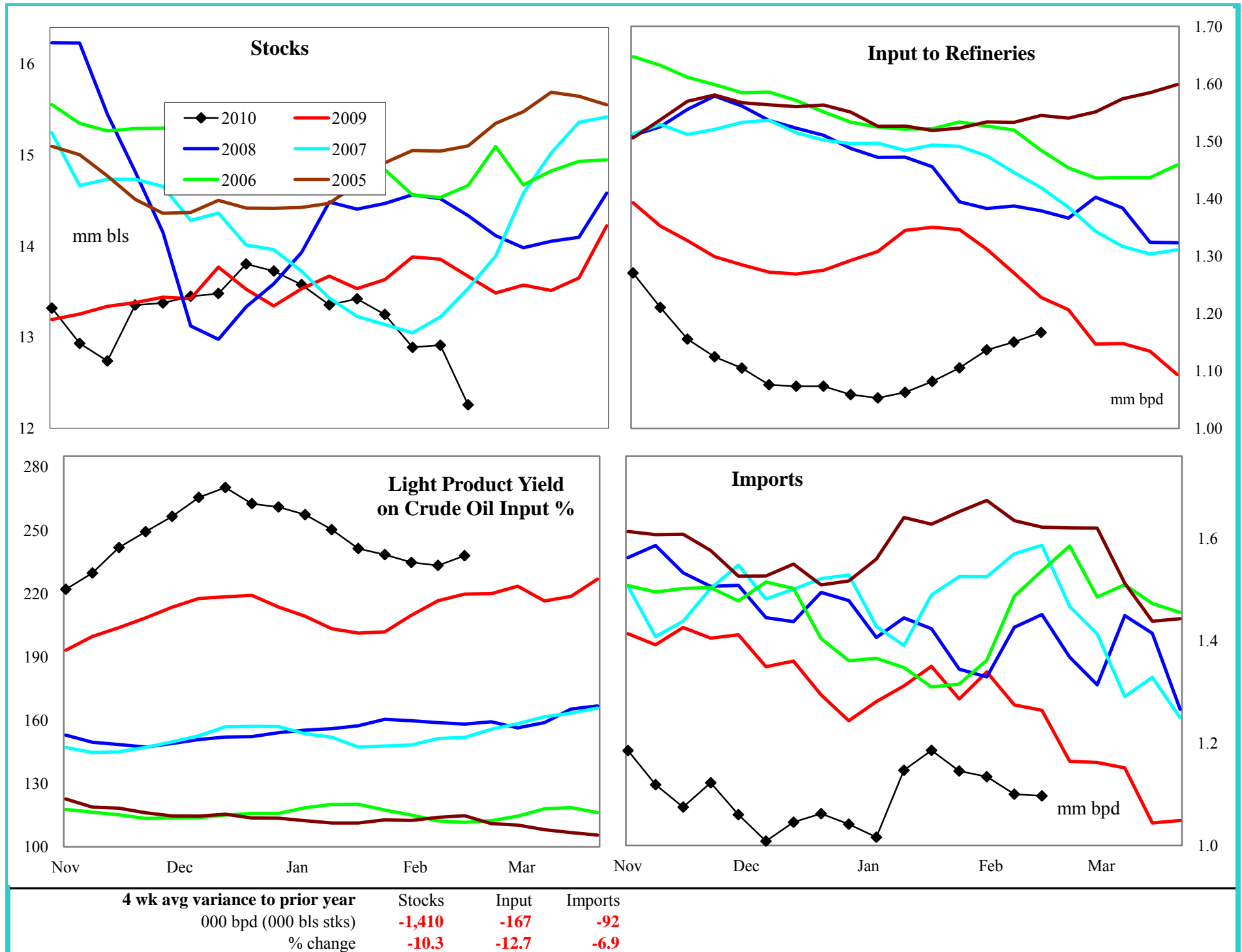
United States Jet Fuel Supply and Demand Balance



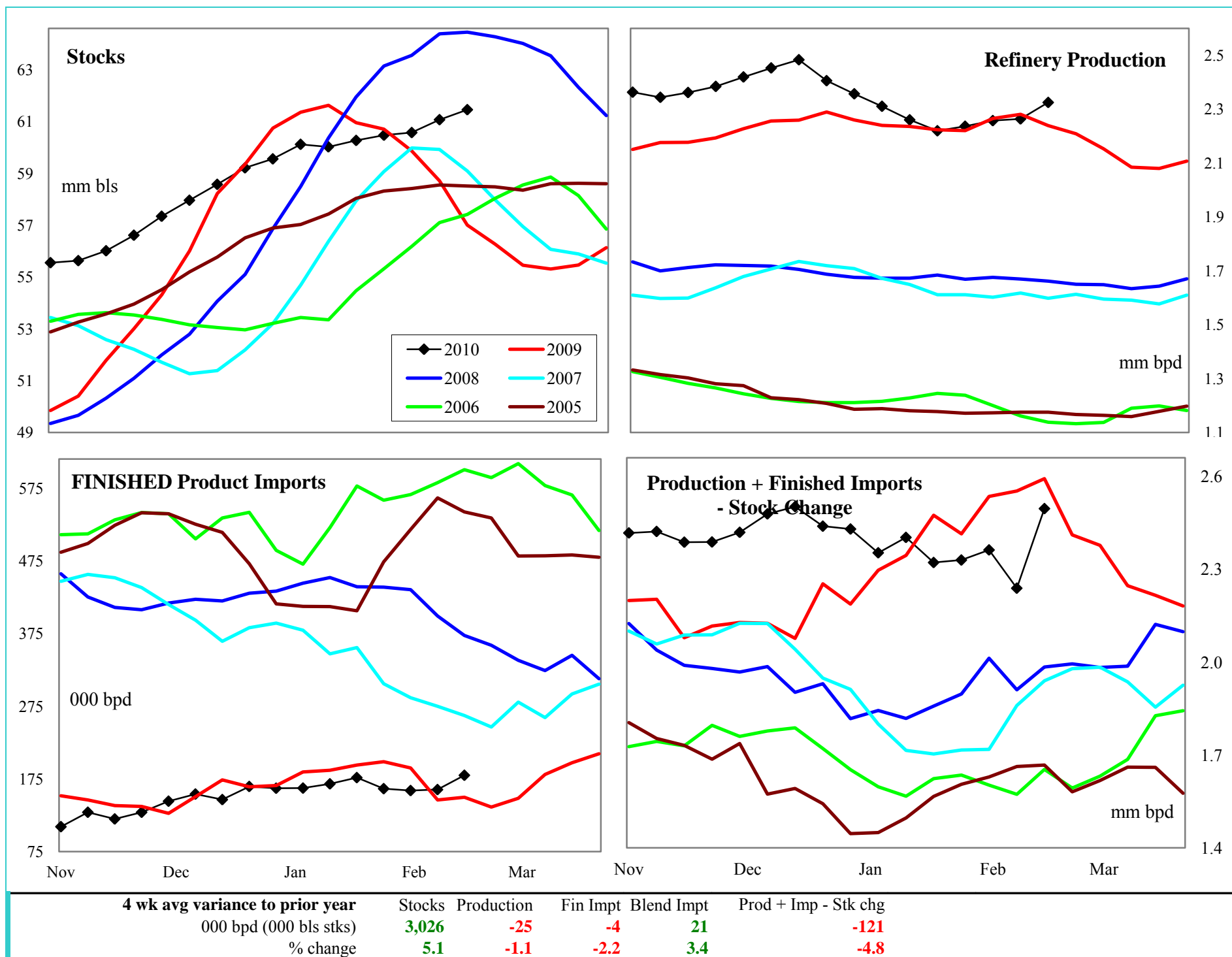
United States Residual Fuel Oil Supply and Demand Balance



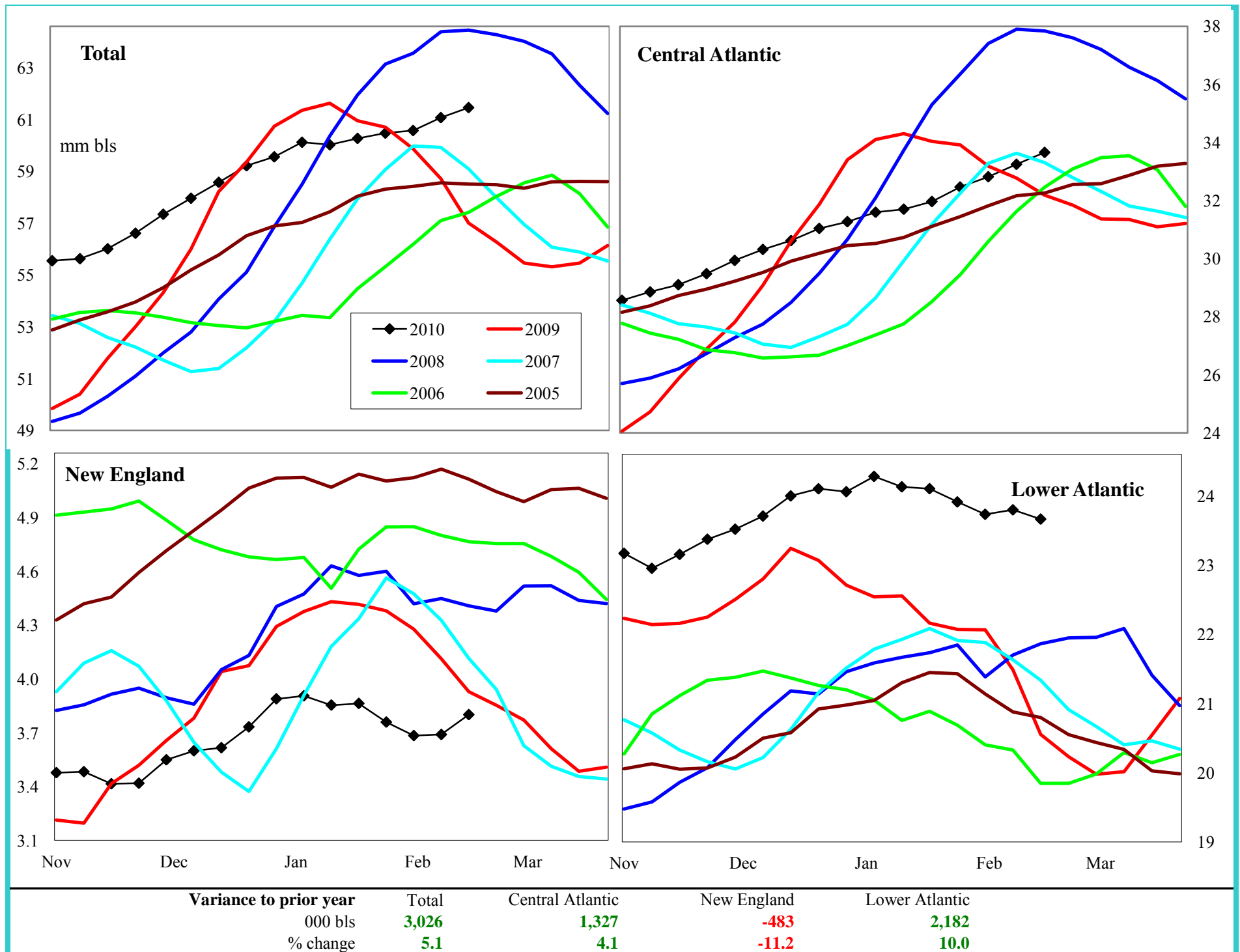
PADD 1 Crude Oil Supply and Refining



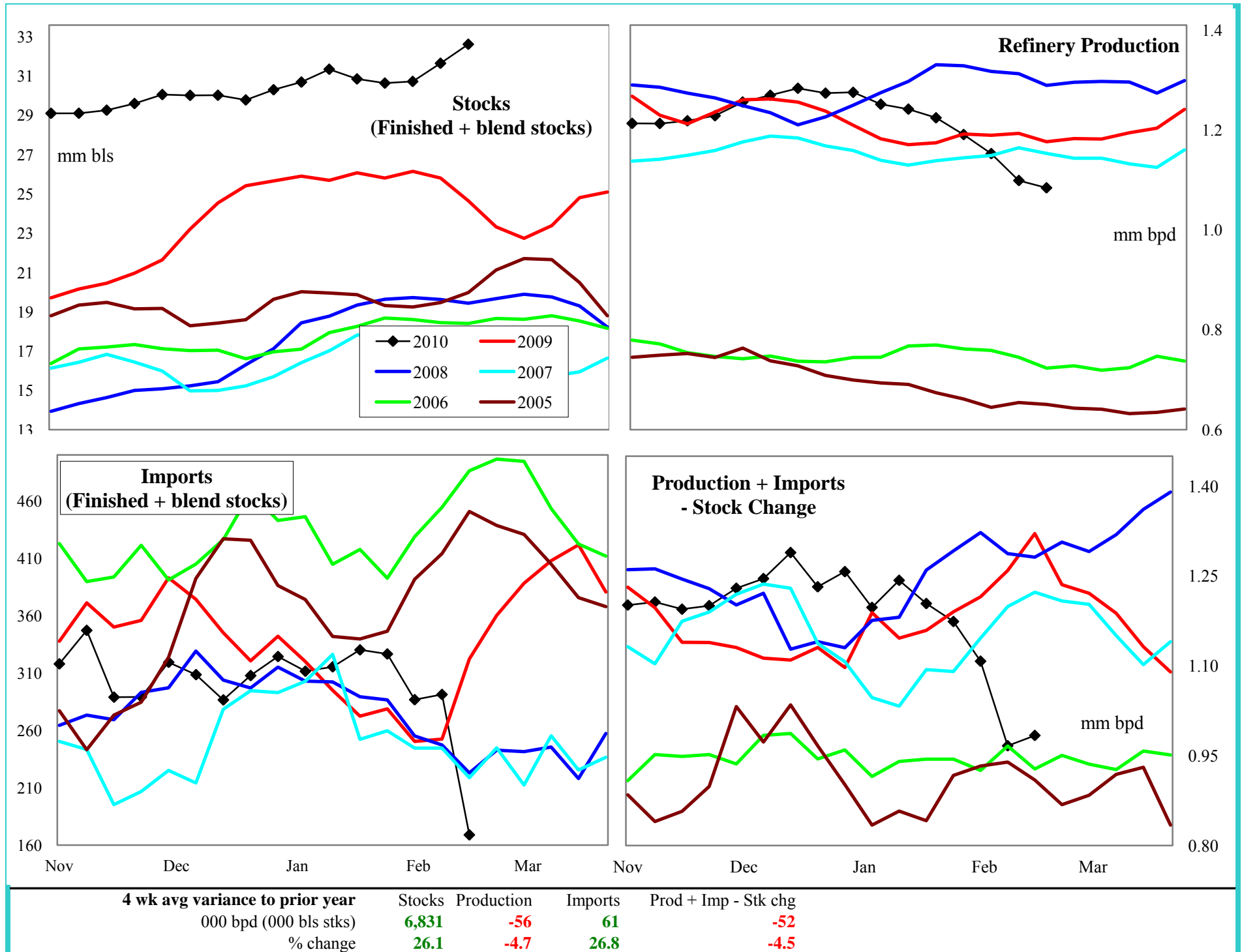
PADD 1 Gasoline Supply



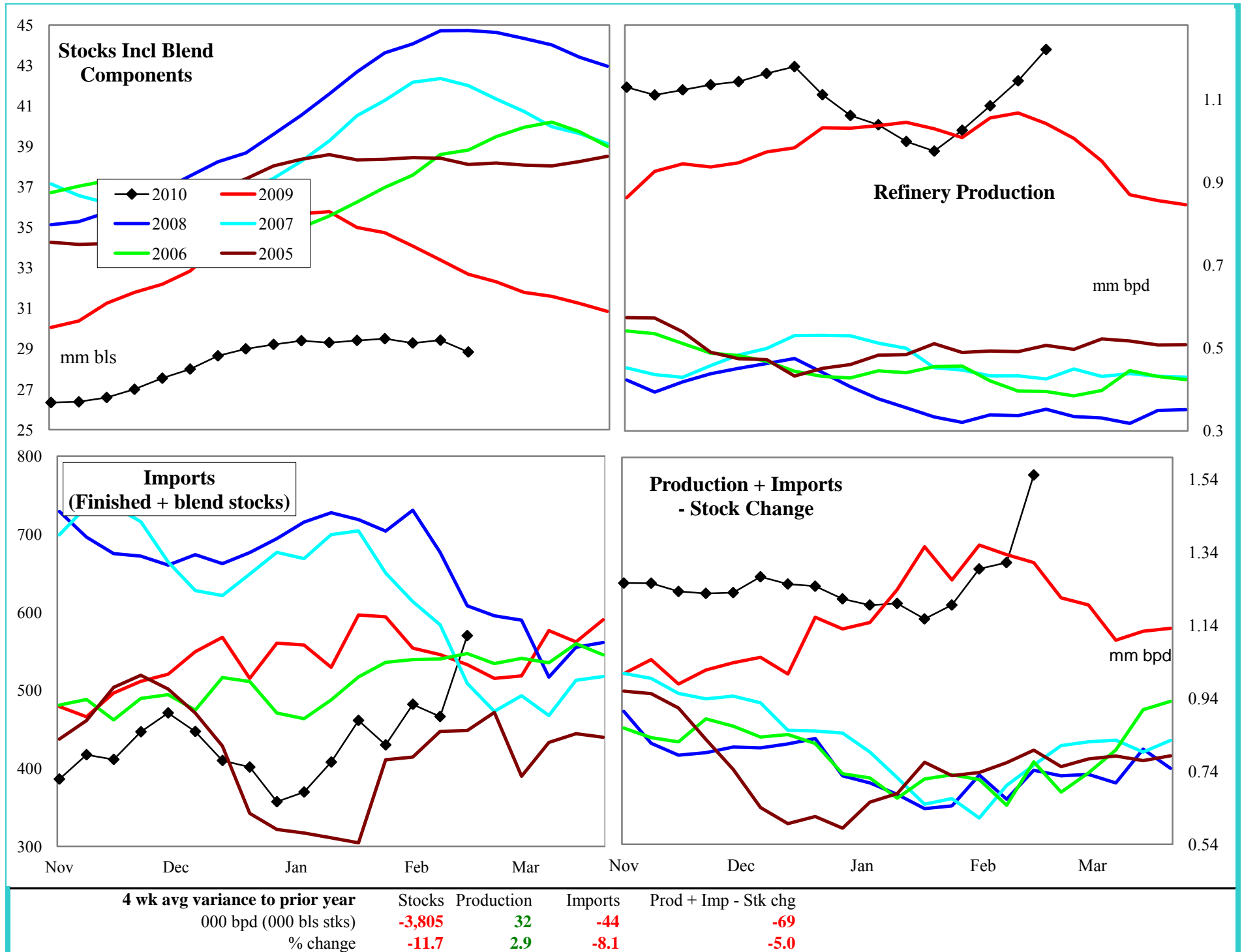
PADD 1 Gasoline Stocks by Region



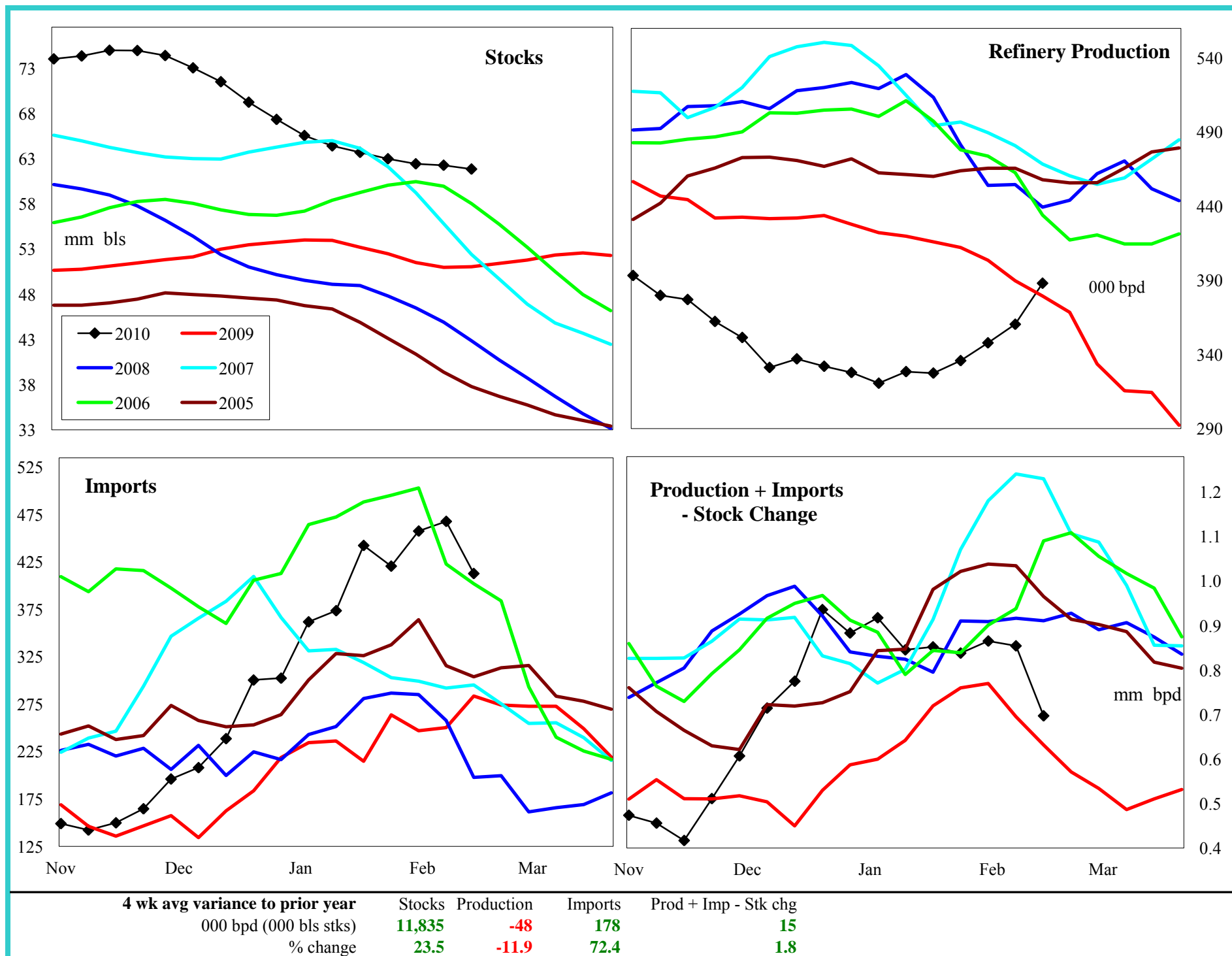
PADD 1 Reformulated Gasoline Supply



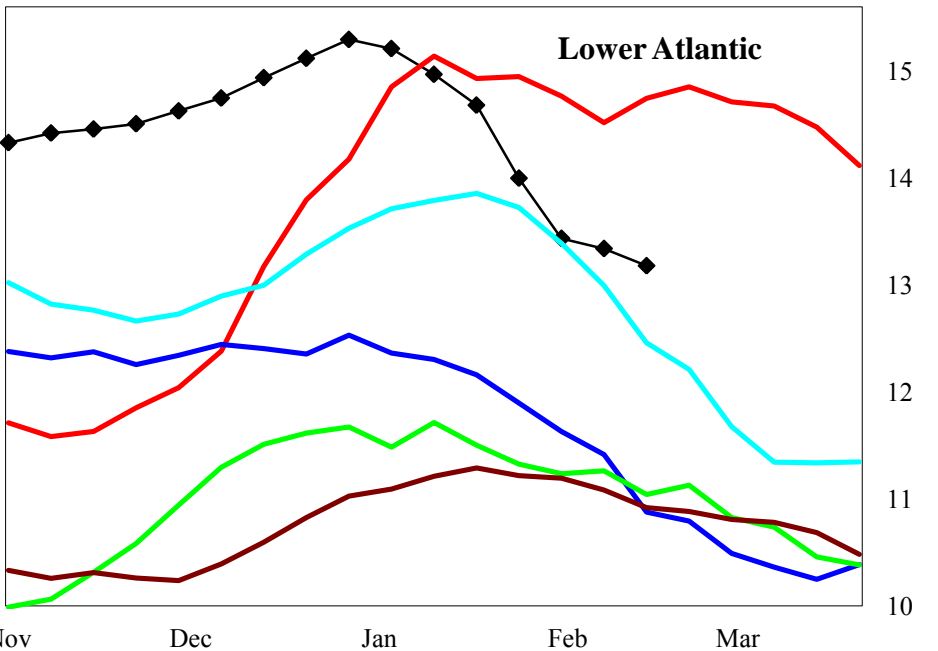
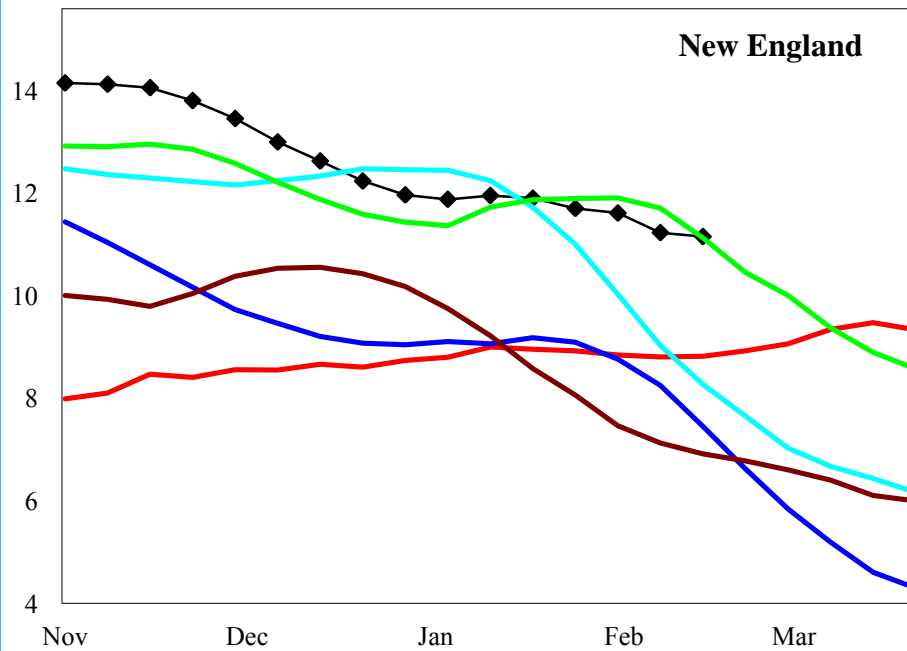
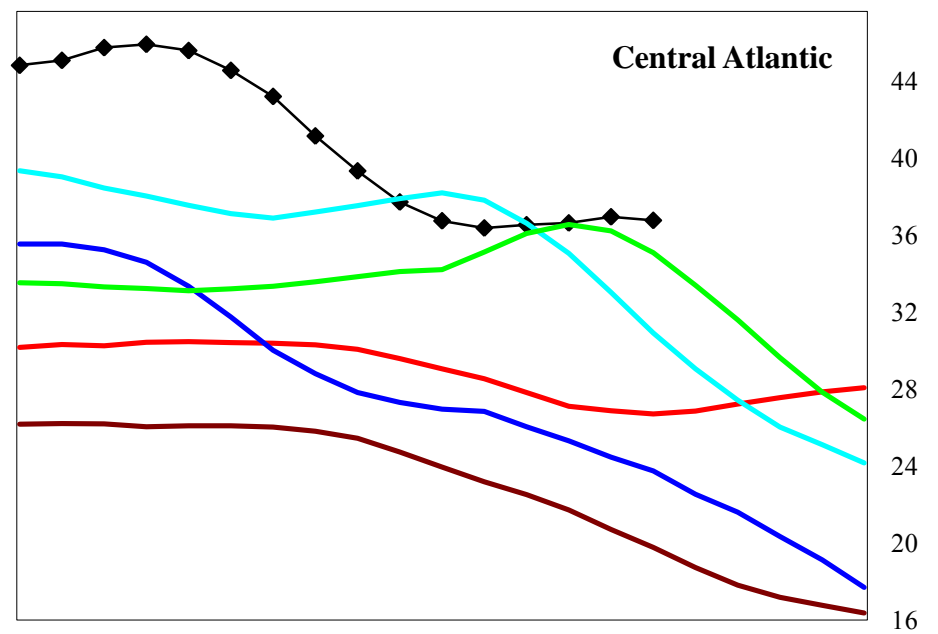
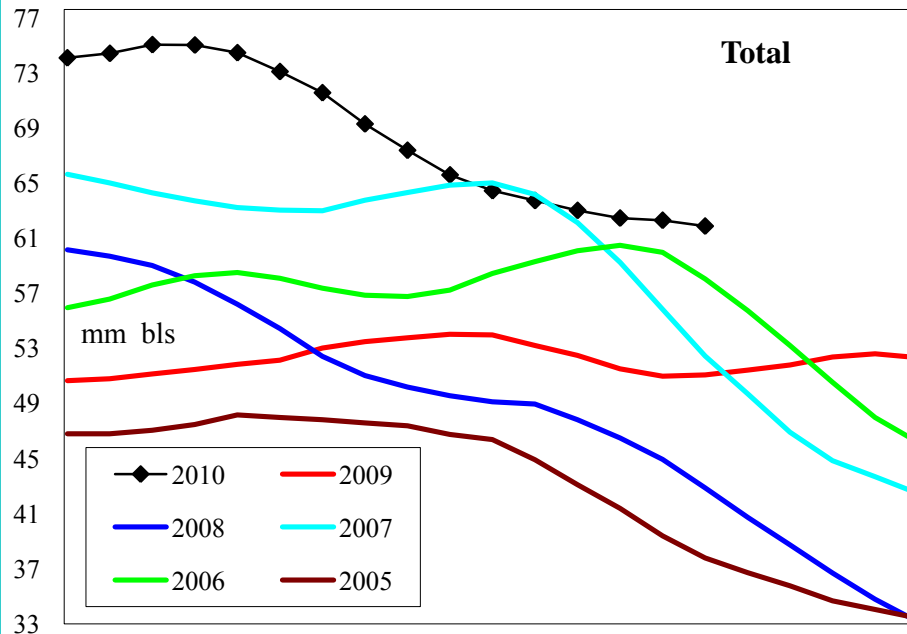
PADD 1 Conventional Gasoline Supply



PADD 1 Distillate Supply



PADD 1 Distillate Stocks by Region



Variance to prior year

000 bls

% change

Total

11,835

23.5

Central Atlantic

10,100

37.3

New England

2,741

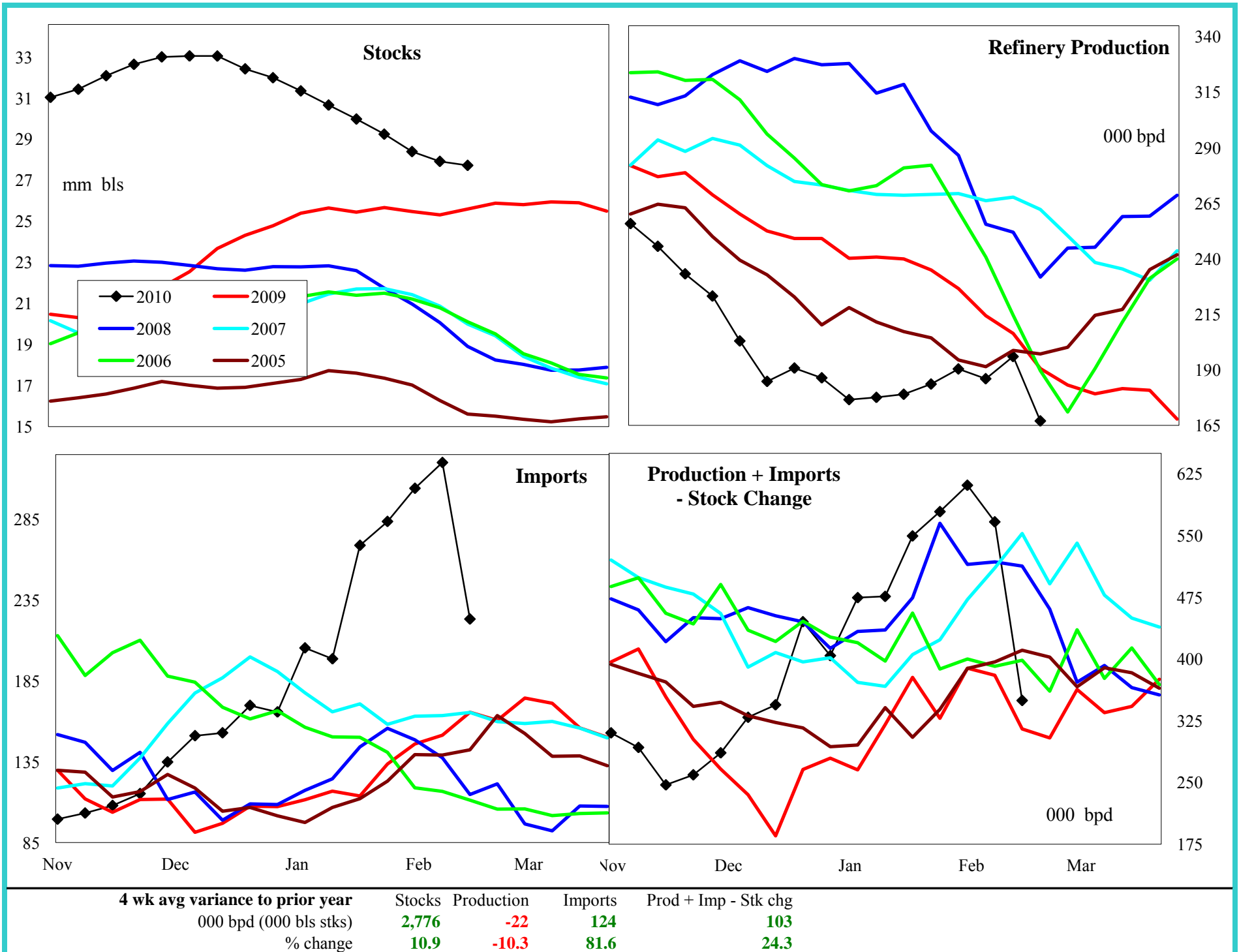
31.1

Lower Atlantic

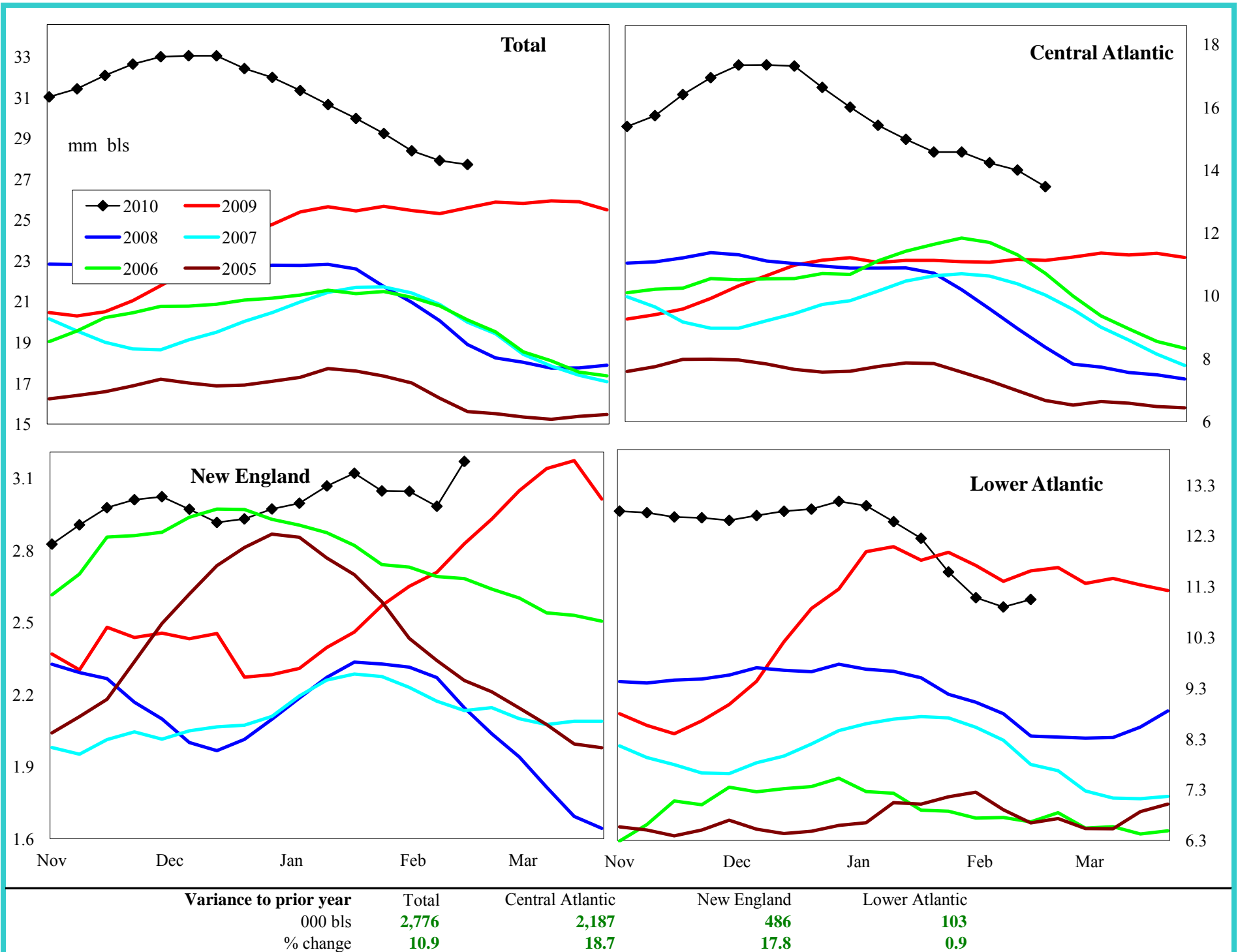
-1,006

-6.9

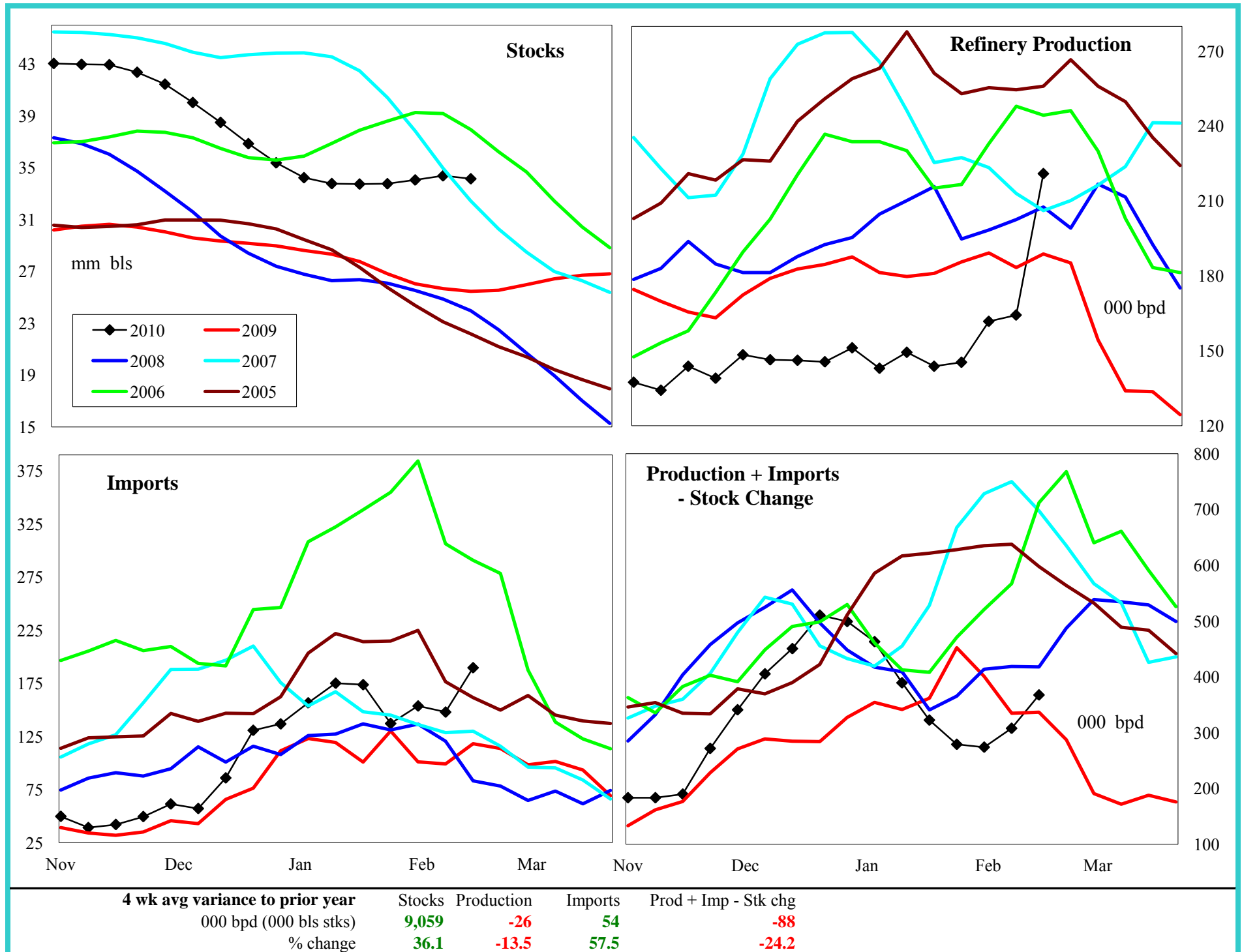
PADD 1 Low Sulfur Distillate Supply



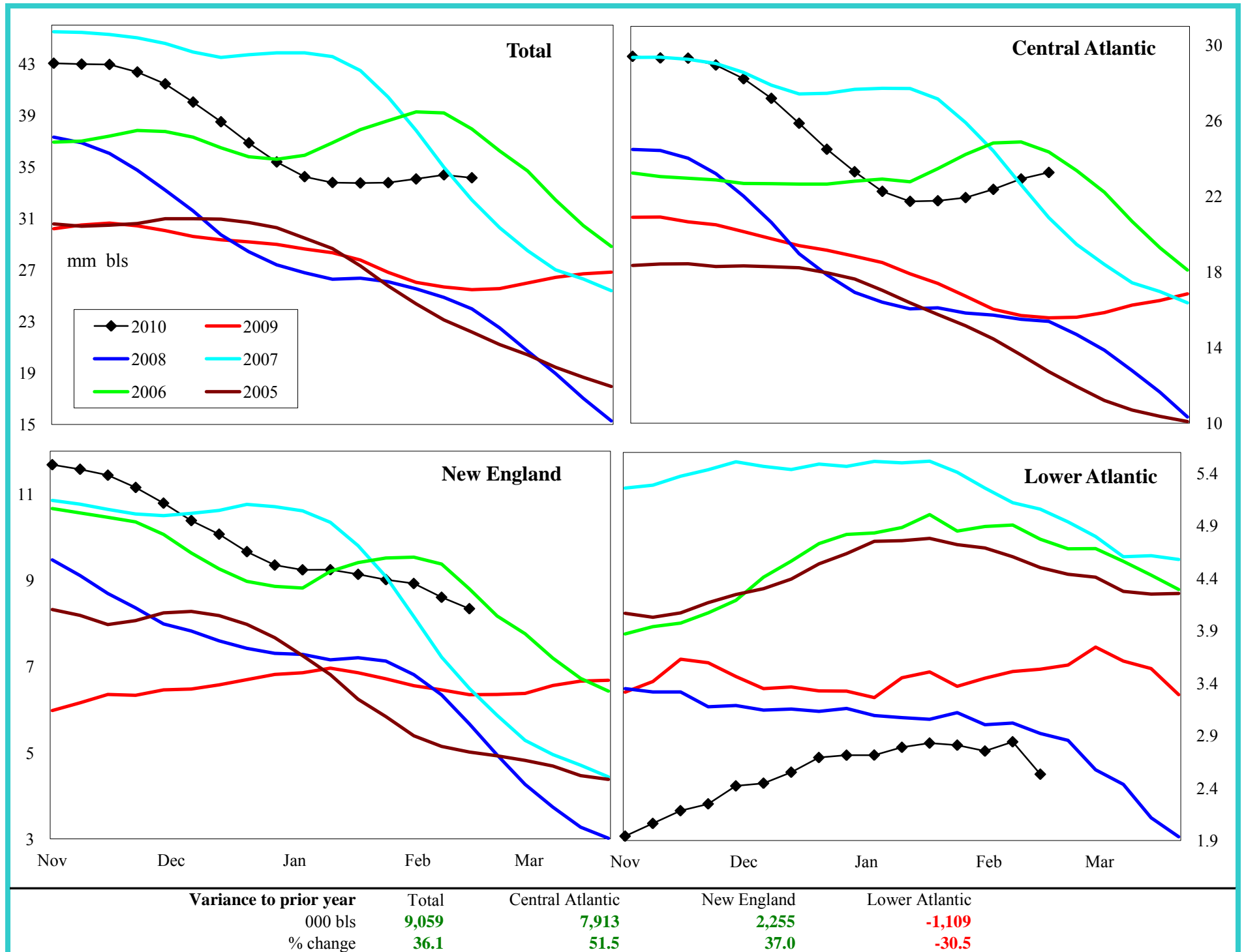
PADD 1 Low Sulfur Distillate Stocks by Region



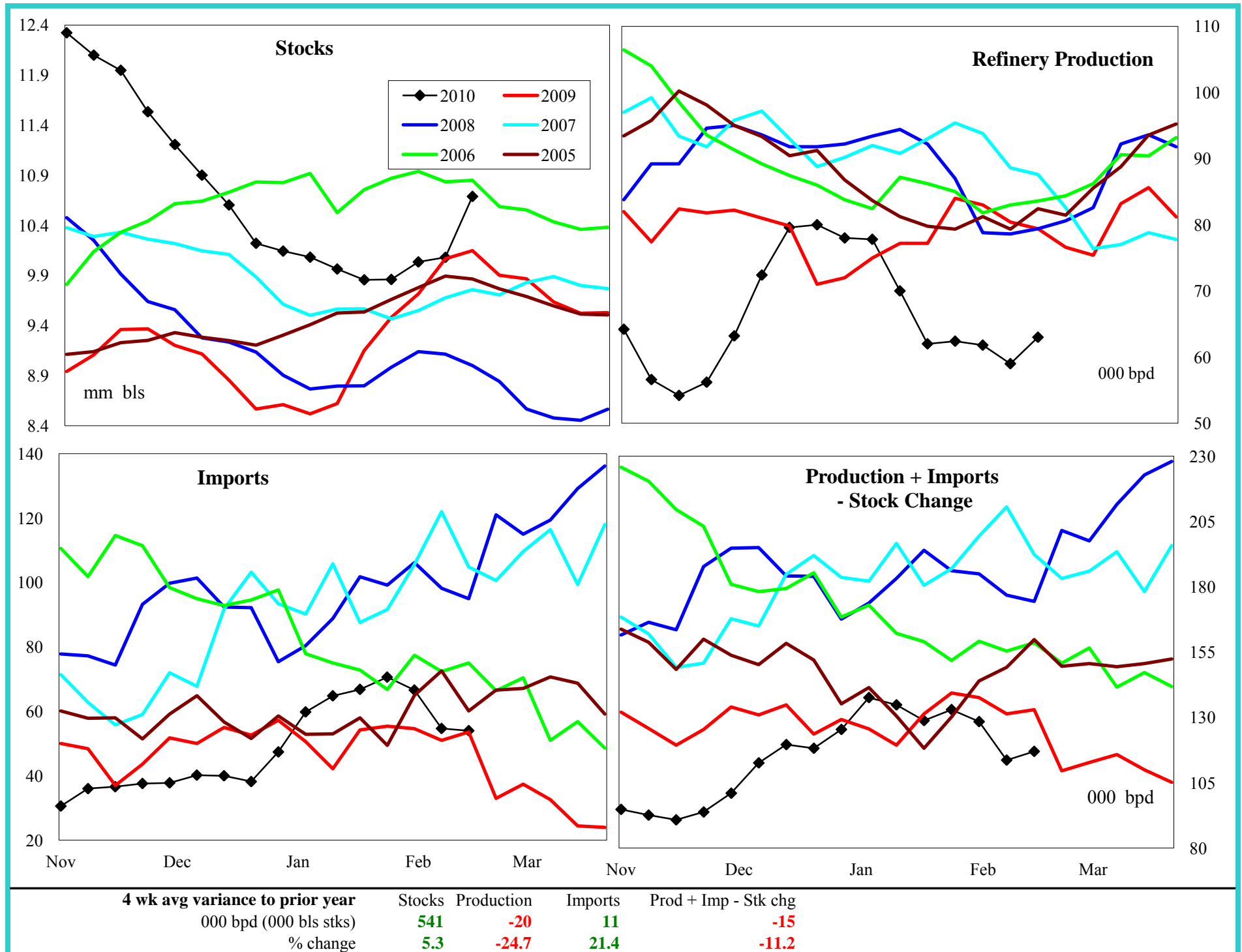
PADD 1 High Sulfur Distillate Supply



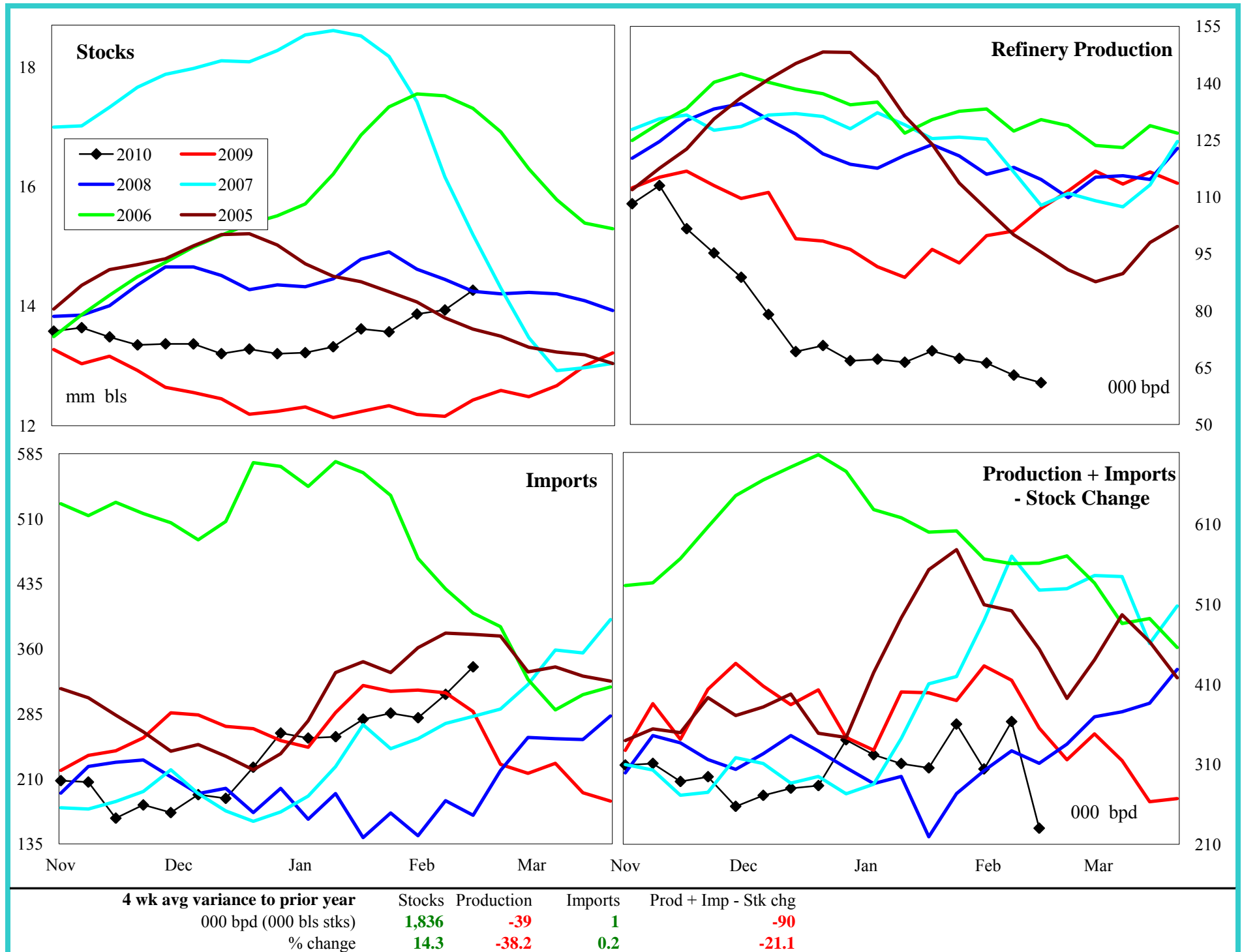
PADD 1 High Sulfur Distillate Stocks by Region



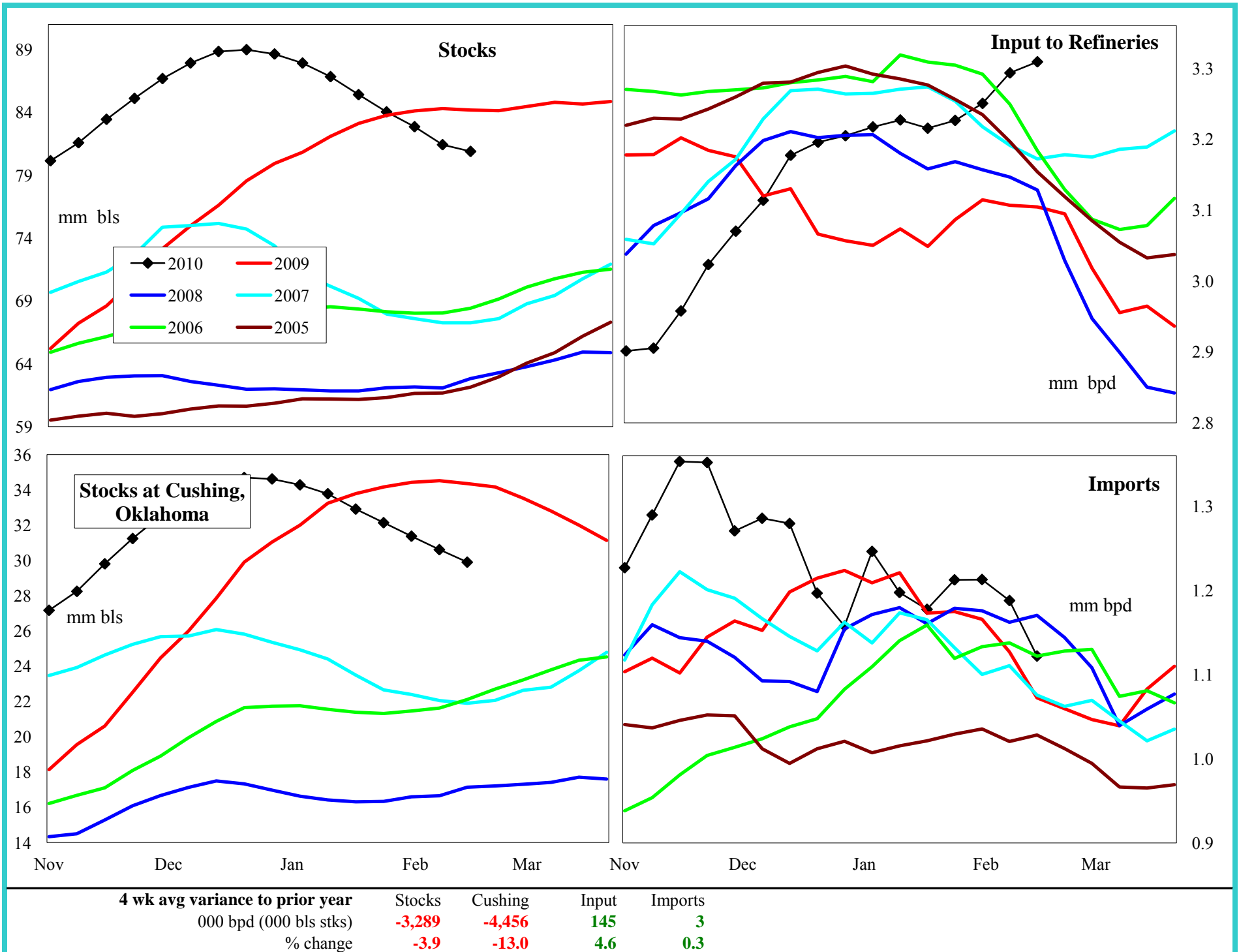
PADD 1 Jet Fuel Supply



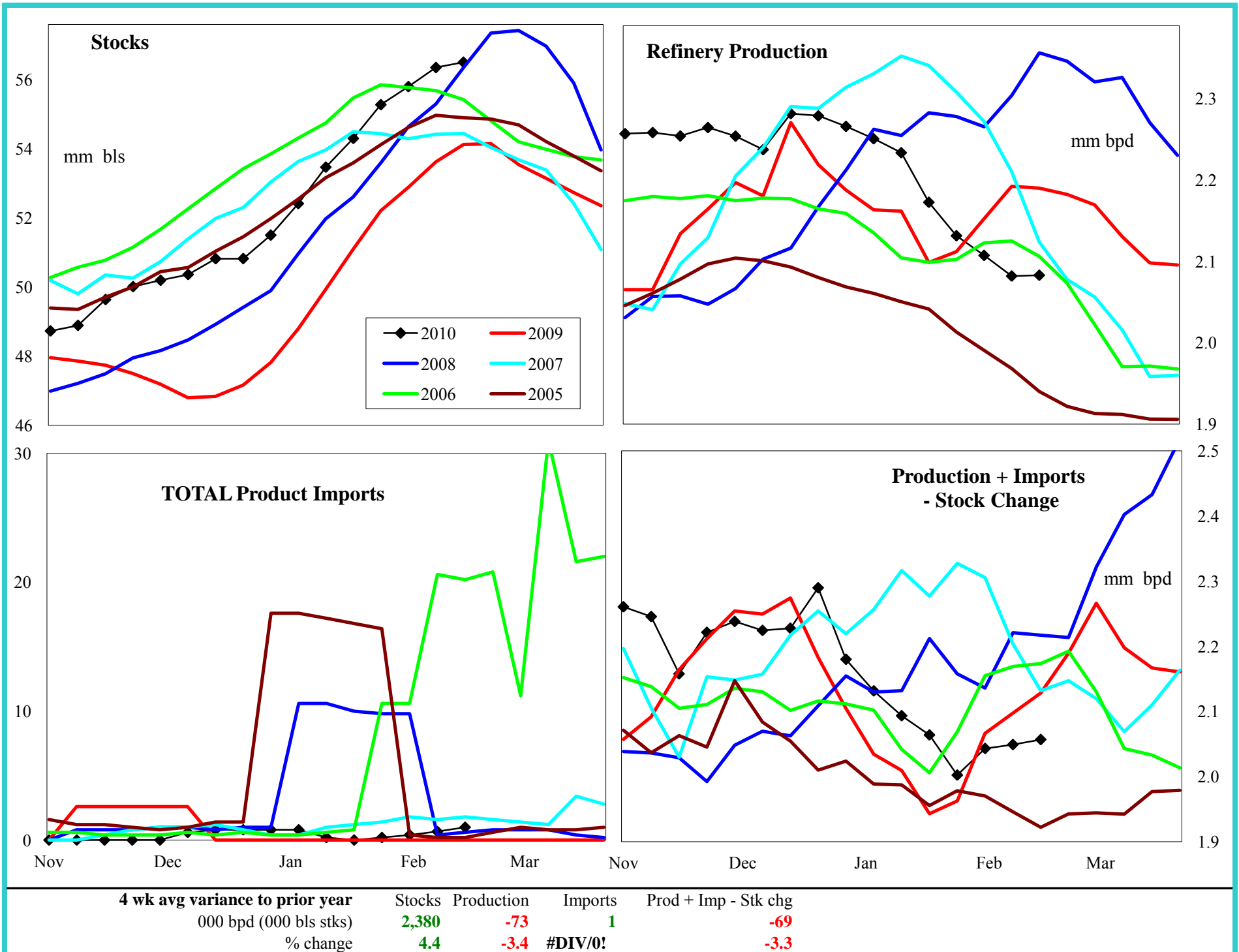
PADD 1 Residual Fuel Oil Supply

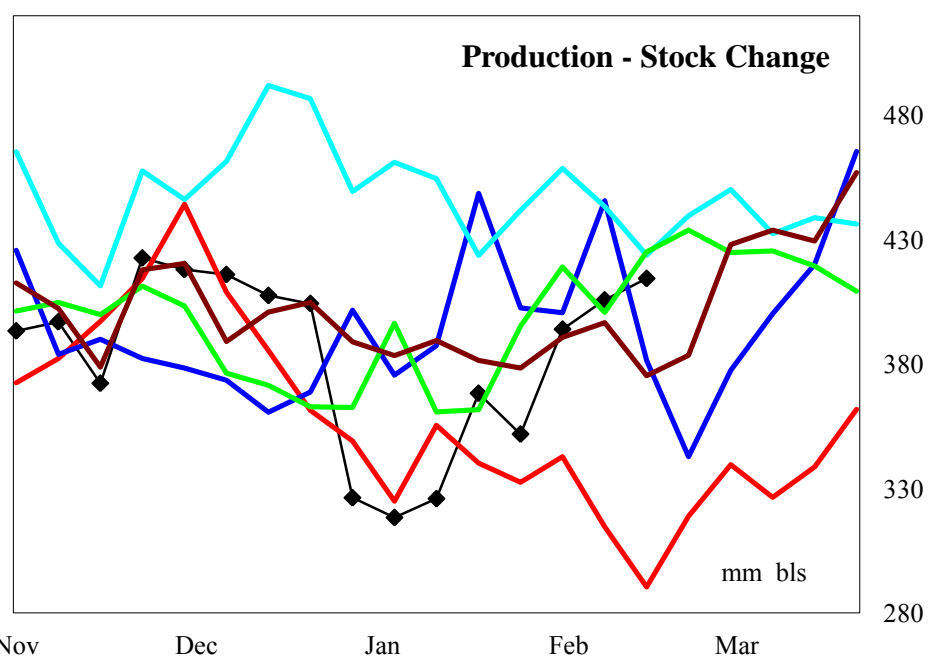
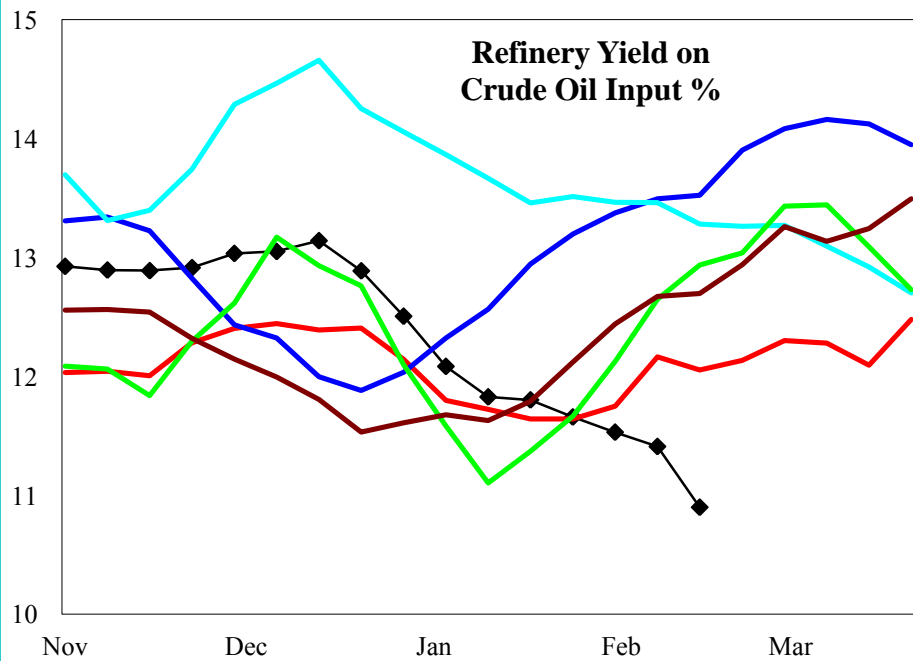
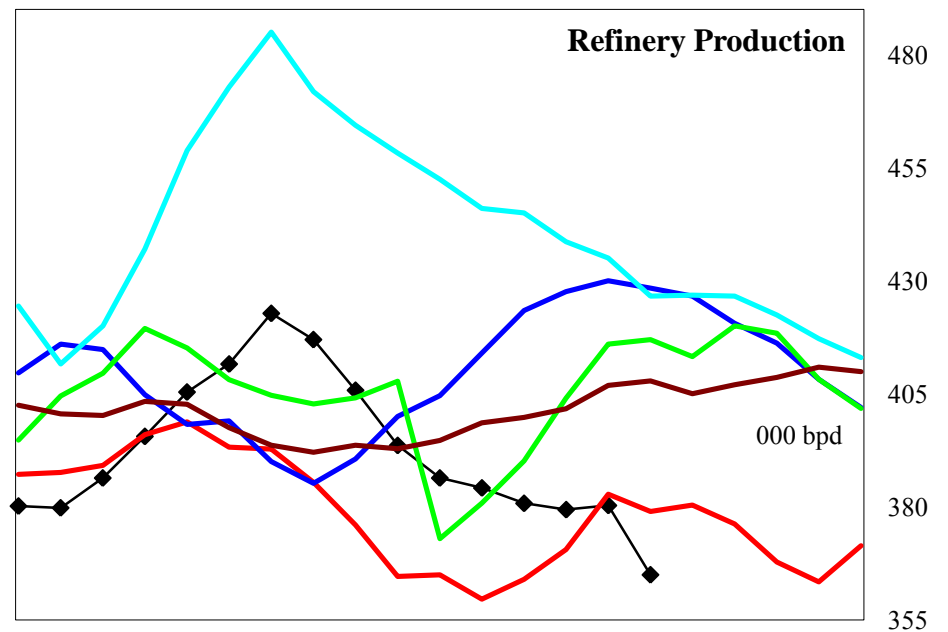
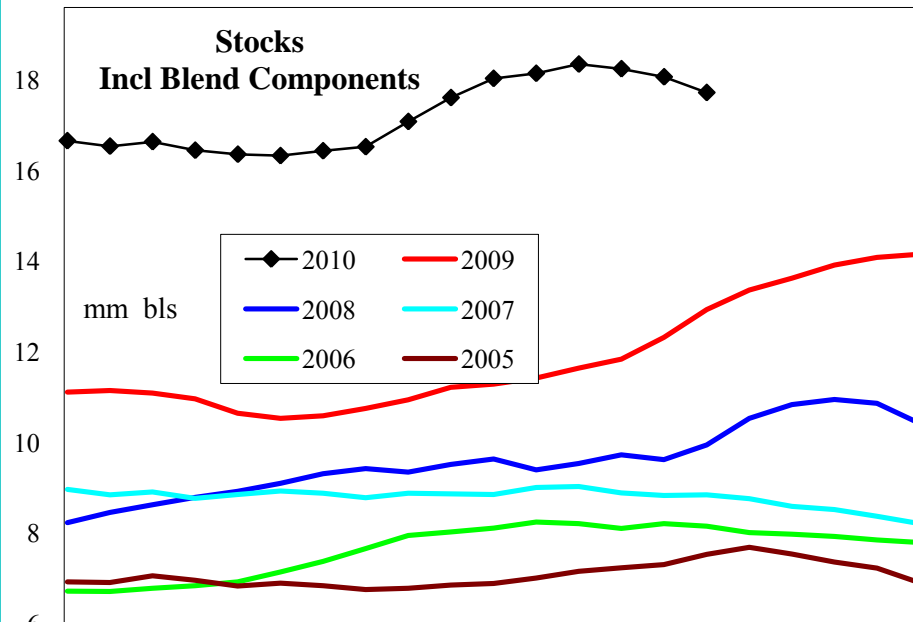


PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply





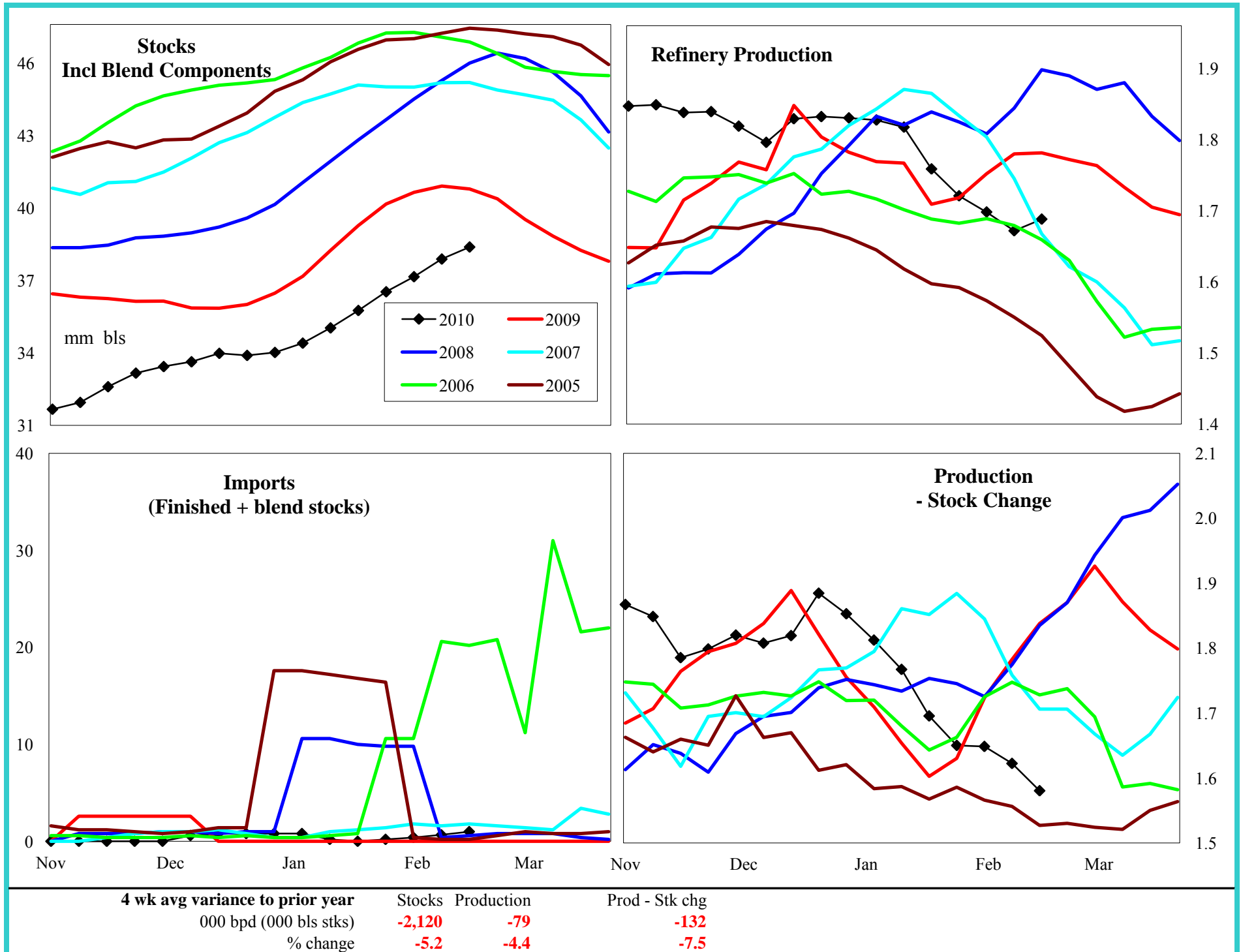
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks
4,784
35.9

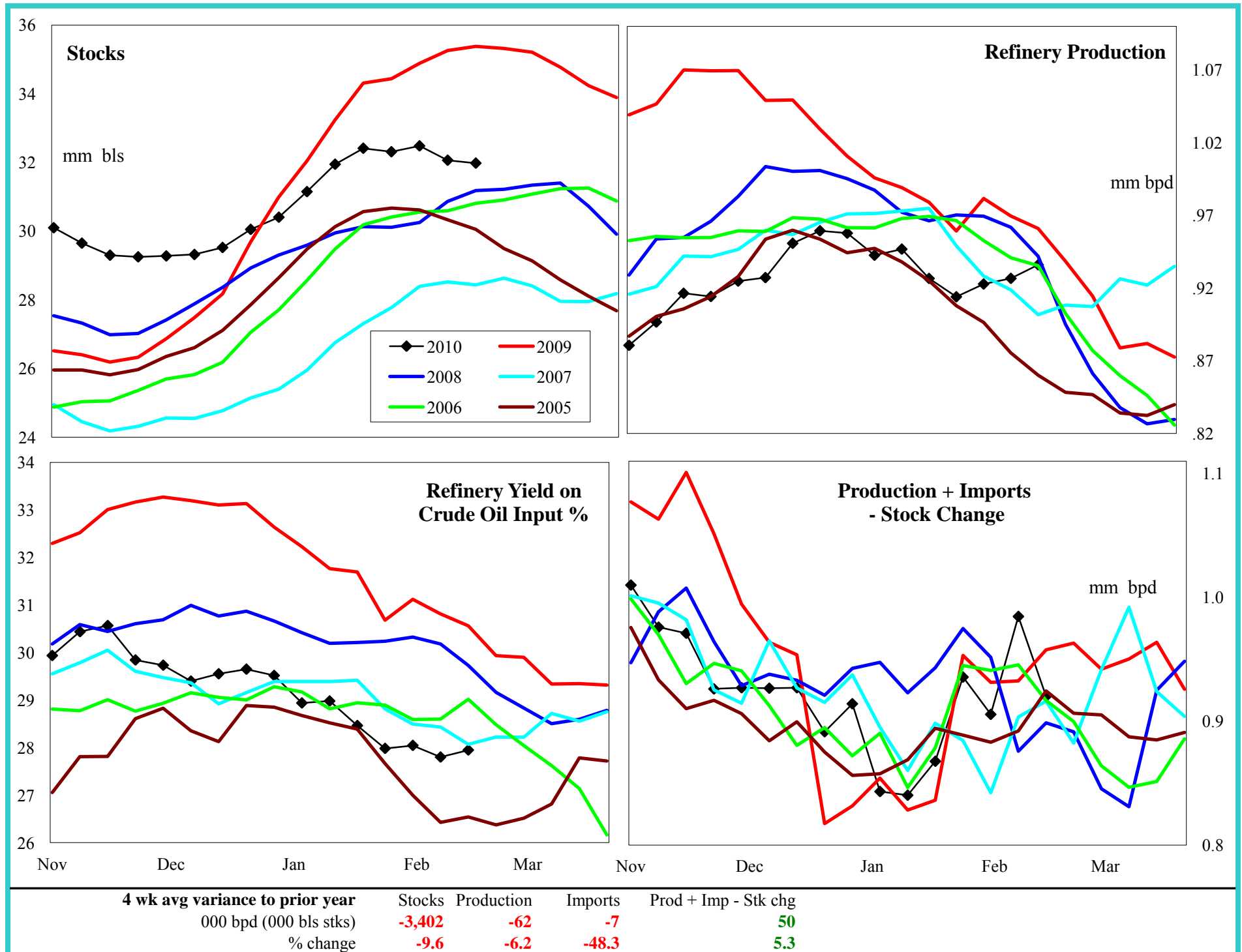
Production
2
0.6

Prod - Stk chg
71
22.3

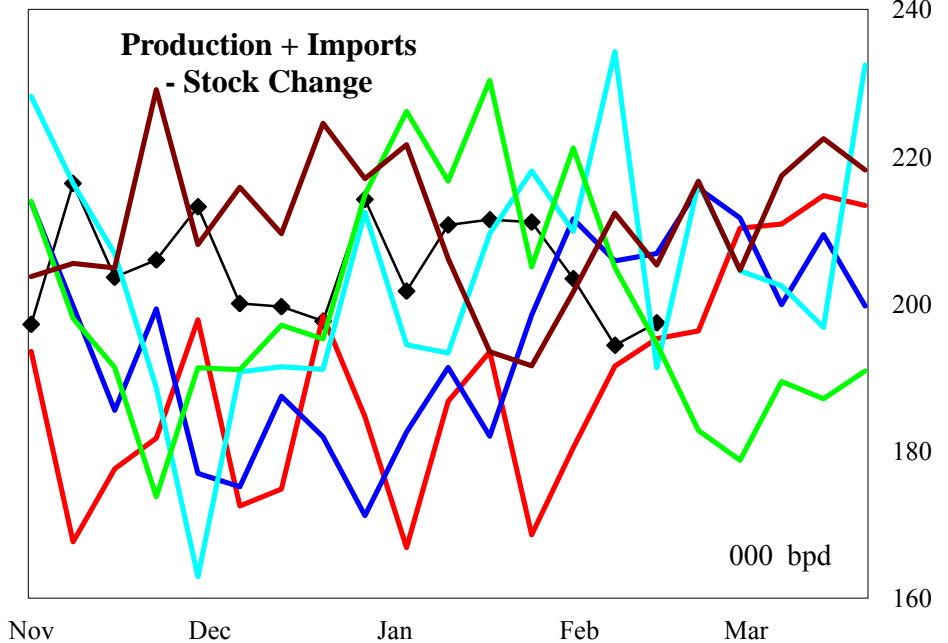
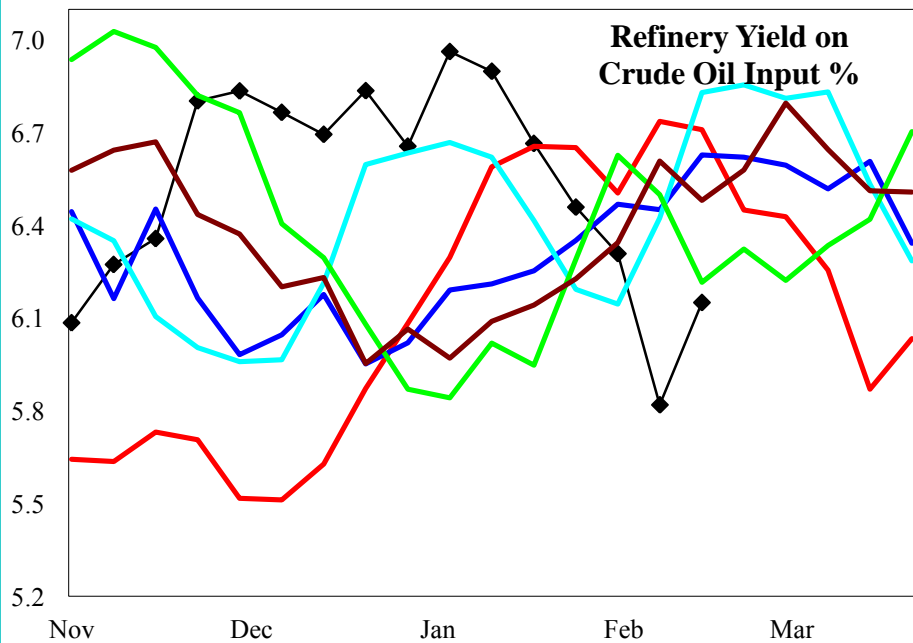
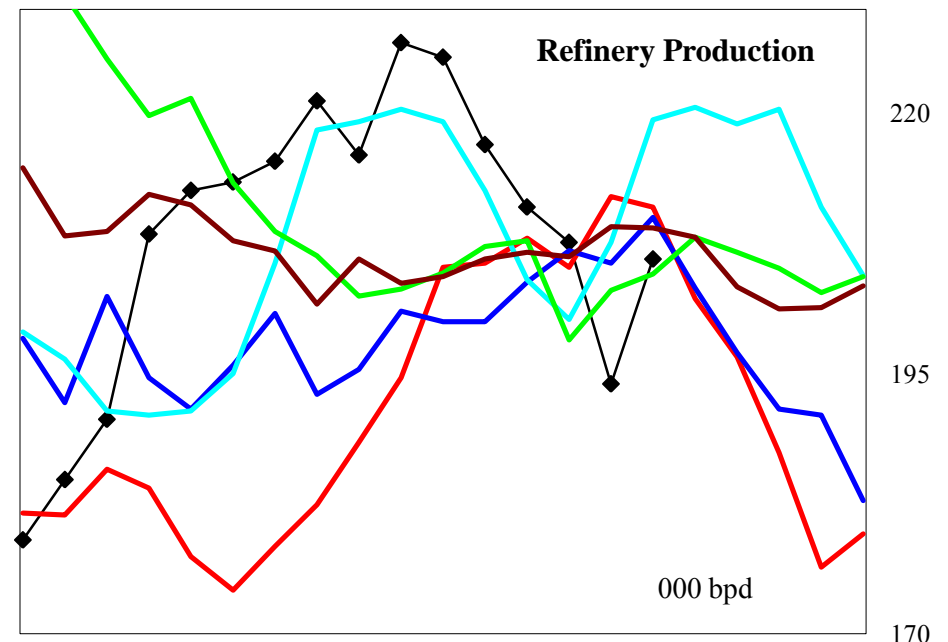
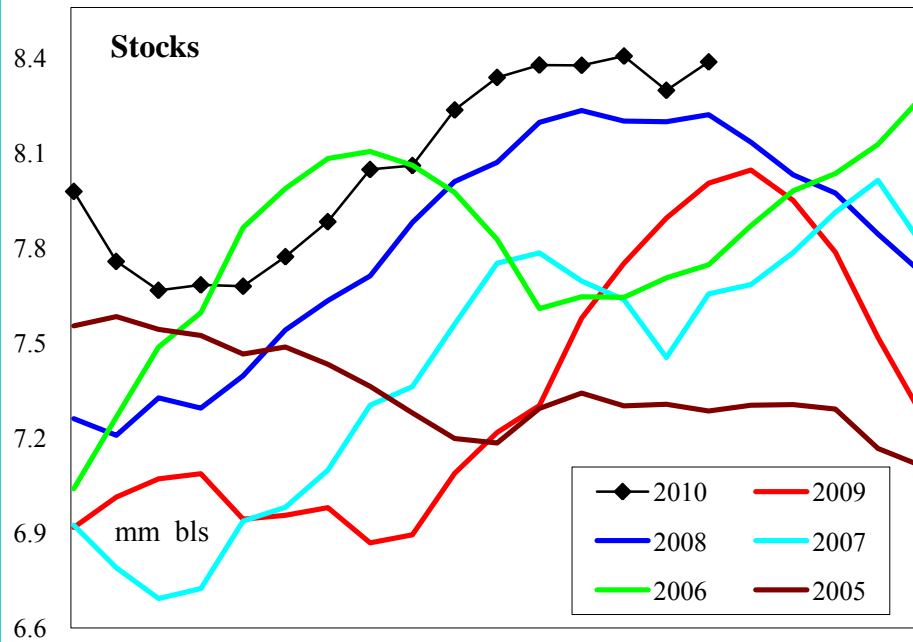
PADD 2 Conventional Gasoline Supply



PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

383

-14

0

21

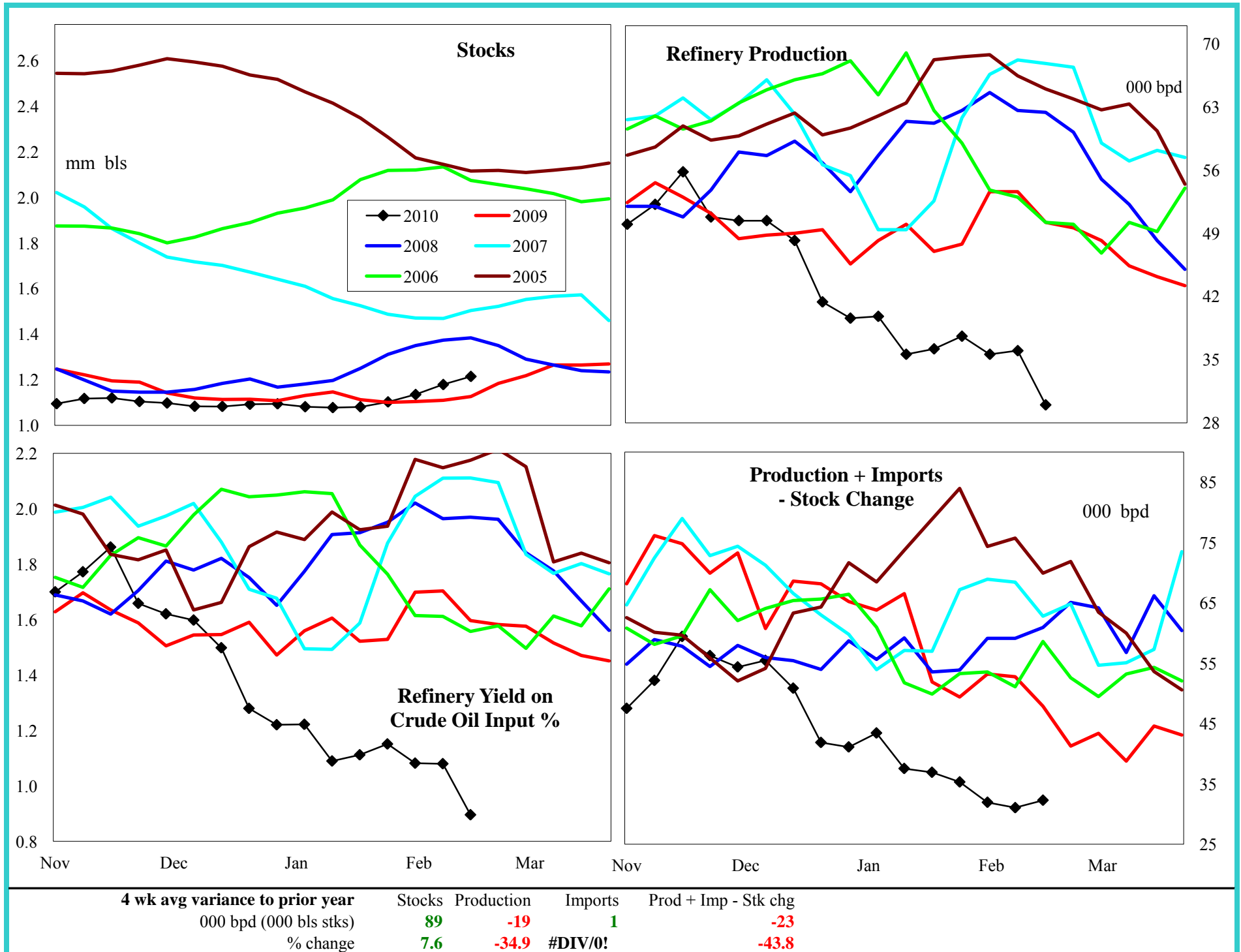
4.8

-6.7

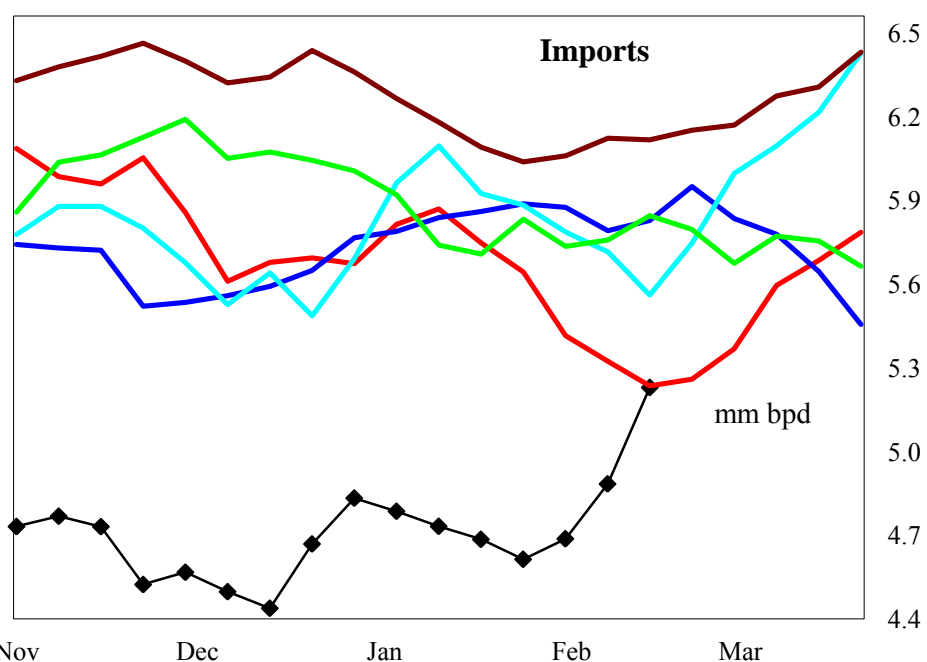
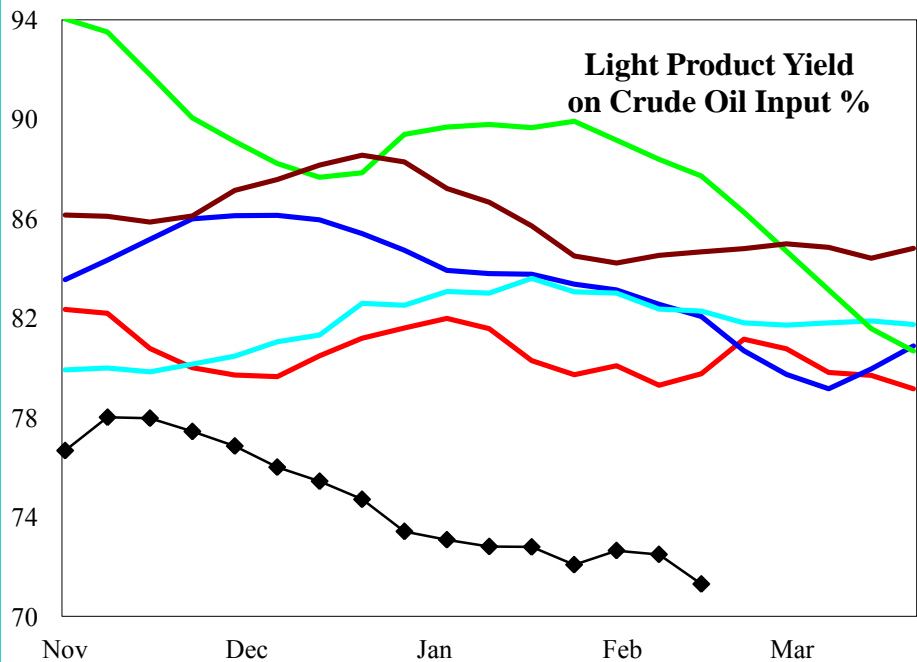
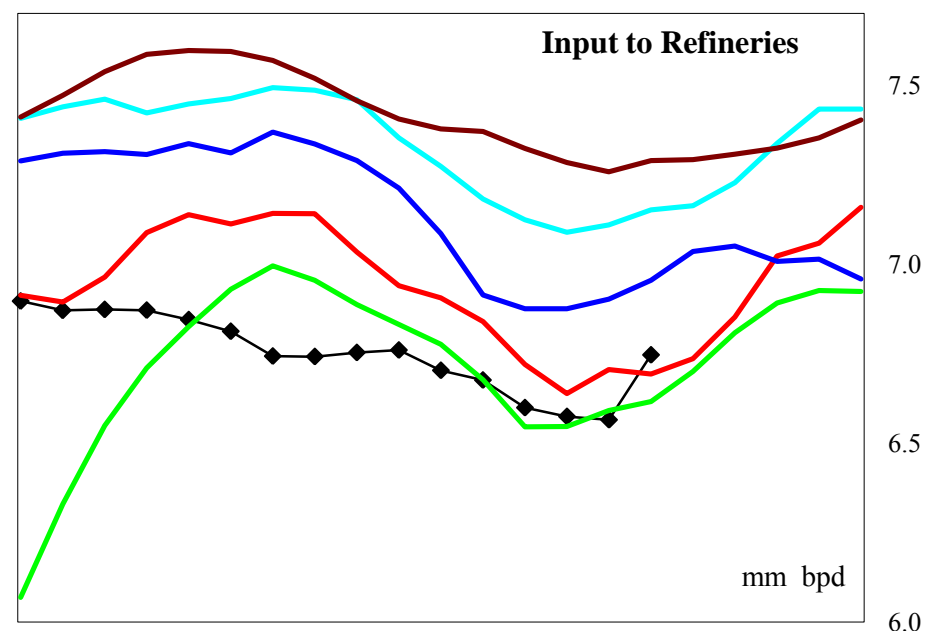
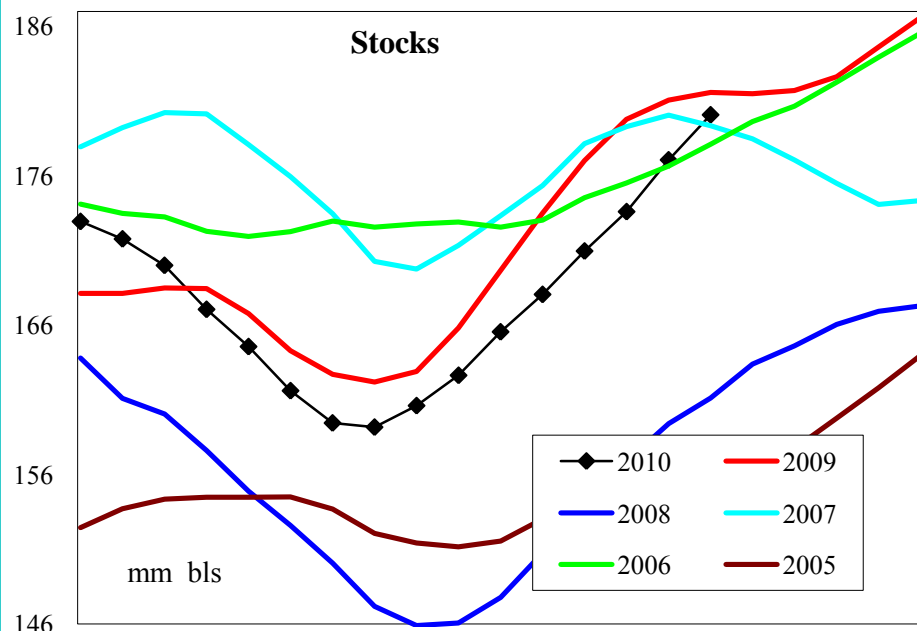
#DIV/0!

11.1

PADD 2 Residual Fuel Oil Supply



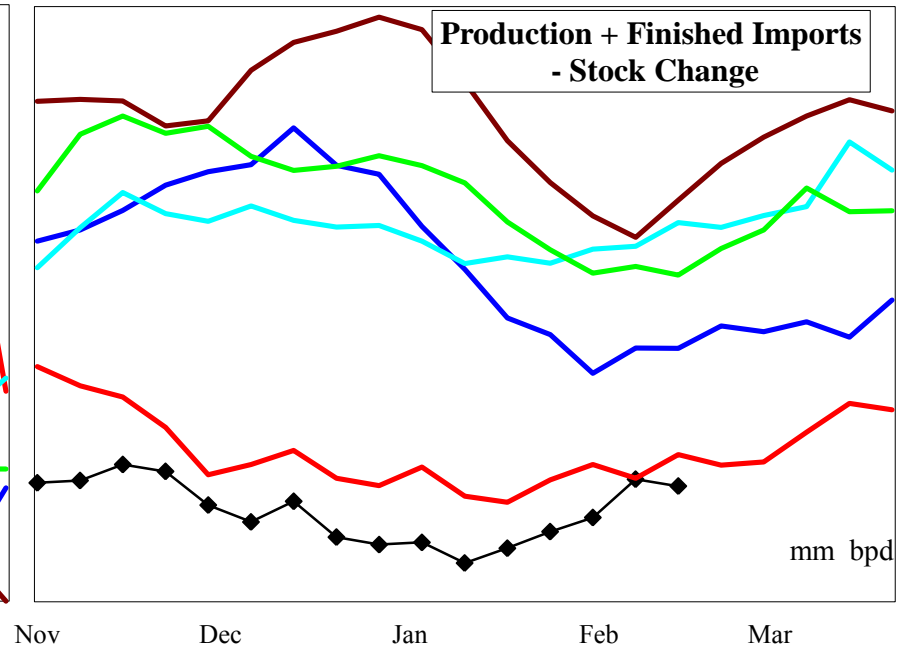
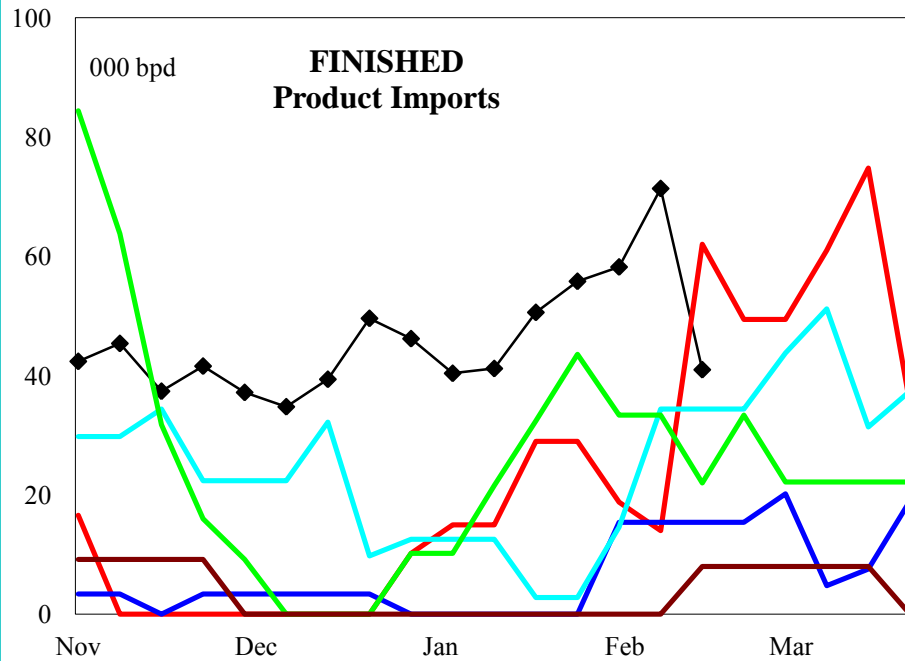
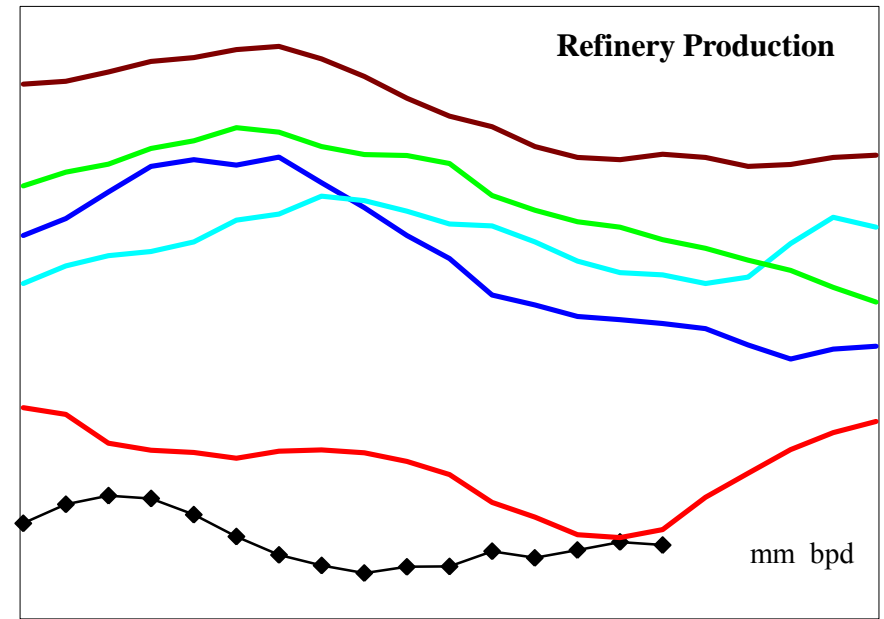
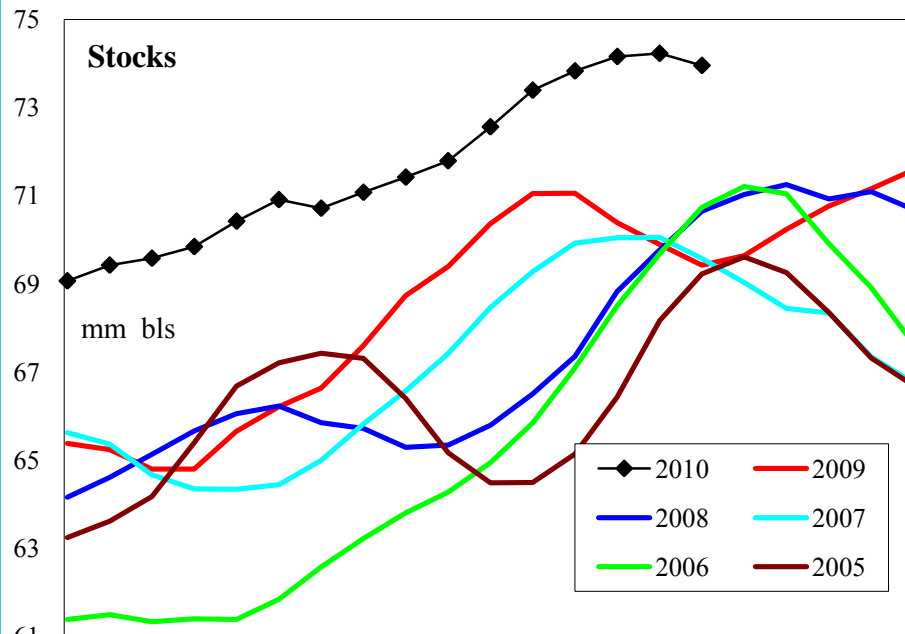
PADD 3 Crude Oil Supply and Refining



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

	Stocks	Input	Imports
000 bpd (000 bls stks)	-1,515	-75	-540
% change	-0.8	-1.1	-10.0

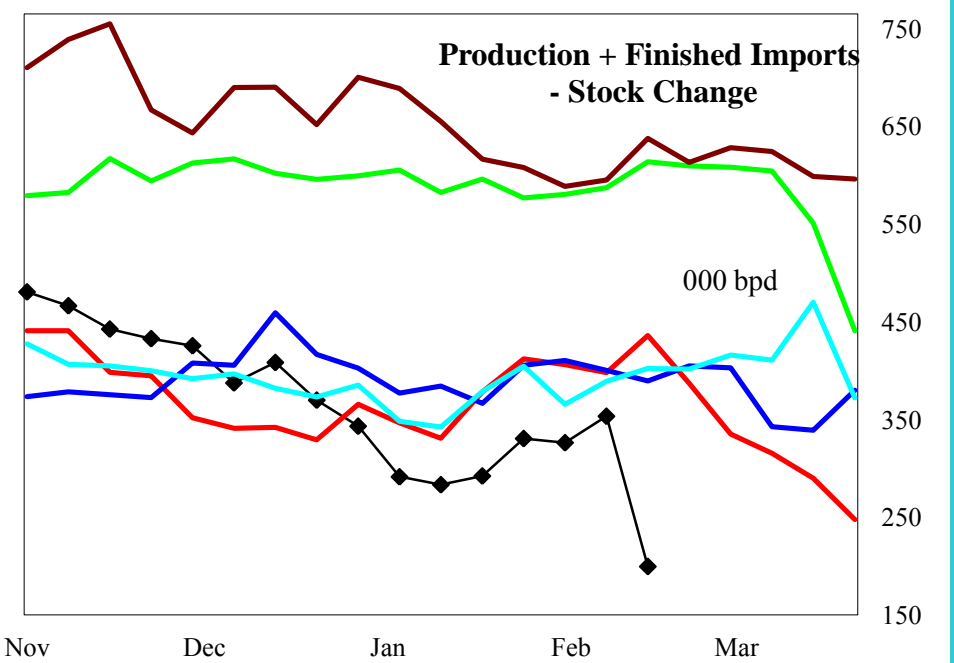
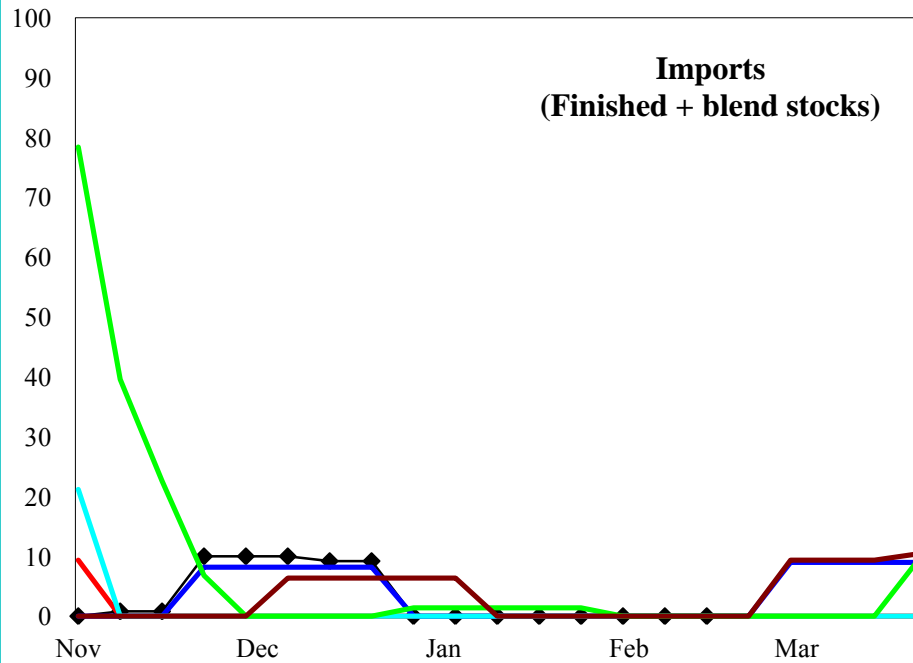
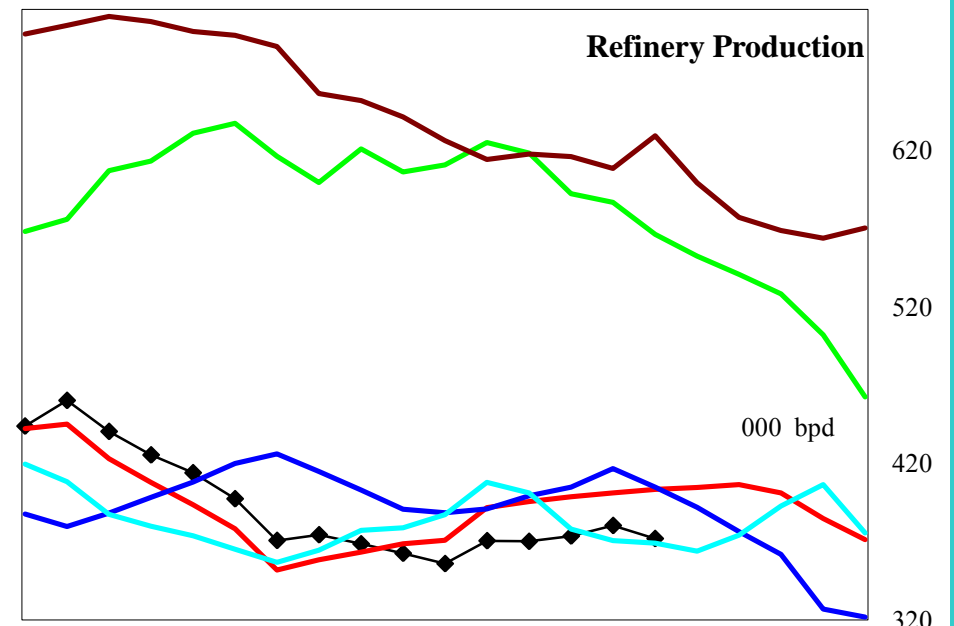
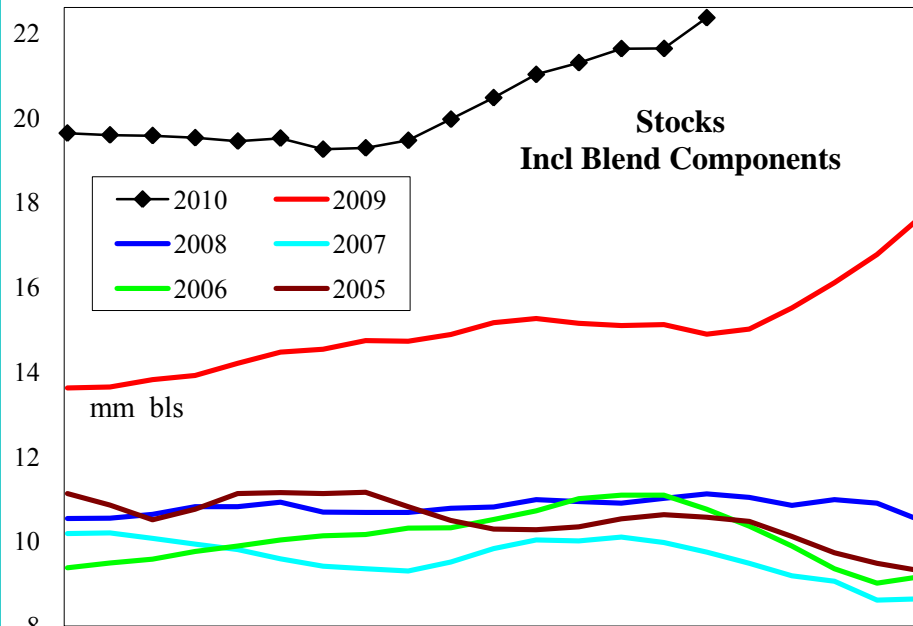
PADD 3 Gasoline Supply



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

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
5,466	-13	45	-39	-118
8.0	-0.5	257.1	-43.6	-4.4

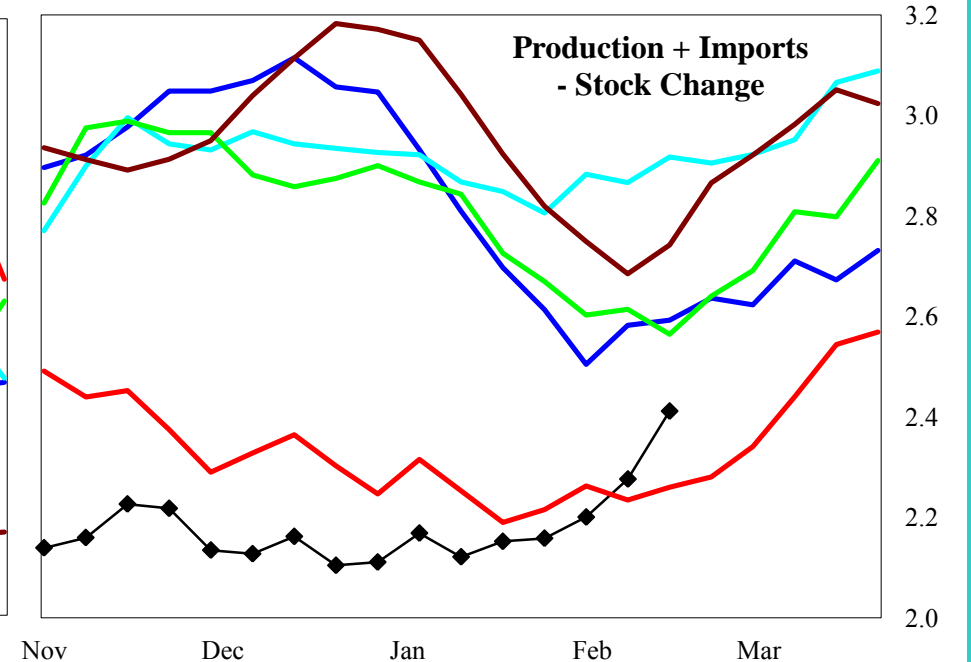
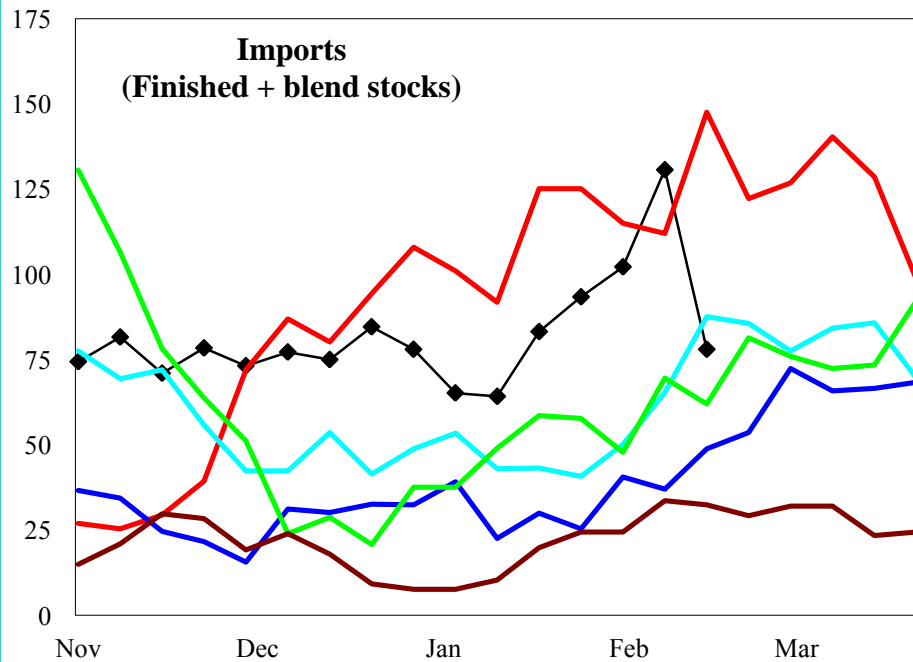
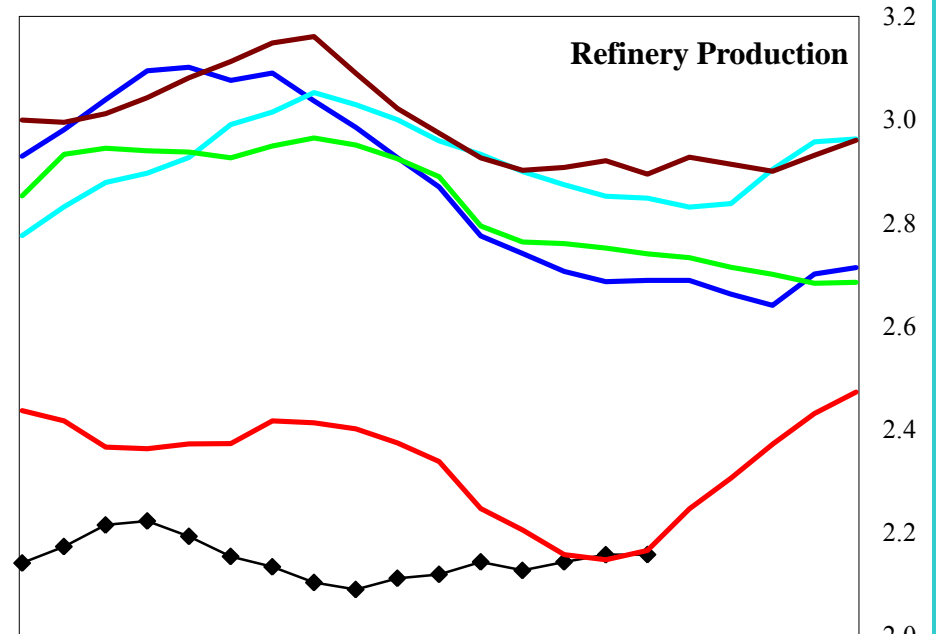
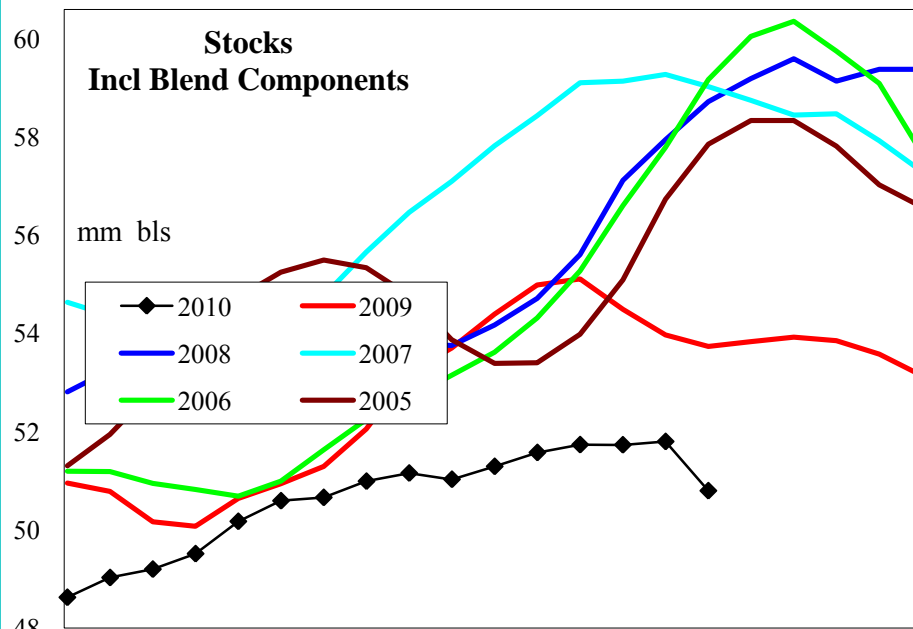
PADD 3 Reformulated Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
8,052	-24	0	-96
54.7	-6.0	#DIV/0!	-21.8

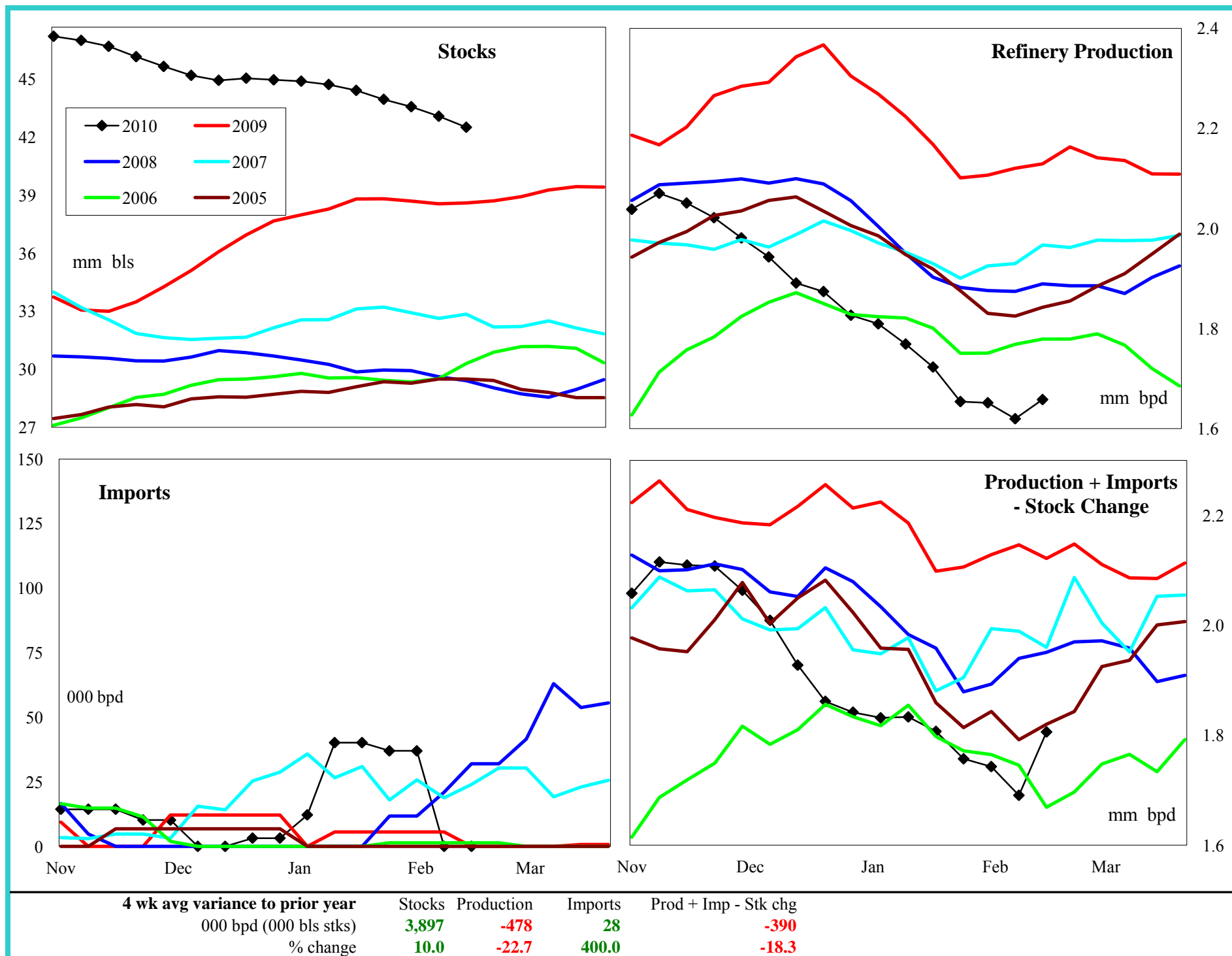
PADD 3 Conventional Gasoline Supply



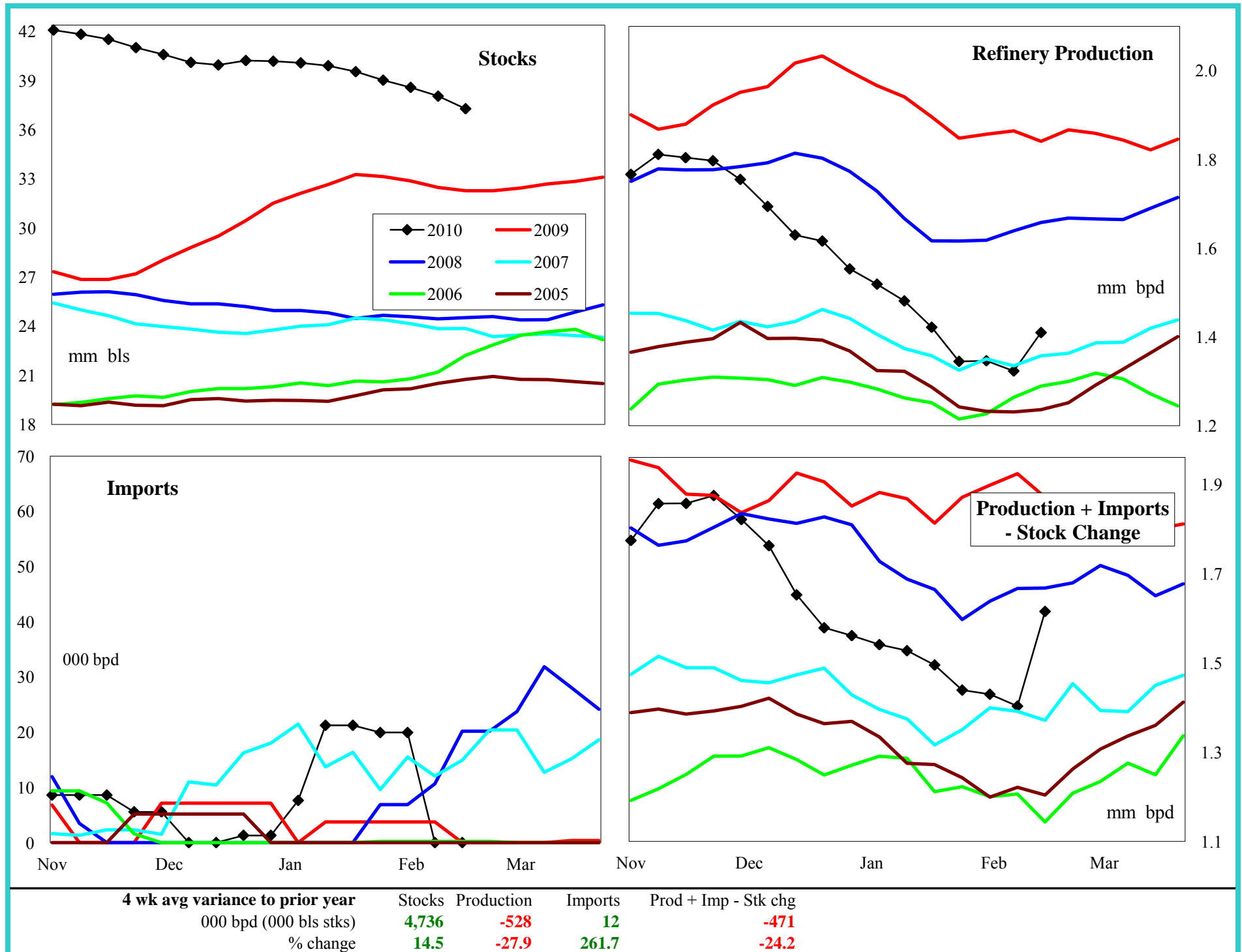
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-2,586	11	6	-22
-4.8	0.5	5.6	-1.0

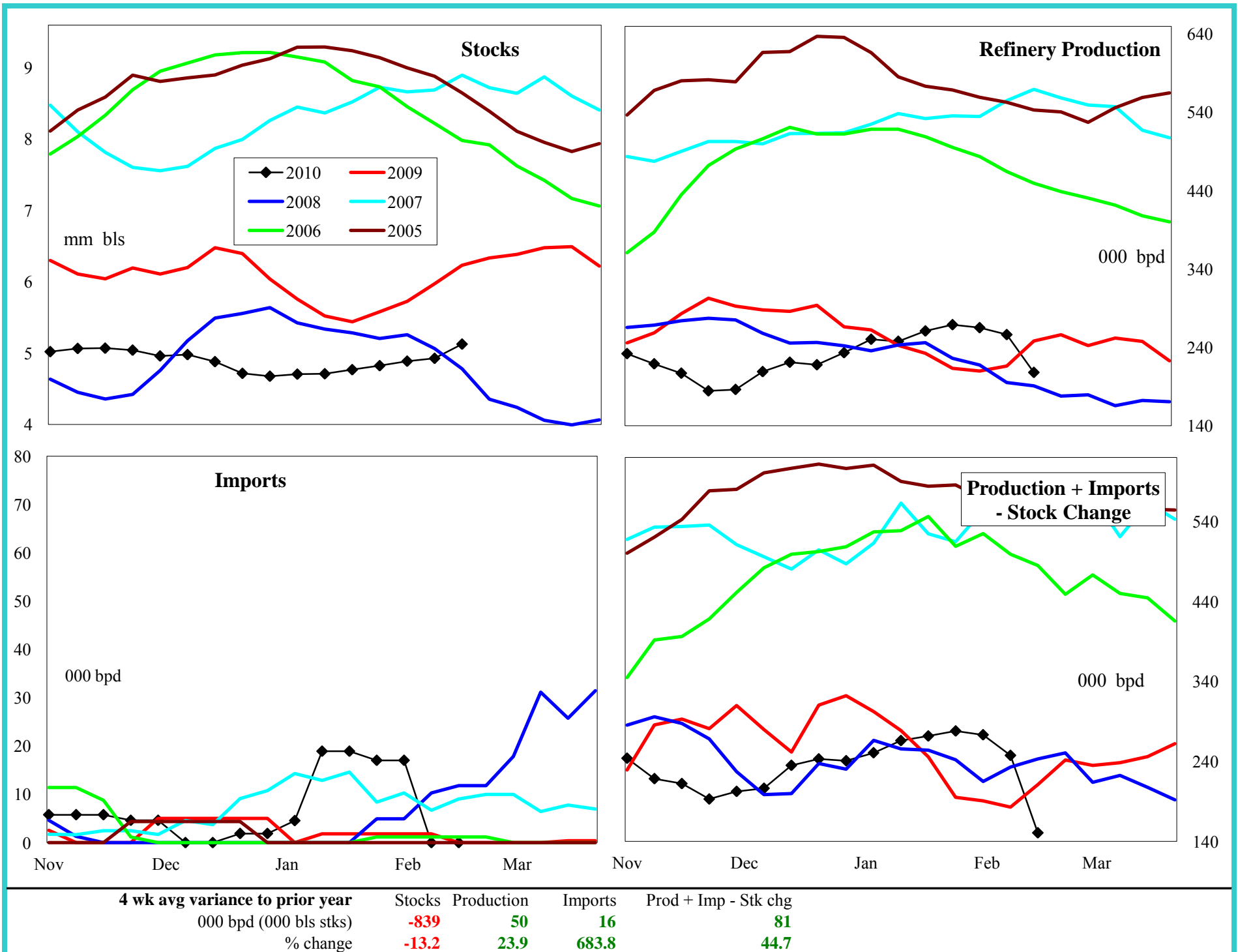
PADD 3 Distillate Supply



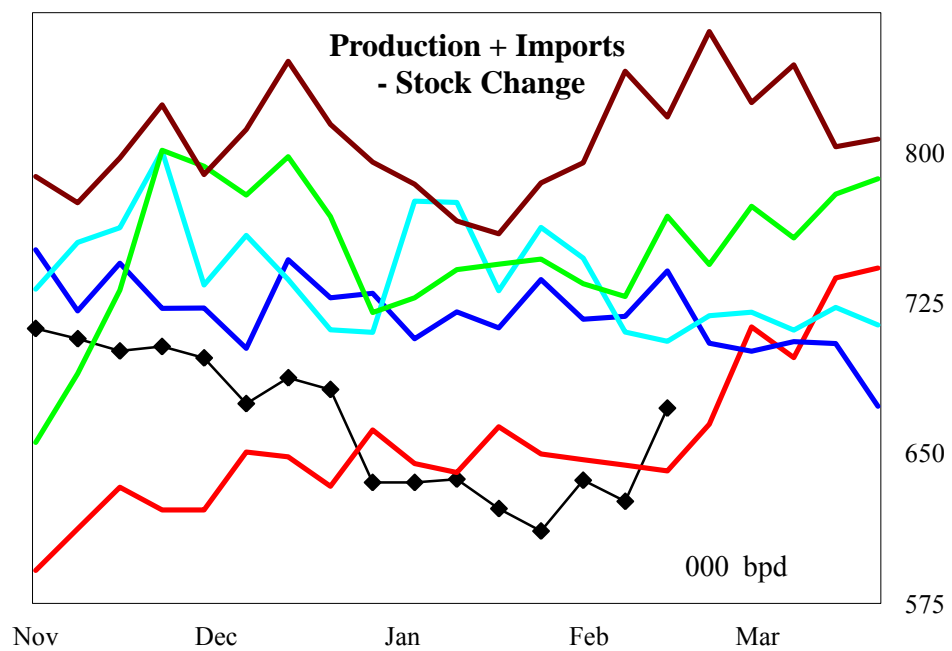
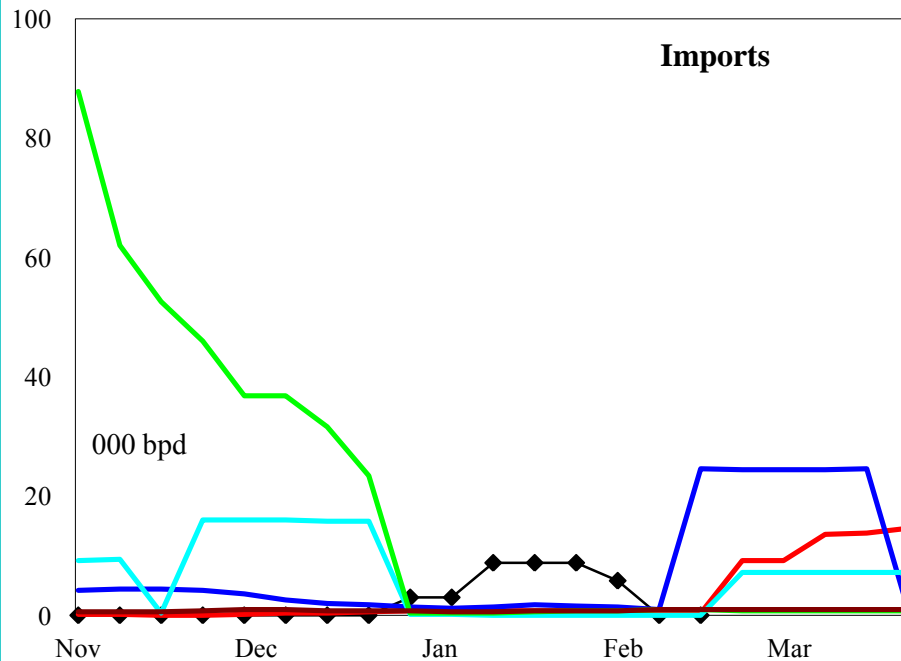
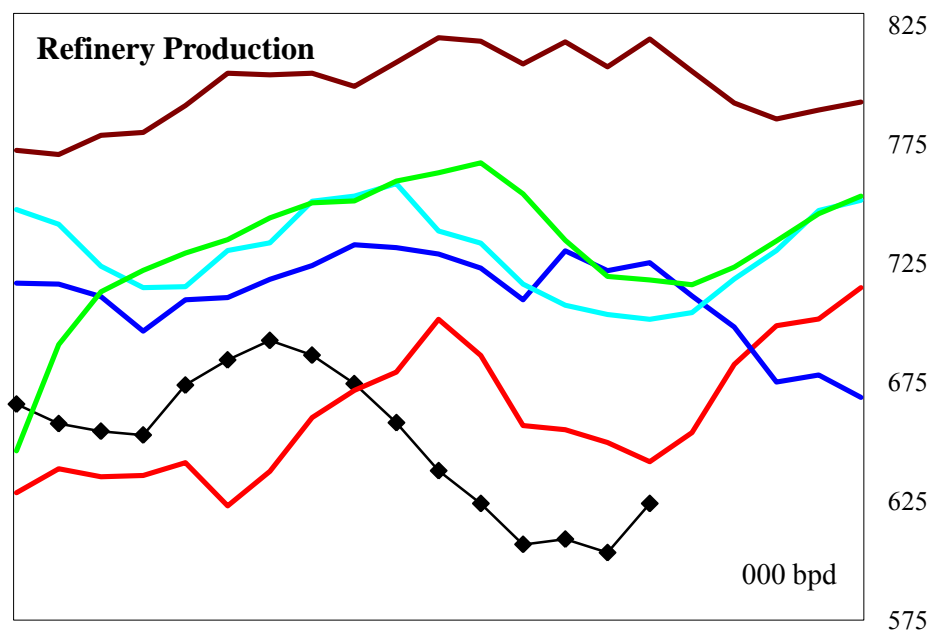
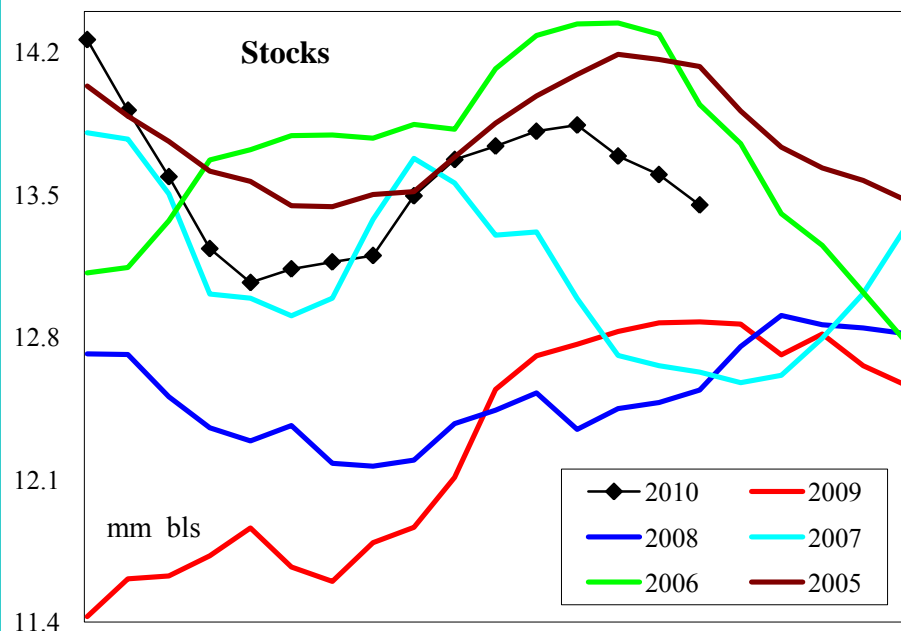
PADD 3 Low Sulfur Distillate Supply



PADD 3 High Sulfur Distillate Supply



PADD 3 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

574

-36

7

-39

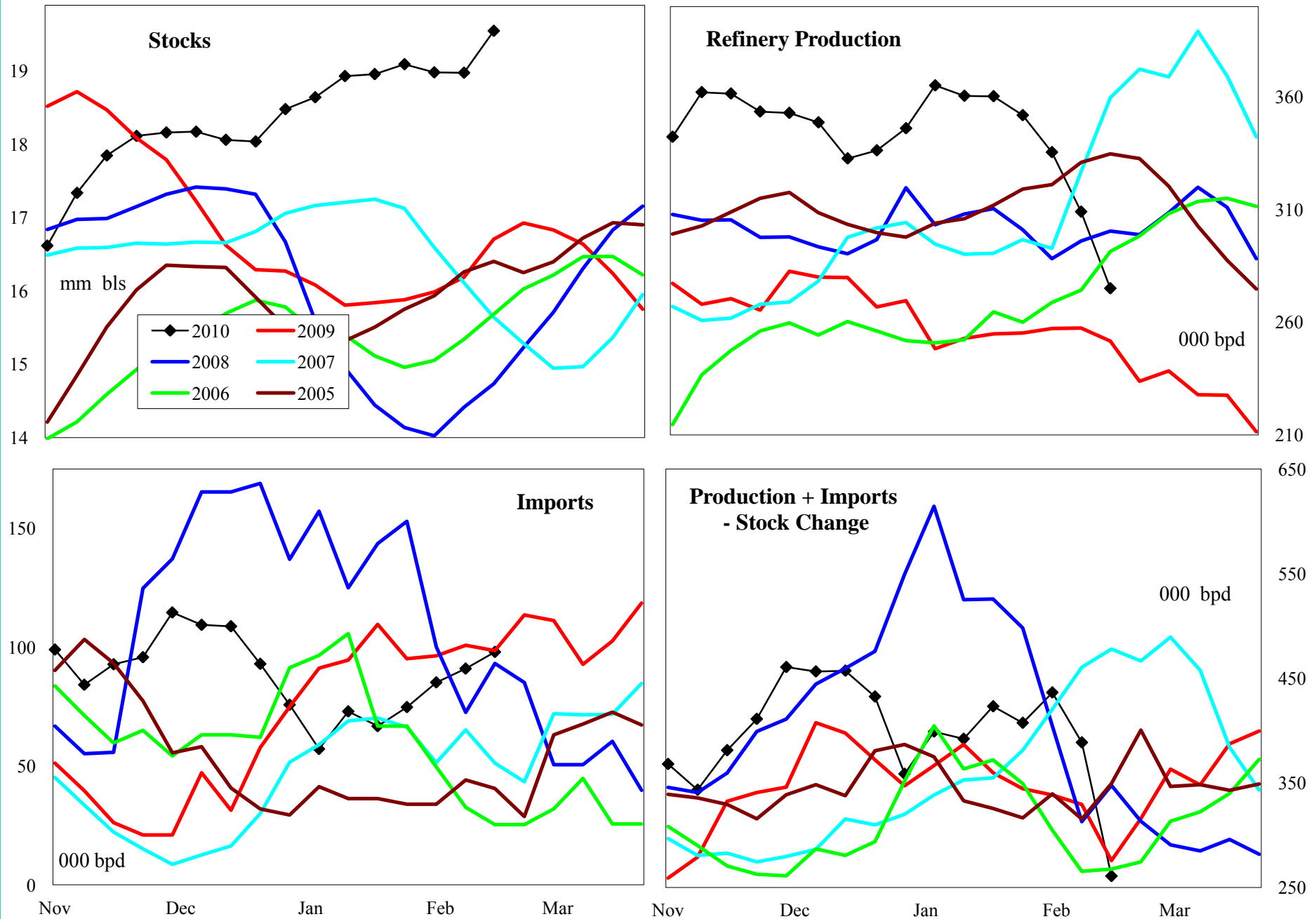
4.5

-5.6

866.7

-5.8

PADD 3 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

2,841

16.9

Production

54

20.8

Imports

5

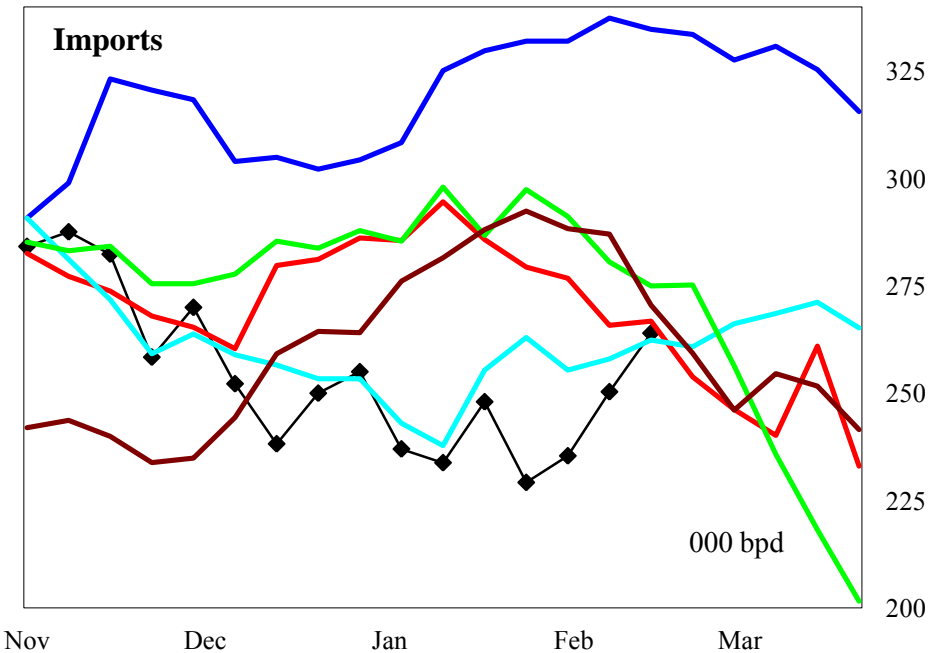
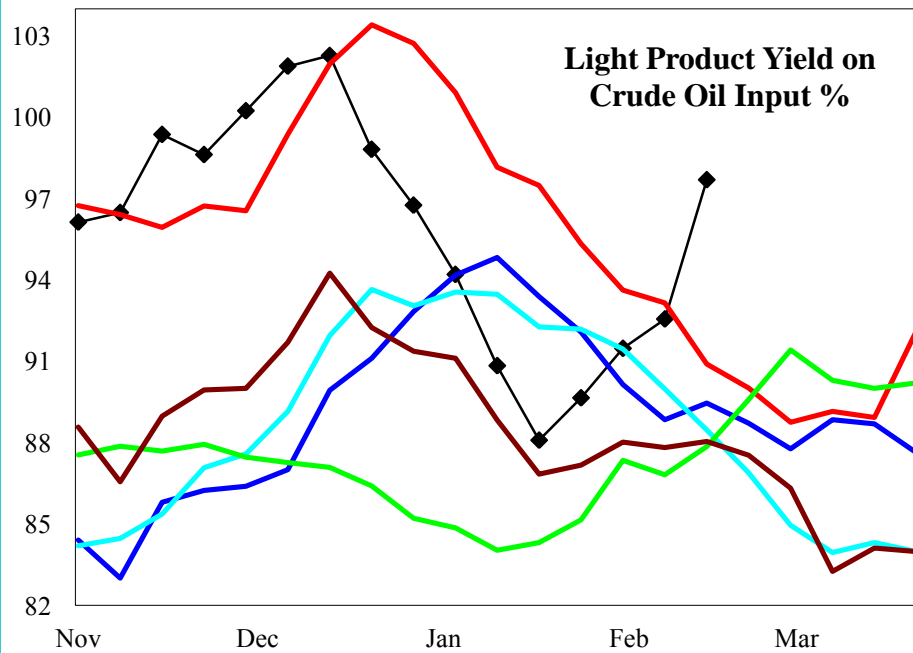
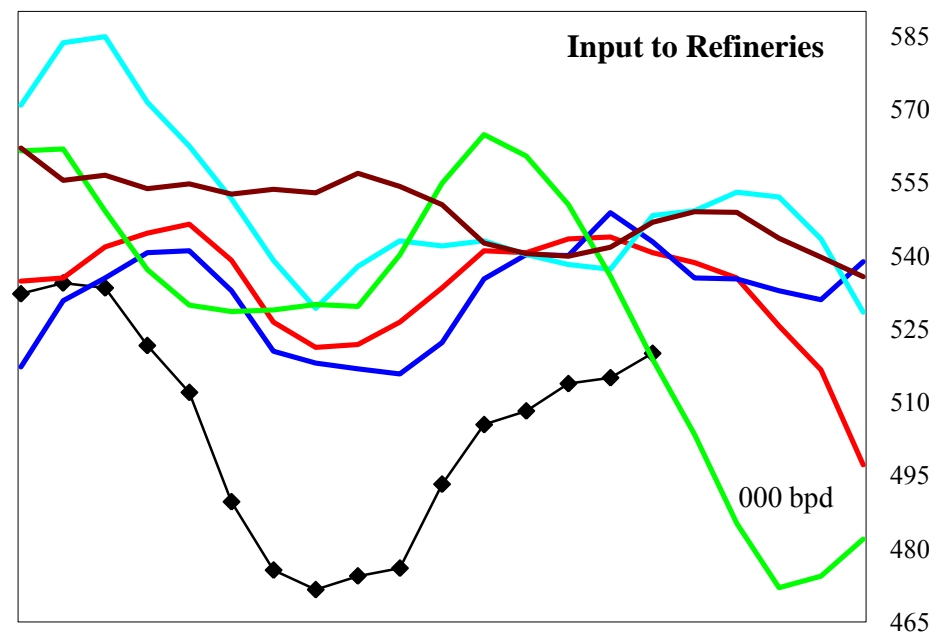
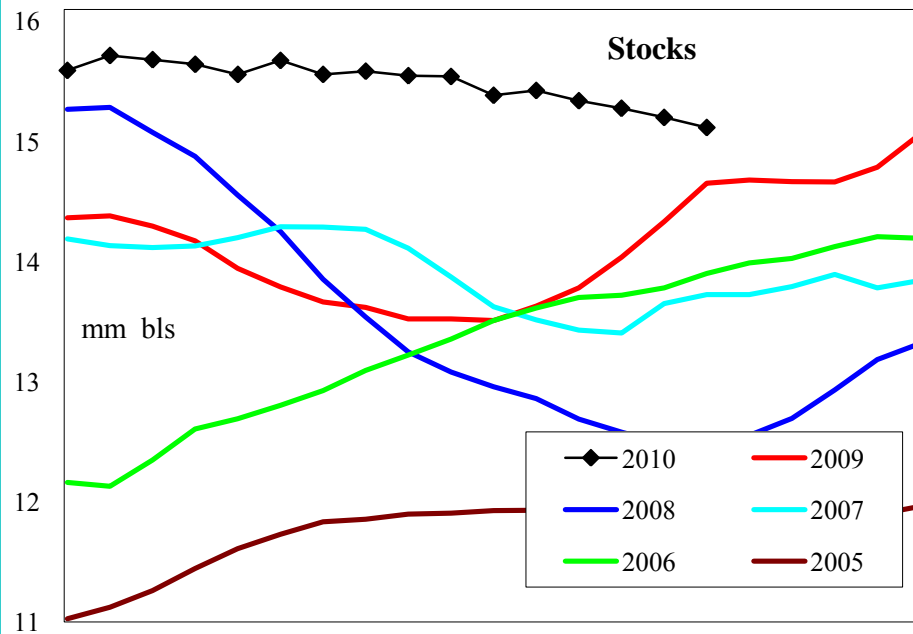
4.5

Prod + Imp - Stk chg

49

14.5

PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

464

3.1

Input

-27

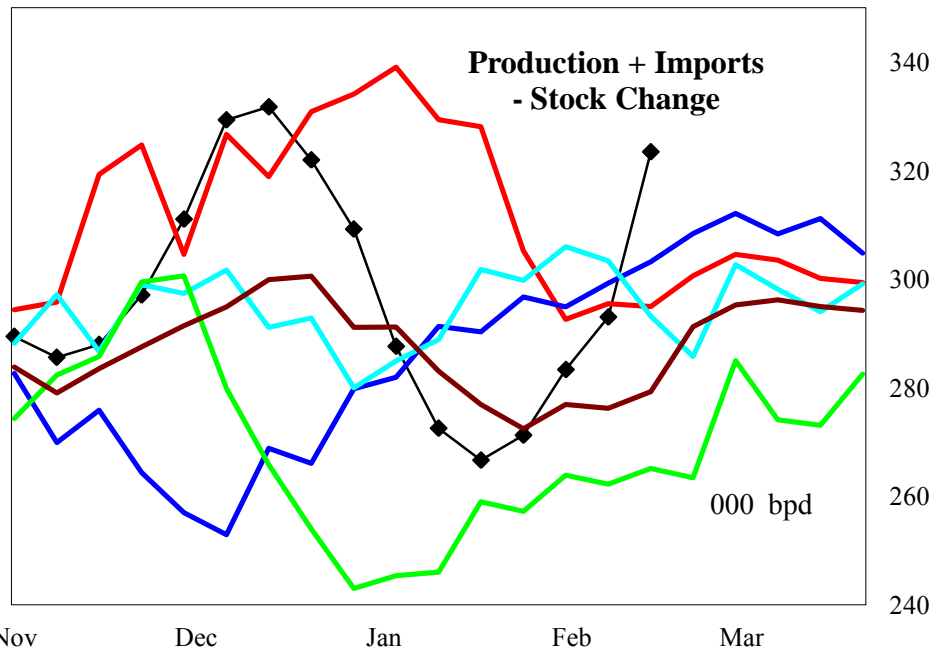
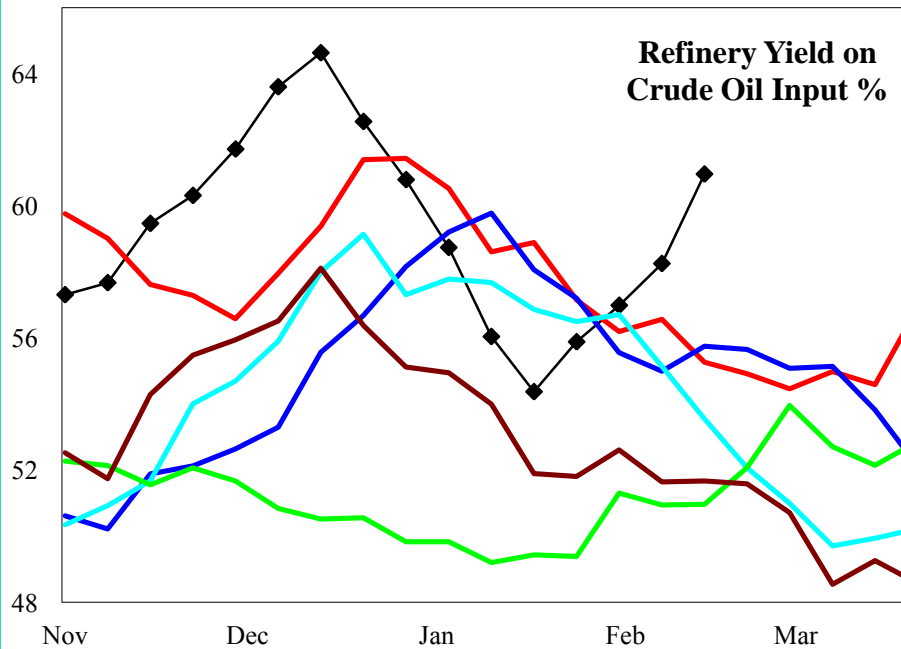
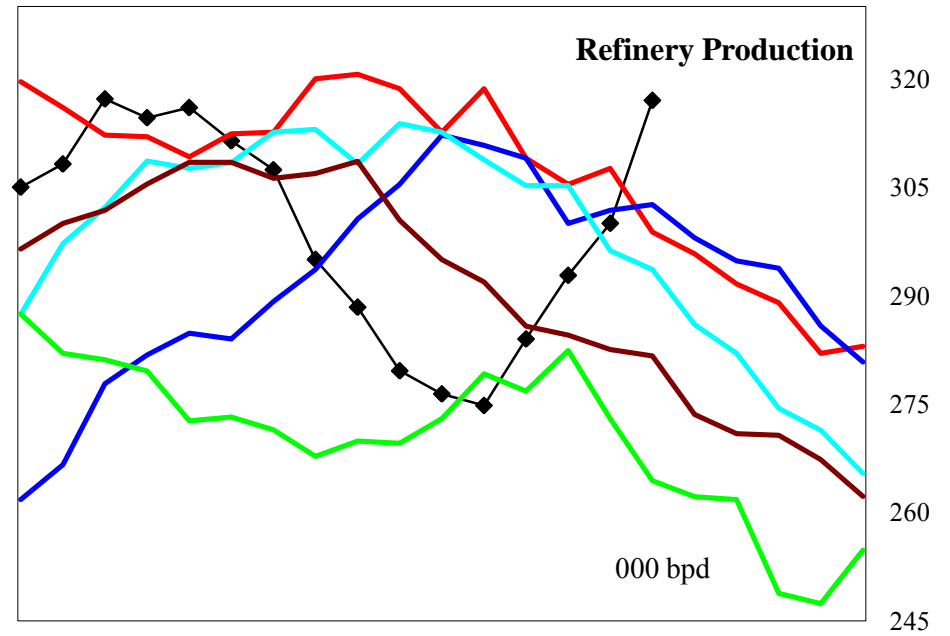
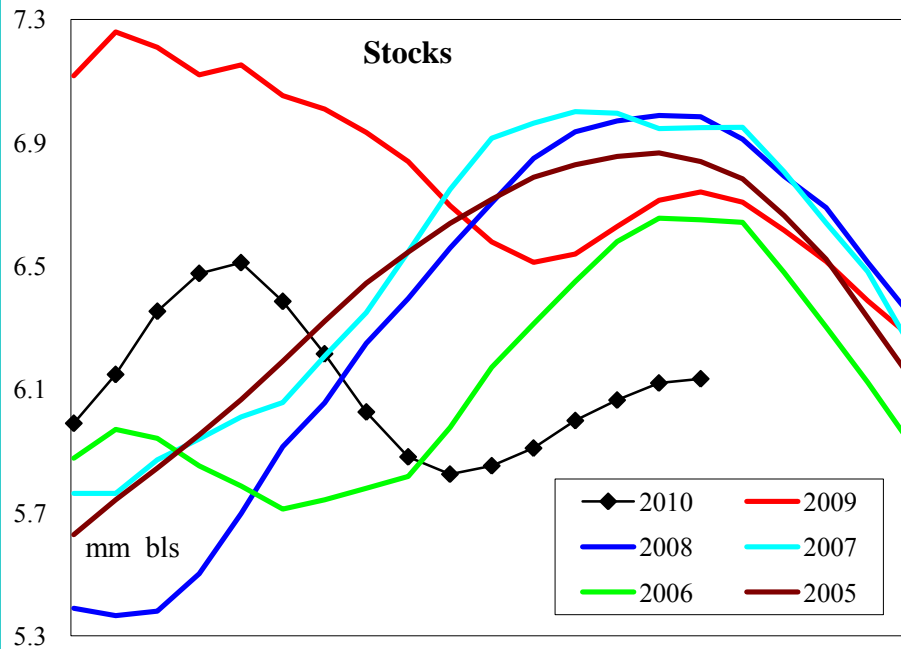
-4.9

Imports

-37

-13.6

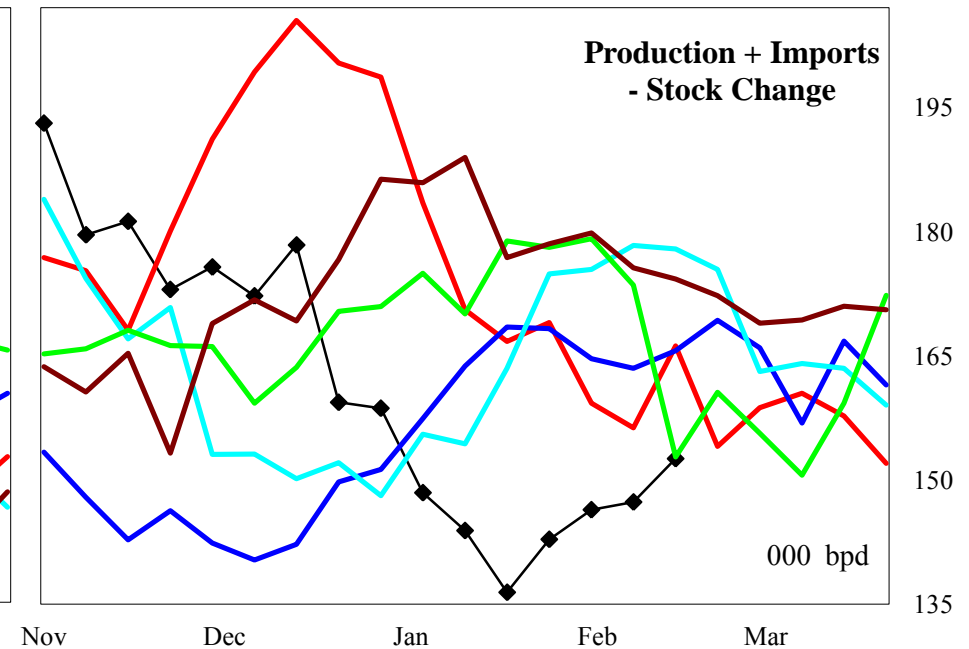
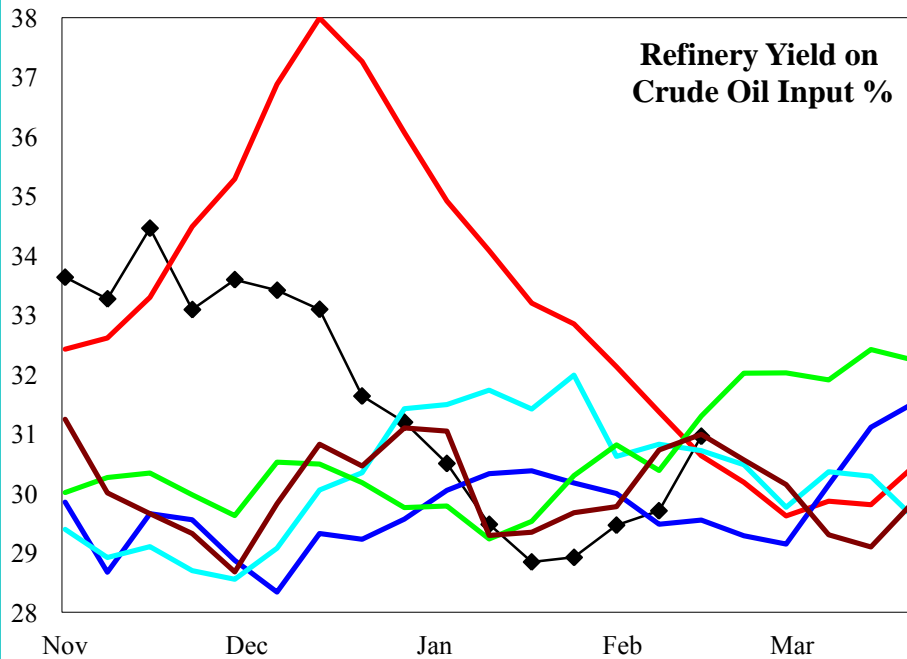
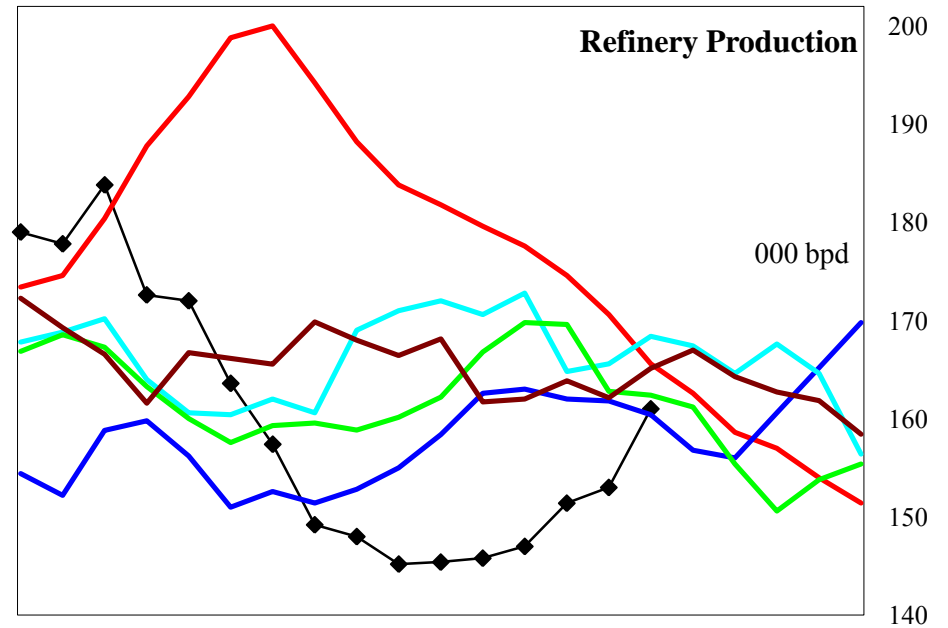
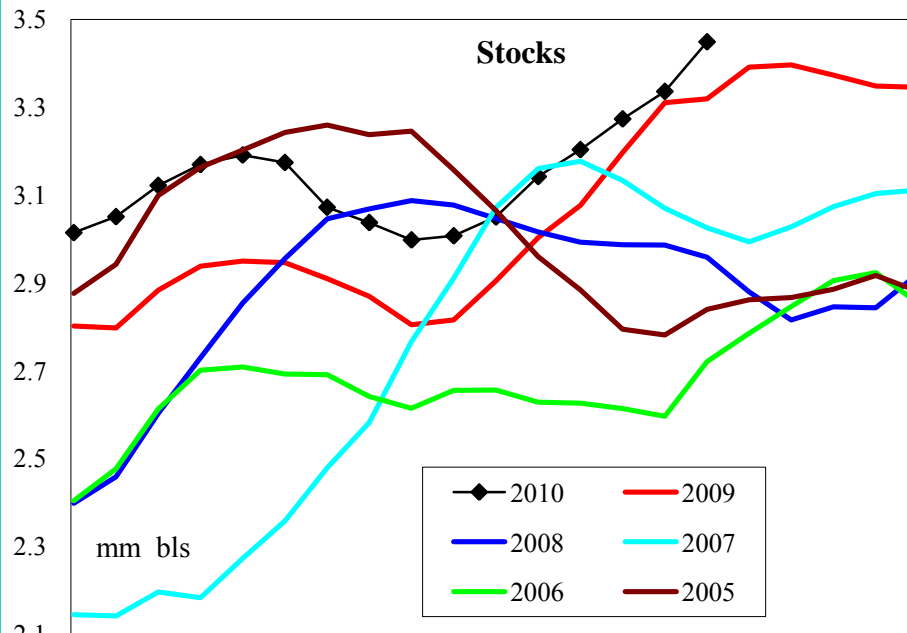
PADD 4 Gasoline Supply



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

	Stocks	Production	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-606	-7	7
% change	-9.0	-2.4	2.4

PADD 4 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

130

-24

3

-22

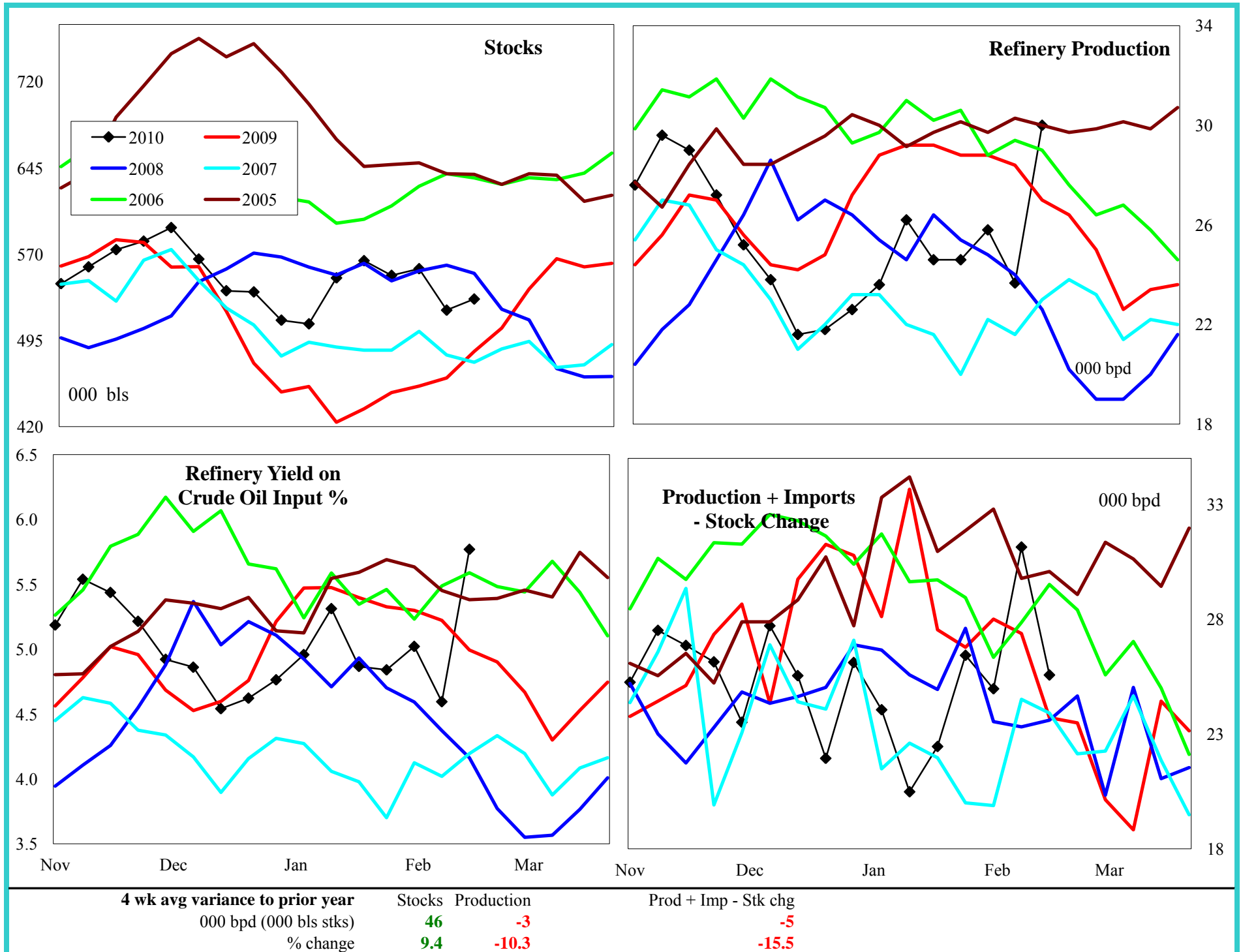
3.9

-13.6

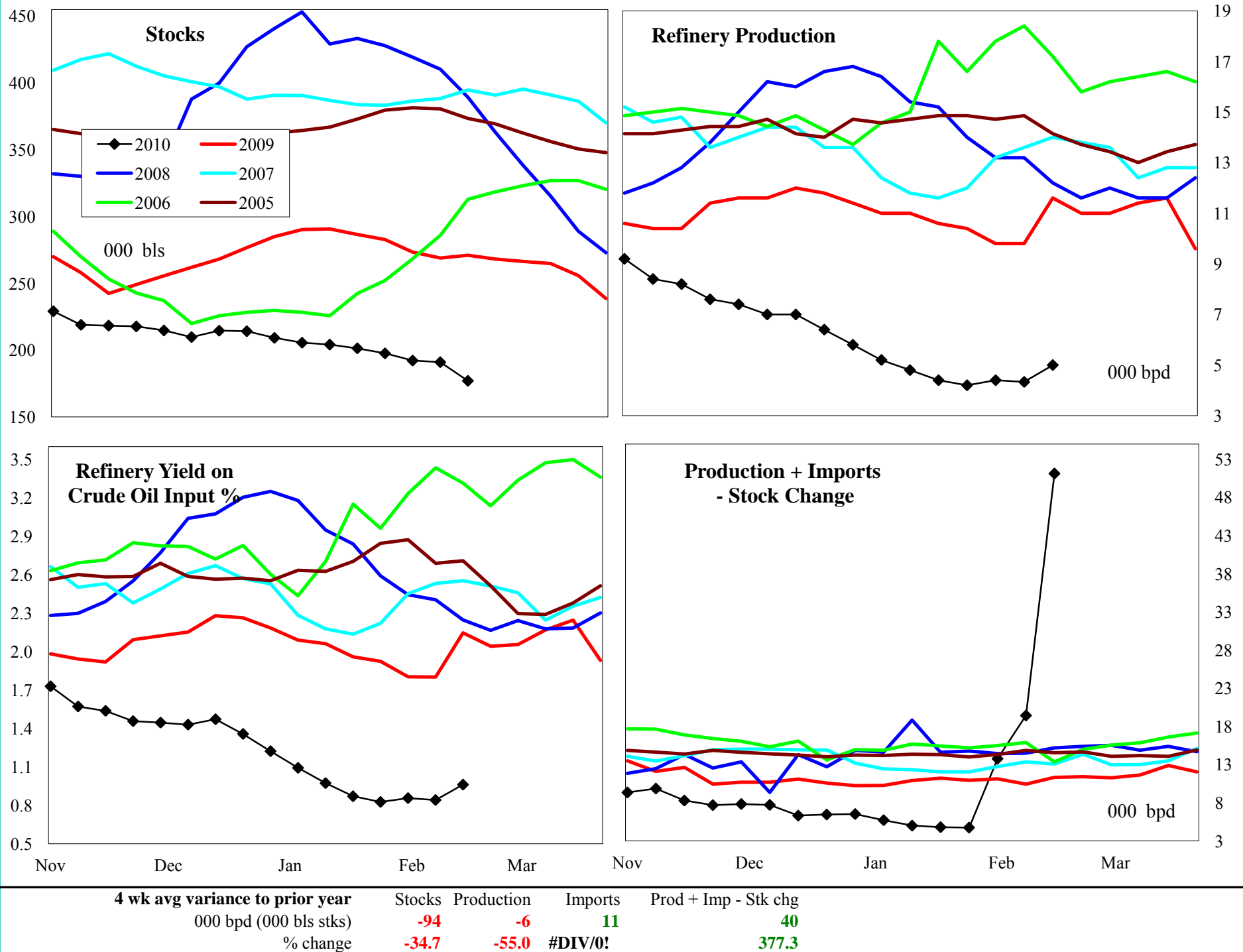
133.3

-13.6

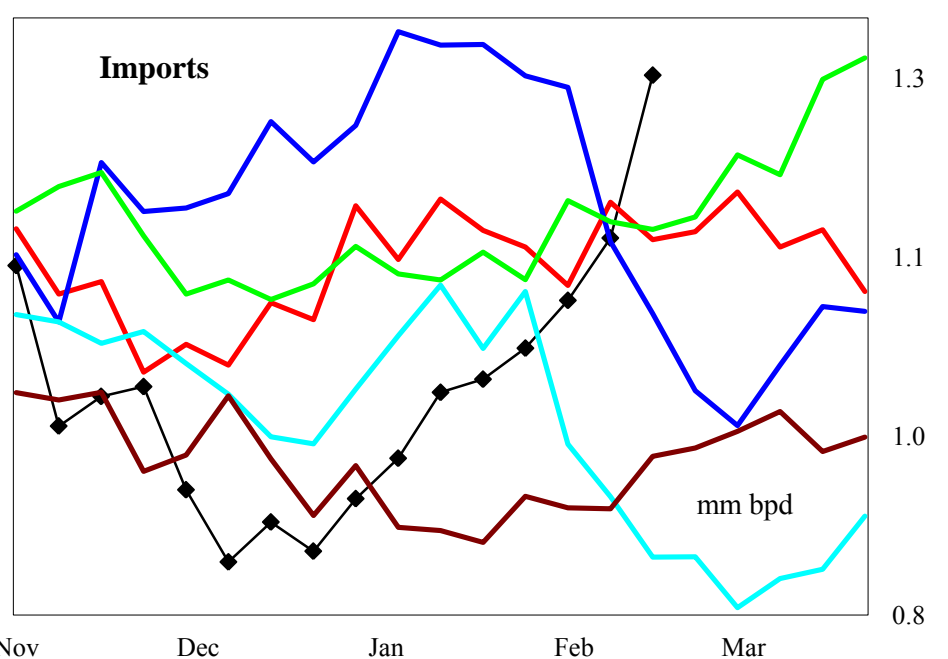
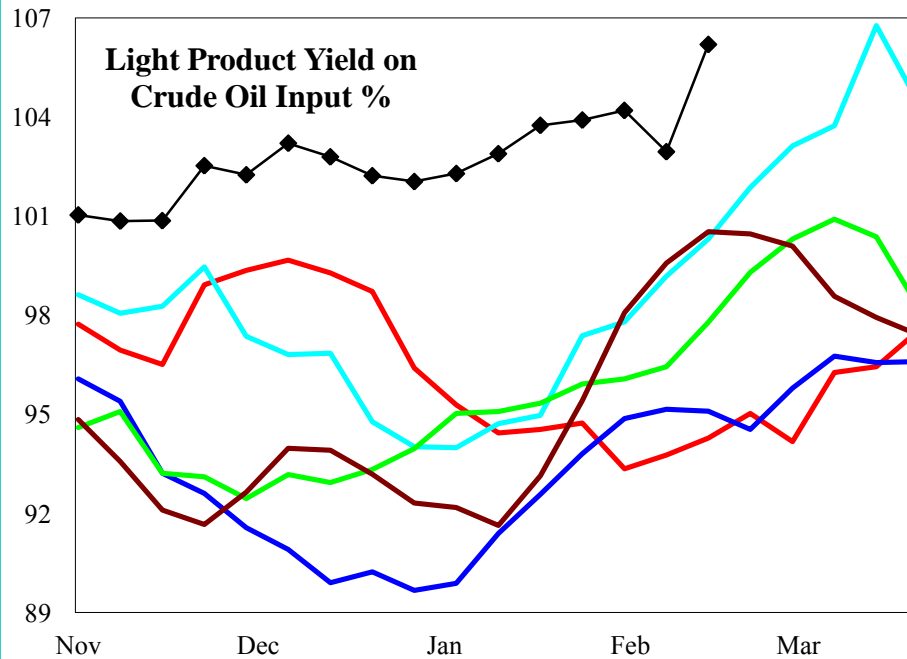
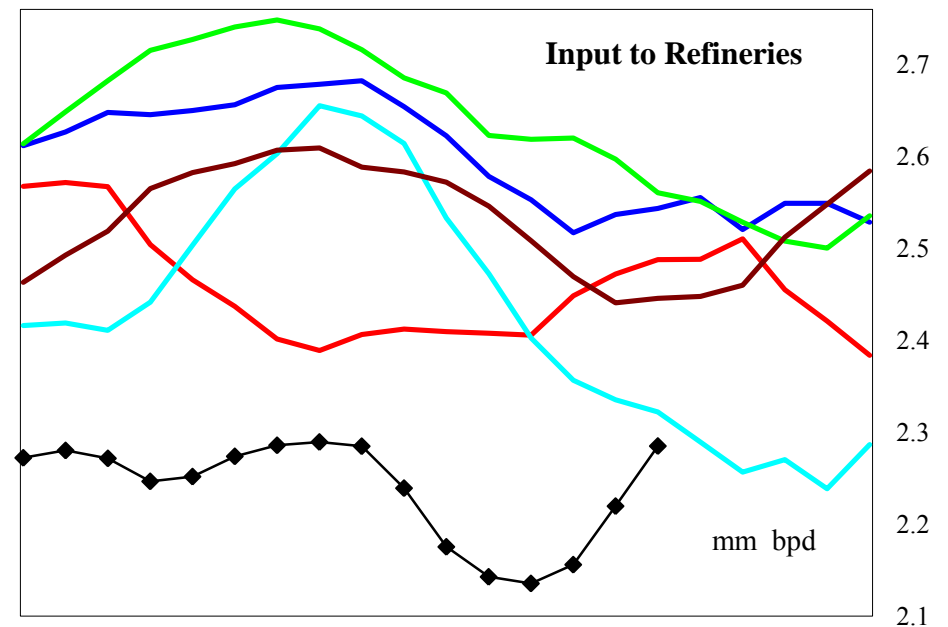
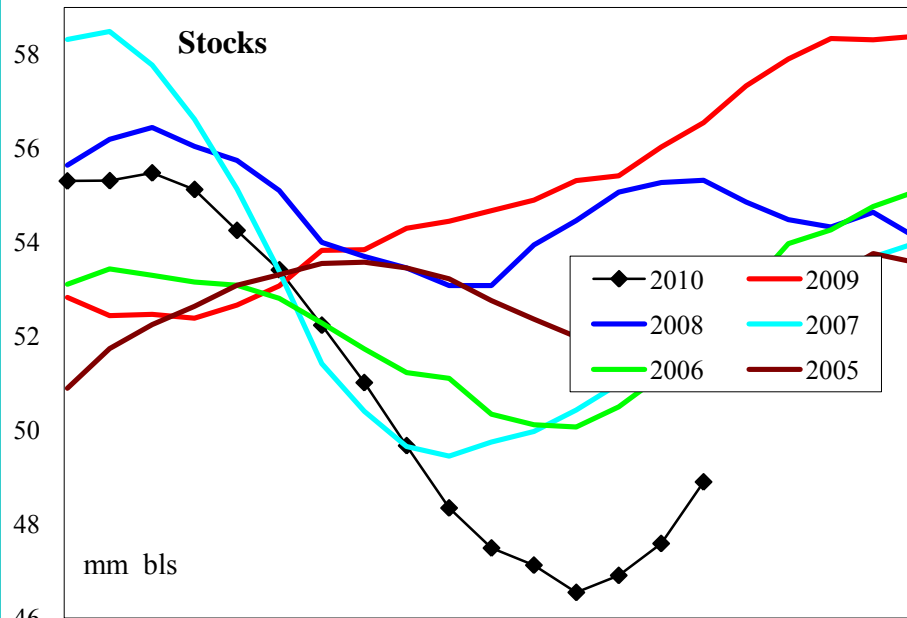
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



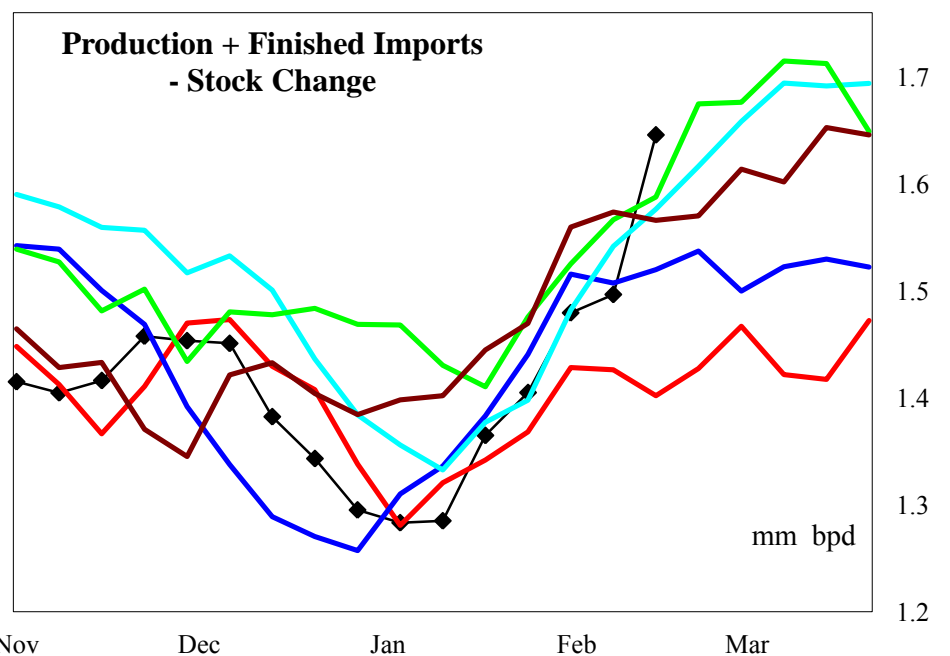
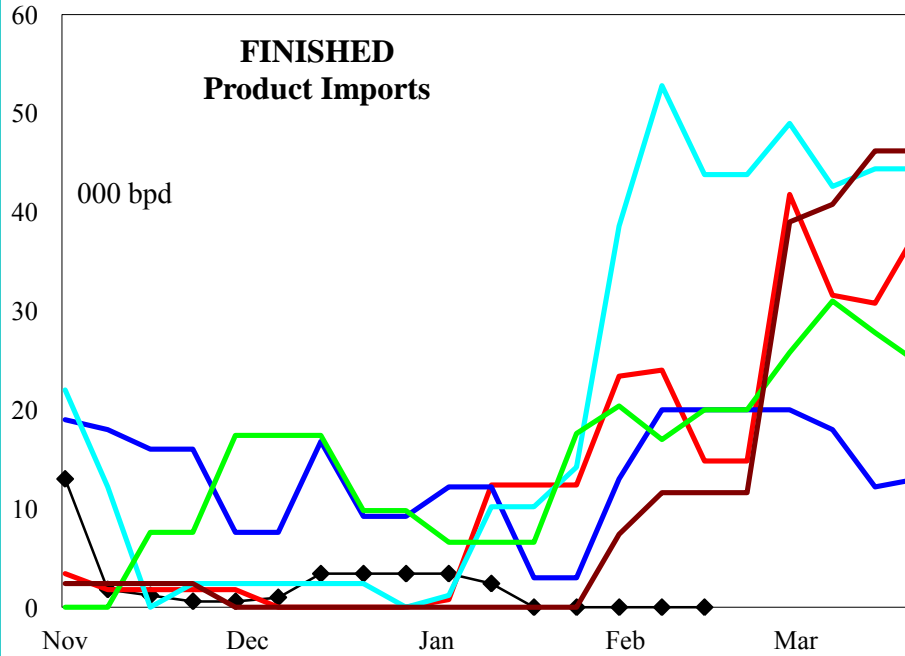
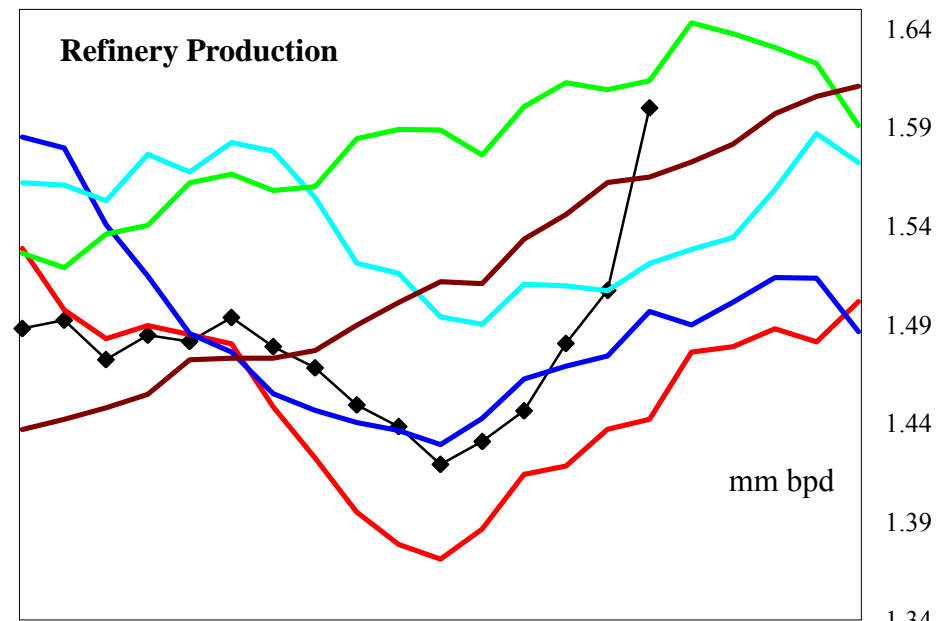
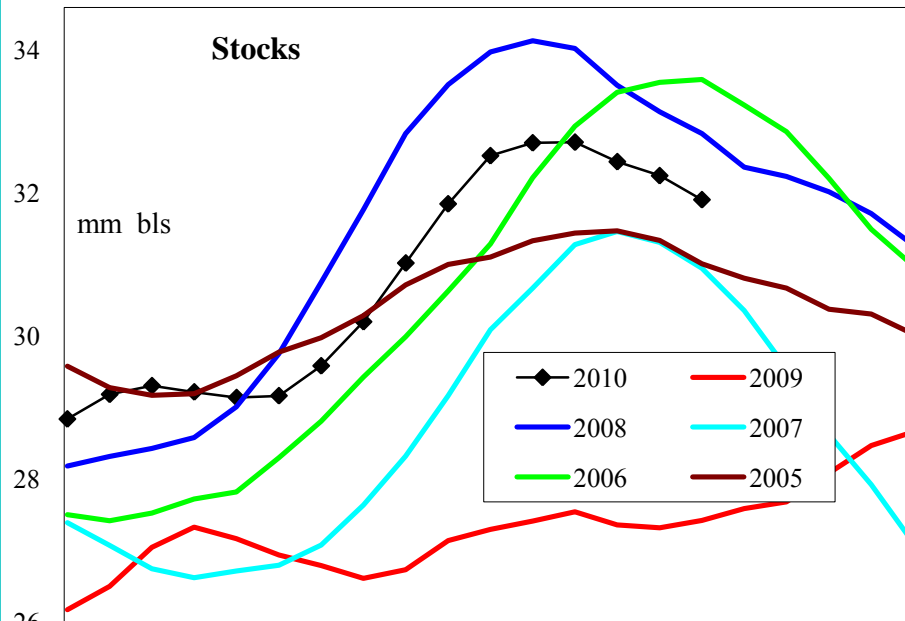
PADD 5 Crude Oil Supply and Refining



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

	Stocks	Input	Imports
000 bpd (000 bls stks)	-7,648	-281	-48
% change	-13.5	-11.3	-4.2

PADD 5 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

5,130

18.9

Production

70

4.9

Fin Impt Blend Impt

-28

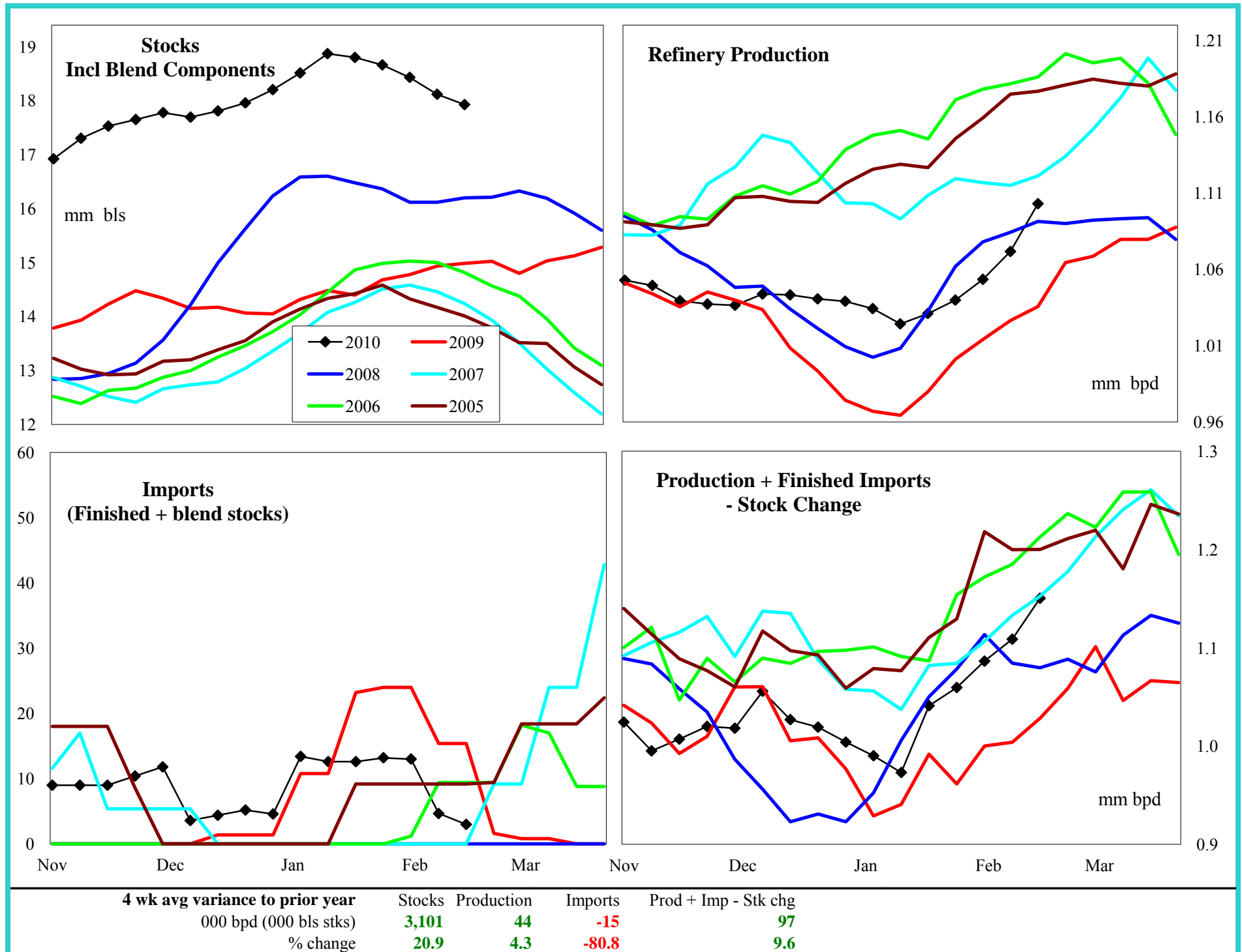
-100.0

Prod + Imp - Stk chg

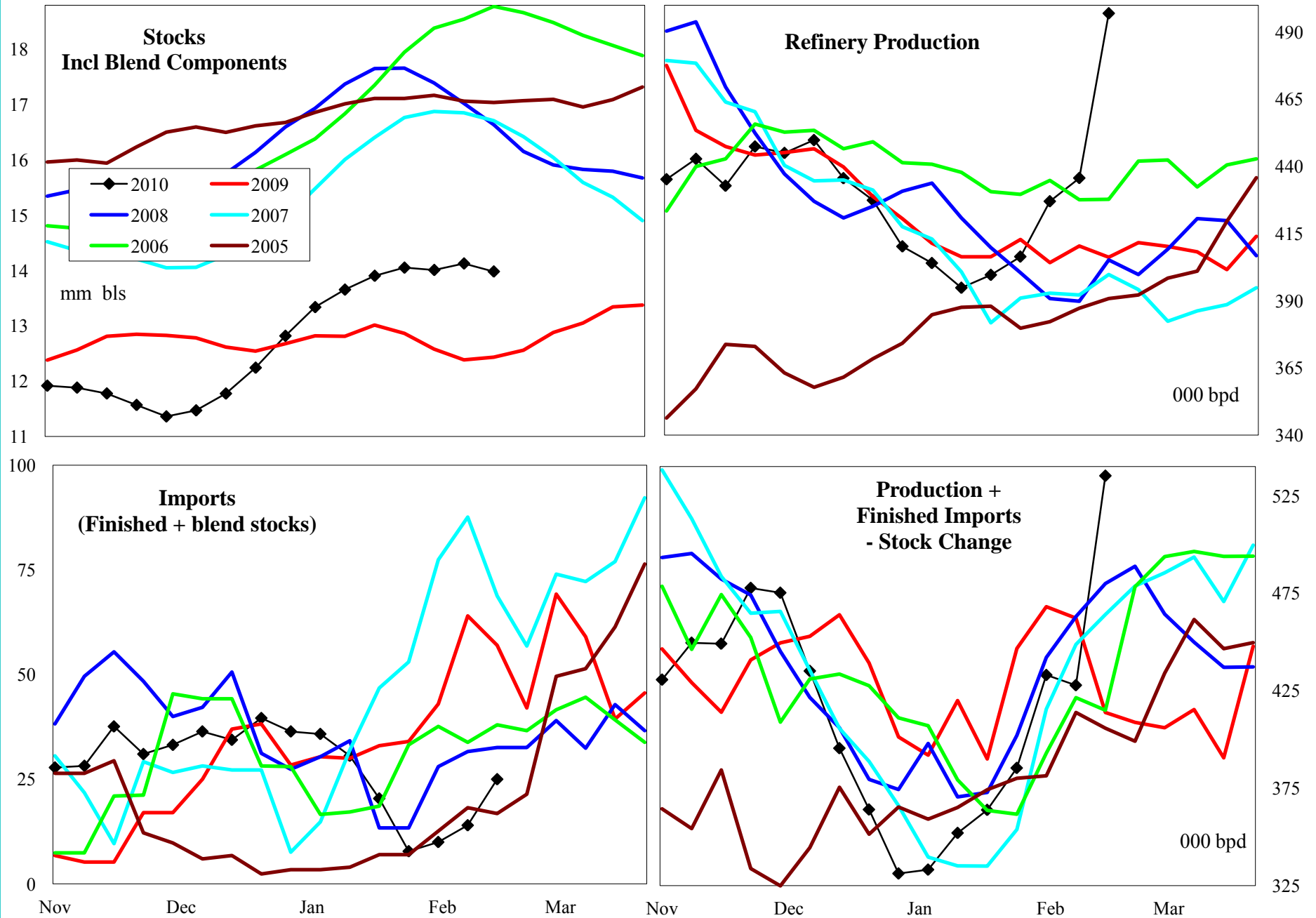
43

2.9

PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

2,029

16.4

Production

26

6.3

Imports

-41

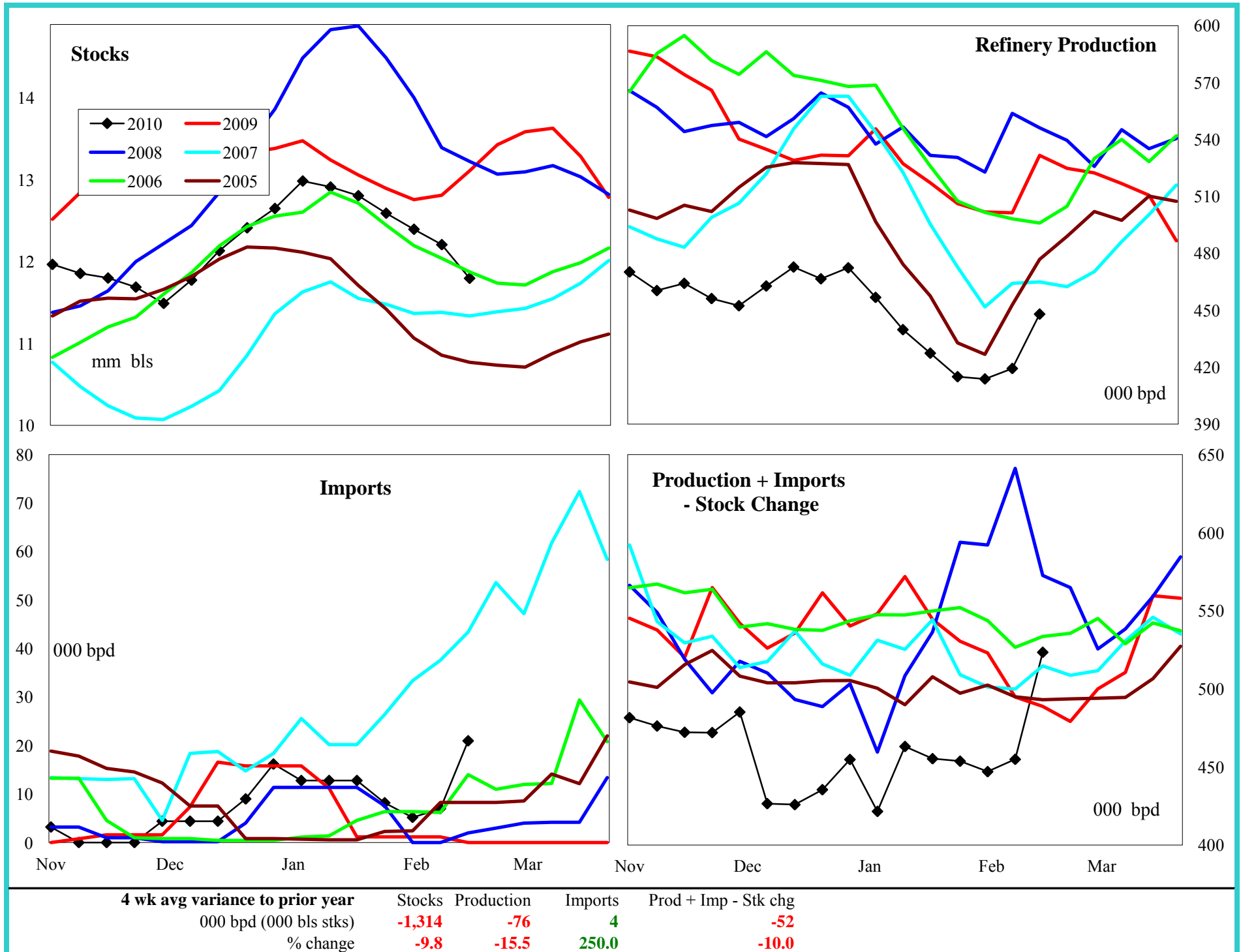
-79.5

Prod + Imp - Stk chg

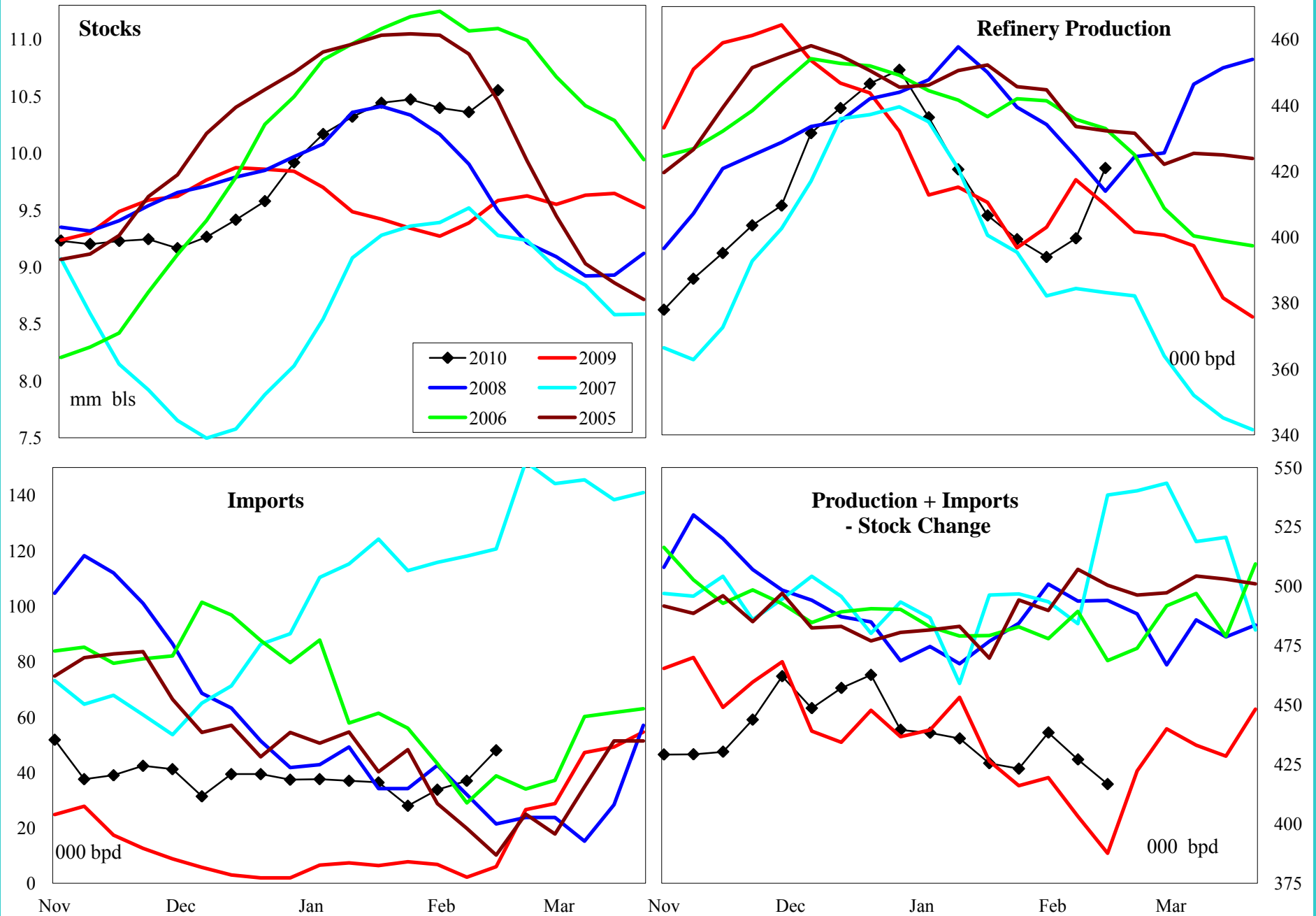
-53

-11.1

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

1,166

12.4

Production

-7

-1.8

Imports

28

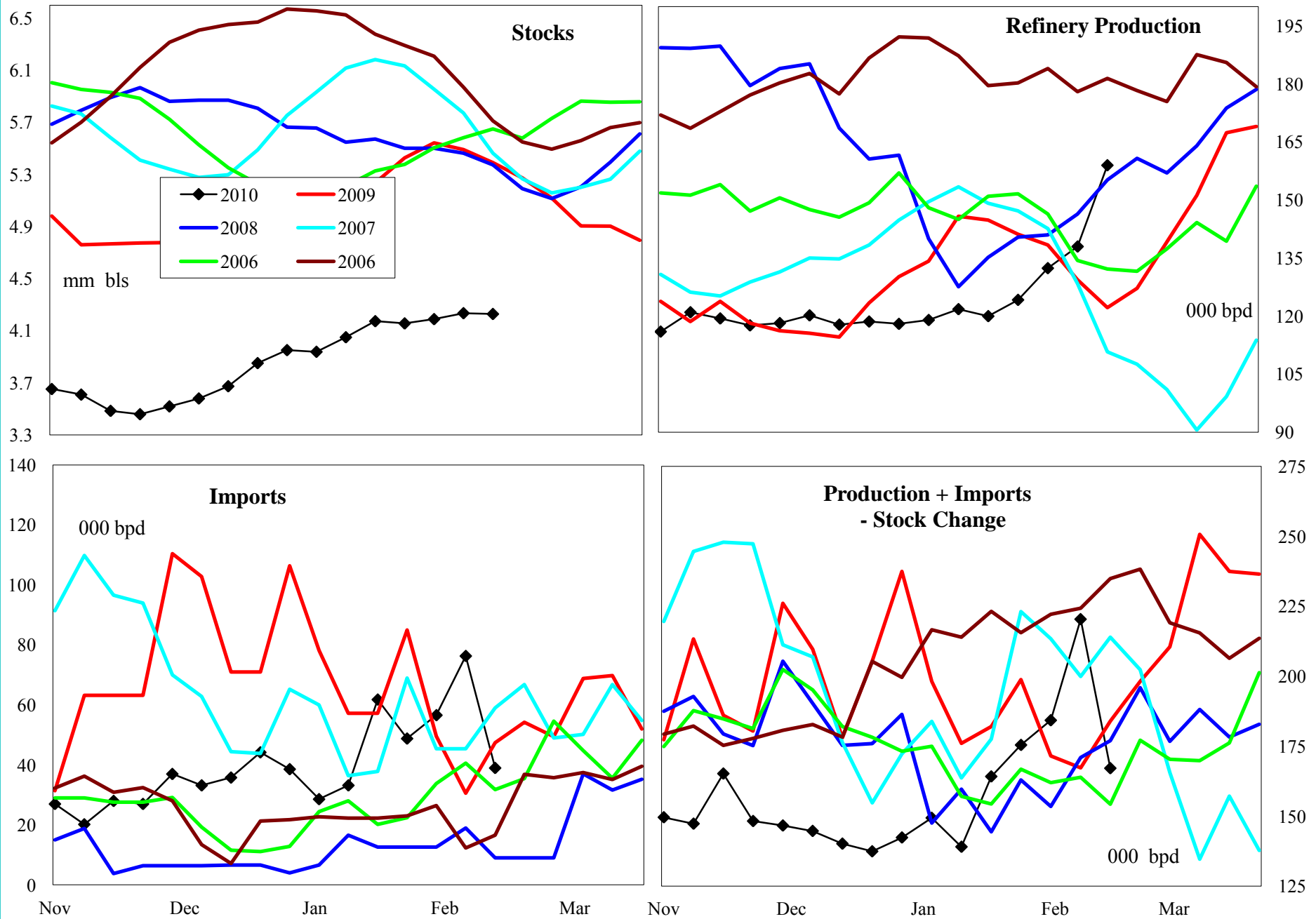
1,027.3

Prod + Imp - Stk chg

24

6.0

PADD 5 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-1,162

-21.4

Production

-5

-3.6

Imports

33

85.0

Prod + Imp - Stk chg

27

16.5