



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

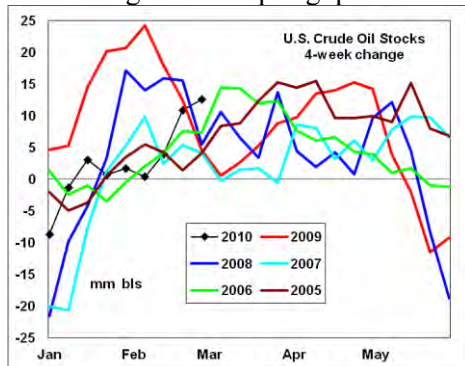
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, March 03, 2010

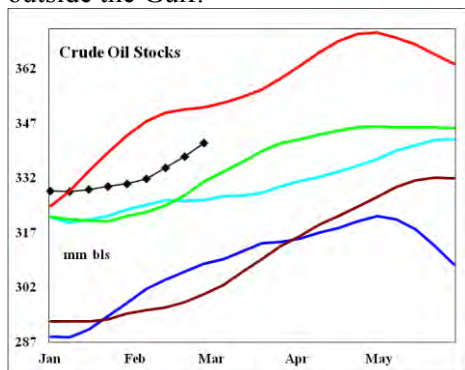


Major Fundamental Trends¹

Crude oil stocks have increased +14.5 million barrels during the last 4-wks, a rate of building that matches the historic high for the spring quarter.



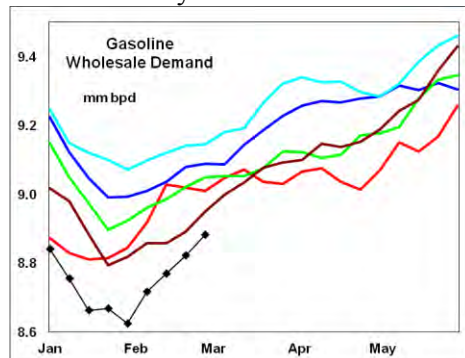
Crude oil stock levels are near record levels in PADDs 2, 3 and 4 while exceptionally low on the East and West Coasts. Low stock levels on the Coasts reflect reduced need for working stocks as a result of refinery closings. These fundamental trends point to a very well supplied domestic crude oil market, ahead of the start of peak refinery maintenance in regions outside the Gulf.



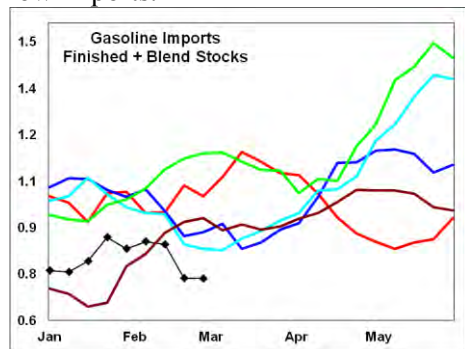
Gasoline demand decreased -182,000 bpd last week, following the +543,000 bpd surge the prior week. The latest 4-wk average was -224,000 bpd below a year ago and below the historic range.

These trends point to continued weak demand. Inclement weather during the last 2-months is believed to have reduced travel. However, slow economic growth/high unemployment may also be limiting demand which

will be confirmed if demand levels remain below the historic range during the next 30-days.



Gasoline production has increased to the upper end of the historic range as refiners maximize output at the expense of middle distillates. This high level of output has led to record low imports.



The low level of imports has pushed stock levels in the New England and Central Atlantic Regions of PADD 1 to the low end of the historic range. Relatively tight supply in these regional markets has supported the NYMEX gasoline crack spread.

Demand for gasoline decreased last week following the prior week spike, while middle distillate demand increased +245,000 bpd.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -2.5%; distillate down -8%; jet fuel down -1.1% while residual fuel oil increased +37%.

Stocks forward coverage: Gasoline demand coverage increased to a new record level on a +0.8 million barrel stock build and weak demand.

Distillate demand coverage decreased on a -0.8 million barrel stock

draw and +167,000 bpd increase in demand.

Jet fuel coverage remains near the historic high on very weak demand and high stock levels. Residual fuel oil coverage is at the upper end of the historic range on high stock levels.

Refinery utilization rates were nearly unchanged on a -33,000 bpd decline in crude oil runs for the week. Runs were 252,000 bpd below last years' record low rate.

Gasoline yield % on crude oil runs was nearly unchanged on a -32,000 bpd decline in production. The yield % was above last years' high rate.

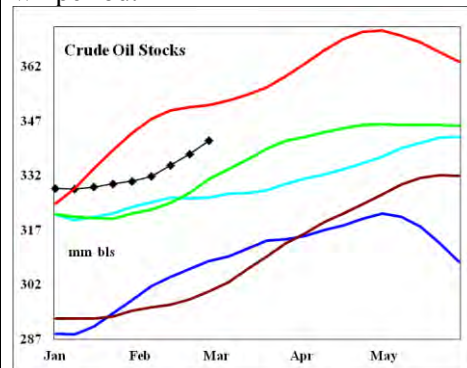
Distillate yield % on crude oil runs jumped on a +221,000 bpd rise in output. The yield % level remains at the mid range.

Jet fuel yield % on crude oil runs fell to a new record low on a -73,000 bpd drop in output.

Petroleum Imports increased for crude oil by +152,000 bpd while the four major refined fuels decreased a combined -284,000 bpd on the week.

During the latest 4-wk period distillate imports increased +155,000 bpd compared to last year; finished gasoline imports increased +52,000 bpd, gasoline blend stock imports decreased -208,000 bpd; jet fuel imports were +21,000 bpd higher while residual fuel oil imports increased +61,000 bpd.

Crude oil stocks increased +4 million barrels last week, extending the longer term uptrend. Stocks have increased +15 million barrels during the last 5-wk period.



¹ Source is latest EIA Weekly Statistics



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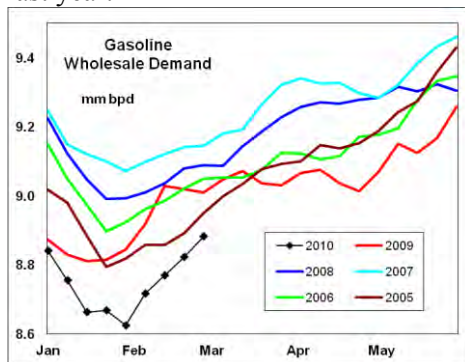
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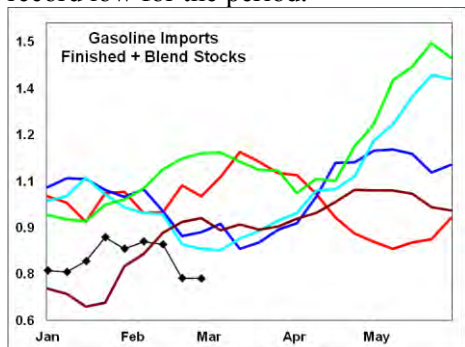
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Product Supply-Demand Trends

Gasoline demand decreased -182,000 bpd last week, following the +543,000 bpd surge the prior week. The latest 4-wk average was -224,000 bpd below last year.

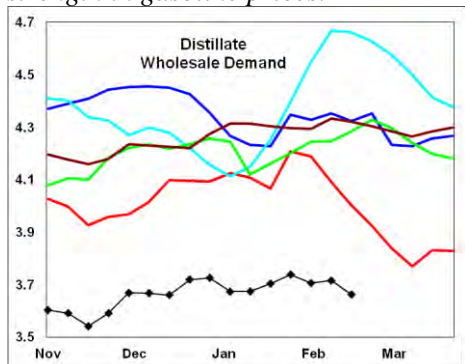


Gasoline production decreased -32,000 bpd on the week, with the level at the upper end of the 5-year range. Imports decreased -71,000 bpd last week, to a record low for the period.



Stocks increased +0.8 million barrels on high production levels and weak demand. Stock levels match the 5-year high of 2008.

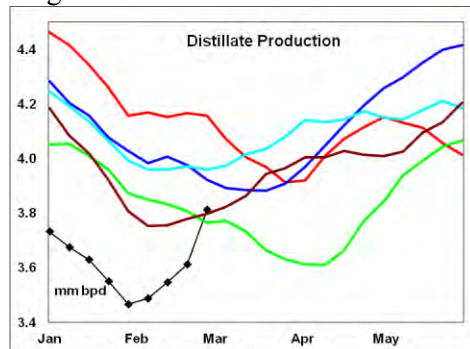
The seasonal uptrend in demand and low imports (due in part to refinery closers last year in the Atlantic Region) should provide strength in gasoline prices.



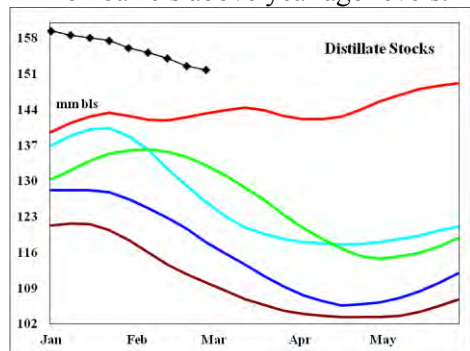
Distillate demand increased +167,000

bpd last week, with the latest 4-wk demand average -313,000 bpd below last year. Distillate demand has trended only slightly higher over the last 60-days, during a record cold winter in key heating markets.

Production jumped +221,000 bpd last week, lifting output to the low end of the historic range. Imports decreased -90,000 bpd, but the level remains at the upper end of the historic range.



Stocks decreased -0.8 million barrels last week. Stock levels are +8.5 million barrels above year ago levels.

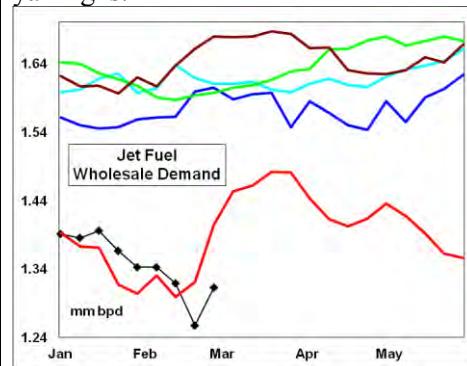


Expect production to remain below the historic range during the next 60-days as refinery maintenance peaks in regions outside the Gulf. Imports should drop to the low end of the historic range on an end to heating demand. Combined with a rise in seasonal agriculture demand in the Midwest and modest growth in the economy, these trends should lead to further stock draws.

Jet Fuel demand increased +78,000 bpd last week, but remains below the historic range. The latest 4-wk average was -14,000 bpd below a year ago, extending a very low rate of growth.

Jet fuel supply decreased -114,000

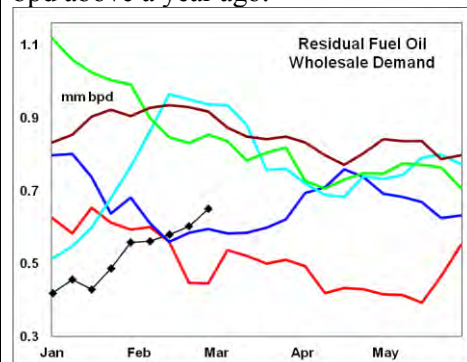
bpd on the week, to a new record low level. Stocks decreased -0.4 million barrels, but the level remains near 5-year highs.



Demand remains exceptionally weak, leading to near record stock levels even with both production and imports below the 5-year range. Expect an upturn in seasonal demand and ongoing low supply to lead to some tightening of supply during the next quarter.

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

Residual fuel oil demand, including exports, increased +271,000 bpd last week, with the 4-wk average +185,000 bpd above a year ago.



Combined production and imports decreased -40,000 bpd last week. The latest 4-wk supply was +84,000 bpd above a year ago. Stocks were unchanged on the week and remain near the historic high for the period.

The Gulf and East Coast markets are well supplied while low production has driven stocks in other regions to below the historic range. With an end to the heating season, expect weakness in the Gulf and East Coast markets.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

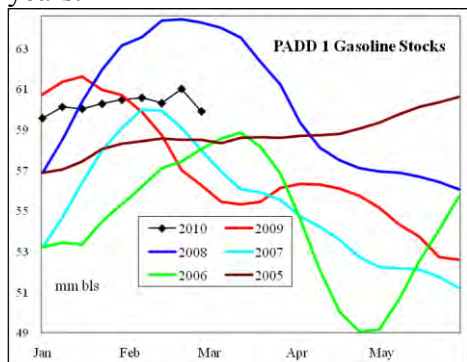
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +11,000 bpd on the week, with the 4-wk average down -84,000 bpd from a year ago. Stock levels are now -1.7 million barrels below last year, due in part to refinery closures.

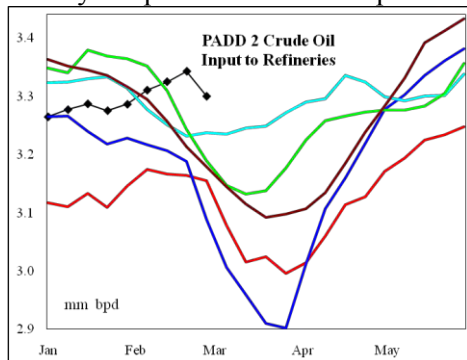
Gasoline production increased +56,000 bpd on the week, partially offset by a -158,000 bpd decline in imports. Stocks decreased -1.6 million barrels last week, but remain above four of the last five years.



Distillate supply declined -80,000 bpd last week, due to a drop in imports. Import levels remain at the upper end of the 5-year range. Stocks decreased -0.6 million barrels on the week, although the level remains +10 million barrels above a year ago.

Jet fuel stocks climbed +0.1 million barrels to a new 5-year high on the week. Receipts from the Gulf has offset very low production and imports into PADD 1.

PADD 2 crude oil refinery runs declined -69,000 last week, with weekly output a record for the period.



Crude oil imports jumped +170,000 bpd on the week to a new 5-year

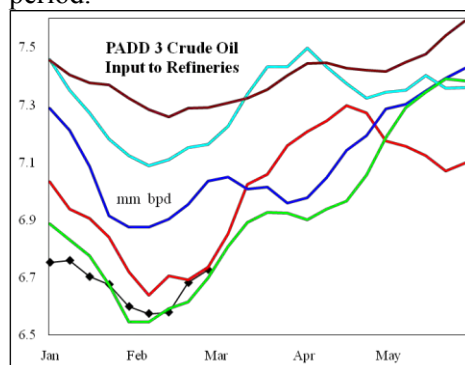
weekly high. Stocks increased +0.5 million barrels. Stock levels are -3% below last years' record high. Stocks in Cushing increased +0.1 million barrels, the first increase of the last 2-months.

Gasoline production decreased -25,000 bpd on the week, to a level below the mid range. Stocks increased +2 million barrels to a 5-year high.

Distillate production increased +23,000 bpd last week, to above the historic range for the week. Stocks were nearly unchanged at a level above four of the last five years.

Jet fuel production was near the mid range while stocks match the 5-year high.

PADD 3 refinery crude oil runs decreased -19,000 bpd last week, to the low end of the 5-year range. Imports decreased -251,000 bpd on the week, and remain -6% below last years' record low. Low runs led to a +1.8 million barrel stock build, lifting the level to match the record high for the period.



Gasoline production was nearly unchanged on the week. Stocks declined -0.6 million barrels, but remain +2.5 million barrels above the prior 5-year high.

Distillate production climbed +187,000 bpd last week, to a level near the 5-year mid range. Stocks increased +0.3 million barrels last week, lifting the level to +12% above last years' record high.

Jet fuel production fell -55,000 bpd last week, to a new record low level. Stocks also fell -0.4 million barrels on the week, but remain above the last three years.

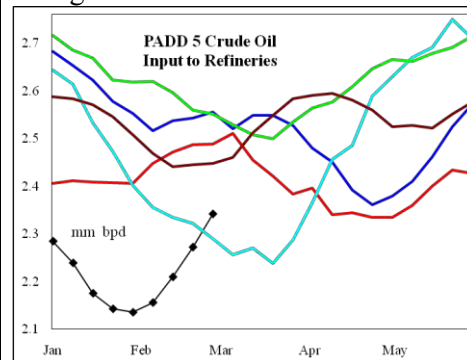
Residual fuel oil production increased +61,000 bpd last week, to the upper end of the historic range. Stocks were +15% above the prior 5-year high.

PADD 4 refinery crude oil runs declined -13,000 bpd on the week, with the latest 4-wk average -29,000 bpd below year ago levels.

Gasoline production decreased -7,000 bpd last week, but remains at a level above the 5-year range. Stocks increased +0.2 million barrels, but remain below the historic range.

Distillate production declined -7,000 bpd last week, with the 4-wk average -15,000 bpd below a year ago. Stock levels match the 5-year high.

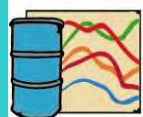
PADD 5 crude oil refinery runs increased +57,000 bpd on the week. Thru put has increased +250,000 bpd over the past 3-wks to the low end of the historic range. Crude oil imports climbed to a record weekly high, lifting stocks +2.3 million barrels.



Gasoline production decreased -49,000 bpd on the week, with production above the mid range. The latest 4-wk average was +73,000 bpd above last years' record low. Stocks increased +0.8 million barrels on the week, to a level near the historic high.

Distillate production increased +9,000 bpd last week, with the 4-wk average -83,000 bpd below a year ago, and below the 5-year rang. Stocks fell -0.5 million barrels, and are now at the low end of the 5-year range.

Jet fuel supply declined -60,000 bpd on the week, to a record low for the period. Stock levels are near the 5-year high.


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PETROLEUM: Graph Link and Weekly Summary

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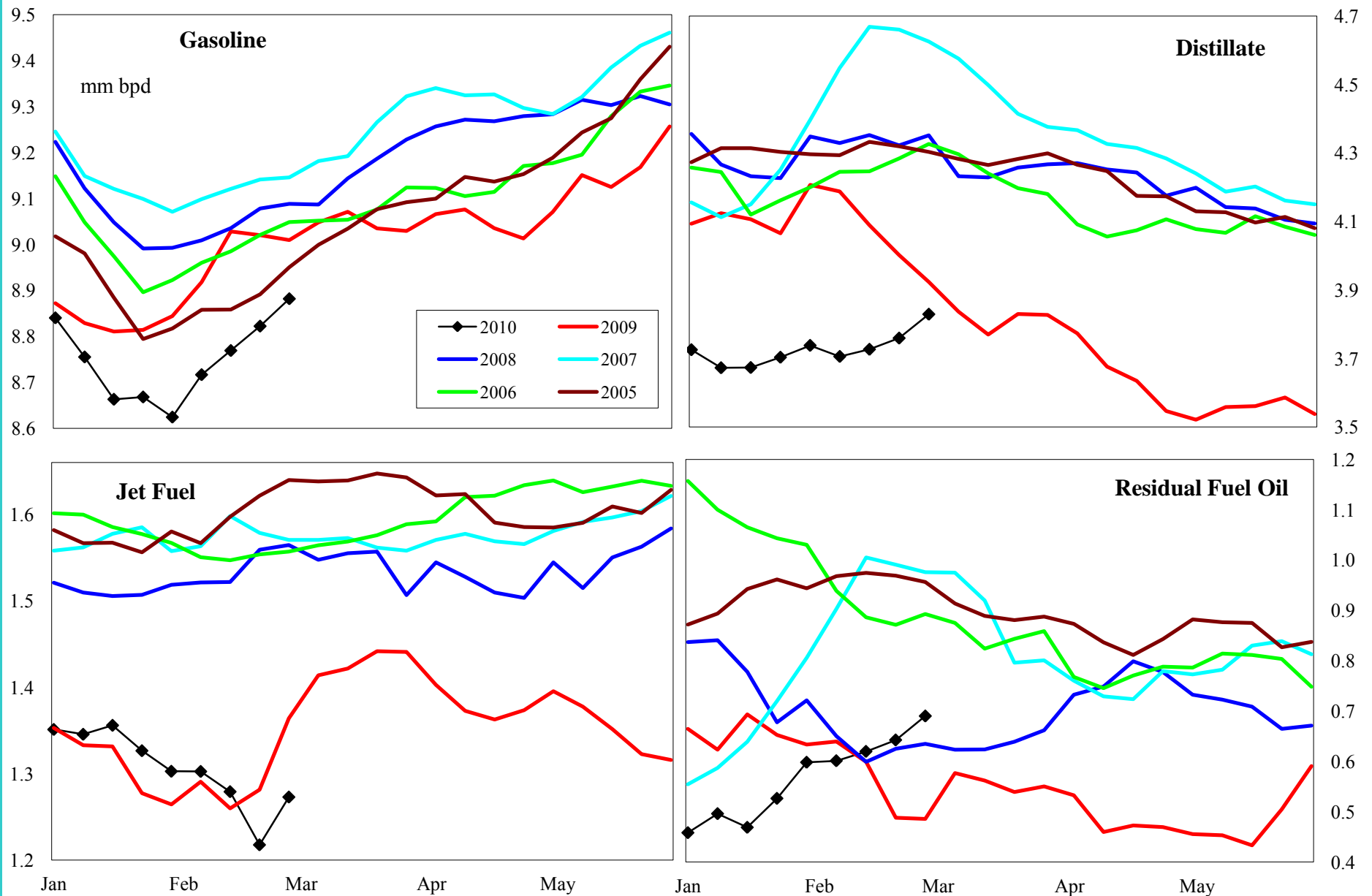
March 3, 2010

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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	26-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	4,034	-436	532	1,754	-125	2,309
	Imports	152	120	170	-251	-71	184
	Input	-33	11	-69	-19	-13	57
	% Utilization	0.70					
<u>Gasoline</u>	Stocks	773	-1,558	1,997	-629	171	792
	Production	-32	56	-25	-7	-7	-49
	Imports	-71	-158	0	8	0	79
	Supplied	-182					
<u>Distillate</u>	Stocks	-843	-598	74	289	-74	-534
	Production	221	9	23	187	-7	9
	Imports	-90	-89	2	0	-3	0
	Supplied	167					
<u>Jet Fuel</u>	Stocks	-371	108	-262	-402	104	81
	Production	-73	6	4	-55	0	-28
	Imports	-41	-9	0	0	0	-32
	Supplied	78					
<u>Residual Fuel Oil</u>	Stocks	-13	-17	-80	-135	7	212
	Production	42	-1	17	61	0	-35
	Imports	-82	-78	-1	-15	-43	55
	Supplied	271					

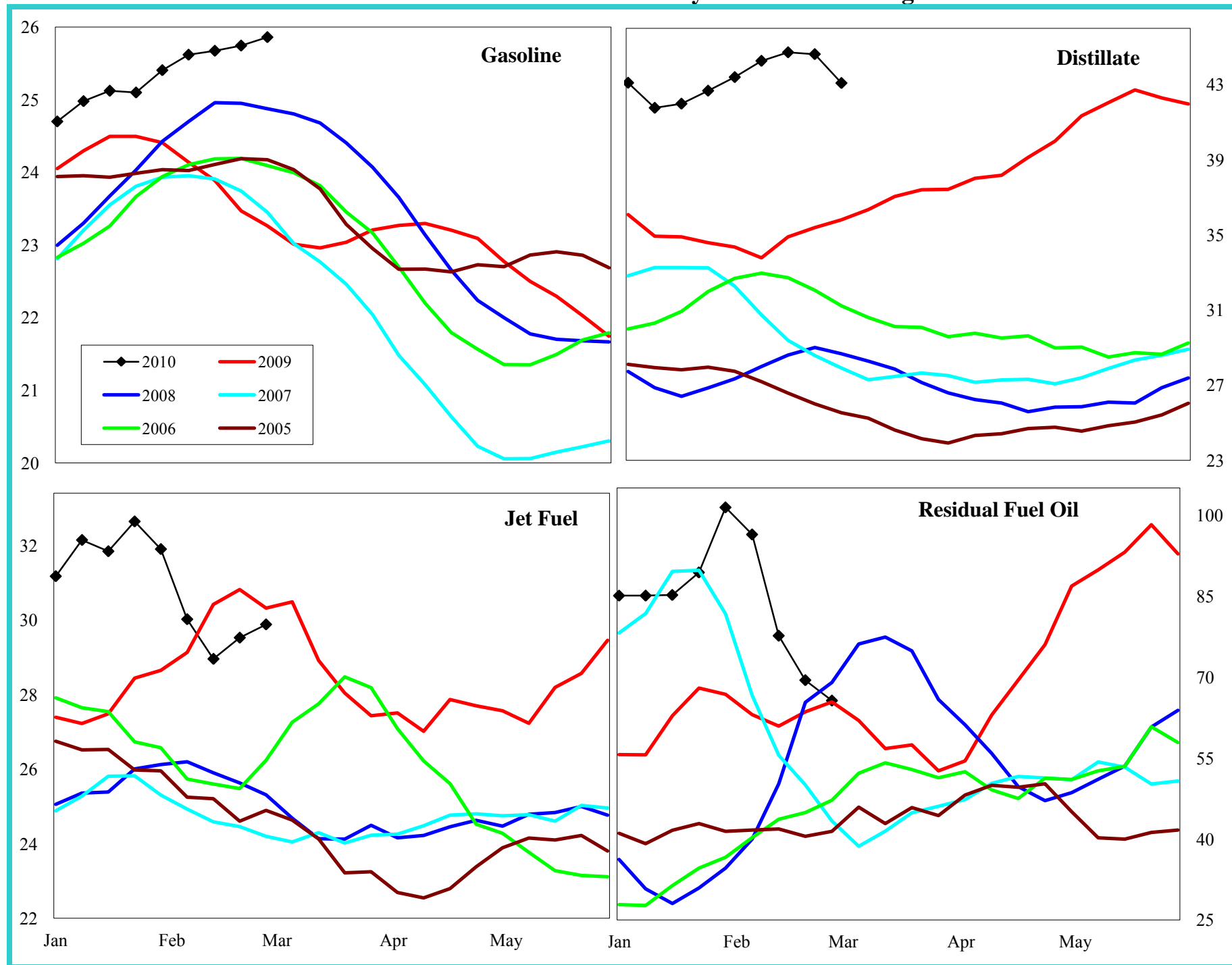
United States Wholesale Petroleum Demand



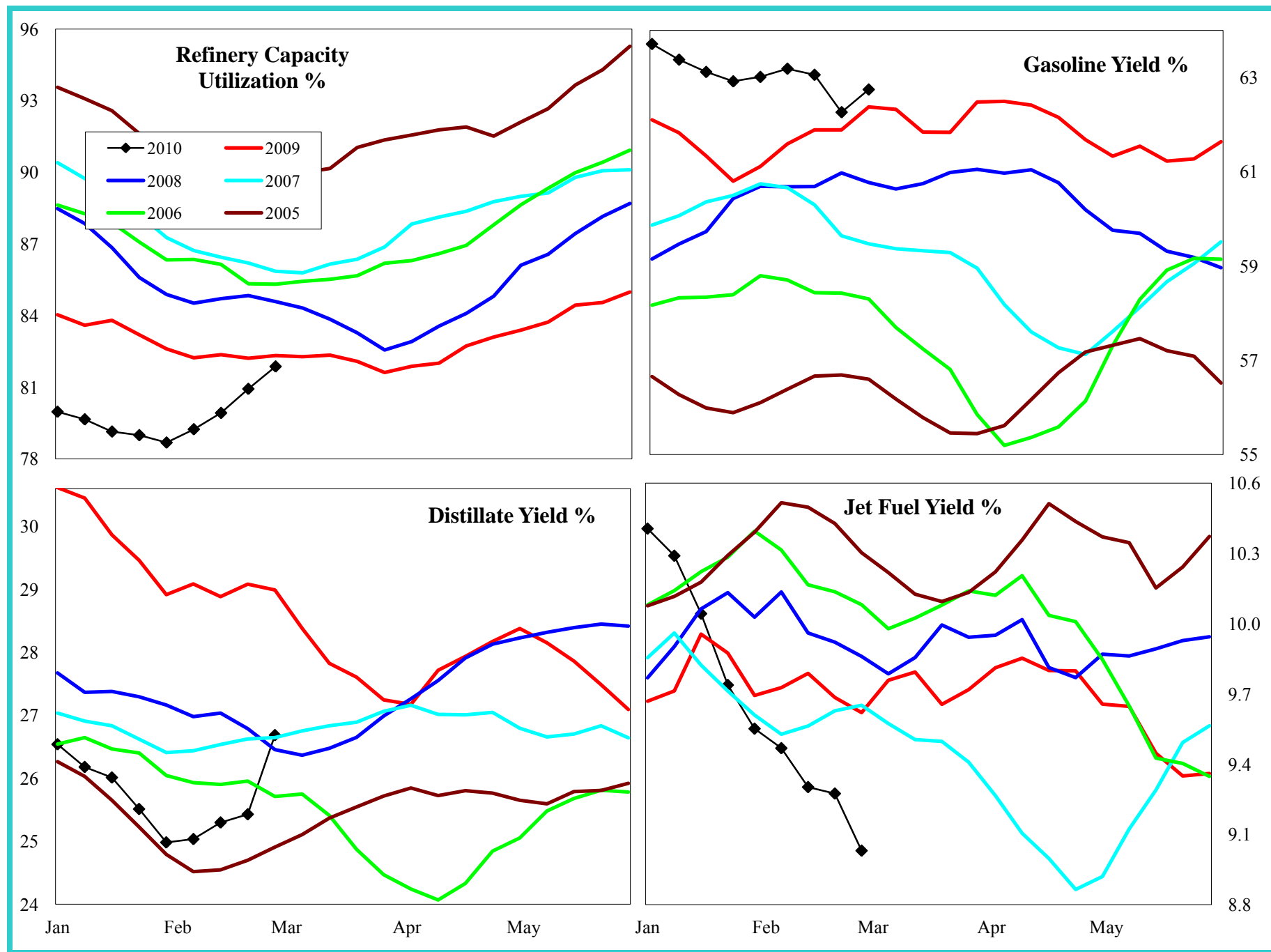
	000 bpd change from prior year				% change from prior year				
	4wk avg	Jan	Jan	Nov	4wk avg	Jan	Dec	Nov	
Gasoline	-224	-35	34	83	-2.5	-0.4	0.4	0.9	
Distillate	-313	-371	-79	-309	-7.7	-9.1	-2.1	-8.0	
Jet Fuel	-14	6	96	-12	-1.1	0.4	6.9	-0.8	
Resid	185	-207	-273	-41	37.4	-29.6	-36.3	-7.9	



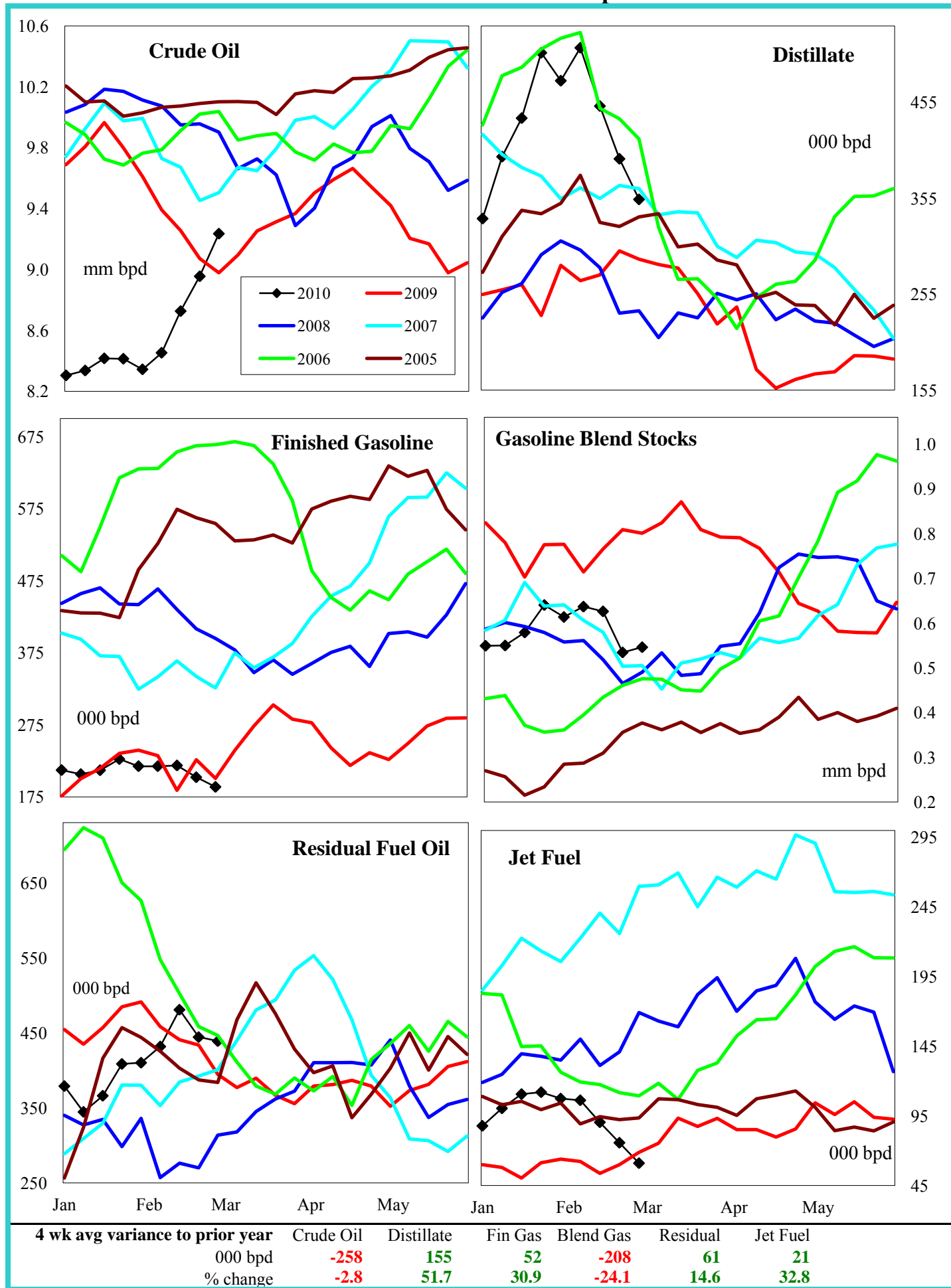
United States Product Stocks: Days Forward Coverage



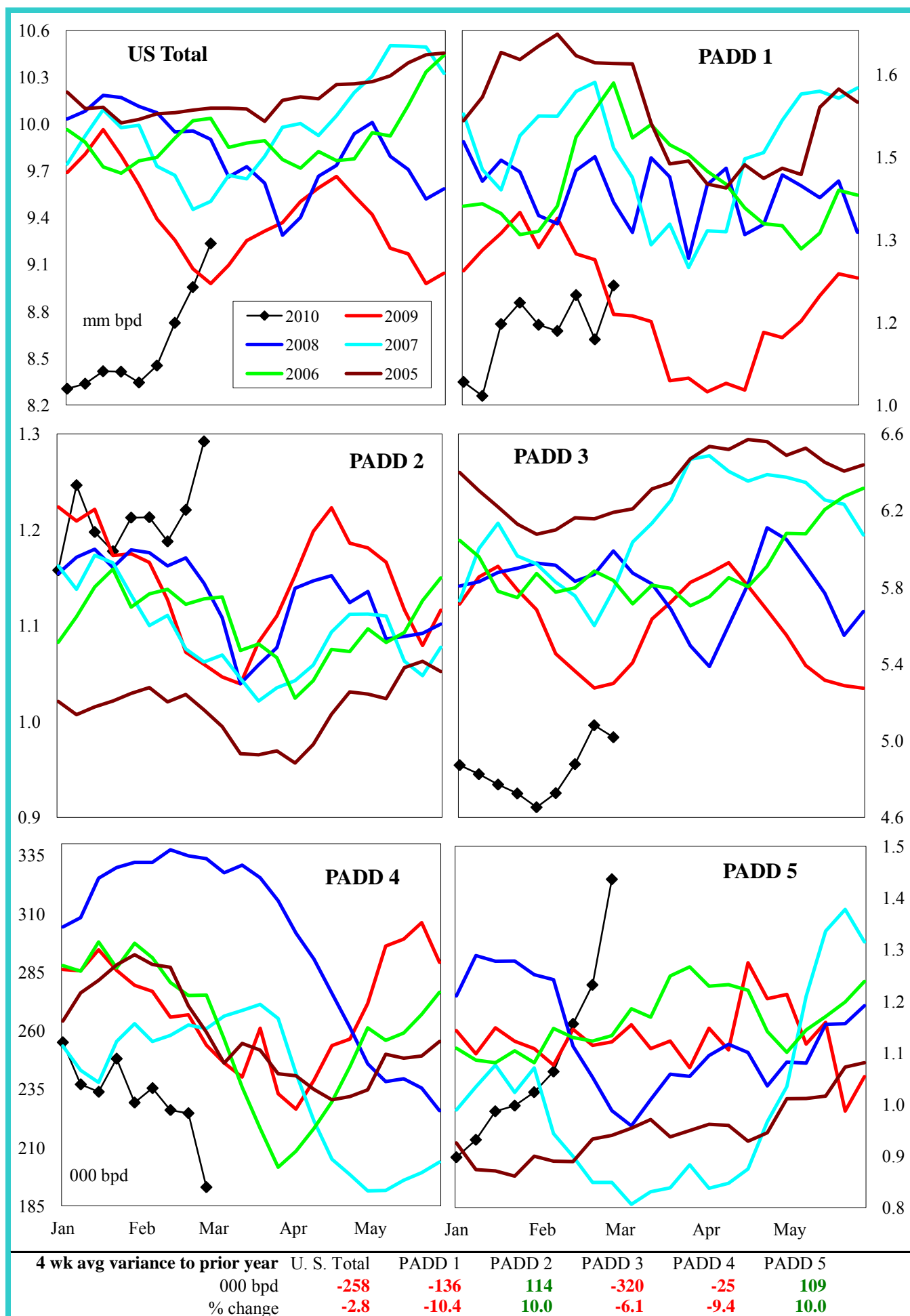
United States Refinery Percent Utilization Rate and Product Yields



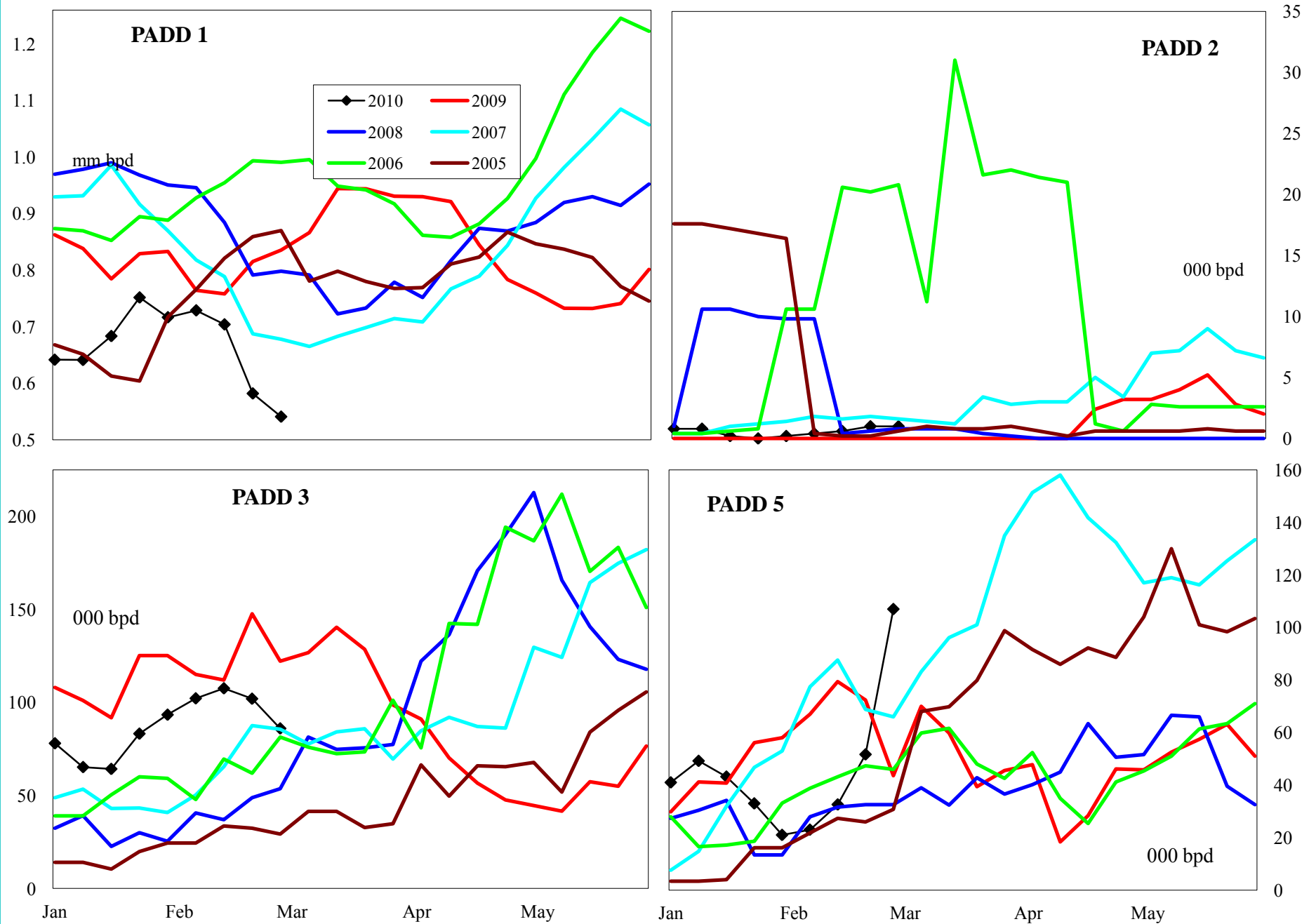
United States Petroleum Imports



Crude Oil Imports by PADD

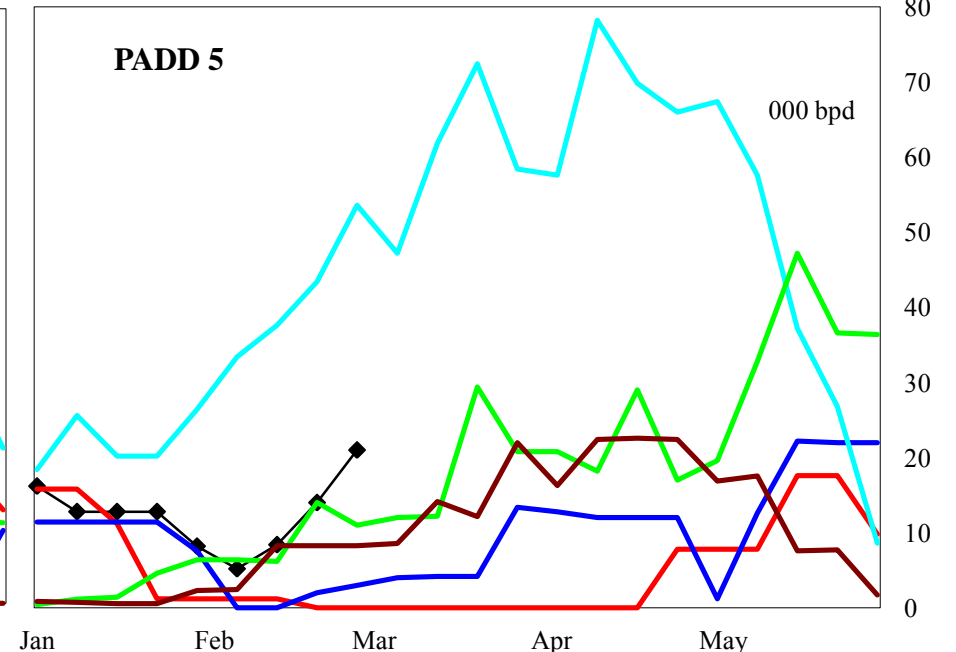
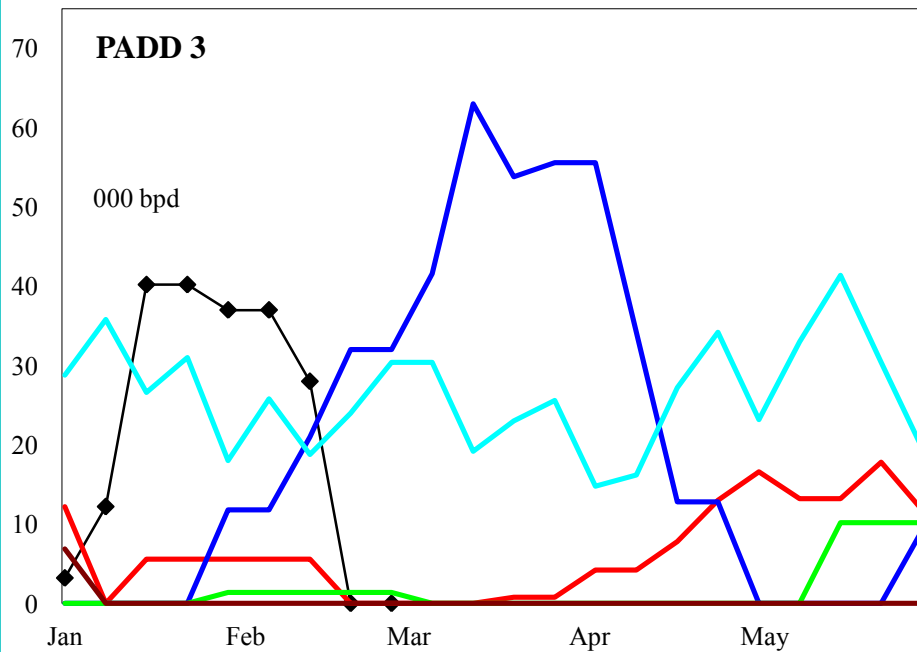
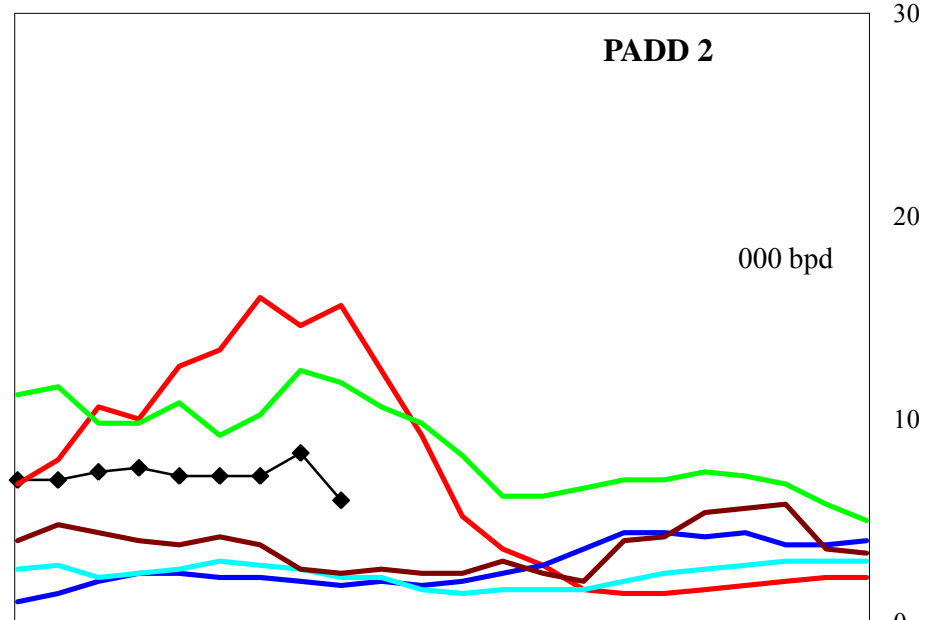
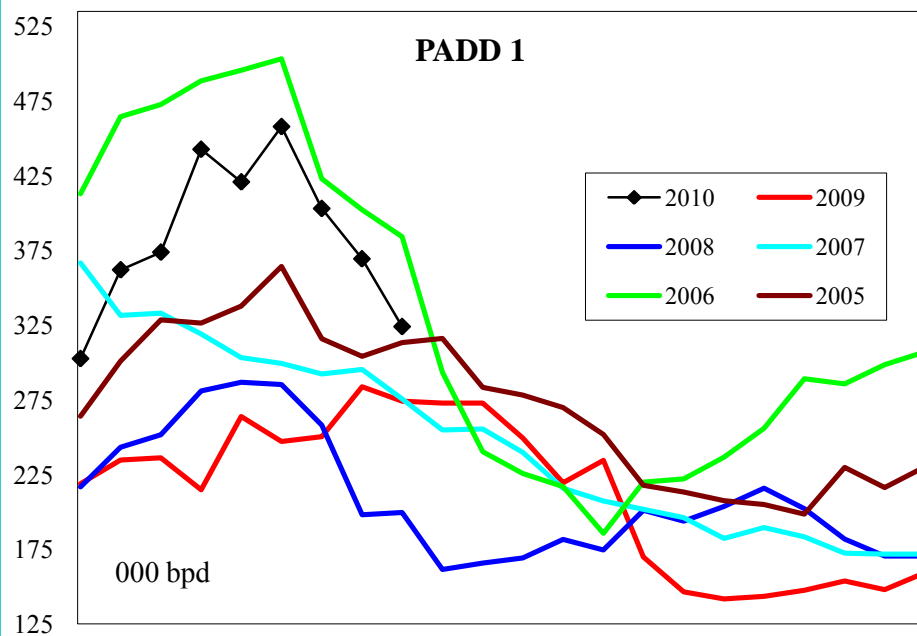


Gasoline Imports by PADD (Finished + Blend Stocks)



4 wk avg variance to prior year	PADD 1	PADD 2	PADD 3	PADD 5
000 bpd	-109	1	-5	-43
% change	-13.2	#DIV/0!	-4.0	-51.1

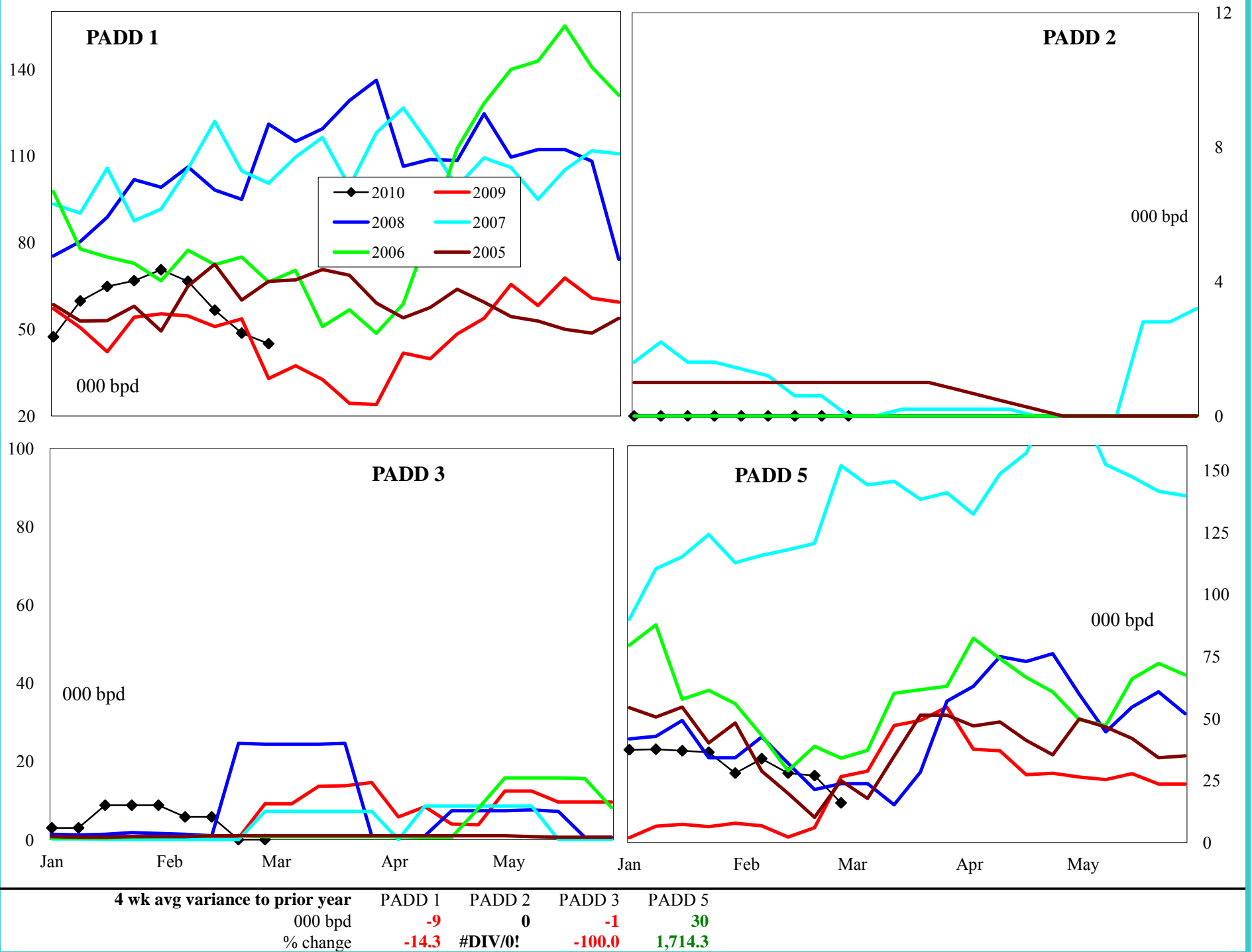
Distillate Imports by PADD



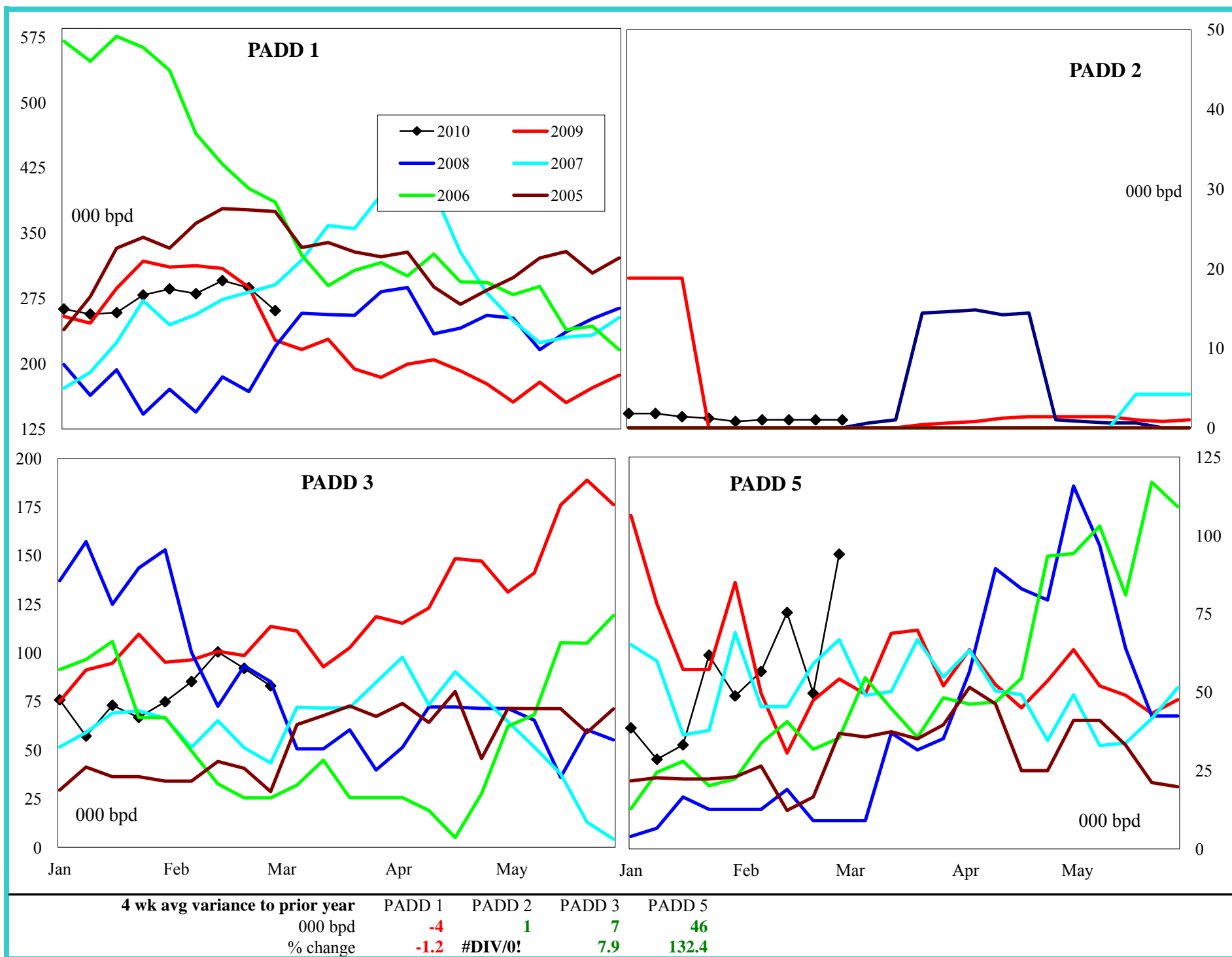
4 wk avg variance to prior year
000 bpd
% change

PADD 1	PADD 2	PADD 3	PADD 4	PADD 5
151	-9	0	3	11
53.5	-53.1	#DIV/0!	111.1	#DIV/0!

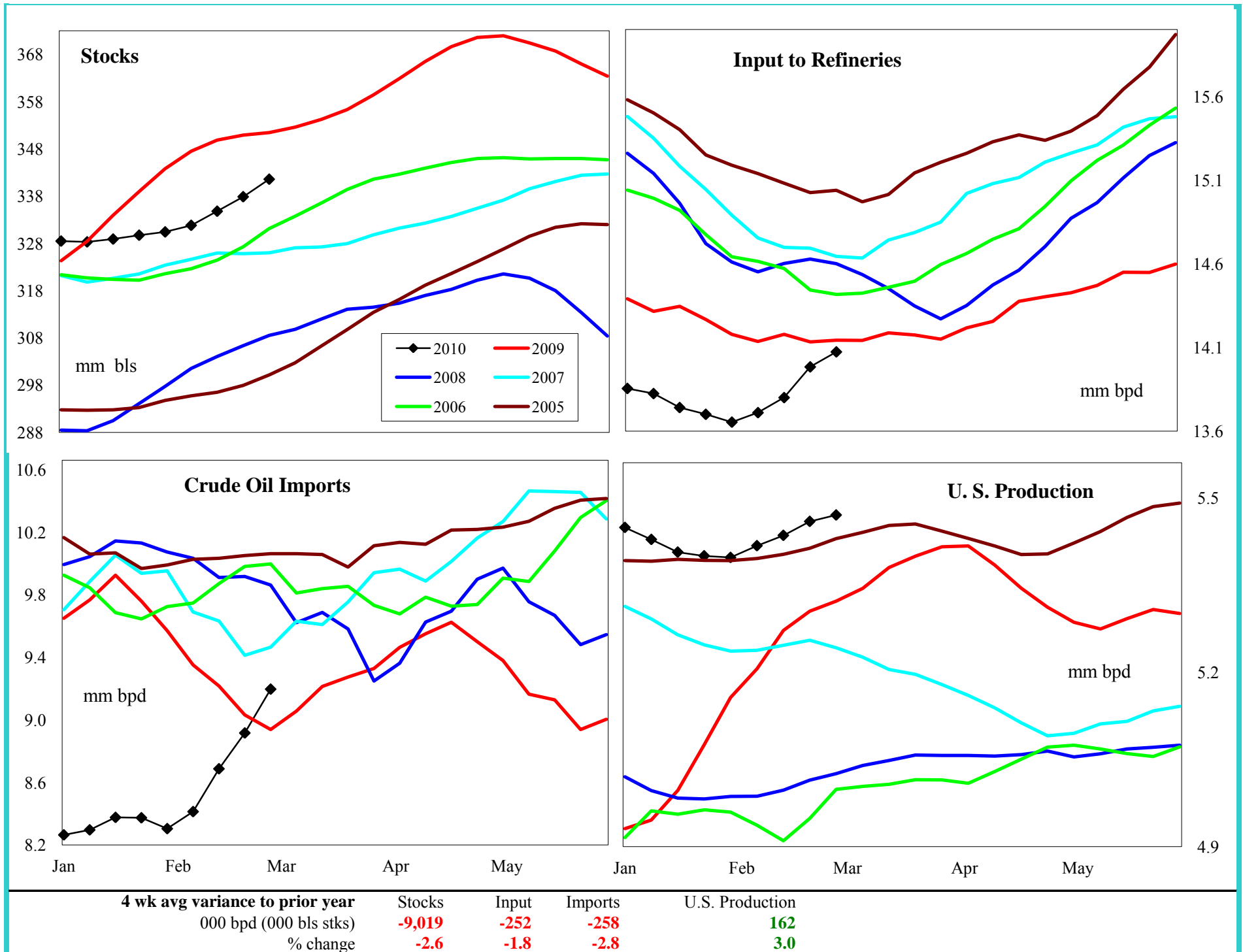
Jet Fuel Imports by PADD



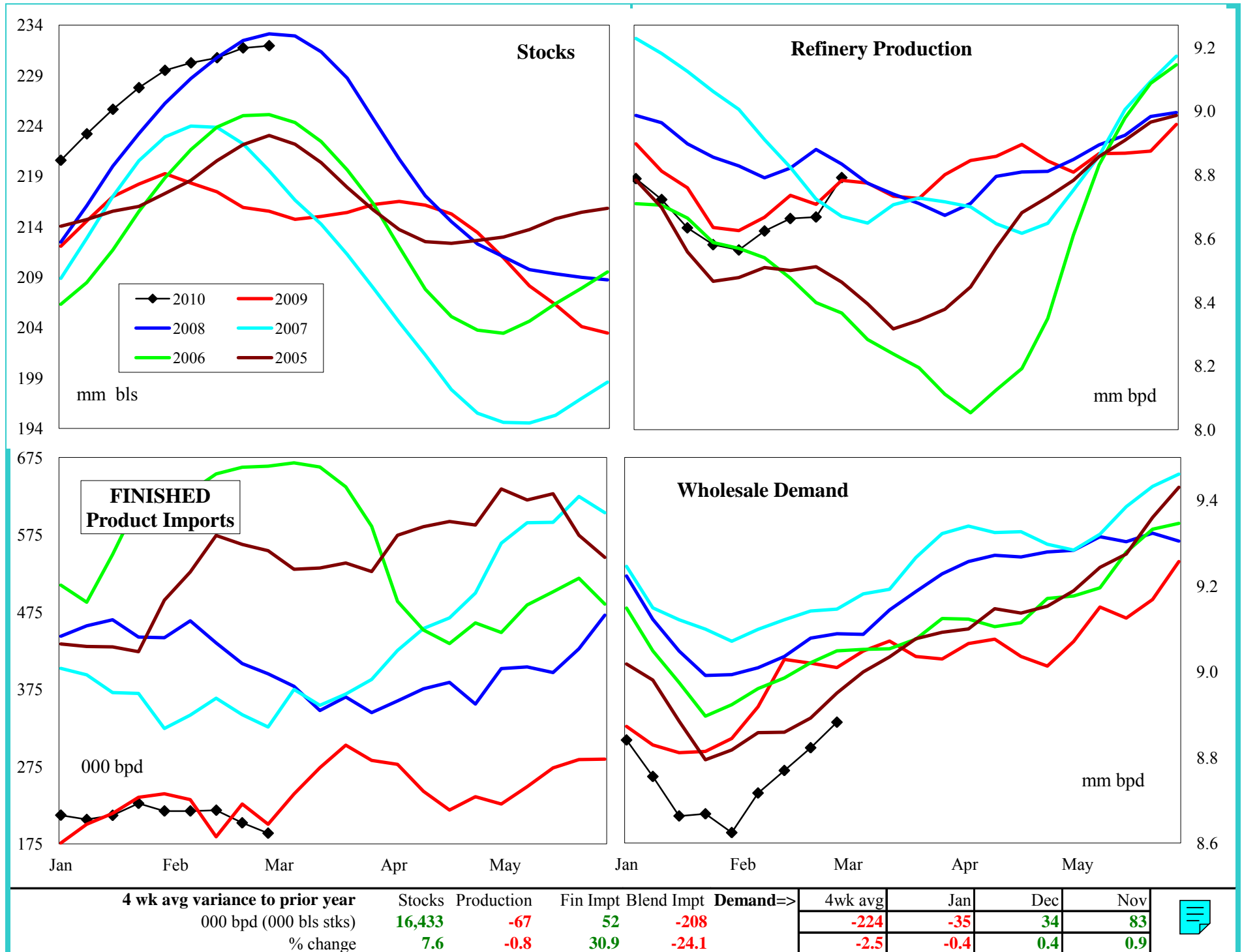
Residual Fuel Oil Imports by PADD



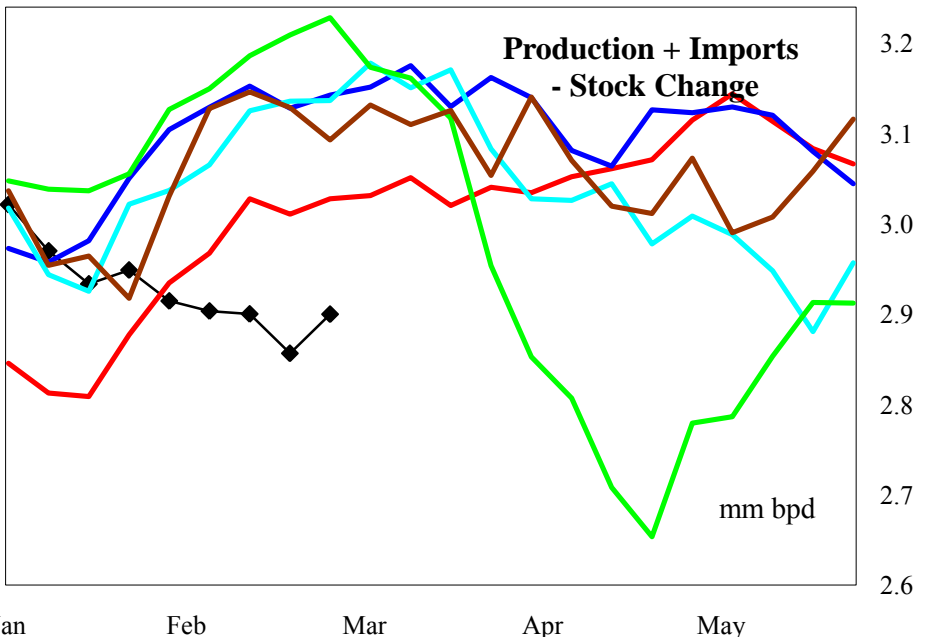
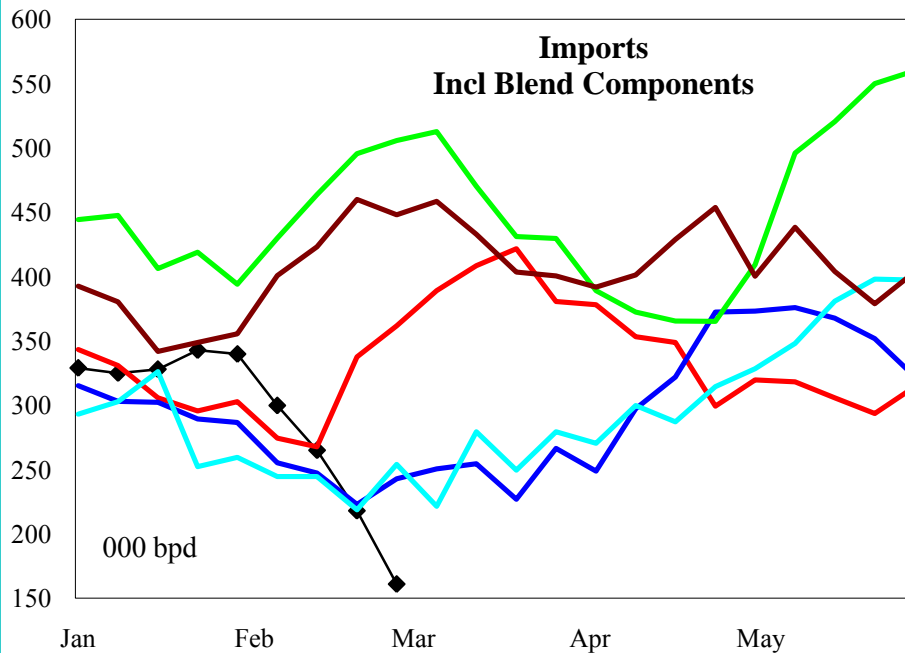
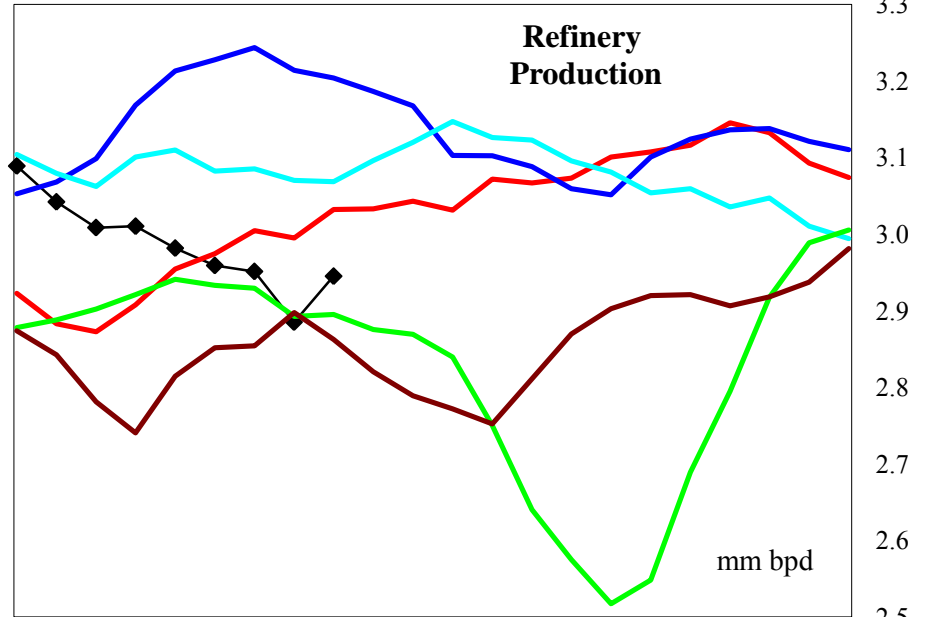
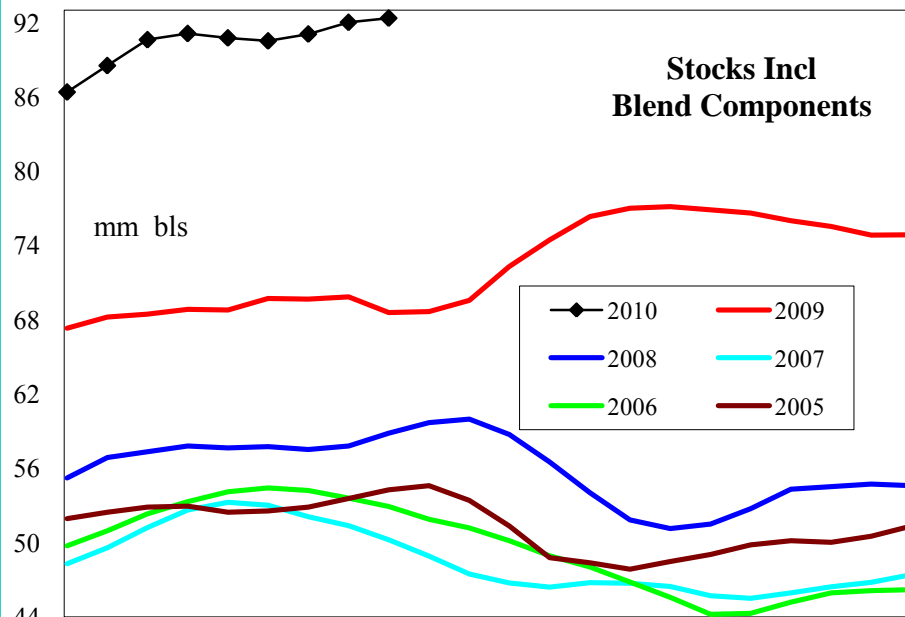
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



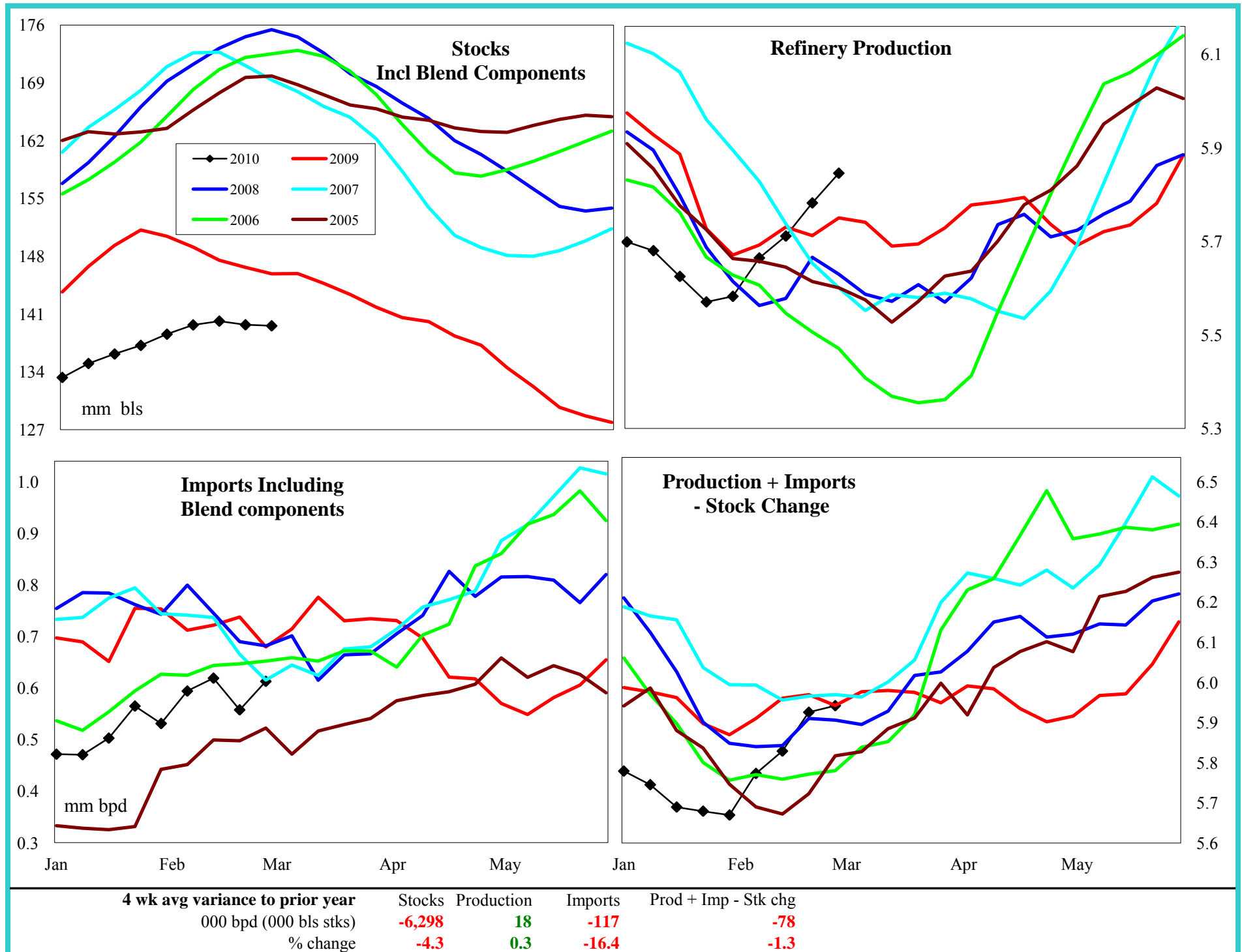
United States Reformulated Gasoline Supply



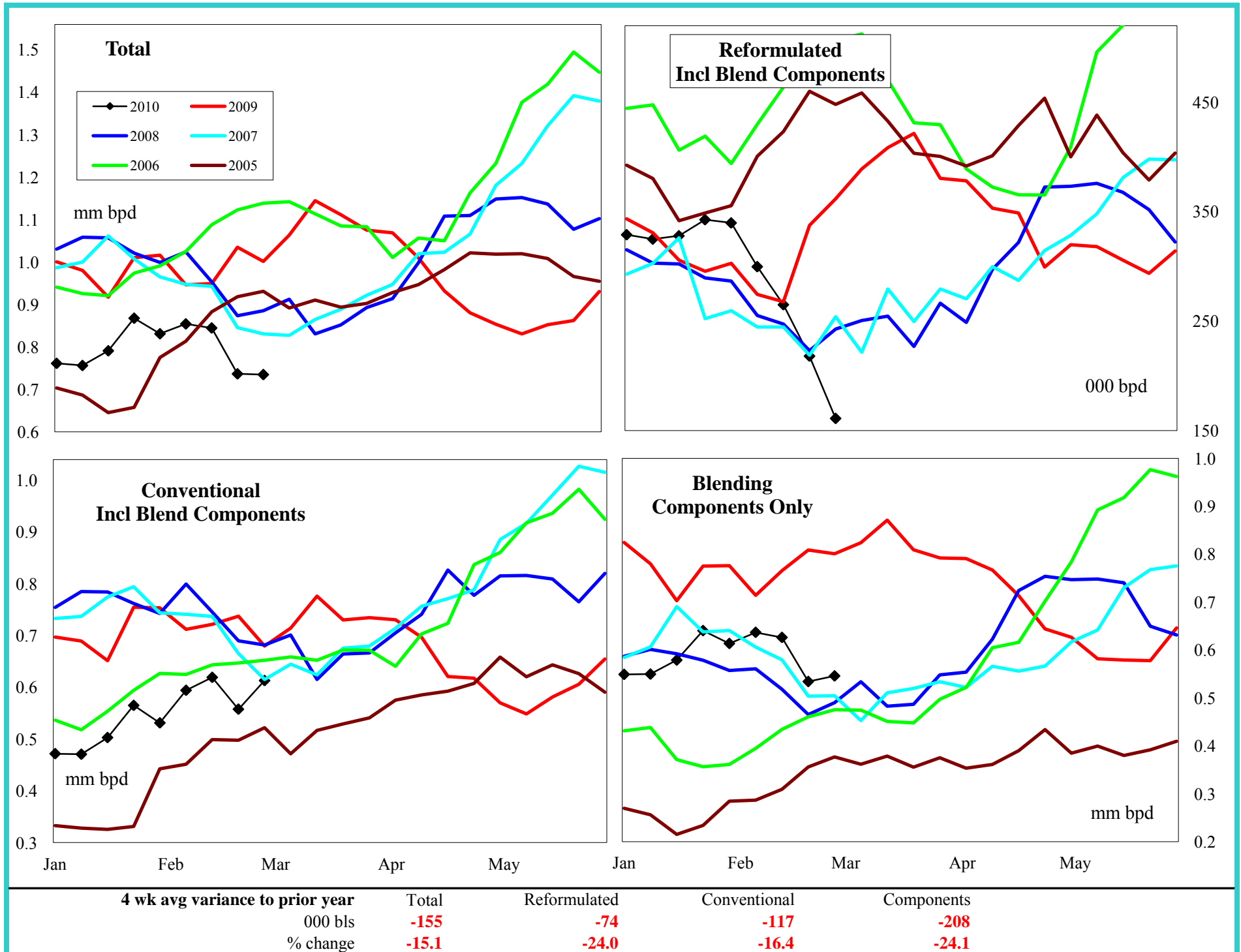
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
23,785	-85	-74	-118
34.7	-2.8	-24.0	-3.9

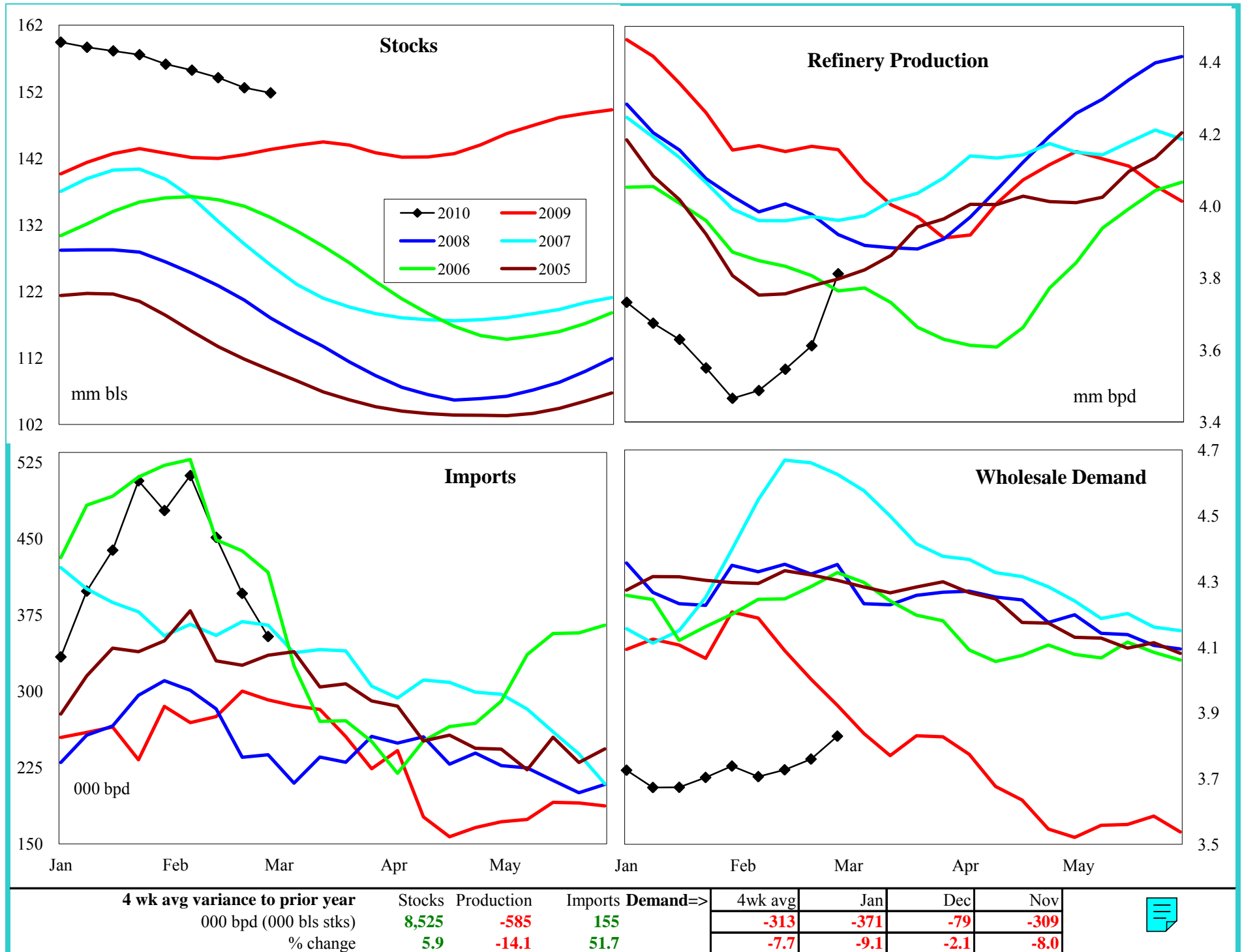
United States Conventional Gasoline Supply



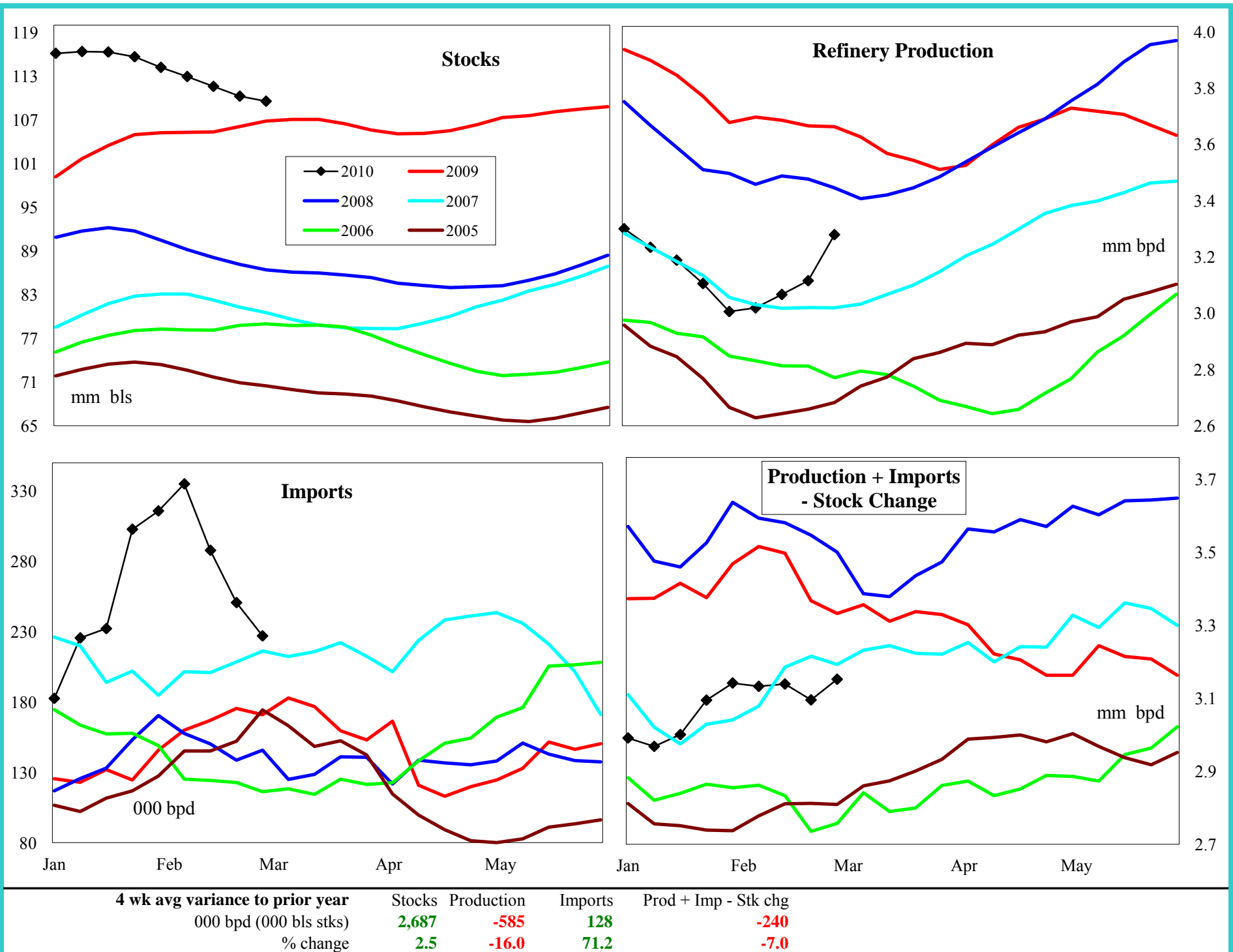
United States Gasoline Imports by Type



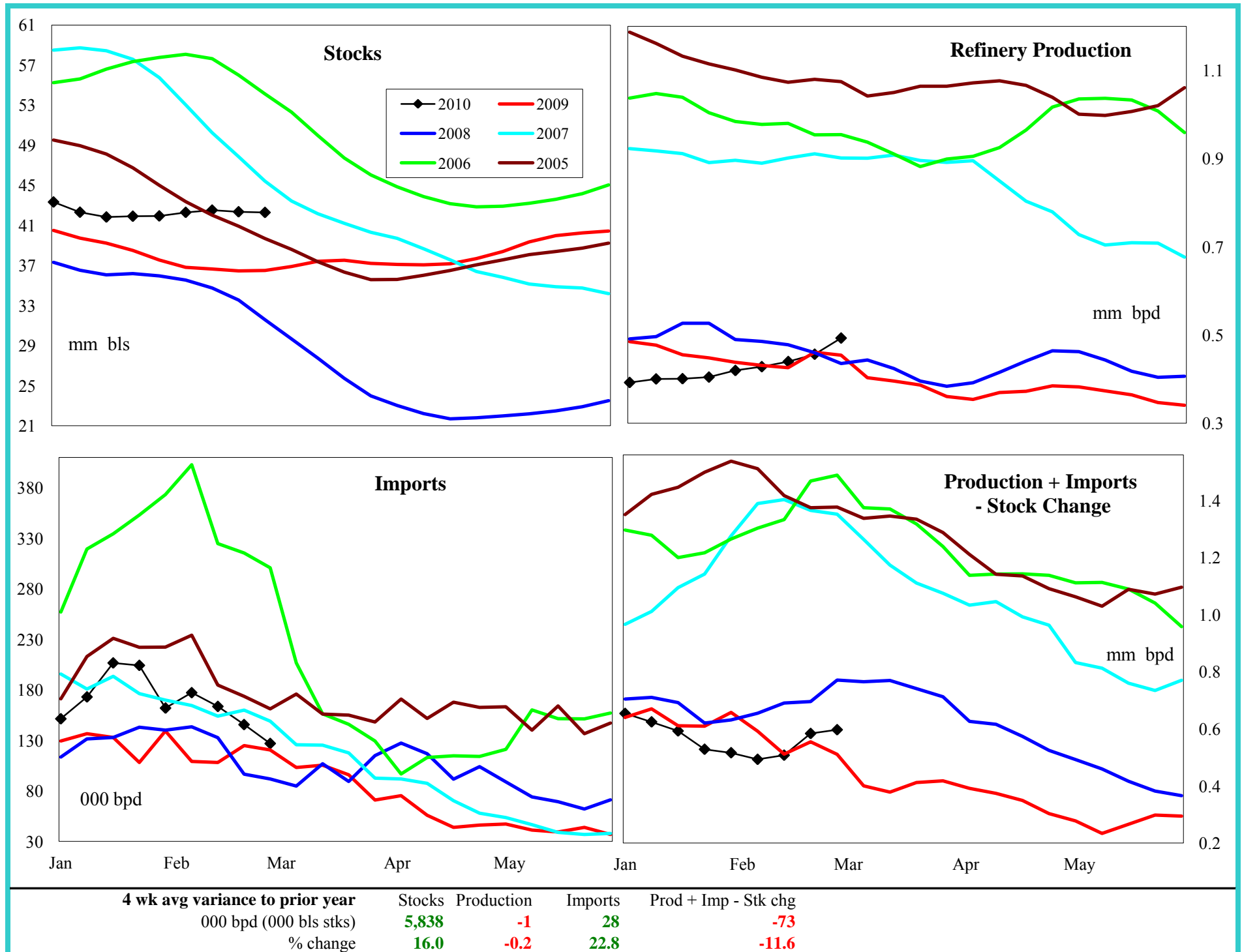
United States Distillate Supply and Demand Balance



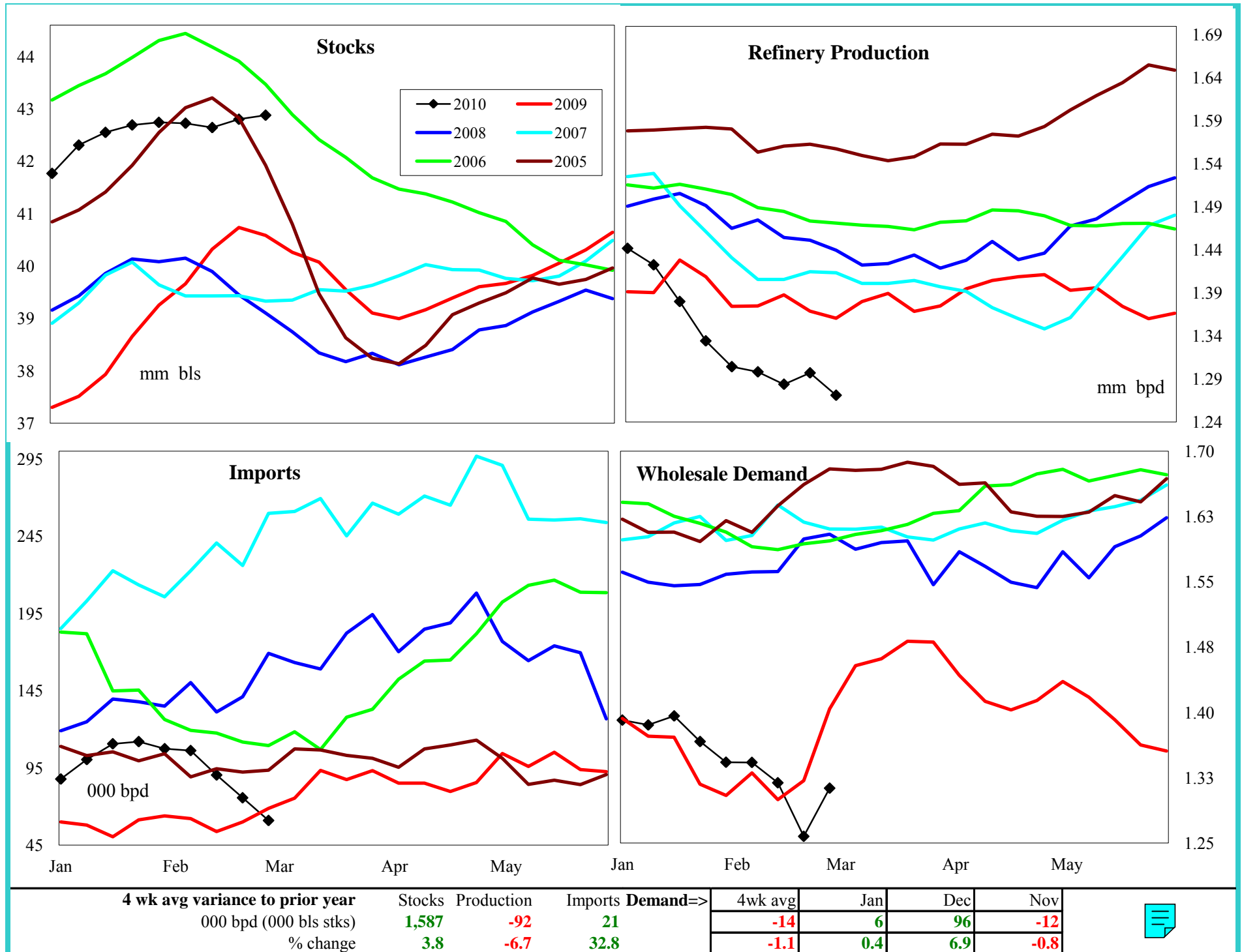
United States Low Sulfur Distillate Supply



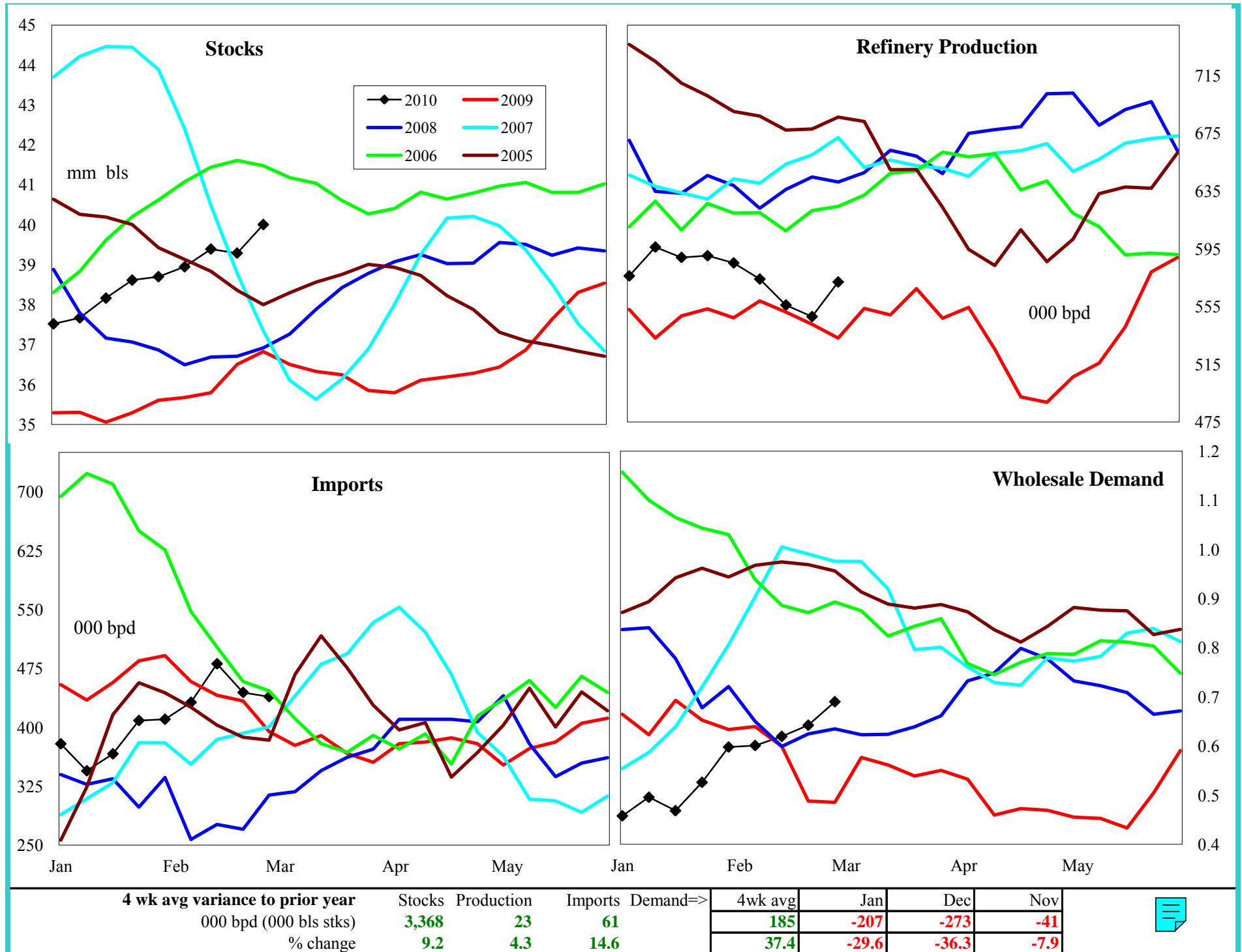
United States High Sulfur Distillate Supply



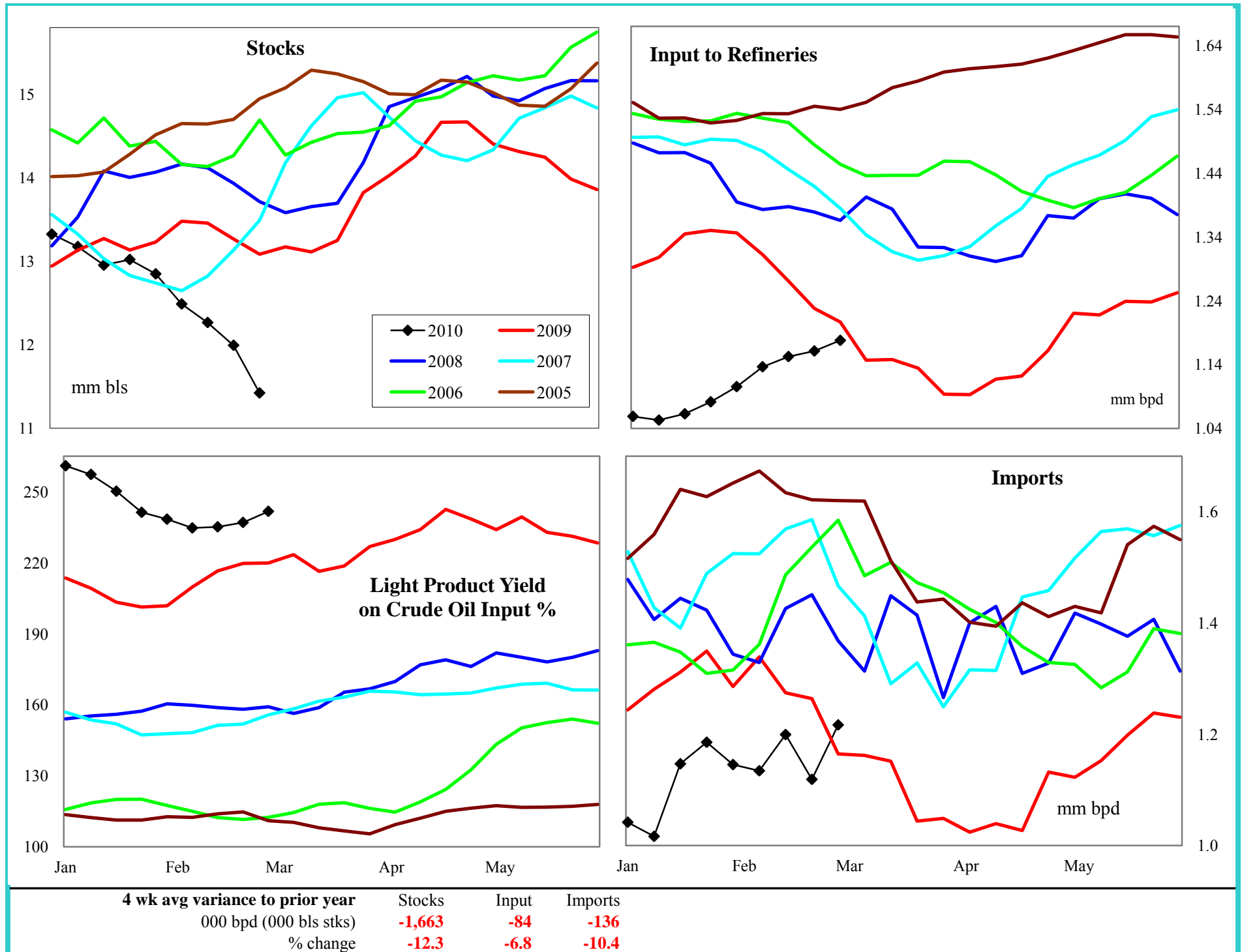
United States Jet Fuel Supply and Demand Balance



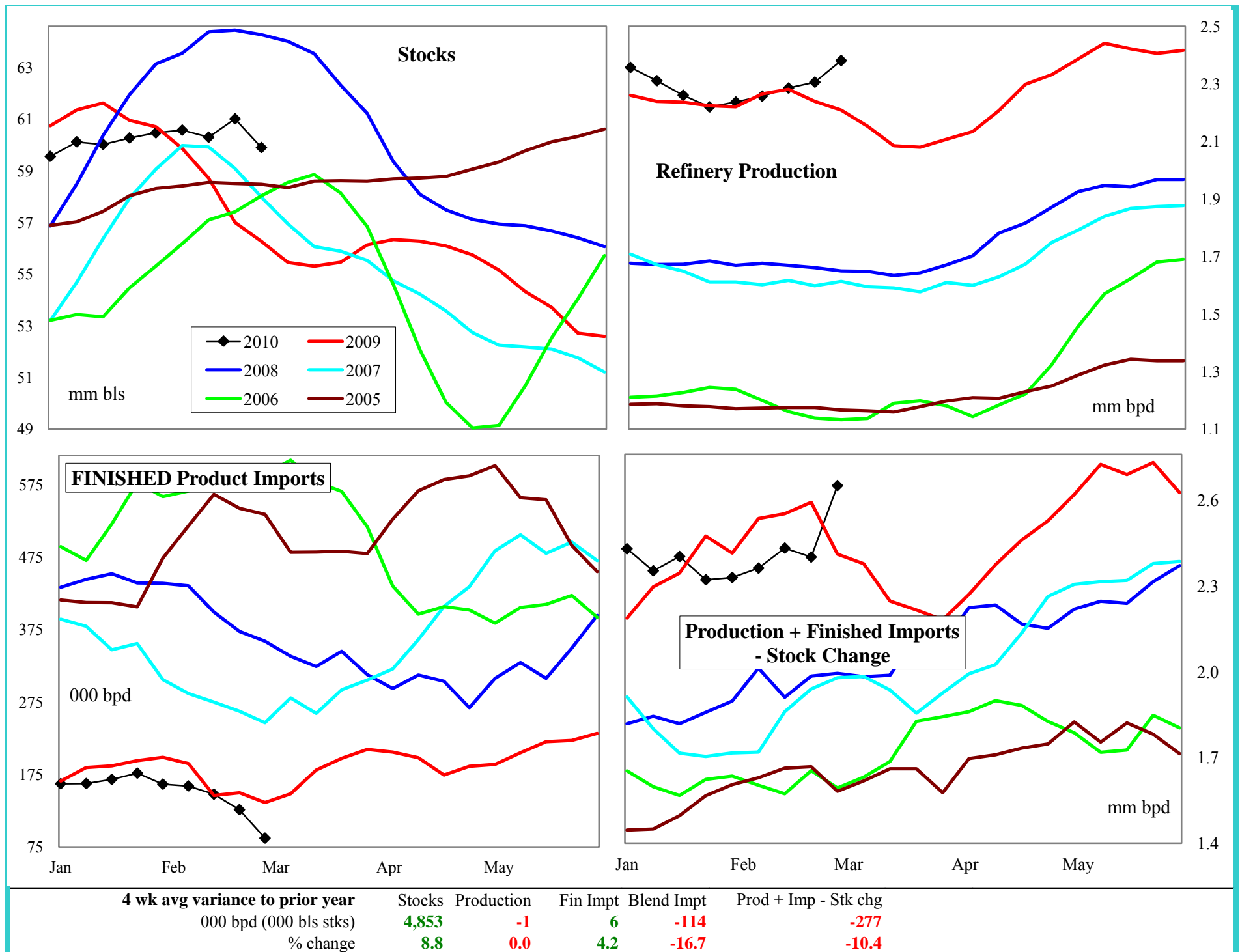
United States Residual Fuel Oil Supply and Demand Balance



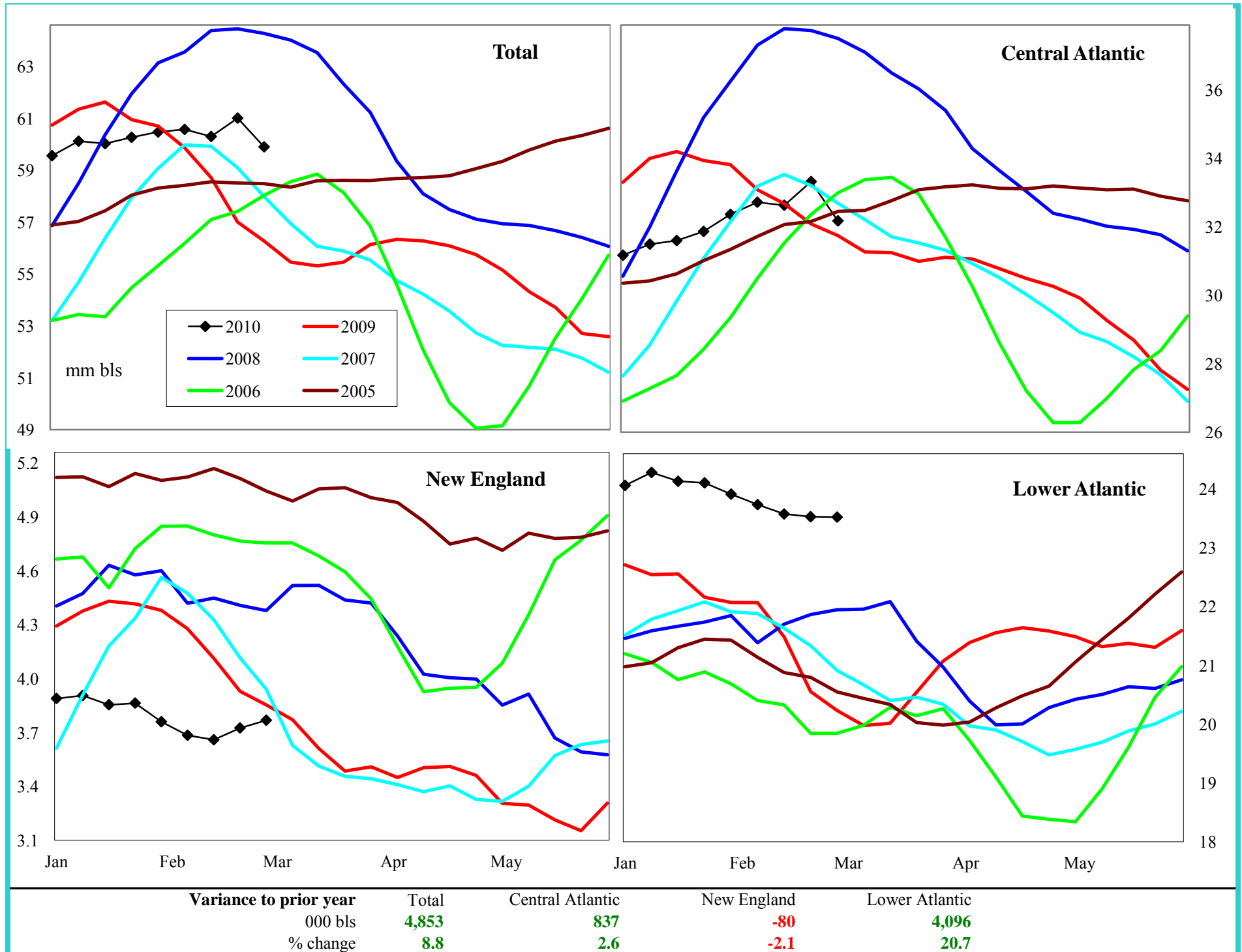
PADD 1 Crude Oil Supply and Refining



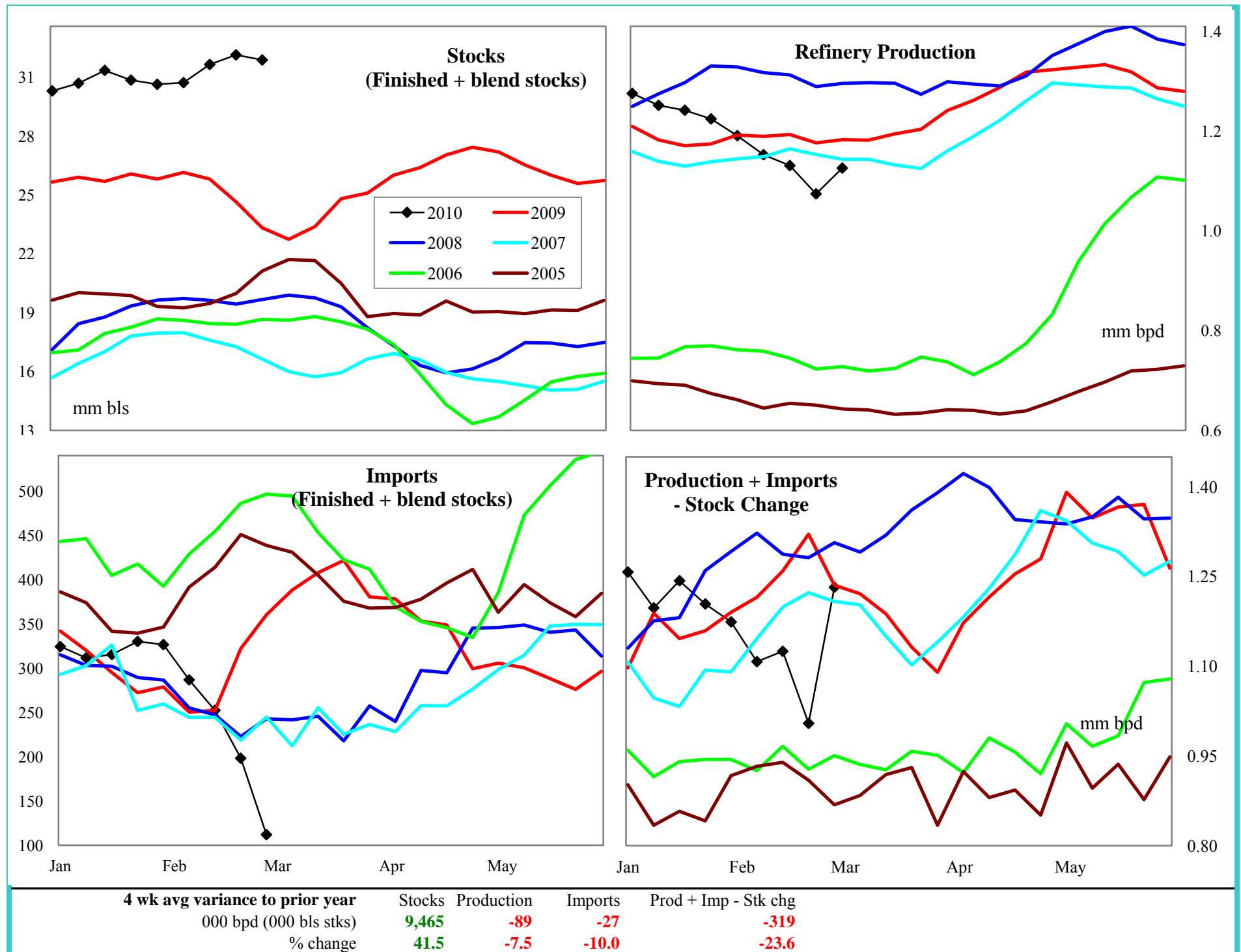
PADD 1 Gasoline Supply



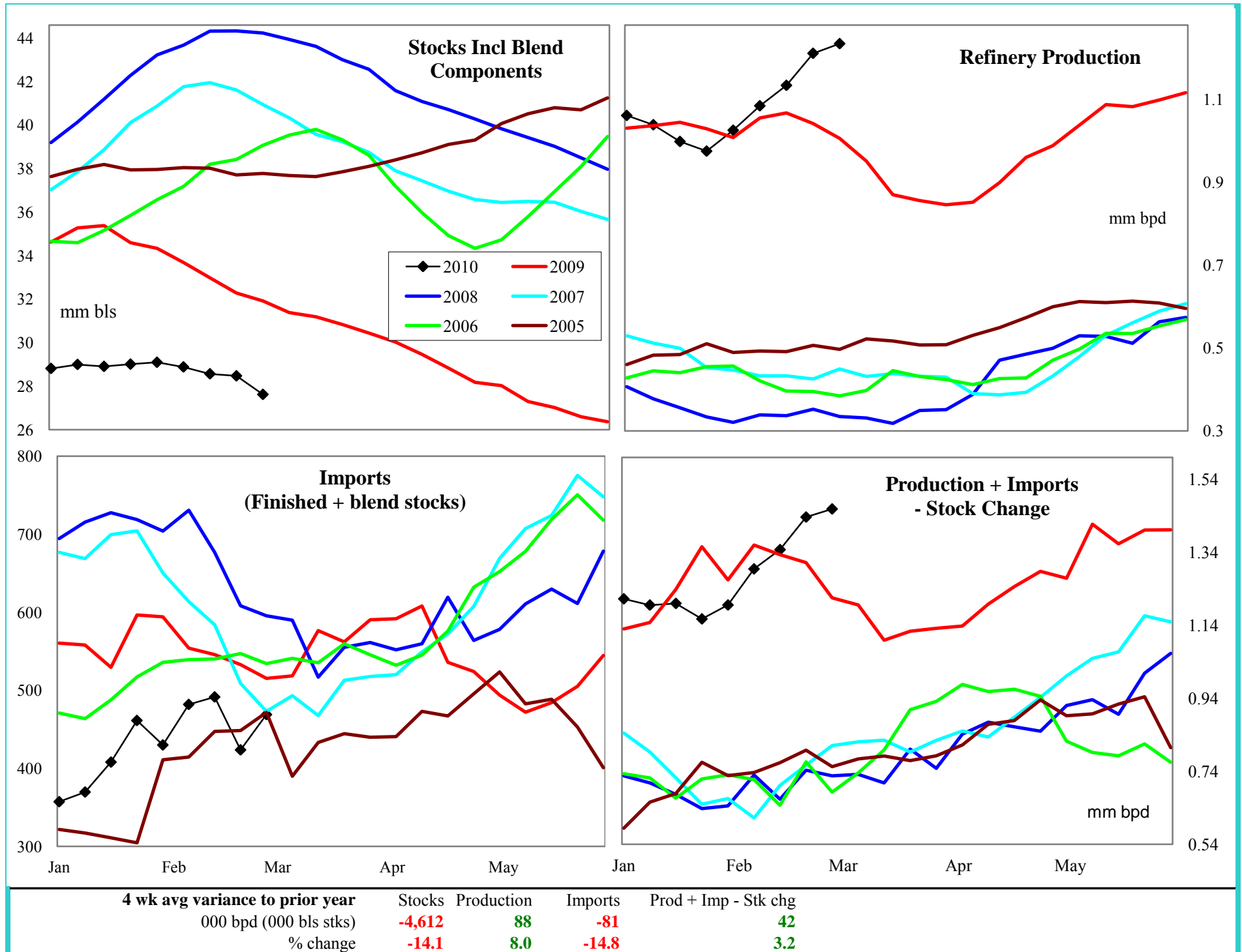
PADD 1 Gasoline Stocks by Region



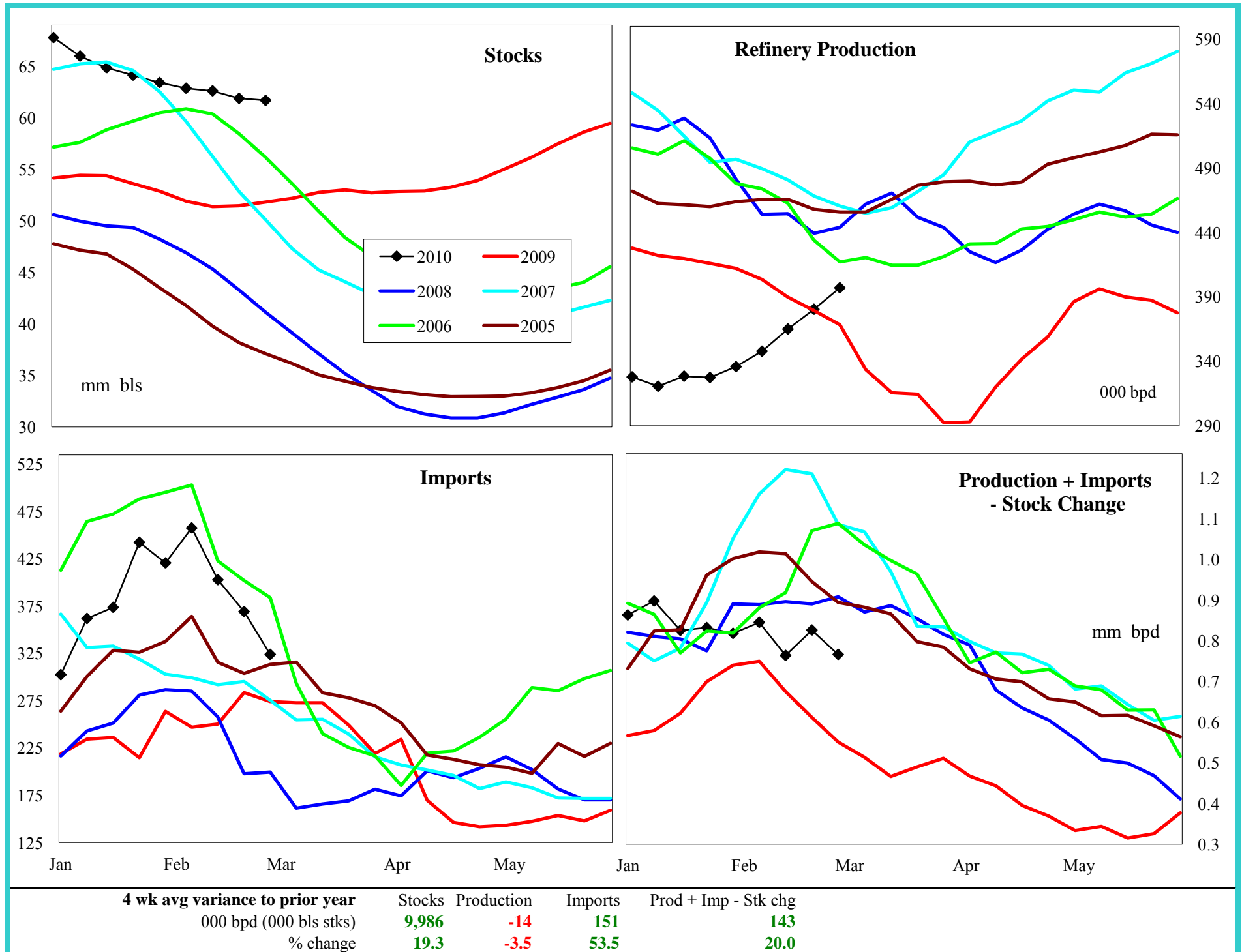
PADD 1 Reformulated Gasoline Supply



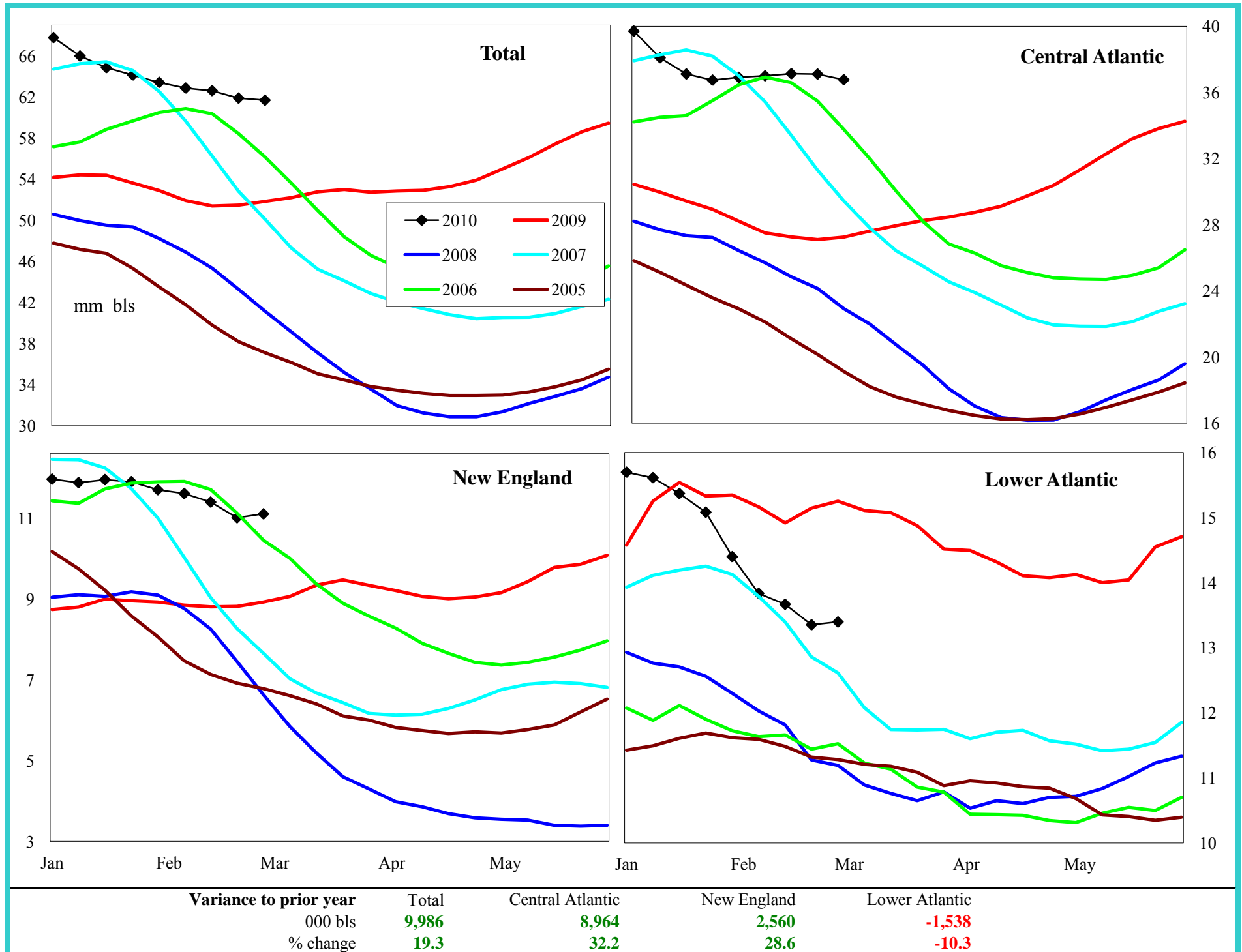
PADD 1 Conventional Gasoline Supply



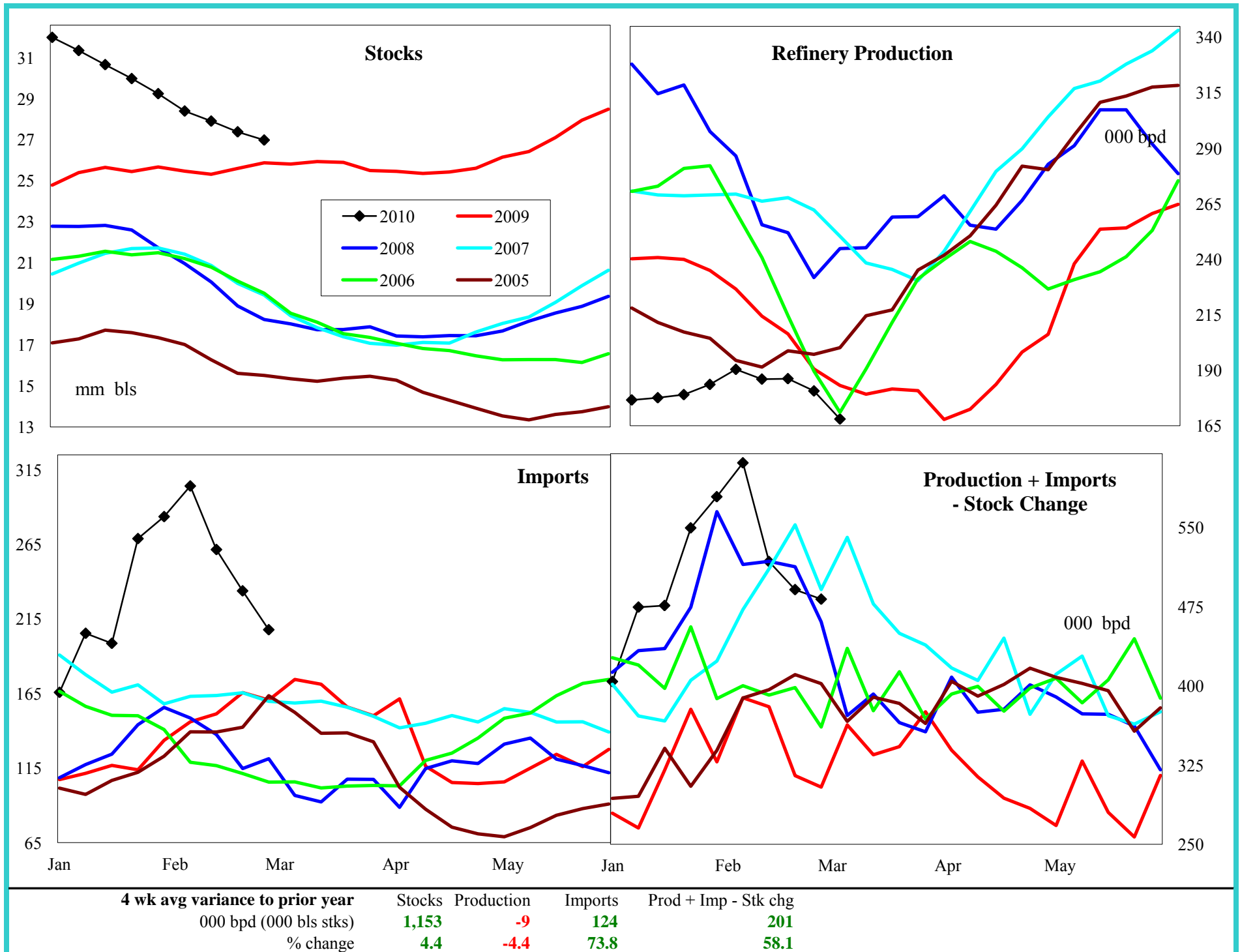
PADD 1 Distillate Supply



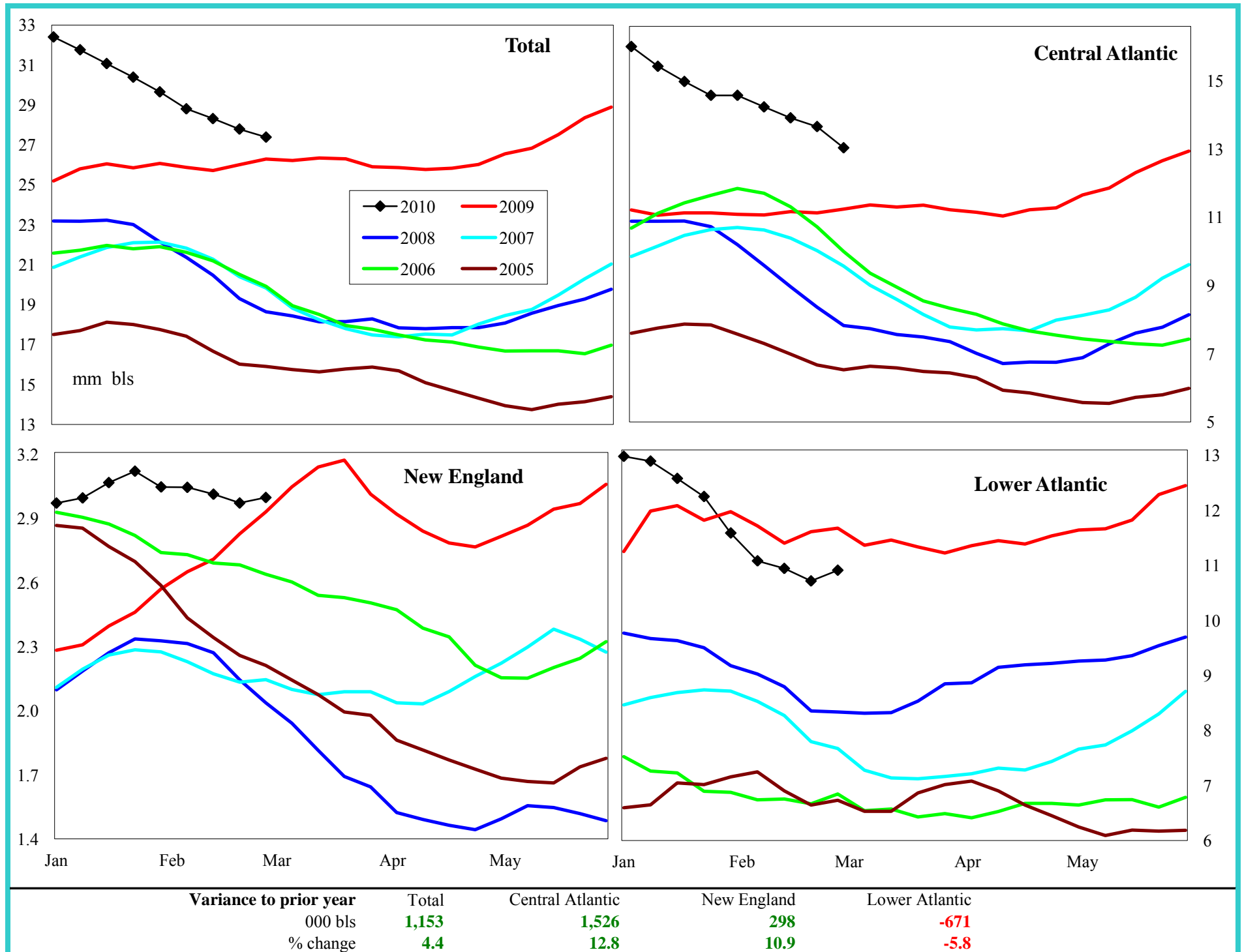
PADD 1 Distillate Stocks by Region



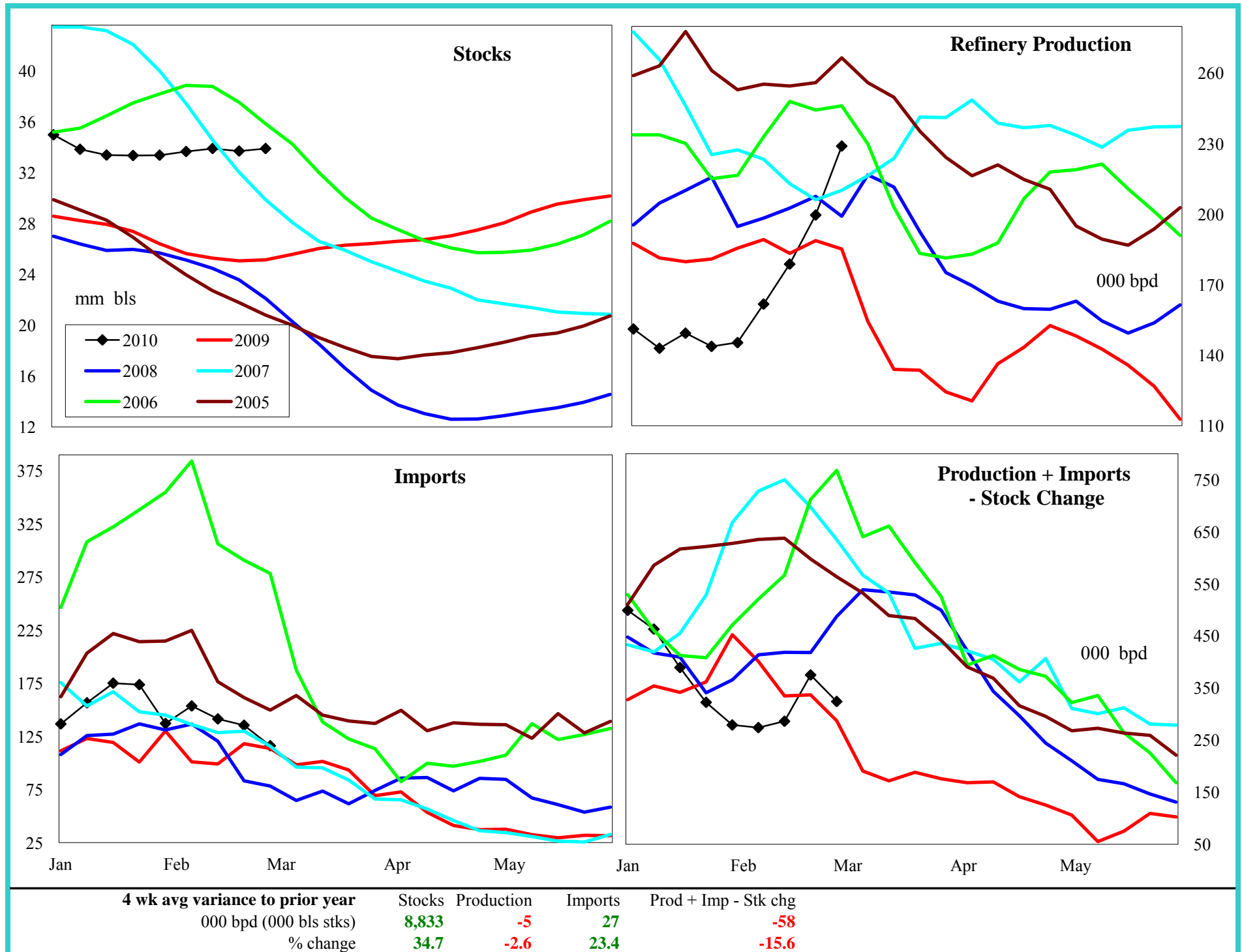
PADD 1 Low Sulfur Distillate Supply



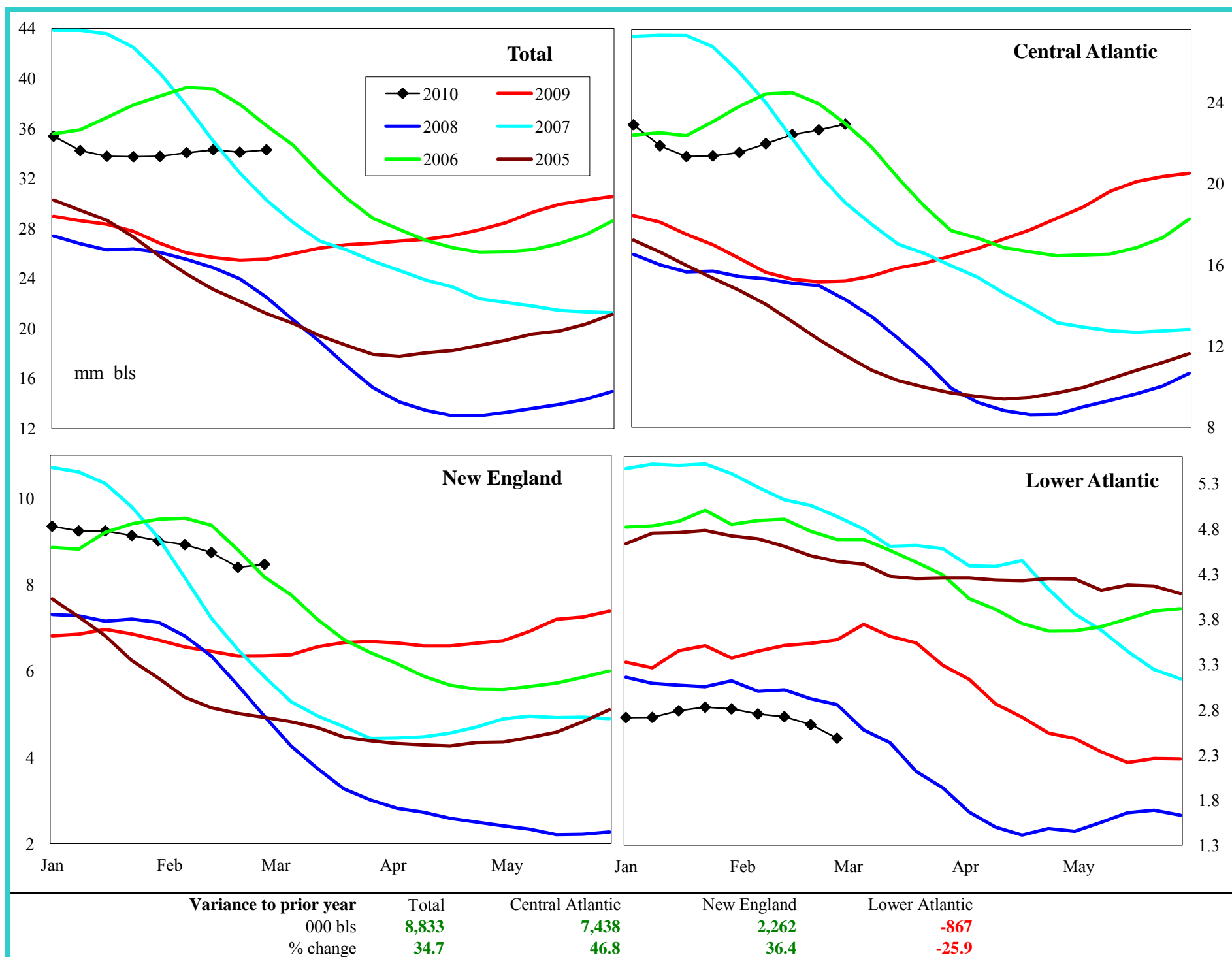
PADD 1 Low Sulfur Distillate Stocks by Region



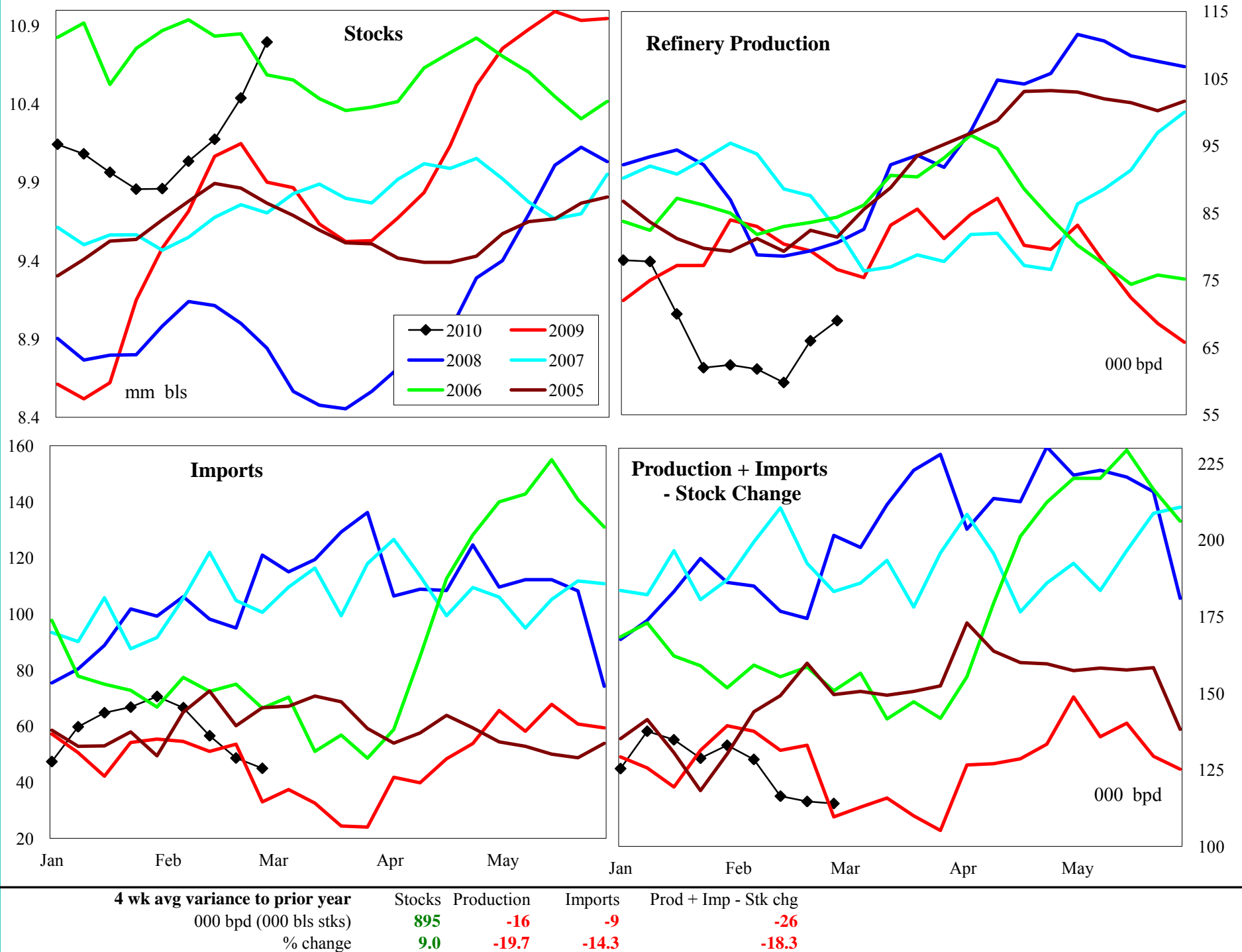
PADD 1 High Sulfur Distillate Supply



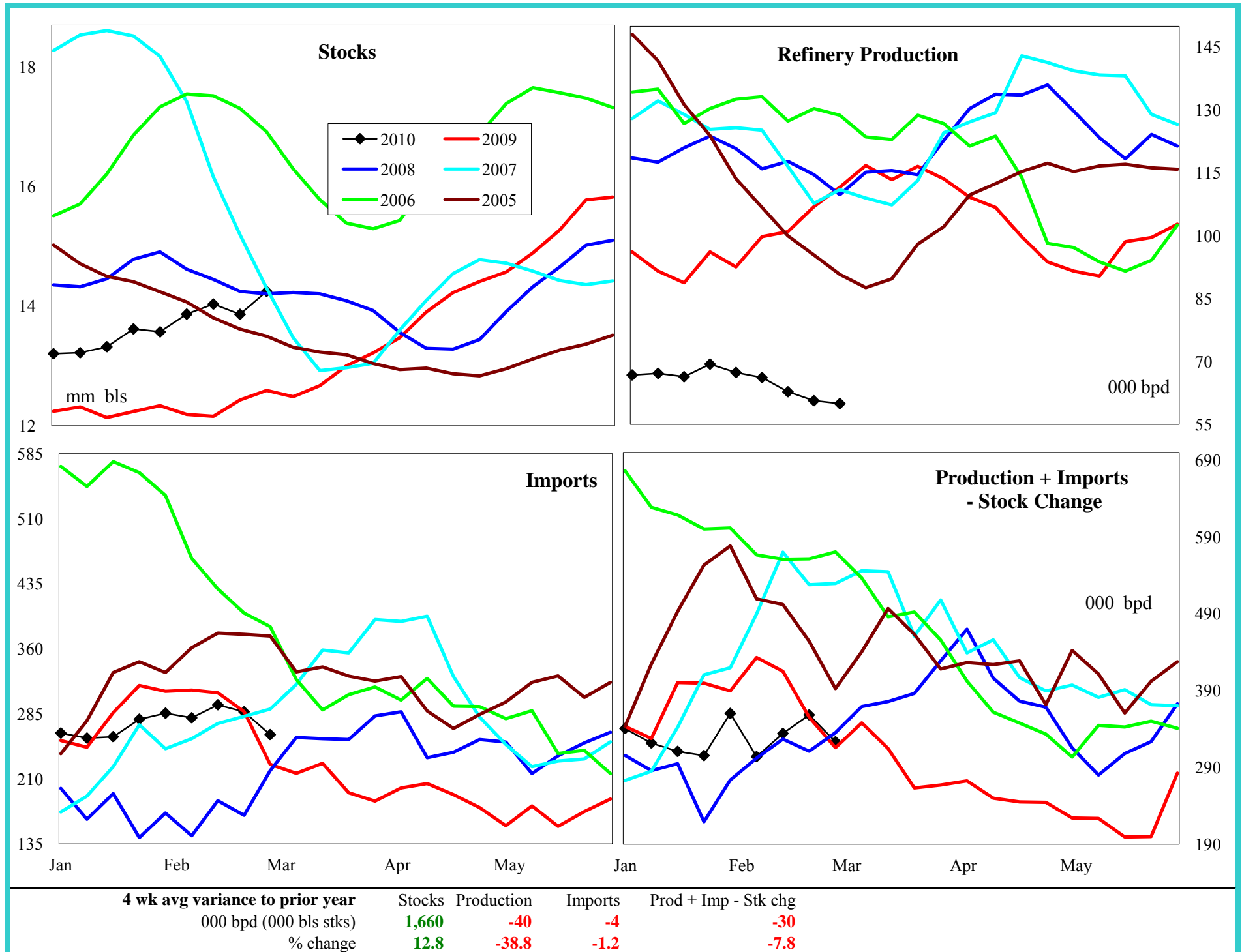
PADD 1 High Sulfur Distillate Stocks by Region



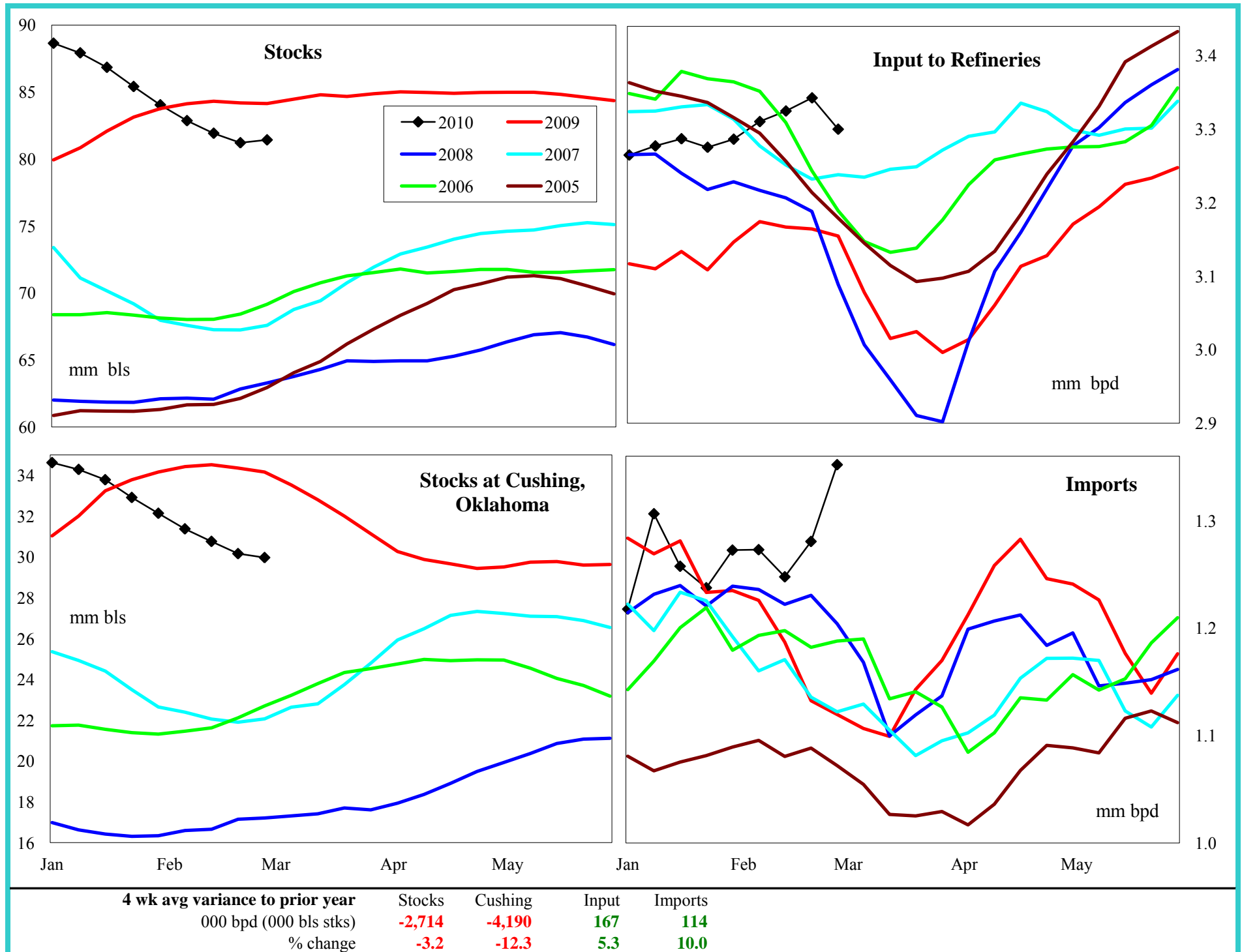
PADD 1 Jet Fuel Supply



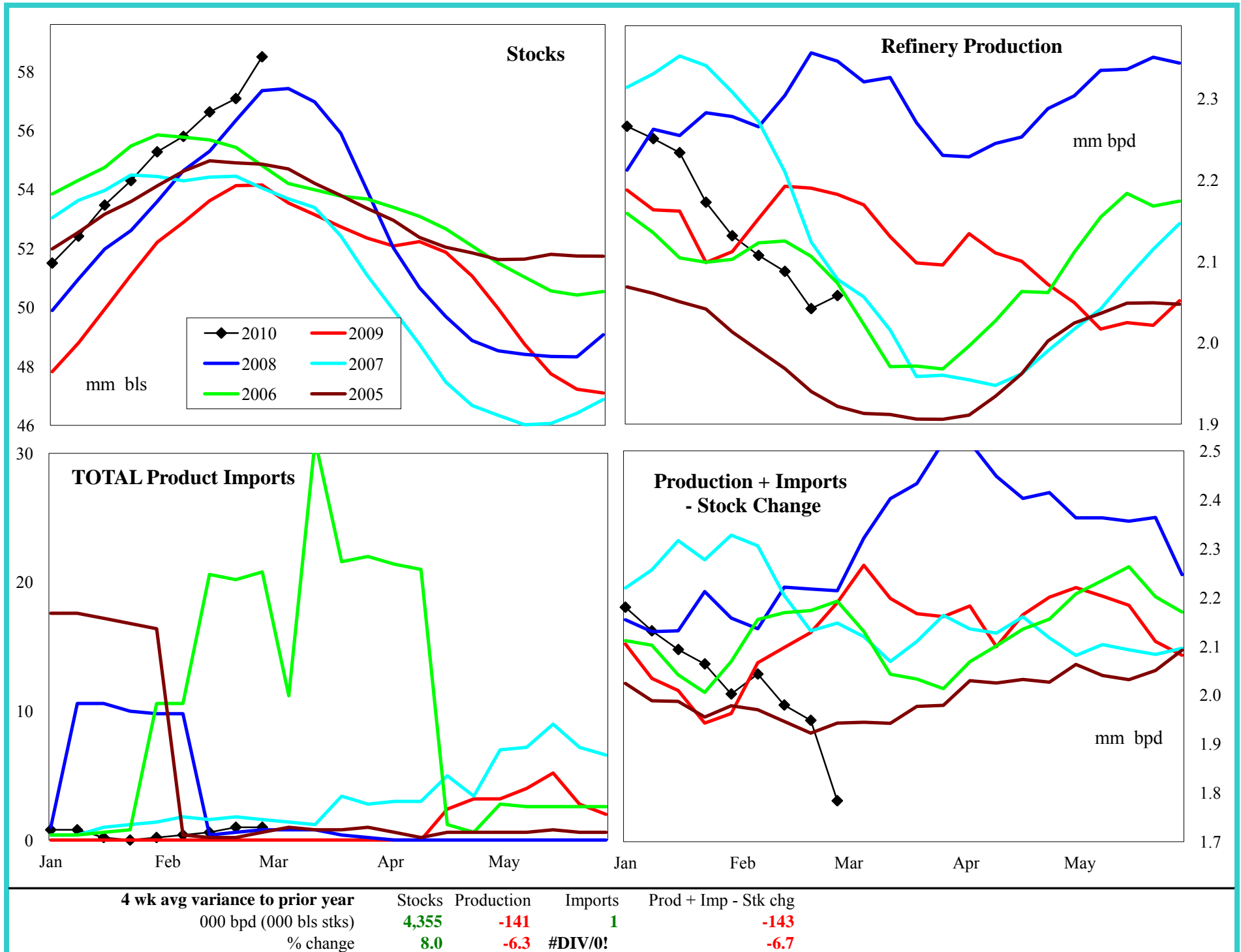
PADD 1 Residual Fuel Oil Supply



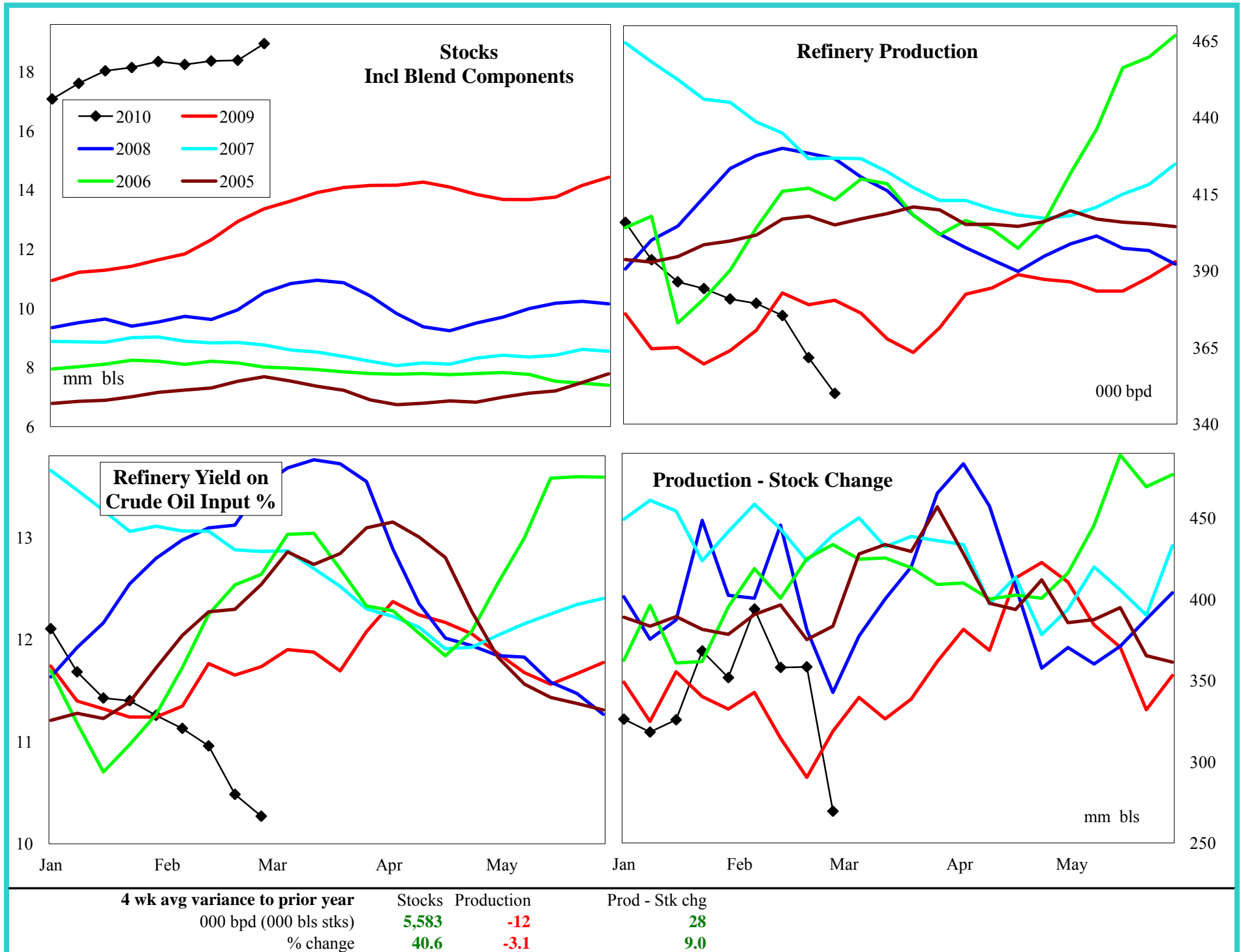
PADD 2 Crude Oil Supply and Refining



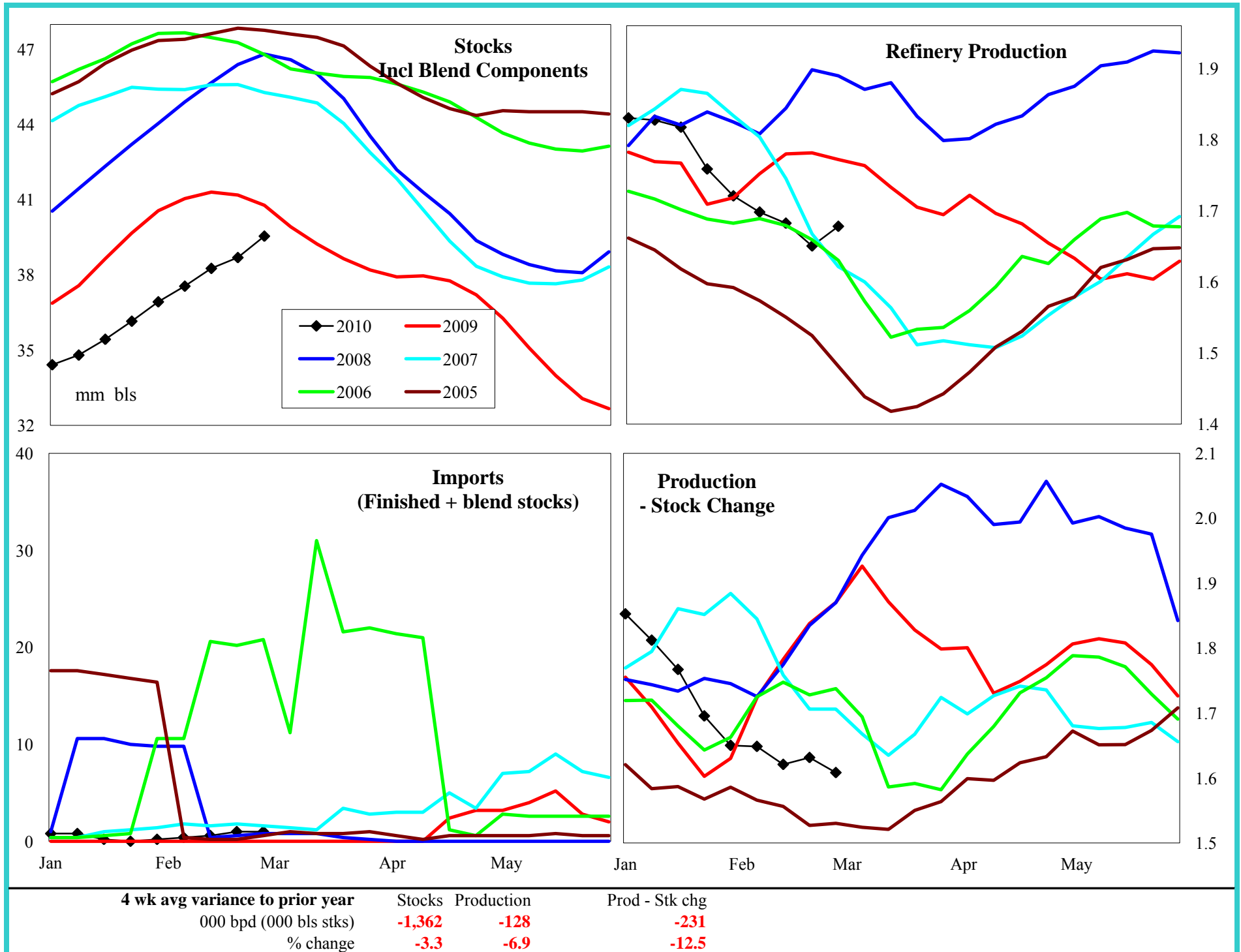
PADD 2 Gasoline Supply



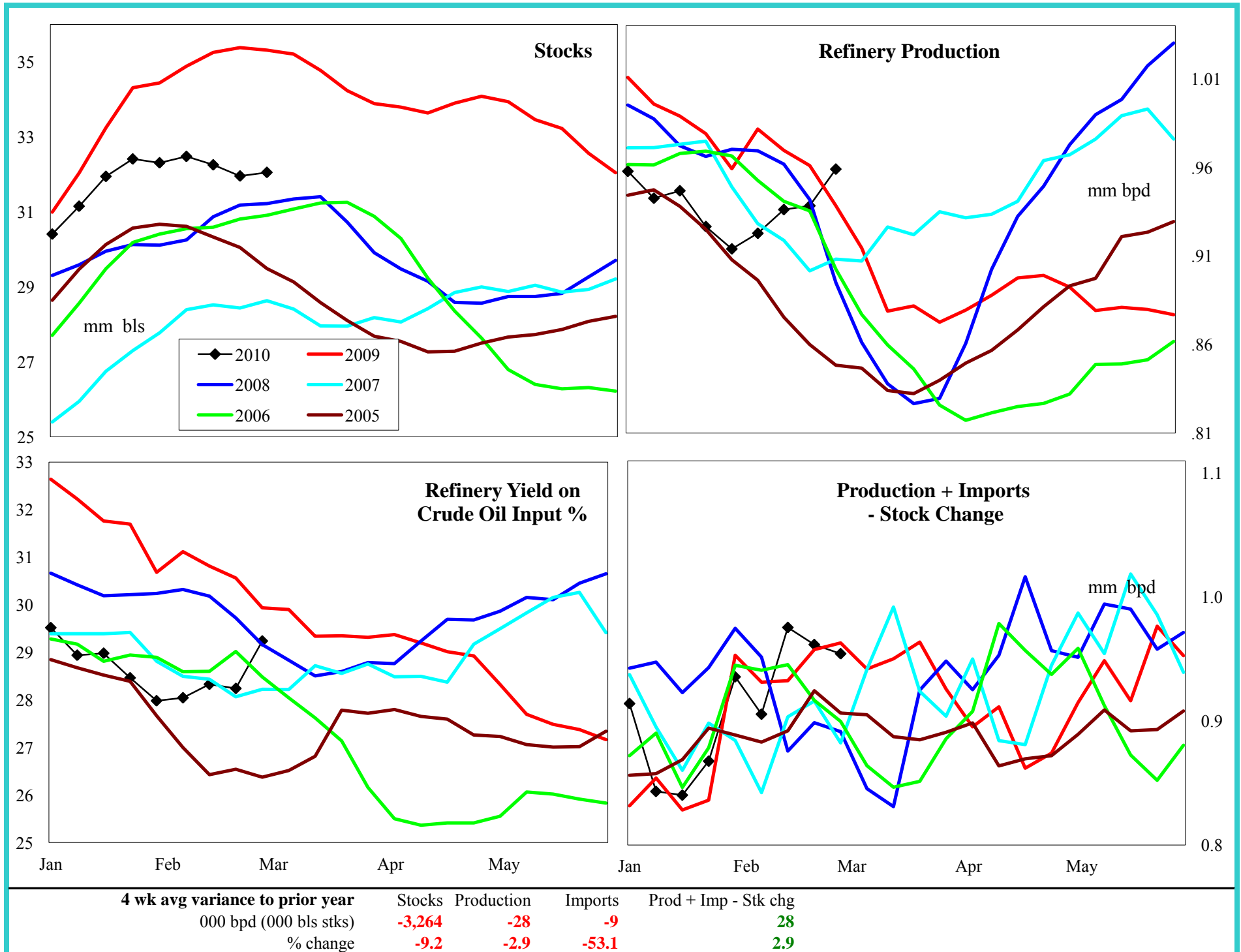
PADD 2 Reformulated Gasoline Supply



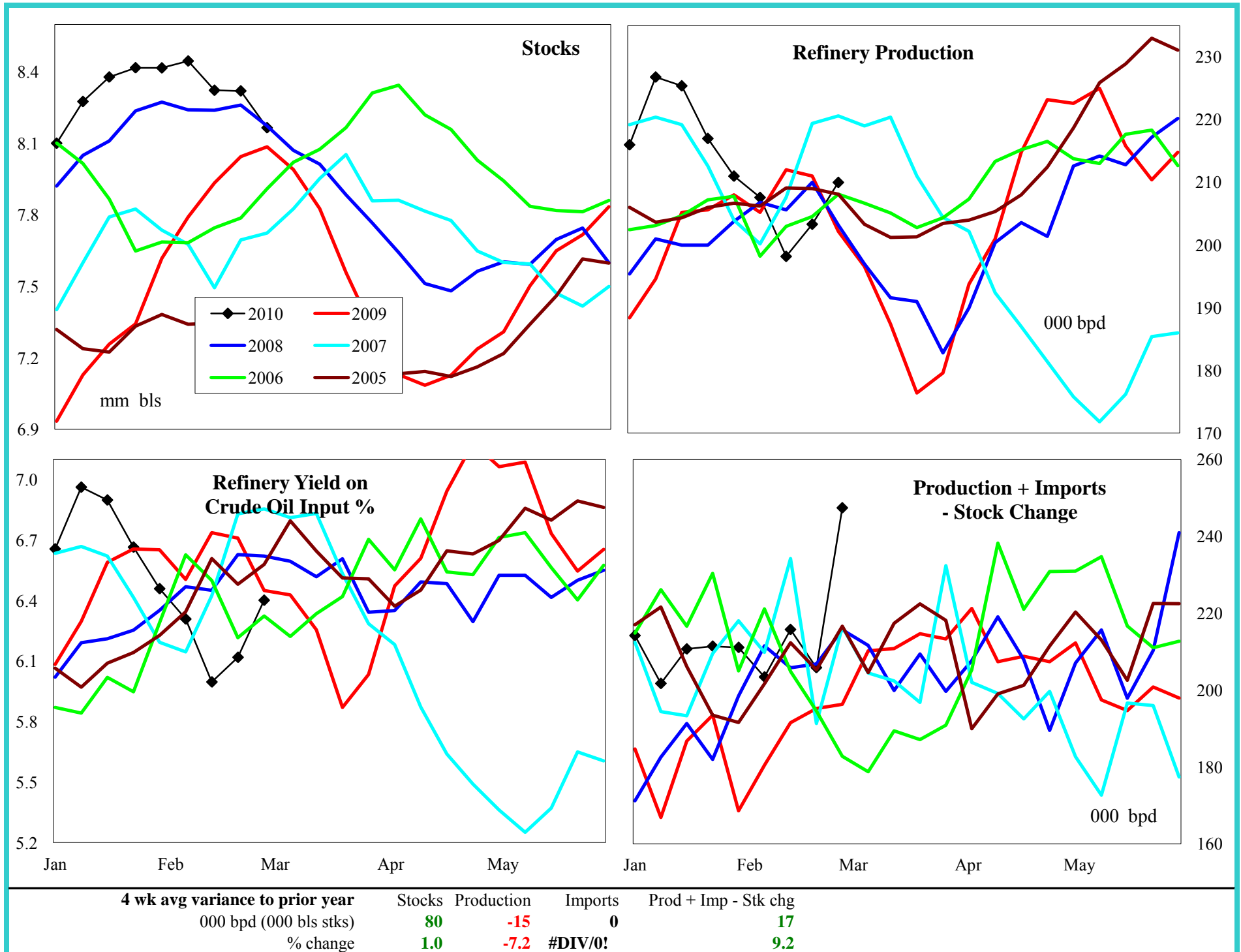
PADD 2 Conventional Gasoline Supply



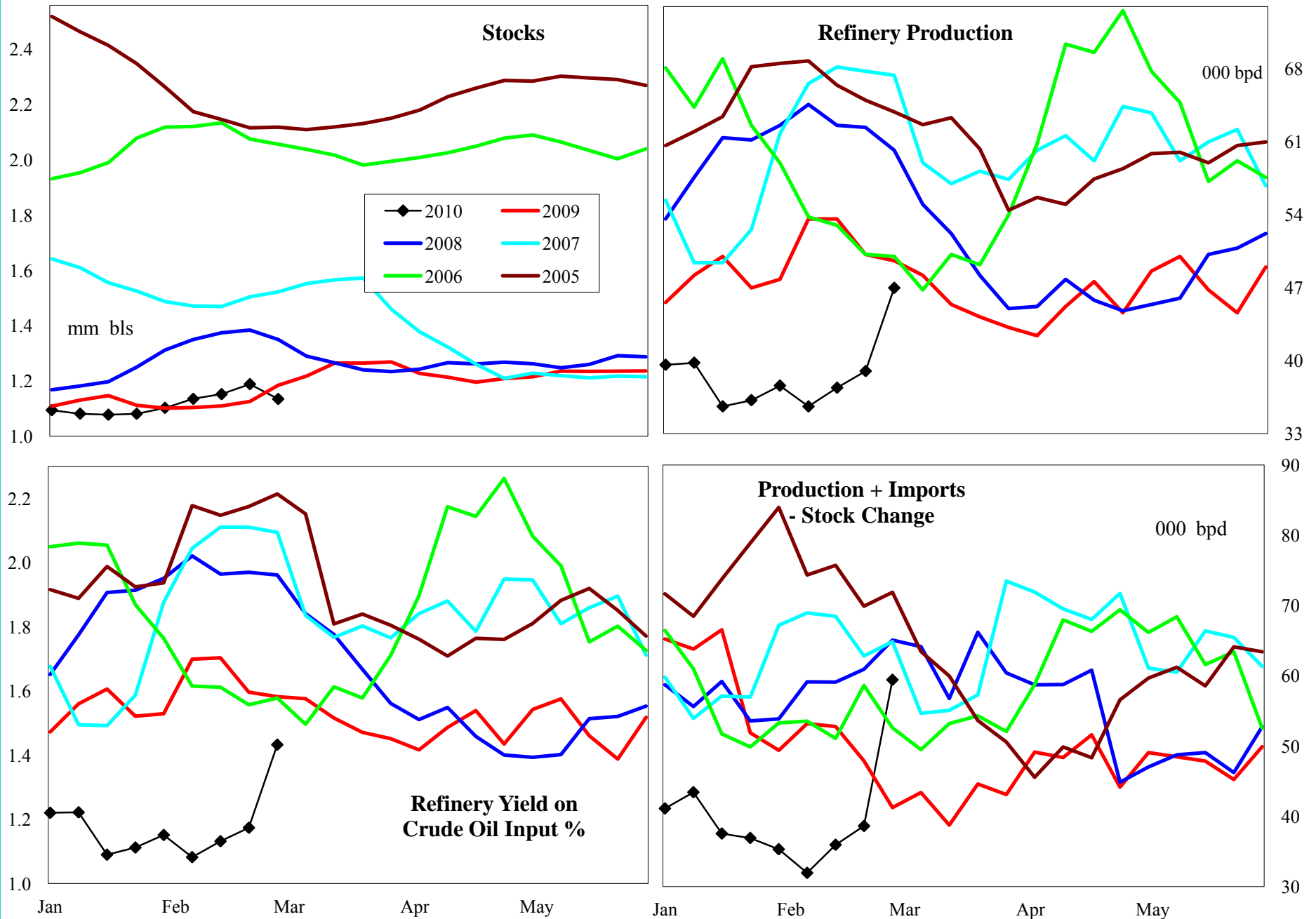
PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



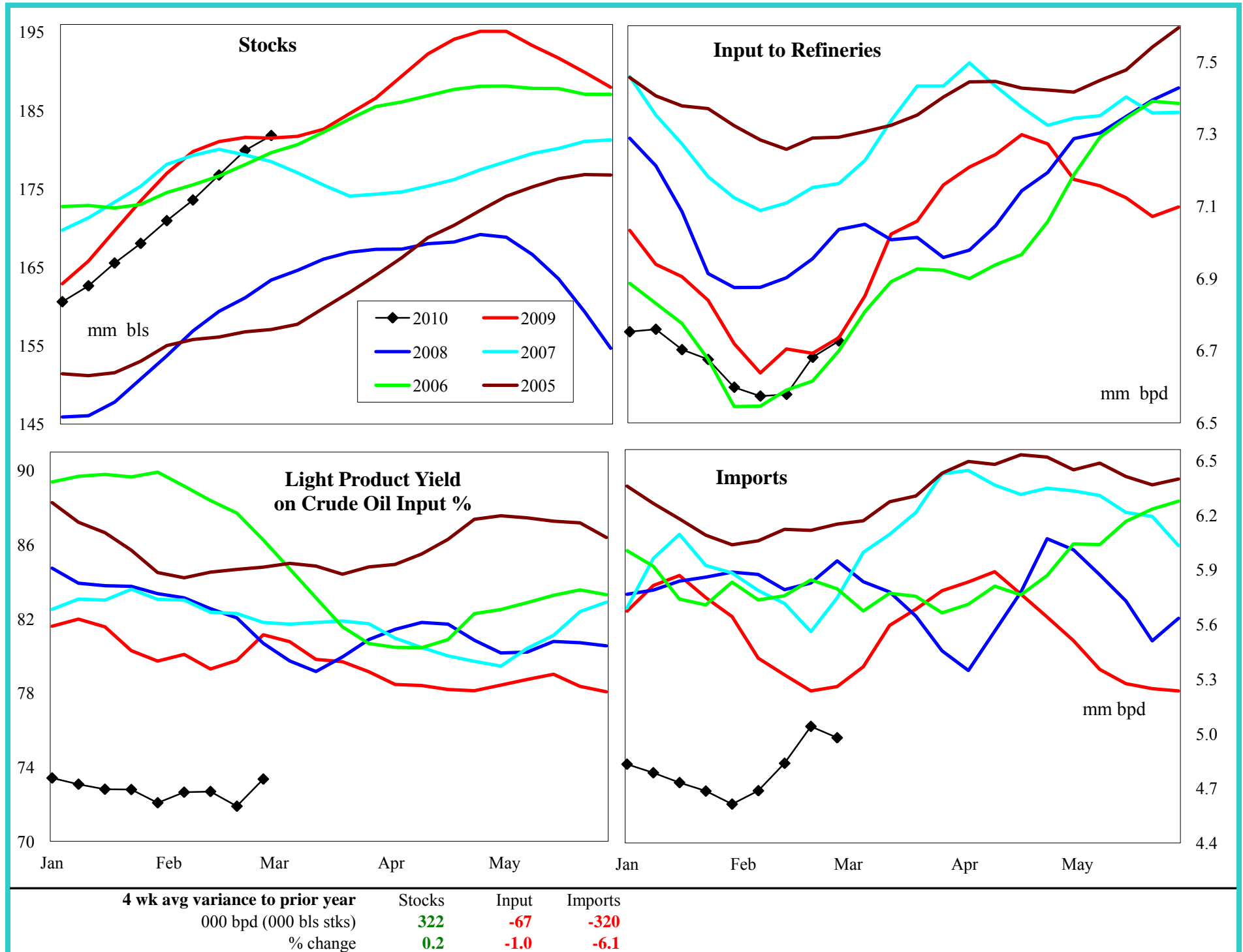
PADD 2 Residual Fuel Oil Supply



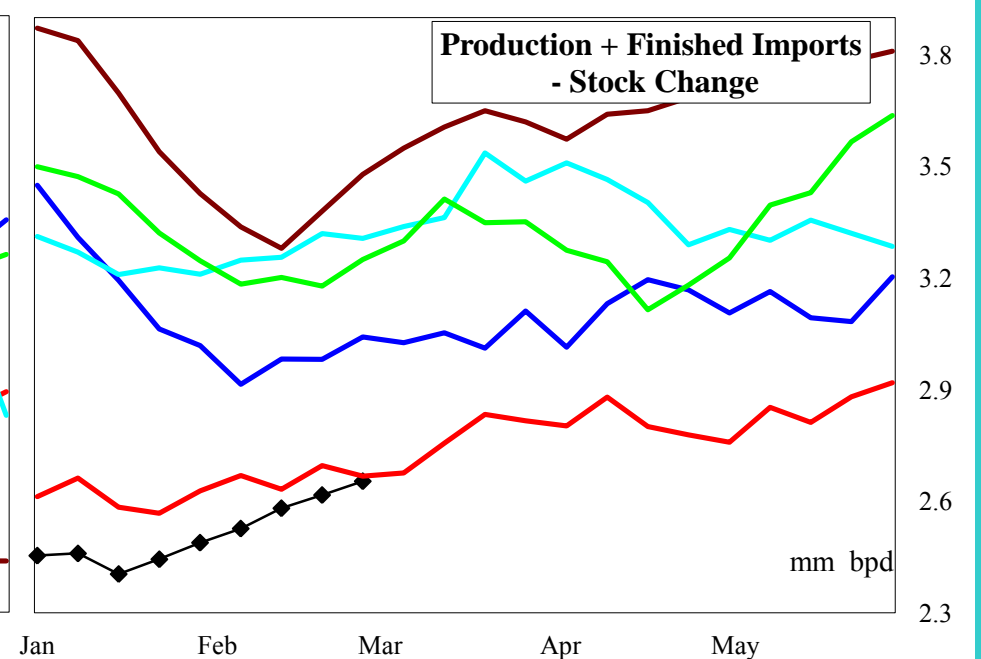
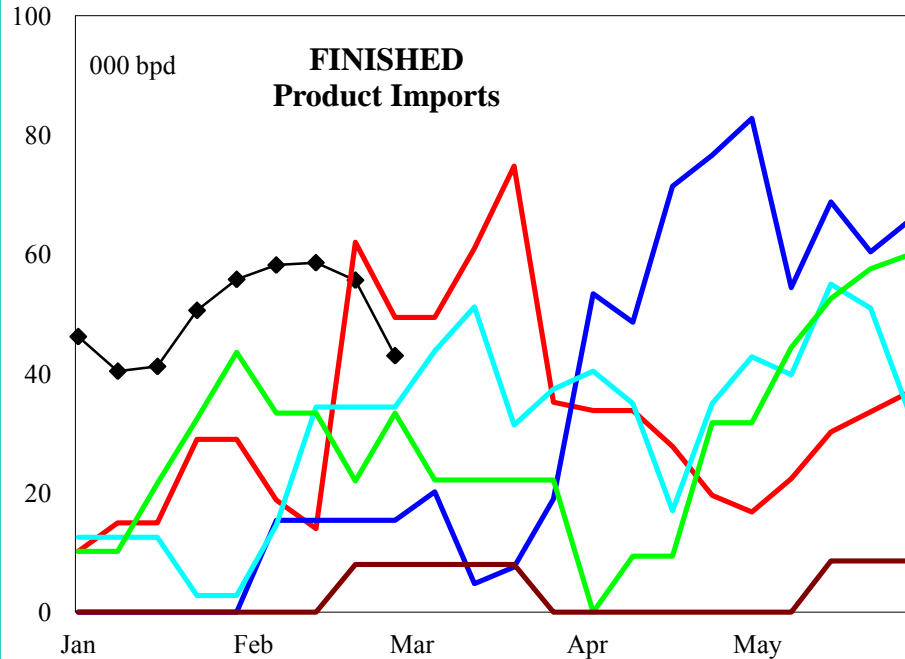
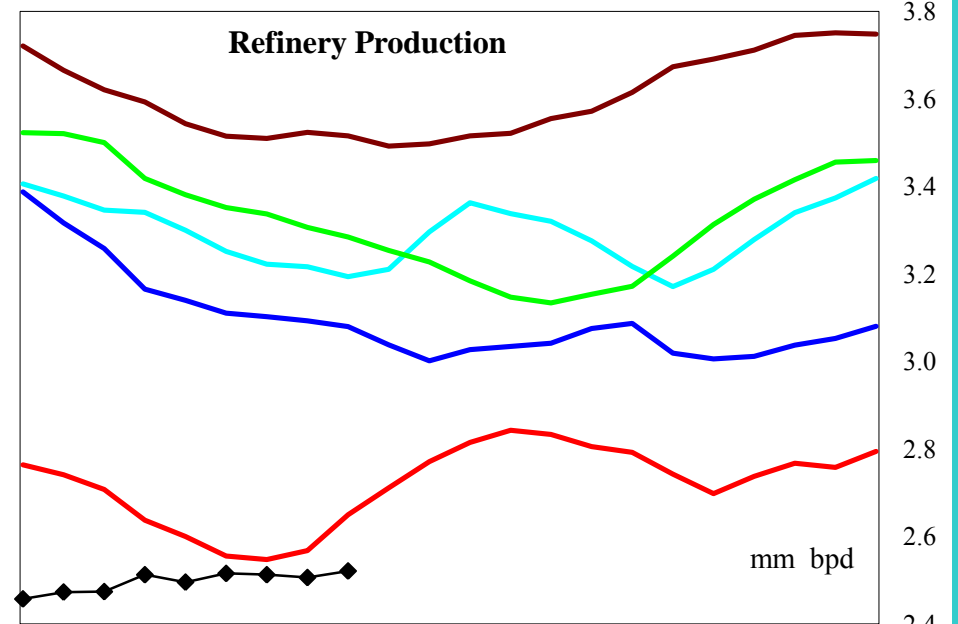
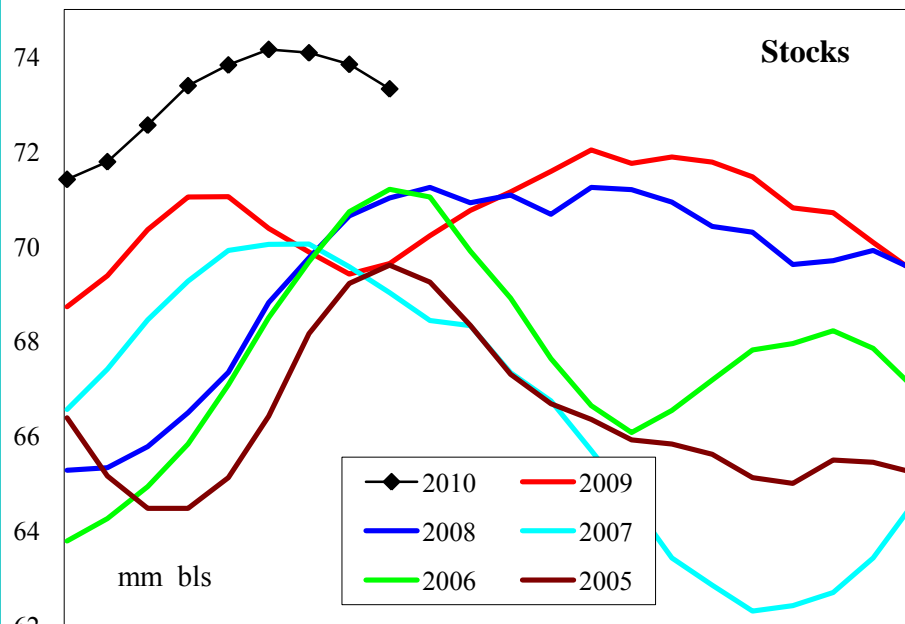
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-50	-14	1	-14
-4.1	-25.8	#DIV/0!	-26.2

PADD 3 Crude Oil Supply and Refining



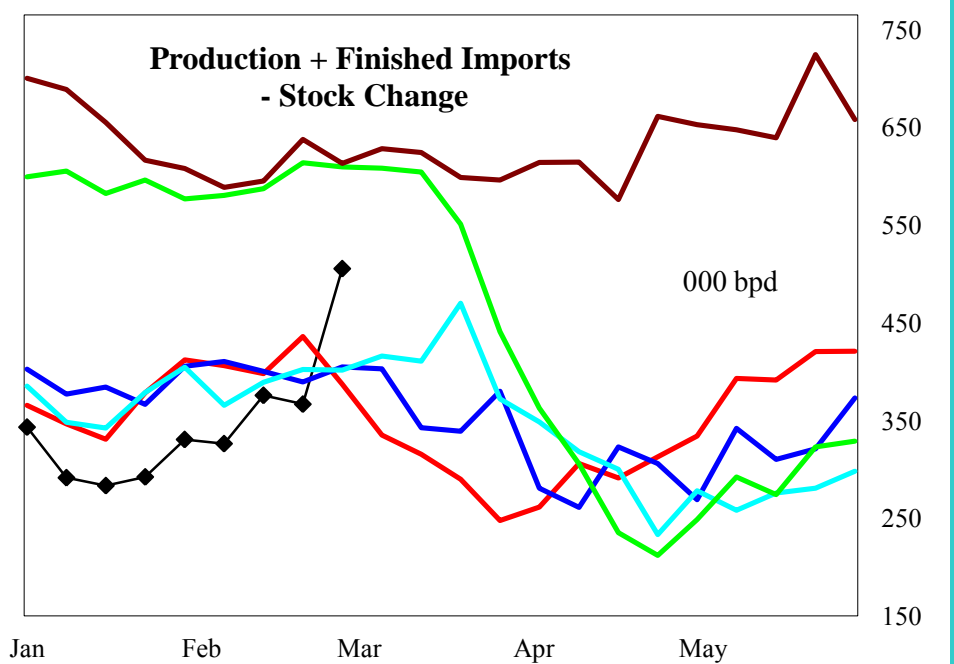
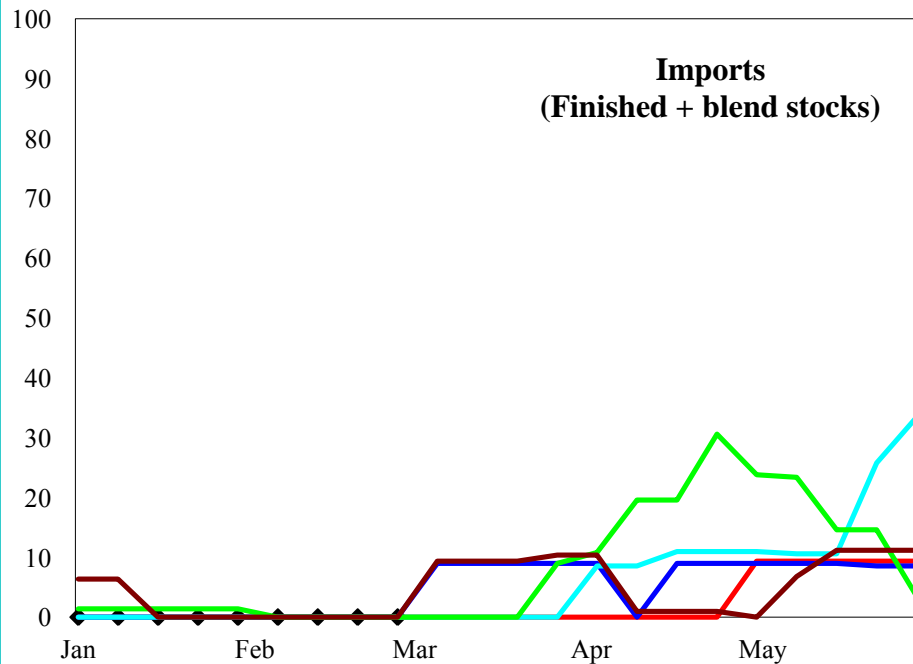
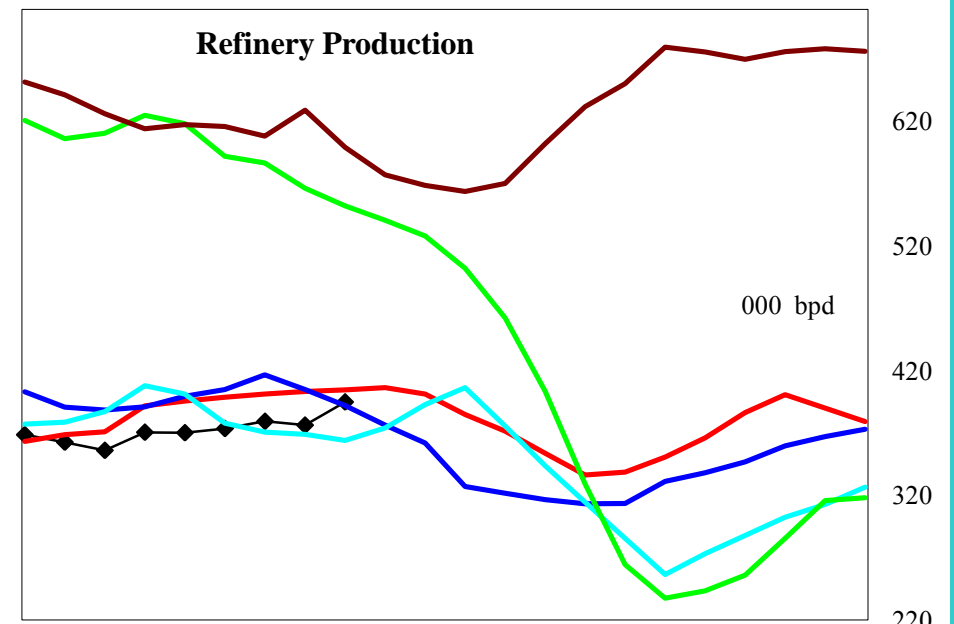
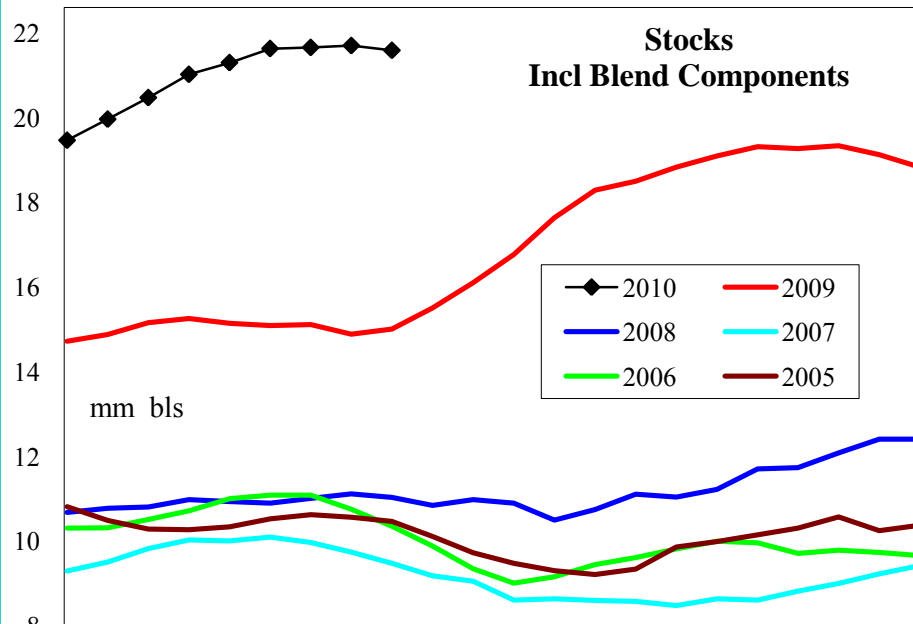
PADD 3 Gasoline Supply



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

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
3,380	6	47	-52	26
4.8	0.2	267.1	-48.4	1.0

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

6,051

38.0

Production

-21

-5.2

Imports

0

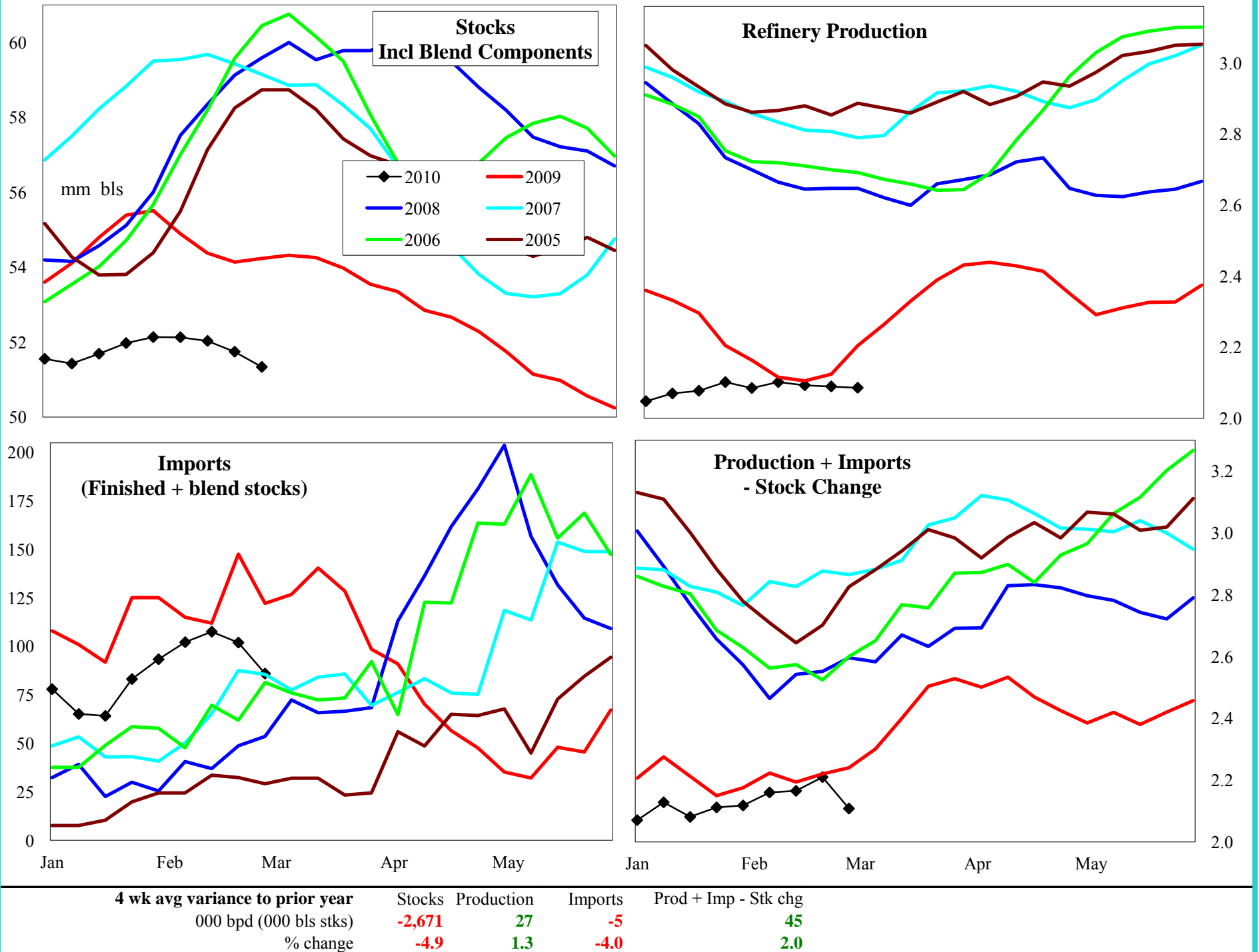
#DIV/0!

Prod + Imp - Stk chg

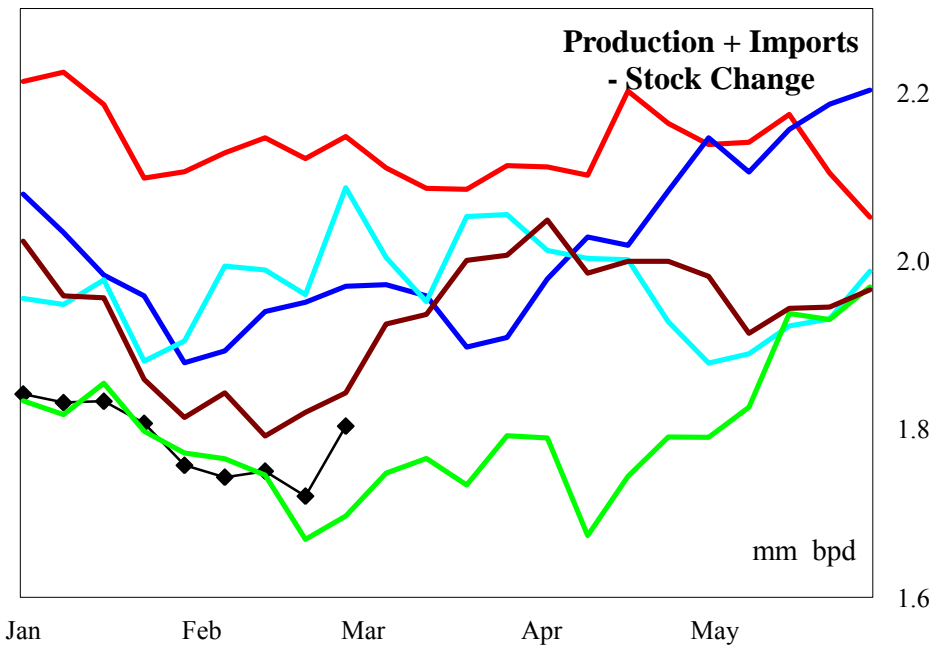
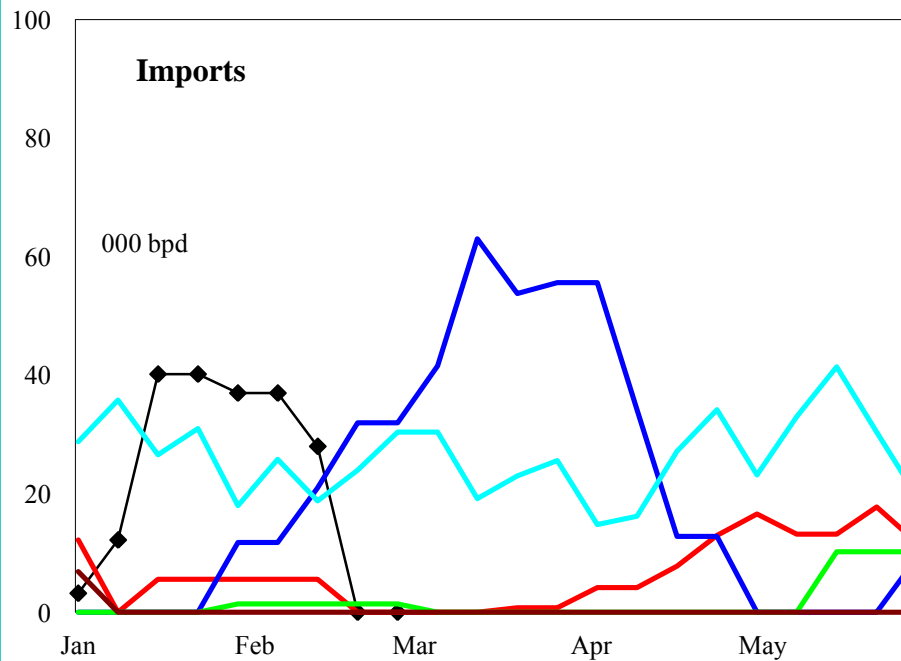
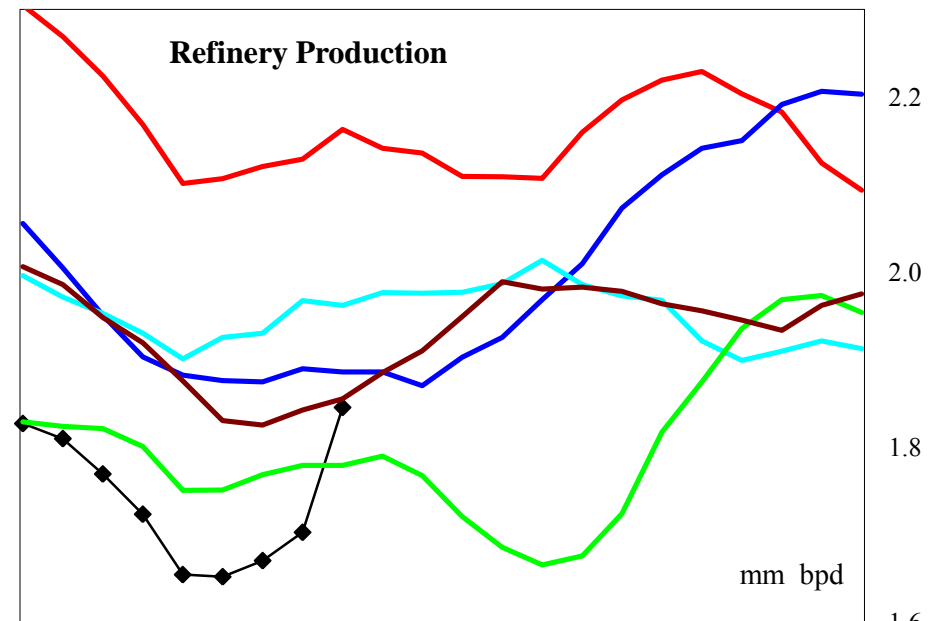
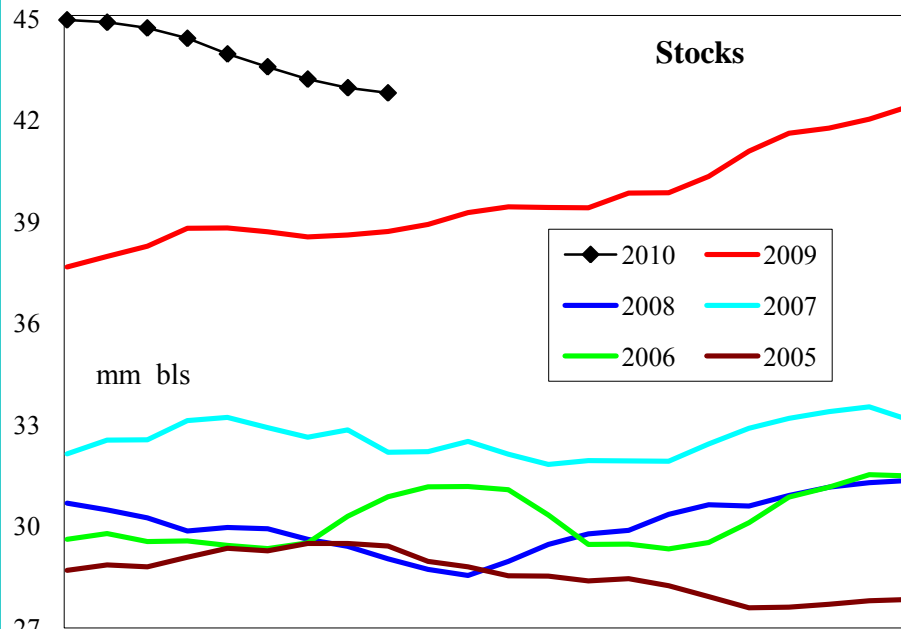
-19

-4.6

PADD 3 Conventional Gasoline Supply



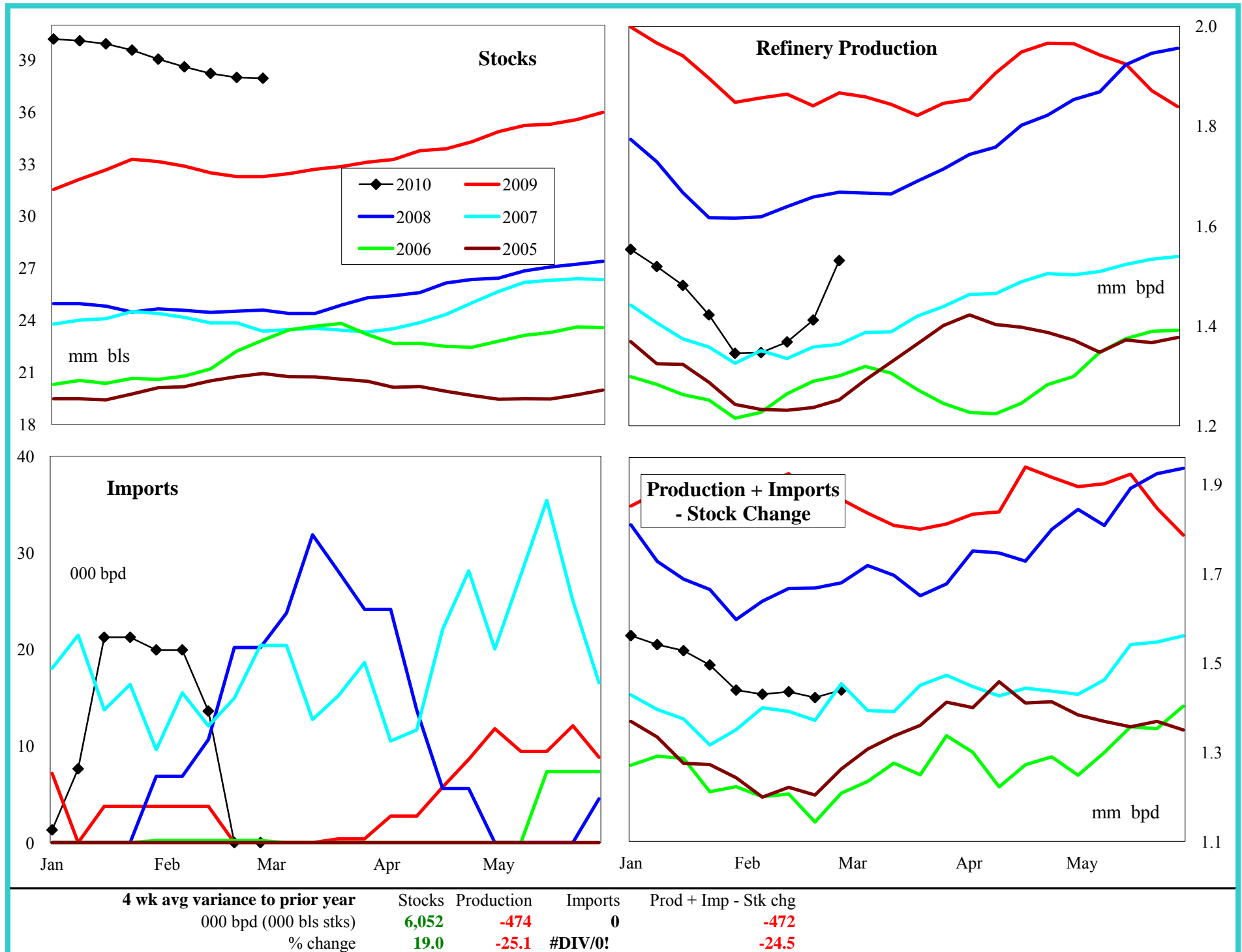
PADD 3 Distillate Supply



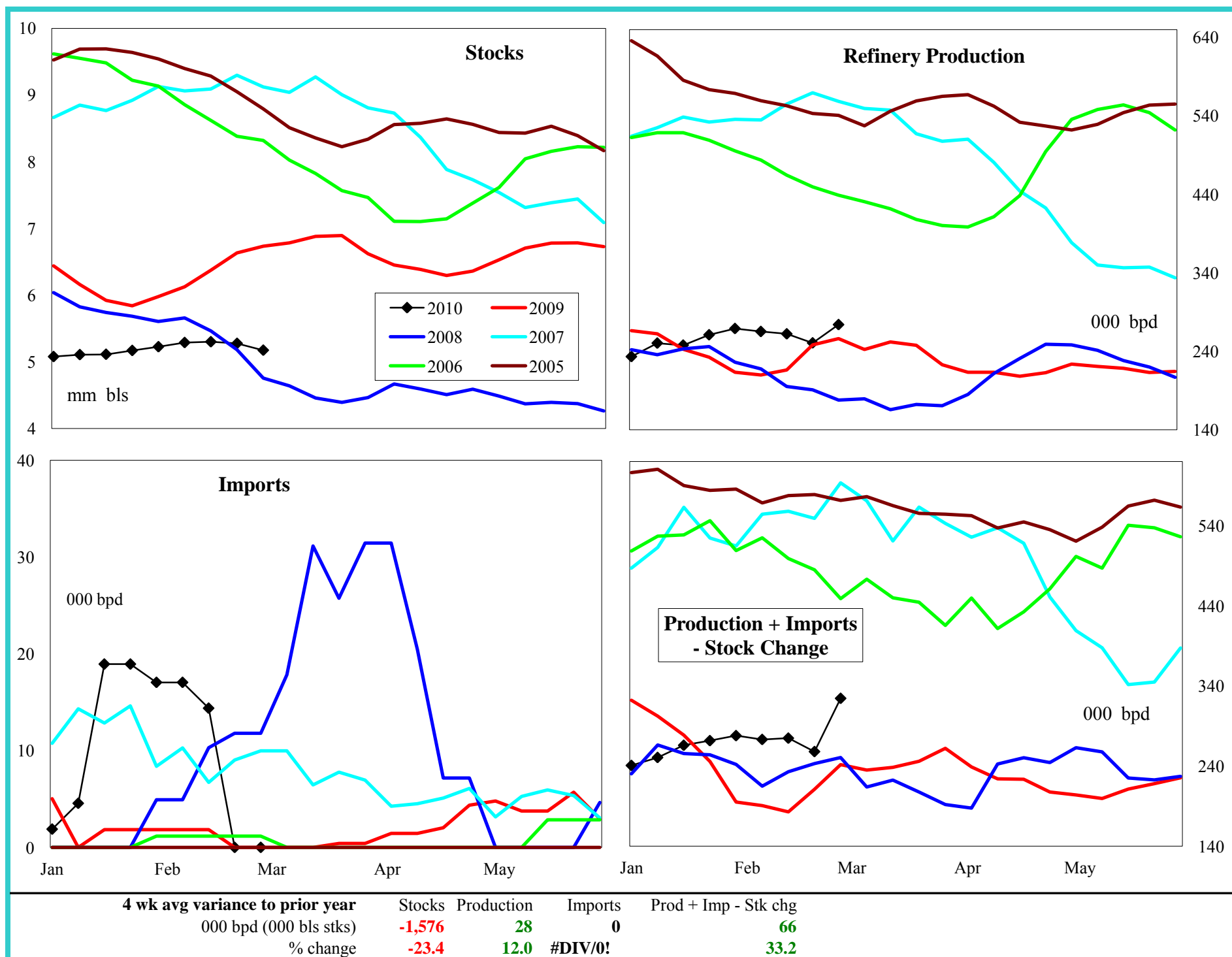
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
4,476	-446	0	-406
11.6	-21.0	#DIV/0!	-19.1

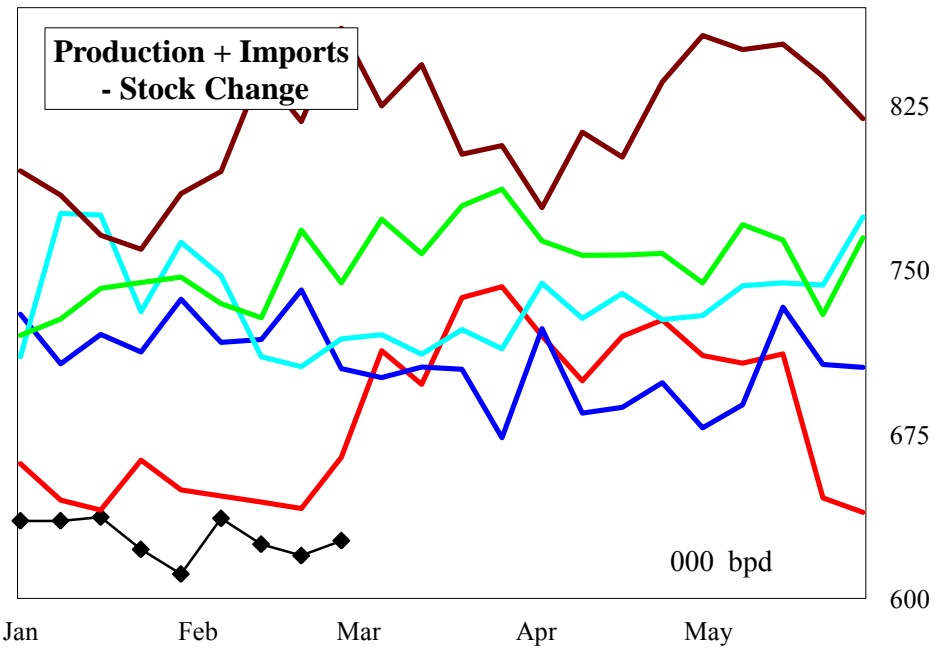
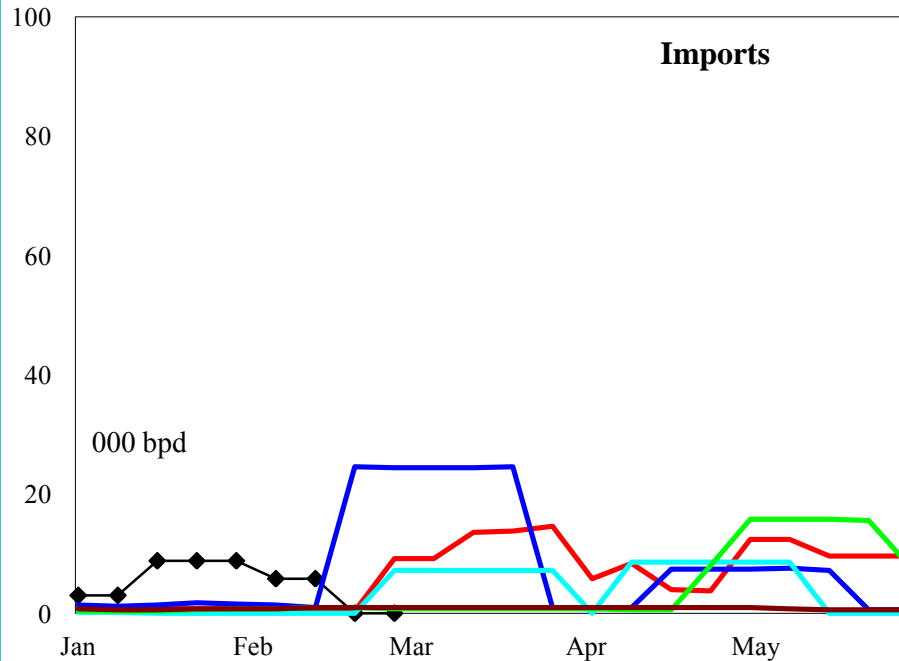
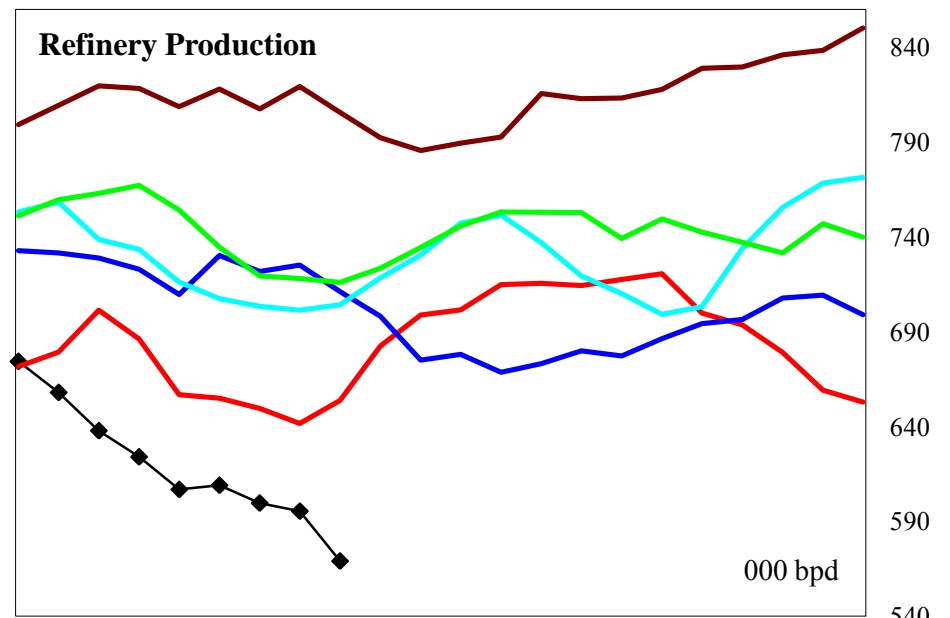
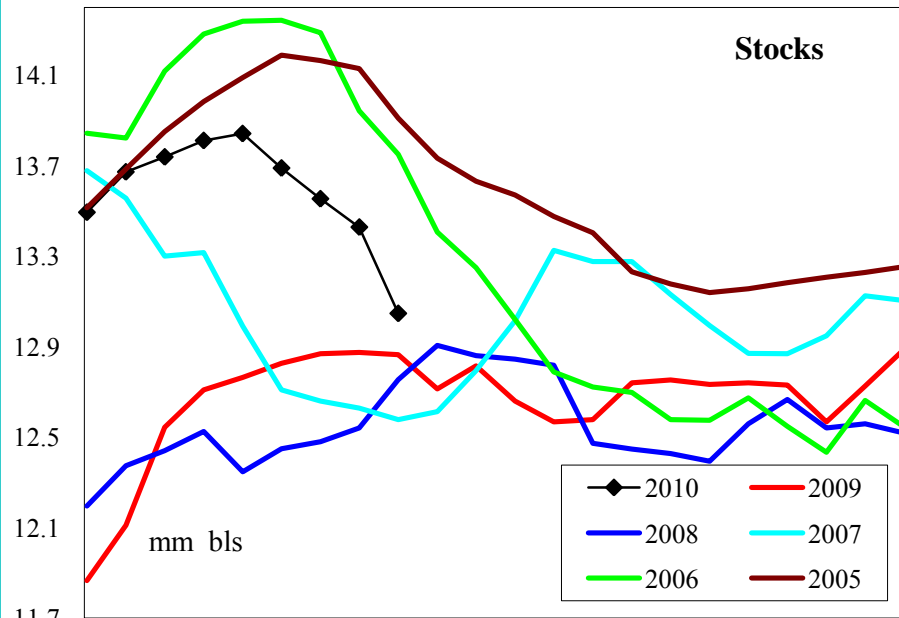
PADD 3 Low Sulfur Distillate Supply



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

183

-43

-1

-10

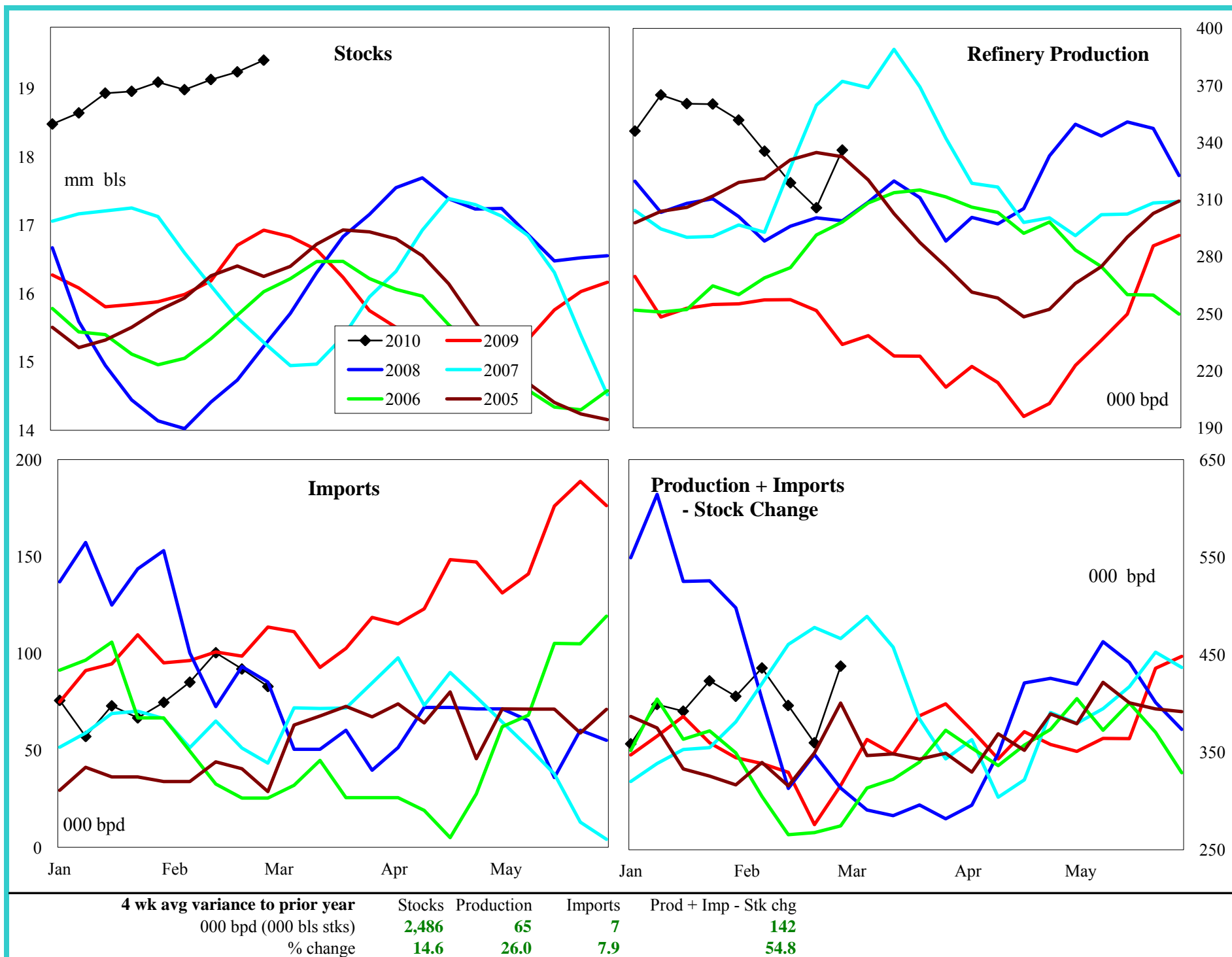
1.4

-6.7

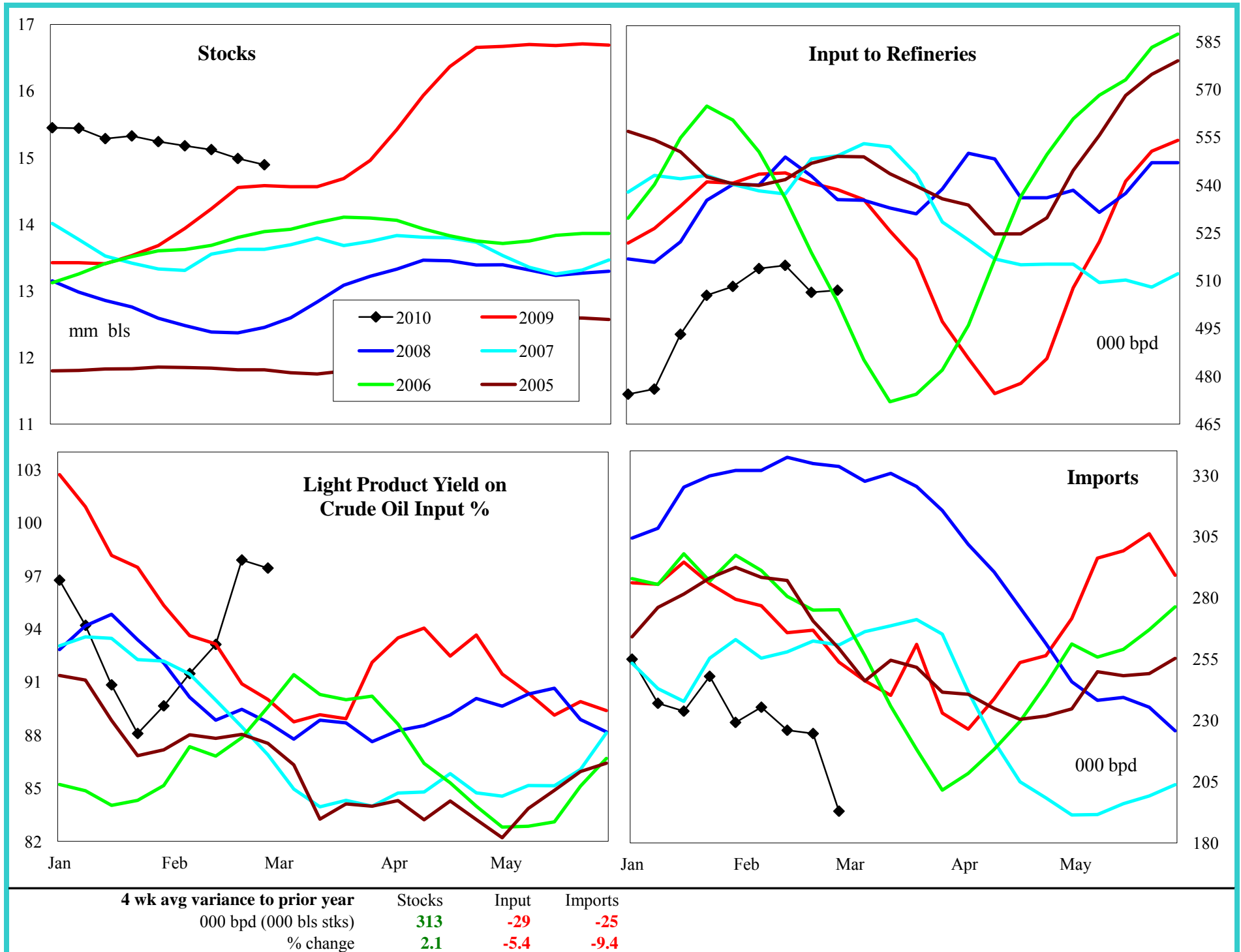
-100.0

-1.5

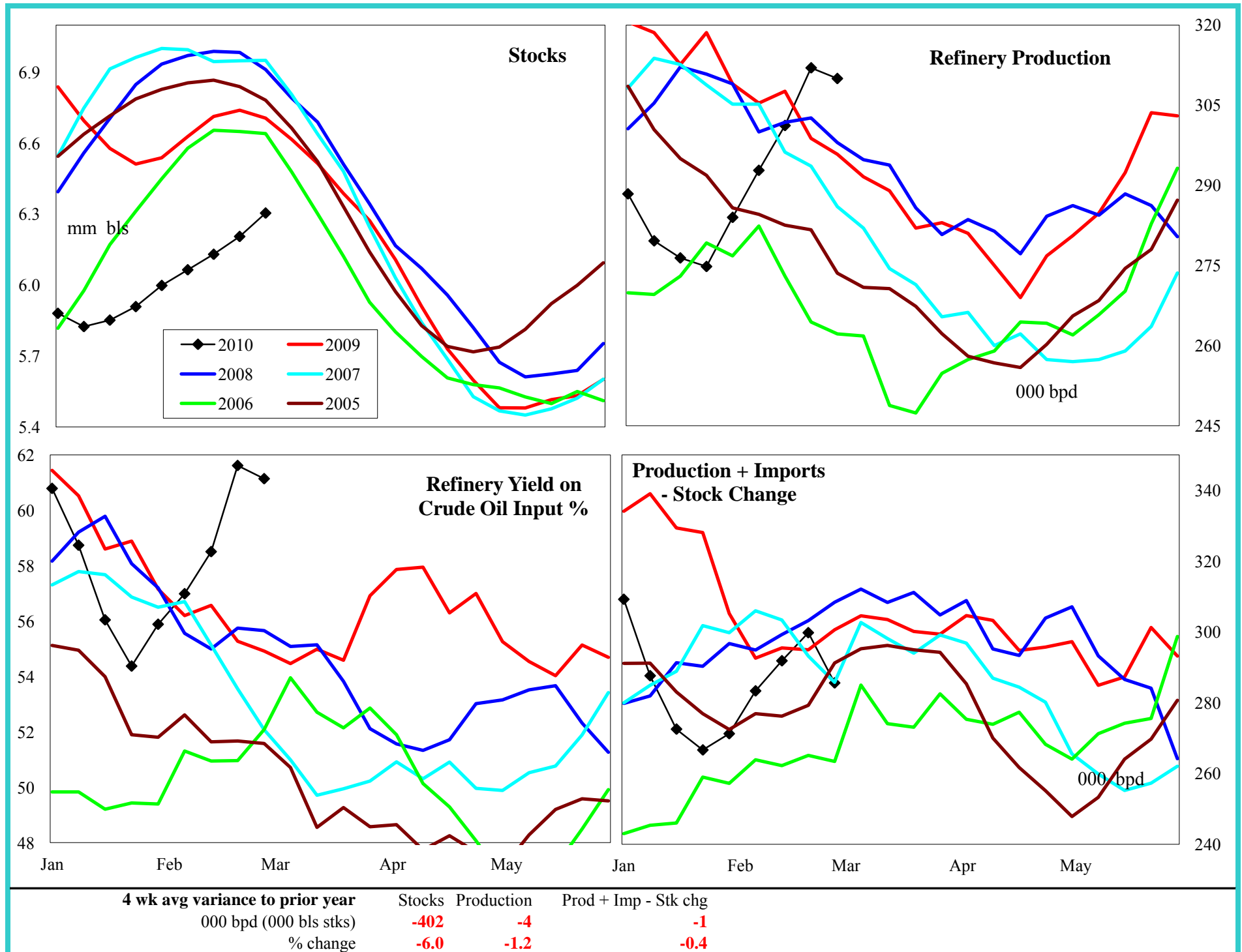
PADD 3 Residual Fuel Oil Supply



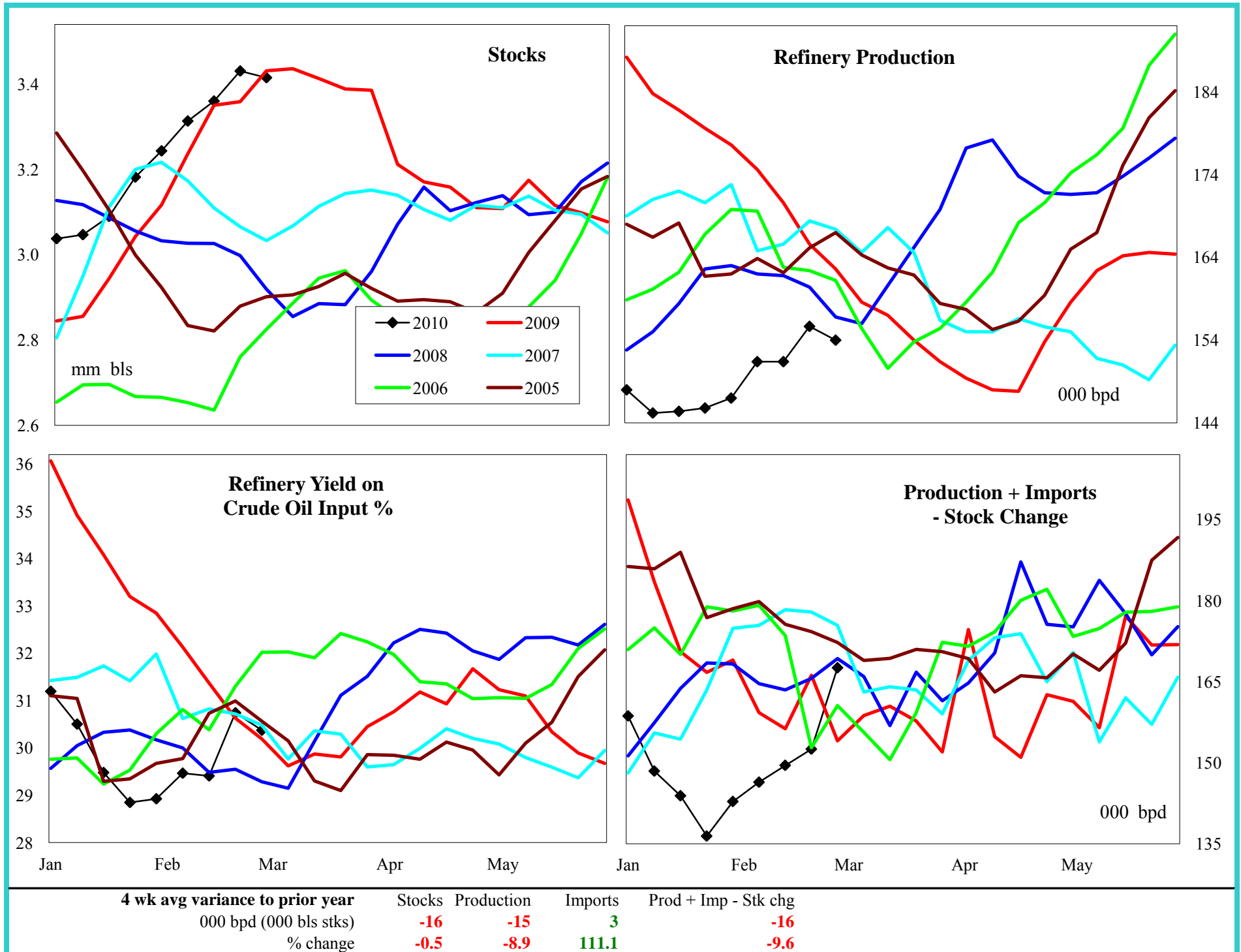
PADD 4 Crude Oil Supply and Refining



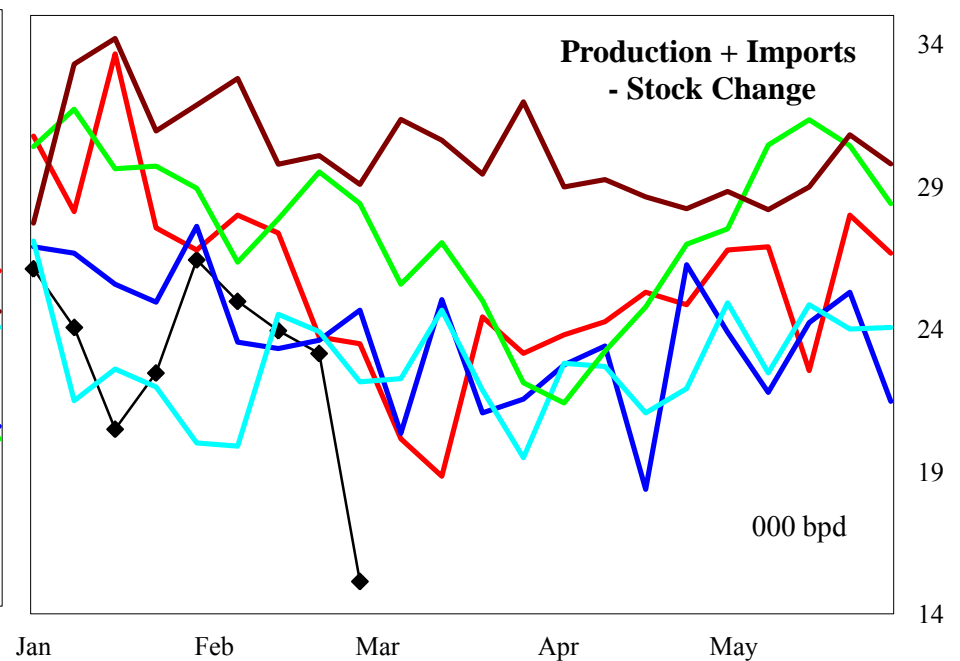
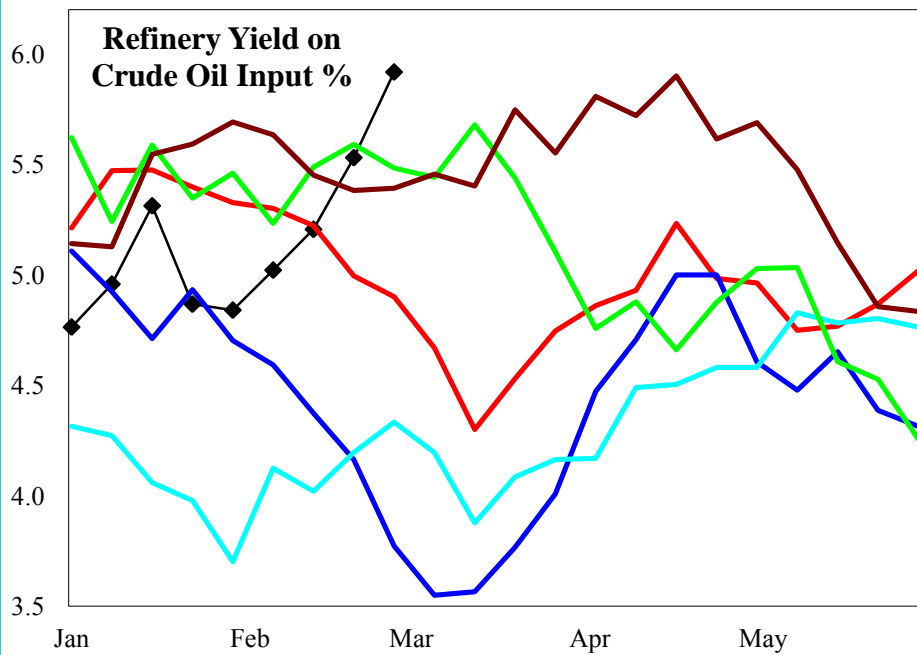
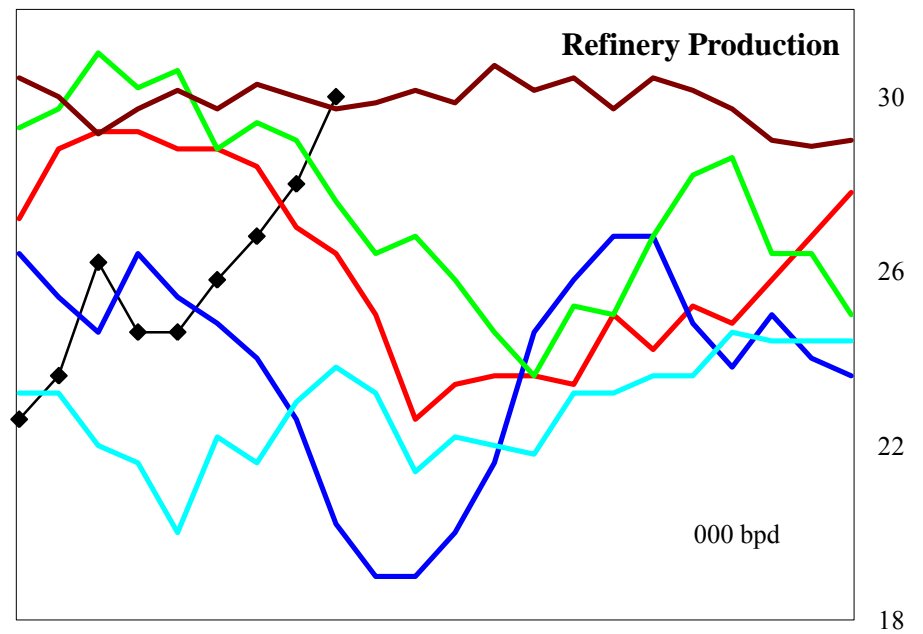
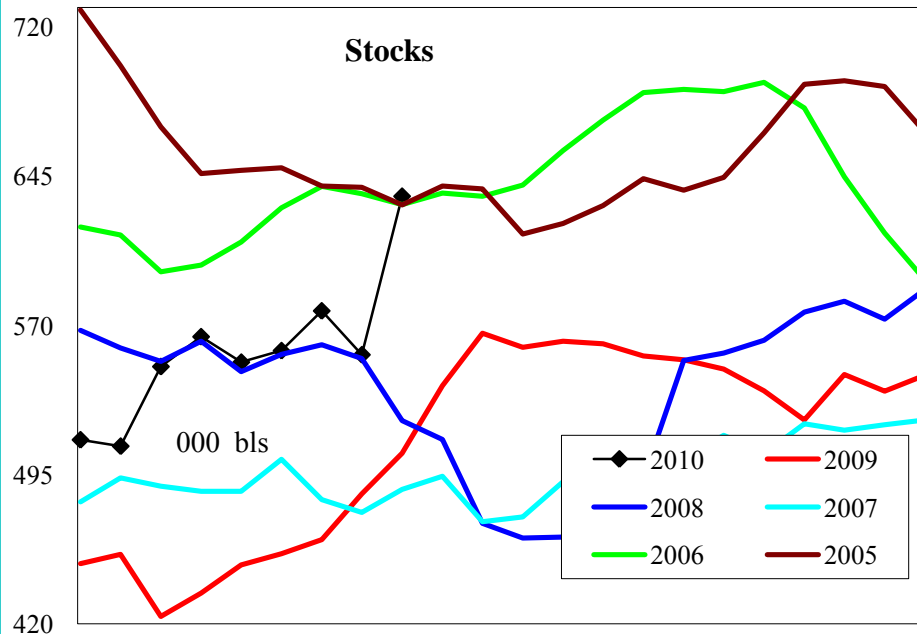
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply



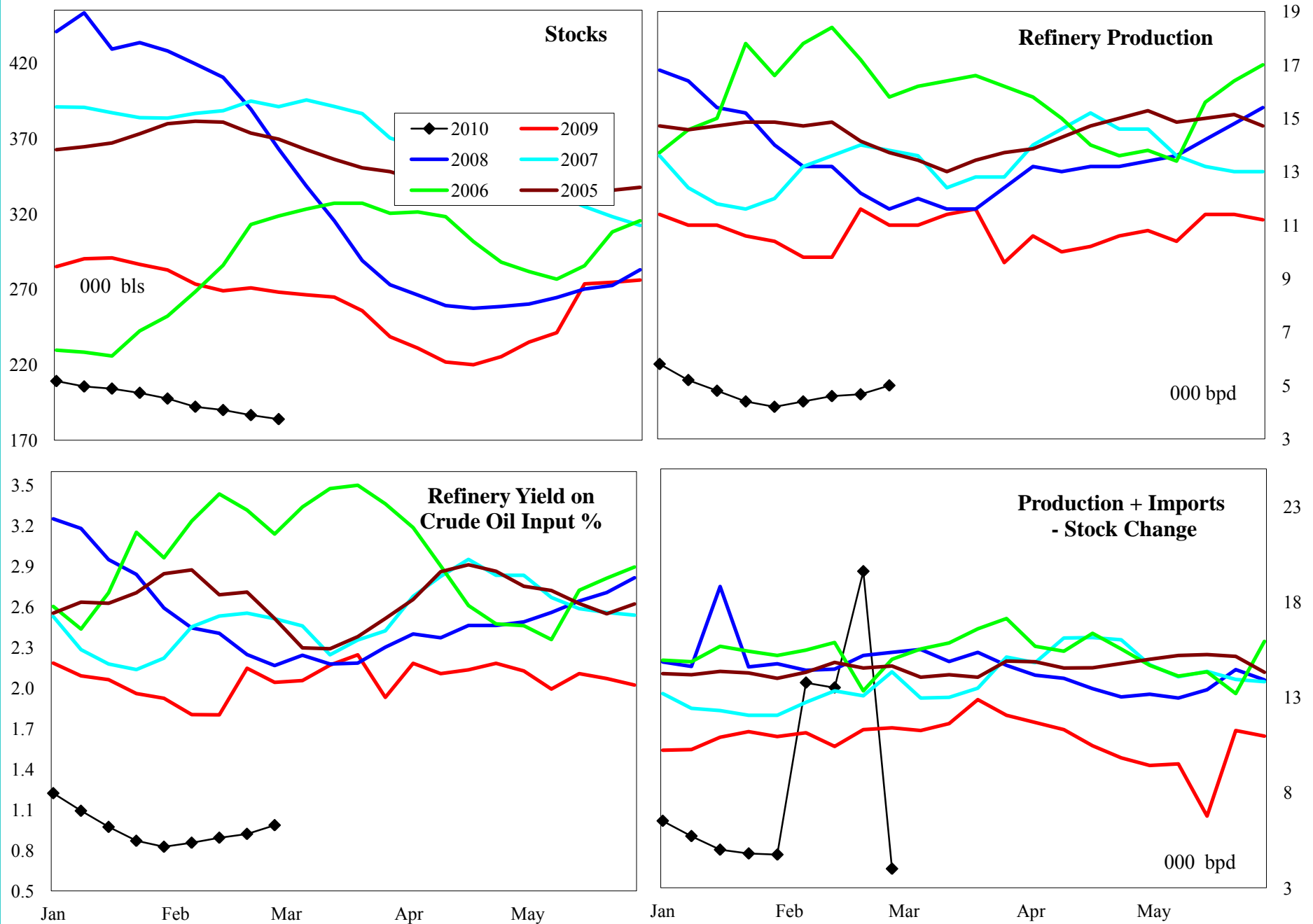
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

	Stocks	Production
000 bpd (000 bls stks)	129	-3
% change	25.5	-10.6

Prod + Imp - Stk chg
000 bpd

3
10.6

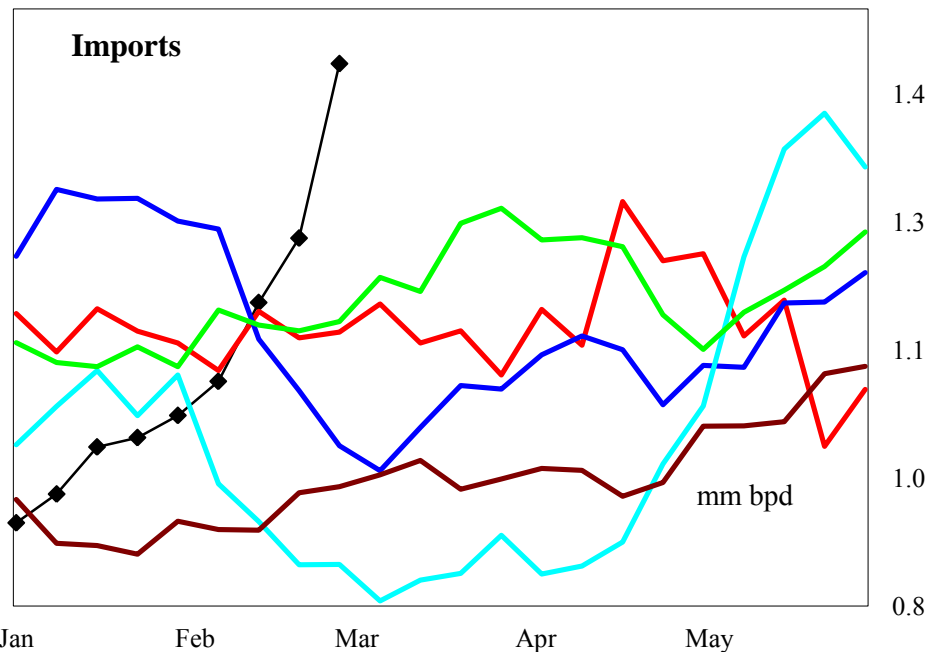
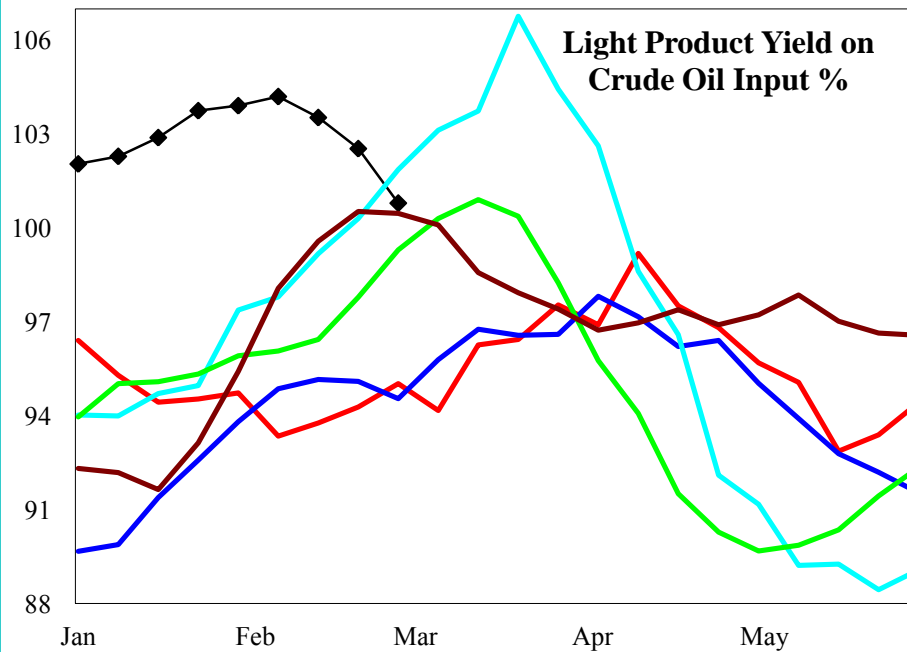
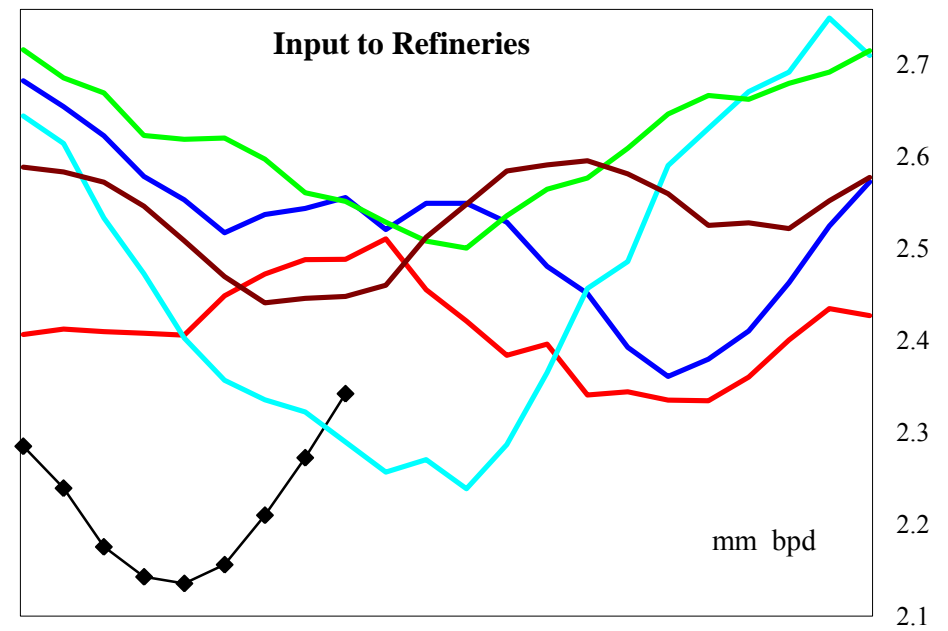
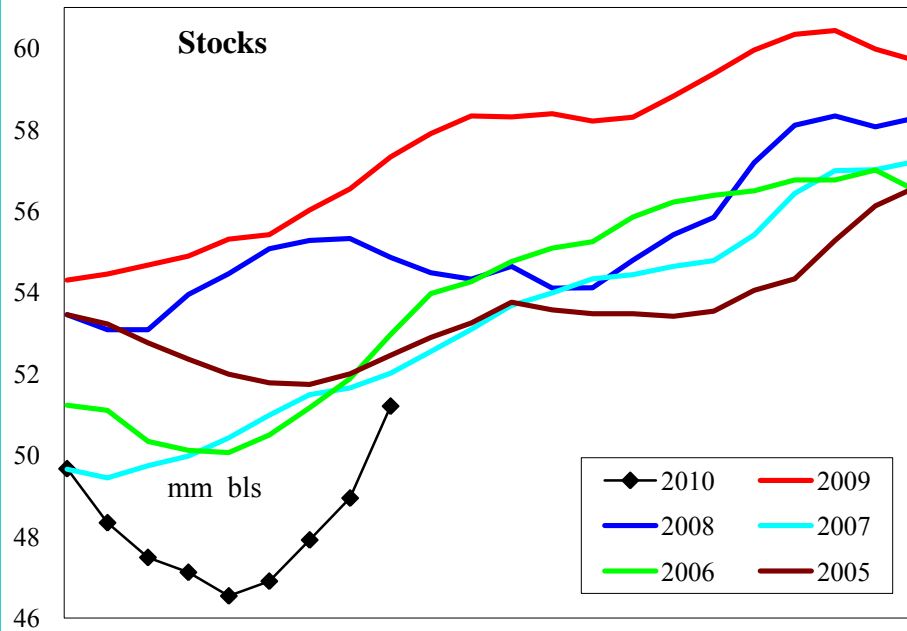
PADD 4 Residual Fuel Oil Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-84	-5	11	-4
-31.4	-51.4	#DIV/0!	-48.1

PADD 5 Crude Oil Supply and Refining



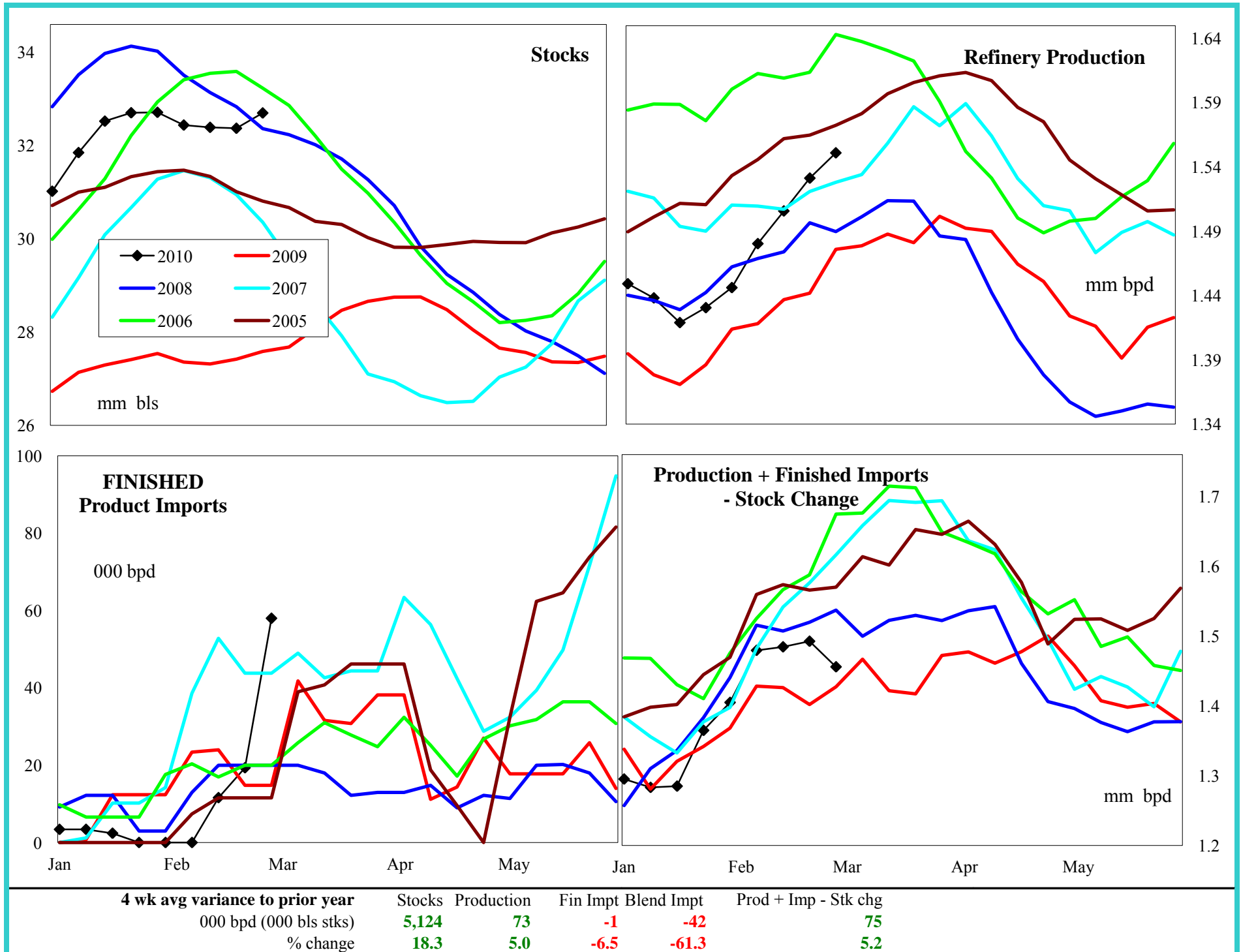
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks
-6,124
-10.7

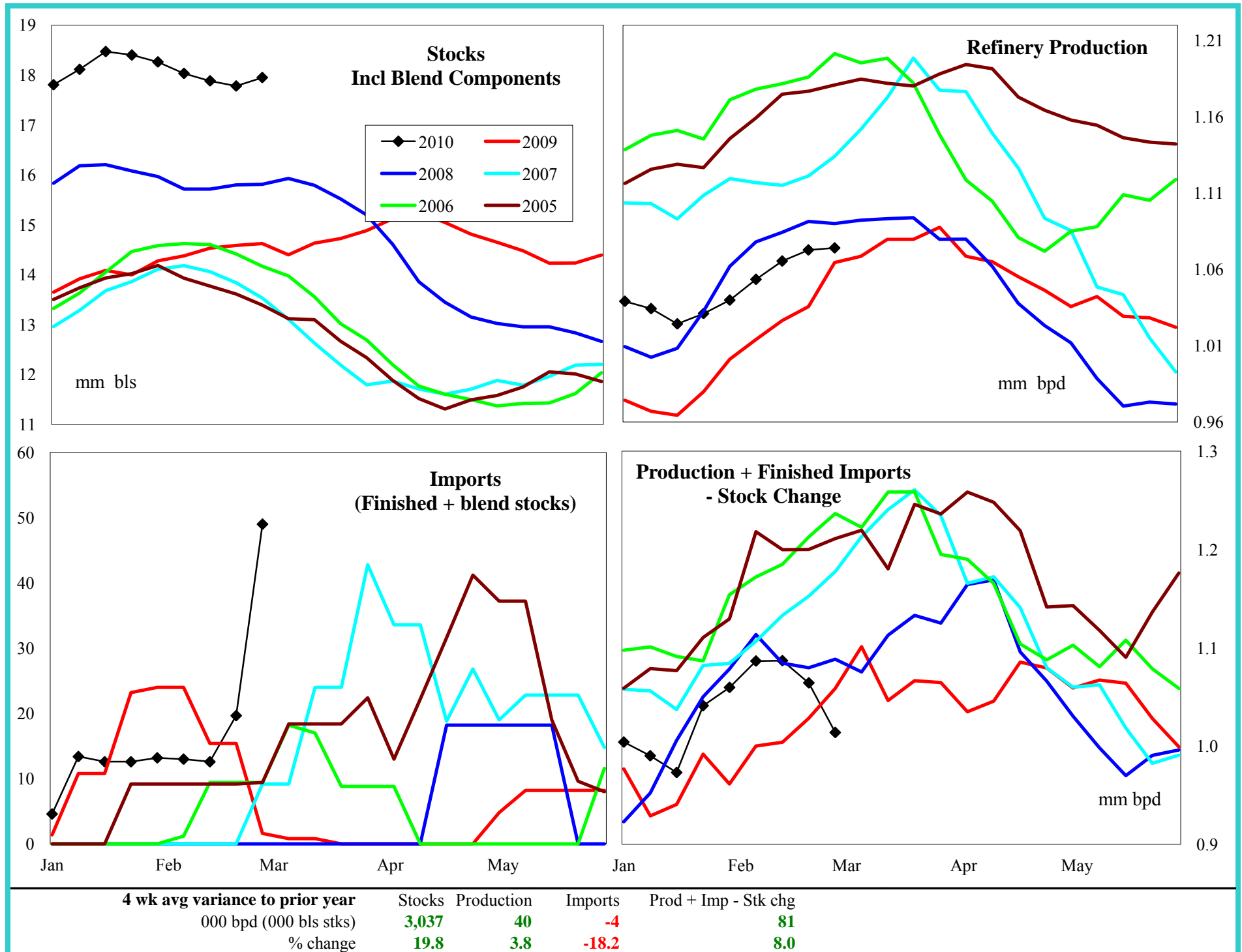
Input
-239
-9.4

Imports
109
10.0

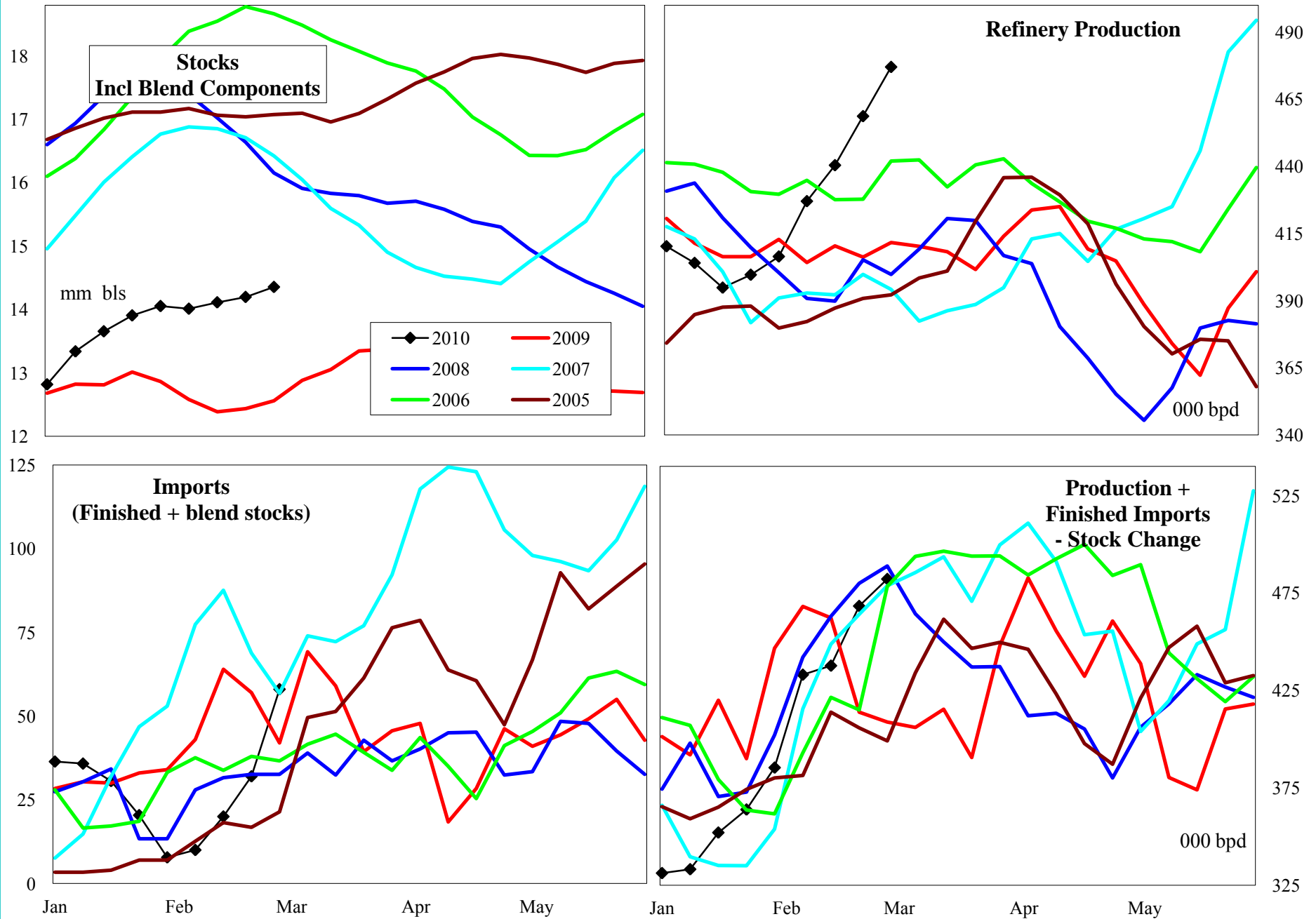
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

2,087

16.5

Production

33

8.1

Imports

-39

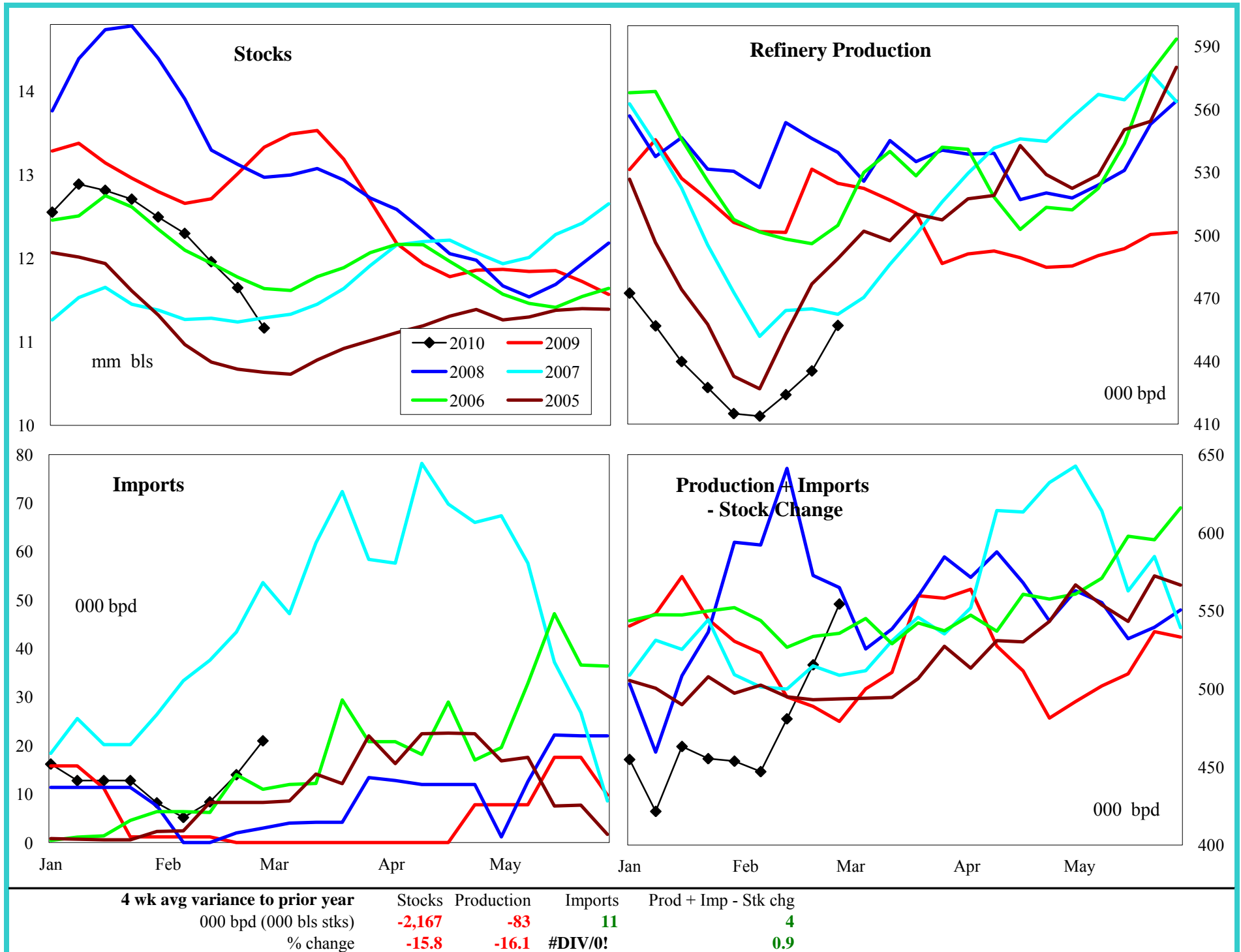
-60.9

Prod + Imp - Stk chg

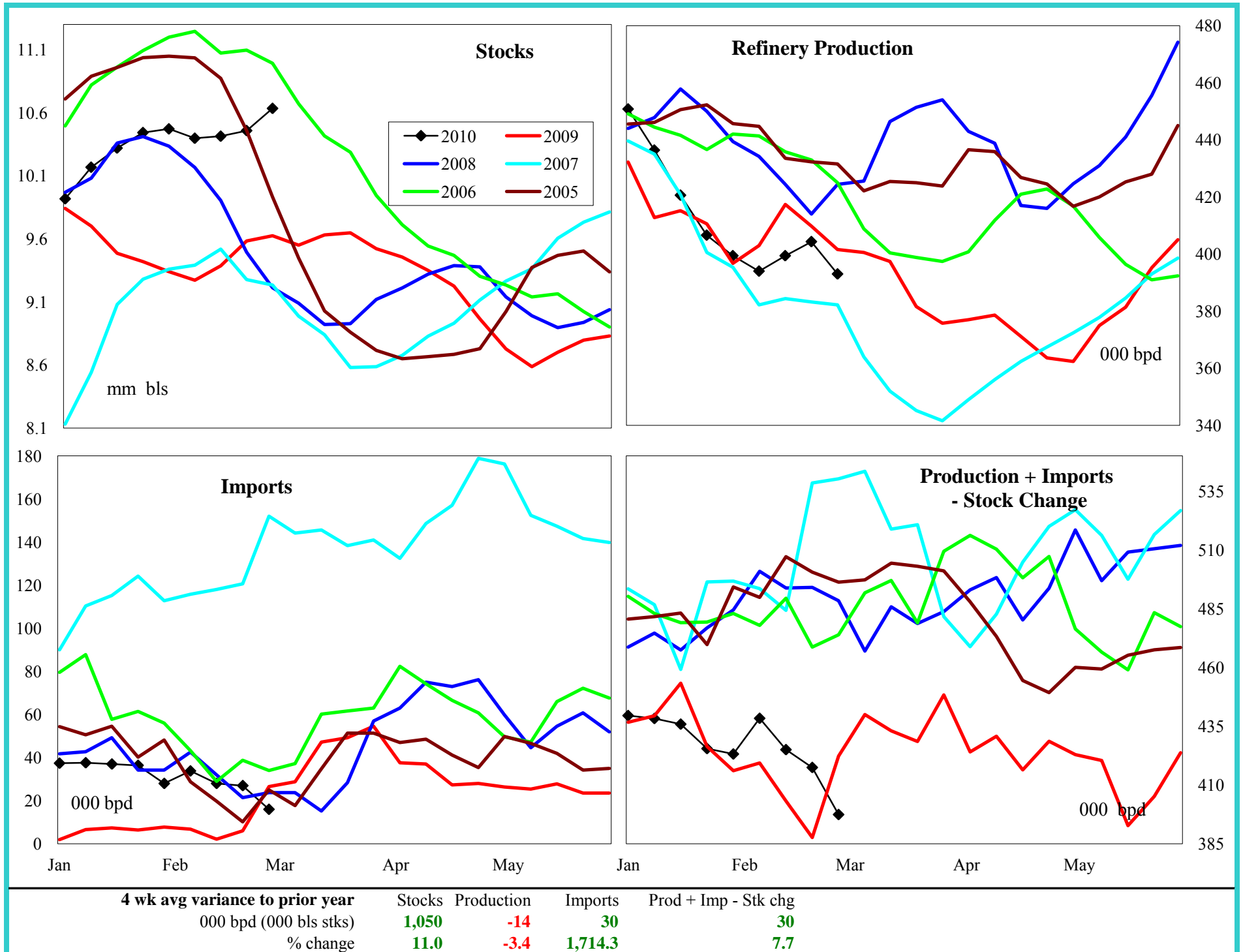
-5

-1.2

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

