



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

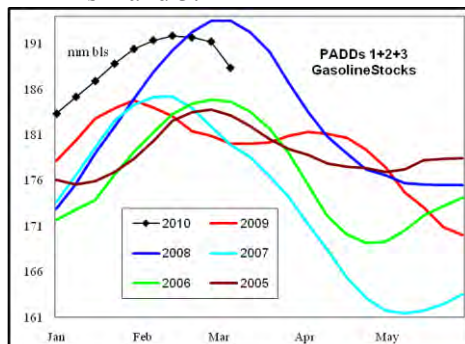
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, March 10, 2010

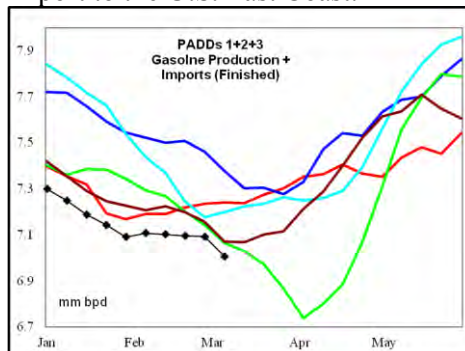


Major Fundamental Trends¹

The seasonal draw down of winter grade stocks of gasoline in regional markets East of the Rockies was evident this week with a -4.2 million barrel stock draw; concentrated in PADDs 2 and 3.

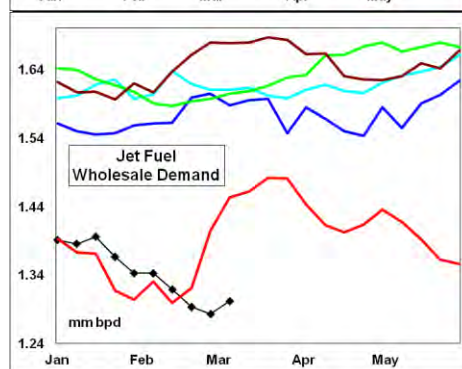
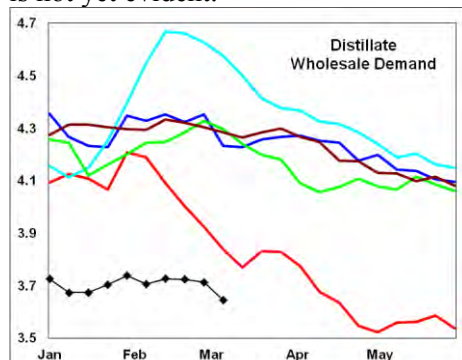


Several fundamental trends point toward a meaningful tightening of gasoline supplies East of the Rockies during the spring quarter. An above average spring maintenance season in the Midwest will limit supply in that region. Refinery closures last year in PADD 1 will increase dependence on receipts from the Gulf and imports. Closure of 1.2 million bpd of crude oil refining capacity in the Atlantic Basin (outside of the U.S.) will reduce availability of gasoline blend stocks for import to the U.S. East Coast.



Wholesale demand for combined distillate and jet fuel fell -195,000 bpd last week. The latest 4-wk average was -323,000 bpd below a year ago, reflecting a comparison against the period when the economy was experiencing the steepest rate of

decline. Economic growth that drives increased demand for middle distillates is not yet evident.



The seasonal build in crude oil stocks continued last week, with a build of +1.4 million barrels, even with a -744,000 bpd drop in imports. Stock levels are likely to reach last years' record level during the spring quarter. Demand for middle distillates fell combined -195,000 bpd last week. Gasoline demand increased +110,000 bpd.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -1.8%; distillate down -6%; jet fuel down -6% while residual fuel oil increased +39%.

Stocks forward coverage: Gasoline demand coverage fell on a -3 million barrel stock draw last week. Coverage remains above the 5-year range.

Distillate demand coverage decreased on a -2.2 million barrel stock draw partially offset by a -184,000 bpd drop in demand. Coverage remains extremely high.

Jet fuel coverage marched last years' 5-year high on very weak demand.

Residual fuel oil coverage is above the mid range on record high Gulf Coast stock levels.

Refinery utilization rates decreased -1.1% on a -149,000 bpd decline in crude oil runs for the week. Runs were 166,000 bpd below last years' record low rate.

Gasoline yield % on crude oil runs was nearly unchanged on a -73,000 bpd decline in production. The yield % remains above last years' record levels.

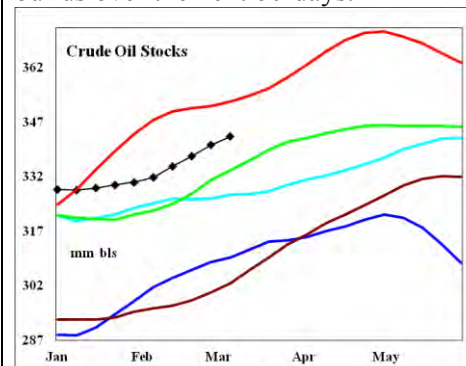
Distillate yield % on crude oil runs declined on a -157,000 bpd drop in output. The yield % level dropped below the 5-year mid range.

Jet fuel yield % on crude oil runs fell to a new record low on a -16,000 bpd drop in output.

Petroleum Imports of crude oil fell -744,000 bpd last week. Imports of distillate were also sharply lower.

During the latest 4-wk period distillate imports decreased -9,000 bpd compared to last year; finished gasoline imports decreased -26,000 bpd, gasoline blend stock imports decreased -205,000 bpd; jet fuel imports were +34,000 bpd higher while residual fuel oil imports decreased -25,000 bpd.

Crude oil stocks increased +1.4 million barrels last week, with modest builds in nearly all regions. Spring refinery maintenance and record domestic production should offset lower imports and lead to further seasonal stock builds over the next 60-days.



¹ Source is latest EIA Weekly Statistics



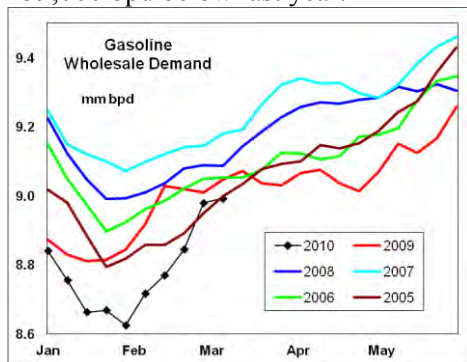
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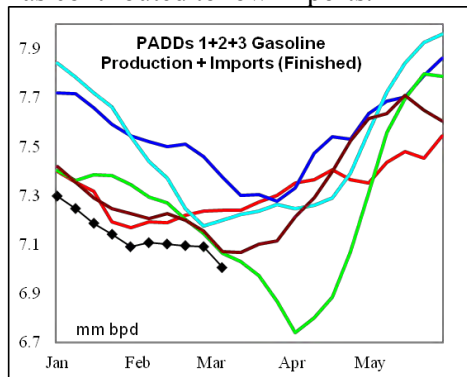
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Product Supply-Demand Trends

Gasoline demand increased +110,000 bpd last week on improving weather conditions in the eastern 1/2 of the country. The latest 4-wk average was -159,000 bpd below last year.



Gasoline production decreased -73,000 bpd on the week, at the mid point of the last three years' output. Imports were nearly unchanged and remain well below the 5-year range. Closure of 1.5 million bpd of crude oil refining capacity in the Atlantic Basin last year has contributed to low imports.



Stocks fell -3 million barrels last week which included a -4.2 million barrel draw in PADDs 2 + 3. Record low supply East of the Rockies led to the sharp draw.

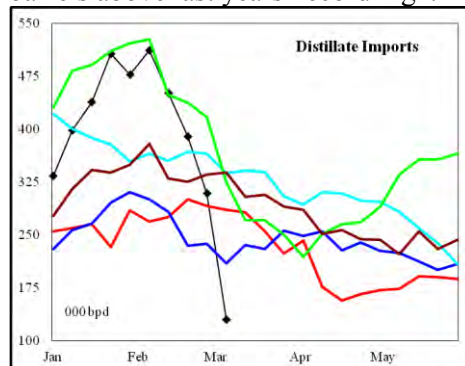
Refinery maintenance and rising seasonal demand should lead to price strength for gasoline compared to the overall energy complex during the next 60-days.

Distillate demand fell -184,000 bpd on the week, with the latest 4-wk demand averaged -243,000 bpd below last year. Distillate demand remains exceptionally weak, even with a much colder than normal heating season.

Production fell -157,000 bpd and

imports declined -224,000 bpd for a total drop in supply of -381,000 bpd on the week.

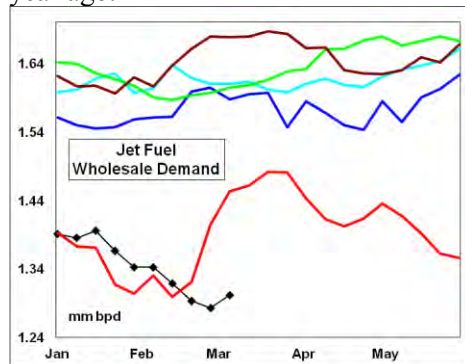
Sharply lower supply led to a -2.2 million barrel stock draw last week. Stock levels are now just +4.2 million barrels above last years' record high.



Very low production in response to poor refining economics and weak demand, spring refinery maintenance and seasonally low imports should lead to further stock draws. Stock levels should fall below last years' record high levels during the spring quarter.

Combined with the closure of 1.5 million bpd crude oil refining capacity in the Atlantic Basin last year, distillate supplies are likely to avoid the extreme stock builds witnessed during the summer of 2009.

Jet Fuel demand decreased -11,000 bpd last week, reflecting adverse weather impact on travel. The latest 4-wk average was -80,000 bpd below a year ago.



Jet fuel production fell to a new low last week, with a modest increase in imports. The most recent 4-wk average supply was -49,000 bpd below a year ago. Stocks were nearly

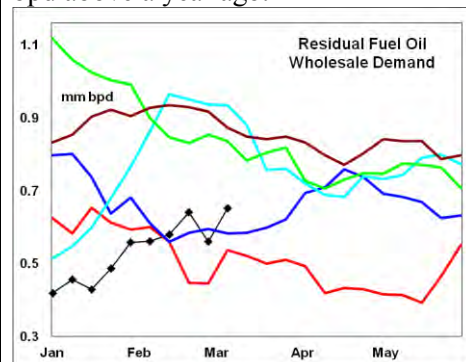
unchanged on the week, at a level that matches the 2006 5-year high.

Demand has been unusually weak in part as a result of inclement weather. Refiners have cut output to exceptionally low levels to balance supply.

Expect a moderate seasonal uptrend in demand over the next quarter. Combined with spring refinery maintenance, stocks should experience a meaningful seasonal draw.

However, weak economic growth in the Atlantic Basin should assure weak middle distillate prices for the foreseeable future.

Residual fuel oil demand, including exports, were nearly unchanged last week, with the 4-wk average +183,000 bpd above a year ago.



Combined production and imports decreased -166,000 bpd last week. the latest 4-wk supply was -22,000 bpd below a year ago. Stocks decreased -1.2 million barrels for the week. The stock level remains well above the mid range.

The Gulf coast market witnessed new record high stock levels, with production and imports also near record highs for the period. Supplies in all other regions are at/near record lows. An end to winter heating should pressure Gulf residual fuel prices relative to the overall energy complex.



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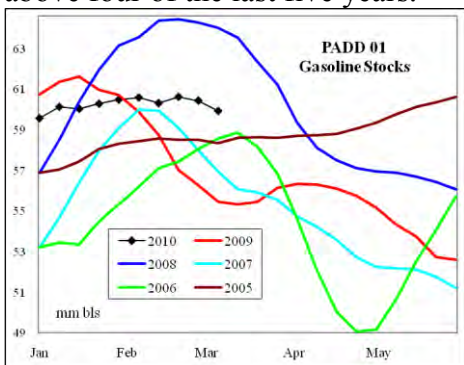
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PADD Supply Trends

PADD 1 refinery crude oil runs declined -67,000 bpd on the week, with the 4-wk average down -56,000 bpd from a year ago. Imports remain below last years' record lows on refinery closures. Stocks were nearly unchanged and were -11% below the prior record low.

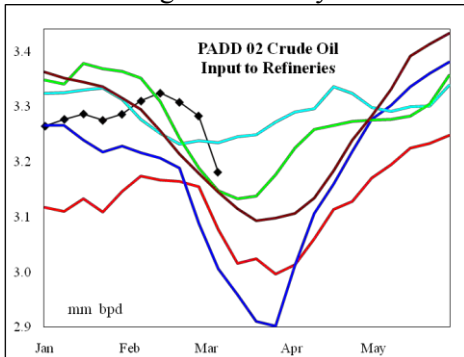
Gasoline production declined -60,000 bpd on the week, offset by a +127,000 bpd rise in imports. Stocks were unchanged at a level above four of the last five years.



Distillate supply fell -243,000 bpd on a sharp drop in imports. Imports fell to a 5-year weekly low. The reduced supply led to a -1.2 million barrel stock draw. Stock levels remain +7 million barrels above last years' record high.

Jet fuel stocks jumped +0.6 million barrels on the week, reaching a new record weekly high. Weak demand and high receipts from the Gulf offset record low refiner production in the region.

PADD 2 crude oil refinery runs declined -119,000 last week, as spring maintenance gets underway.



Crude oil imports decreased -235,000 bpd to the mid range. Stocks increased

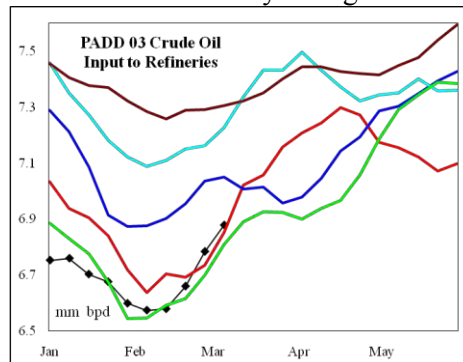
+0.3 million barrels to near last years' record highs. Stocks in Cushing increased +0.6 million barrels, the 2nd consecutive weekly increase.

Gasoline production increased +54,000 bpd on the week, to the mid range. Stocks decreased -2 million barrels, but remain at a level near the 2008 record high.

Distillate production decreased -87,000 bpd last week, to match the historic mid range. Stocks declined -1.5 million barrels on the week, falling below the mid range.

Jet fuel production remains near the mid range. Stocks declined -0.3 million barrels, extending a month long downtrend. Stock levels are at the mid range.

PADD 3 refinery crude oil runs increased +151,000 bpd last week, to the low end of the historic range. Imports were nearly unchanged, while stocks increased +0.6 million barrels. Stock levels match 5-year highs.



Gasoline production decreased -73,000 bpd last week, with the 4-wk average -112,000 bpd below a year ago. Stocks fell -2.2 million barrels to match the 5-year high for the period.

Distillate production declined -32,000 bpd last week, near the 5-year low for the period. Stocks increased +0.5 million barrels and remain at record highs for the period.

Jet fuel supply increased +34,000 bpd on the week. Supply remains at record lows. Stocks extended the seasonal downtrend, falling -0.4 million barrels to match the 5-year low level for the period.

Residual fuel oil supply increased

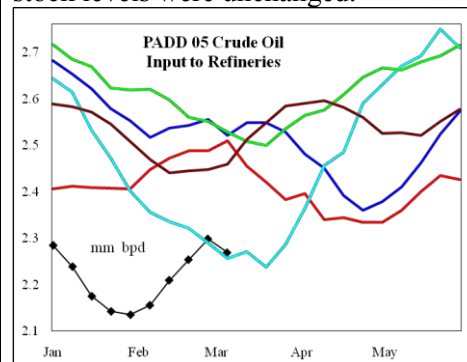
+33,000 bpd on higher imports. Supply remains near record highs. Stocks increased +0.3 million barrels and are +17% above the prior record high.

PADD 4 refinery crude oil runs declined -41,000 bpd on the week, with the latest 4-wk average -45,000 bpd below year ago levels. Light product yield % of crude oil runs spiked to a record high on the week.

Gasoline production was nearly unchanged on the week, at a 5-year high for the period. Stock levels remain below the 5-year range, due in part to the refinery closure last year.

Distillate production increased +15,000 bpd last week, to the upper end of the historic range for the period. Stocks declined -0.2 million barrels although the level remains above four of the last five years.

PADD 5 crude oil refinery runs decreased -73,000 bpd on the week, matching the 5-year low. The latest 4-wk average run rate was -250,000 bpd below a year ago. Crude oil imports fell -438,000 bpd on the week, while stock levels were unchanged.



Gasoline production remains above the mid range. However, weak demand led to a +1.3 million barrel stock build. Stock levels are at 5-year highs for the period.

Distillate production decreased -22,000 bpd on the week, and remains below the five year range. Stock levels are at the low end of the historic range.

Jet fuel supply increased +14,000 bpd on the week, with lower output more than offset by higher imports. Stock levels match 5-year highs.


**FUNDAMENTAL
PETROLEUM
TRENDS**

PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

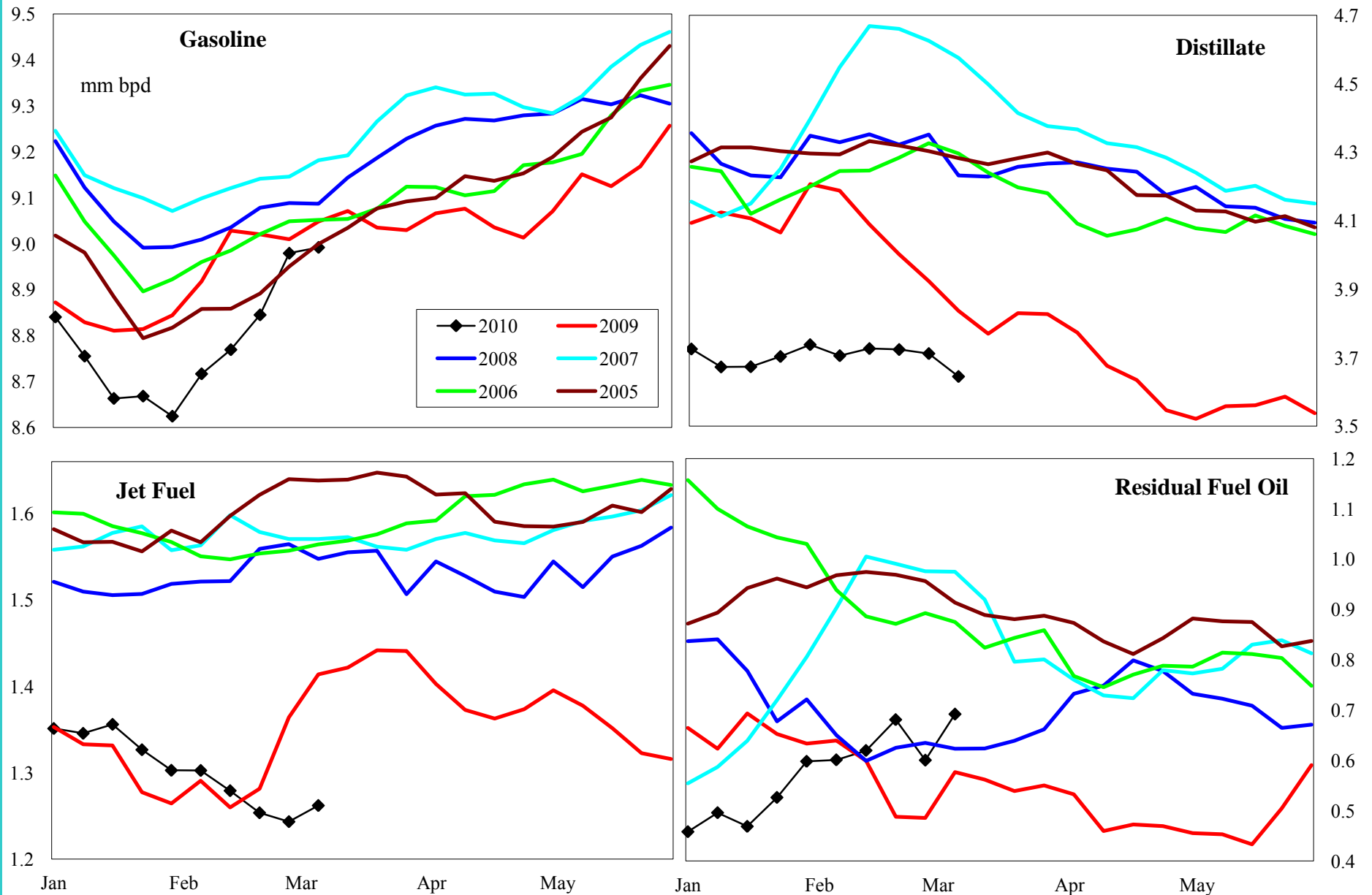
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Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization</u> <u>Product Yield %</u>				<u>Imports</u>
Supply/Demand Trends	5-Mar-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	1,432	246	251	576	364	-5
	Imports	-744	-124	-235	1	52	-438
	Input	-149	-67	-119	151	-41	-73
	% Utilization	-1.14					
<u>Gasoline</u>	Stocks	-2,959	15	-2,009	-2,228	-77	1,340
	Production	-73	-60	54	-73	-2	8
	Imports	31	127	0	-3	0	-93
	Supplied	110					
<u>Distillate</u>	Stocks	-2,217	-1,176	-1,522	507	-177	151
	Production	-157	-31	-87	-32	15	-22
	Imports	-224	-212	-2	0	-1	-9
	Supplied	-184					
<u>Jet Fuel</u>	Stocks	-142	636	-251	-425	-18	-84
	Production	-16	-18	-10	20	-2	-6
	Imports	38	4	0	14	0	20
	Supplied	-11					
<u>Residual Fuel Oil</u>	Stocks	-1,189	-1,354	92	286	-9	-204
	Production	-4	-3	-11	-14	-1	25
	Imports	-162	-196	1	47	0	-14
	Supplied	2					

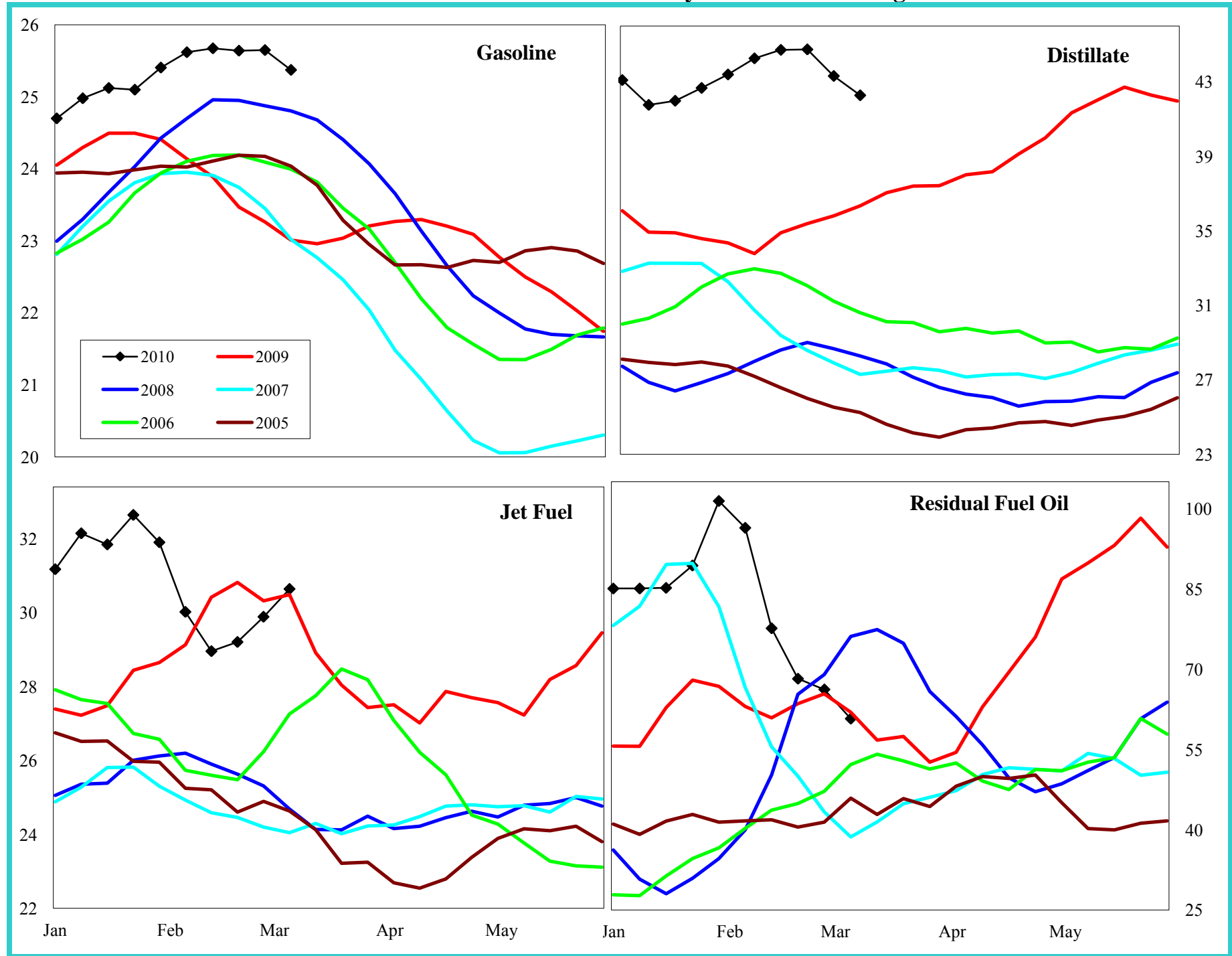
United States Wholesale Petroleum Demand



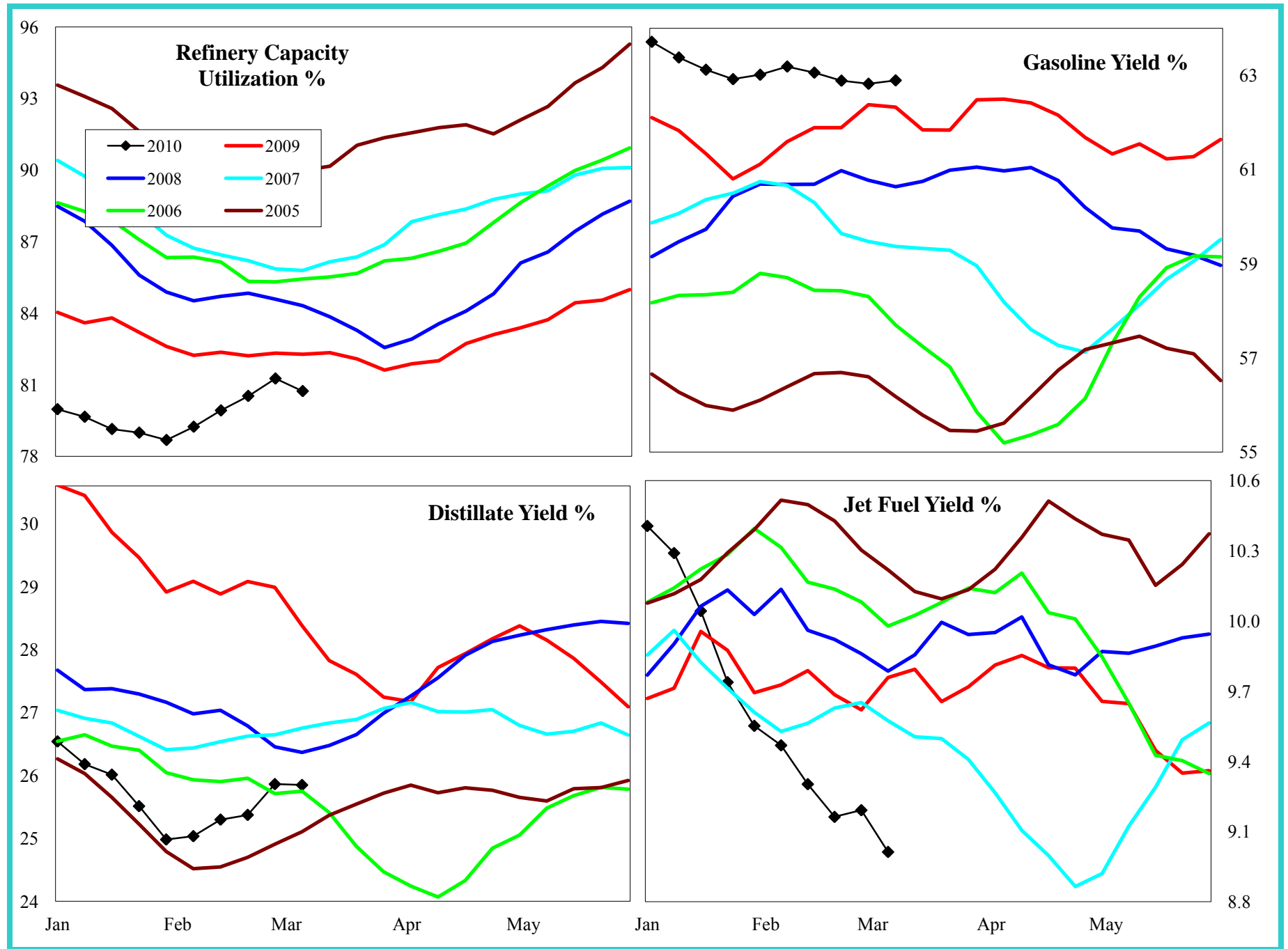
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jan	Jan	Nov	4wk avg	Jan	Dec	Nov
Gasoline	-159	-35	34	83	-1.8	-0.4	0.4	0.9
Distillate	-243	-371	-79	-309	-6.1	-9.1	-2.1	-8.0
Jet Fuel	-80	6	96	-12	-5.9	0.4	6.9	-0.8
Resid	183	-207	-273	-41	38.8	-29.6	-36.3	-7.9



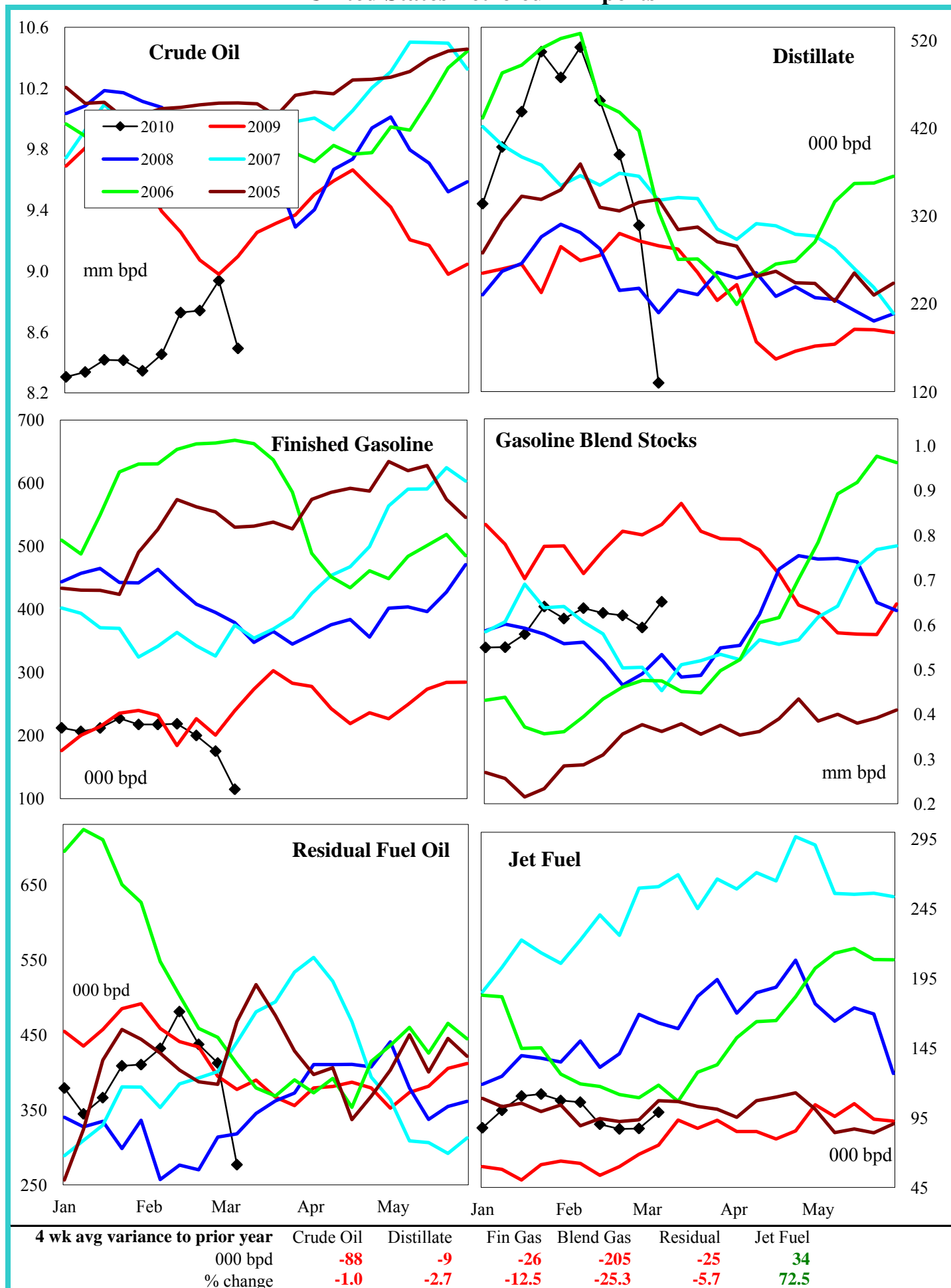
United States Product Stocks: Days Forward Coverage



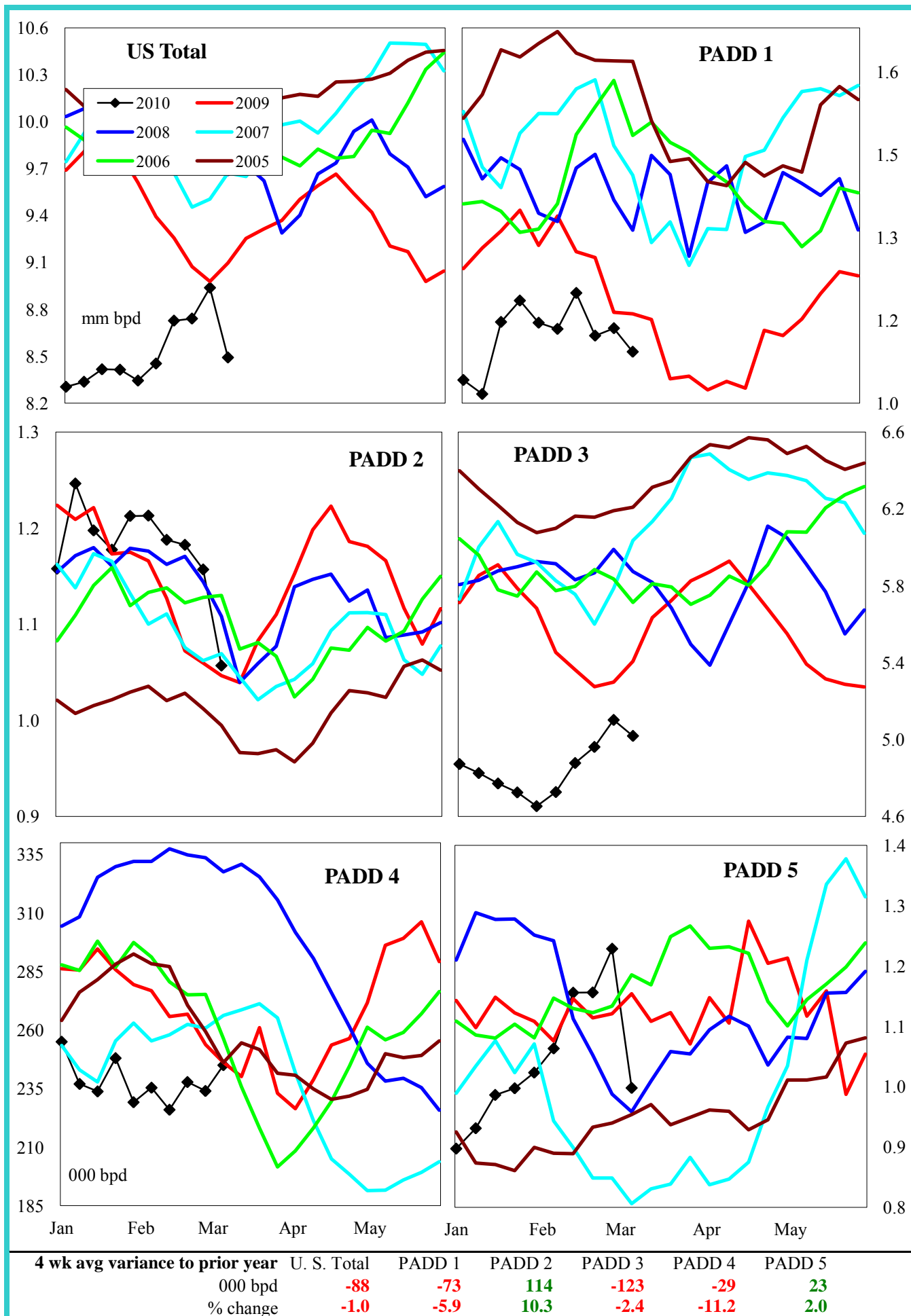
United States Refinery Percent Utilization Rate and Product Yields



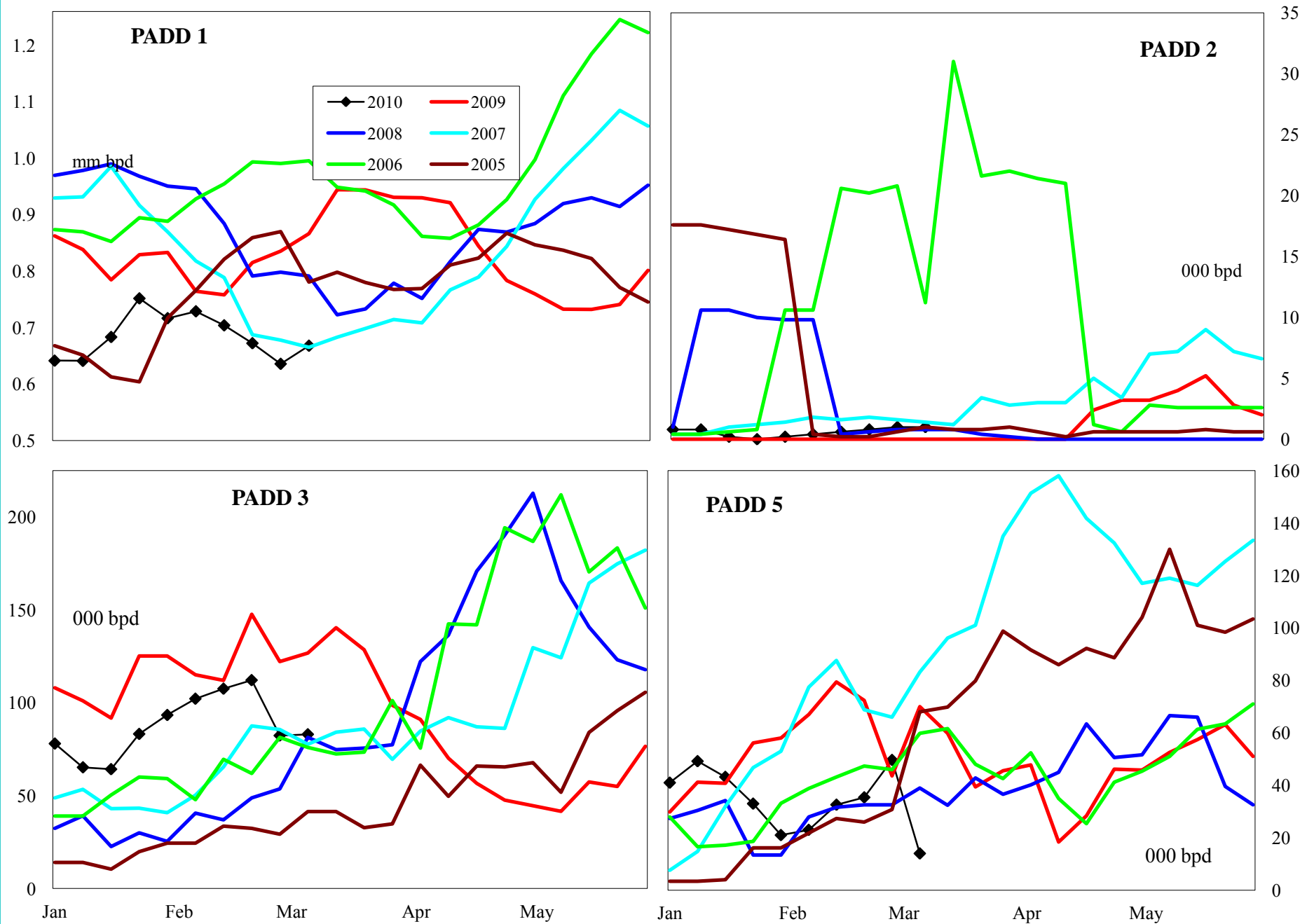
United States Petroleum Imports



Crude Oil Imports by PADD

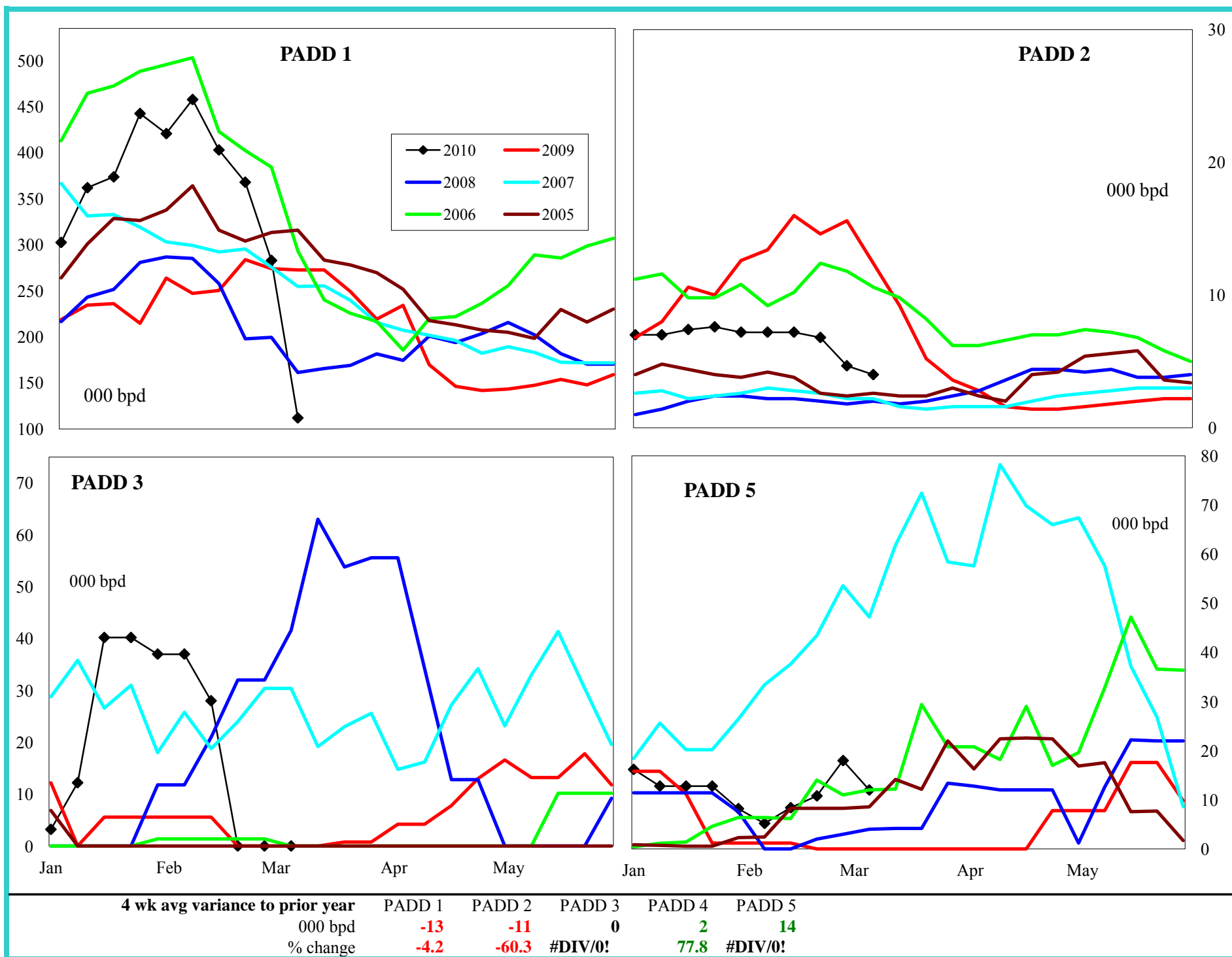


Gasoline Imports by PADD (Finished + Blend Stocks)

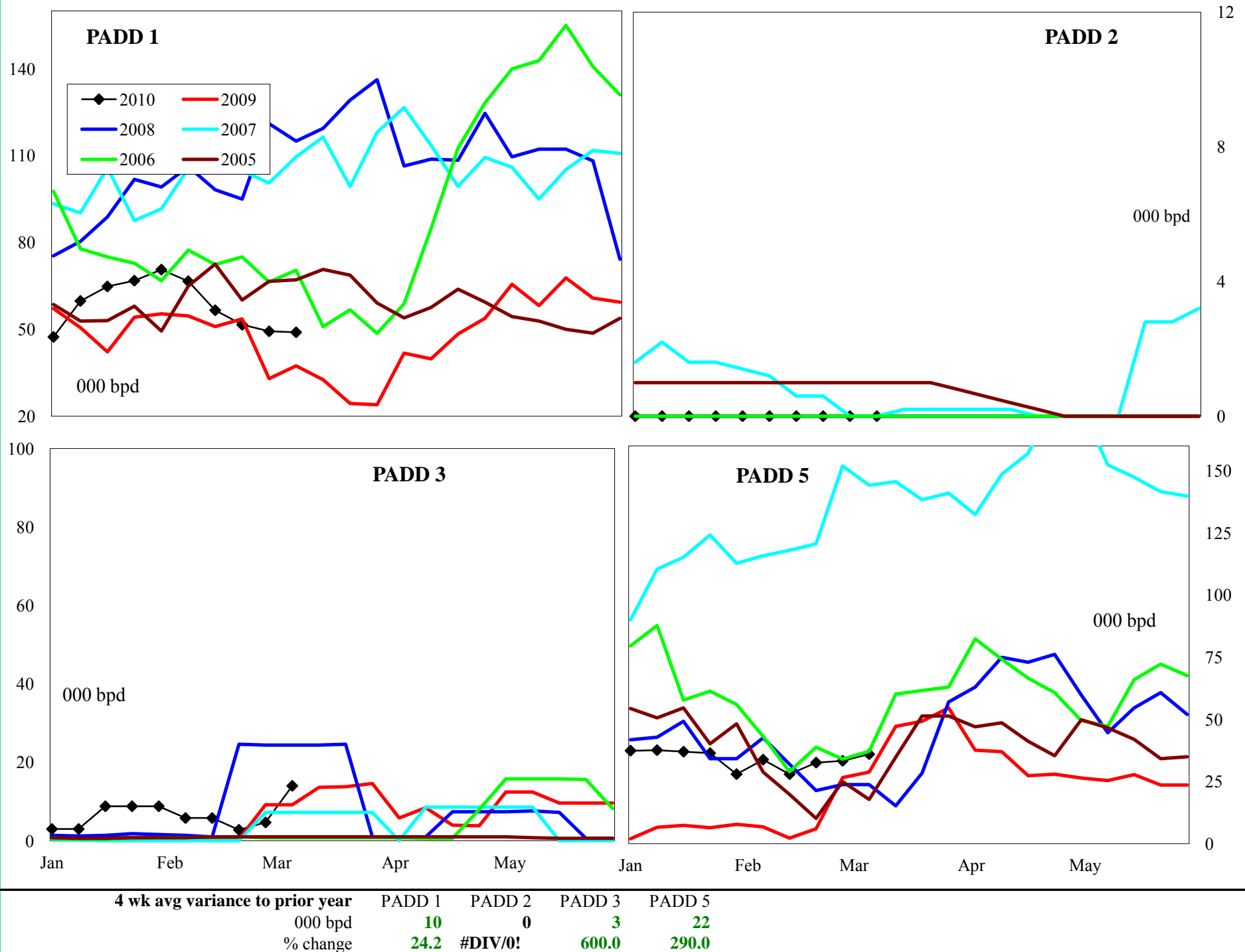


4 wk avg variance to prior year	PADD 1	PADD 2	PADD 3	PADD 5
000 bpd	-184	1	-35	-12
% change	-22.2	#DIV/0!	-26.6	-22.5

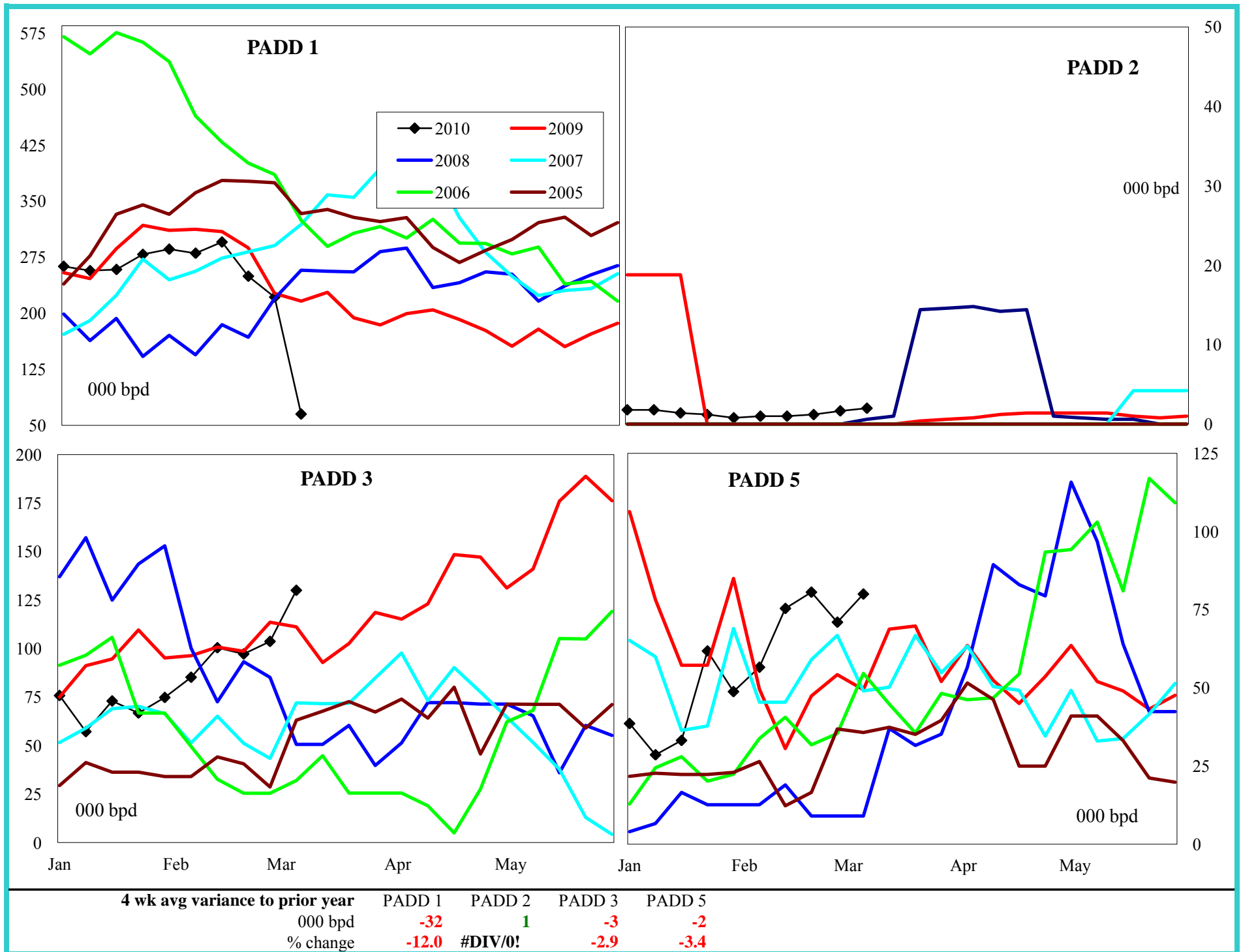
Distillate Imports by PADD



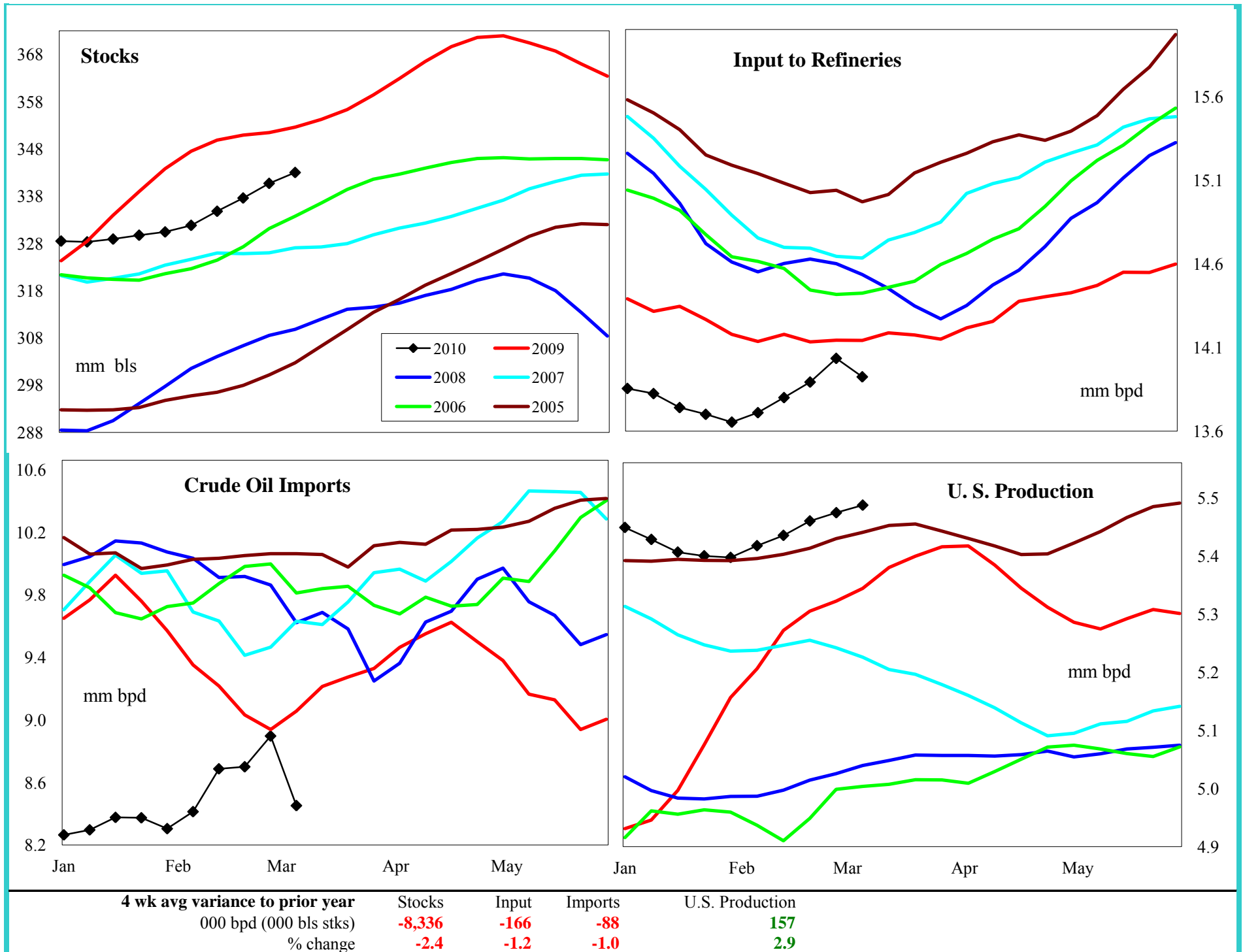
Jet Fuel Imports by PADD



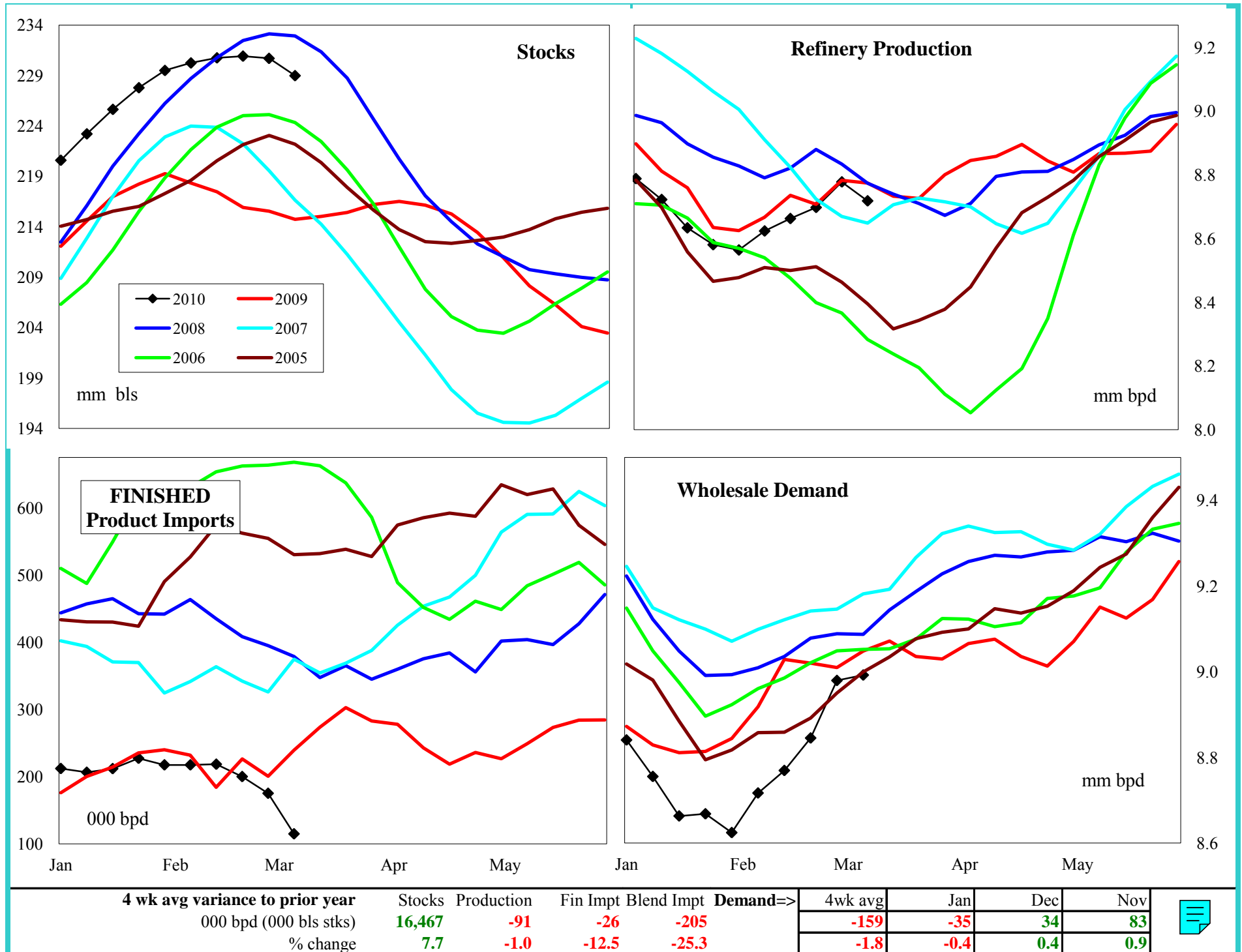
Residual Fuel Oil Imports by PADD



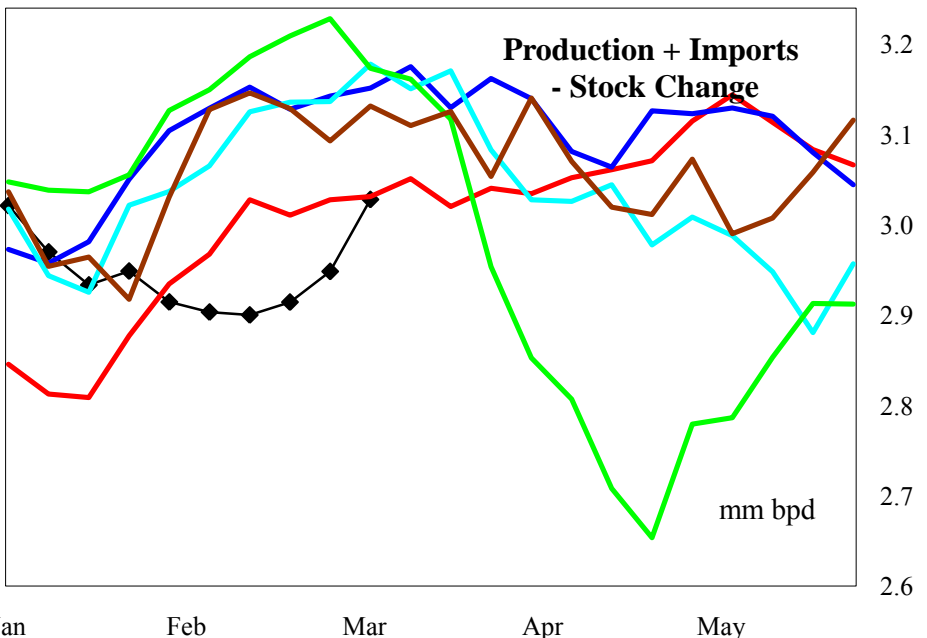
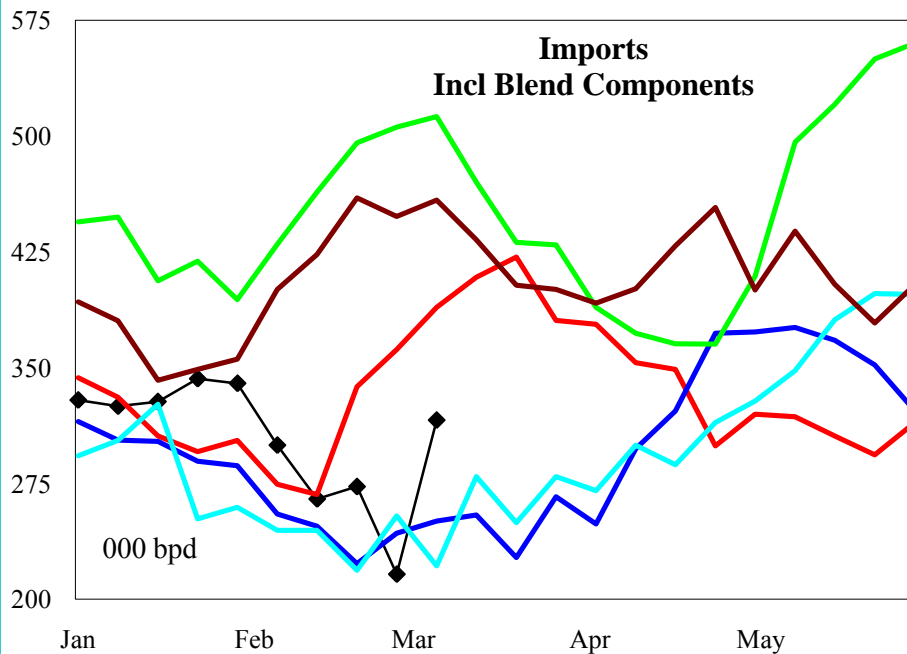
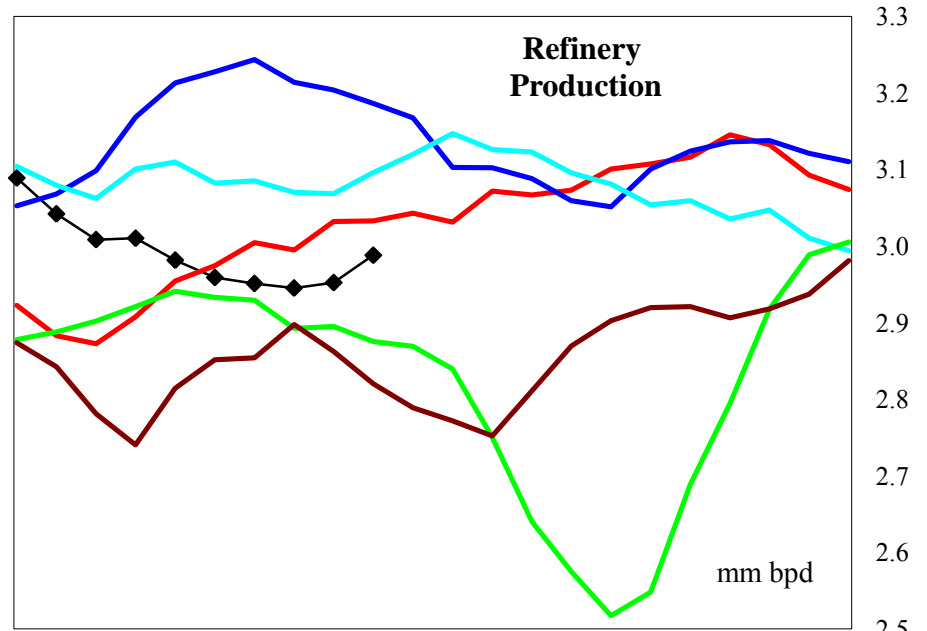
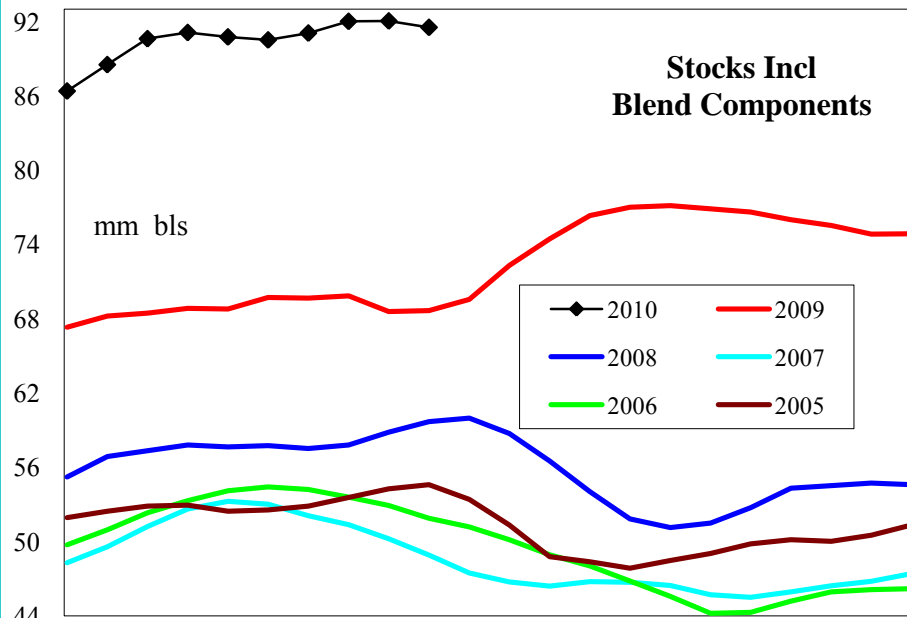
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



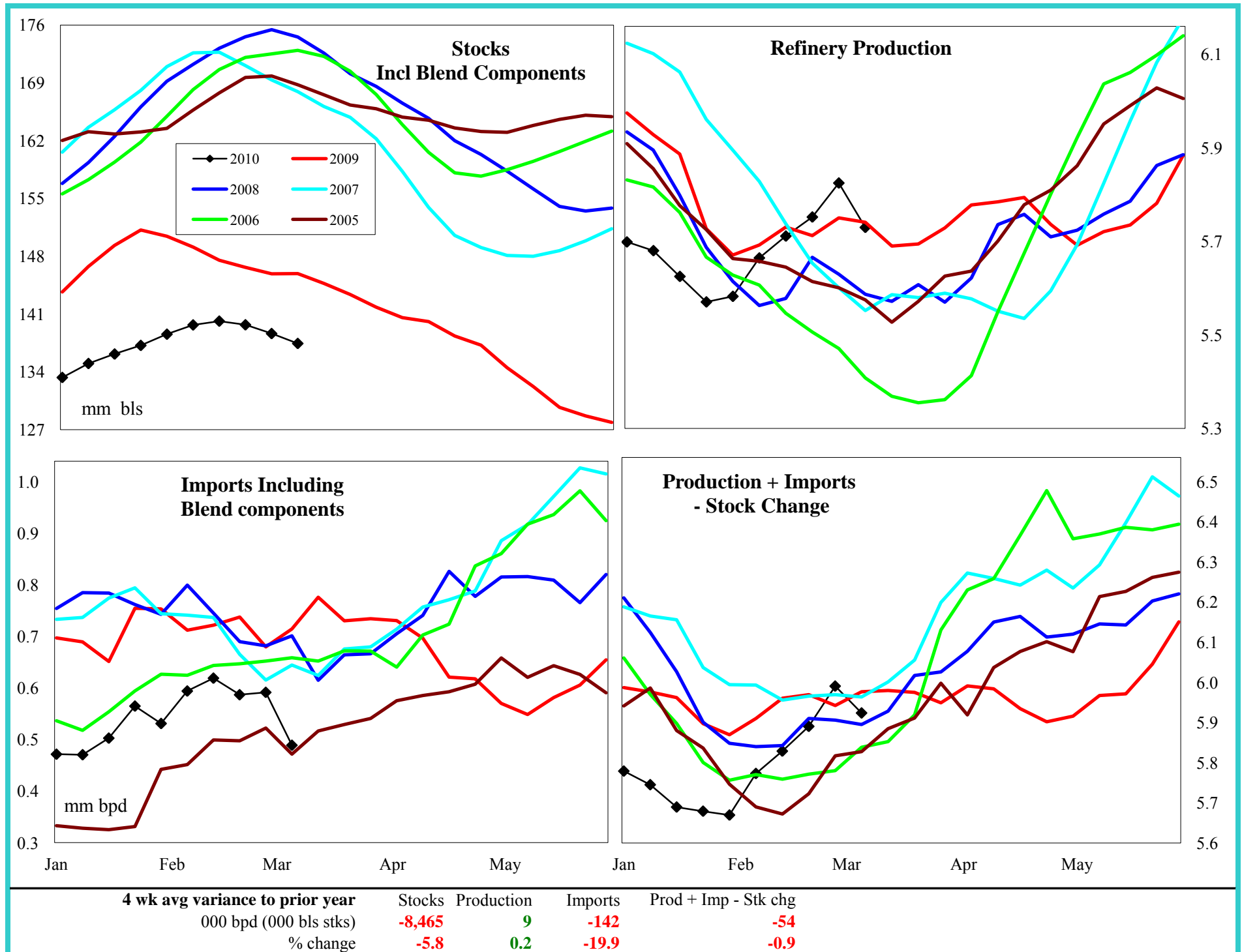
United States Reformulated Gasoline Supply



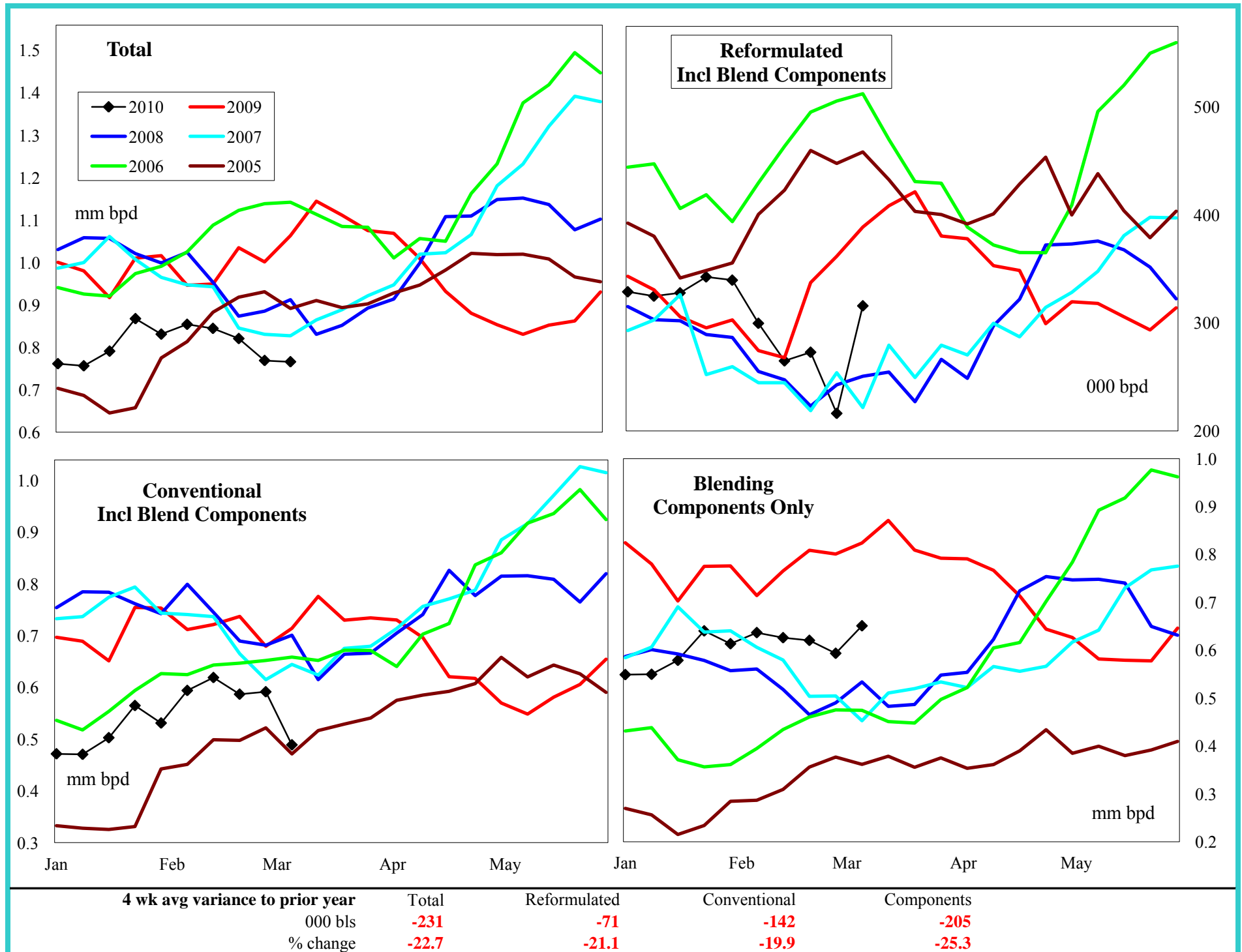
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
22,870	-100	-71	-77
33.3	-3.3	-21.1	-2.5

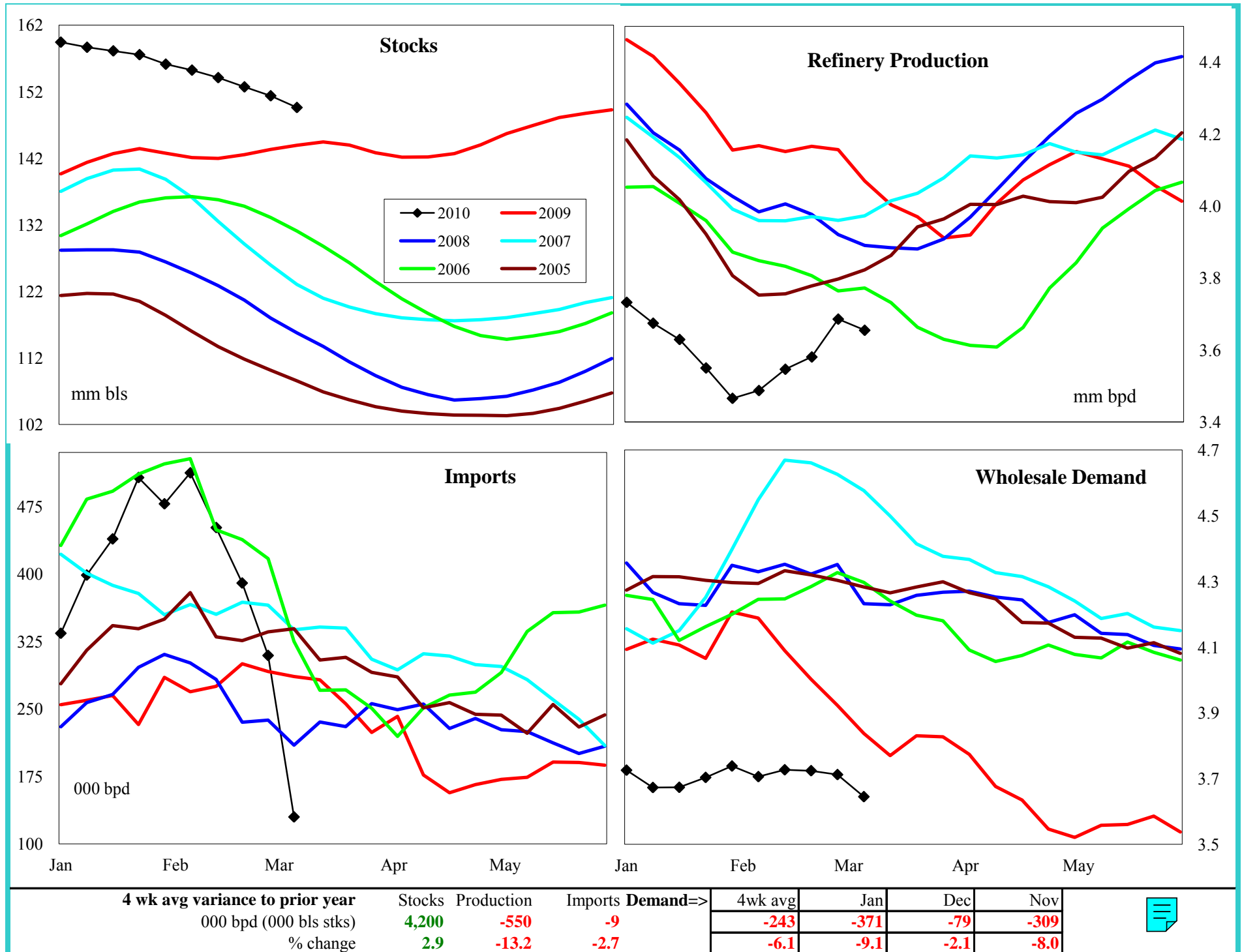
United States Conventional Gasoline Supply



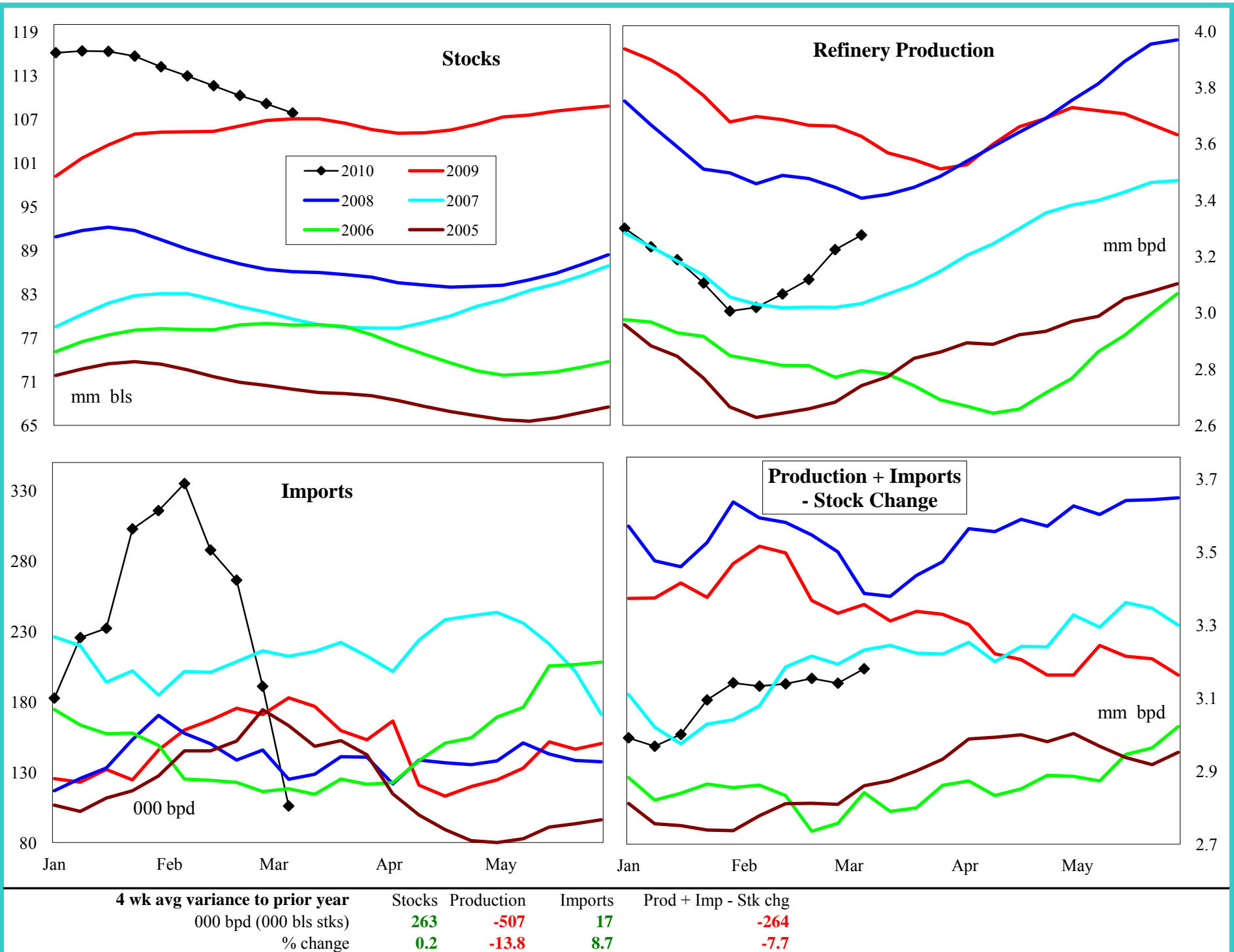
United States Gasoline Imports by Type



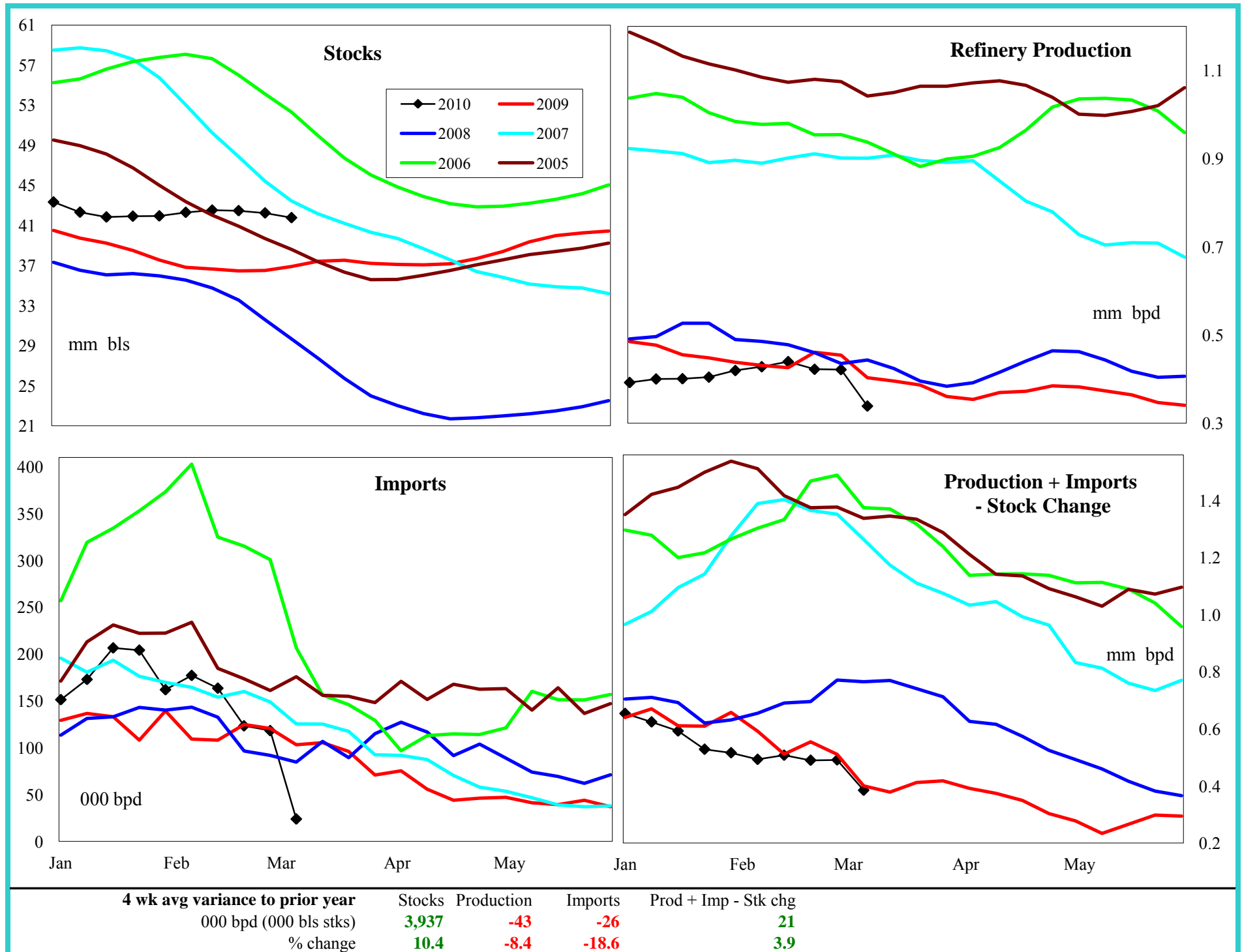
United States Distillate Supply and Demand Balance



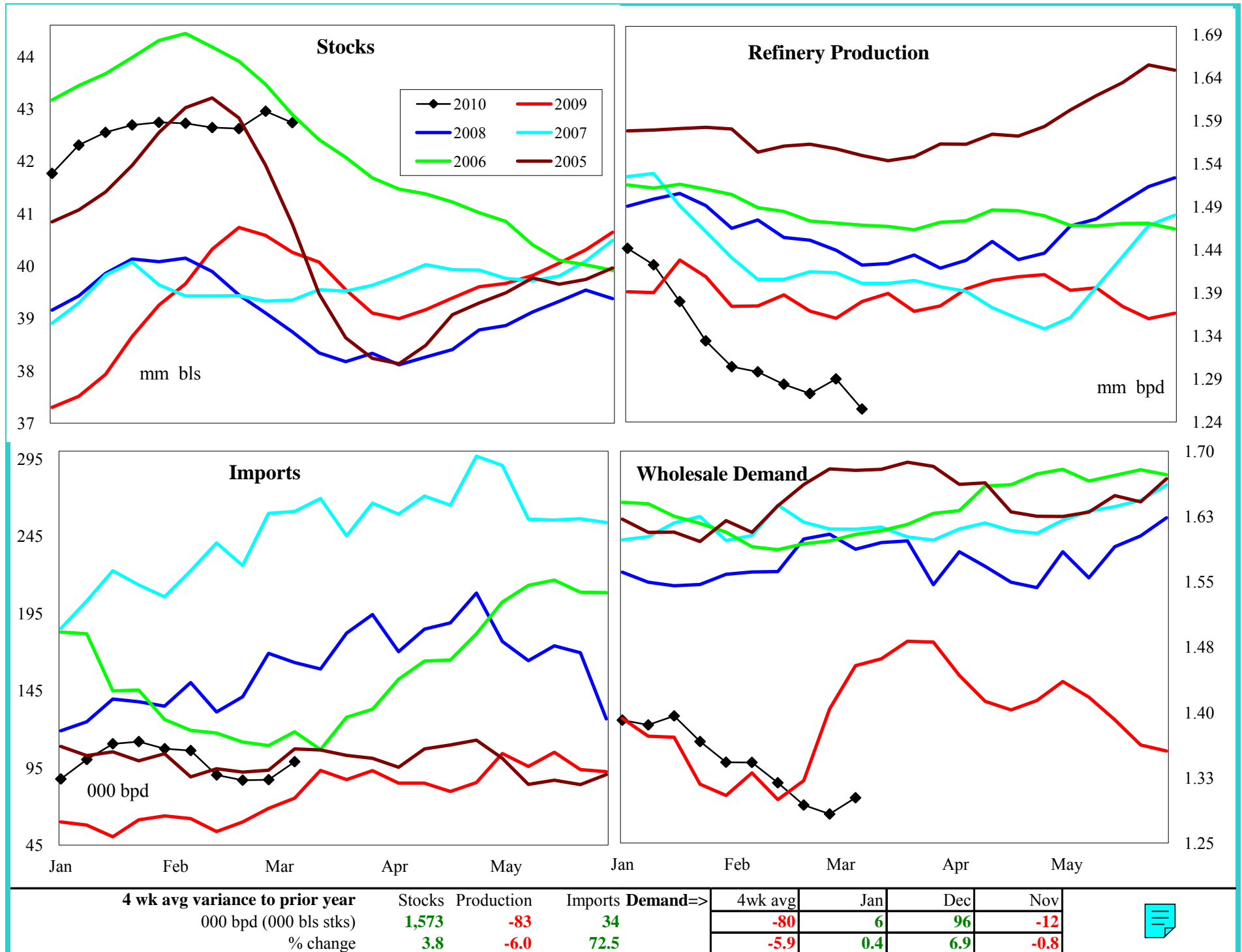
United States Low Sulfur Distillate Supply



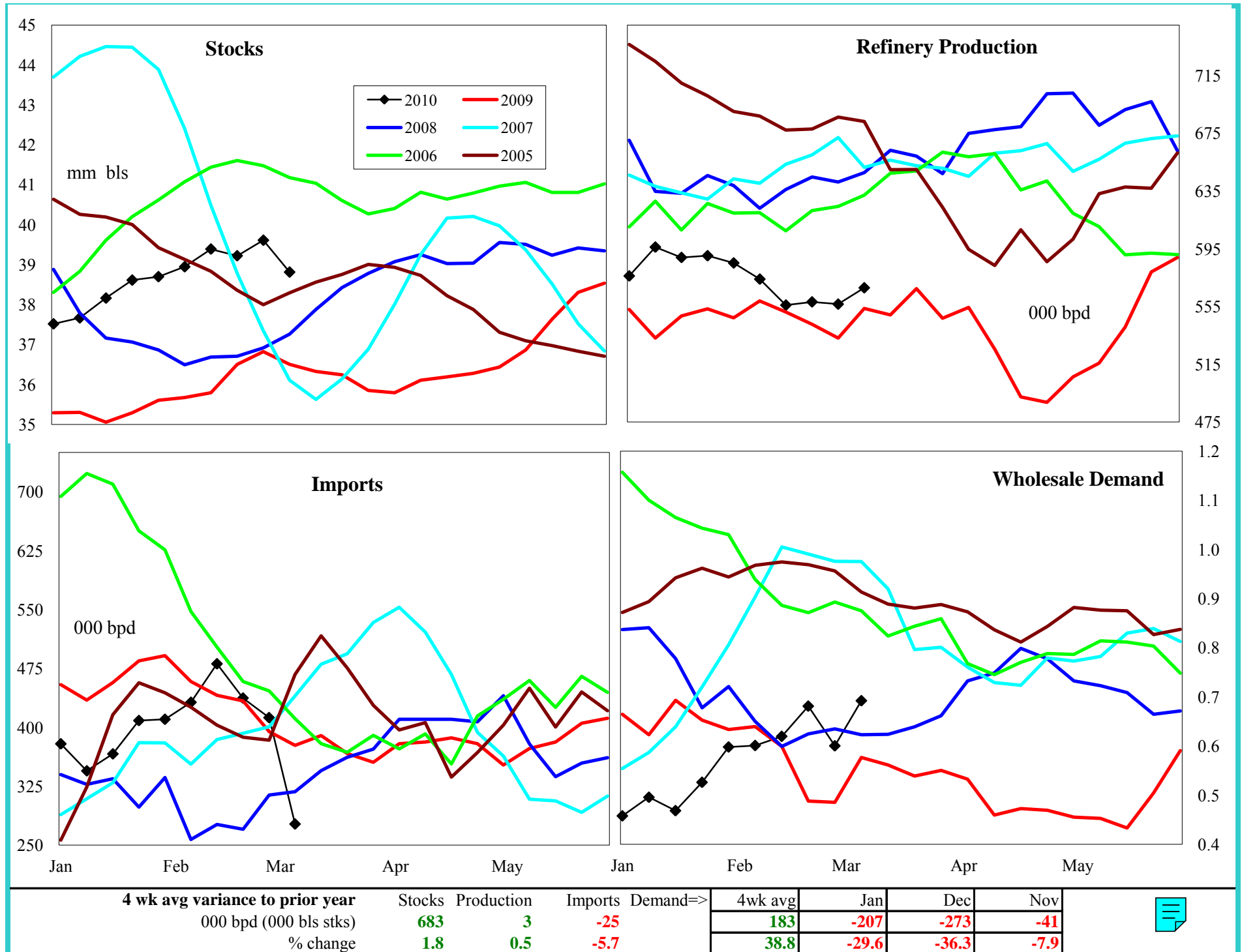
United States High Sulfur Distillate Supply



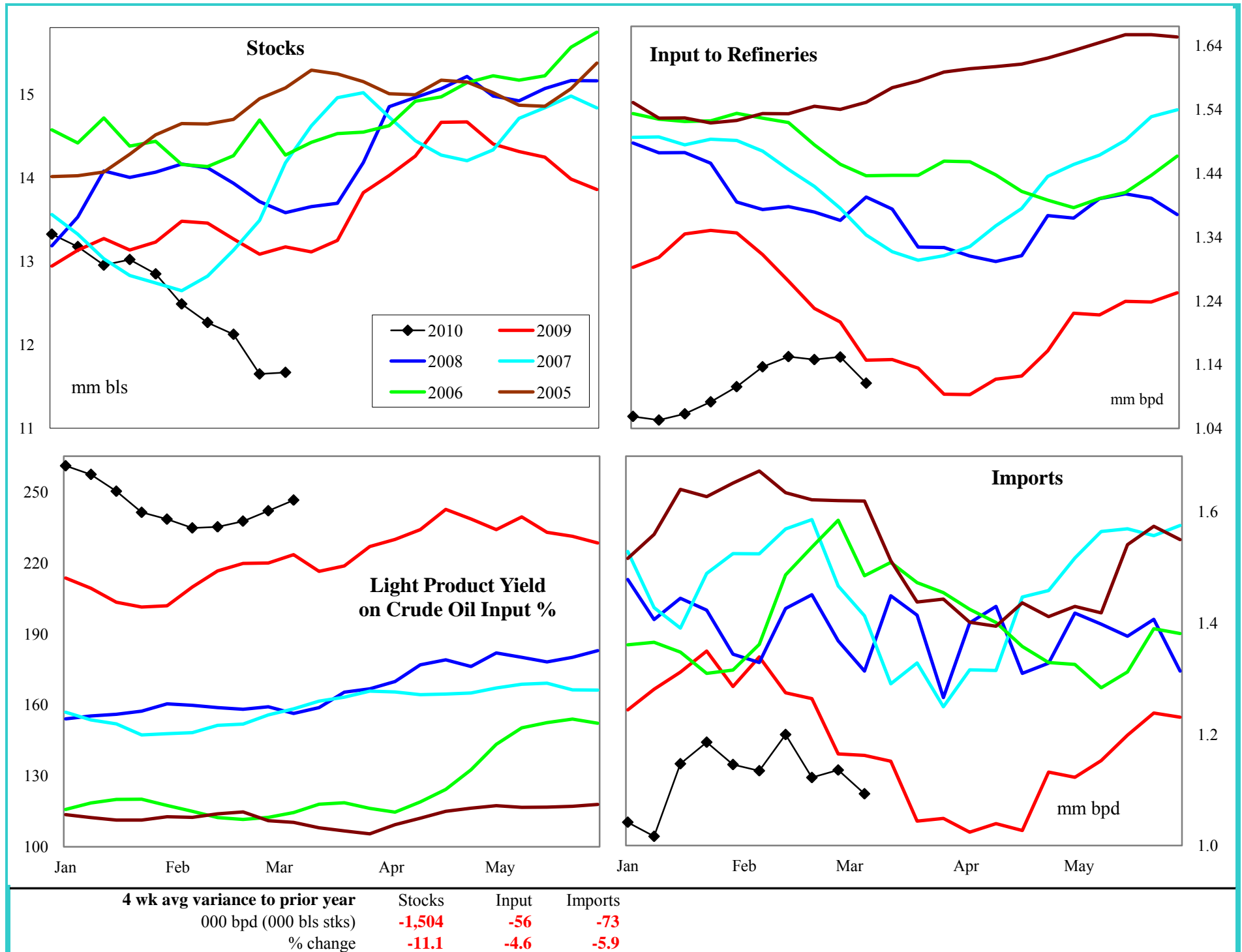
United States Jet Fuel Supply and Demand Balance



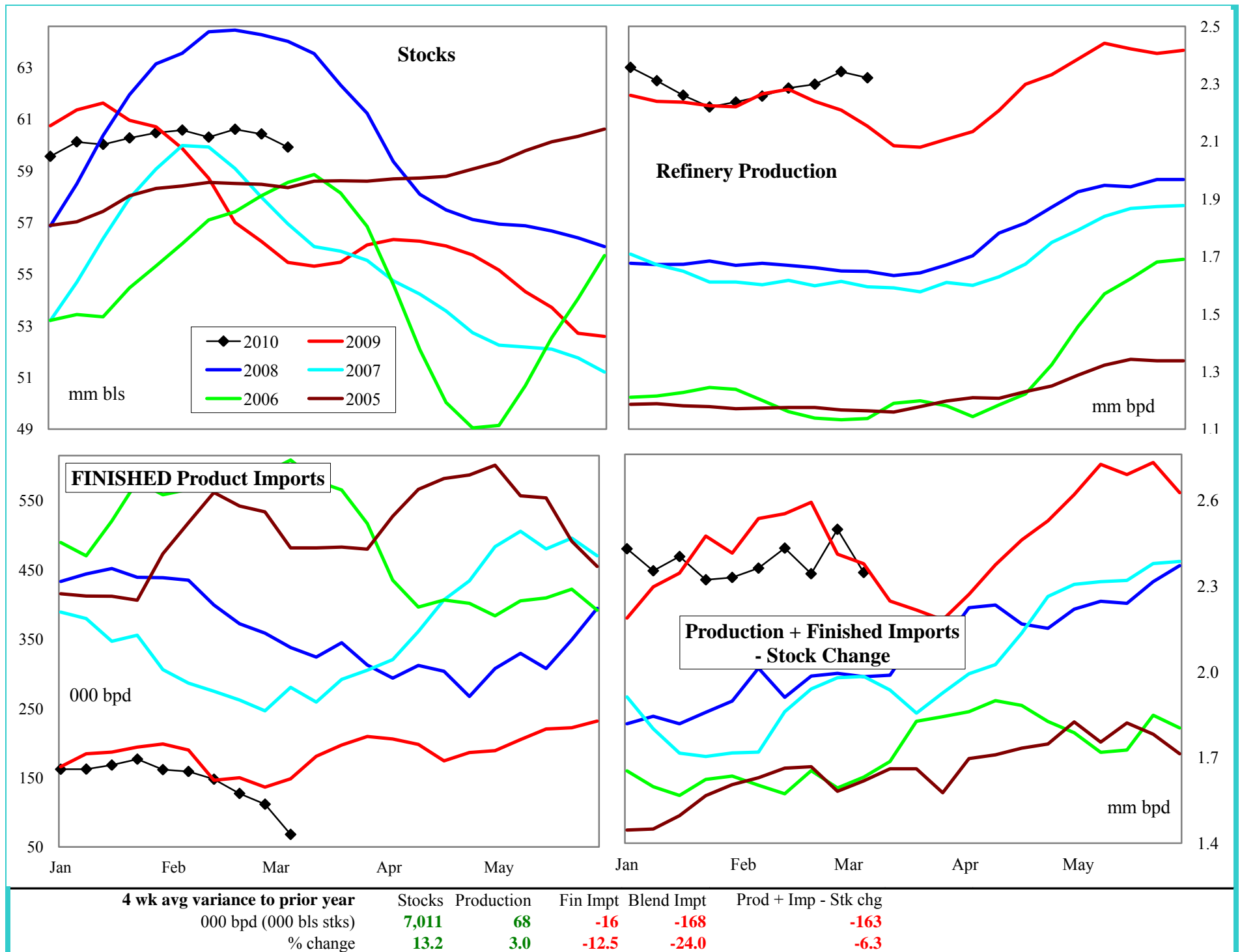
United States Residual Fuel Oil Supply and Demand Balance



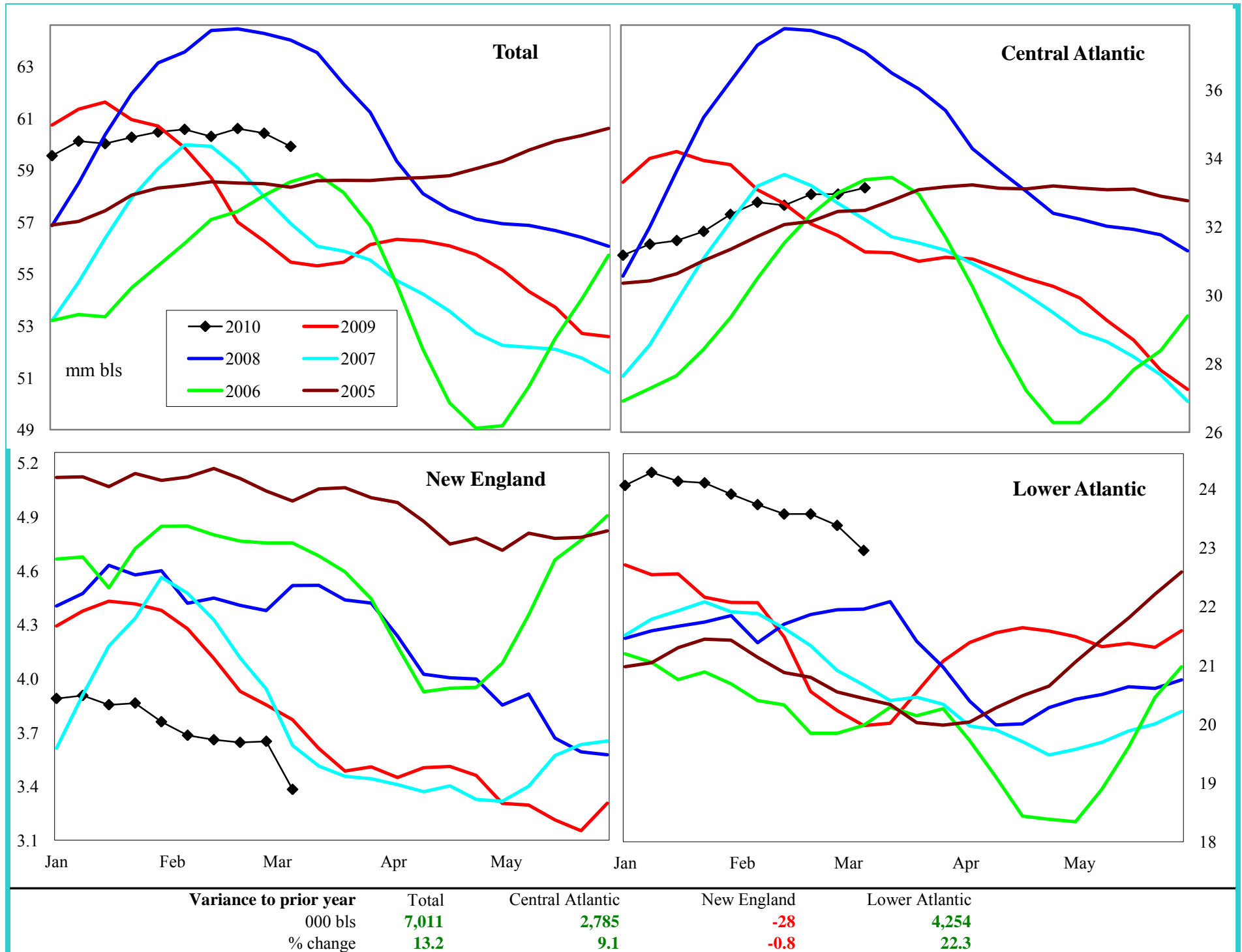
PADD 1 Crude Oil Supply and Refining



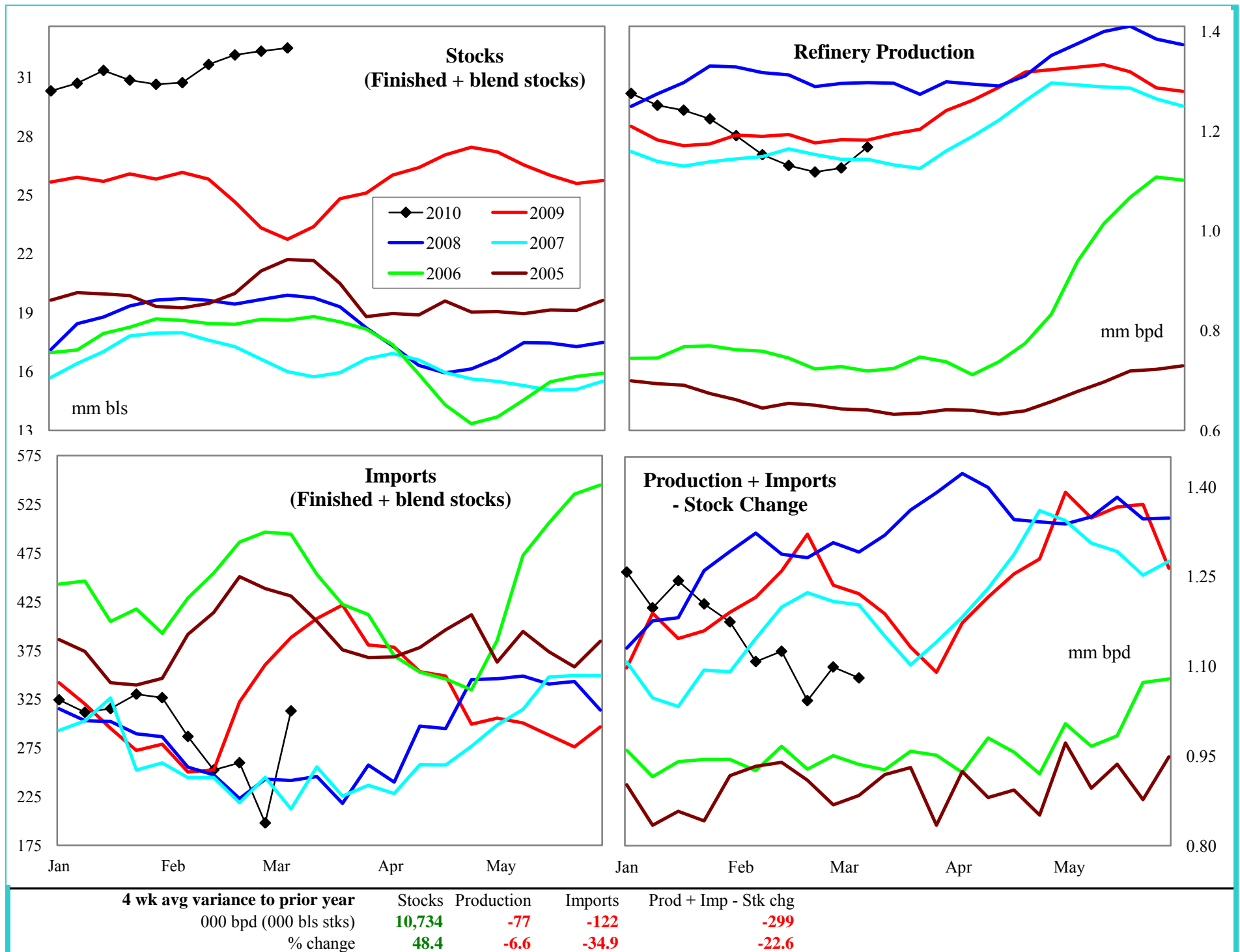
PADD 1 Gasoline Supply



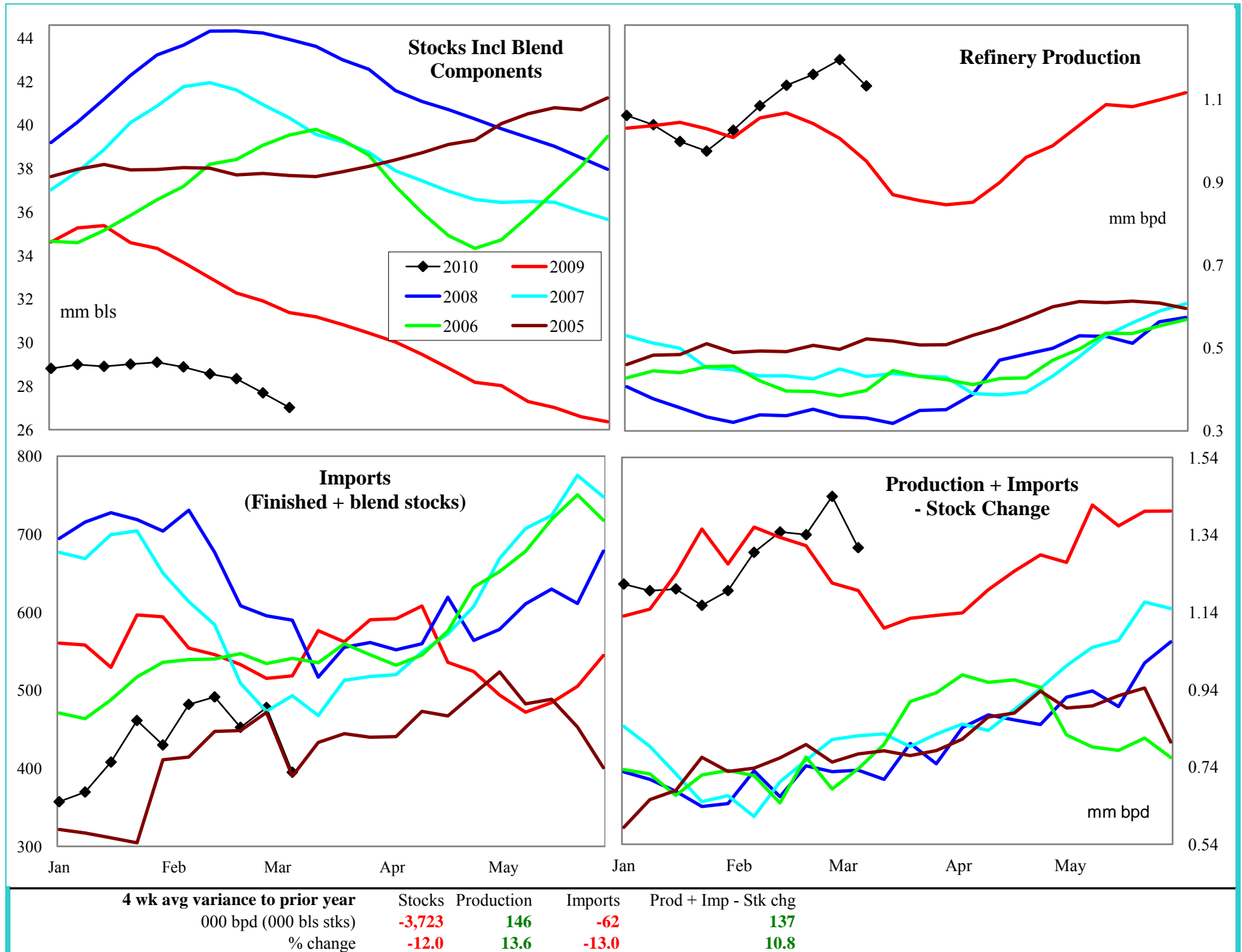
PADD 1 Gasoline Stocks by Region



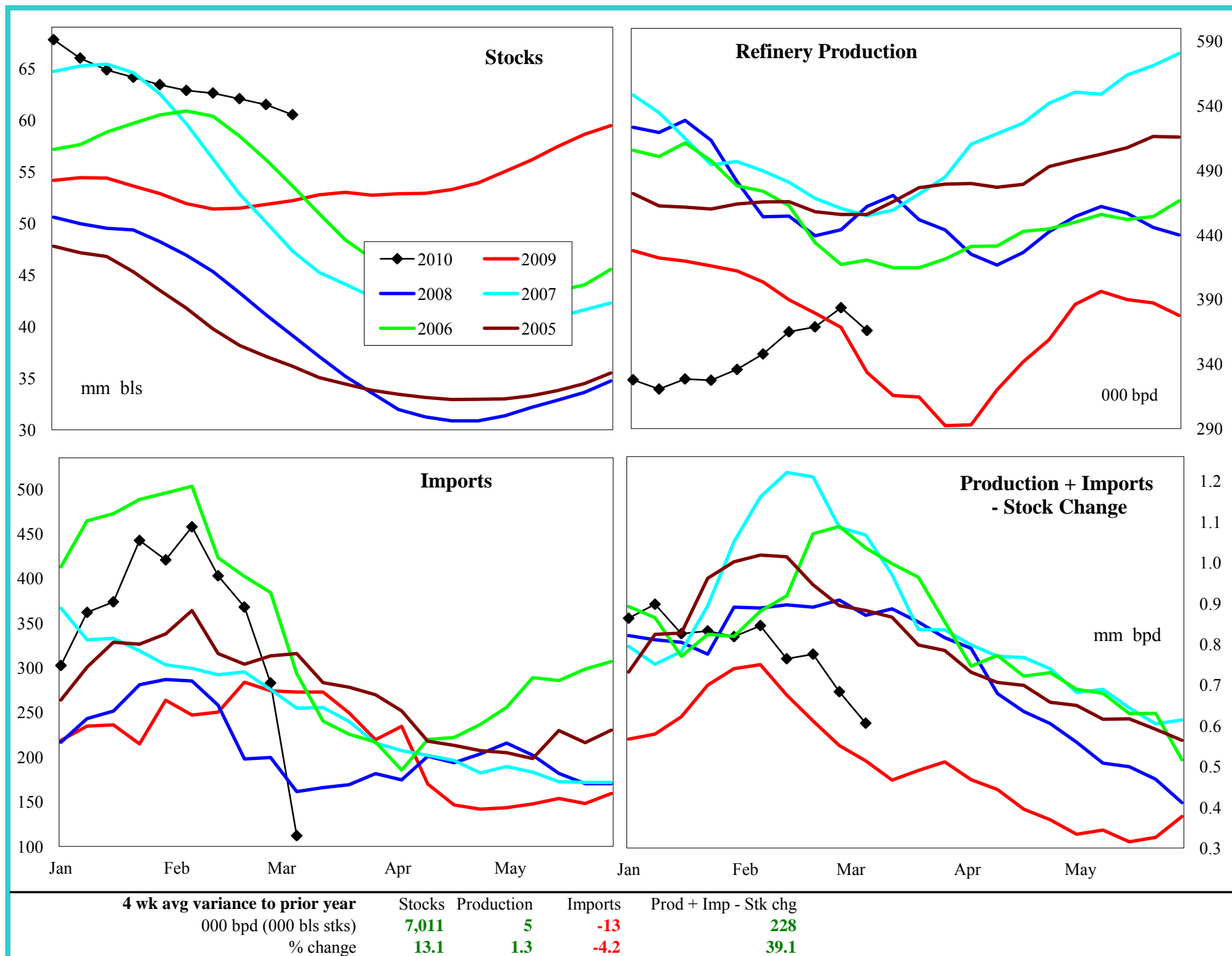
PADD 1 Reformulated Gasoline Supply



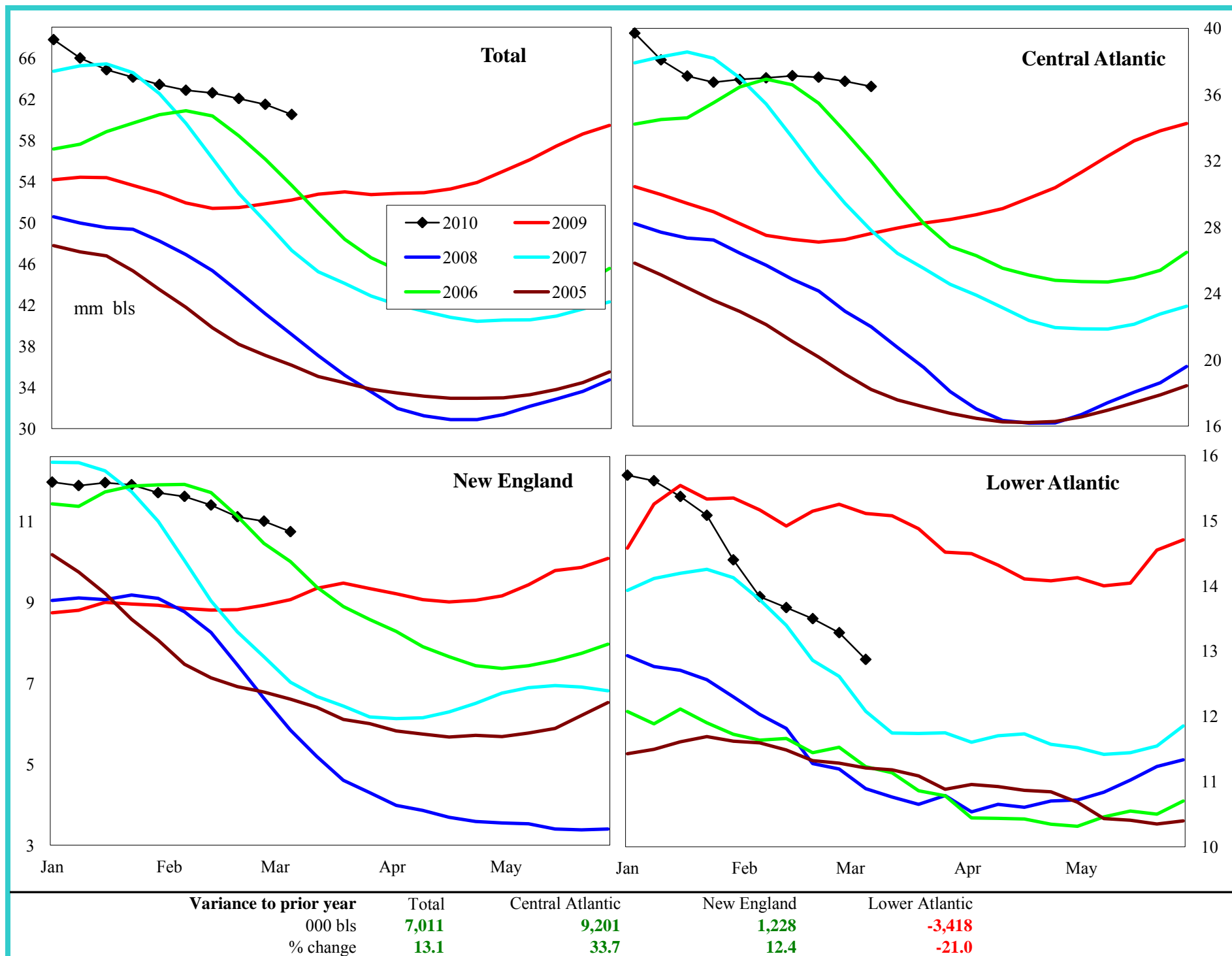
PADD 1 Conventional Gasoline Supply



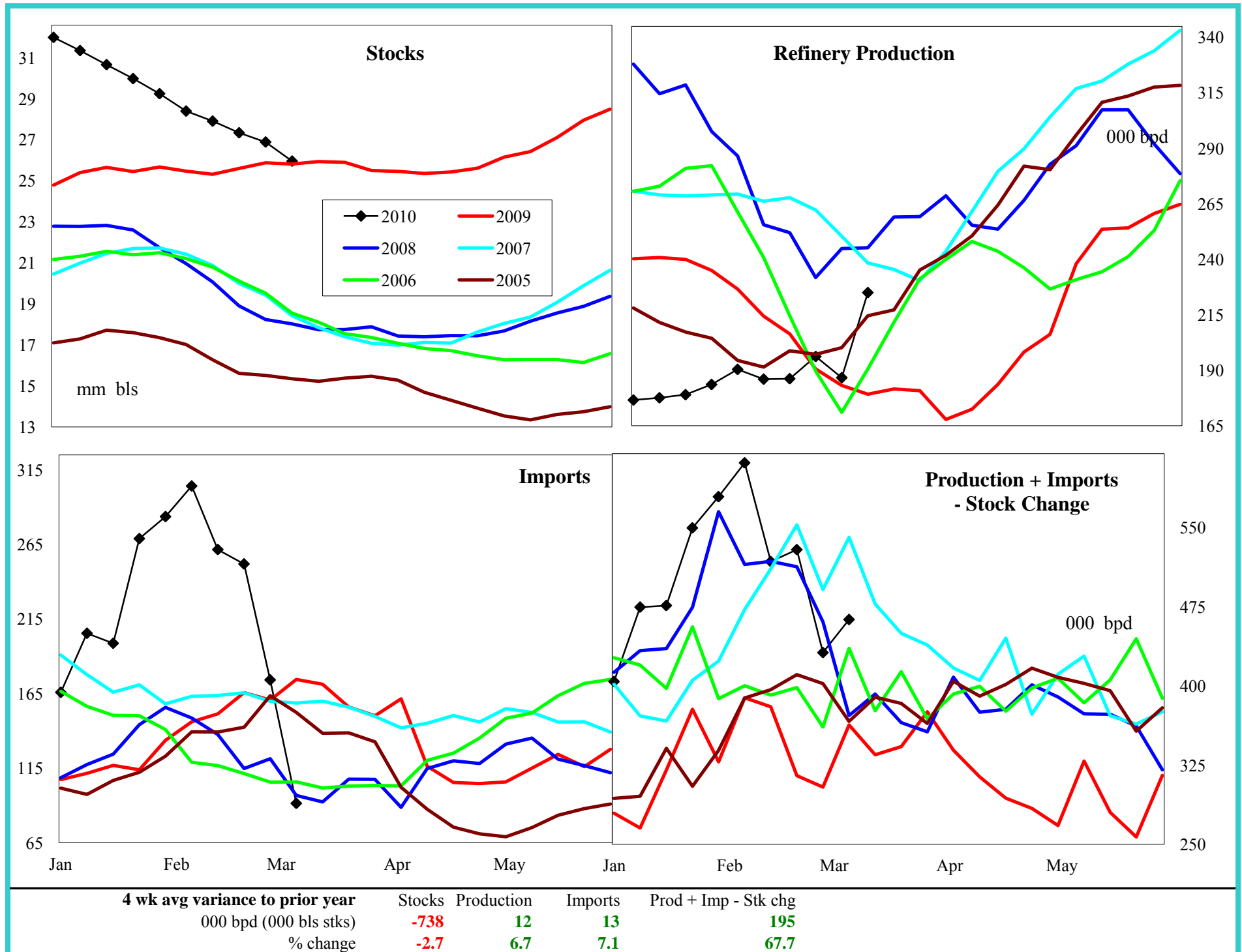
PADD 1 Distillate Supply



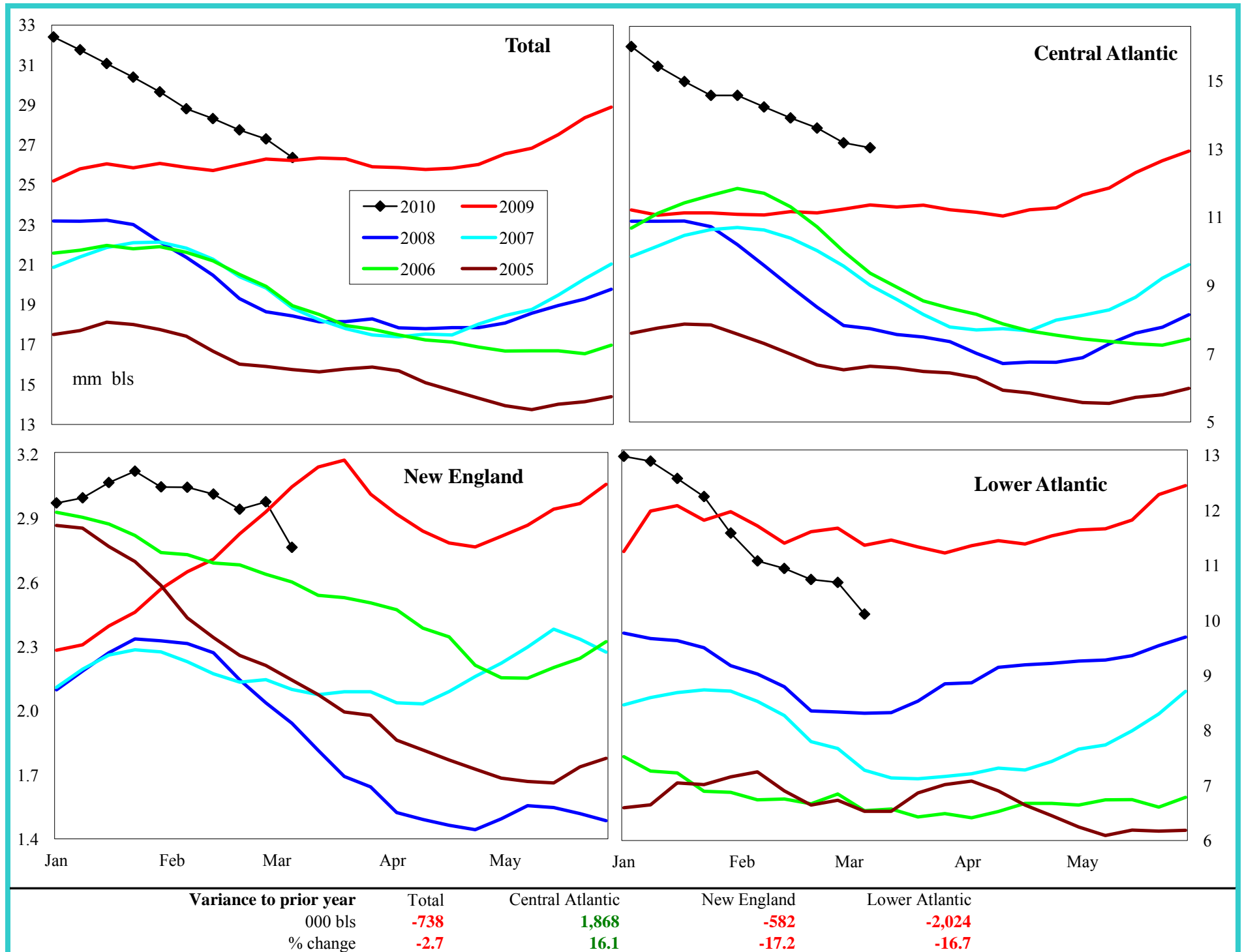
PADD 1 Distillate Stocks by Region



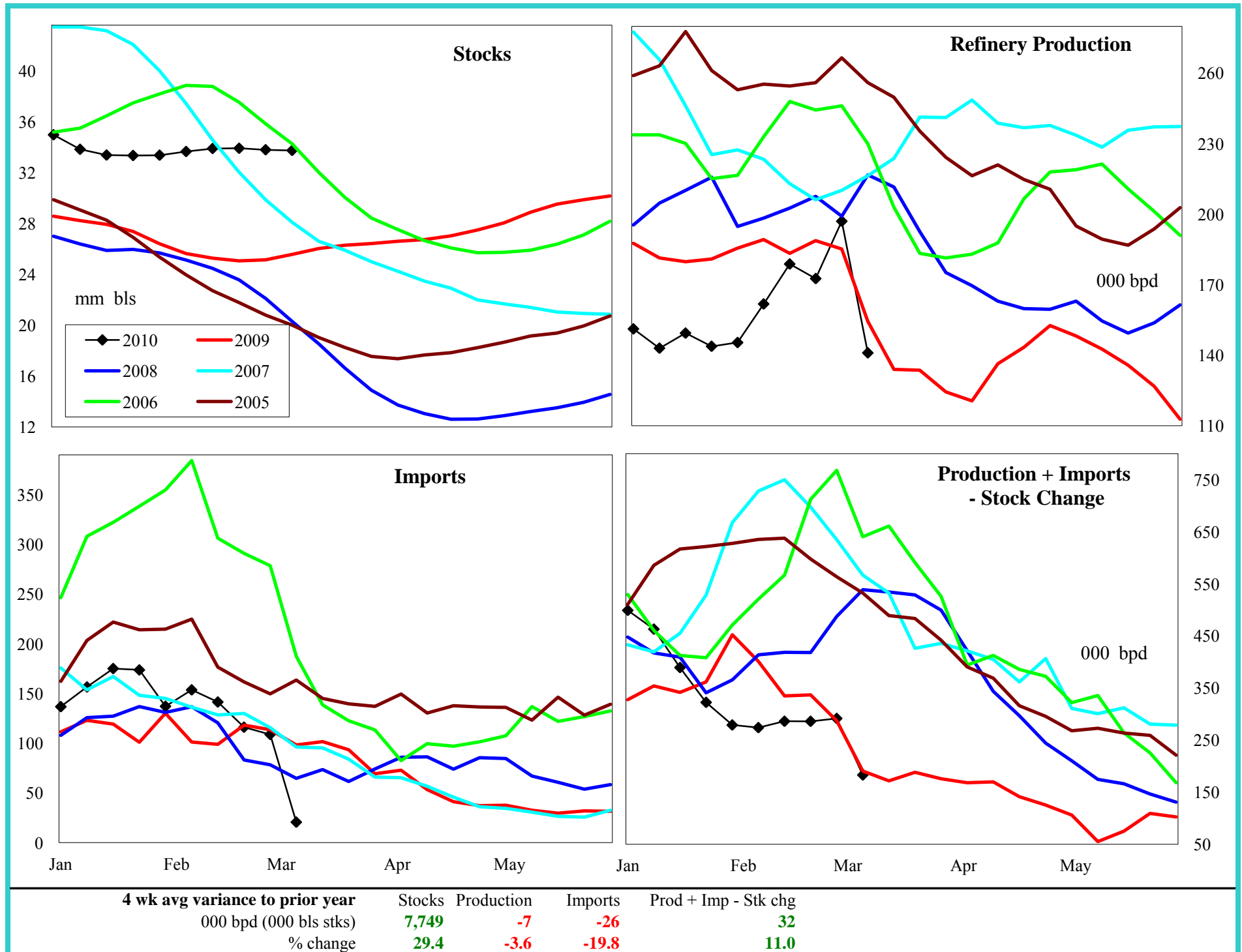
PADD 1 Low Sulfur Distillate Supply



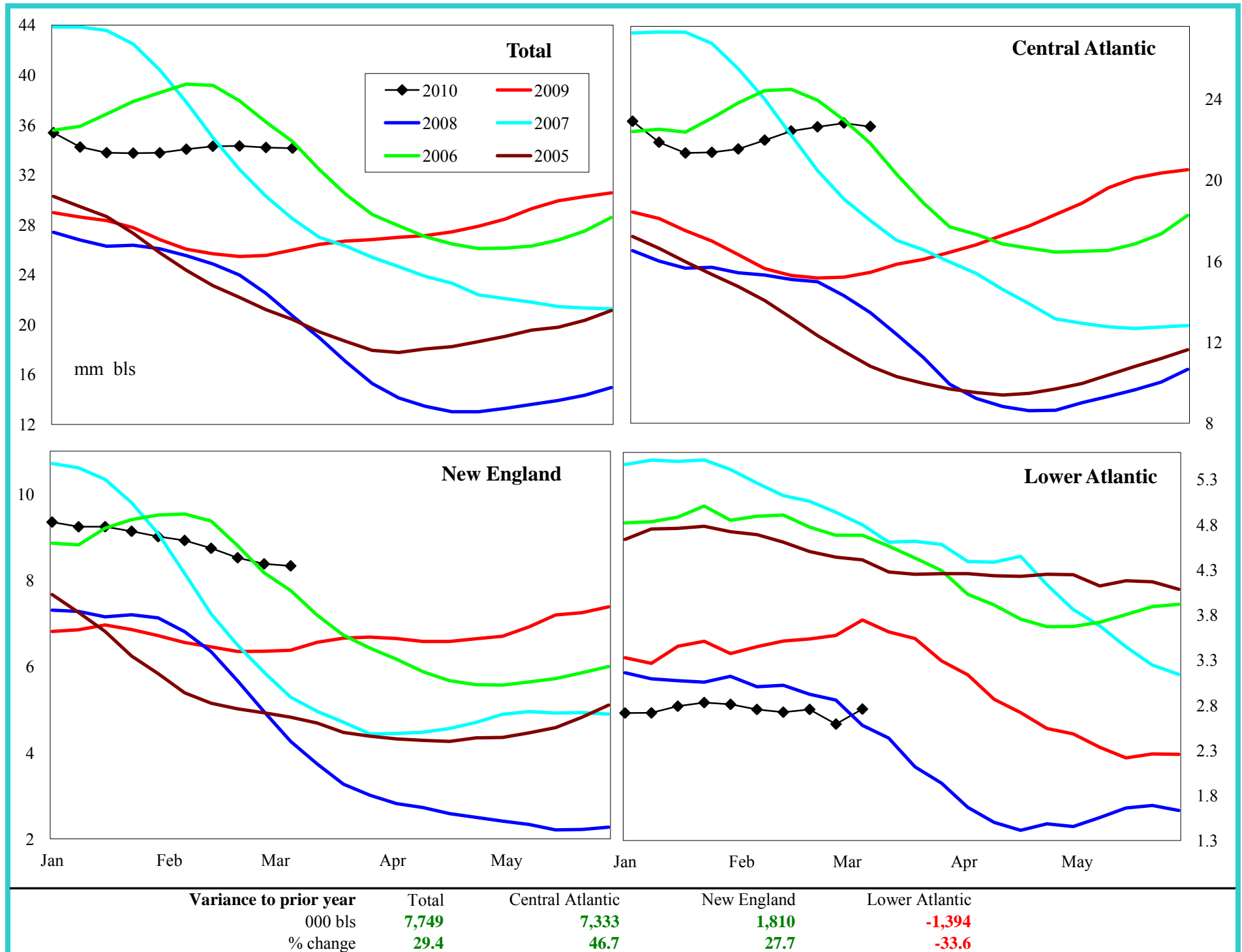
PADD 1 Low Sulfur Distillate Stocks by Region



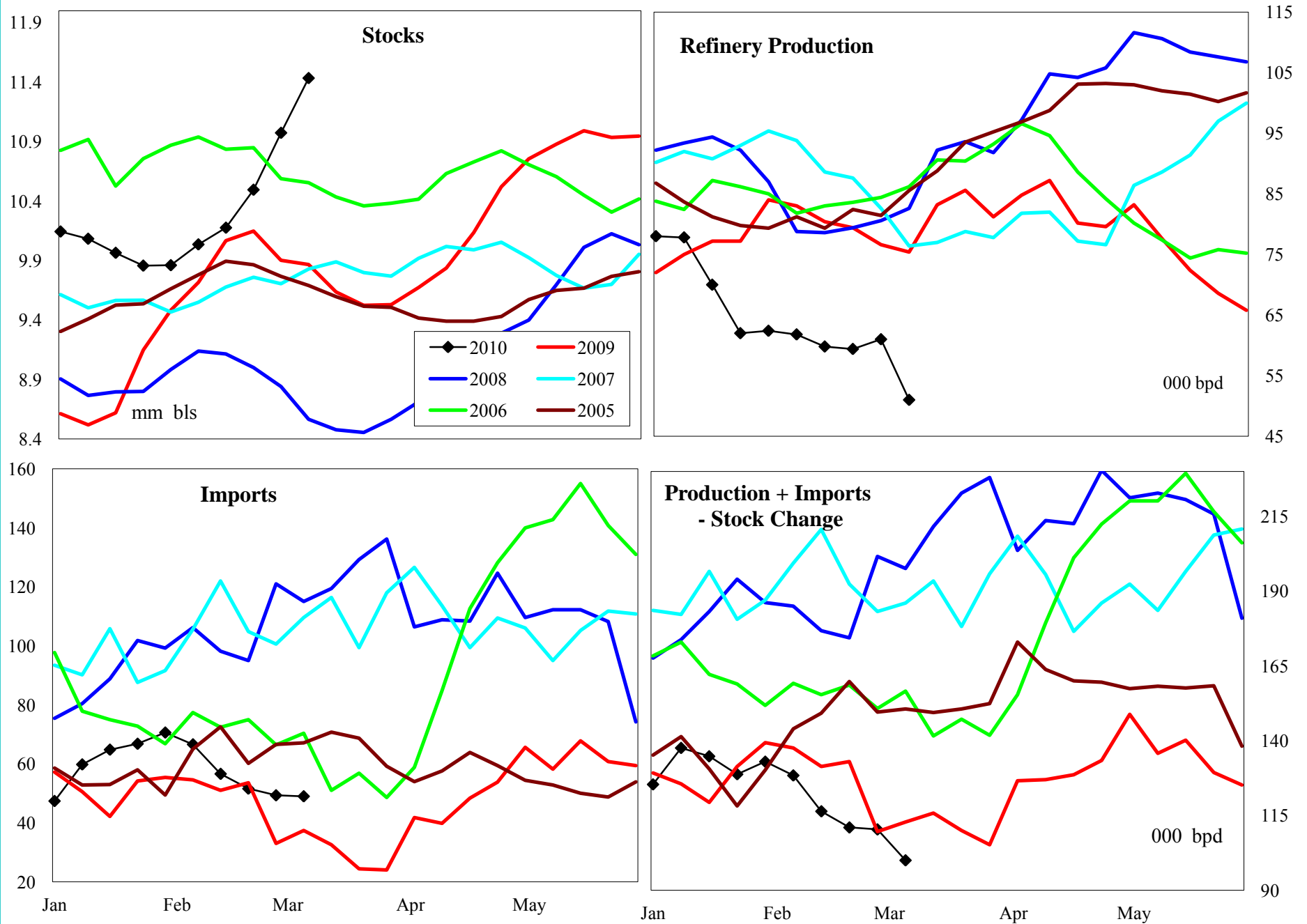
PADD 1 High Sulfur Distillate Supply



PADD 1 High Sulfur Distillate Stocks by Region



PADD 1 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,566

15.9

Production

-20

-25.8

Imports

10

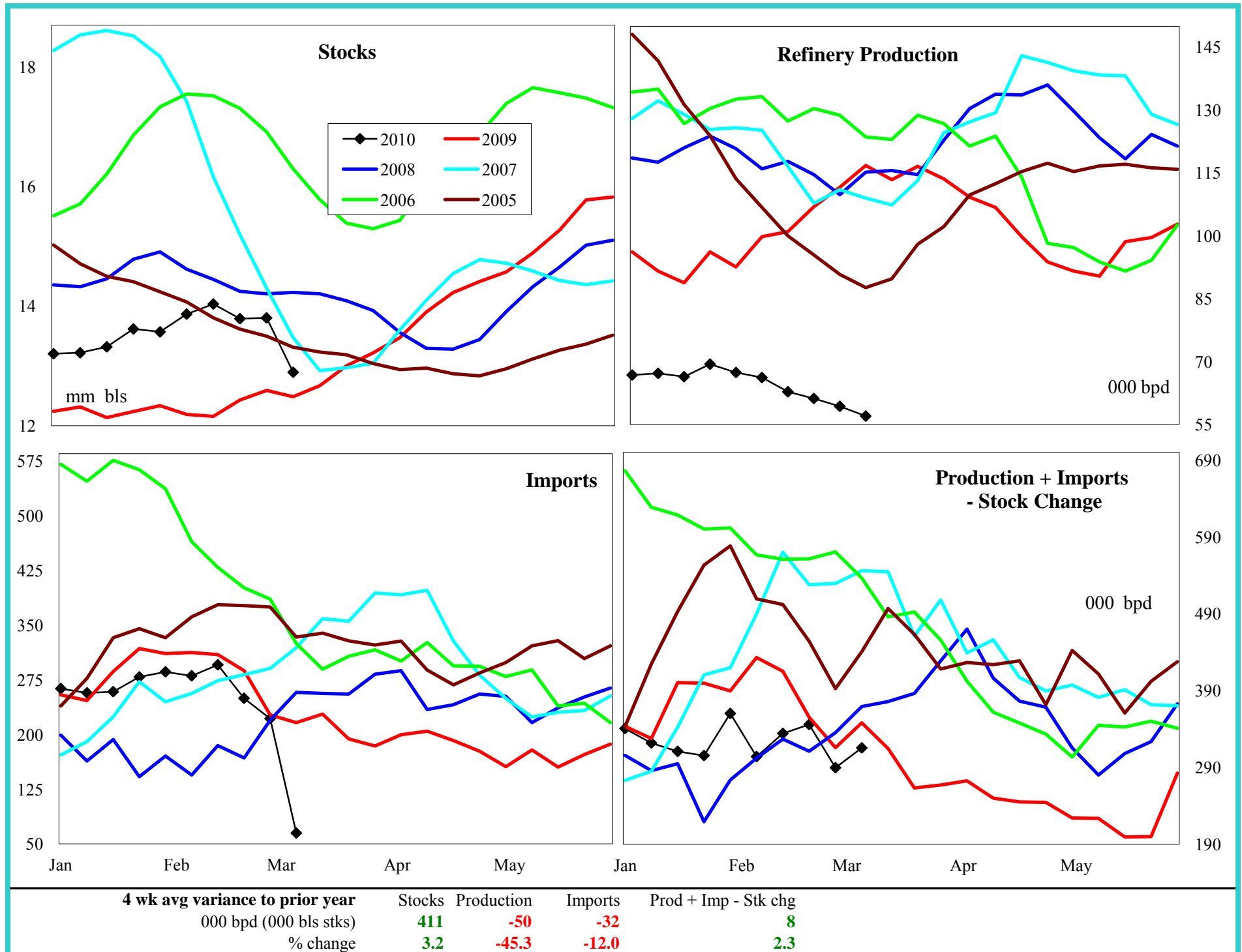
24.2

Prod + Imp - Stk chg

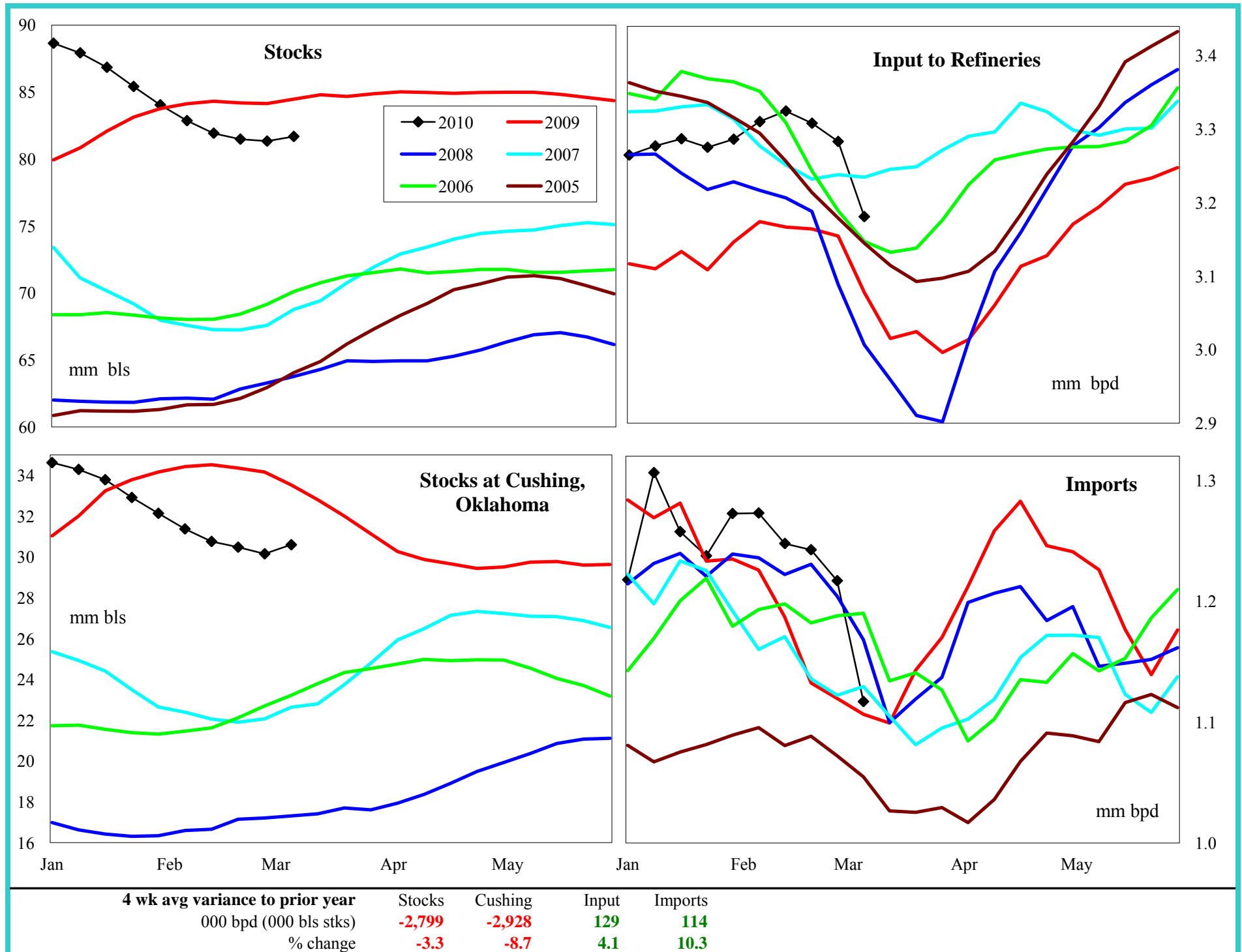
-7

-5.9

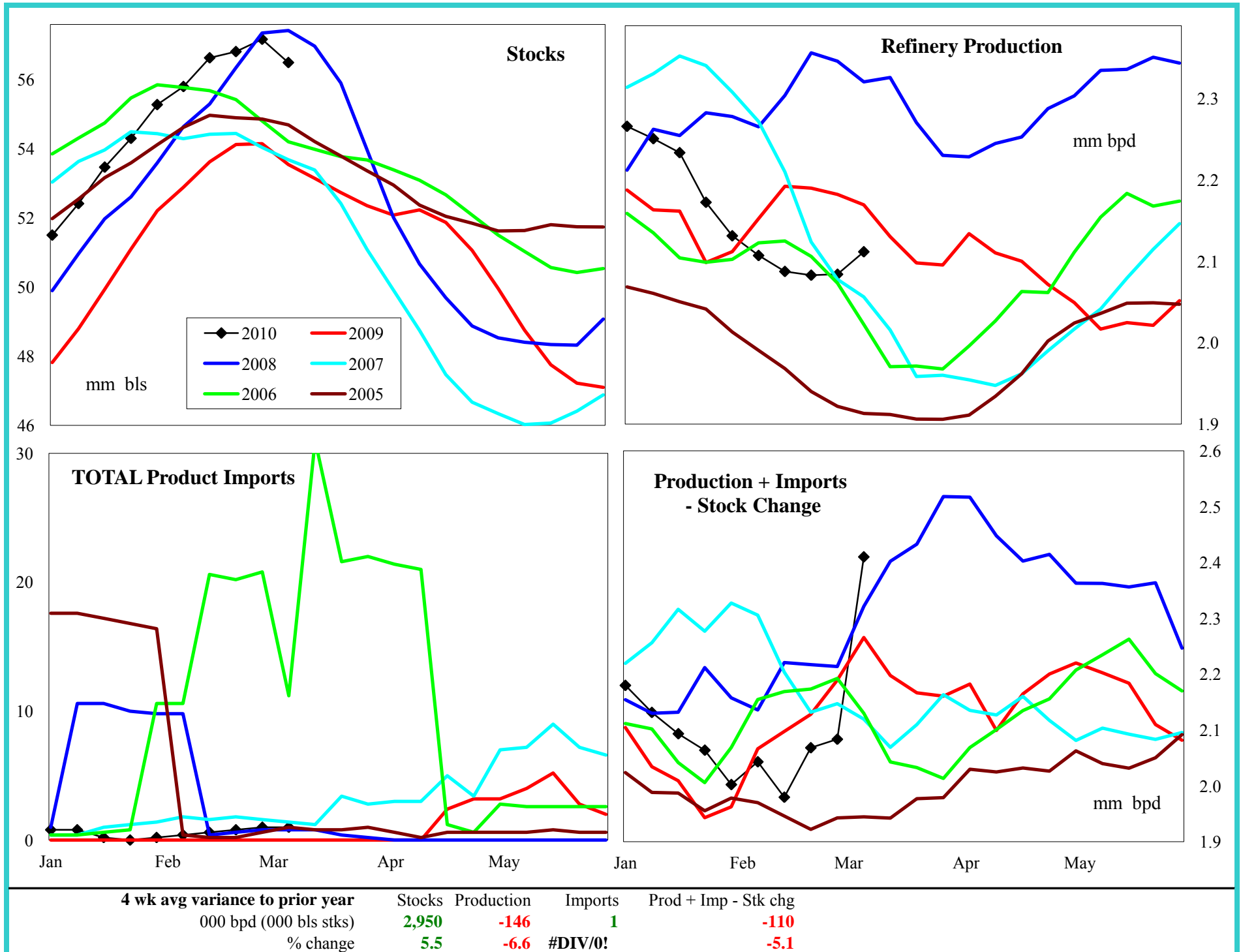
PADD 1 Residual Fuel Oil Supply



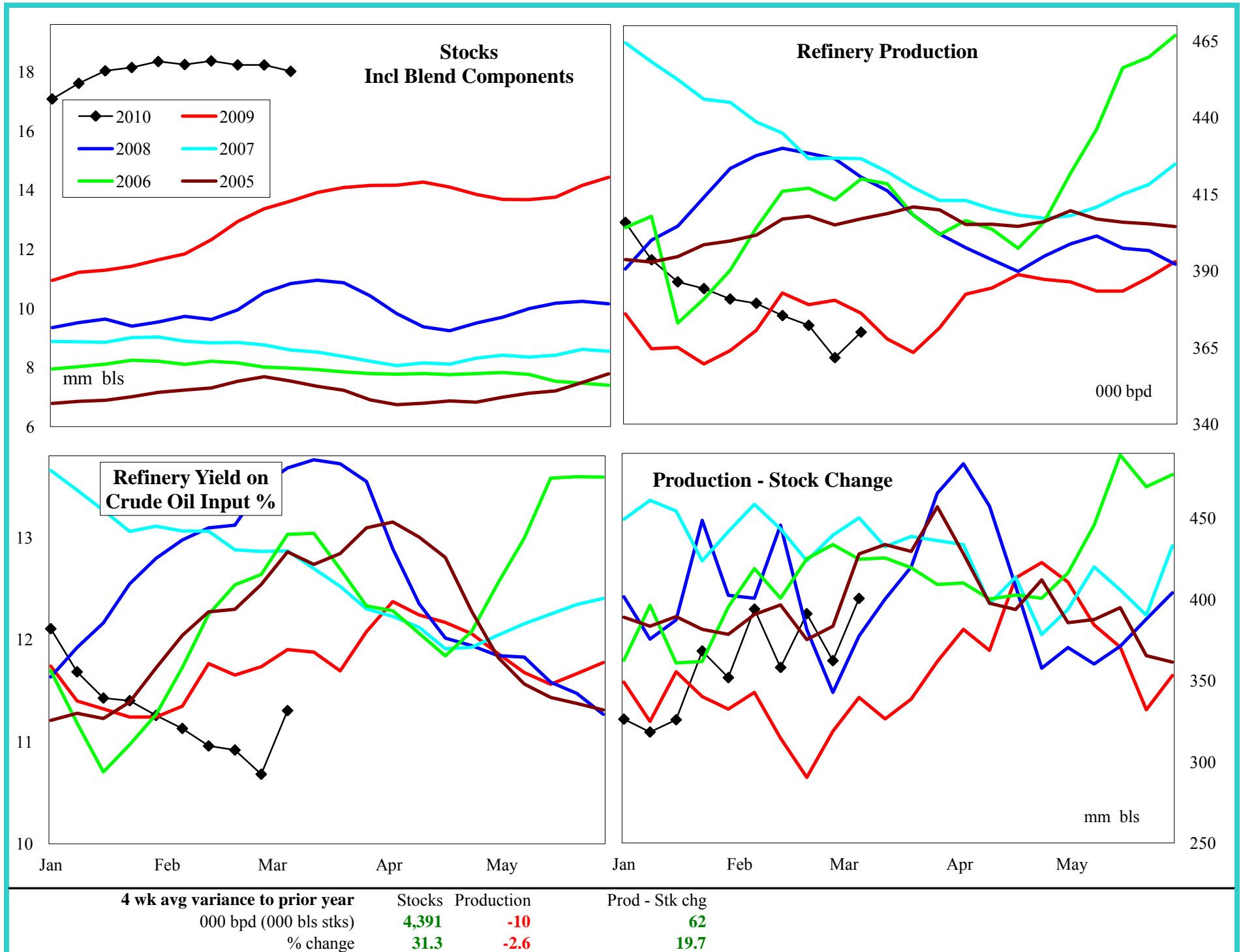
PADD 2 Crude Oil Supply and Refining



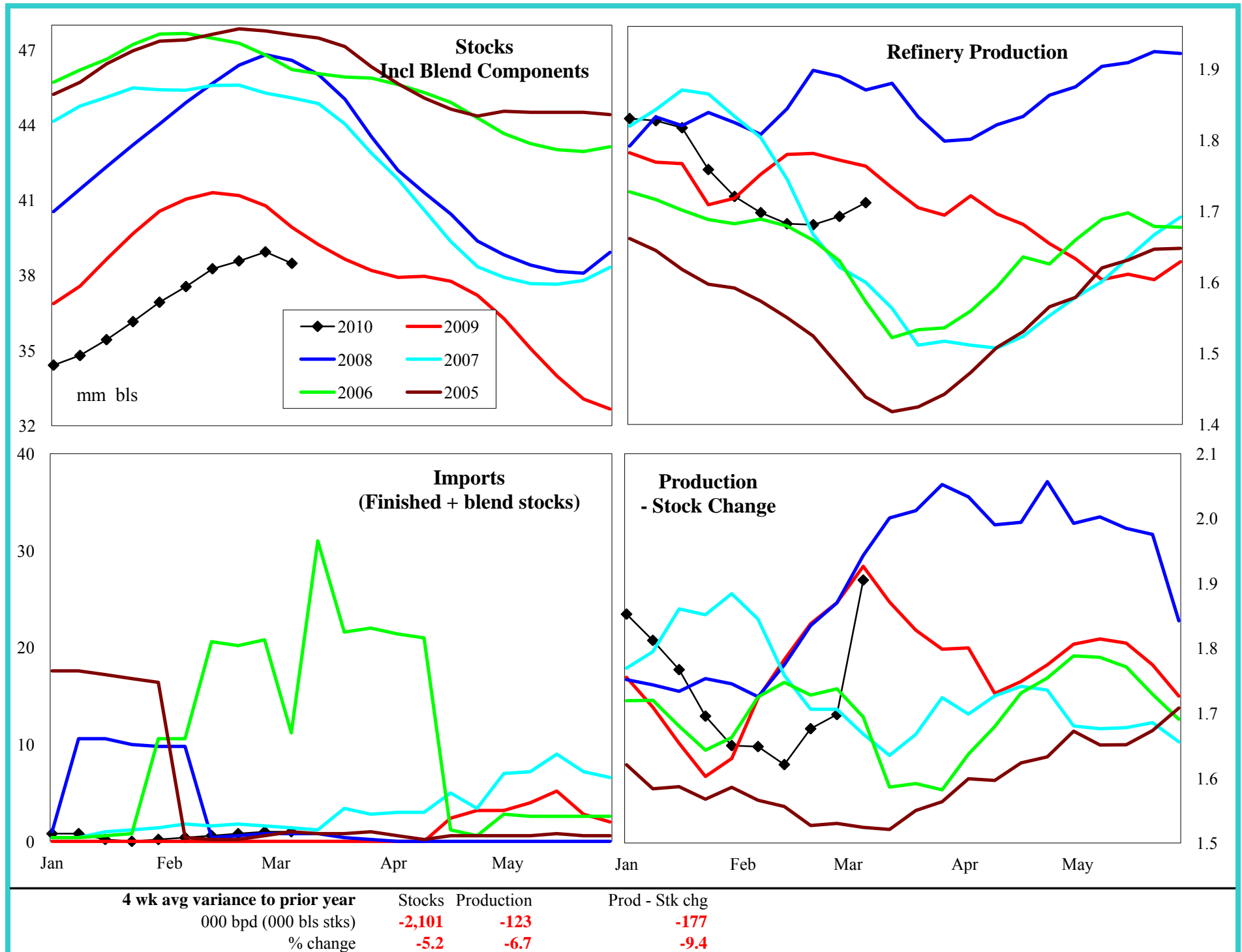
PADD 2 Gasoline Supply



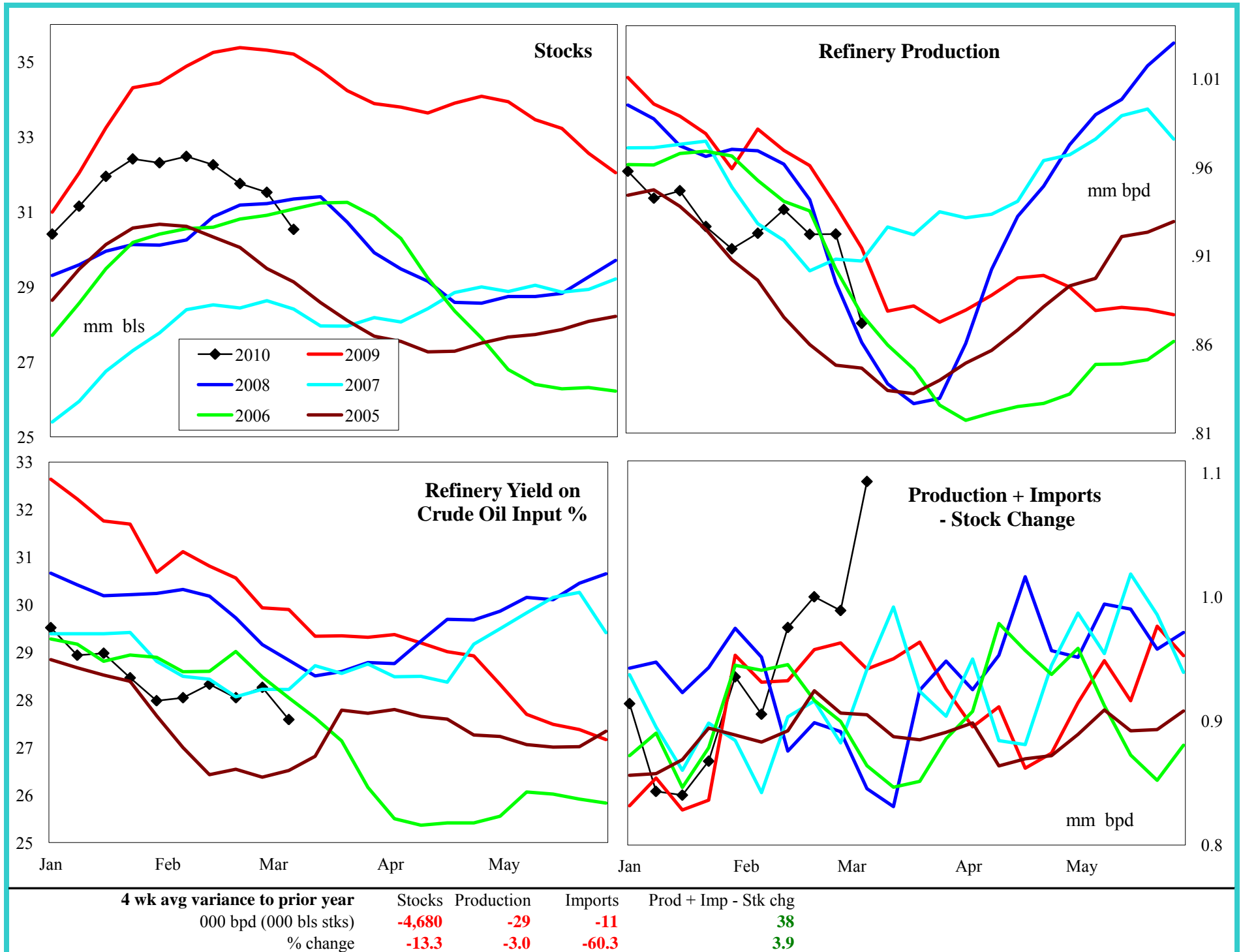
PADD 2 Reformulated Gasoline Supply



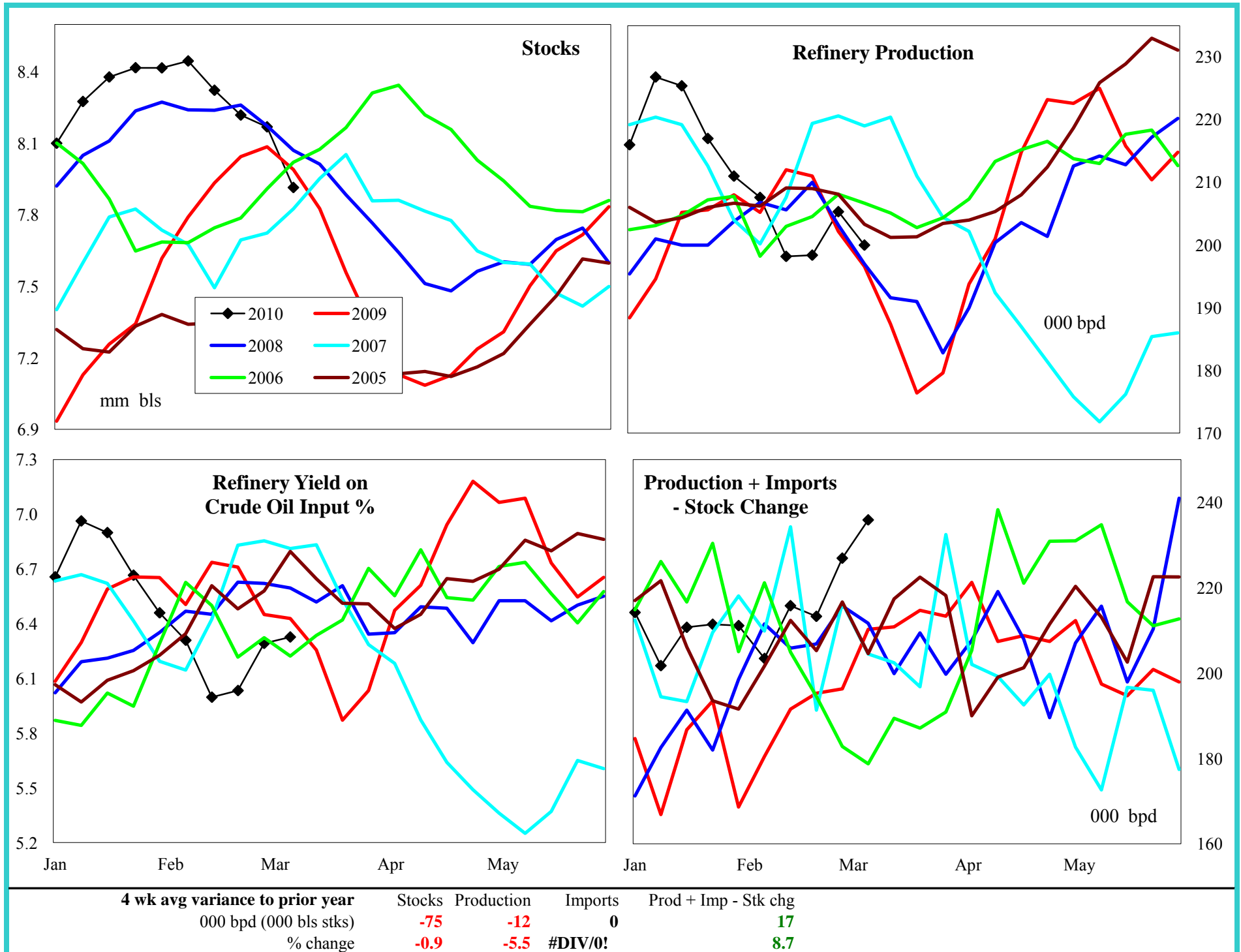
PADD 2 Conventional Gasoline Supply



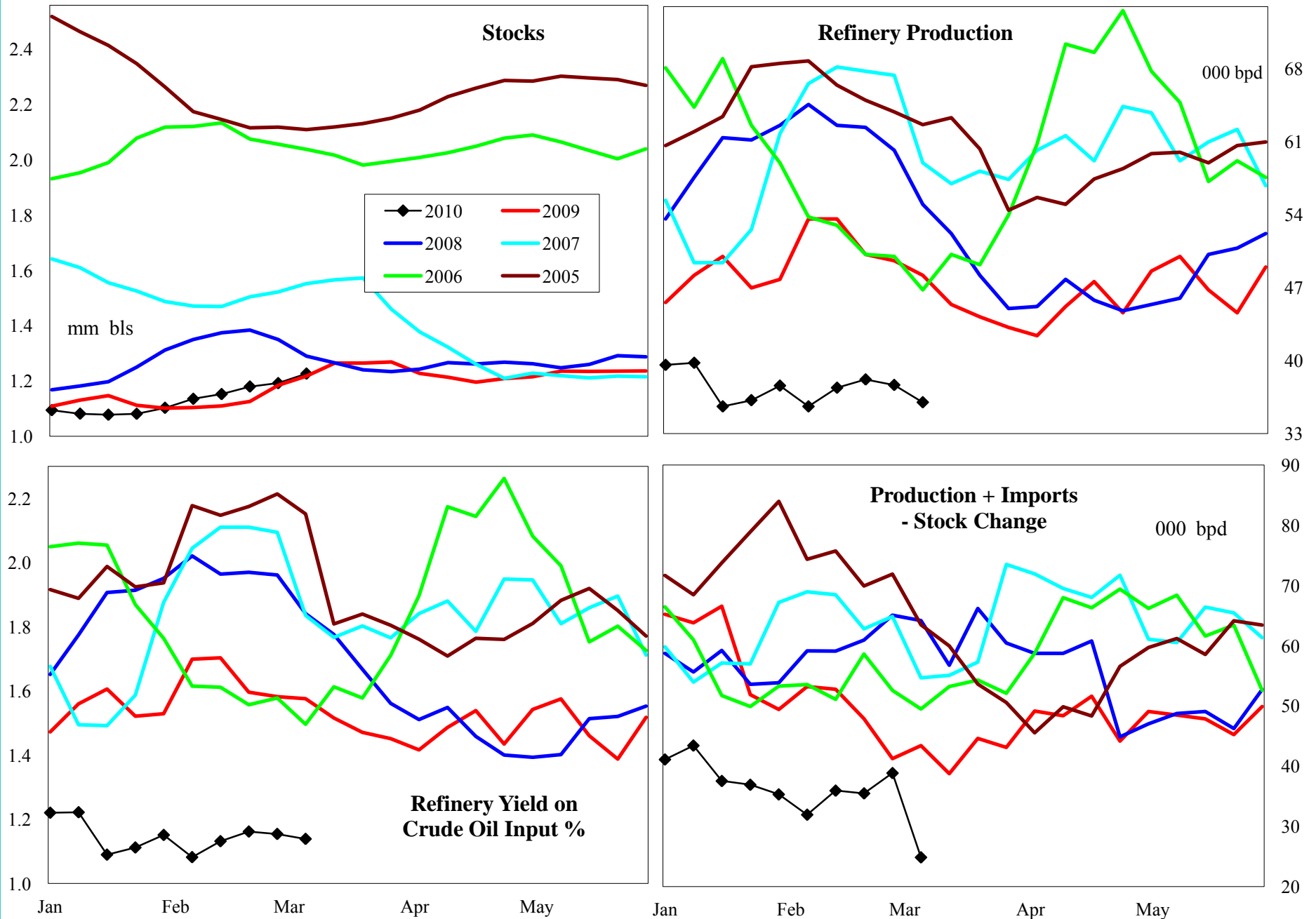
PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



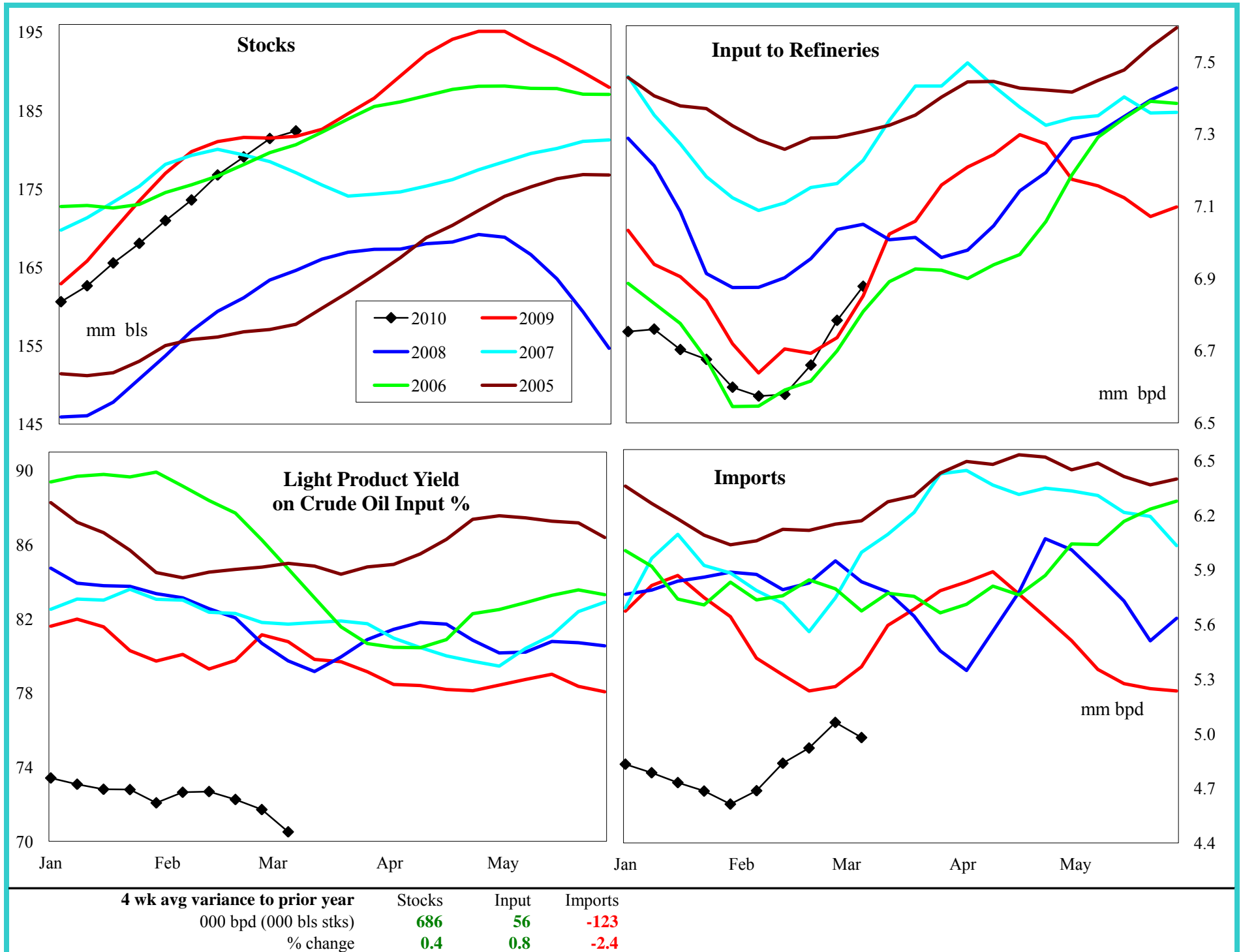
PADD 2 Residual Fuel Oil Supply



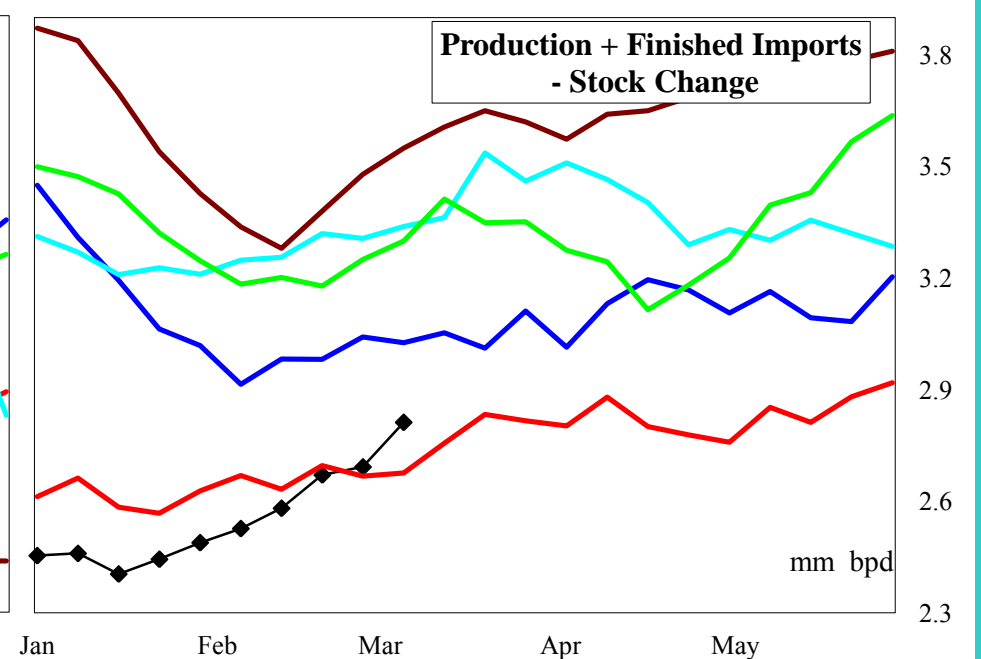
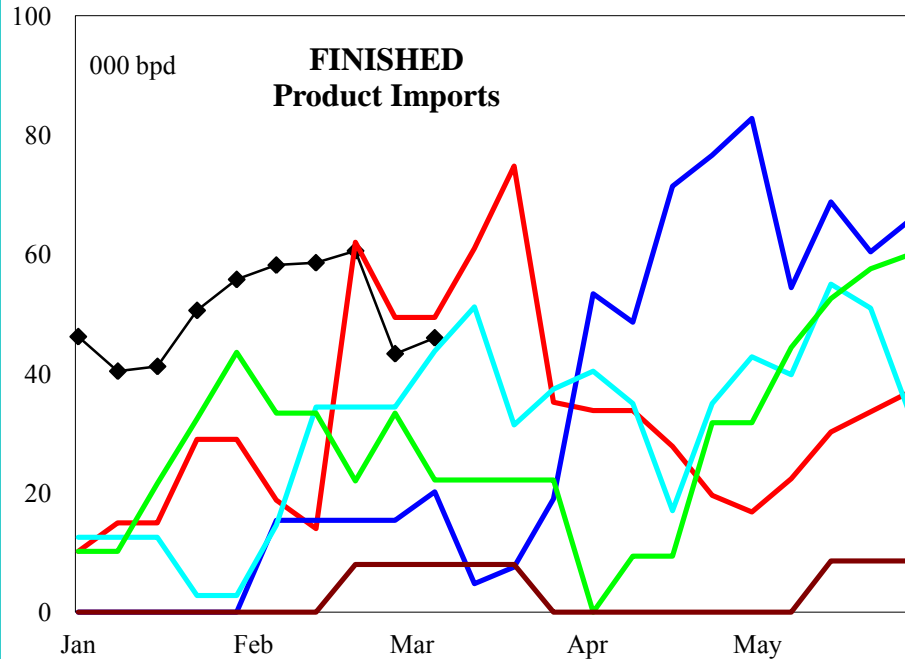
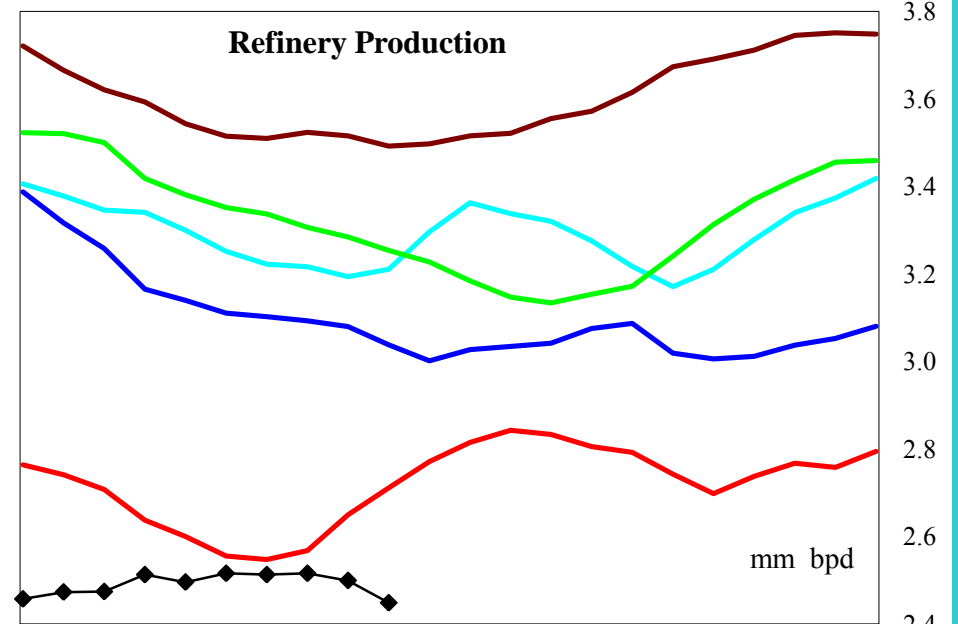
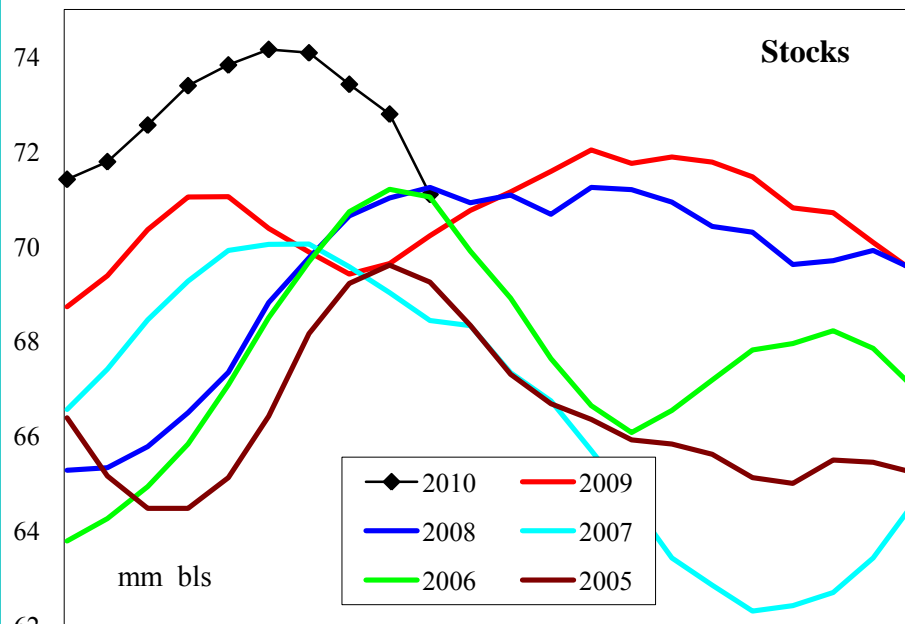
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
9	-14	1	-9
0.7	-26.1	#DIV/0!	-20.2

PADD 3 Crude Oil Supply and Refining



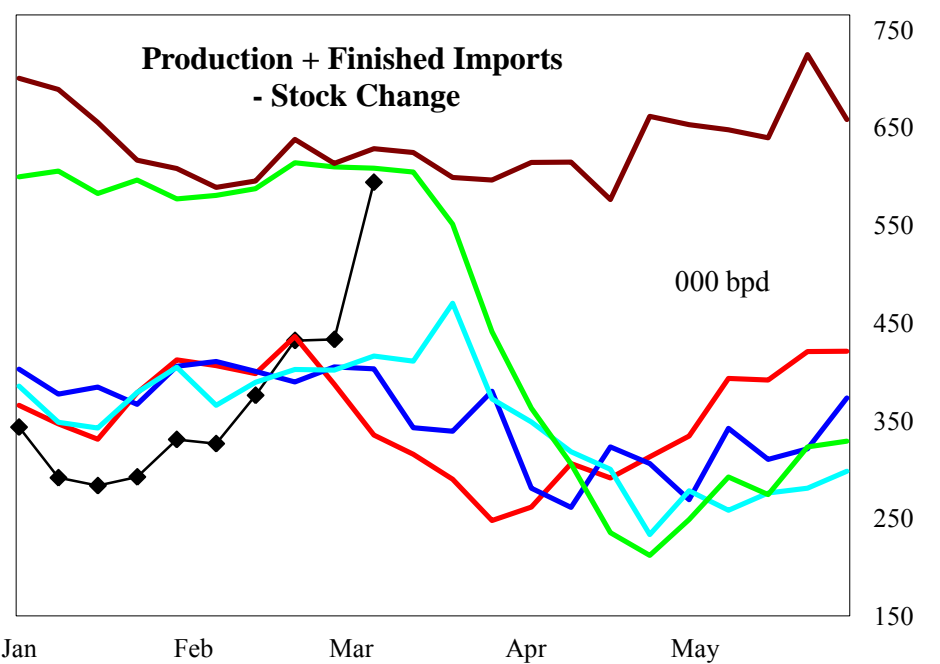
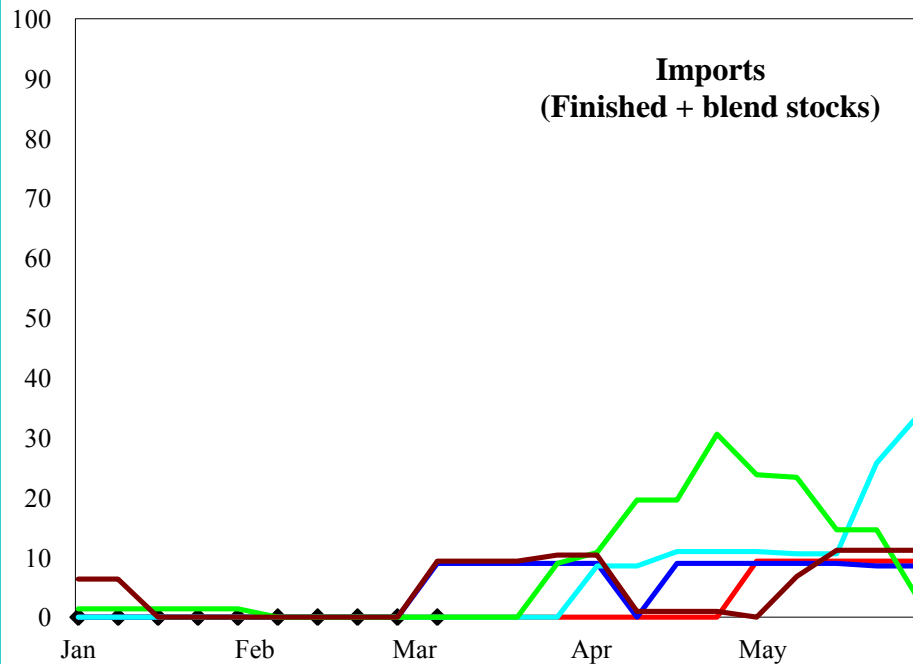
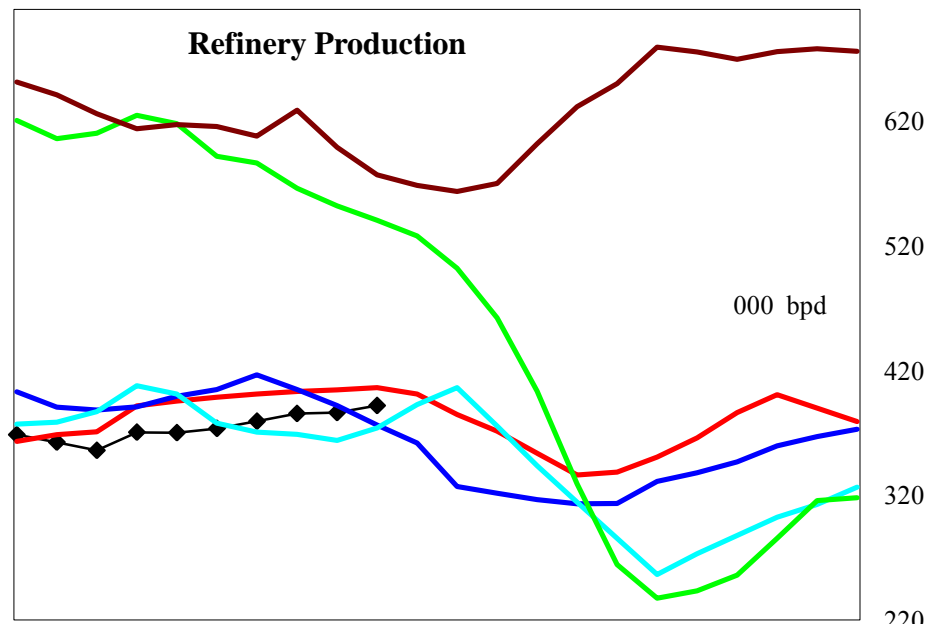
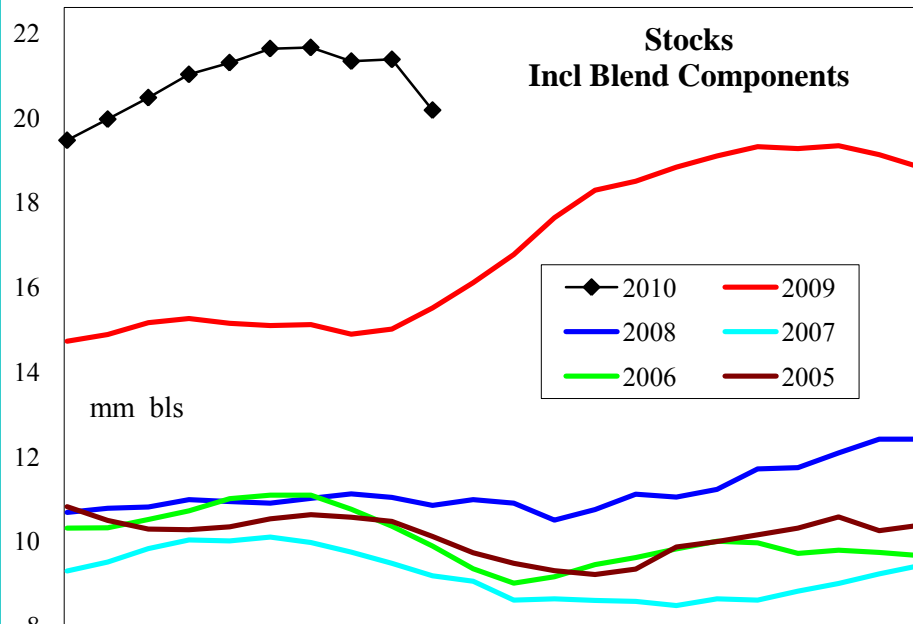
PADD 3 Gasoline Supply



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

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
1,660	-112	-7	-29	-17
2.4	-4.3	-11.3	-39.3	-0.6

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

5,635

37.7

Production

-23

-5.8

Imports

0

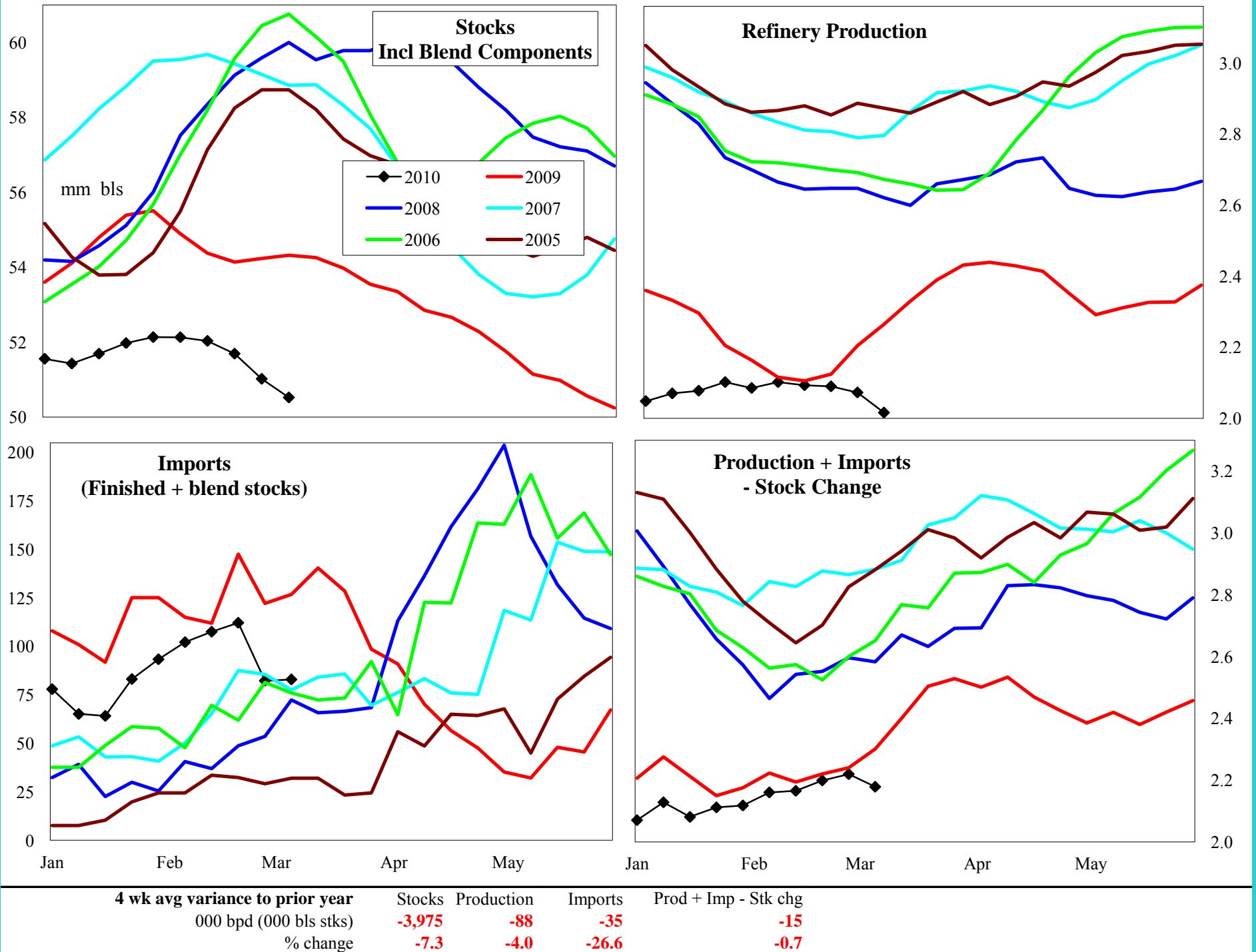
#DIV/0!

Prod + Imp - Stk chg

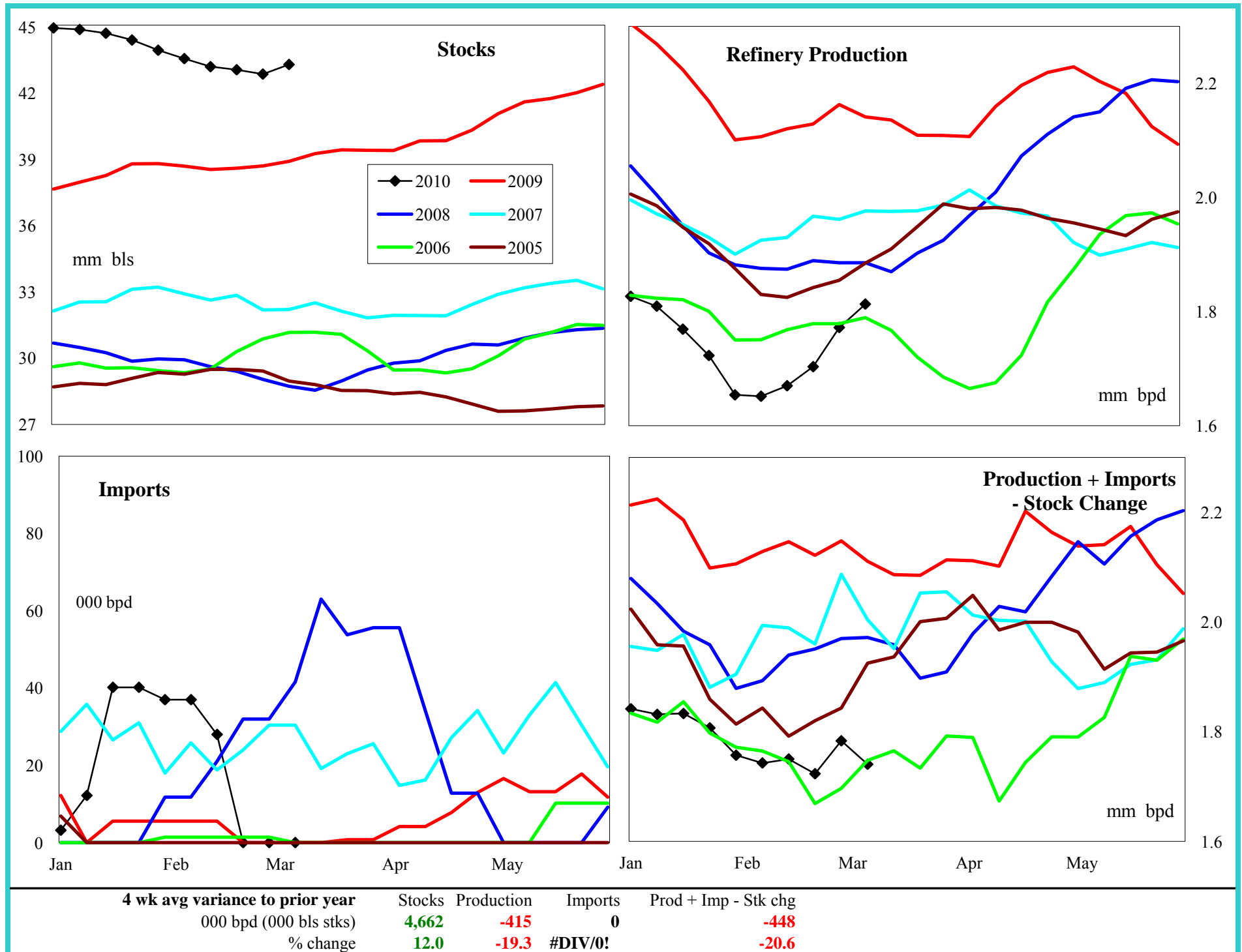
-2

-0.5

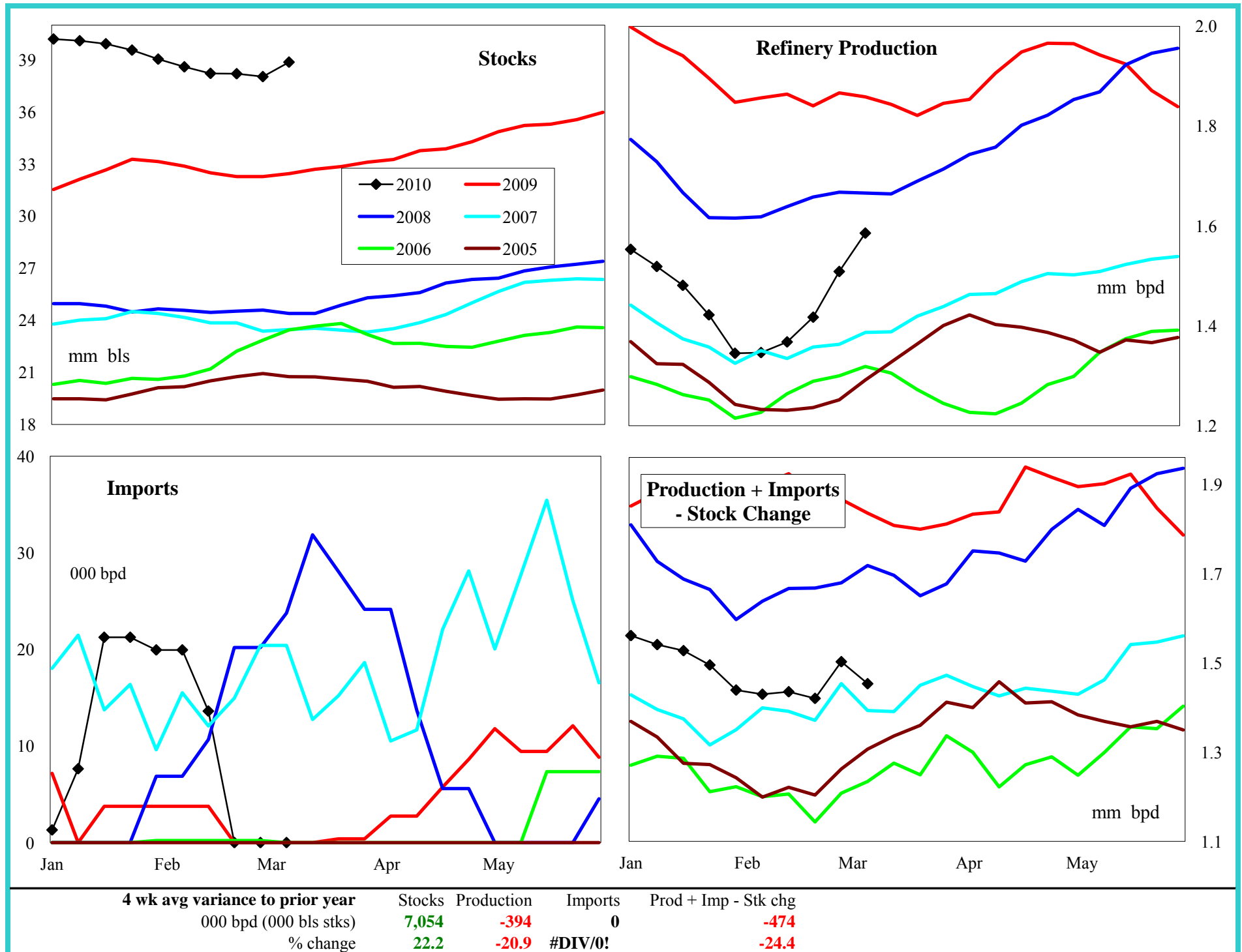
PADD 3 Conventional Gasoline Supply



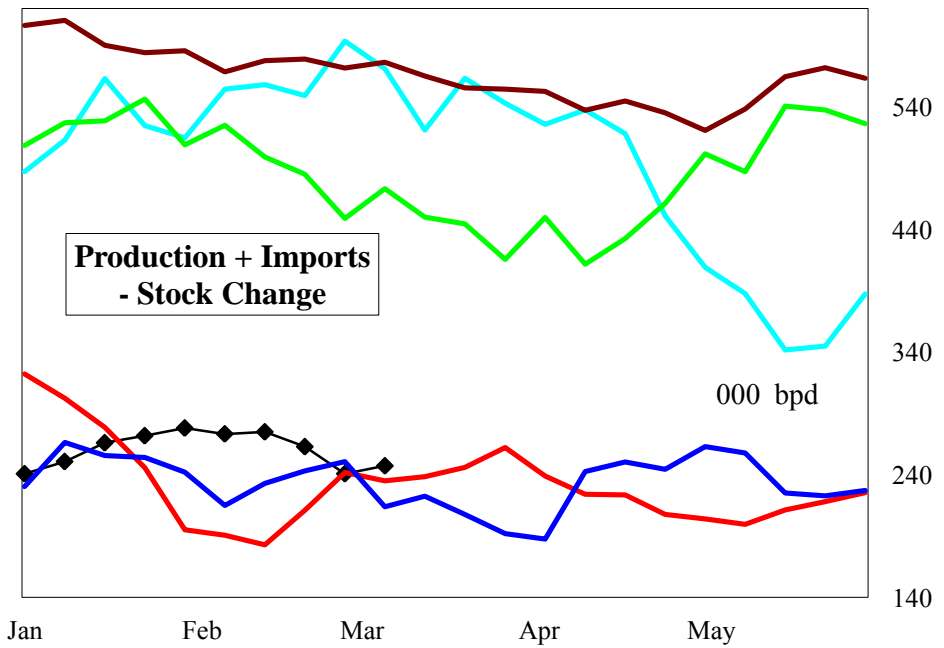
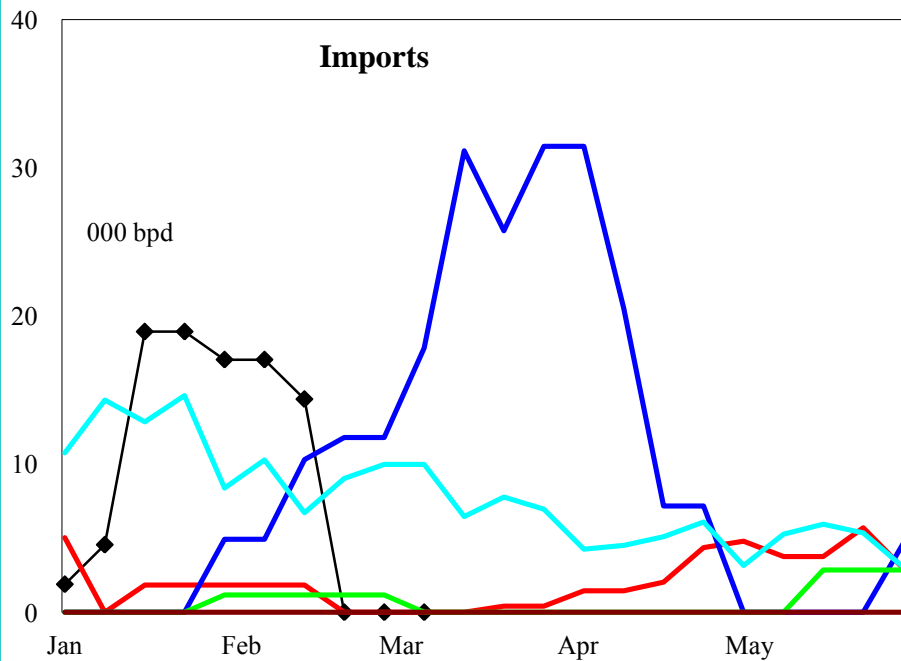
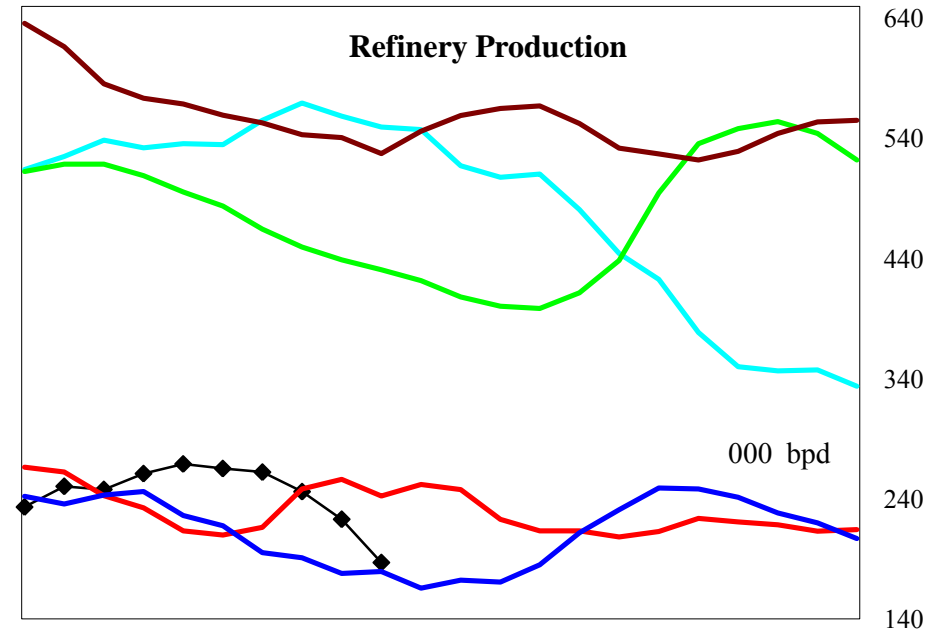
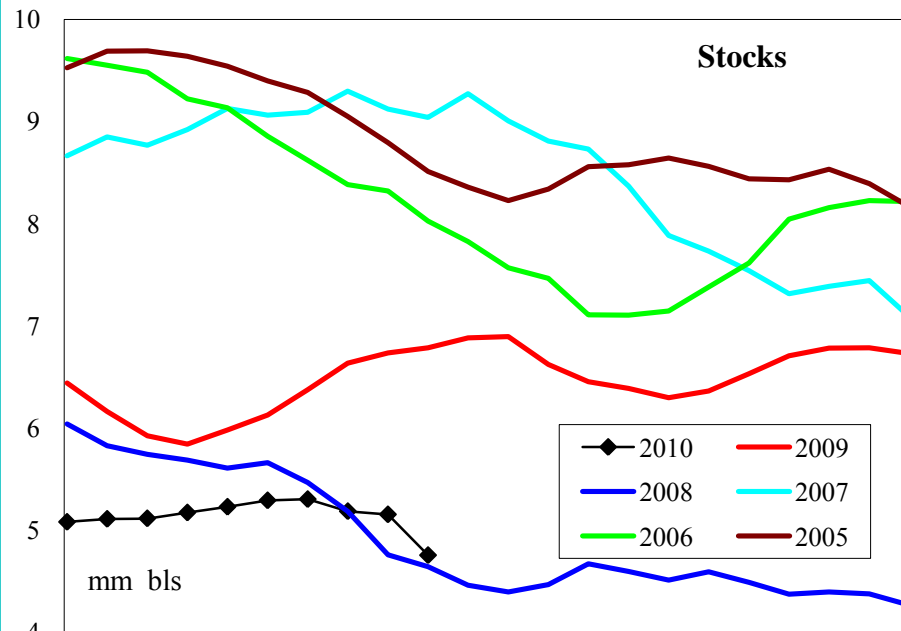
PADD 3 Distillate Supply



PADD 3 Low Sulfur Distillate Supply



PADD 3 High Sulfur Distillate Supply



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

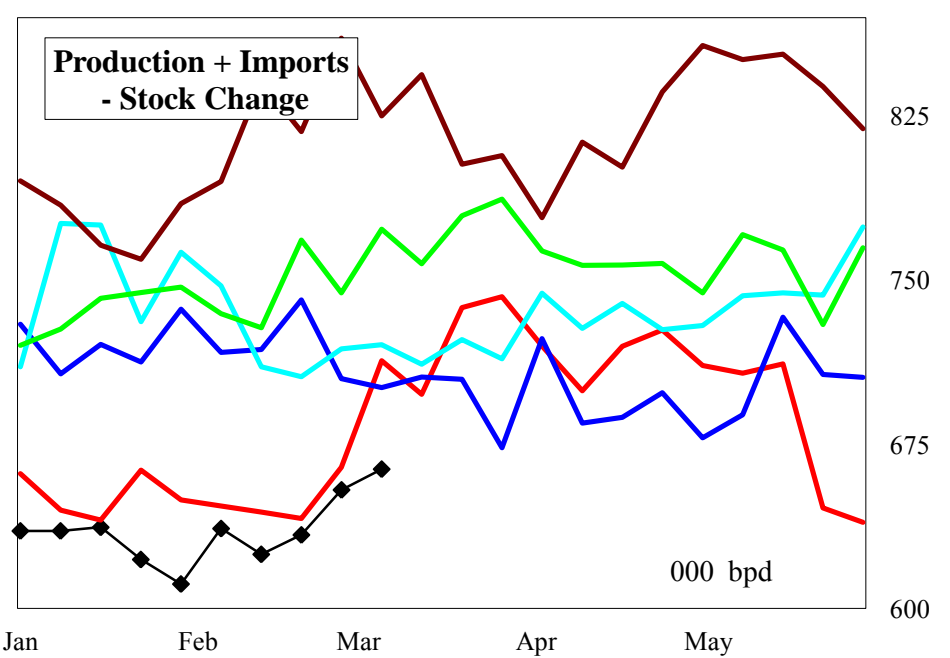
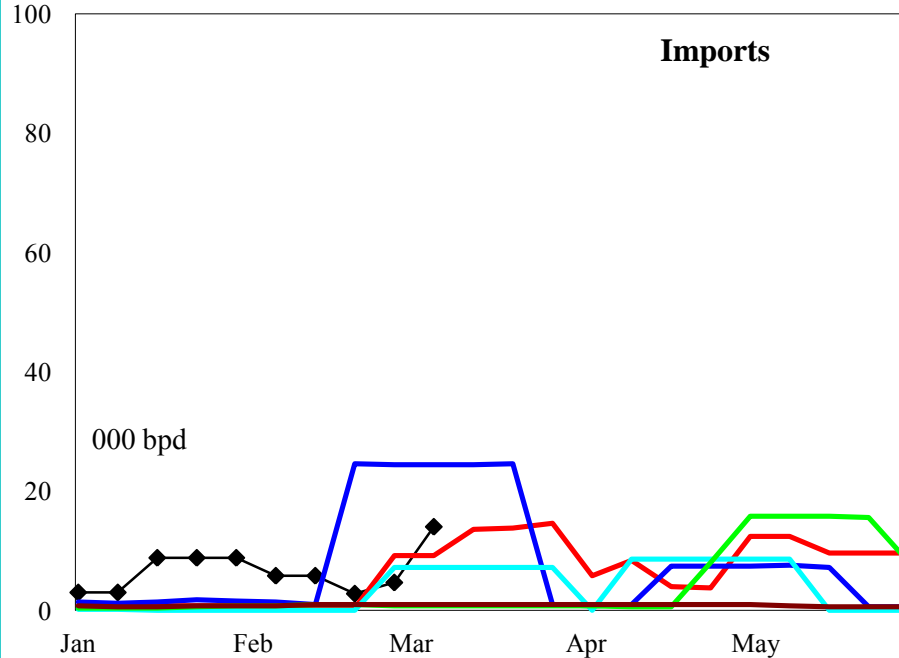
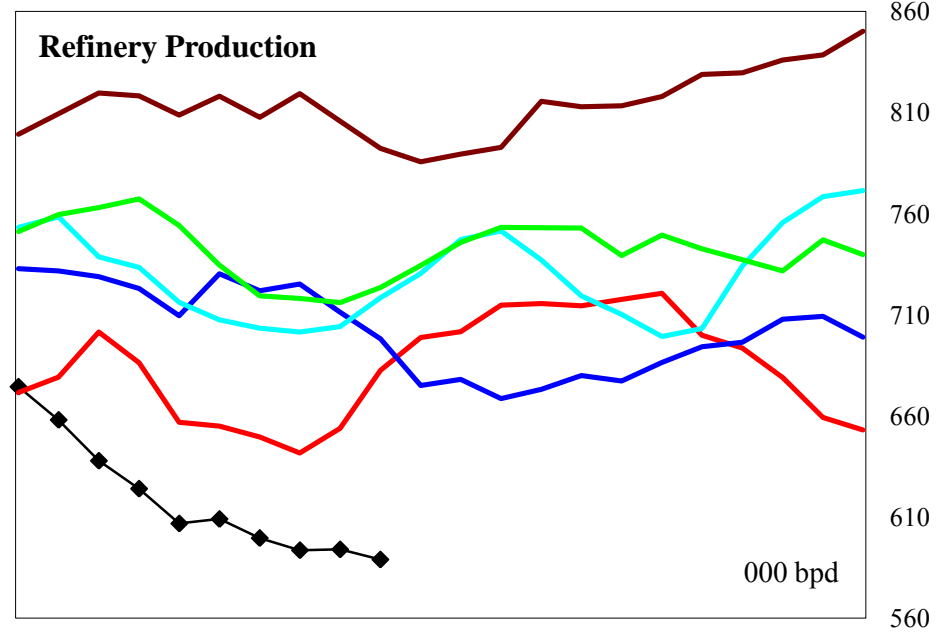
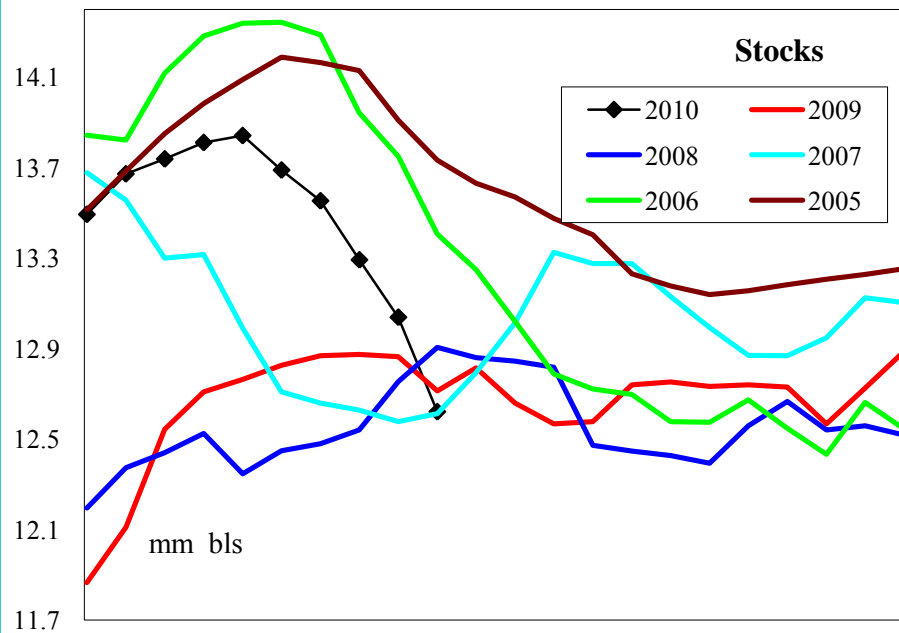
Stocks
-2,392
-33.5

Production
-21
-8.1

Imports
0
#DIV/0!

Prod + Imp - Stk chg
25
11.1

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

-91

-46

3

3

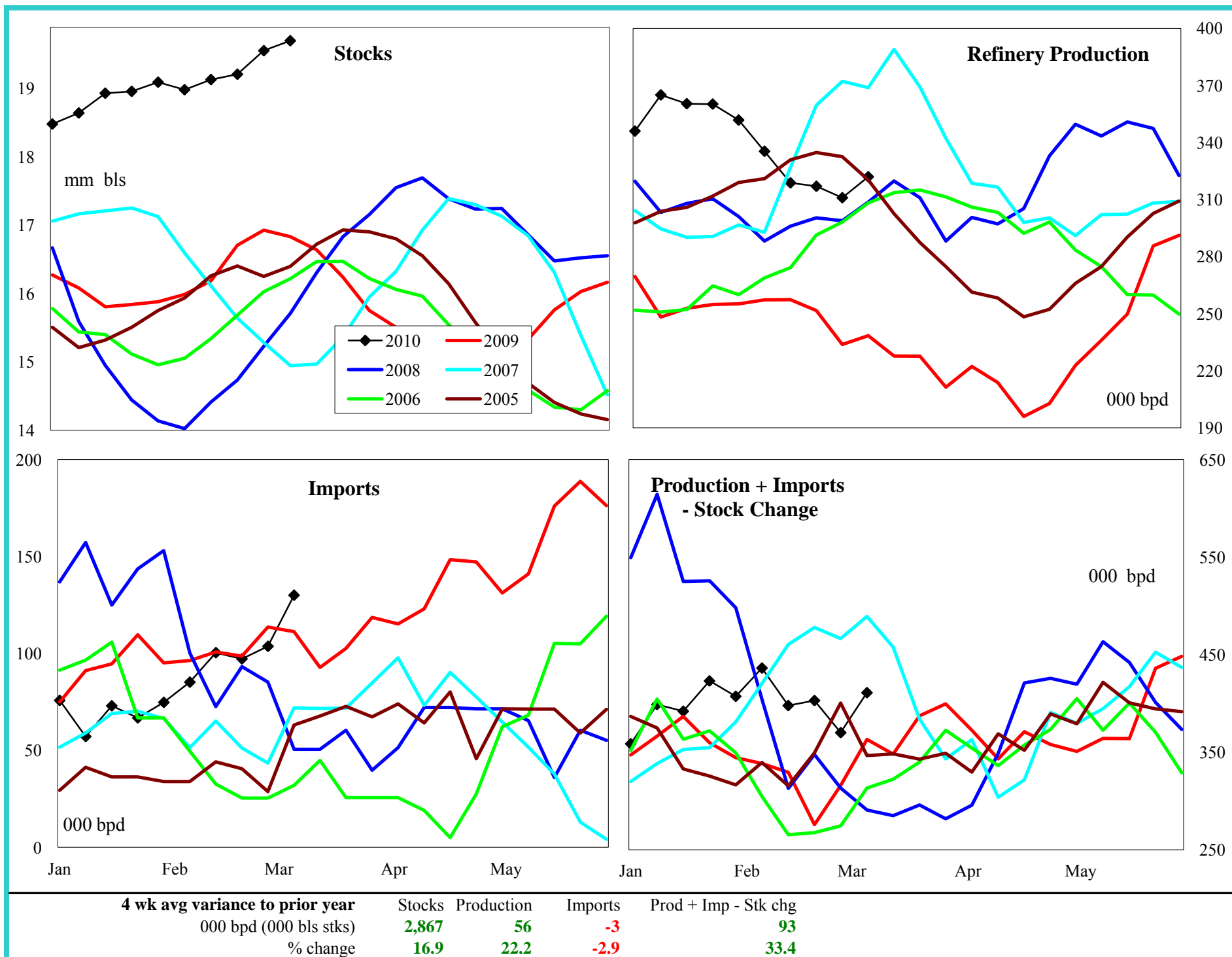
-0.7

-7.1

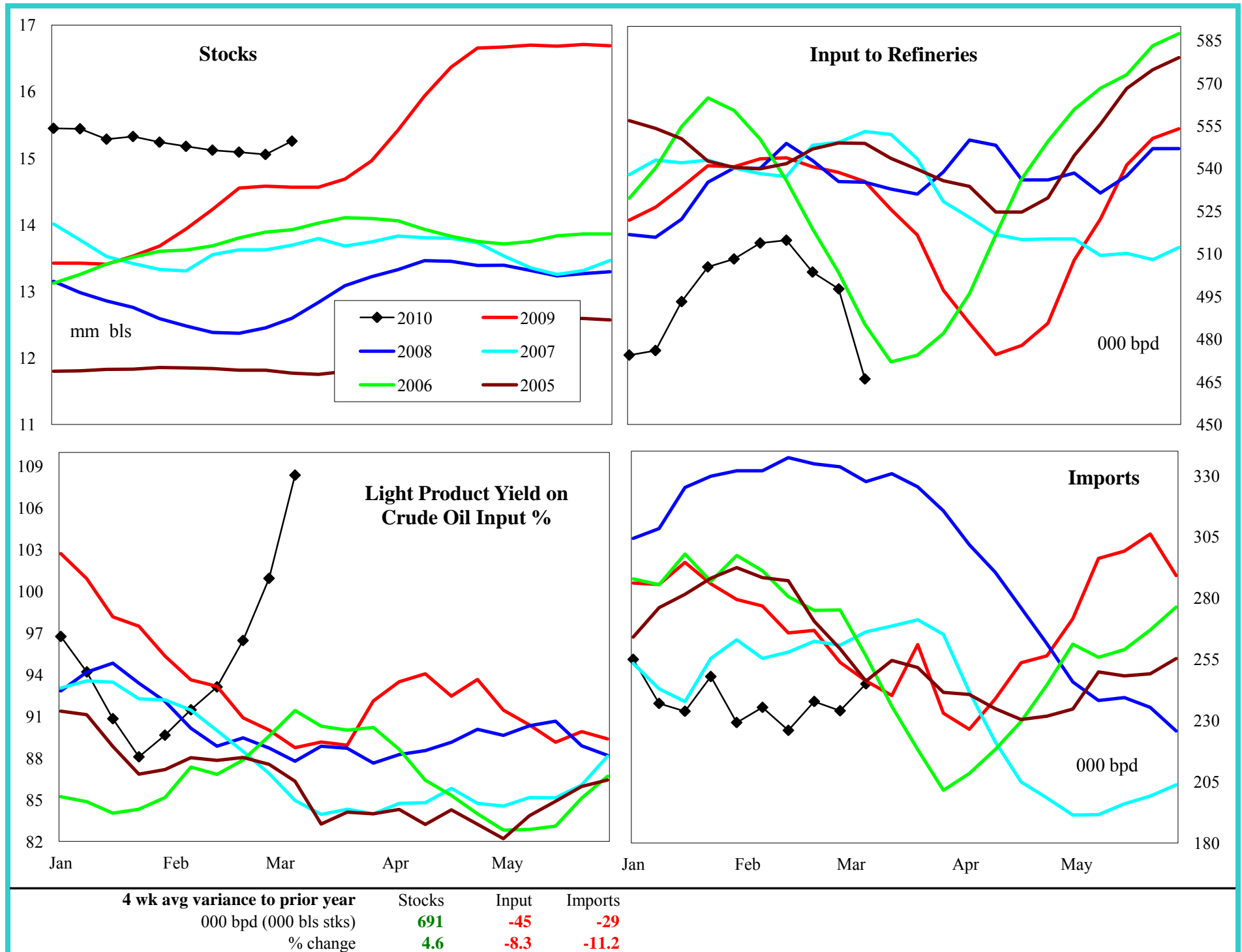
600.0

0.5

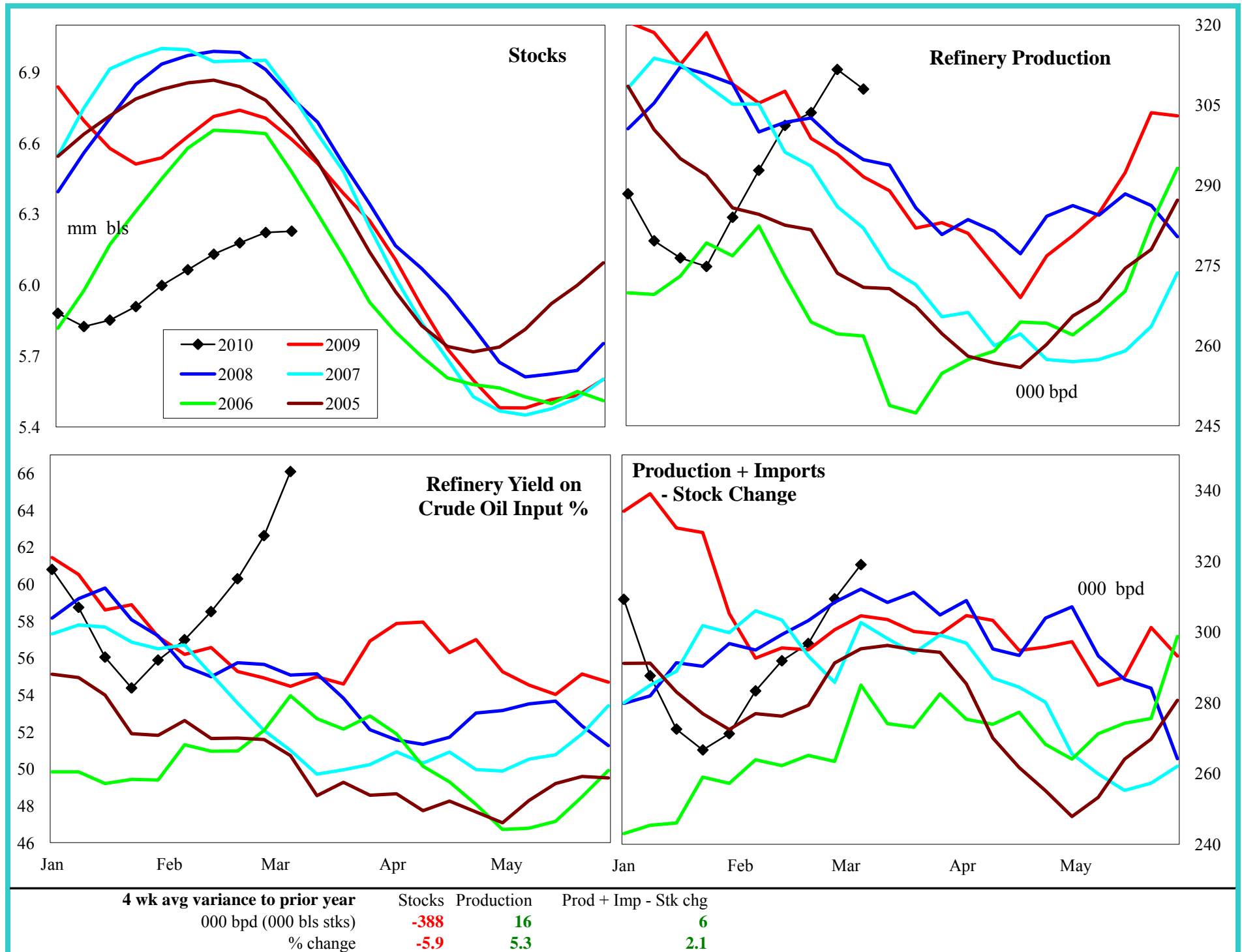
PADD 3 Residual Fuel Oil Supply



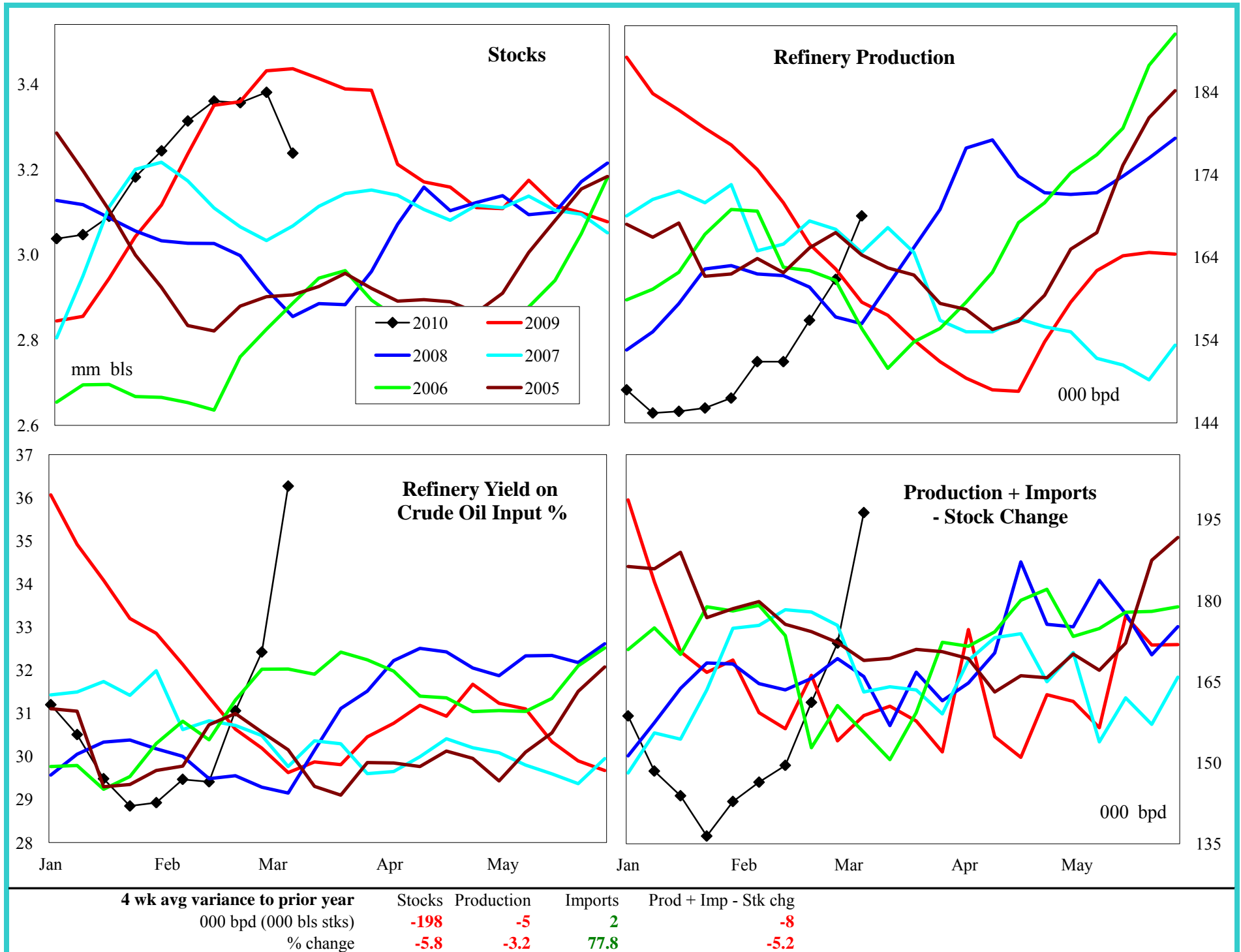
PADD 4 Crude Oil Supply and Refining



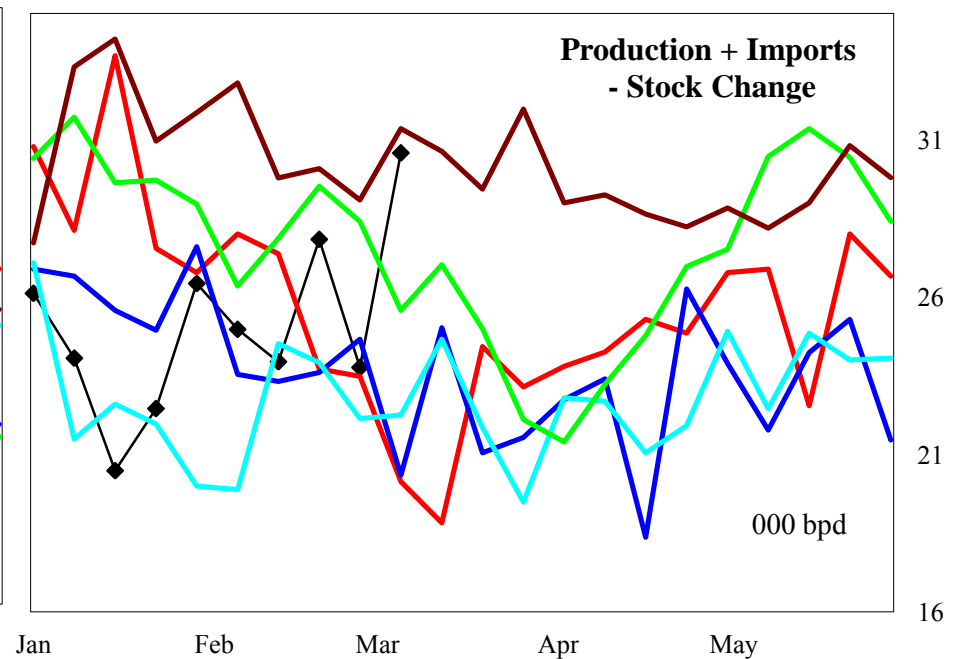
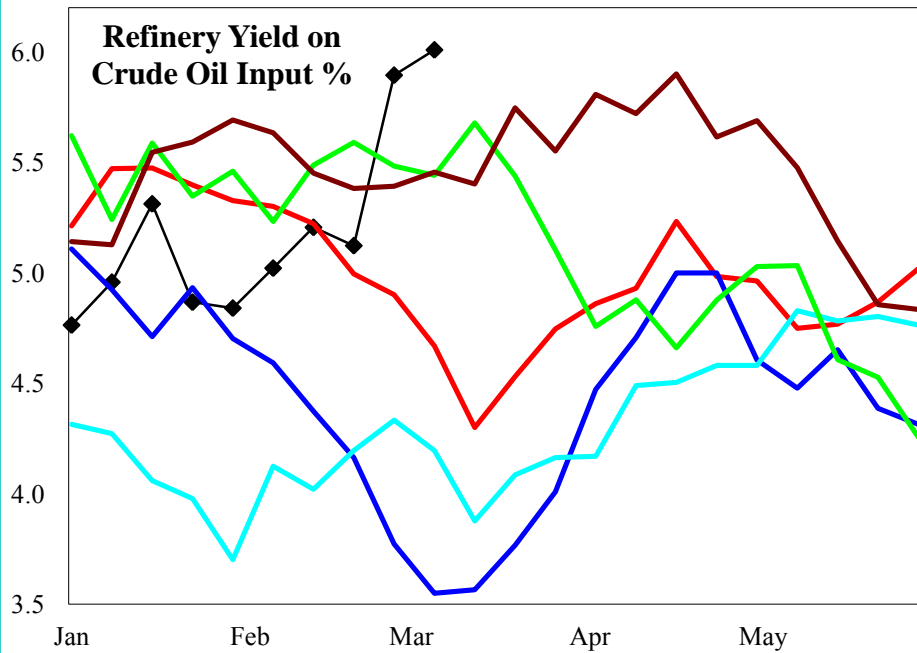
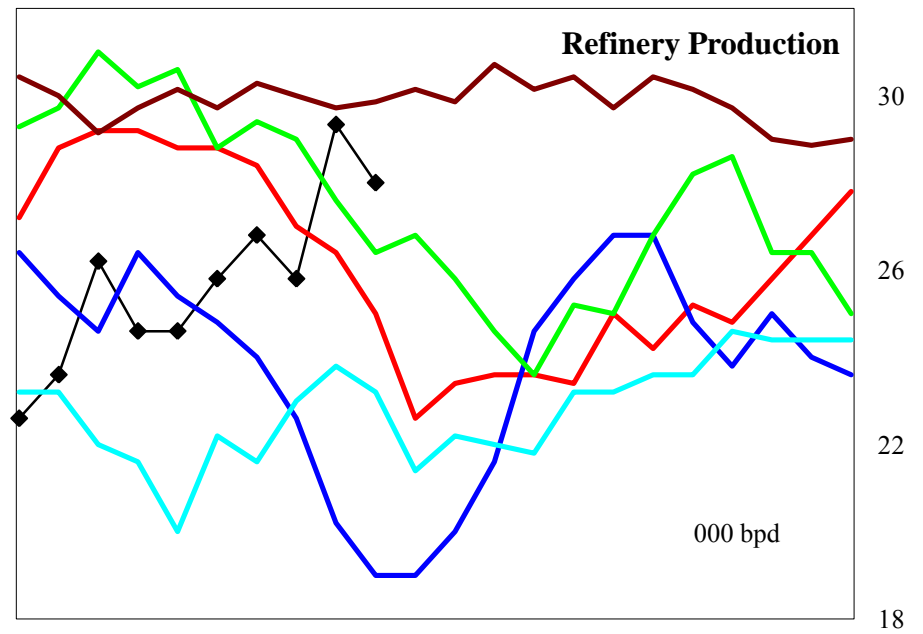
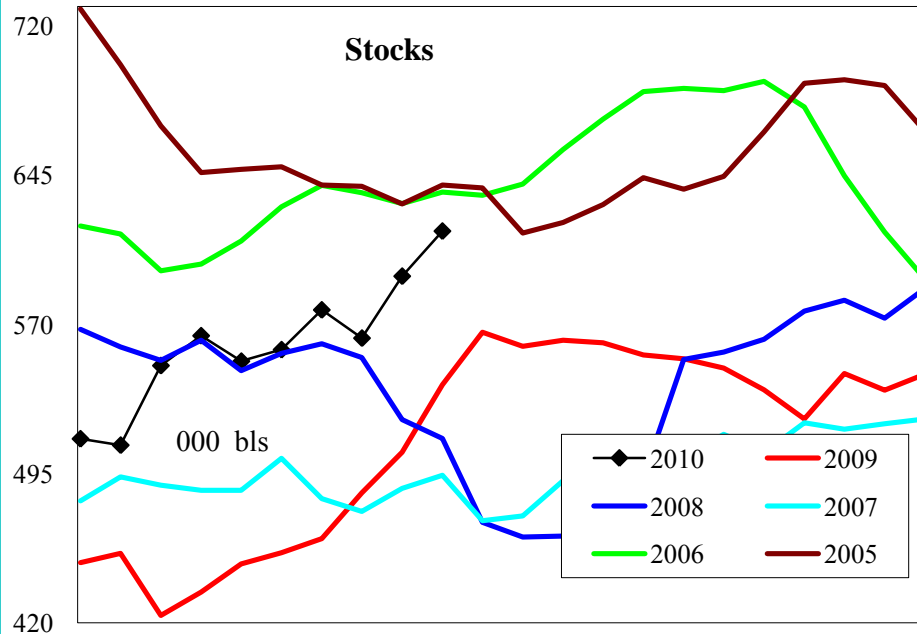
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply

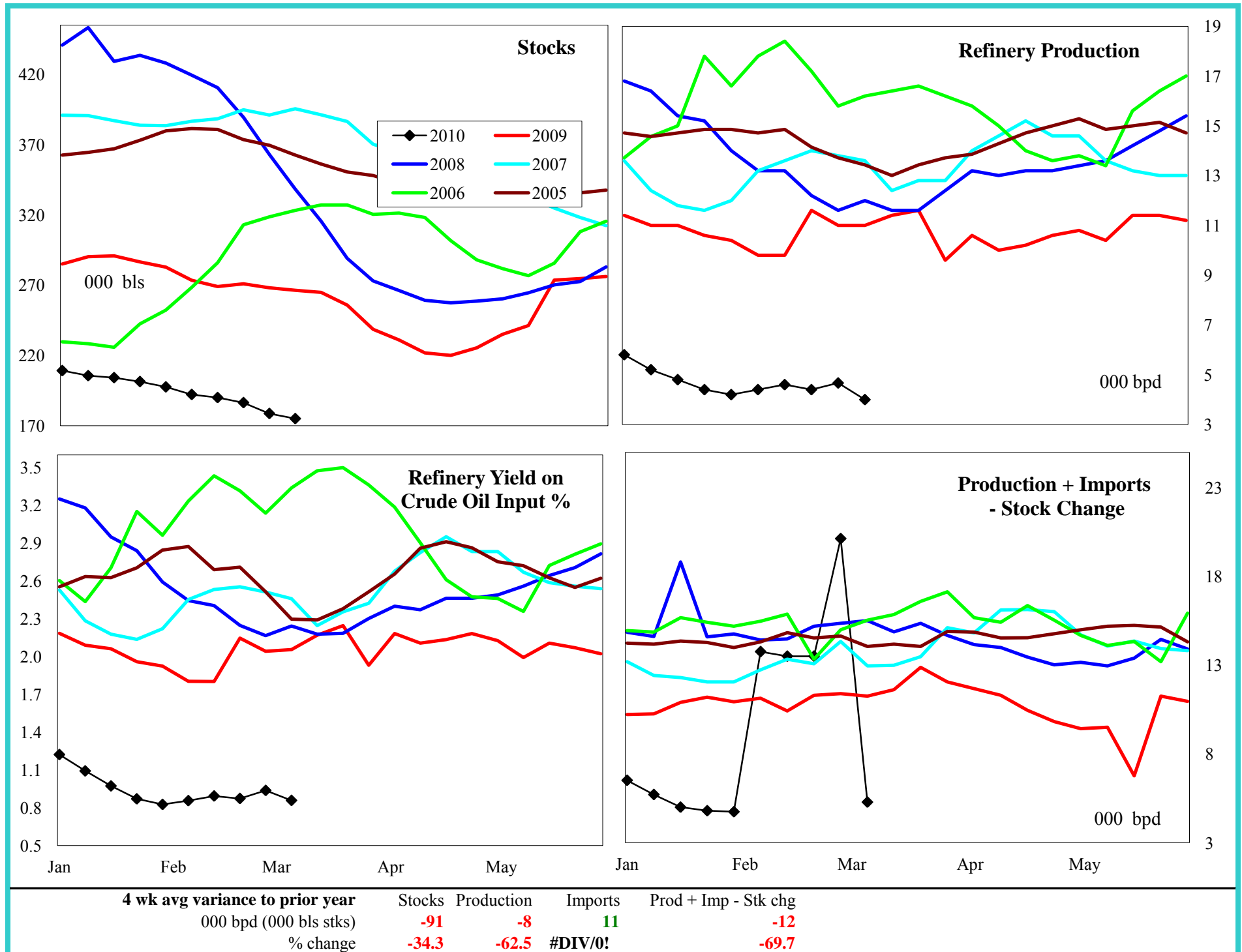


4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

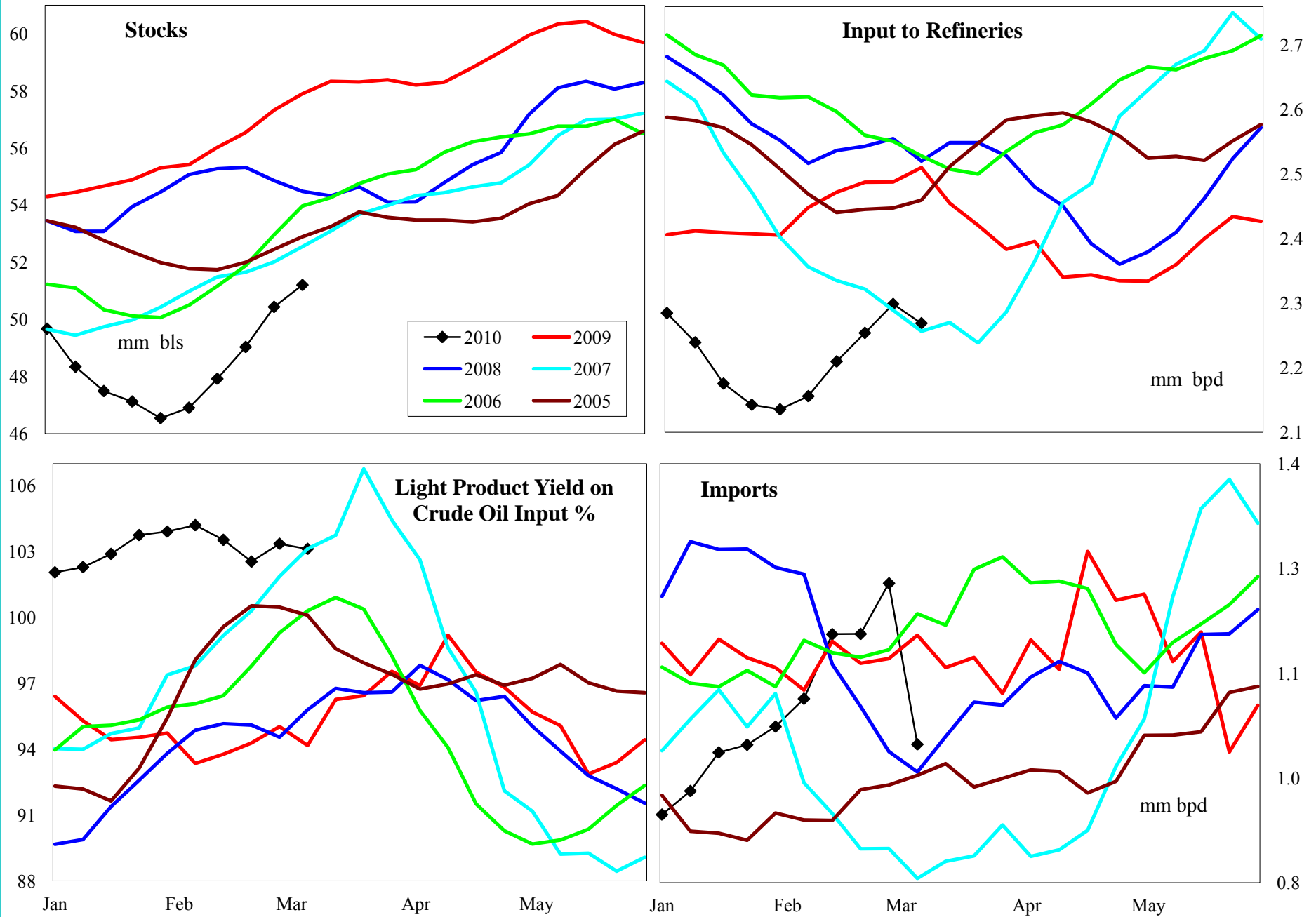
Stocks Production
77 **1**
14.3 **4.7**

Prod + Imp - Stk chg
0
1.6

PADD 4 Residual Fuel Oil Supply



PADD 5 Crude Oil Supply and Refining



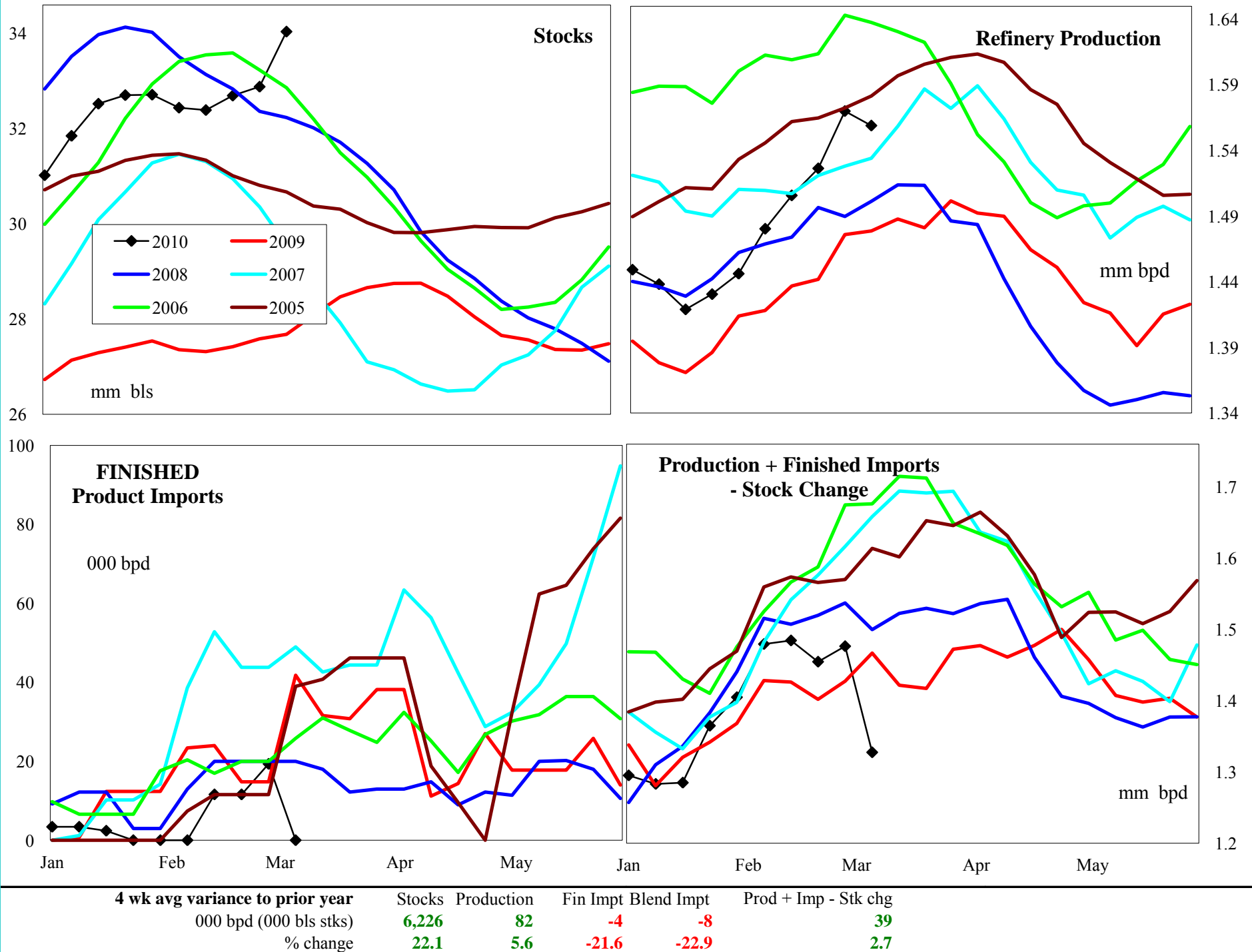
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks
-6,699
-11.6

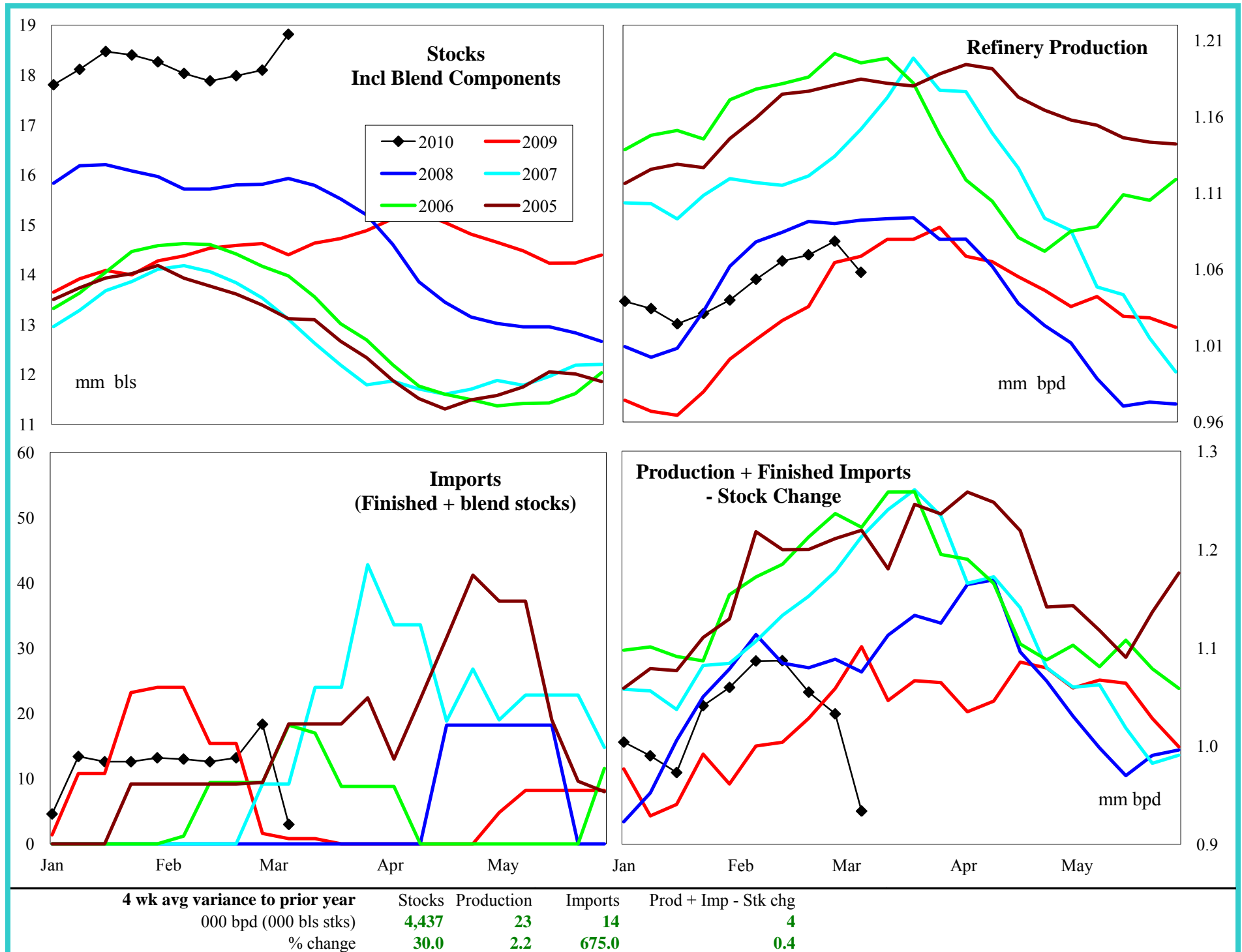
Input
-250
-9.8

Imports
23
2.0

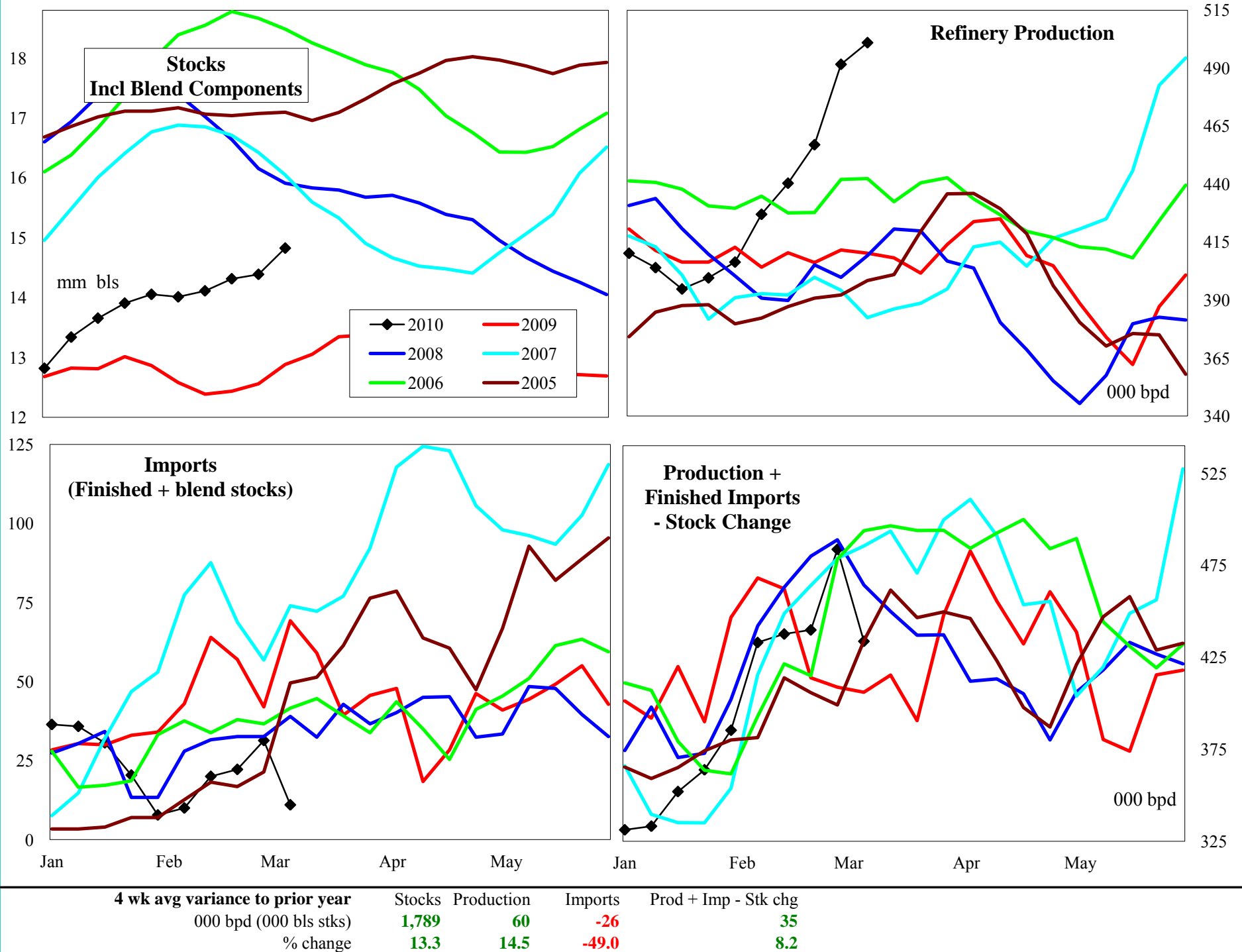
PADD 5 Gasoline Supply



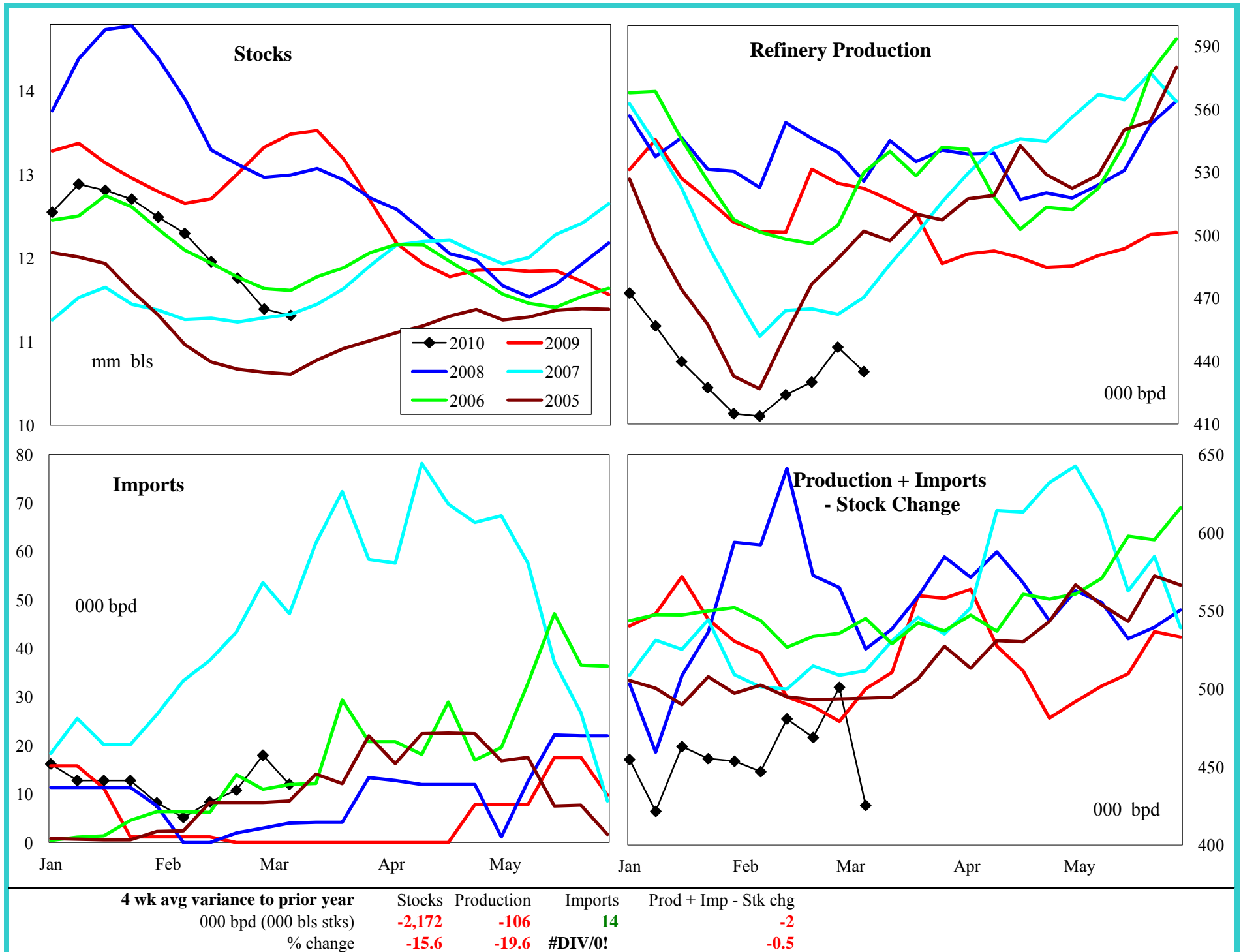
PADD 5 Reformulated Gasoline Supply



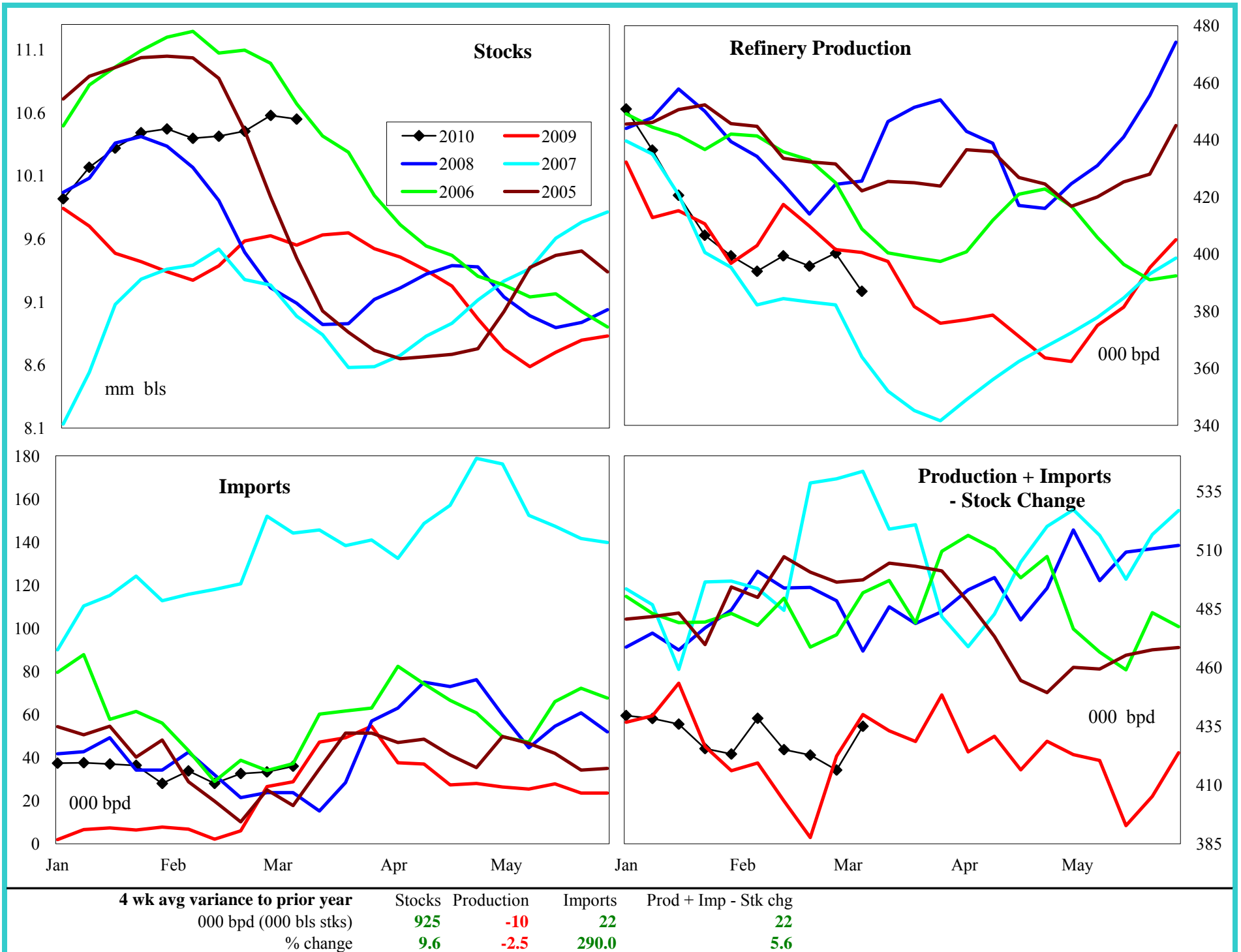
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

