

**FUNDAMENTAL  
PETROLEUM  
TRENDS**

## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

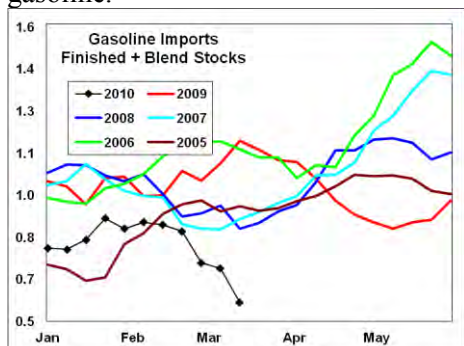
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, March 17, 2010

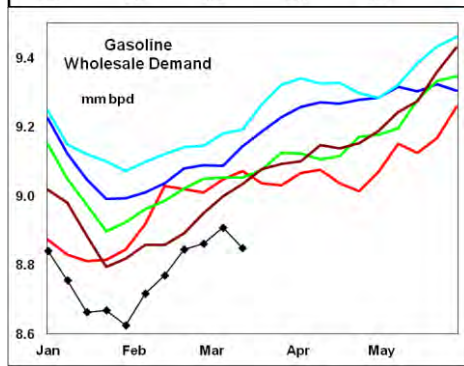
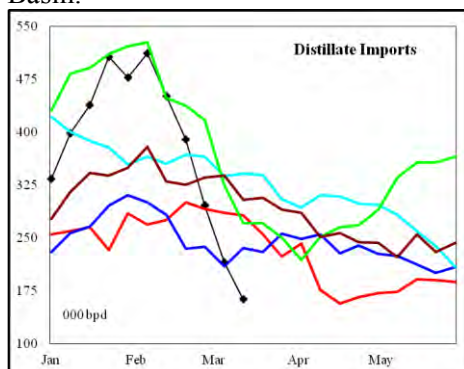


#### Major Fundamental Trends<sup>1</sup>

The closure of 1.2 million bpd of refining capacity in the Atlantic Basin last year, outside of the U.S., has contributed to record low imports of gasoline.

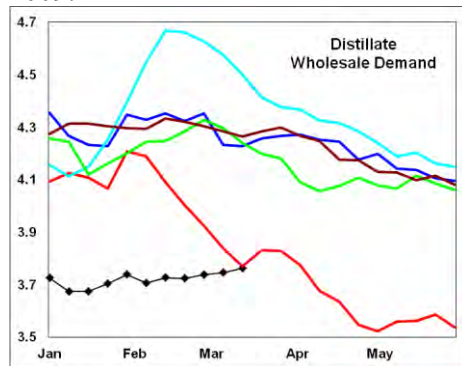


The oversupply of distillate tankers may also be winding down, contributing to the recent collapse in imports. While an end to winter heating demand is the primary factor in lower imports, the closure of refiners has reduced supplies in the Atlantic Basin.

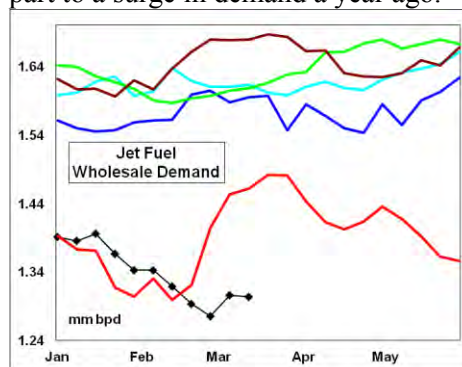


Weekly wholesale demand for transport fuels, including exports, remains subdued compared to the

historic range. Gasoline, distillate and jet fuel are each below year ago levels. Comparisons are becoming much easier against last year as the collapse in economic growth was most severe during the 2nd and 3rd quarters of 2009.



Jet fuel demand was off by -10% for the most recent 4-wk period, due in part to a surge in demand a year ago.



**Demand** for gasoline declined -143,000 bpd last week, and remains below the historic range.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -1.0%; distillate down -2.4%; jet fuel down -10% while residual fuel oil increased +16%.

**Stocks forward coverage:** Gasoline demand coverage decreased on a -1.7 million barrel stock draw last week. Coverage remains above the 5-year range.

Distillate demand coverage decreased on a -1.5 million barrel stock draw on the week. Coverage remains well above the historic range.

Jet fuel coverage climbed to a new high on very weak demand and stock levels at a 5-year high.

Residual fuel oil coverage remains above the mid range on very high Gulf Coast stock levels.

**Refinery utilization** rates were nearly unchanged last week on a +15,000 bpd rise in crude oil runs. Runs were -133,000 bpd below last year's record low rate.

Gasoline yield % on crude oil runs jumped to a new record high on a +203,000 bpd increase in output.

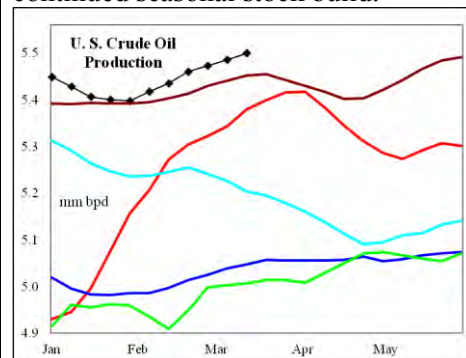
Distillate yield % on crude oil runs increased on a +136,000 bpd rise in output. The yield % level is at the 5-year mid range.

Jet fuel yield % on crude oil runs spiked on a +112,000 bpd increase in production. The yield % matched the mid range for the week.

**Petroleum Imports** of crude oil decreased -64,000 bpd last week. Product imports witnessed limited variance from the prior week.

During the latest 4-wk period distillate imports increased +28,000 bpd compared to last year; finished gasoline imports decreased -48,000 bpd, gasoline blend stock imports decreased -289,000 bpd; jet fuel imports were -10,000 bpd lower while residual fuel oil imports increased +19,000 bpd.

**Crude oil** stocks increased +1 million barrels last week, with the increase concentrated on the West Coast. Domestic production was +149,000 bpd above a year ago, and a new record high for the period. Spring refinery maintenance should drive a continued seasonal stock build.



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



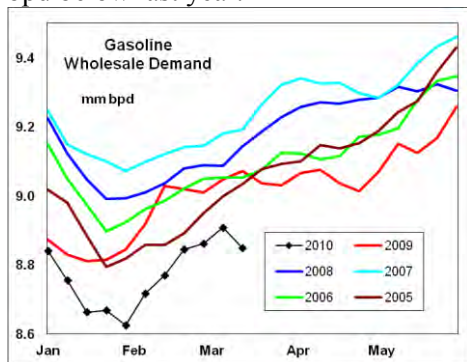
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

### A Fundamental Petroleum Trends Weekly Report

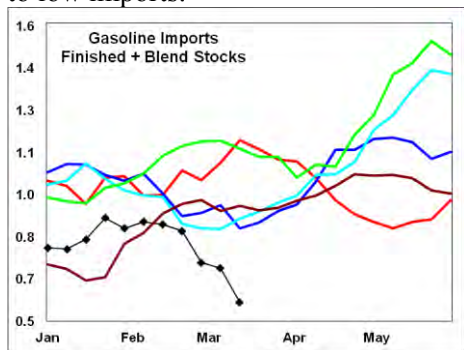
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#### Product Supply-Demand Trends

**Gasoline** demand decreased -143,000 bpd last week, extending the trend of weak demand compared to prior years. The latest 4-wk average was -89,000 bpd below last year.



Gasoline production increased +203,000 bpd last week, reaching a record level compared to the historic range. Imports decreased -198,000 bpd last week, falling to a new record low. Closure of 1.5 million bpd of crude oil refining capacity in the Atlantic Basin last year has contributed to low imports.



Stocks decreased -1.7 million barrels on the week, with declines in all major regions. Stock levels remain near 5-year highs.

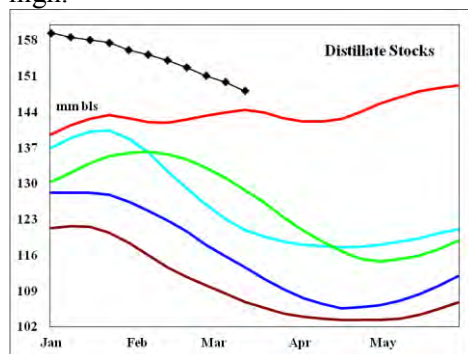
*Record low imports should offset weak demand, combined with refinery maintenance during the spring quarter, to provide price strength for gasoline compared to the overall energy complex.*

**Distillate** demand increased +117,000 bpd last week, with the latest 4-wk average -90,000 bpd below last year. Note that demand a year ago collapsed with the drop in economic activity.

Production increased +136,000 bpd last week, reaching the low end of

the historic range. Imports also increased +33,000 bpd, although the level remains below the 5-year range.

Stocks decreased -1.5 million barrels with the decline concentrated in PADD 01. Stock levels are now just +1.8 million barrels the prior 5-year high.

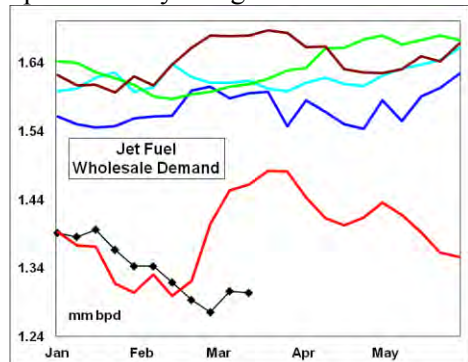


*There was no surge in distillate demand during the winter quarter that would normally have occurred in response to above normal heating degree days. Demand trends seasonally lower during the spring quarter which should keep pressure on refiners to control output.*

*Closure of 1.5 million bpd refining capacity in the Atlantic Basin last year should support strong exports from the Gulf. Rising seasonal demand in the Midwest during spring refinery maintenance should contribute to a modest tightening of supply.*

*Expect the gradual tightening of supply to provide some support to distillate prices during the quarter.*

**Jet Fuel** demand increased +2,000 bpd last week, but remains extremely weak. The latest 4-wk average was -147,000 bpd below a year ago.



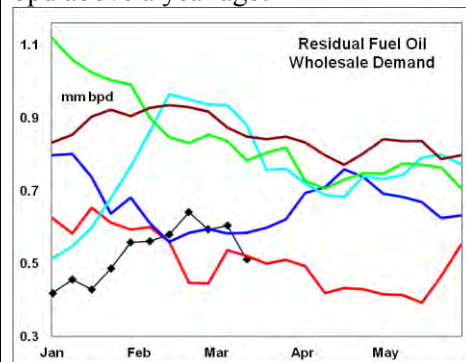
Jet fuel production jumped +112,000

bpd last week, partially offset by a -79,000 bpd drop in imports. Imports were just 20,000 bpd. The latest 4-wk average supply was -78,000 bpd below last years' record low level. Stocks were unchanged on the week, with the level now at a 5-year high for the period.

*Demand continues to reflect exceptionally weakness, with demand -10% below the prior record low.*

*While imports have been shut down, refiners are lifting output which is preventing a seasonal stock draw. The market is now extremely well supplied.*

*Expect weak jet fuel prices compared to the overall energy complex. Residual fuel oil demand, including exports, decreased -141,000 bpd last week, with the 4-wk average +84,000 bpd above a year ago.*



Combined production and imports increased +11,000 bpd last week. The latest 4-wk supply was +27,000 bpd above a year ago. Stocks were unchanged at a level above the mid range.

*The key regional Gulf Coast market remains very well supplied with stock levels +14% above the prior 5-year high. Production has been reduced to below the mid range.*

*Other regional markets have reduced supplies to below the 5-year range, with stock levels also very low.*

*With the wind down of winter heating in the Northern Hemisphere, exports should moderate and lead to modest price weakness relative to the overall energy complex*





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

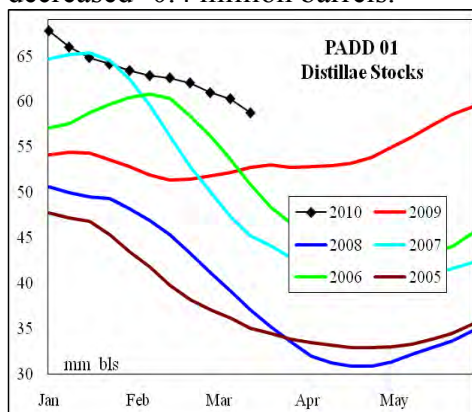
### A Fundamental Petroleum Trends Weekly Report

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#### PADD Supply Trends

**PADD 1** refinery crude oil runs declined -129,000 bpd on the week to a new record low level. Stock levels were -1.7 million barrels below the prior 5-year low.

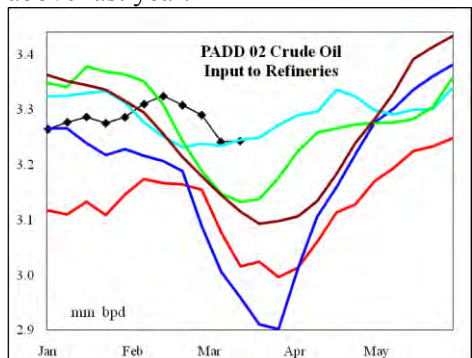
Gasoline production increased +142,000 while imports fell -203,000 bpd on the week. Stocks decreased -0.4 million barrels.



Distillate supply decreased -10,000 bpd last week. Both imports and production match 5-year lows. Stocks decreased -1.7 million barrels.

Jet fuel supply fell to a new record low. The stock level remains at a record high for the season.

**PADD 2** crude oil refinery runs increased +62,000 last week, with the latest 4-wk average +142,000 bpd above last year.



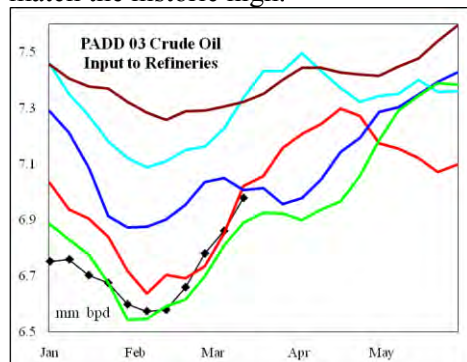
Crude oil imports increased +58,000 bpd on the week, with the latest 4-wk average +10% above last year, and above the 5-year range. Stocks increased +0.3 million barrels to near last years' record highs. Stocks in Cushing decreased -0.7 million barrels, -2.8 million barrels below last year.

Gasoline production increased +103,000 bpd on the week, to the upper end of the historic range. Stocks decreased -0.5 million barrels, although the level remains near record highs.

Distillate production increased +38,000 bpd last week, a level near historic highs. Stocks decreased -0.3 million barrels, to a level below the 5-year mid range.

Jet fuel production increased +19,000 bpd to match the historic high for the period. Stocks increased +0.2 million barrels to a level above the historic range.

**PADD 3** refinery crude oil runs increased +100,000 bpd last week, to match the 5-year mid range. Imports averaged -261,000 bpd below last years' record low level for the most recent 4-wk period; due to imports into PADD 2 from Canada and record high domestic production. Stock levels match the historic high.



Gasoline production increased +17,000 bpd last week, with the 4-wk average -196,000 bpd below a year ago. Stocks decreased -0.3 million barrels to match the prior 5-year high.

Distillate production increased +124,000 bpd on the week, to a level above the mid range. Stocks increased +0.3 million barrels, and remain +3.7 million barrels above last years' record high.

Jet fuel supply increased +85,000 bpd on the week. Production reached the low end of the historic range. Stock levels match the mid range.

Residual fuel oil supply declined -120,000 bpd on lower output and

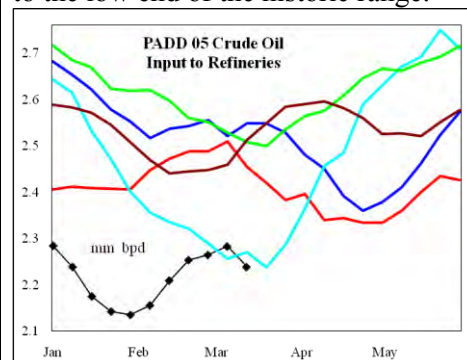
imports. Stocks decreased -0.8 million barrels on the week, however, stock levels remain 2.3 million barrels above the prior 5-year high.

**PADD 4** refinery crude oil runs increased +11,000 bpd last week, bpd with the latest 4-wk average -47,000 bpd below year ago levels. Refinery closure and maintenance has pushed runs to the low end of the 5-year range.

Gasoline production increased +15,000 bpd on the week, reaching a new 5-year high. Stocks extended a longer term counter seasonal build and now match the low end of the historic range.

Distillate production decreased -3,000 bpd last week, above the mid range for the period. Stock levels remain near last years' record high.

**PADD 5** crude oil refinery runs decreased -30,000 bpd on the week, at the low end of the historic range. The latest 4-wk average run rate was -212,000 bpd below a year ago. Crude oil stocks increased +1 million barrels, to the low end of the historic range.



Gasoline production declined -74,000 bpd last week to match the 5-year low for the period. Stocks decreased -0.7 million barrels, but remains above the 5-year range.

Distillate production increased +31,000 bpd on the week, while the latest 4-wk average was -81,000 bpd below last year and below the historic range. Stocks increased +0.2 million barrels, but remain at the low end of the historic range.

Jet fuel supply decreased -43,000 bpd last week. Stock levels remain near historic highs.


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**PETROLEUM: Graph Link and Weekly Summary**

A Fundamental Petroleum Trends Weekly Report

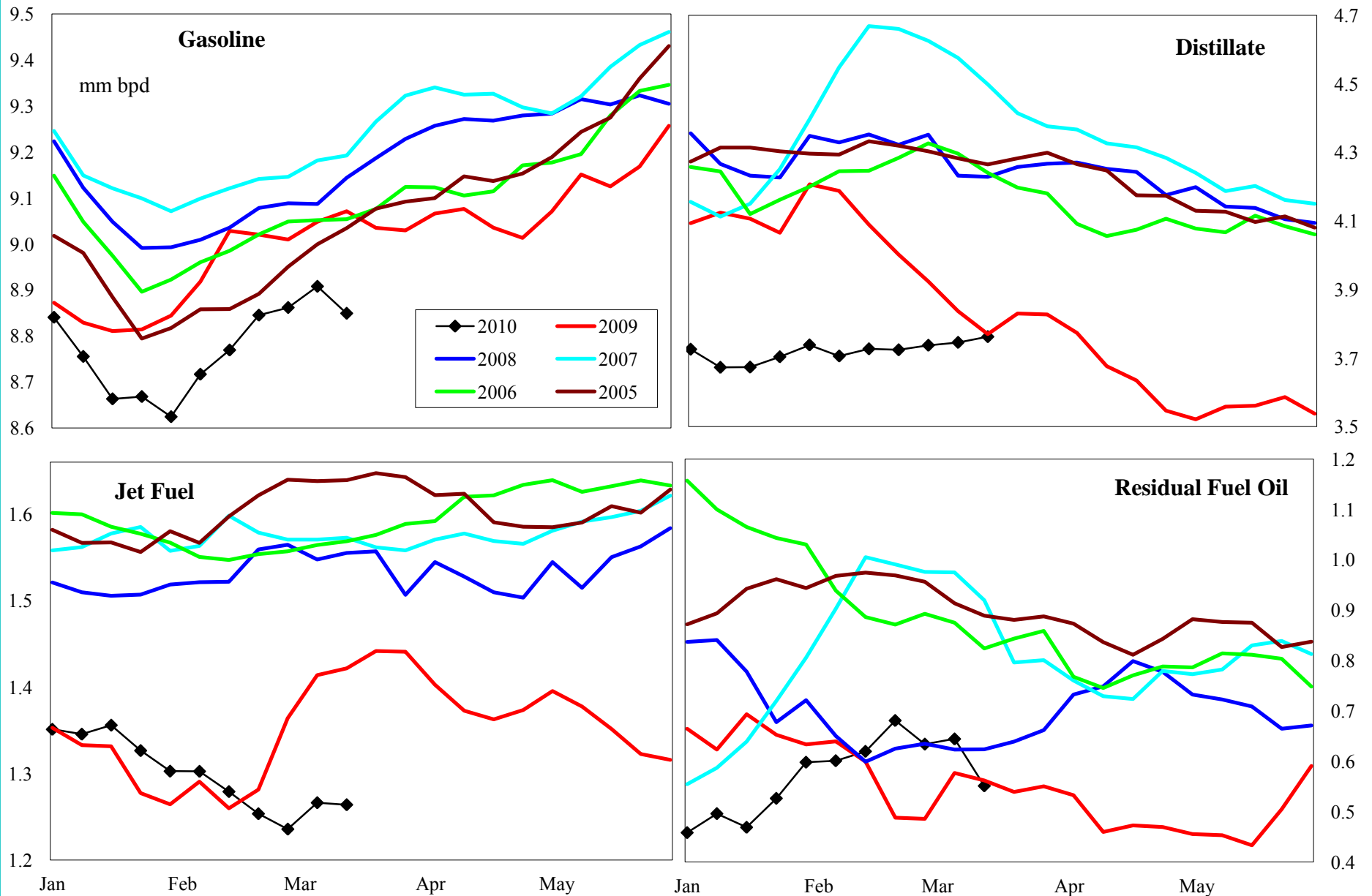
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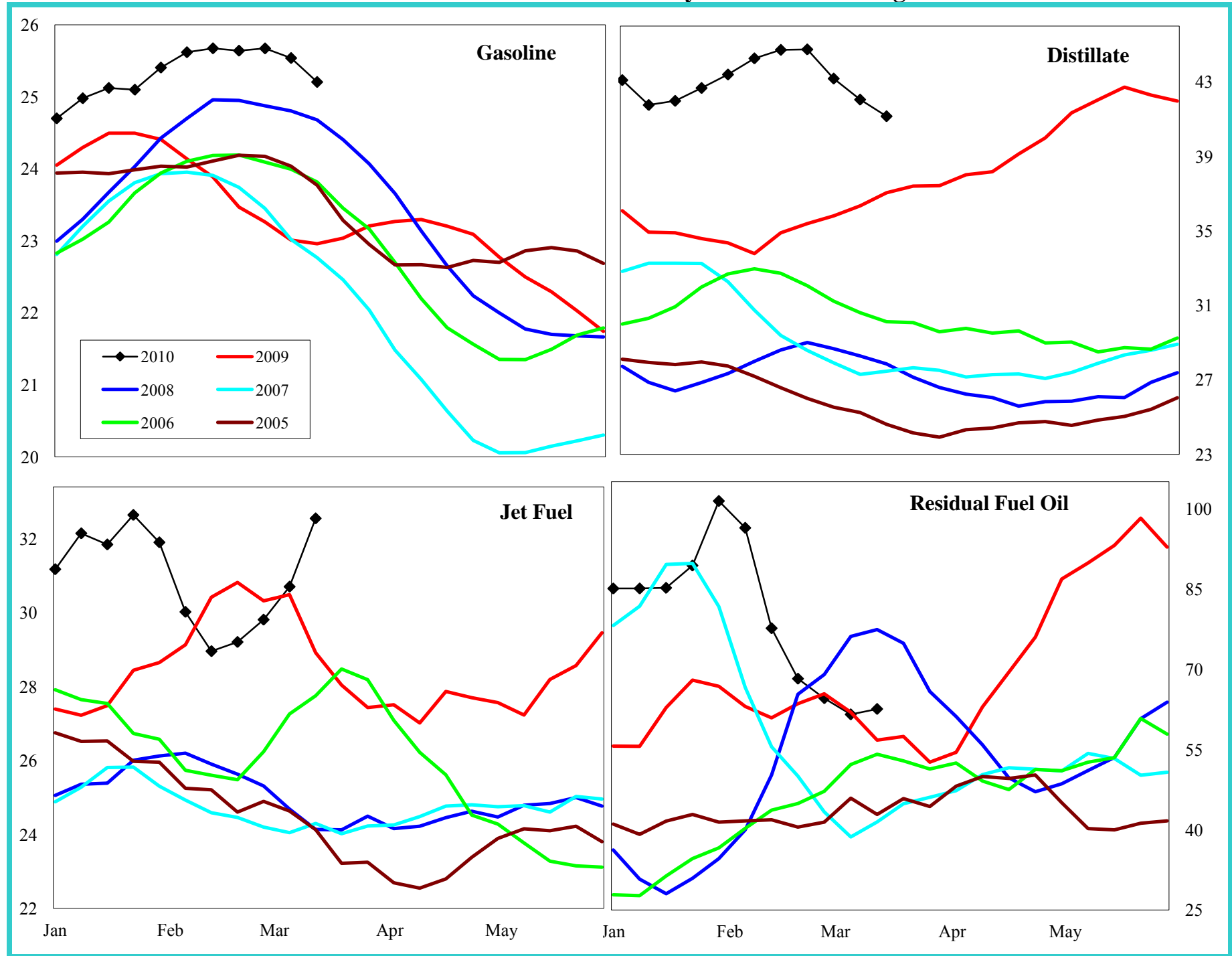
Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization</u>			<u>Imports</u>	
Supply/Demand Trends	12-Mar-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	1,012	-284	324	-374	343	1,003
	Imports	-64	2	58	-181	-6	63
	Input	15	-129	62	101	11	-30
	% Utilization	-0.18					
<u>Gasoline</u>	Stocks	-1,710	-369	-527	-269	105	-650
	Production	203	142	103	17	15	-74
	Imports	-198	-203	1	5	0	-1
	Supplied	-143					
<u>Distillate</u>	Stocks	-1,491	-1,741	-322	319	75	178
	Production	136	-54	38	124	-3	31
	Imports	33	44	-1	0	2	-12
	Supplied	117					
<u>Jet Fuel</u>	Stocks	37	-229	223	269	57	-283
	Production	112	7	19	99	0	-13
	Imports	-79	-35	0	-14	0	-30
	Supplied	2					
<u>Residual Fuel Oil</u>	Stocks	43	714	-8	-759	-2	98
	Production	-58	19	8	-54	3	-34
	Imports	69	109	1	-66	0	25
	Supplied	-141					

# United States Wholesale Petroleum Demand

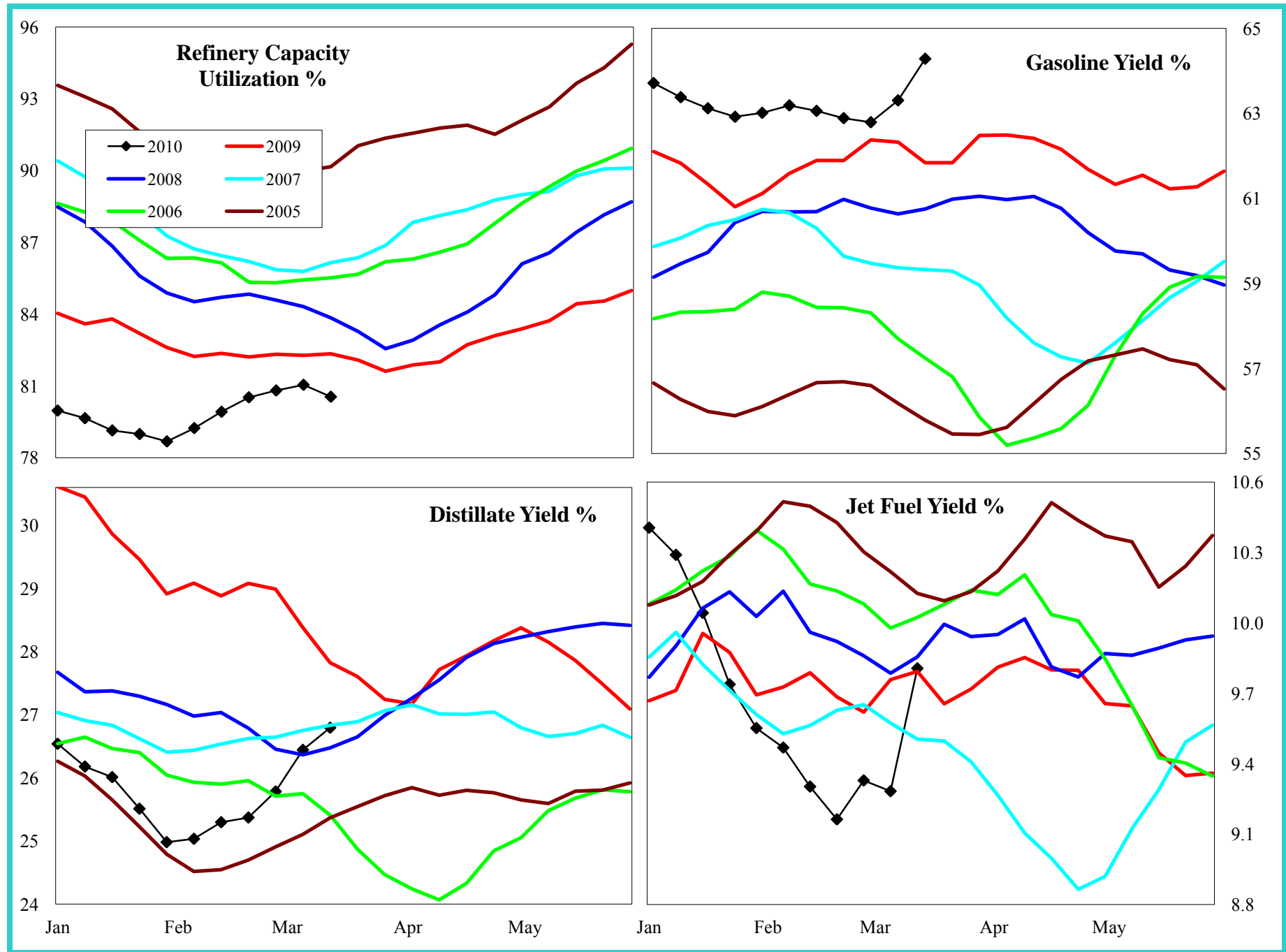


	000 bpd change from prior year				% change from prior year				
	4wk avg	Feb	Jan	Dec	4wk avg	Feb	Jan	Dec	
Gasoline	-89	16	-35	34	-1.0	0.2	-0.4	0.4	
Distillate	-90	-177	-371	-79	-2.4	-4.5	-9.1	-2.1	
Jet Fuel	-147	-59	6	96	-10.2	-4.4	0.4	6.9	
Resid	84	162	-207	-273	16.6	32.0	-29.6	-36.3	

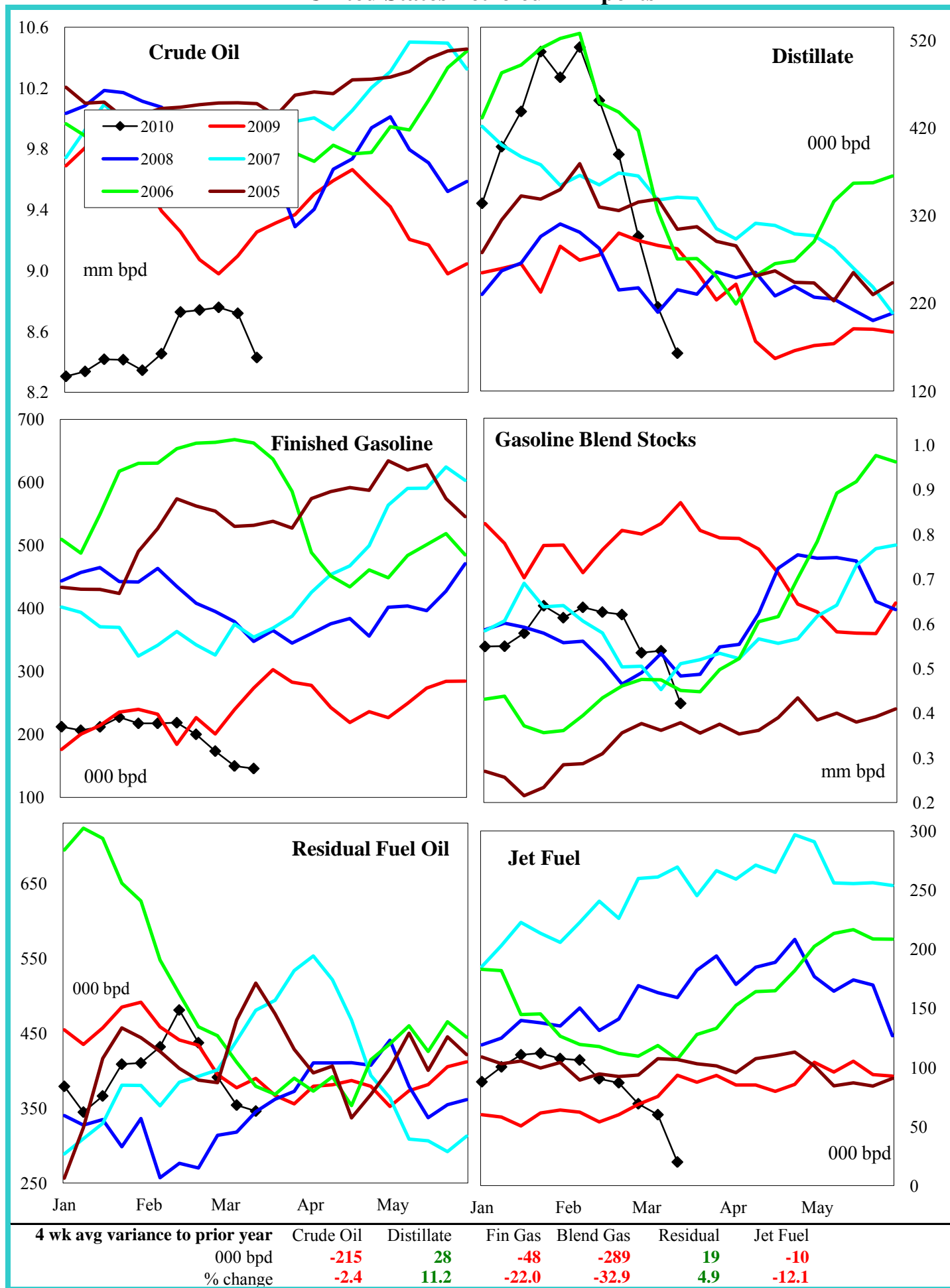
# United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

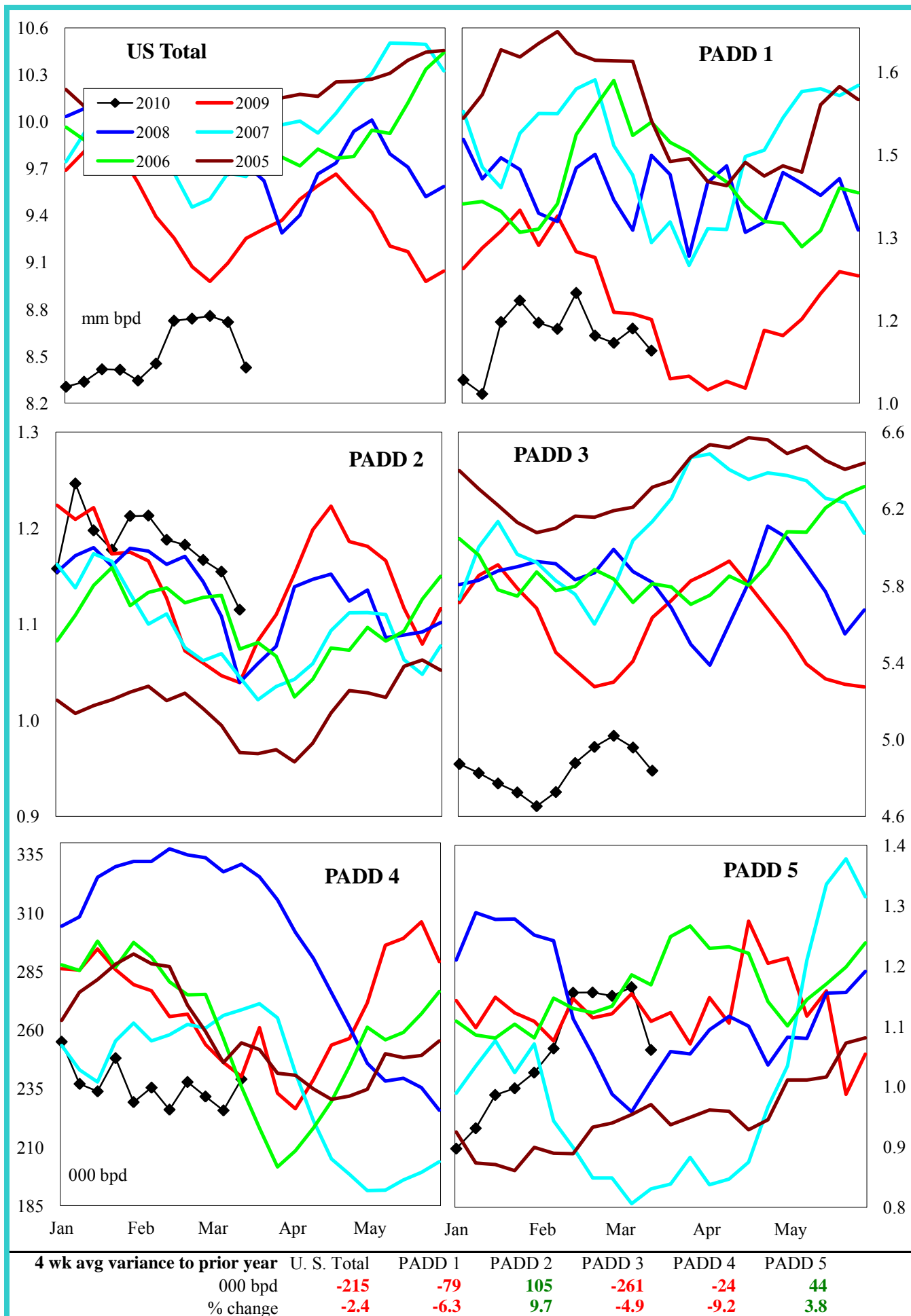


# United States Petroleum Imports

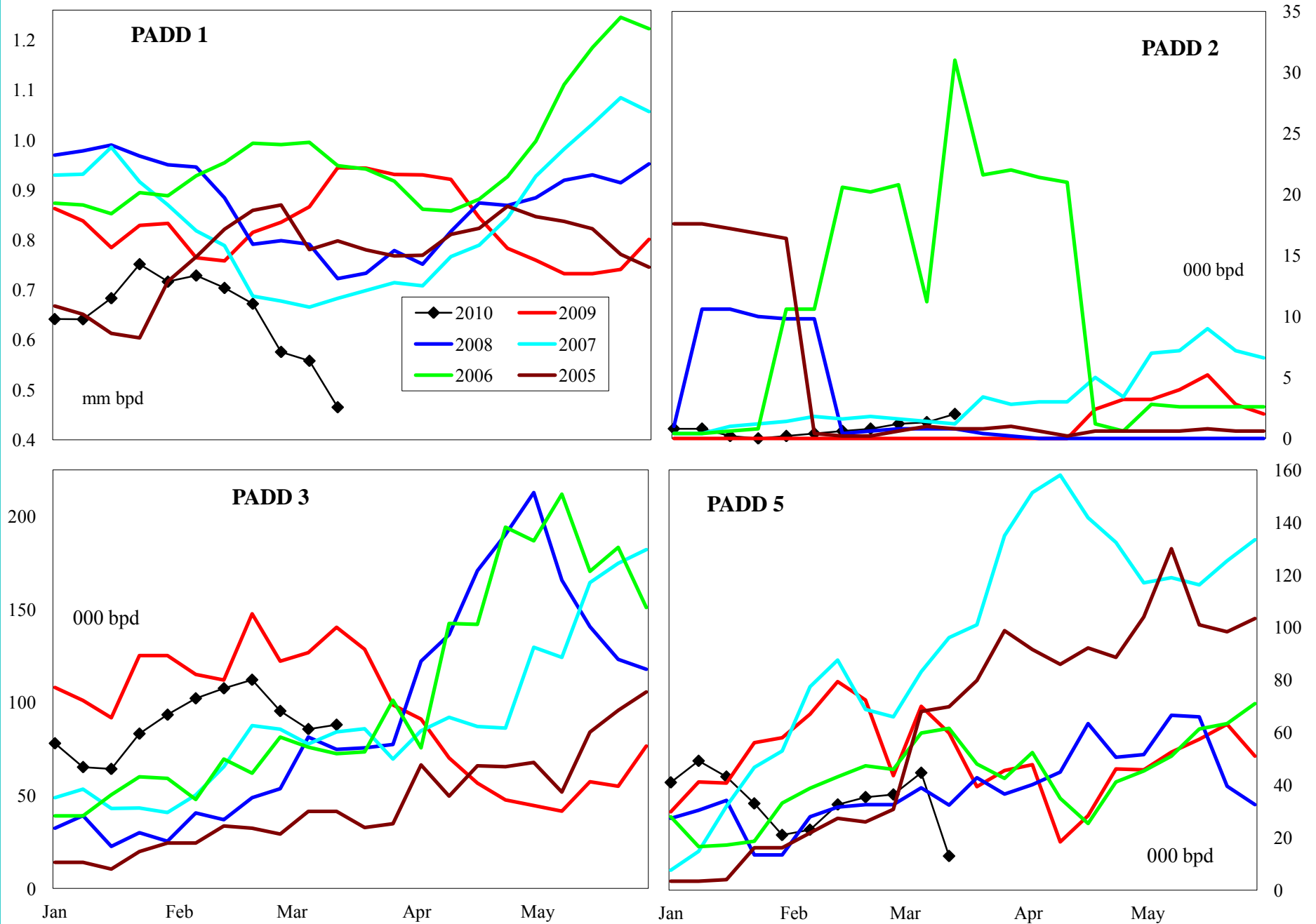




## Crude Oil Imports by PADD



# Gasoline Imports by PADD (Finished + Blend Stocks)



4 wk avg variance to prior year

000 bpd

% change

PADD 1

-281

-30.8

PADD 2

1

#DIV/0!

PADD 3

-46

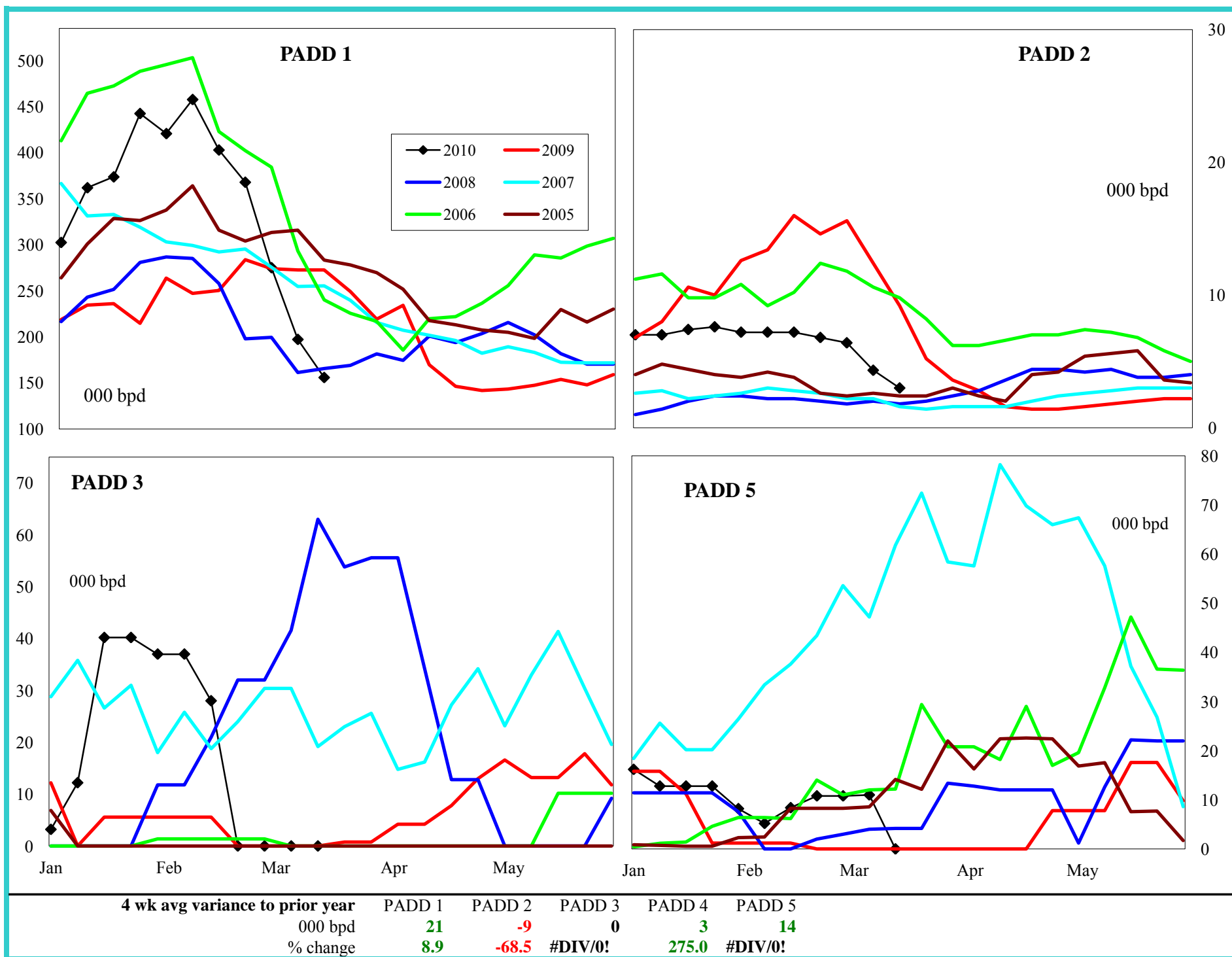
-35.6

PADD 5

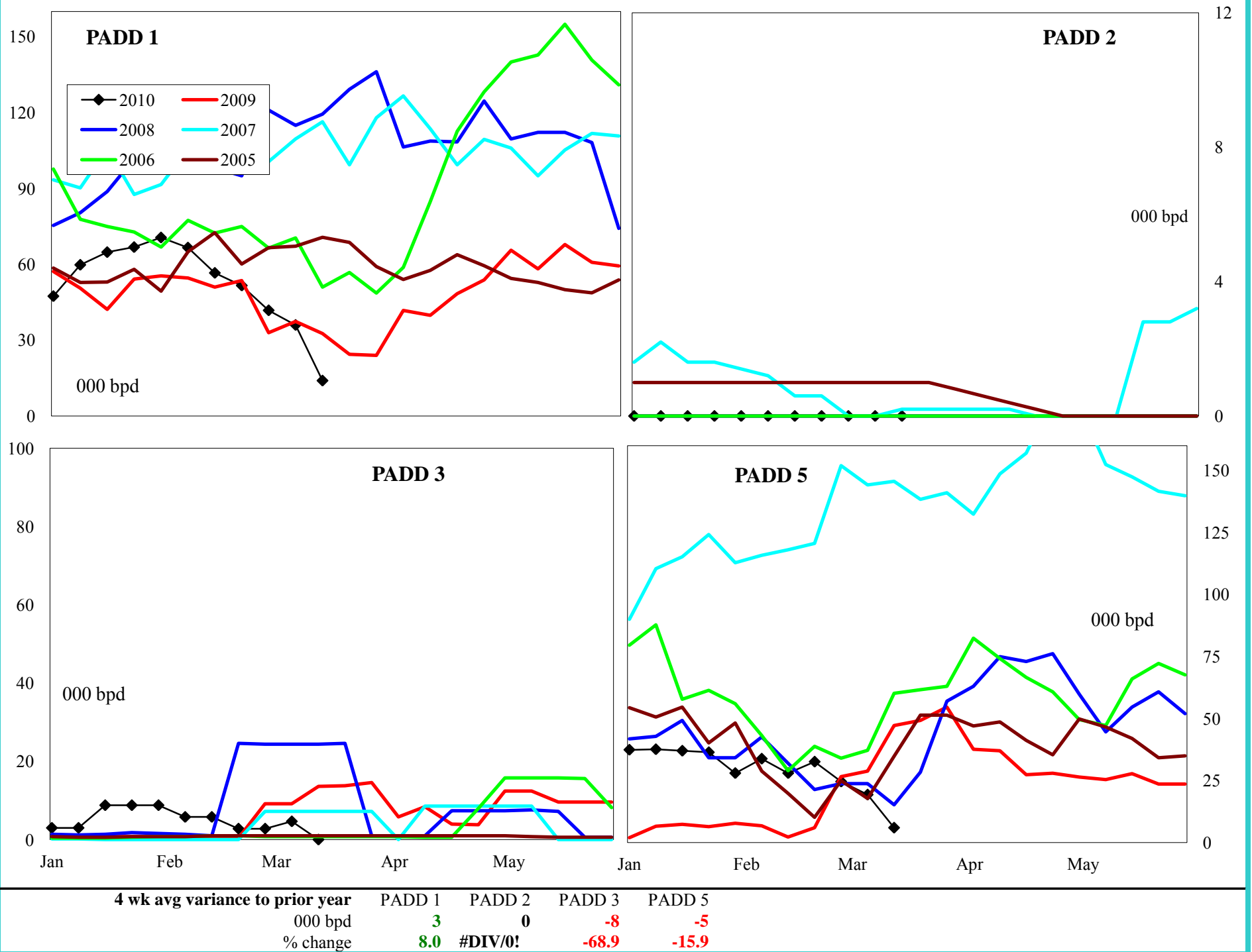
-10

-20.2

# Distillate Imports by PADD

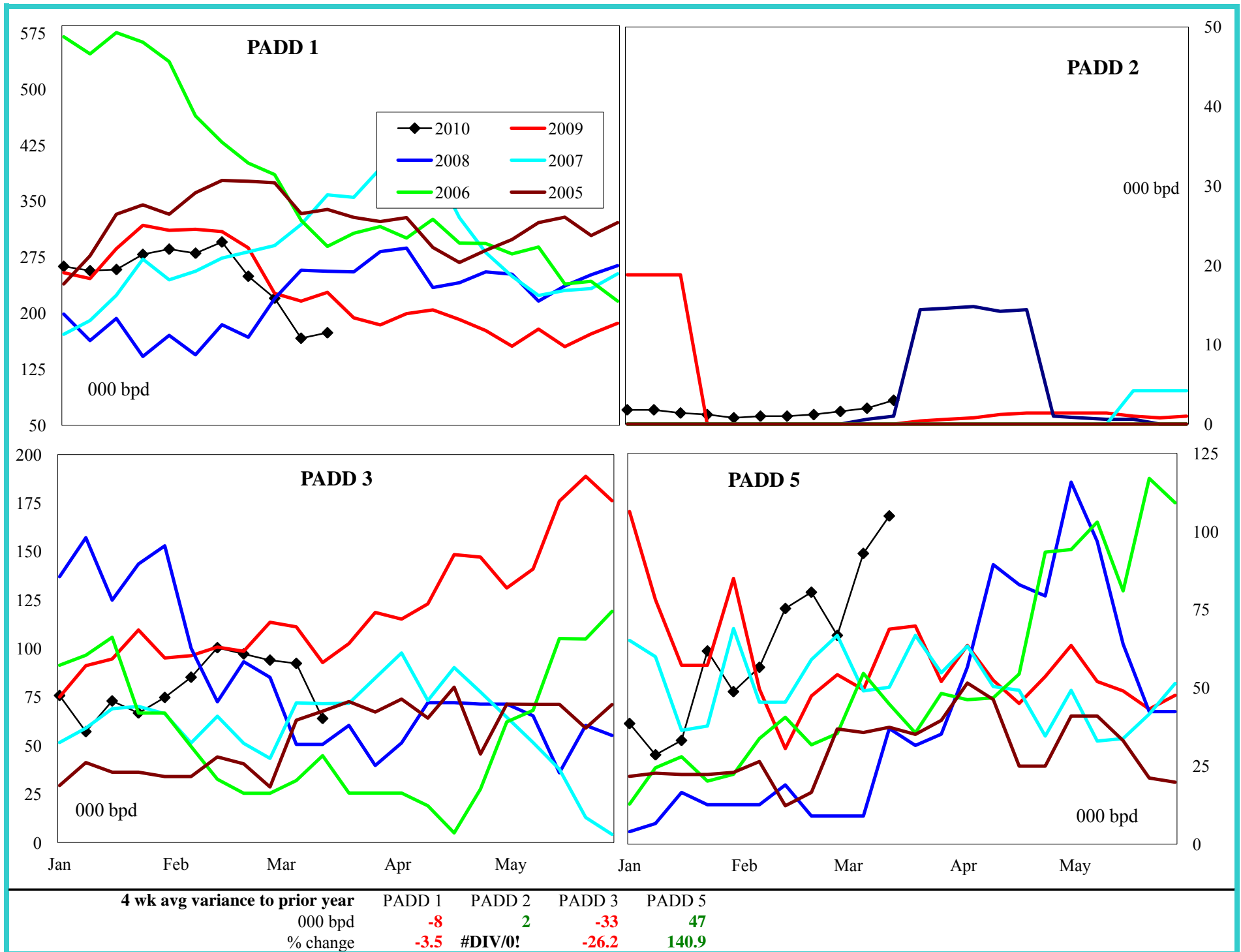


# Jet Fuel Imports by PADD

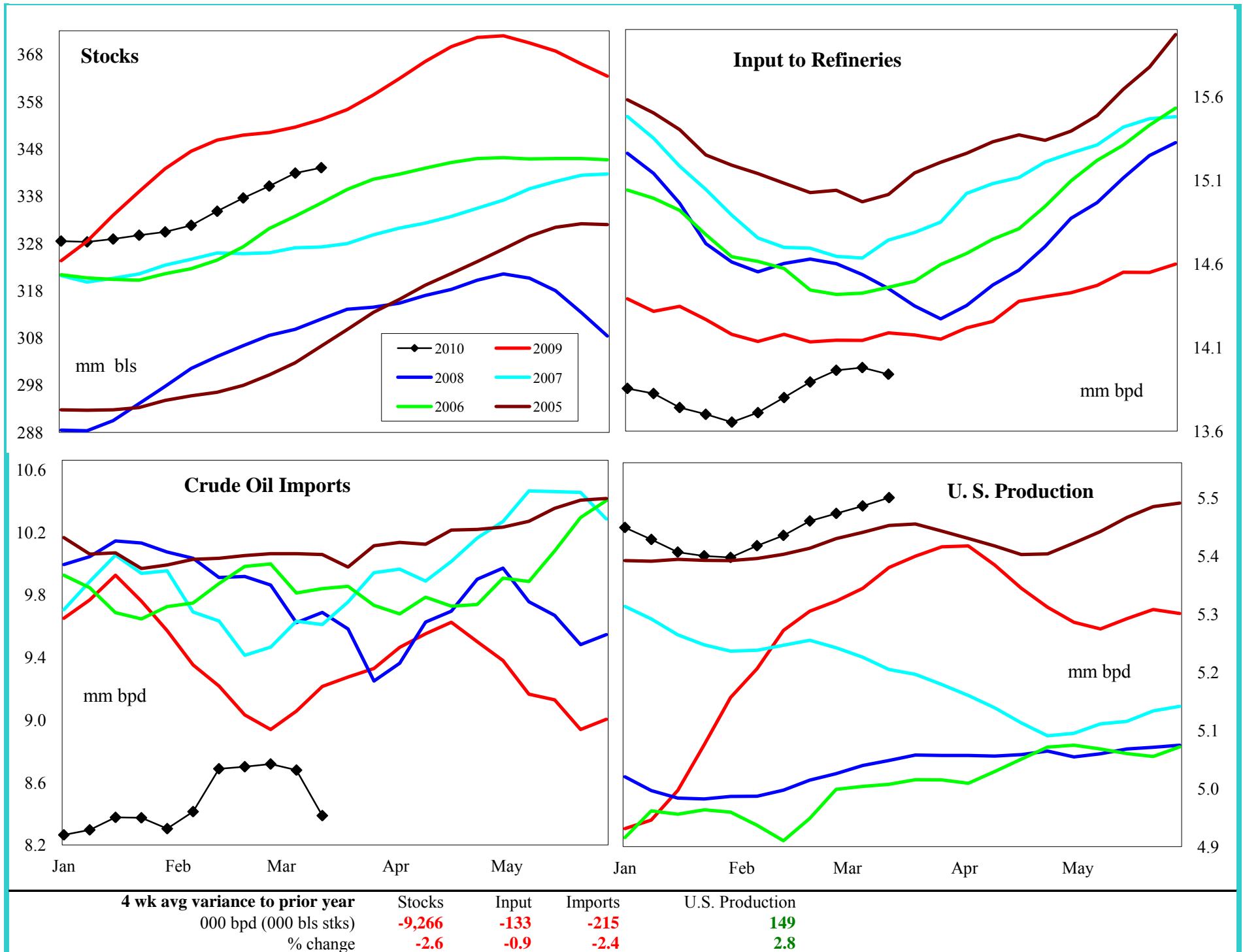




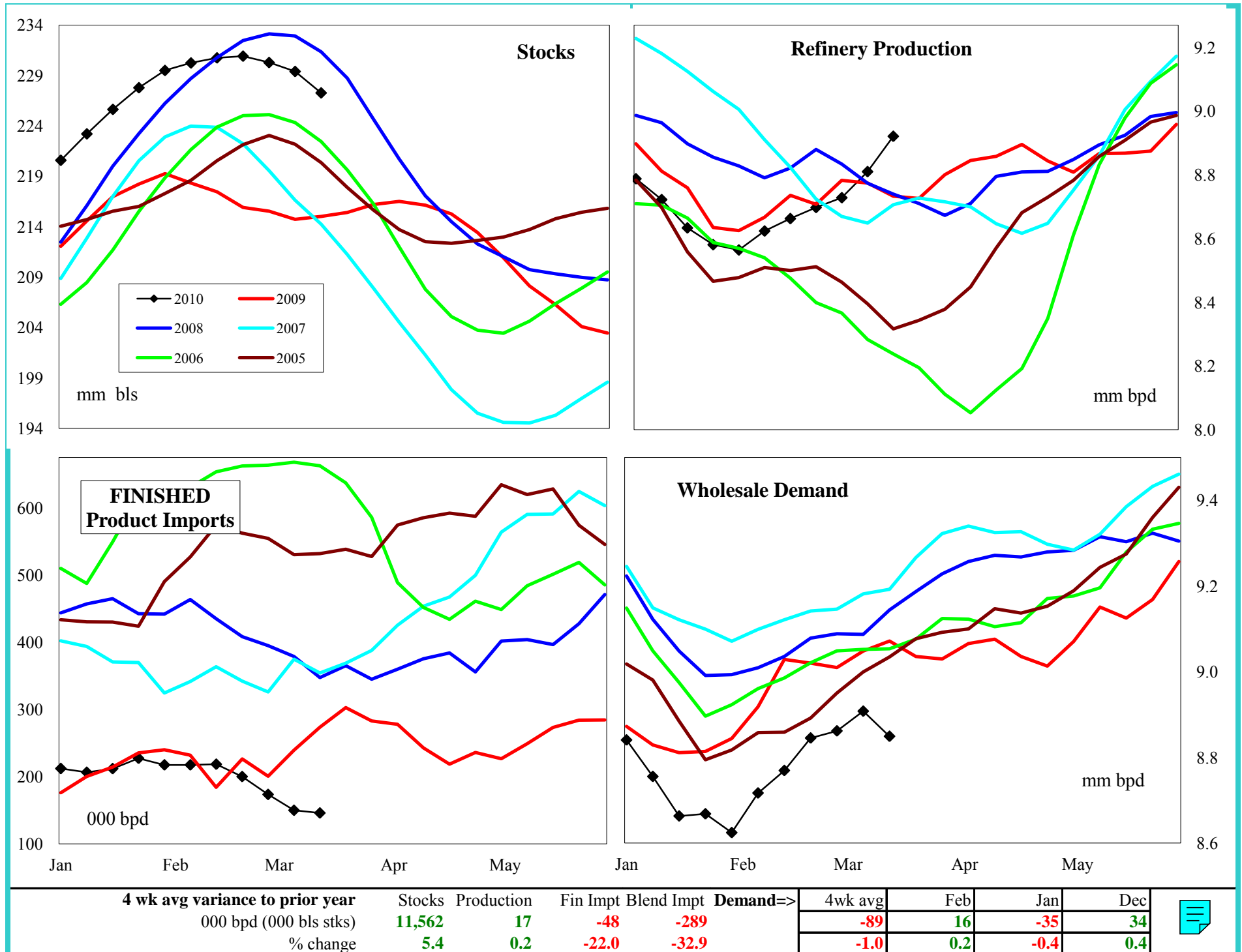
## Residual Fuel Oil Imports by PADD

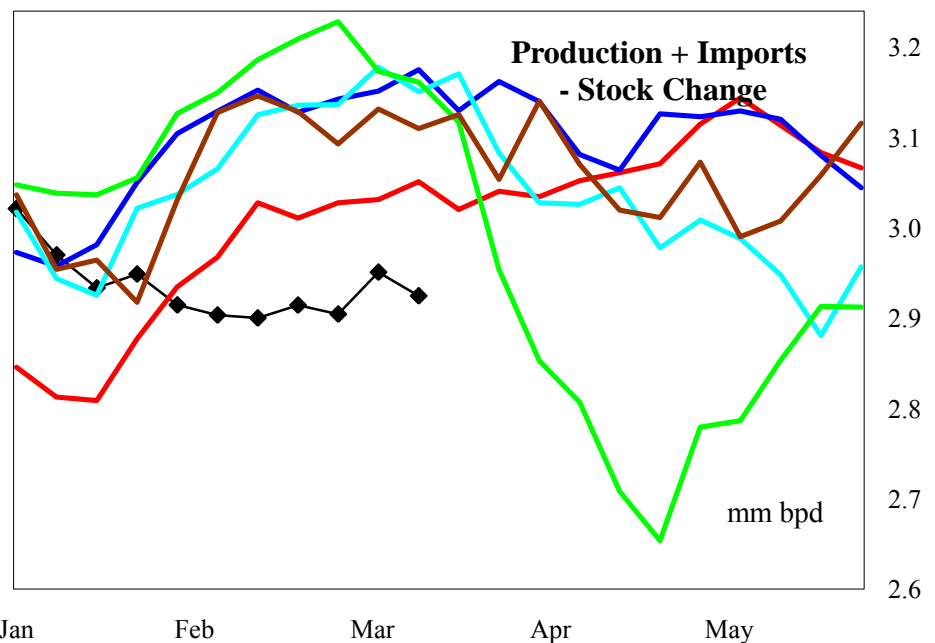
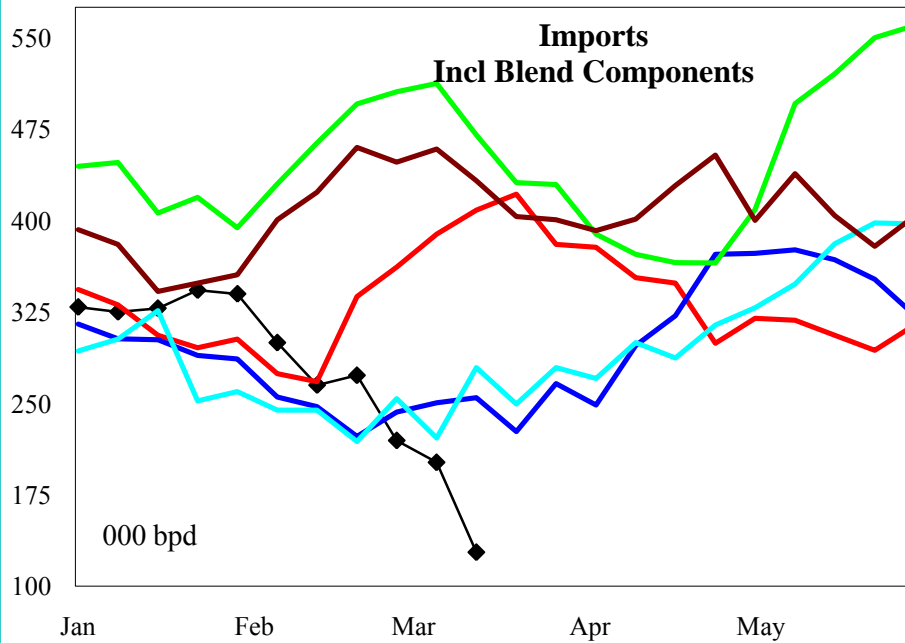
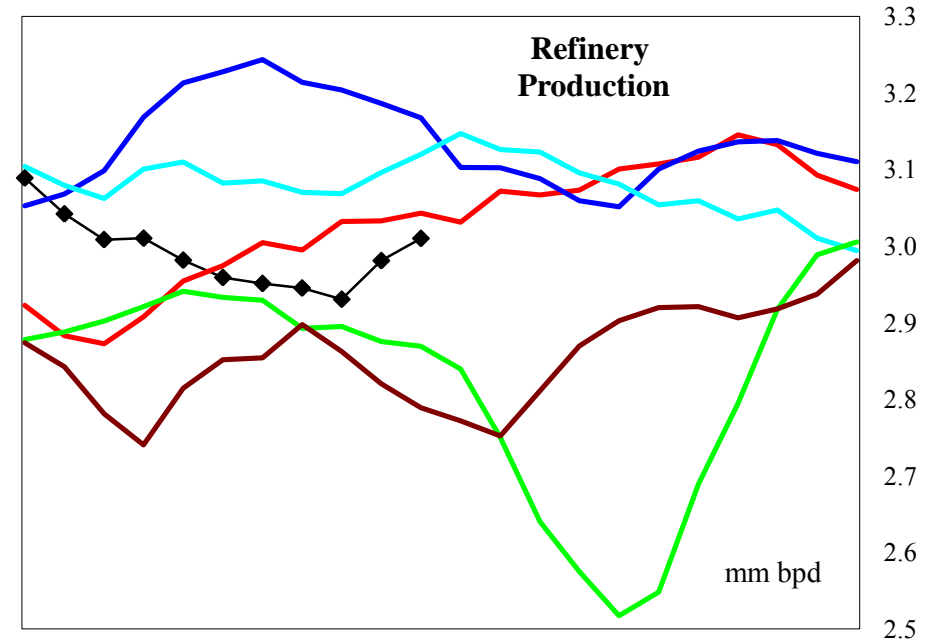
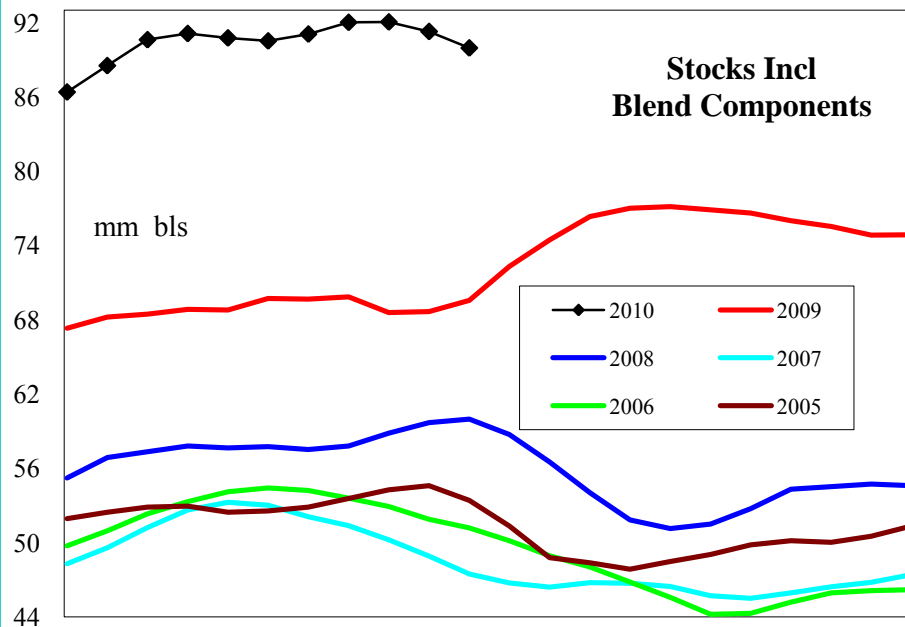


# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance



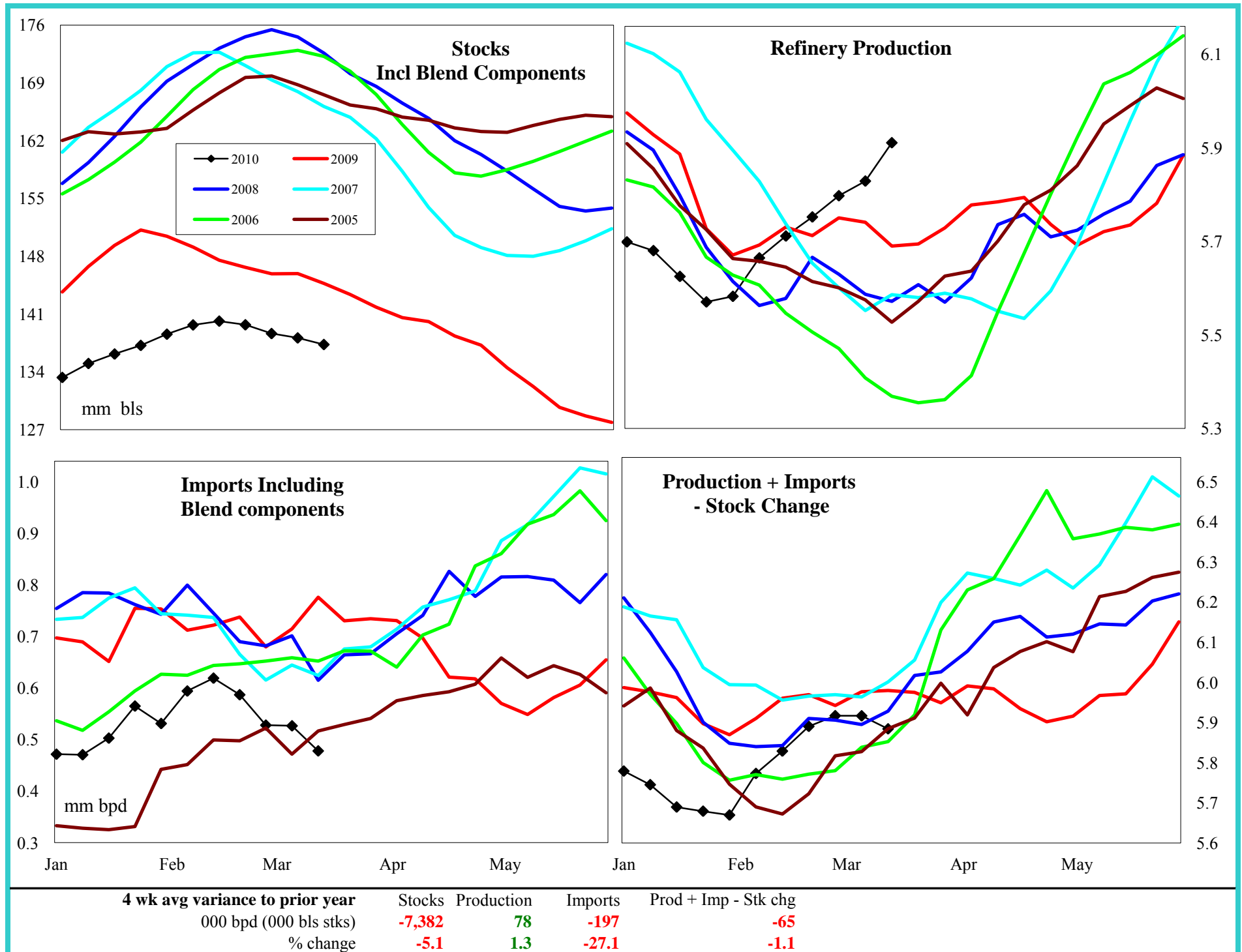


**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

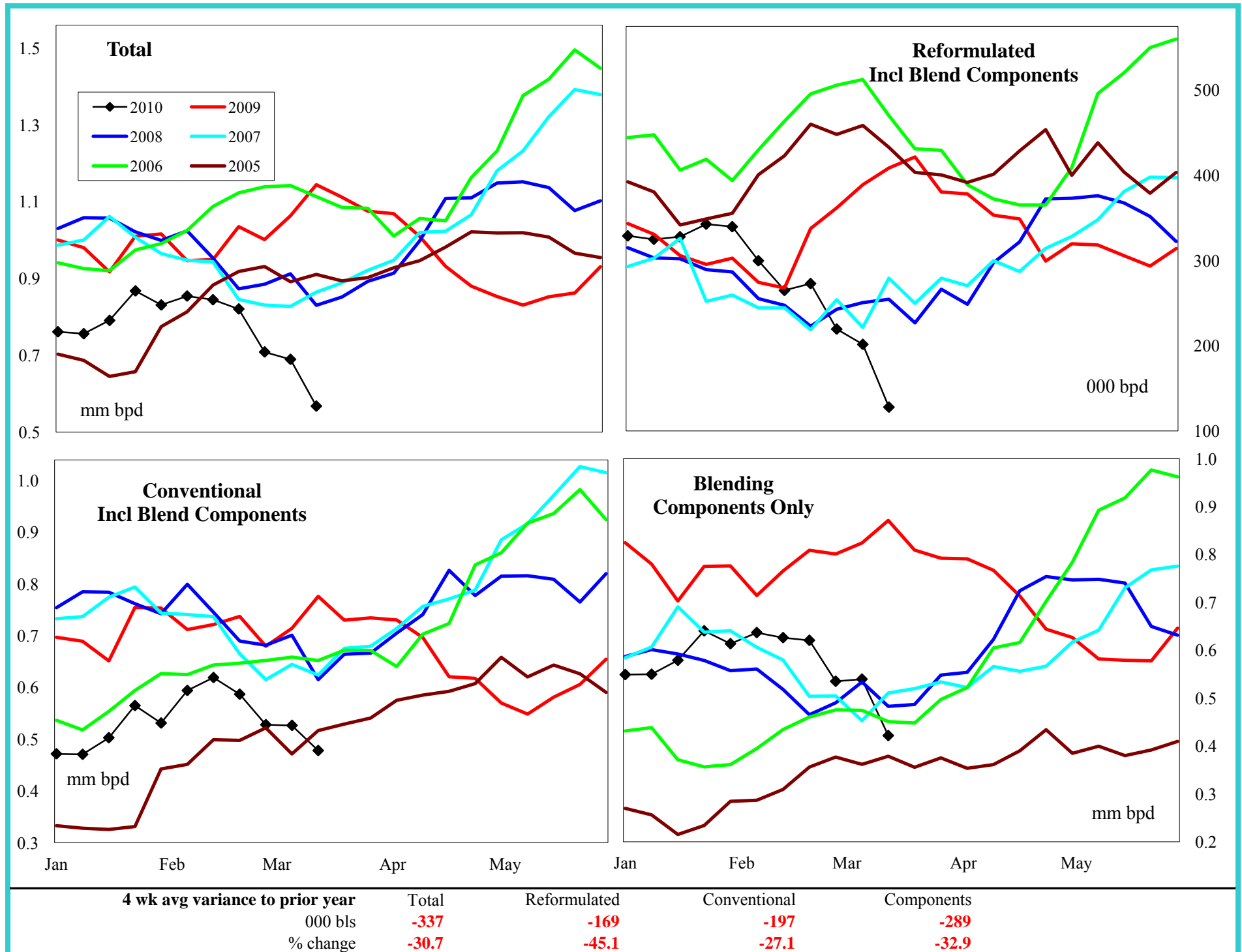
Stocks	Production	Imports	Prod + Imp - Stk chg
20,390	-62	-169	-107
29.3	-2.0	-45.1	-3.5



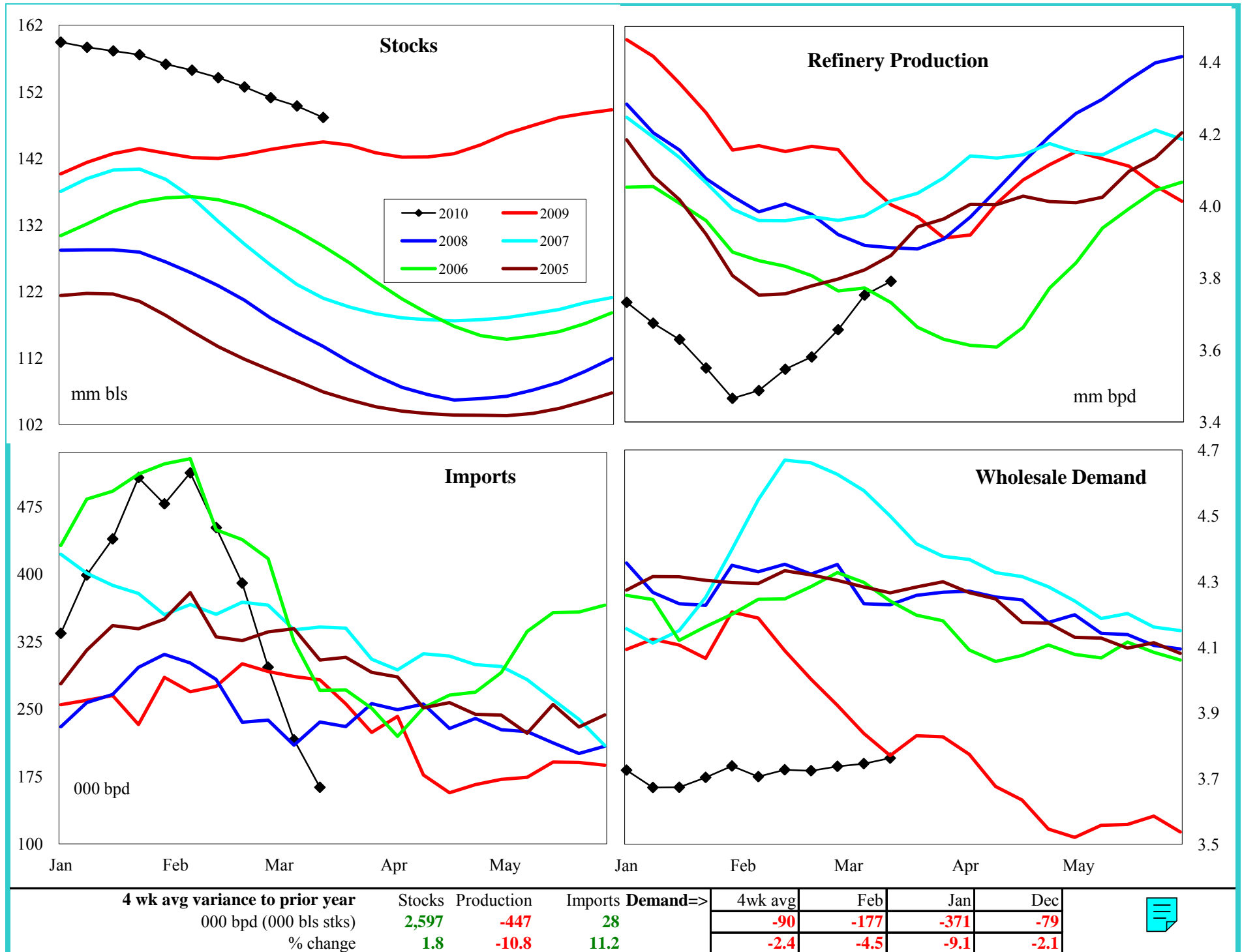
# United States Conventional Gasoline Supply



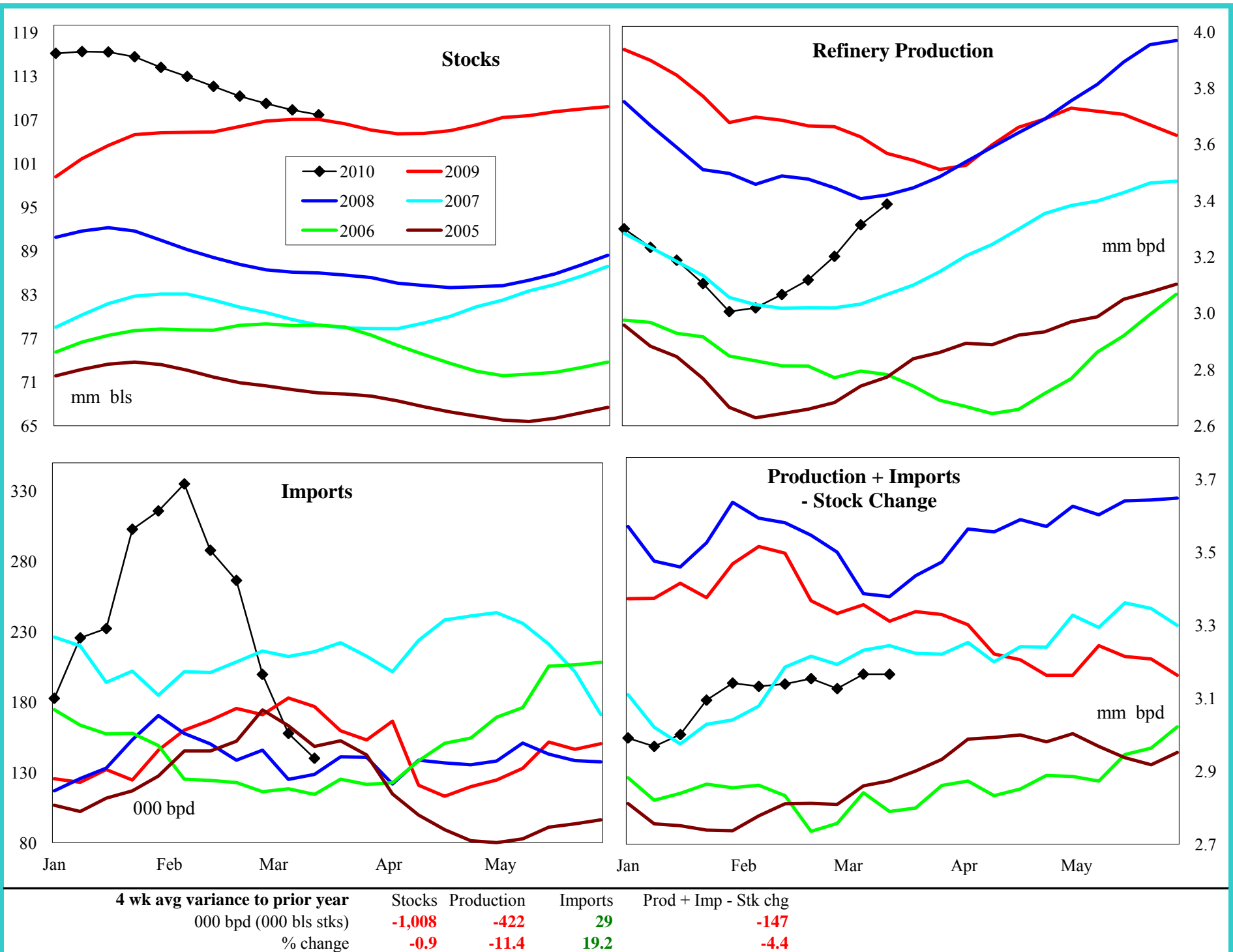
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

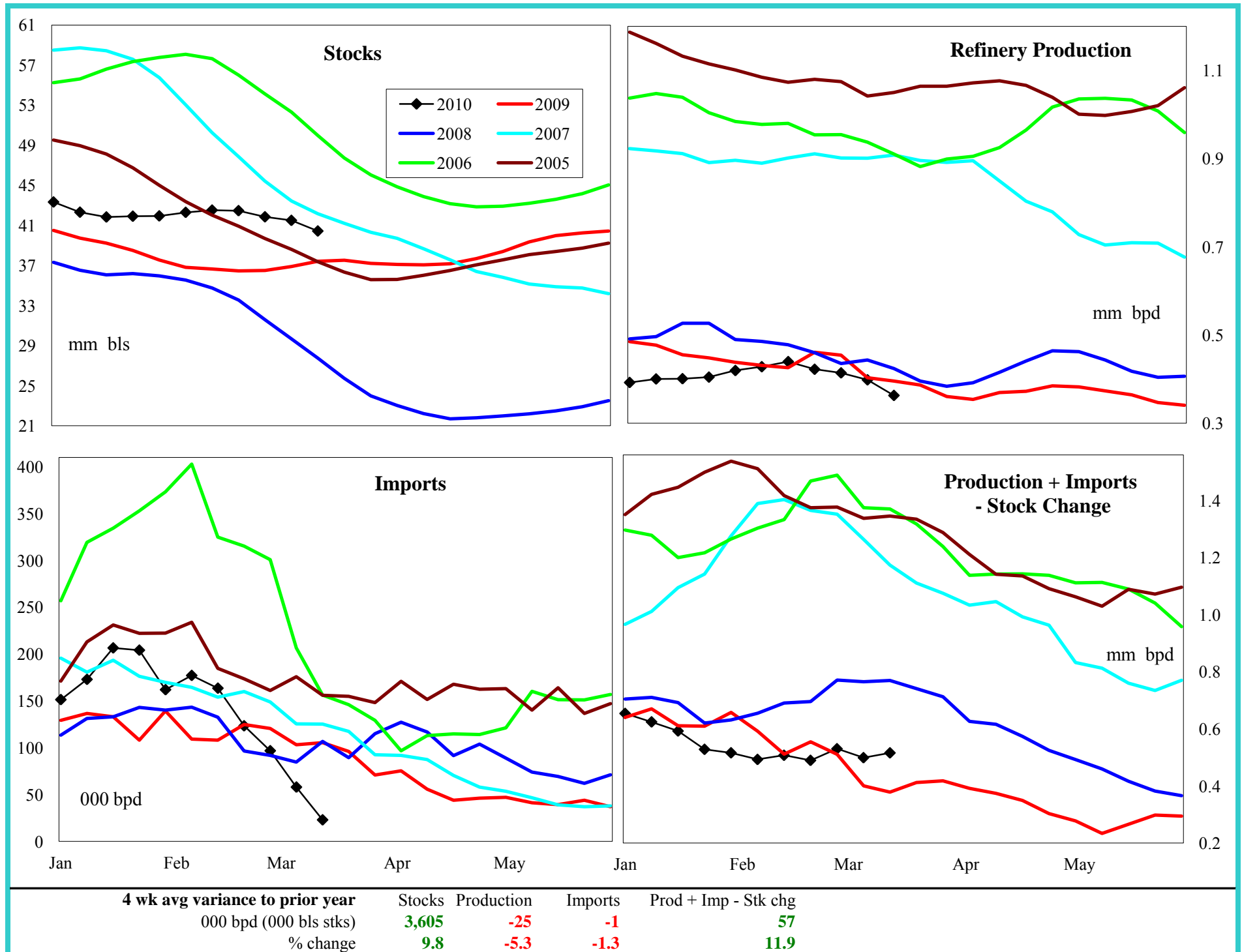


# United States Low Sulfur Distillate Supply

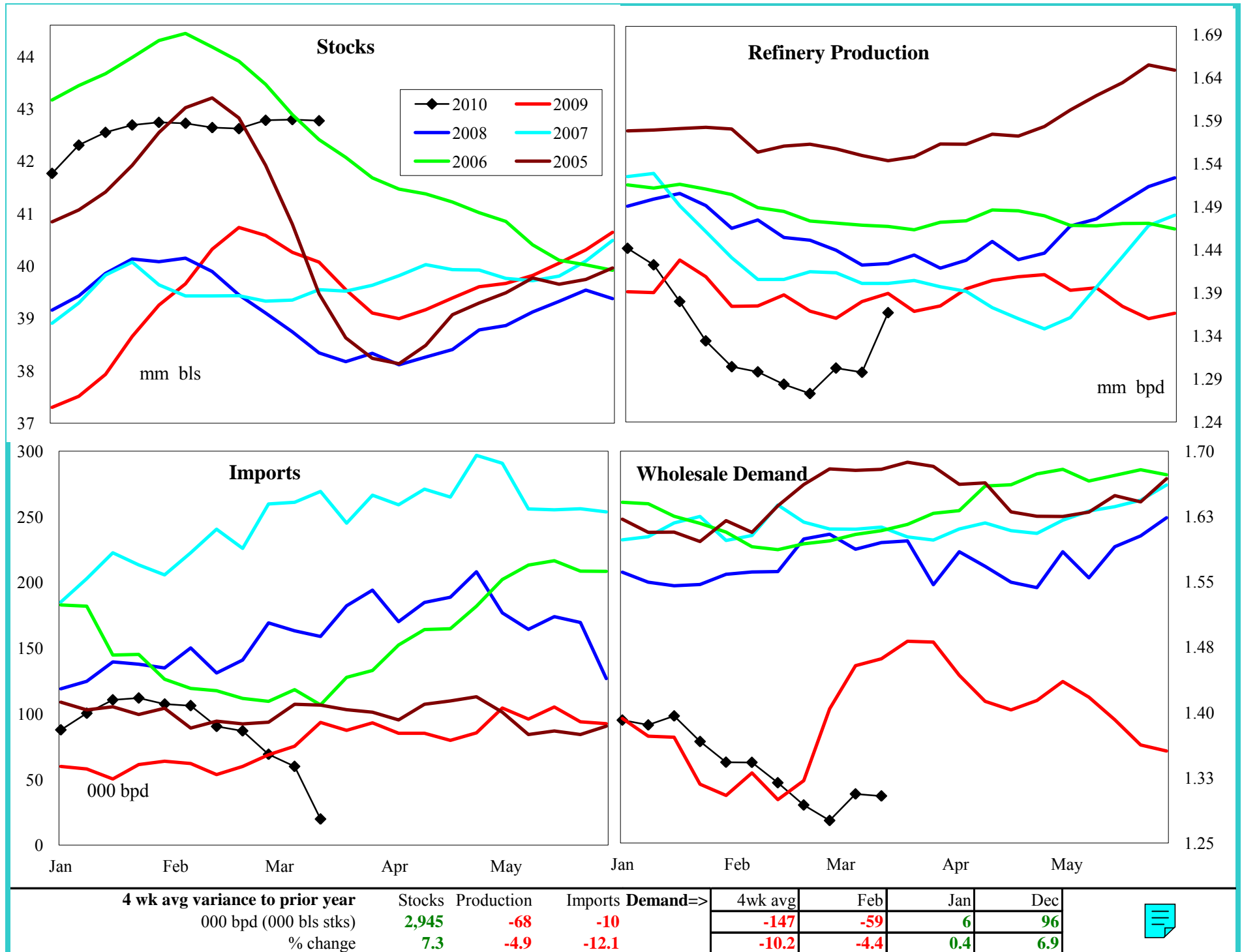




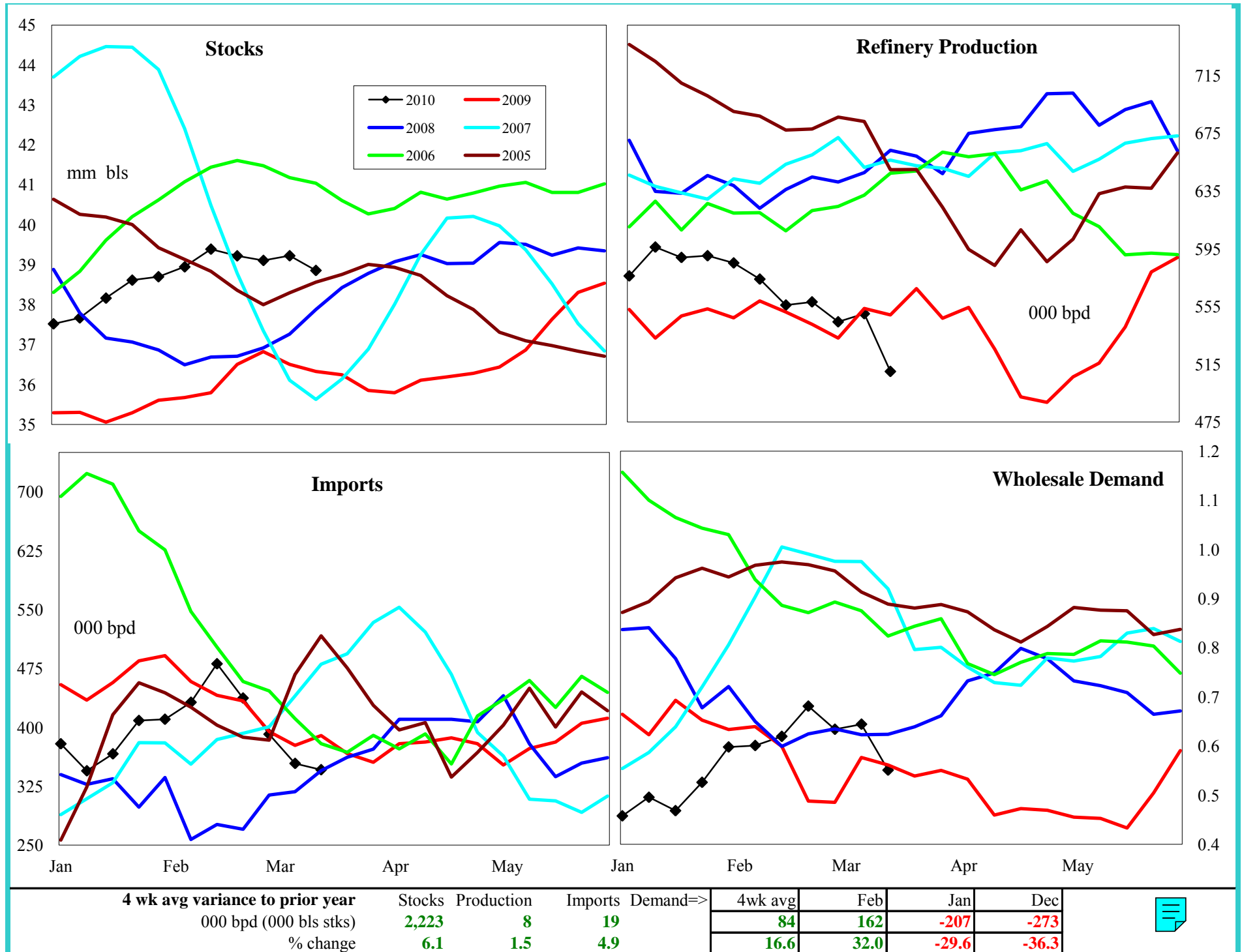
# United States High Sulfur Distillate Supply



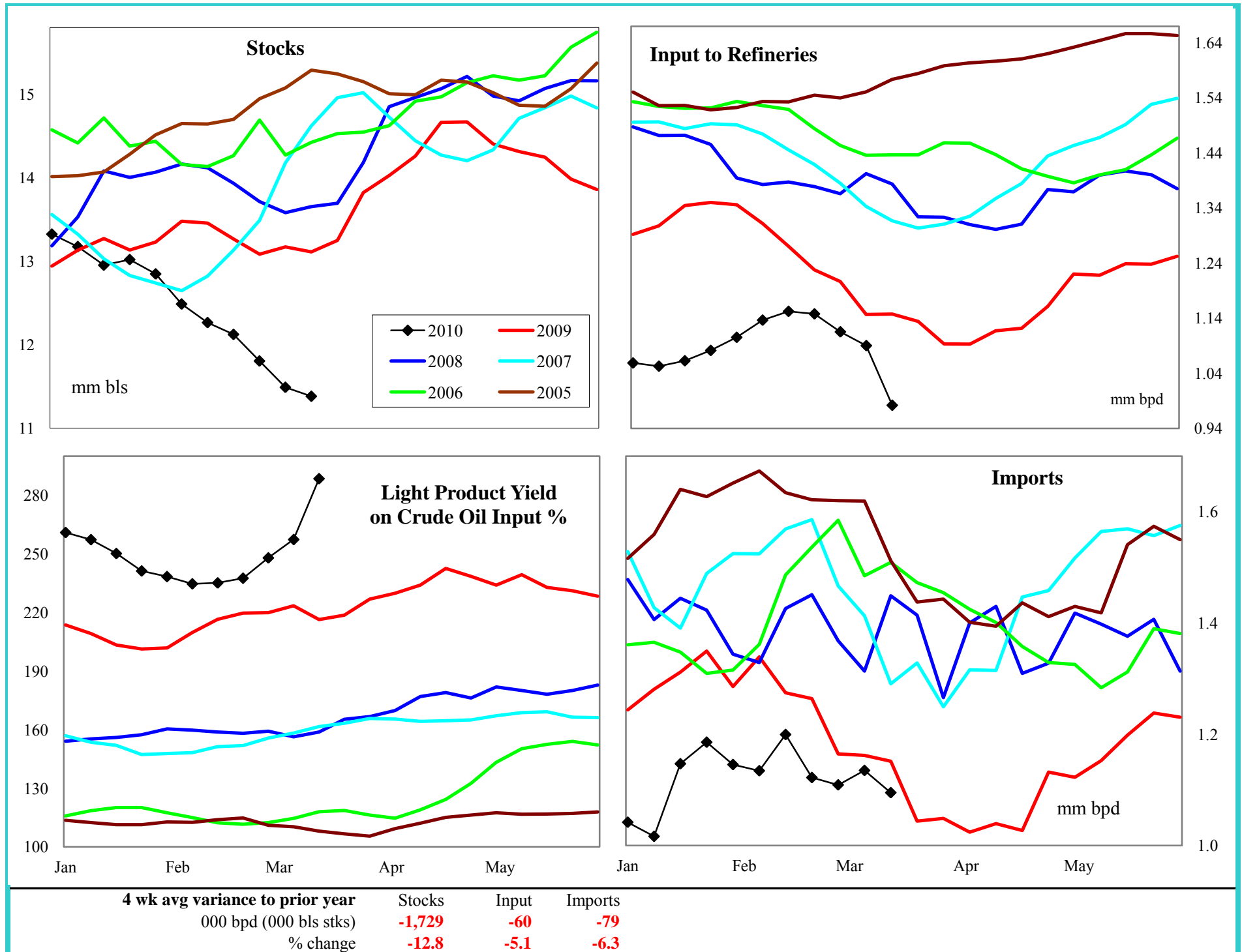
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

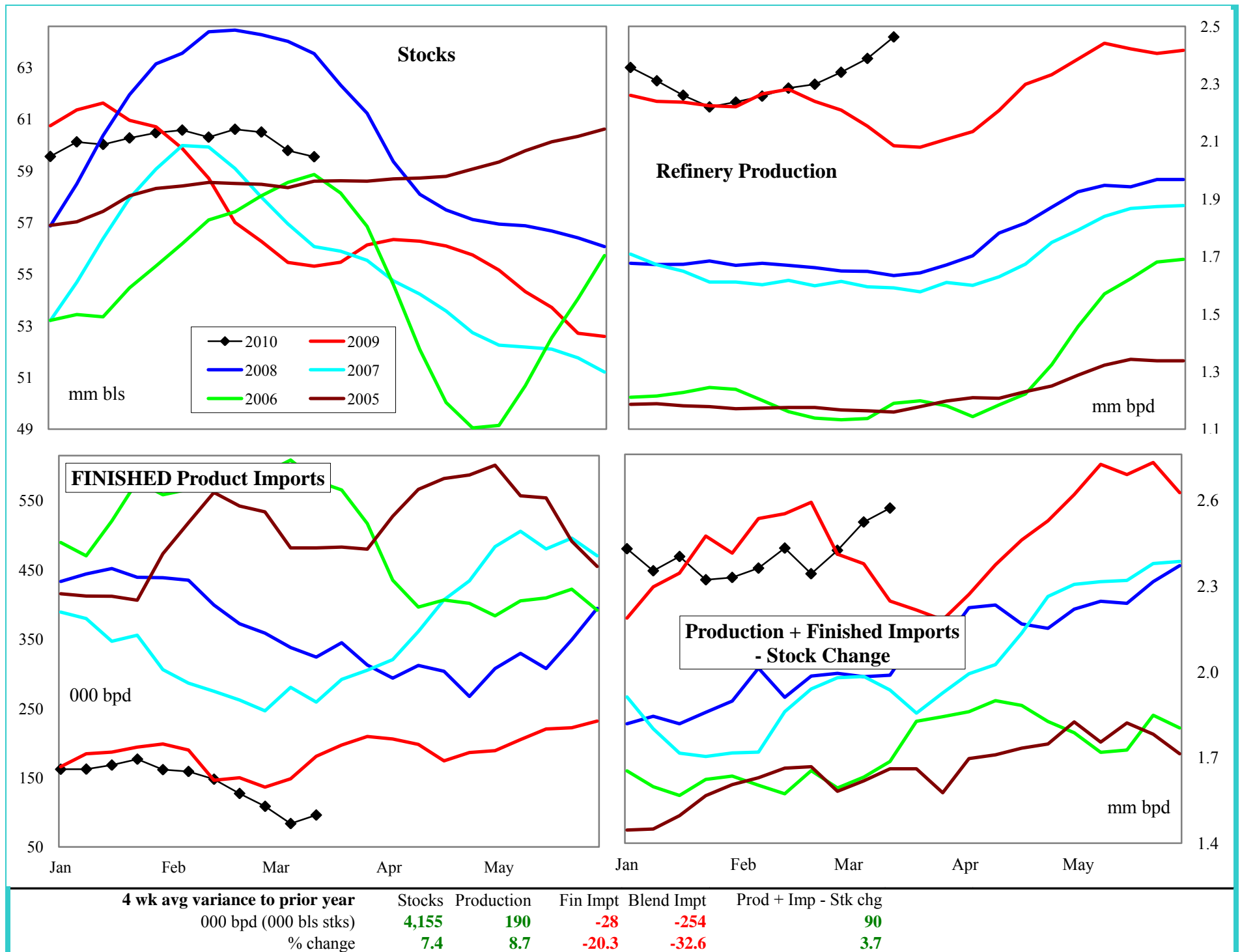


# PADD 1 Crude Oil Supply and Refining

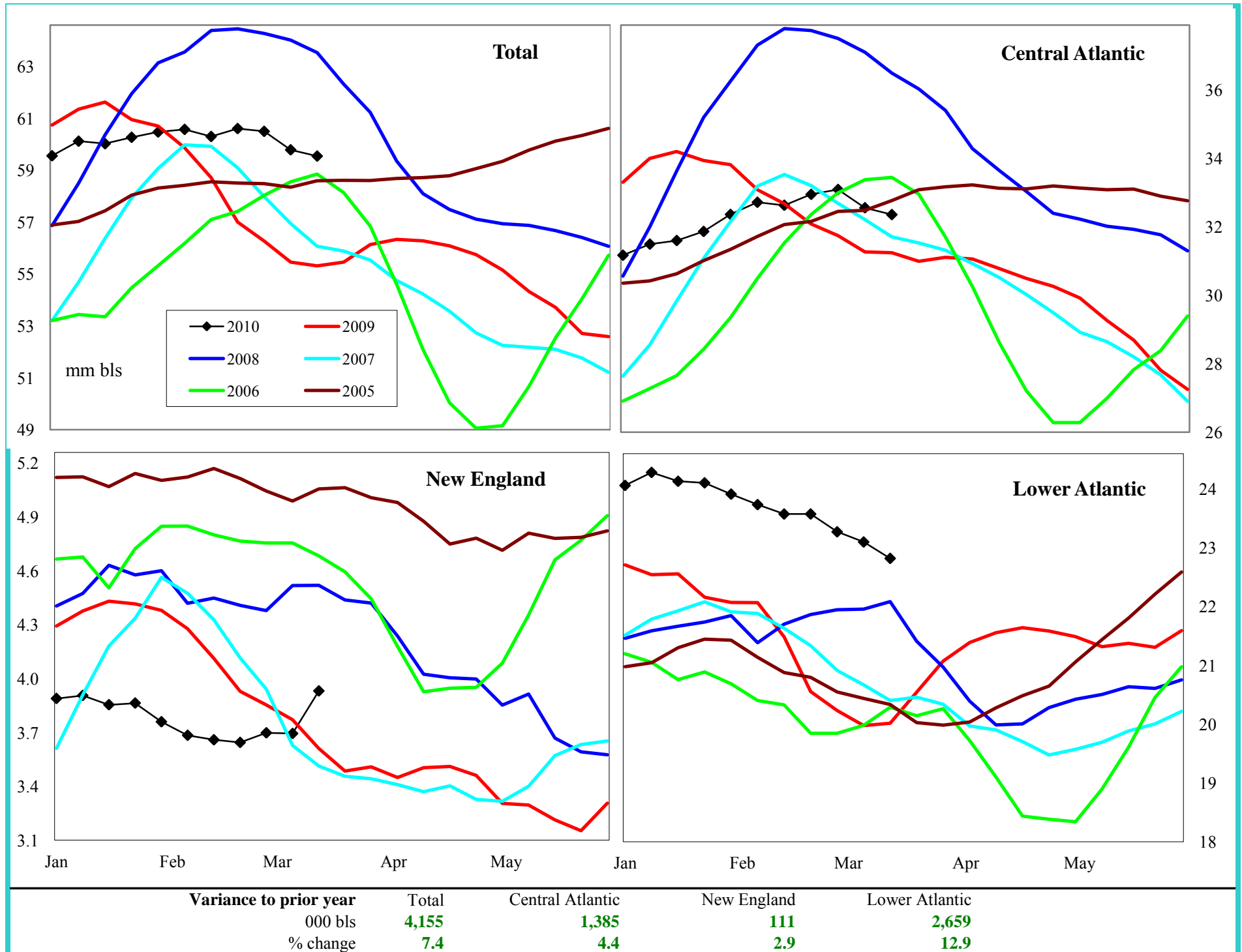




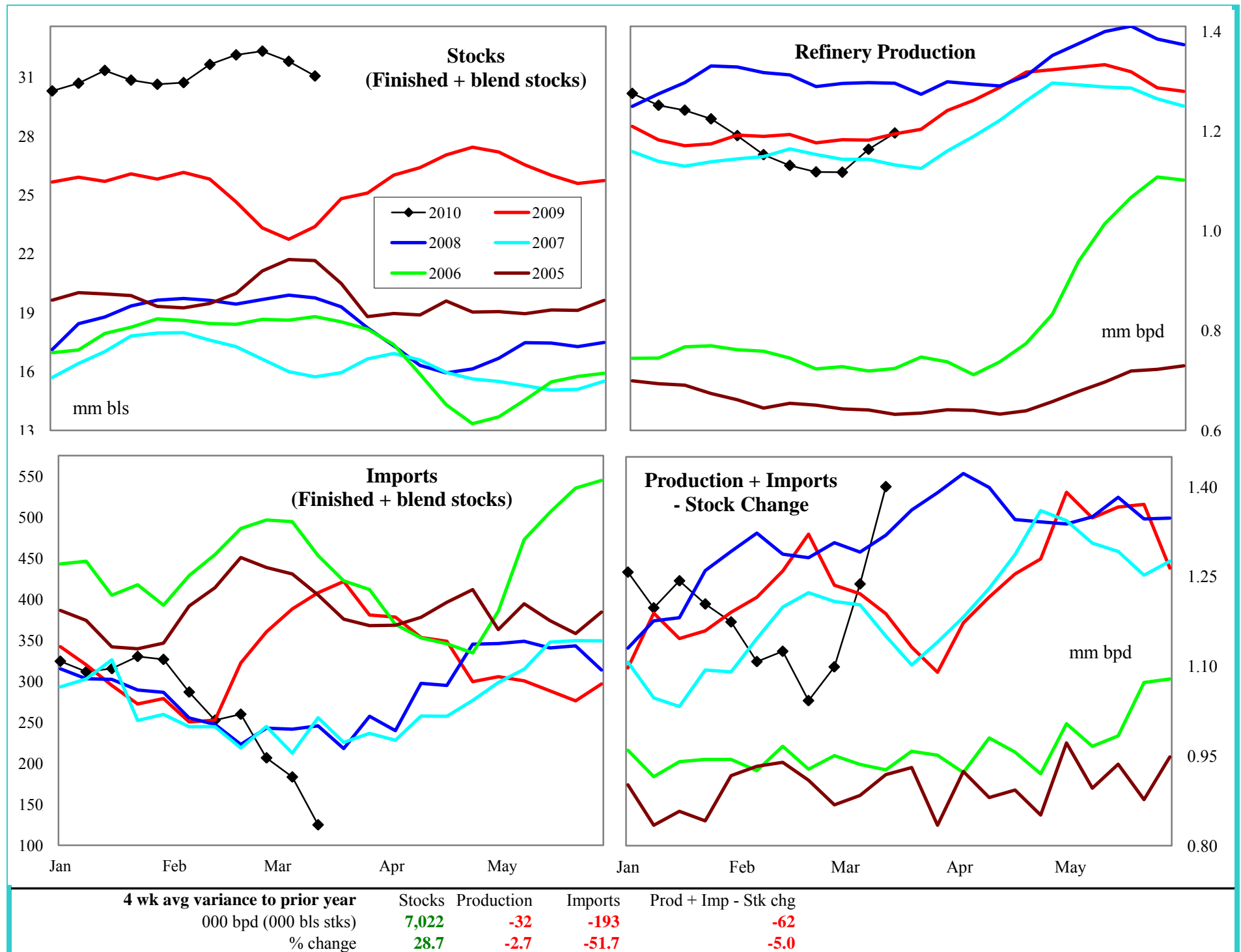
# PADD 1 Gasoline Supply



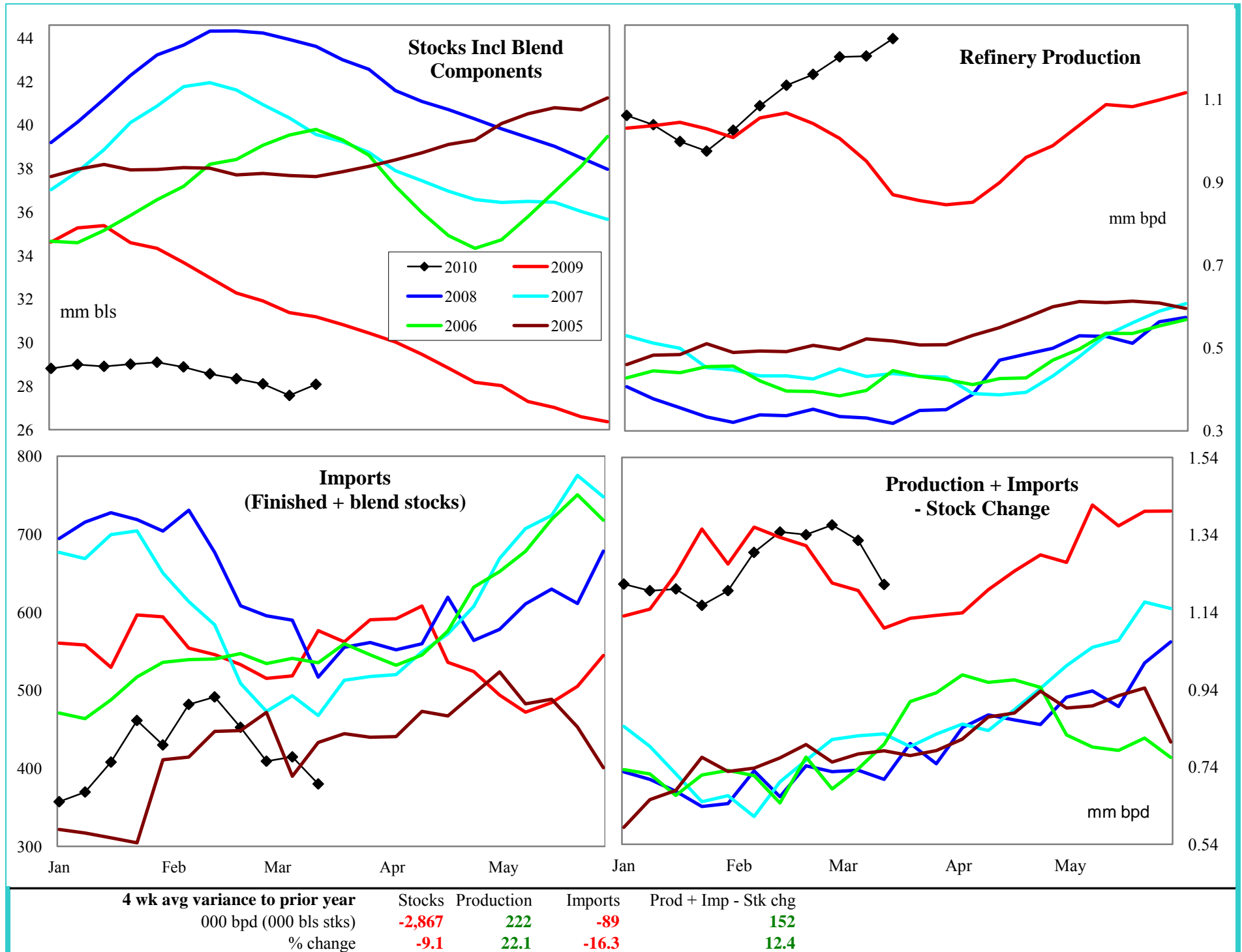
# PADD 1 Gasoline Stocks by Region



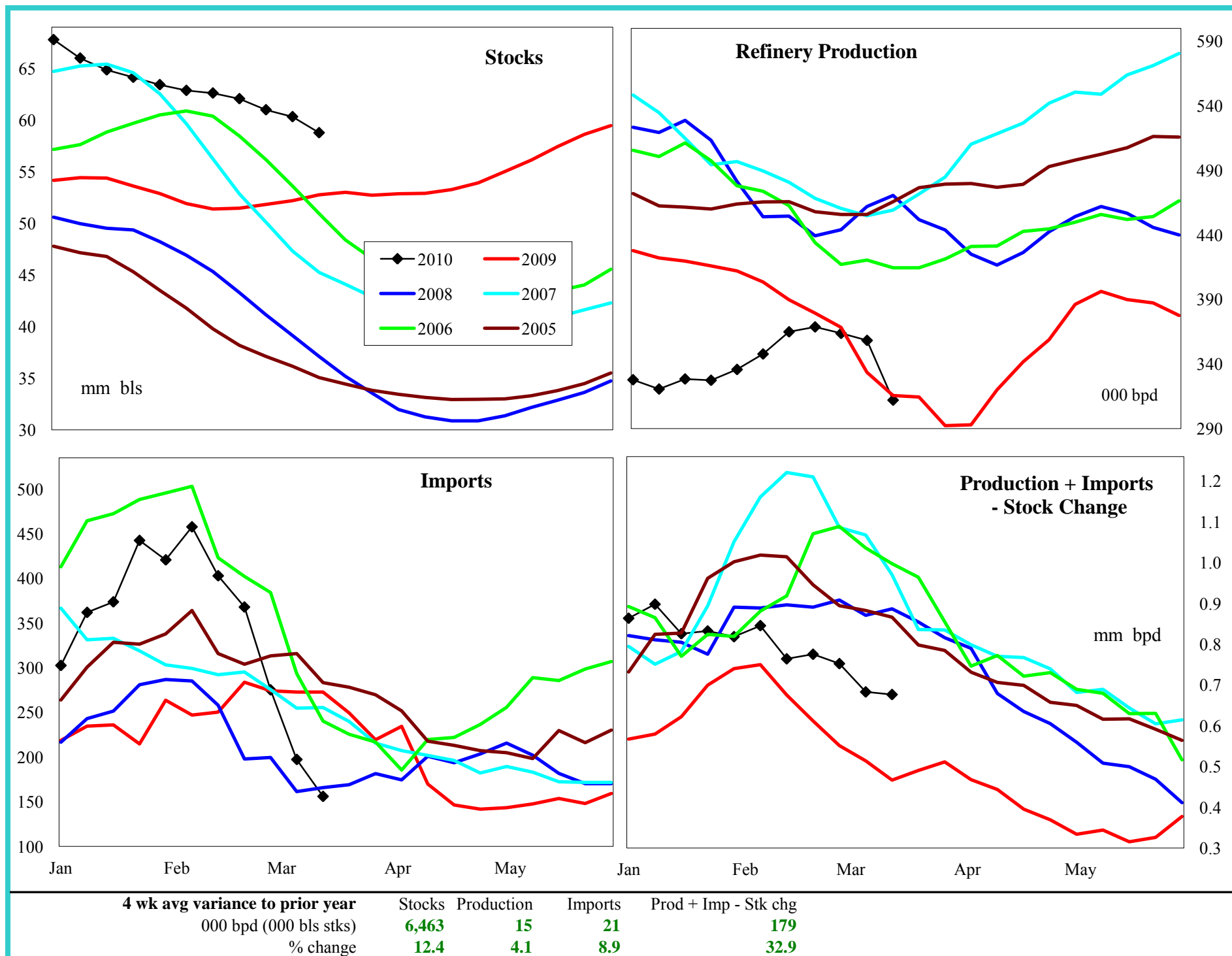
# PADD 1 Reformulated Gasoline Supply



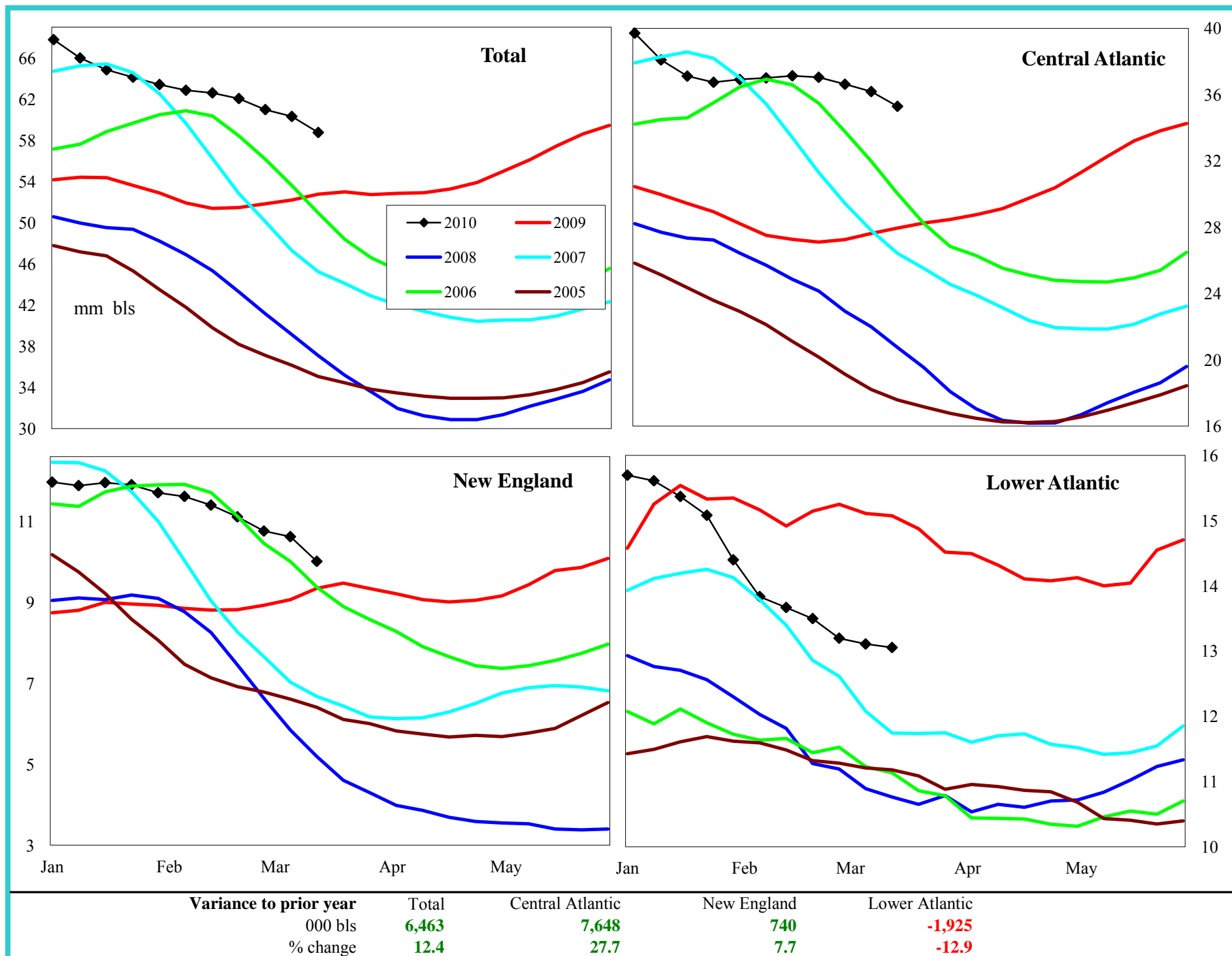
# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply

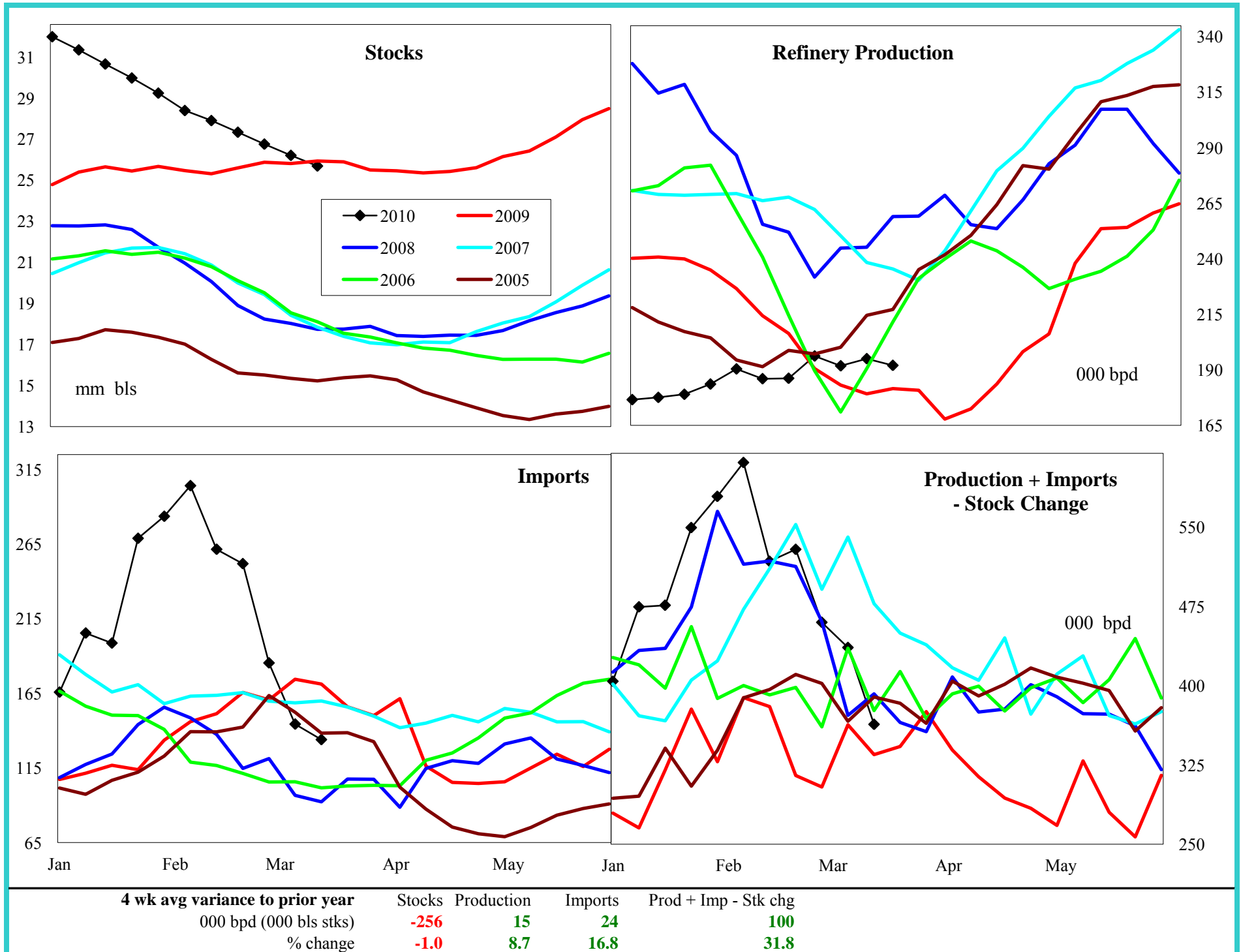


# PADD 1 Distillate Stocks by Region

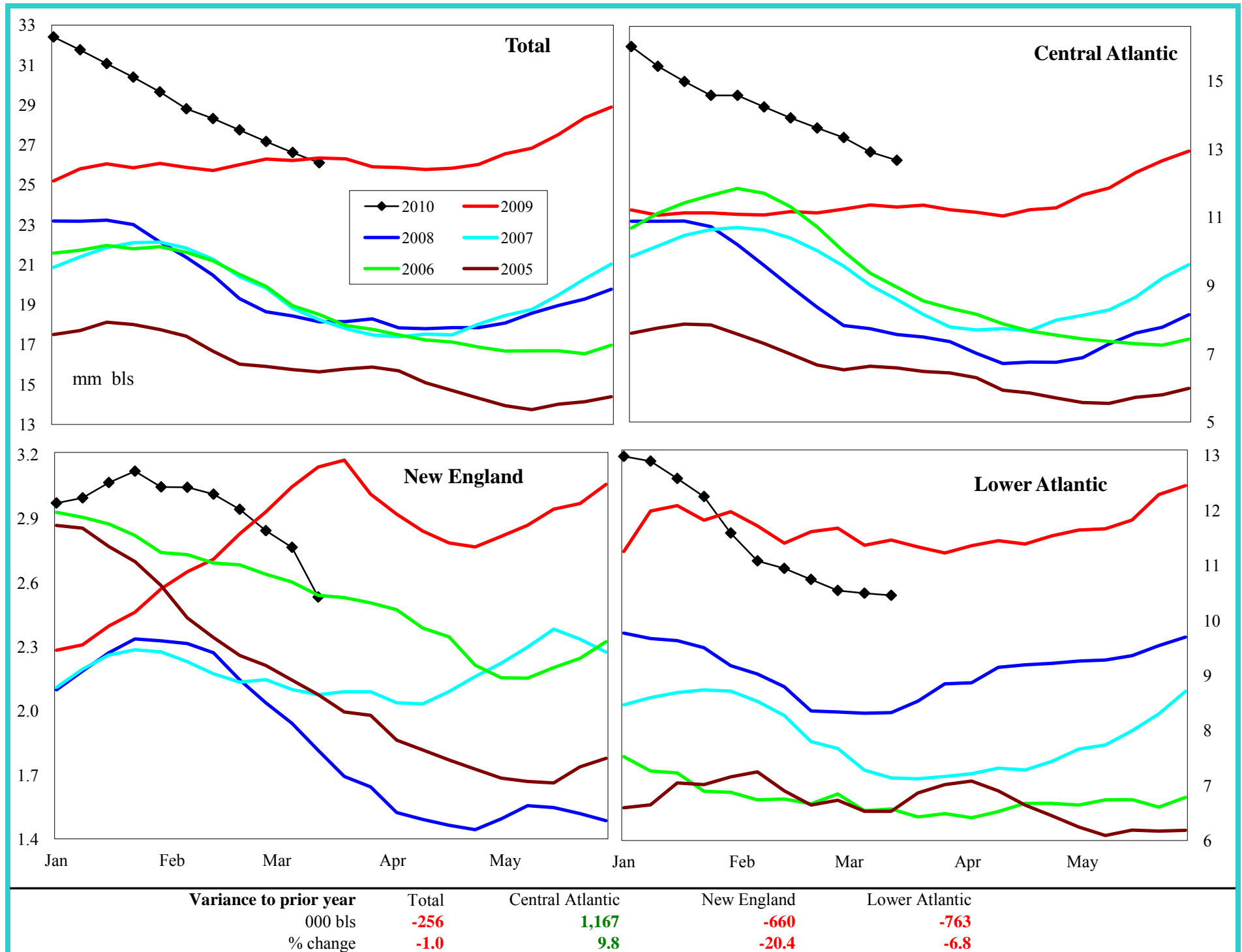




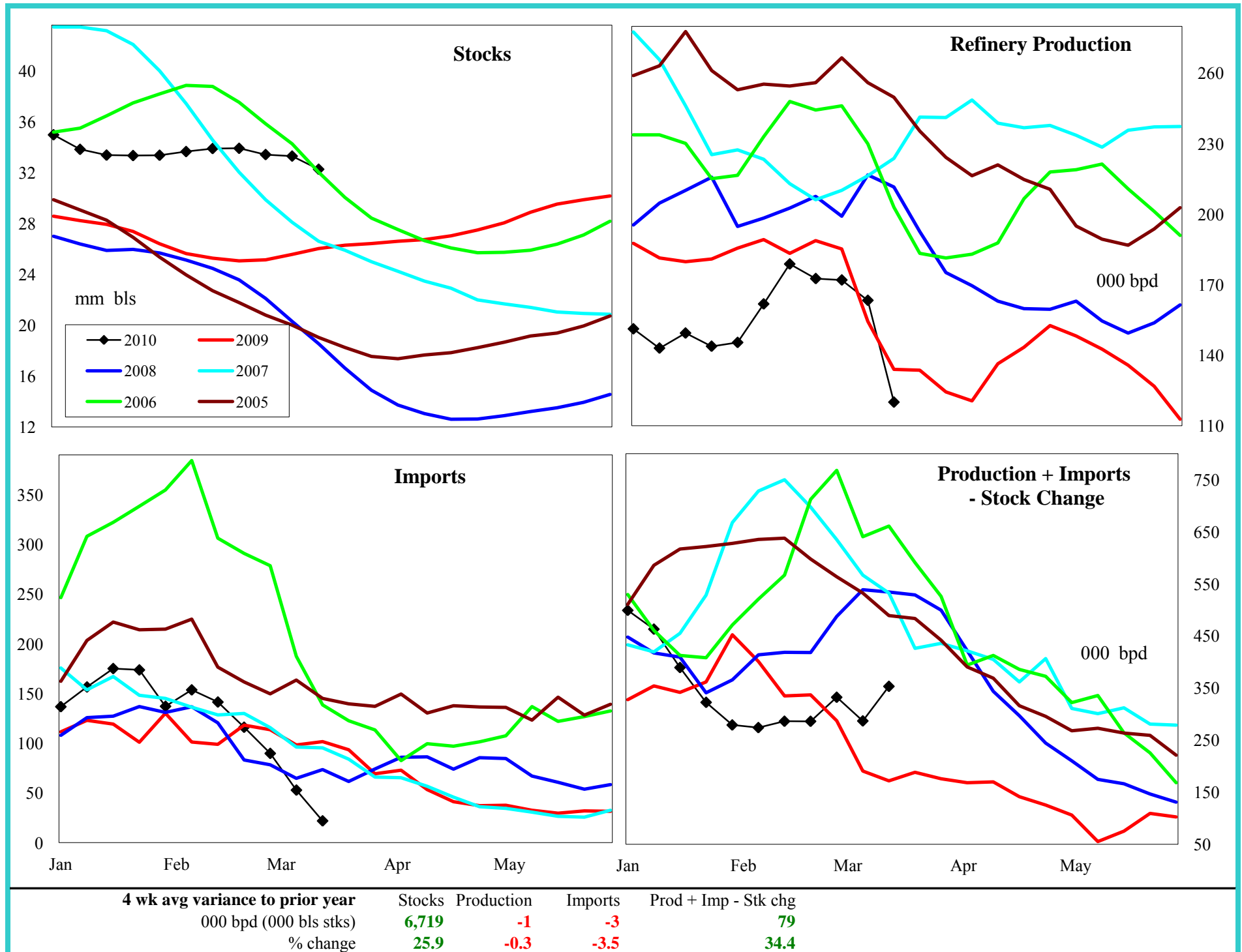
# PADD 1 Low Sulfur Distillate Supply



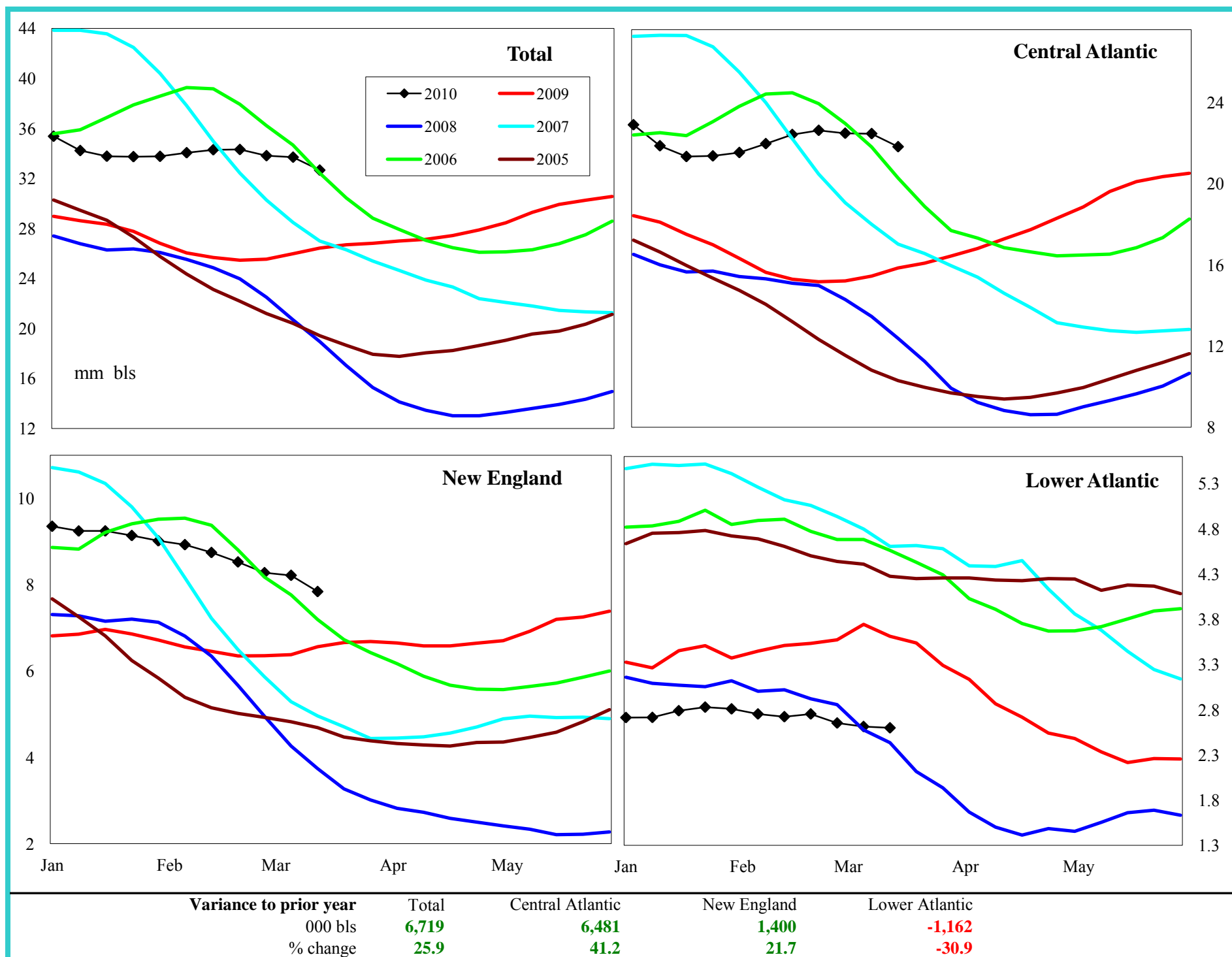
# PADD 1 Low Sulfur Distillate Stocks by Region



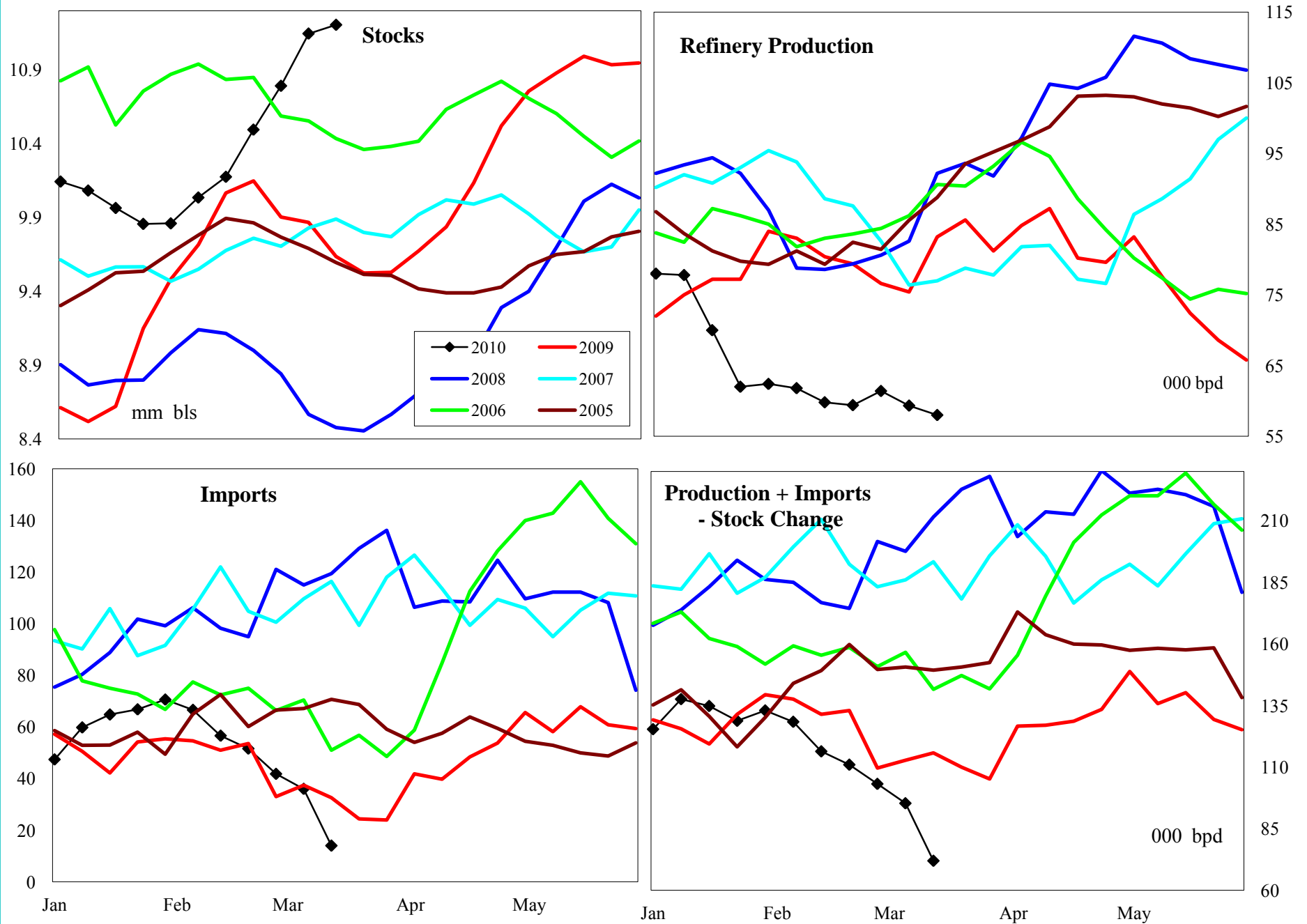
# PADD 1 High Sulfur Distillate Supply



## 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

1,569

16.3

Production

-19

-24.3

Imports

3

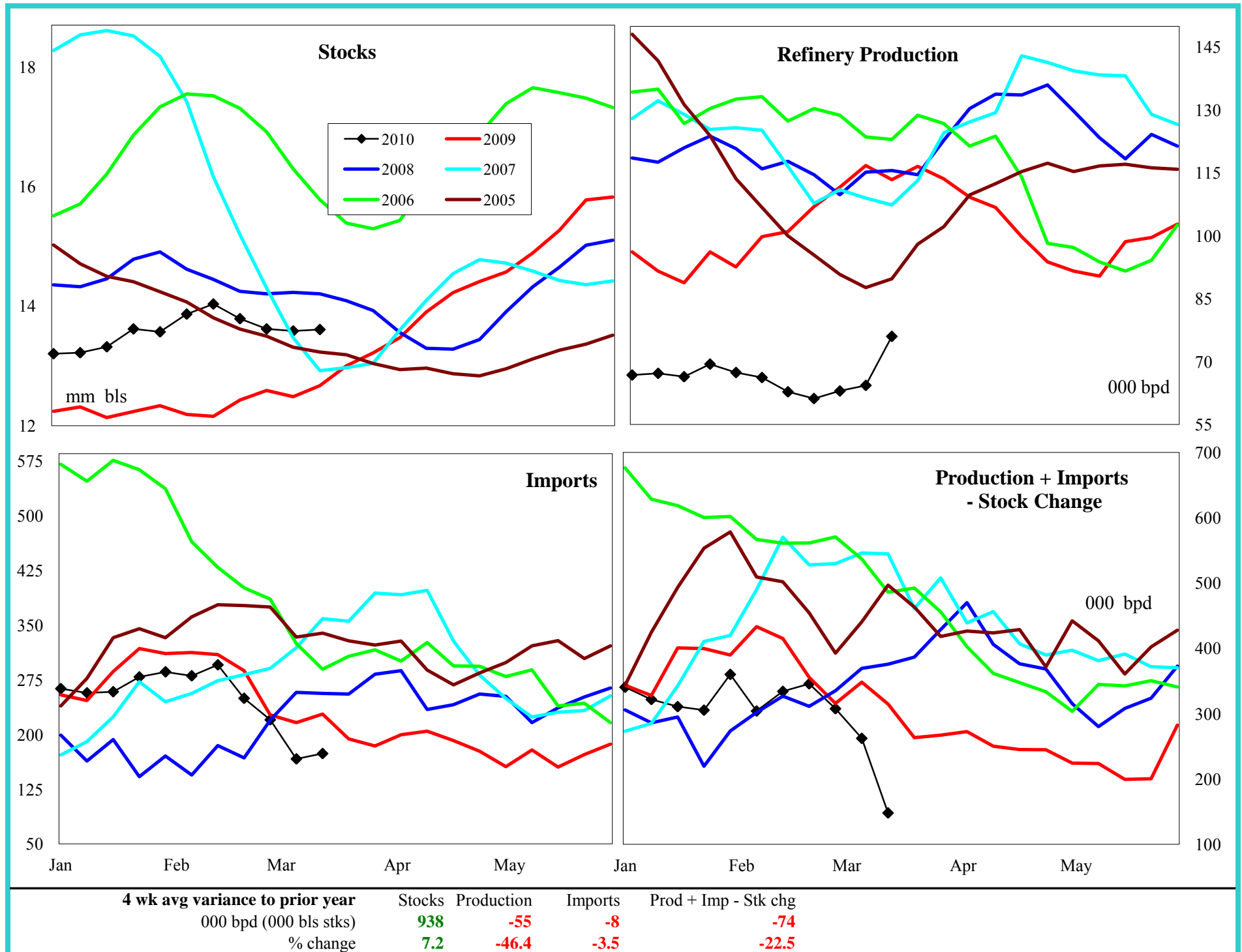
8.0

Prod + Imp - Stk chg

-12

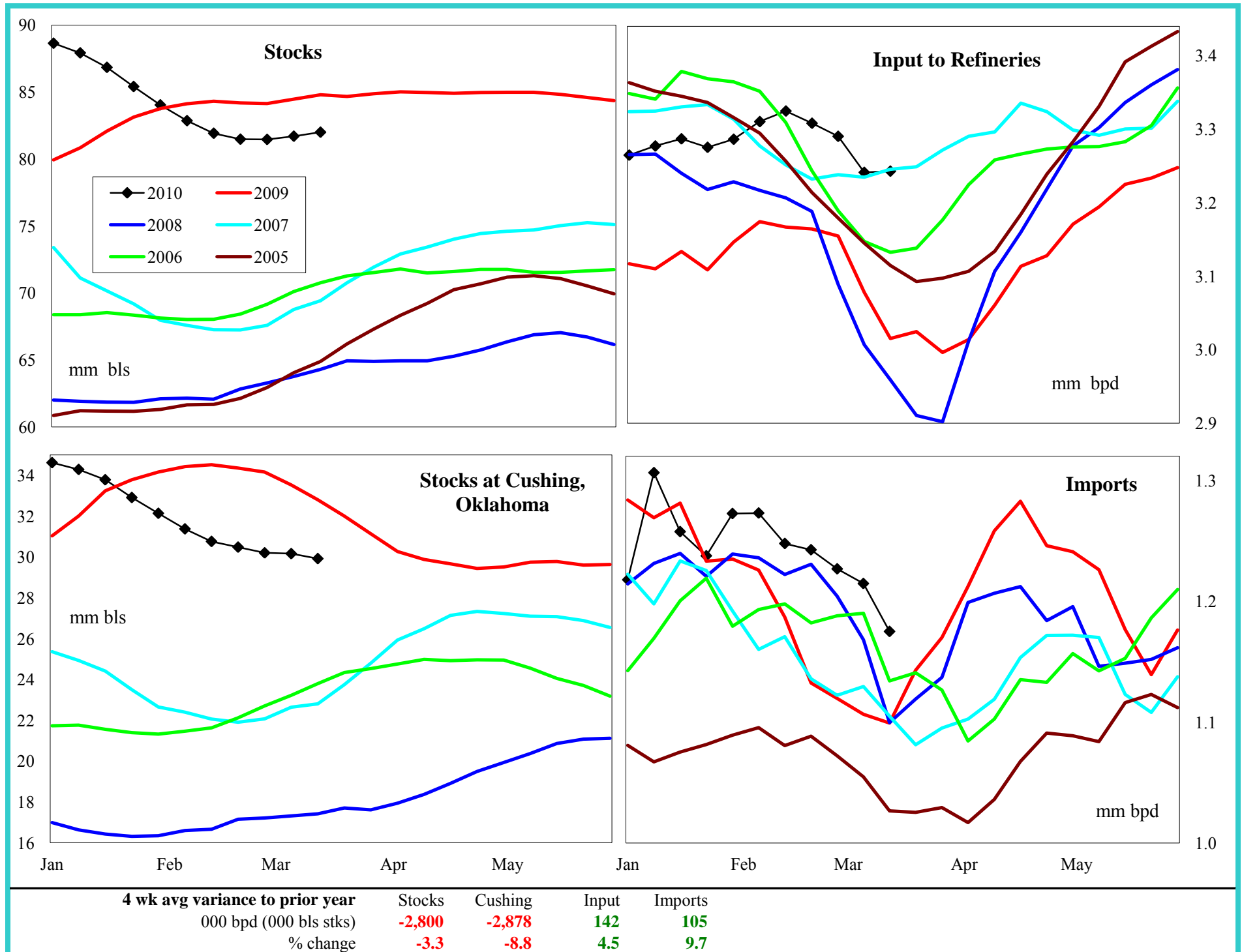
-10.6

# PADD 1 Residual Fuel Oil Supply

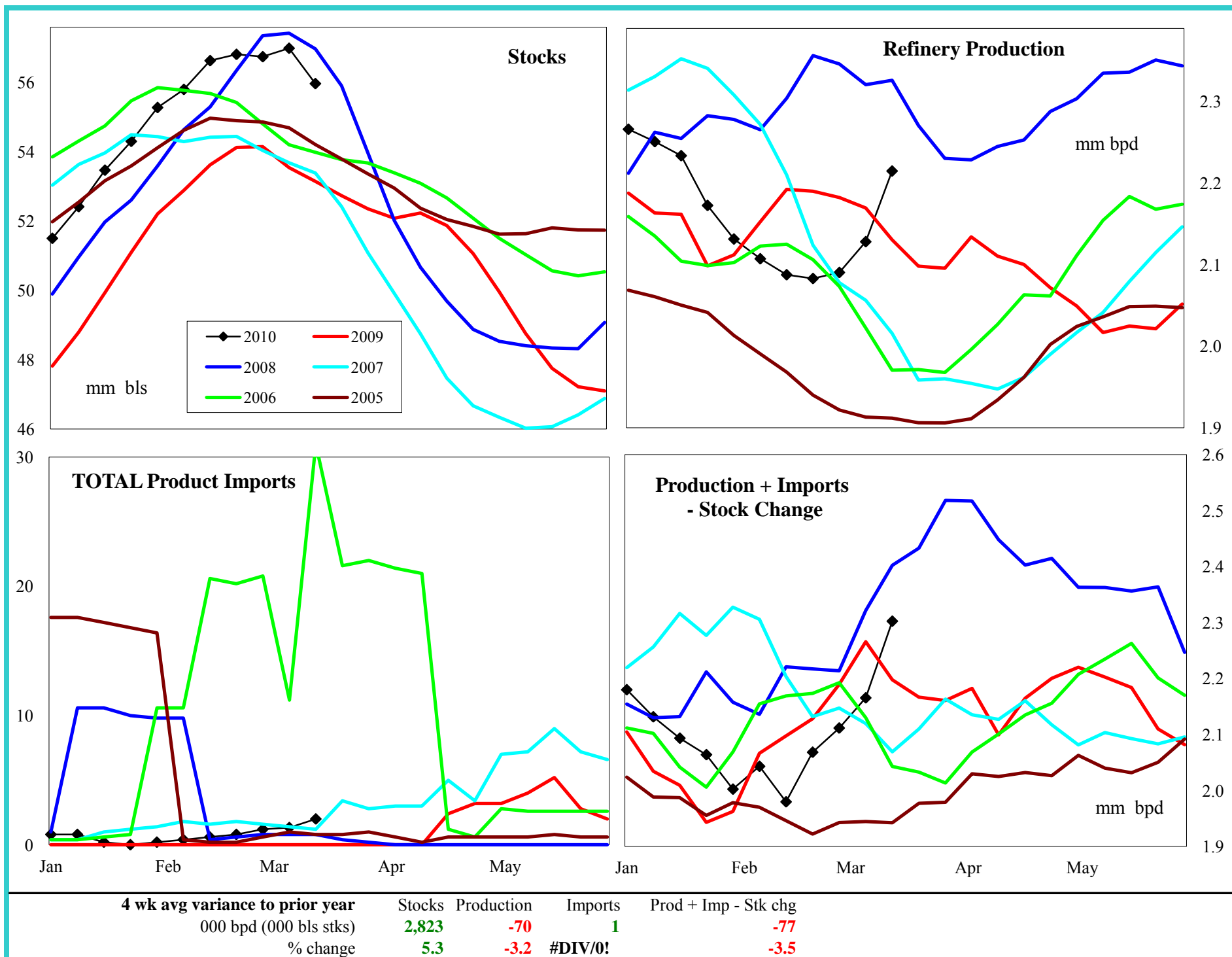




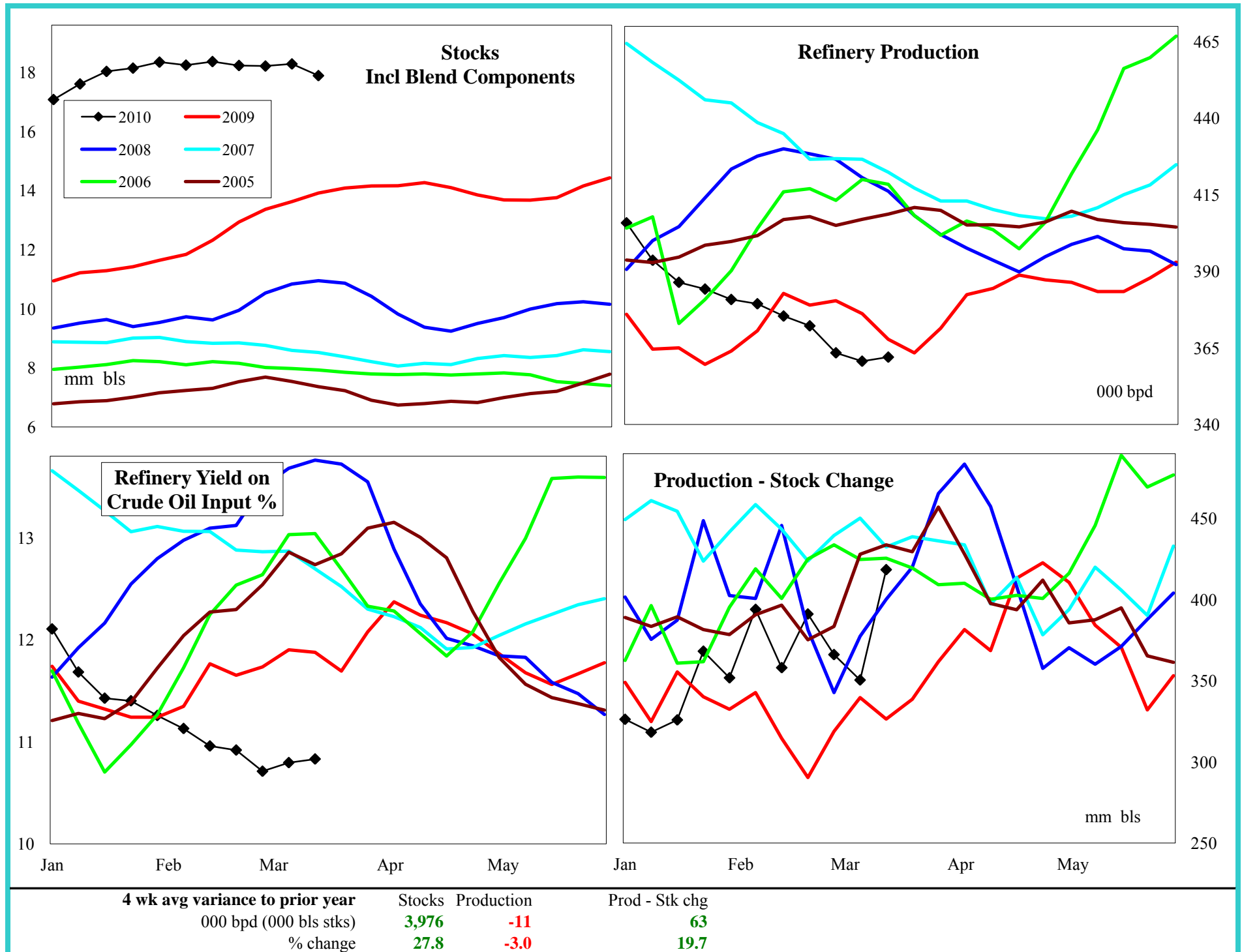
# PADD 2 Crude Oil Supply and Refining



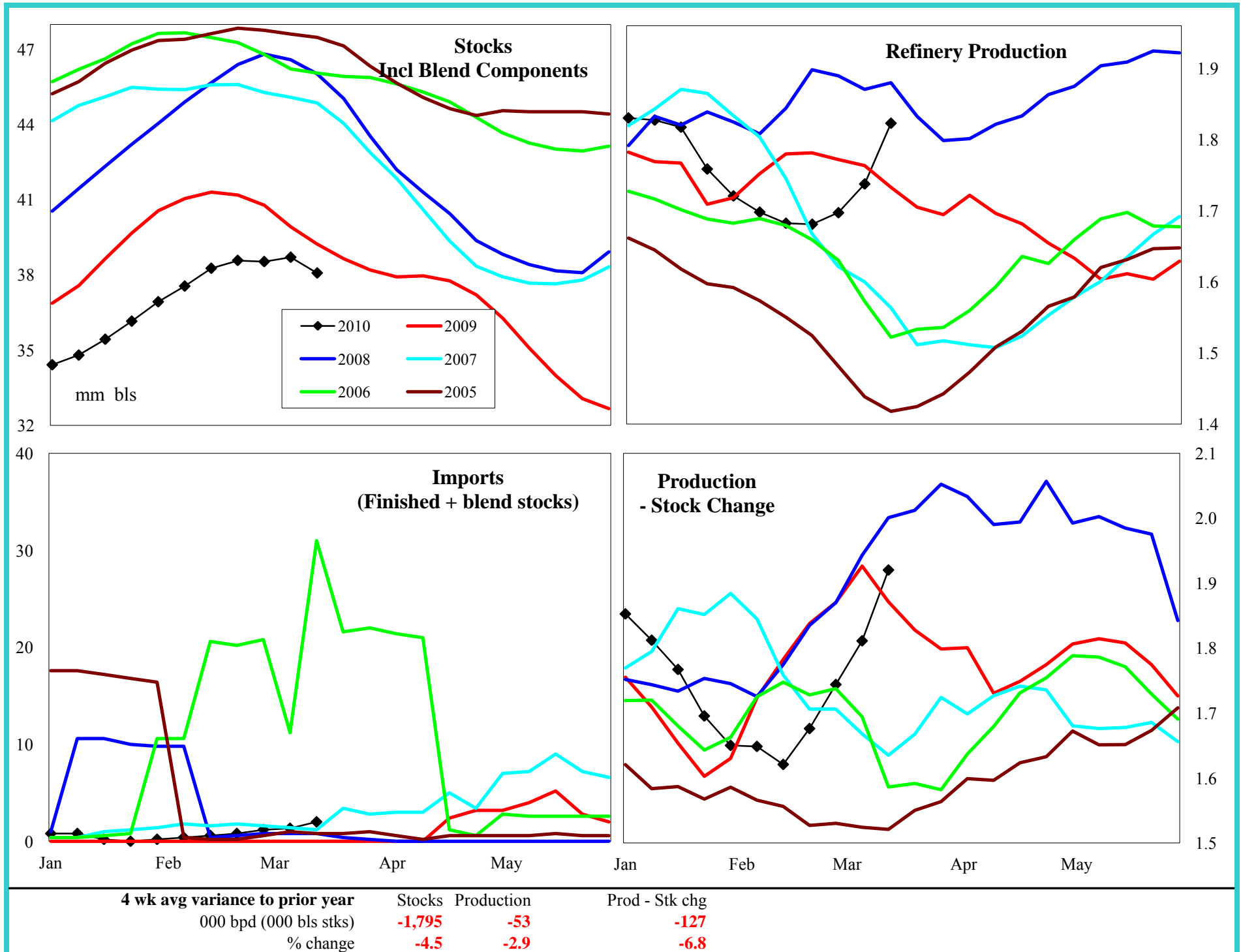
# PADD 2 Gasoline Supply



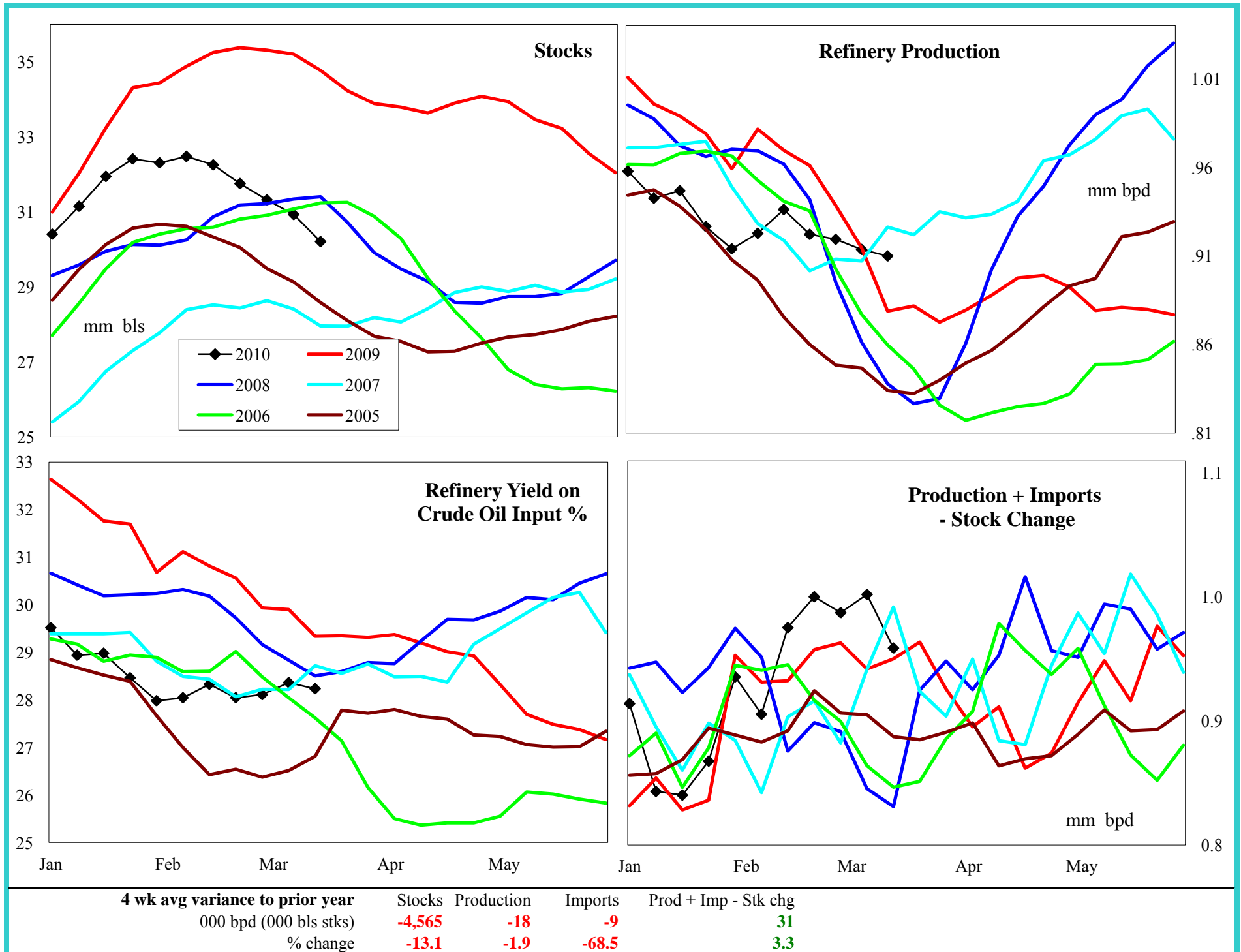
# PADD 2 Reformulated Gasoline Supply



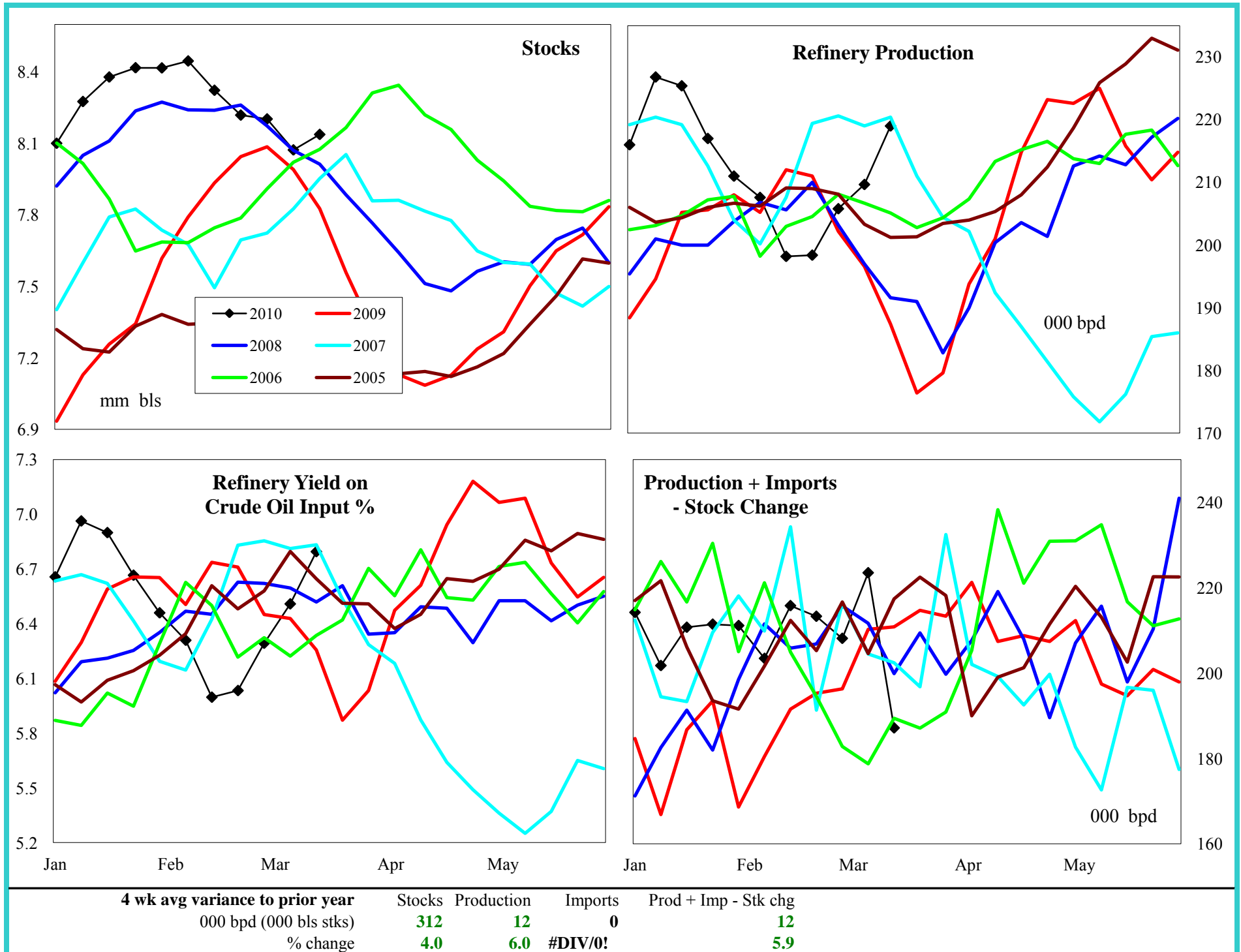
# PADD 2 Conventional Gasoline Supply



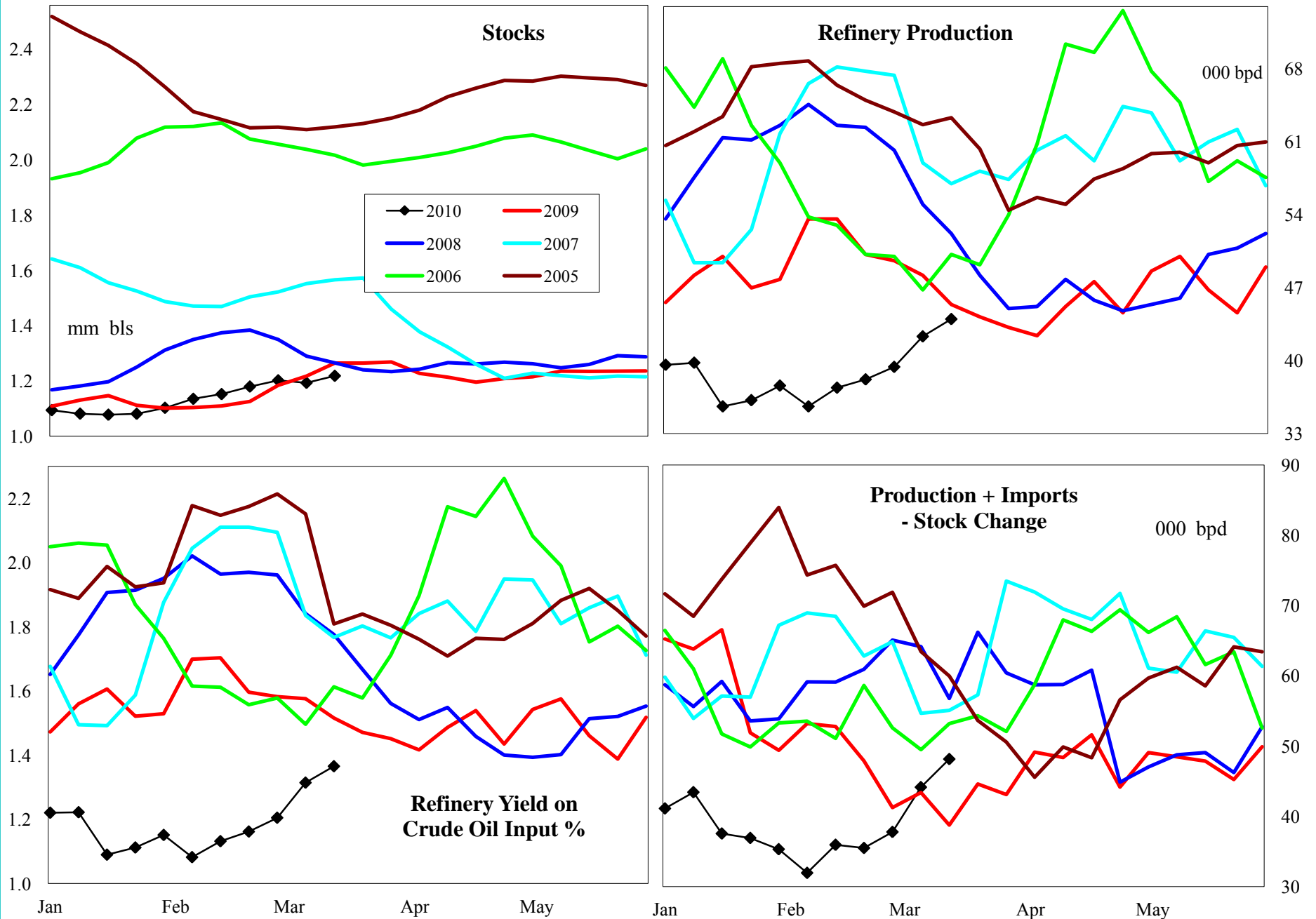
# PADD 2 Distillate Supply



# PADD 2 Jet Fuel Supply



# PADD 2 Residual Fuel Oil Supply

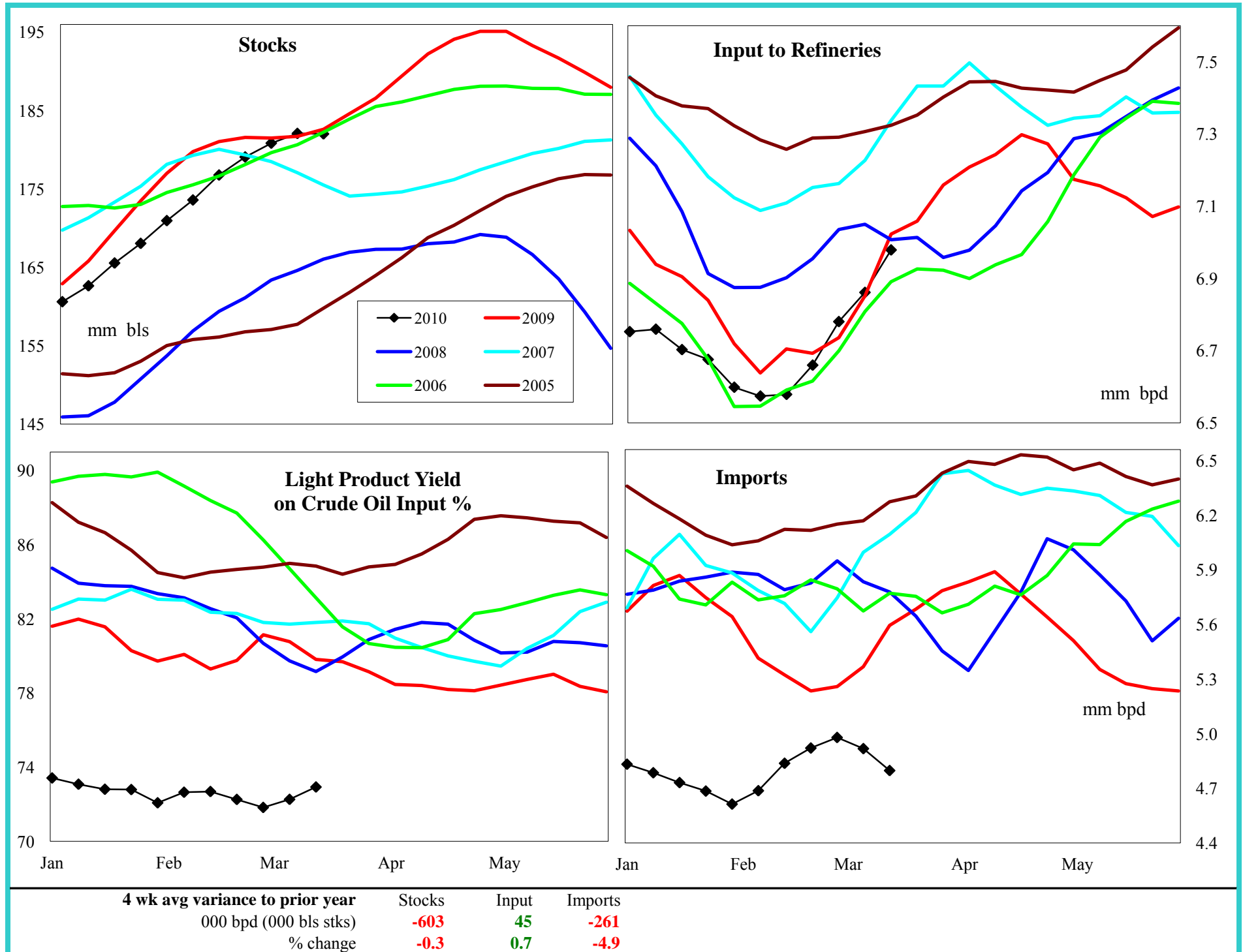


**4 wk avg variance to prior year**  
 000 bpd (000 bbls stks)  
 % change

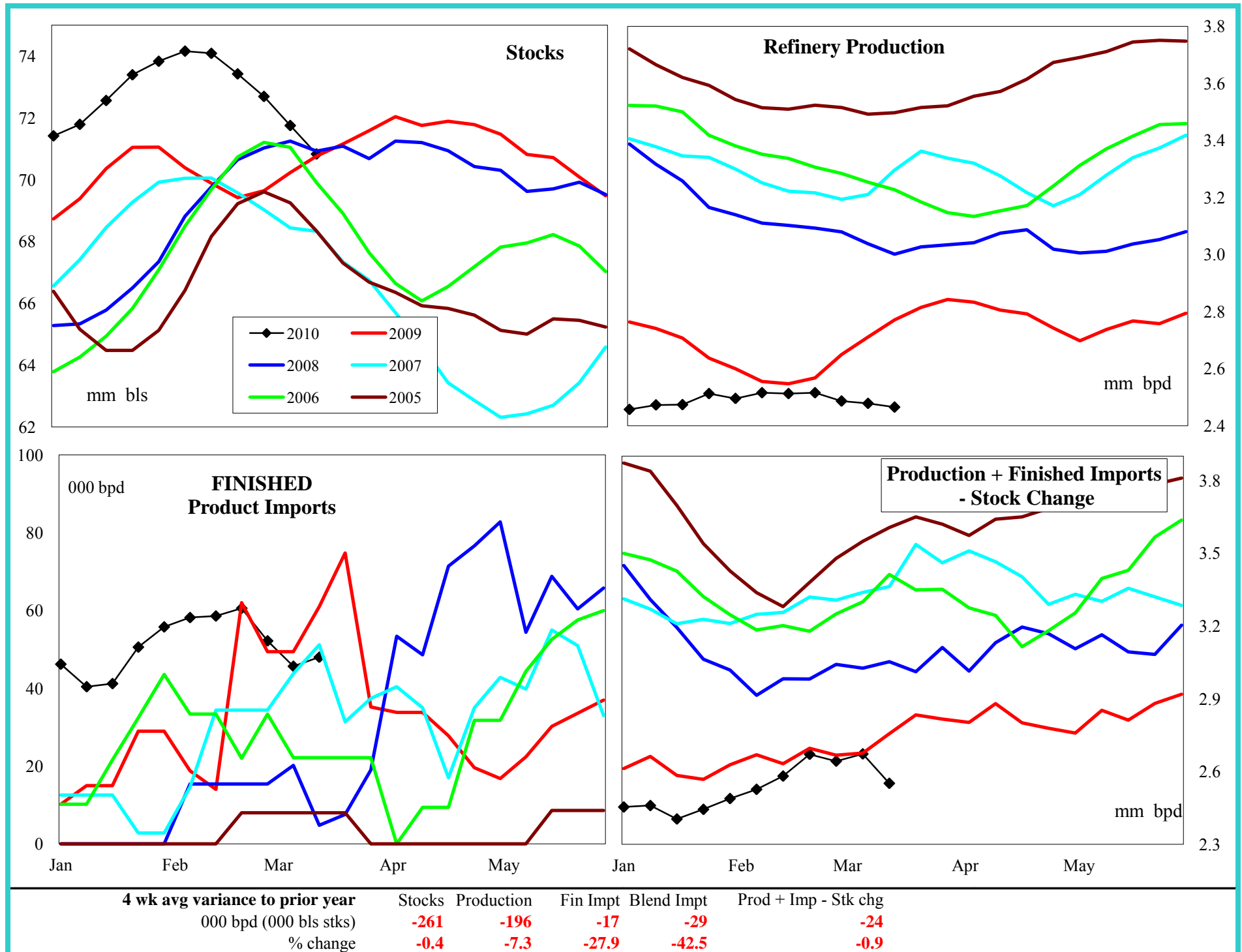
Stocks	Production	Imports	Prod + Imp - Stk chg
-46	-10	2	-1
-3.5	-20.3	#DIV/0!	-1.6



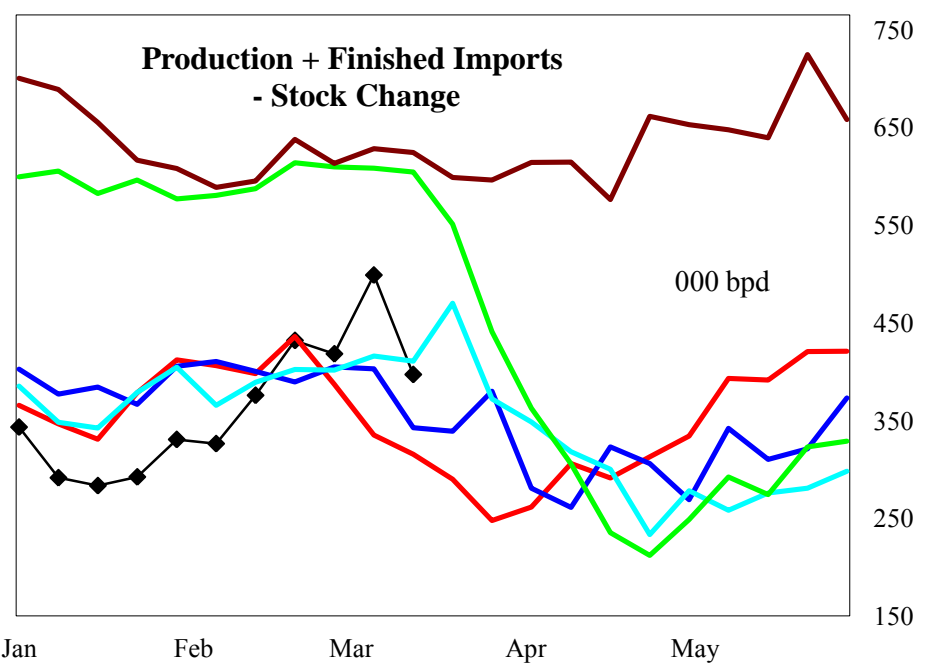
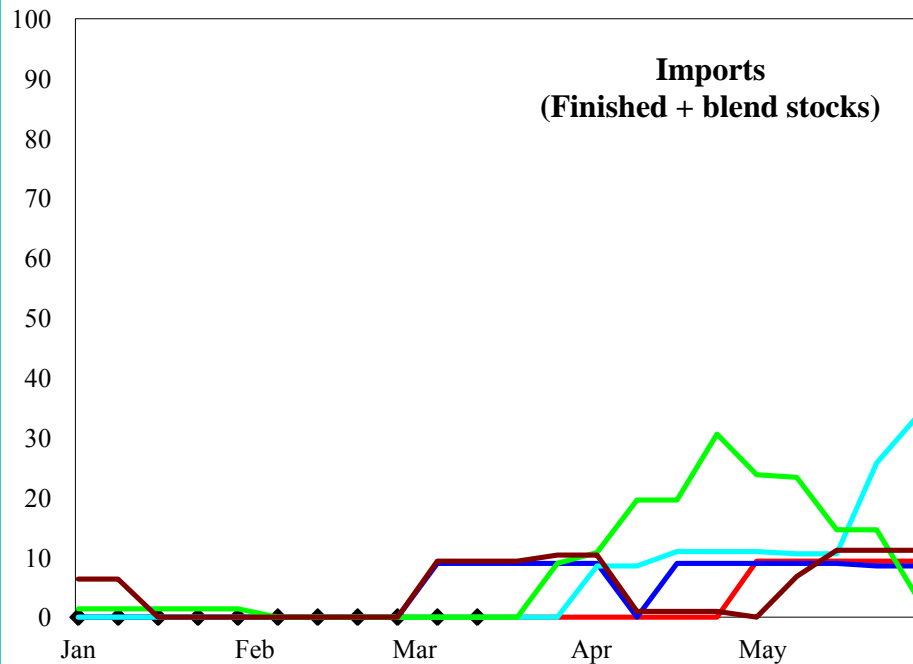
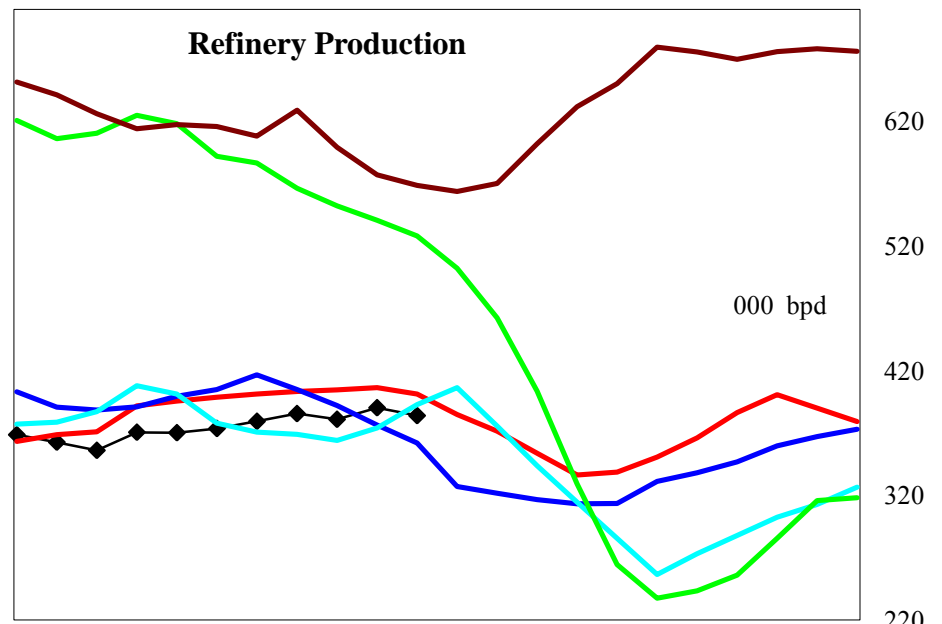
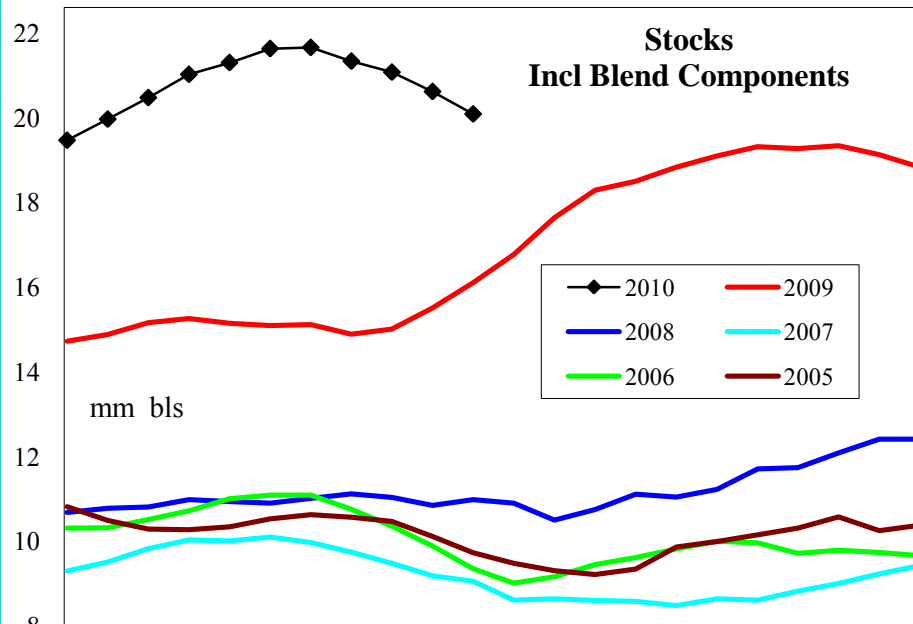
# PADD 3 Crude Oil Supply and Refining



# PADD 3 Gasoline Supply



# PADD 3 Reformulated Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

4,310

26.6

Production

-20

-4.8

Imports

0

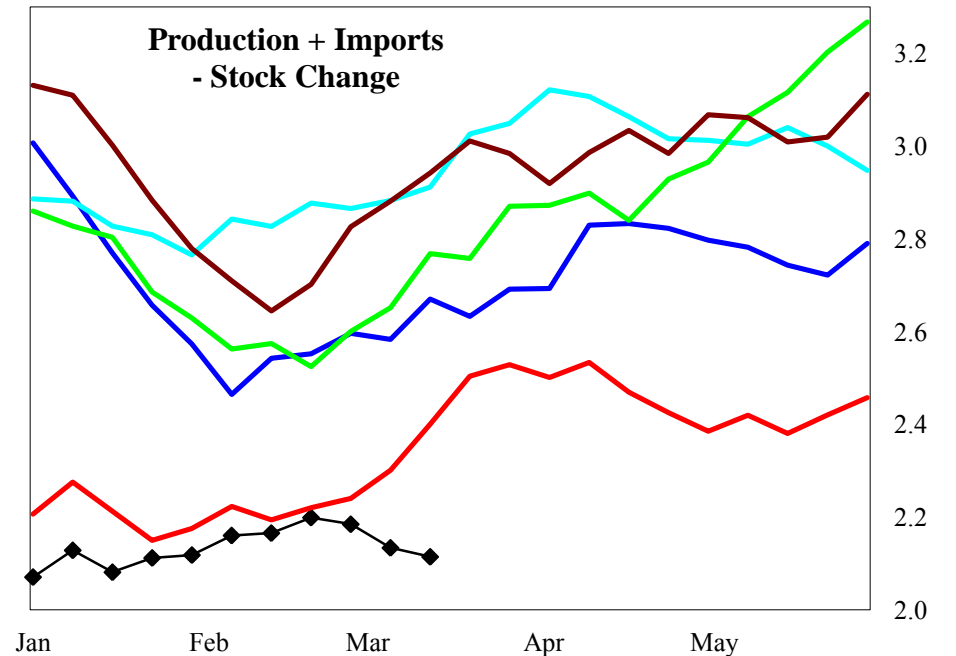
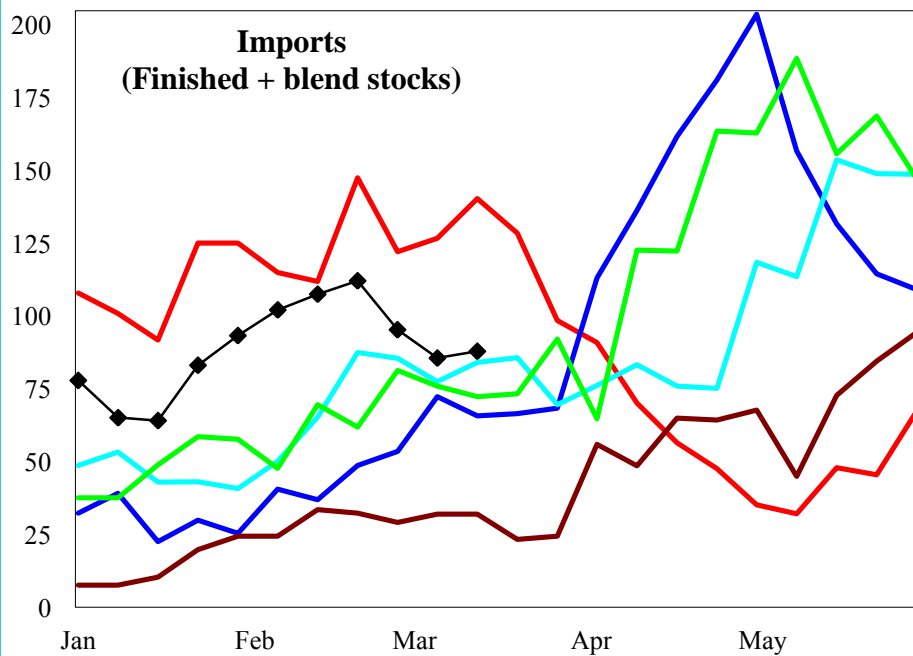
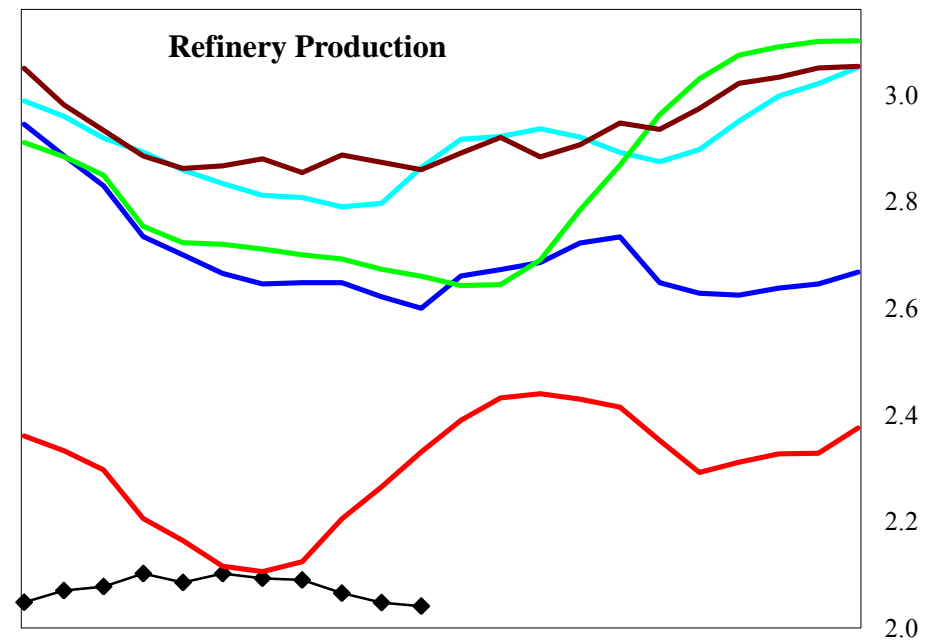
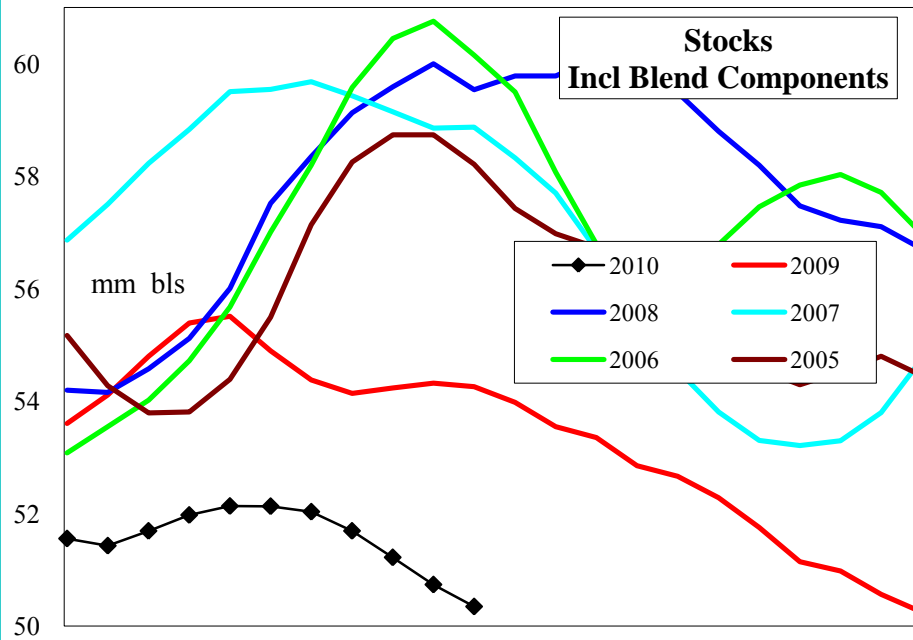
#DIV/0!

Prod + Imp - Stk chg

50

13.5

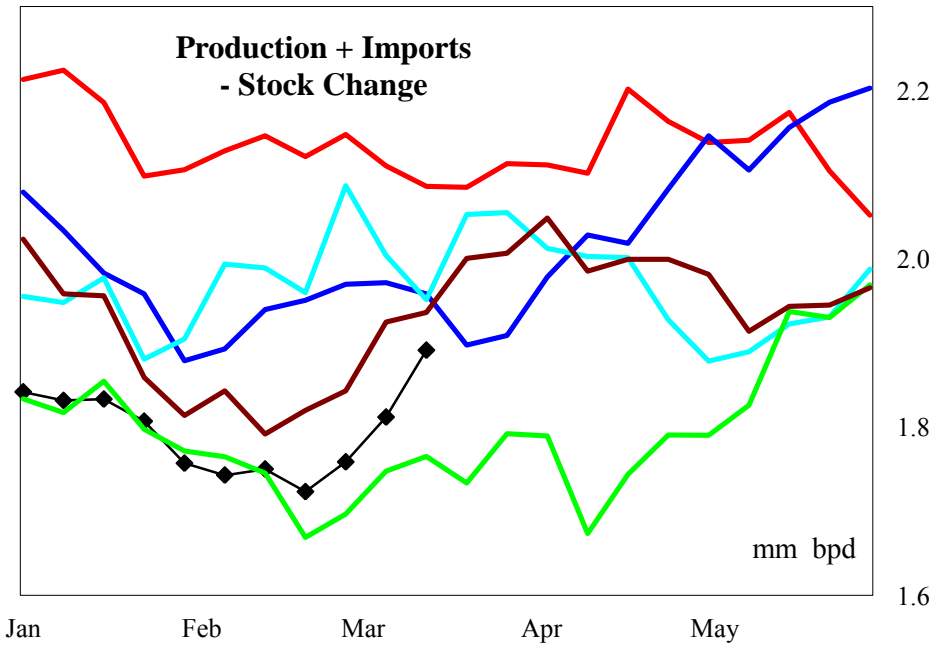
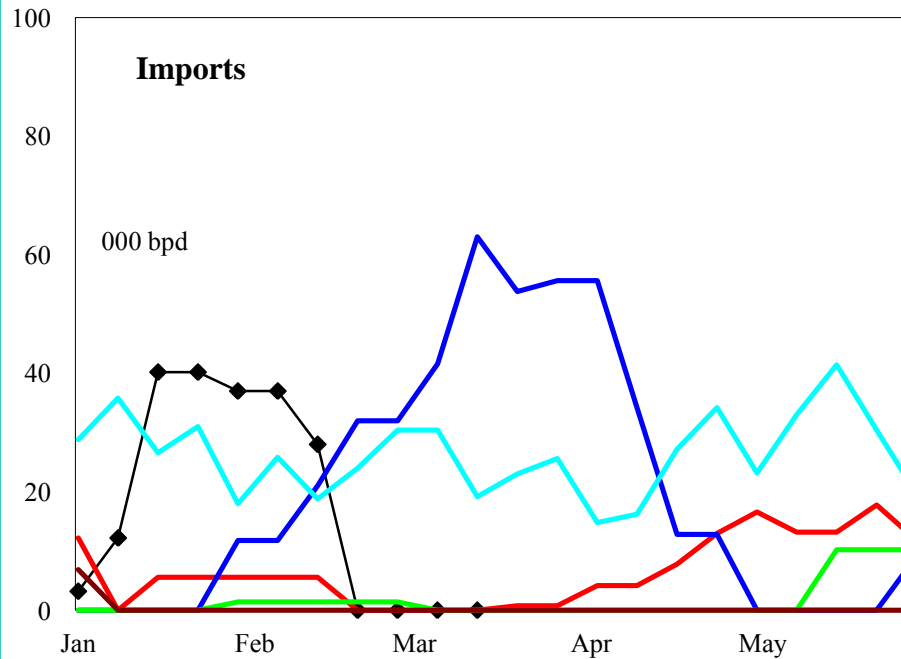
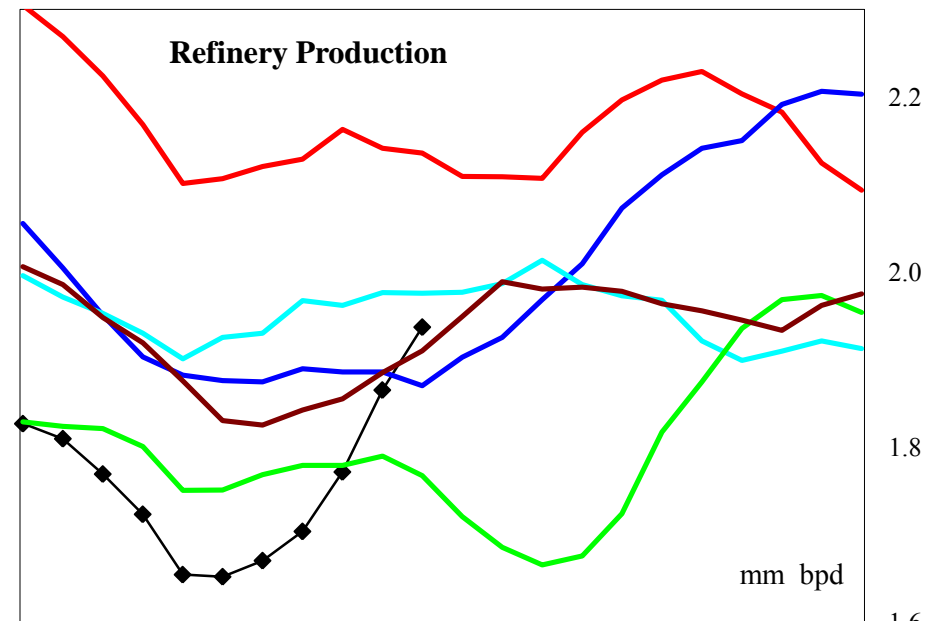
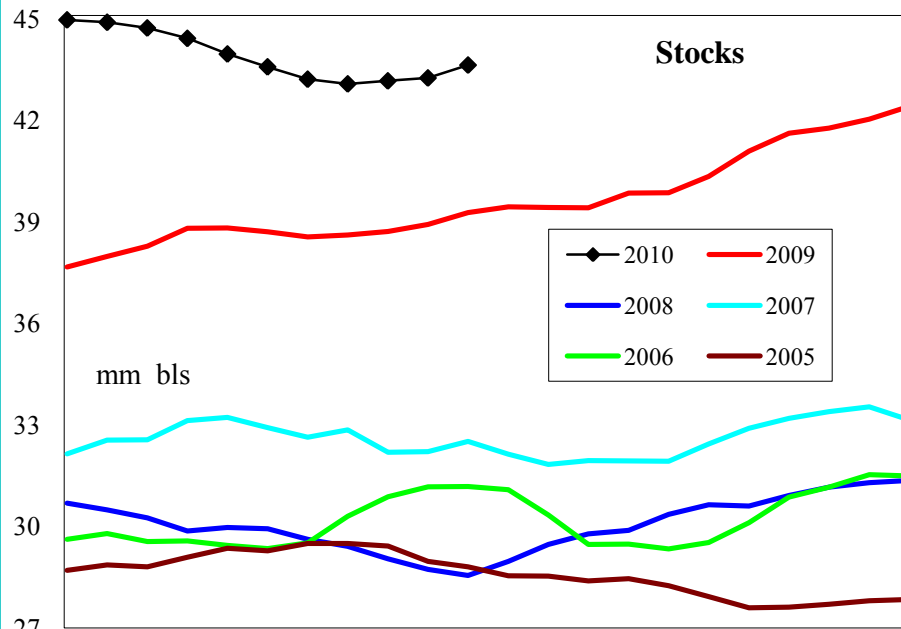
# PADD 3 Conventional Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-4,571	-176	-46	-75
-8.3	-7.7	-35.6	-3.2

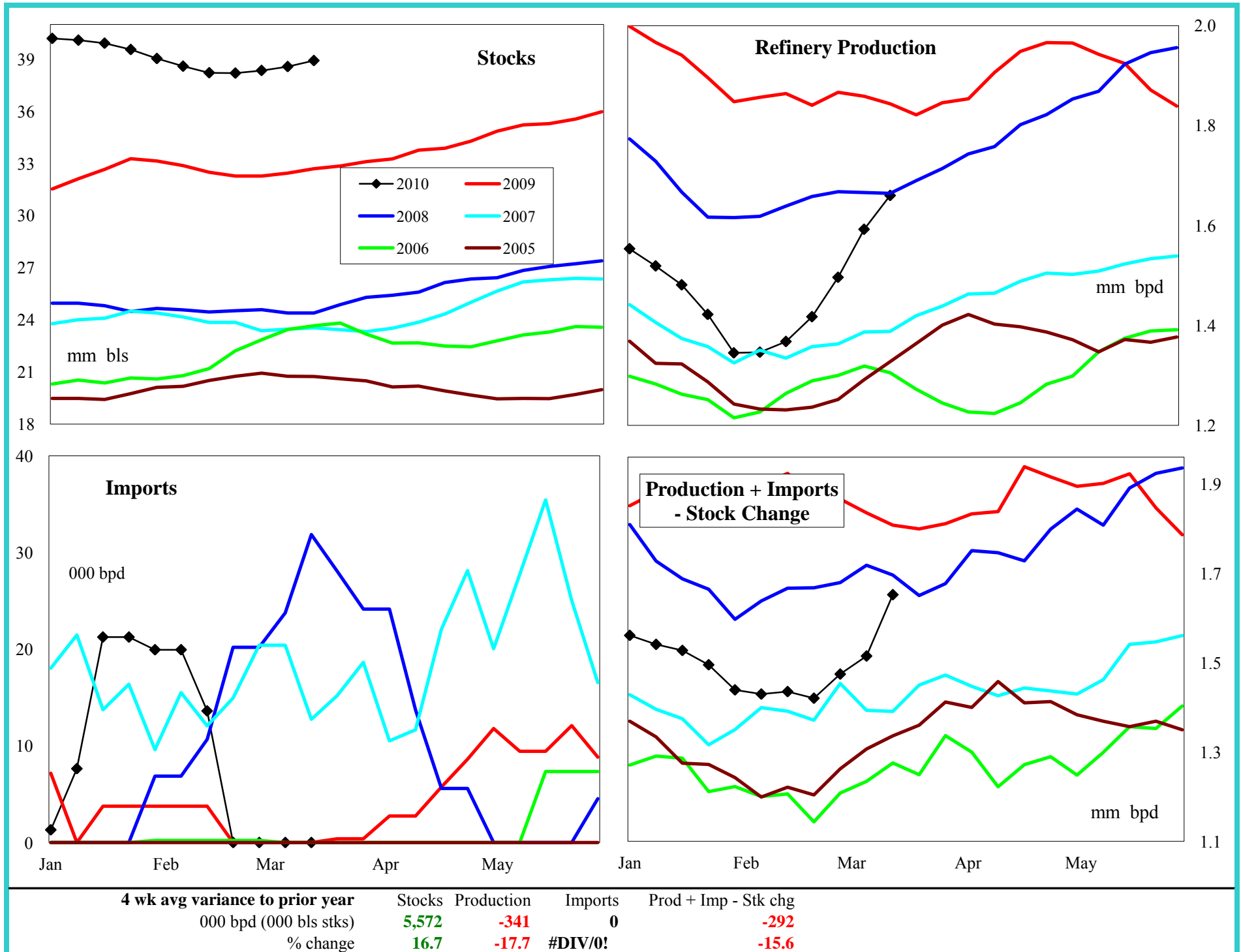
# PADD 3 Distillate Supply



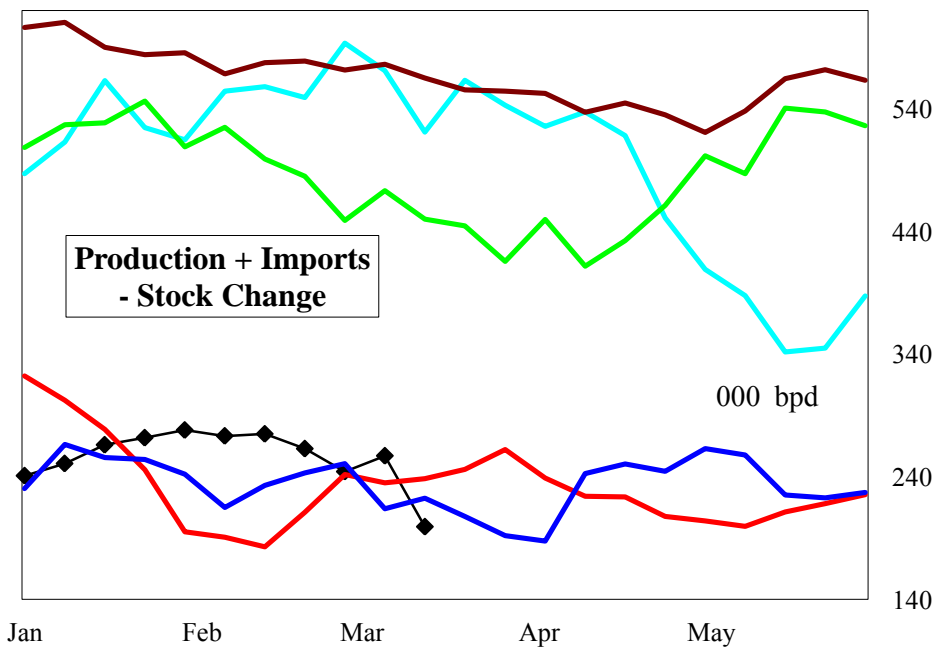
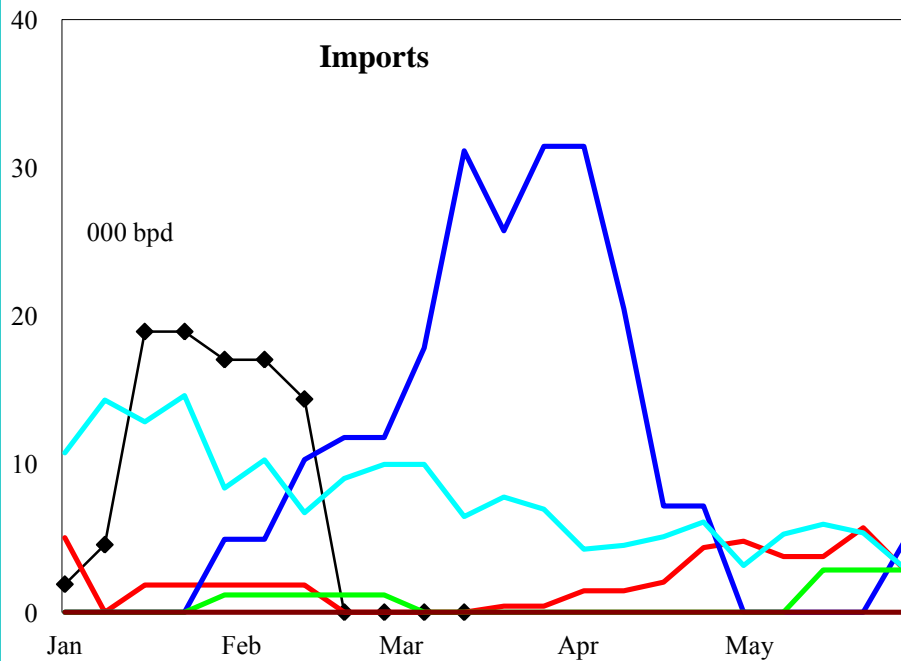
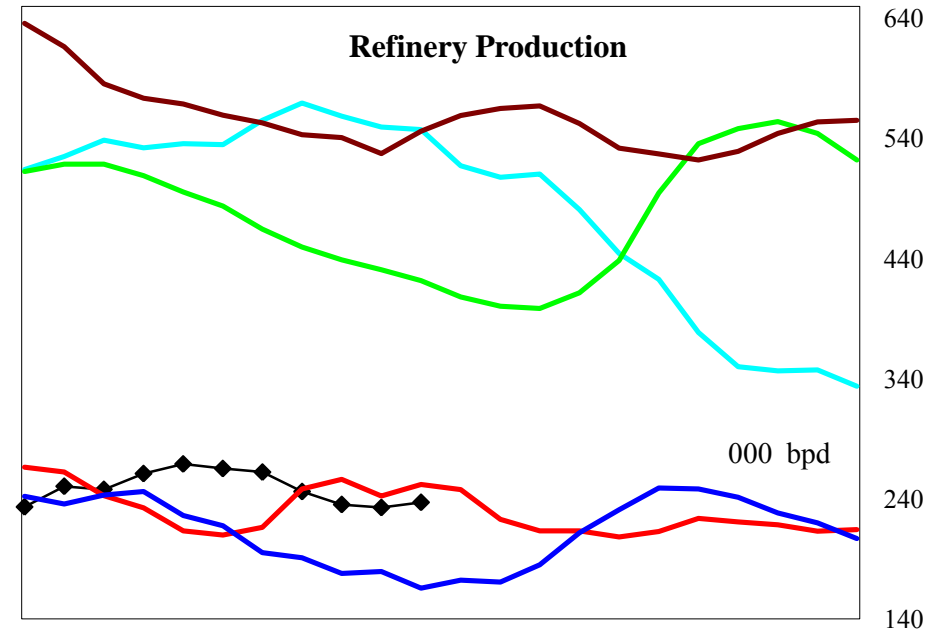
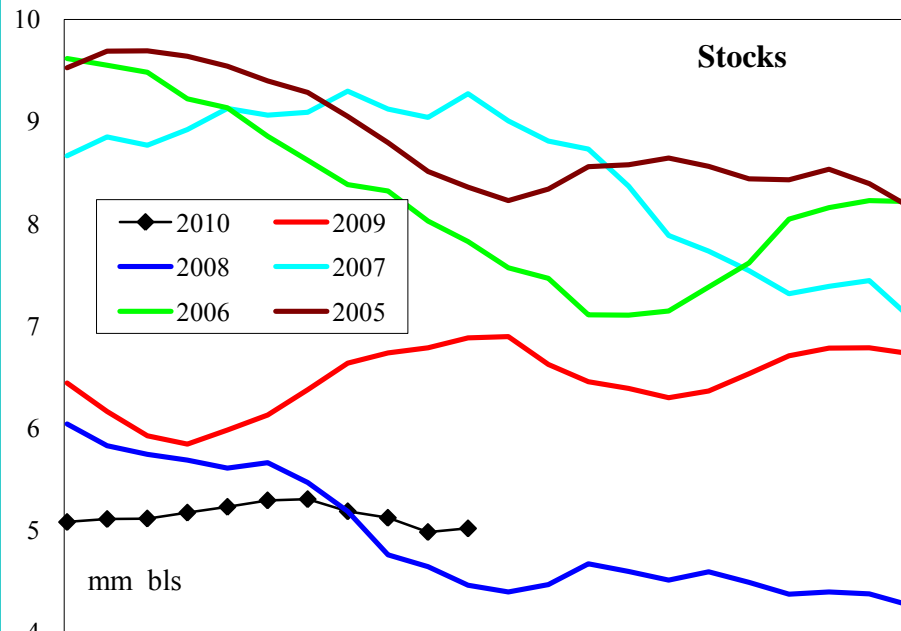
**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
3,652	-365	0	-296
9.1	-16.7	#DIV/0!	-14.0

# 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

-1,920

-27.7

Production

-24

-9.6

Imports

0

#DIV/0!

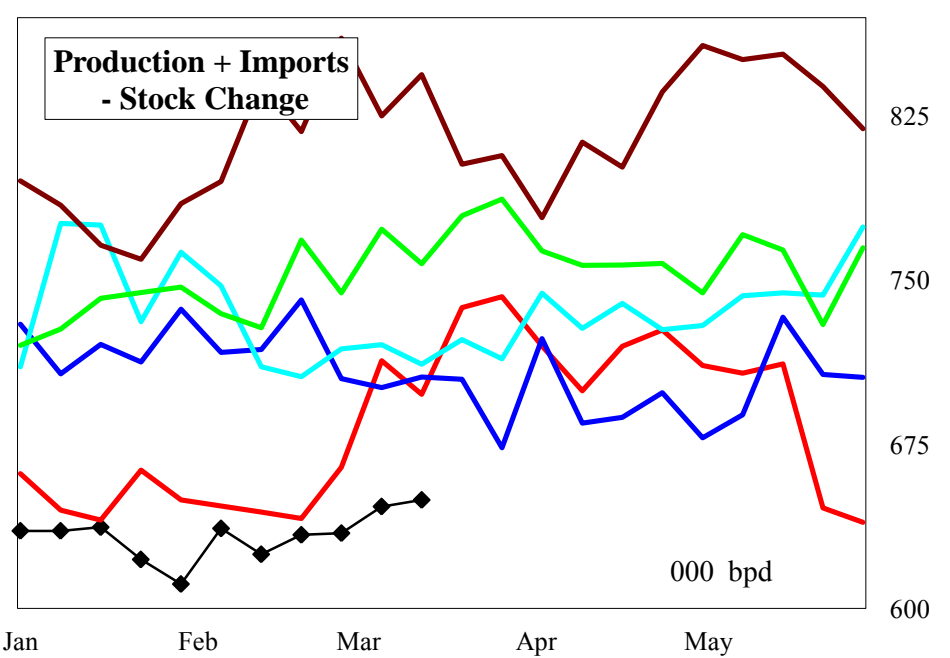
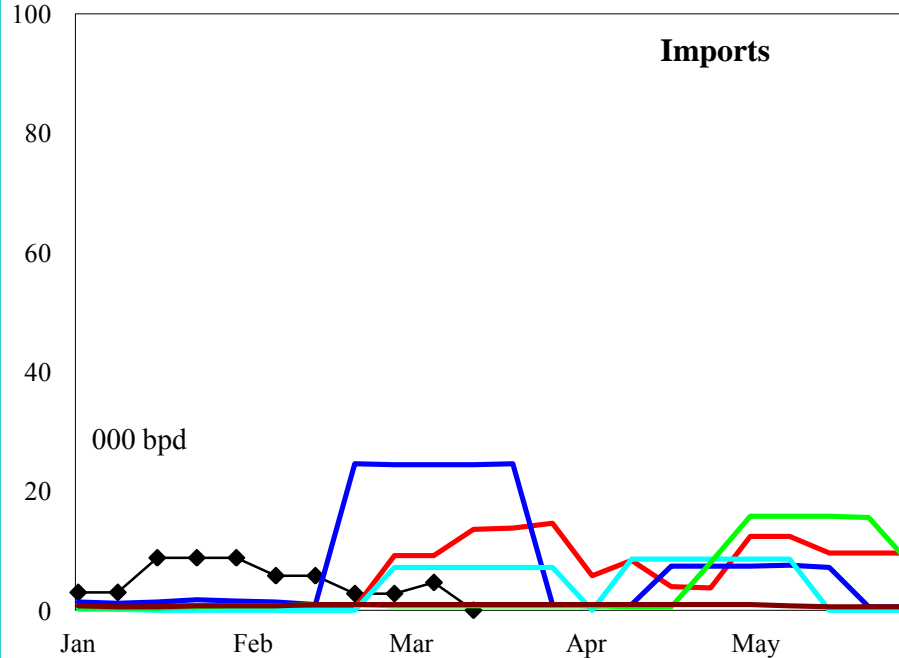
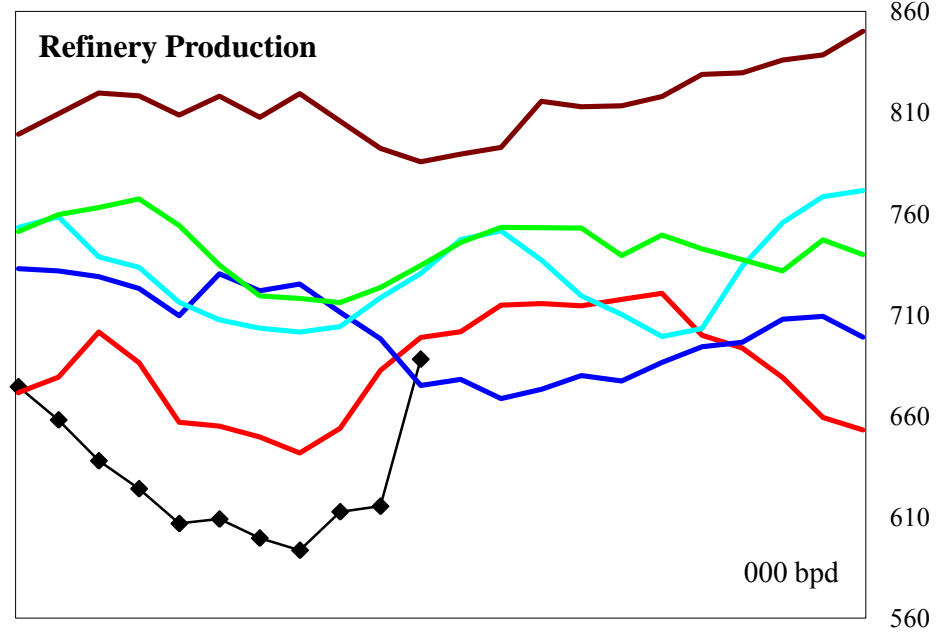
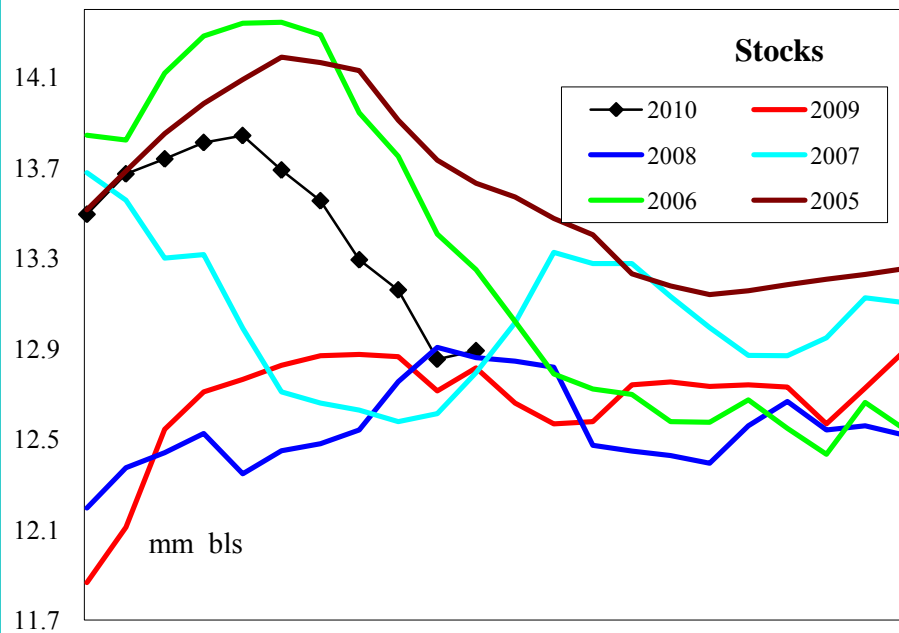
Prod + Imp - Stk chg

-4

-1.5



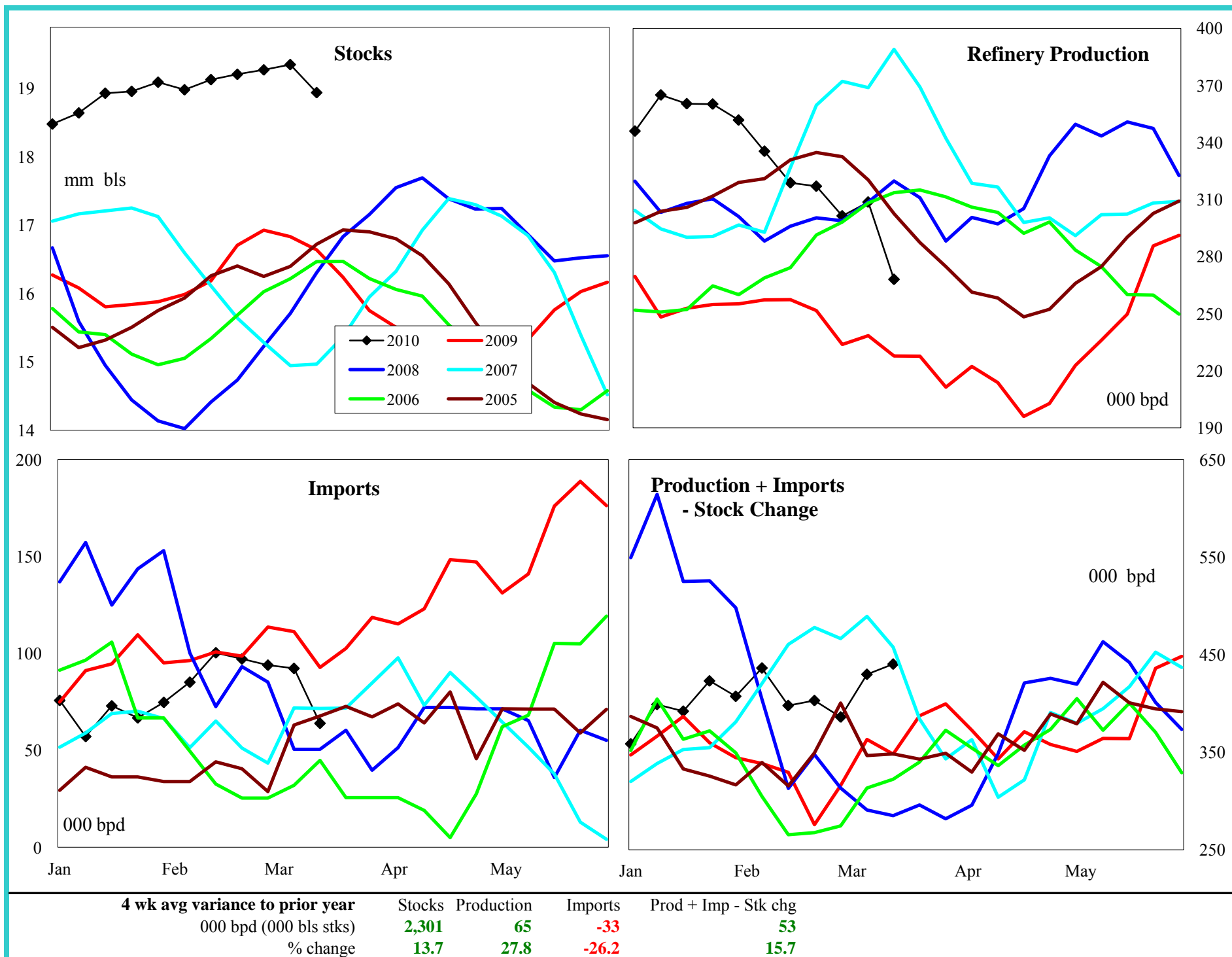
# PADD 3 Jet Fuel Supply



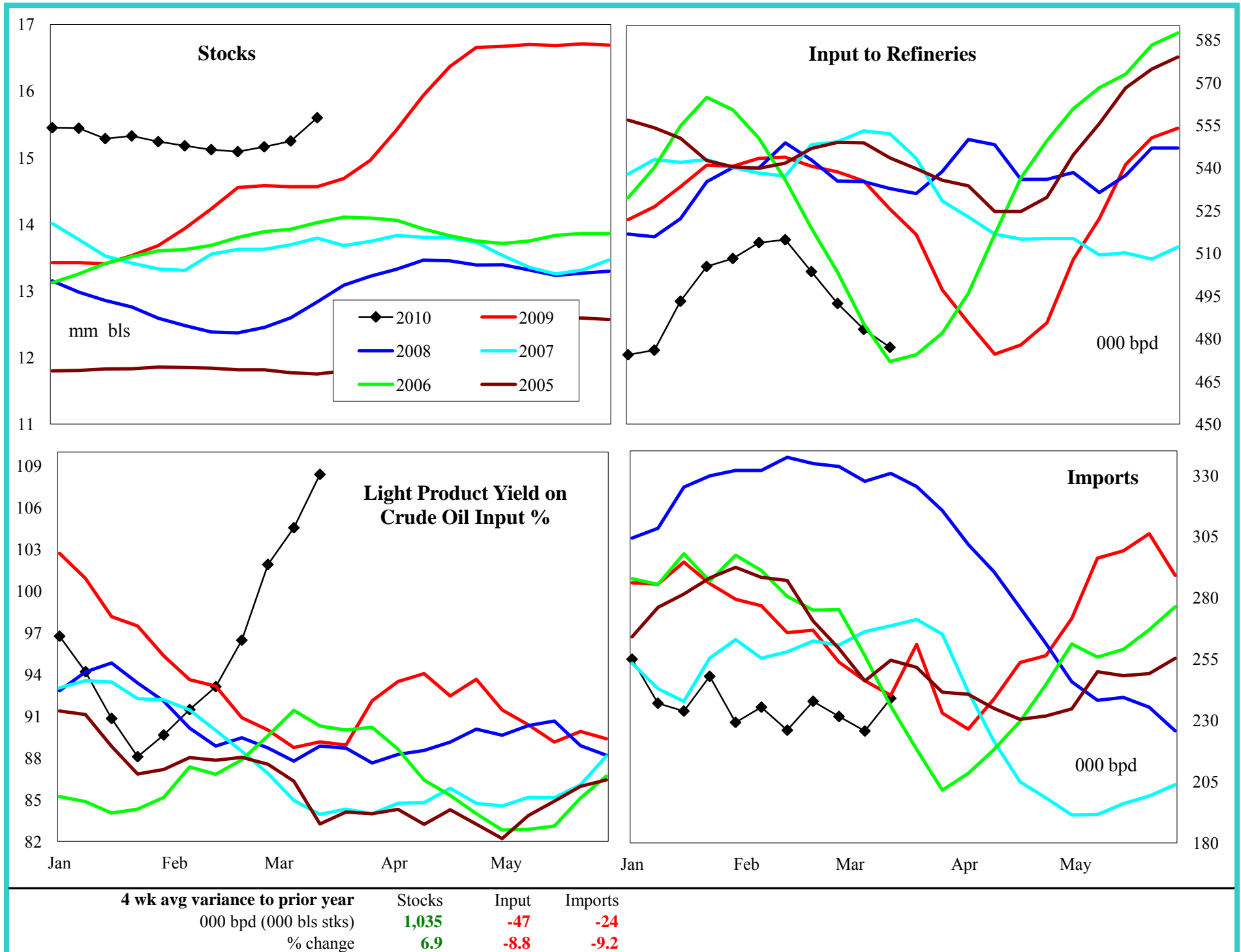
**4 wk avg variance to prior year**  
 000 bpd (000 bbls stks)  
 % change

	Stocks	Production	Imports	Prod + Imp - Stk chg
000 bpd (000 bbls stks)	76	-55	-8	-45
% change	0.6	-8.1	-68.9	-6.4

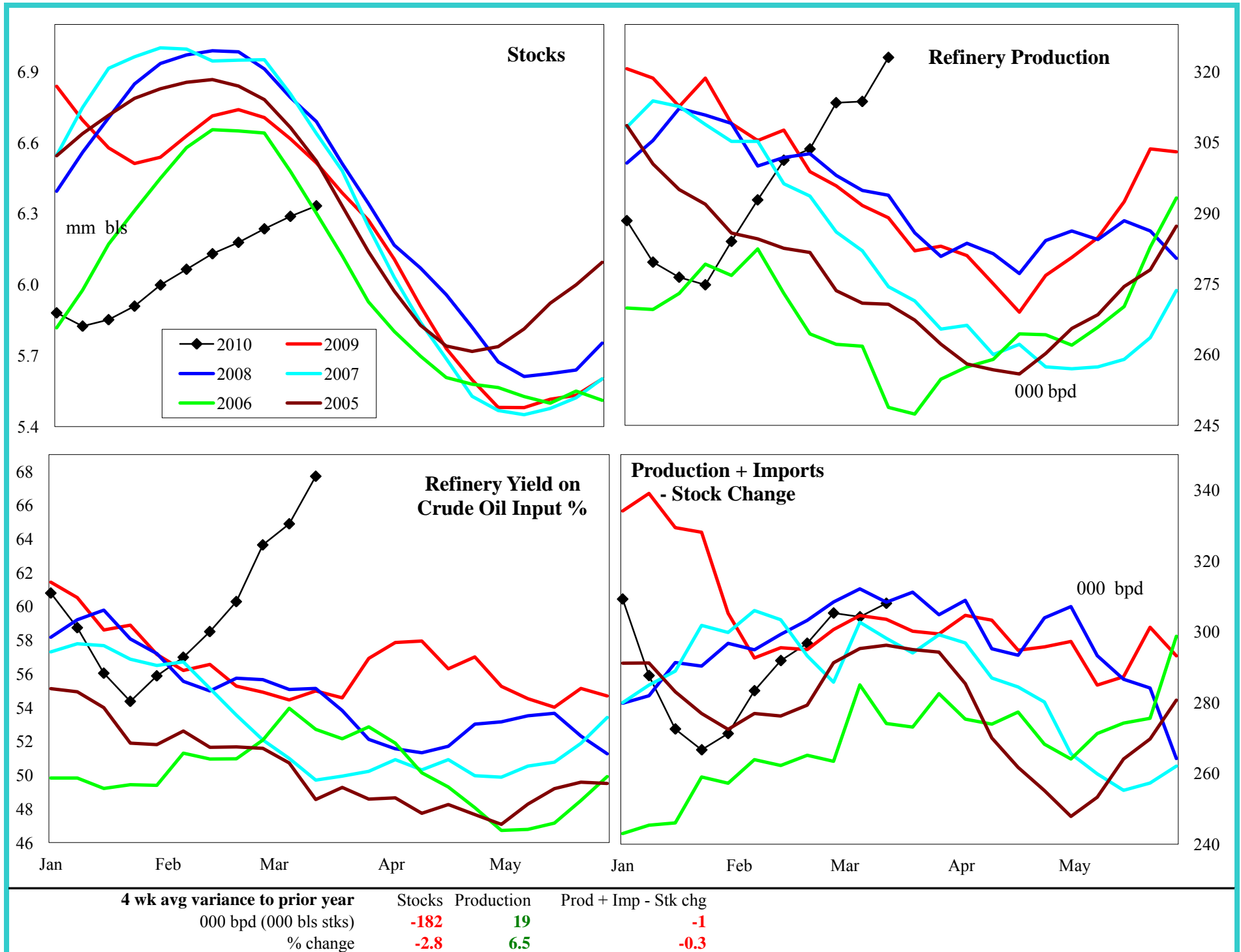
# PADD 3 Residual Fuel Oil Supply



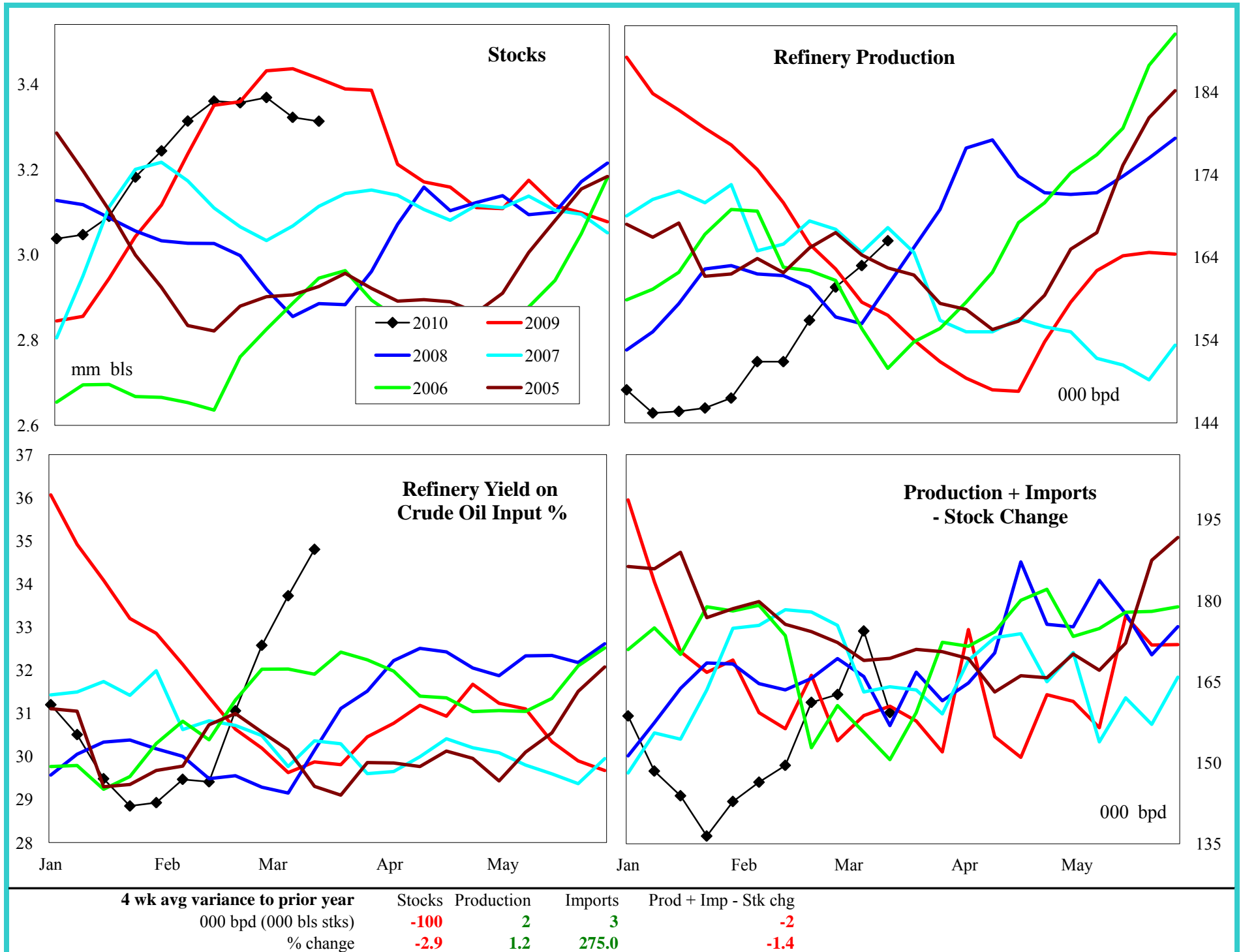
# PADD 4 Crude Oil Supply and Refining



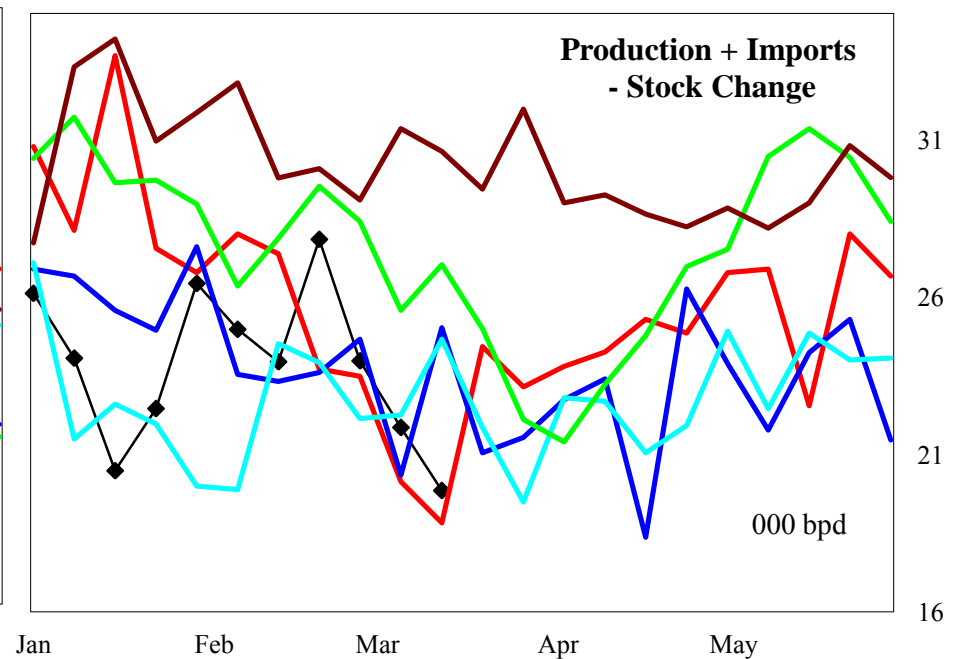
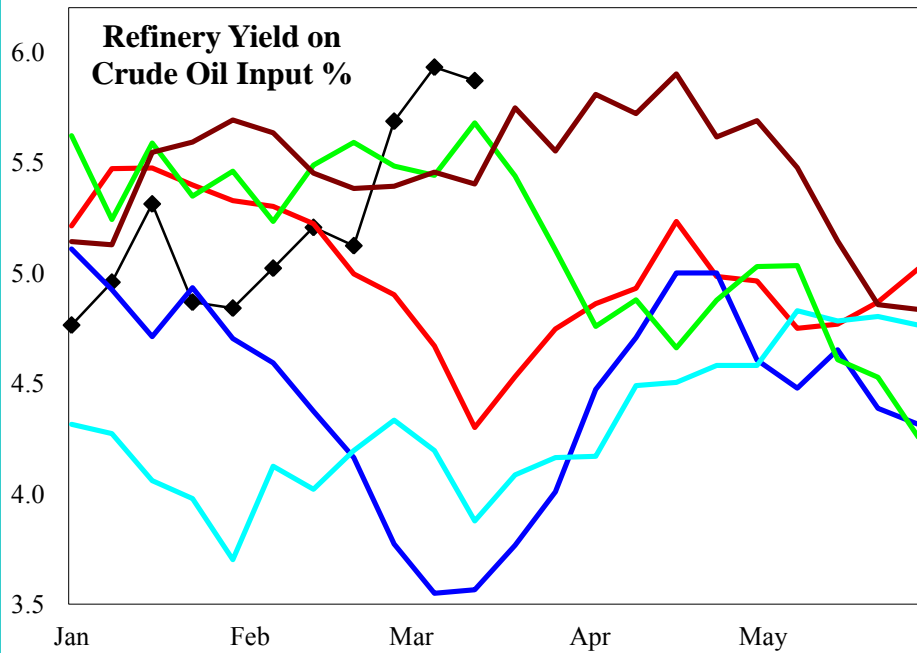
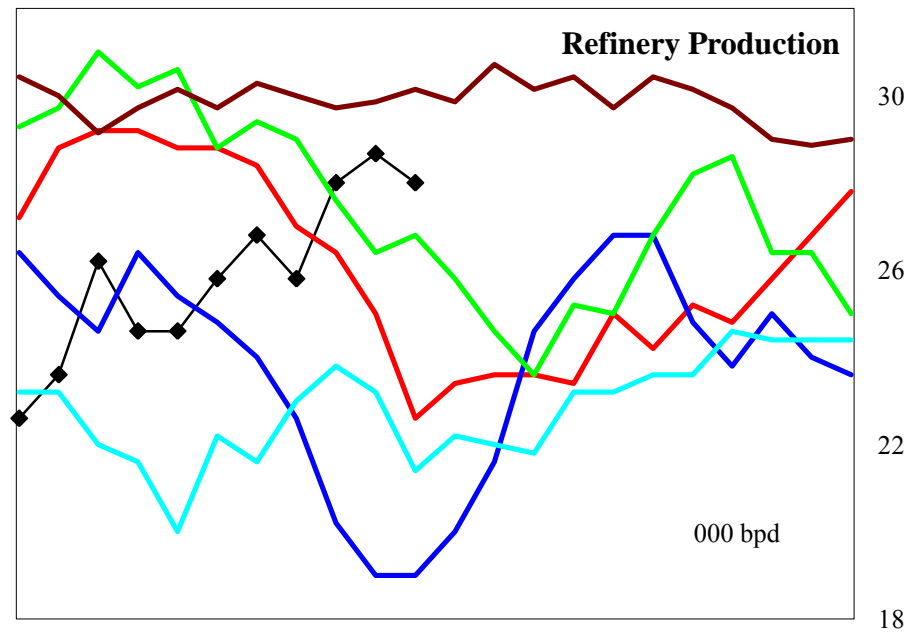
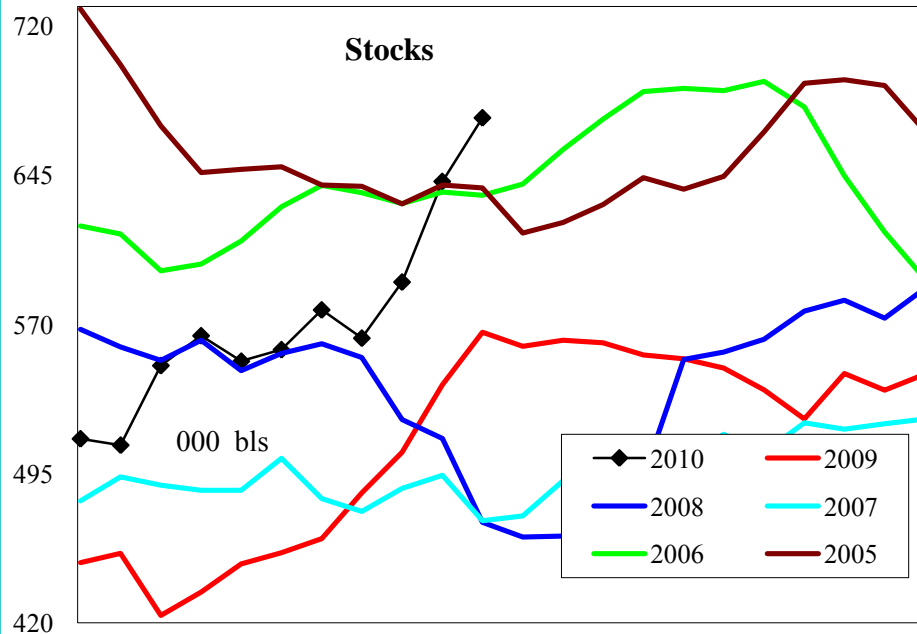
# PADD 4 Gasoline Supply



# PADD 4 Distillate Supply



# PADD 4 Jet Fuel Supply

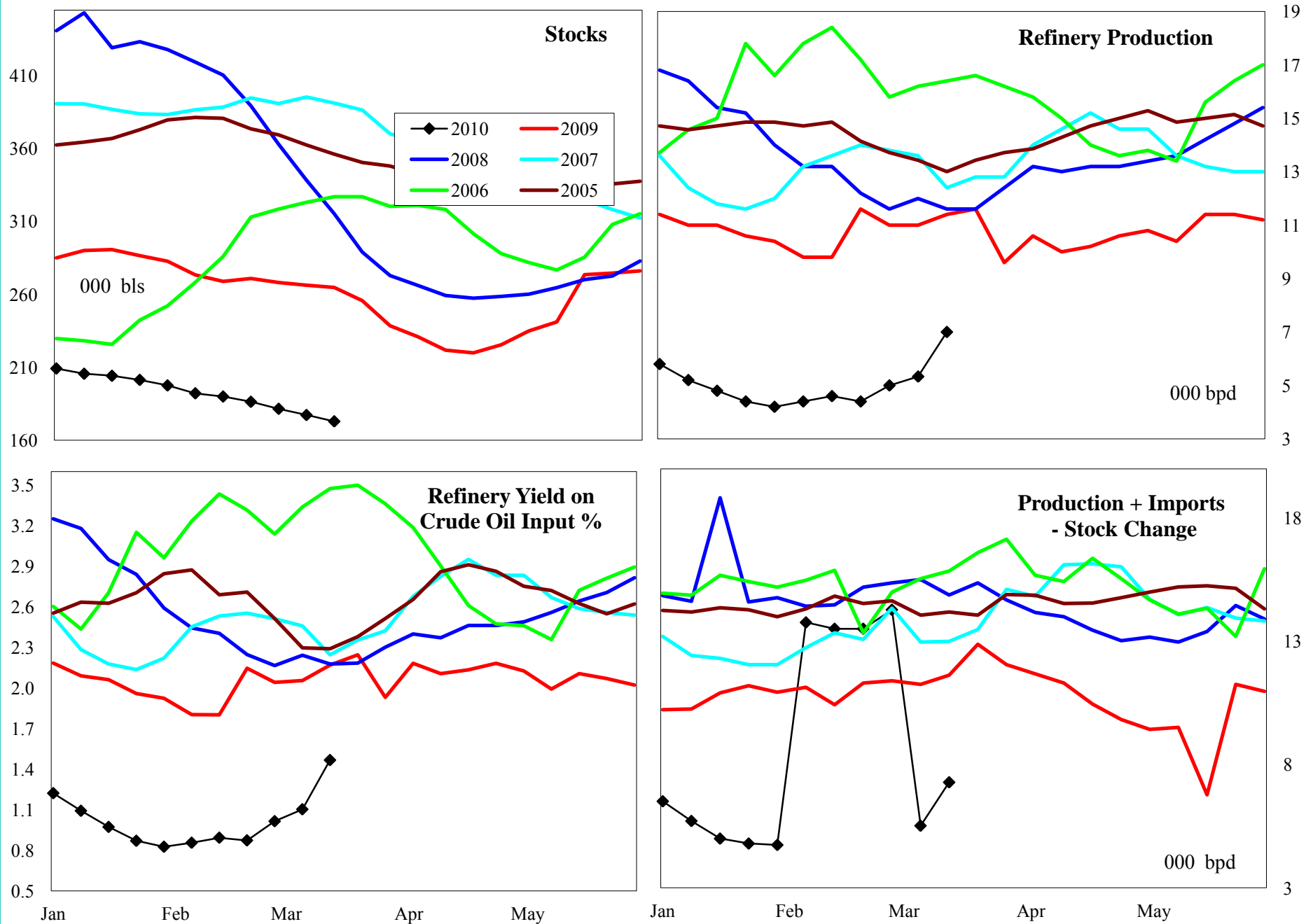


**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Stocks    Production  
**108**       **4**  
**19.0**      **13.7**

Prod + Imp - Stk chg  
**3**  
**16.8**

# PADD 4 Residual Fuel Oil Supply

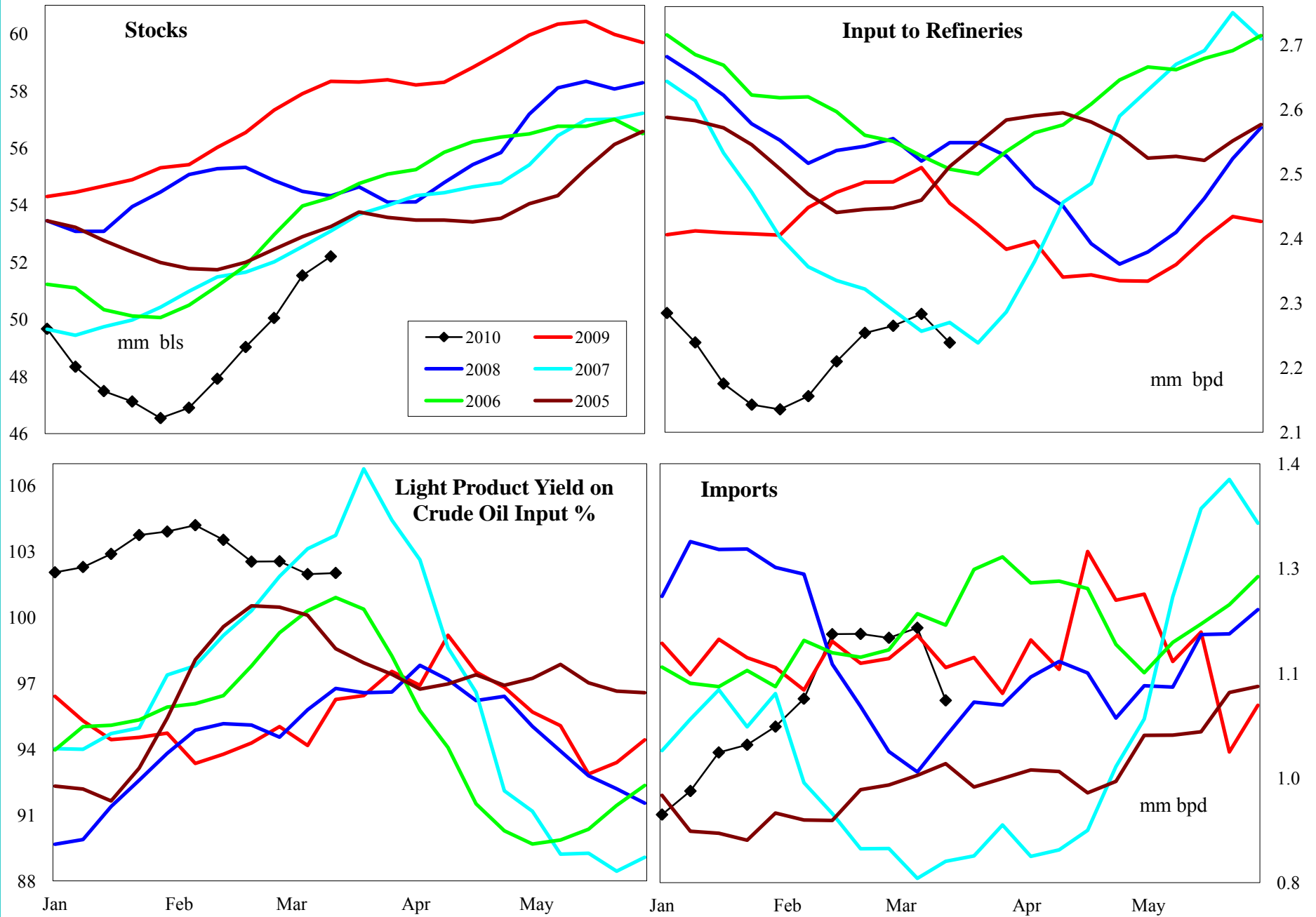


**4 wk avg variance to prior year**  
 000 bpd (000 bbls stks)  
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-92	-6	11	-5
-34.7	-53.3	#DIV/0!	-39.3



# PADD 5 Crude Oil Supply and Refining



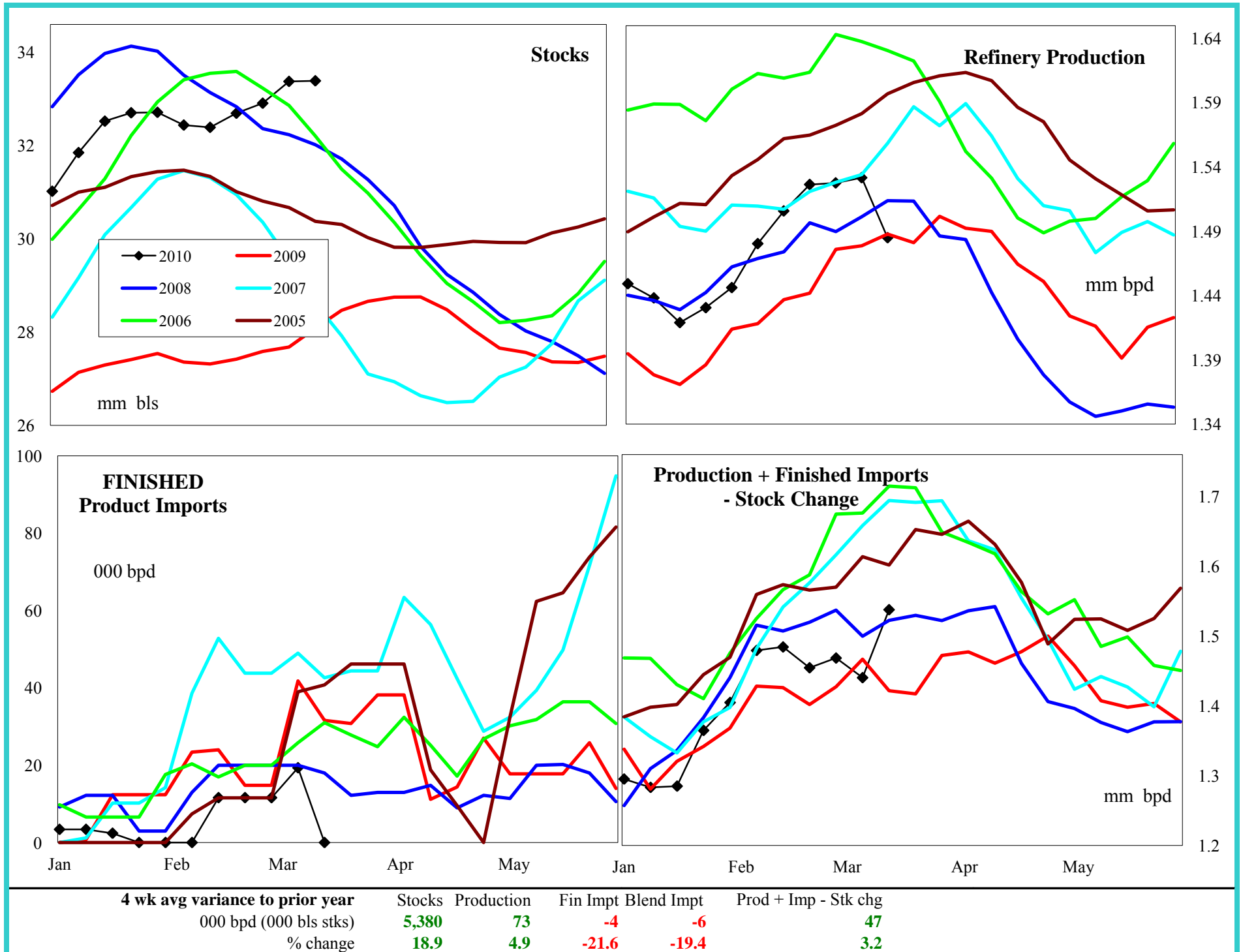
**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

**Stocks**  
**-6,133**  
**-10.5**

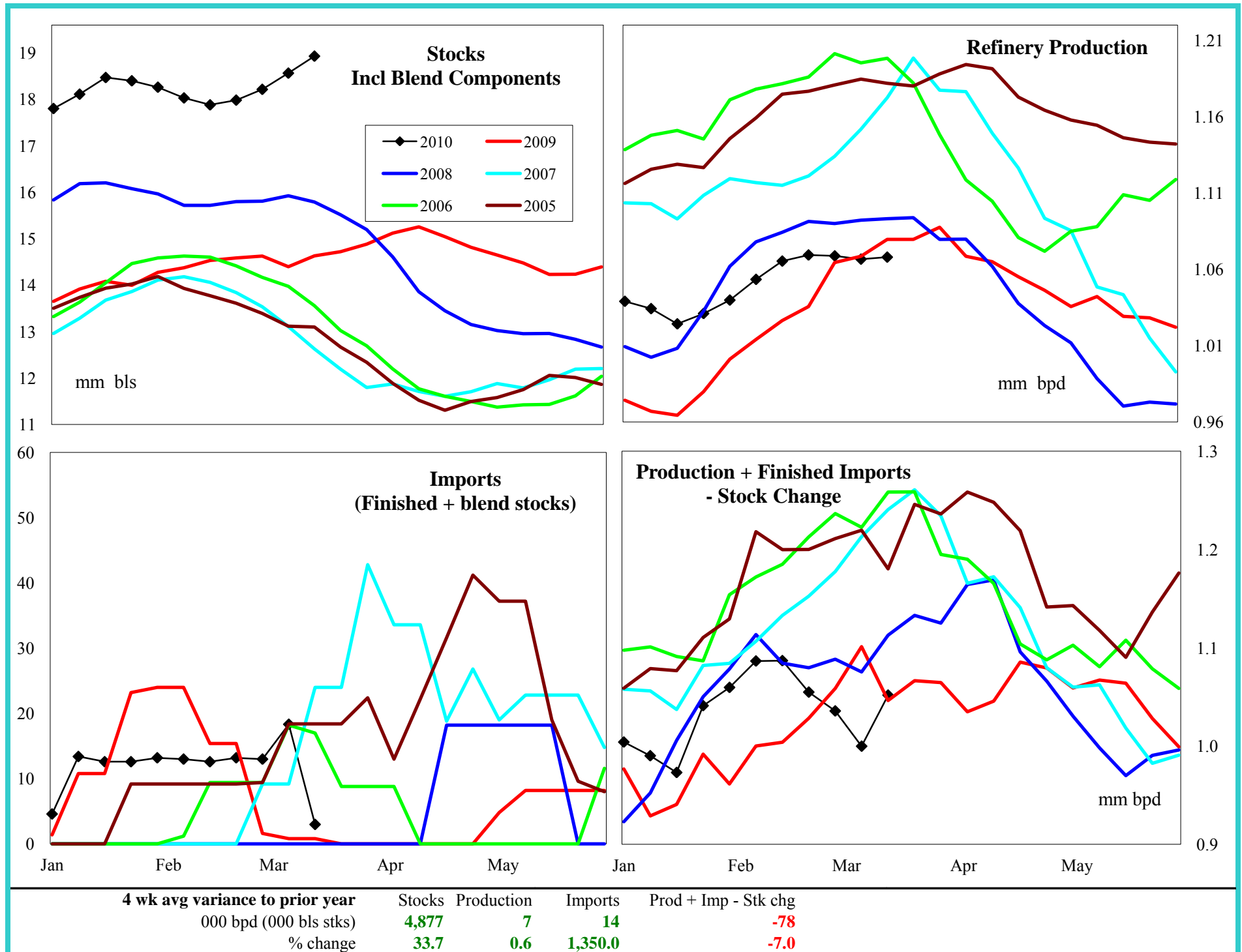
**Input**  
**-212**  
**-8.4**

**Imports**  
**44**  
**3.8**

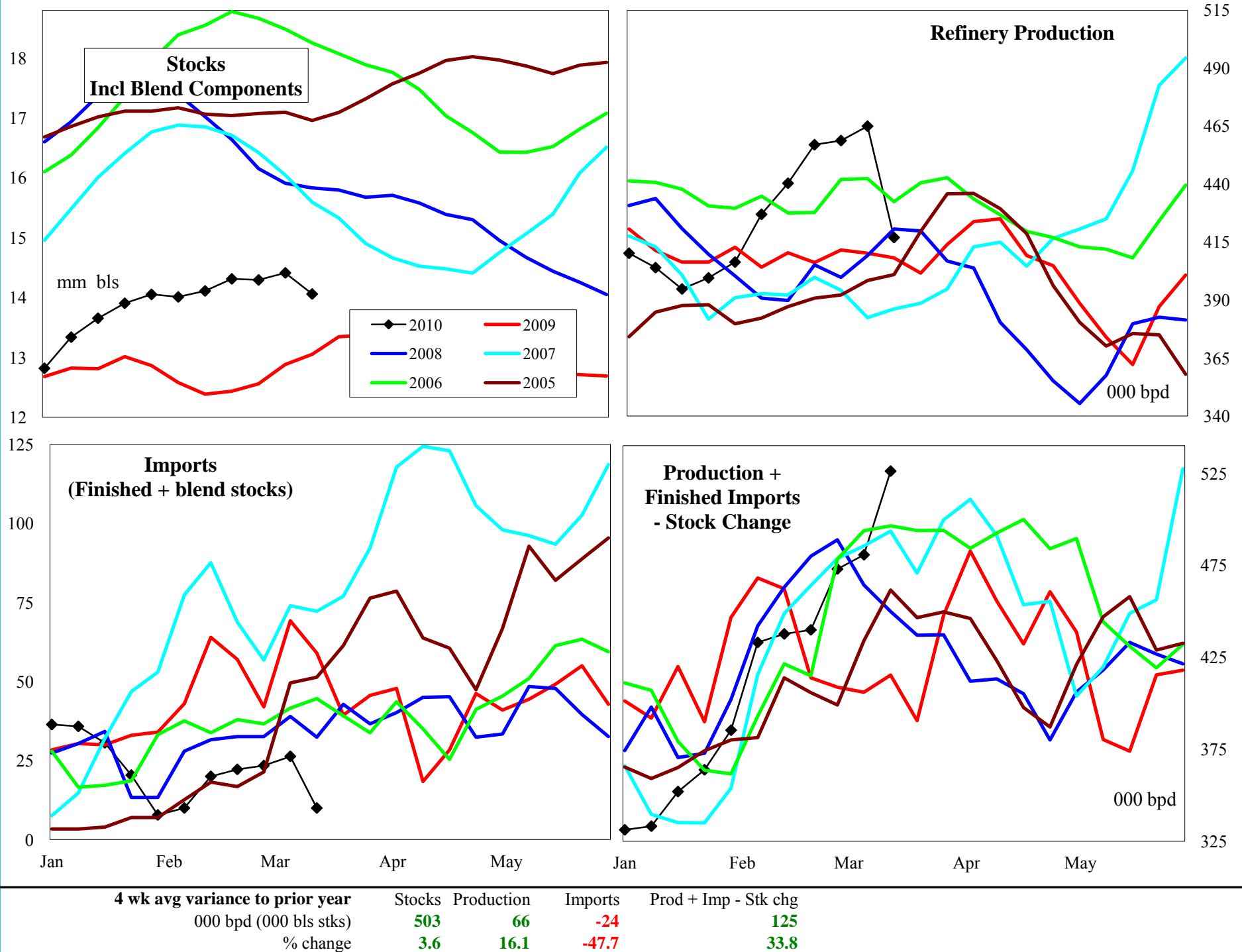
# PADD 5 Gasoline Supply



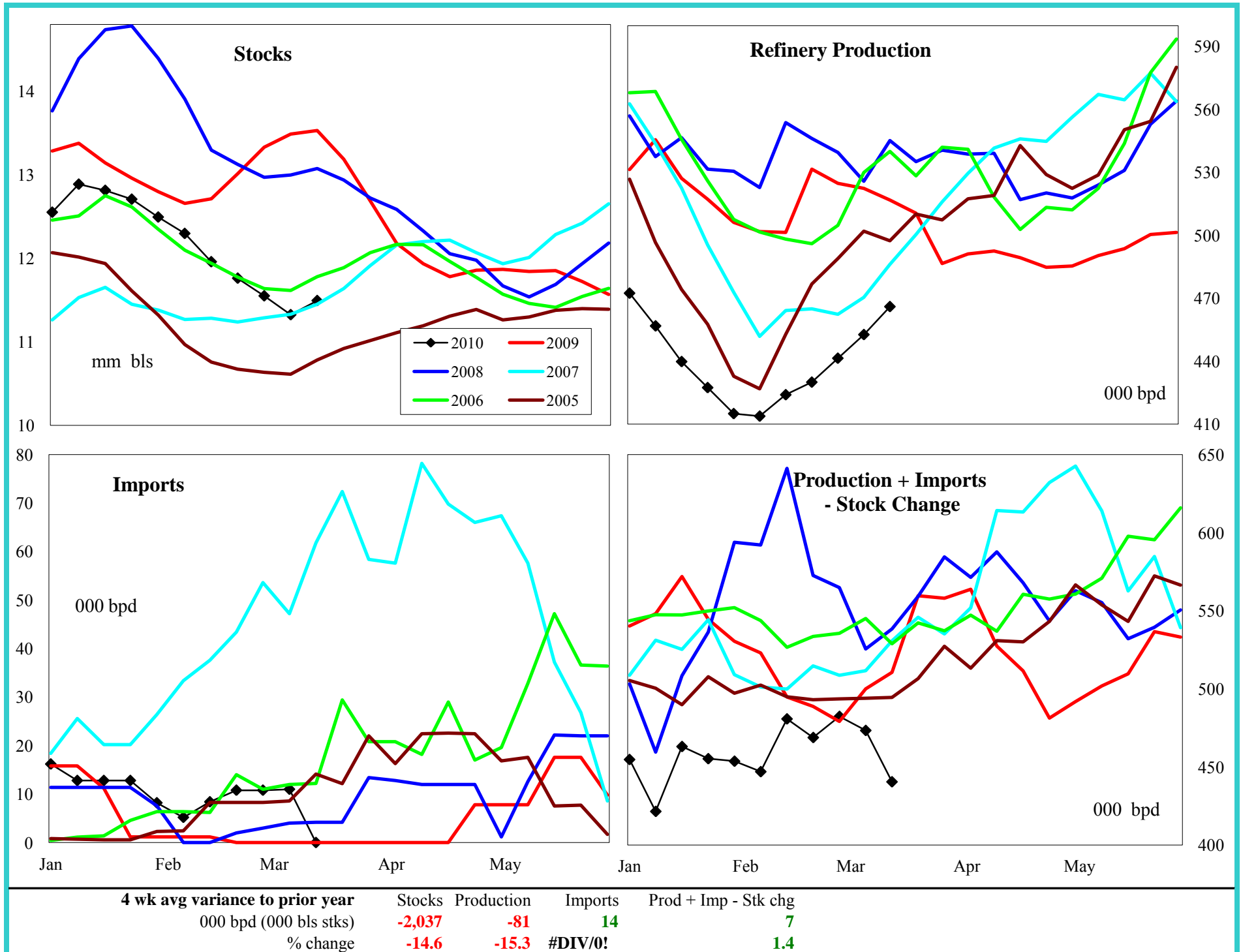
# PADD 5 Reformulated Gasoline Supply



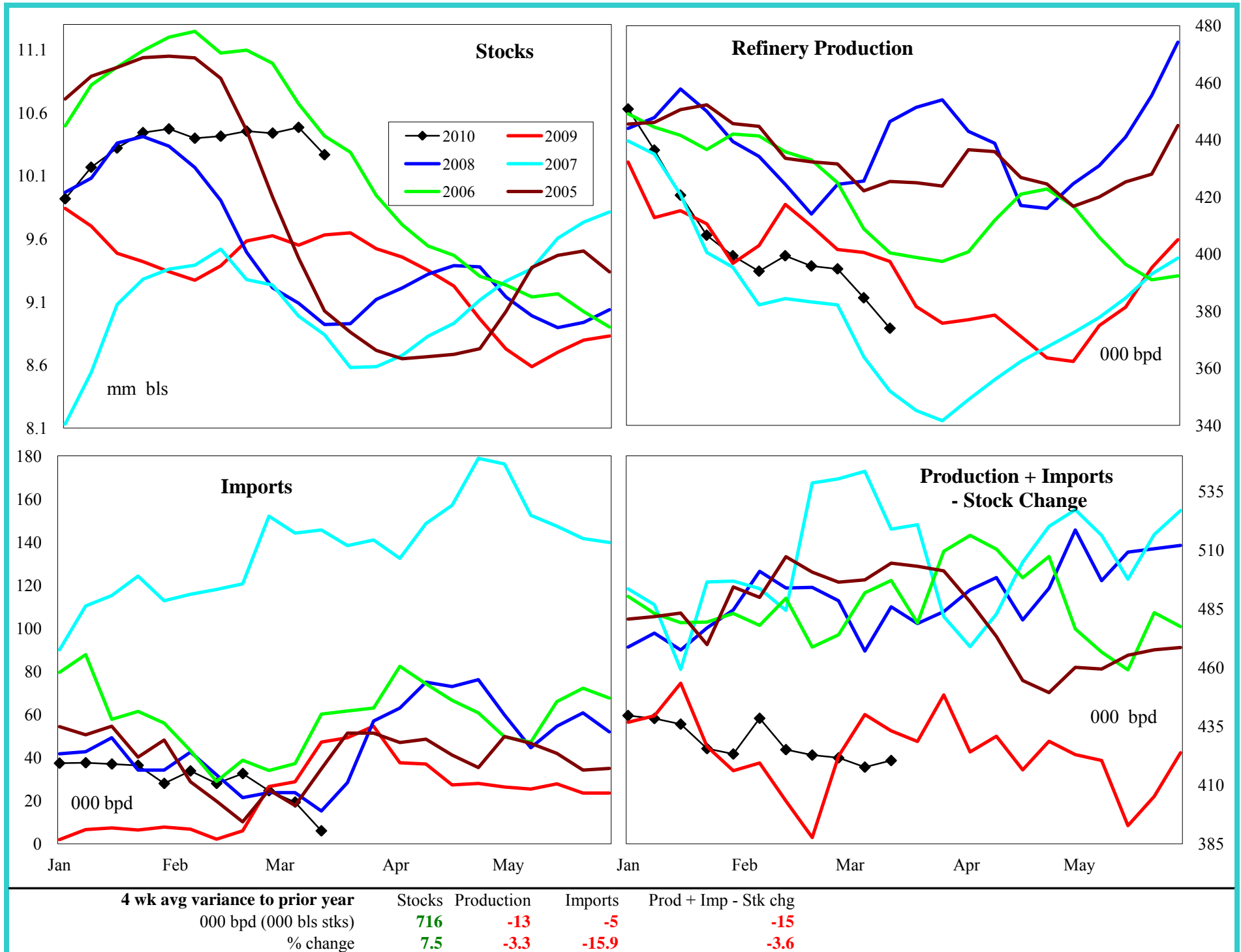
# PADD 5 Conventional Gasoline Supply



# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply

