



**FUNDAMENTAL  
PETROLEUM  
TRENDS**

## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

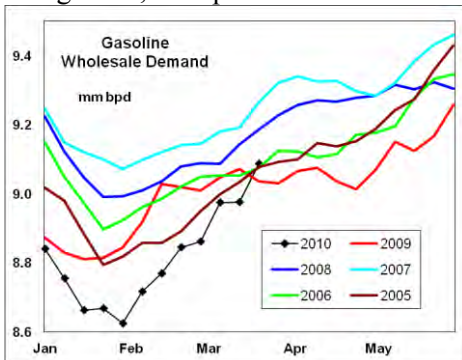
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, March 24, 2010

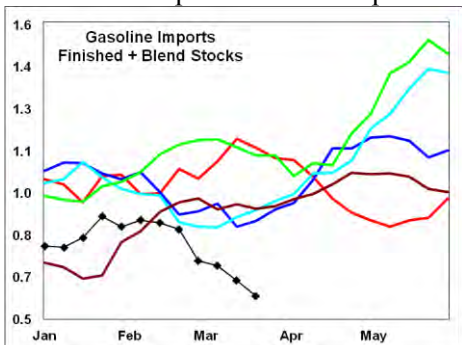


#### Major Fundamental Trends<sup>1</sup>

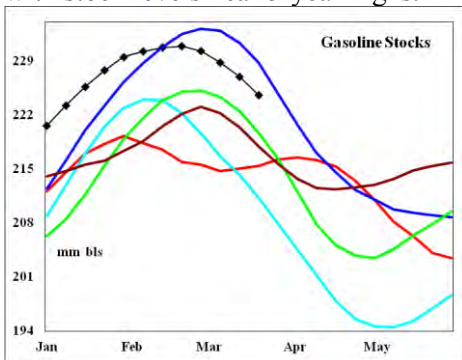
Gasoline demand rebounded last week, rising +238,000 bpd week-on-week.



Imports remain exceptionally low, with the latest 4-wk average -476,000 bpd below a year ago. Low imports were partially offset by a +110,000 bpd increase in output for the same period.

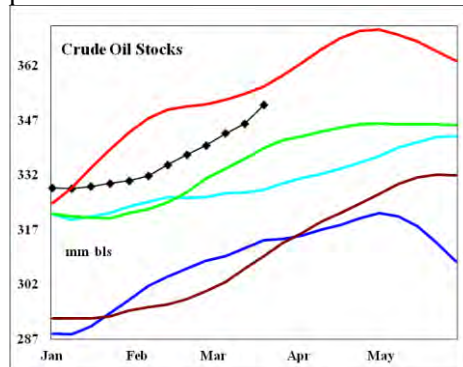


Gasoline markets remain well supplied with stock levels near 5-year highs.

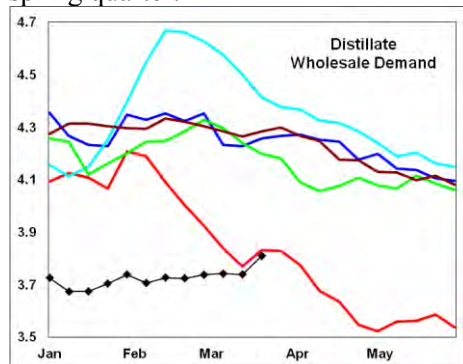


Crude oil imports surged +1 million bpd last week, reaching the highest weekly level of the last 6-months. The increase, combined with continued low run rates and record domestic production lifted stock levels +7.2 million barrels on the week. Stock

levels are now -5.2 million barrels below last years' record level for the period.



Demand for middle distillates remains weak, even though the comparison to last year has become 'easier' following the collapse of the economy during the spring quarter.



Demand for gasoline climbed +238,000 bpd last week, to the low end of the historic range.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -1.2%; distillate down -1%; jet fuel down -10% while residual fuel oil increased +8%.

**Stocks forward coverage:** Gasoline demand coverage fell on a -2.7 million barrel stock draw for the week. Coverage was slightly above the historic range.

Distillate demand coverage decreased on a -2.4 million barrel stock draw on the week. Coverage remains above the historic range.

Jet fuel coverage remains extremely high on record stock levels for the period and weak demand.

Residual fuel oil is at the upper end of the historic range on very high

Gulf Coast stock levels.

**Refinery utilization** rates increased last week on a +102,000 bpd rise in crude oil runs. Runs were -199,000 bpd below last years' record low rate.

Gasoline yield % on crude oil runs reached a new record high on a +63,000 bpd increase in output.

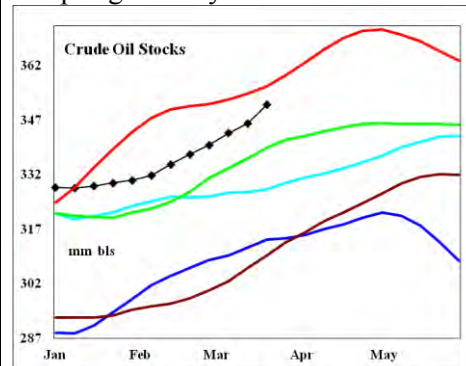
Distillate yield % on crude oil runs decreased on a -91,000 bpd decline in output. The yield % level is below the mid range.

Jet fuel yield % on crude oil runs remains at the low end of the 5-year range.

**Petroleum Imports** of crude oil increased +1 million bpd last week. Jet fuel imports increased +57,000 bpd last week while imports of other products were nearly unchanged.

During the latest 4-wk period distillate imports decreased -83,000 bpd compared to last year; finished gasoline imports decreased -125,000 bpd, gasoline blend stock imports decreased -351,000 bpd; jet fuel imports were -15,000 bpd lower while residual fuel oil imports decreased -45,000 bpd.

**Crude oil** imports jumped +1 million bpd last week, lifting stock levels +7.2 million barrels. Stock levels are now -5.3 million barrels below last years' record high for the period. Domestic production was +123,000 bpd above last year and a 5-year high for the period. Look for further stock builds on spring refinery maintenance.



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



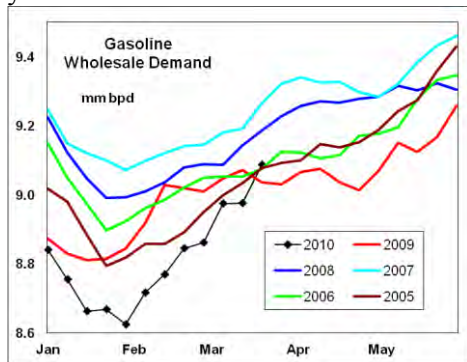
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

### A Fundamental Petroleum Trends Weekly Report

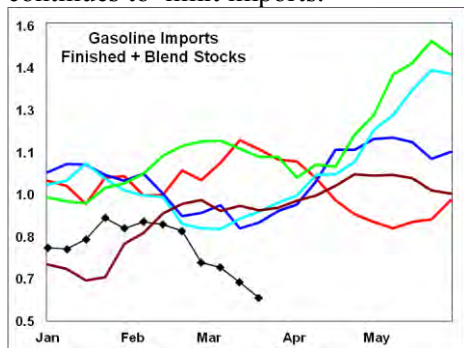
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#### Product Supply-Demand Trends

**Gasoline** demand rebounded last week increasing +238,000 bpd and reaching the low end of the historic range. Favorable weather for consumer travel and the seasonal uptrend in demand drove the increase. The latest 4-wk average was -105,000 bpd below last year.



Gasoline production extended the longer term uptrend, increasing +63,000 bpd to a new record high for the period. Imports were nearly unchanged on the week. The latest 4-wk average shows imports -476,000 bpd below year ago levels. Closure of European refining capacity last year continues to limit imports.



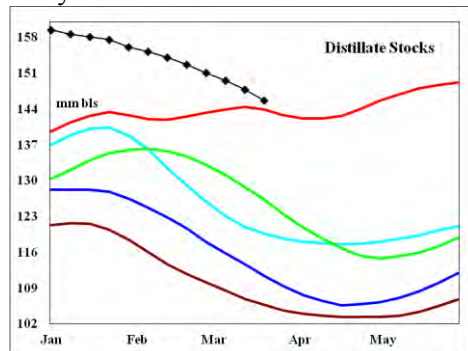
Stocks decreased -2.7 million barrels on the week, with declines in all regional markets. Stock levels remain near 5-year highs.

Restart of the Irving refinery in eastern Canada should boost imports of gasoline material into PADD 1 in the 2nd quarter. However, the refinery closures last year the Atlantic Basin will limit imports. Combined with refinery maintenance in the Midwest, stocks should continue to draw down, providing price strength for gasoline compared to the energy complex.

**Distillate** demand increased +47,000 bpd last week, with the latest 4-wk average -38,000 bpd below last year. Note that demand a year ago collapsed with the drop in economic activity.

Supply decreased -86,000 bpd last week, to a new record low. Imports remain exceptionally low.

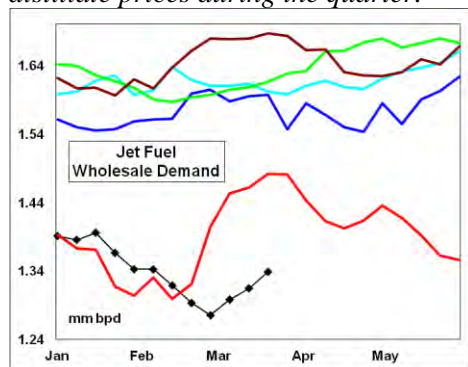
Stocks declined -2.4 million barrels with declines in all regions except the Gulf. Stock levels are near last years' record level.



Demand comparison to last year have become much 'easier' as this is the period of collapse in the economy a year ago. However, demand remains extremely weak.

Distillate supply has dropped to a record low on tightness in European supply that has cut imports into the U.S., and the weak domestic demand. As a result of low supplies, stock levels continue to trend lower.

Look for a gradual tightening of supply to provide some support to distillate prices during the quarter.



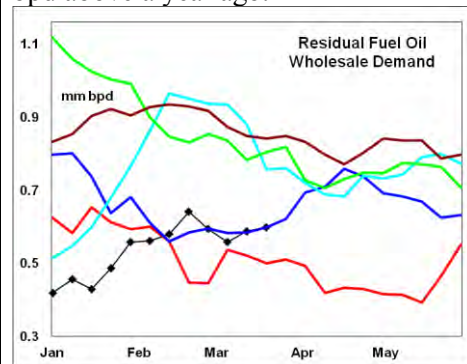
**Jet Fuel** demand increased +35,000 bpd last week, experiencing a modest uptrend since end of February. The latest 4-wk average was -141,000 bpd below a year ago.

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, increased +87,000 bpd last week, with the 4-wk average +50,000 bpd above a year ago.*



Combined production and imports declined -14,000 bpd last week. The latest 4-wk supply was +46,000 bpd below last year. Stocks declined -0.7 million barrels to match the mid range.

*The supply balance in the Gulf Region has improved with production sharply lower, and stocks in a downtrend. Stock levels remain above the historic range.*

*Production has dropped -43% in PADD 1 on refinery closures and upgrades compared to a year ago.*

*A tightening supply balance in the Gulf and sharply lower output on the East Coast should offset and end to winter demand, limiting price weakness relative to the overall energy complex.*





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

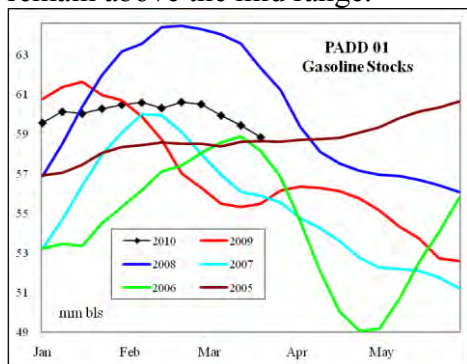
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#### PADD Supply Trends

**PADD 1** refinery crude oil runs increased +51,000 bpd on the week, but remain extremely low. Stocks jumped +1 million barrels on a +251,000 bpd rise in imports.

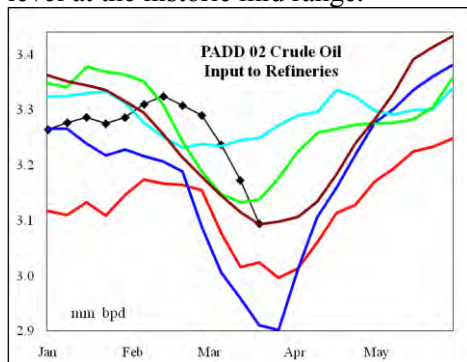
Gasoline production declined -63,000 bpd while imports climbed +77,000 bpd on the week. Stocks decreased -0.7 million barrels, but remain above the mid range.



Distillate supply decreased -30,000 bpd last week, a new record low. Stocks decreased -1.3 million barrels, but remain +4.4 million barrels above last years' record level.

Jet fuel supply increased +53,000 bpd on a jump in imports. Stock levels remain at a record high level.

**PADD 2** crude oil refinery runs decreased -149,000 last week, to a level at the historic mid range.



Crude oil imports fell -186,000 bpd on the week, to a level below the mid range. Stocks increased +1.1 million barrels, to a level near last years' record high. Stocks in Cushing increased +0.5 million barrels, -1.5 million barrels below the prior record.

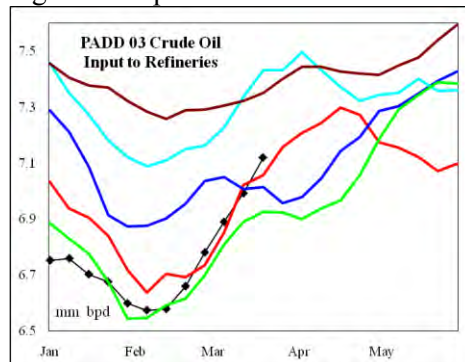
Gasoline production declined -46,000 bpd on the week, but remains

above the mid range. Stocks decreased -1 million barrels, although the level remains near record highs for the period.

Distillate production decreased -75,000 bpd last week, to the low end of the historic range. Stocks declined -0.7 million barrels and are now below the mid range.

Jet fuel production decreased -28,000 bpd to the low end of the historic range. Stock levels are at the upper end of the 5-year range.

**PADD 3** refinery crude oil runs increased +141,000 bpd last week, to above the 5-year mid range. Imports increased +651,000 bpd on the week, although the level is still below the 5-yr range. Stock levels reached a 5-year high for the period.



Gasoline production increased +45,000 bpd last week, with the 4-wk average -269,000 bpd below a year ago. Stocks were nearly unchanged at a level near the 5-year high.

Distillate production increased +57,000 bpd on the week, to a level above the mid range. Stocks increased +0.4 million barrels, and are +5 million barrels above last years' record high.

Jet fuel supply increased +41,000 bpd on the week, to near the mid range. Stocks increased +0.5 million bbls to levels near the 5-year high.

Residual fuel oil supply declined -64,000 bpd, falling to the low end of the historic range. Stocks fell -0.5 million barrels, but remain well above the historic range.

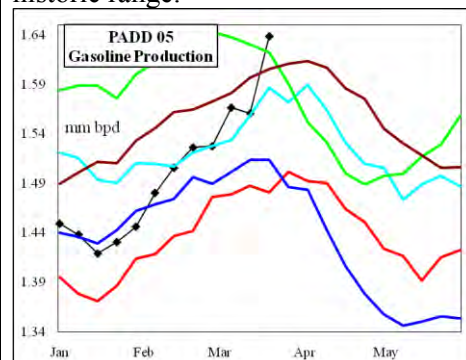
**PADD 4** refinery crude oil runs were unchanged last week, bpd with the latest 4-wk average -49,000 bpd below

year ago levels. Refinery closure and maintenance has pushed runs to the low end of the 5-year range.

Gasoline production decreased -27,000 bpd on the week, but remains above the historic range. Stocks decreased -0.2 million barrels for the week, with the level at the low end of the historic range.

Distillate production decreased -9,000 bpd last week, with output below the mid range. Stock levels decreased -0.2 million barrels, with the level above the mid range.

**PADD 5** crude oil refinery runs increased +57,000 bpd on the week, to the low end of the historic range. The latest 4-wk average run rate was -198,000 bpd below a year ago. Crude oil stocks increased +1 million barrels, also matching the low end of the historic range.



Gasoline production jumped +154,000 bpd last week to a level above the historic range. Stocks decreased -0.7 million barrels, but remain above the 5-year range.

Distillate production declined -34,000 bpd on the week, the latest 4-wk average -76,000 bpd below last year and below the historic range. Stocks decreased -0.5 million barrels, but matching the 5-year low level.

Jet fuel supply decreased -28,000 bpd last week. The latest 4-wk average supply was -45,000 bpd below a year ago. Stock levels remain well above the mid range.


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# PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

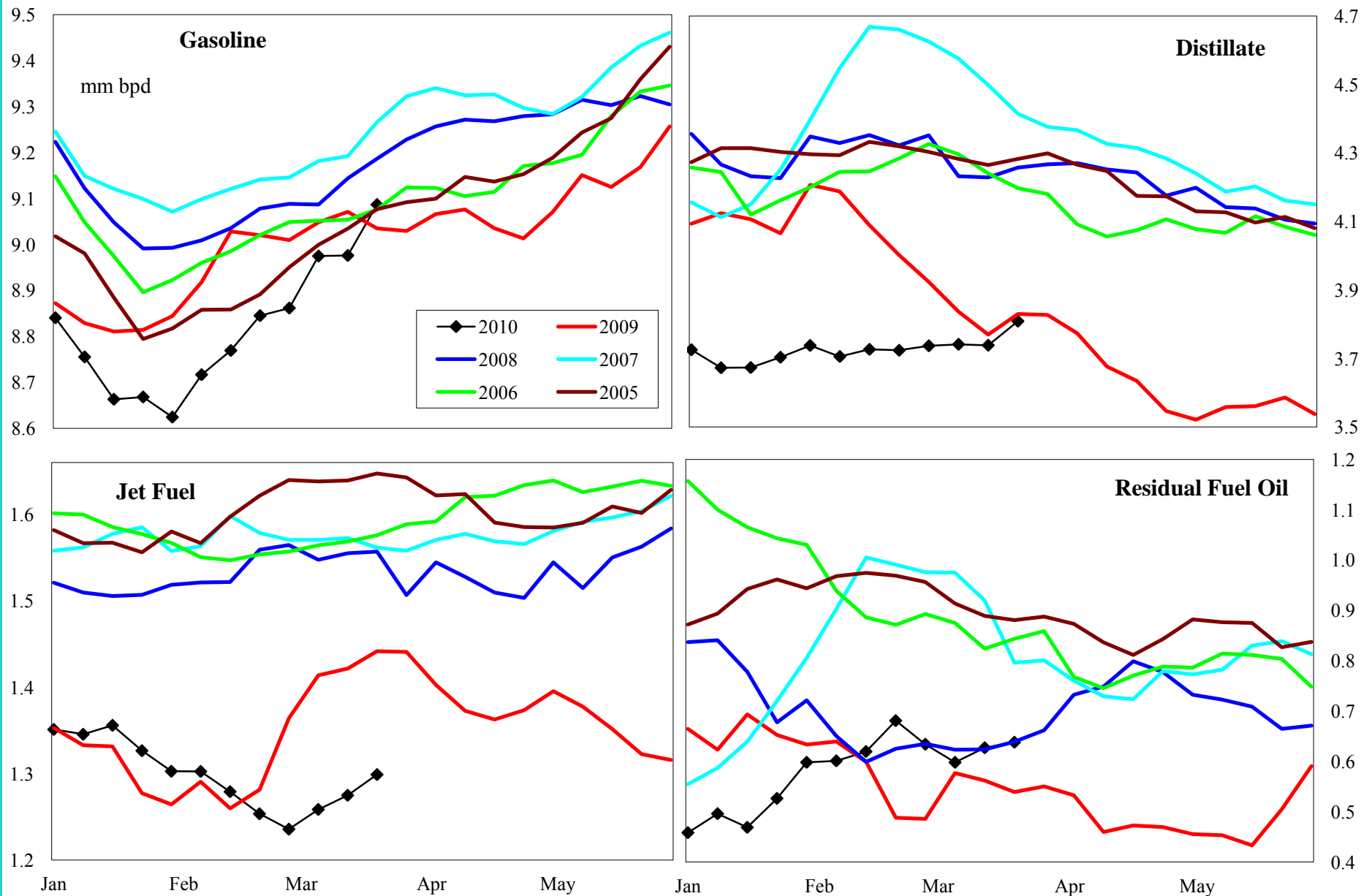
March 24, 2010

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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	19-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	7,245	959	1,071	3,967	254	994
	Imports	969	251	-186	651	48	205
	Input	102	51	-149	141	2	57
	% Utilization	0.56					
<u>Gasoline</u>	Stocks	-2,715	-716	-1,047	-102	-176	-674
	Production	63	-63	-46	45	-27	154
	Imports	15	77	-1	-48	0	-13
	Supplied	238					
<u>Distillate</u>	Stocks	-2,422	-1,348	-723	413	-240	-524
	Production	-91	-30	-75	57	-9	-34
	Imports	5	0	9	0	-4	0
	Supplied	47					
<u>Jet Fuel</u>	Stocks	1	221	-114	531	-91	-546
	Production	-27	-6	-28	41	-6	-28
	Imports	57	59	0	0	0	-2
	Supplied	35					
<u>Residual Fuel Oil</u>	Stocks	-667	-393	33	-508	-1	202
	Production	-5	-11	-7	-20	0	33
	Imports	-9	128	-2	-44	0	-91
	Supplied	87					

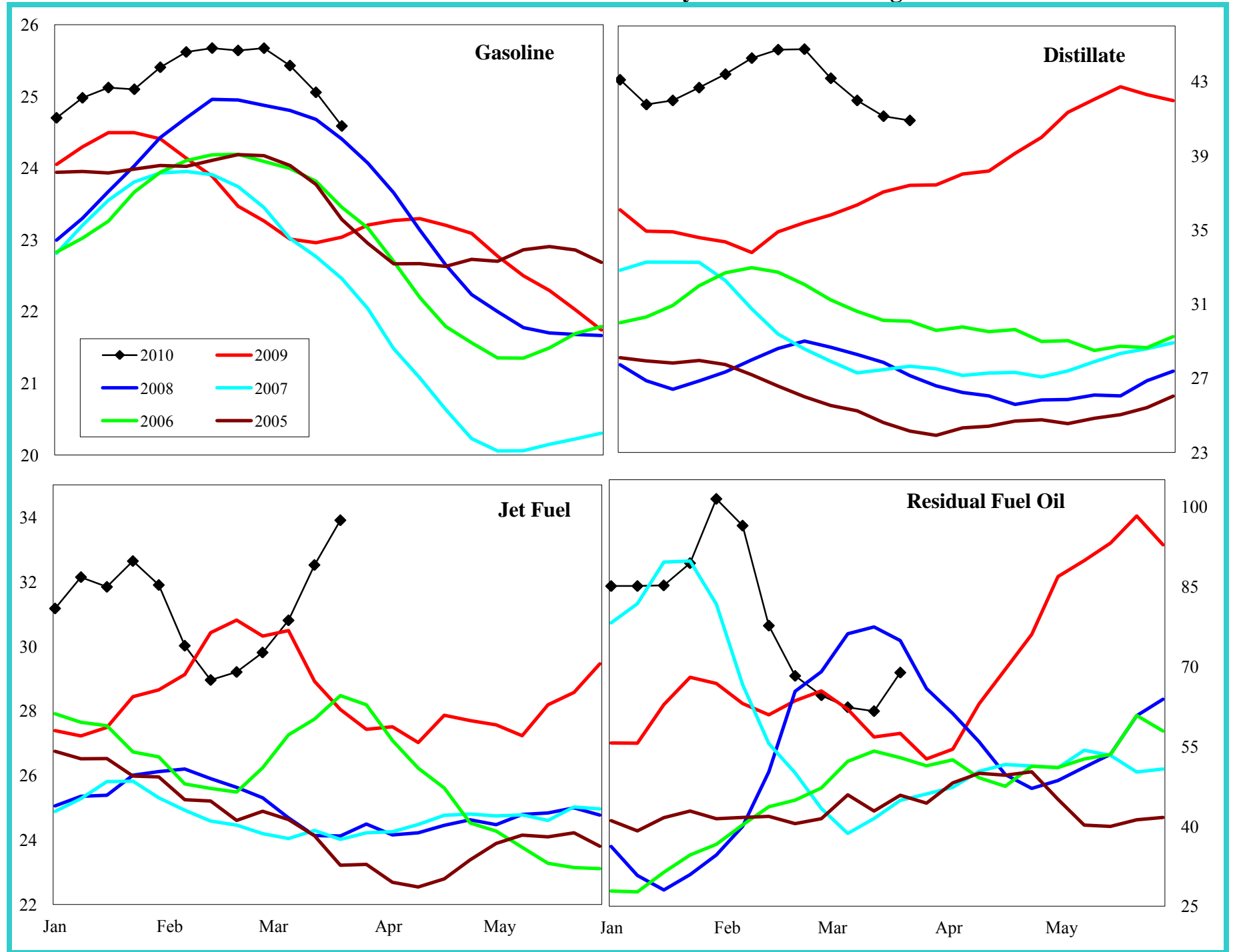
# United States Wholesale Petroleum Demand



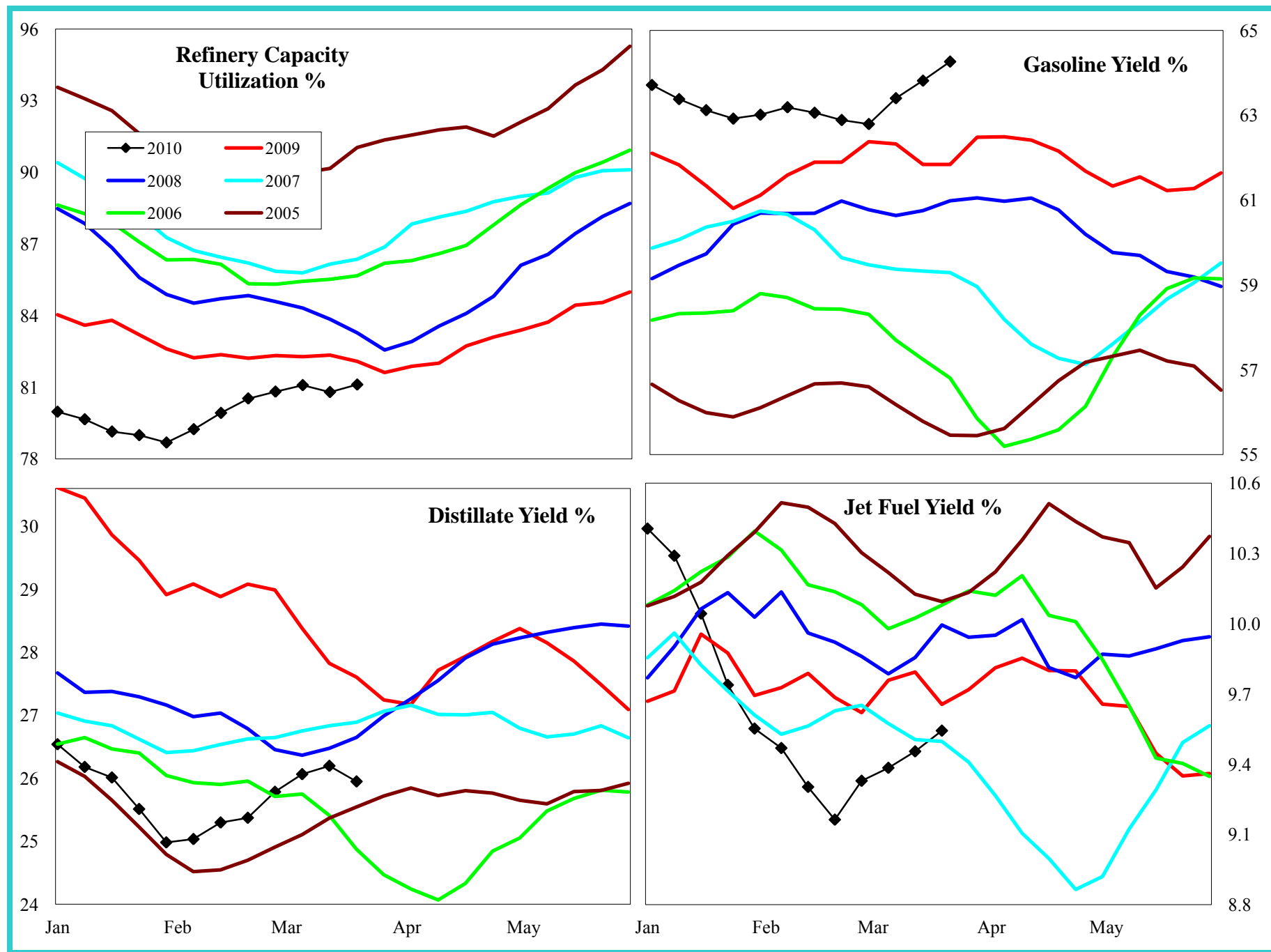
	000 bpd change from prior year				% change from prior year				
	4wk avg	Feb	Jan	Dec	4wk avg	Feb	Jan	Dec	
Gasoline	-105	16	-35	34	-1.2	0.2	-0.4	0.4	
Distillate	-38	-177	-371	-79	-1.0	-4.5	-9.1	-2.1	
Jet Fuel	-141	-59	6	96	-9.7	-4.4	0.4	6.9	
Resid	50	162	-207	-273	8.4	32.0	-29.6	-36.3	



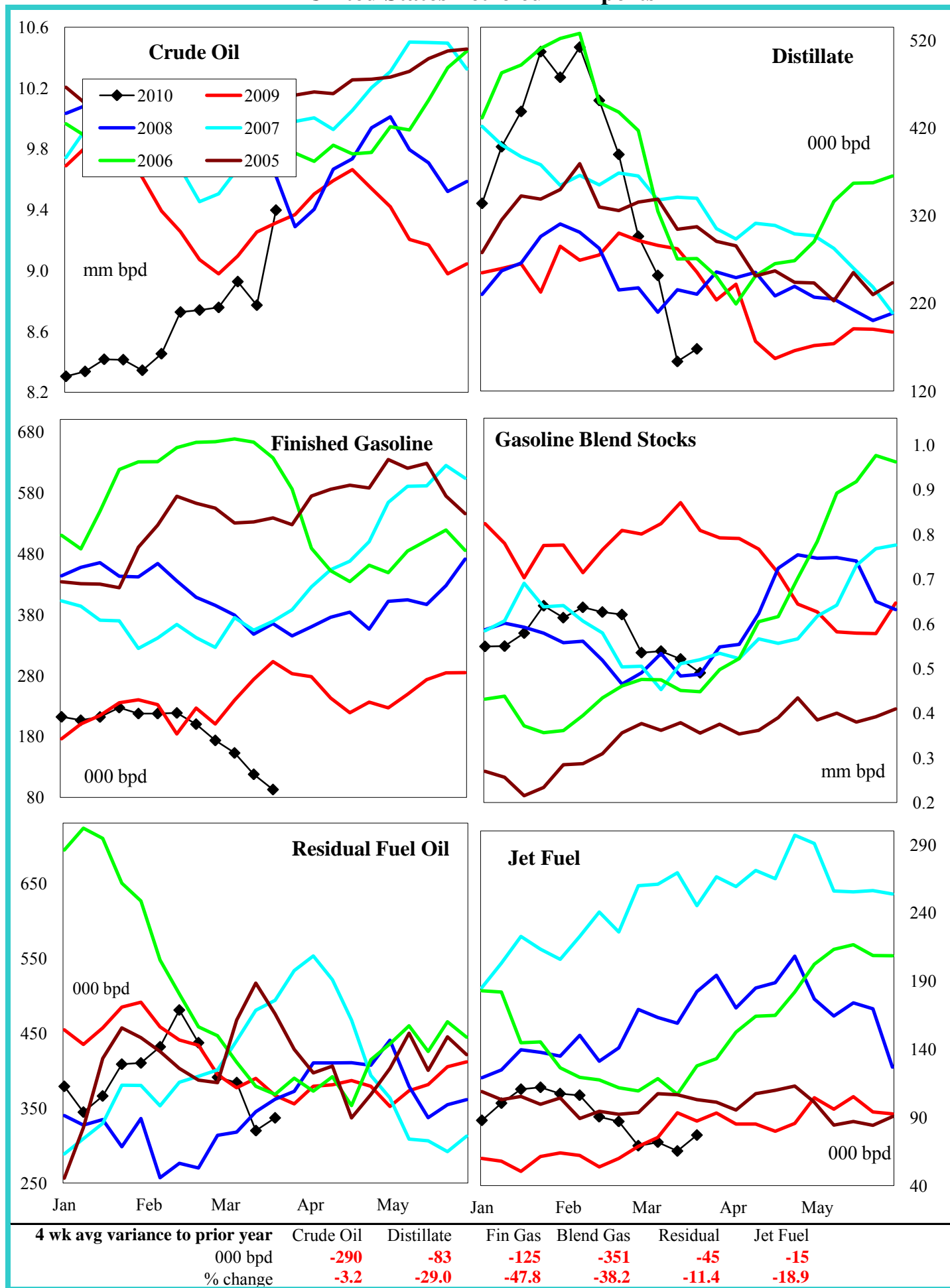
# United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

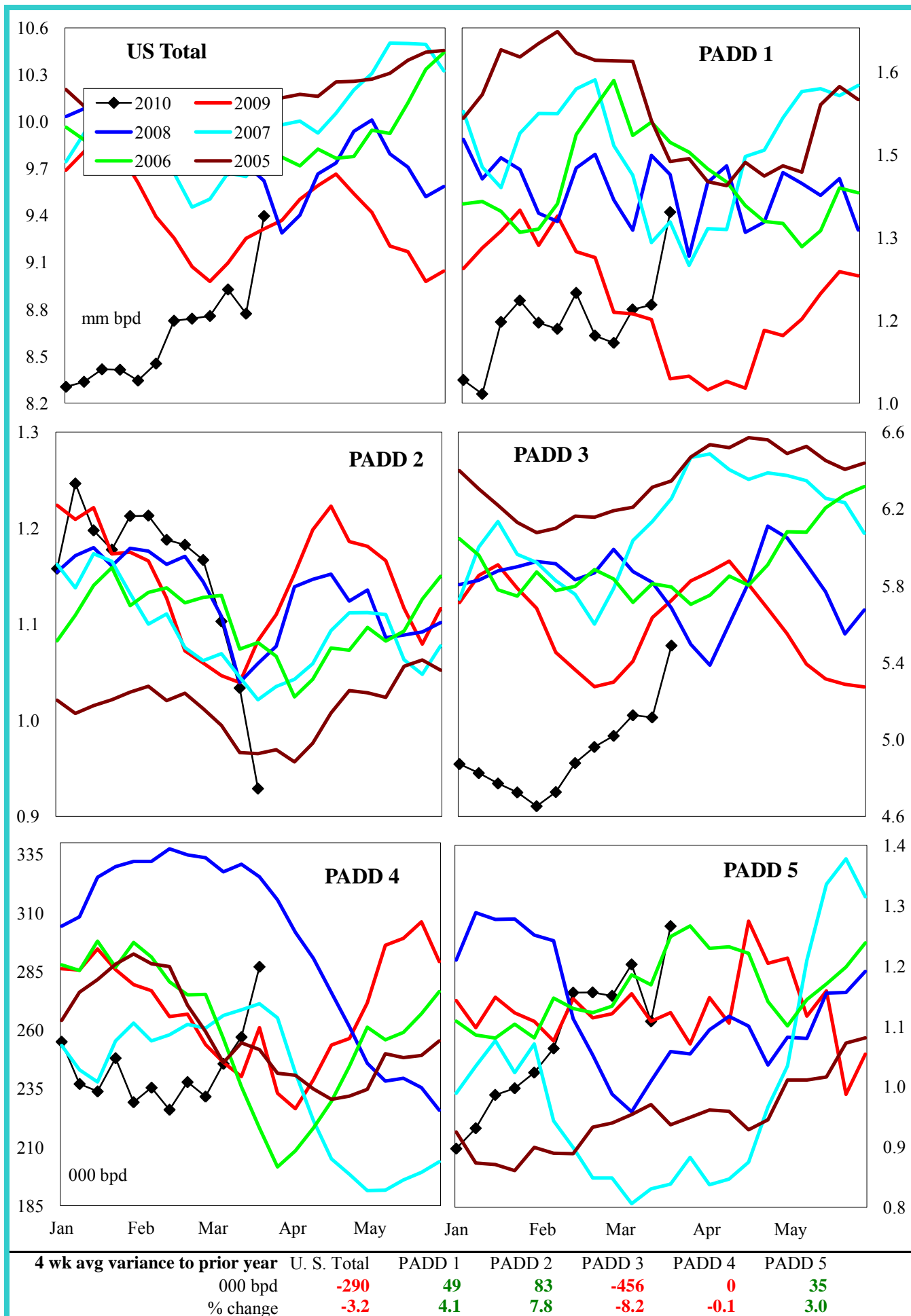


# United States Petroleum Imports

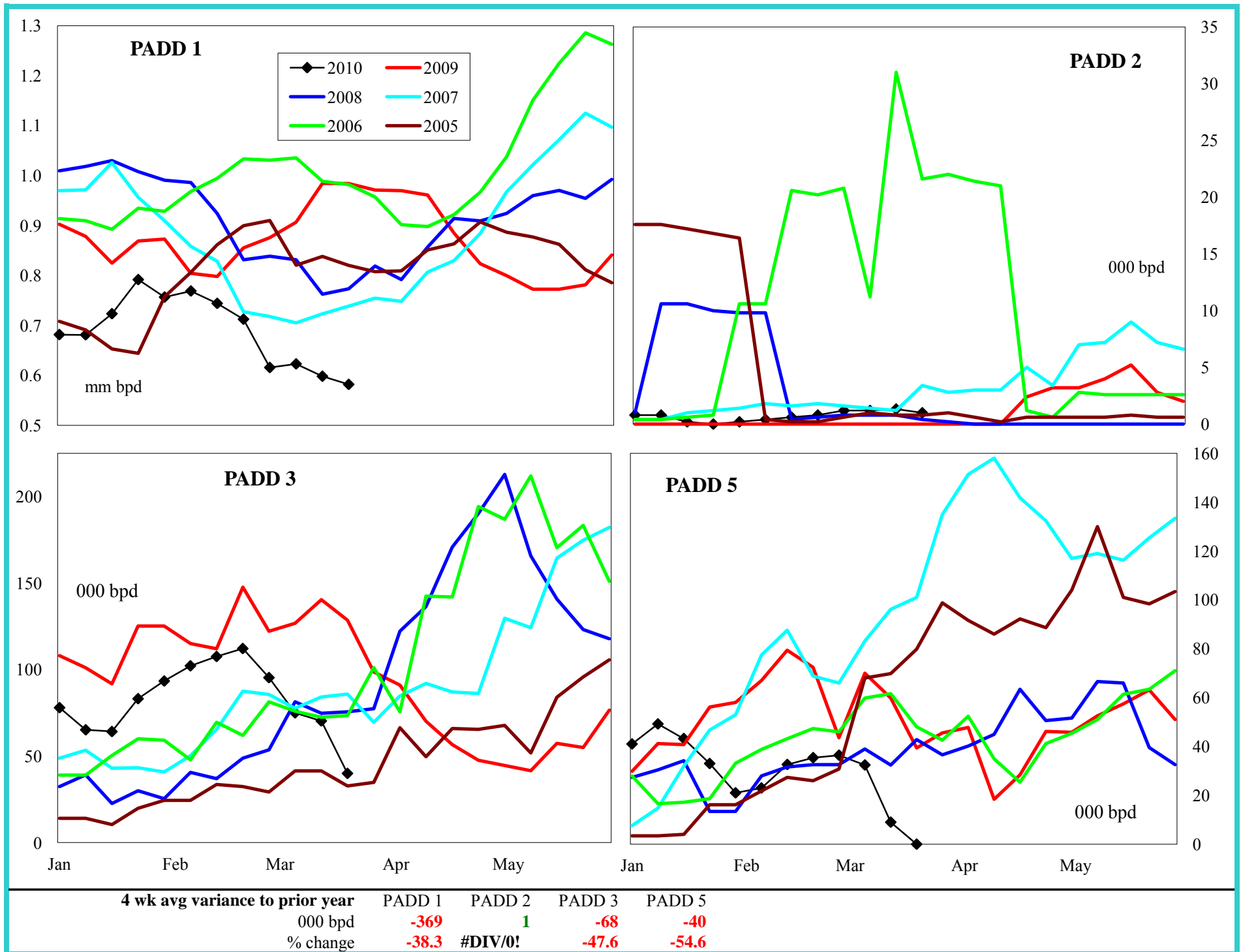




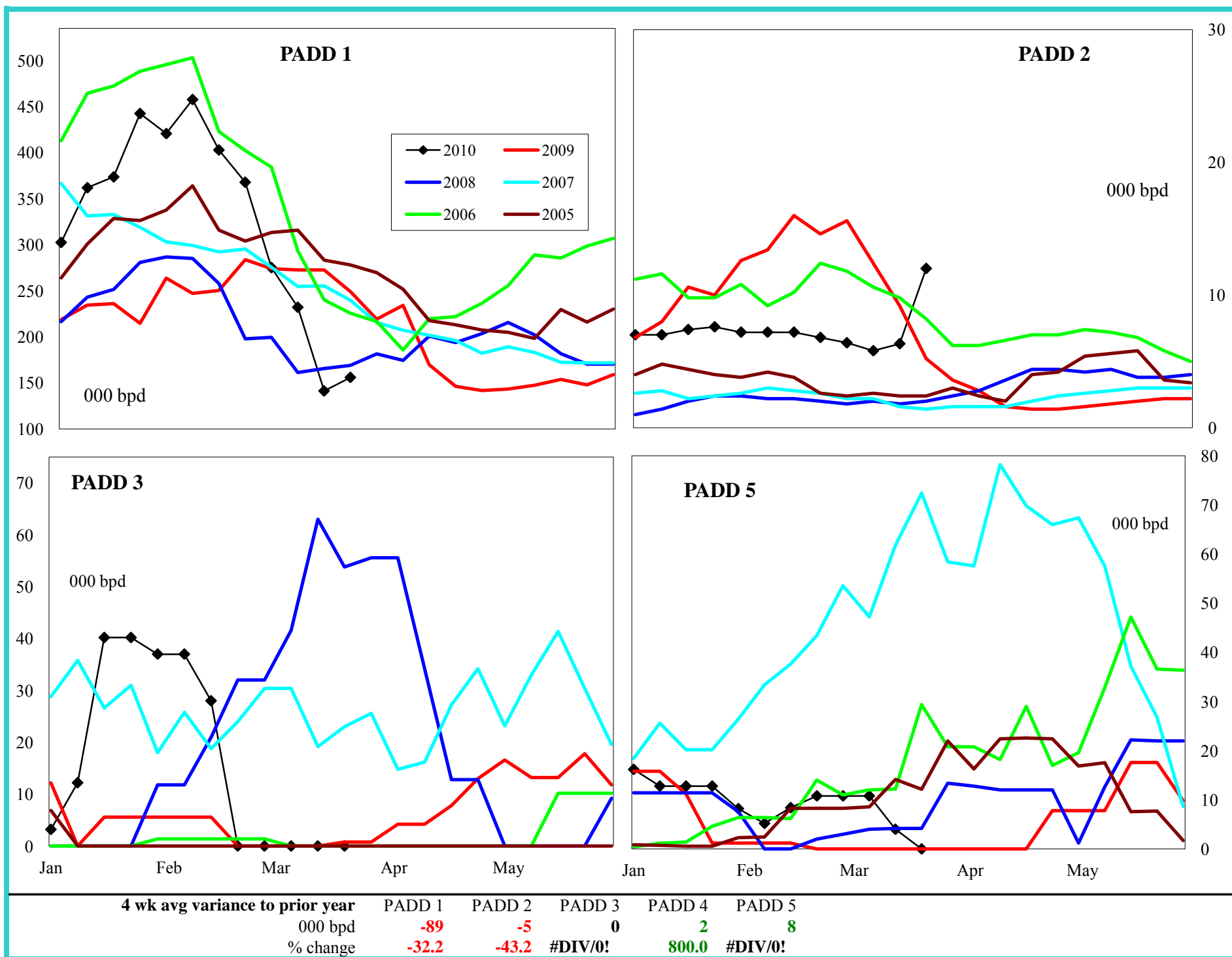
## Crude Oil Imports by PADD



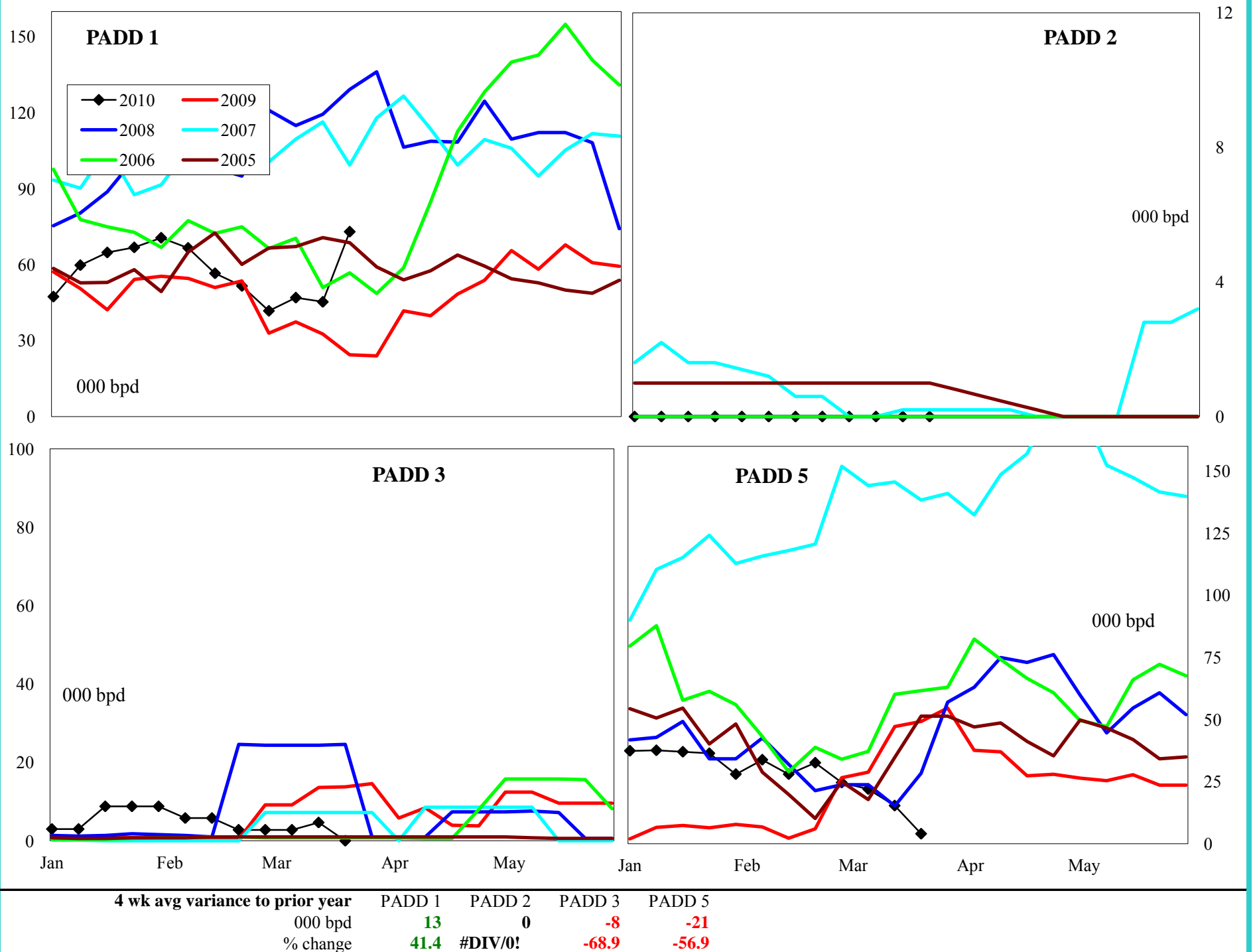
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

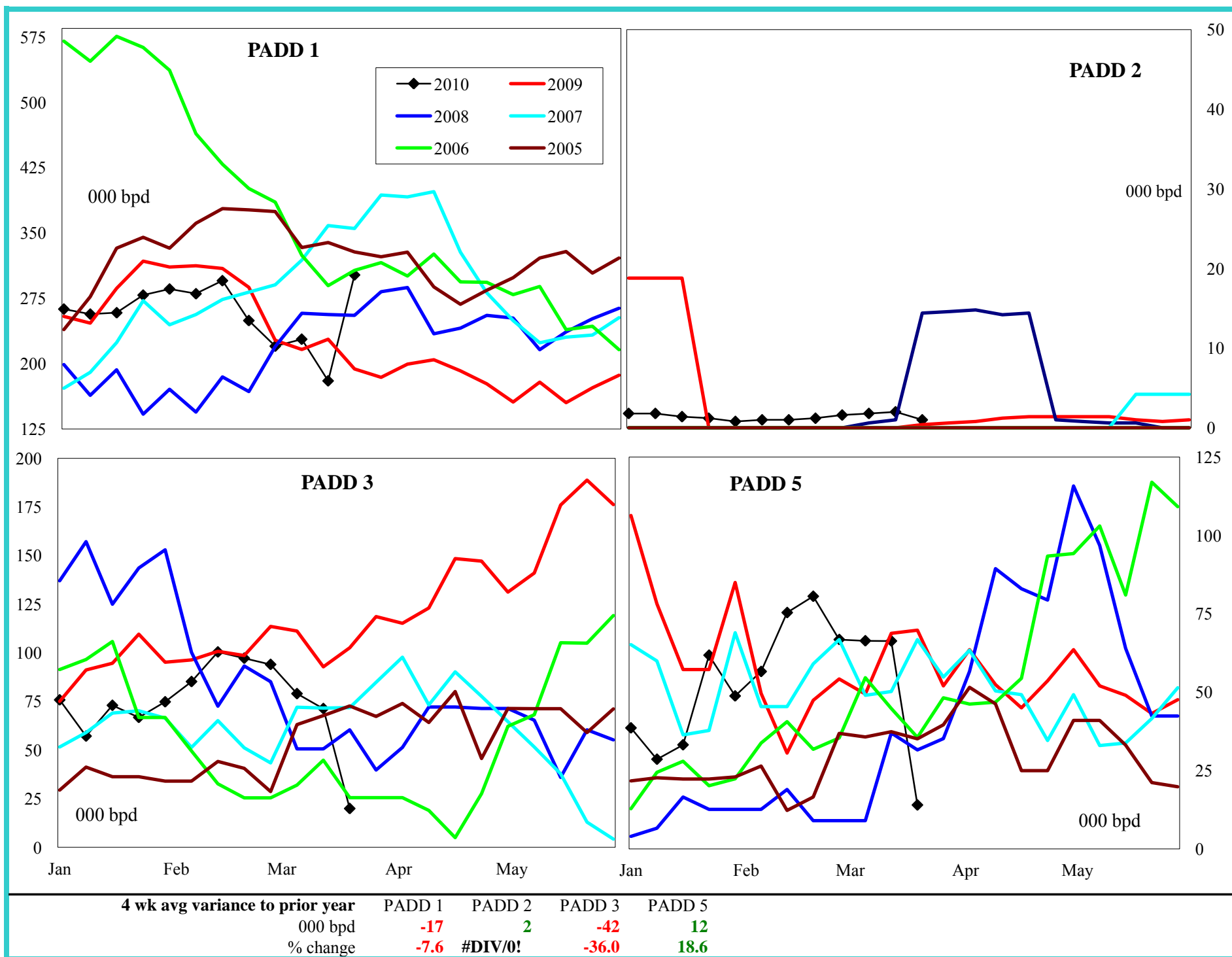


# Jet Fuel Imports by PADD

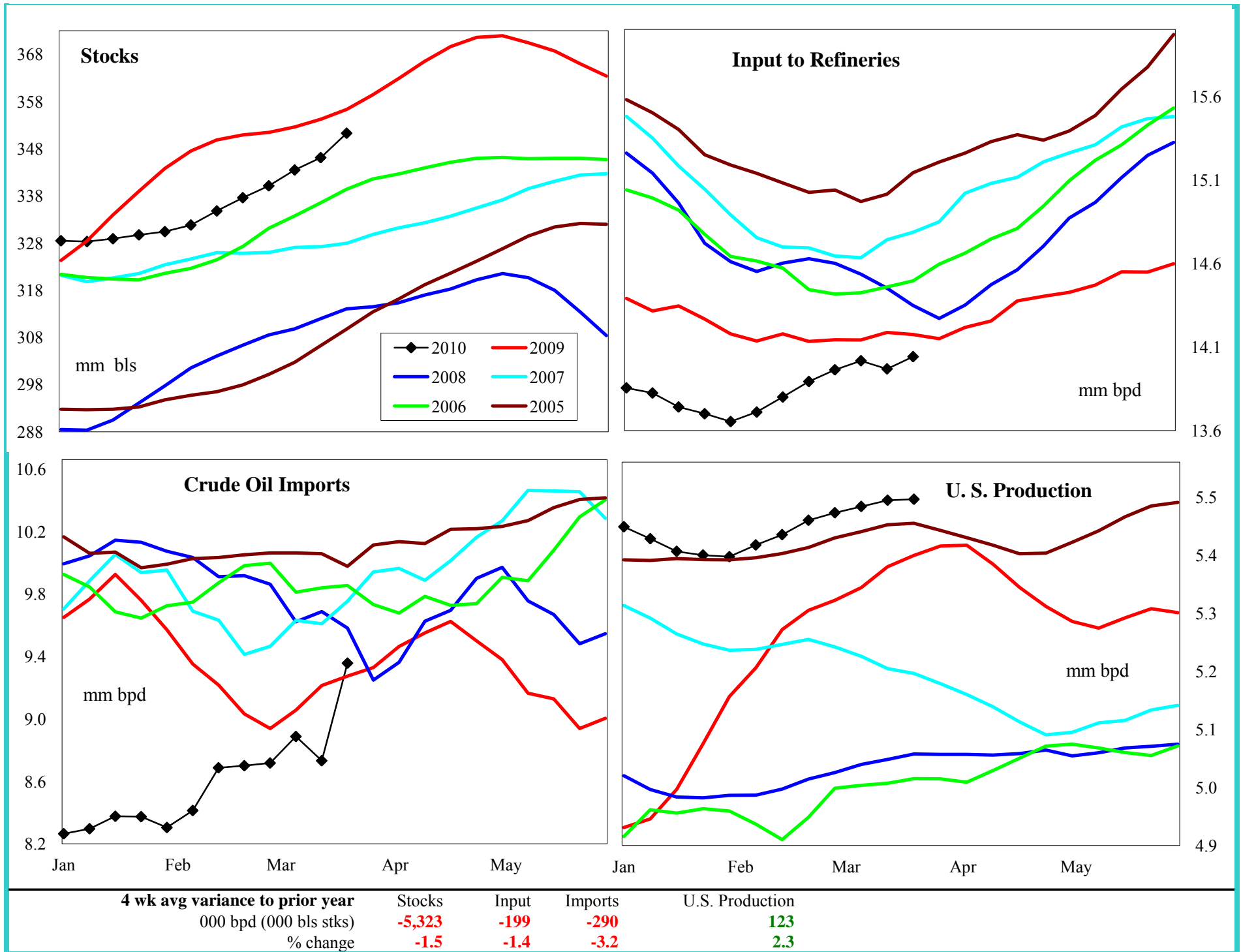




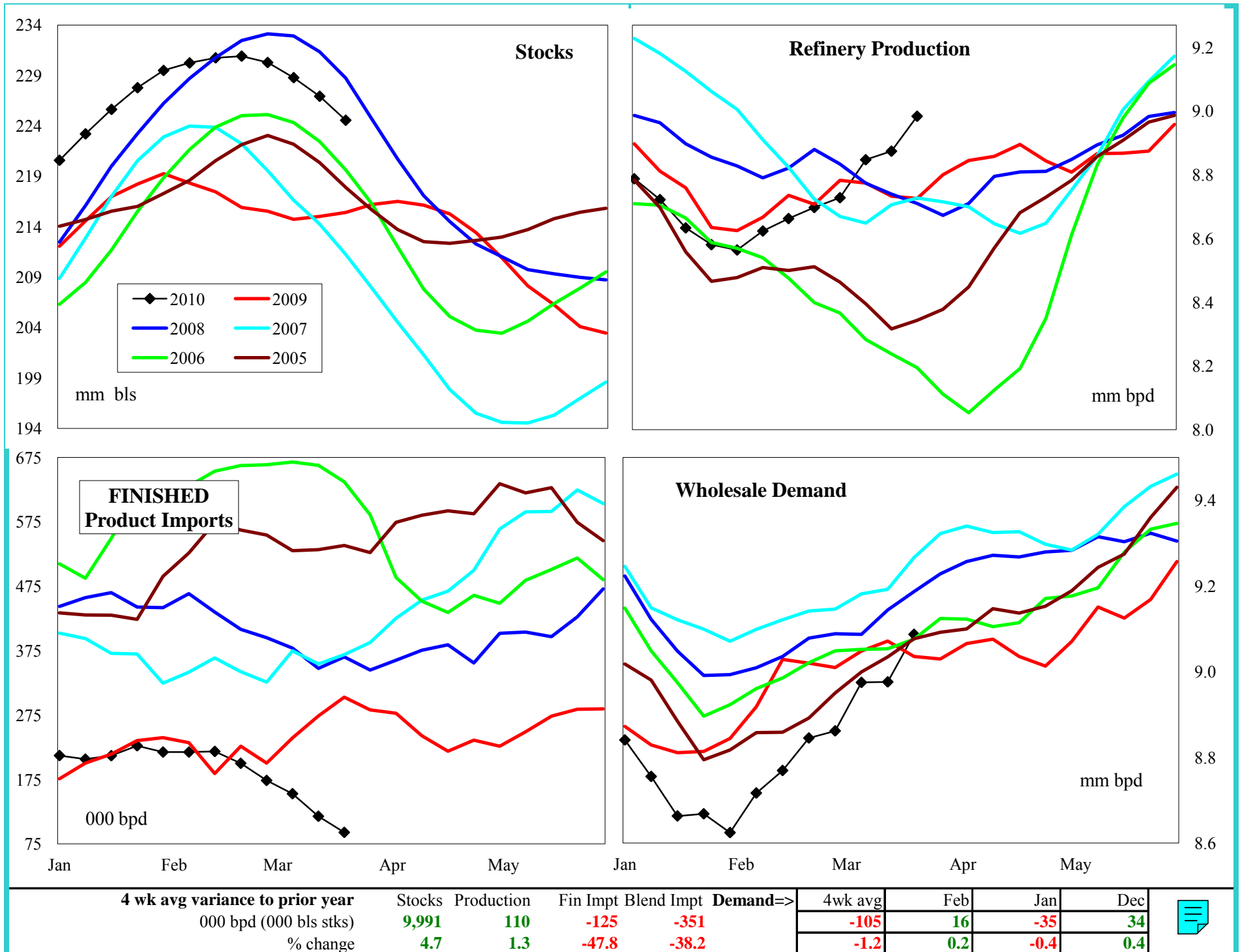
## Residual Fuel Oil Imports by PADD



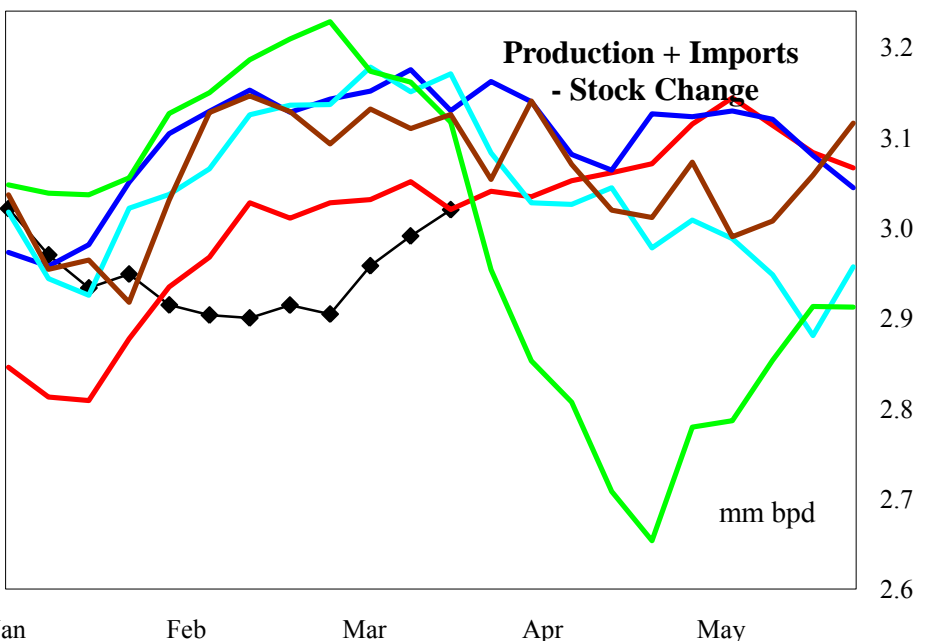
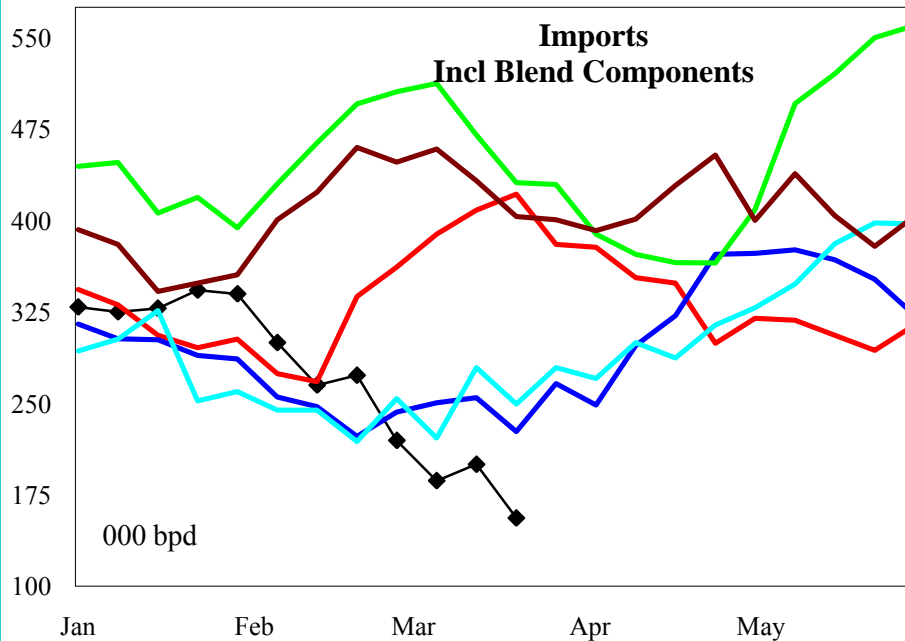
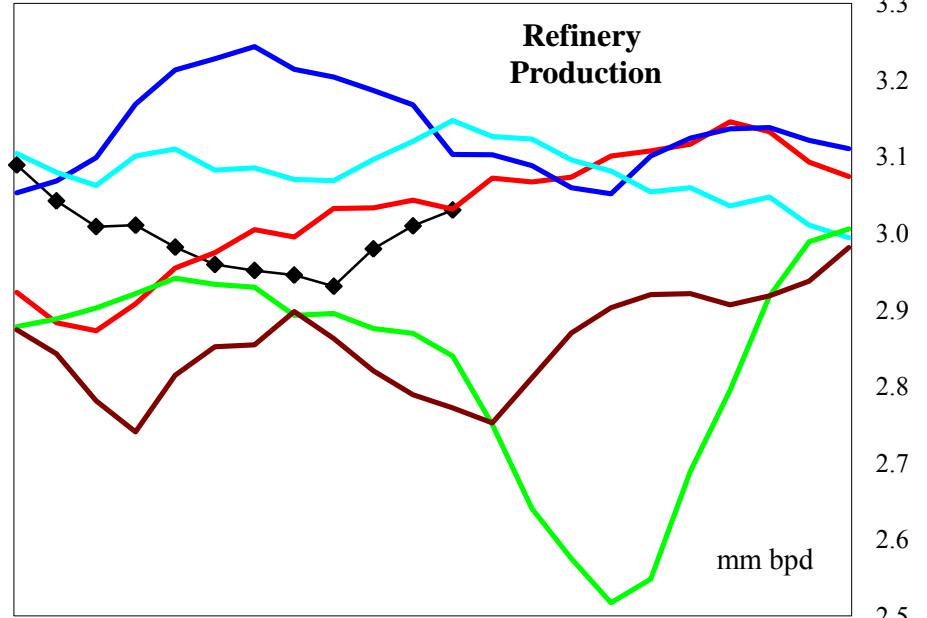
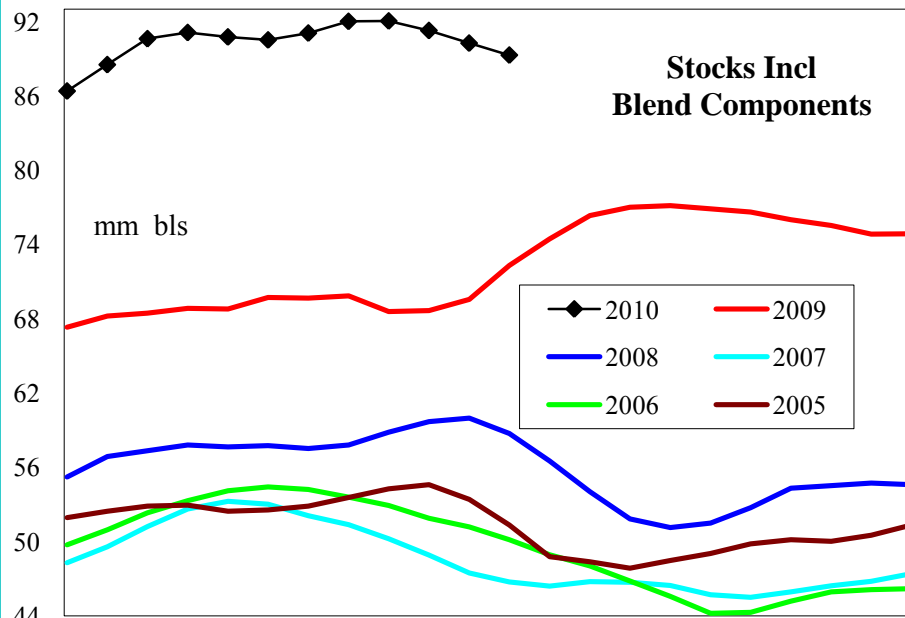
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance



# United States Reformulated Gasoline Supply

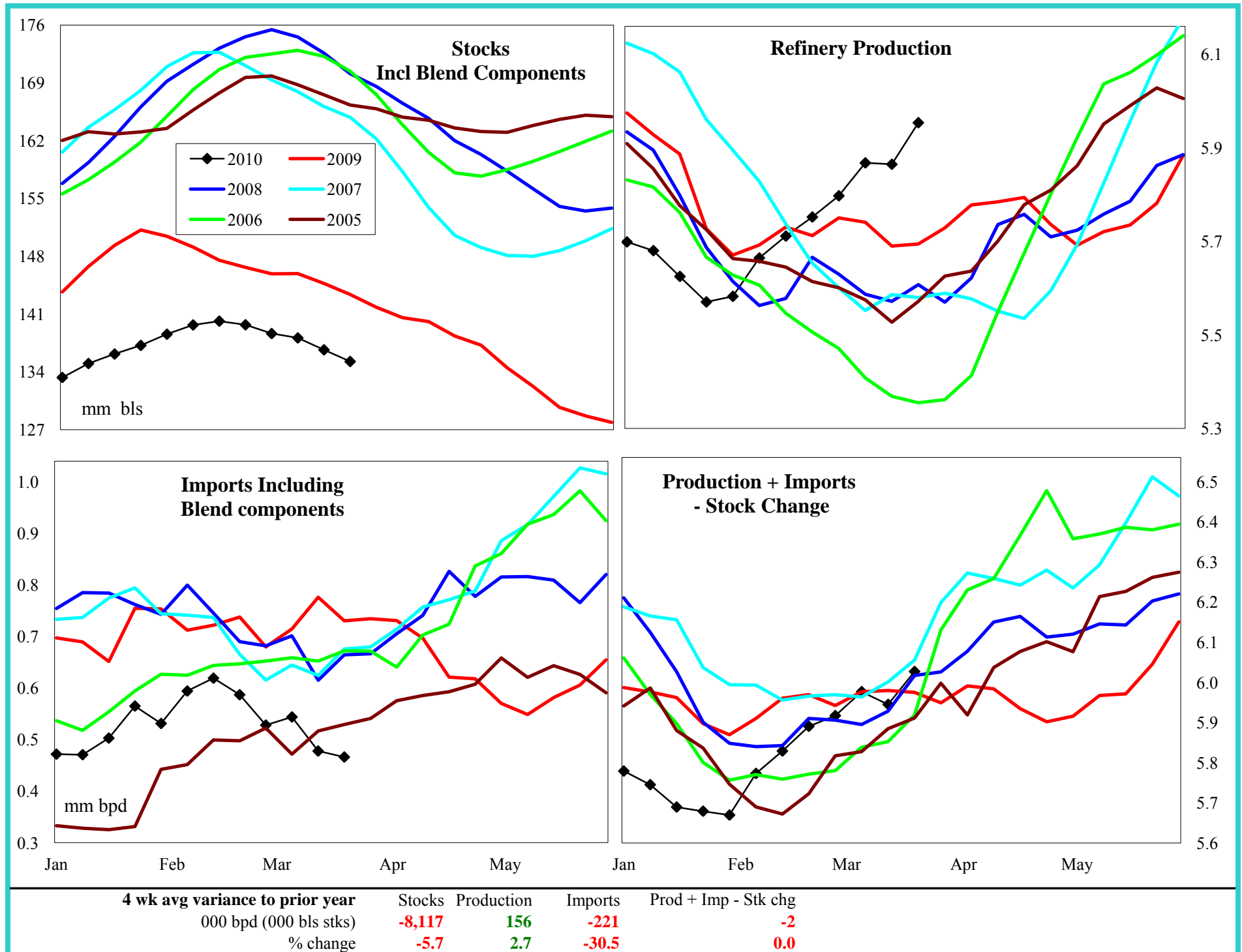


**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

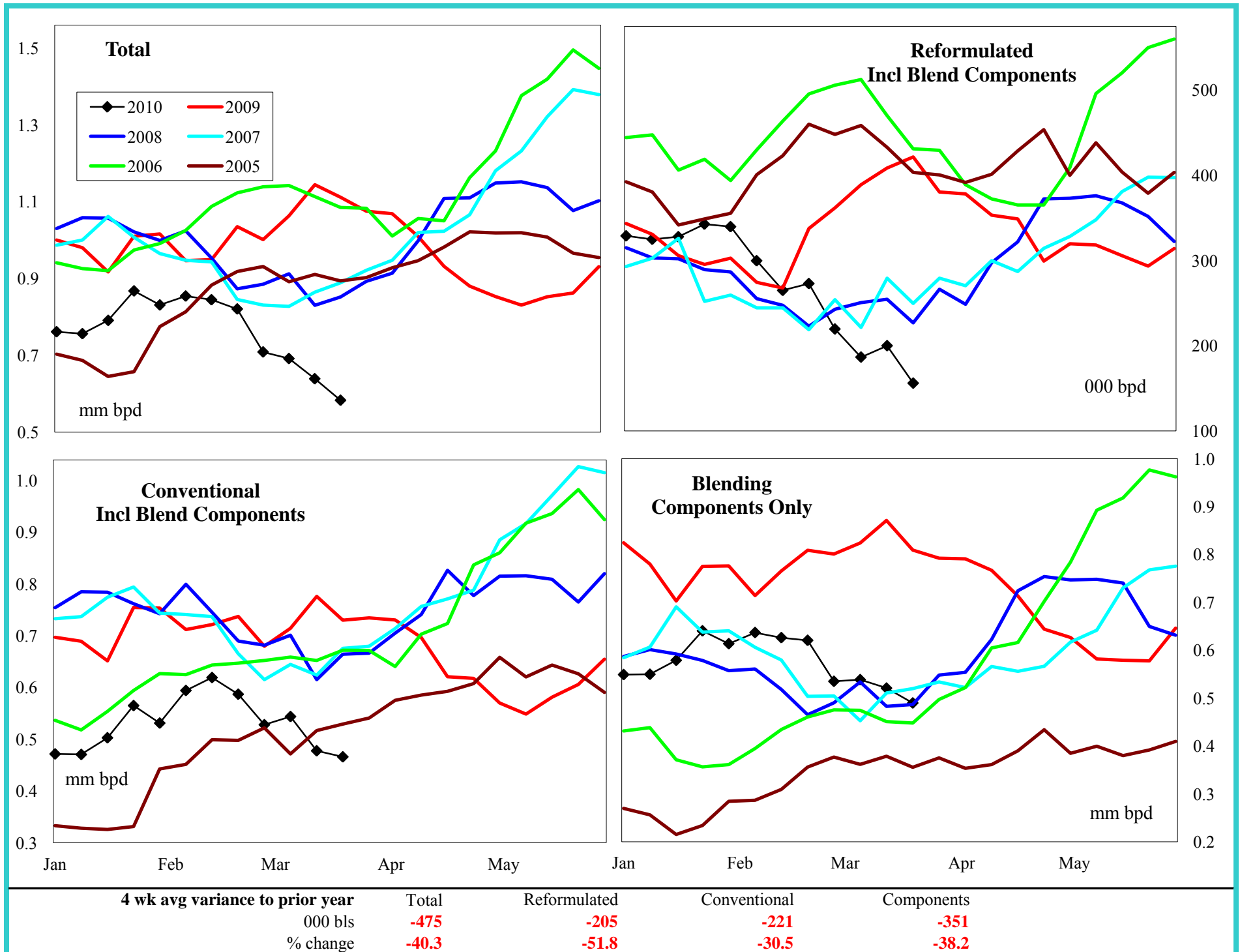
Stocks	Production	Imports	Prod + Imp - Stk chg
16,985	-45	-205	-64
23.5	-1.5	-51.8	-2.1



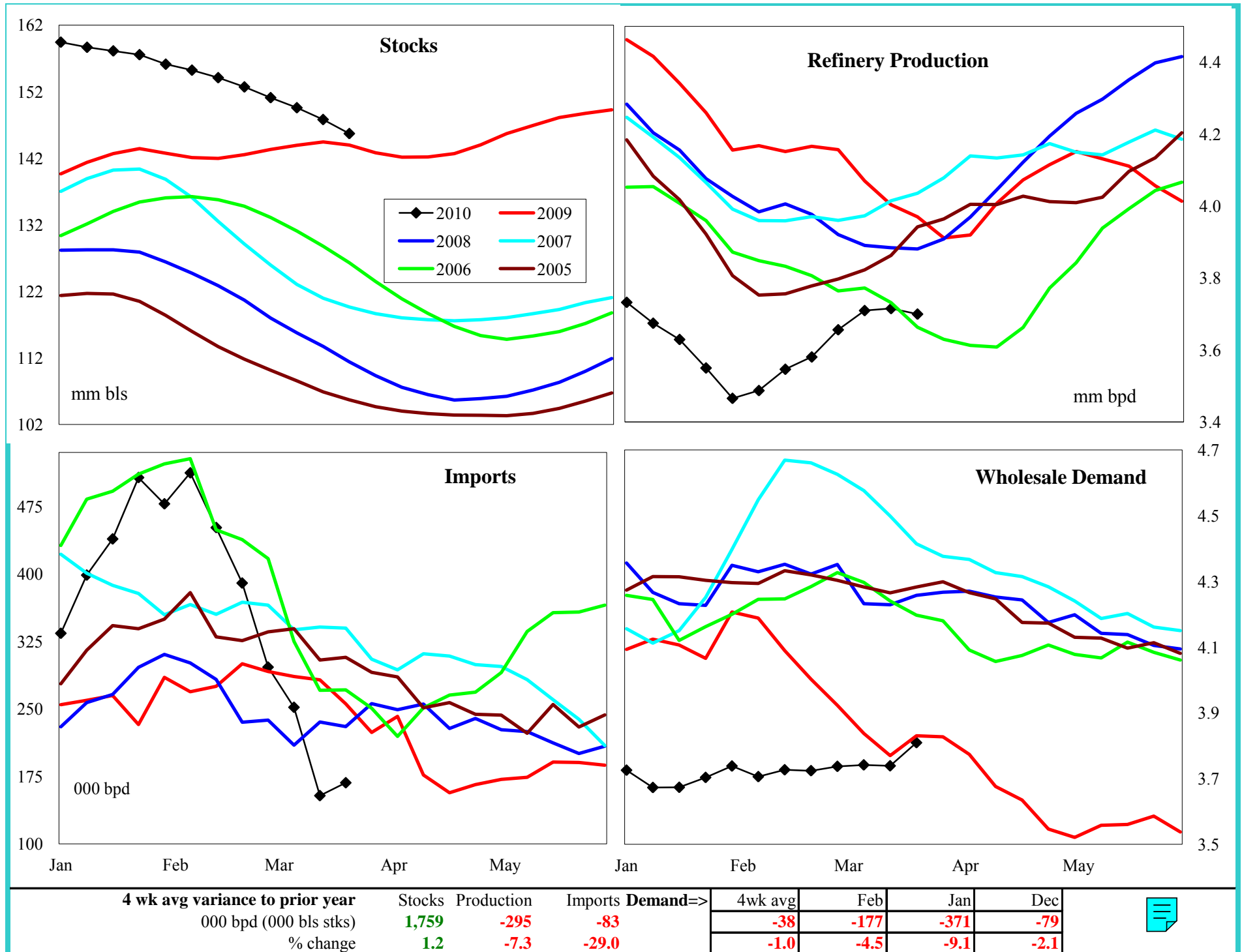
# United States Conventional Gasoline Supply



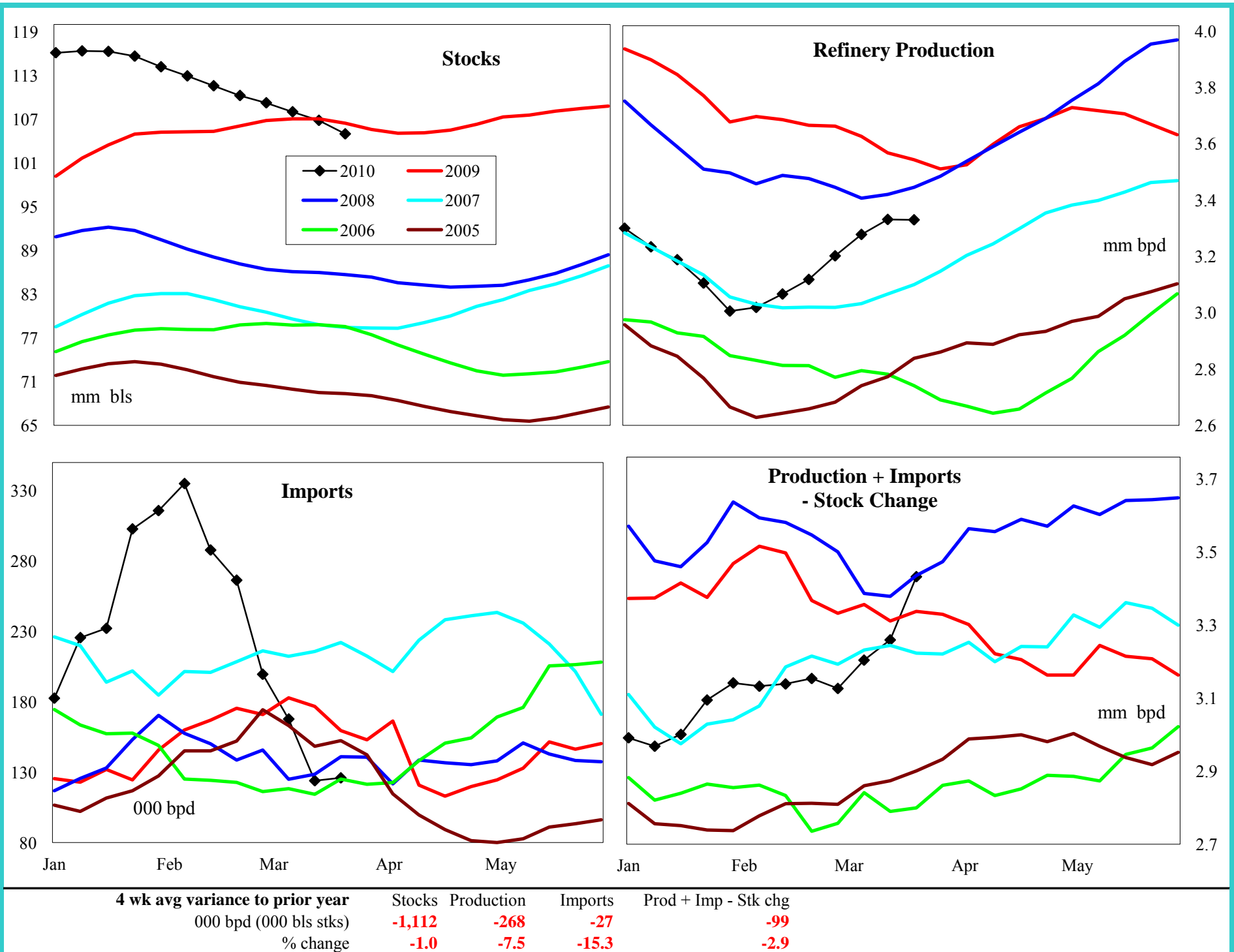
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

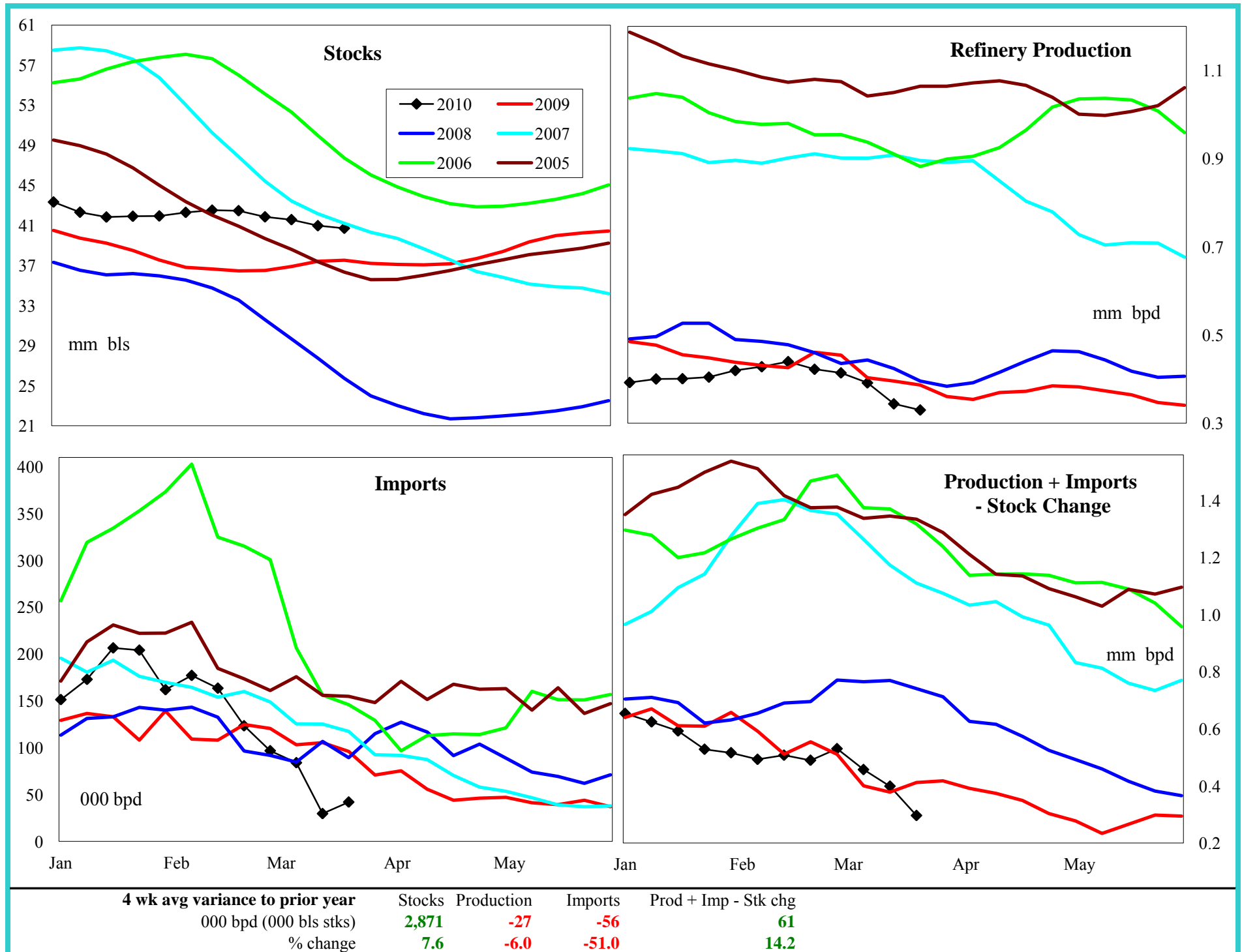


# United States Low Sulfur Distillate Supply

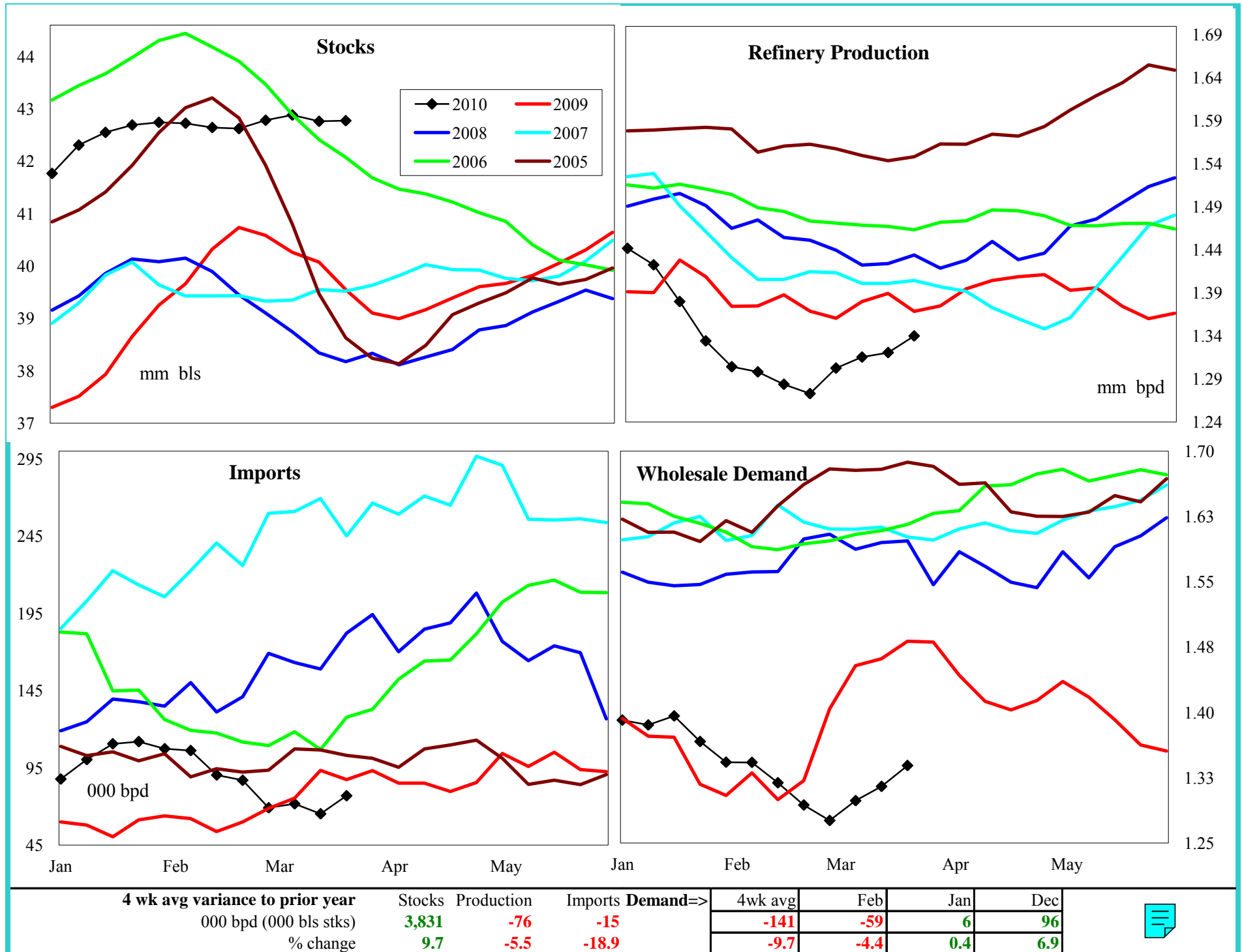




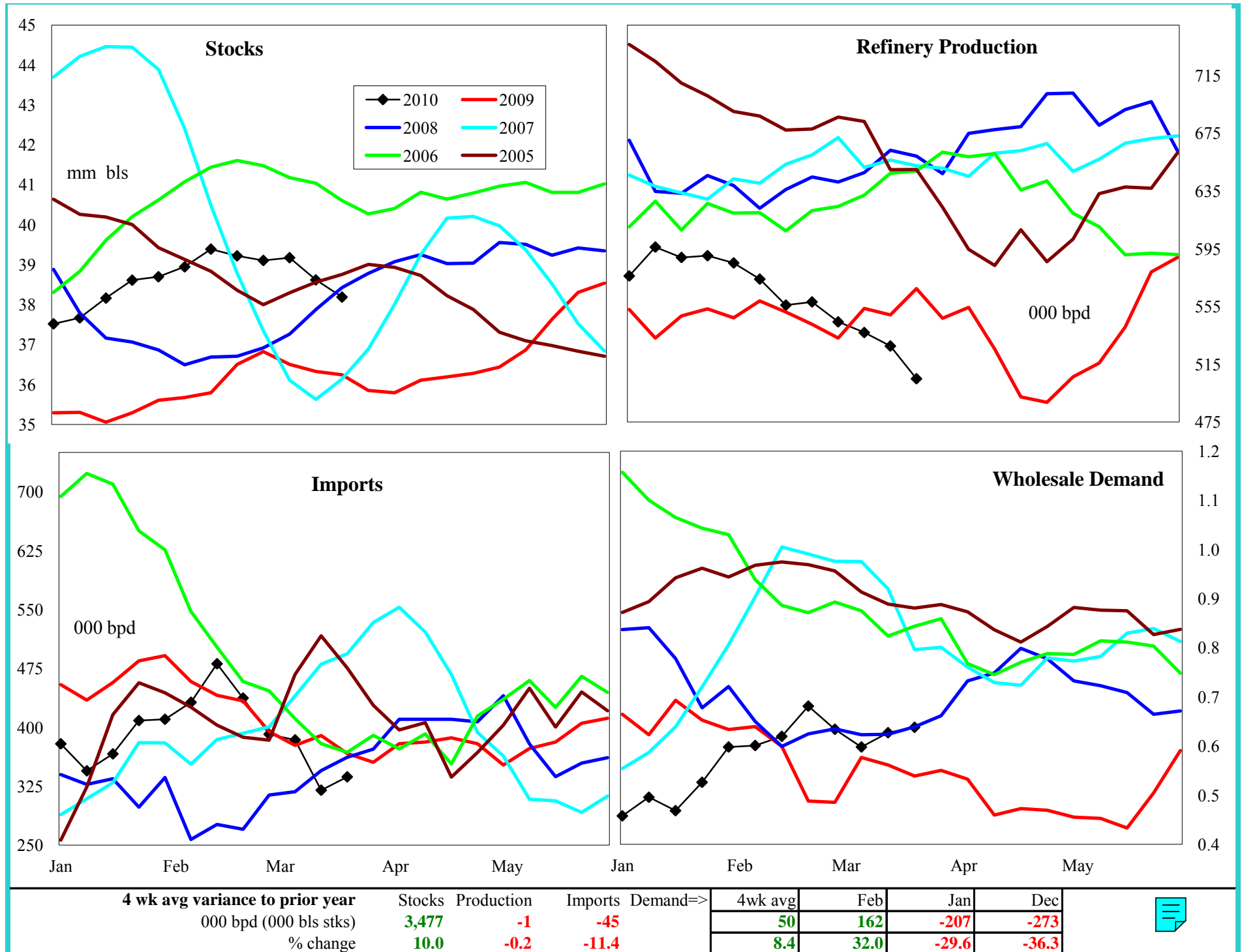
# United States High Sulfur Distillate Supply



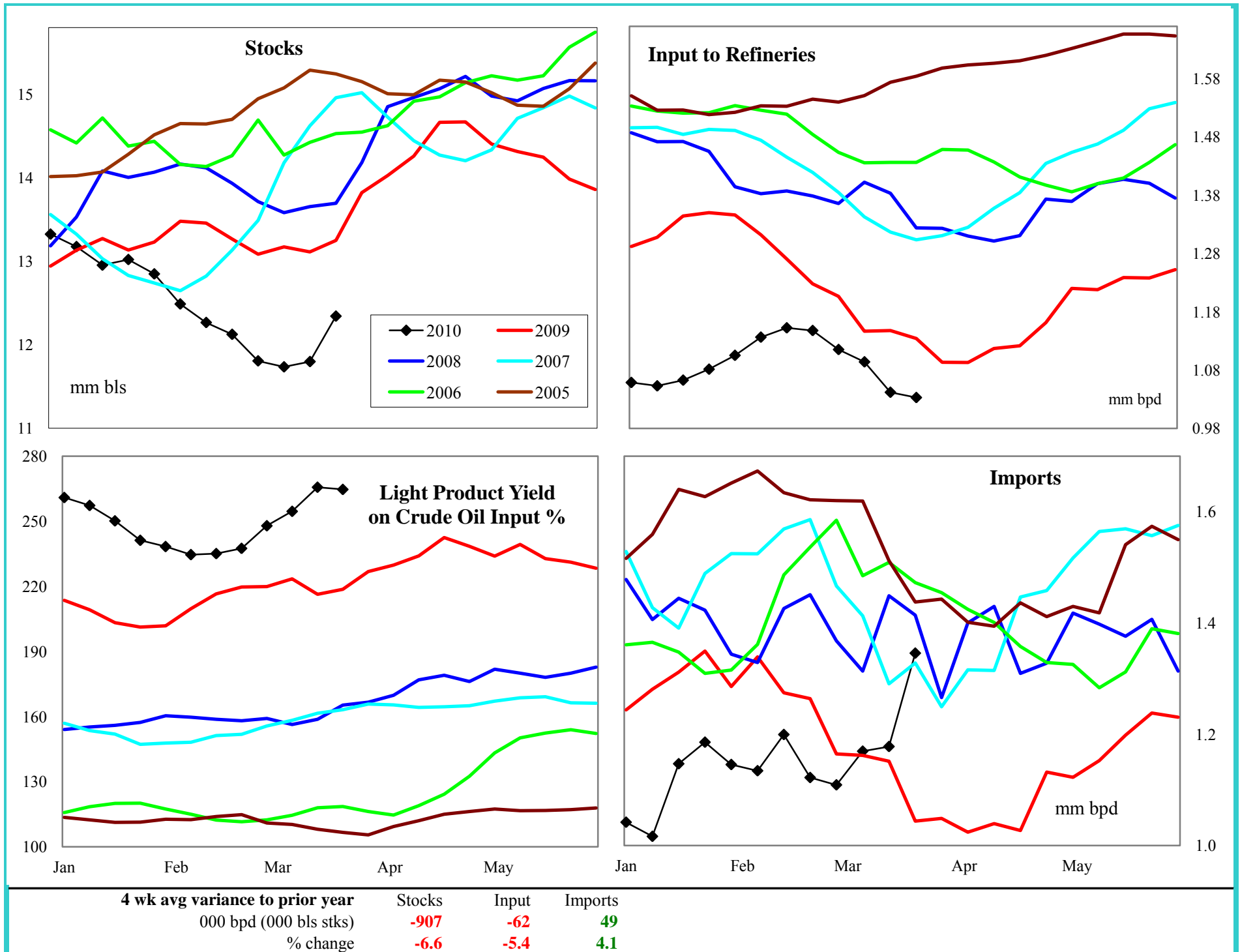
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

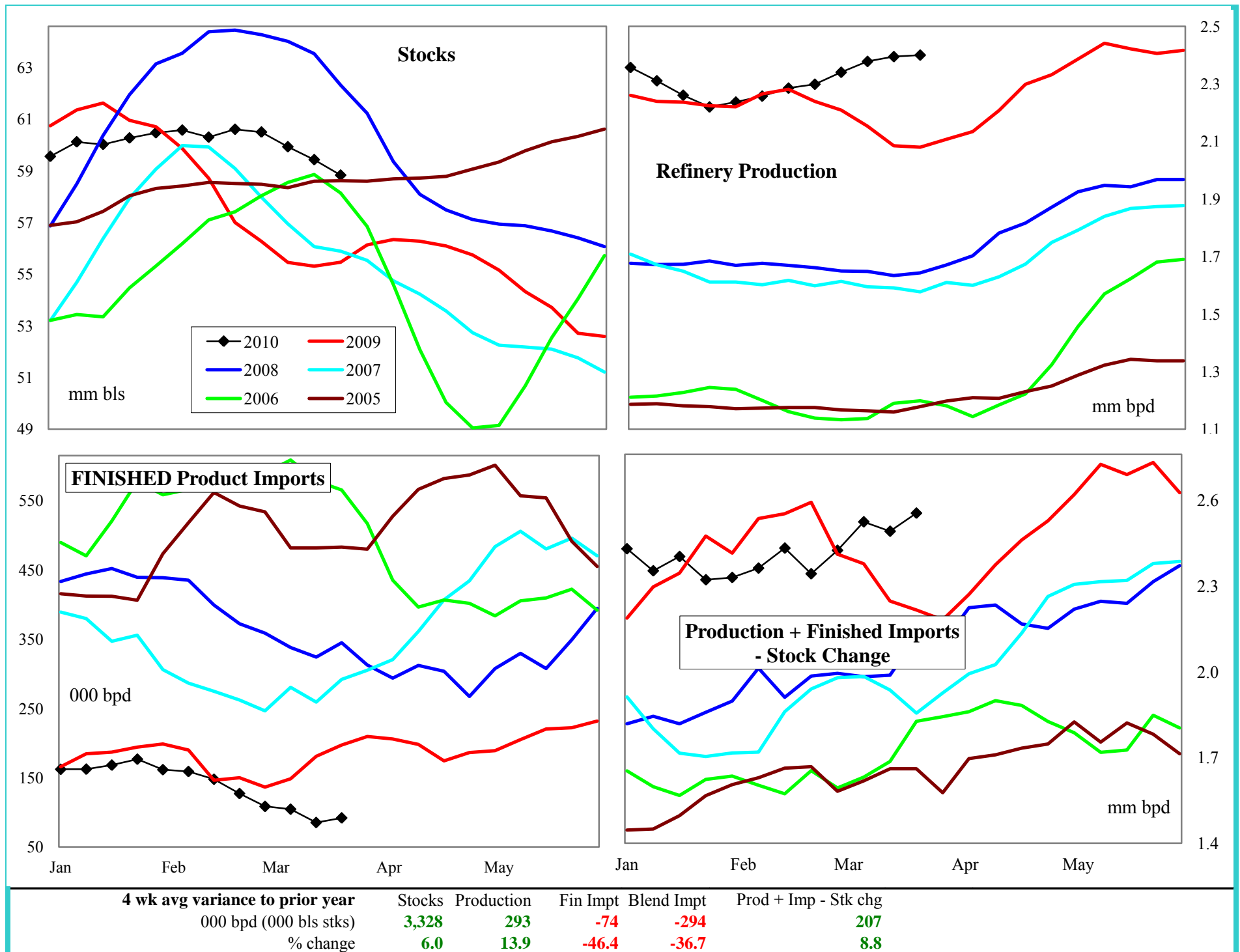


# PADD 1 Crude Oil Supply and Refining

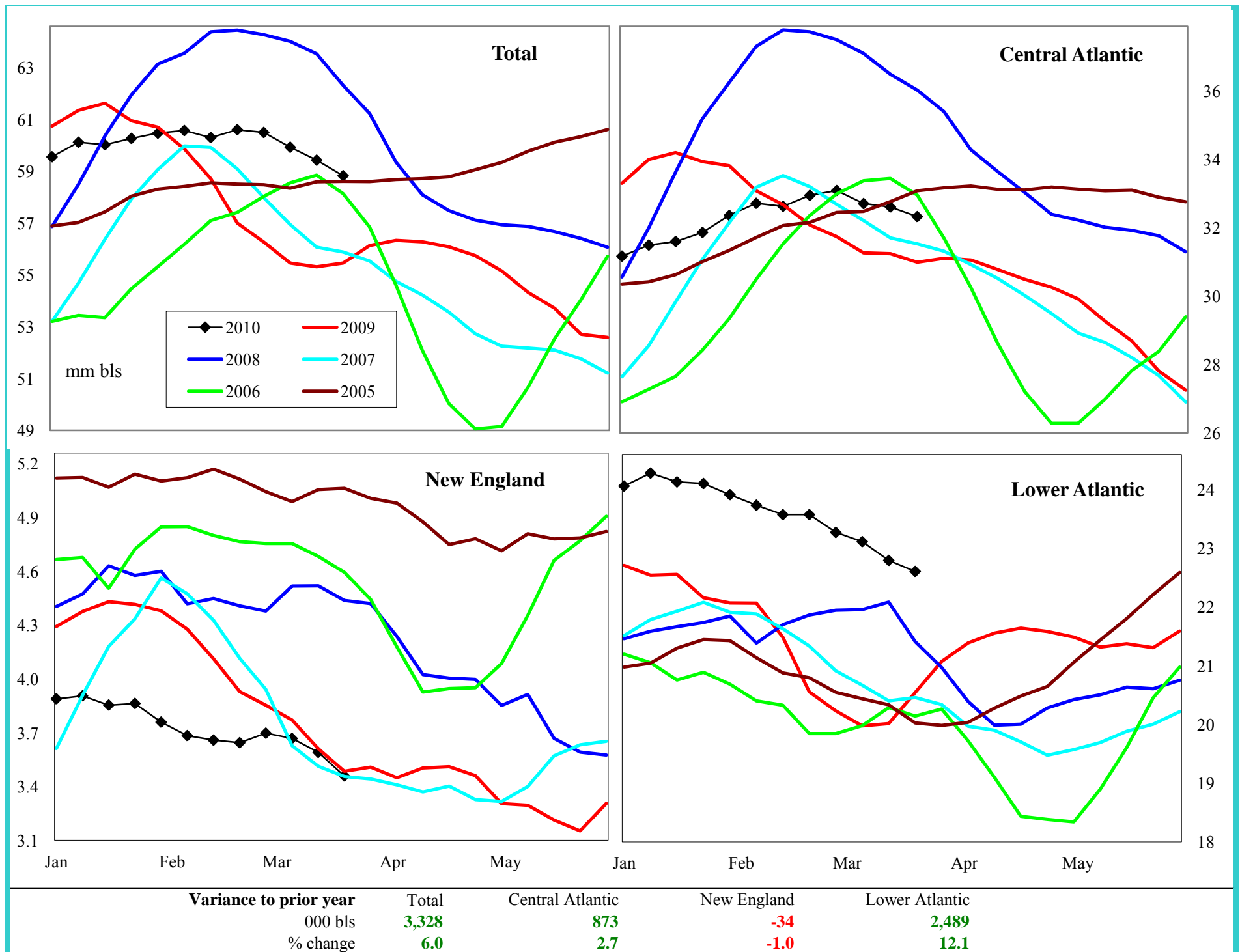




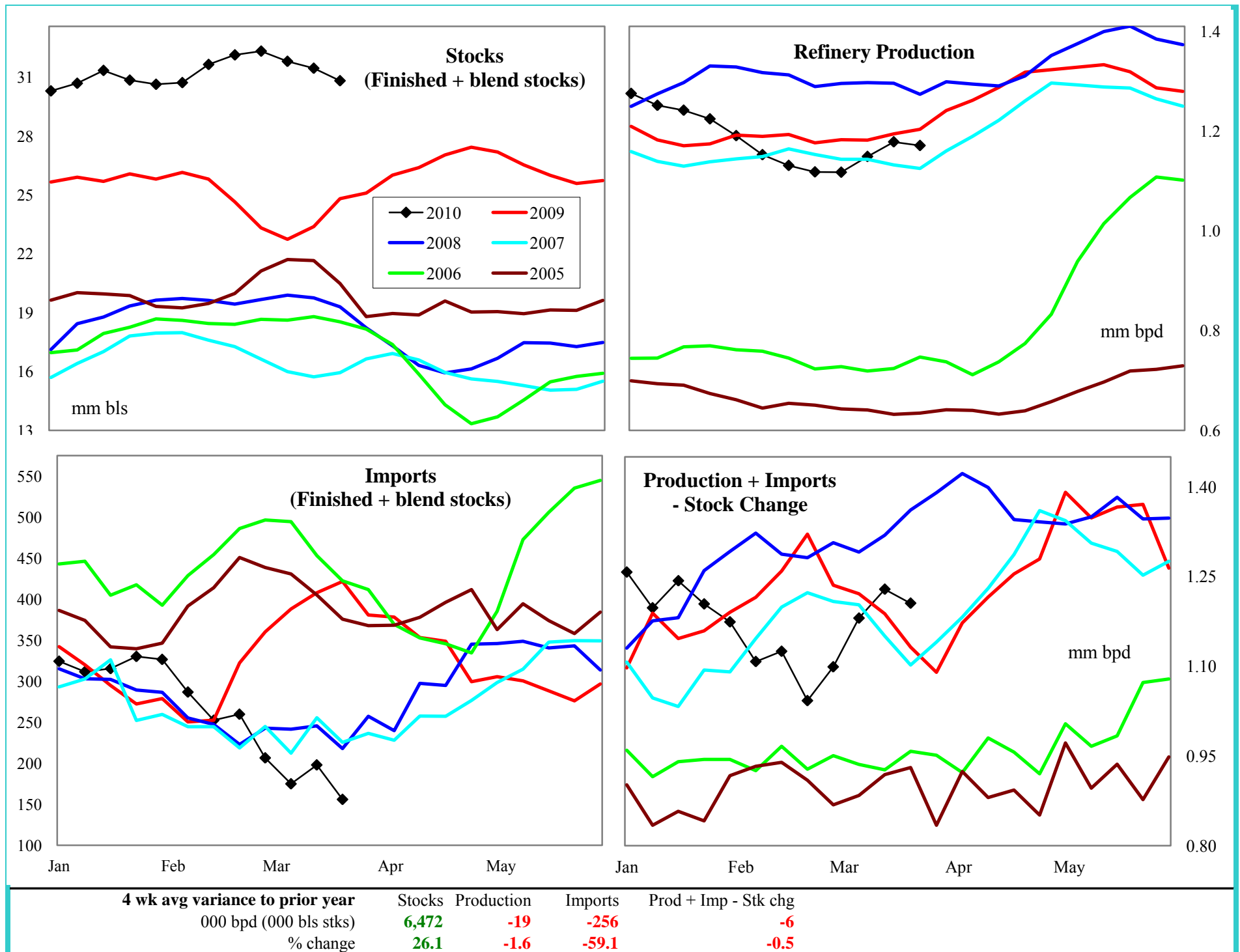
# PADD 1 Gasoline Supply



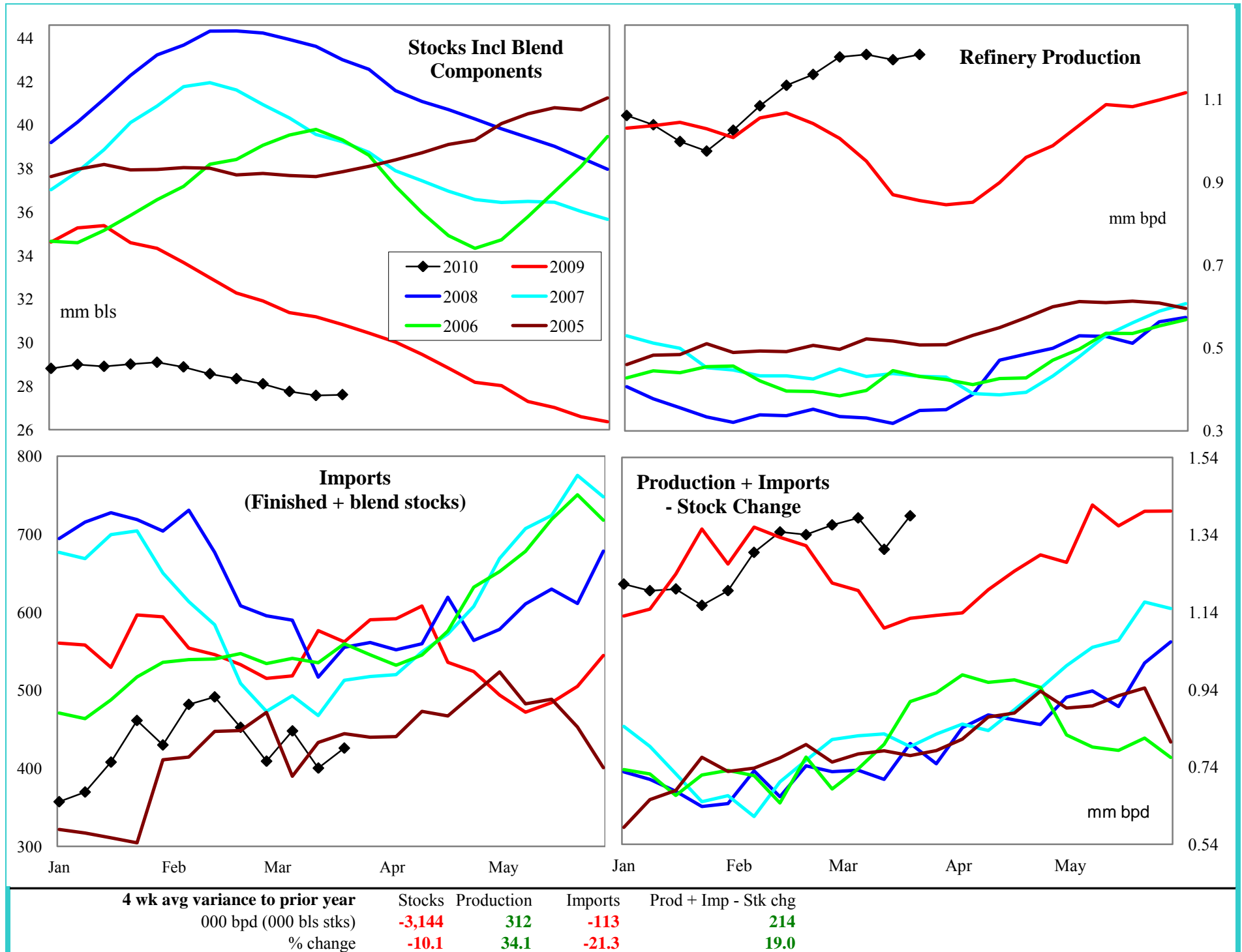
# PADD 1 Gasoline Stocks by Region



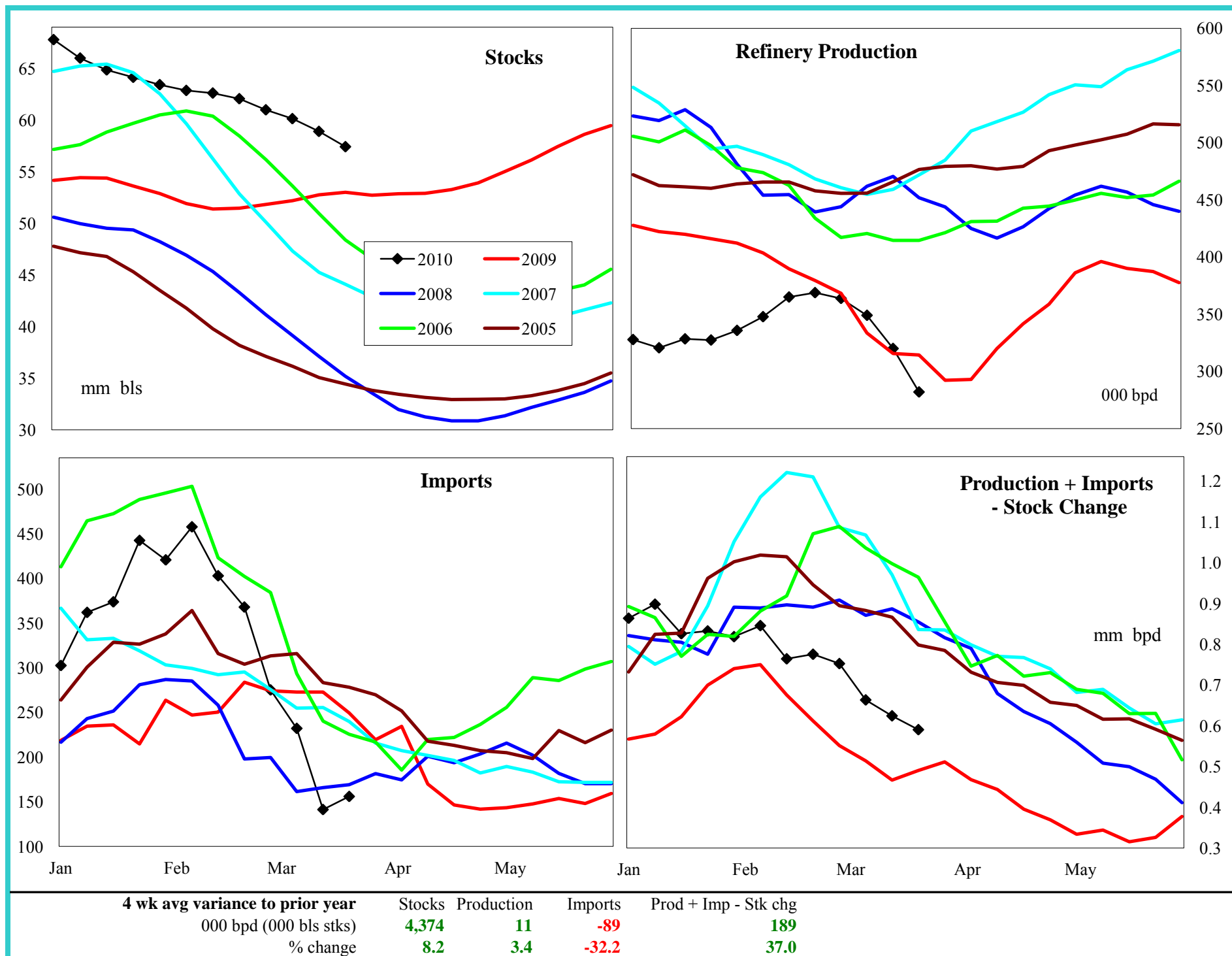
# PADD 1 Reformulated Gasoline Supply



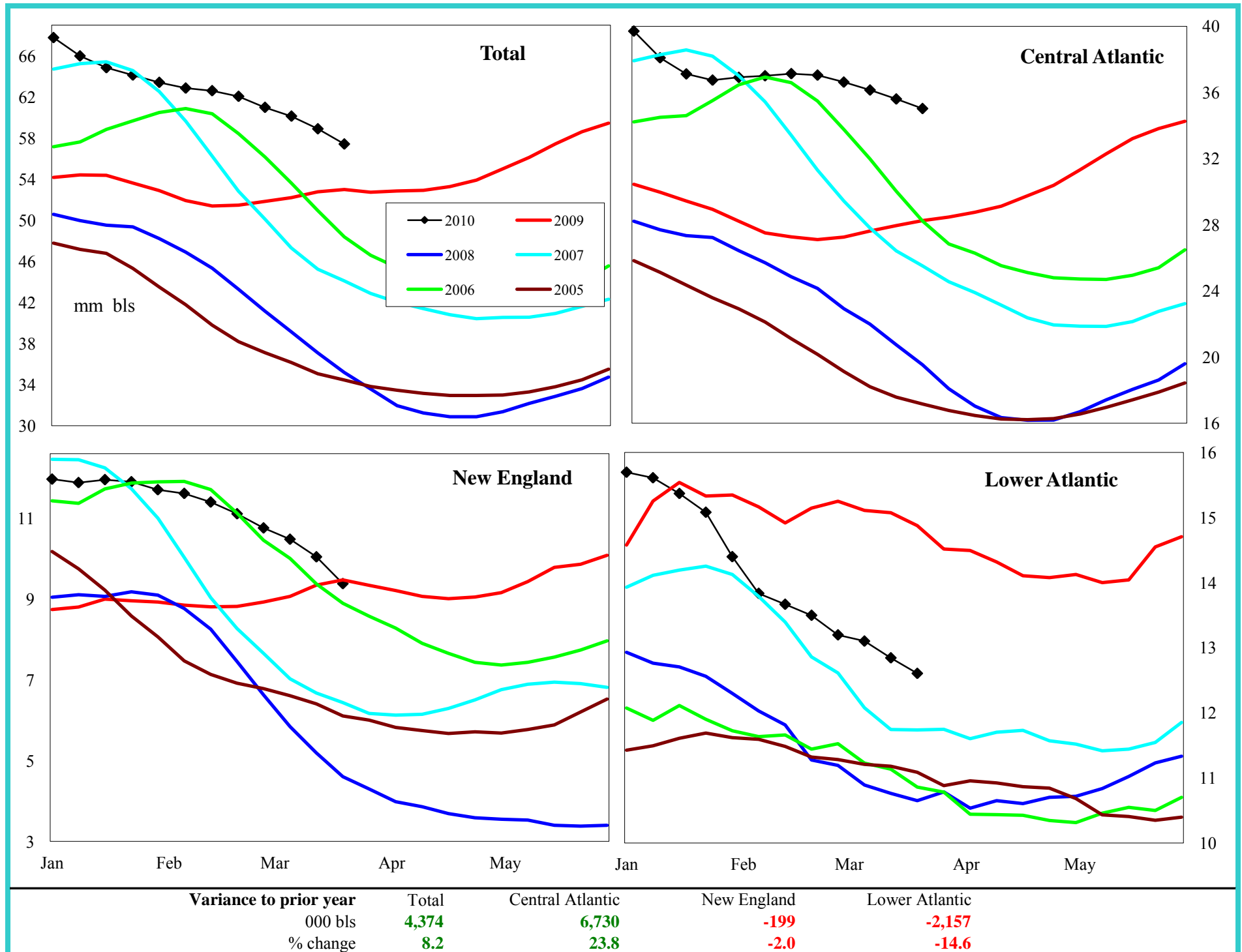
# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply

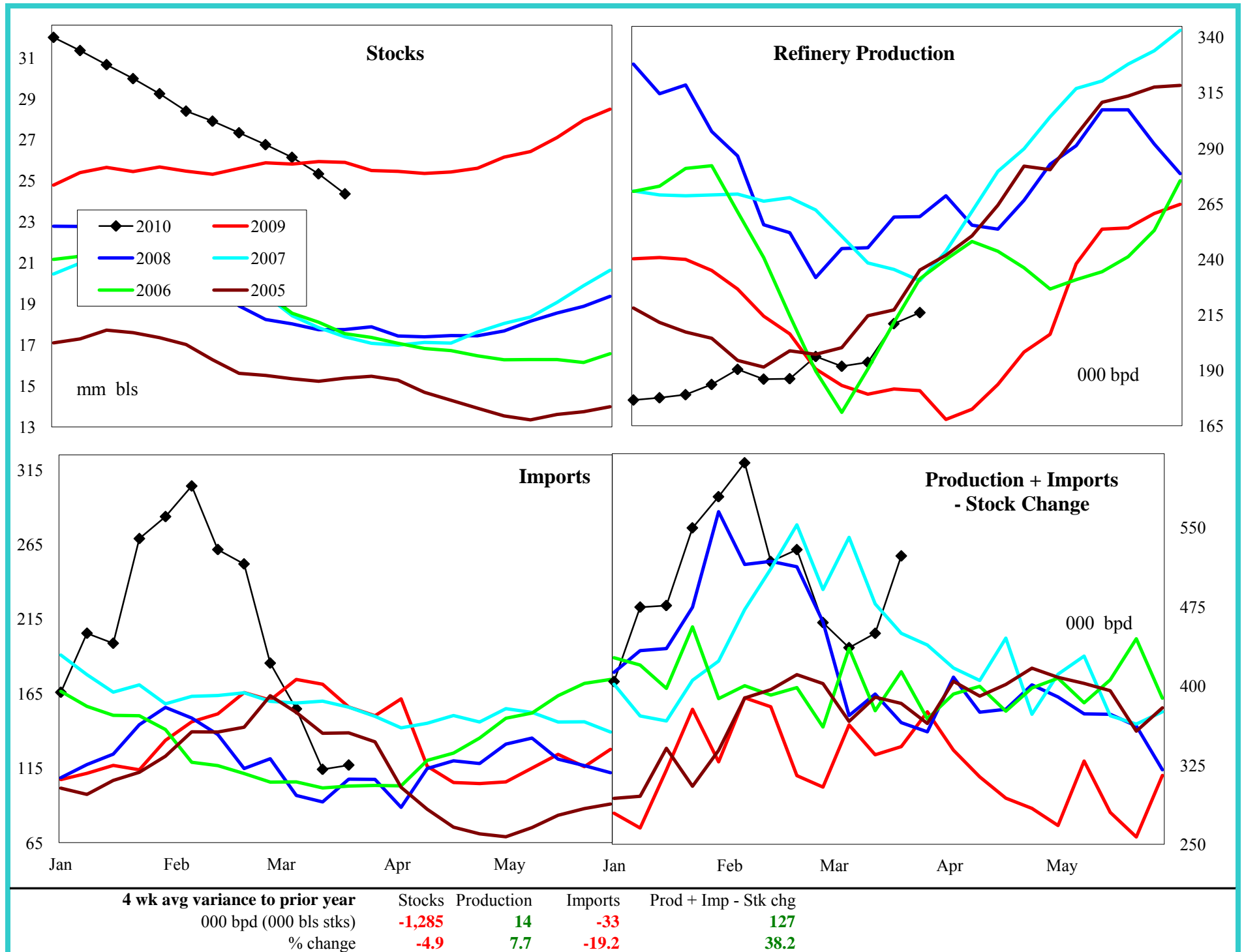


# PADD 1 Distillate Stocks by Region

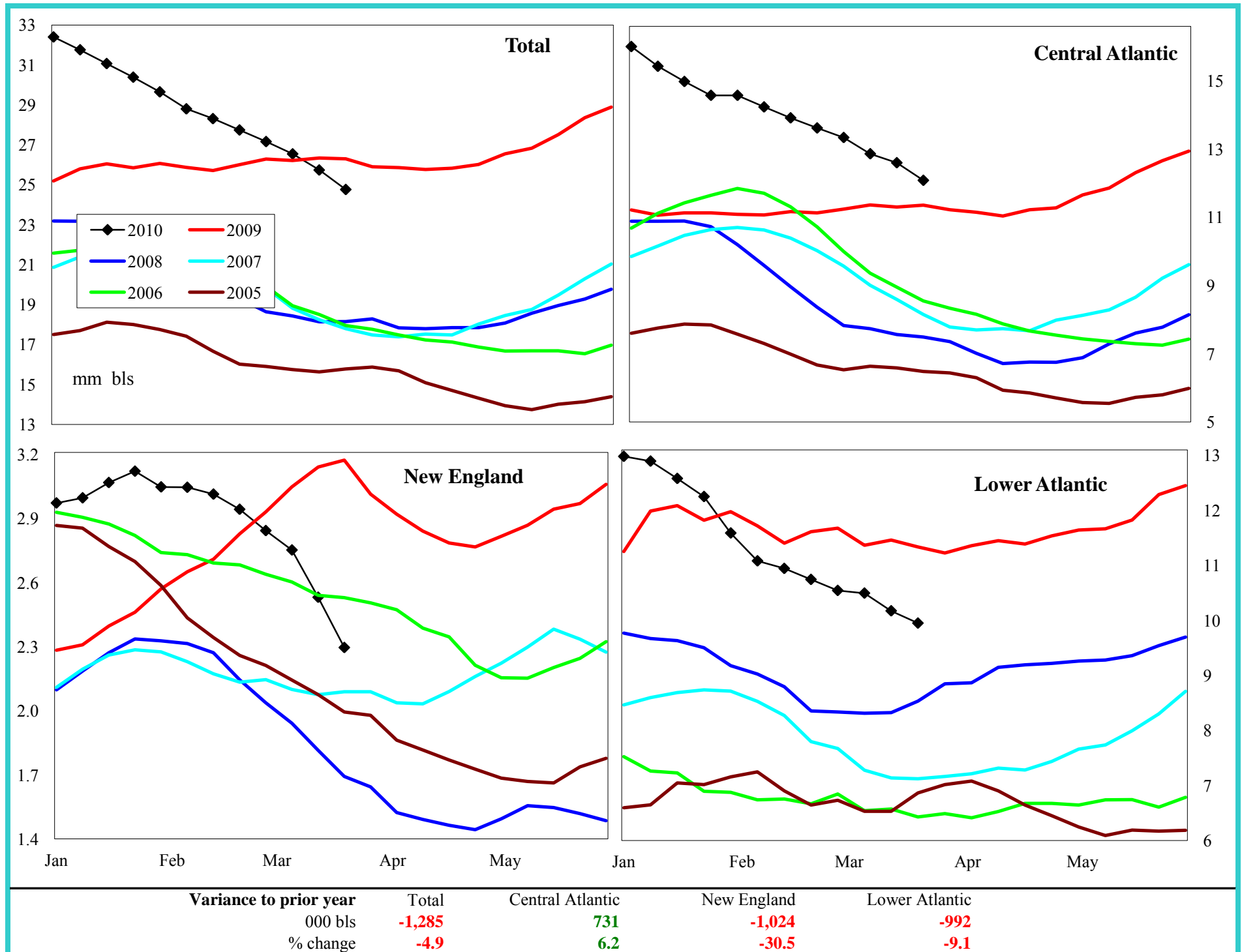




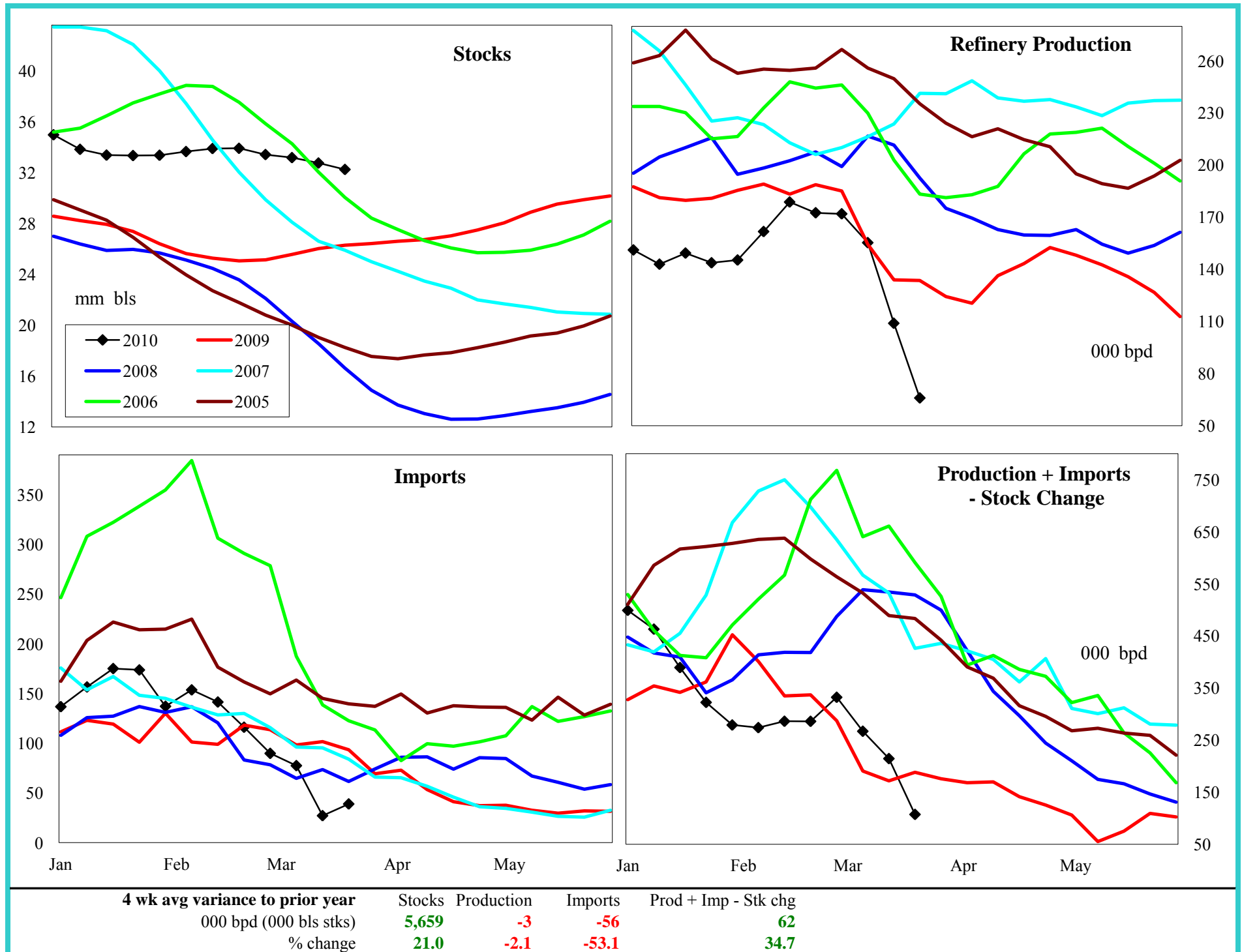
# PADD 1 Low Sulfur Distillate Supply



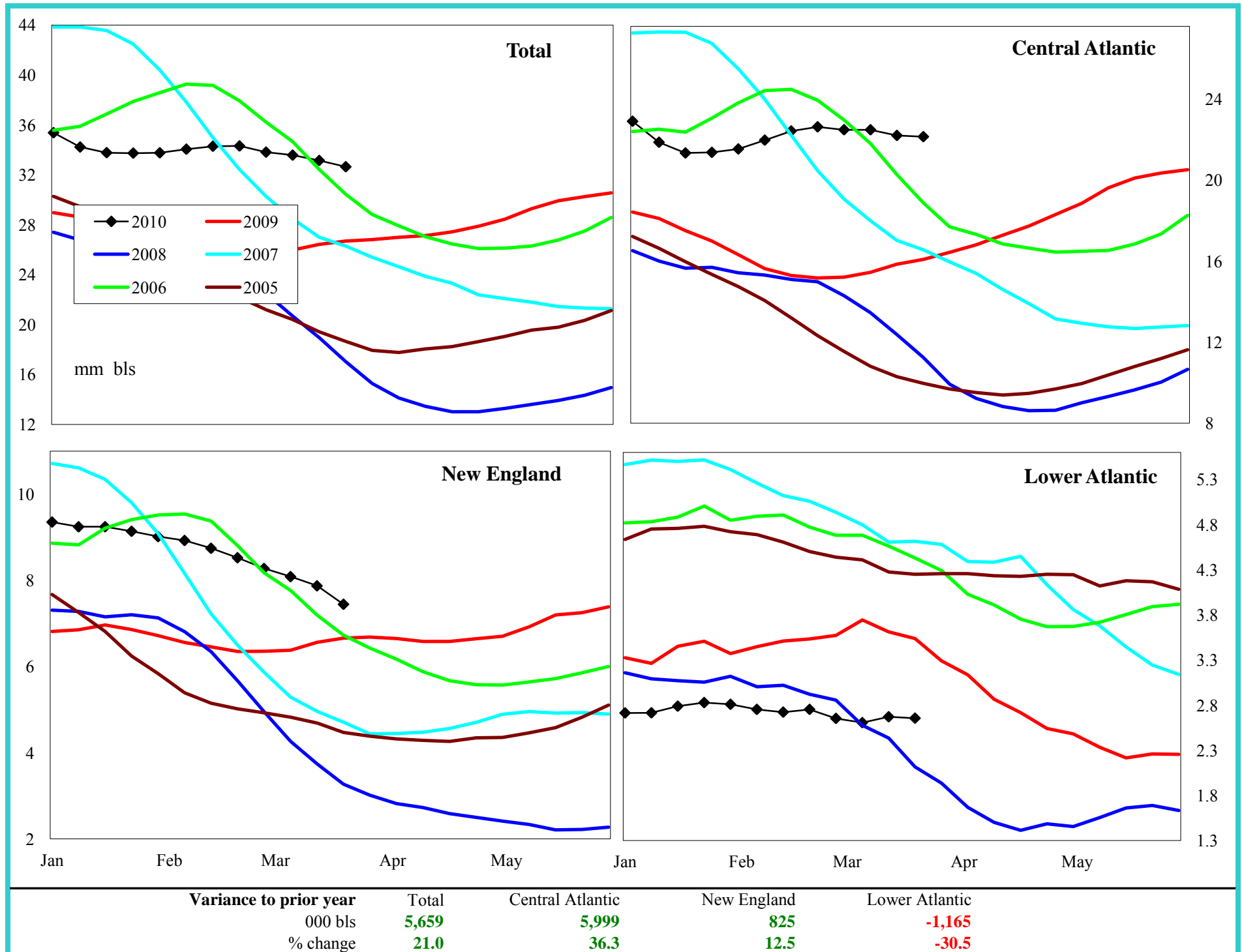
# PADD 1 Low Sulfur Distillate Stocks by Region



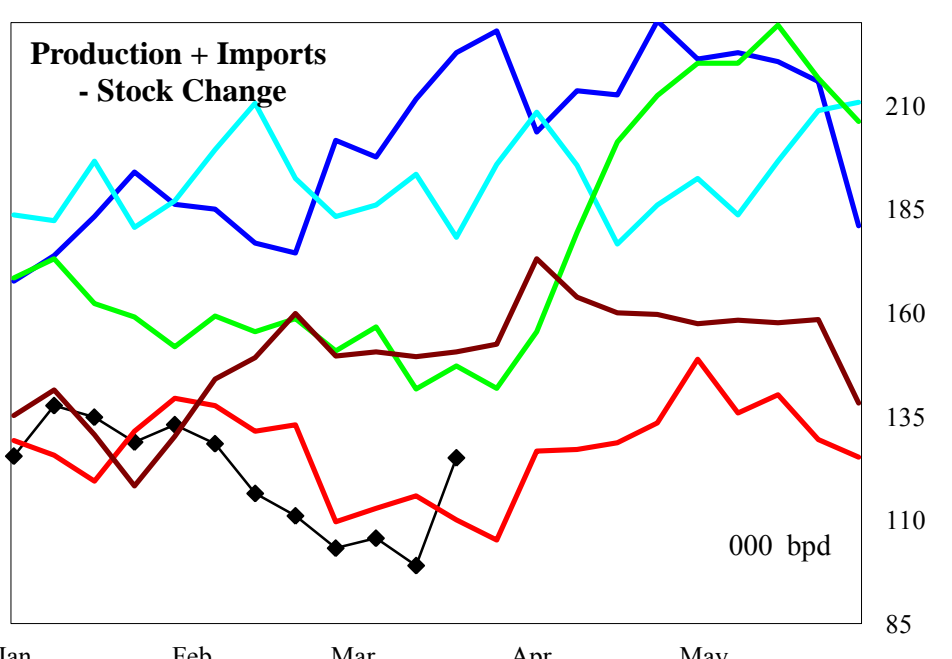
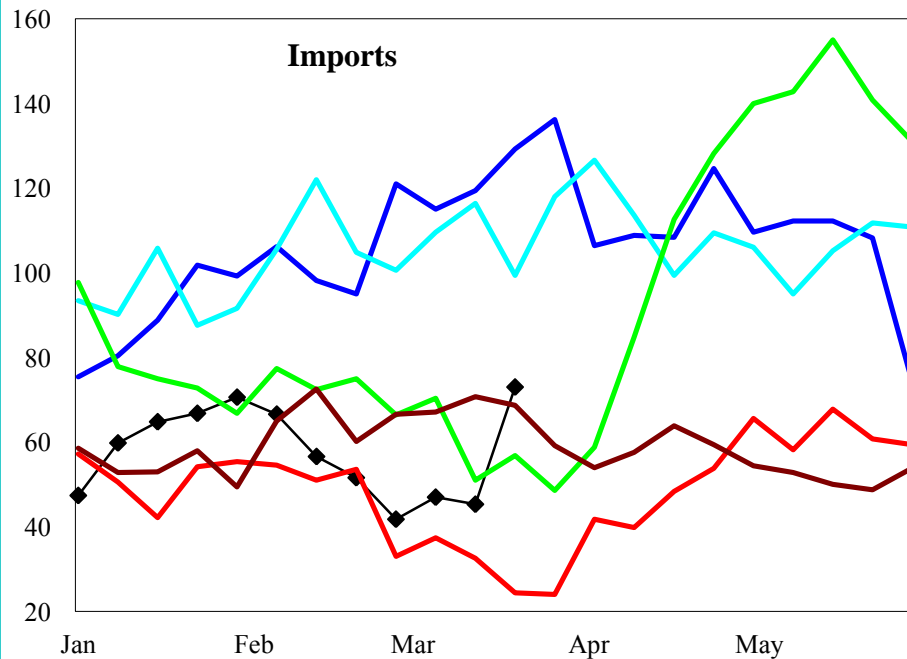
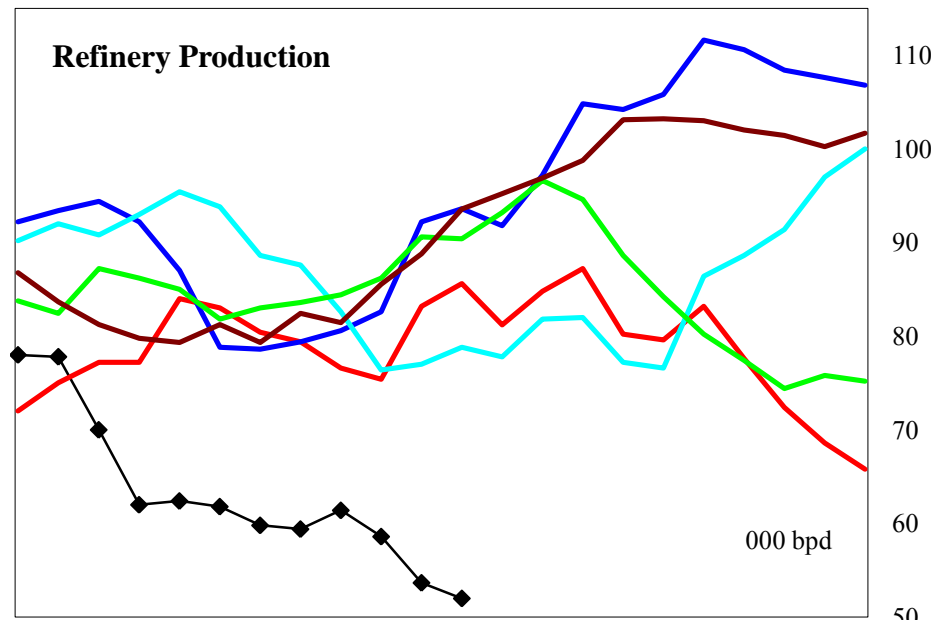
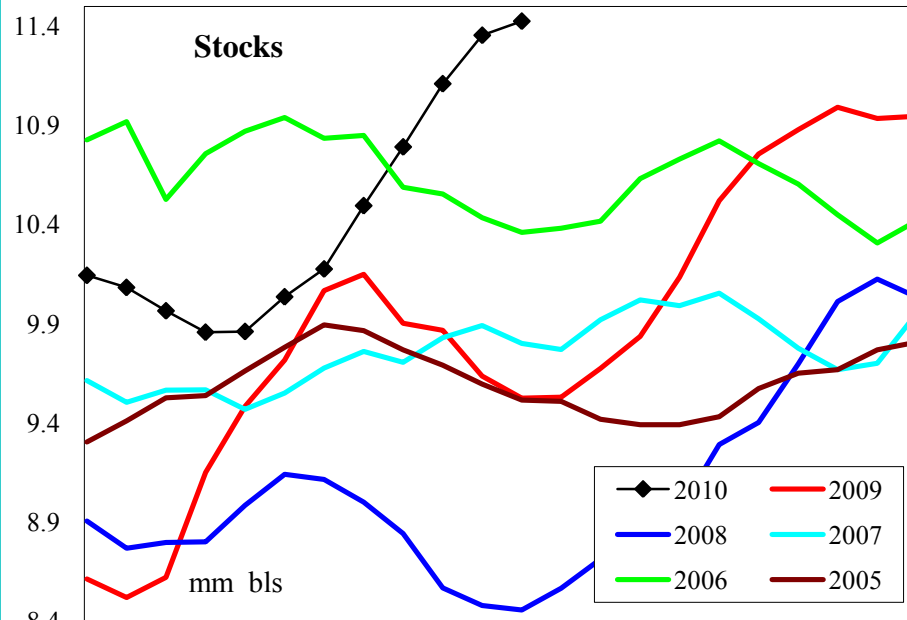
# PADD 1 High Sulfur Distillate Supply



# PADD 1 High Sulfur Distillate Stocks by Region



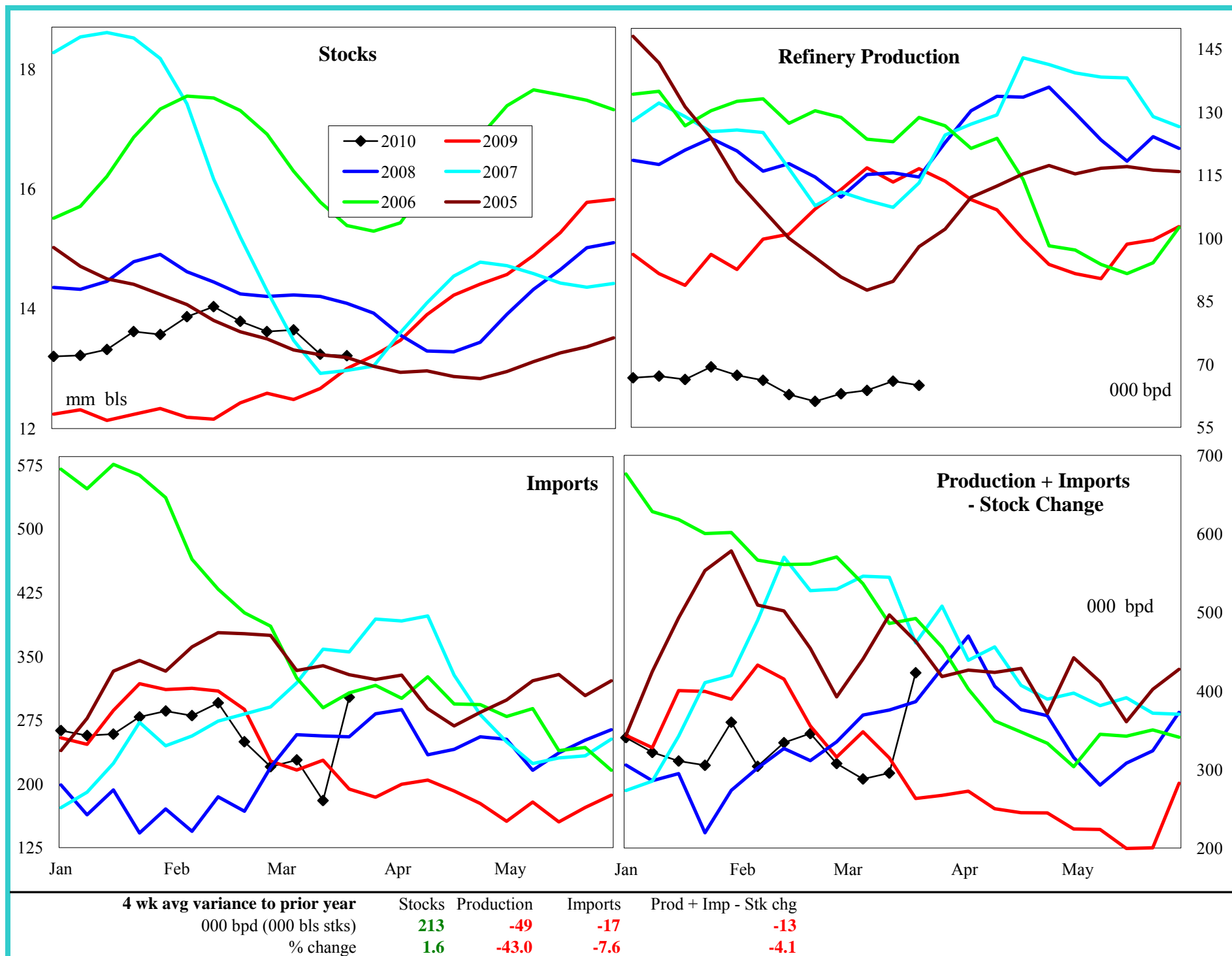
# PADD 1 Jet Fuel Supply



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

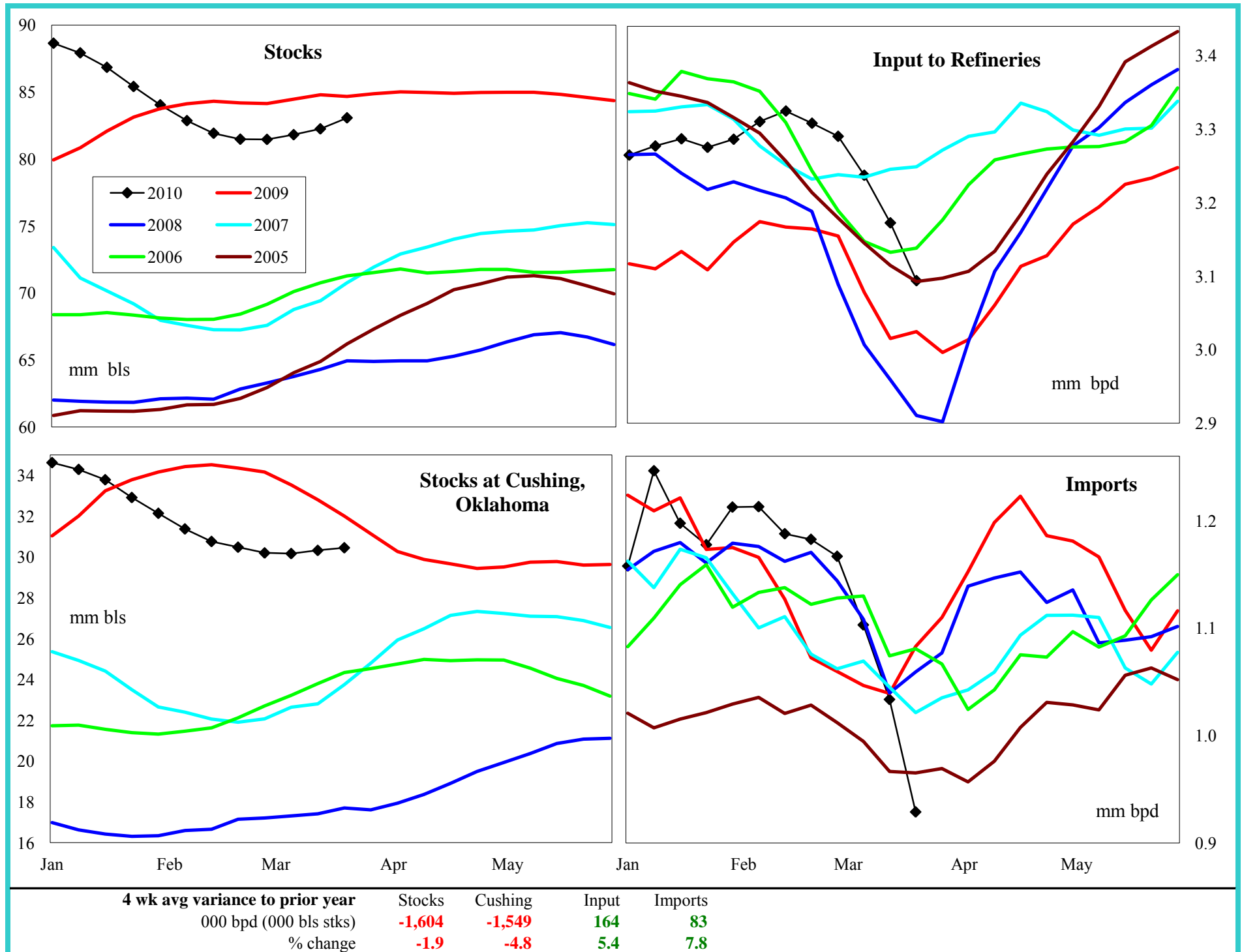
Stocks	Production	Imports	Prod + Imp - Stk chg
1,902	-24	13	-4
20.0	-29.7	41.4	-3.7

# PADD 1 Residual Fuel Oil Supply

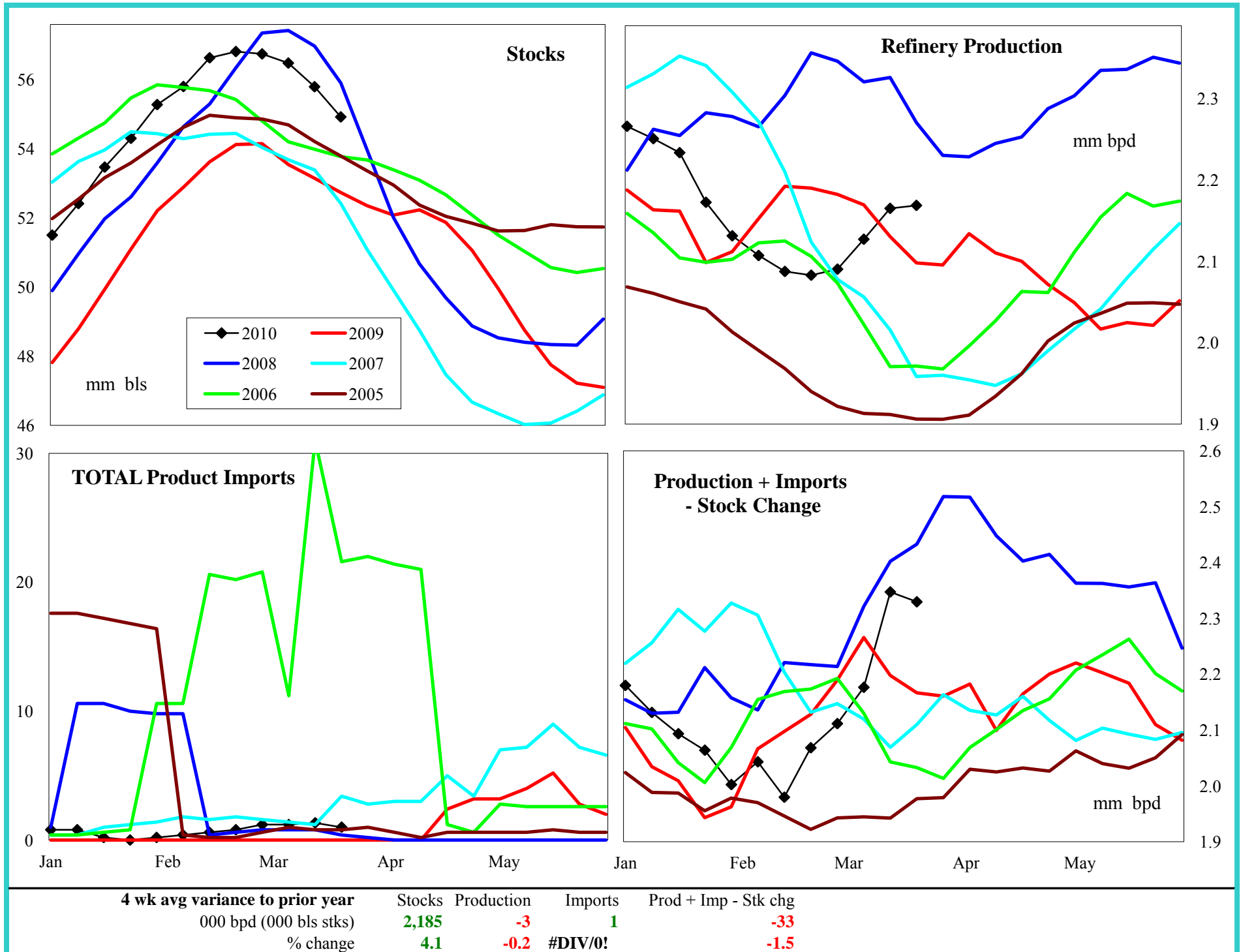




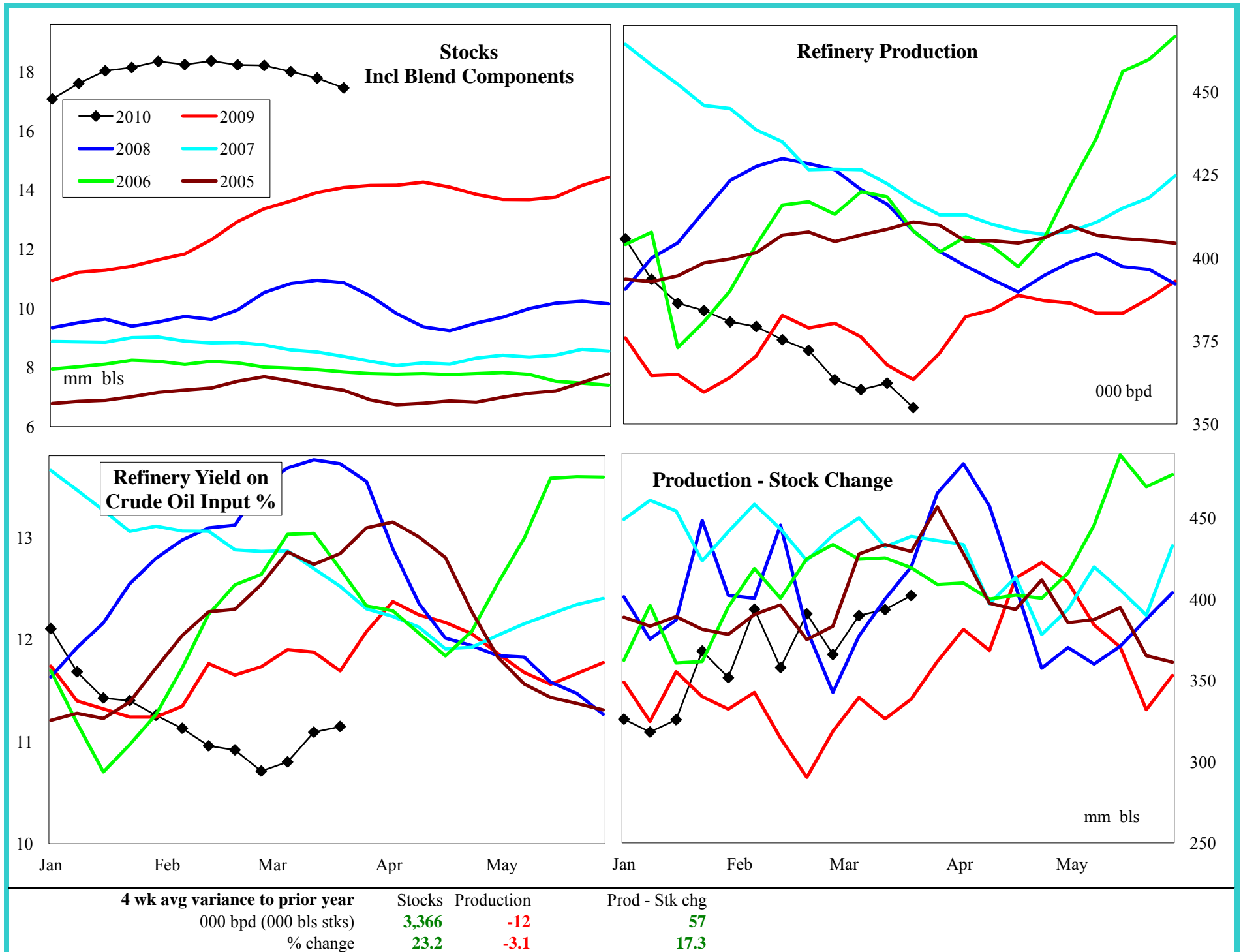
# PADD 2 Crude Oil Supply and Refining



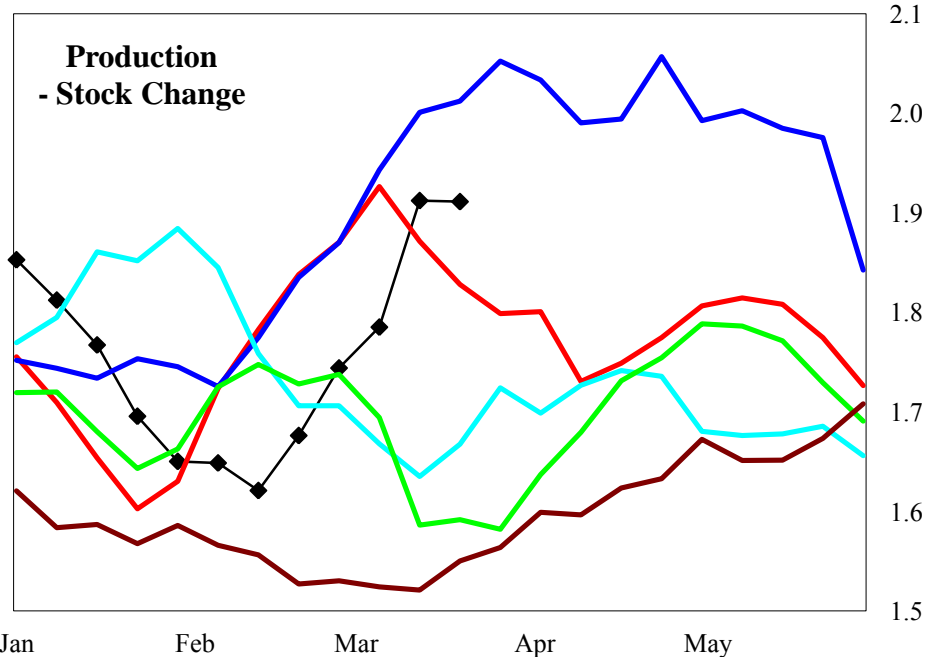
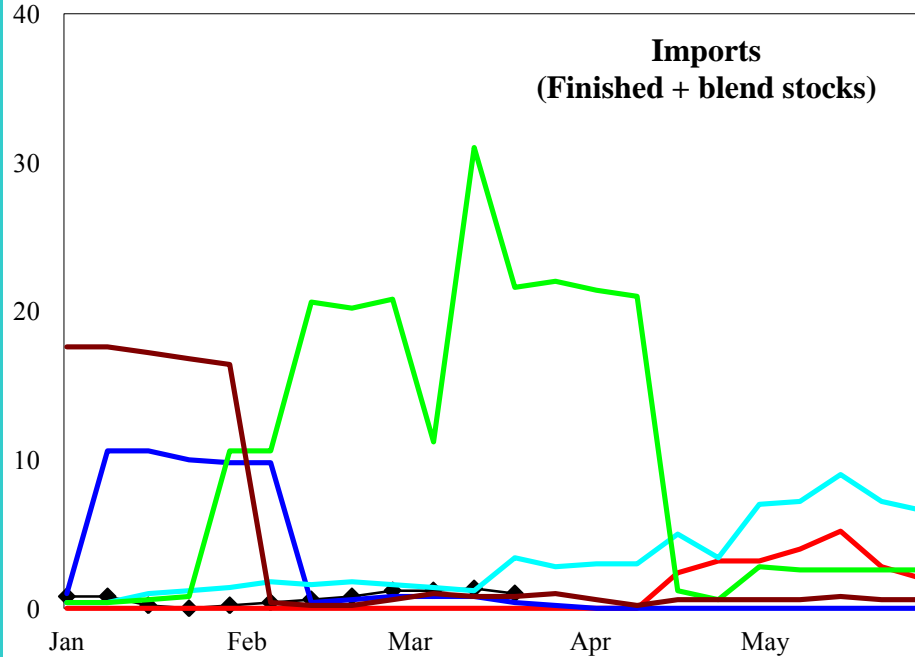
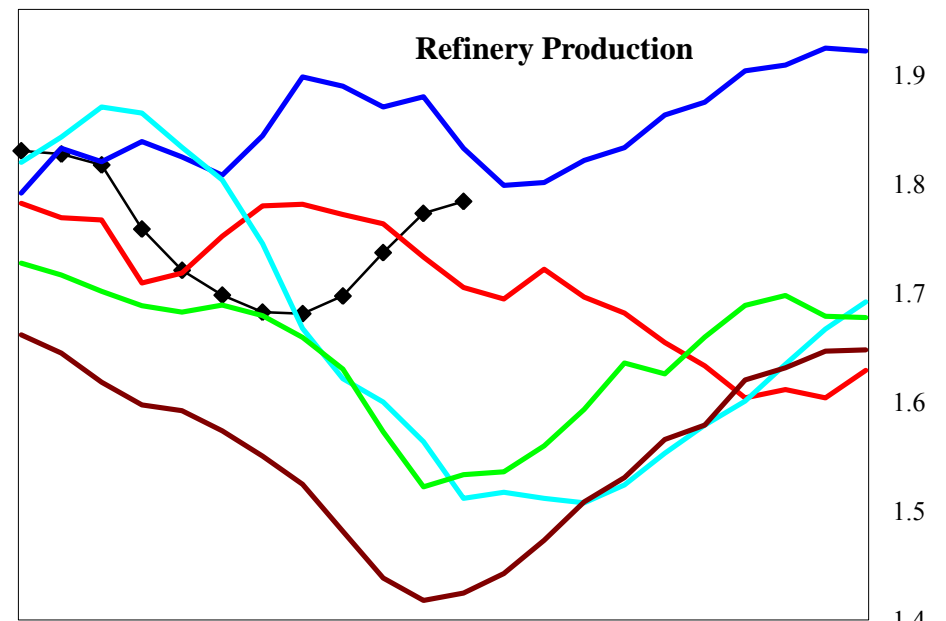
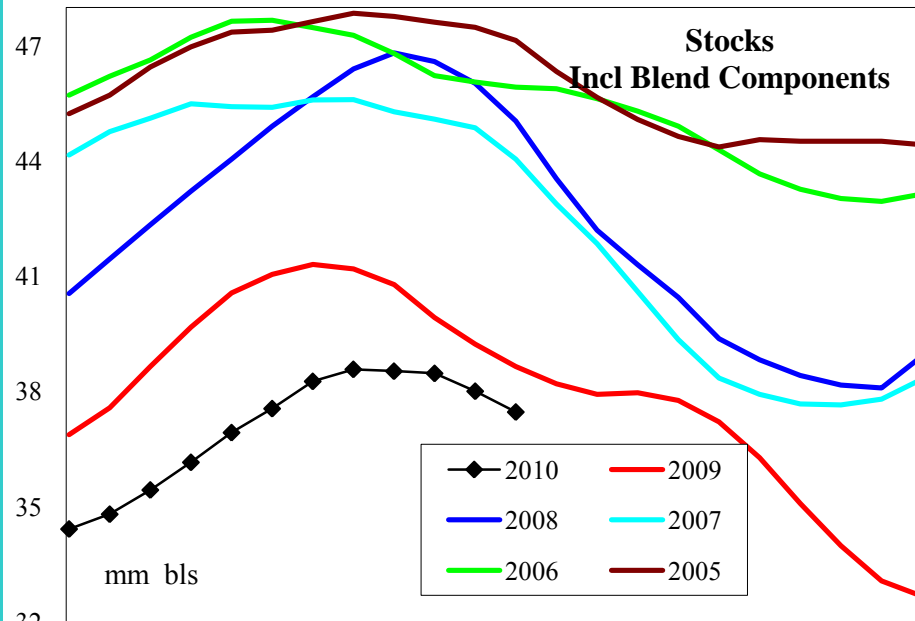
# PADD 2 Gasoline Supply



# PADD 2 Reformulated Gasoline Supply



# PADD 2 Conventional Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Prod - Stk chg

140

9

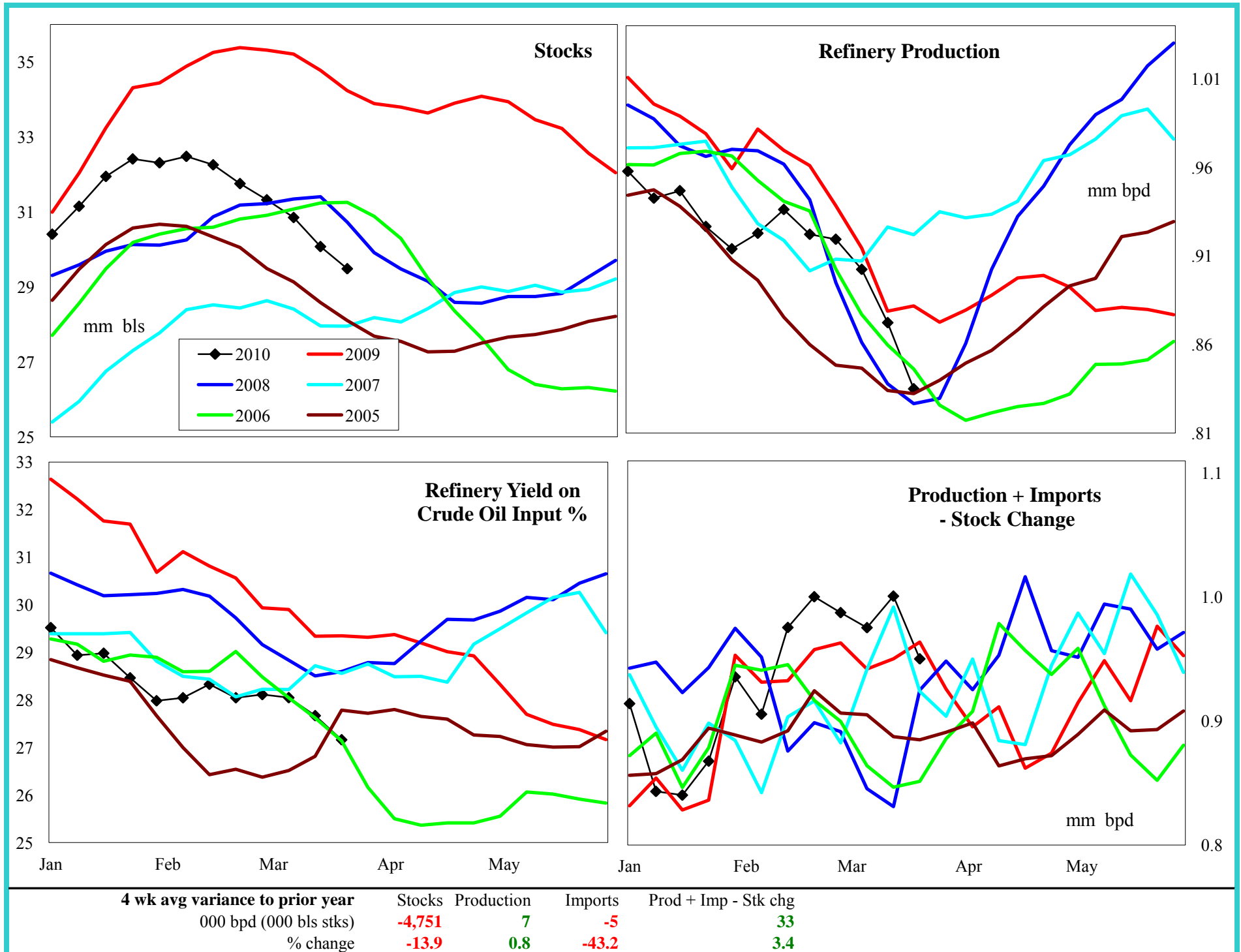
-72

0.4

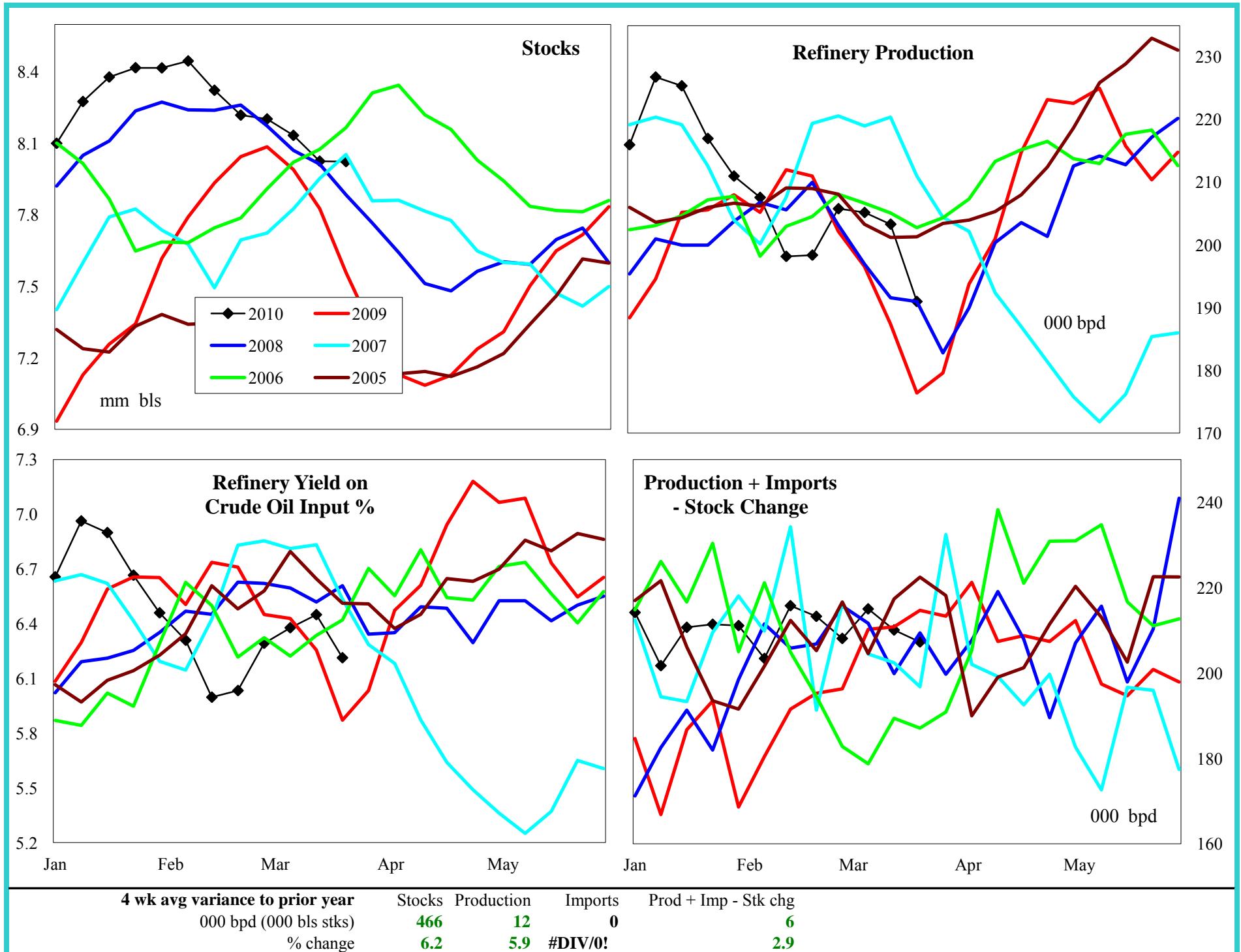
0.5

-3.8

# PADD 2 Distillate Supply

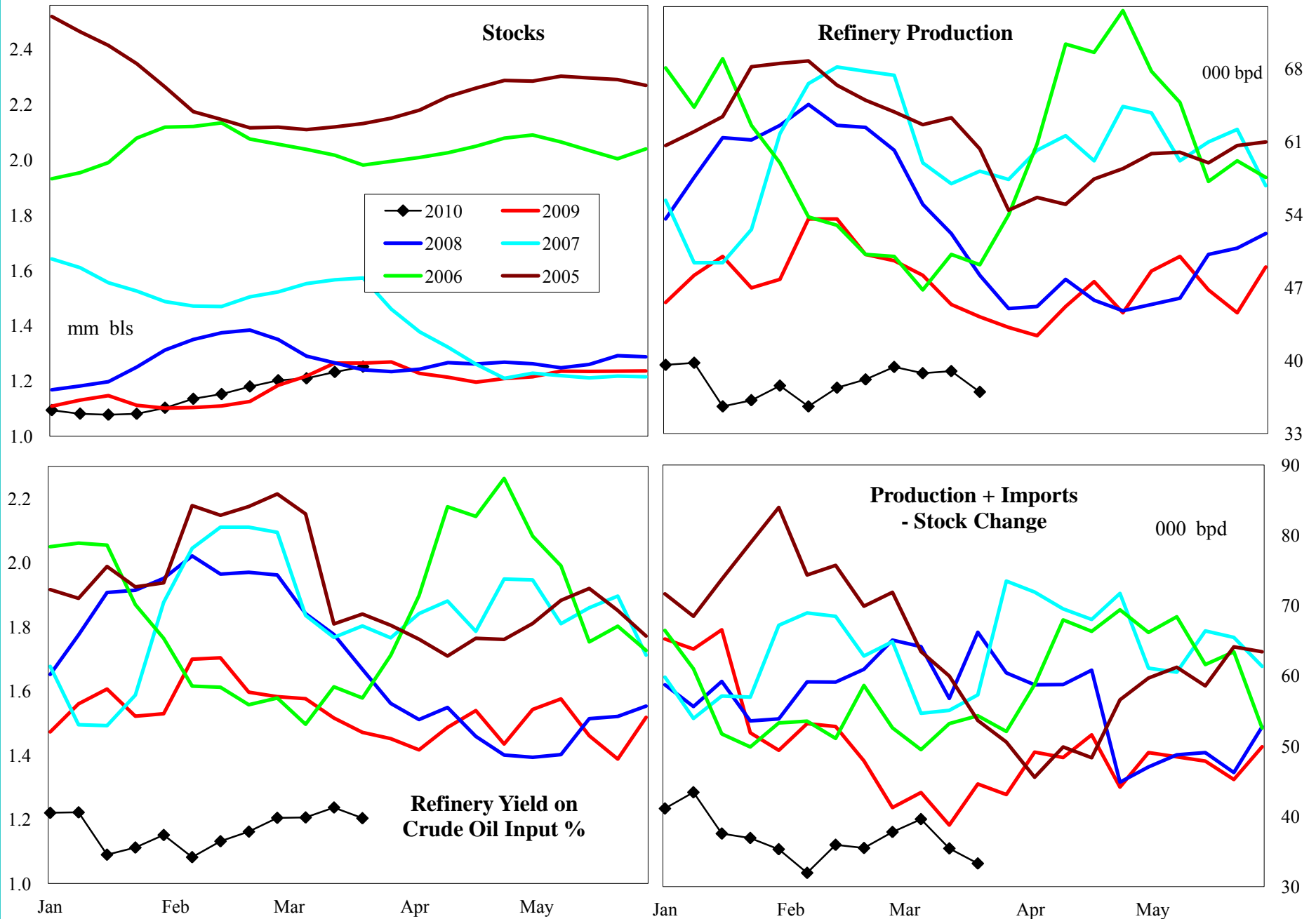


# PADD 2 Jet Fuel Supply





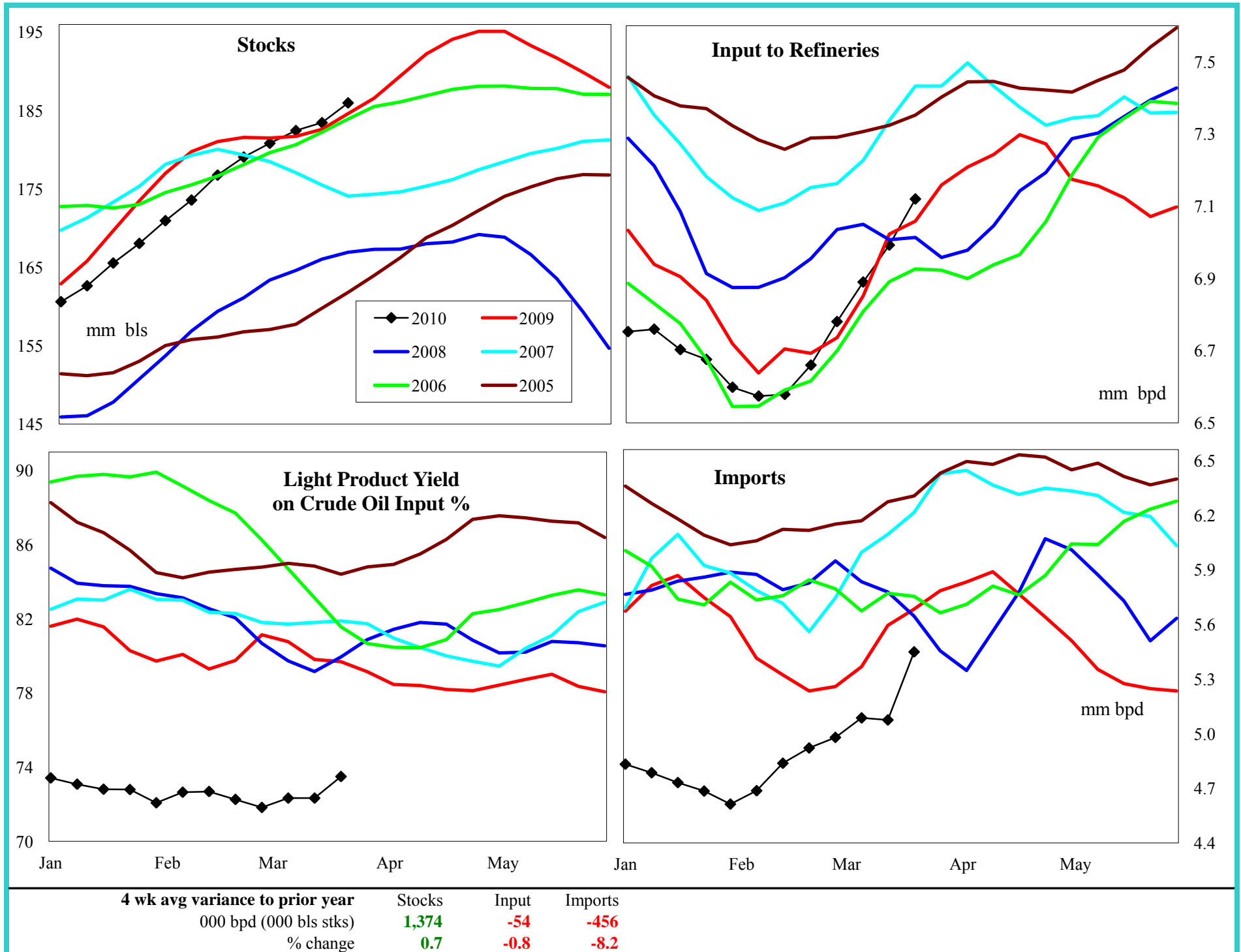
# PADD 2 Residual Fuel Oil Supply



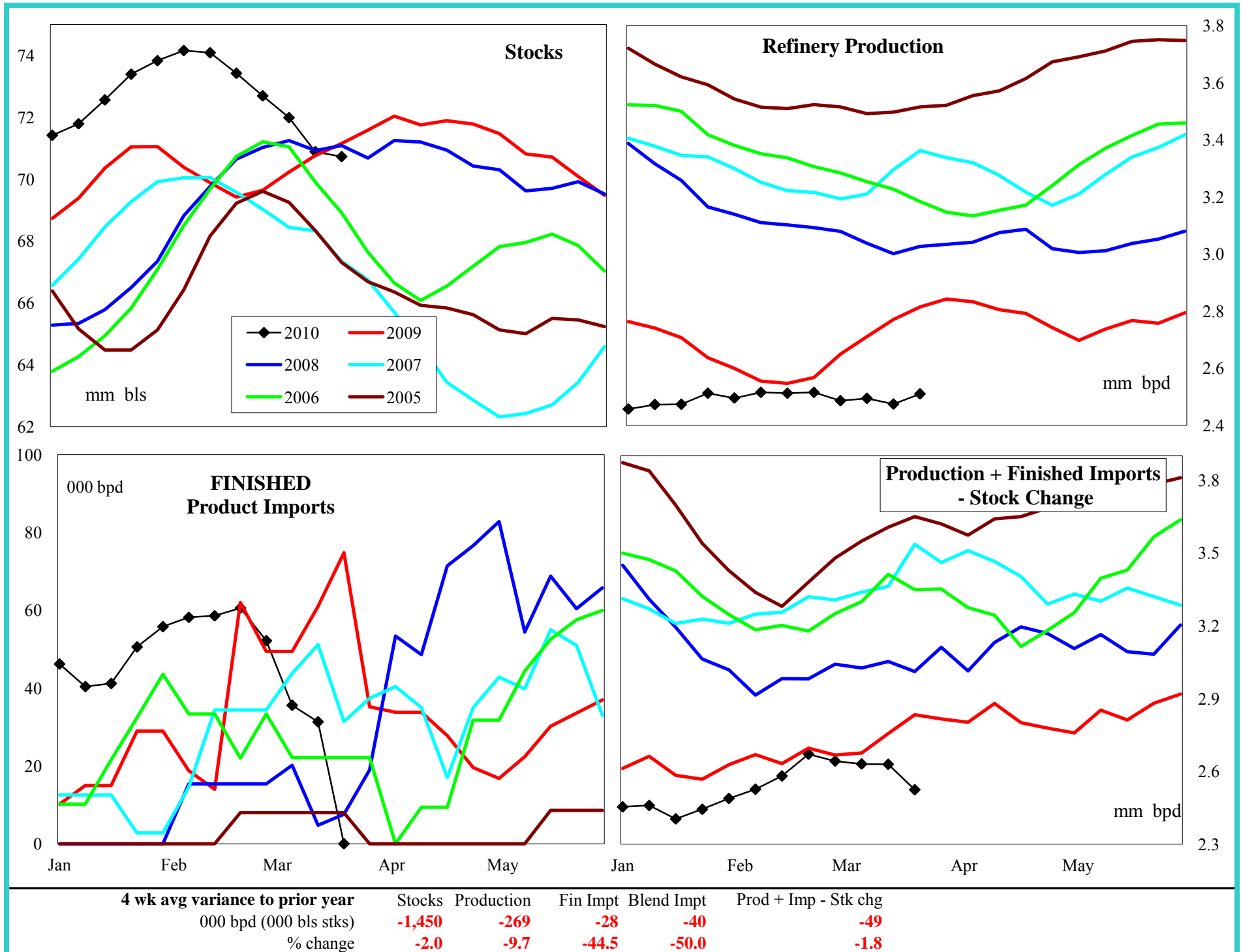
**4 wk avg variance to prior year**  
 000 bpd (000 bbls stks)  
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-13	-4	2	1
-1.0	-8.9	#DIV/0!	2.2

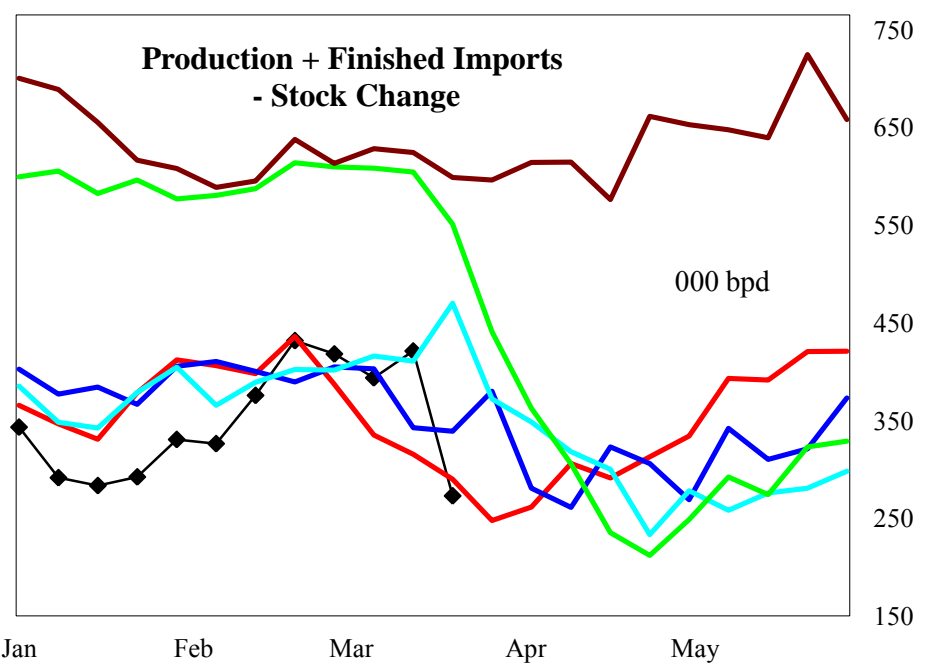
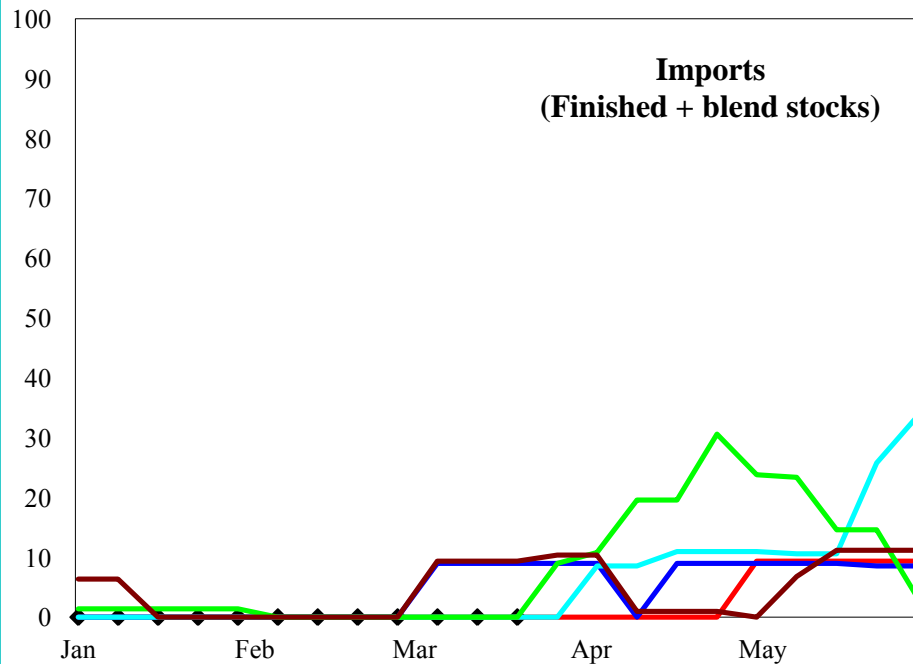
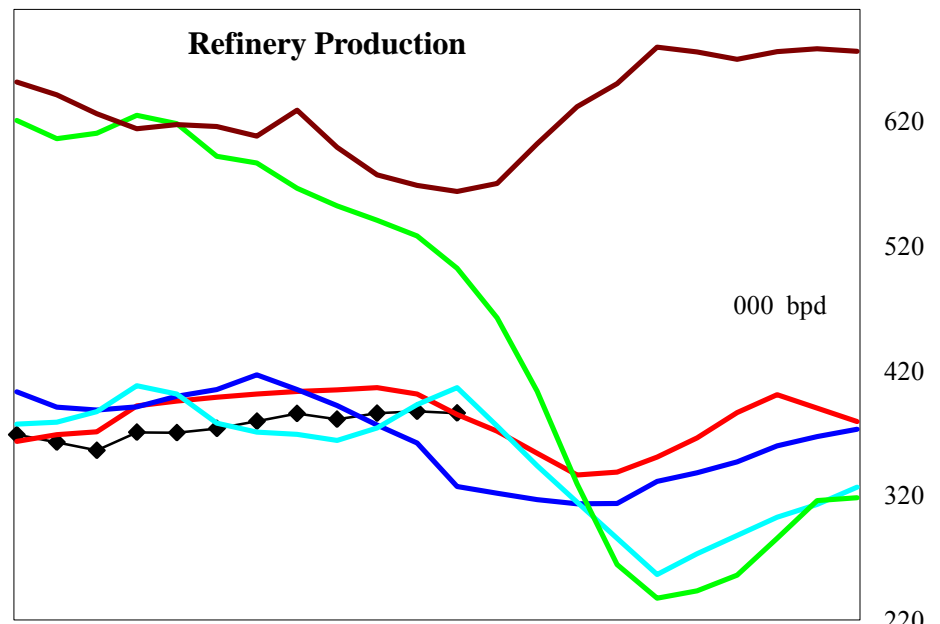
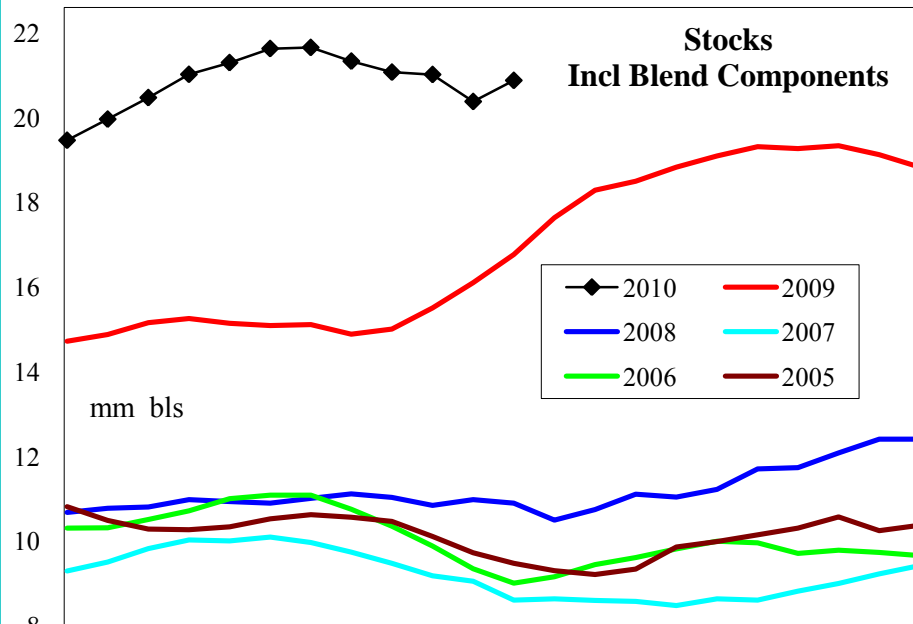
# PADD 3 Crude Oil Supply and Refining



# PADD 3 Gasoline Supply



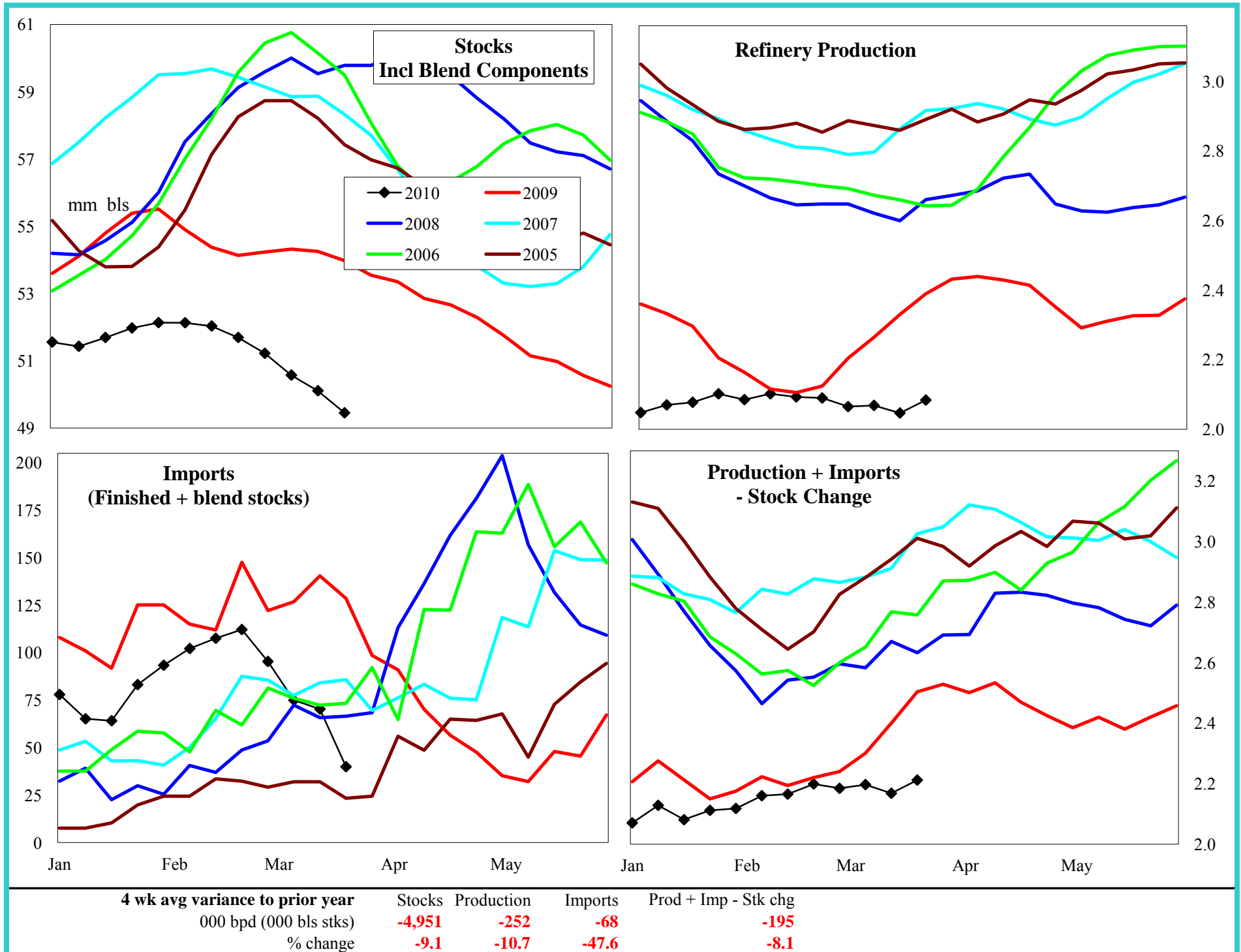
# PADD 3 Reformulated Gasoline Supply



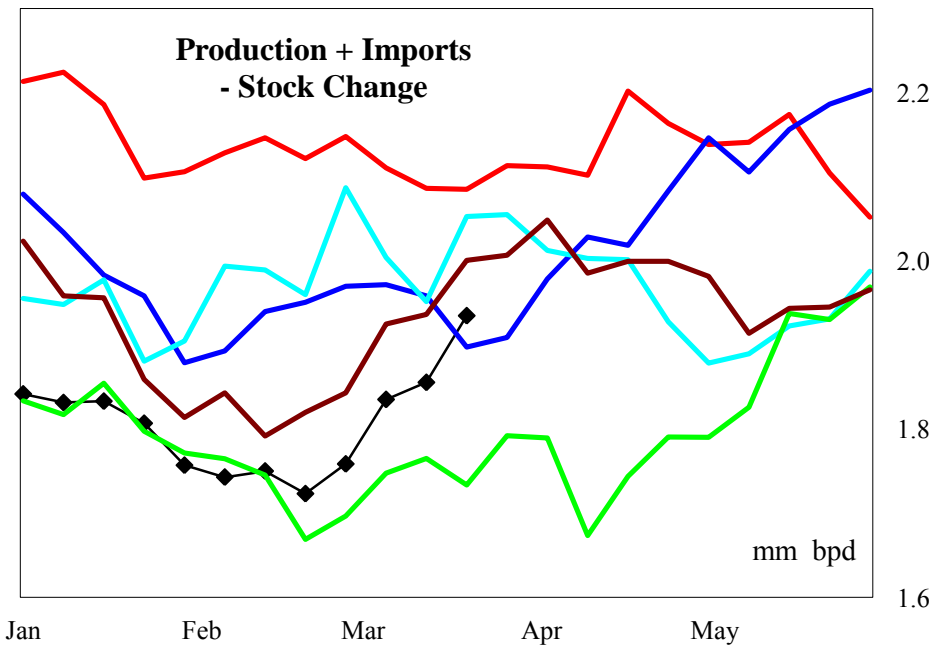
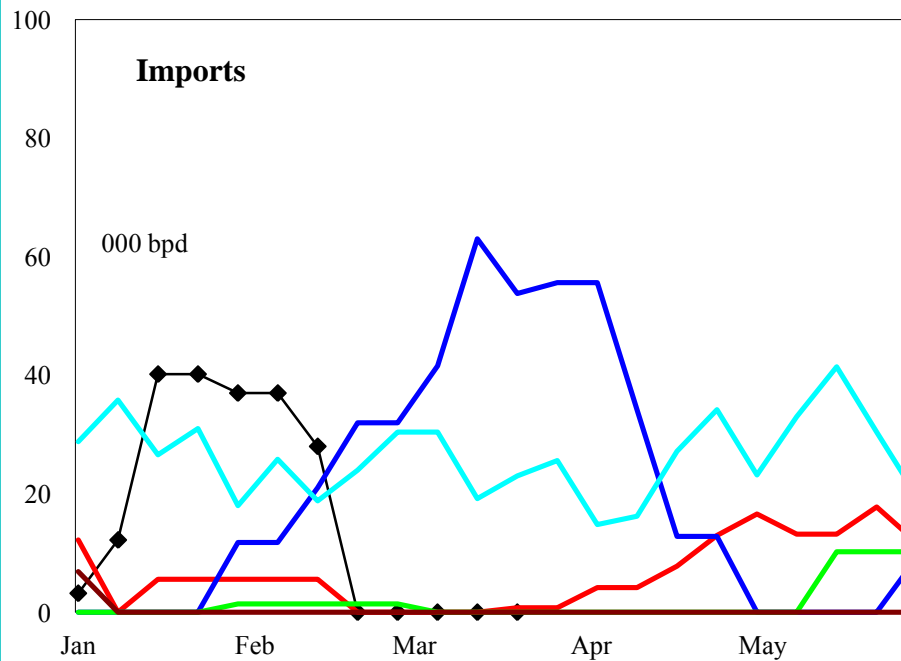
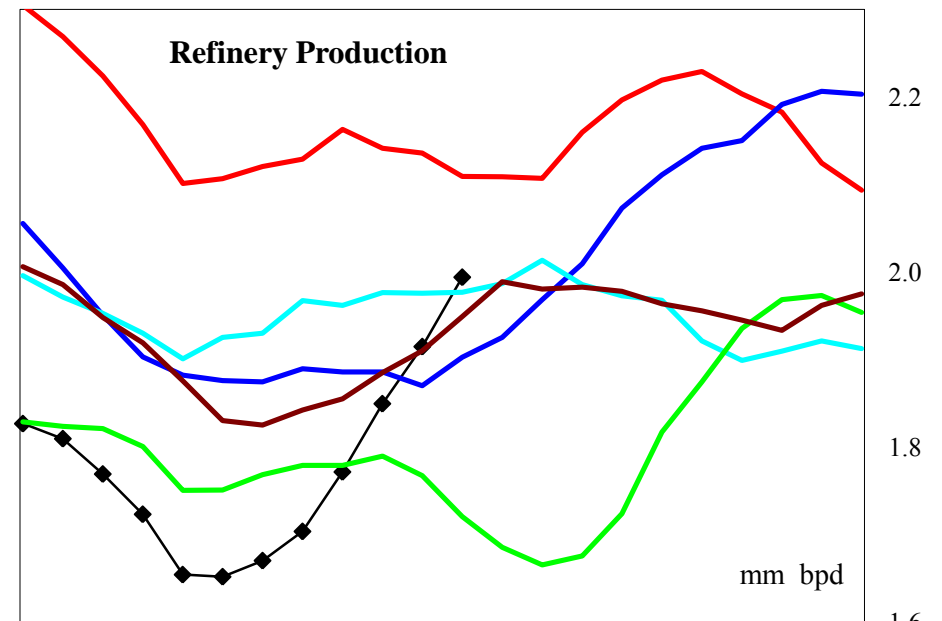
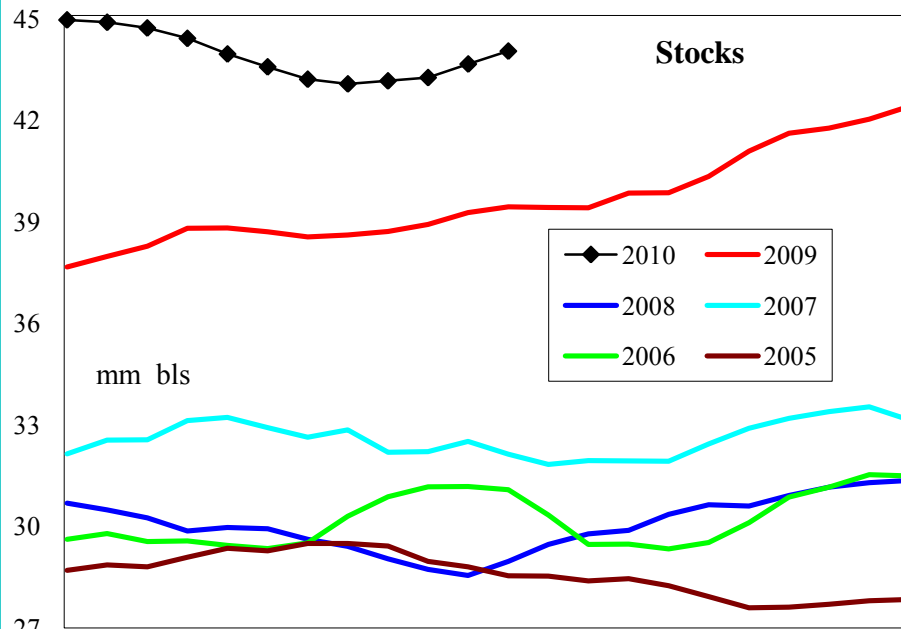
**4 wk avg variance to prior year**  
 000 bpd (000 bbls stks)  
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
3,501	-17	0	146
19.7	-4.2	#DIV/0!	49.1

# PADD 3 Conventional Gasoline Supply



# PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

5,000

12.7

Production

-245

-11.4

Imports

0

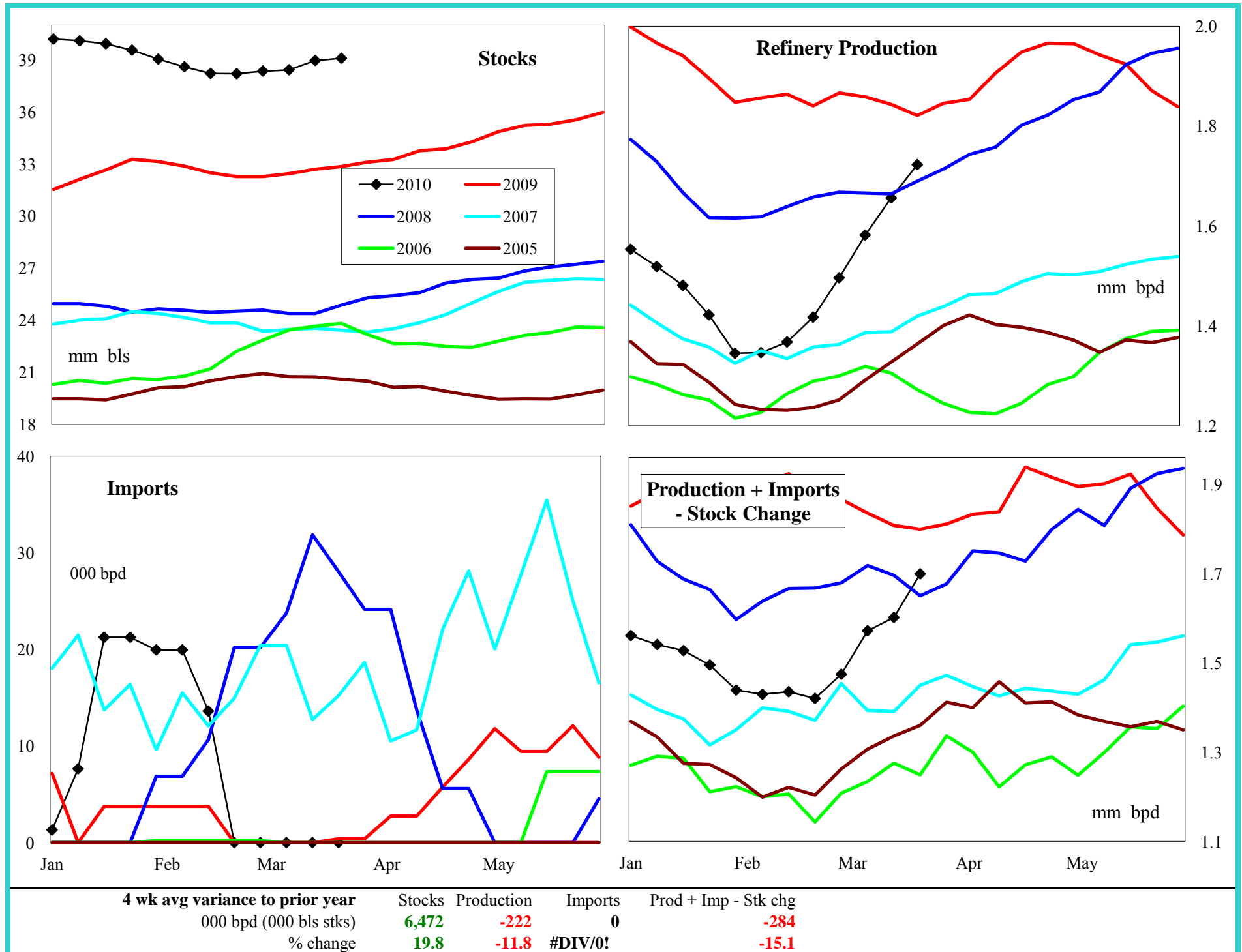
#DIV/0!

Prod + Imp - Stk chg

-285

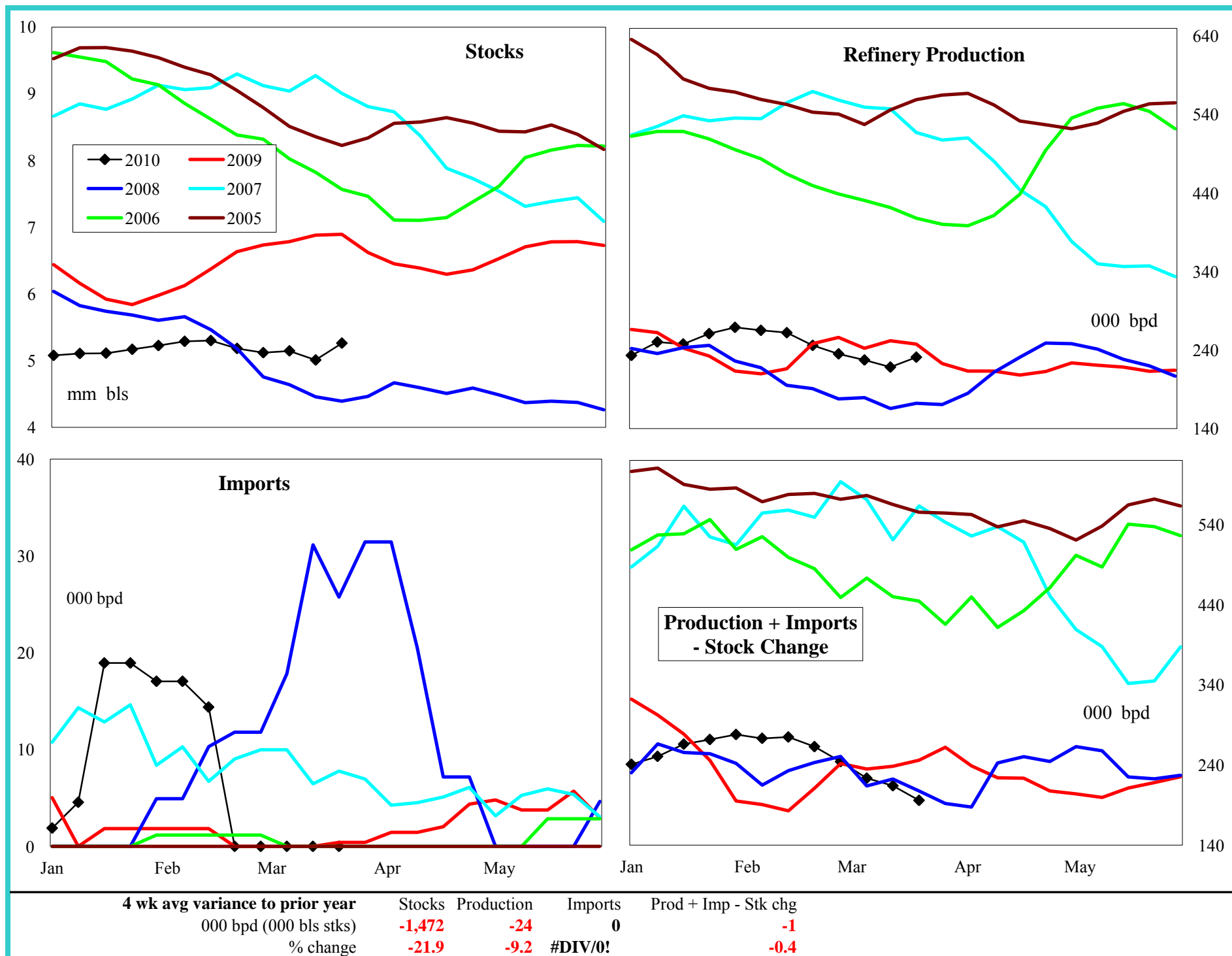
-13.4

# PADD 3 Low Sulfur Distillate Supply

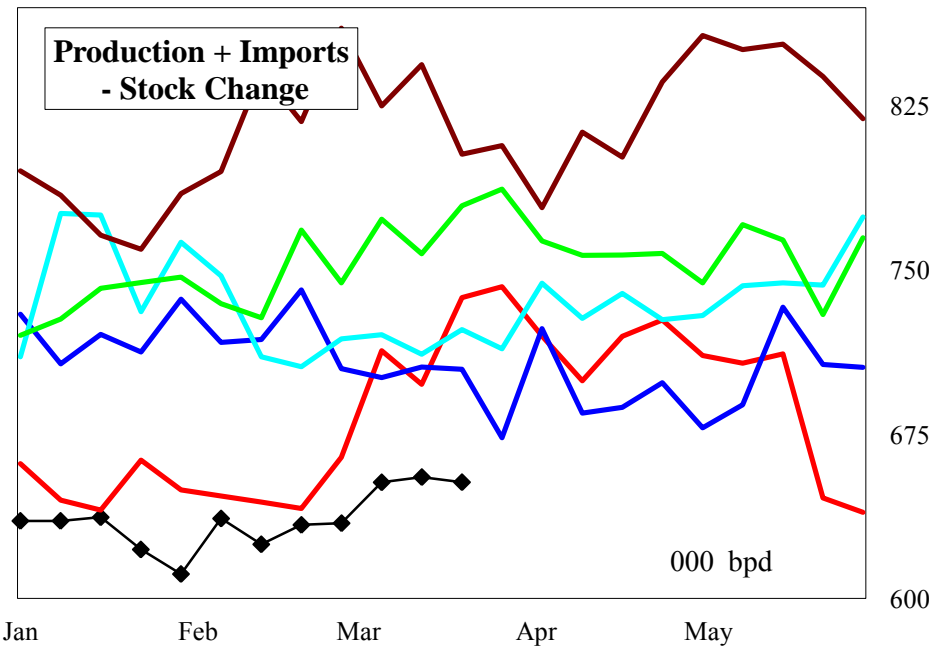
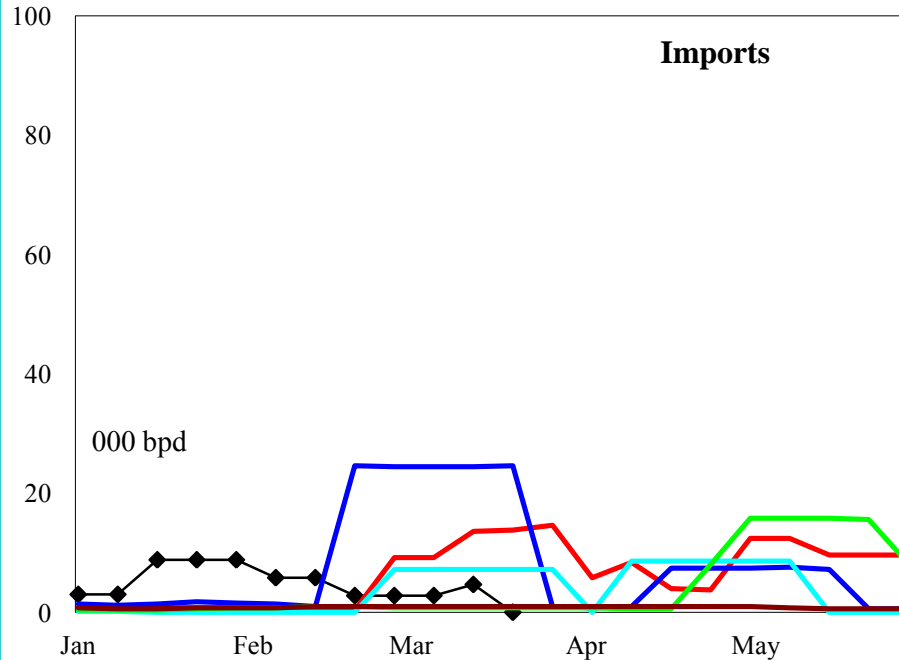
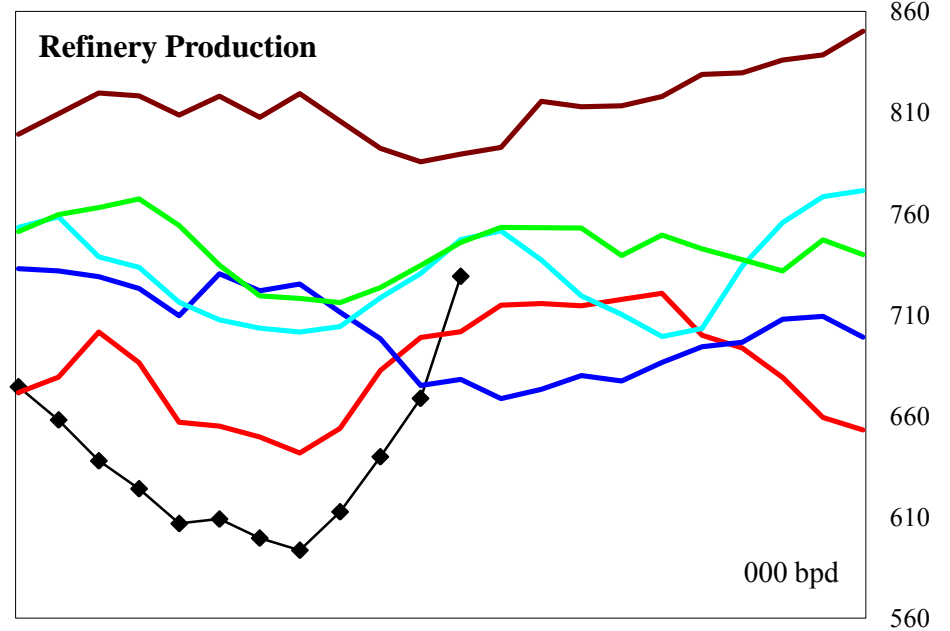
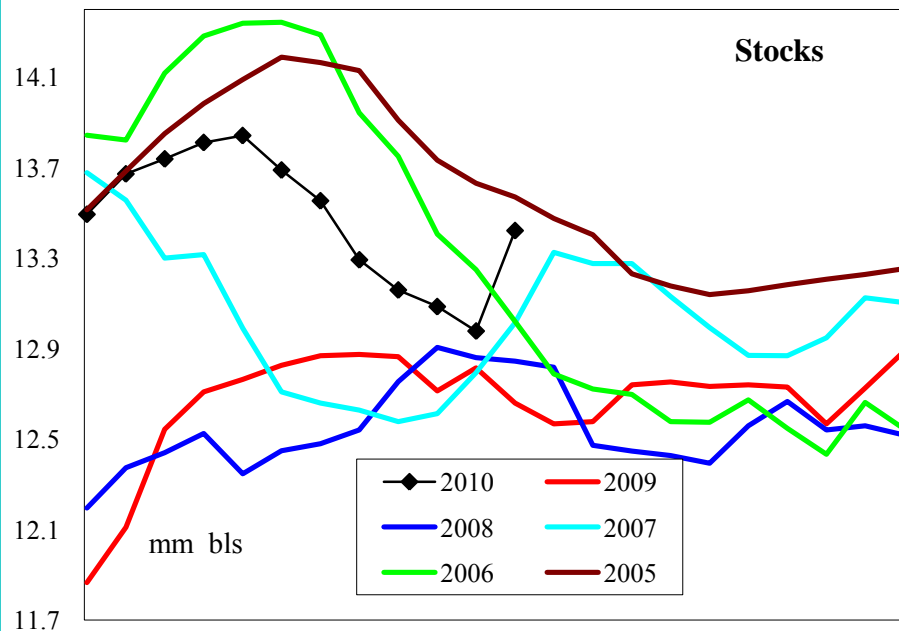




# PADD 3 High Sulfur Distillate Supply



# 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

762

-49

-8

-56

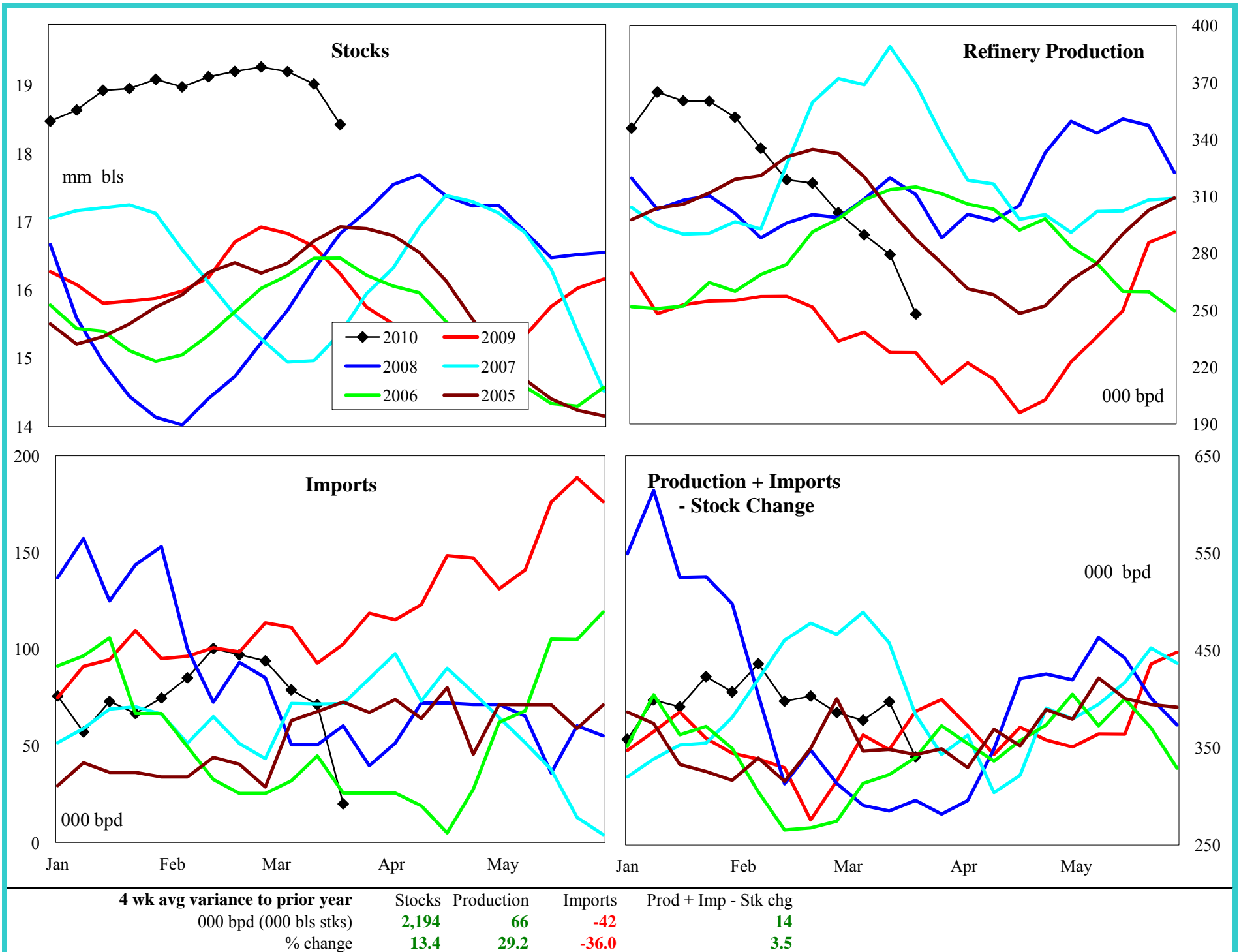
6.0

-7.0

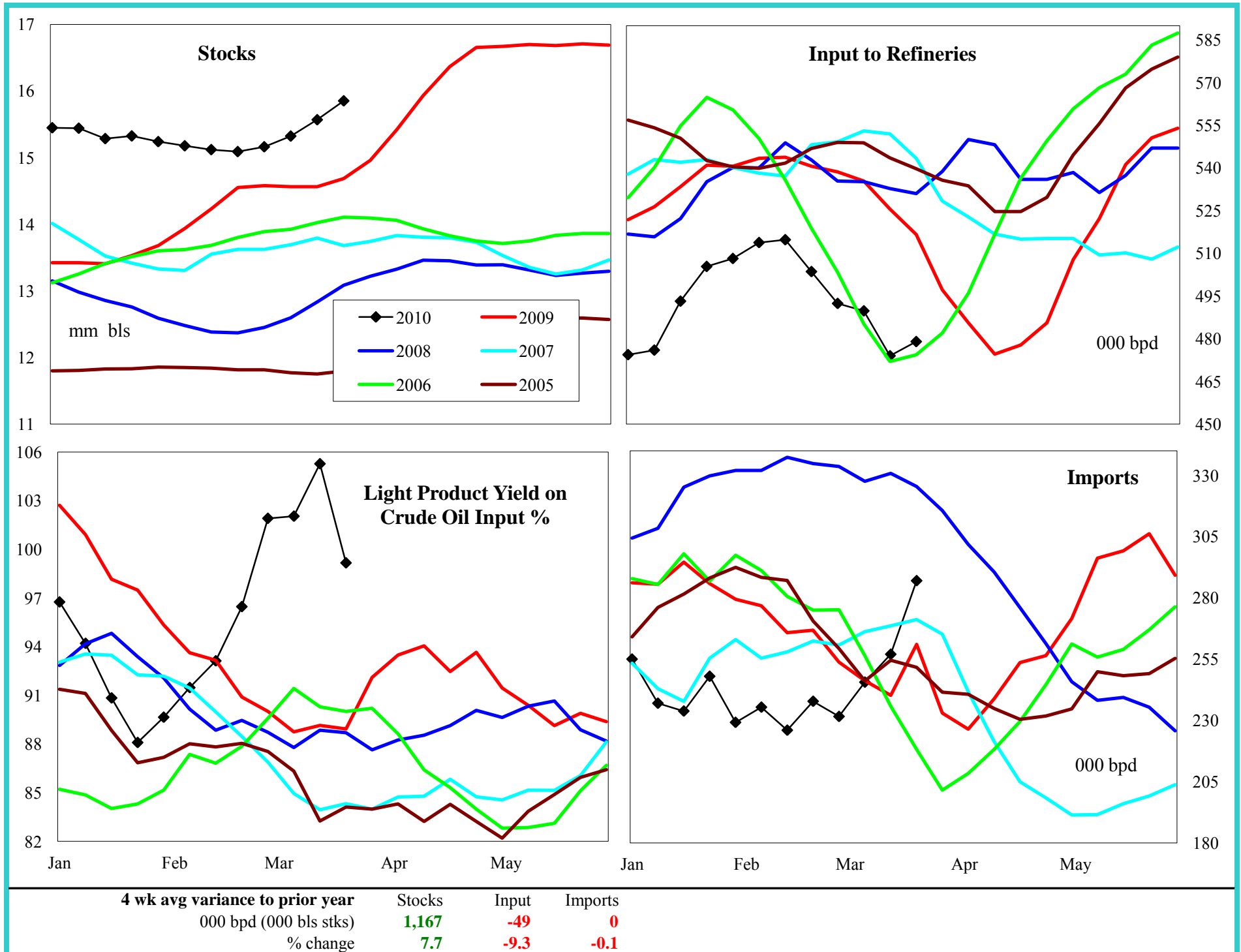
-68.9

-8.0

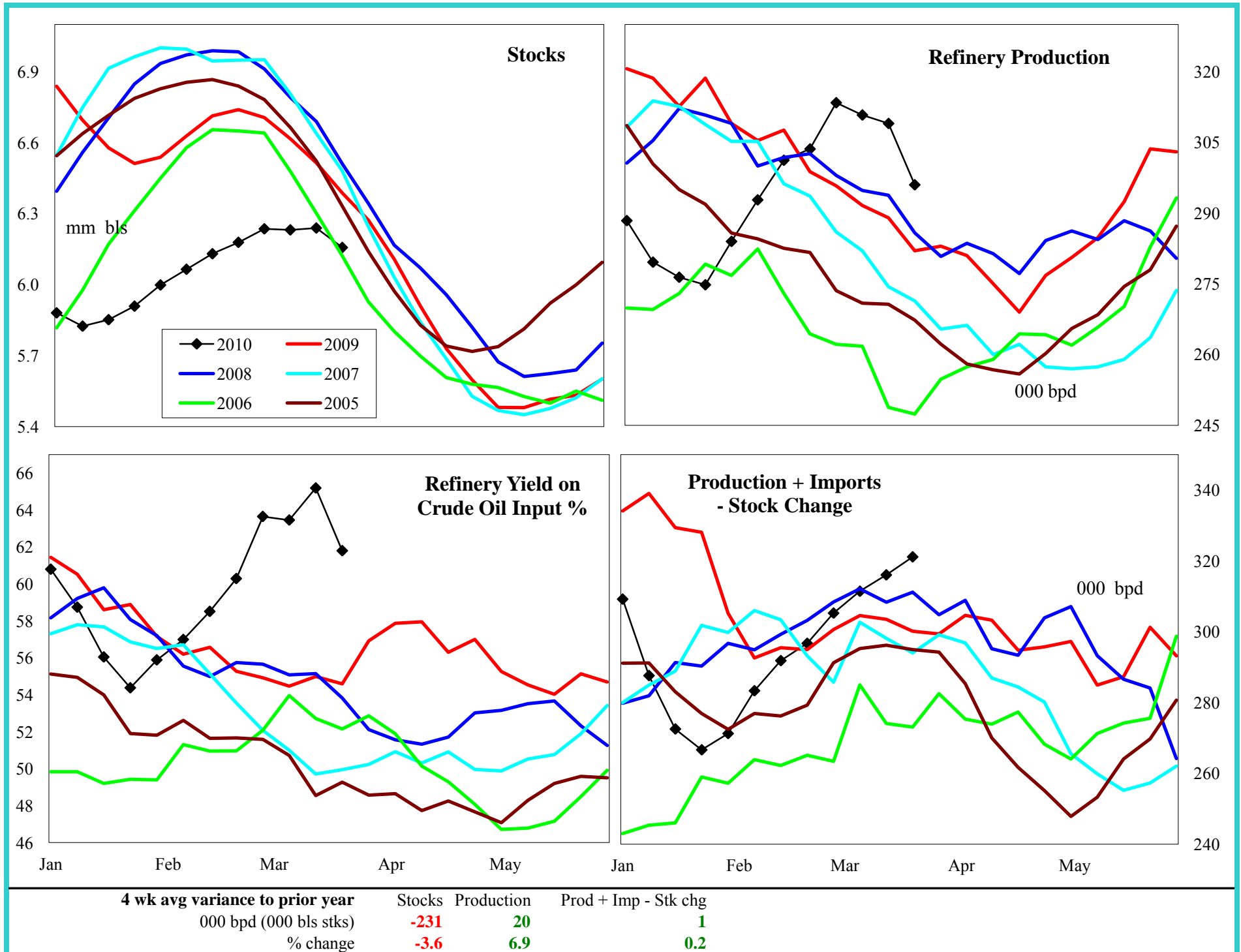
# PADD 3 Residual Fuel Oil Supply



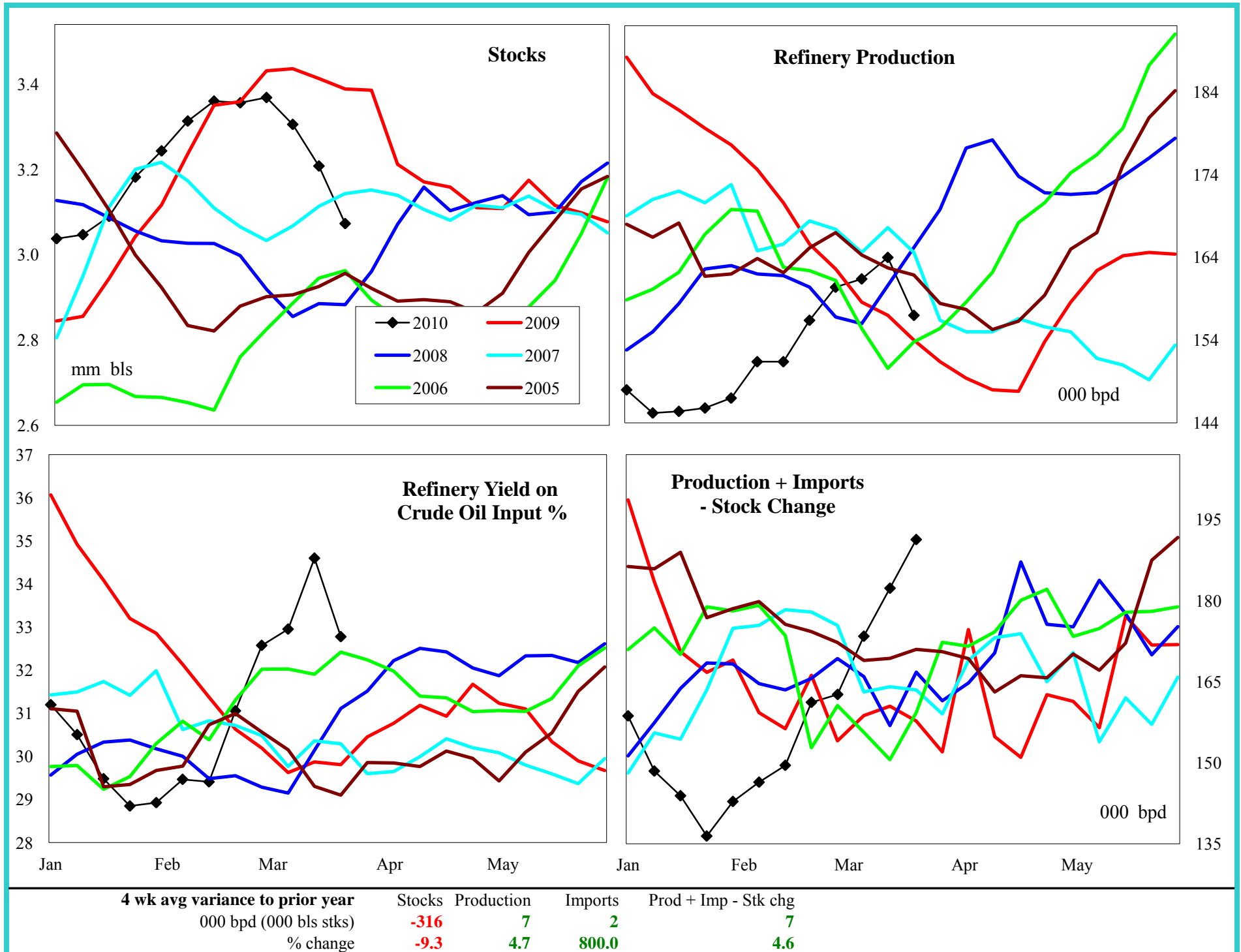
# PADD 4 Crude Oil Supply and Refining



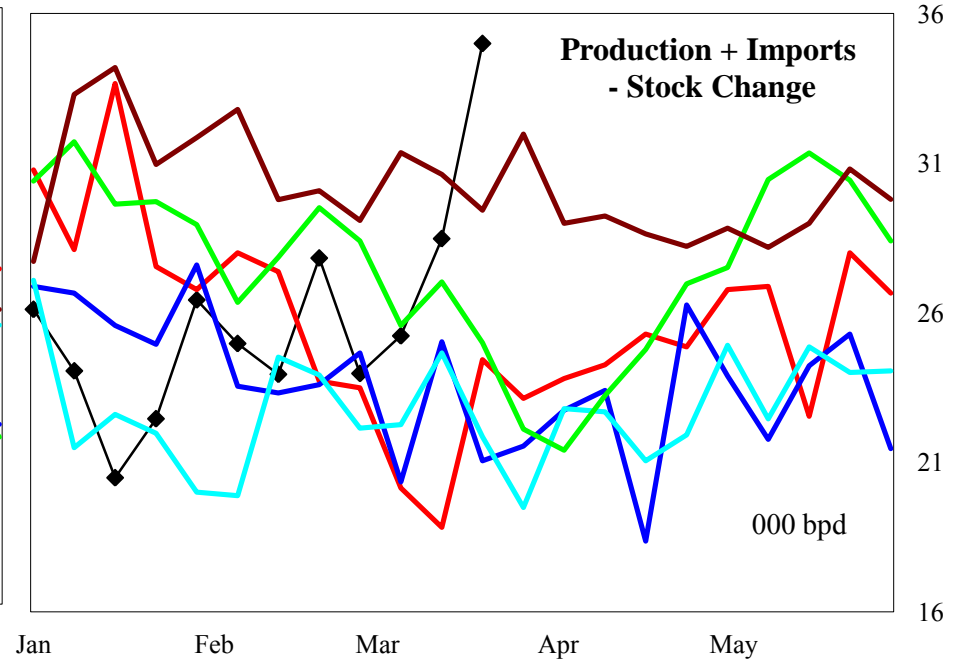
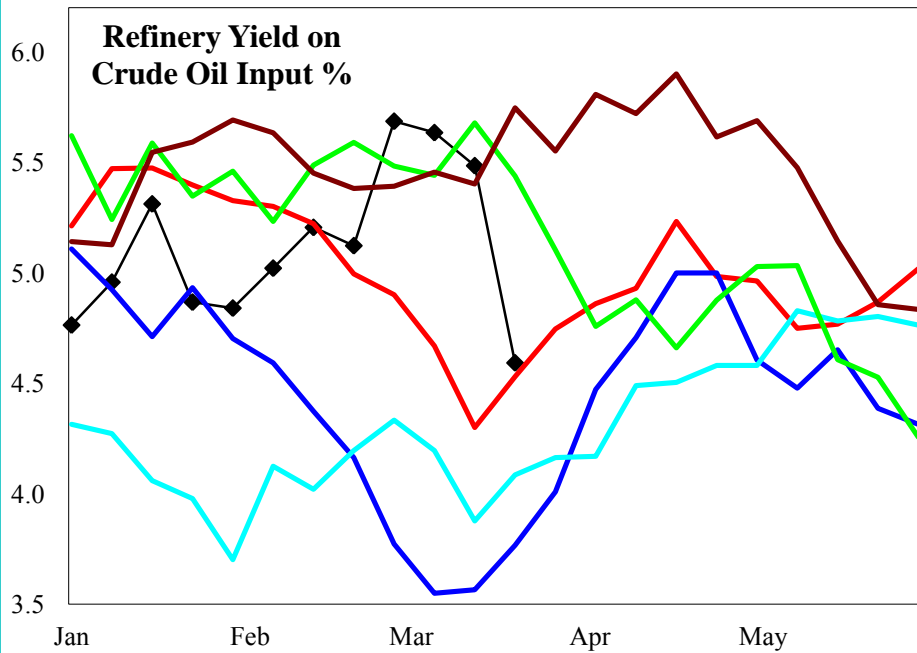
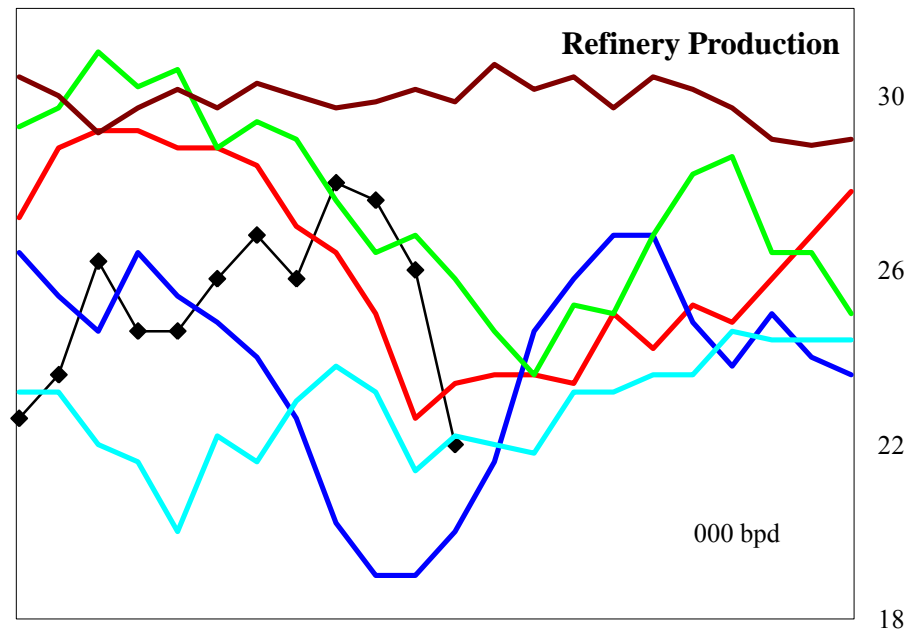
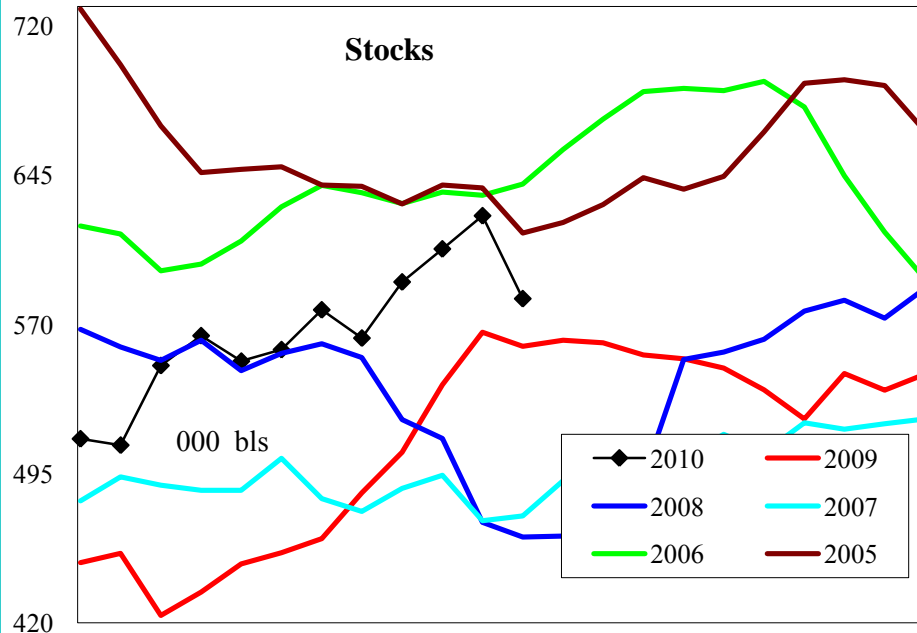
# PADD 4 Gasoline Supply



# PADD 4 Distillate Supply



# PADD 4 Jet Fuel Supply

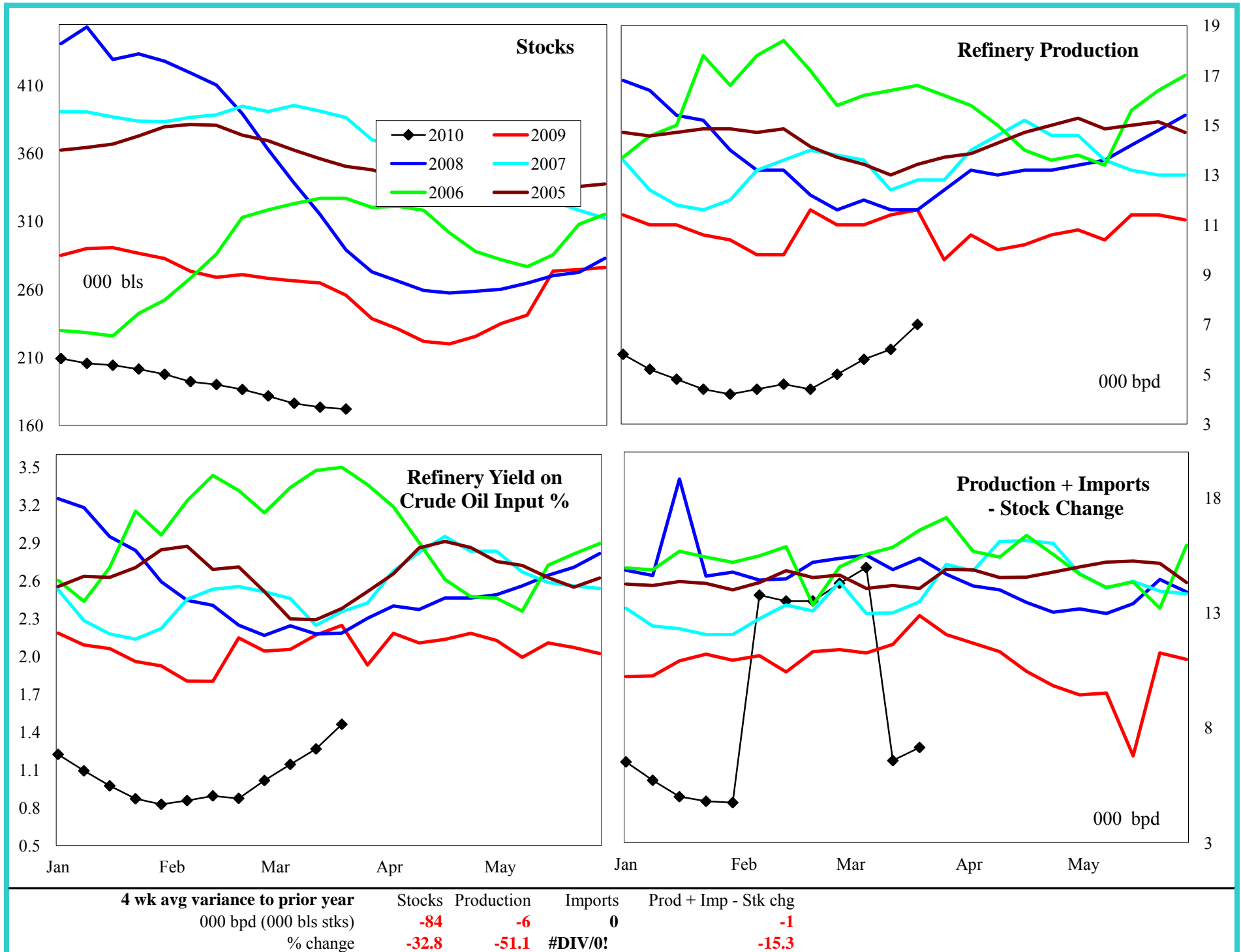


**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Stocks    Production  
**24**            **3**  
**4.3**          **12.5**

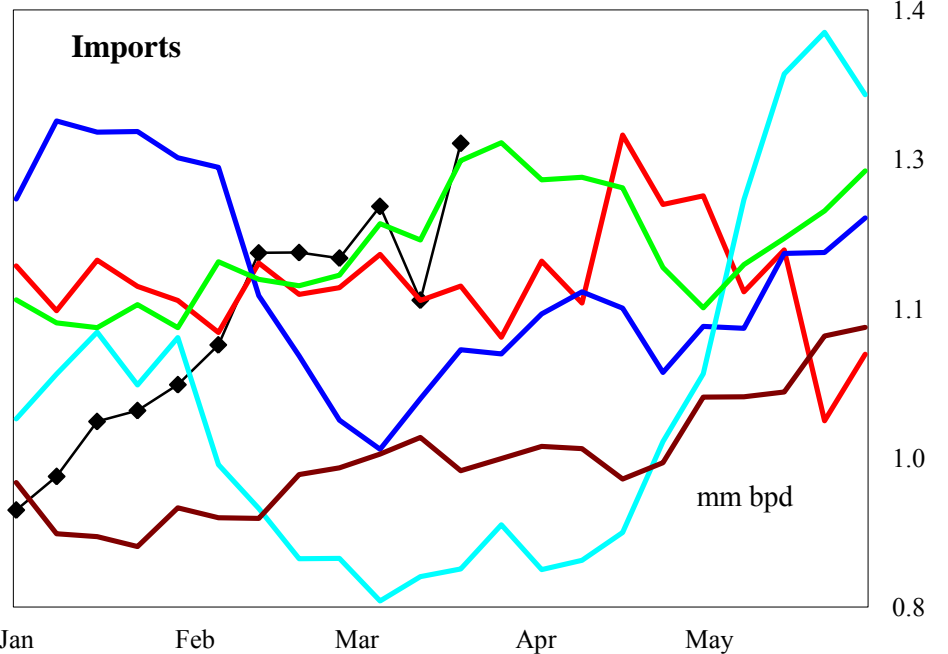
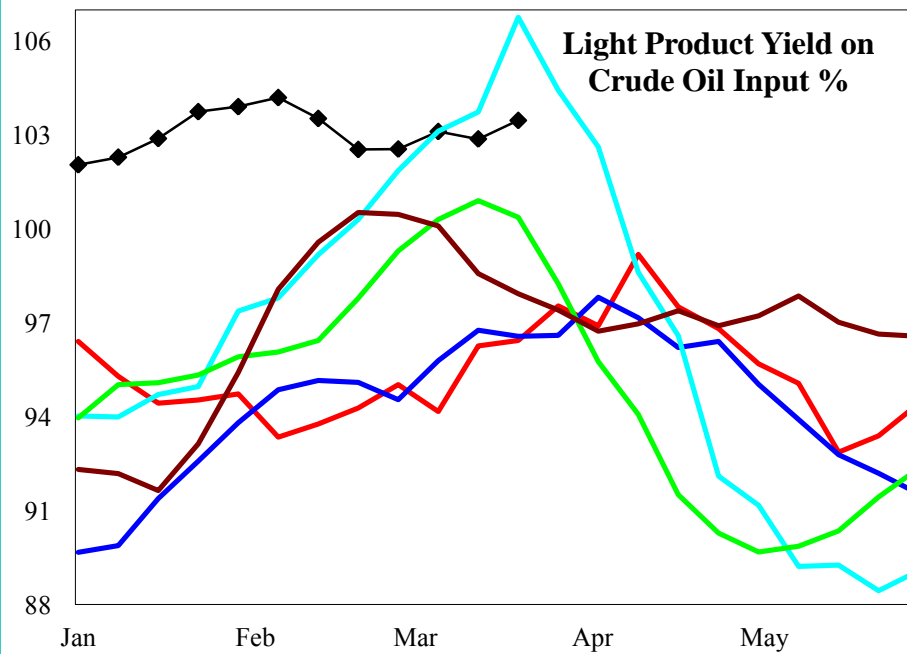
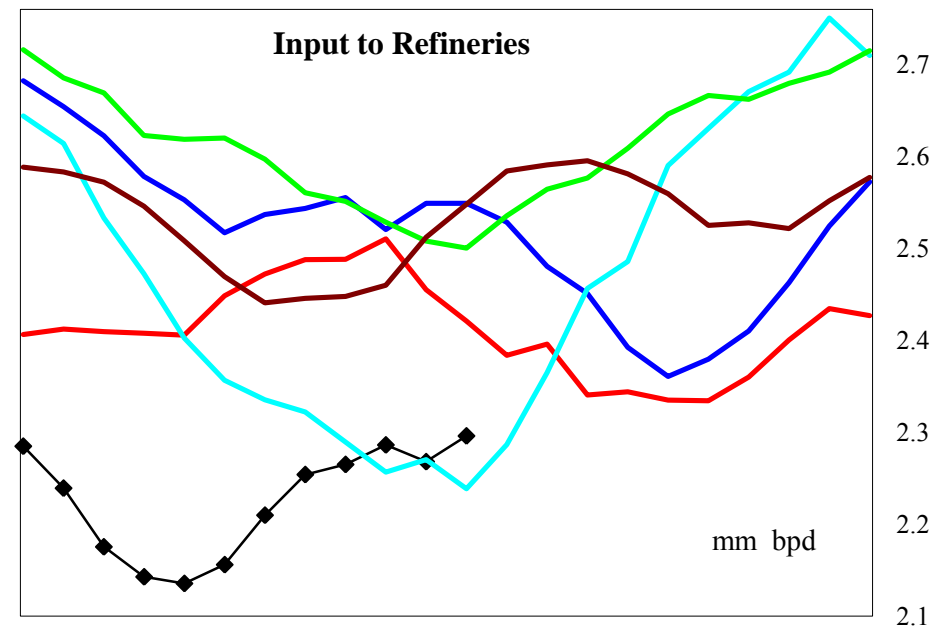
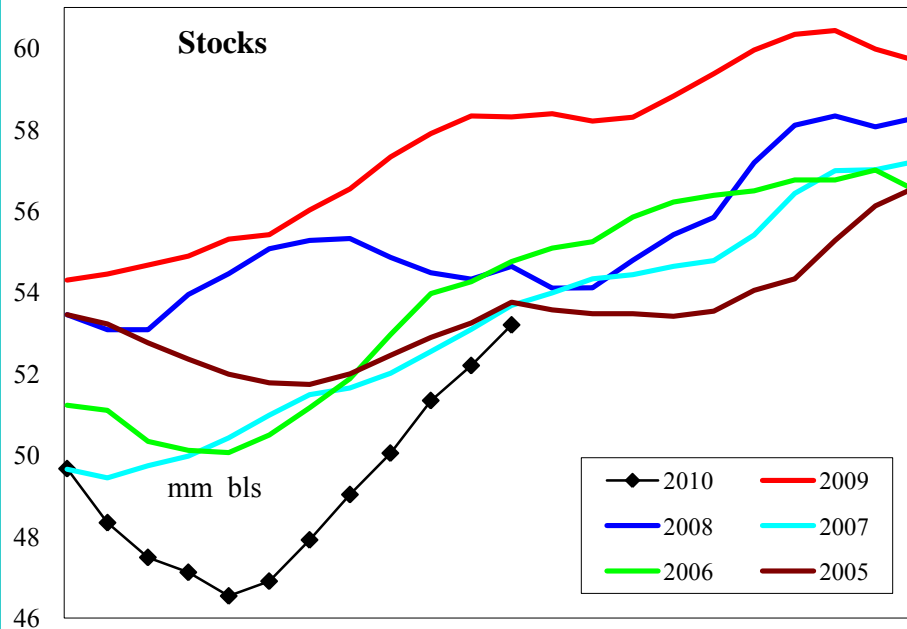
Prod + Imp - Stk chg  
**6**  
**33.6**

# PADD 4 Residual Fuel Oil Supply





# PADD 5 Crude Oil Supply and Refining



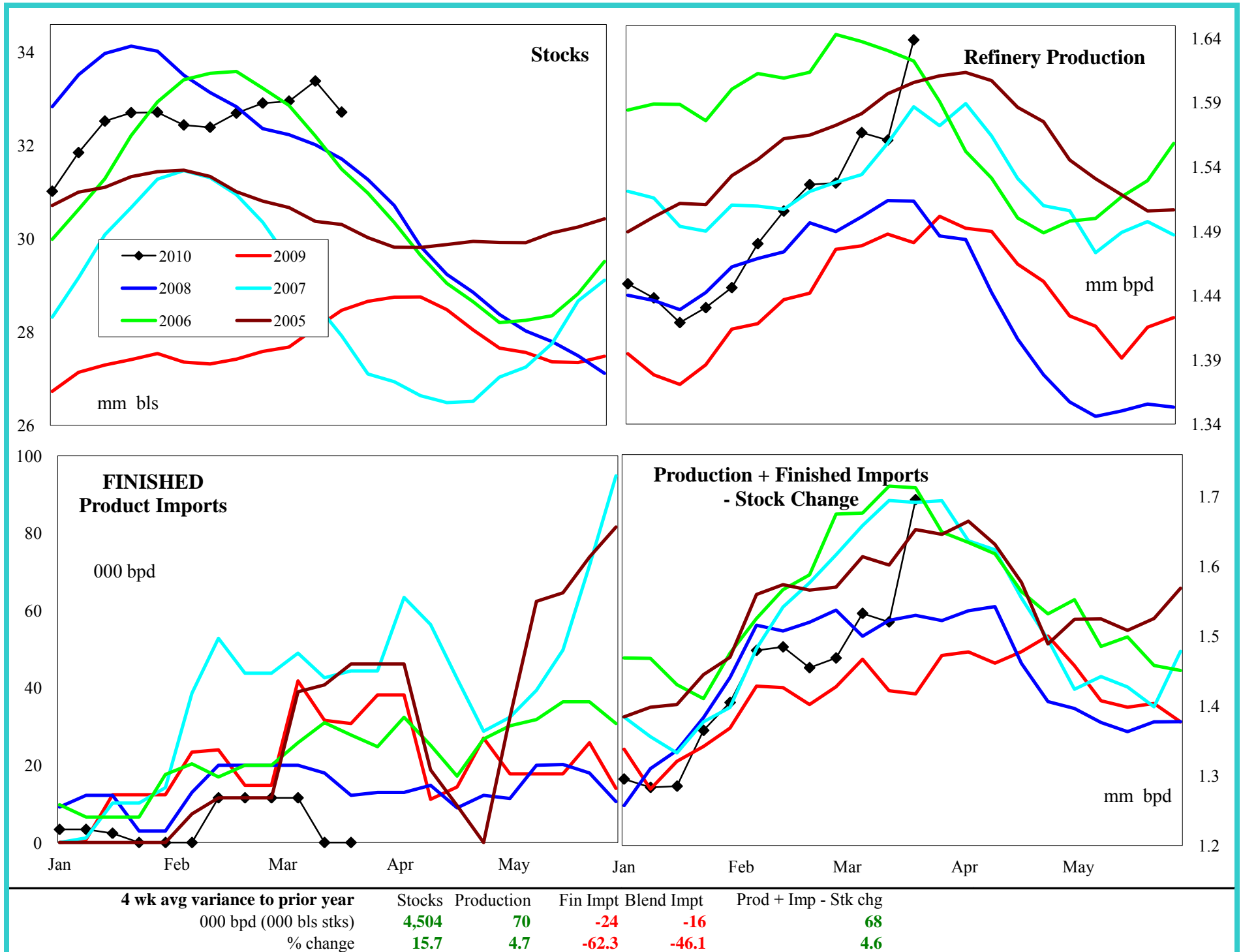
**4 wk avg variance to prior year**  
 000 bpd (000 bbls stks)  
 % change

**Stocks**  
**-5,111**  
**-8.8**

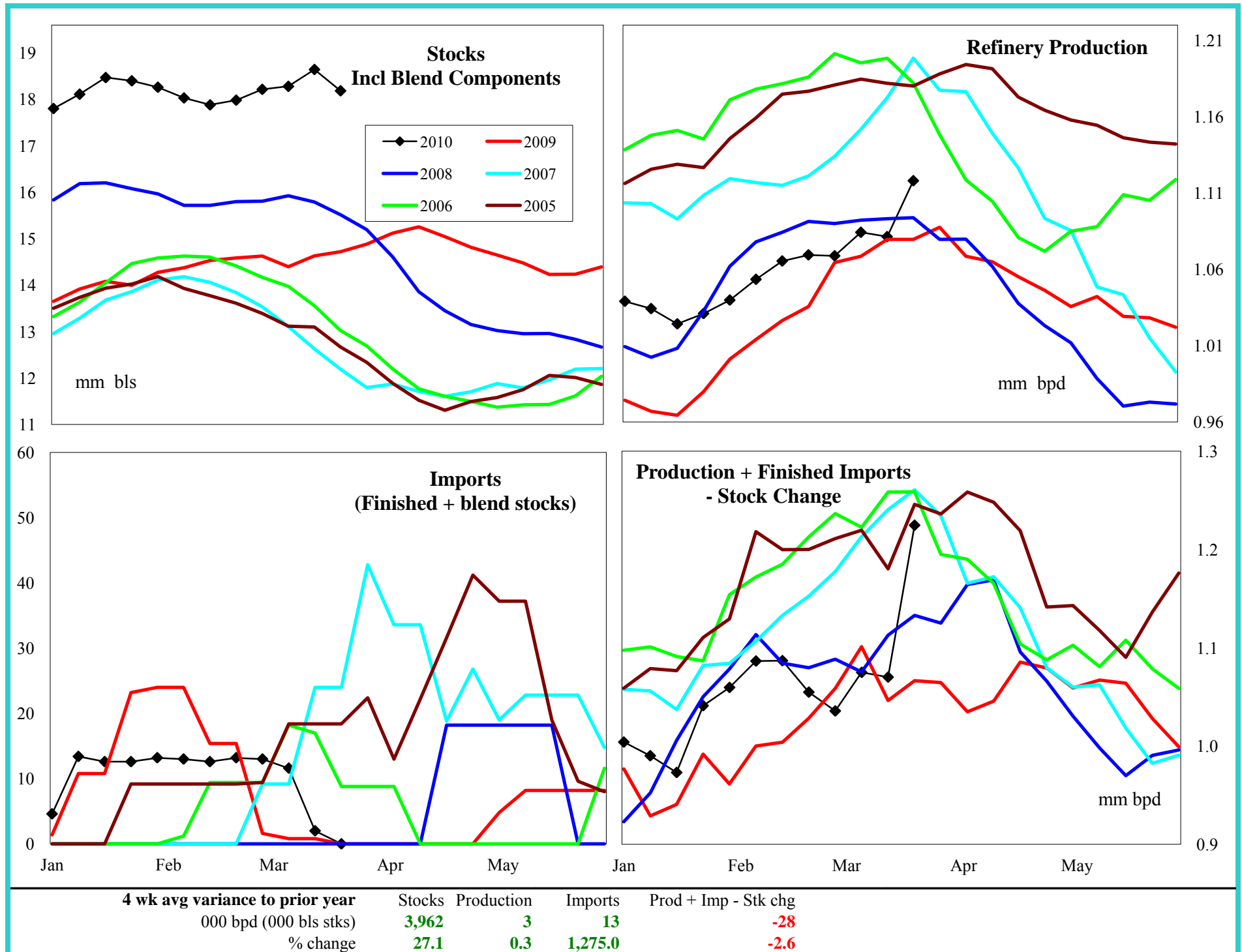
**Input**  
**-198**  
**-7.8**

**Imports**  
**35**  
**3.0**

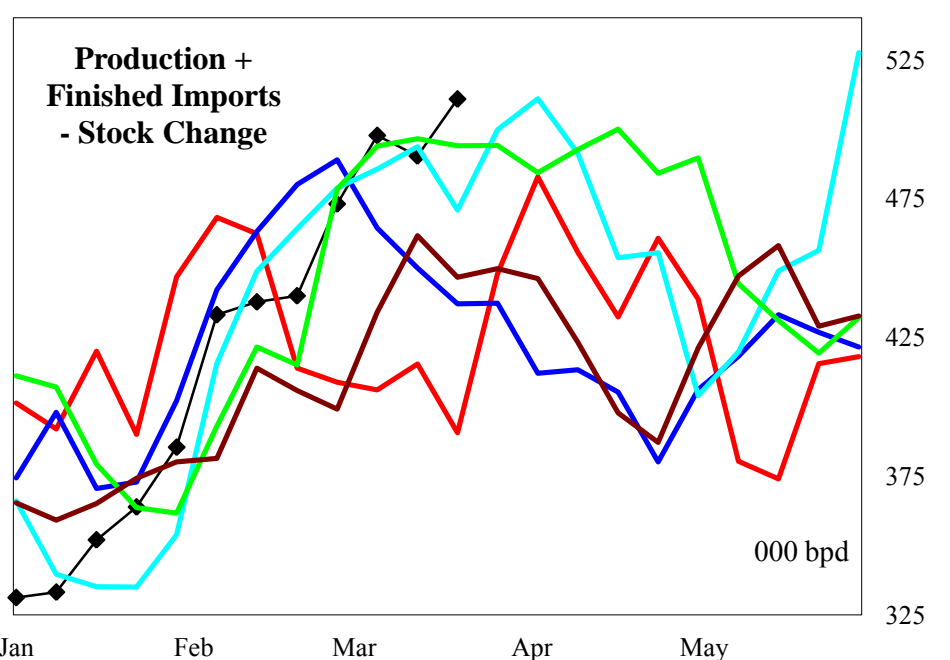
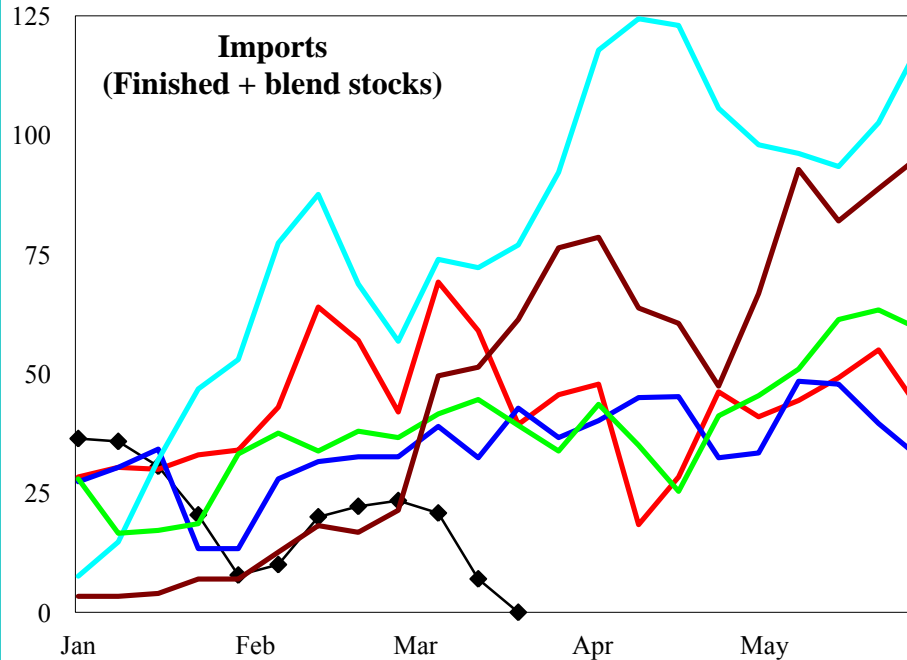
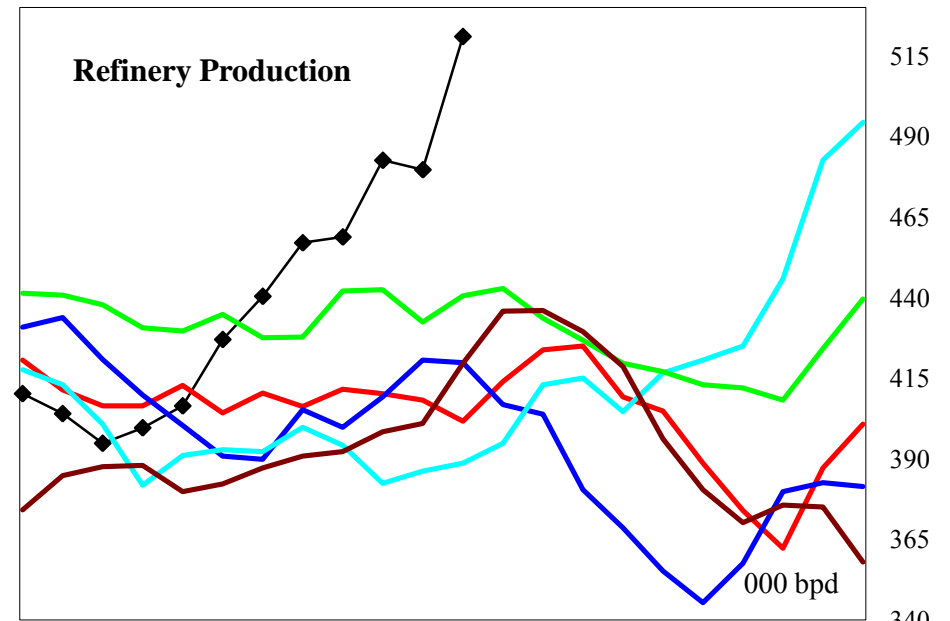
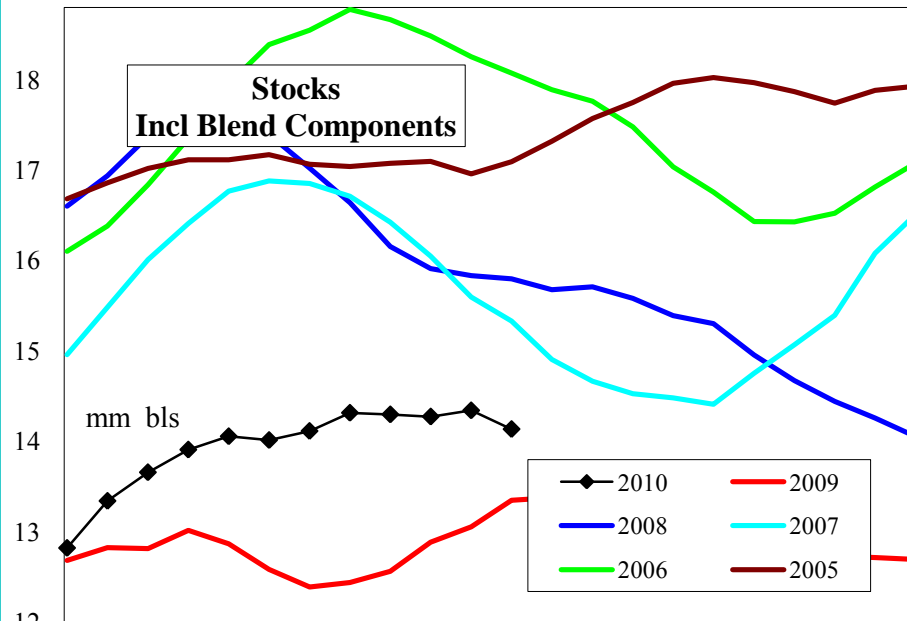
# PADD 5 Gasoline Supply



# PADD 5 Reformulated Gasoline Supply



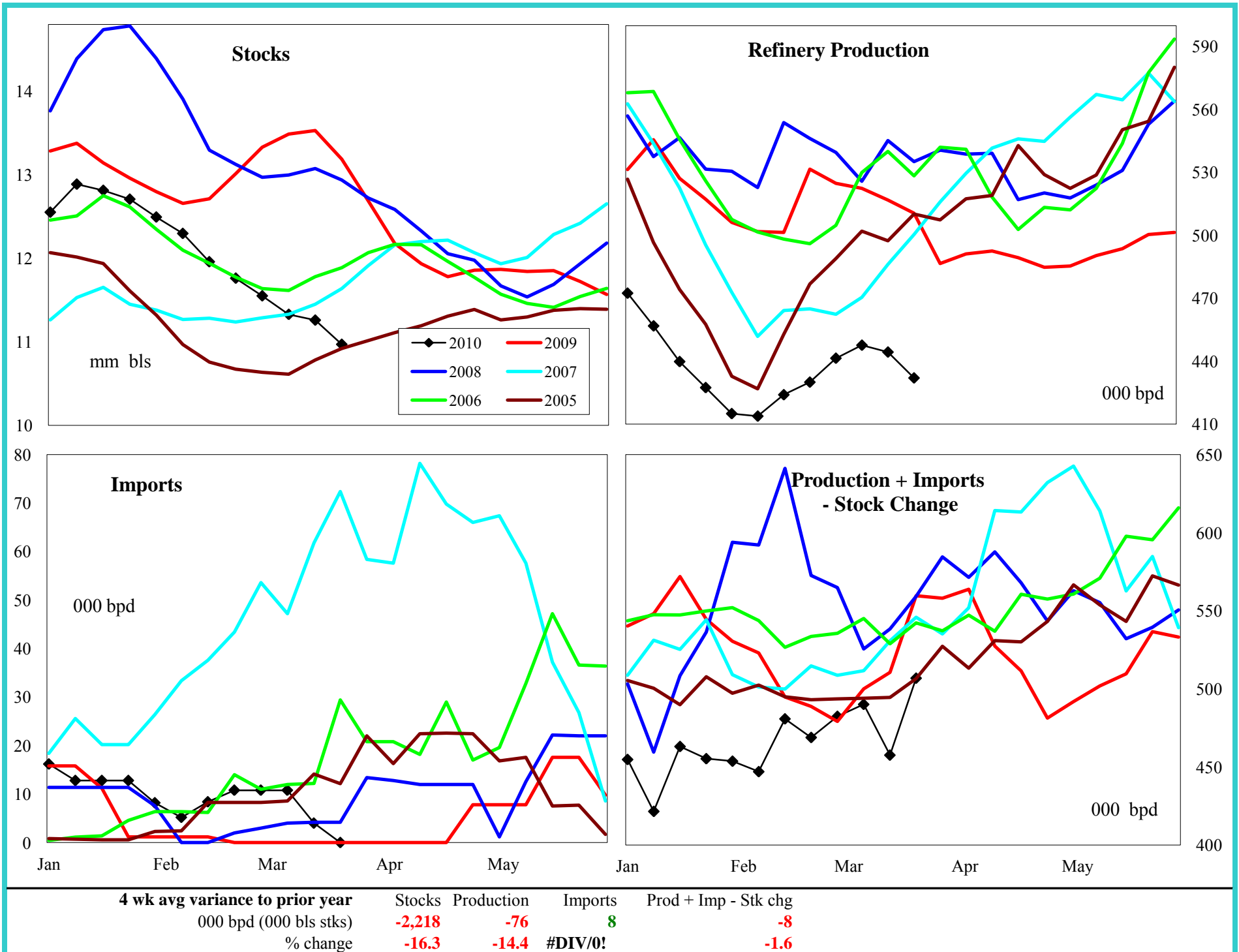
# PADD 5 Conventional Gasoline Supply



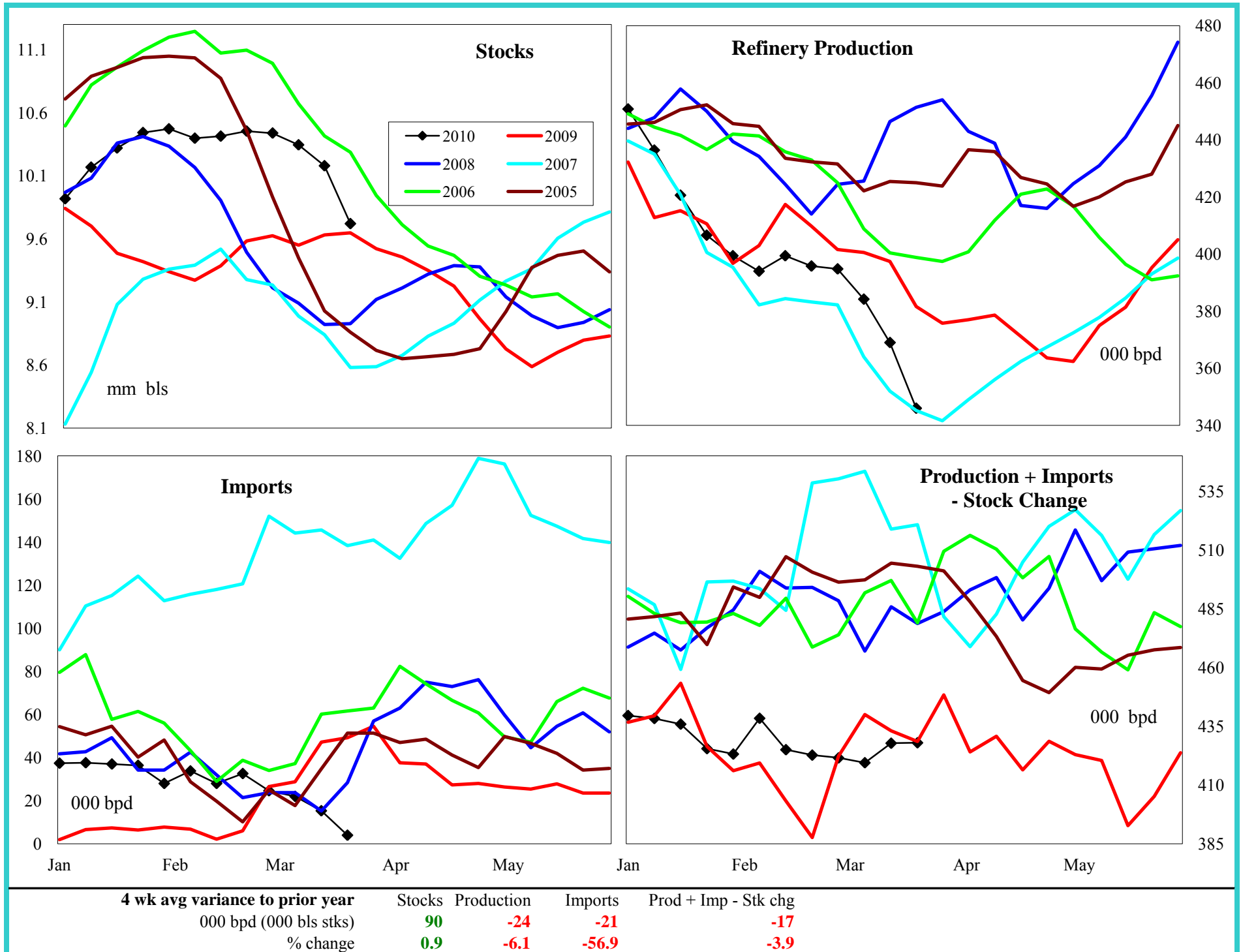
**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
542	67	-53	96
3.9	16.1	-72.9	24.4

# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply

