



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

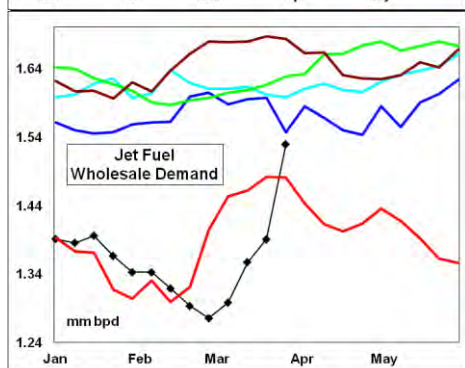
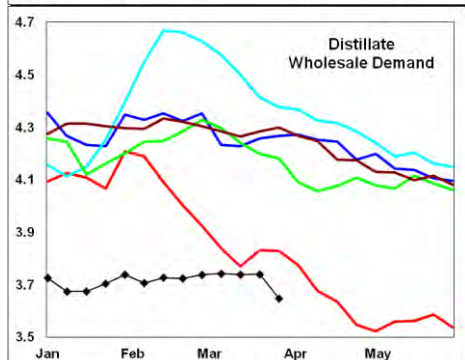
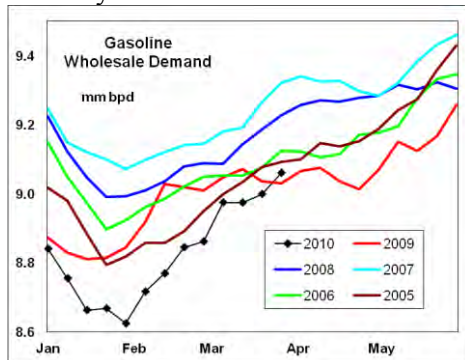
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, March 31, 2010



Major Fundamental Trends¹

Refined fuel demand remains weak, indicating the transportation sectors are not yet witnessing any meaningful recovery.

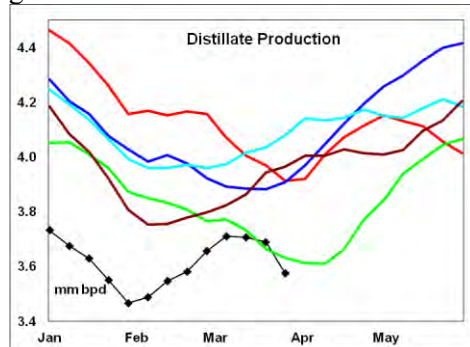


Jet fuel demand saw a +190,000 bpd spike this week, but the 4-wk average was still -9% below last year.

Refiners have substituted domestic production for imports of gasoline, with output during the latest 4-wk period up +229,000 bpd over last year. Concurrently, imports of combined finished and blend stocks were -502,000 bpd below a year ago.

Refiners are maximizing gasoline

output at the expense of distillate as evidenced record low distillate production and very low imports of gasoline blend stocks.



Crude oil stocks continue an above average rate of building, with the level now just -5.2 million barrels below last years' record high. Stock levels are likely to continue to build ahead of the ramp up in refinery run rates for peak summer gasoline demand.

Demand for jet fuel jumped +190,000 bpd last week, while other products witnessed declines.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -0.5%; distillate down -1.5%; jet fuel down -9.1% while residual fuel oil increased +2.8%.

Stocks forward coverage: Gasoline demand coverage was nearly unchanged on the week with both demand and stocks nearly unchanged. Coverage remains above the 5-year range.

Distillate demand coverage decreased on a -1.1 million barrel stock draw on the week, although lower demand partially offset the stock draw. Coverage remains above the historic range.

Jet fuel coverage was above the historic range, even with a -1.2 million barrel stock draw and +190,000 bpd jump in demand

Residual fuel oil coverage was above the 5-year range on a +1.7 million barrel stock build and drop in demand.

Refinery utilization rates increased last

week on a +192,000 bpd rise in crude oil runs. Runs were -40,000 bpd below last years' record low rate.

Gasoline yield % on crude oil runs decreased last week on a +12,000 bpd rise in output compared to the +192,000 bpd increase in crude oil input. Yield % remains above the 5-year range.

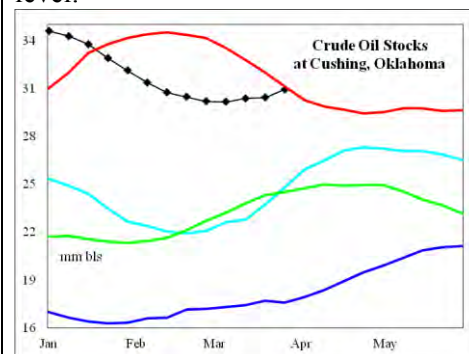
Distillate yield % on crude oil runs fell to near the historic low on a -125,000 bpd drop in production last week.

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

Petroleum Imports of crude oil decreased -337,000 bpd on the week, while distillate and residual fuel were sharply higher.

During the latest 4-wk period distillate imports decreased -84,000 bpd compared to last year; finished gasoline imports decreased -221,000 bpd, gasoline blend stock imports decreased -281,000 bpd; jet fuel imports were -30,000 bpd lower while residual fuel oil imports increased +5,000 bpd.

Crude oil imports declined -337,000 bpd last week, partially offsetting the +1 million bpd jump the prior week. Stocks increased +2.9 million barrels with builds concentrated in PADDs 2 & 3. Stock levels are now just -5.2 million barrels below last years' record high. Further stock builds are likely as refiners ramp up imports ahead of the peak gasoline demand season. Cushing stocks increased +0.5 million barrels to match last years' record level.



¹ Source is latest EIA Weekly Statistics



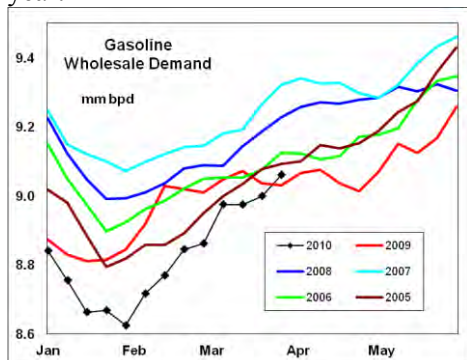
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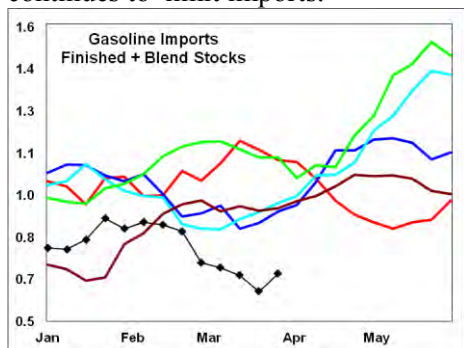
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Product Supply-Demand Trends

Gasoline demand decreased -27,000 bpd last week. The latest 4-wk average was -41,000 bpd below last year.



Gasoline production for the most recent 4-wk period was +229,000 bpd above last year, and a record high for this time of year. Record production was offset by a -502,000 bpd decline imports for the same period. Closure of European refining capacity last year continues to limit imports.



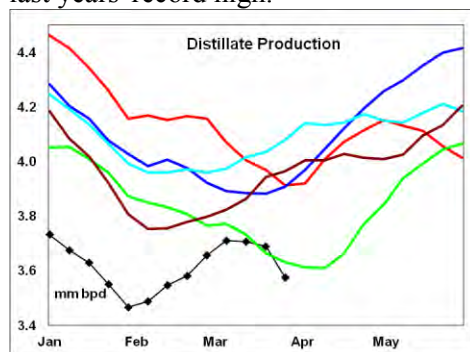
Stocks increased +0.3 million barrels on the week, including a +1.5 million barrel build in the Gulf while the East and West Coasts reported declines. Stock levels match 5-year highs; although the levels in the New England and Central Atlantic Regions of PADD 1 are near historic lows for the period.

Expect higher imports to the East Coast as the Irving refiner returns to operation; although rising seasonal demand may constrain stock levels in the New England and Central Atlantic Regions. Other major regional markets remain over supplied, due to record ethanol blending and weak demand; pointing to potential of a price pull back ahead of the start of summer driving season in late May.

Distillate demand declined -163,000 bpd last week, with the latest 4-wk average -56,000 bpd below last year. Note that demand a year ago collapsed with the drop in economic activity.

Supply increased +28,000 bpd last week, with lower production offset by an increase in imports. Production fell to a new five year low for the season.

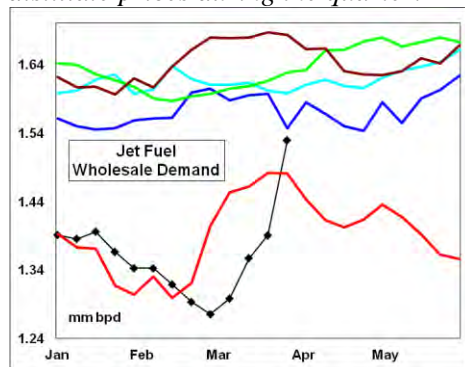
Stocks fell -1.1 million barrels with declines in all markets except the East Coast. Stock levels now match last years' record high.



Demand remains exceptionally weak, at a level below last year, which in turn reflected the economic collapse.

Distillate supply was -387,000 bpd below a year ago, as the industry limits output in response to the weakness in demand, and ongoing refinery maintenance in the Midwest. Low supplies continue to drive stock levels lower.

Expect a modest tightening of supply to provide some support to distillate prices during the quarter.



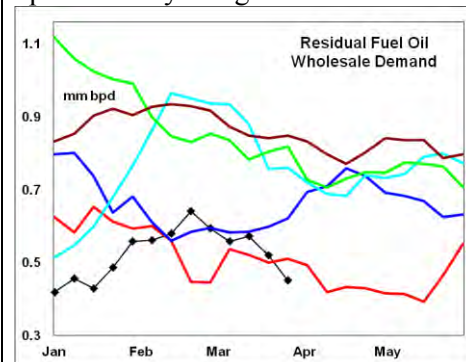
Jet Fuel demand spiked +190,000 bpd on the week, to match the highest weekly level of the quarter. The latest 4-wk average was -137,000 bpd below a year ago.

Supply increased +1,000 bpd on the week, but remains below the 5-year range. The latest 4-wk average supply was -78,000 bpd below last years' record low level. Stocks declined -1.2 million barrels, to a level that matches the 5-yr high.

Even with last weeks' demand surge, March demand averaged -9.1% below last years' record low. The market remains well supplied with very high stock levels for this time of year.

Expect weak jet fuel prices compared to the overall energy complex.

Residual fuel oil demand, including exports, decreased -147,000 bpd last week, with the 4-wk average +16,000 bpd above a year ago.



Imports jumped +234,000 bpd on the week, offsetting a -37,000 bpd drop in production. Production has dropped to a record low, but offset by imports that were above the 5-yr range for the week. The latest 4-wk supply was -46,000 bpd below last year. Stocks increased +1.7 million barrels to near historic highs for the period.

Stock levels are at/near 5-yr highs in PADDs 01 and 03 on a surge in imports. Other regions have cut output driving stock levels to 5-yr lows.

The tightening supply balance has attracted a surge in imports to the key markets; pointing to ample Atlantic Basin. Look for relative price strength compared to the energy complex to attract imports for domestic needs.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

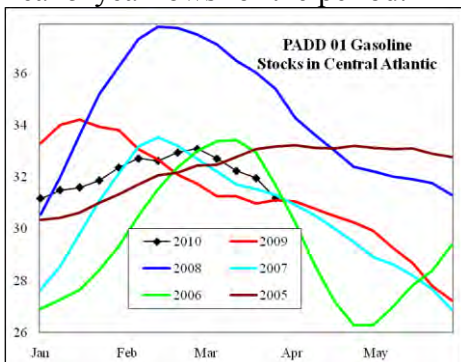
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +22,000 bpd on the week, but remain below the historic range. Imports fell -519,000 bpd, although, low run rates left stocks unchanged.

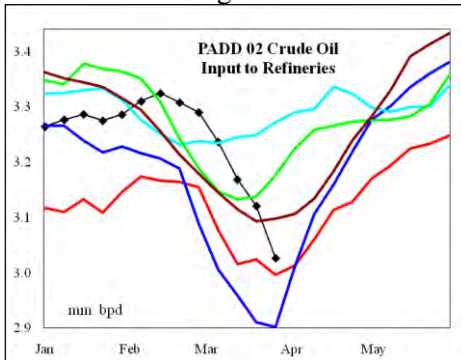
Gasoline production increased +26,000 bpd last week. Imports climbed +60,000 bpd but remain extremely low. Stocks decreased -0.7 million barrels, with the Central Atlantic and New England Regions near 5-year lows for the period.



Distillate supply surged +237,000 bpd on the week, including a +158,000 bpd rise in imports. Stocks increased +0.2 million barrels, with the level +4.4 million barrels above last year.

Jet fuel supply increased +22,000 bpd on higher imports and production. Stocks remain at record levels.

PADD 2 crude oil refinery runs decreased -67,000 last week, to a level below the mid range.



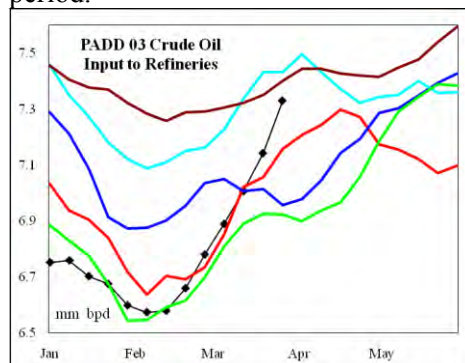
Crude oil imports spiked +516,000 bpd last week, to an all time high. Stocks increased +1.9 million barrels to match the 5-yr high. Stocks in Cushing increased +0.5 million barrels, to match last years' record high level.

Gasoline production decreased -63,000 bpd on the week, but remains above the mid range. Stocks were unchanged on the week, at a level above the 5-year range.

Distillate production decreased -64,000 bpd last week, to a 5-year low for the season. Stocks decreased -0.5 million barrels, to a level below the mid range.

Jet fuel production decreased -4,000 bpd to the low end of the historic range. Stock levels are at the upper end of the 5-yr range.

PADD 3 refinery crude oil runs increased +211,000 bpd last week, to a level near historic highs for the period. Imports decreased -287,000 bpd on the week, with the level below the 5-yr range. Stocks increased +1.2 million barrels, to a new 5-yr high for the period.



Gasoline production increased +83,000 bpd last week, with the 4-wk average -299,000 bpd below a year ago. Stocks increased +1.5 million barrels, and remain above the historic range.

Distillate production declined -133,000 bpd on the week, to a level below the mid range. Stocks decreased -0.4 million barrels, but remain 3.3 million barrels above last years' record high.

Jet fuel supply decreased -24,000 bpd on the week, and remains below the mid range. Stocks decreased -0.3 million barrels, to a level above the mid range.

Residual fuel oil imports jumped +170,000 bpd, partially offset by a -24,000 bpd drop in production. Stocks extended the recent downtrend,

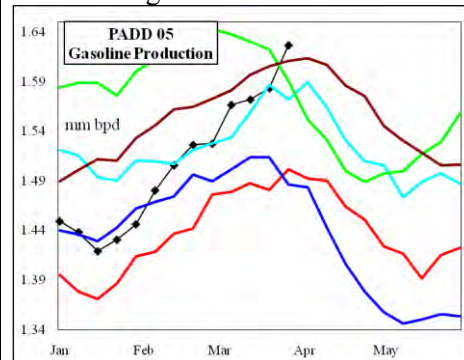
but remain above the historic range.

PADD 4 refinery crude oil runs increased +23,000 bpd last week, bpd with the latest 4-wk average -40,000 bpd below year ago levels. Runs remain below the mid range.

Gasoline production decreased -22,000 bpd on the week, but remains above the mid range. Stocks have experienced a counter seasonal build the last 5-wks and are now at the 5-yr mid range.

Distillate production increased +5,000 bpd last week, with output above the mid range. Stock levels were nearly unchanged ending the week near the historic mid range.

PADD 5 crude oil refinery runs increased +3,000 bpd on the week, matching the low end of the historic range. The latest 4-wk average run rate was -161,000 bpd below a year ago. Crude oil stocks decreased -0.2 million barrels, near the low end of the historic range.



Gasoline production decreased -12,000 bpd last week, but remains above the historic range. The latest 4-wk average was +89,000 bpd above last year, to a level above the historic range. Stocks decreased -0.6 million barrels, but remain above the 5-year range.

Distillate production declined -12,000 bpd on the week, the latest 4-wk average was -73,000 bpd below last year and below the historic range. Stocks decreased -0.4 million barrels, falling below the 5-year range.

Jet fuel supply increased +28,000 bpd last week. The latest 4-wk average supply was -19,000 bpd below a year ago.


**FUNDAMENTAL
PETROLEUM
TRENDS**


PETROLEUM: Graph Link and Weekly Summary

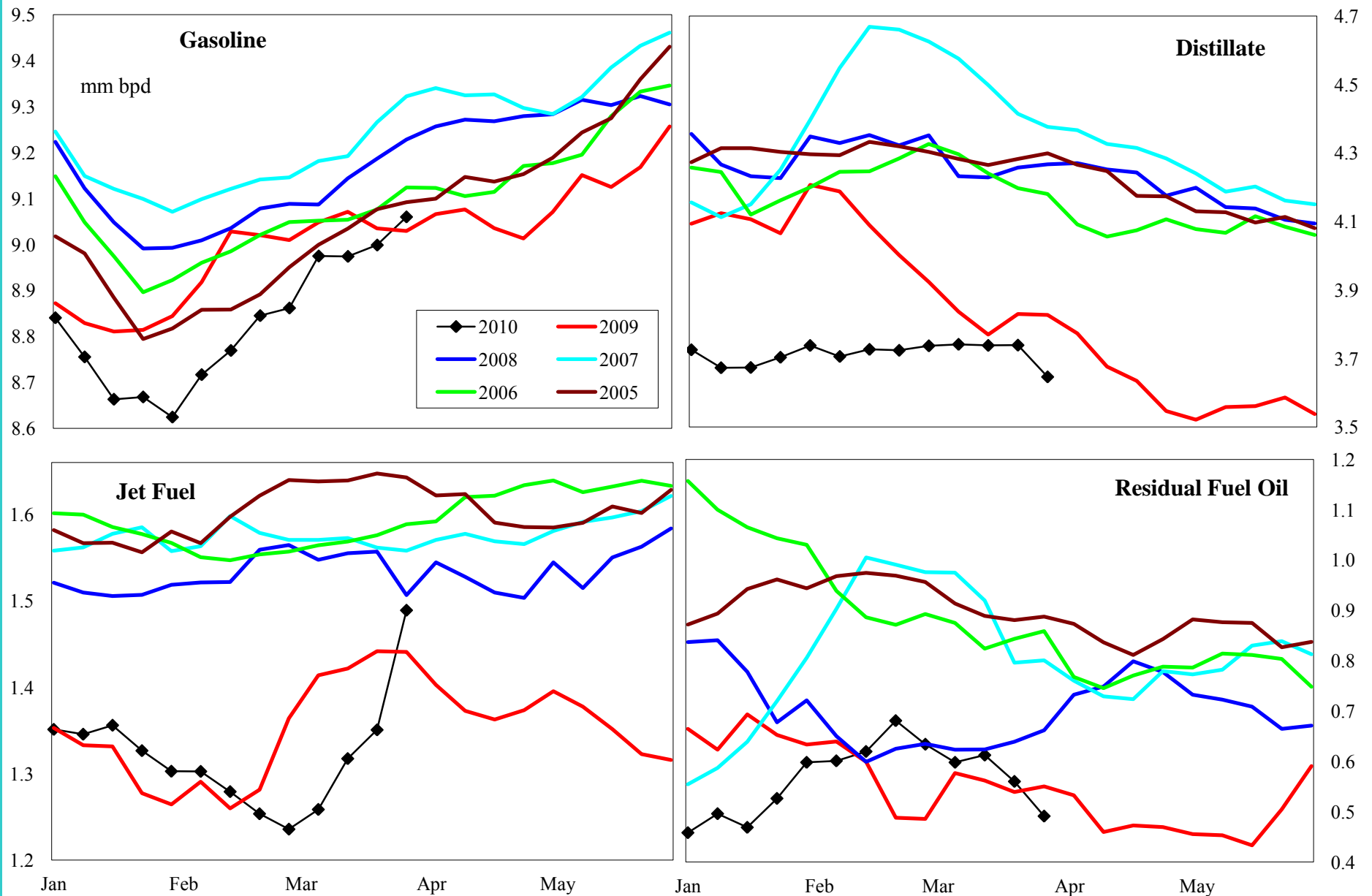
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Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization Product Yield %</u>				<u>Imports</u>
Supply/Demand Trends	26-Mar-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	2,929	17	1,936	1,225	-19	-230
	Imports	-337	-519	516	-287	-61	14
	Input	192	22	-67	211	23	3
	% Utilization	1.49					
<u>Gasoline</u>	Stocks	313	-699	5	1,477	107	-577
	Production	12	26	-63	83	-22	-12
	Imports	87	60	-1	15	0	13
	Supplied	-27					
<u>Distillate</u>	Stocks	-1,085	249	-480	-416	-41	-397
	Production	-125	79	-64	-133	5	-12
	Imports	153	158	-11	0	3	3
	Supplied	-163					
<u>Jet Fuel</u>	Stocks	-1,183	-240	13	-278	33	-711
	Production	6	21	-4	-24	9	4
	Imports	15	1	0	0	0	14
	Supplied	190					
<u>Residual Fuel Oil</u>	Stocks	1,742	2,048	73	-444	10	55
	Production	-37	-8	-6	-24	0	1
	Imports	234	75	3	170	0	-14
	Supplied	-147					

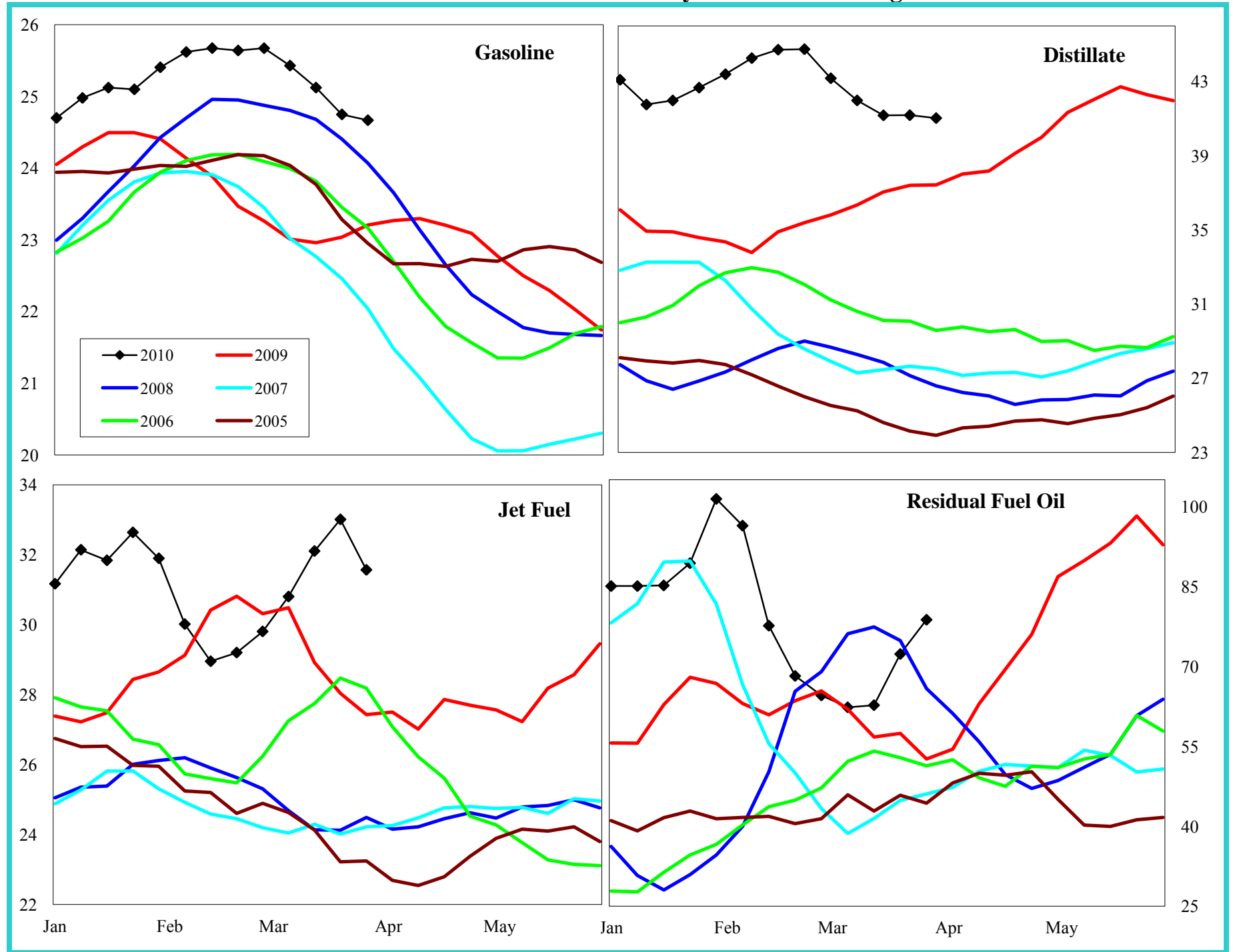
United States Wholesale Petroleum Demand



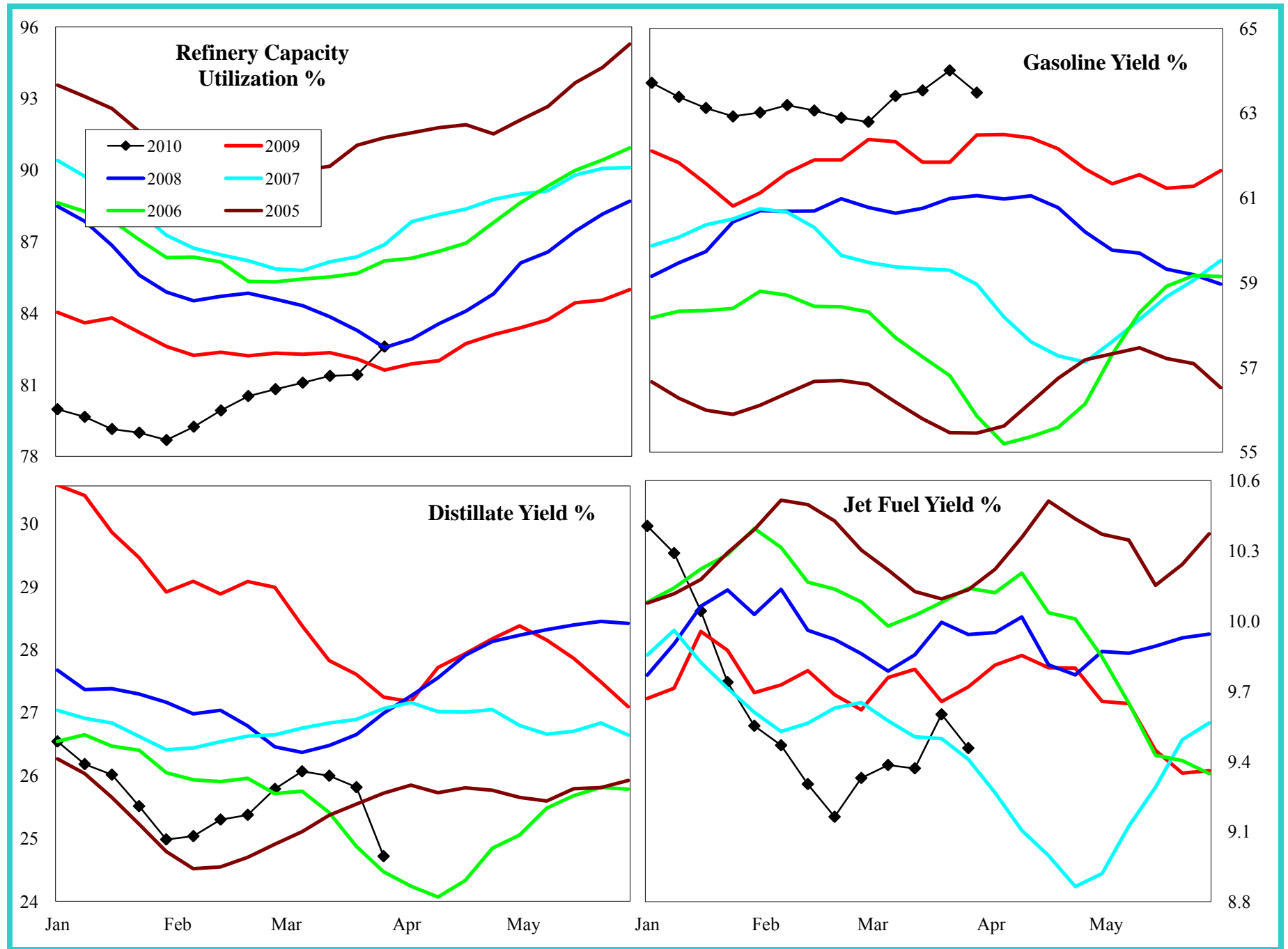
	000 bpd change from prior year				% change from prior year			
	4wk avg	Feb	Jan	Dec	4wk avg	Feb	Jan	Dec
Gasoline	-41	16	-35	34	-0.5	0.2	-0.4	0.4
Distillate	-56	-177	-371	-79	-1.5	-4.5	-9.1	-2.1
Jet Fuel	-137	-59	6	96	-9.1	-4.4	0.4	6.9
Resid	16	162	-207	-273	2.8	32.0	-29.6	-36.3



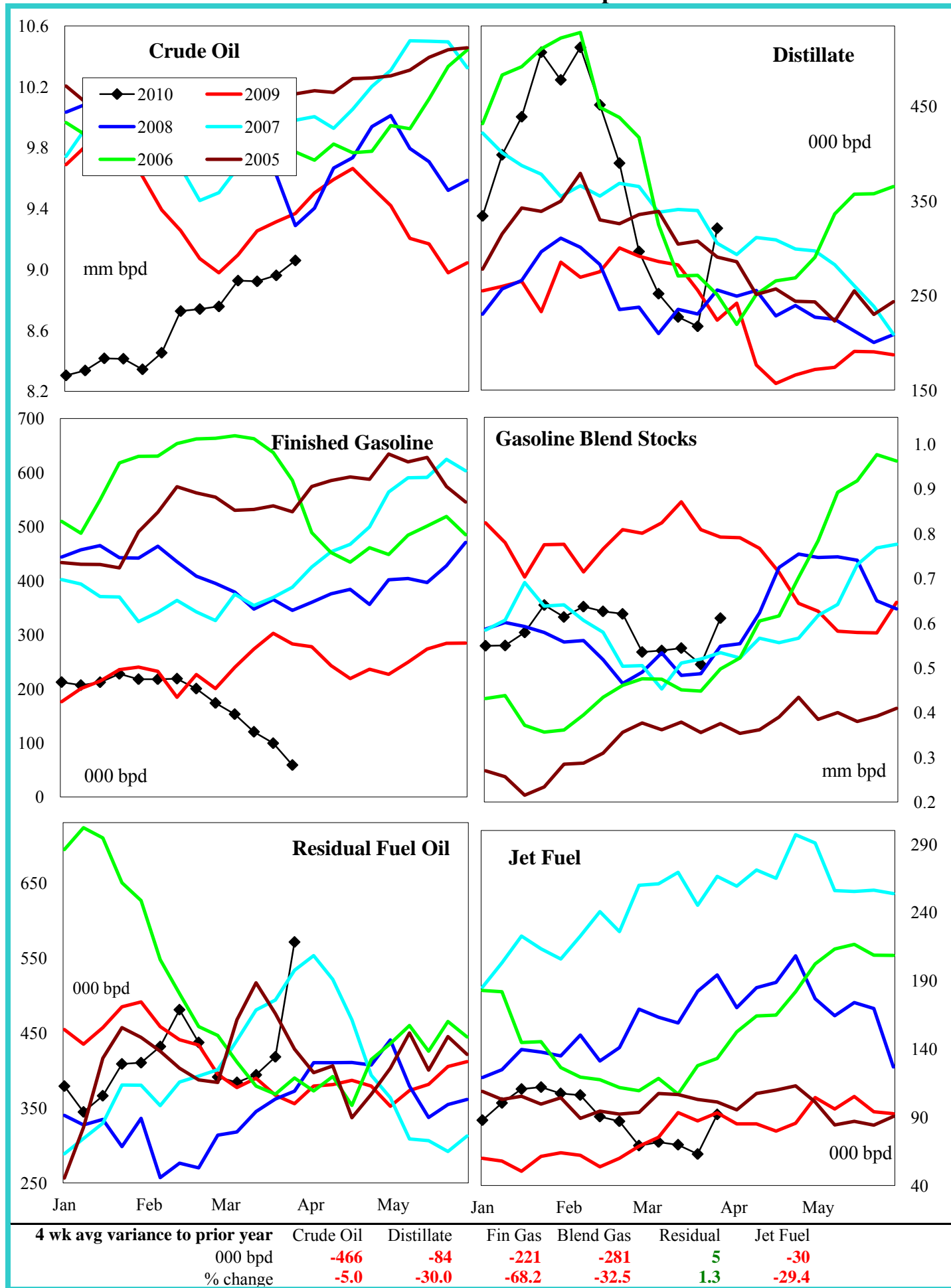
United States Product Stocks: Days Forward Coverage



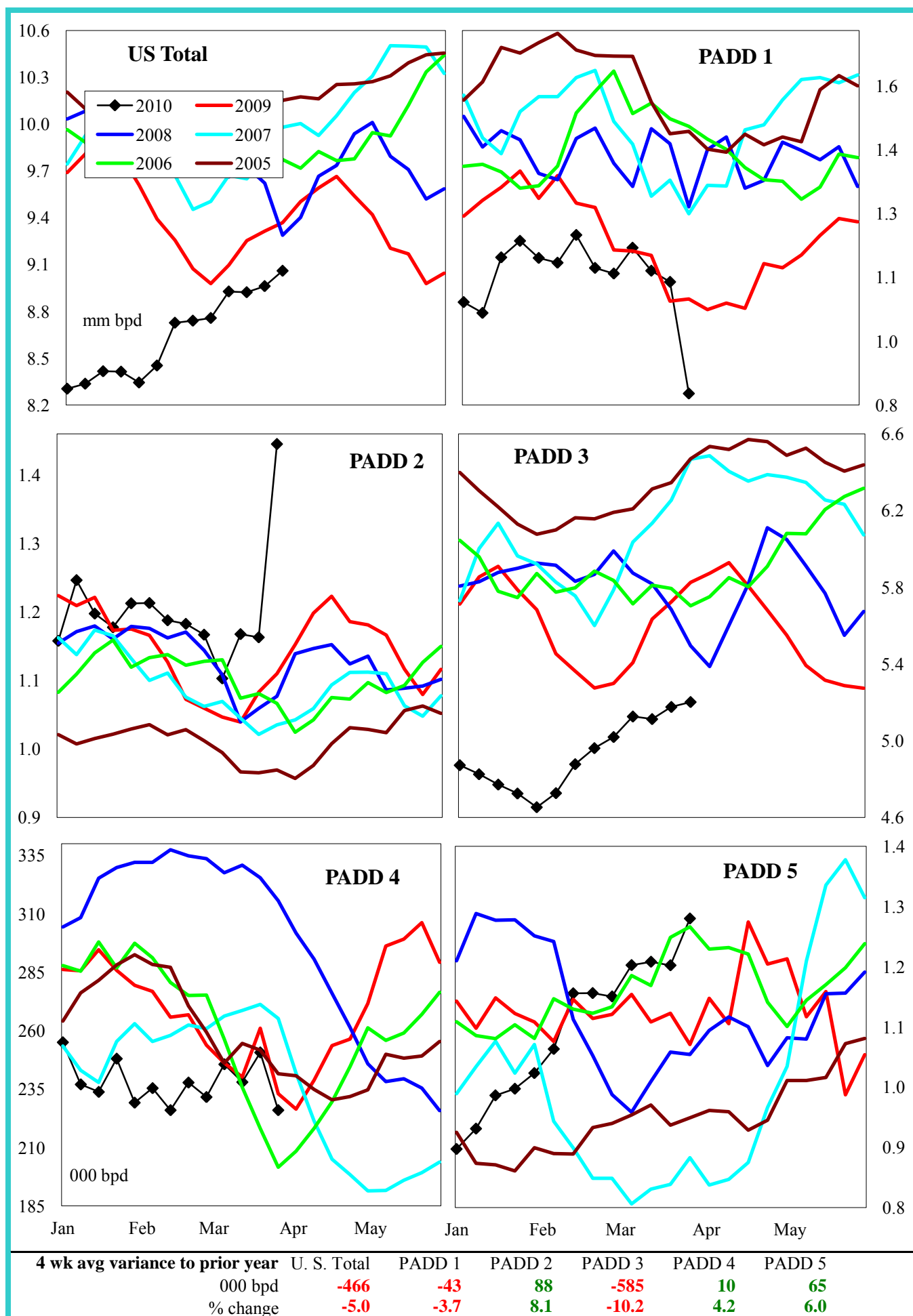
United States Refinery Percent Utilization Rate and Product Yields



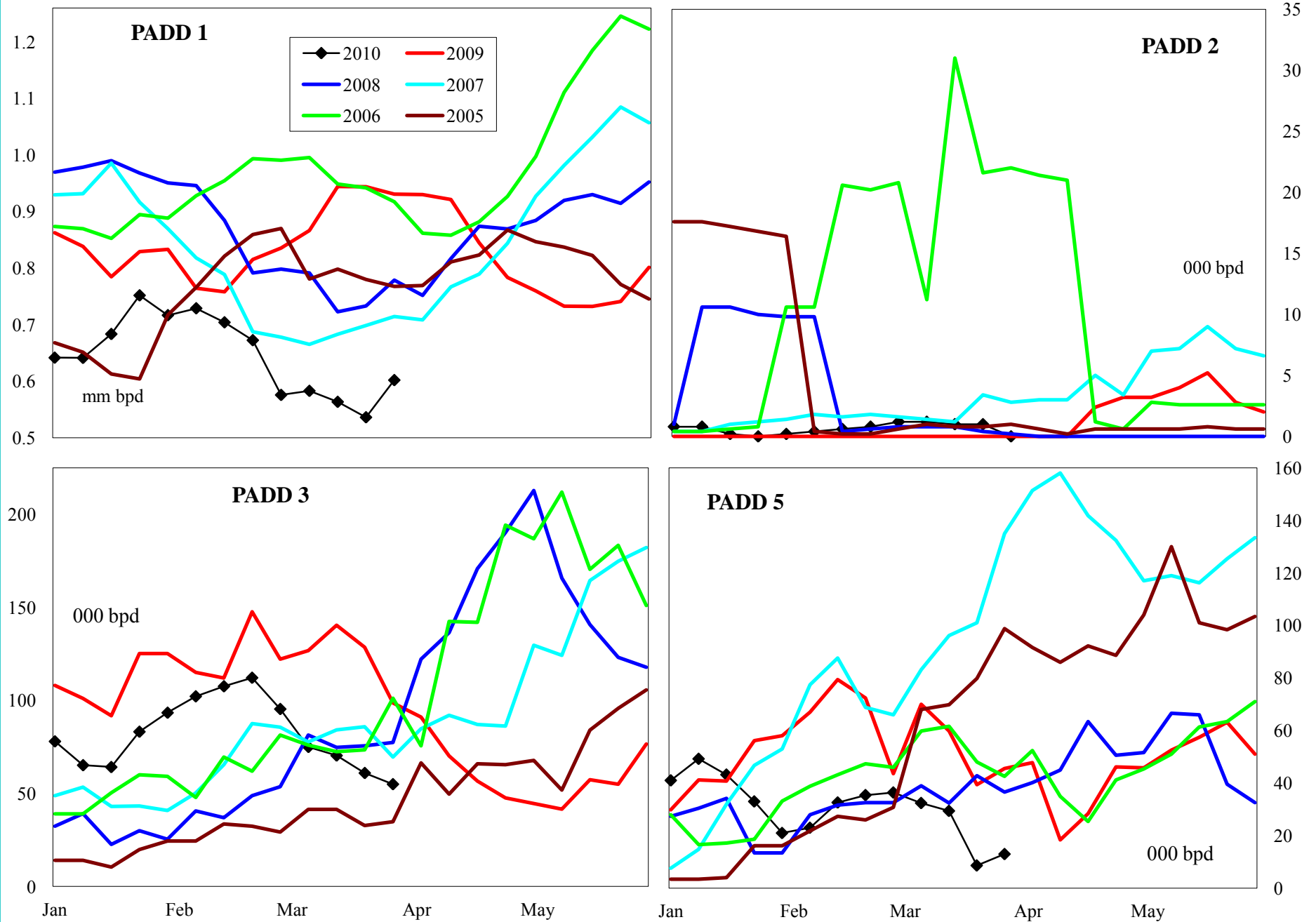
United States Petroleum Imports



Crude Oil Imports by PADD

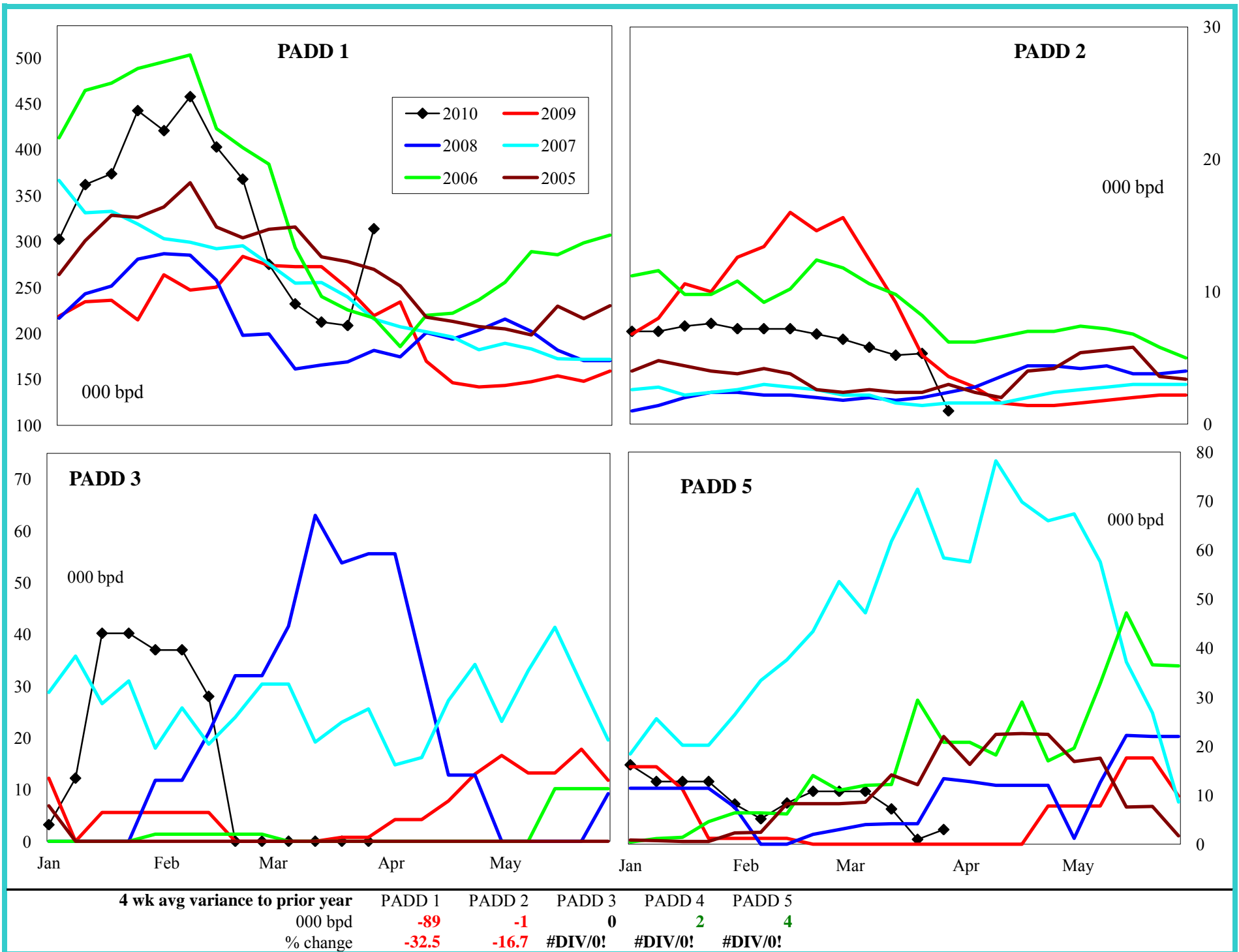


Gasoline Imports by PADD (Finished + Blend Stocks)

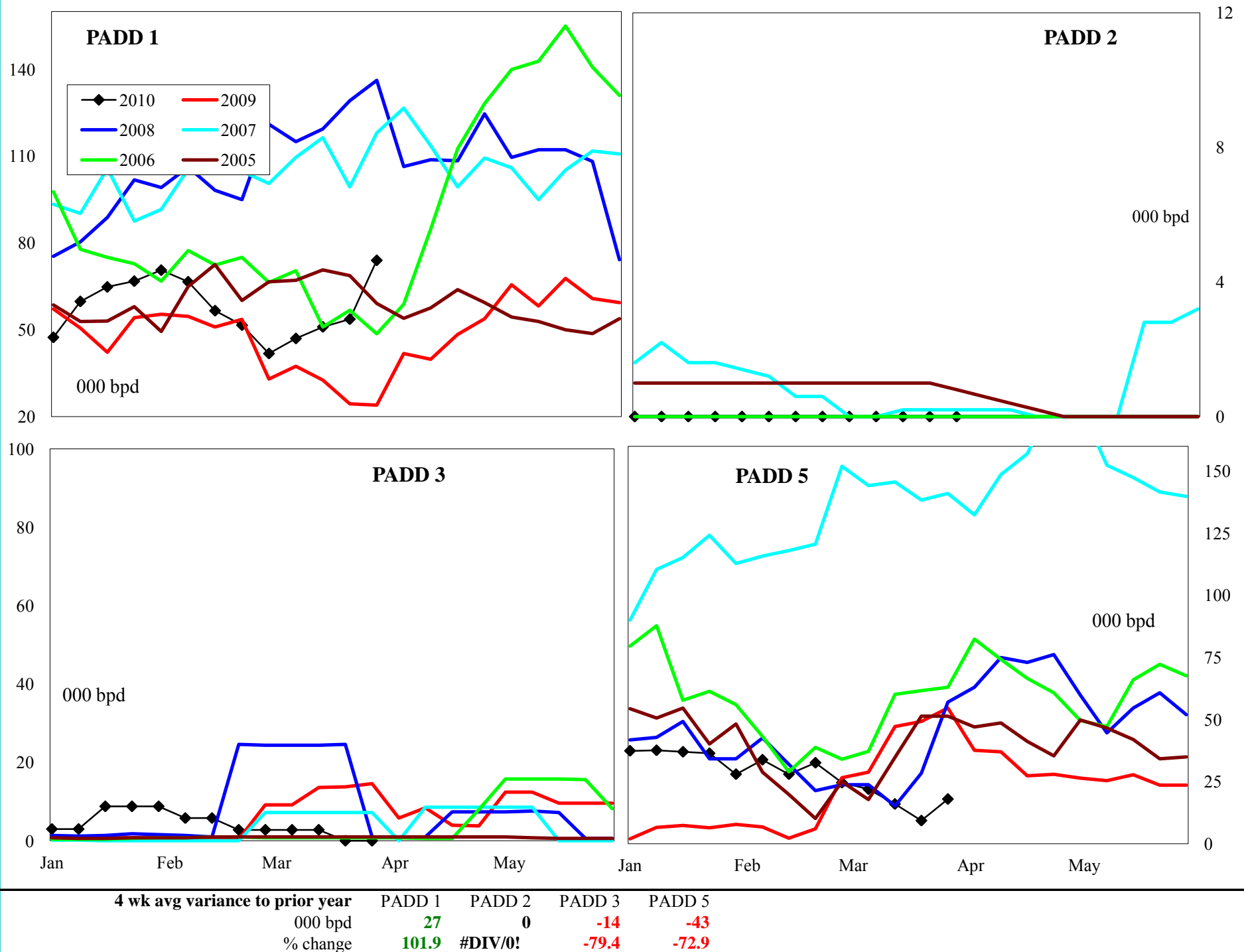


4 wk avg variance to prior year	PADD 1	PADD 2	PADD 3	PADD 5
000 bpd	-392	1	-76	-35
% change	-39.1	#DIV/0!	-53.3	-77.8

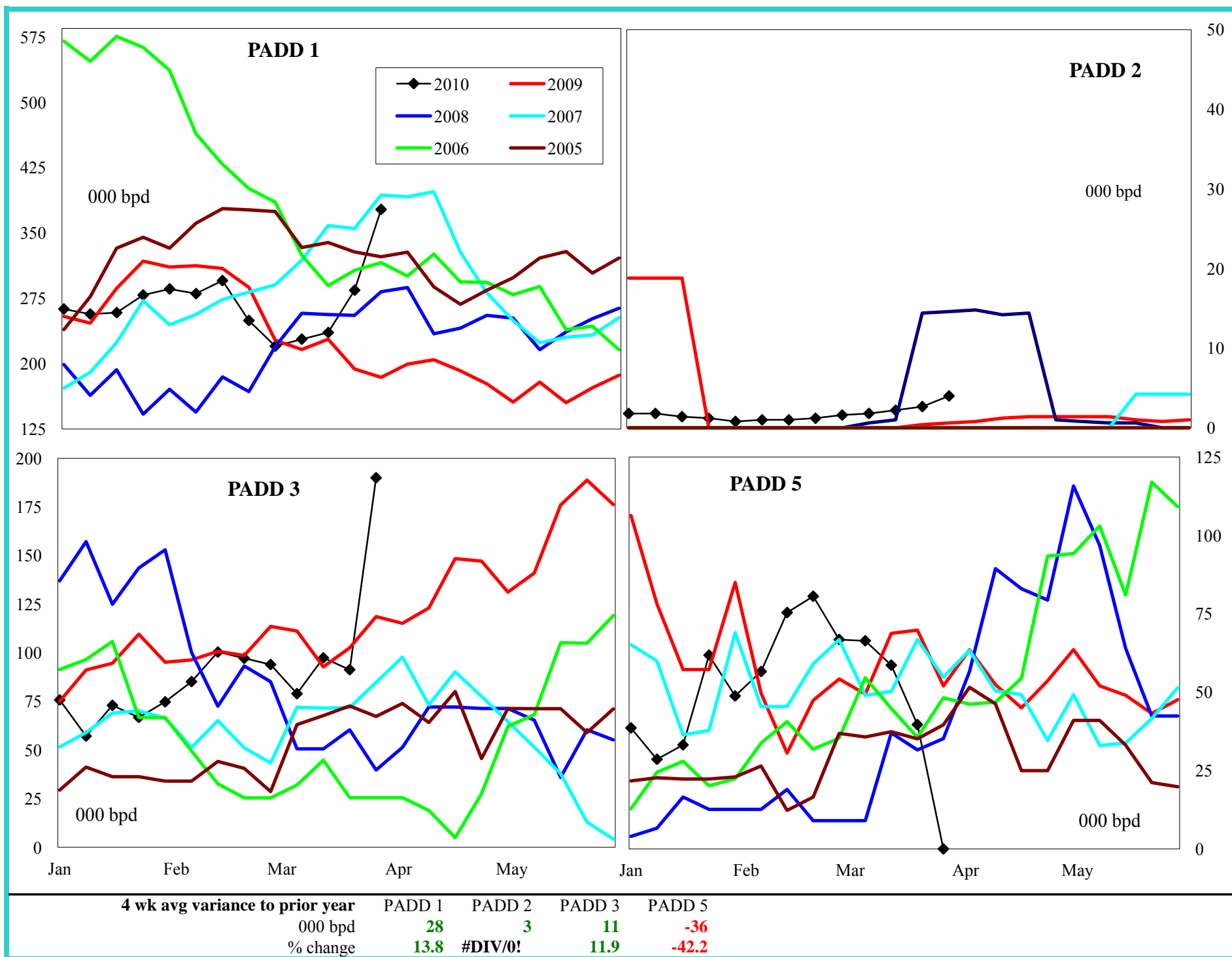
Distillate Imports by PADD



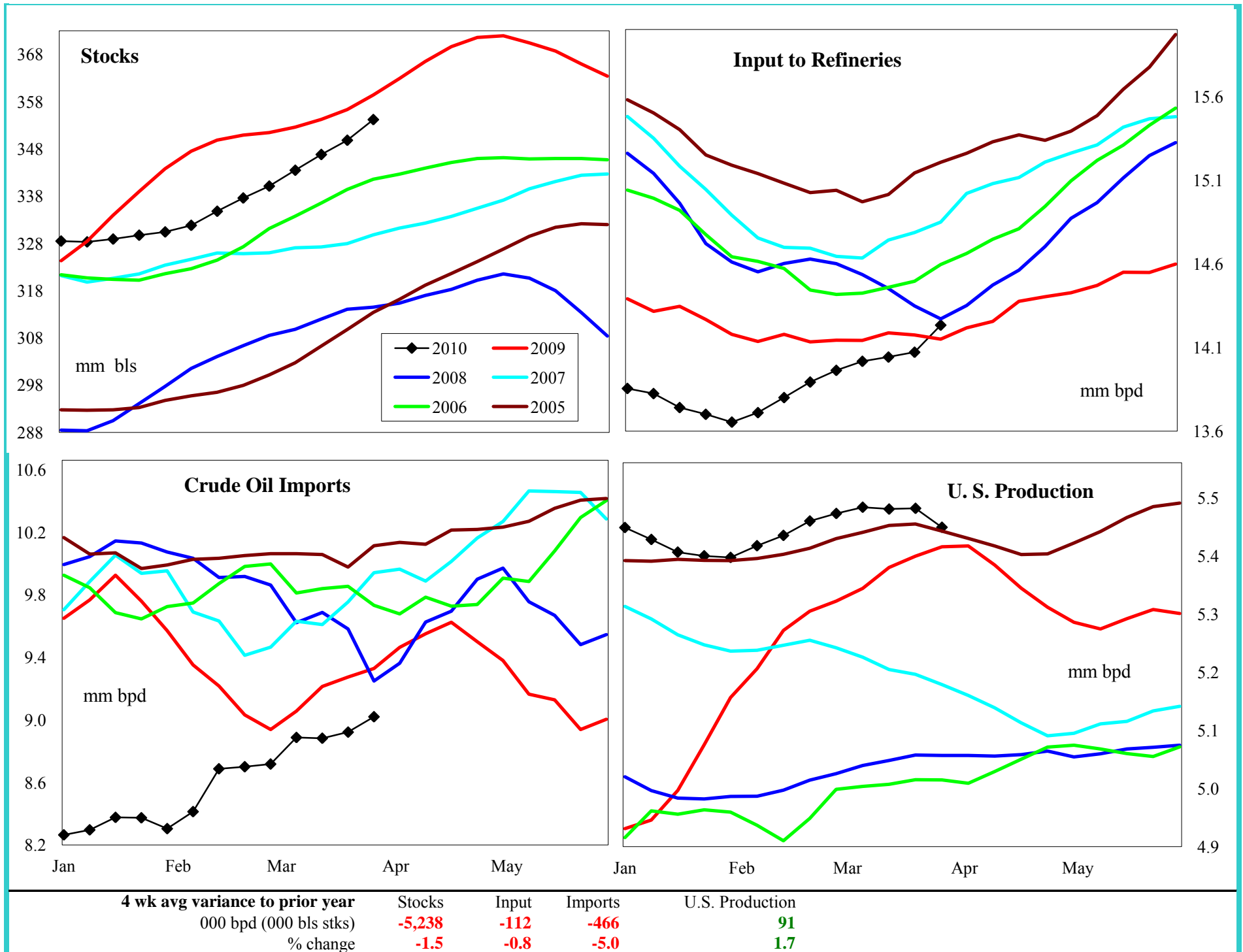
Jet Fuel Imports by PADD



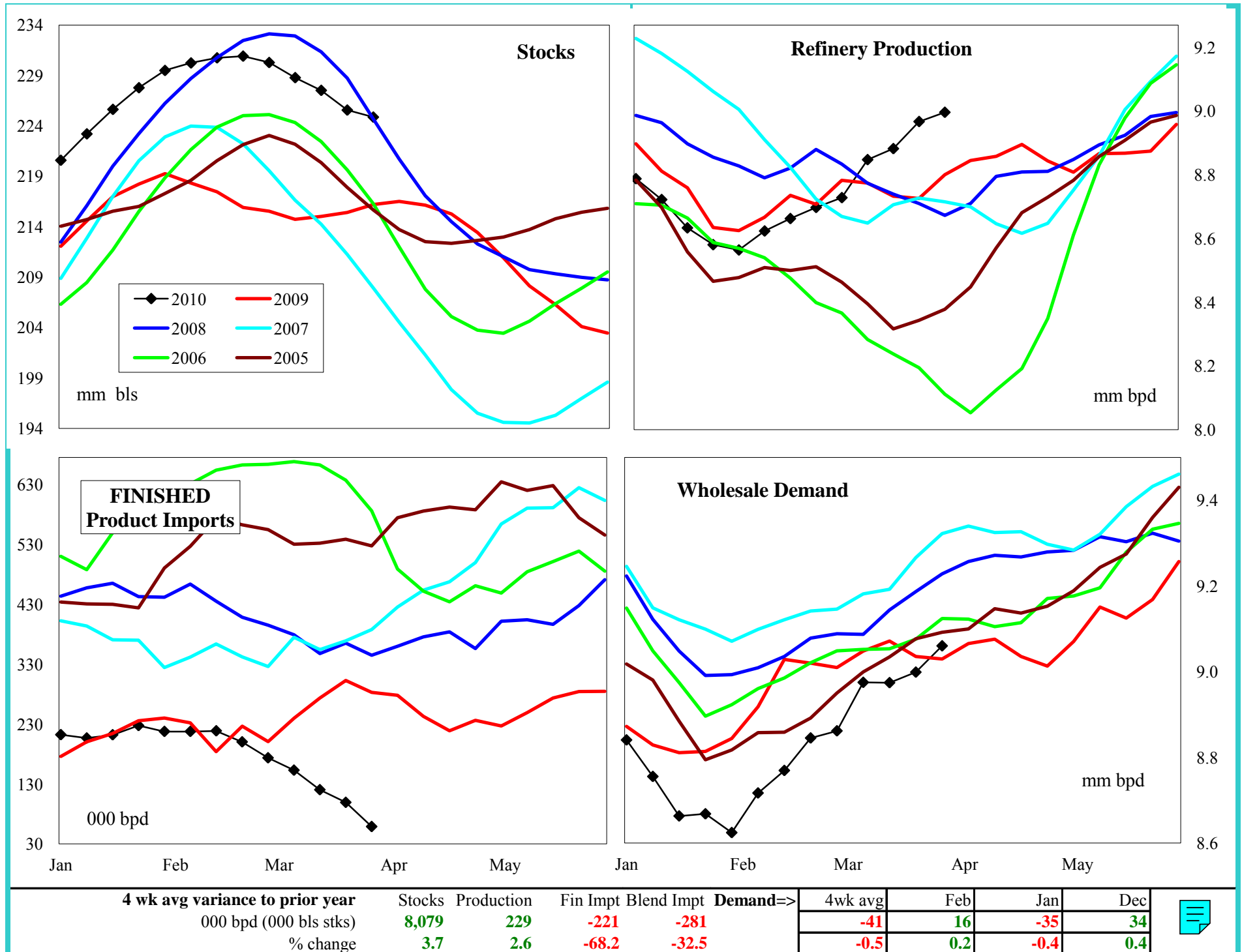
Residual Fuel Oil Imports by PADD



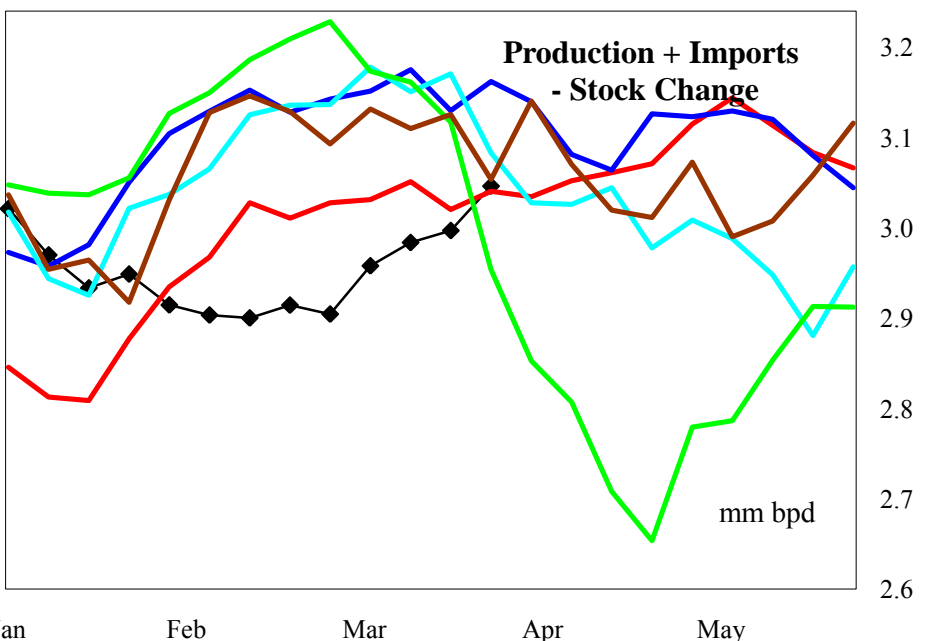
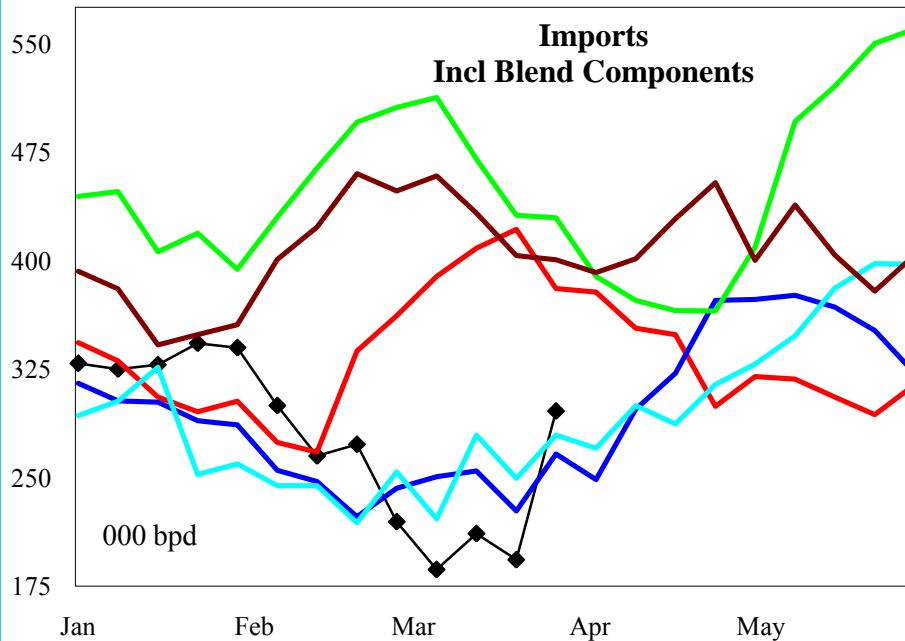
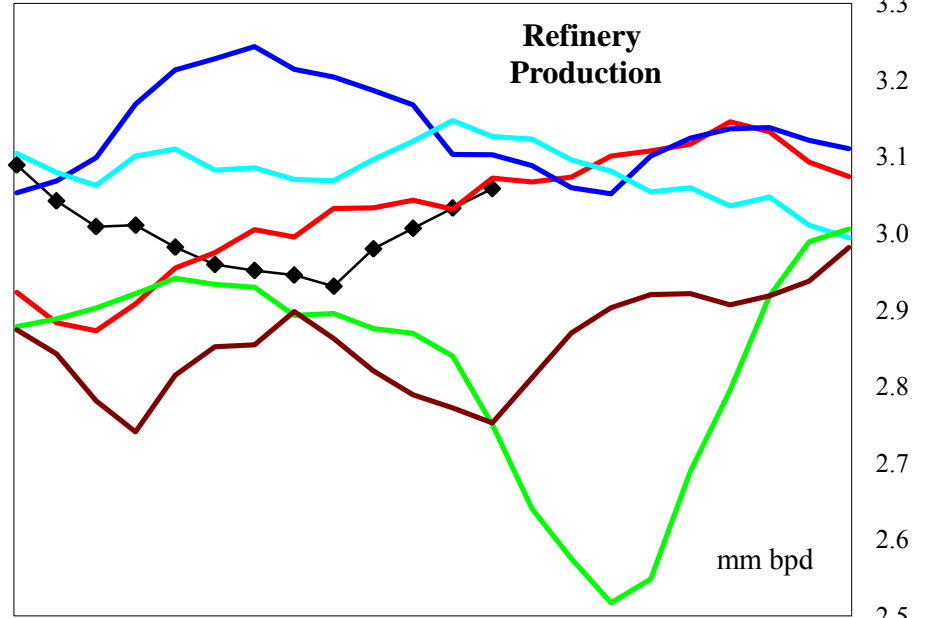
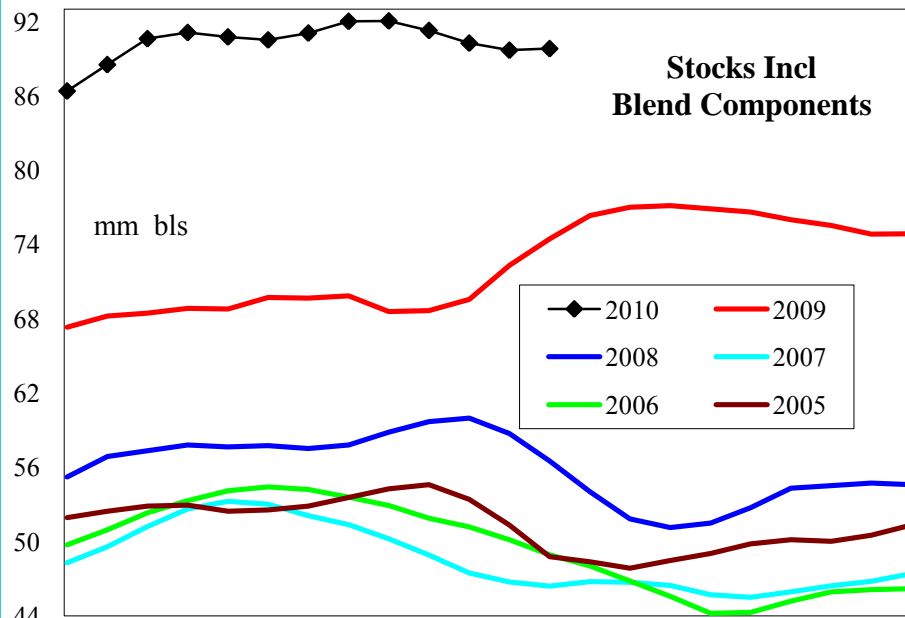
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



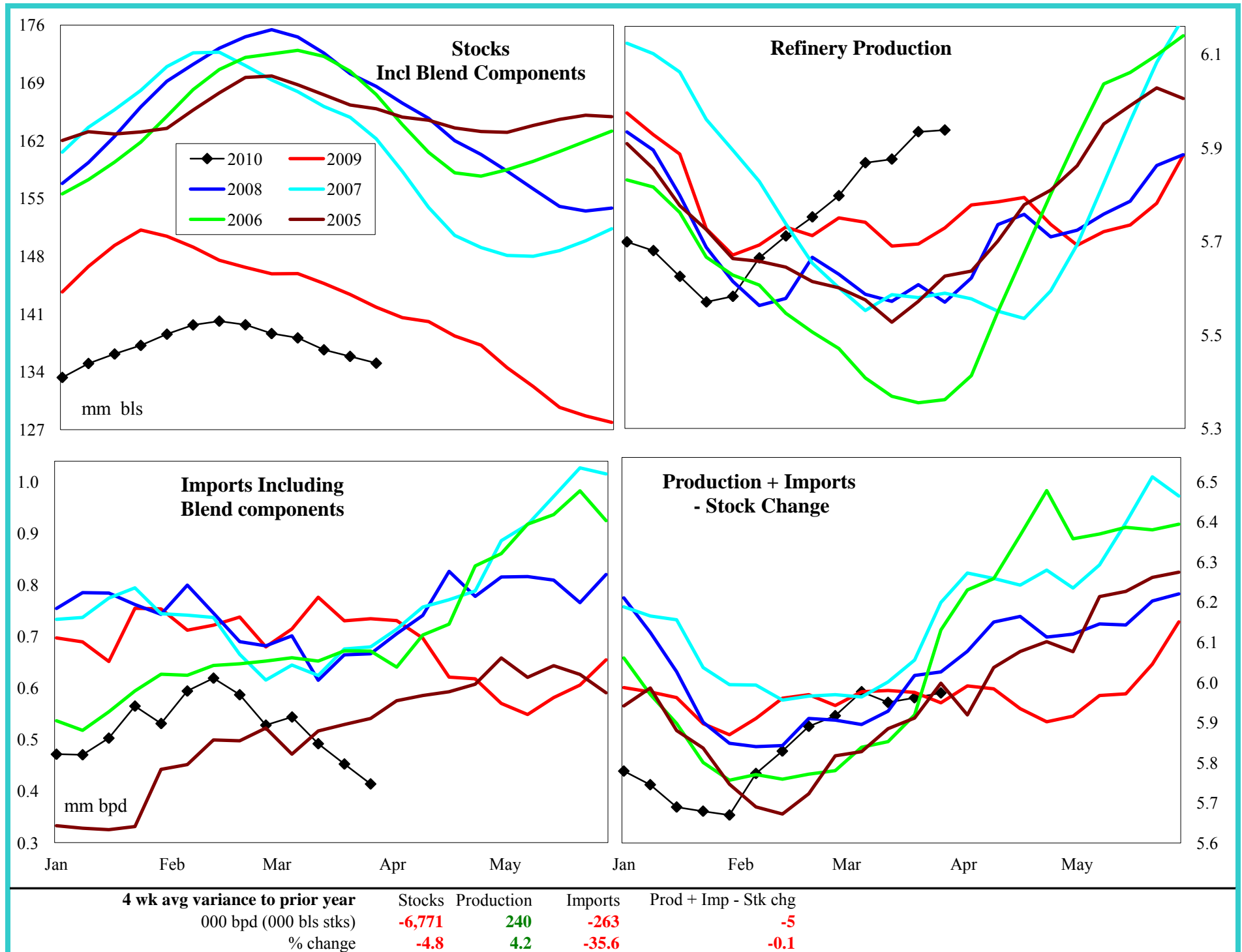
United States Reformulated Gasoline Supply



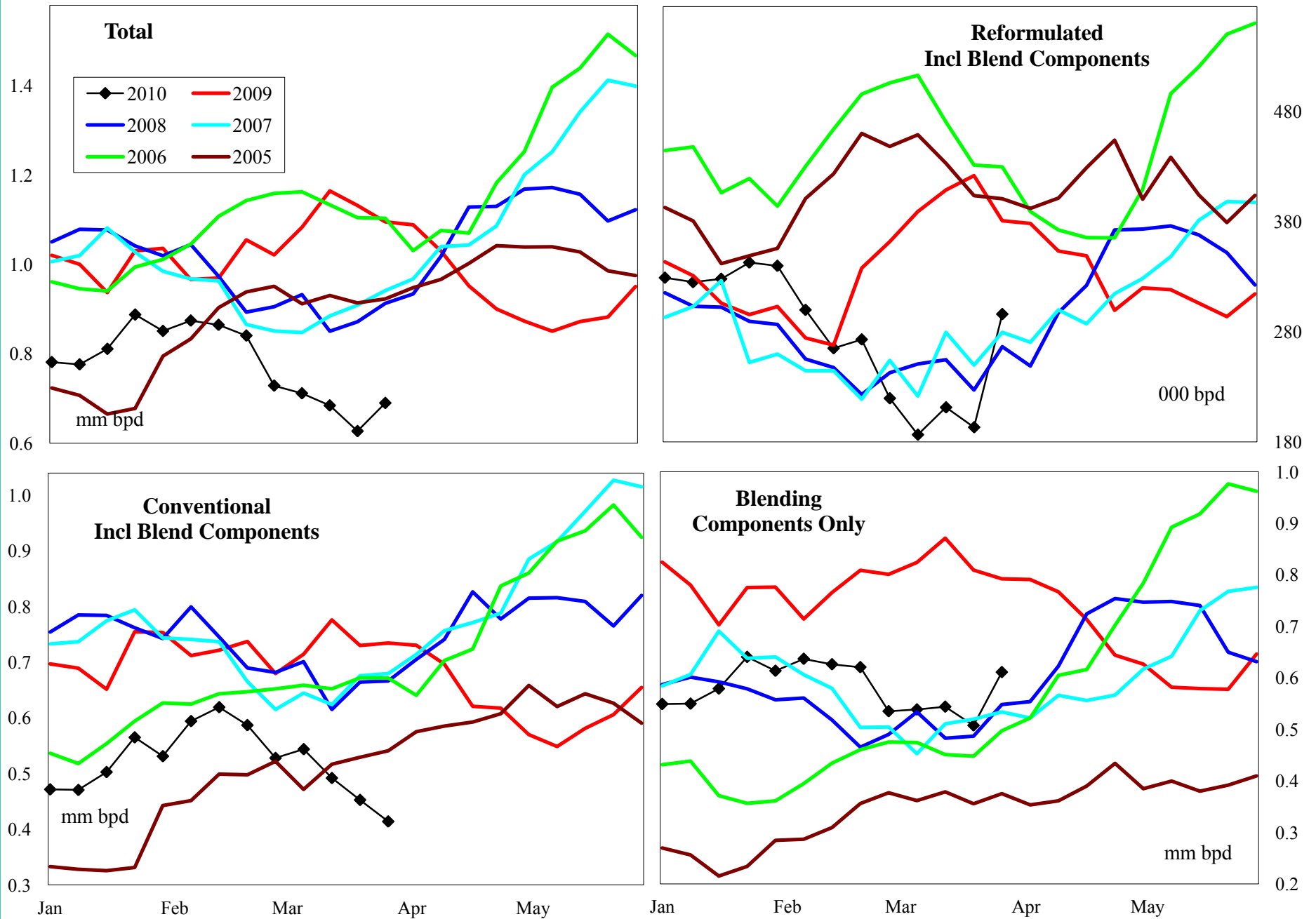
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
15,373	-11	-178	-40
20.6	-0.3	-44.5	-1.3

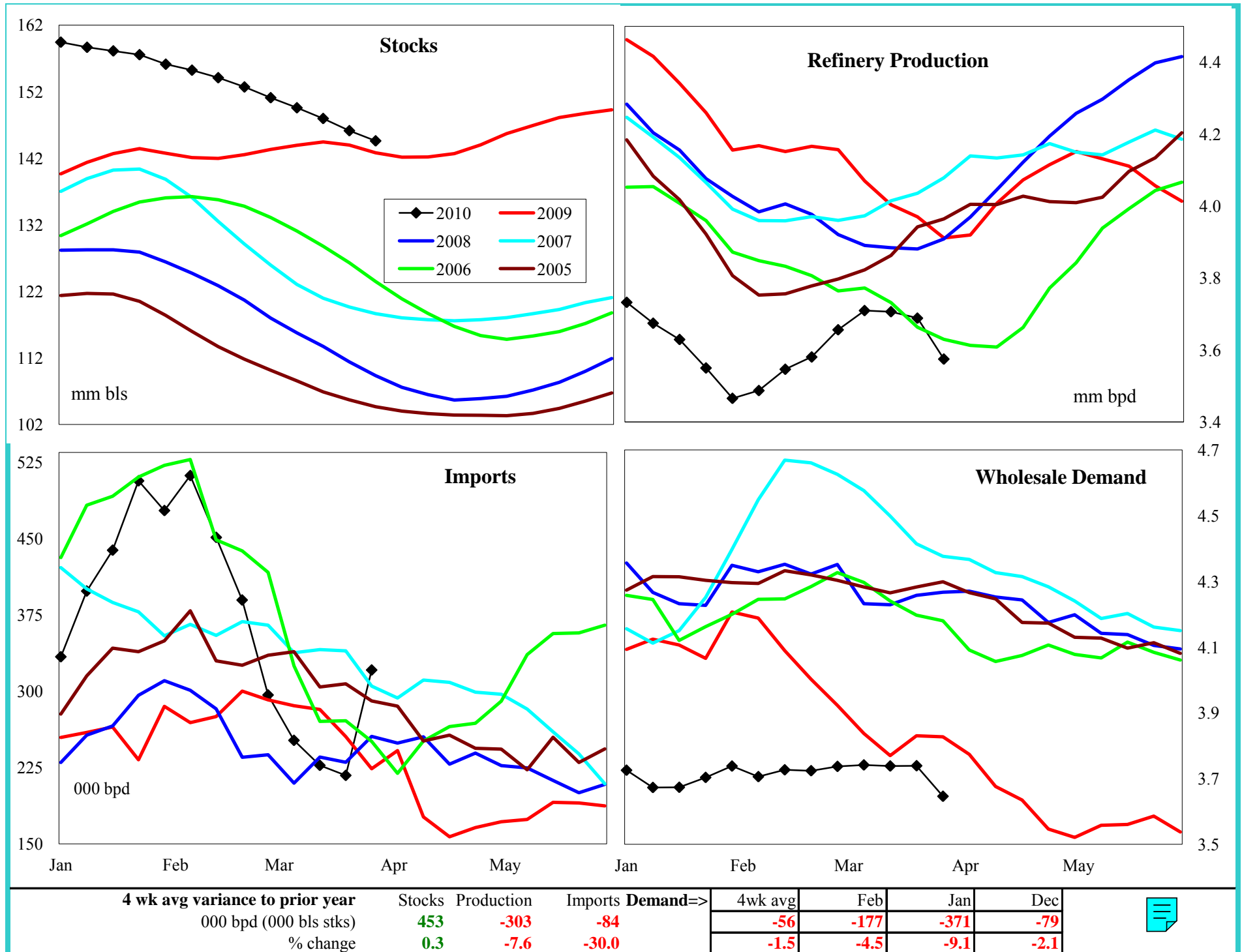
United States Conventional Gasoline Supply



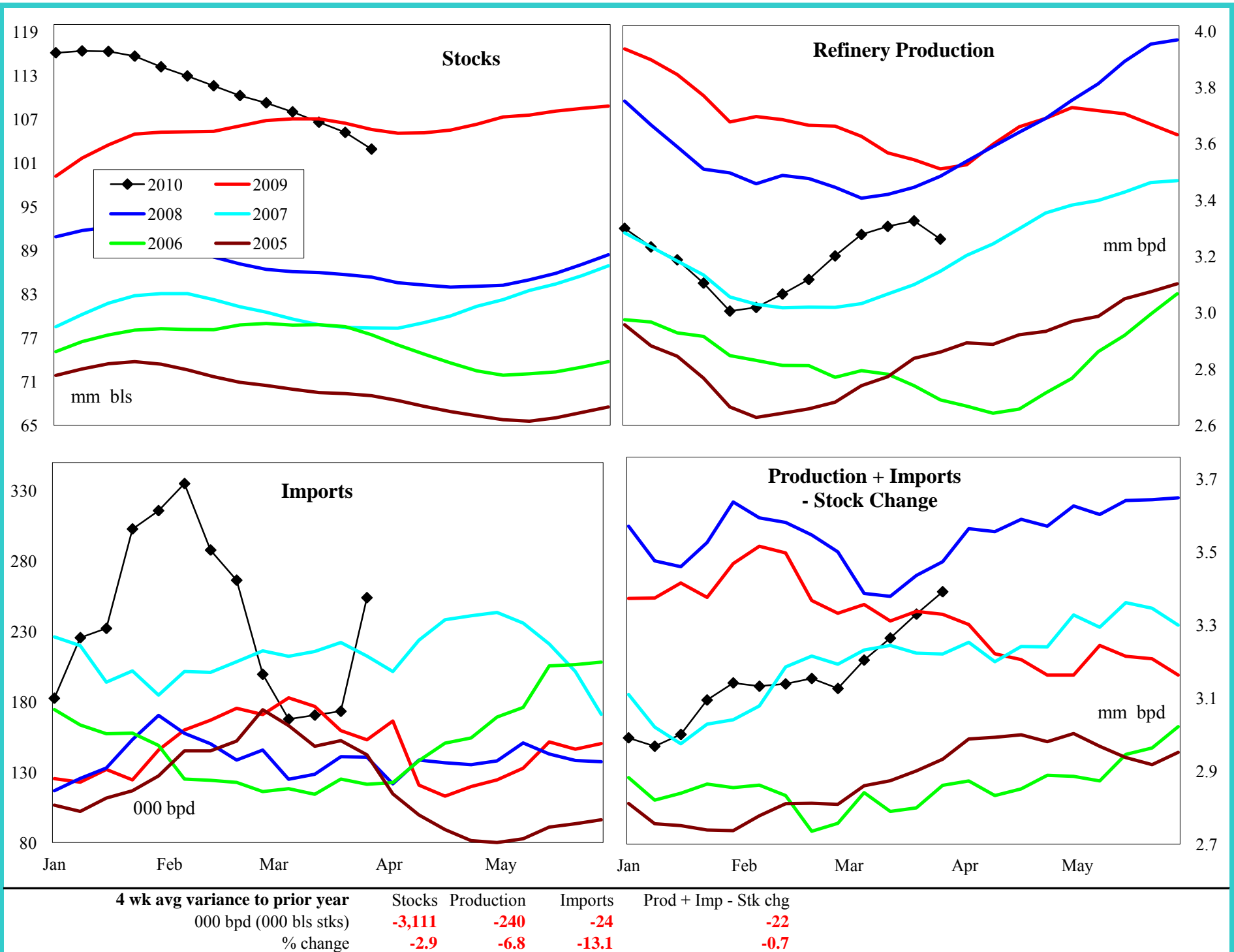
United States Gasoline Imports by Type



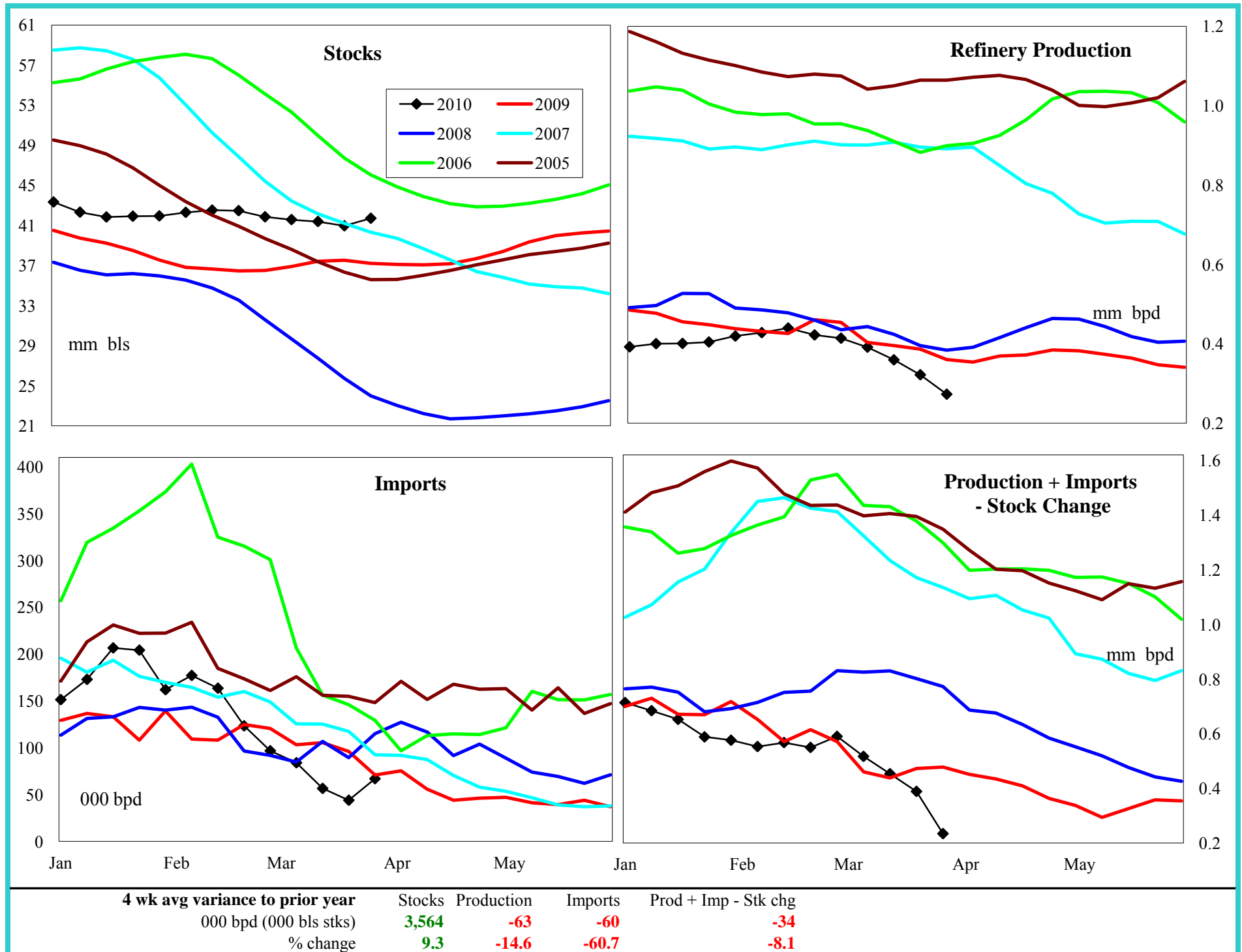
United States Distillate Supply and Demand Balance



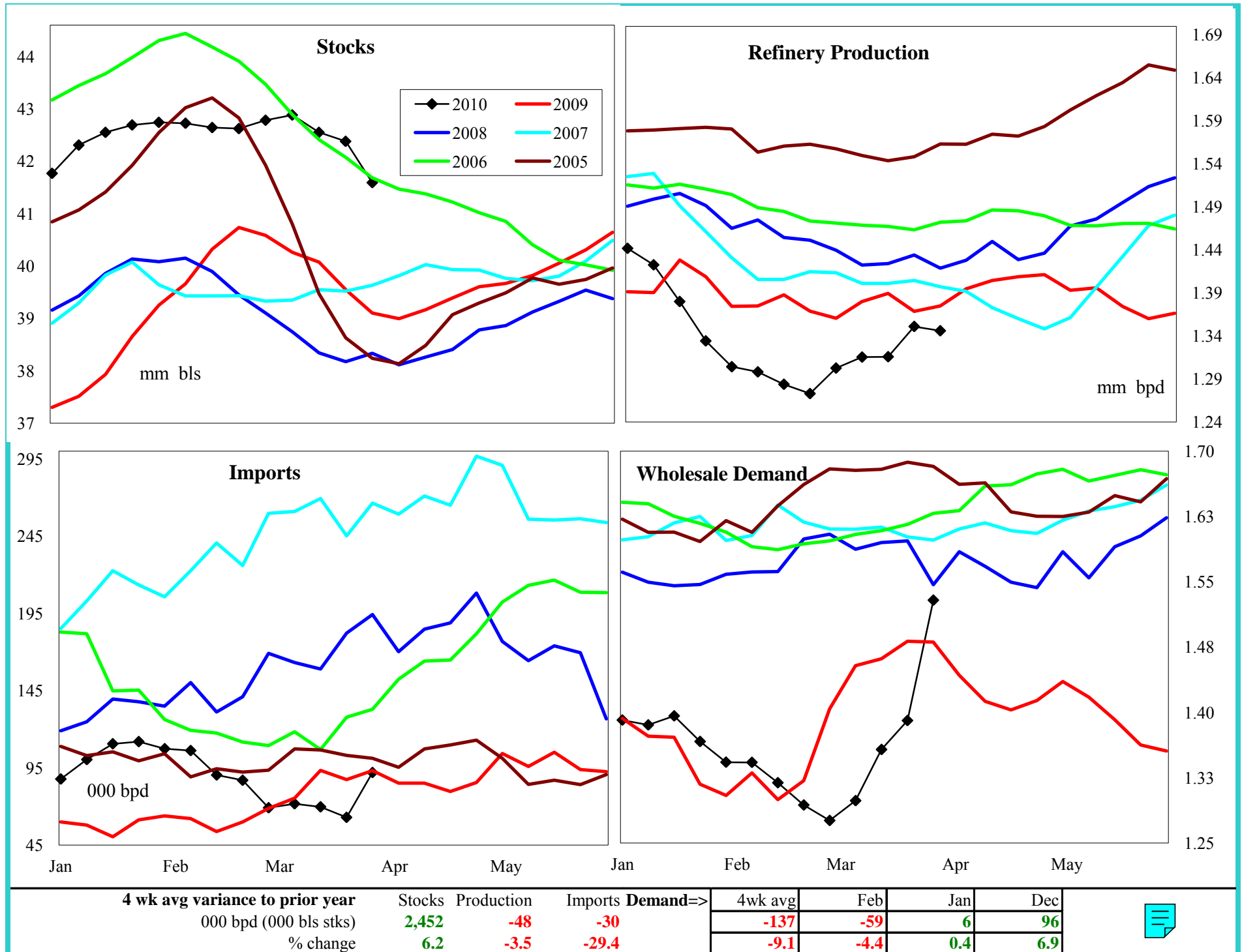
United States Low Sulfur Distillate Supply



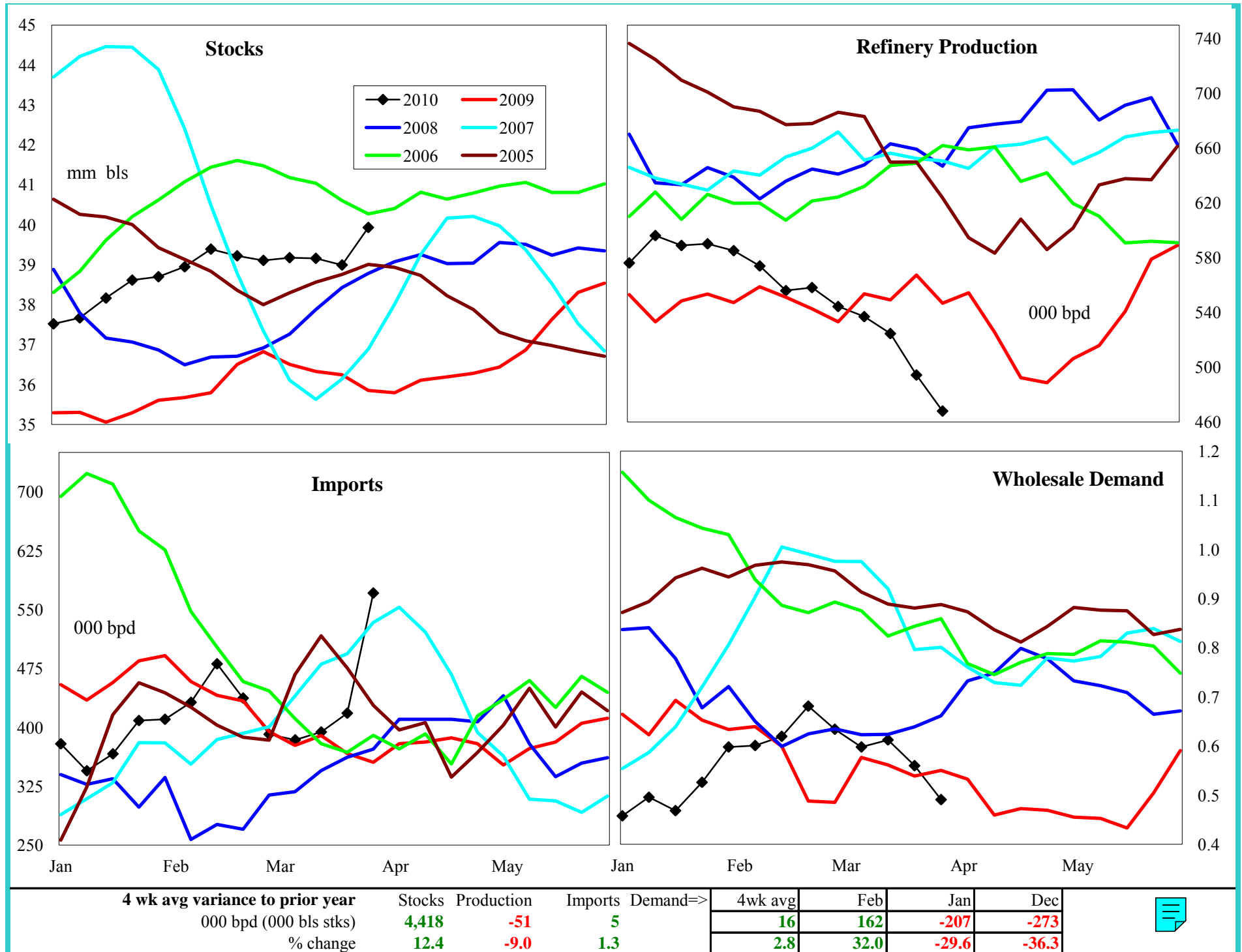
United States High Sulfur Distillate Supply



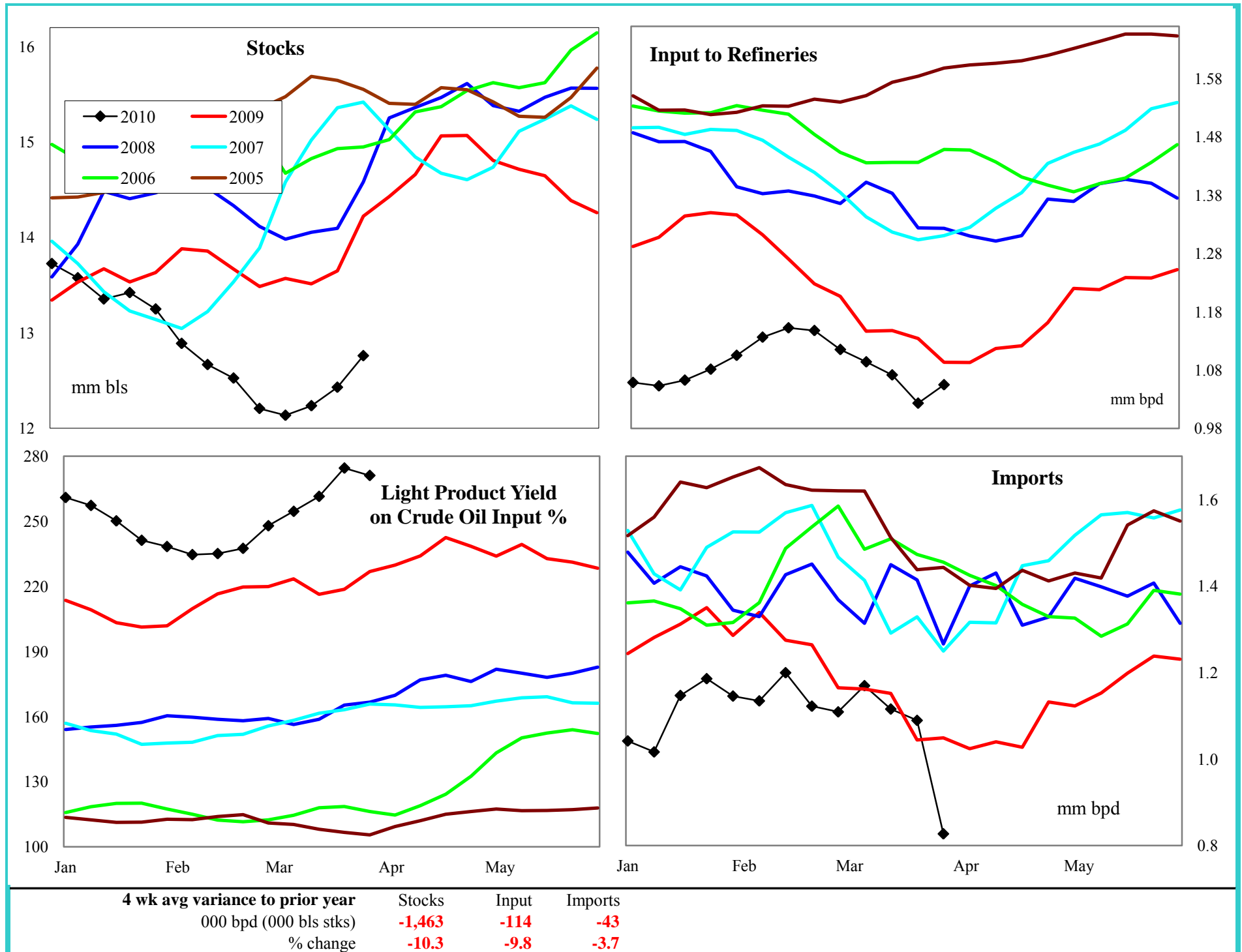
United States Jet Fuel Supply and Demand Balance



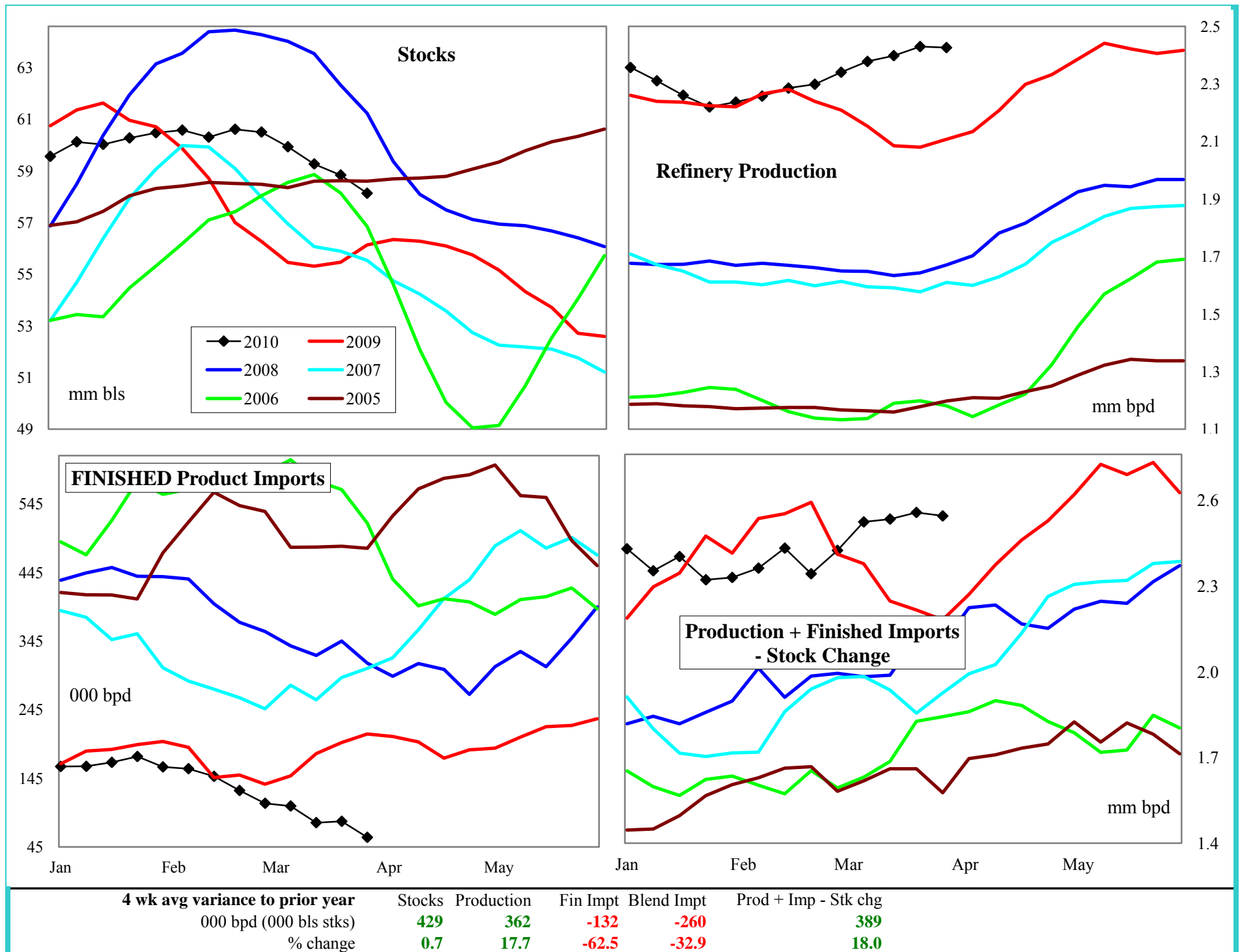
United States Residual Fuel Oil Supply and Demand Balance



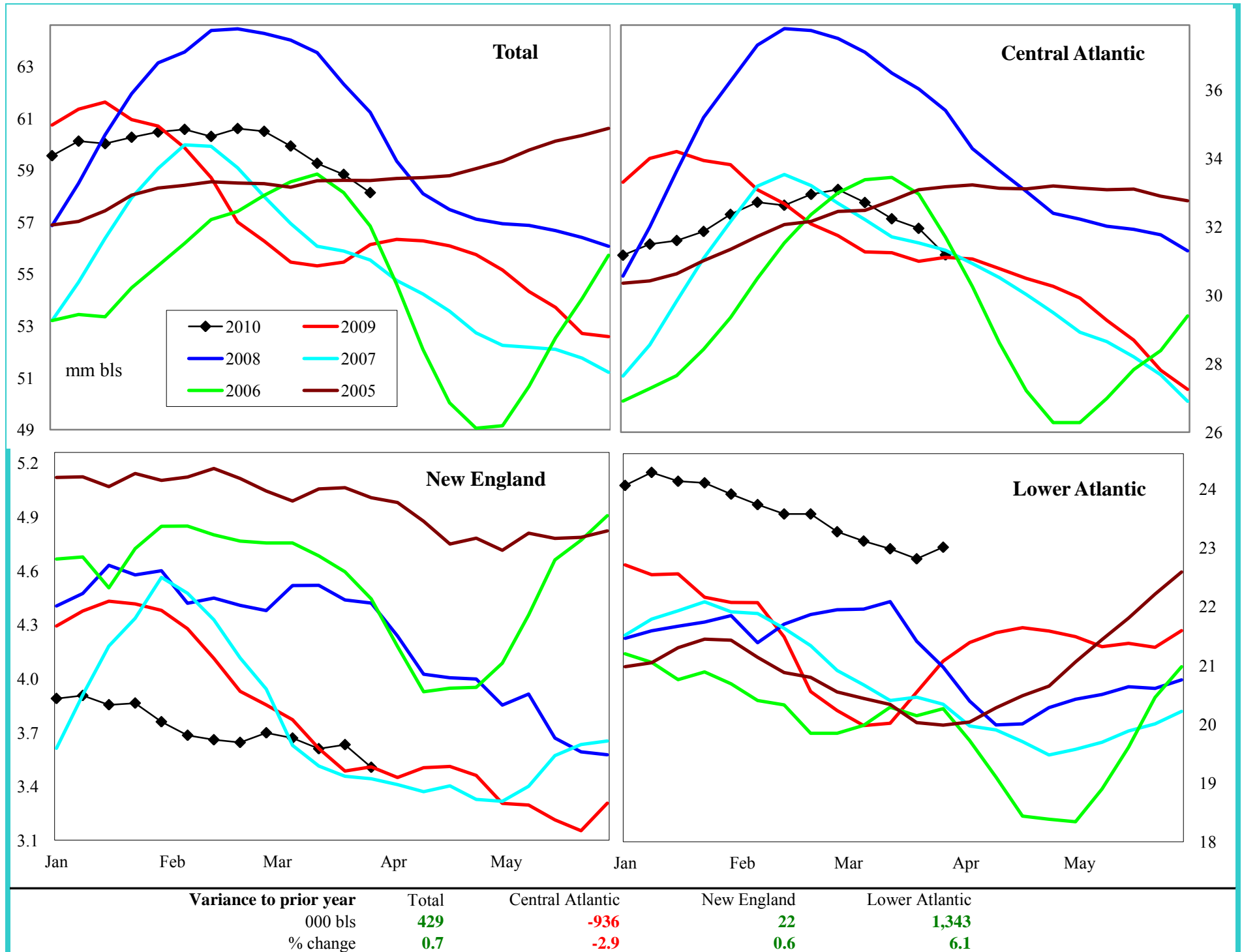
PADD 1 Crude Oil Supply and Refining



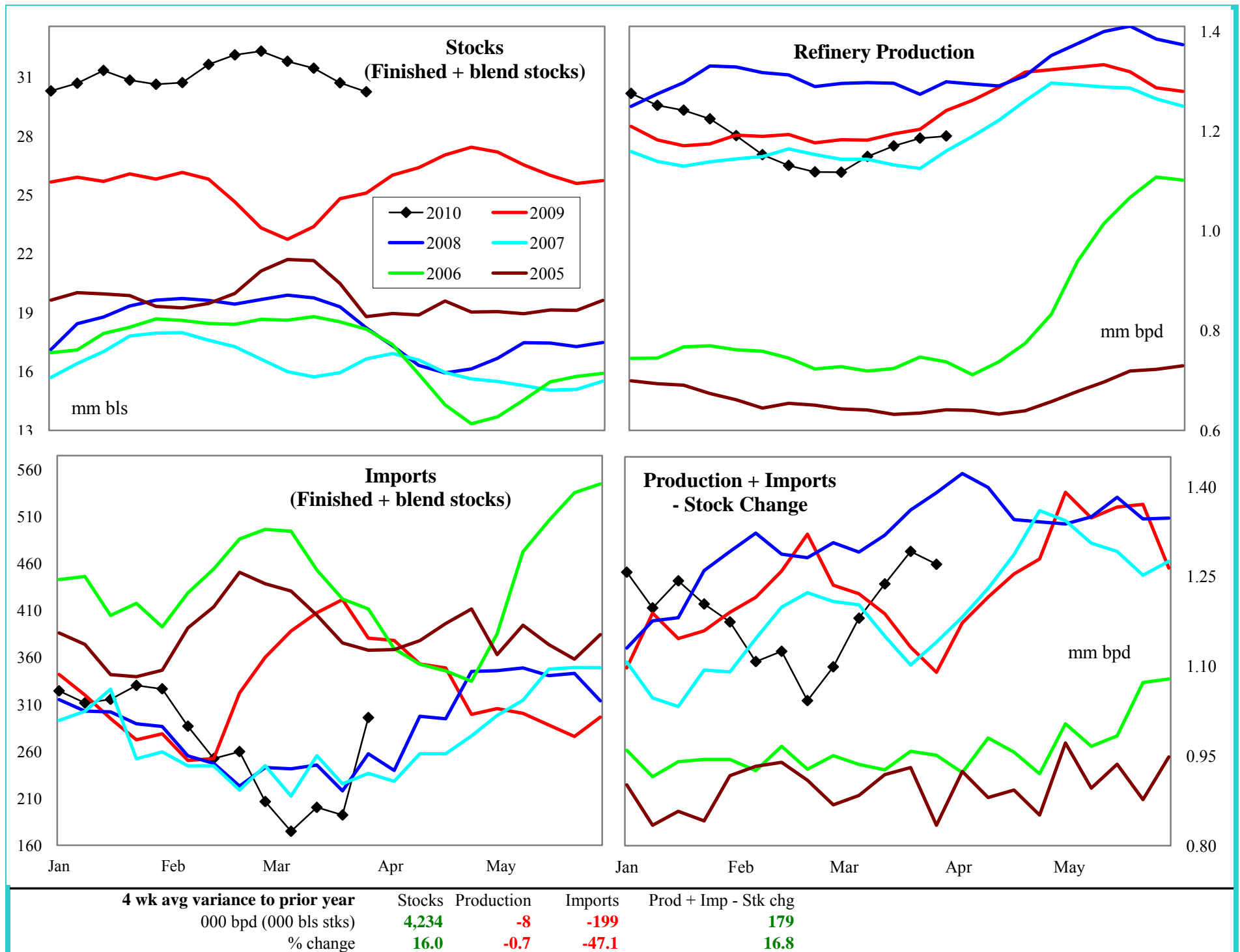
PADD 1 Gasoline Supply



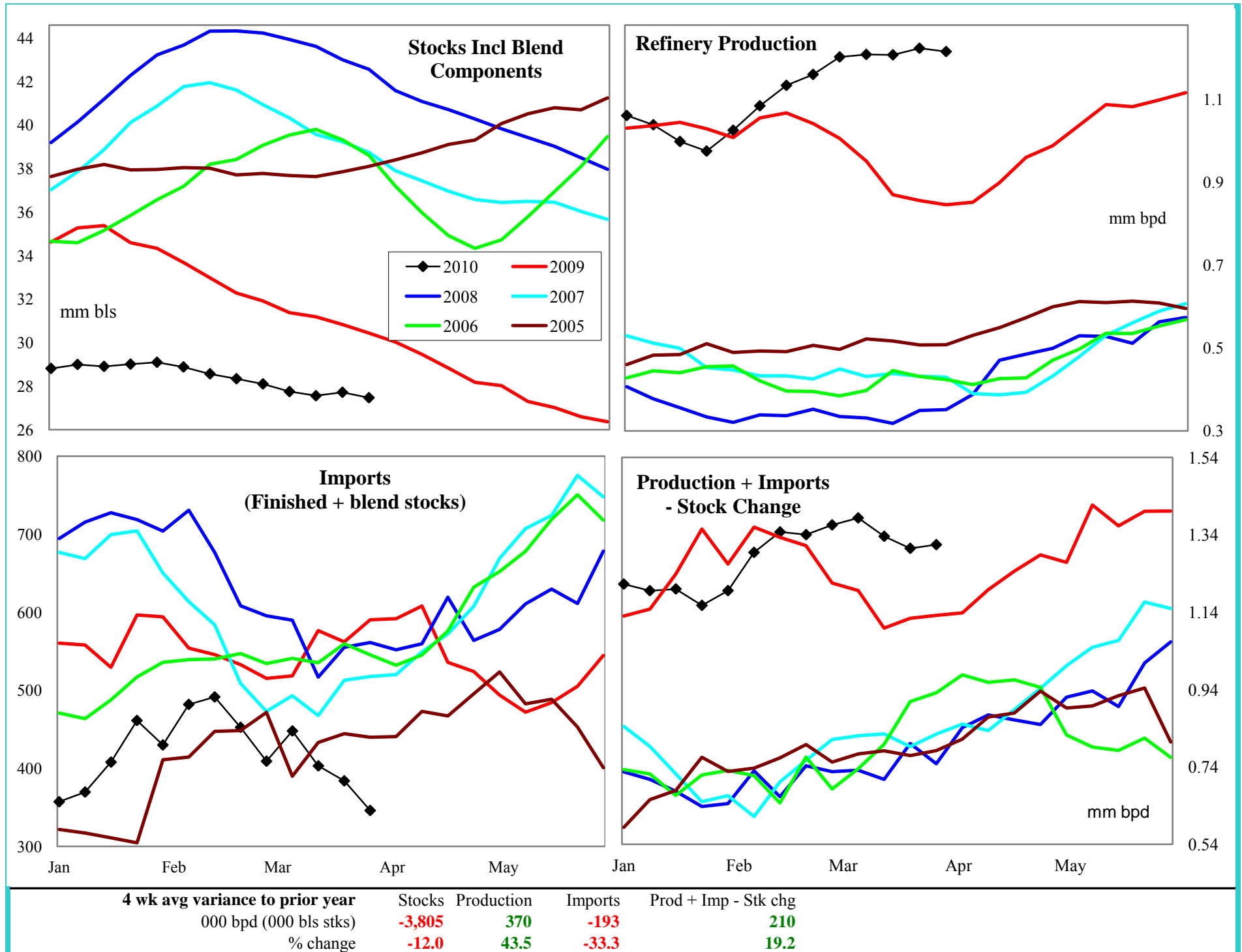
PADD 1 Gasoline Stocks by Region



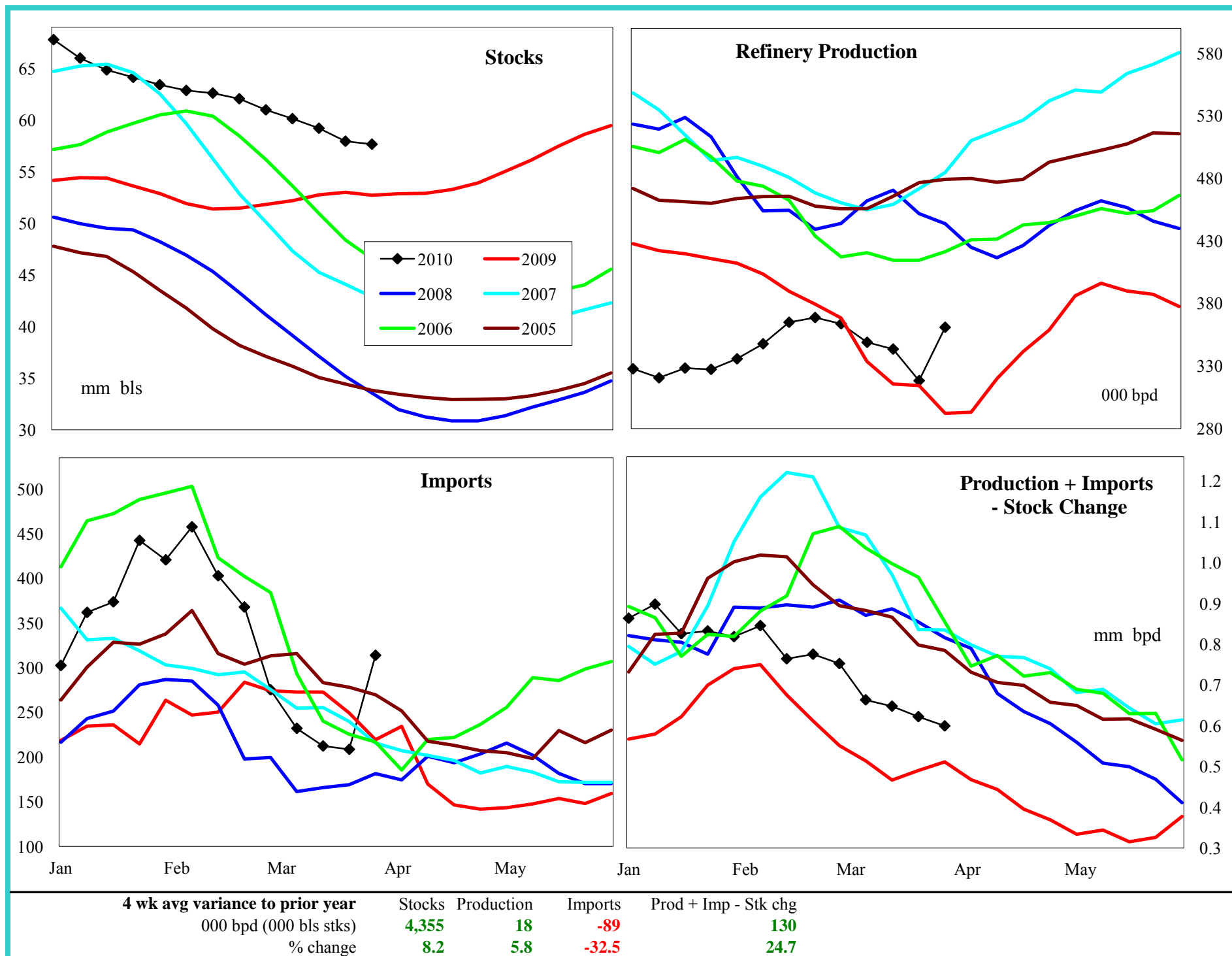
PADD 1 Reformulated Gasoline Supply



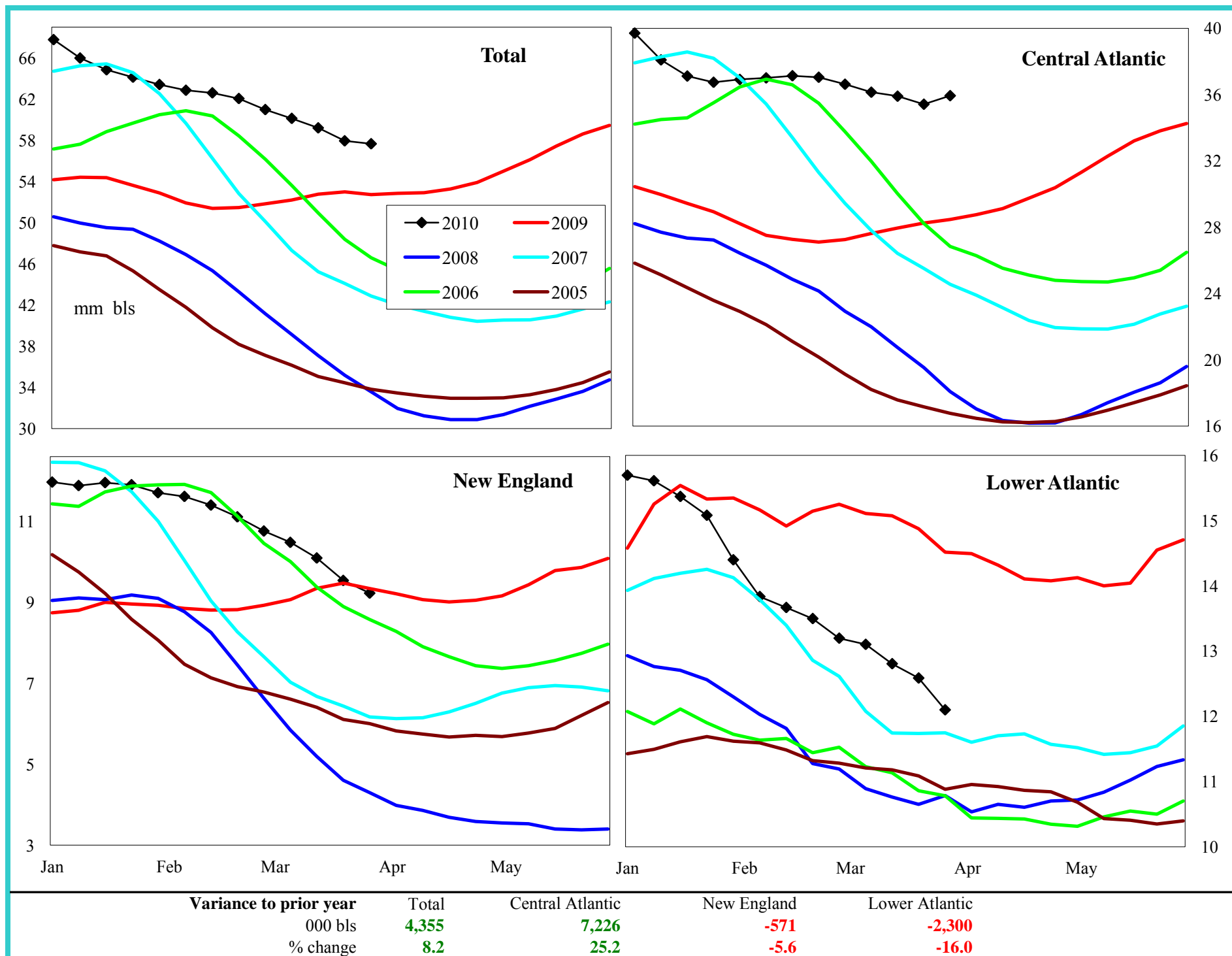
PADD 1 Conventional Gasoline Supply



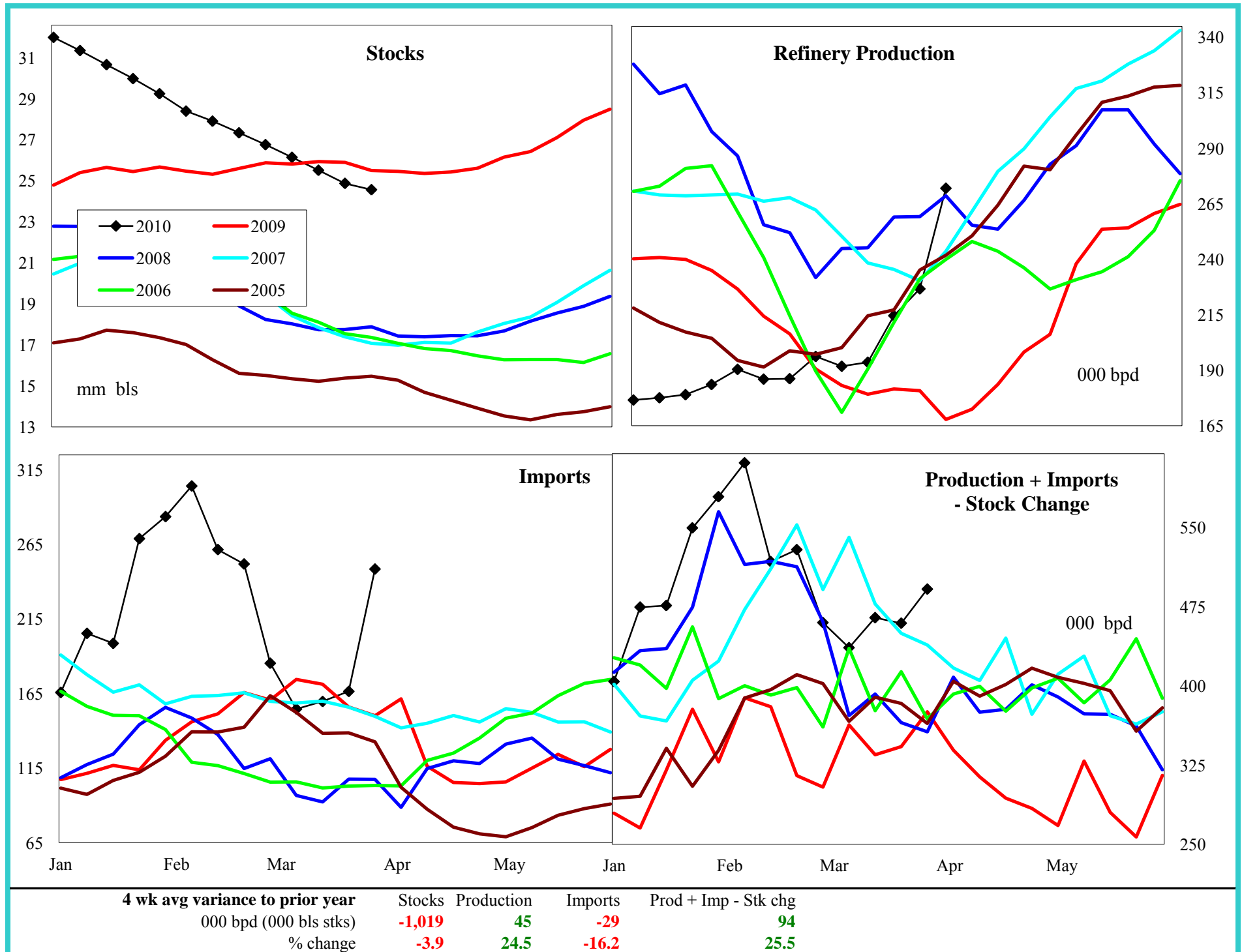
PADD 1 Distillate Supply



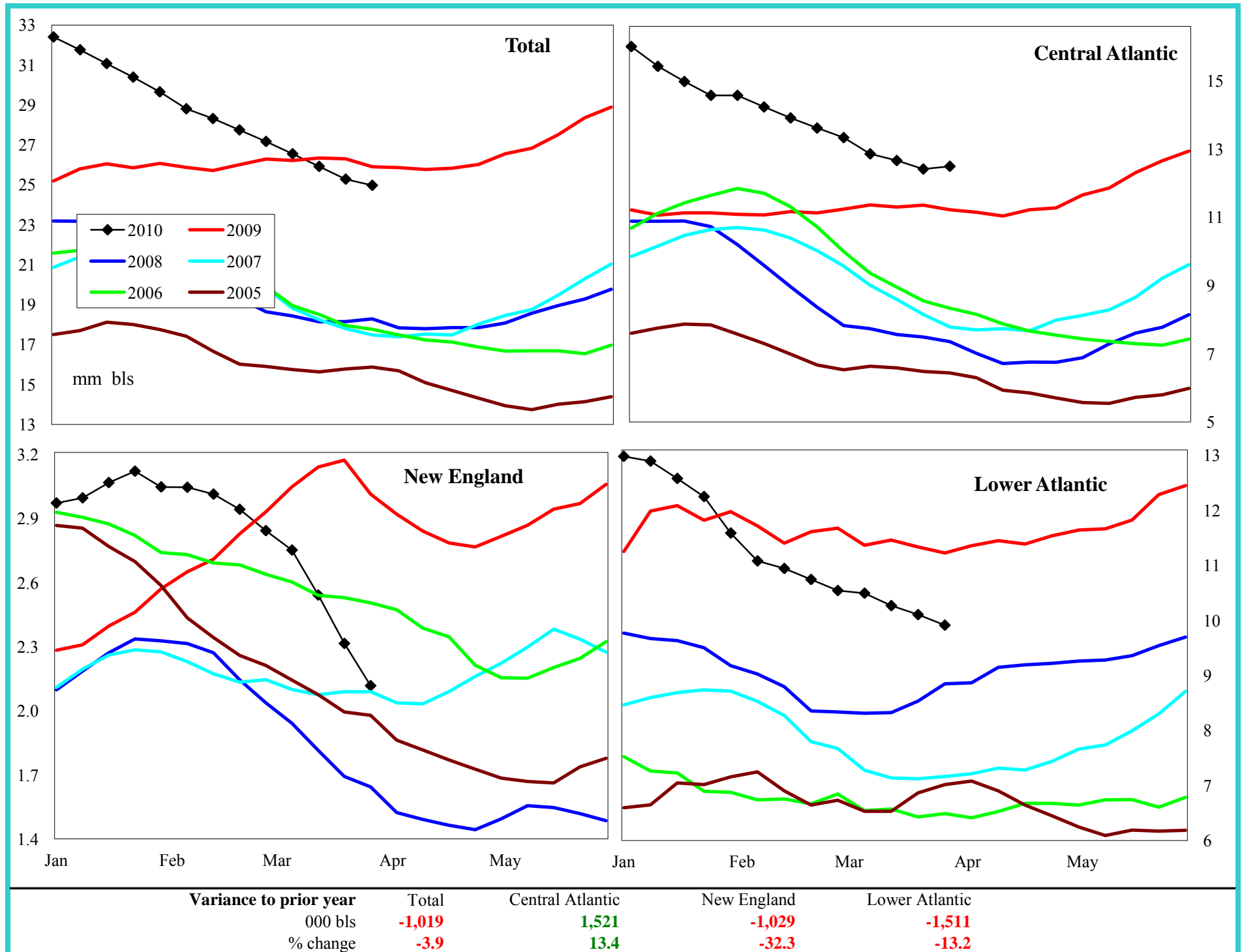
PADD 1 Distillate Stocks by Region



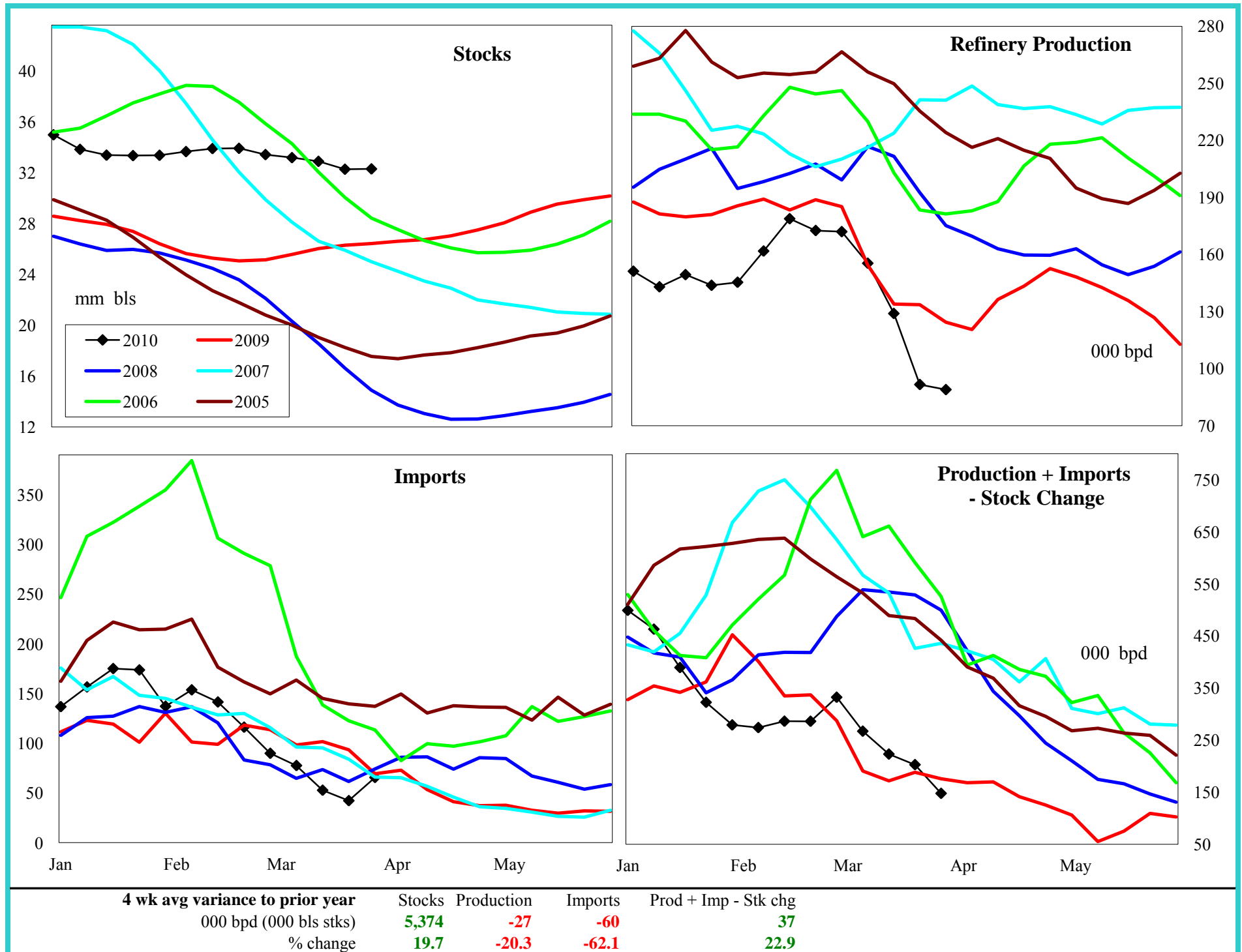
PADD 1 Low Sulfur Distillate Supply



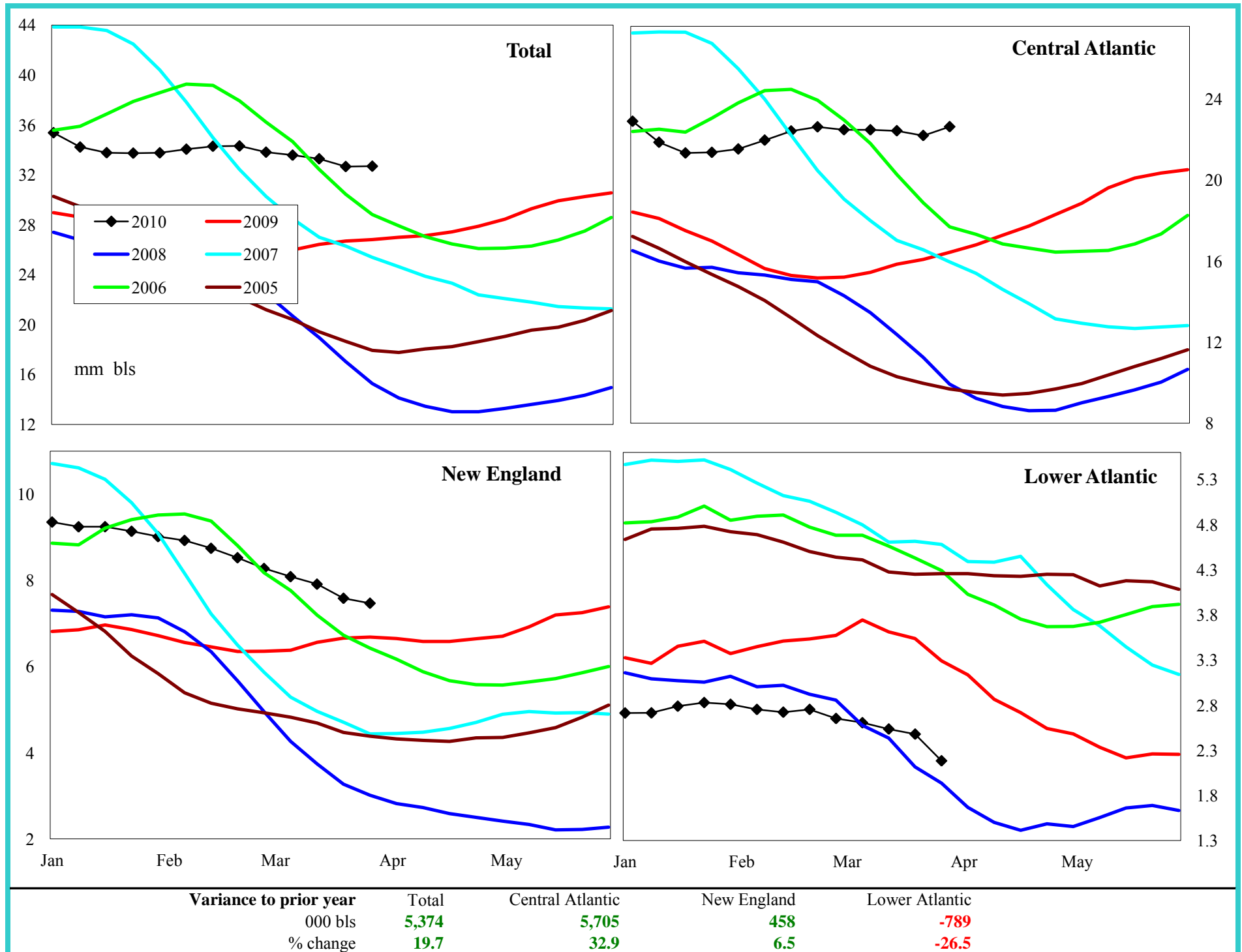
PADD 1 Low Sulfur Distillate Stocks by Region



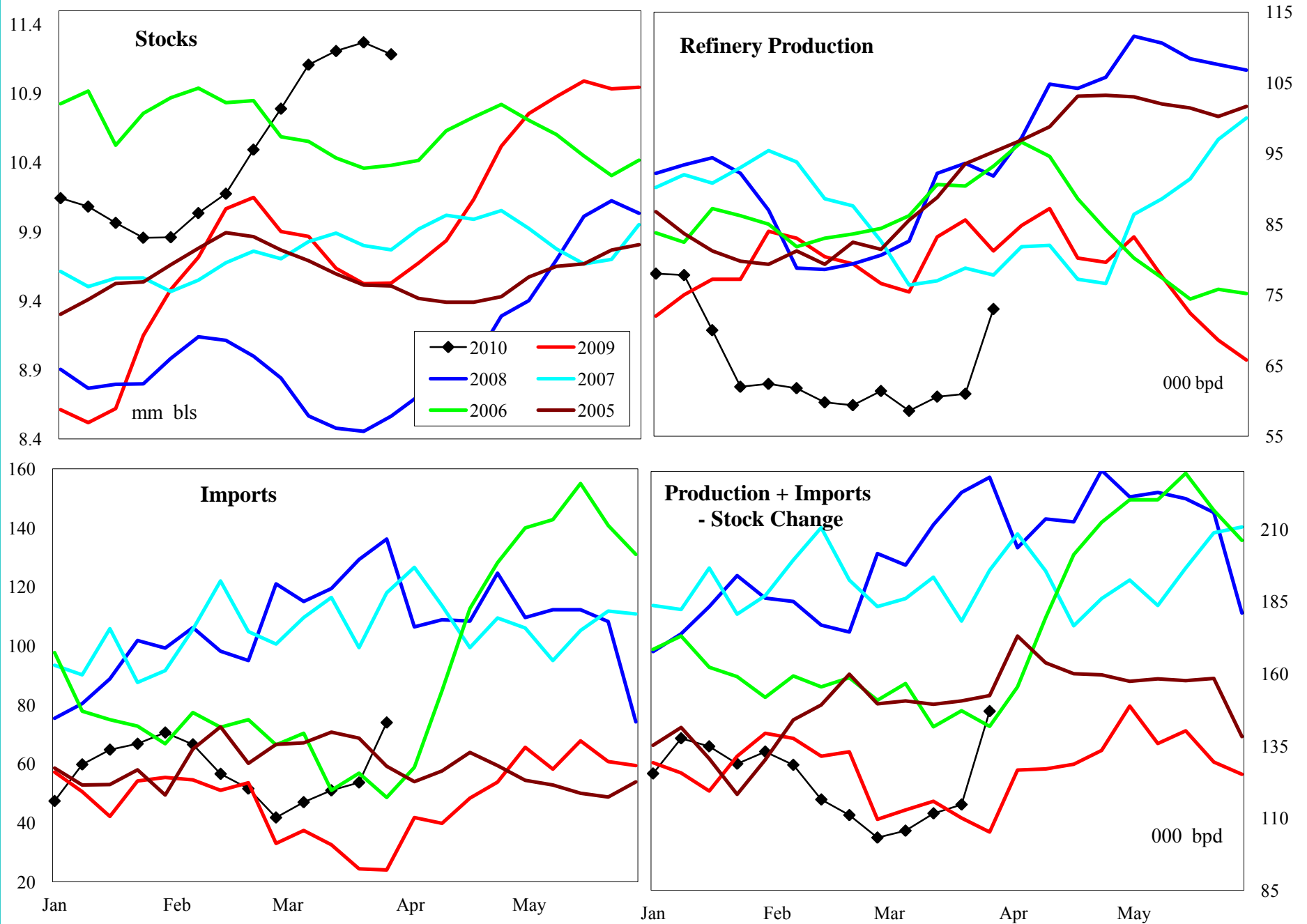
PADD 1 High Sulfur Distillate Supply



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

1,657

17.4

Production

-18

-22.2

Imports

27

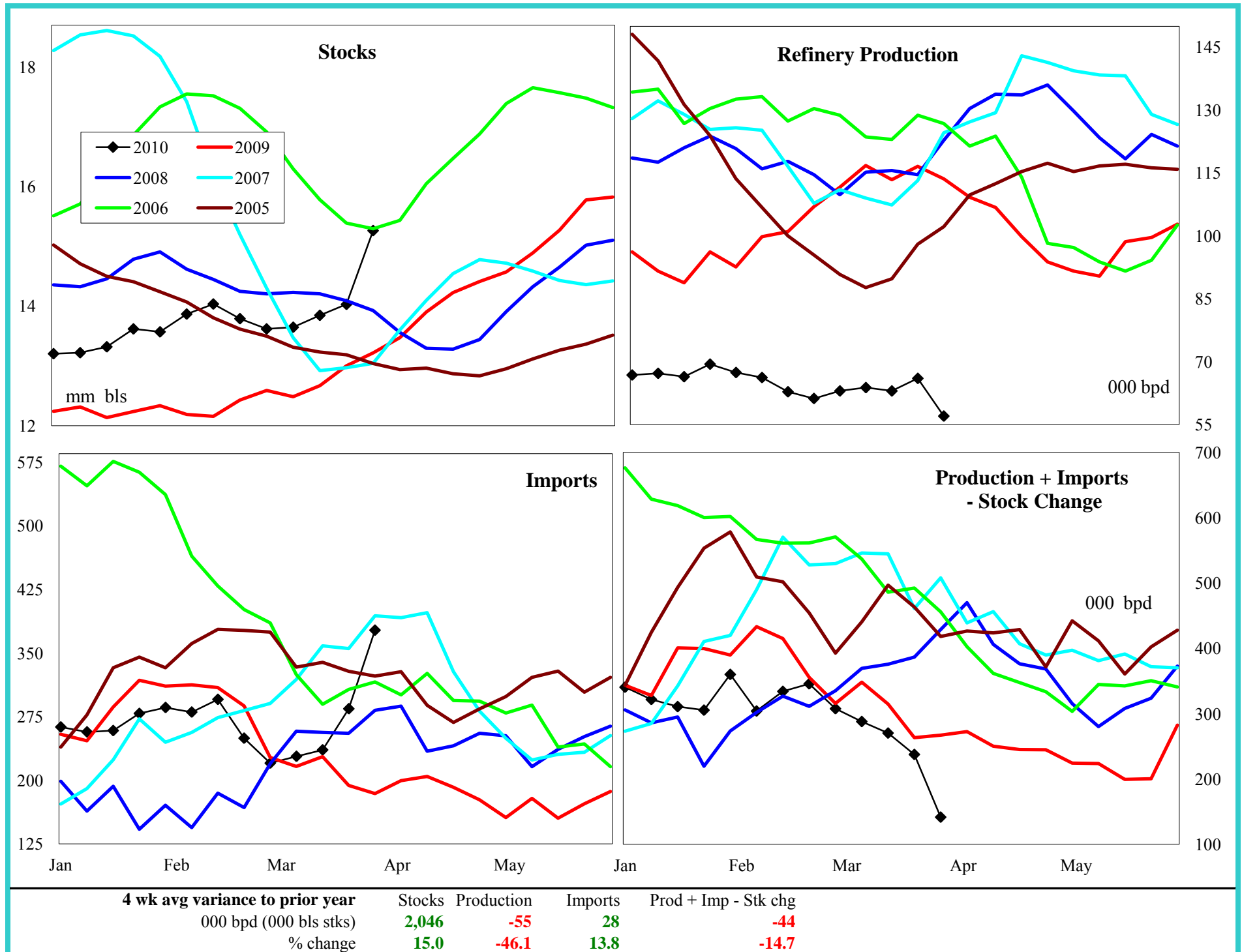
101.9

Prod + Imp - Stk chg

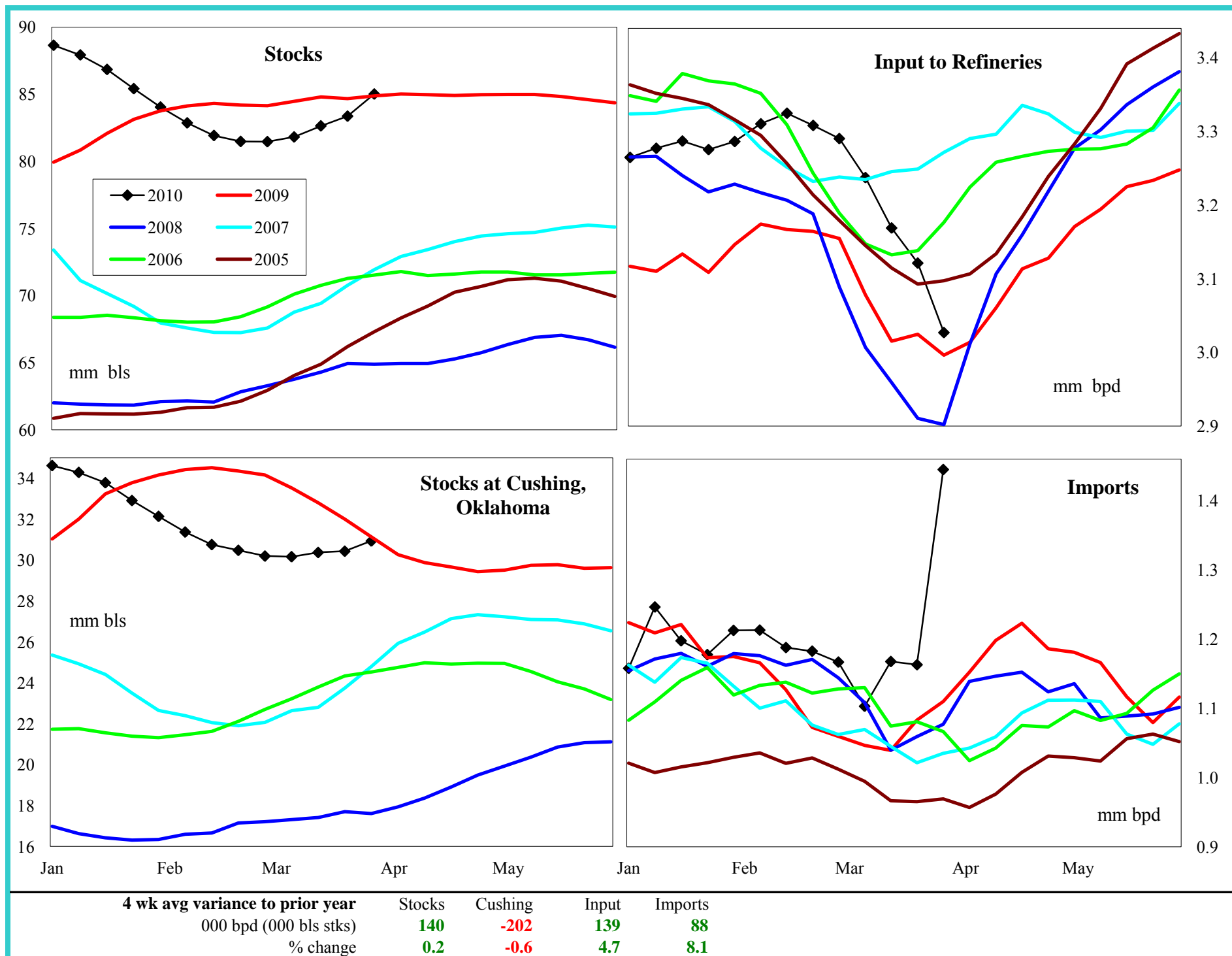
-1

-1.1

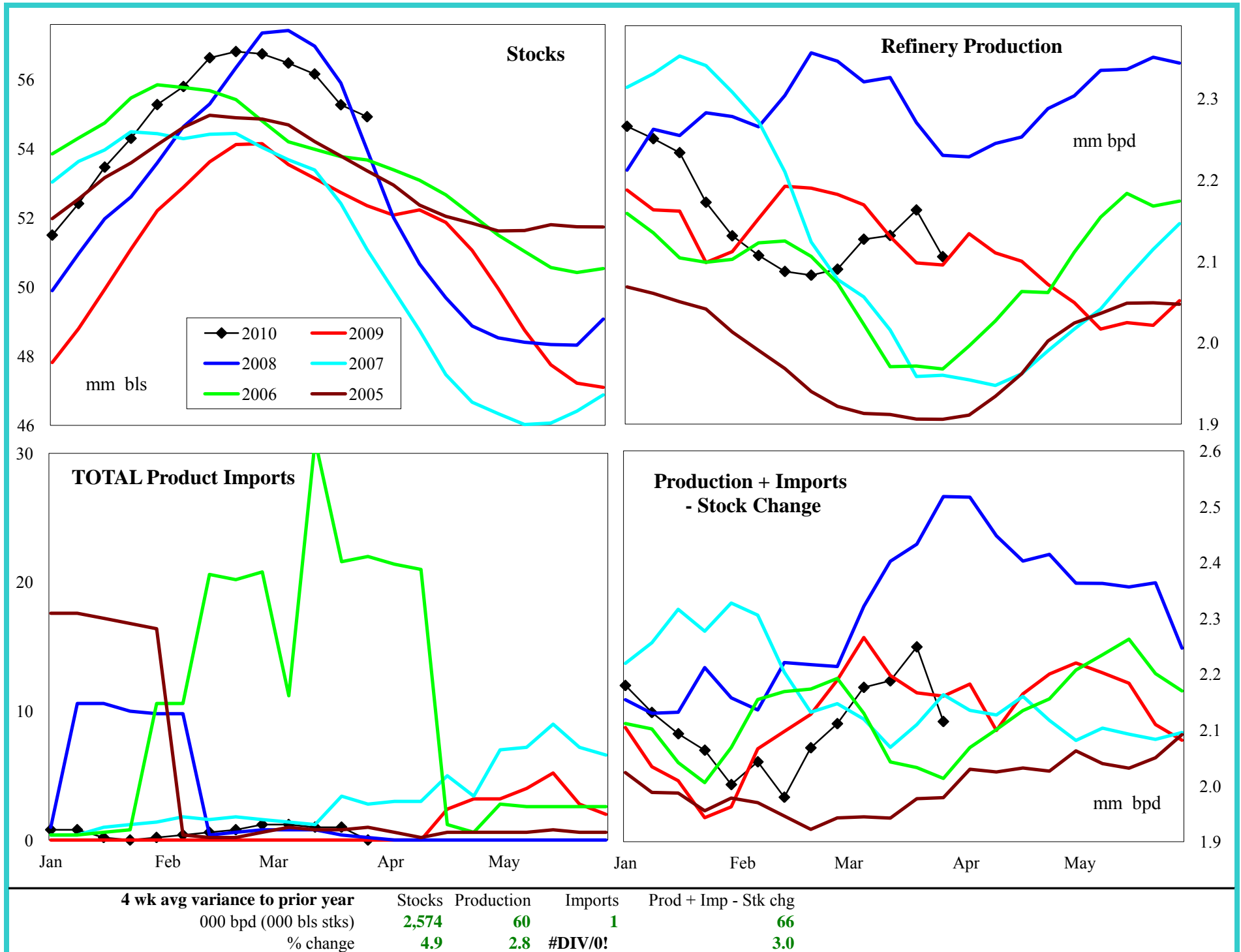
PADD 1 Residual Fuel Oil Supply



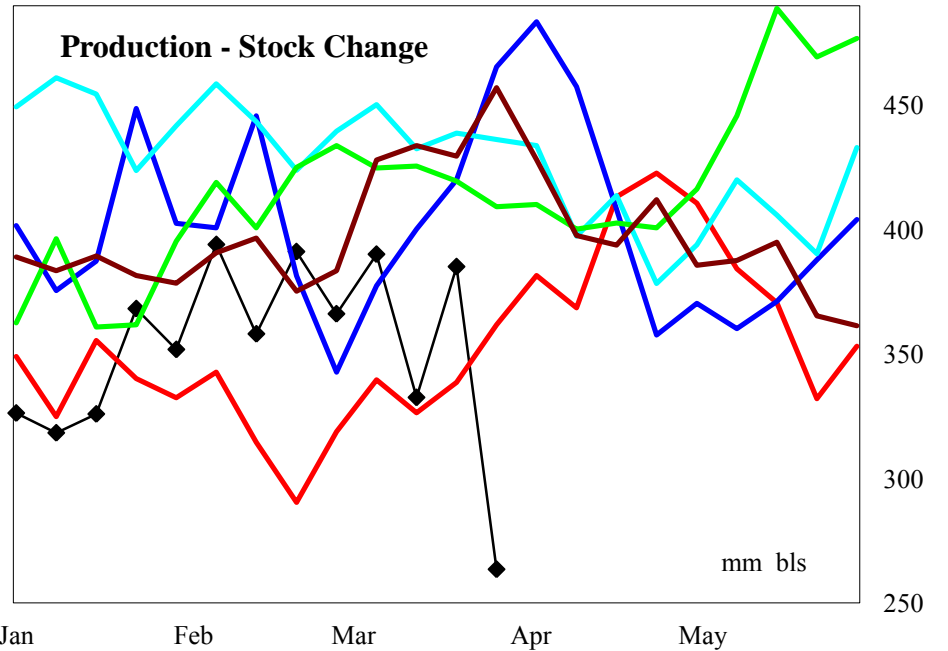
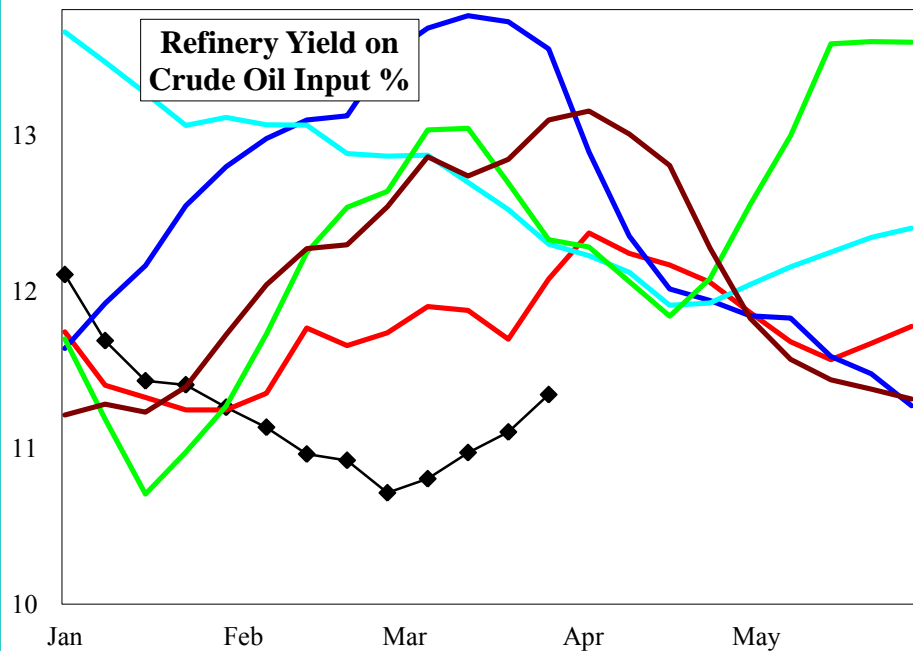
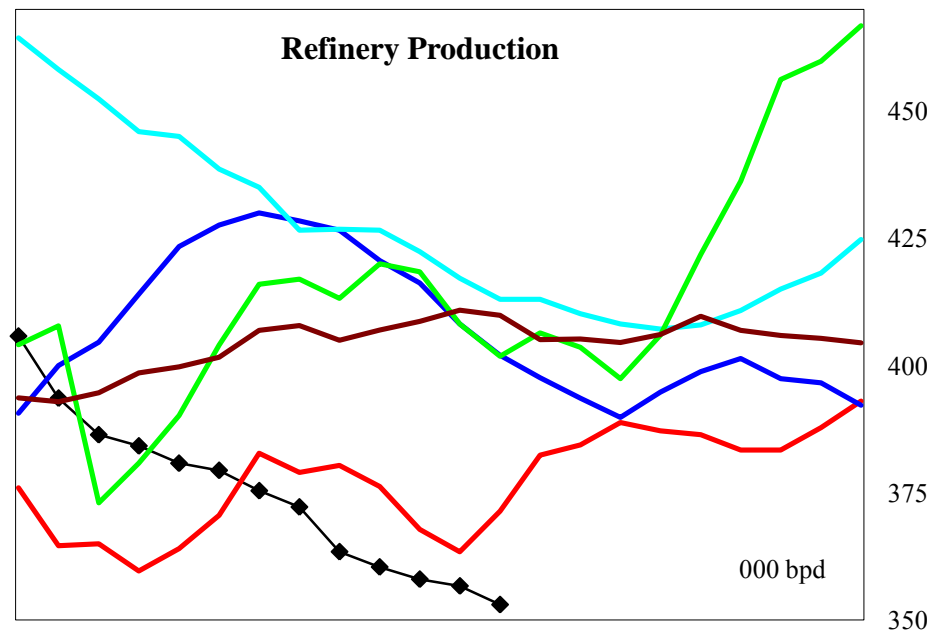
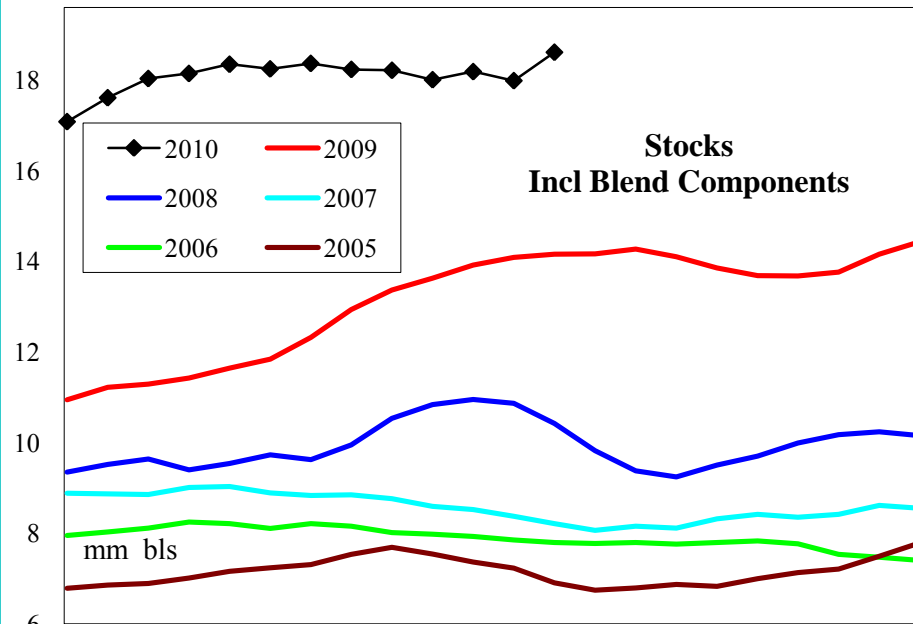
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



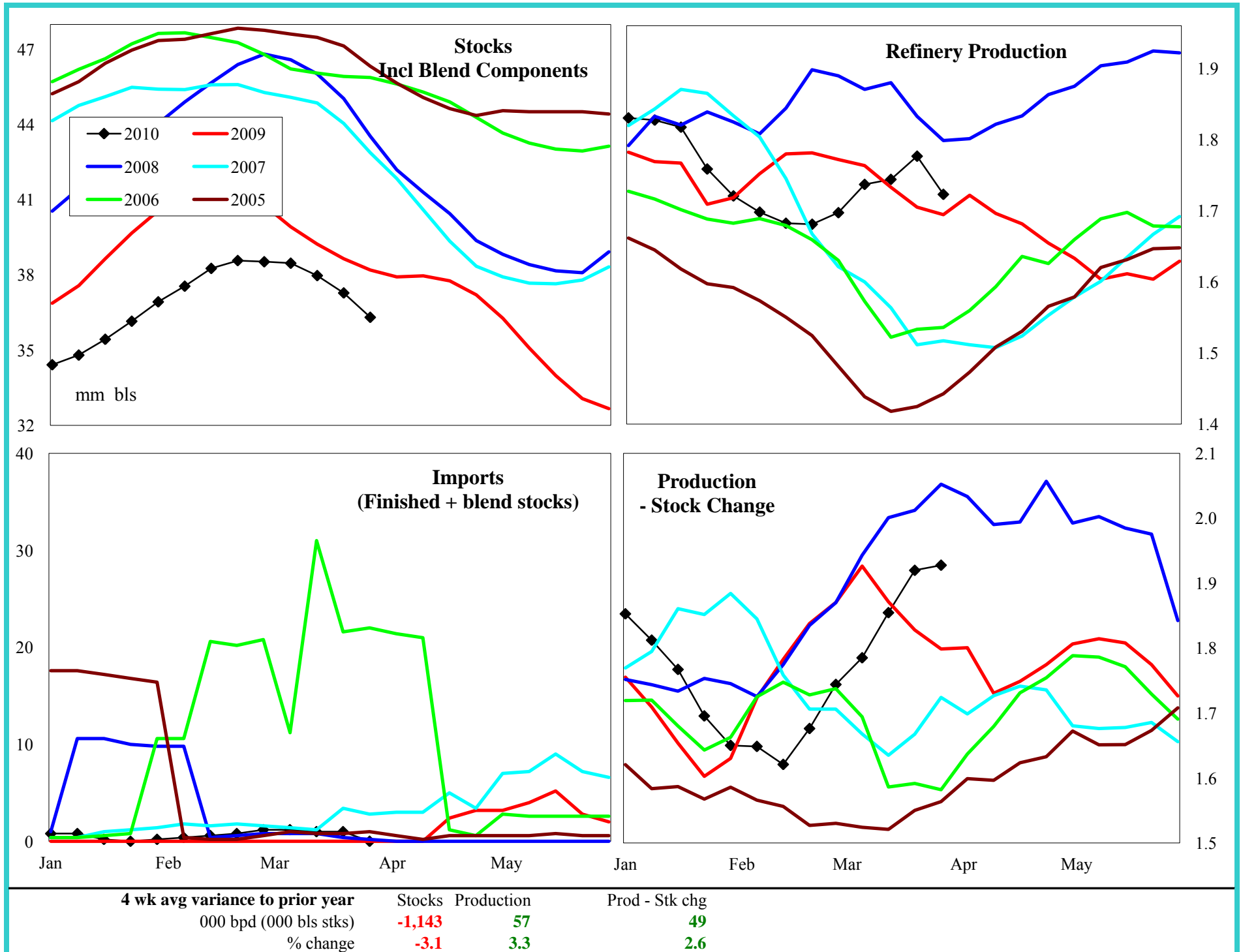
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks
4,457
30.6

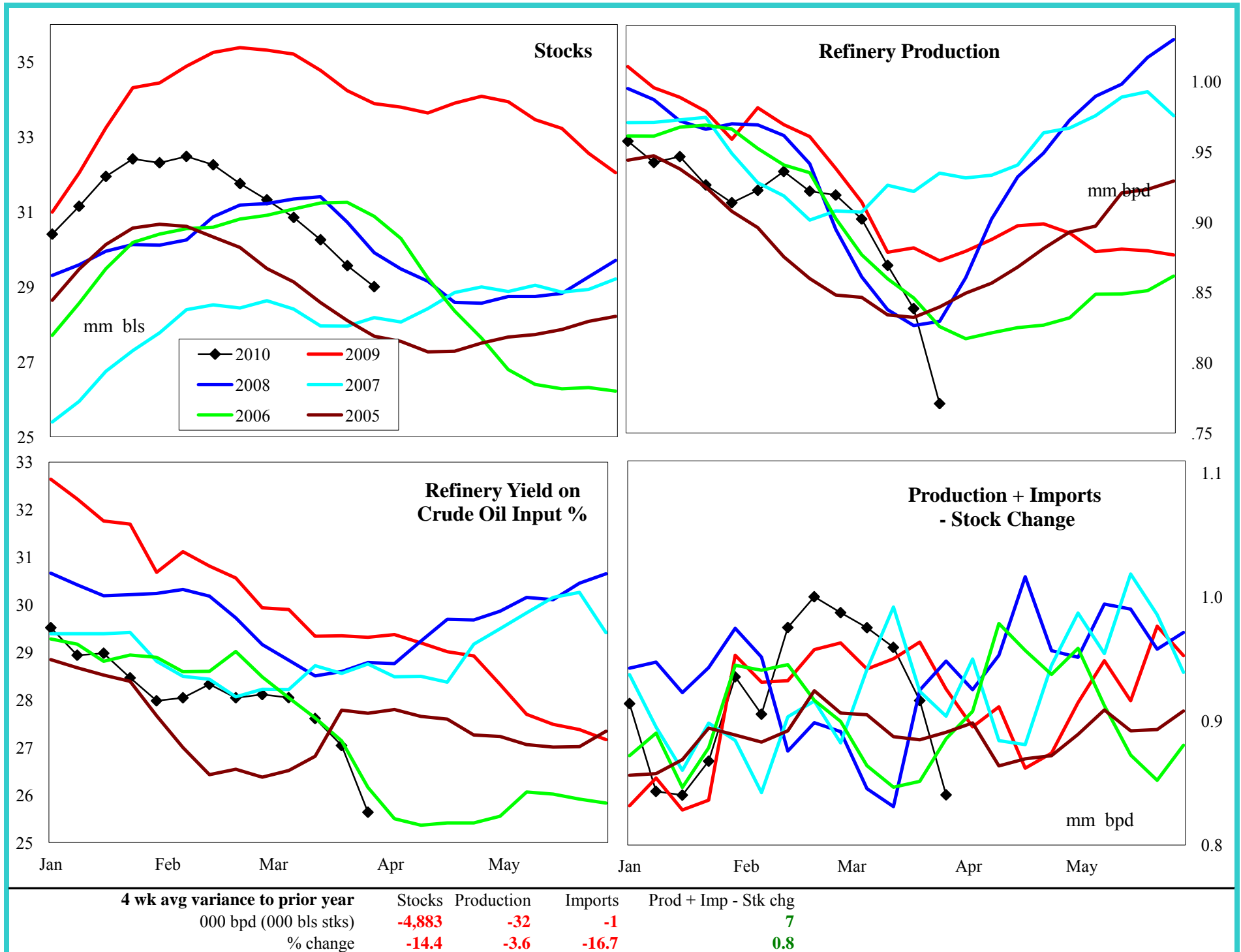
Production
-13
-3.4

Prod - Stk chg
1
0.4

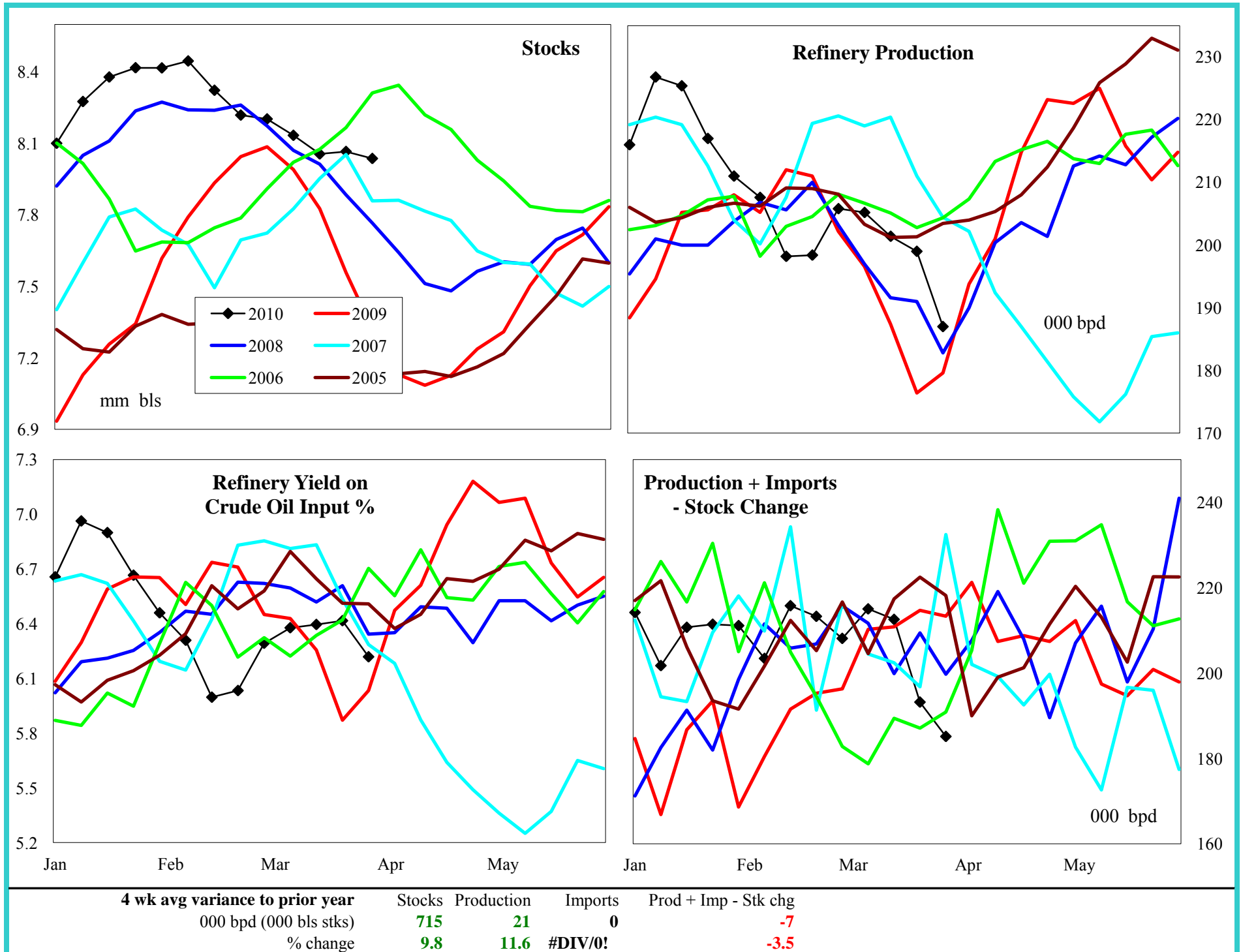
PADD 2 Conventional Gasoline Supply



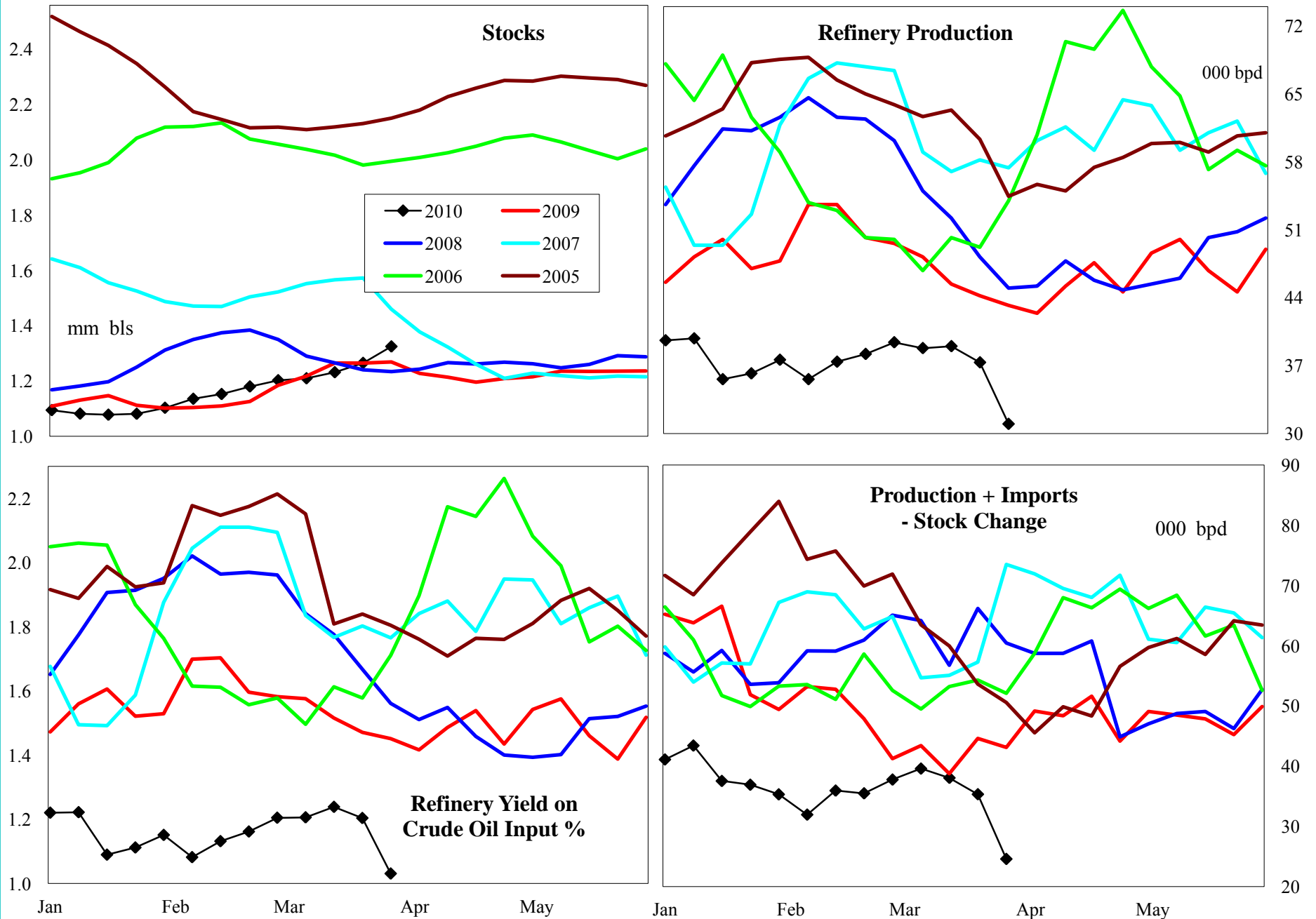
PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



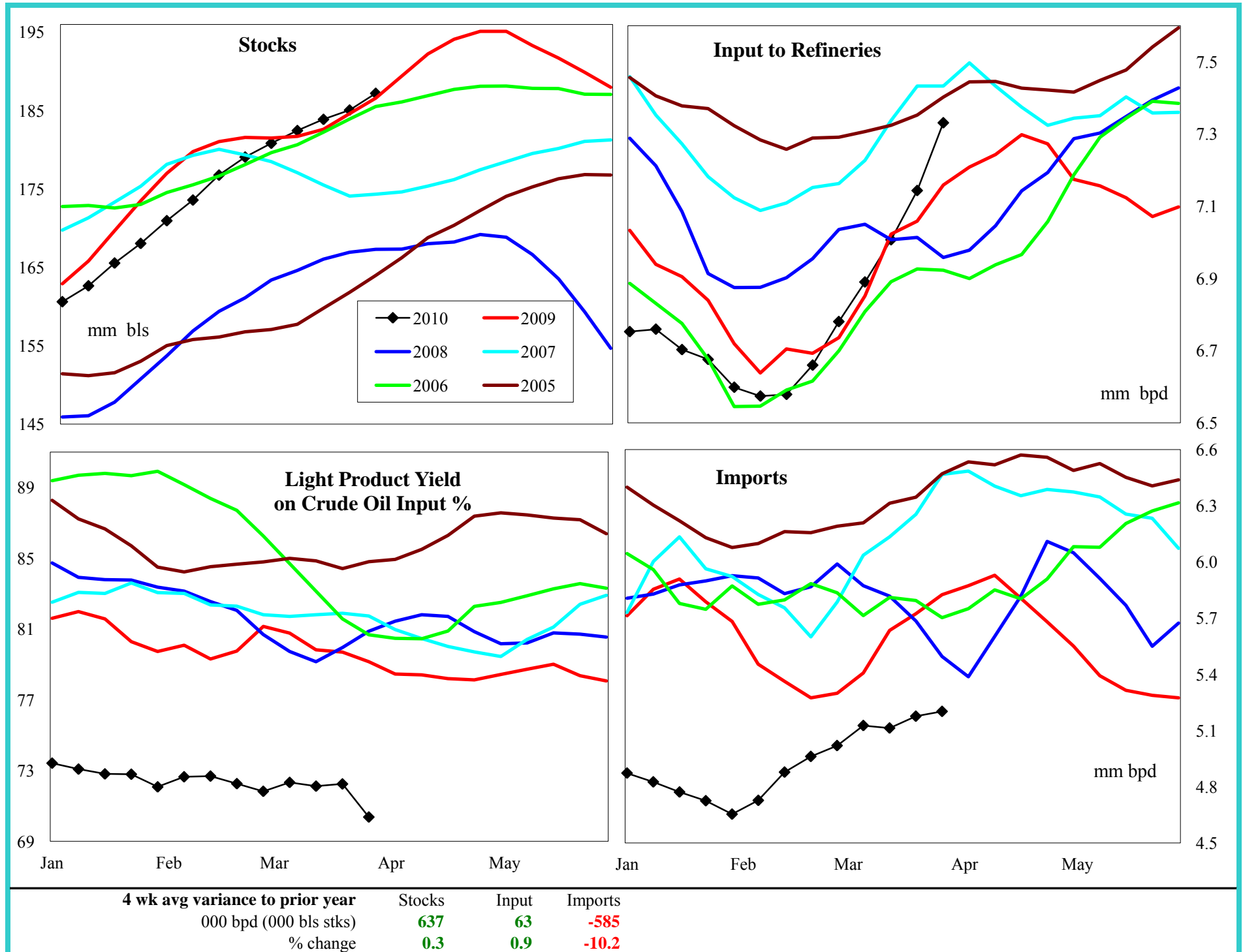
PADD 2 Residual Fuel Oil Supply



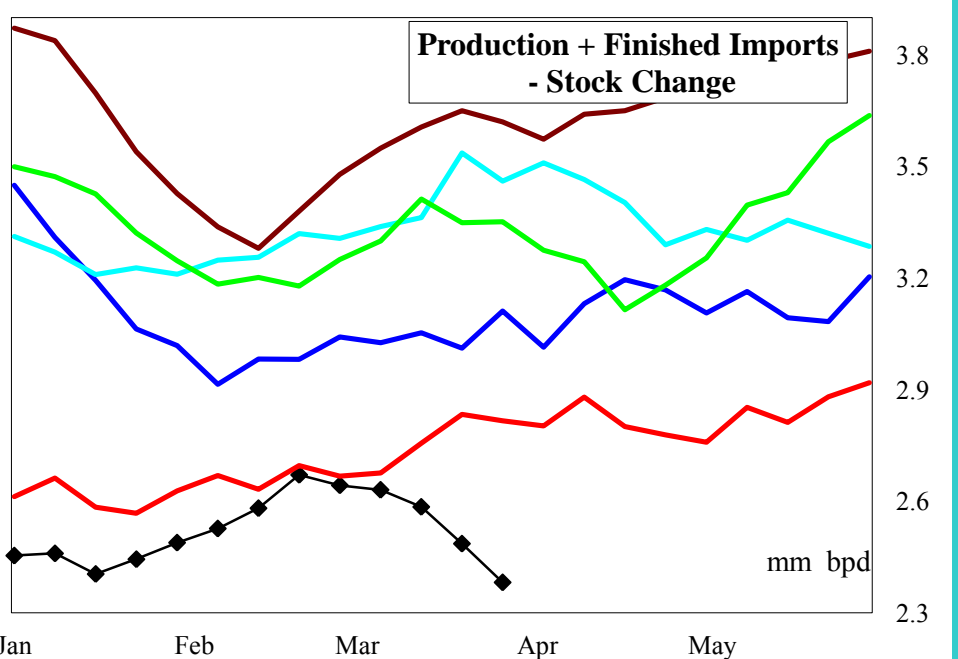
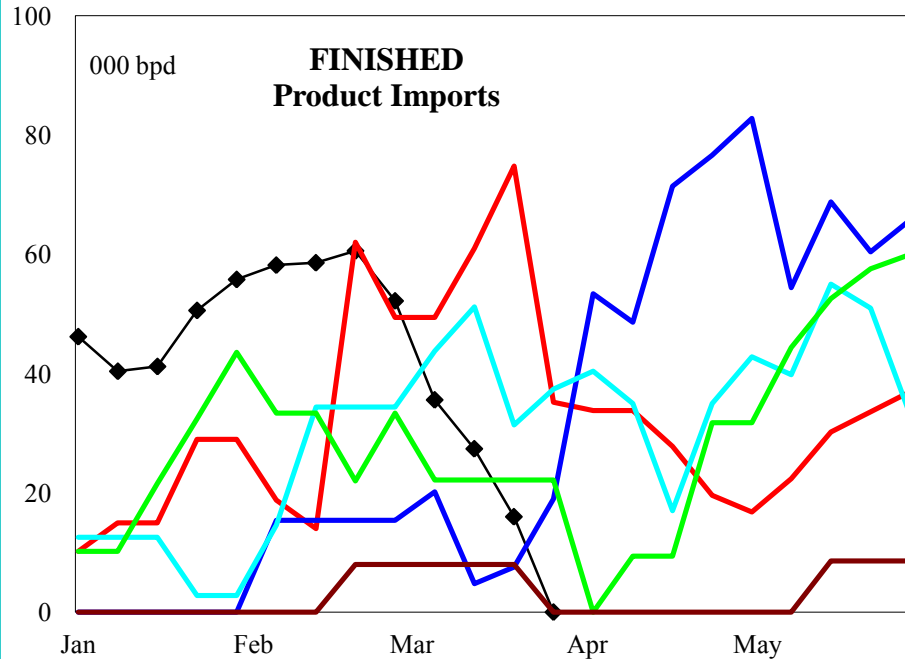
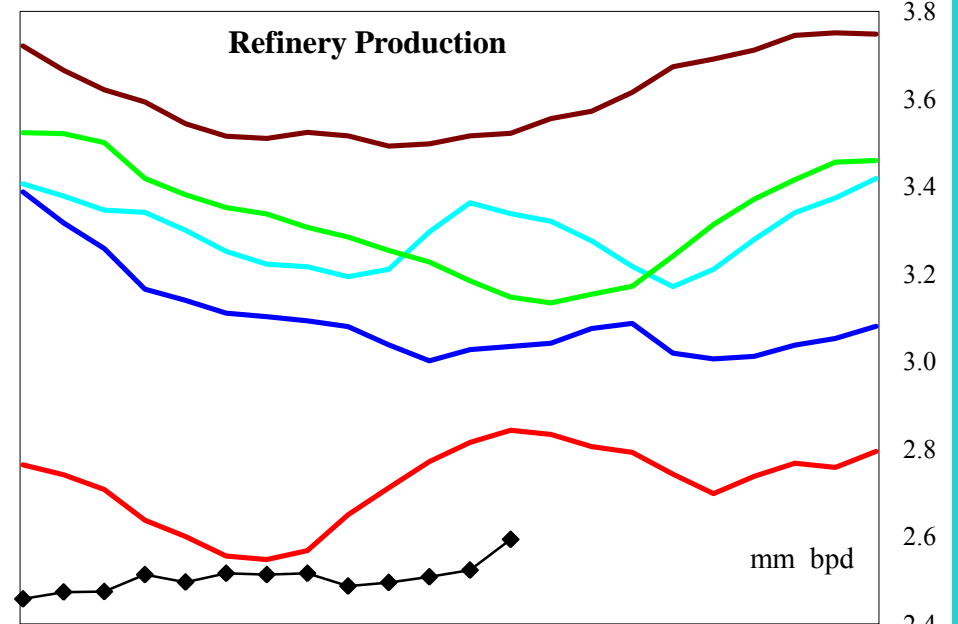
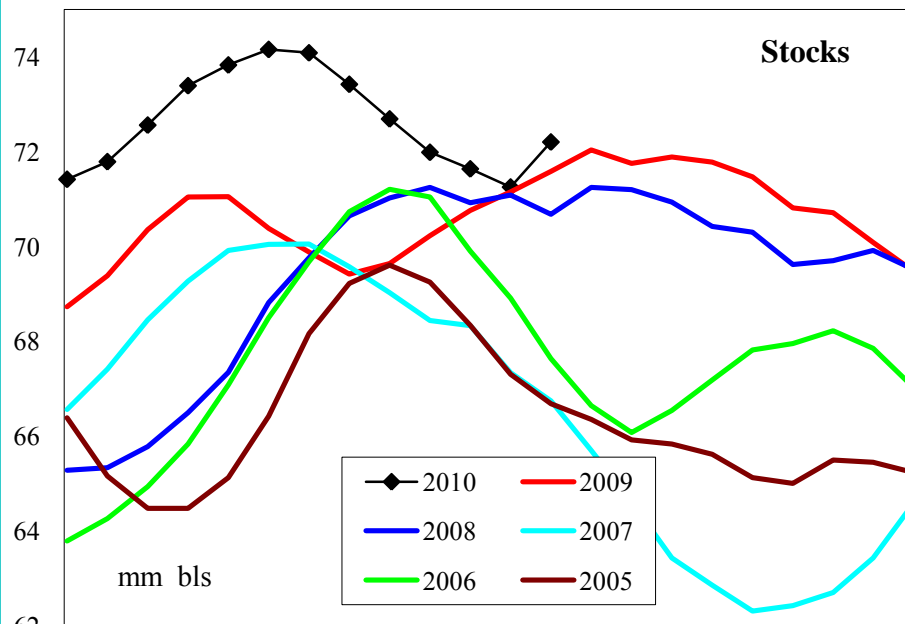
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
56	-7	3	-3
4.2	-14.9	#DIV/0!	-9.0

PADD 3 Crude Oil Supply and Refining



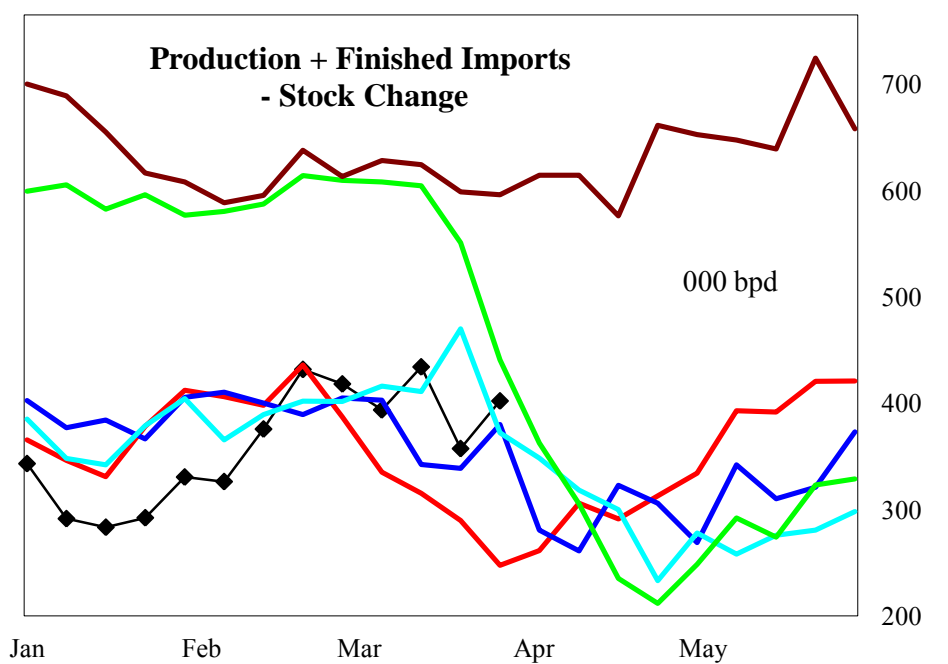
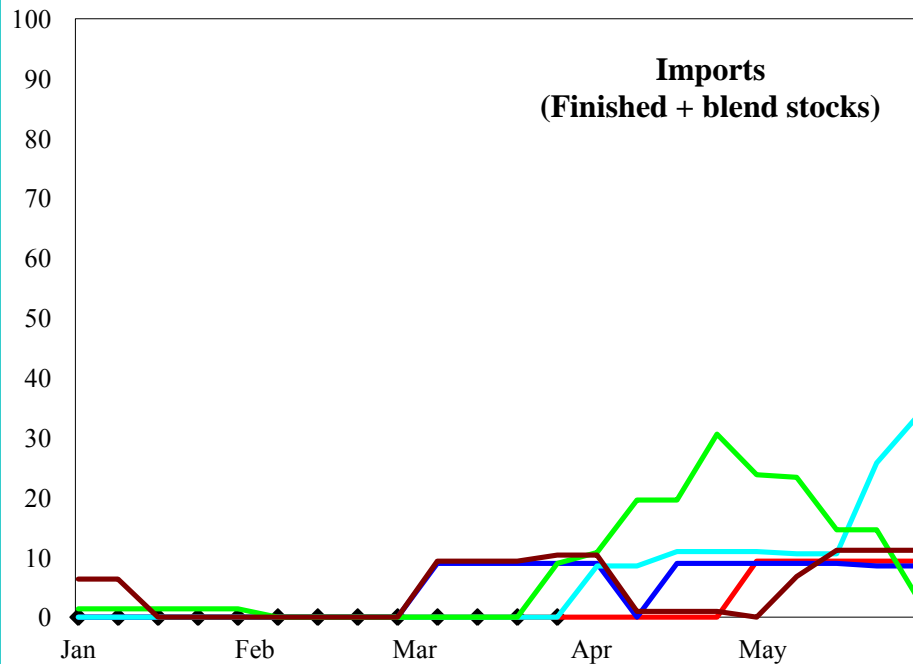
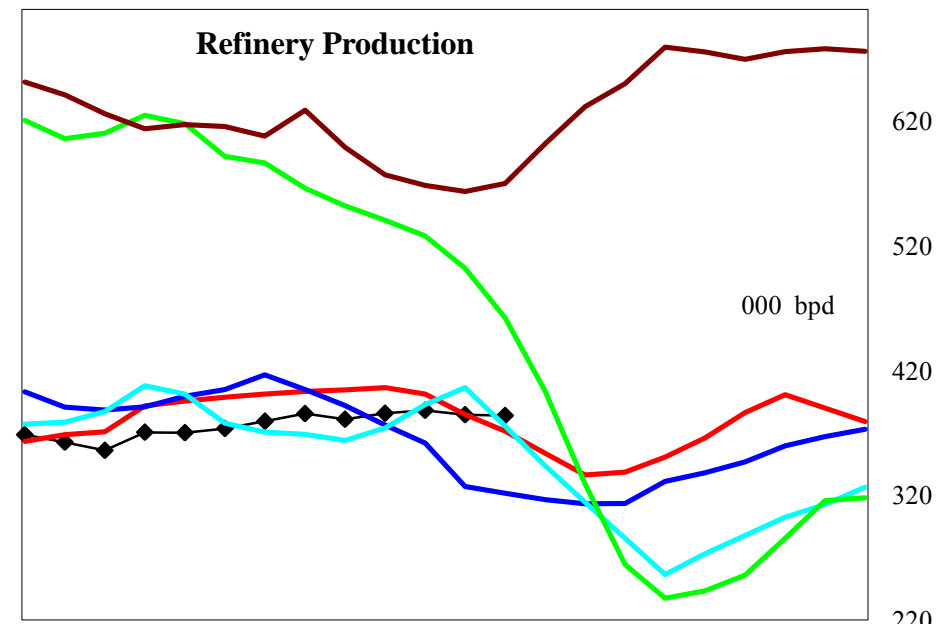
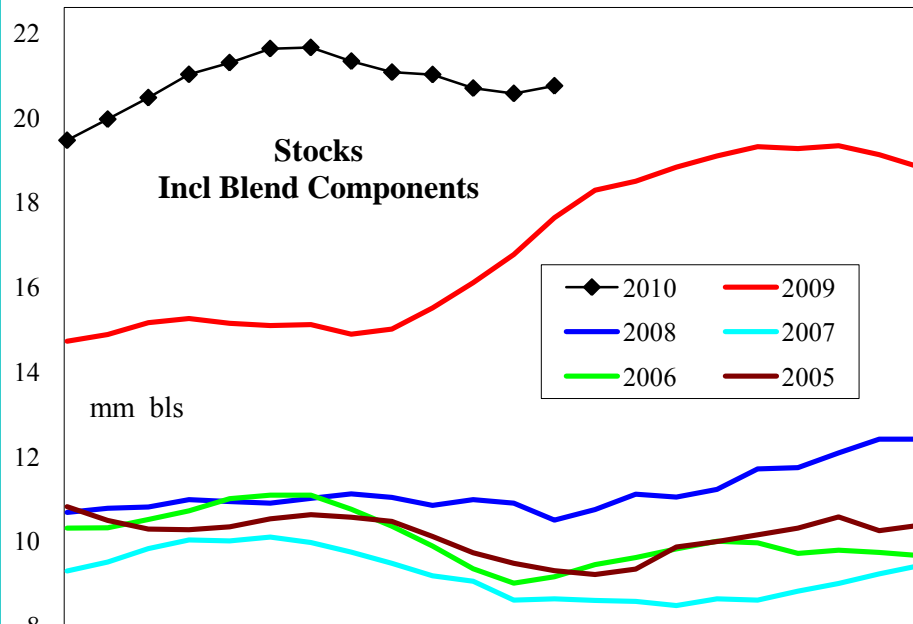
PADD 3 Gasoline Supply



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

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
1,046	-299	-53	-23	-268
1.5	-10.7	-69.2	-35.1	-9.5

PADD 3 Reformulated Gasoline Supply



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

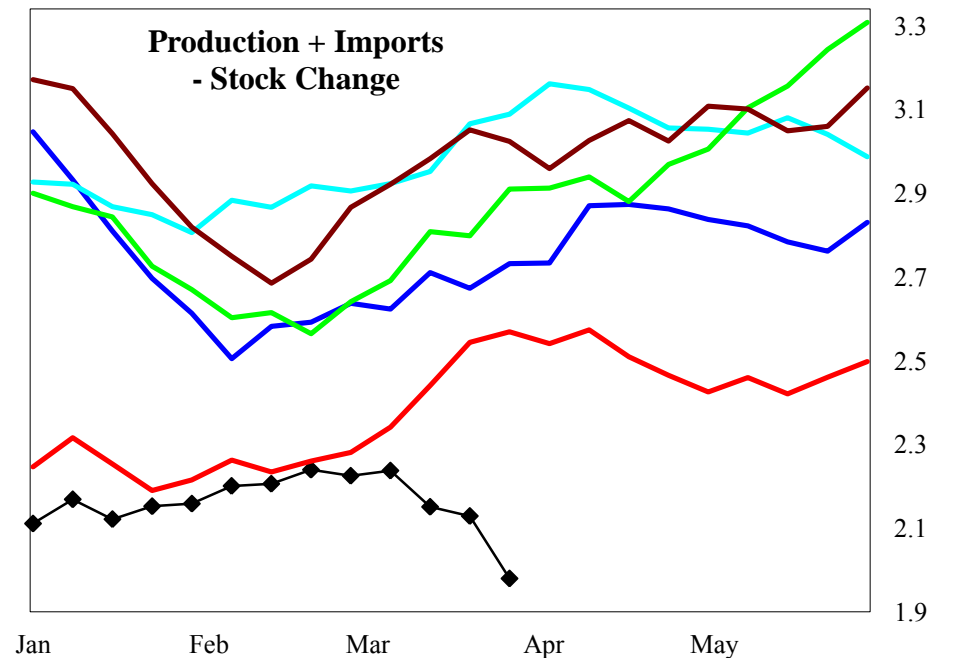
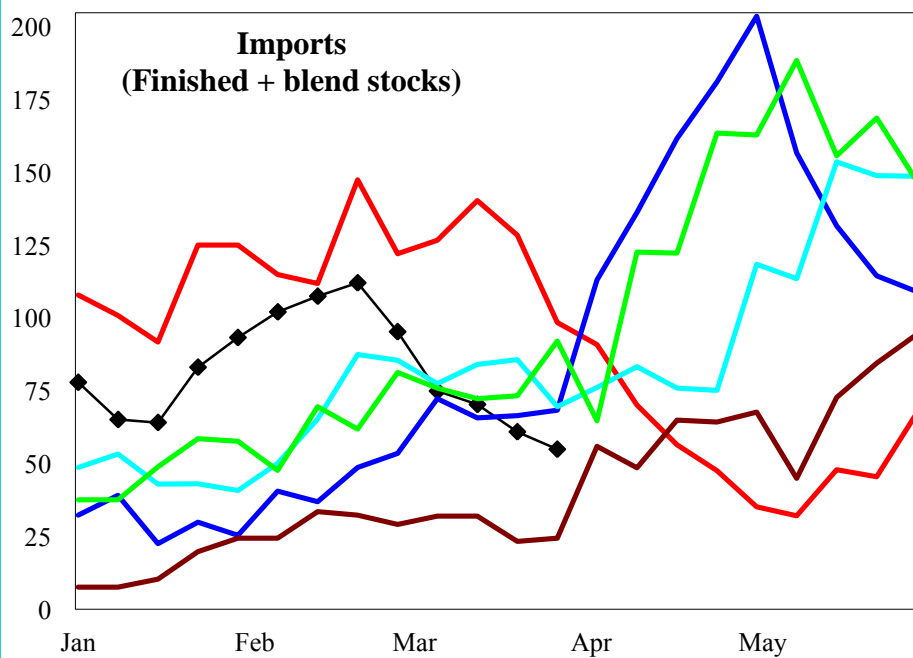
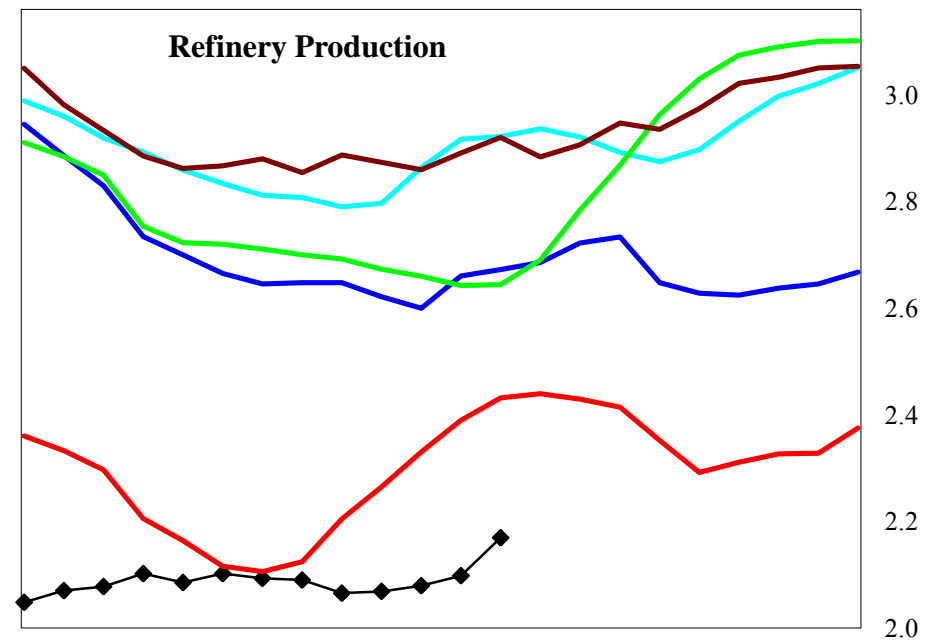
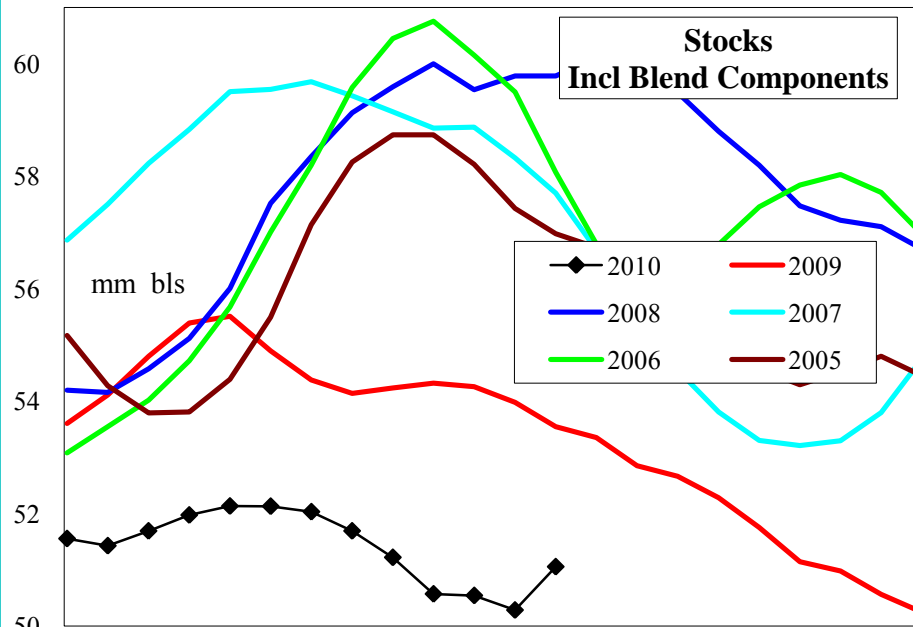
Stocks
3,438
19.4

Production
-13
-3.3

Imports
0
#DIV/0!

Prod + Imp - Stk chg
80
23.9

PADD 3 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-2,392

-4.5

Production

-286

-11.9

Imports

-76

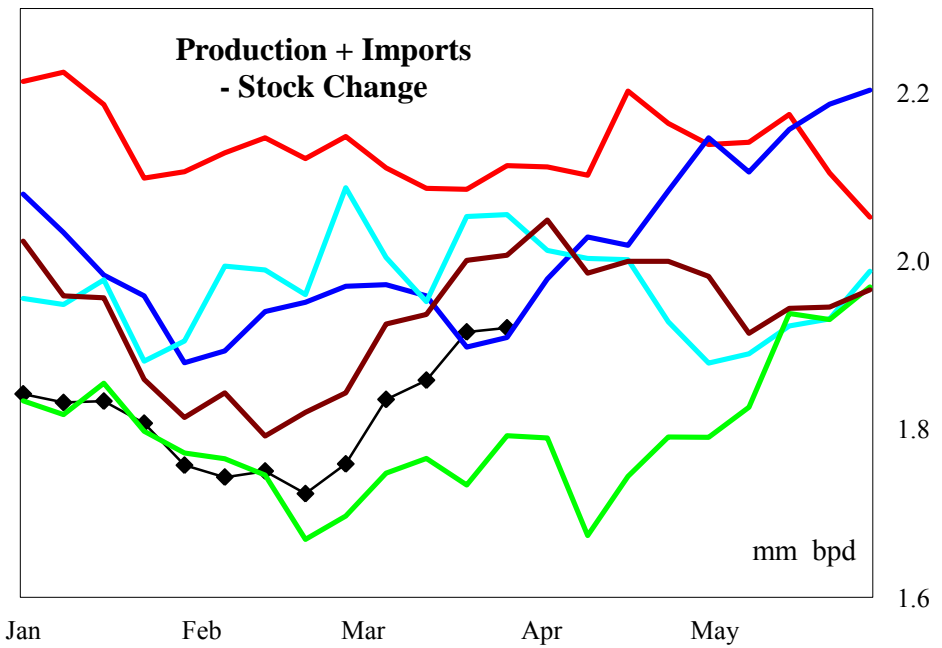
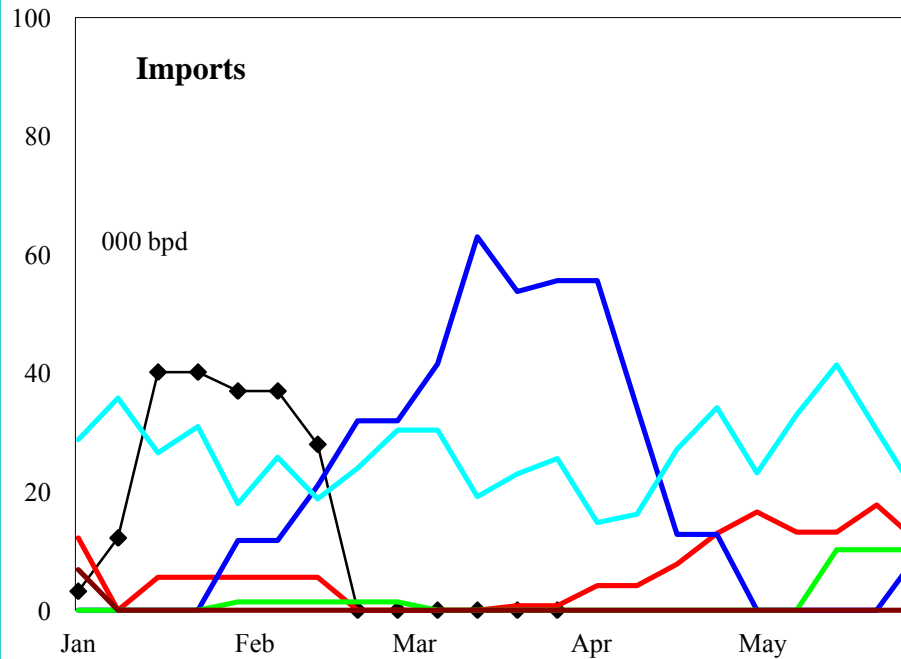
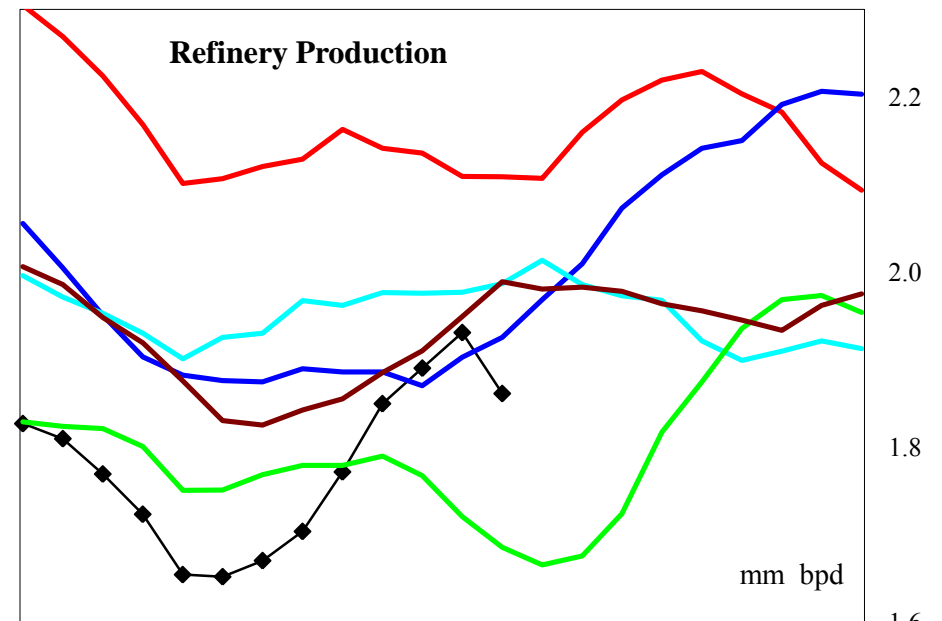
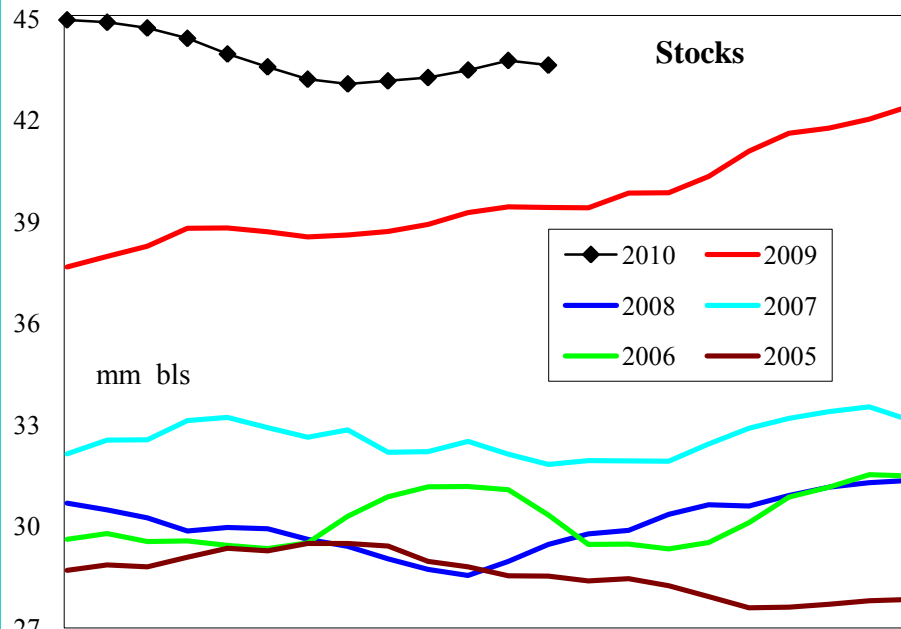
-53.3

Prod + Imp - Stk chg

-349

-13.9

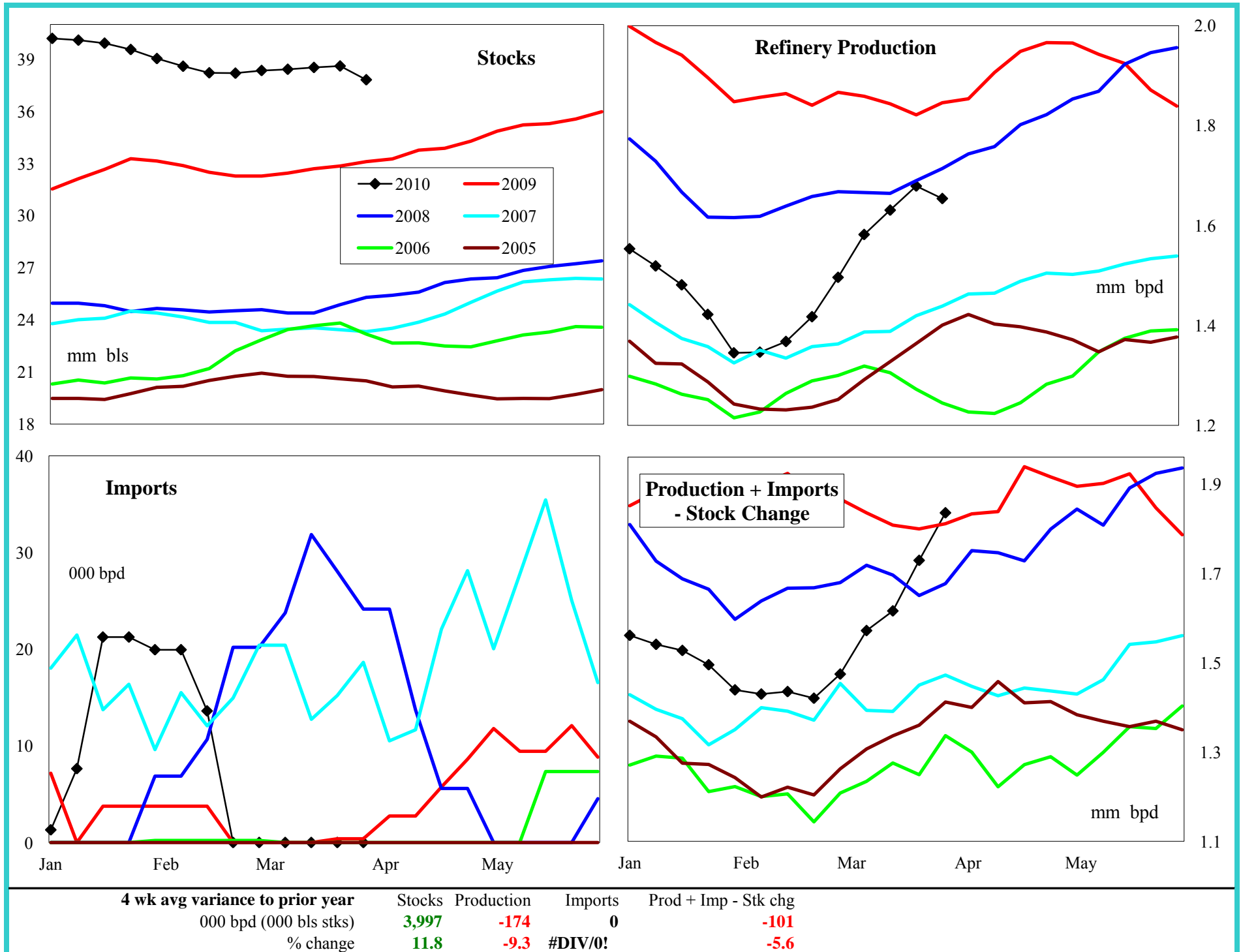
PADD 3 Distillate Supply



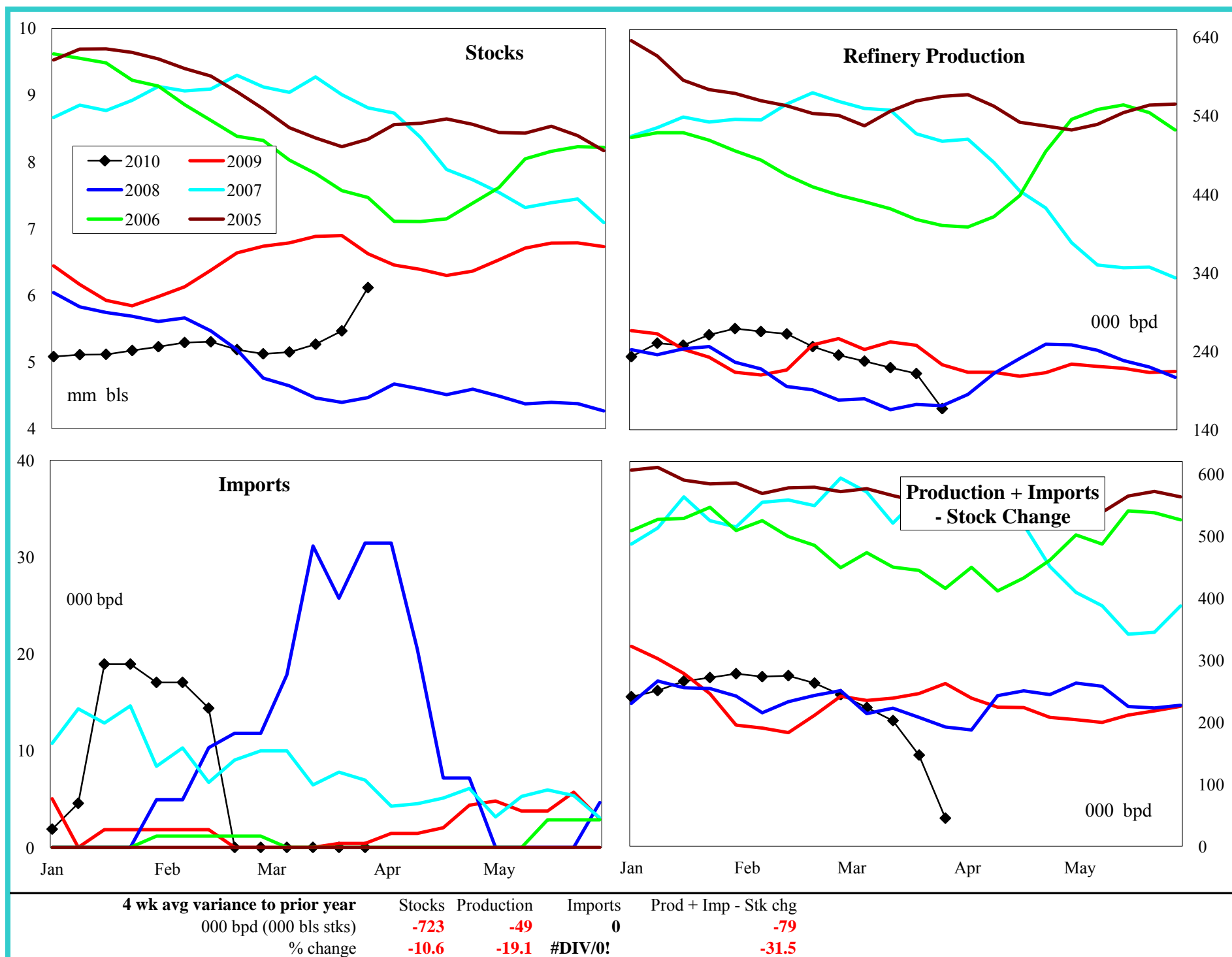
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
3,274	-223	0	-180
8.1	-10.5	#DIV/0!	-8.8

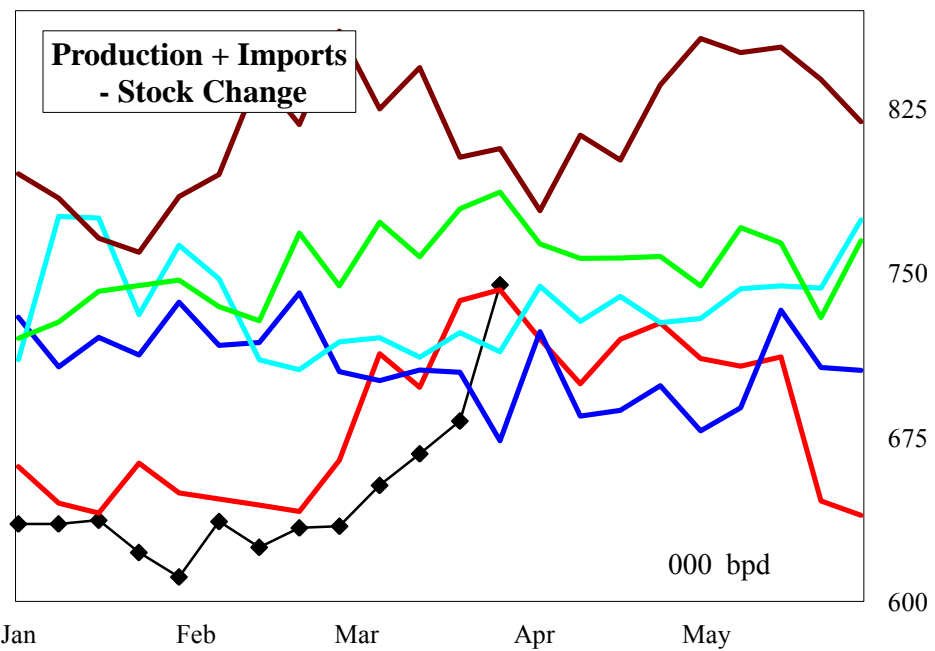
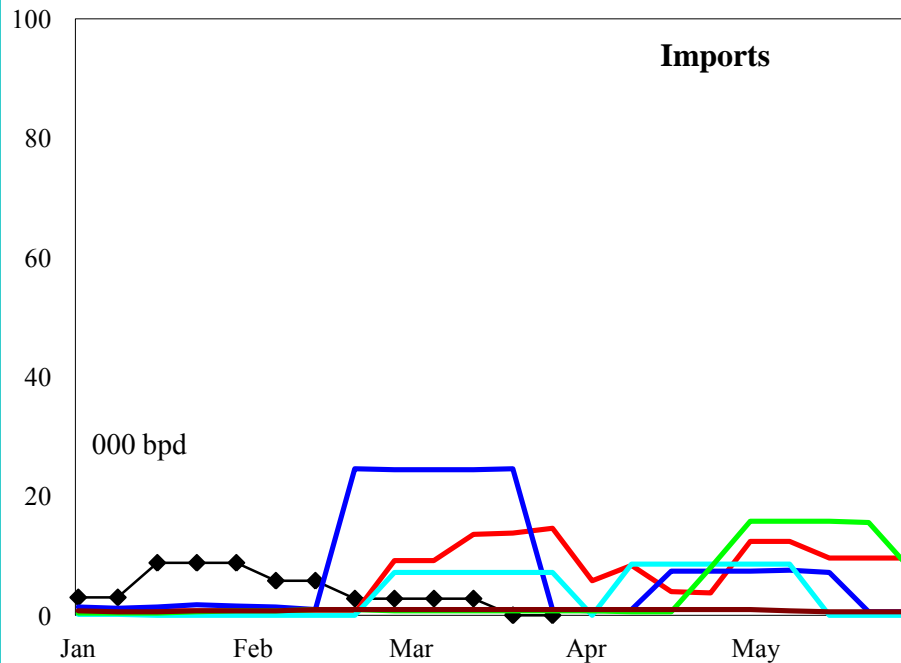
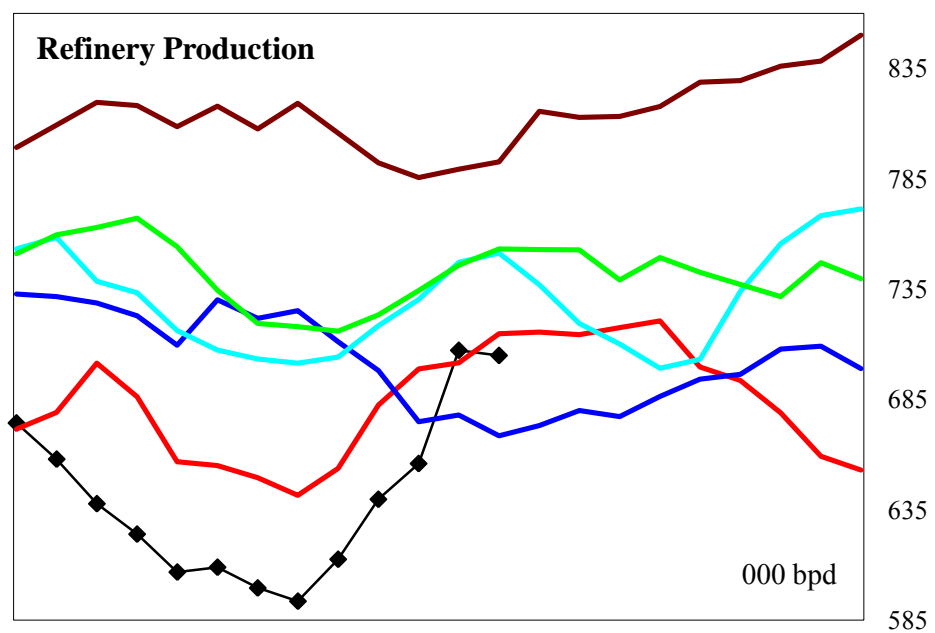
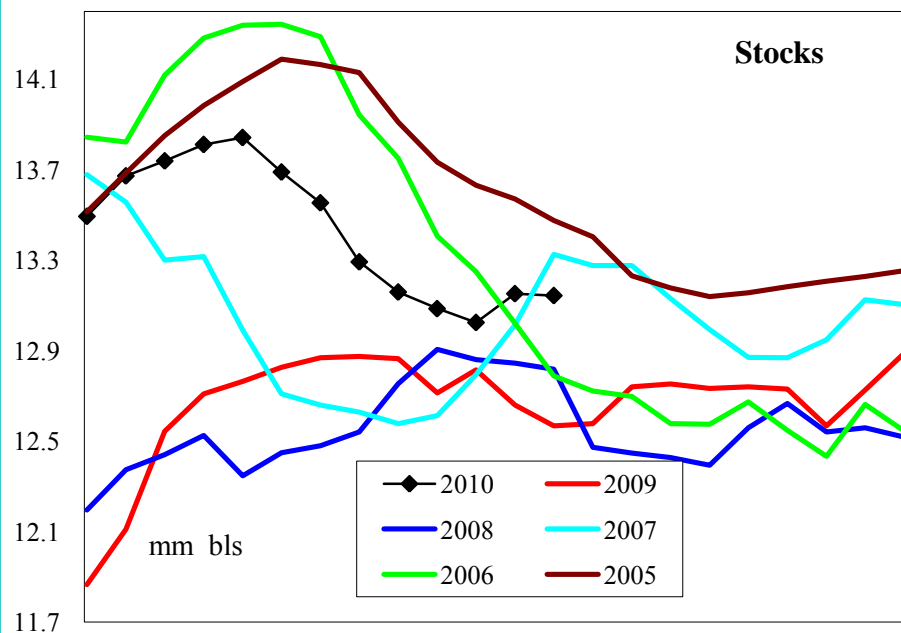
PADD 3 Low Sulfur Distillate Supply



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

576

-27

-14

-52

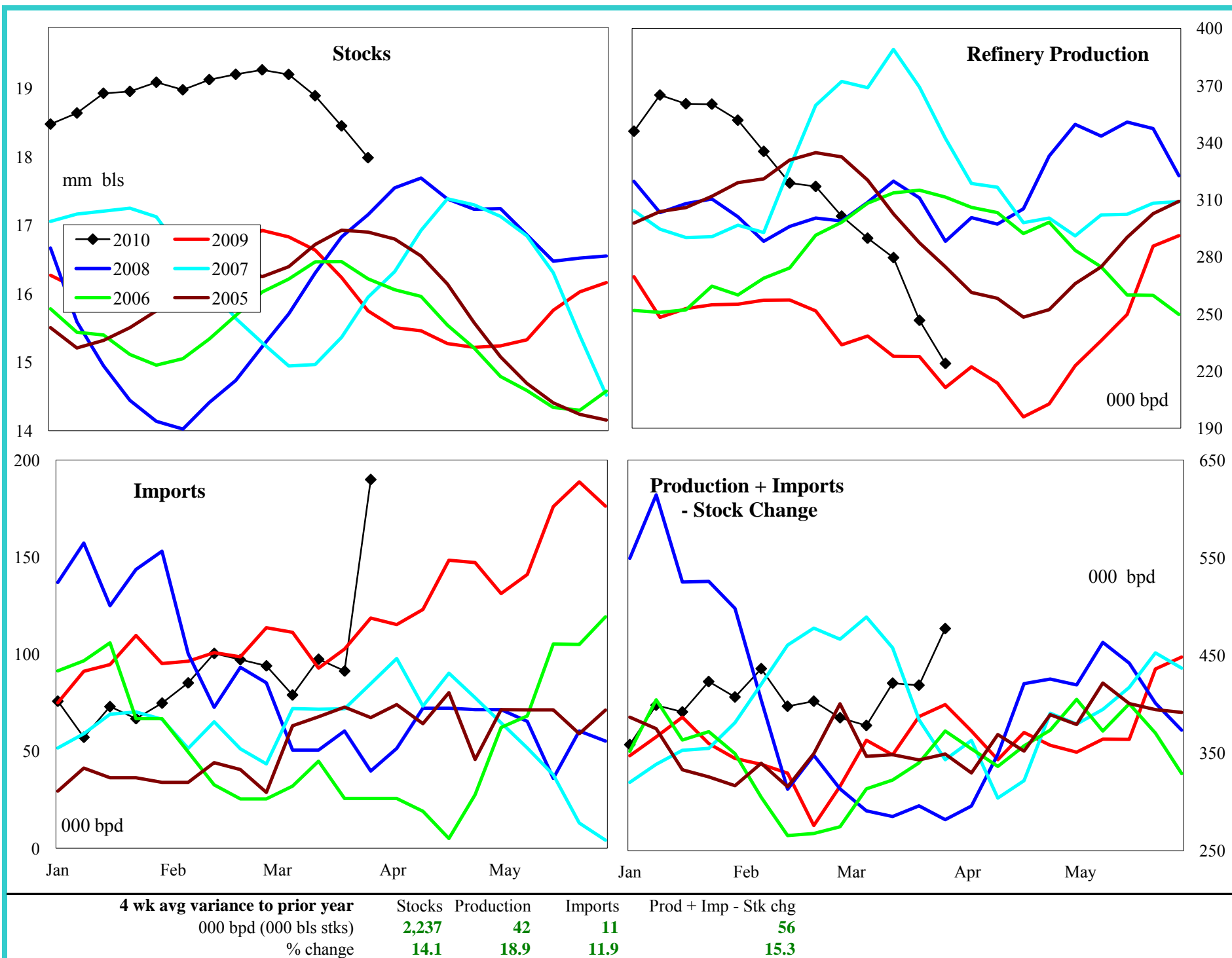
4.6

-3.8

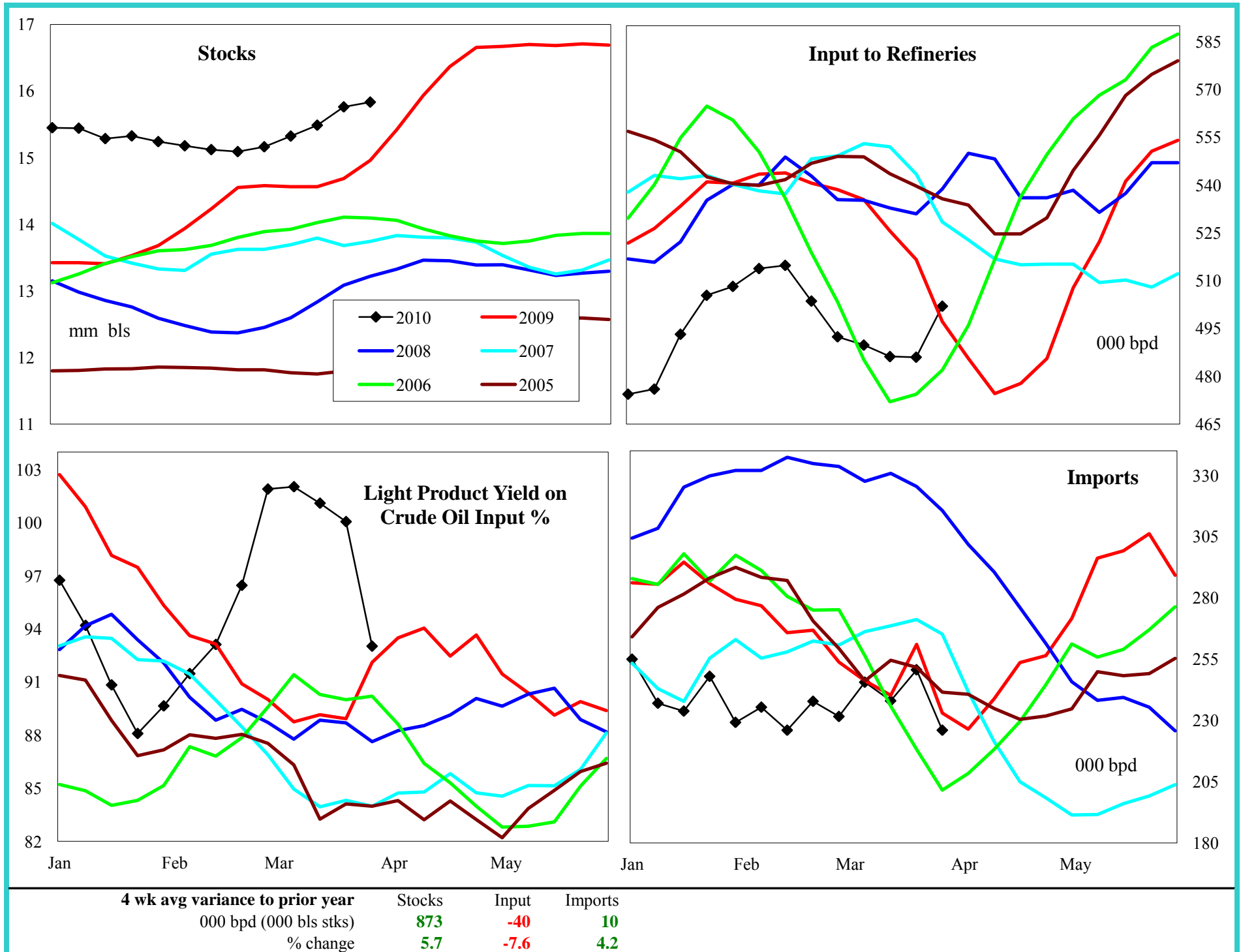
-79.4

-7.2

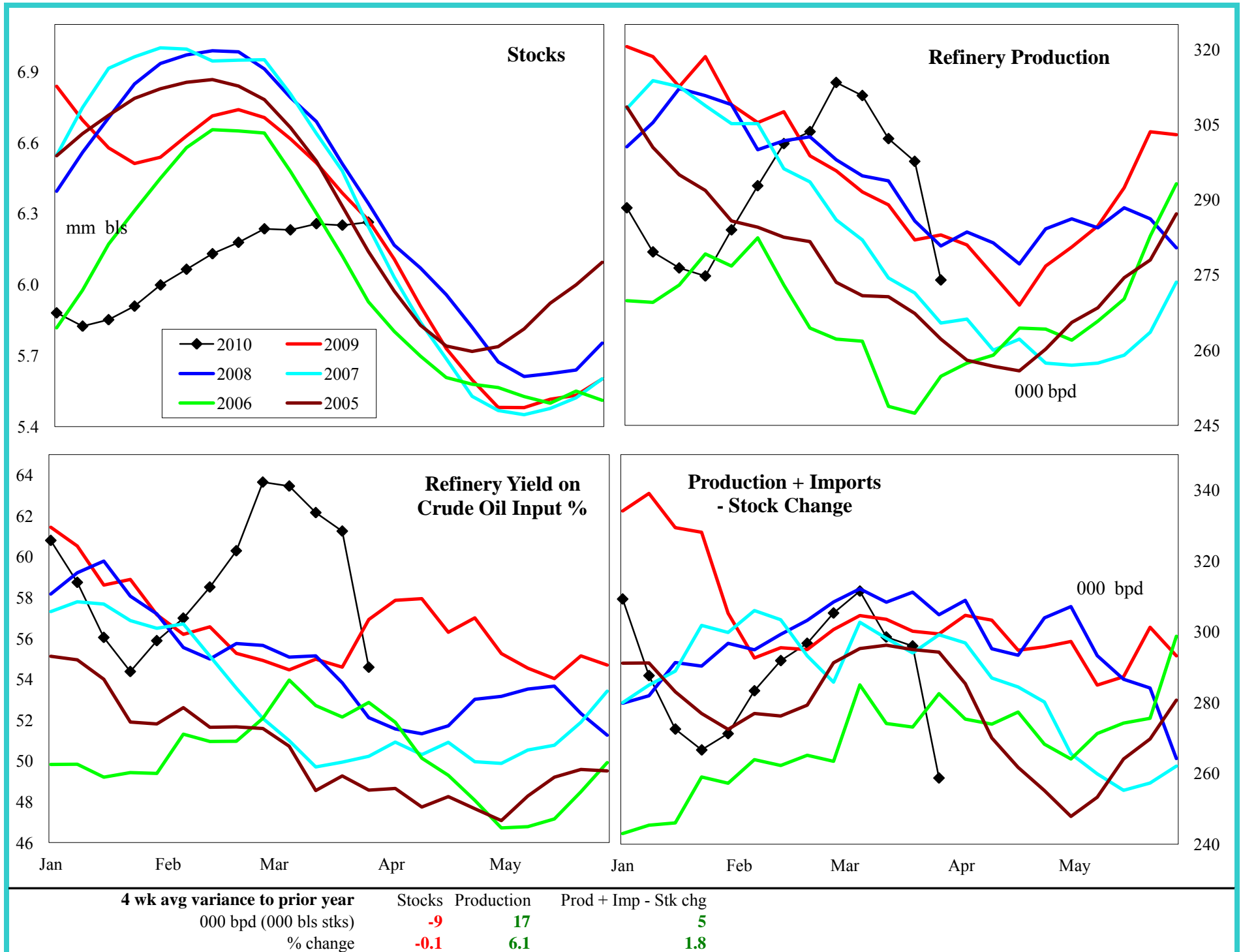
PADD 3 Residual Fuel Oil Supply



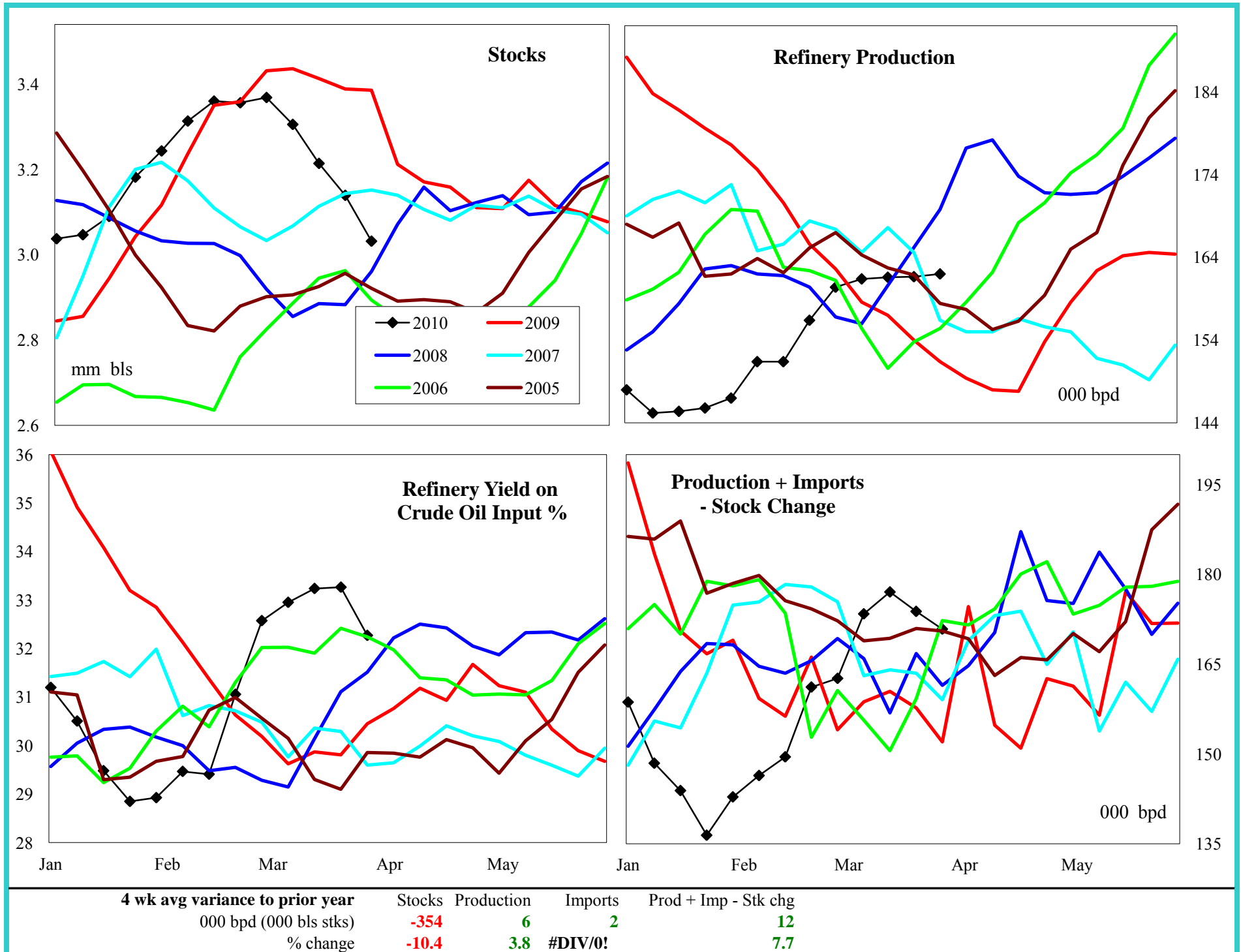
PADD 4 Crude Oil Supply and Refining



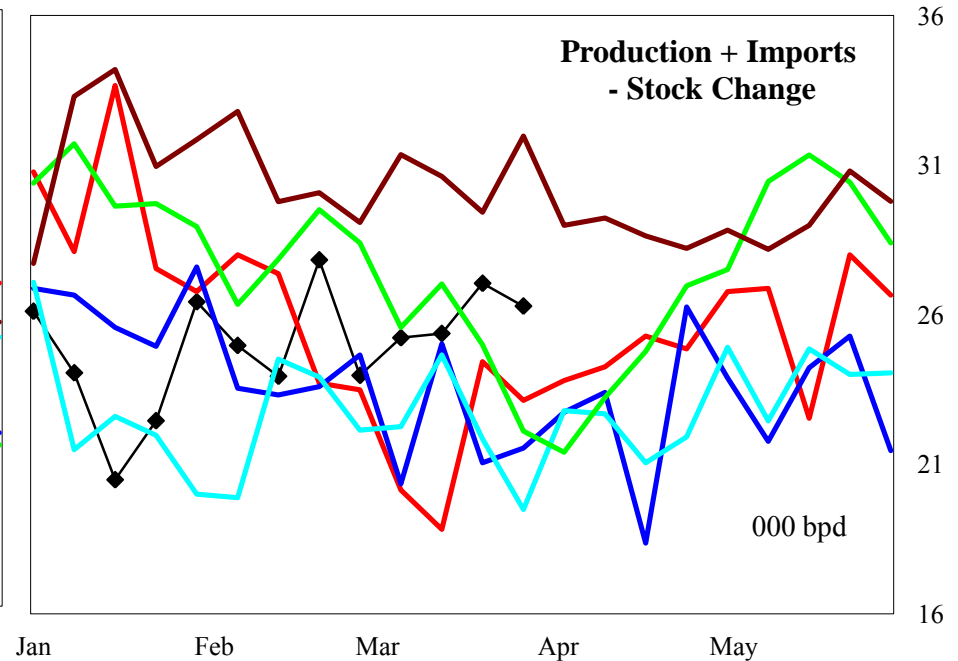
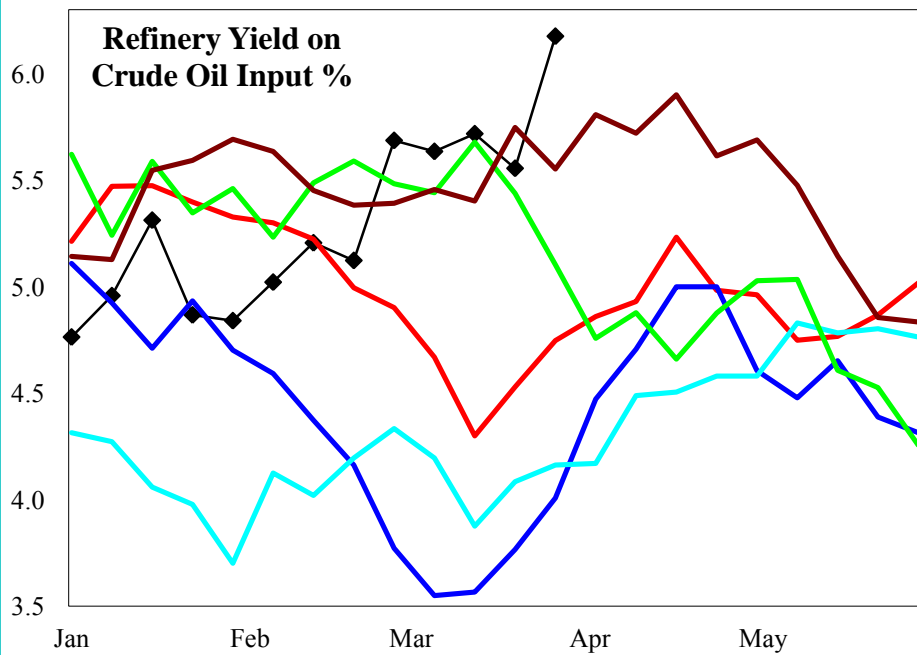
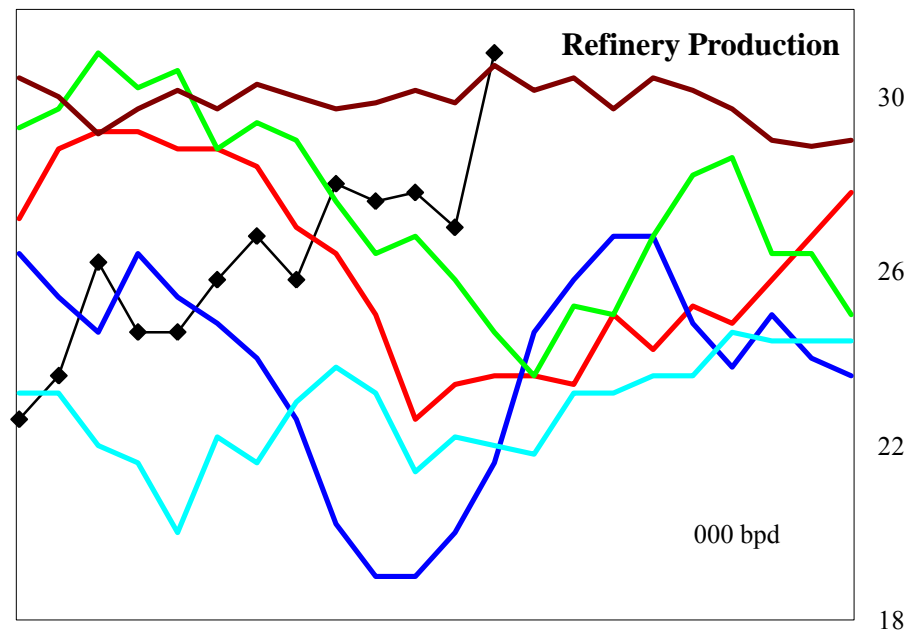
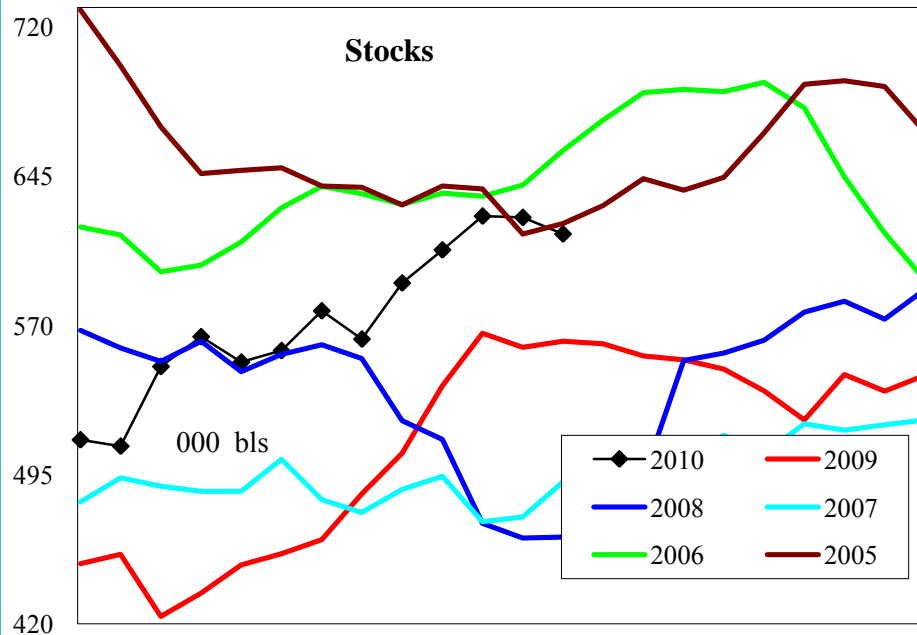
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply

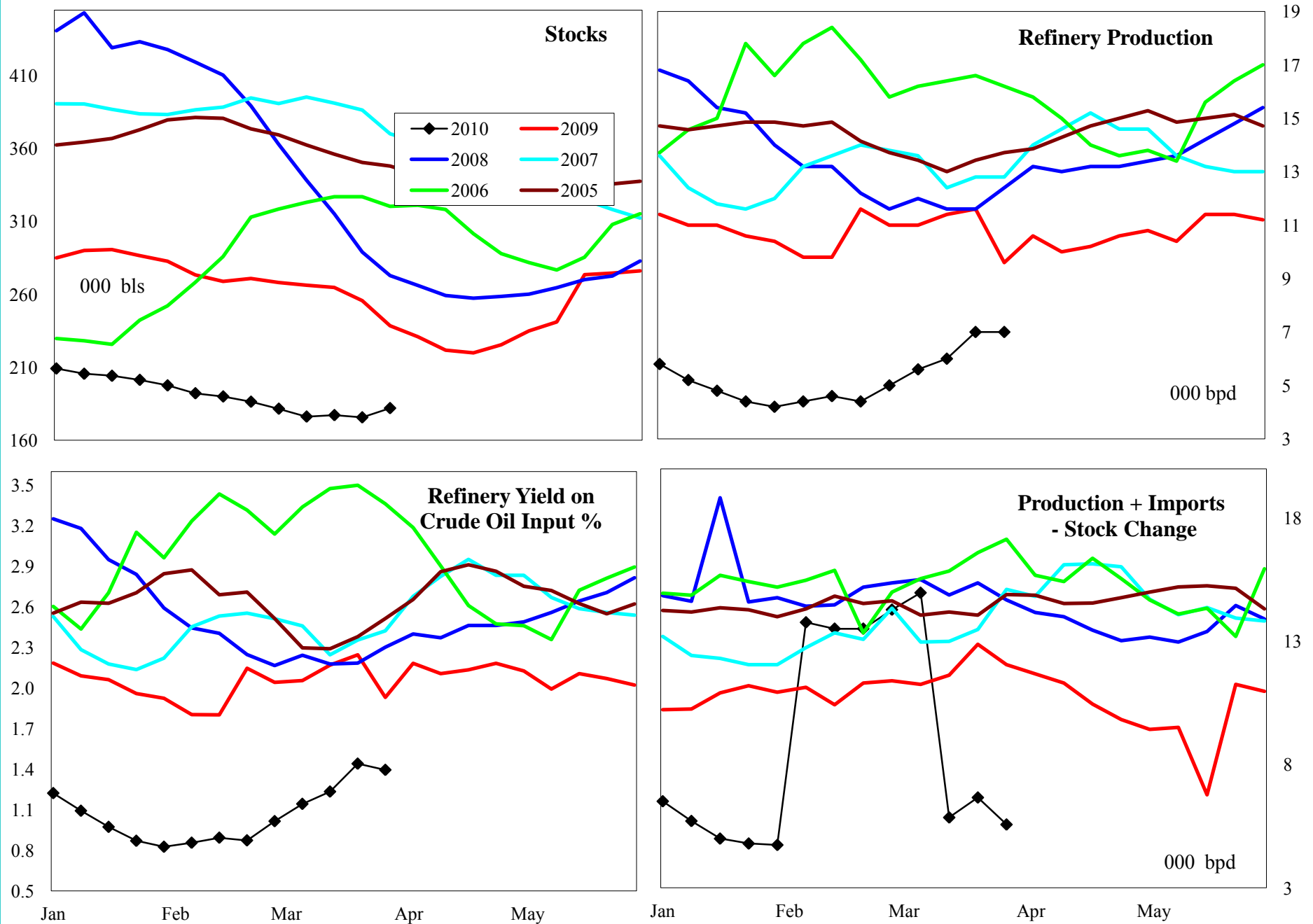


4 wk avg variance to prior year
000 bpd (000 bbls stks)
% change

Stocks Production
54 **6**
9.6 **25.3**

Prod + Imp - Stk chg
8
37.9

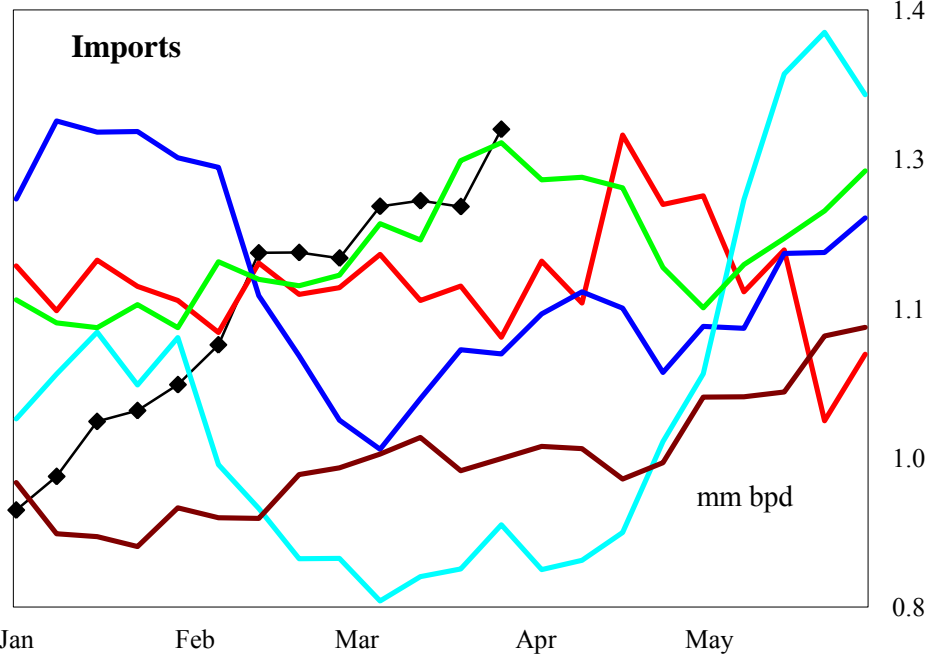
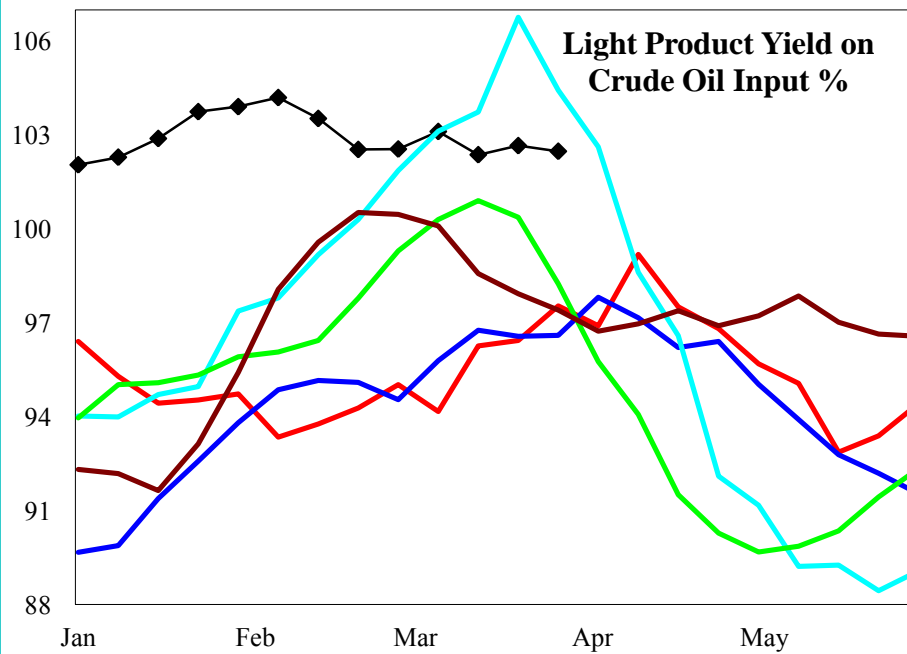
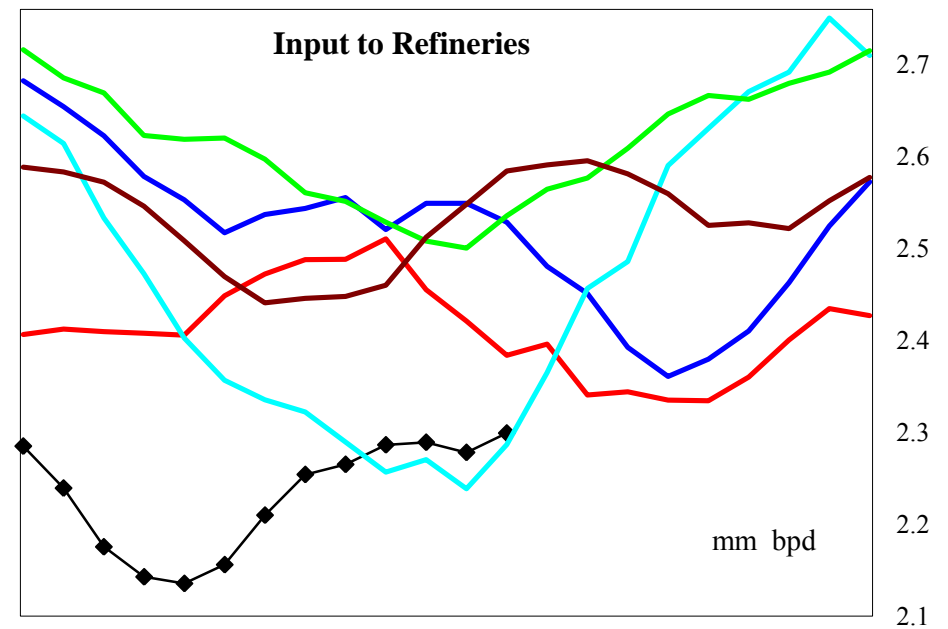
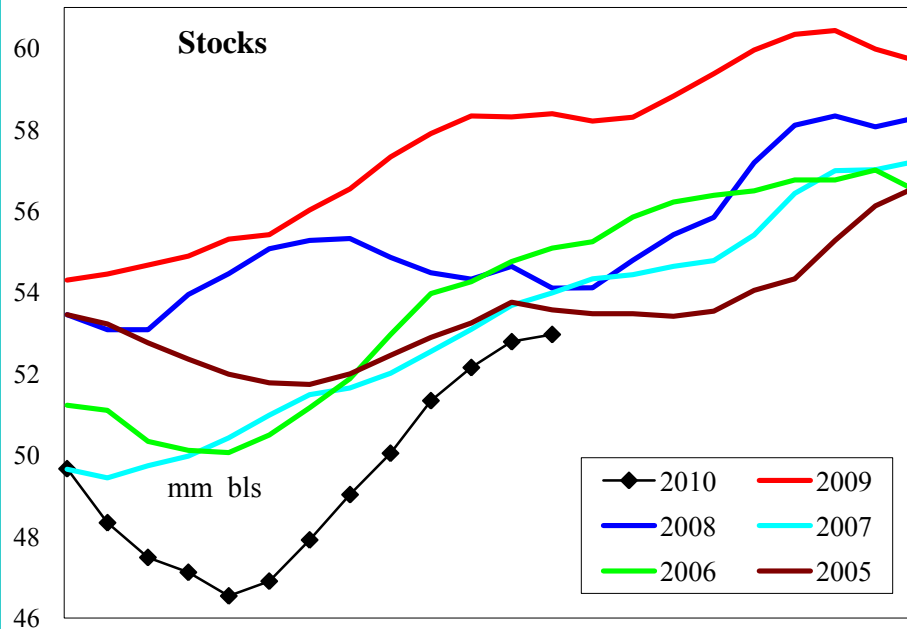
PADD 4 Residual Fuel Oil Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-57	-6	0	-7
-23.7	-47.9	#DIV/0!	-55.7

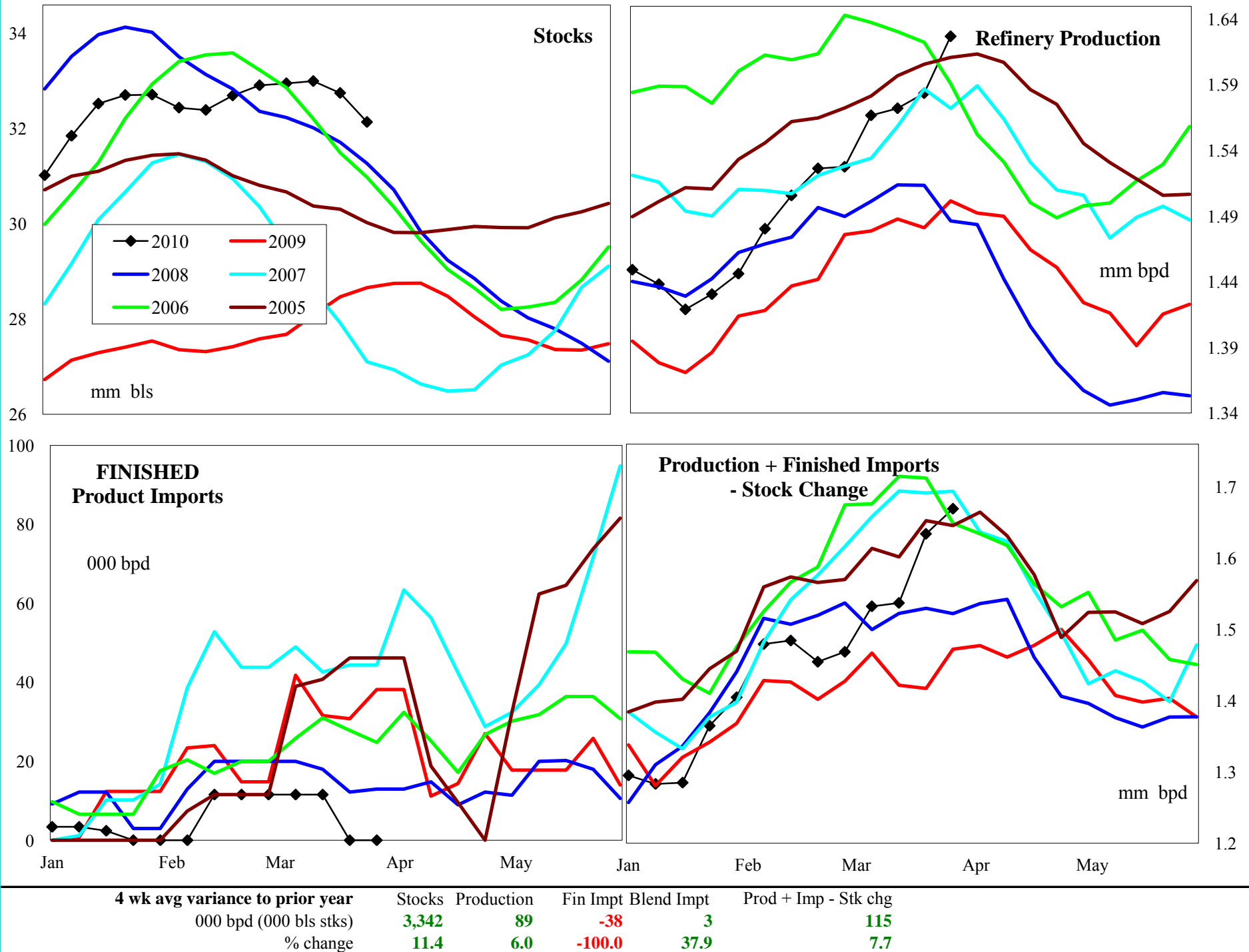
PADD 5 Crude Oil Supply and Refining



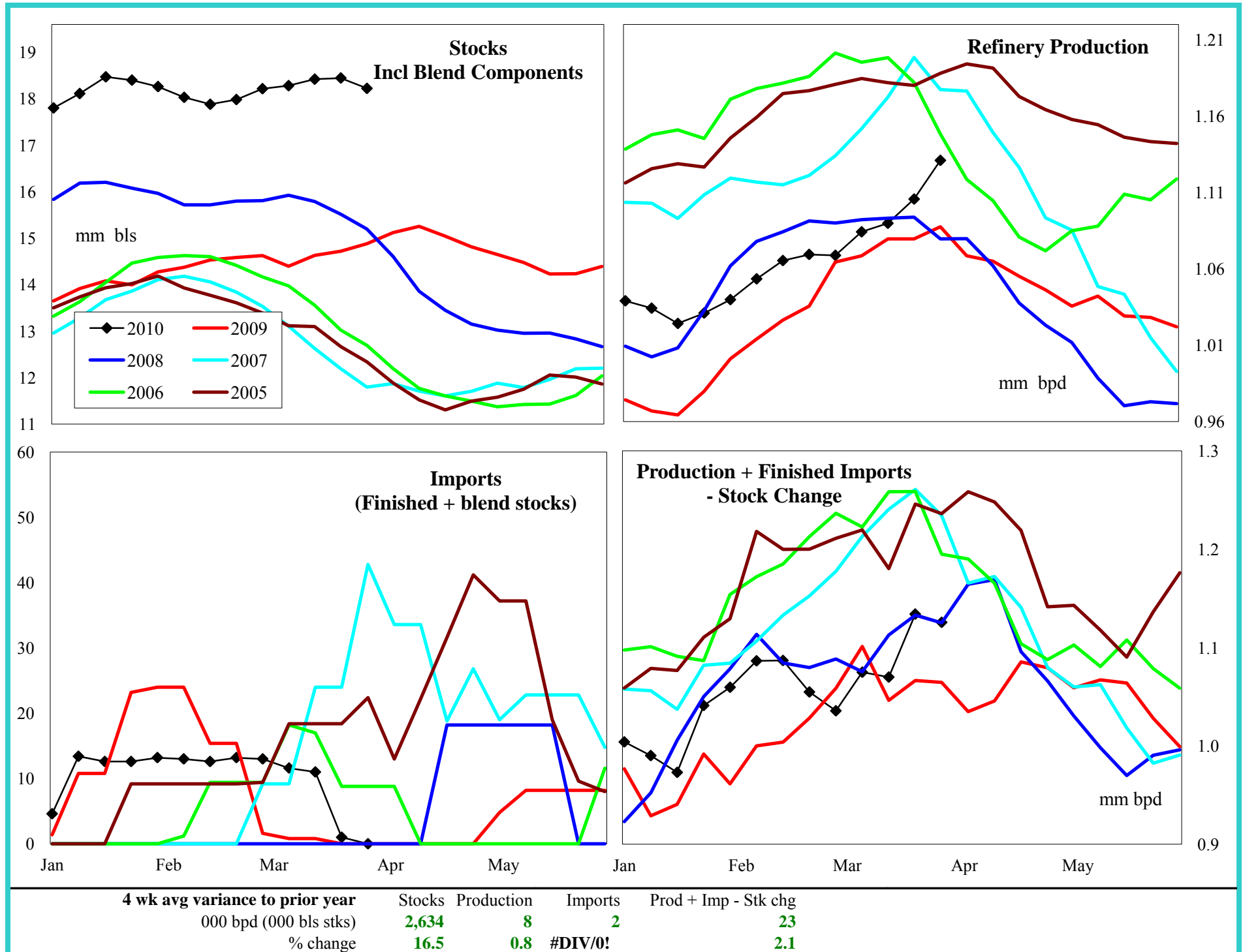
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Input	Imports
000 bpd (000 bls stks)	-5,420	-161	65
% change	-9.3	-6.5	6.0

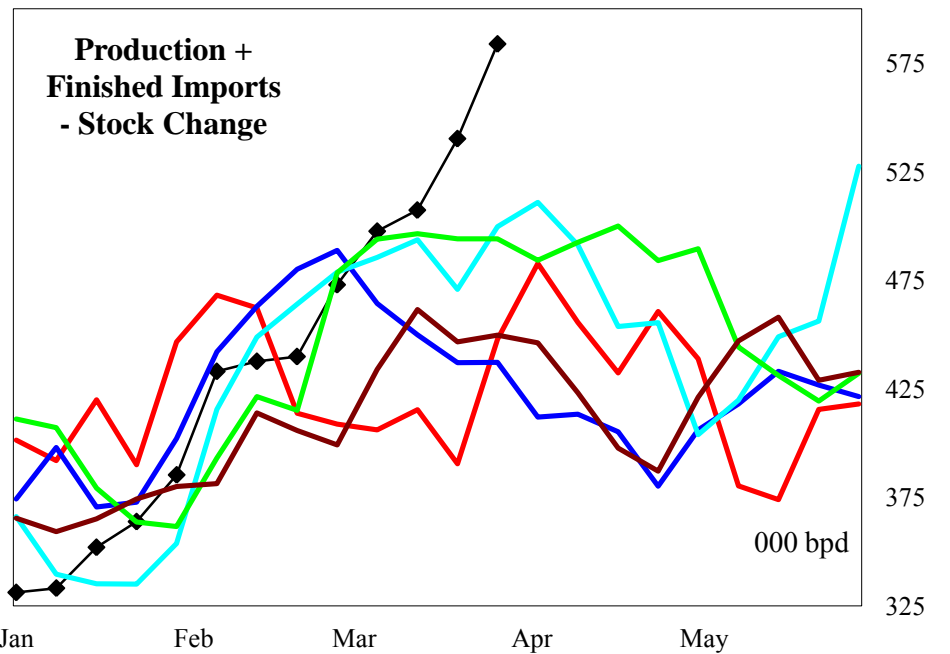
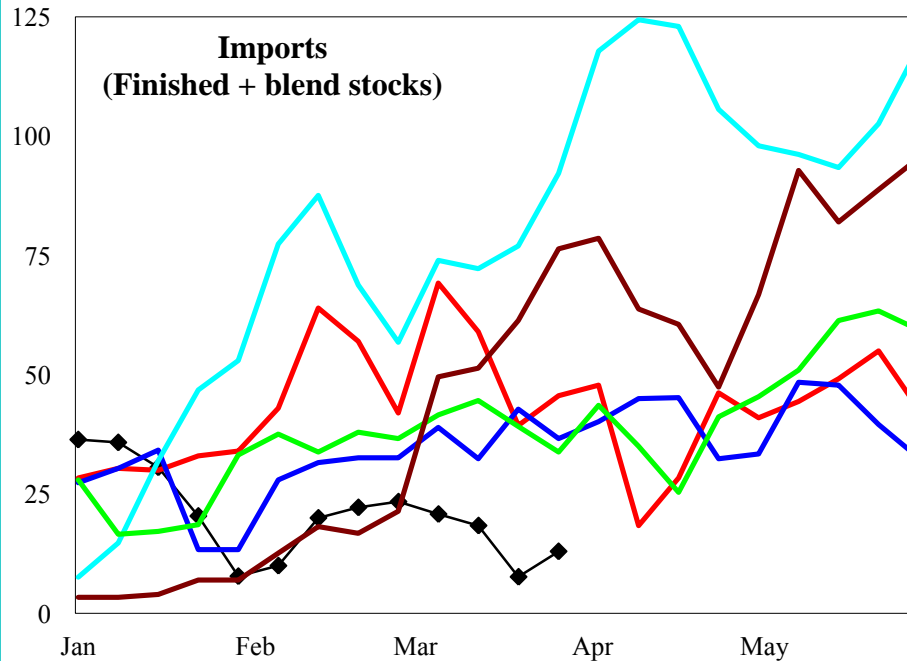
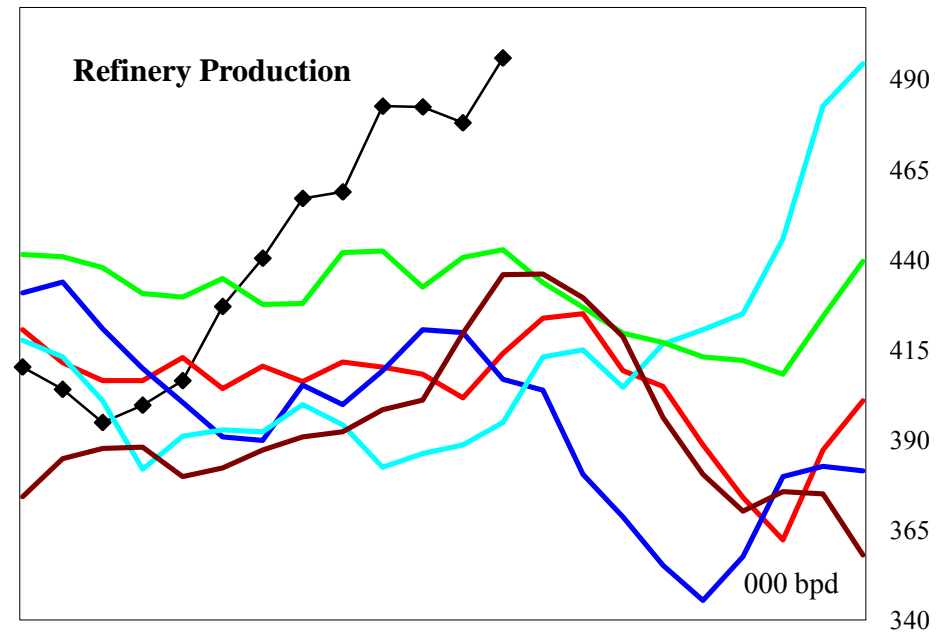
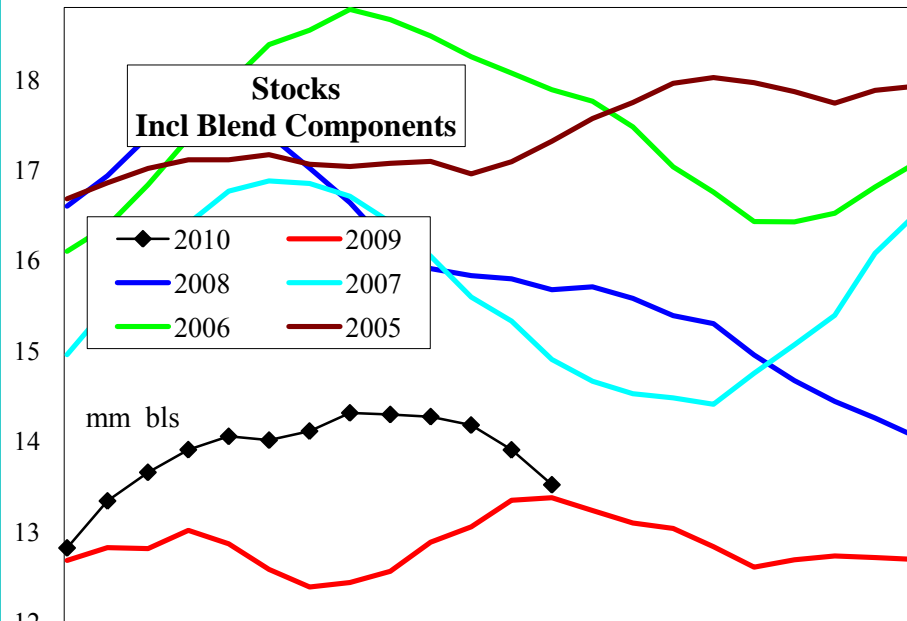
PADD 5 Gasoline Supply



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

708

81

-37

92

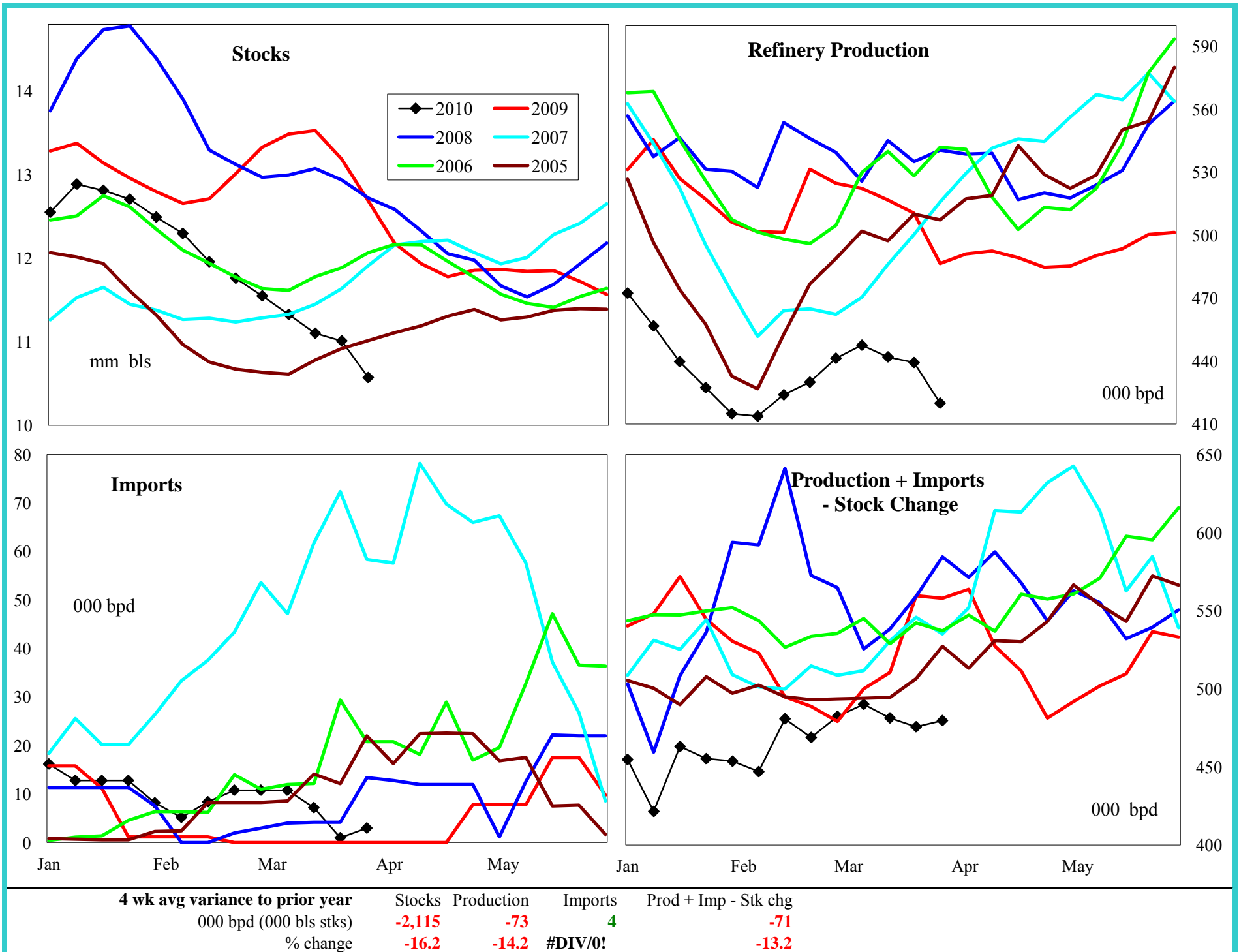
5.4

20.0

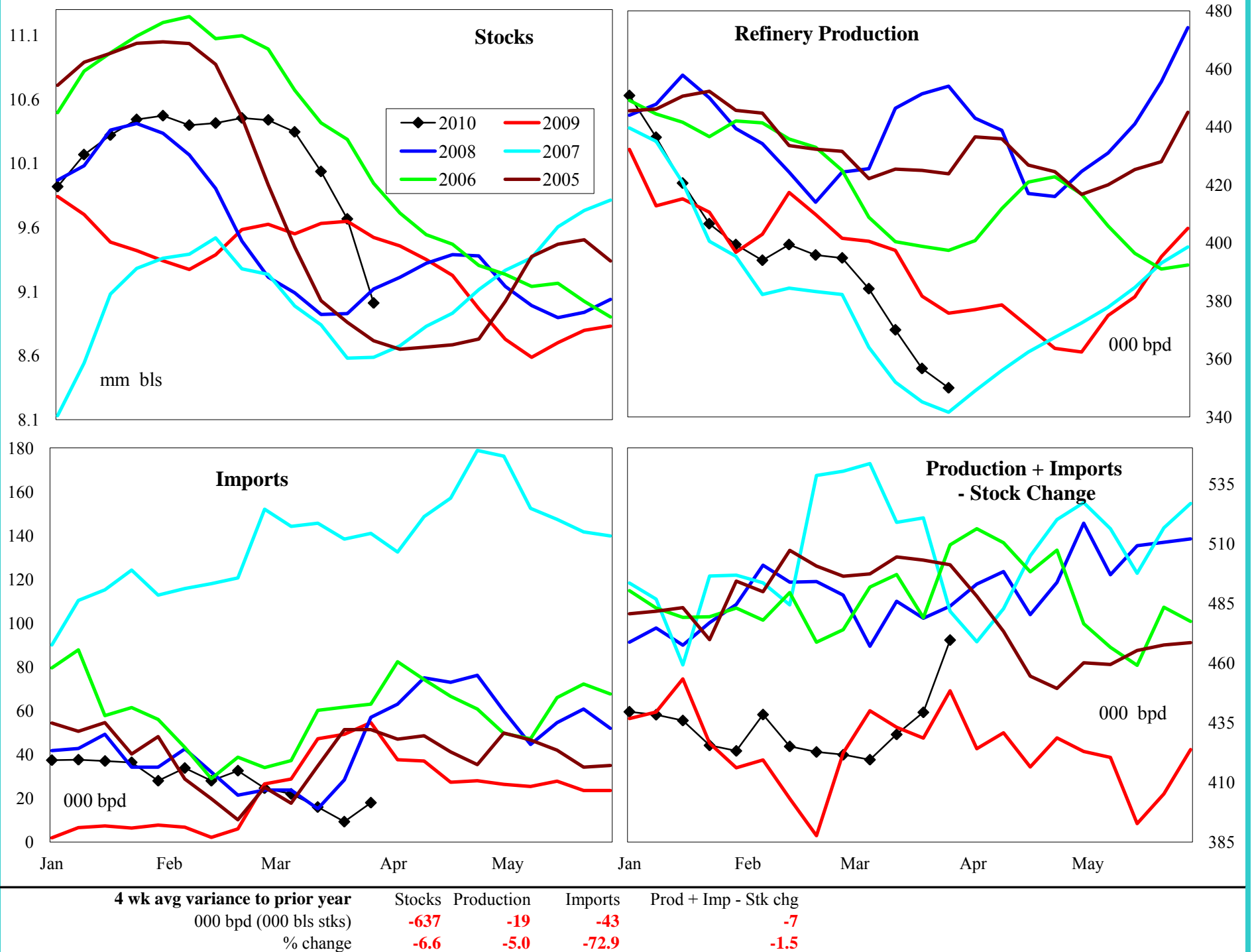
-81.1

21.9

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

