



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

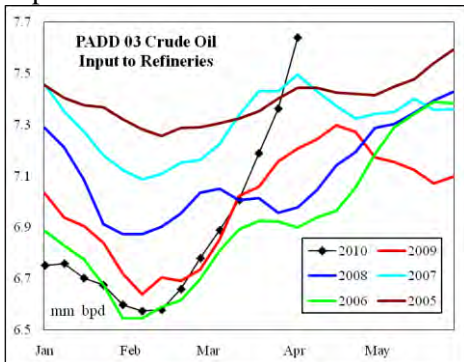
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, April 07, 2010



Major Fundamental Trends¹

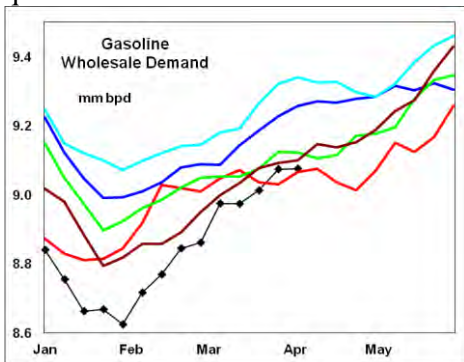
PADD 3 refiners have increased crude oil runs +1.2 million bpd in the last 60-days. Crude oil runs for all other regions combined were unchanged during the same period. Improved refining margins (including more favorable heavy - light crude oil price spreads) and the startup of Marathons' expansion underlie the increase.



Gulf refiners have disposed of the increased distillate production (+555,000 bpd) through exports and stock building.

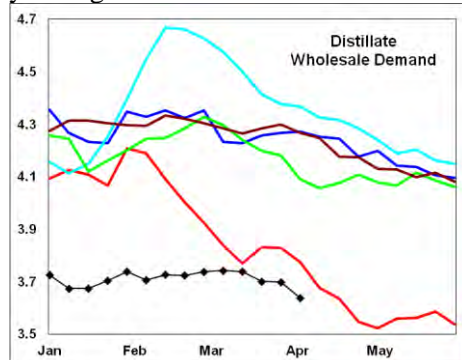
Gulf refiners have disposed of higher gasoline production by increasing deliveries to PADD 1, leading to a significant drop in imports into PADD 1.

This surge in Gulf refinery crude oil runs and corresponding transport fuel production threatens to over supply the transport fuels markets East of the Rockies during the spring quarter.



4-wk average demand levels for gasoline, distillate and jet fuel each

remain below year ago levels. Stock levels of all transport fuels are at 5-year highs.



A surge in imports has lifted crude oil stocks +22 million barrels during the last 2-months, with levels now near last years' record high.

These fundamental supply and demand trends in the U.S. domestic market may adversely impact oil prices during the spring quarter.

Demand for jet fuel declined -155,000 bpd last week, pulling back from the prior week surge.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -0.4%; distillate down -3.3%; jet fuel down -7.9% while residual fuel oil was unchanged.

Stocks forward coverage: Gasoline demand coverage decreased on the week with stocks down -2.5 million barrels. Coverage remains above the 5-year range.

Distillate demand coverage increased on a +1.1 million barrel stock build on the week. Coverage remains above the historic range.

Jet fuel coverage remains extremely high on very weak demand and high stock levels. Stock levels were nearly unchanged.

Residual fuel oil coverage increased on a +1.2 million barrel stock build. Coverage remains well above the historic range for the period.

Refinery utilization rates increased last week on a +370,000 bpd rise in crude oil runs. Runs were near the 5-year mid range, due in part to the startup of Marathons' expansion.

Gasoline yield % on crude oil runs decreased last week on a +56,000 bpd rise in output compared to the +370,000 bpd increase in crude oil input. Yield % matched the 5-year high for the period.

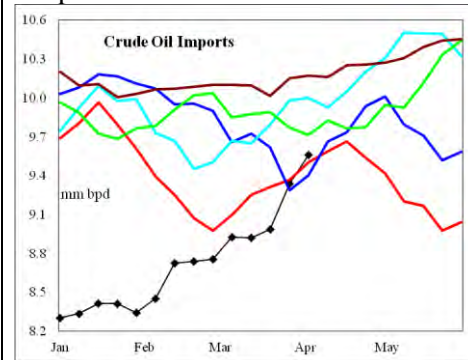
Distillate yield % on crude oil runs spiked to match the historic high on a +467,000 bpd rise in output last week.

Jet fuel yield % on crude oil runs increased on a +63,000 bpd rise in output.

Petroleum Imports of crude oil surged +501,000 bpd on the week, while distillate was down sharply.

During the latest 4-wk period distillate imports decreased -43,000 bpd compared to last year; finished gasoline imports decreased -169,000 bpd, gasoline blend stock imports decreased -283,000 bpd; jet fuel imports were -37,000 bpd lower while residual fuel oil imports increased +103,000 bpd.

Crude oil imports increased +501,000 bpd last week, to the highest weekly level since the 3rd quarter of 2009. A +370,000 bpd jump in runs limited the stock build to +2 million barrels. Stocks are now -4.9 million barrels below last years' record high for the period. Cushing stocks increased +0.2 million barrels last week, with the level now above last years' record high for the period.



¹ Source is latest EIA Weekly Statistics



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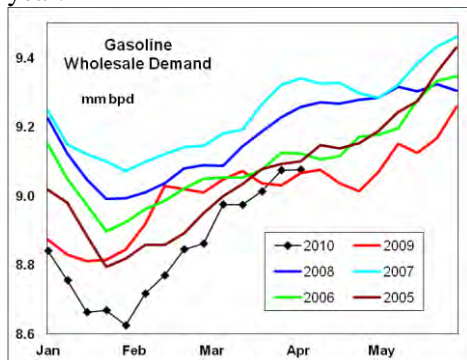
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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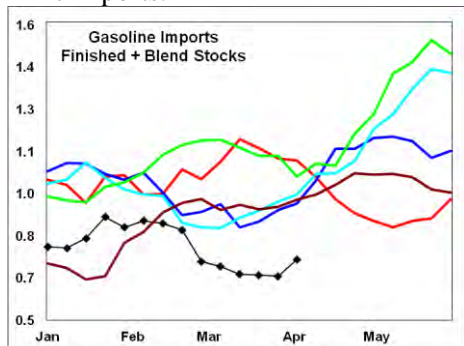
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Product Supply-Demand Trends

Gasoline demand increased +16,000 bpd last week. The latest 4-wk average was -33,000 bpd below last year.



Gasoline production increased +56,000 bpd on the week, with the latest 4-wk average +206,000 bpd above last year, a record high for this time of year. Record production was offset by a -452,000 bpd decline imports for the same period. Closure of European refining capacity last year continues to limit imports.



Stocks fell -2.5 million barrels last week, but remain above the 5-year range. Gasoline stocks are at record highs for this time of year in all major regions except PADD 1. Stocks in the Central Atlantic Region of PADD 1 are at 5-year lows for the period.

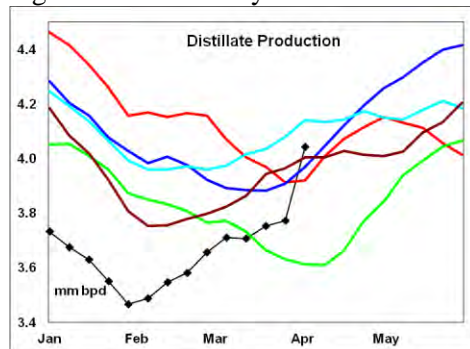
Dependence on imports into PADD 1 led to a -3 million barrel draw in that market last week. Other regions are exceptionally over supplied. Expect supplies in PADD 1 to remain relatively tight on low imports (due to closure of European refineries last year) during the spring quarter. Excess supplies in most markets should drive a price pull back for gasoline ahead of the start of

summer driving season in late May.

Distillate demand declined -9,000 bpd last week, with the latest 4-wk average -128,000 bpd below last year. Note that demand a year ago collapsed with the drop in economic activity.

Supply increased +299,000 bpd last week, with production surging +467,000 bpd; partially offset by a -168,000 bpd drop in imports. Weekly output was near the historic high.

Stocks increased +1.1 million barrels, including a +1.8 million barrel jump in the Gulf. Stock levels are +4.9 million barrels above last years' record high for this time of year.



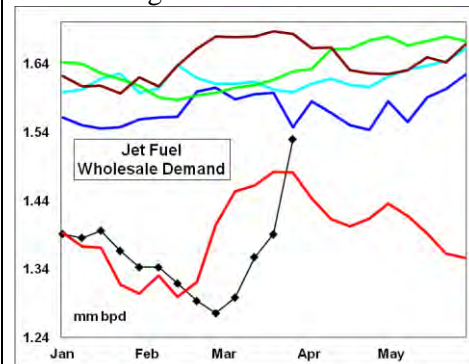
Domestic demand remains very weak. Improved global demand has lifted refining margins, combined with the startup of Marathons' expansion has lifted output to record weekly high for this time of year. The spike in output has occurred even while Midwest refiners continue maintenance at an above average rate. Stock levels remain extremely high.

This expansion in production indicates further tightening of supply may not occur ahead of the start of summer stock building. Gulf refiners will be extremely dependent on exports to evacuate their refineries. Look for distillate prices to exhibit relative weakness to crude oil.

Jet Fuel demand fell -155,000 bpd on the week, driving demand below the 5-year range. The latest 4-wk average was -119,000 bpd below a year ago.

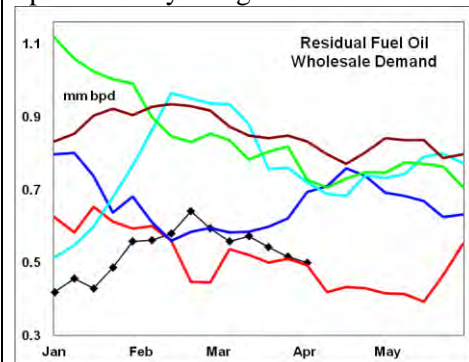
Supply increased +23,000 bpd on the week, but remains below the 5-year range. The latest 4-wk average supply was -41,000 bpd below last years'

record low level. Stocks were nearly unchanged, at a level slightly above the historic range.



Demand remains very weak, off -8% from last years' record lows. Stock levels are very high for this time of year and production is trending higher. Expect weak jet fuel prices compared to the overall energy complex.

Residual fuel oil demand, including exports, increased +48,000 bpd last week, with the 4-wk average -3,000 bpd below a year ago.



Imports decreased -82,000 bpd on the week, partially offset by a +60,000 bpd rise in production. The latest 4-wk supply was +40,000 bpd above last year. Stocks increased +1.2 million barrels to a new high for the period.

Stock levels are exceptionally high in the Gulf and very ample in PADD 1. Other regions have cut output, limiting stock levels to the low end of the historic range.

Readily available imports have offset lower production, so that the market key PADD 1 and 3 markets remain very well supplied. Look for relative price strength compared to the energy complex to maintain imports for domestic needs.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

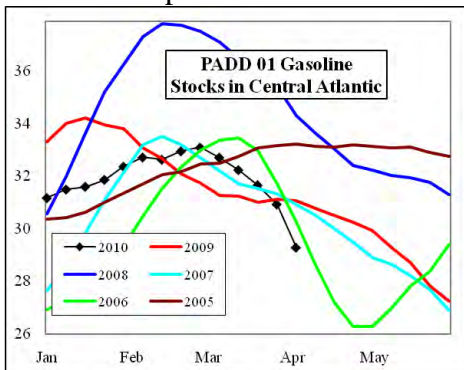
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +41,000 bpd on the week, to match last years' record low level. Imports increased +293,000 bpd to the low end of the 5-year range.

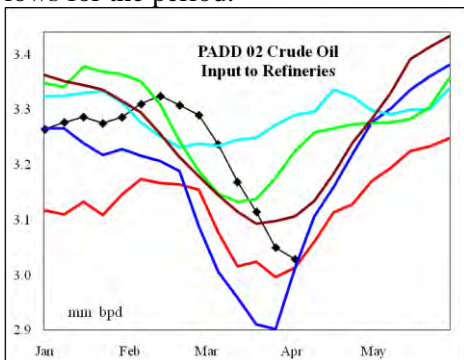
Gasoline production decreased -16,000 bpd last week, with the latest 4-wk average +330,000 bpd above a year ago. Imports were unchanged and remain extremely low. Stocks decreased -3 million barrels, with the Central Atlantic and New England Regions at 5-year lows for the period.



Distillate supply decreased -150,000 bpd on a -170,000 bpd drop in imports. Stocks decreased -0.5 million barrels, with the level +4.3 million barrels above last year, and a record high.

Jet fuel supply decreased -46,000 bpd on lower imports that offset slightly higher production. Stock levels remain above the 5-year range.

PADD 2 crude oil refinery runs increased +2,000 last week, to match lows for the period.



Crude oil imports decreased -317,000 bpd last week, to the upper end of the historic range. Stocks increased +0.5

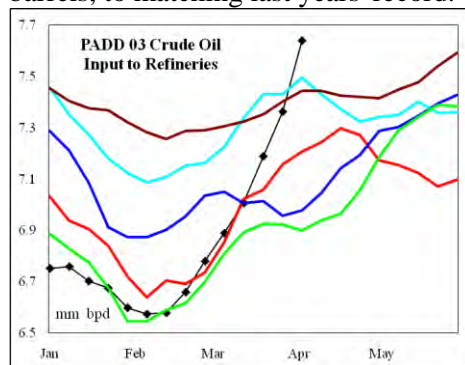
million barrels to a new 5-year high for the period. Stocks in Cushing increased +0.2 million barrels, to a new 5-year high for the period.

Gasoline production decreased -2,000 bpd on the week, to a level matching the mid range. Stocks decreased -0.3 million barrels, with the level above the 5-year range.

Distillate production increased +69,000 bpd last week, but remains at the low end of the historic range for this time of year. Stocks decreased -0.4 million barrels.

Jet fuel production decreased -8,000 bpd to below the historic range for the period. Stock levels remain above the mid range.

PADD 3 refinery crude oil runs increased +310,000 bpd last week, to a new all time high for the first 6-months of the year; reflecting in part the startup of the Marathon expansion. Imports jumped +0.9 million bpd to above the highest level of the last 12-months. Stocks increased +1.2 million barrels, to matching last years' record.



Gasoline production increased +33,000 bpd last week, with the 4-wk average -287,000 bpd below a year ago. Stocks increased +0.1 million barrels, and remain above the historic range.

Distillate production jumped +298,000 bpd last week, to match the 5-year high for the period. Stocks increased +1.8 million barrels, and are now +6.3 million barrels above the prior record high for the period.

Jet fuel supply increased +84,000 bpd on the week, to the upper end of the historic range. Stocks climbed +0.6 million barrels to a record high

for the period.

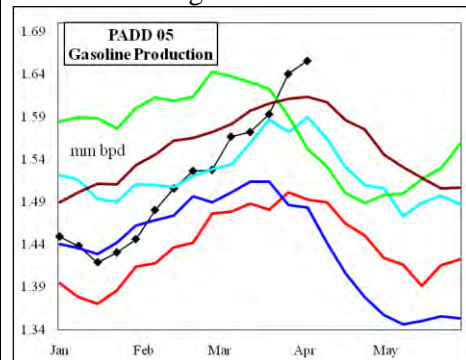
Residual fuel oil imports decreased -75,000 bpd, partially offset by a +43,000 bpd increase in production. Stocks increased +1.2 million barrels to a new record high for the period.

PADD 4 refinery crude oil runs decreased -20,000 bpd last week, with the latest 4-wk average -27,000 bpd below year ago levels. Runs are at the low end of the 5-year range.

Gasoline production increased +12,000 bpd on the week, and remains above the historic range for this time of year. Stock levels are at the historic mid range.

Distillate production was nearly unchanged at the 5-year mid range. Stock levels remain nearly unchanged at the historic mid range.

PADD 5 crude oil refinery runs increased +37,000 bpd on the week, a level that is at the low end of the historic range. The latest 4-wk average run rate was -113,000 bpd below a year ago. Crude oil stocks decreased -0.4 million barrels, and remain below the historic range.



Gasoline production increased +29,000 bpd last week, to a new 5-year high for the period. The latest 4-wk average was +107,000 bpd above last year. Stocks increased +0.9 million barrels, +2 million barrels above 5-yr range.

Distillate production increased +83,000 bpd on the week, to the highest rate of the last quarter. Stocks increased +0.2 million barrels but remain below the historic range.

Jet fuel supply was nearly unchanged with both production and stock levels near 5-year lows.


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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

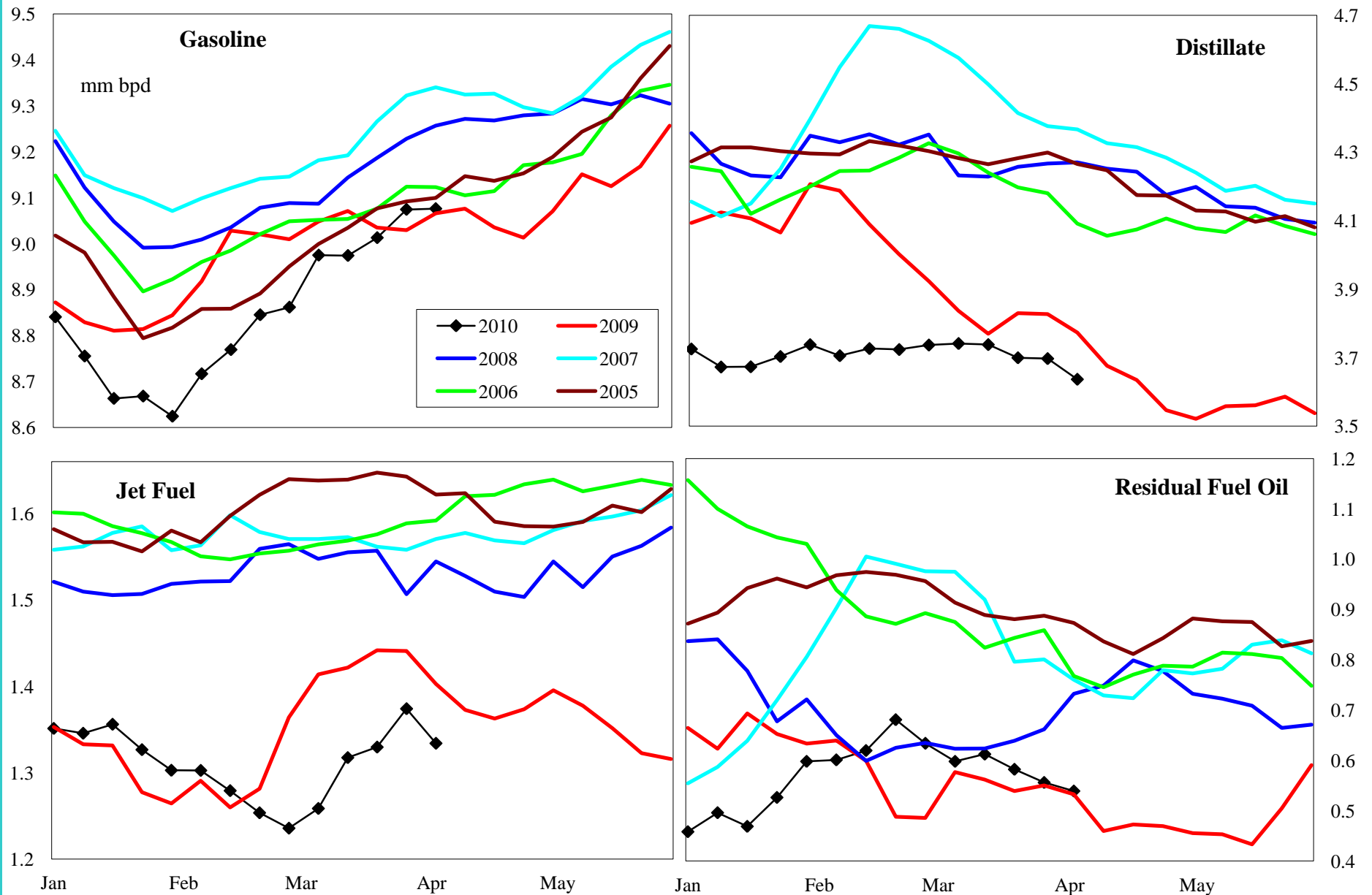
April 7, 2010

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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	2-Apr-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	1,976	282	524	1,187	401	-418
	Imports	501	293	-317	858	23	-356
	Input	370	41	2	310	-20	37
	% Utilization	1.89					
<u>Gasoline</u>	Stocks	-2,498	-3,035	-307	147	-241	938
	Production	56	-16	-2	33	12	29
	Imports	46	4	0	55	0	-13
	Supplied	16					
<u>Distillate</u>	Stocks	1,074	-545	-435	1,849	13	192
	Production	467	20	69	298	-3	83
	Imports	-168	-170	1	0	4	-3
	Supplied	-9					
<u>Jet Fuel</u>	Stocks	63	-179	-208	567	-64	-53
	Production	60	6	-8	63	-3	2
	Imports	-37	-52	0	21	0	-6
	Supplied	-155					
<u>Residual Fuel Oil</u>	Stocks	1,212	-304	64	1,200	-11	263
	Production	54	-5	19	43	0	-3
	Imports	-82	-50	1	-75	0	42
	Supplied	48					

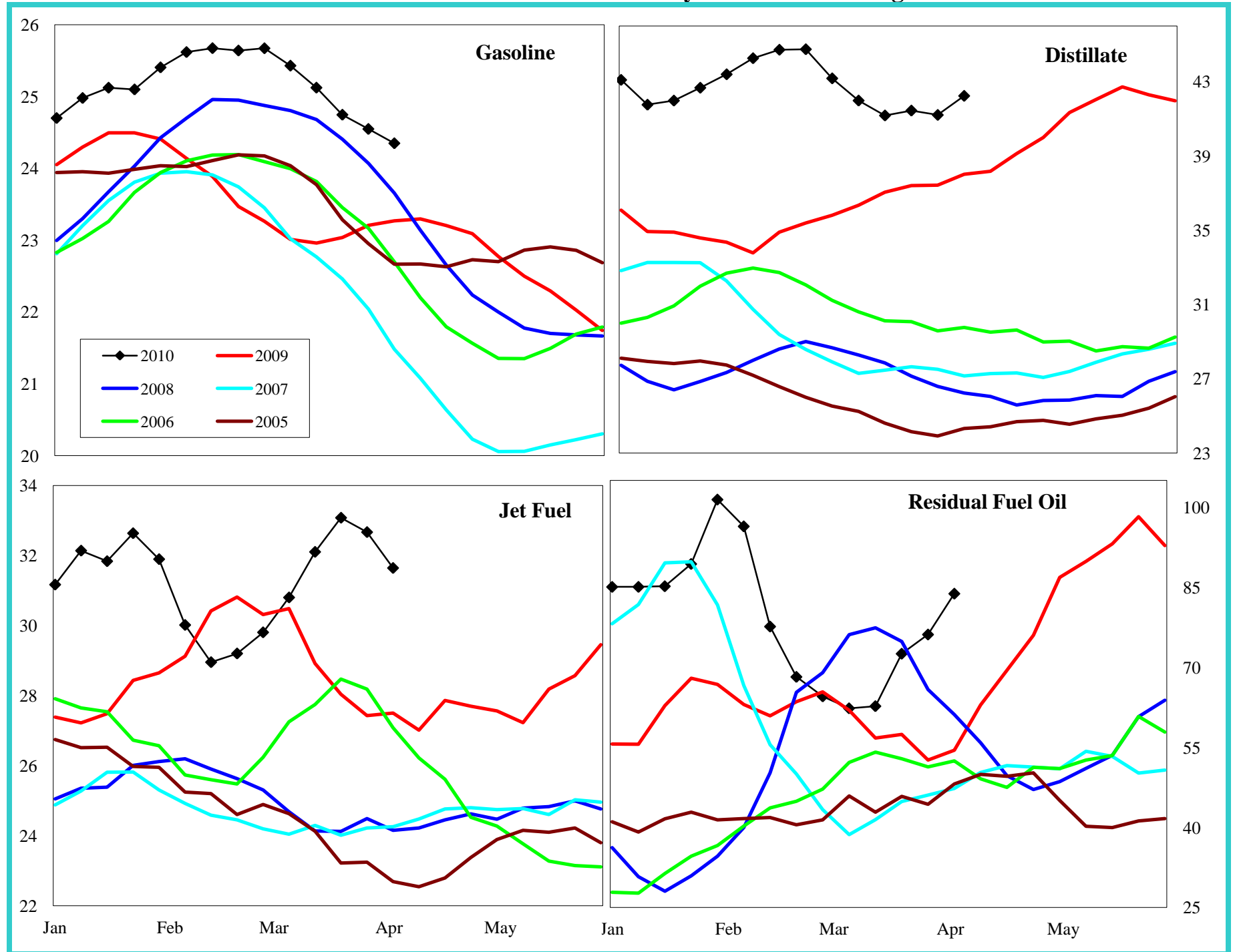
United States Wholesale Petroleum Demand



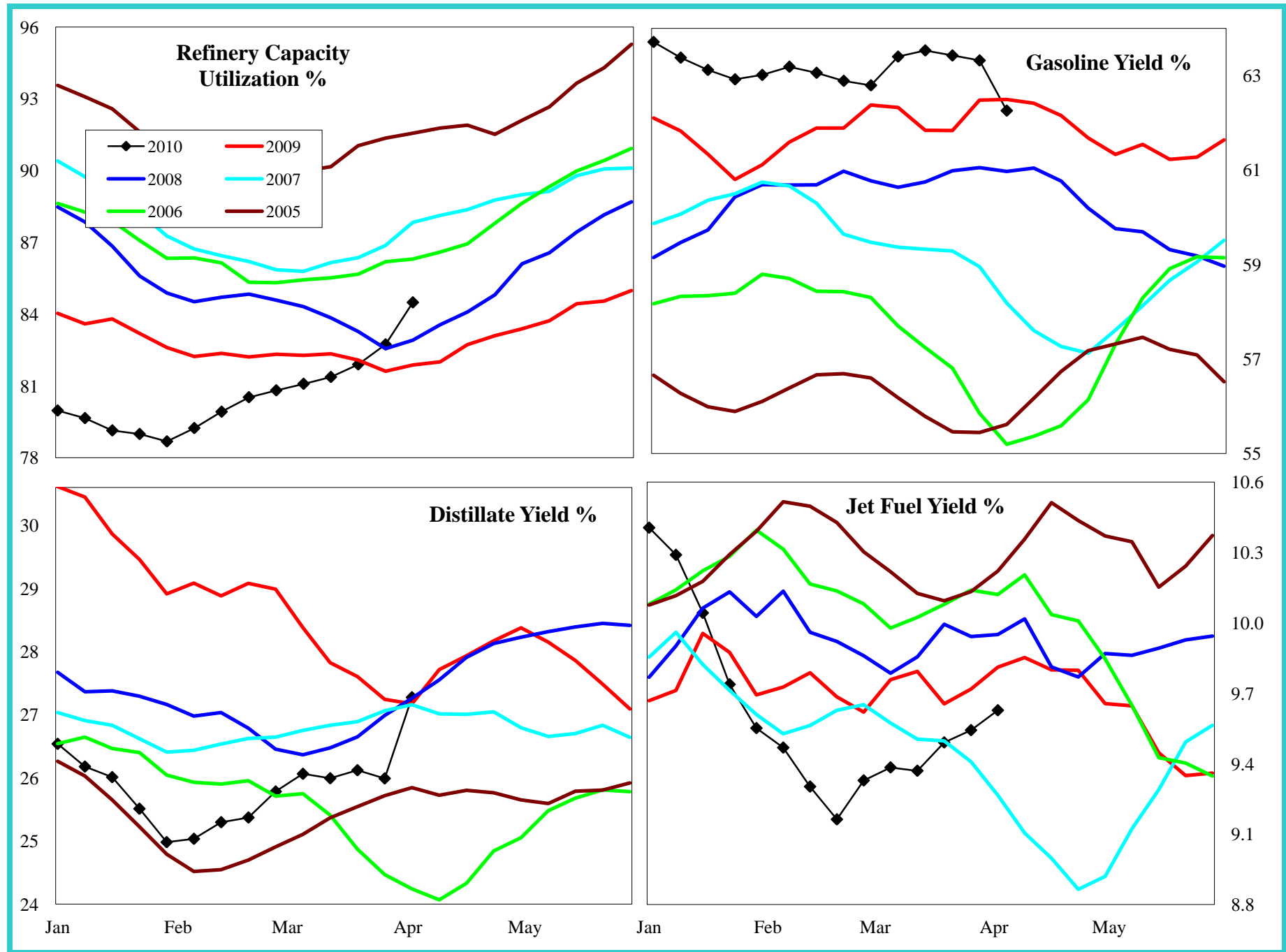
	000 bpd change from prior year				% change from prior year			
	4wk avg	Feb	Jan	Dec	4wk avg	Feb	Jan	Dec
Gasoline	-33	16	-35	34	-0.4	0.2	-0.4	0.4
Distillate	-128	-177	-371	-79	-3.3	-4.5	-9.1	-2.1
Jet Fuel	-119	-59	6	96	-7.9	-4.4	0.4	6.9
Resid	-3	162	-207	-273	-0.5	32.0	-29.6	-36.3



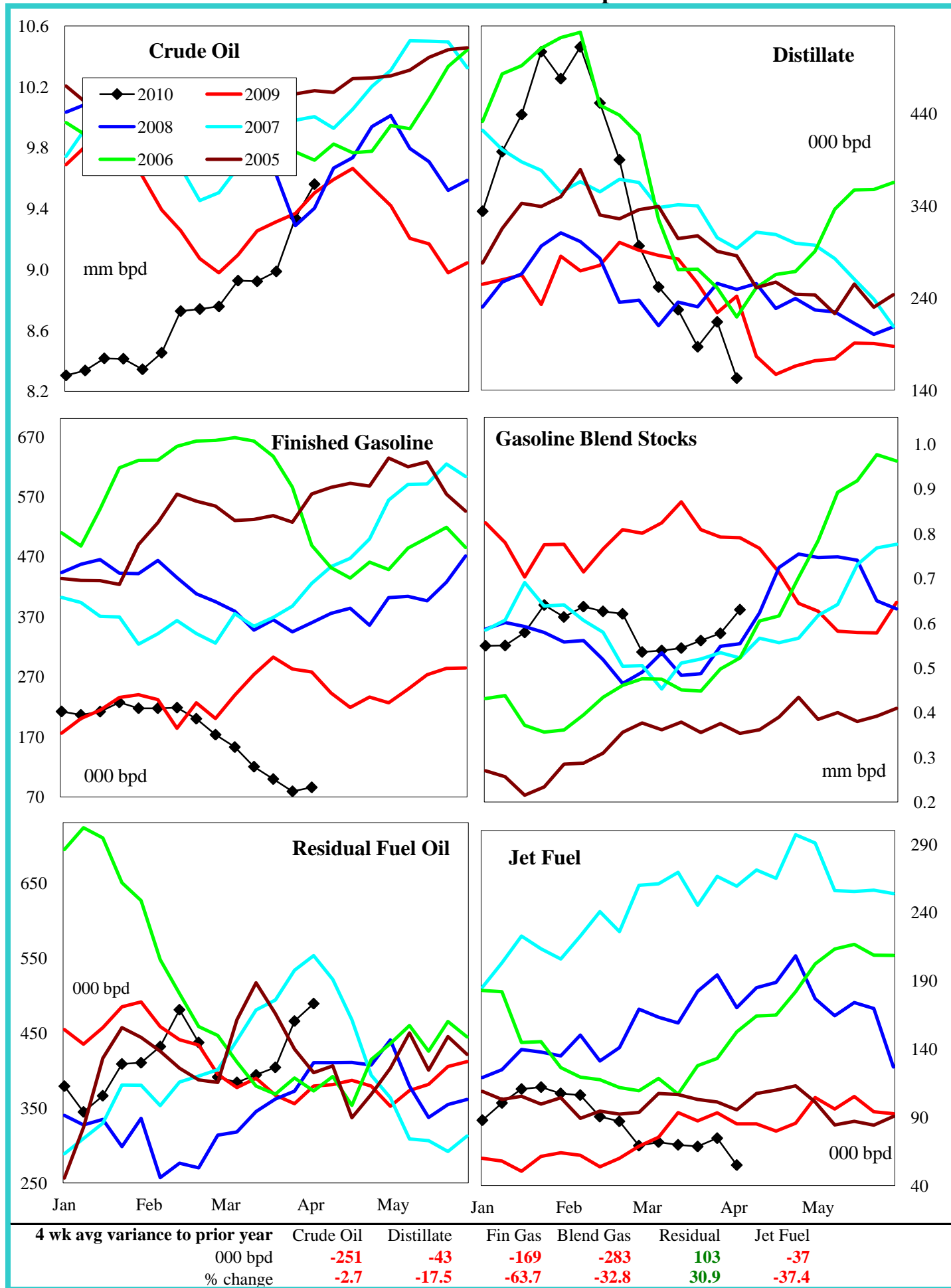
United States Product Stocks: Days Forward Coverage



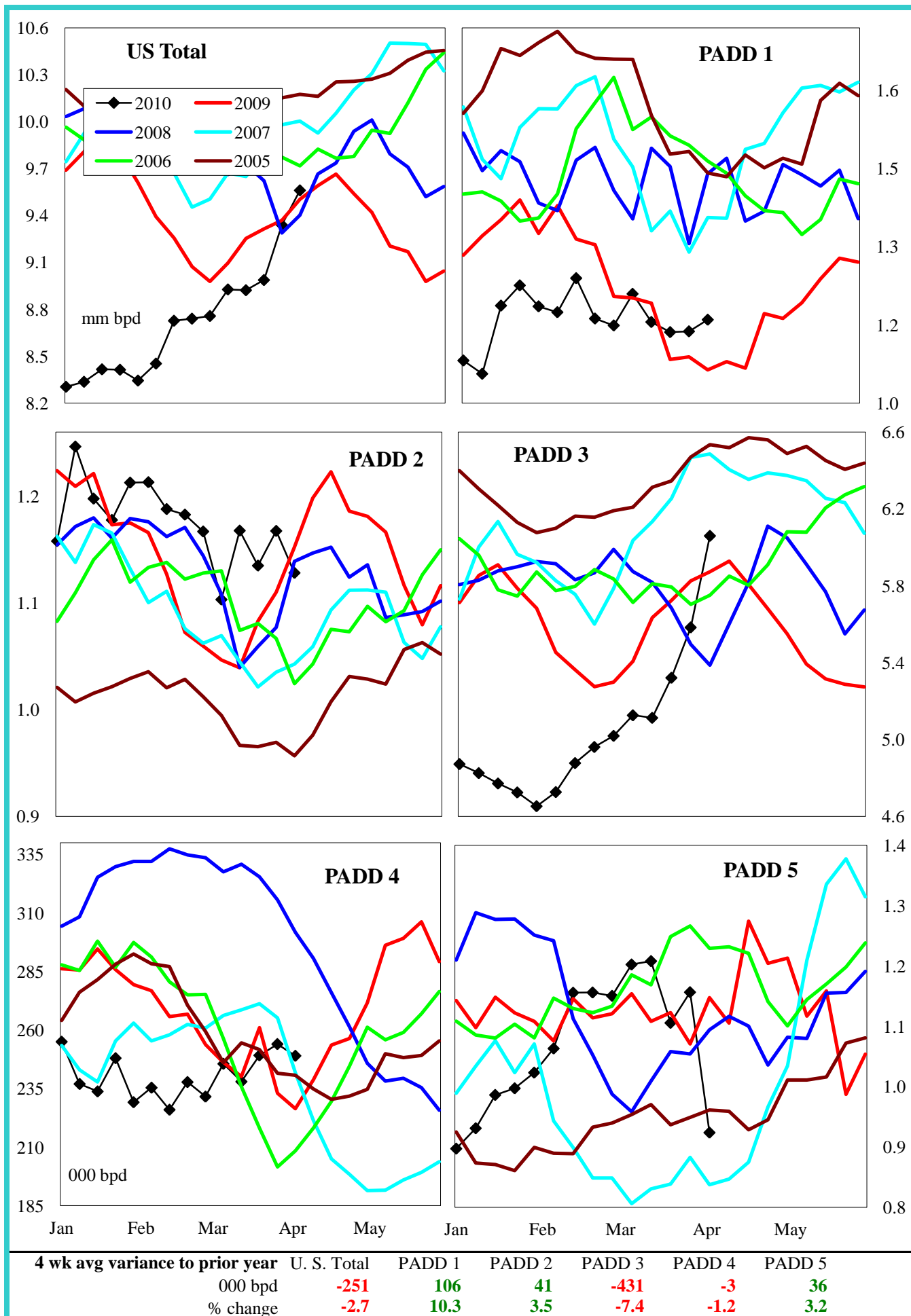
United States Refinery Percent Utilization Rate and Product Yields



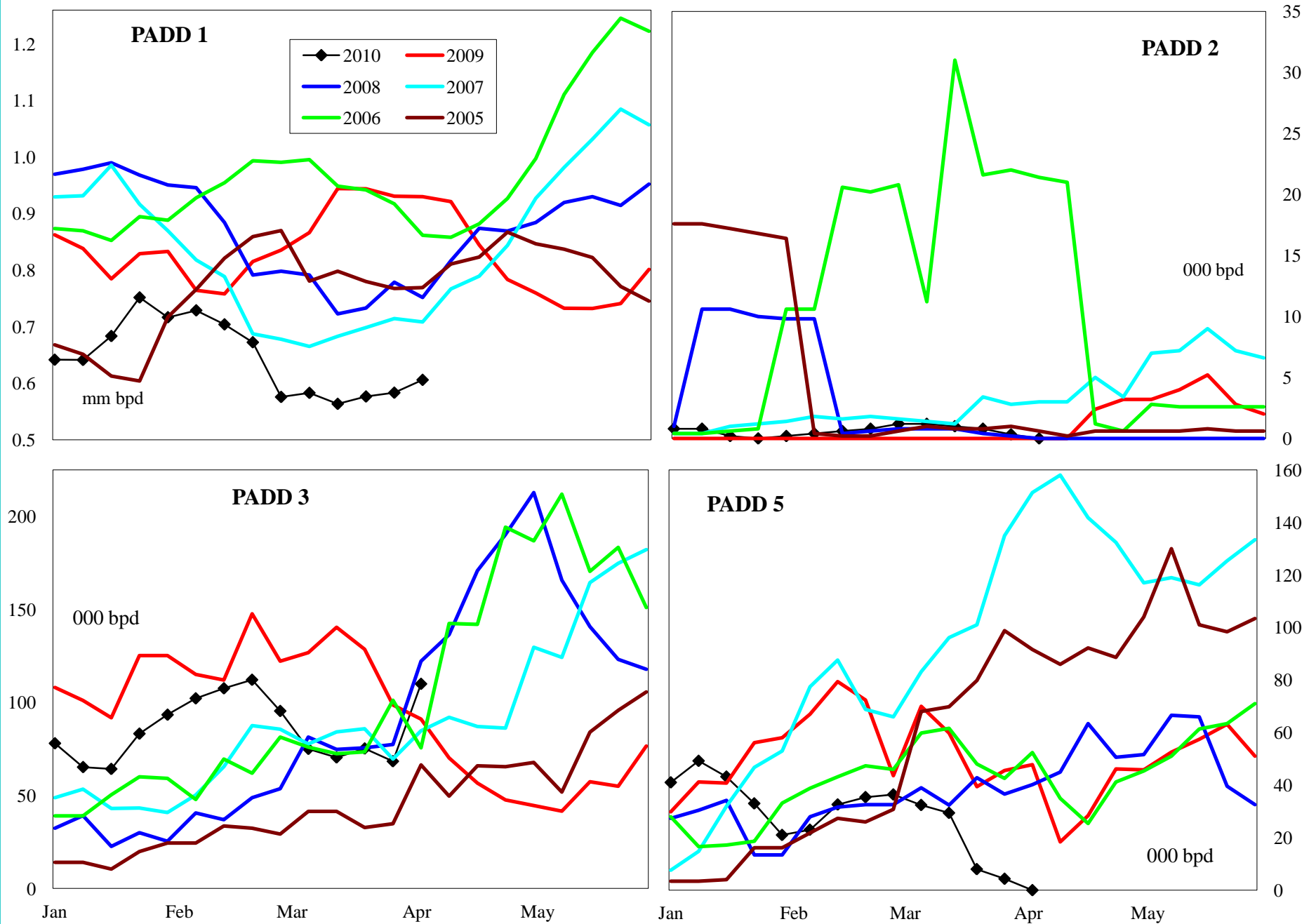
United States Petroleum Imports



Crude Oil Imports by PADD



Gasoline Imports by PADD (Finished + Blend Stocks)



4 wk avg variance to prior year

000 bpd

% change

PADD 1

-389

-39.6

PADD 2

1

#DIV/0!

PADD 3

-28

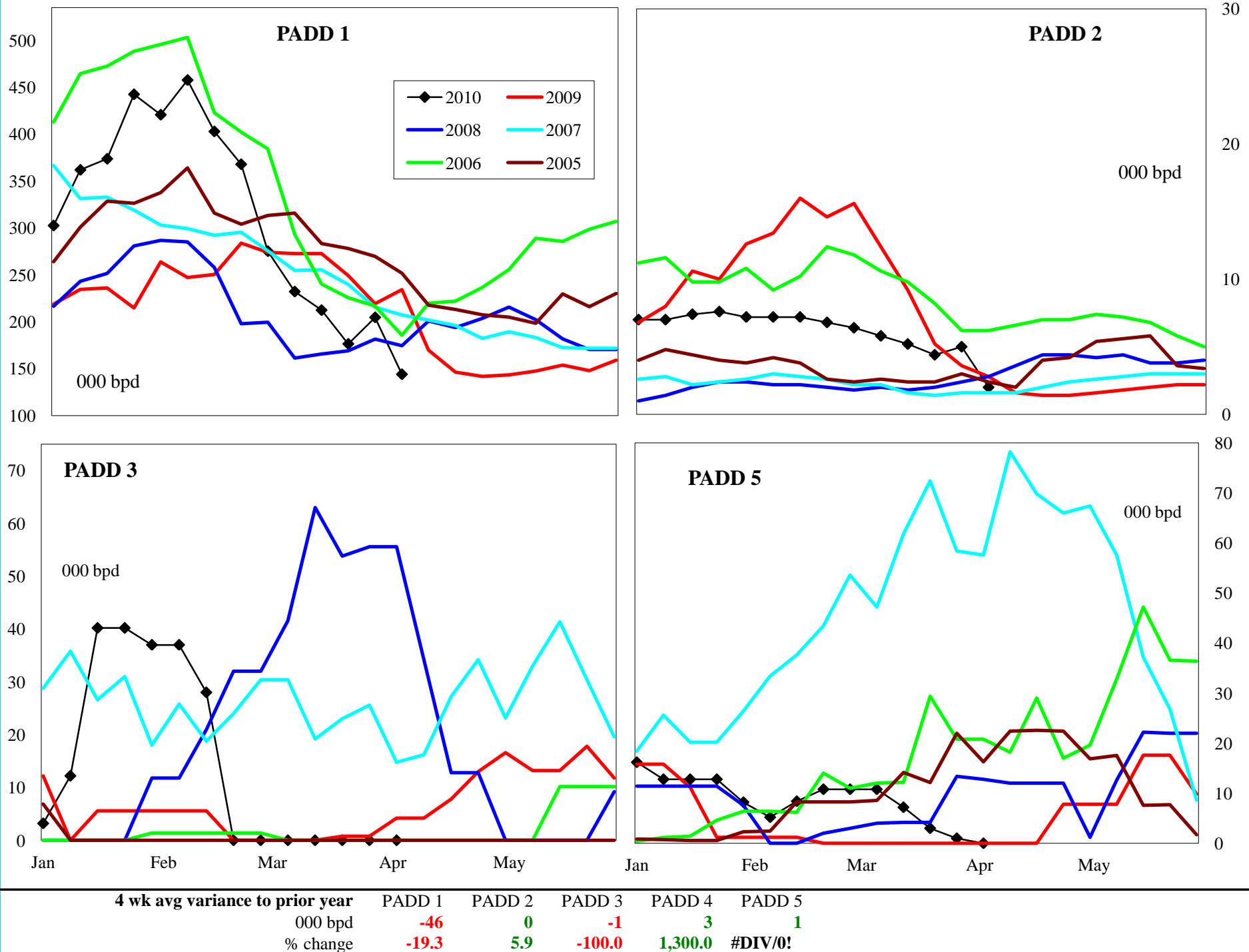
-27.3

PADD 5

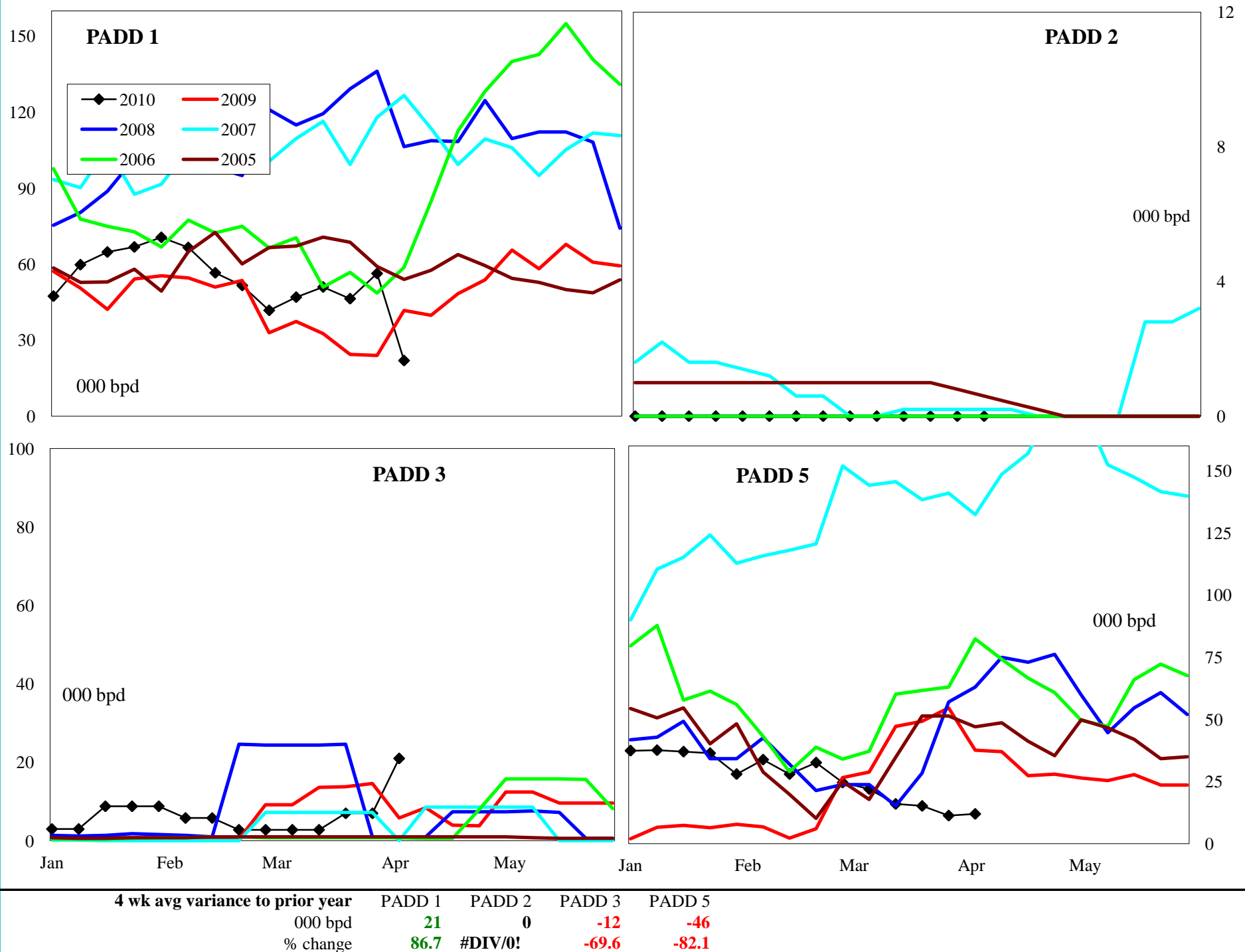
-36

-84.5

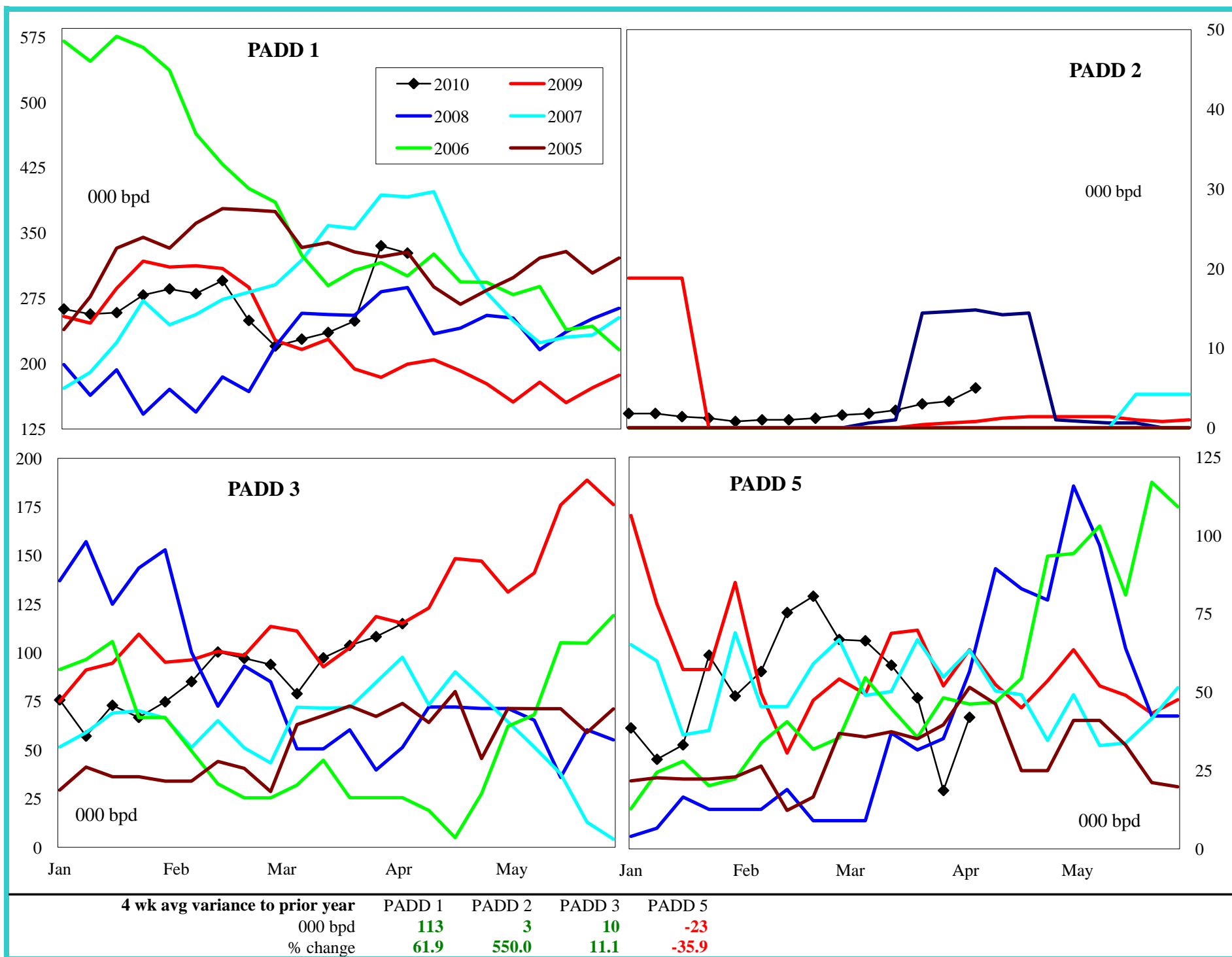
Distillate Imports by PADD



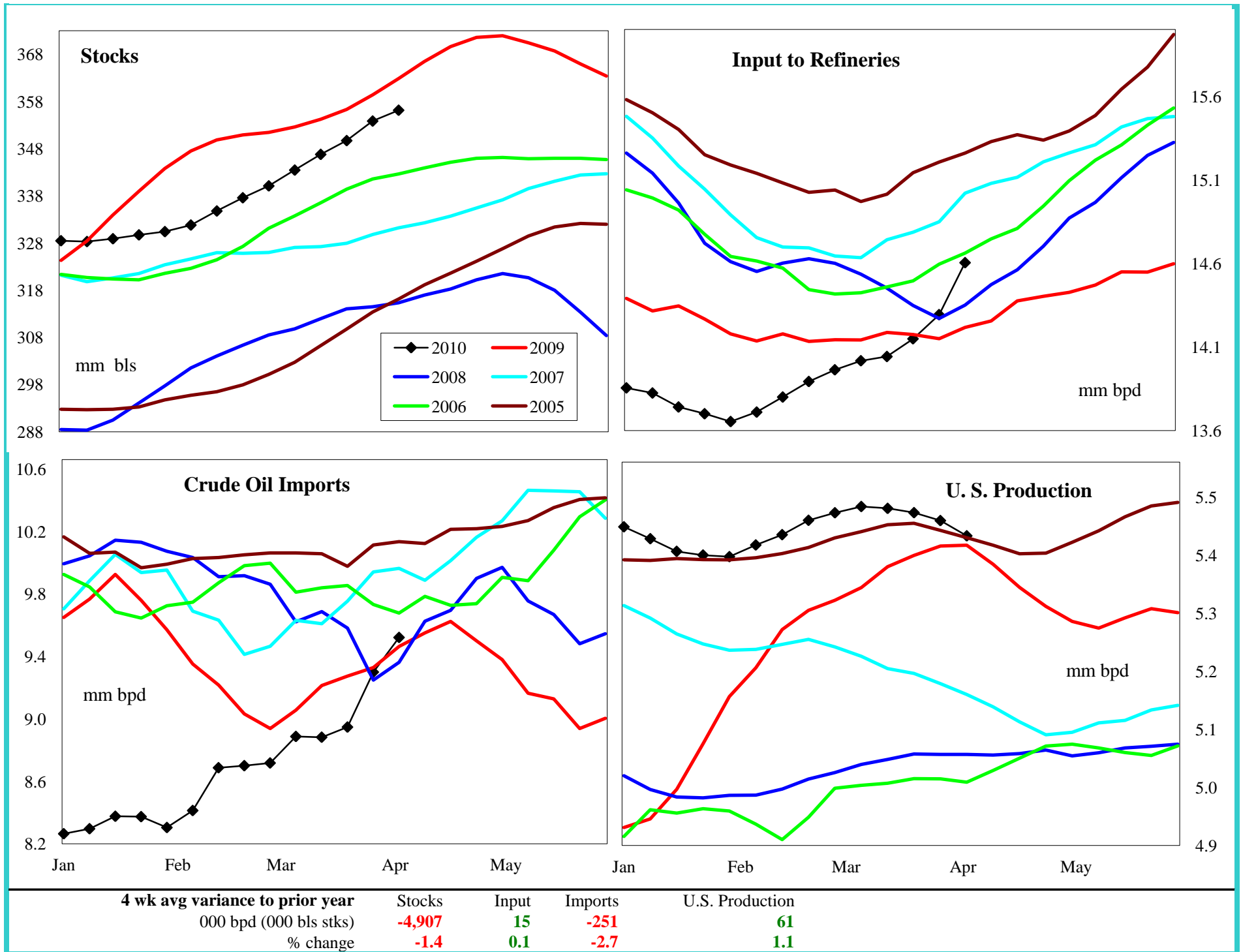
Jet Fuel Imports by PADD



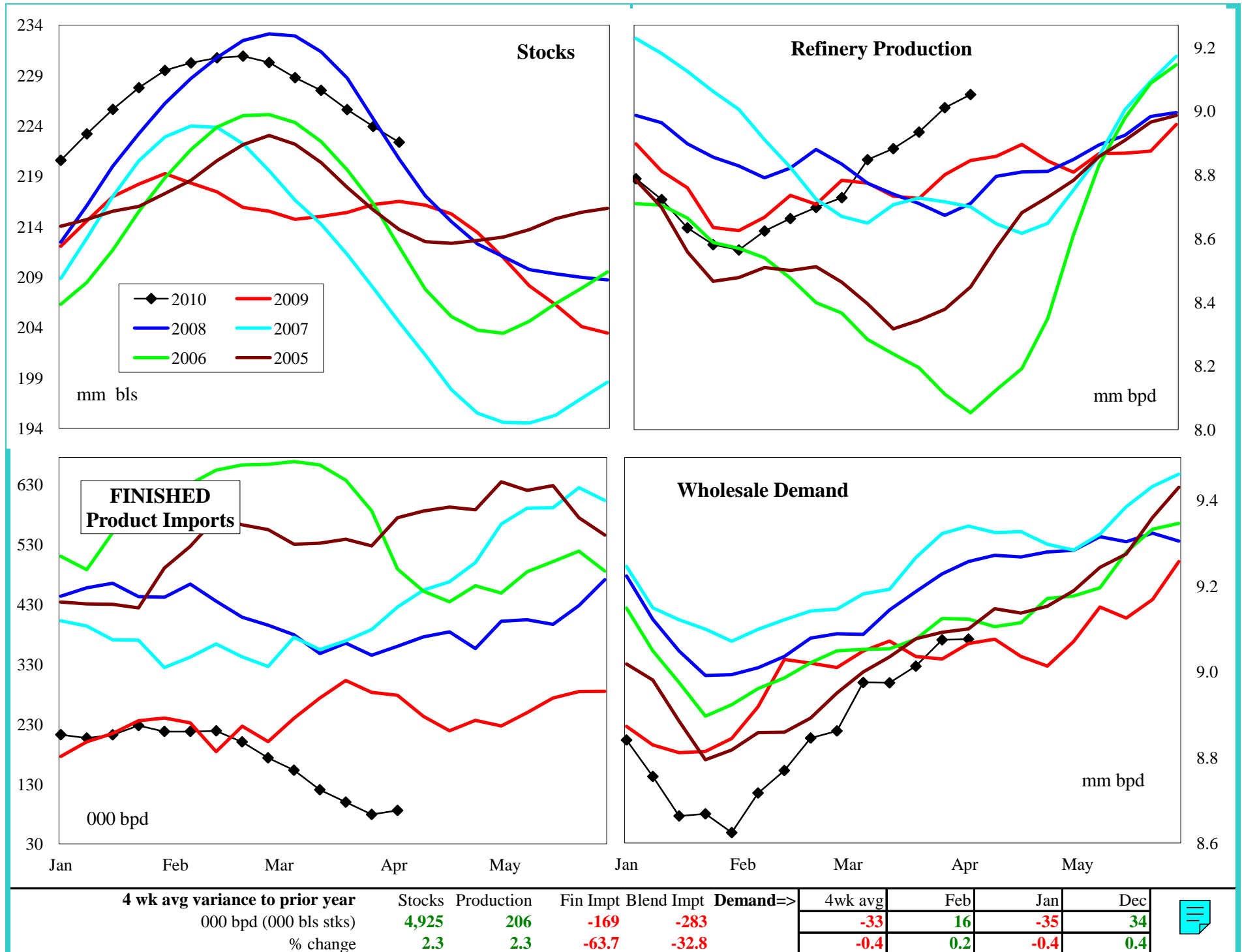
Residual Fuel Oil Imports by PADD



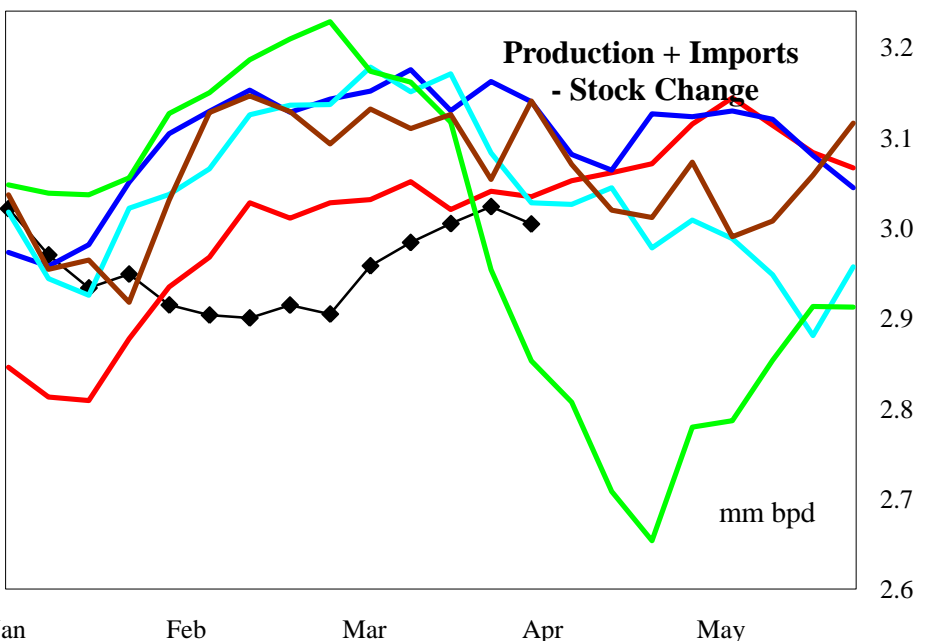
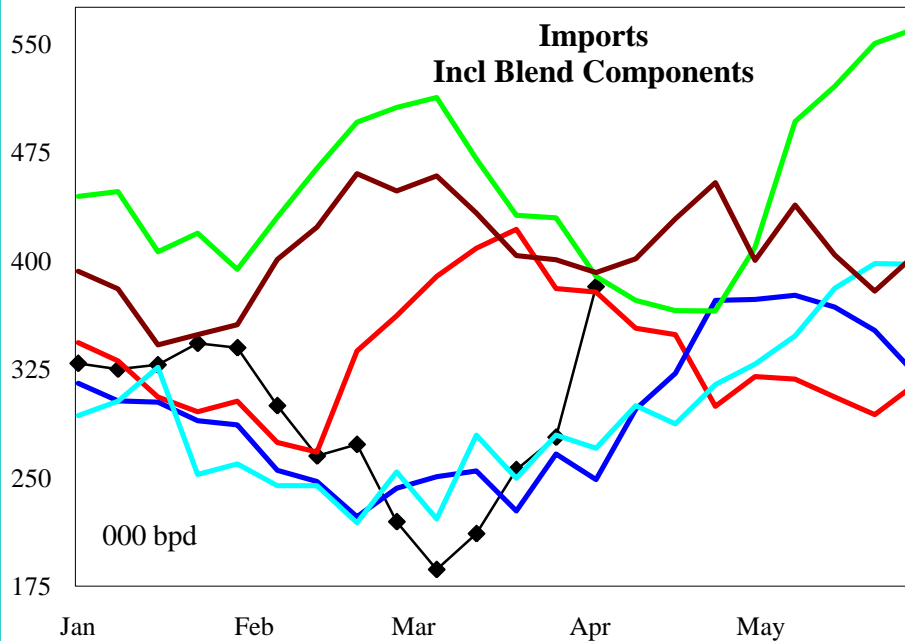
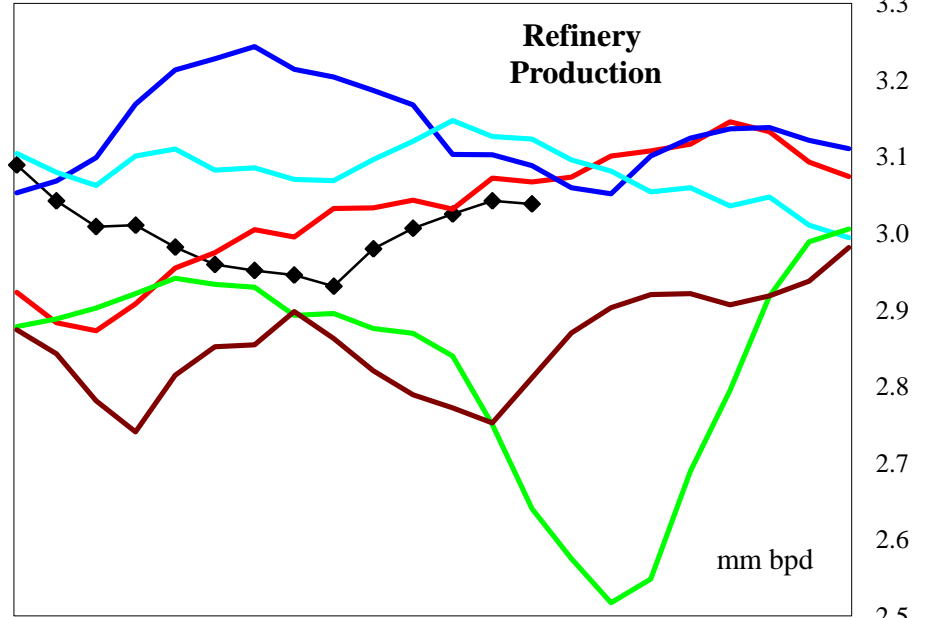
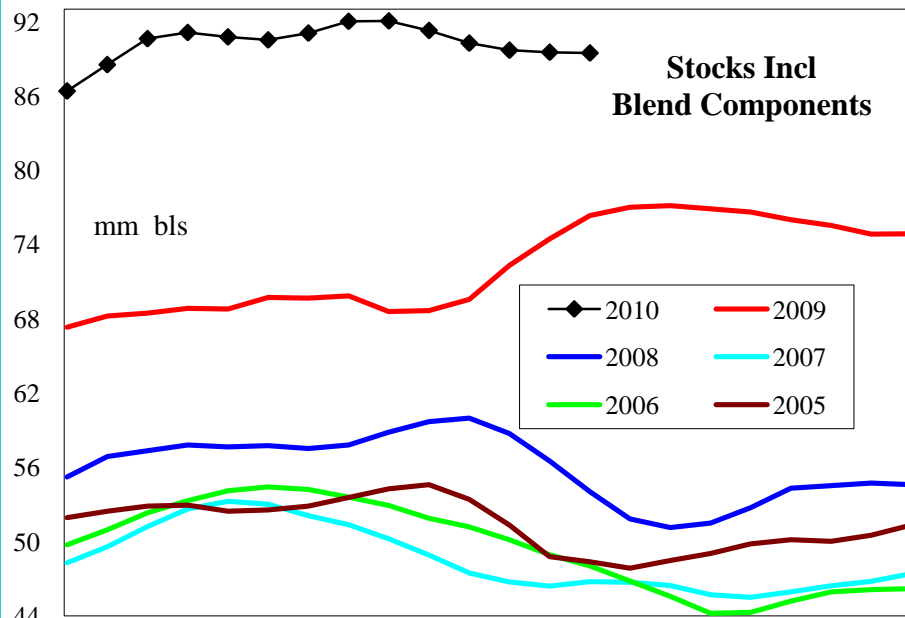
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



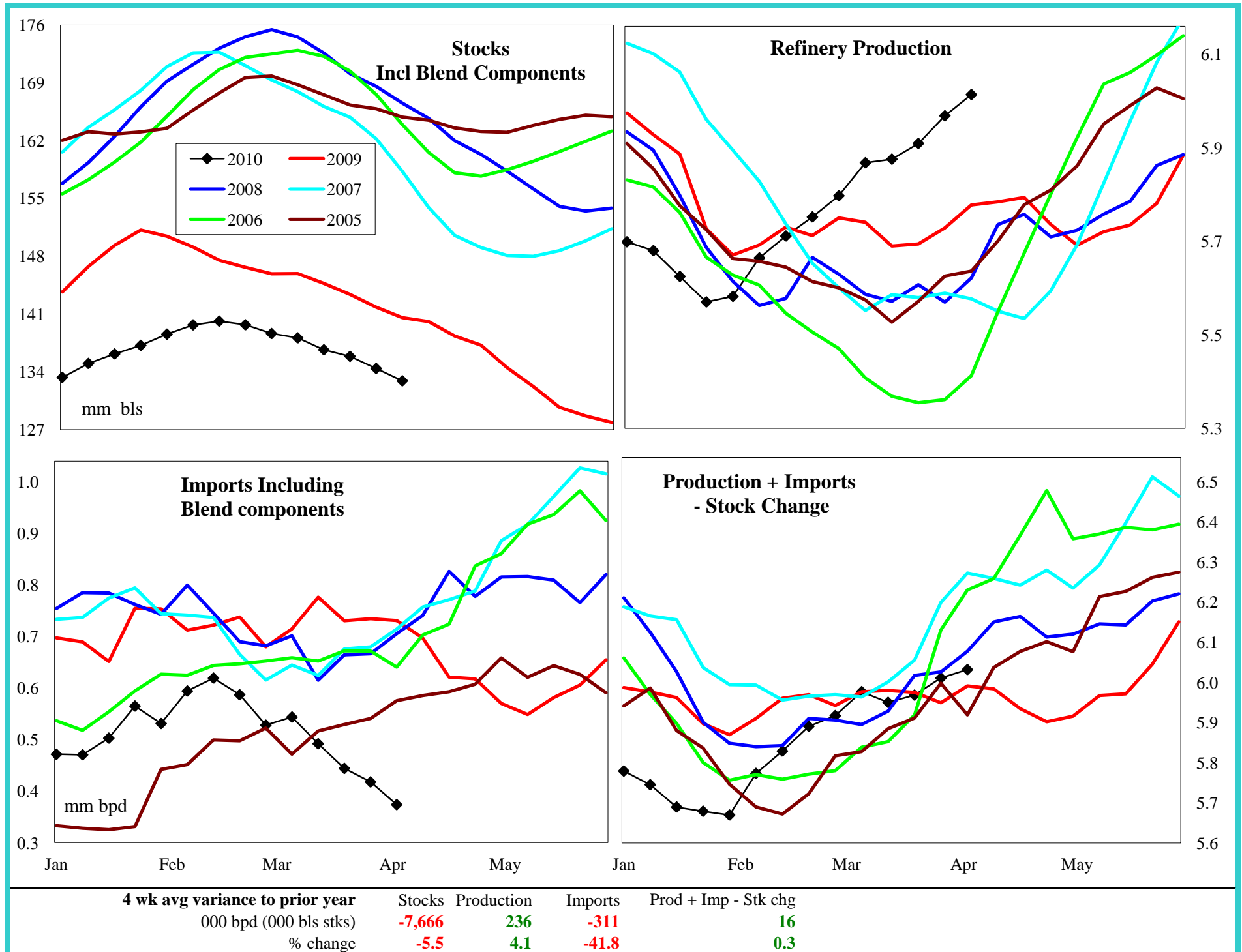
United States Reformulated Gasoline Supply



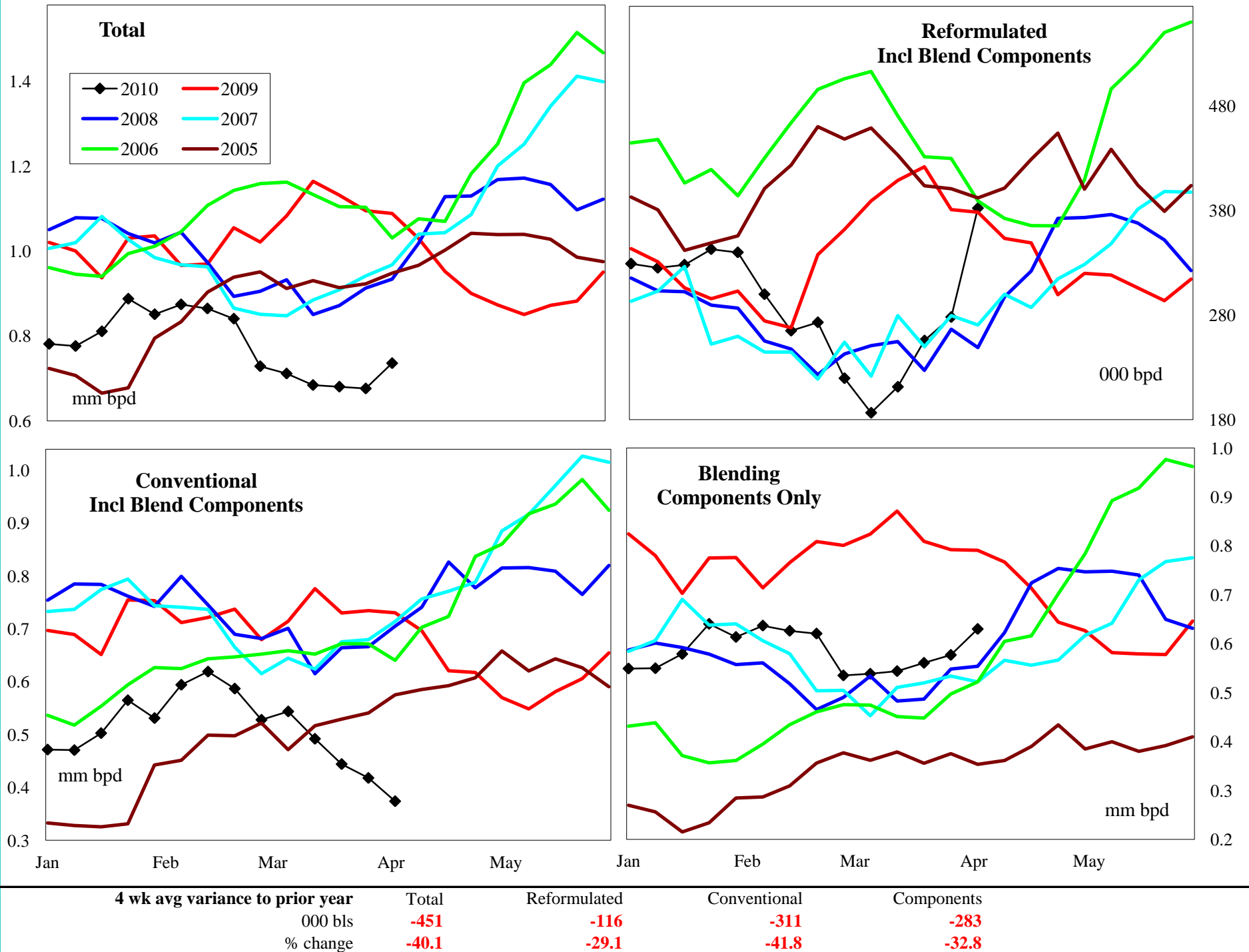
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
13,124	-31	-116	-33
17.2	-1.0	-29.1	-1.1

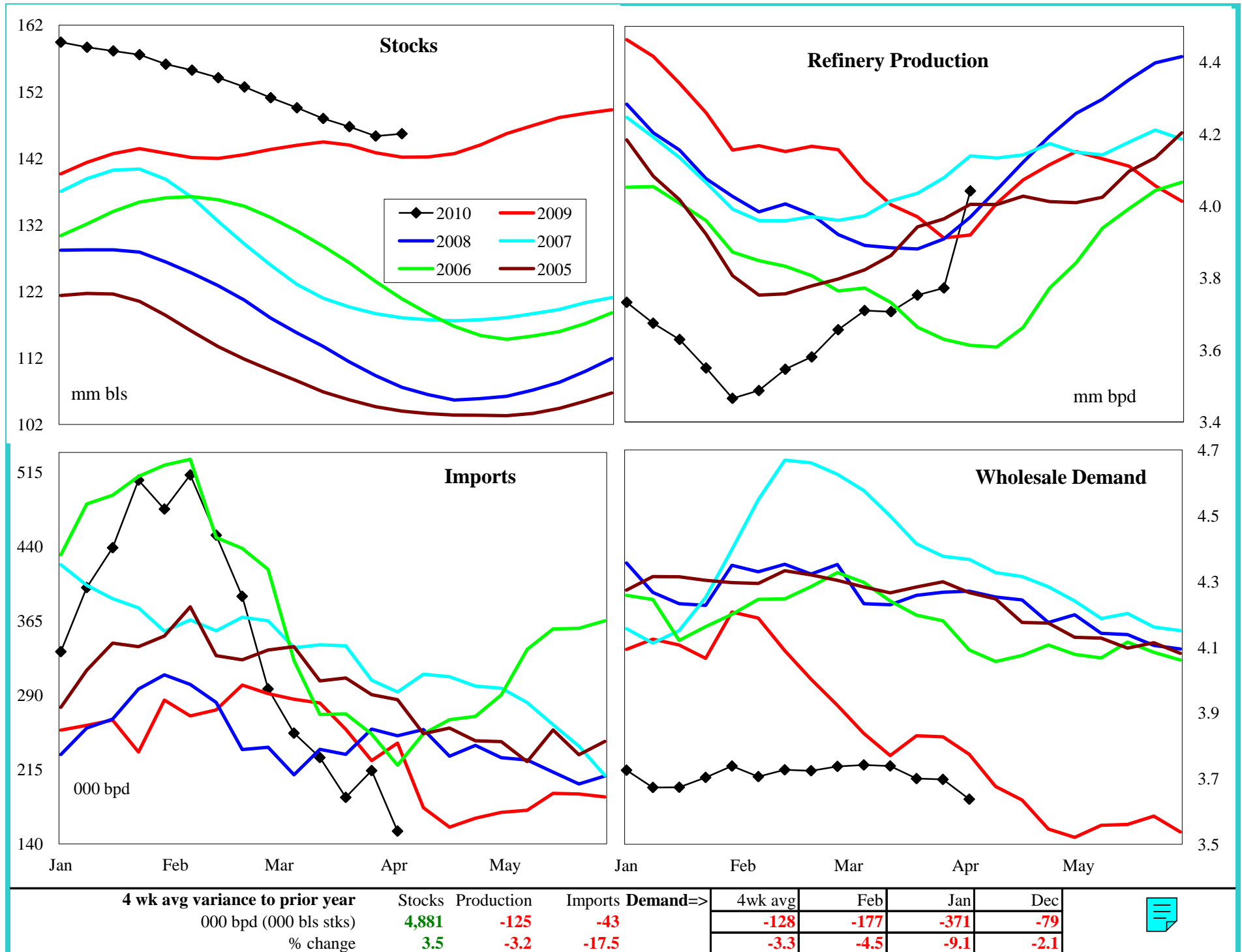
United States Conventional Gasoline Supply



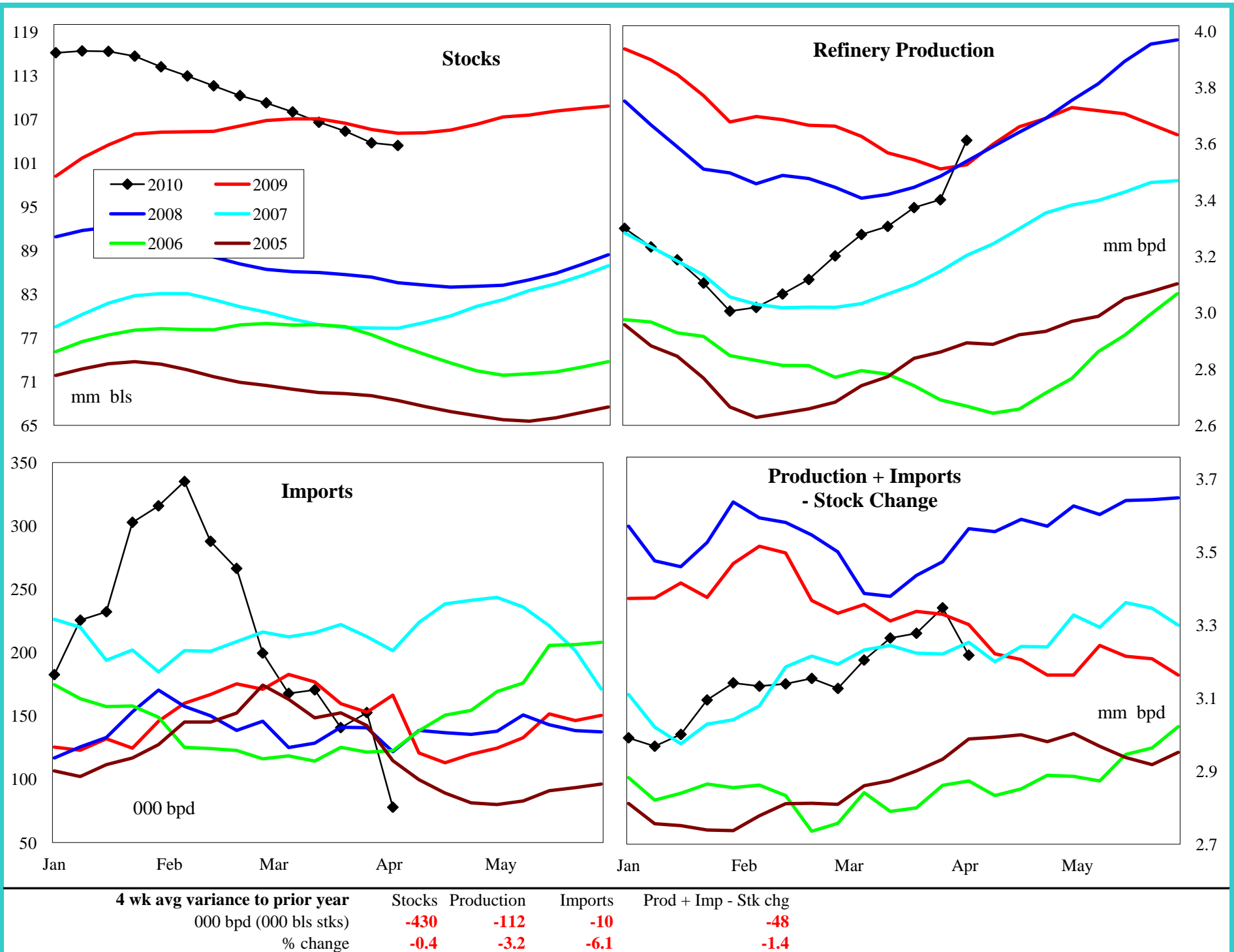
United States Gasoline Imports by Type



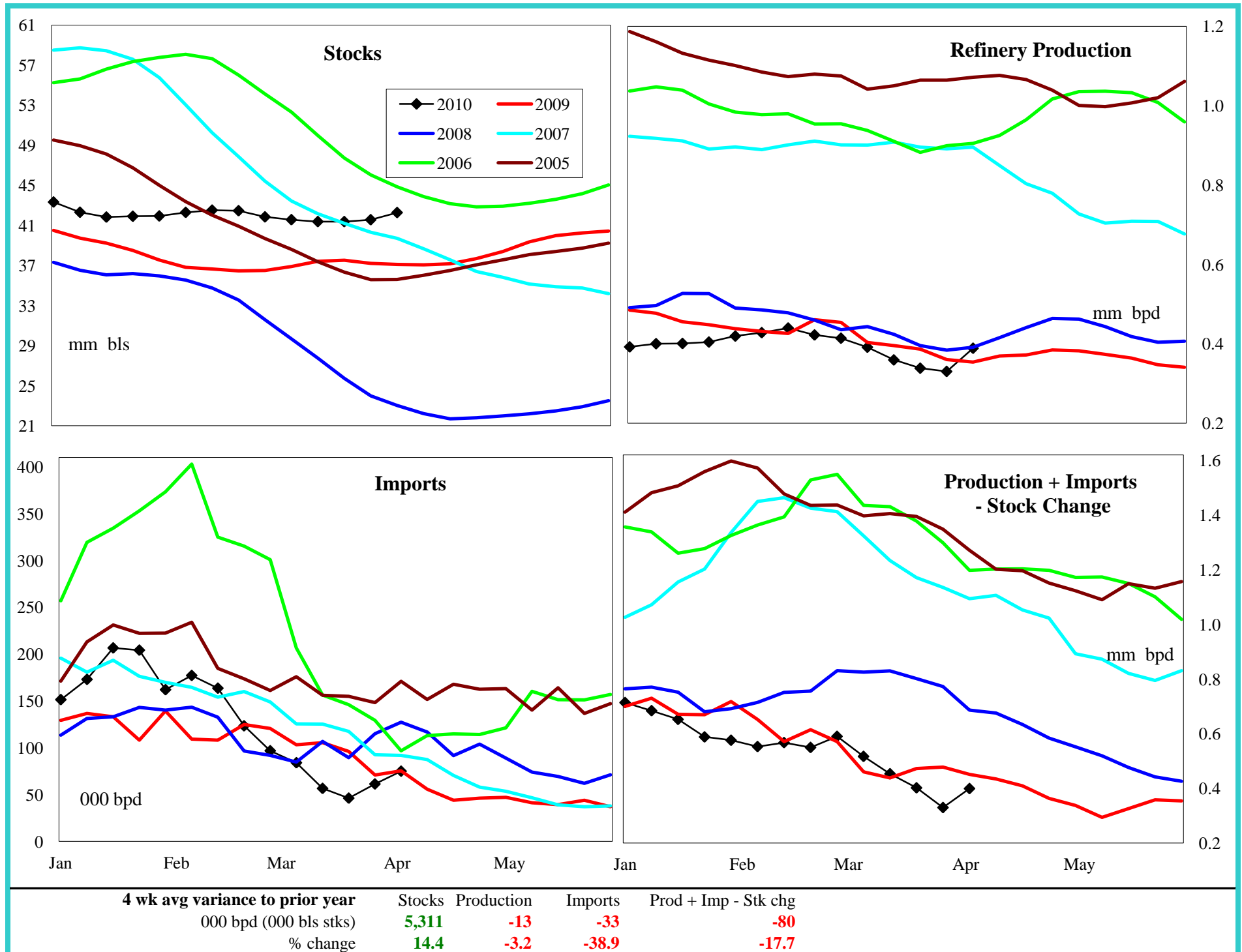
United States Distillate Supply and Demand Balance



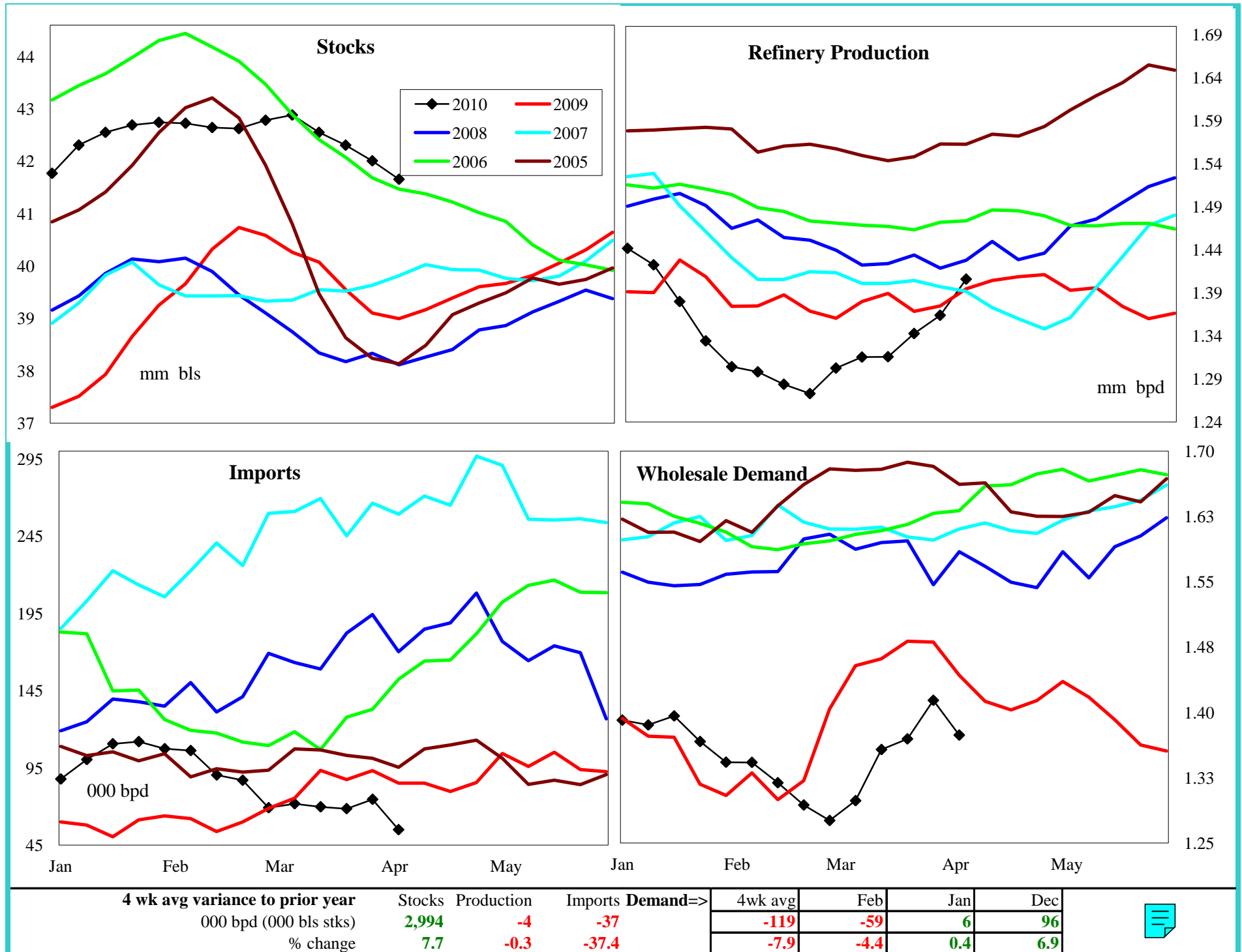
United States Low Sulfur Distillate Supply



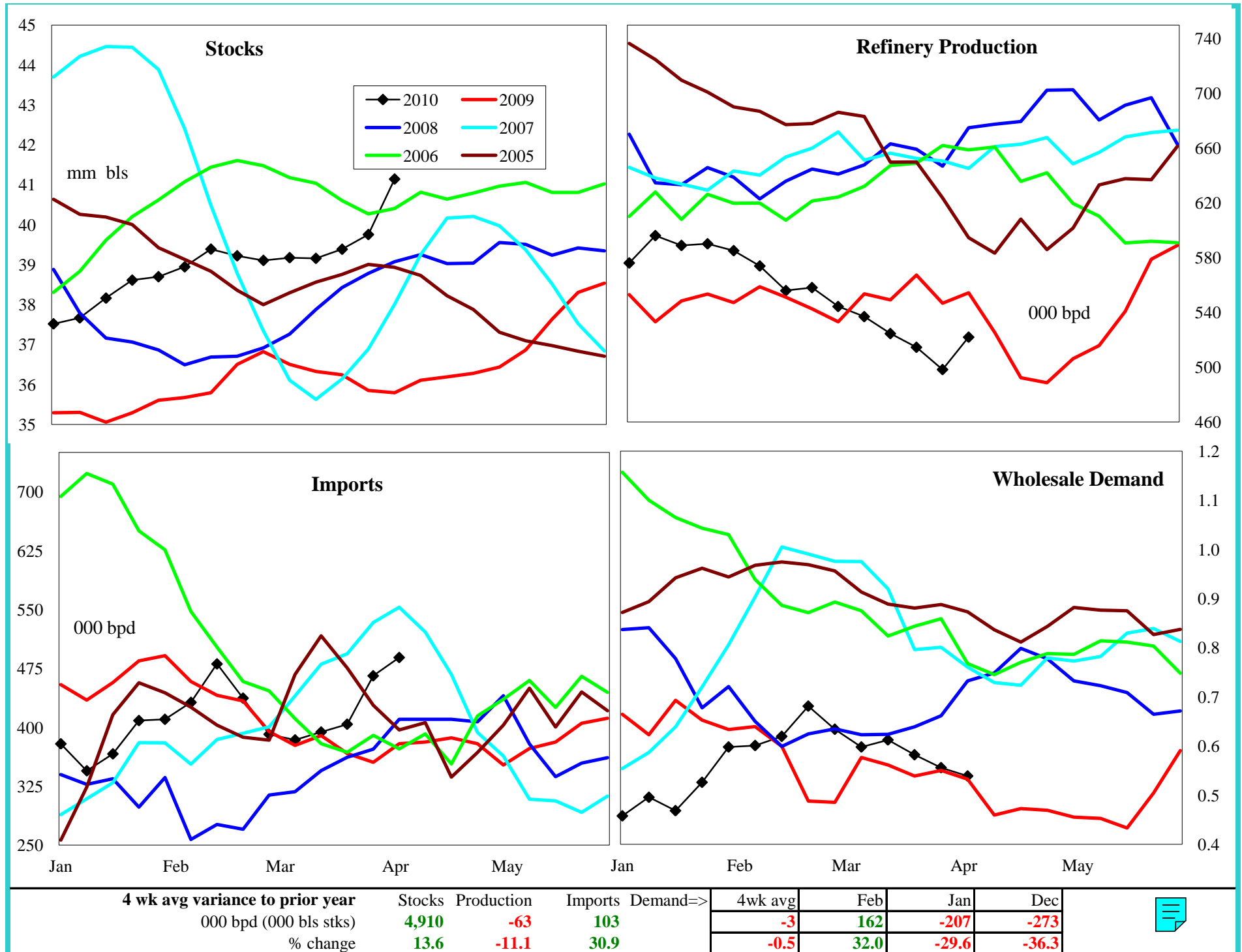
United States High Sulfur Distillate Supply



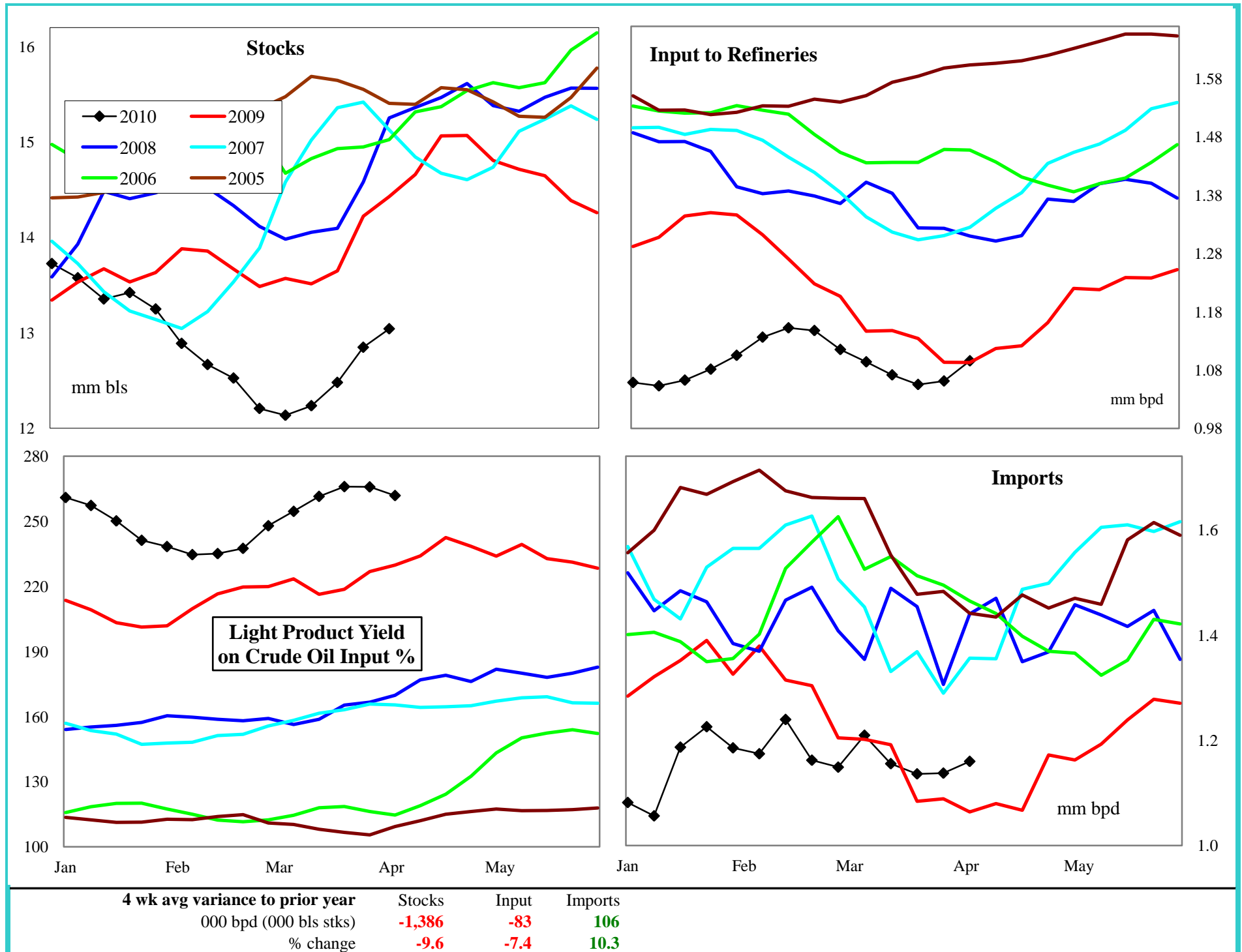
United States Jet Fuel Supply and Demand Balance



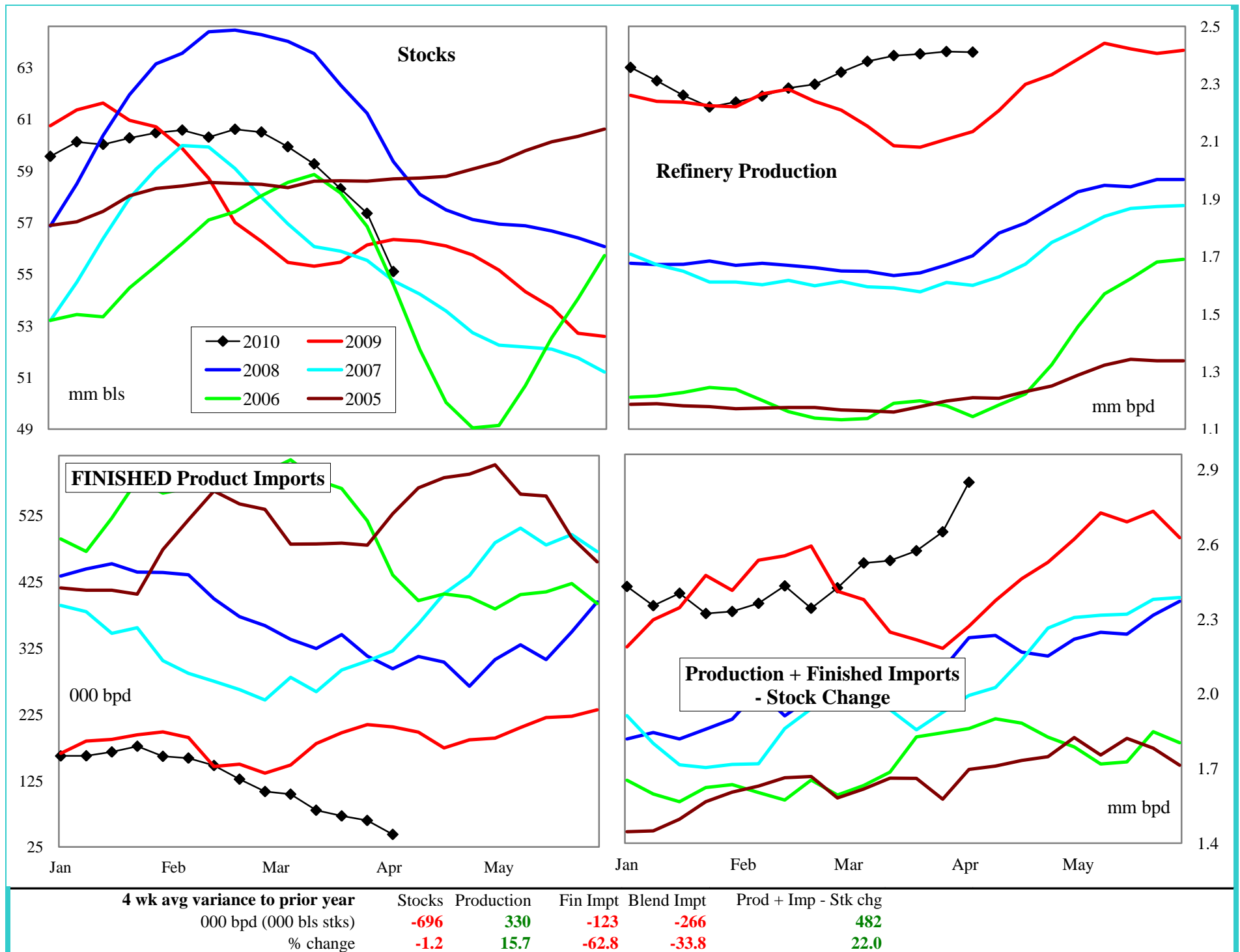
United States Residual Fuel Oil Supply and Demand Balance



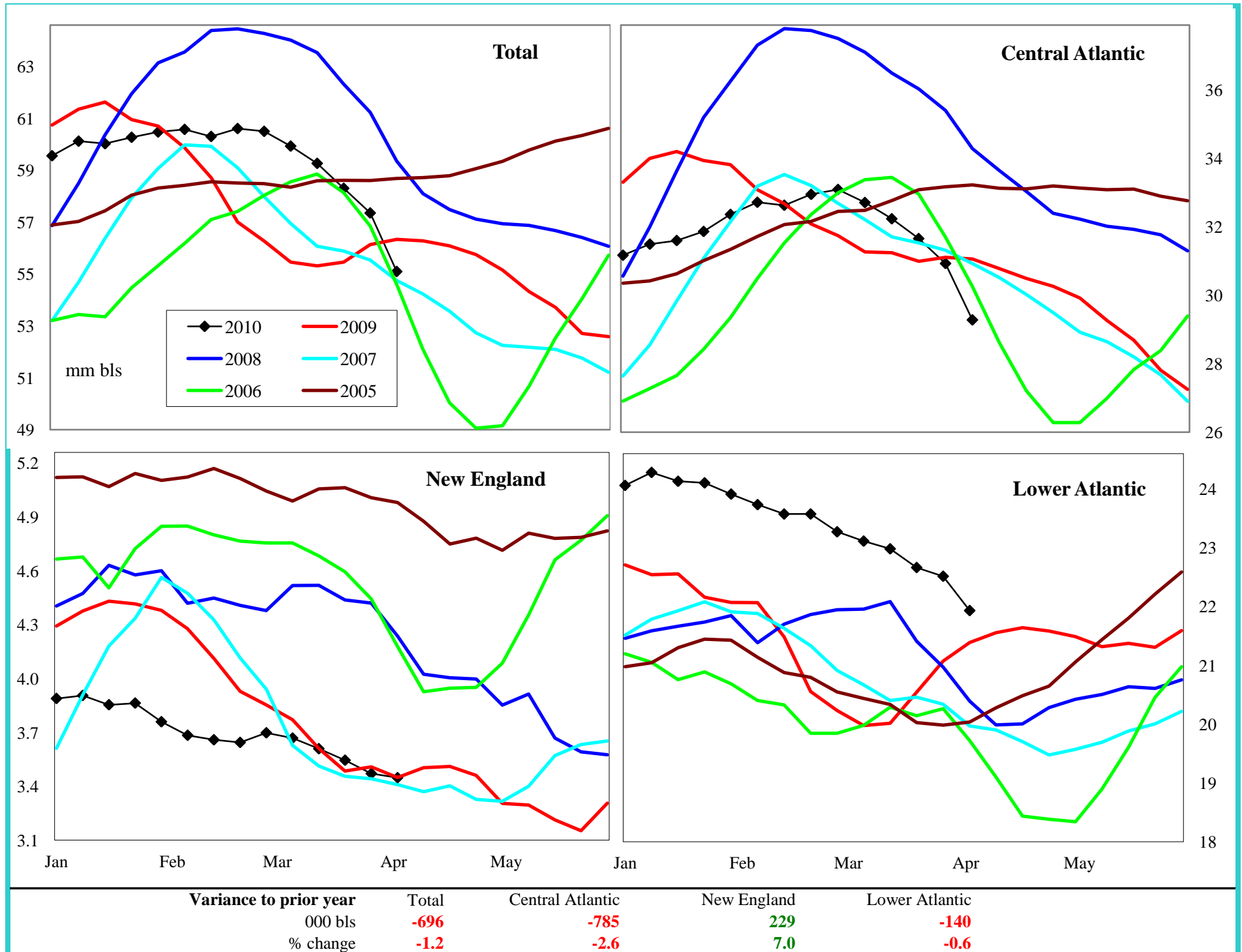
PADD 1 Crude Oil Supply and Refining



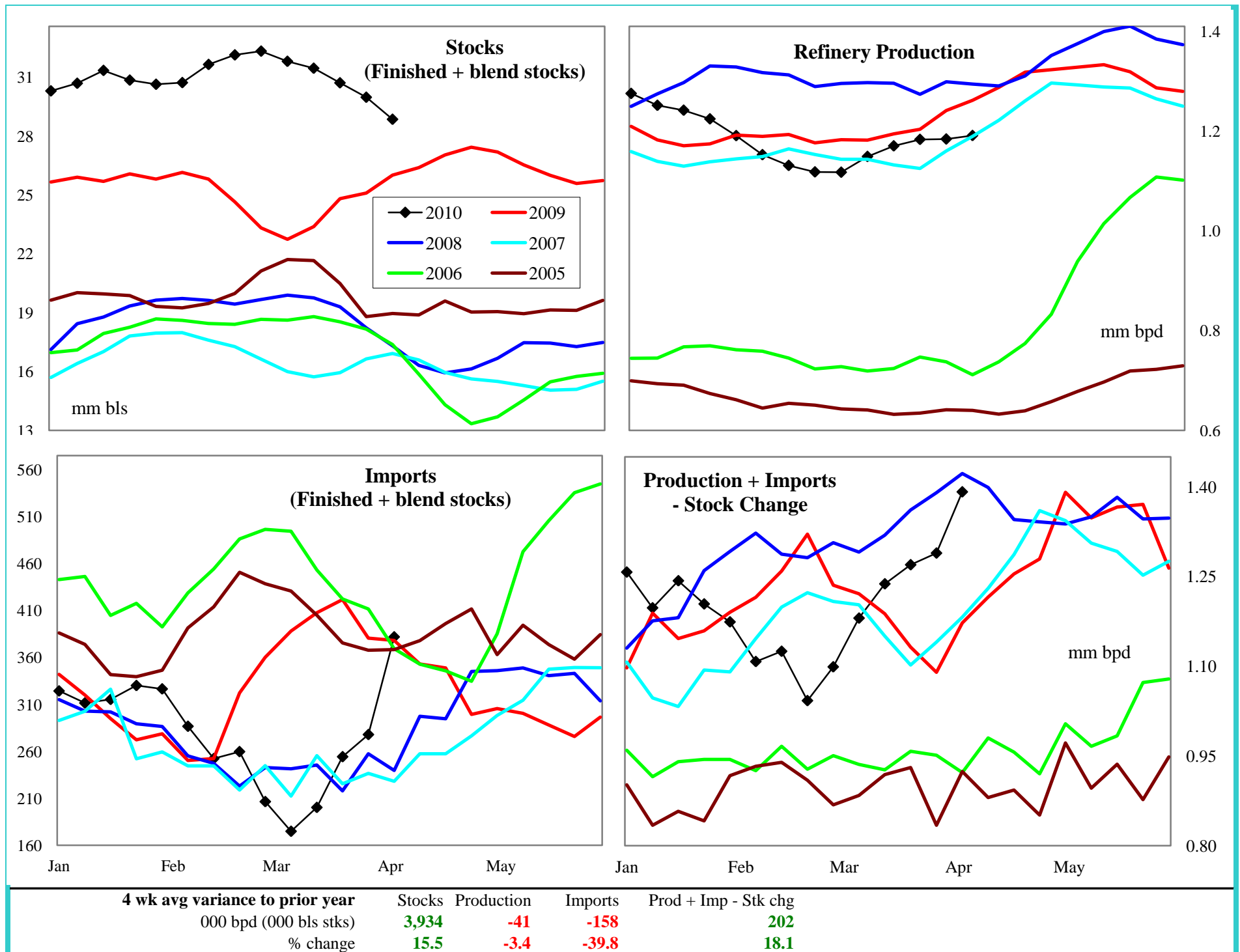
PADD 1 Gasoline Supply



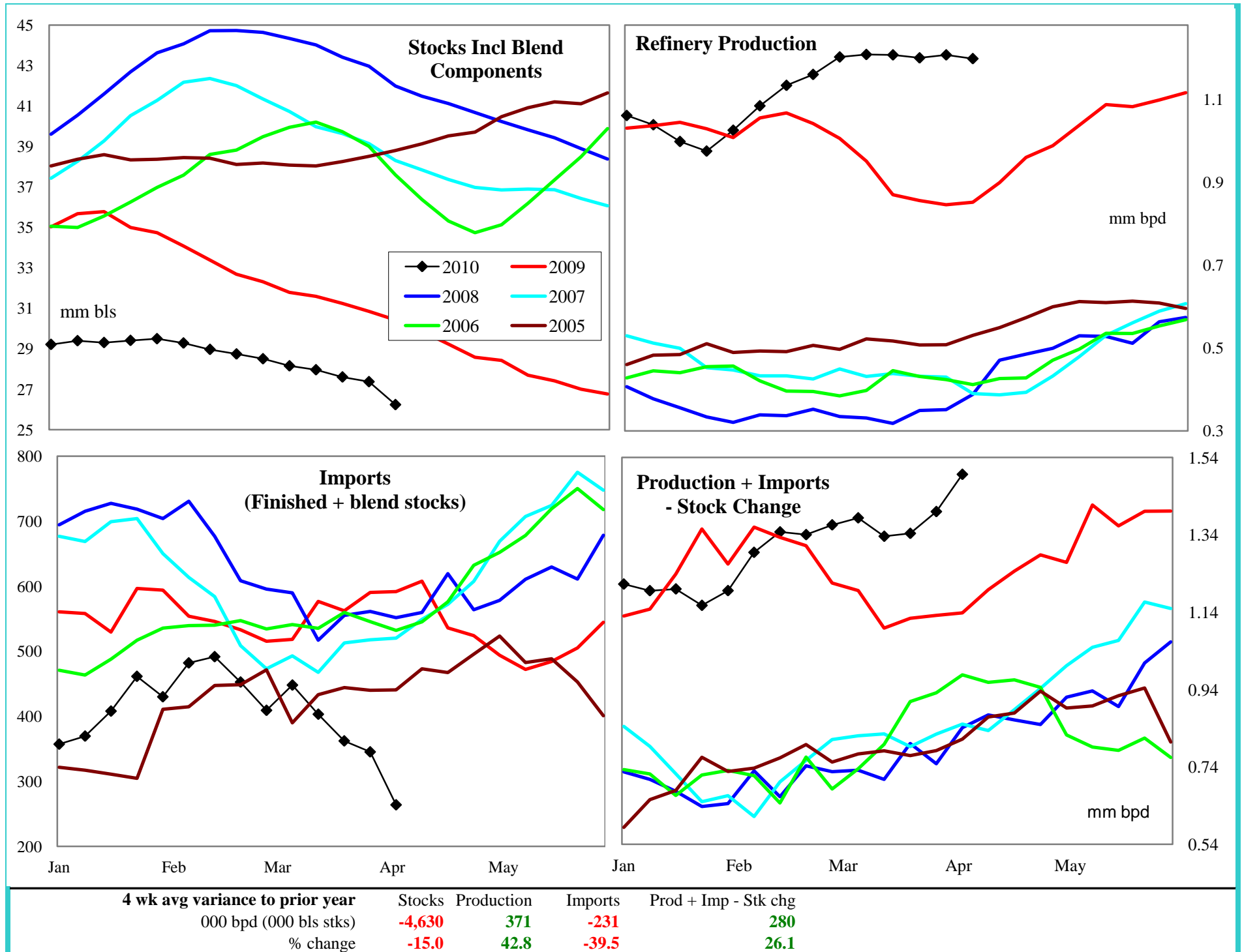
PADD 1 Gasoline Stocks by Region



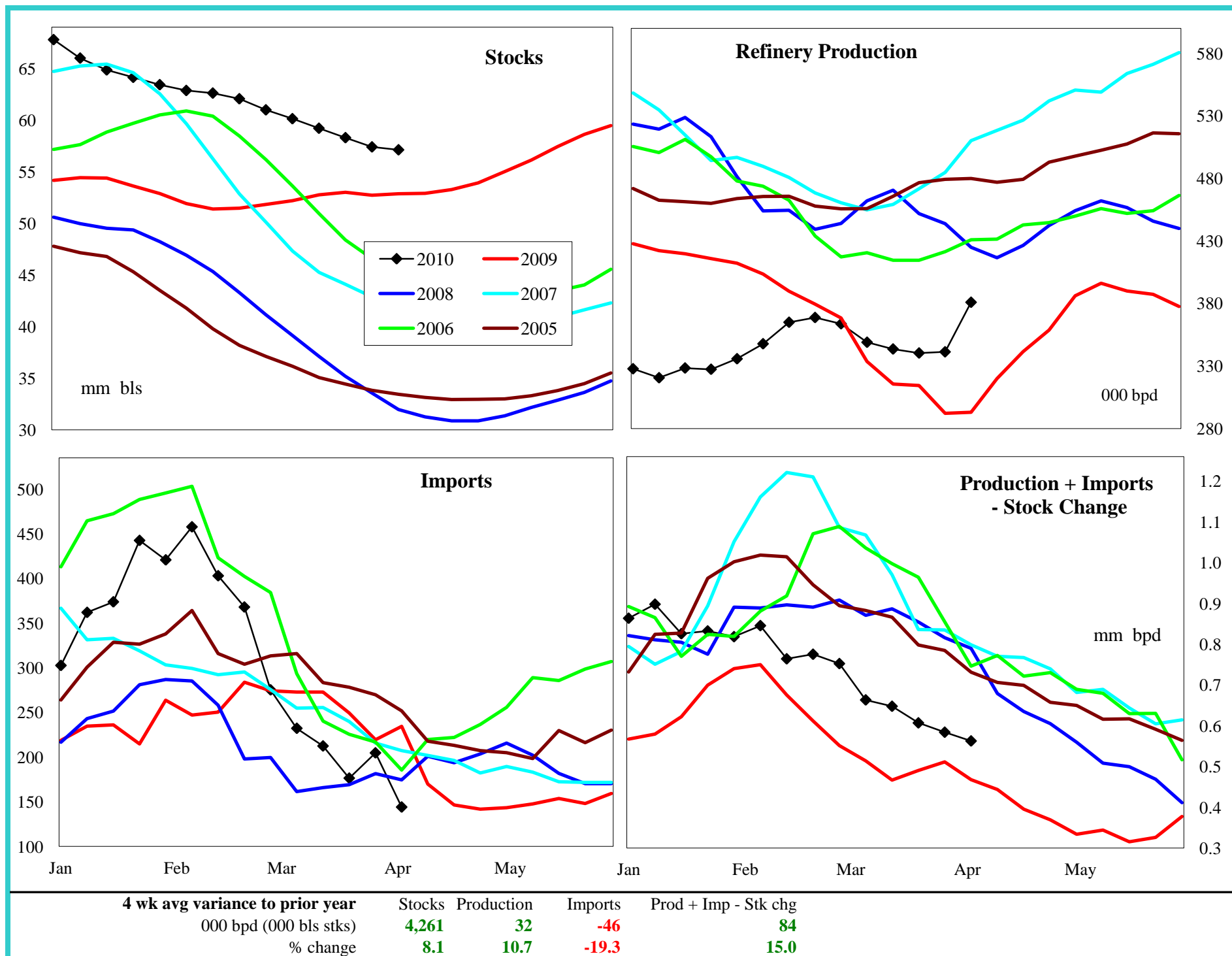
PADD 1 Reformulated Gasoline Supply



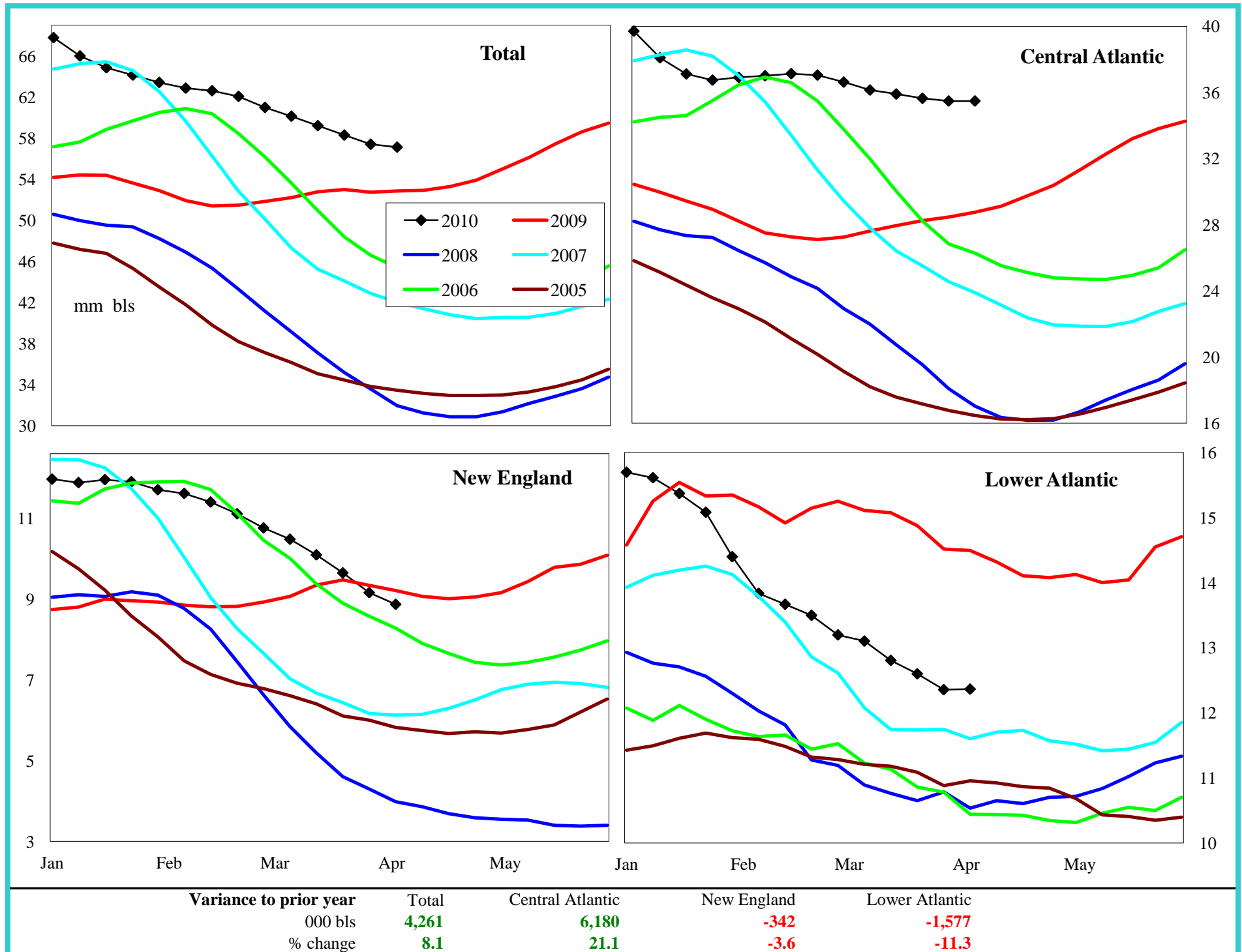
PADD 1 Conventional Gasoline Supply



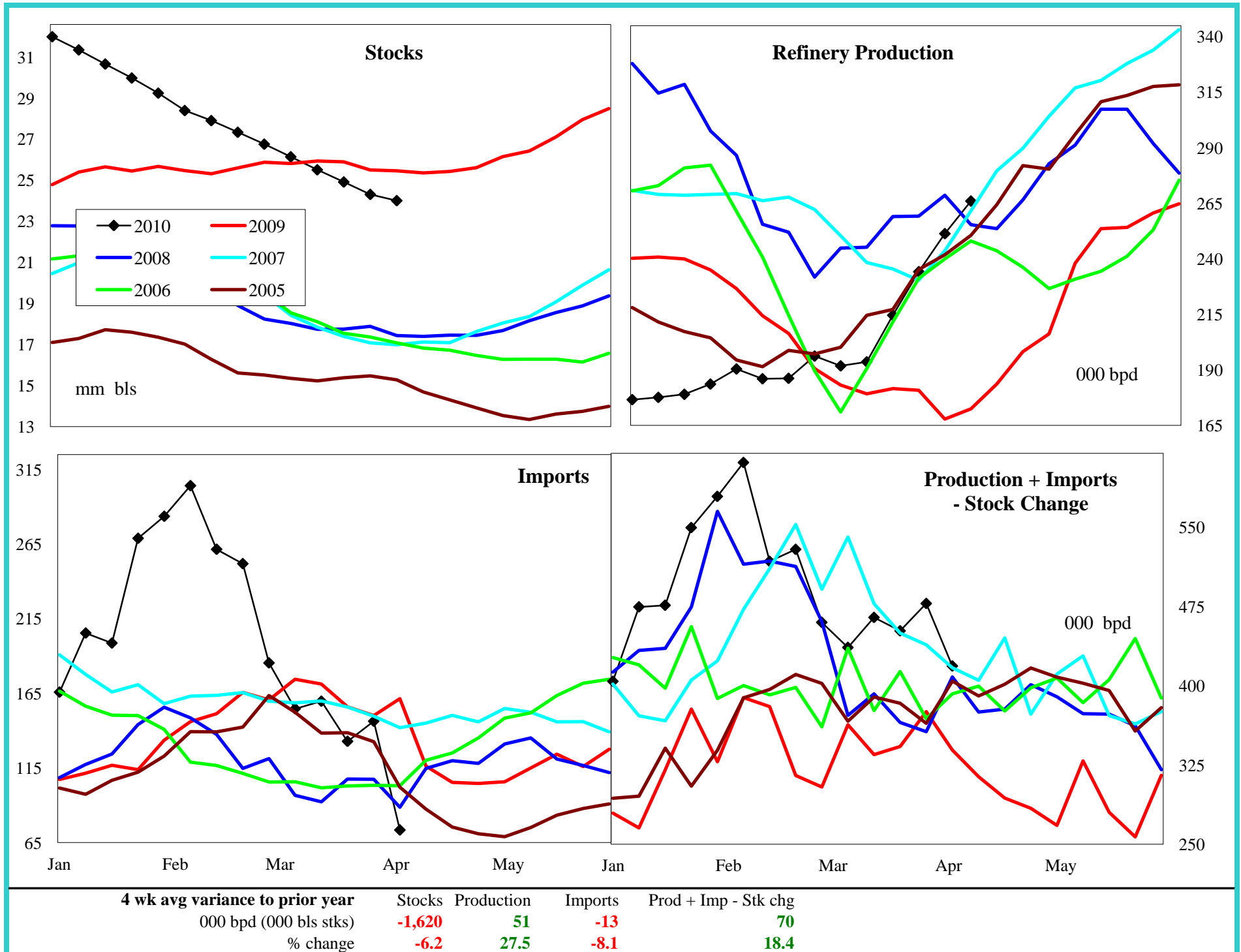
PADD 1 Distillate Supply



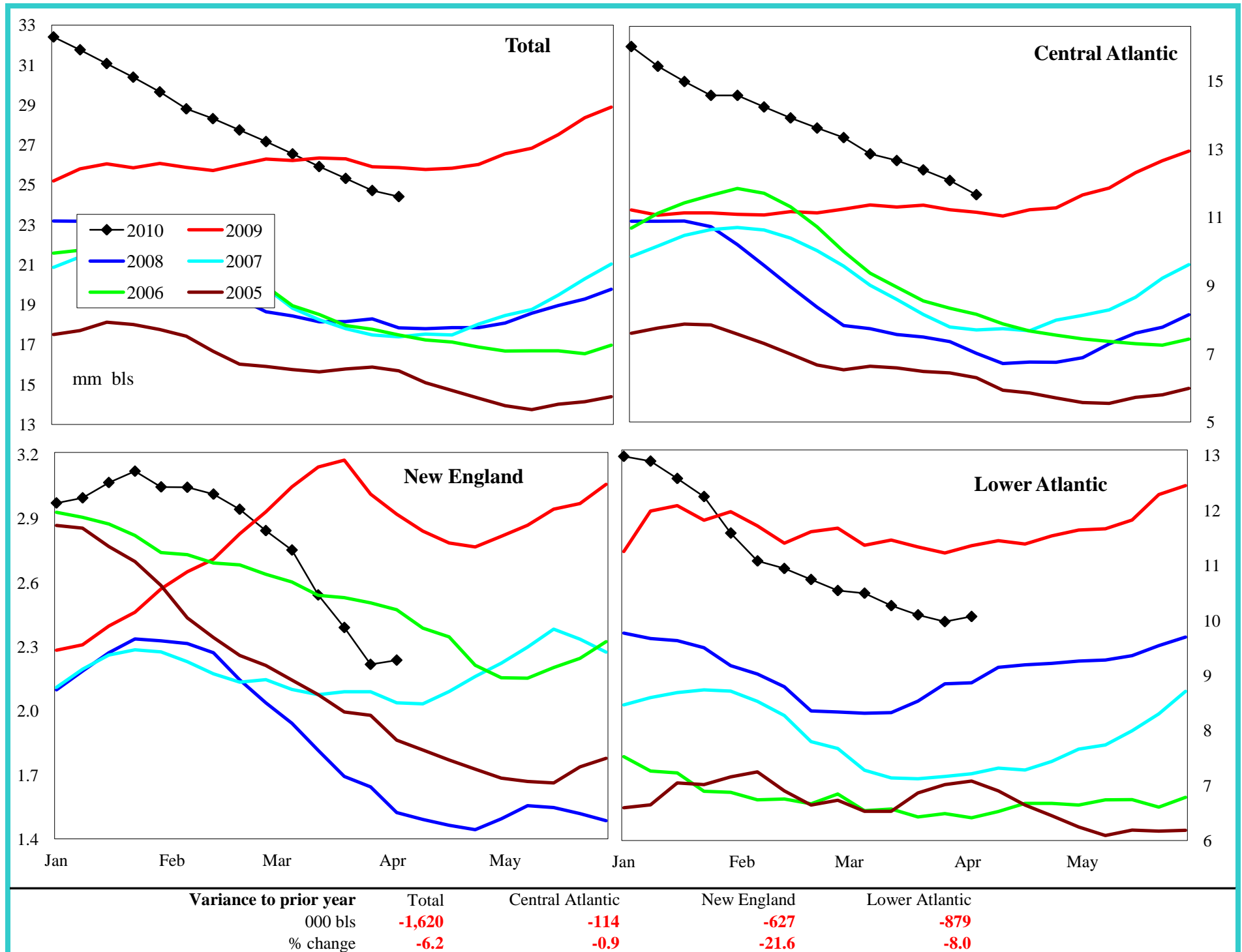
PADD 1 Distillate Stocks by Region



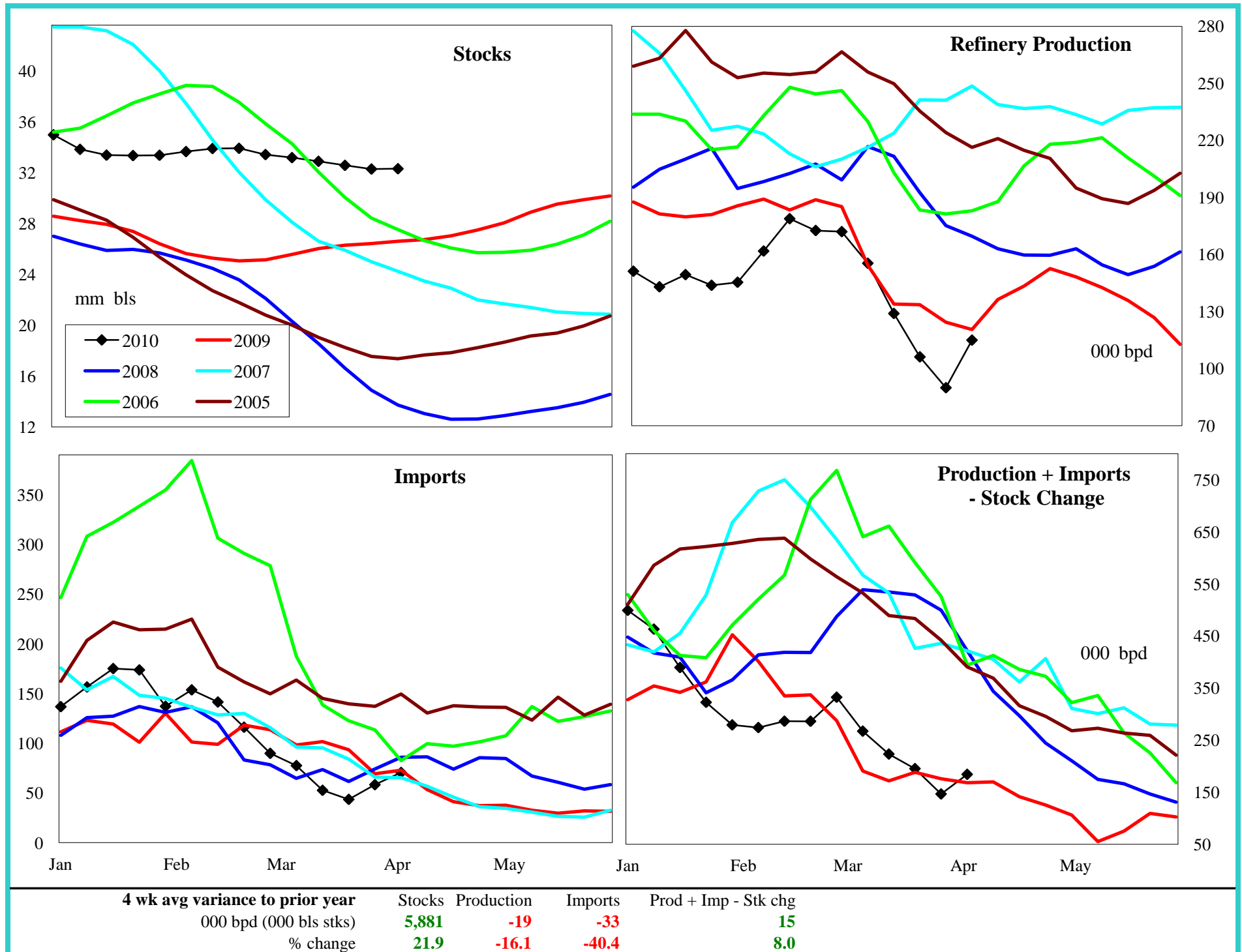
PADD 1 Low Sulfur Distillate Supply



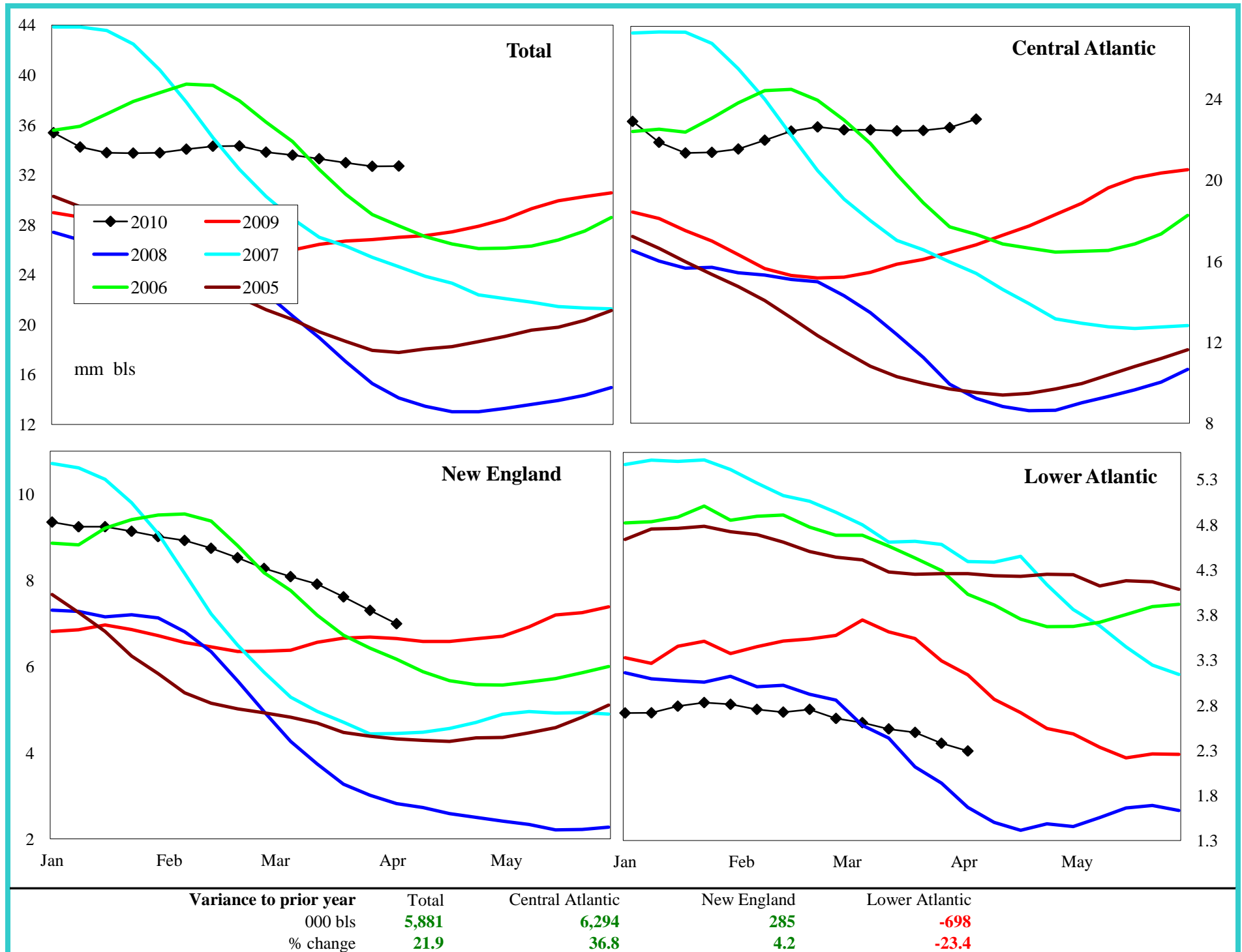
PADD 1 Low Sulfur Distillate Stocks by Region



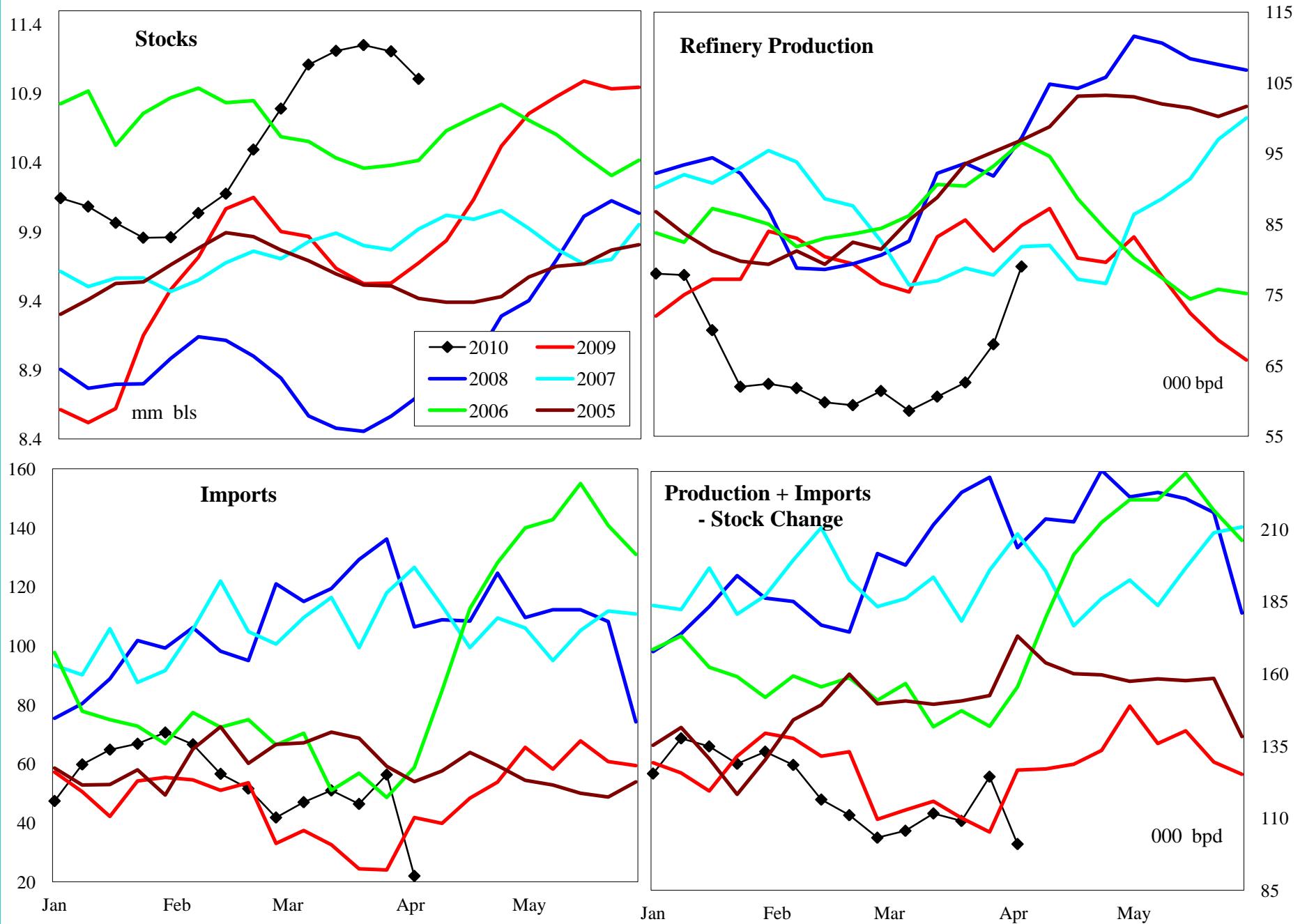
PADD 1 High Sulfur Distillate Supply



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

1,333

13.8

Production

-16

-19.3

Imports

21

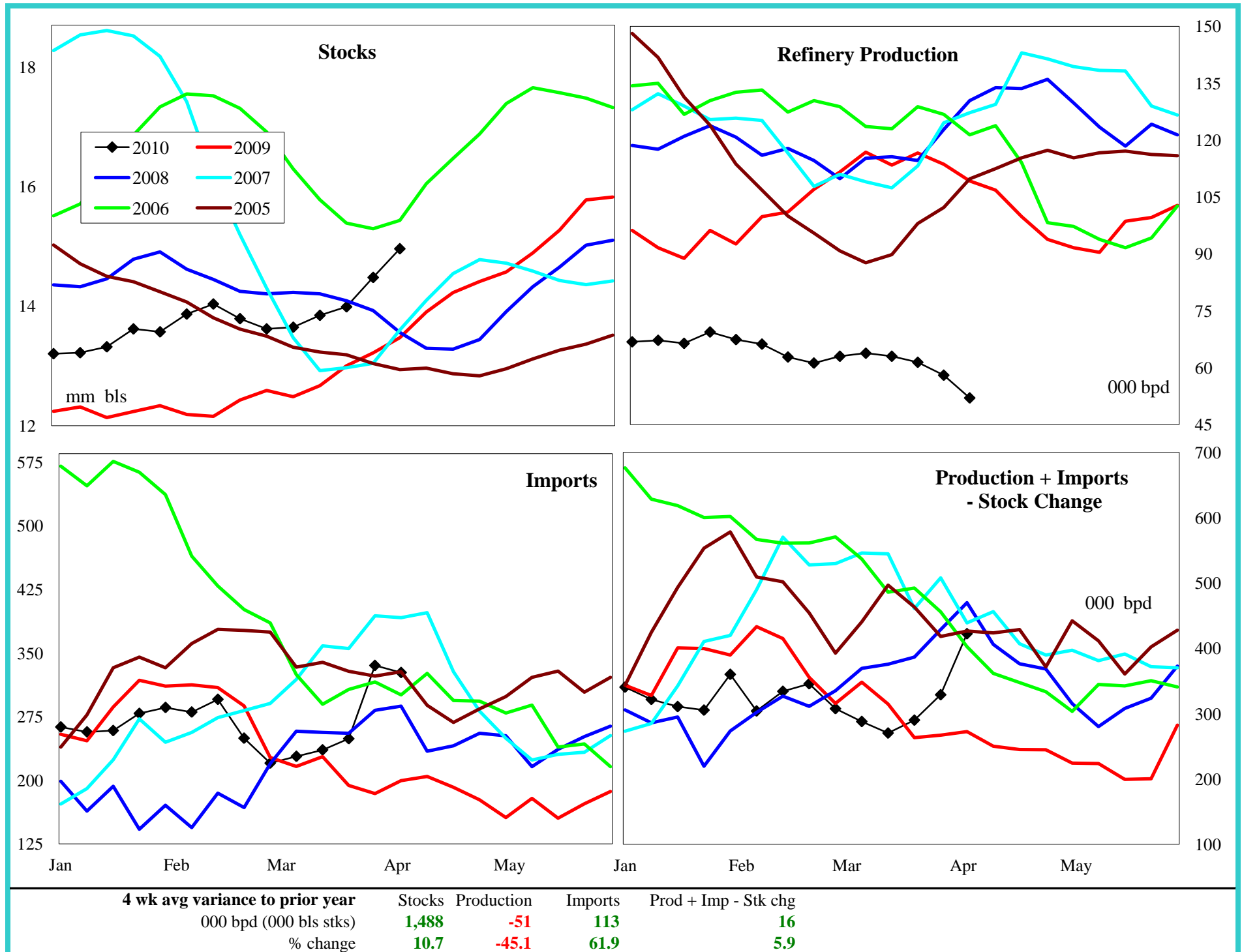
86.7

Prod + Imp - Stk chg

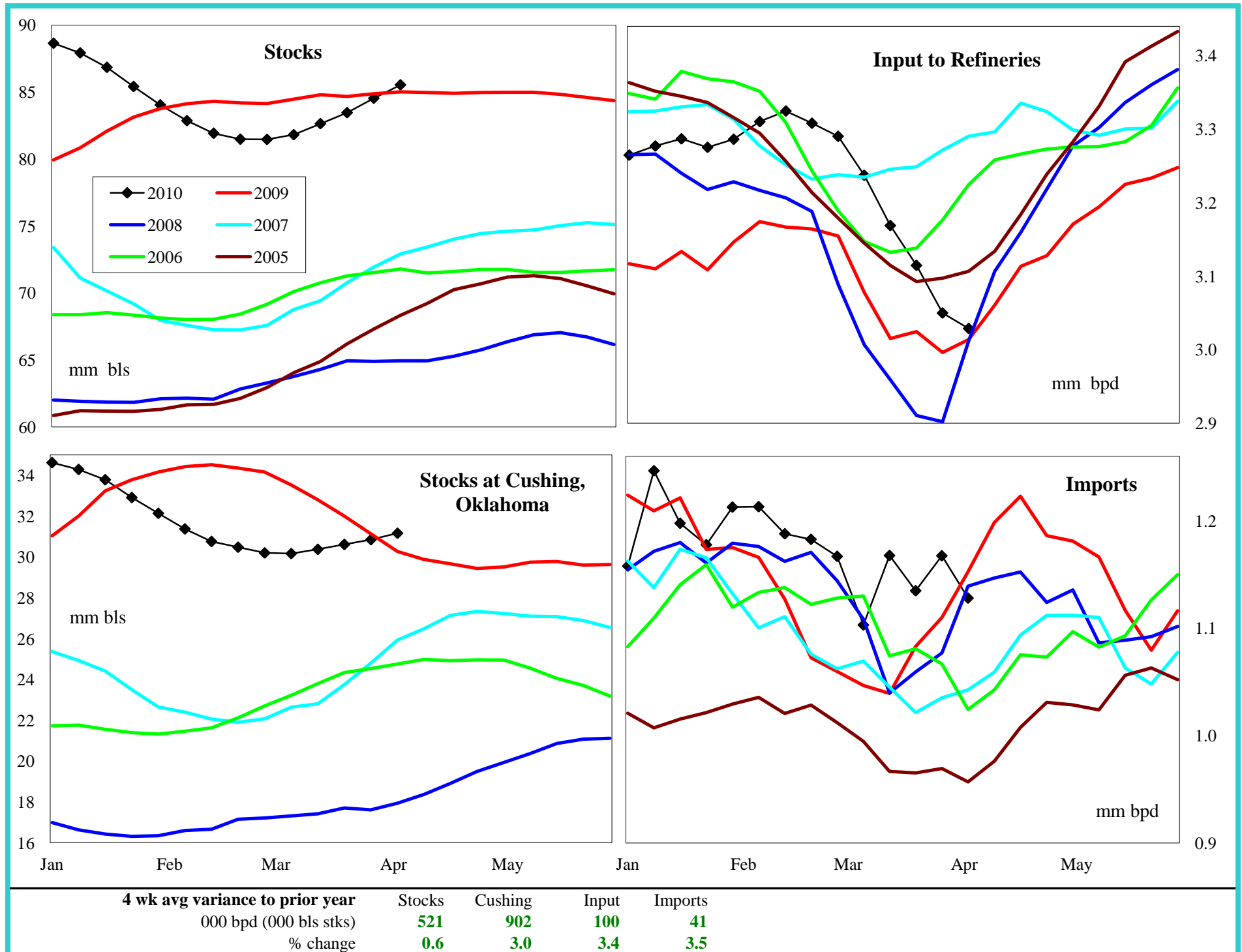
1

0.7

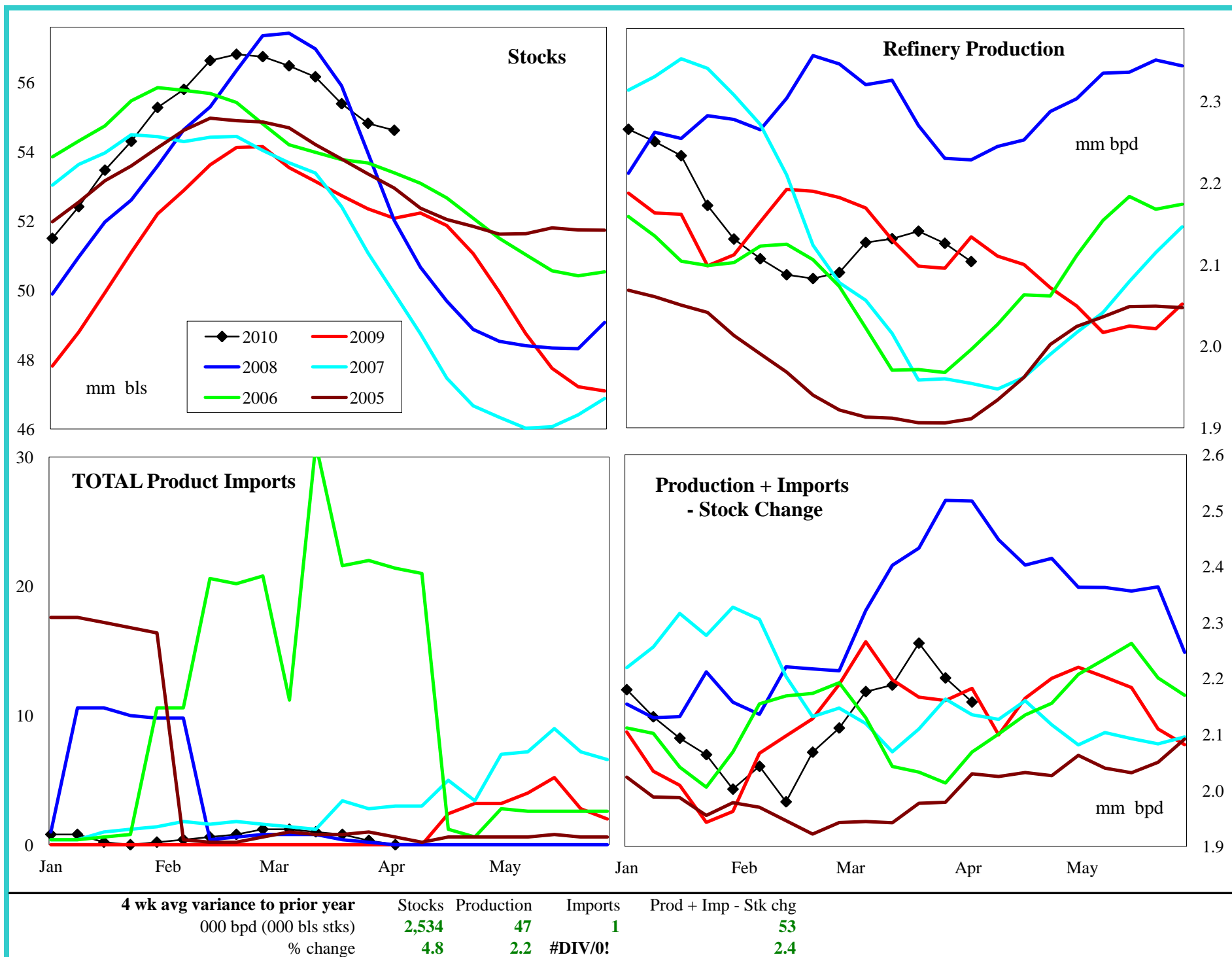
PADD 1 Residual Fuel Oil Supply



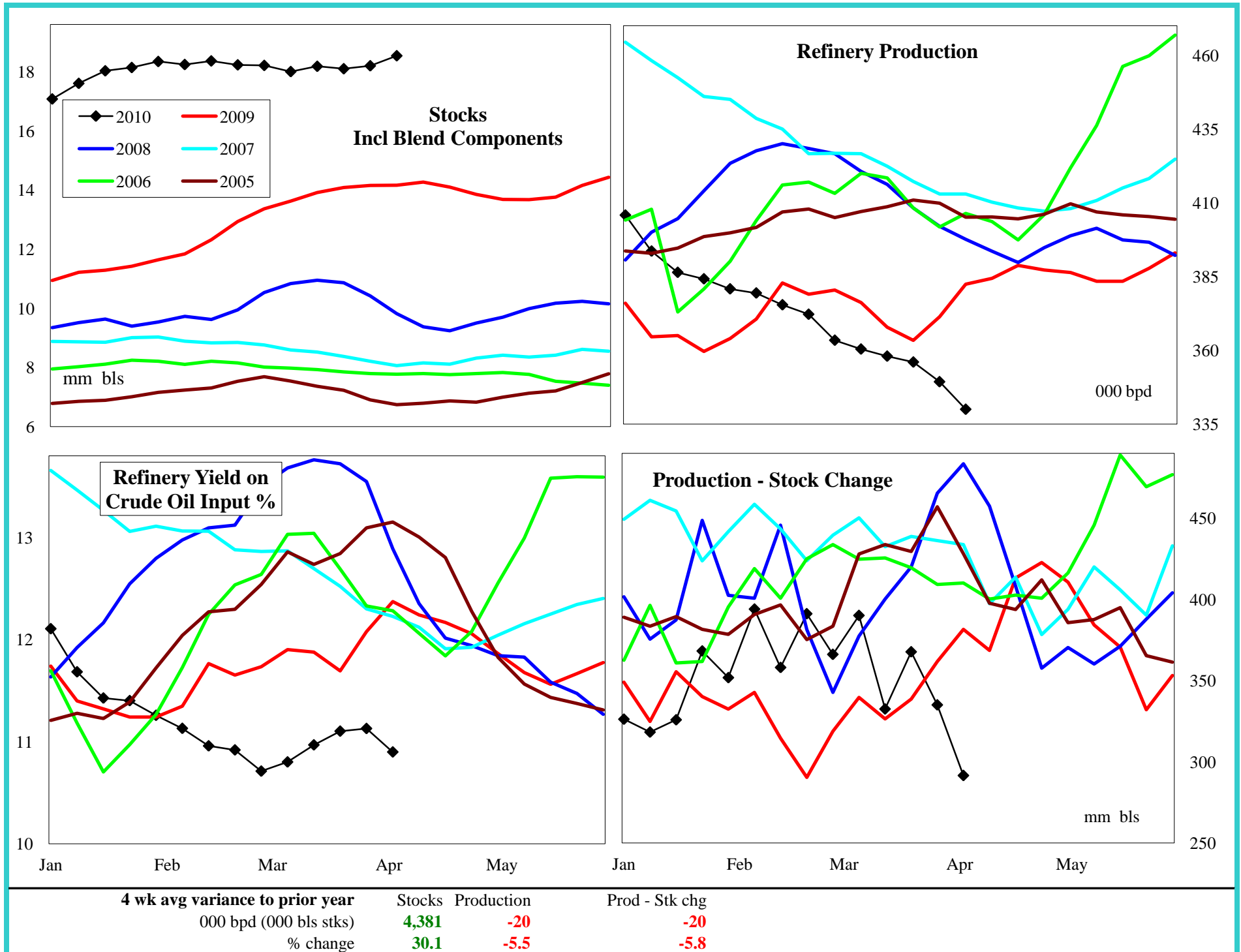
PADD 2 Crude Oil Supply and Refining



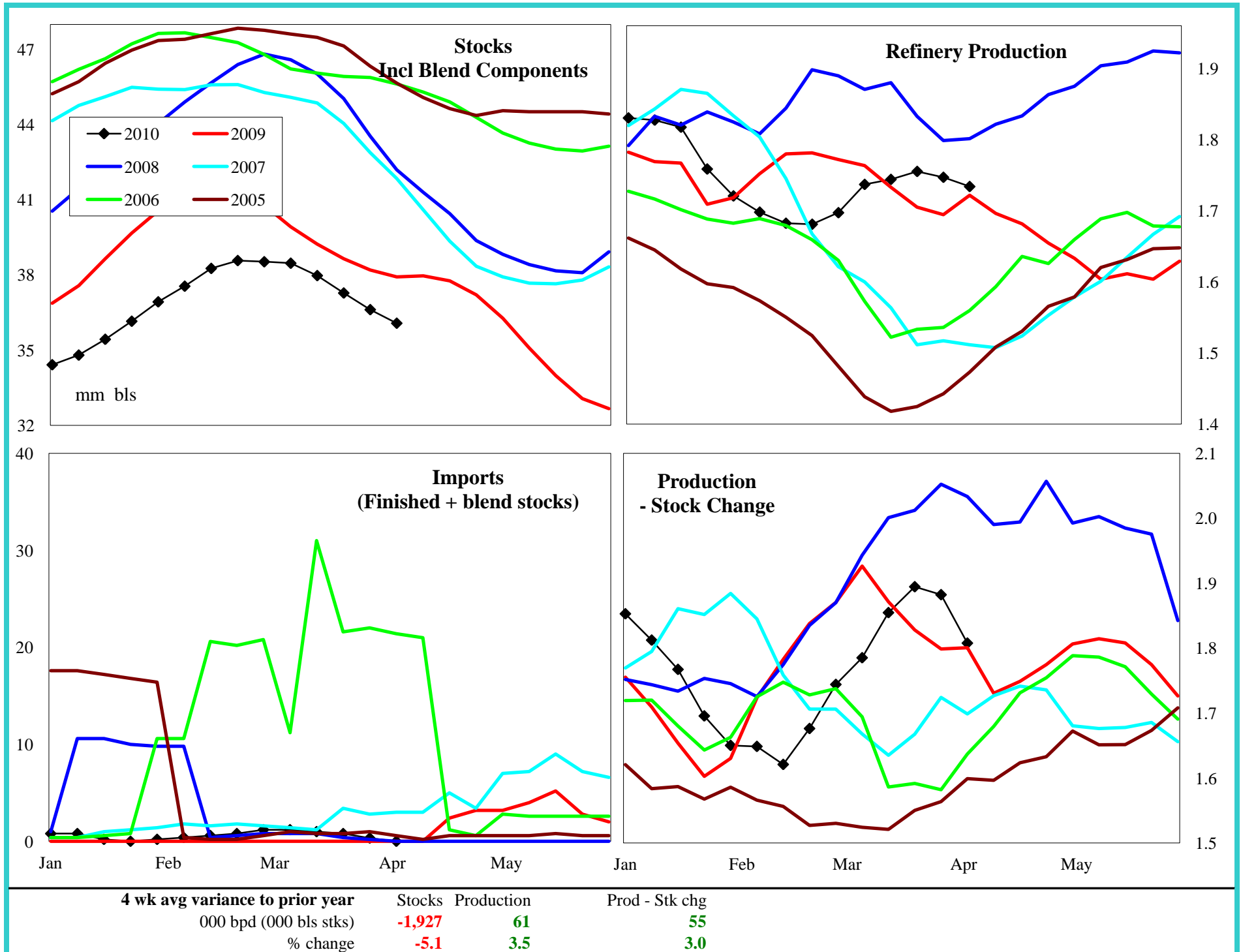
PADD 2 Gasoline Supply



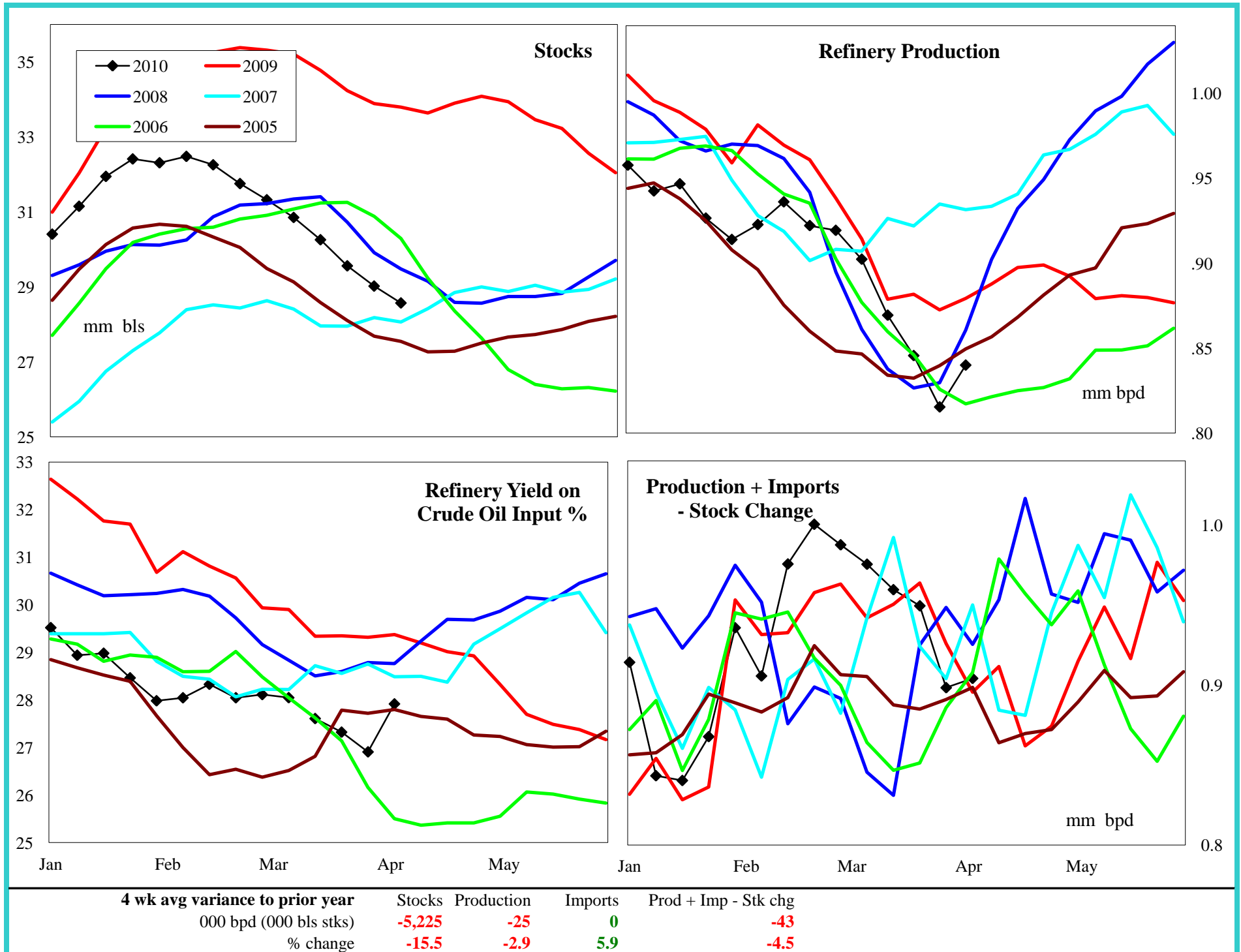
PADD 2 Reformulated Gasoline Supply



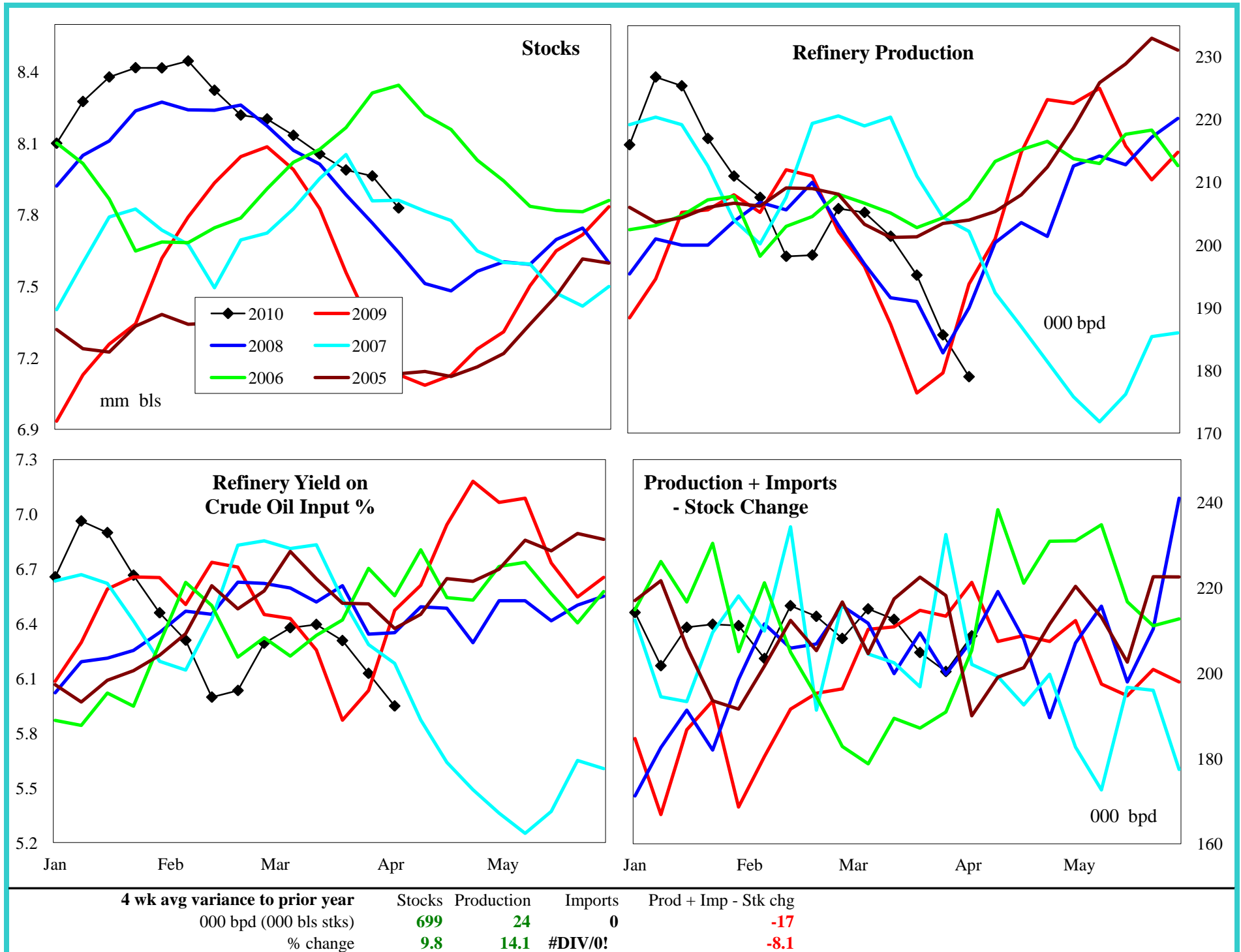
PADD 2 Conventional Gasoline Supply



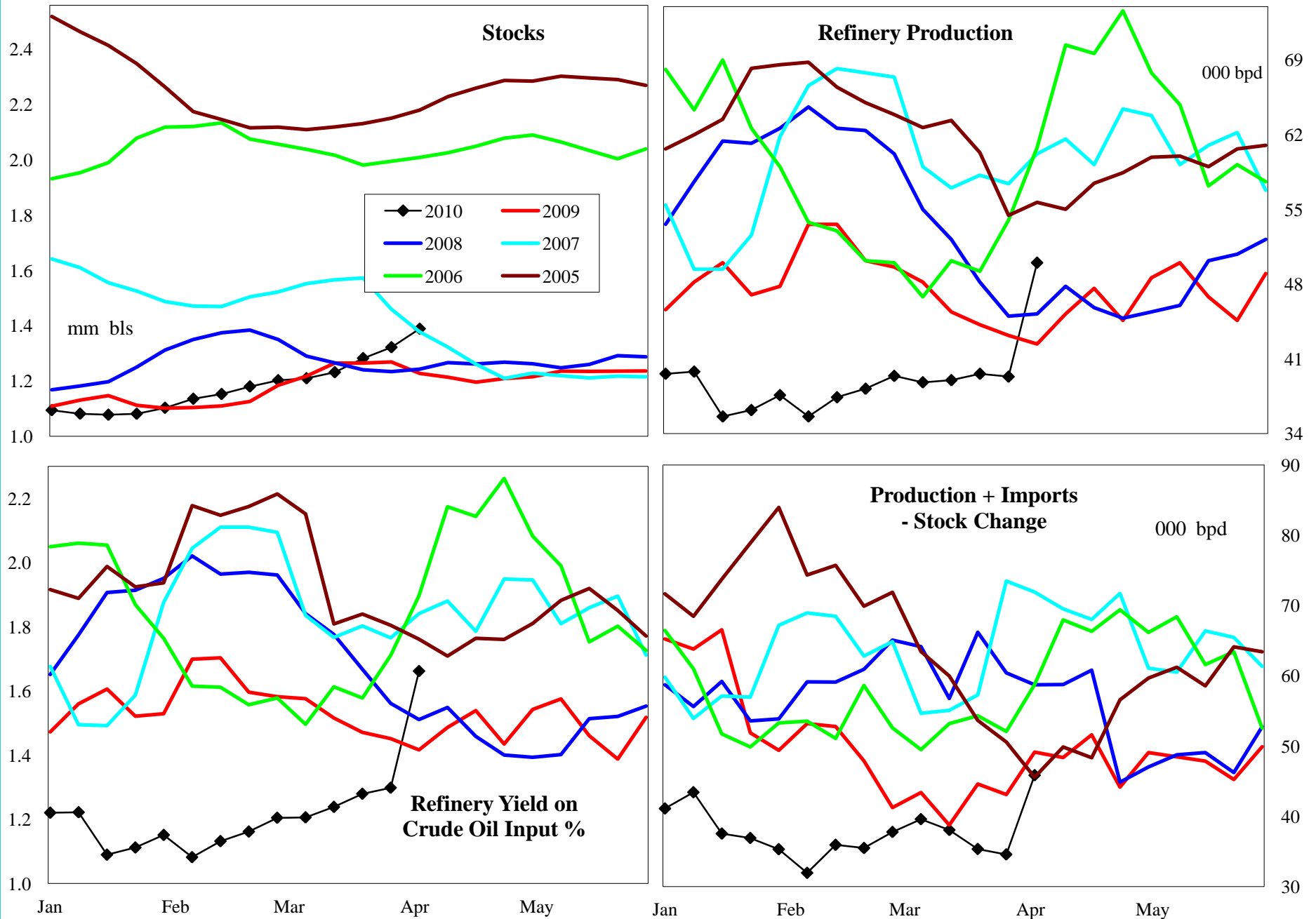
PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

161

-4

3

-10

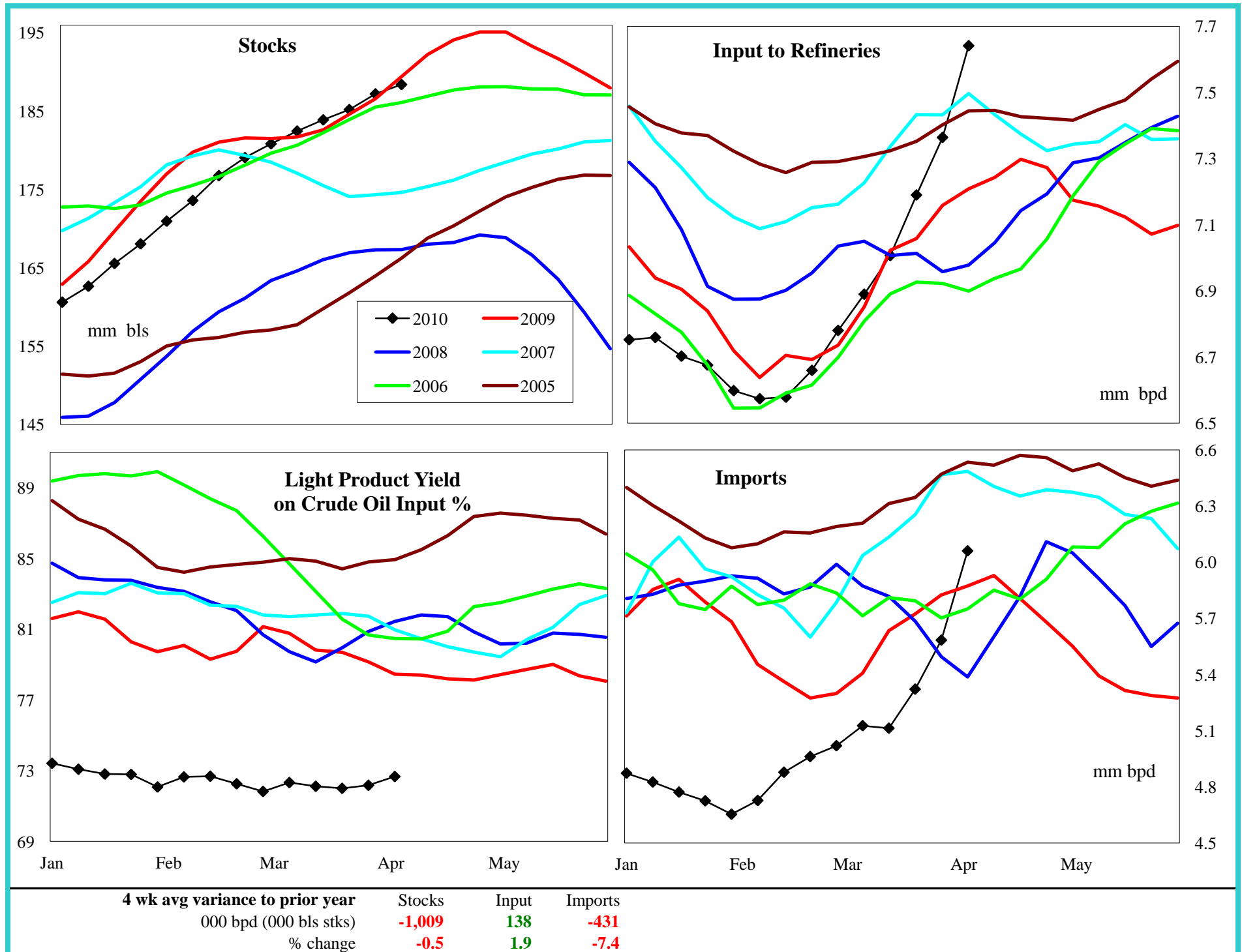
12.7

-9.5

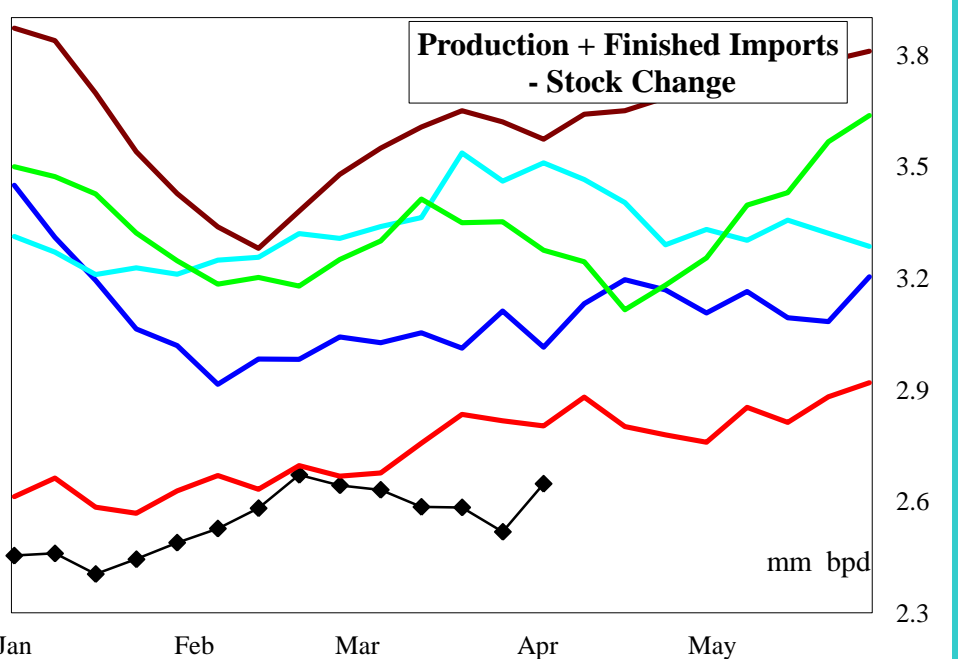
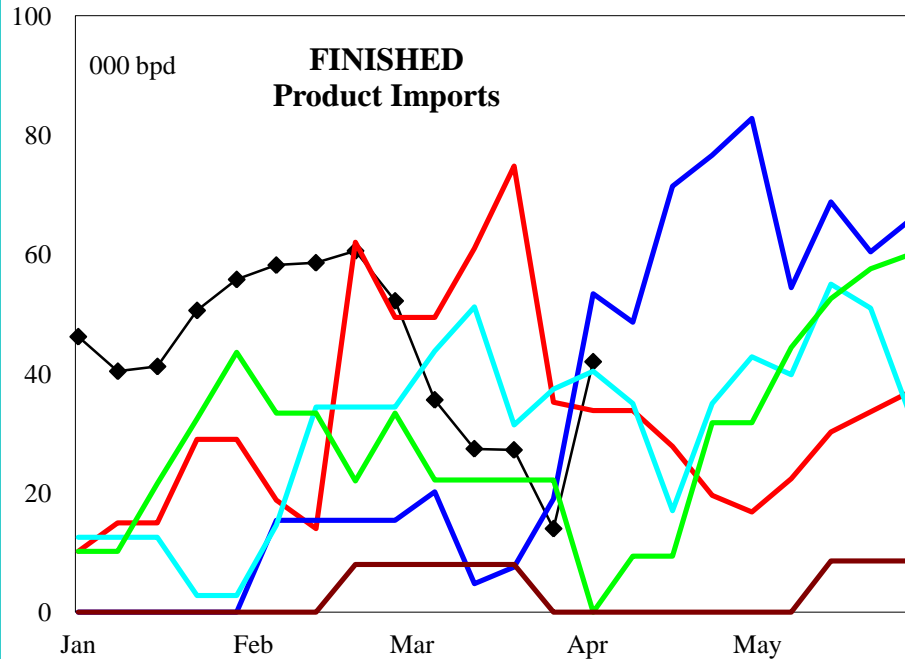
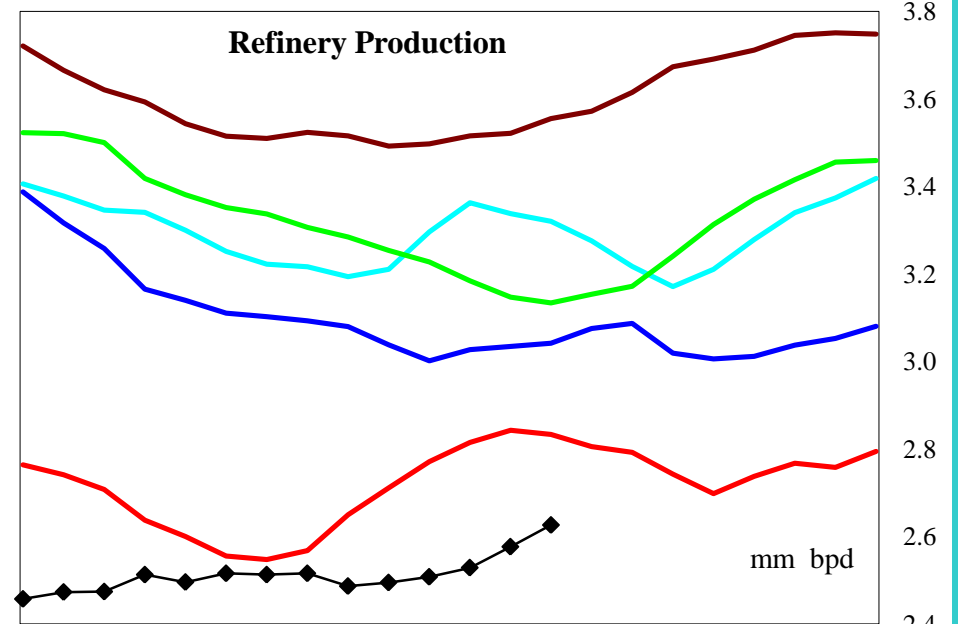
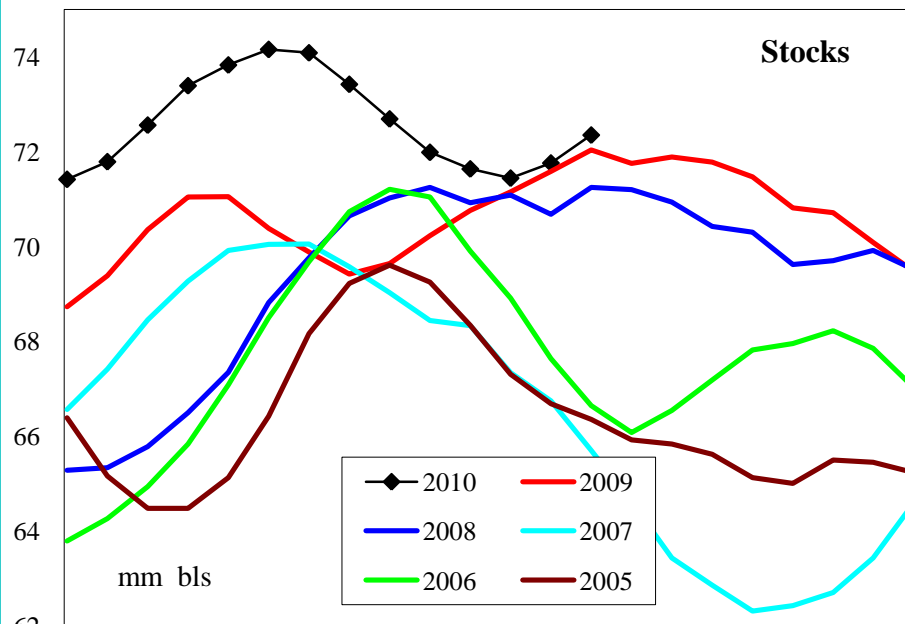
550.0

-20.2

PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

456

0.6

Production

-287

-10.1

Fin Impt

-11

-32.8

Blend Impt

-17

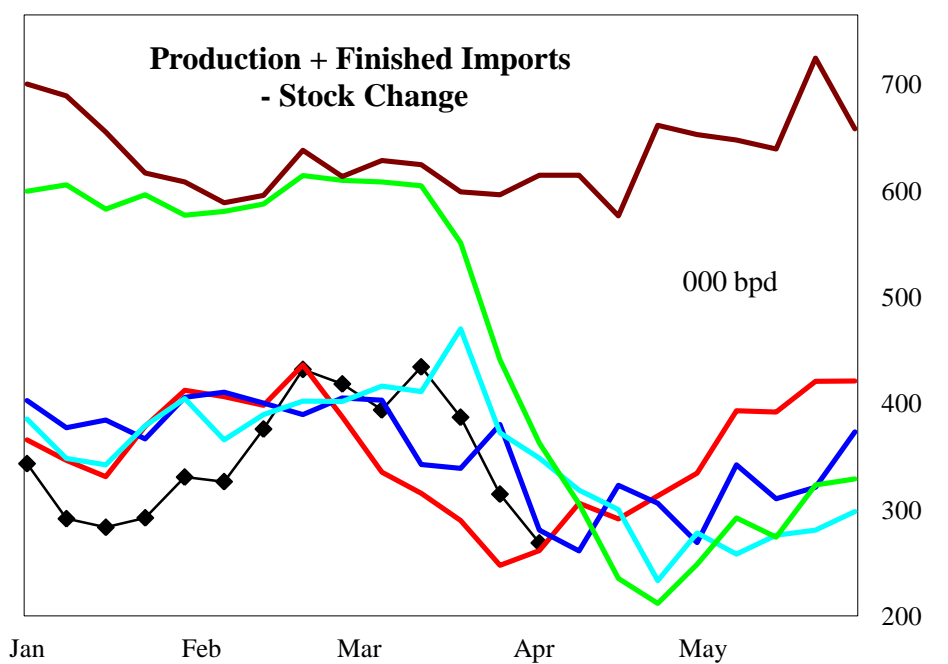
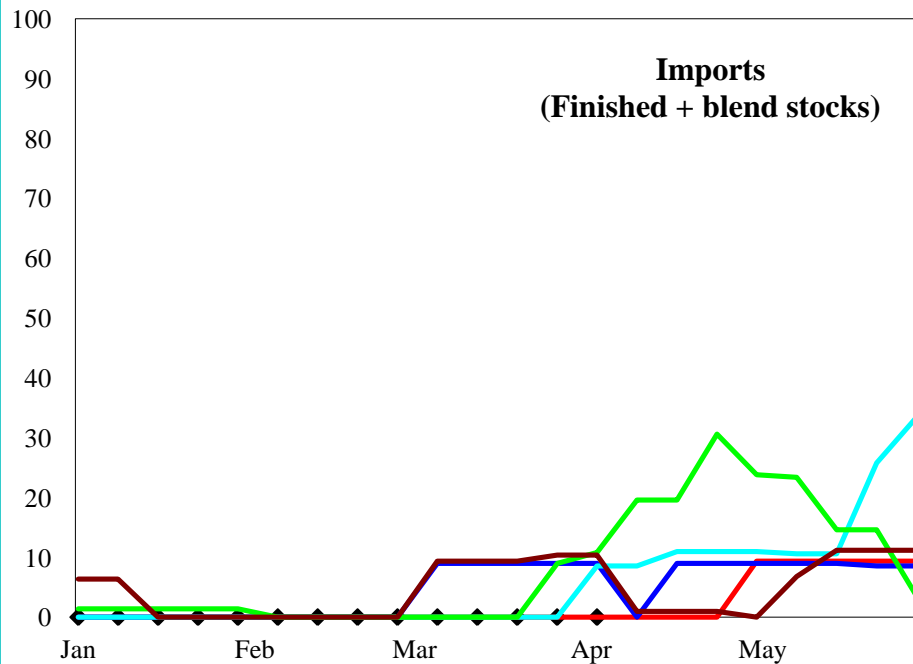
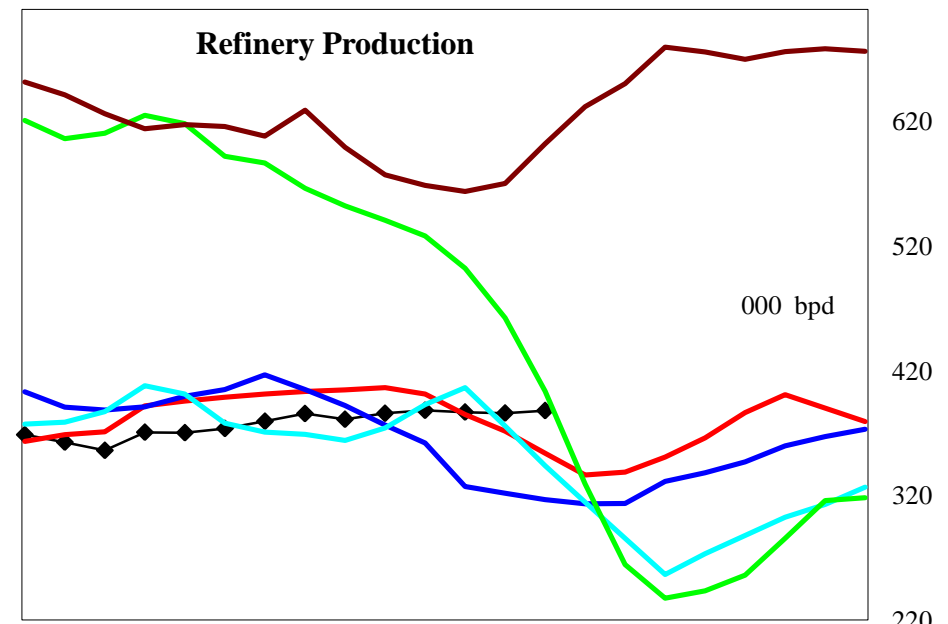
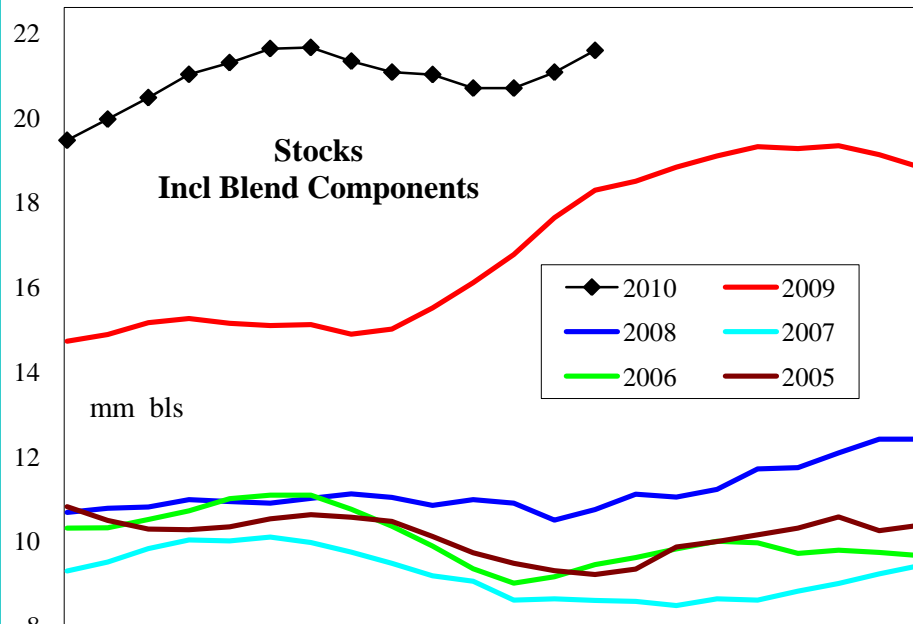
-24.5

Prod + Imp - Stk chg

-255

-9.2

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

2,722

14.1

Production

4

1.0

Imports

0

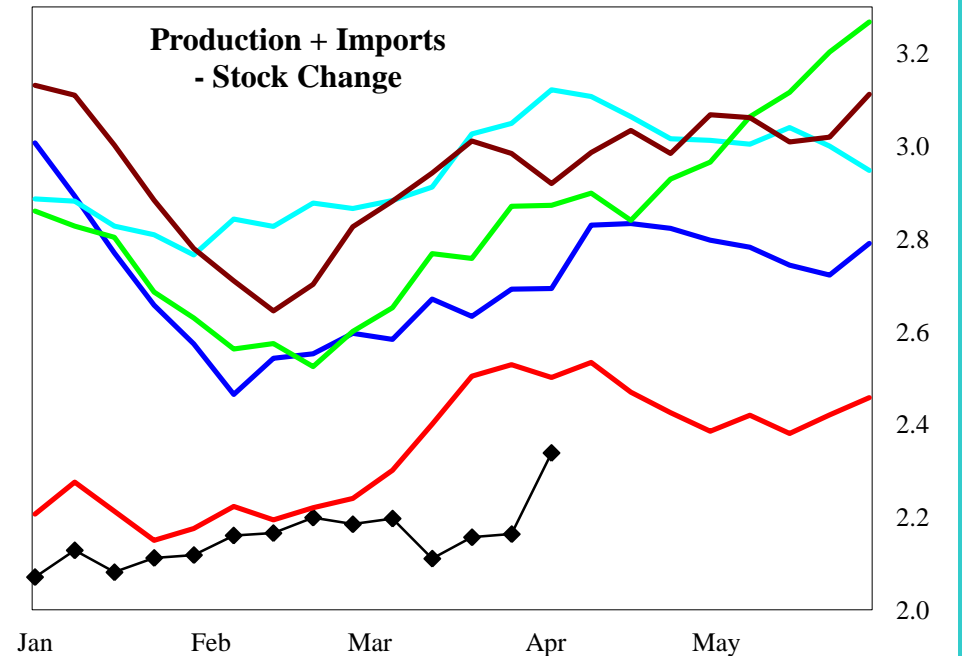
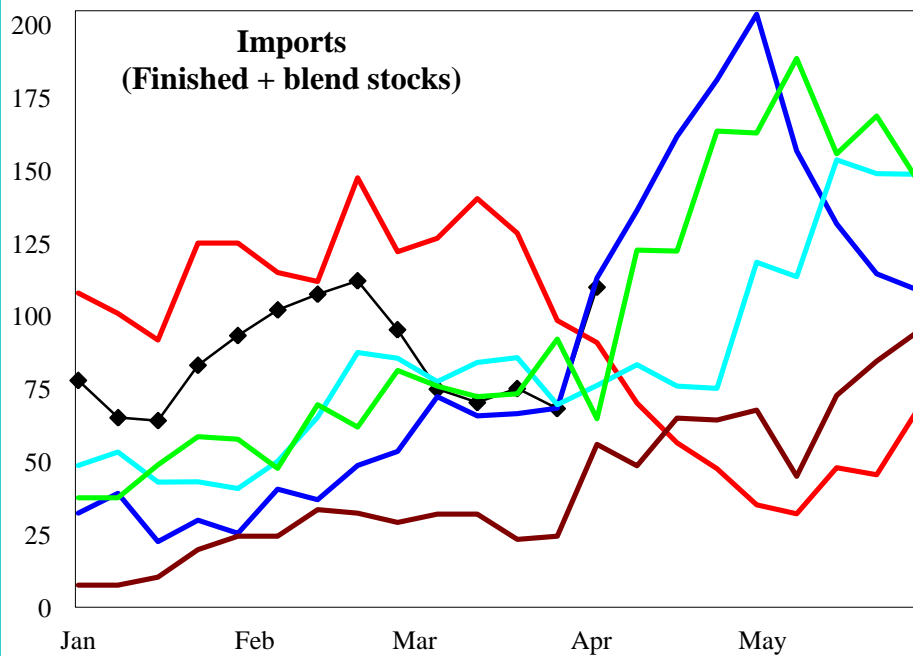
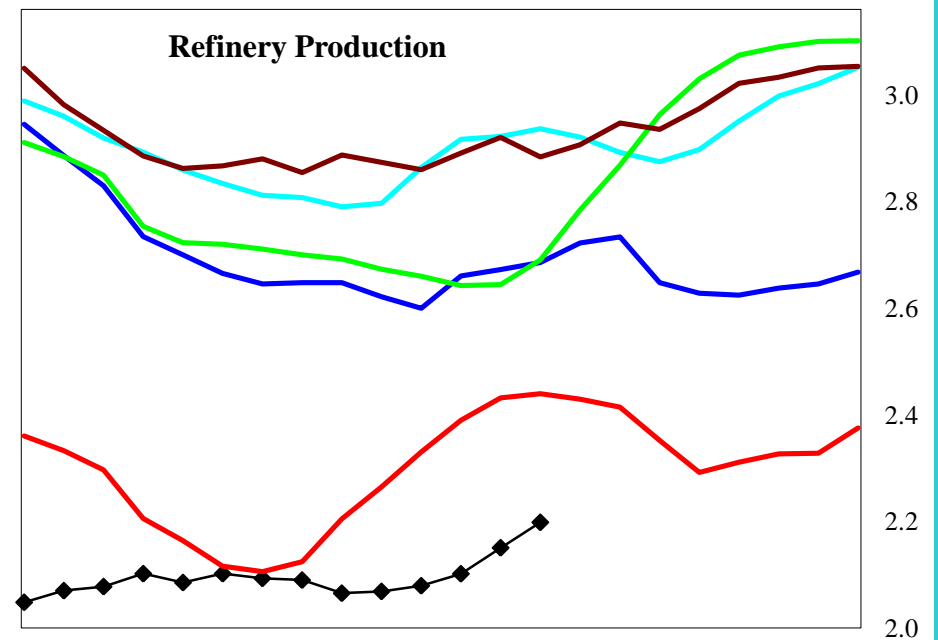
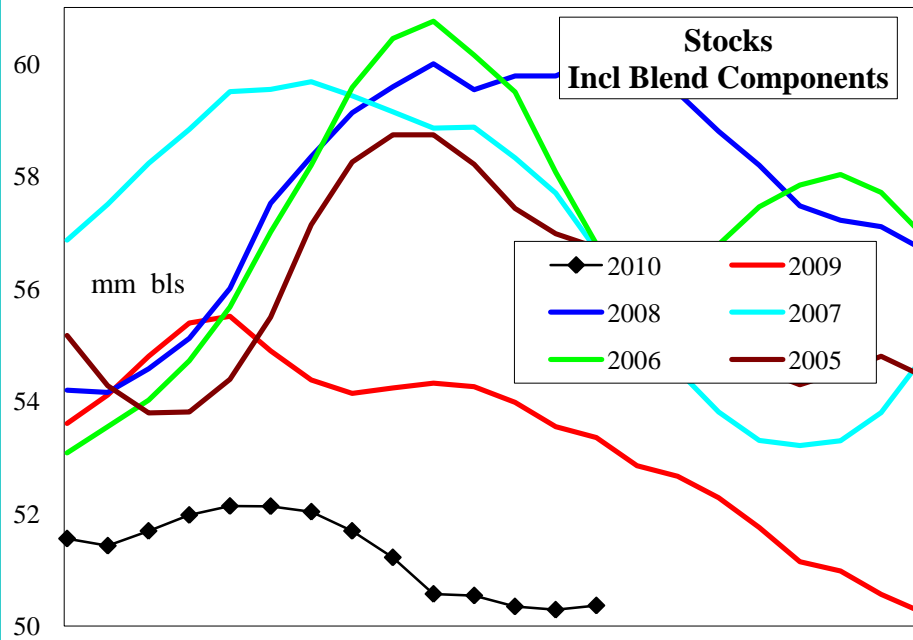
#DIV/0!

Prod + Imp - Stk chg

108

47.4

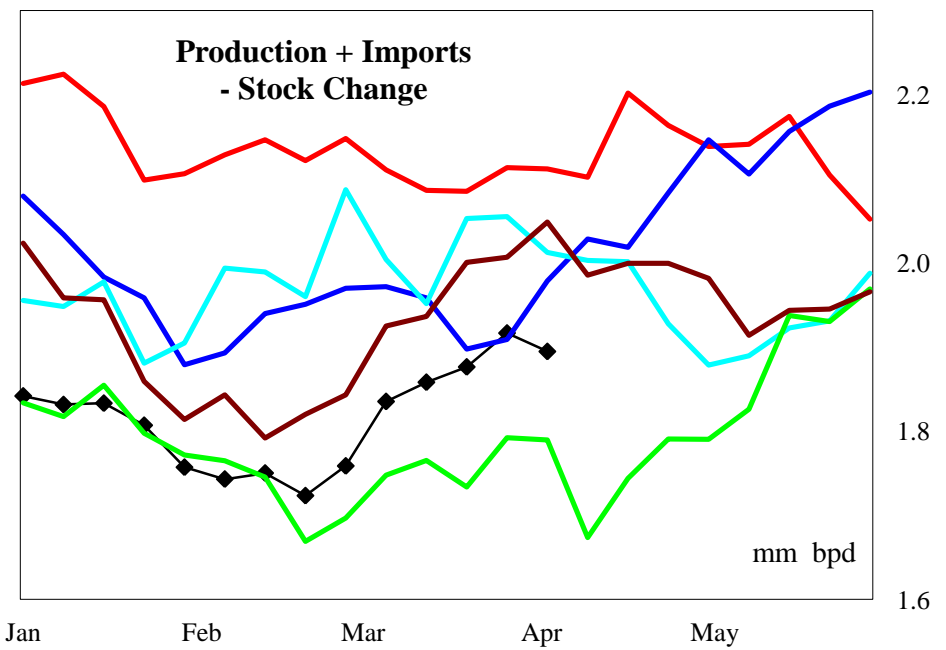
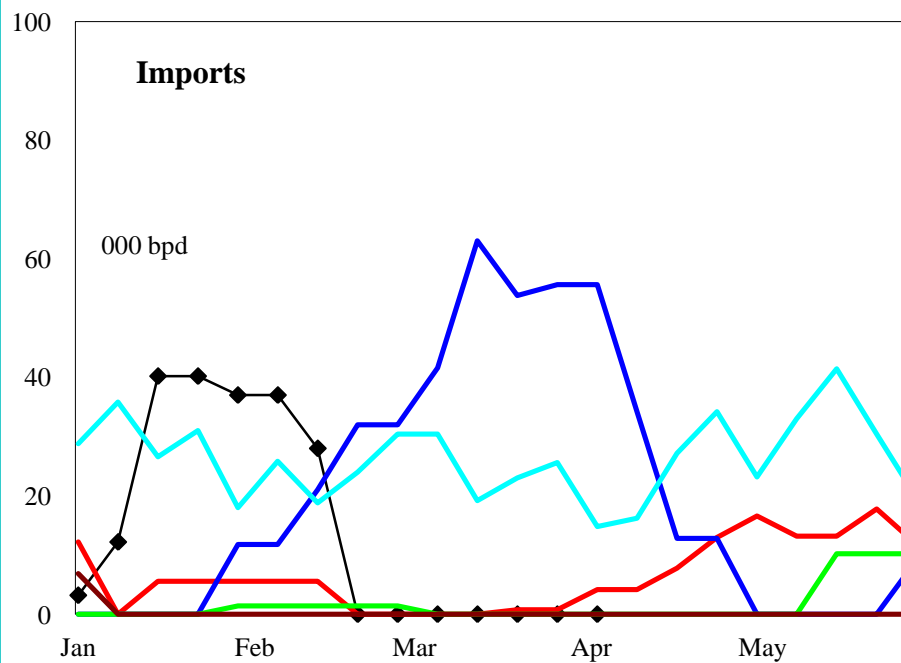
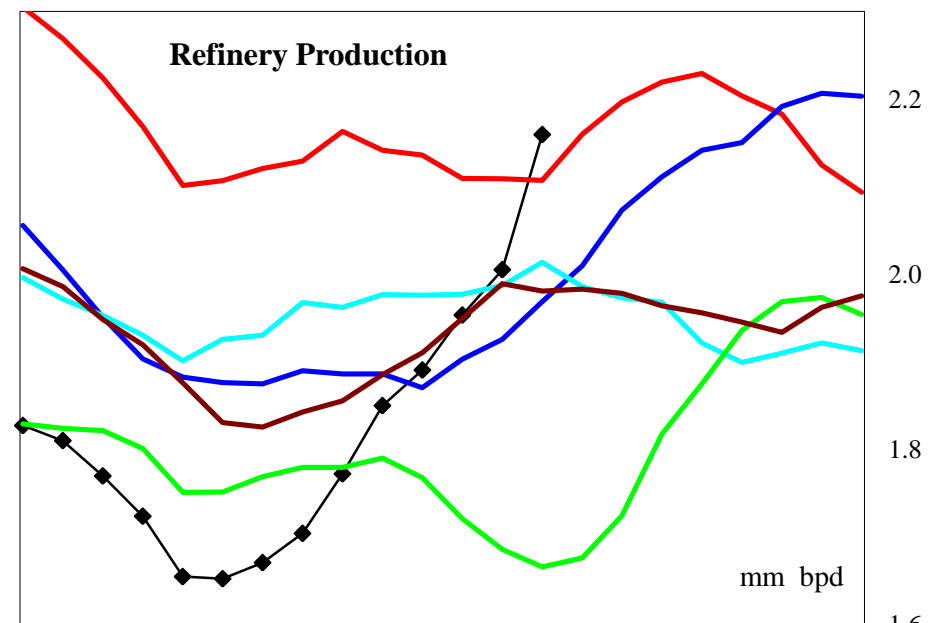
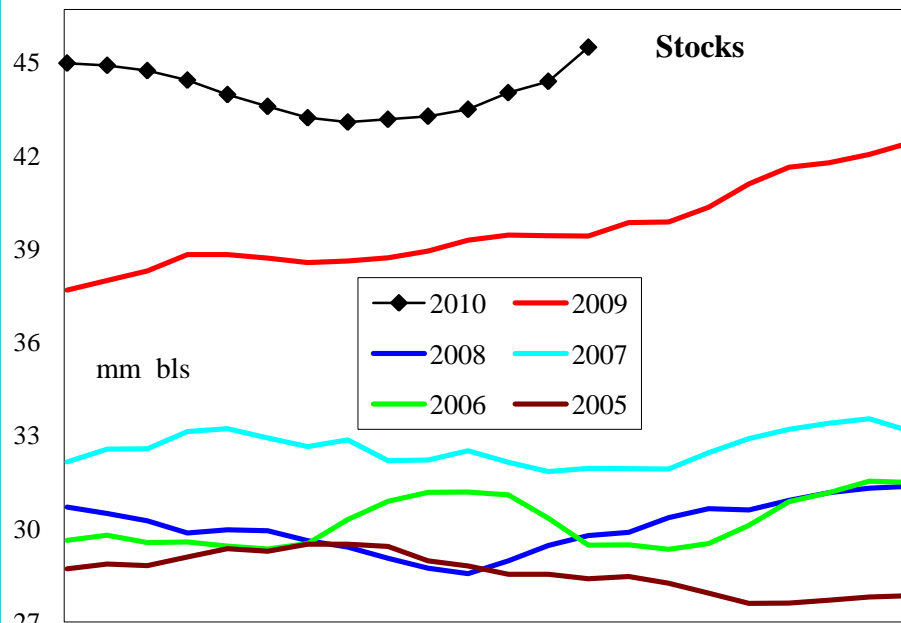
PADD 3 Conventional Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-2,266	-291	-28	-363
-4.3	-11.8	-27.3	-14.2

PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

6,283

15.9

Production

-110

-5.2

Imports

-1

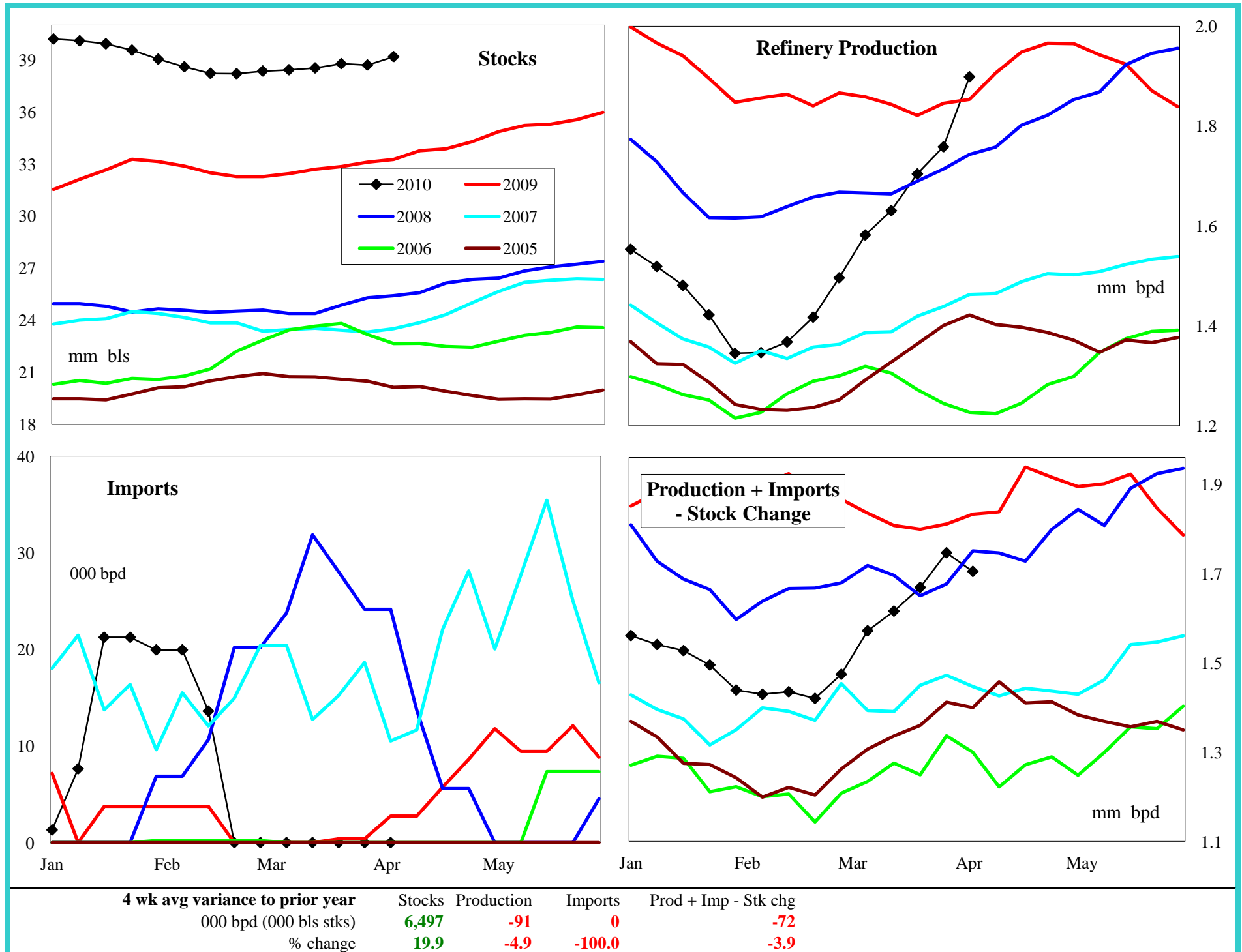
-100.0

Prod + Imp - Stk chg

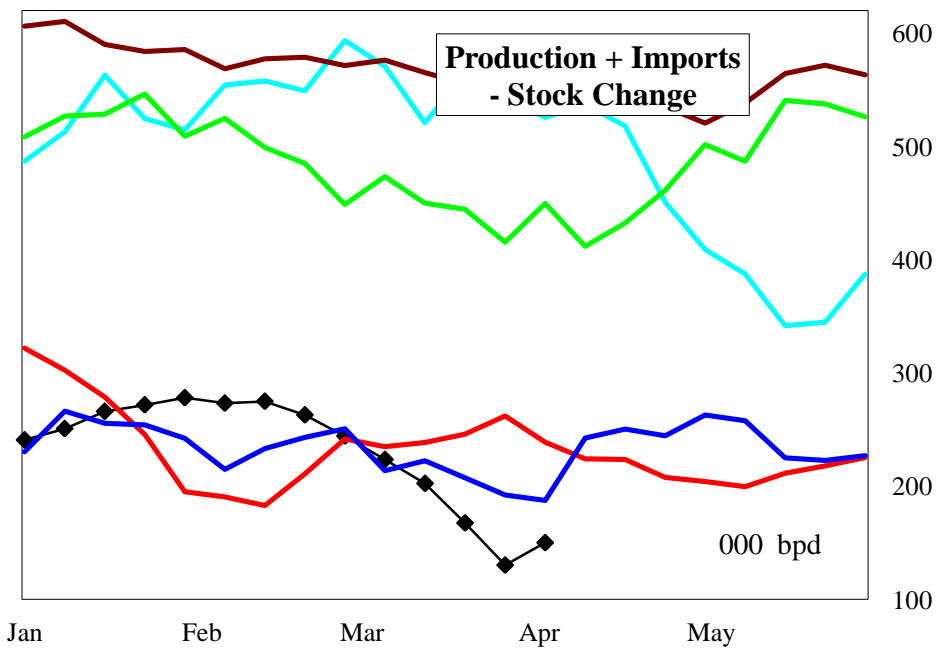
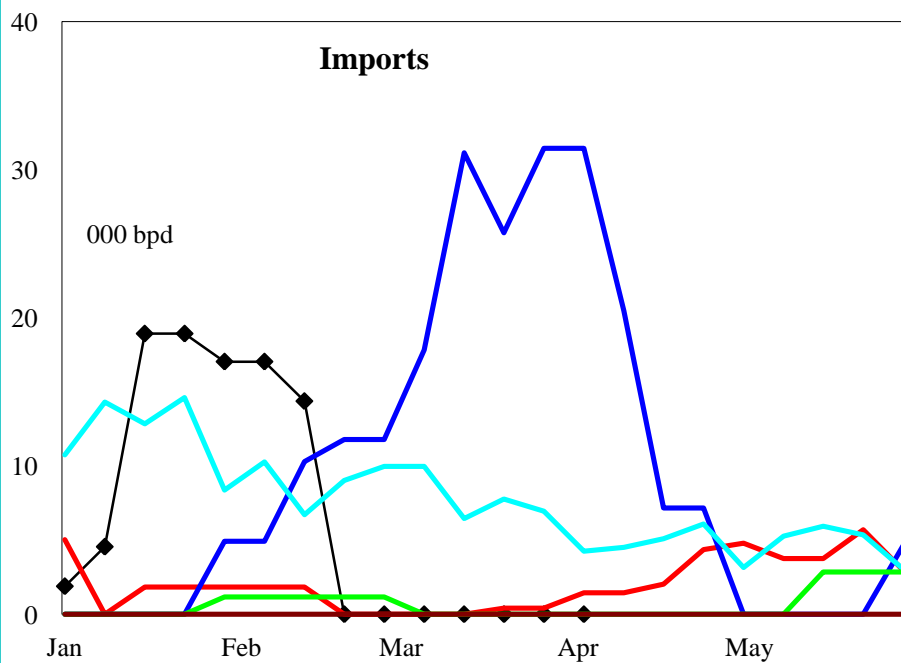
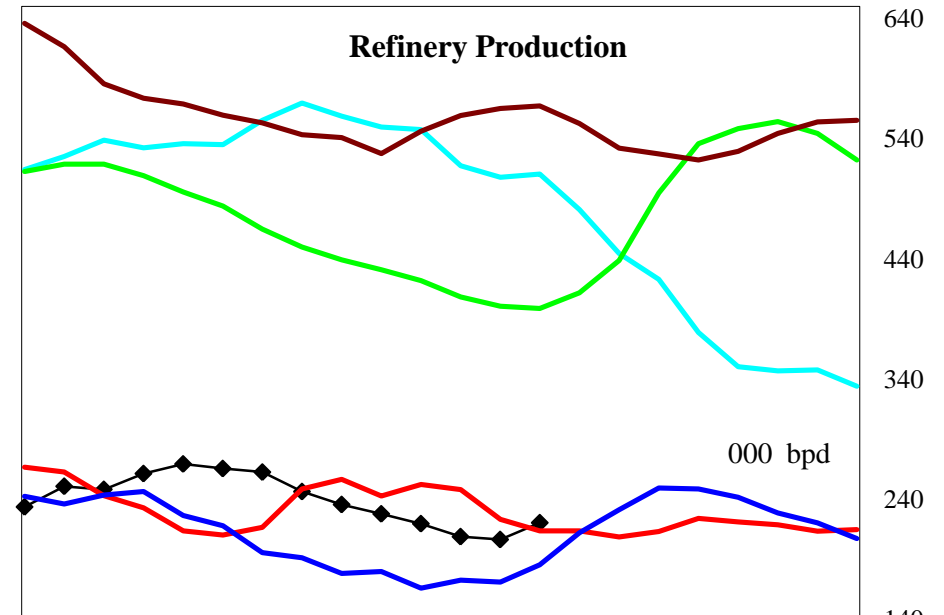
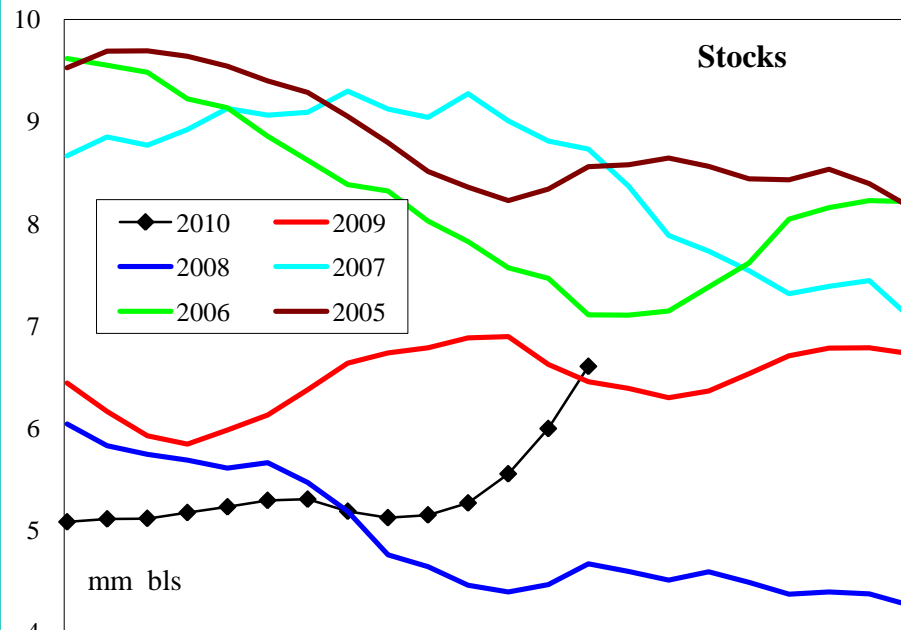
-168

-8.1

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

-214

-3.1

Production

-18

-7.9

Imports

-1

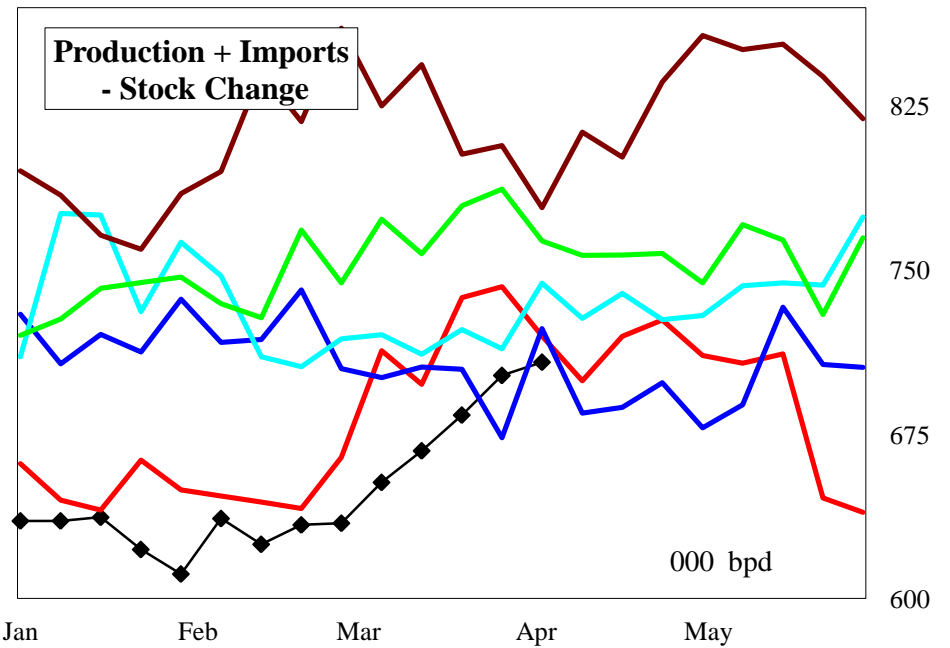
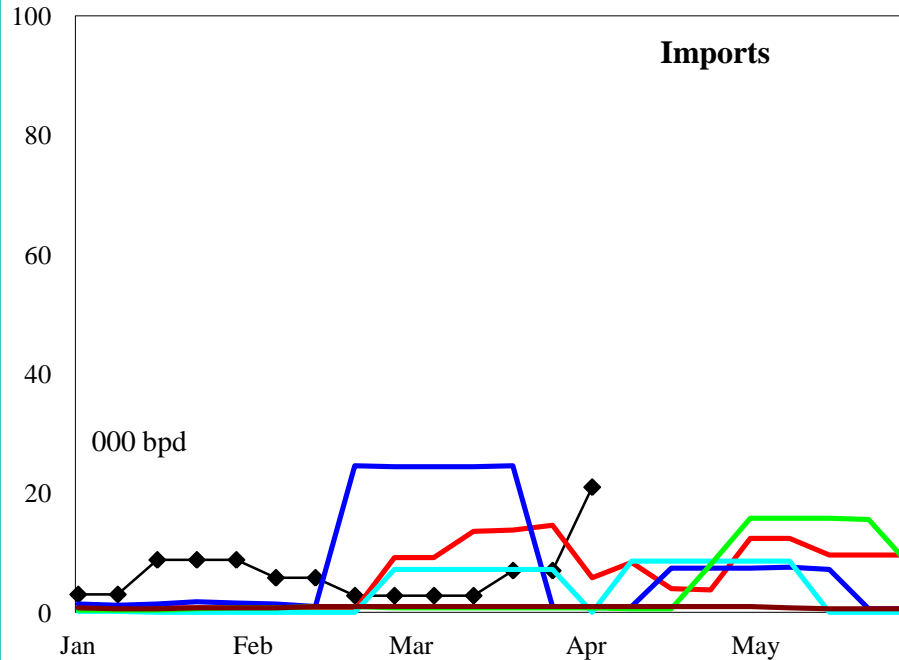
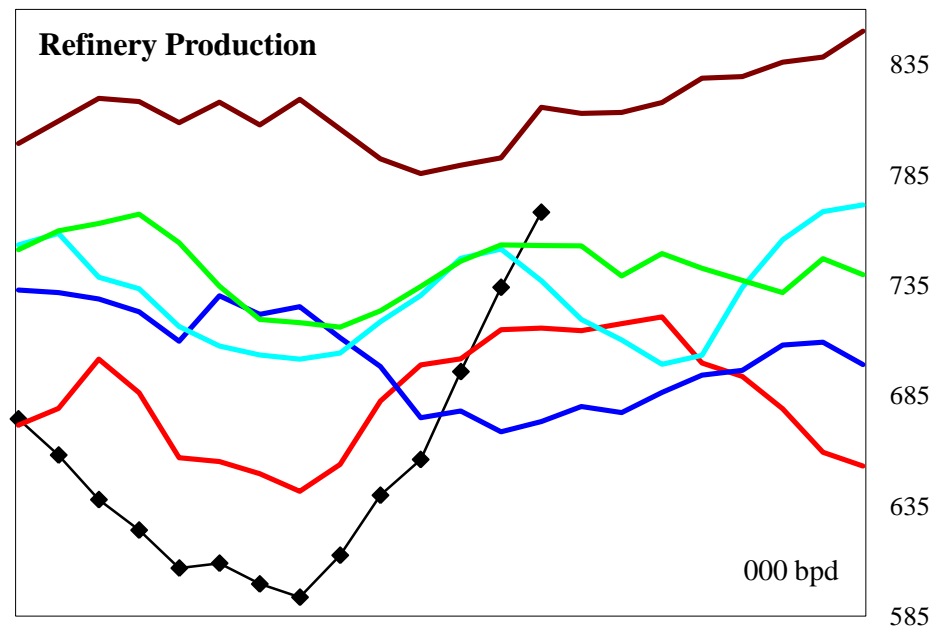
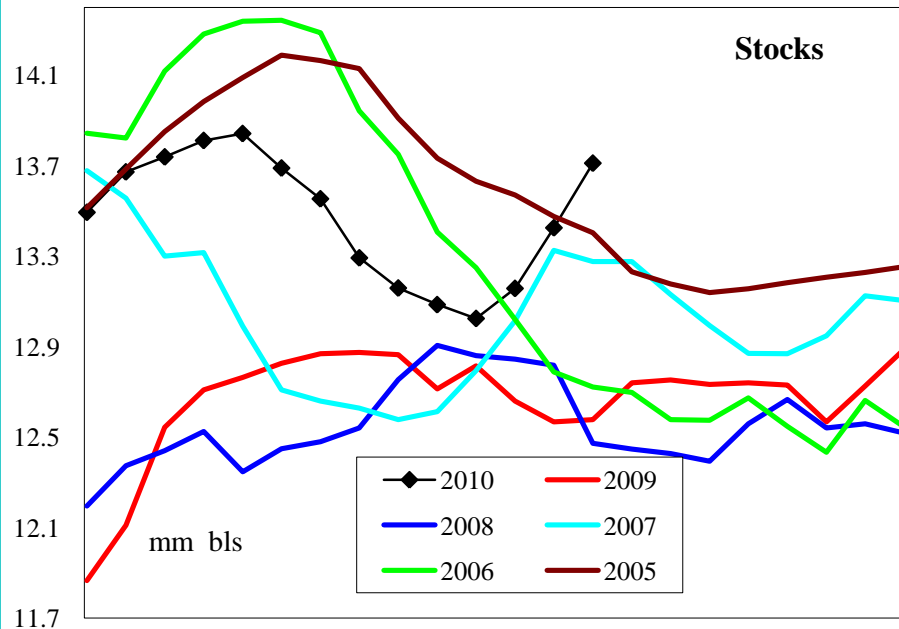
-100.0

Prod + Imp - Stk chg

-97

-39.5

PADD 3 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,134

9.0

Production

10

1.4

Imports

-12

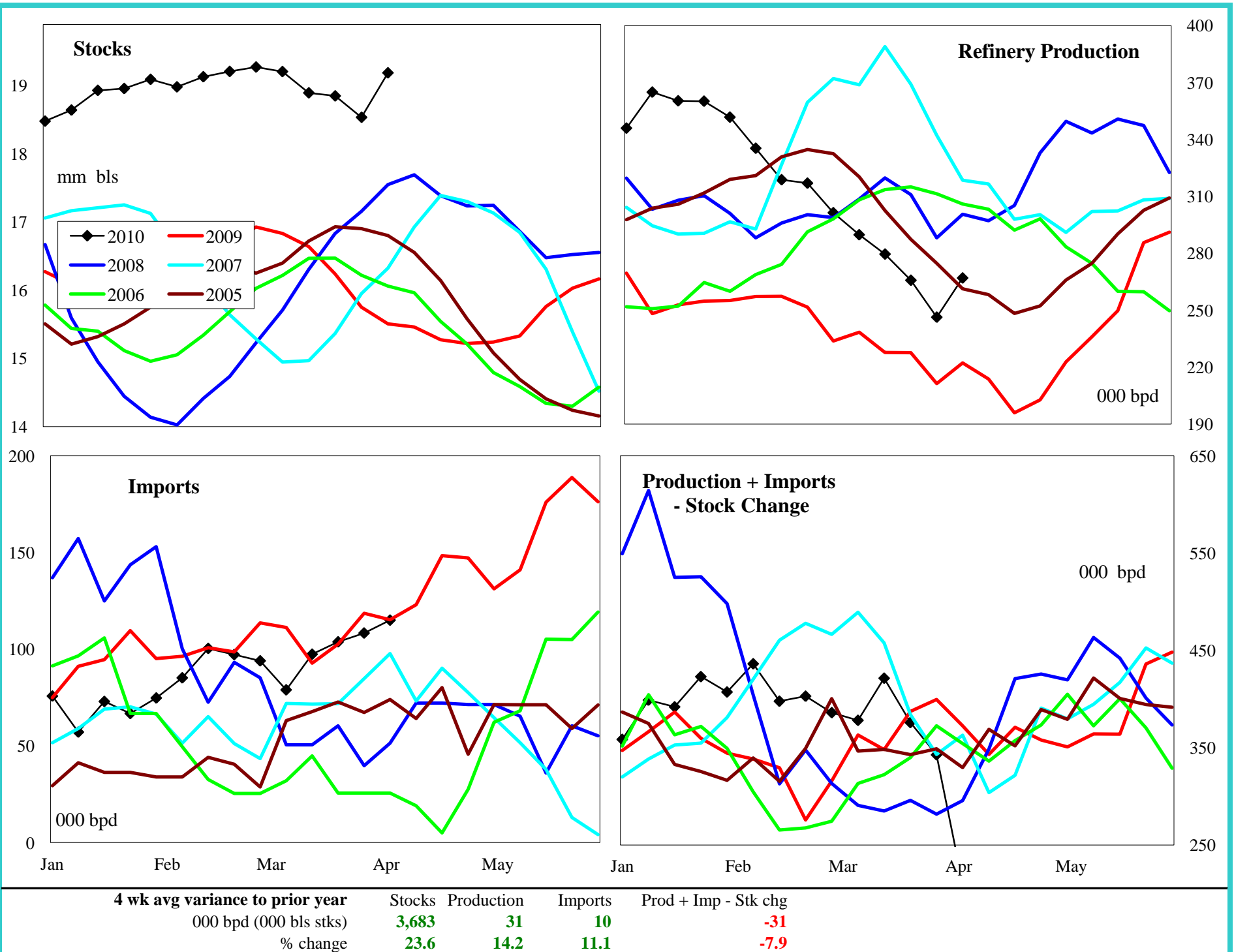
-69.6

Prod + Imp - Stk chg

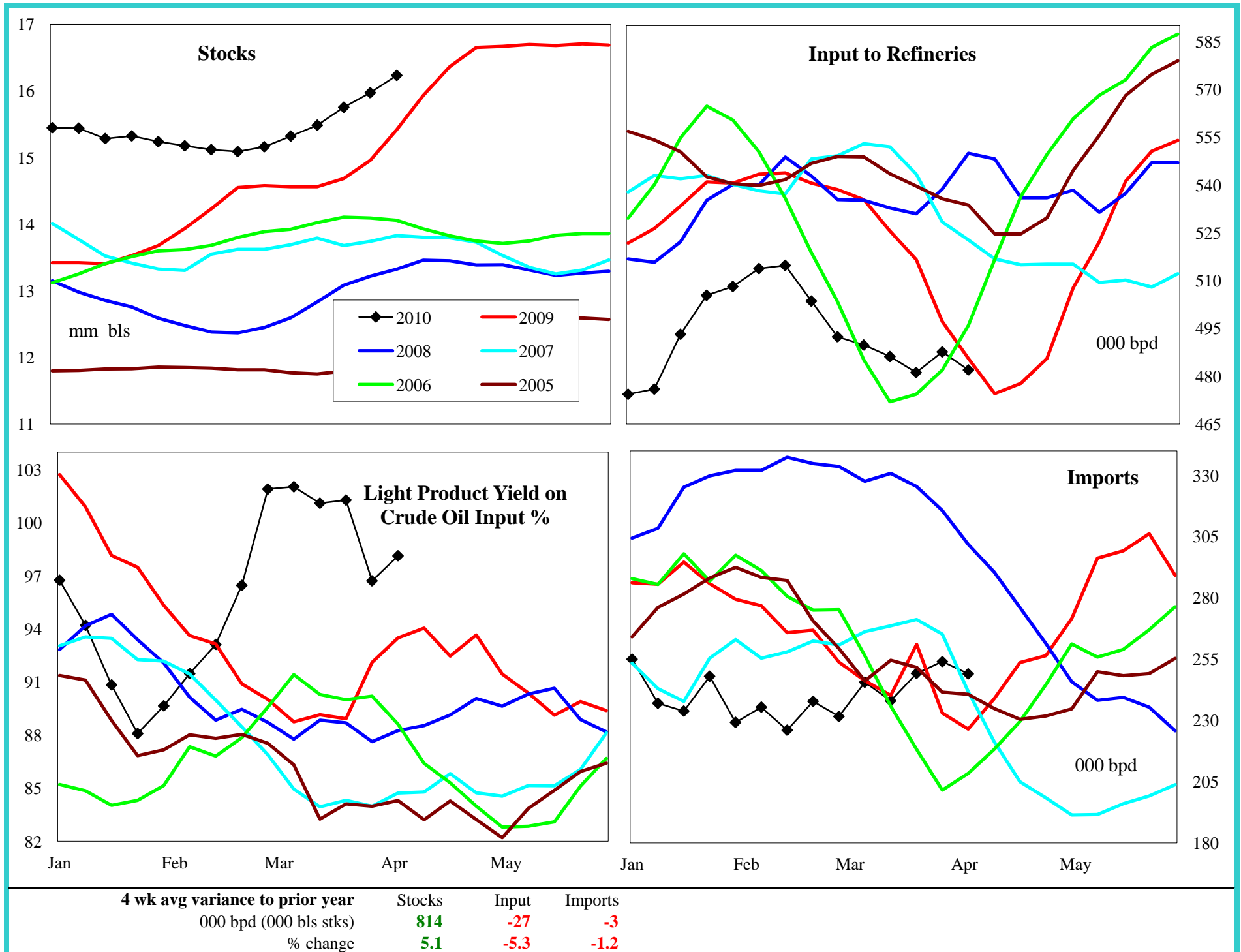
-67

-8.9

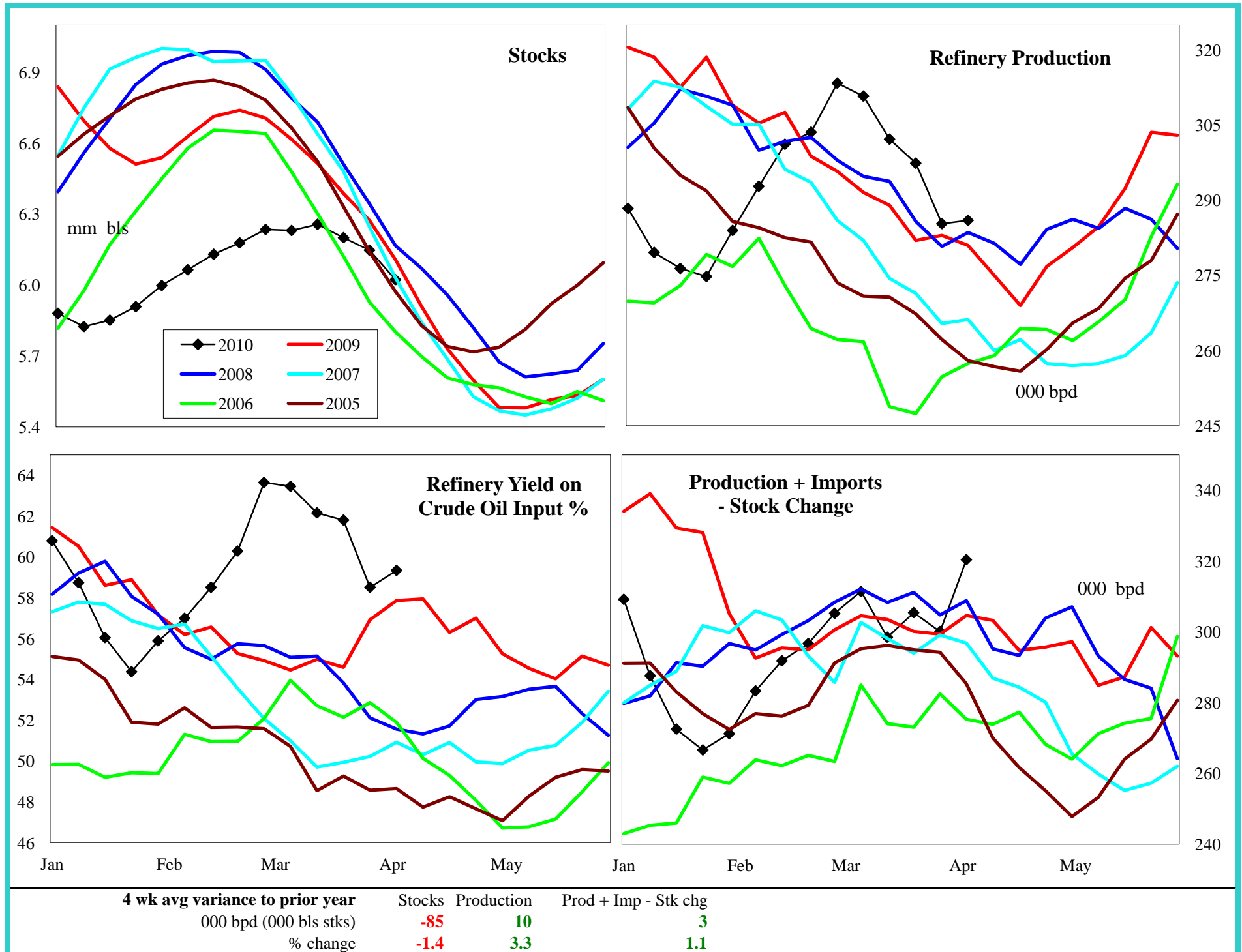
PADD 3 Residual Fuel Oil Supply



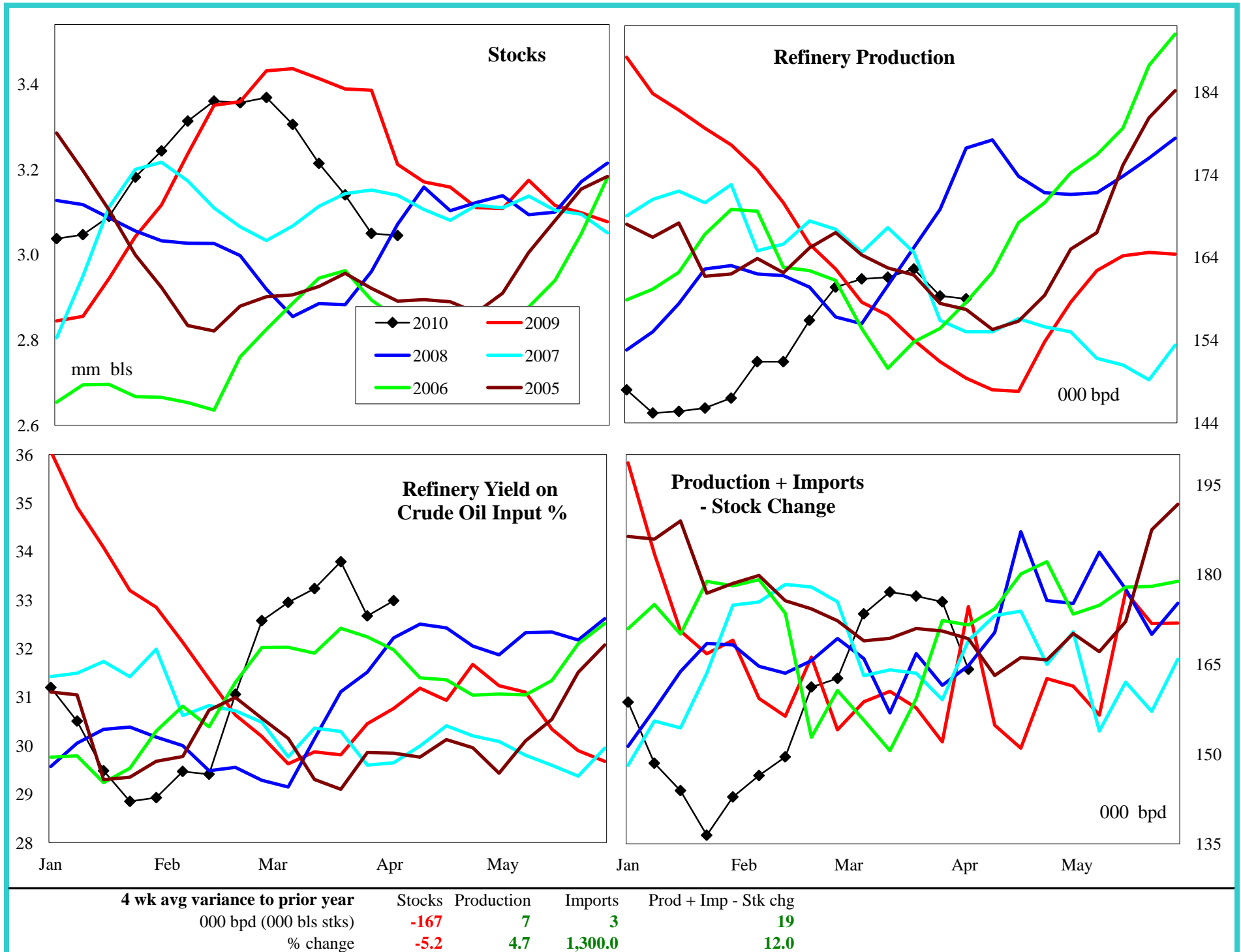
PADD 4 Crude Oil Supply and Refining



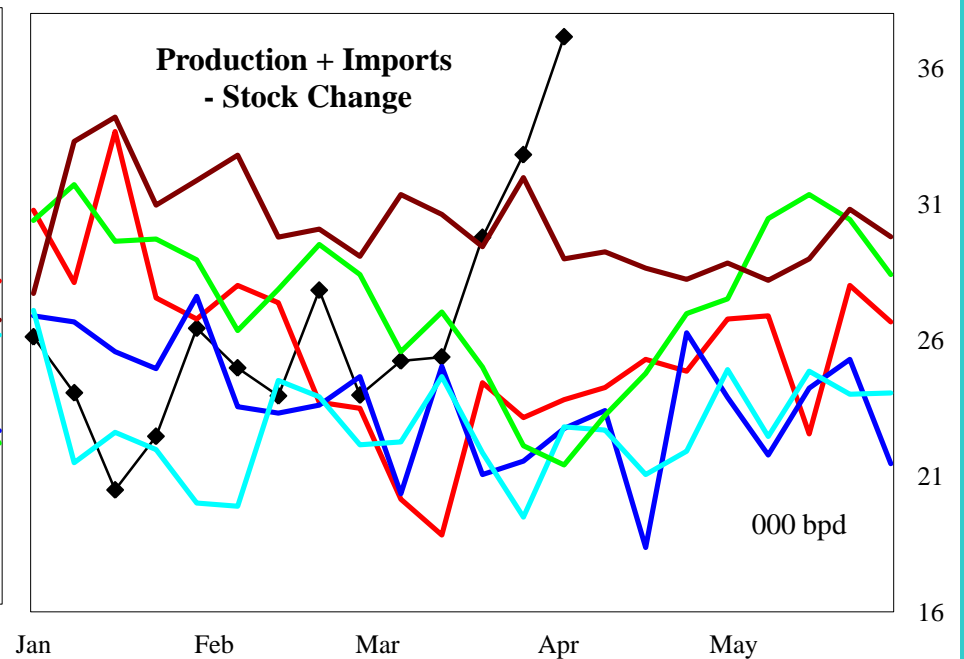
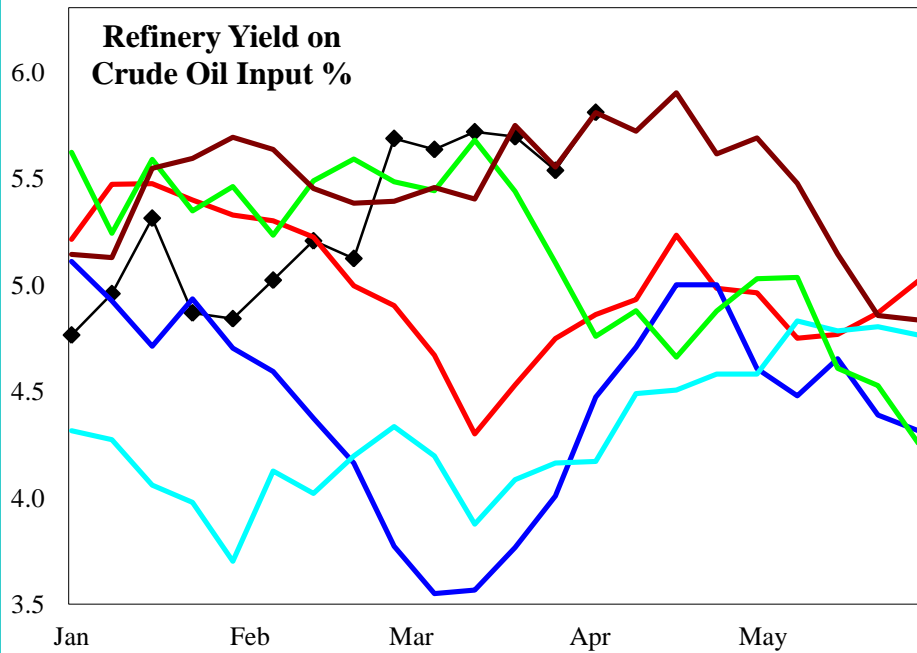
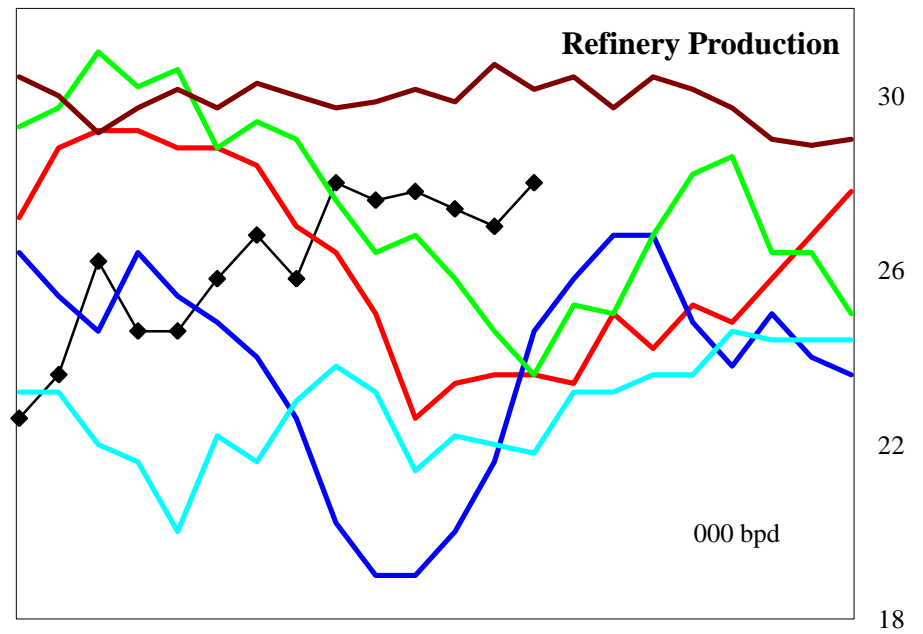
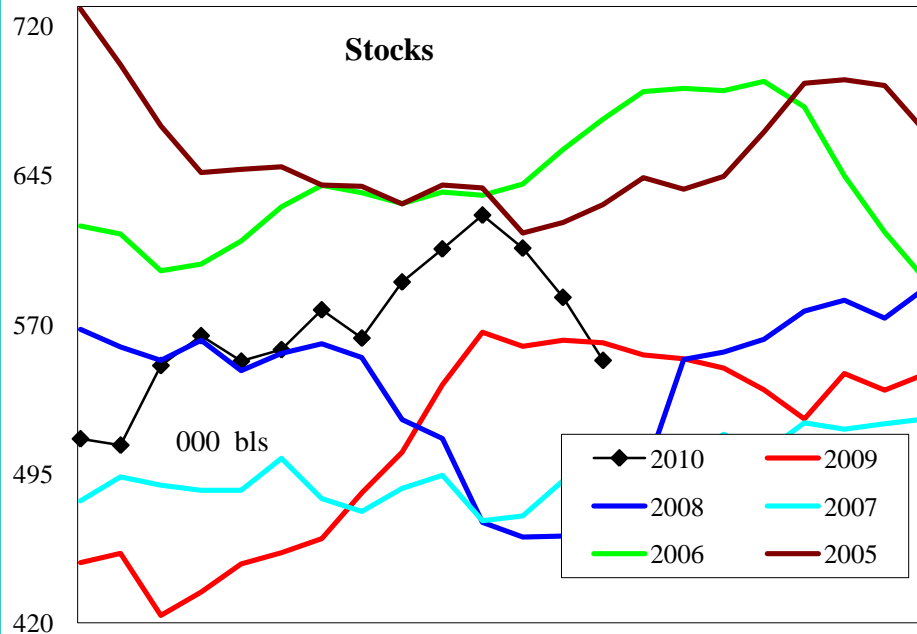
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks Production

-9 4

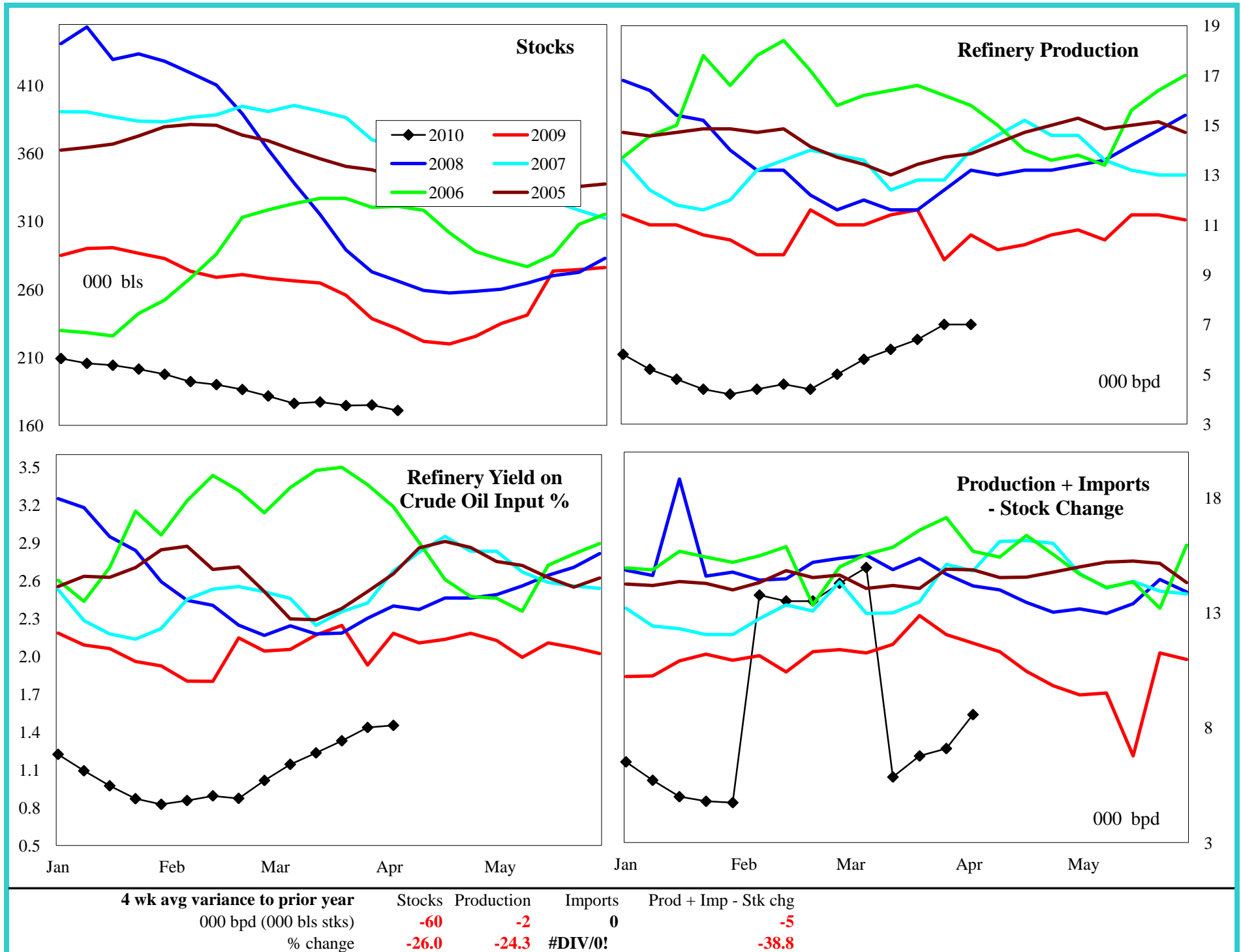
-1.6 14.7

Prod + Imp - Stk chg

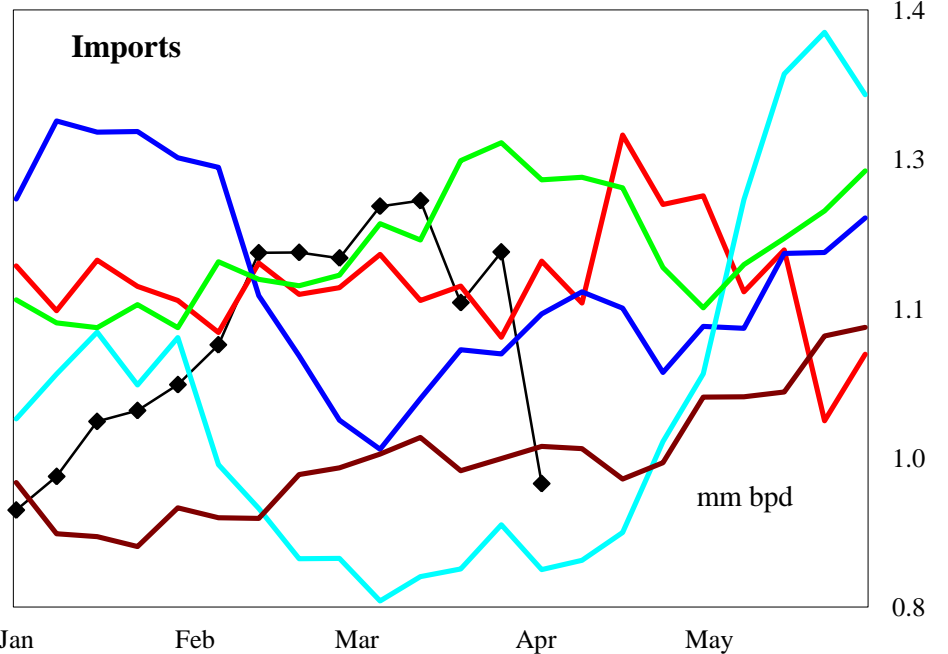
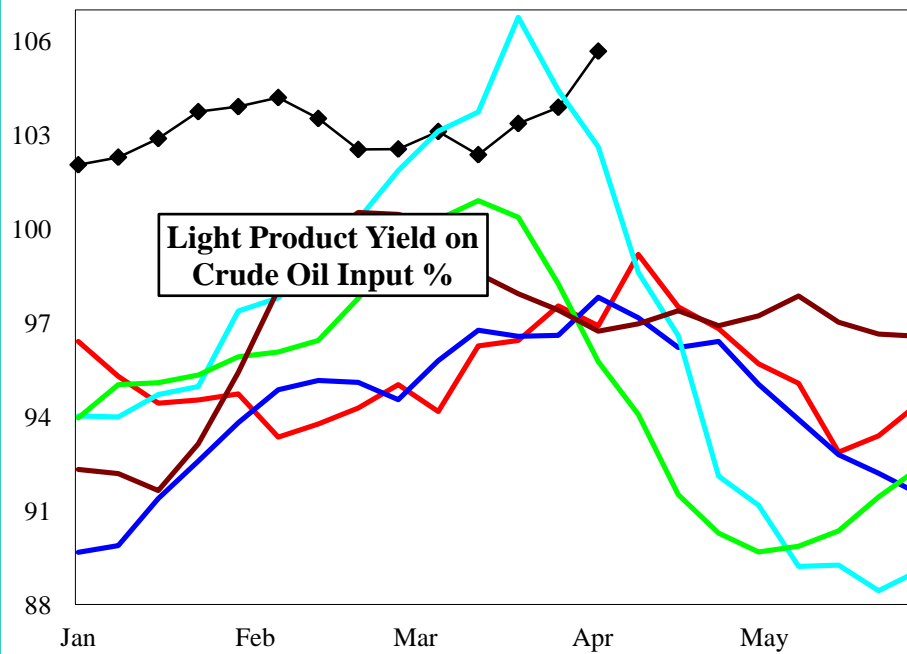
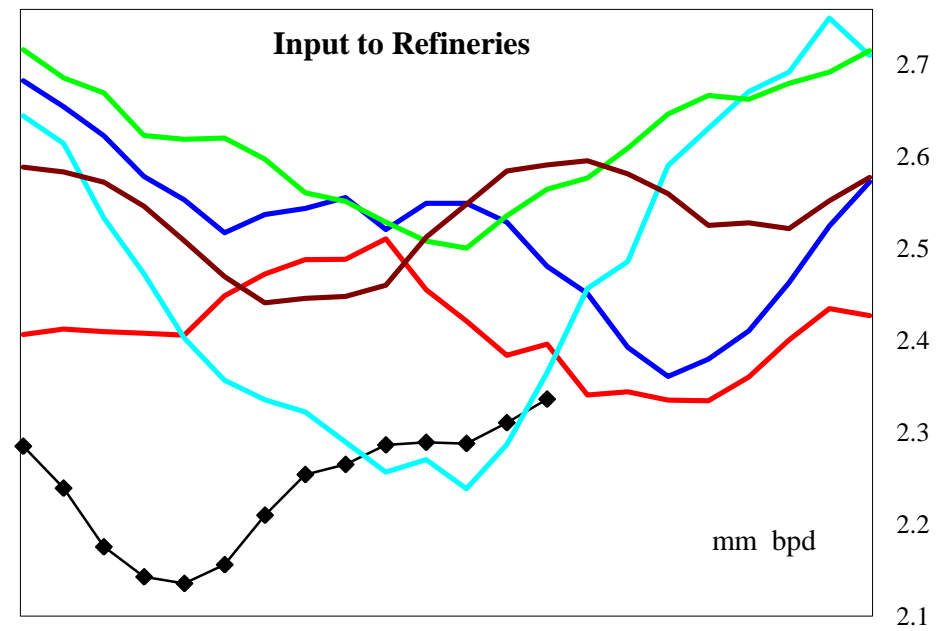
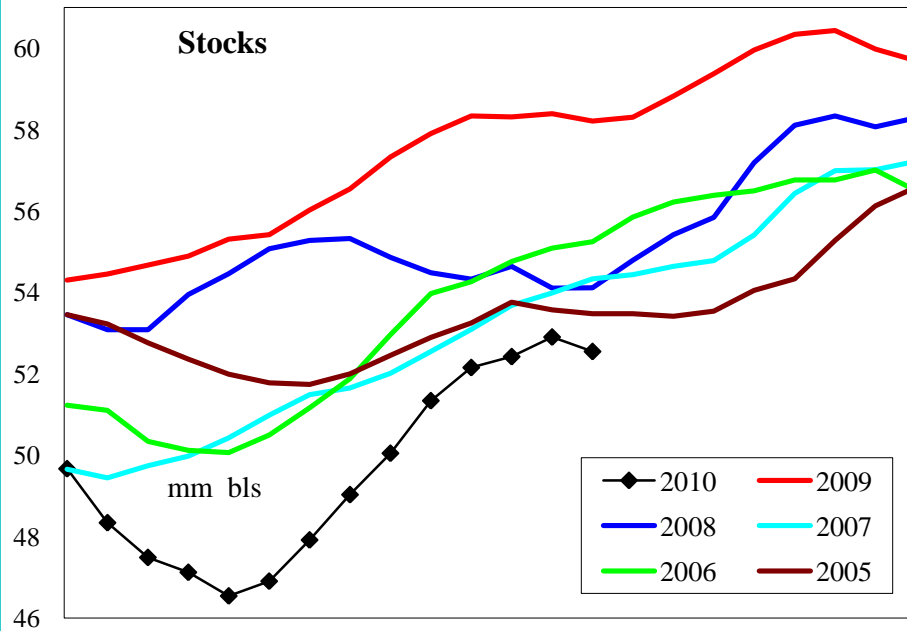
4

16.3

PADD 4 Residual Fuel Oil Supply



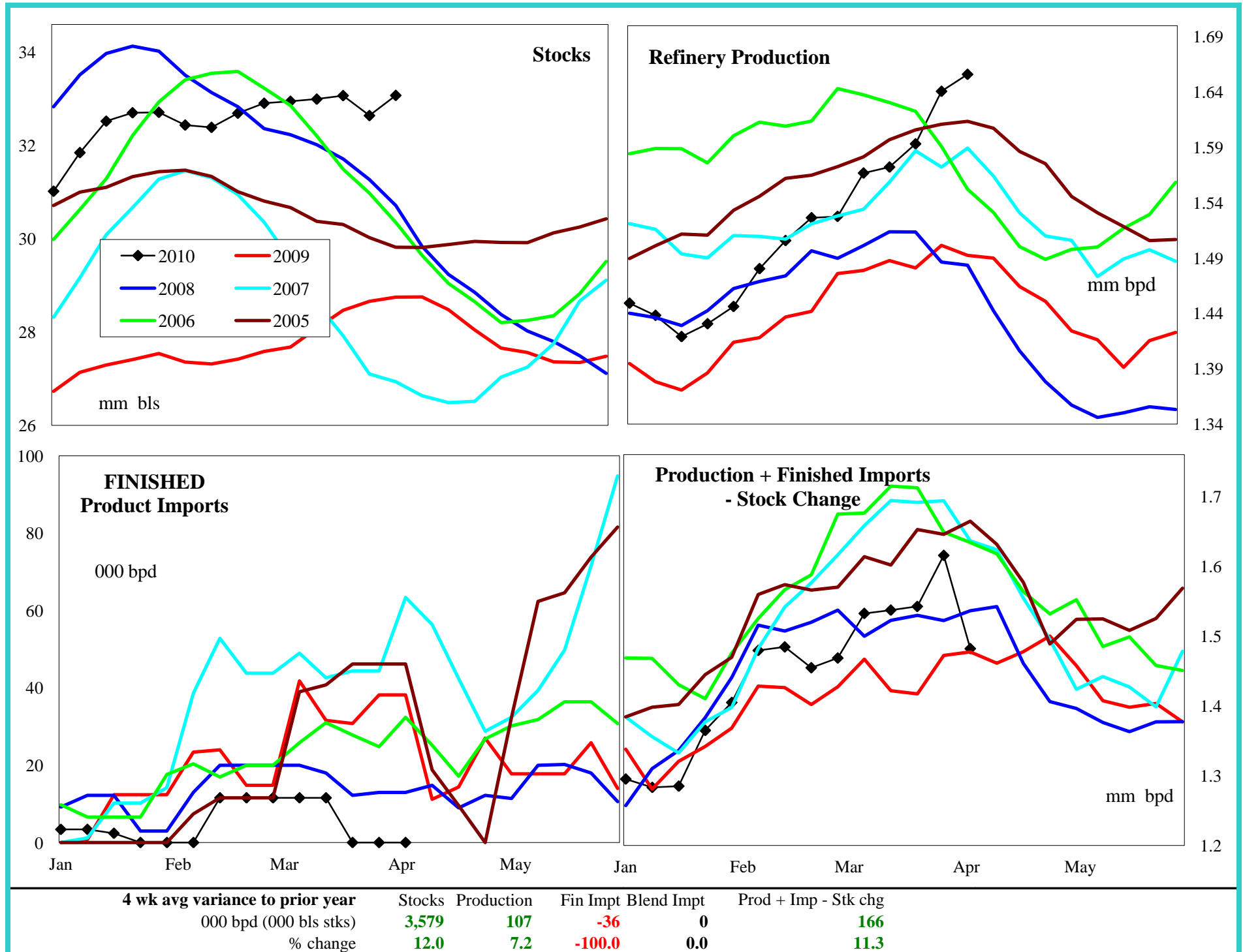
PADD 5 Crude Oil Supply and Refining



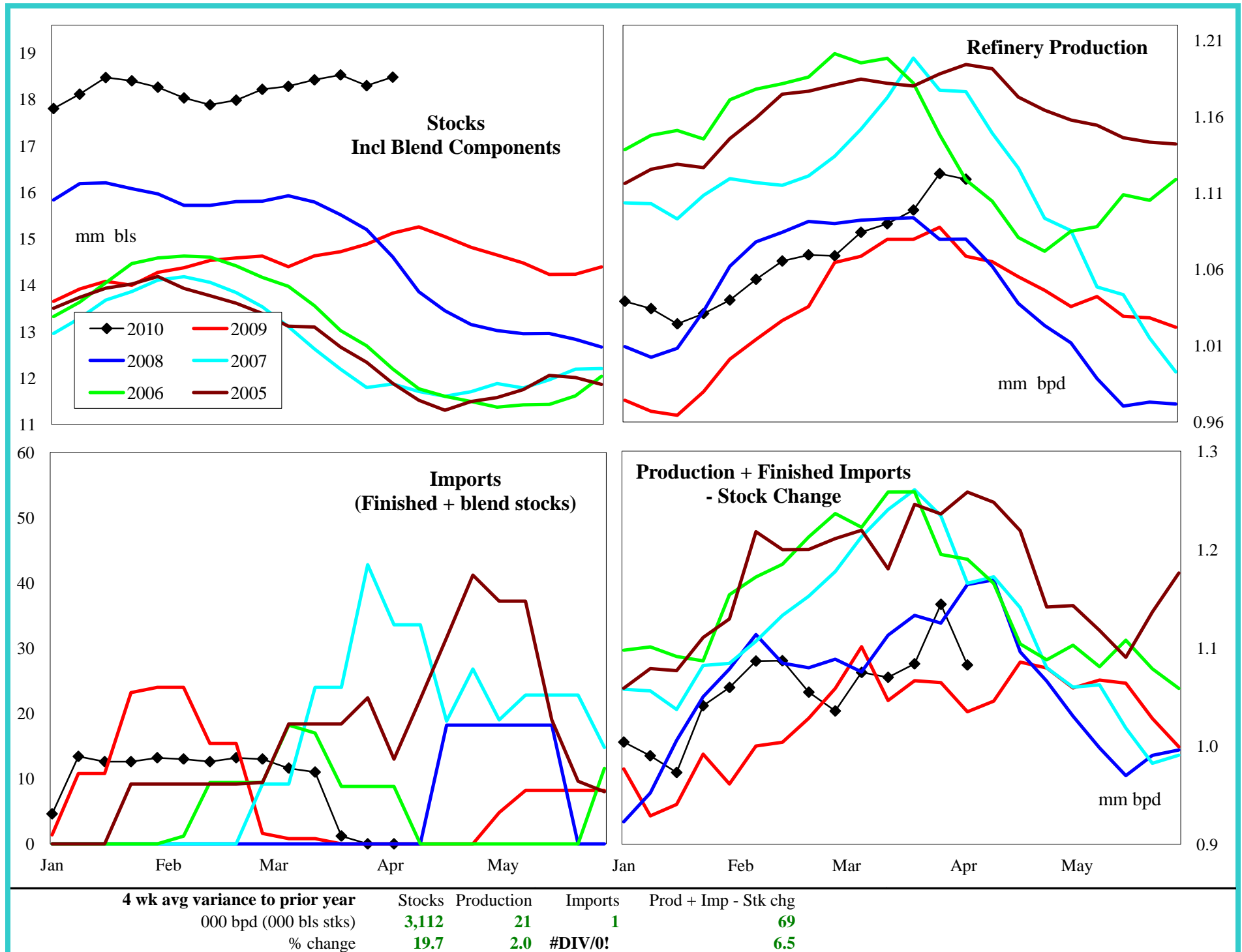
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

	Stocks	Input	Imports
000 bpd (000 bls stks)	-5,659	-113	36
% change	-9.7	-4.6	3.2

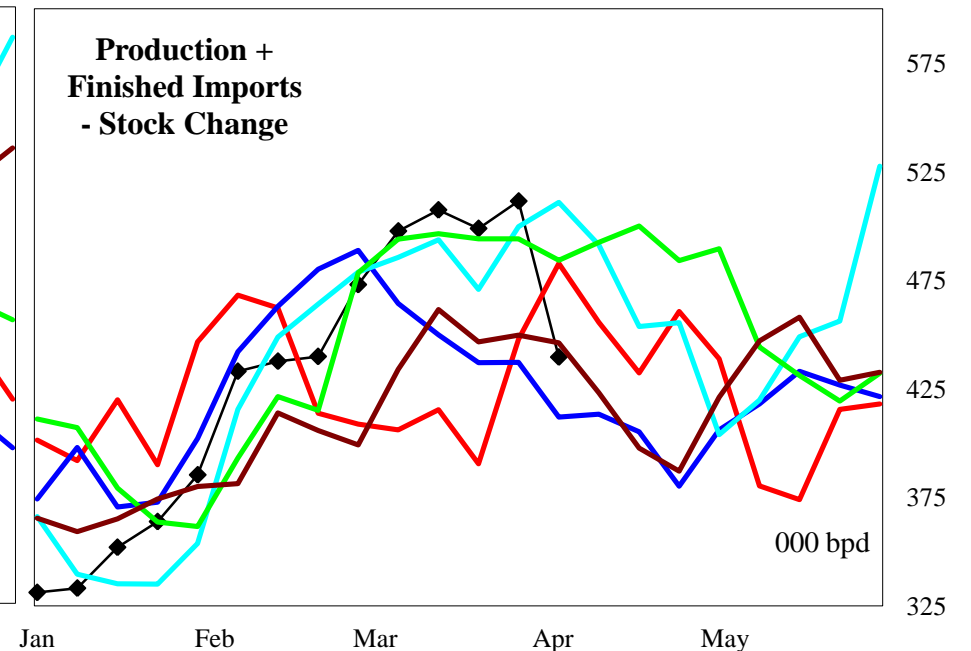
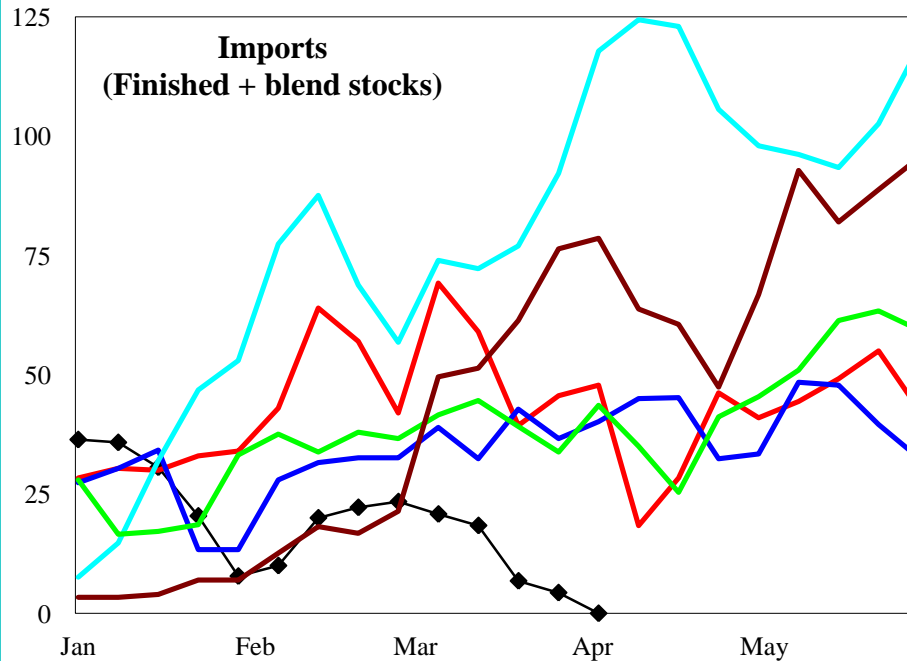
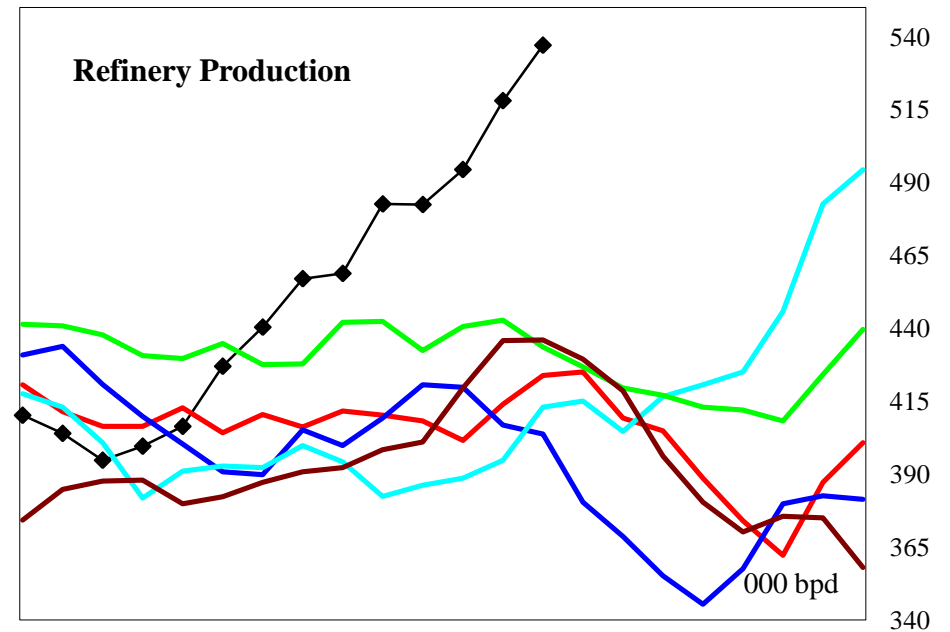
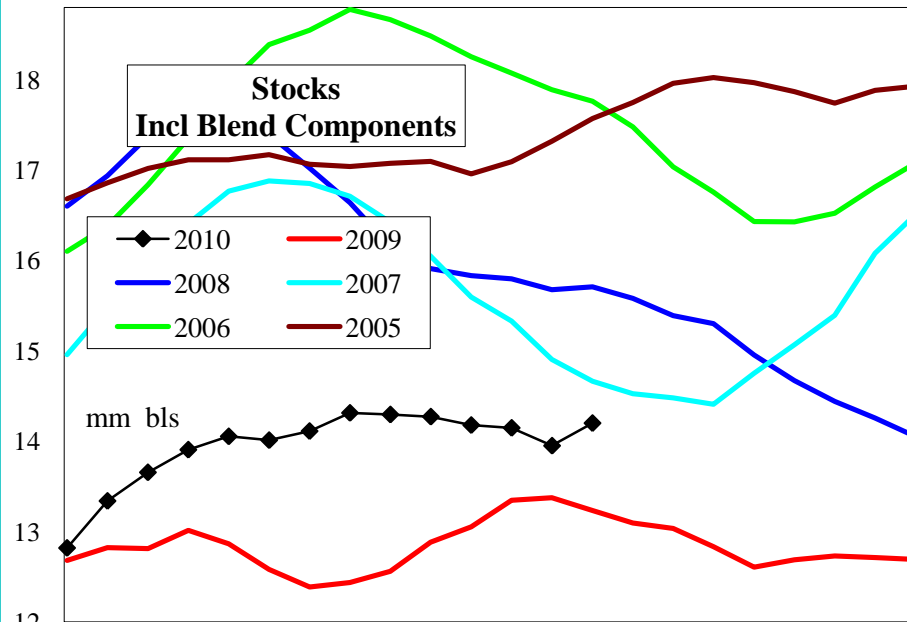
PADD 5 Gasoline Supply



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

467

86

-36

97

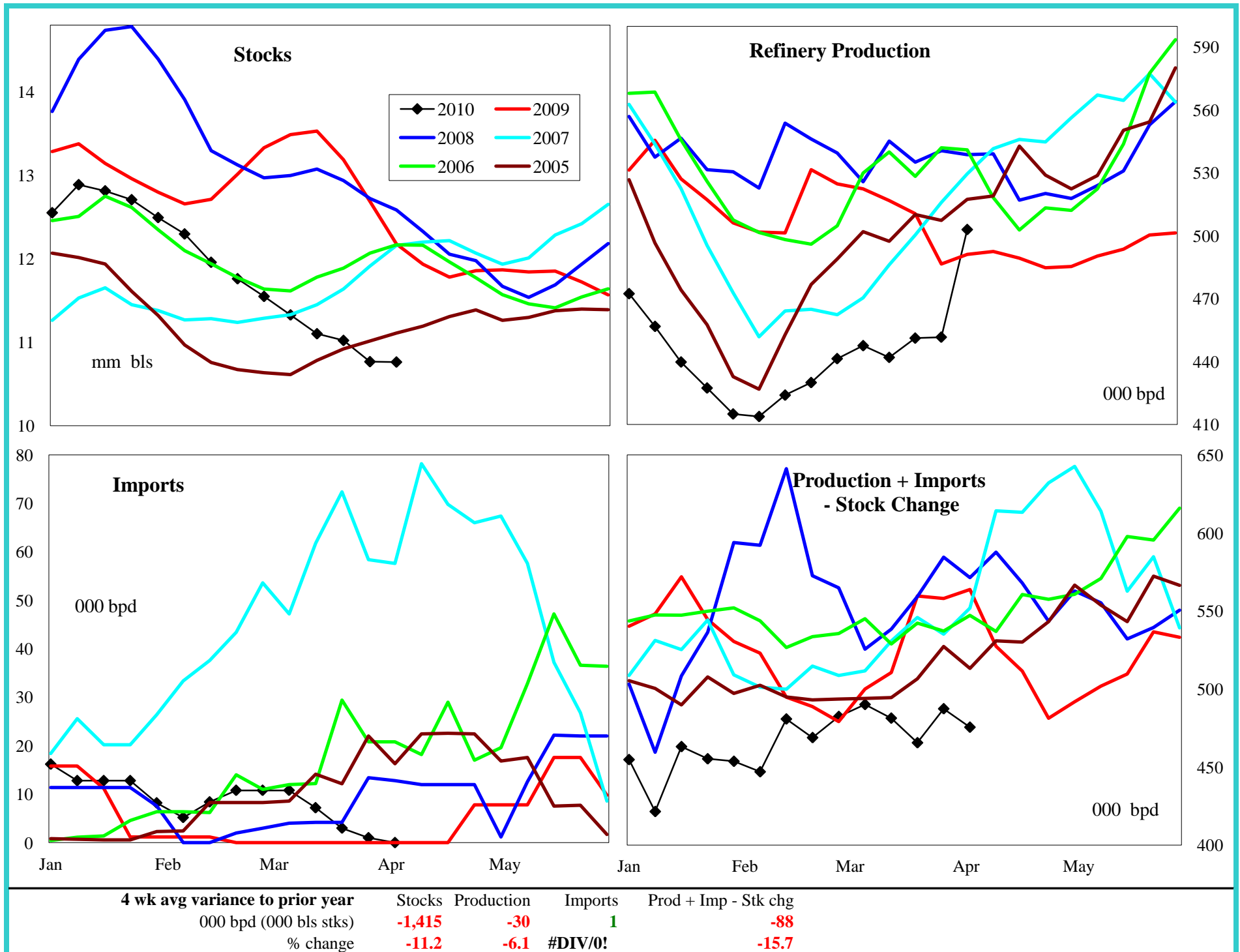
3.3

21.1

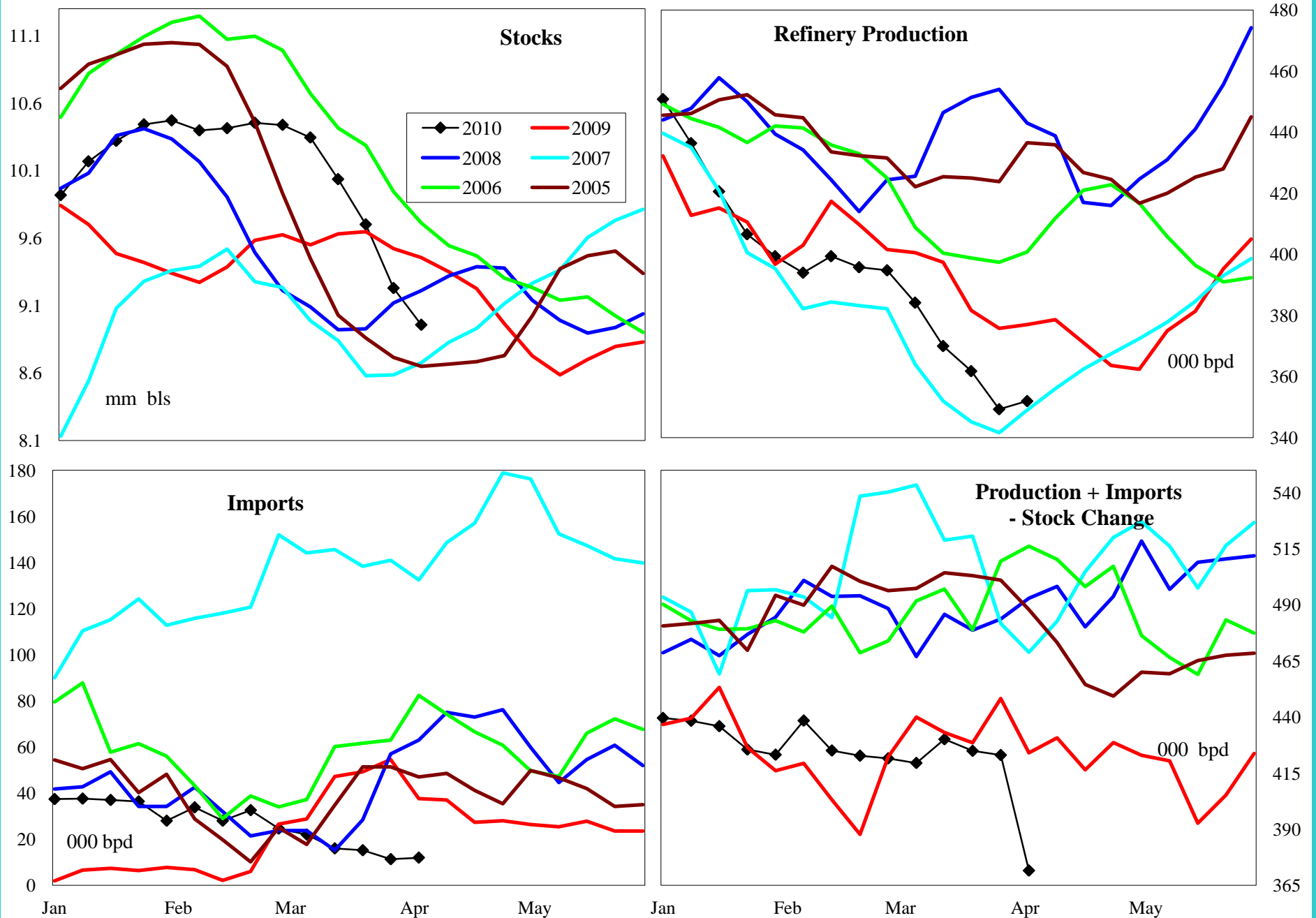
-86.3

23.3

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-565

-21

-46

-18

-5.9

-5.6

-82.1

-4.1

PADD 5 Residual Fuel Oil Supply

