

WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

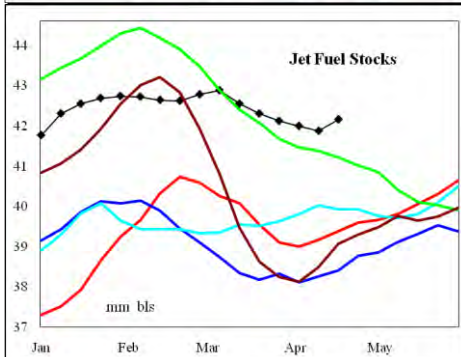
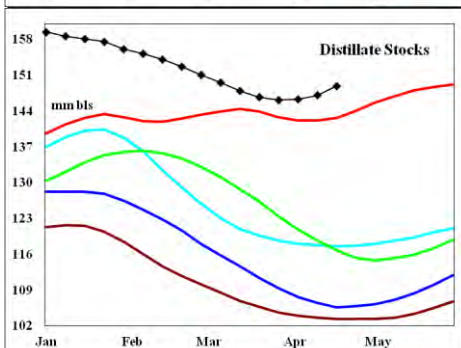
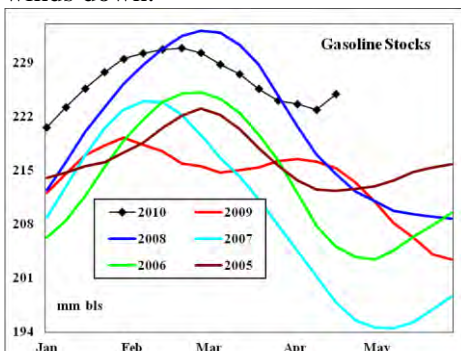
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, April 21, 2010



Major Fundamental Trends¹

The U.S. petroleum markets are a conundrum. Prices are trending higher in response to global economic growth that is driven by developing countries. However, U.S. stock levels for each of the four major refined fuels are at record highs, refined fuel demand is still near last years' record low levels while refiners are ramping up production as spring maintenance winds down.

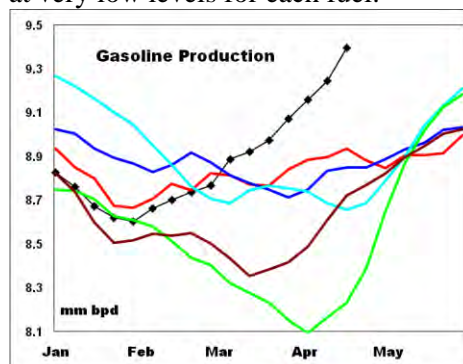


Crude oil stocks are slightly below year ago levels primarily because of refinery closers in PADDs 1 and 5 that reduced working stock requirements for the industry in these regions.

¹ Source is latest EIA Weekly Statistics

Stocks in PADD 2 and Cushing, Oklahoma are extremely high.

Domestic production of transport fuels has displaced imports, which are at very low levels for each fuel.



Divergence between price trends and fundamental trends should become more balanced as the peak summer gasoline driving season unfolds. If demand does not show significant growth early in the season a sharp pull back in oil prices becomes likely before mid summer.

Demand for gasoline jumped +245,000 bpd on the week, and has increased +476,000 bpd during the last month.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline increased +1%; distillate down -4.8%; jet fuel down -2.8% while residual fuel oil decreased -1.7%.

Stocks forward coverage: Gasoline demand coverage increased on the week with stocks up +3.6 million barrels. Coverage remains above the 5-year range.

Distillate demand coverage increased on a +2.1 million barrel stock build. Coverage remains above the historic range.

Jet fuel coverage remains very high on weak demand and record high stock levels.

Residual fuel oil coverage increased on a +1.8 million barrel stock build. Coverage remains well above the historic range for the period.

Refinery utilization rates decreased last week on a -135,000 bpd decline in crude oil runs. Runs were above the

last two years but below the mid range of the last 5-years.

Gasoline yield % on crude oil runs were increased last week on a +148,000 bpd rise in production compared to the -135,000 bpd decline in crude oil runs. Yield % was a record high for the 5-year period.

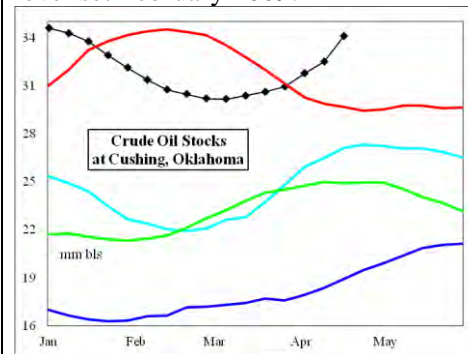
Distillate yield % on crude oil runs increased to above the historic mid range on a +95,000 bpd rise in output.

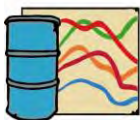
Jet fuel yield % on crude oil runs increased on a +47,000 bpd rise in production. The yield % reached the historic mid range.

Petroleum Imports of crude oil, gasoline and residual fuel increased last week while middle distillates were slightly lower.

During the latest 4-wk period distillate imports were unchanged compared to last year; finished gasoline imports decreased -158,000 bpd, gasoline blend stock imports decreased -246,000 bpd; jet fuel imports decreased -10,000 bpd, while residual fuel oil imports increased +160,000 bpd.

Crude oil imports increased +733,000 bpd last week, with imports up sharply in PADDs 1, 2 and 5. Stocks increased +1.9 million barrels, including a +1.9 million barrel build in Cushing. Stock levels in Cushing match the record level set February 2009.





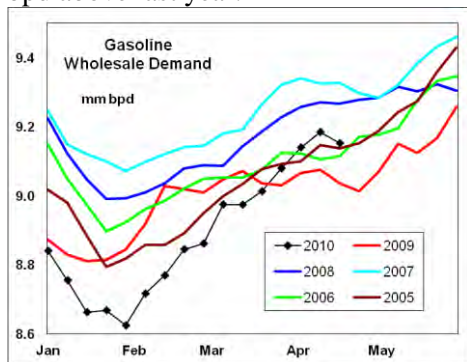
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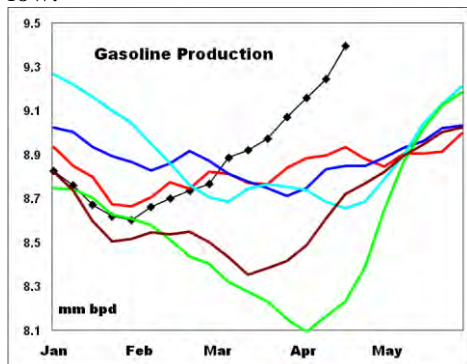
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Product Supply-Demand Trends

Gasoline demand decreased -173,000 bpd last week, following significant increases in two of the last three years. The latest 4-wk average was +96,000 bpd above last year.



Gasoline production increased +148,000 bpd on the week; a +461,000 bpd increase over the prior 5-year high for this period. Imports increased +185,000 bpd on the week, but remain -225,000 bpd below the prior record low.



Stocks increased +3.6 million barrels last week, with meaningful increases in all regions. Stock levels are at record highs in all regional markets except PADD 1 where stock levels are at the mid range.

While demand is not running above year ago levels, supply has outstripped demand with production more than +450,000 bpd above the prior record level. Even with record low imports, stock levels are exceptionally high.

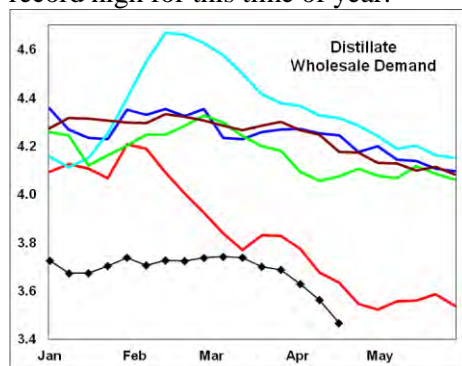
Extremely high production and stock levels increase the risk of a meaningful price pull back over the next 60-days.

Distillate demand declined -117,000

bpd last week, with the latest 4-wk average -152,000 bpd below last years' extremely low levels.

Supply decreased -17,000 bpd last week, on a +95,000 bpd increase in production that was partially offset by a -78,000 bpd drop in imports. The latest 4-wk average supply was -62,000 bpd below last year.

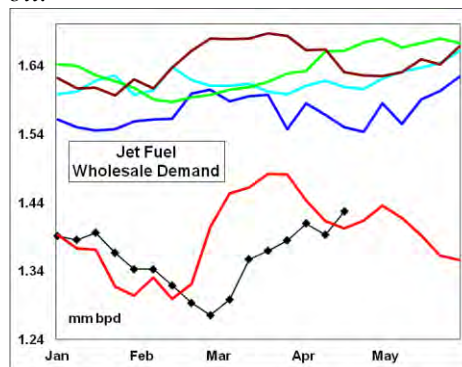
Stocks increased +2.1 million barrels last week. Stock levels are +6.6 million barrels above last years' record high for this time of year.



Demand remains weak, trailing last years' extremely low level. Low heating demand and natural gas displacement of coal by power companies has reduced diesel demand by the rail industry. These trends offset robust Mid west demand for the agriculture season.

Production has reached the 5-year mid range, leading to not only record stock levels but also an above average rate of building.

Gulf refiners will depend on exports for disposition of the increased production. Look for distillate prices to exhibit relative weakness to crude oil.



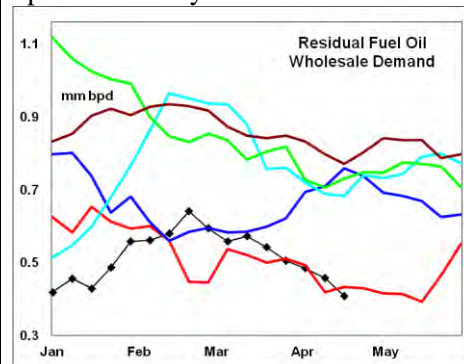
Jet Fuel demand increased +49,000

bpd on the week, but remains near record lows. The latest 4-wk average was +6,000 bpd above last year.

Supply increased +60,000 bpd on the week, but remains at the low end of the historic range. The latest 4-wk average supply was -9,000 bpd below last years' record low level. Stocks increased +0.3 million barrels last week, to a level that is above the historic range.

Demand remains weak, matching last years' record low levels. Recent disruptions in European air travel likely will reduce U.S. demand in the near term. Stock levels are at record highs and production is near the mid range. Expect weak jet fuel prices compared to the overall energy complex.

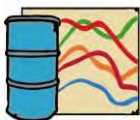
Residual fuel oil demand, including exports, decreased -58,000 bpd last week, with the 4-wk average +47,000 bpd above last year.



Imports increased +139,000 bpd on the week, partially offset by a -50,000 bpd drop in production. The latest 4-wk supply was +124,000 bpd above last year. Stocks increased +1.8 million barrels to a new record high for the 2nd quarter.

Stock levels increased sharply in PADD 3 last week, to new record high level. Supplies remain excessive in PADD 1.

The key regional markets of PADDs 1 and 3 remain extremely over supplied as a result of high imports and weak demand. Over supplied markets should pressure residual fuel prices lower compared to the overall energy complex.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

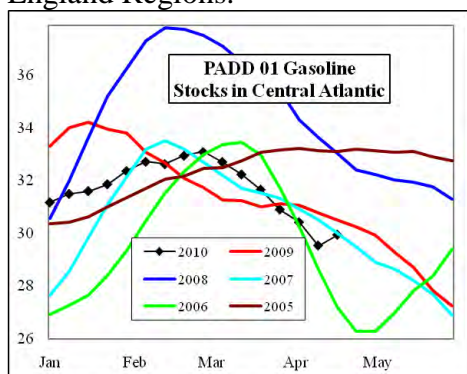
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PADD Supply Trends

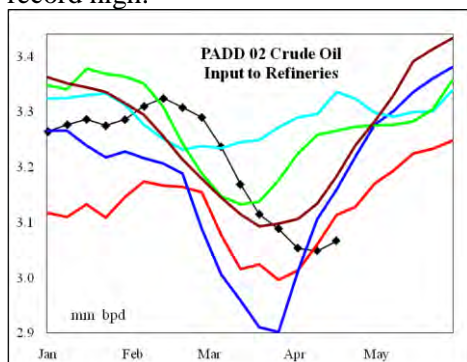
PADD 1 refinery crude oil runs were nearly unchanged on the week at a level near last years' record lows. Stocks increased +1.3 million barrels on a +355,000 bpd jump in imports; although, stock levels remain -13% below the historic range. (Accounting for refinery closures last year, run rates were at the mid range).

Gasoline production increased +24,000 bpd last week, with the latest 4-wk average +291,000 bpd above a year ago. Imports increased +172,000 bpd but remains well below the historic range. Stocks increased +0.2 million barrels but remain low in the Central Atlantic and New England Regions.



Distillate production increased +53,000 bpd last week, to the low end of the historic range. Imports fell -54,000 bpd to a record low level. Stocks increased +0.7 million barrels last week, +10% above the prior record high level.

Jet fuel supply increased +25,000 bpd, driving stock levels to a new record high.



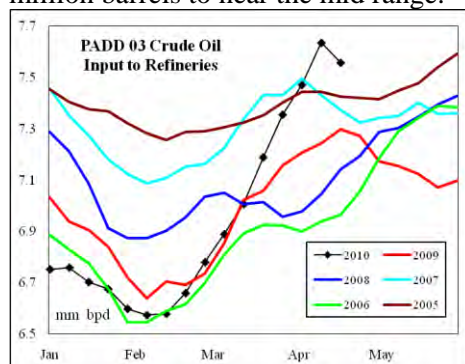
PADD 2 crude oil refinery runs increased +16,000 last week, but remain below the historic range. Crude oil imports increased +228,000 bpd last week, to a record level. Stocks increased +3.8 million barrels to a new 5-year high for the period. Stocks in Cushing increased +1.9 million barrels, to a new 5-year high for the period.

Gasoline production decreased -6,000 bpd last week, with the level matching the prior 5-year high. Stocks increased +0.7 million barrels, to a new 5-year high for the period.

Distillate production declined -29,000 bpd last week, to the low end of the historic range. Stocks decreased -0.5 million barrels on the week, to a level above the mid range.

Jet fuel stocks fell to near 5-year lows on record low production.

PADD 3 refinery crude oil runs declined -151,000 bpd last week, but remains above the historic range. The latest 4-wk average was +327,000 bpd above a year ago. Imports were nearly unchanged. Crude oil stocks fell -2.6 million barrels to near the mid range.



Gasoline production increased +160,000 bpd on the week, with the 4-wk average -198,000 bpd below a year ago. Stocks increased +1 million barrels to a record high for the period.

Distillate production increased +134,000 bpd on the week, to the upper end of the historic range. Stocks increased +1.9 million barrels, +18% above the prior record high level.

Jet fuel stocks increased to a new record level on near record high production.

Residual fuel oil stocks jumped +1.1 million barrels to a record high on weak demand and high imports.

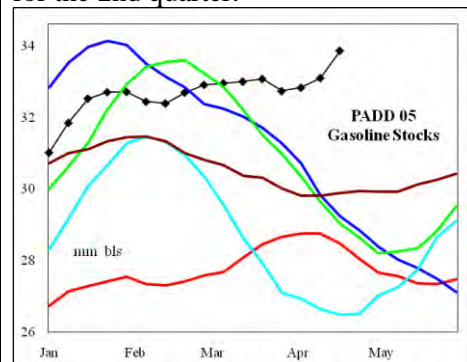
PADD 4 refinery crude oil runs decreased -15,000 bpd last week, with the latest 4-wk average +27,000 bpd above year ago levels. Weekly run rates were below the mid range.

Gasoline production increased +11,000 bpd on the week, to the upper end of the historic range. Stocks increased +0.3 million barrels, to a new 5-year high for the period.

Distillate production decreased -10,000 bpd last week, but the level remains at the upper end of the historic range. Stocks increased +0.2 million barrels to a new 5-year high for the period.

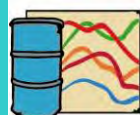
PADD 5 crude oil refinery runs increased +14,000 bpd on the week, to the low end of the historic range. The latest 4-wk average run rate was -16,000 bpd below a year ago. Crude oil stocks decreased -0.5 million barrels, to below the historic range.

Gasoline production decreased -41,000 bpd last week, but remains at a 5-year high for the period. The latest 4-wk average was +144,000 bpd above last year. Stocks increased +1.5 million barrels, to a new all time high for the 2nd quarter.



Distillate production declined -53,000 bpd on the week, to a level below the mid range. Stocks decreased -0.2 million barrels and remain well below the historic range.

Jet fuel production and stock levels are each at the low end of the 5-year range.


**FUNDAMENTAL
PETROLEUM
TRENDS**


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

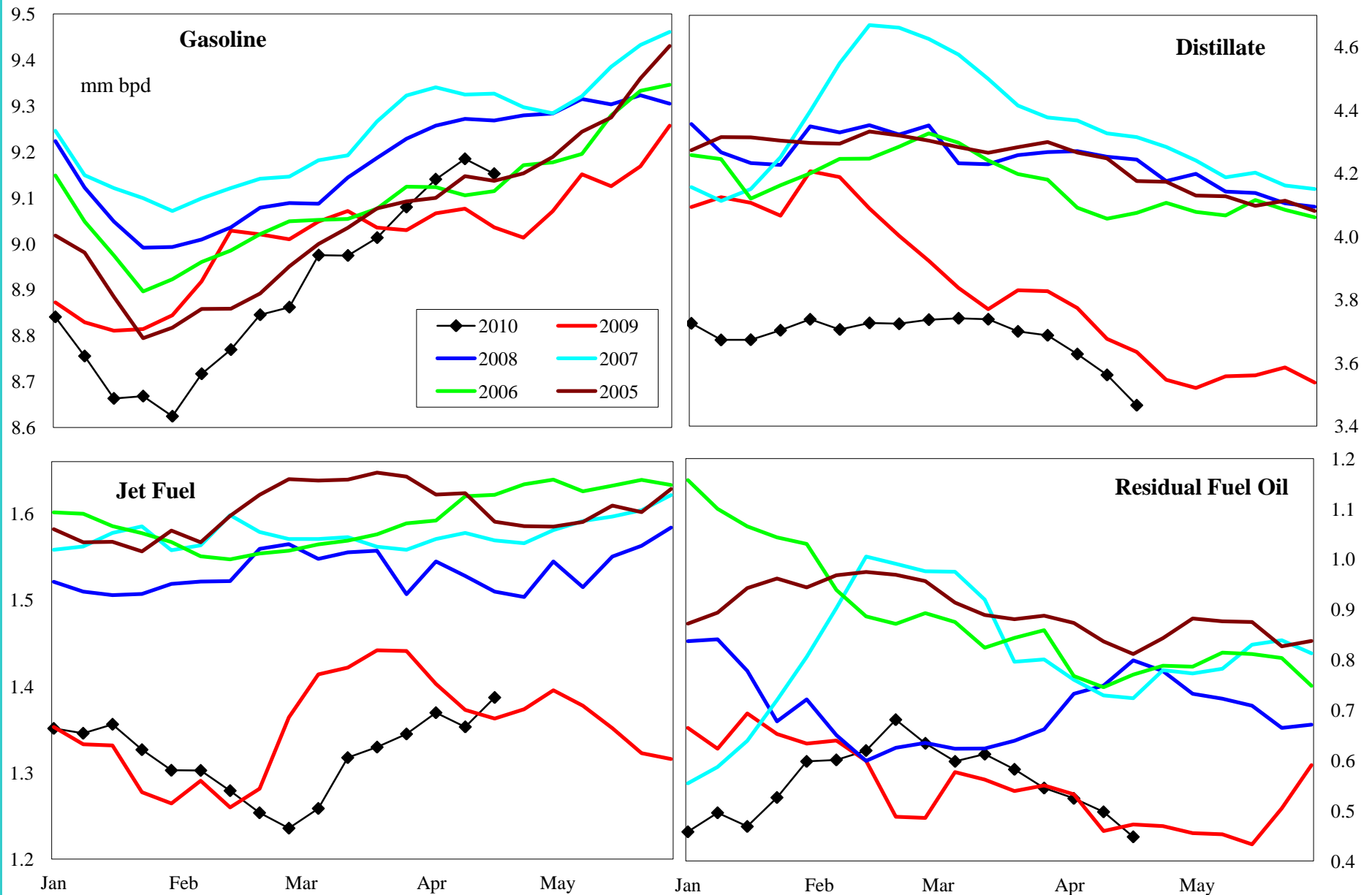
April 21, 2010

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	16-Apr-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	1,894	1,280	3,840	-2,628	-109	-489
	Imports	733	355	228	44	-42	148
	Input	-135	1	16	-151	-15	14
	% Utilization	0.34					
Gasoline	Stocks	3,587	152	653	984	290	1,508
	Production	148	24	-6	160	11	-41
	Imports	185	172	1	-22	0	34
	Supplied	-173					
Distillate	Stocks	2,096	683	-451	1,854	229	-219
	Production	95	53	-29	134	-10	-53
	Imports	-78	-54	1	-25	0	0
	Supplied	-117					
Jet Fuel	Stocks	346	388	-143	83	-104	122
	Production	47	3	1	14	2	27
	Imports	13	22	0	0	1	-10
	Supplied	49					
Residual Fuel Oil	Stocks	1,776	237	86	1,088	-7	372
	Production	-50	7	20	-59	-1	-17
	Imports	139	65	5	16	0	53
	Supplied	-58					

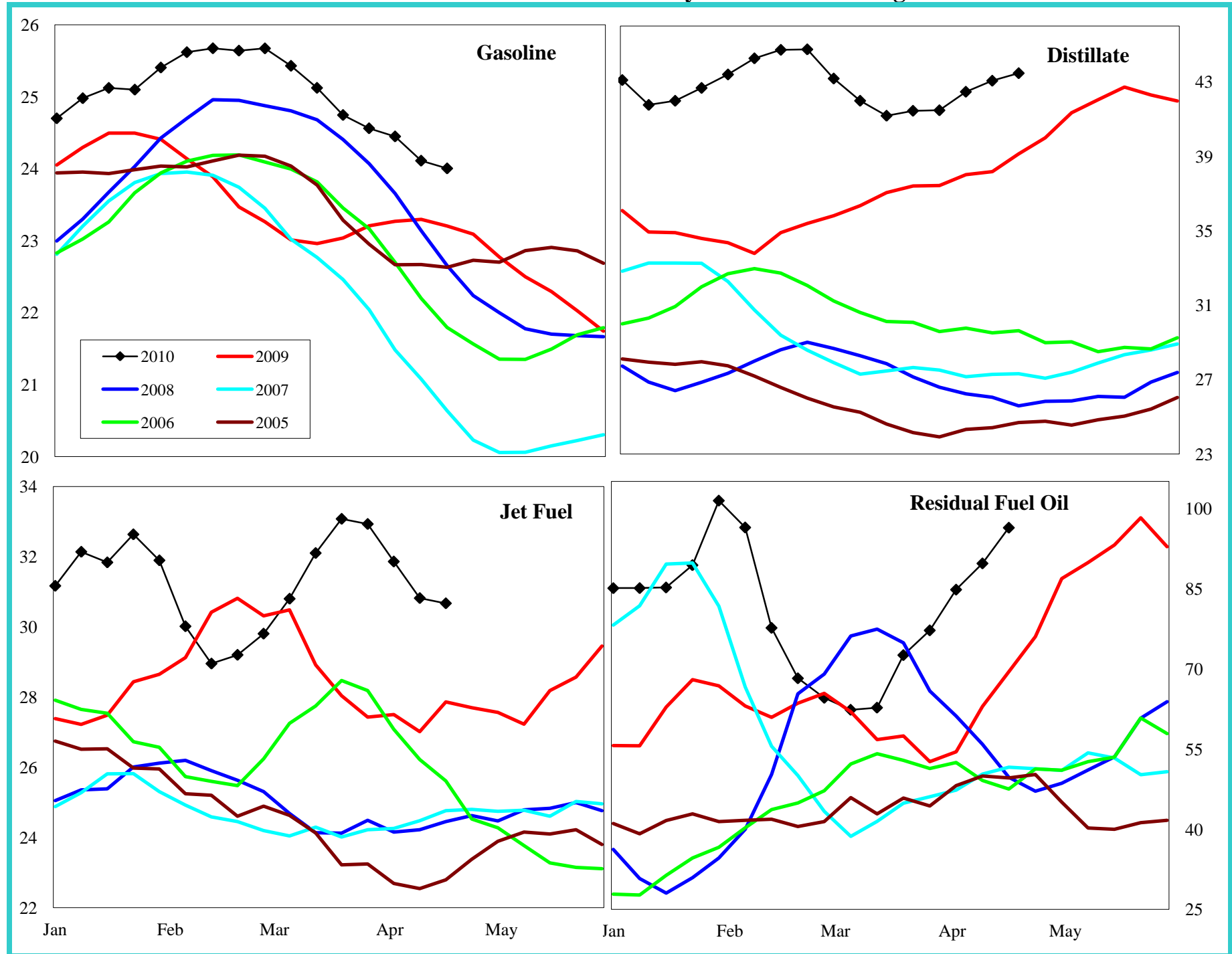
United States Wholesale Petroleum Demand



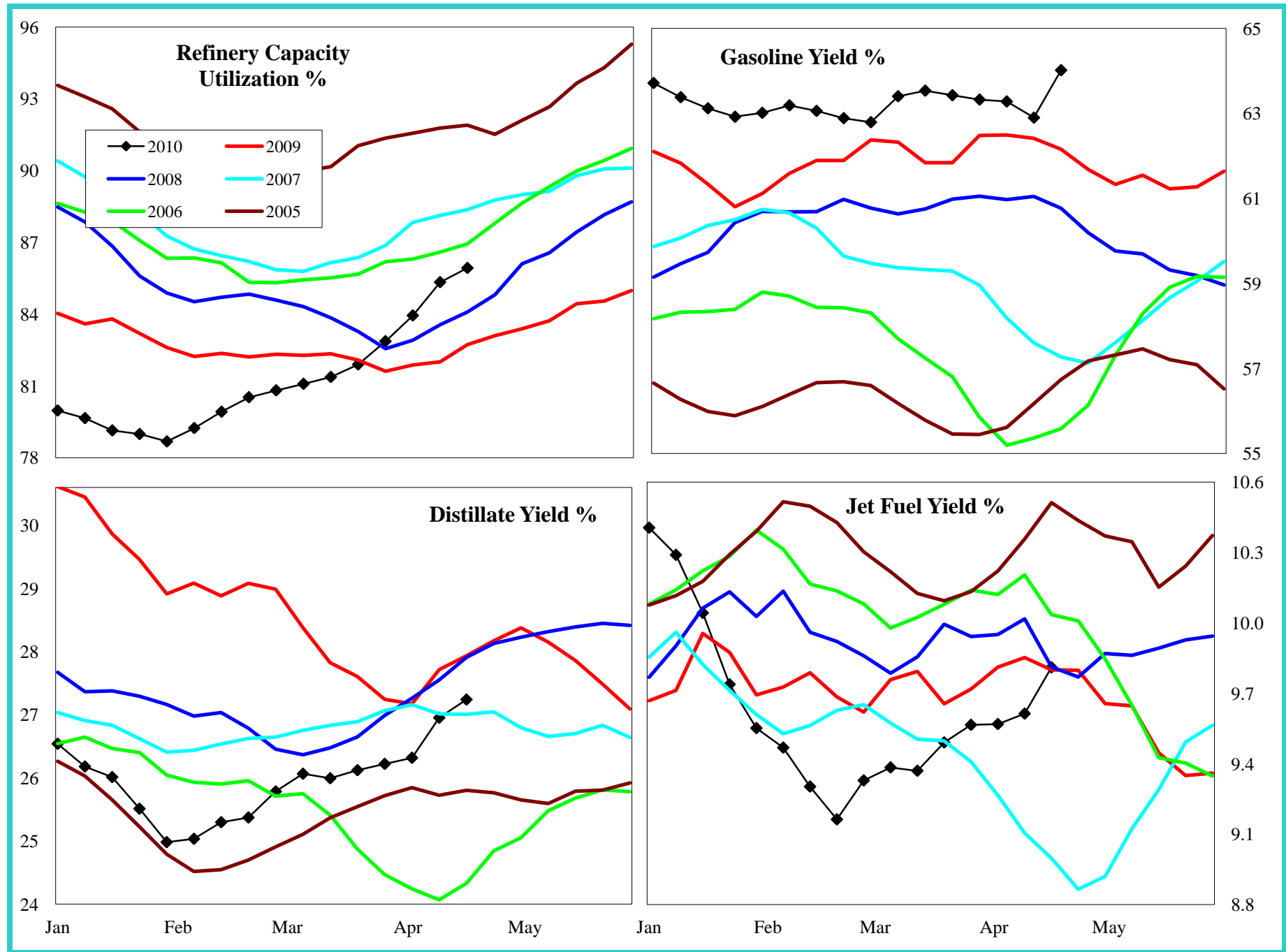
	000 bpd change from prior year				% change from prior year			
	4wk avg	Mar	Feb	Jan	4wk avg	Mar	Feb	Jan
Gasoline	96	147	16	-35	1.1	1.7	0.2	-0.4
Distillate	-152	-25	-177	-371	-4.1	-0.7	-4.5	-9.1
Jet Fuel	6	-65	-59	6	0.4	-4.5	-4.4	0.4
Resid	47	-32	162	-207	10.5	-5.3	32.0	-29.6



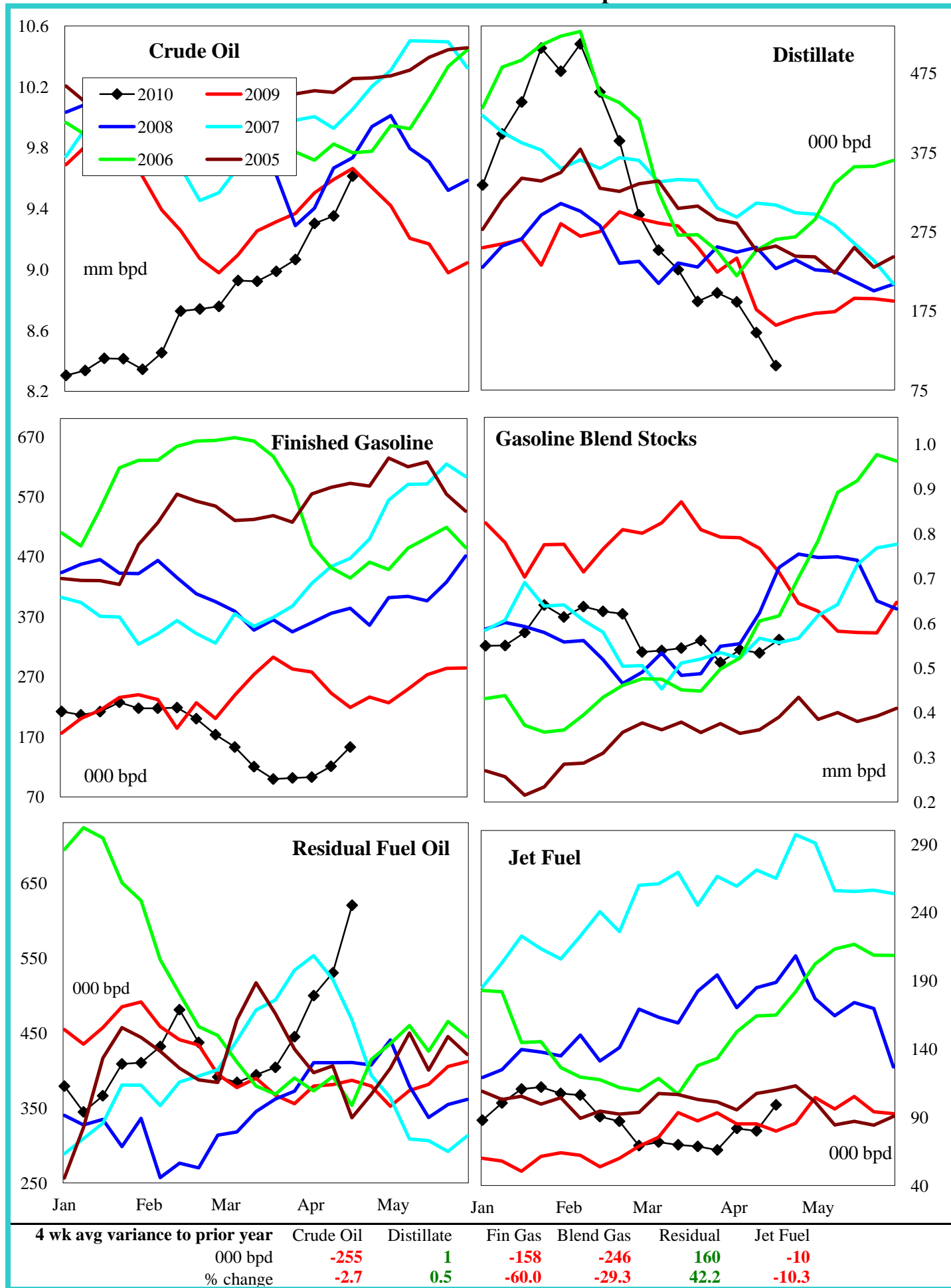
United States Product Stocks: Days Forward Coverage



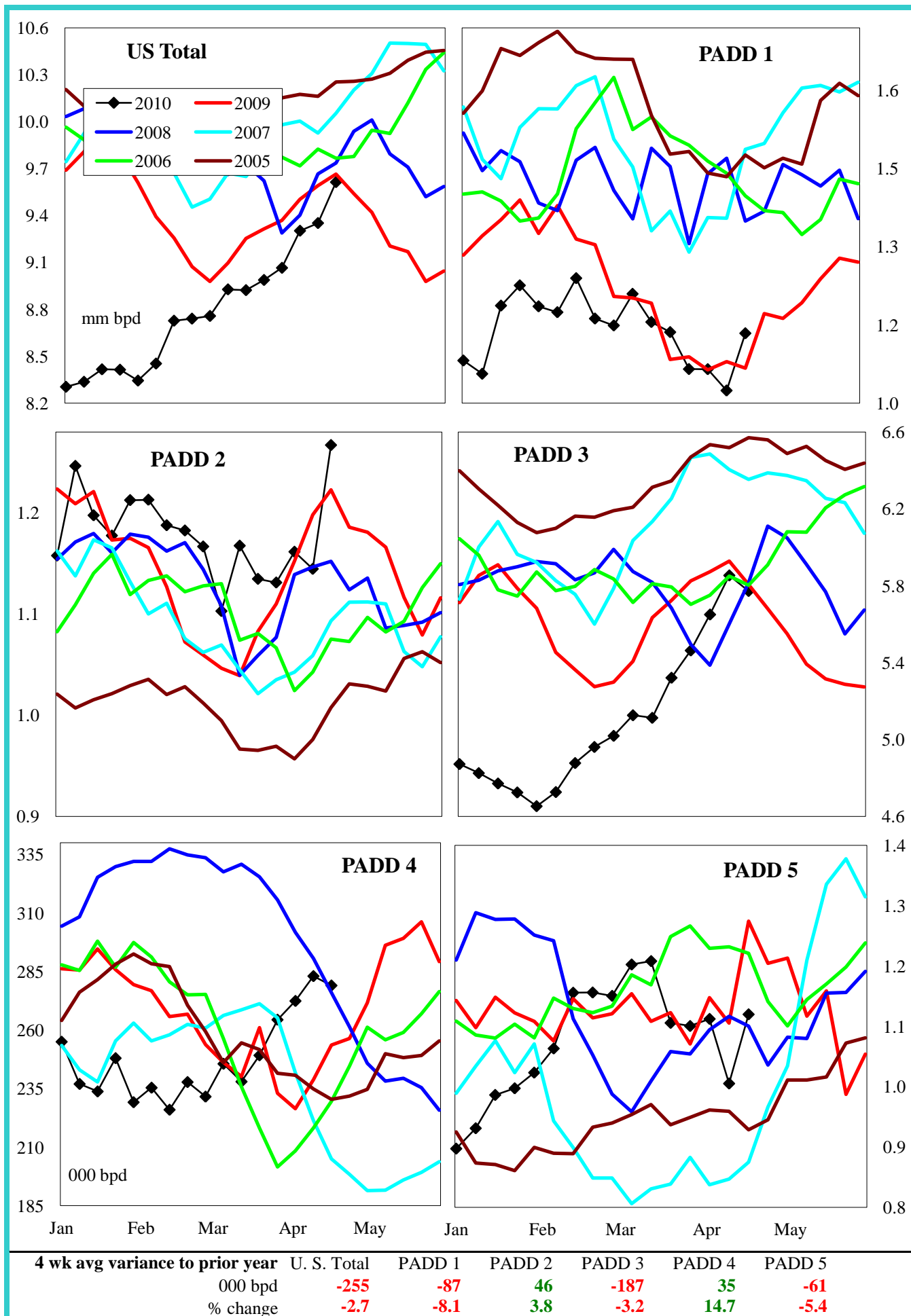
United States Refinery Percent Utilization Rate and Product Yields



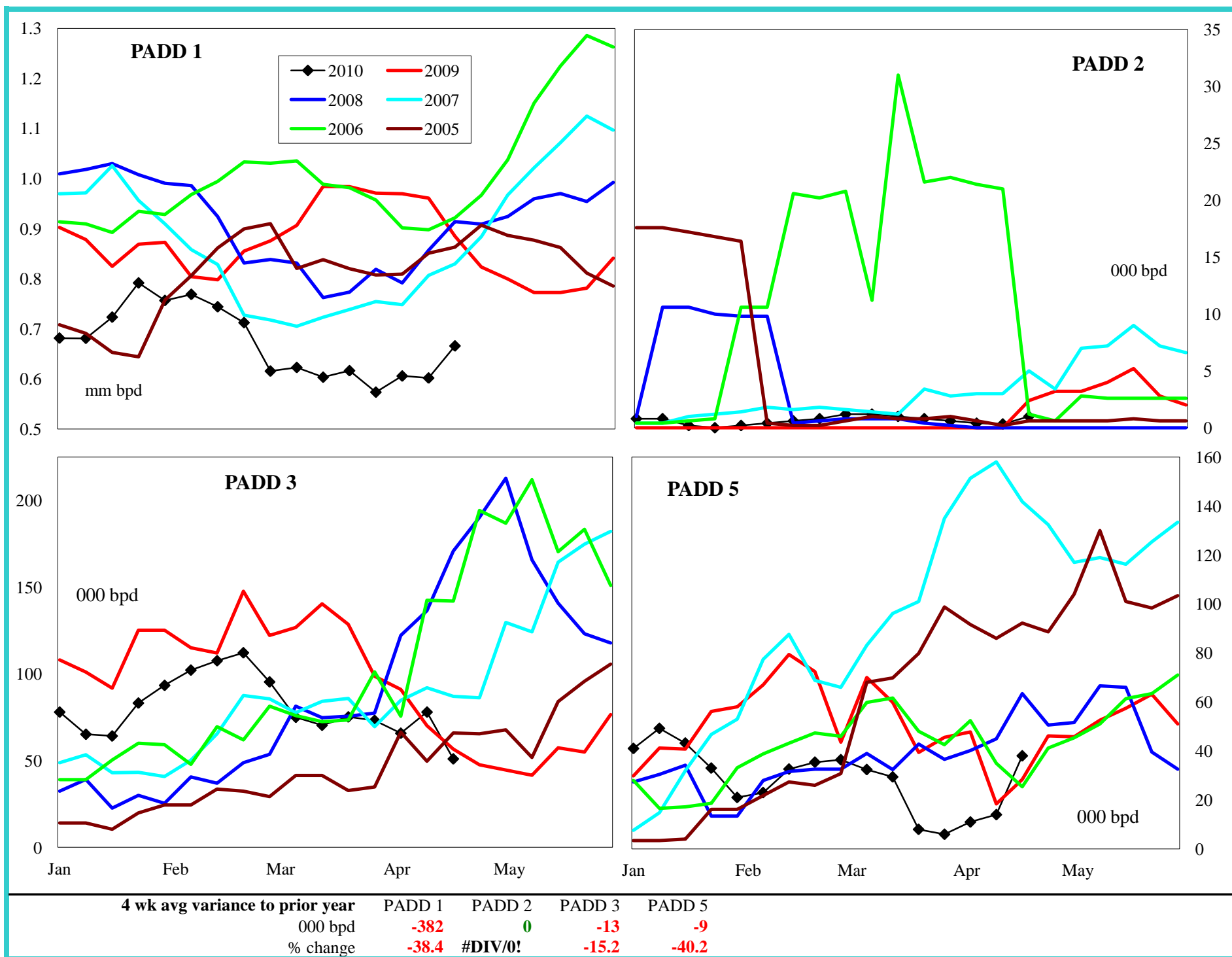
United States Petroleum Imports



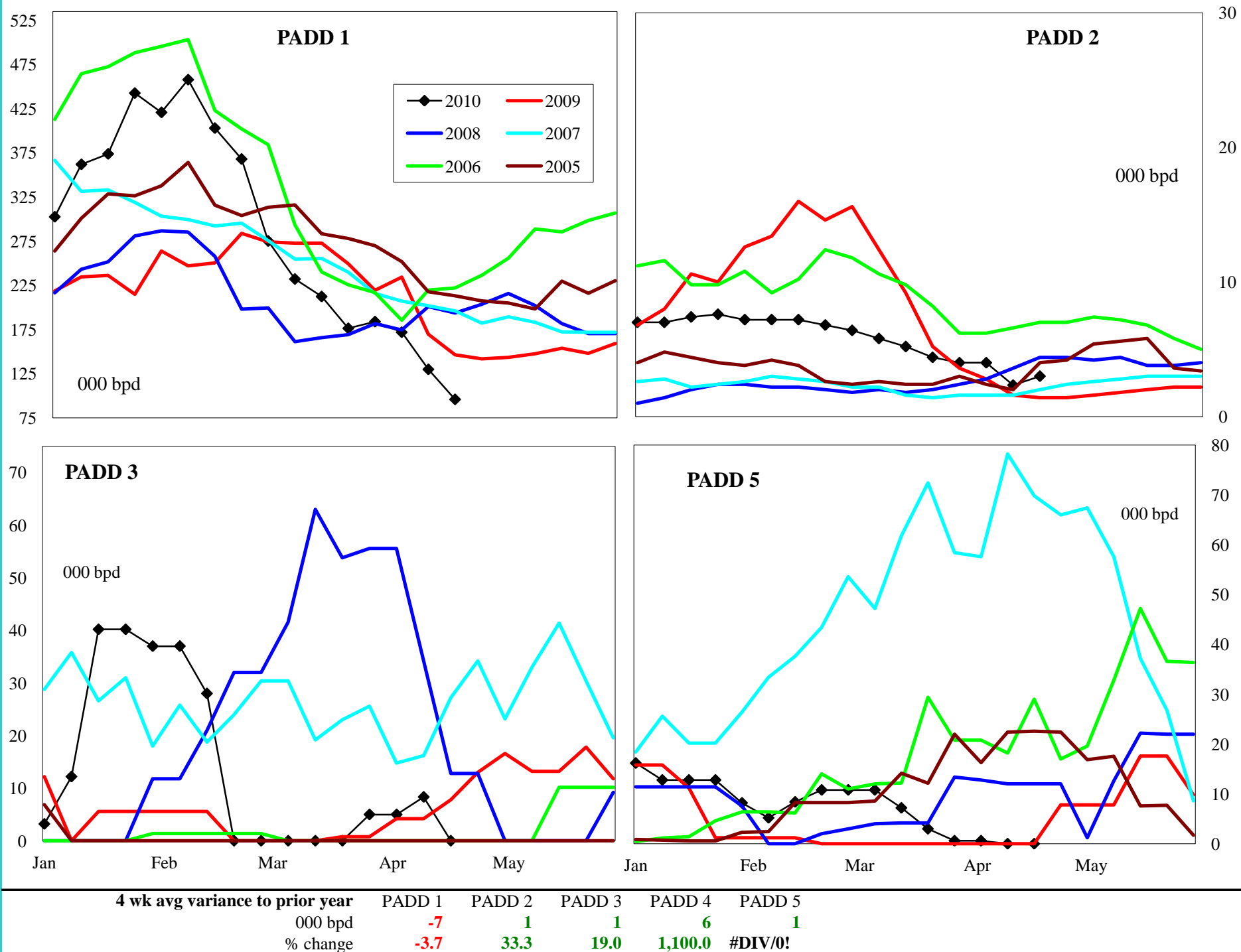
Crude Oil Imports by PADD



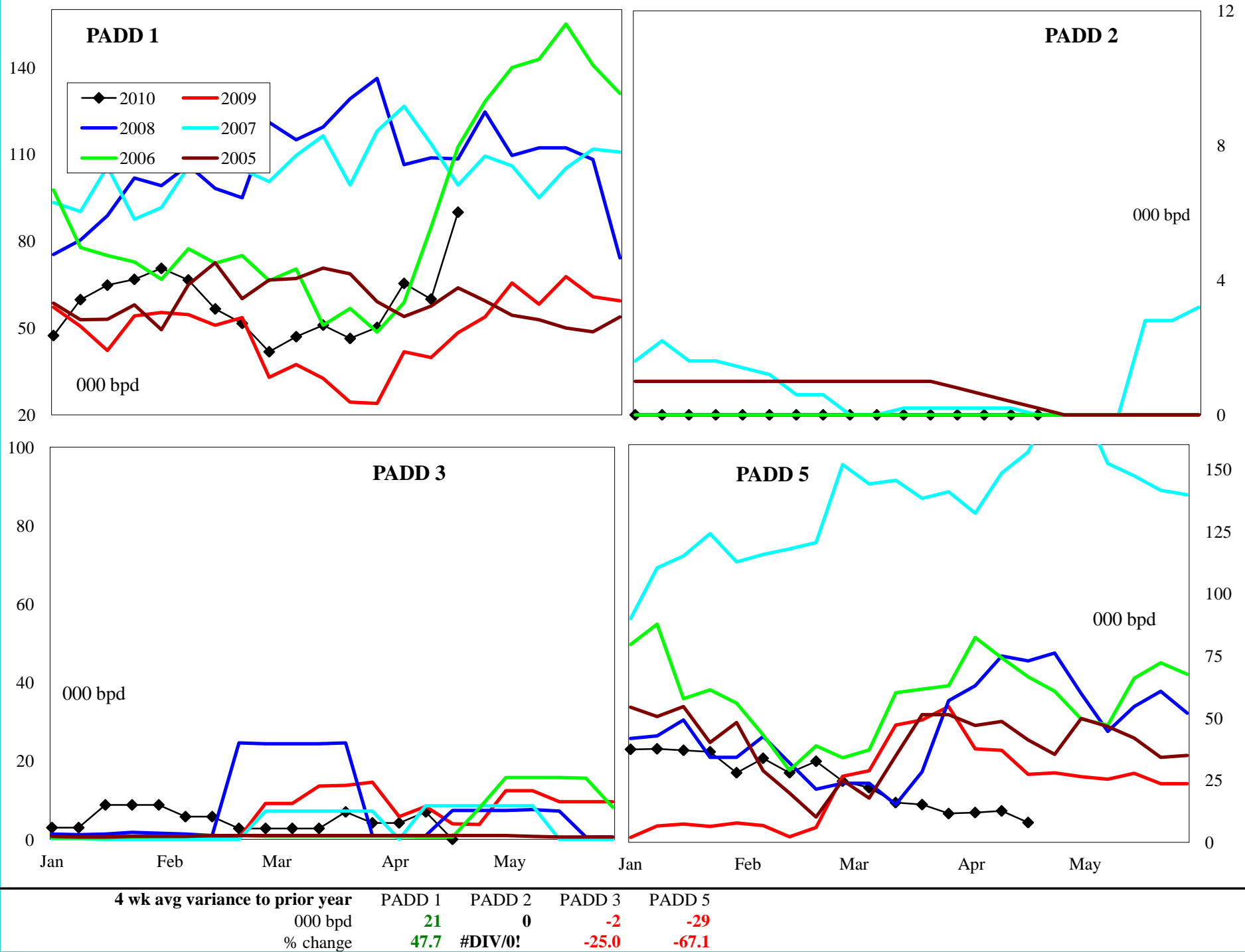
Gasoline Imports by PADD (Finished + Blend Stocks)



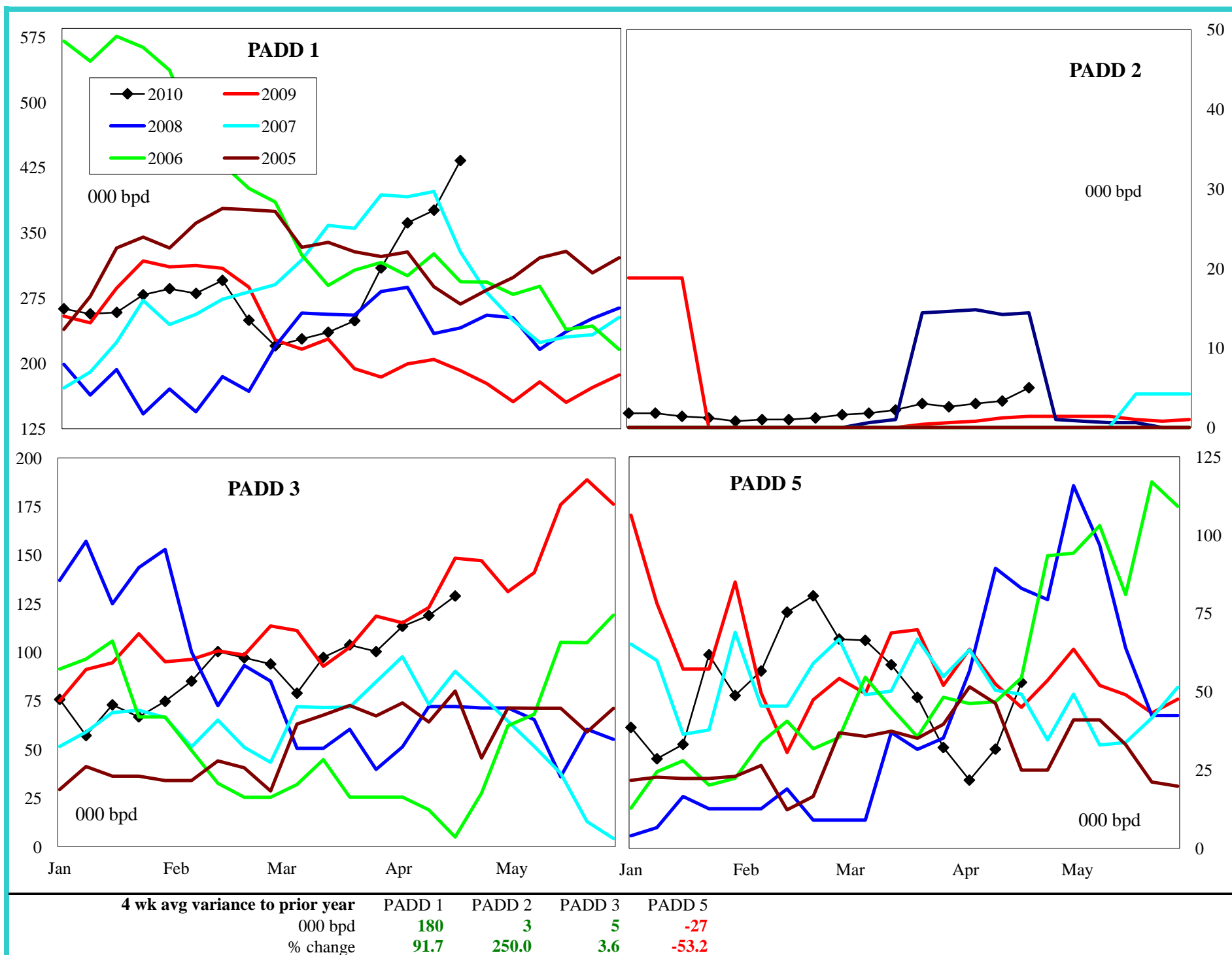
Distillate Imports by PADD



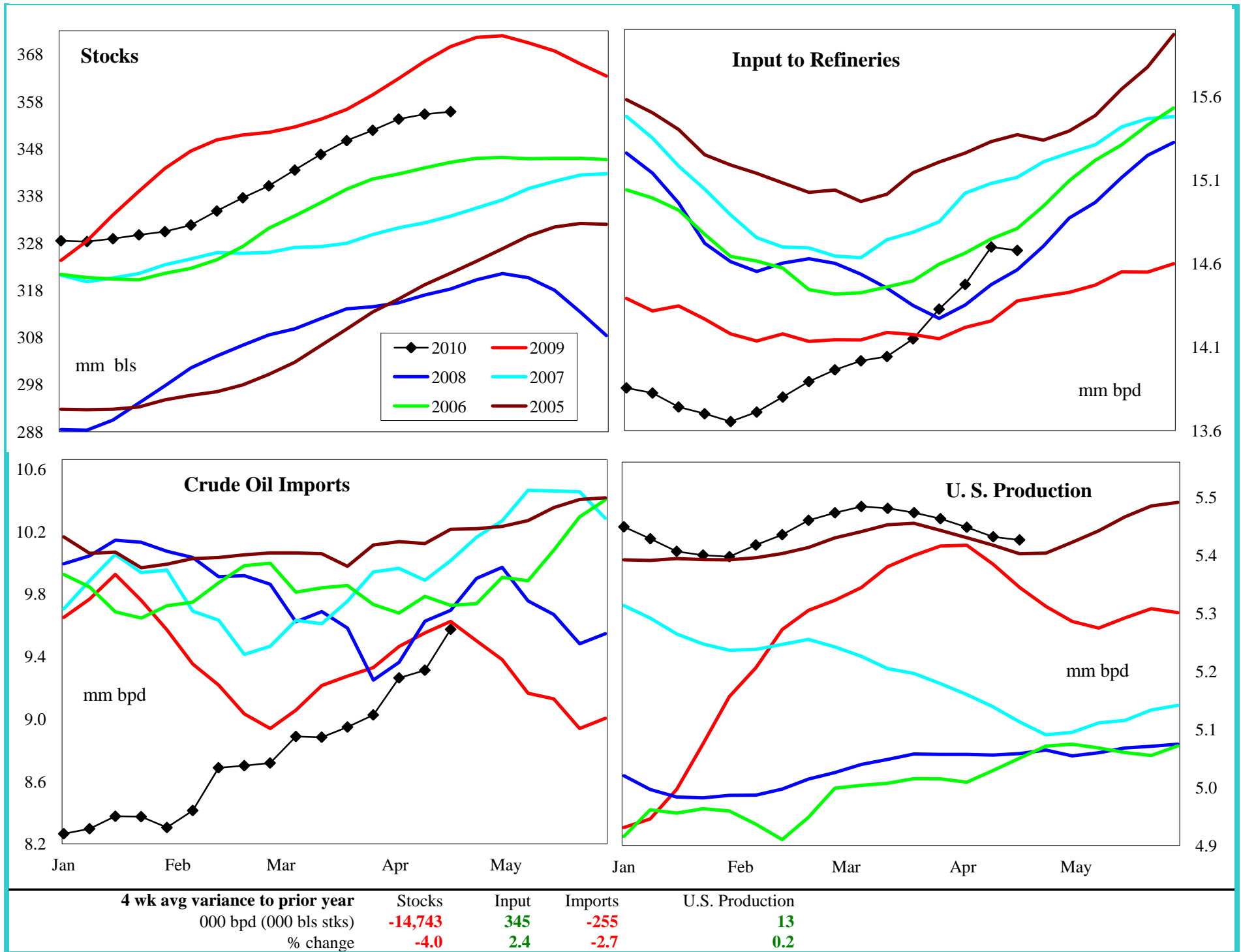
Jet Fuel Imports by PADD



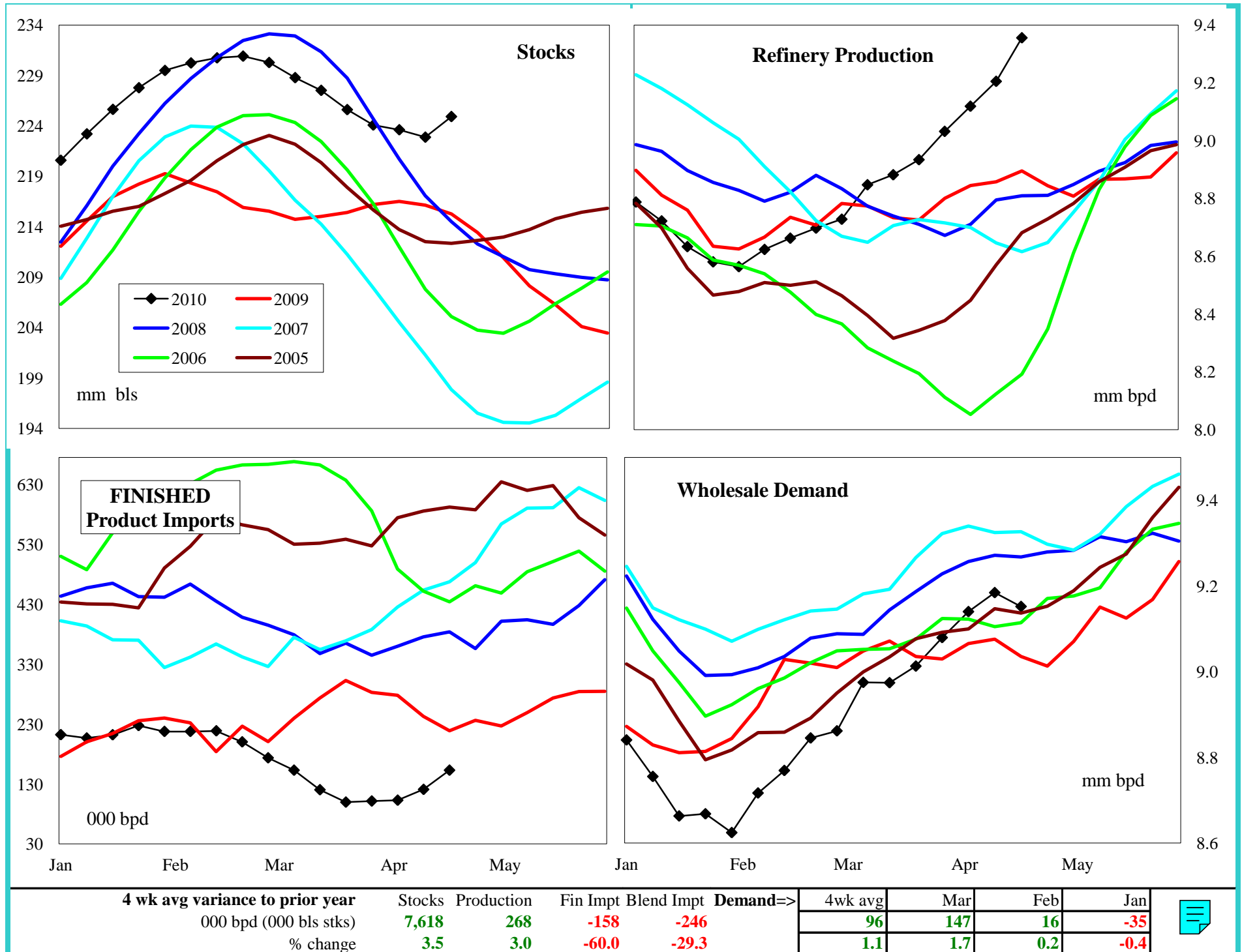
Residual Fuel Oil Imports by PADD



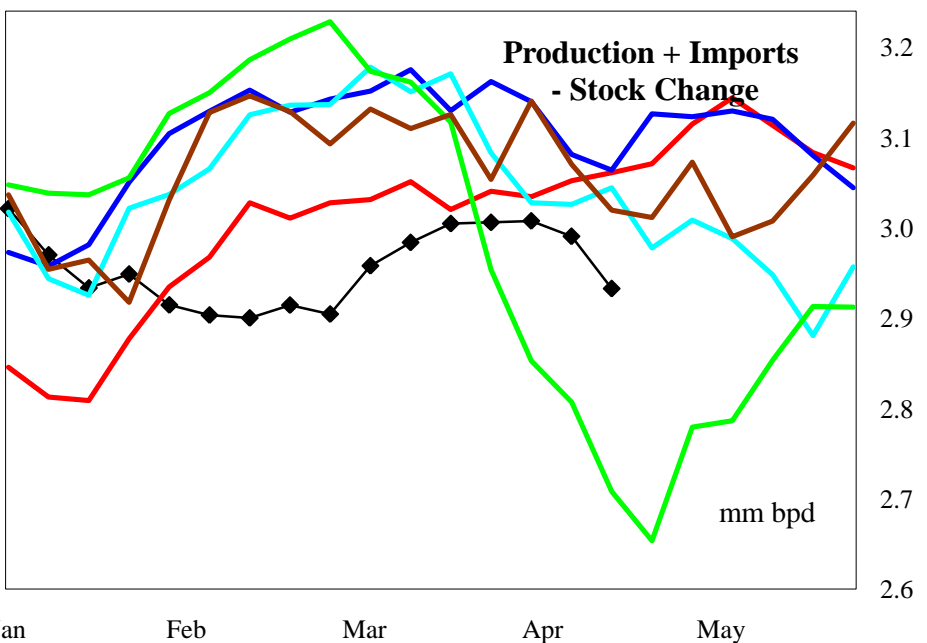
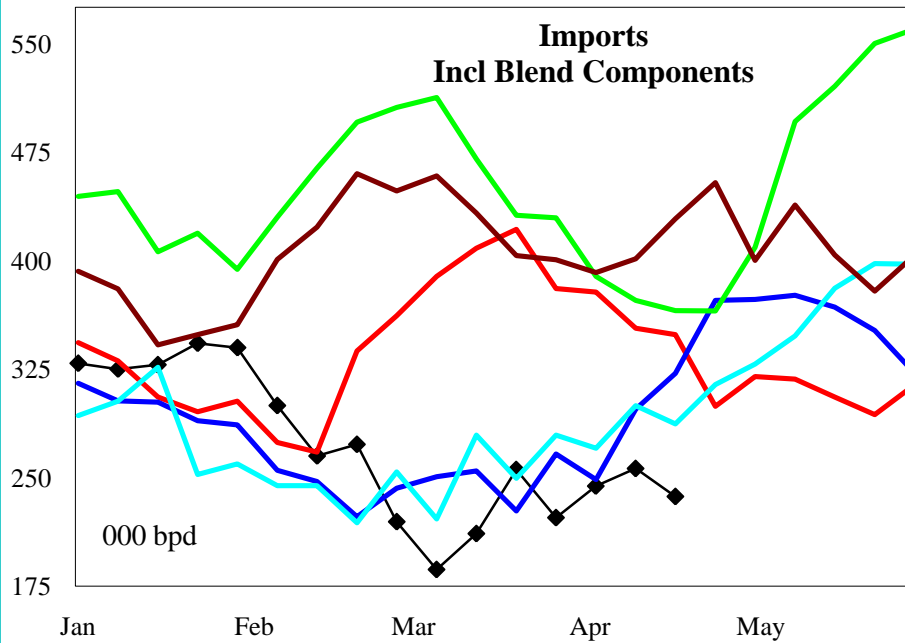
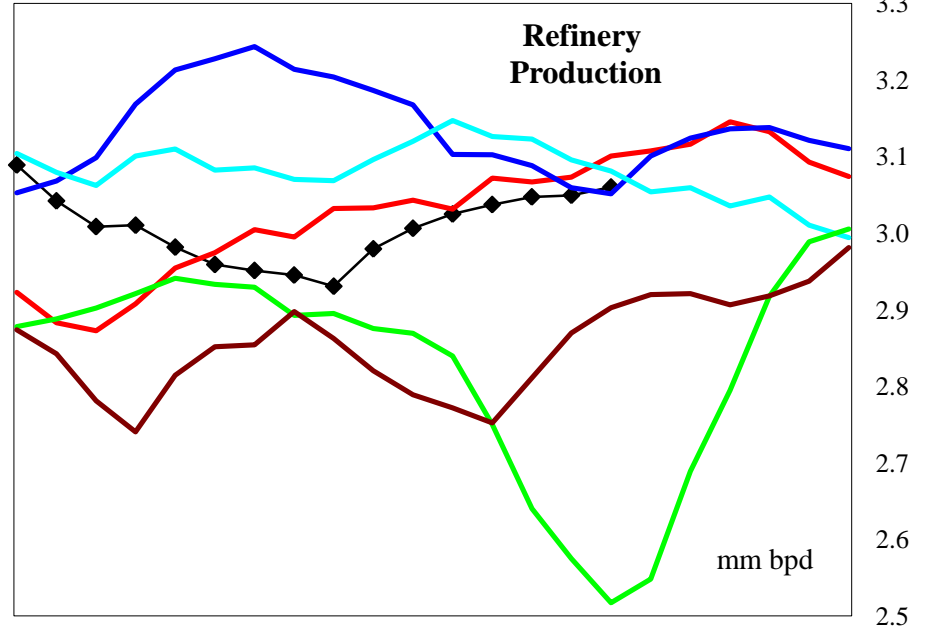
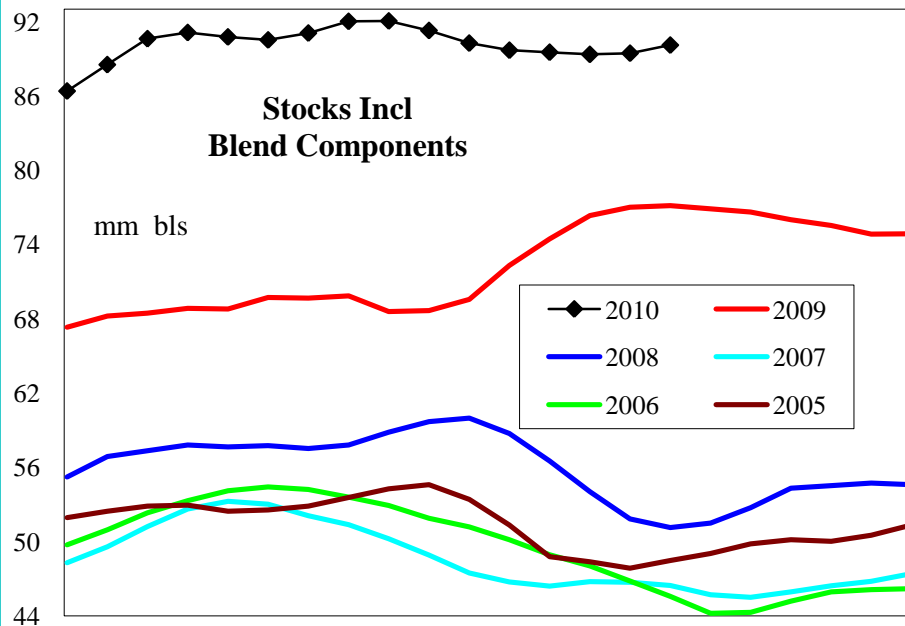
United States Crude Oil Supply and Demand Balance



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

12,977

-19

-125

-63

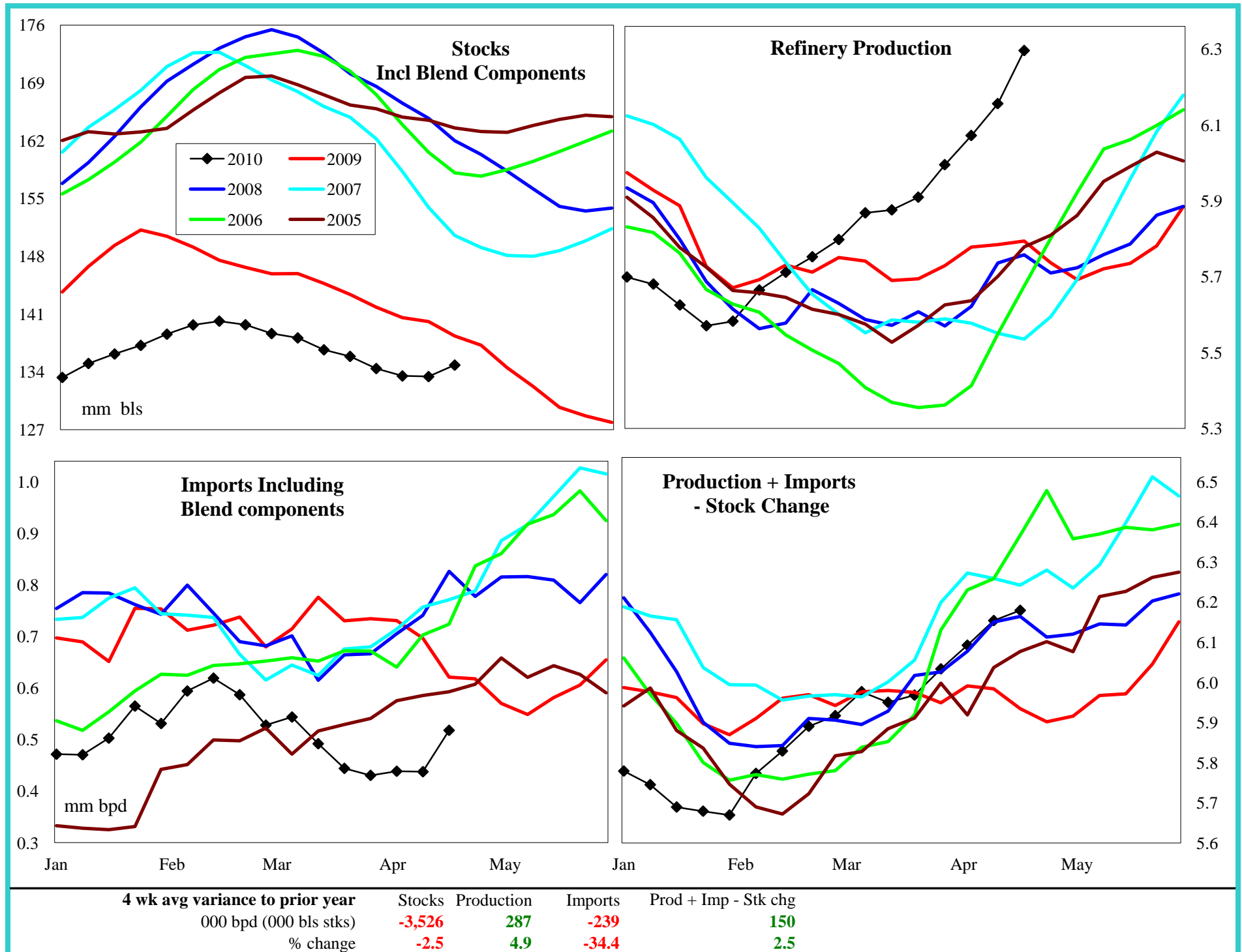
16.8

-0.6

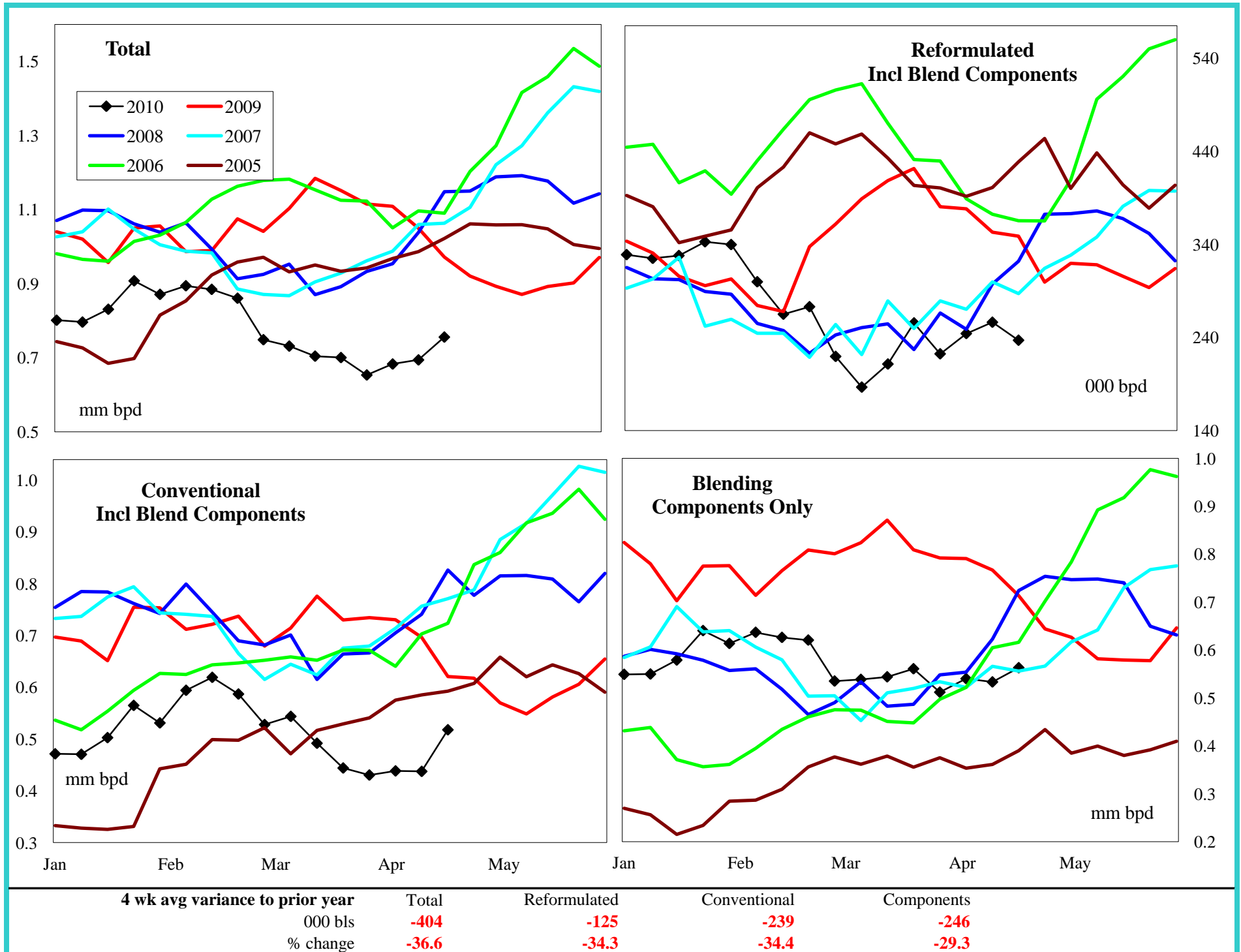
-34.3

-2.1

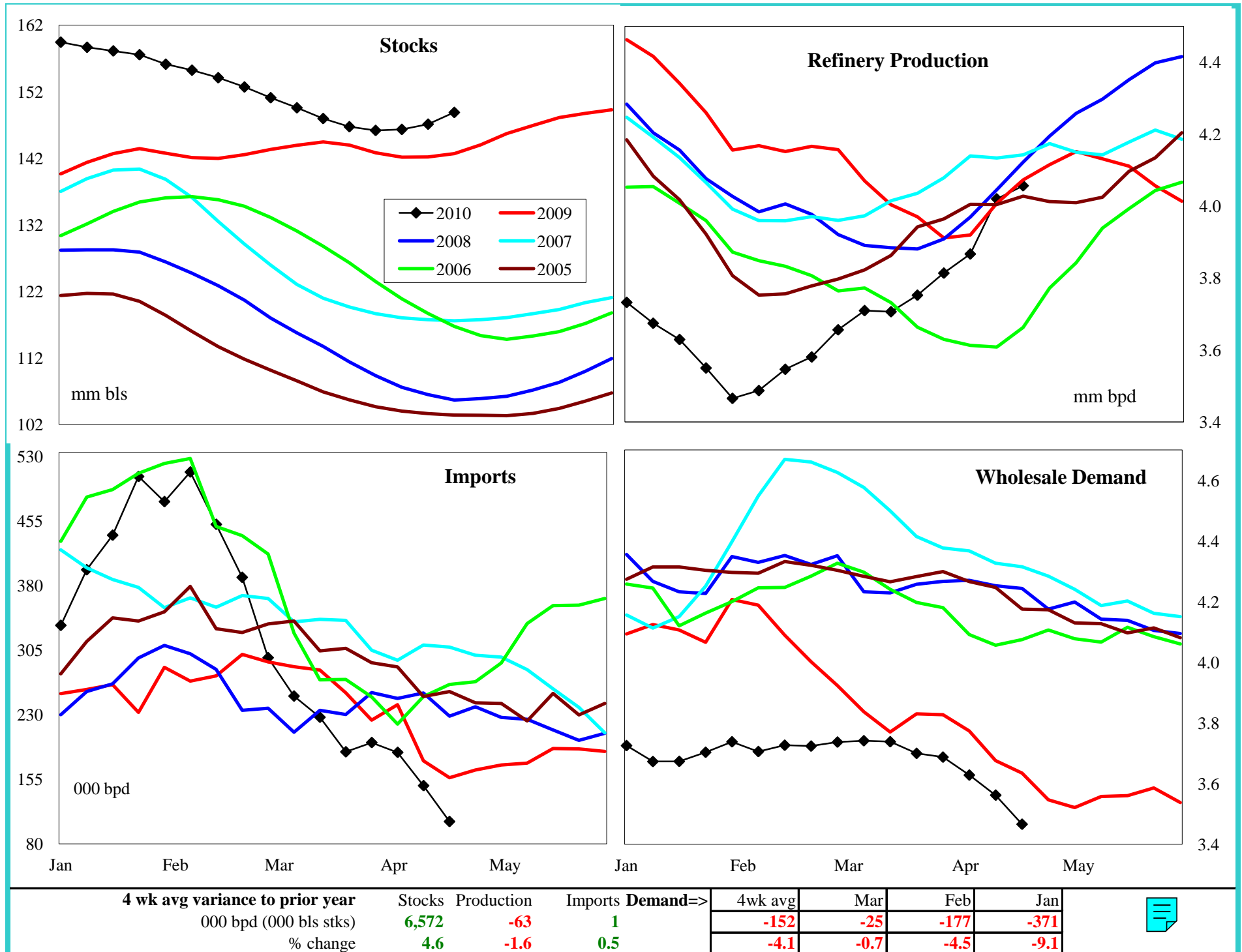
United States Conventional Gasoline Supply



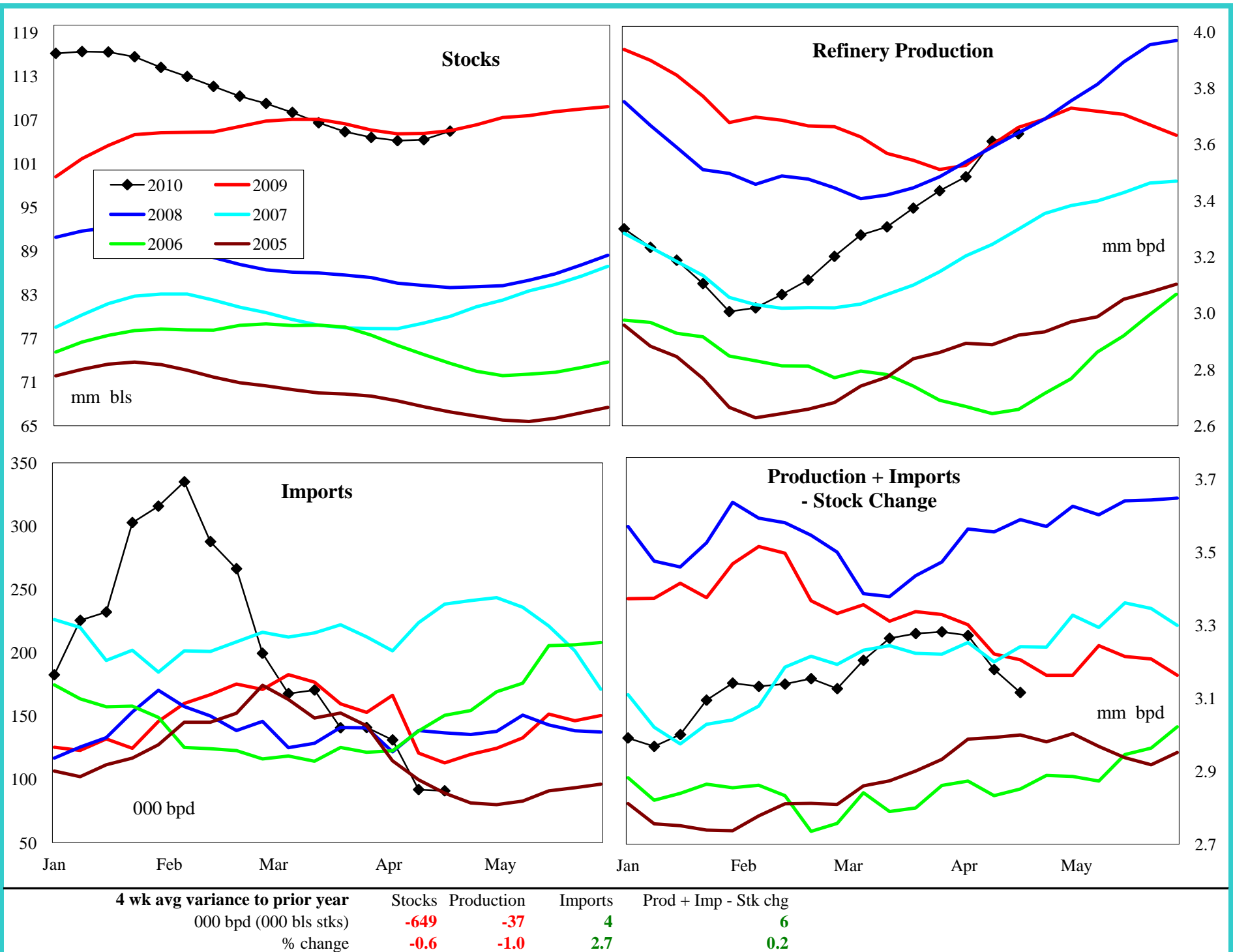
United States Gasoline Imports by Type



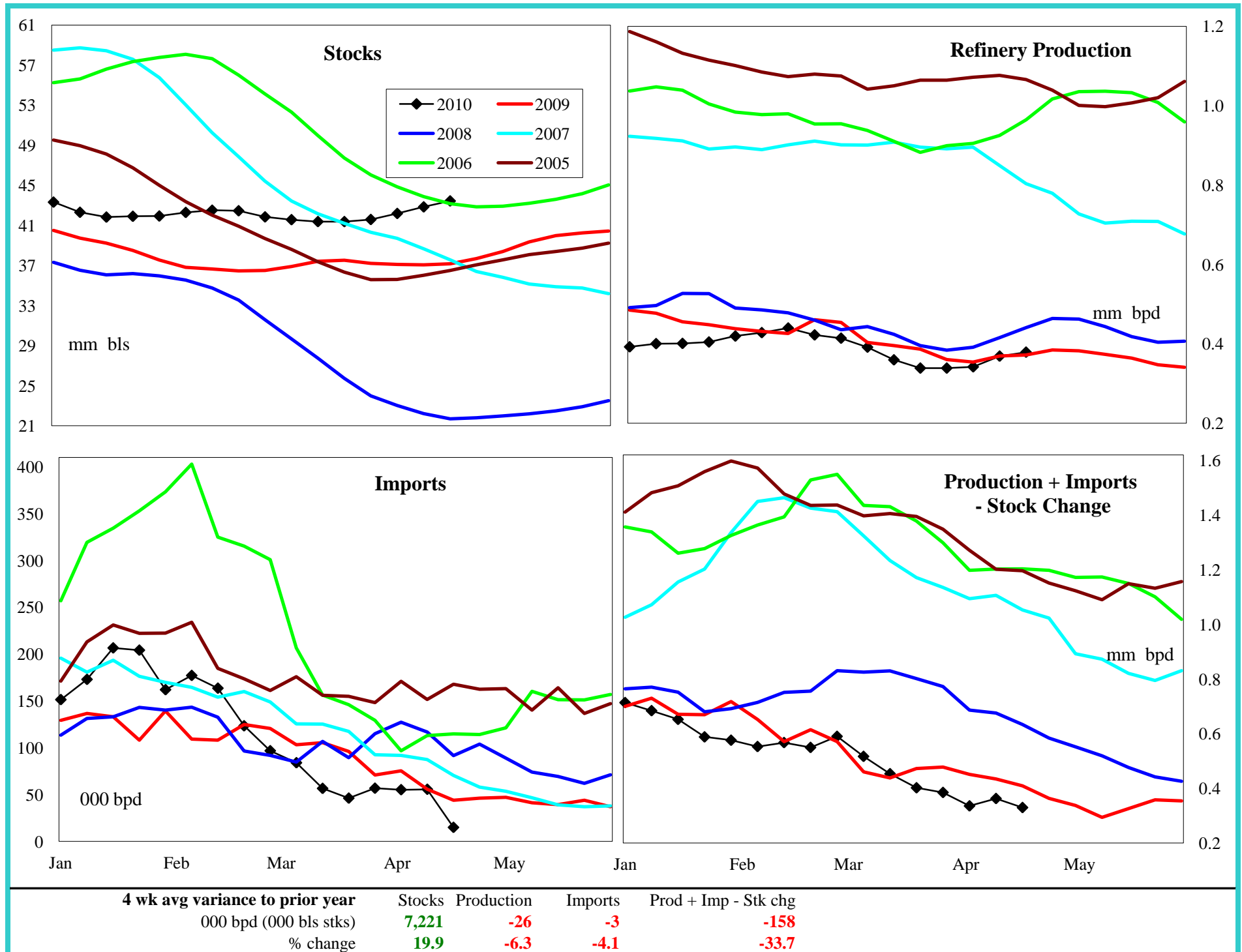
United States Distillate Supply and Demand Balance



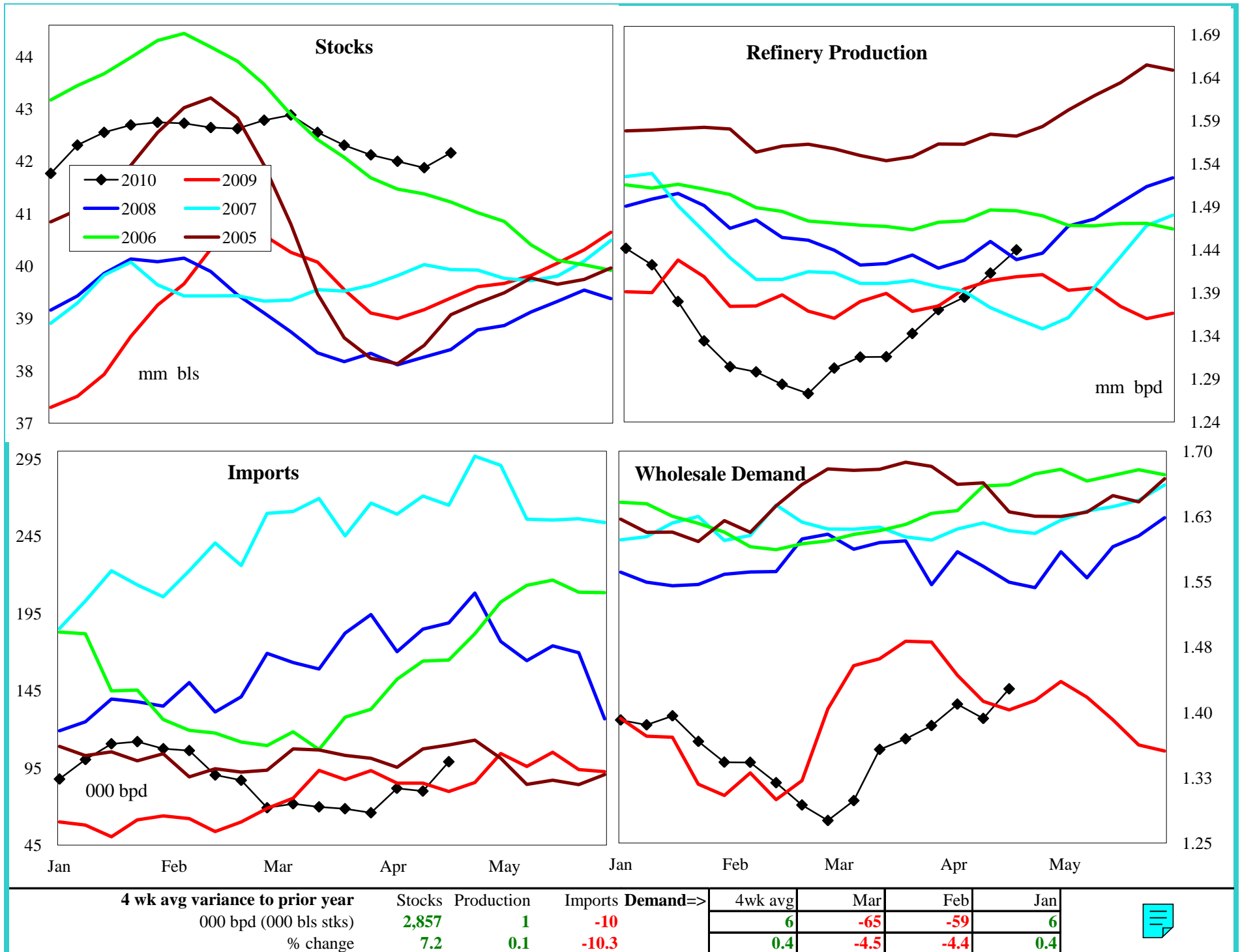
United States Low Sulfur Distillate Supply



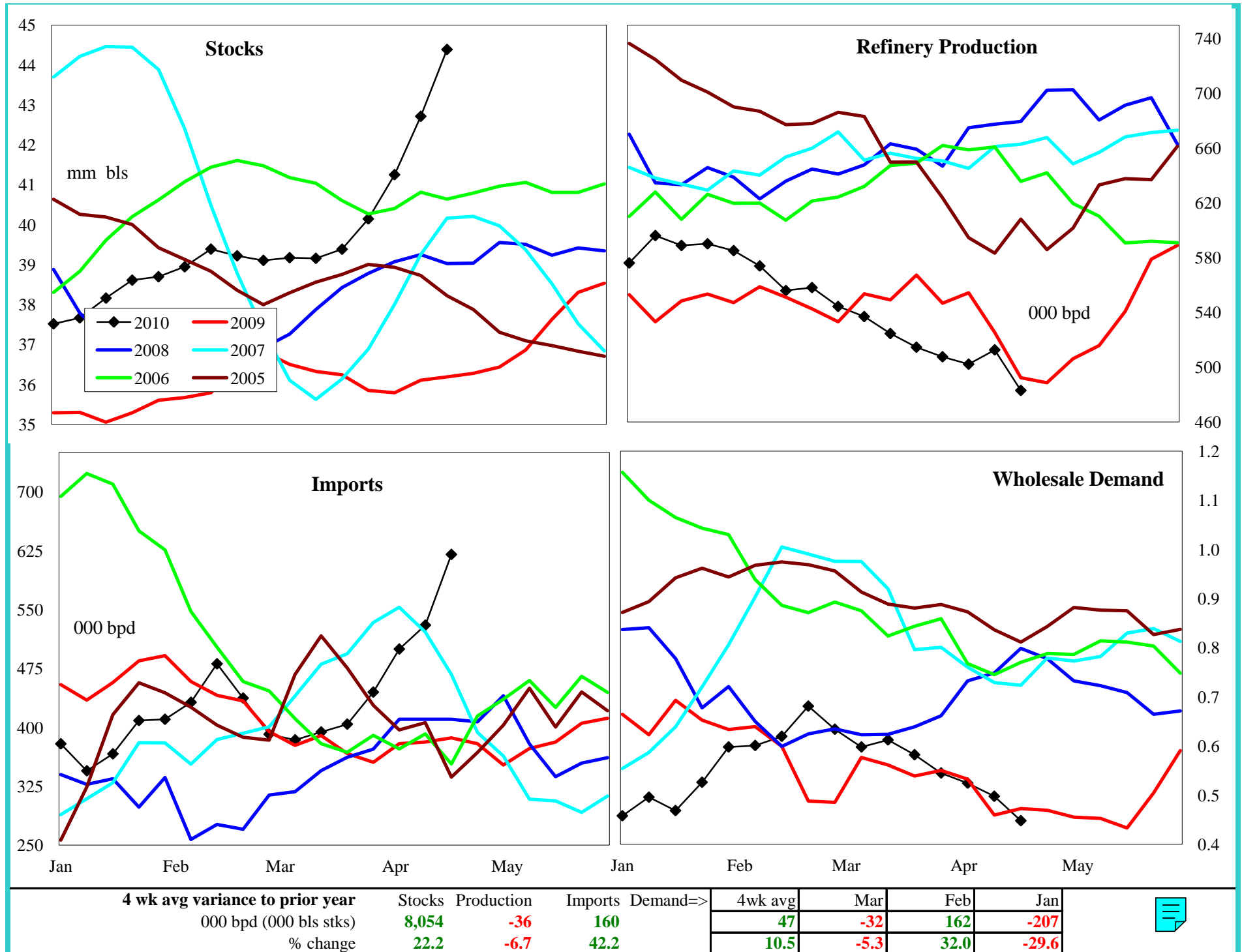
United States High Sulfur Distillate Supply



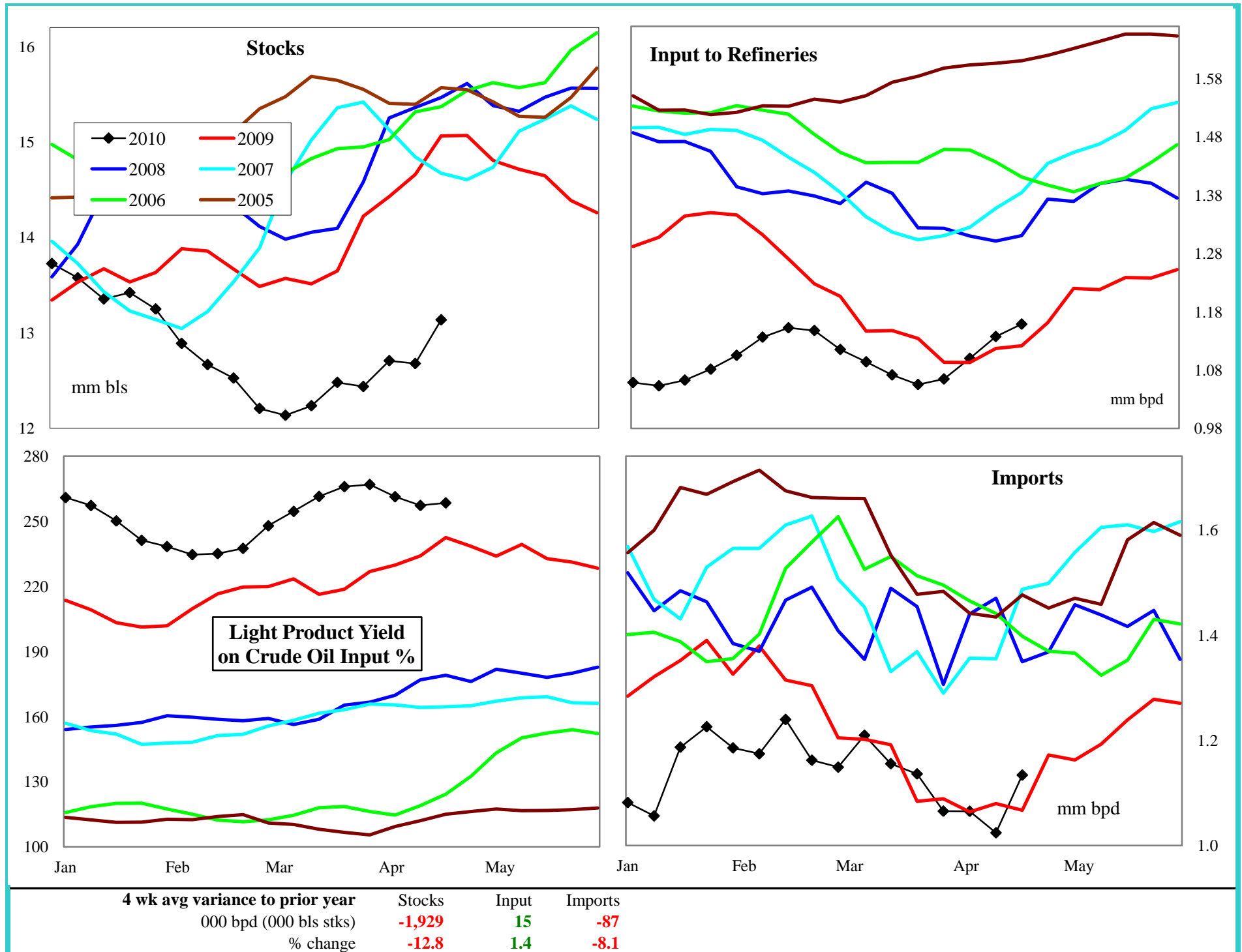
United States Jet Fuel Supply and Demand Balance



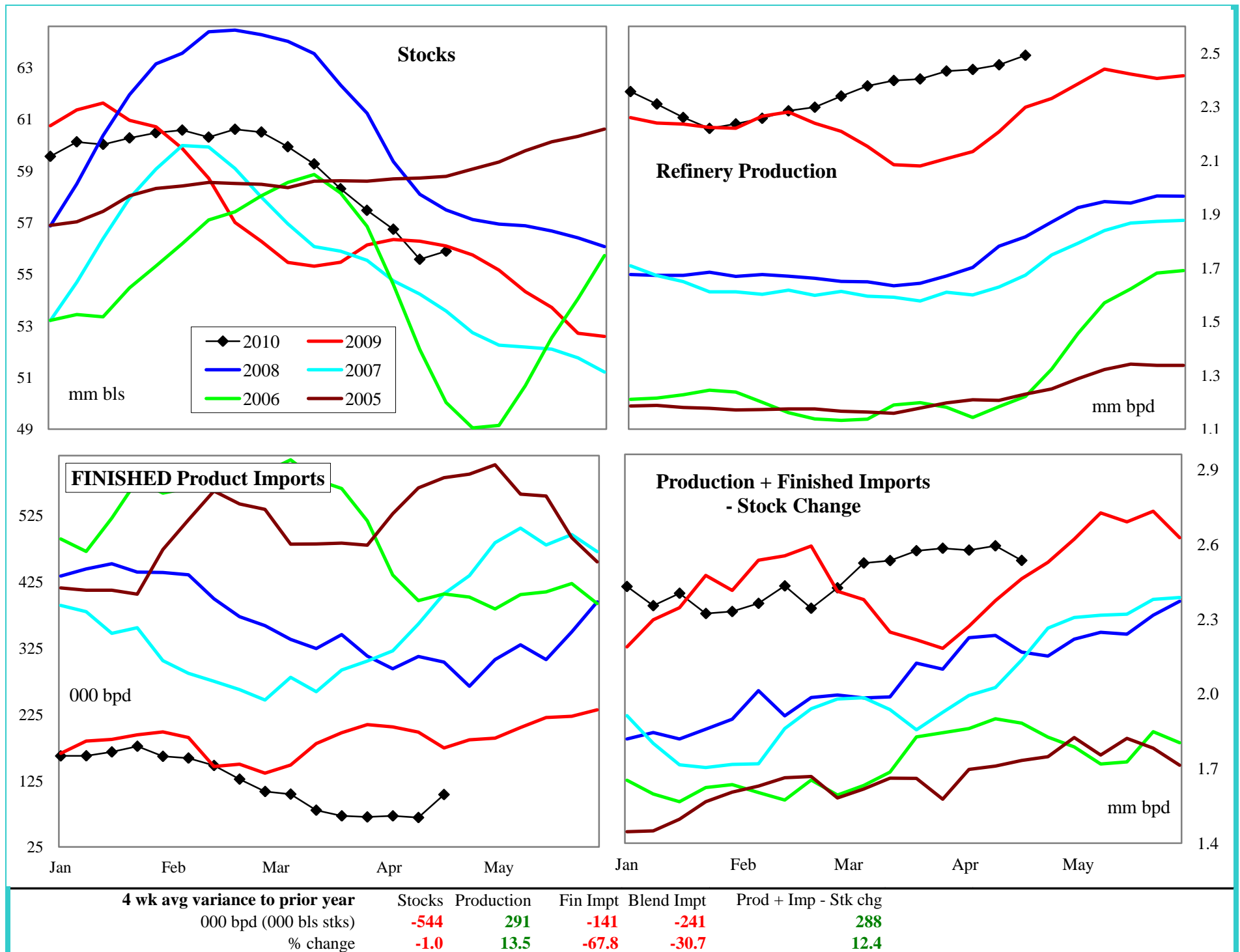
United States Residual Fuel Oil Supply and Demand Balance



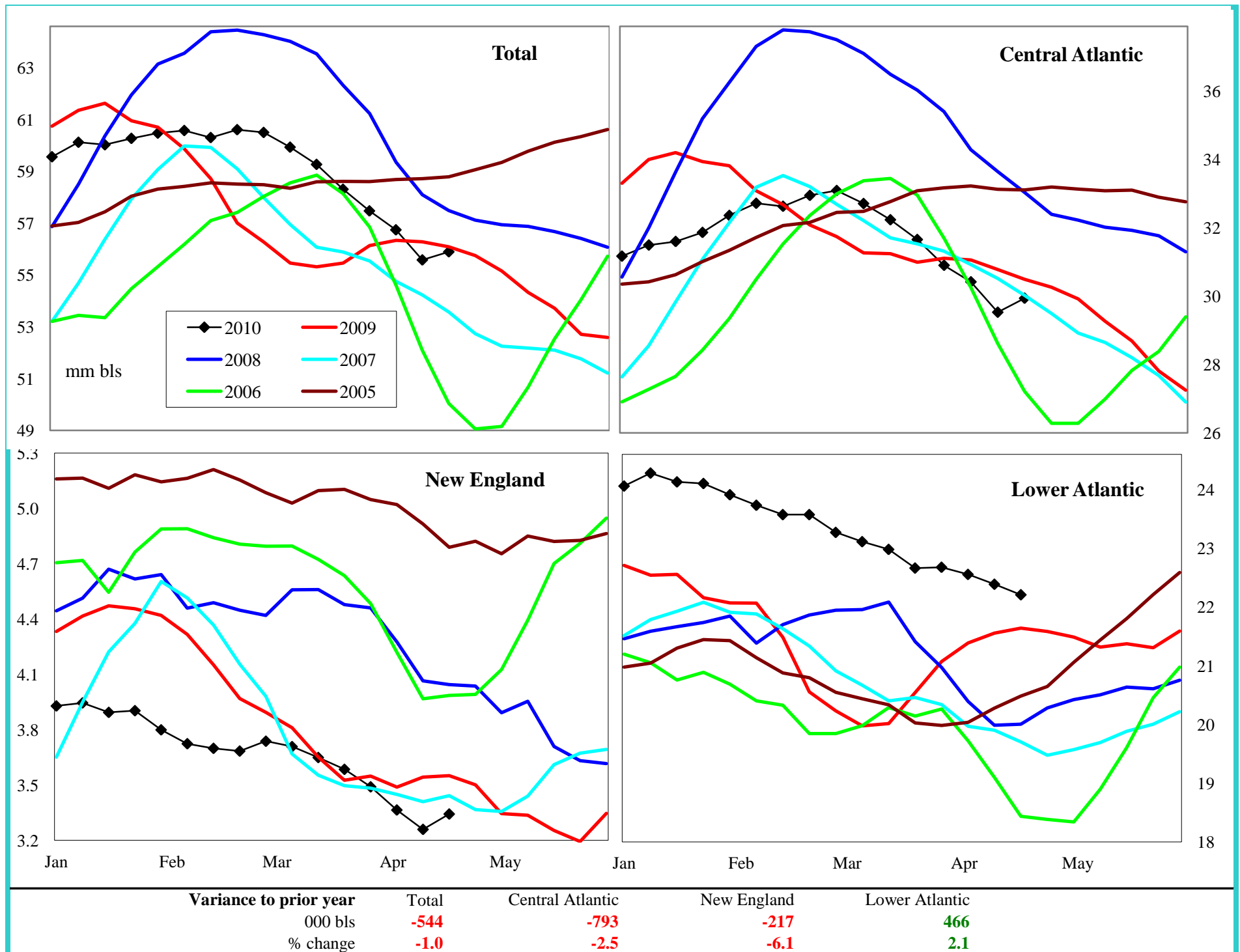
PADD 1 Crude Oil Supply and Refining



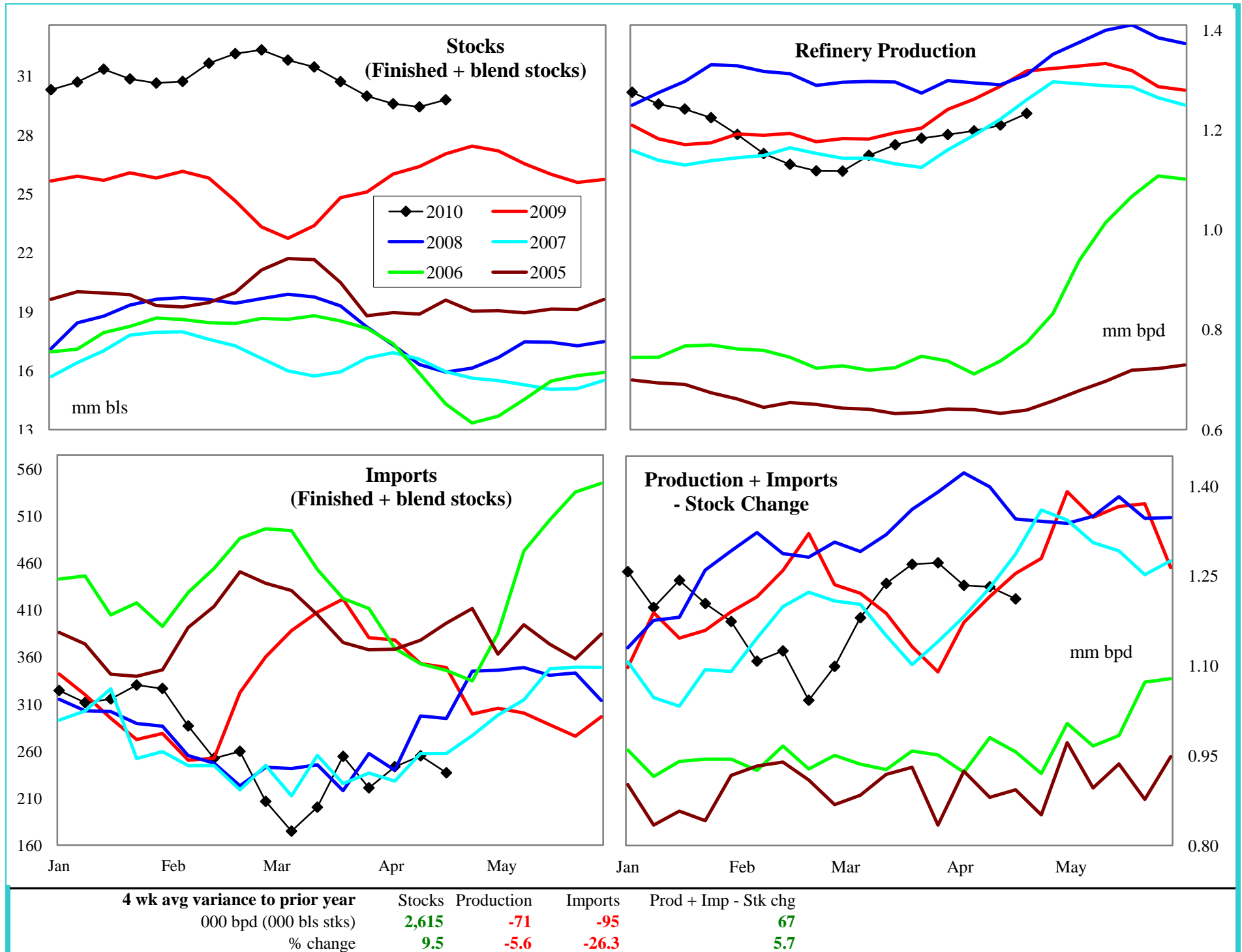
PADD 1 Gasoline Supply



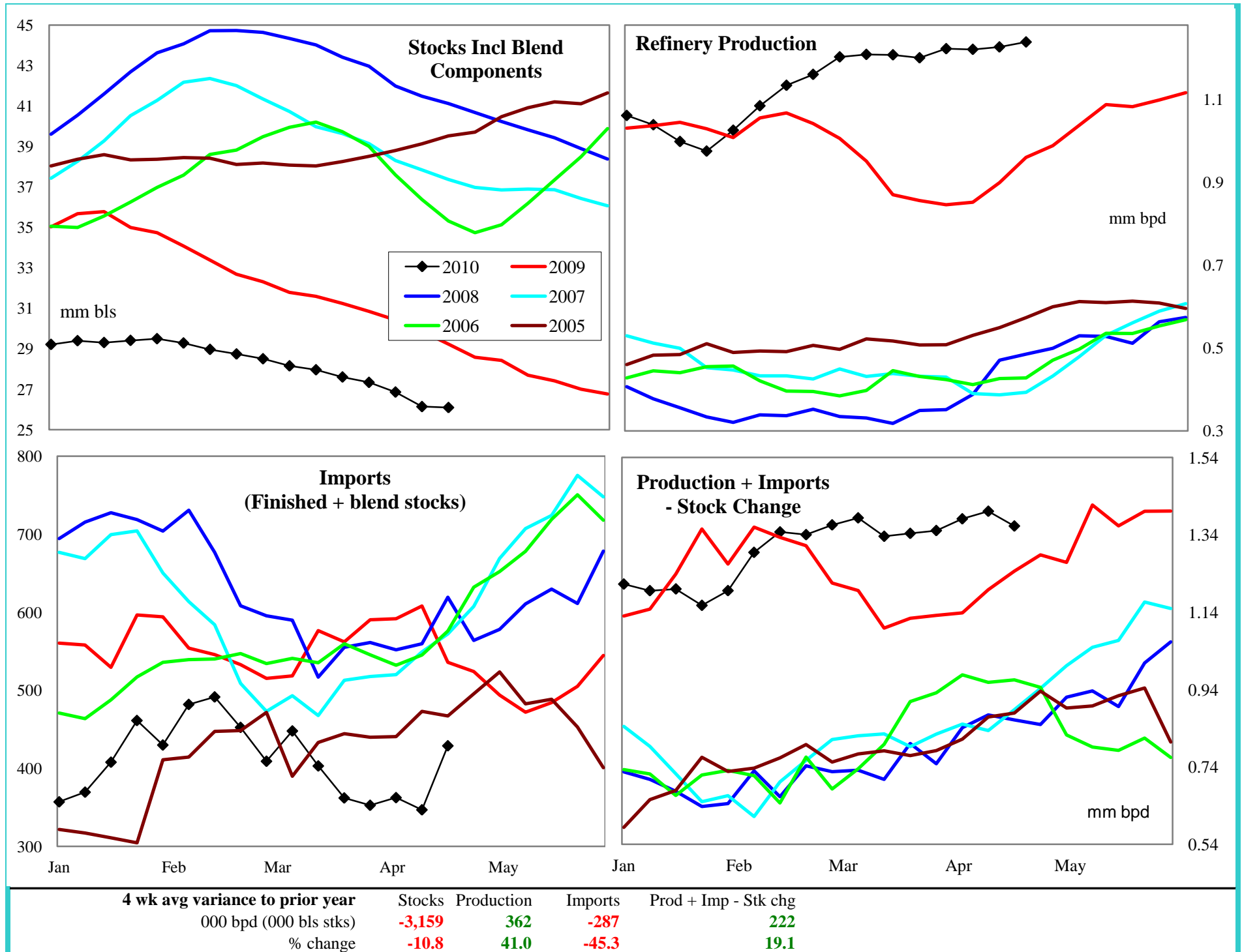
PADD 1 Gasoline Stocks by Region



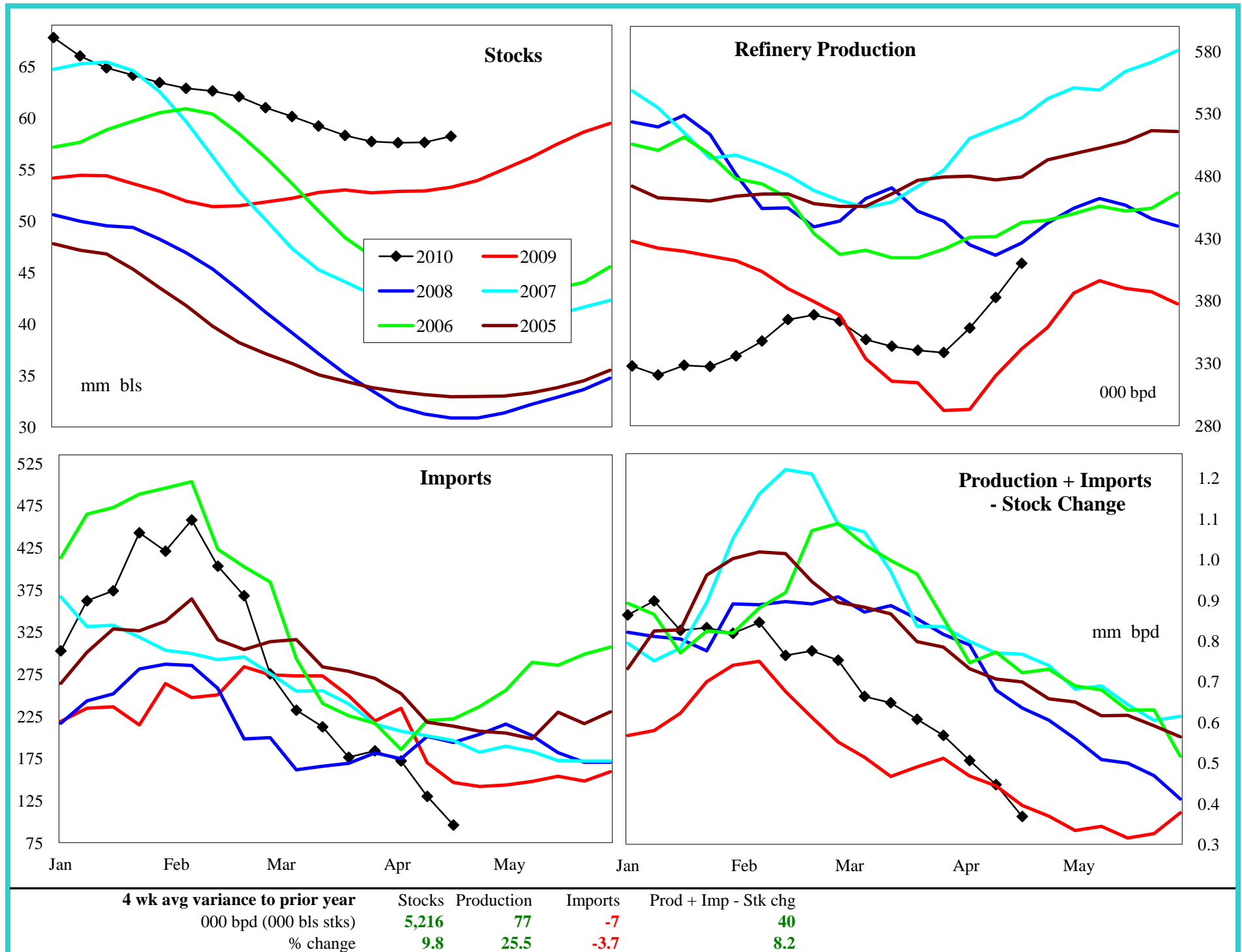
PADD 1 Reformulated Gasoline Supply



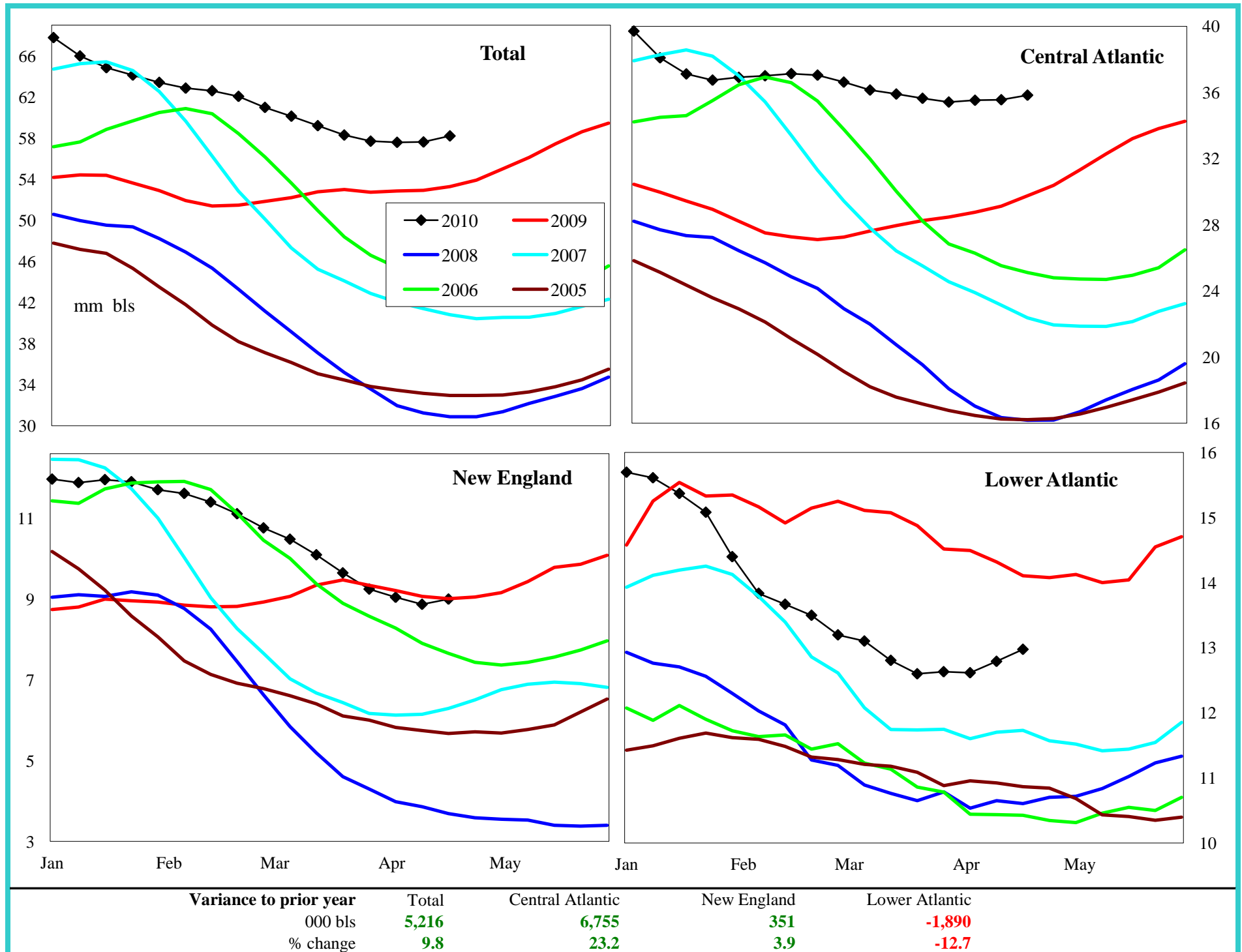
PADD 1 Conventional Gasoline Supply



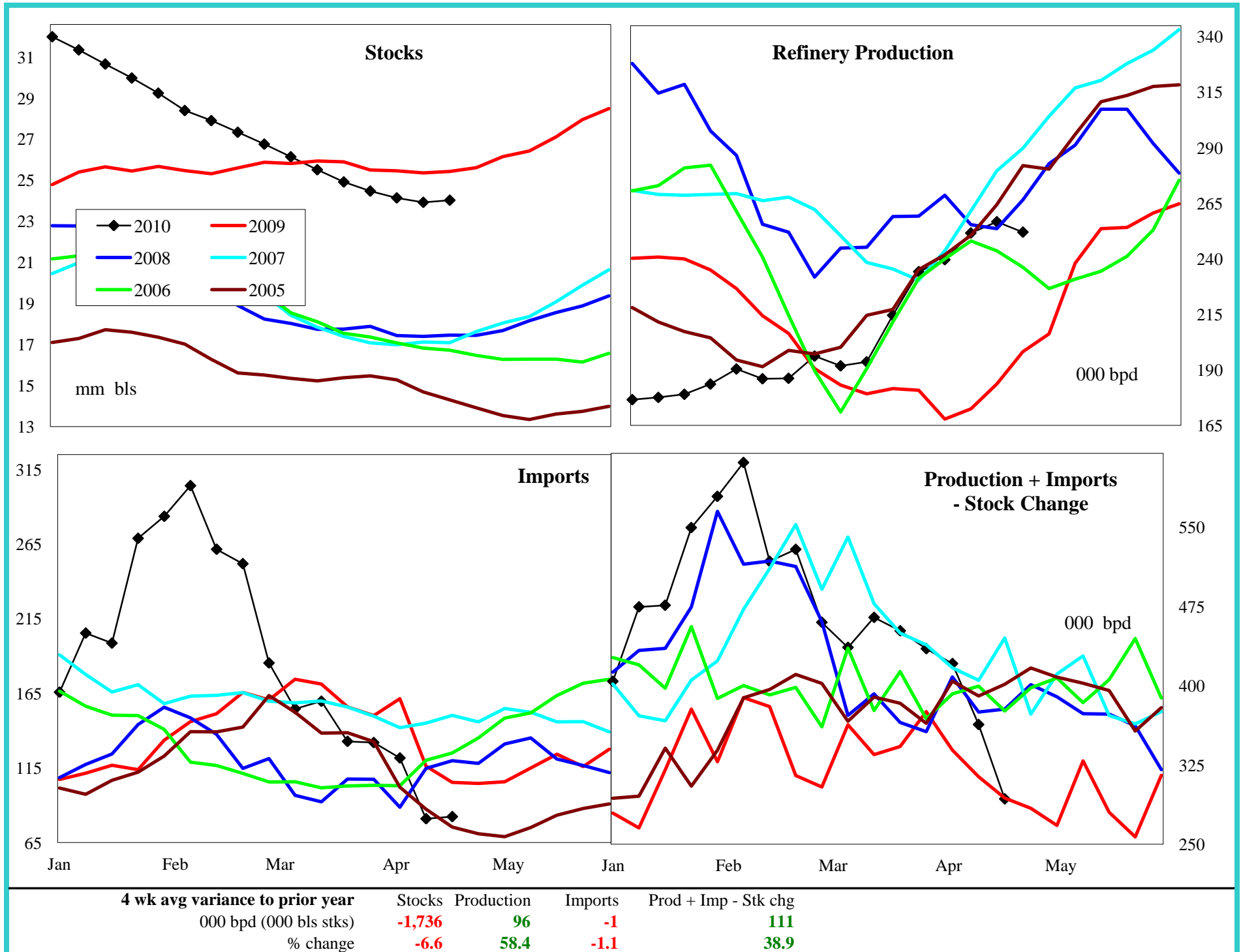
PADD 1 Distillate Supply



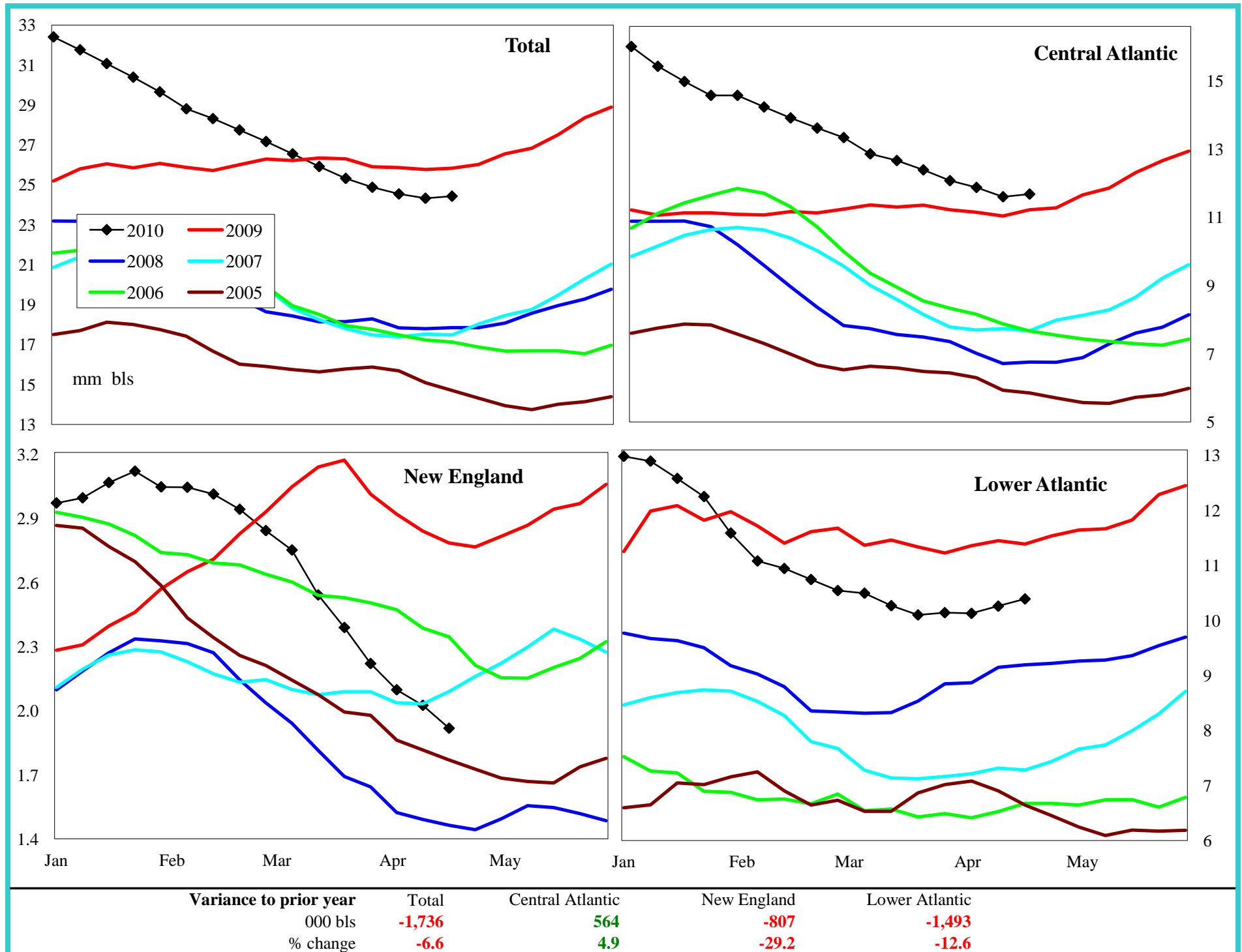
PADD 1 Distillate Stocks by Region



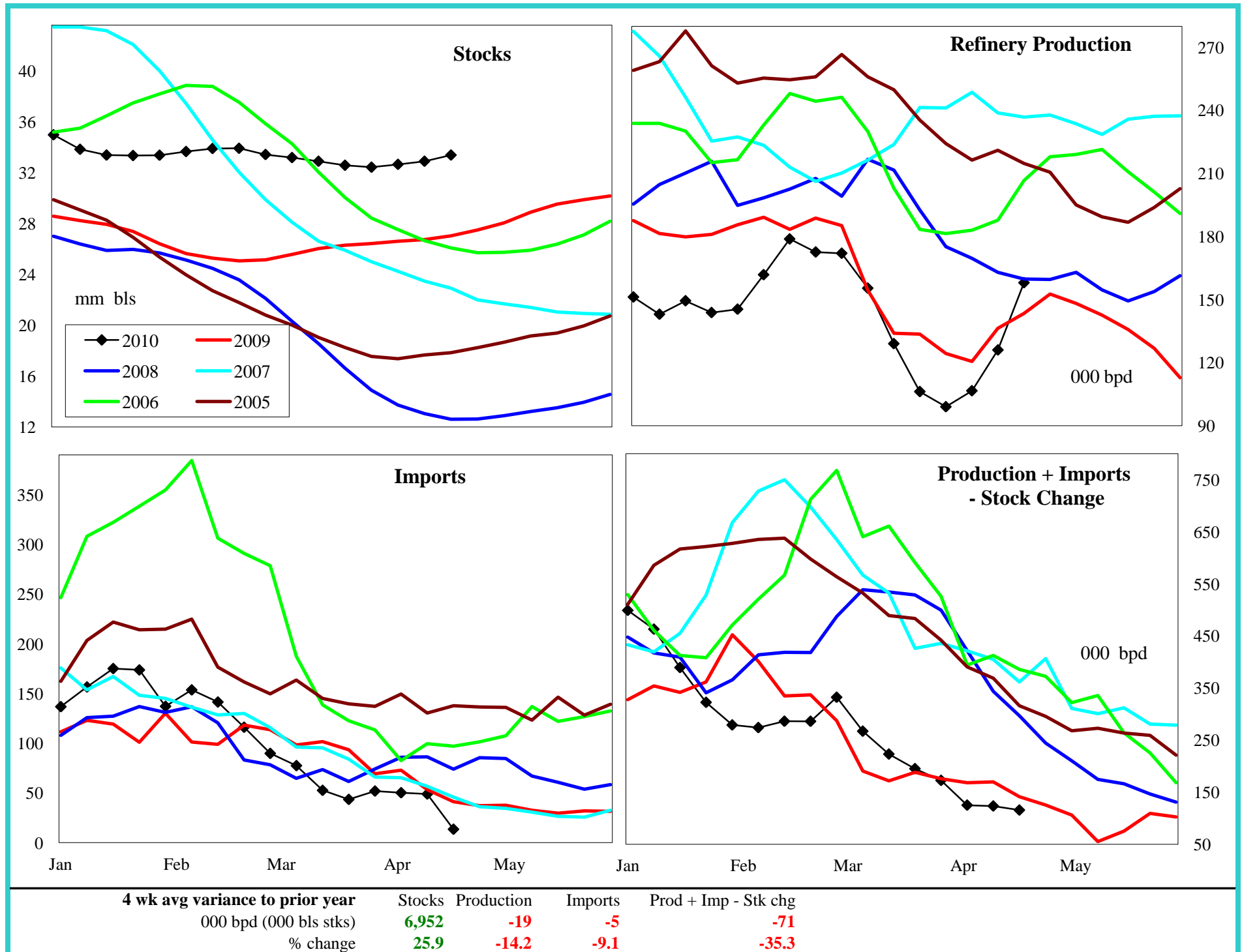
PADD 1 Low Sulfur Distillate Supply



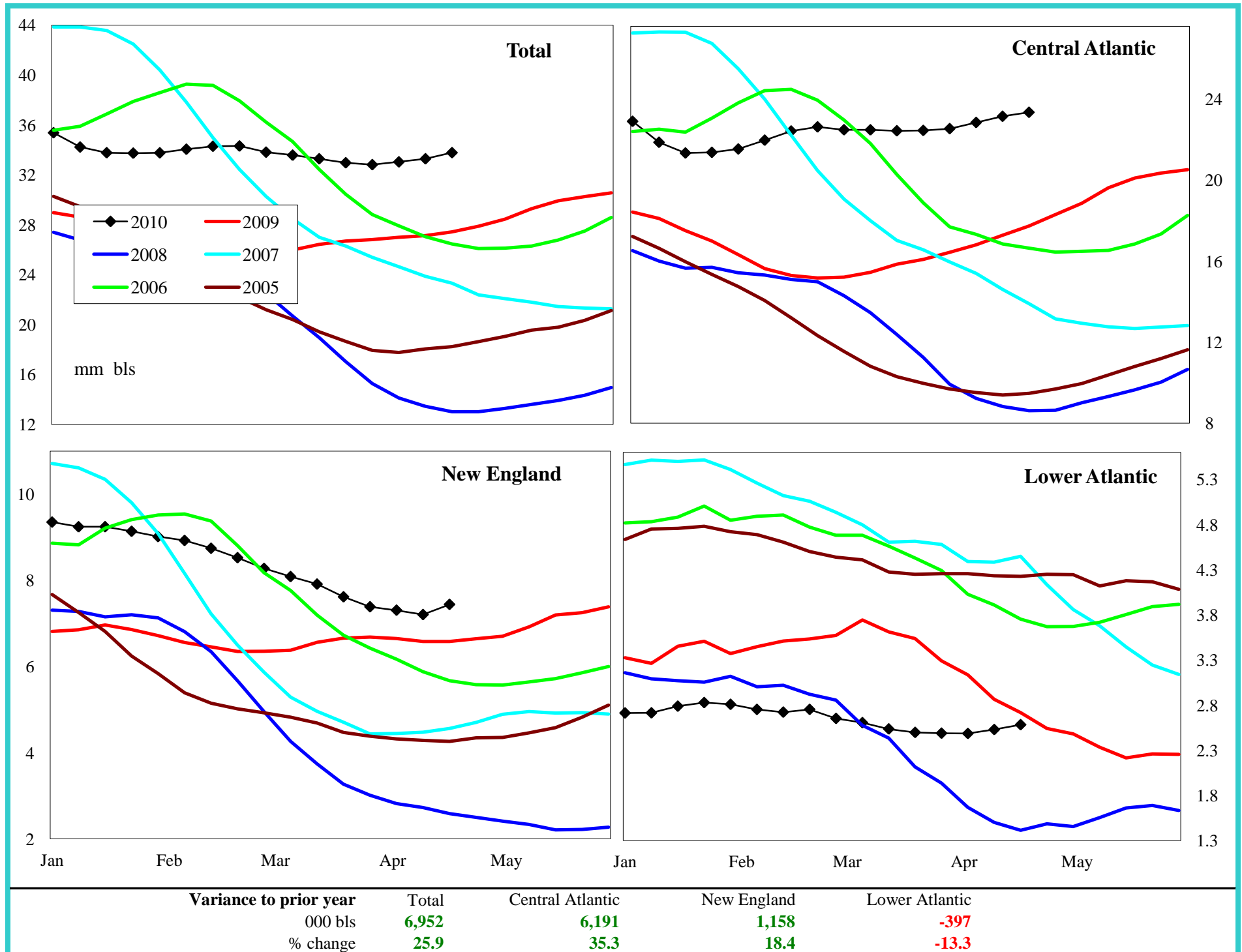
PADD 1 Low Sulfur Distillate Stocks by Region



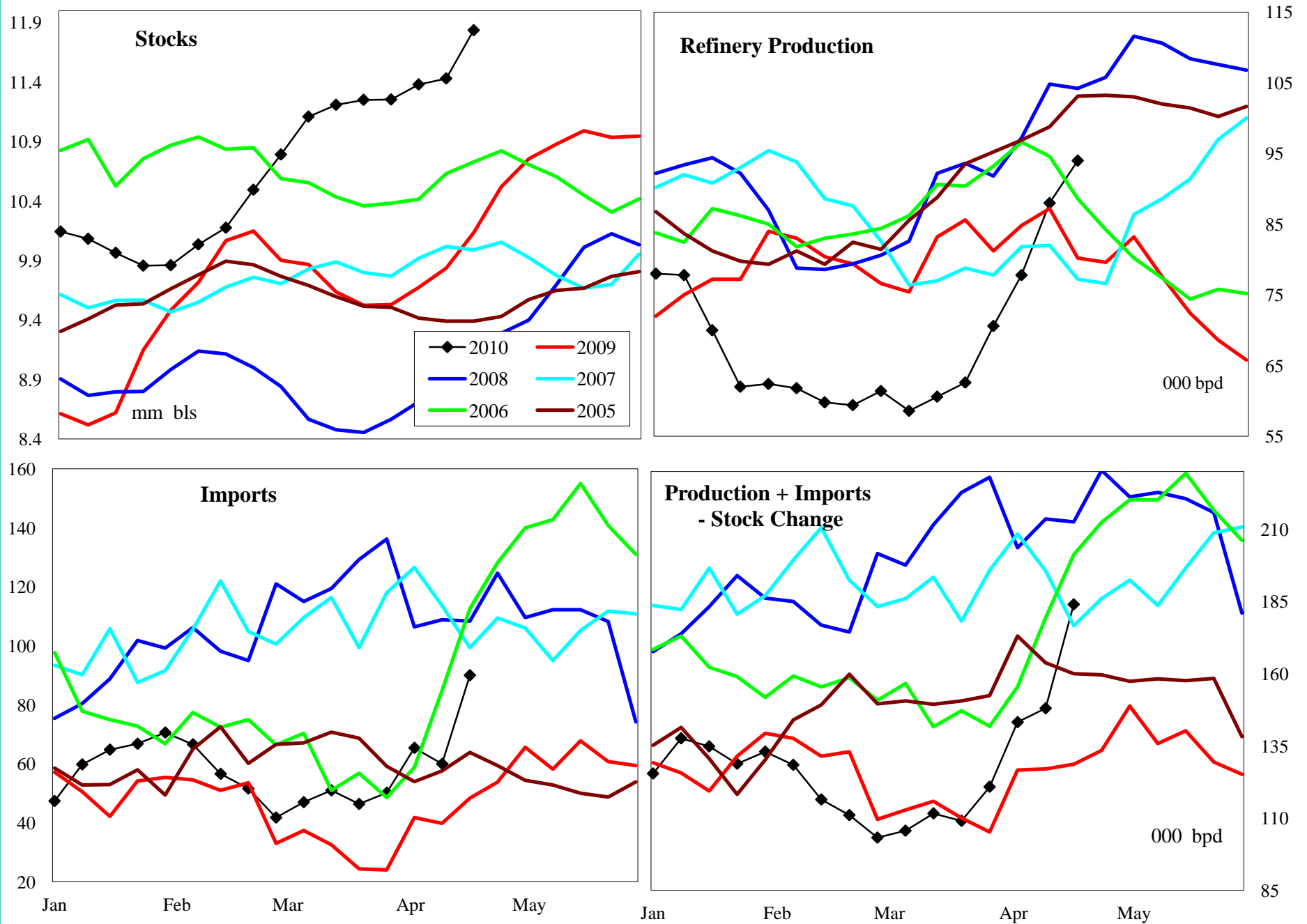
PADD 1 High Sulfur Distillate Supply



PADD 1 High Sulfur Distillate Stocks by Region



PADD 1 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,701

16.8

Production

-1

-0.9

Imports

21

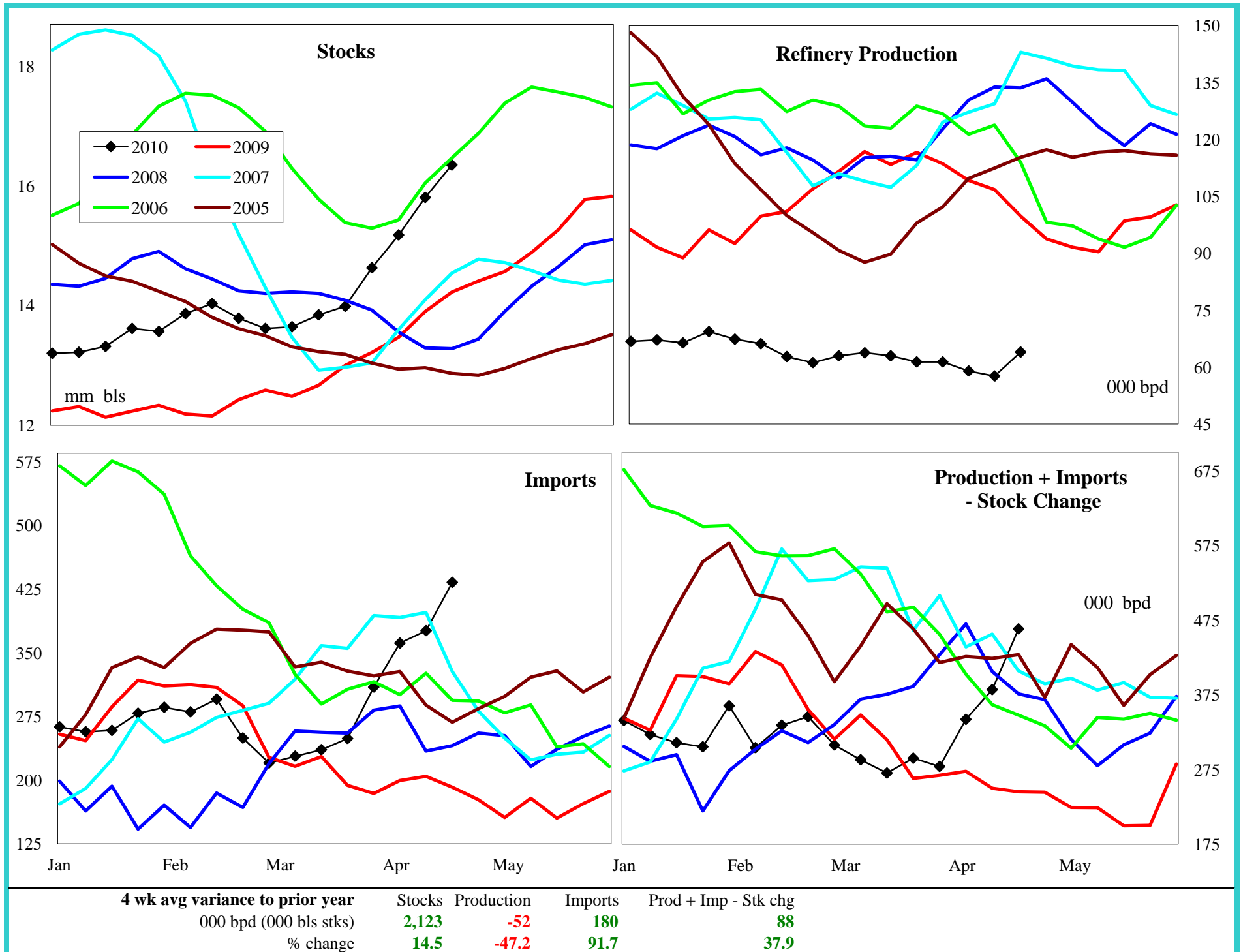
47.7

Prod + Imp - Stk chg

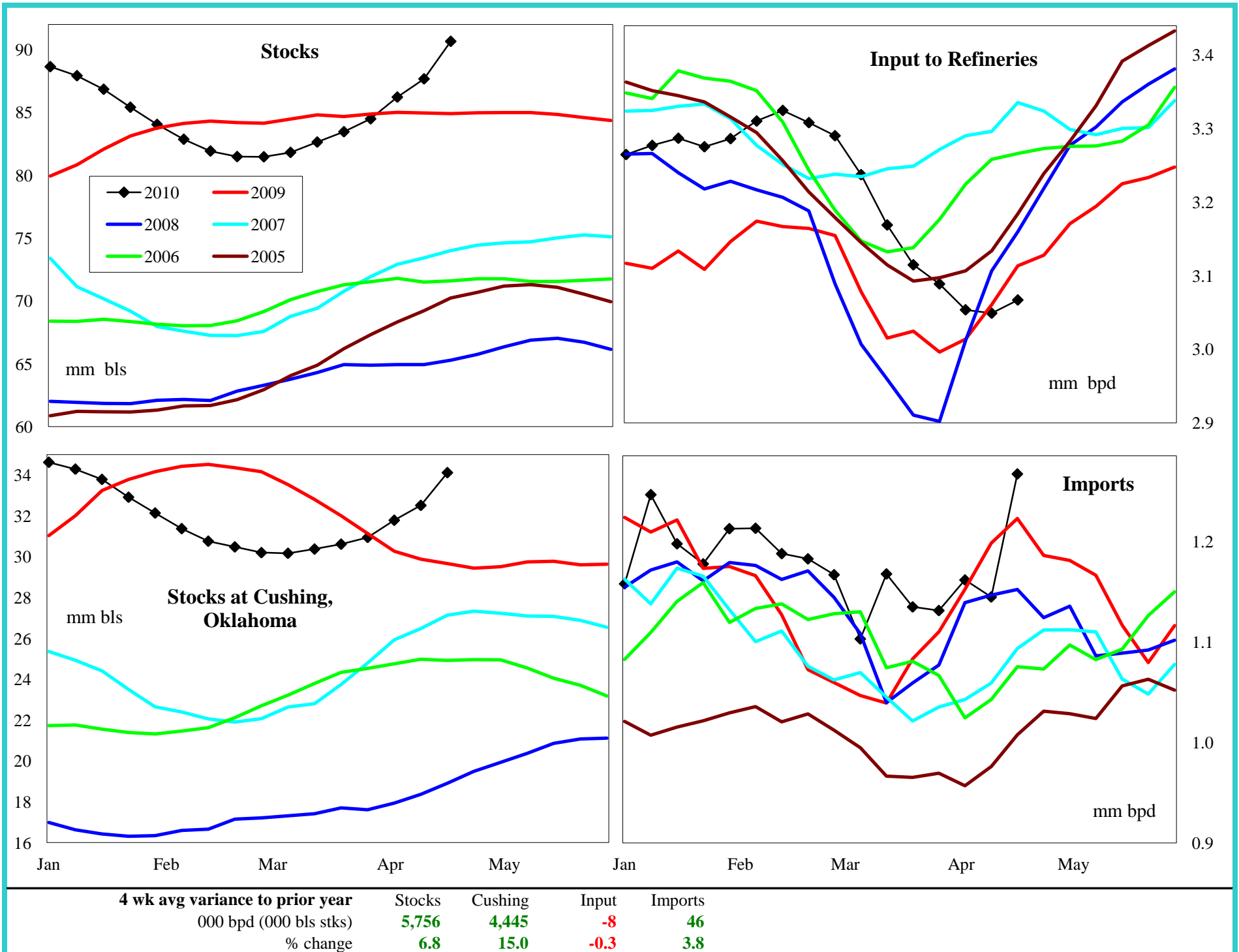
18

13.7

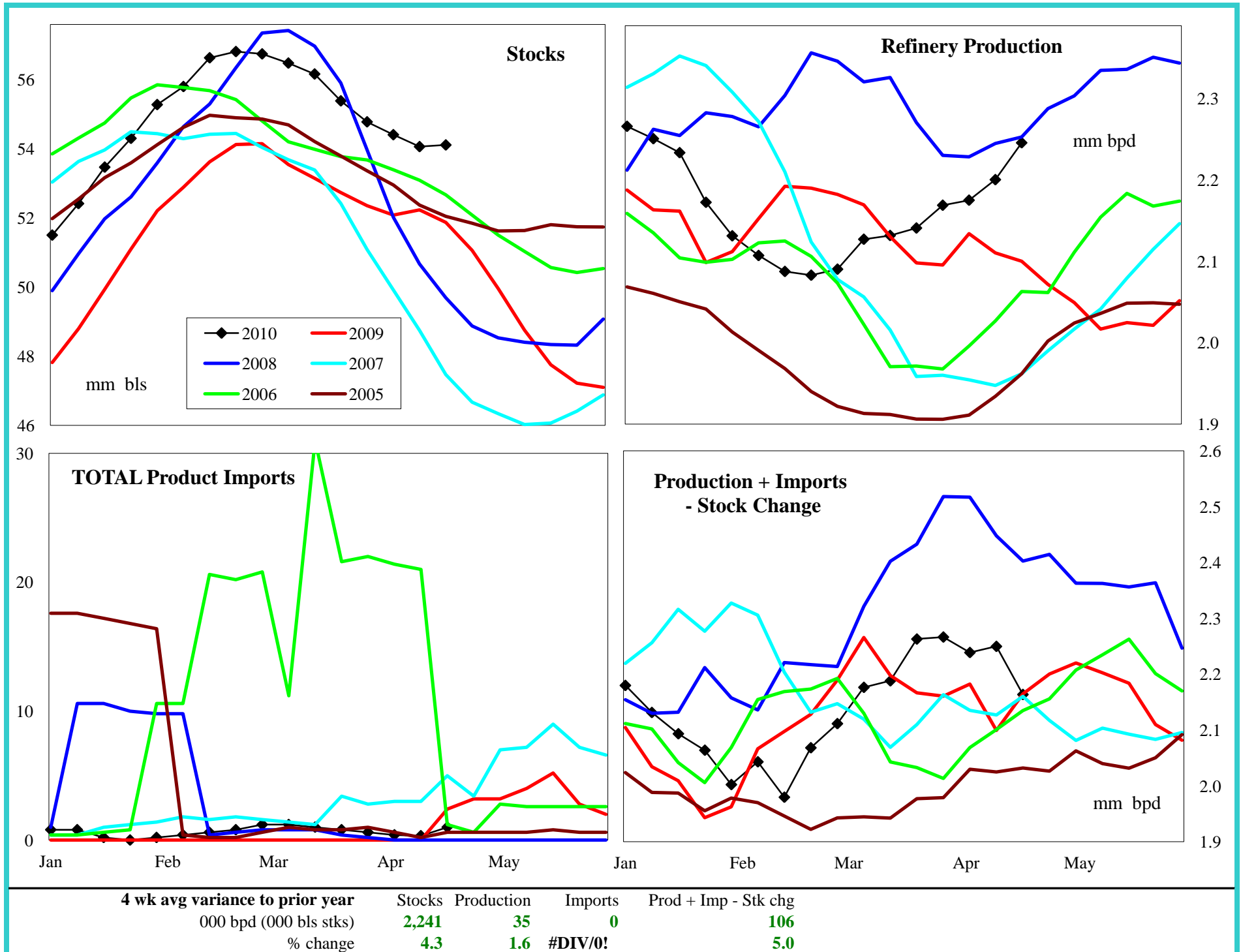
PADD 1 Residual Fuel Oil Supply



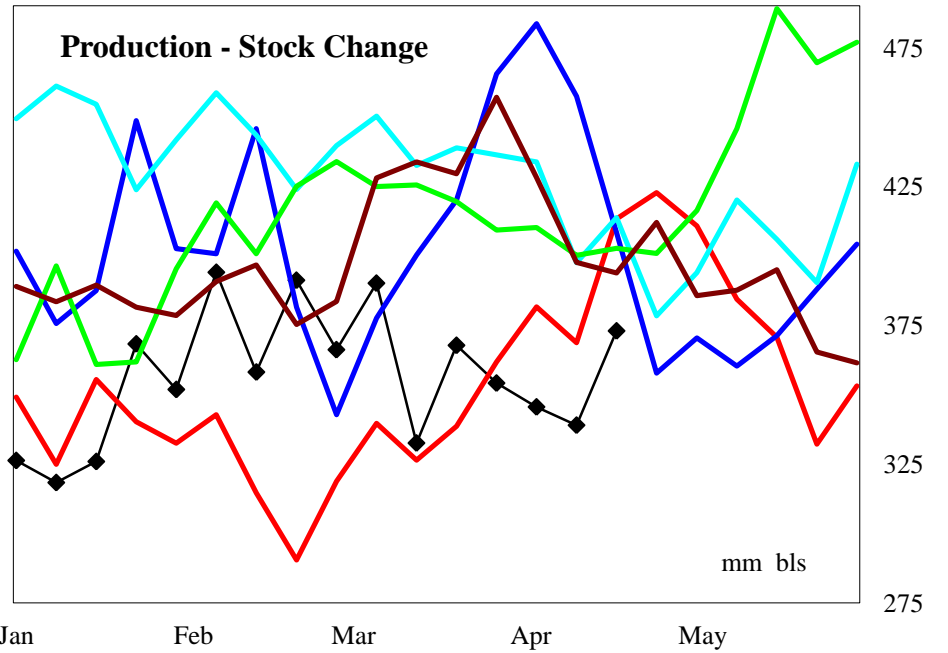
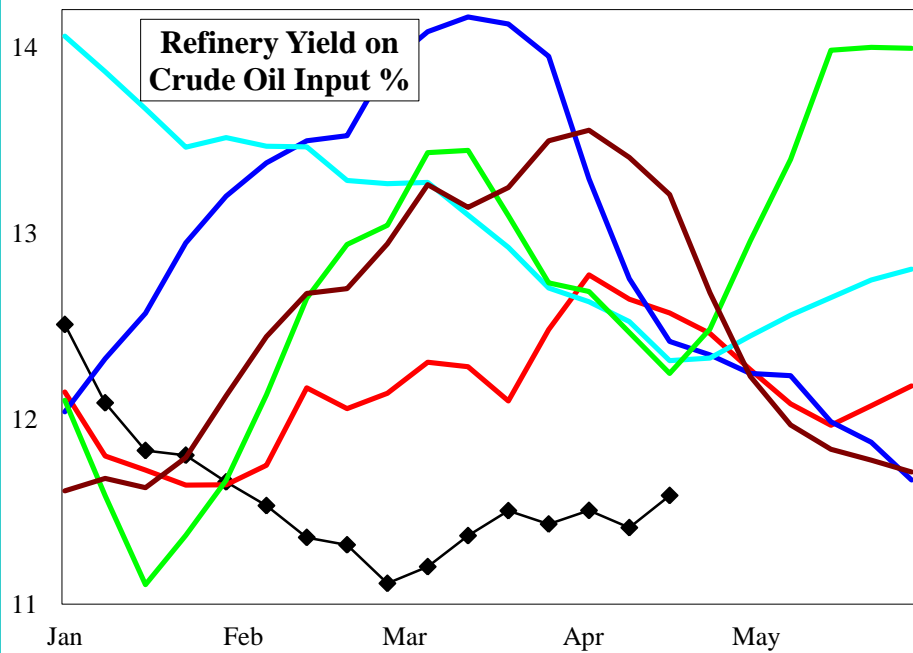
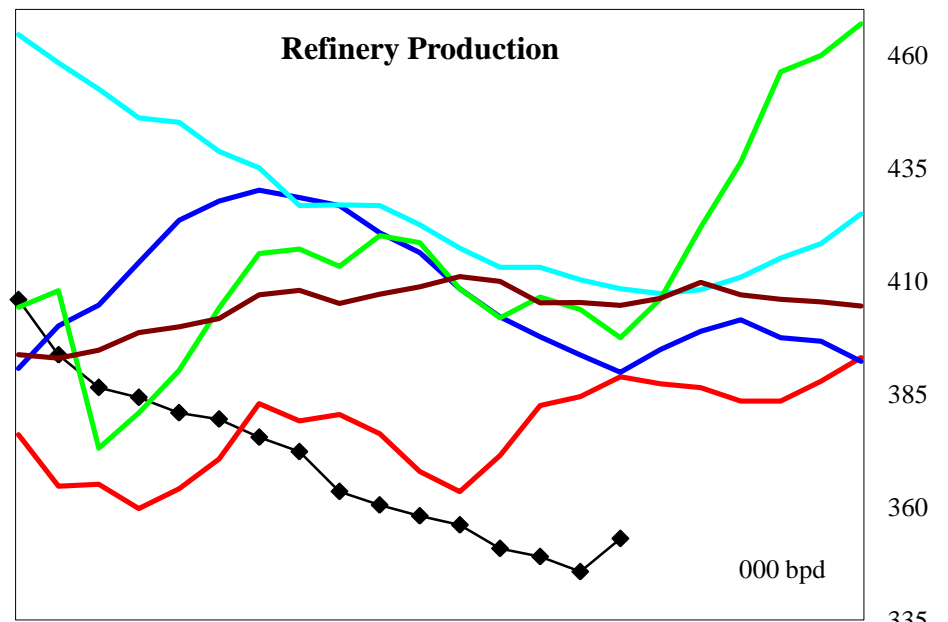
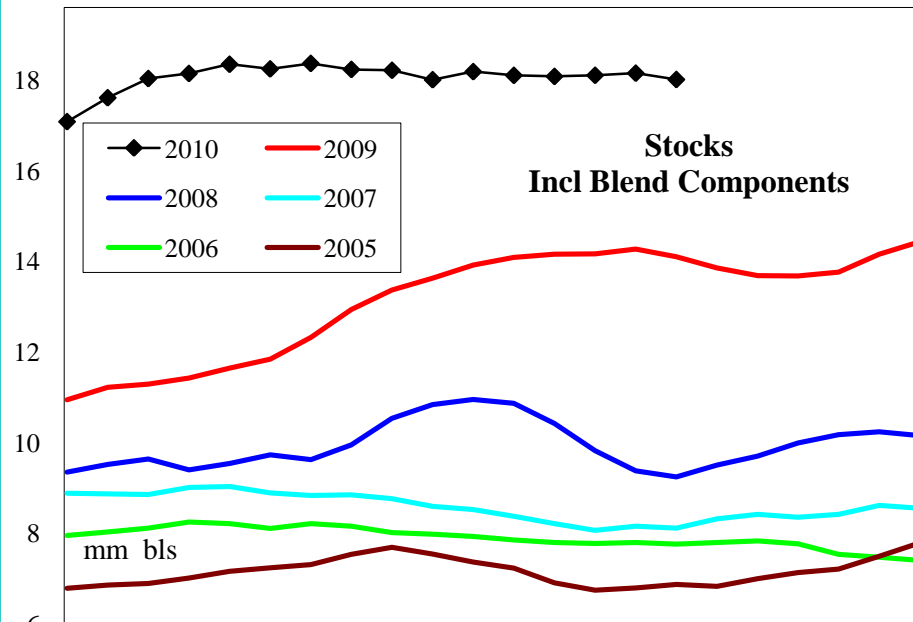
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

3,911

27.0

Production

-32

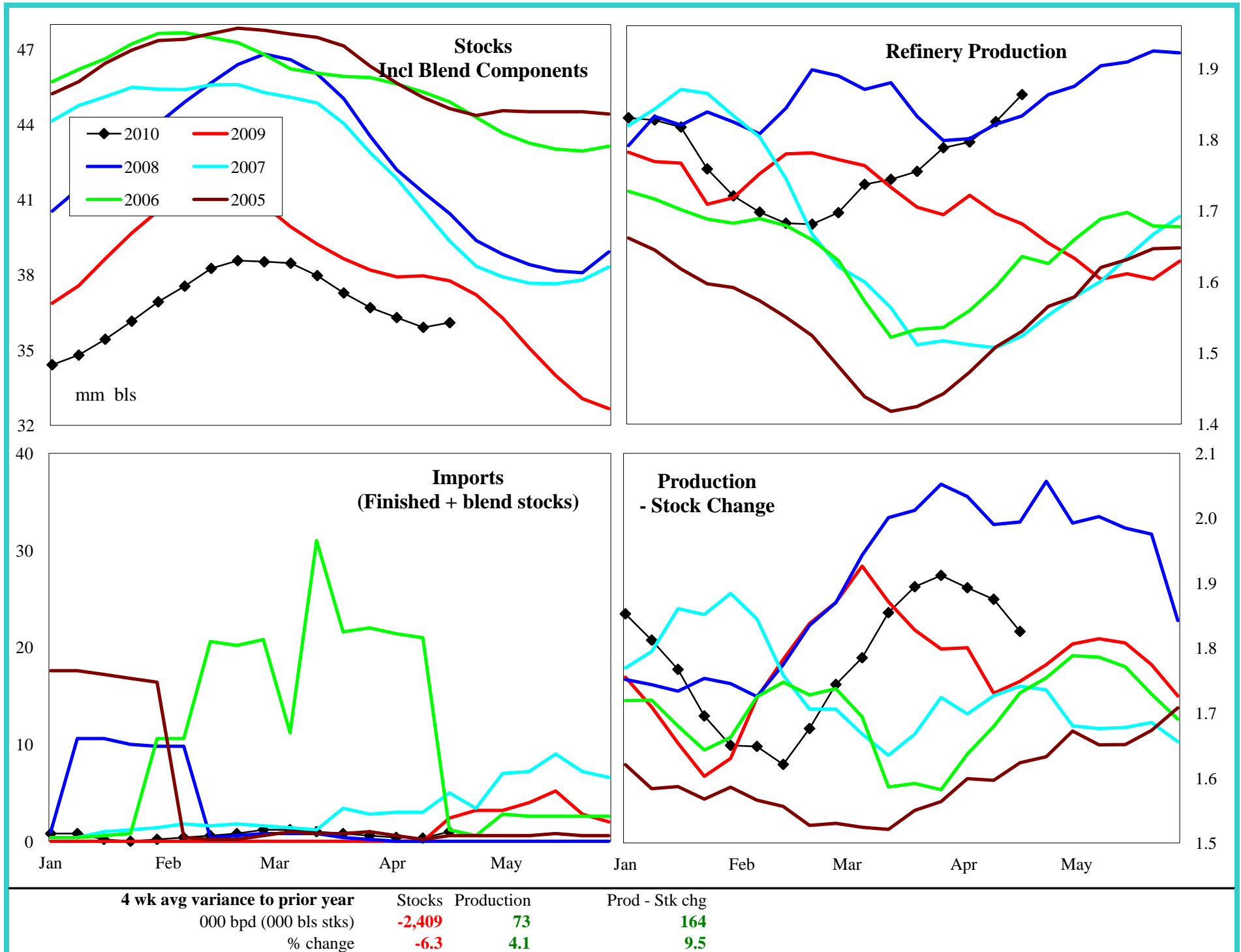
-8.4

Prod - Stk chg

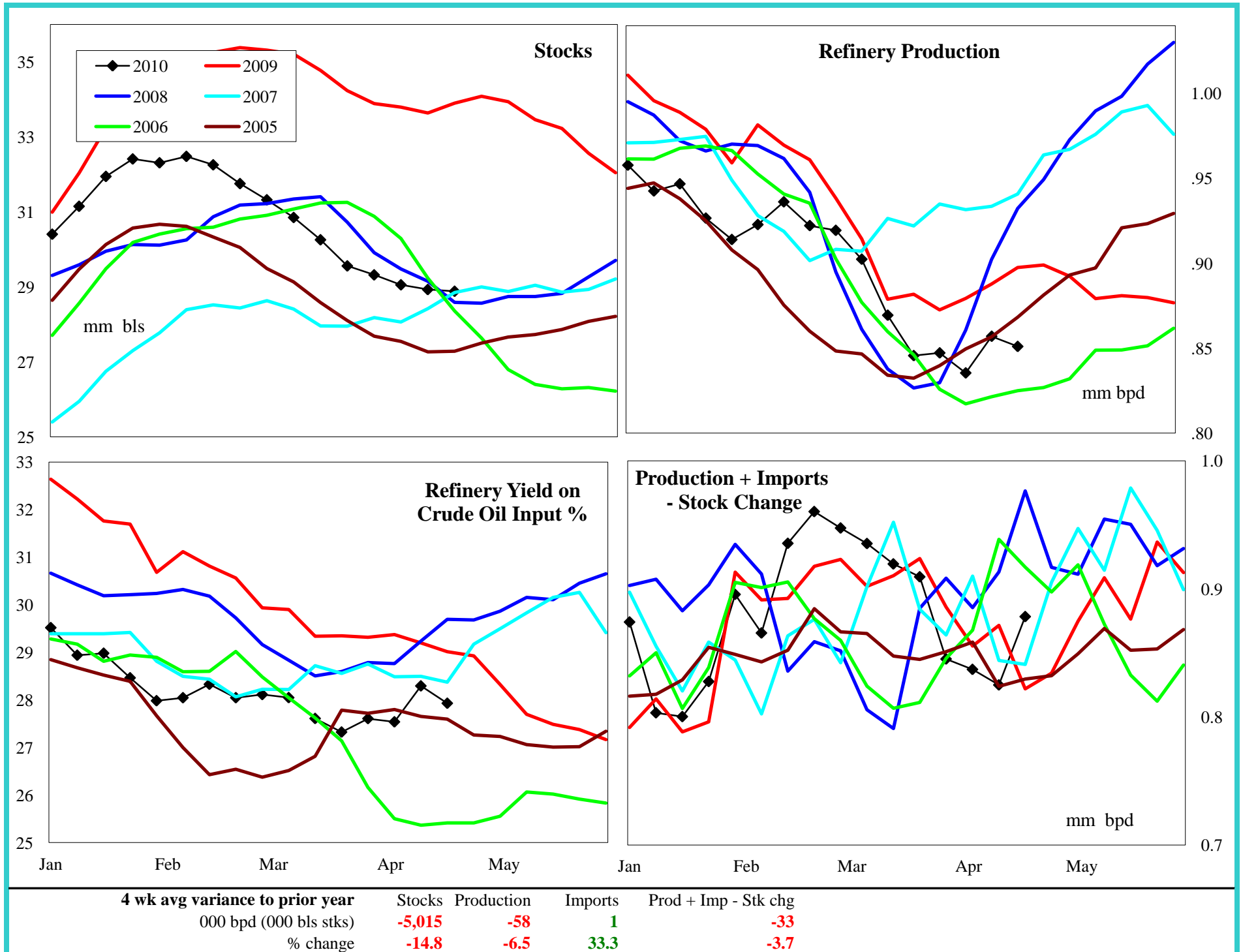
-28

-7.5

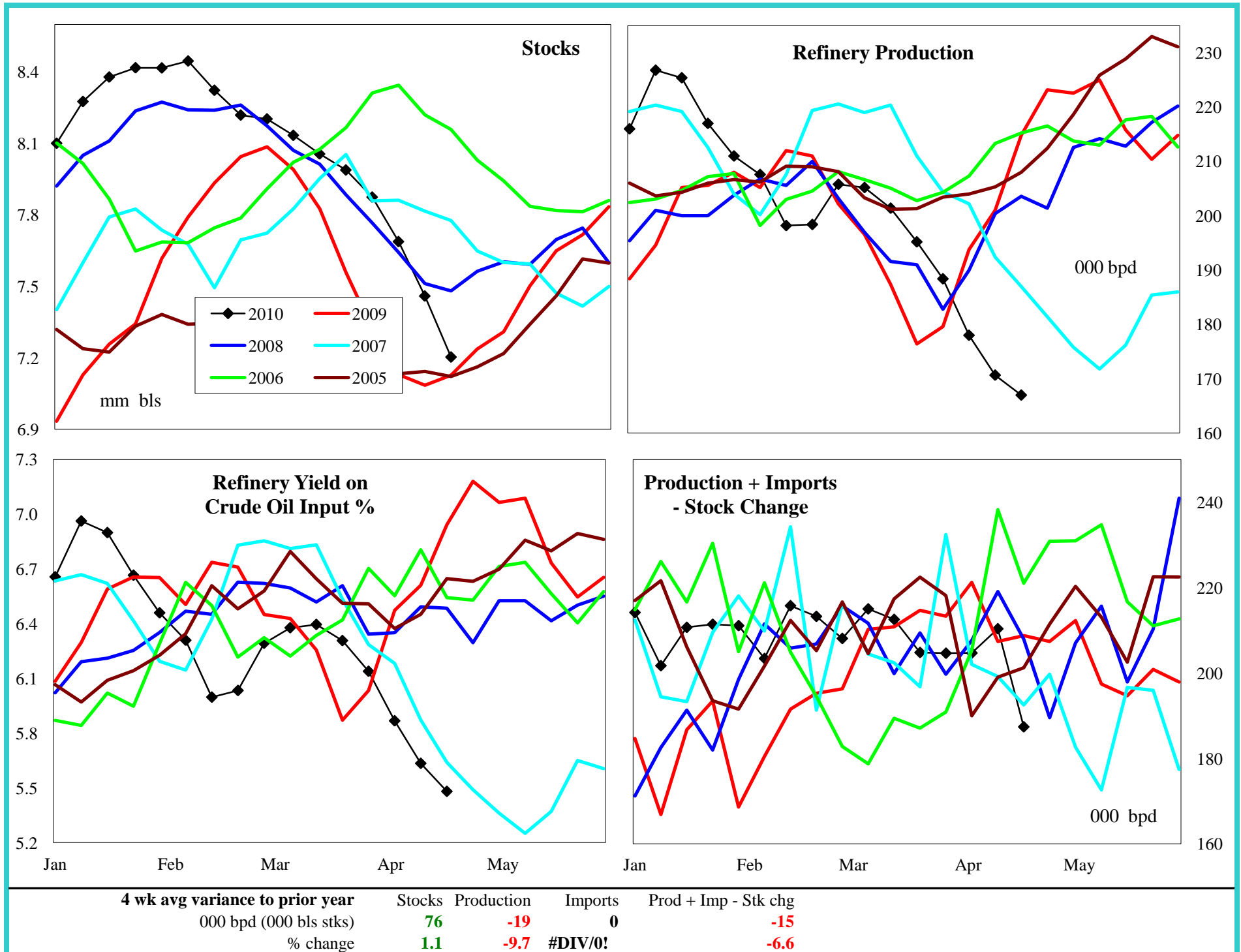
PADD 2 Conventional Gasoline Supply



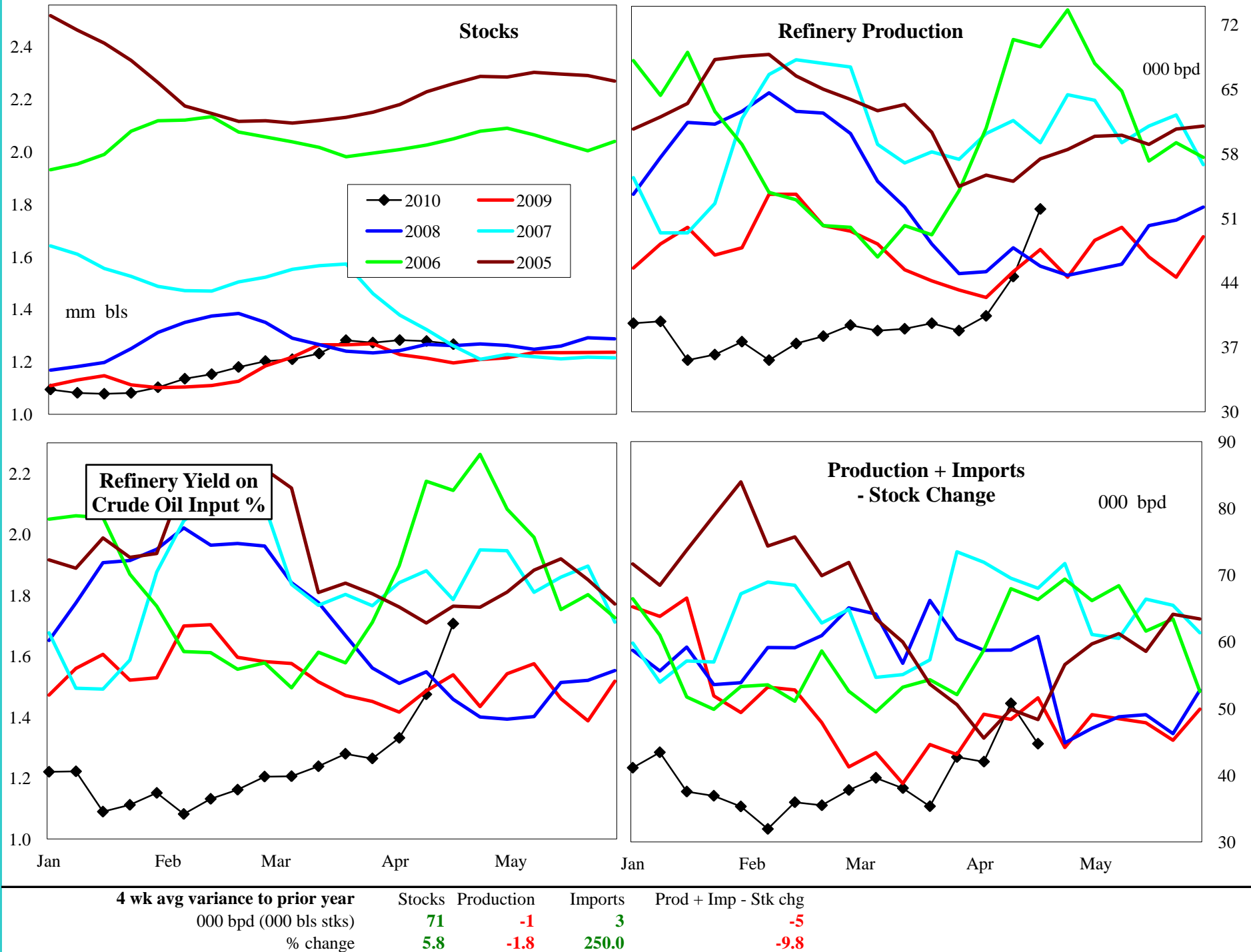
PADD 2 Distillate Supply



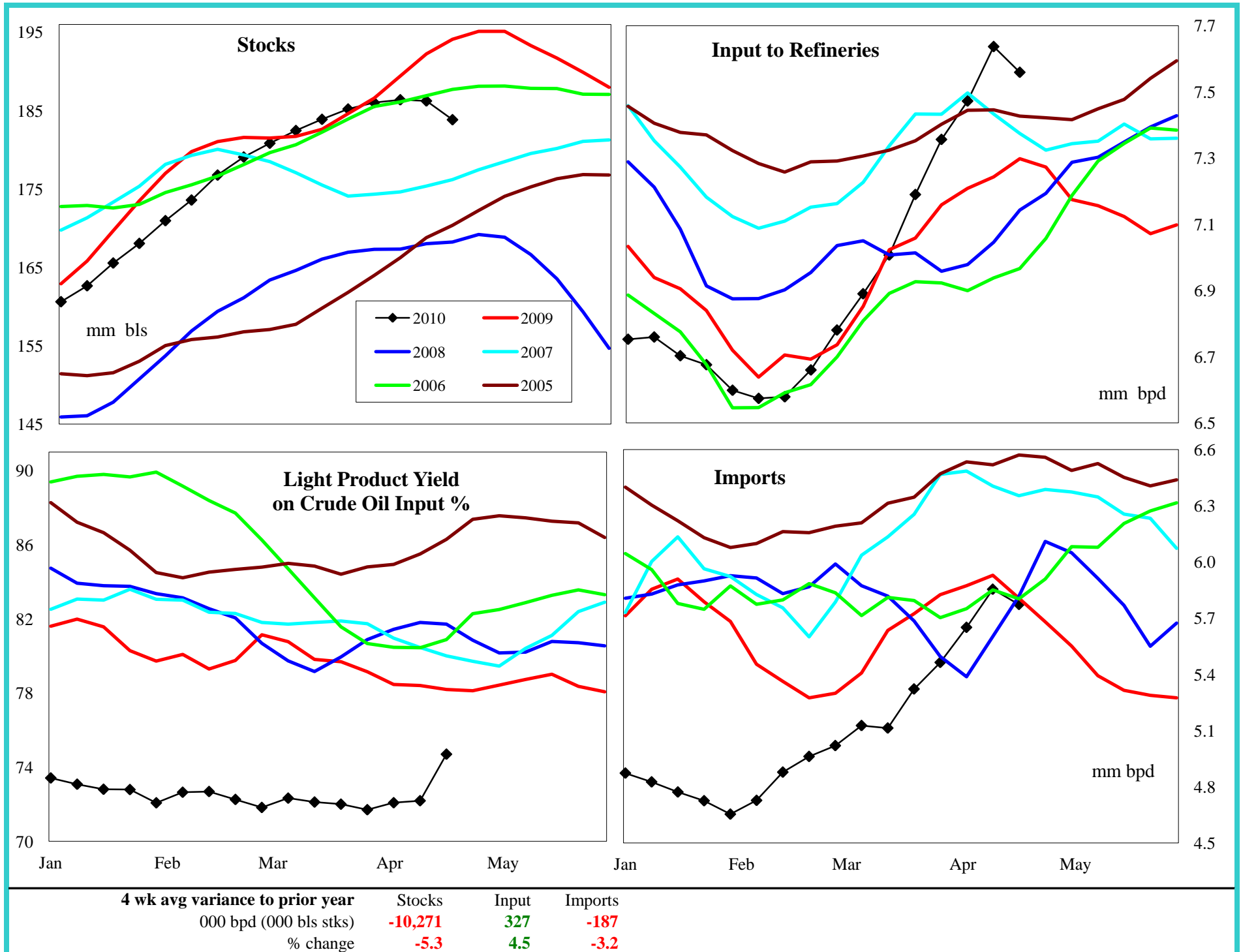
PADD 2 Jet Fuel Supply



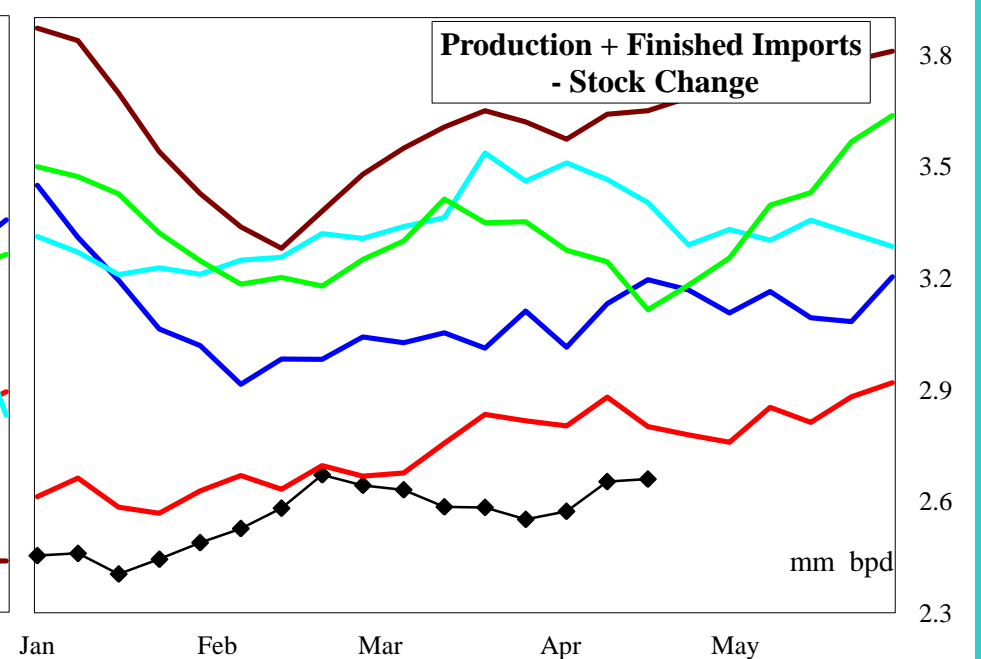
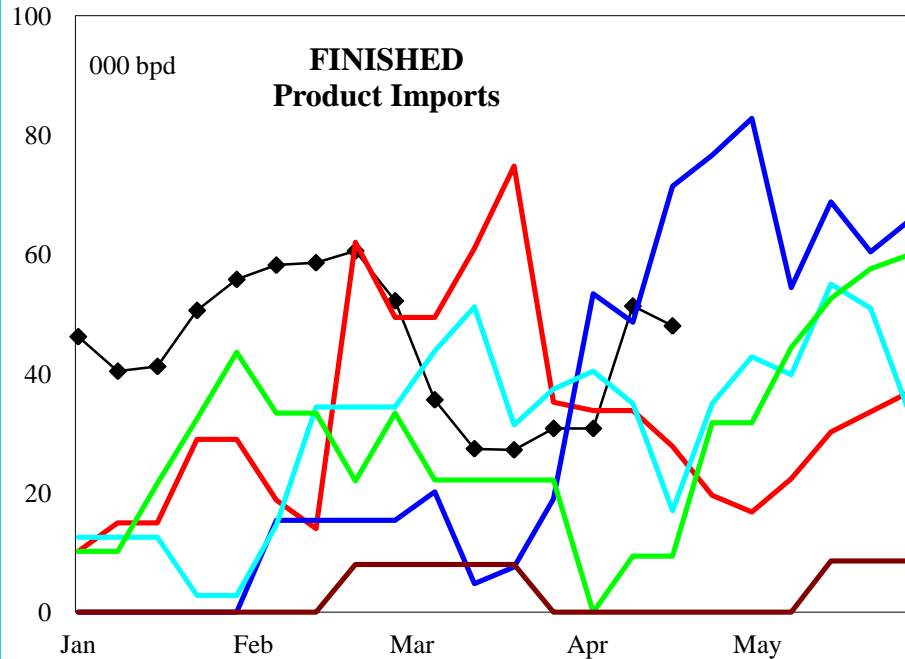
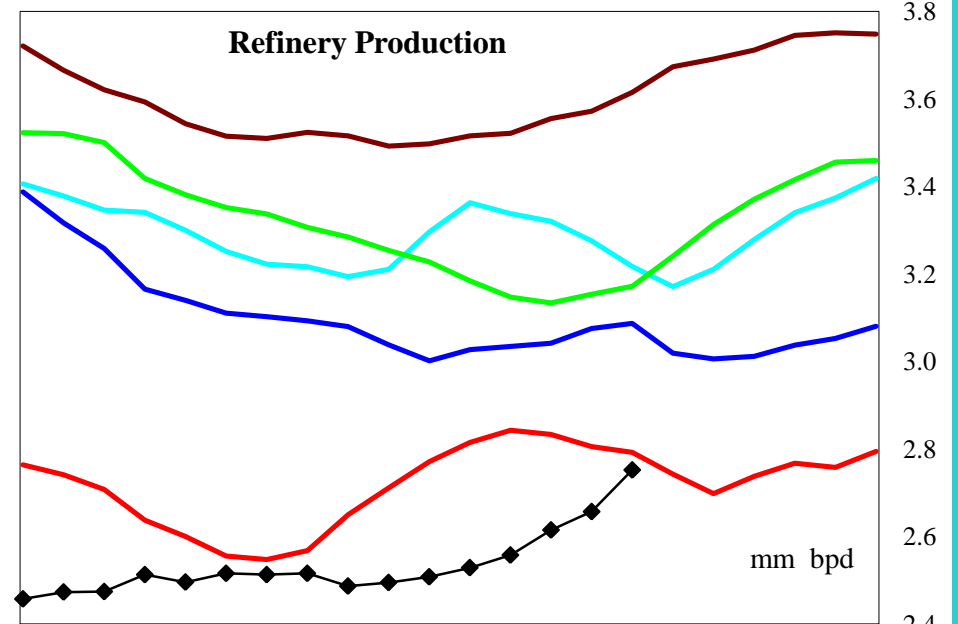
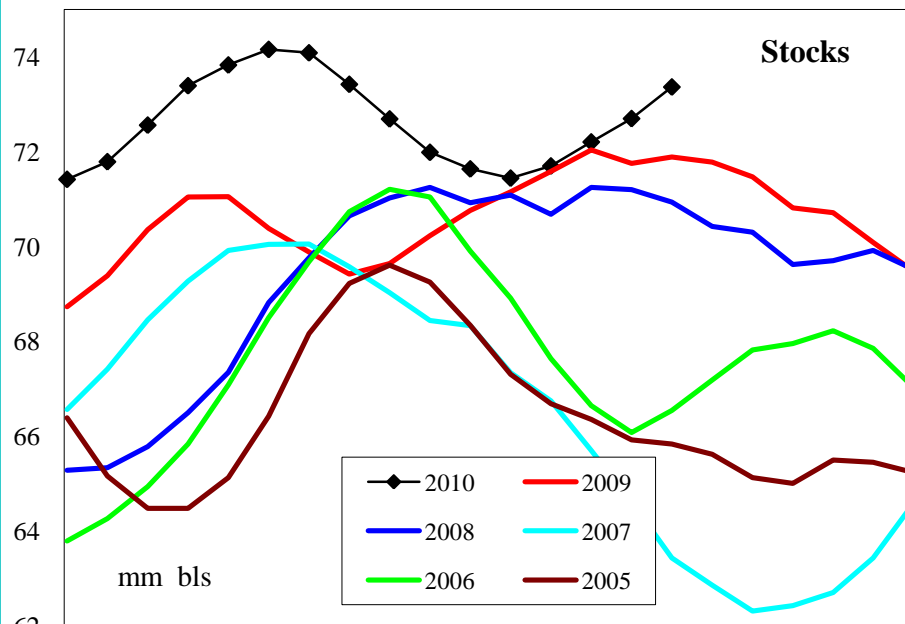
PADD 2 Residual Fuel Oil Supply



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

15

0.0

Production

-198

-7.0

Fin Impt

-4

-8.9

Blend Impt

-9

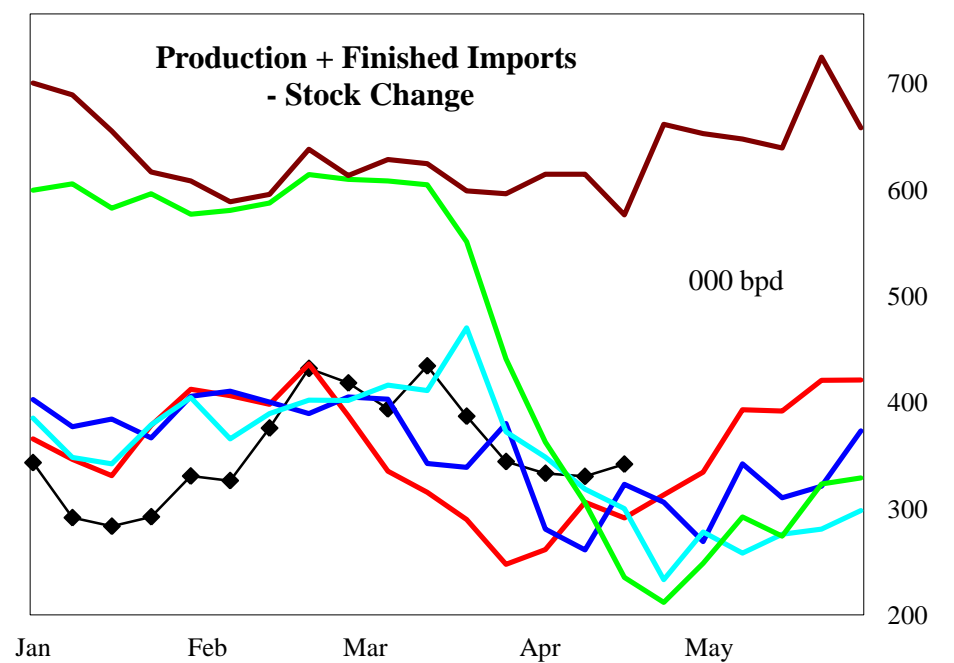
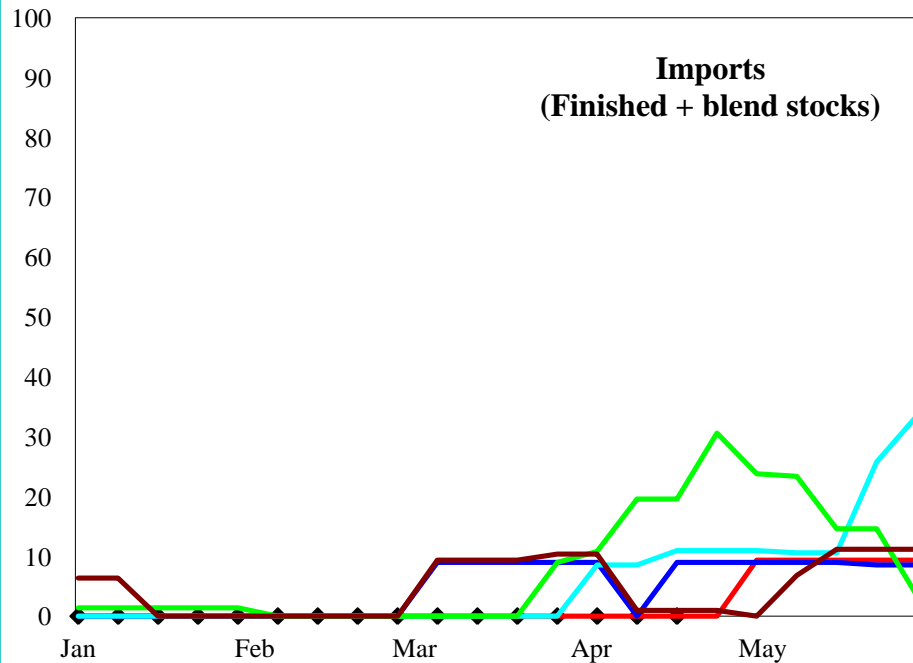
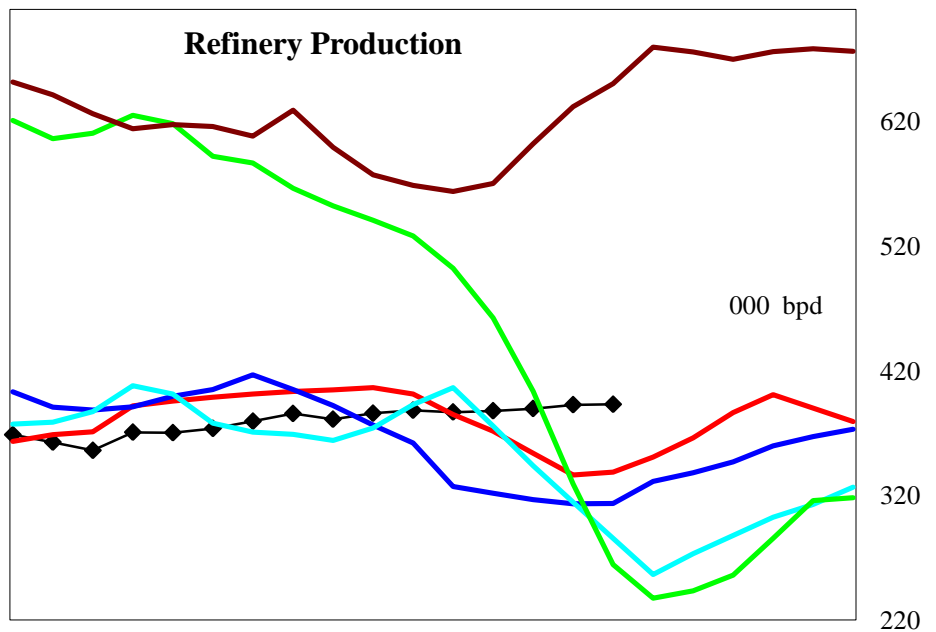
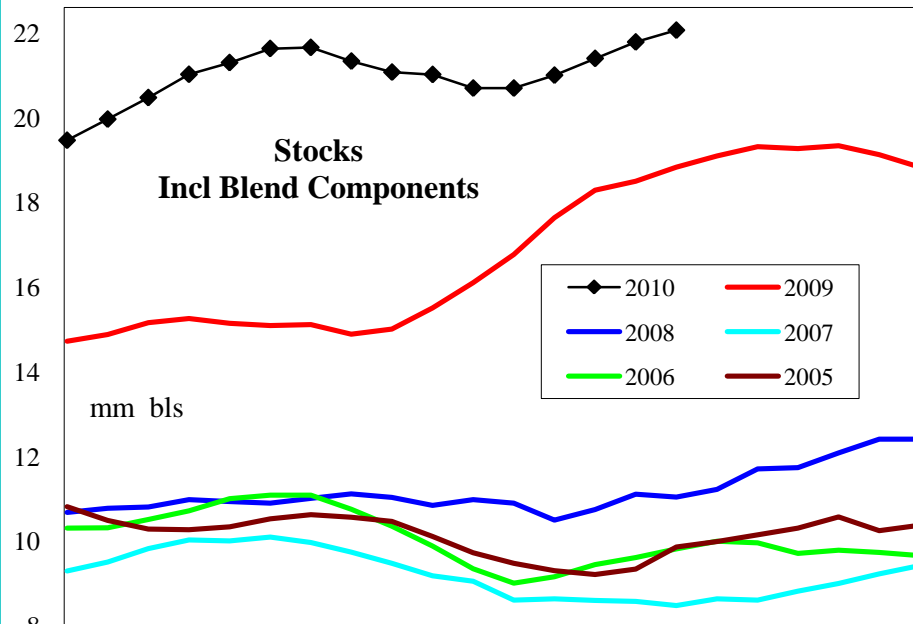
-21.5

Prod + Imp - Stk chg

-254

-9.0

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

3,054

Production

51

Imports

0

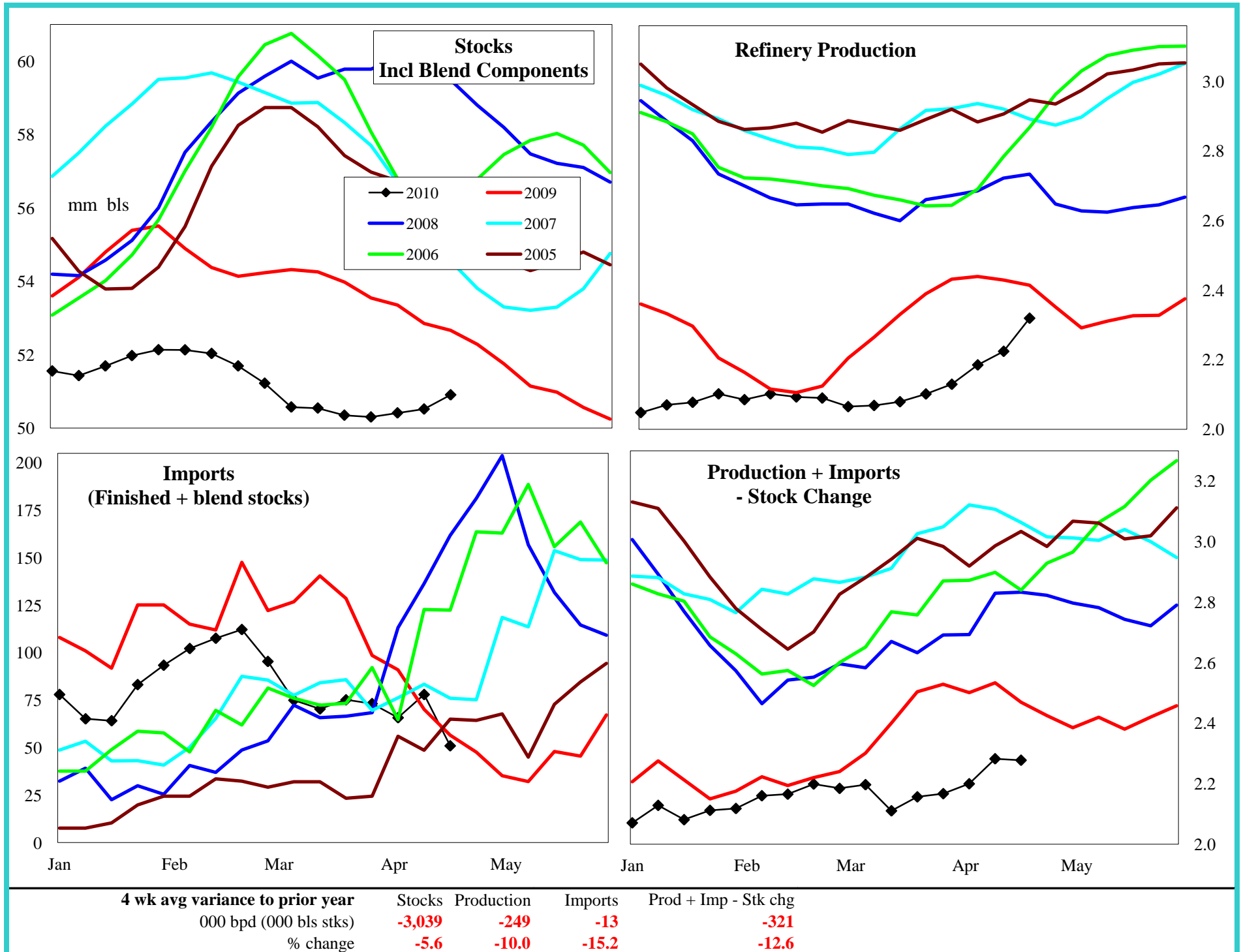
Prod + Imp - Stk chg

67

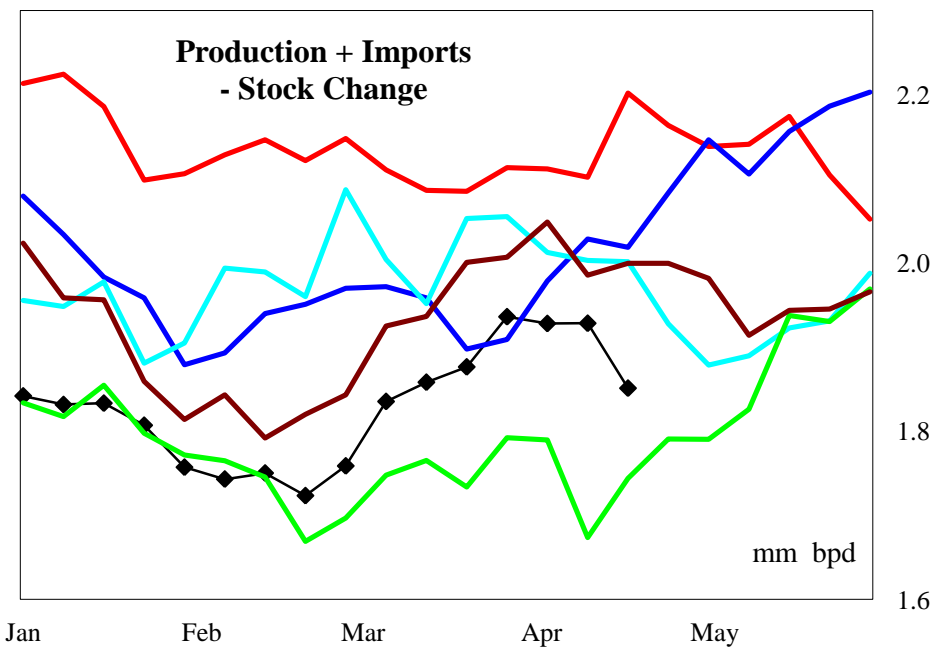
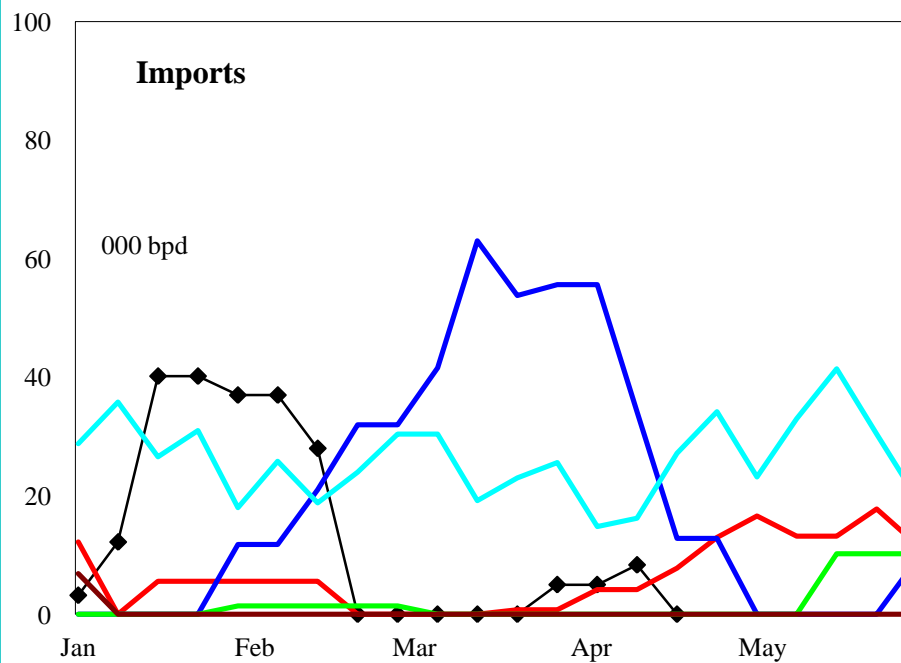
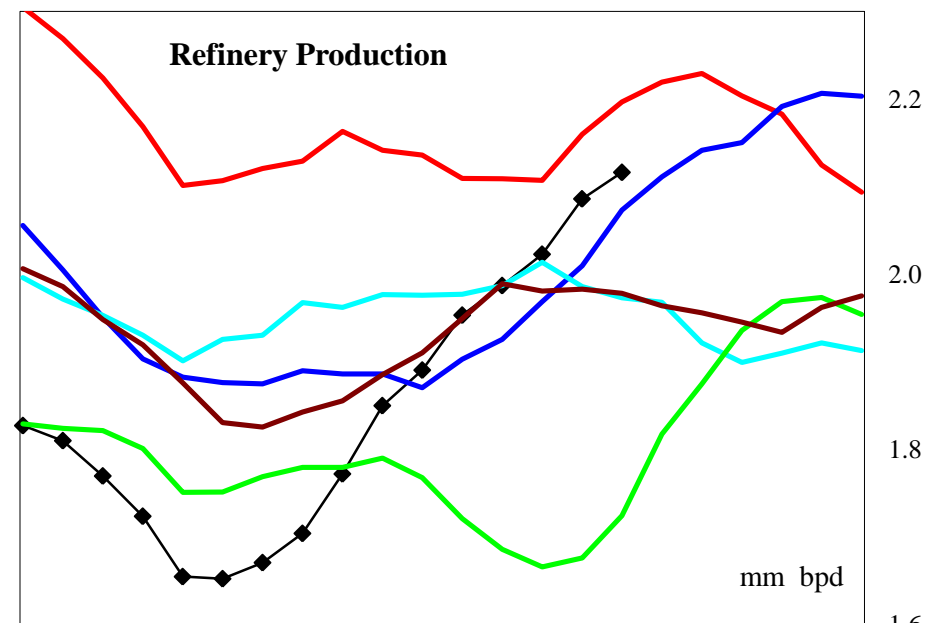
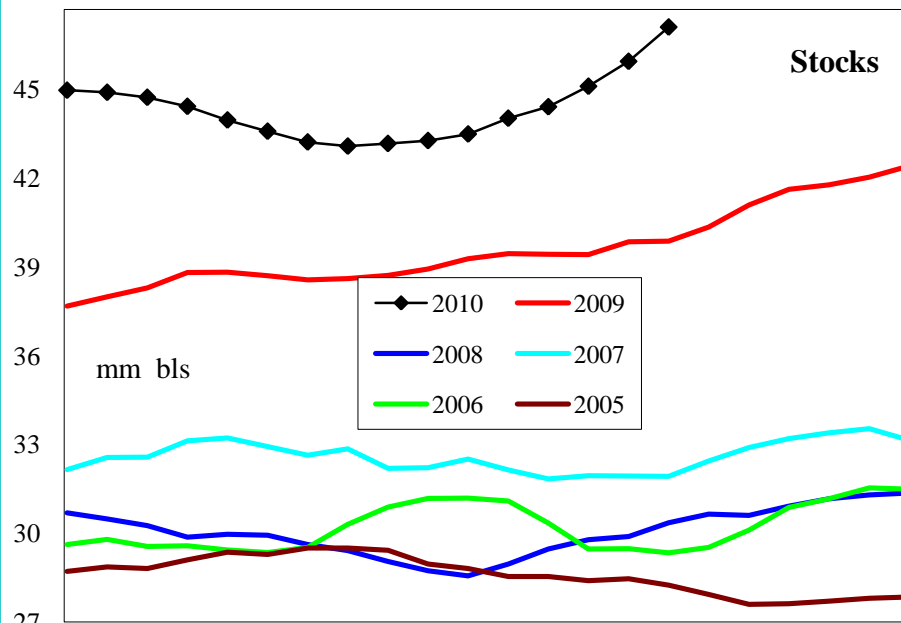
#DIV/0!

23.8

PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

7,151

17.8

Production

-106

-5.0

Imports

1

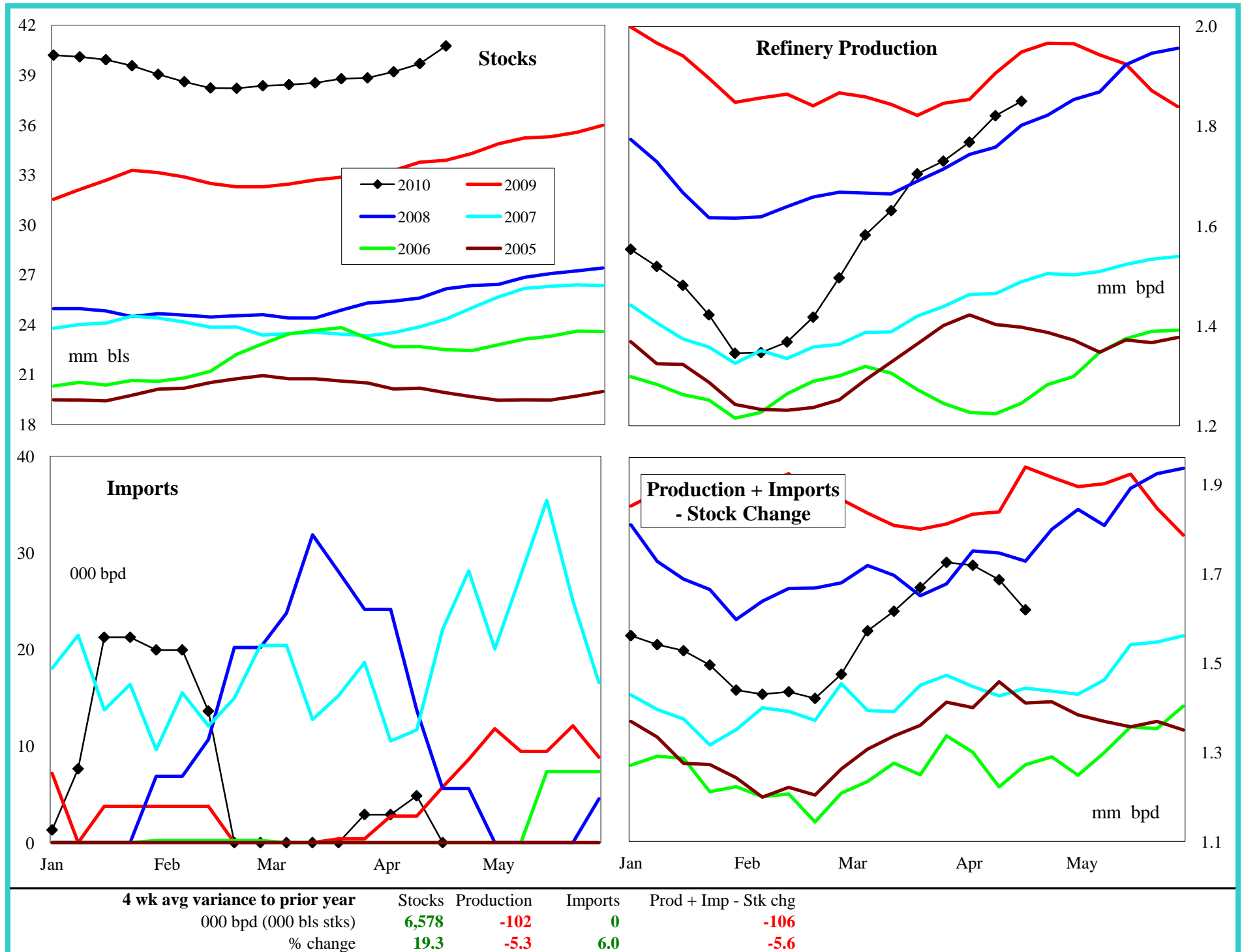
19.0

Prod + Imp - Stk chg

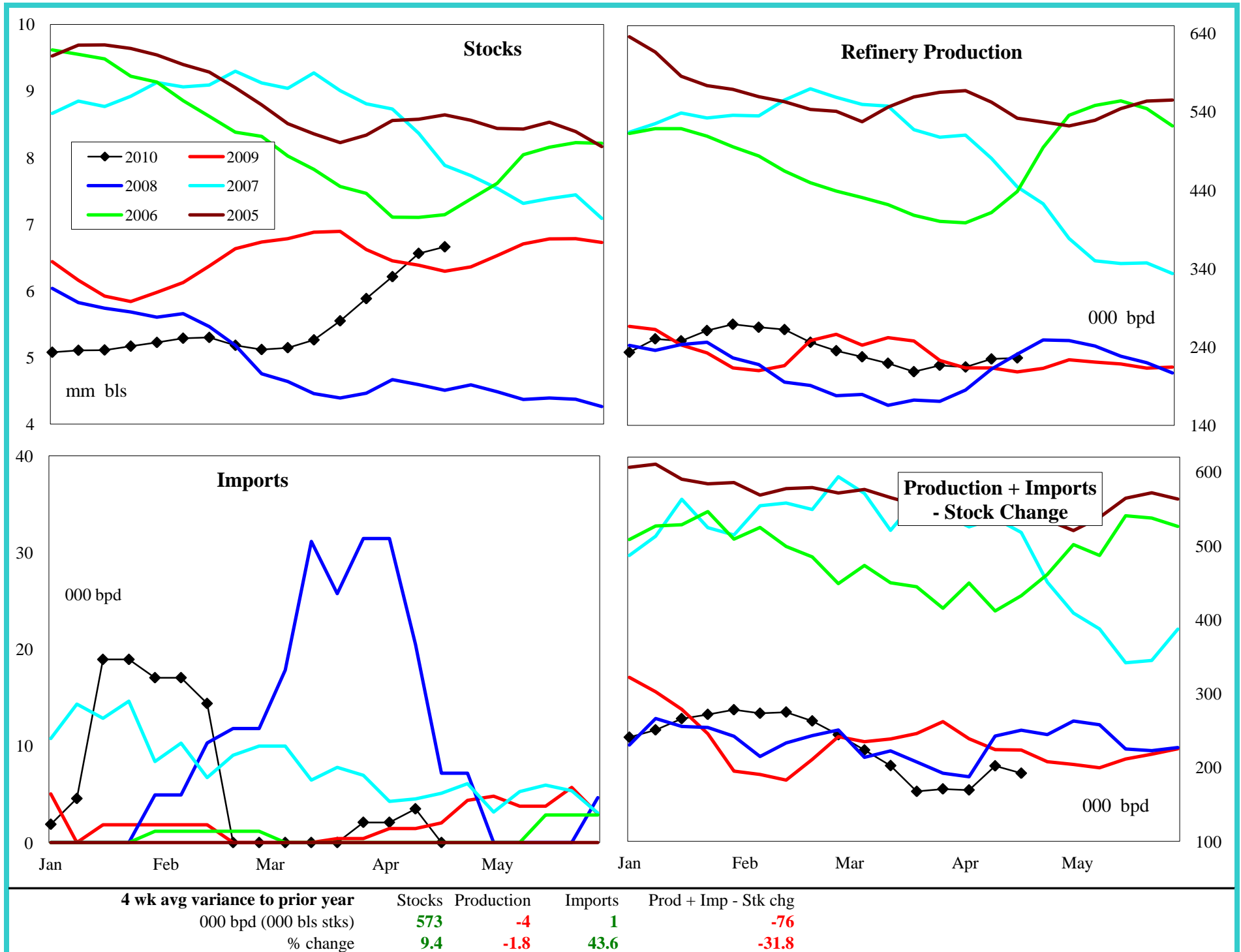
-182

-8.6

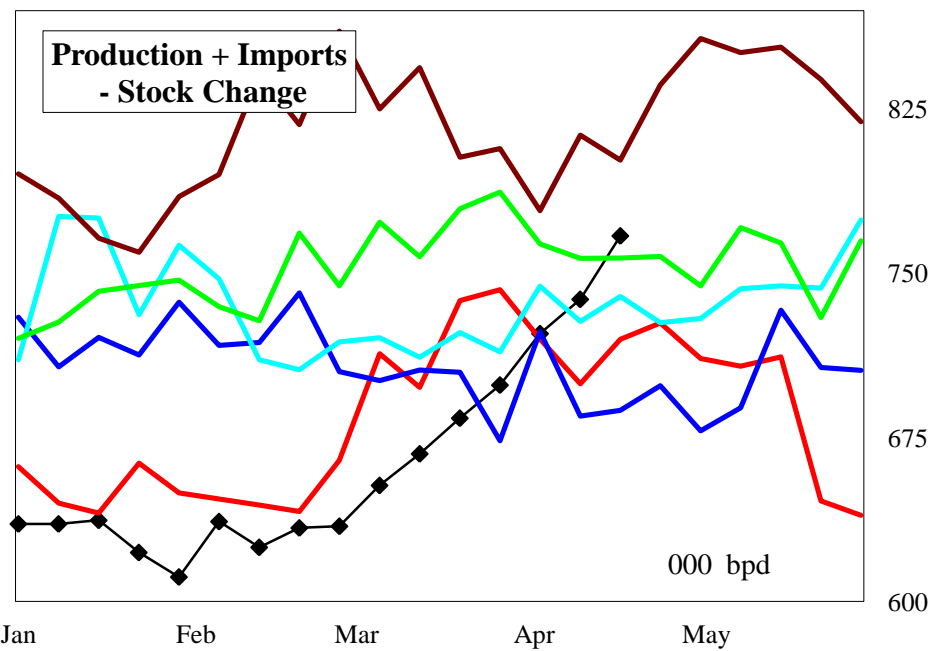
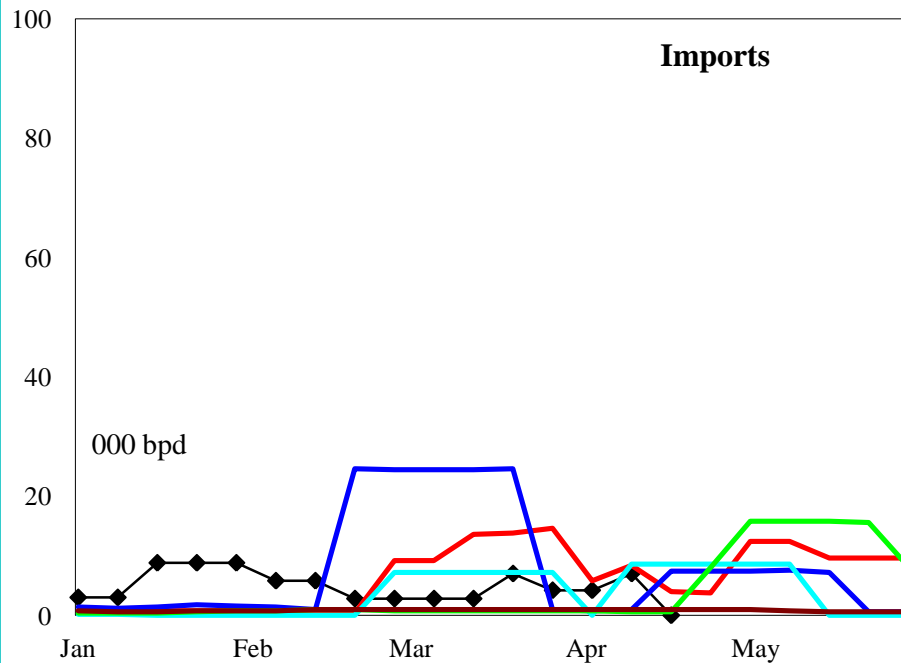
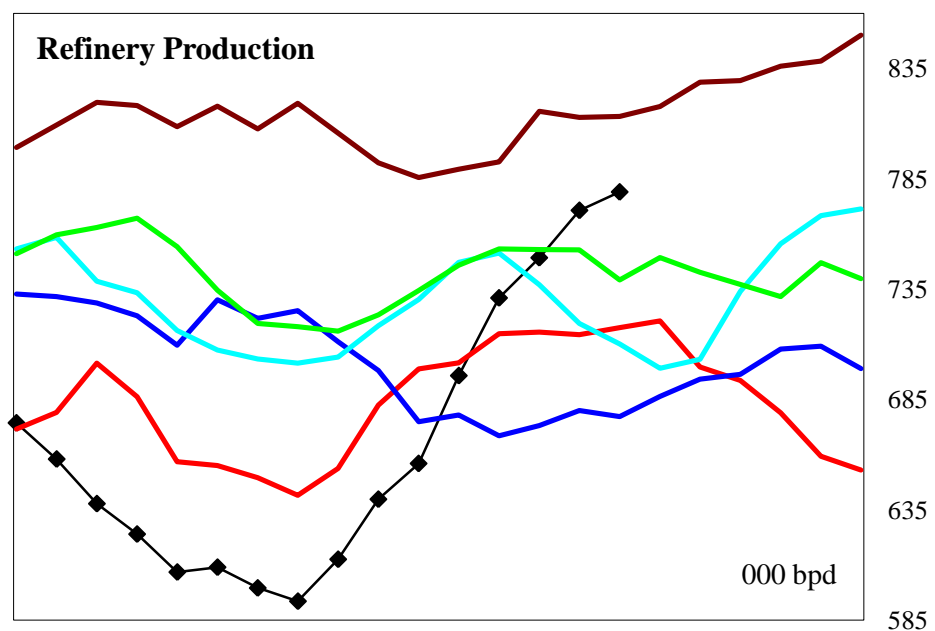
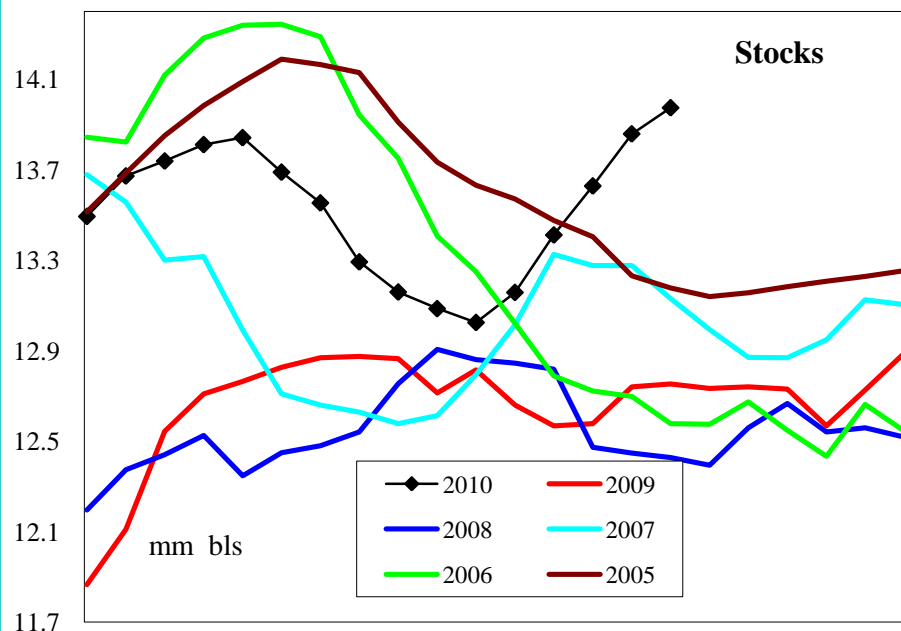
PADD 3 Low Sulfur Distillate Supply



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

1,222

9.6

Production

41

5.7

Imports

-2

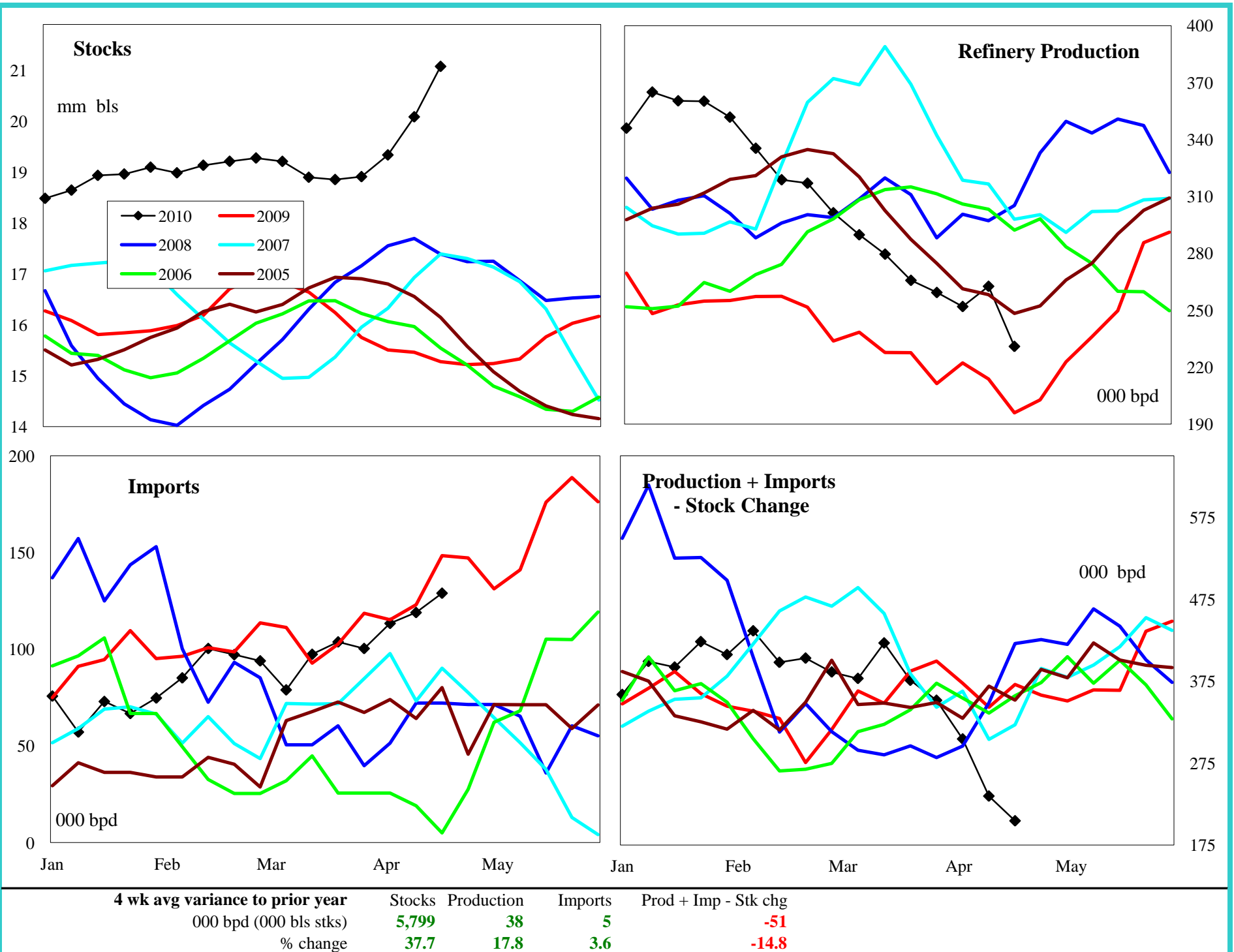
-25.0

Prod + Imp - Stk chg

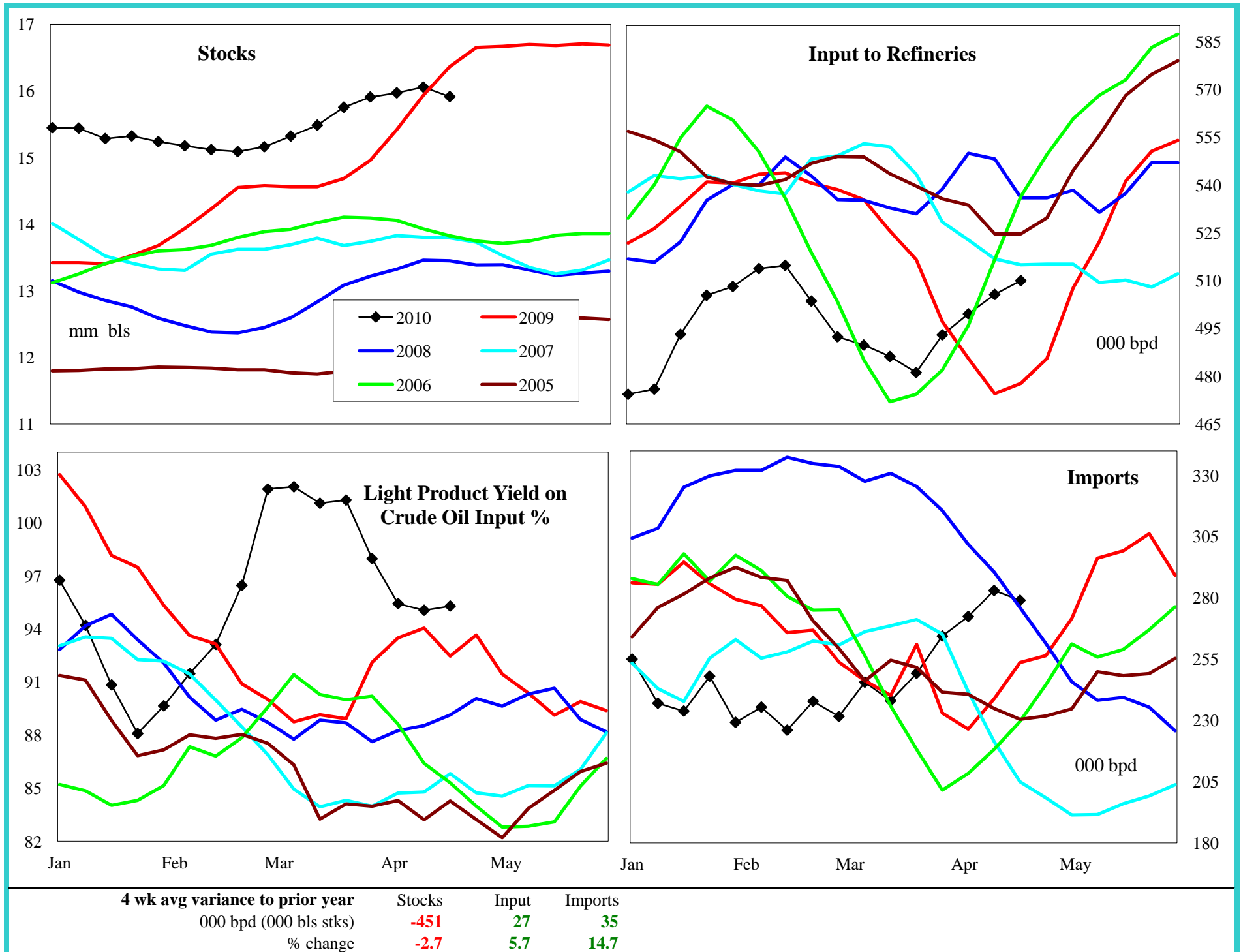
34

4.7

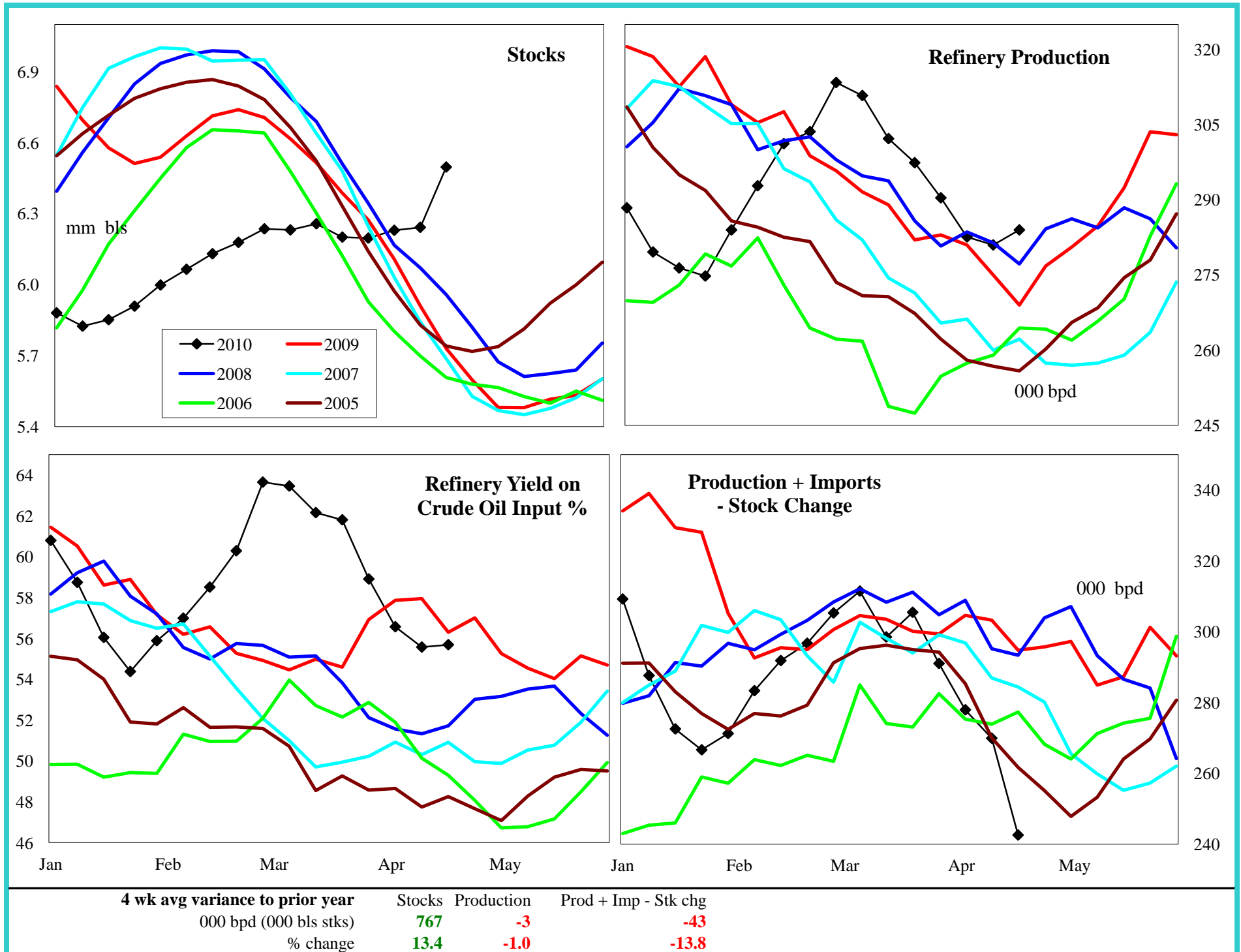
PADD 3 Residual Fuel Oil Supply



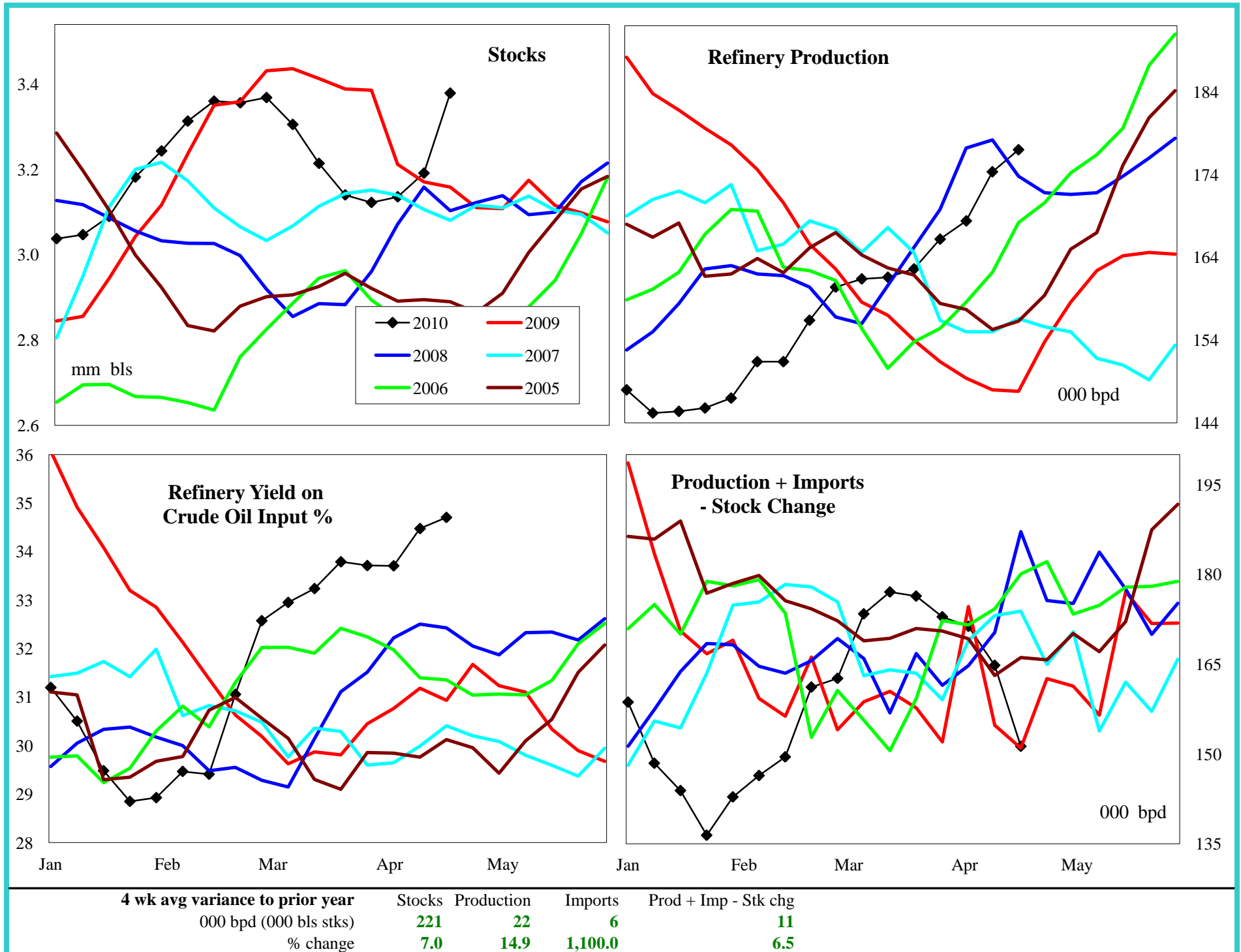
PADD 4 Crude Oil Supply and Refining



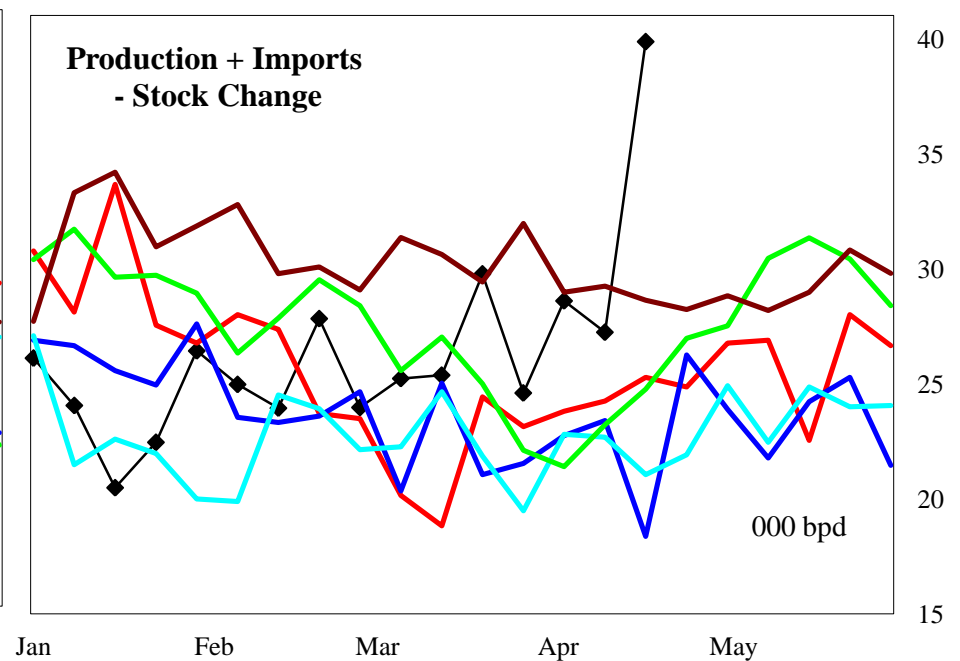
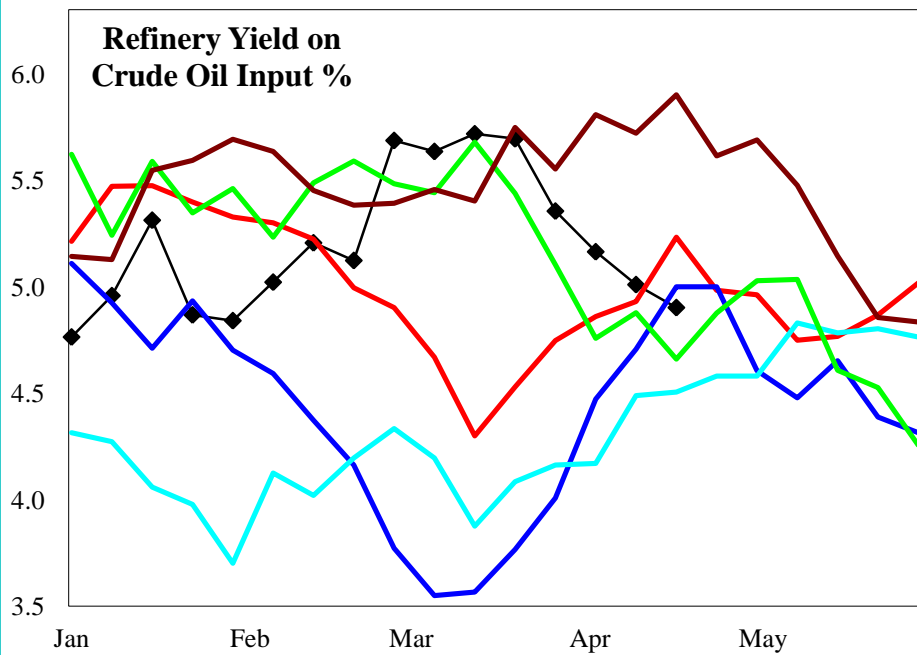
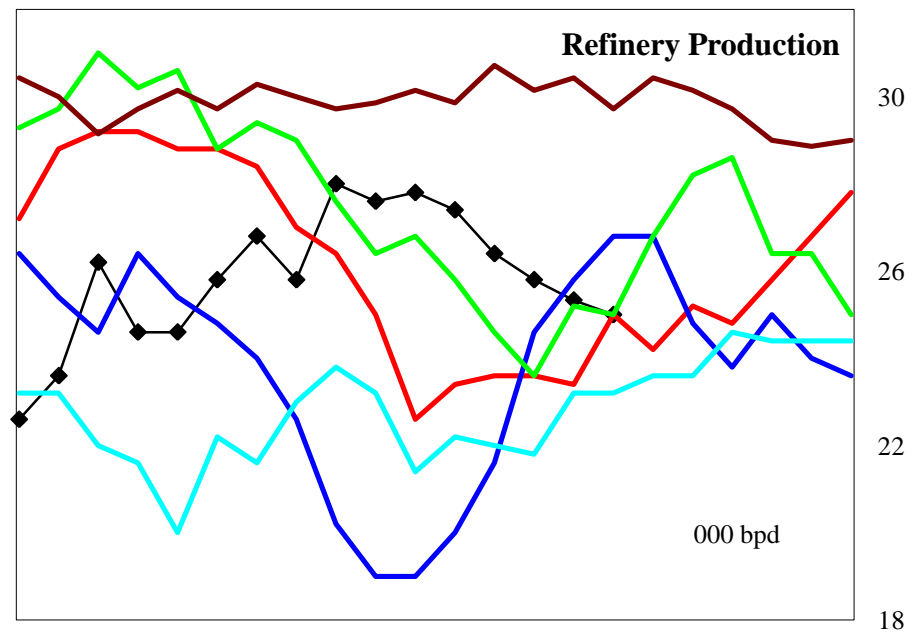
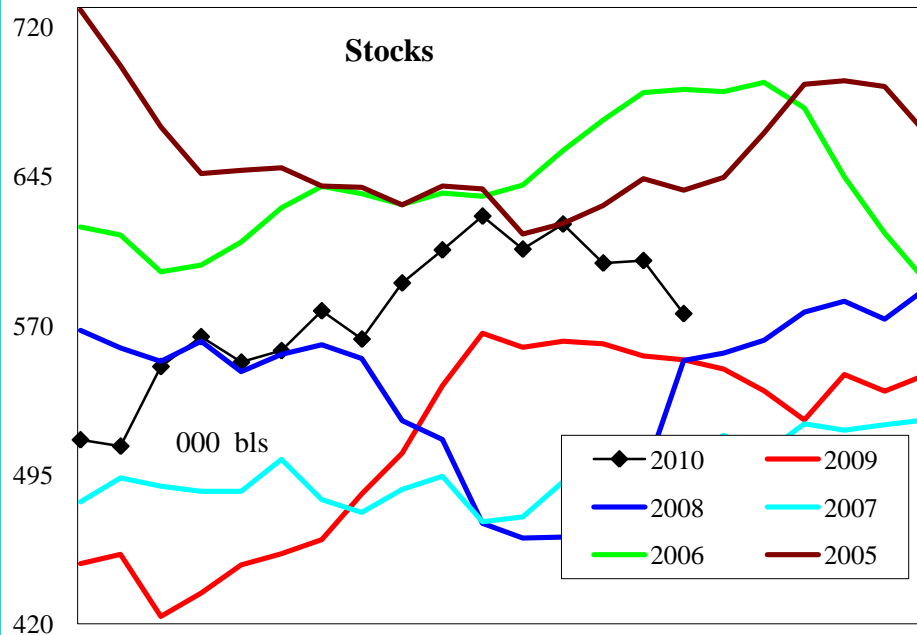
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod + Imp - Stk chg

23

3

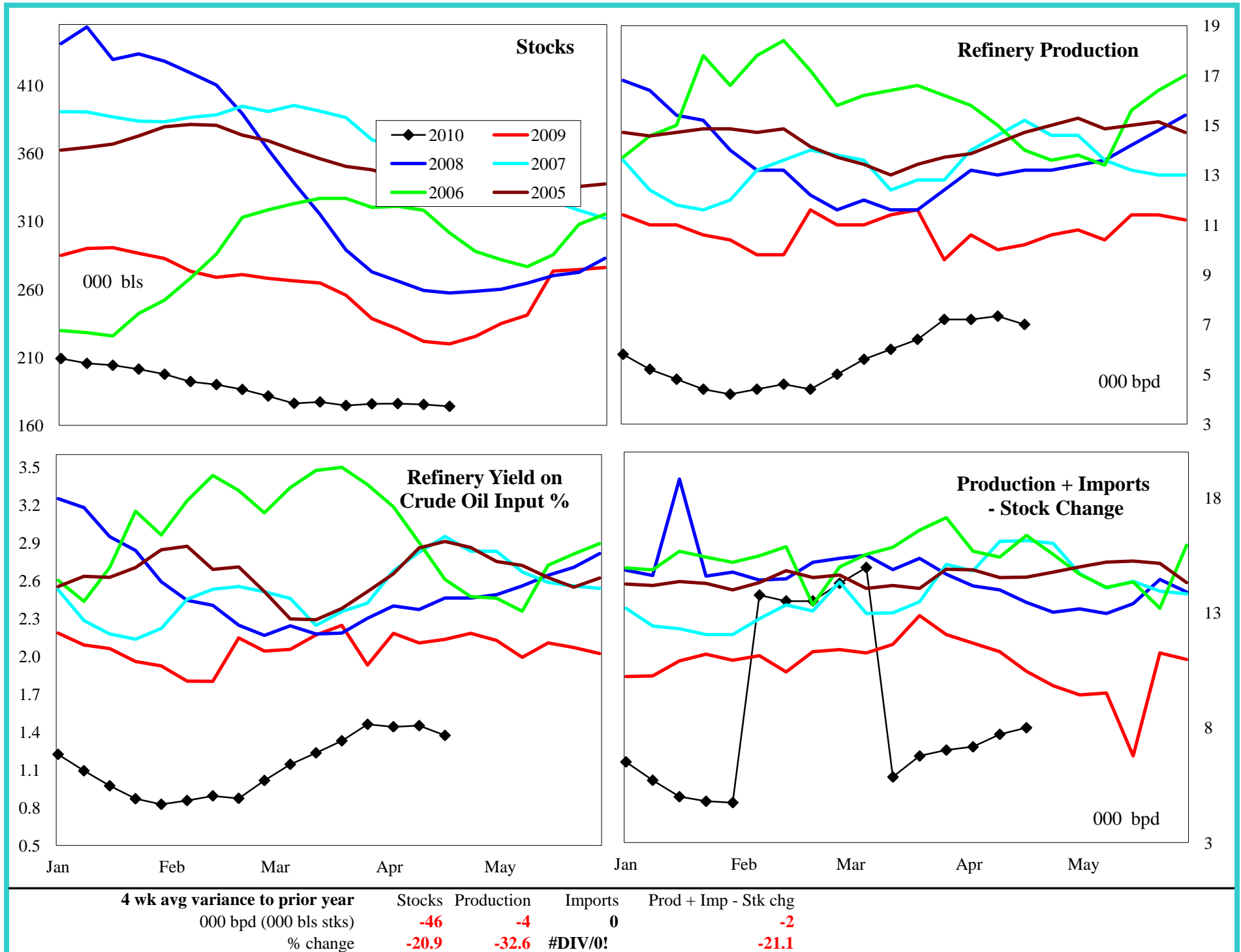
3

4.2

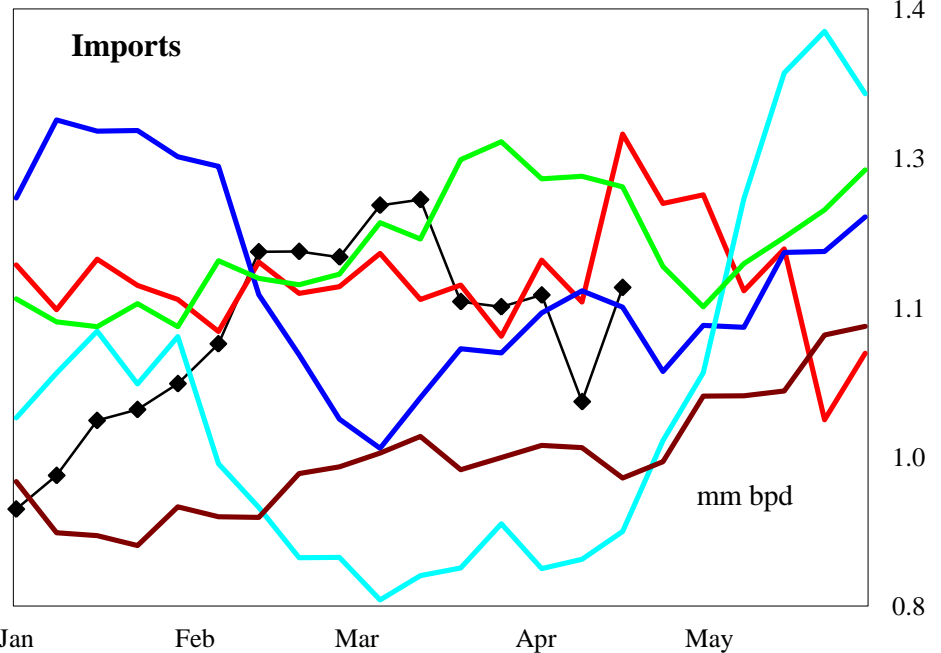
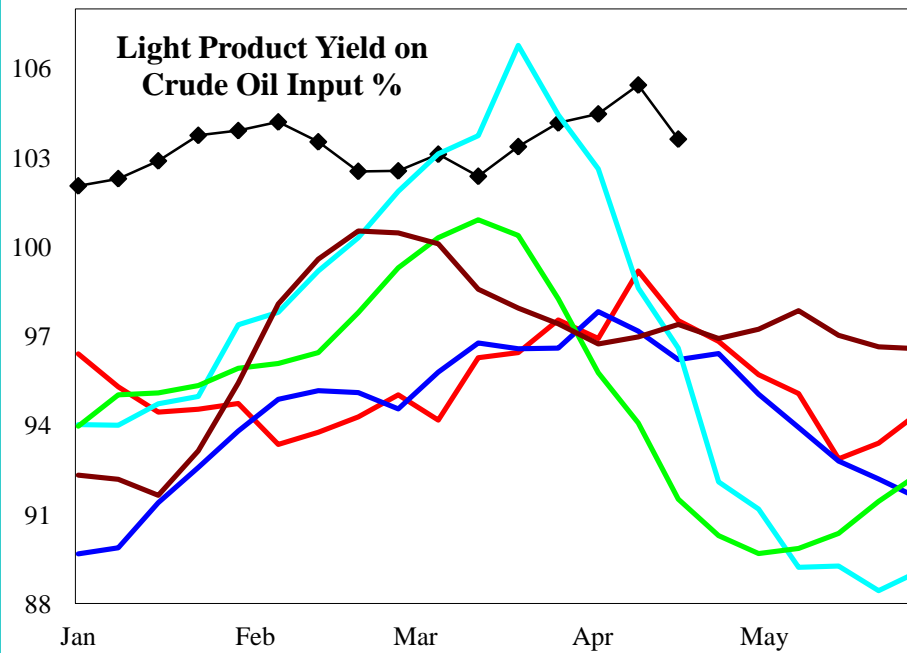
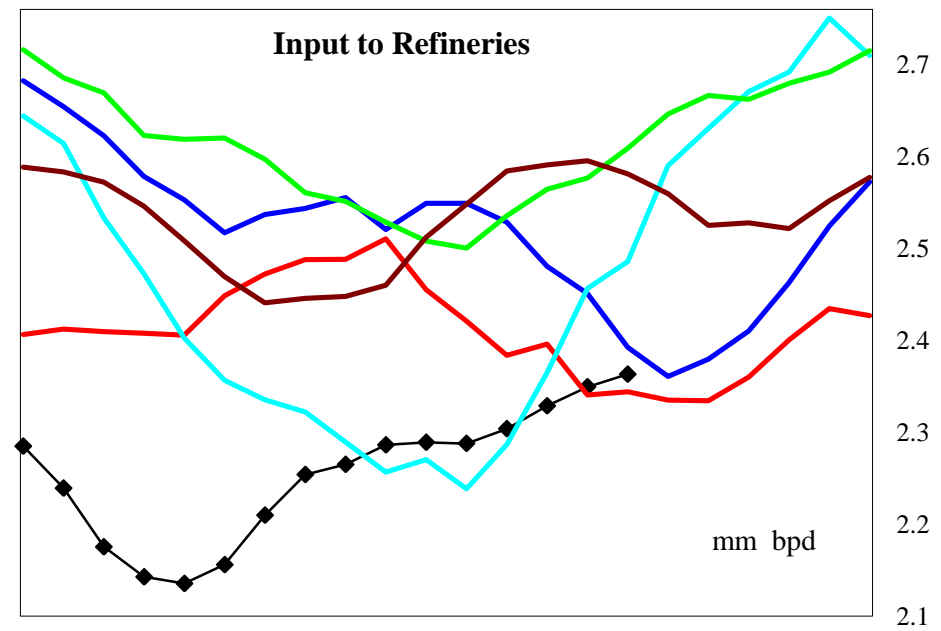
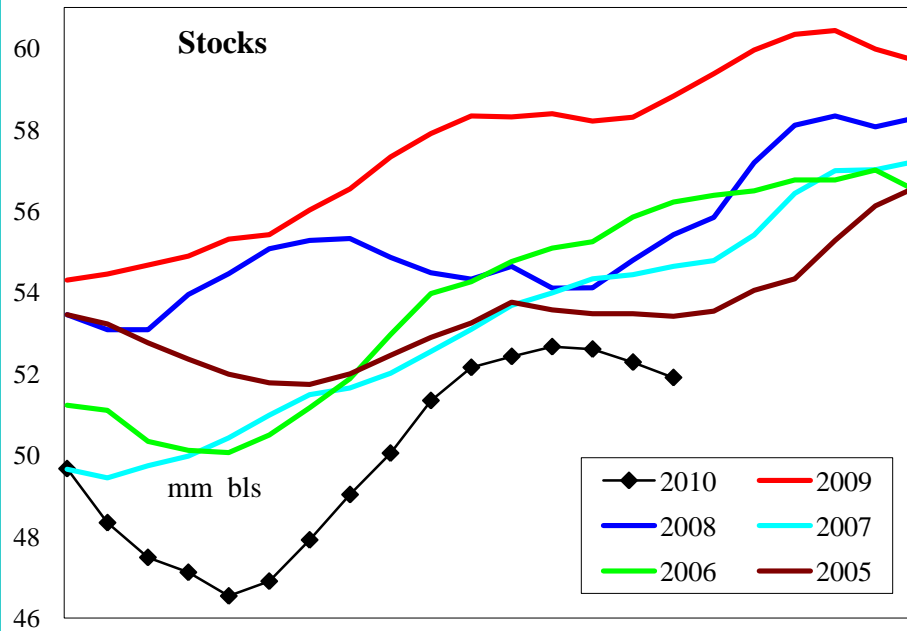
12.6

12.2

PADD 4 Residual Fuel Oil Supply



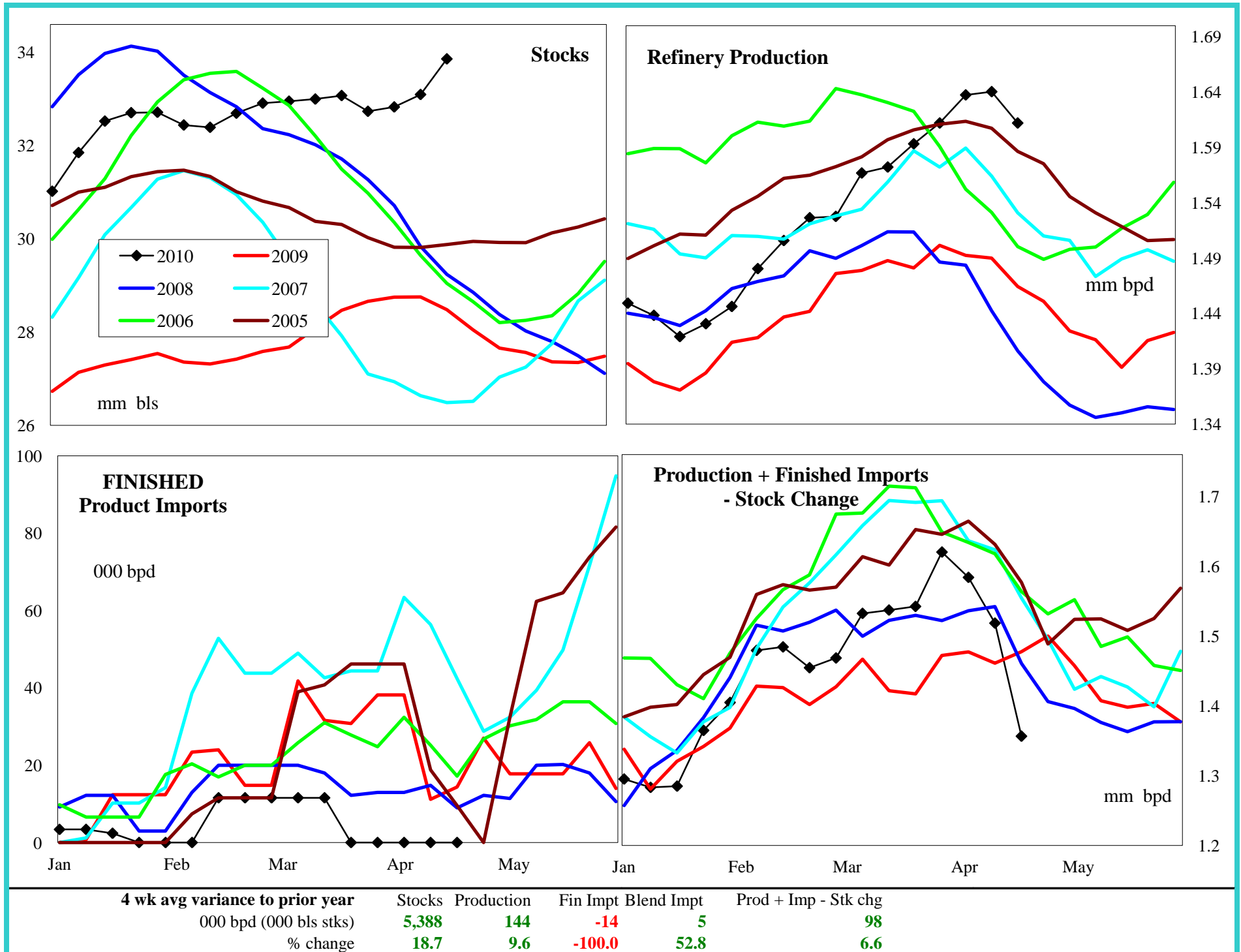
PADD 5 Crude Oil Supply and Refining



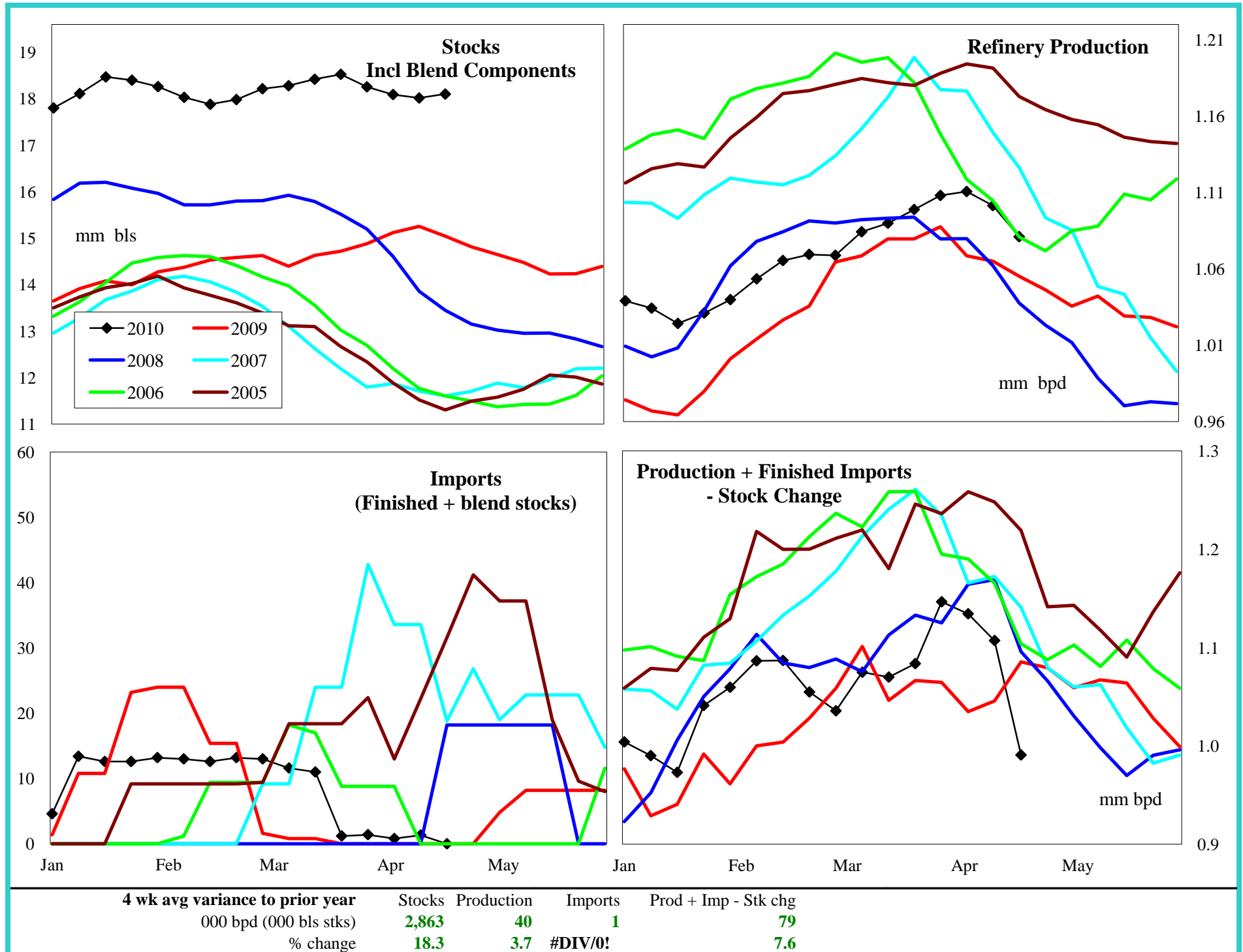
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Input	Imports
000 bpd (000 bls stks)	-6,913	-16	-61
% change	-11.8	-0.6	-5.4

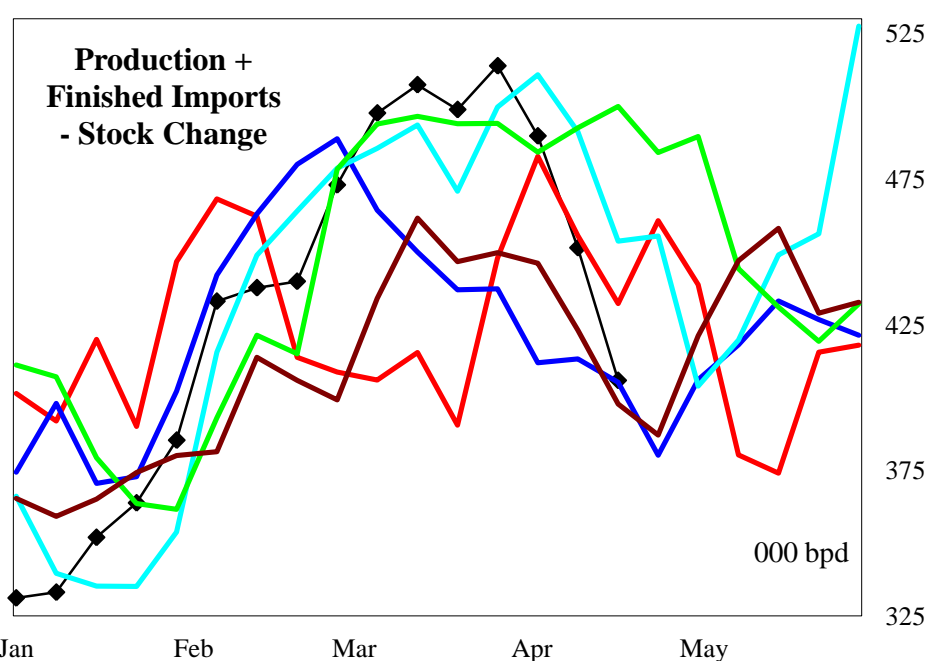
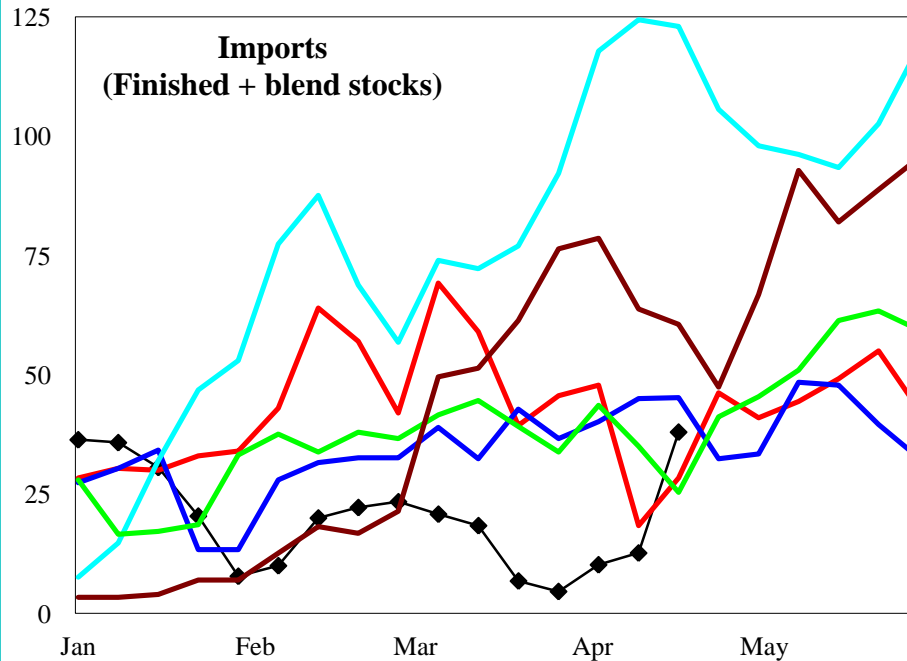
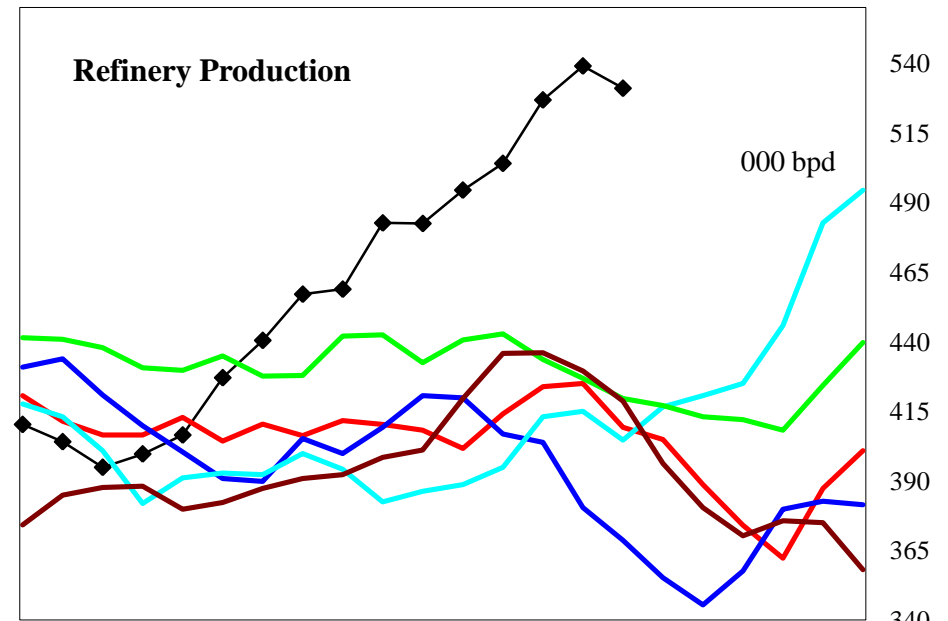
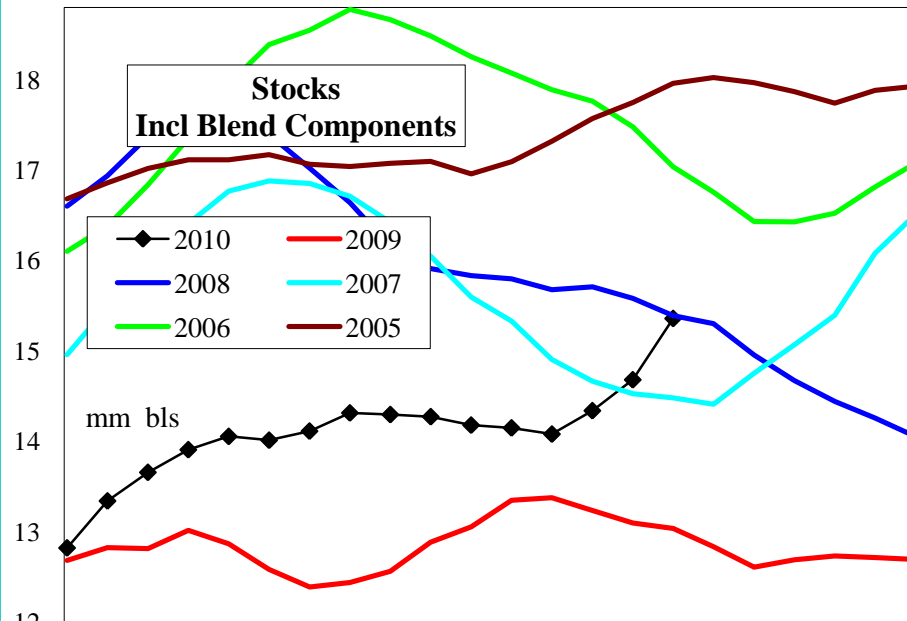
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

2,525

19.1

Production

104

24.5

Imports

-10

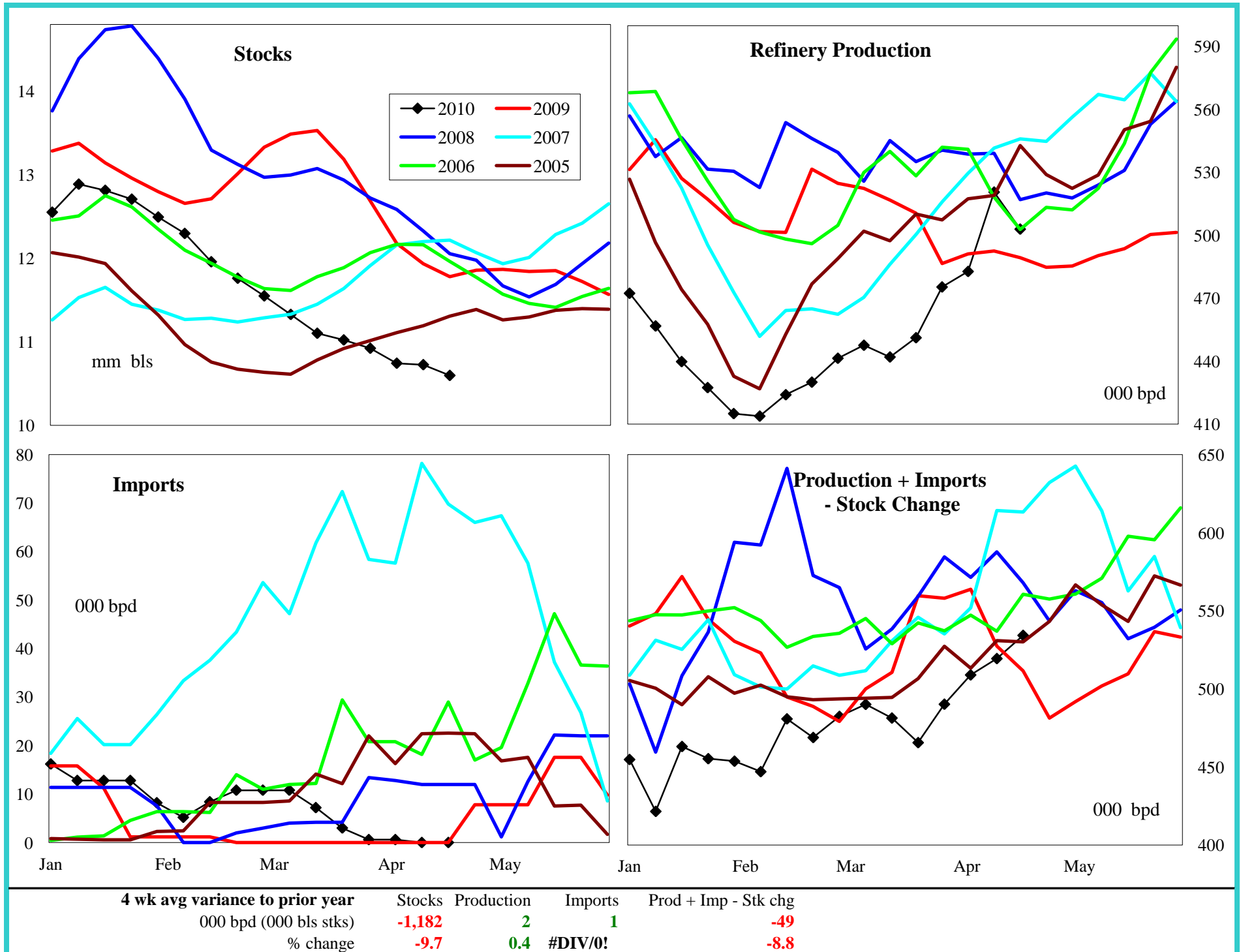
-44.6

Prod + Imp - Stk chg

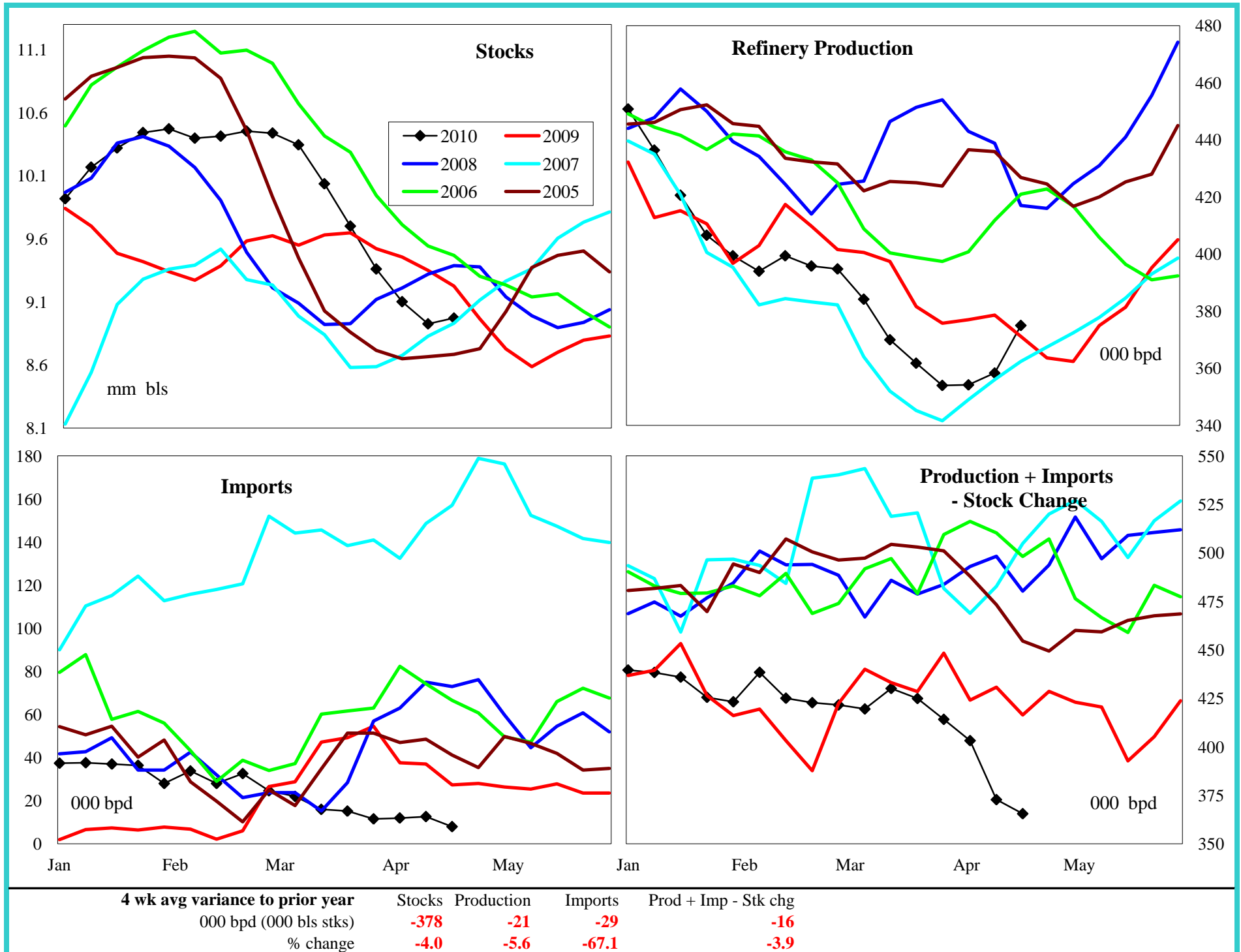
19

4.1

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

