

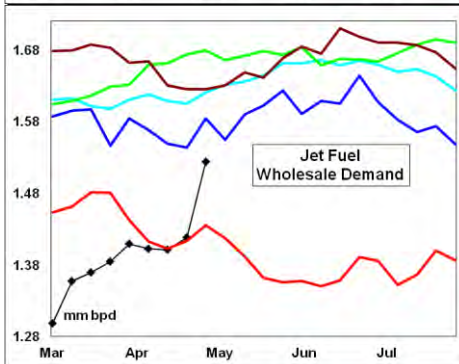
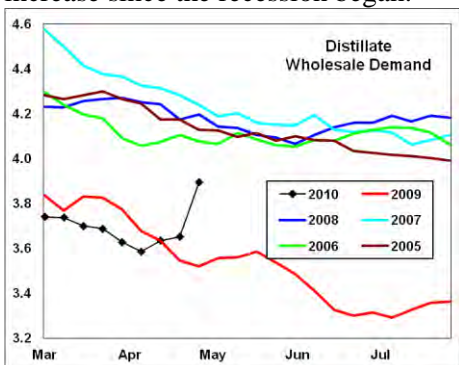
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 05, 2010


Major Fundamental Trends¹

Middle distillate demand surged +518,000 bpd last week. Renewed air travel in Europe contributed to the +220,000 bpd rise in jet demand. Strong exports and increased domestic manufacturing activity underlie the +298,000 bpd rise in distillate demand. The latest 4-wk average distillate demand was +108,000 bpd above a year ago, the first year-on-year increase since the recession began.

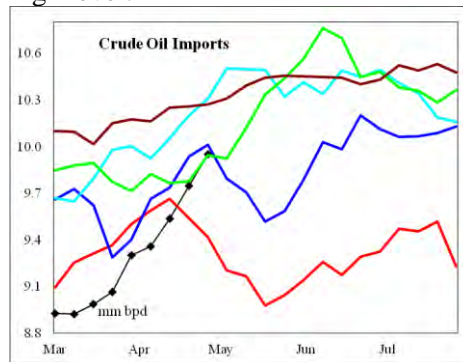


Gasoline demand remains robust, up +224,000 bpd for the latest 4-wk period compared to a year ago.

Even with the recent rise in transport fuel demand, stock levels continue to increase, exceeding the 5-year historic range for all products. A +501,000 bpd increase in crude oil runs compared to last year has lifted production sharply. Gasoline imports increased +400,000 bpd during the last two weeks, matching the historic mid range.

Crude oil stock levels in the key regional markets of PADDs 2 and 3 are

also extremely high. Crude oil imports last week were 10 million bpd, the highest level of the last year. Stocks increased +1.6 million barrels in Cushing last week, to a new all time high level.



These fundamental trends point to excessive supplies of both transport fuels and crude oil in the U.S. domestic markets.

Demand for middle distillates jumped +518,000 bpd last week. An end to disruption in European air travel underlie the +220,000 bpd jump in jet fuel demand. Strong exports and increased manufacturing activity underlie the +298,000 bpd rise in distillate demand.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline increased +2.5%; distillate up +3.1%; jet fuel up +0.1% while residual fuel oil decreased -6.6%.

Stocks forward coverage: Gasoline demand coverage remains exceptionally high on a +1.3 million barrel stock build last week. Coverage was above the 5-year range.

Distillate demand coverage decreased on a +298,000 bpd rise in demand that more than offset a +0.6 million barrel stock build for the week. Coverage remains above the historic range.

Jet fuel coverage remains extremely high on record stock levels that were partially offset by a +220,000 bpd rise in demand last week.

Residual fuel oil coverage also remains above the historic range on record stock levels.

Refinery utilization rates increased last week on a +190,000 bpd rise in crude oil runs. Runs were above the 5-year mid range for the period.

Gasoline yield % on crude oil runs decreased last week on a -62,000 bpd decline in production compared to the +190,000 bpd increase in crude oil runs. Yield % fell below last years' record high for the period.

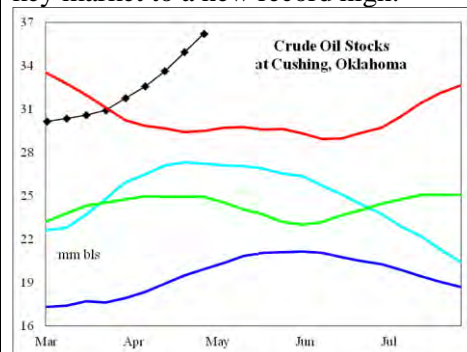
Distillate yield % on crude oil runs decreased on a -12,000 bpd drop in output compared to the increase in crude oil runs. The yield % on crude oil runs was above the 5-year mid range.

Jet fuel yield % on crude oil runs was at the historic mid range.

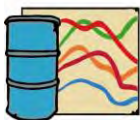
Petroleum Imports of crude oil, and all products except distillate, increased last week.

During the latest 4-wk period distillate imports increased +36,000 bpd; finished gasoline imports decreased -67,000 bpd, gasoline blend stock imports decreased -31,000 bpd; jet fuel imports increased +9,000 bpd, while residual fuel oil imports increased +101,000 bpd.

Crude Oil imports increased +270,000 bpd last week, to match the 5-year mid range and the highest level in one year. Stocks increased +2.8 million barrels, concentrated in PADDs 2 and 3. A +1.6 million barrel stock build in Cushing, lifted the stock level in this key market to a new record high.



¹ Source is latest EIA Weekly Statistics



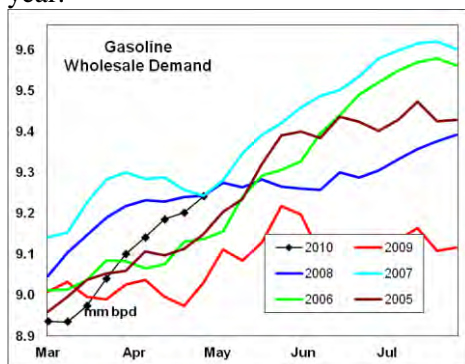
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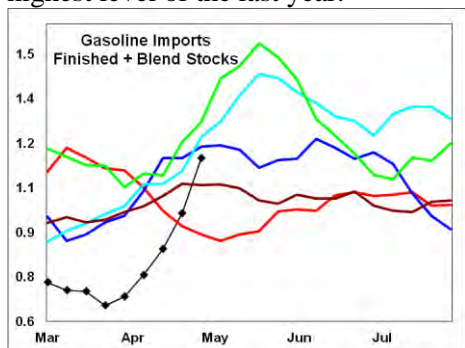
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Product Supply-Demand Trends

Gasoline demand decreased -8,000 bpd last week, but remains at the upper end of the historic range. The latest 4-wk average was +224,000 bpd above last year.



Gasoline production declined -62,000 bpd on the week; but remains +321,000 bpd above the prior 5-year high for this period. Imports increased +164,000 bpd on the week, to a level near the historic mid range and the highest level of the last year.



Stocks increased +1.3 million barrels last week, with the level now +12.5 million barrels above the prior record high for this time of year. PADD 1 stocks jumped +2.2 million barrels last week, to near historic highs for the period. Stock levels in all other regions are at 5-year highs.

Demand remains robust. Record production combined with the recent increase in imports has more than offset the growth in demand. The result is burdensome stock levels across all regional markets.

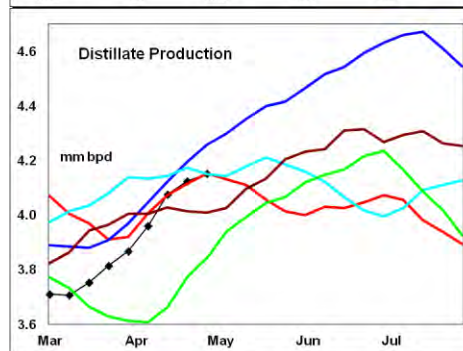
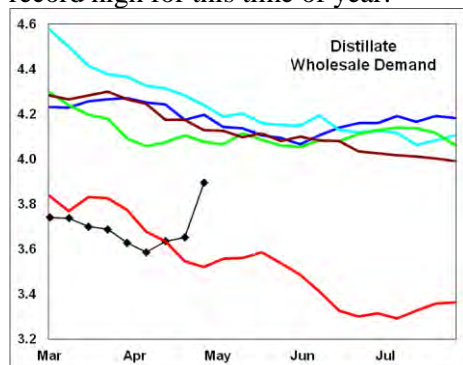
Gasoline prices are witnessing a meaningful pull back, due in part to excess domestic supply.

Distillate demand increased +298,000 bpd last week, with the latest 4-wk

average +108,000 bpd above last years' extremely low levels. *This represents the first time the 4-wk average demand has exceeded the prior year since the recession began.*

Supply decreased -40,000 bpd last week. Production remains at the upper end of the historic range. The latest 4-wk average supply was +7,000 bpd above last year.

Stocks increased +0.6 million barrels last week. Stock levels are +5.9 million barrels above last years' record high for this time of year.



Demand has experienced a counter seasonal increase of +429,000 bpd during the last two weeks, to a level above last year for the first time since the beginning of the recession. Strong exports and rising manufacturing activity underlie the increase.

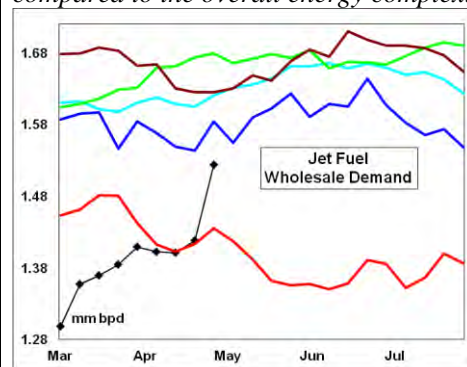
Production matched the historic mid range for the week.

Stock levels remain extremely high; although, the recent increase in demand may limit the rate of stock building for the balance of the quarter. Distillate prices, compared to the overall energy complex, may extend recent strength on improving demand trends.

Jet Fuel demand reversed the prior weeks' collapse that was driven in part by the disruption in European travel. Demand surged +220,000 bpd this week, with latest 4-wk average +2,000 bpd above last year.

Supply increased +31,000 bpd on the week, with production above four of the last five years. The latest 4-wk average supply was +45,000 bpd above a year ago. Stocks increased +0.3 million barrels last week, to a new record high for the quarter.

Sharply higher weekly demand failed to drive a stock draw; thus extending the seasonal stock build. Stock levels are extremely high in PADDs 1 and 3 while levels in other regions match historic highs for this time of year. Expect weak jet fuel prices compared to the overall energy complex.

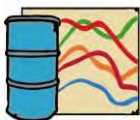


Residual fuel oil demand, including exports, decreased -56,000 bpd last week, with the 4-wk average -33,000 bpd above last year.

Imports decreased -173,000 bpd on the Combined imports and production increased +49,000 bpd last week. Stocks climbed +1.2 million barrels, to a new season record high level.

Stock levels were +47% above last year in PADD 3 and near 5-year highs in PADD 1.

Demand remains exceptionally weak while high imports have offset low production. The result is extremely high stock levels. These fundamentals should pressure prices lower in markets East of the Rockies compared to the overall energy complex.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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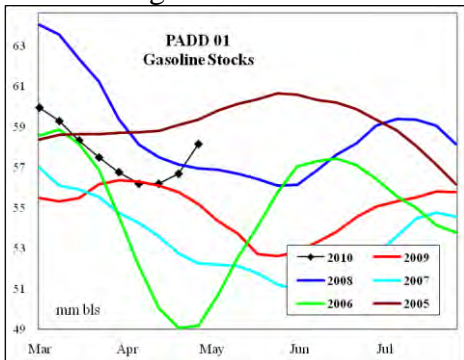
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PADD Supply Trends

PADD 1 refinery crude oil runs jumped +151,000 bpd last week, with the 4-wk average +36,000 bpd above last year. (Accounting for refinery closures last year, run rates were above the mid range).

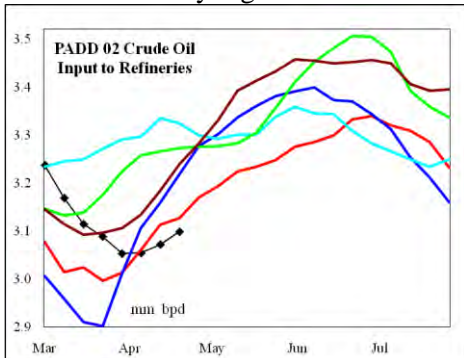
Gasoline production decreased -48,000 bpd last week, with the latest 4-wk average +110,000 bpd above a year ago. Imports increased +292,000 bpd to a level that matched the 5-year mid range, and the highest rate of the past year.

Stocks increased +2.2 million barrels to the upper end of the historic range.



Distillate imports fell -60,000 bpd last week, partially offset by a +11,000 bpd rise in production. Stocks increased +0.8 million barrels last week and remain extremely high.

Jet fuel supply was nearly unchanged on the week at a level that matched the historic mid range. Stocks decreased -0.2 million barrels but remain extremely high.



PADD 2 crude oil refinery runs increased +23,000 bpd last week, with the 4-wk average -24,000 bpd below

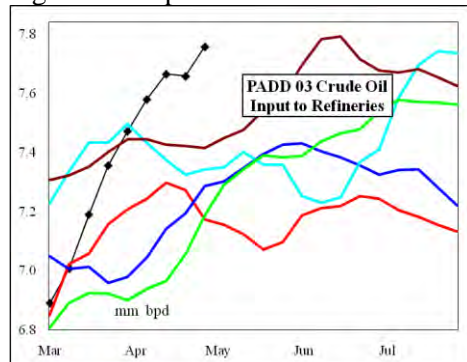
last years' record low rate. Very high domestic production has offset a -102,000 bpd decline in imports during the latest 4-wk period so that stocks are now +7.4 million barrels above the prior record high level. Stocks in Cushing increased +1.7 million barrels, to a new all time high level.

Gasoline production decreased -35,000 bpd last week, with the level near the 5-year high. Stocks declined -1.3 million barrels, to match the historic high level for this time of year.

Distillate production increased +35,000 bpd last week, to match the historic mid range. Stocks increased +0.7 million barrels on the week, to a level above the mid range.

Jet fuel production and stocks each increased last week, to match the historic mid range levels.

PADD 3 refinery crude oil runs increased +100,000 bpd last week. The latest 4-wk average was +358,000 bpd above a year ago and above the historic range. Imports declined -80,000 bpd last week, to below the mid range. Crude oil stocks increased +2.5 million barrels, to a level near historic highs for the period.



Gasoline production was nearly unchanged on the week, with the 4-wk average -130,000 bpd below a year ago. Stocks increased +0.6 million barrels to a new record high level.

Distillate production decreased -30,000 bpd on the week to a rate just below the last two years. Stocks decreased -1.2 million barrels, remains +18% above the prior record high level.

Jet fuel stocks remain extremely

high, driven by near record high production.

Residual fuel oil stocks increased +0.5 million barrels last week, reaching a new record high, up +47% over last year.

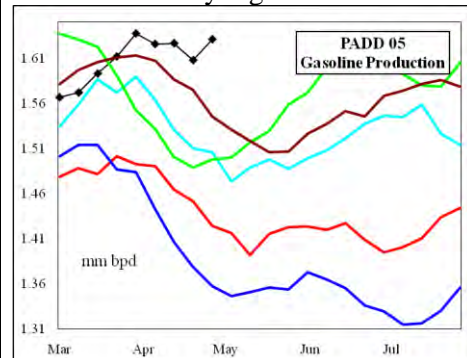
PADD 4 refinery crude oil runs were unchanged last week, with the 4-wk average +65,000 bpd above a year ago and near historic highs for the period.

Gasoline production decreased -23,000 bpd on the week, but remains +50,000 bpd above the prior 5-year high. Stock levels remain extremely high, up +26% above last year.

Distillate production decreased -8,000 bpd last week, but remains above the historic range. Stock levels also were above the 5-year range.

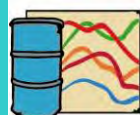
PADD 5 crude oil refinery runs decreased -83,000 bpd on the week, to below the mid range. The latest 4-wk average run rate was +65,000 bpd above a year ago. Crude oil stocks decreased -0.4 million barrels, with the level below the historic range.

Gasoline production increased +50,000 bpd last week, and remains above the 5-year range. Imports decreased -94,000 bpd on the week. The latest 4-wk average supply was +150,000 bpd above last year. Stocks were nearly unchanged and remain extremely high.



Distillate production decreased -20,000 bpd on the week, but remains above the historic range. Stocks increased +0.2 million barrels to match the historic mid range.

Jet fuel production decreased -29,000 bpd last week, more than offset by a +44,000 bpd rise in imports.


**FUNDAMENTAL
PETROLEUM
TRENDS**


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

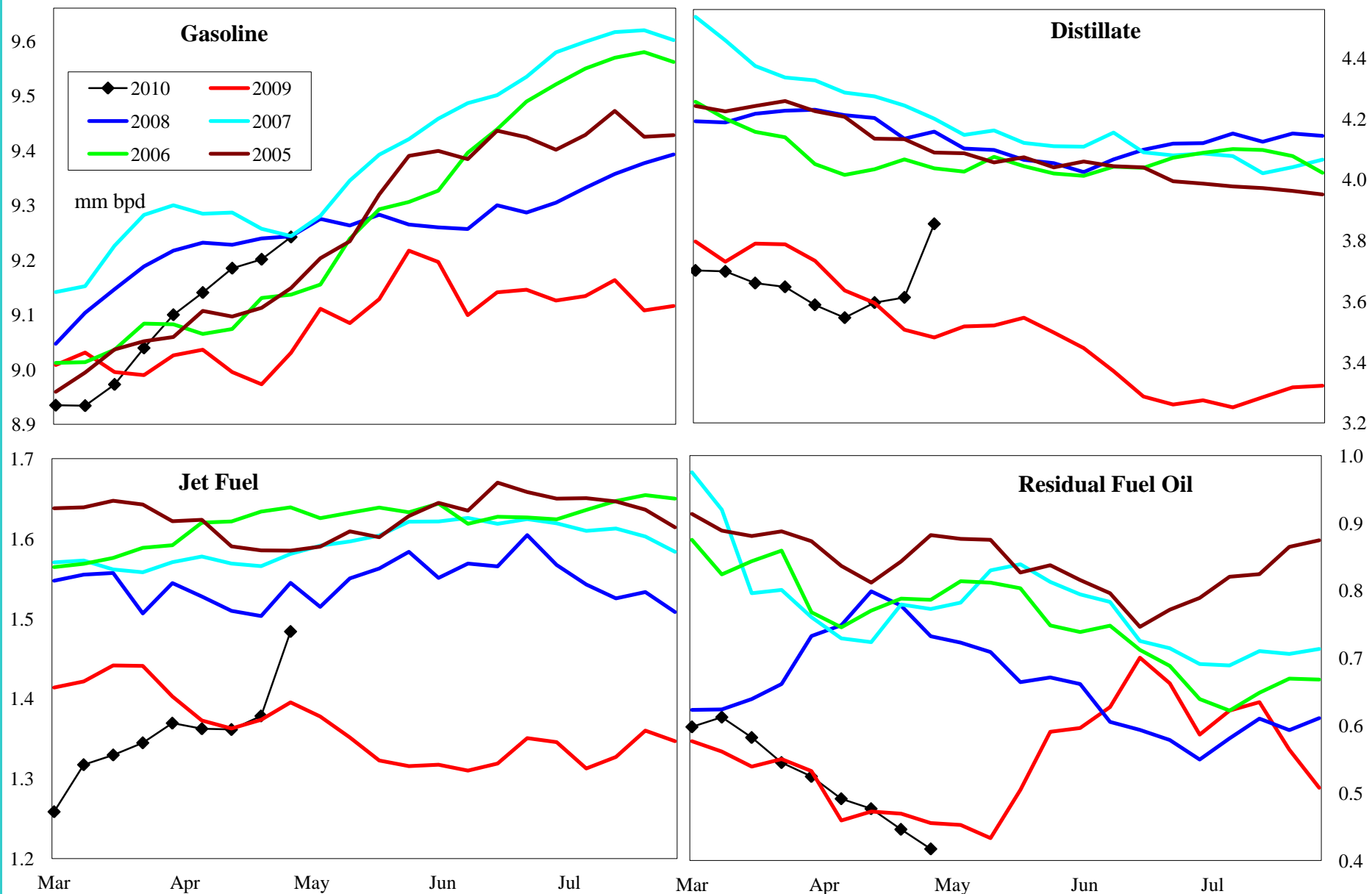
May 5, 2010

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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	30-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	2,755	-127	866	2,516	-51	-449
	Imports	270	80	82	-80	-1	189
	Input	190	151	23	100	-1	-83
	% Utilization	0.64					
<u>Gasoline</u>	Stocks	1,257	2,157	-1,347	601	-26	-128
	Production	-62	-48	-35	-6	-23	50
	Imports	164	292	0	-34	0	-94
	Supplied	-8					
<u>Distillate</u>	Stocks	573	844	703	-1,223	17	232
	Production	-12	11	35	-30	-8	-20
	Imports	-28	-60	15	0	2	15
	Supplied	298					
<u>Jet Fuel</u>	Stocks	297	-226	178	65	166	114
	Production	-6	2	17	0	4	-29
	Imports	37	-7	0	0	0	44
	Supplied	220					
<u>Residual Fuel Oil</u>	Stocks	1,235	602	10	540	5	78
	Production	29	-1	11	45	1	-27
	Imports	20	52	-1	-68	0	37
	Supplied	-56					

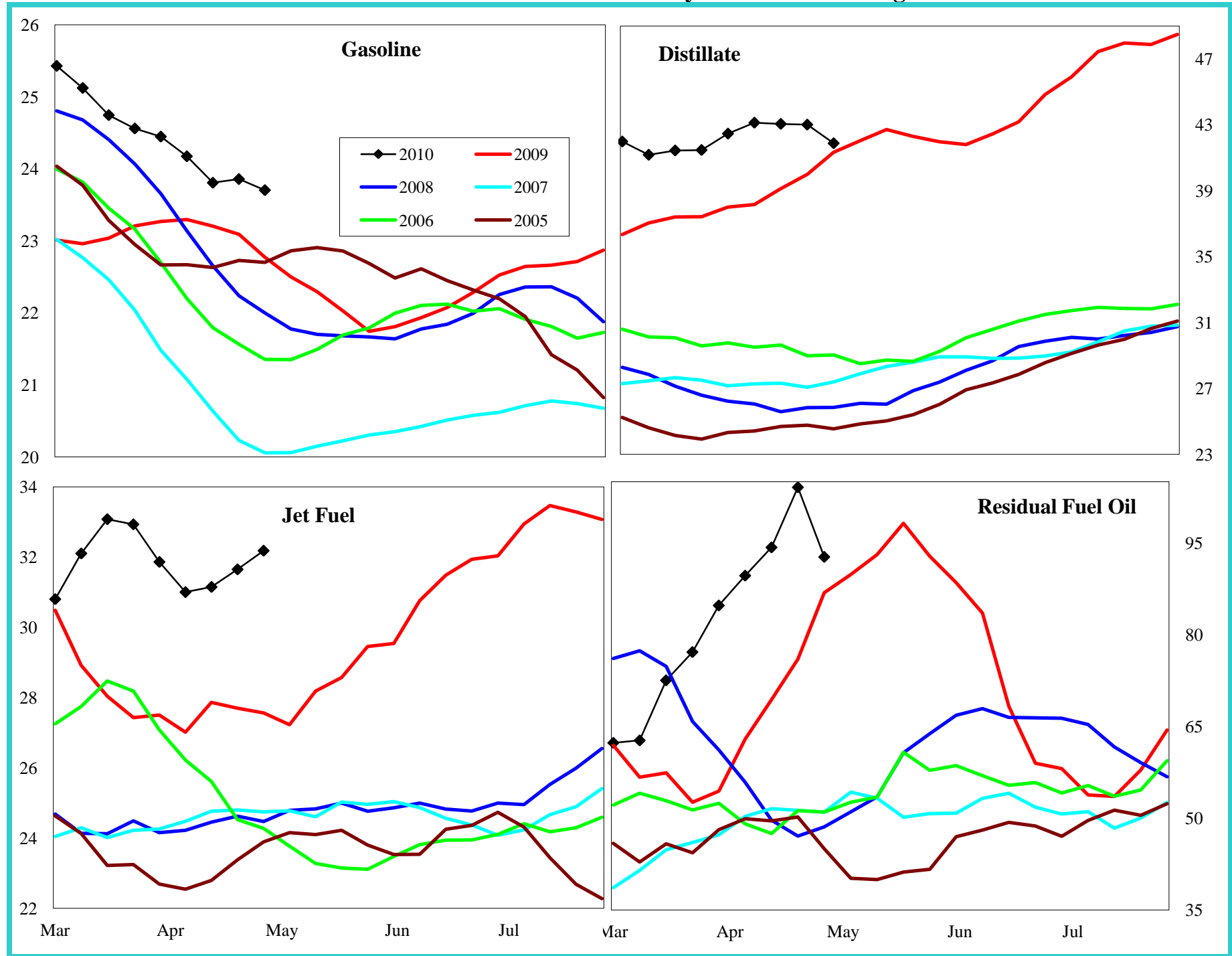
United States Wholesale Petroleum Demand



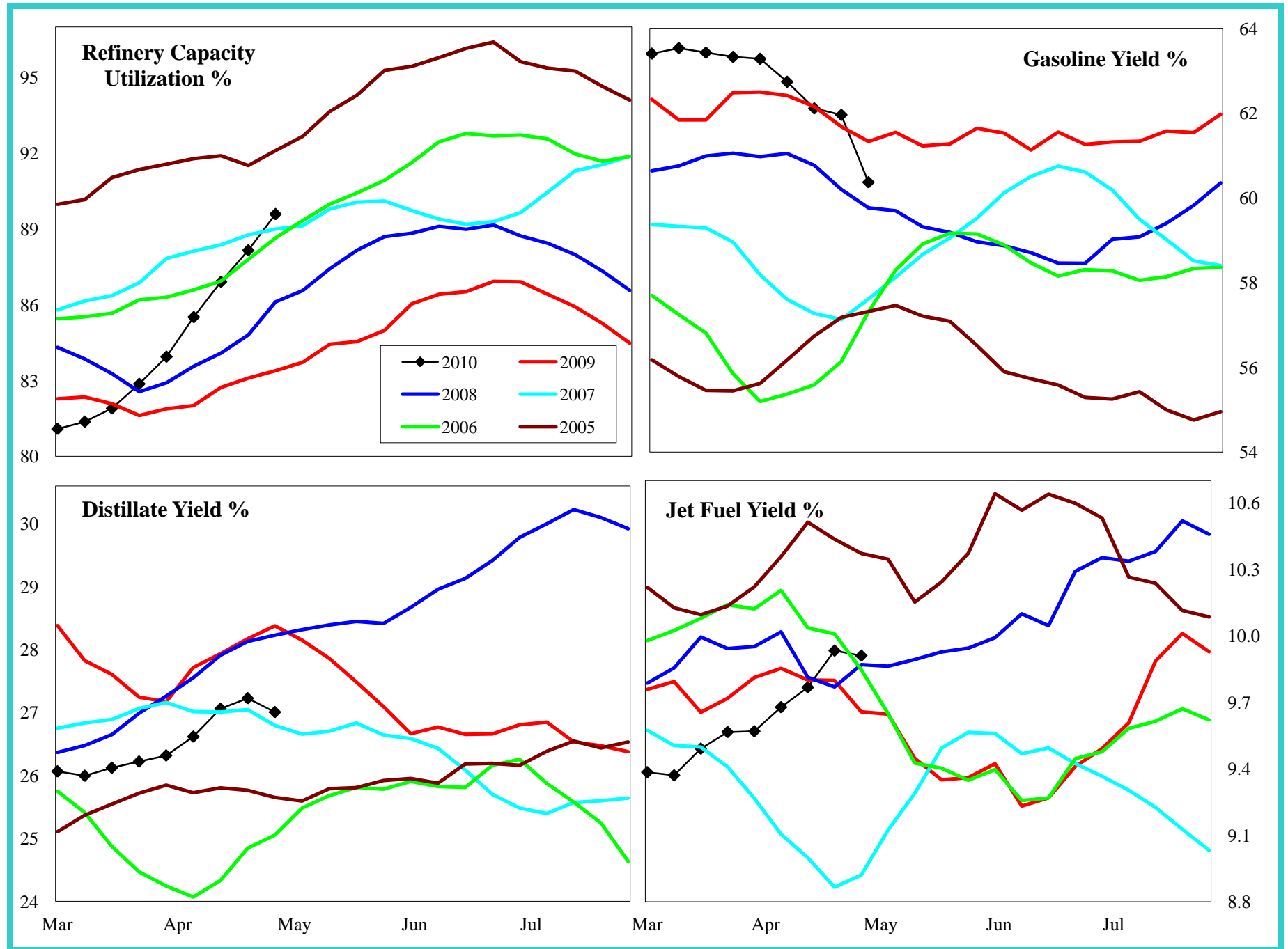
	000 bpd change from prior year				% change from prior year				
	4wk avg	Mar	Feb	Jan	4wk avg	Mar	Feb	Jan	
Gasoline	224	147	16	-35	2.5	1.7	0.2	-0.4	
Distillate	108	-25	-177	-371	3.1	-0.7	-4.5	-9.1	
Jet Fuel	2	-65	-59	6	0.1	-4.5	-4.4	0.4	
Resid	-33	-32	162	-207	-6.6	-5.3	32.0	-29.6	



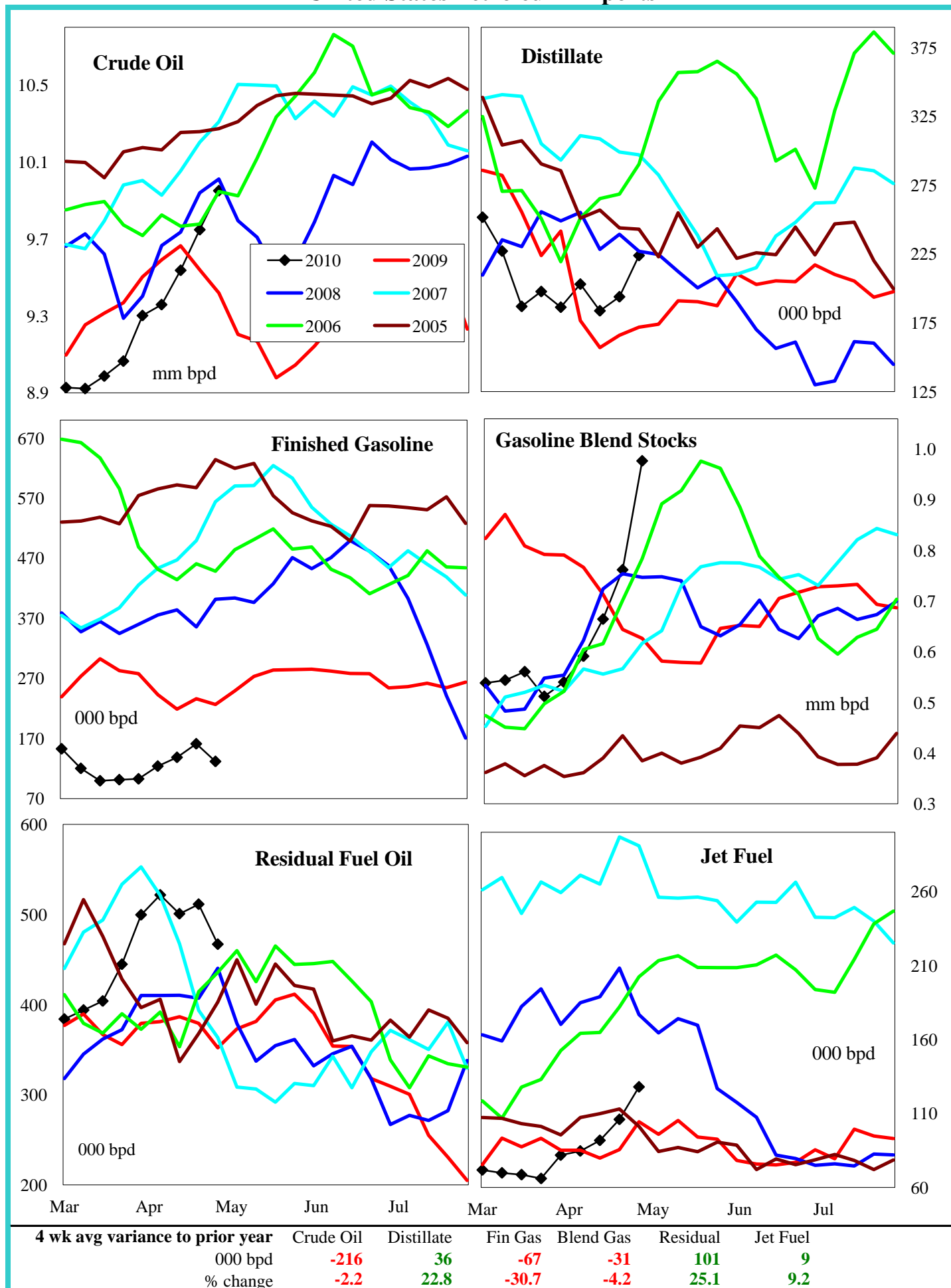
United States Product Stocks: Days Forward Coverage



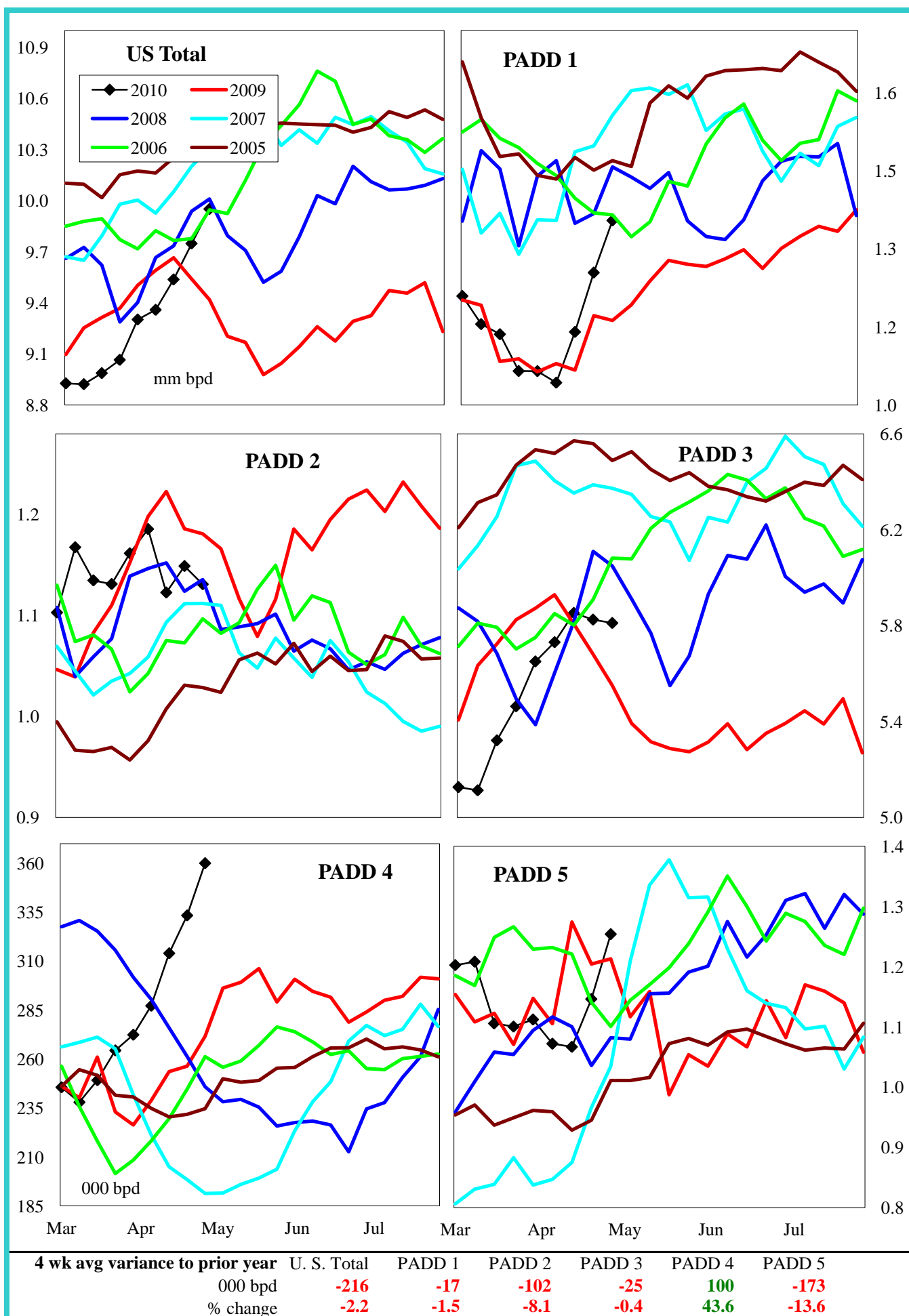
United States Refinery Percent Utilization Rate and Product Yields



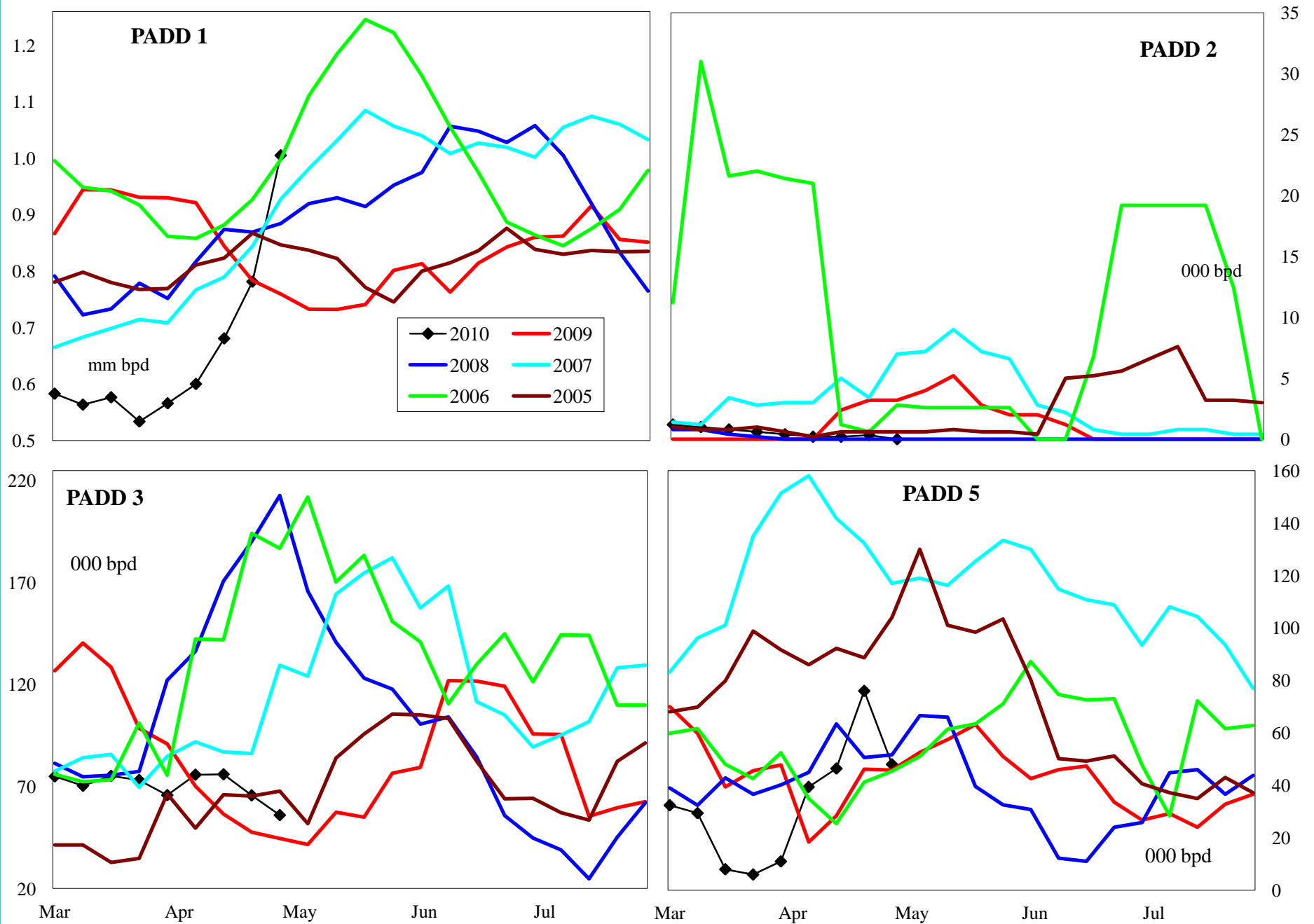
United States Petroleum Imports



Crude Oil Imports by PADD



Gasoline Imports by PADD (Finished + Blend Stocks)



4 wk avg variance to prior year

000 bpd

% change

PADD 1

PADD 2

PADD 3

PADD 5

-138

-3

15

27

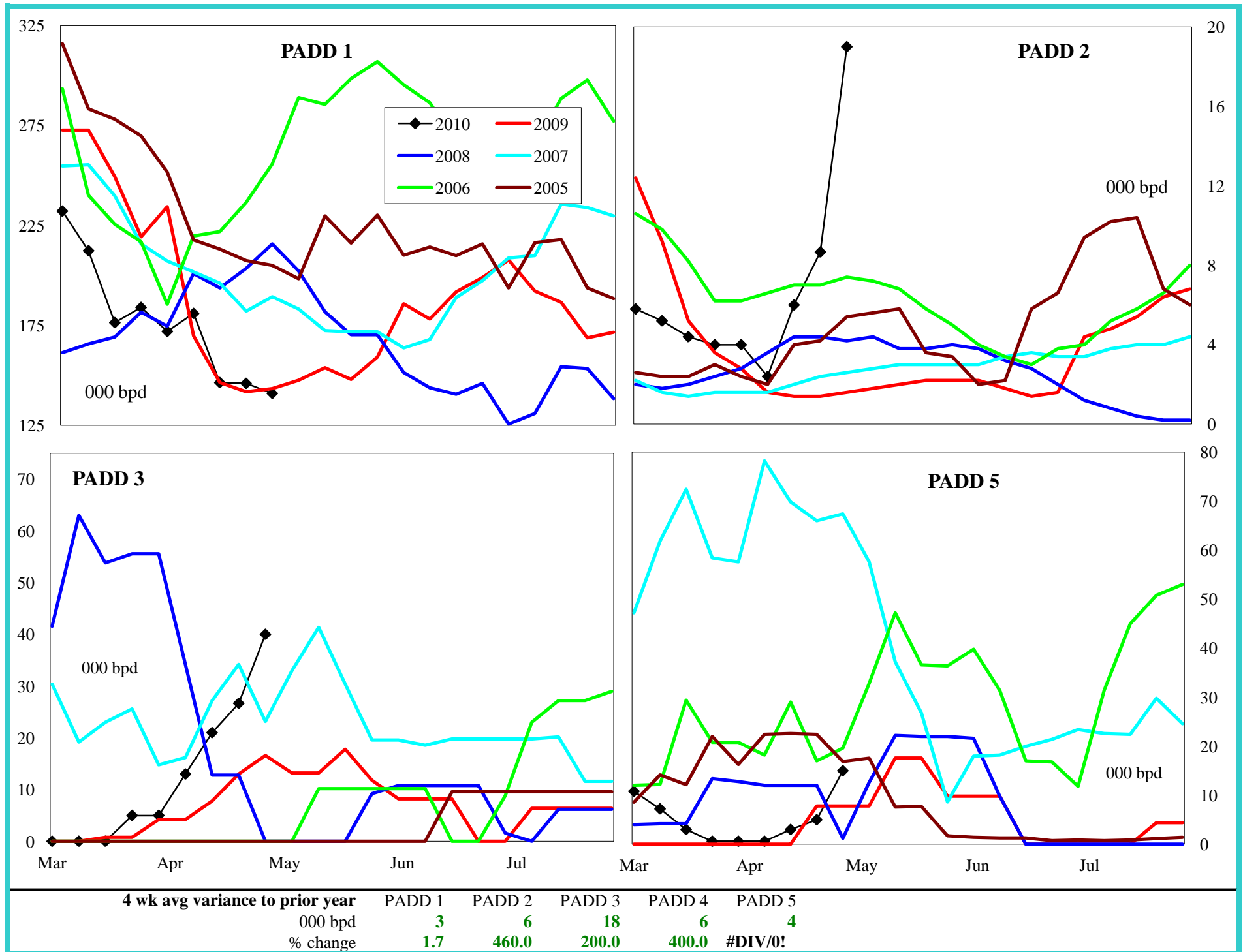
-15.7

-91.7

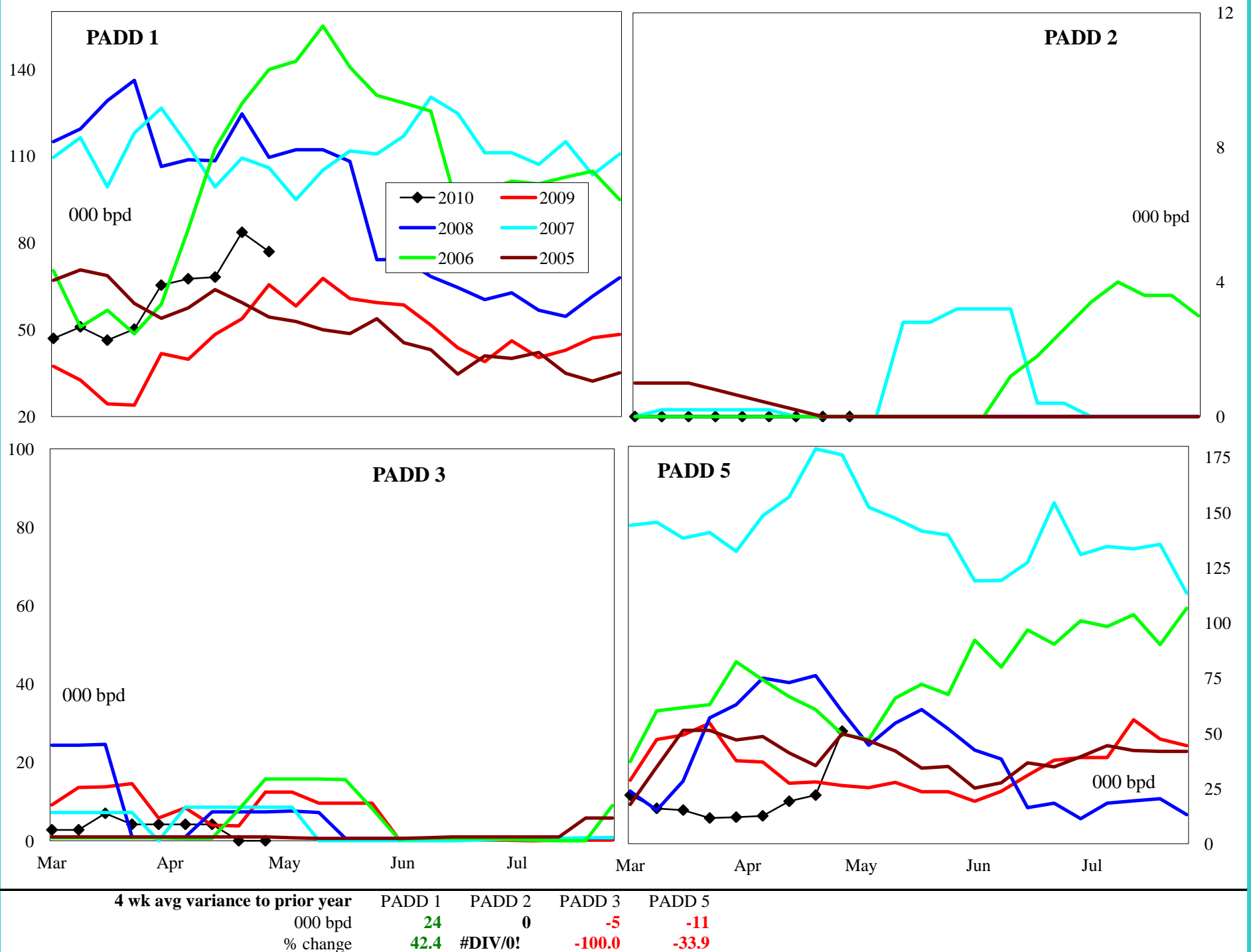
28.6

85.6

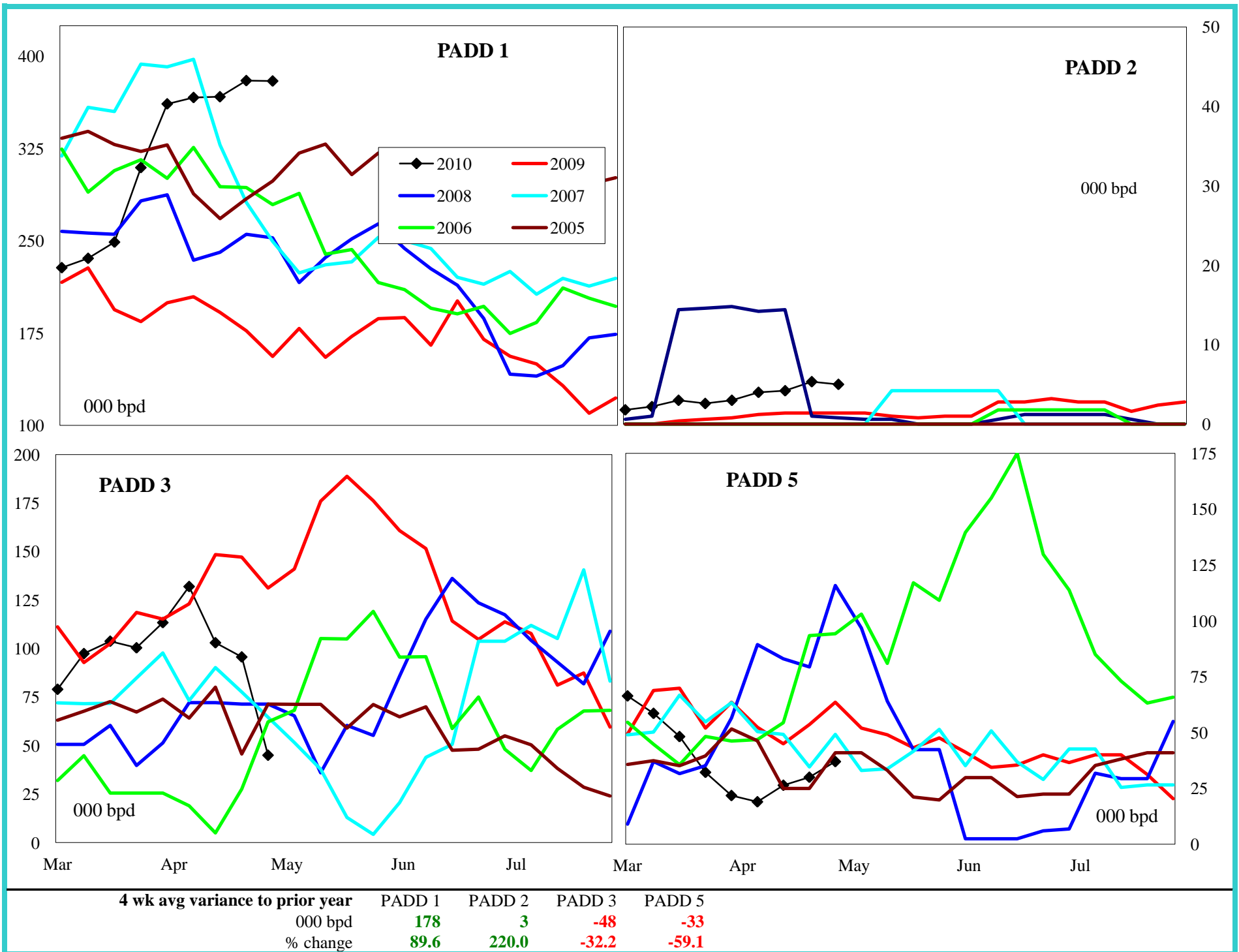
Distillate Imports by PADD



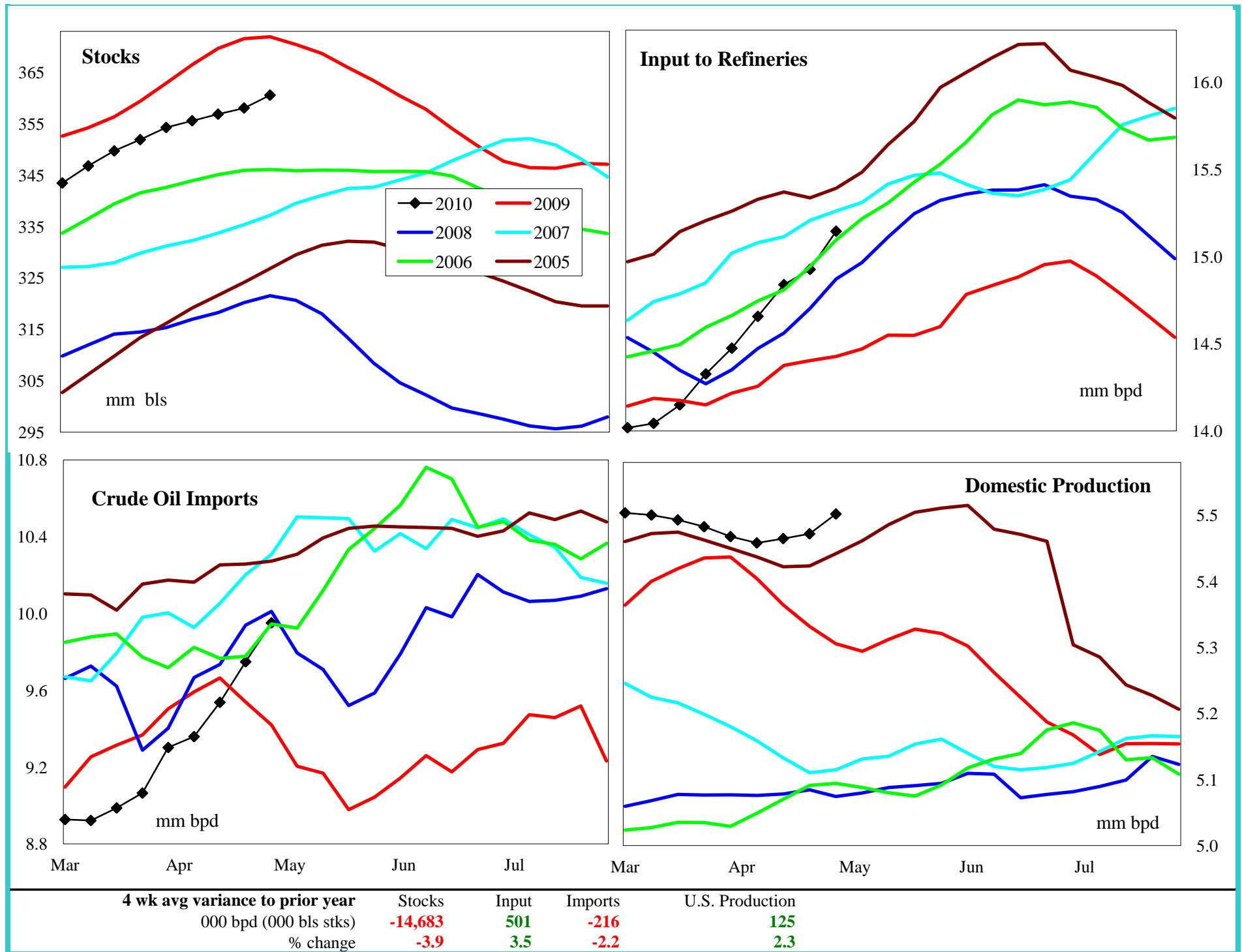
Jet Fuel Imports by PADD



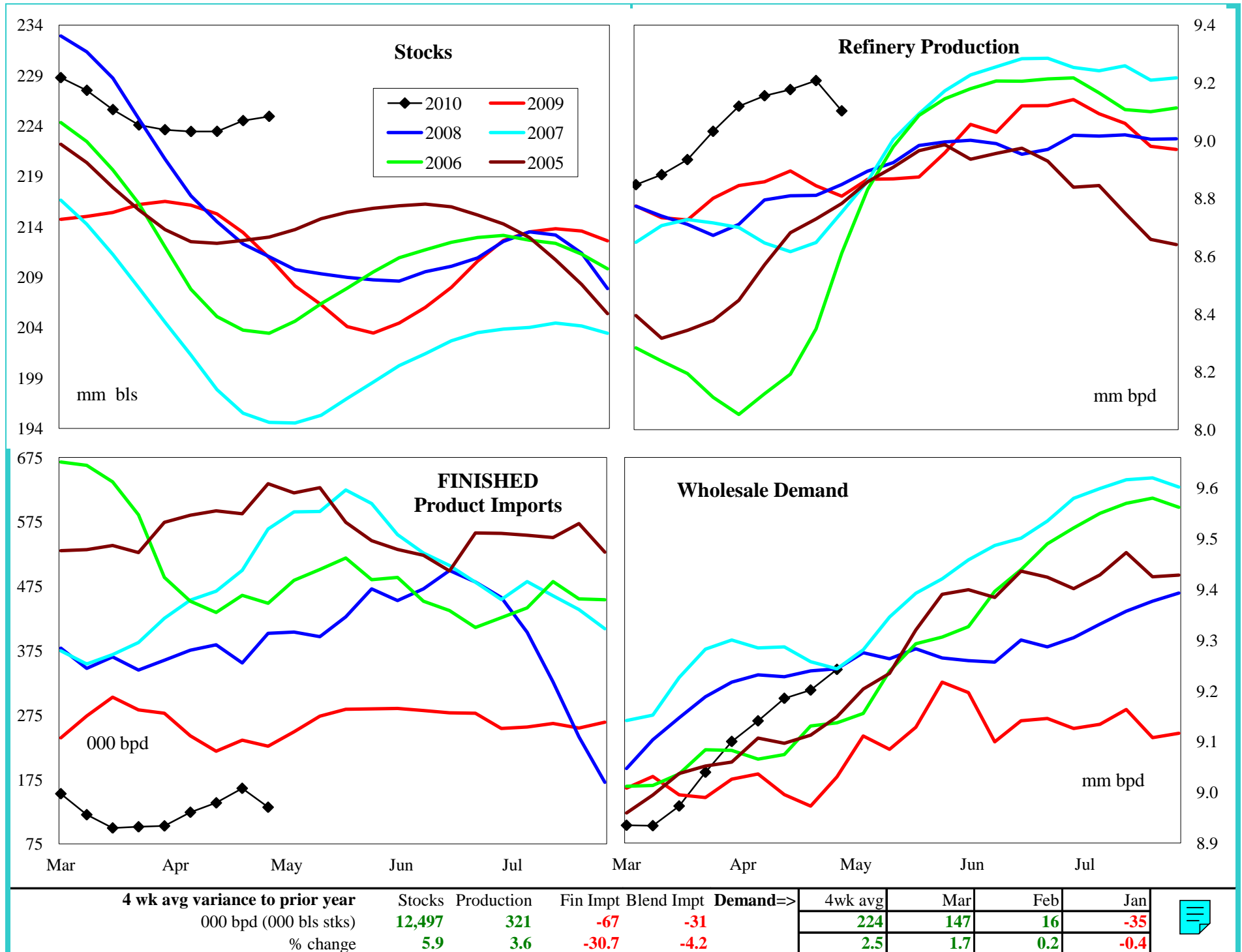
Residual Fuel Oil Imports by PADD



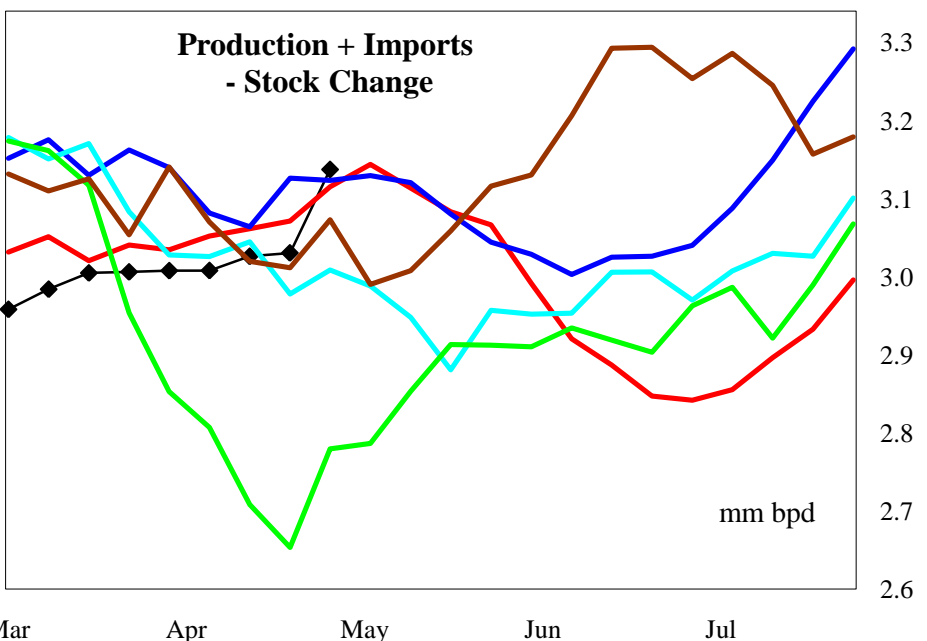
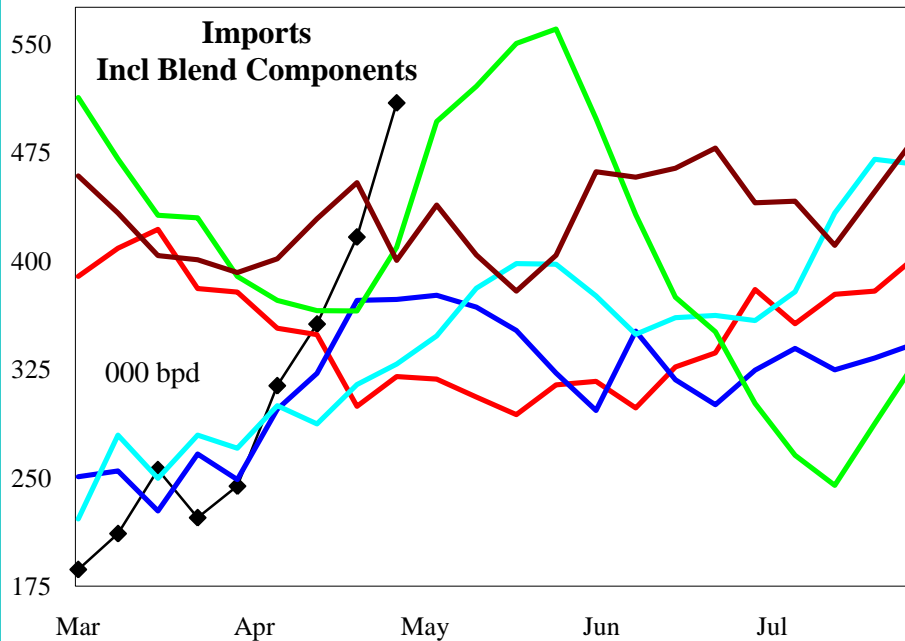
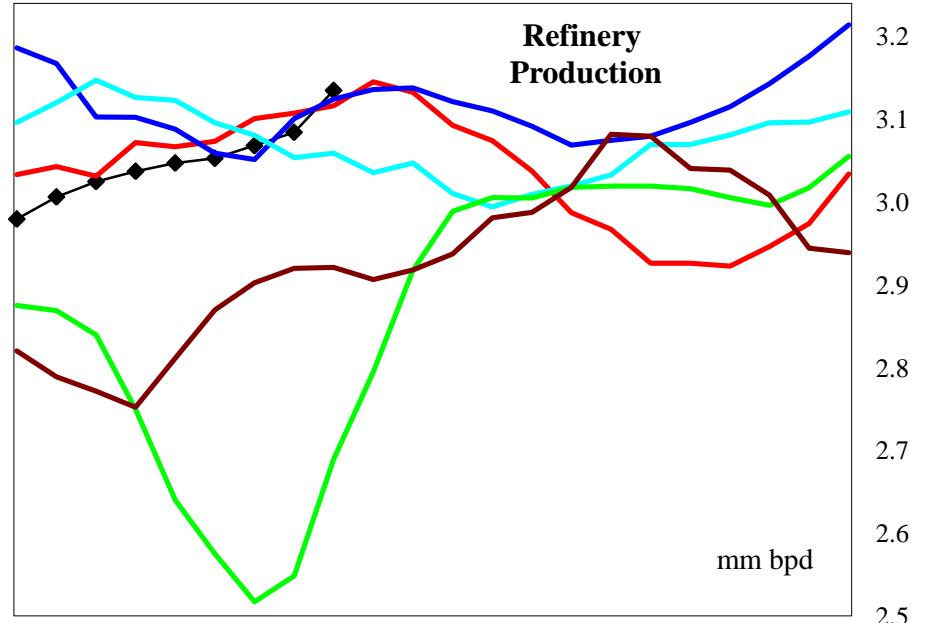
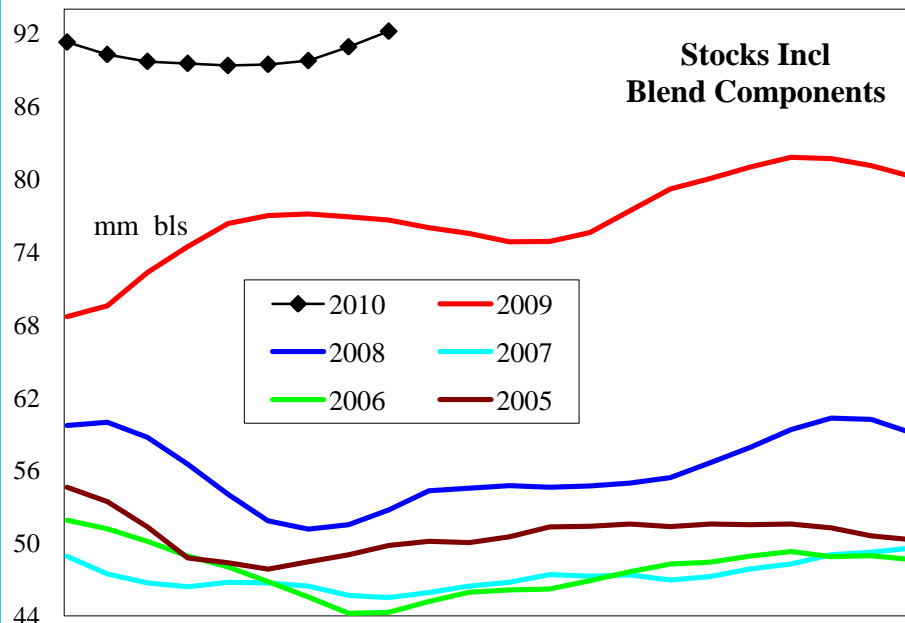
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



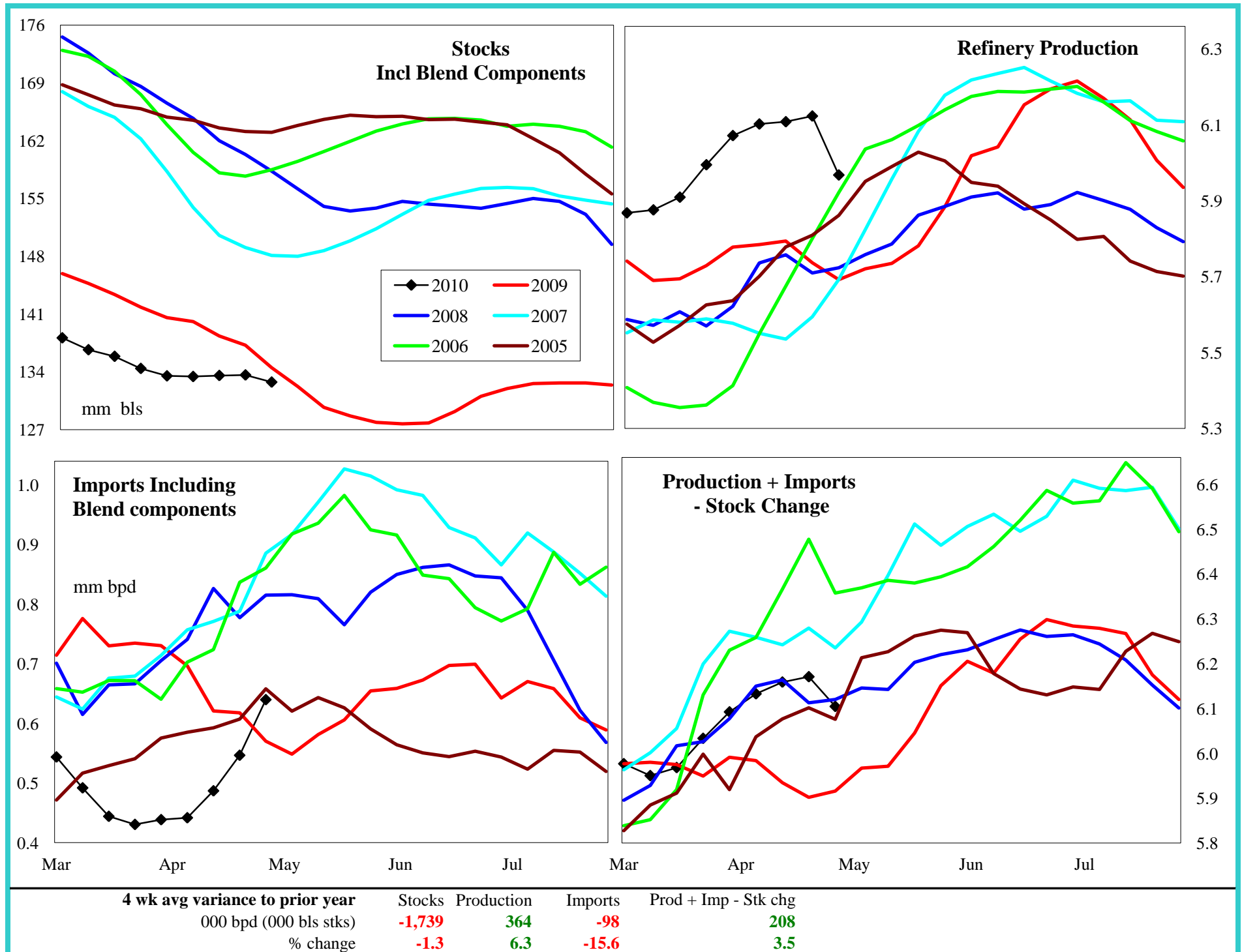
United States Reformulated Gasoline Supply



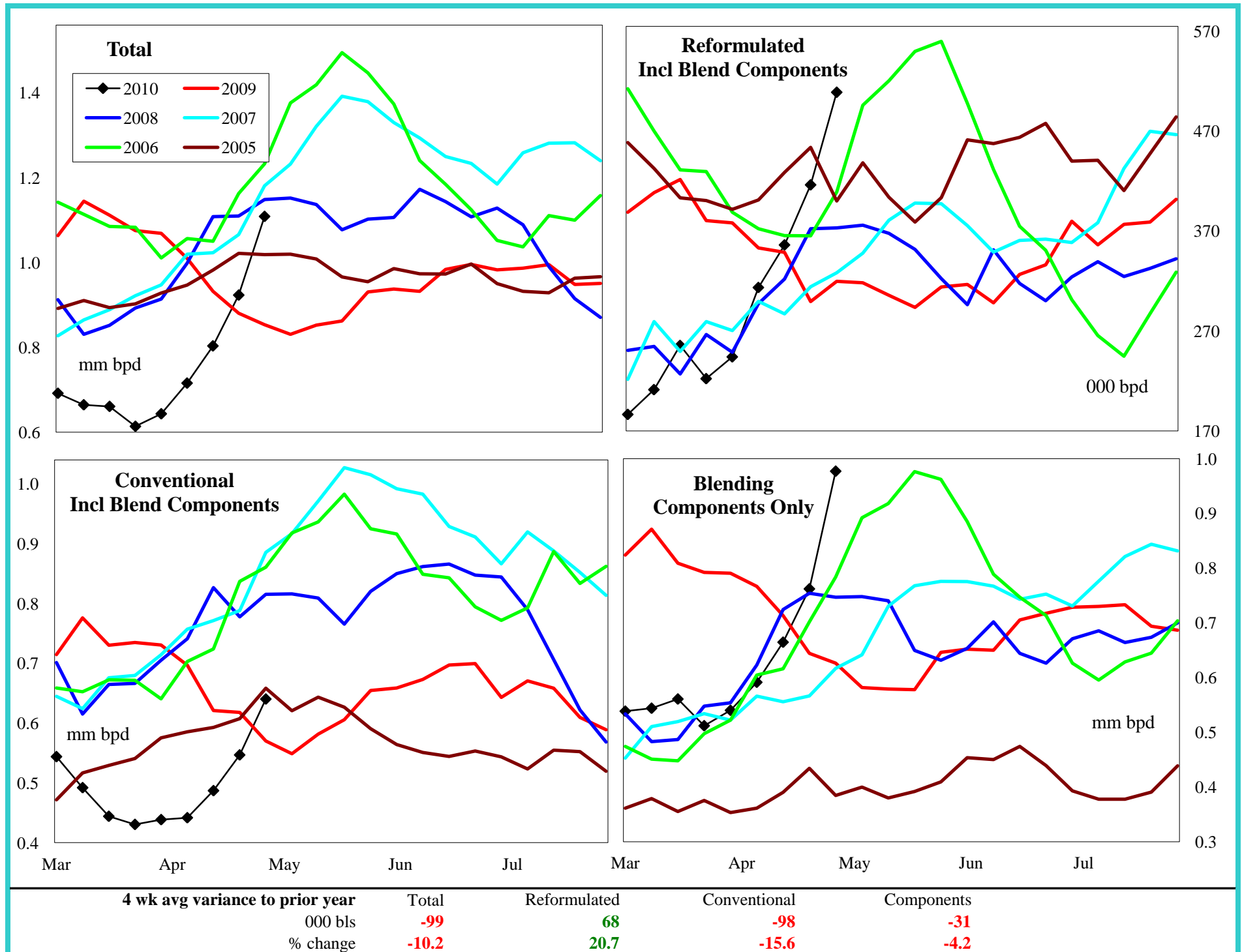
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
15,565	-43	68	-24
20.3	-1.4	20.7	-0.8

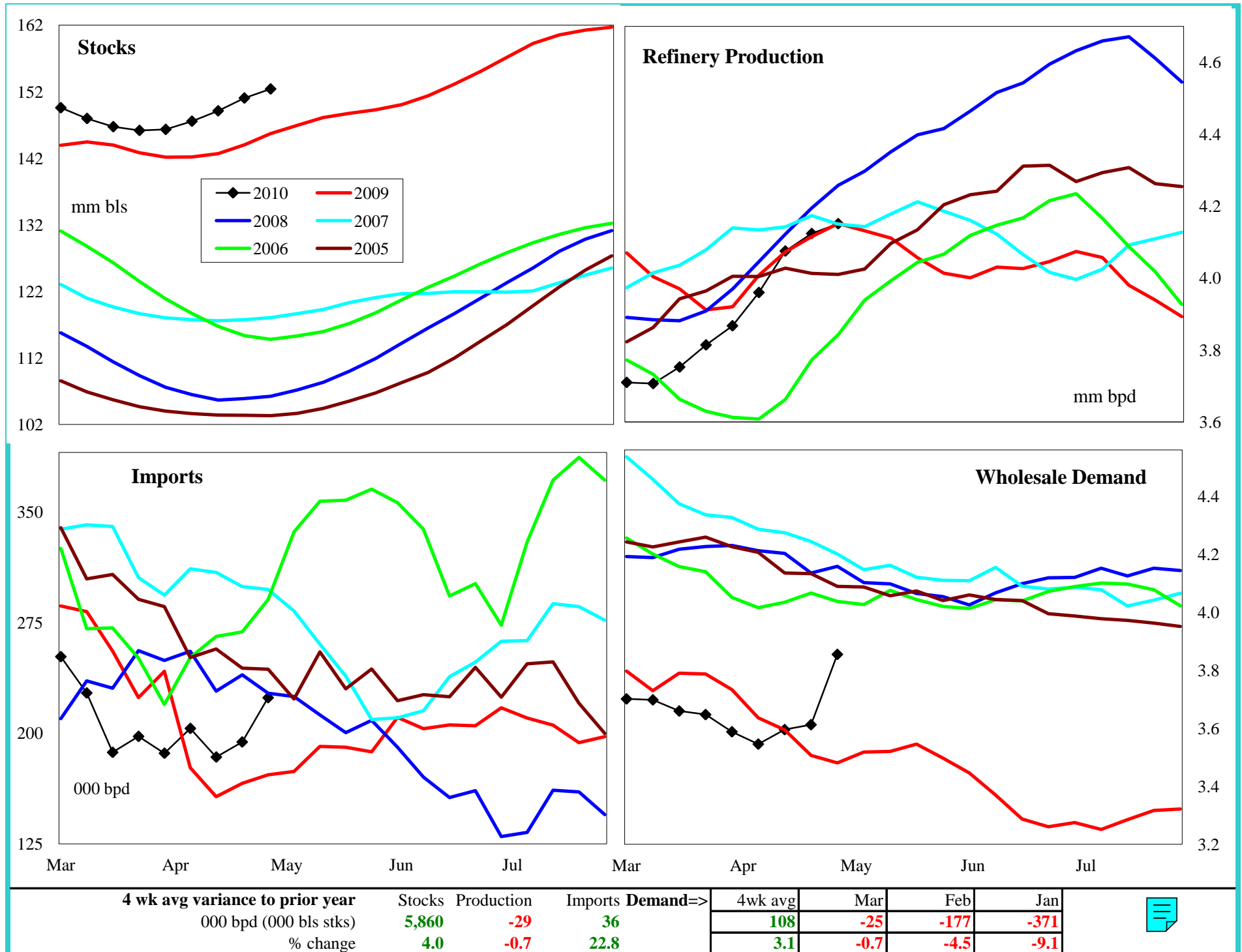
United States Conventional Gasoline Supply



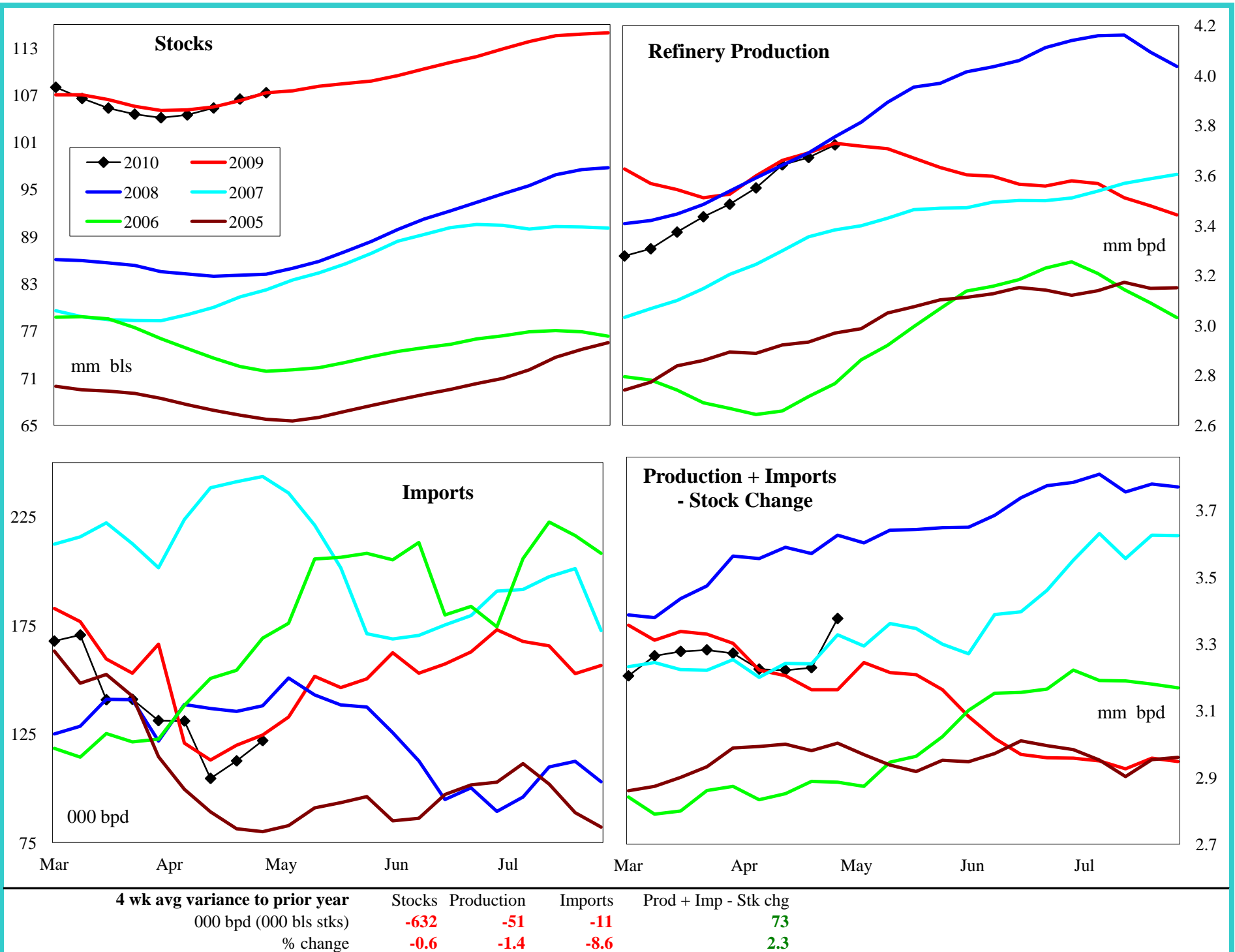
United States Gasoline Imports by Type



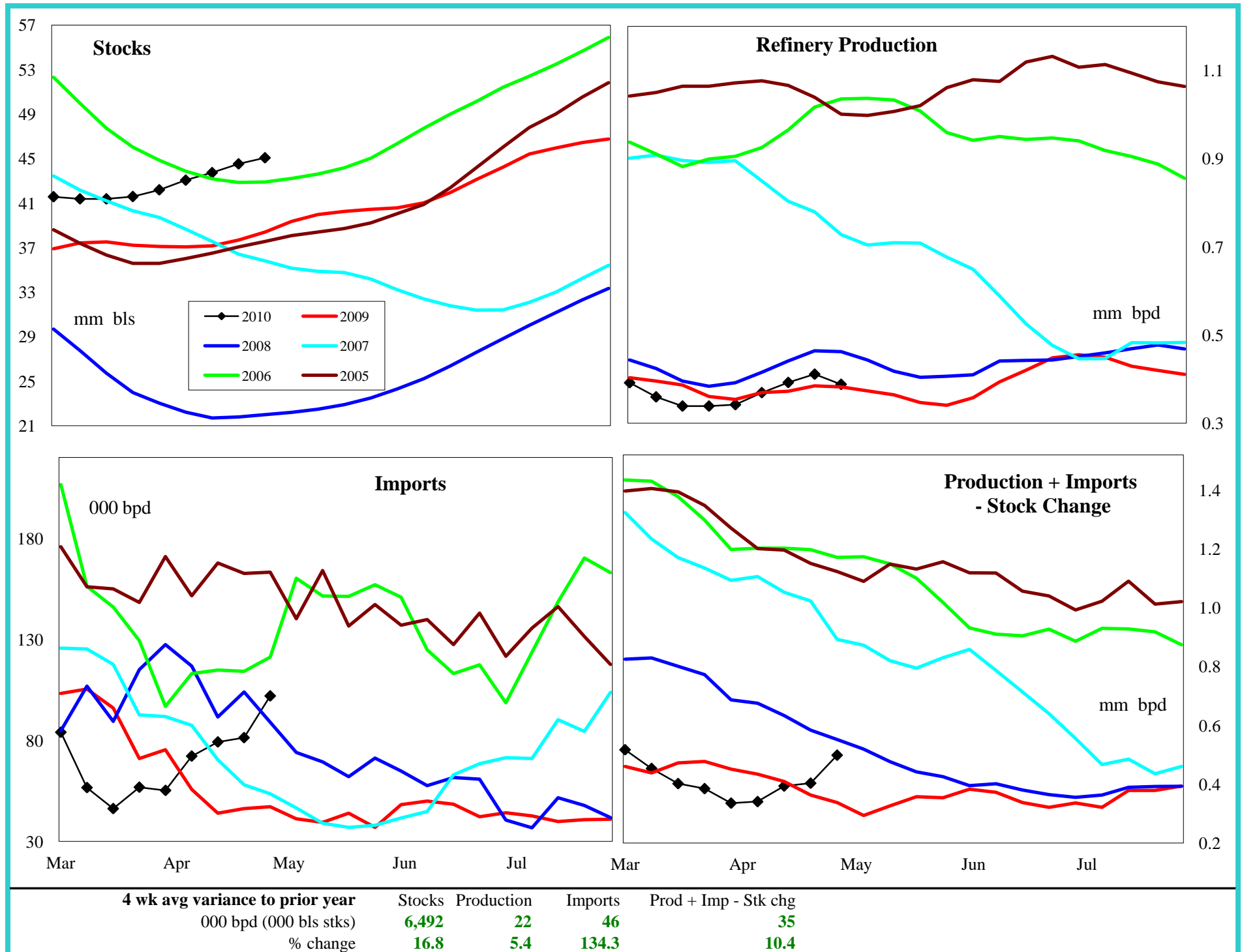
United States Distillate Supply and Demand Balance



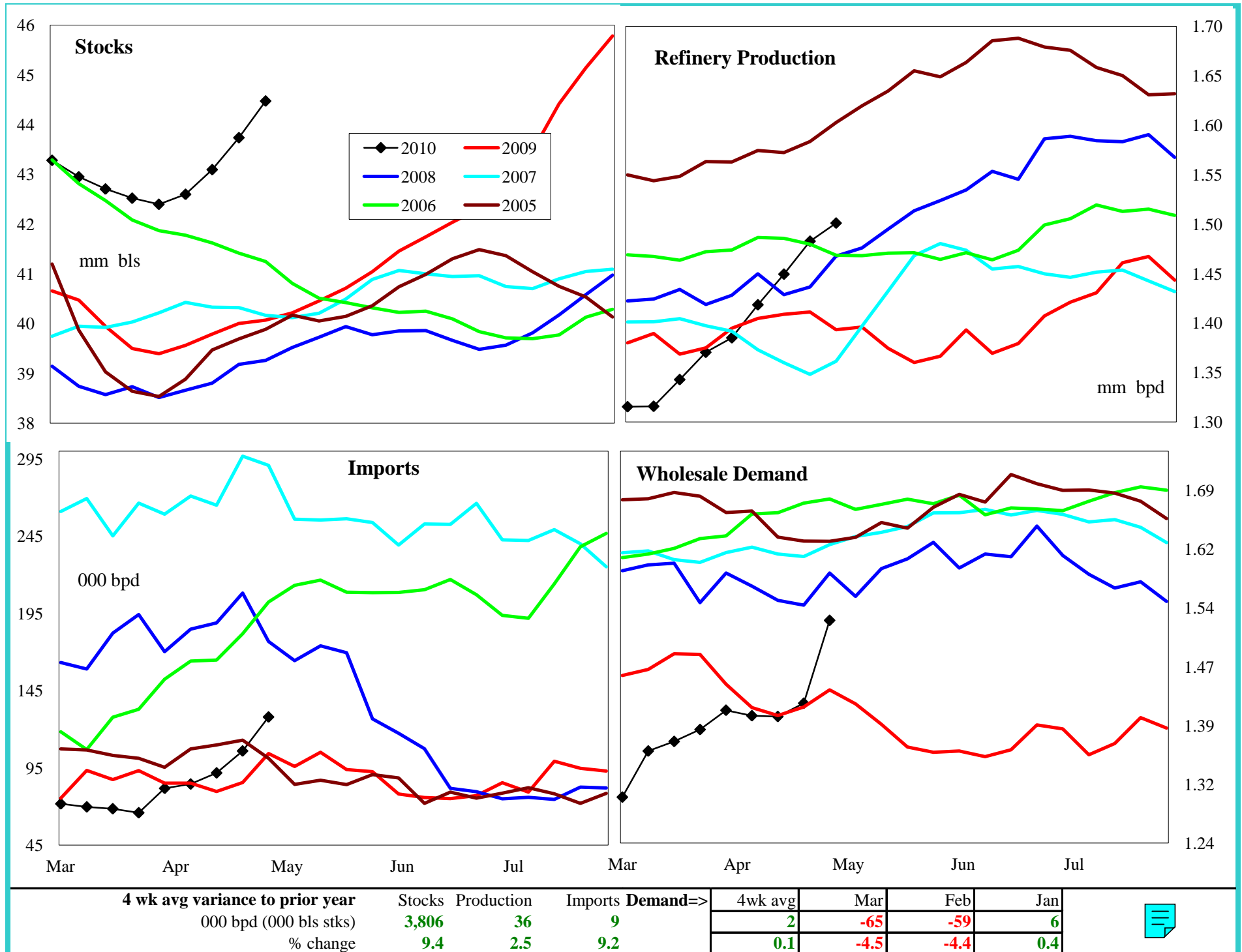
United States Low Sulfur Distillate Supply



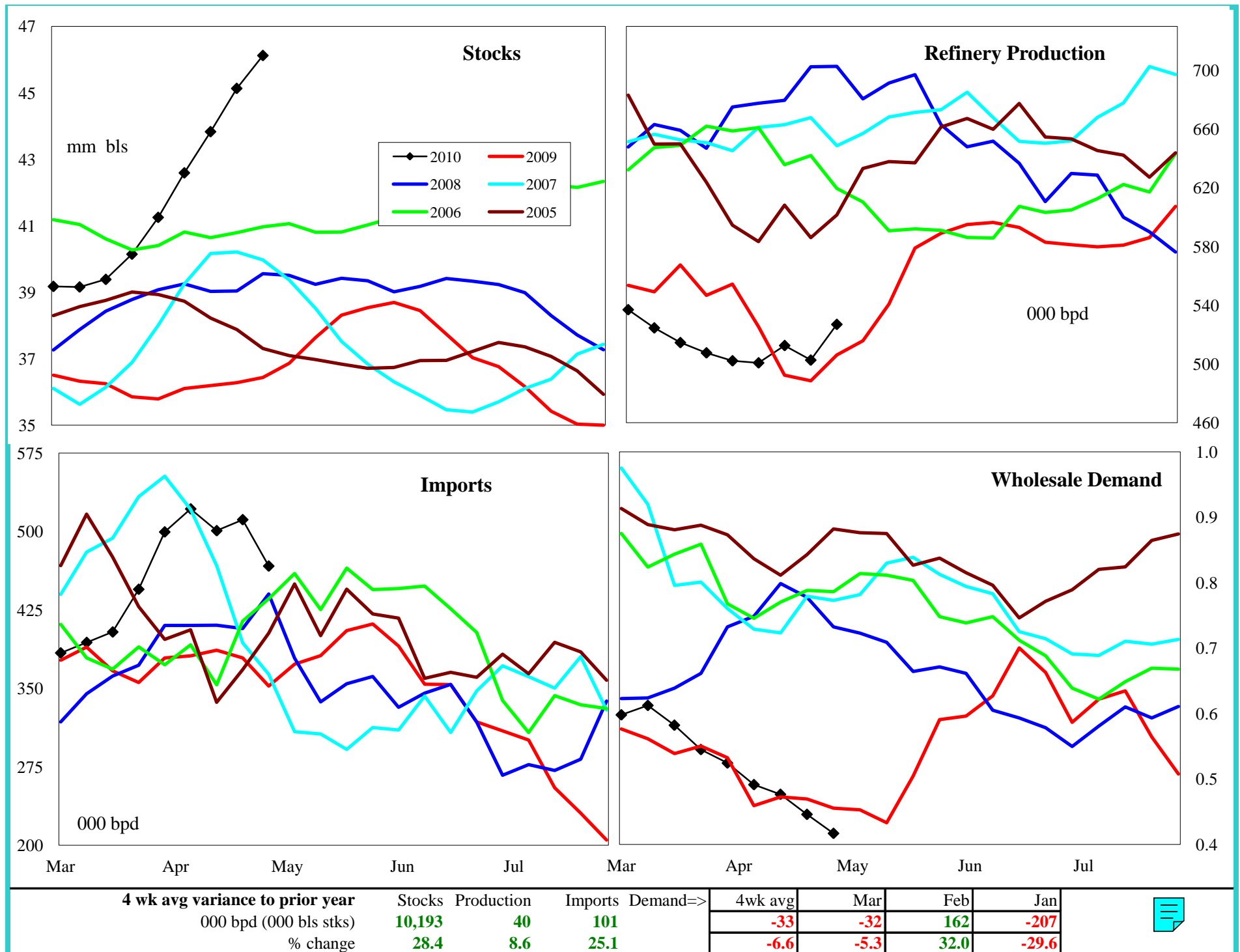
United States High Sulfur Distillate Supply



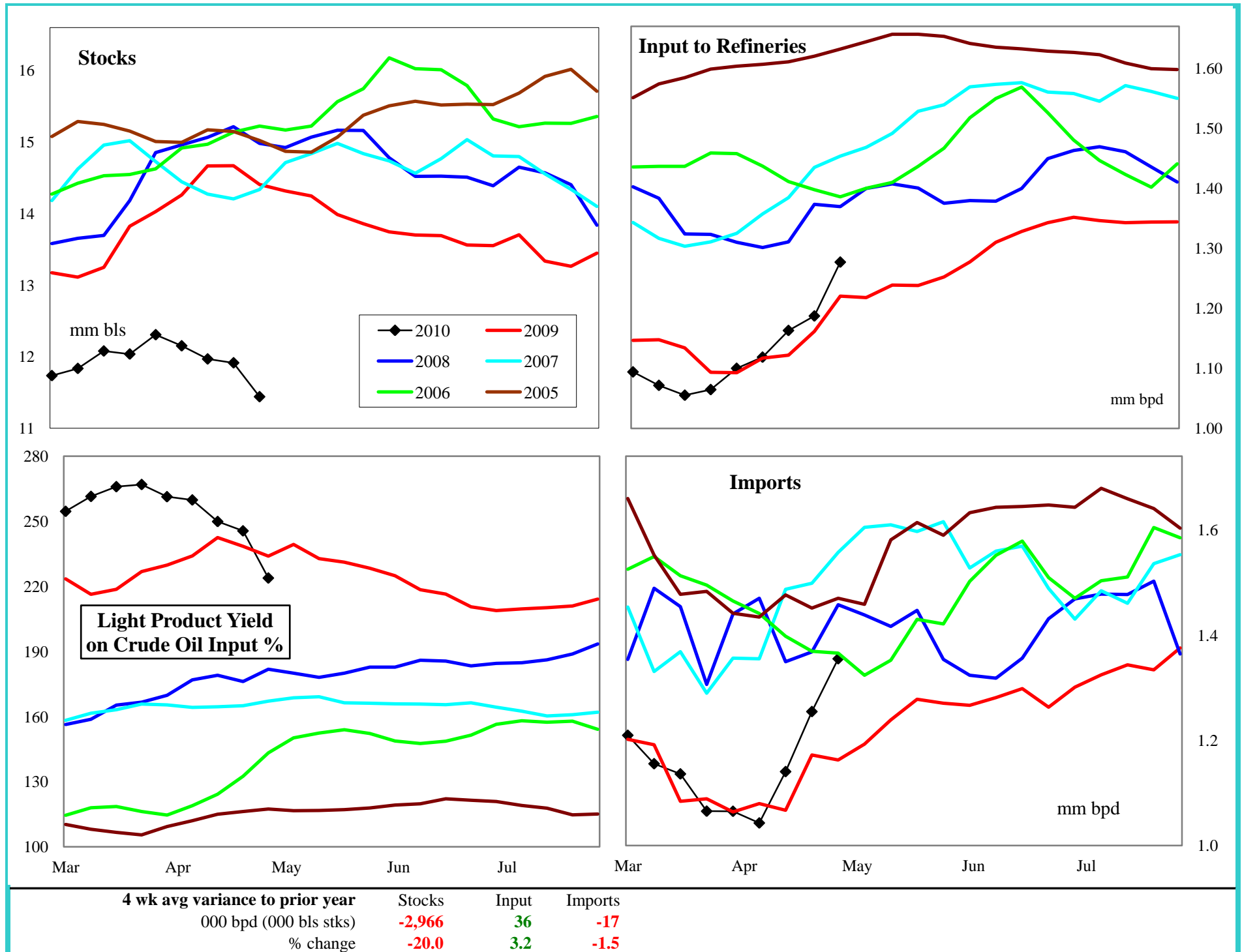
United States Jet Fuel Supply and Demand Balance



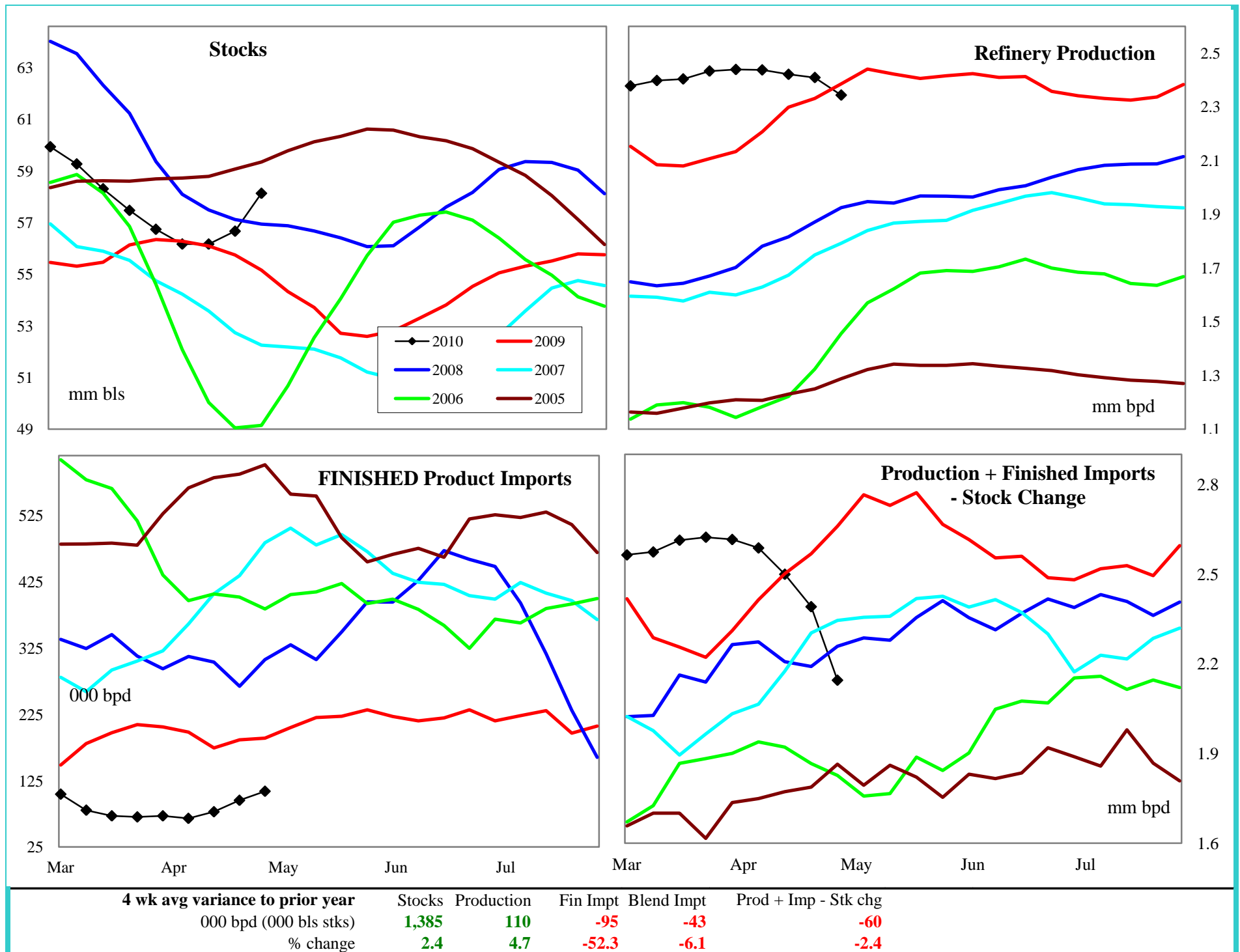
United States Residual Fuel Oil Supply and Demand Balance



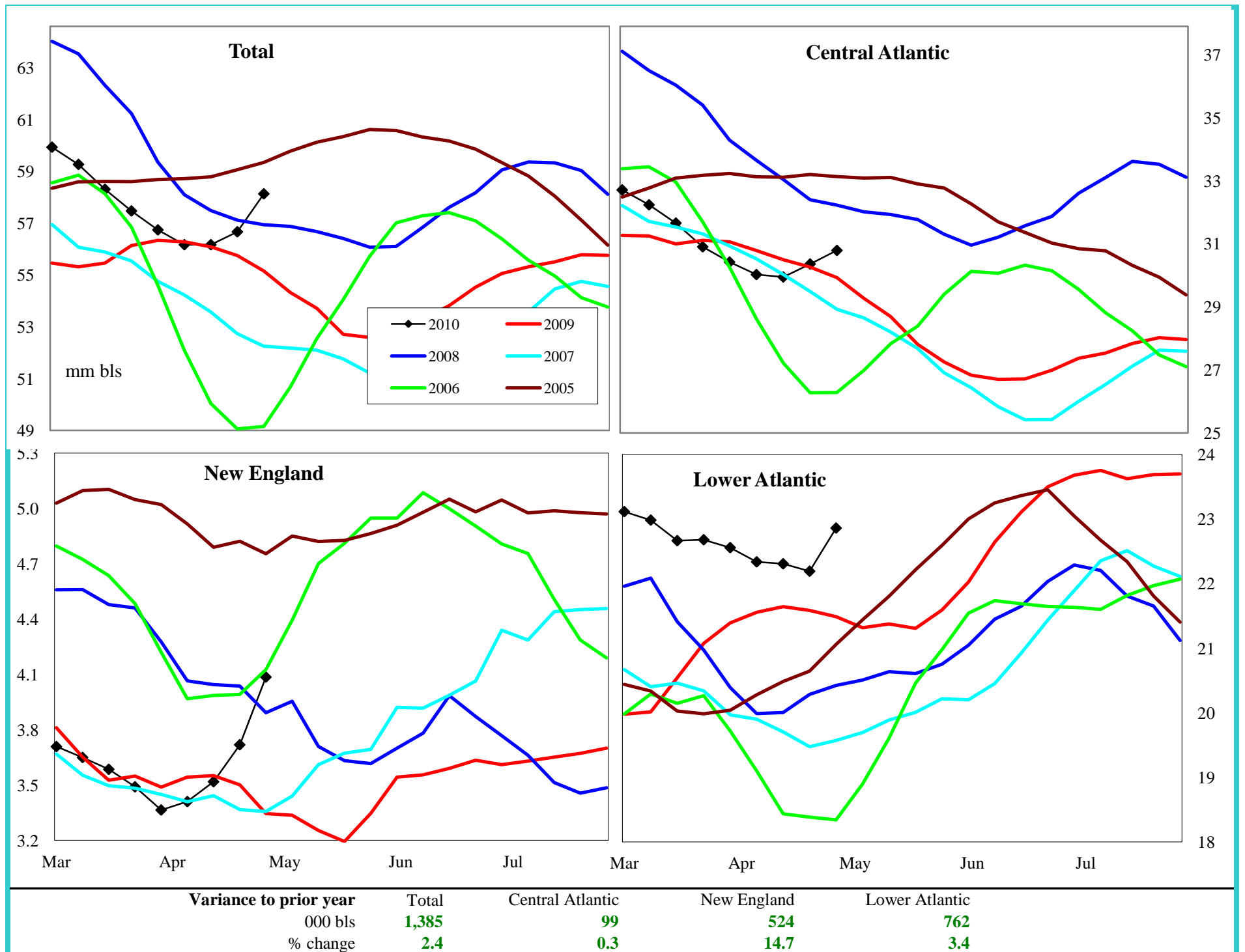
PADD 1 Crude Oil Supply and Refining



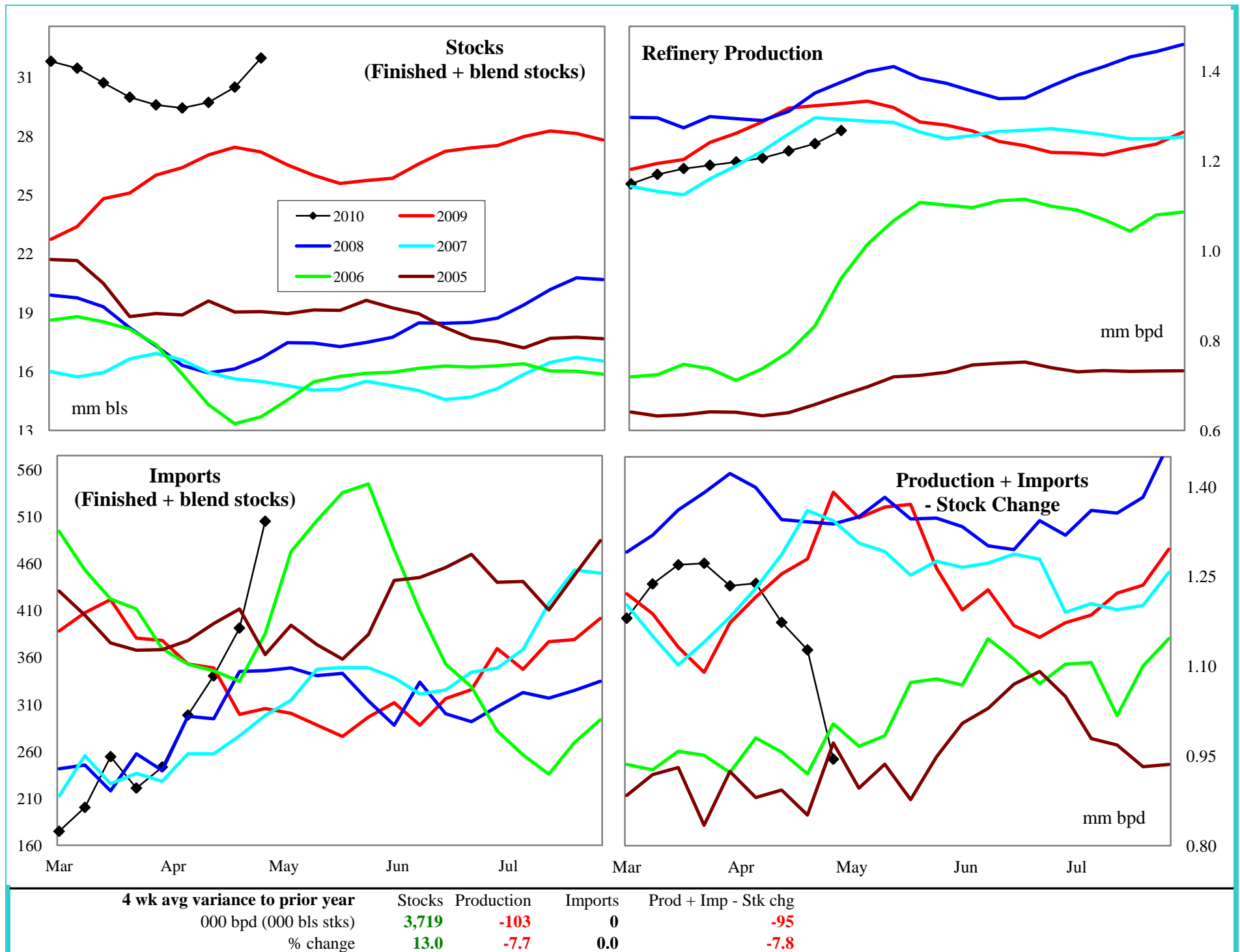
PADD 1 Gasoline Supply



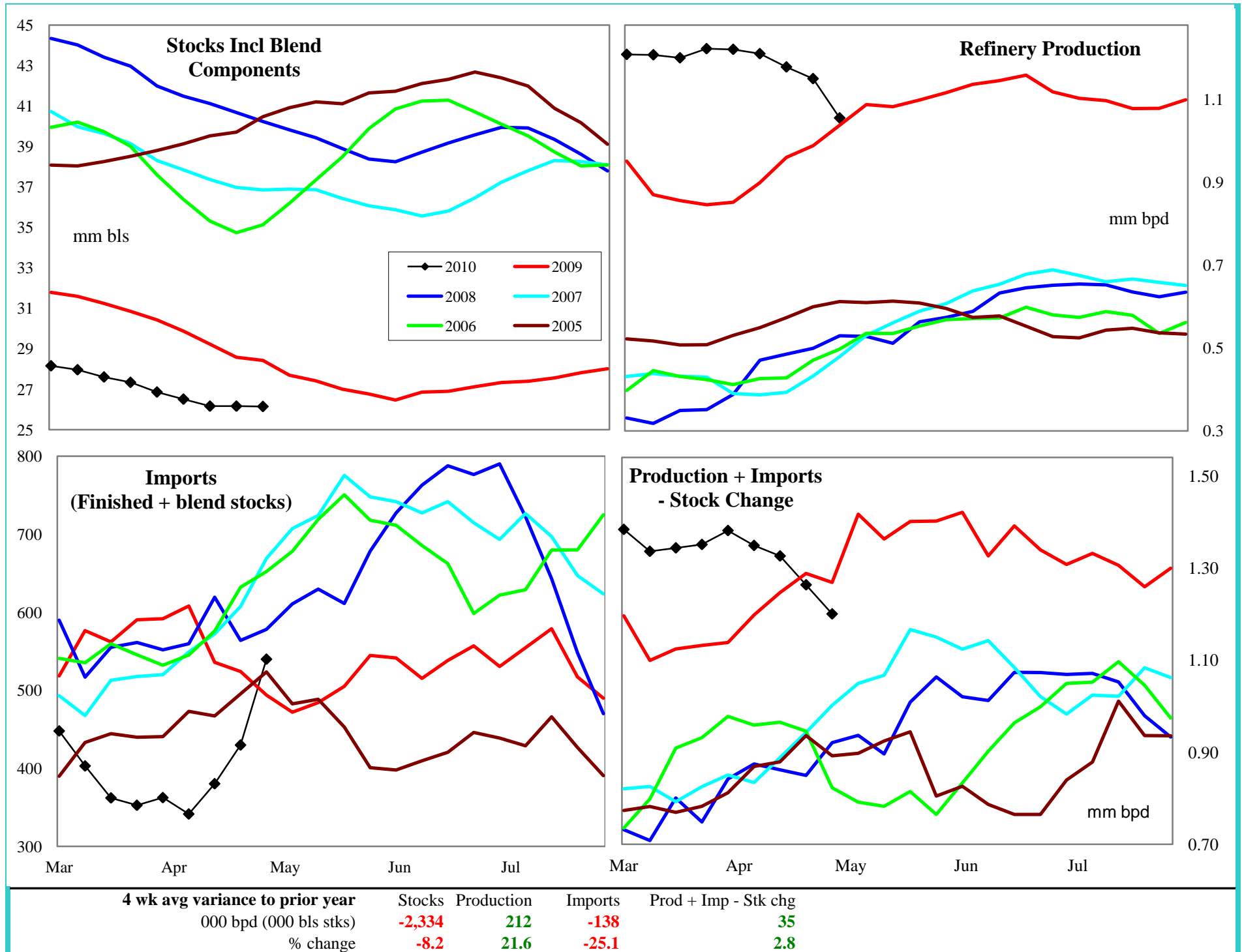
PADD 1 Gasoline Stocks by Region



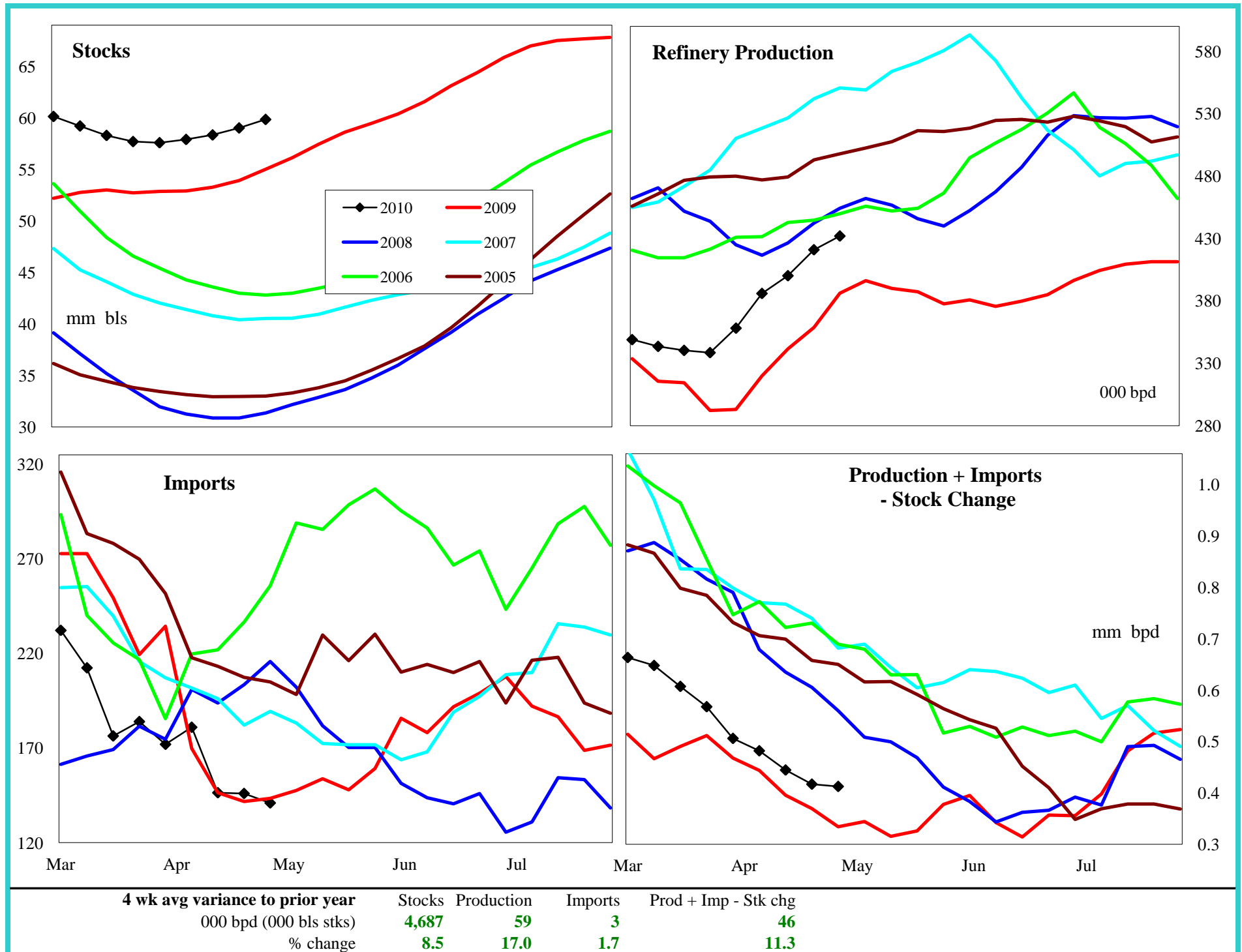
PADD 1 Reformulated Gasoline Supply



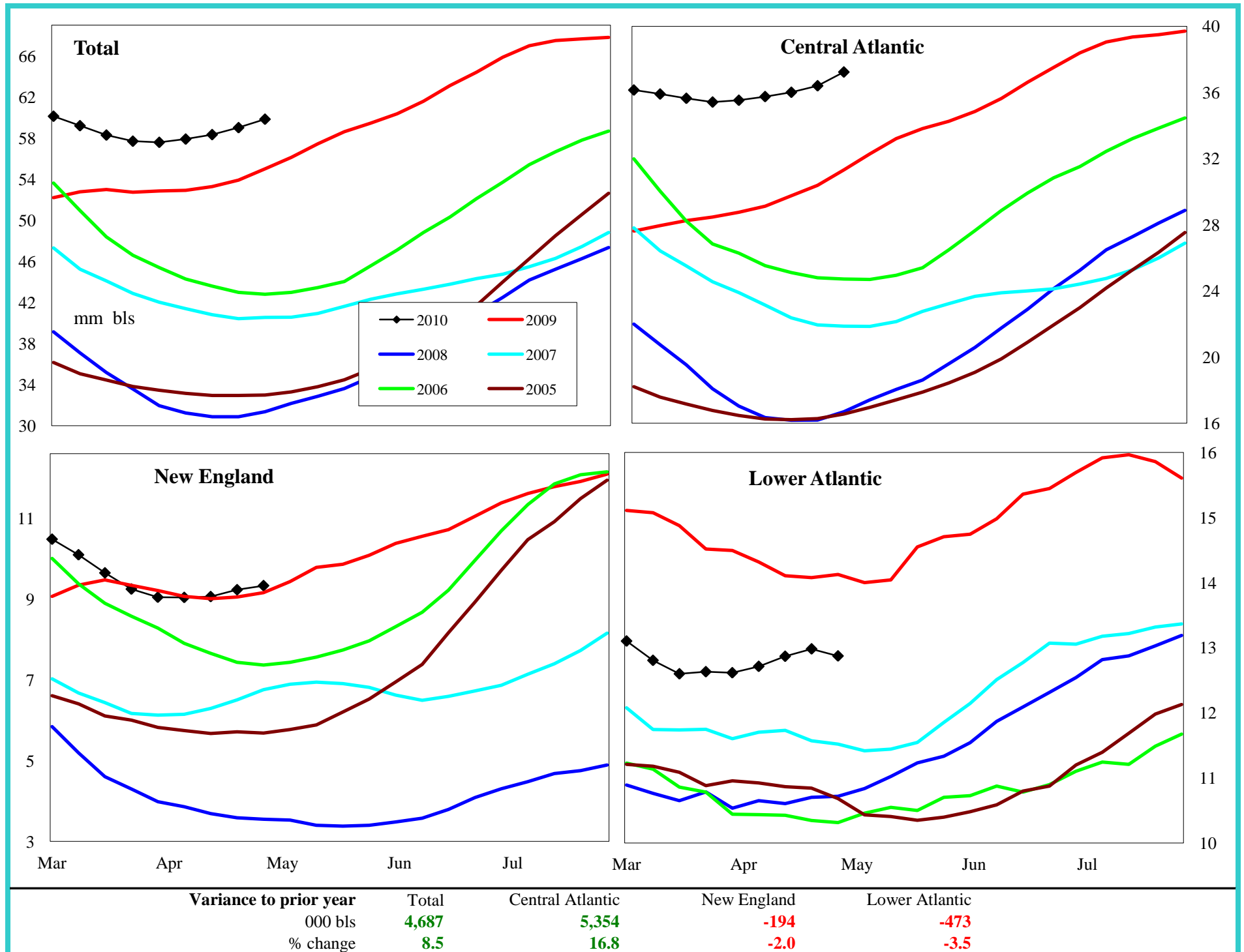
PADD 1 Conventional Gasoline Supply



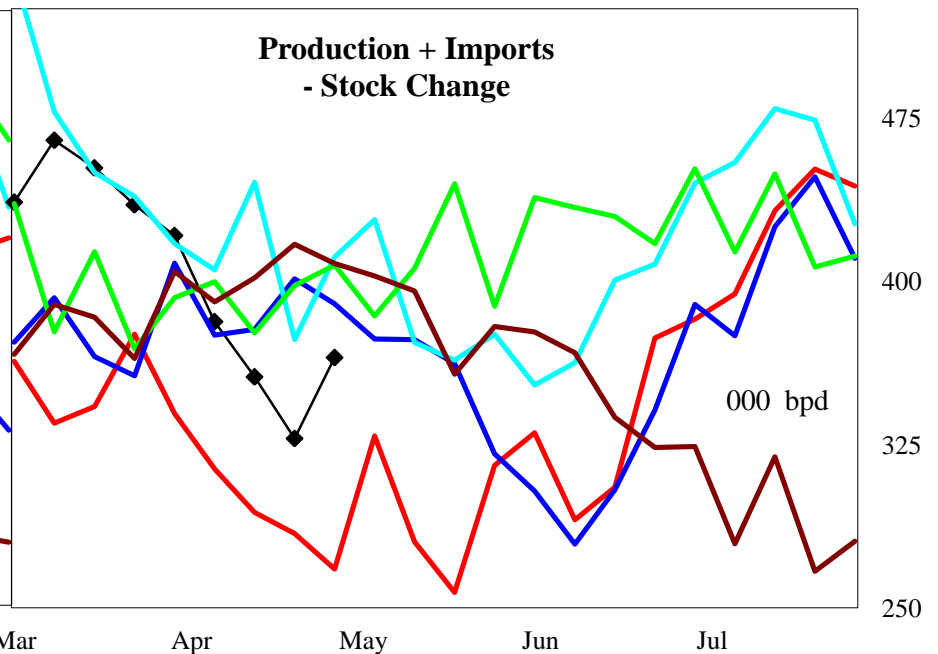
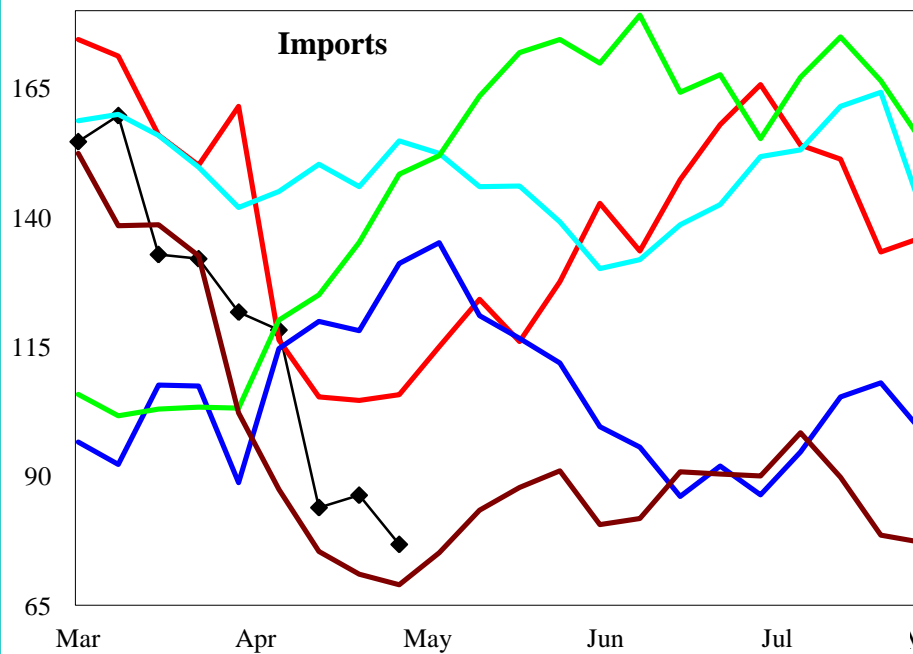
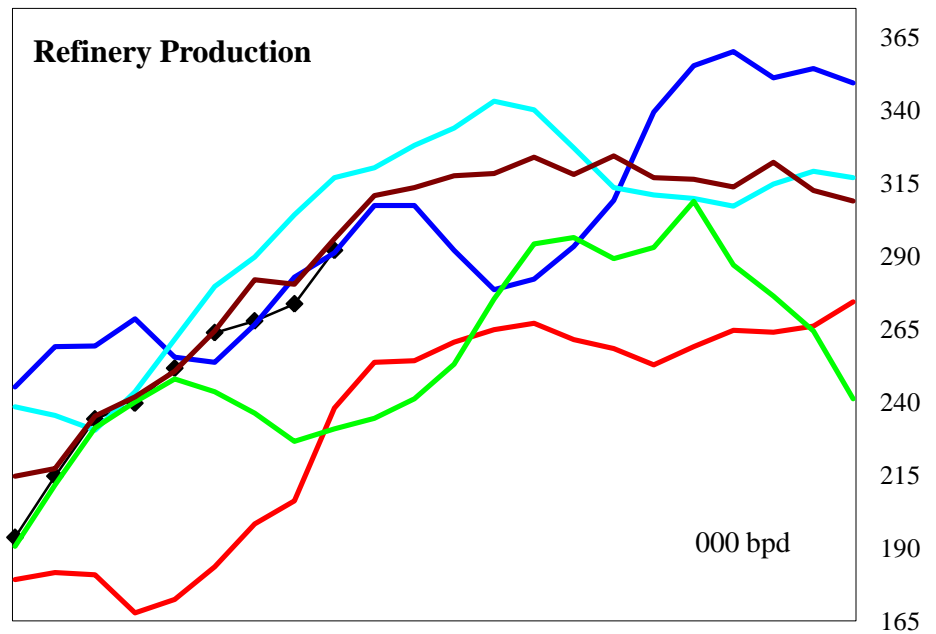
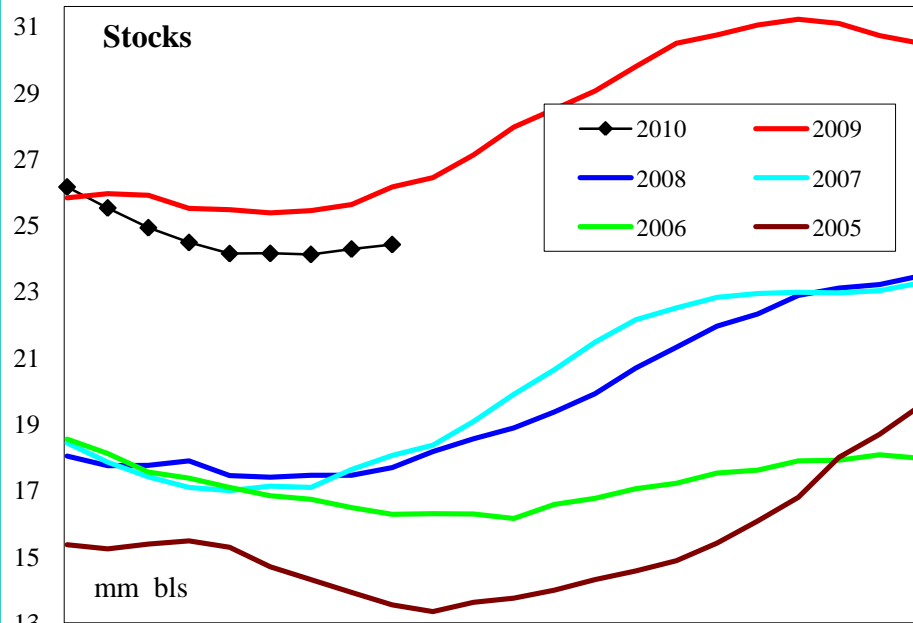
PADD 1 Distillate Supply



PADD 1 Distillate Stocks by Region



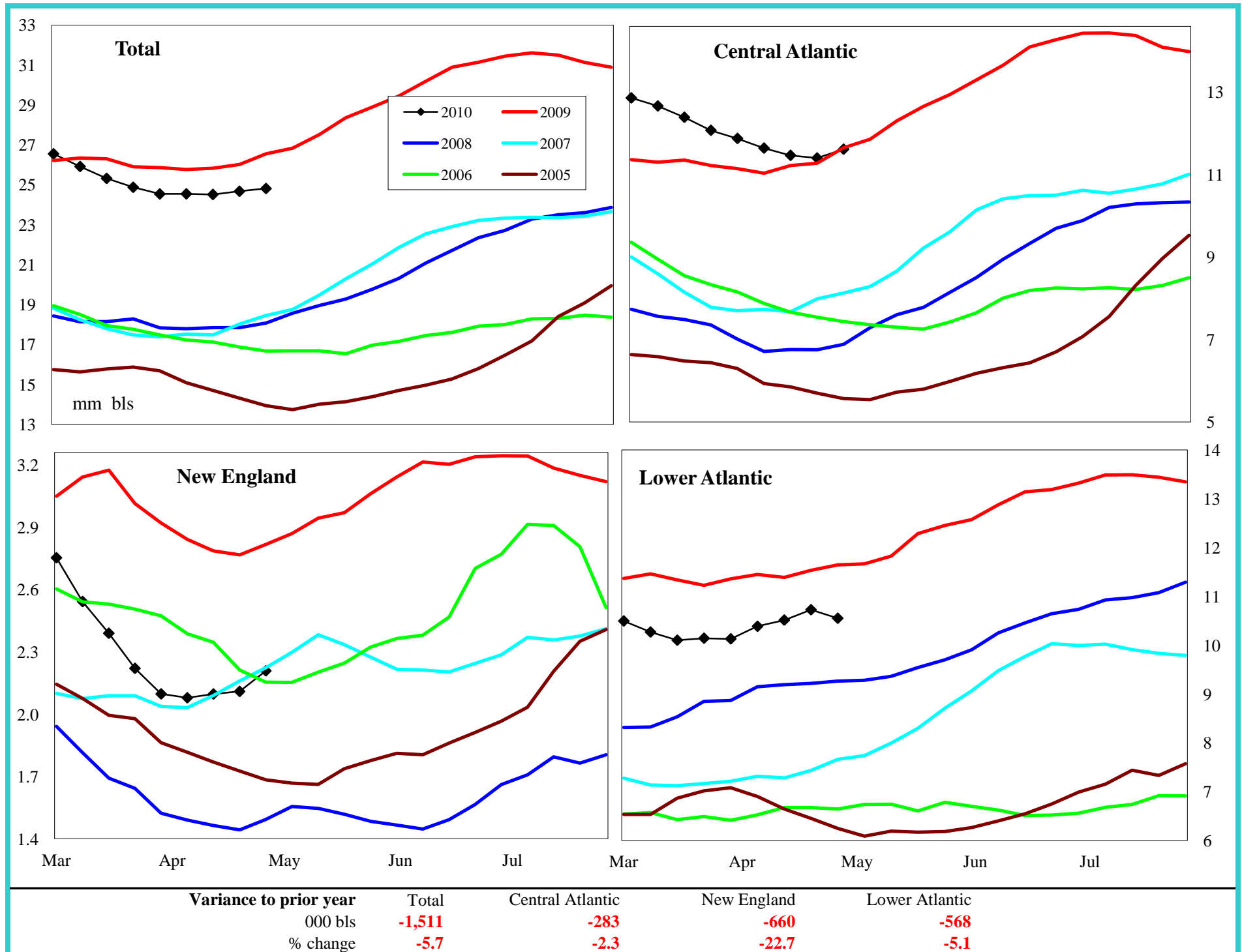
PADD 1 Low Sulfur Distillate Supply



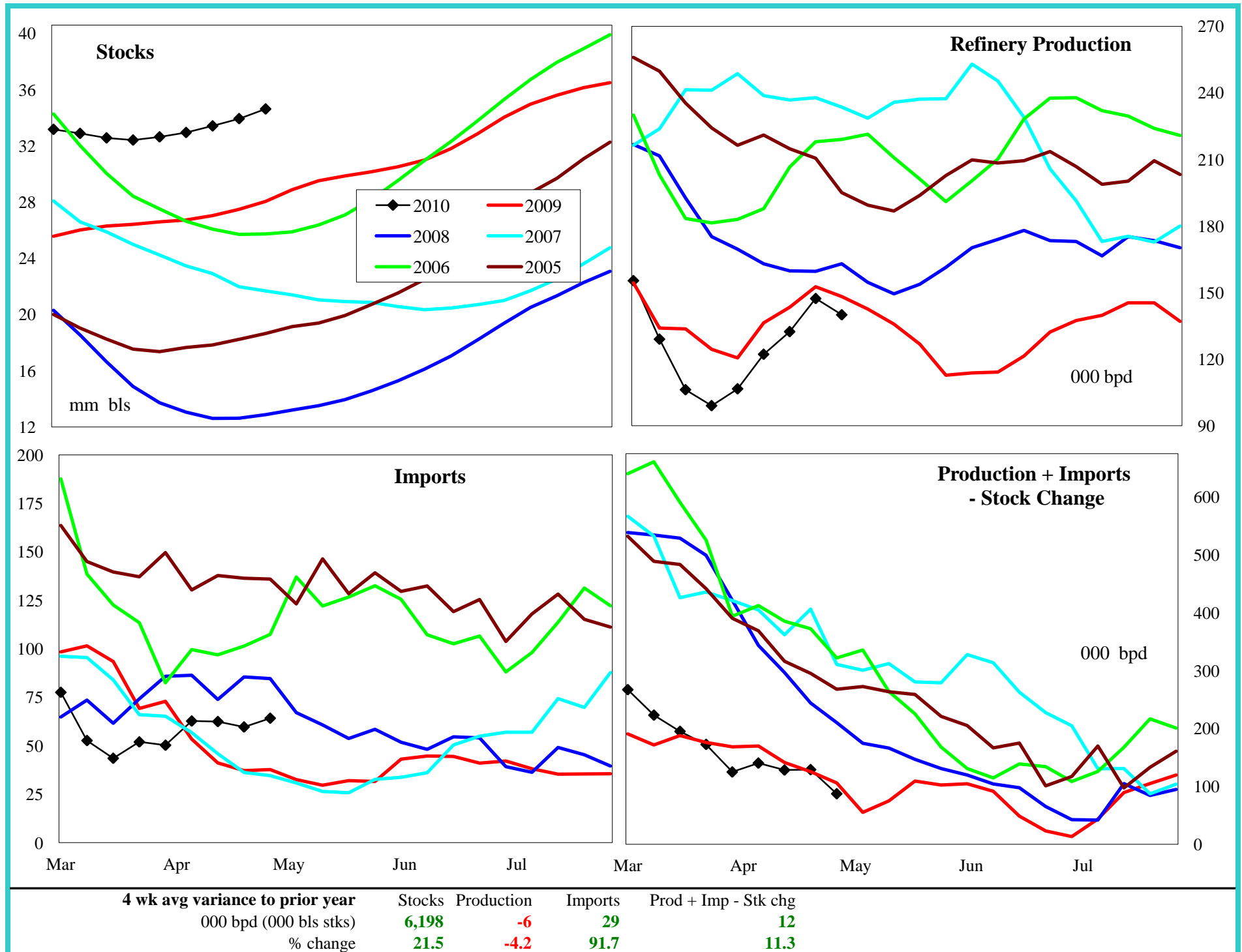
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-1,511	65	-26	34
-5.7	31.8	-23.4	11.3

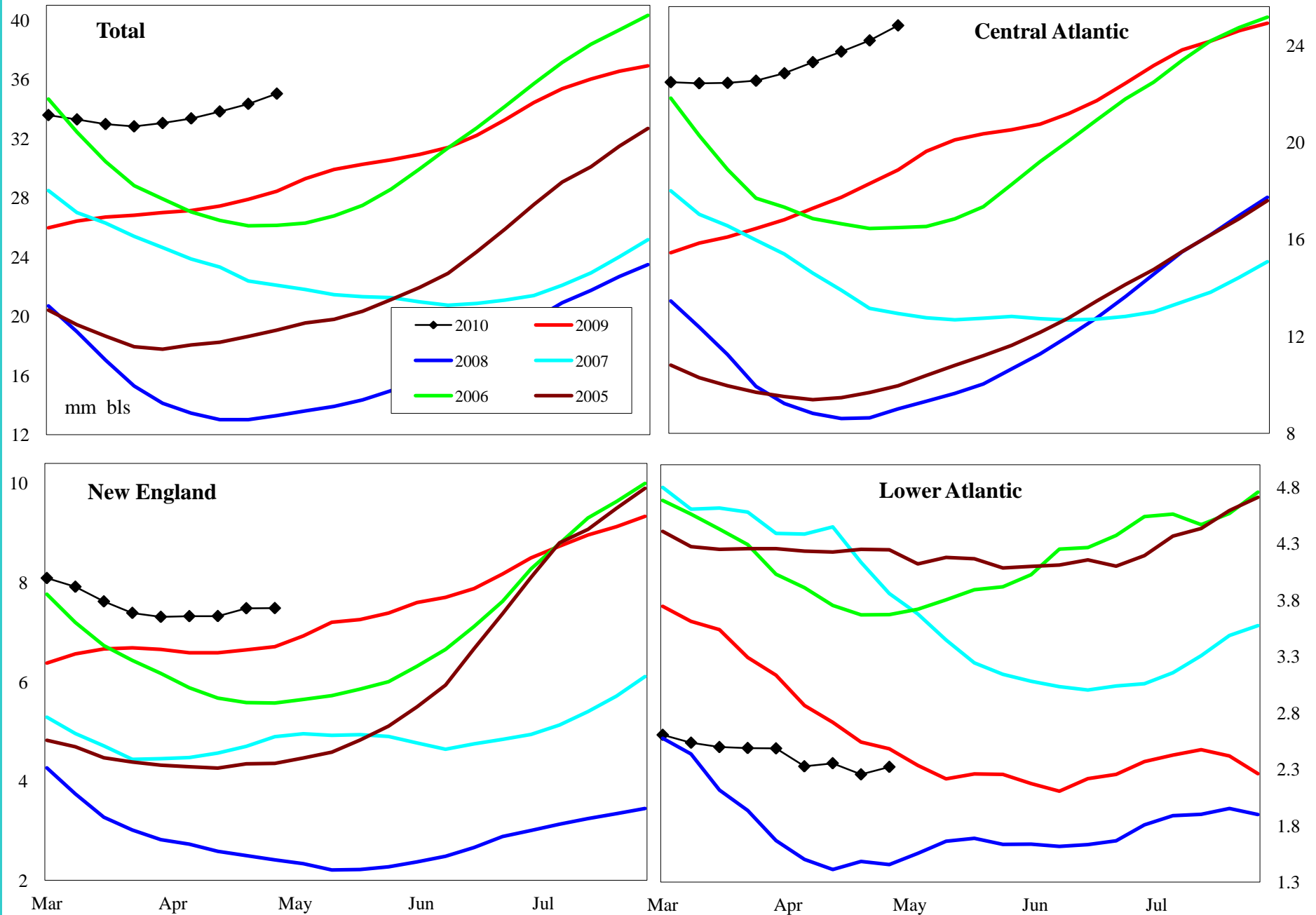
PADD 1 Low Sulfur Distillate Stocks by Region



PADD 1 High Sulfur Distillate Supply



PADD 1 High Sulfur Distillate Stocks by Region



Variance to prior year

000 bbls

% change

Total

6,198

21.5

Central Atlantic

5,637

28.8

New England

466

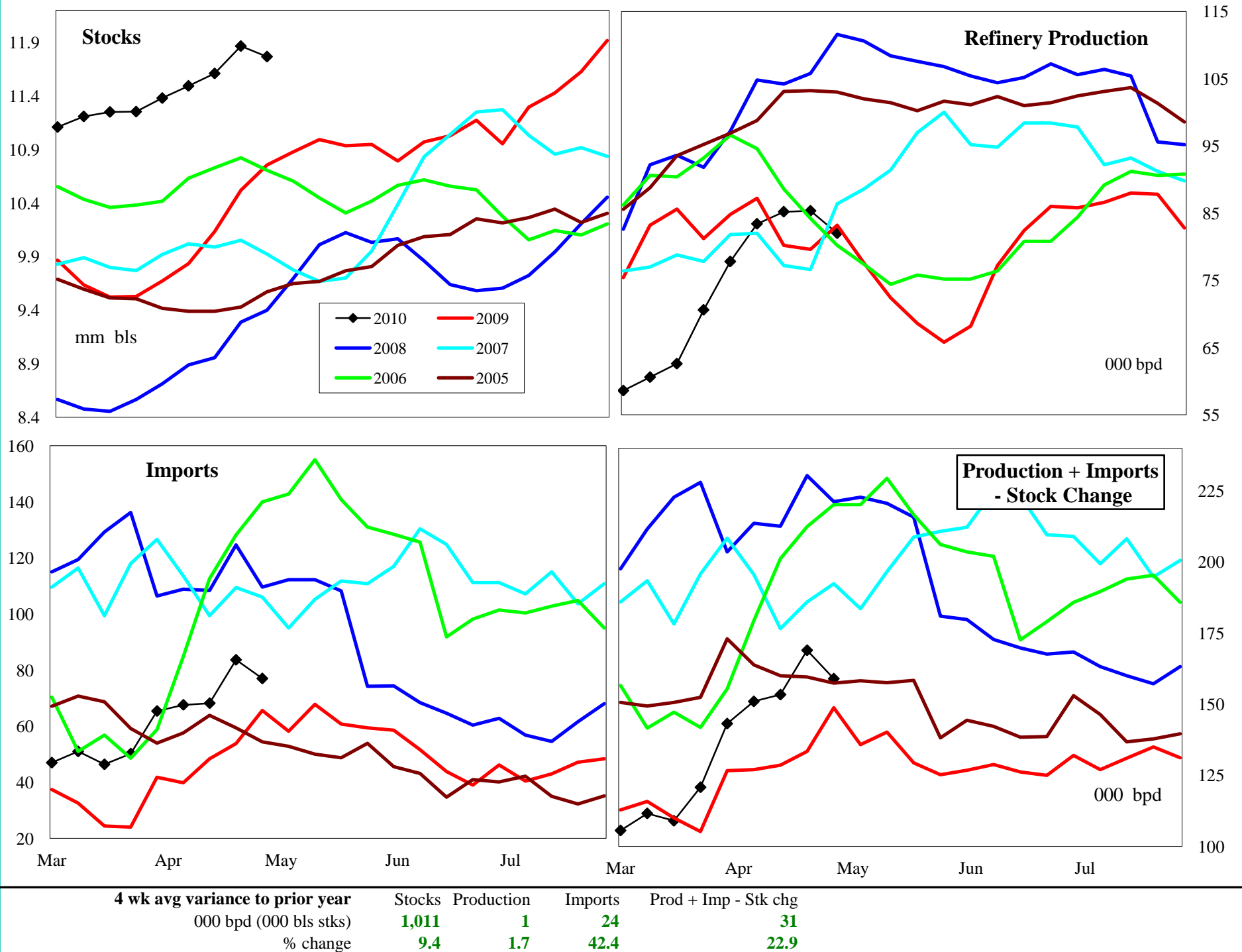
6.6

Lower Atlantic

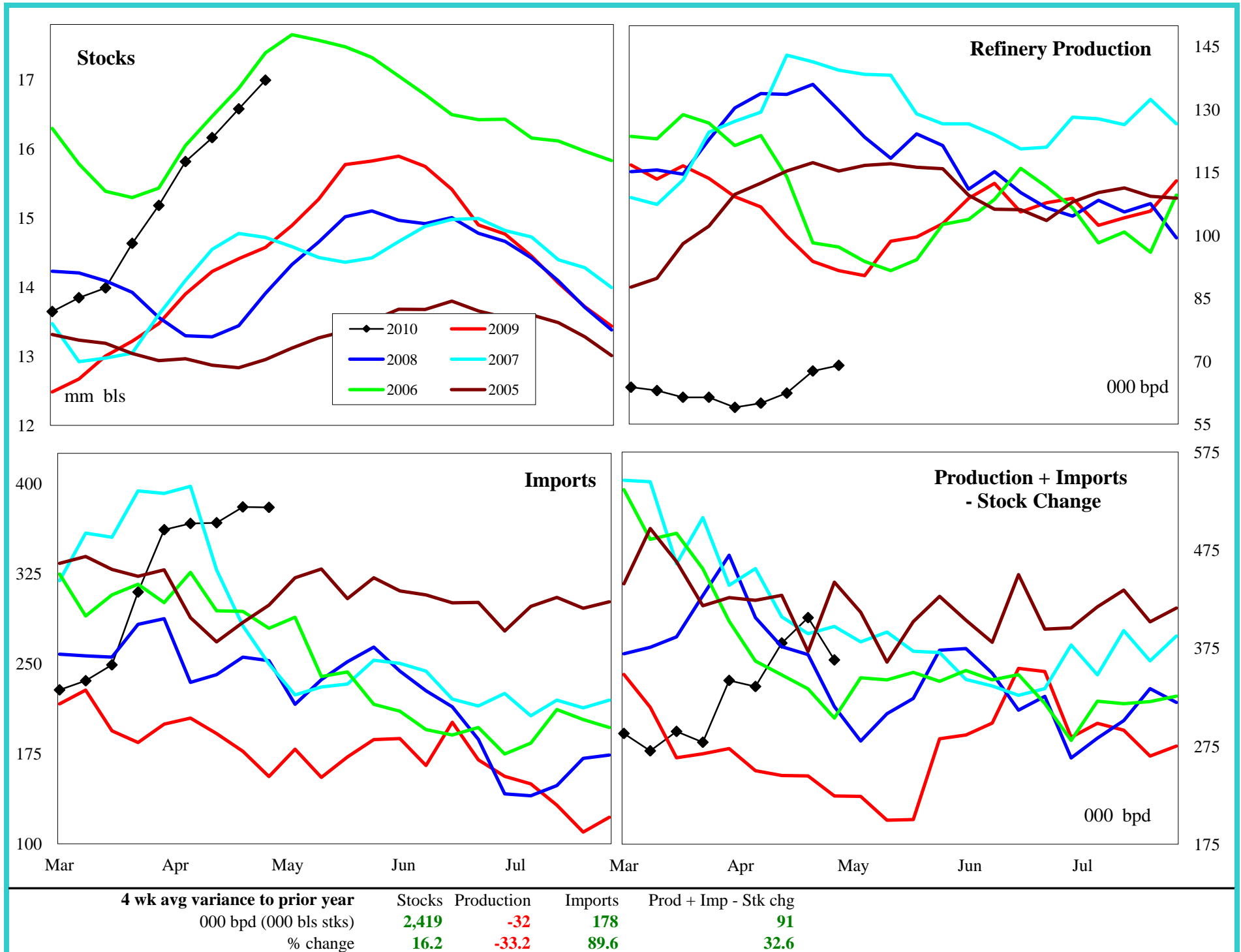
95

4.3

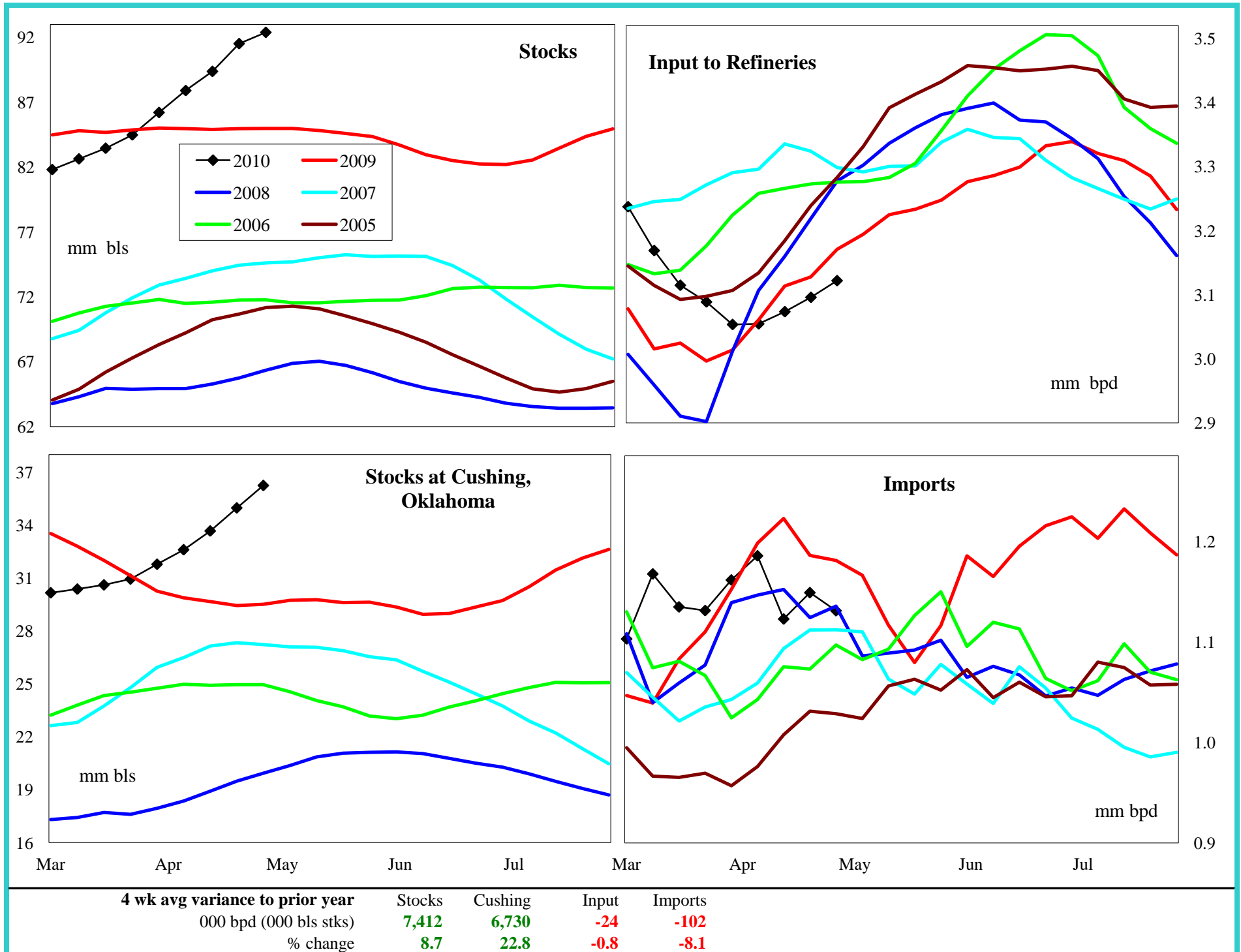
PADD 1 Jet Fuel Supply



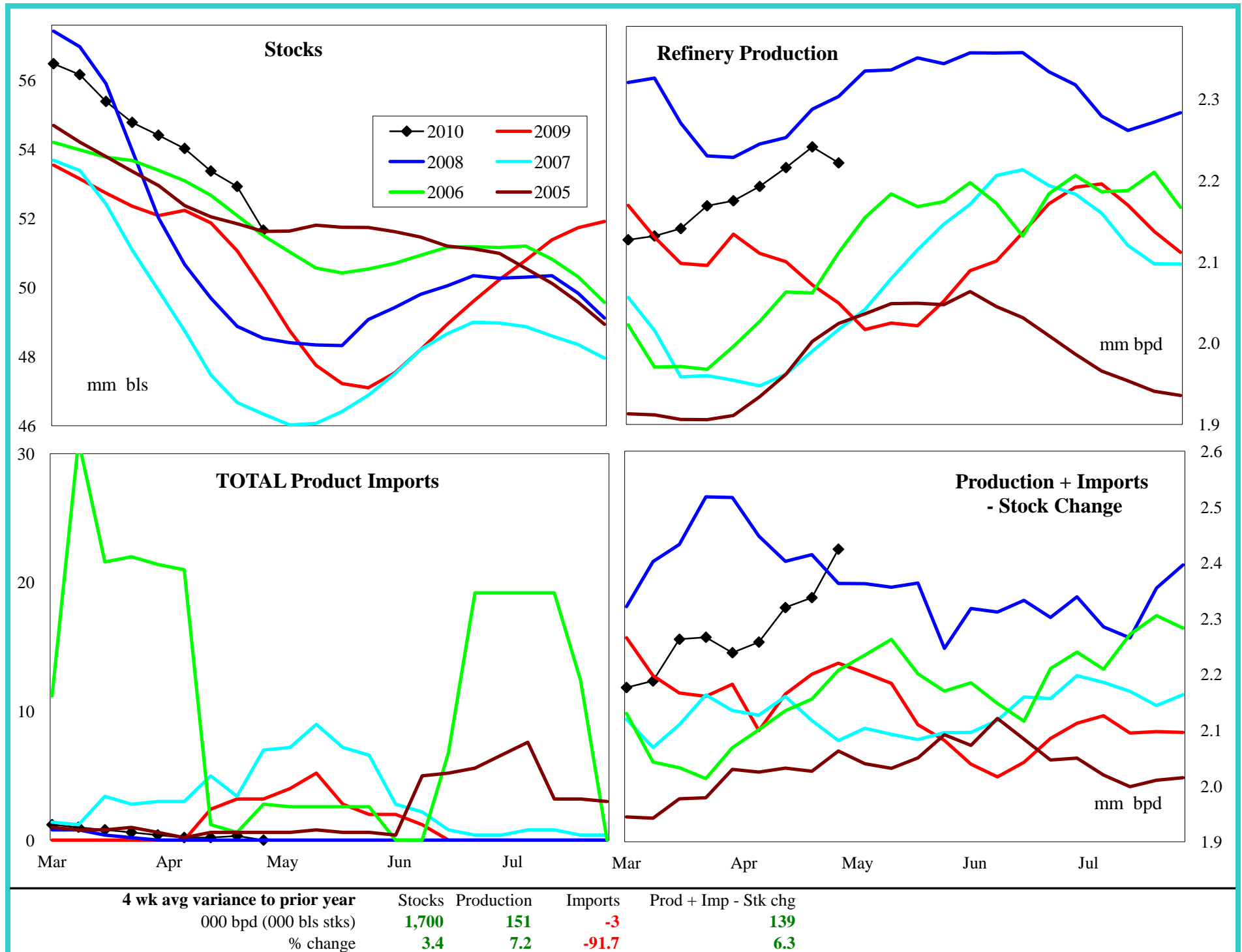
PADD 1 Residual Fuel Oil Supply



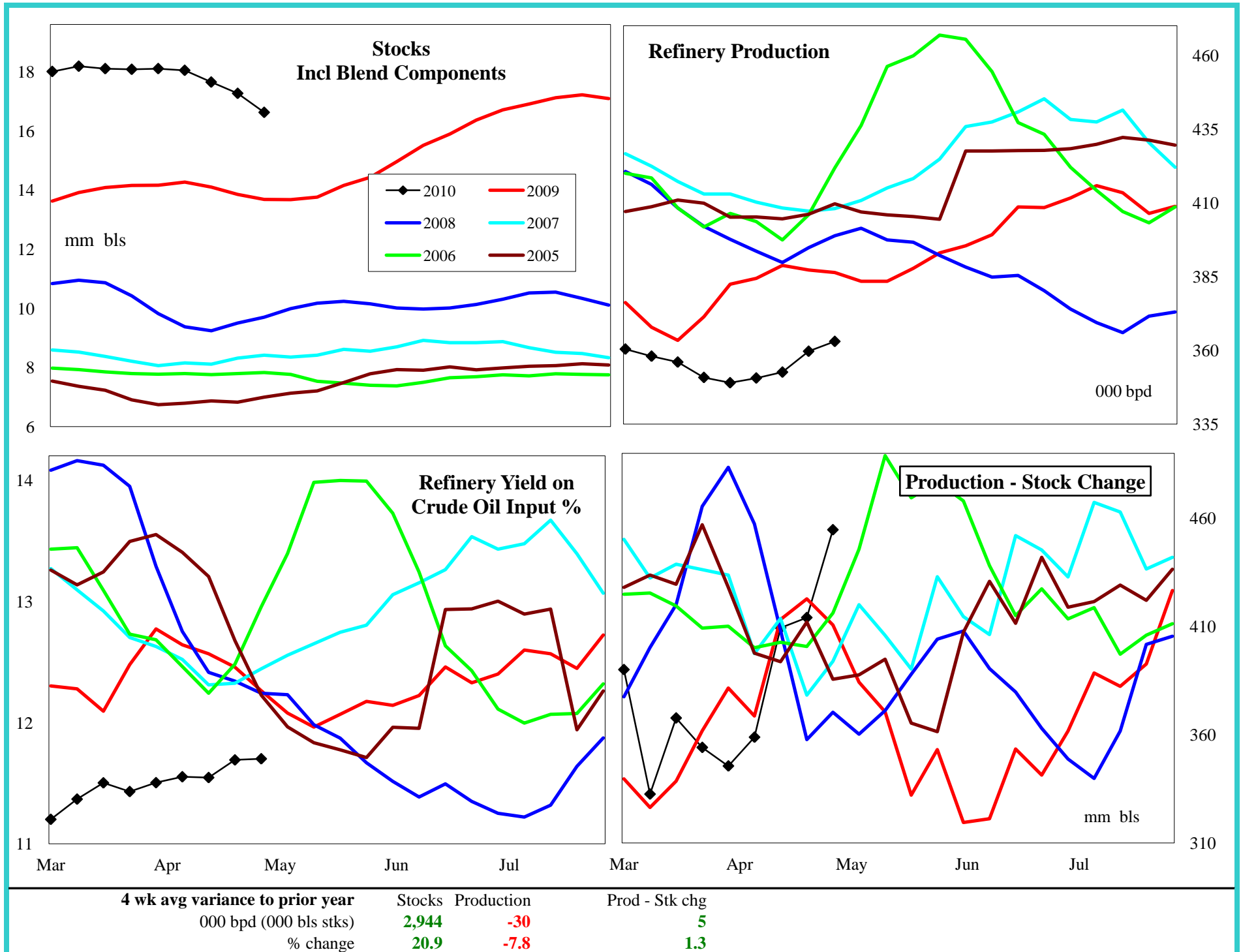
PADD 2 Crude Oil Supply and Refining



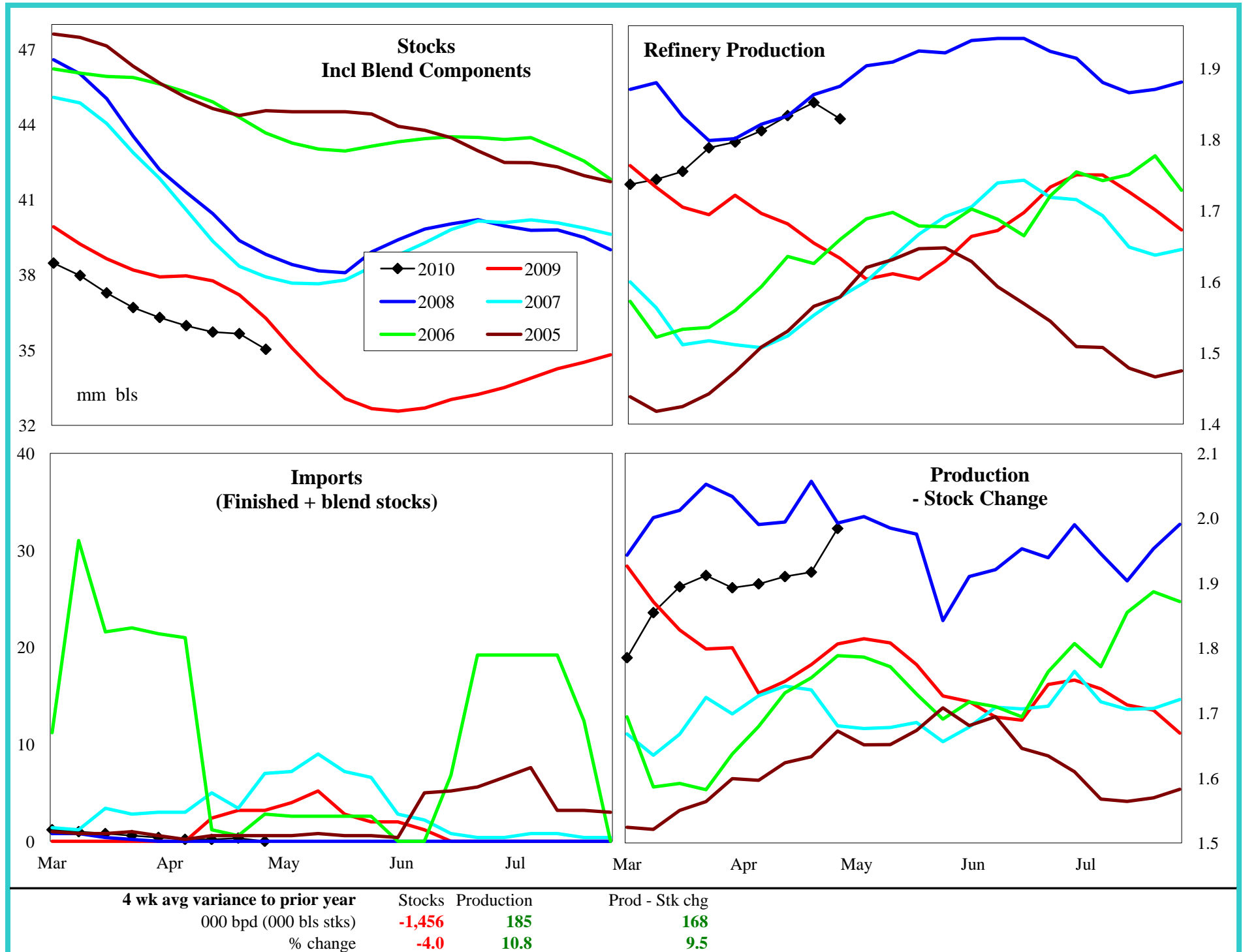
PADD 2 Gasoline Supply



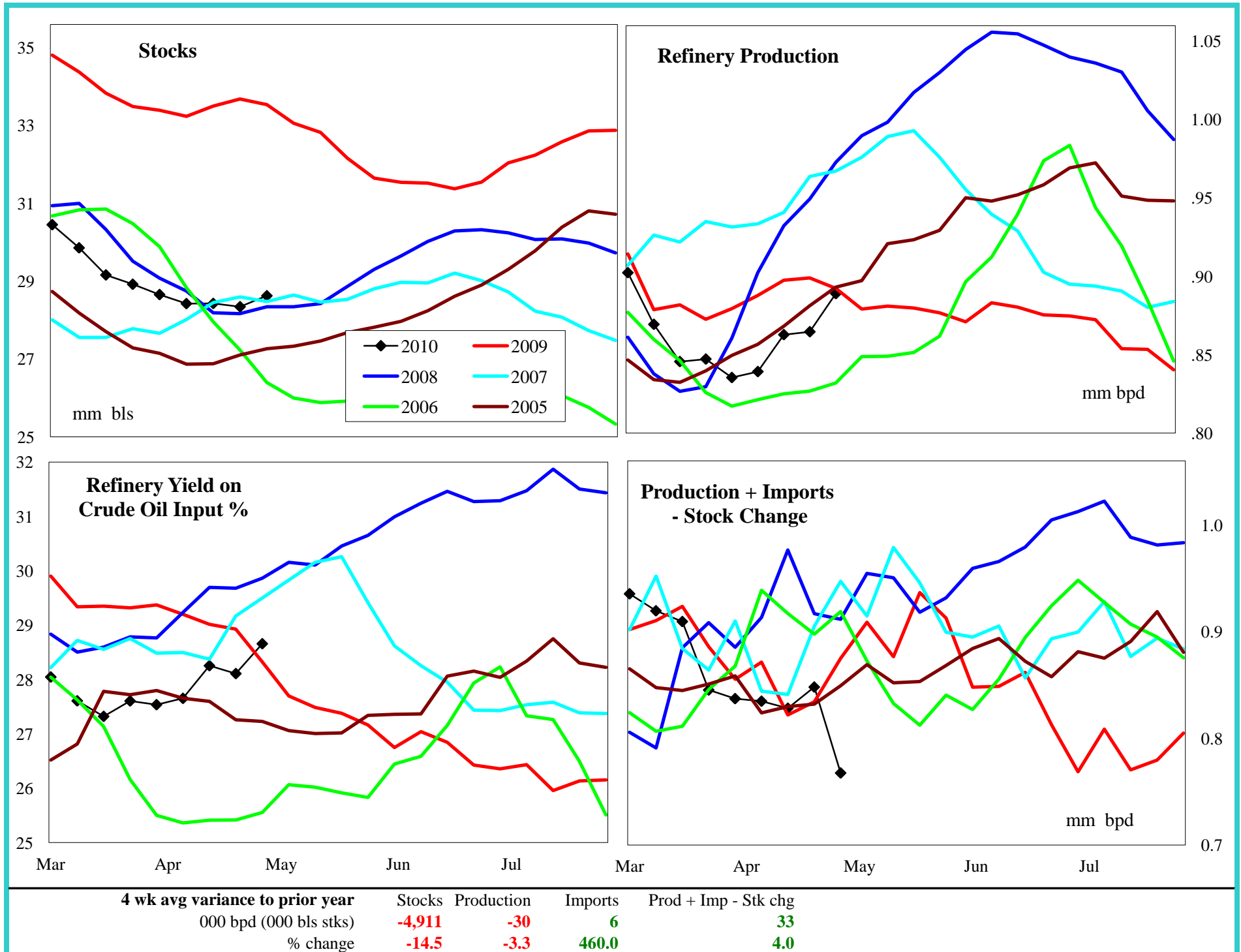
PADD 2 Reformulated Gasoline Supply



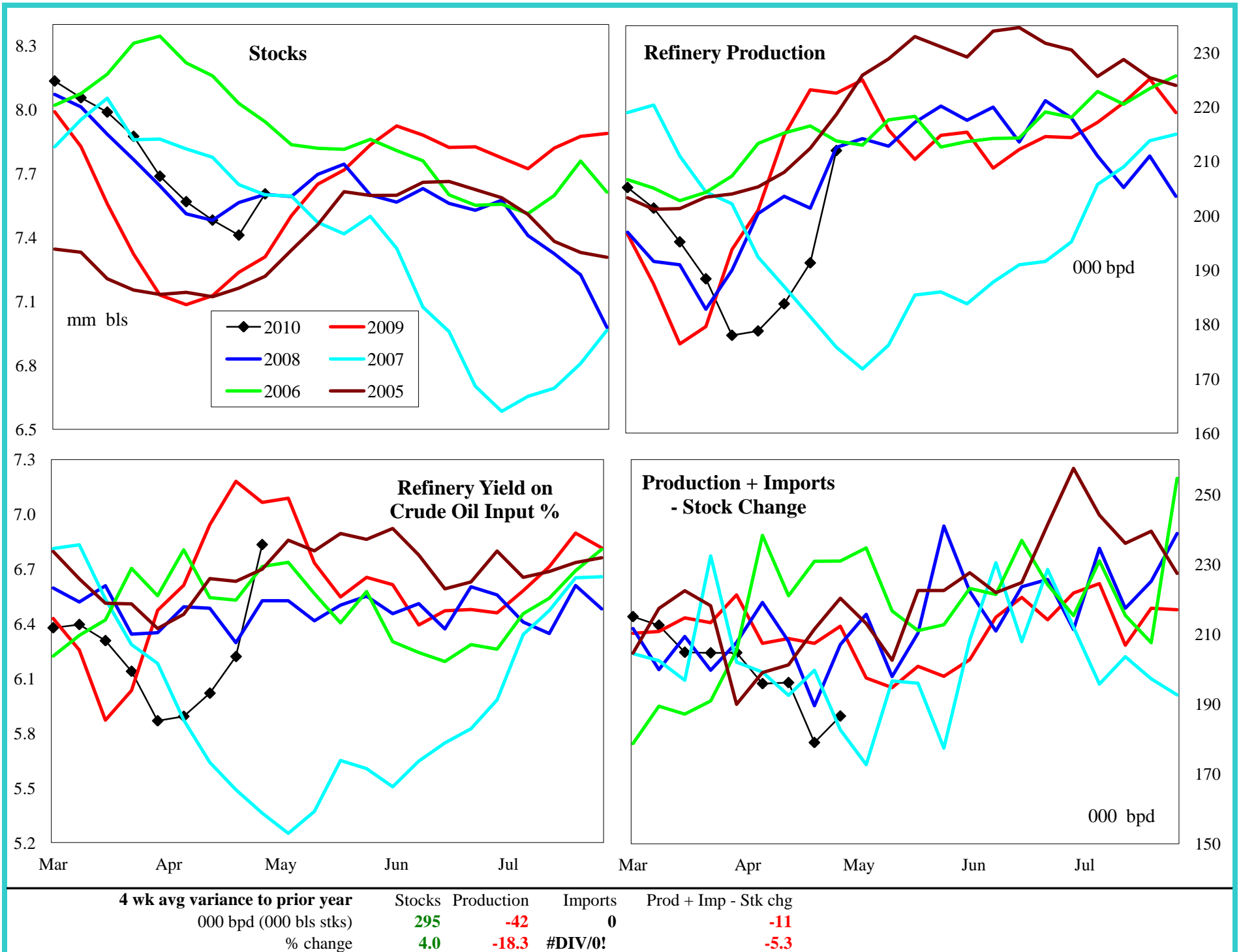
PADD 2 Conventional Gasoline Supply



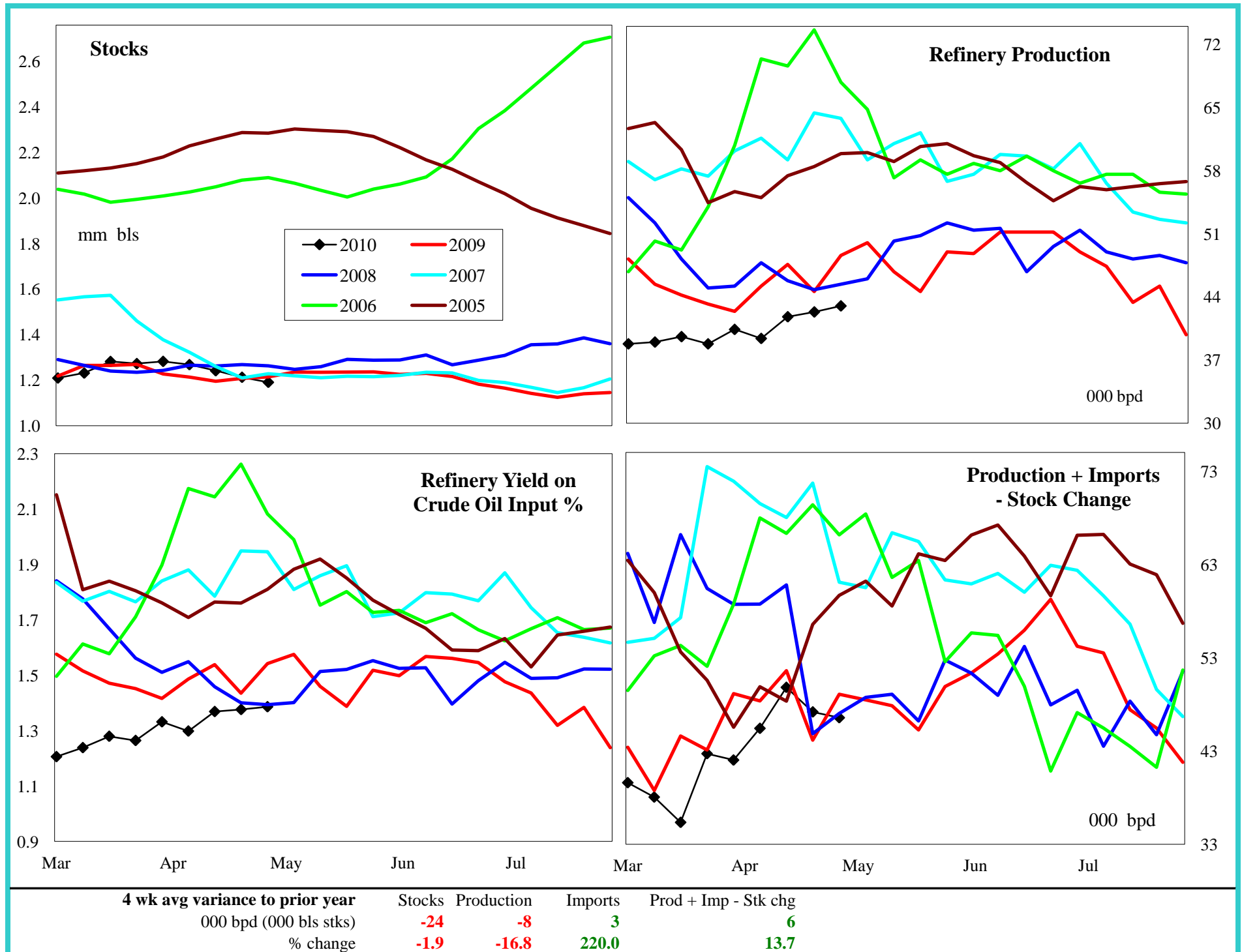
PADD 2 Distillate Supply



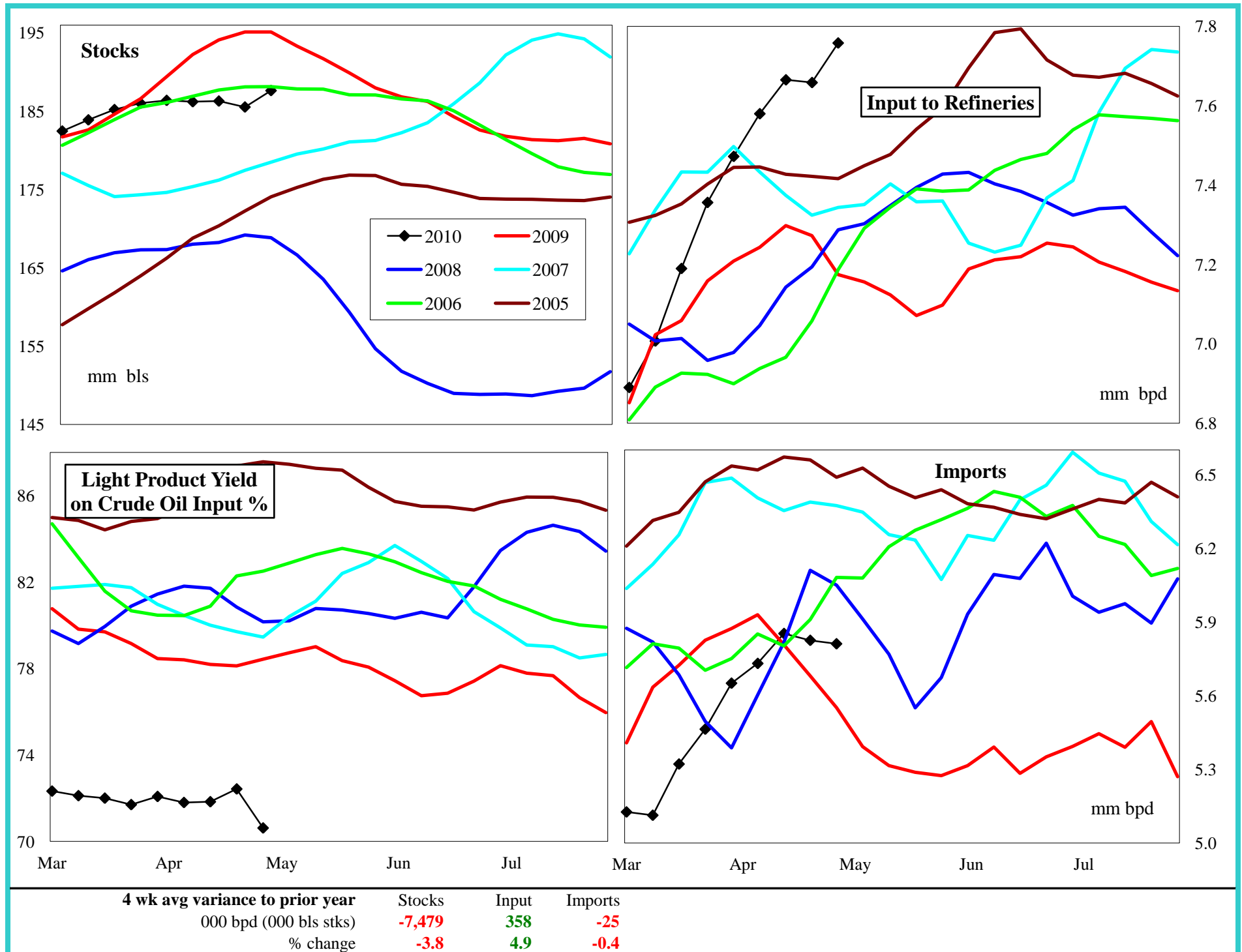
PADD 2 Jet Fuel Supply



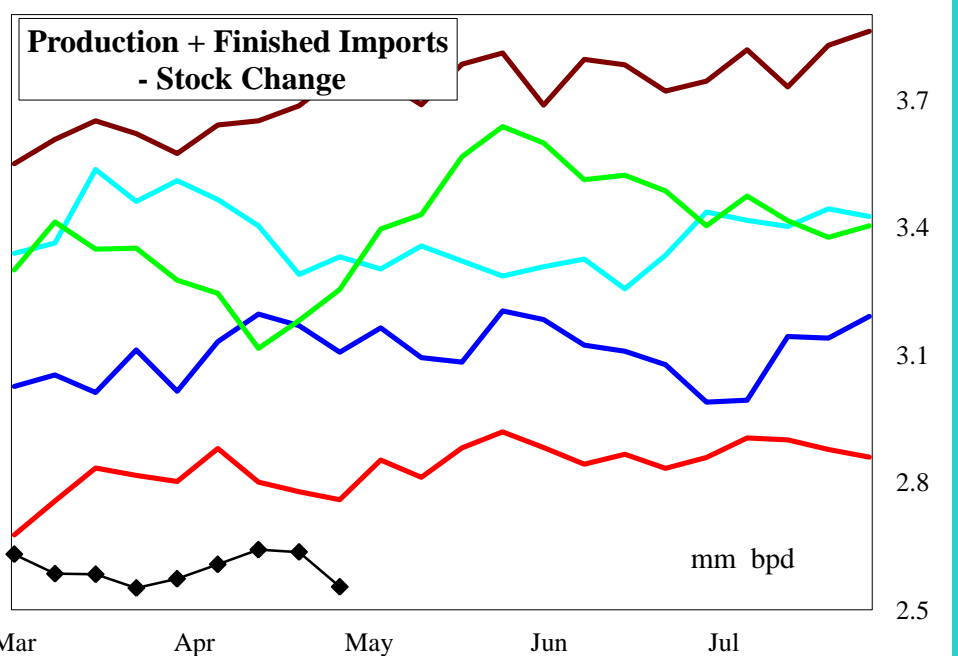
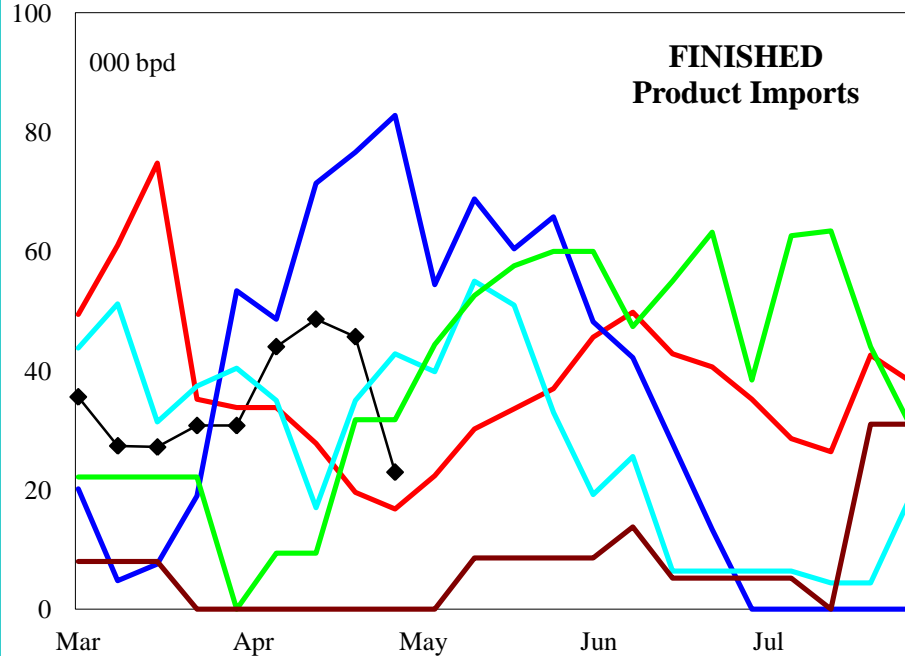
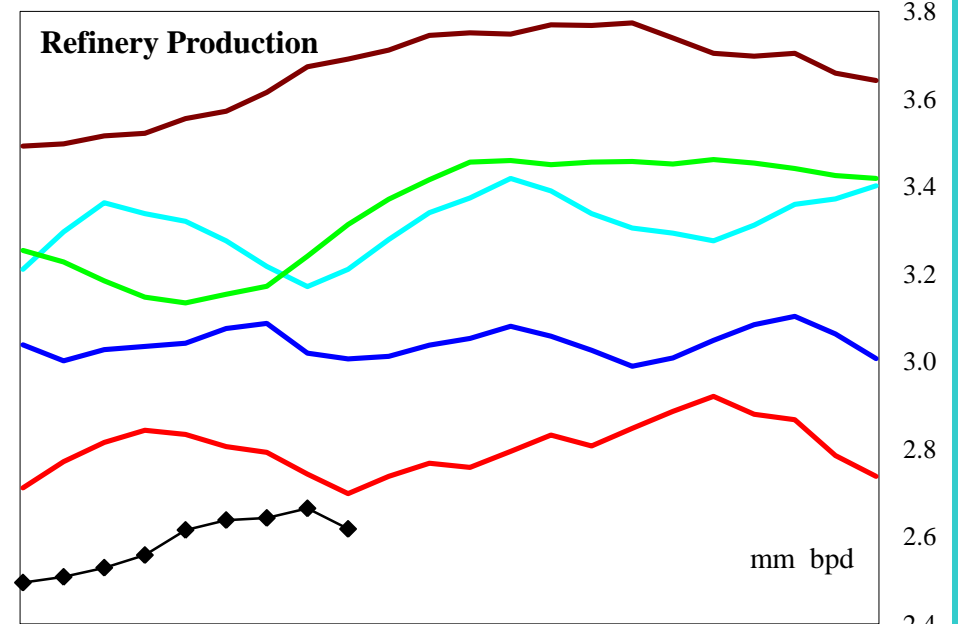
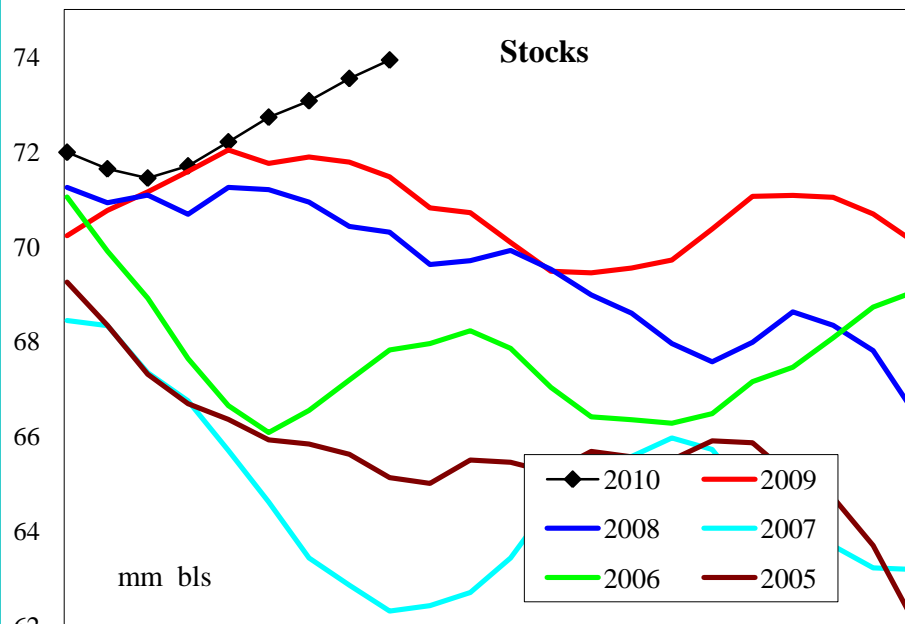
PADD 2 Residual Fuel Oil Supply



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

2,084

2.9

Production

-130

-4.7

Fin Impt

33

187.1

Blend Impt

-18

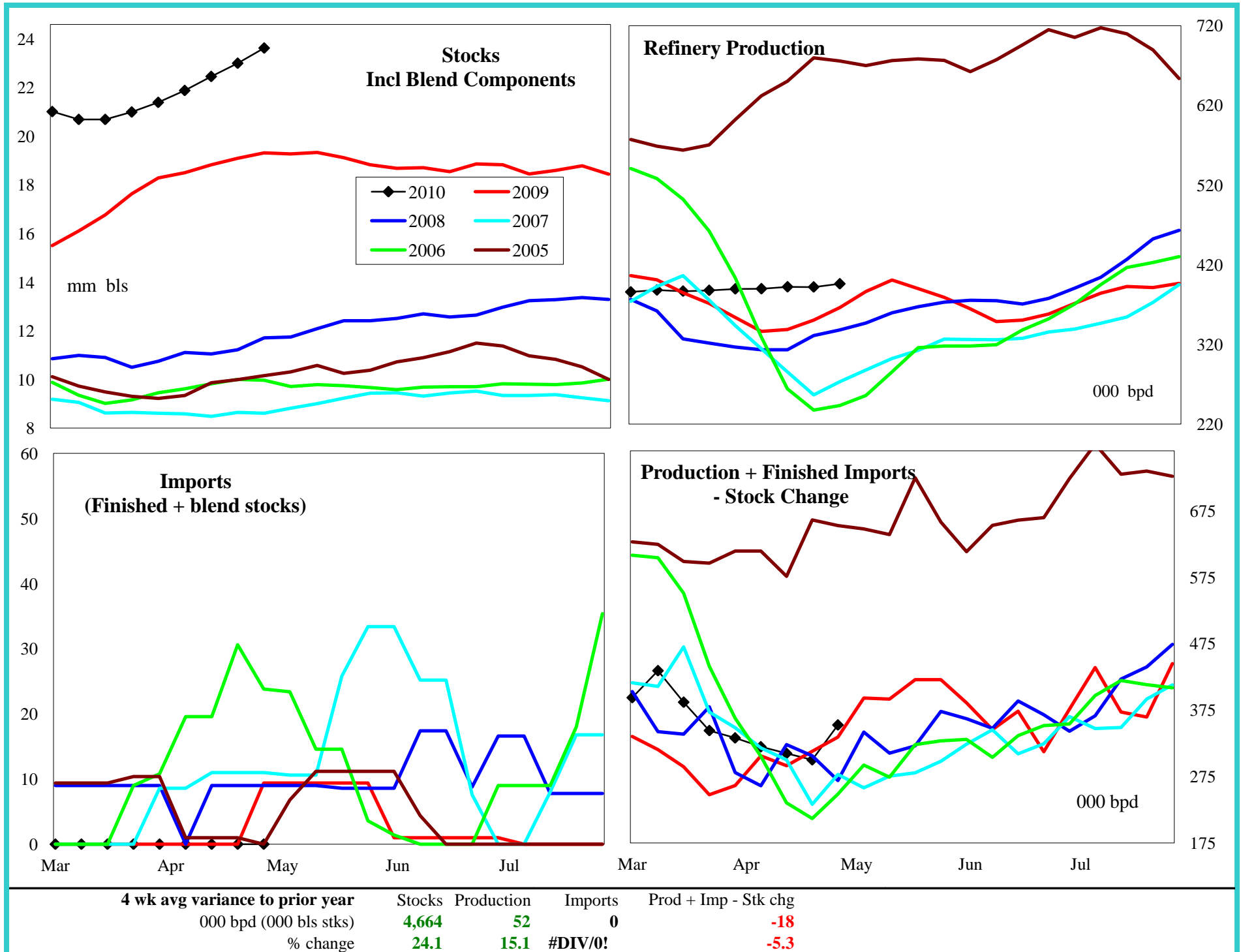
-50.7

Prod + Imp - Stk chg

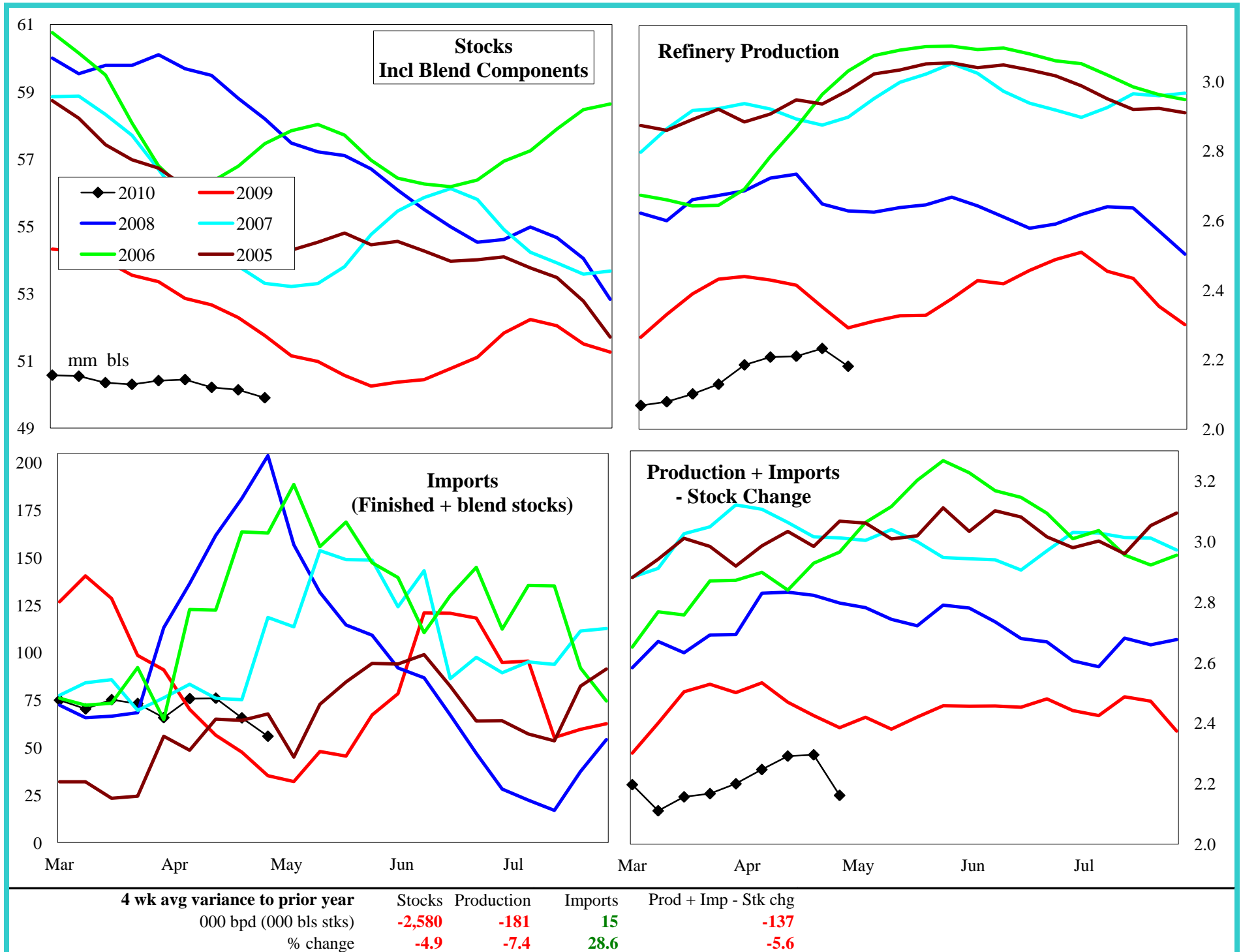
-155

-5.5

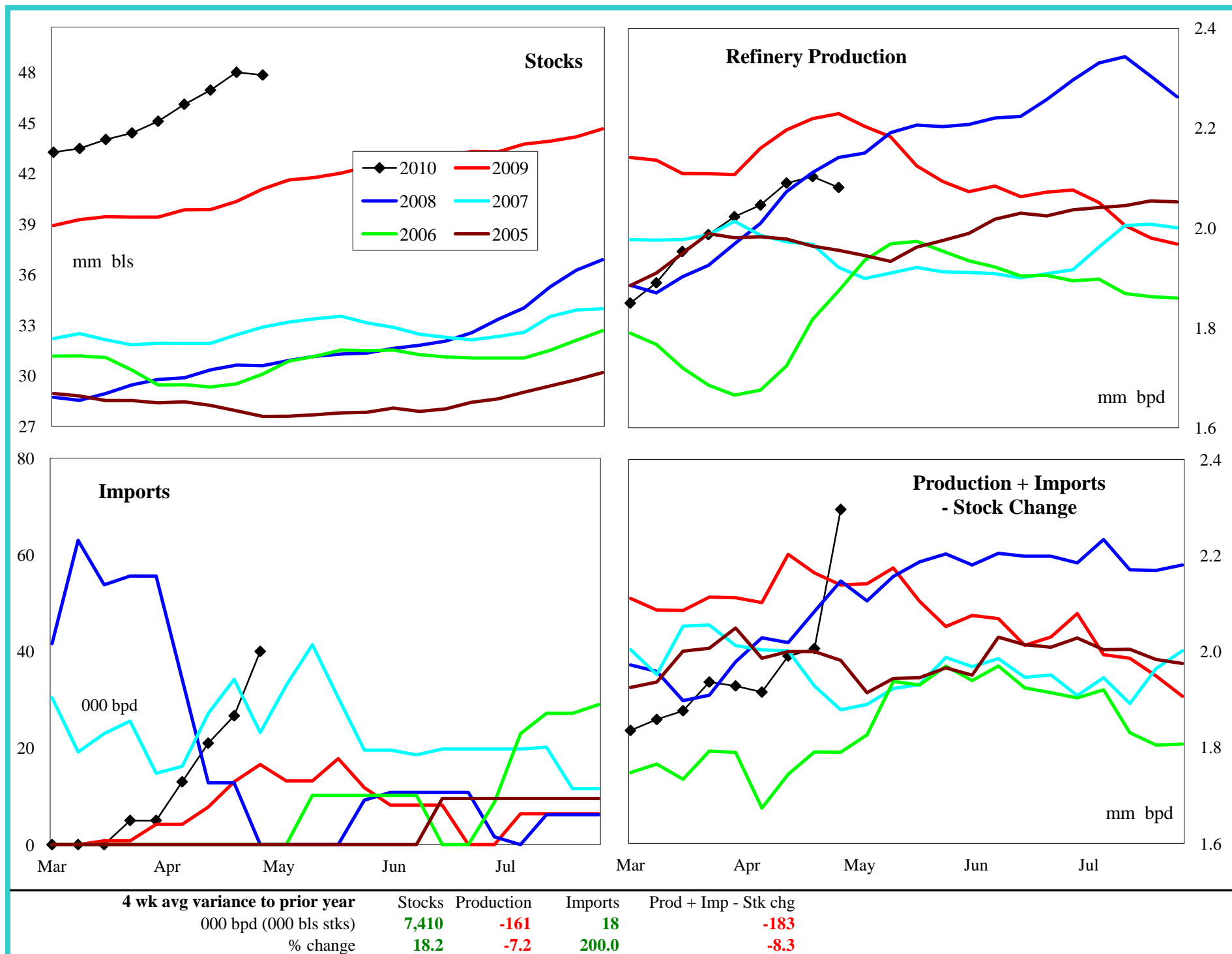
PADD 3 Reformulated Gasoline Supply



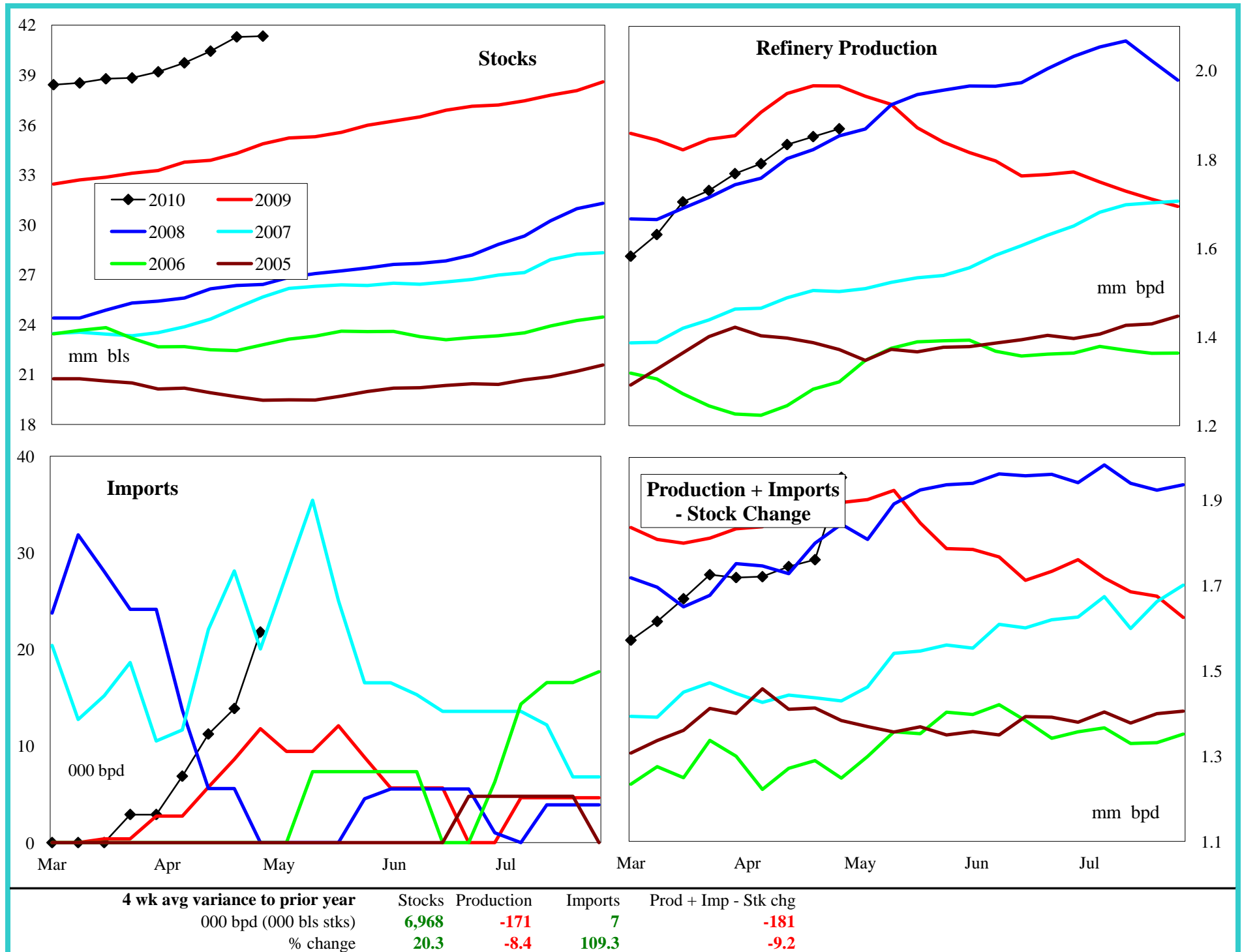
PADD 3 Conventional Gasoline Supply



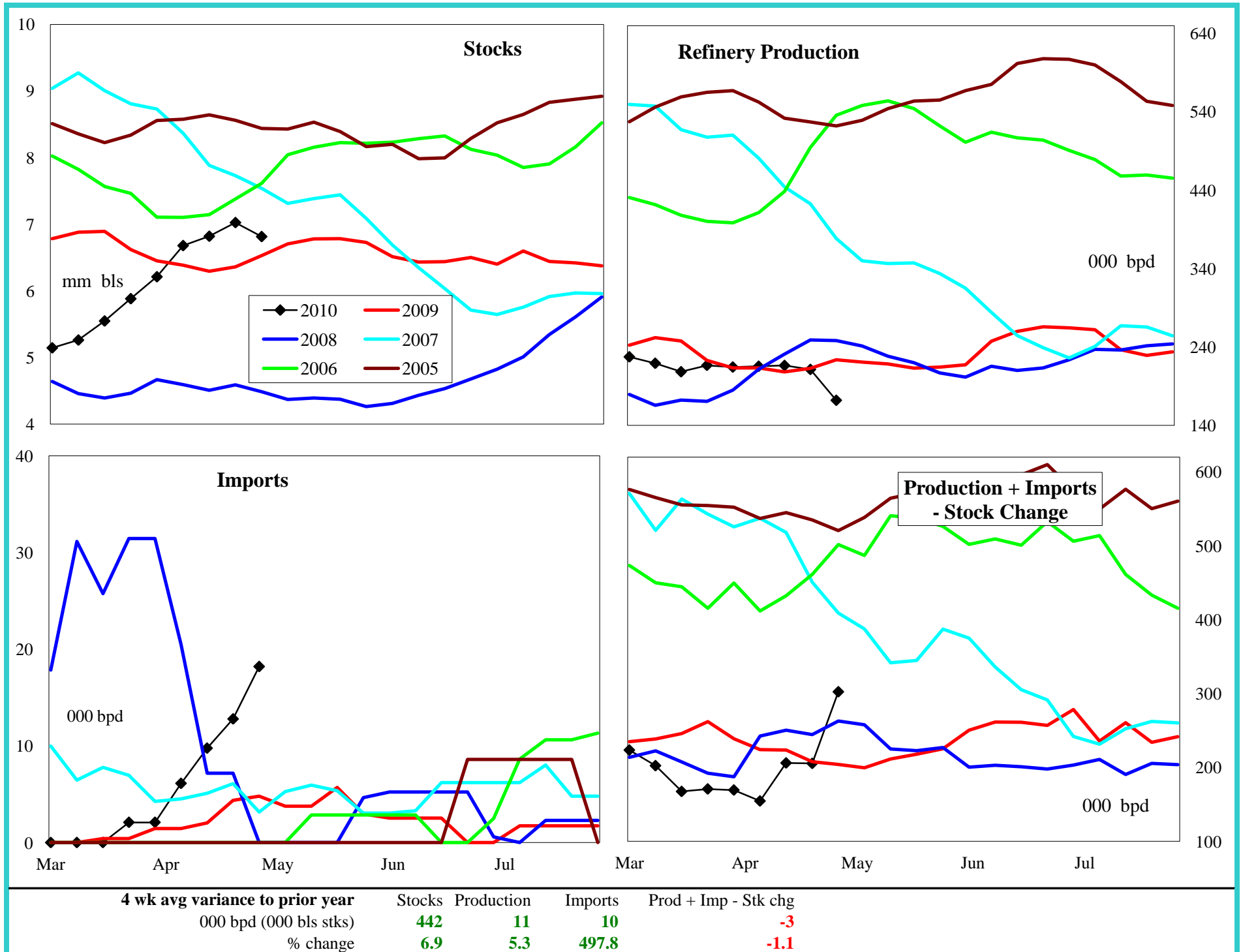
PADD 3 Distillate Supply



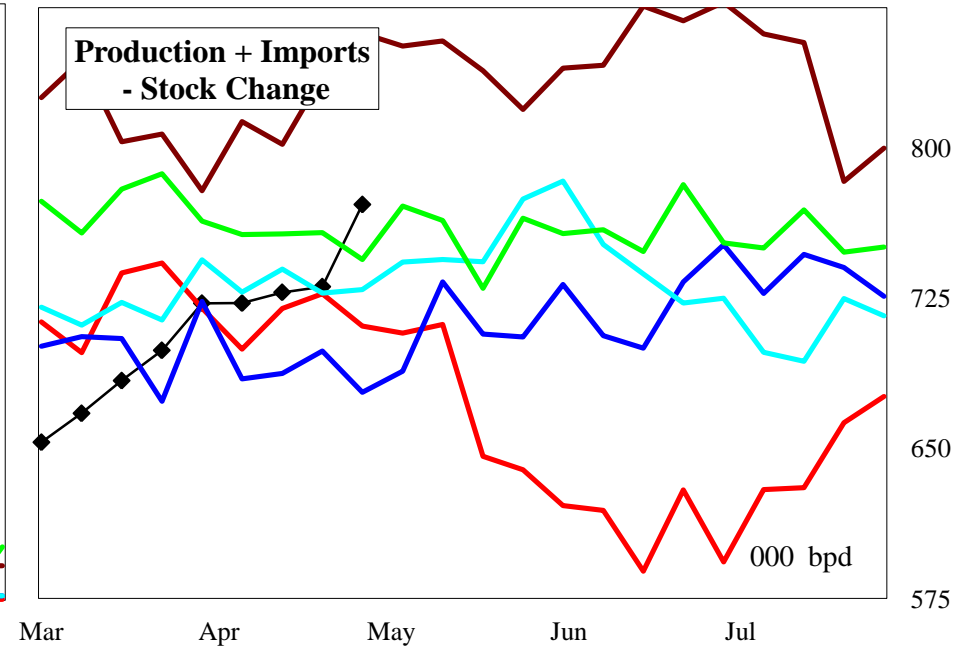
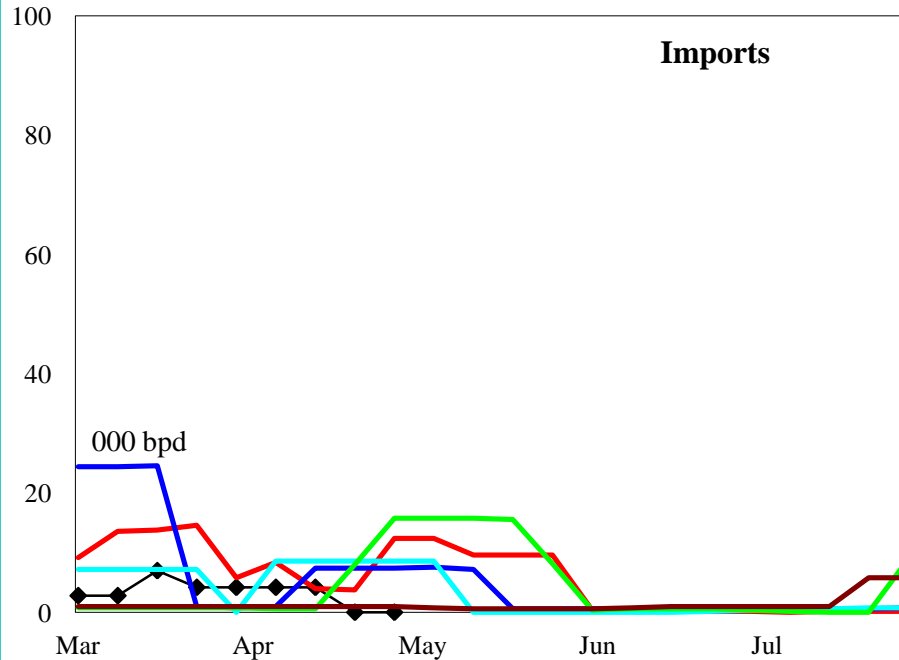
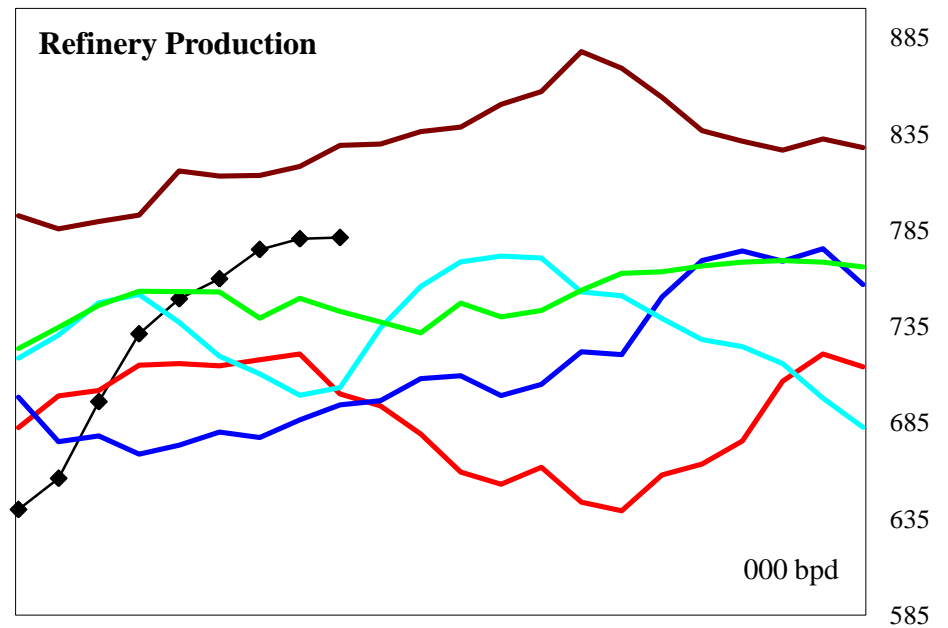
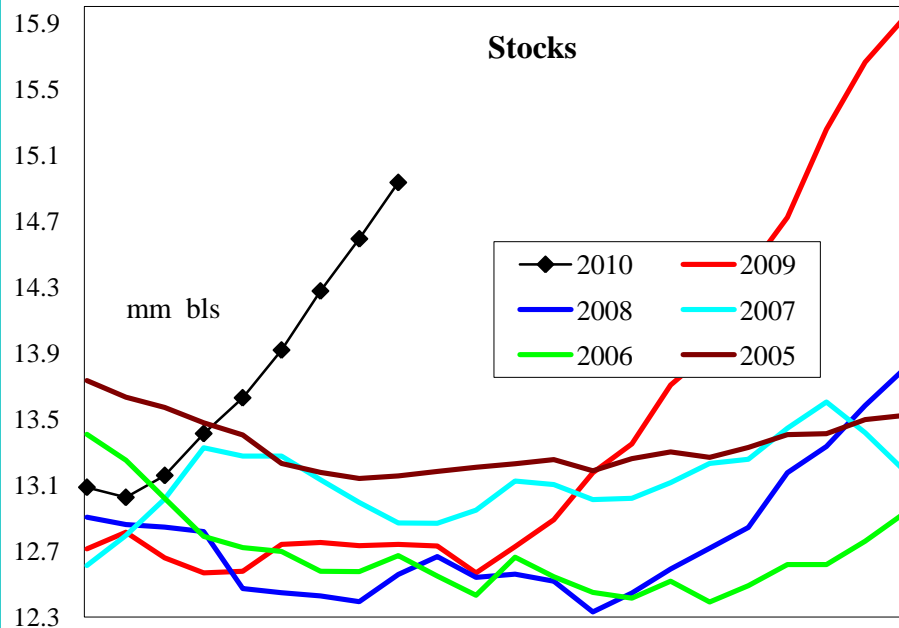
PADD 3 Low Sulfur Distillate Supply



PADD 3 High Sulfur Distillate Supply



PADD 3 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

2,192

17.2

Production

52

7.1

Imports

-5

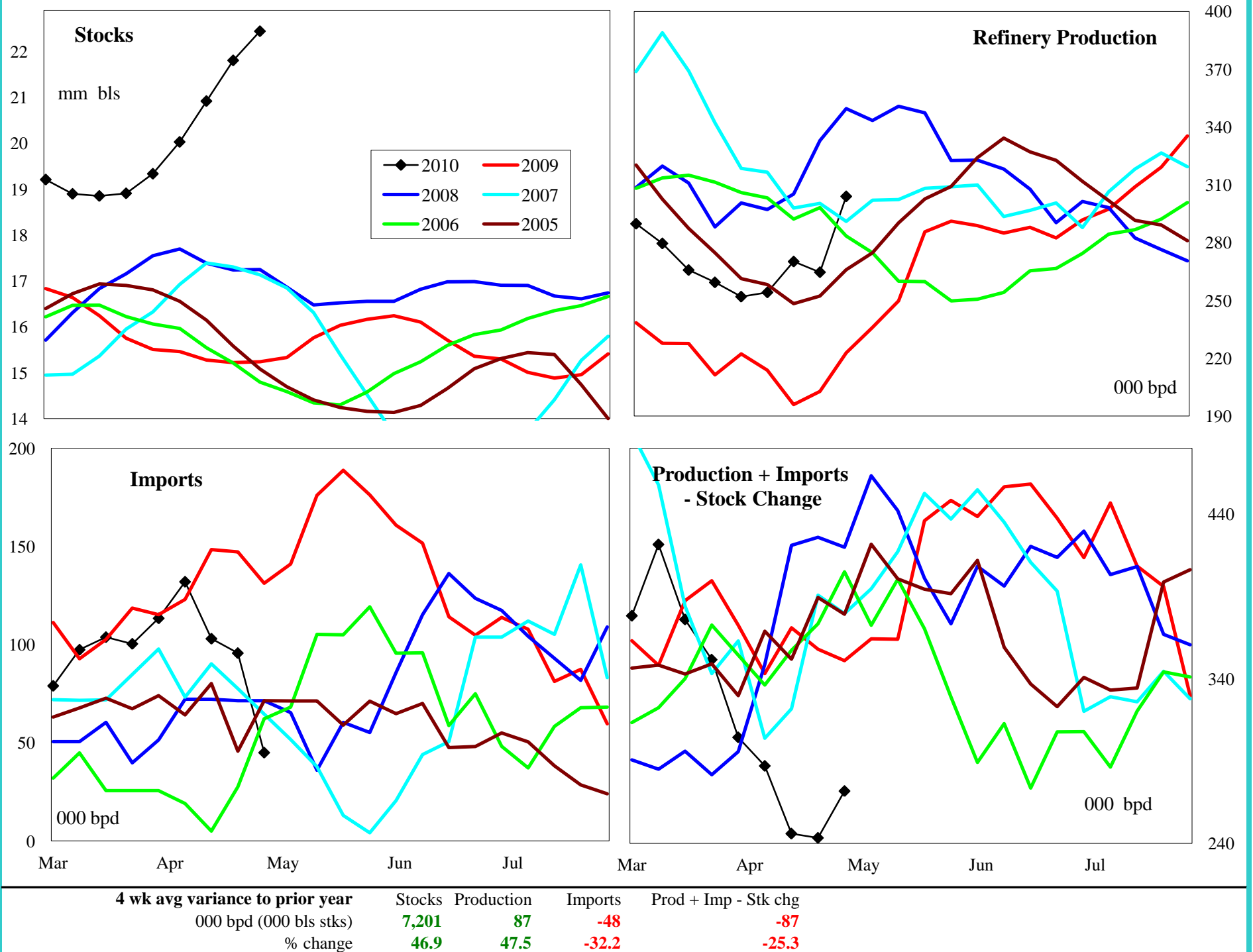
-100.0

Prod + Imp - Stk chg

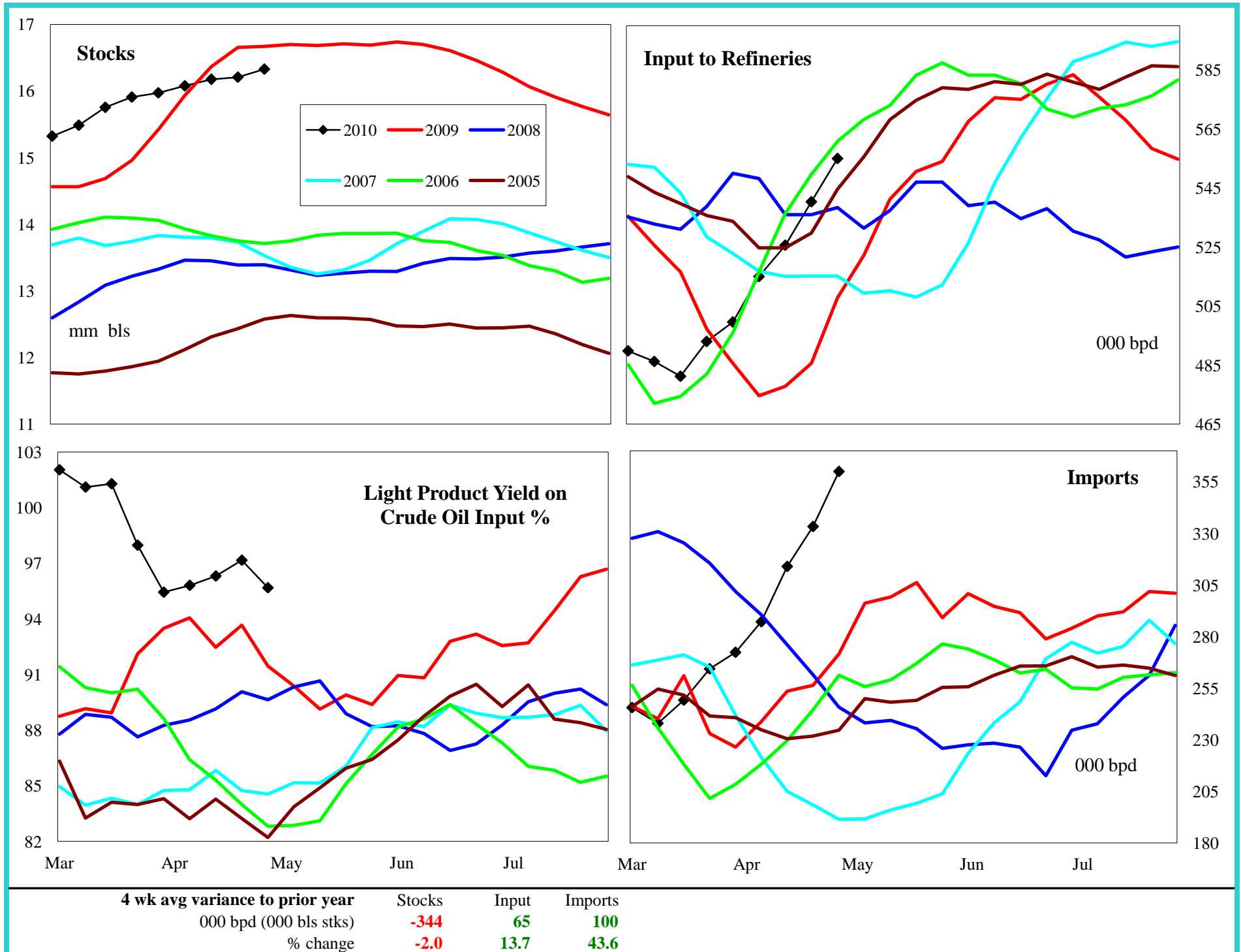
25

3.5

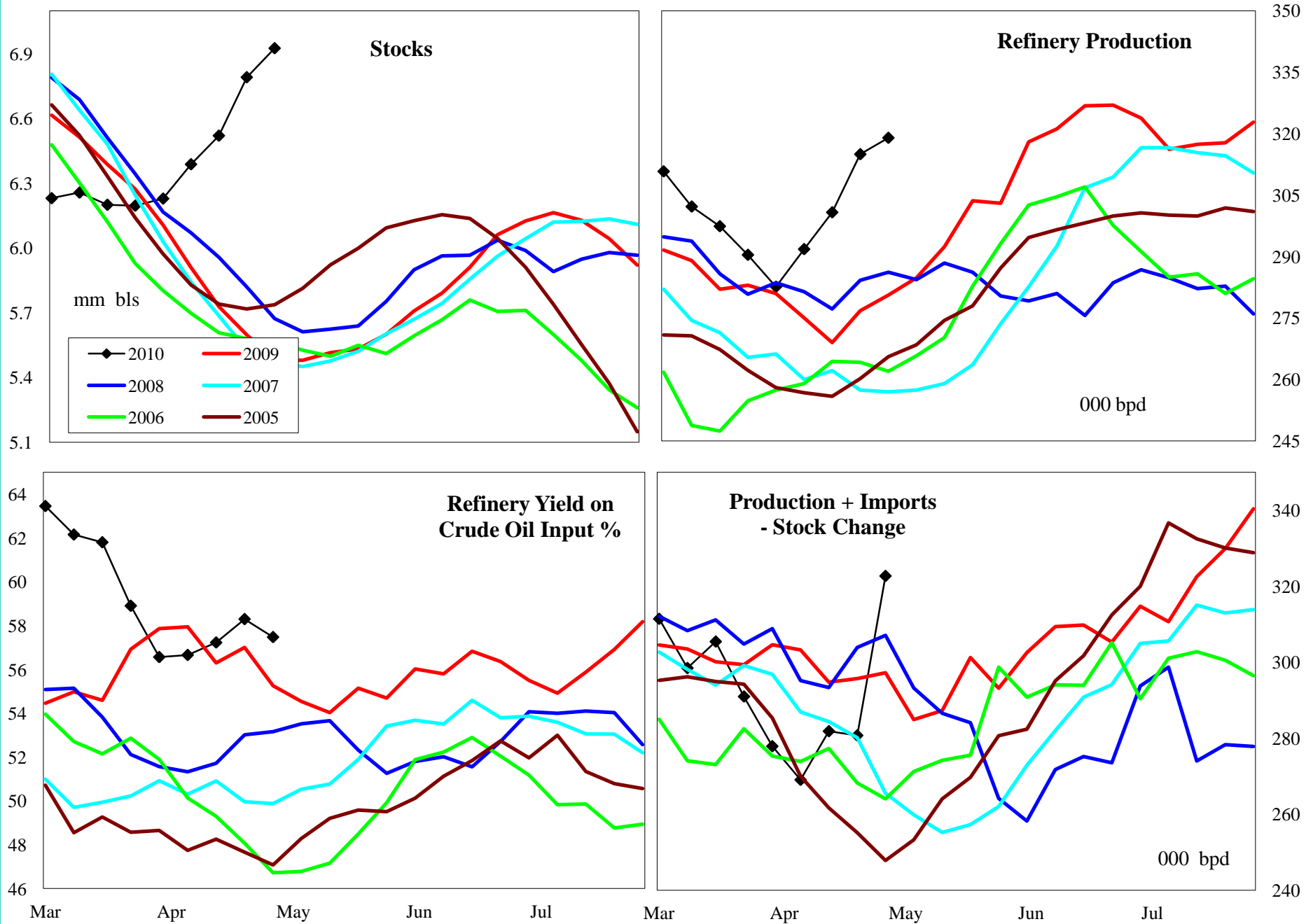
PADD 3 Residual Fuel Oil Supply



PADD 4 Crude Oil Supply and Refining



PADD 4 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,445

26.4

Production

38

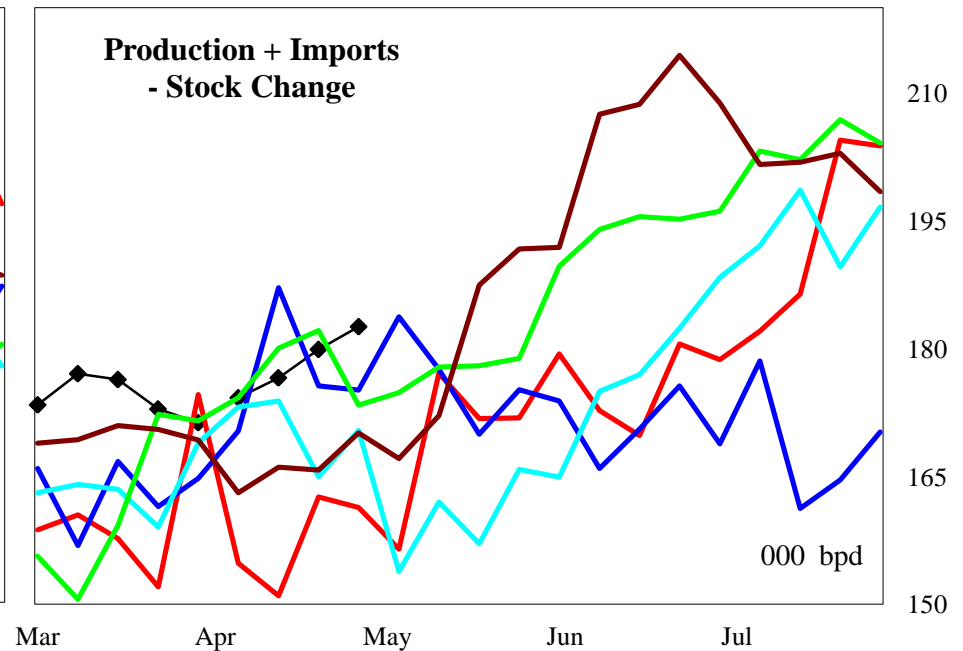
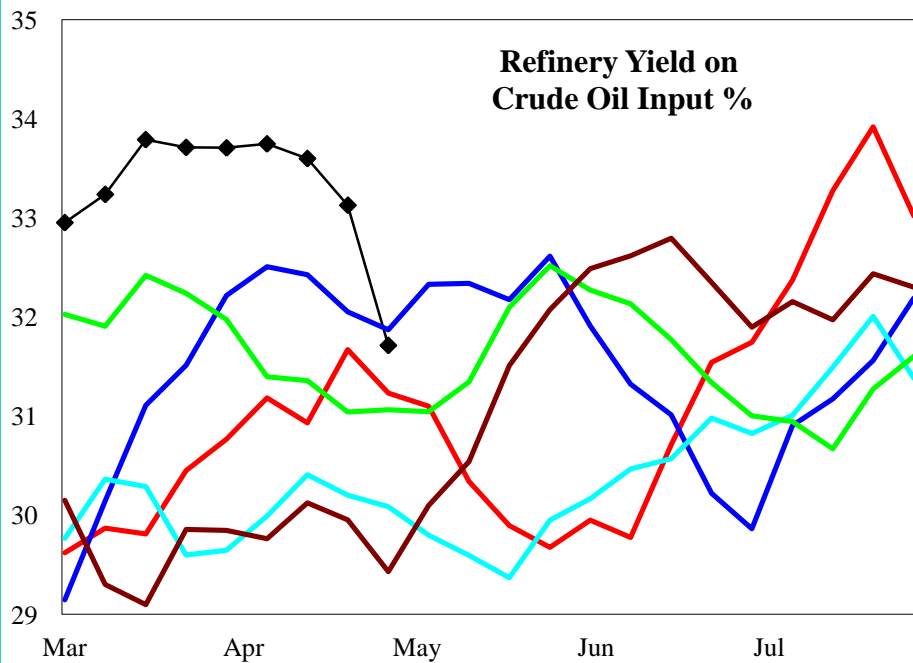
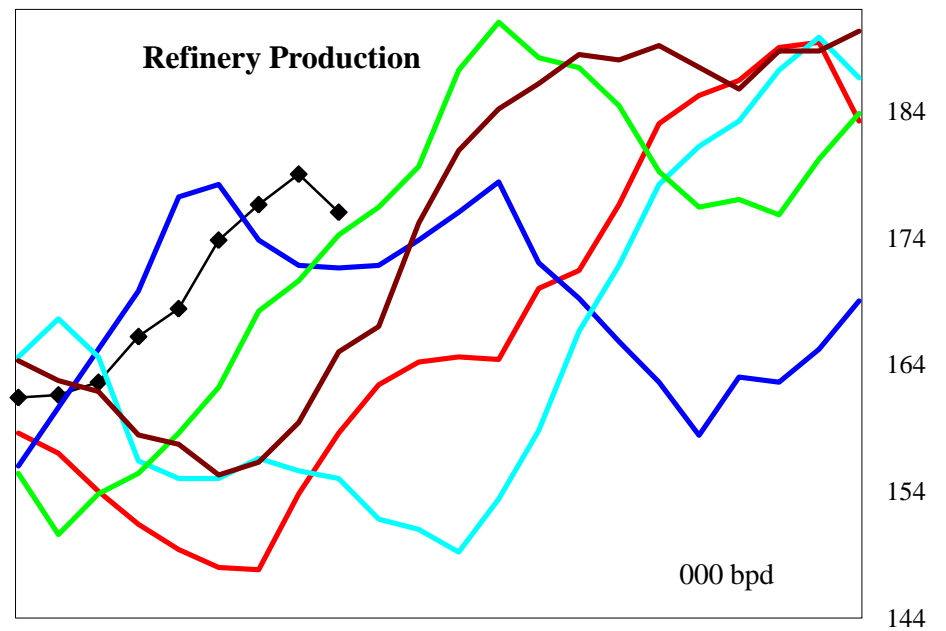
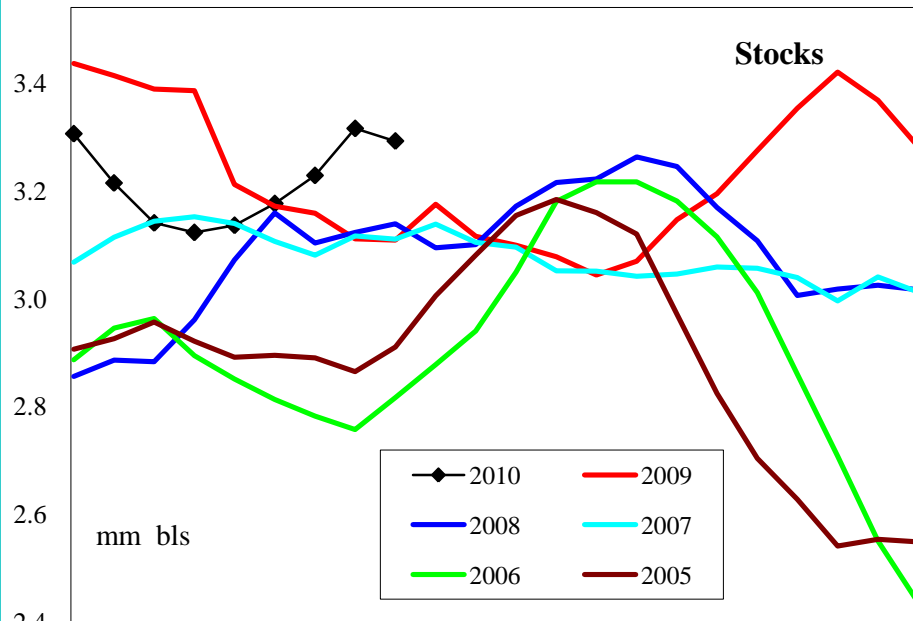
14.2

Prod + Imp - Stk chg

-18

-6.0

PADD 4 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

184

31

6

14

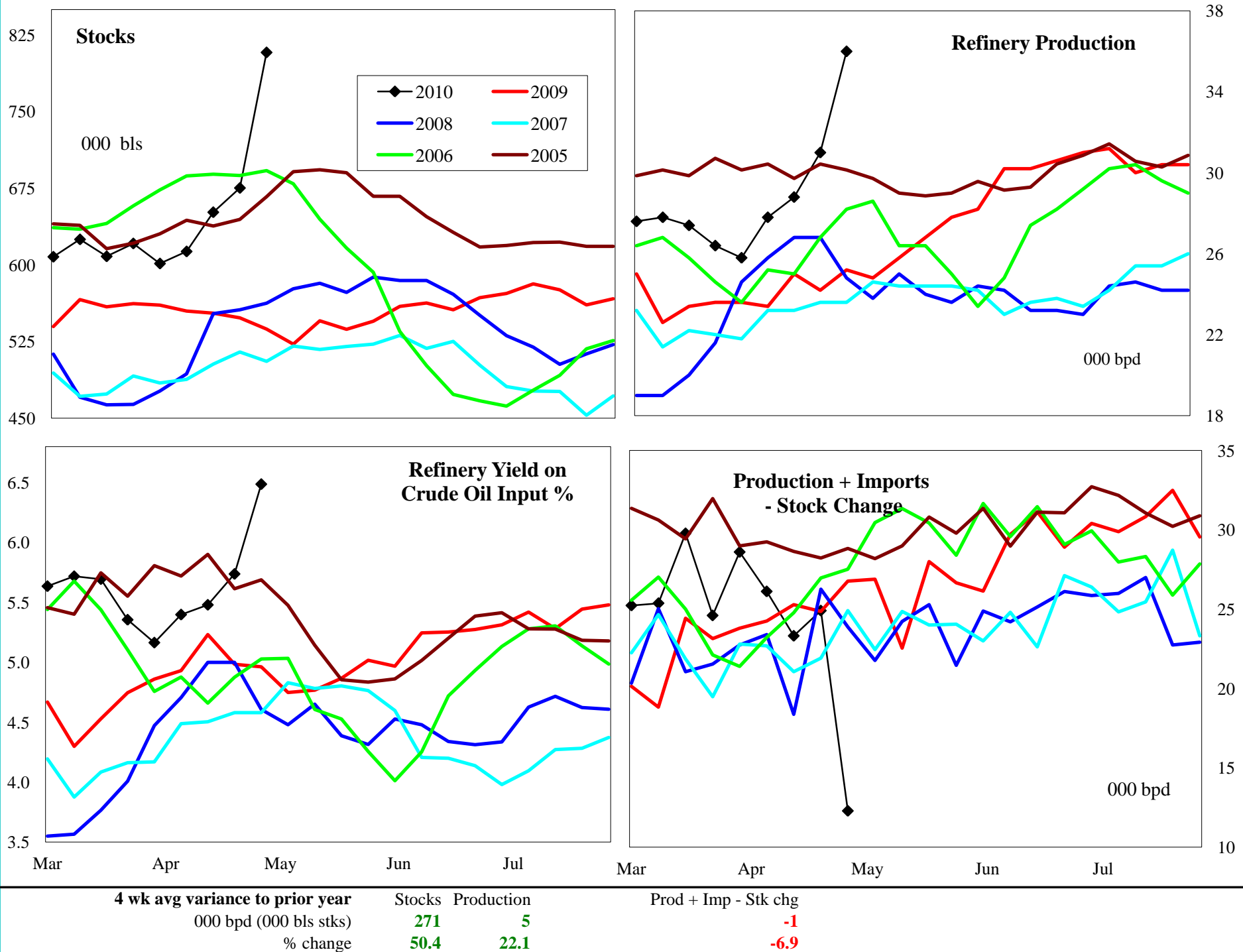
5.9

20.9

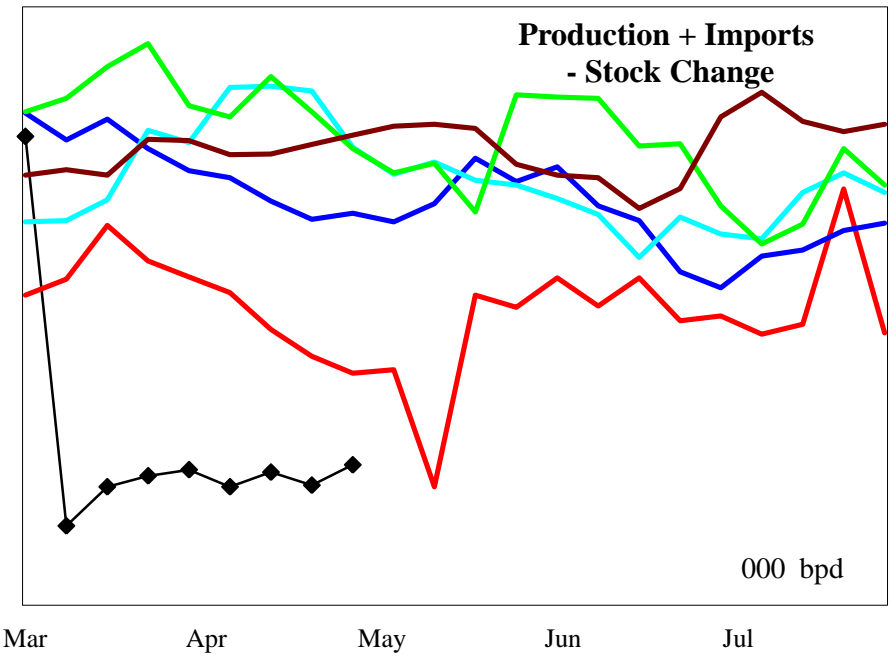
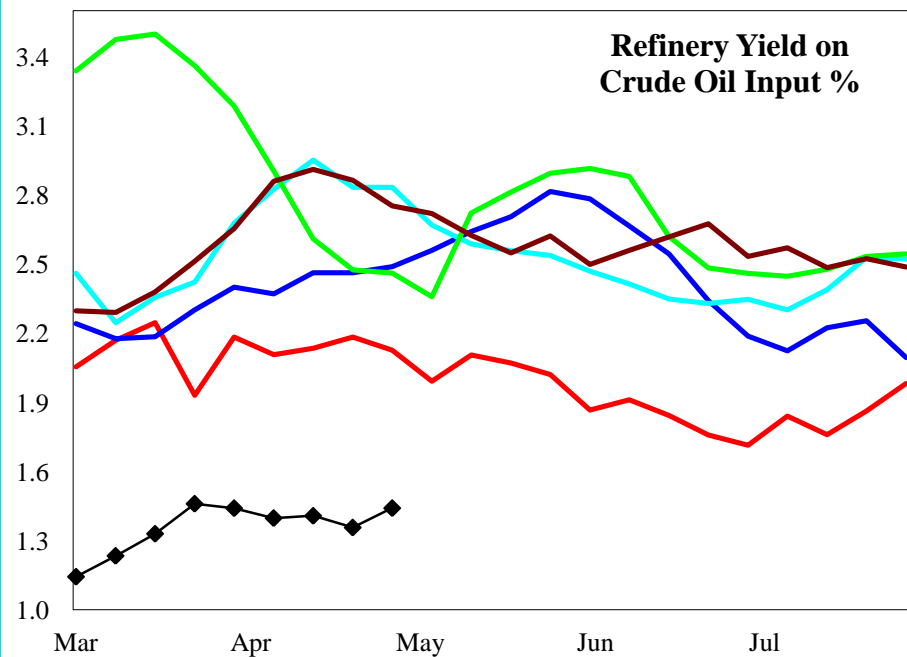
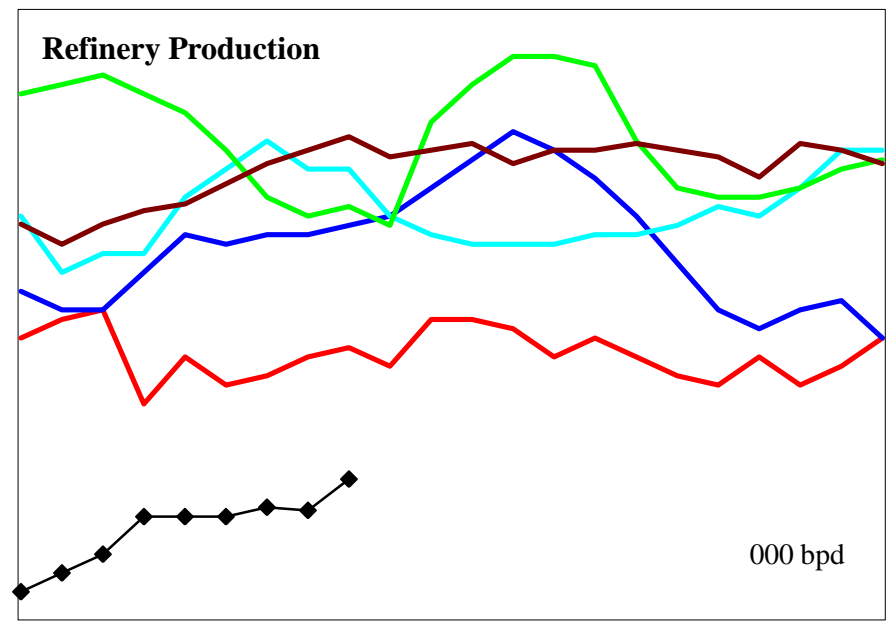
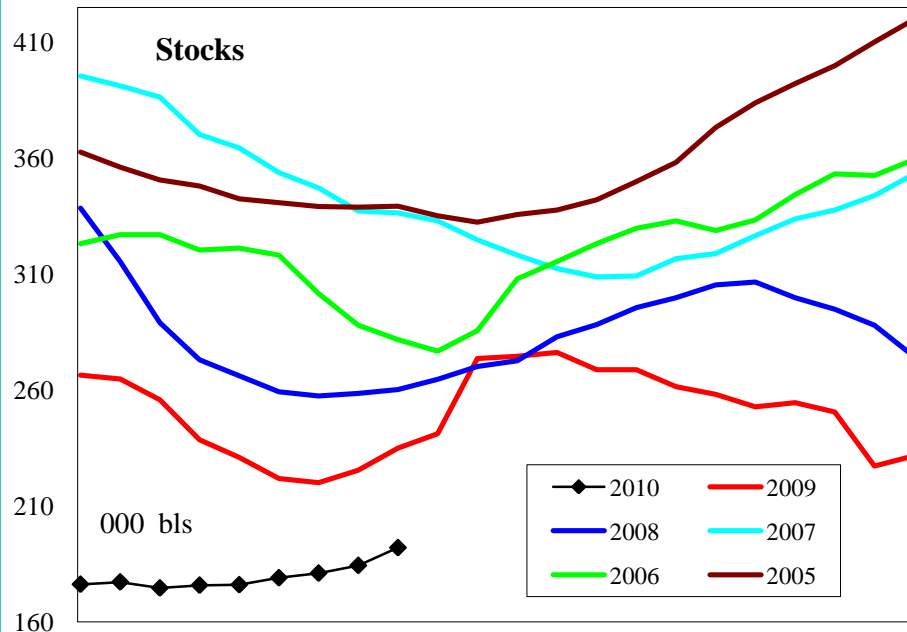
400.0

8.5

PADD 4 Jet Fuel Supply



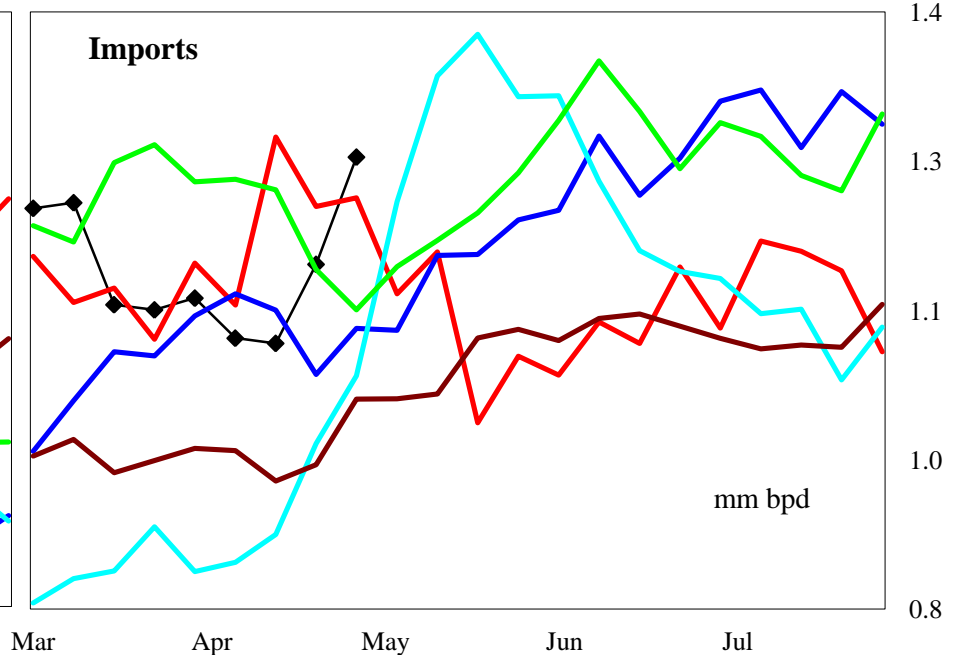
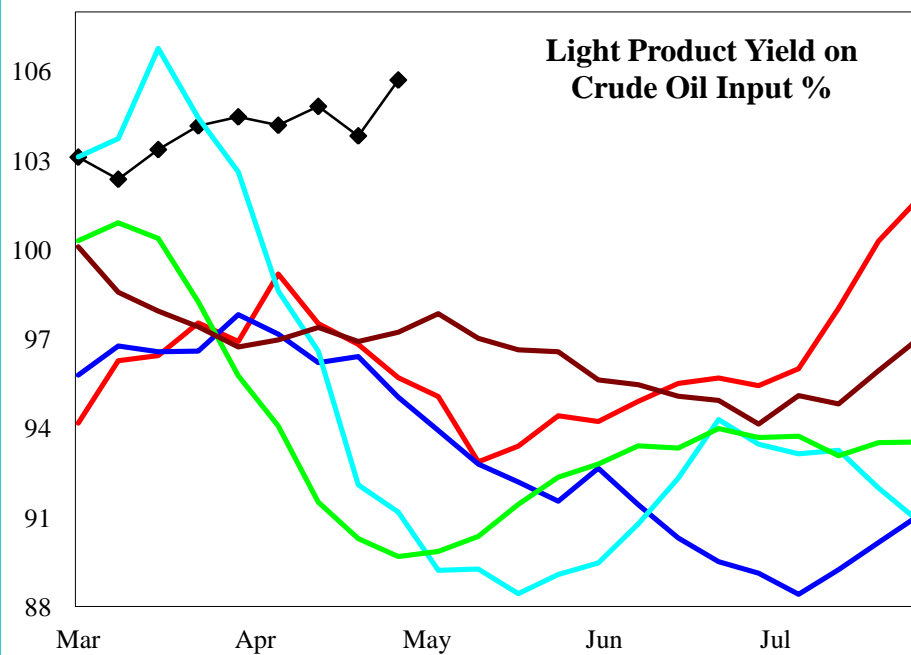
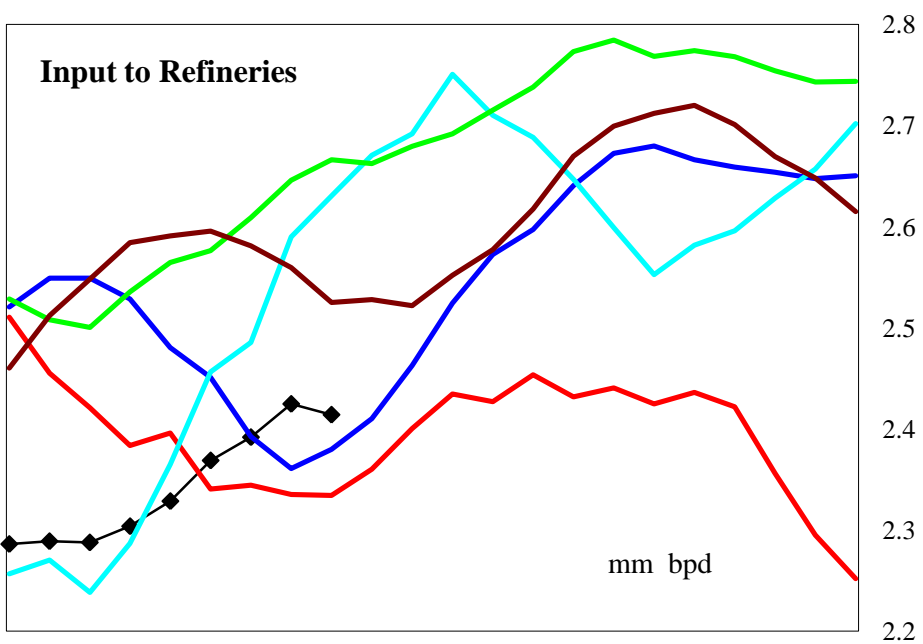
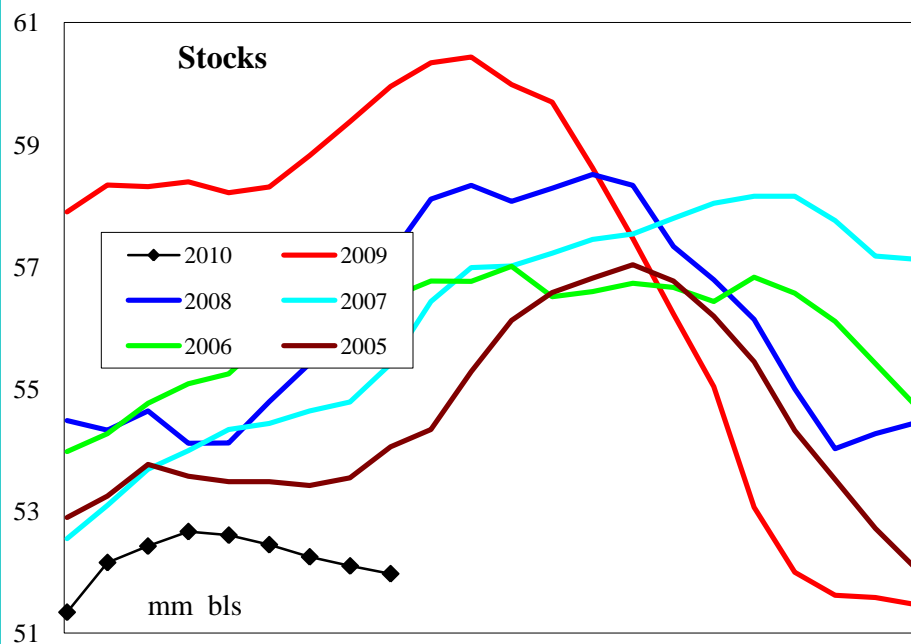
PADD 4 Residual Fuel Oil Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-43	-3	0	-1
-18.3	-26.8	#DIV/0!	-12.1

PADD 5 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-7,982

-13.3

Input

65

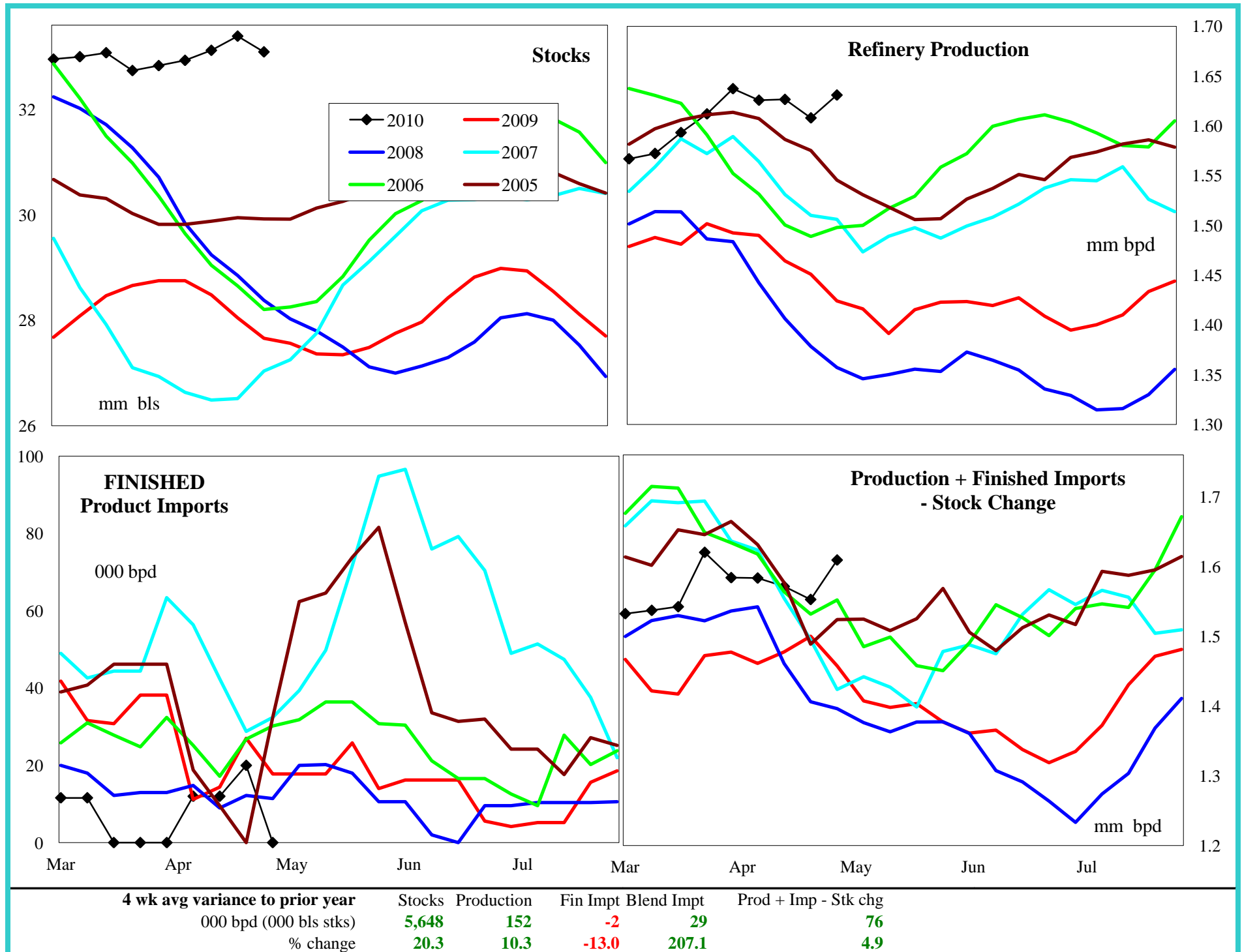
2.7

Imports

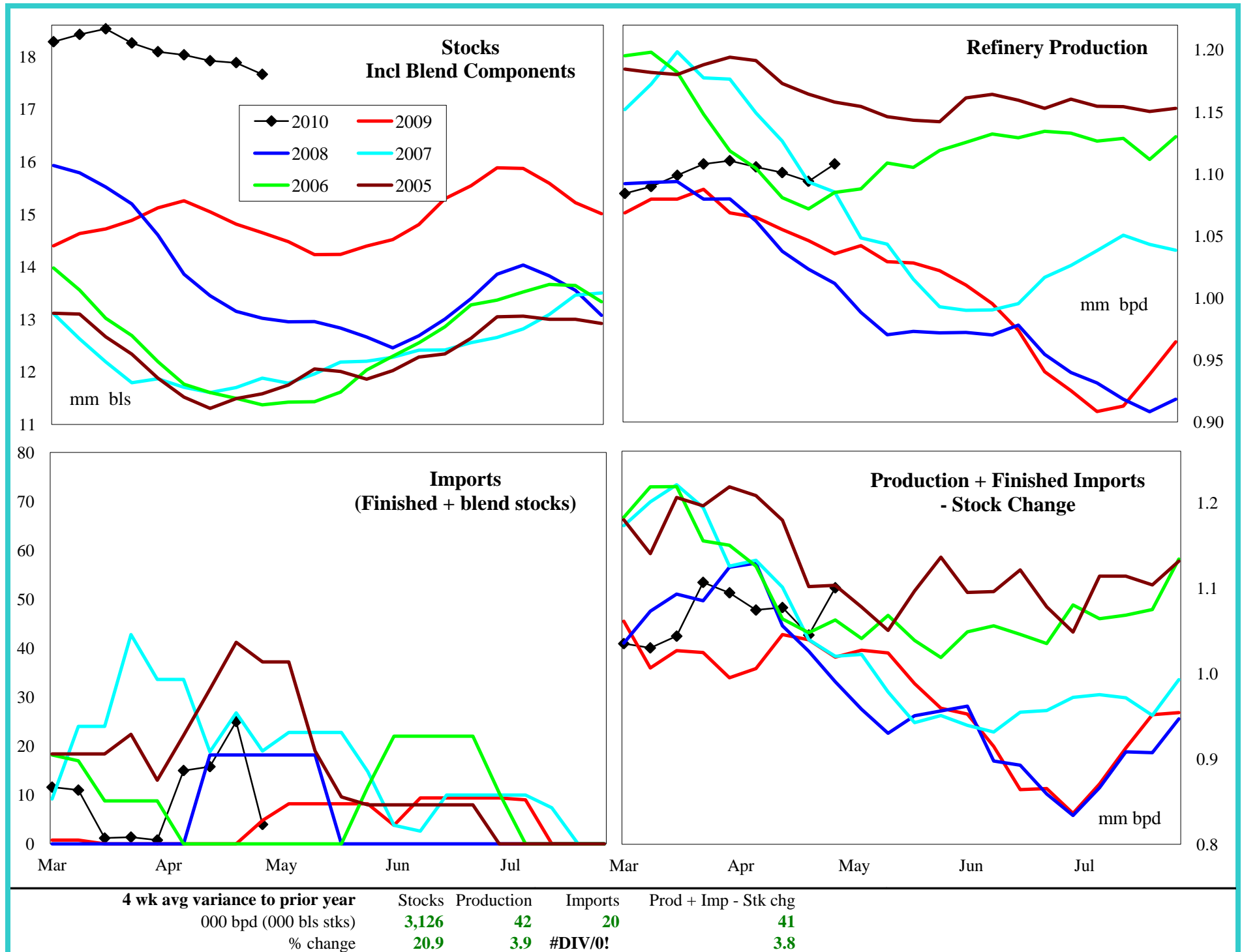
-173

-13.6

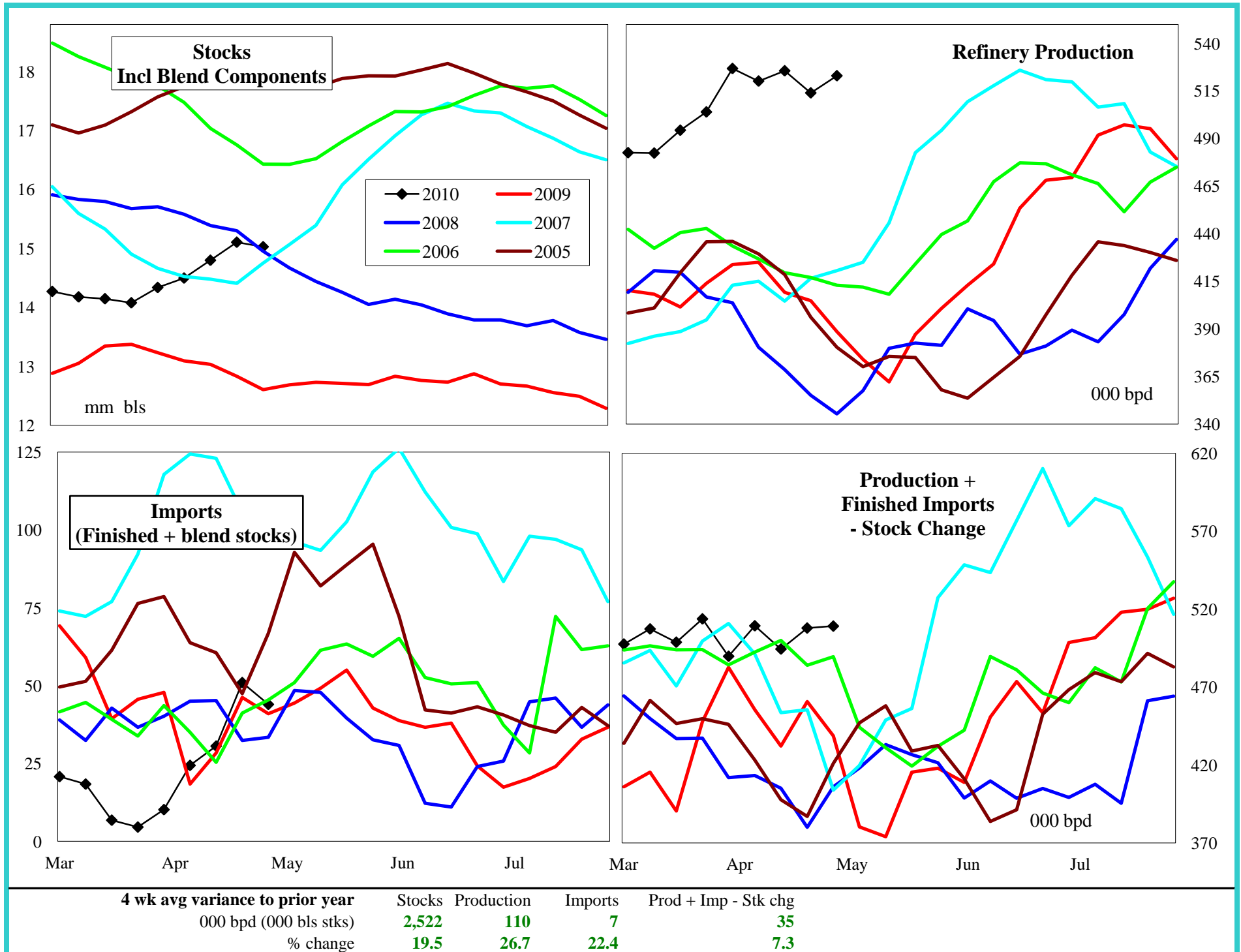
PADD 5 Gasoline Supply



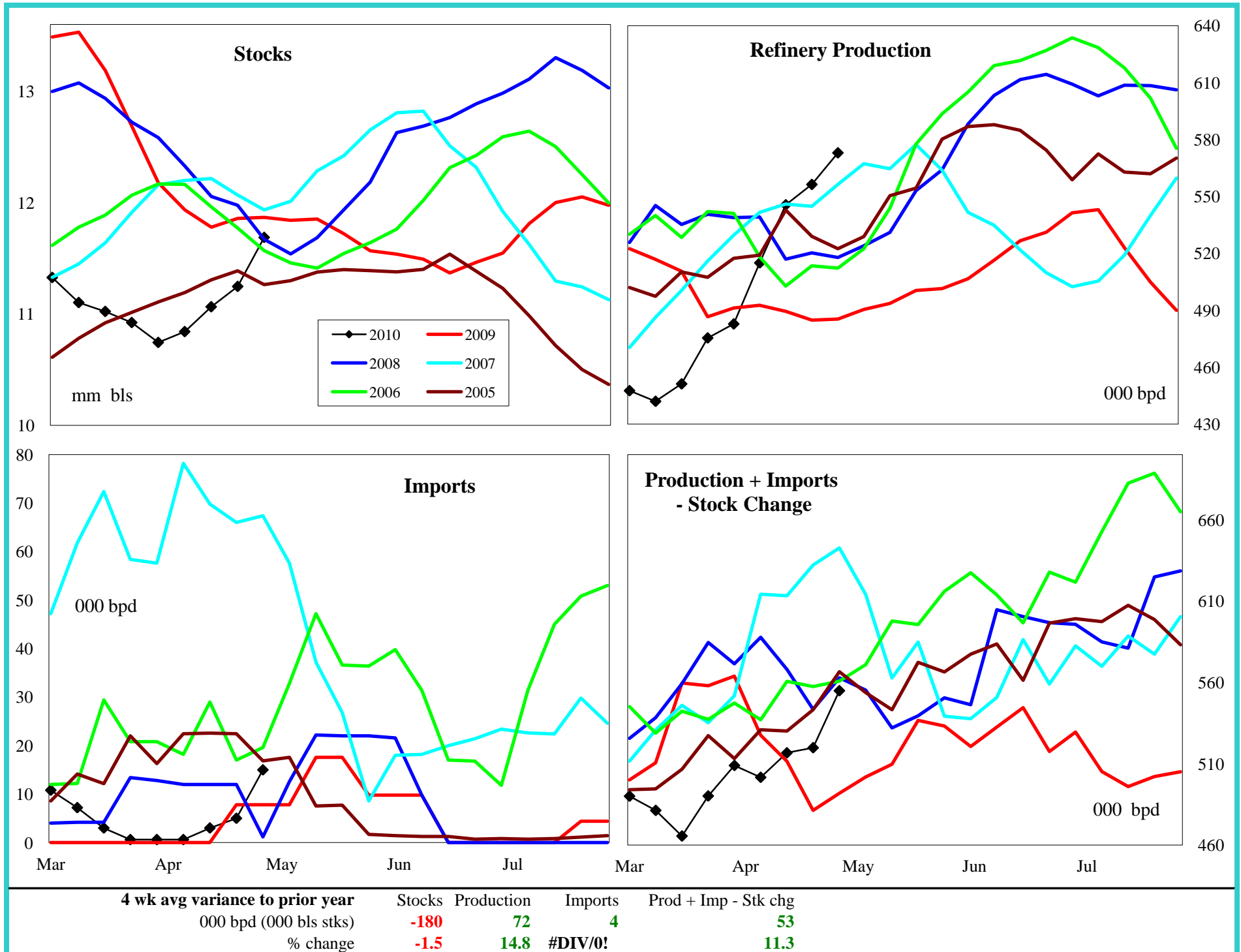
PADD 5 Reformulated Gasoline Supply



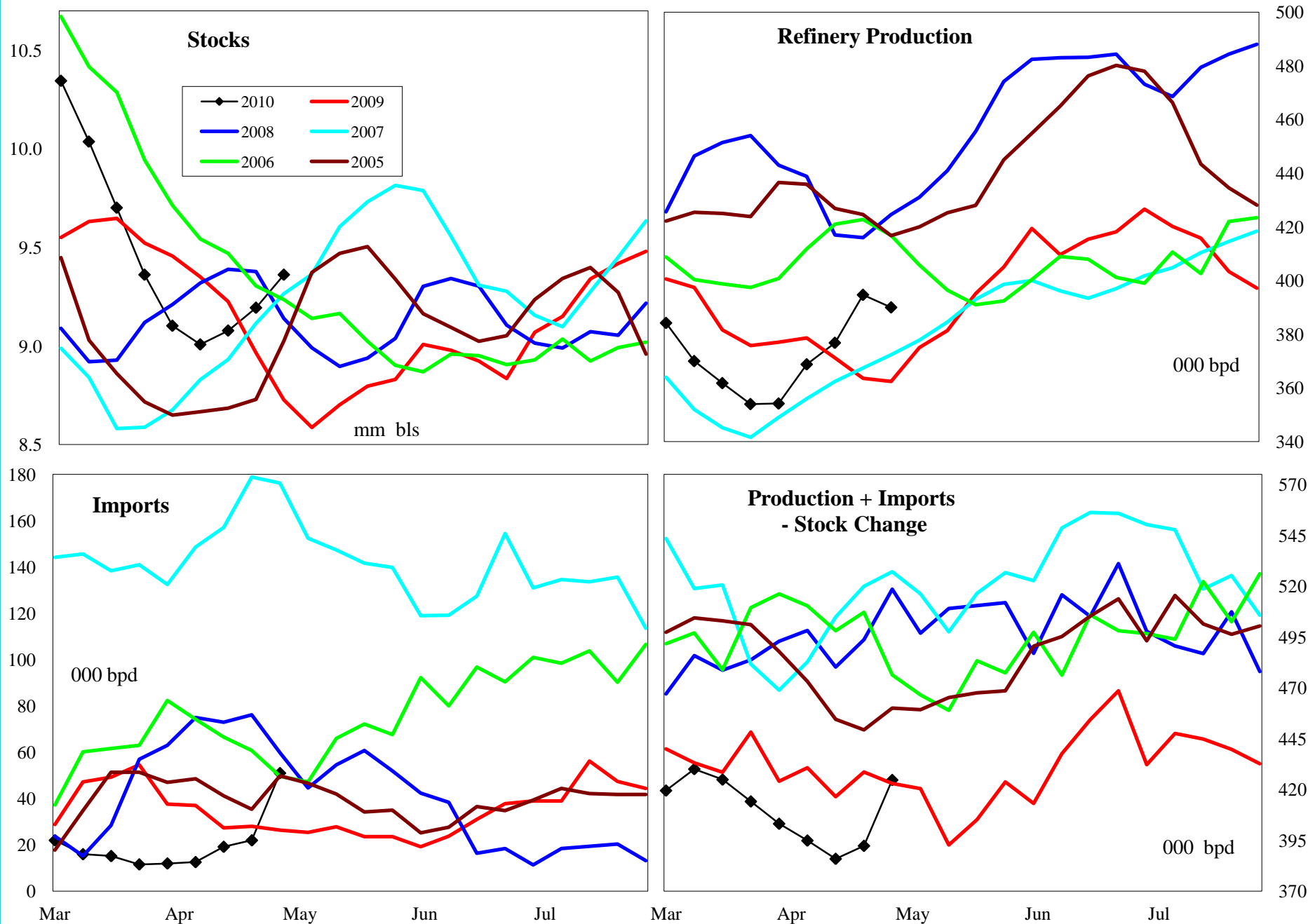
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

395

4.4

Production

13

3.4

Imports

-11

-33.9

Prod + Imp - Stk chg

-40

-9.4

PADD 5 Residual Fuel Oil Supply

