



**FUNDAMENTAL  
PETROLEUM  
TRENDS**

## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

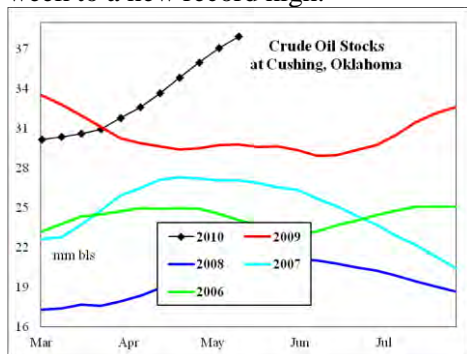
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, May 19, 2010

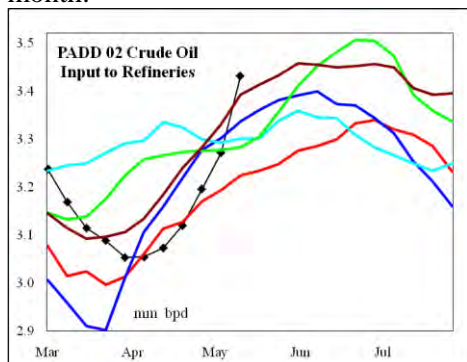


#### Major Fundamental Trends<sup>1</sup>

Cushing, Oklahoma crude oil stocks increased +0.9 million barrels last week to a new record high.



PADD 2 crude oil runs were 3.4 million bpd last week, an increase of +400,000 bpd in the last month; representing an increase in demand for crude oil of +10 million barrels per month.

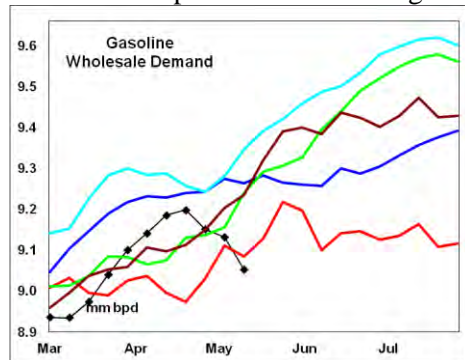


Domestic sweet crude oil prices have declined sharply compared to Gulf Coast sour and imported grades so that refiners in PADDs 2 and 3 should switch to the lower cost sweet domestic crude oil grades.

These fundamental trends and differentials for crude oil grades should lead to strong demand for WTI and other sweet crude oil grades now in storage at Cushing.

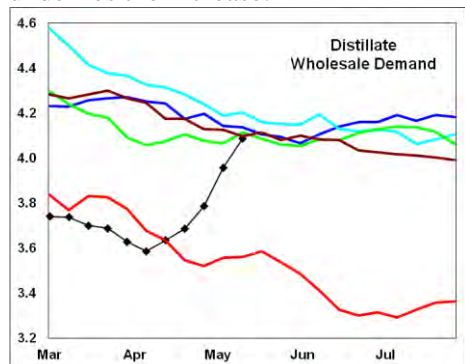
Gasoline demand declined last week as the sharp drop in wholesale prices led to further stock draws by the downstream supply chain. Expect more robust demand in the 2nd half of May as retailers rebuild stocks ahead

of the start of peak summer driving.



Gasoline production and stock levels are each at record levels, which should assure the market remains extremely well supplied during the summer driving season.

Distillate demand continues to be very robust, with demand up +196,000 bpd last week. While heating degree days on the east coast were +50% above normal; economic growth underlies the increase.



**Demand** for distillate extended the recent surge last week, while gasoline and jet fuel were flat.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline increased +1.6%; distillate up +9.3%; jet fuel up +0.5% while residual fuel oil increased +7.6%.

**Stocks forward coverage:** Gasoline demand coverage was unchanged last week on declines in both stocks and demand; with coverage still well above the historic range.

Distillate demand coverage trended lower on continued robust demand and a -1 million barrel stock draw. Coverage slipped below the historic high for the period.

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

Residual fuel oil coverage also remains very high.

**Refinery utilization** rates increased last week on a +156,000 bpd rise in crude oil runs. Crude thru put remains below the 5-year mid.

Gasoline yield % on crude oil runs increased last week on a +269,000 bpd increase in production compared to the +156,000 bpd increase in crude oil runs. Yield % was near last years' record high.

Distillate yield % on crude oil runs decreased on a -81,000 bpd decline in output compared to the increase in crude oil runs. The yield % on crude oil runs was below the last two years for the period.

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

**Petroleum Imports** of crude oil increased last week, while imports of all major products declined. and all products decreased last week.

During the latest 4-wk period distillate imports increased +46,000 bpd; finished gasoline imports decreased -96,000 bpd, gasoline blend stock imports increased +215,000 bpd; jet fuel imports decreased -21,000 bpd, while residual fuel oil imports increased +57,000 bpd.

**Crude Oil** stocks were nearly unchanged on the week, with a decline of -1.1 million barrels in regions east of the Rockies and a build of +1.3 million barrels in PADDs 4 & 5. Stocks increased +0.9 million barrels in Cushing to a new record level.

*Exceptionally weak WTI prices compared to domestic Gulf Coast sour and foreign imports that are priced off of Brent should result in PADD 2 & 3 refiners switching to domestic sweet grades at the expense of sour and imports. This switch by refiners and high run rates in the midwest should lead to stock draws at Cushing.*

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



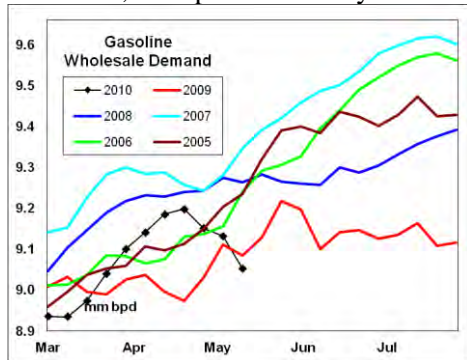
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

### A Fundamental Petroleum Trends Weekly Report

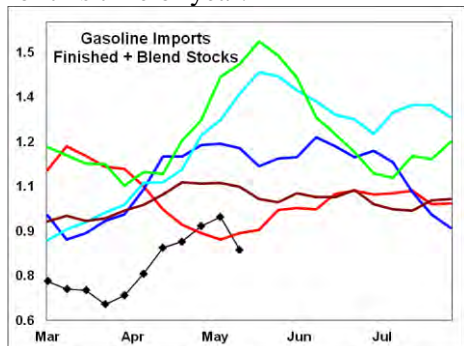
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, May 19, 2010

#### Product Supply-Demand Trends

**Gasoline** demand decreased -48,000 bpd last week, due in part to the continued steep slide in prices that cause distributors to run down inventories. The latest 4-wk average was +147,000 bpd above last year.



Gasoline production increased +269,000 bpd on the week, with the 4-wk average +347,000 bpd above a year ago. Output remains at a record high level for the period. Imports decreased -20,000 bpd and remain extremely low for this time of year.



Stocks decreased -0.3 million barrels last week, with builds in all regions except PADD 2. Stock levels remain +18 million barrels above the last two years for the period.

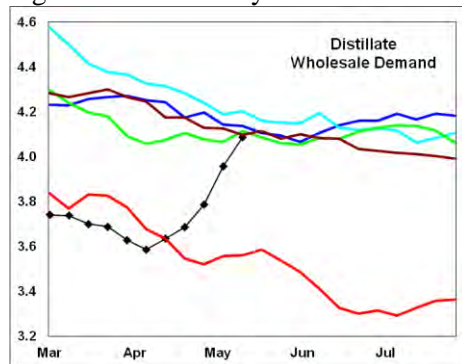
Downstream marketers continue to pull down stocks on the steep price decline. Expect an upturn in wholesale demand during the 2nd half of May as the downstream supply chain rebuilds stocks for the start of peak summer travel. However with record commercial stock levels and output, including ethanol supplies, the market will remain very well supplied.

Expect prices to show only modest strength relative to the overall energy complex for the balance of the quarter.

**Distillate** demand increased +196,000 bpd last week, due in part to heating degree days that were +50% above normal in the northeast. Distillate demand for the latest 4-wk period has surged +329,000 bpd over a year ago to a level near the prior 4-year range. This represents an exceptionally robust increase in demand.

Production decreased -81,000 bpd last week, to a level above four of the last five years.

Stocks decreased -1 million barrels on the week. Stock levels are +4.7 million barrels above last years' record high for this time of year.



Very robust demand and a drop in refinery production led to a counter seasonal stock draw last week. While the market remains extremely well supplied, a continuation of the robust demand should avoid extreme over supply conditions that would otherwise occur during the normally slow demand summer quarter.

Strength in distillate demand continues to support prices relative to the overall energy complex; a trend which should continue during the 2nd quarter.

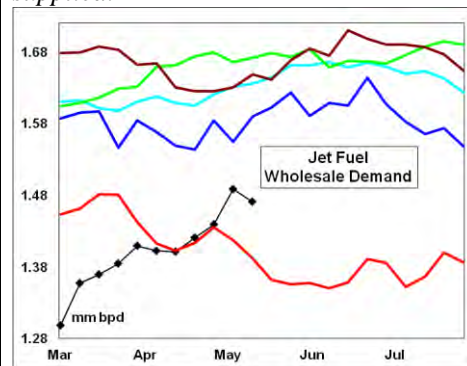
**Jet Fuel** demand was unchanged from the prior week, with the latest 4-wk average +7,000 bpd above a year ago.

Supply was unchanged last week with higher production offset by lower imports. The latest 4-wk average supply was +72,000 bpd above a year ago. Stocks decreased -0.2 million barrels last week, but remain extremely high.

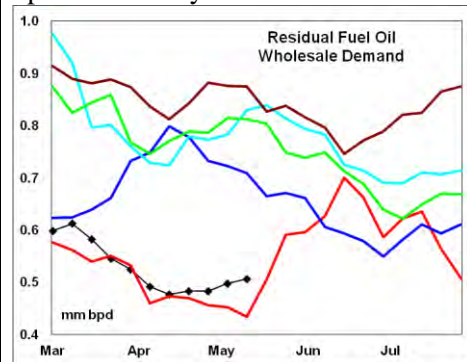
Demand continues to track year ago record lows, with March/April monthly

averages down -40,000 bpd while the latest 4-wks is nearly unchanged. Stock levels remain extremely high.

Expect a modest seasonal upturn in demand; although favorable refining economics are likely to drive supply higher; keeping the market very well supplied.



**Residual fuel oil** demand, including exports, decreased -63,000 bpd last week, with the 4-wk average +35,000 bpd above last years' record low.



Supply (production + imports) decreased -56,000 bpd on the week, with the latest 4-wk average +90,000 bpd above a year ago. Stock levels were +8.8 million barrels above a year ago (+24%) and sharply above the 5-year range.

The residual fuel oil market remains extremely well supplied in PADDs 1 and 3. These fundamental trends should lead to relative price weakness for residual fuel compared to the overall energy complex.





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

### A Fundamental Petroleum Trends Weekly Report

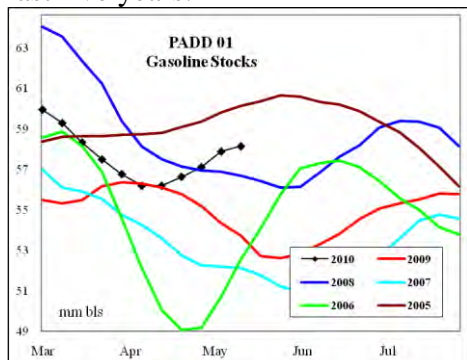
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, May 19, 2010

#### PADD Supply Trends

**PADD 1** refinery crude oil runs increased +96,000 bpd last week, with the 4-wk average -15,000 bpd below last year. (Accounting for refinery closures last year, run rates were above the mid range).

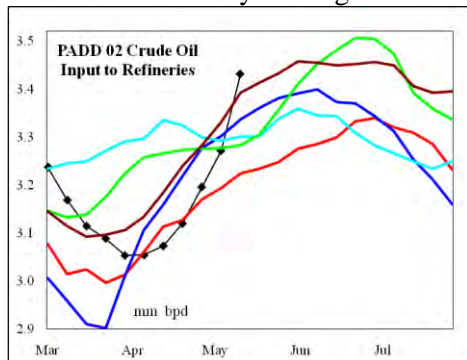
Gasoline production increased +159,000 bpd last week, with the latest 4-wk average +8,000 bpd above a year ago, and at a 5-year high. Imports decreased -79,000 bpd to the low end of the historic range.

Stocks increased +0.8 million barrels to a level above four of the last five years.



Distillate supply increased +73,000 bpd last week, with both production and imports higher. Stocks declined -1.5 million barrels last week to near last years' record level.

Jet fuel supply was nearly unchanged on the week with higher production offset by a decline in imports. Stock levels were 0.5 million barrels above the 5-year range.



**PADD 2** crude oil refinery runs increased +170,000 bpd last week, to above the historic range. The latest 4-

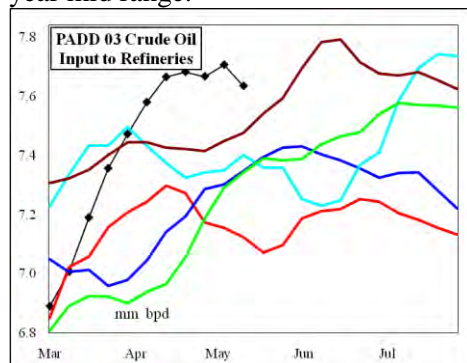
wk average run rate was +57,000 bpd above last year. Stocks decreased -0.2 million barrels, including a +0.9 million barrel build in Cushing. Cushing stock levels reached a new historic high for the week.

Gasoline production decreased -42,000 bpd last week, with the level well above the mid range. Stocks decreased -1.6 million barrels, to a level near the upper end of the historic range.

Distillate production increased +43,000 bpd last week, to match the 5-year high for the period. Stock levels ended the week at the mid range.

Jet fuel production and stocks were each at the historic mid range.

**PADD 3** refinery crude oil runs decreased -91,000 bpd last week. The latest 4-wk average was +534,000 bpd above a year ago and above the 5-year range. Imports increased +365,000 bpd last week, to a level below the mid range. Crude oil stocks fell -0.8 million barrels, to a level above the 5-year mid range.



Gasoline production increased +107,000 bpd on the week, with the 4-wk average -90,000 bpd below a year ago. Stocks increased +0.4 million barrels with the level +3.6 million barrels above the prior record high.

Distillate production decreased -63,000 bpd on the week to a level below the last two years. Imports also fell -40,000 bpd. Stocks increased +0.7 million barrels, with the level +5.6 million barrels above the prior record high.

Jet fuel stock levels were +17% above last year and remain extremely

high.

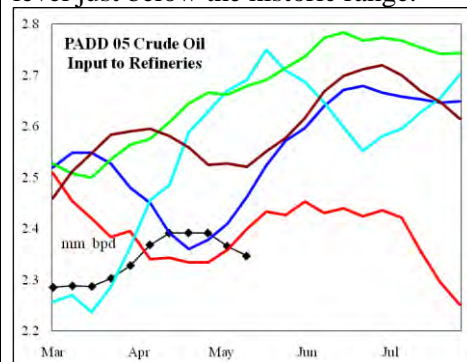
Residual fuel oil stocks were +41% above last year and remain extremely high. Production dropped to the mid range.

**PADD 4** refinery crude oil runs declined -28,000 bpd on the week, to below the historic range. The latest 4-wk average was +17,000 bpd above a year ago.

Gasoline production decreased -4,000 bpd on the week, but remains +39,000 bpd above the prior 5-year high. Stock levels remain extremely high, up +30% above last year.

Distillate production decreased -2,000 bpd last week, to a level below the mid range. Stock levels also remain above the 5-year range.

**PADD 5** crude oil refinery runs increased +9,000 bpd on the week, but are below the historic range. The latest 4-wk average run rate was +85,000 bpd above a year ago. Crude oil stocks increased +0.8 million barrels, to a level just below the historic range.



Gasoline supply (production + imports) increased +61,000 bpd last week, with production above the historic range. The latest 4-wk average supply was +159,000 bpd above last year. Stocks were nearly unchanged with the level above the 5-year range.

Distillate production fell -90,000 bpd to the low end of the historic range. Stock levels match the 5-year high for this time of year.

Jet fuel supply increased +9,000 bpd last week, although imports and production are below the historic range. Stock levels remain well above the mid range


**FUNDAMENTAL  
PETROLEUM  
TRENDS**


# PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

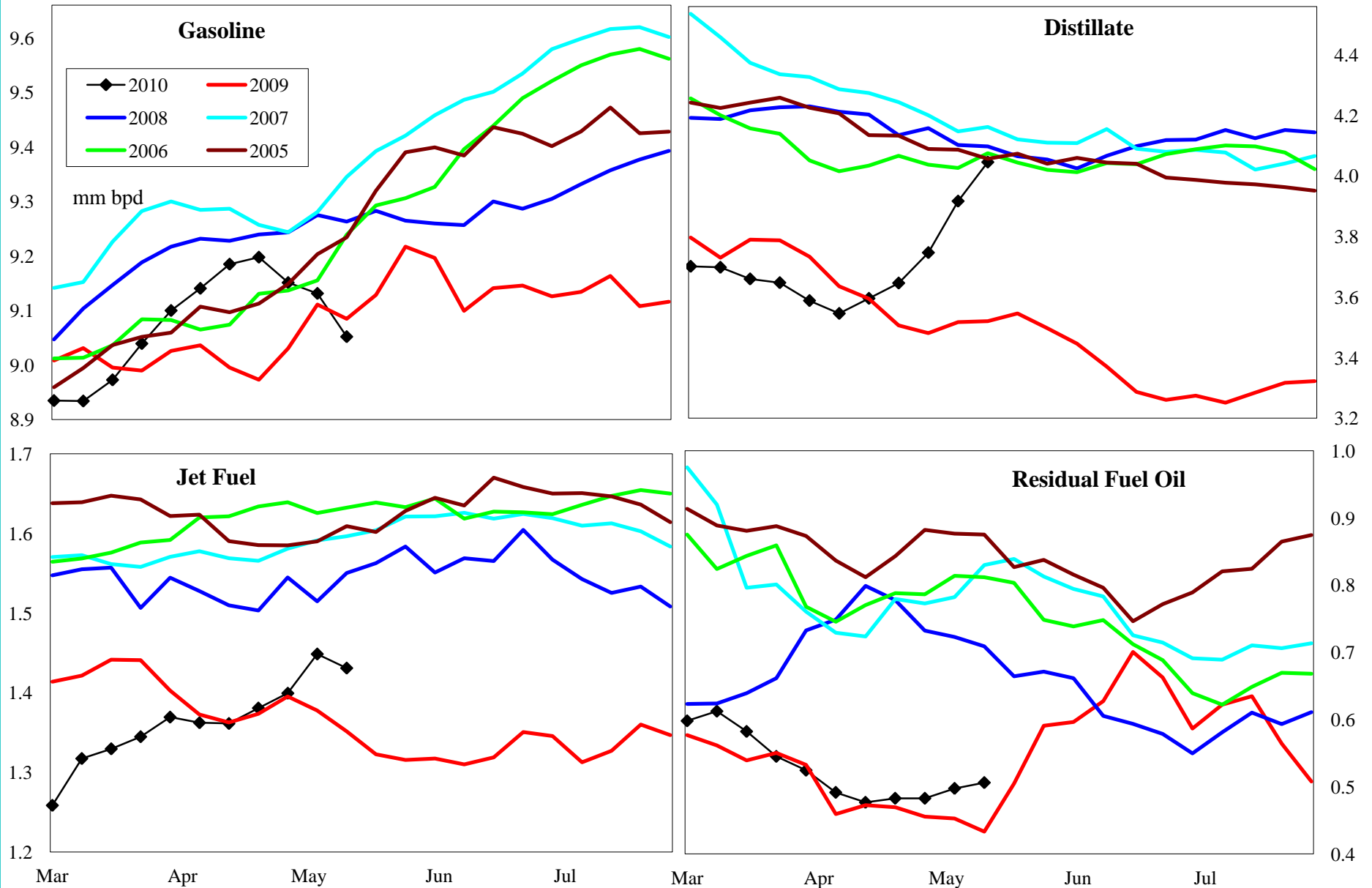
May 19, 2010

Lehi German Tel: 816.505.0980

[www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com)

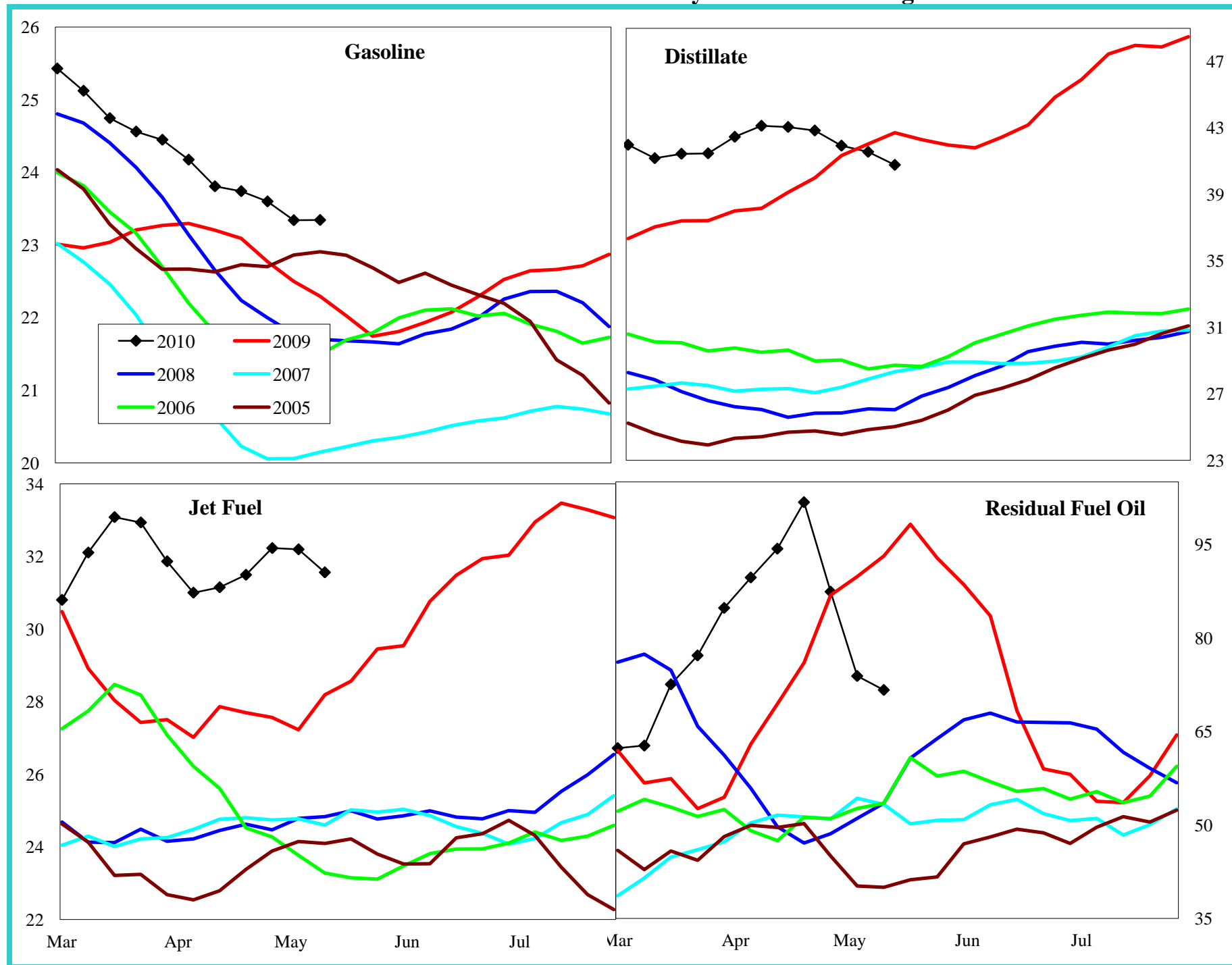
Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization Product Yield %</u>				<u>Imports</u>
Supply/Demand Trends	14-May-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	162	-166	-158	-798	531	753
	Imports	142	-119	16	365	-74	-46
	Input	156	96	170	-91	-28	9
	% Utilization	-0.48					
<u>Gasoline</u>	Stocks	-294	797	-1,620	395	89	45
	Production	269	159	-42	107	-4	49
	Imports	-20	-79	0	37	0	22
	Supplied	-48					
<u>Distillate</u>	Stocks	-979	-1,460	139	702	-148	-212
	Production	-81	31	43	-63	-2	-90
	Imports	-10	42	-2	-40	2	-12
	Supplied	196					
<u>Jet Fuel</u>	Stocks	-192	-38	-89	-73	-35	43
	Production	30	36	-5	-3	-2	4
	Imports	-31	-37	0	0	1	5
	Supplied	0					
<u>Residual Fuel Oil</u>	Stocks	-111	130	99	-543	-2	205
	Production	-33	8	9	-75	-1	26
	Imports	-23	-13	0	-4	0	-6
	Supplied	-63					

# United States Wholesale Petroleum Demand

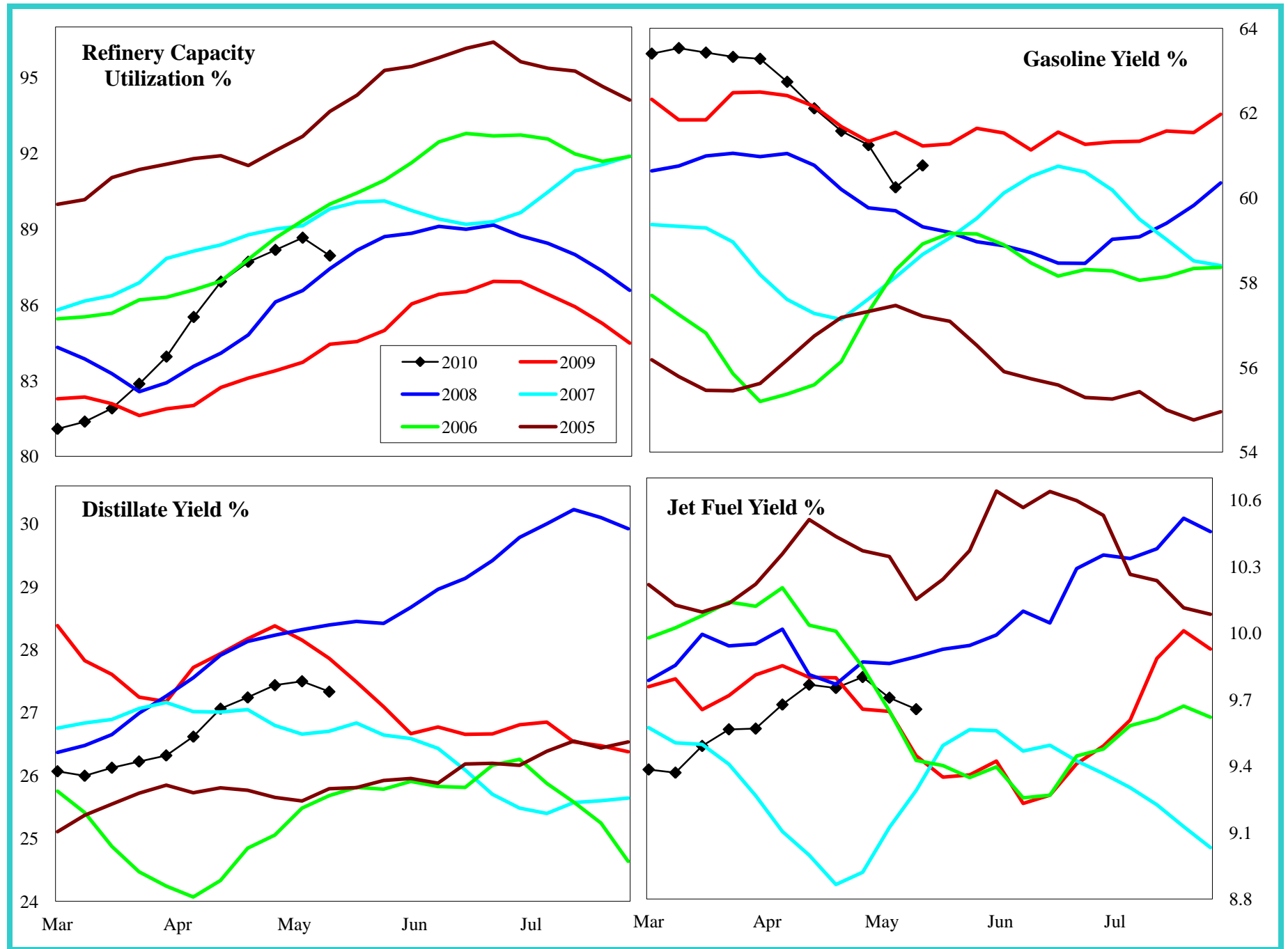


	000 bpd change from prior year				% change from prior year			
	4wk avg	Apr	Jan	Feb	4wk avg	Apr	Mar	Feb
Gasoline	147	304	147	-165	1.6	3.4	1.7	-1.9
Distillate	329	184	-25	-49	9.3	5.3	-0.7	-1.3
Jet Fuel	7	-15	-65	1	0.5	-1.1	-4.5	0.1
Resid	35	-206	-32	7	7.6	-30.6	-5.3	1.4

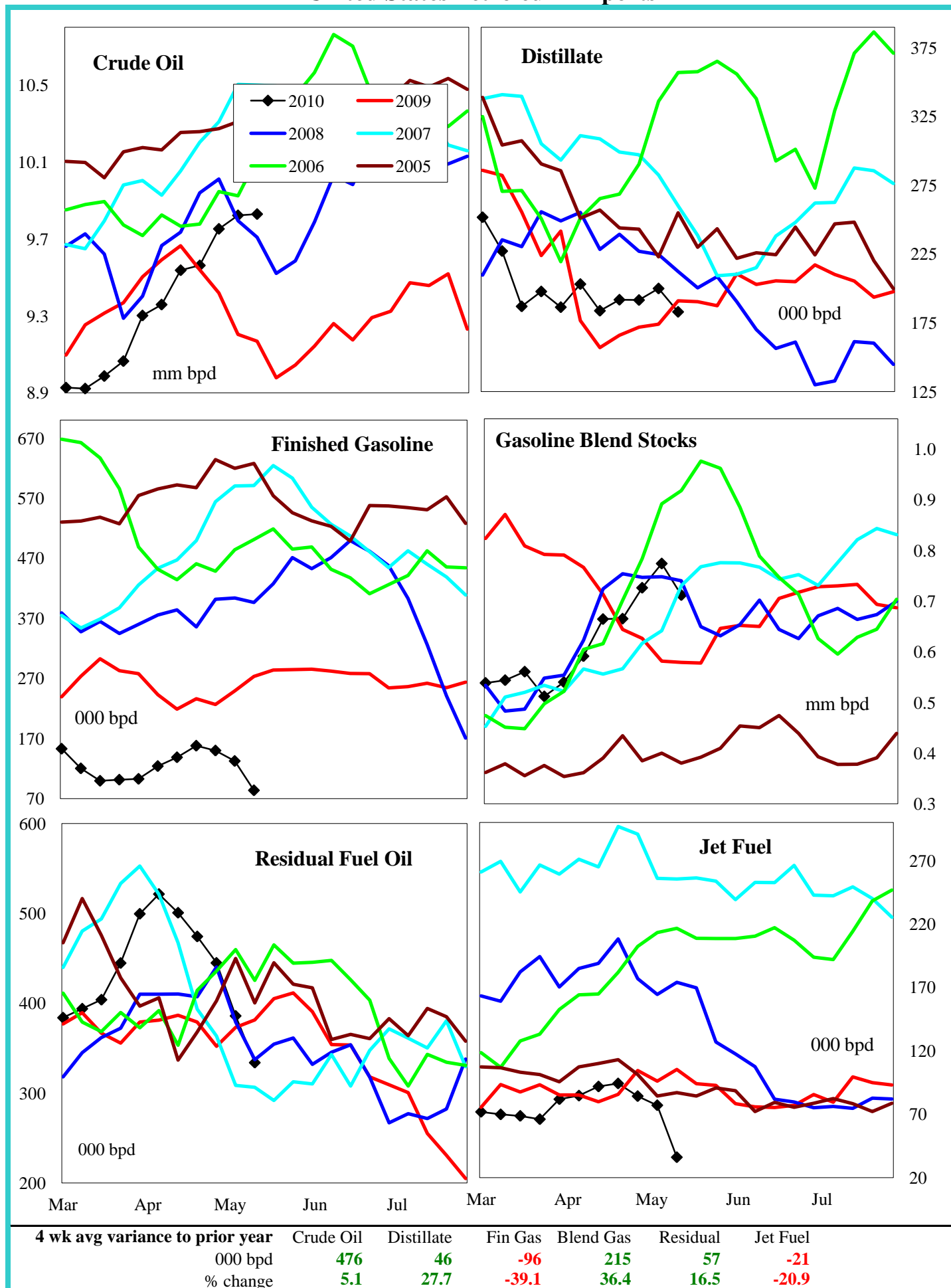


**United States Product Stocks: Days Forward Coverage**

## United States Refinery Percent Utilization Rate and Product Yields

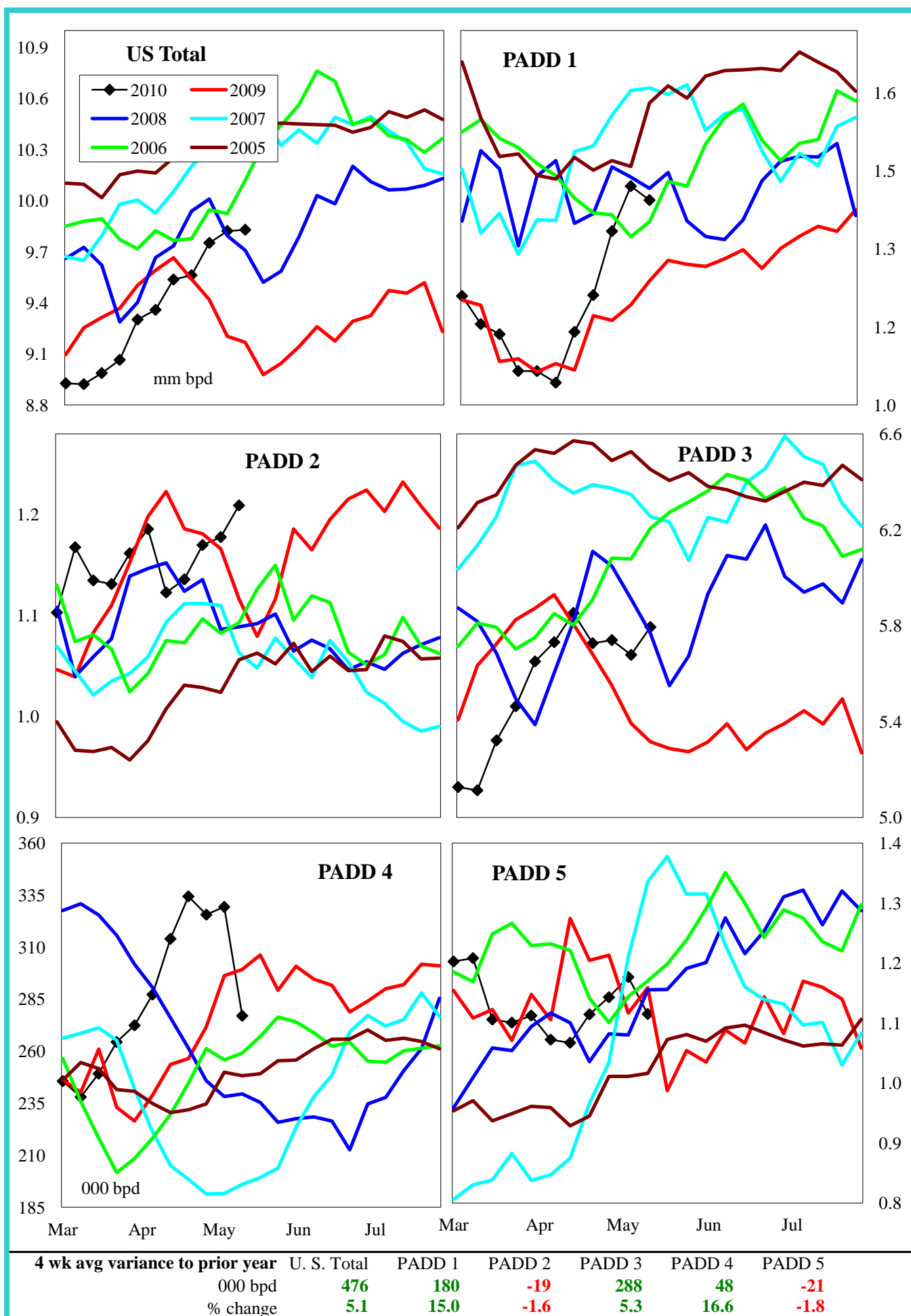


# United States Petroleum Imports

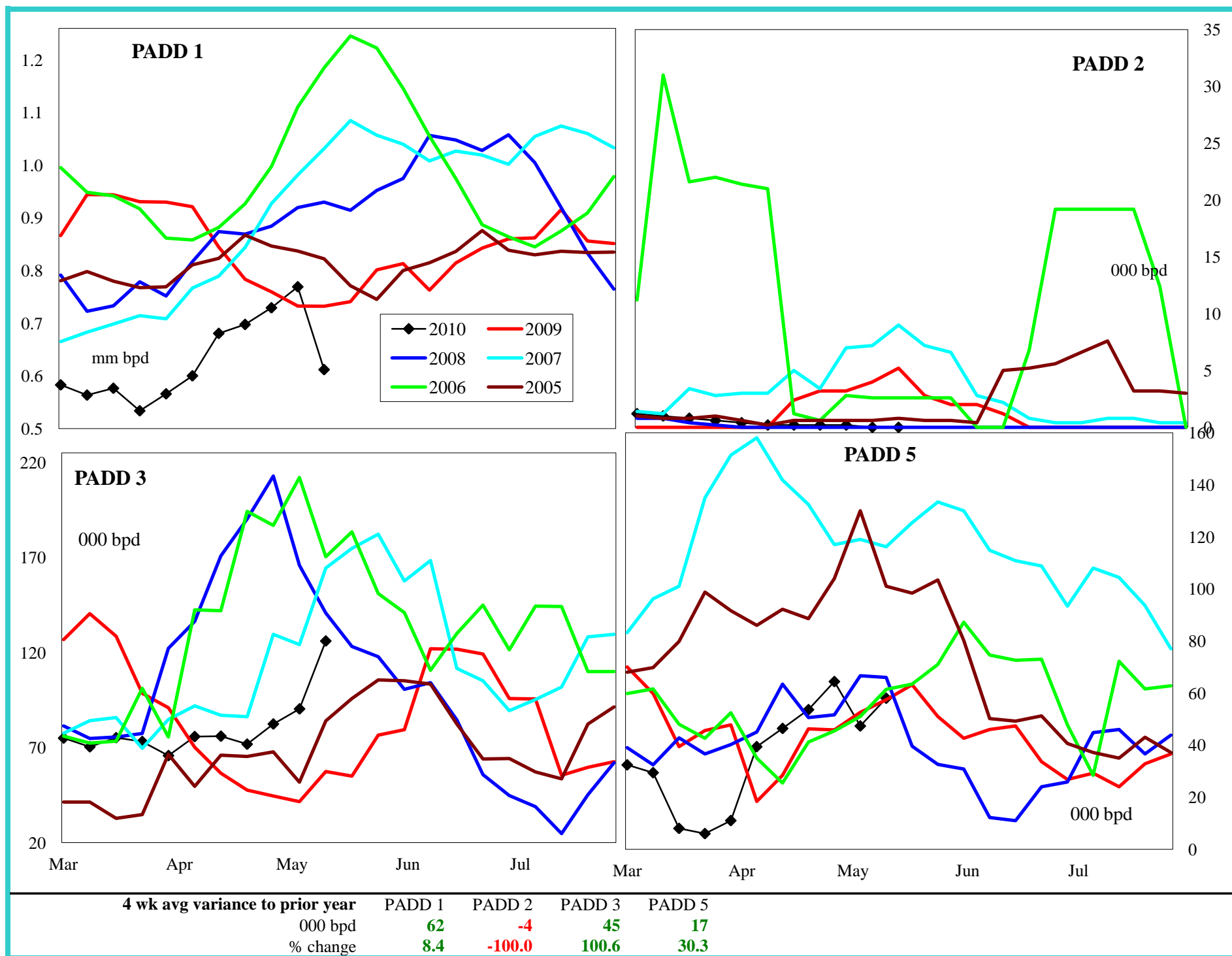




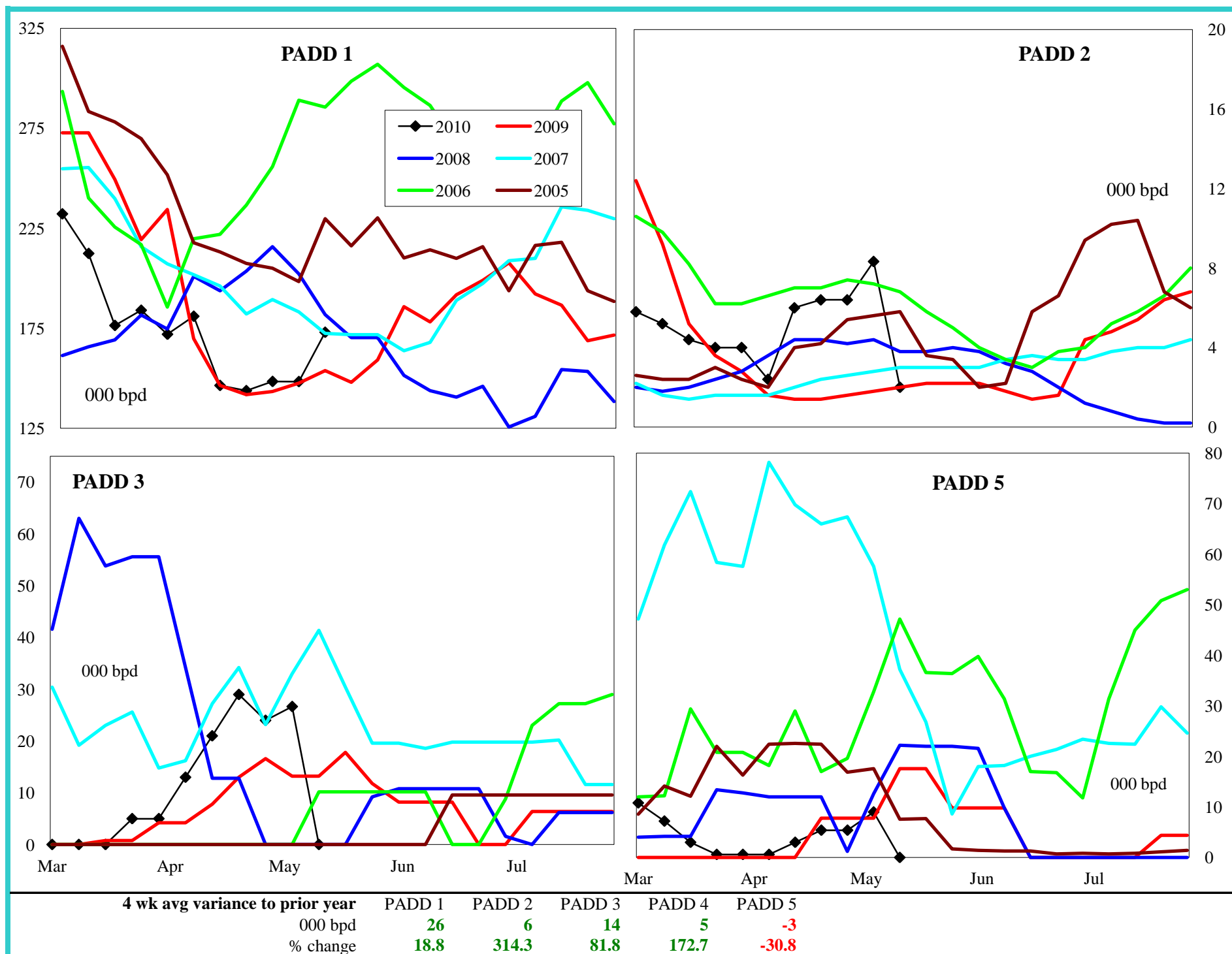
## Crude Oil Imports by PADD



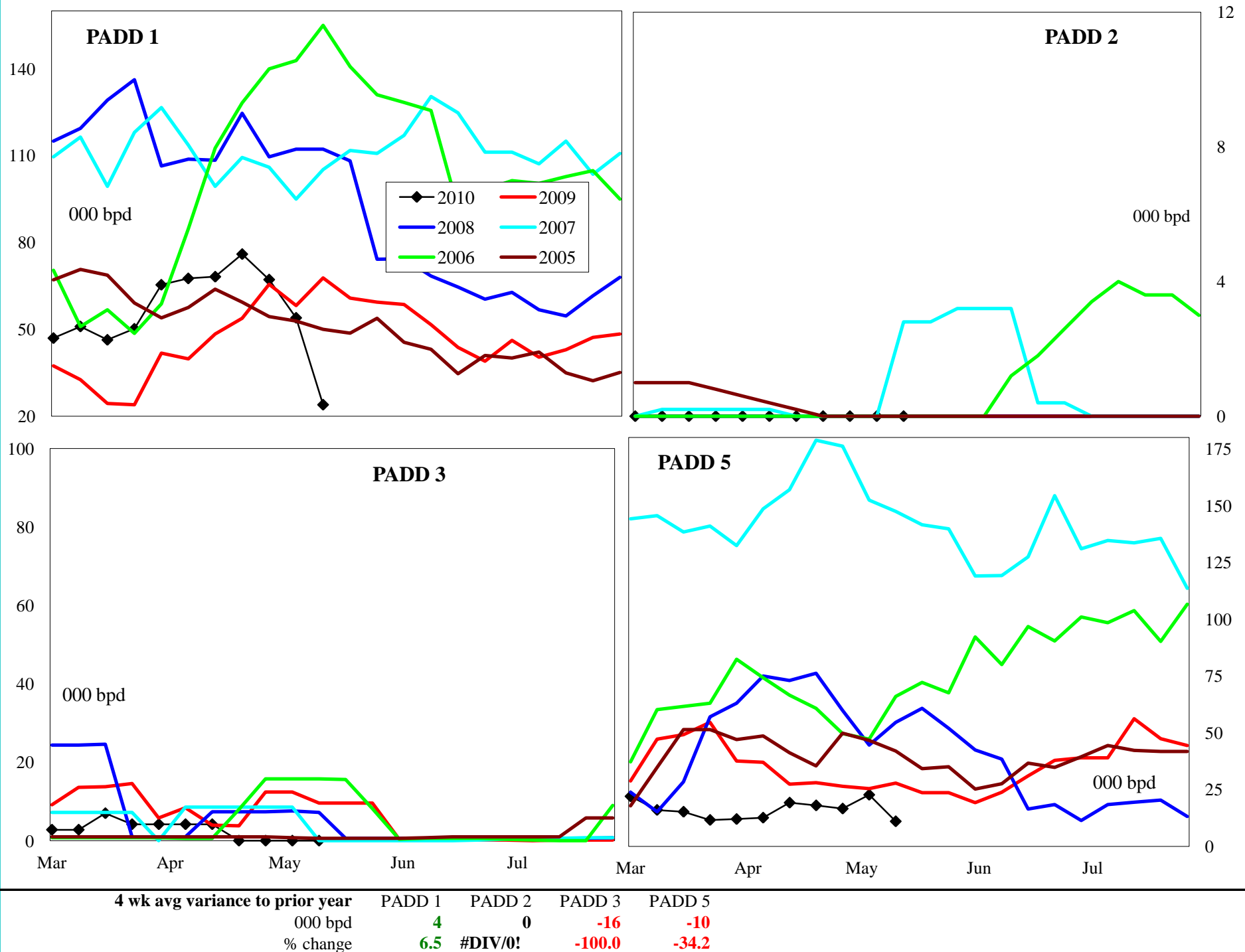
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

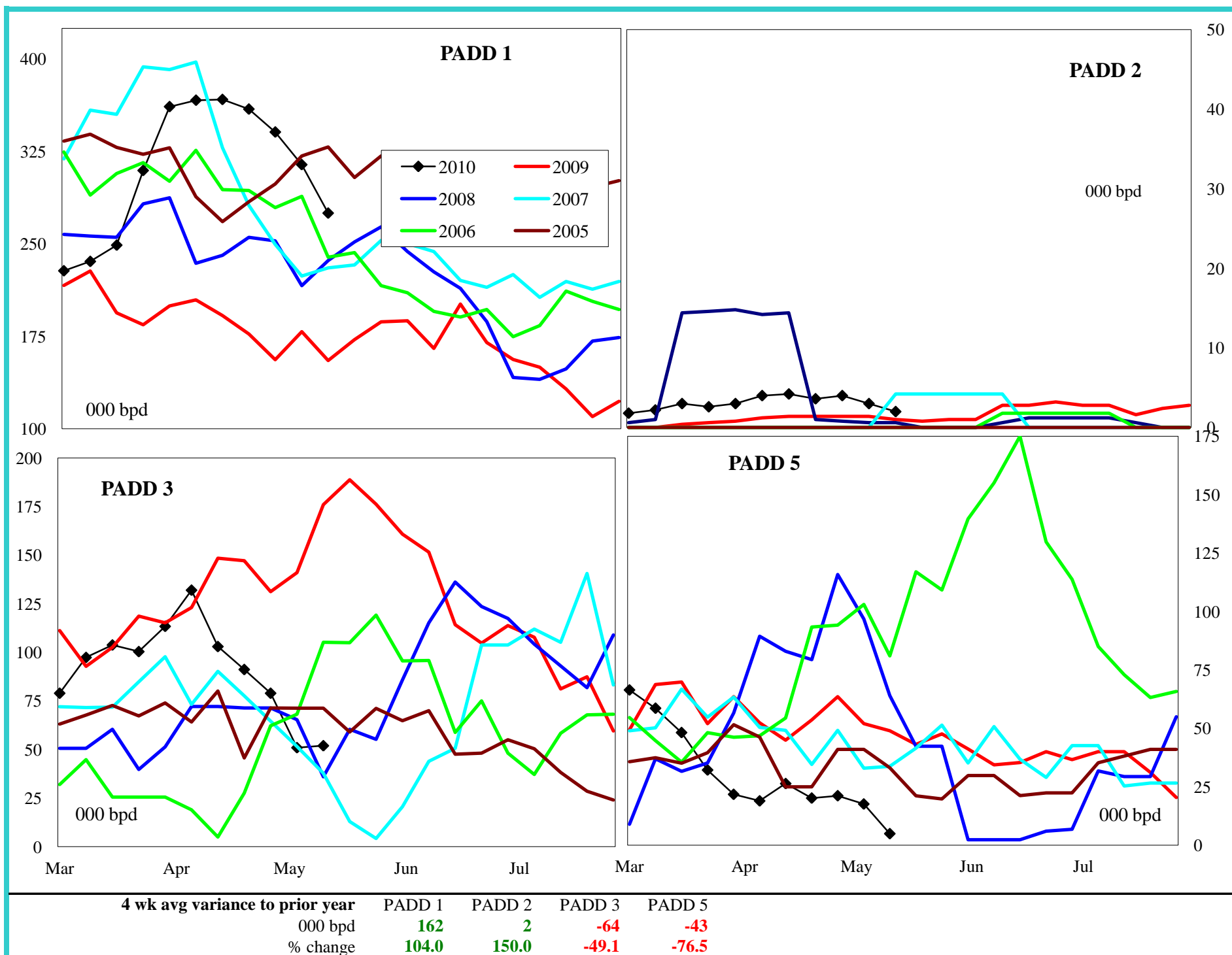


# Jet Fuel Imports by PADD

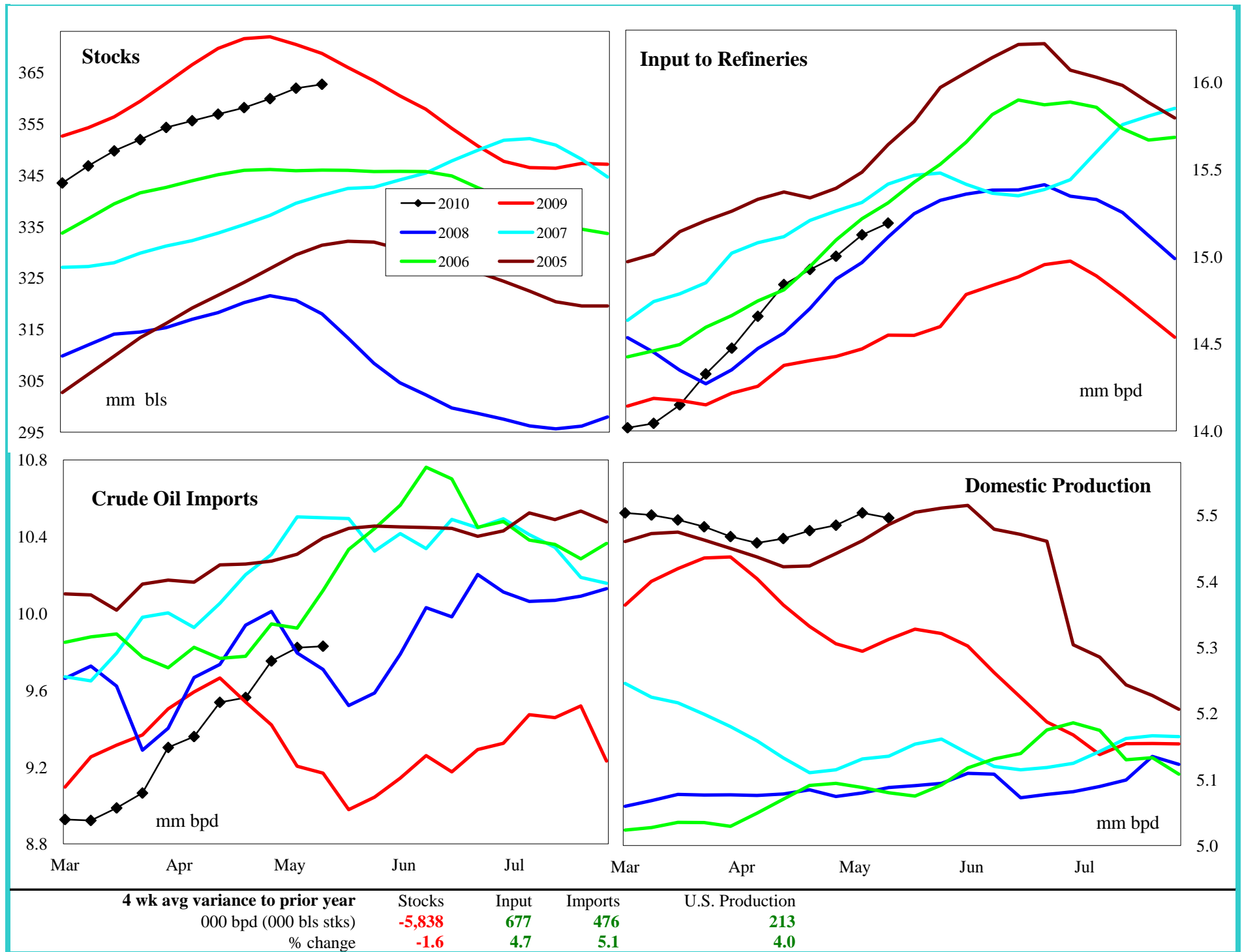




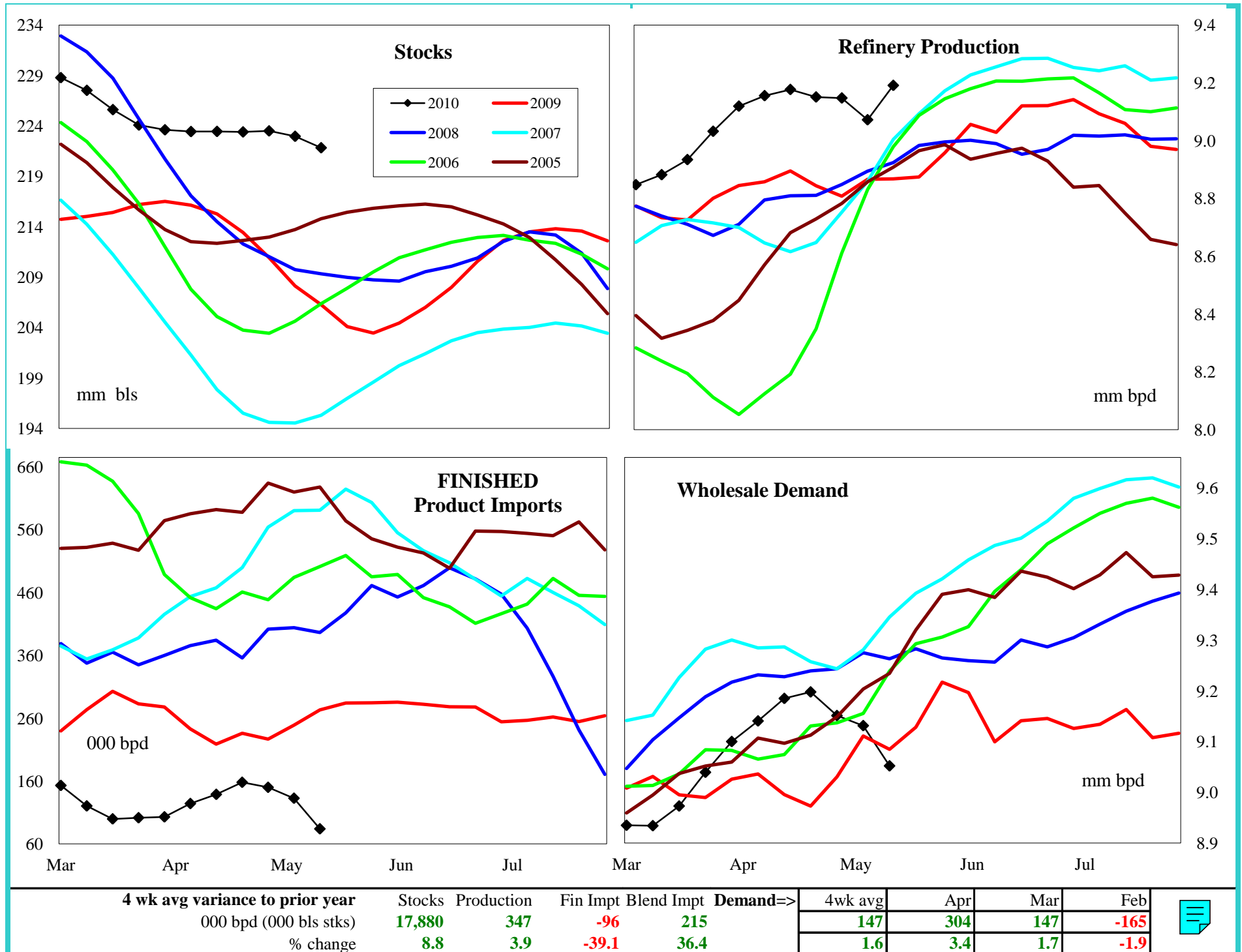
## Residual Fuel Oil Imports by PADD



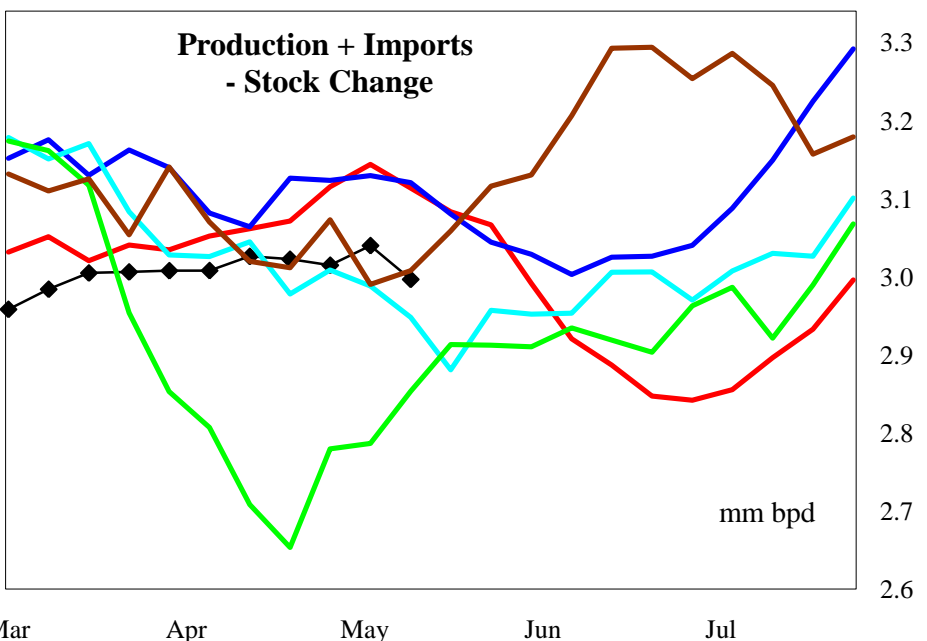
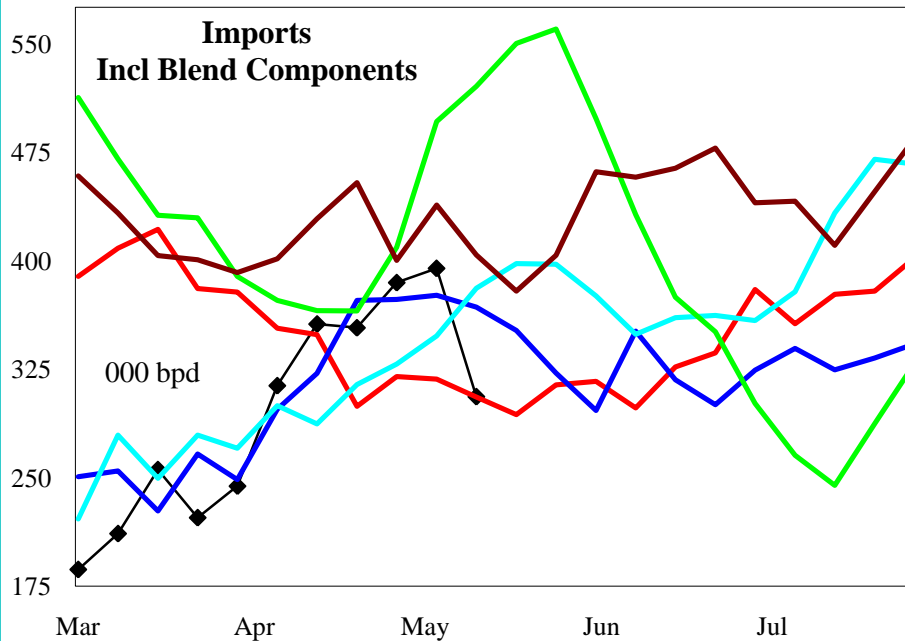
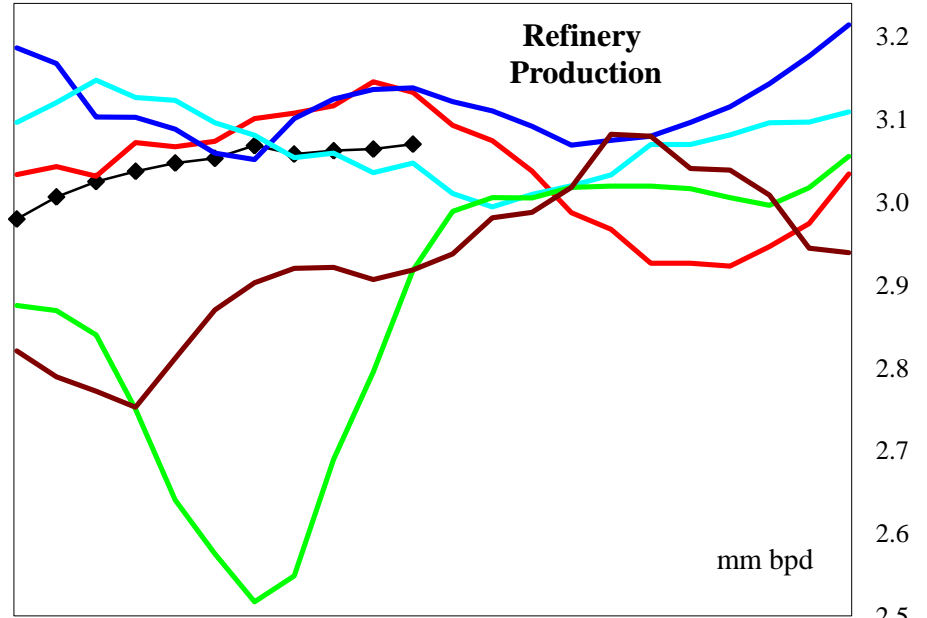
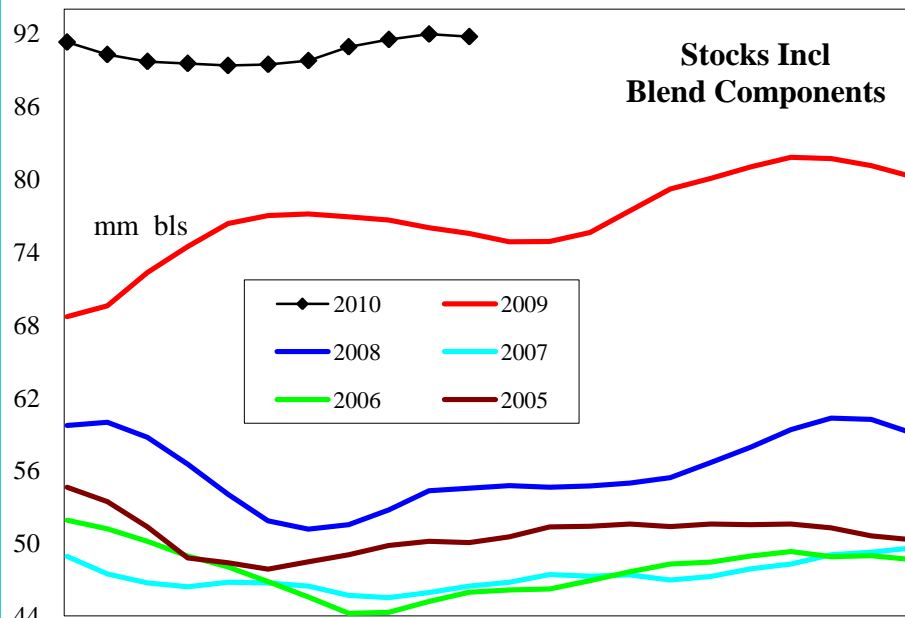
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance



# United States Reformulated Gasoline Supply

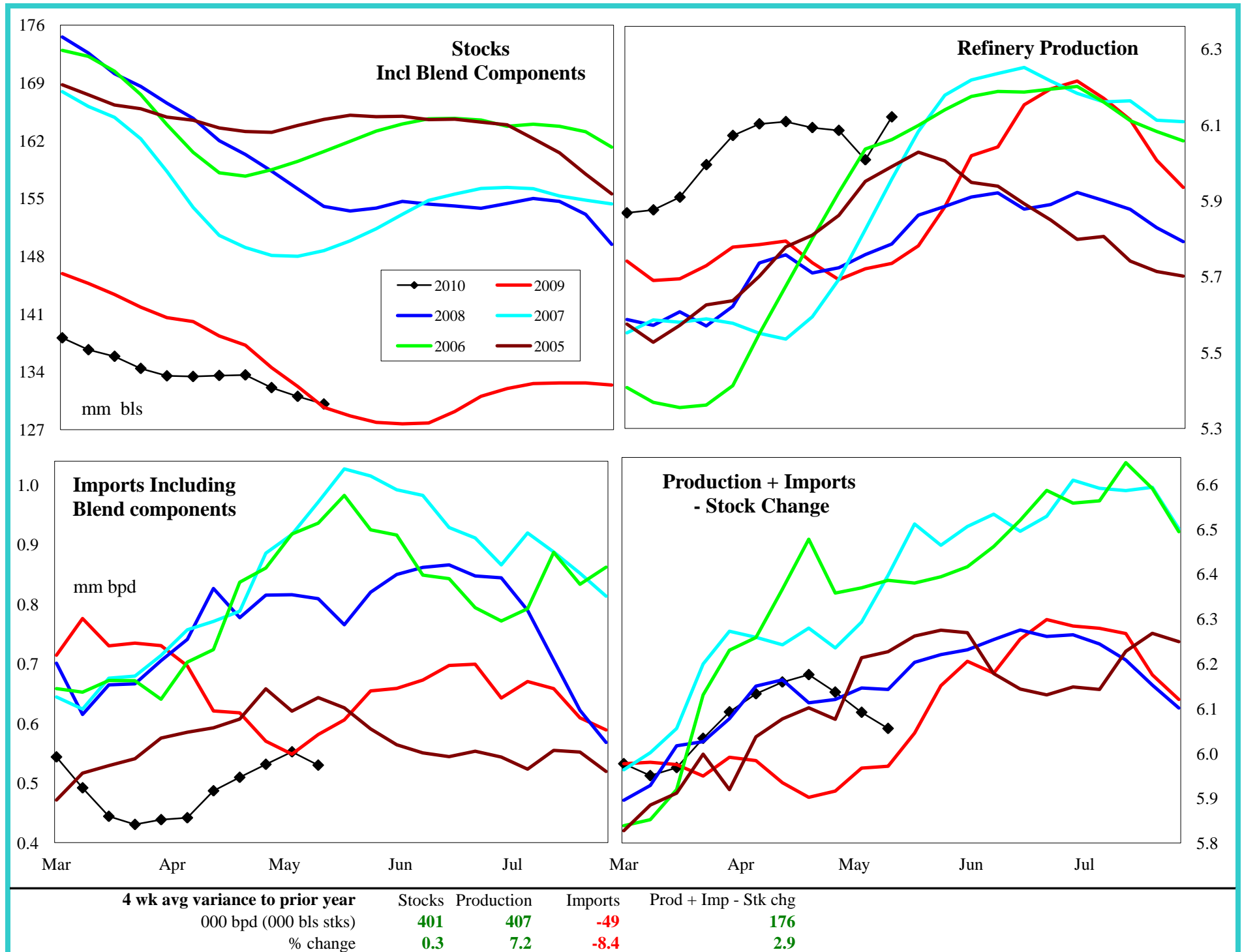


**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

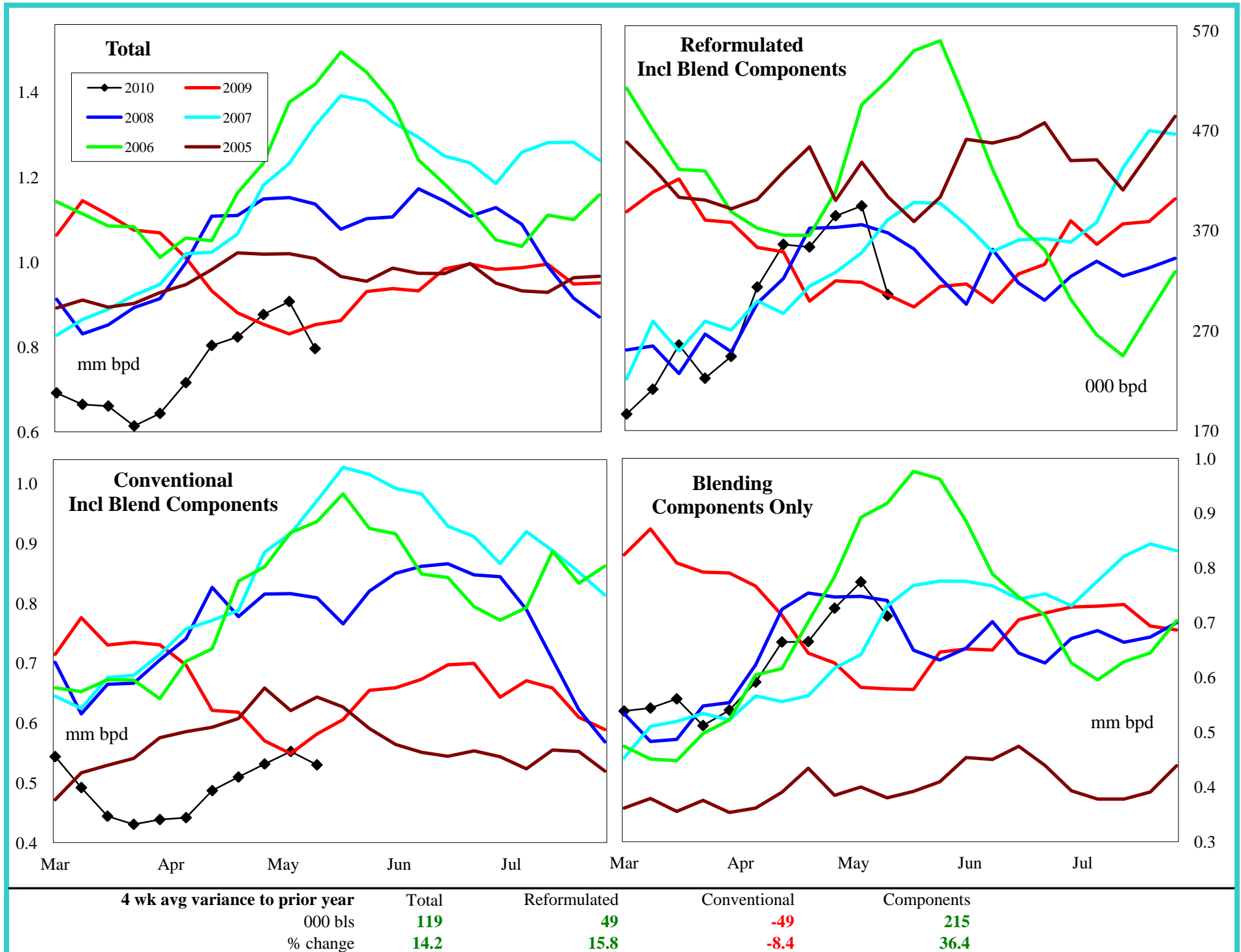
Stocks	Production	Imports	Prod + Imp - Stk chg
16,212	-60	49	-92
21.5	-1.9	15.8	-3.0



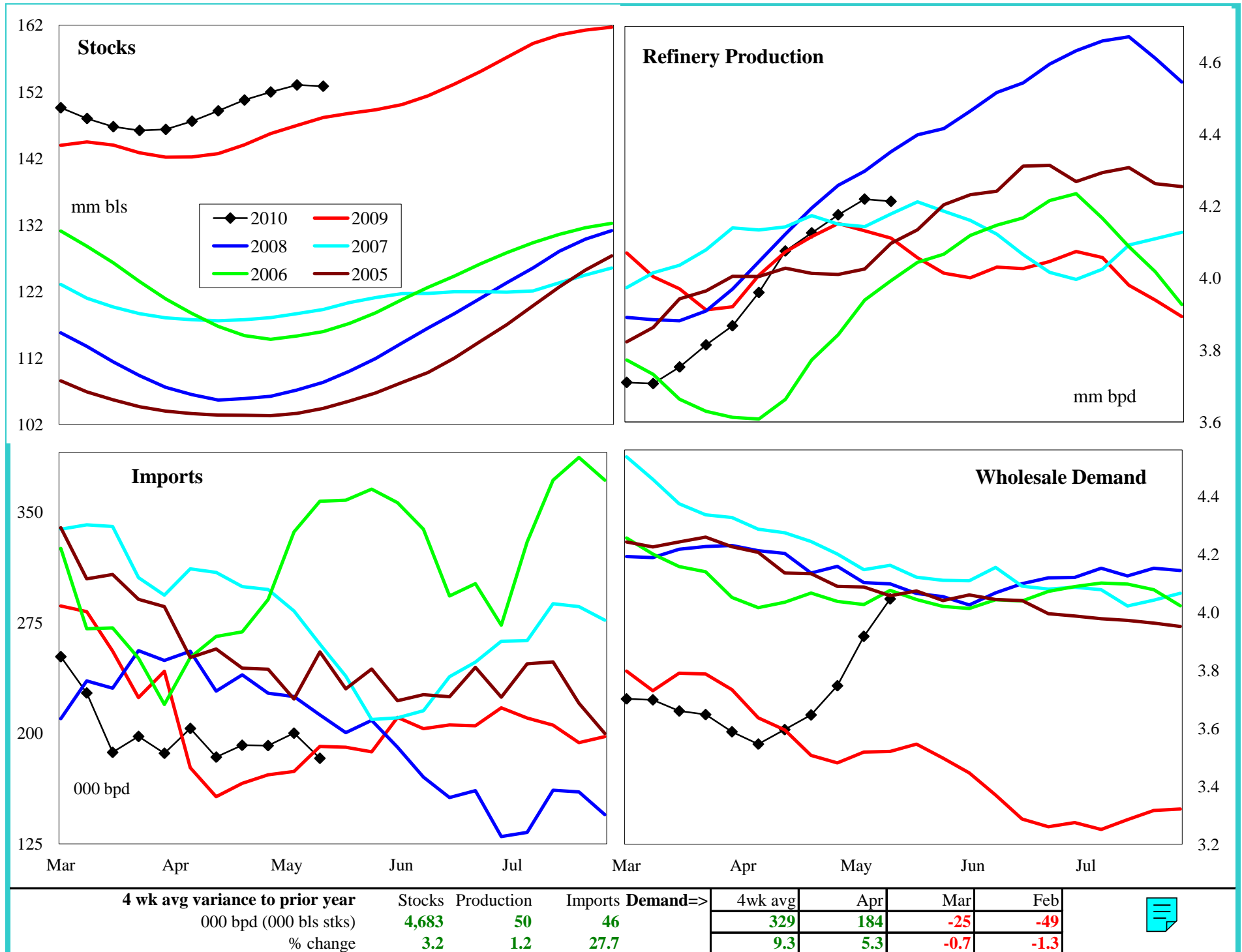
# United States Conventional Gasoline Supply



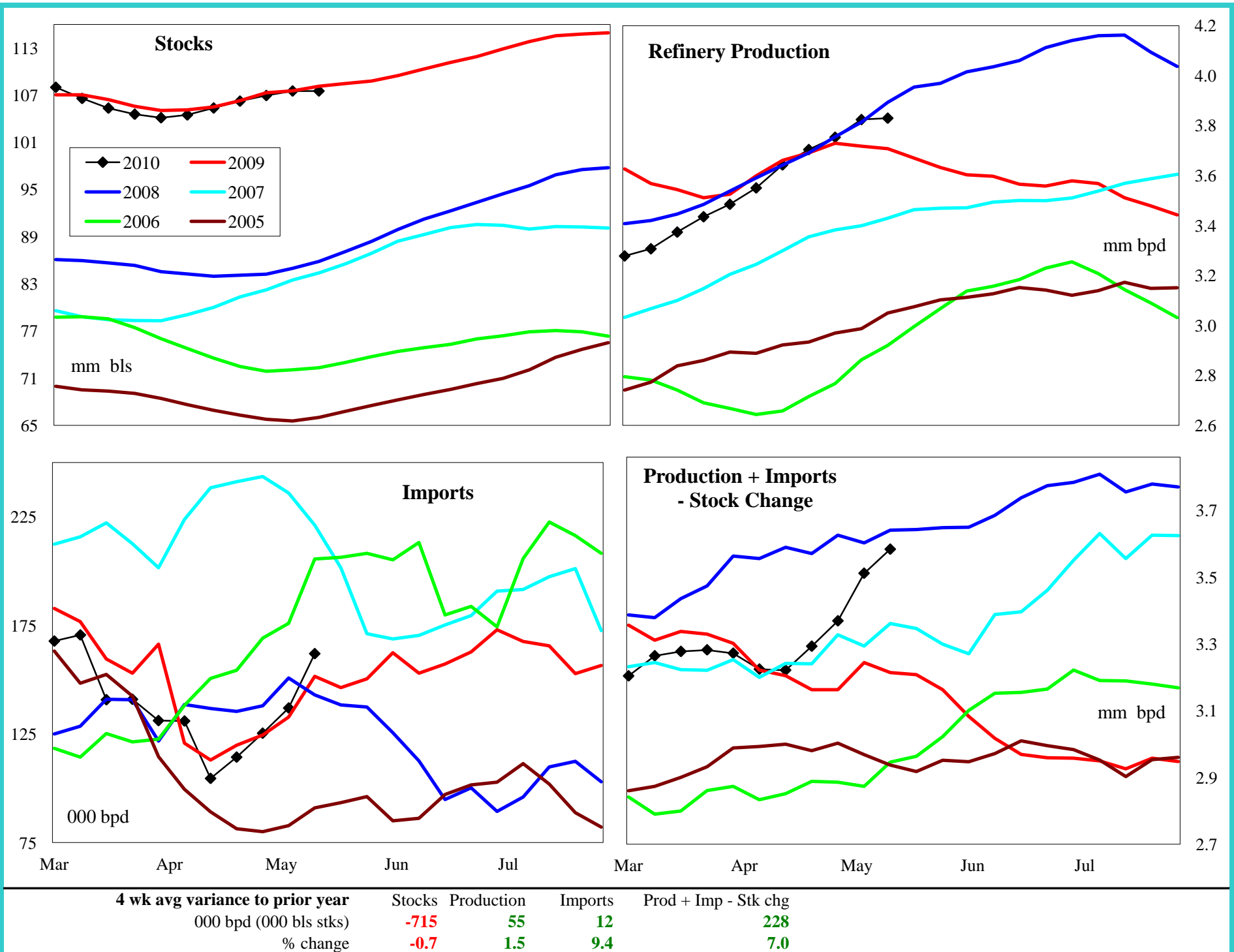
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

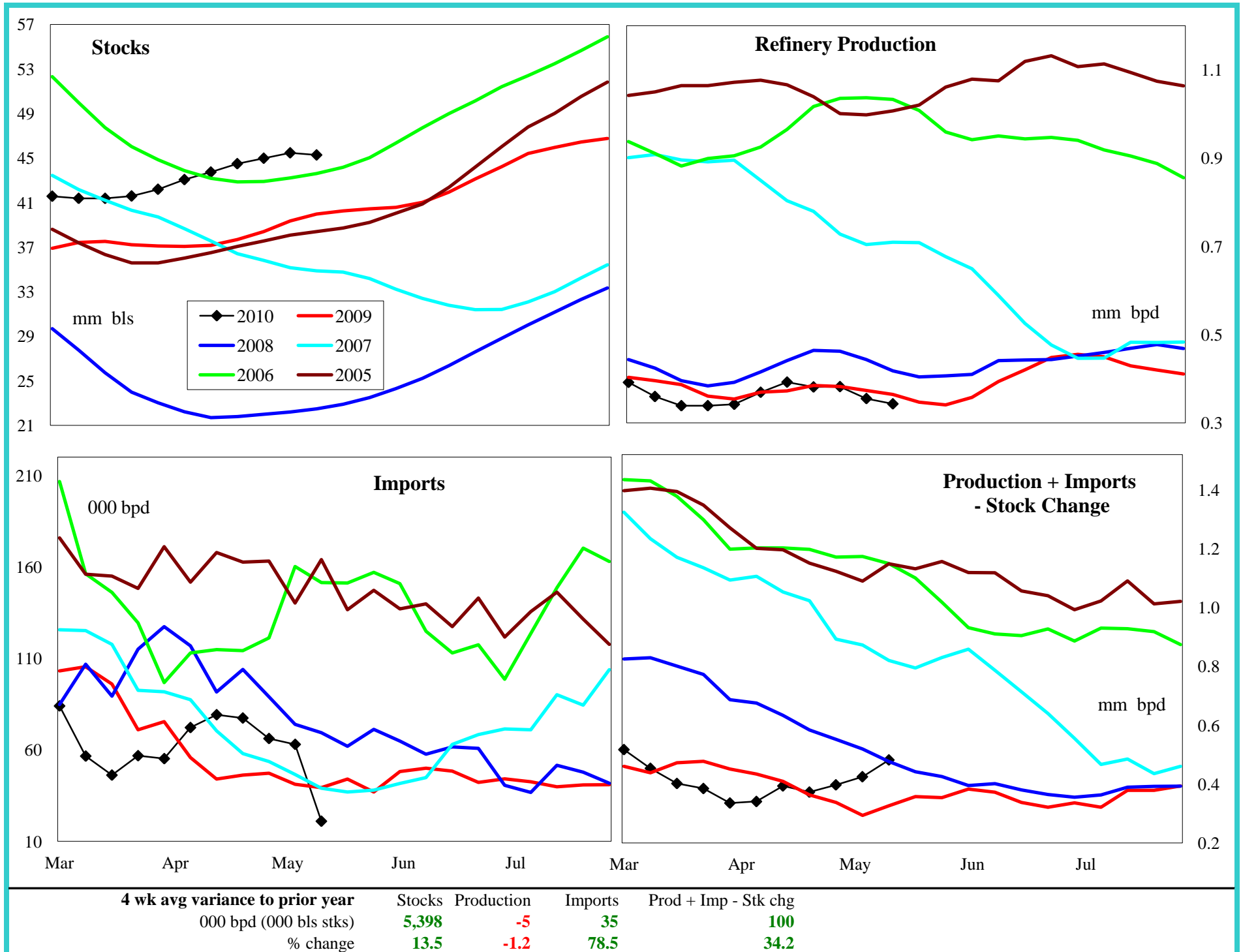


# United States Low Sulfur Distillate Supply

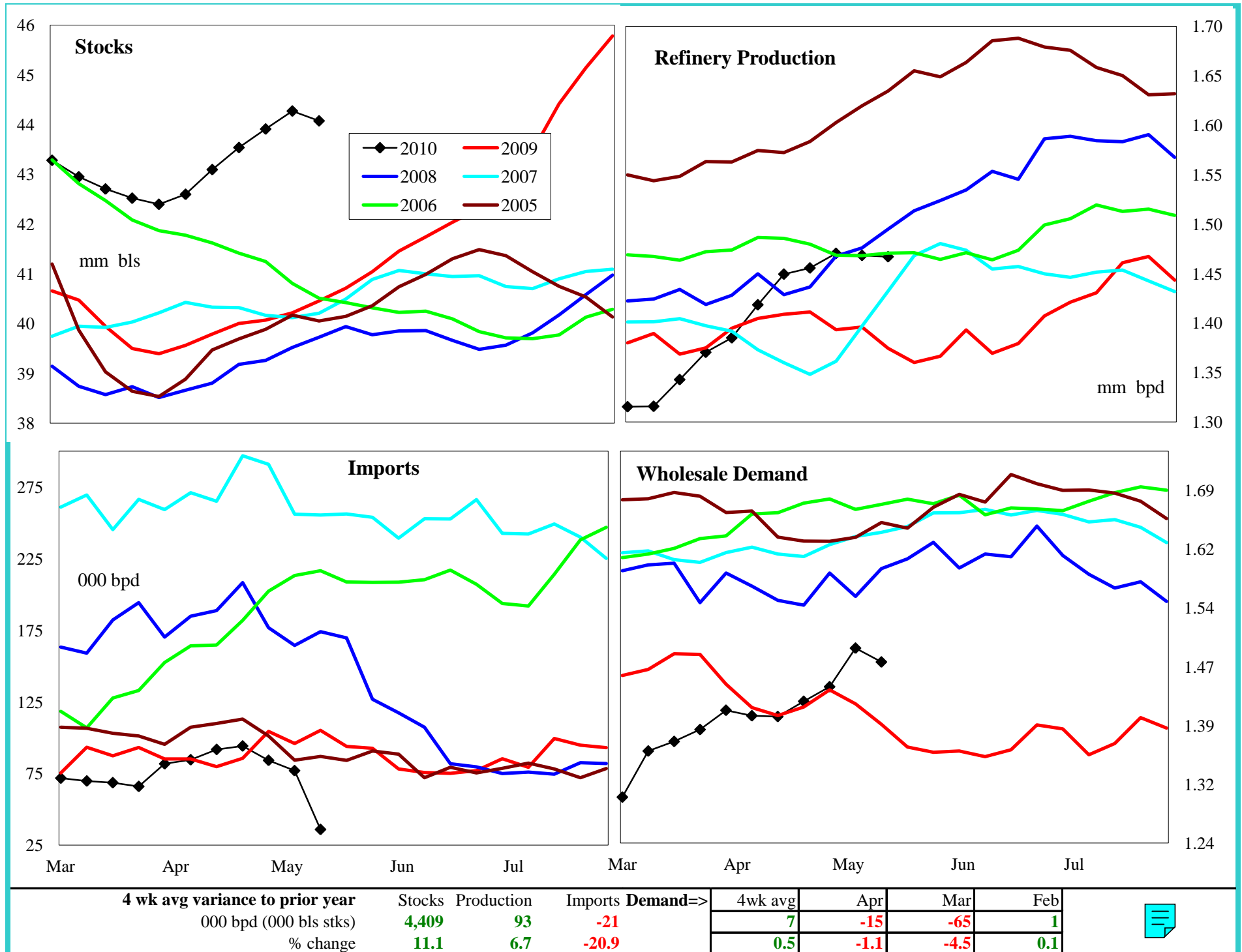




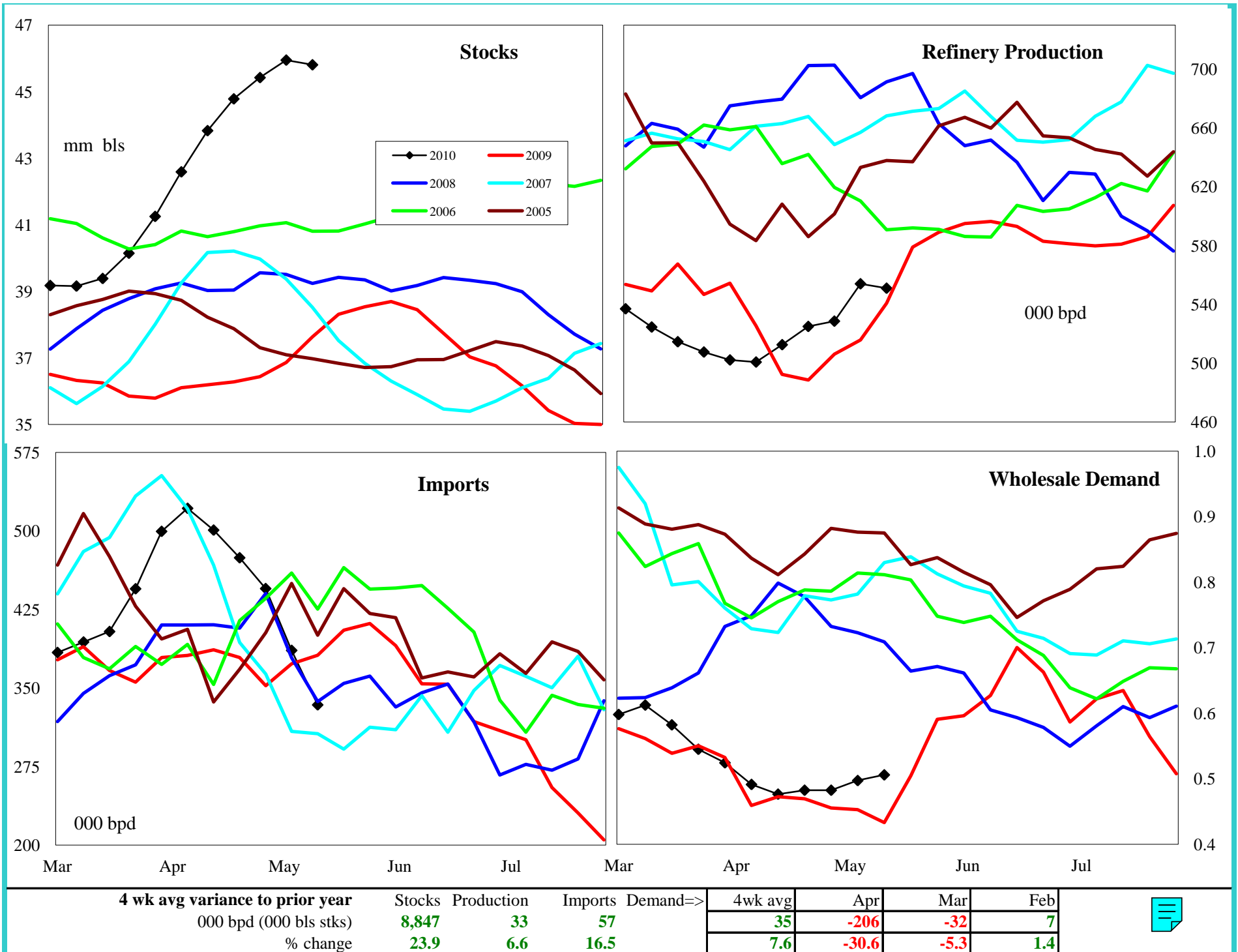
# United States High Sulfur Distillate Supply



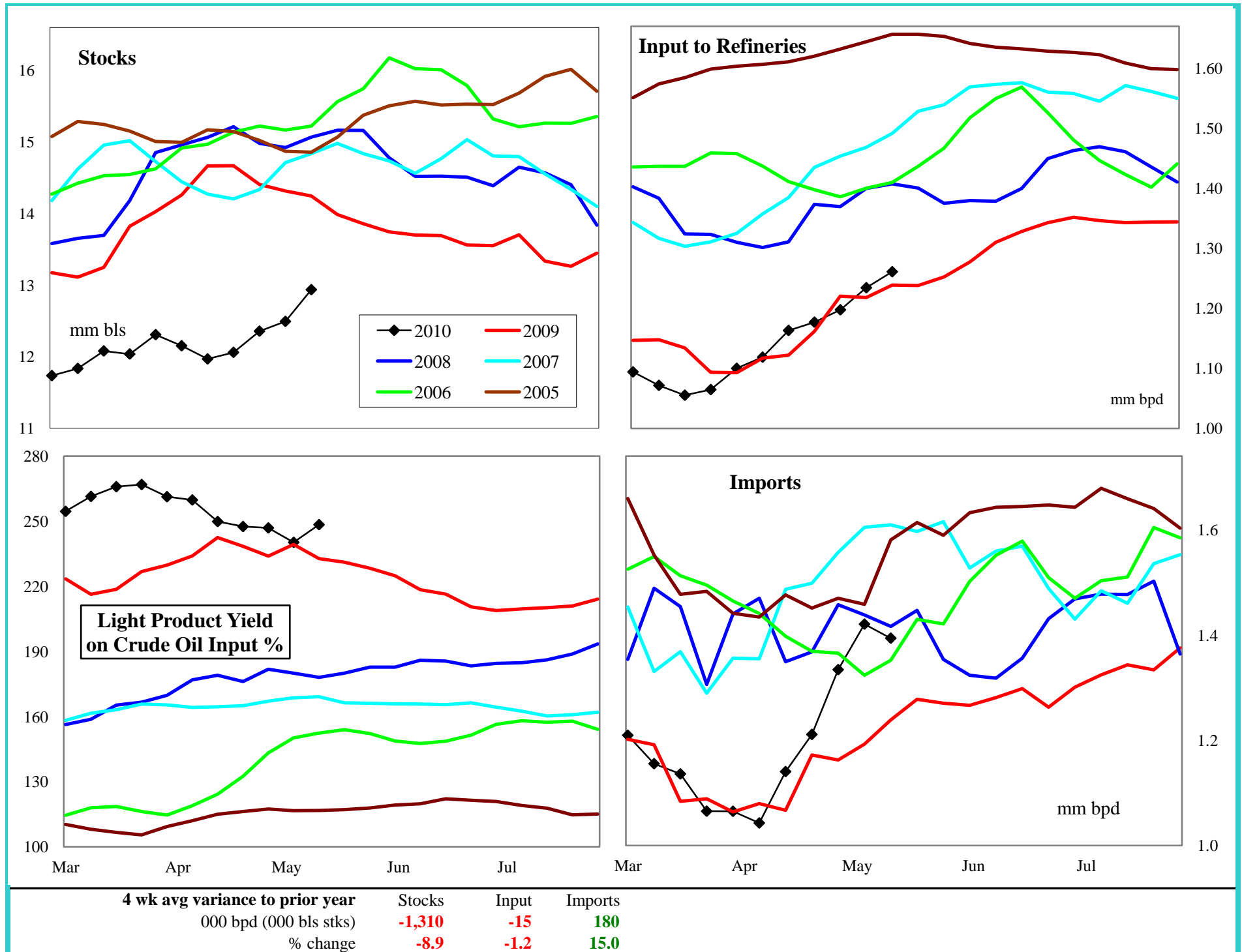
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

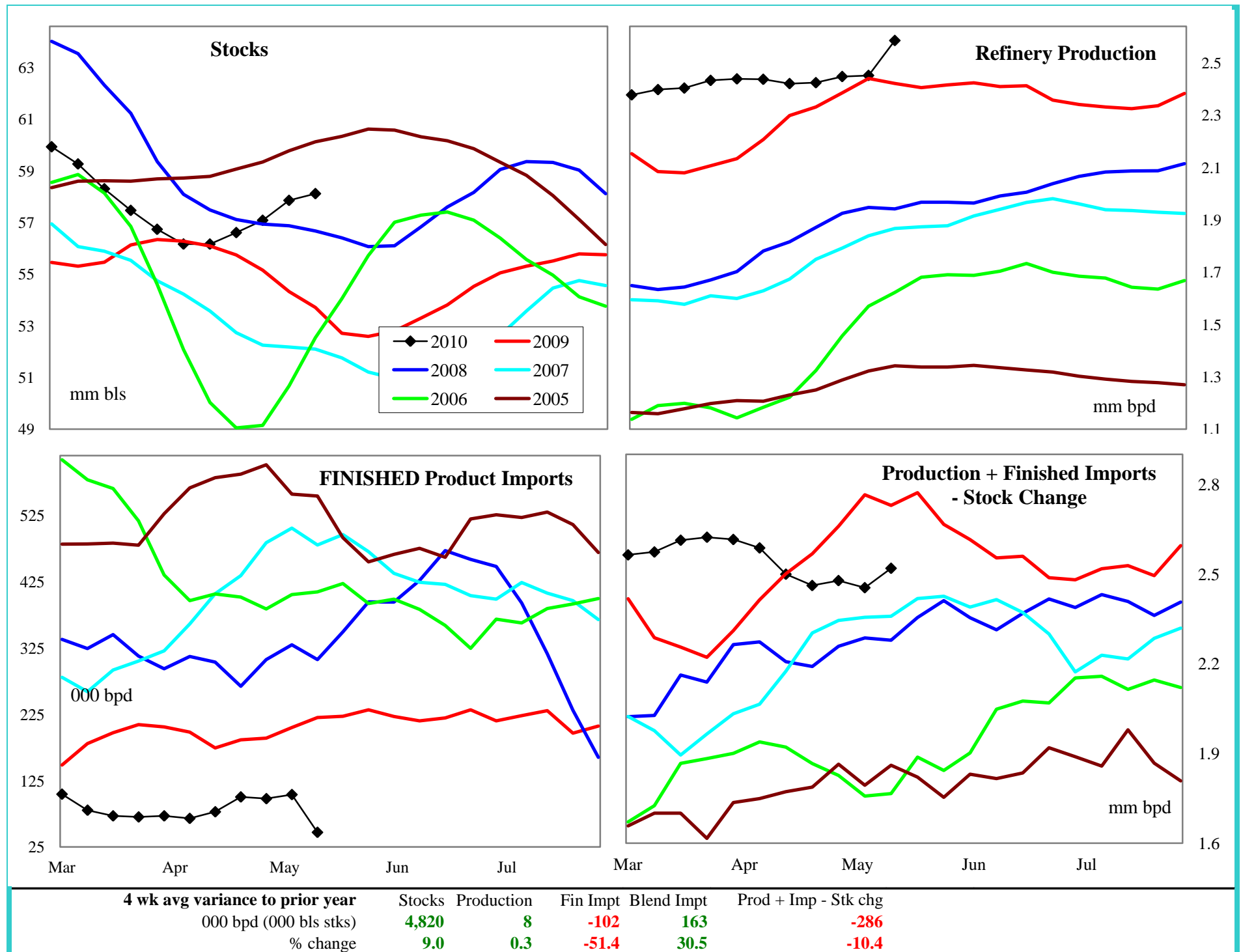


# PADD 1 Crude Oil Supply and Refining

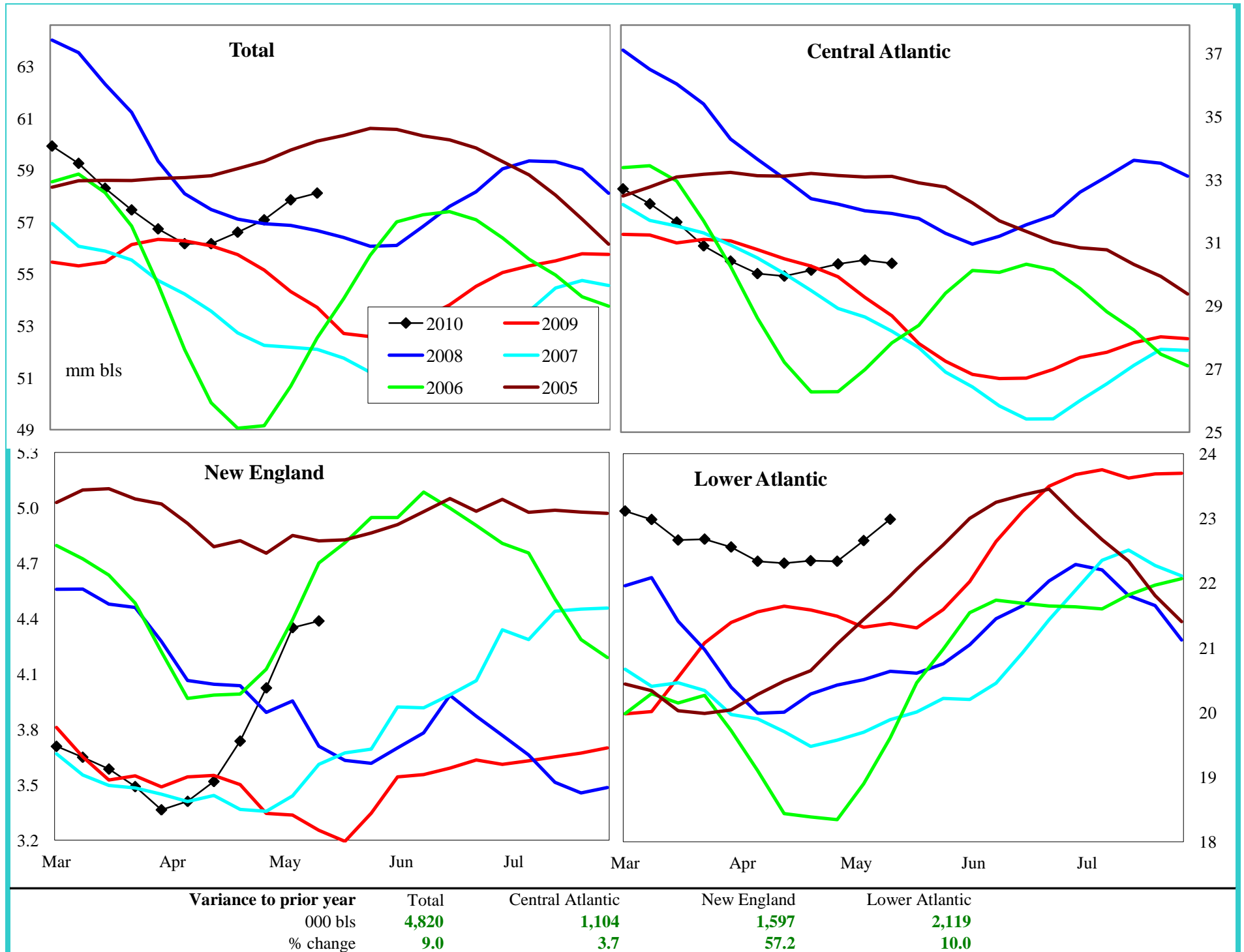




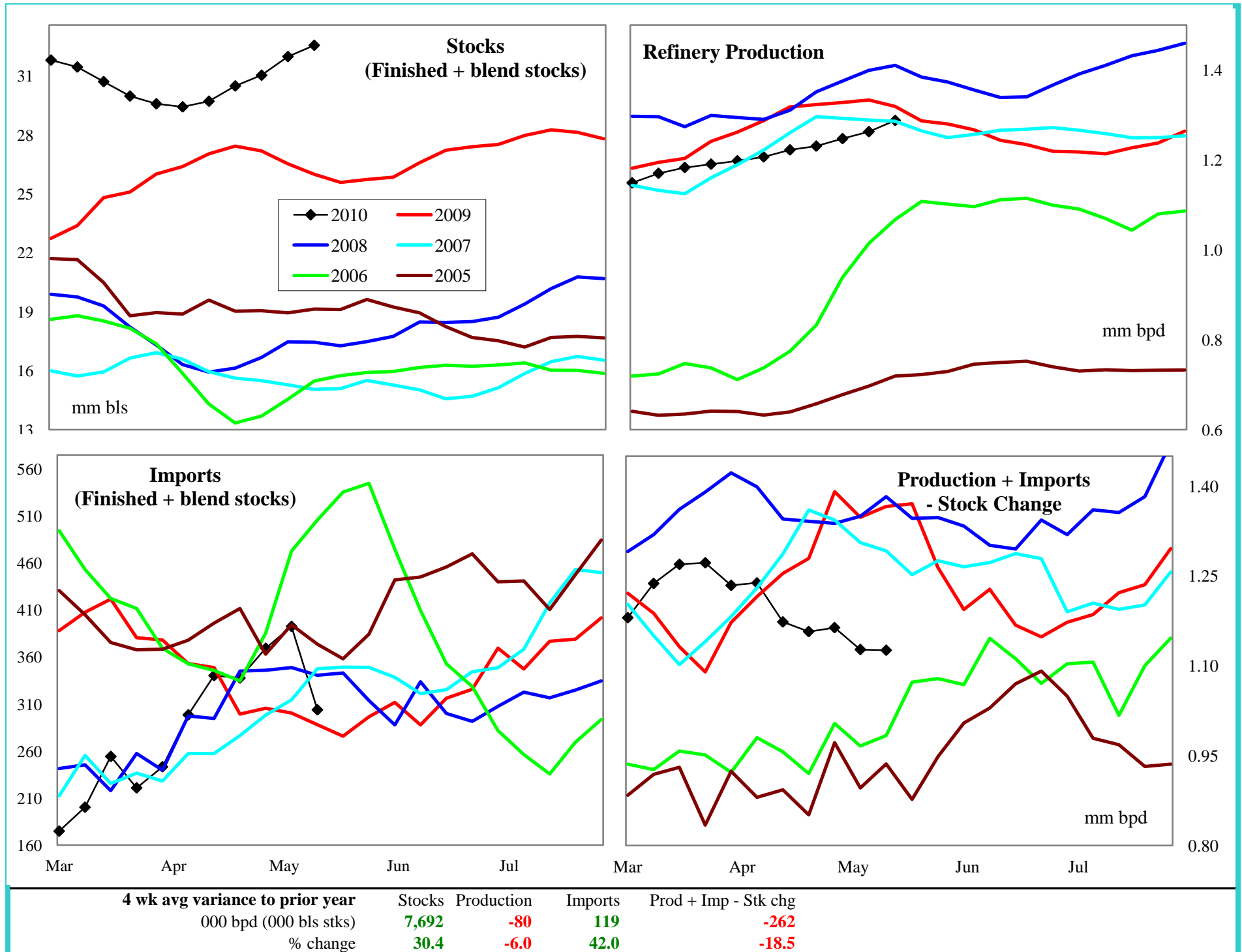
# PADD 1 Gasoline Supply



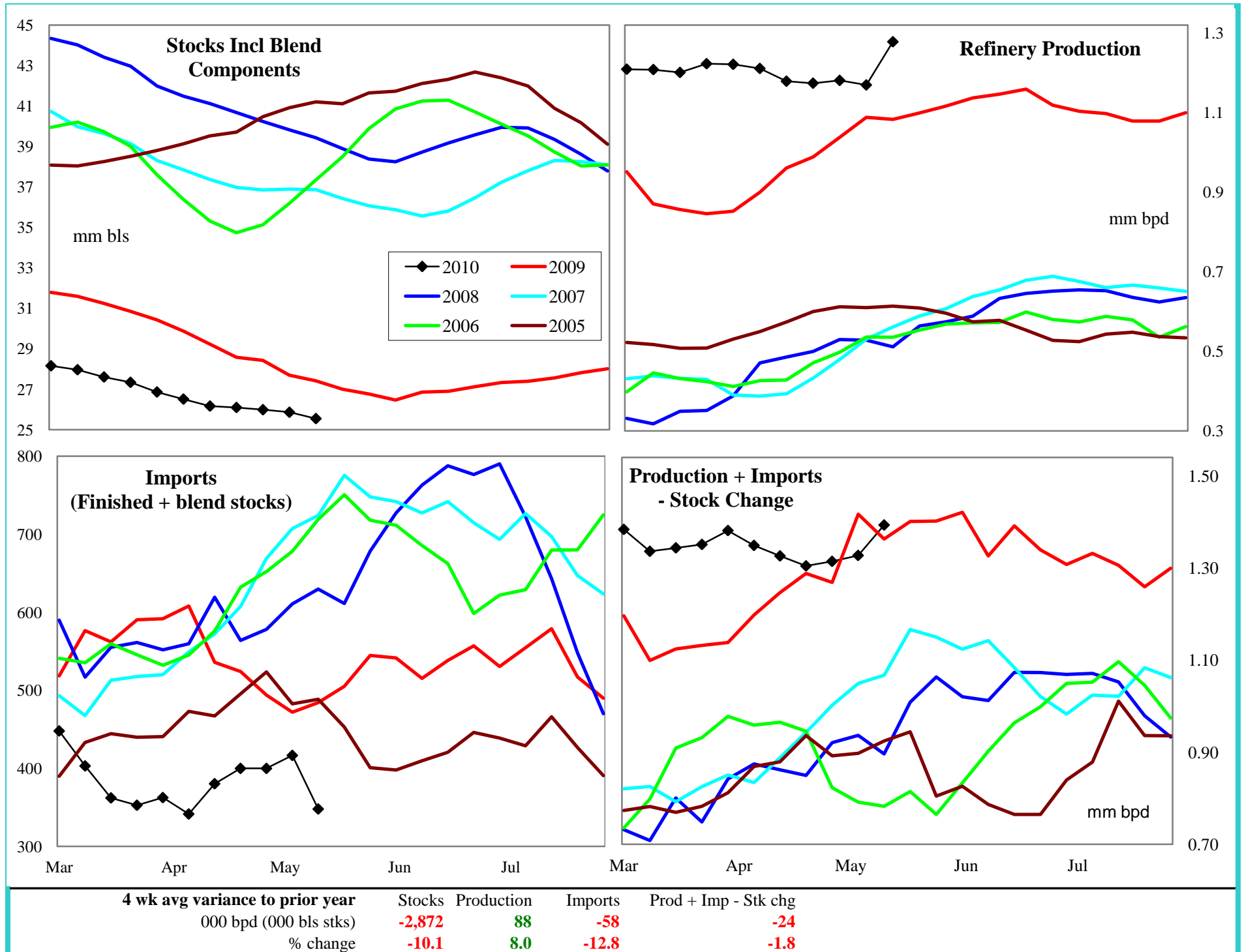
# PADD 1 Gasoline Stocks by Region



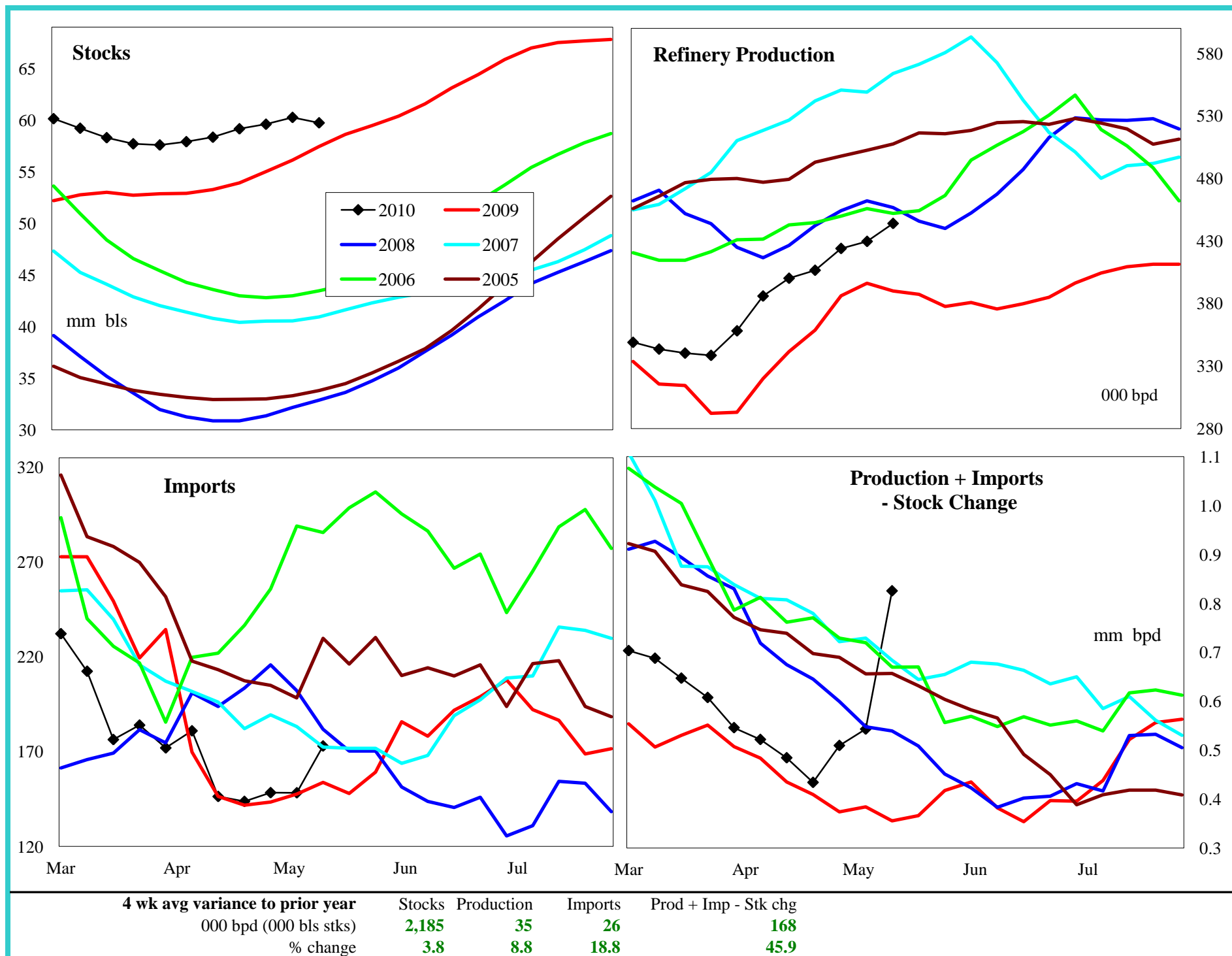
# PADD 1 Reformulated Gasoline Supply



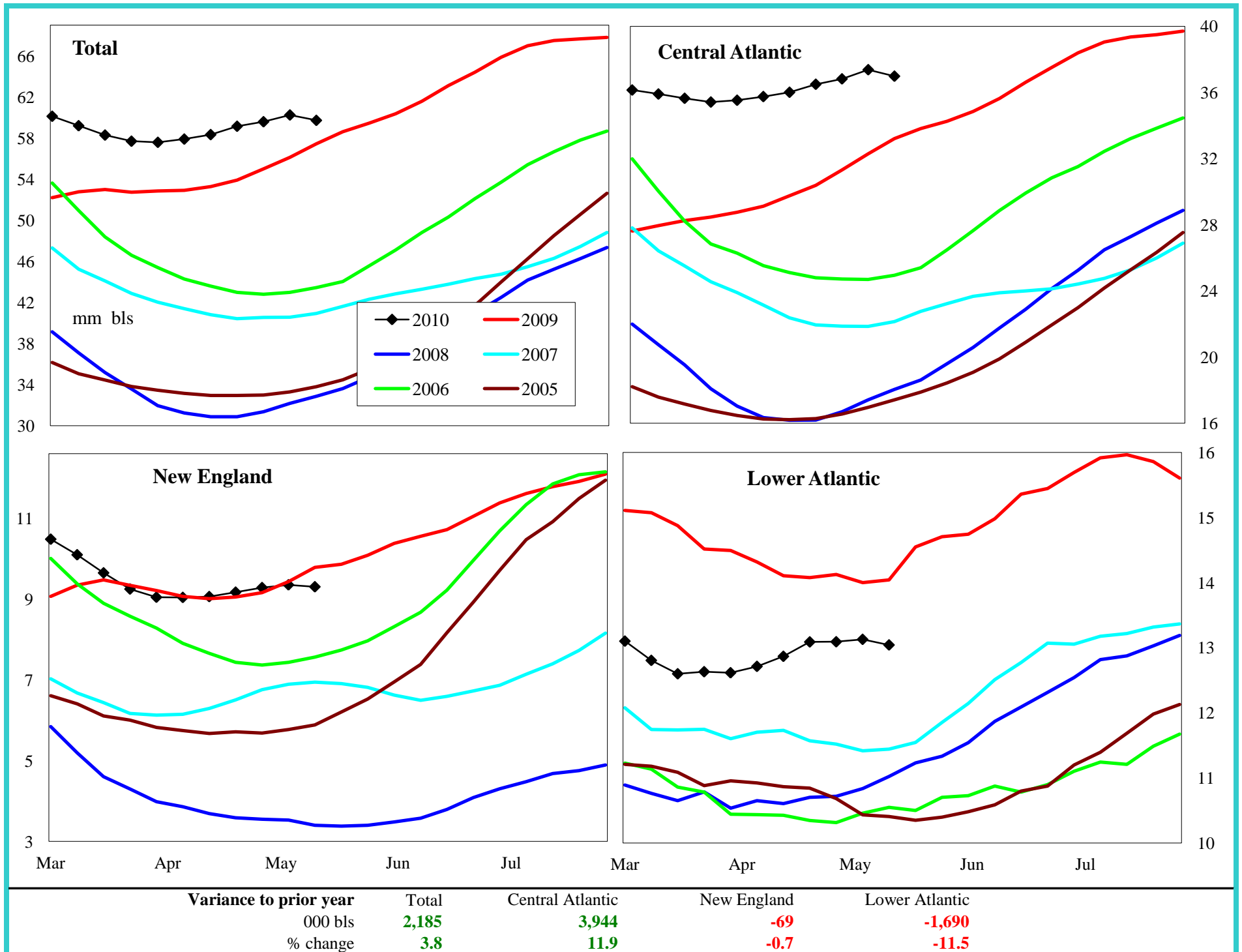
# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply

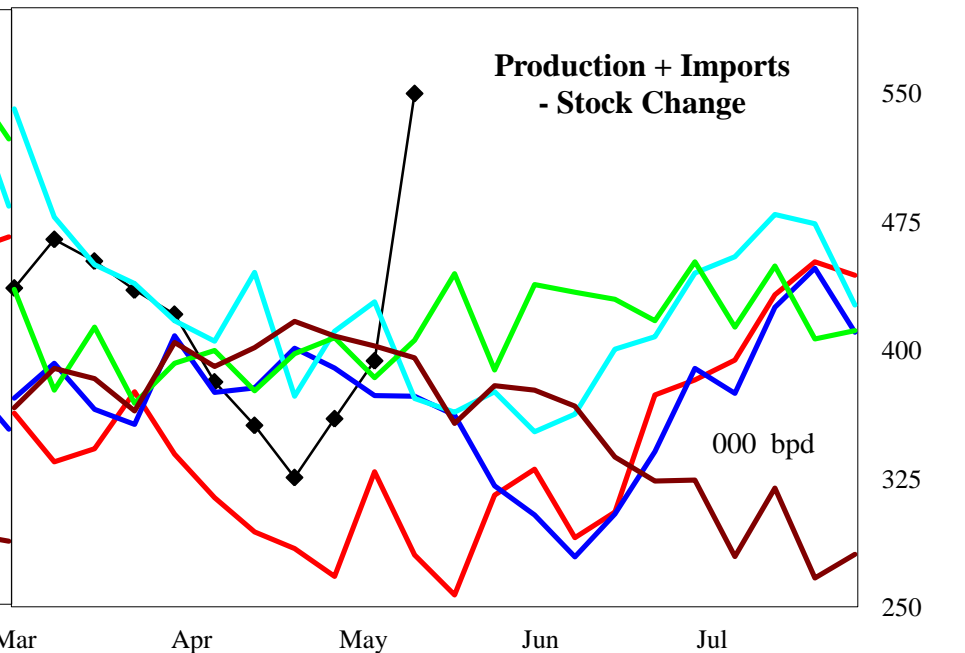
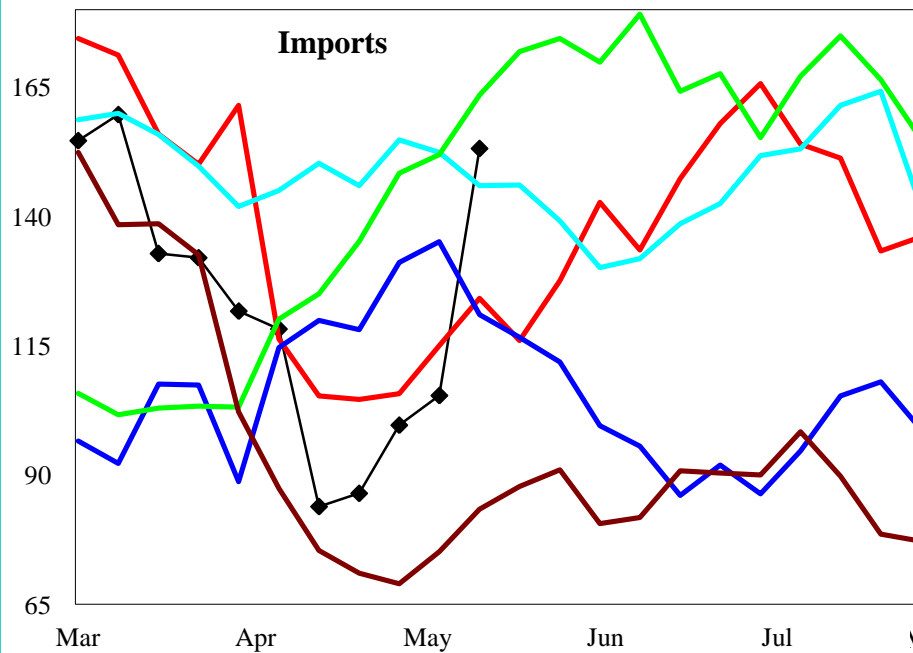
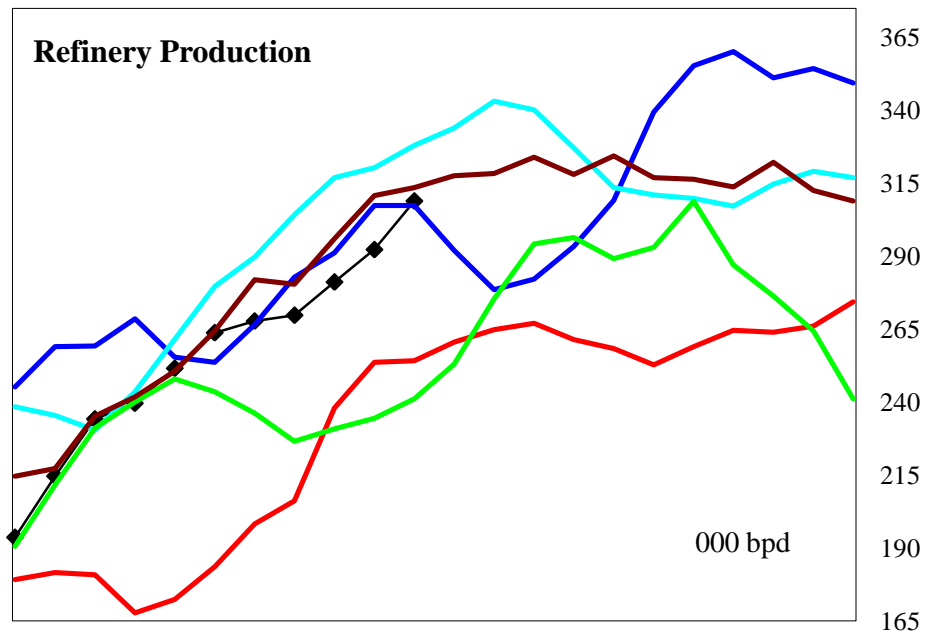
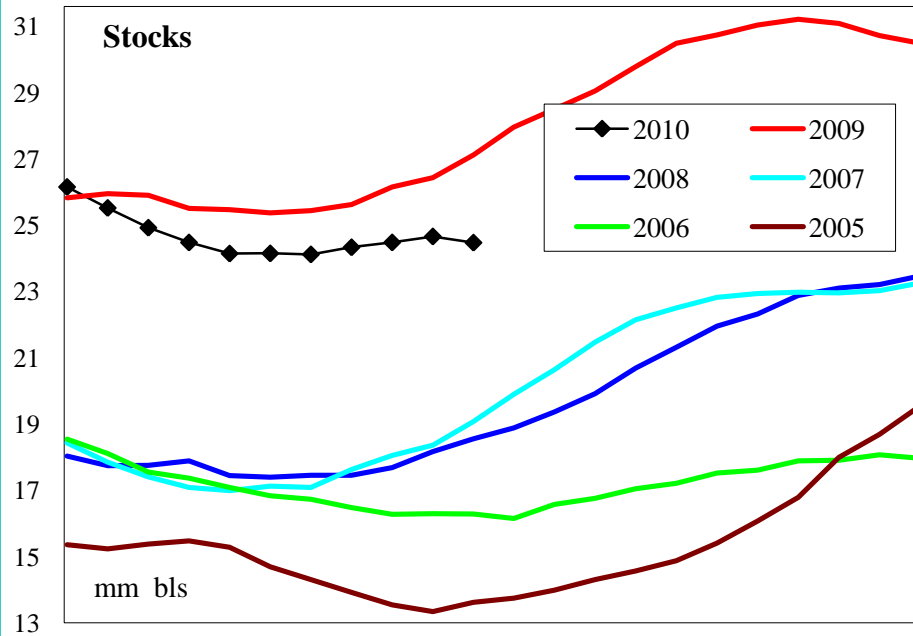


# PADD 1 Distillate Stocks by Region





# 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

-2,861

46

2

88

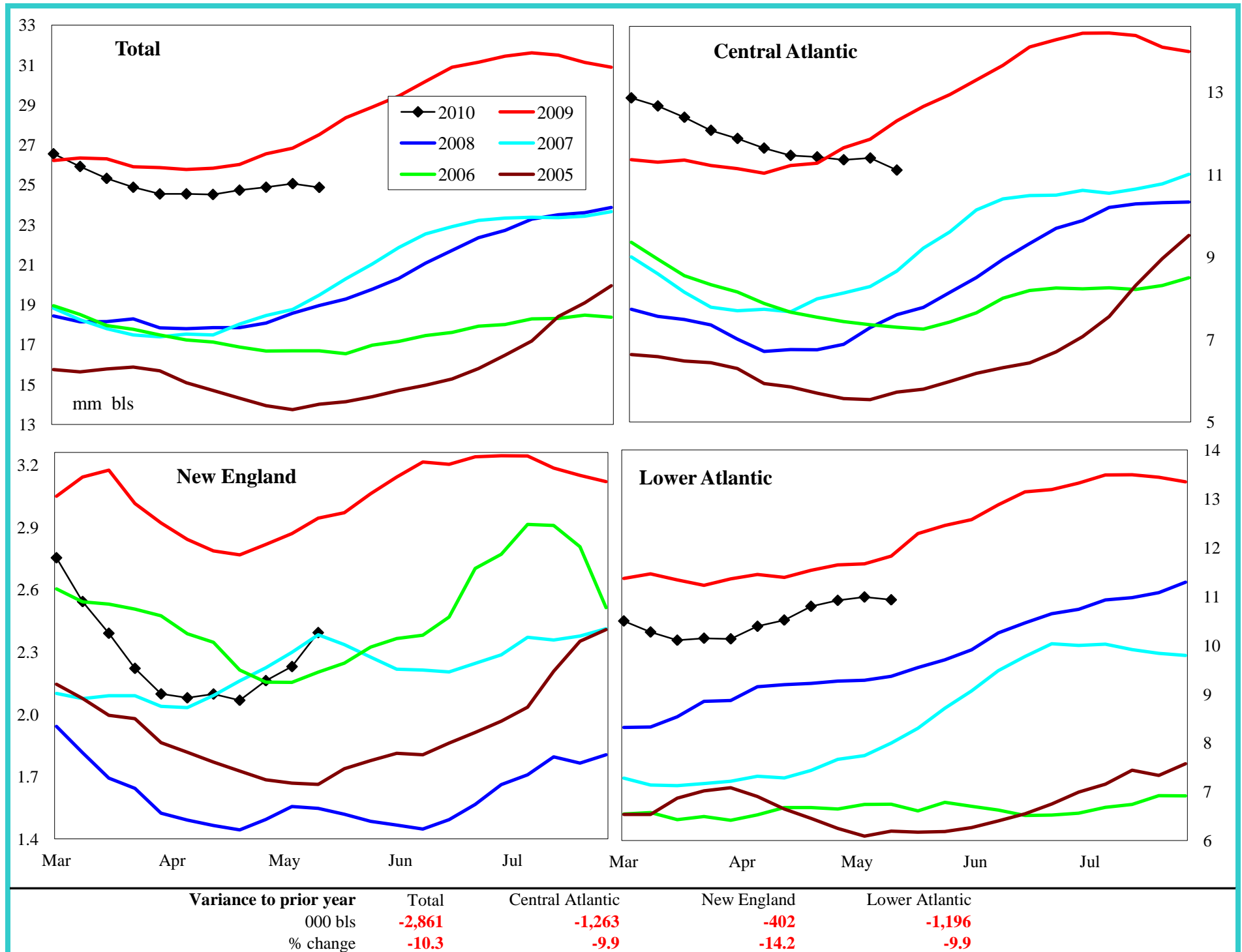
-10.3

19.0

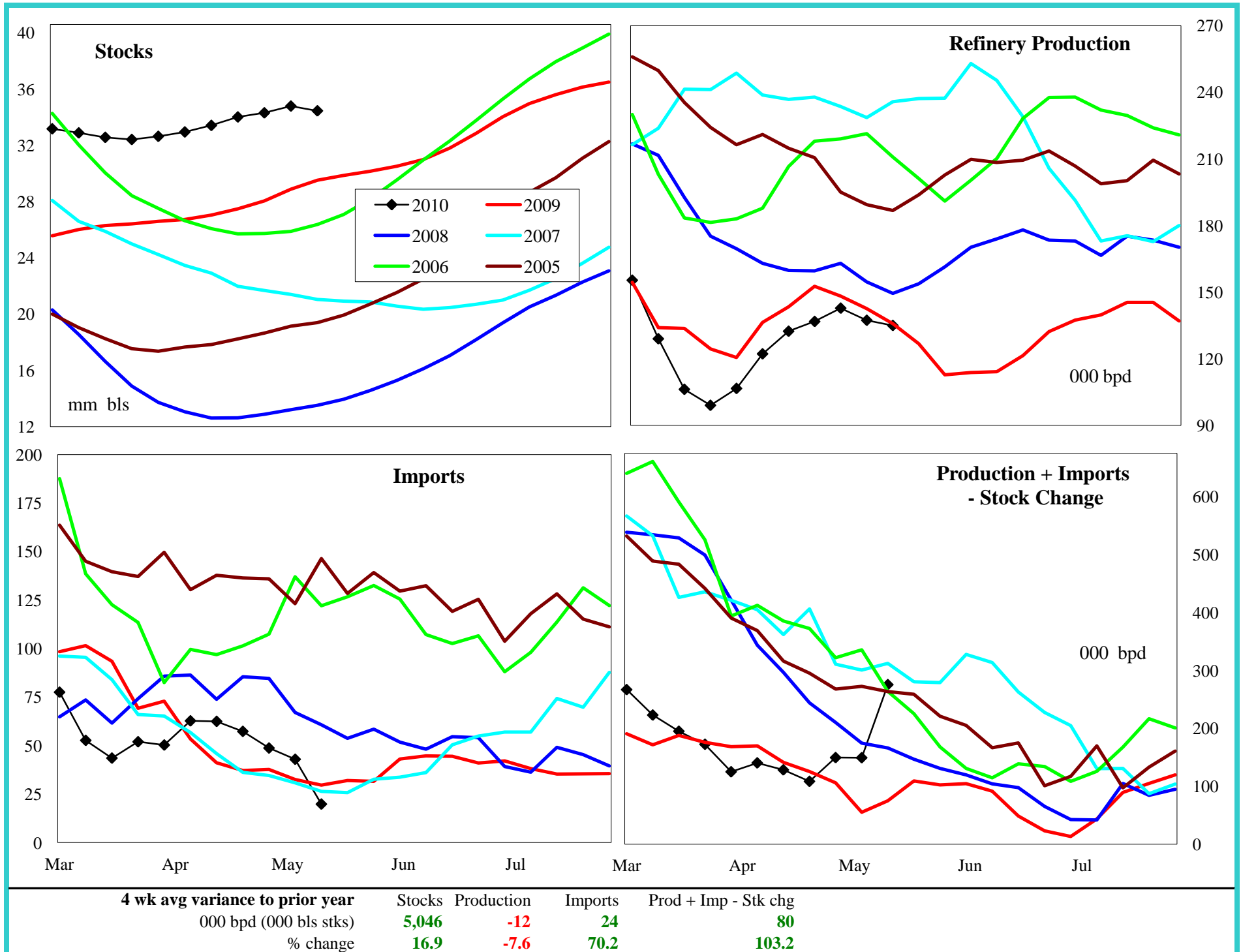
1.7

30.5

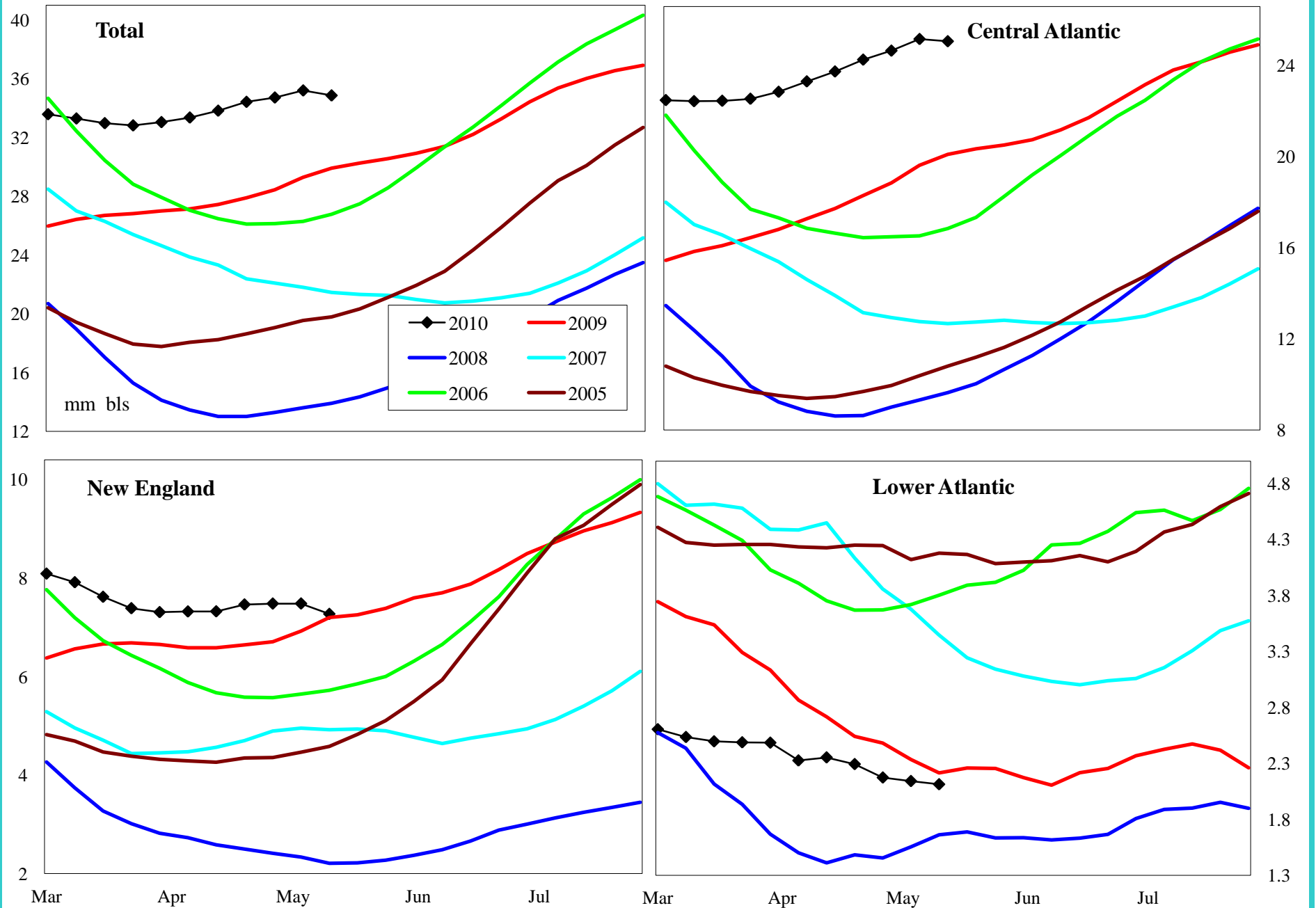
# PADD 1 Low Sulfur Distillate Stocks by Region



# PADD 1 High Sulfur Distillate Supply



# PADD 1 High Sulfur Distillate Stocks by Region



**Variance to prior year**

000 bls

% change

**Total**

**5,046**

**16.9**

**Central Atlantic**

**5,207**

**25.7**

**New England**

**333**

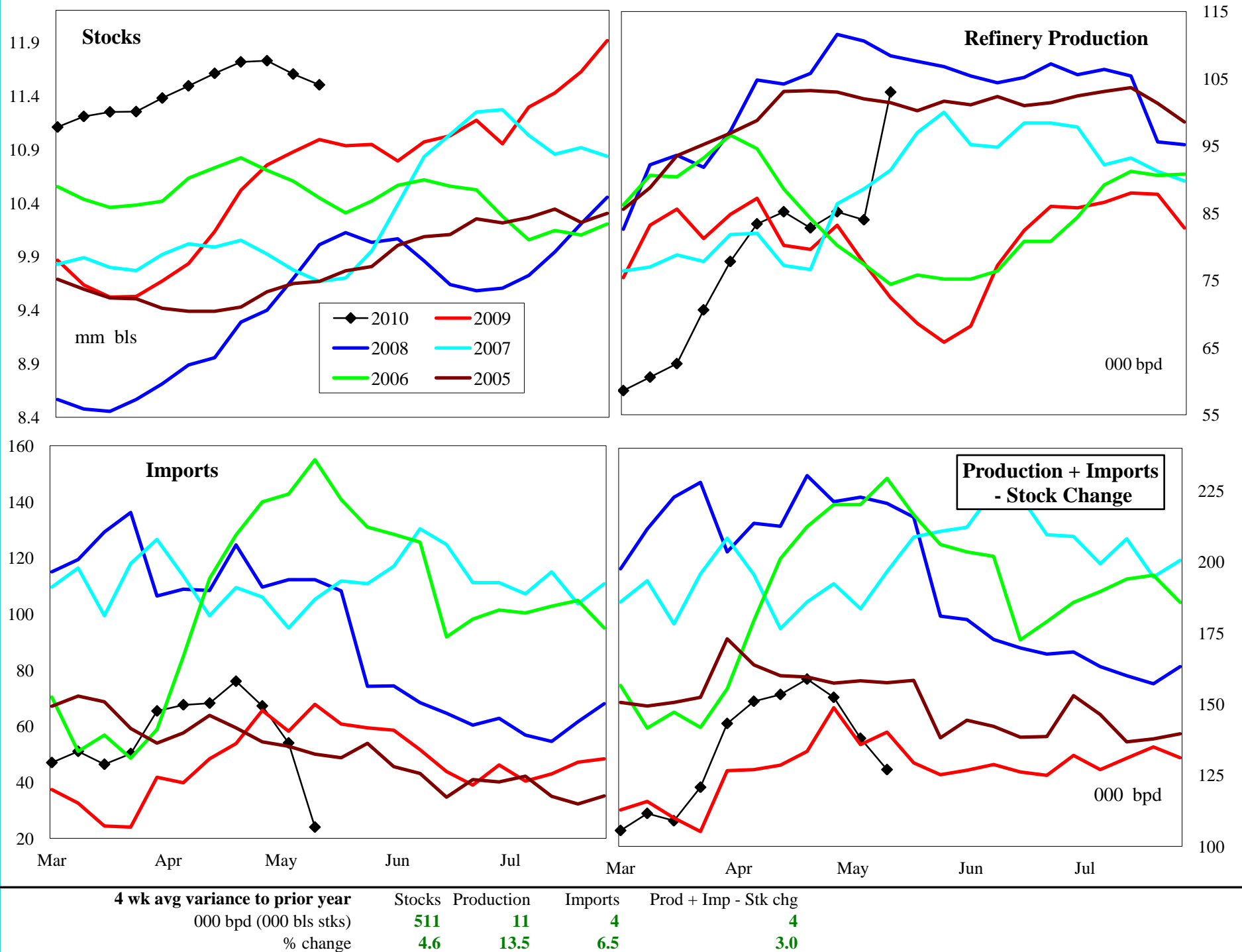
**4.8**

**Lower Atlantic**

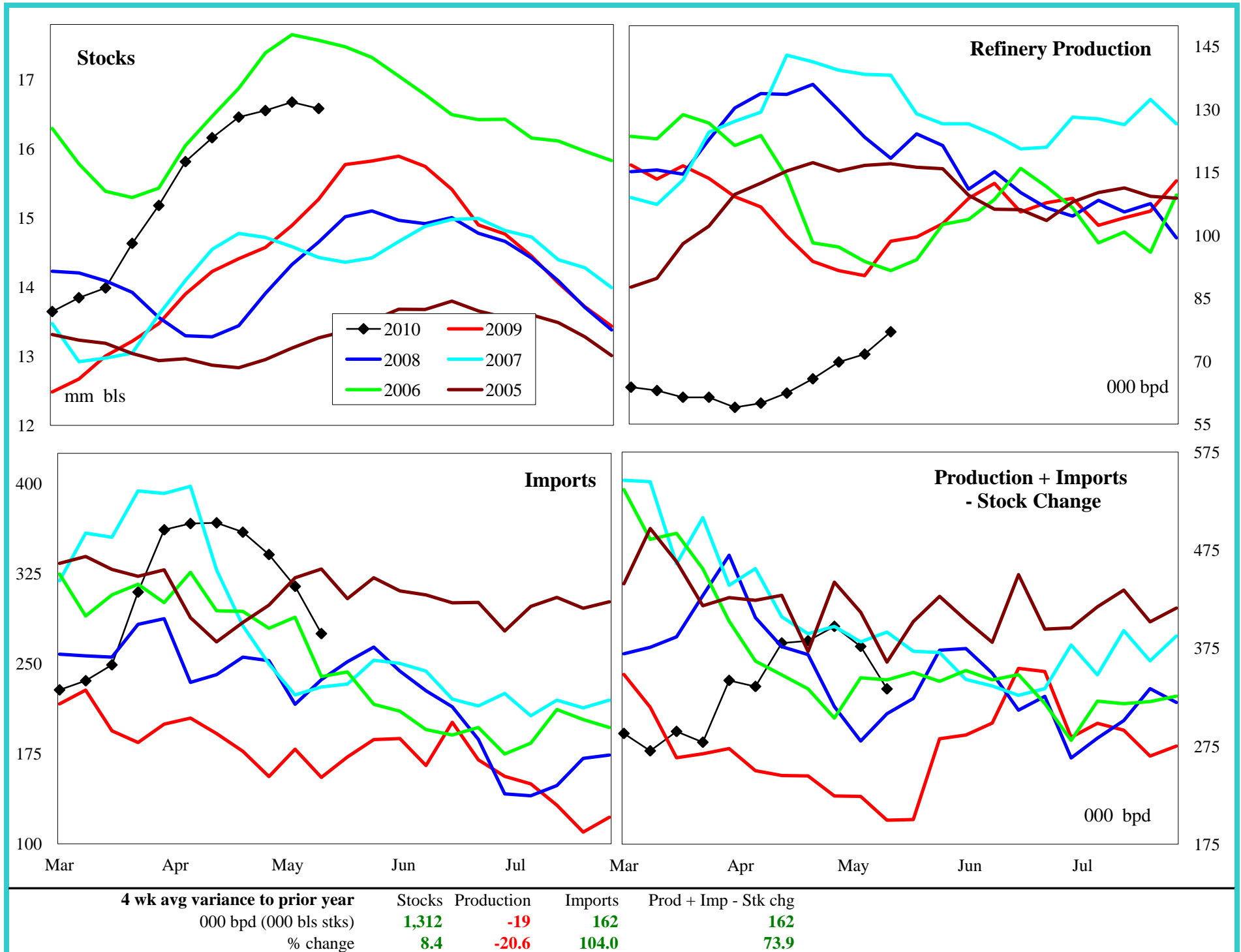
**-494**

**-18.9**

# PADD 1 Jet Fuel Supply

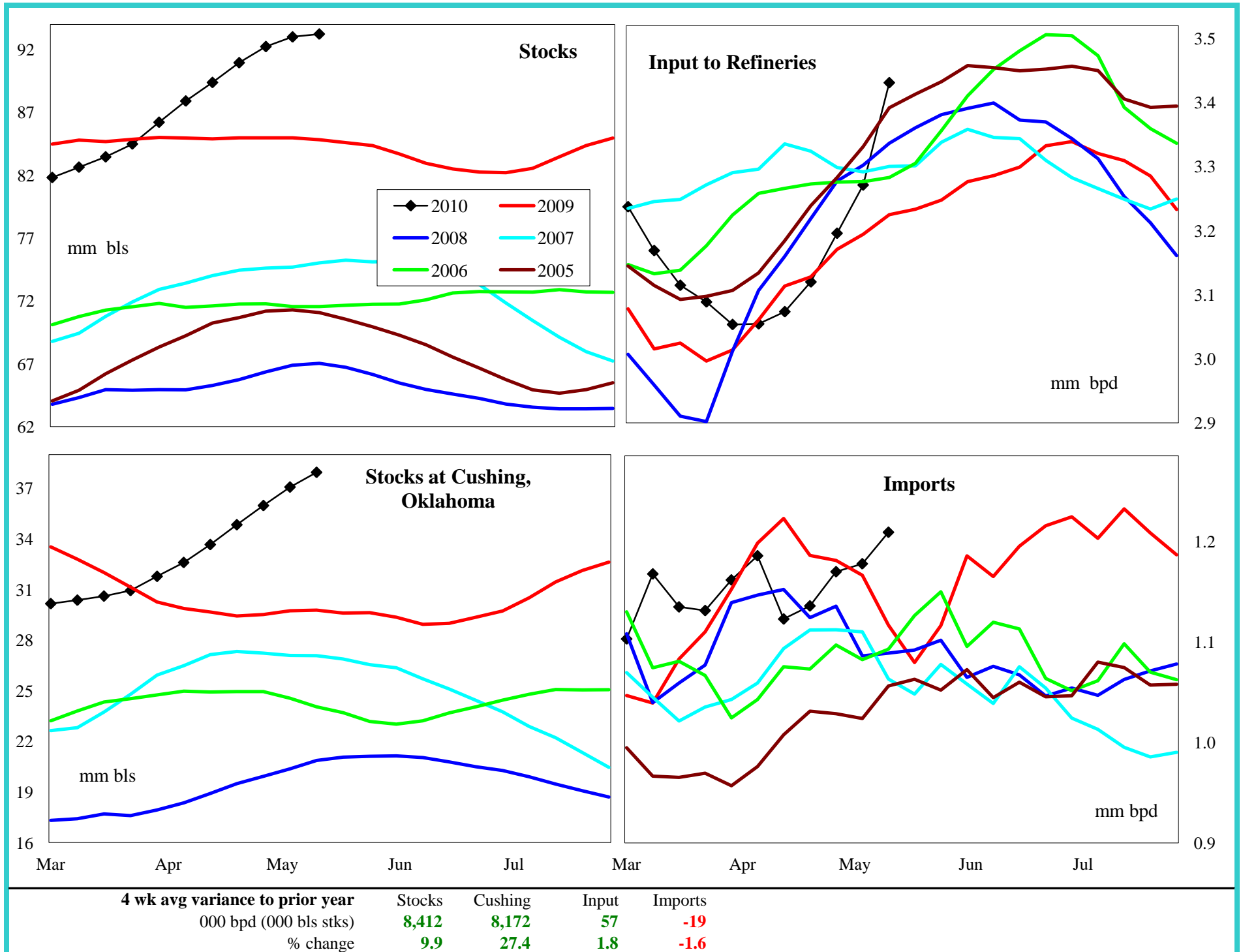


# PADD 1 Residual Fuel Oil Supply

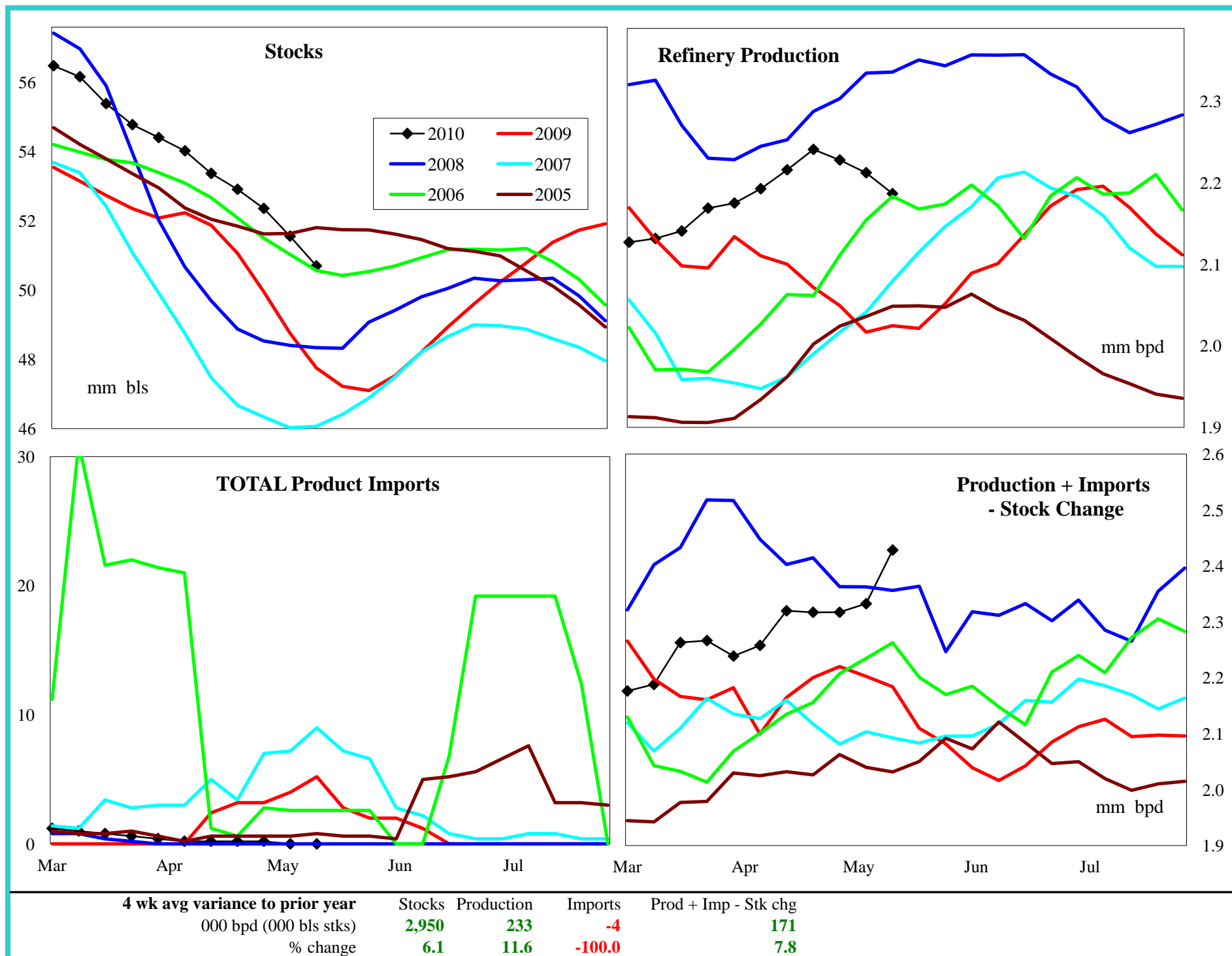




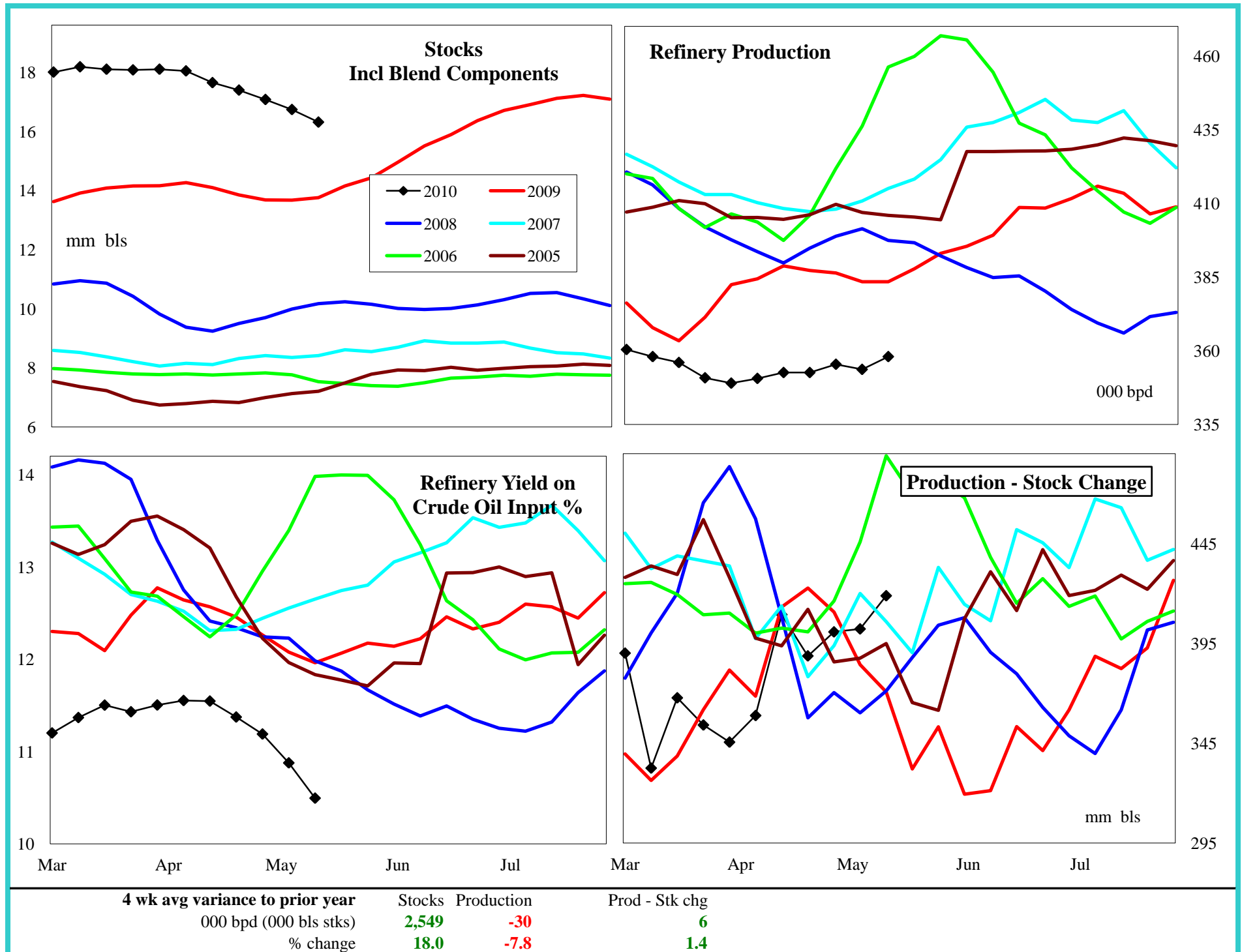
# PADD 2 Crude Oil Supply and Refining



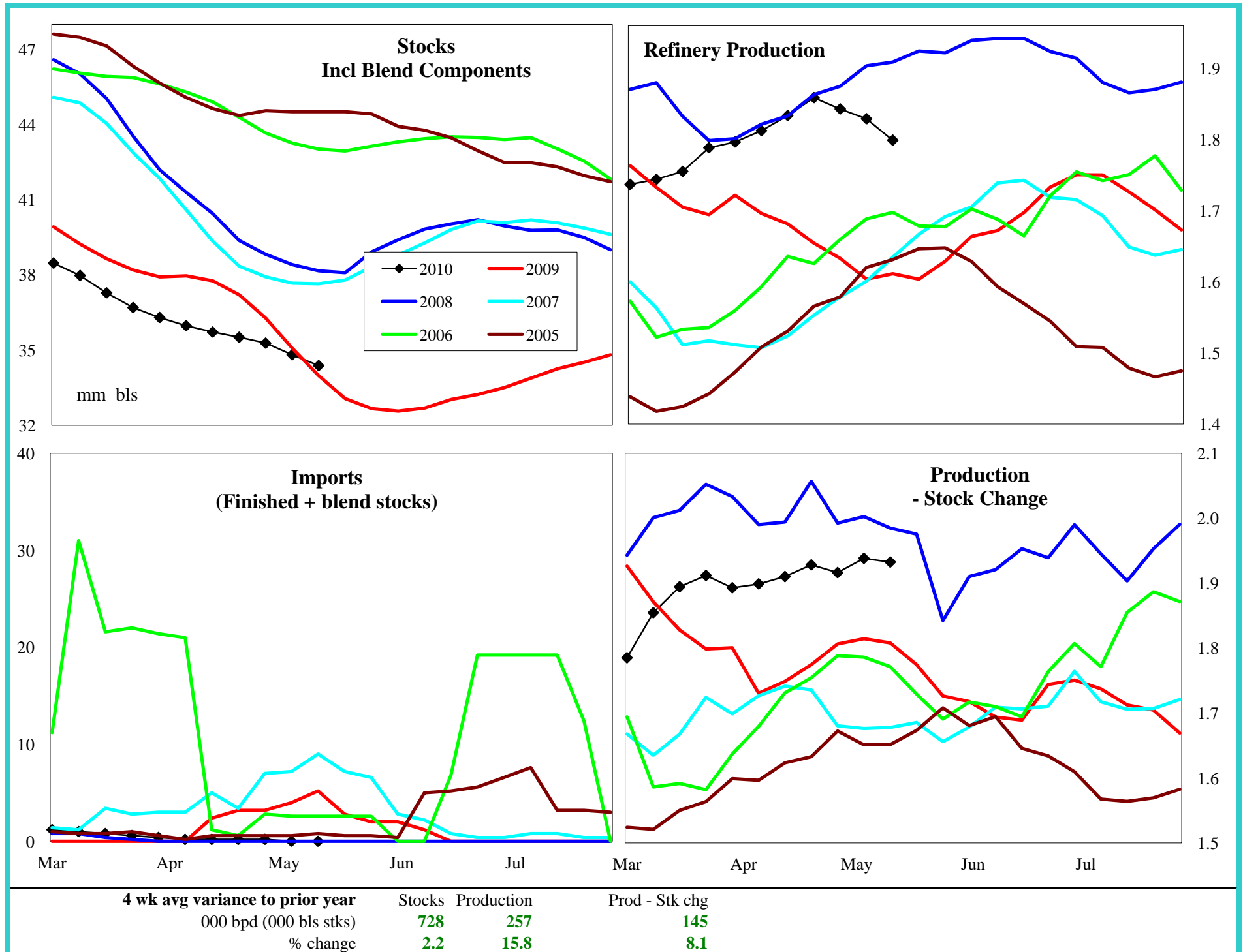
# PADD 2 Gasoline Supply



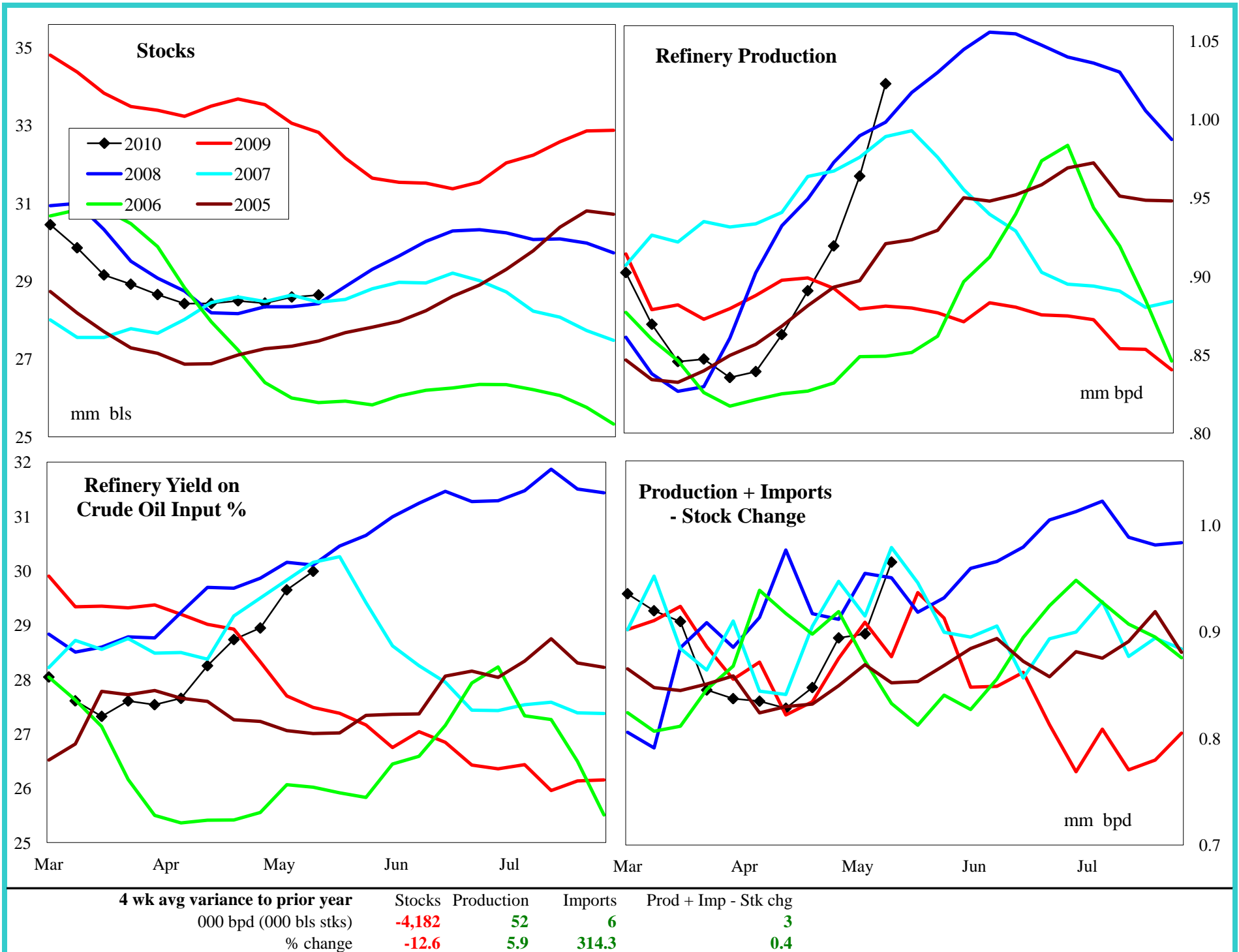
# PADD 2 Reformulated Gasoline Supply



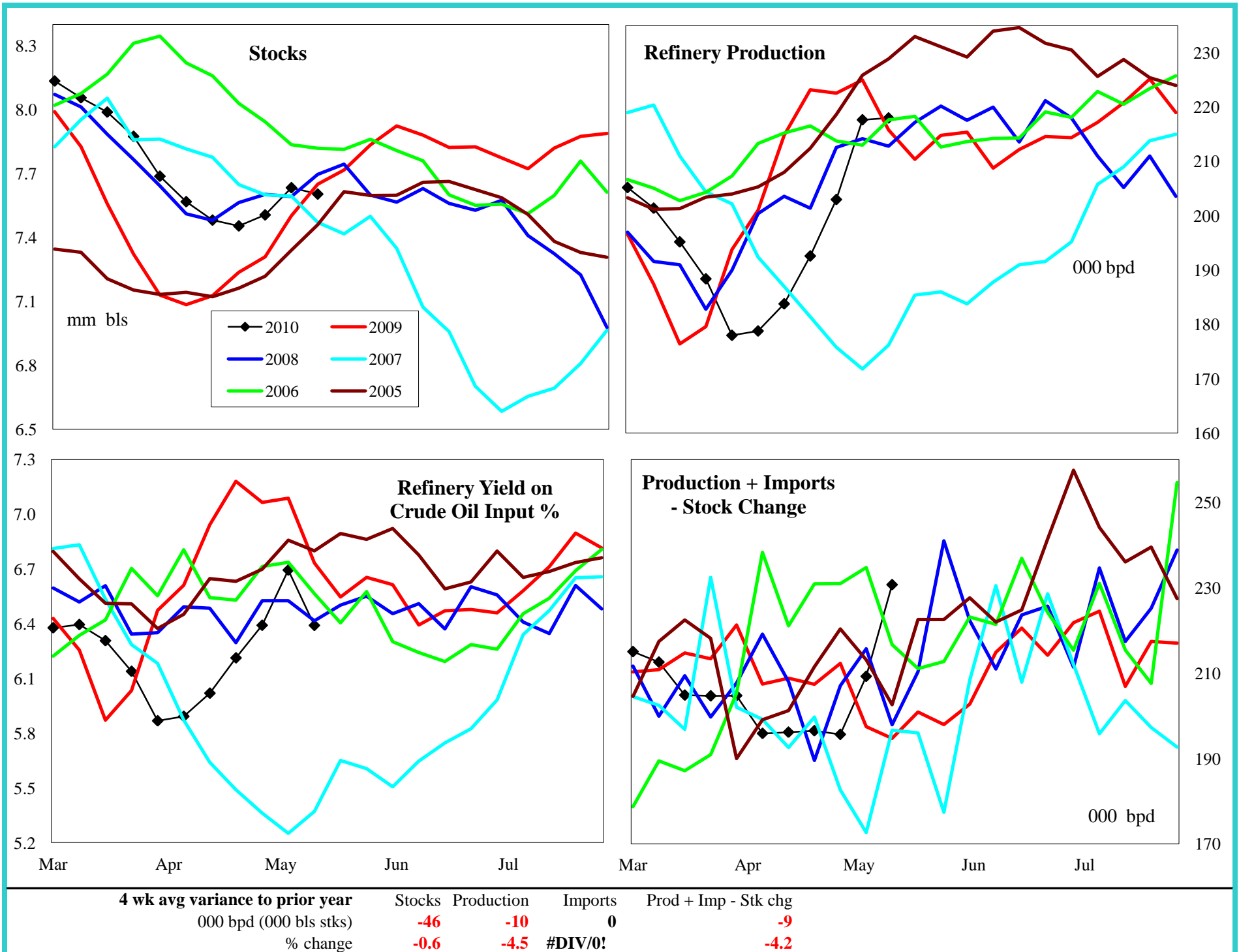
# PADD 2 Conventional Gasoline Supply



# PADD 2 Distillate Supply

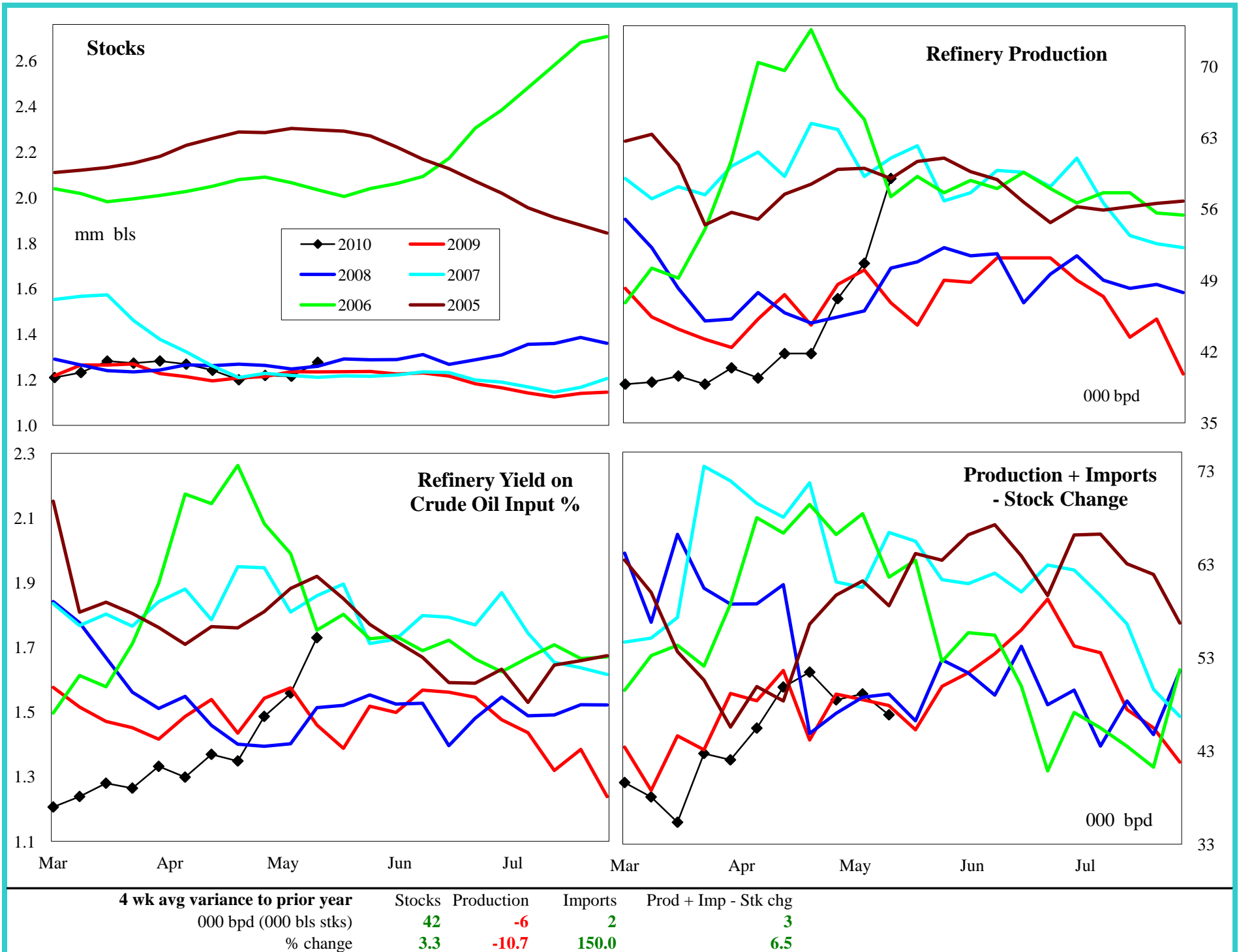


# PADD 2 Jet Fuel Supply

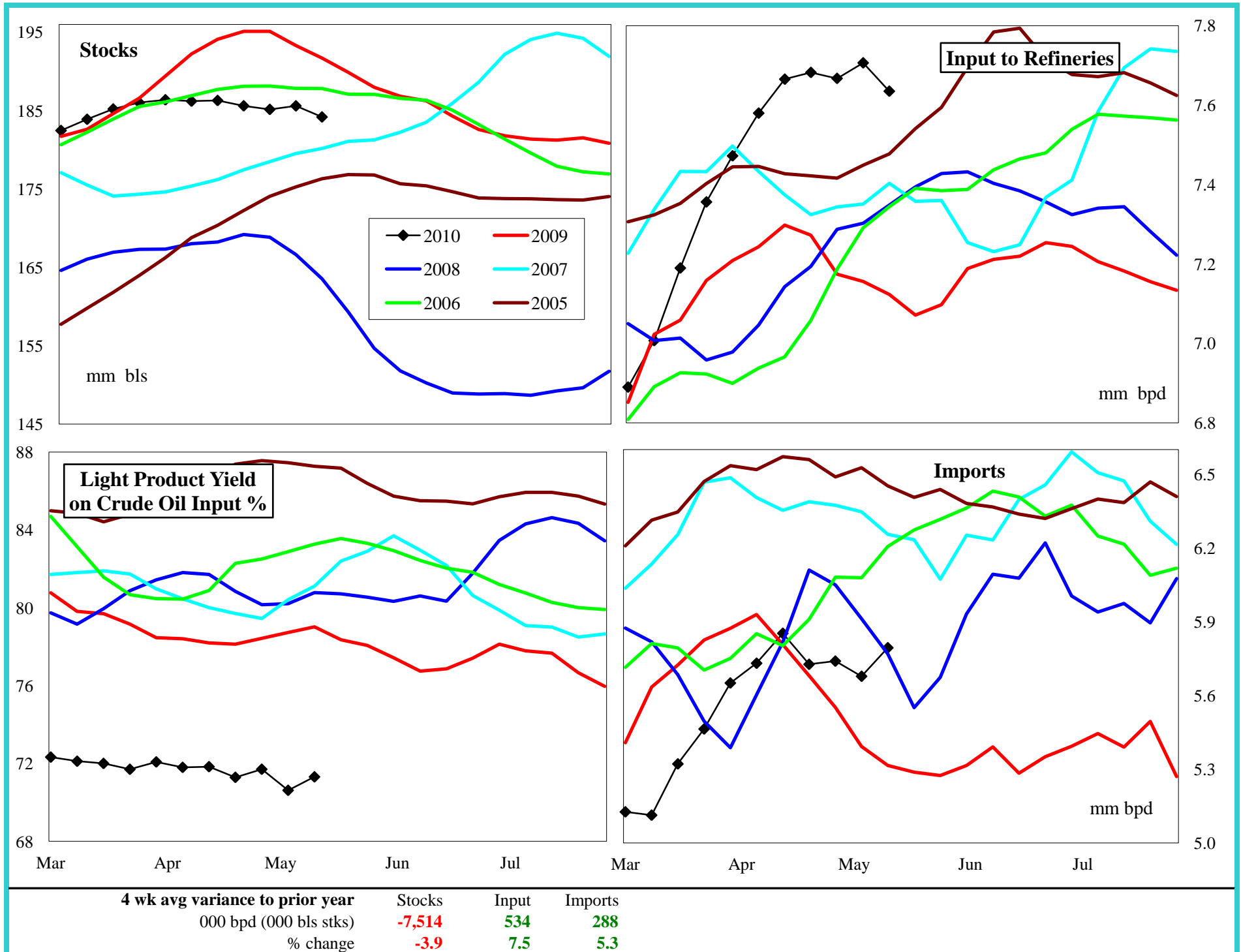




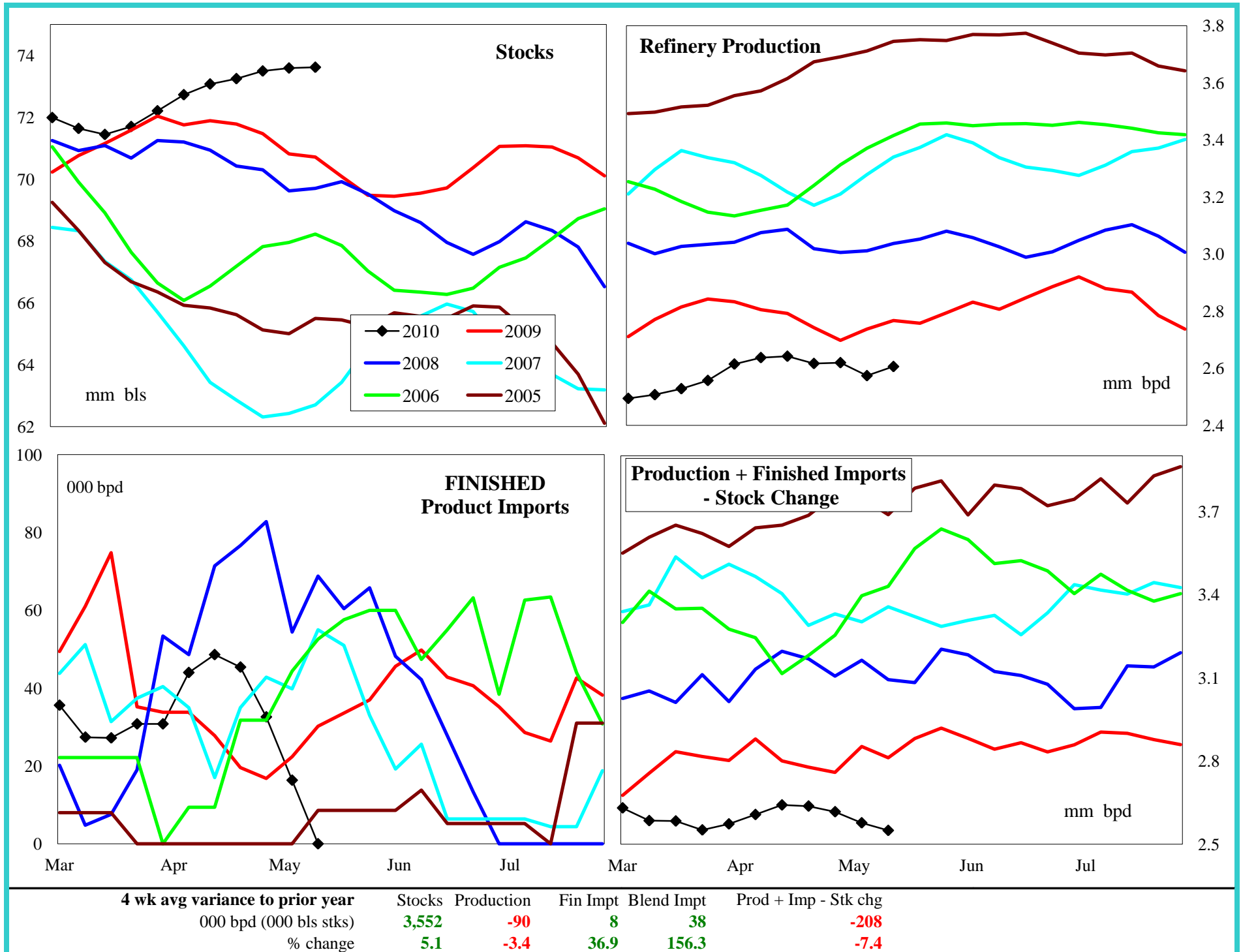
# PADD 2 Residual Fuel Oil Supply



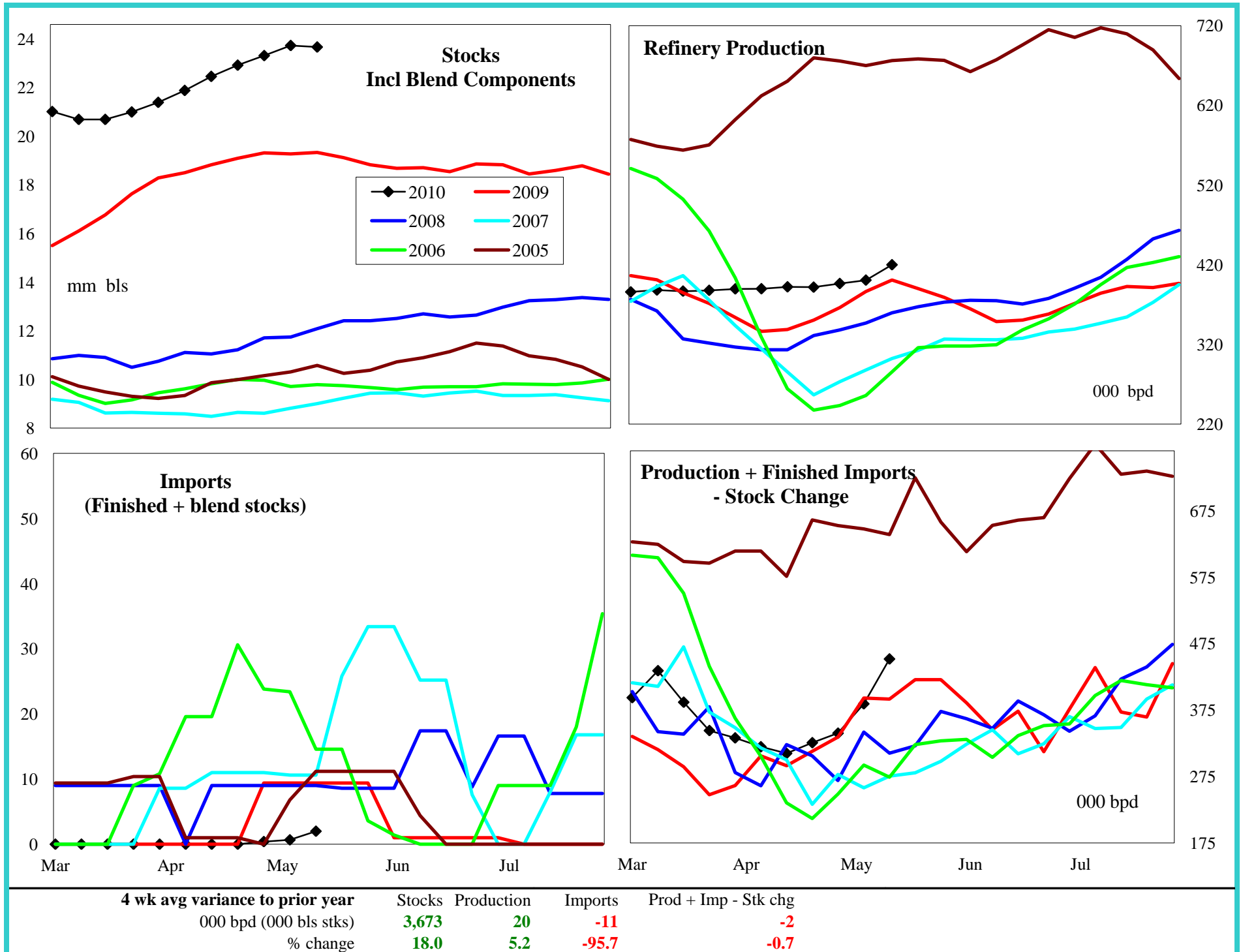
# PADD 3 Crude Oil Supply and Refining



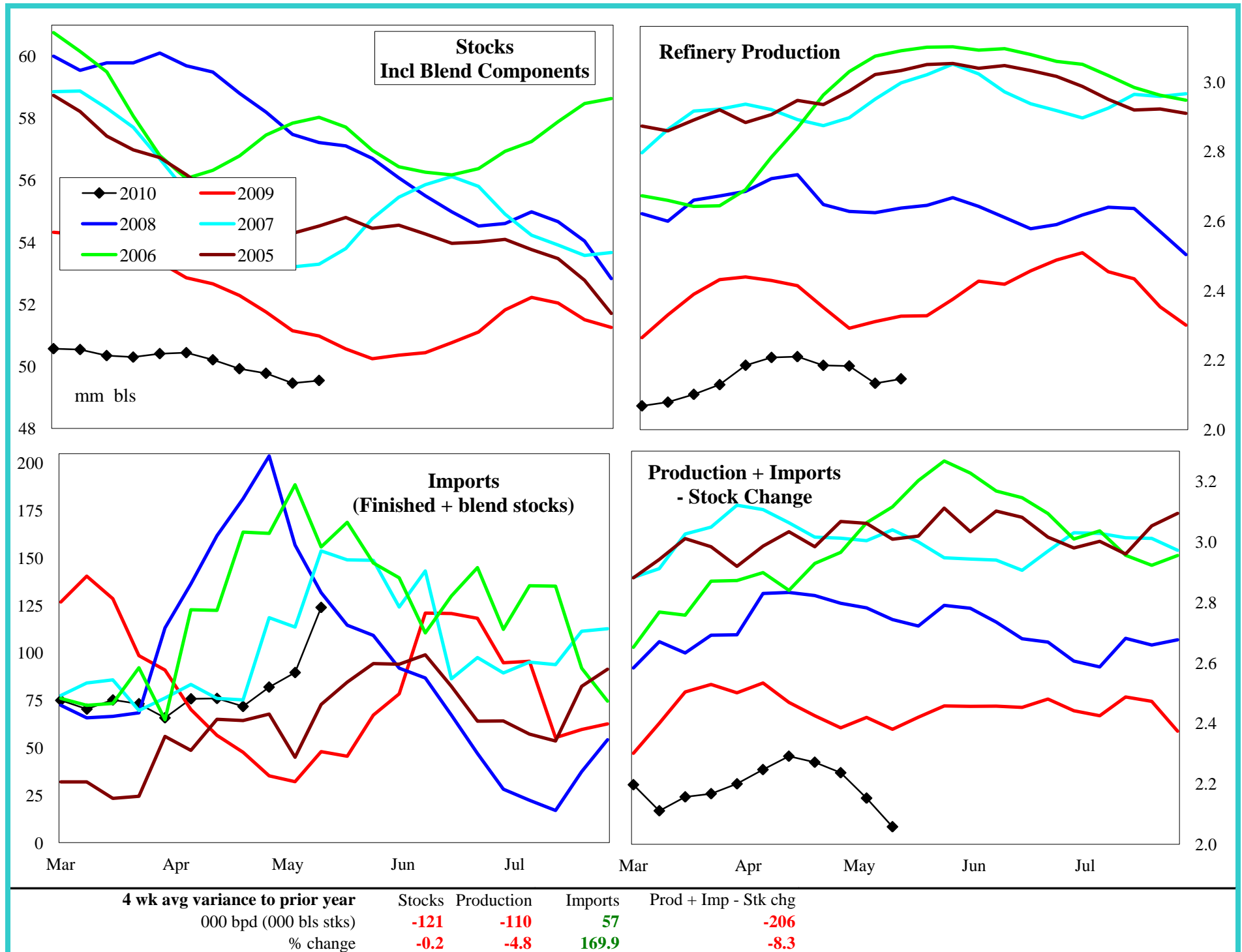
# PADD 3 Gasoline Supply



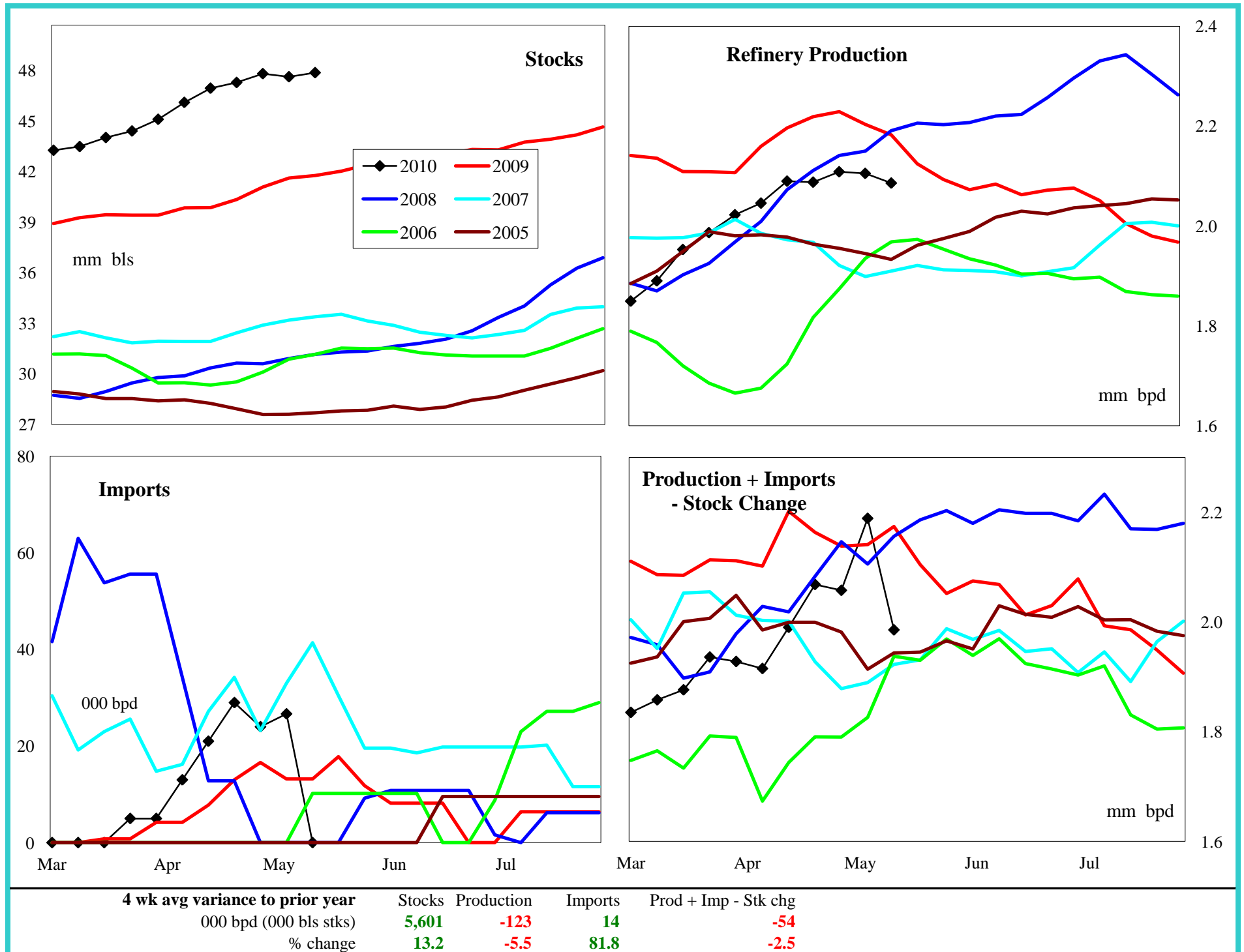
# PADD 3 Reformulated Gasoline Supply



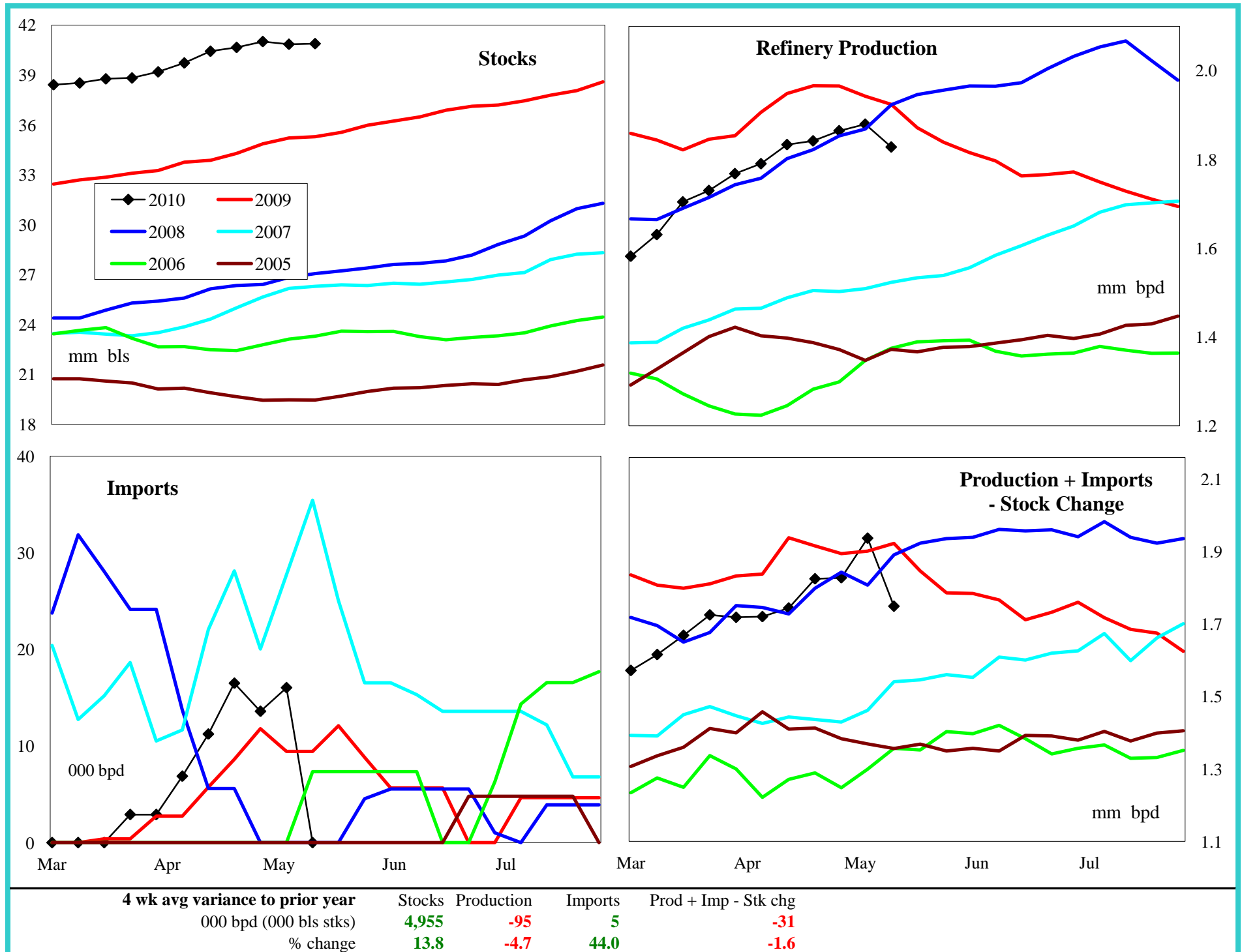
# PADD 3 Conventional Gasoline Supply



# PADD 3 Distillate Supply

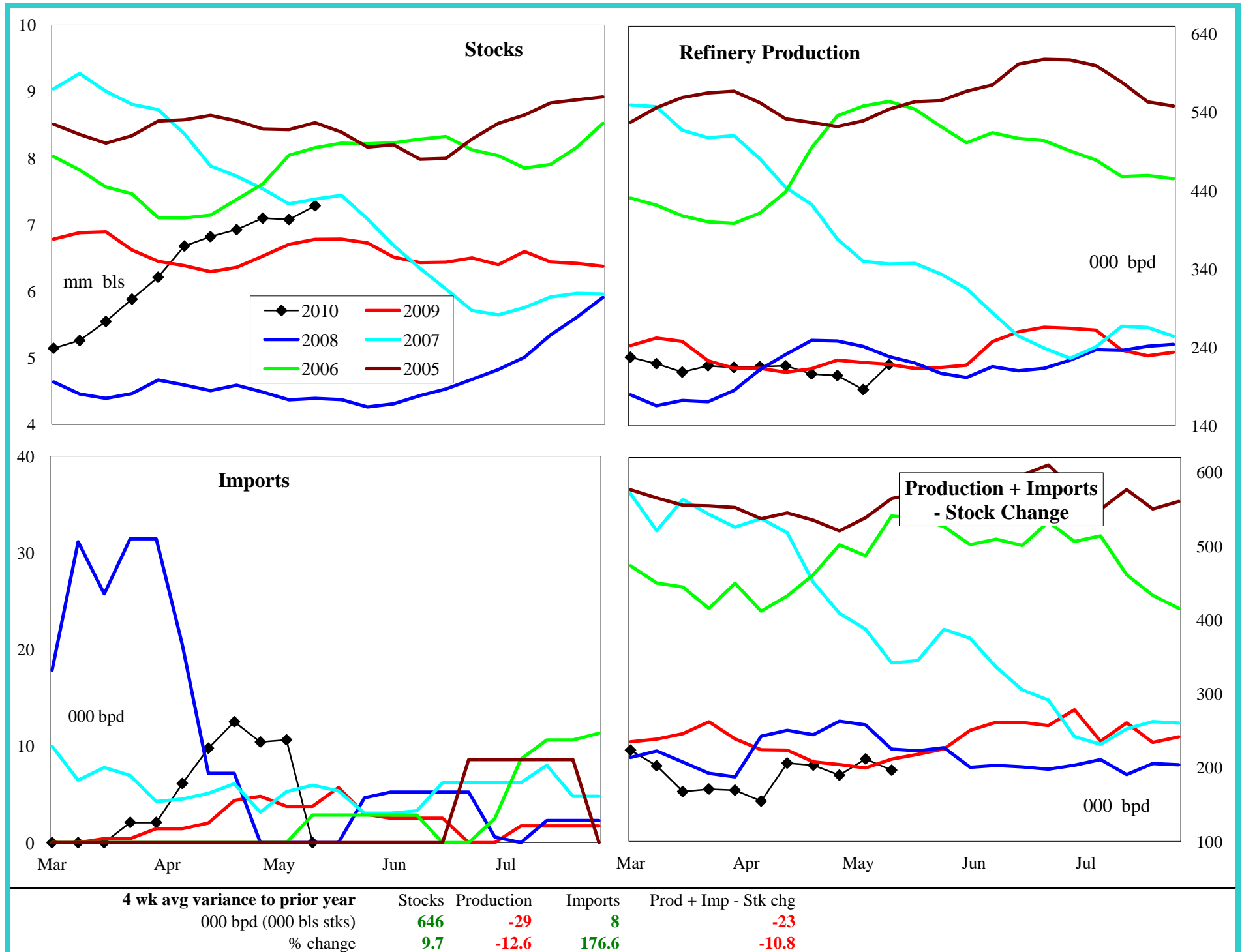


# PADD 3 Low Sulfur Distillate Supply

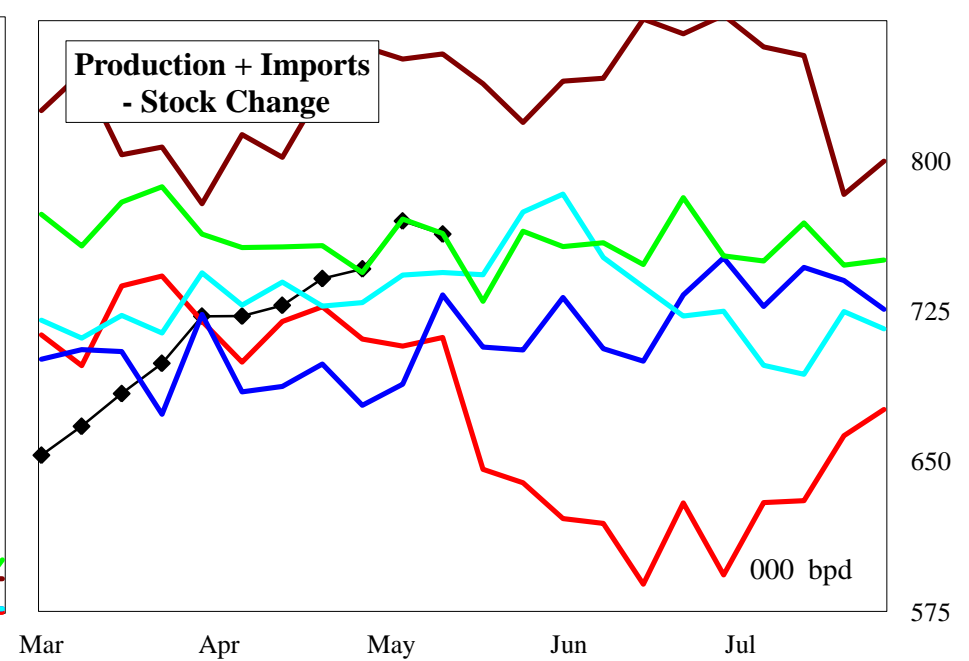
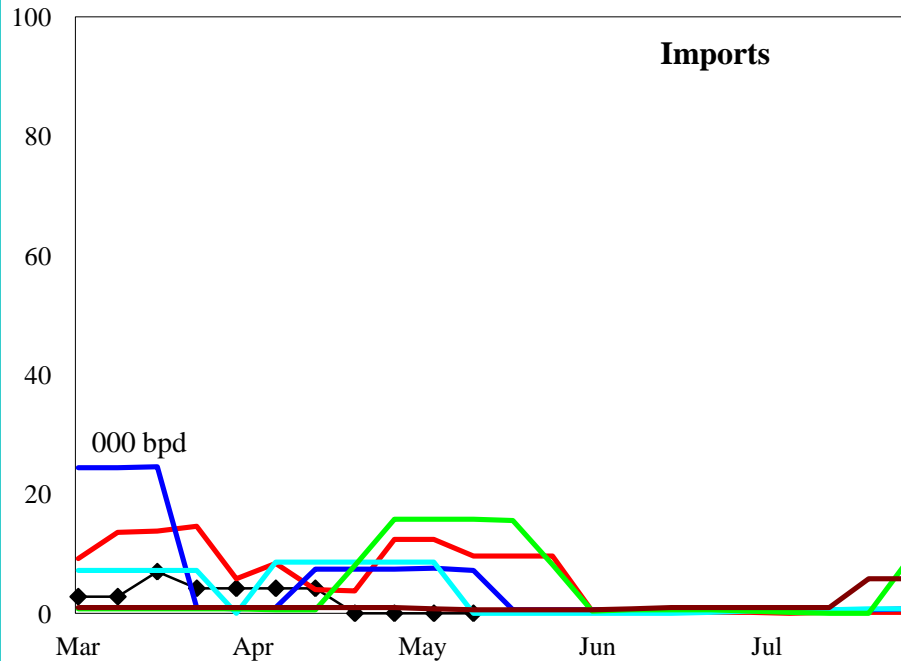
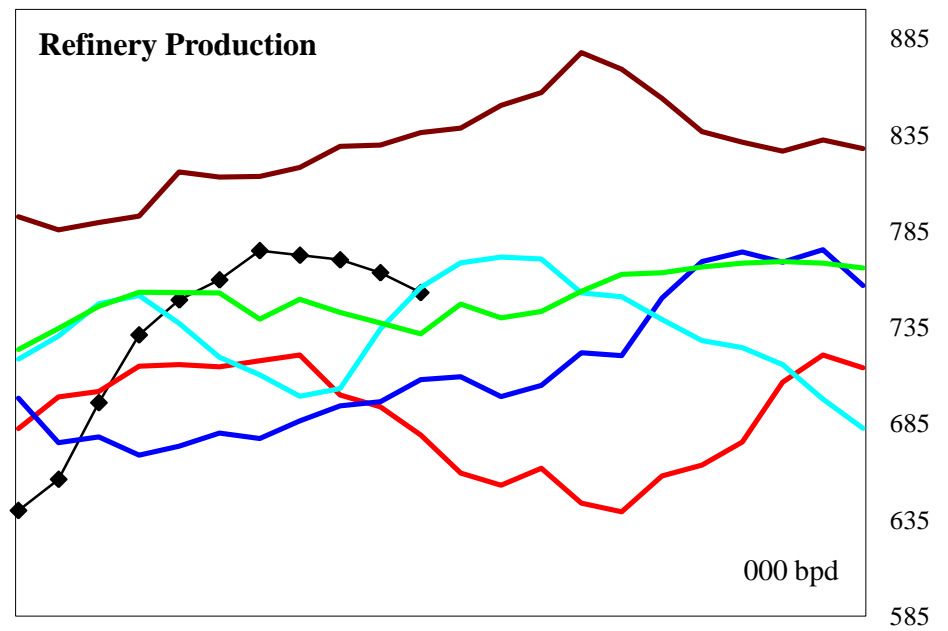
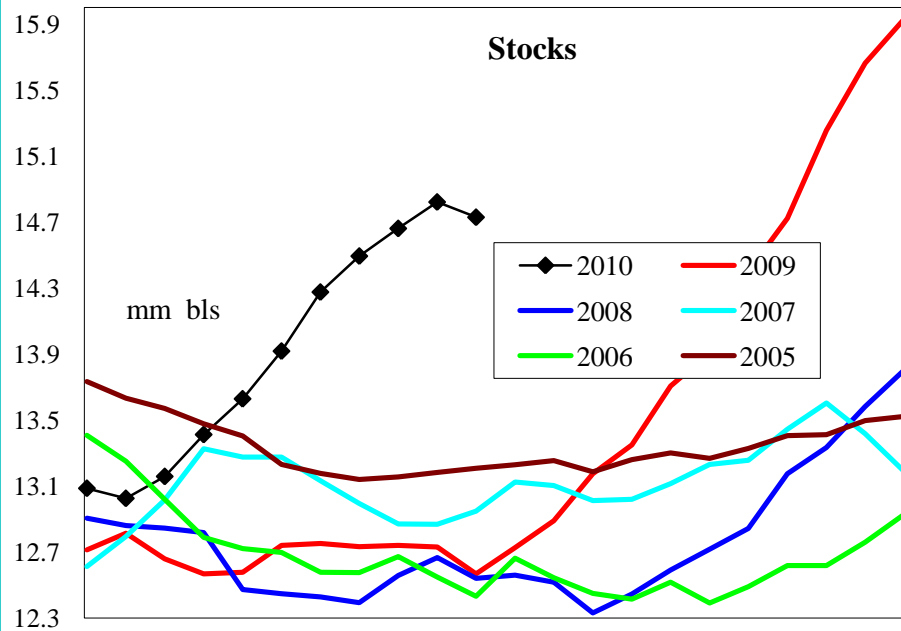




# PADD 3 High Sulfur Distillate Supply



# PADD 3 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**2,162**

**17.2**

Production

**72**

**10.3**

Imports

**-16**

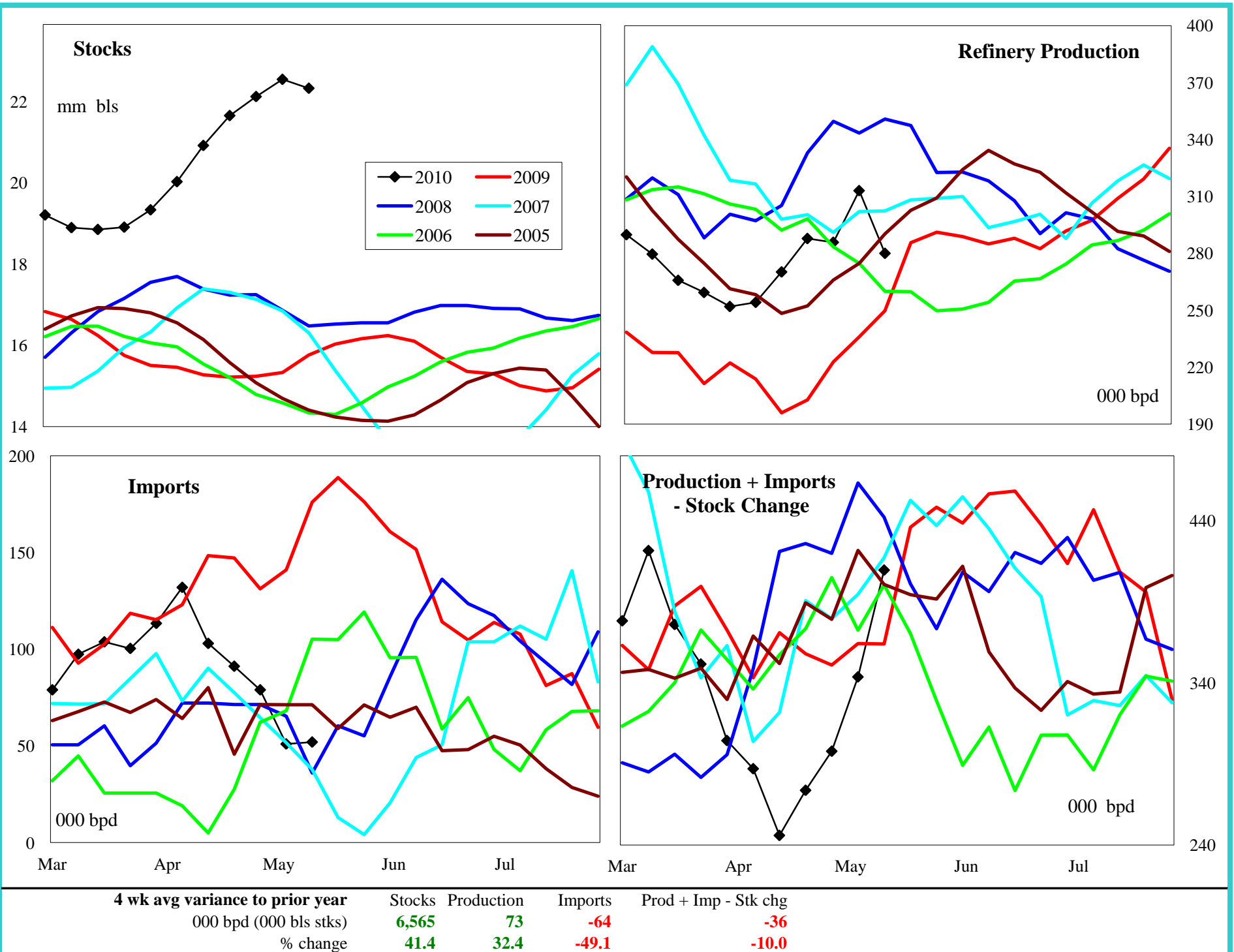
**-100.0**

Prod + Imp - Stk chg

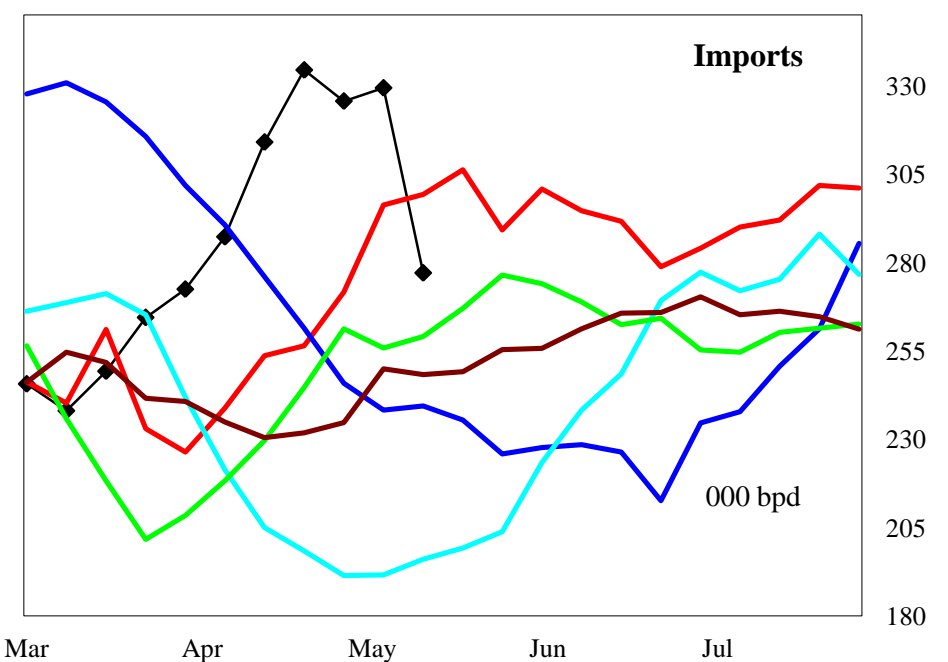
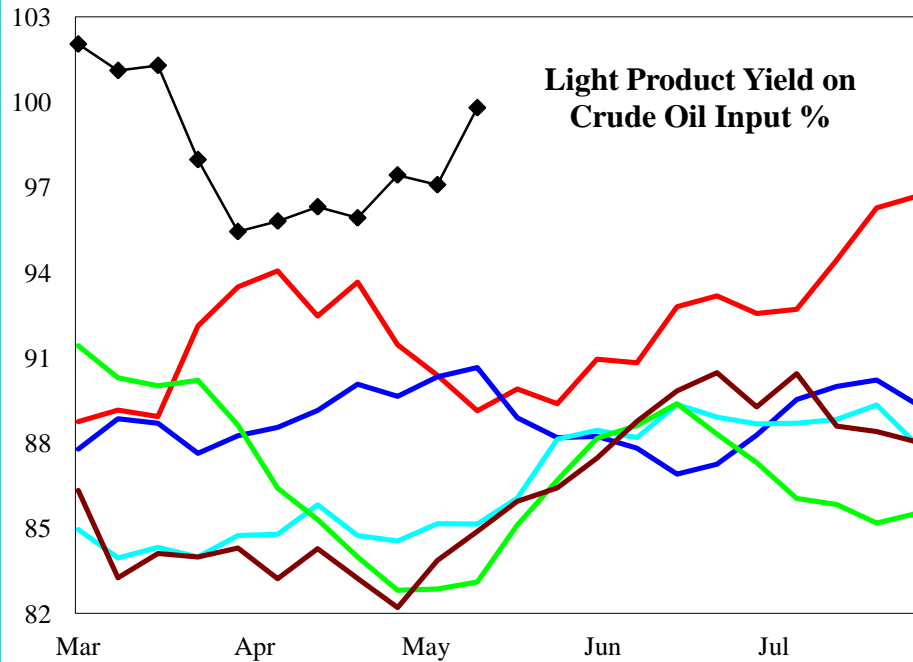
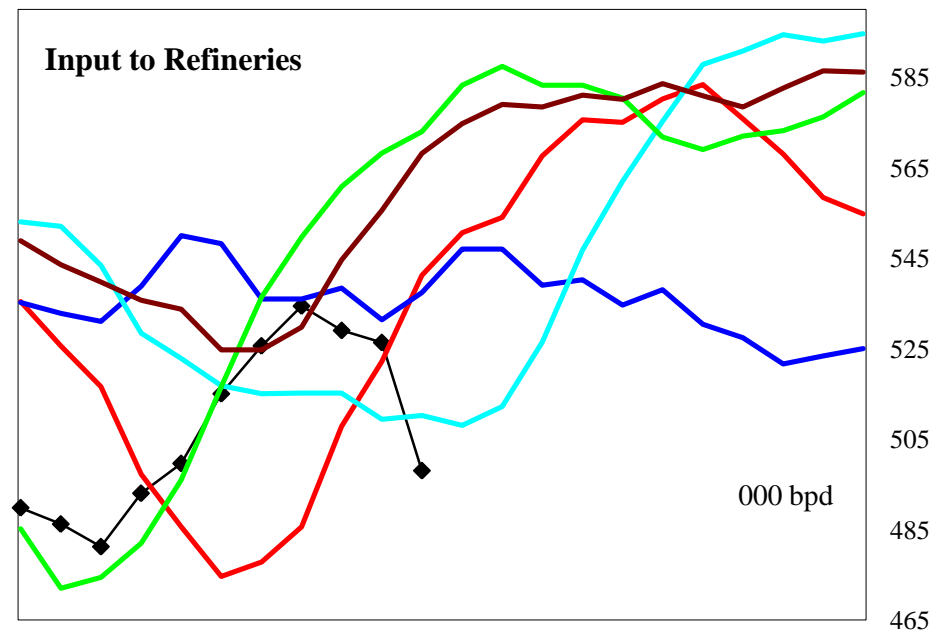
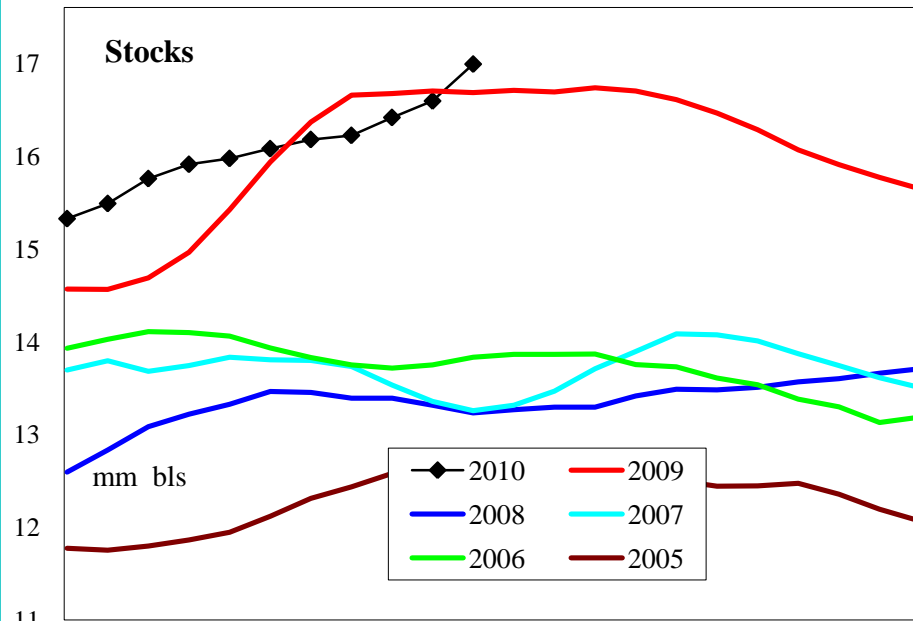
**27**

**3.8**

# PADD 3 Residual Fuel Oil Supply



# PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

306

1.8

Input

17

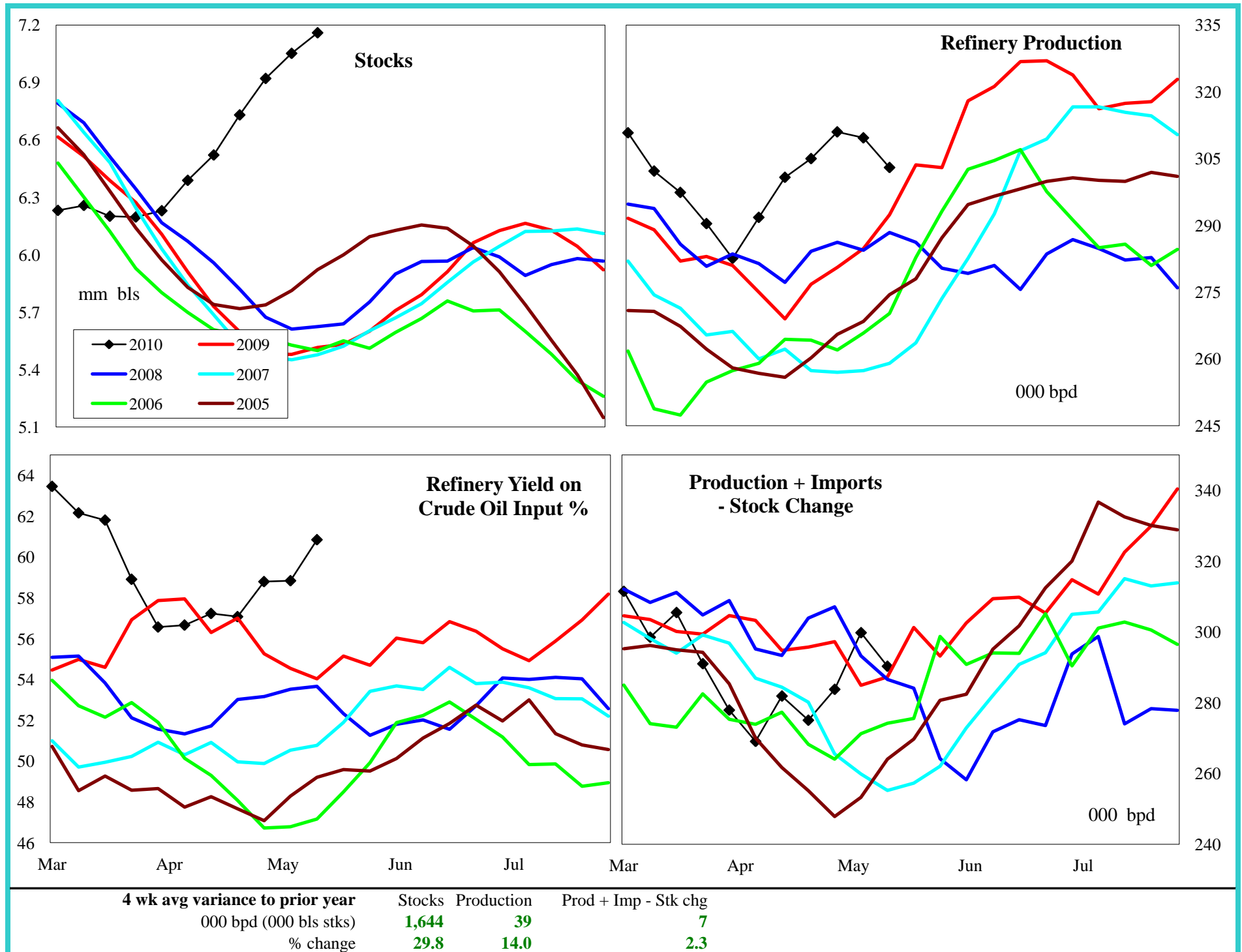
3.2

Imports

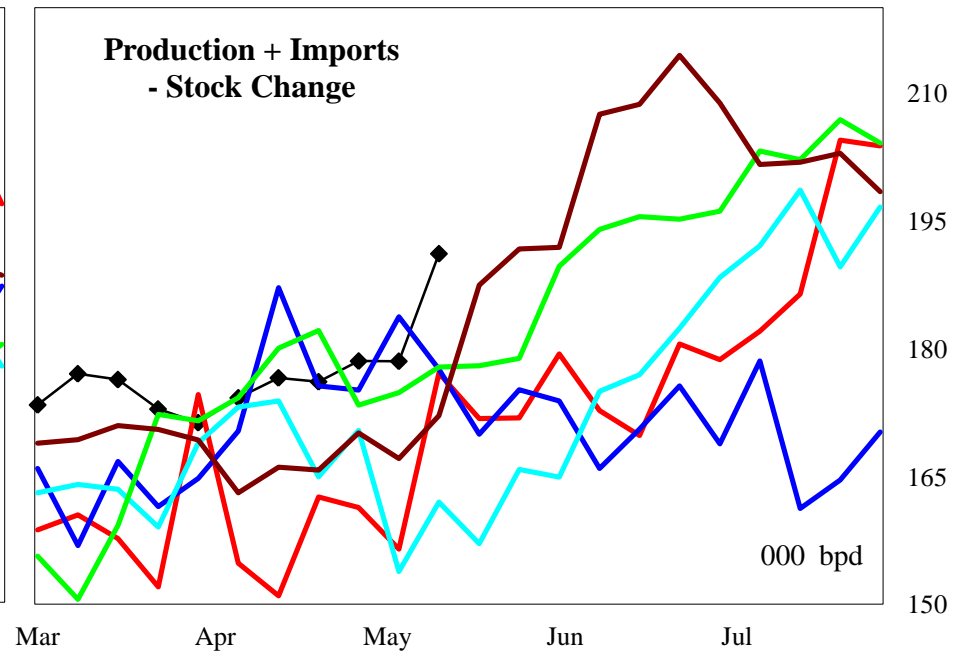
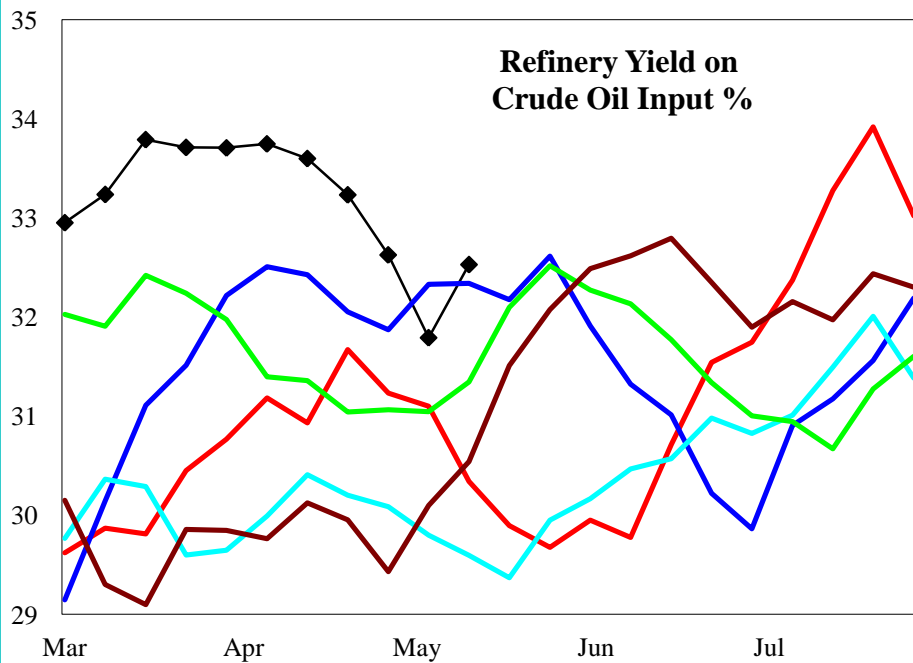
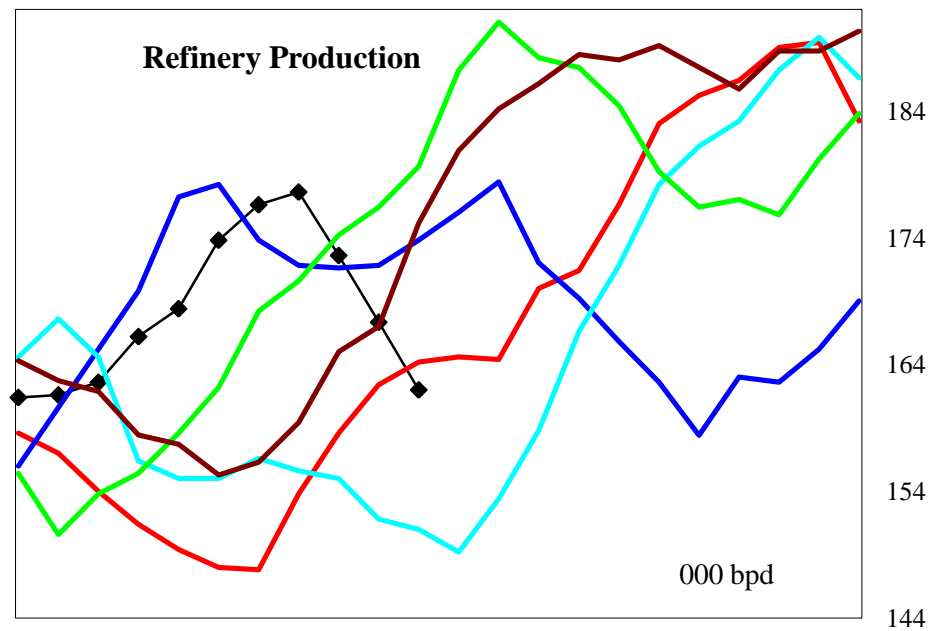
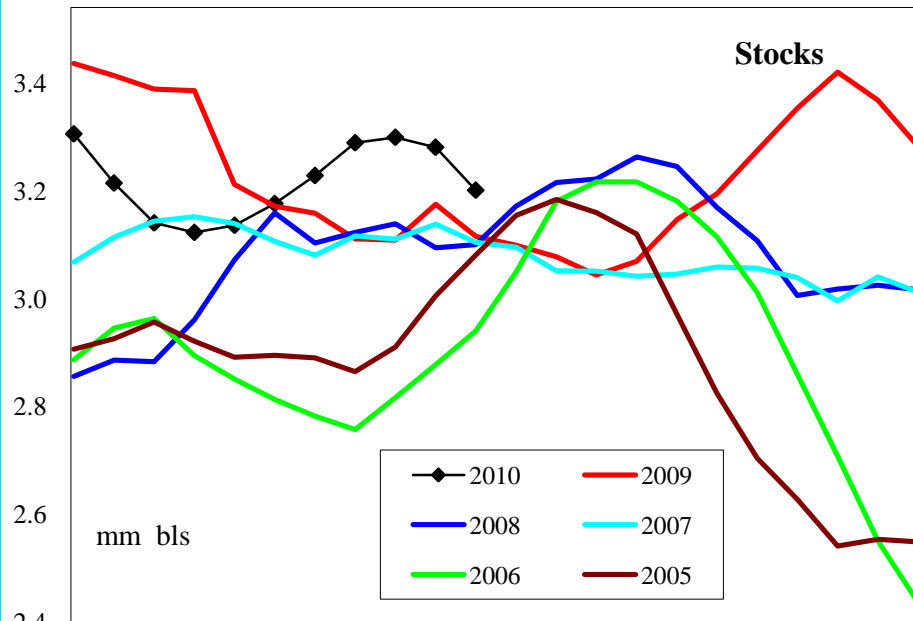
48

16.6

# PADD 4 Gasoline Supply



# PADD 4 Distillate Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

86

10

5

26

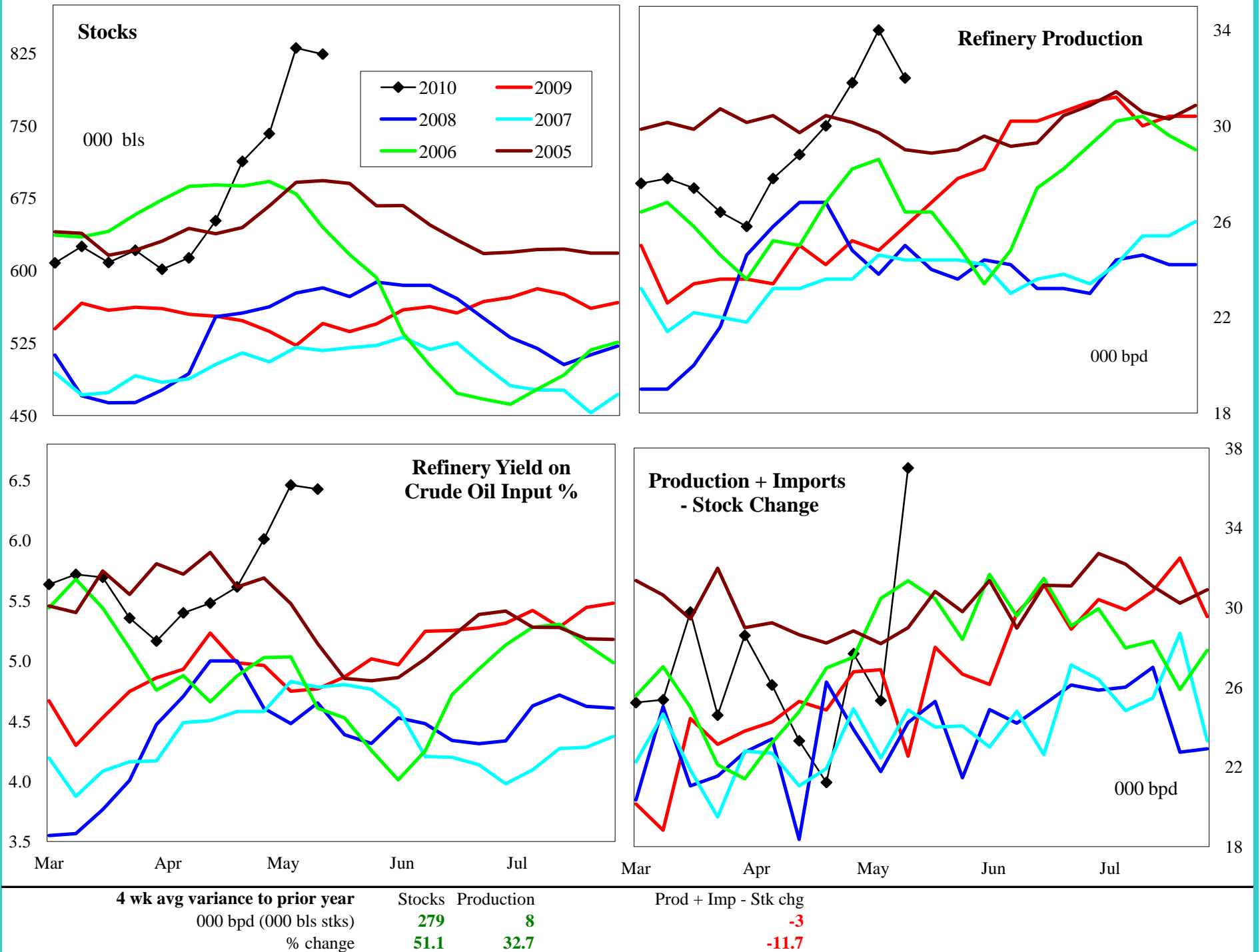
2.7

6.0

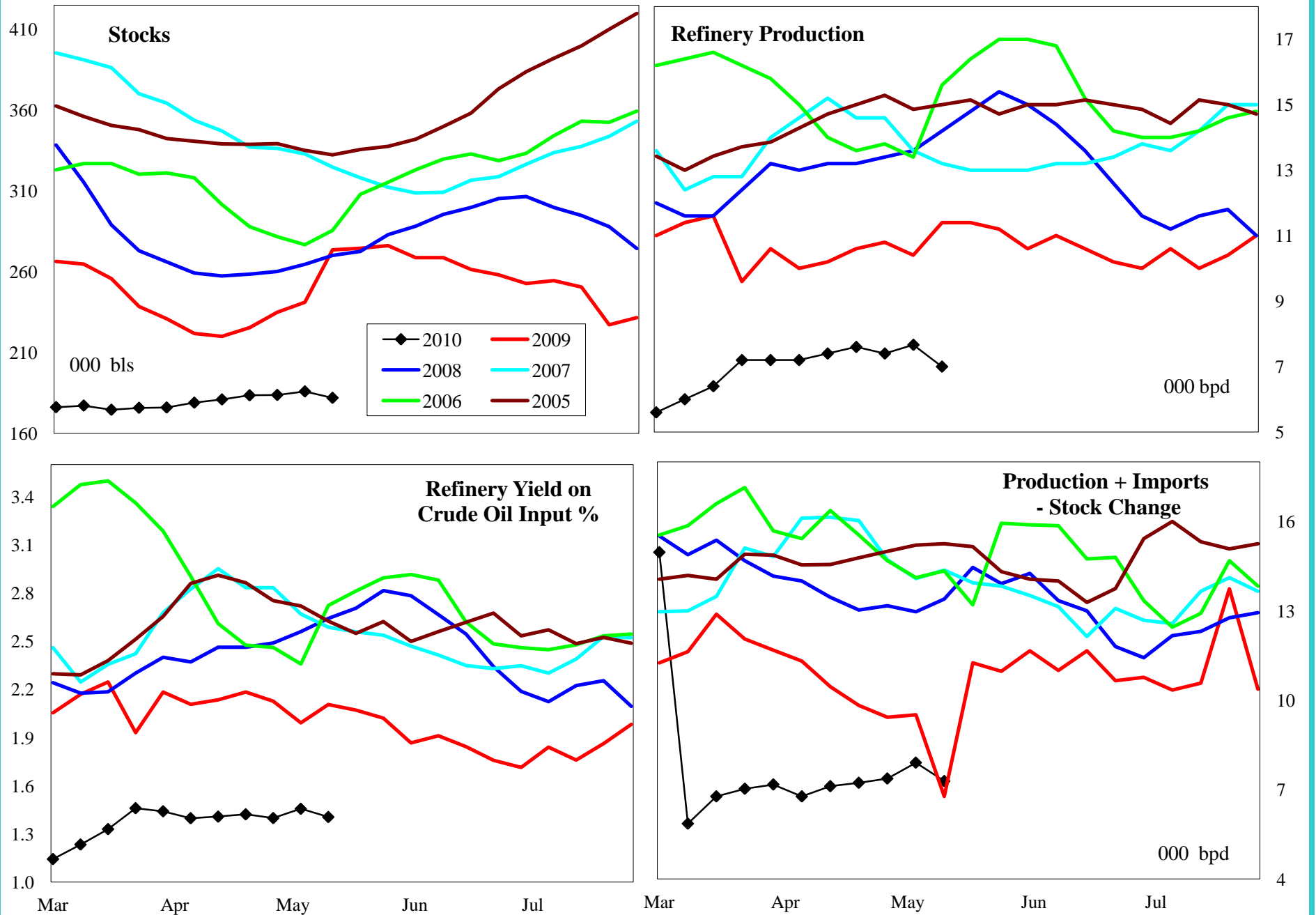
172.7

17.0

# PADD 4 Jet Fuel Supply



# PADD 4 Residual Fuel Oil Supply

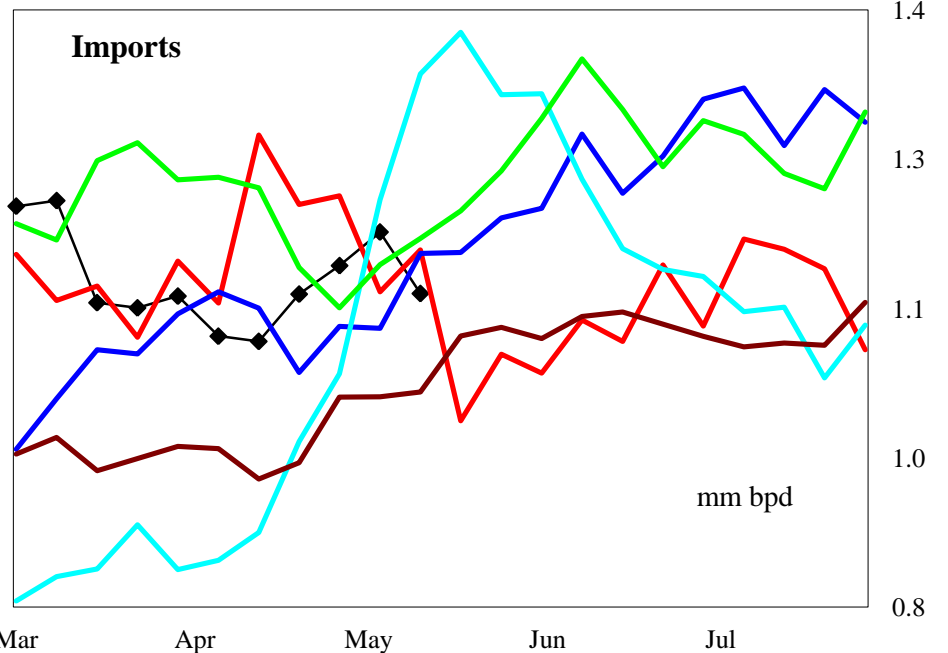
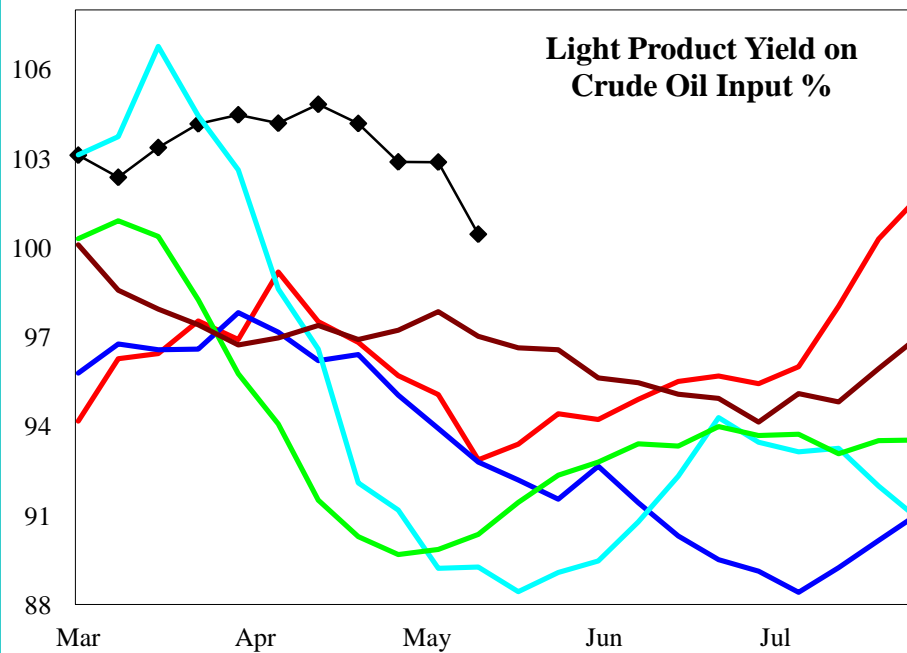
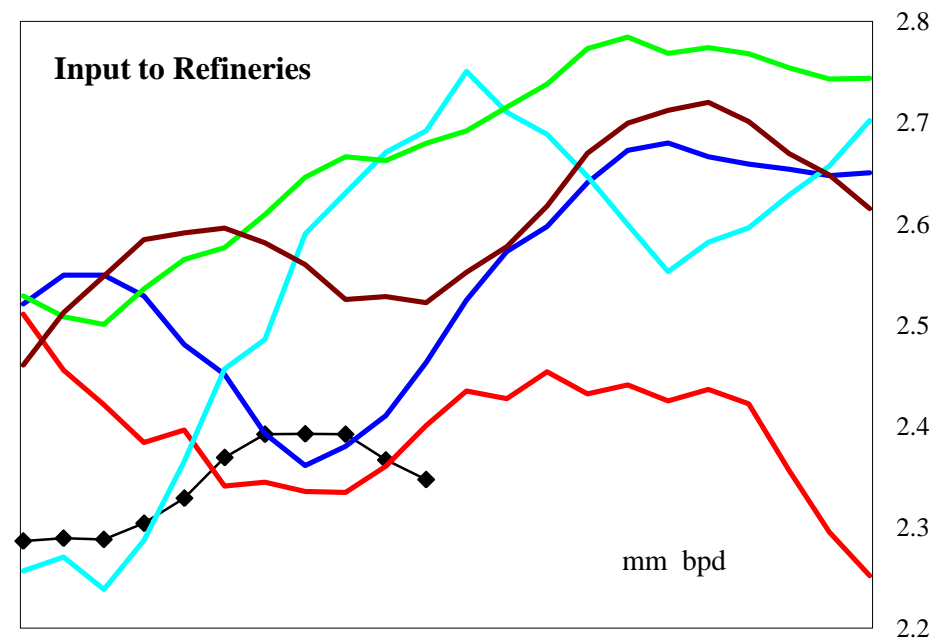
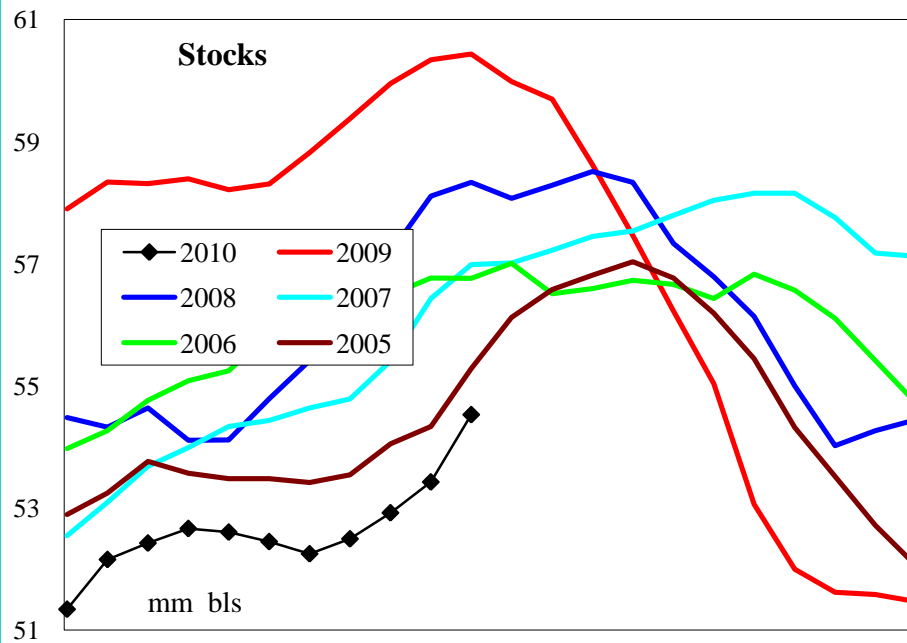


**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-92	-3	0	-4
-33.5	-28.6	#DIV/0!	-35.4



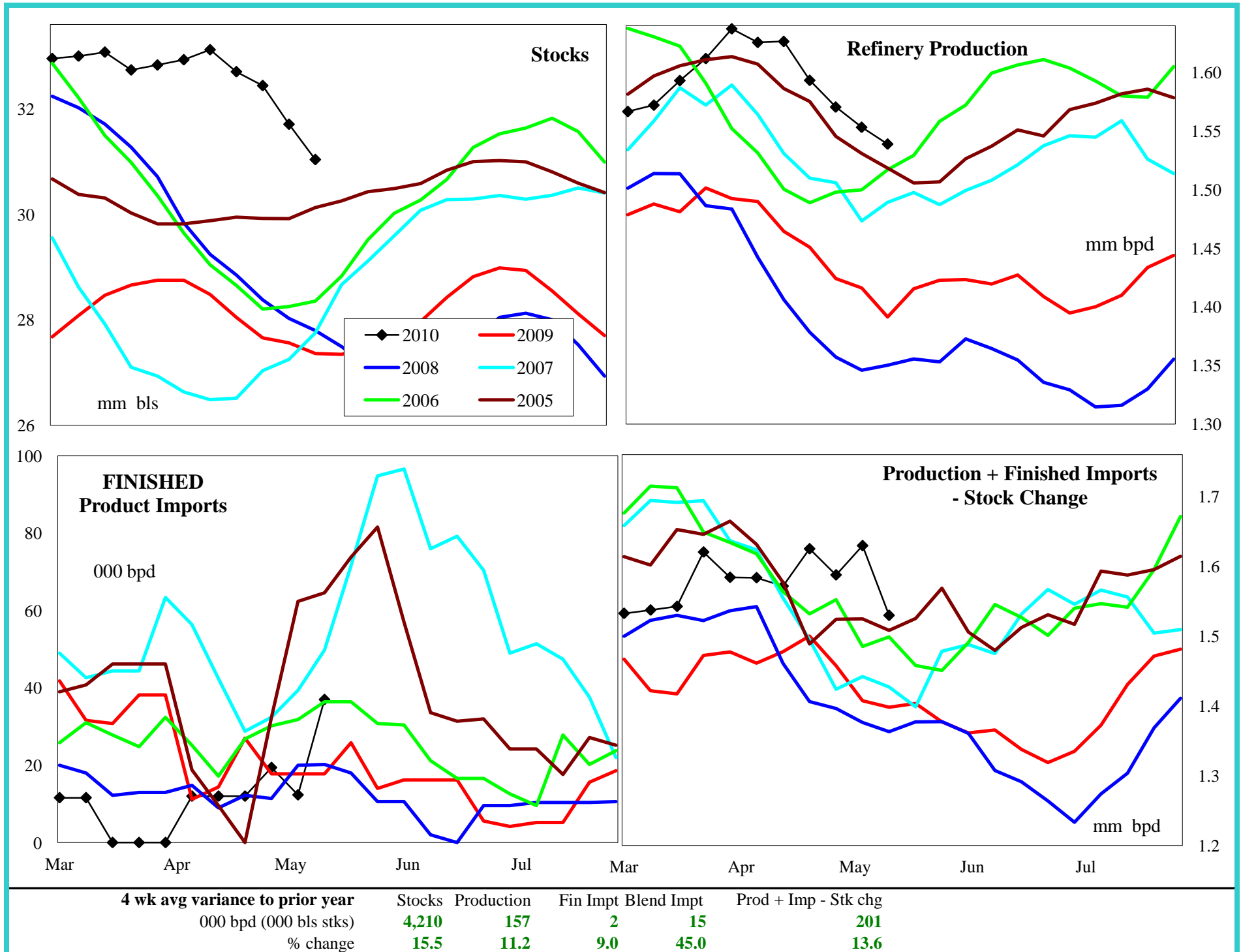
# PADD 5 Crude Oil Supply and Refining



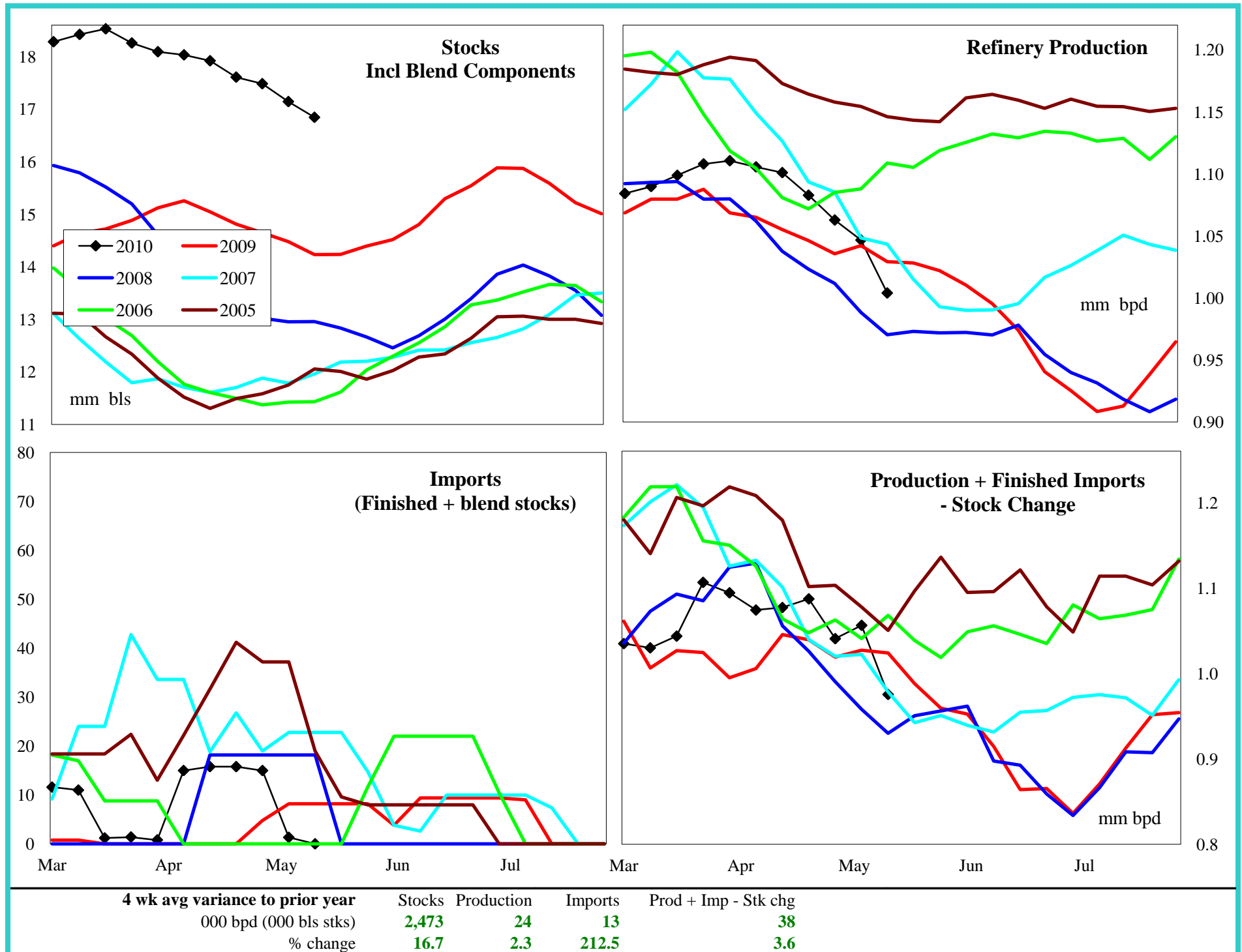
**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

	Stocks	Input	Imports
000 bpd (000 bls stks)	-5,907	85	-21
% change	-9.8	3.6	-1.8

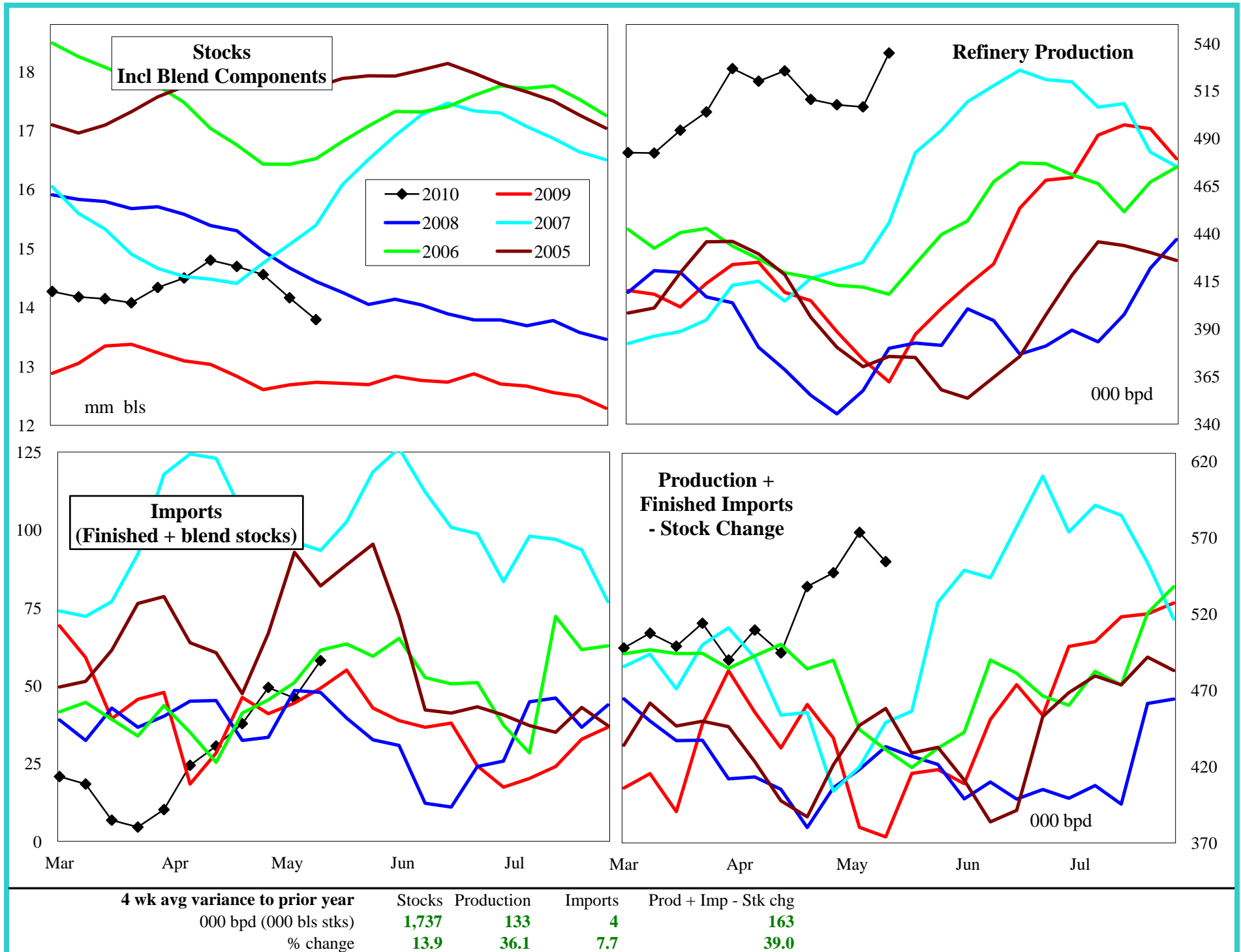
# PADD 5 Gasoline Supply



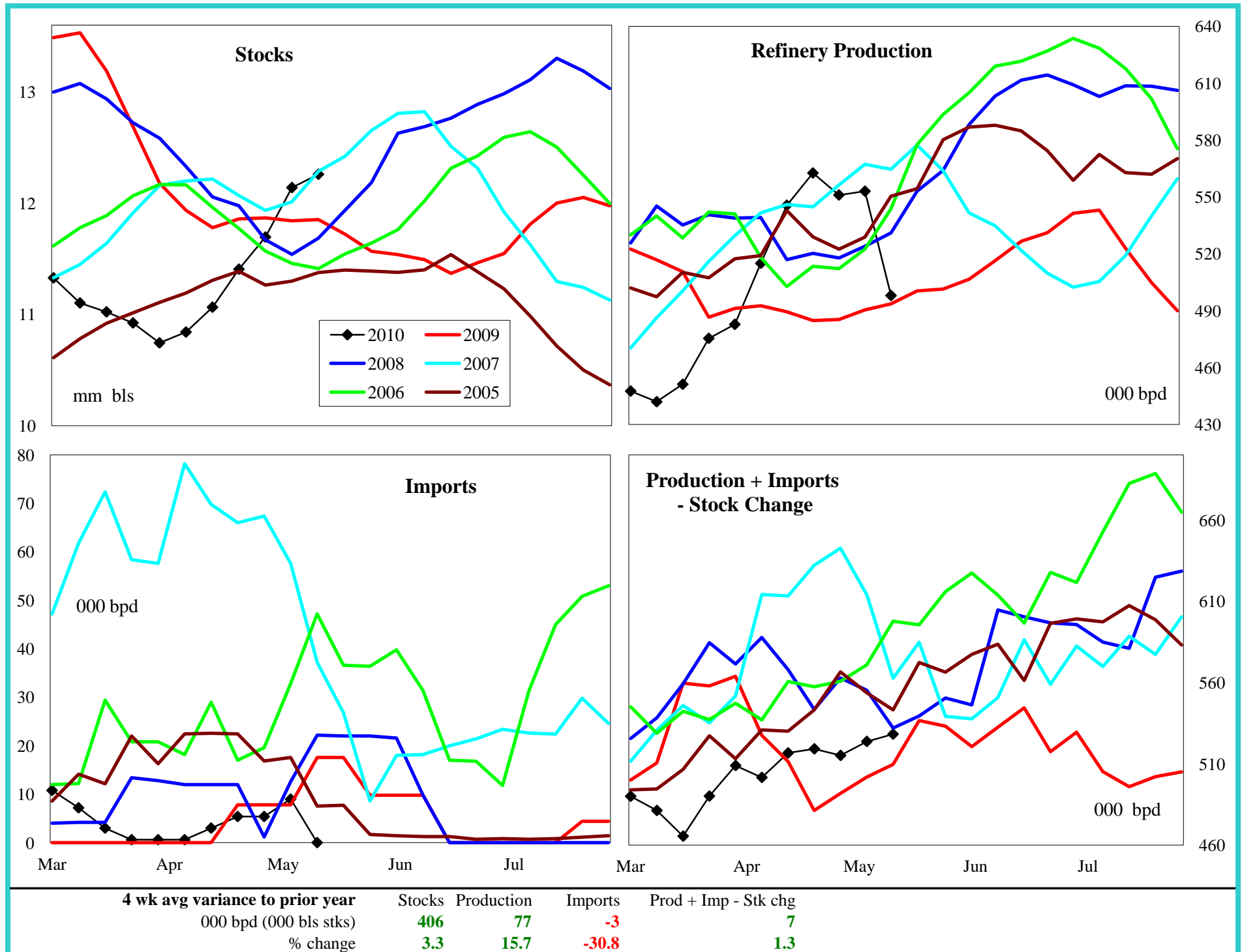
# PADD 5 Reformulated Gasoline Supply



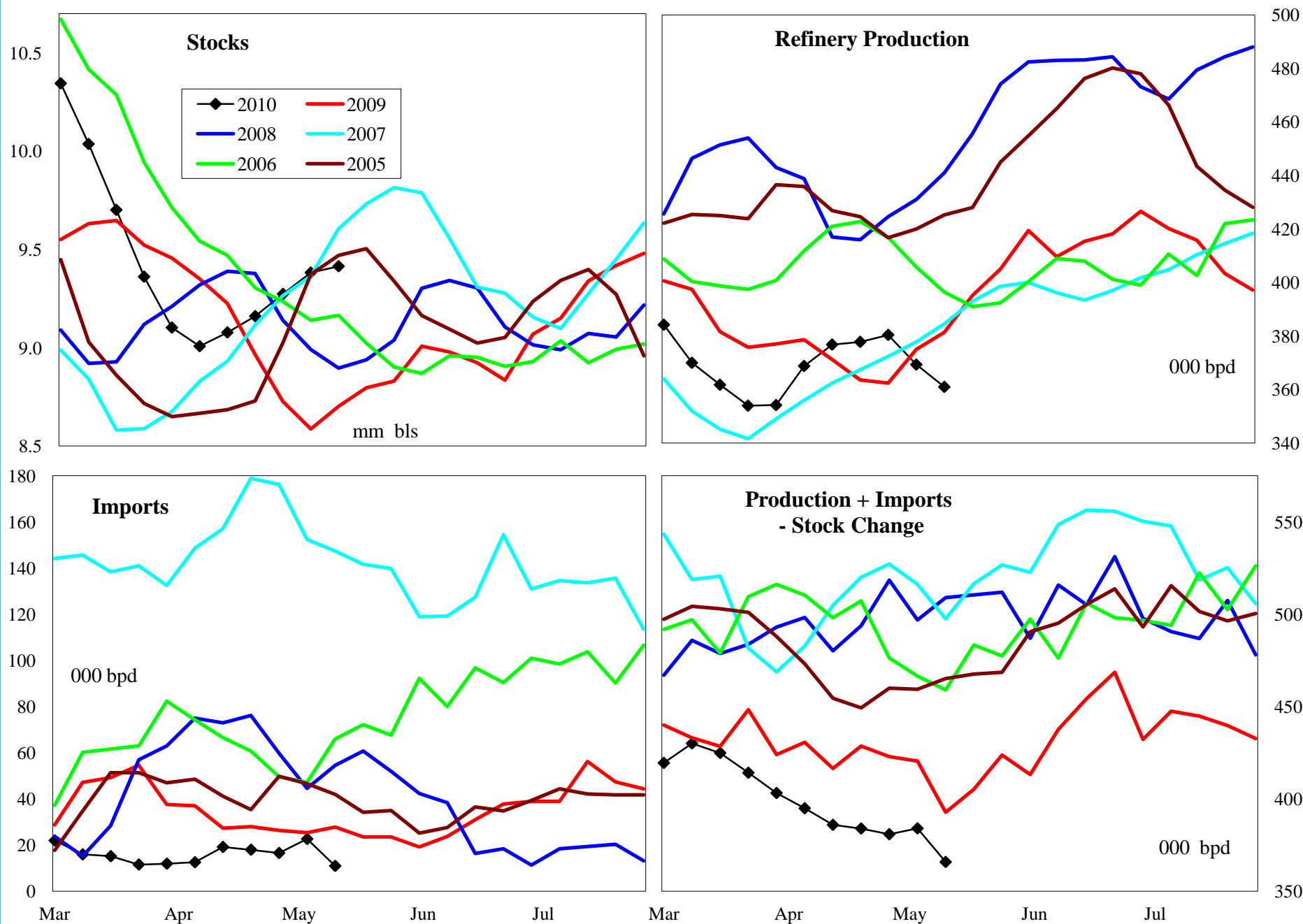
# PADD 5 Conventional Gasoline Supply



# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

828

22

-10

-46

9.6

6.1

-34.2

-10.6

# PADD 5 Residual Fuel Oil Supply

