

WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

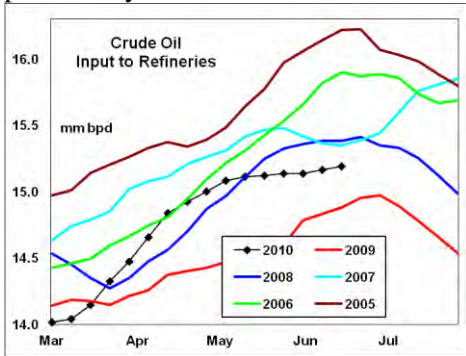
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, June 23, 2010

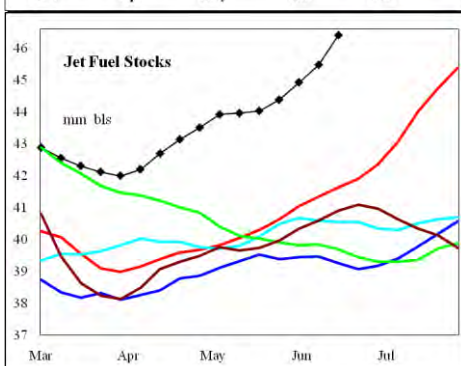
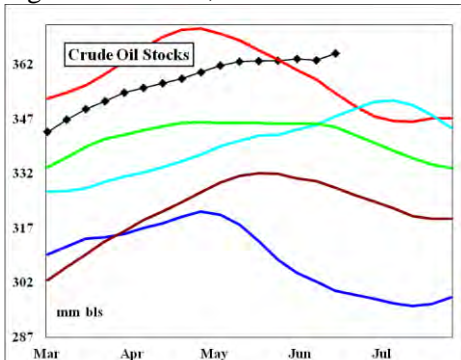


Major Fundamental Trends¹

The refining industry has limited crude oil run rates in response to lackluster gasoline demand during the last 6-wks. Runs have been above last years' extremely low level, but less than the prior four years.



The low level of crude oil refinery runs and high domestic production has lifted stock levels above the 5-year range. Crude stocks are particularly high in PADDs 2, 4 and 5.

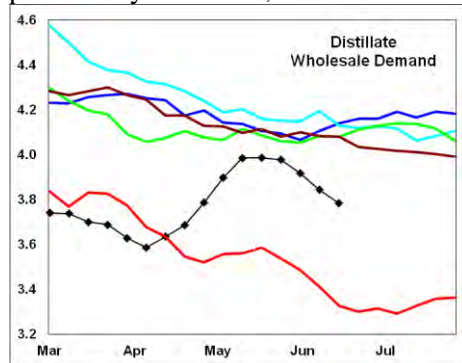


The jet fuel market has become extremely over supplied. Low demand has more than offset record low imports and reduced production. Stock

levels reached a new record high last week; +5.1 million barrels above the prior year record.

Gasoline demand remains lackluster, with a -97,000 bpd decline last week. Stock levels exceed the five year range, particularly in the Gulf region. Low crude oil runs and gasoline imports have prevented extreme over supply conditions.

Distillate demand remains robust, but has witnessed a seasonal decline during the latest 4-wk period. The market remains very well supplied, particularly PADDs 1, 3 and 4.



Demand for gasoline and distillate decreased last week

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline +0.8%; distillate up +13%; jet fuel down -0.8% while residual fuel oil fell -19%.

Stocks forward coverage: Gasoline demand coverage decreased on the week with a stock draw of -0.8 million barrels that offset a -97,000 bpd drop in demand. Coverage remains above the historic range.

Distillate demand coverage trended higher on a +0.3 million barrel stock build. Coverage levels match last years' record high.

Jet fuel coverage extended the longer term uptrend on a +0.8 million barrel stock build and very low demand. Coverage reached a new record high.

Residual fuel oil coverage increased on extremely low demand. Coverage matched the historic high for the period.

Refinery utilization rates increased last week on a +77,000 bpd rise in crude oil runs. Crude thru put remains below four of the last 5-years.

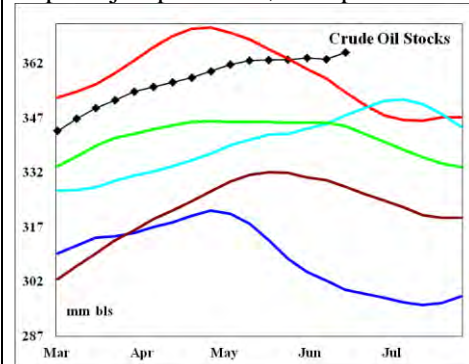
Gasoline yield % on crude oil runs increased last week on a +85,000 bpd rise in production compared to the +77,000 bpd increase in crude oil runs. Yield % was at the upper end of the historic range.

Distillate yield % on crude oil runs was nearly unchanged on a +31,000 bpd increase in output. Yield % was above four of the last five years.

Jet fuel yield % on crude oil runs decreased on a -8,000 bpd decline in production.

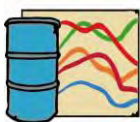
Petroleum Imports of middle distillate increased and crude oil increased last week, while gasoline was nearly unchanged.

During the latest 4-wk period distillate imports increased +10,000 bpd over last year; finished gasoline imports decreased -186,000 bpd, gasoline blend stock imports increased +71,000 bpd; jet fuel imports decreased -14,000 bpd, while residual fuel oil imports decreased -96,000 bpd. **Crude Oil** stocks increased +2 million barrels last week. The build was concentrated in PADD 3 where imports jumped +501,000 bpd.



Stock levels are now above the 5-year range for the period. Stocks in Cushing decreased -0.8 million barrels. Stock levels remain extremely high in PADDs 2, 4 and 5.

¹ Source is latest EIA Weekly Statistics



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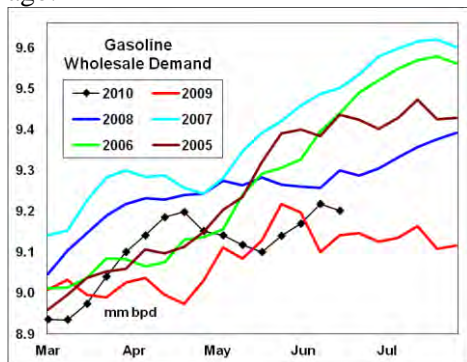
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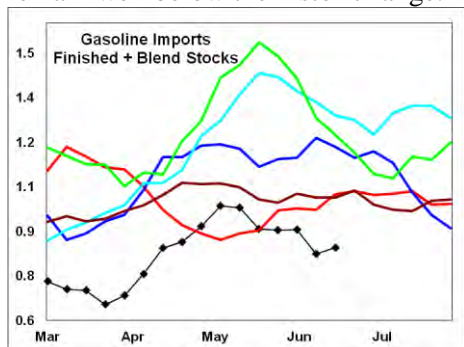
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Product Supply-Demand Trends

Gasoline demand decreased -97,000 bpd last week, to a level below four of the last five years. The latest 4-wk average was +76,000 bpd above a year ago.



Gasoline production increased +85,000 bpd on the week, with the 4-wk average +144,000 bpd above a year ago. Weekly output was at the upper end of the historic range. Imports remain well below the historic range.



Stocks declined -0.8 million barrels with the decrease concentrated in PADD 1. Stock levels remain above the historic range.

Even with last weeks' decline, demand continues to exhibit modest growth over last years' record low levels. Record low imports have led to seasonal stock draws during the current quarter, although, the level remains extremely high in the key Gulf region.

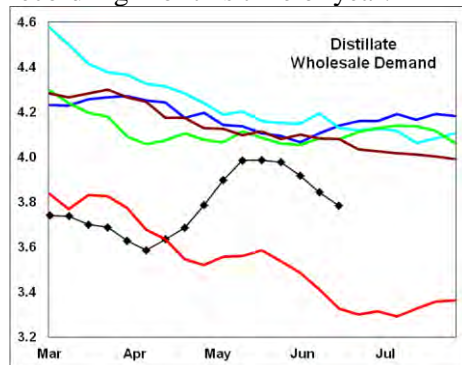
A seasonal increase in demand should lead to further improvement in the supply balance.

Distillate demand decreased -61,000 bpd last week, extending the longer term seasonal downtrend. Demand for the latest 4-wk period averaged +442,000 bpd above last year. While

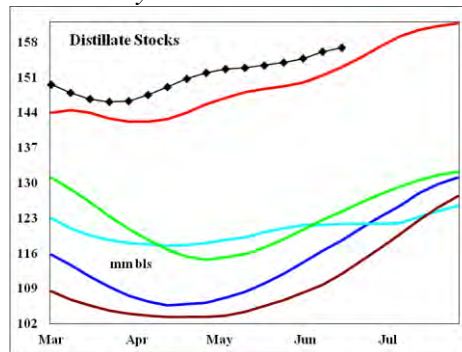
experiencing a seasonal decline, demand remains very robust compared to last year.

Production increased +31,000 bpd last week, more than offset by a -99,000 bpd drop in imports.

Stocks increased +0.3 million barrels on the week. Stock levels are +3.2 million barrels above last years' record high for this time of year.



Production remains above the mid range, with imports at the low end of the historic range. Stock levels remain above last years' record level.



The seasonal decline in demand should support a near normal rate of stock building during the next quarter, keeping the market well supplied. Prices should exhibit modest weakness as supplies peak during the quarter.

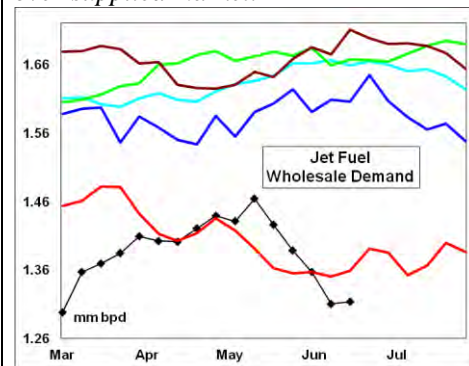
Jet Fuel demand increased +30,000 bpd on the week, with the latest 4-wk average -11,000 bpd below last years' record low level.

Supply declined -19,000 bpd on the week, with production below the mid range. The latest 4-wk average supply was +27,000 bpd above a year ago. Stocks increased +0.8 million barrels, reaching a new record high.

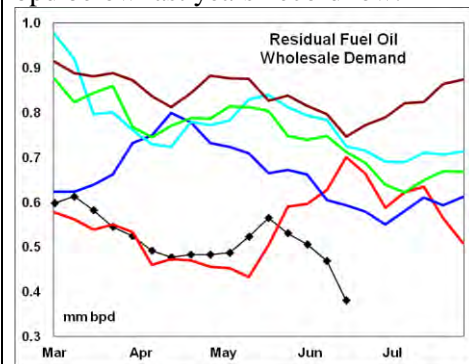
Very weak demand, even below last

years' record lows, has led to extreme over supply. Low production and record low imports have failed to improve the supply balance.

Expect continued weakness in jet fuel prices, particularly, cash basis in most major markets on an exceptionally over supplied market.

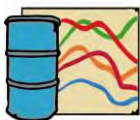


Residual fuel oil demand, including exports, decreased -18,000 bpd last week, with the 4-wk average -121,000 bpd below last years' record low.



Supply (production + imports) increased +139,000 bpd on the week, with the latest 4-wk average -215,000 bpd below a year ago. Stocks were nearly unchanged, with the level still above the 5-year range.

Stock levels have declined from the extremely high level reached in early May, but still remain above the historic range. Production and imports have each been cut sharply in response to the extremely high stock levels and weak demand. These fundamental trends should continue to depress prices compared to the overall energy complex.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

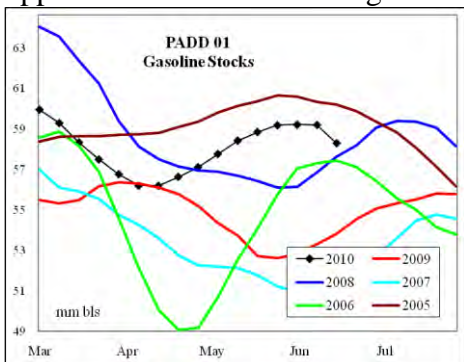
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PADD Supply Trends

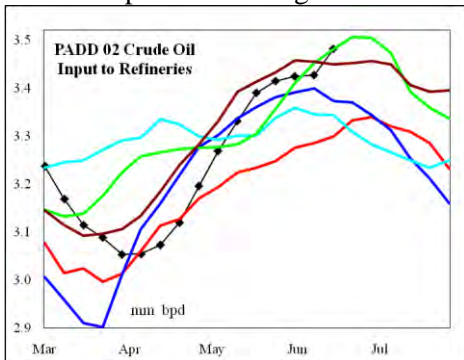
PADD 1 refinery crude oil runs increased +62,000 bpd last week, with the 4-wk average -88,000 bpd below last years' record low rate.

Gasoline production declined -14,000 bpd on the week, with the latest 4-wk average +299,000 bpd above a year ago, and at a new 5-year high. Imports increased +34,000 bpd on the week, but the level remains well below the historic range. Stocks declined -0.7 million barrels but remain at the upper end of the historic range.



Distillate supply decreased -68,000 bpd last week, with higher production more than offset by a drop in imports. Stocks increased +0.7 million barrels, to a level near last years' record high.

Jet fuel supply increased +22,000 bpd last week, with production still below the mid range. Stocks increased 0.2 million barrels on the week, +16% above the prior record high level.



PADD 2 crude oil refinery runs increased +98,000 bpd last week, matching the season 5-year high. Crude oil imports fell -395,000 bpd, but the level remains +23% above the

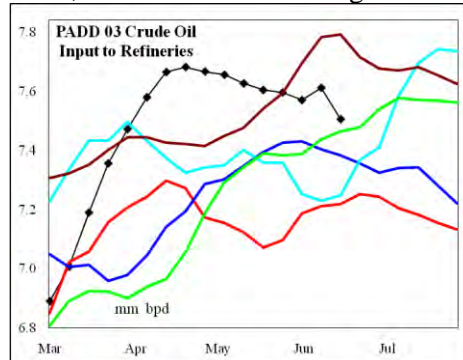
prior 5-year high. Crude oil stocks decreased -0.6 million barrels, including a -0.8 million barrel decline in Cushing, OK.

Gasoline production decreased -12,000 bpd last week, to a level above the mid range. Stocks increased +0.3 million barrels, with the level near that of the last 3-years.

Distillate production fell -85,000 bpd on the week, to a level near the mid range. Stocks decreased -0.7 million barrels, to below the 5-year mid range.

Jet fuel supply and stock levels remain extremely high.

PADD 3 refinery crude oil runs decreased -178,000 bpd last week, but remain at the upper end of the historic range. The latest 4-wk average was +386,000 bpd above a year ago. Crude imports jumped +501,000 bpd, although the level remains below 4 of the last 5 years. Crude oil stocks increased +2.1 million barrels last week, still below the mid range.



Gasoline production increased +101,000 bpd on the week, but remains below last year (note unfinished gasoline is reported in PADDs receiving this product from the Gulf). Stocks declined -0.4 million barrels but the level remains well above the historic range.

Distillate production increased +80,000 bpd last week, to a level above the historic range. Stocks increased +0.5 million barrels to a new record high.

Jet fuel output fell -37,000 bpd, to the low end of the historic range. Stocks jumped +0.7 million barrels, to

a new all time record high.

Residual fuel oil supply fell -58,000 bpd on the week. Stocks were nearly unchanged, +25% above last year.

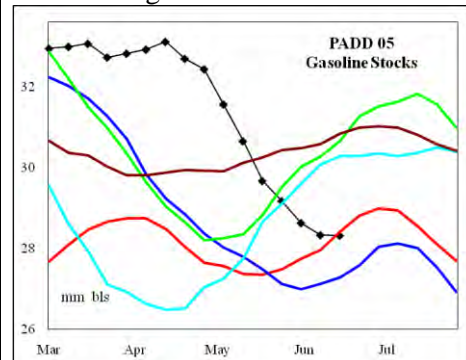
PADD 4 refinery crude oil runs increased +21,000 on the week, to a level near the mid range. The latest 4-wk average thru put was -21,000 bpd below last year.

Gasoline production increased +34,000 bpd on the week, to the upper end of the historic range. Stocks increased +0.3 million barrels to a new all time high.

Distillate production increased +8,000 bpd last week, exceeding the historic range. Stock levels were also above the 5-year range.

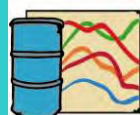
PADD 5 crude oil refinery runs increased +75,000 bpd on the week, but remain below the historic range. The latest 4-wk average run rate was -72,000 bpd below last year. Crude oil stocks increased +0.4 million barrels, to above the historic range for this time of year.

Gasoline supply (production + imports) declined -24,000 bpd last week, but remains above the level of the last 2-years. The latest 4-wk average supply was +53,000 bpd above last year. Stocks decreased -0.2 million barrels to the low end of the historic range.



Distillate production increased +39,000 bpd on the week, but remains below the mid range. Stock levels were near the mid range.

Jet fuel stocks fell to fresh 5-year lows as production remains below the historic range.


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PETROLEUM: Graph Link and Weekly Summary

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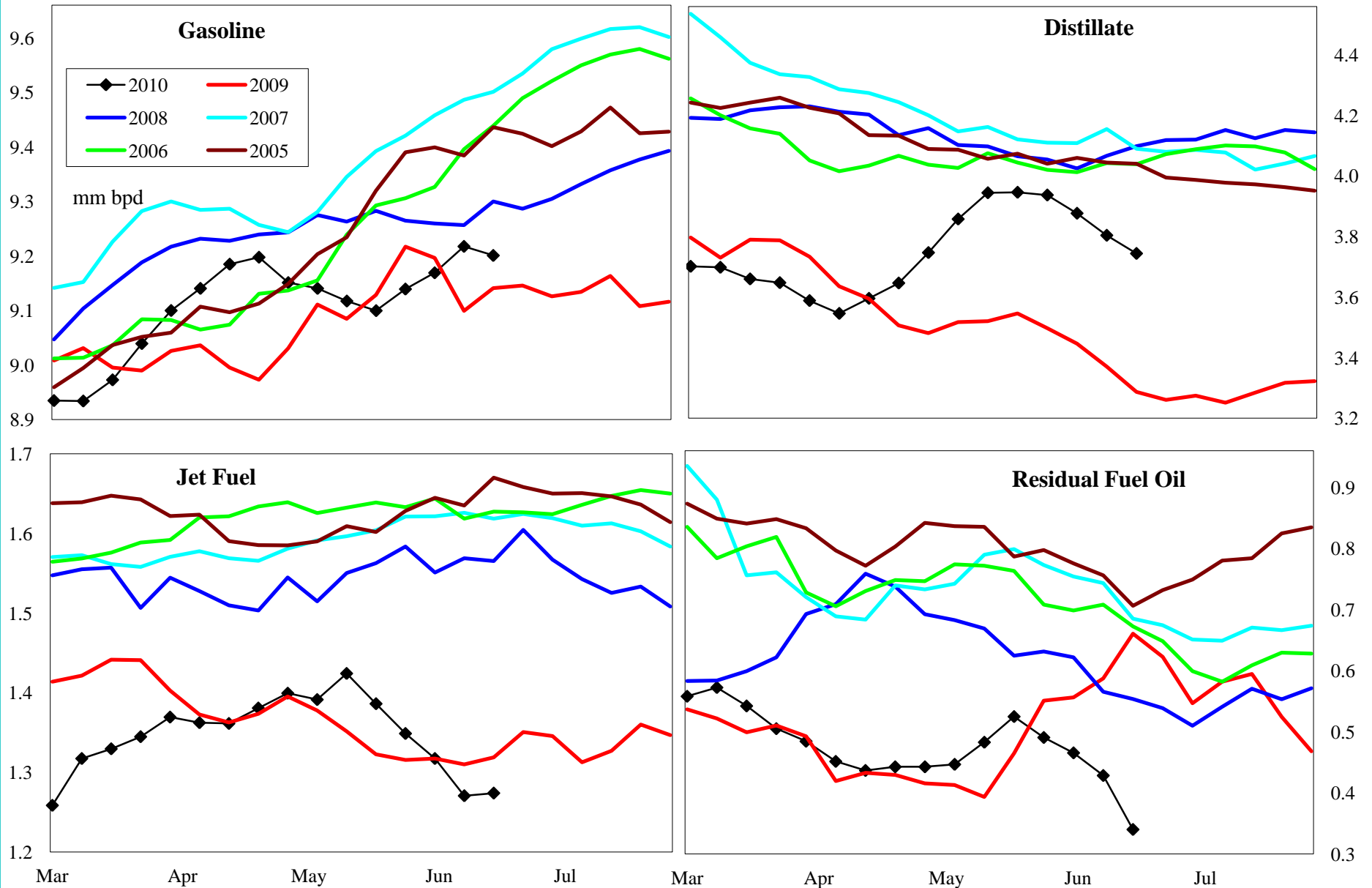
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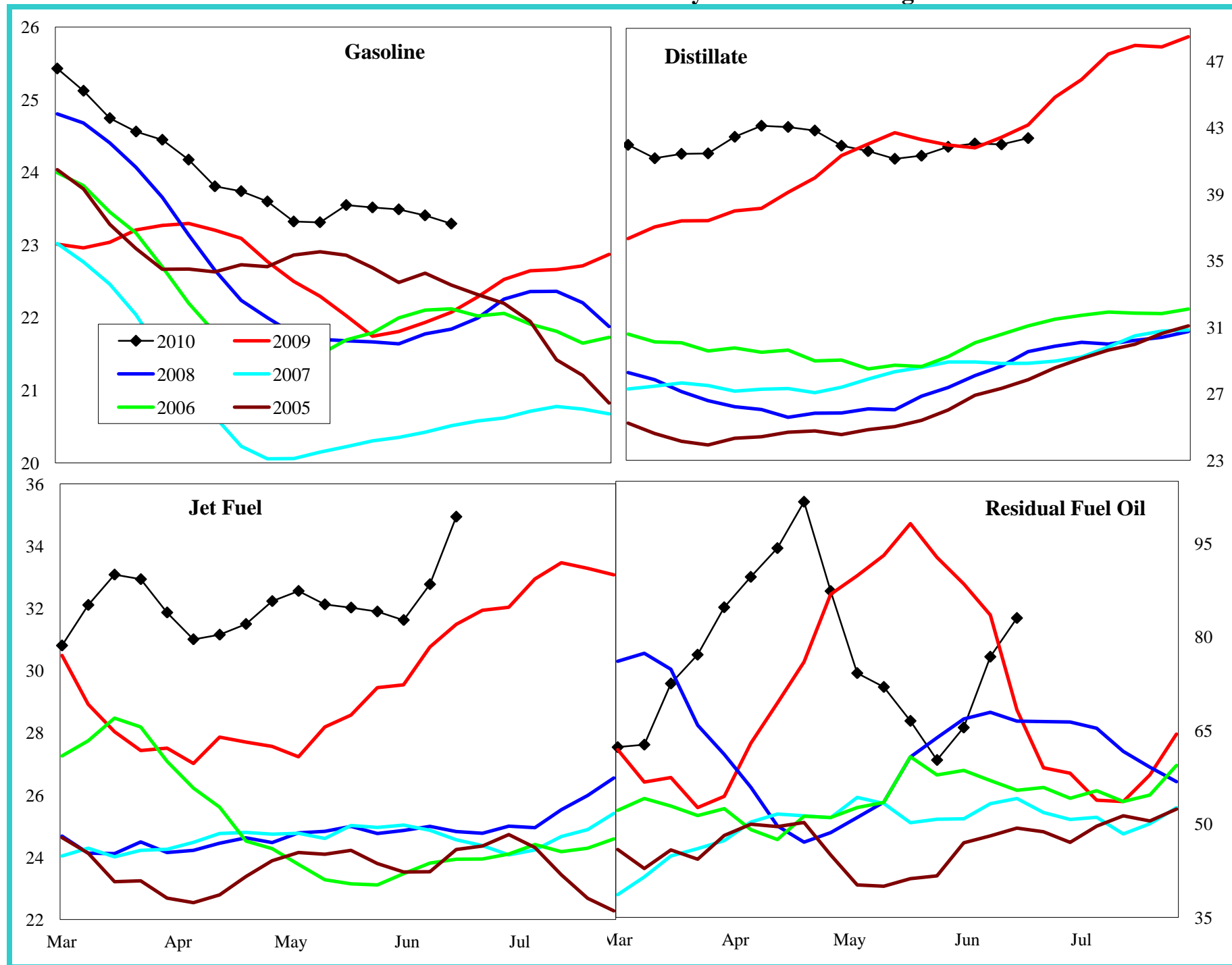
Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization</u>			<u>Imports</u>	
Supply/Demand Trends	18-Jun-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	2,017	887	-631	2,102	-725	386
	Imports	413	271	-395	501	20	17
	Input	77	62	98	-178	21	75
	% Utilization	1.50					
<u>Gasoline</u>	Stocks	-762	-717	268	-398	264	-179
	Production	85	-14	-12	101	34	-24
	Imports	6	34	0	-13	0	-14
	Supplied	-97					
<u>Distillate</u>	Stocks	297	710	-739	478	-73	-77
	Production	31	-11	-85	80	8	39
	Imports	-99	-91	-4	0	-5	1
	Supplied	-61					
<u>Jet Fuel</u>	Stocks	812	152	245	677	-24	-239
	Production	-8	8	8	-37	-6	19
	Imports	-11	14	0	0	0	-24
	Supplied	30					
<u>Residual Fuel Oil</u>	Stocks	-92	-40	-73	188	0	-166
	Production	0	14	9	-13	1	-11
	Imports	139	148	0	-45	0	36
	Supplied	-18					

United States Wholesale Petroleum Demand

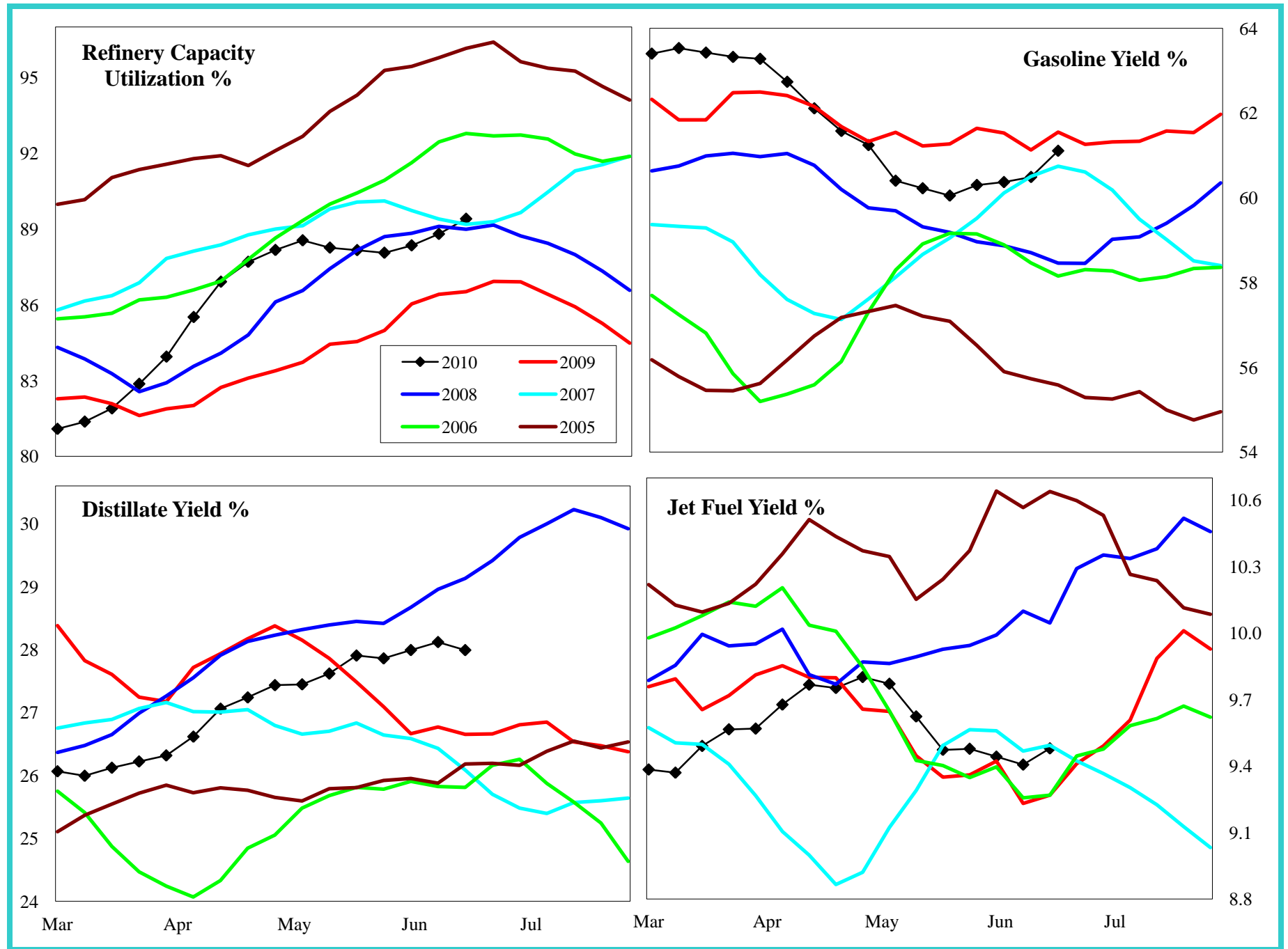


	000 bpd change from prior year				% change from prior year			
	4wk avg	May	Apr	Mar	4wk avg	May	Apr	Mar
Gasoline	76	39	314	-79	0.8	0.4	3.5	-0.9
Distillate	442	589	175	110	12.8	17.2	5.1	2.9
Jet Fuel	-11	111	-16	5	-0.8	8.3	-1.1	0.3
Resid	-121	59	-212	-60	-19.0	12.0	-31.5	-9.9

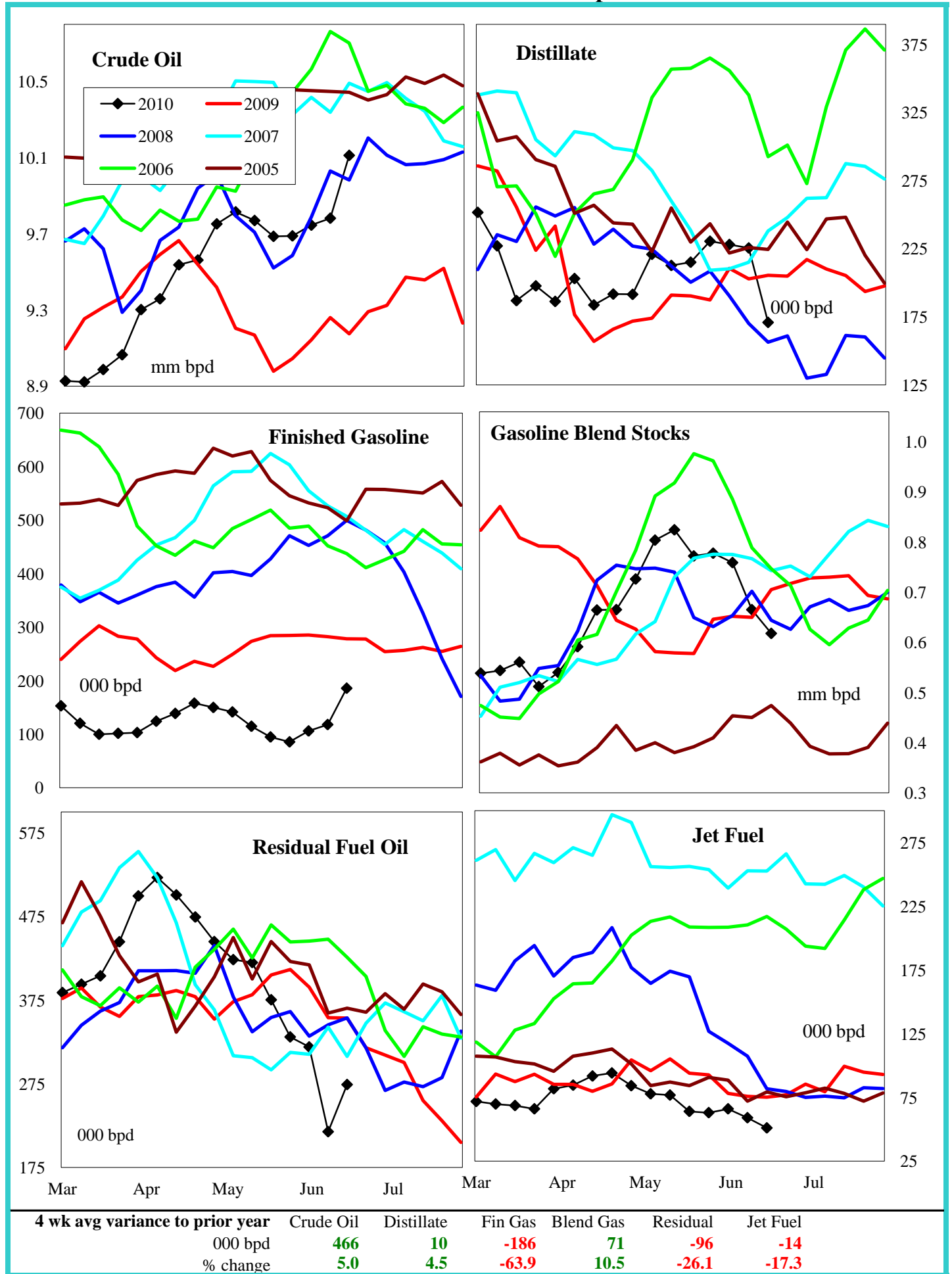


United States Product Stocks: Days Forward Coverage

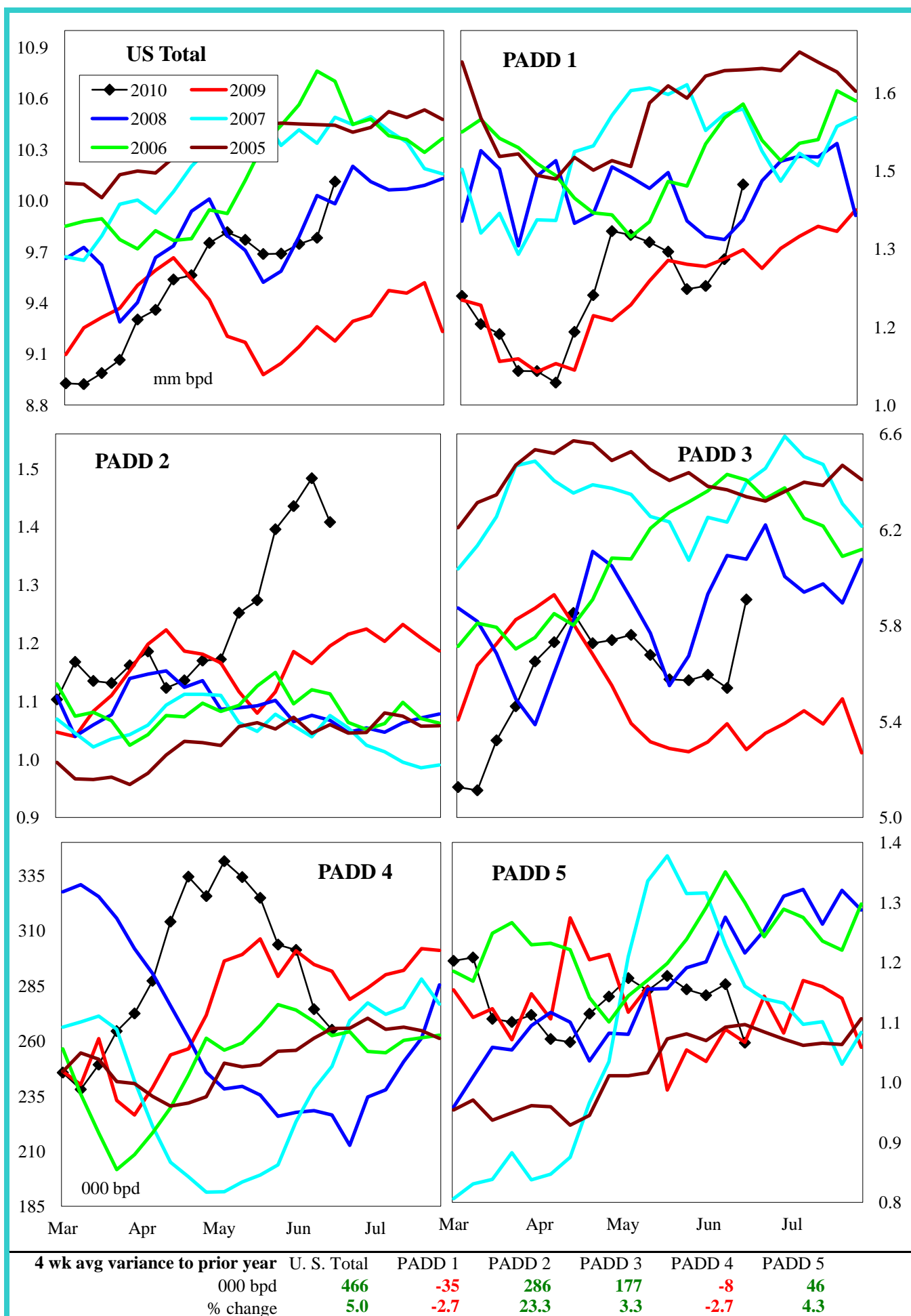
United States Refinery Percent Utilization Rate and Product Yields



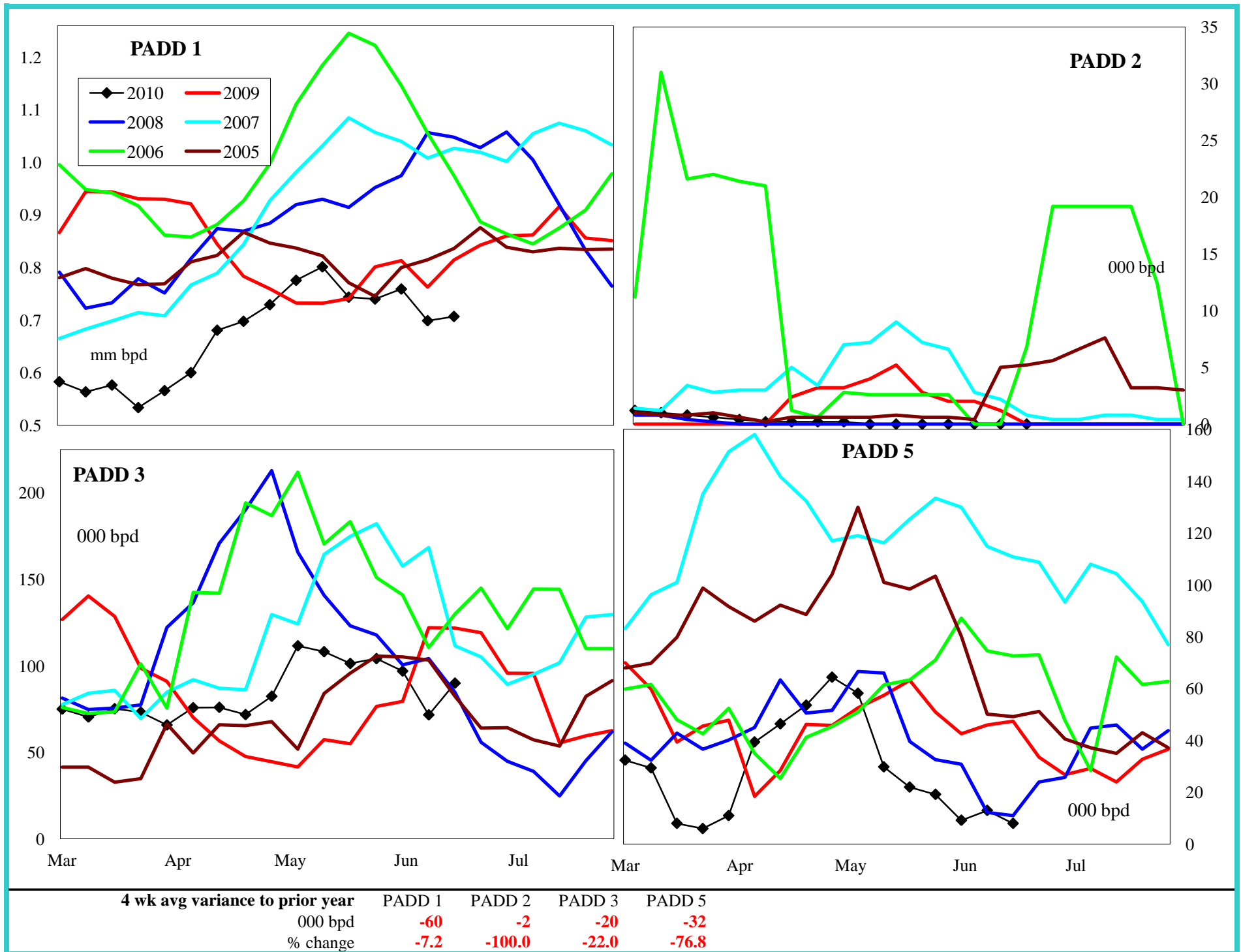
United States Petroleum Imports



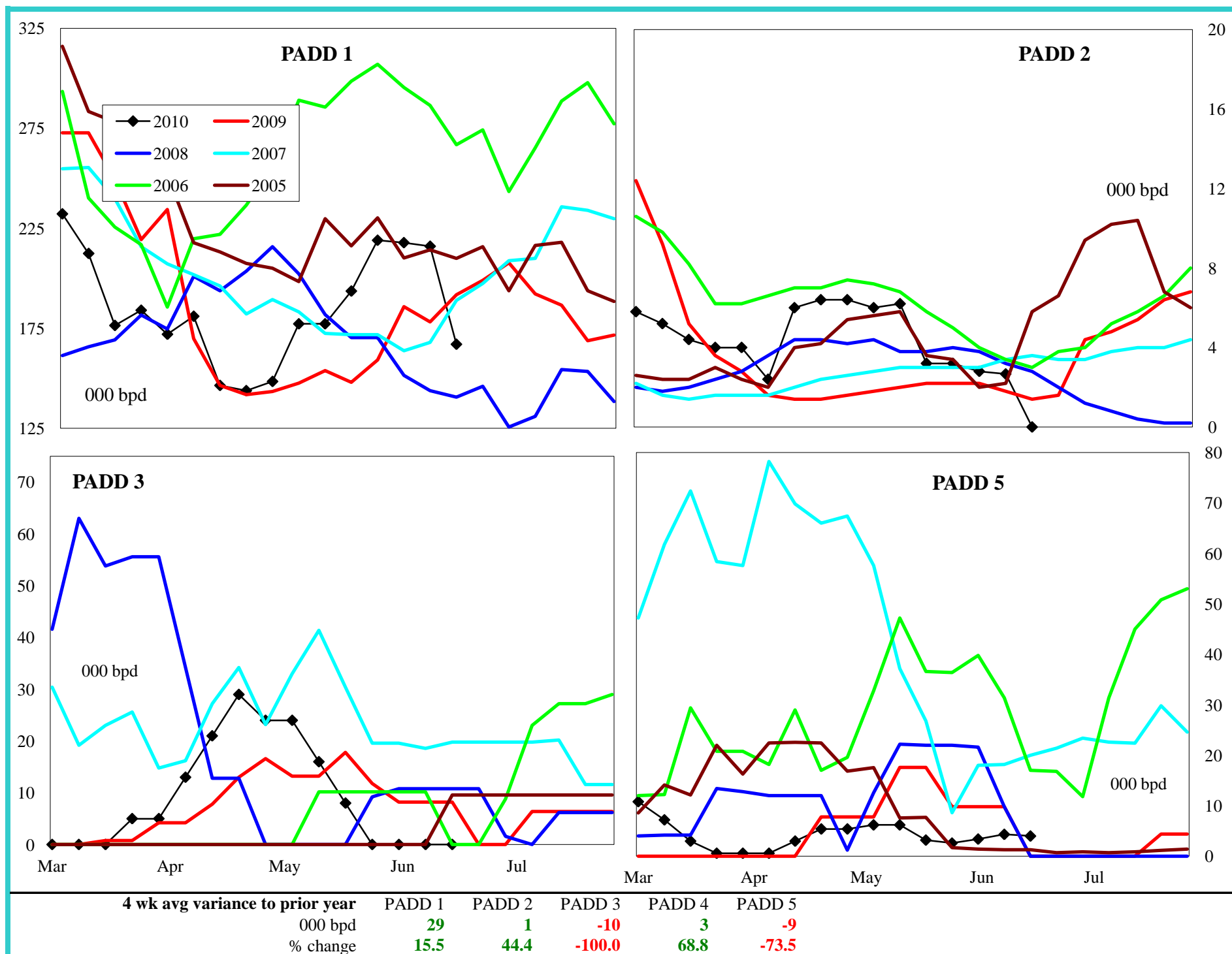
Crude Oil Imports by PADD



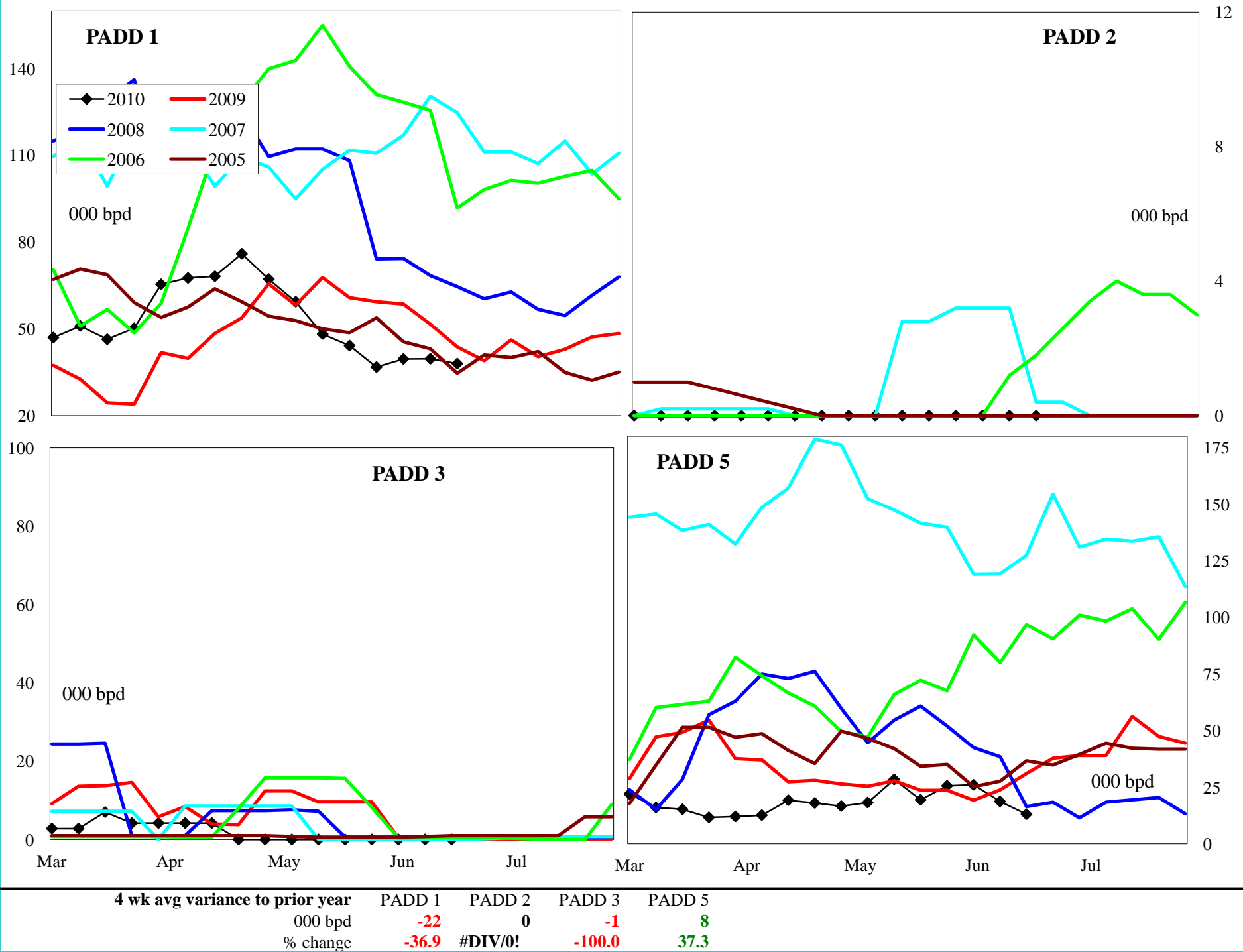
Gasoline Imports by PADD (Finished + Blend Stocks)



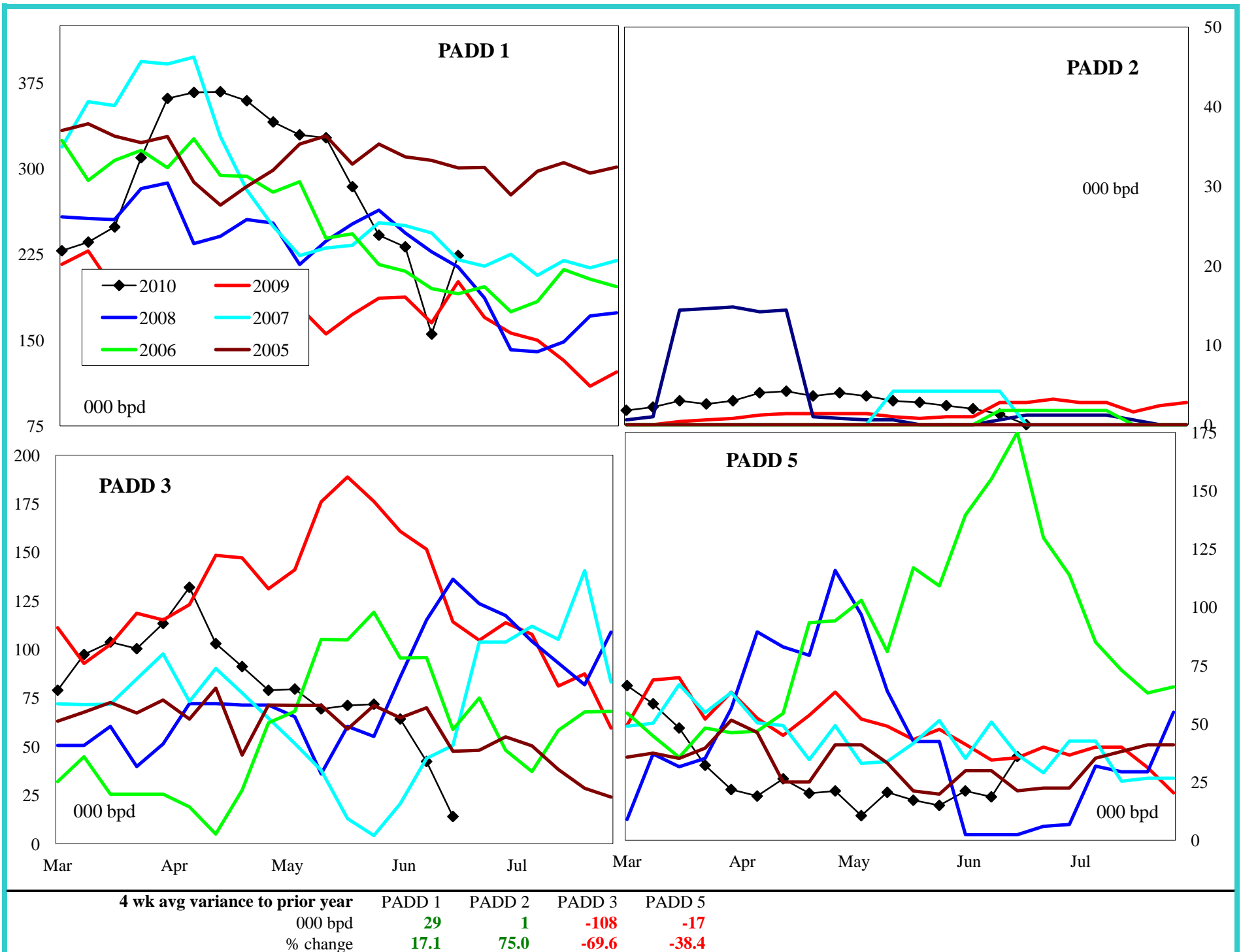
Distillate Imports by PADD



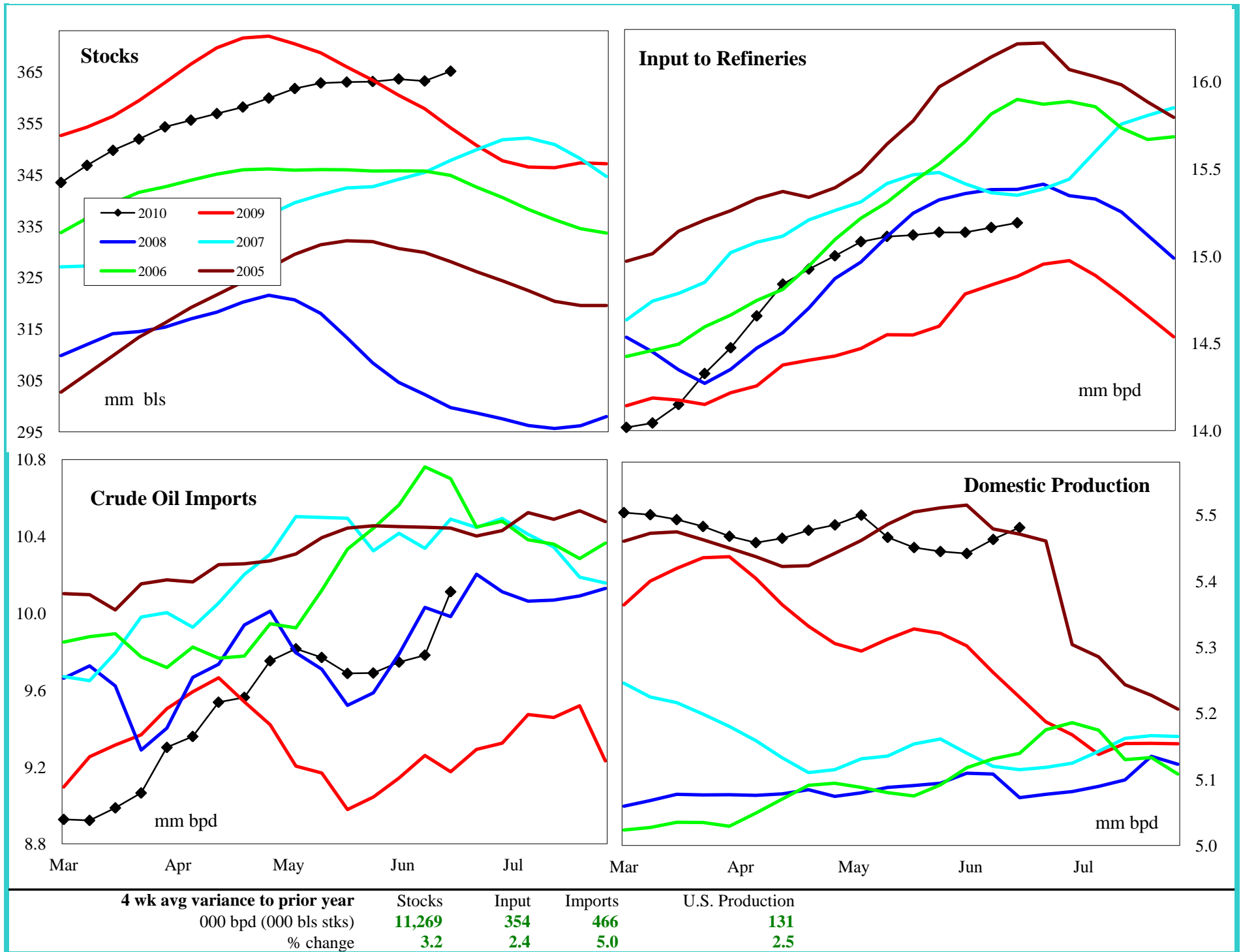
Jet Fuel Imports by PADD



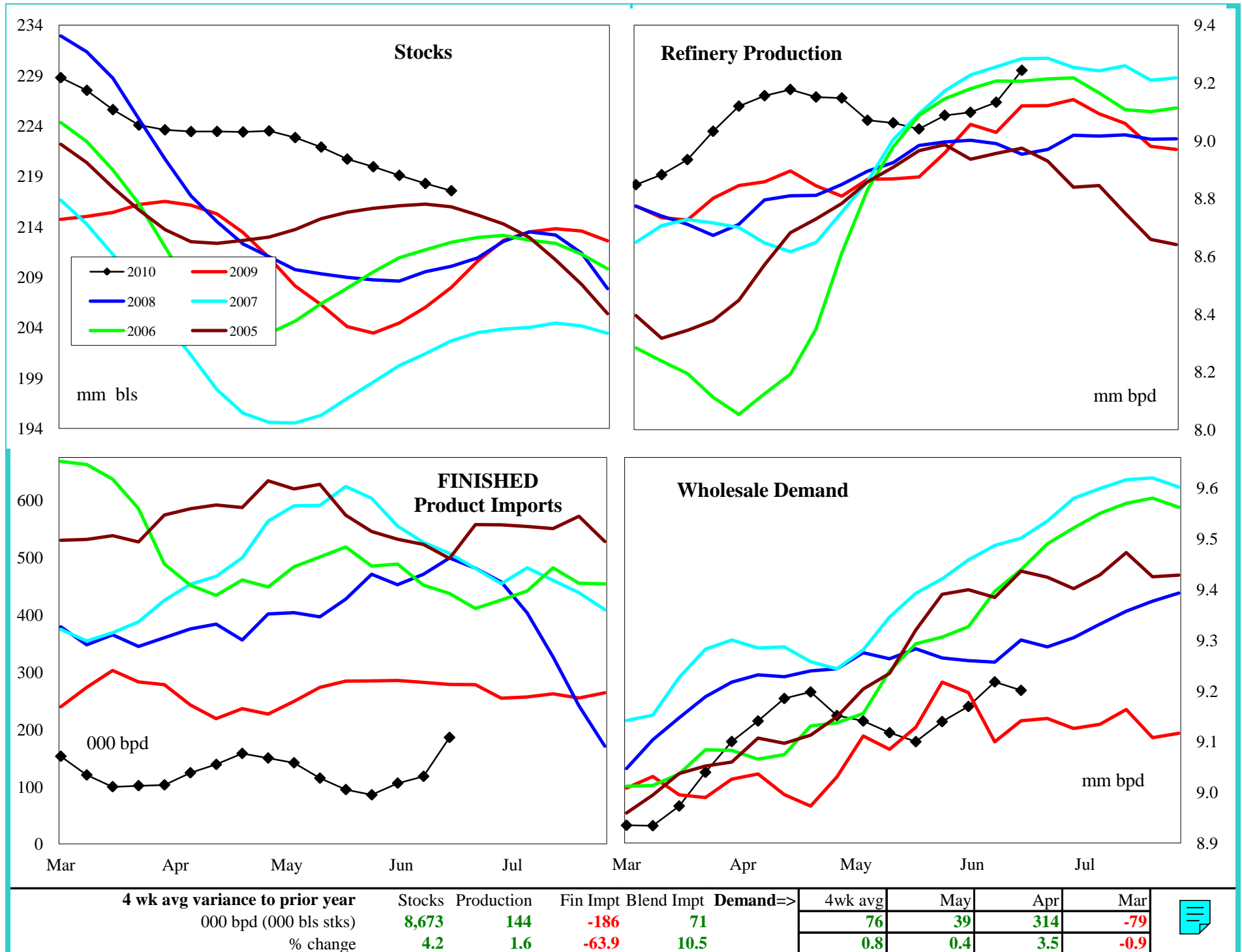
Residual Fuel Oil Imports by PADD



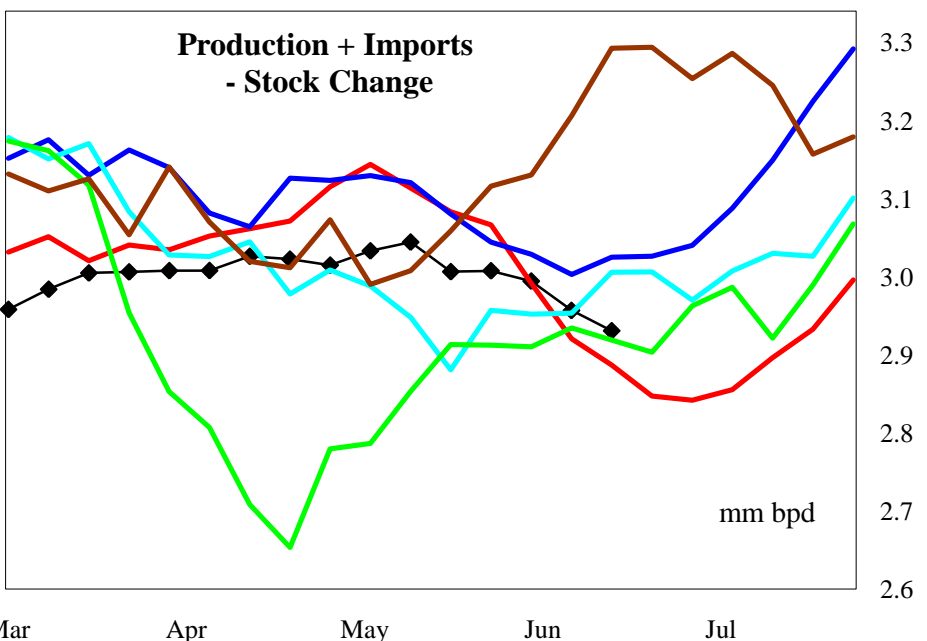
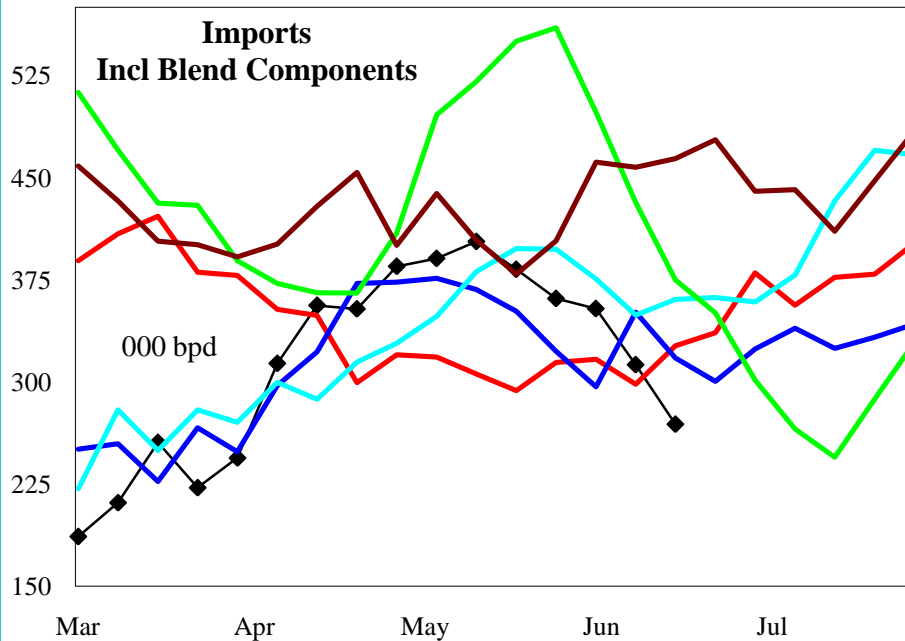
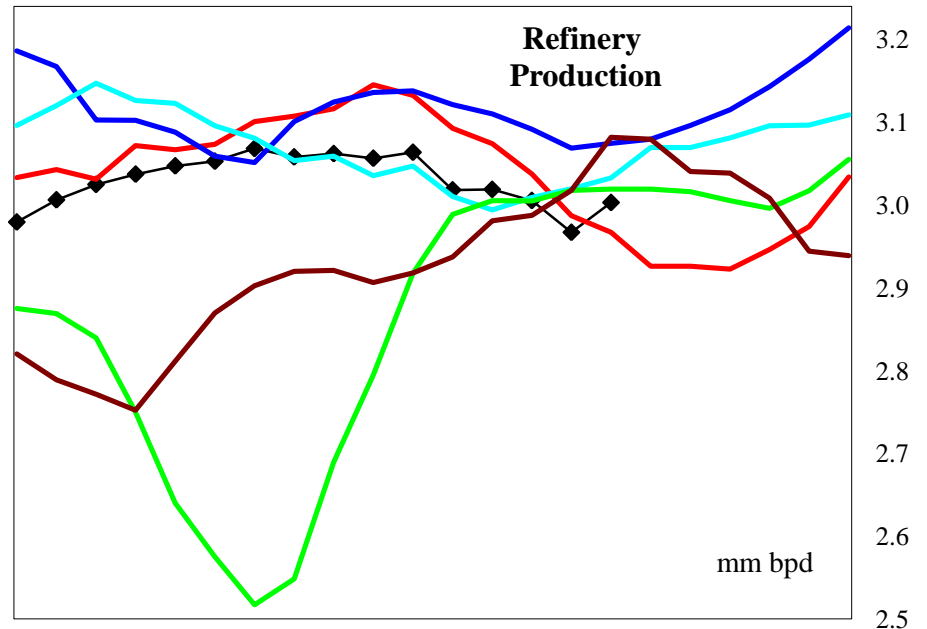
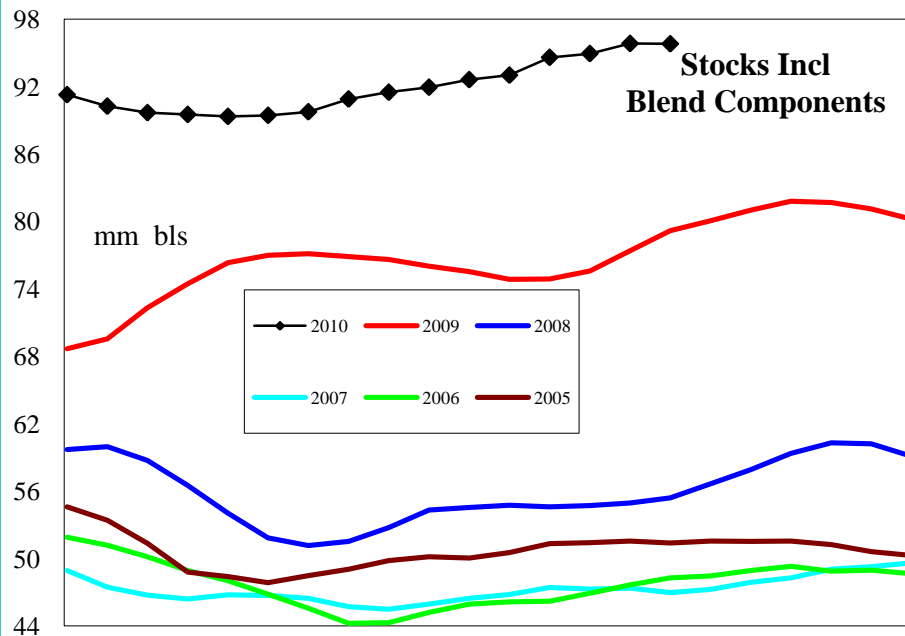
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



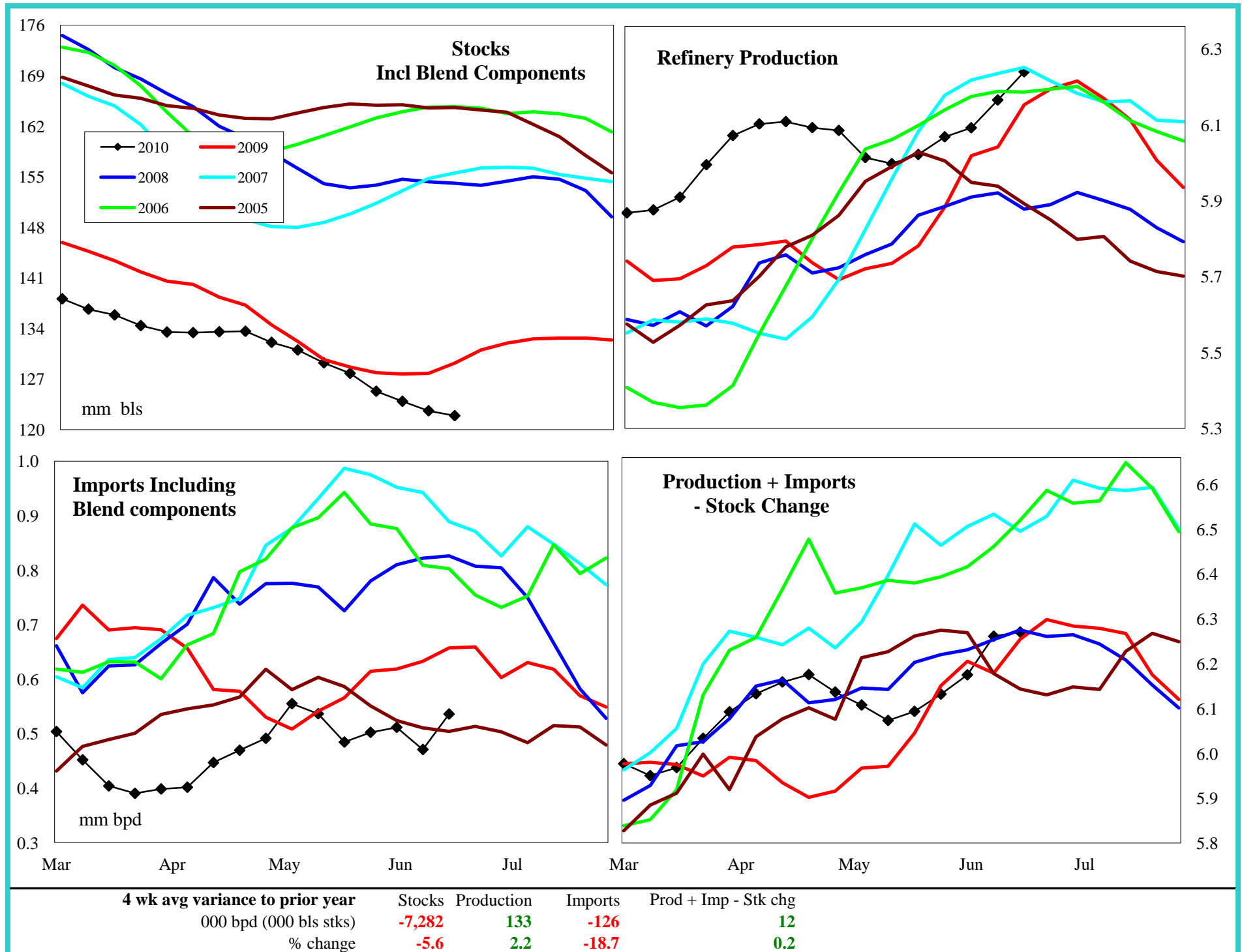
United States Reformulated Gasoline Supply



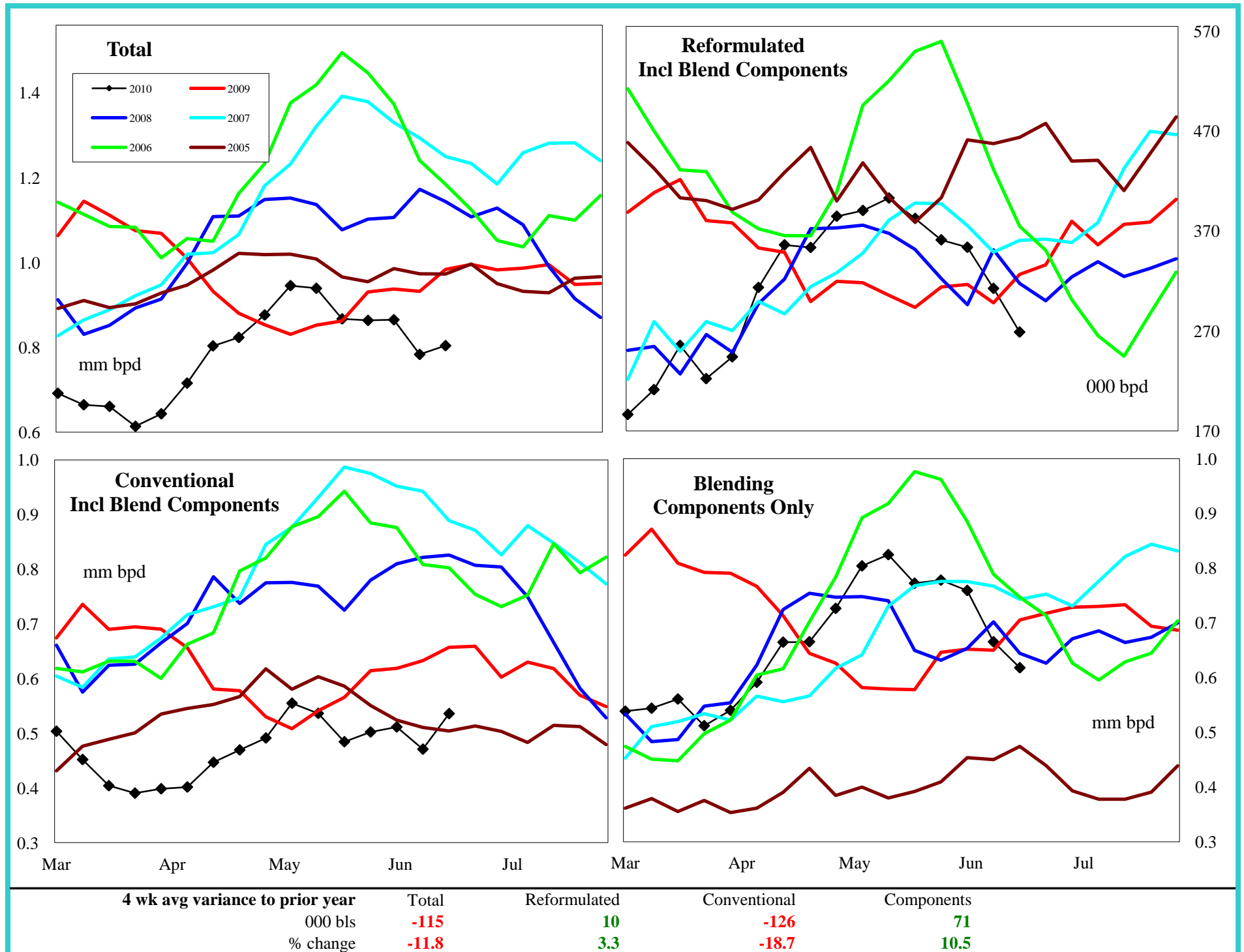
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
16,618	11	10	6
21.0	0.4	3.3	0.2

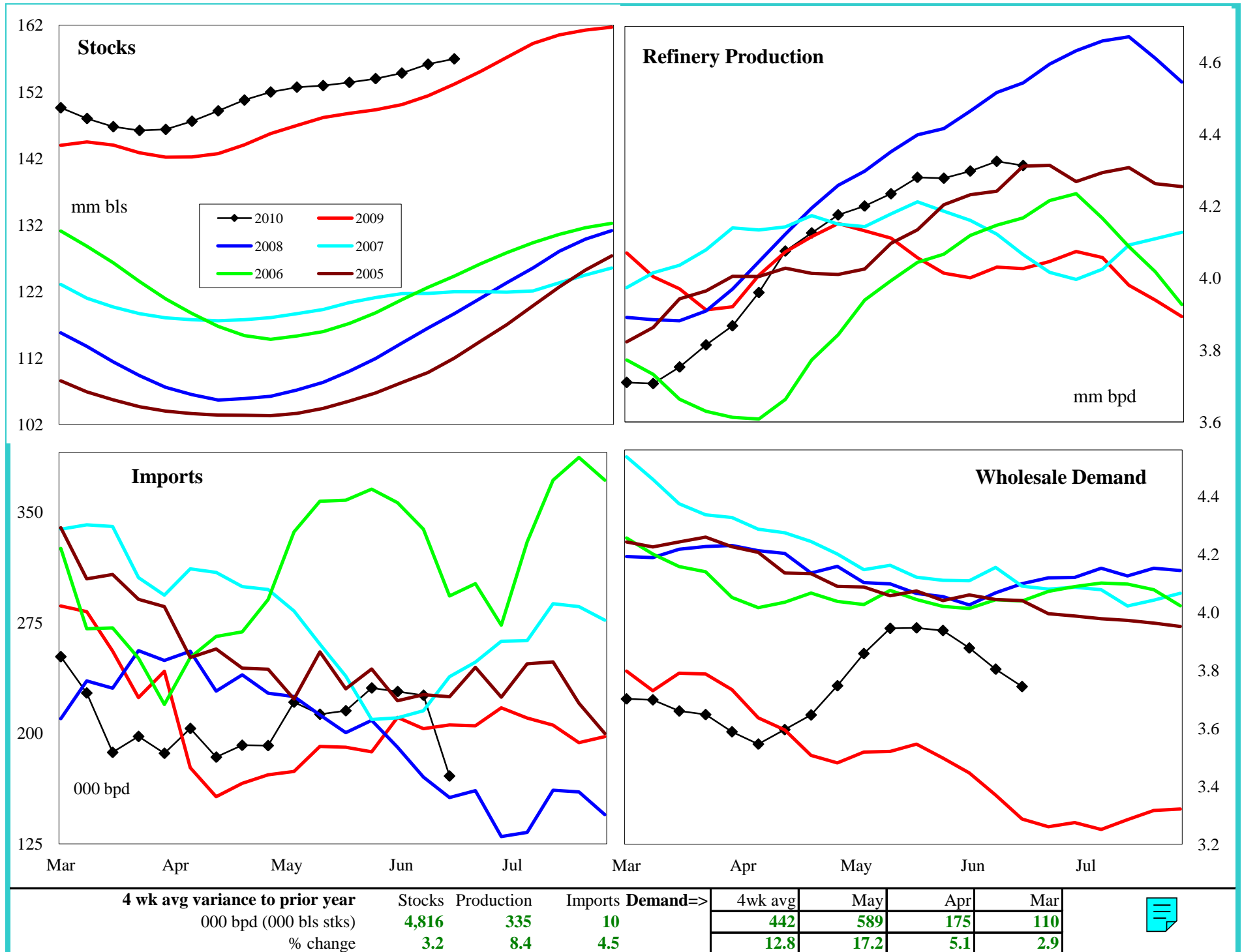
United States Conventional Gasoline Supply



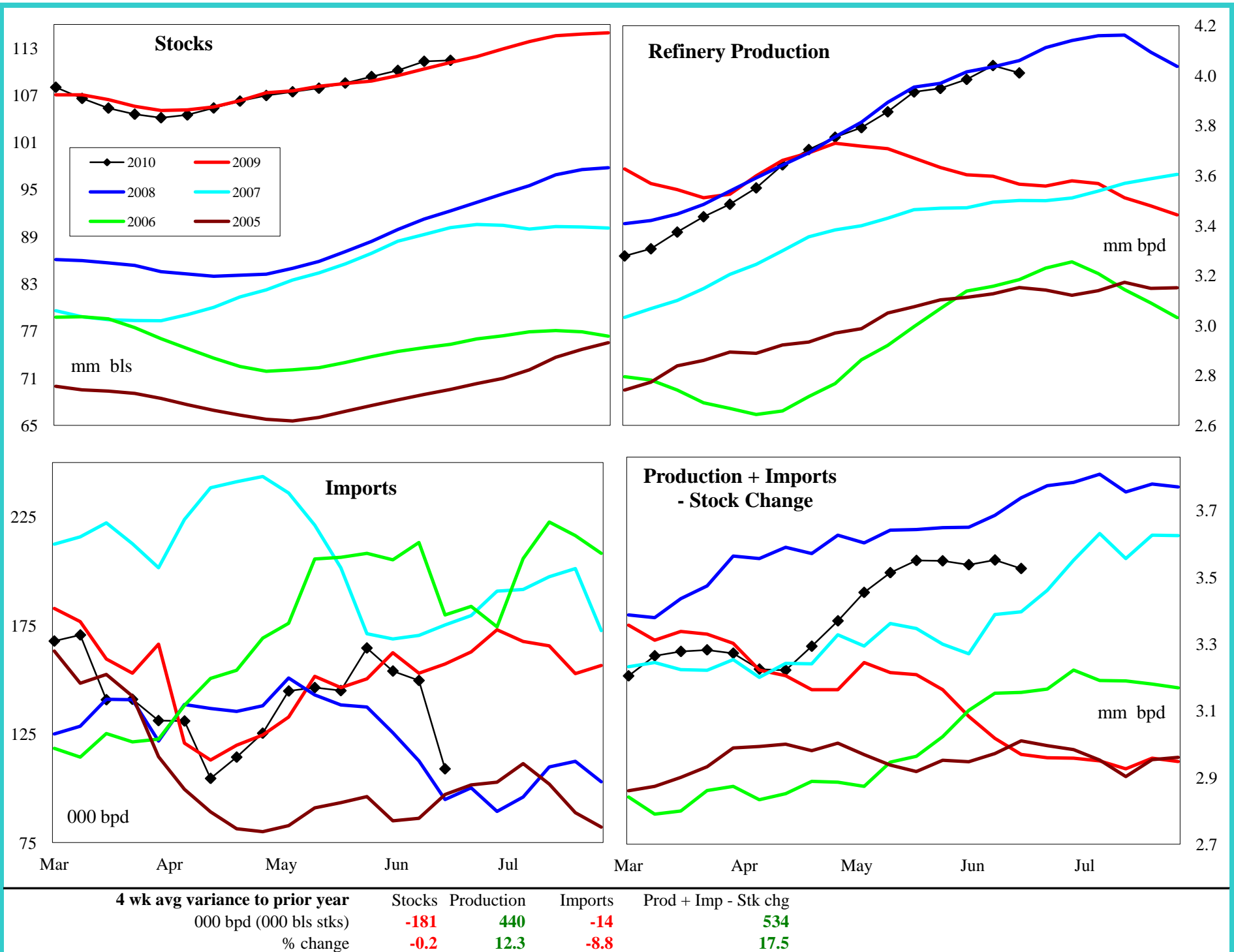
United States Gasoline Imports by Type



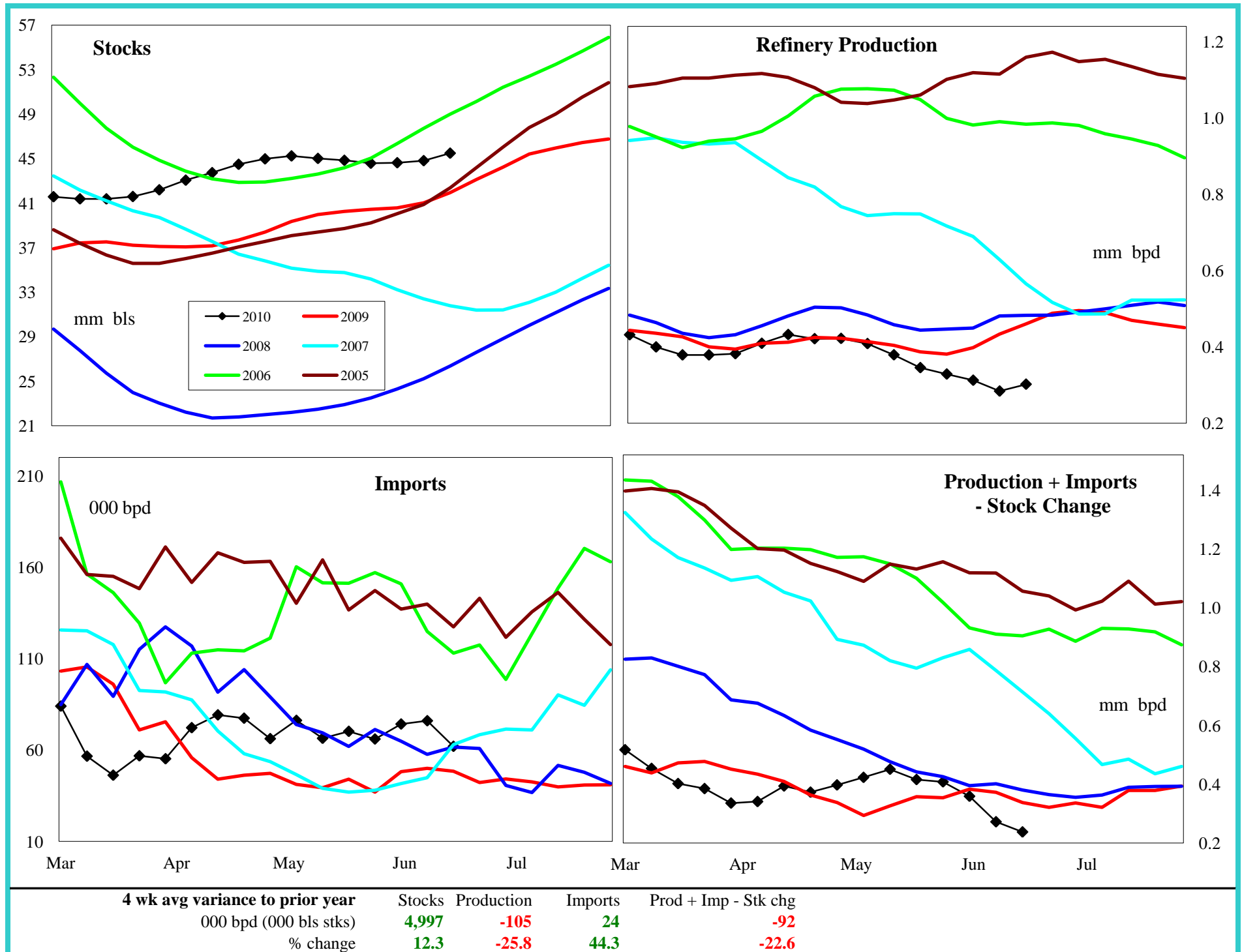
United States Distillate Supply and Demand Balance



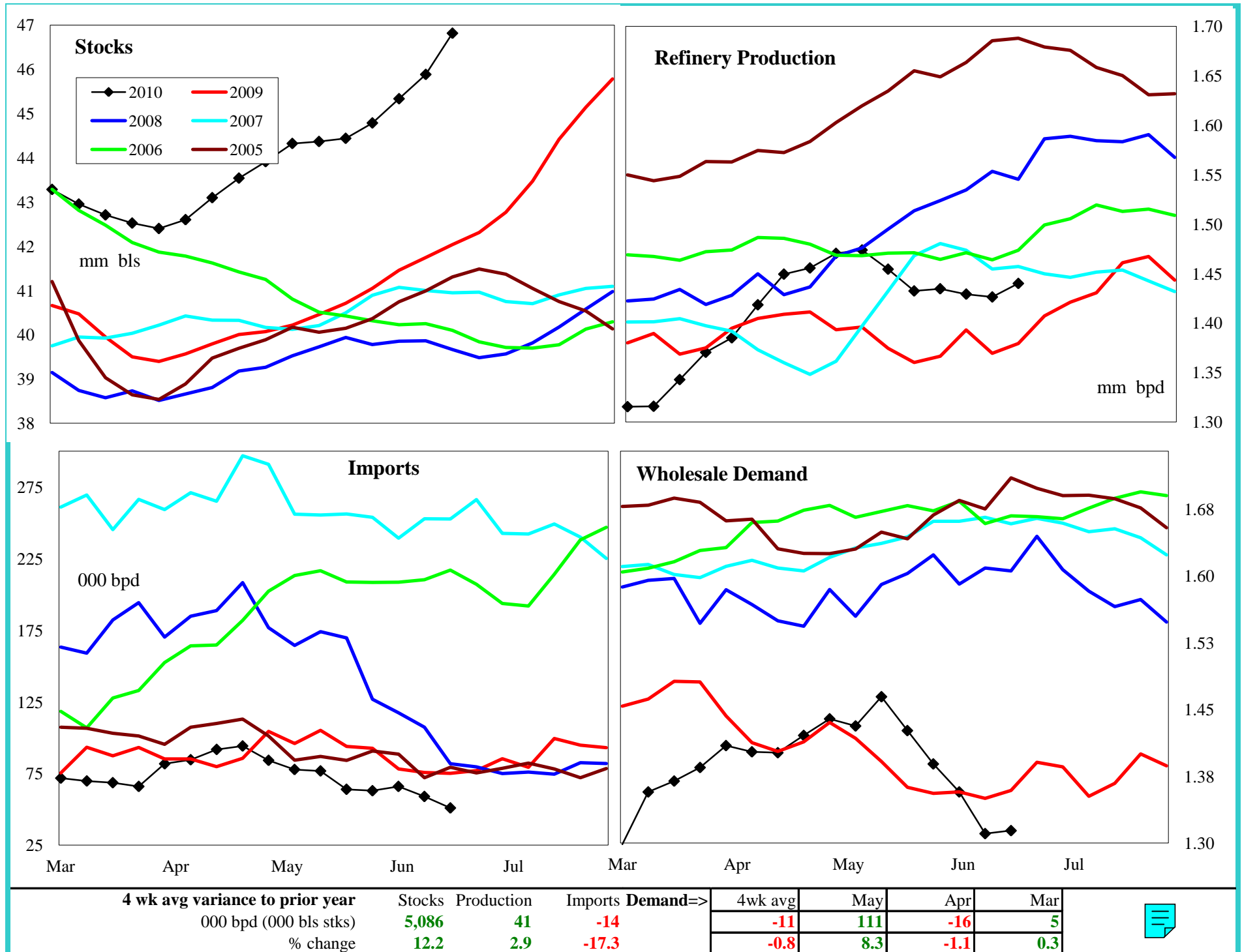
United States Low Sulfur Distillate Supply



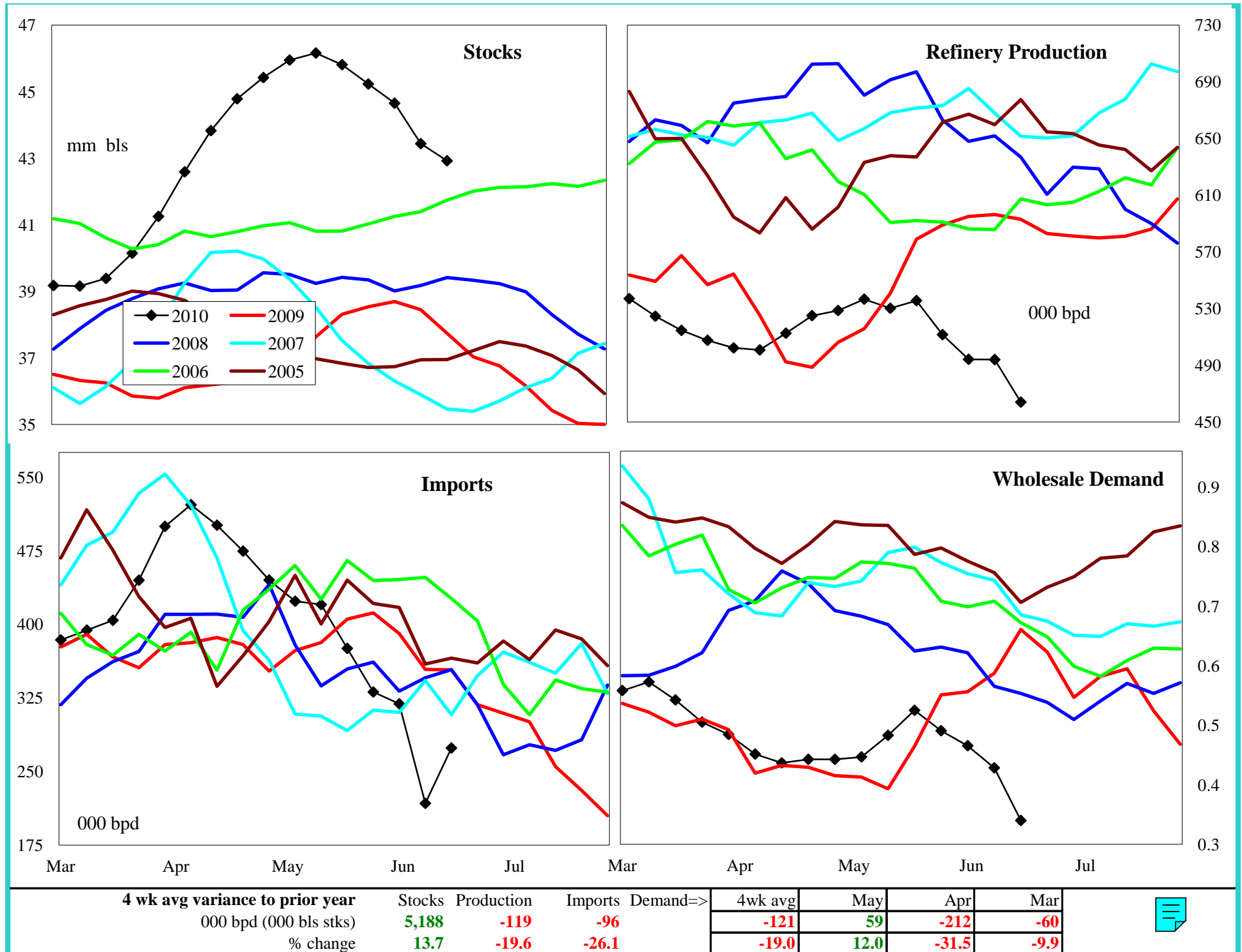
United States High Sulfur Distillate Supply



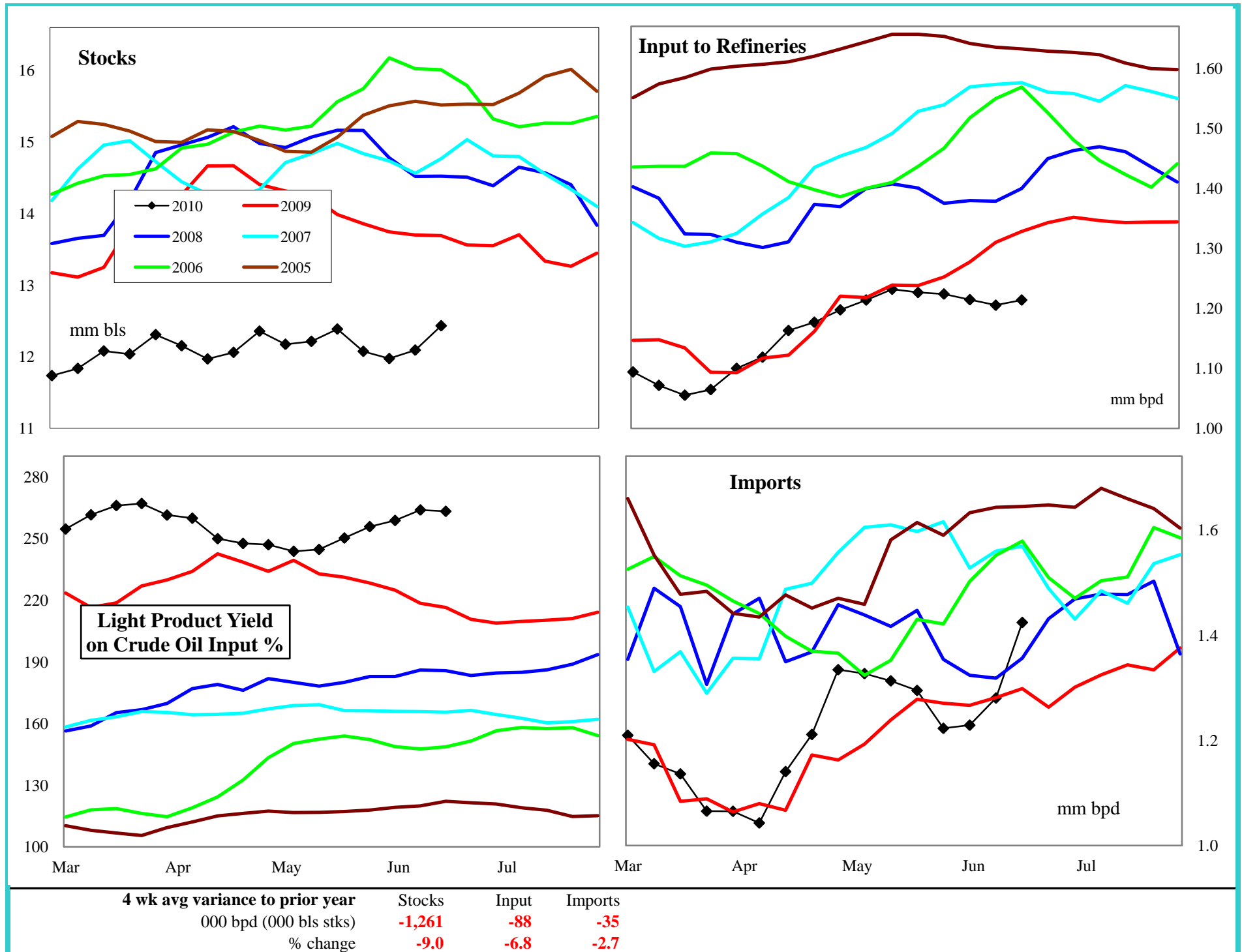
United States Jet Fuel Supply and Demand Balance



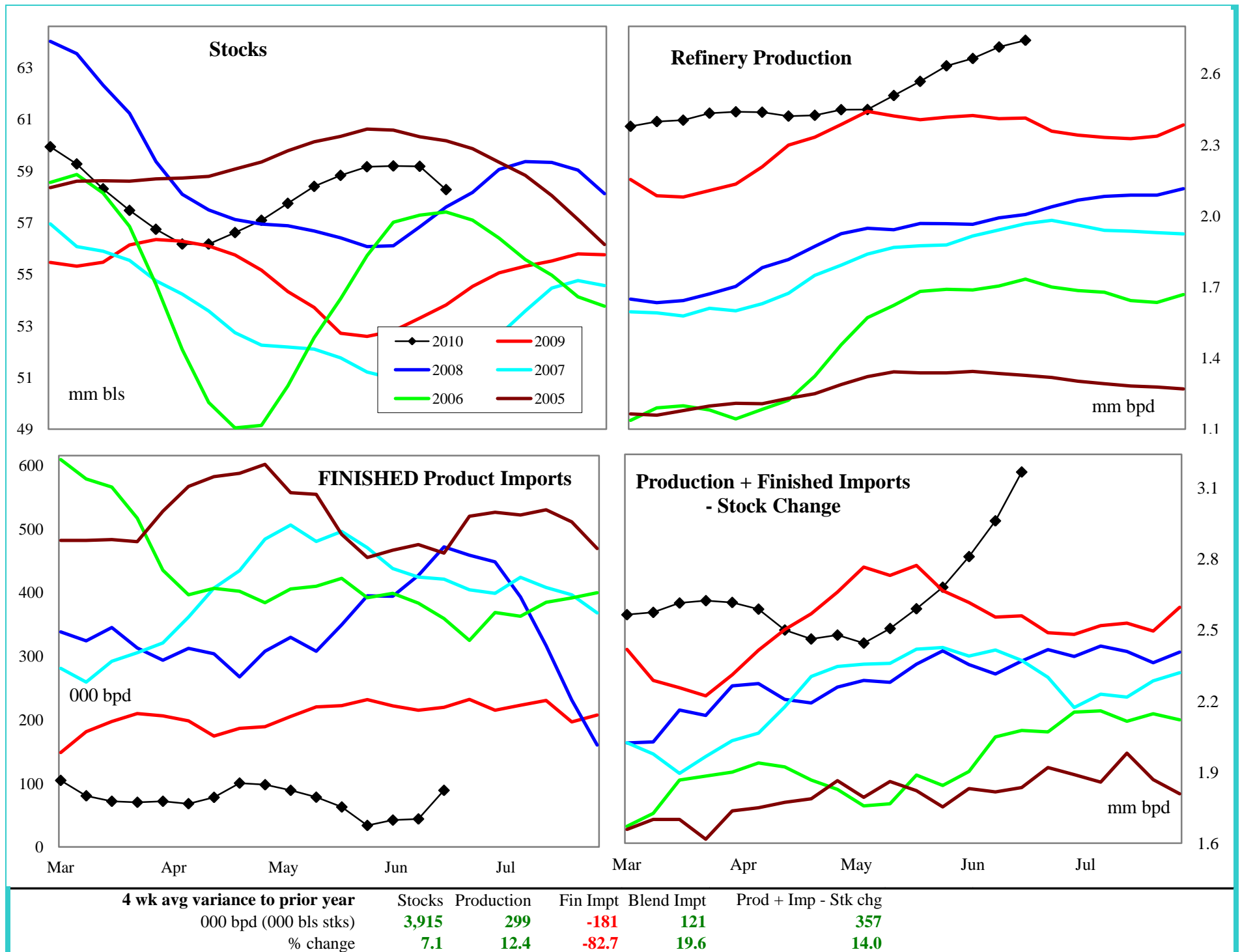
United States Residual Fuel Oil Supply and Demand Balance



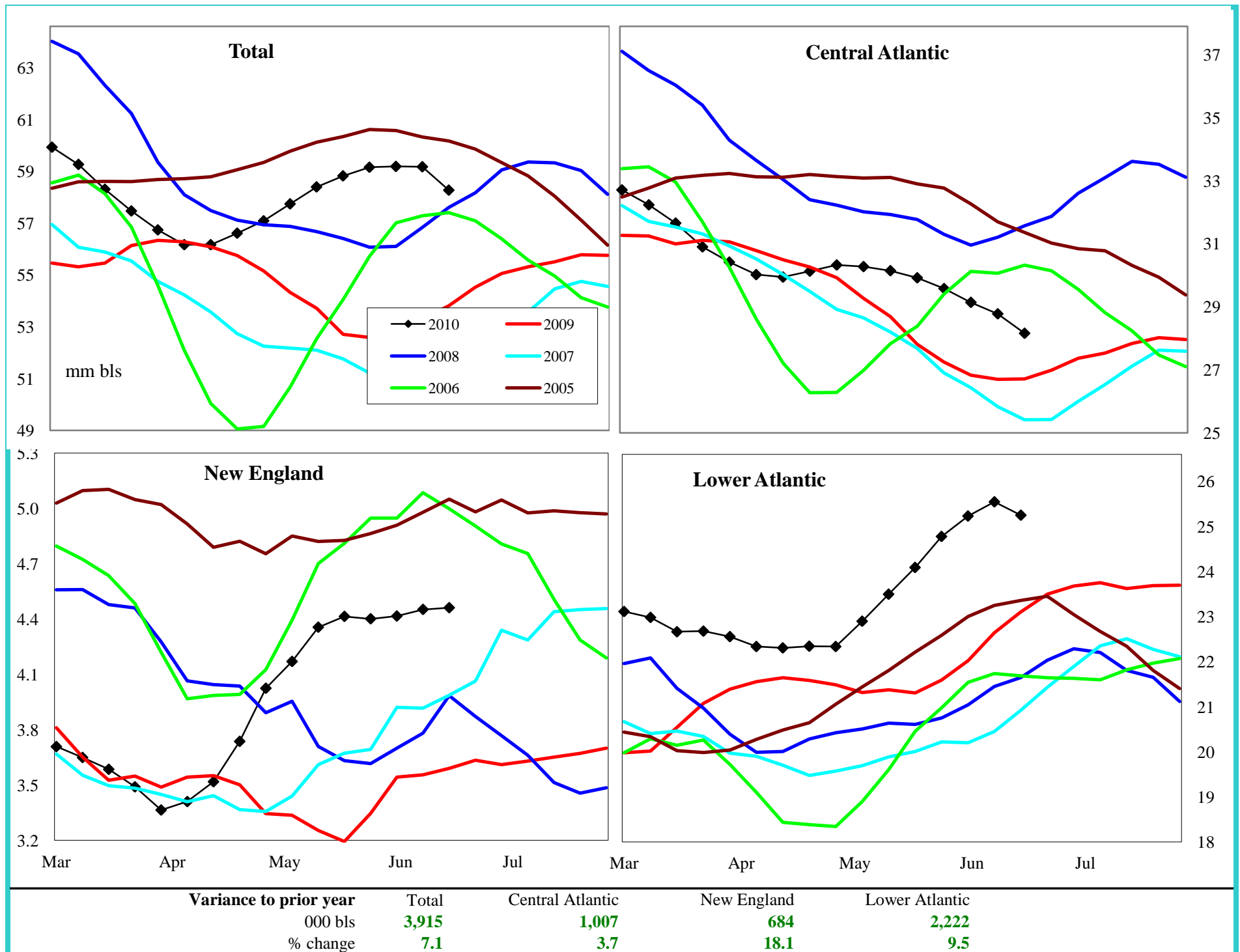
PADD 1 Crude Oil Supply and Refining



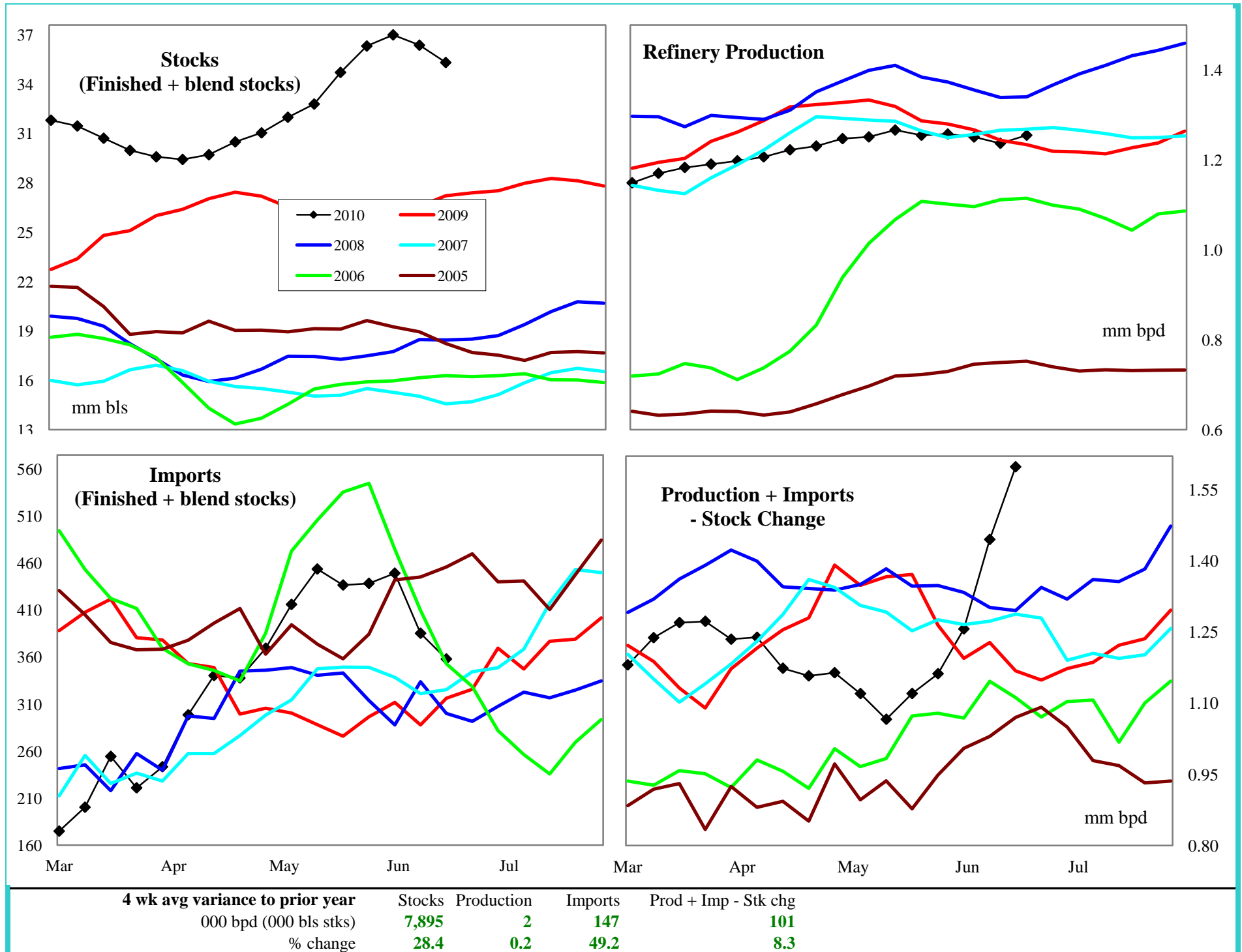
PADD 1 Gasoline Supply



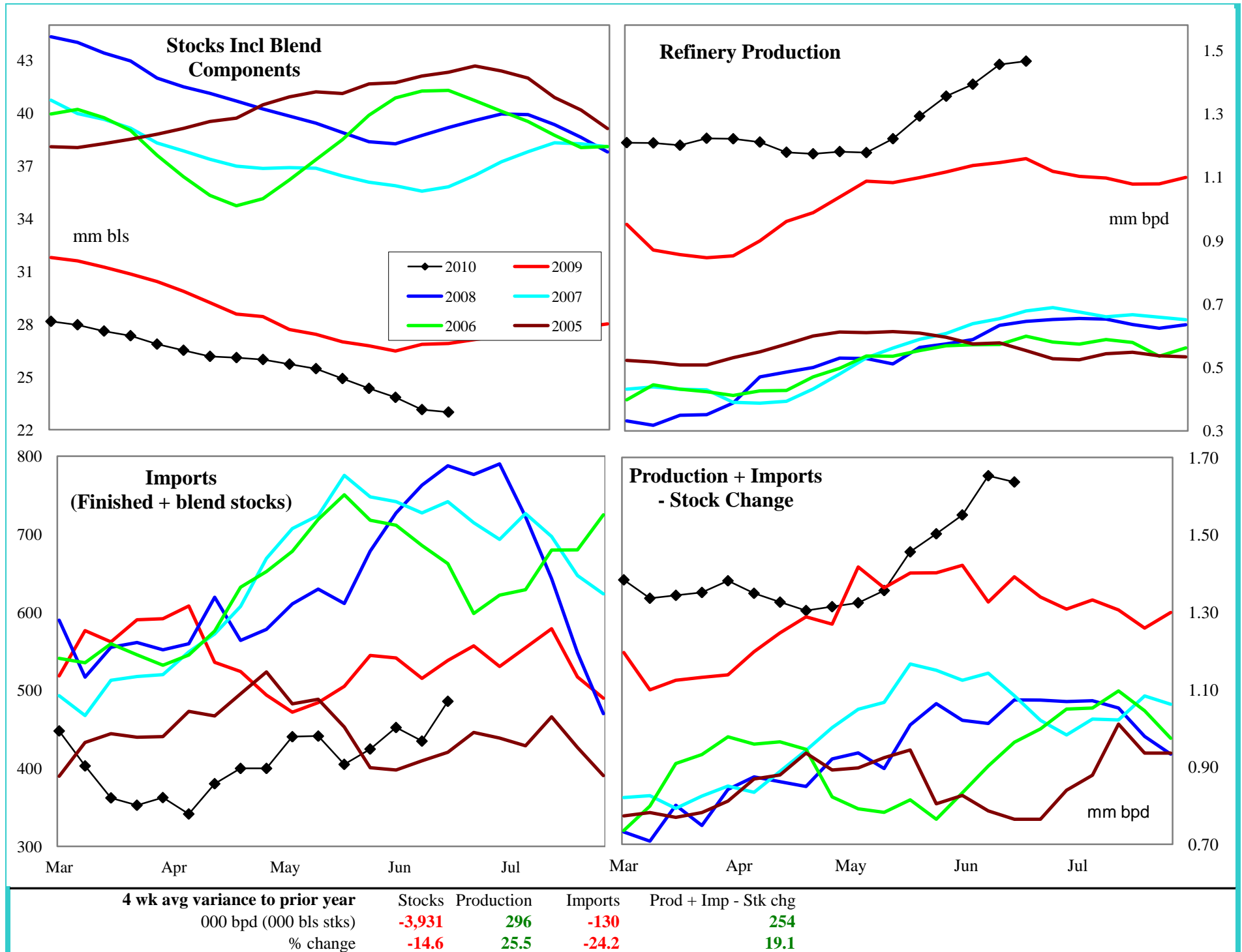
PADD 1 Gasoline Stocks by Region



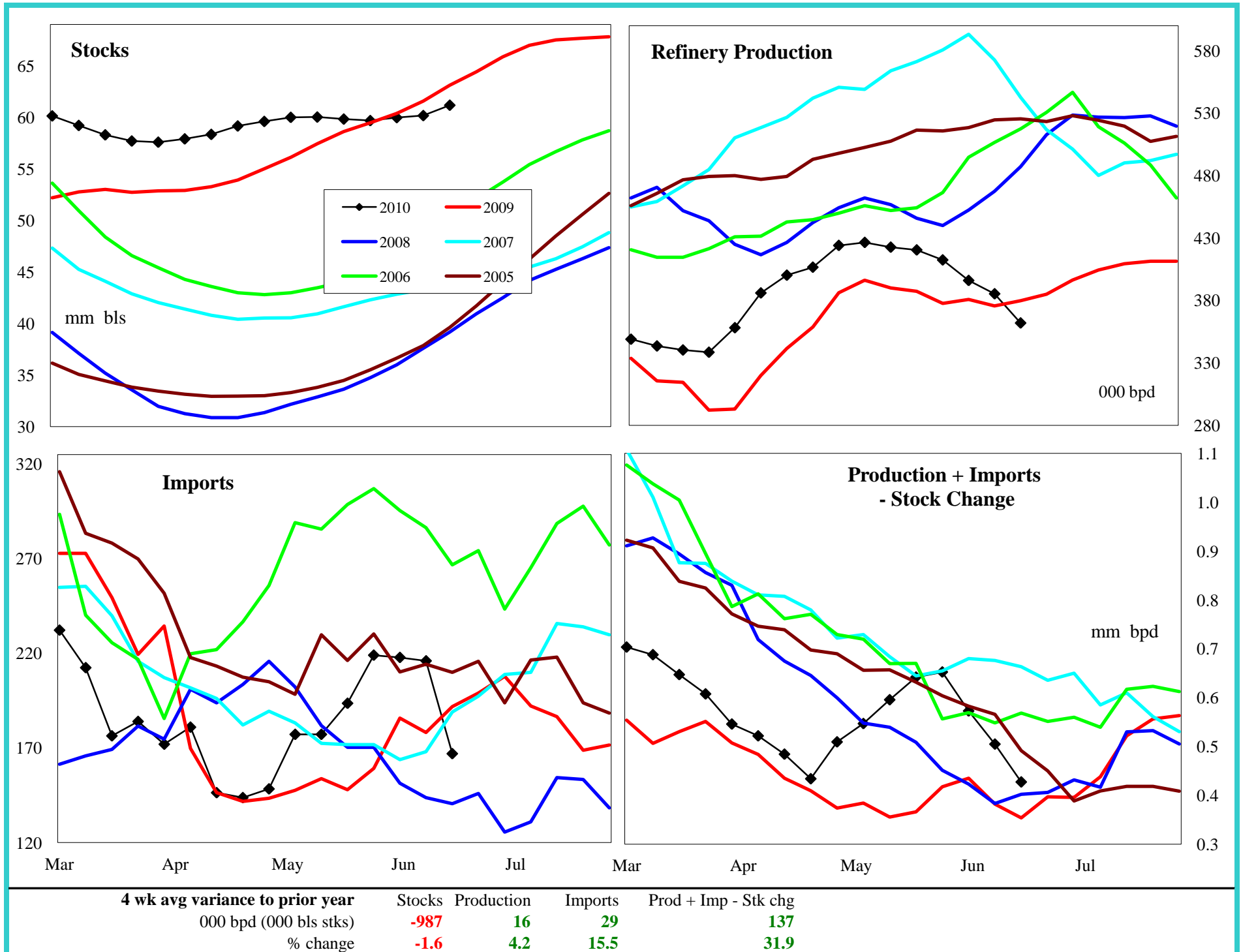
PADD 1 Reformulated Gasoline Supply



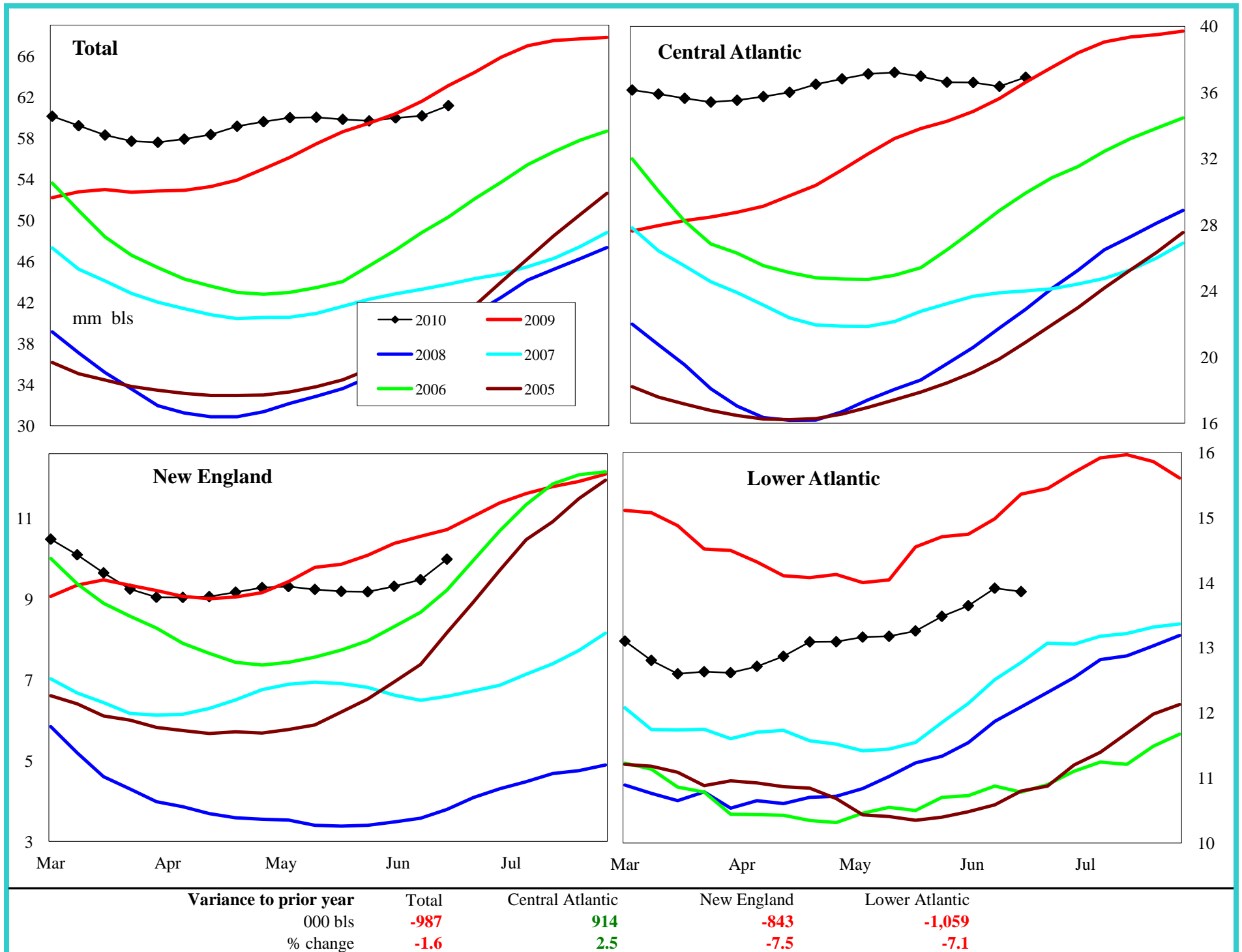
PADD 1 Conventional Gasoline Supply



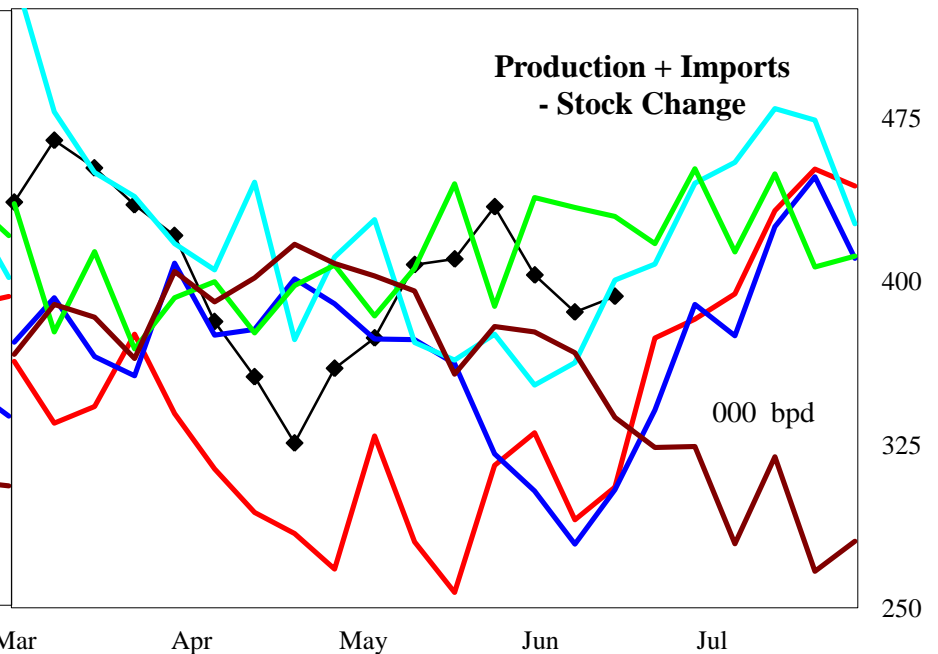
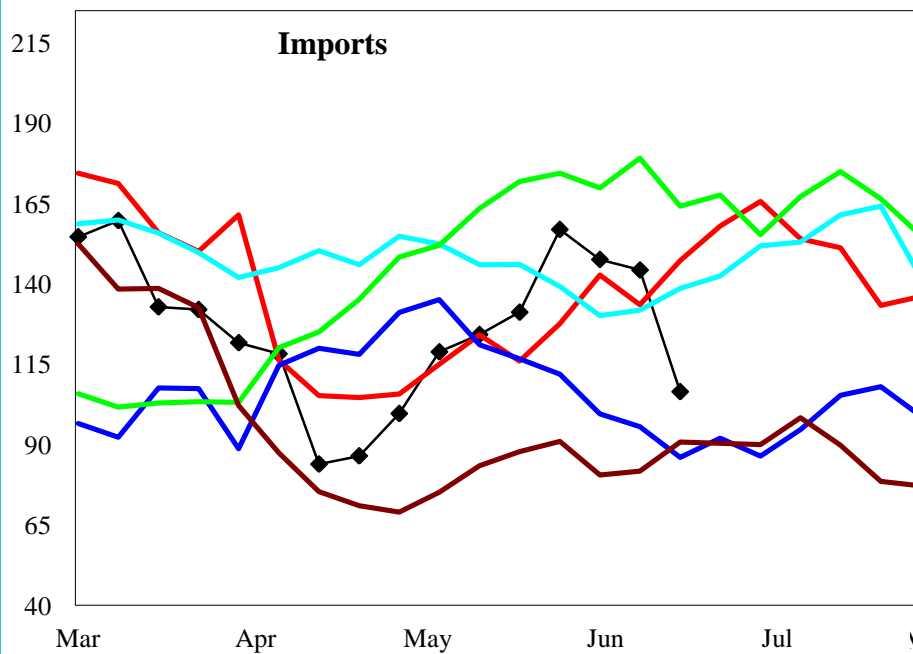
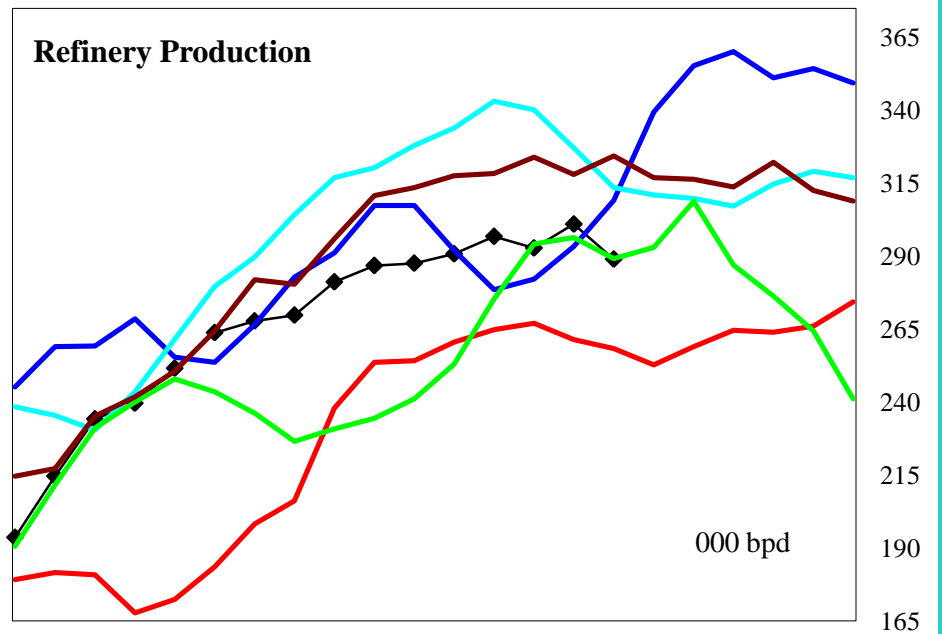
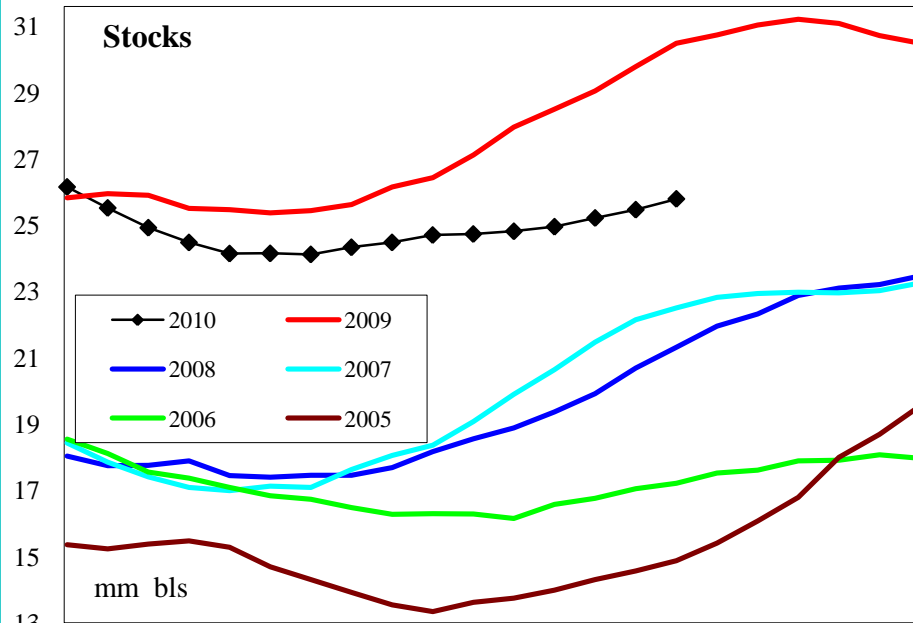
PADD 1 Distillate Supply



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

-4,324

37

3

122

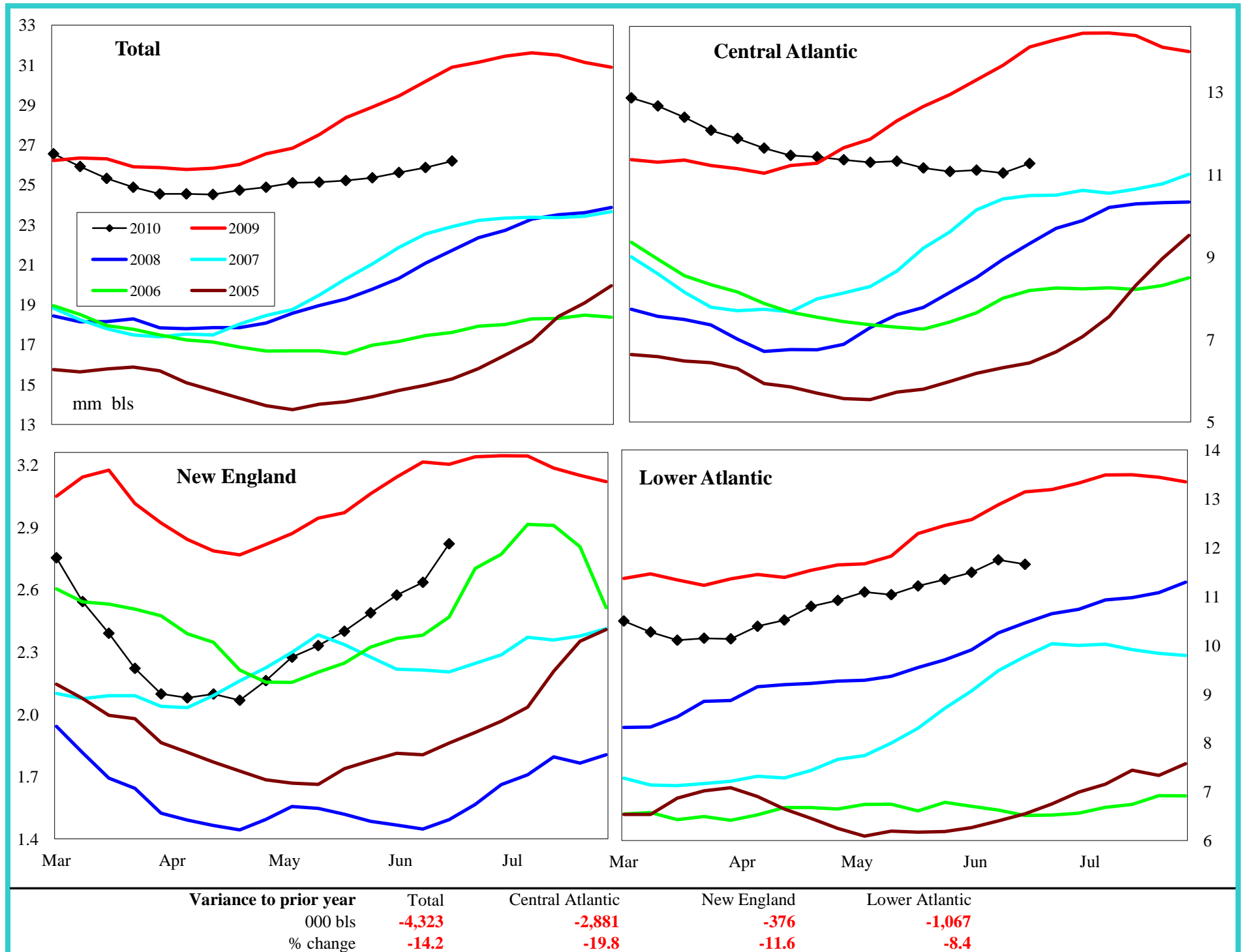
-14.2

14.2

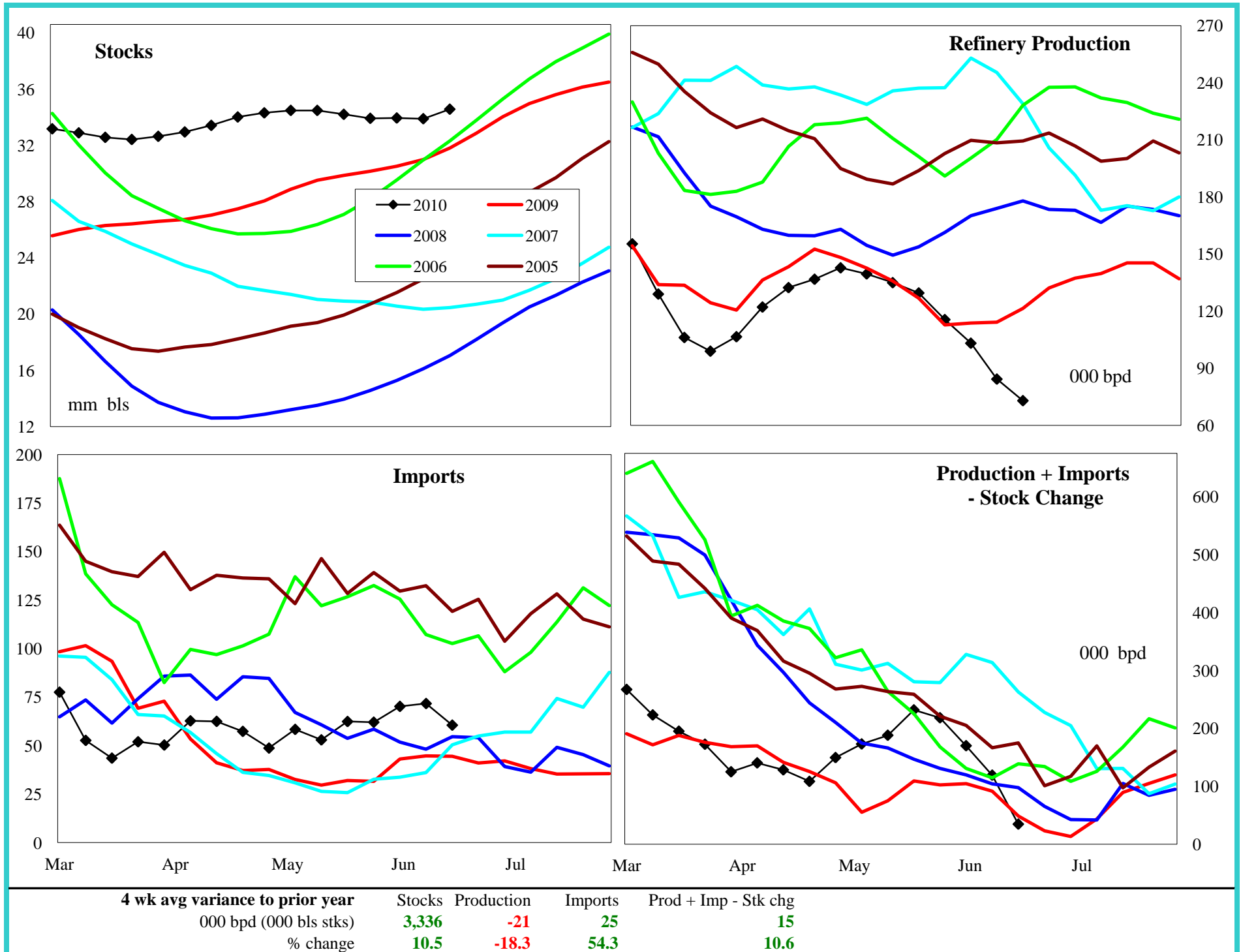
2.2

42.1

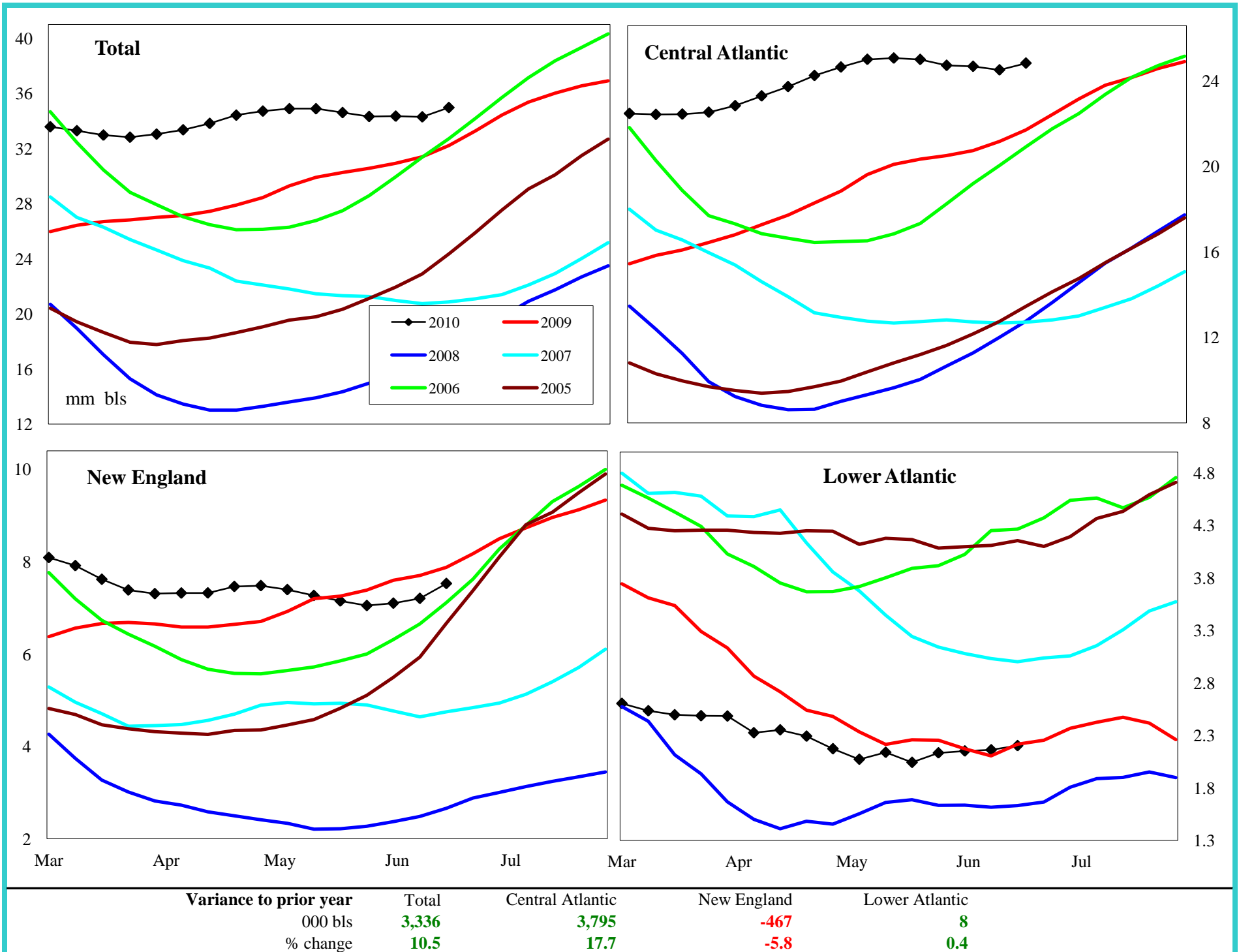
PADD 1 Low Sulfur Distillate Stocks by Region



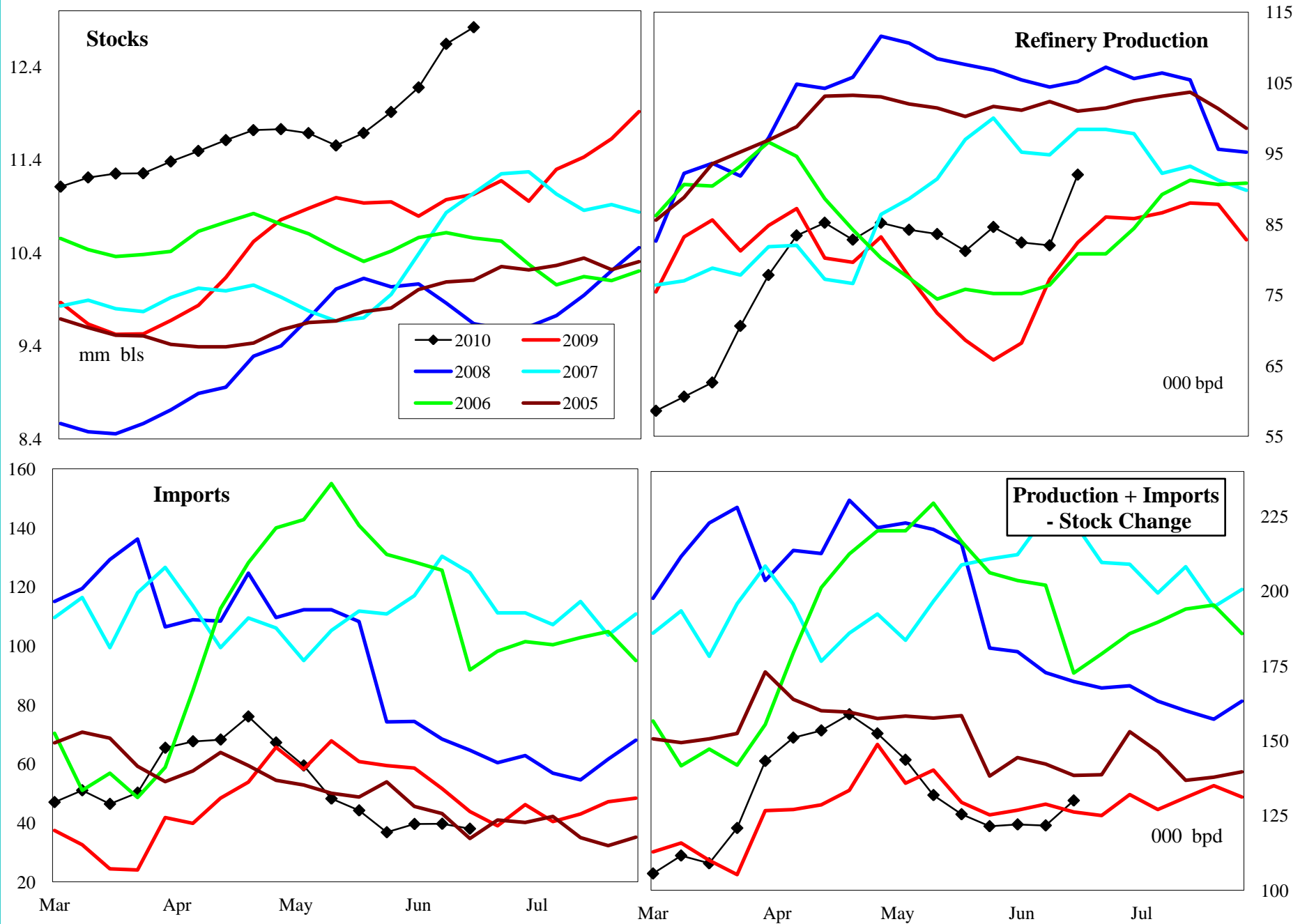
PADD 1 High Sulfur Distillate Supply



PADD 1 High Sulfur Distillate Stocks by Region



PADD 1 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

1,795

16.3

Production

12

16.1

Imports

-22

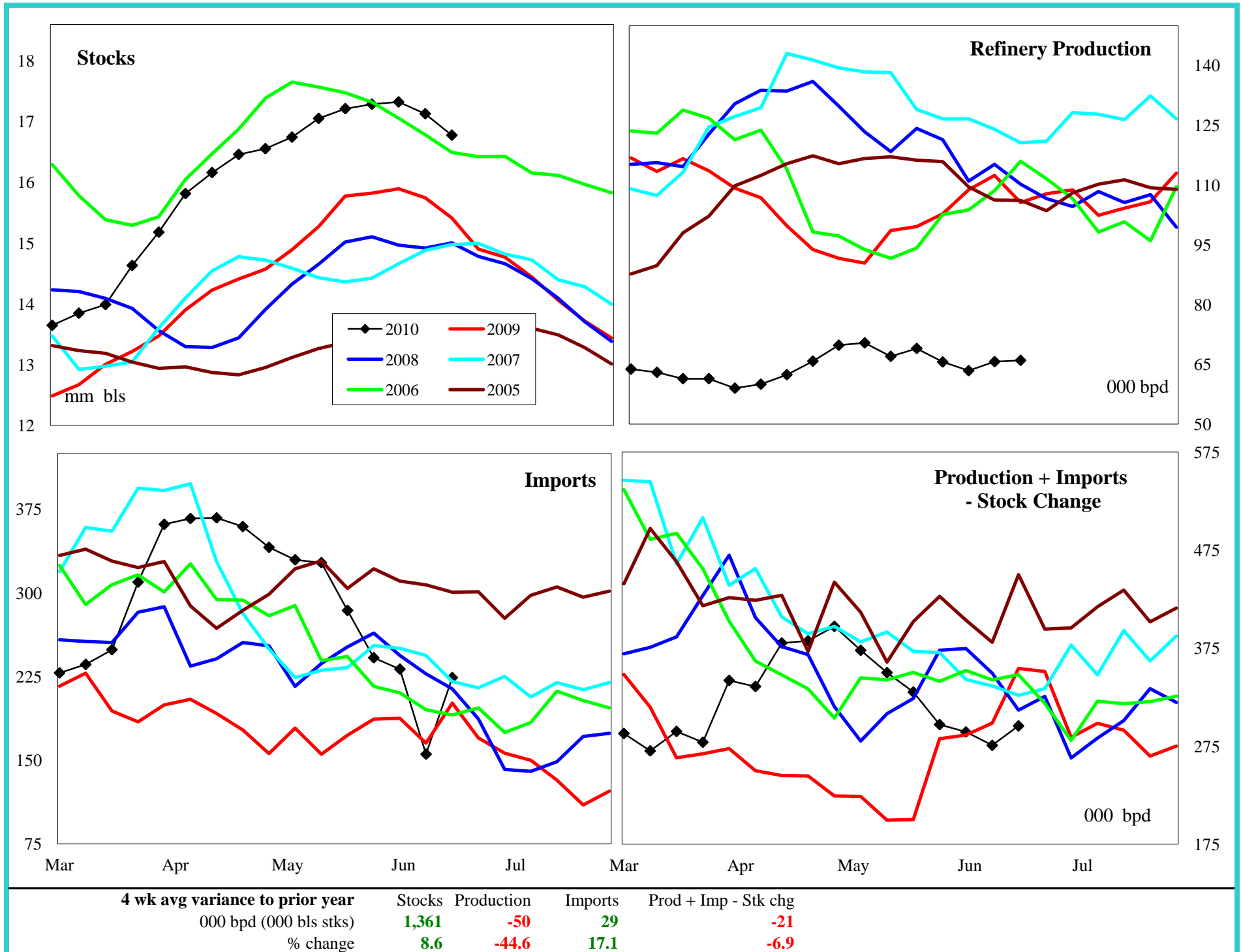
-36.9

Prod + Imp - Stk chg

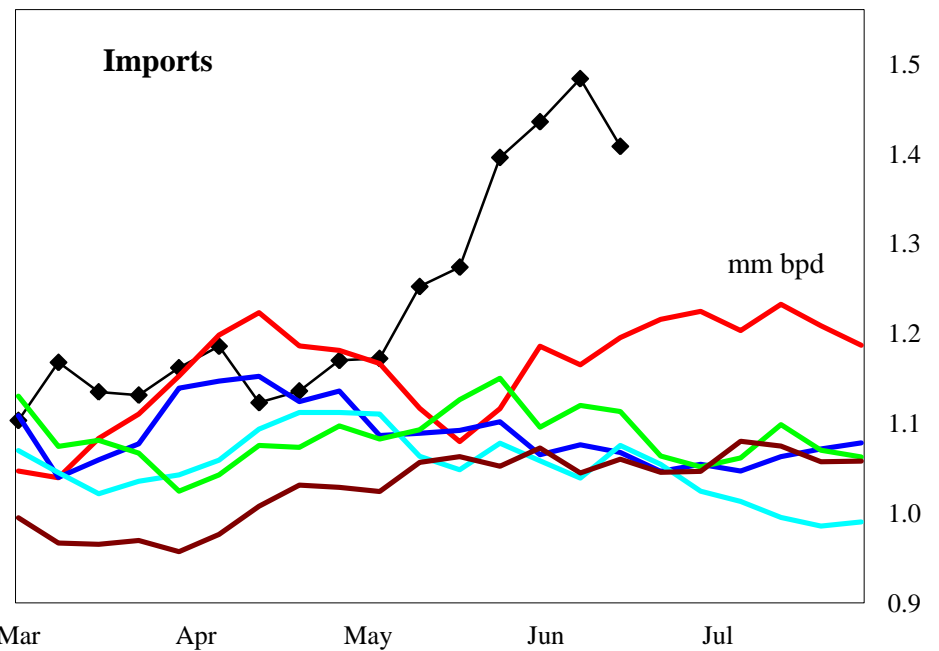
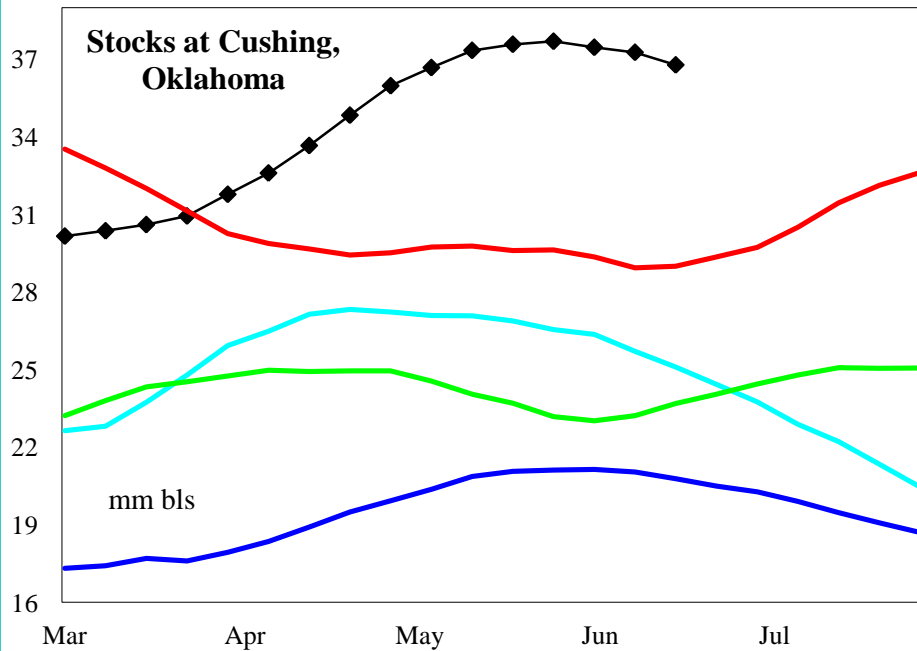
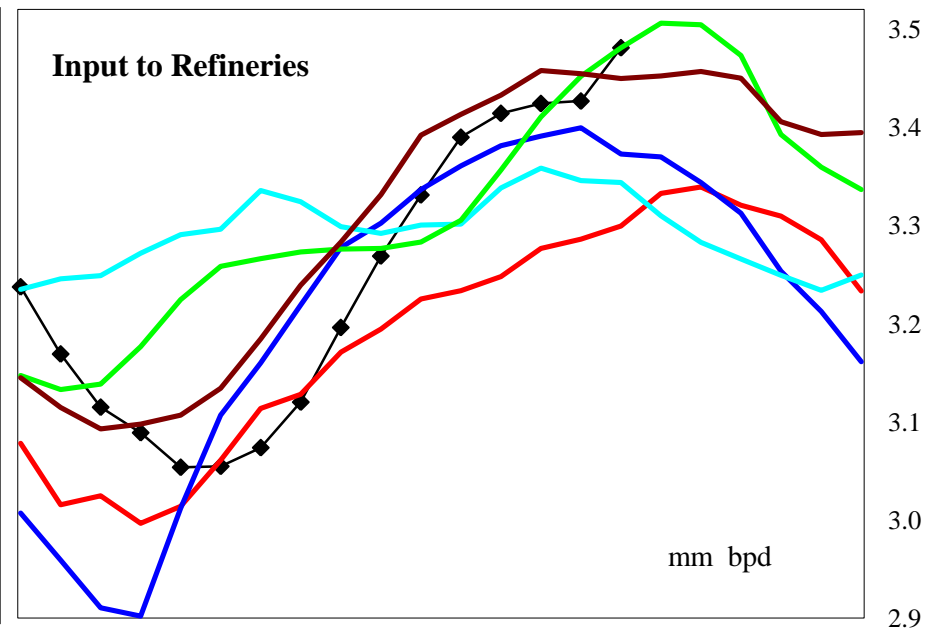
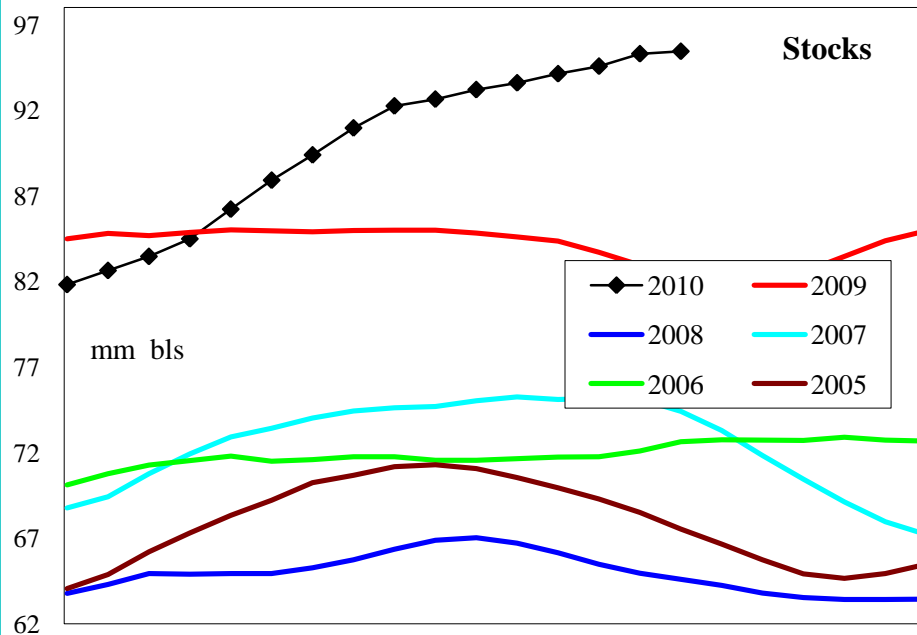
-12

-8.9

PADD 1 Residual Fuel Oil Supply



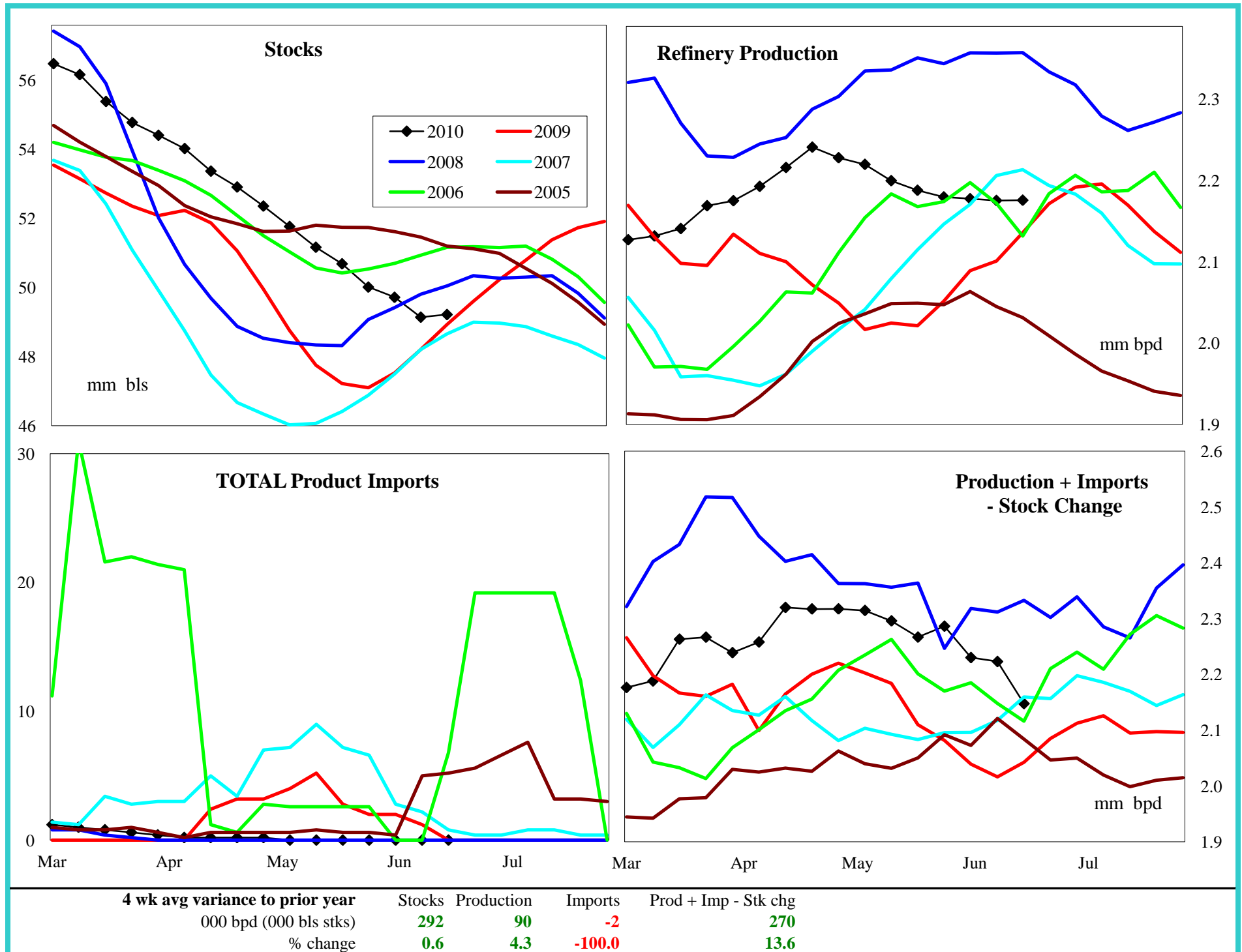
PADD 2 Crude Oil Supply and Refining



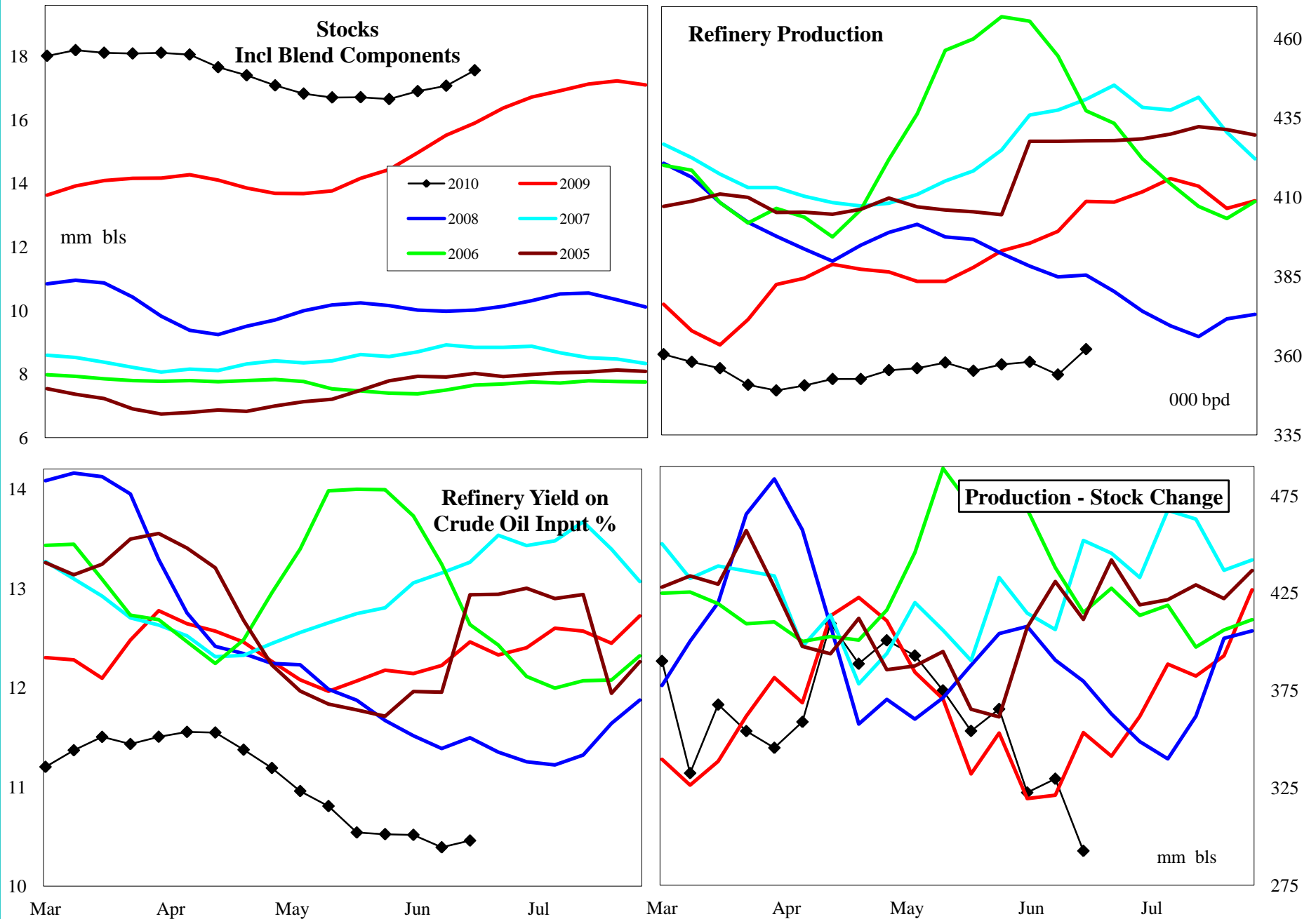
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

	Stocks	Cushing	Input	Imports
000 bpd (000 bbls stks)	12,931	7,790	149	286
% change	15.7	26.9	4.6	23.3

PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,657

10.2

Production

-41

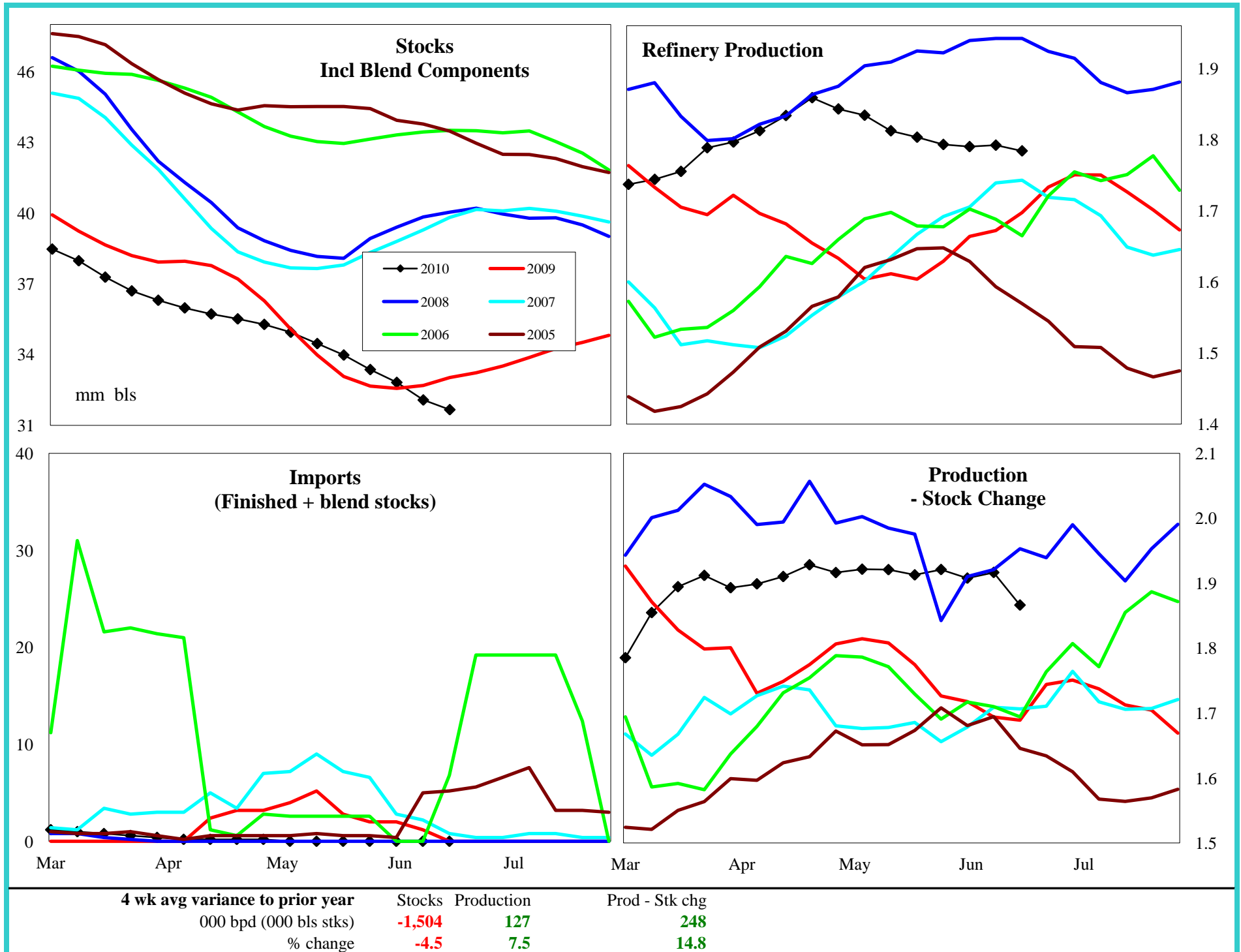
-10.3

Prod - Stk chg

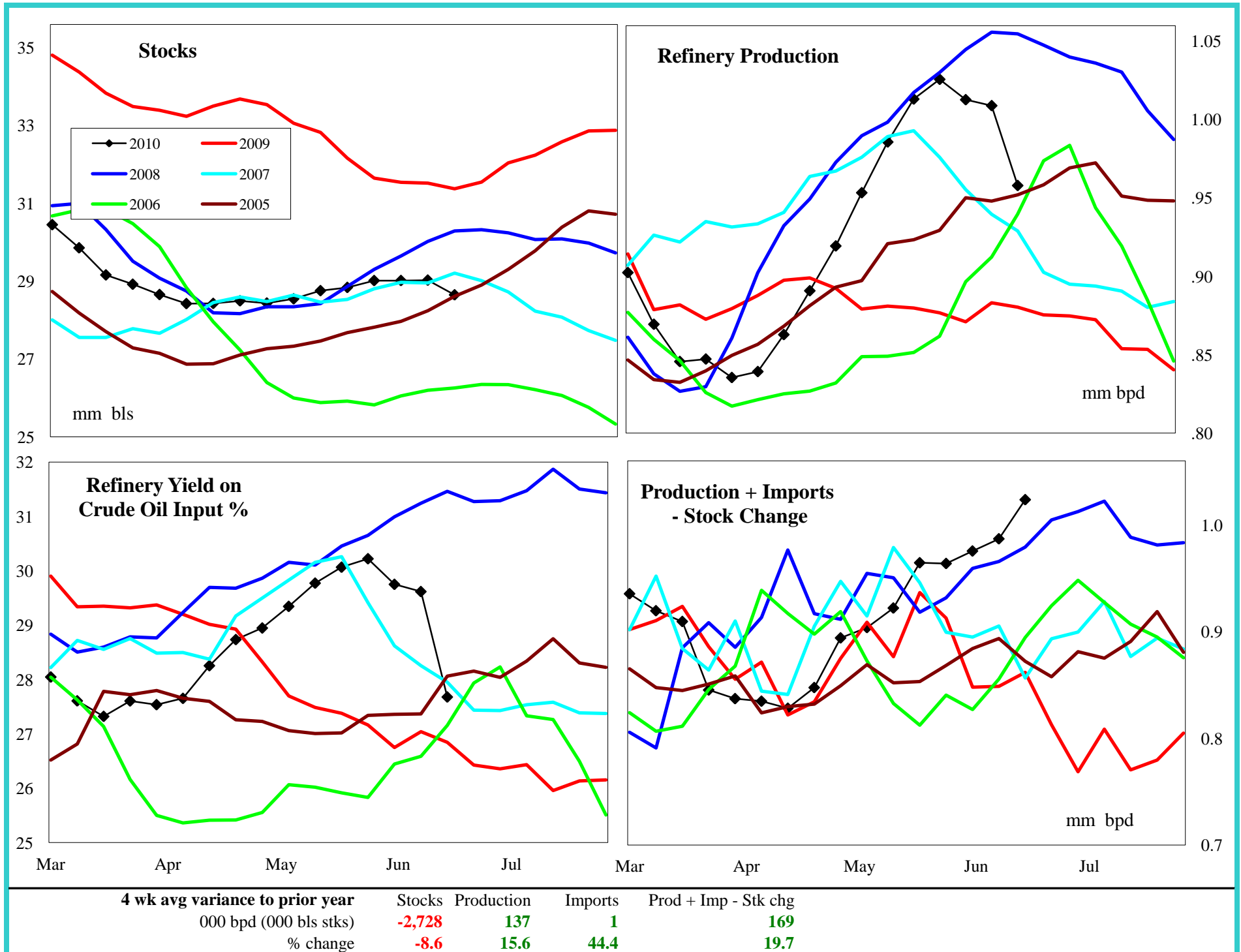
-9

-2.7

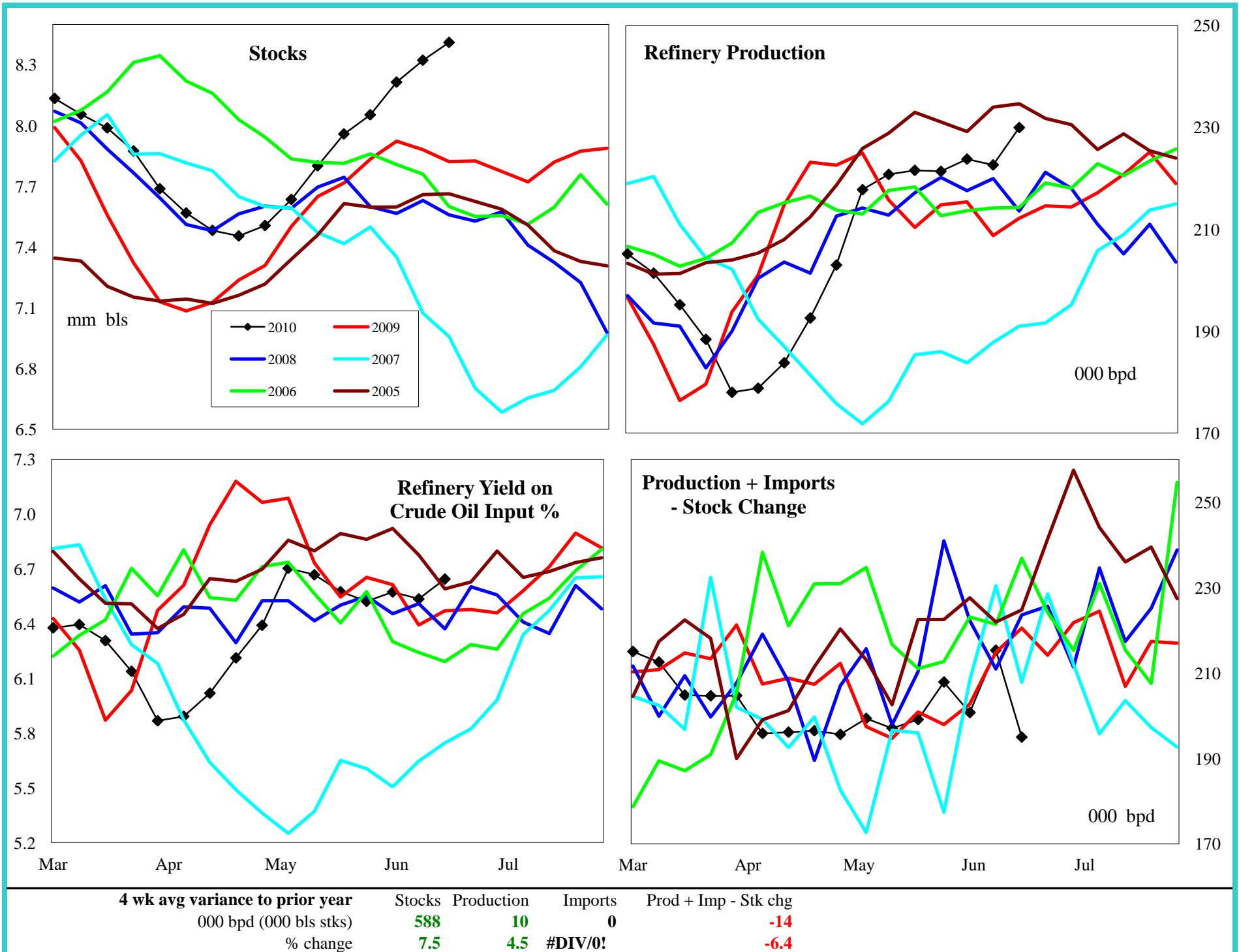
PADD 2 Conventional Gasoline Supply



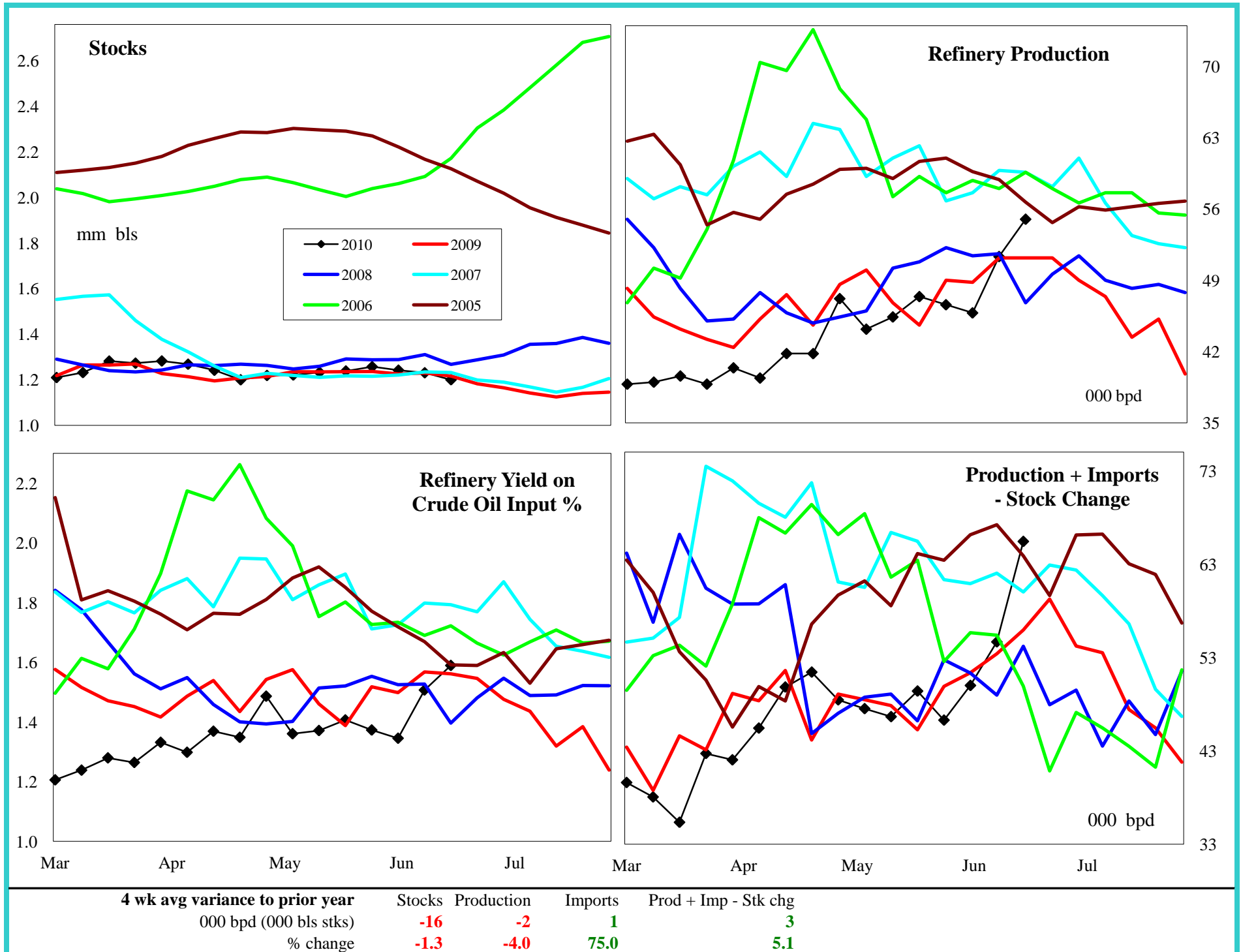
PADD 2 Distillate Supply



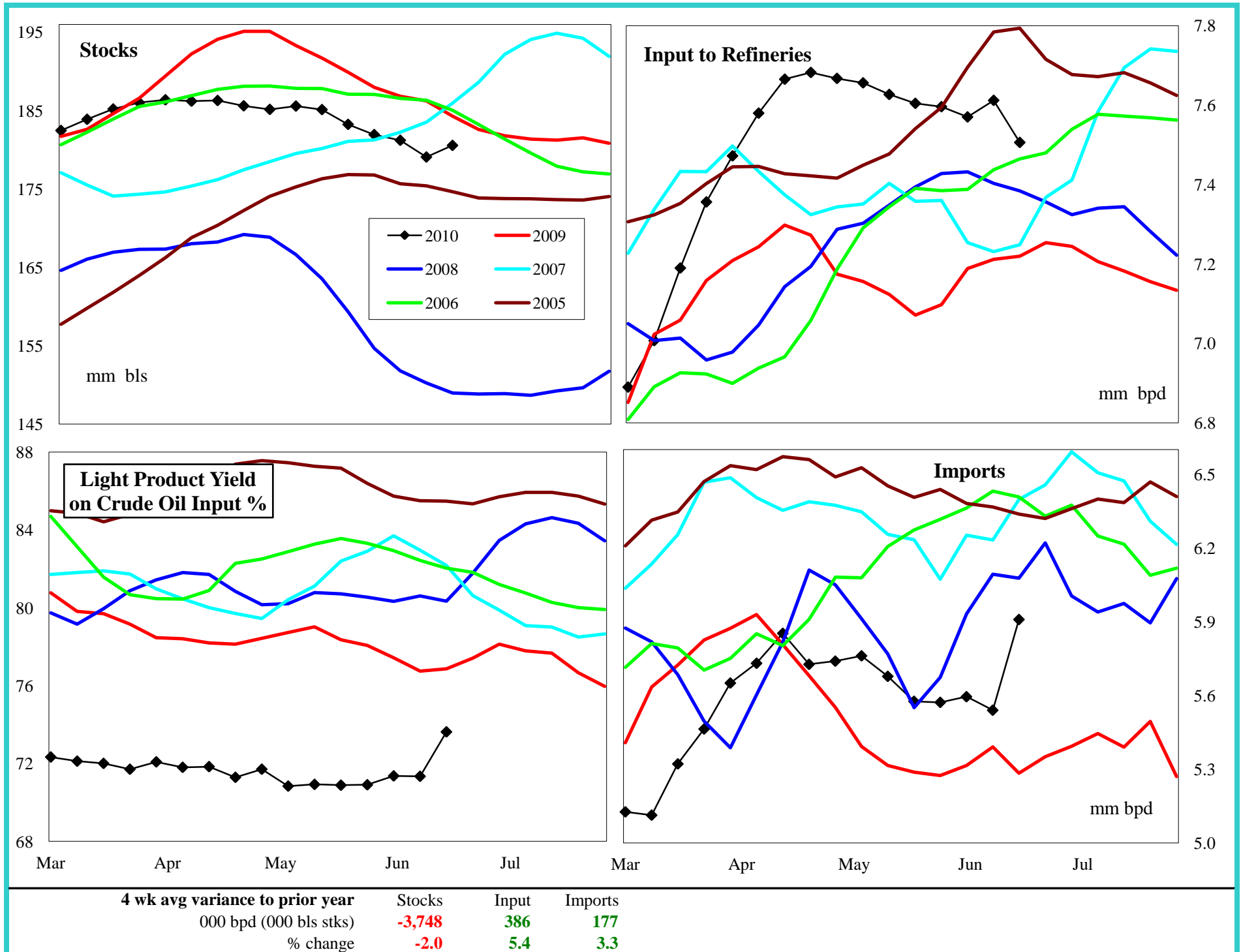
PADD 2 Jet Fuel Supply



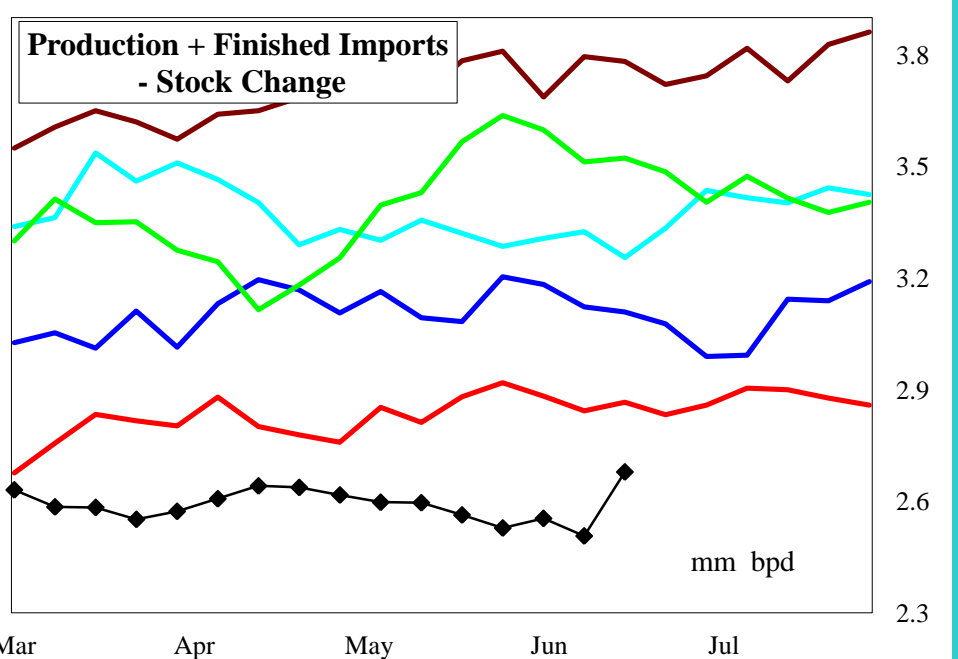
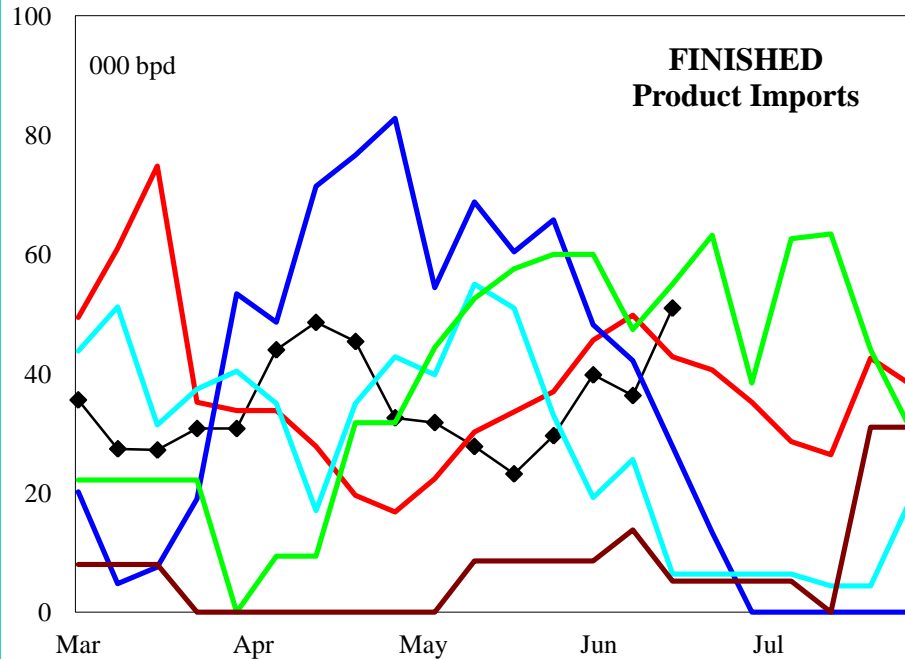
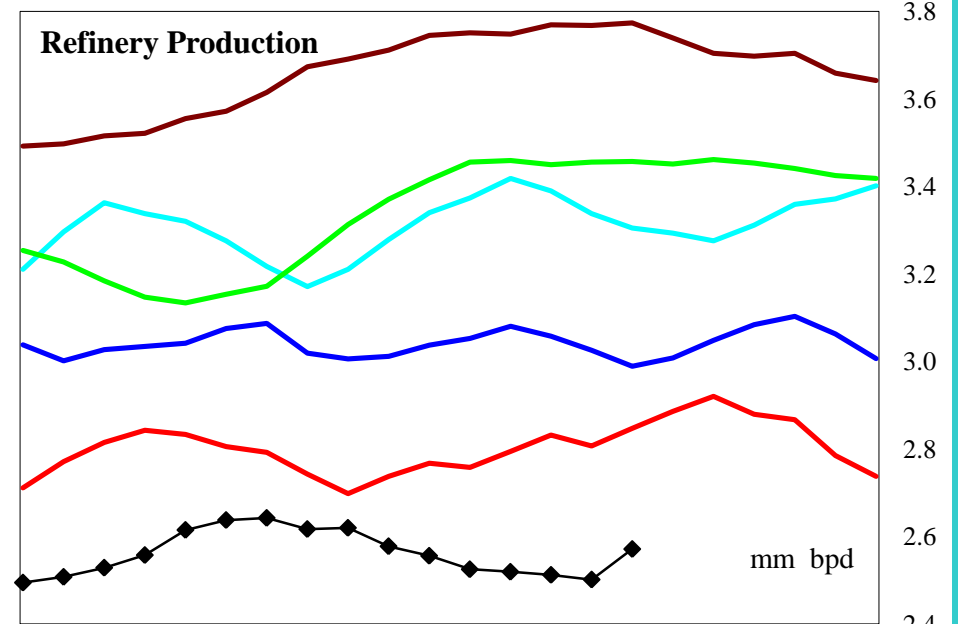
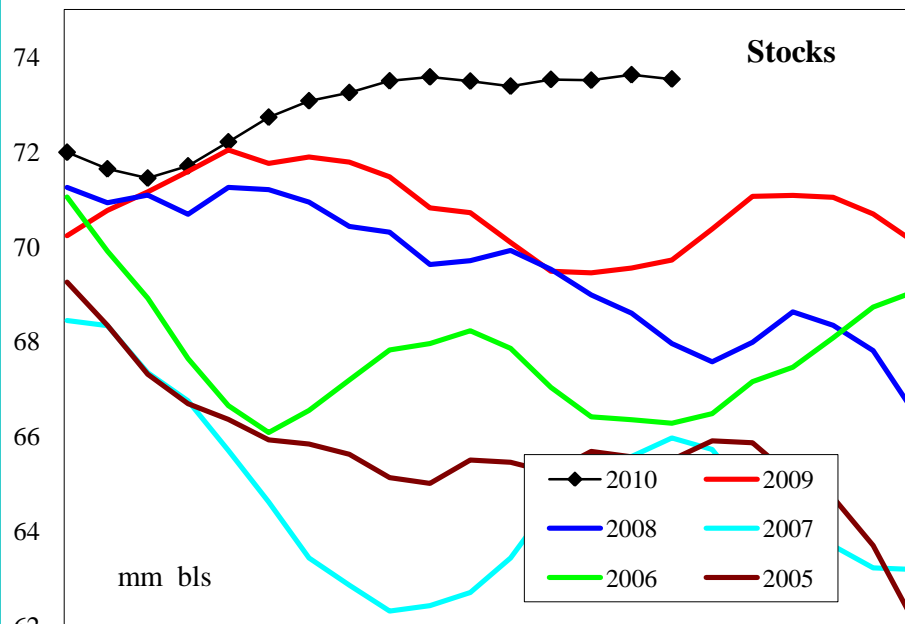
PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

3,632

5.2

Production

-290

-10.4

Fin Impt

-11

-22.5

Blend Impt

-9

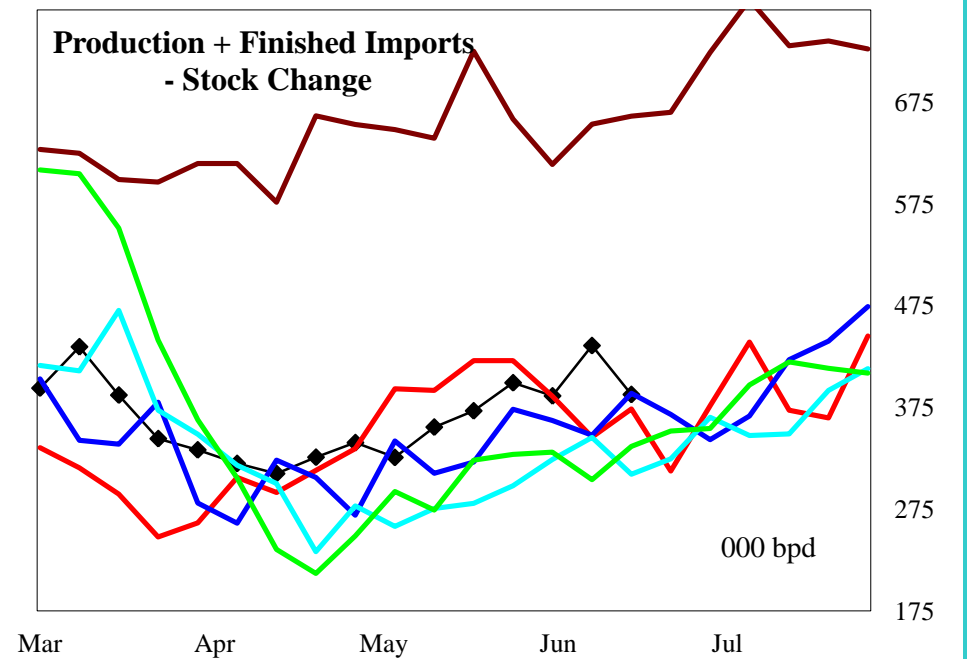
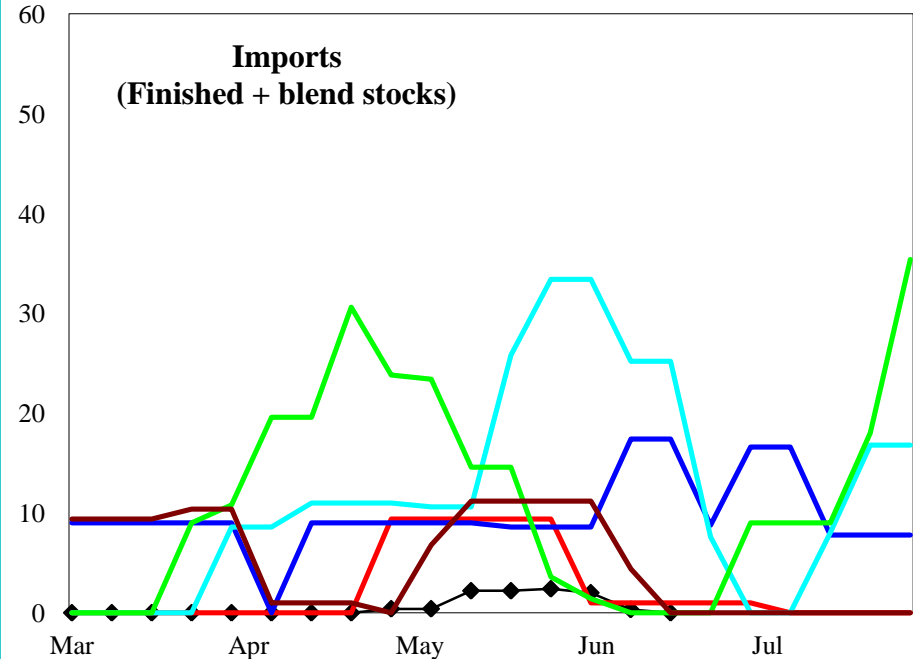
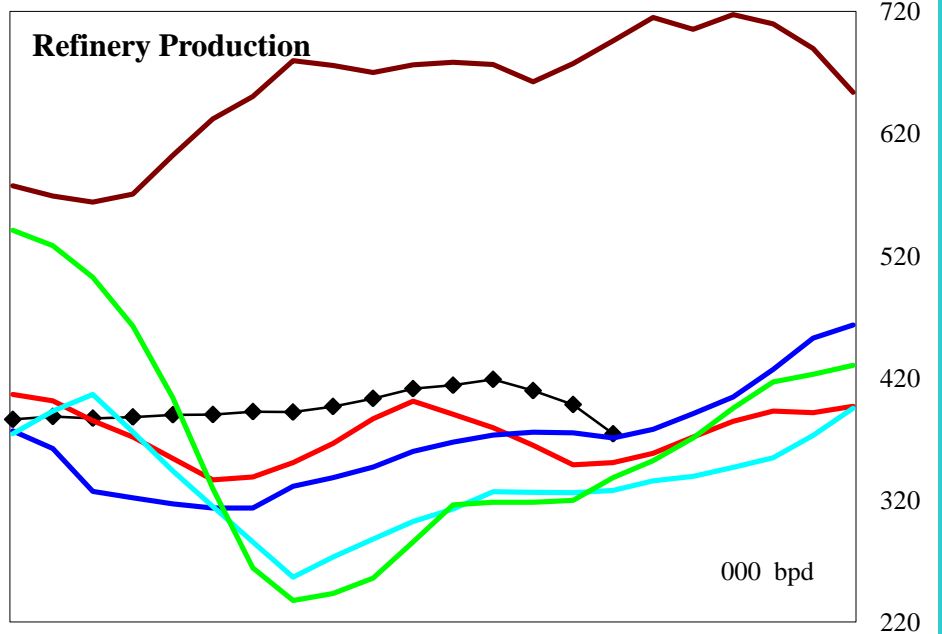
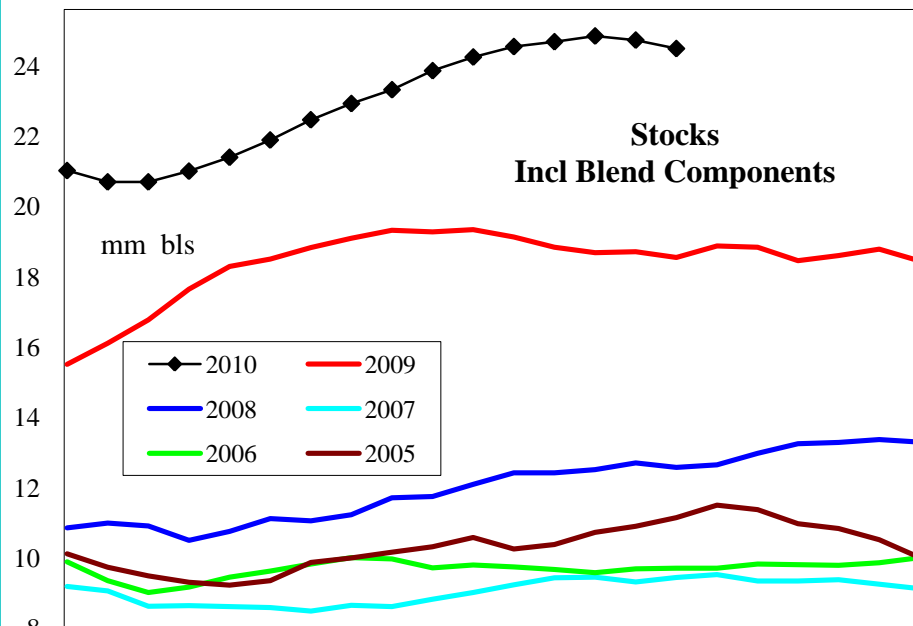
-21.3

Prod + Imp - Stk chg

-300

-10.5

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

5,231

26.6

Production

55

15.7

Imports

1

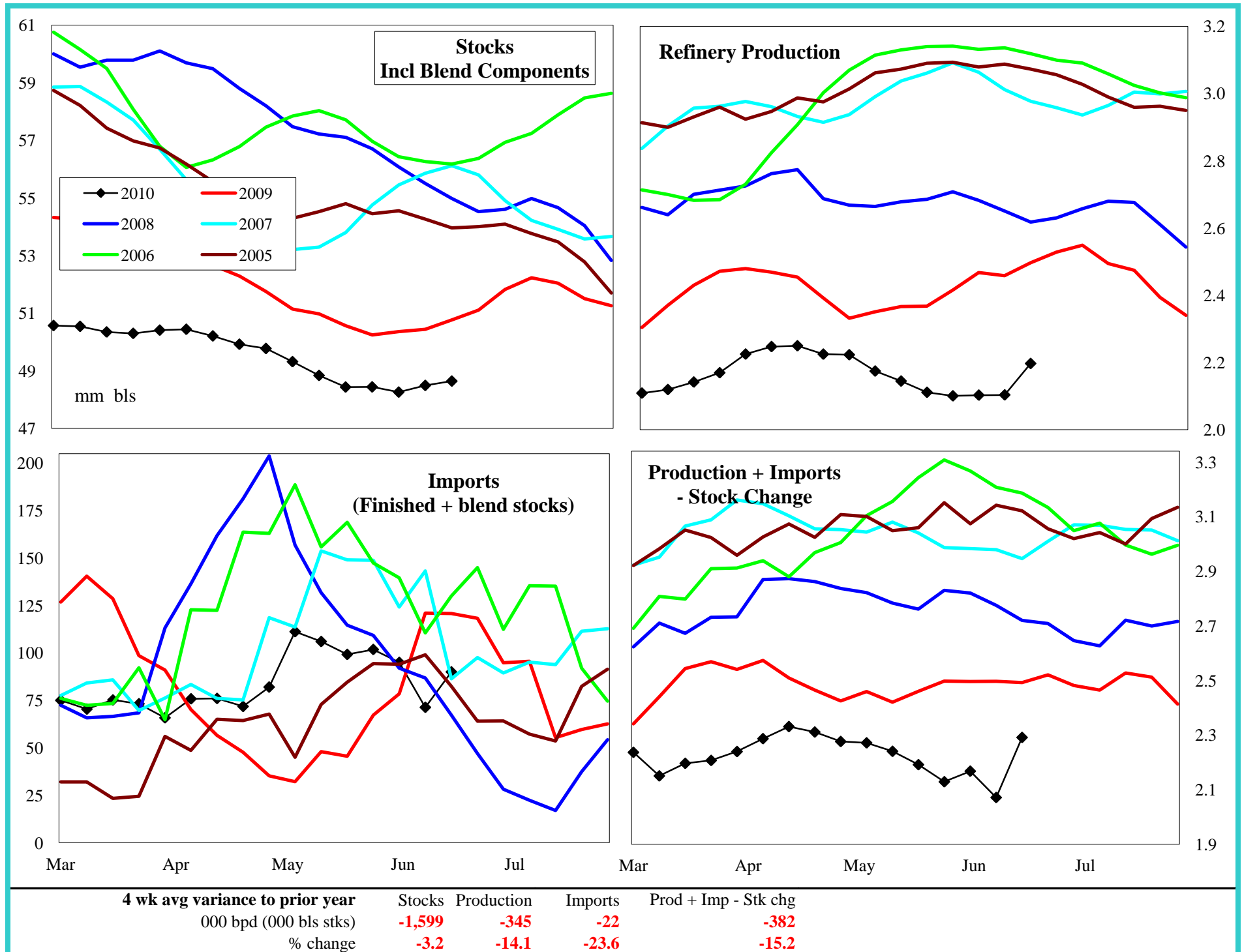
100.0

Prod + Imp - Stk chg

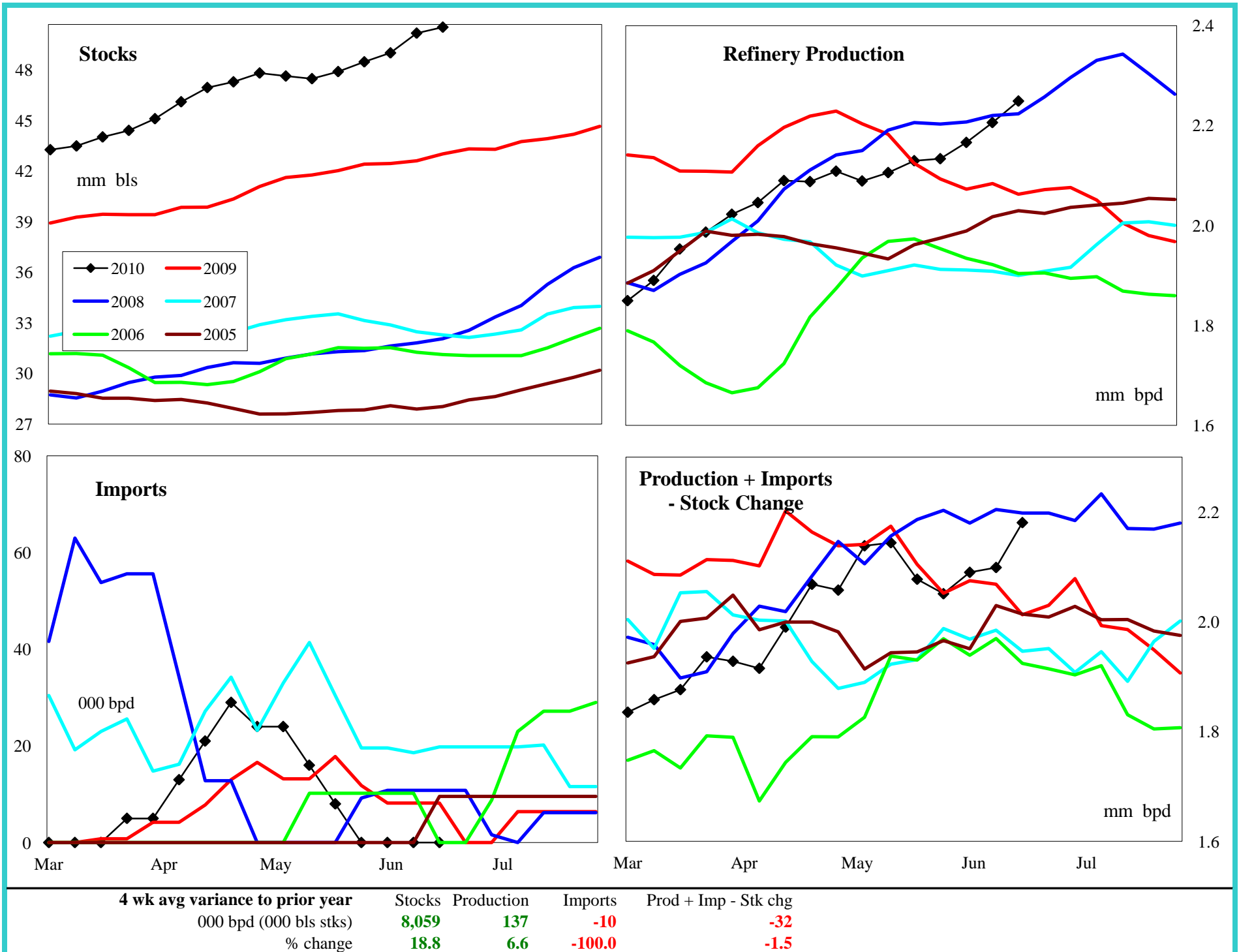
82

24.6

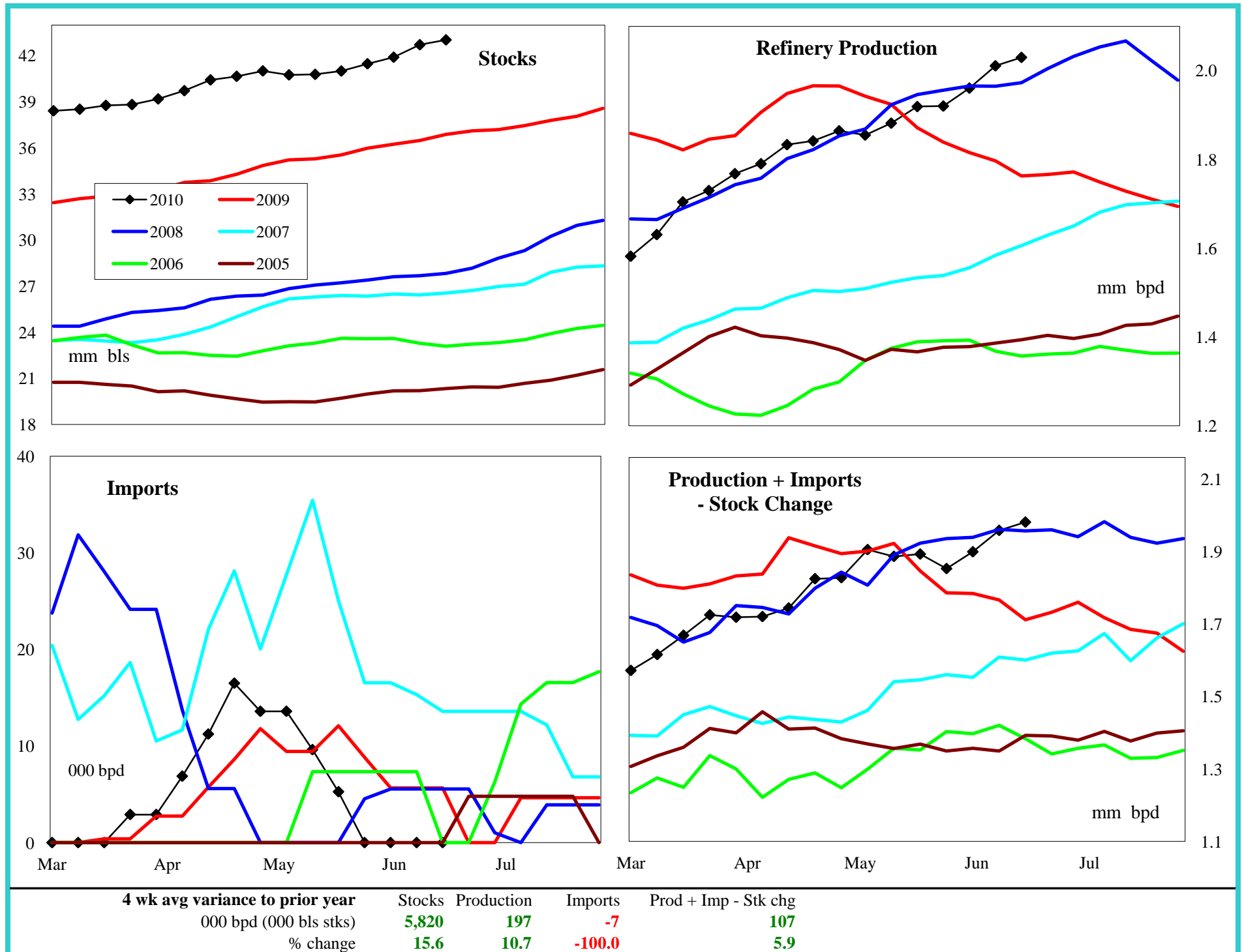
PADD 3 Conventional Gasoline Supply



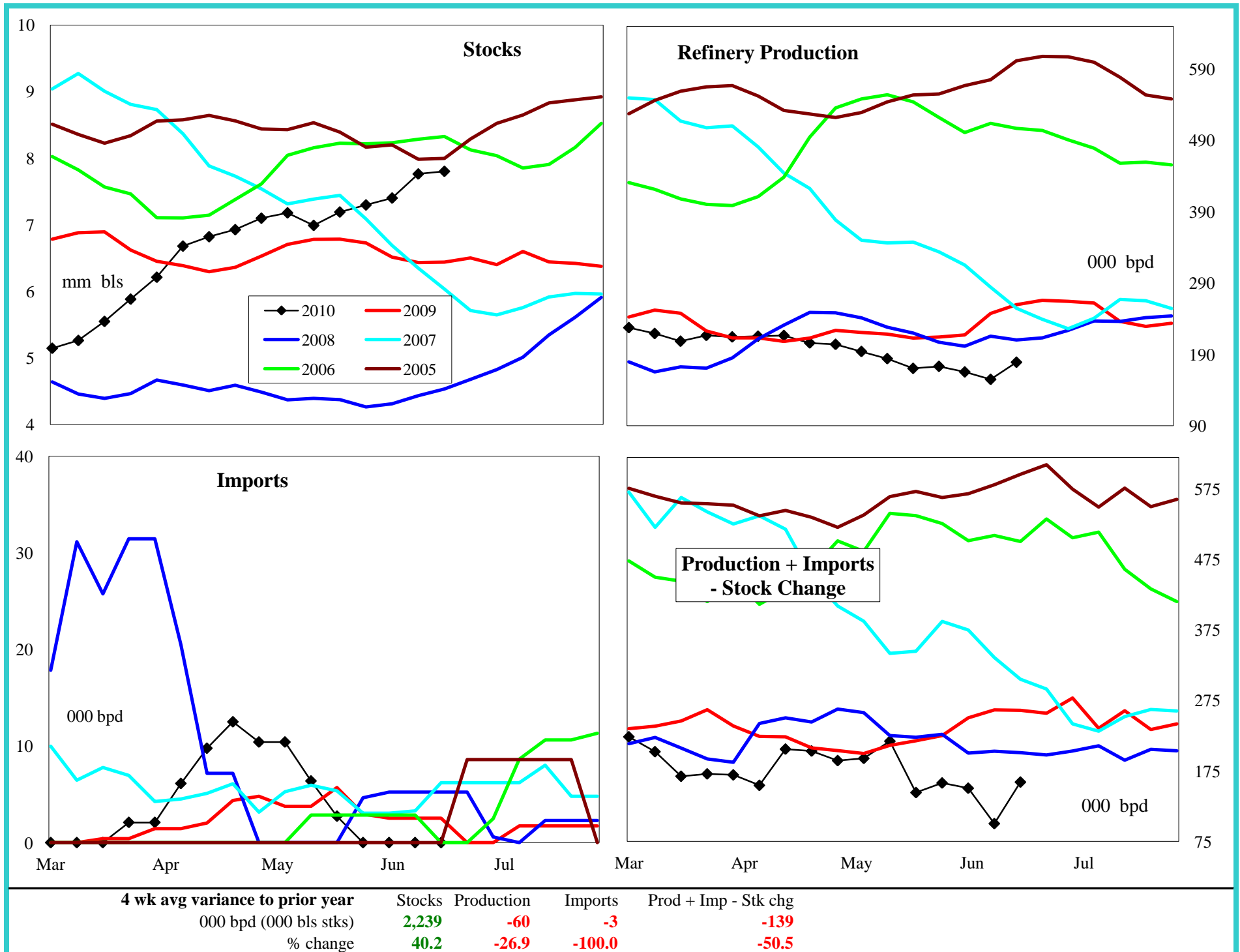
PADD 3 Distillate Supply



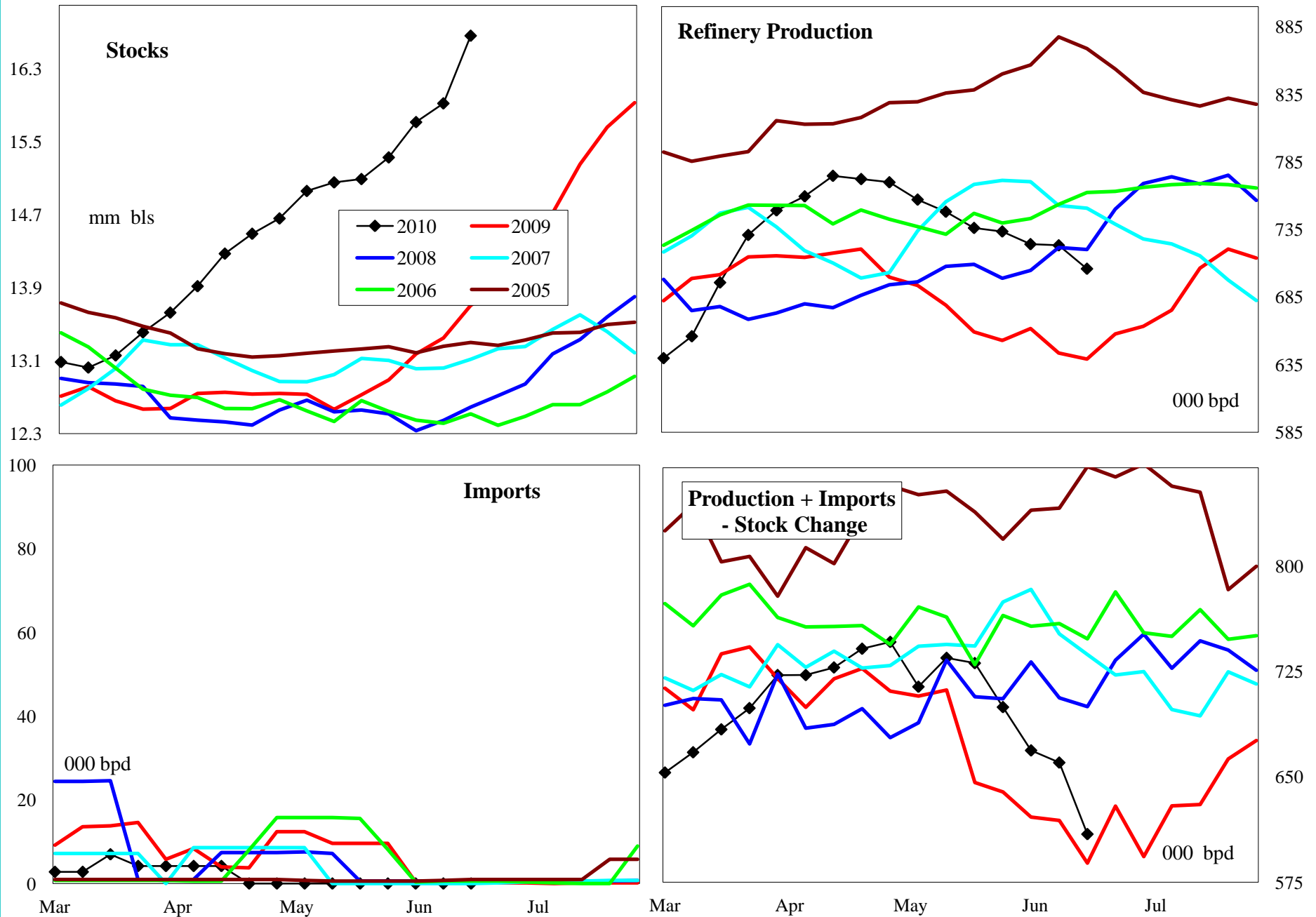
PADD 3 Low Sulfur Distillate Supply



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

2,959

21.6

Production

71

10.7

Imports

-1

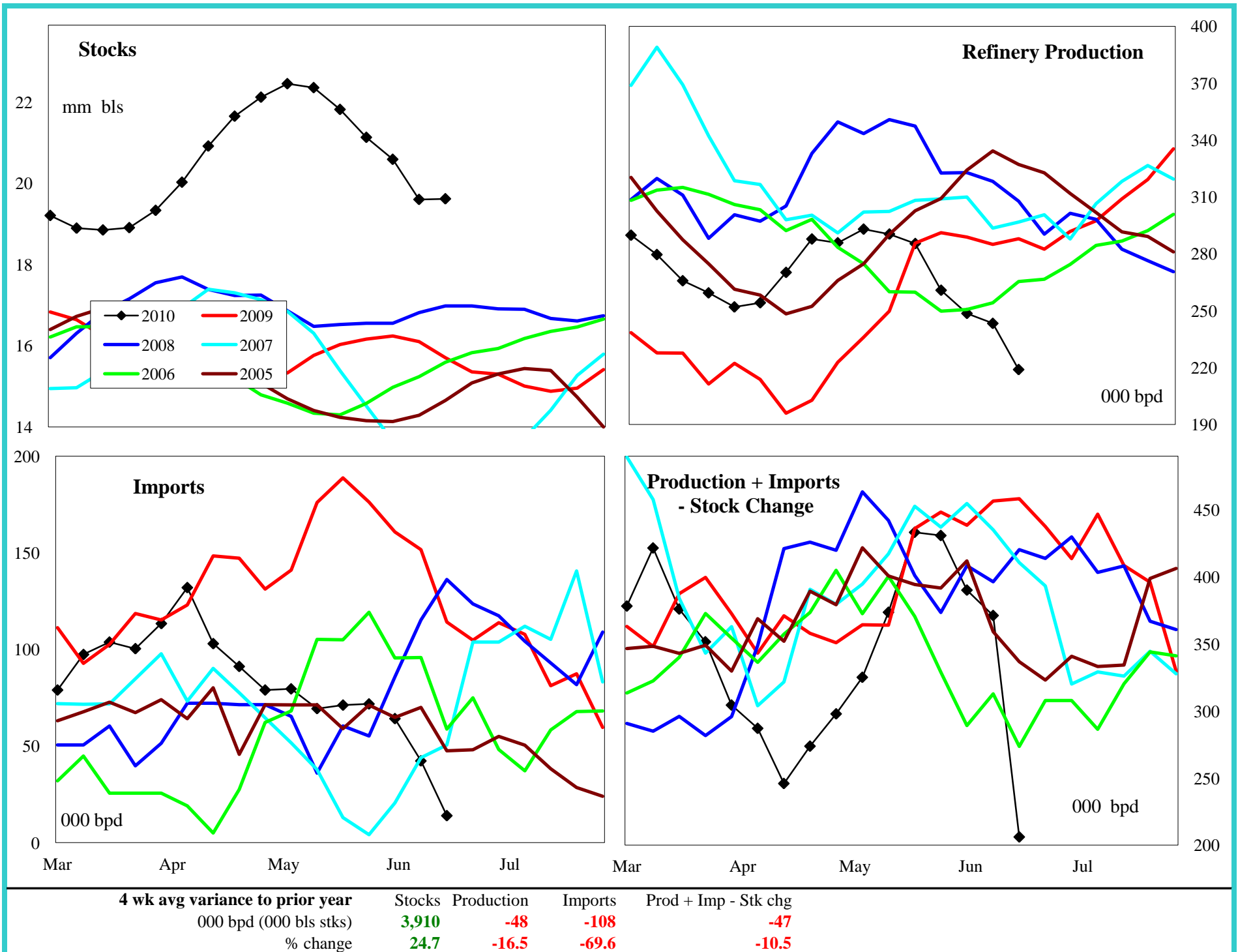
-100.0

Prod + Imp - Stk chg

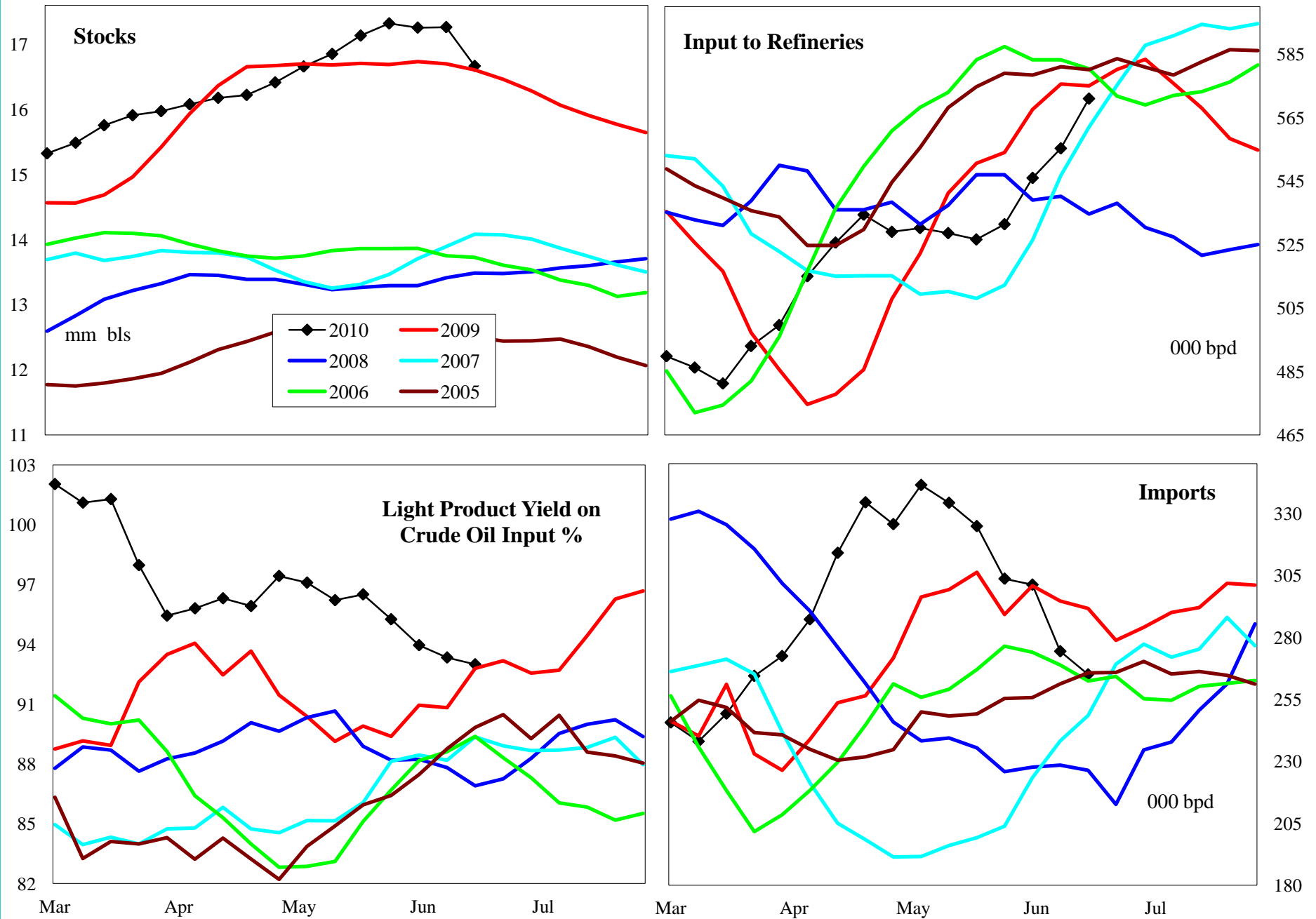
78

12.8

PADD 3 Residual Fuel Oil Supply



PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

59

0.3

Input

-21

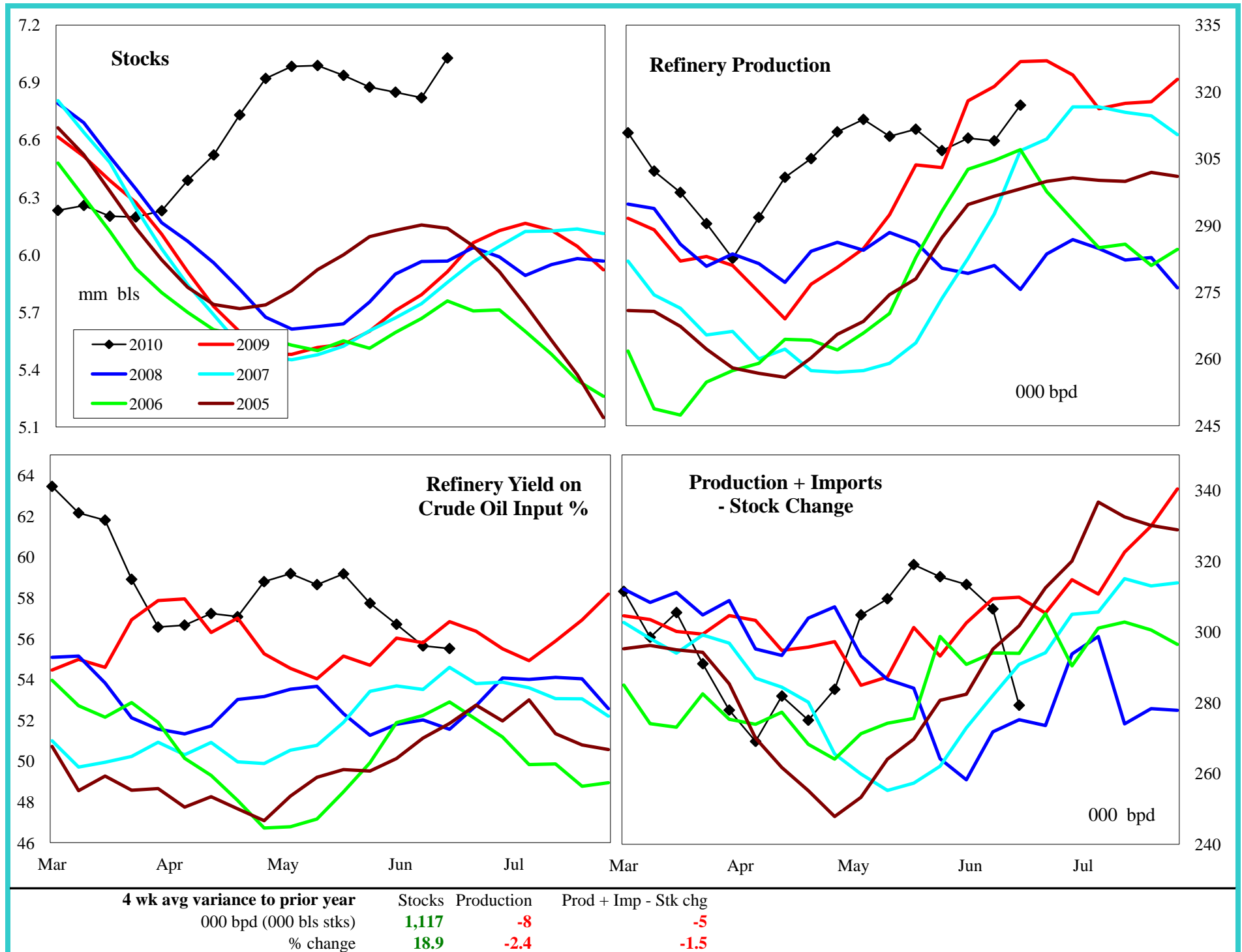
-3.6

Imports

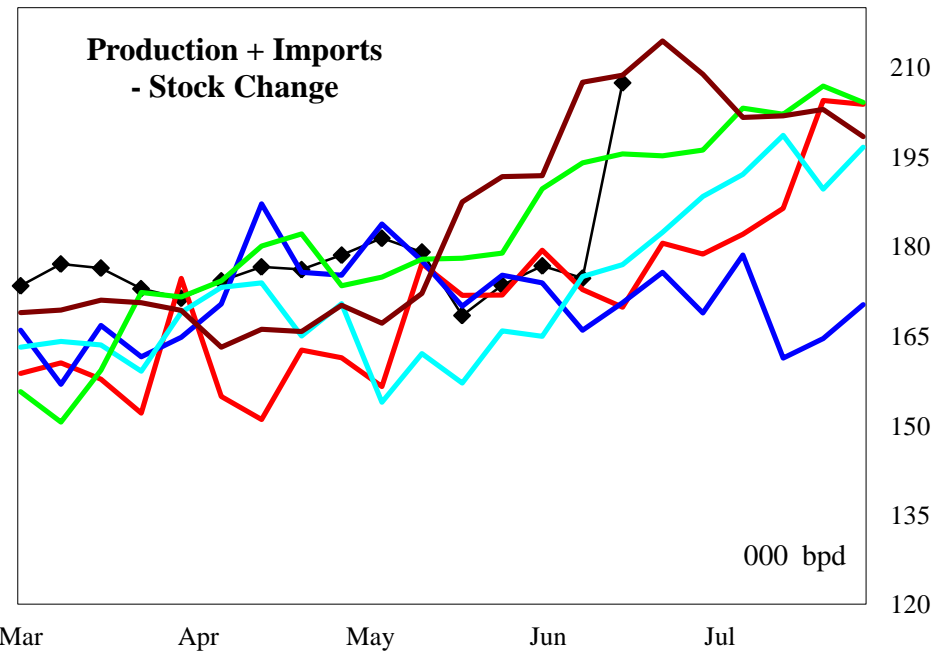
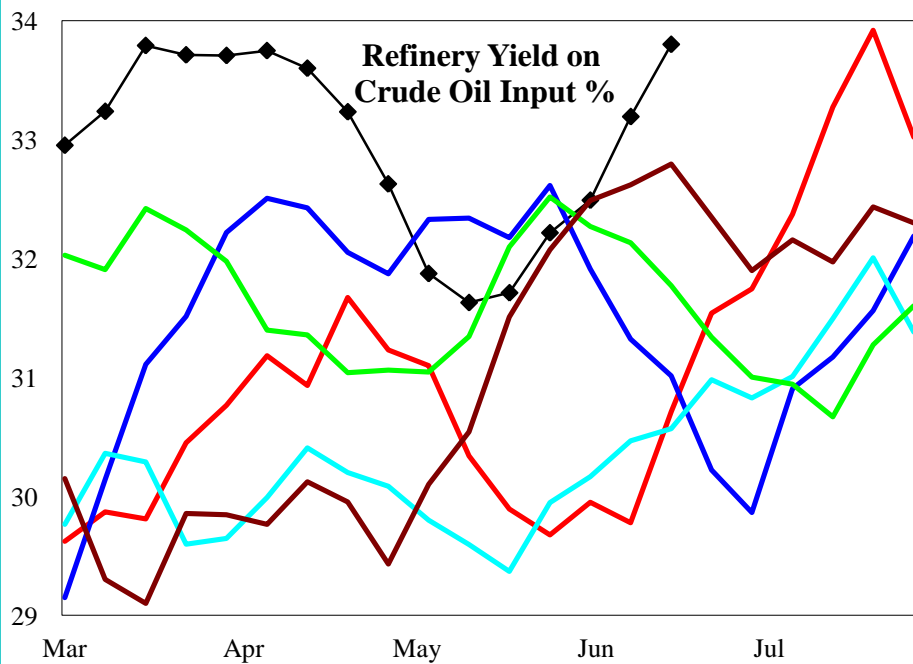
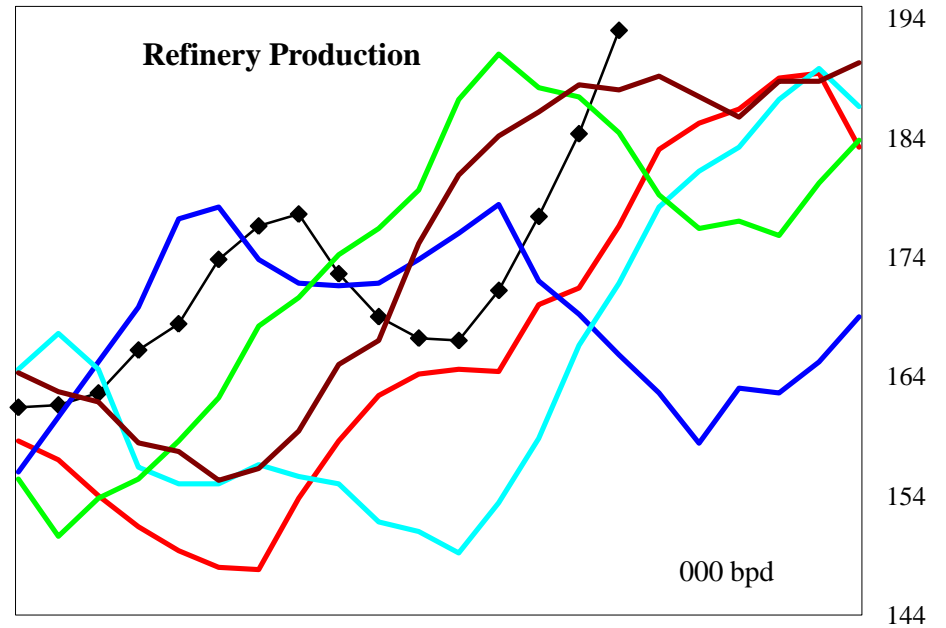
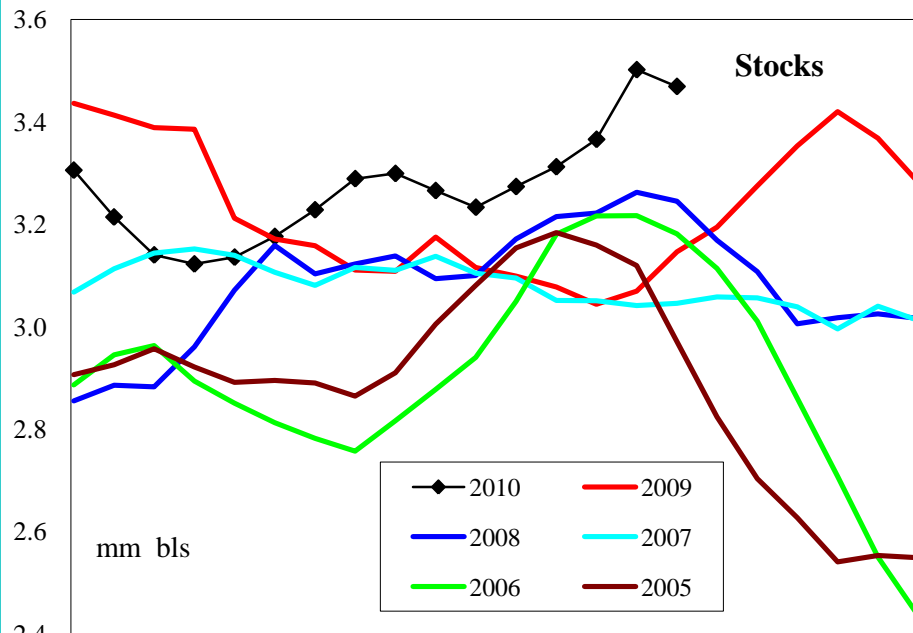
-8

-2.7

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

323

11

3

0

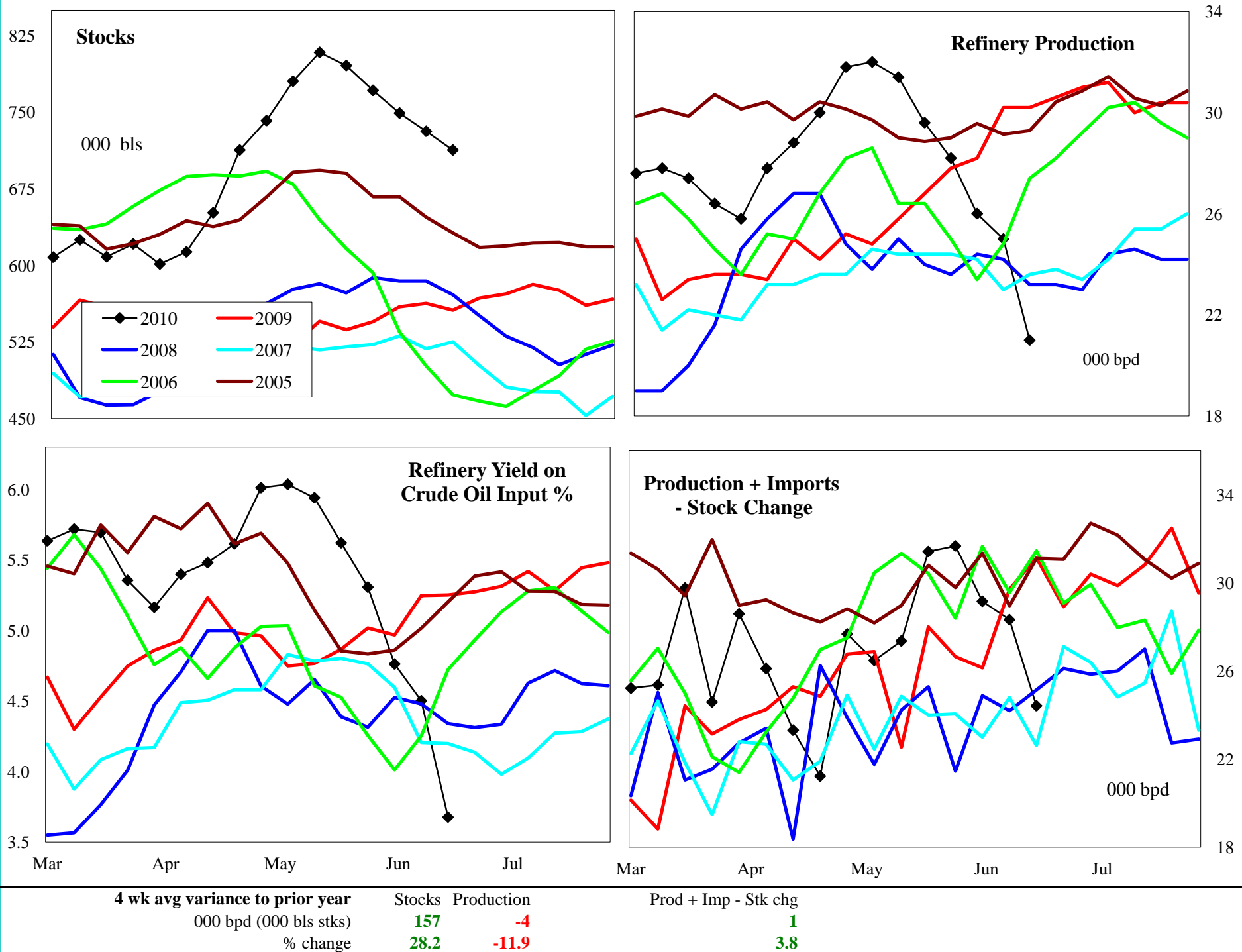
10.3

6.3

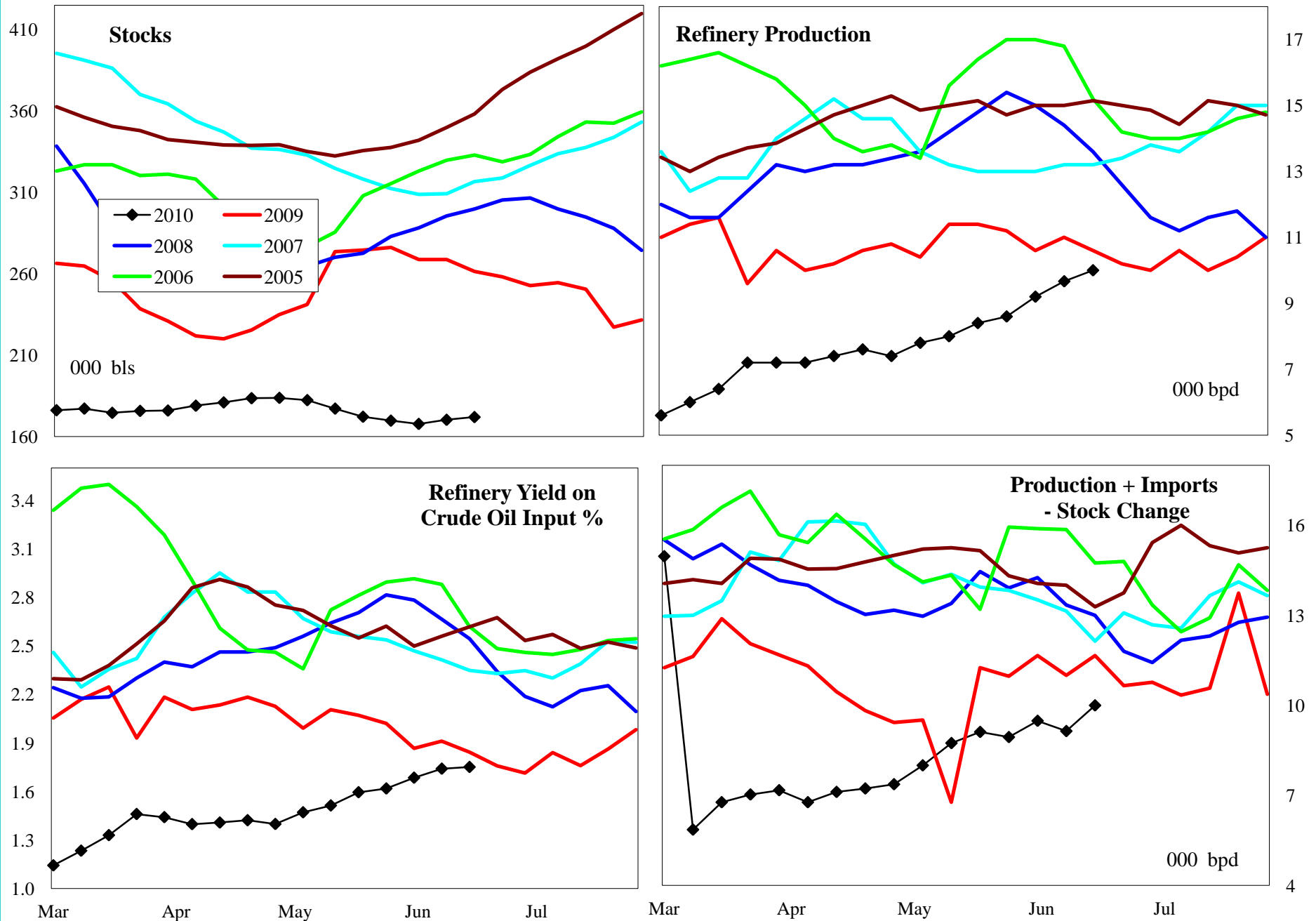
68.8

-0.1

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

-89

-34.2

Production

-2

-14.0

Imports

0

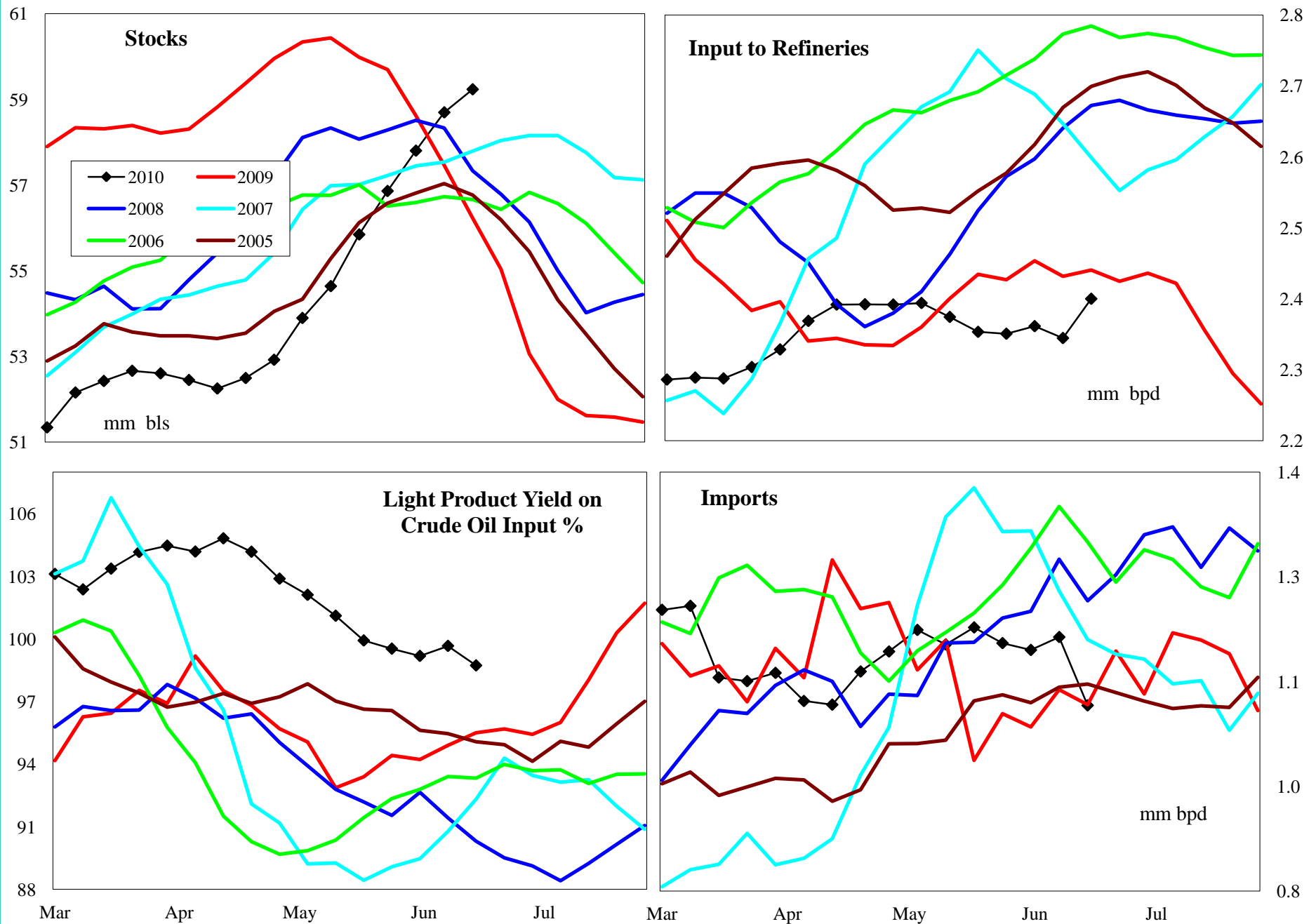
#DIV/0!

Prod + Imp - Stk chg

-5

-32.0

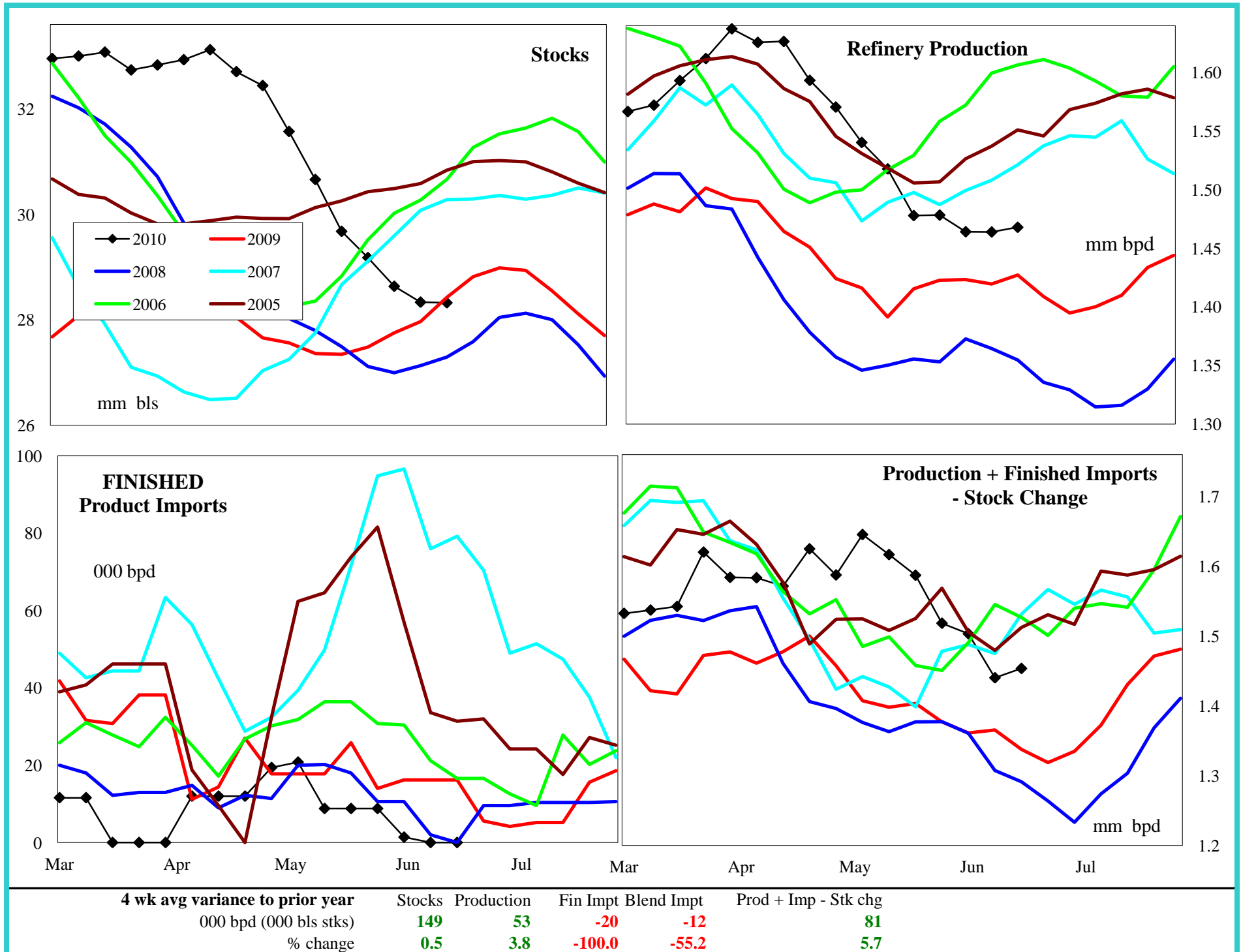
PADD 5 Crude Oil Supply and Refining



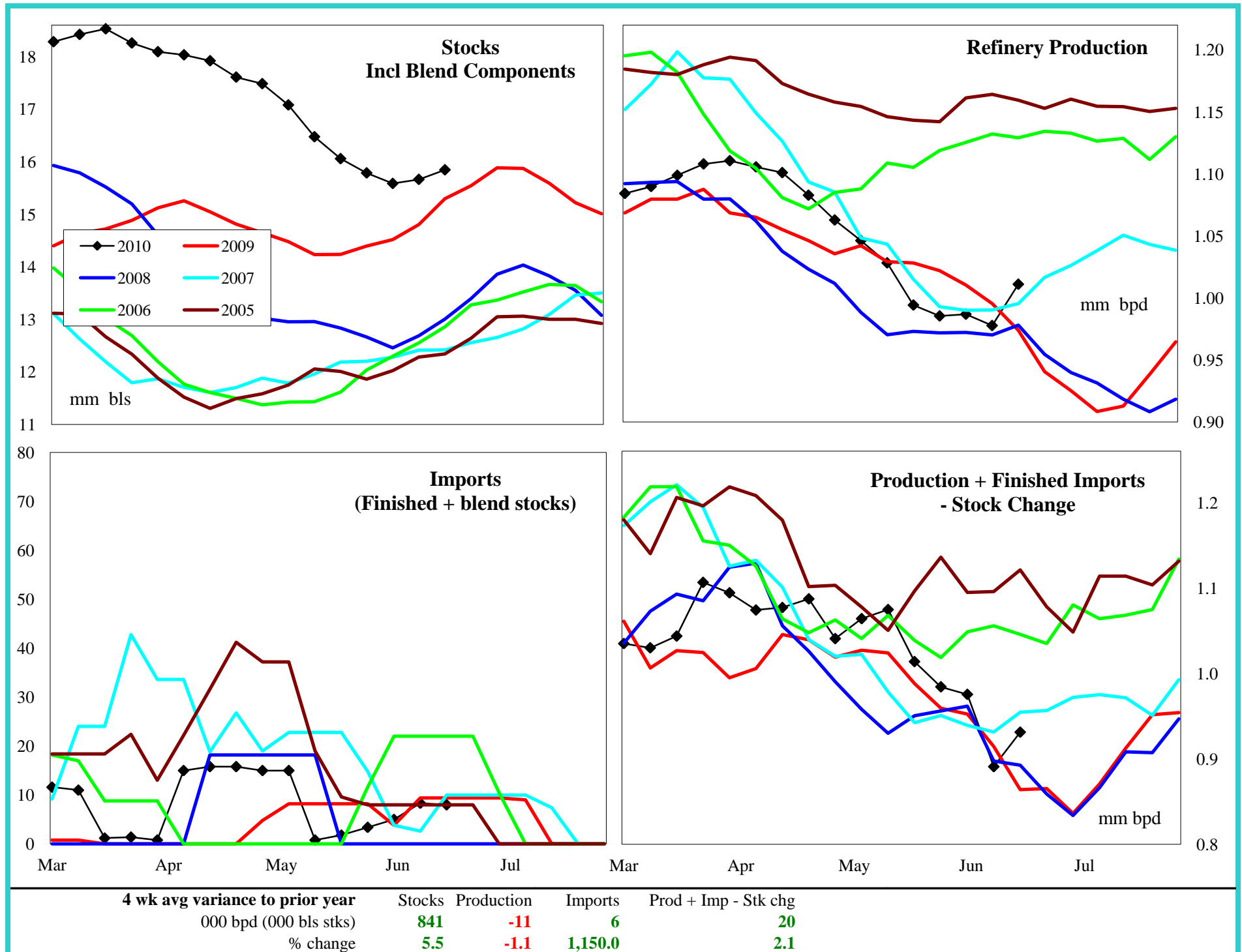
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Input	Imports
000 bpd (000 bls stks)	3,010	-72	46
% change	5.4	-2.9	4.3

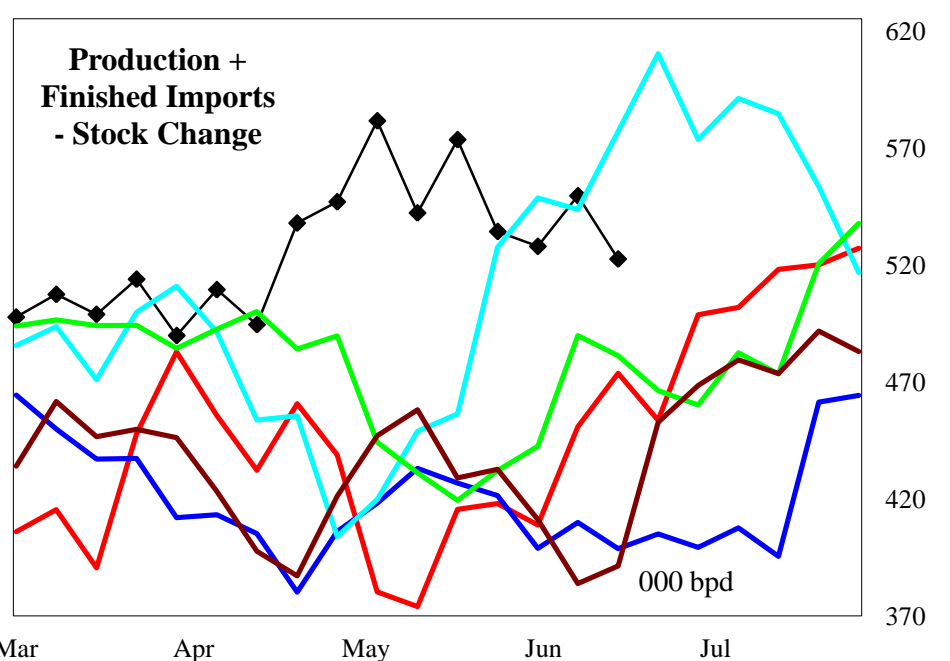
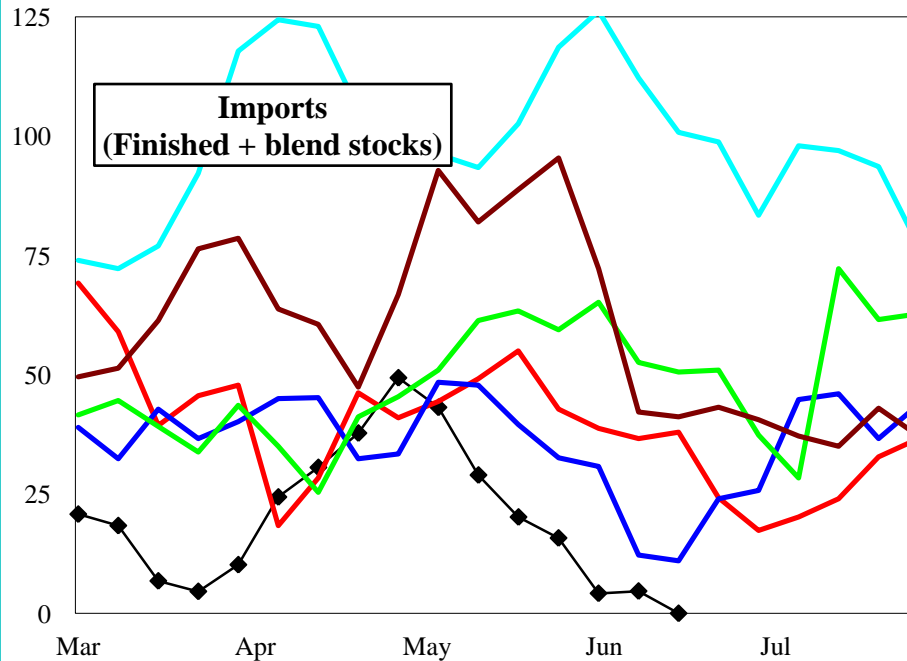
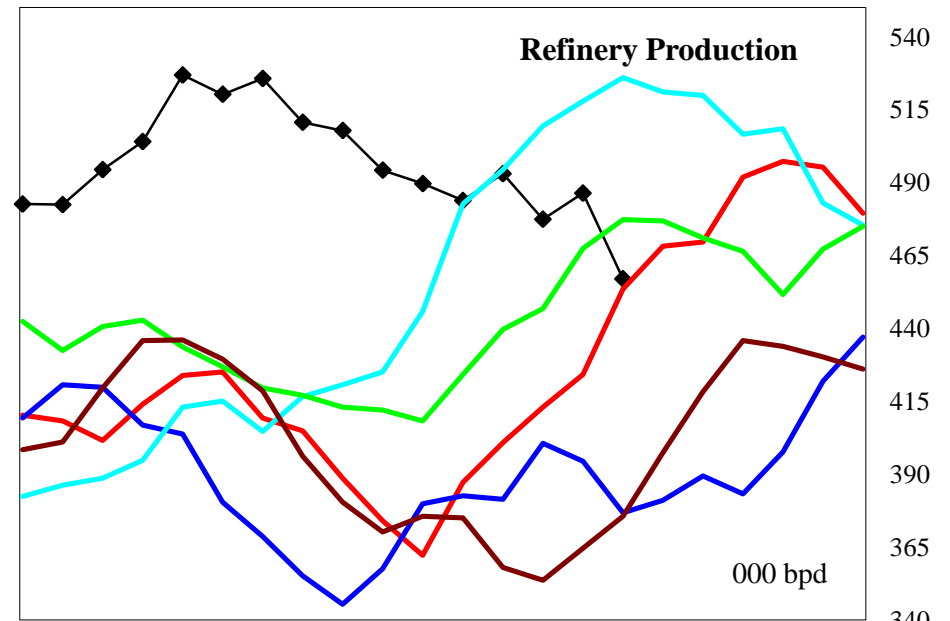
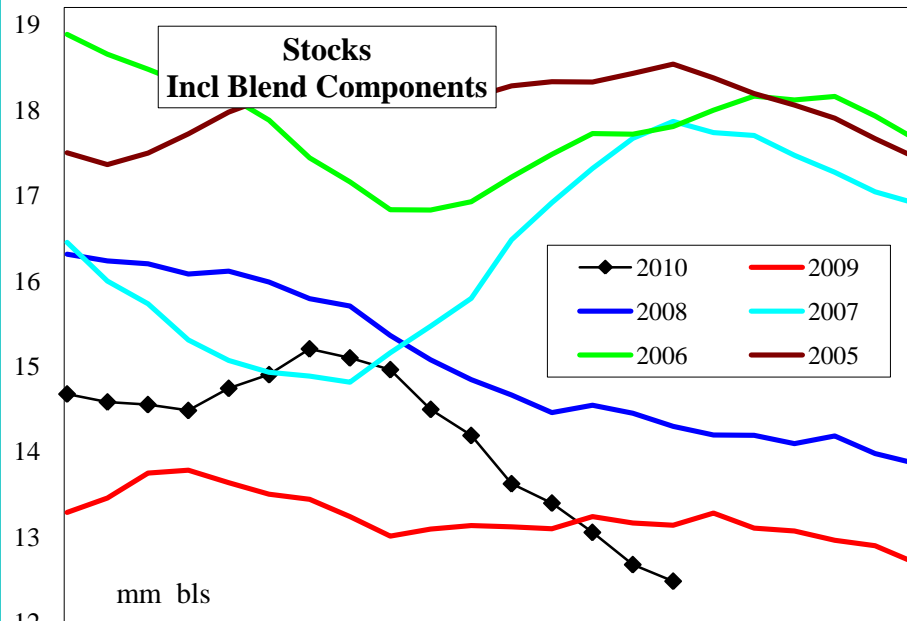
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-692

-5.3

Production

64

15.2

Imports

-38

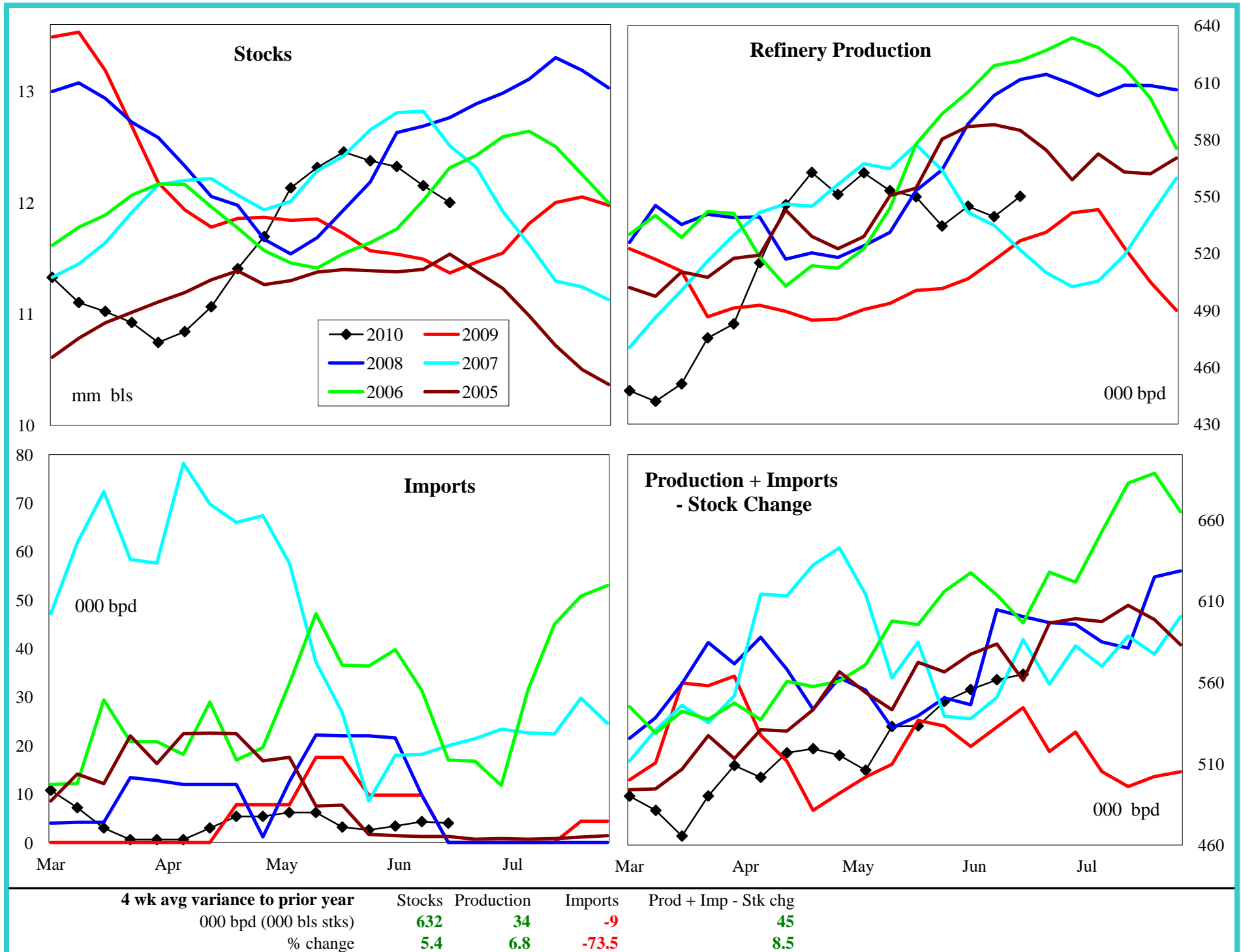
-91.6

Prod + Imp - Stk chg

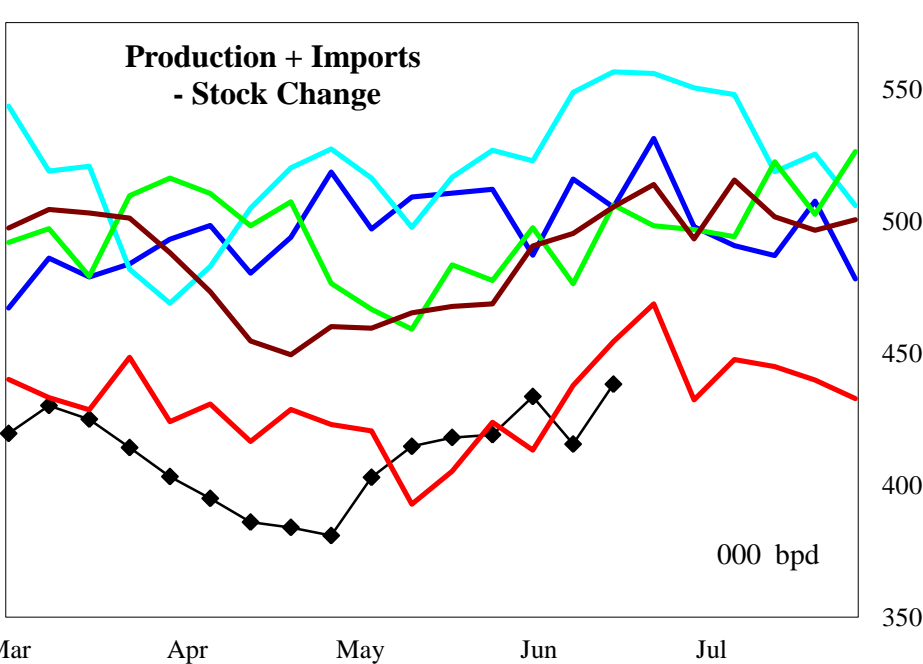
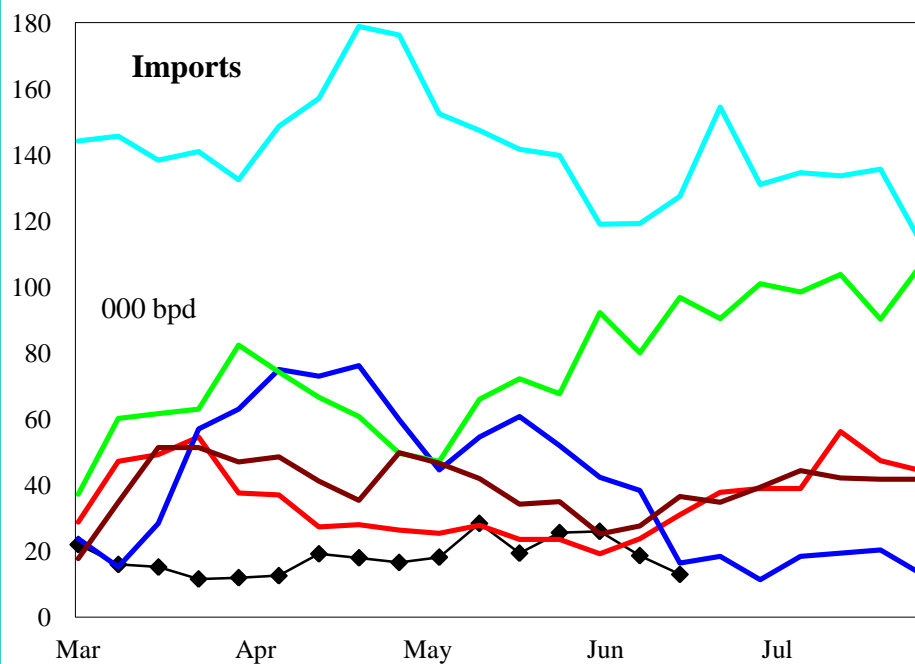
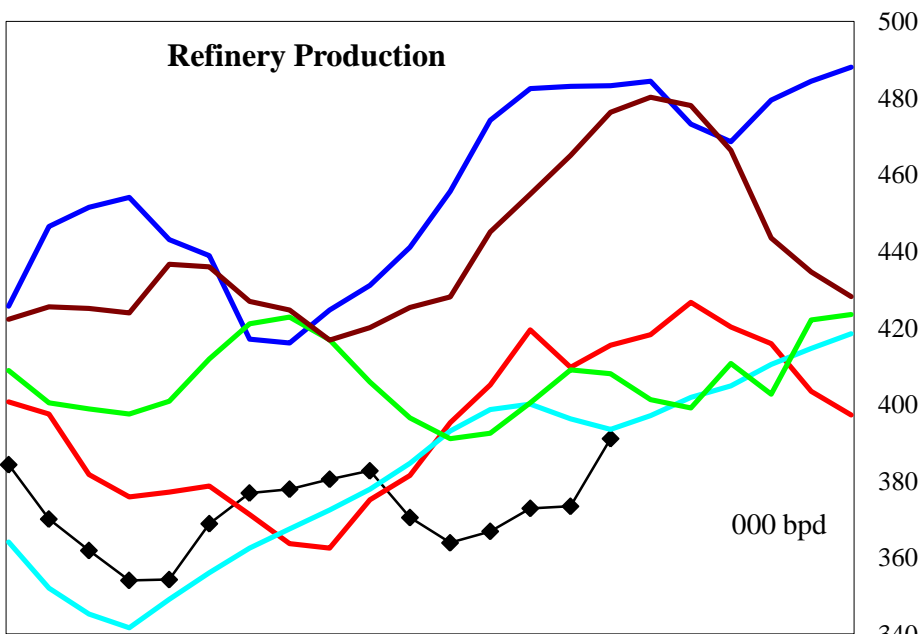
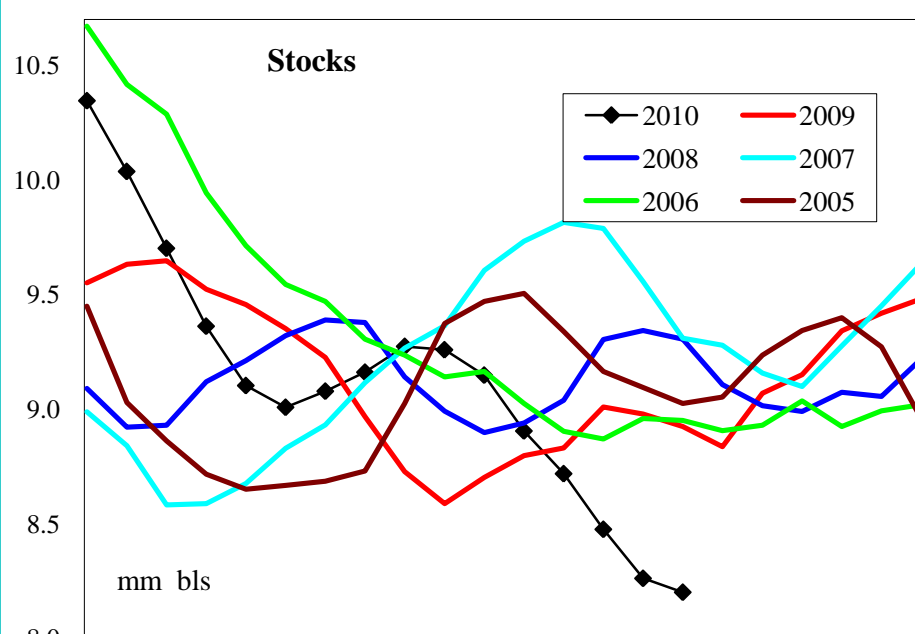
61

13.4

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

-778

-46

8

2

-8.7

-11.0

37.3

0.4

PADD 5 Residual Fuel Oil Supply

