

WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

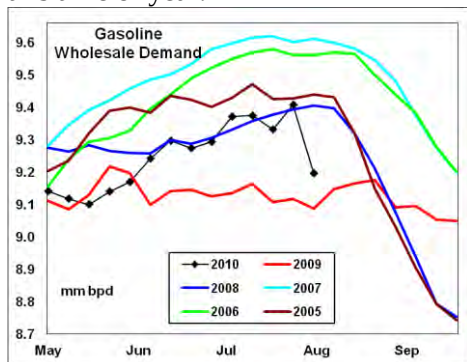
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 11, 2010



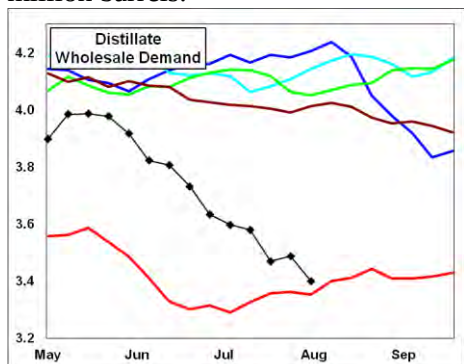
Major Fundamental Trends¹

After a robust rise in mid July, wholesale gasoline demand has dropped -396,000 bpd during the last 2-wks. Combined with very high production, stocks have experienced a counter seasonal build during the last 6-wks and are now +11.5 million barrels above the prior 5-year high for this time of year.

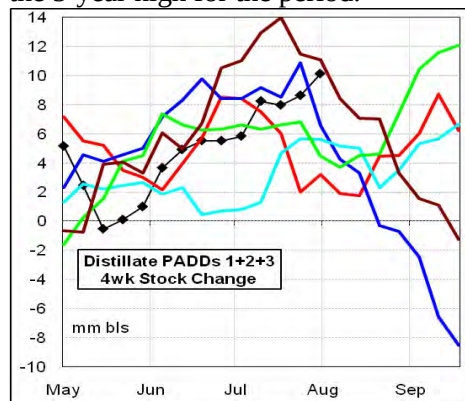


These bearish fundamentals should lead to sharply lower gasoline blend stock imports and lower production, driving stock draws during the next 30-days.

Distillate demand (including exports) has declined -199,000 bpd during the last 2-wks; to a level only marginally above last years' record lows. This weakness points to further slowing in economic growth during the 3rd quarter of the year. Combined with very high refinery production, stocks increased +3.5 million barrels last week, to a level that now exceeds last years' record high level by +10.9 million barrels.



The 4-wk rate of distillate stock building East of the Rockies matched the 5-year high for the period.



Extremely favorable storage economics due to the steep forward price curve, weak demand and high production levels may lead to a continued above average rate of stock building until fall refinery maintenance begins.

In the absence of hurricane disruptions in the Gulf and slowing growth of the U.S. economy, the transport fuels markets face significant over supply during the remainder of this year.

Demand for transport fuels (gasoline, distillate & jet fuel) has declined for two consecutive weeks, falling -515,000 bpd in the last 2-wks.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline +3.3%; distillate up +3.6%; jet fuel up +10.3% while residual fuel oil fell -17%.

Stocks forward coverage: Gasoline demand coverage increased on a drop in demand and +0.4 million barrel stock build. Coverage remains above the historic range.

Distillate demand coverage increased on a +3.5 million barrel stock build and decline in weekly demand. Coverage levels were near last years' record high.

Jet fuel coverage decreased on a -1.1 million barrel stock draw and sharply higher demand for the week. Coverage levels were above 4 of the last 5 years.

Residual fuel oil coverage remains extremely high on very low demand and stock levels at the upper end of the 5-year range.

Refinery utilization rates fell sharply last week on a -509,000 bpd decline in crude oil runs. Crude oil runs for the latest 4-wk period were +859,000 bpd above a year ago.

Gasoline yield % on crude oil runs increased last week on a -97,000 bpd decline in production compared to a -509,000 bpd drop in crude runs. Yield % was at the upper end of the historic range for the period.

Distillate yield % on crude oil runs increased on a -8,000 bpd decrease in output versus the steep drop in crude oil runs. Yield % was above four of the last five years.

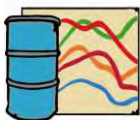
Jet fuel yield % on crude oil runs declined on a -82,000 bpd drop in production, with the yield % now well below the mid range.

Petroleum Imports of crude oil and gasoline decreased last week. A spike in distillate imports the West Coast led to higher U.S. imports.

During the latest 4-wk period distillate imports increased +4,000 bpd compared to last year; finished gasoline imports decreased -139,000 bpd, gasoline blend stock imports increased +248,000 bpd; jet fuel imports decreased -25,000 bpd, while residual fuel oil imports increased +183,000 bpd.

Crude Oil imports decreased -188,000 bpd last week, to a level at the low end of the historic range. The low level of imports offset the drop in refinery runs, leading to a -3 million barrel stock draw. The draw was concentrated on the West Coast. Stocks in Cushing were nearly unchanged, with the level near all time highs.

¹ Source is latest EIA Weekly Statistics



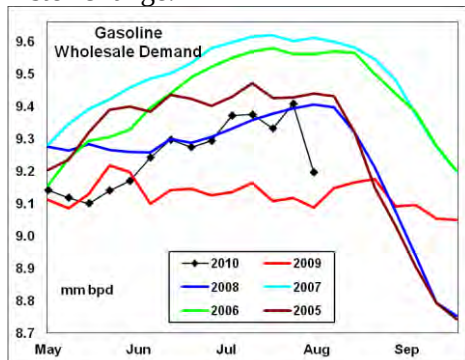
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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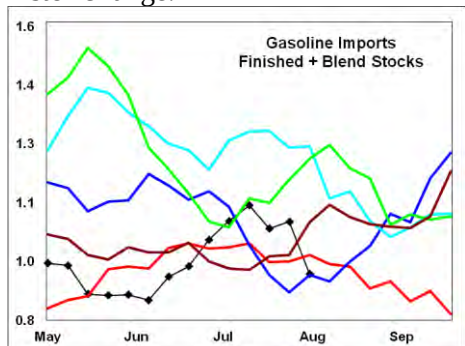
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Product Supply-Demand Trends

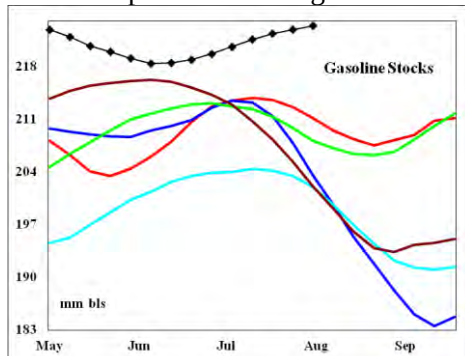
Gasoline demand has decreased -396,000 bpd during the last 2-wks, with the latest 4-wk average +301,000 bpd above a year ago. Weekly demand levels are again at the low end of the historic range.



Gasoline production decreased -124,000 bpd on the week, although the level remains above the 5-year range. The most recent 4-wk average was +305,000 bpd above last year. Imports fell -275,000 bpd, to the low end of the historic range.



The pull back in demand and continue high production rates led to a counter seasonal build of +0.4 million barrels. Stock levels were +11.5 million barrels above the prior historic high.



The market is exceptionally over supplied in all regions East of the

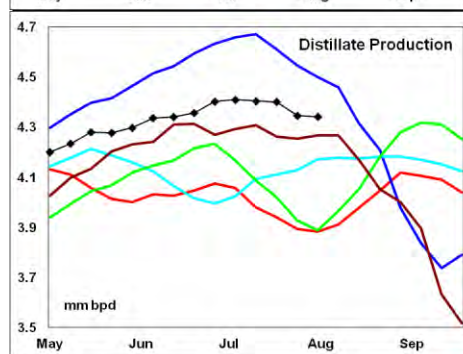
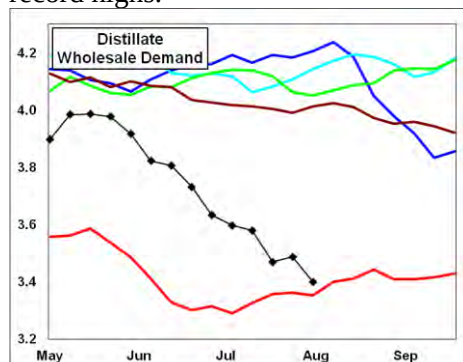
Rockies.

Fundamental trends point to a sharp price pull back as the peak summer driving season winds down over the next 30-days.

Distillate demand declined -64,000 bpd last week, driving the latest 4-wk average to 119,000 bpd above last years' extremely depressed level.

Production was nearly unchanged on the week while imports jumped +128,000 bpd, with the increase on the West Coast. Production remains at the upper end of the historic range.

Stocks increased +3.5 million barrels on the week. Stock levels are +10.9 million barrels above last years' record highs.



Distillate demand continues to erode, now at a level only marginally above last years' record lows. Weak domestic demand points toward a meaningful slowdown in the U.S. economy. Expect price weakness relative to the overall energy complex.

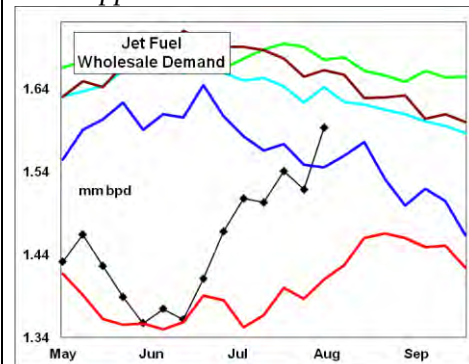
Jet Fuel demand jumped +144,000 bpd on the week, to the highest weekly level of the year. The latest 4-wk average demand was +143,000 bpd above last year.

Supply decreased -77,000 bpd on

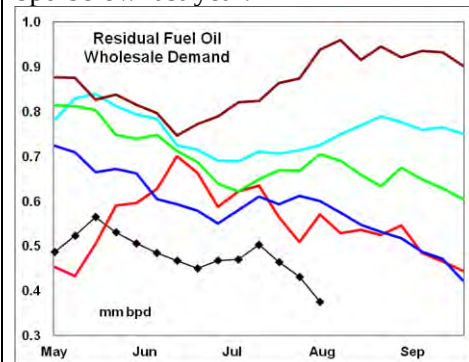
the week with production falling to the low end of the 5-year range. Imports were below the historic range. The latest 4-wk average supply was +26,000 bpd above a year ago.

Stocks decreased +1.1 million barrels on the week, and remain +1.1 million barrels above the prior record high.

Jet fuel prices should remain weak on high stock levels, and an extremely over supplied distillate market.



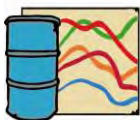
Residual fuel oil demand, including exports, decreased -151,000 bpd last week, with the 4-wk average -93,000 bpd below last year.



Supply (production + imports) declined -31,000 bpd on the week, with the latest 4-wk average -19,000 bpd below a year ago. Stocks reversed a longer term draw down, increased +0.7 million barrels to a level near the 5-year high.

Refiners have cut production -28% below a year ago, offset by a +89% increase in imports. Key regional markets remain well supplied with stock levels near historic highs.

Expect very low production rates to provide modest price support compared to the energy complex.



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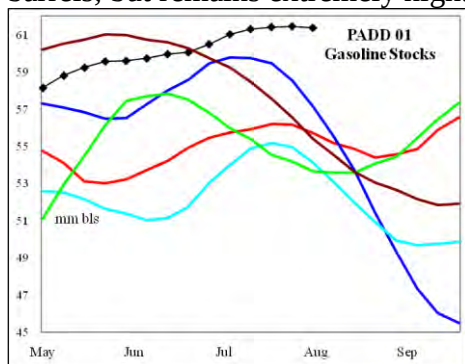
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PADD Supply Trends

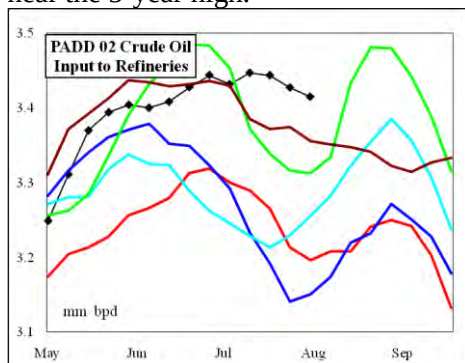
PADD 1 refinery crude oil runs fell -1789,000 bpd last week, with the 4-wk average -129,000 bpd below last years' record low rate.

Gasoline production decreased -77,000 bpd on the week, with the latest 4-wk average +440,000 bpd above a year ago. Imports (blend stocks) fell -303,000 bpd last week, to the low end of the historic range. Stocks decreased -0.3 million barrels, but remains extremely high.



Distillate supply increased +37,000 bpd last week. Very weak demand and high receipts from the Gulf led to a +3 million barrel stock build.

Jet fuel supply decreased -29,000 bpd last week. Stock levels remain near the 5-year high.



PADD 2 crude oil refinery runs decreased -52,000 bpd last week, although the level remains above the historic range. Imports fell -214,000 bpd to the lowest weekly level of the last quarter. Stocks decreased -2.3 million barrels, with Cushing nearly unchanged on the week.

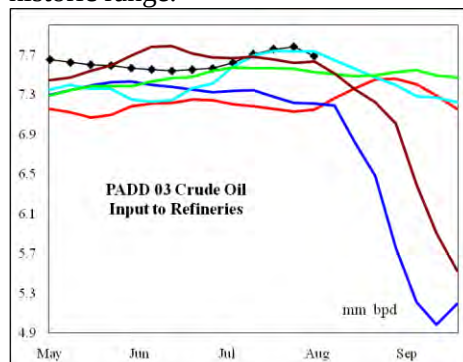
Gasoline production decreased -36,000 bpd last week, but remains at a

level near the 5-year high. Stocks increased +1 million barrels, a significant counter seasonal build; to a level above 4 of the last 5 years.

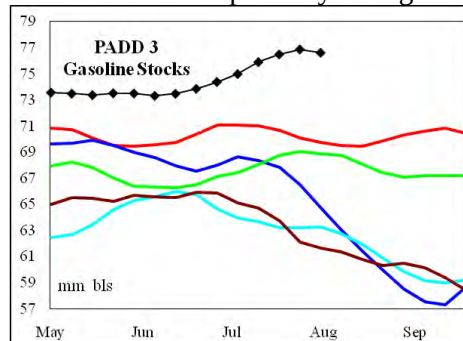
Distillate production increased +19,000 bpd on the week to a fresh 5-year high for the period. Stocks were unchanged on the week, at a level near the 5-year high.

Jet fuel stocks fell -0.5 million barrels to a level near the mid range. Sharply lower receipts from the Gulf underlie the recent stock decline as productions remains at a 5-year high.

PADD 3 refinery crude oil runs decreased -183,000 bpd, to a level near the 5-year high. The latest 4-wk average was +672,000 bpd above a year ago. Crude imports were unchanged on the week, at a level at the low end of the historic range. Stocks increased +0.6 million barrels, to a level at the upper end of the historic range.



Gasoline production increased +47,000 bpd on the week. Stocks decreased -0.8 million barrels, but remains +10.5% above the prior 5-year high.



Distillate production was unchanged on the week, at a record high rate. Stocks increased +0.9 million barrels, up +17% over the prior 5-year high.

Jet fuel production fell -77,000 bpd to a level below the mid range. Stock levels are now +13.6% above the prior record high.

Residual fuel oil stocks jumped +1.2 million barrels on a sharp drop in exports. Supply fell -94,000 bpd.

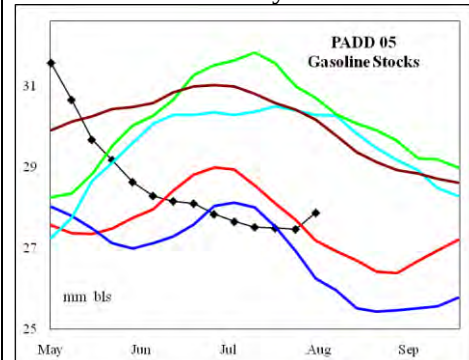
PADD 4 refinery crude runs decreased -15,000 bpd on the week, to a level at the low end of the historic range. The latest 4-wk average thru put was +5,000 bpd above last year. Imports were above the historic range.

Gasoline production remains at the upper end of the historic range. Stocks decreased -0.2 million barrels to a level slightly above the 5-year range.

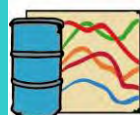
Distillate production fell -28,000 bpd on the week, to a level below the historic range. Stock levels remain above the historic range.

PADD 5 crude oil refinery runs decreased -80,000 bpd on the week, with the latest 4-wk average +118,000 bpd above last year. Crude imports increased +9,000 bpd, to the upper end of the historic range. Stocks fell -2.3 million barrels, to a level below the 5-year range.

Gasoline production decreased -32,000 bpd on the week, but remains at a level above the last 2-years. The latest 4-wk average supply was +37,000 bpd above last year. Stocks increased +0.7 million barrels to a level above the last 2-years.



Distillate production declined -21000 bpd to match the 5-year low. Imports spiked to 113,000 bpd on the week, a record for this region. Stock levels match the 5-year high.


**FUNDAMENTAL
PETROLEUM
TRENDS**


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

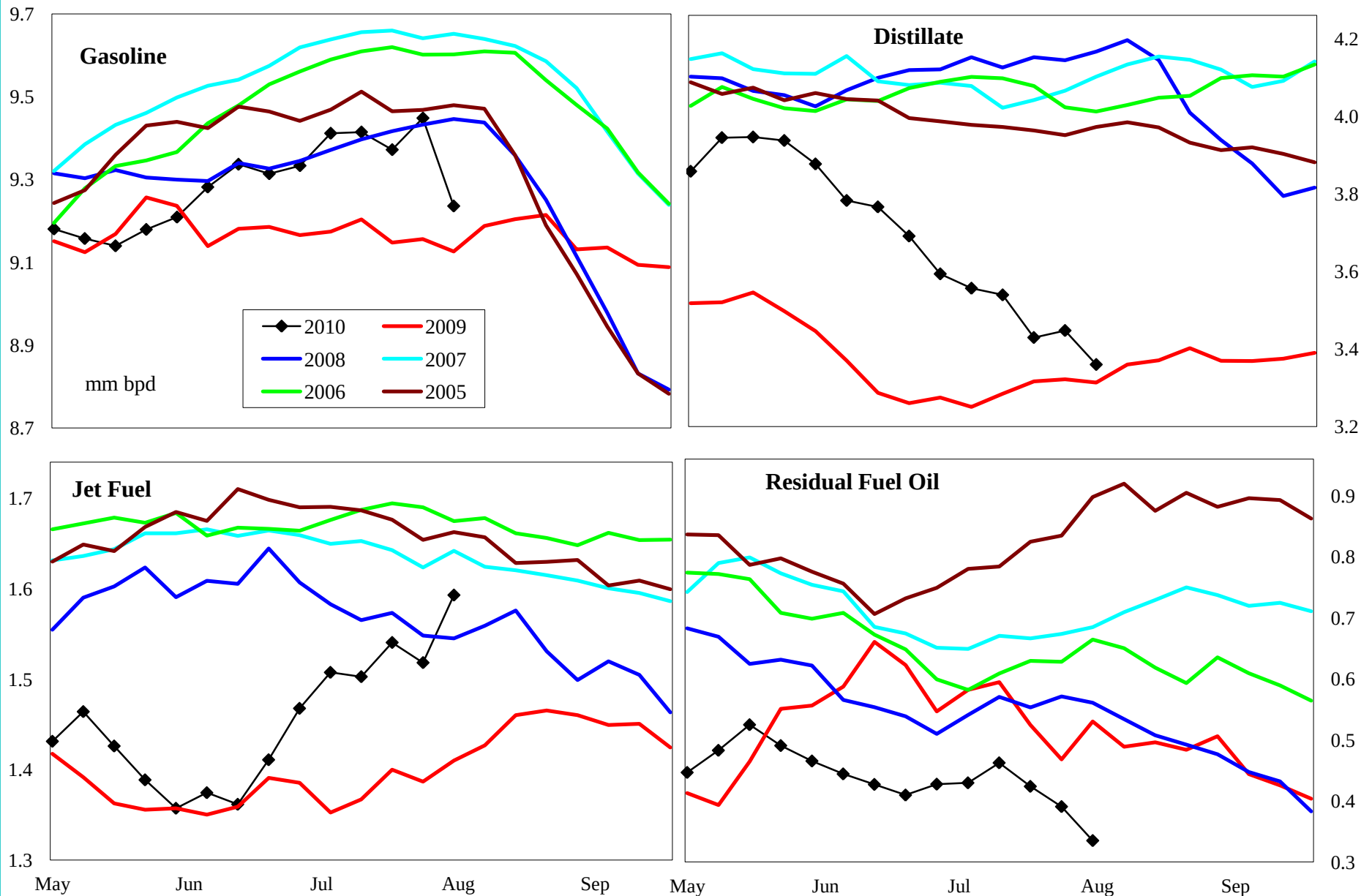
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Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization</u> <u>Product Yield %</u>				<u>Imports</u>
Supply/Demand Trends	6-Aug-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	-2,988	1,125	-2,326	626	-139	-2,273
	Imports	-188	-38	-214	-1	57	9
	Input	-509	-178	-52	-183	-15	-80
	% Utilization	-3.10					
<u>Gasoline</u>	Stocks	409	-268	993	-816	-246	745
	Production	-97	-77	-36	47	0	-32
	Imports	-275	-303	-1	24	0	4
	Supplied	-241					
<u>Distillate</u>	Stocks	3,456	2,991	-12	881	-110	-296
	Production	-8	22	19	-1	-28	-21
	Imports	128	15	1	-4	3	112
	Supplied	-64					
<u>Jet Fuel</u>	Stocks	-1,147	-141	-511	-28	63	-531
	Production	-82	-12	13	-77	9	-15
	Imports	5	-17	0	0	0	22
	Supplied	144					
<u>Residual Fuel Oil</u>	Stocks	694	-263	80	1,168	3	-294
	Production	-64	-13	8	-20	-2	-40
	Imports	33	15	0	-74	0	92
	Supplied	-151					

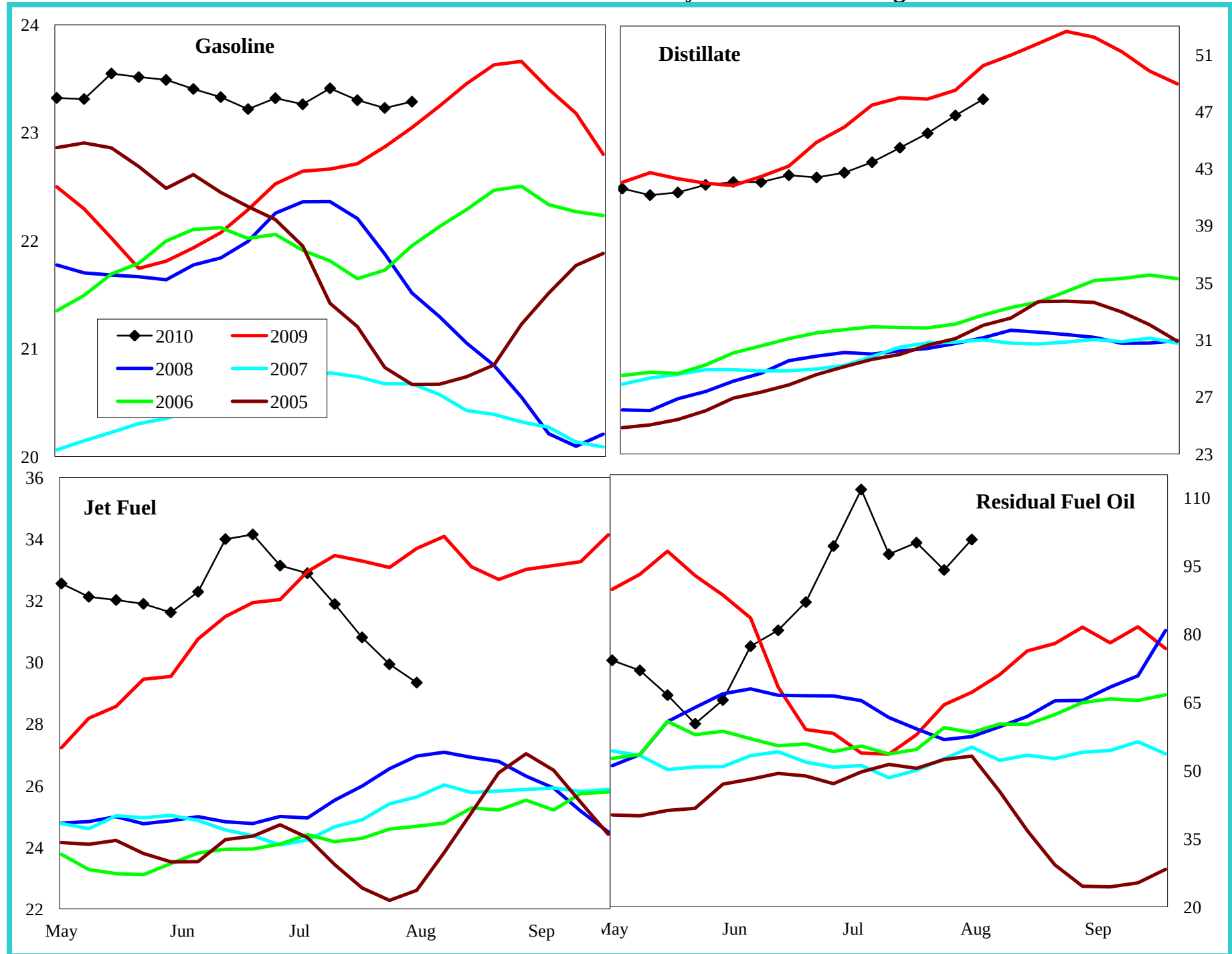
United States Wholesale Petroleum Demand



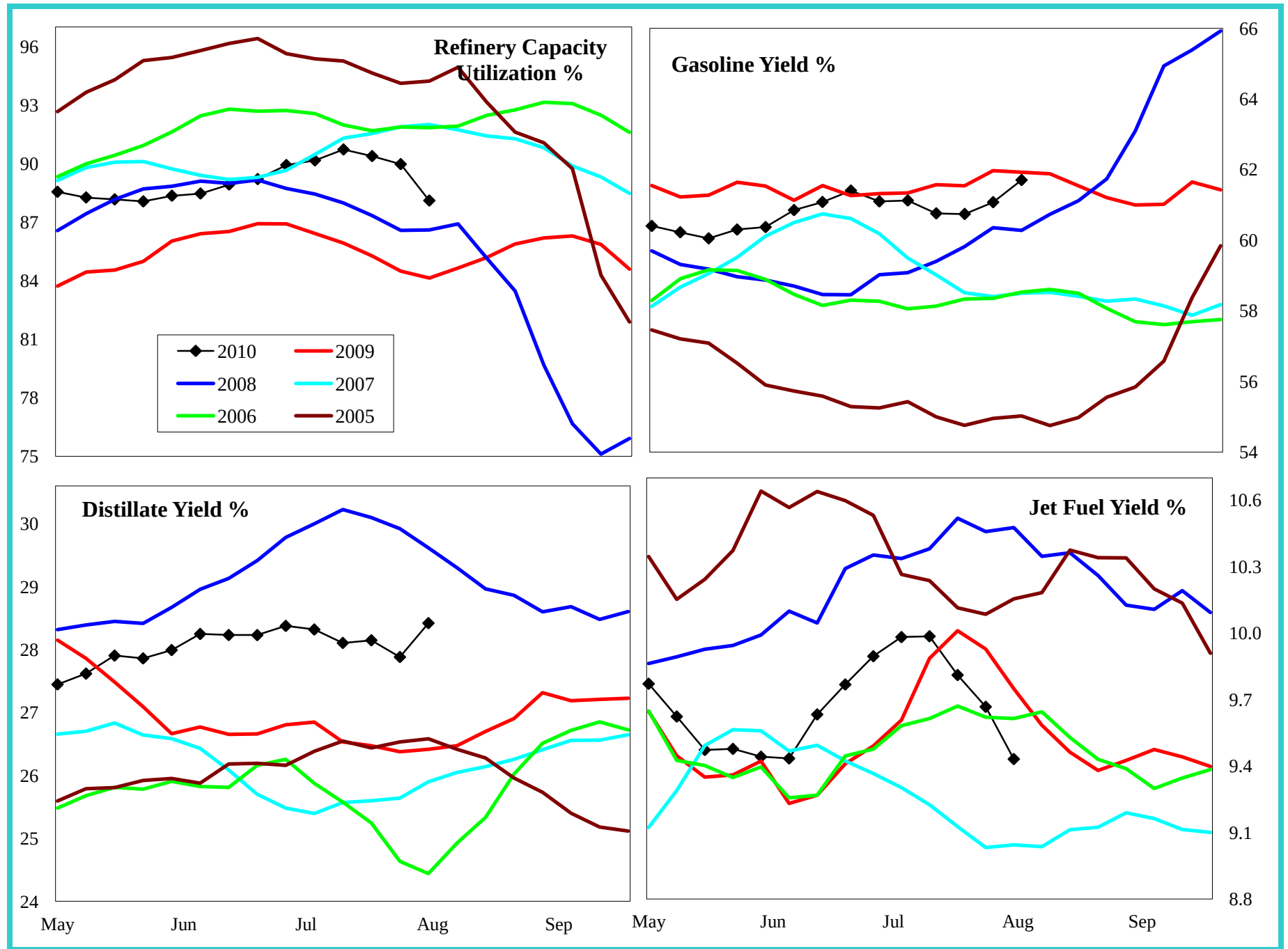
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jul	Jun	May	4wk avg	Jul	Jun	May
Gasoline	301	139	129	133	3.3	1.5	1.4	1.5
Distillate	119	213	258	199	3.6	6.3	7.3	5.8
Jet Fuel	143	10	-74	93	10.3	0.7	-5.2	7.0
Resid	-93	178	-124	81	-17.3	55.8	-21.9	18.7



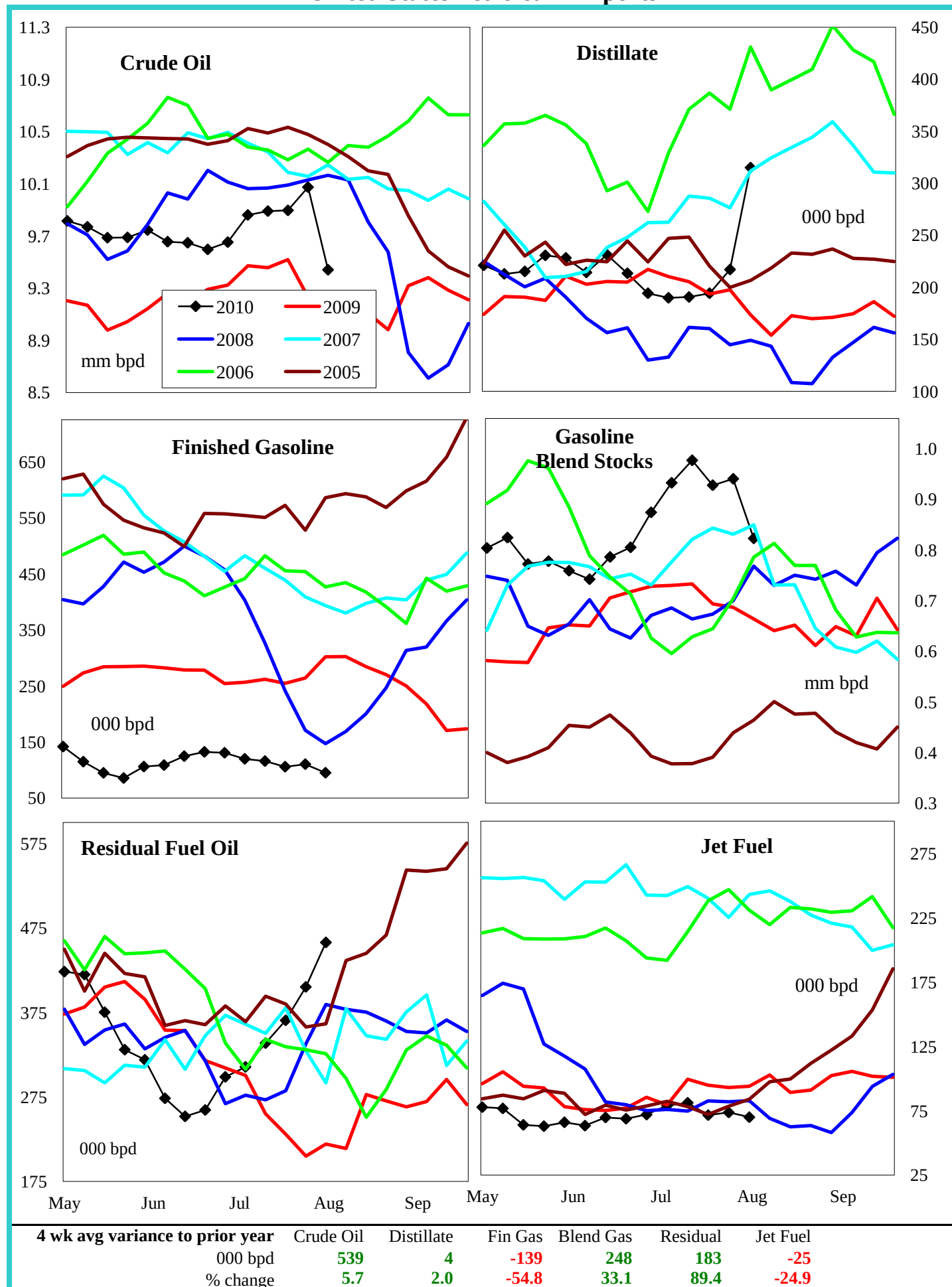
United States Product Stocks: Days Forward Coverage



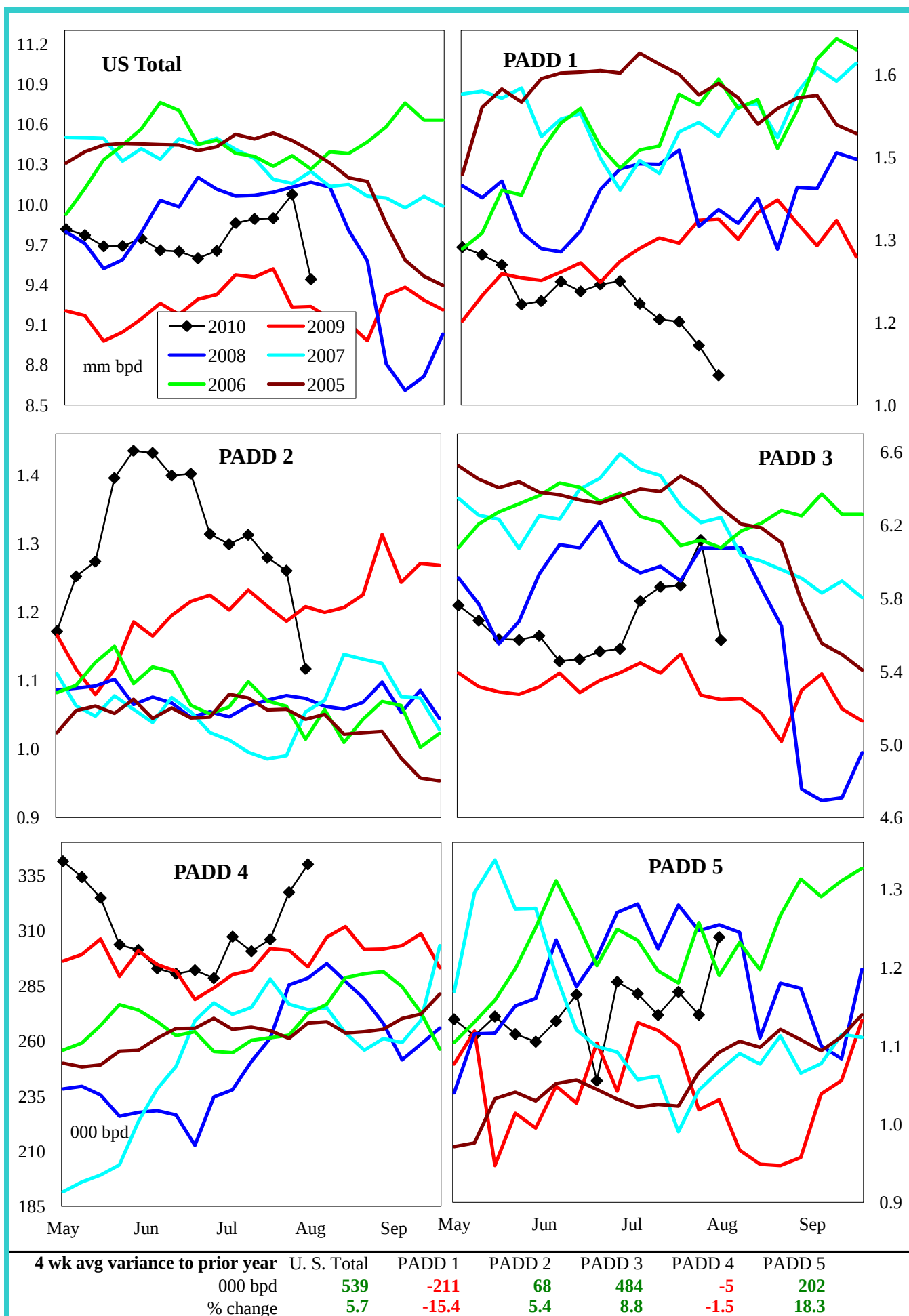
United States Refinery Percent Utilization Rate and Product Yields



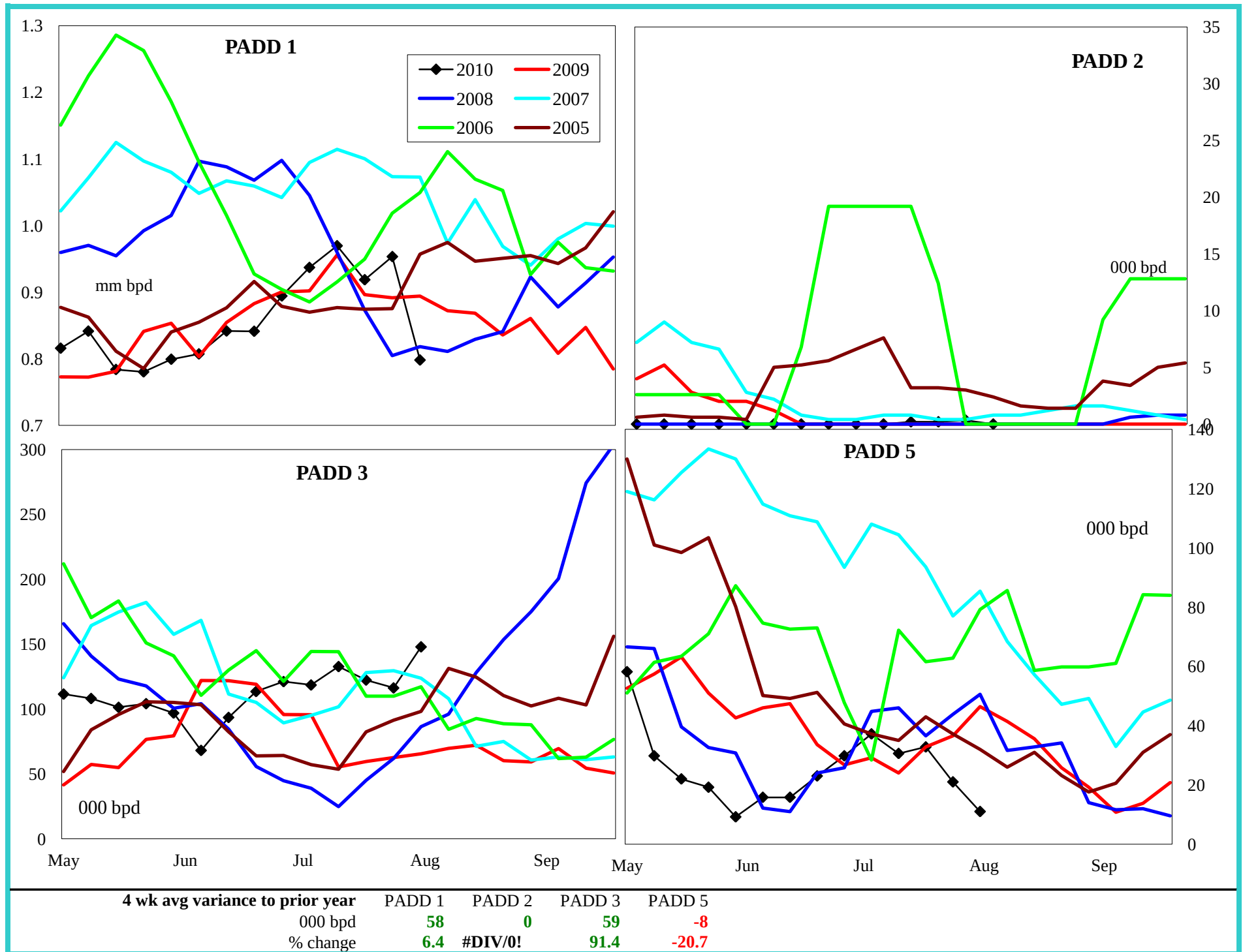
United States Petroleum Imports



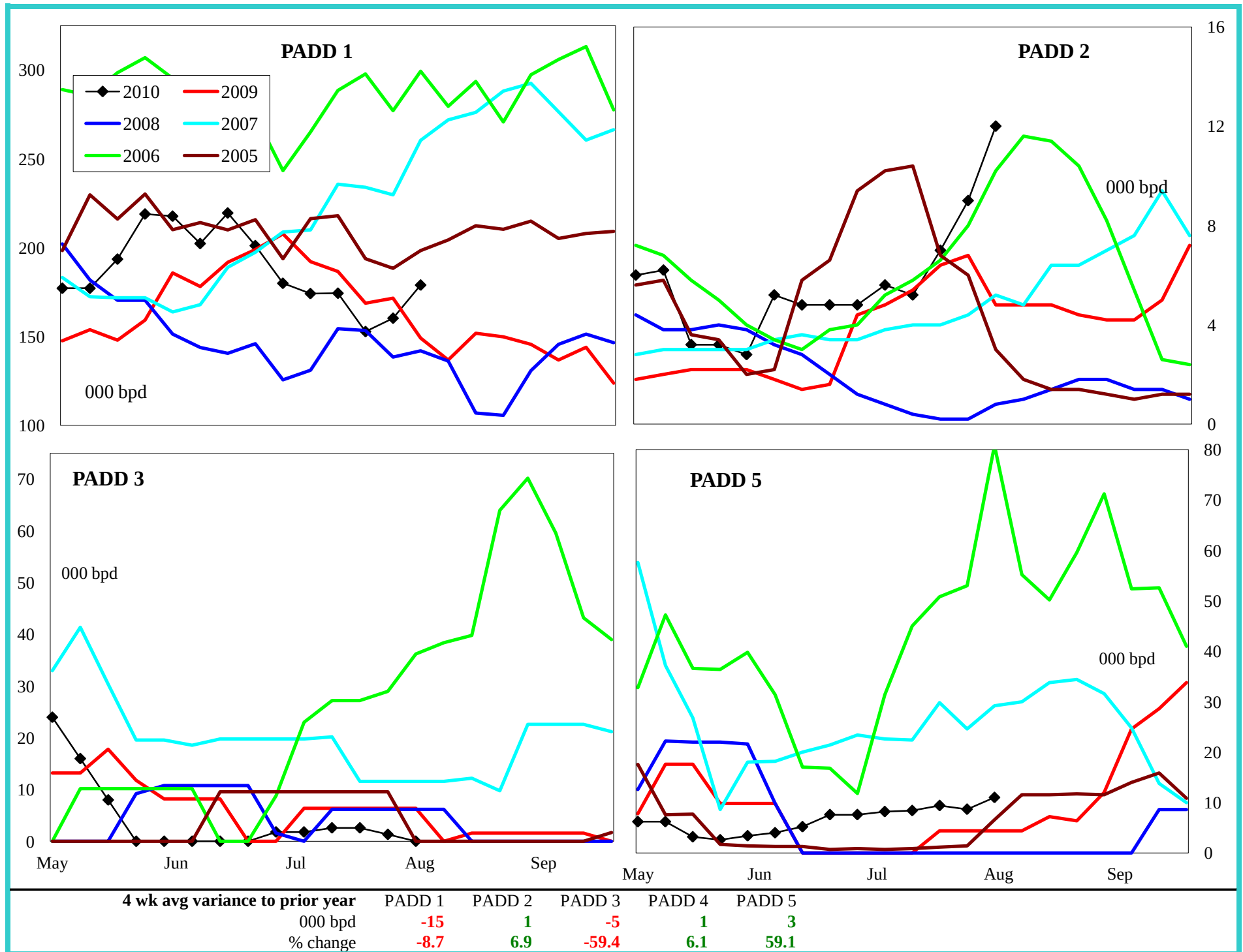
Crude Oil Imports by PADD



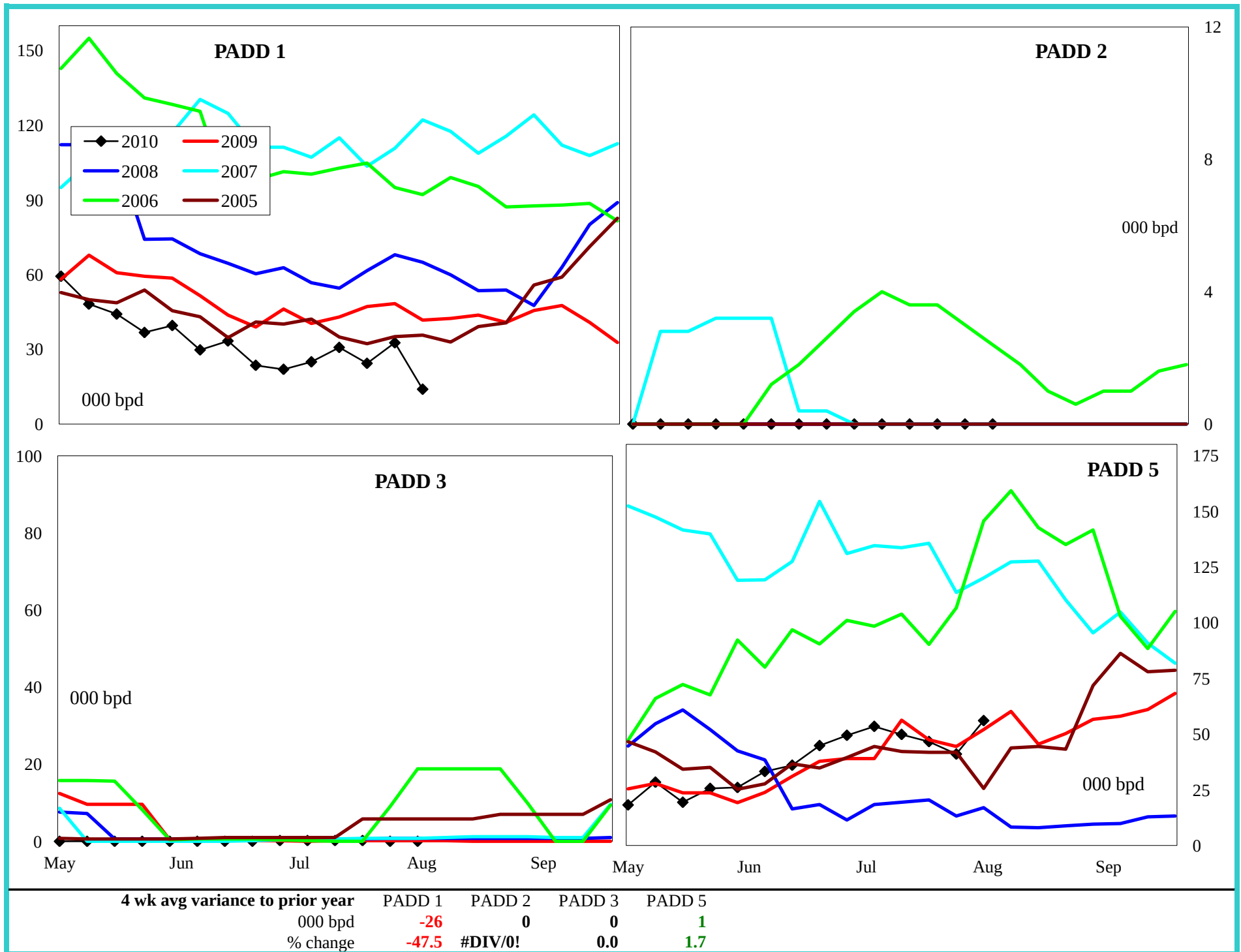
Gasoline Imports by PADD (Finished + Blend Stocks)



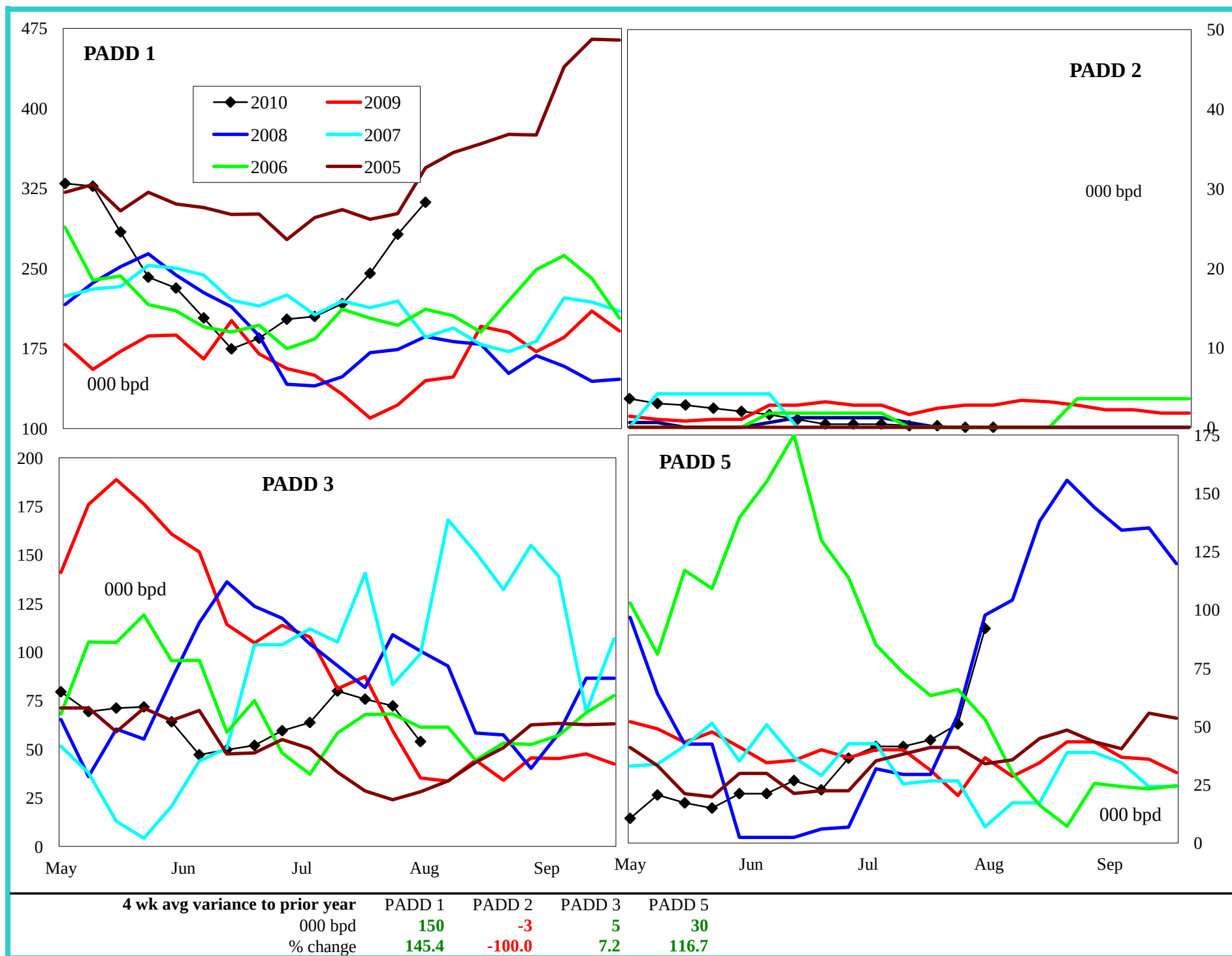
Distillate Imports by PADD



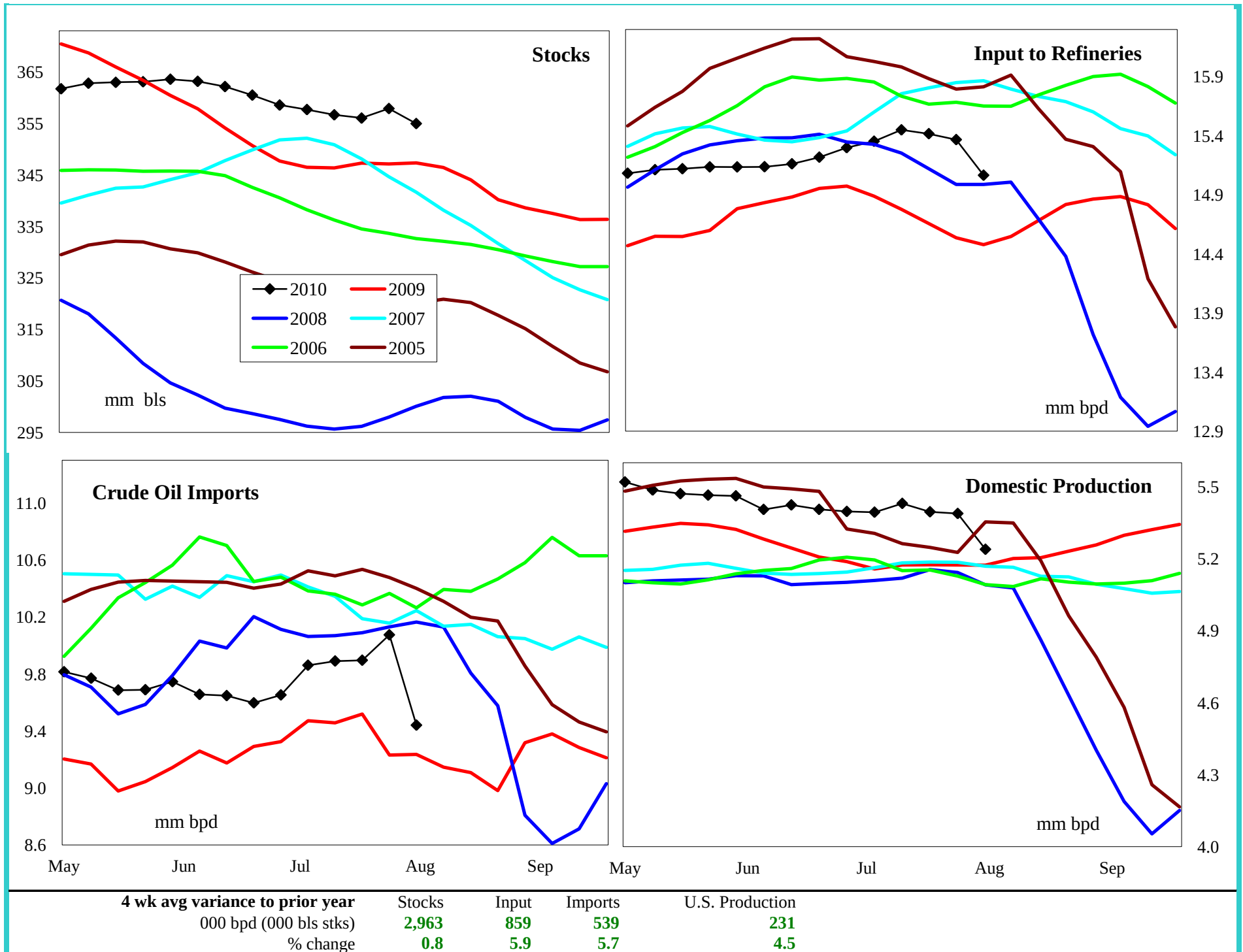
Jet Fuel Imports by PADD



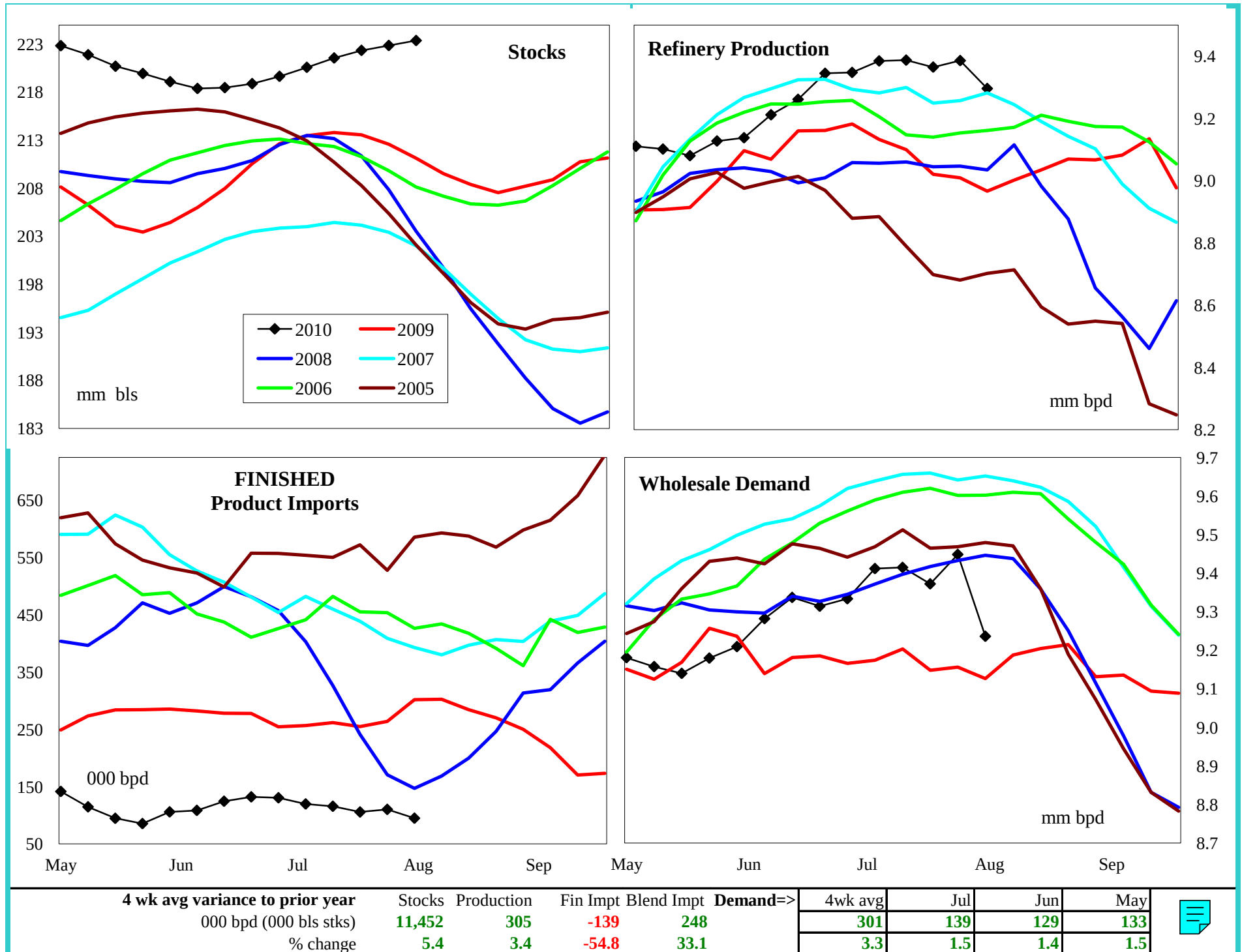
Residual Fuel Oil Imports by PADD



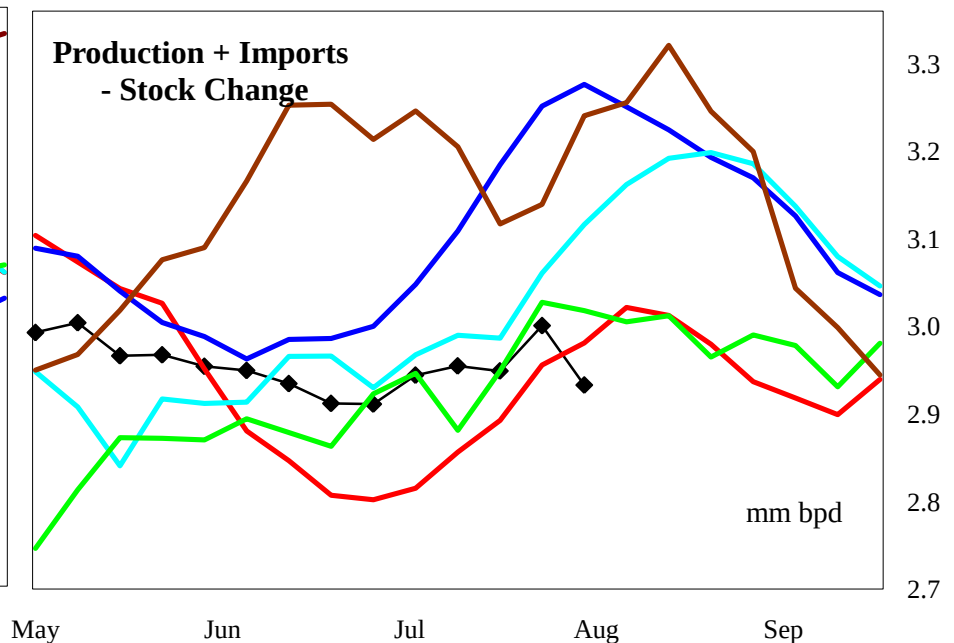
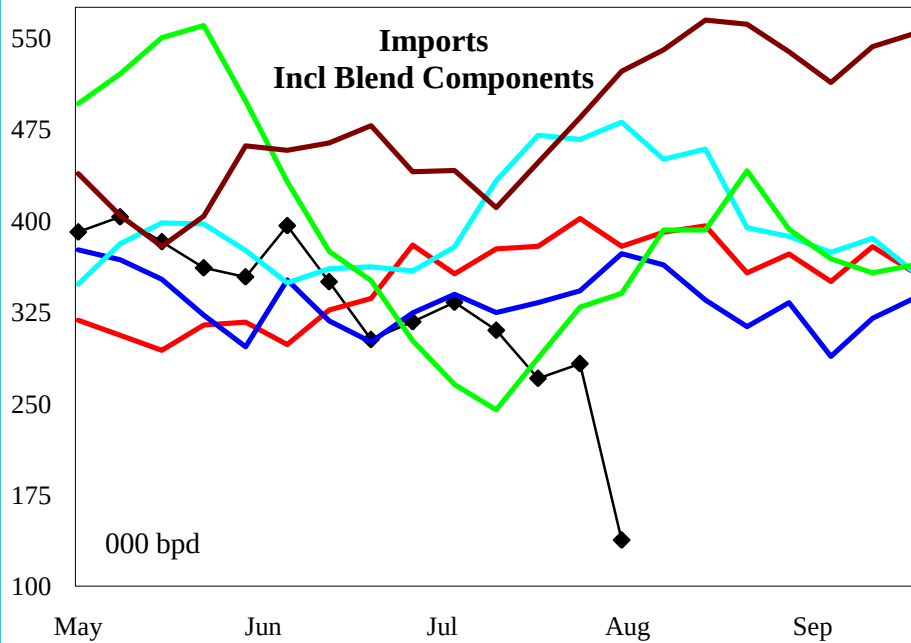
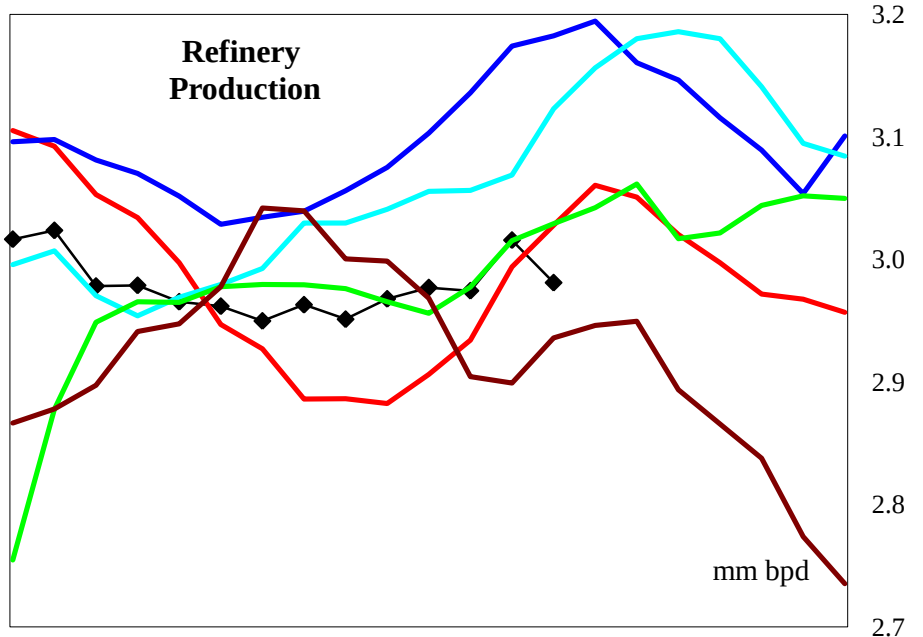
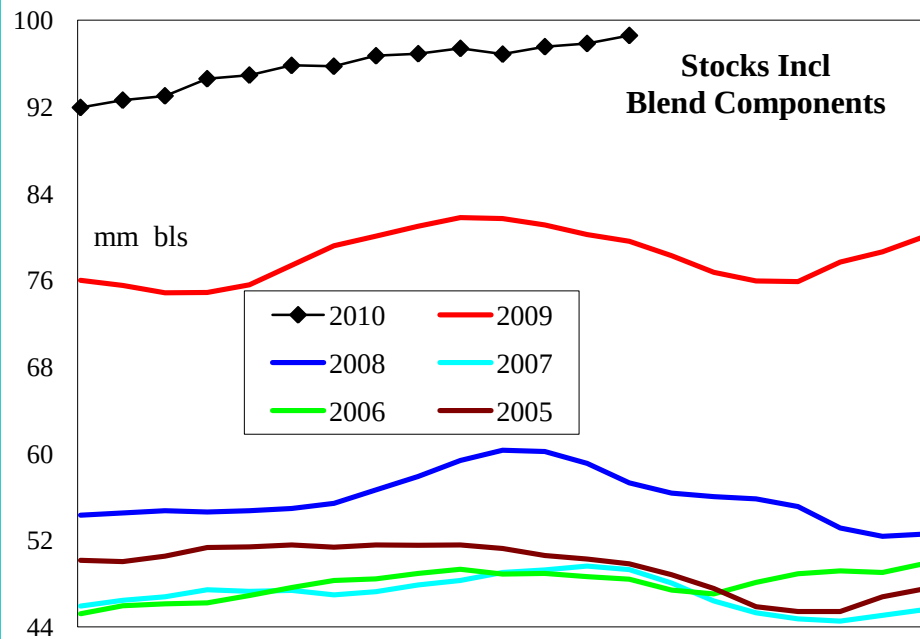
United States Crude Oil Supply and Demand Balance



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

19,008

23.9

Production

6

0.2

Imports

-134

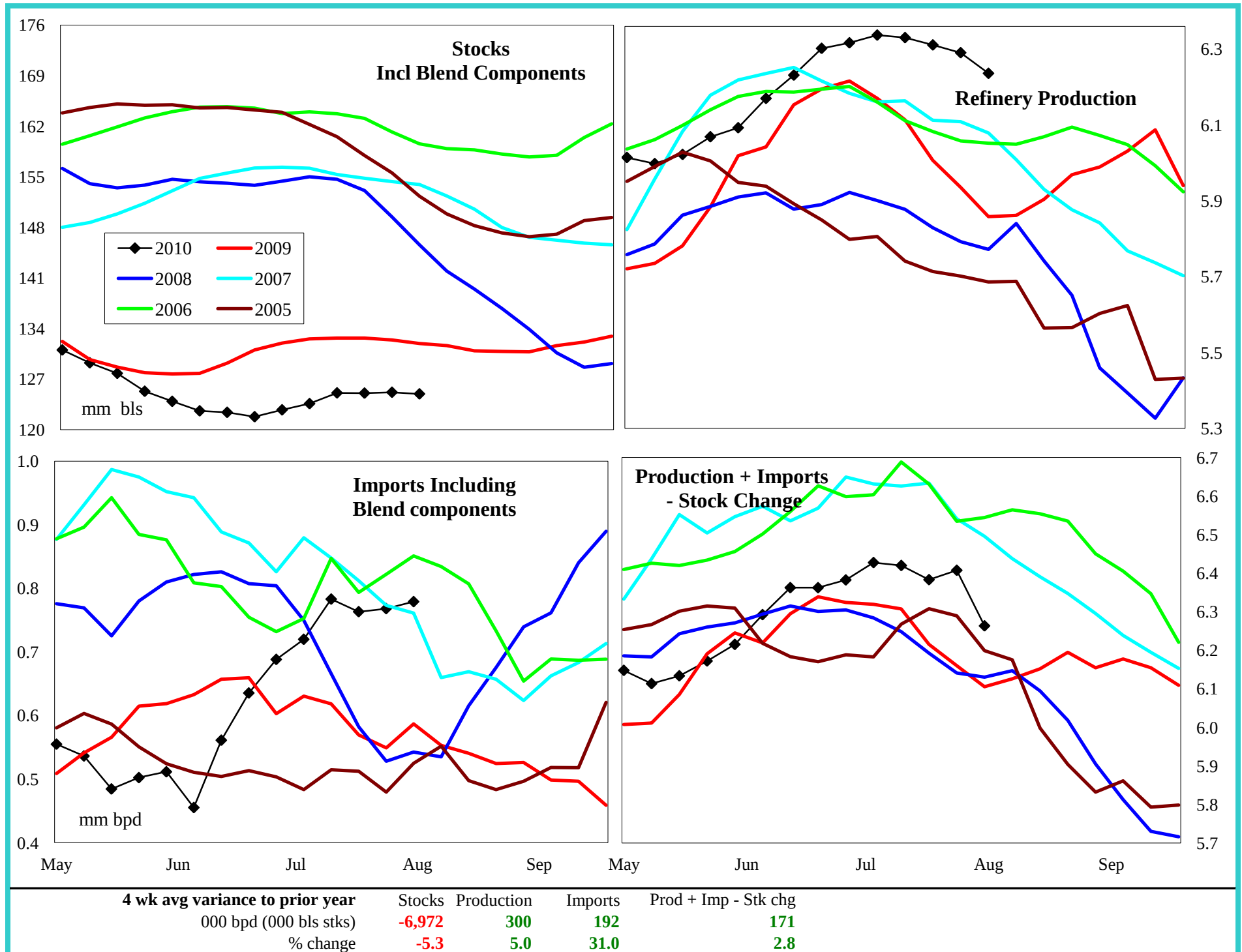
-34.8

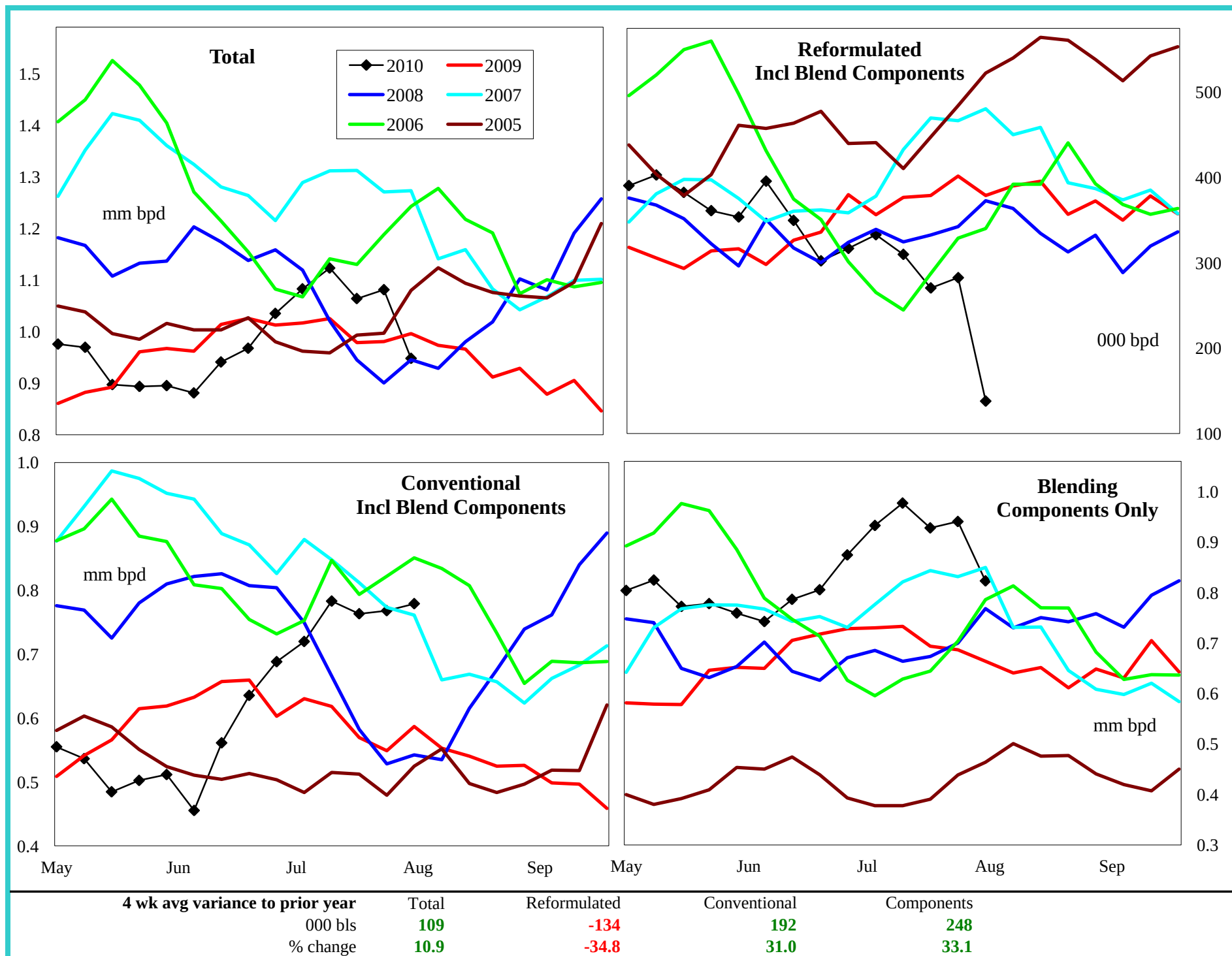
Prod + Imp - Stk chg

38

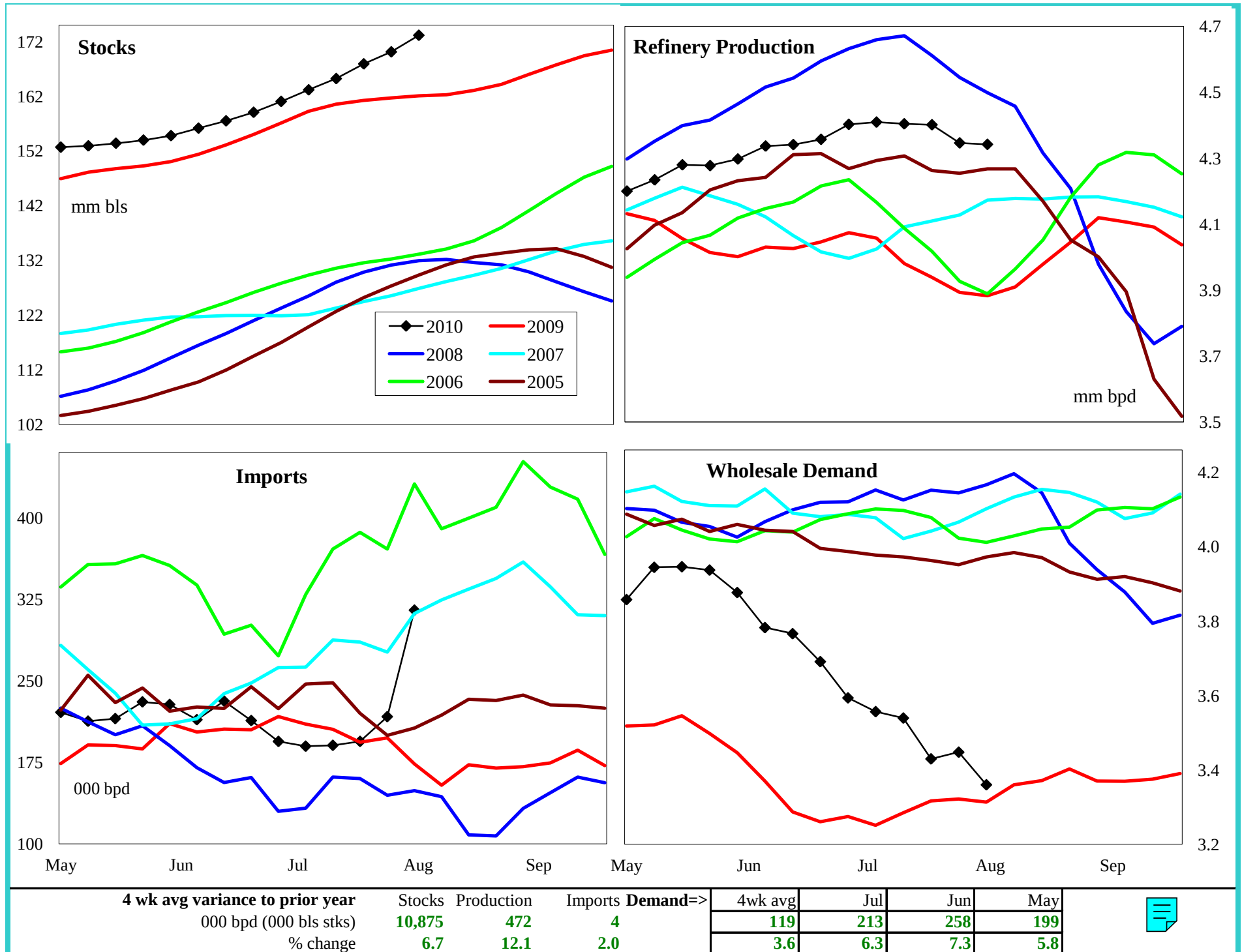
1.3

United States Conventional Gasoline Supply

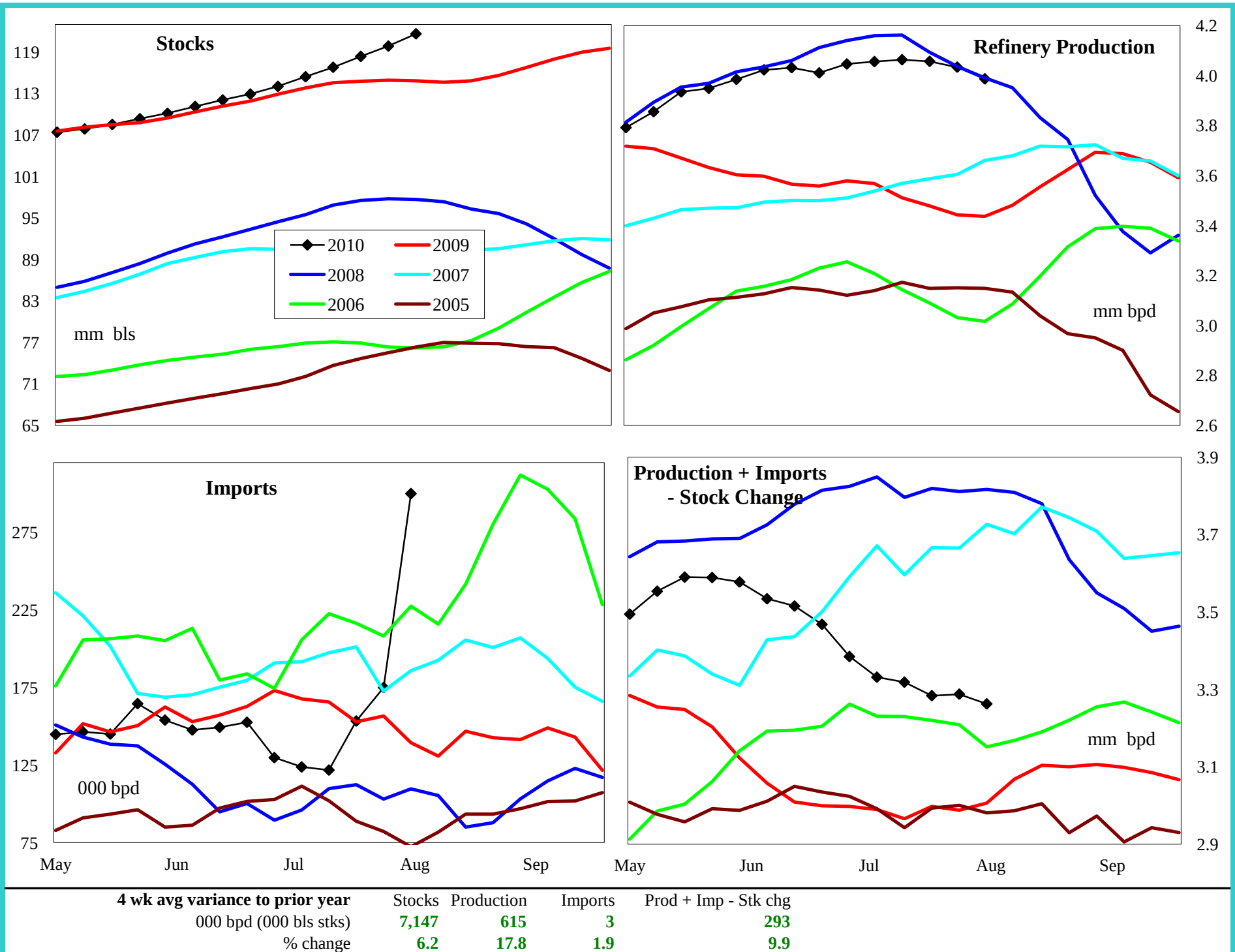




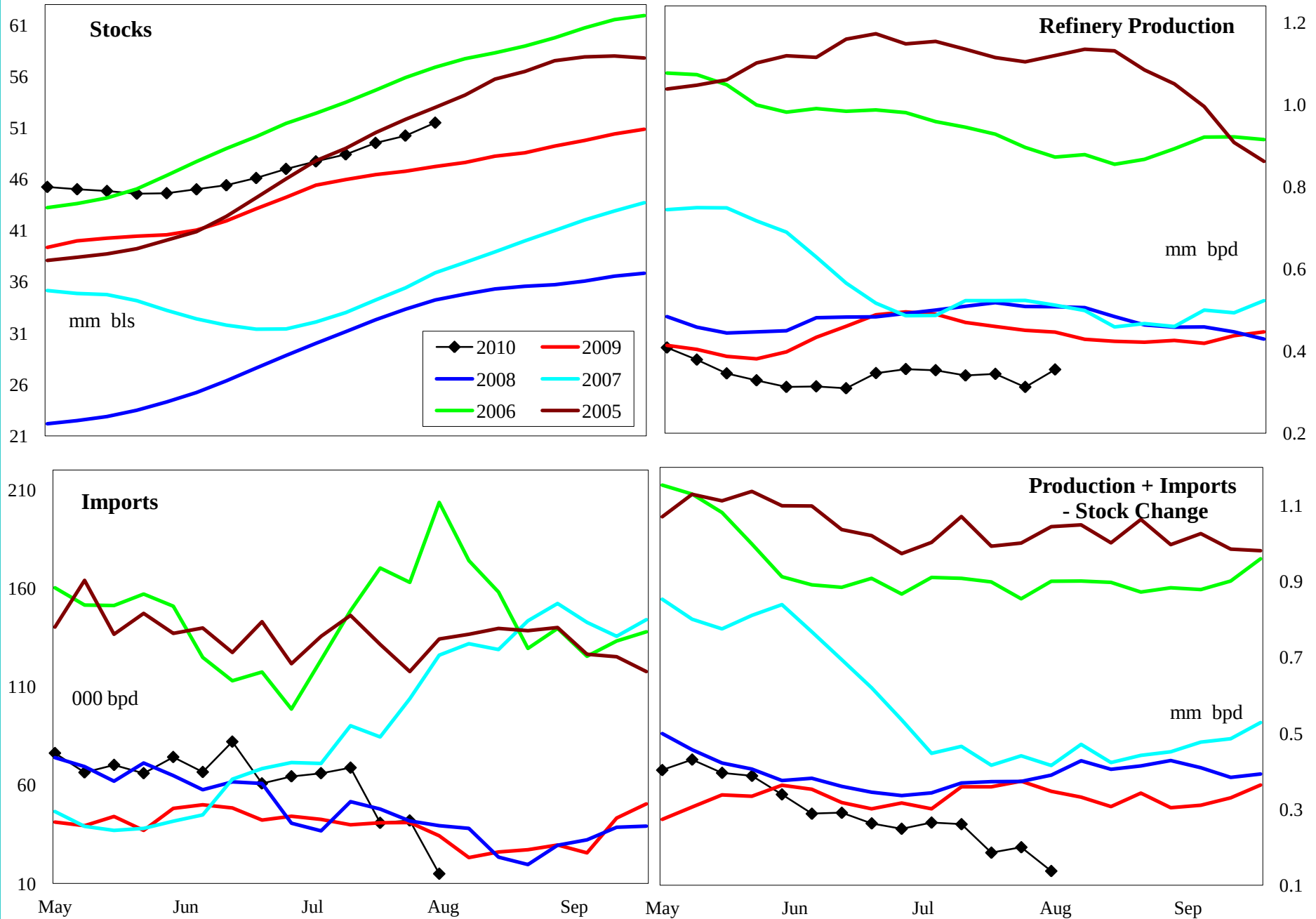
United States Distillate Supply and Demand Balance



United States Low Sulfur Distillate Supply



United States High Sulfur Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

3,728

7.8

Production

-143

-30.9

Imports

1

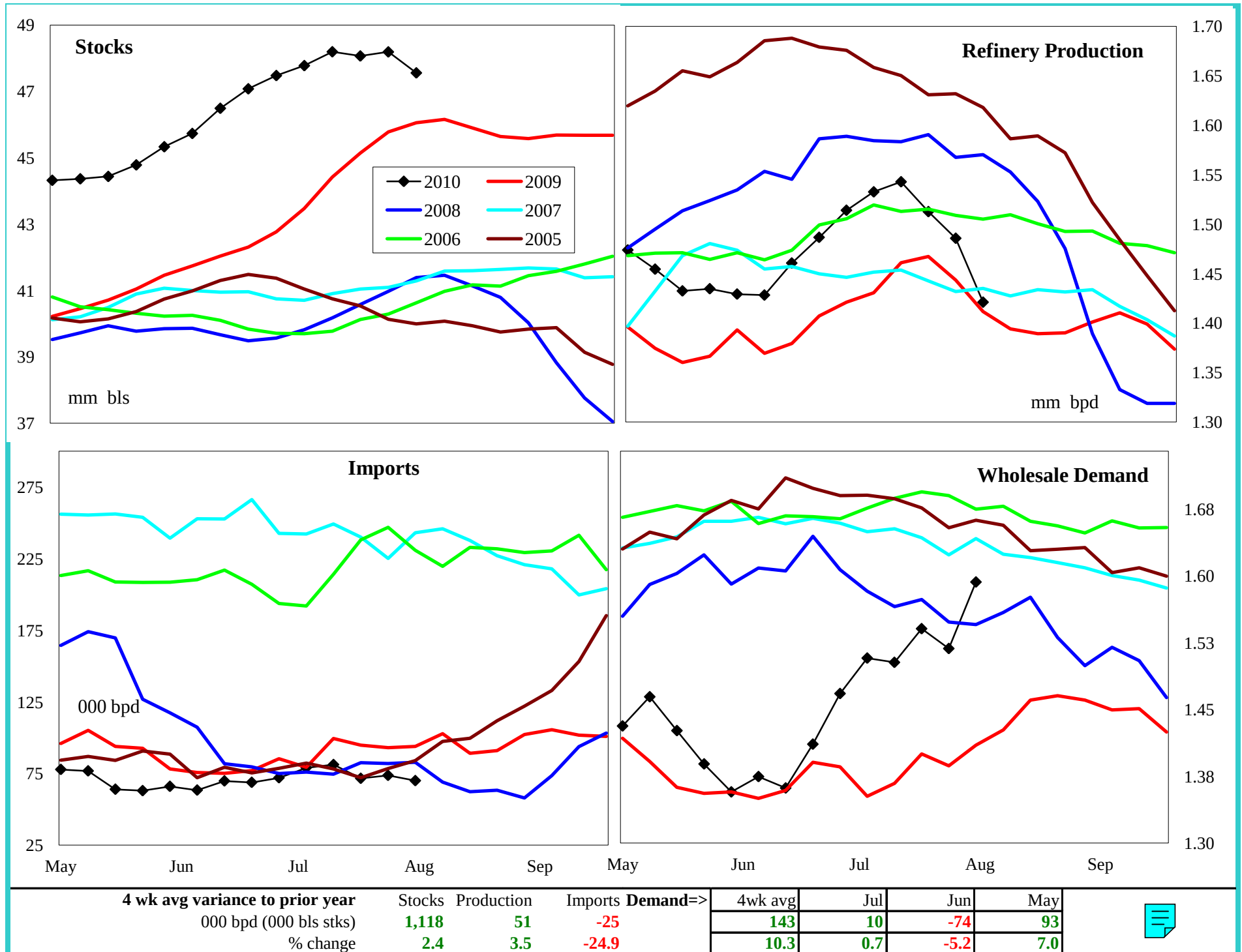
2.2

Prod + Imp - Stk chg

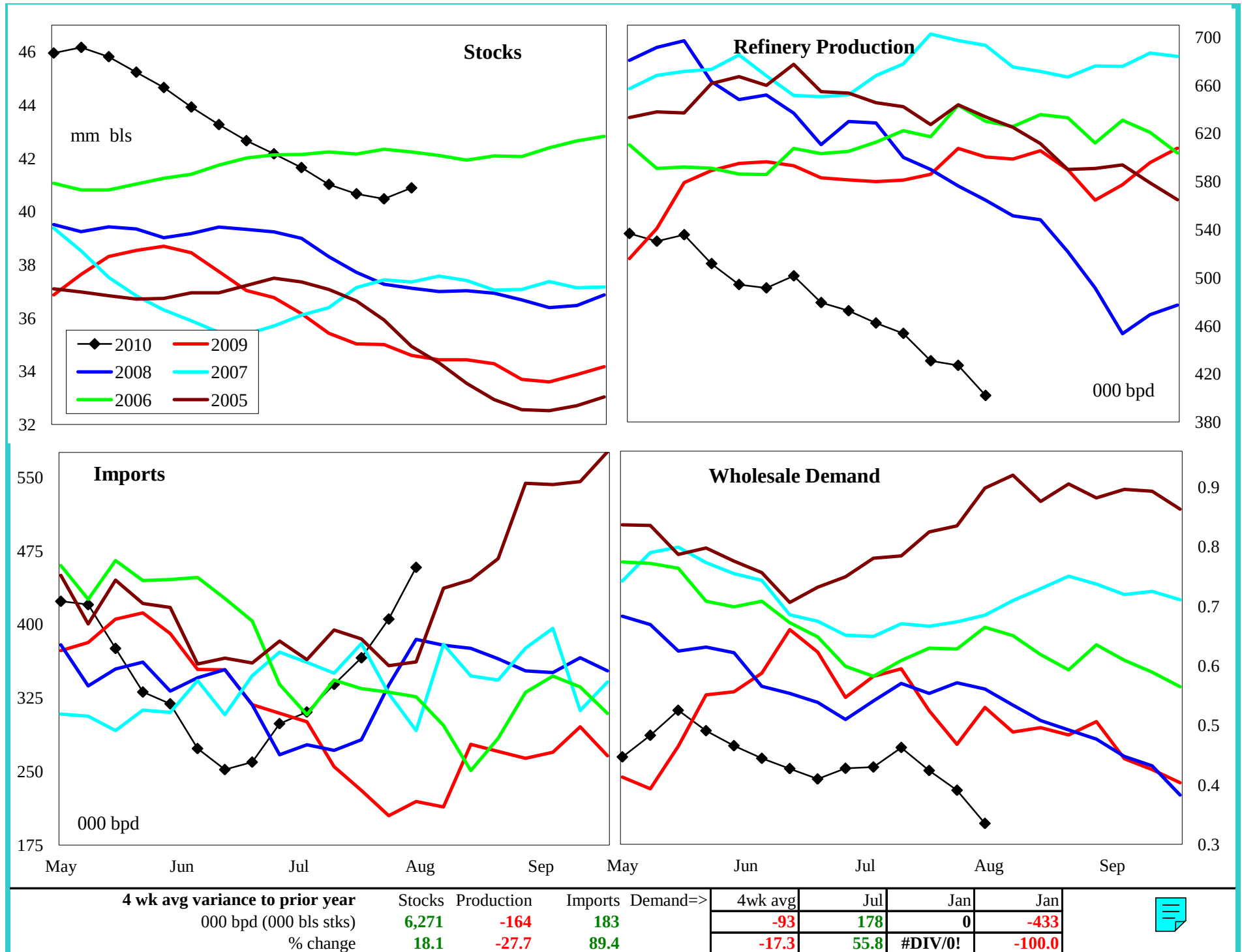
-174

-47.7

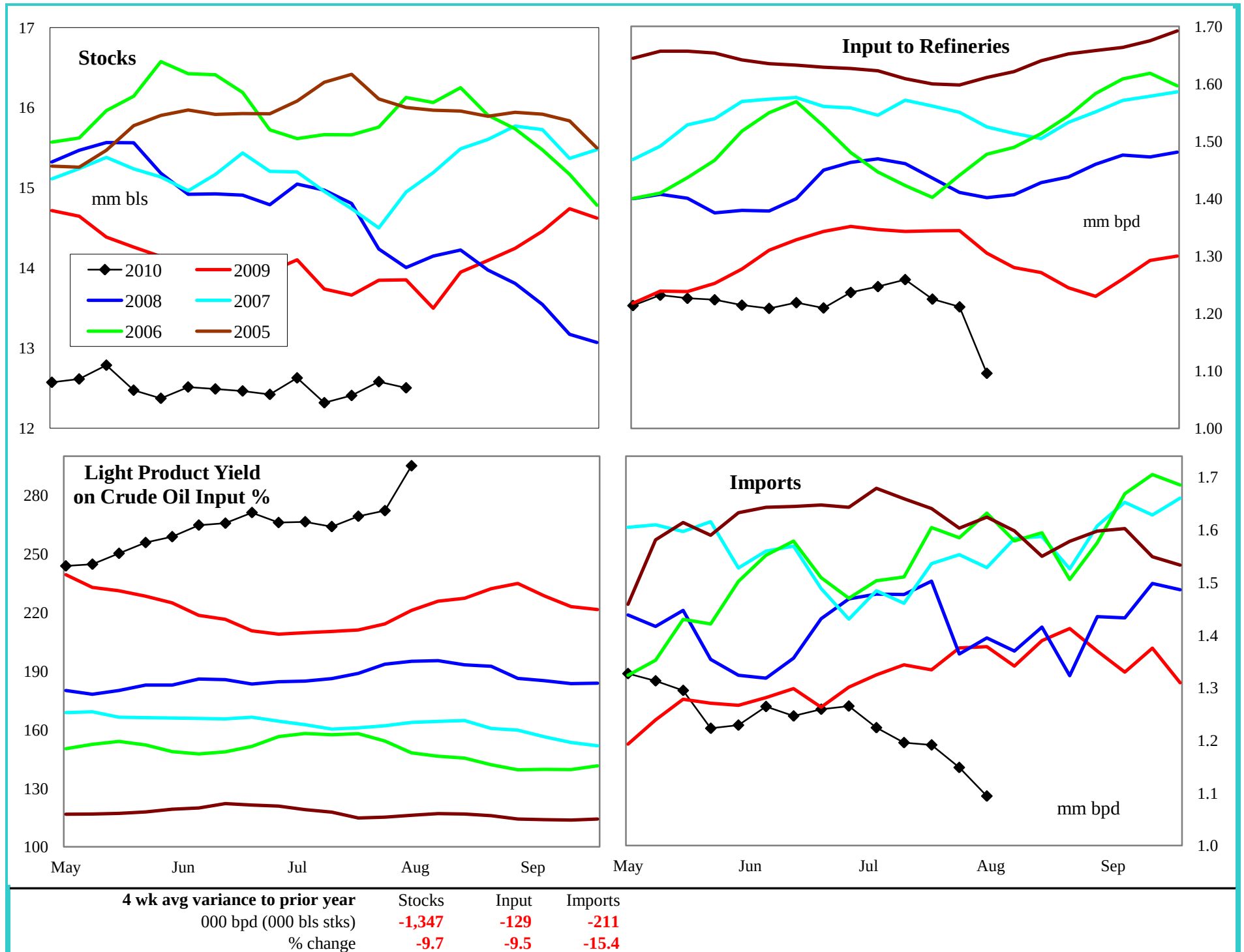
United States Jet Fuel Supply and Demand Balance



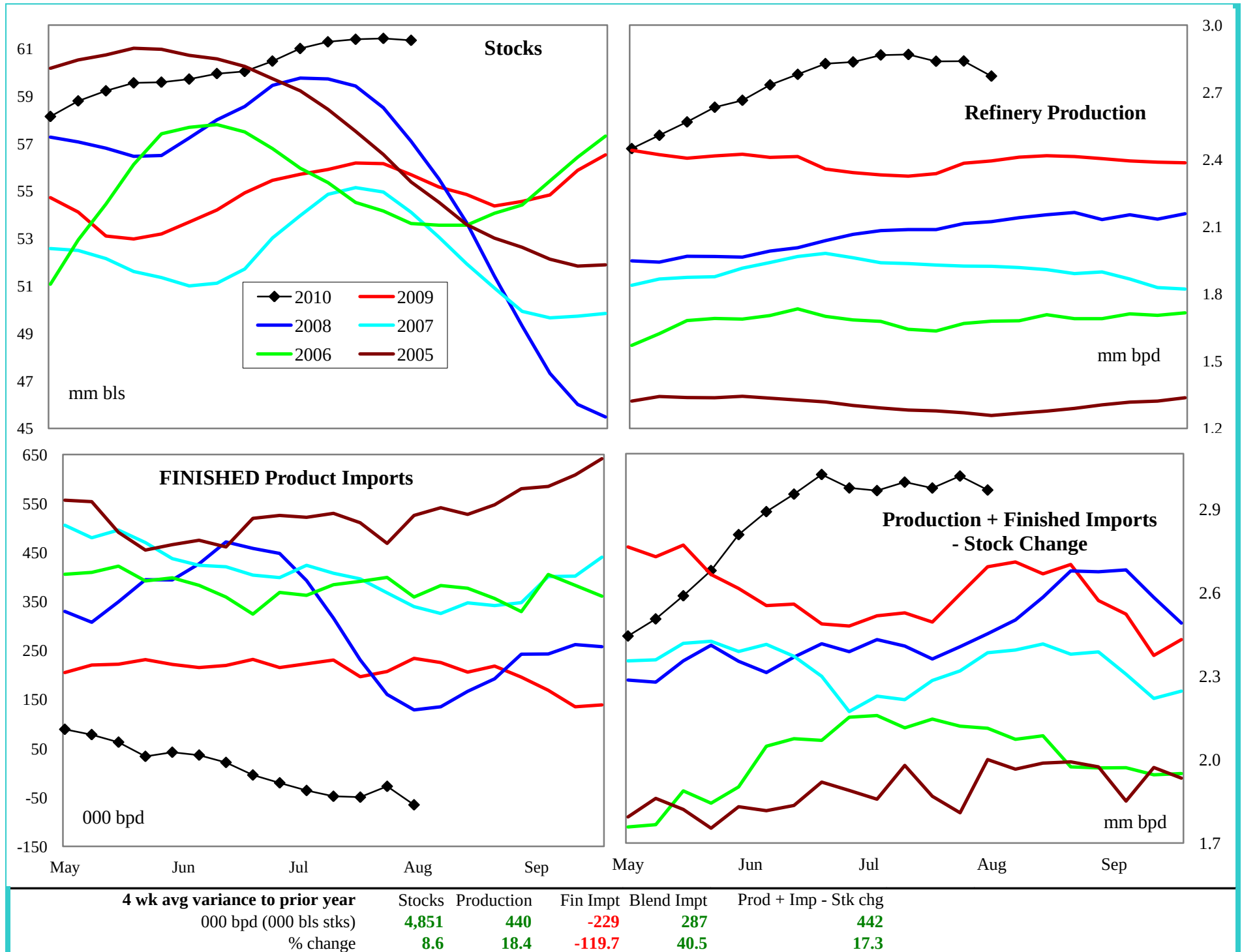
United States Residual Fuel Oil Supply and Demand Balance



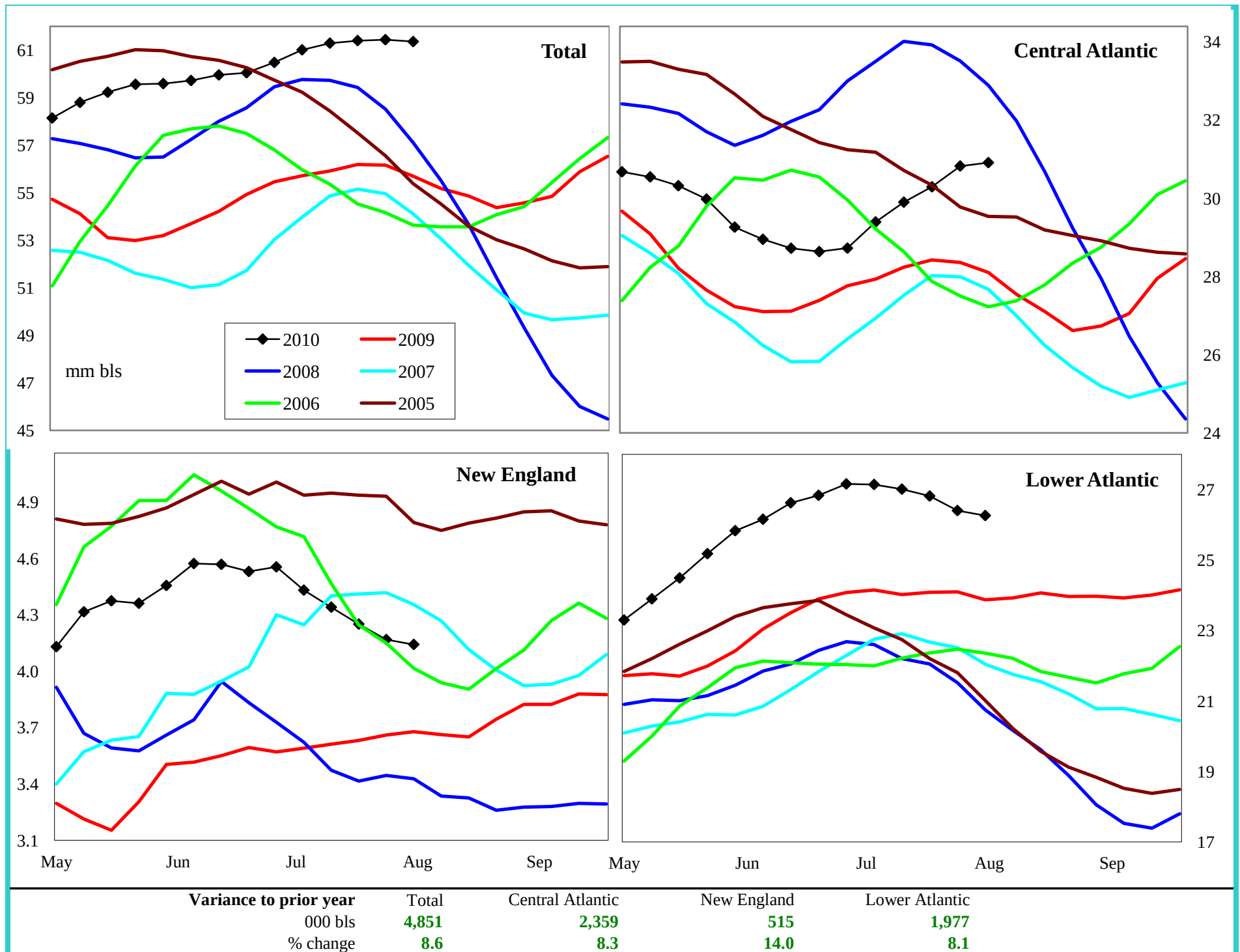
PADD 1 Crude Oil Supply and Refining



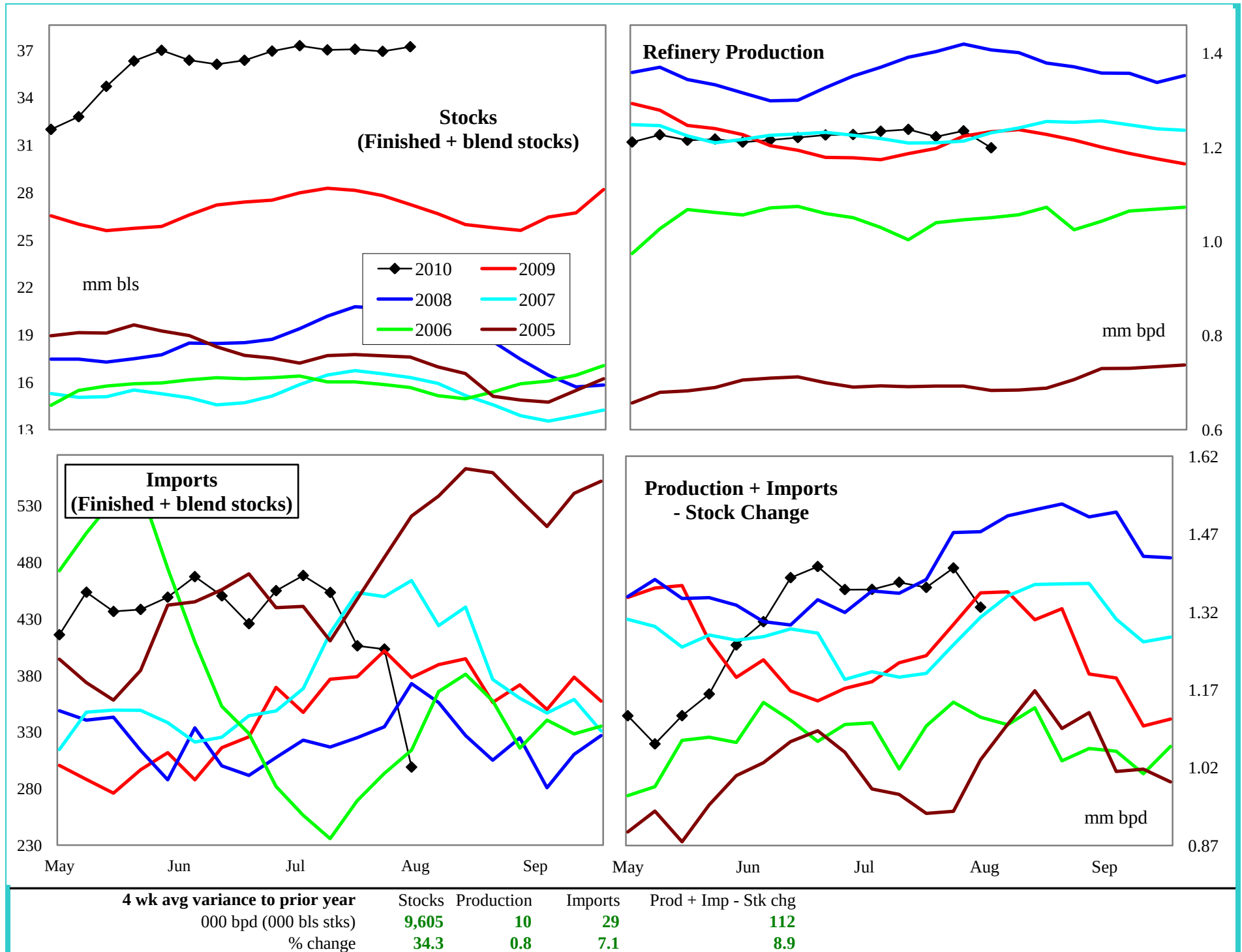
PADD 1 Gasoline Supply



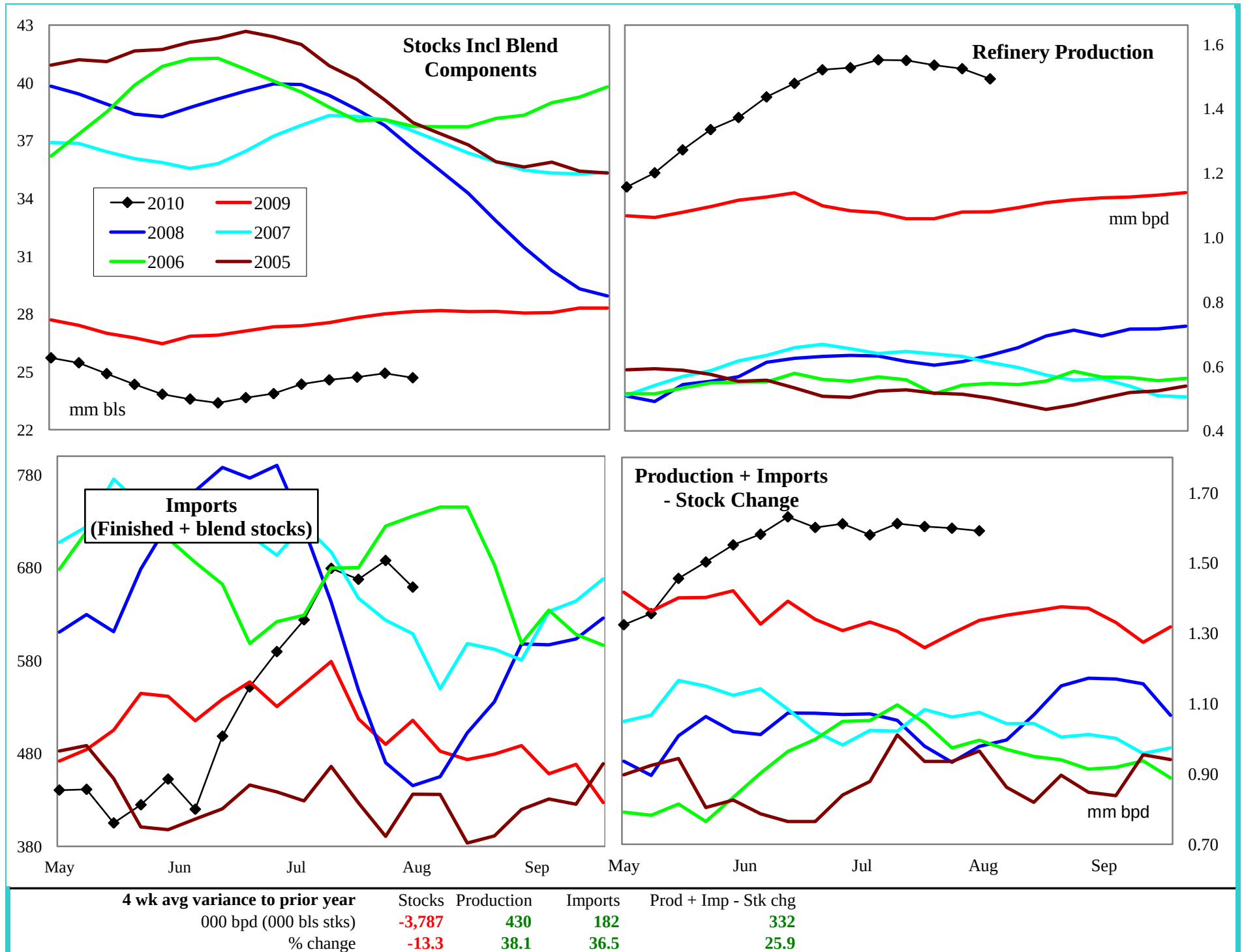
PADD 1 Gasoline Stocks by Region



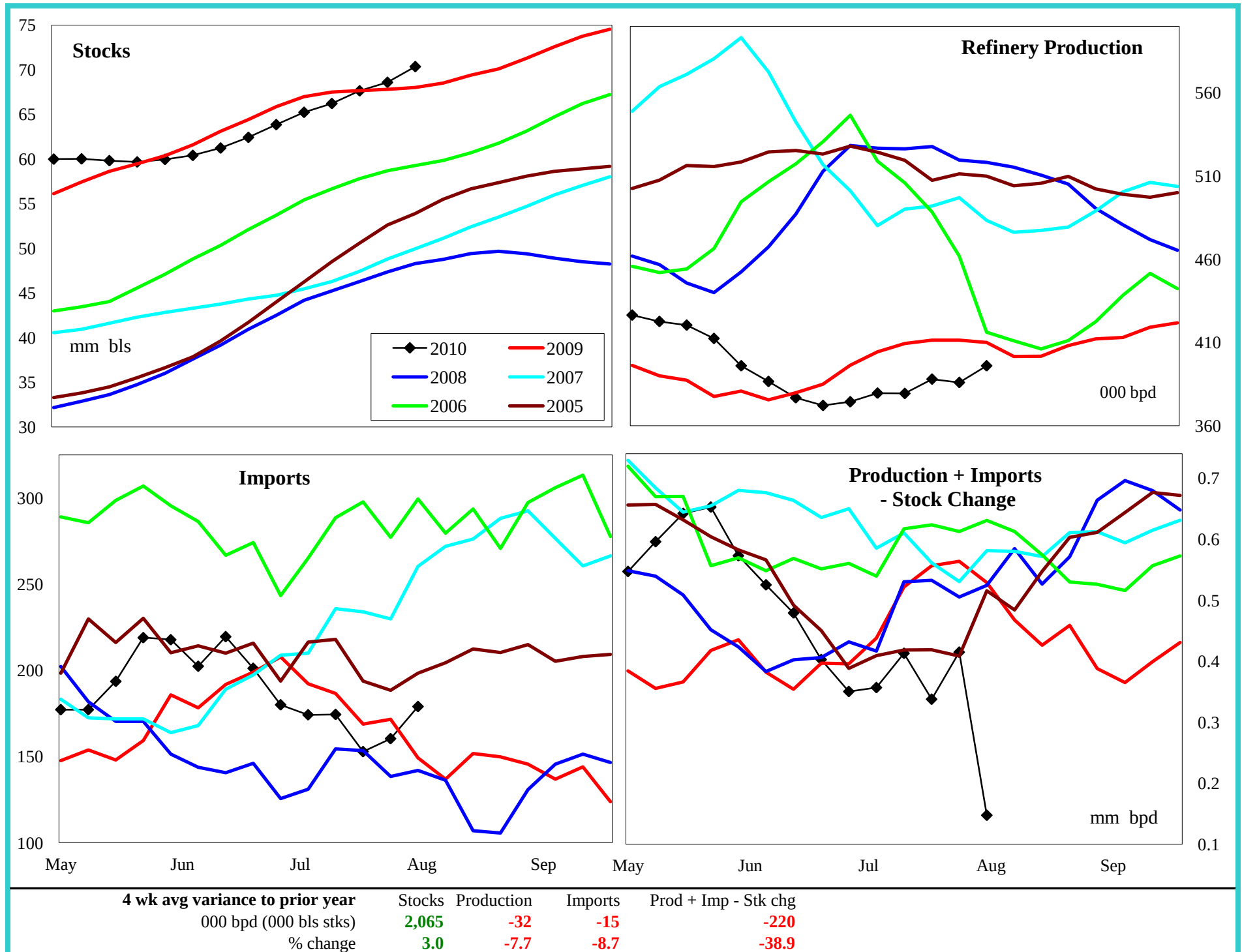
PADD 1 Reformulated Gasoline Supply



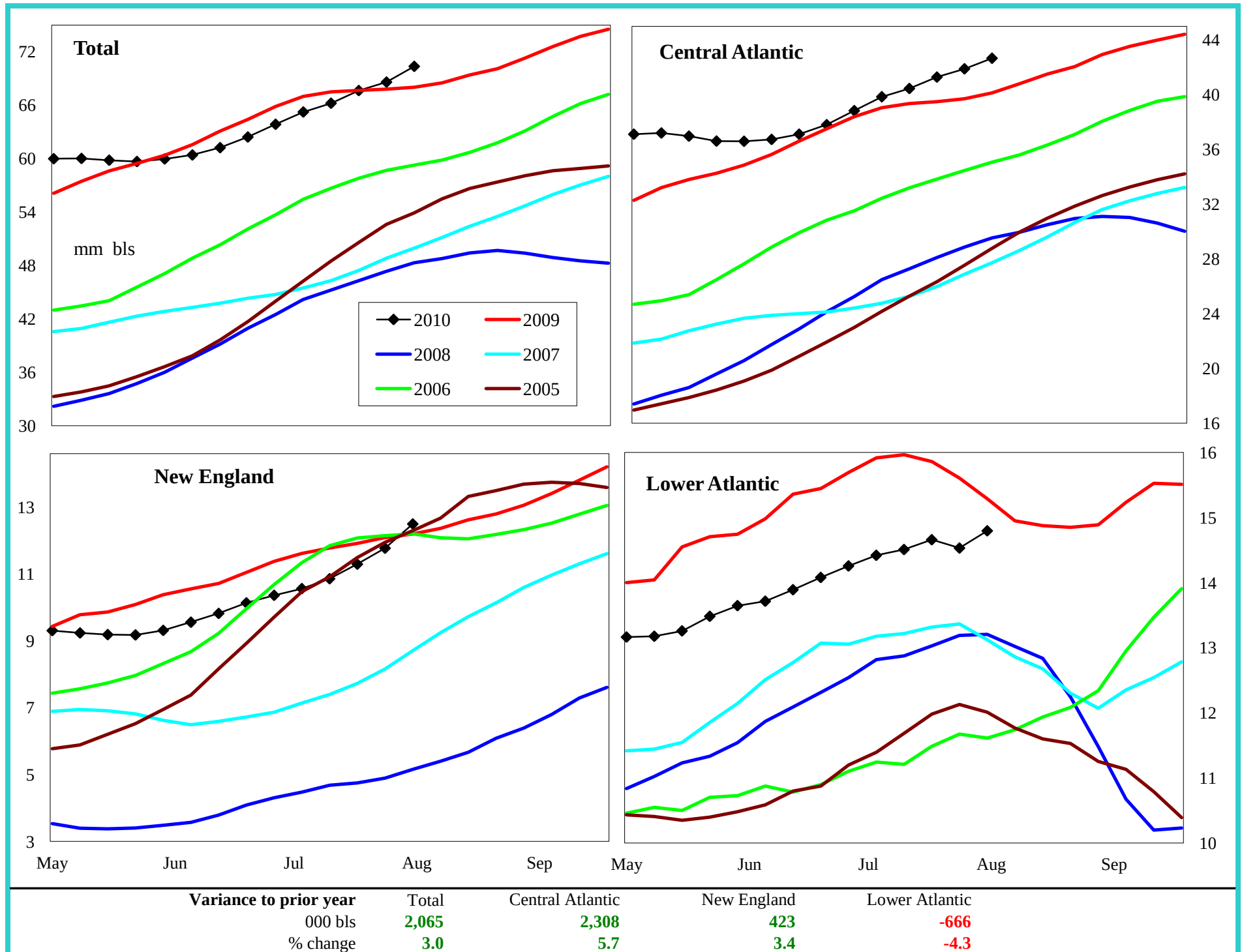
PADD 1 Conventional Gasoline Supply



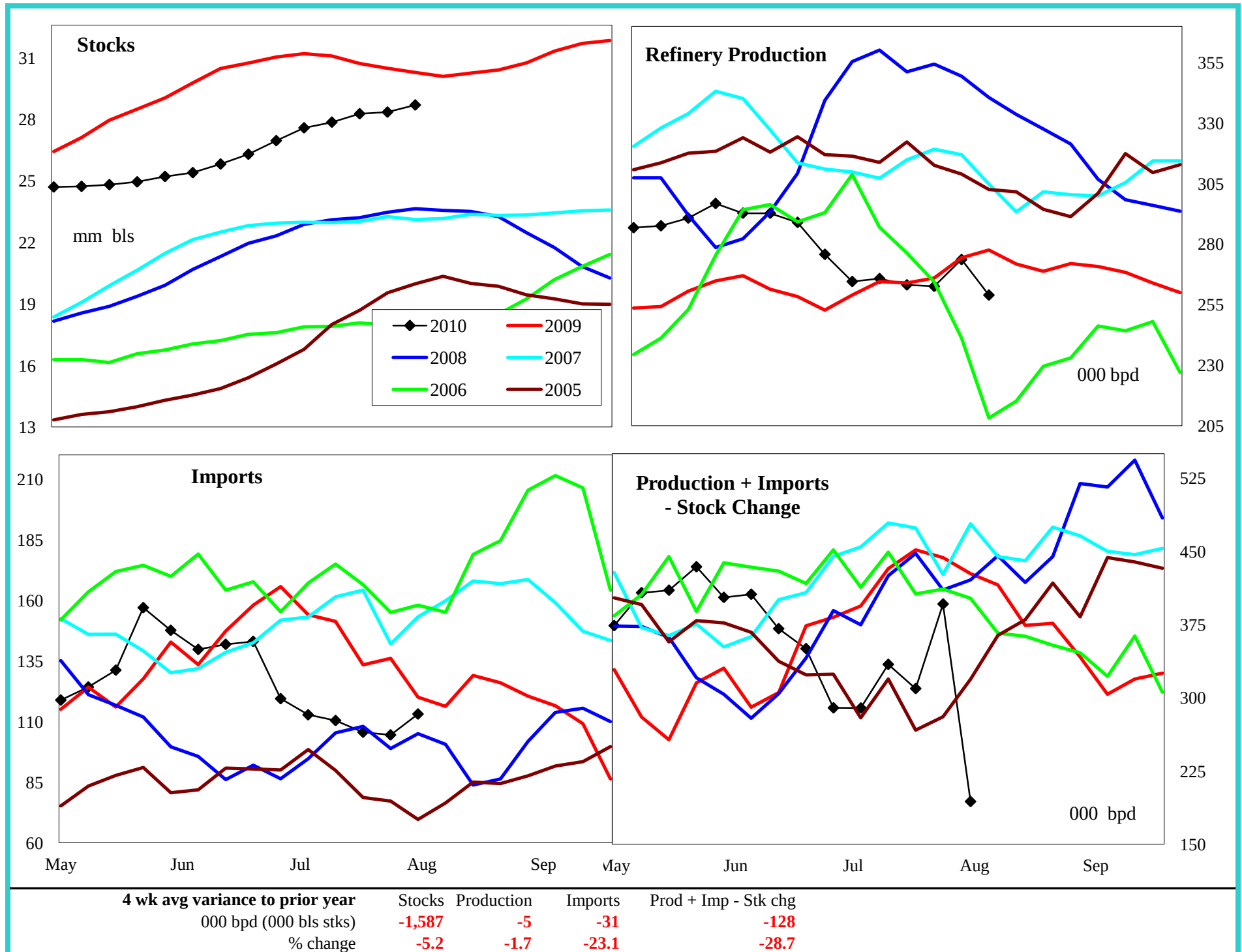
PADD 1 Distillate Supply



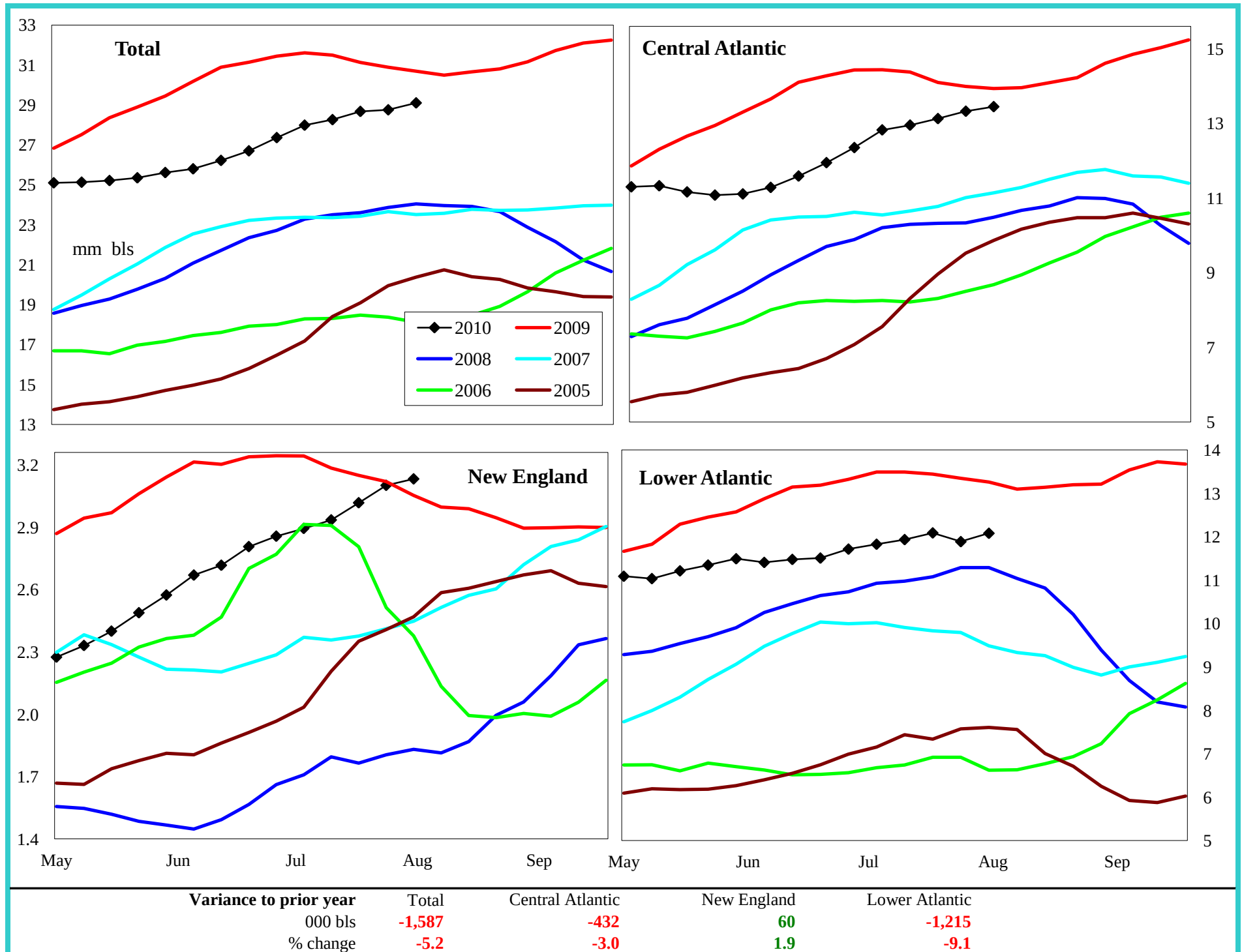
PADD 1 Distillate Stocks by Region



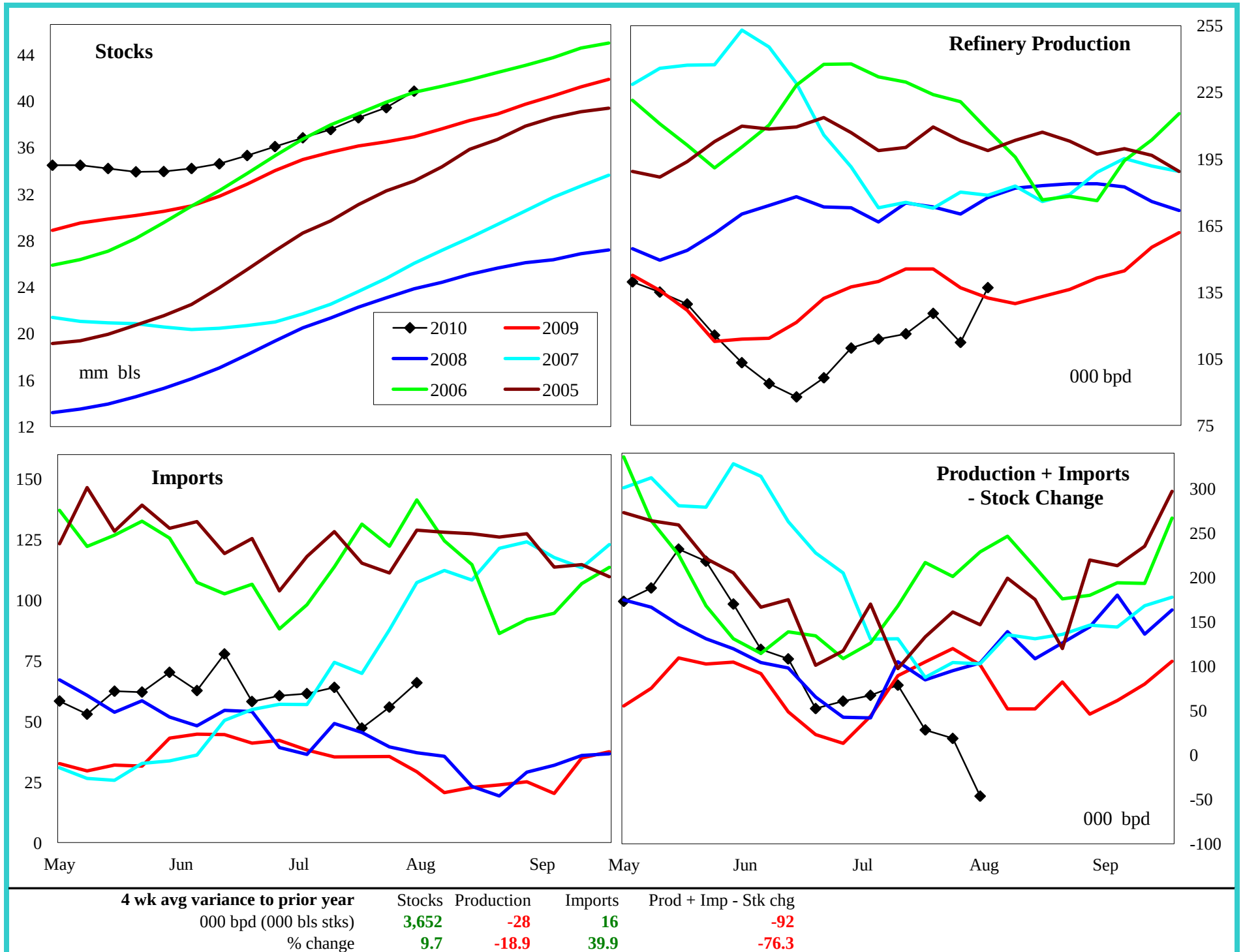
PADD 1 Low Sulfur Distillate Supply



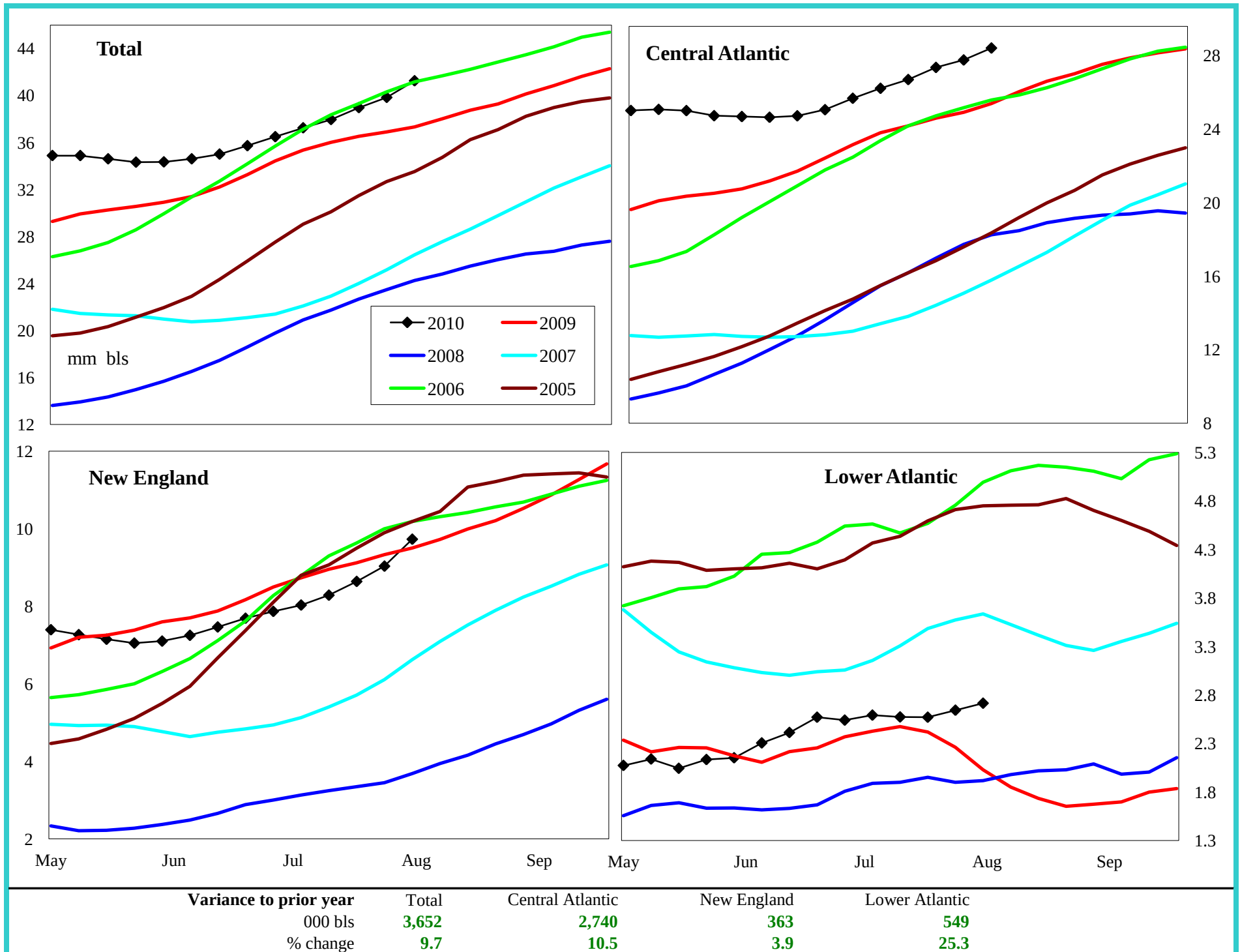
PADD 1 Low Sulfur Distillate Stocks by Region



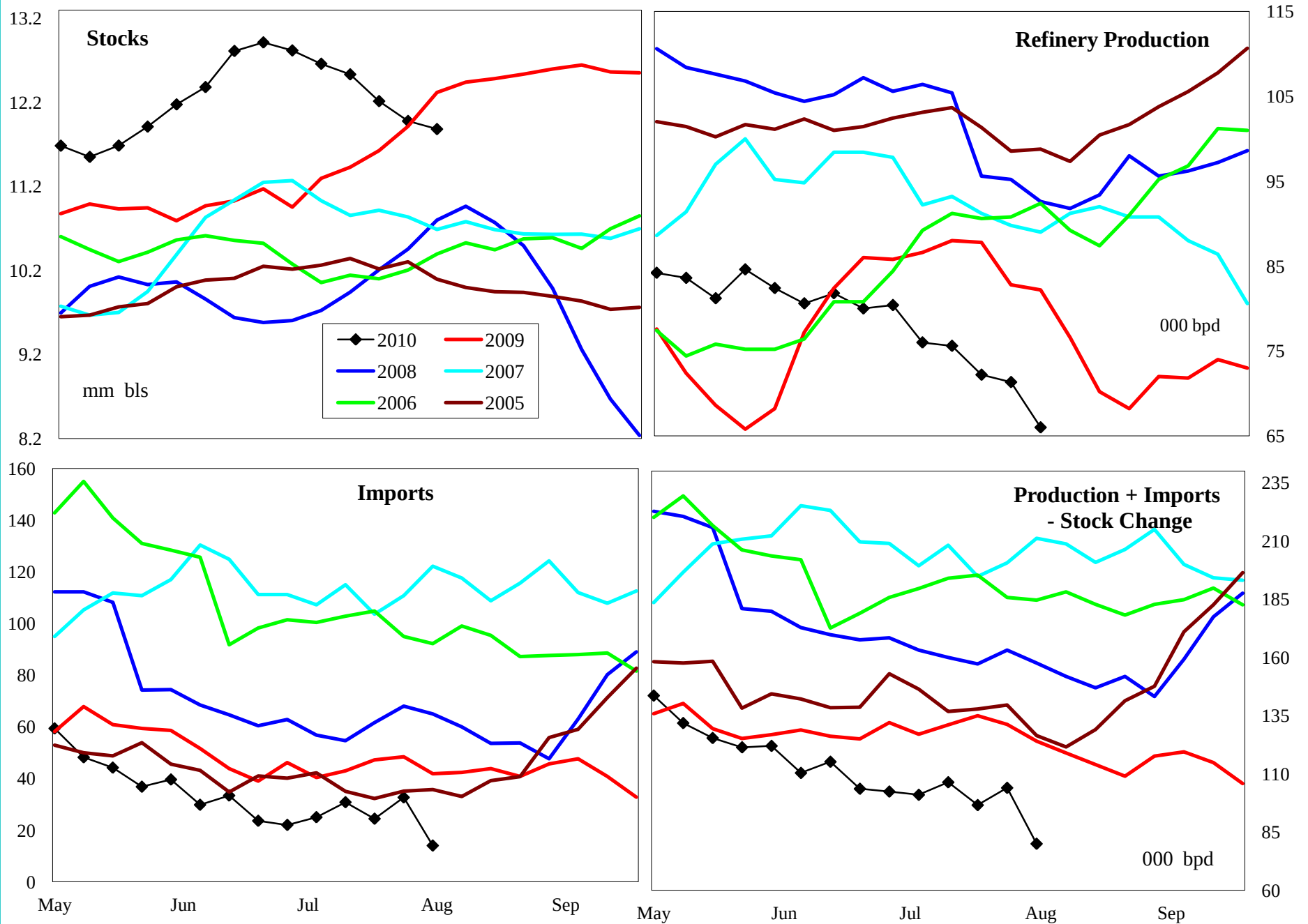
PADD 1 High Sulfur Distillate Supply



PADD 1 High Sulfur Distillate Stocks by Region



PADD 1 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-437

-14

-26

-40

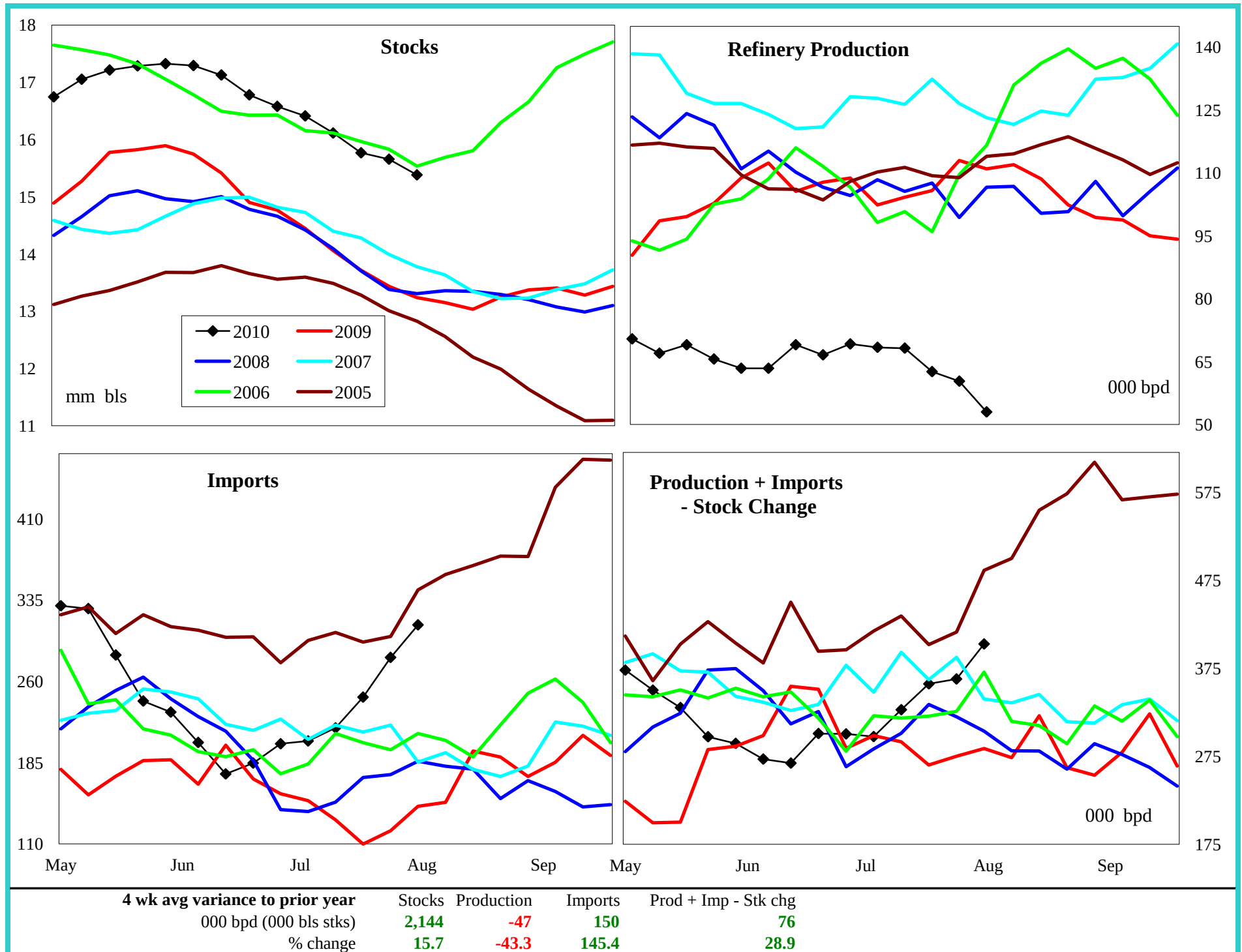
-3.5

-16.3

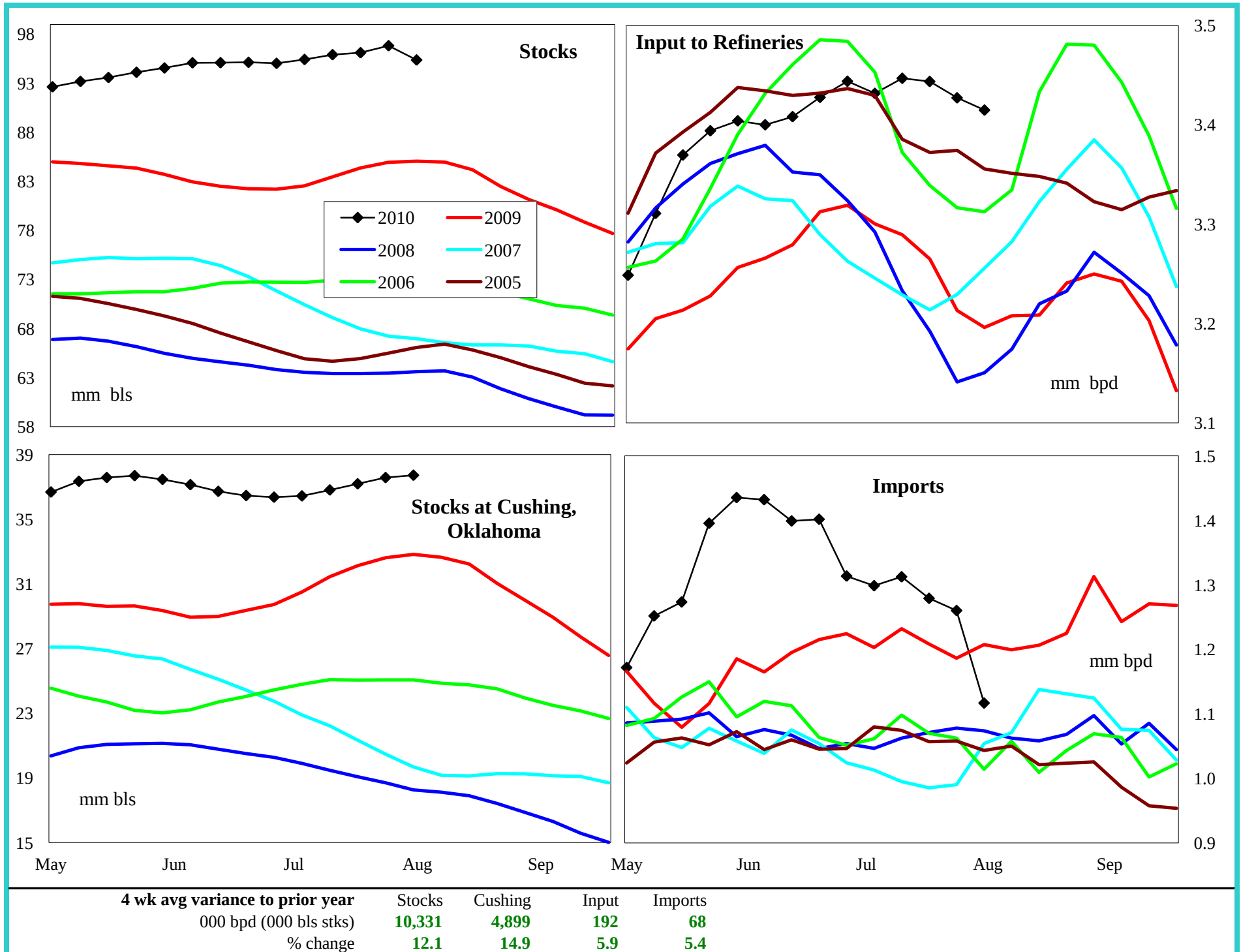
-47.5

-28.0

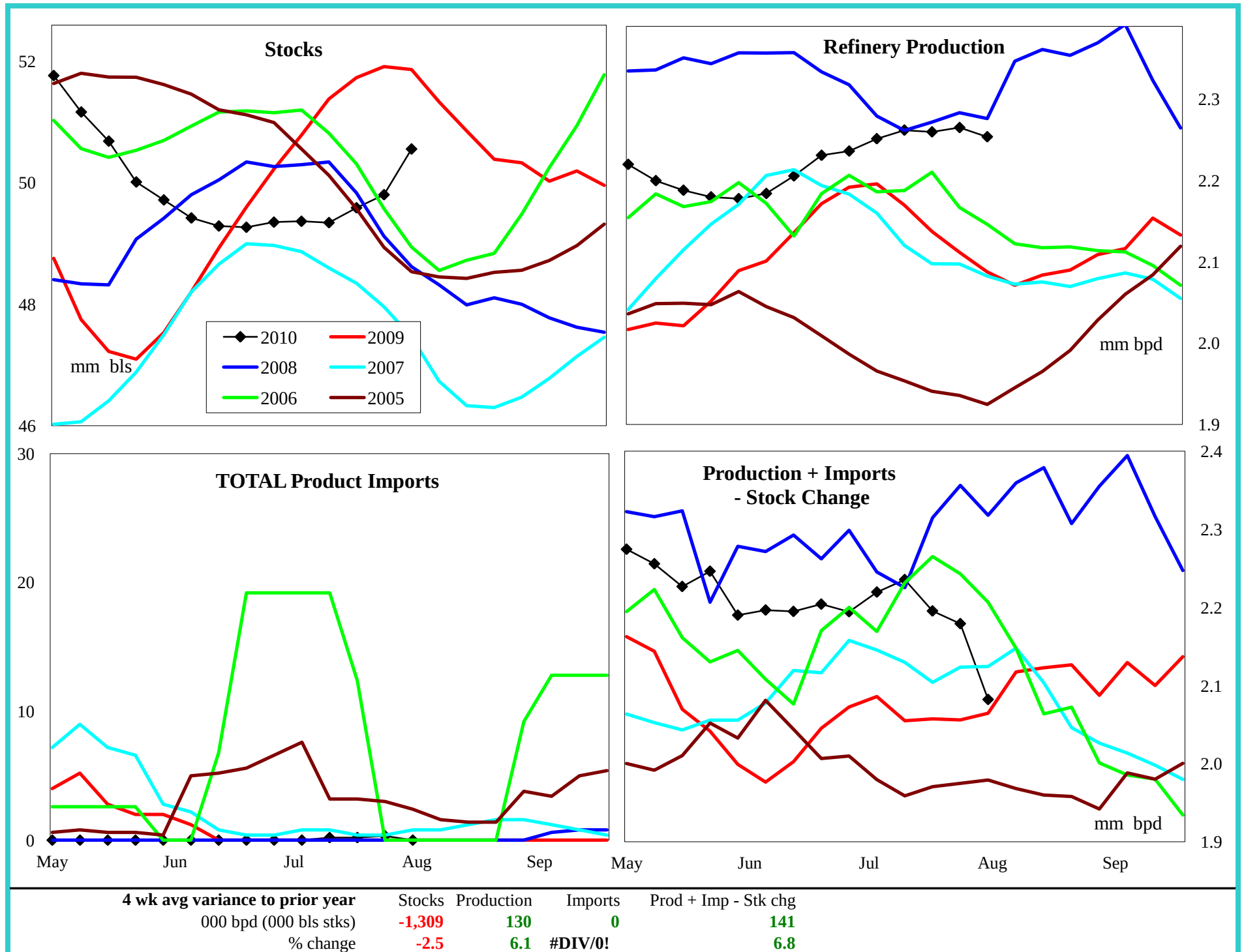
PADD 1 Residual Fuel Oil Supply



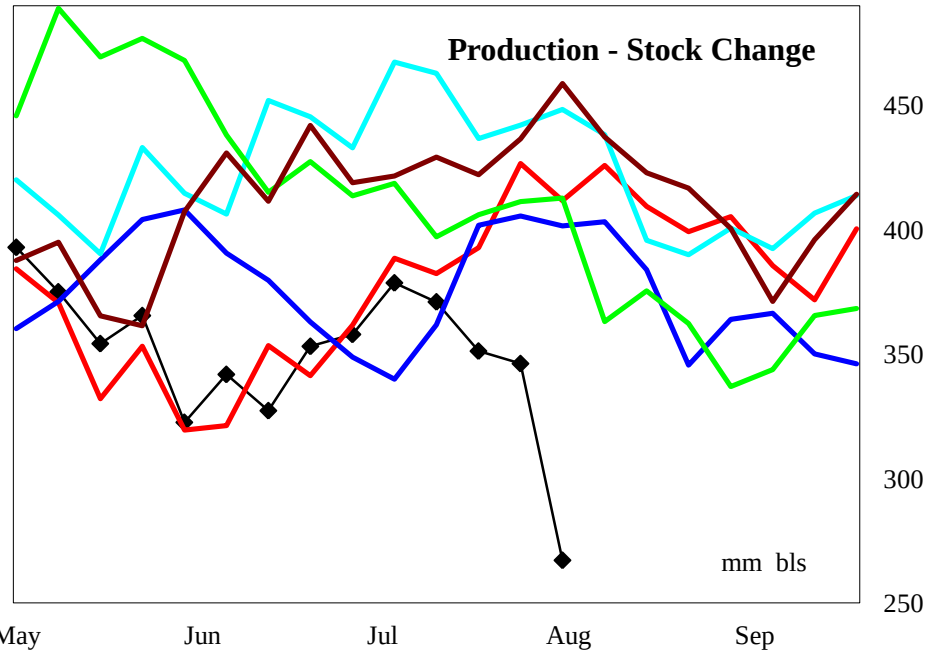
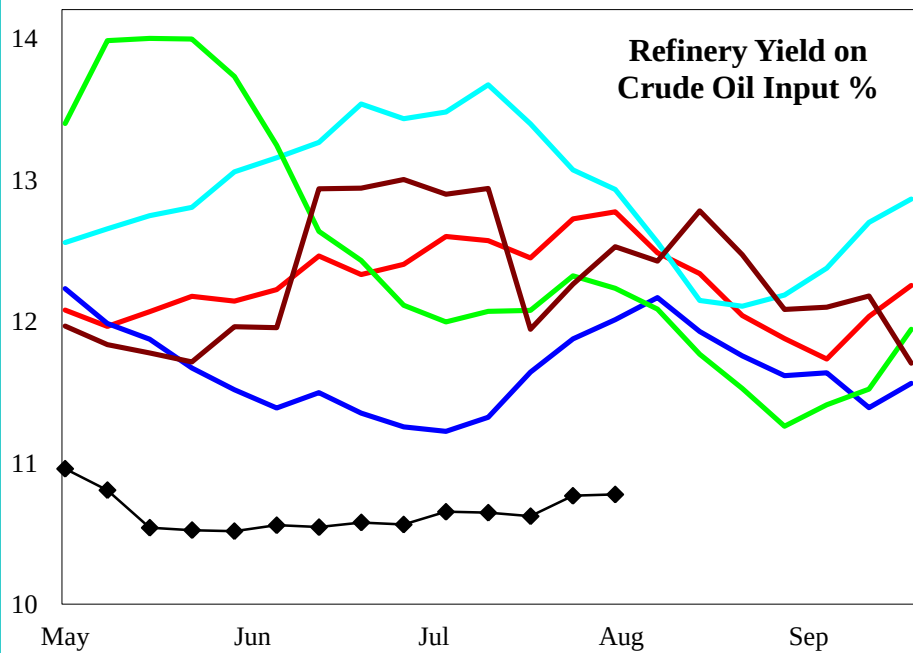
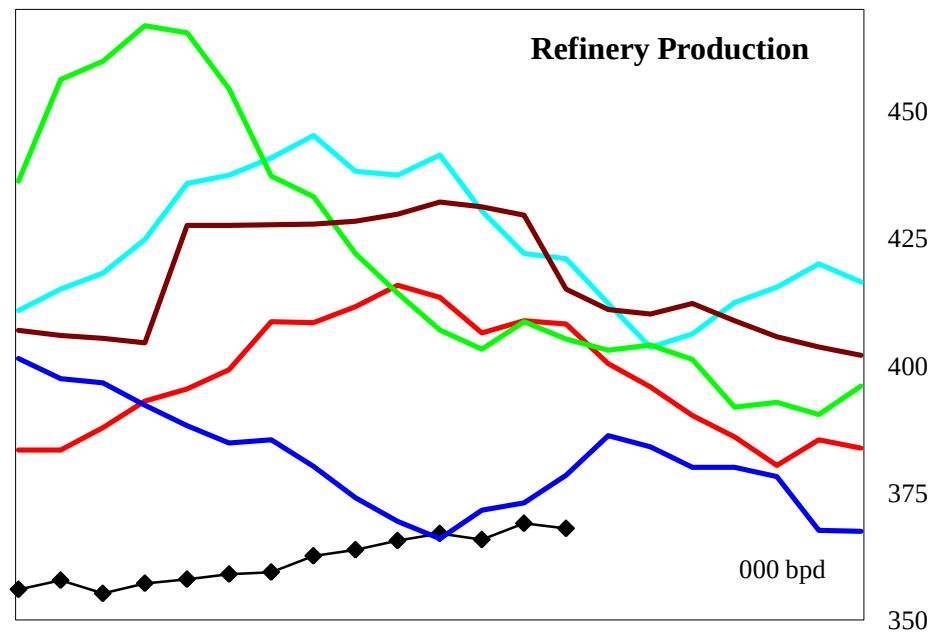
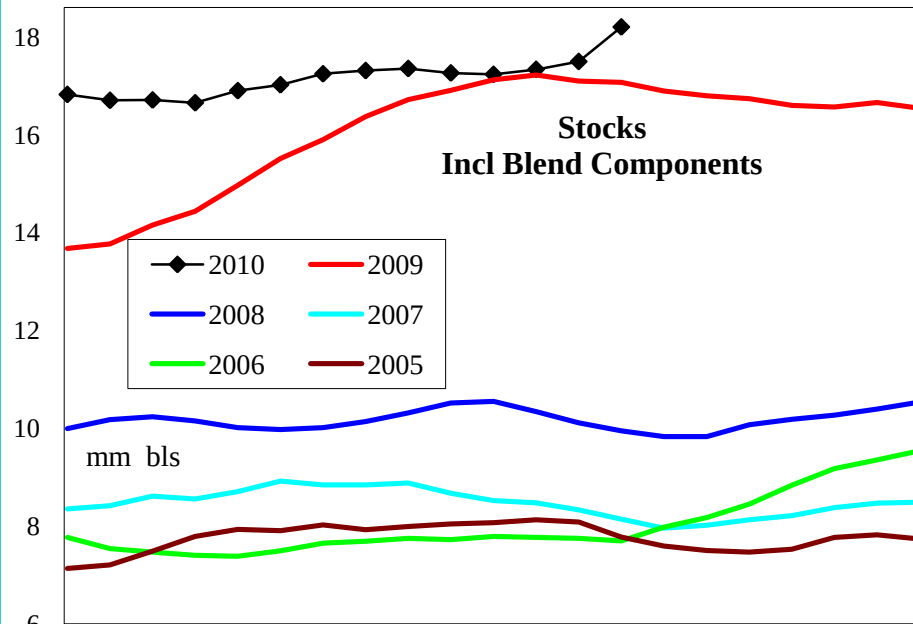
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



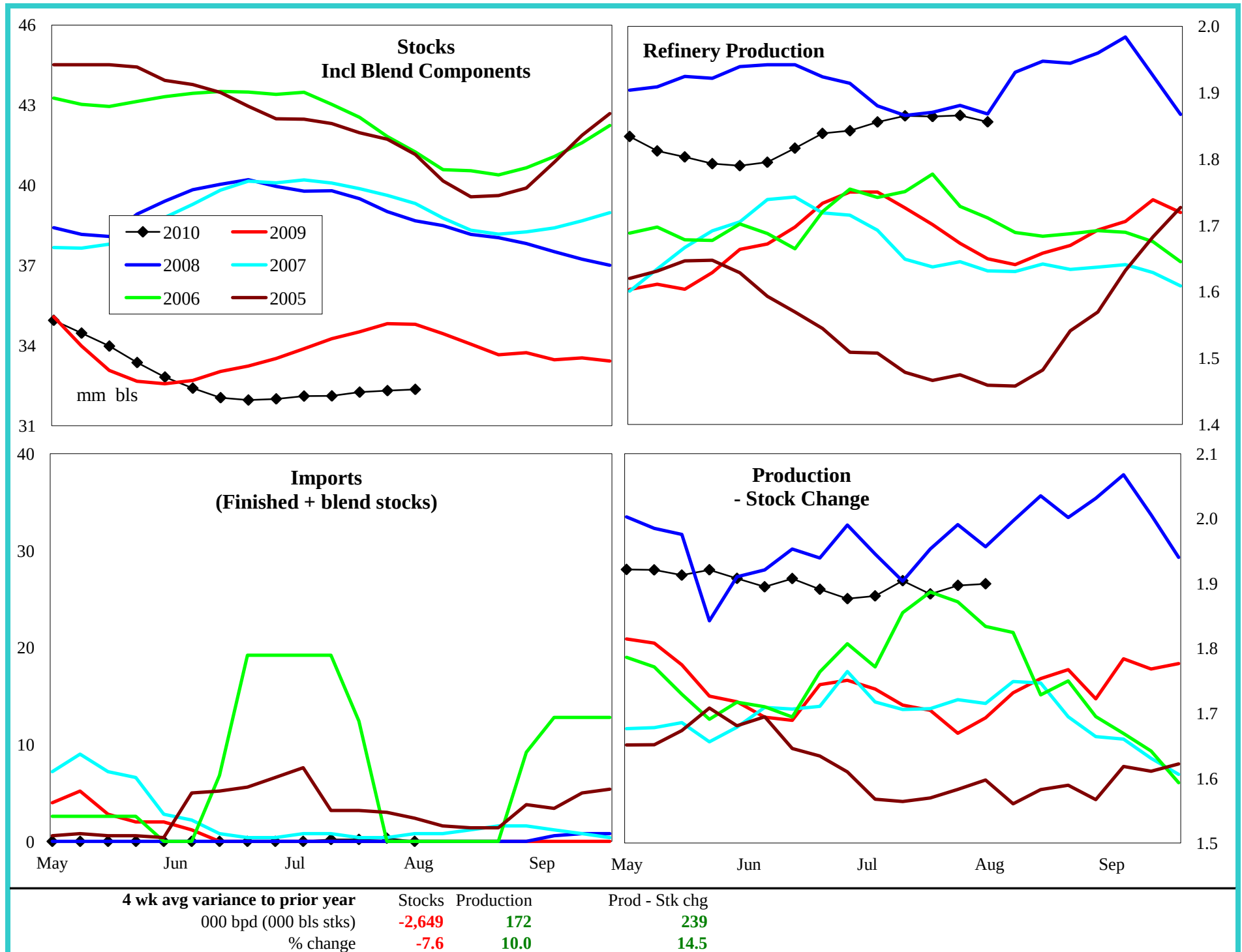
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks
1,129
6.5

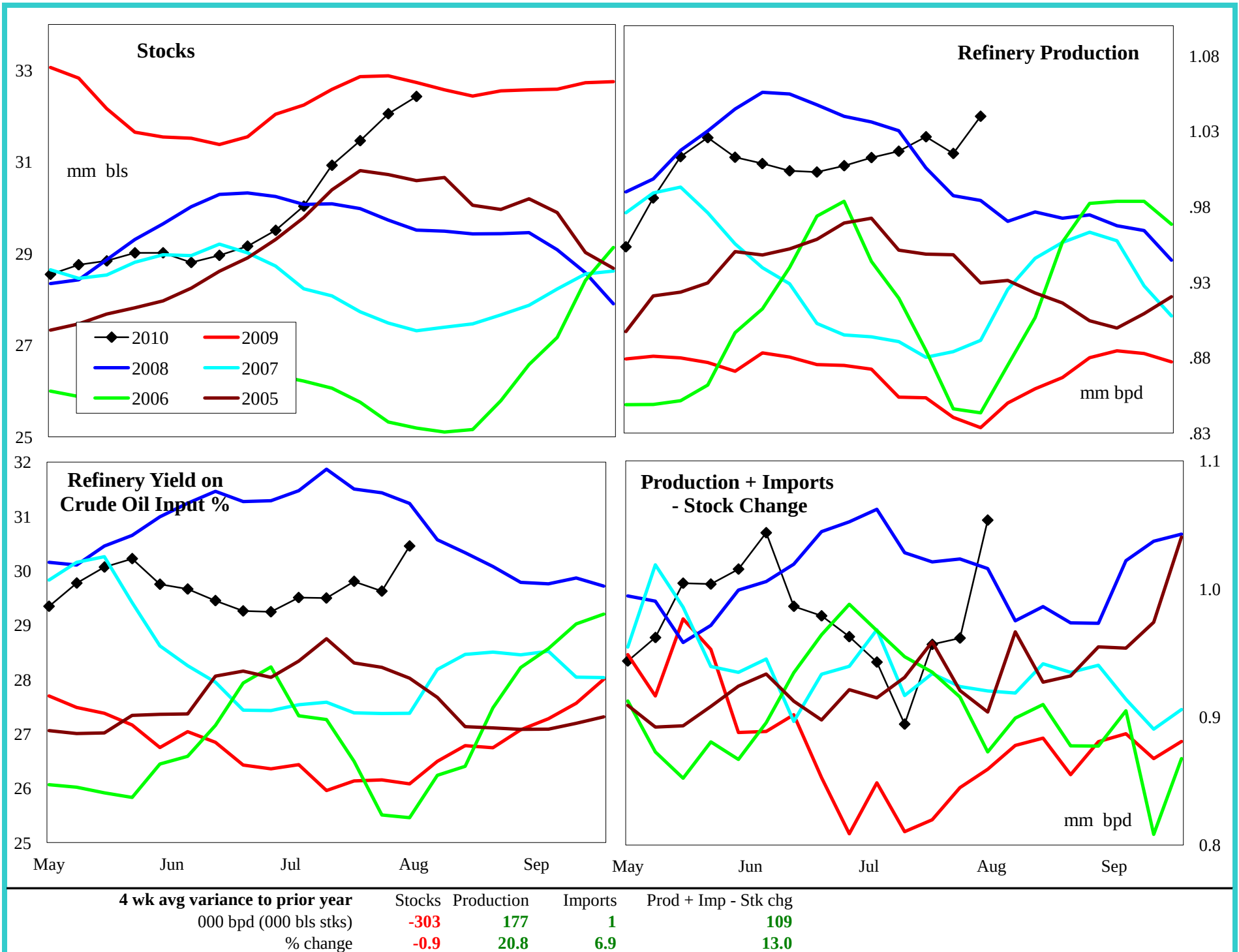
Production
-42
-10.2

Prod - Stk chg
-69
-17.2

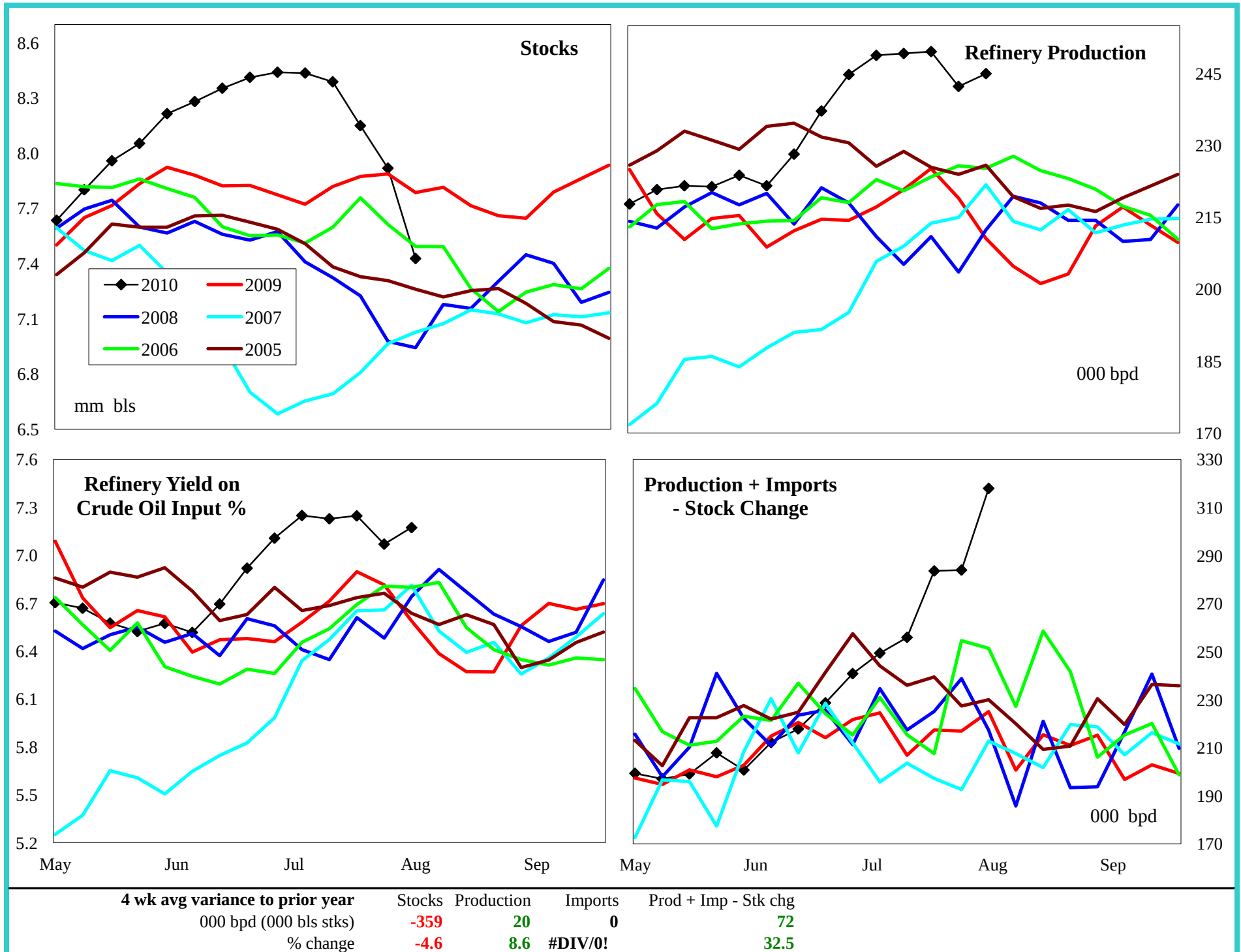
PADD 2 Conventional Gasoline Supply



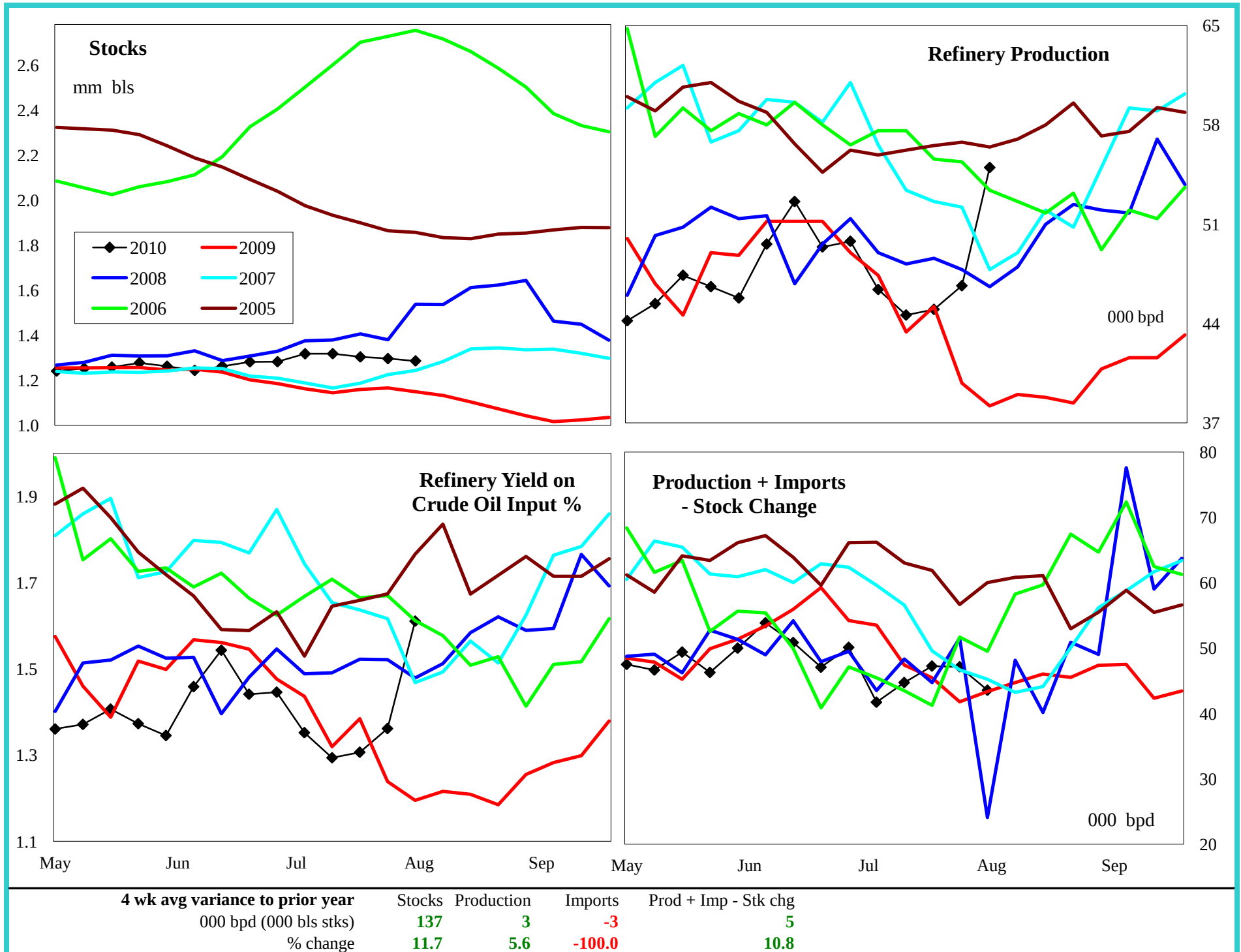
PADD 2 Distillate Supply



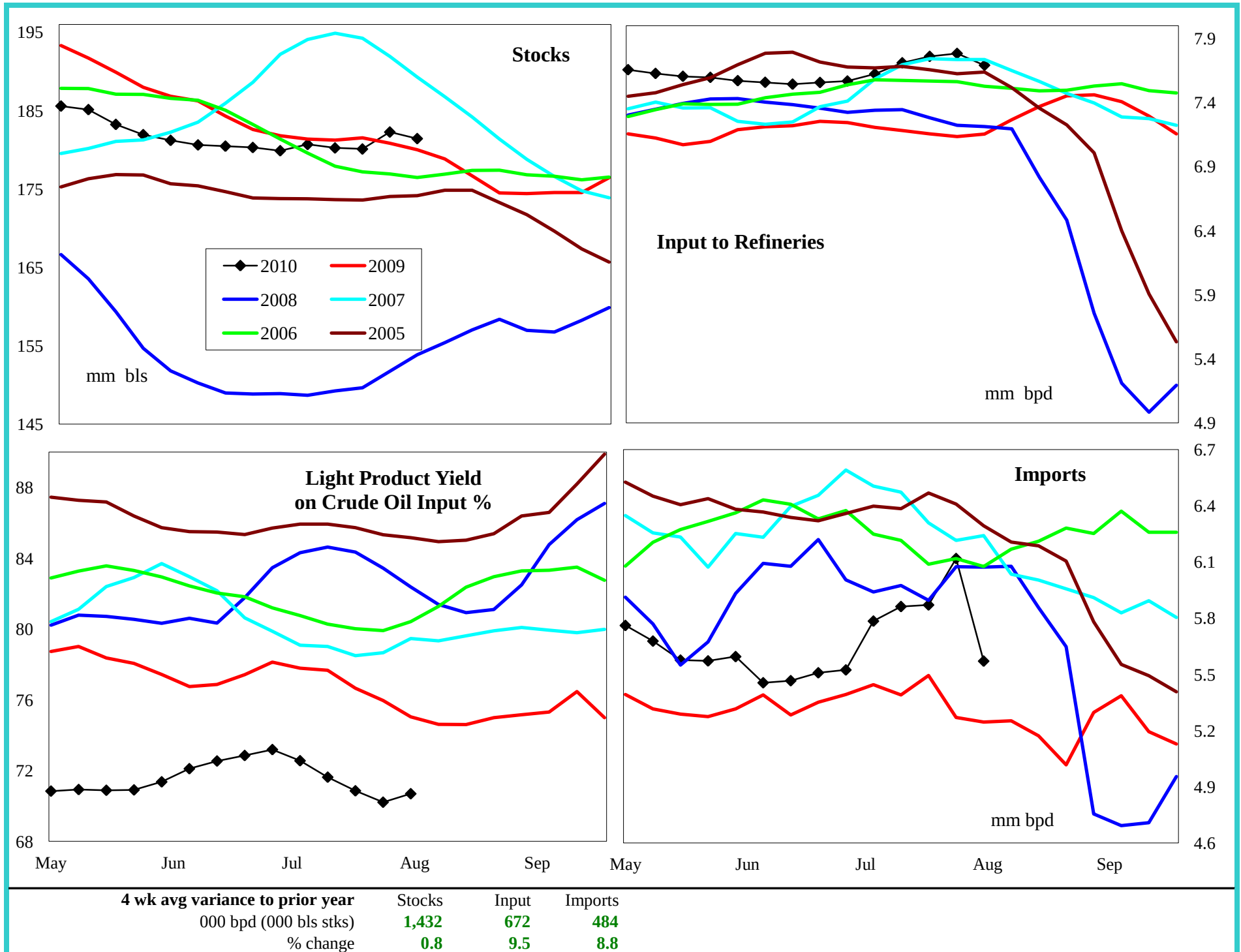
PADD 2 Jet Fuel Supply



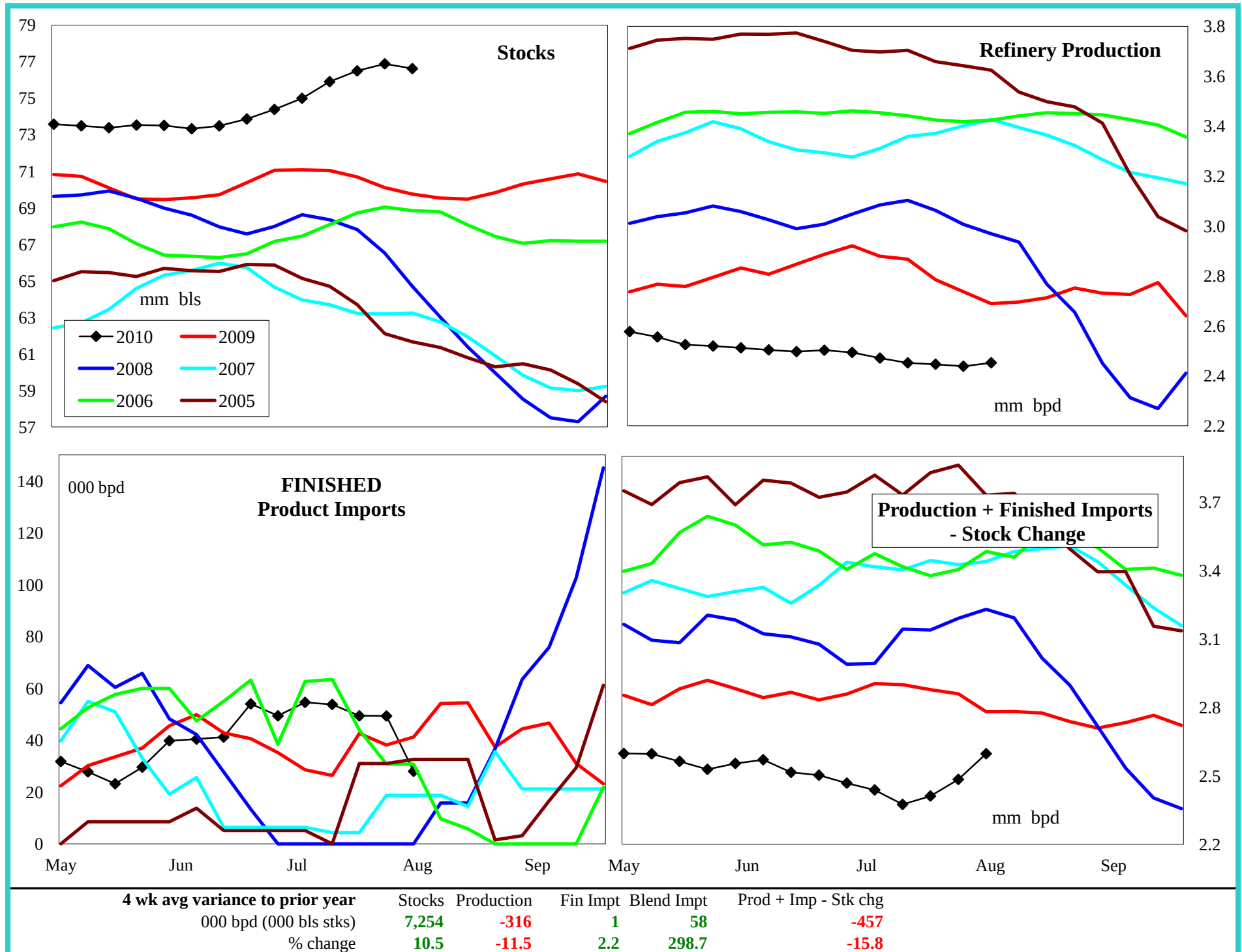
PADD 2 Residual Fuel Oil Supply



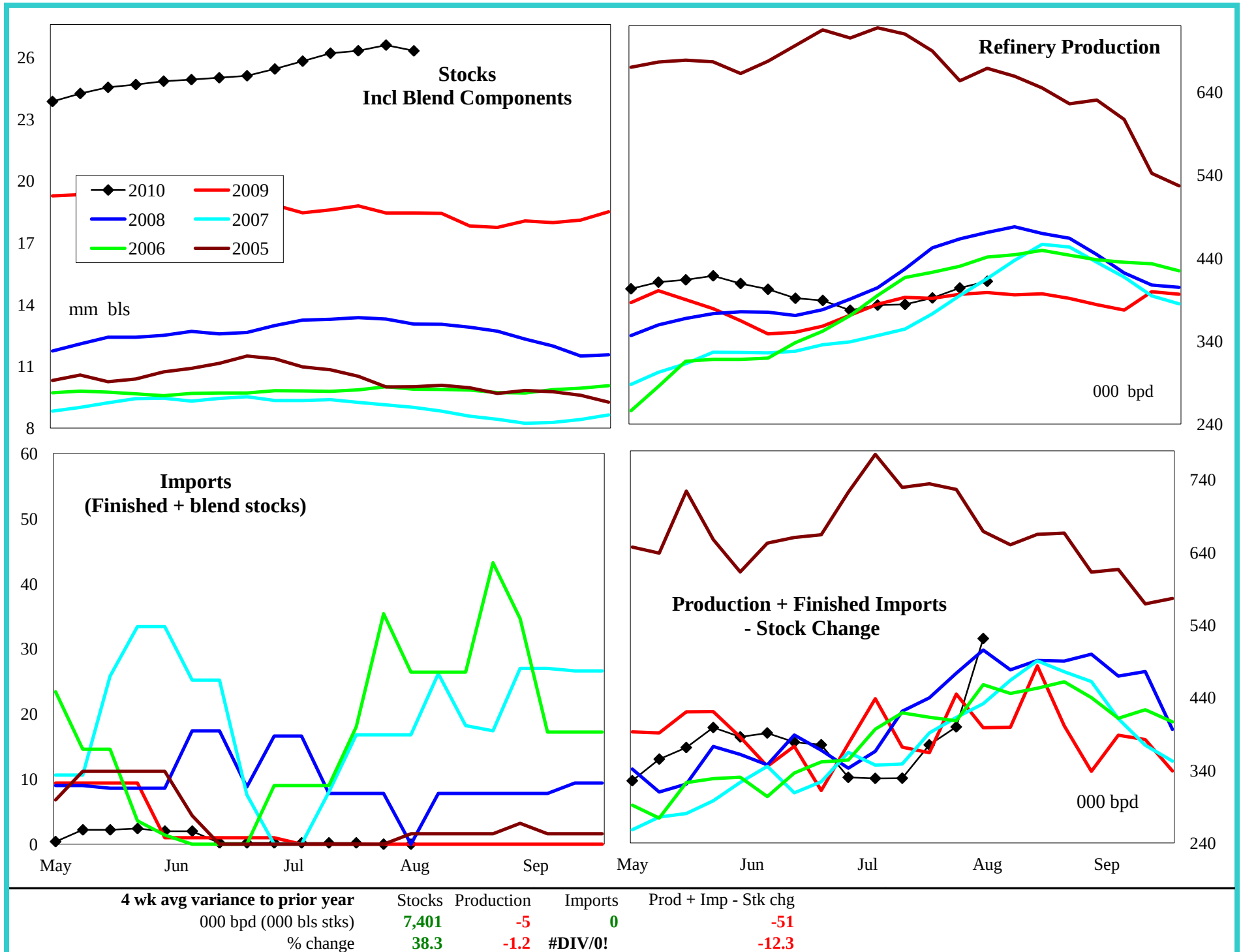
PADD 3 Crude Oil Supply and Refining



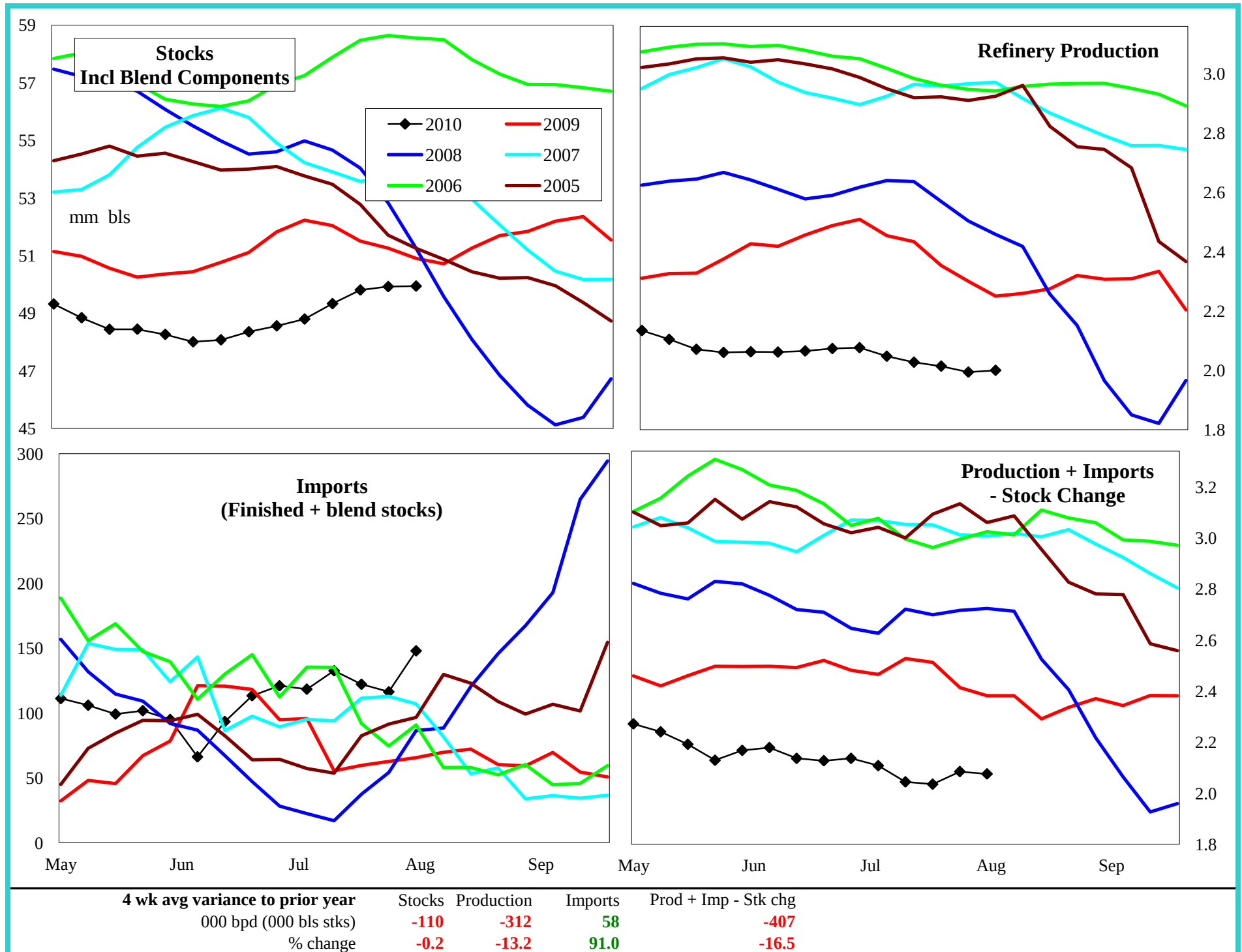
PADD 3 Gasoline Supply



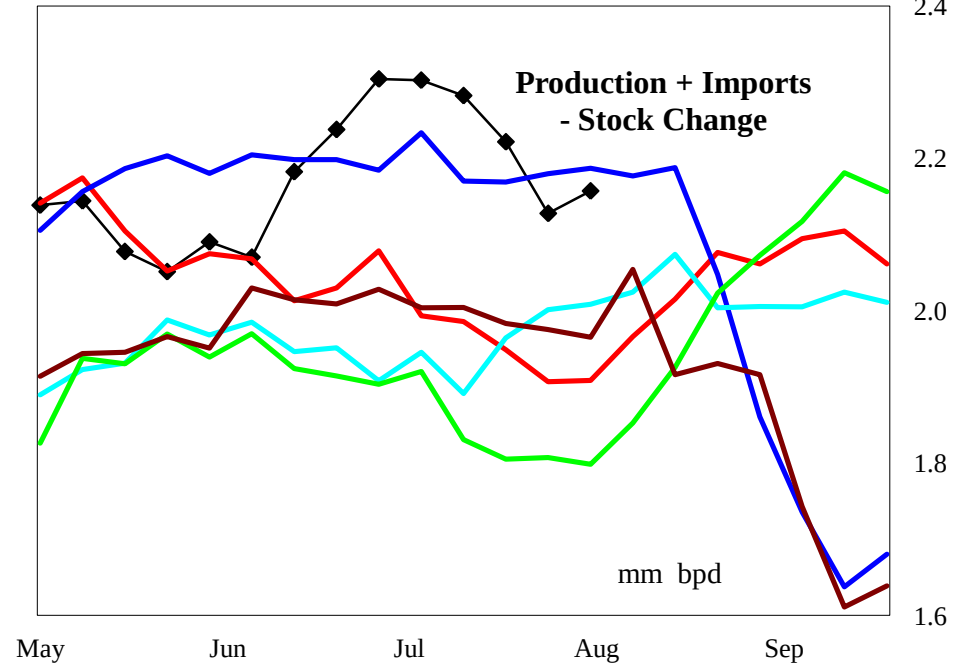
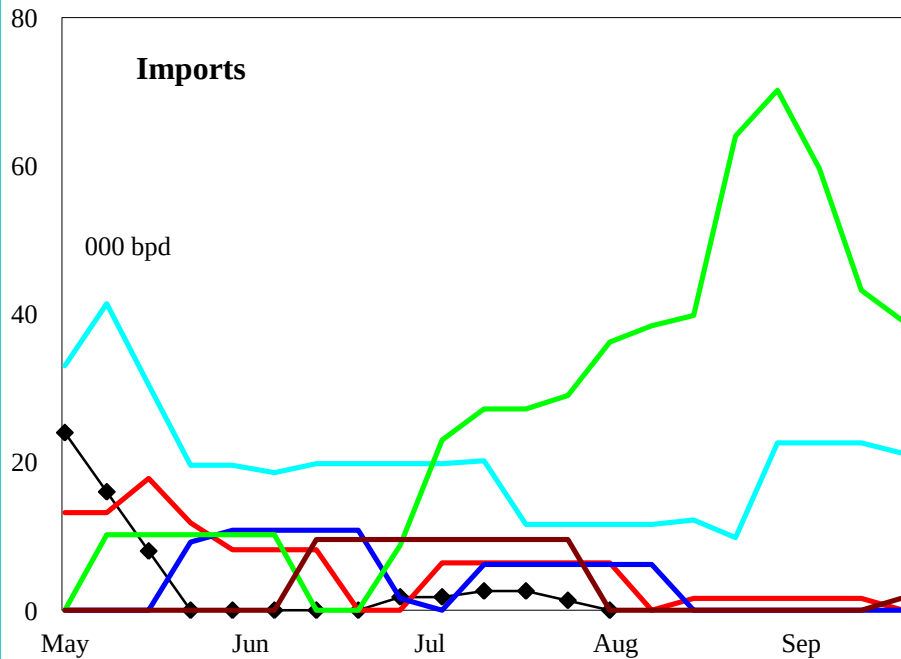
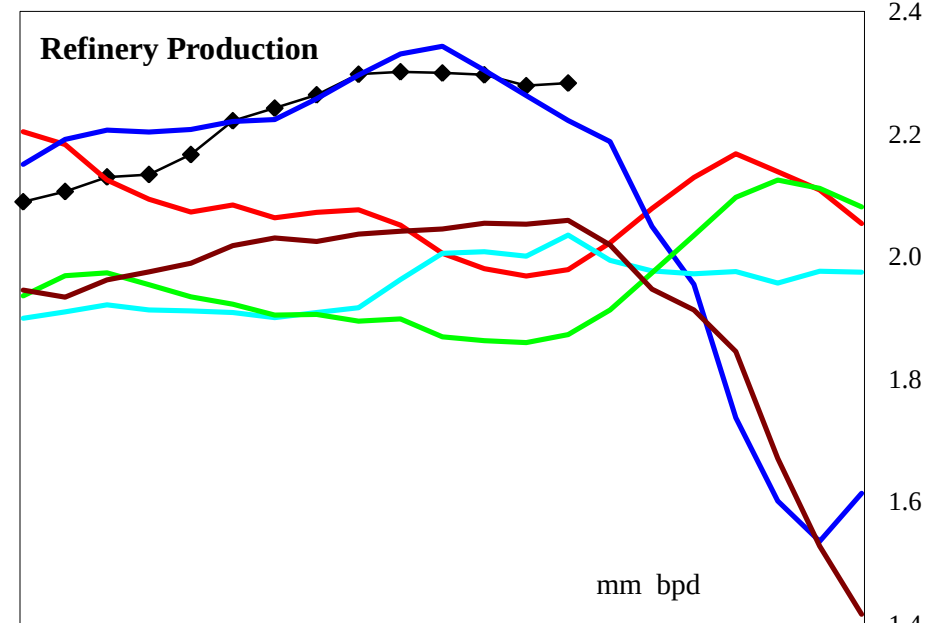
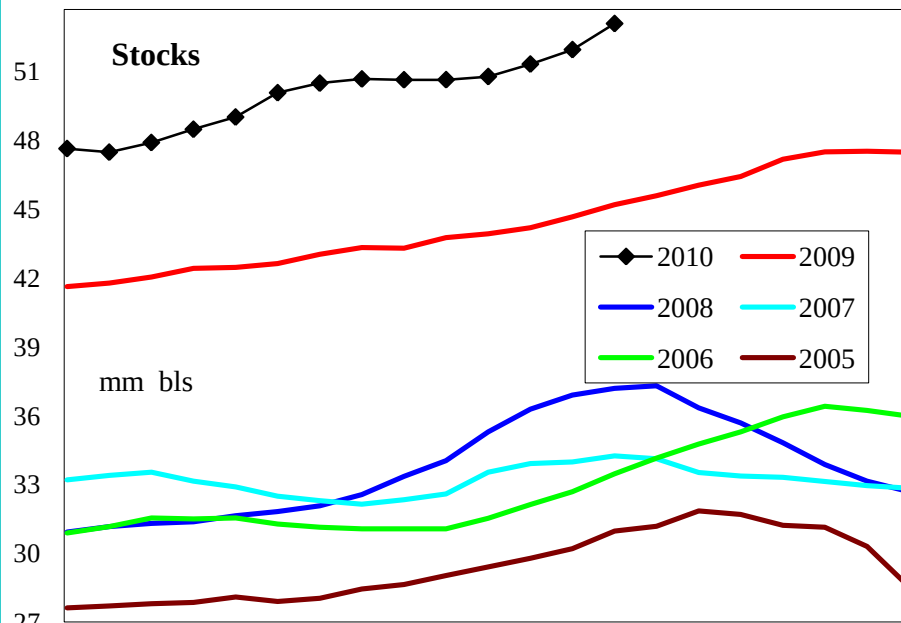
PADD 3 Reformulated Gasoline Supply



PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

7,779

17.1

Production

331

16.8

Imports

-5

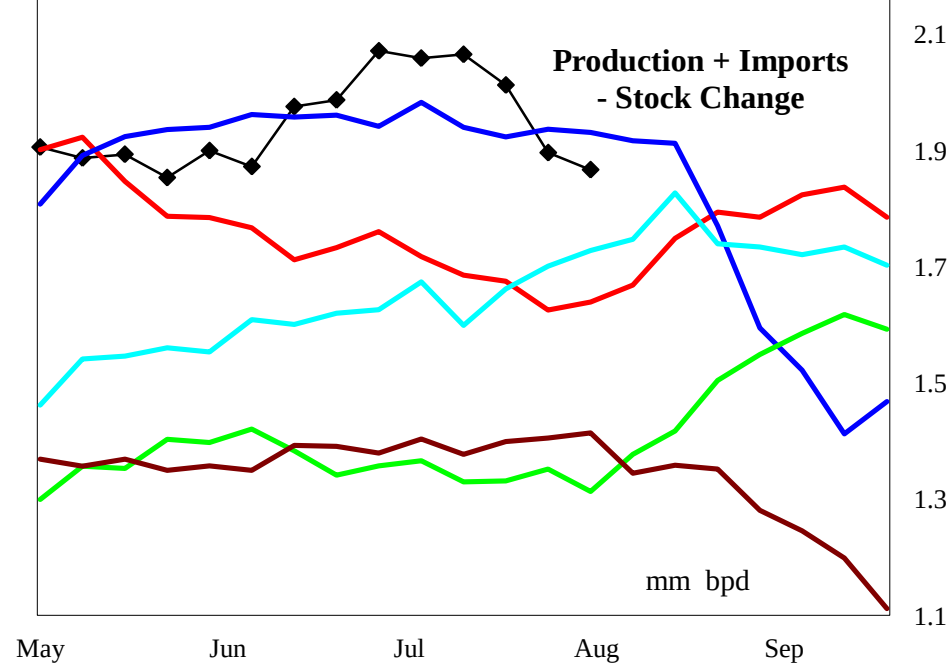
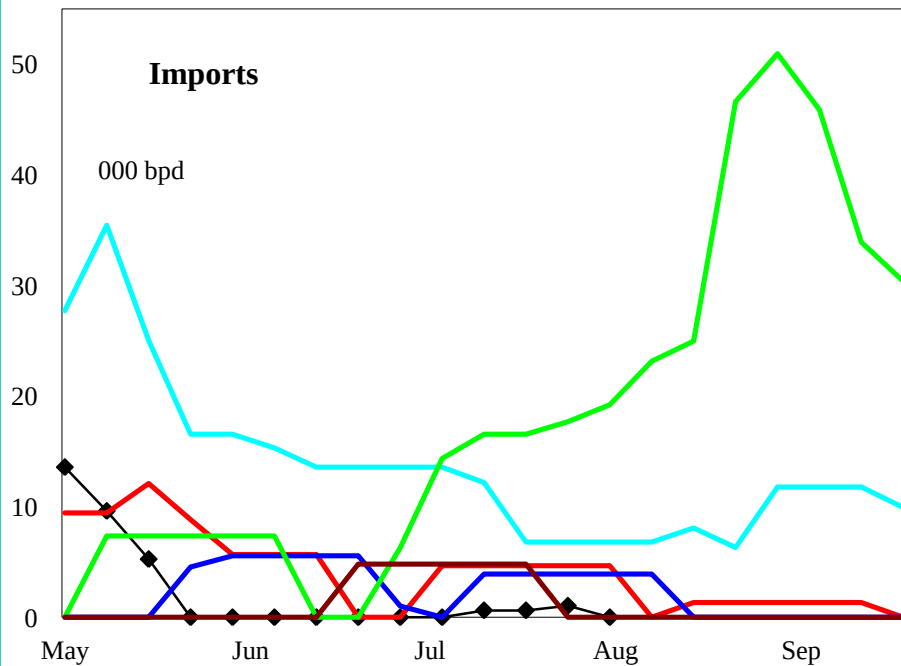
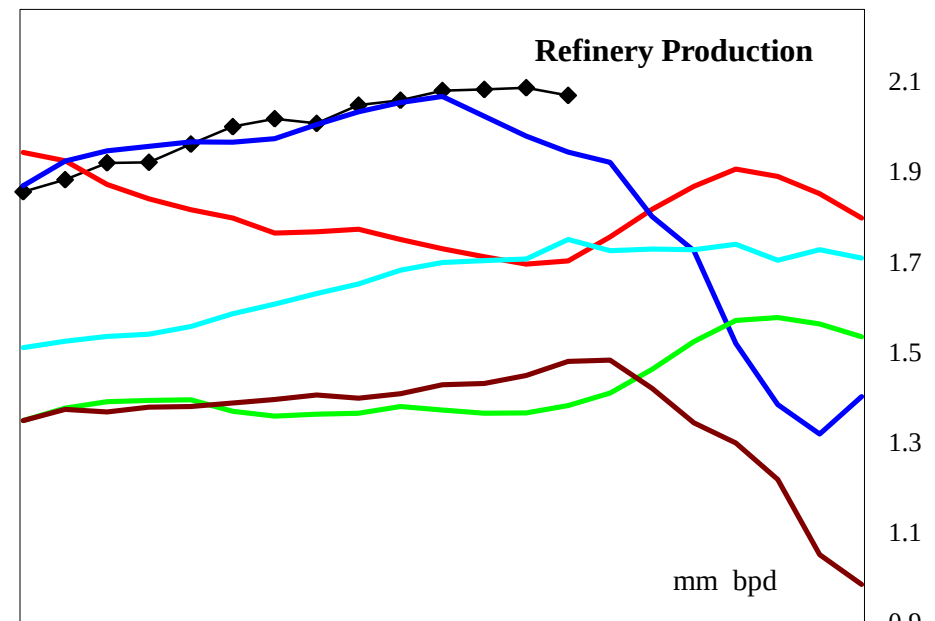
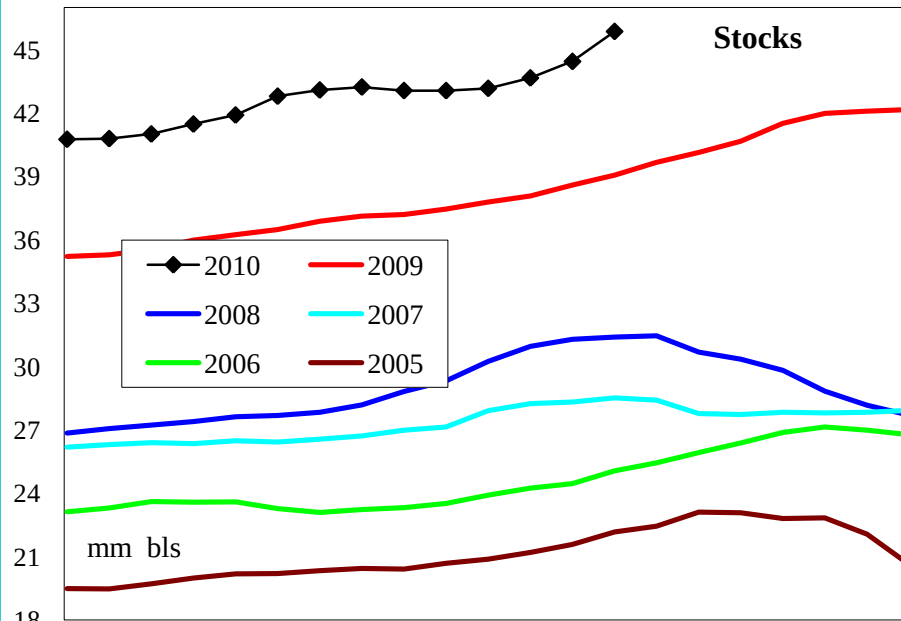
-59.4

Prod + Imp - Stk chg

321

16.9

PADD 3 Low Sulfur Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

6,977

17.9

Production

412

23.8

Imports

-5

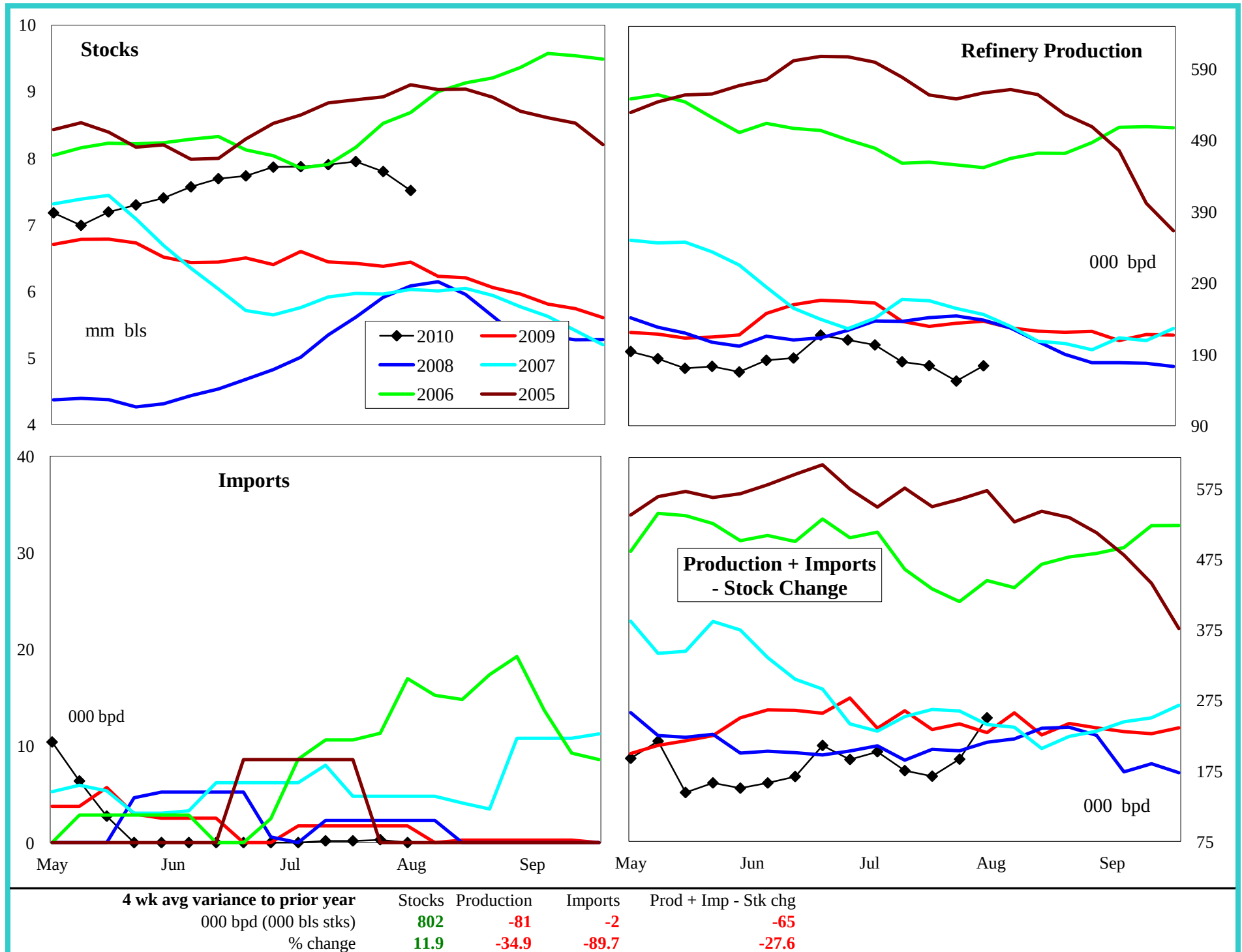
-86.6

Prod + Imp - Stk chg

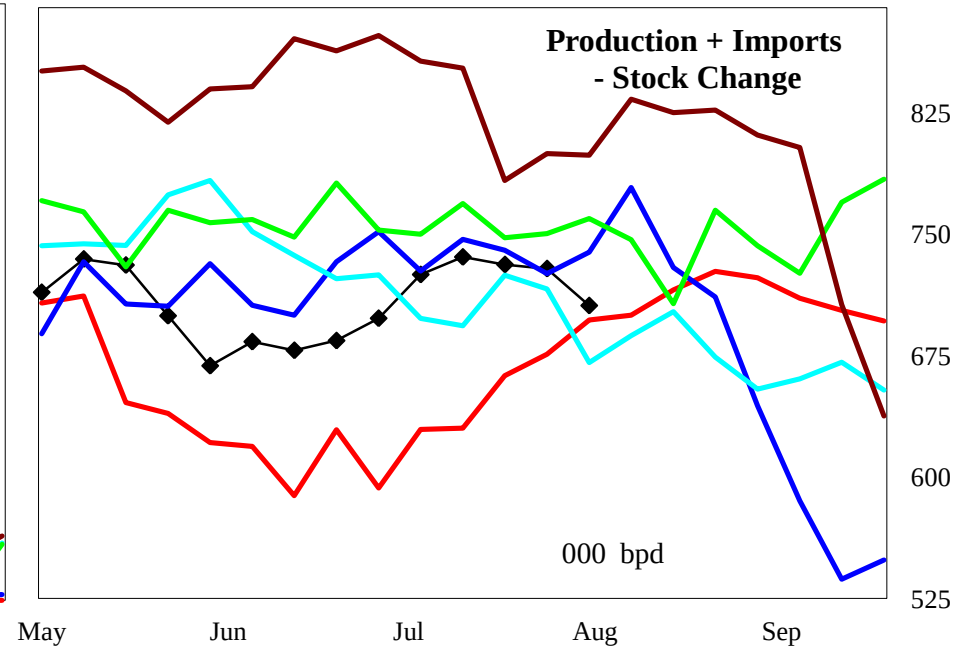
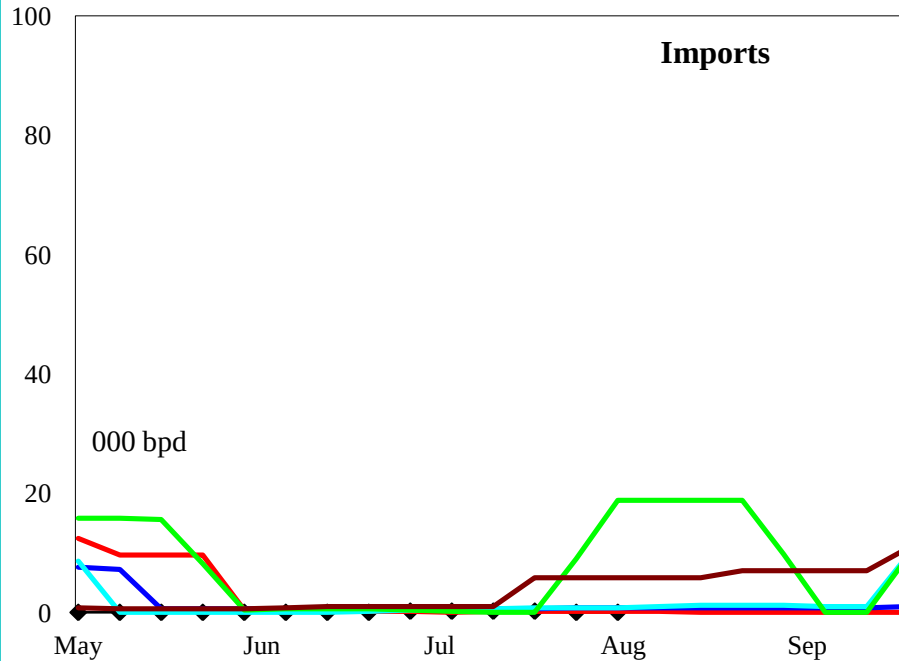
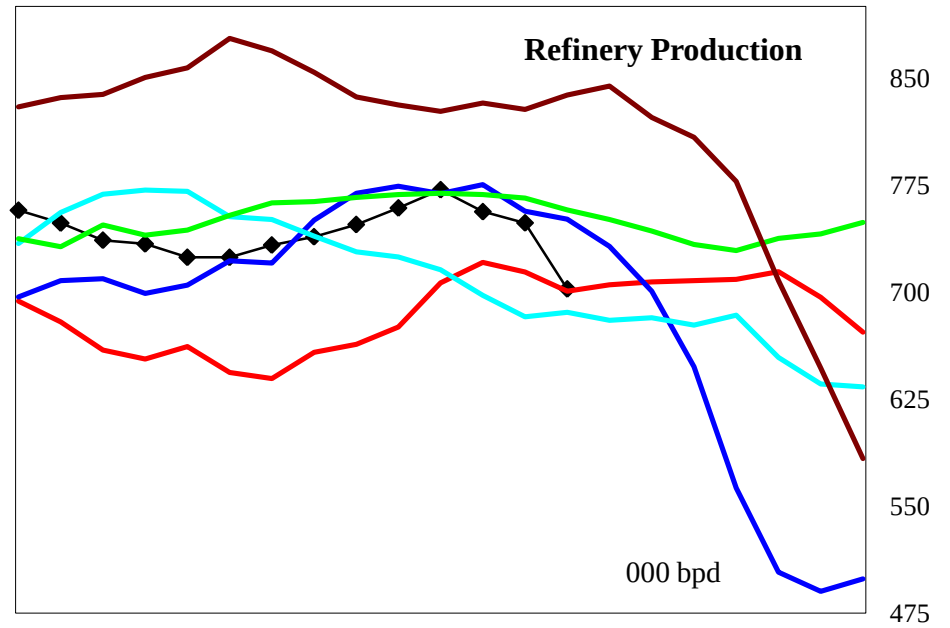
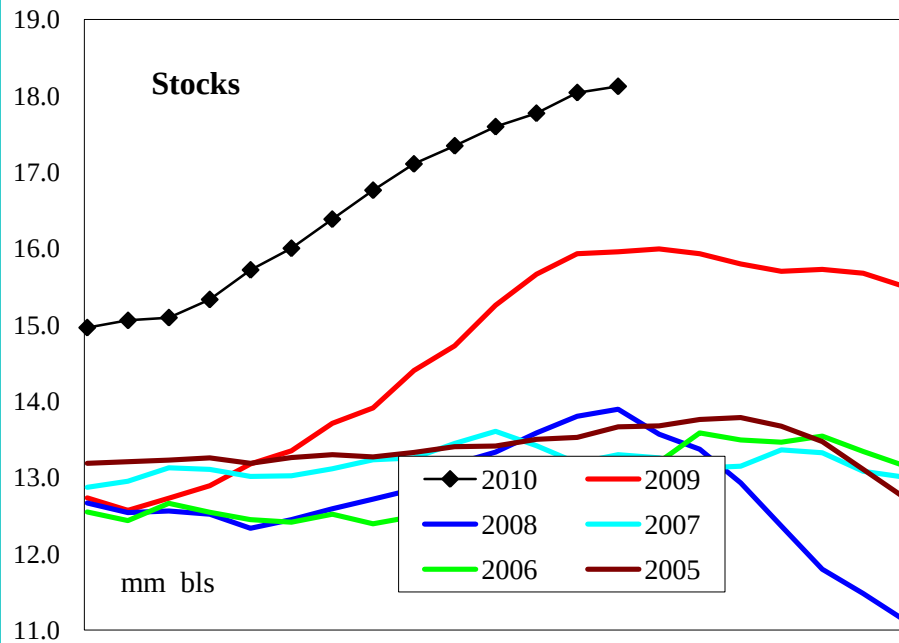
383

23.1

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

2,166

13.6

Production

41

5.6

Imports

0

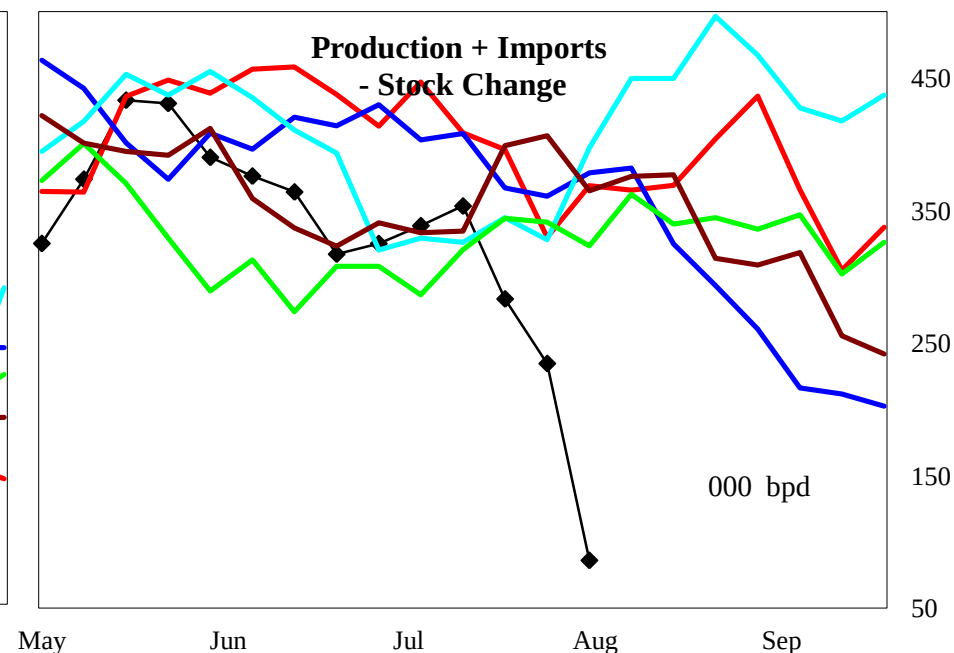
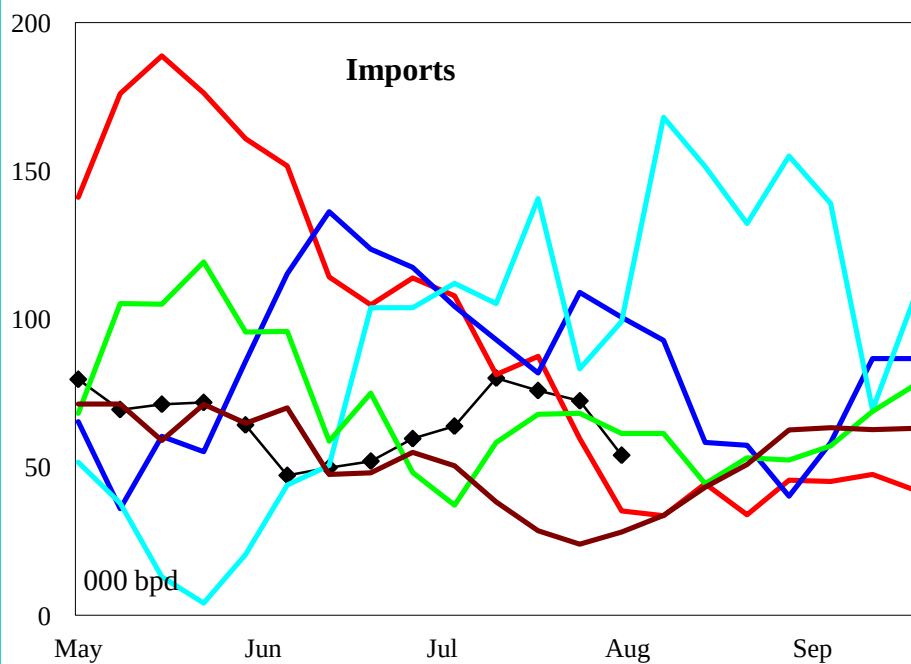
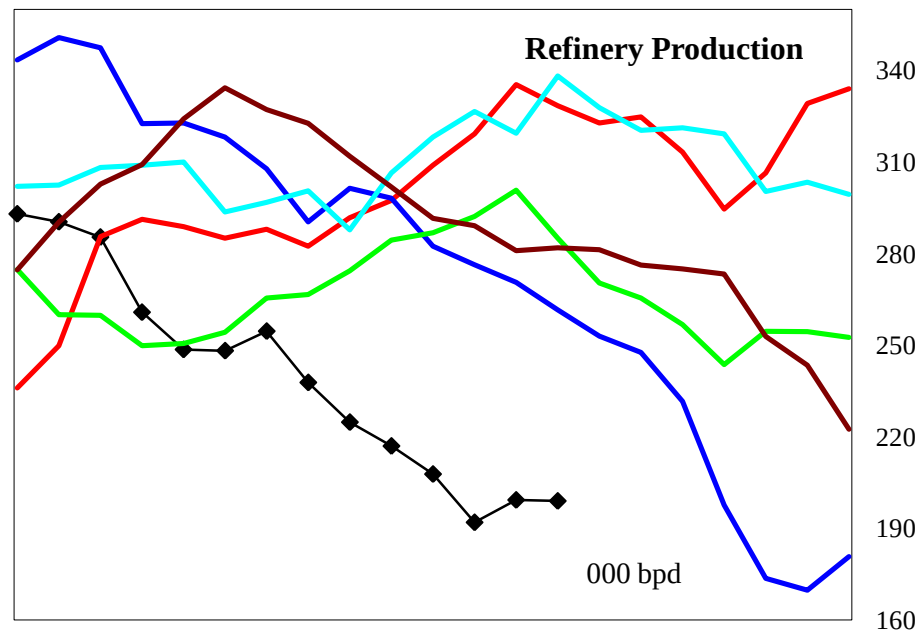
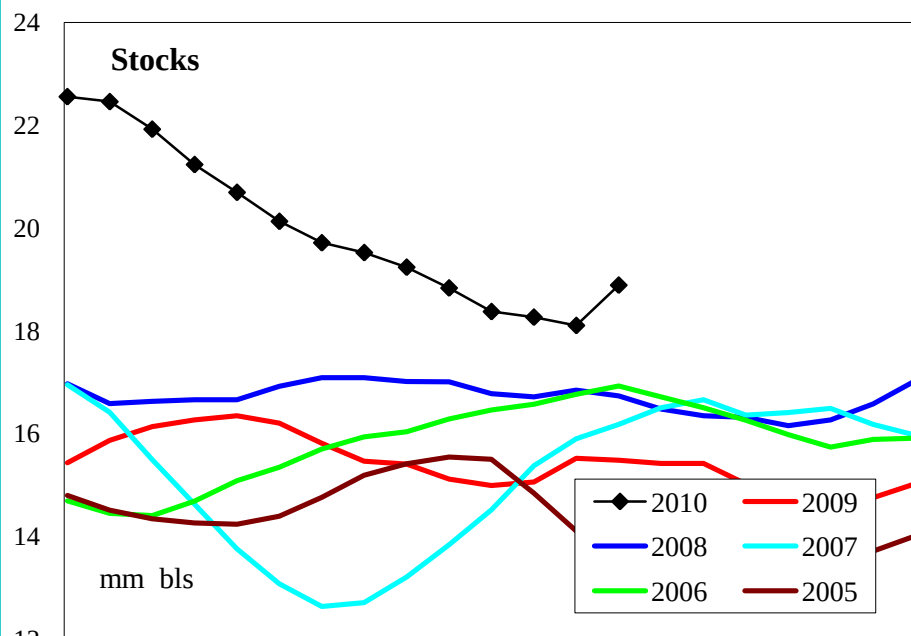
0.0

Prod + Imp - Stk chg

52

7.7

PADD 3 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

3,411

22.0

Production

-135

-41.3

Imports

5

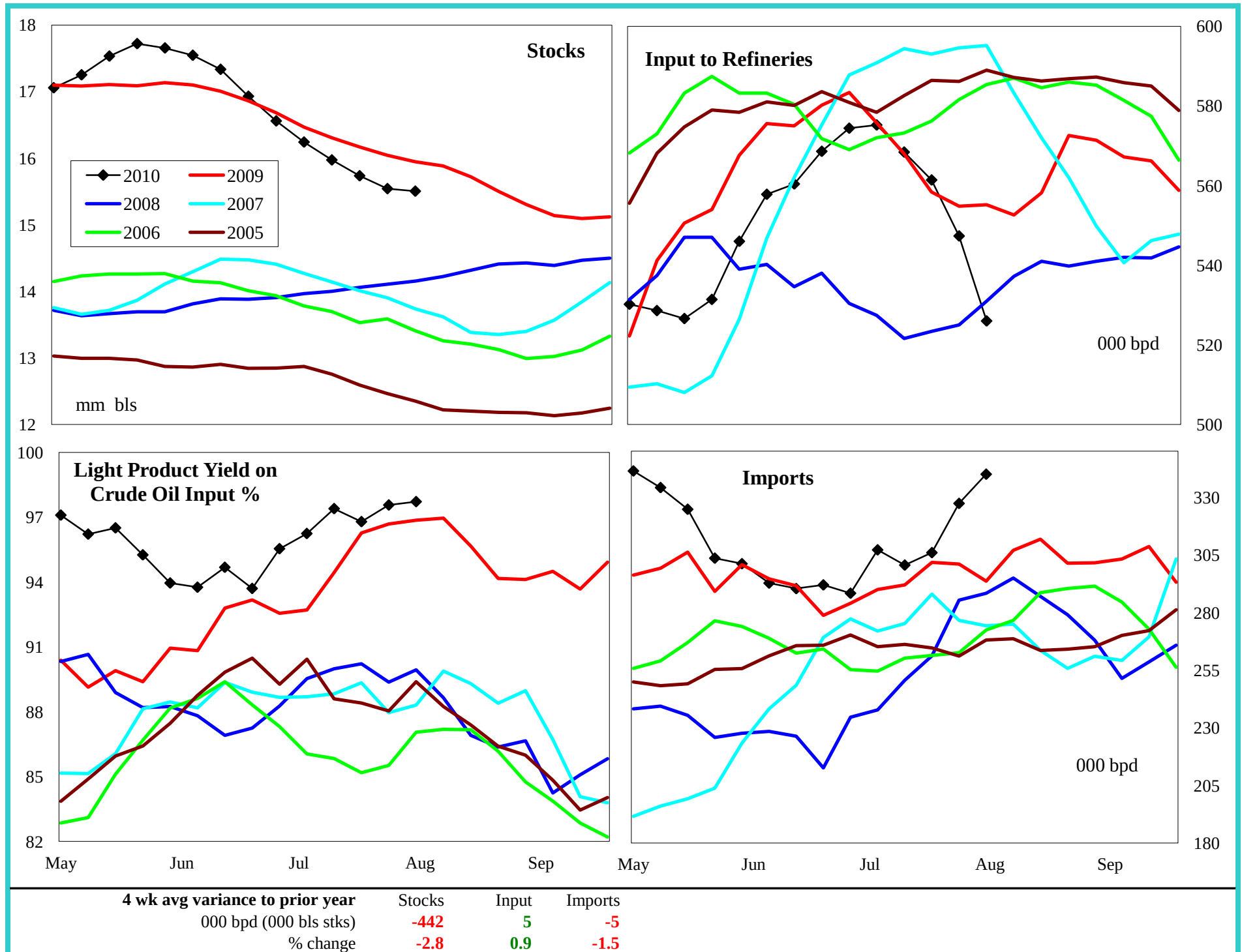
7.2

Prod + Imp - Stk chg

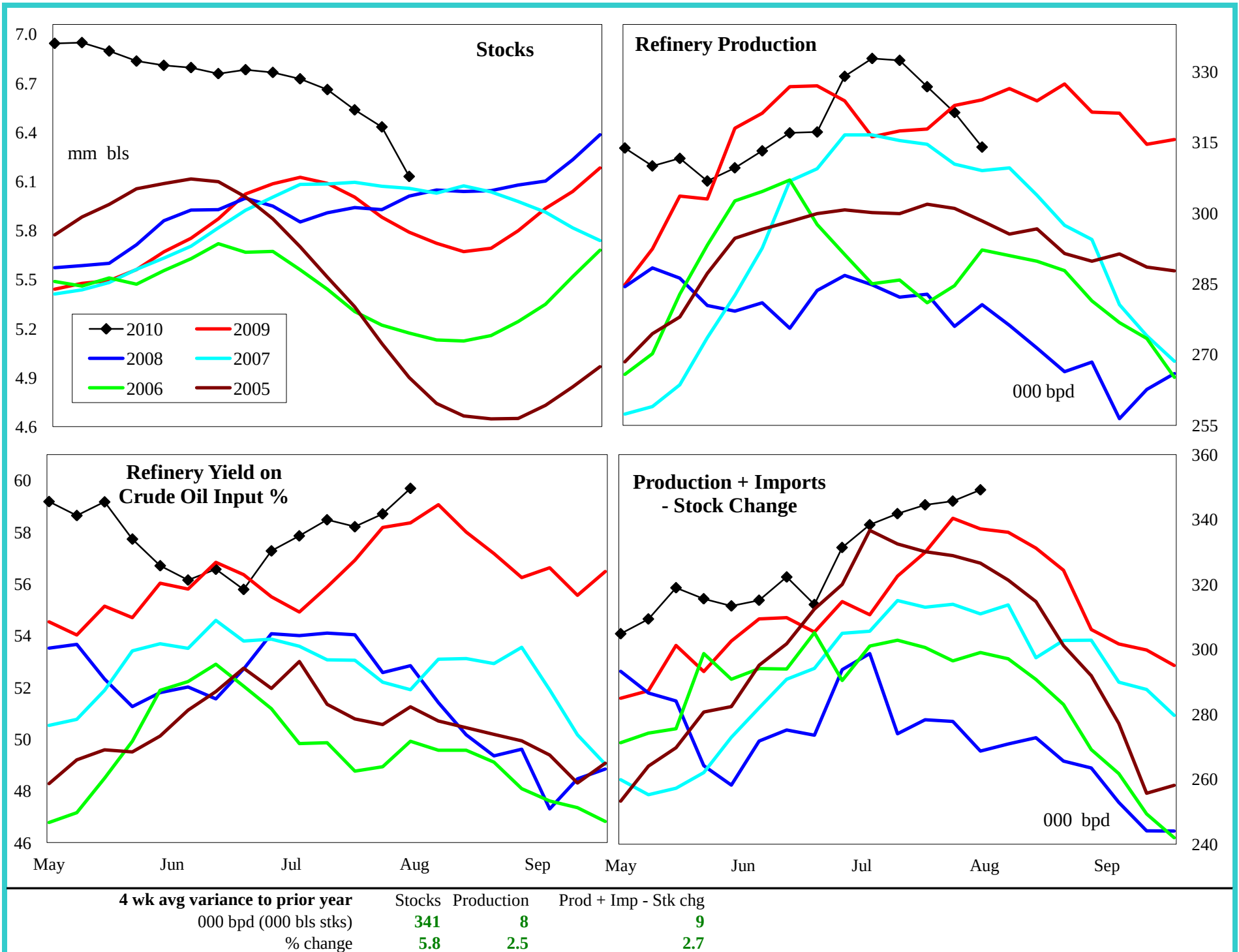
-84

-23.7

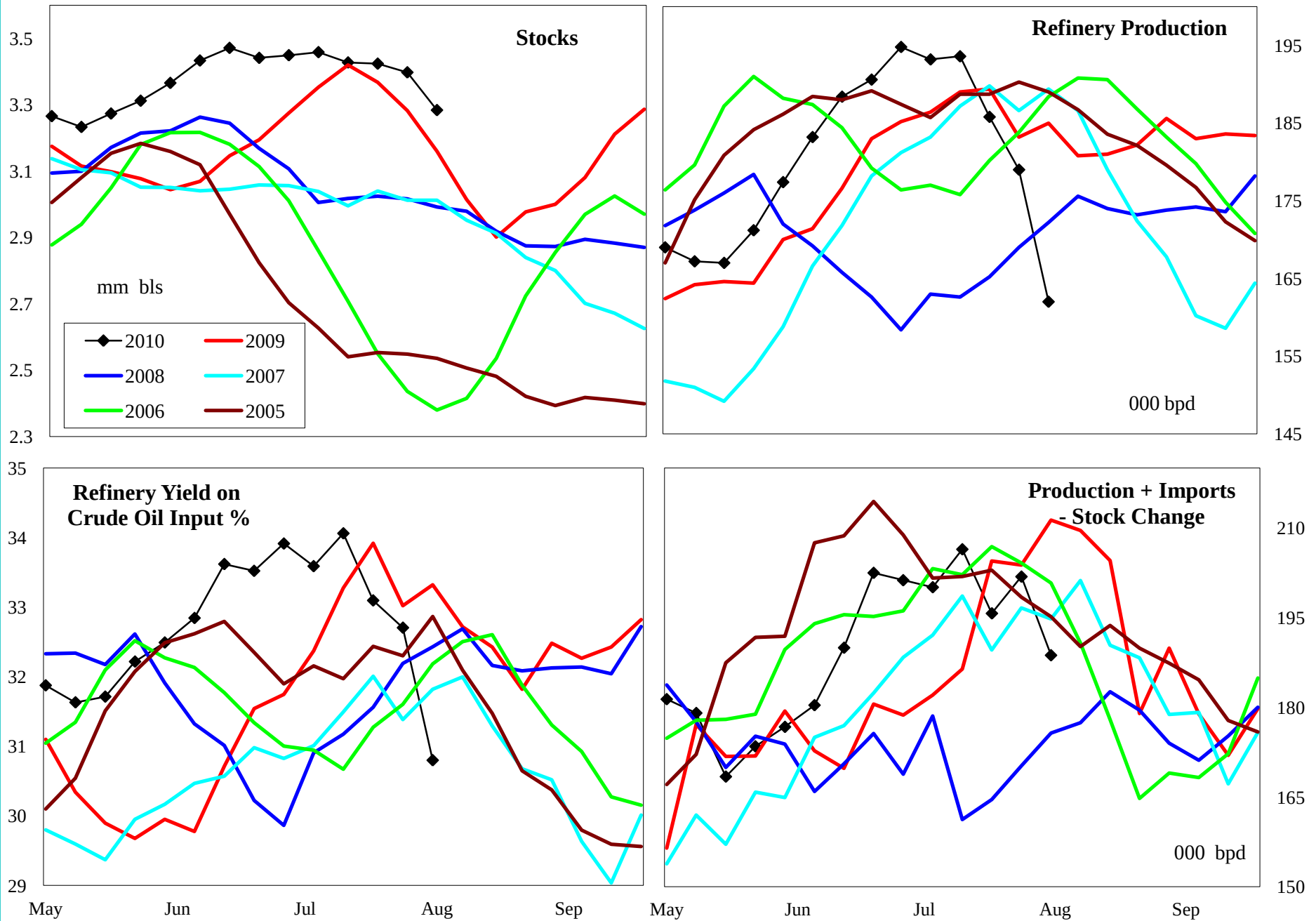
PADD 4 Crude Oil Supply and Refining



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

124

-1

1

9

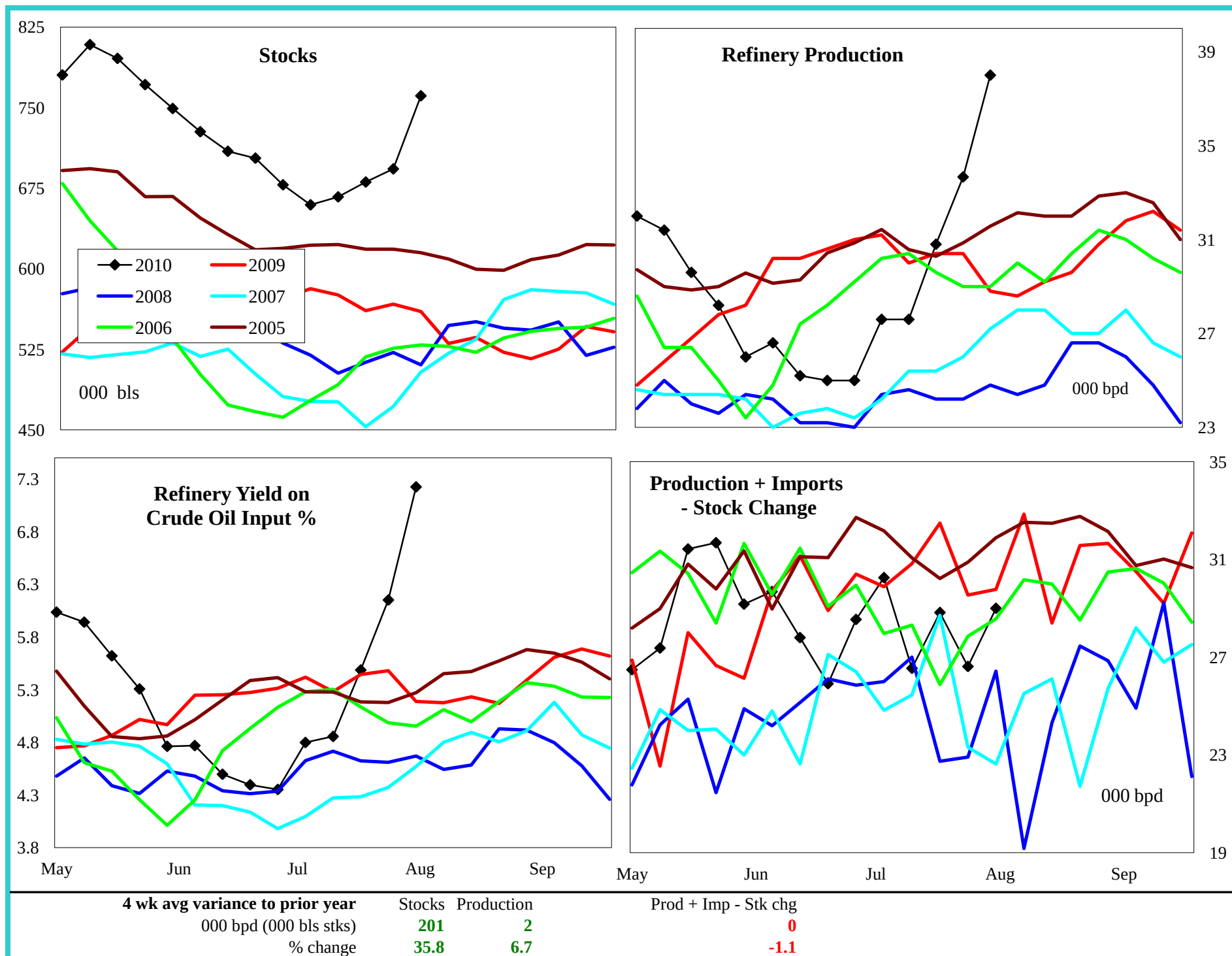
3.9

-0.4

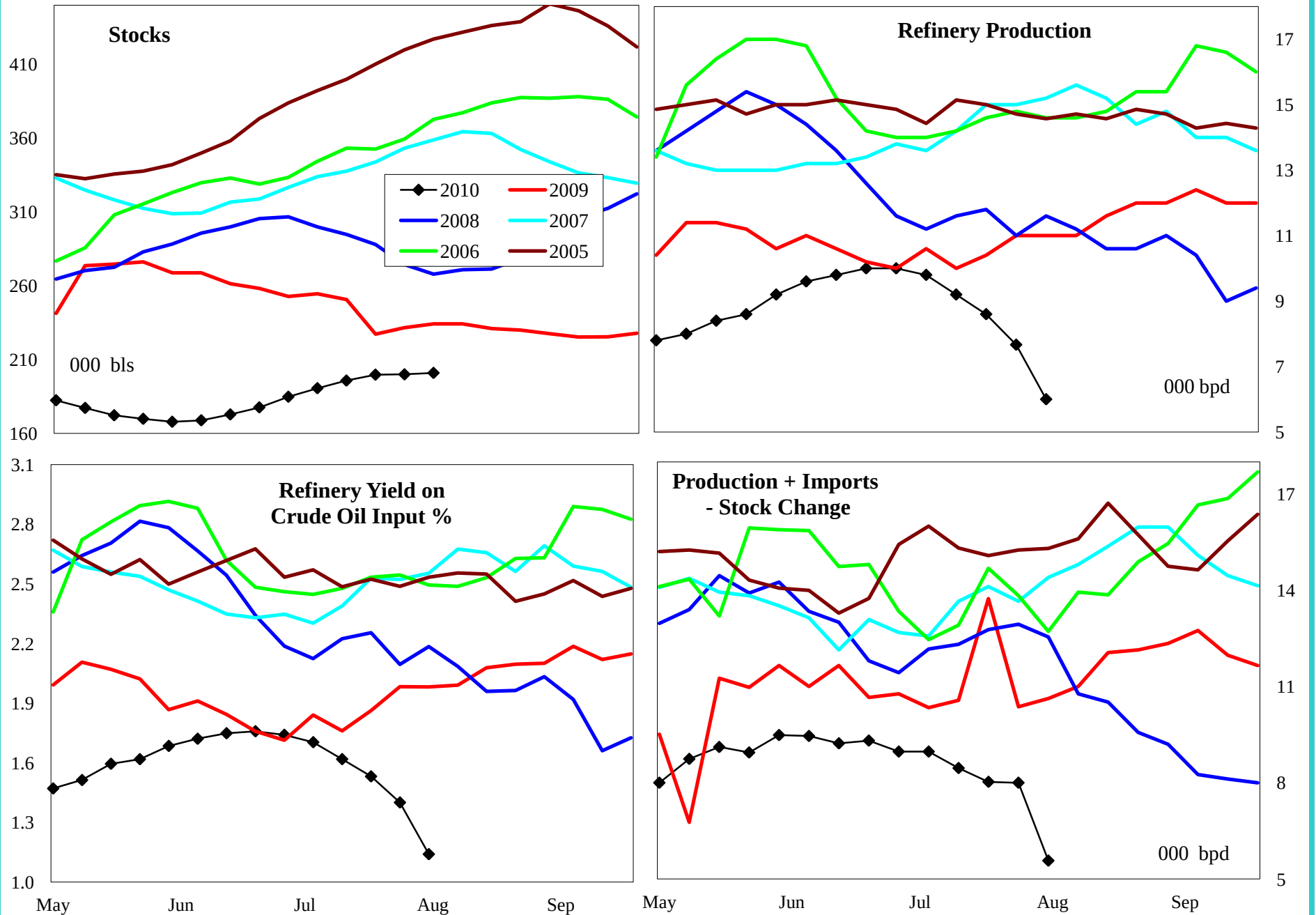
6.1

5.0

PADD 4 Jet Fuel Supply



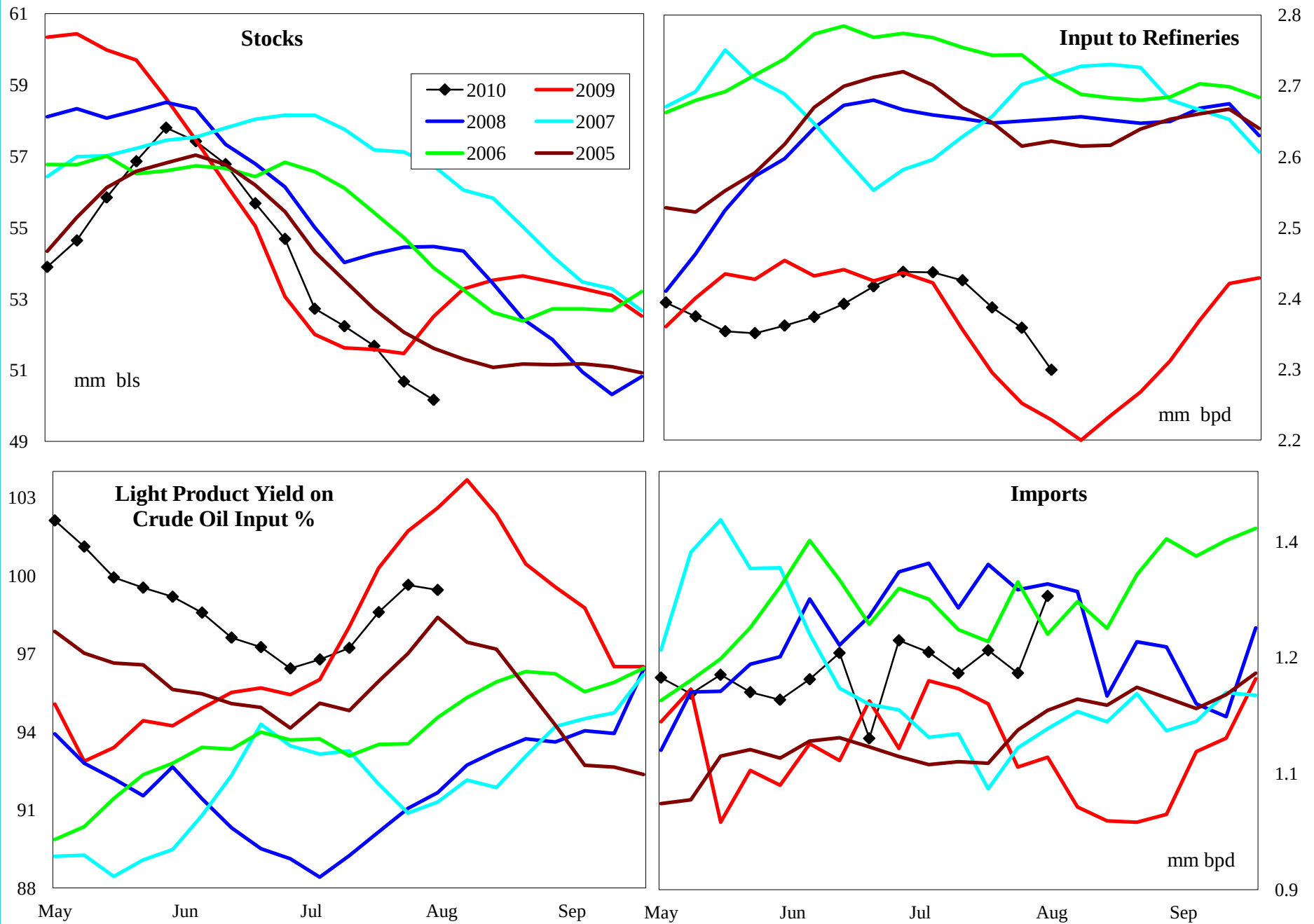
PADD 4 Residual Fuel Oil Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-33	-3	0	-6
-14.2	-25.6	#DIV/0!	-53.6

PADD 5 Crude Oil Supply and Refining



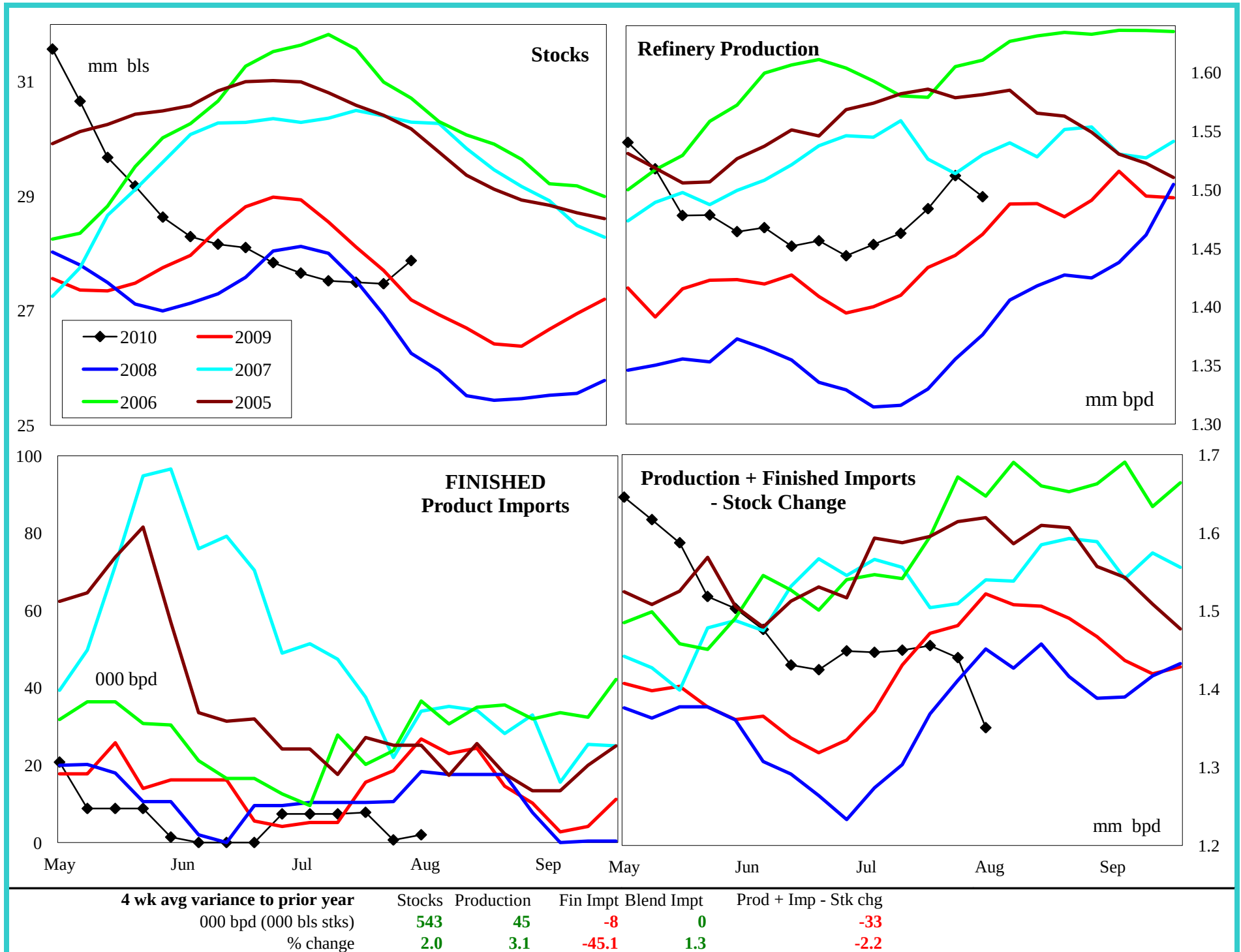
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks
-2,336
-4.4

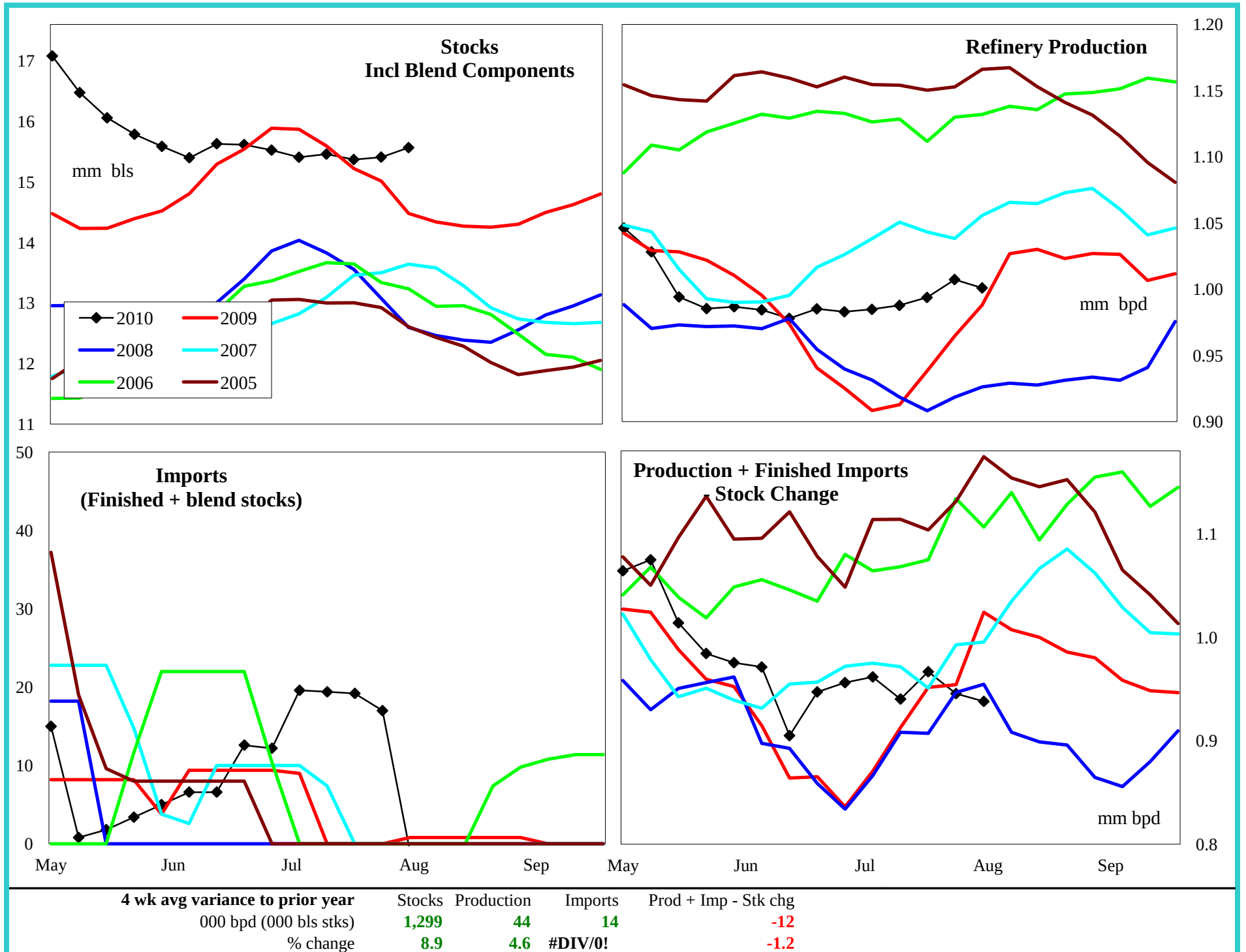
Input
118
5.1

Imports
202
18.3

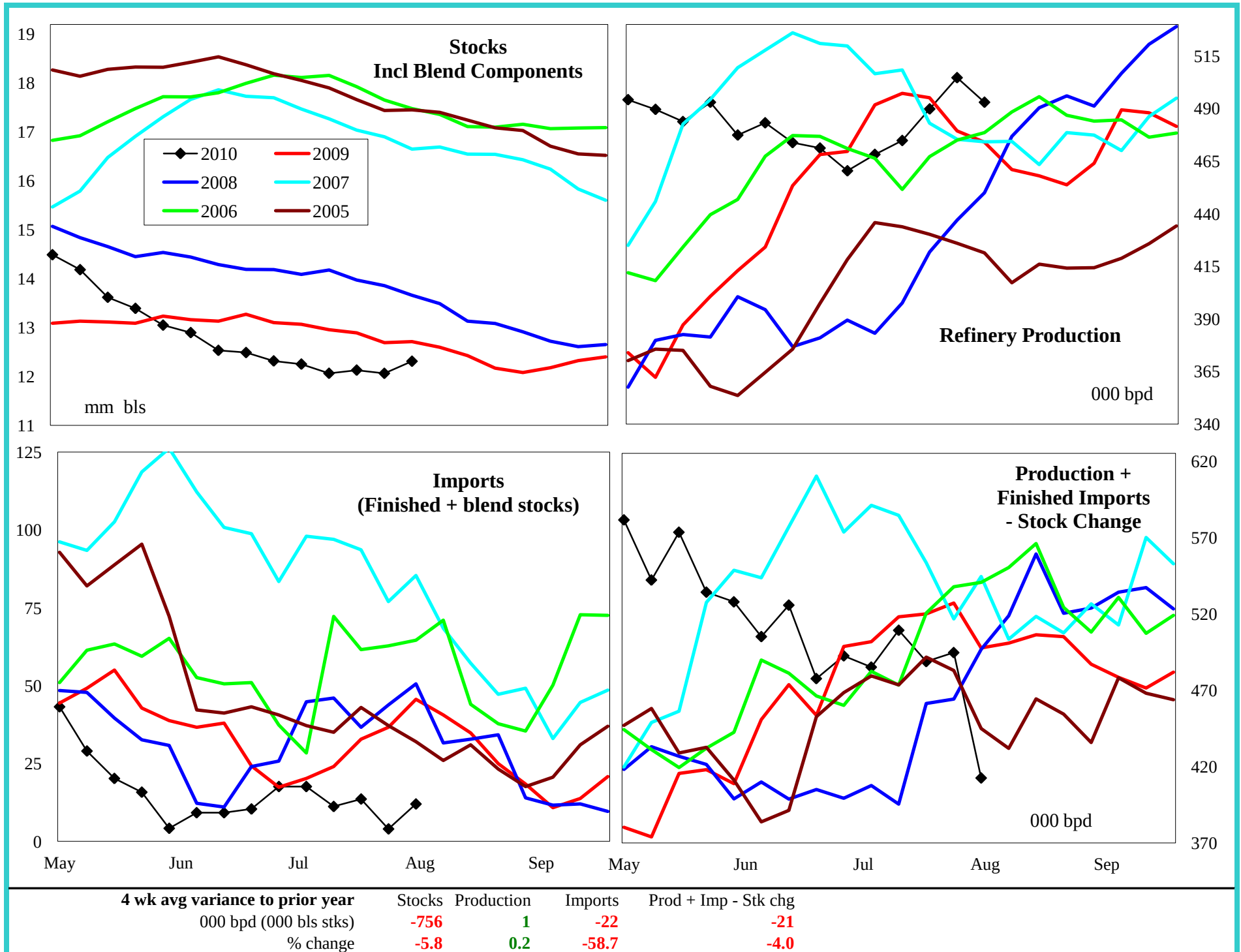
PADD 5 Gasoline Supply



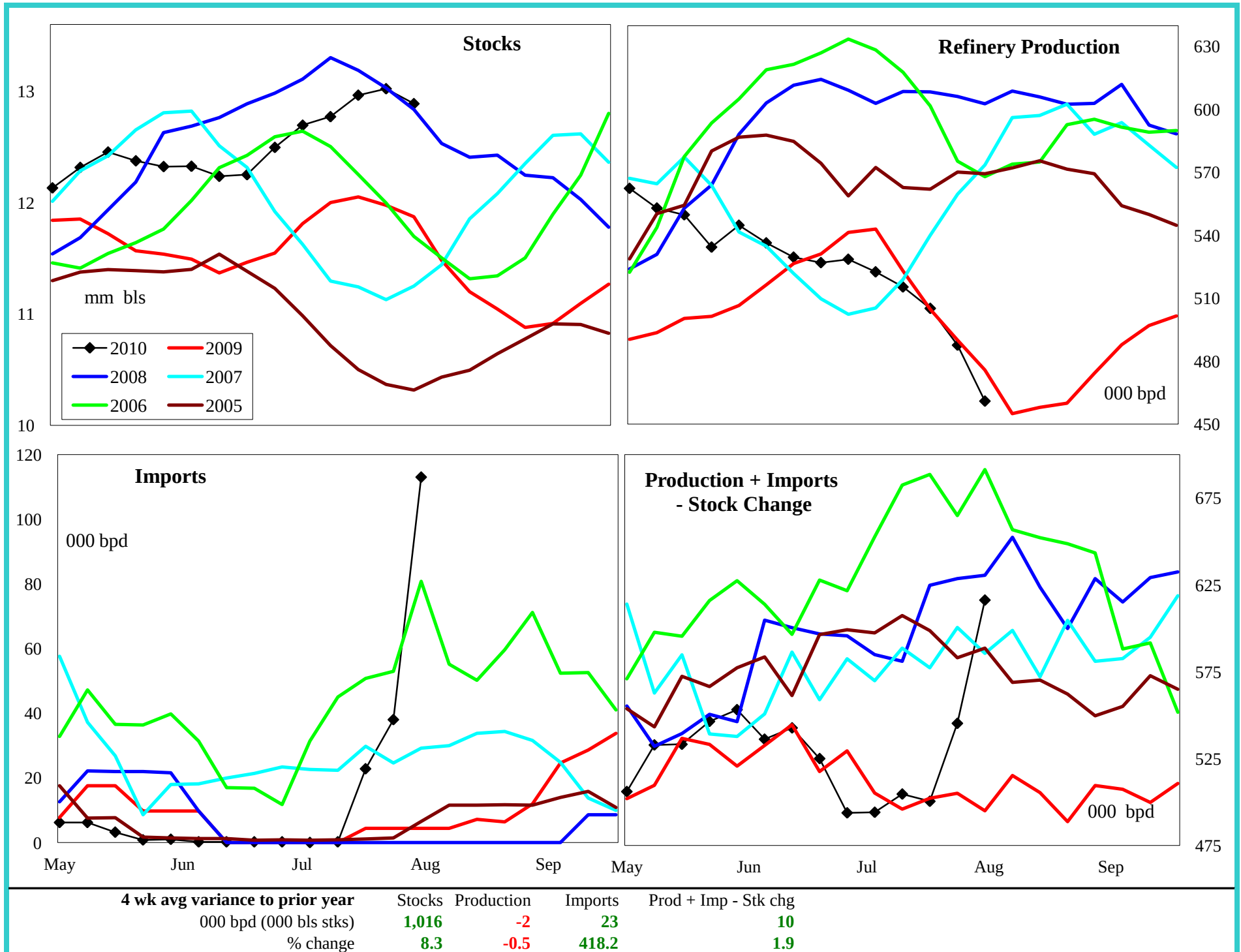
PADD 5 Reformulated Gasoline Supply



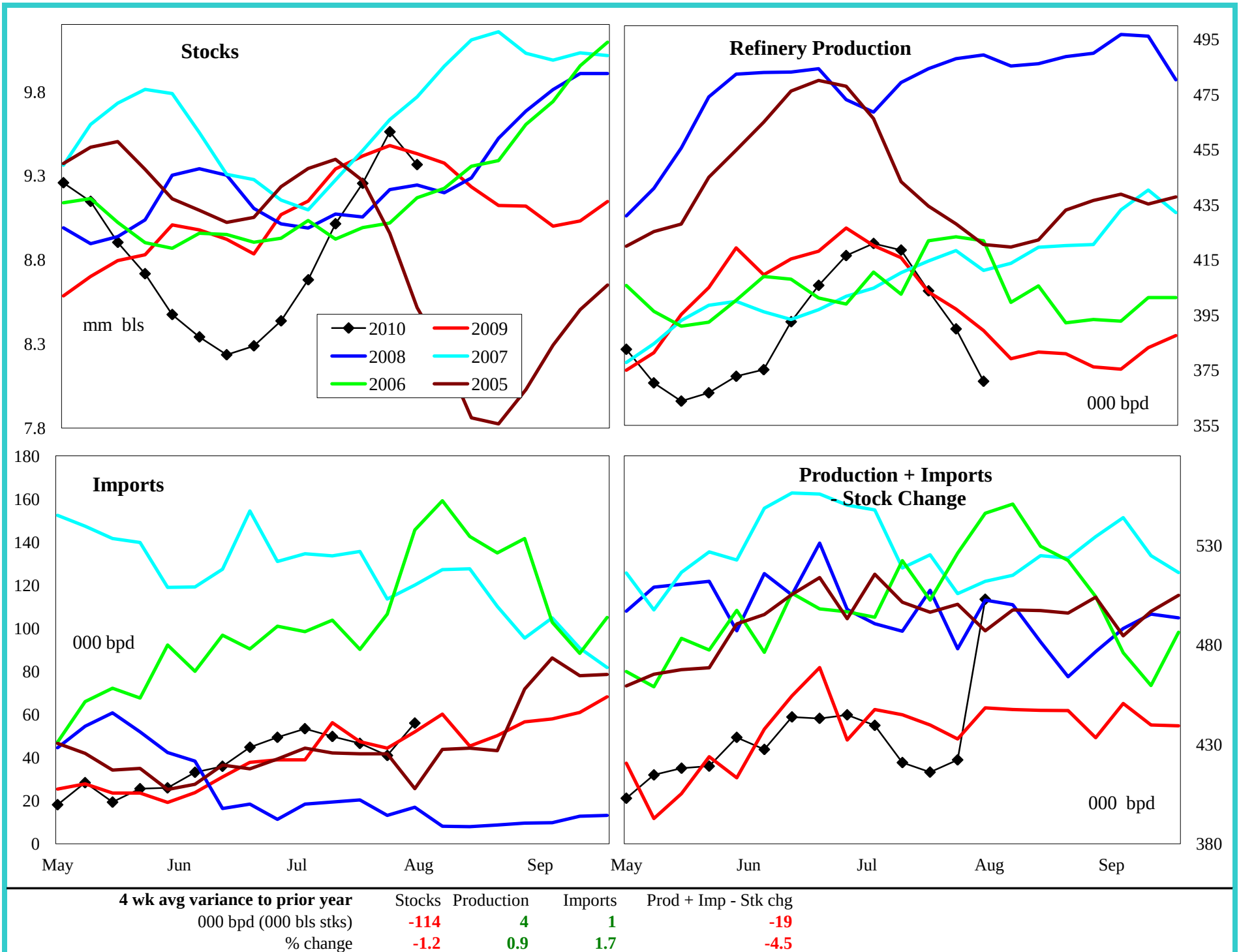
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

