

WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

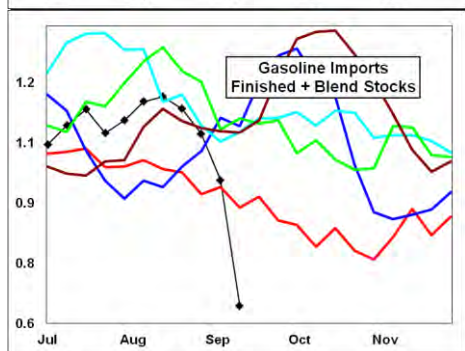
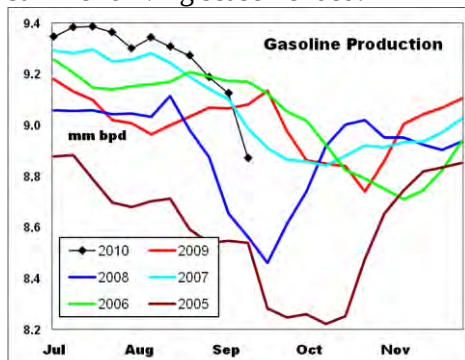
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, September 15,



Major Fundamental Trends¹

Gasoline production and imports (including blend stocks) fell a combined -787,000 bpd last week as the industry responded to extremely high carryout stock levels as the summer driving season ended.

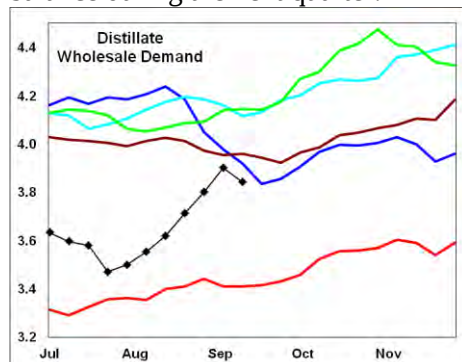


Production declined in all regional markets, while imports fell in all coastal regions. Stock levels remain at 5-year highs in all regions except the midwest.

The Chicago area is at risk of tight supply on above normal maintenance of fluid catalytic cracking units and any delay in the restart of the Enbridge Pipeline crude oil line.

Middle distillate production was above the prior 5-year high while crude oil runs were at the mid range last week; the result of refiners maximizing distillate output, displacing gasoline. Robust demand, including exports, has led to three consecutive weekly stock draws. Higher seasonal demand and fall refinery maintenance should lead to

improvement in the distillate supply balance during the next quarter.



Crude oil stocks decreased -2.5 million barrels last week, with the draw concentrated in PADDs 2 and 3. Very high stock levels in Cushing and elsewhere in PADDs 2 & 3 have made it possible to bridge a portion of the short term lost supply from Canada on the Enbridge Pipeline shut down.

IF the pipeline returns to operation in the near term, the risk of oversupply in the Midwest and Gulf regions will again emerge as fall maintenance, high domestic production and surplus Canadian supply assures continued very high stock levels.

Demand for gasoline fell sharply on the week, extending the seasonal downtrend, while middle distillates were modestly lower.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline +0.5%; distillate up +11.5%; jet fuel down -1% while residual fuel oil fell -20%.

Stocks forward coverage: Gasoline demand coverage increased last week on a sharp drop in demand that more than offset the -0.7 million barrel stock draw. The coverage was a record high for the last 5-years.

Distillate demand coverage declined last week on a -0.3 million barrel stock draw for the week. The coverage level was below last years' record high.

Jet fuel coverage increased to a level above the historic range on a +0.5 million barrel stock build.

Residual fuel oil coverage remains

high on low demand and stock levels at the upper end of the 5-year range.

Refinery utilization rates increased on a +94,000 bpd rise in crude oil runs last week. Crude oil runs for the latest 4-wk period were +11,000 bpd above a year ago.

Gasoline yield % on crude oil runs declined last week on a -348,000 bpd decrease in production versus a +94,000 bpd rise in crude runs. Yield % fell to the lowest weekly level of the year, and below the last 2-years.

Distillate yield % on crude oil runs increased on a +66,000 bpd rise in output versus the increase in crude oil runs. Yield % matched the 5-year record high for the period.

Jet fuel yield % on crude oil runs increased on a +50,000 bpd rise in production, with the yield % at the upper end of the historic range.

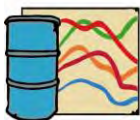
Petroleum Imports of gasoline fell to a record low level on the week, while middle distillate and crude oil were little changed.

During the latest 4-wk period distillate imports increased +34,000 bpd compared to last year; finished gasoline imports decreased -191,000 bpd, gasoline blend stock imports increased +344,000 bpd; jet fuel imports increased +1,000 bpd, while residual fuel oil imports increased +25,000 bpd.

Crude Oil imports increased +142,000 bpd and are at a level comparable to the last 2-years for this time of year.

Stocks decreased -2.5 million barrels, with declines concentrated in PADDs 1 and 2. Stock levels in these two key markets remain extremely high as fall maintenance begins. High stock levels in Cushing has helped mitigate the shutdown of the Enbridge Pipeline supplying Chicago area refiners.

¹ Source is latest EIA Weekly Statistics



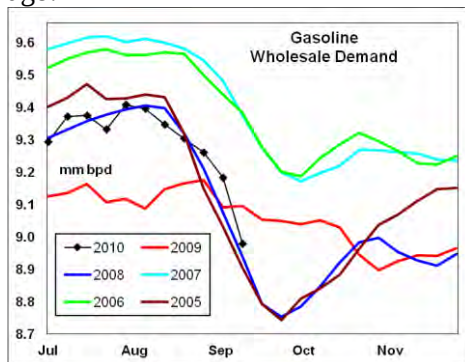
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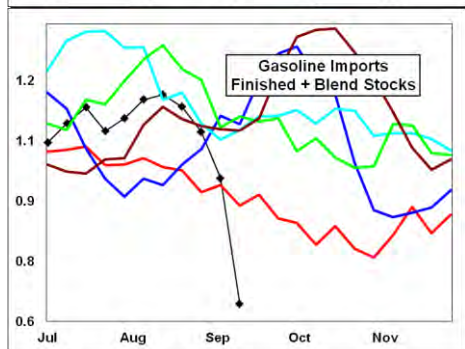
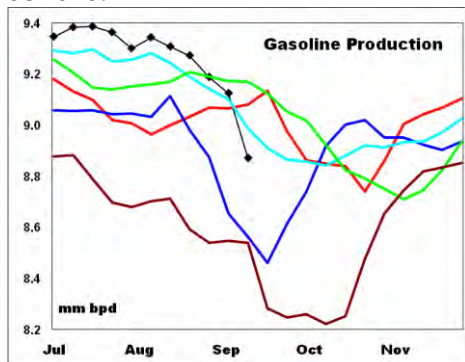
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Product Supply-Demand Trends

Gasoline demand decreased -244,000 bpd on the week as the end of summer downtrend continues. The latest 4-wk average was +44,000 bpd above a year ago.



Production and imports fell a combined -787,000 bpd last week as the industry strives to balance extremely over supplied markets in PADDs 1 and 3 with lower seasonal demand.



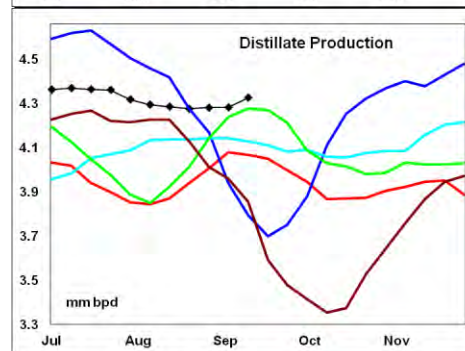
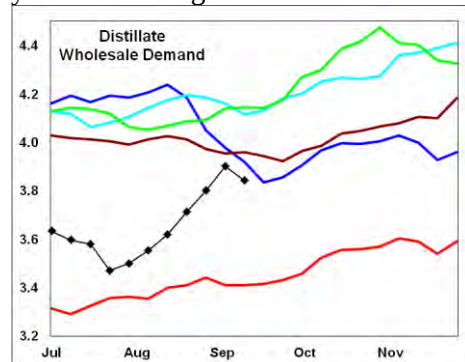
The sharp cut in supply more than offset lower seasonal production, leading to a -0.7 million barrel stock draw on the week. This included a -1 million barrel draw in PADD 1. Stock levels remain +17 million barrels above the prior record high. Stock levels are at 5-year highs in all regional markets except PADD 2.

The midwest market remains at risk of a supply squeeze on above normal refinery maintenance, particularly gasoline units, and a delayed restart of the Enbridge crude oil line supplying Chicago area refiners. Other regional markets are extremely over supplied with risk of pressure on refining margins.

Distillate demand declined -90,000 bpd last week, with the 4-wk average to +396,000 bpd above last years' depressed level.

Production increased +66,000 bpd on the week, offset by a -59,000 bpd drop in imports. Production rates remain above the 5-year range.

Stocks declined -0.3 million barrels on the week, the 3rd consecutive weekly draw. Stock levels are +6.7 million barrels above last years' record highs.



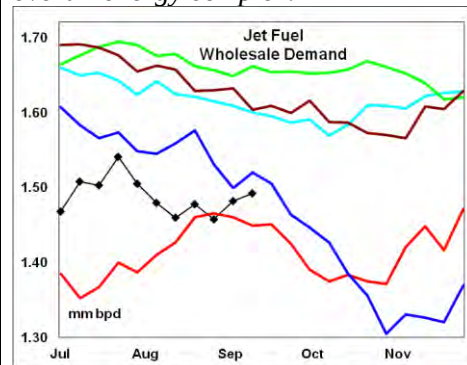
The supply balance continues to exhibit modest improvement on counter seasonal stock draws and rebust demand, including exports. Expect a seasonal decline in production on fall refinery maintenance and strong exports to support prices compared to the overall energy complex.

Jet Fuel demand decreased -47,000 bpd on the week, with the latest 4-wk average -15,000 bpd below last year.

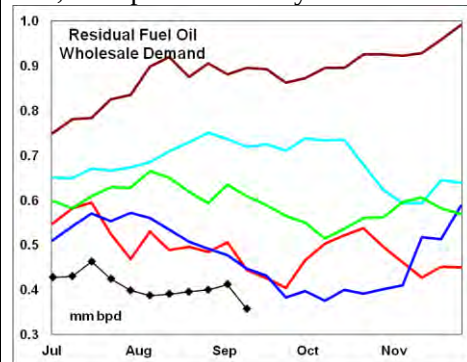
Supply increased +92,000 bpd on the week. Production matched historic highs for the week..

Stocks increased +0.5 million barrels last week, and remain well above the historic range.

The market should remain avery well supplied on lower seasonal demand, above average output and current record high stock levels; limiting price strength relative to the overall energy complex.

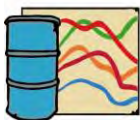


Residual fuel oil demand, including exports, declined -153,000 bpd last week, with the 4-wk average -111,000 bpd below last year.



Supply (production + imports) declined -213,000 bpd on the week, with the latest 4-wk average -94,000 bpd below a year ago. Production fell below the 5-year range, while imports matched historic lows for the period. Stock levels remain above four of the last five years.

Output for the latest 4-wk period remains -20% below last years' record low. Key regional markets remain very well supplied.



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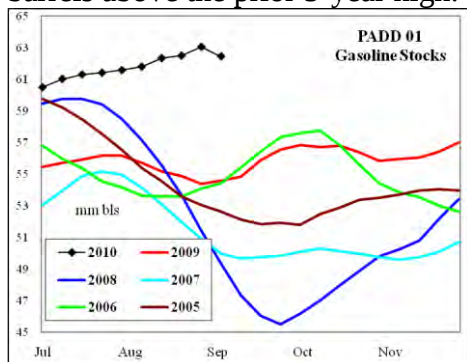
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PADD Supply Trends

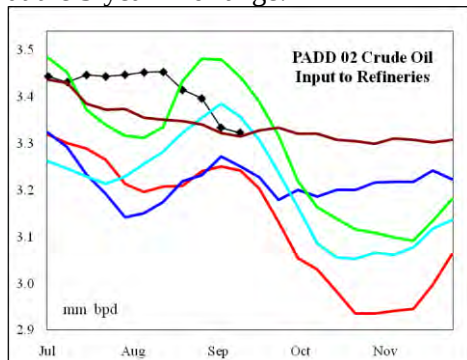
PADD 1 refinery crude oil runs decreased -34,000 bpd on the week, with the 4-wk average -71,000 bpd below last years' record low rate.

Gasoline production decreased -108,000 bpd on the week, with the latest 4-wk average +374,000 bpd above a year ago. Imports (blend stocks) decreased -439,000 bpd last week, falling below the historic range. Stocks decreased -1million barrels, but remain +7.5 million barrels above the prior 5-year high.



Distillate supply decreased -24,000 bpd last week, to a level below the 5-year range. Stocks decreased -0.4 million barrels on the week, a level that matches the prior record.

Jet fuel supply was nearly unchanged on the week, at a level matching the prior record low. Stocks fell -0.7 million barrels, with the level at the 5-year mid range.



PADD 2 crude oil refinery runs increased +49,000 bpd last week, matching the mid range. Import levels remain at the 5-year low, limited by the Enbridge Pipeline shut down. Stocks decreased -1.1 million barrels,

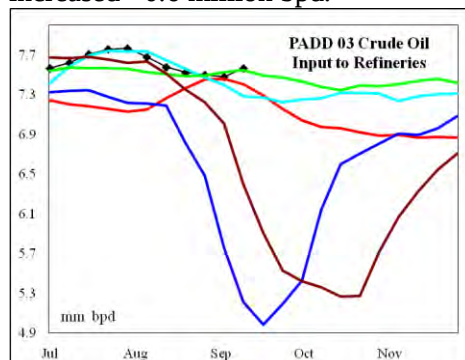
including a -0.6 million barrel decline in Cushing.

Gasoline production decreased -167,000 bpd last week, with the level matching the 5-year low for this time of year. Stocks increased +0.5 million barrels, to above the mid range.

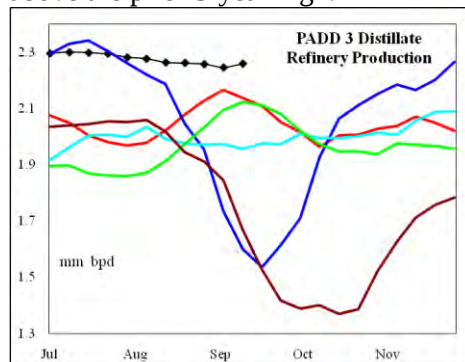
Distillate production increased +65,000 bpd on the week, with the level a record high for this time of year. Stocks increased +0.8 million barrels, with the level above the prior 5-year high.

Jet fuel production surged +57,000 bpd to a record high. Stocks increased +0.7 million barrels to above the 5-year range.

PADD 3 crude oil runs decreased -33,000 bpd, with the level matching the 5-year high for this time of year. The latest 4-wk average was -59,000 bpd below a year ago. Crude imports increased +0.6 million bpd.



Gasoline production declined -10,000 bpd on the week. Stocks decreased -0.5 million barrels, but remain +7% above the prior 5-year high.



Distillate production decreased -16,000 bpd on the week, but remains +100,000 bpd above the prior record high. Stocks decreased -0.8 million

barrels on the week, but remain +13% above the prior record level.

Jet fuel production was at the mid range of the last 5-years on the week. Stock levels were +20% above the prior record high.

Residual fuel oil production declined -107,000 bpd on the week, to a level below the mid range. Stock levels remain above the historic range.

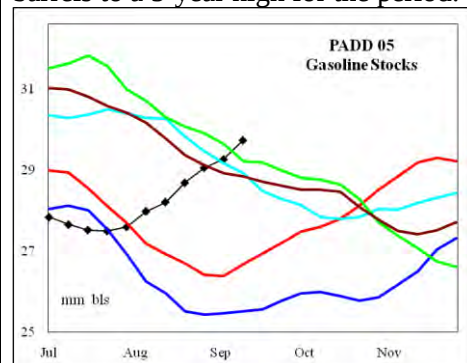
PADD 4 refinery crude runs increased +37,000 bpd on the week, to above the mid range. The latest 4-wk average thru put was -26,000 bpd below last year. Imports were a record high, holding stocks at a record level.

Gasoline production decreased -31,000 bpd on the week, to below the mid range. Stock levels remain above the 5-year range.

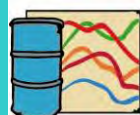
Distillate production remains above the mid range. Stock levels remain well above the 5-year range.

PADD 5 crude oil refinery runs increased +75,000 bpd on the week, with the latest 4-wk average +73,000 bpd above last year. Crude imports fell -729,000 bpd last week to a record low. Stocks increased +0.5 million barrels to match the 5-year high for this time of year.

Gasoline production declined -32,000 bpd on the week, matching the low for this time of year. Imports of blend stocks also decreased -116,000 bpd. Stocks increased +0.2 million barrels to a 5-year high for the period.



Distillate supply was nearly unchanged on the week with higher production offset by a similar decline in imports. Stocks increased +0.3 million barrels to the mid range.

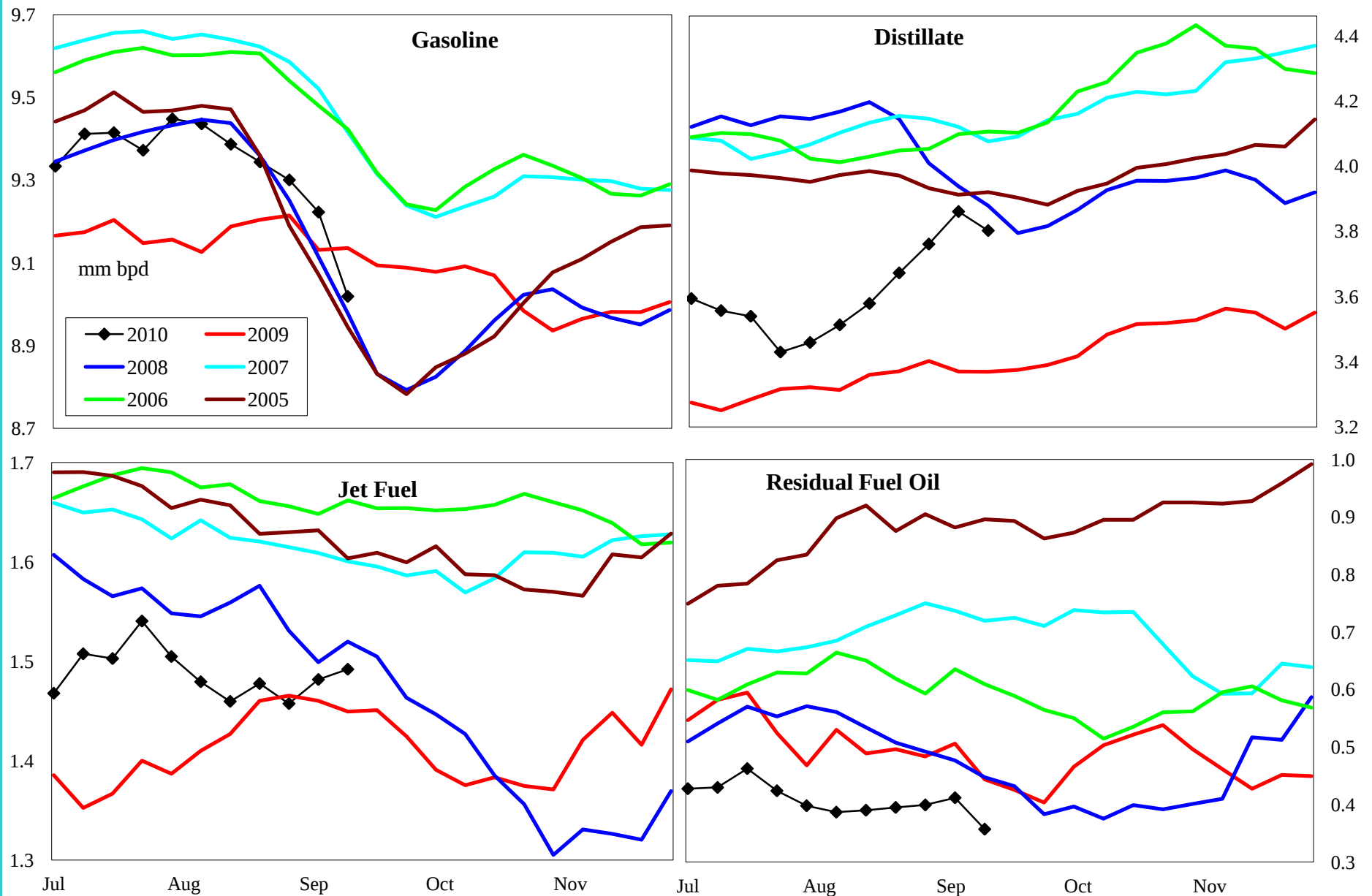

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PETROLEUM: Graph Link and Weekly Summary

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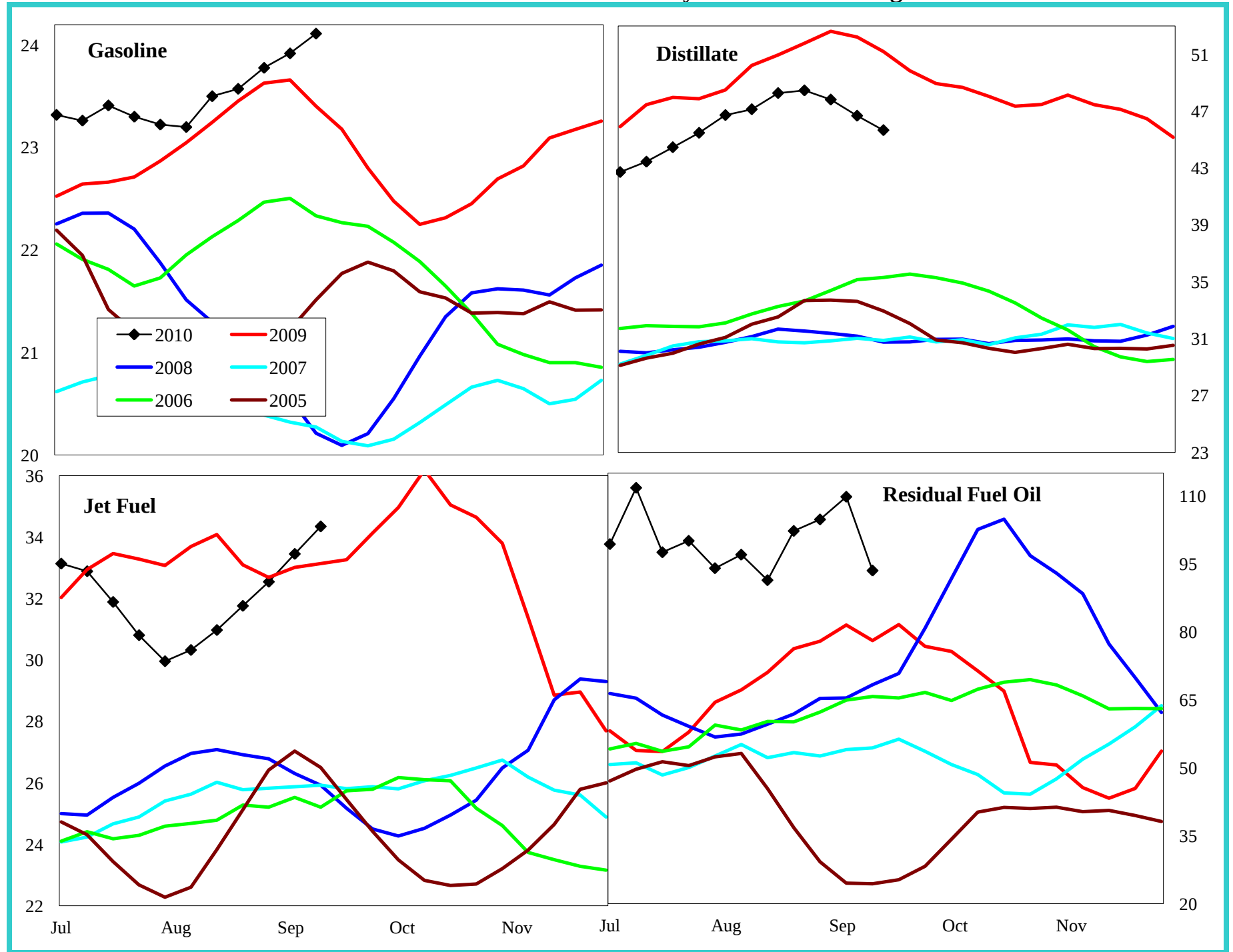
Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization</u> <u>Product Yield %</u>				<u>Imports</u>
Supply/Demand Trends	10-Sep-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	-2,489	56	-1,052	-1,937	-28	472
	Imports	142	256	9	579	27	-729
	Input	94	-34	49	-33	37	75
	% Utilization	-0.60					
<u>Gasoline</u>	Stocks	-694	-963	496	-466	10	230
	Production	-348	-108	-167	-10	-31	-32
	Imports	-439	-297	2	-27	0	-116
	Supplied	-244					
<u>Distillate</u>	Stocks	-340	-642	787	-839	24	330
	Production	66	-24	65	-16	-4	45
	Imports	-59	-2	-6	0	-4	-48
	Supplied	-90					
<u>Jet Fuel</u>	Stocks	504	-736	677	509	-26	79
	Production	50	-6	57	-6	8	-4
	Imports	42	1	0	0	0	41
	Supplied	-47					
<u>Residual Fuel Oil</u>	Stocks	-600	-465	116	-22	25	-256
	Production	-123	0	-19	-107	3	1
	Imports	-90	-150	3	7	0	52
	Supplied	-153					

United States Wholesale Petroleum Demand

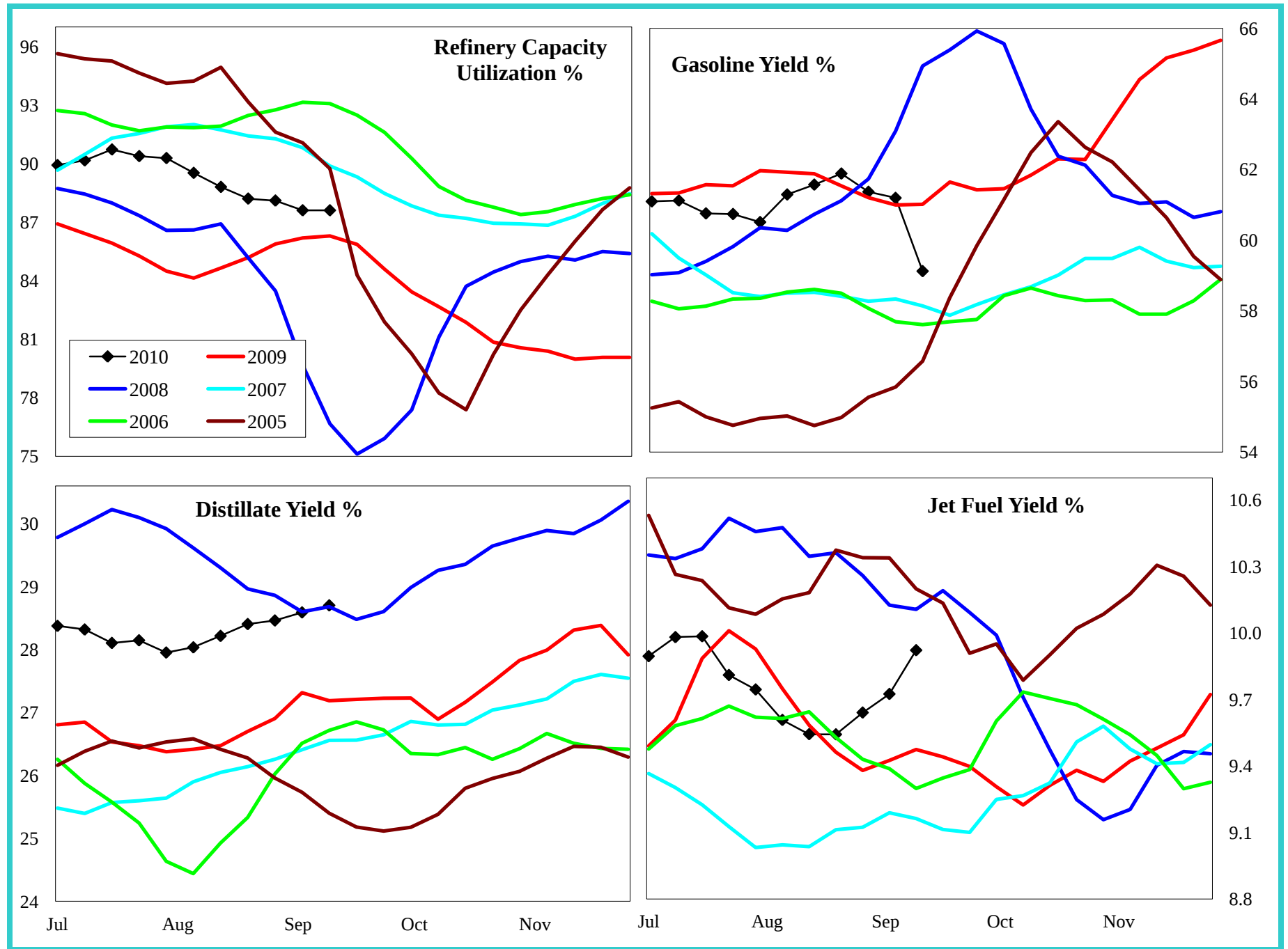


	000 bpd change from prior year				% change from prior year				
	4wk avg	Aug	Jul	Jun	4wk avg	Aug	Jul	Jun	
Gasoline	44	76	139	104	0.5	0.8	1.5	1.1	
Distillate	396	364	213	246	11.5	10.6	6.3	7.0	
Jet Fuel	-15	0	10	82	-1.0	0.0	0.7	5.8	
Resid	-111	-22	178	-61	-19.9	-4.7	55.8	-10.8	

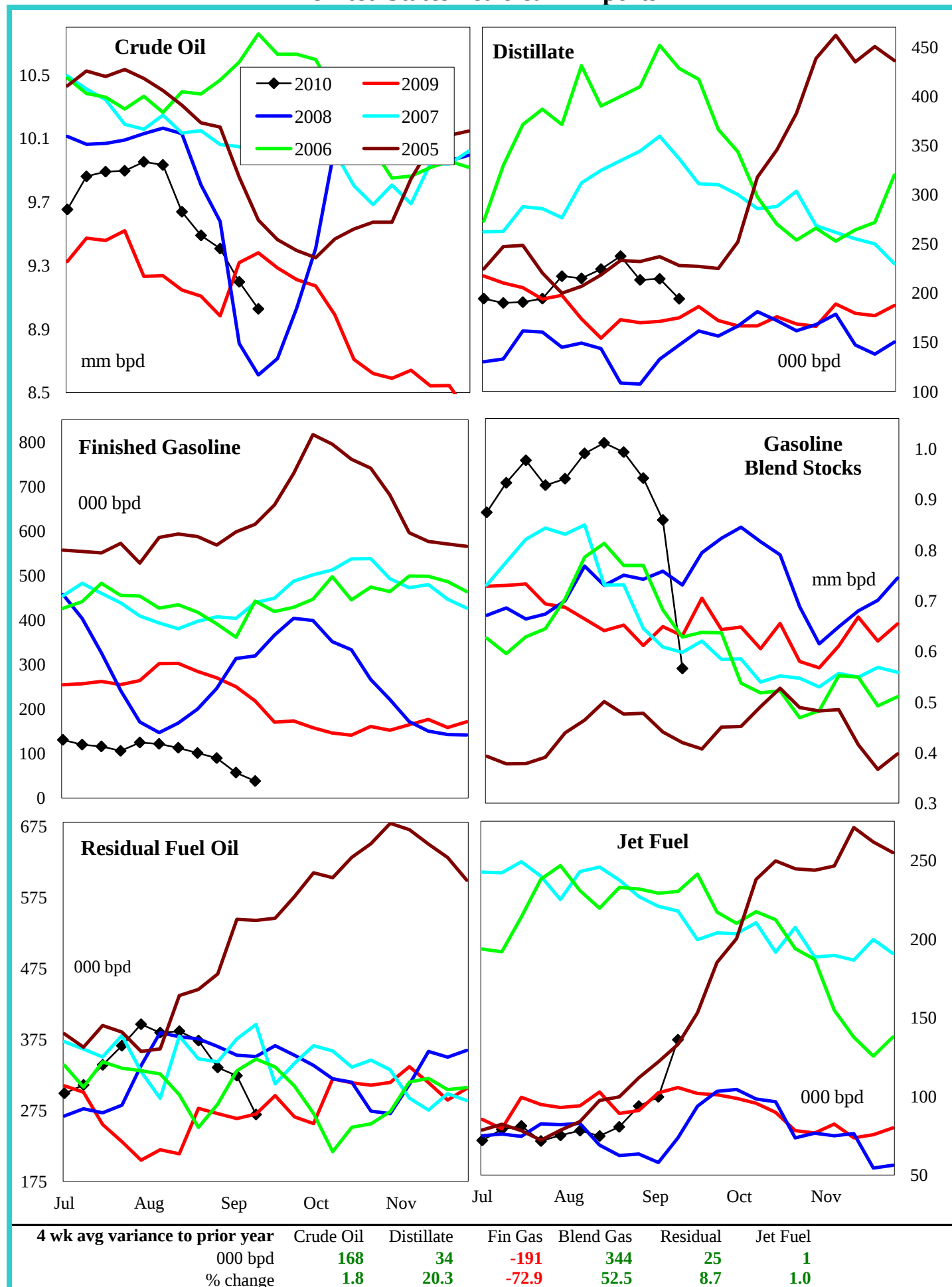
United States Product Stocks: Days Forward Coverage



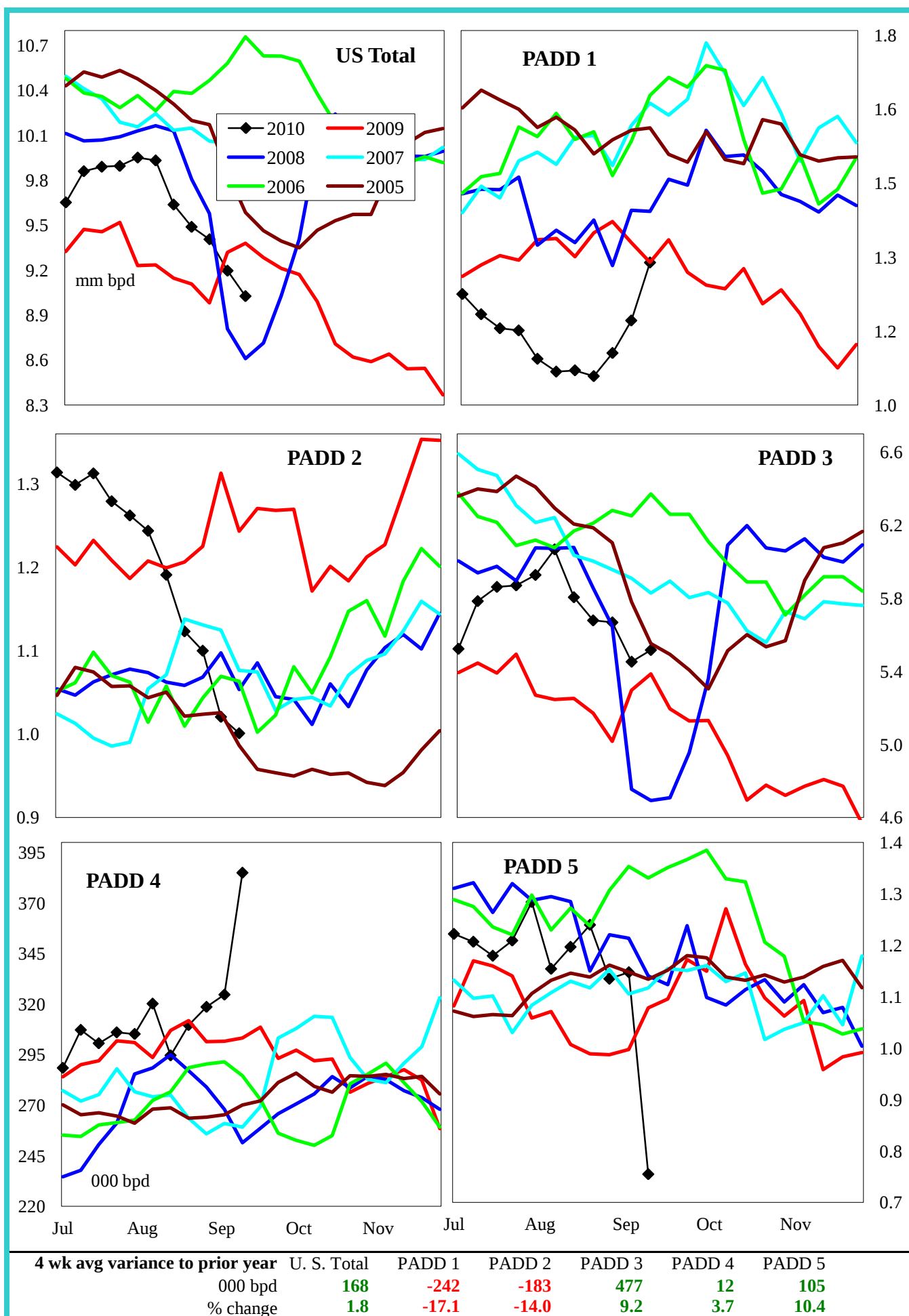
United States Refinery Percent Utilization Rate and Product Yields



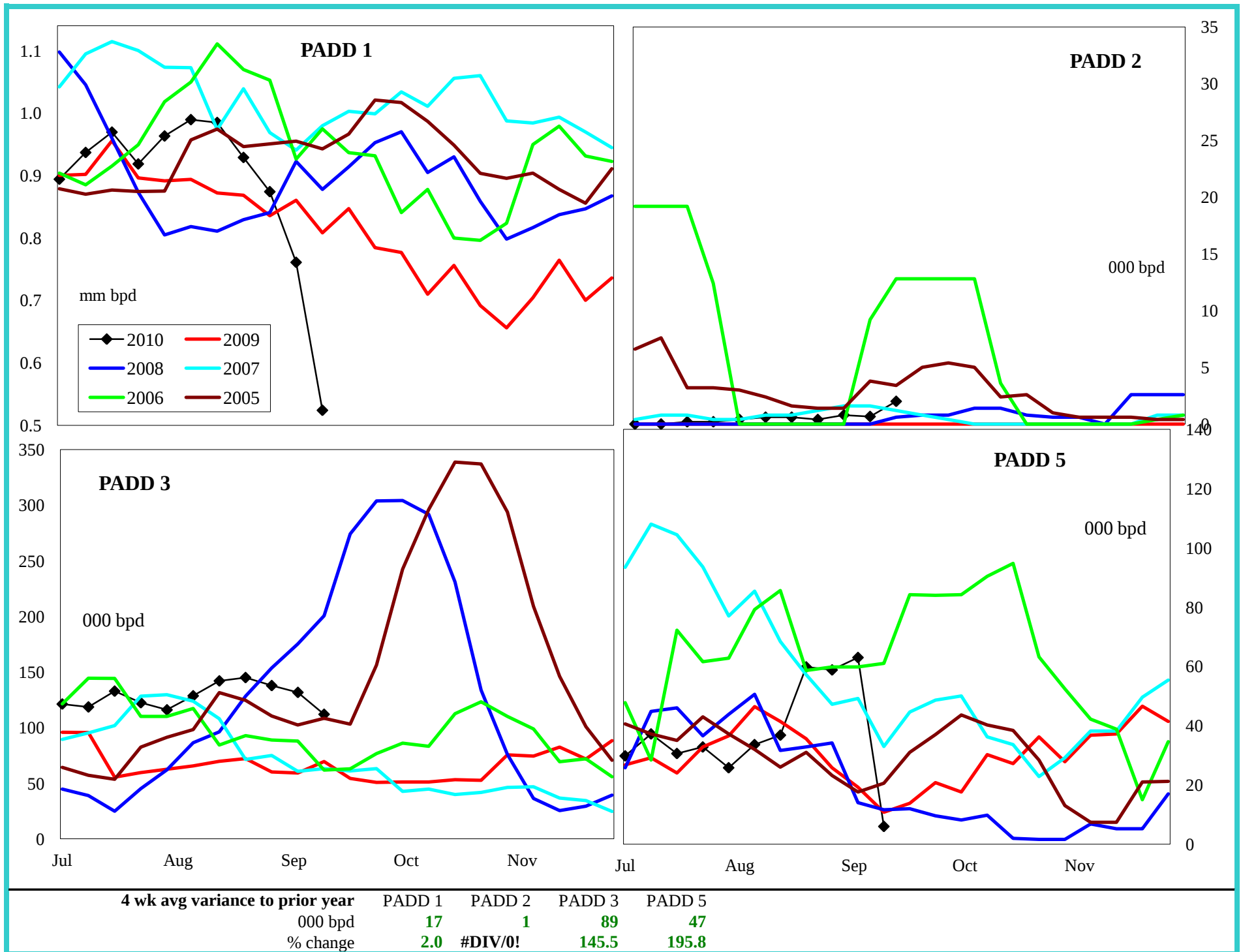
United States Petroleum Imports



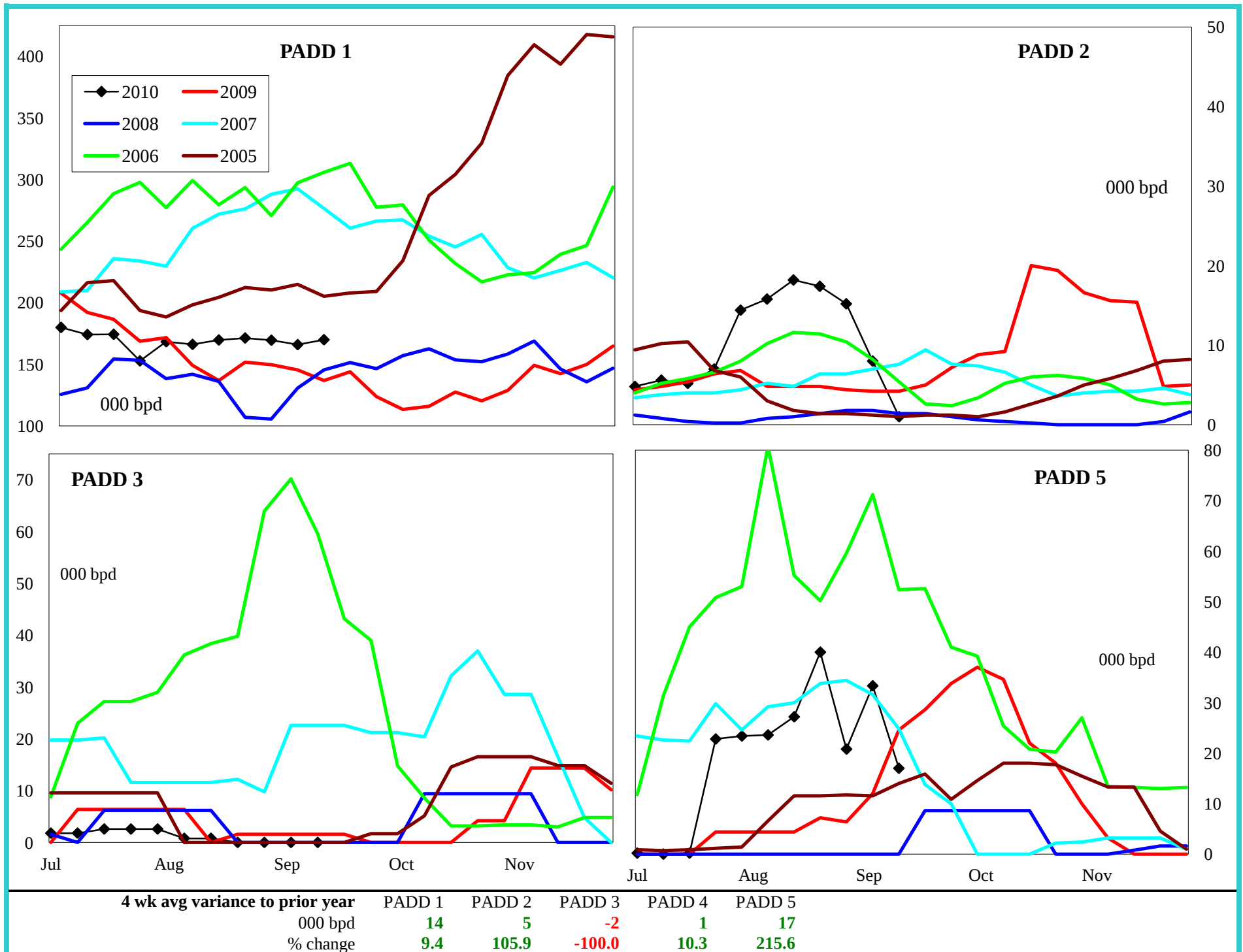
Crude Oil Imports by PADD



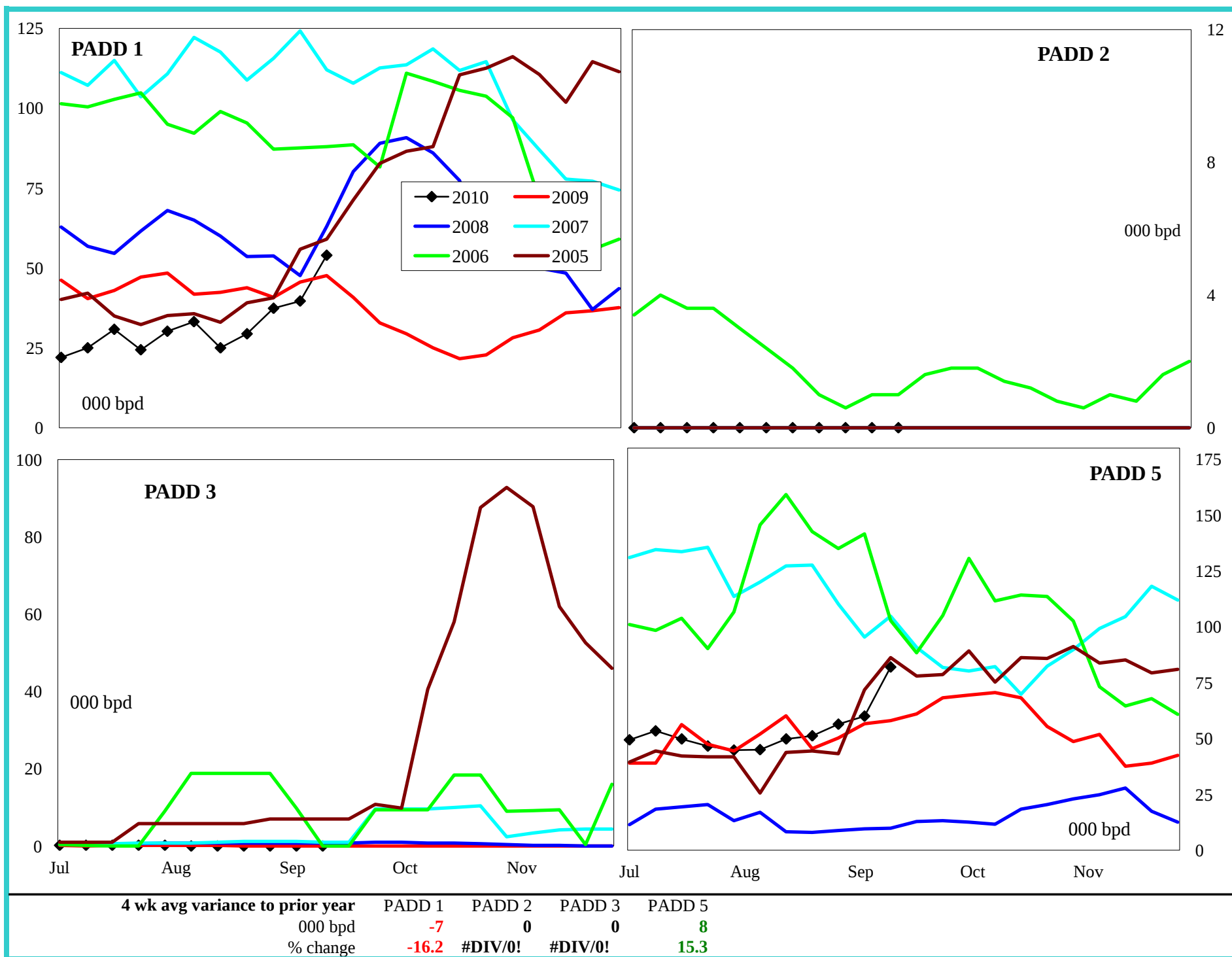
Gasoline Imports by PADD (Finished + Blend Stocks)



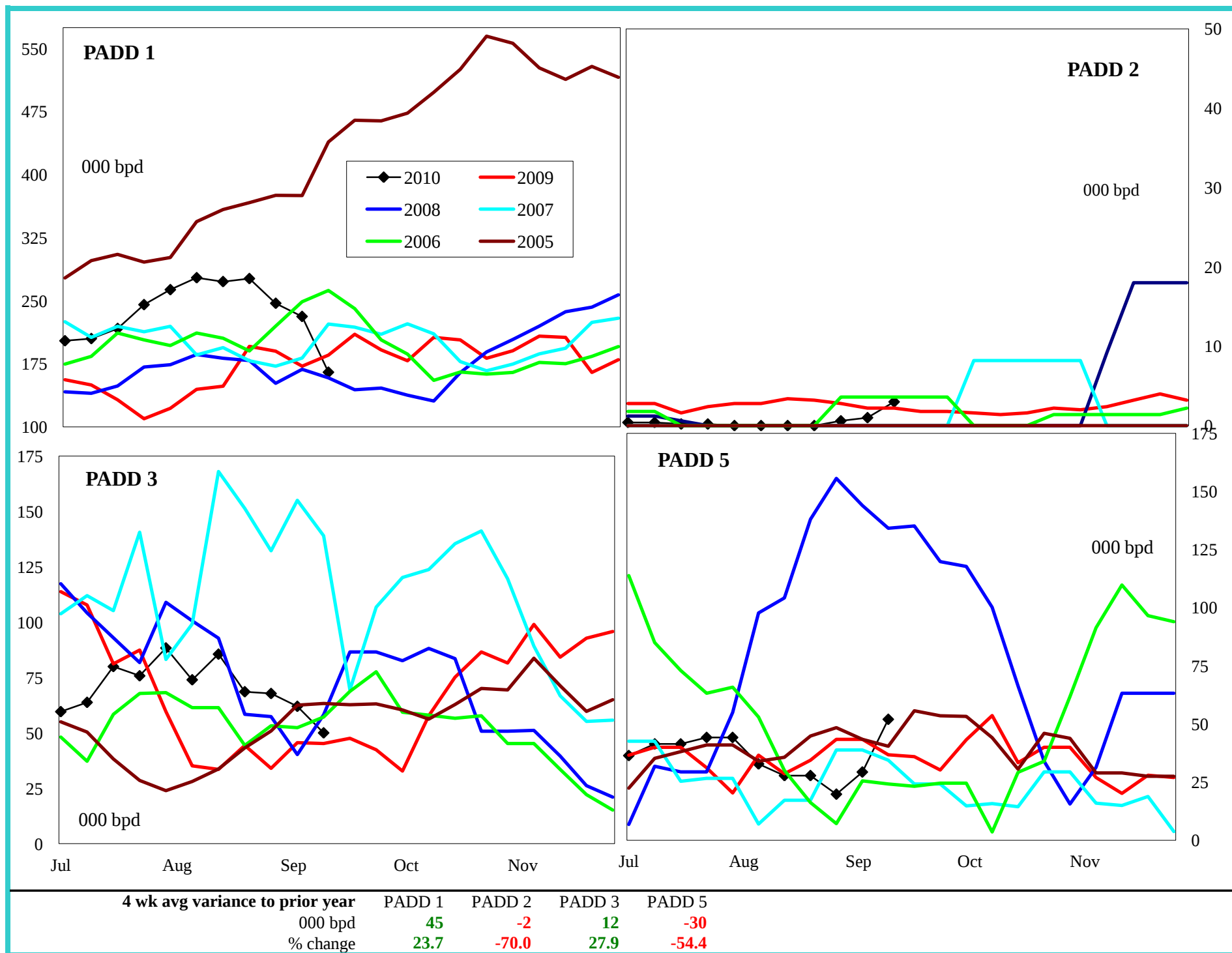
Distillate Imports by PADD



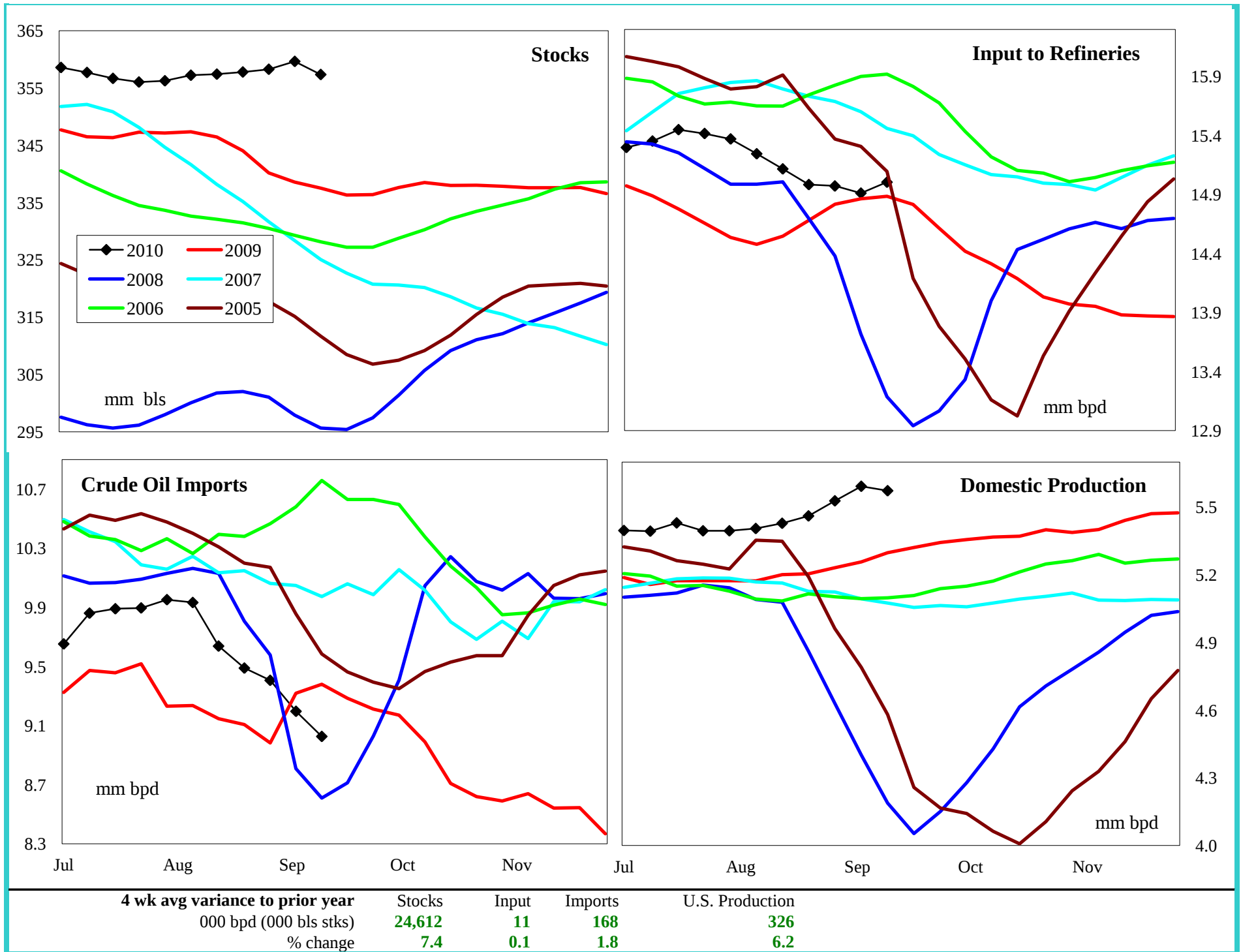
Jet Fuel Imports by PADD



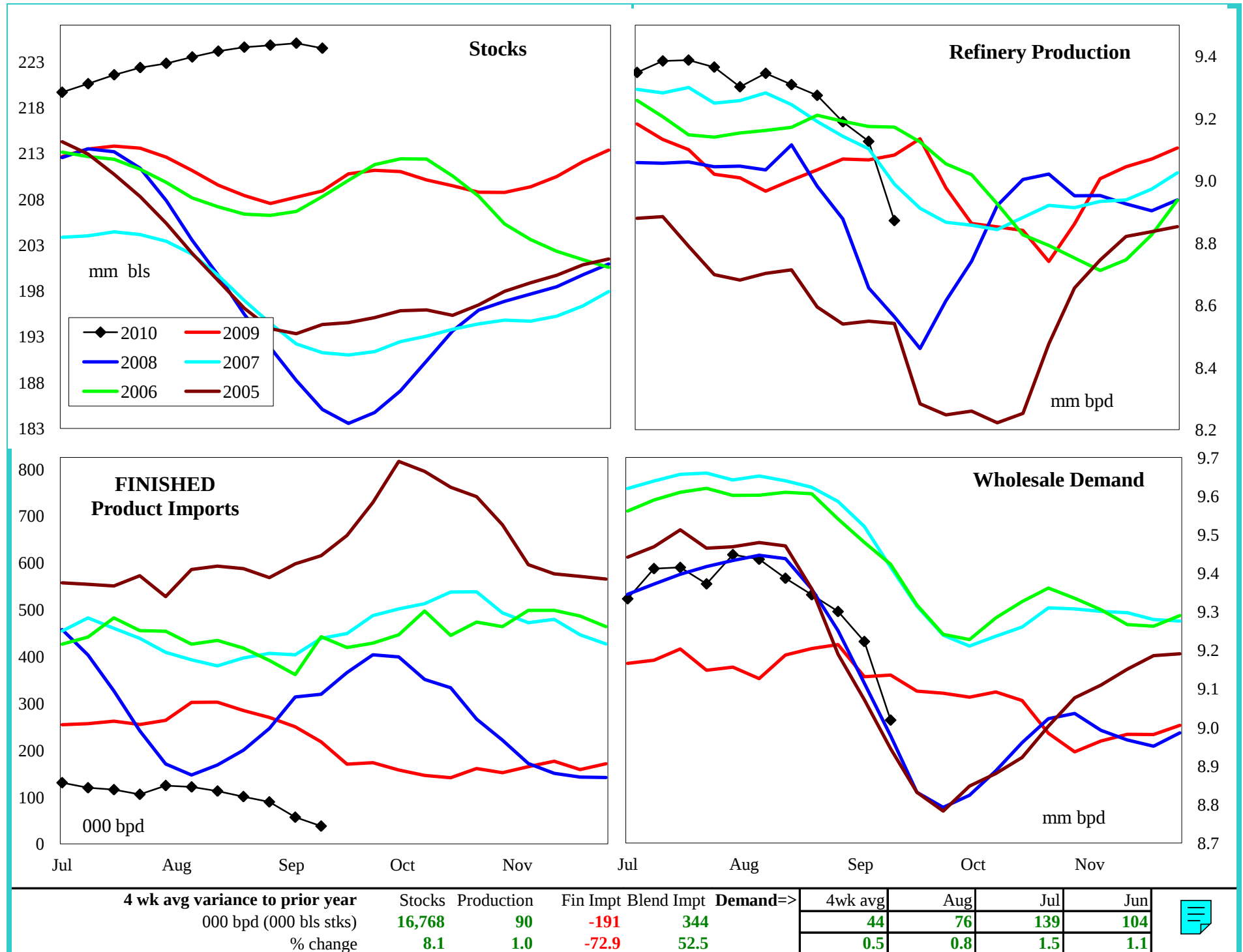
Residual Fuel Oil Imports by PADD



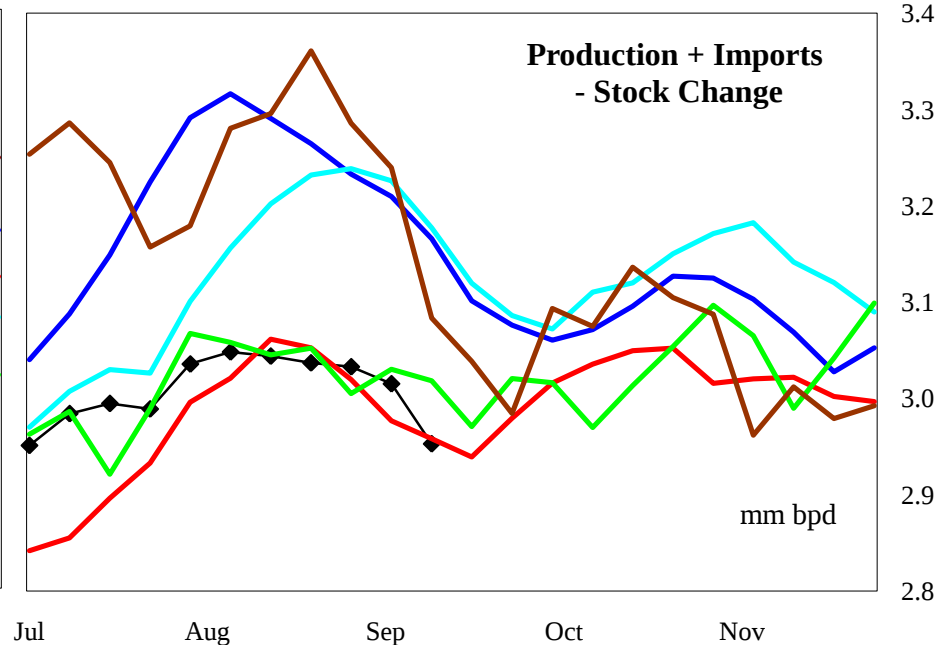
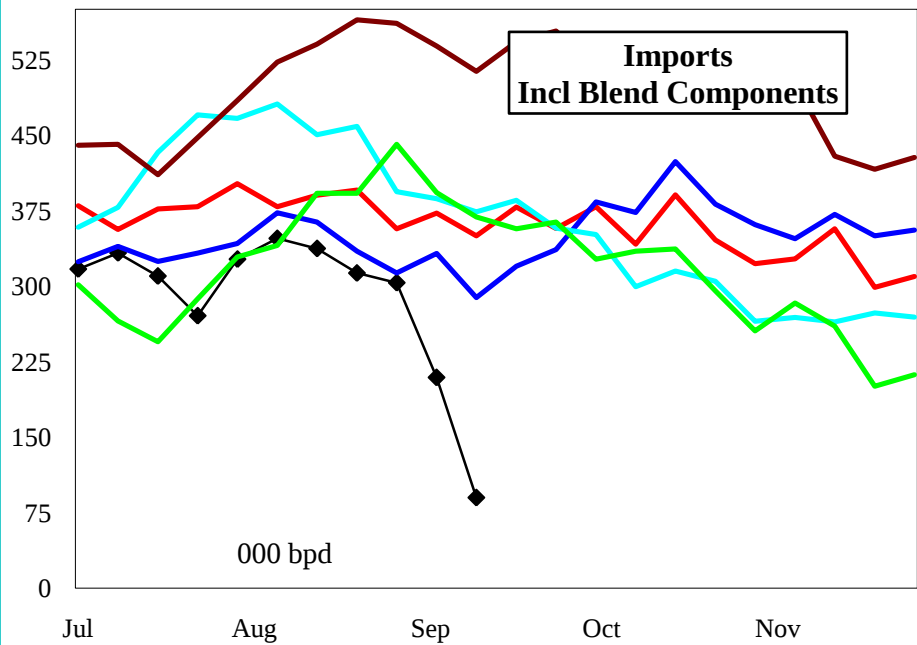
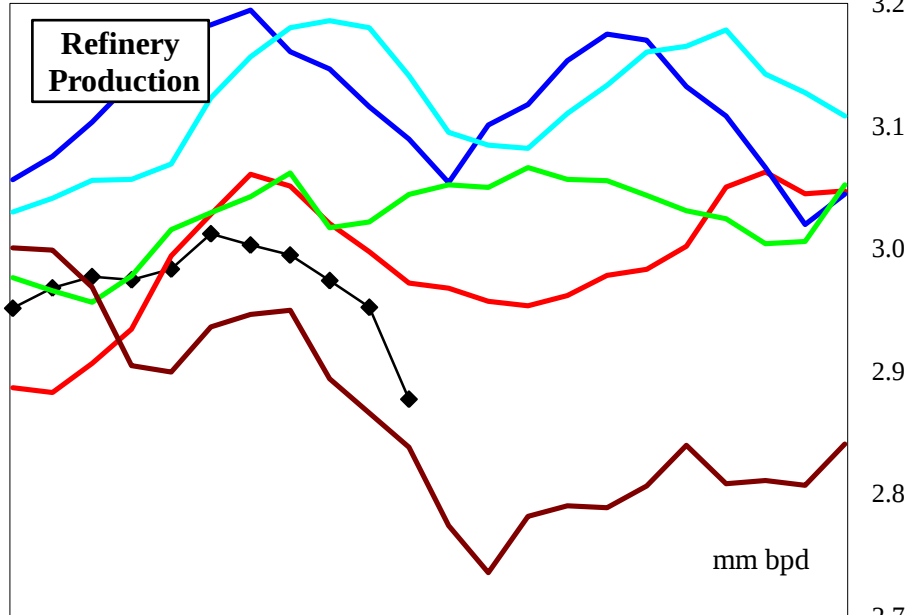
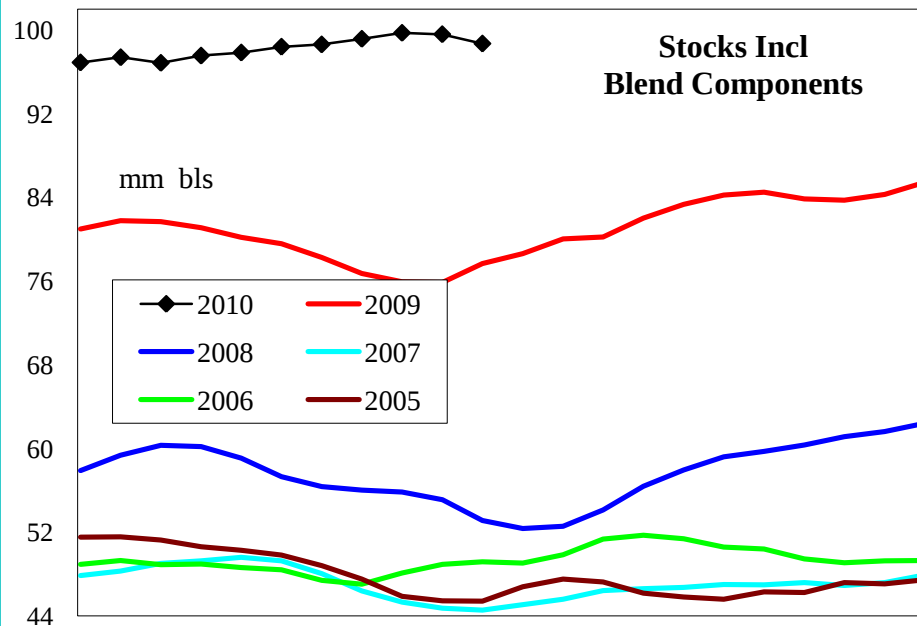
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



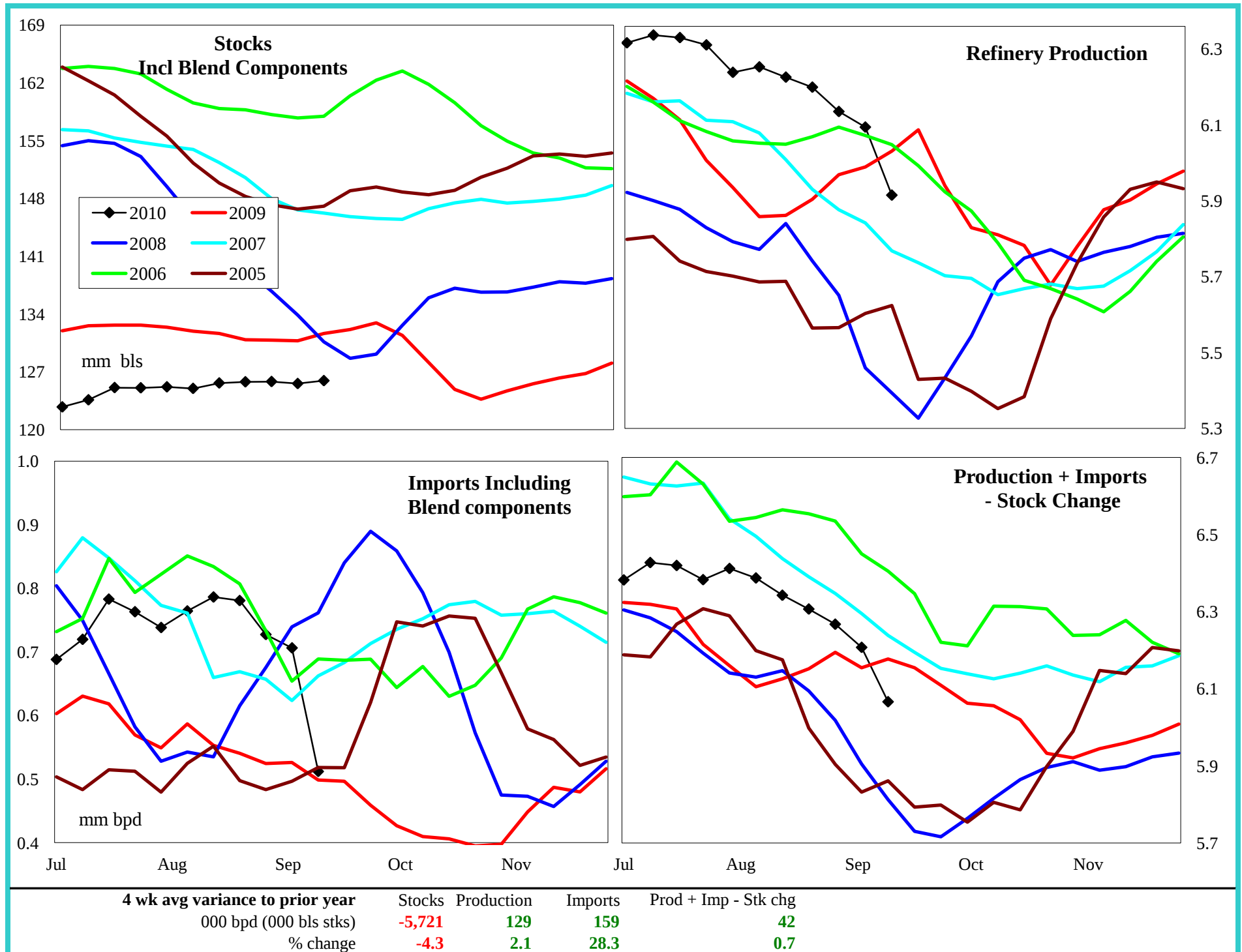
United States Reformulated Gasoline Supply



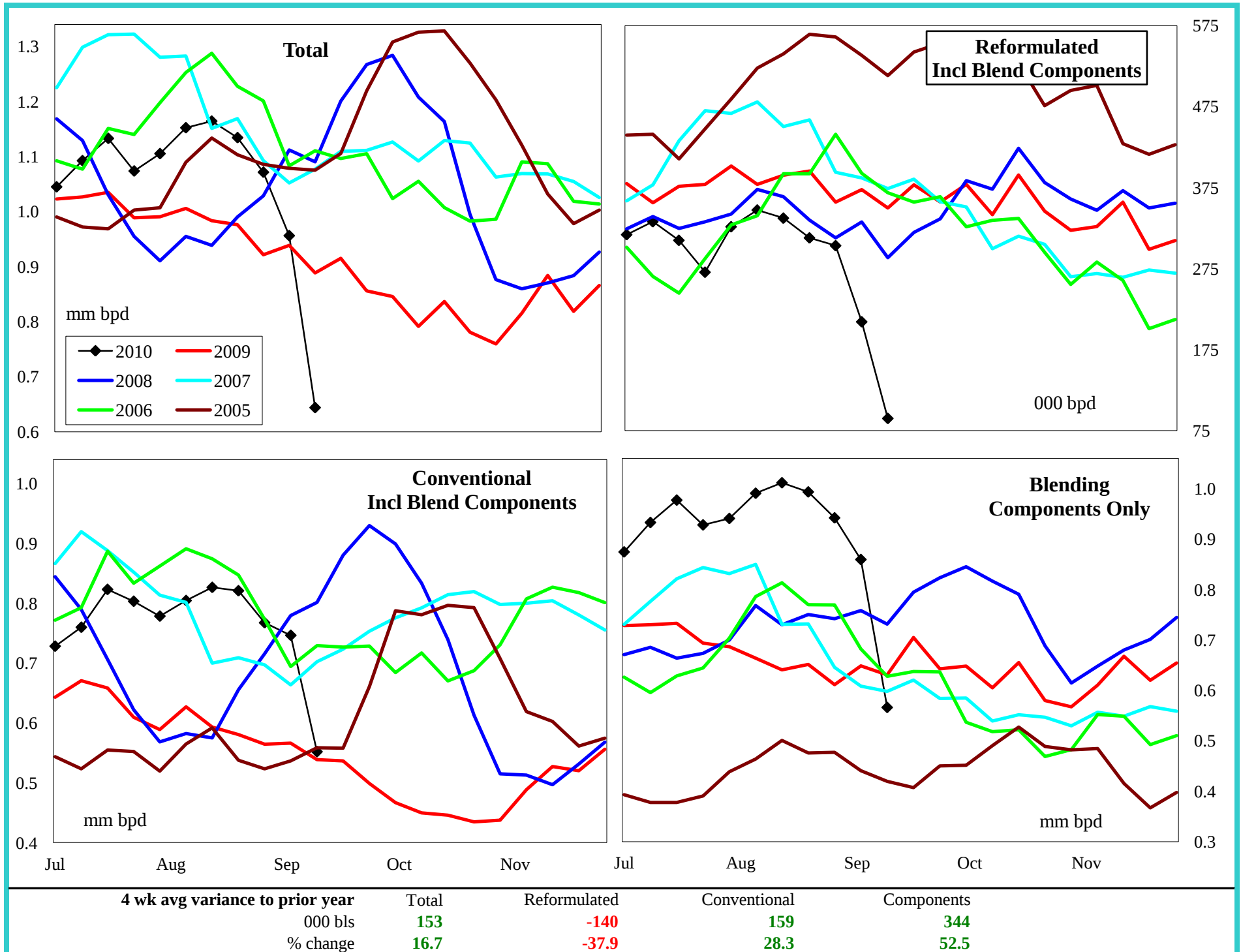
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
21,038	-39	-140	8
27.1	-1.3	-37.9	0.3

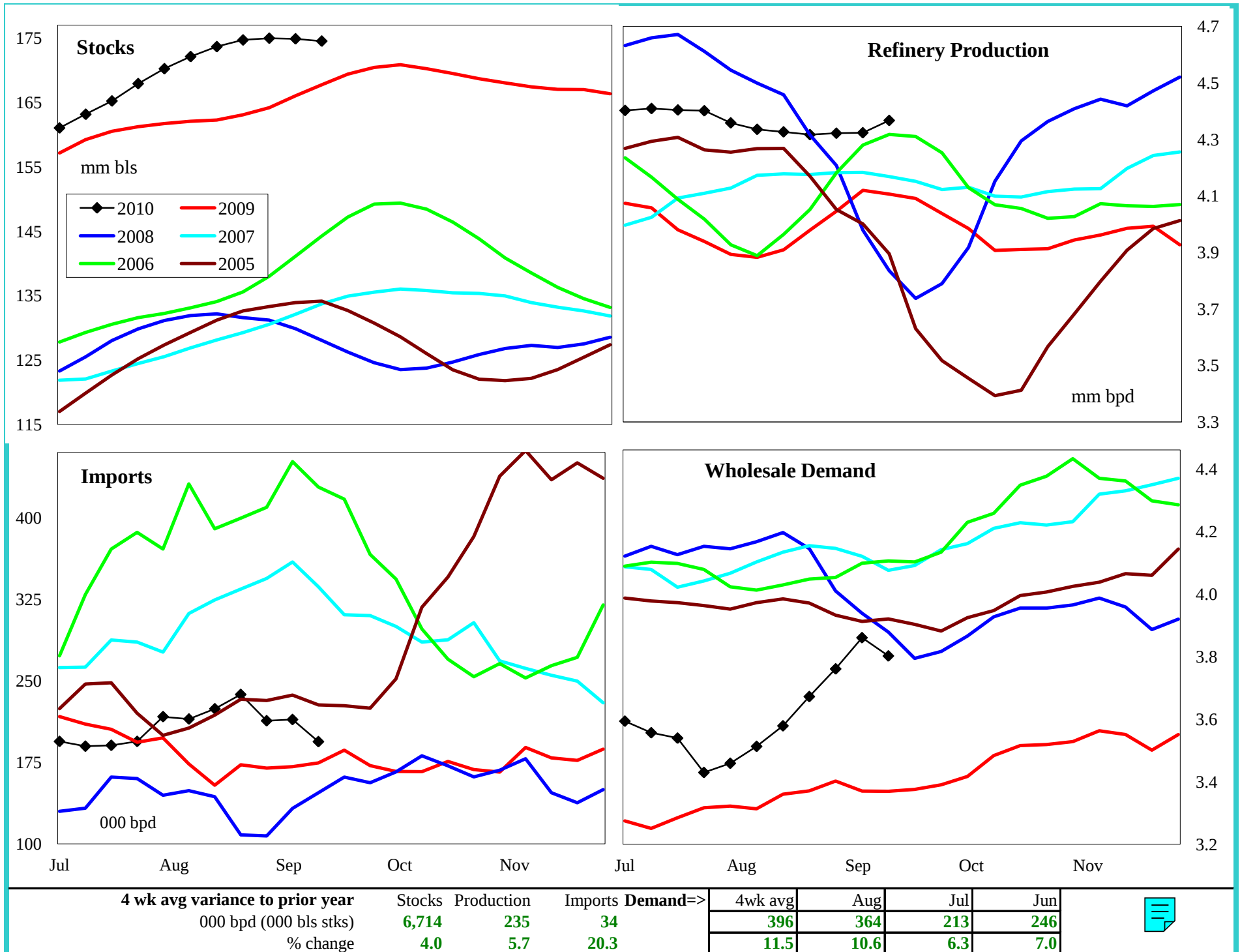
United States Conventional Gasoline Supply



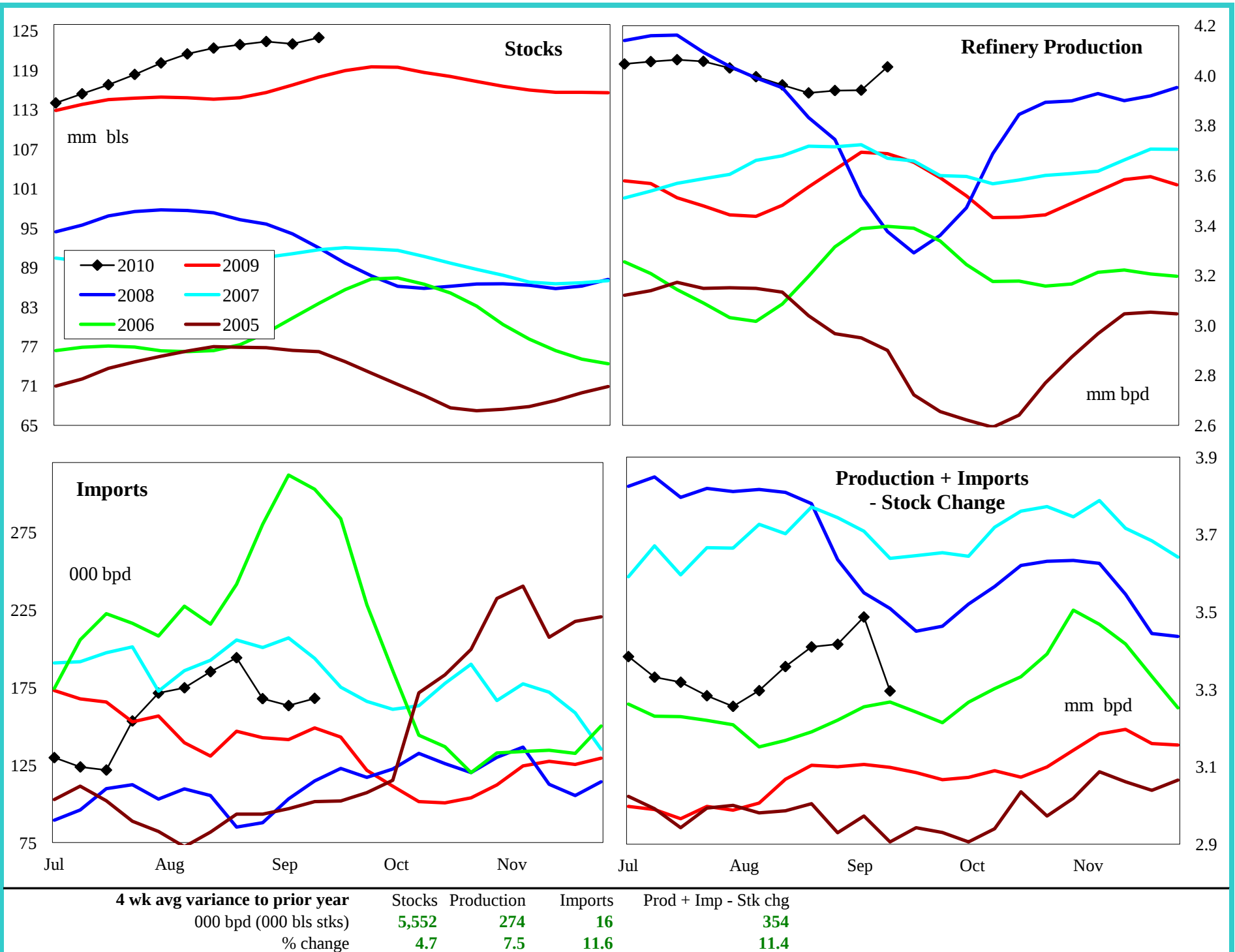
United States Gasoline Imports by Type



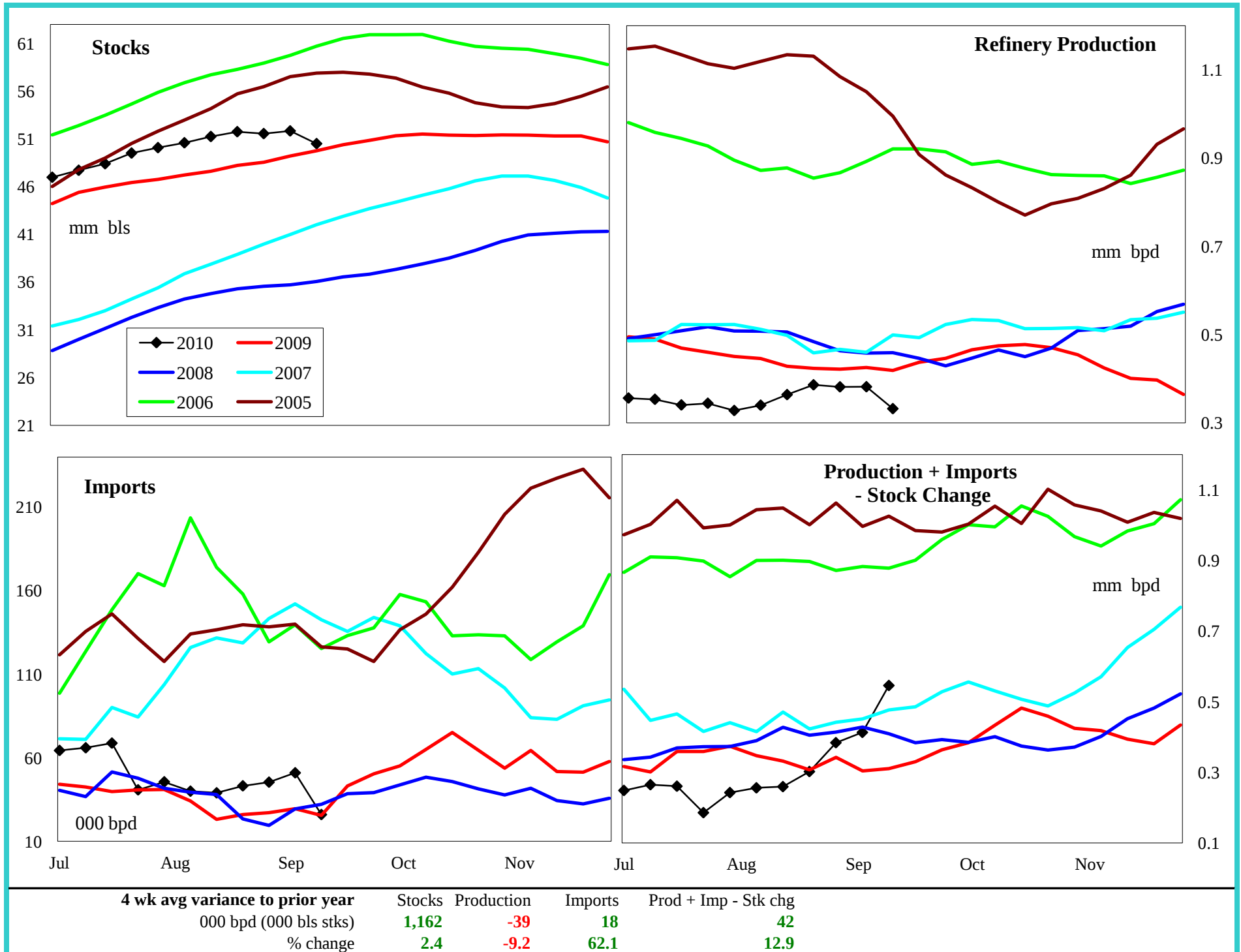
United States Distillate Supply and Demand Balance



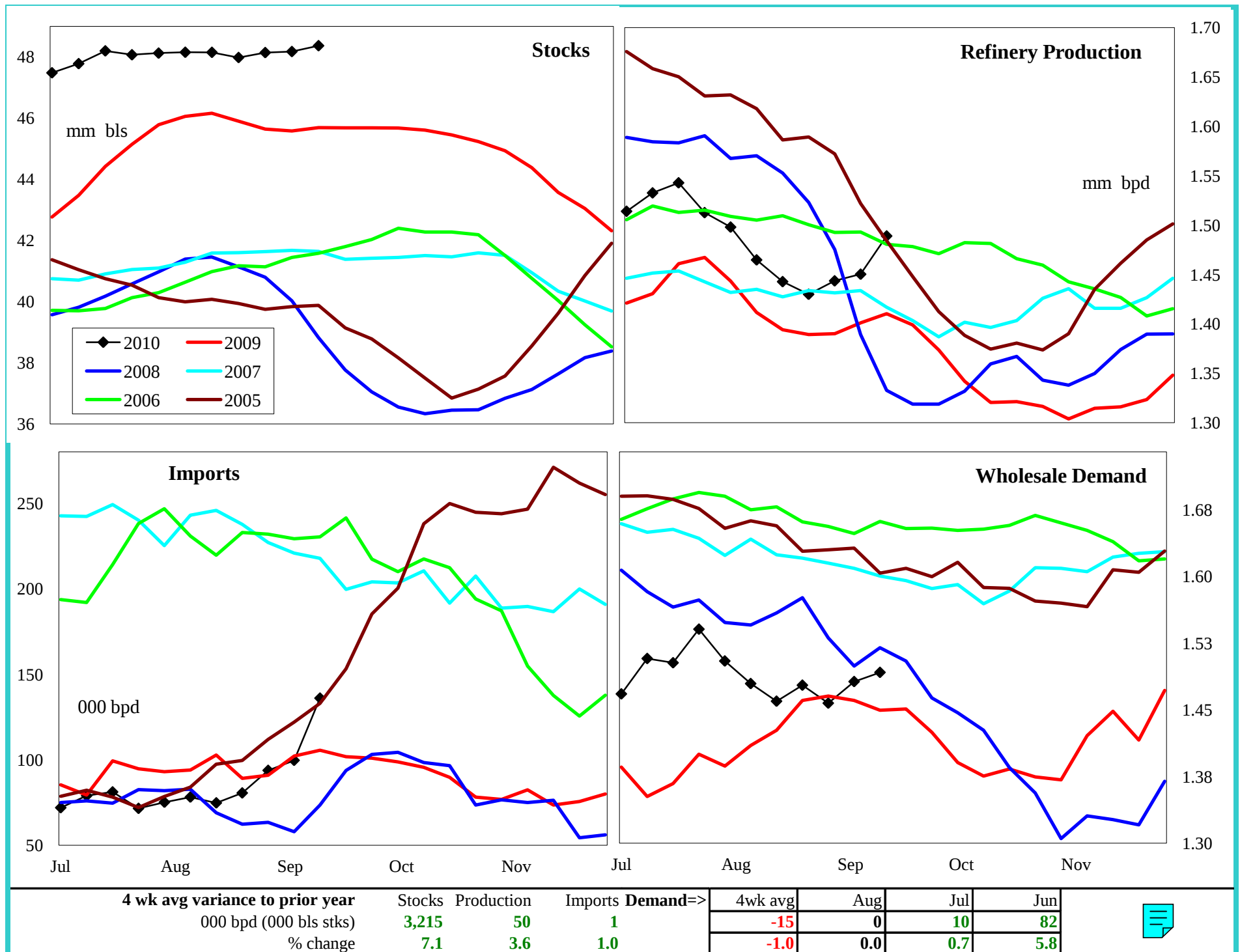
United States Low Sulfur Distillate Supply



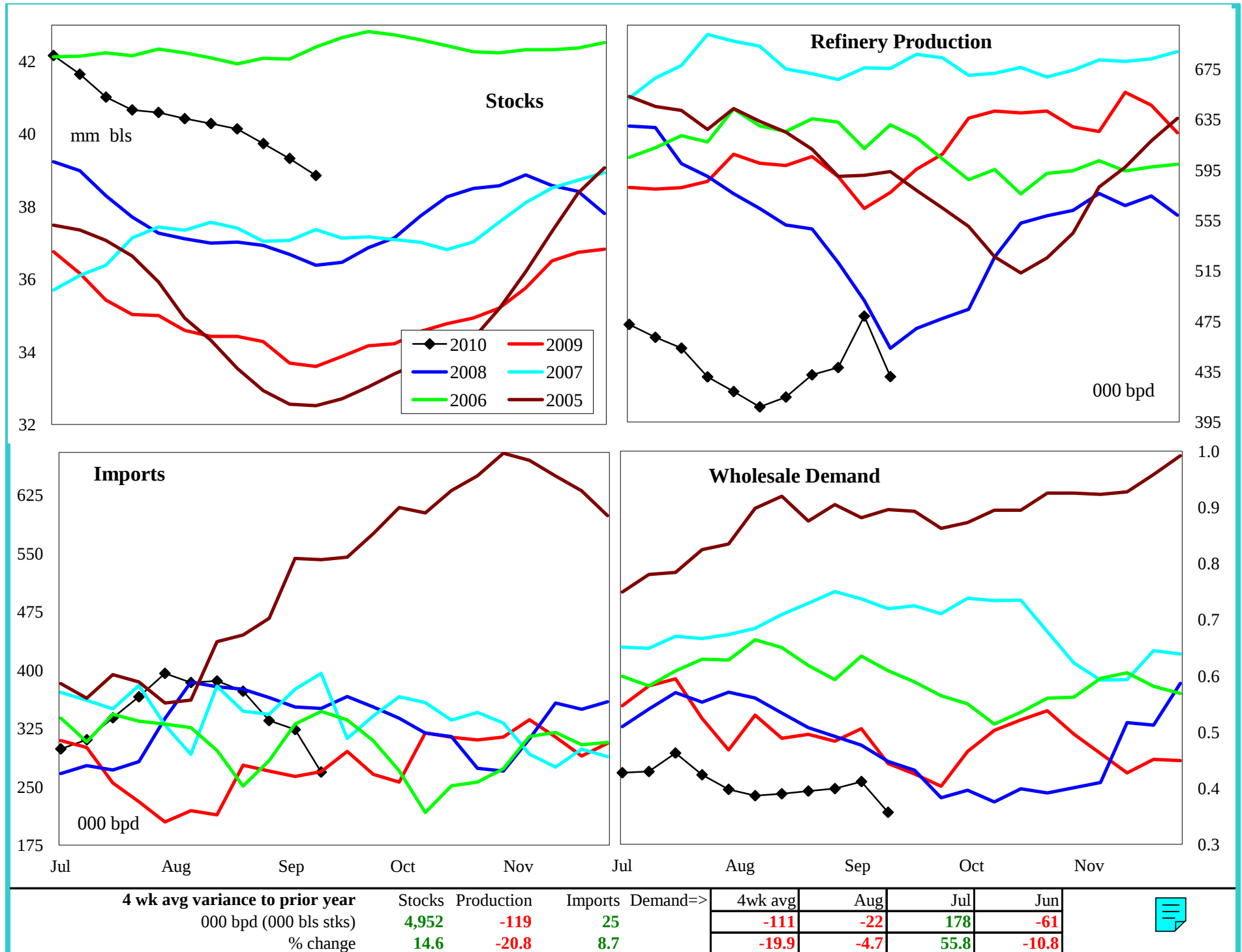
United States High Sulfur Distillate Supply



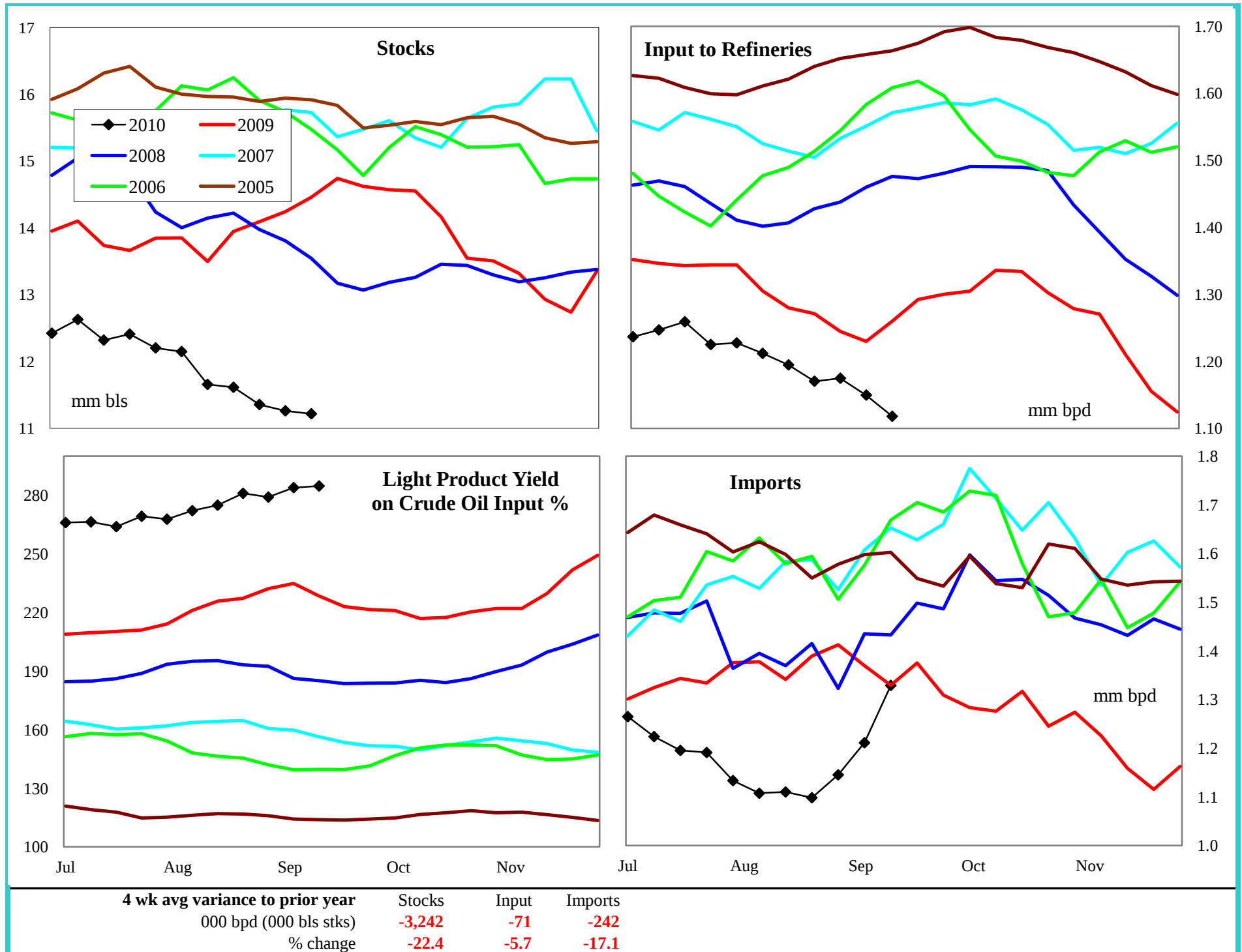
United States Jet Fuel Supply and Demand Balance



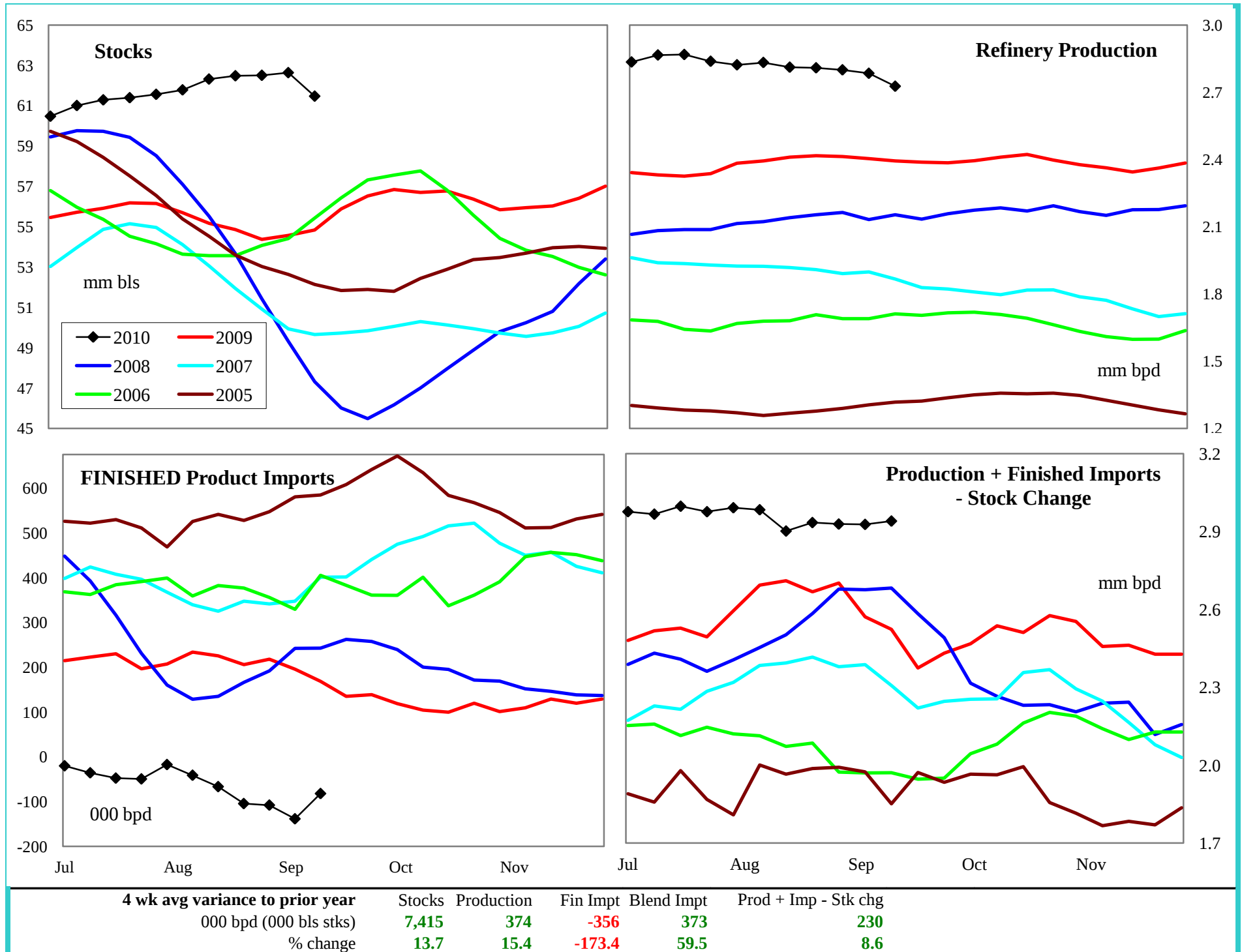
United States Residual Fuel Oil Supply and Demand Balance



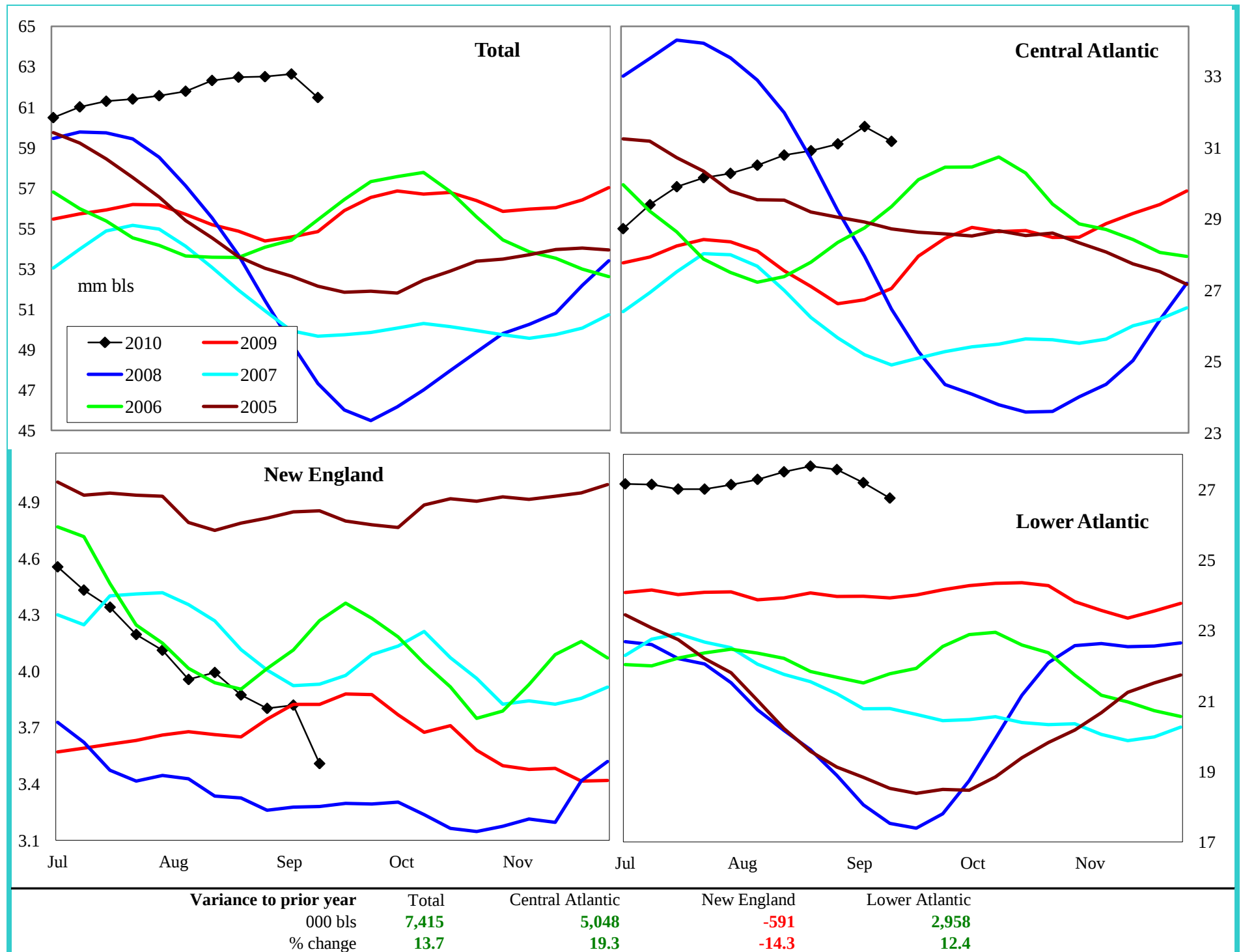
PADD 1 Crude Oil Supply and Refining



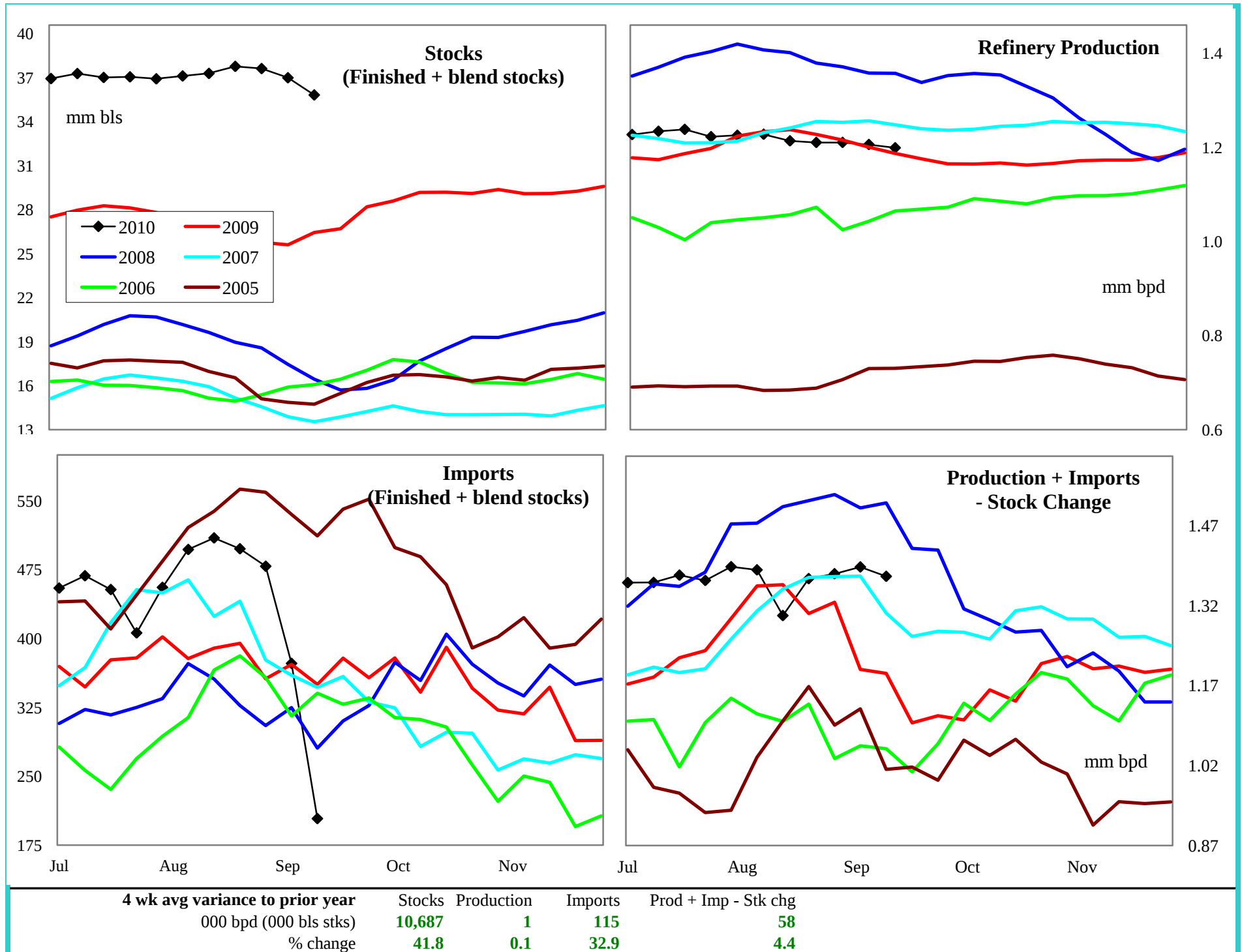
PADD 1 Gasoline Supply



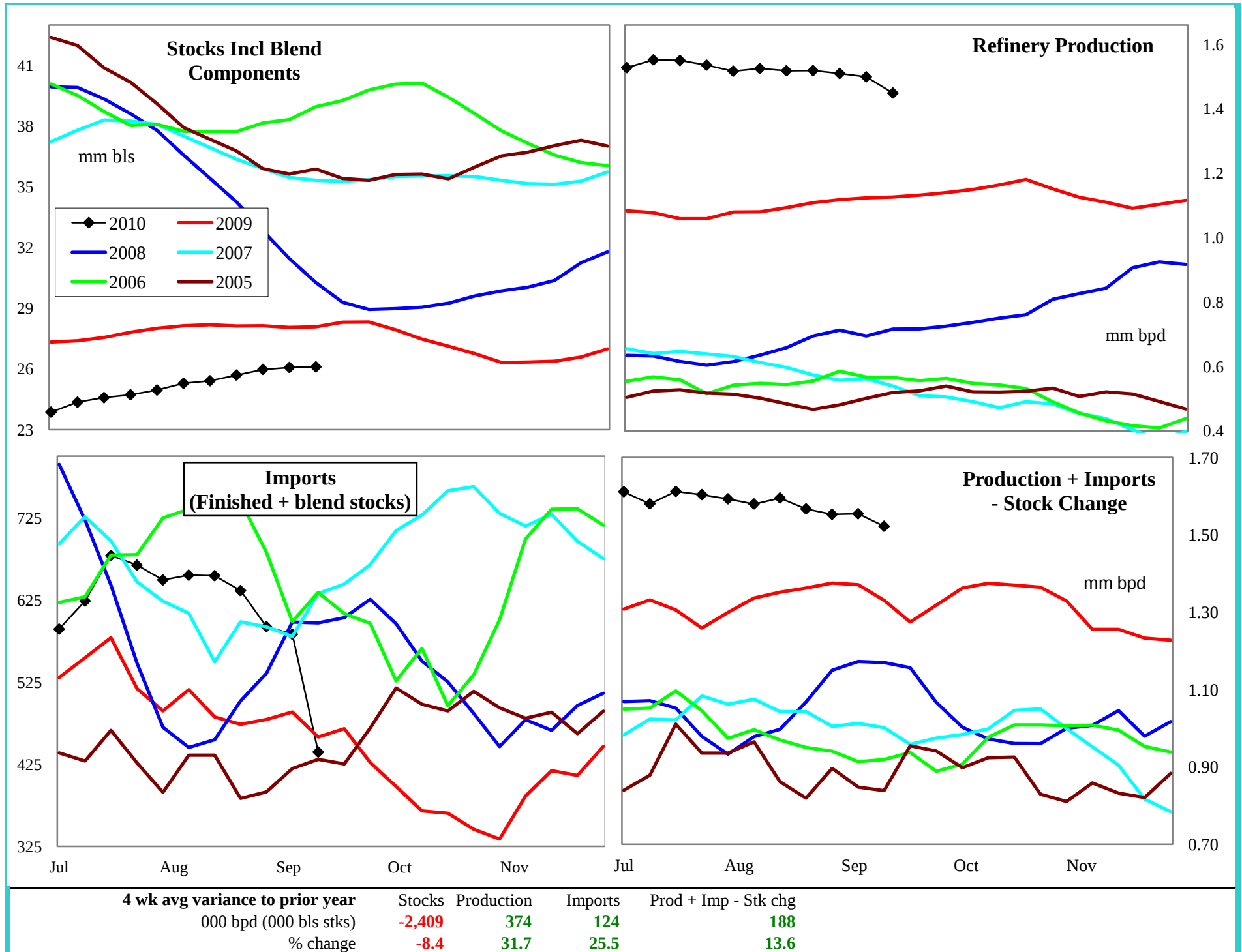
PADD 1 Gasoline Stocks by Region



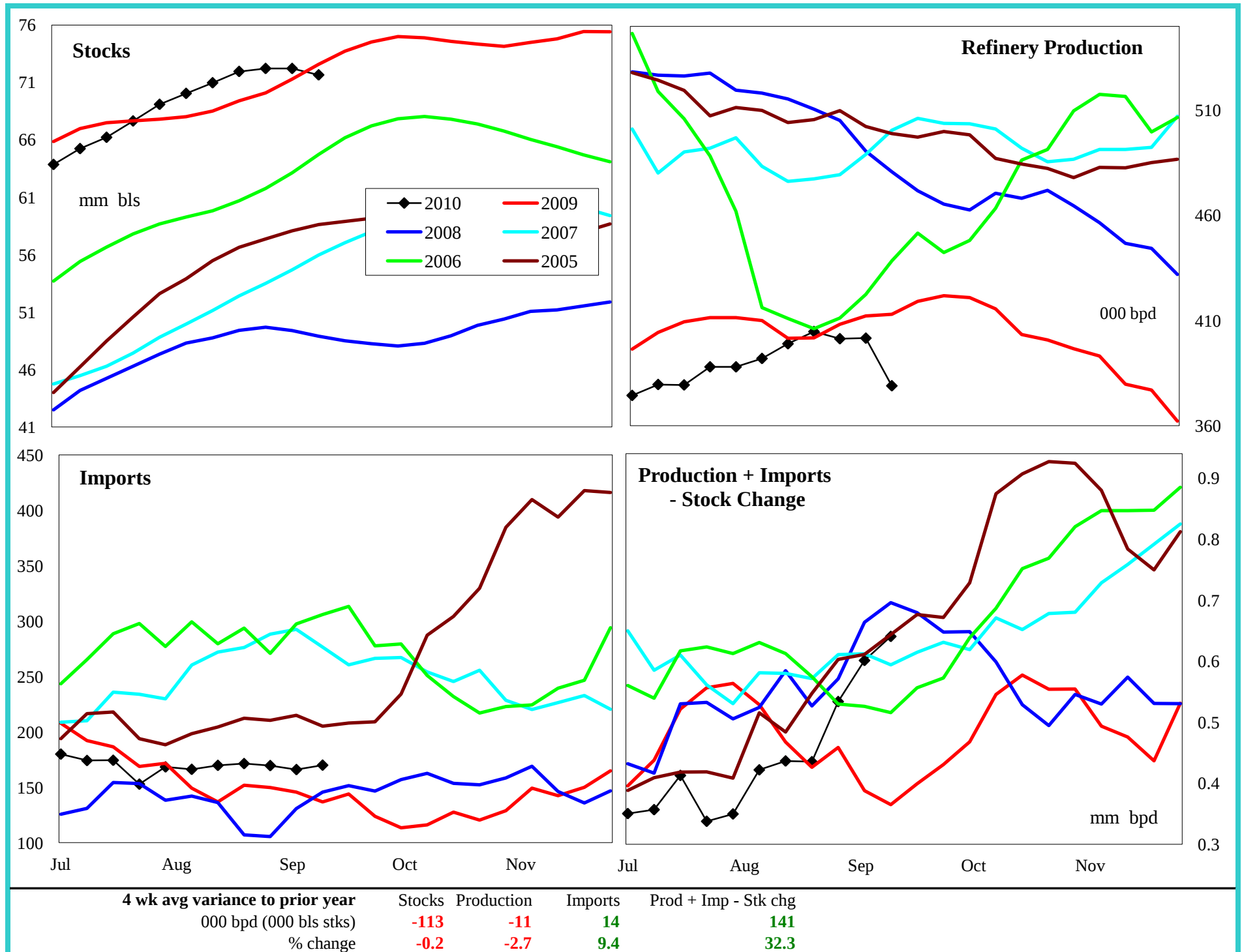
PADD 1 Reformulated Gasoline Supply



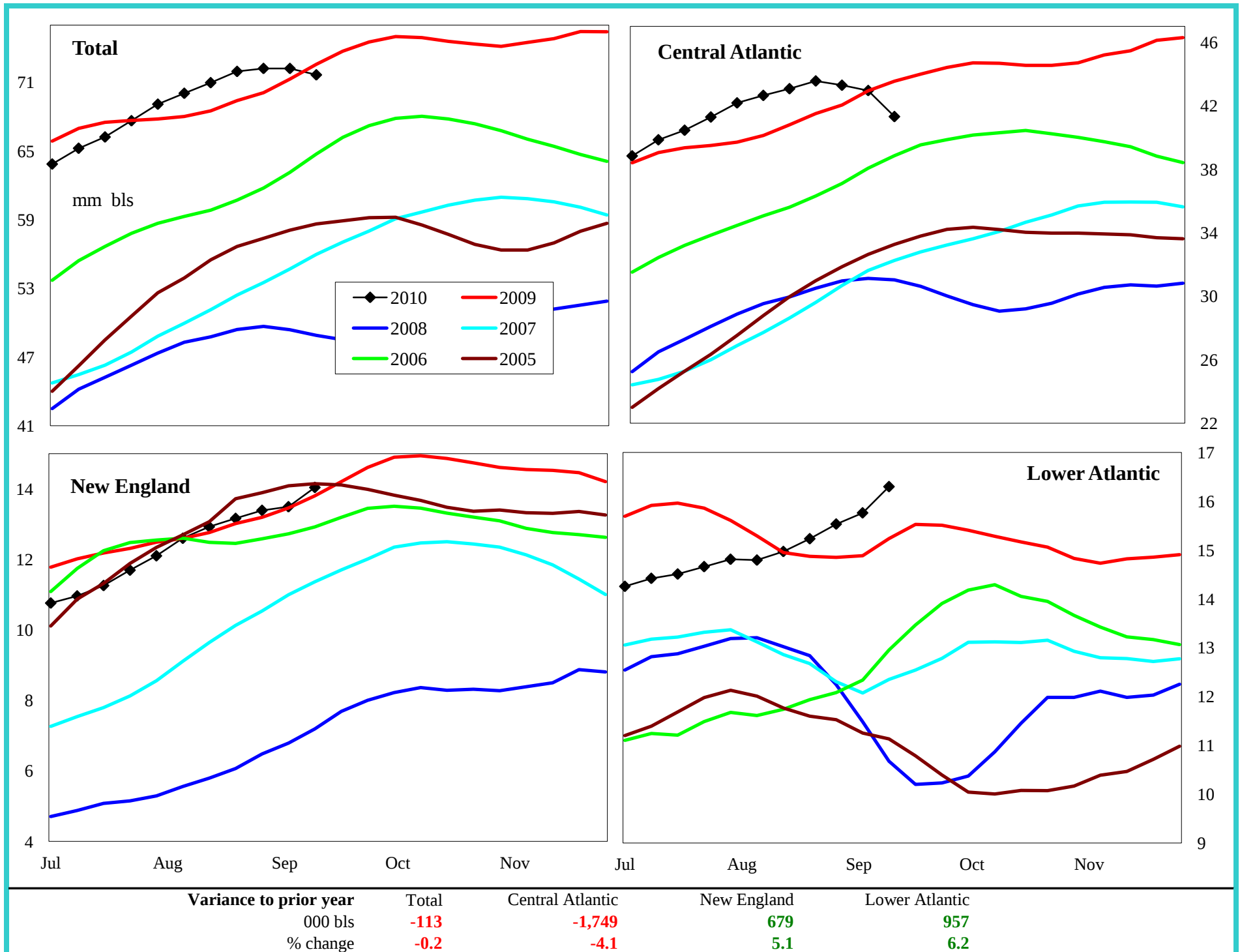
PADD 1 Conventional Gasoline Supply



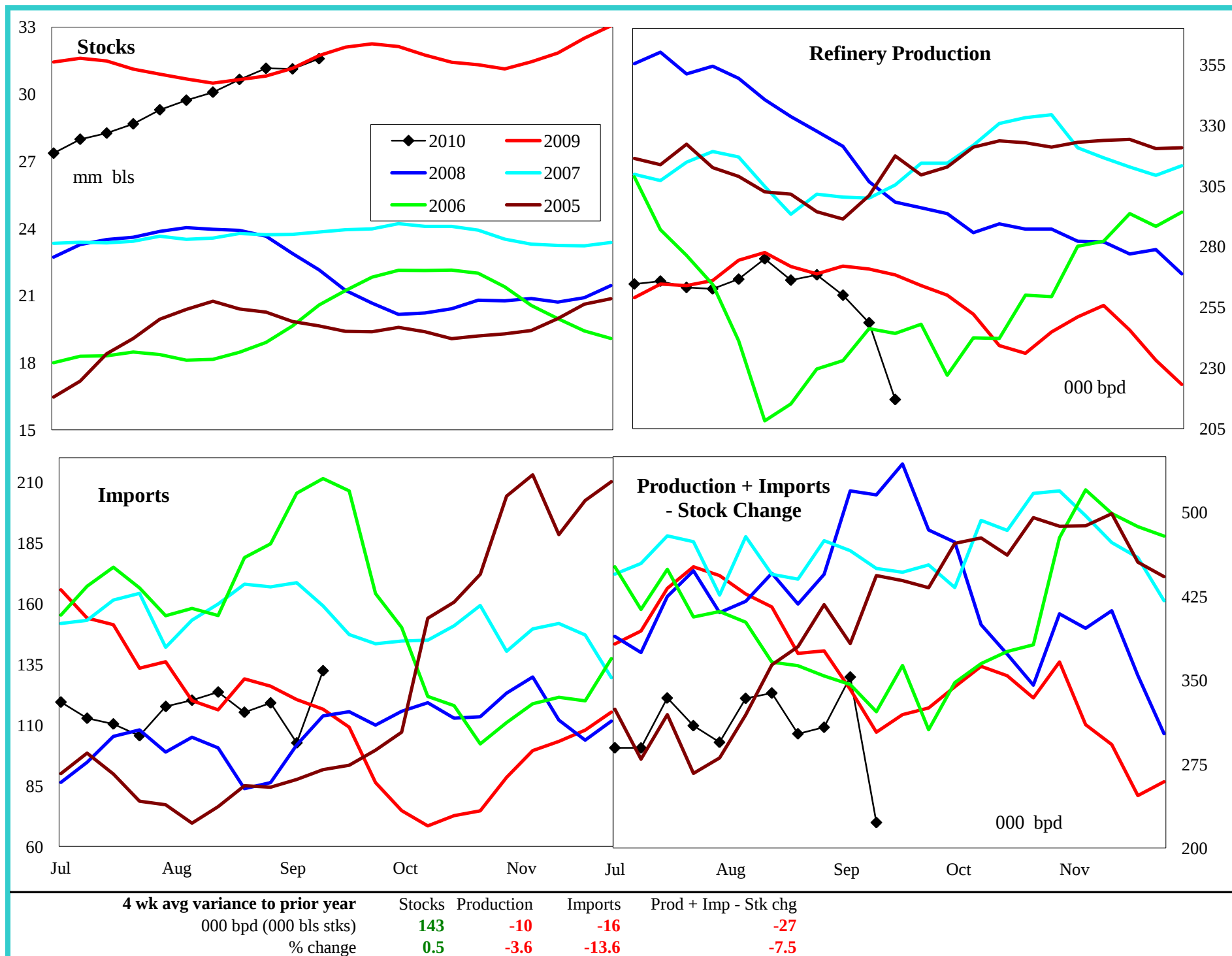
PADD 1 Distillate Supply



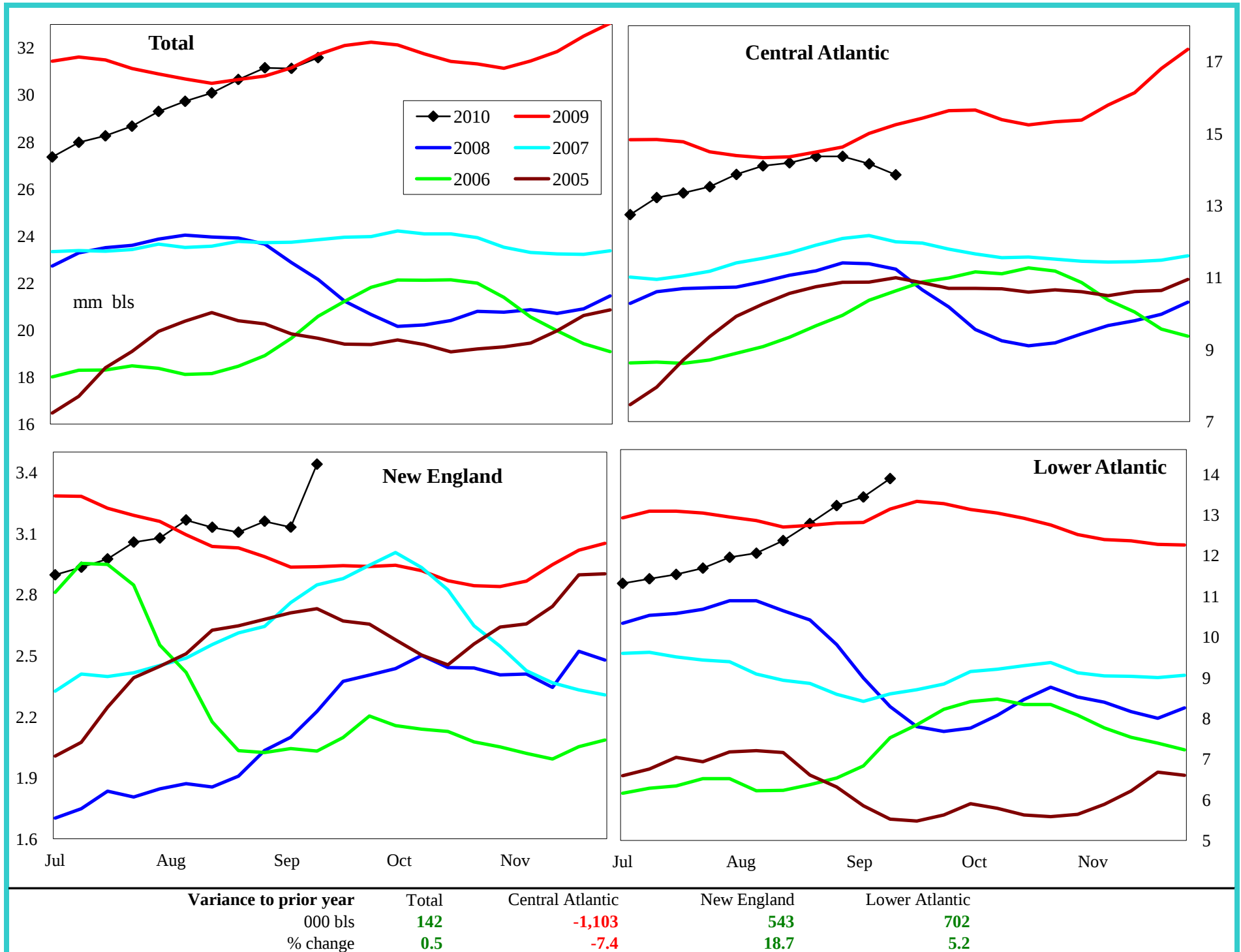
PADD 1 Distillate Stocks by Region



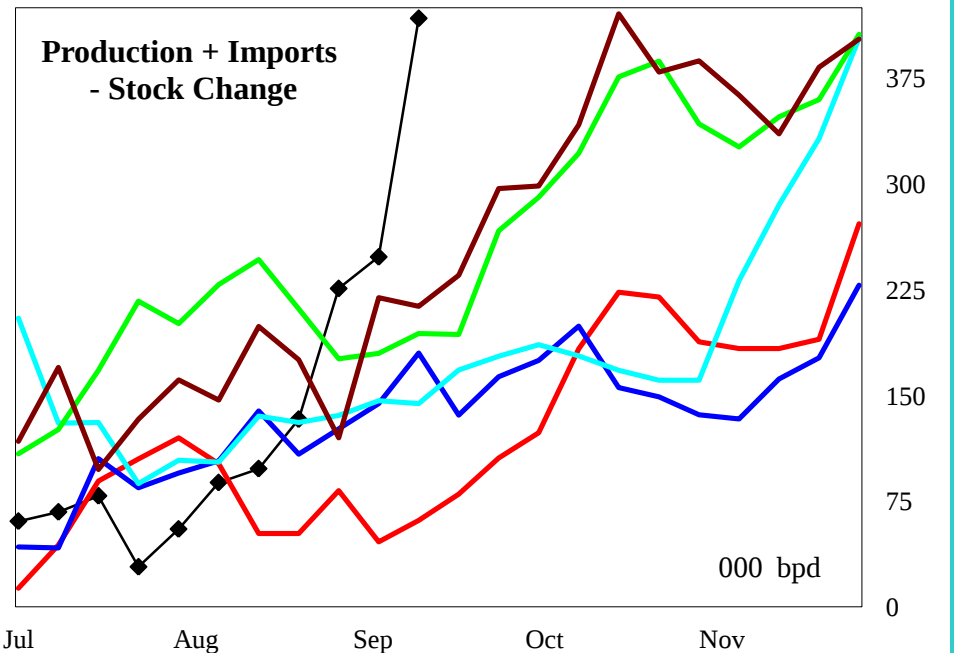
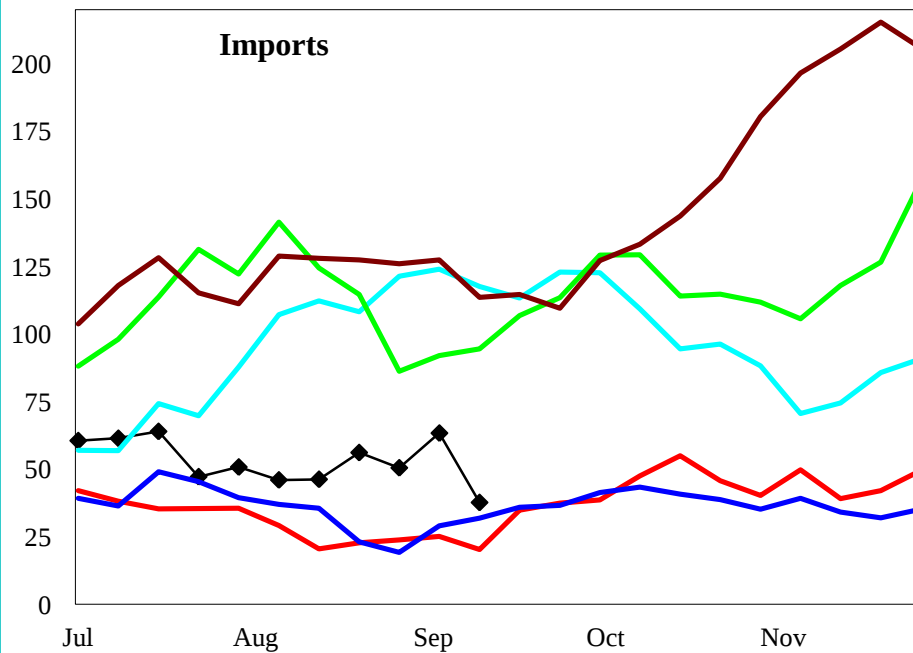
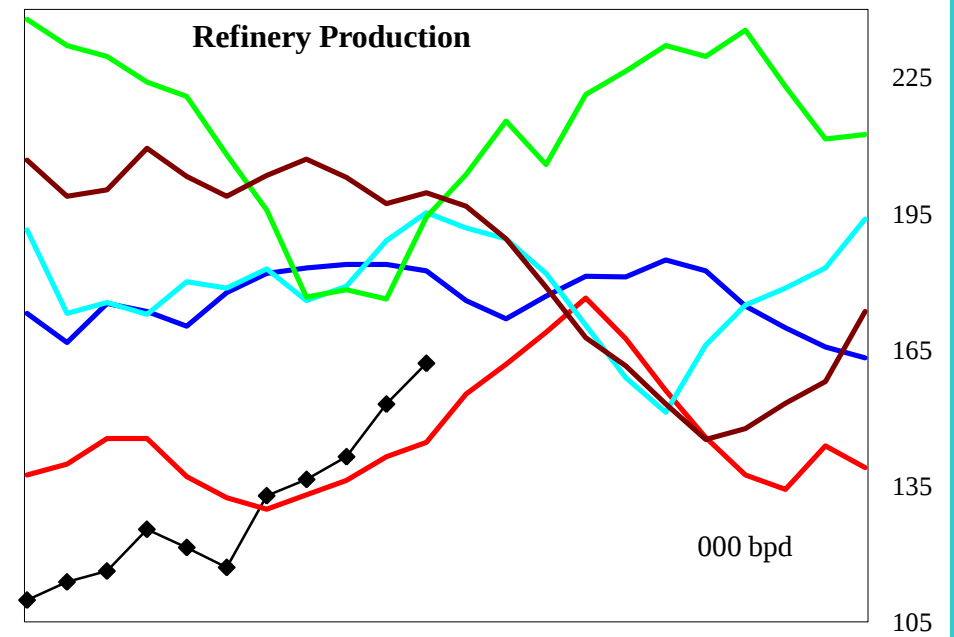
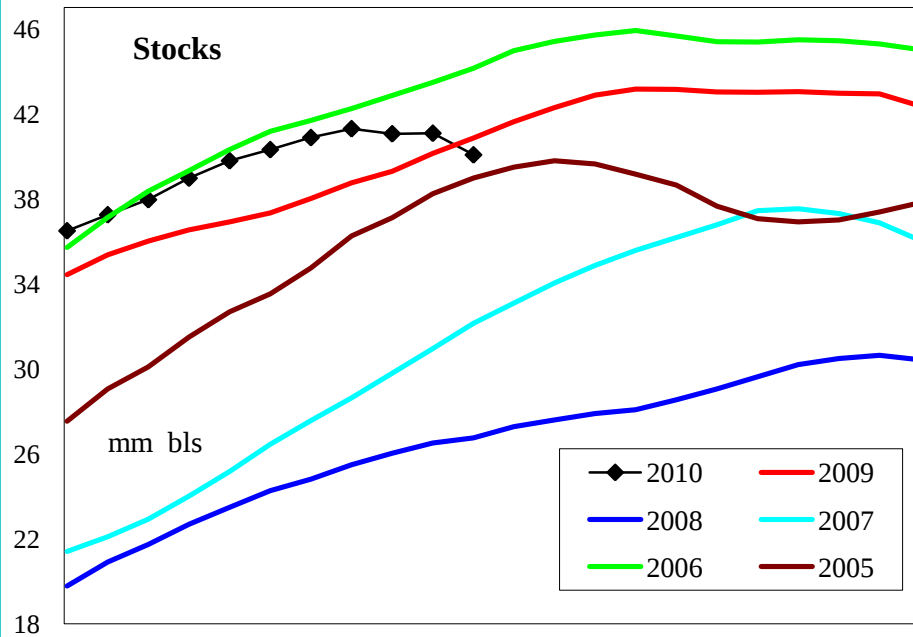
PADD 1 Low Sulfur Distillate Supply



PADD 1 Low Sulfur Distillate Stocks by Region



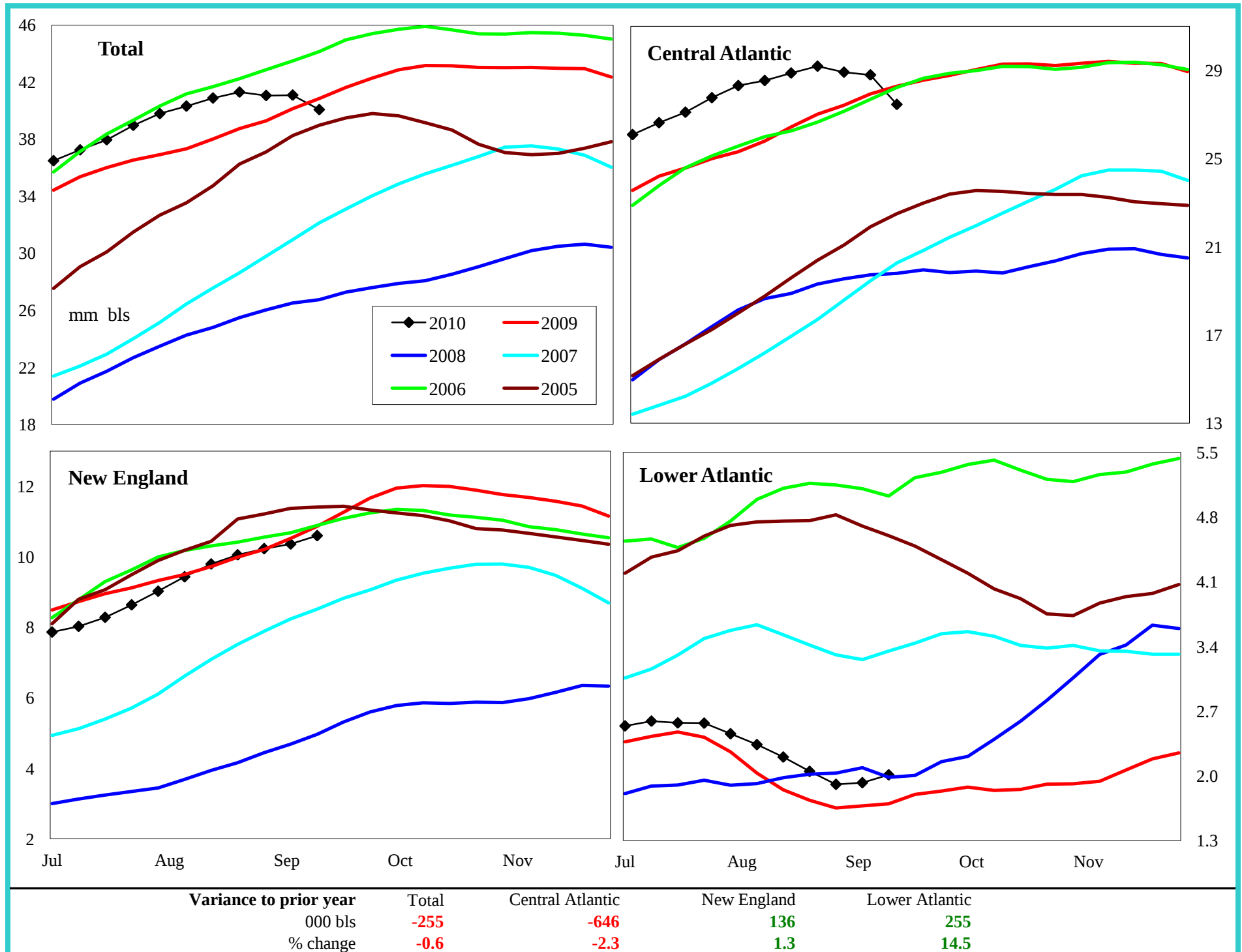
PADD 1 High Sulfur Distillate Supply



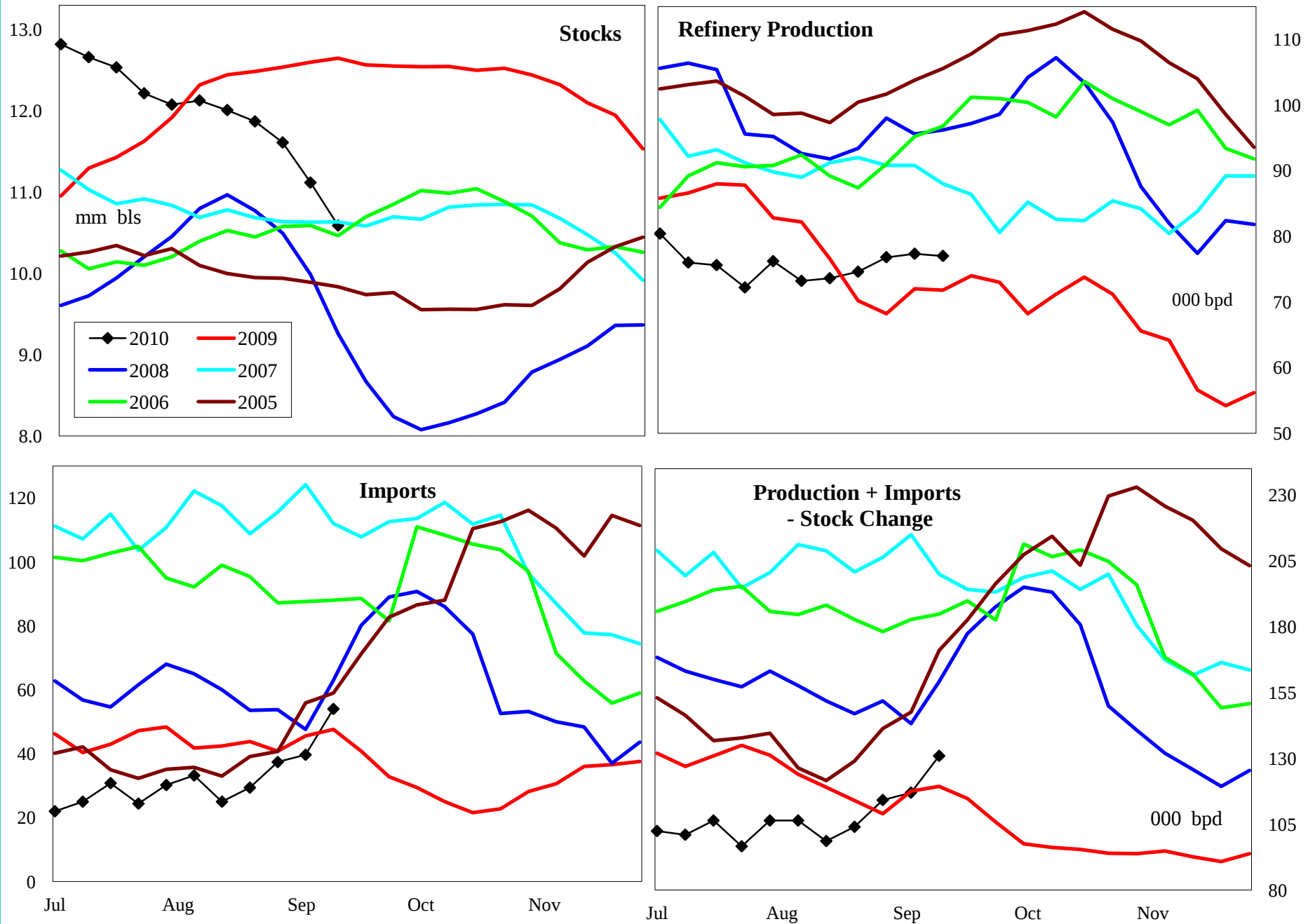
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Production	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-255	-2	30	168
% change	-0.6	-1.0	119.9	226.6

PADD 1 High Sulfur Distillate Stocks by Region



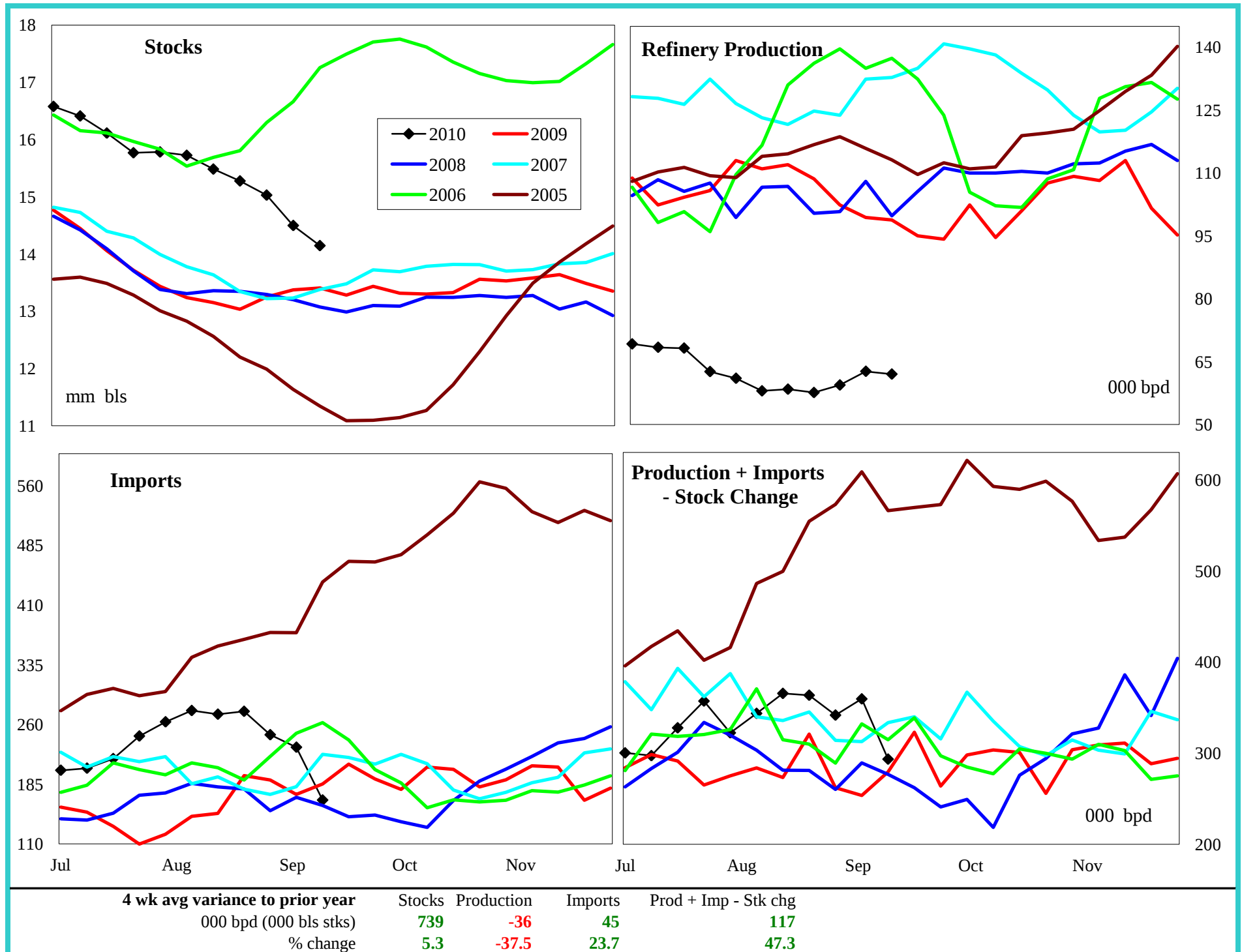
PADD 1 Jet Fuel Supply



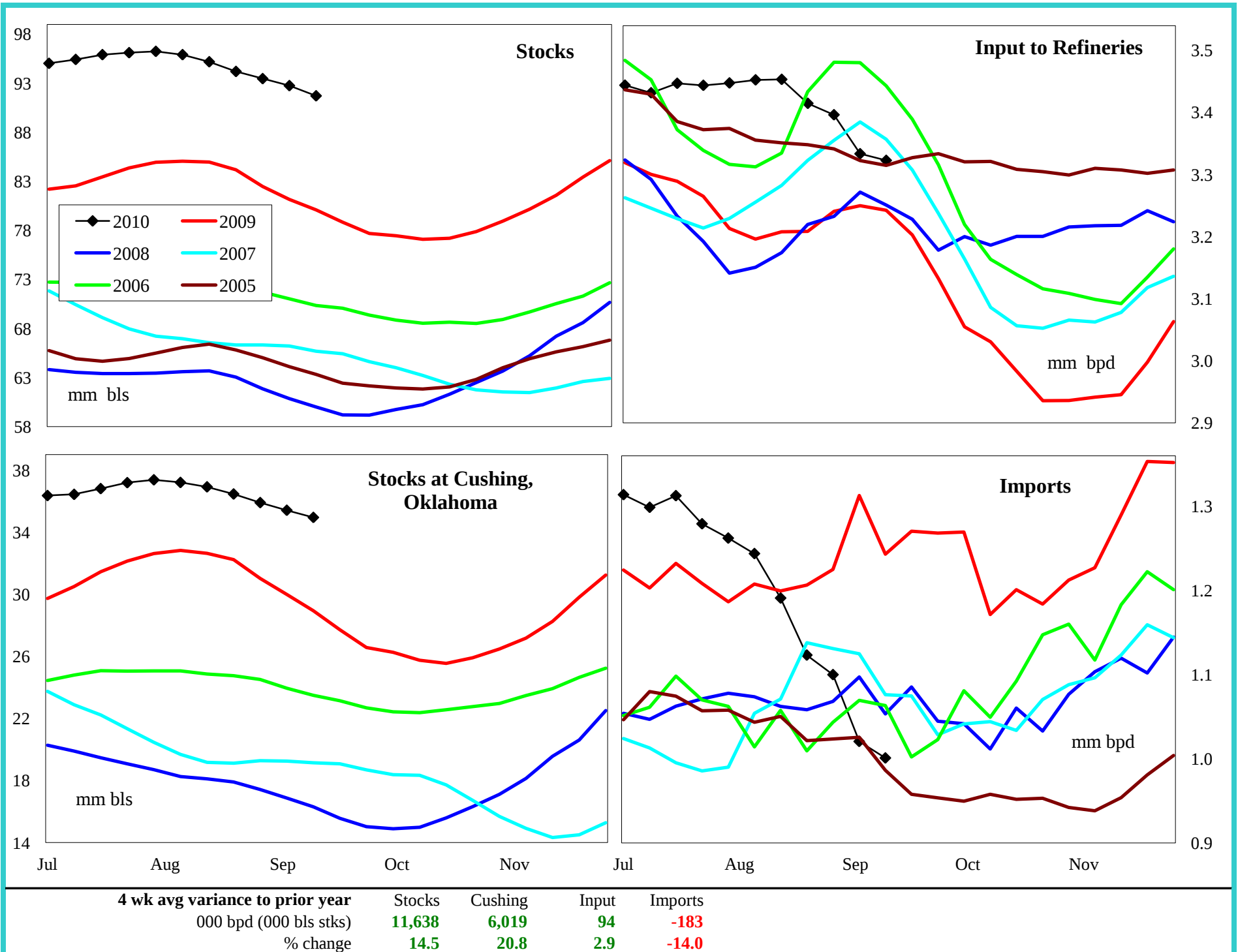
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Production	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-2,057	6	-7	-3
% change	-16.3	8.3	-16.2	-2.4

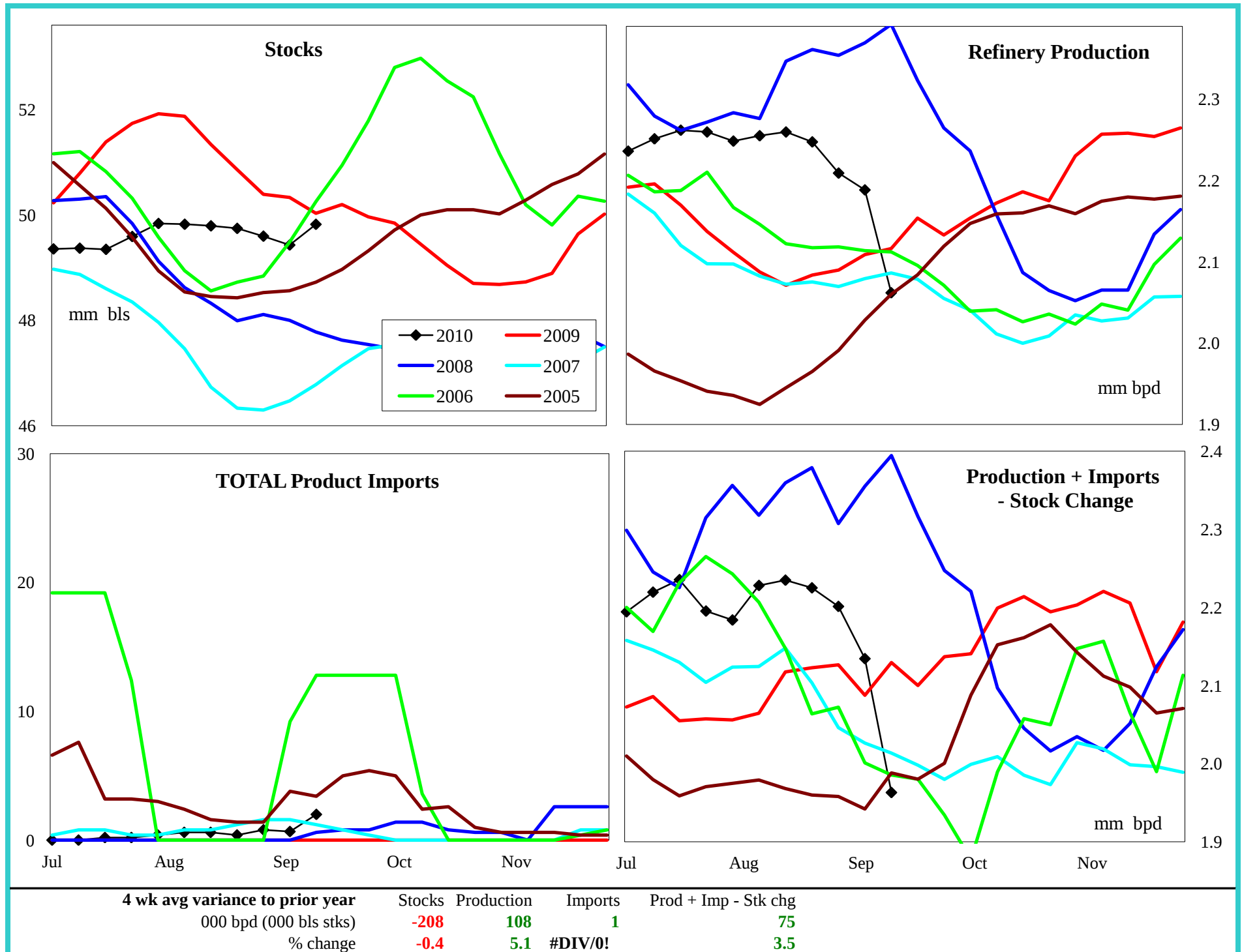
PADD 1 Residual Fuel Oil Supply



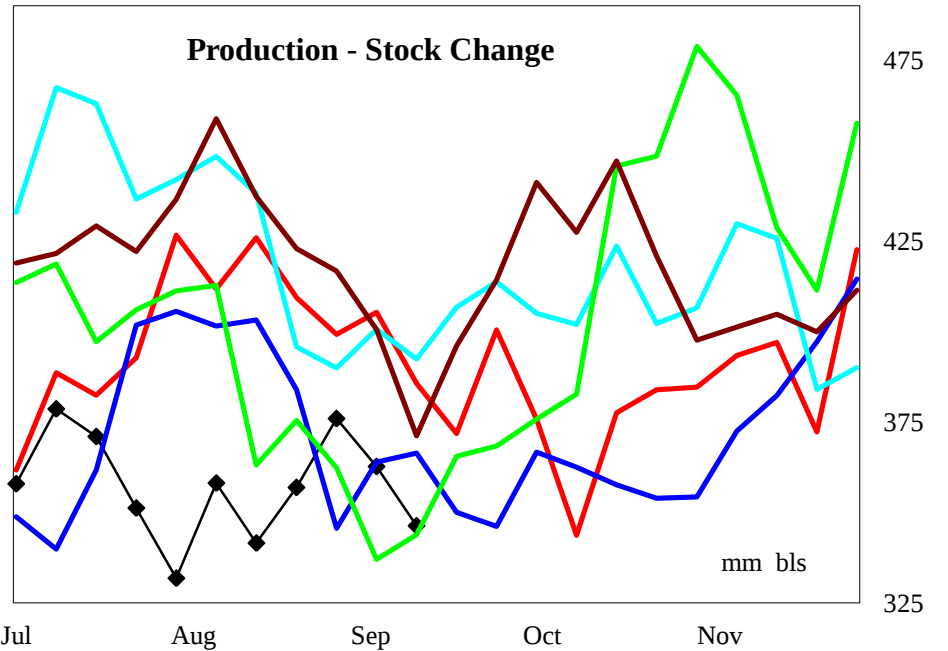
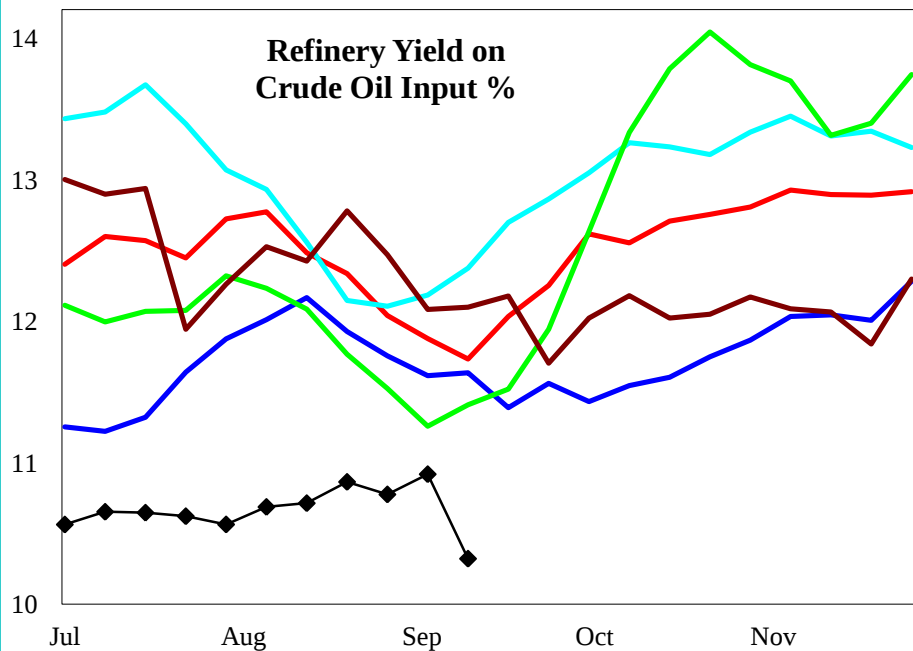
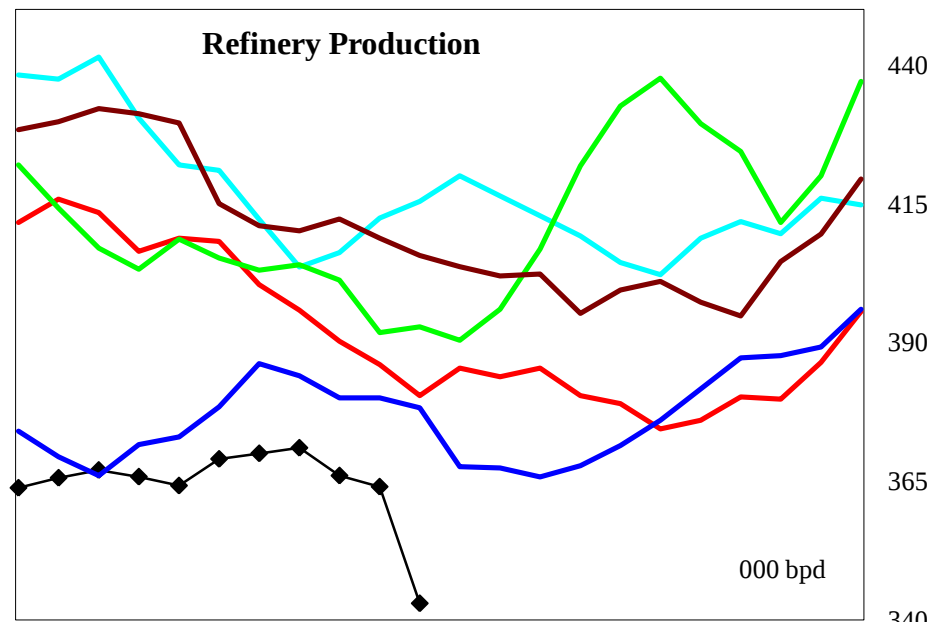
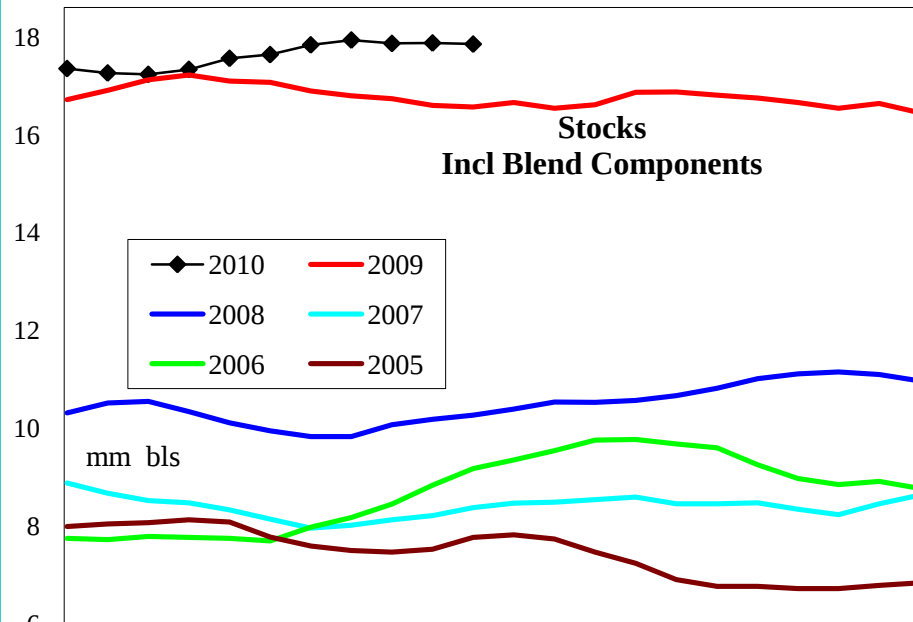
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply

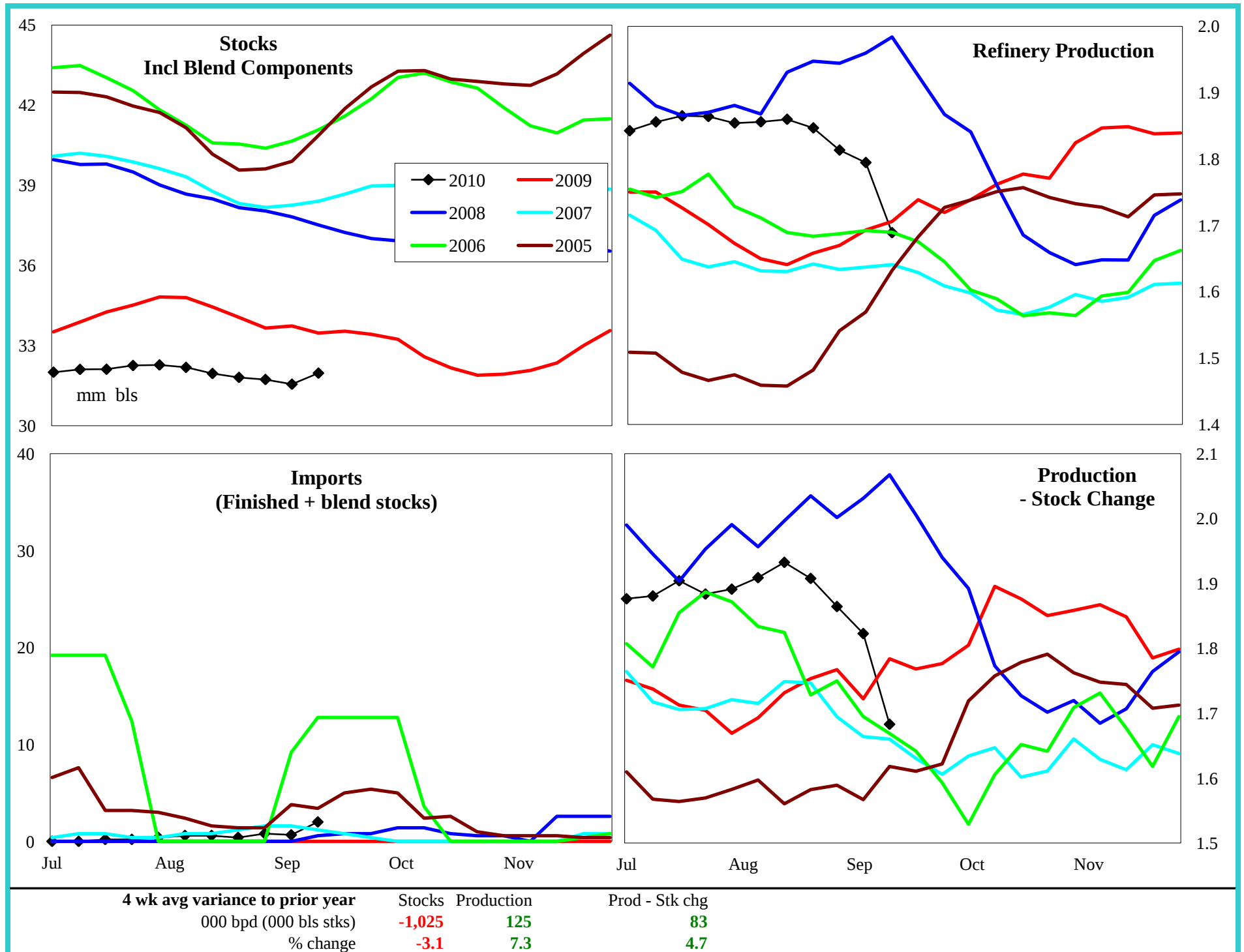


4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

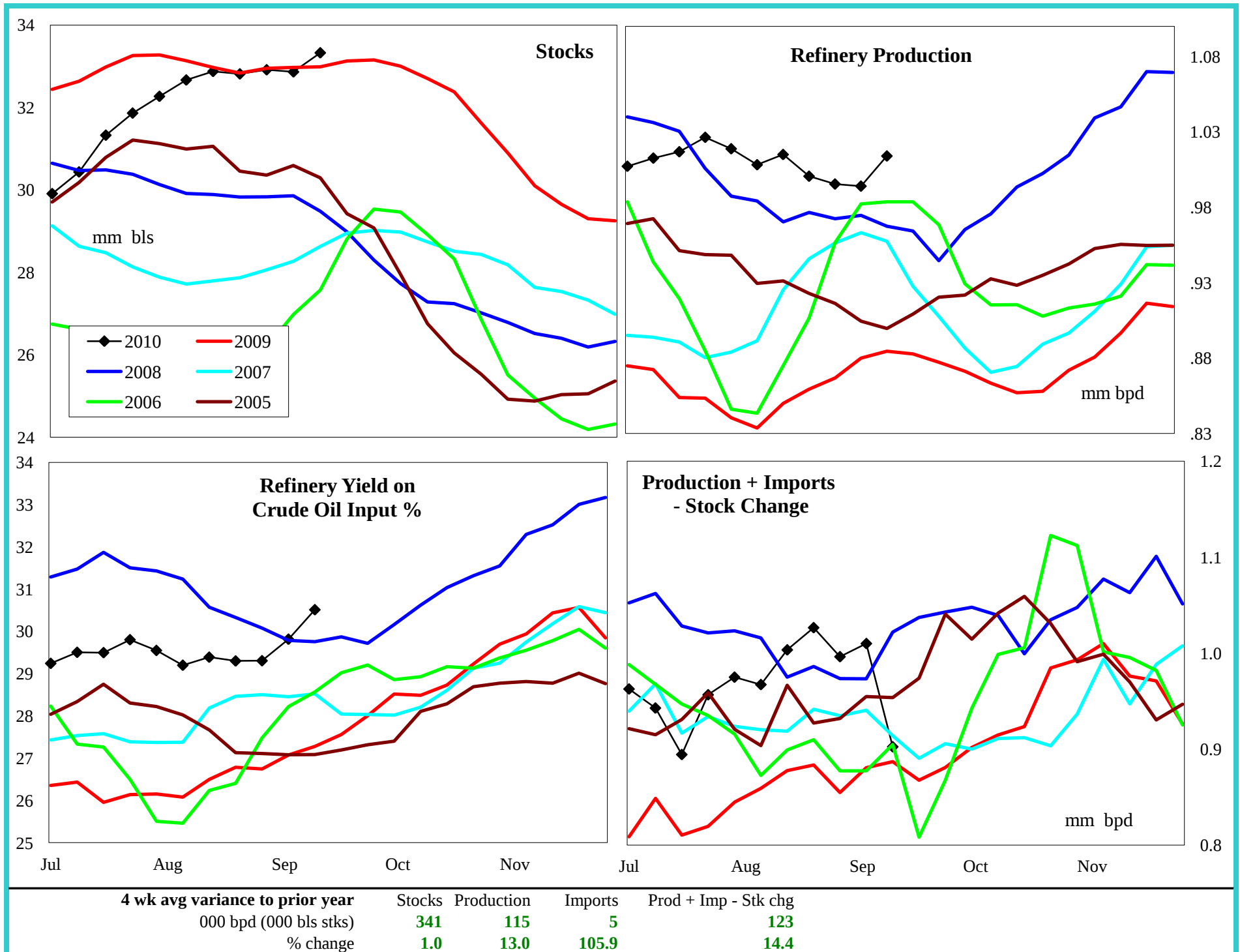
Stocks Production
1,289 **-27**
7.6 **-7.0**

Prod - Stk chg
-39
-9.9

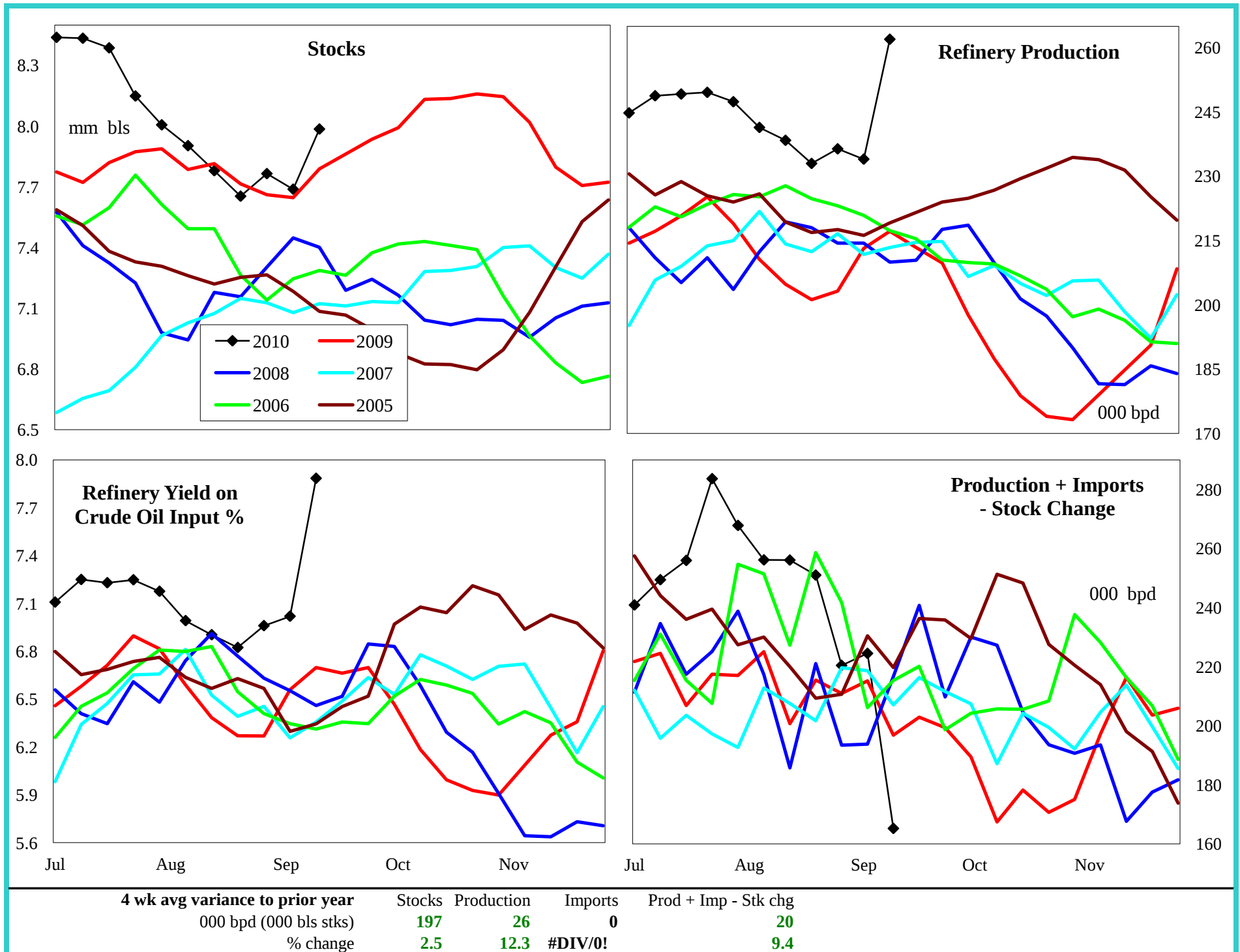
PADD 2 Conventional Gasoline Supply



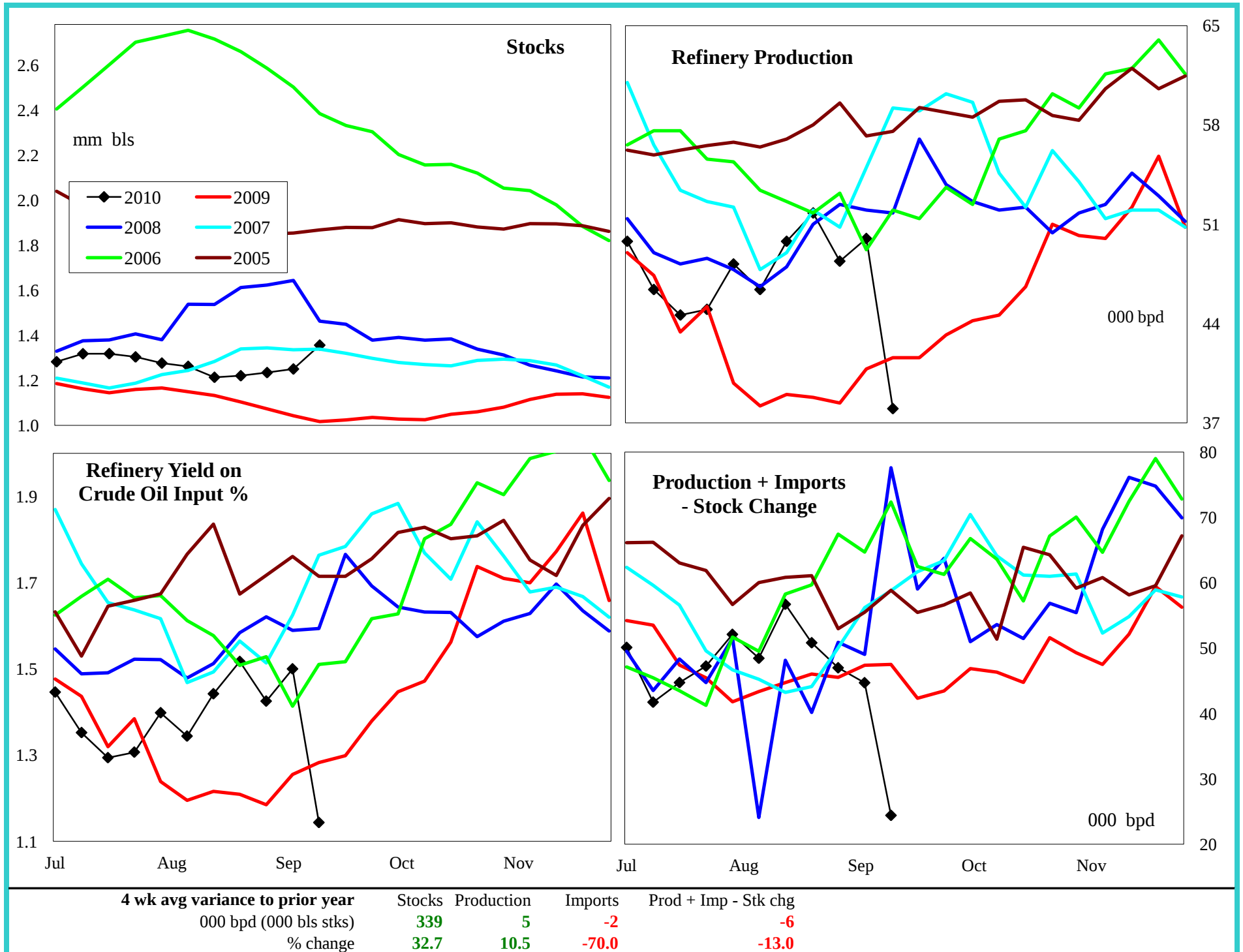
PADD 2 Distillate Supply



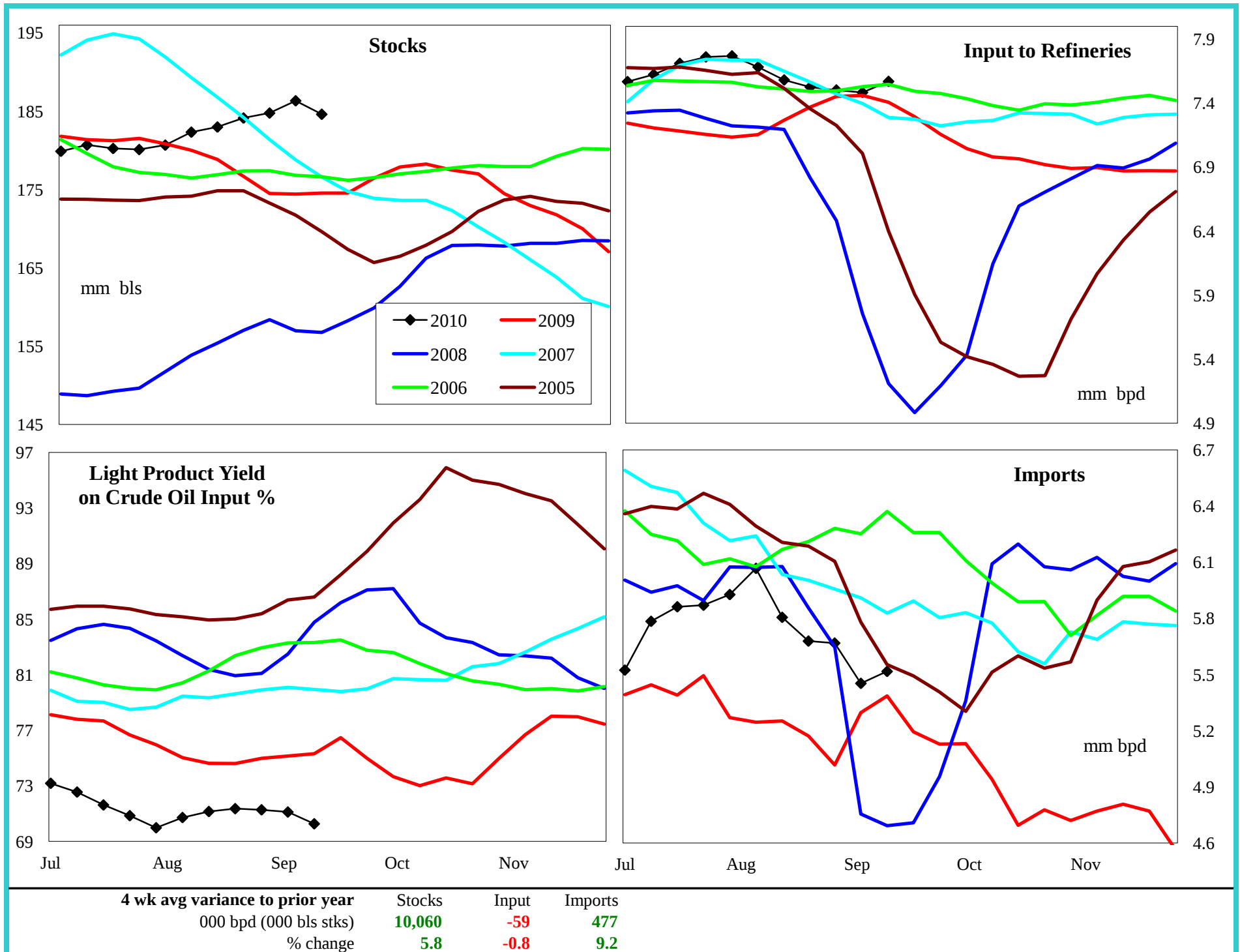
PADD 2 Jet Fuel Supply



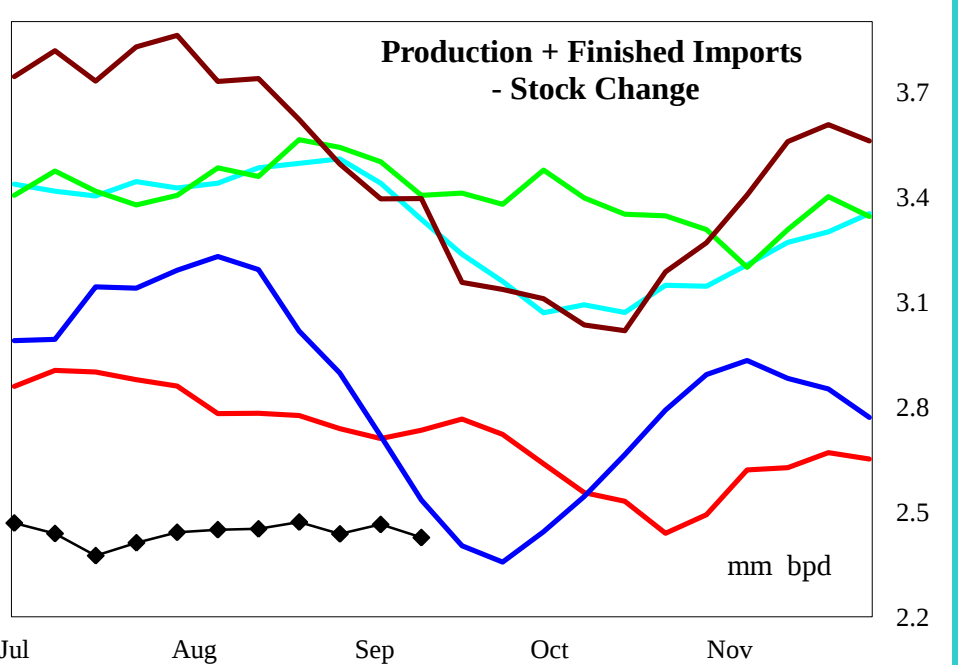
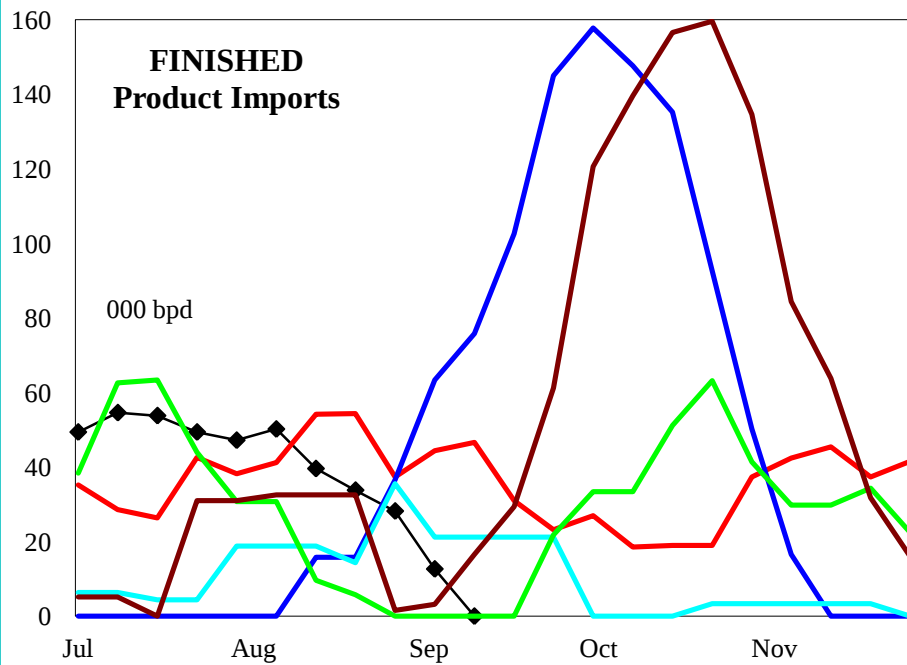
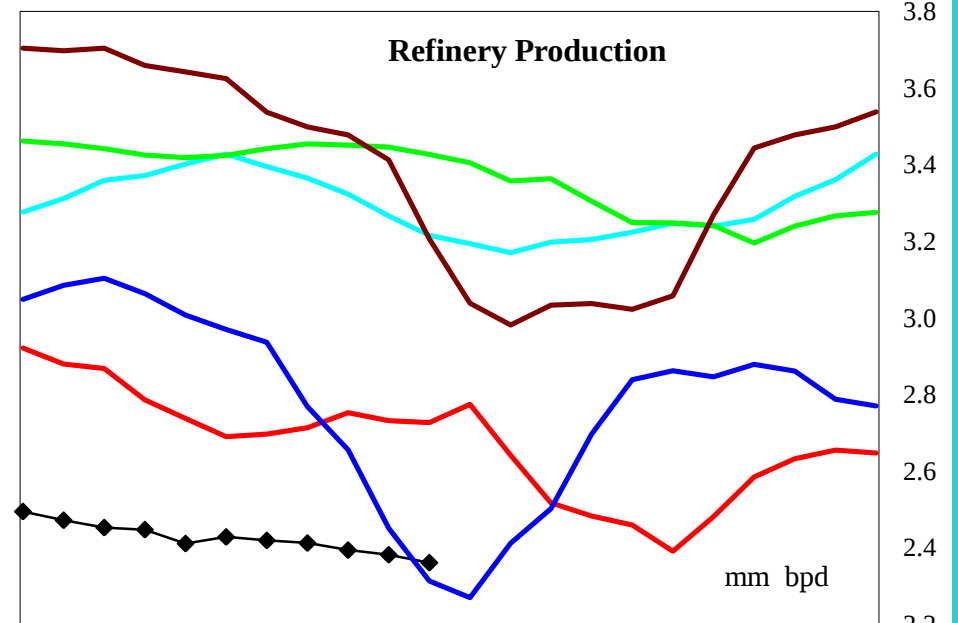
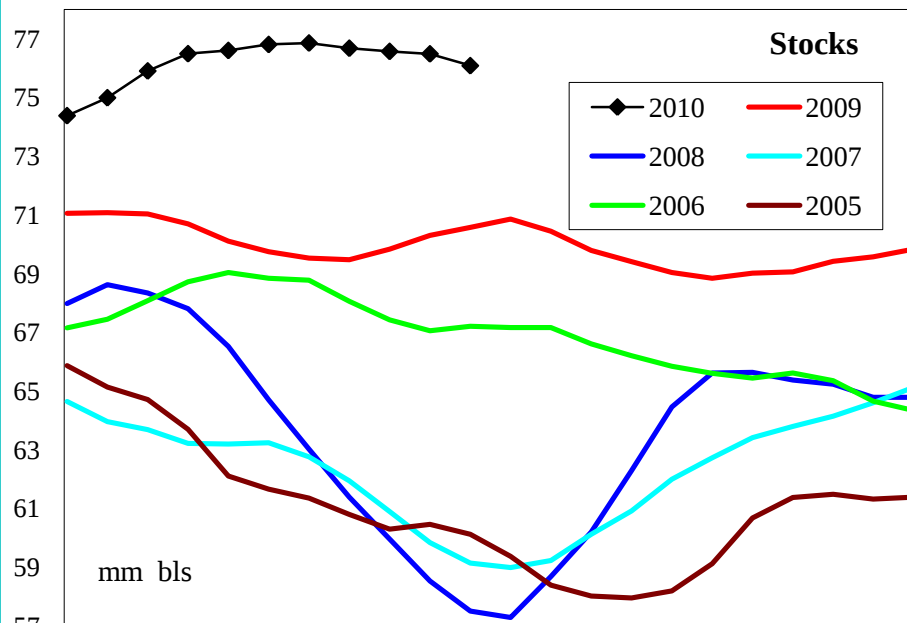
PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



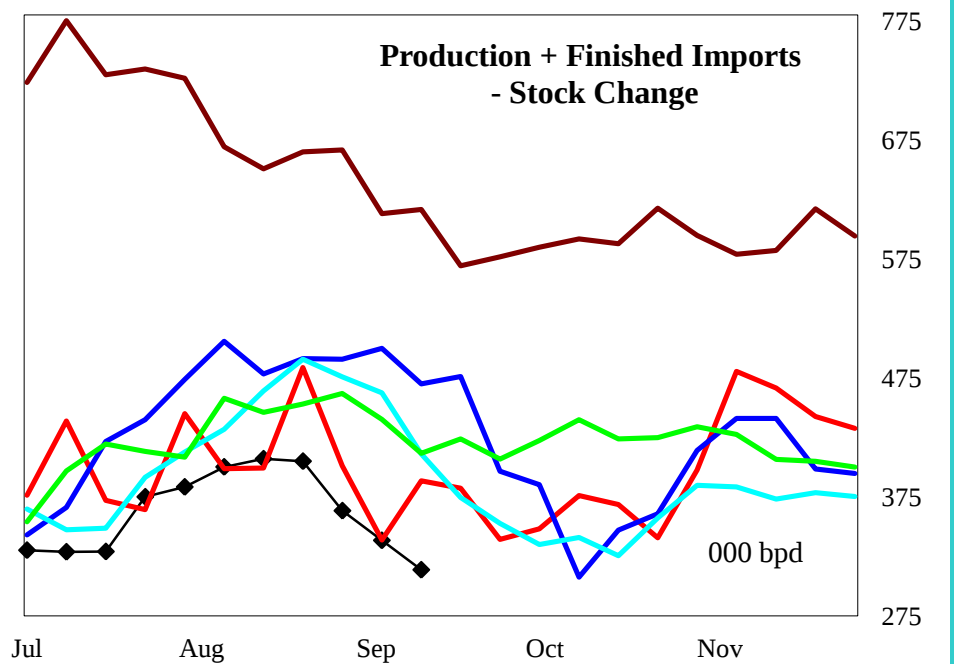
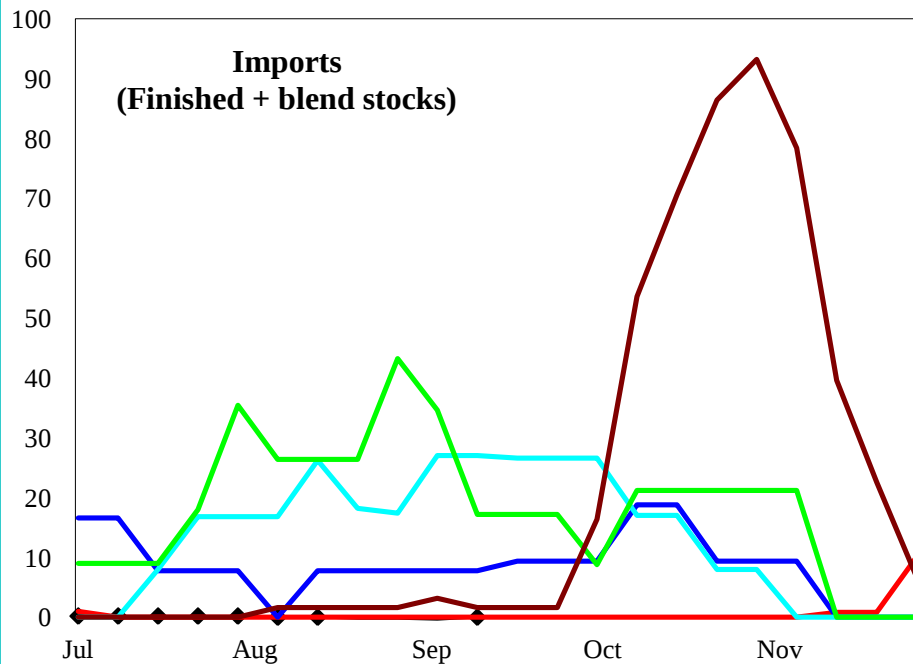
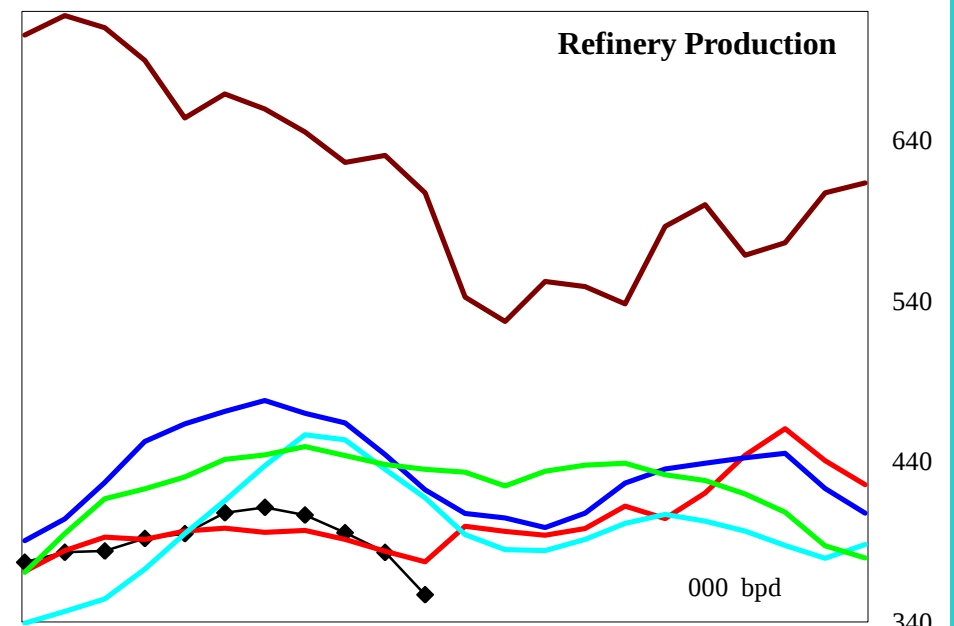
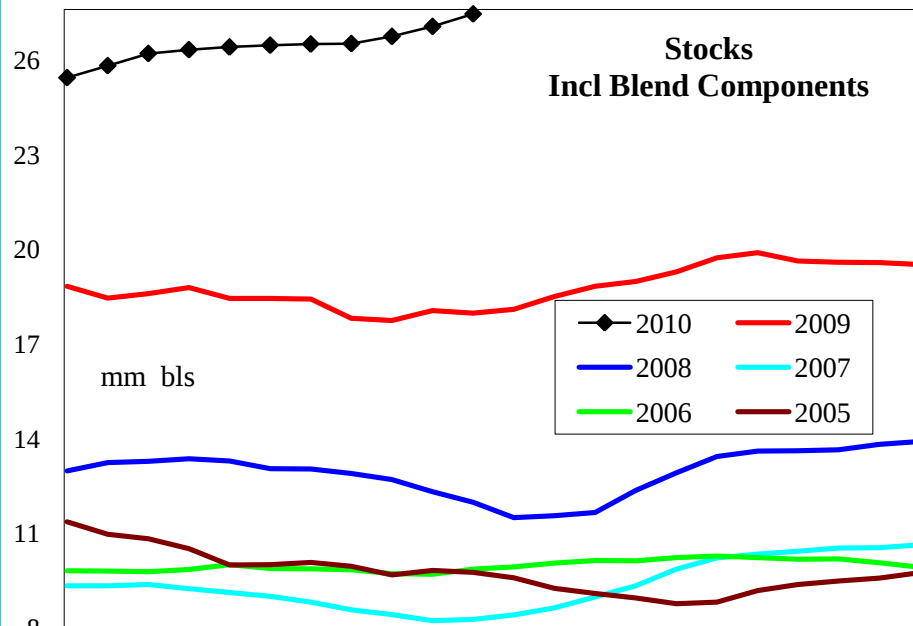
PADD 3 Gasoline Supply



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

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
4,912	-356	-22	111	-311
6.9	-12.8	-49.7	640.6	-11.3

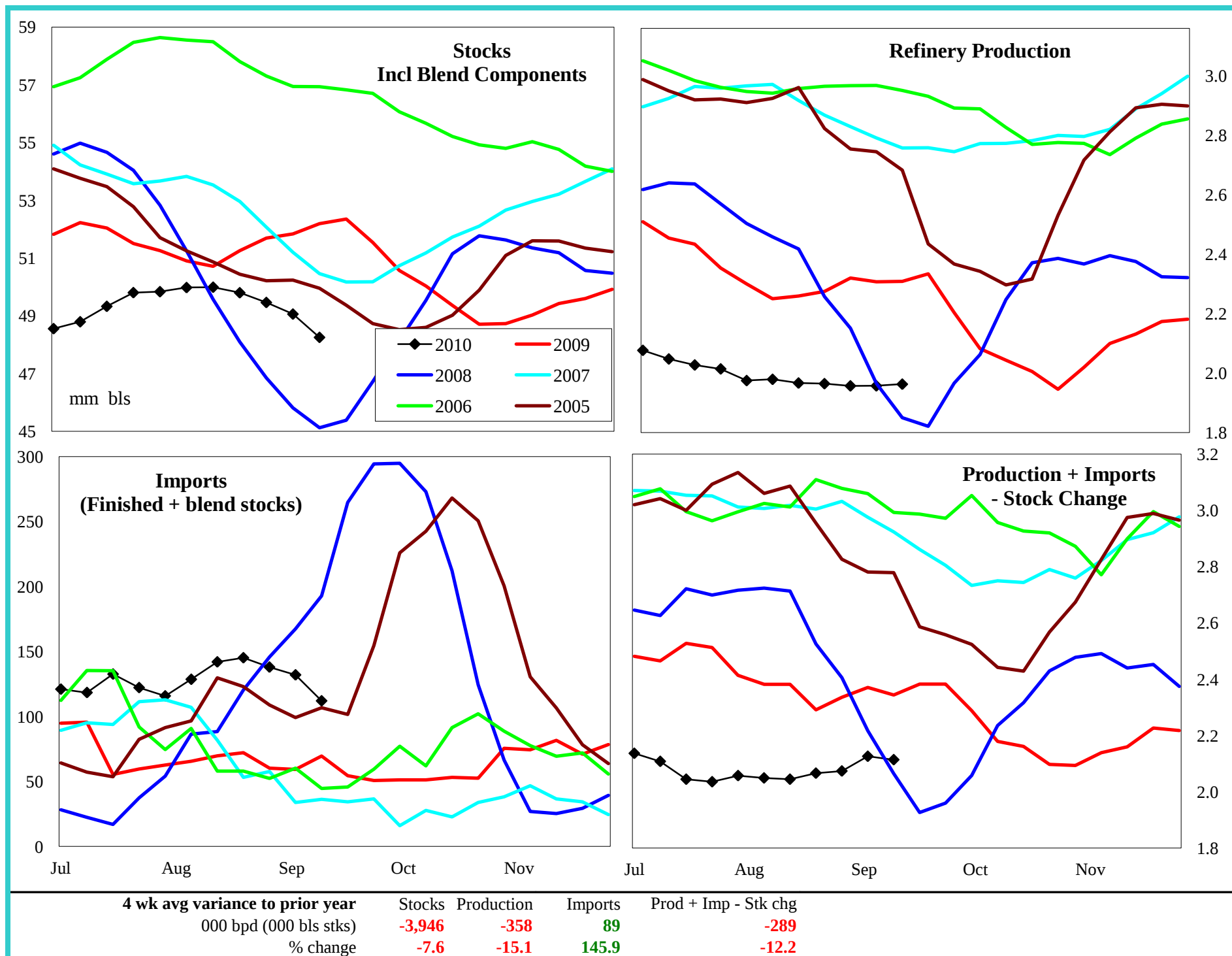
PADD 3 Reformulated Gasoline Supply



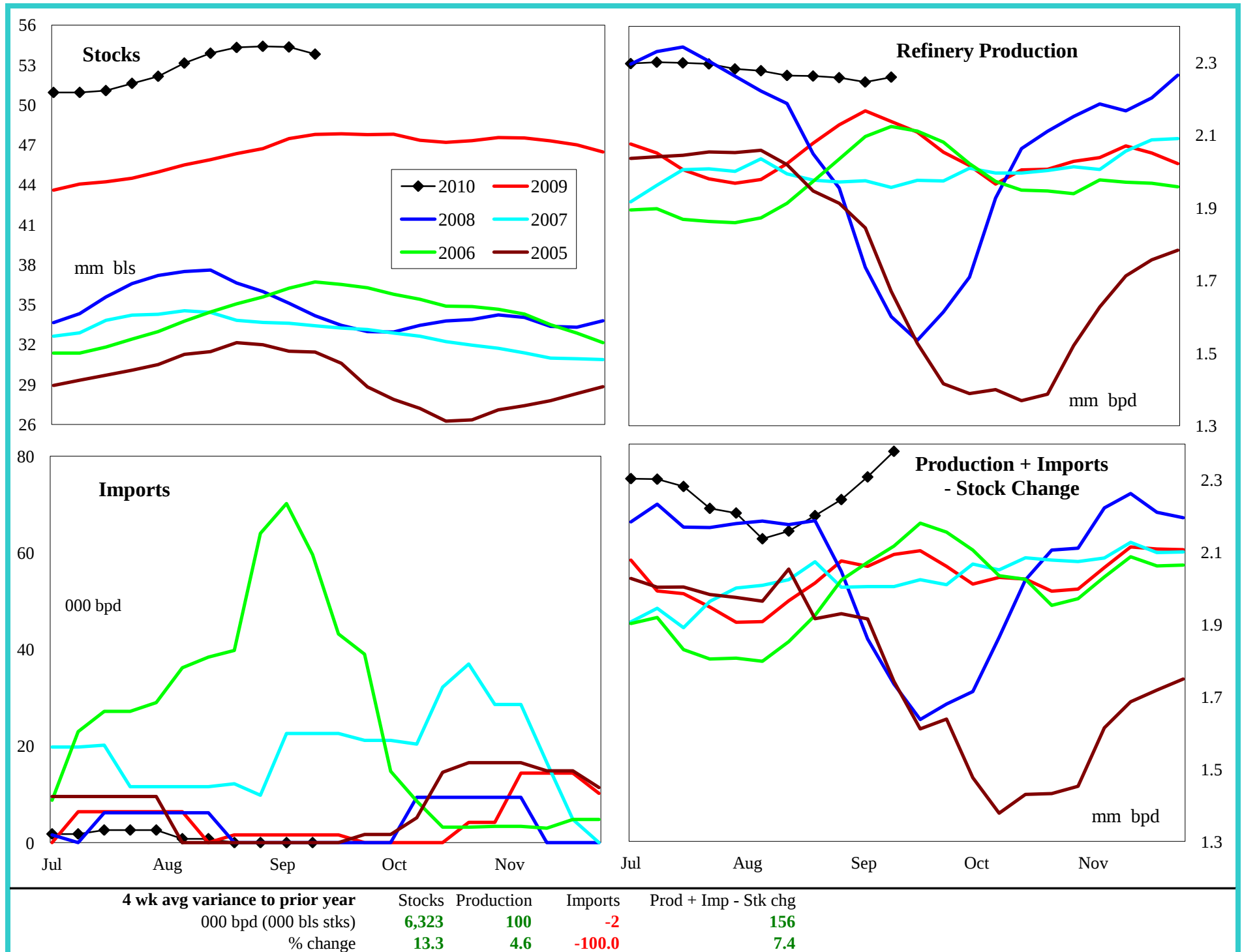
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
8,887	3	0	-21
46.8	0.6	#DIV/0!	-5.9

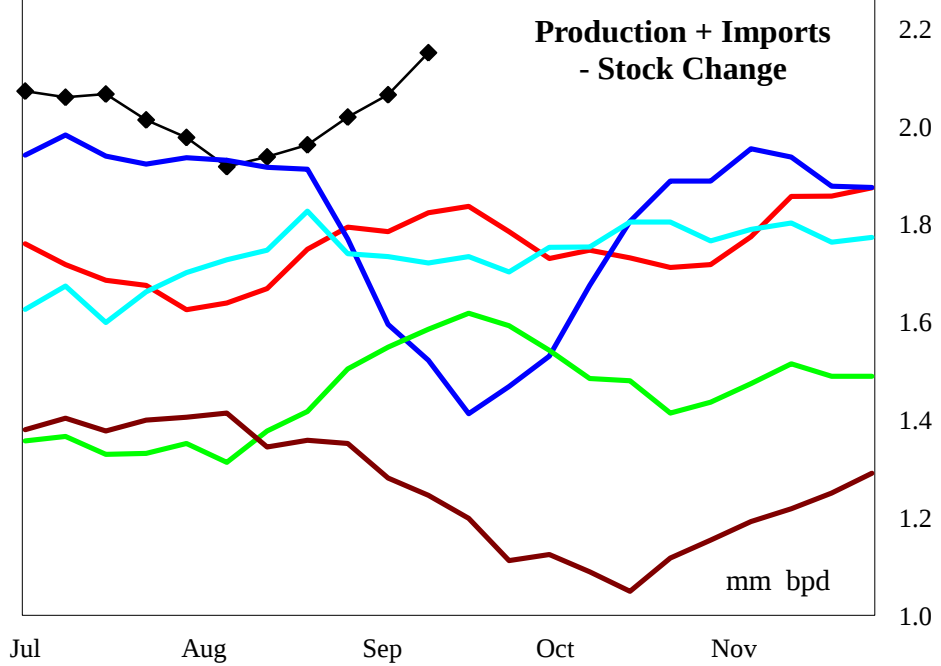
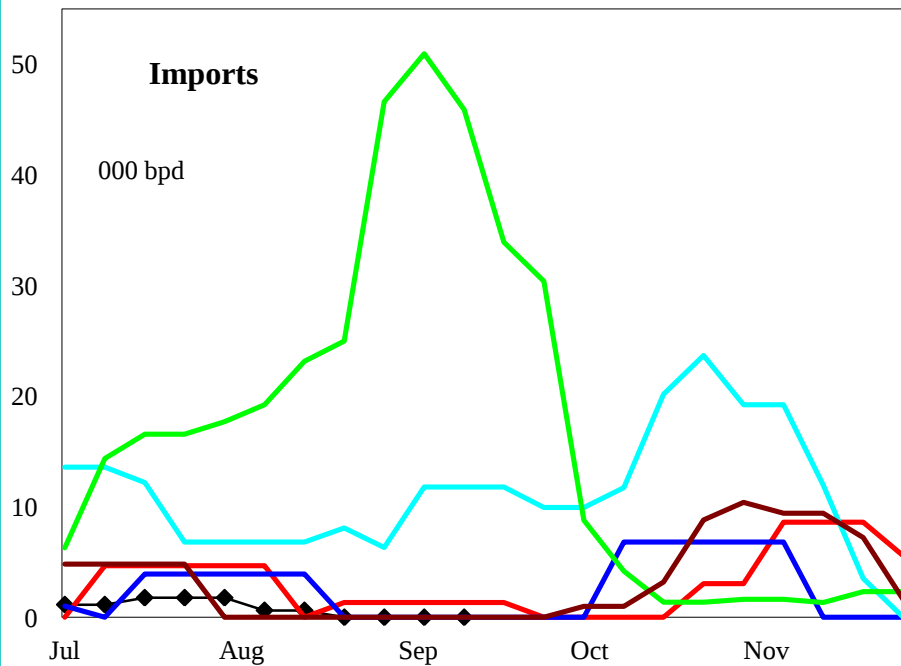
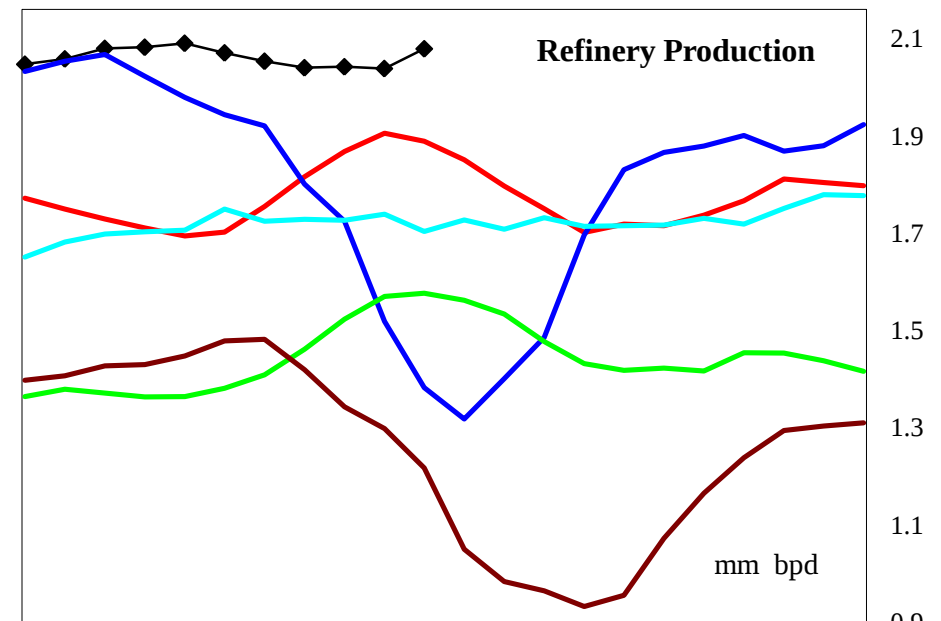
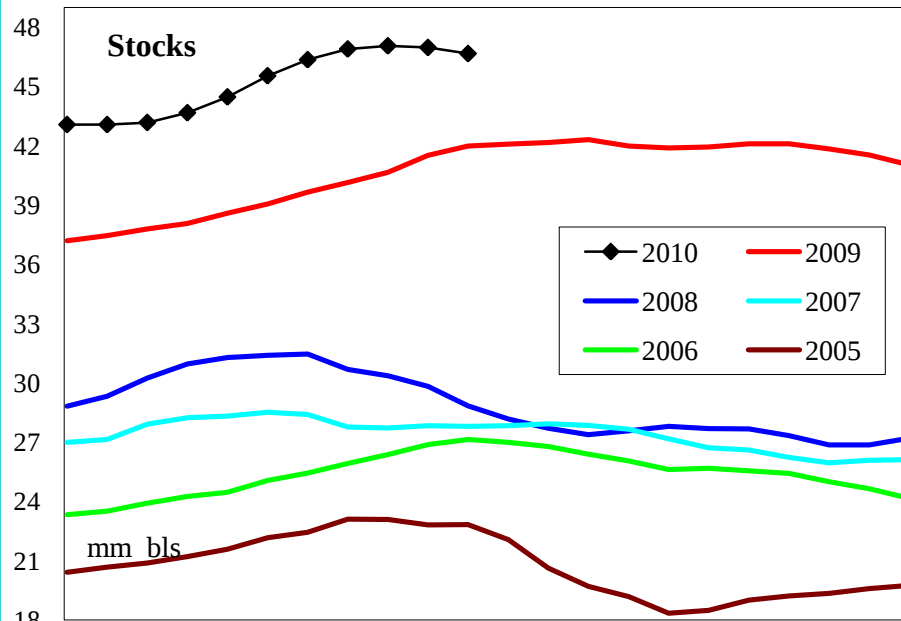
PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



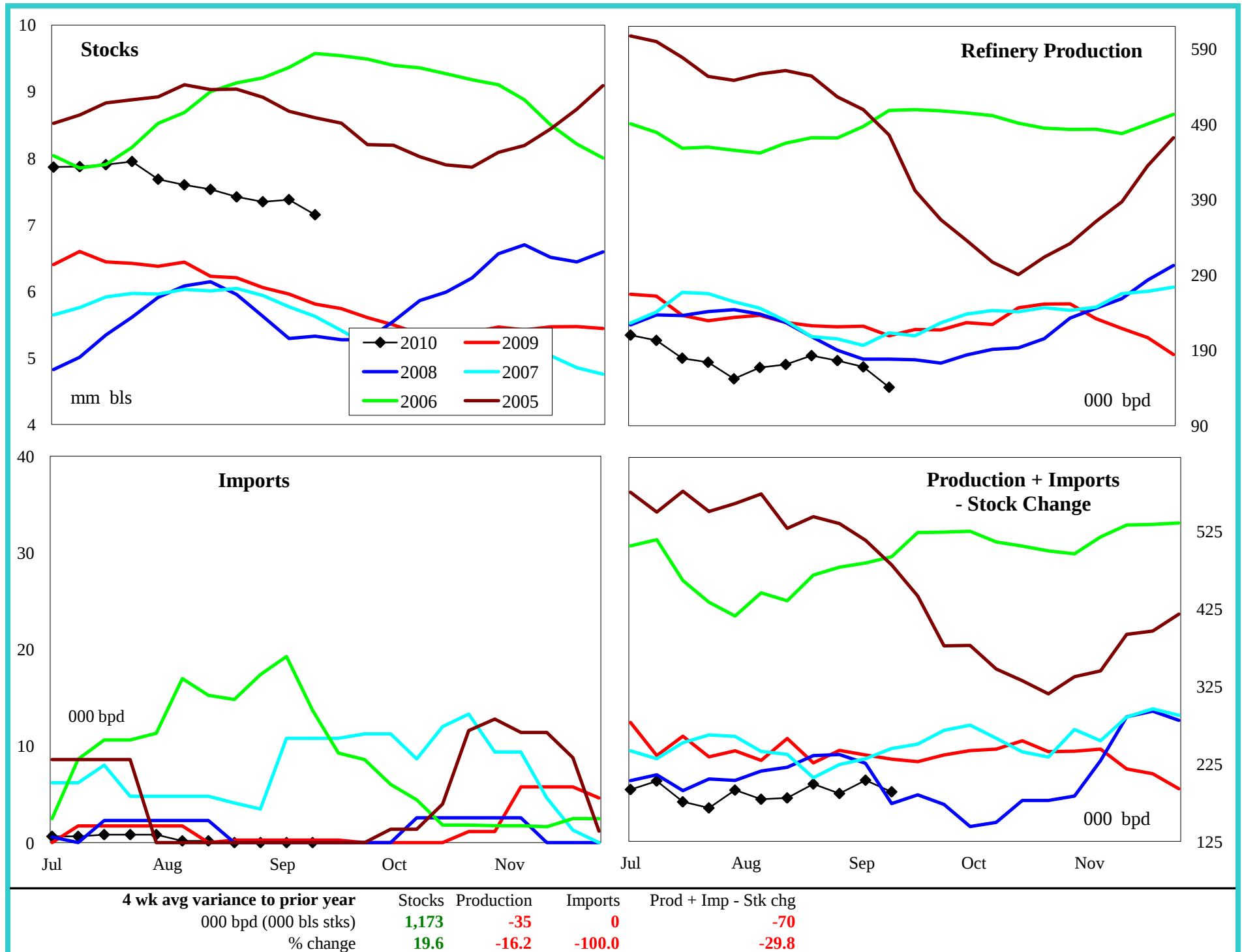
PADD 3 Low Sulfur Distillate Supply



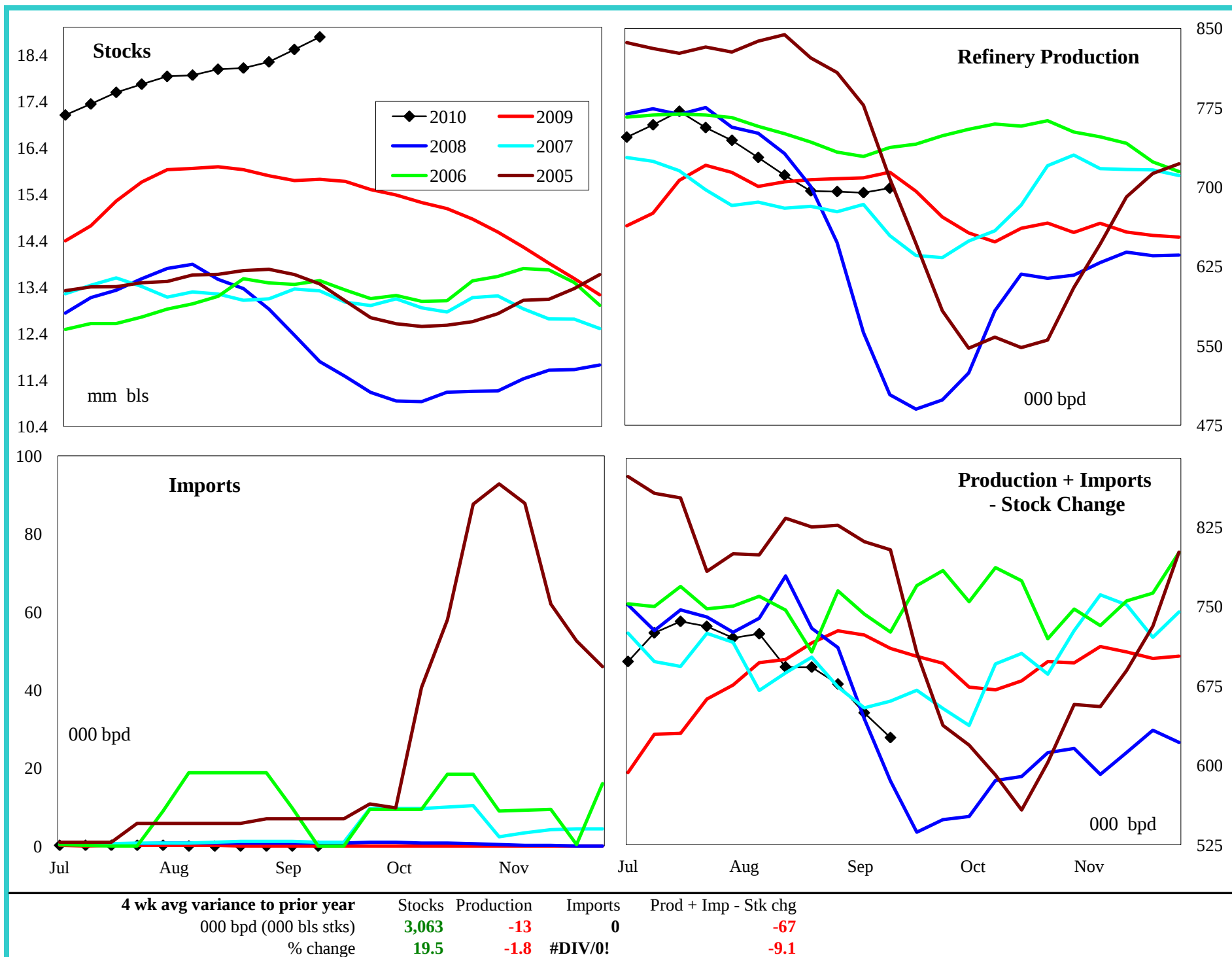
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
5,151	135	-2	226
12.4	6.9	-100.0	12.1

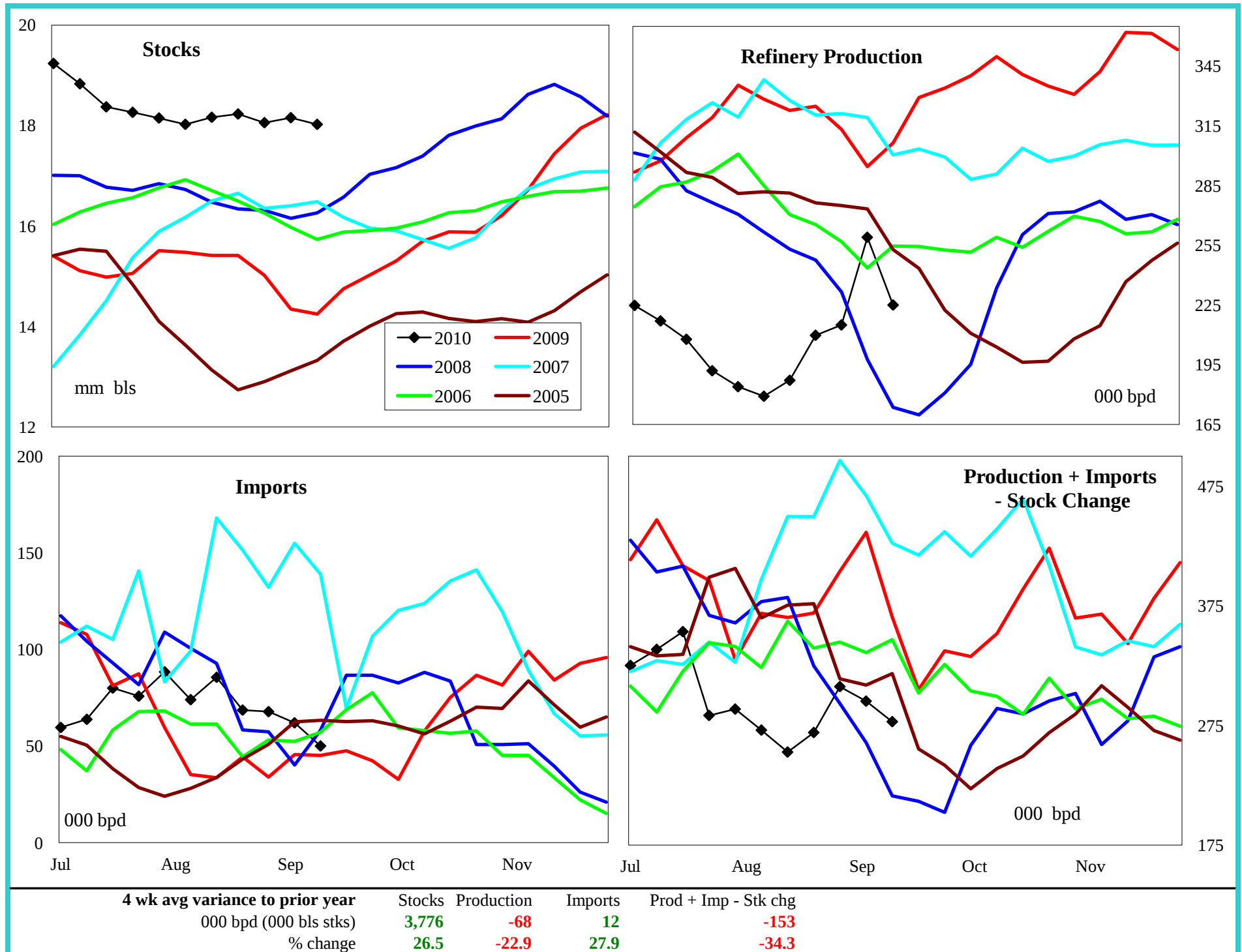
PADD 3 High Sulfur Distillate Supply



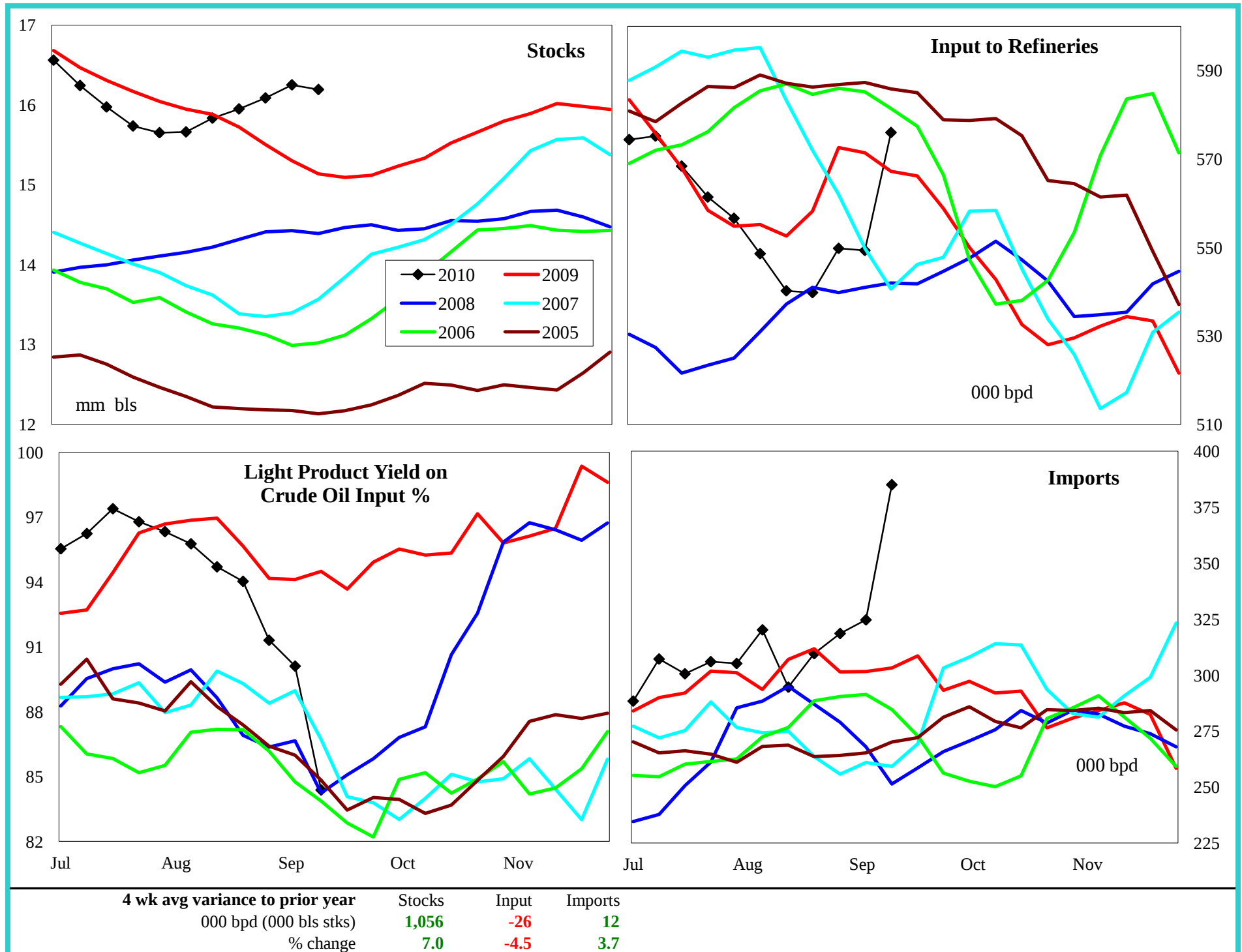
PADD 3 Jet Fuel Supply



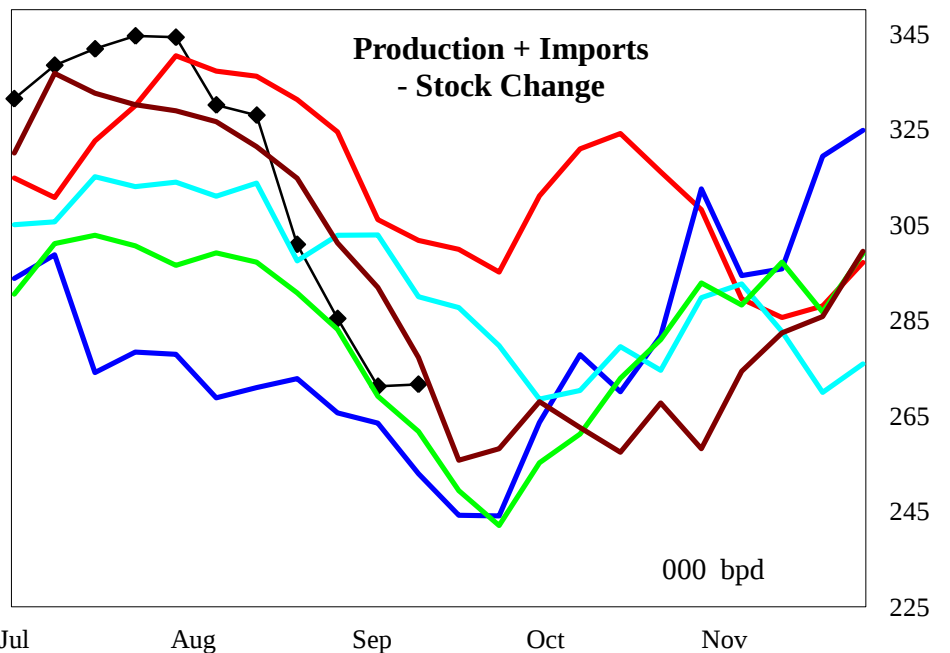
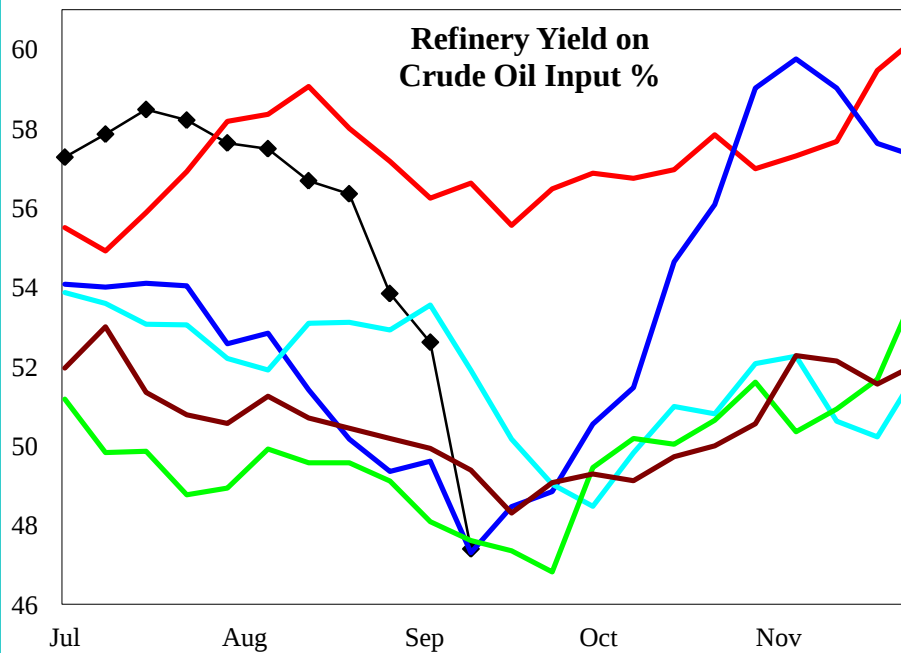
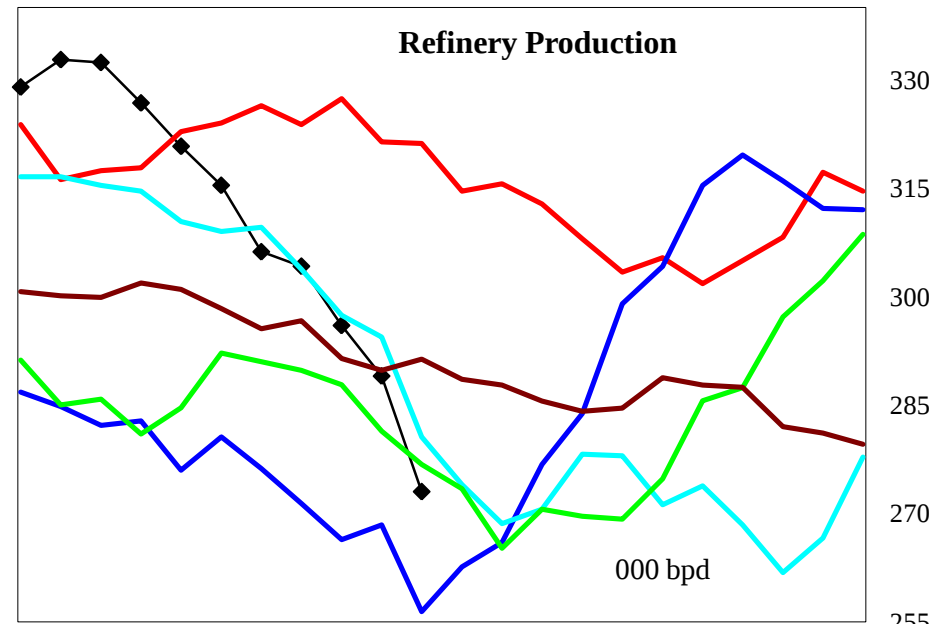
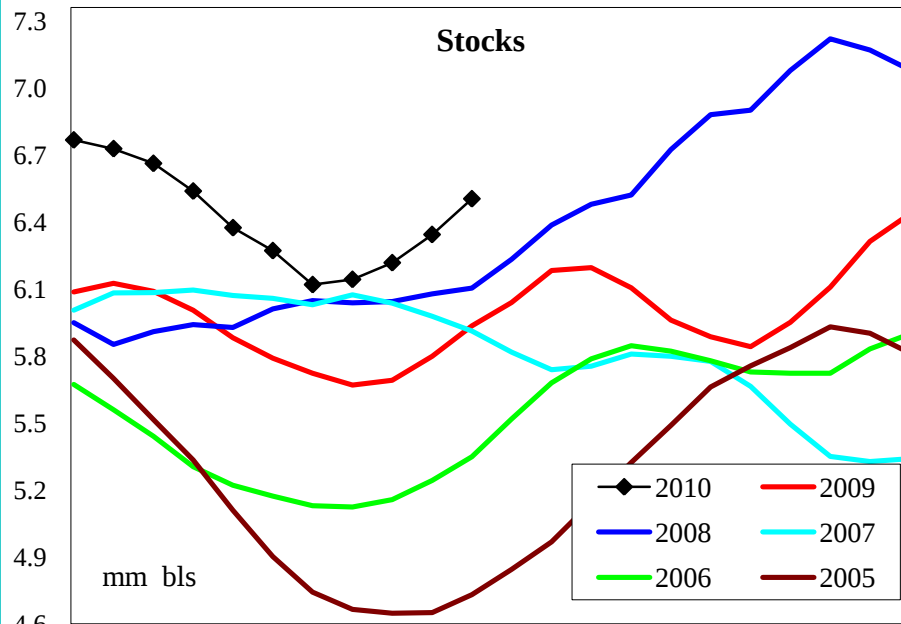
PADD 3 Residual Fuel Oil Supply



PADD 4 Crude Oil Supply and Refining



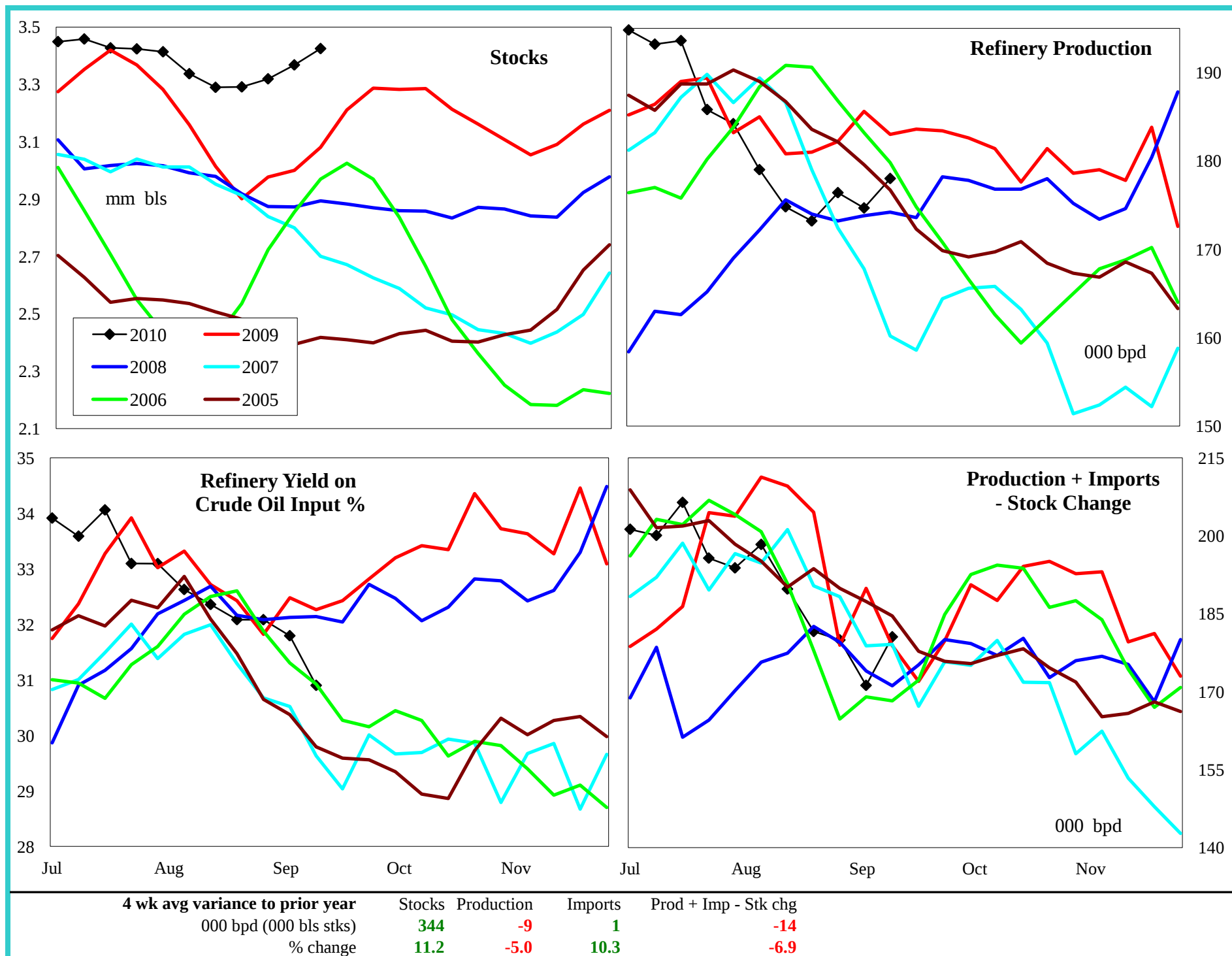
PADD 4 Gasoline Supply



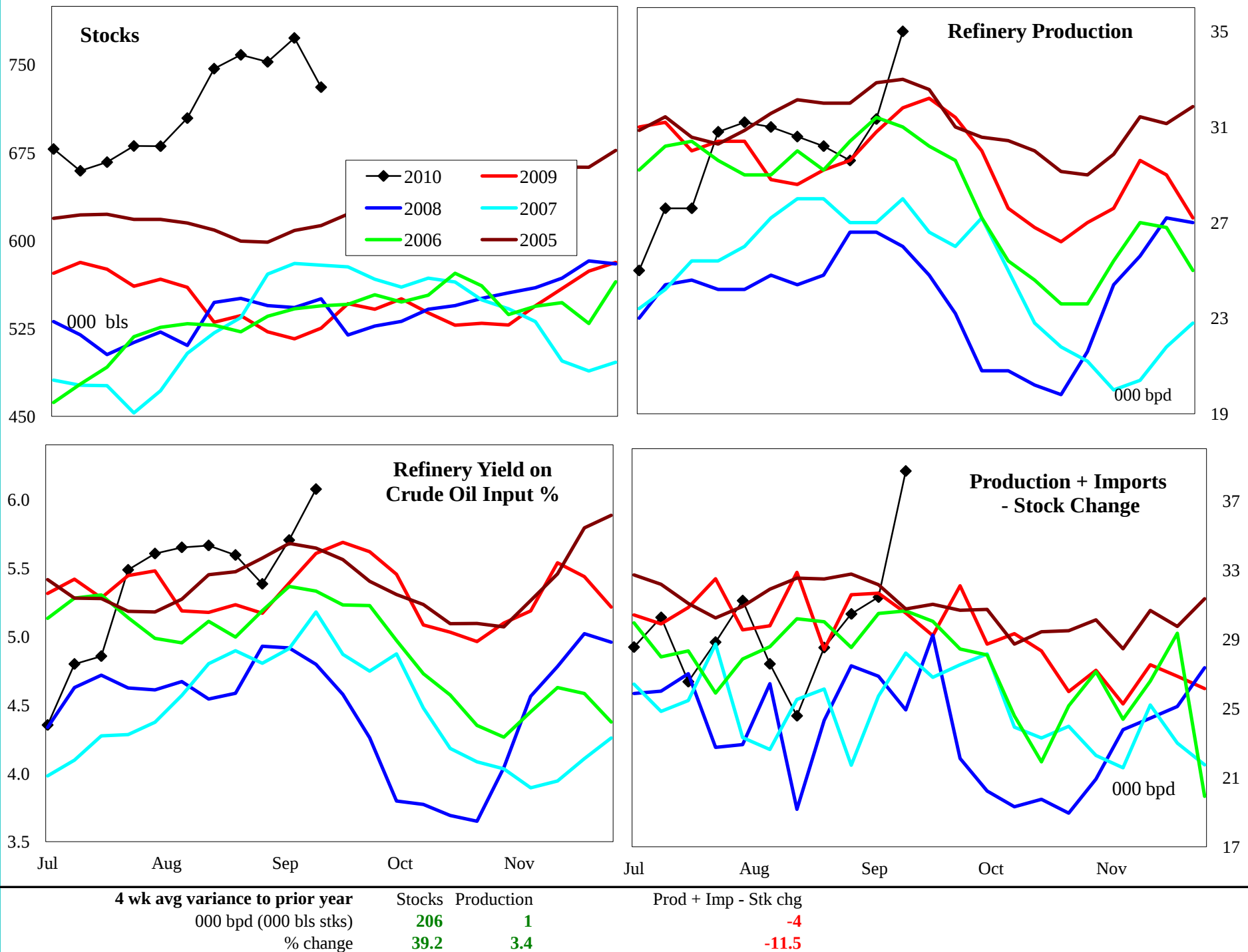
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Production	Prod + Imp - Stk chg
000 bpd (000 bls stks)	568	-29	-45
% change	9.5	-8.9	-13.9

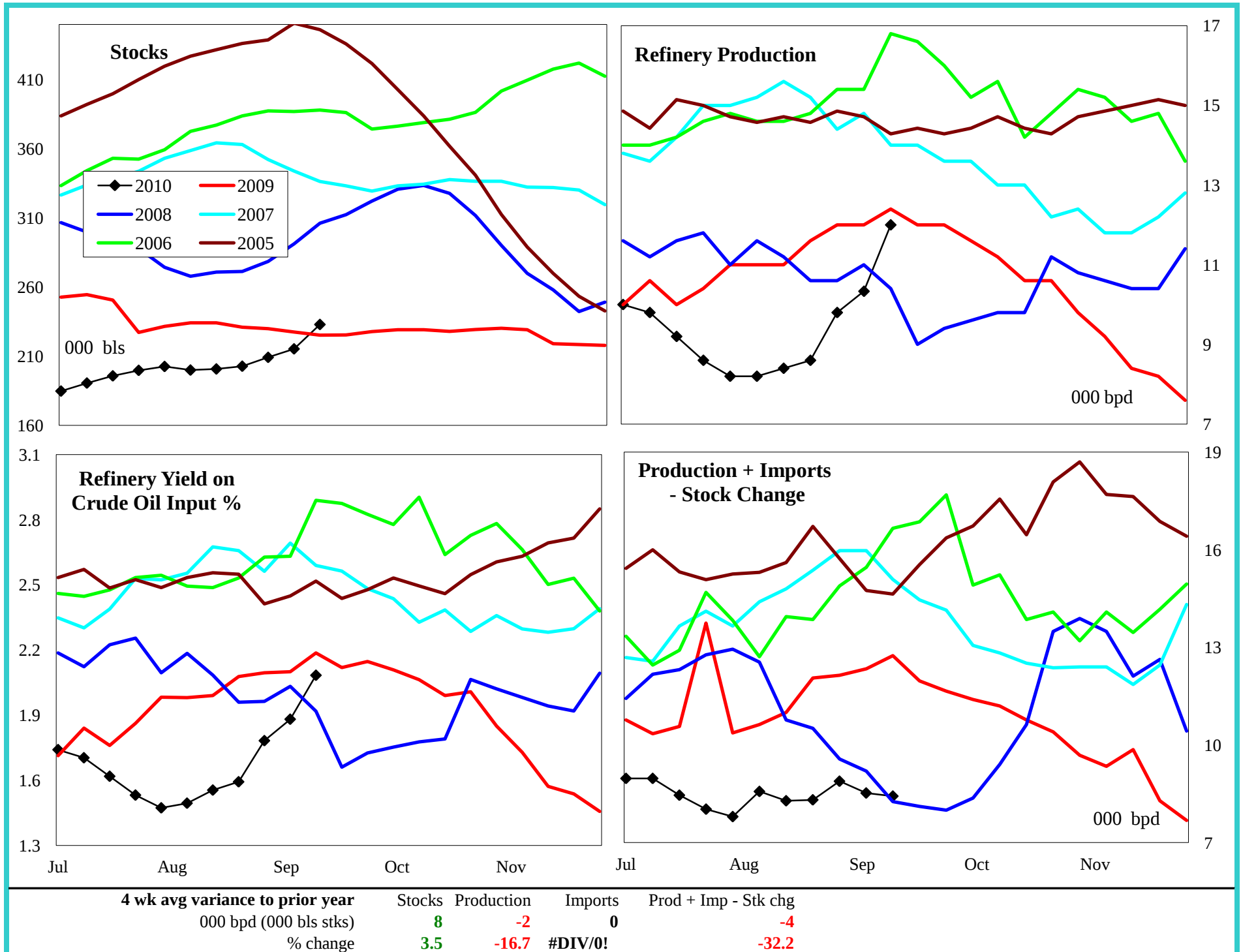
PADD 4 Distillate Supply



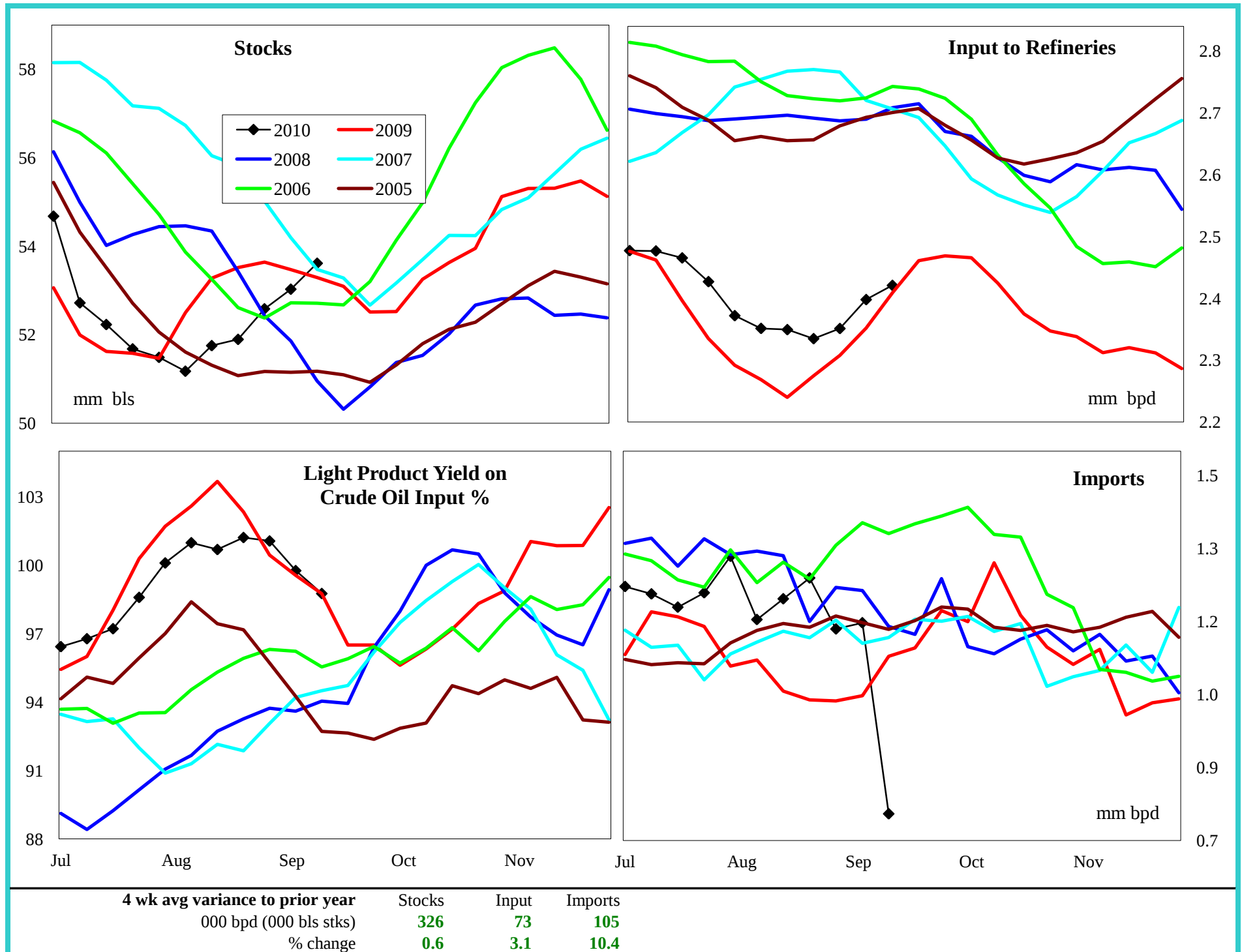
PADD 4 Jet Fuel Supply



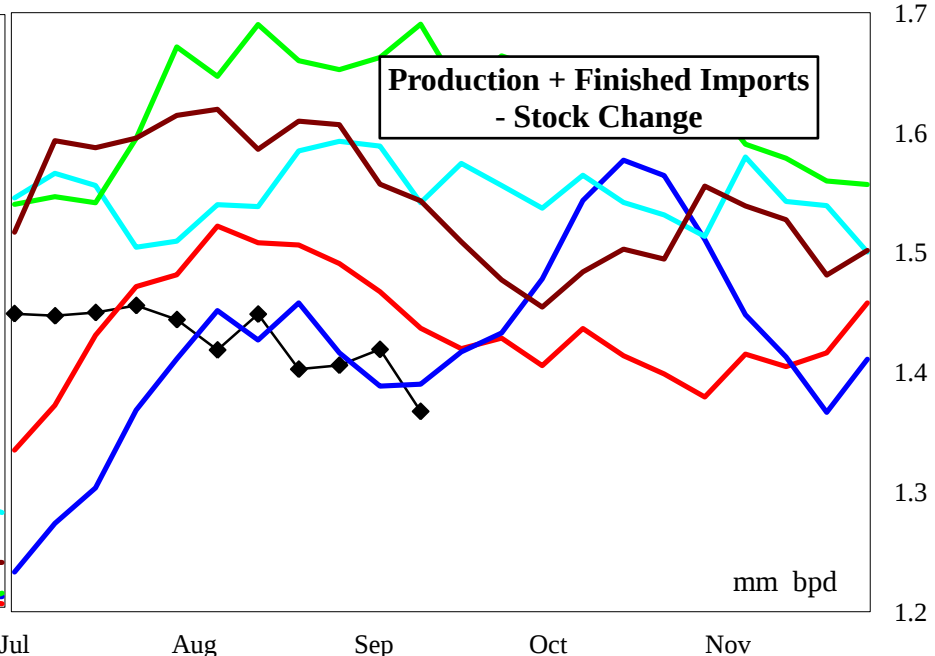
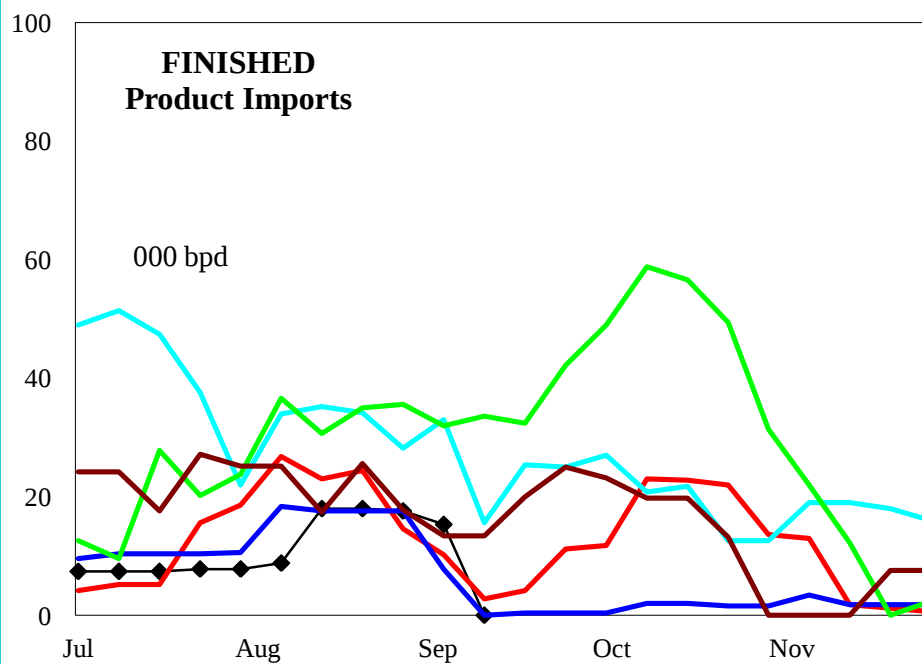
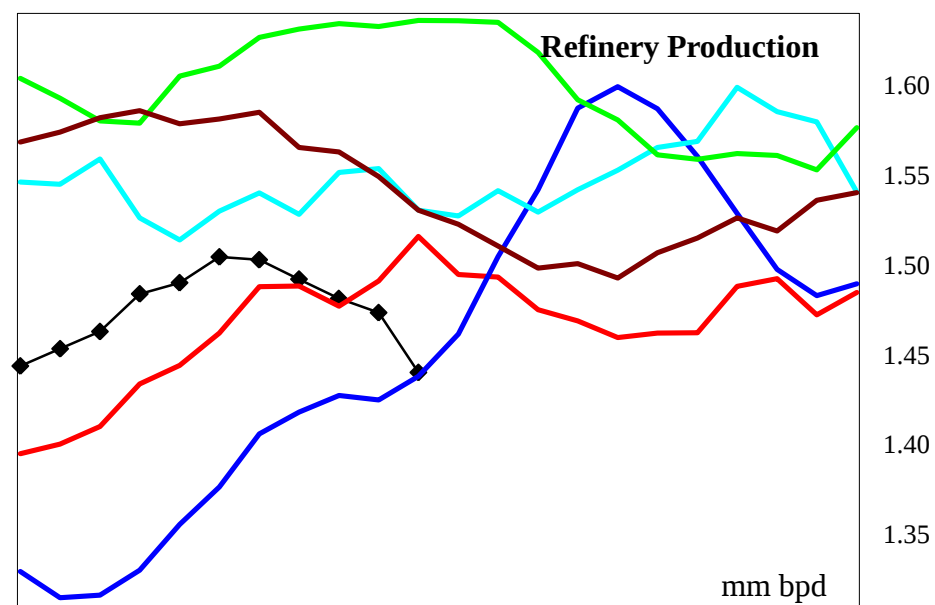
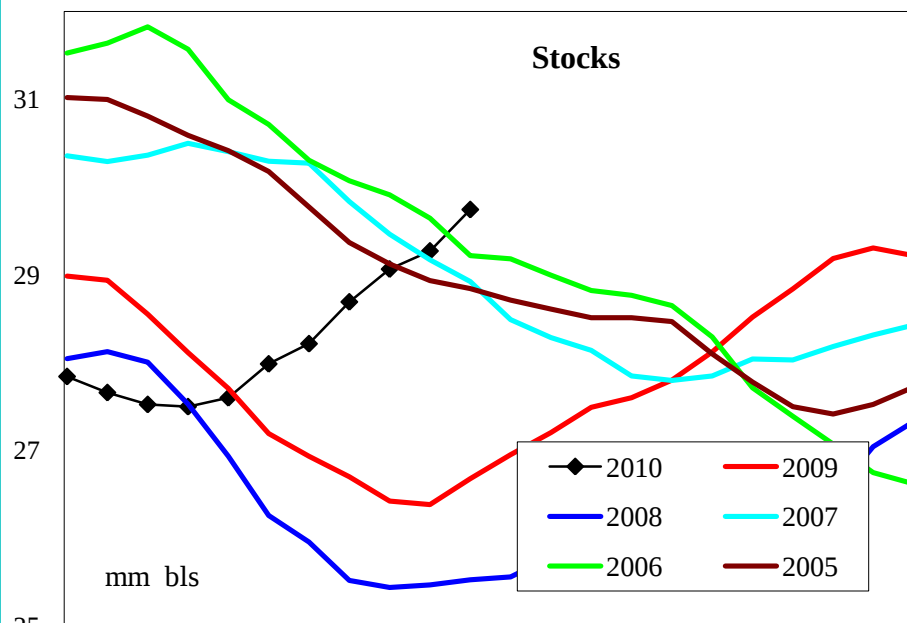
PADD 4 Residual Fuel Oil Supply



PADD 5 Crude Oil Supply and Refining



PADD 5 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

3,778

14.3

Production

-8

-0.5

Fin Impt

9

72.5

Blend Impt

38

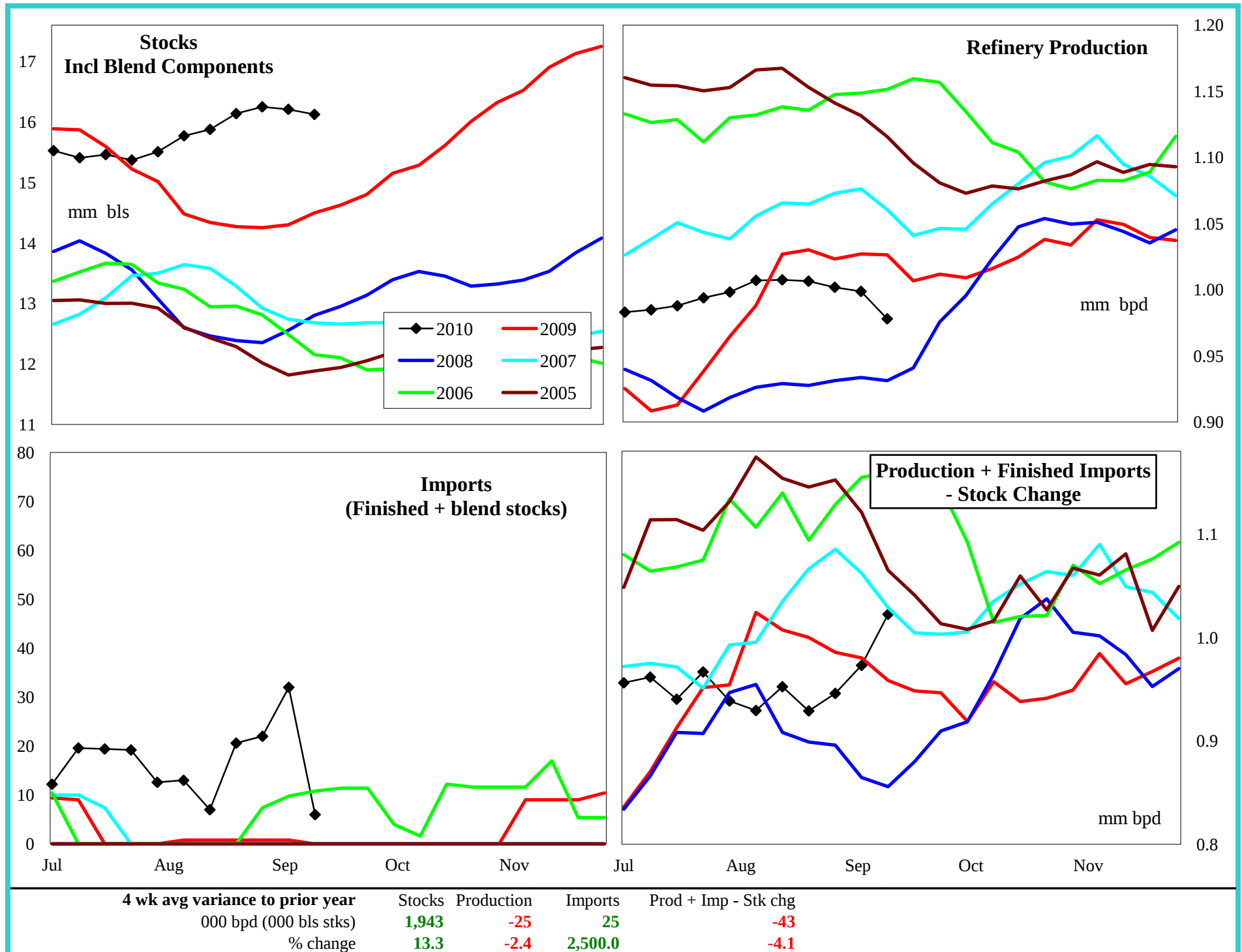
335.6

Prod + Imp - Stk chg

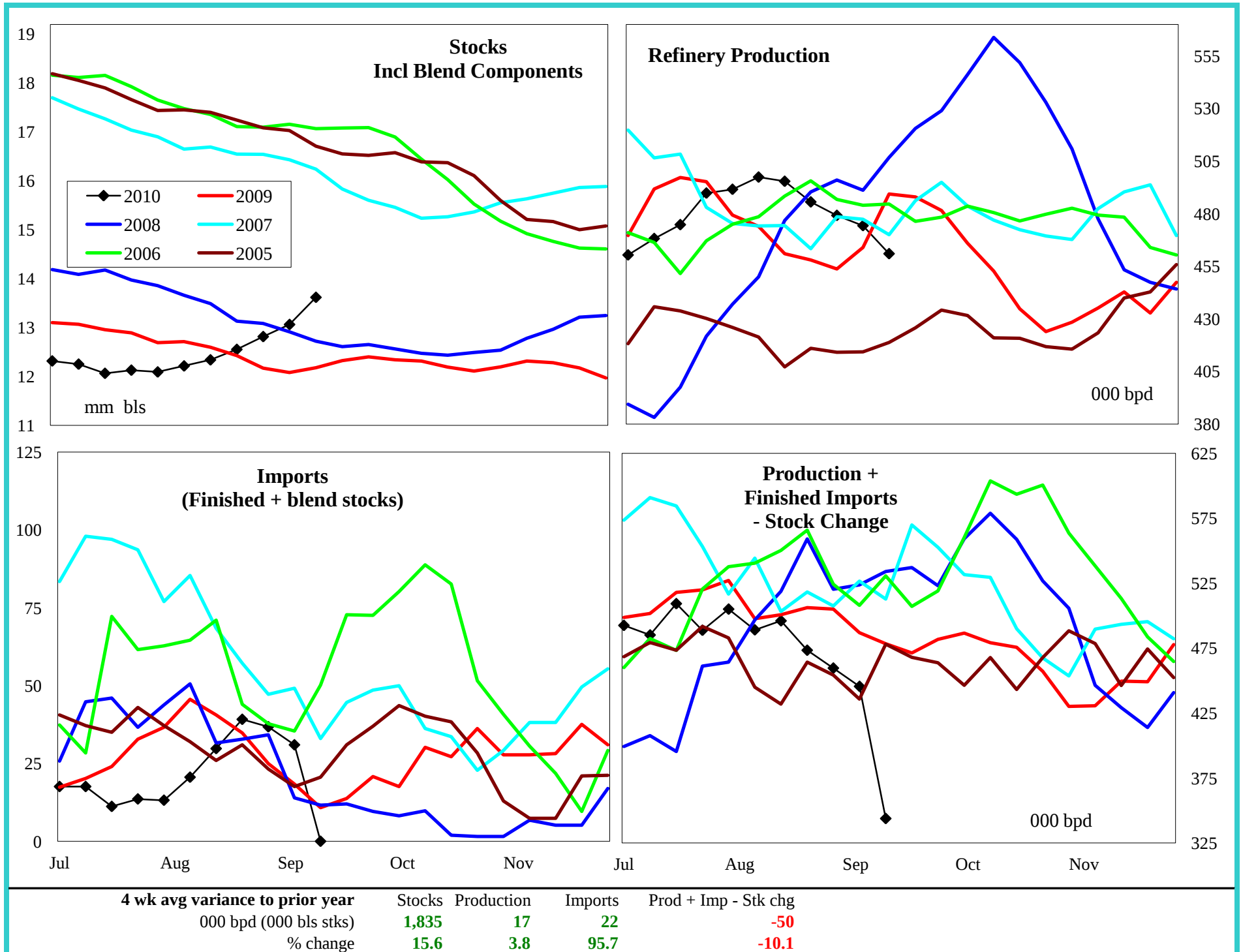
-93

-6.0

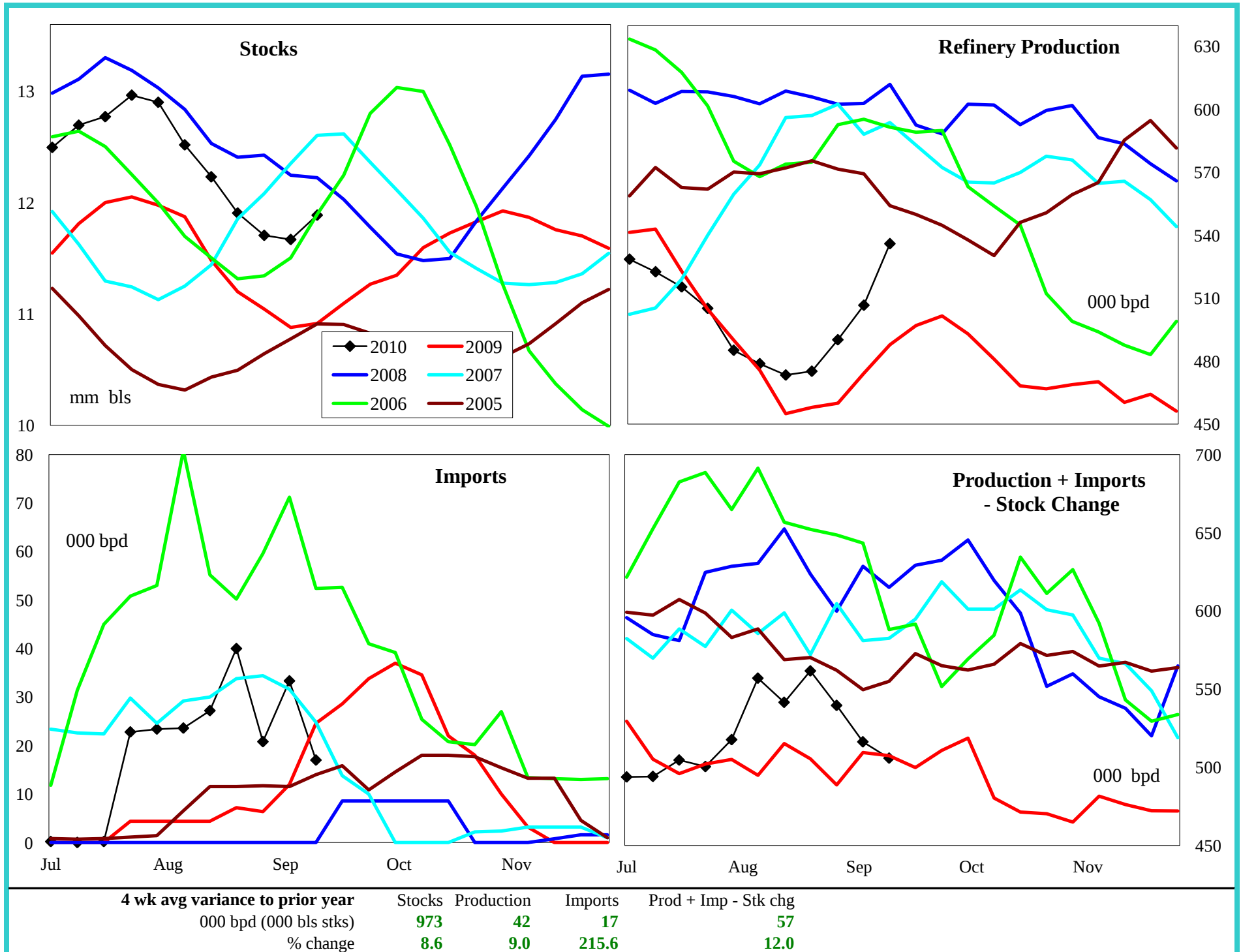
PADD 5 Reformulated Gasoline Supply



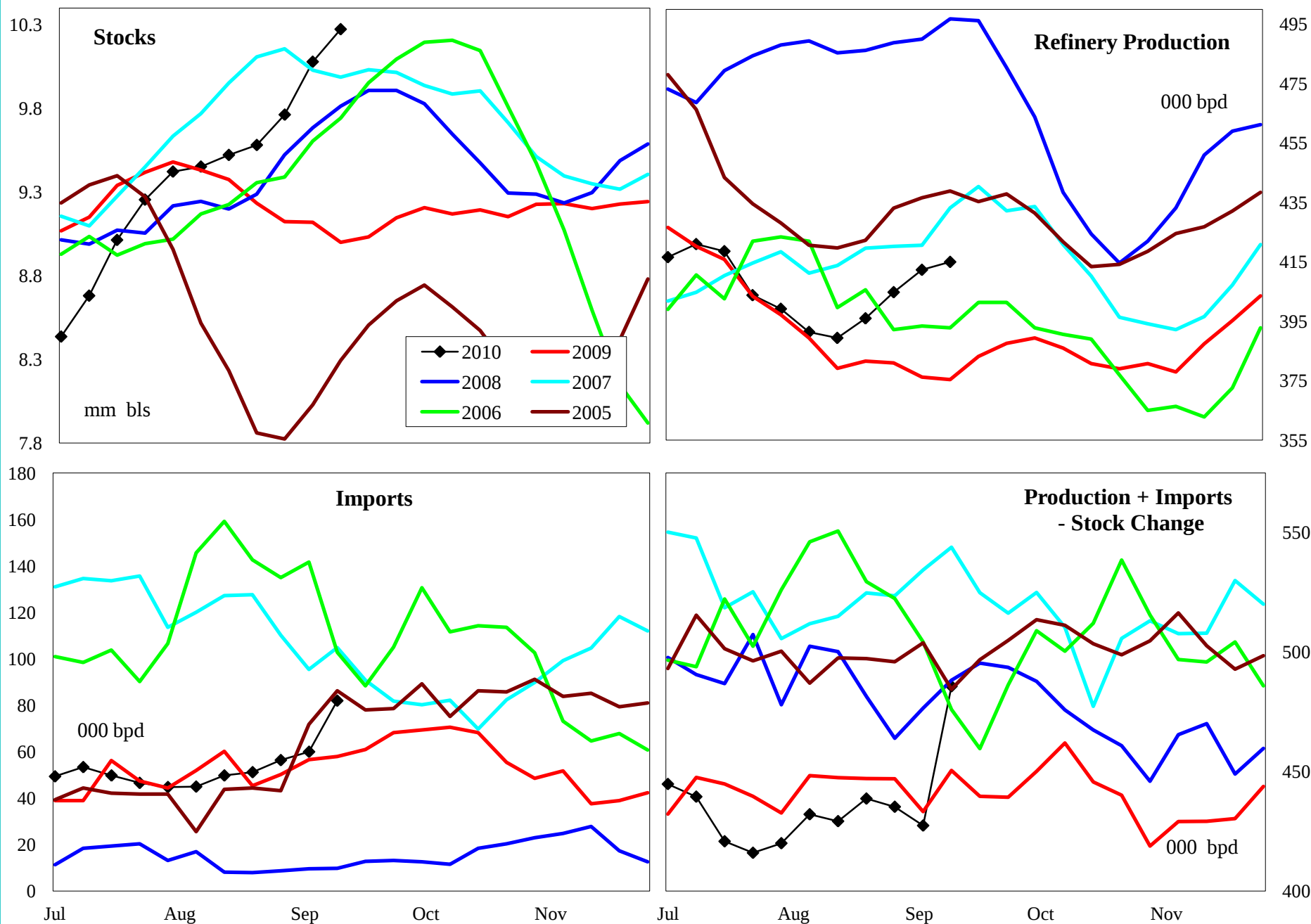
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,153

12.6

Production

31

8.3

Imports

8

15.3

Prod + Imp - Stk chg

-18

-4.0

PADD 5 Residual Fuel Oil Supply

