

WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

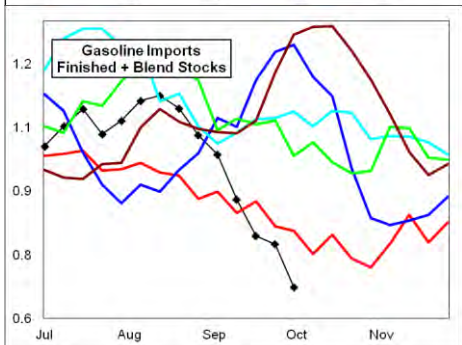
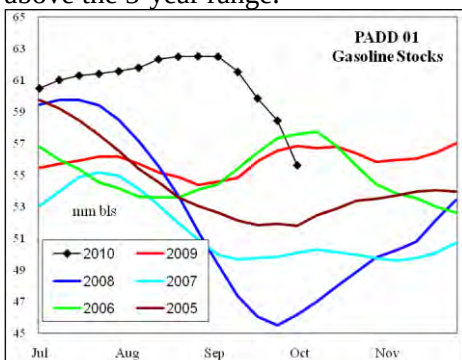
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 06, 2010



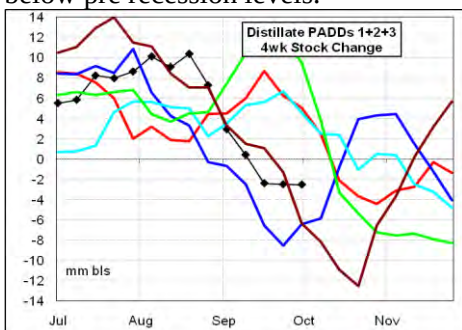
Major Fundamental Trends¹

Gasoline wholesale demand fell -394,000 bpd last week, reversing much of the prior week surge. The latest 4-wk average was nearly unchanged from a year ago.

Gasoline stocks in PADD 1 have declined -6.2 million barrels in the last two weeks, driven by record low imports and refinery maintenance in the region as well as Eastern Canada. Stock levels in other regions are each above the 5-year range.



Distillate wholesale demand declined -172,000 bpd on the week, slightly below pre recession levels.

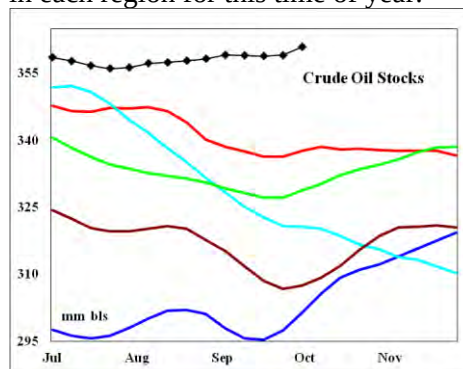


Robust exports during the last 60-days have offset relatively high production

rates that has driven a counter seasonal stock draw. During the latest 4-wk period stocks have declined -2.5 million barrels East of the Rockies, compared to an average build of +7 million barrels in non hurricane years.

The distillate supply balance should continue to improve on the seasonal uptrend in demand and refinery maintenance.

Crude oil stocks increased +3.1 million barrels last week, including a +0.7 million barrel build in Cushing. Stock builds were significant in PADDs 1, 2 and 3. Stock levels in regions excluding PADD 1 (refining capacity has closed) were +27 million barrels above a year ago, a record high in each region for this time of year.



Demand for gasoline and distillate combined fell -569,000 bpd last week.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline +0.1%; distillate up +11.5%; jet fuel up +1.6% while residual fuel oil increased +1.8%.

Stocks forward coverage: Gasoline demand coverage was nearly unchanged on a sharp drop in demand that offset a -2.6 million barrel stock draw. Coverage remains a record high.

Distillate demand coverage trended lower on the week with lower demand offset by a -1.1 million barrel stock draw. The coverage level was well below last years' record high.

Jet fuel coverage decreased on higher weekly demand and a -0.8 million barrel stock draw.

Residual fuel oil coverage remains at the upper end of the historic range.

Refinery utilization rates fell on a -515,000 bpd drop in crude oil runs. Runs were sharply lower in PADDs 1, 3 and 5 for the week. Crude oil runs for the latest 4-wk period were -28,000 bpd below a year ago.

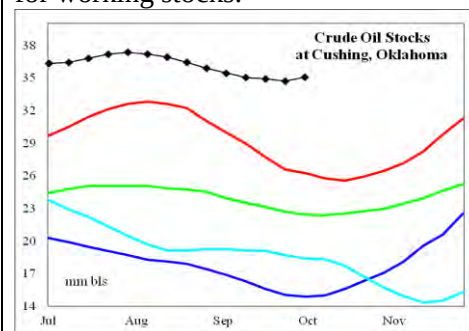
Gasoline yield % on crude oil runs jumped last week on a -105,000 bpd decreased in production versus a -515,000 bpd decline in crude runs. Yield % increased to a near record high for the period.

Distillate yield % on crude oil runs increased on a -139,000 bpd decline in output versus the sharp drop in crude oil runs. Yield % matched the 5-year high for the period.

Jet fuel yield % on crude oil runs increased on a +48,000 bpd rise in output, with the yield at the mid range.

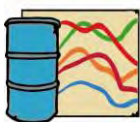
Petroleum Imports were lower for crude oil and products last week.

During the latest 4-wk period distillate imports increased +19,000 bpd compared to last year; finished gasoline imports decreased -49,000 bpd, gasoline blend stock imports declined -77,000 bpd; jet fuel imports were -9,000 bpd lower, while residual fuel oil imports increased +42,000 bpd. **Crude Oil** imports decreased -79,000 bpd on the week, to levels that match hurricane years. Stocks increased +3.1 million barrels. Stock levels were at record highs for this time of year in all regions except PADD 1, where lower refining capacity has reduced the need for working stocks.



Stock levels in Cushing increased +0.7 million barrels last week, with the level +14 million barrels above the prior record high.

¹ Source is latest EIA Weekly Statistics



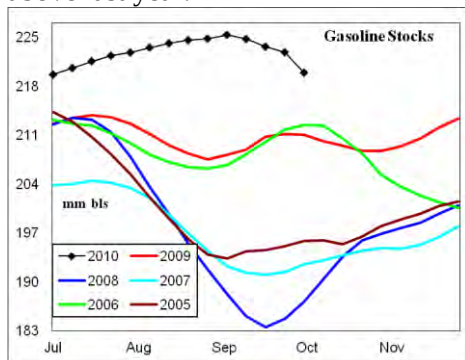
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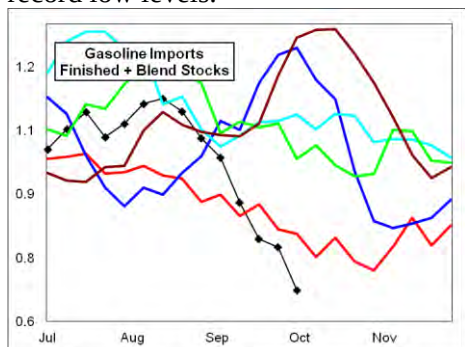
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Product Supply-Demand Trends

Gasoline demand fell -394,000 bpd last week, reversing much of the prior week surge. Average demand for the latest 4-wk period was +13,000 bpd above last year.



Production decreased -105,000 bpd on the week, with imports down -168,000 bpd. Production levels remain above the 5-year range while imports were at record low levels.



Stocks decreased -2.6 million barrels on the week, with the draw concentrated in PADD 1; driven by record low imports. Stock levels remain +5.6 million barrels above the prior record high.

Refinery maintenance on the East Coast and in Eastern Canada, combined with lower availability of imports from Europe should extend the current stock draws in PADD 1.

Stock levels are at record high levels for this time of year in all regions other than PADD 1.

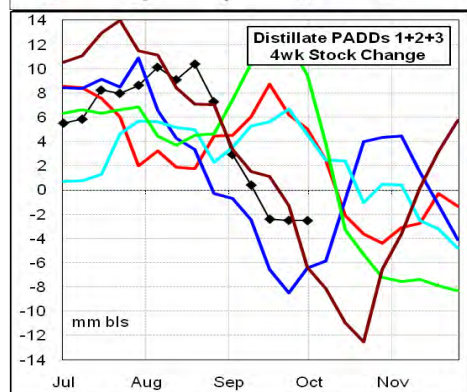
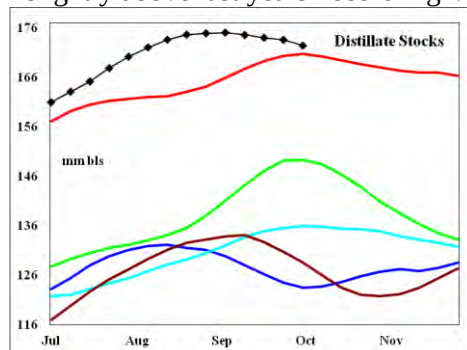
Expect a tightening of supply on the East Coast to support futures prices in the near term, depressing cash basis in other regions.

Distillate demand declined -175,000 bpd last week, with the 4-wk average to +390,000 bpd above last year.

Demand levels remain slightly below pre recession levels, including exports.

Supply declined -155,000 bpd on the week, with production at the upper end of the historic range.

Stocks decreased -1.1 million barrels on the week. Stock levels are +slightly above last years' record high.



The latest 4-wk stock draw East of the Rockies was -2.5 million barrels, compared to a build of +7 million barrels for the same period in non hurricane years. A sharp uptrend in demand, including exports, contributed to this trend.

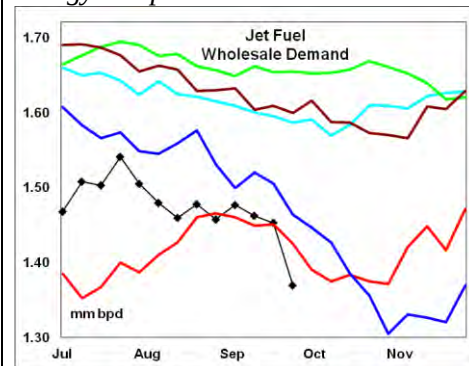
Expect lower seasonal production on refinery maintenance, and robust exports to extend the recent stock draws. These trends should support distillate prices compared to the overall energy complex.

Jet Fuel demand increased +71,000 bpd on the week, with the latest 4-wk average +23,000 bpd above last year.

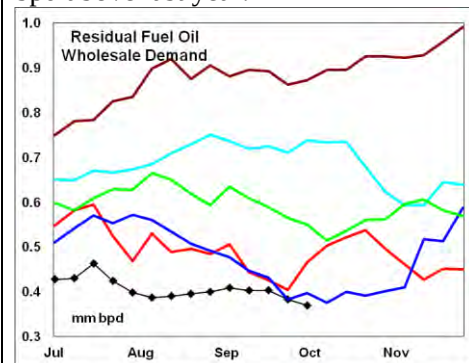
Production increased +48,000 bpd last week, offset by a -92,000 bpd drop in imports; driving supply to a level below the historic range.

Stocks decreased -0.8 million barrels on the week, with the level above the 5-year range.

Expect lower seasonal demand to offset reduced supply. When stock levels are high, as now, the seasonal trend has been lower through the next 60-days. A modest downtrend in stock levels should improve the supply balance. These trends should limit price strength relative to the overall energy complex.

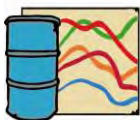


Residual fuel oil demand, including exports, increased +7,000 bpd last week, with the 4-wk average +8,000 bpd above last year.



Supply (production + imports) increased +40,000 bpd on the week, with the latest 4-wk average -55,000 bpd below a year ago. Supply was well below the mid range for the week. Stocks increased +0.3 million barrels to a level well above four of the last five years.

The Gulf market remains oversupplied with stock levels +25% above last year and well above the prior record high. Exports, and domestic demand remains below the historic range. These trends should limit price strength compared to the overall energy complex.



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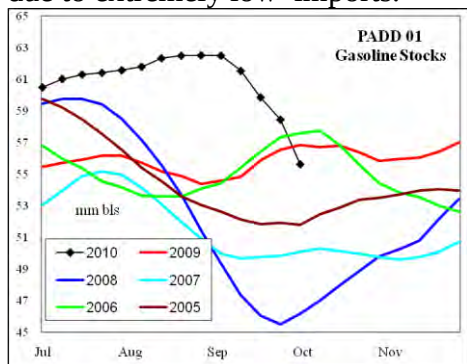
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PADD Supply Trends

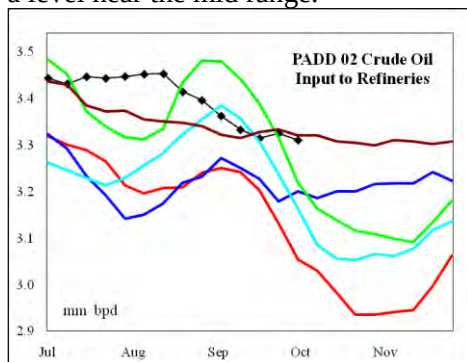
PADD 1 refinery crude oil runs fell -154,000 bpd on the week, with the 4-wk average -220,000 bpd below last years' record low rate.

Gasoline production was unchanged on the week, with the latest 4-wk average +389,000 bpd above a year ago. Imports decreased -163,000 bpd last week, to a record low level for the period. Stocks declined -2.3 million barrels, due to extremely low imports.



Distillate supply decreased -34,000 bpd last week, to a record low level. Stocks decreased -0.5 million barrels to a level near last years' record high.

Jet fuel supply decreased -52,000 bpd to a level below the historic range. Stocks declined -0.4 million barrels to a level near the mid range.



PADD 2 crude oil refinery runs decreased -10,000 bpd last week, to a level that matched the historic high for this time of year. Imports increased +132,000 bpd to a level above prior years except 2009. Stocks increased +0.6 million barrels on the week, to a level +14 million barrels above the prior record. Stocks in Cushing

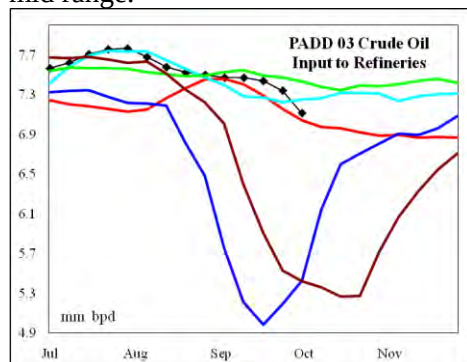
increased +0.7 million barrels.

Gasoline production matched the record high for the week, leading to +0.7 million barrel stock build. Stock levels match the prior record high.

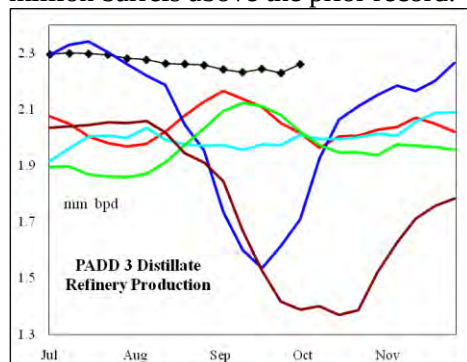
Distillate production declined -67,000 bpd, to a level below the mid range. Stocks increased +0.7 million barrels to a level near last years' record high.

Jet fuel production and stock levels each remain above the 5-year range.

PADD 3 crude oil runs declined -194,000 bpd, to a level at the mid range. The latest 4-wk average was +192,000 bpd above a year ago. Crude imports increased +143,000 bpd to the mid range.



Gasoline production declined -61,000 bpd on the week. Stocks fell -1.3 million barrels on higher deliveries to the Midwest. Stock levels remain +3.7 million barrels above the prior record.



Distillate production was unchanged on the week, at a record level for the period. Stocks decreased -0.7 million barrels on the week, to a level +3.5 million barrels above the prior record.

Jet fuel production remains at a level near the mid range. Stocks decreased -0.3 million barrels, but

remain +13% above the prior record high.

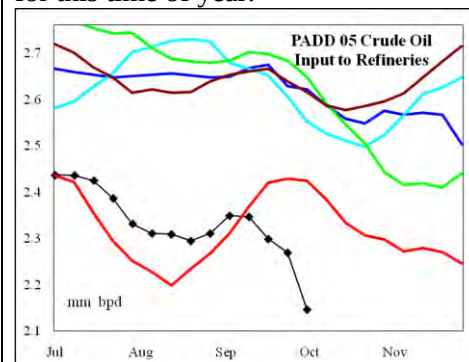
Residual fuel oil supply declined -101,000 bpd, including record low imports. Stocks increased +0.5 million barrels to a new record high.

PADD 4 refinery crude runs increased +9,000 bpd on the week, to a level that above the historic high. The latest 4-wk average thru put was +22,000 bpd above last year. Imports climbed to a level above the historic range. Stock levels remain at record highs.

Gasoline production increased +18,000 bpd to a level near the historic high for the period. Stock levels remain above the 5-year range.

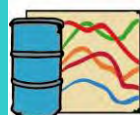
Distillate supply was unchanged at a level near the last 2-years. Stock levels remain above the historic range.

PADD 5 crude oil refinery runs fell -165,000 bpd on the week, with the latest 4-wk average -158,000 bpd below last year. Crude imports declined -391,000 bpd last week to a level below the historic range. Stock levels remain above the historic range for this time of year.



Gasoline production decreased -61,000 bpd on the week, to a level below the mid range. Imports reached a new record high of over 100,000 bpd. Record imports led to another The surge in imports extended the near 90-day uptrend in stocks. Stock levels reached a new 5-year high for the period.

Distillate supply fell -68,000 bpd on the week, with both production and imports lower. Stocks fell -0.6 million barrels to a level just above the mid range.


**FUNDAMENTAL
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PETROLEUM: Graph Link and Weekly Summary

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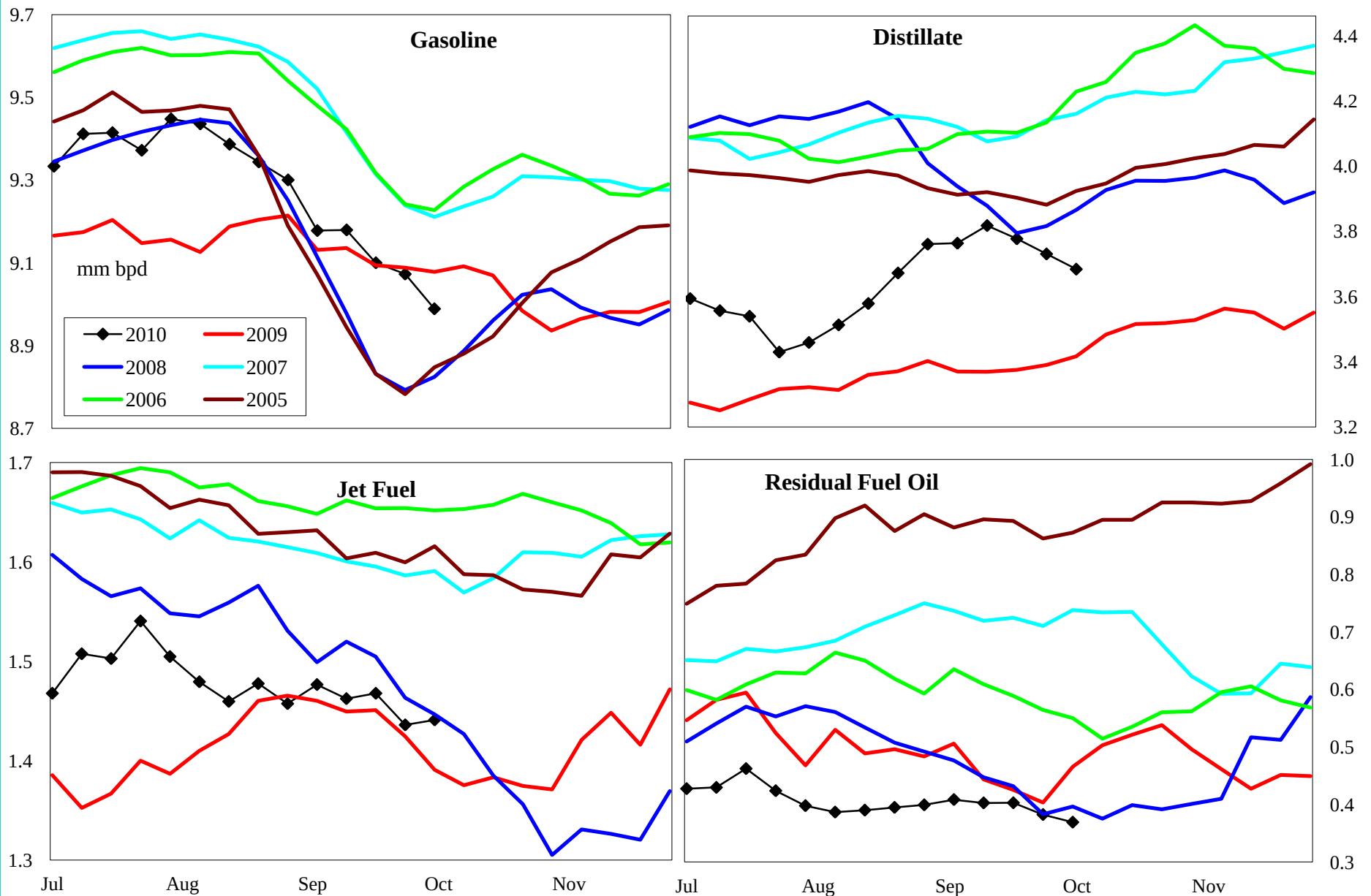
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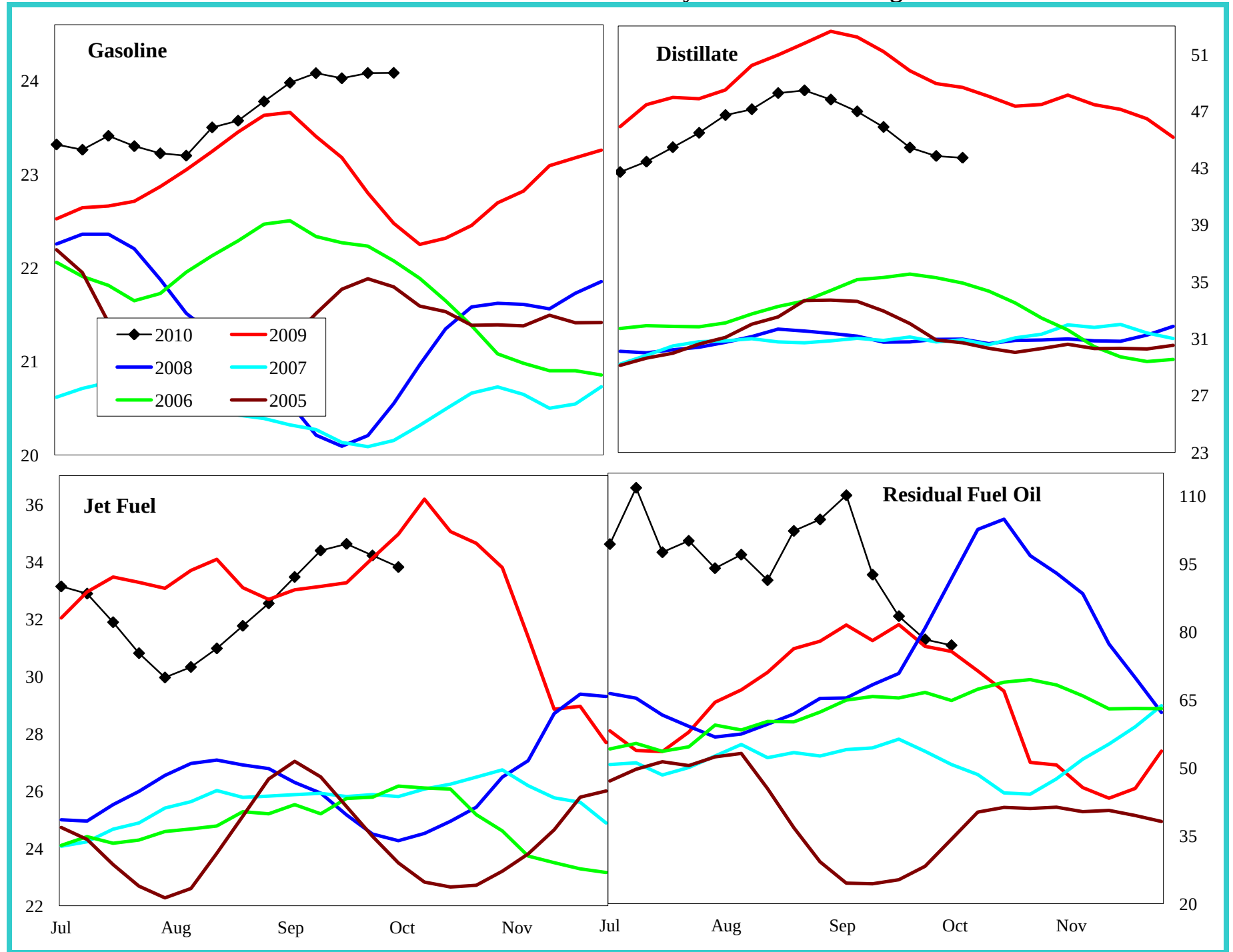
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	1-Oct-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	3,088	953	584	2,030	-137	-343
	Imports	-79	-52	132	143	90	-391
	Input	-515	-154	-10	-194	9	-165
	% Utilization	-2.70					
Gasoline	Stocks	-2,646	-2,260	653	-1,256	-121	339
	Production	-105	0	0	-61	18	-61
	Imports	-168	-163	1	-34	0	27
	Supplied	-394					
Distillate	Stocks	-1,124	-533	722	-720	-17	-576
	Production	-139	-34	-67	0	1	-39
	Imports	-16	13	1	0	-1	-29
	Supplied	-175					
Jet Fuel	Stocks	-843	-400	212	-279	99	-475
	Production	48	-5	1	13	-2	41
	Imports	-92	-47	0	0	0	-46
	Supplied	71					
Residual Fuel Oil	Stocks	300	257	46	488	3	-494
	Production	40	12	4	7	-1	18
	Imports	0	132	-1	-108	0	-24
	Supplied	7					

United States Wholesale Petroleum Demand

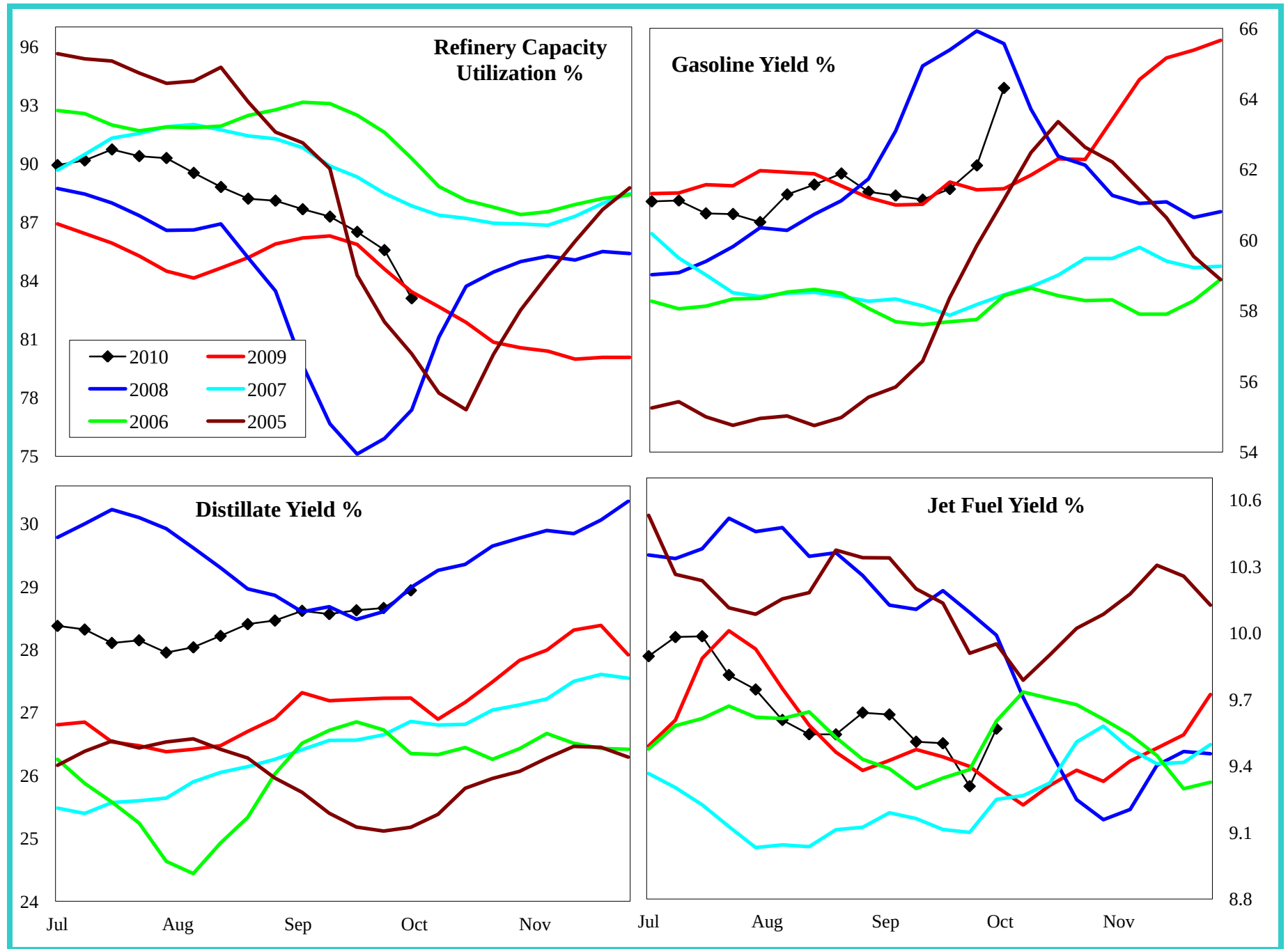


	000 bpd change from prior year				% change from prior year				
	4wk avg	Aug	Jul	Jun	4wk avg	Aug	Jul	Jun	
Gasoline	13	76	139	104	0.1	0.8	1.5	1.1	
Distillate	390	364	213	246	11.5	10.6	6.3	7.0	
Jet Fuel	23	0	10	82	1.6	0.0	0.7	5.8	
Resid	8	-22	178	-61	1.8	-4.7	55.8	-10.8	

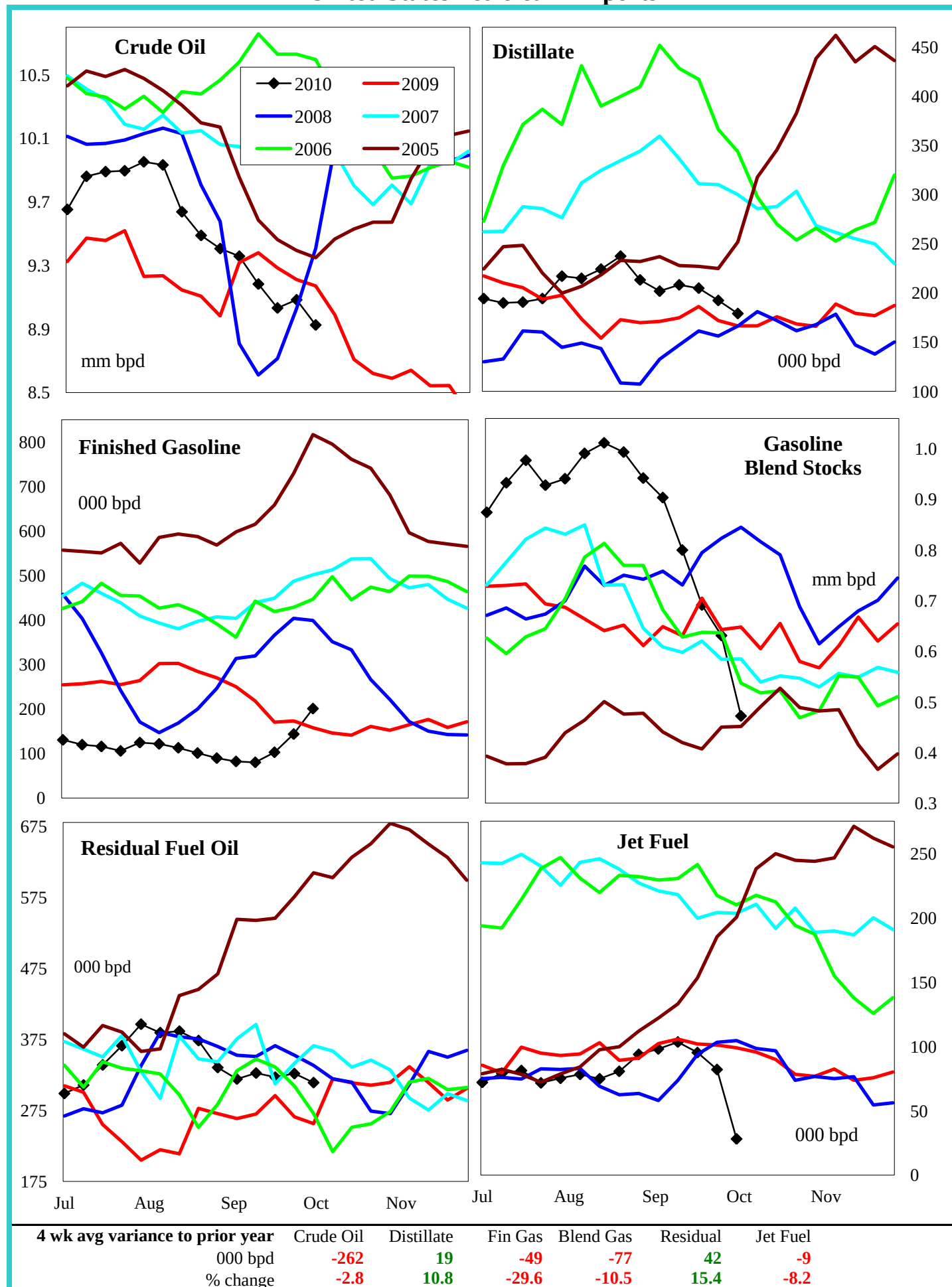
United States Product Stocks: Days Forward Coverage



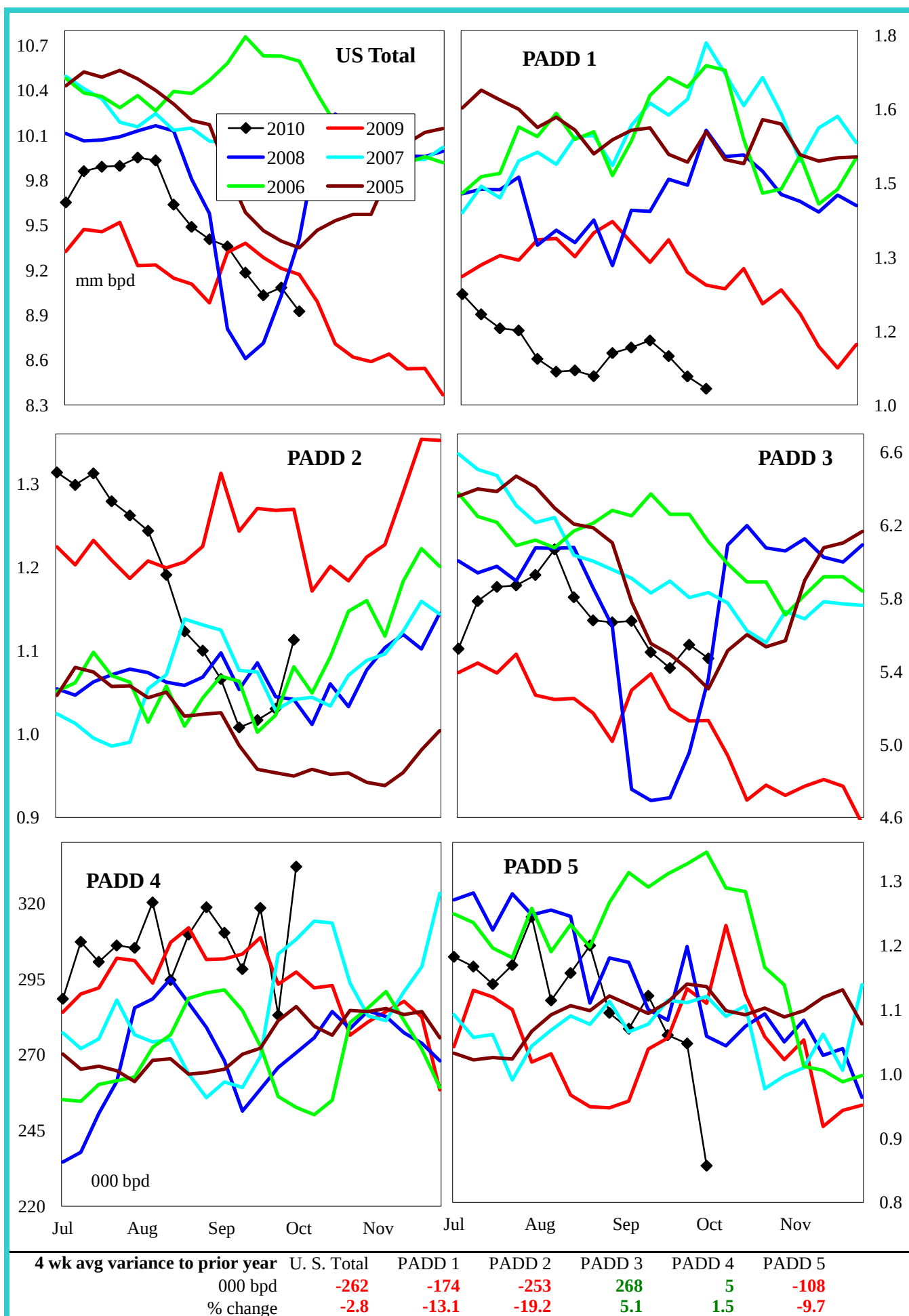
United States Refinery Percent Utilization Rate and Product Yields



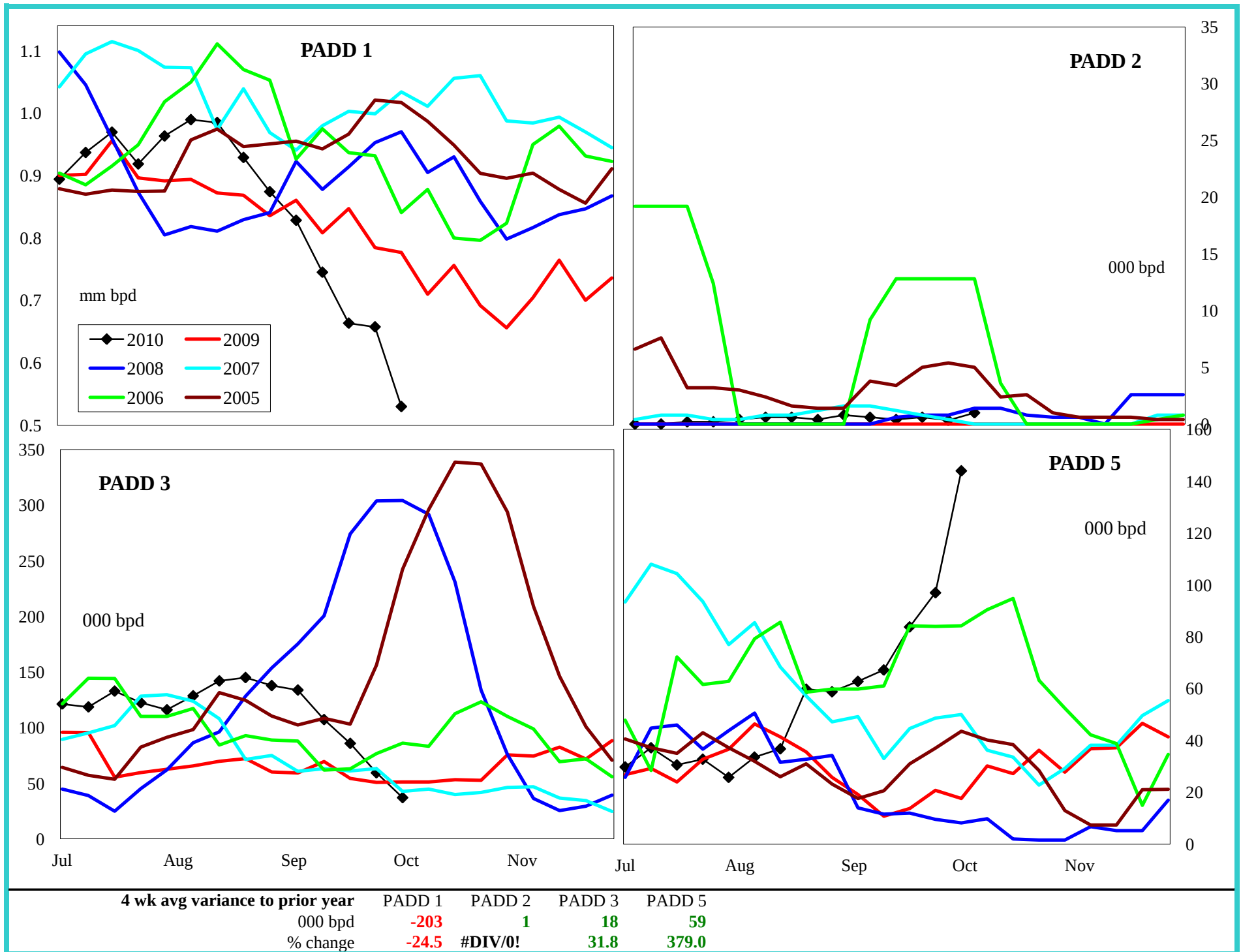
United States Petroleum Imports



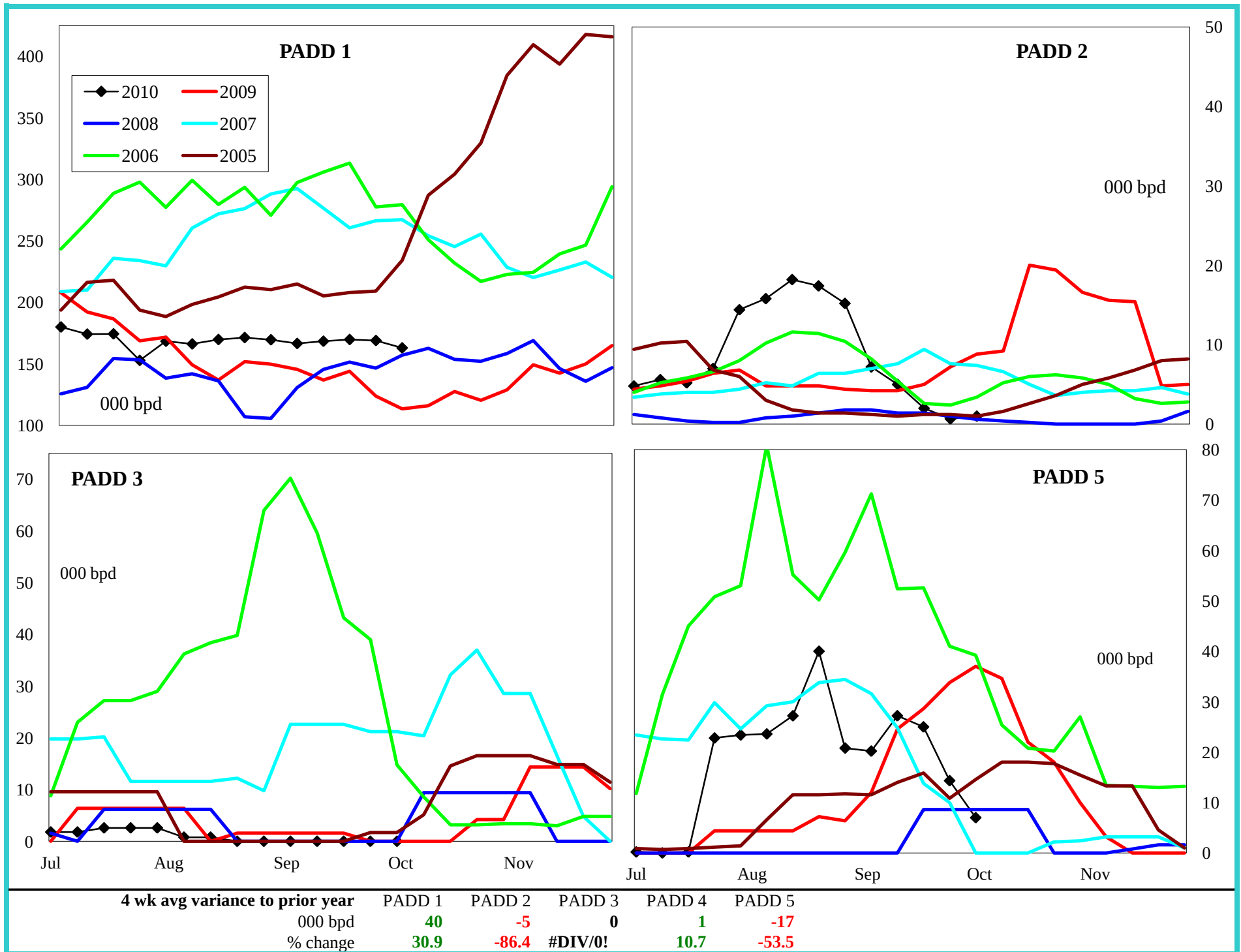
Crude Oil Imports by PADD



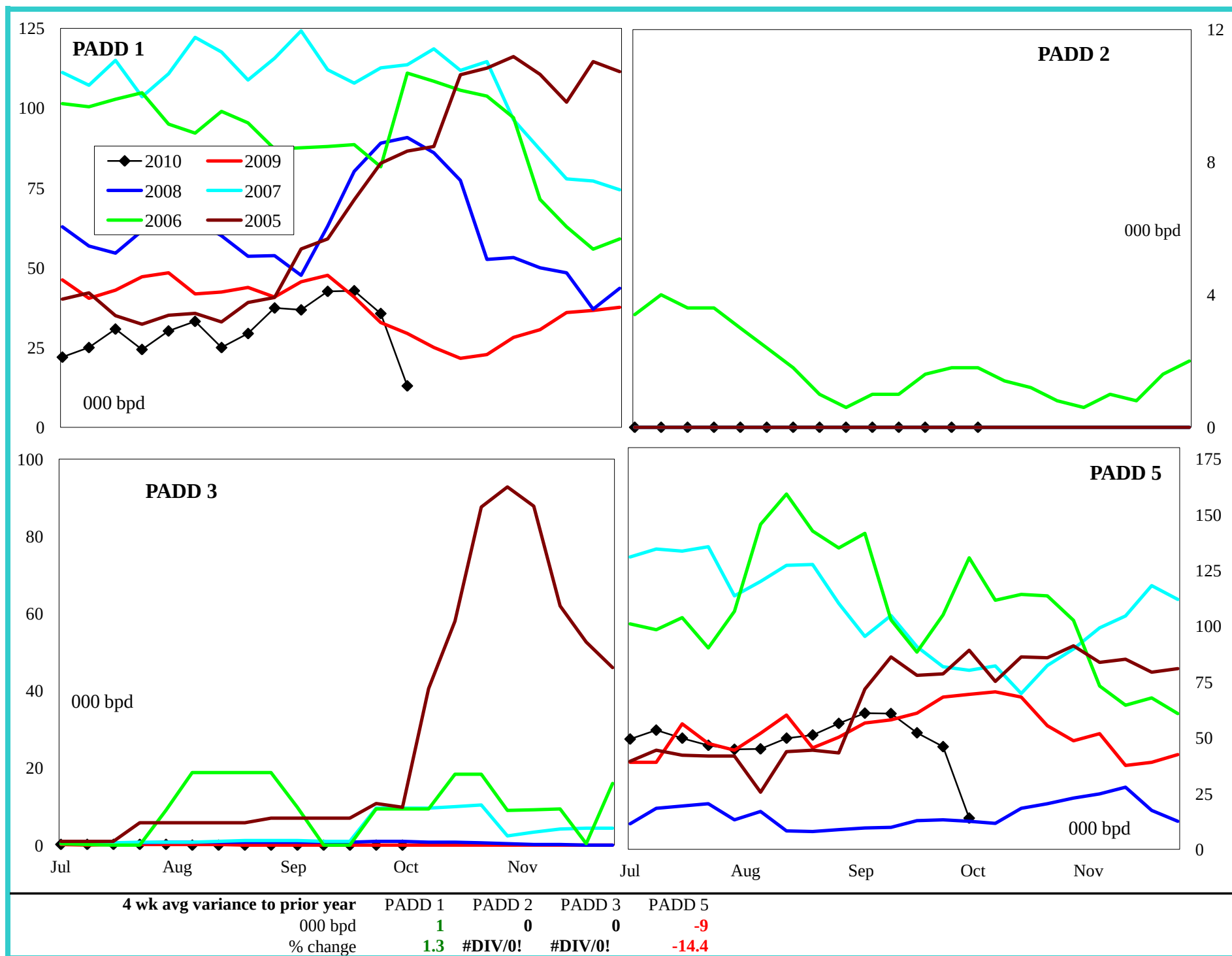
Gasoline Imports by PADD (Finished + Blend Stocks)



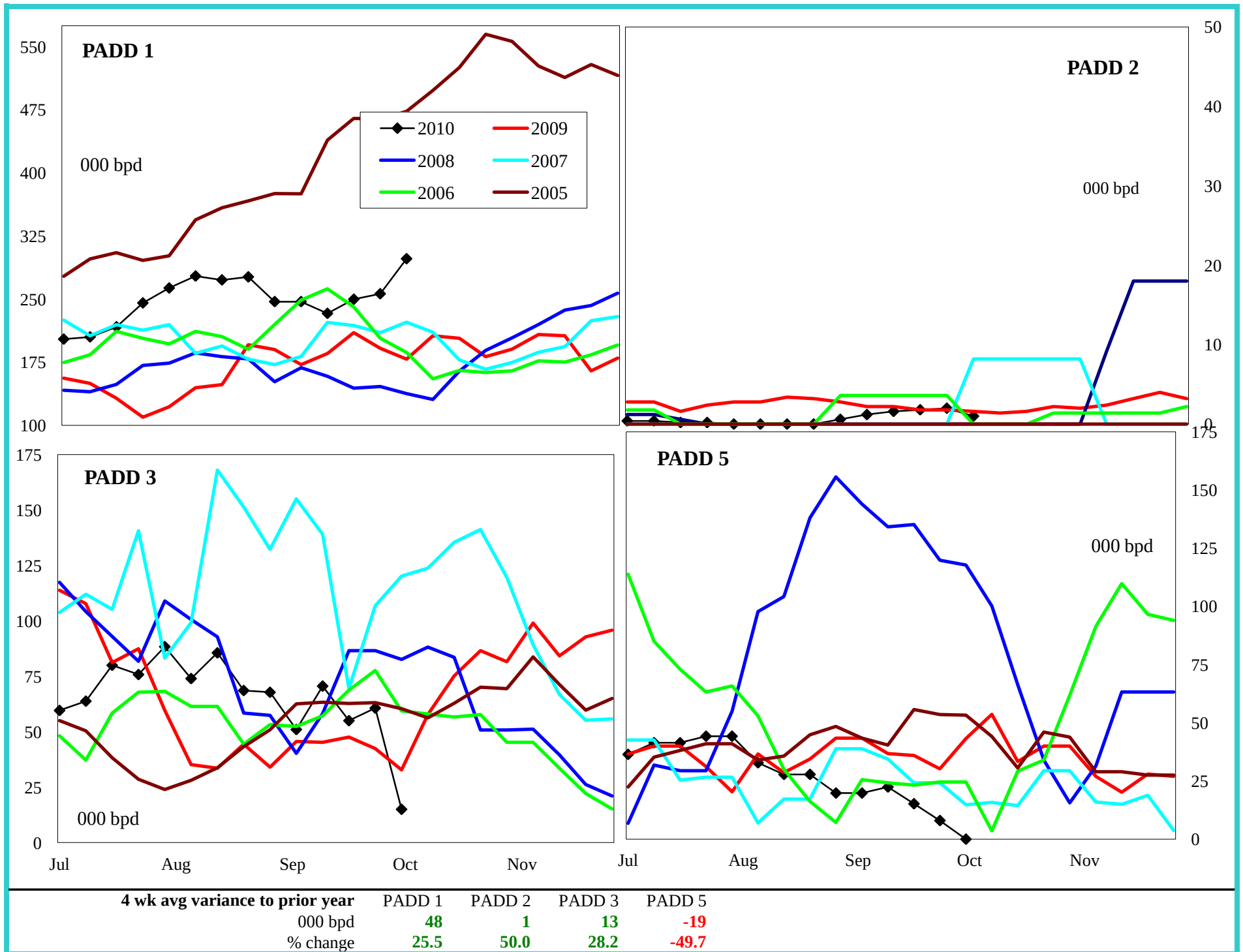
Distillate Imports by PADD



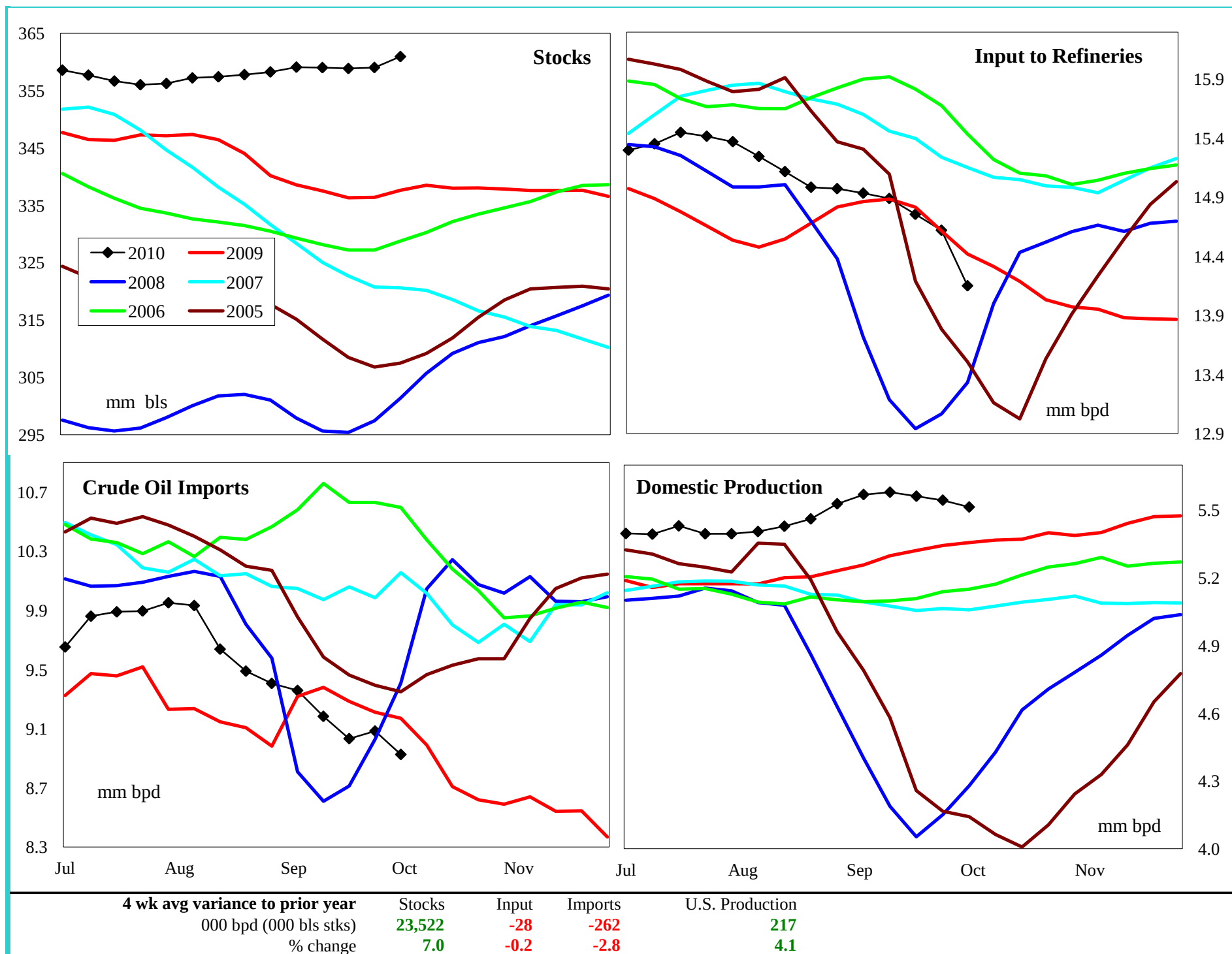
Jet Fuel Imports by PADD



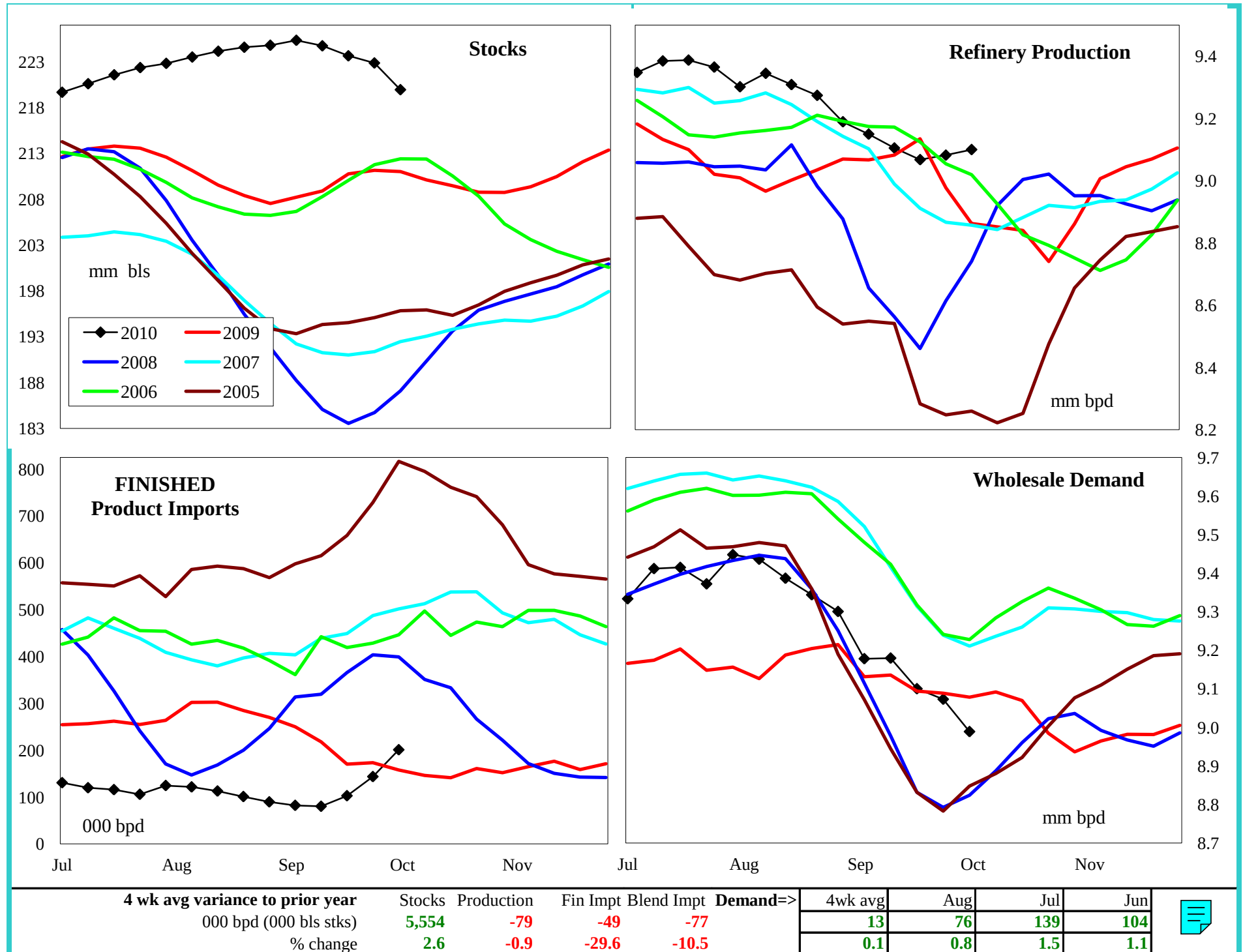
Residual Fuel Oil Imports by PADD



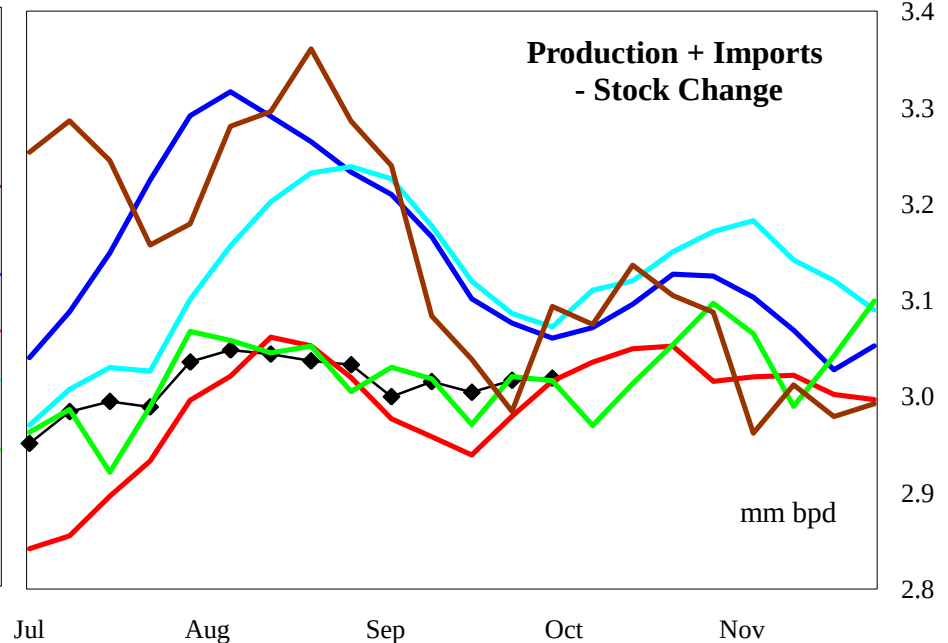
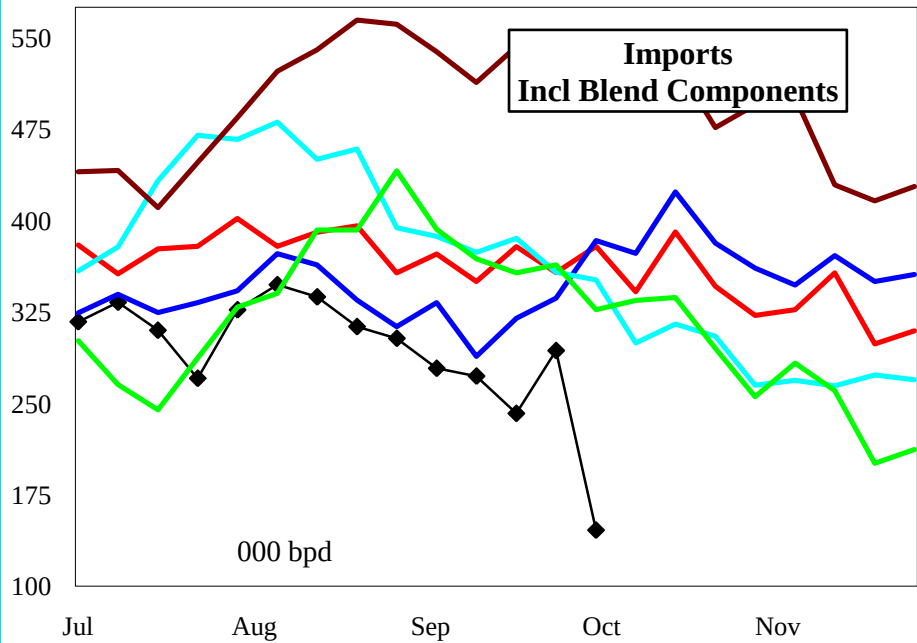
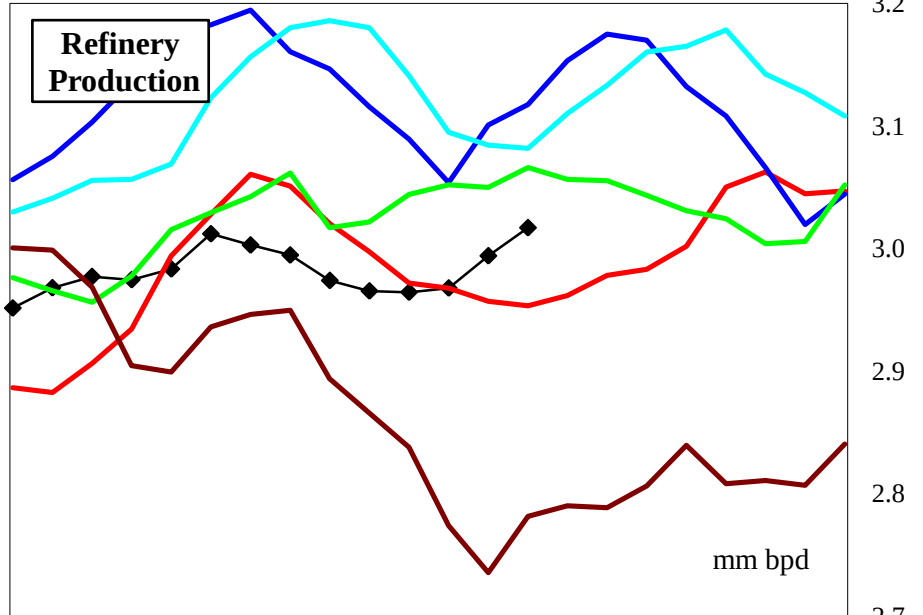
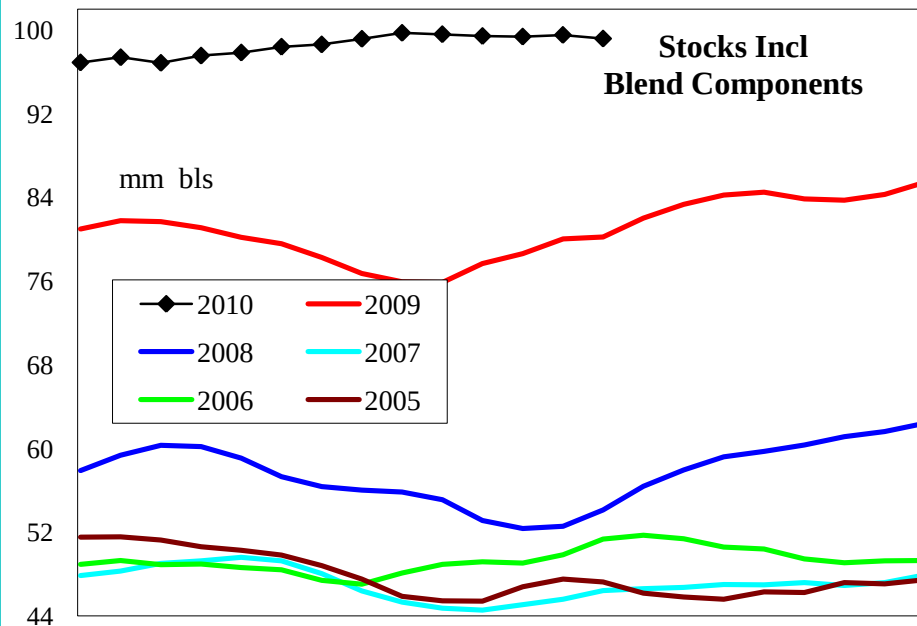
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



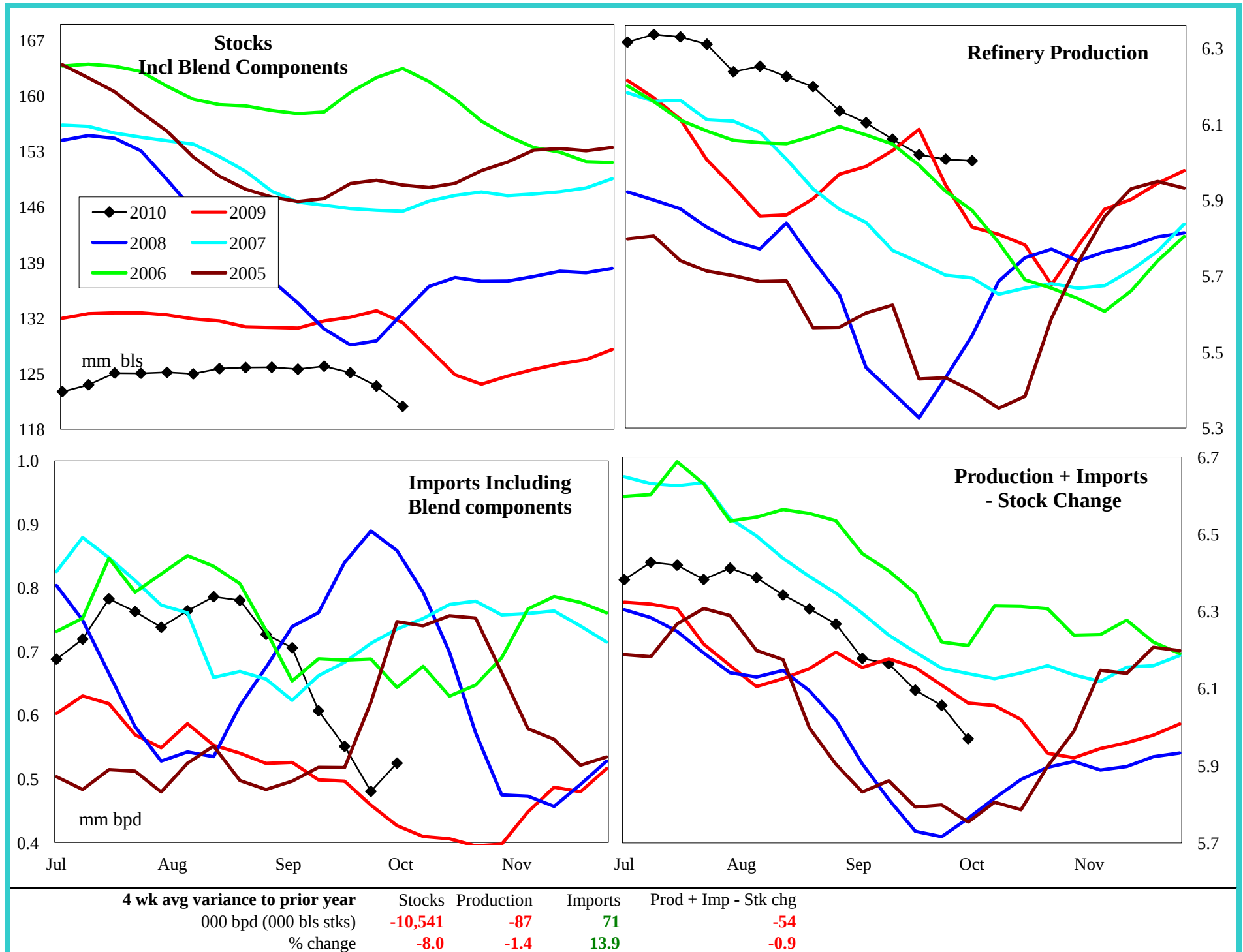
United States Reformulated Gasoline Supply



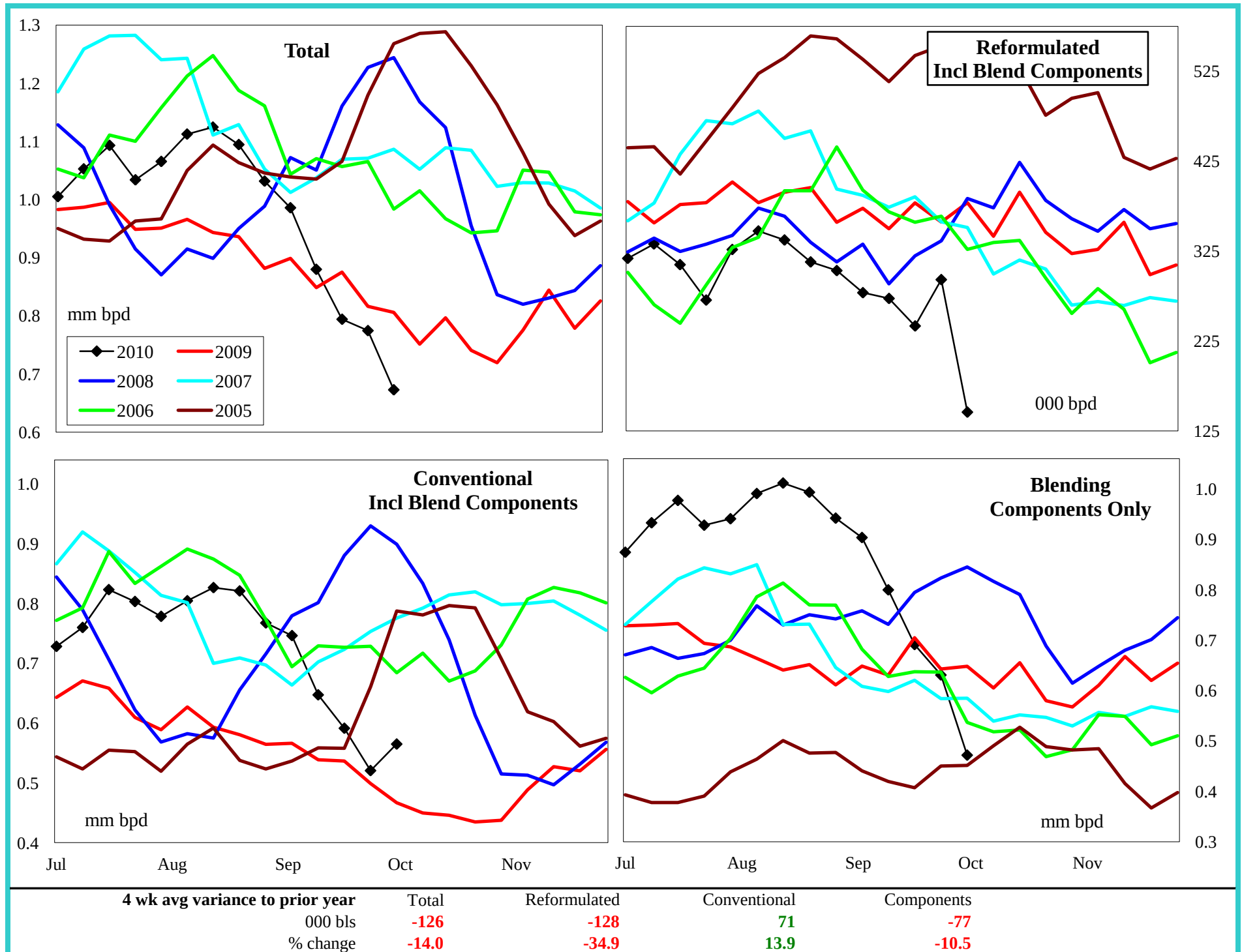
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
18,949	9	-128	41
23.6	0.3	-34.9	1.4

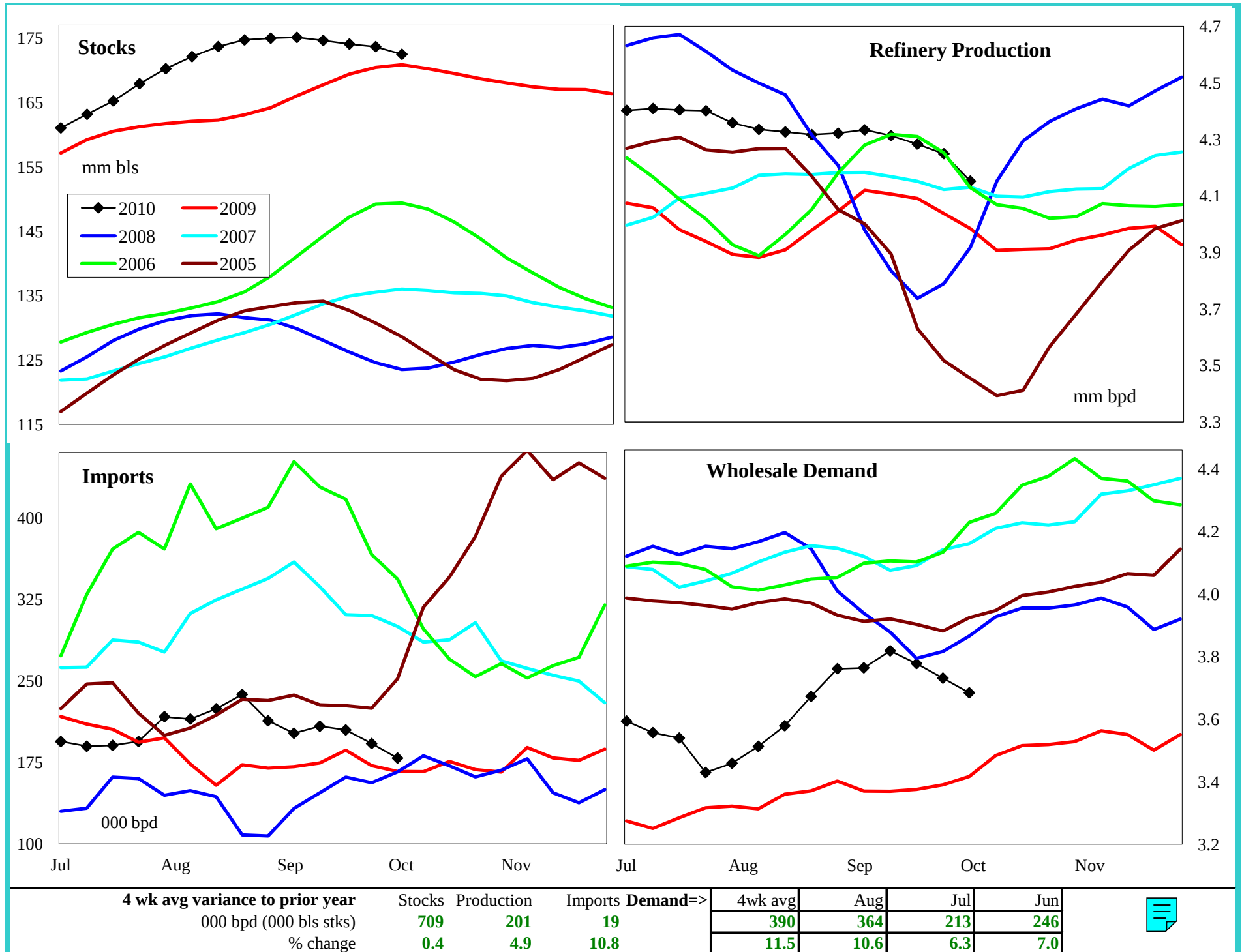
United States Conventional Gasoline Supply



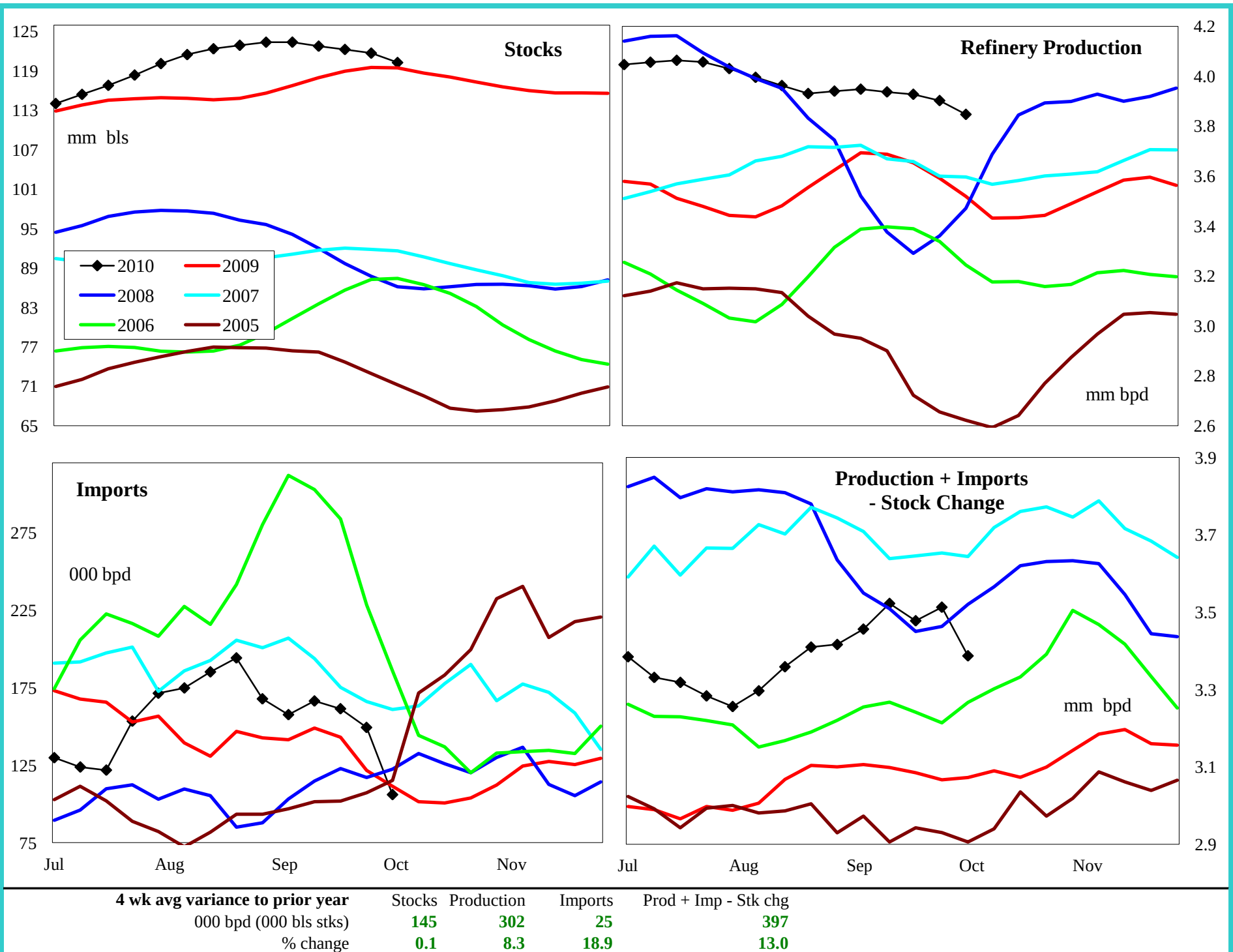
United States Gasoline Imports by Type

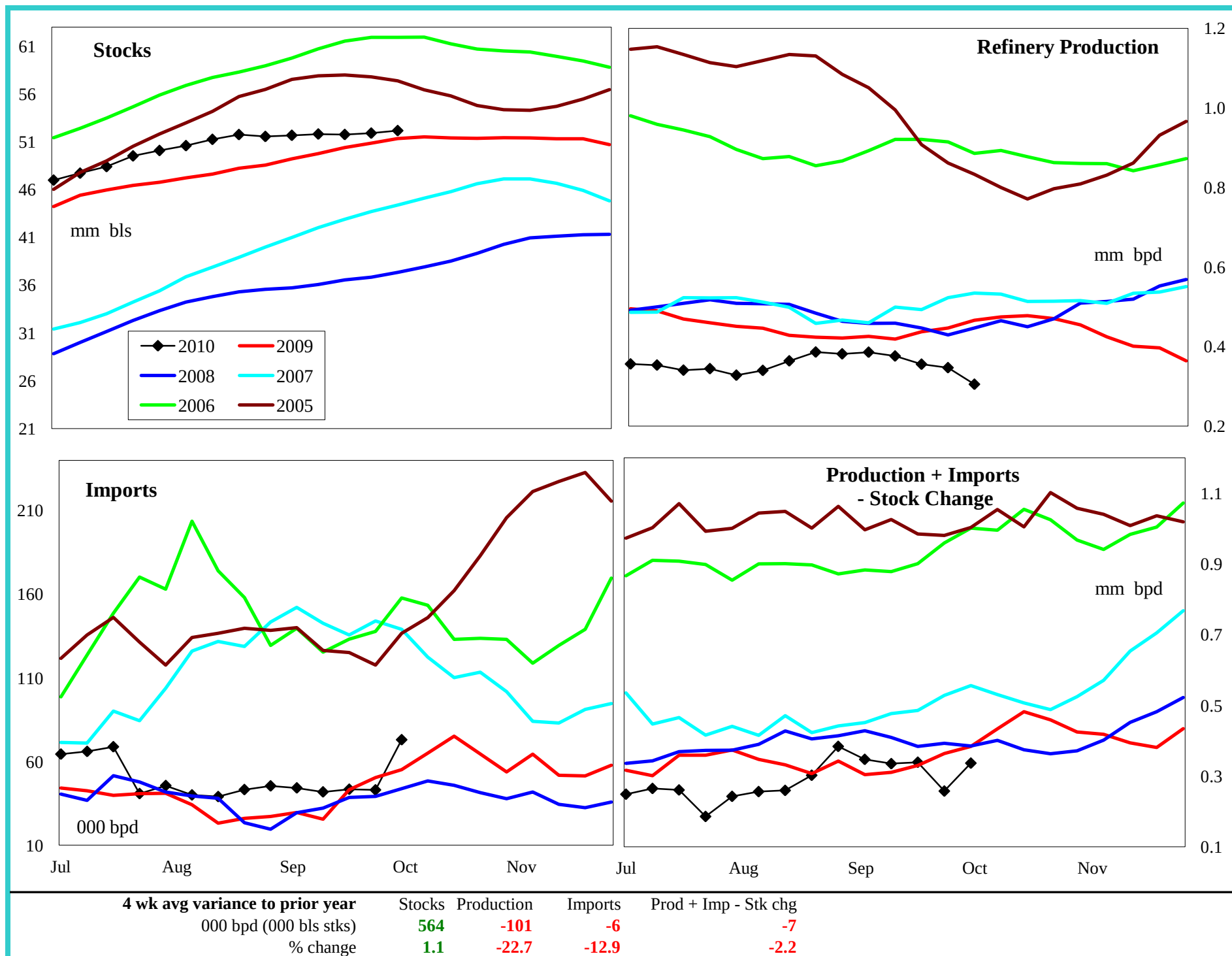


United States Distillate Supply and Demand Balance

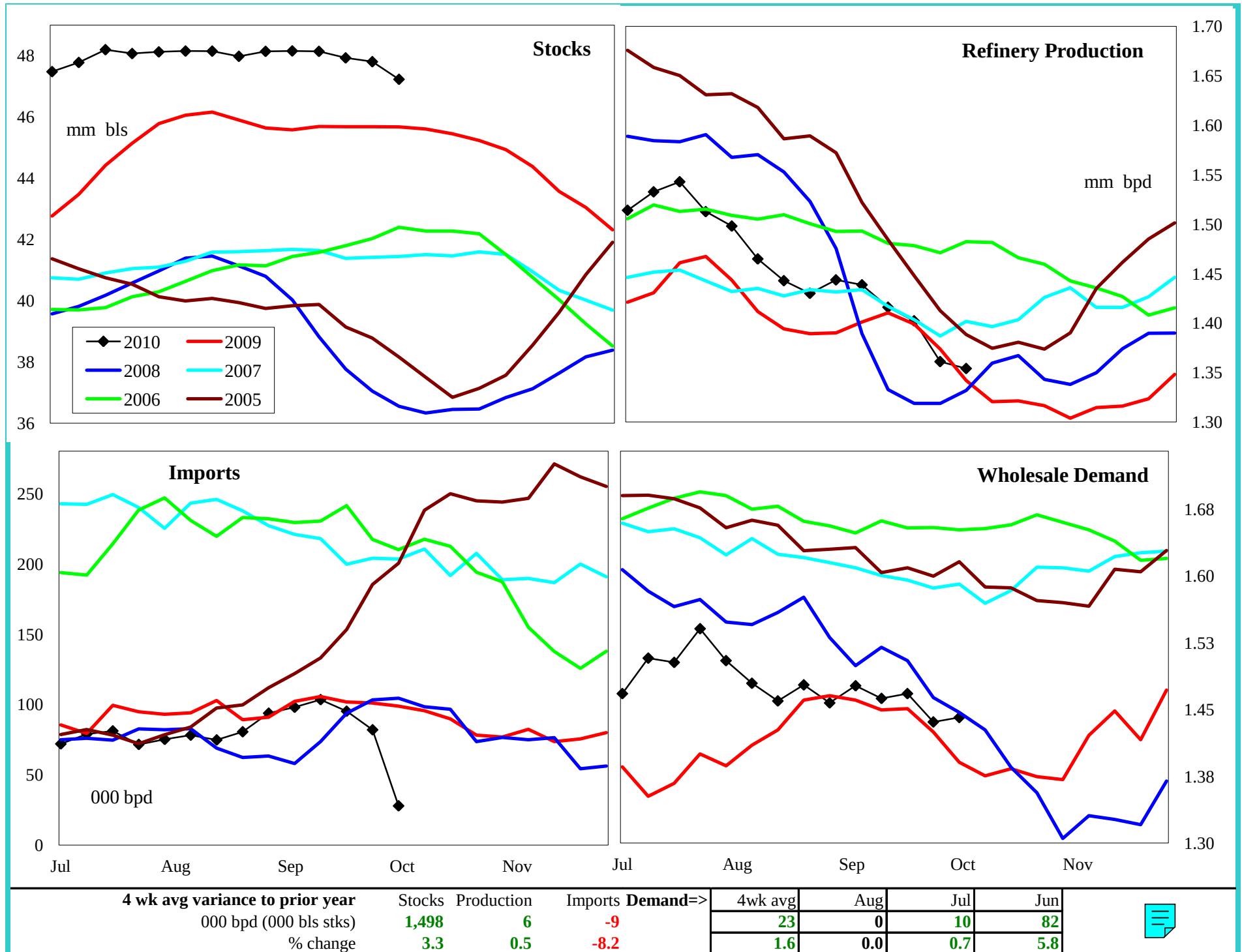


United States Low Sulfur Distillate Supply

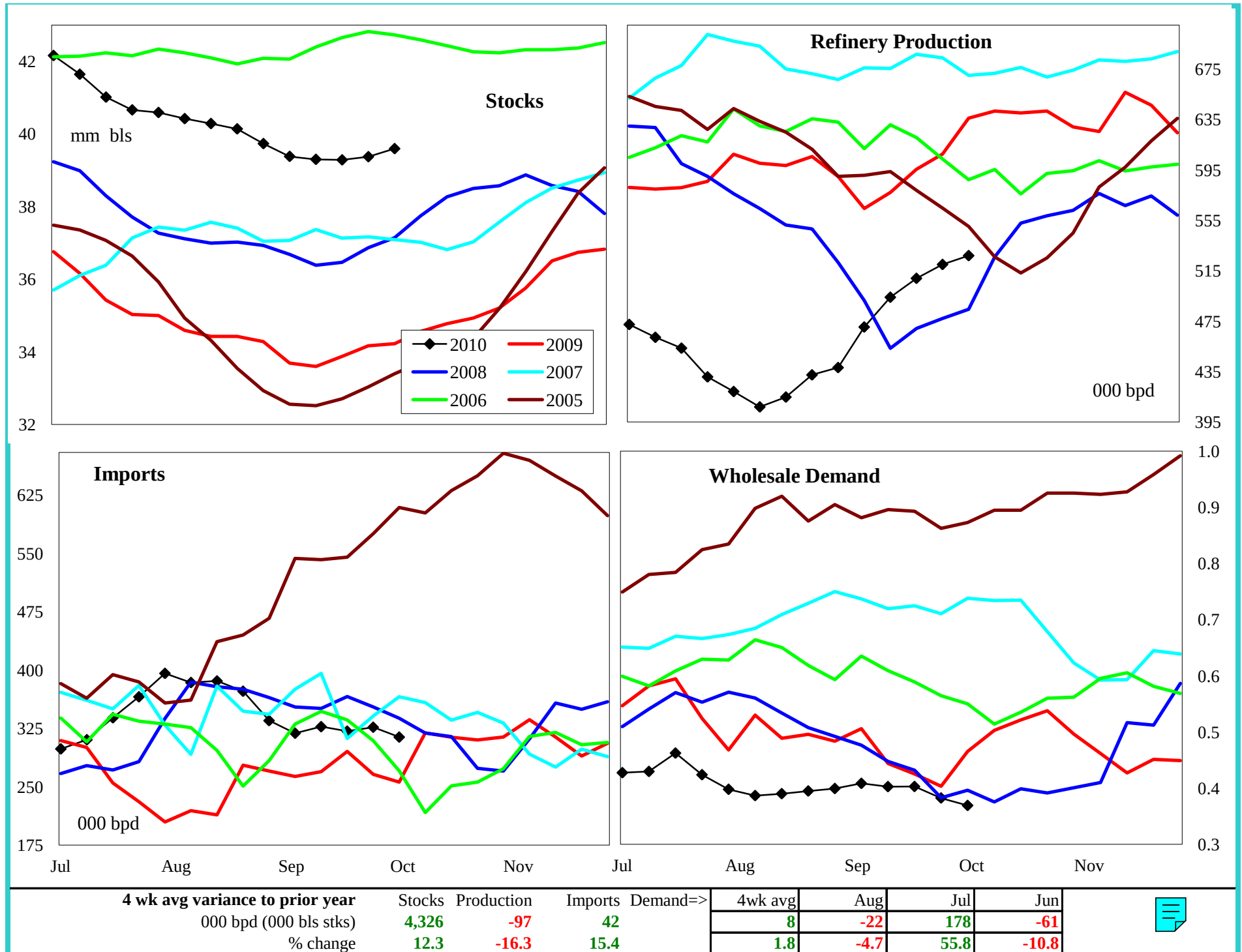




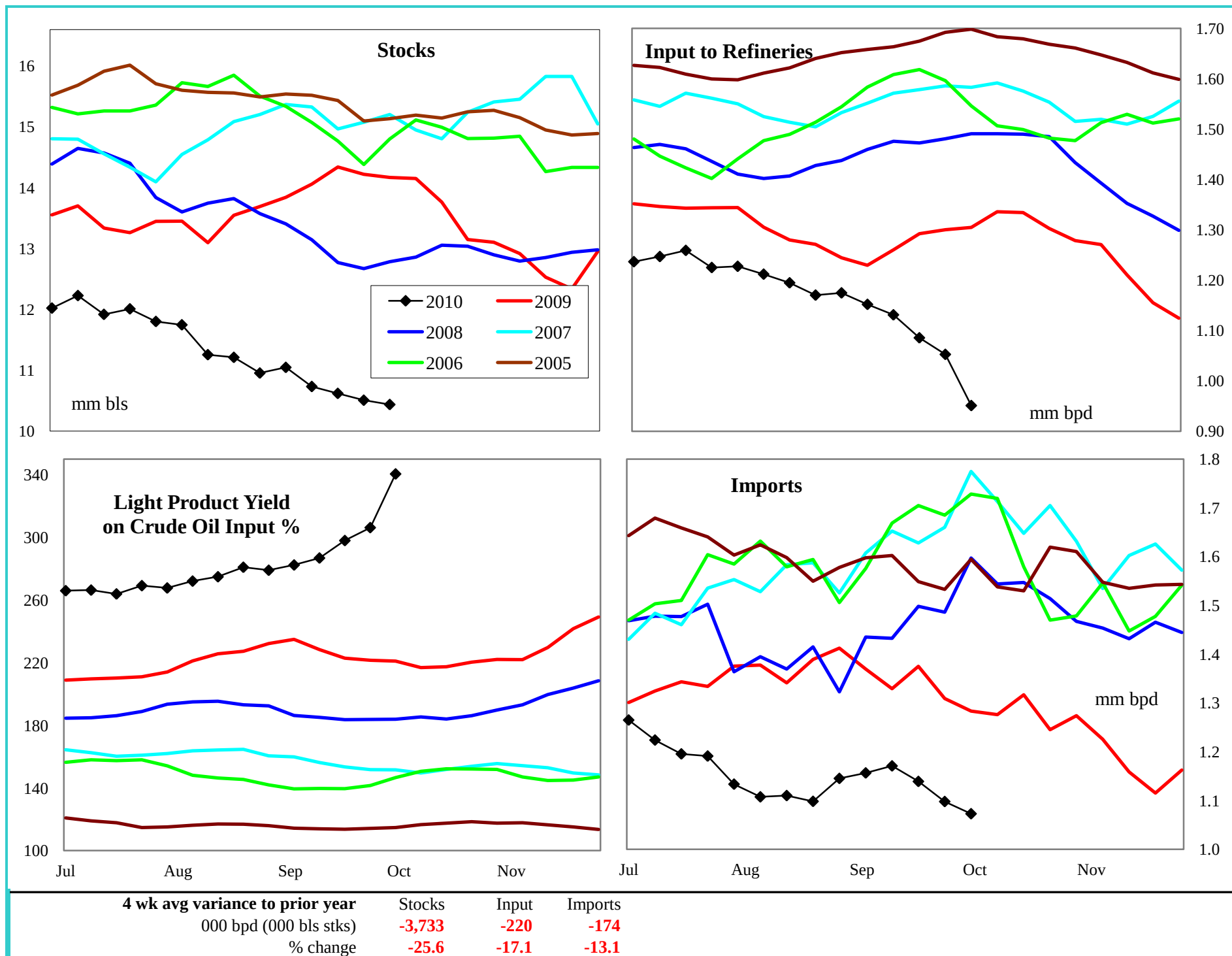
United States Jet Fuel Supply and Demand Balance



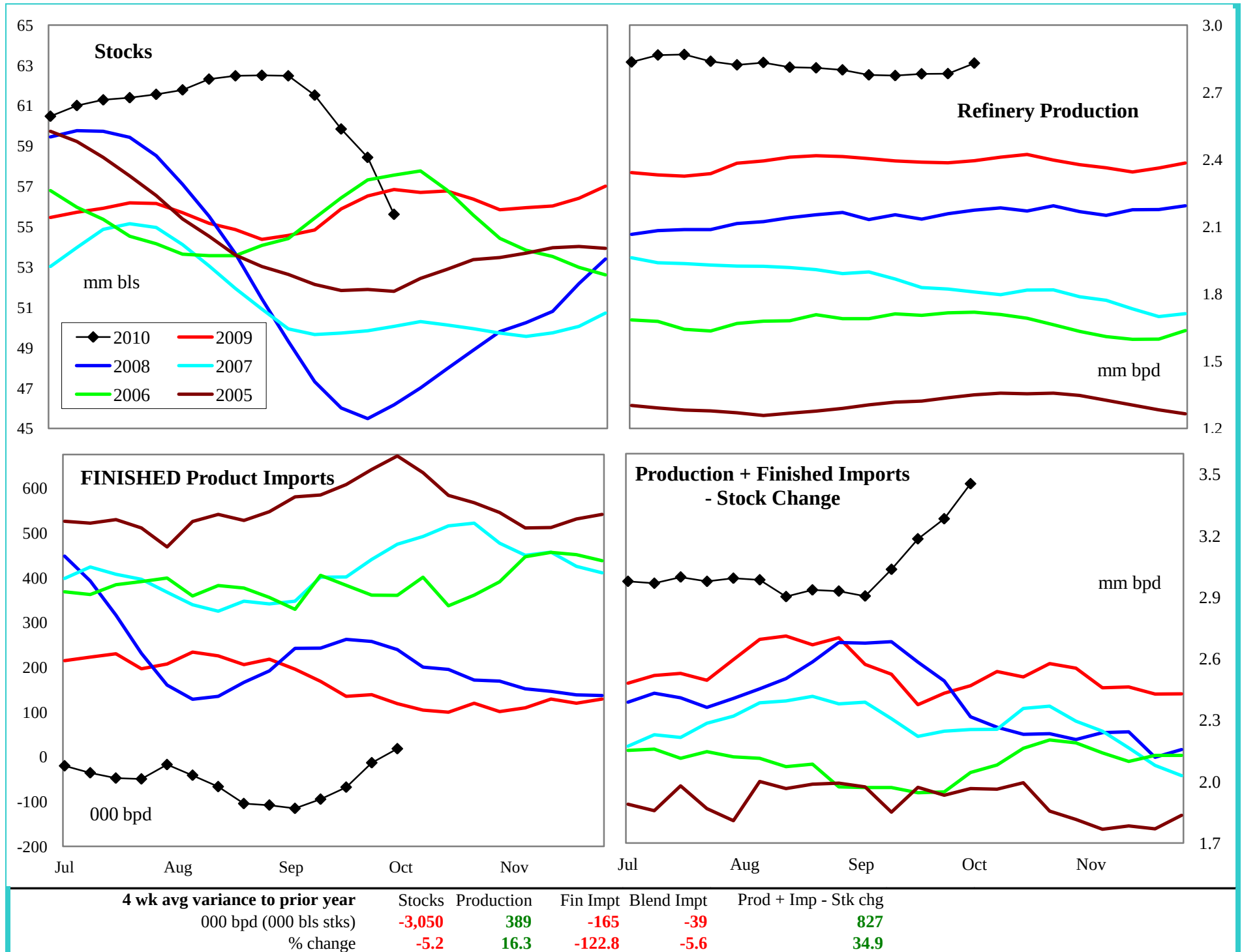
United States Residual Fuel Oil Supply and Demand Balance



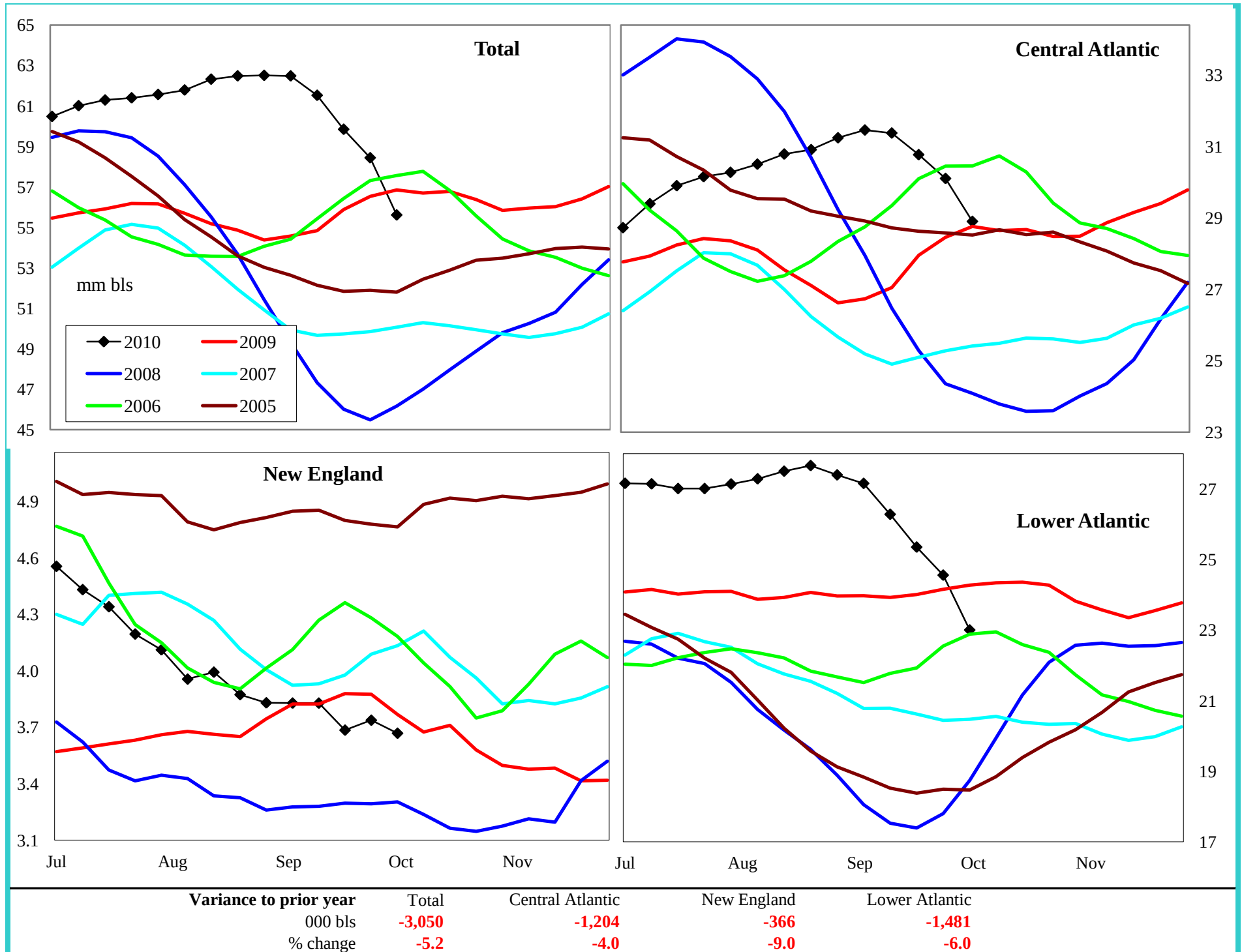
PADD 1 Crude Oil Supply and Refining



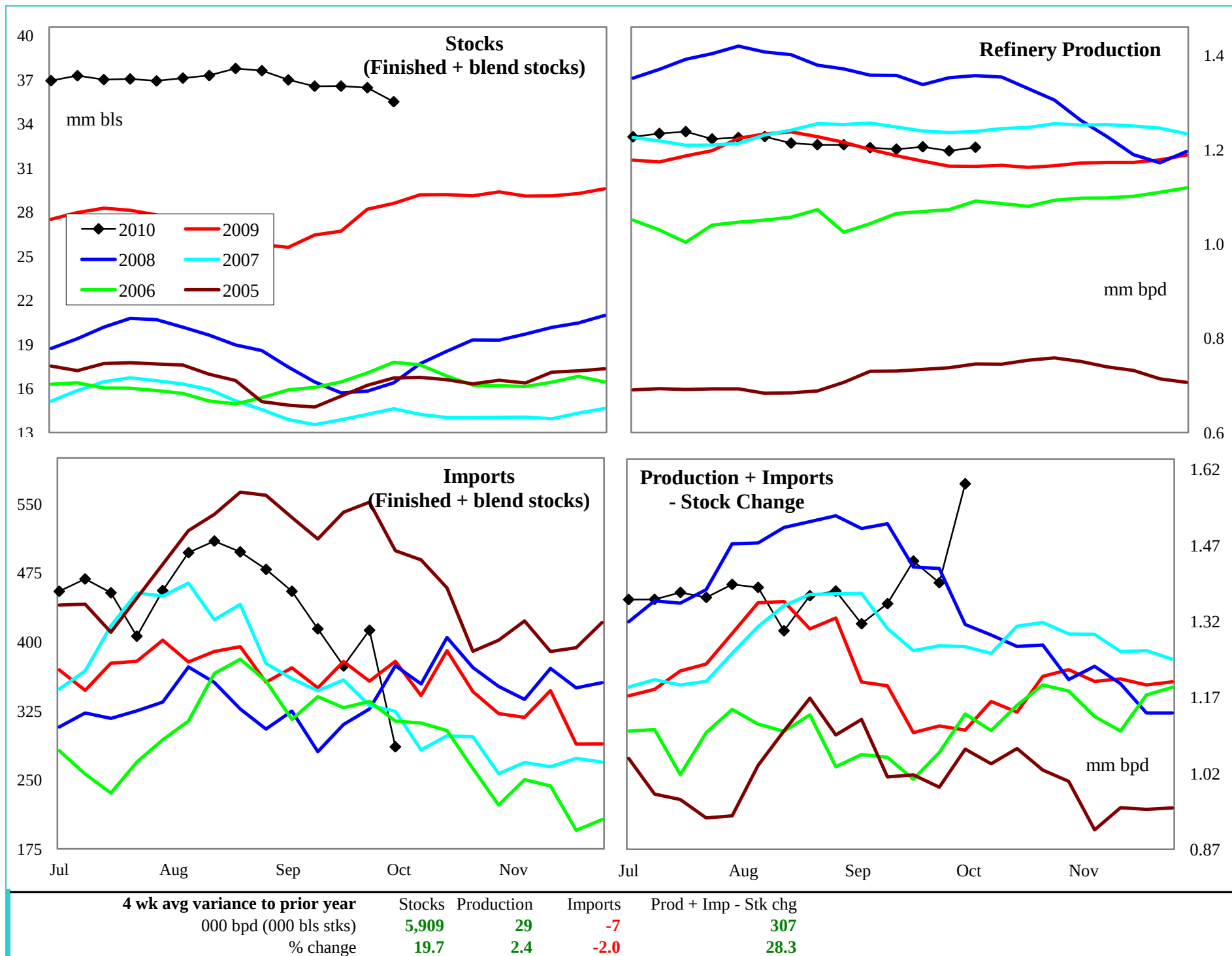
PADD 1 Gasoline Supply



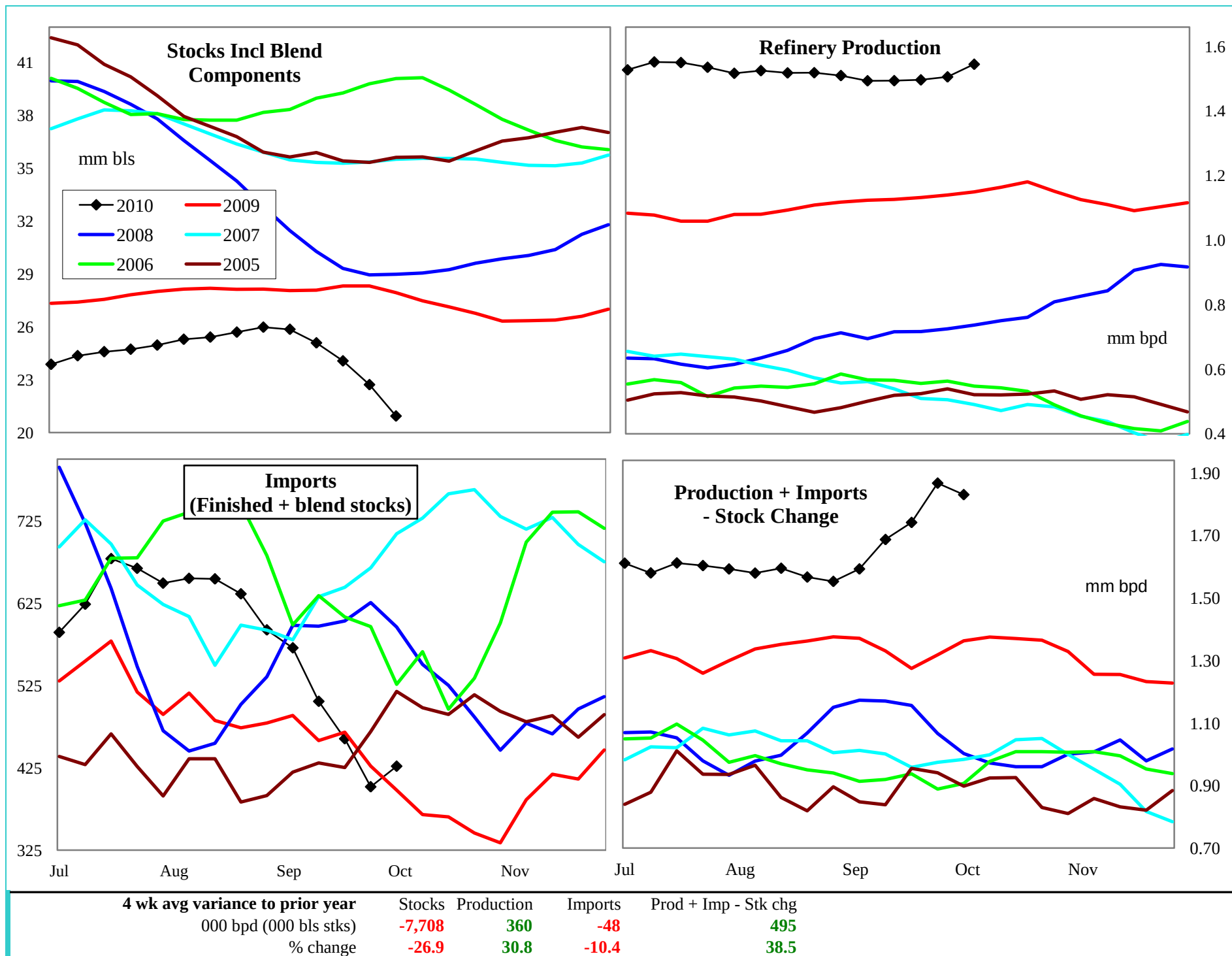
PADD 1 Gasoline Stocks by Region



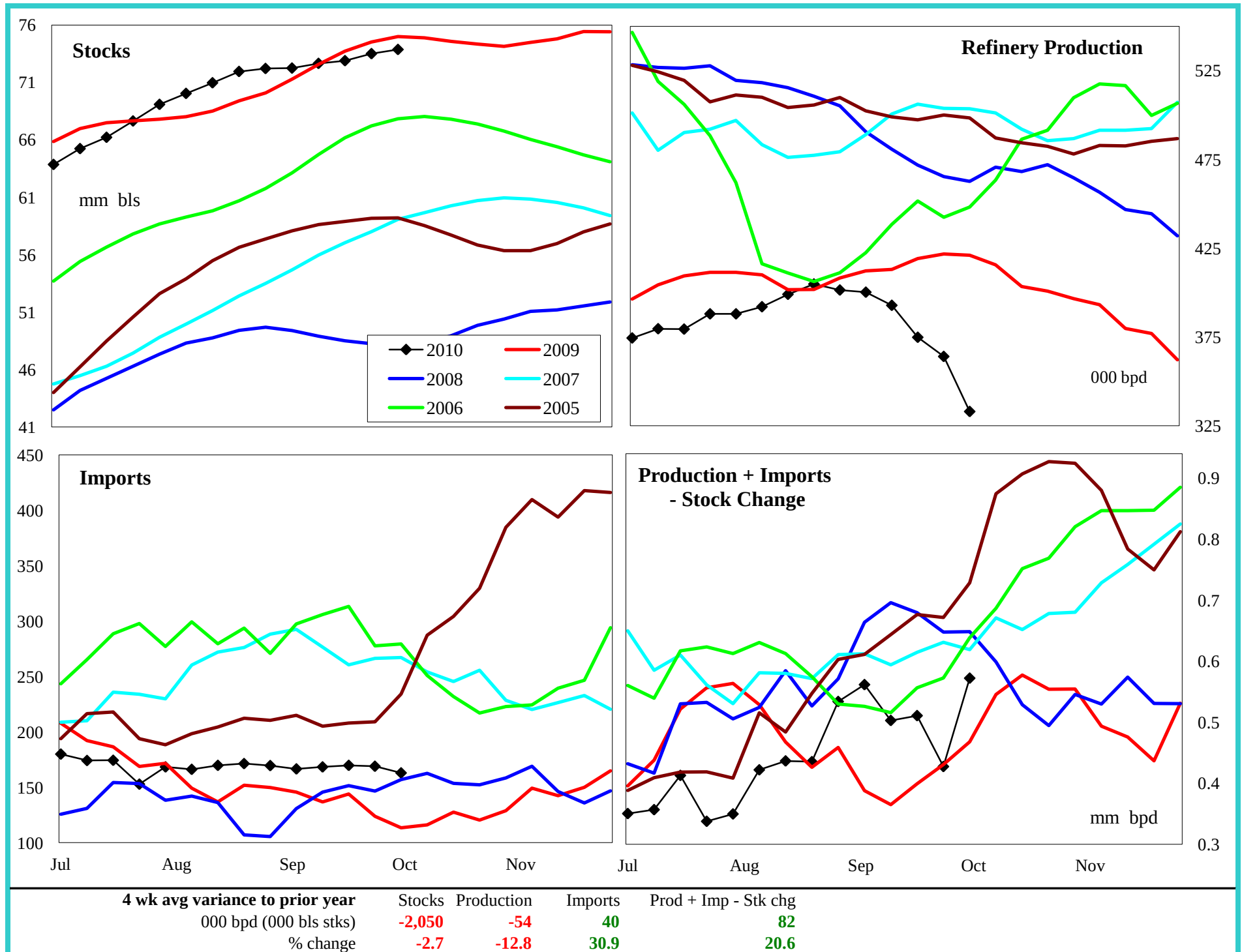
PADD 1 Reformulated Gasoline Supply



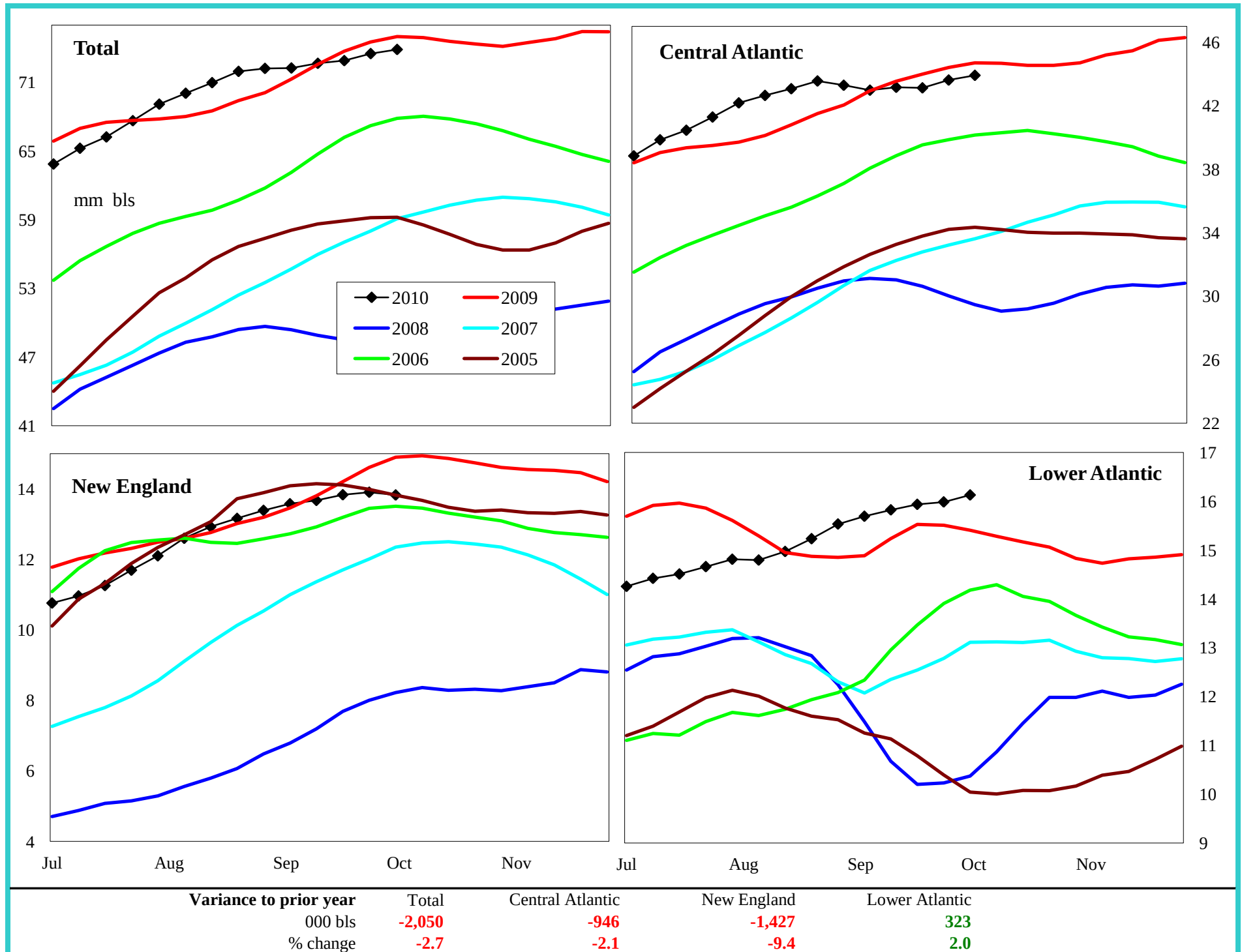
PADD 1 Conventional Gasoline Supply



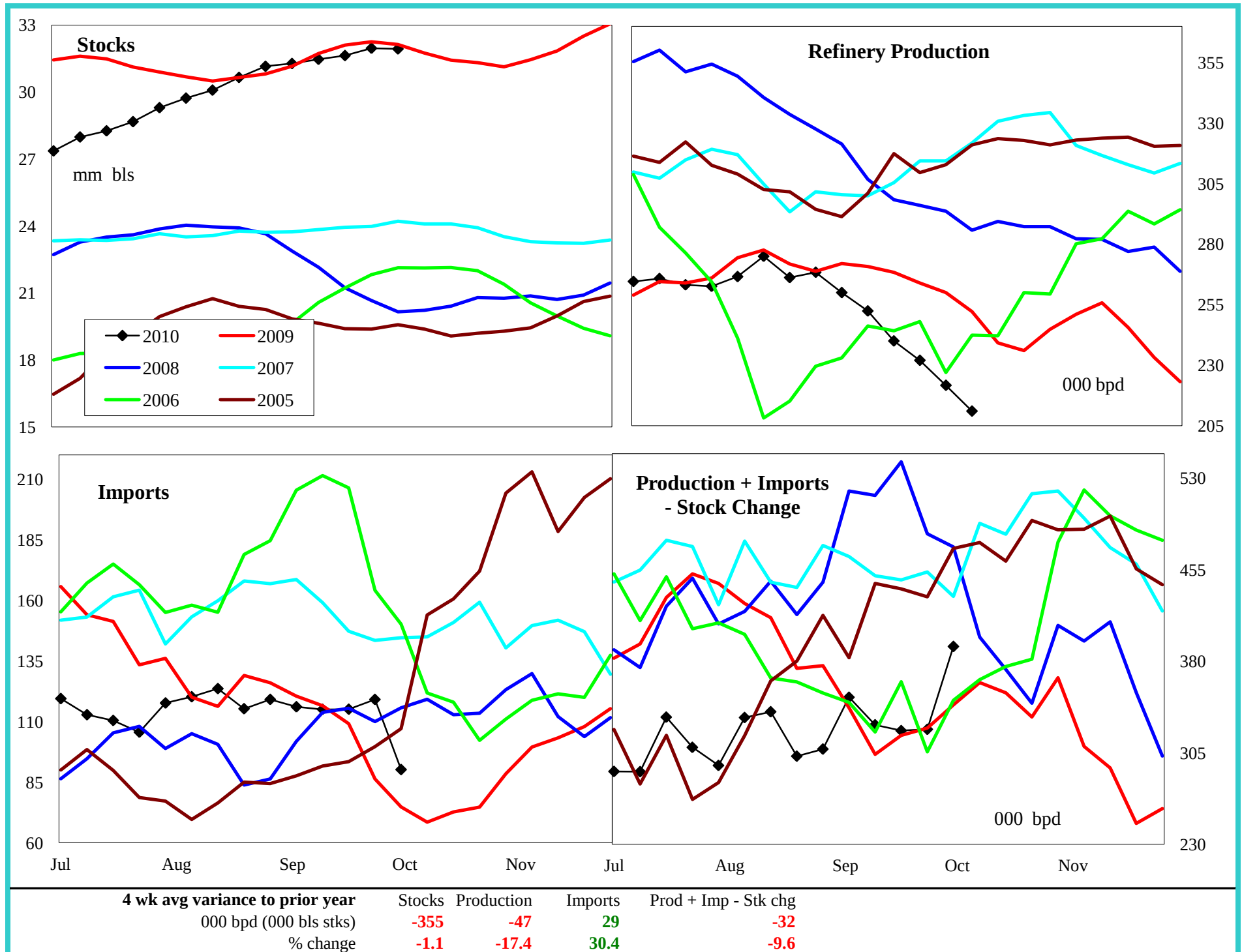
PADD 1 Distillate Supply



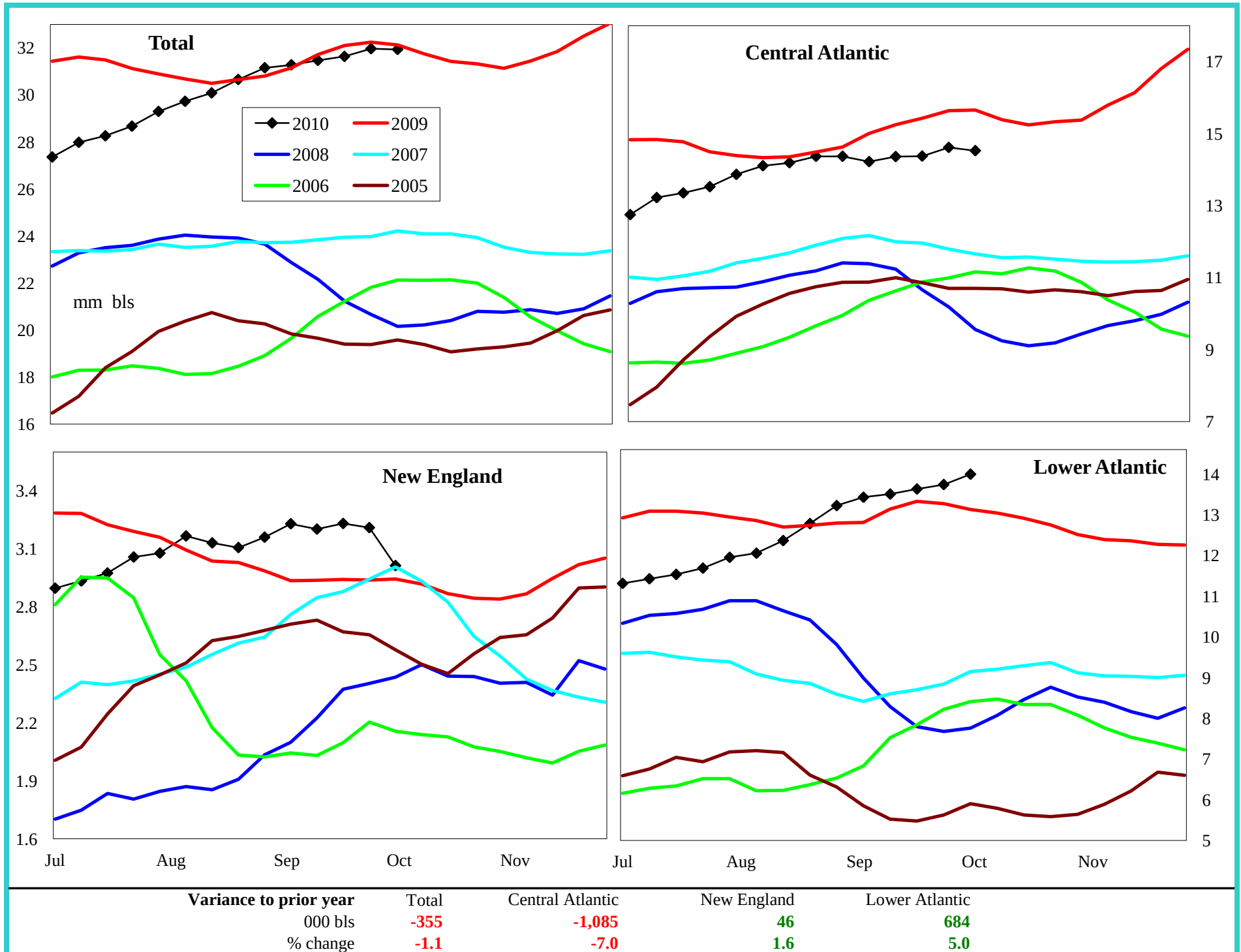
PADD 1 Distillate Stocks by Region



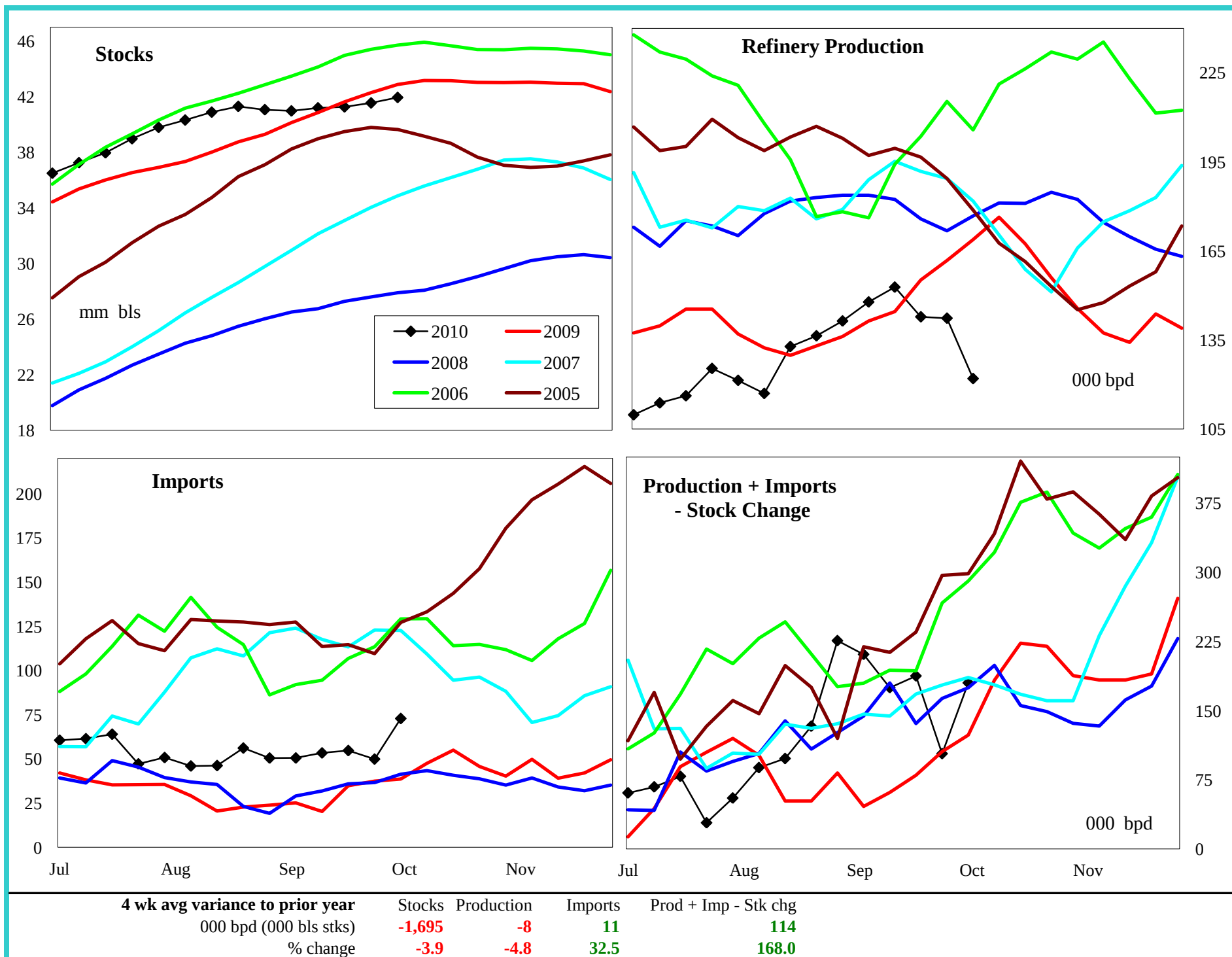
PADD 1 Low Sulfur Distillate Supply



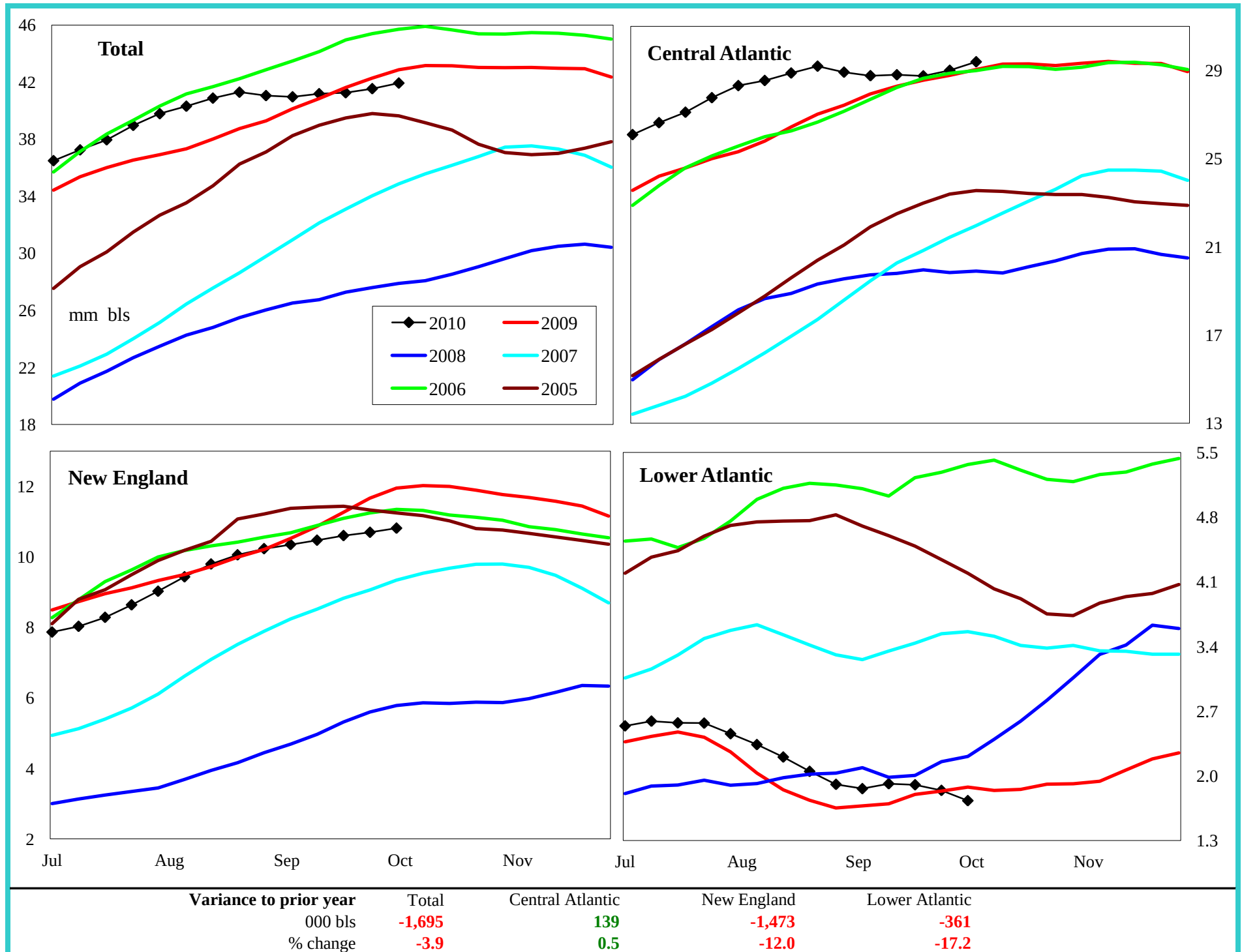
PADD 1 Low Sulfur Distillate Stocks by Region



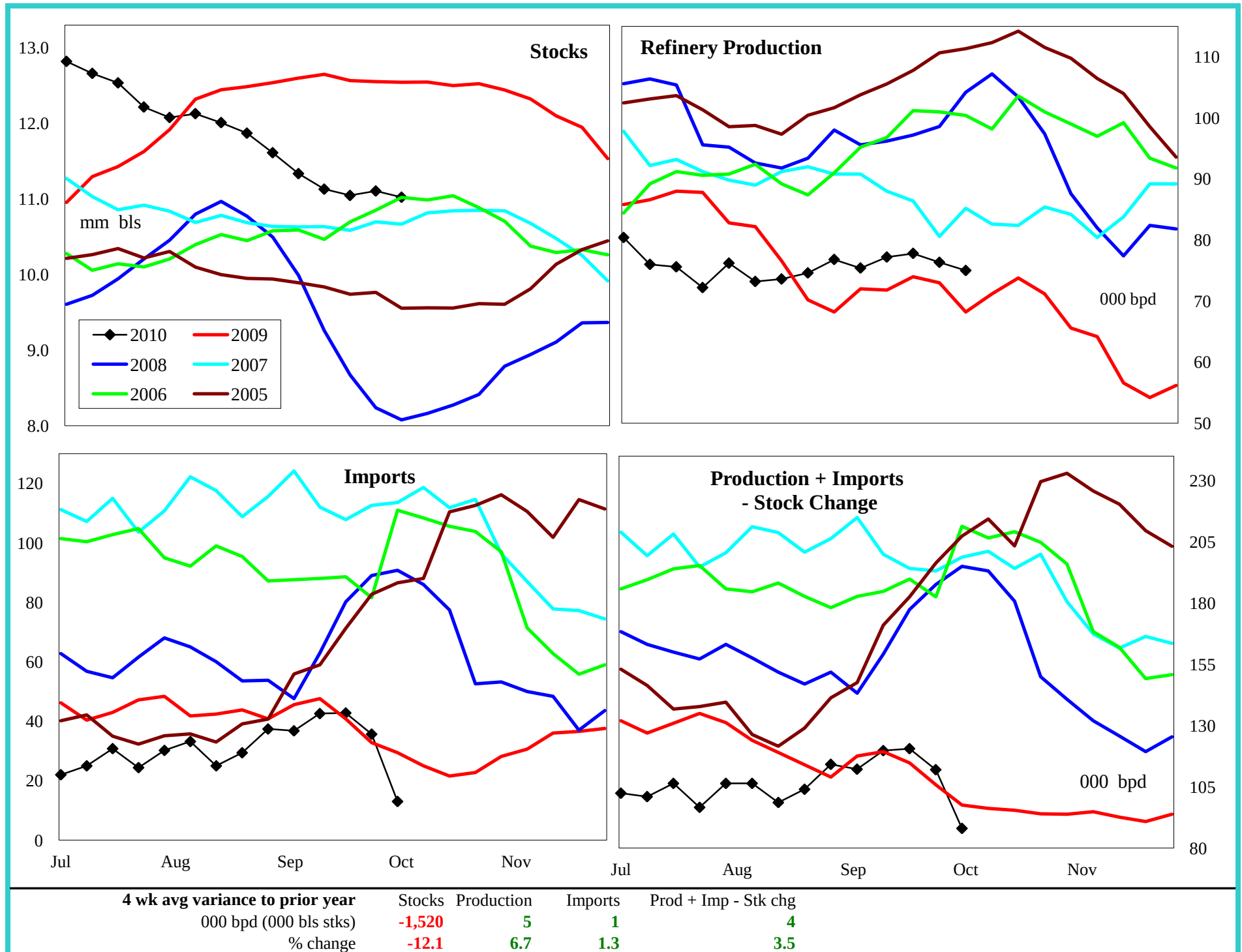
PADD 1 High Sulfur Distillate Supply



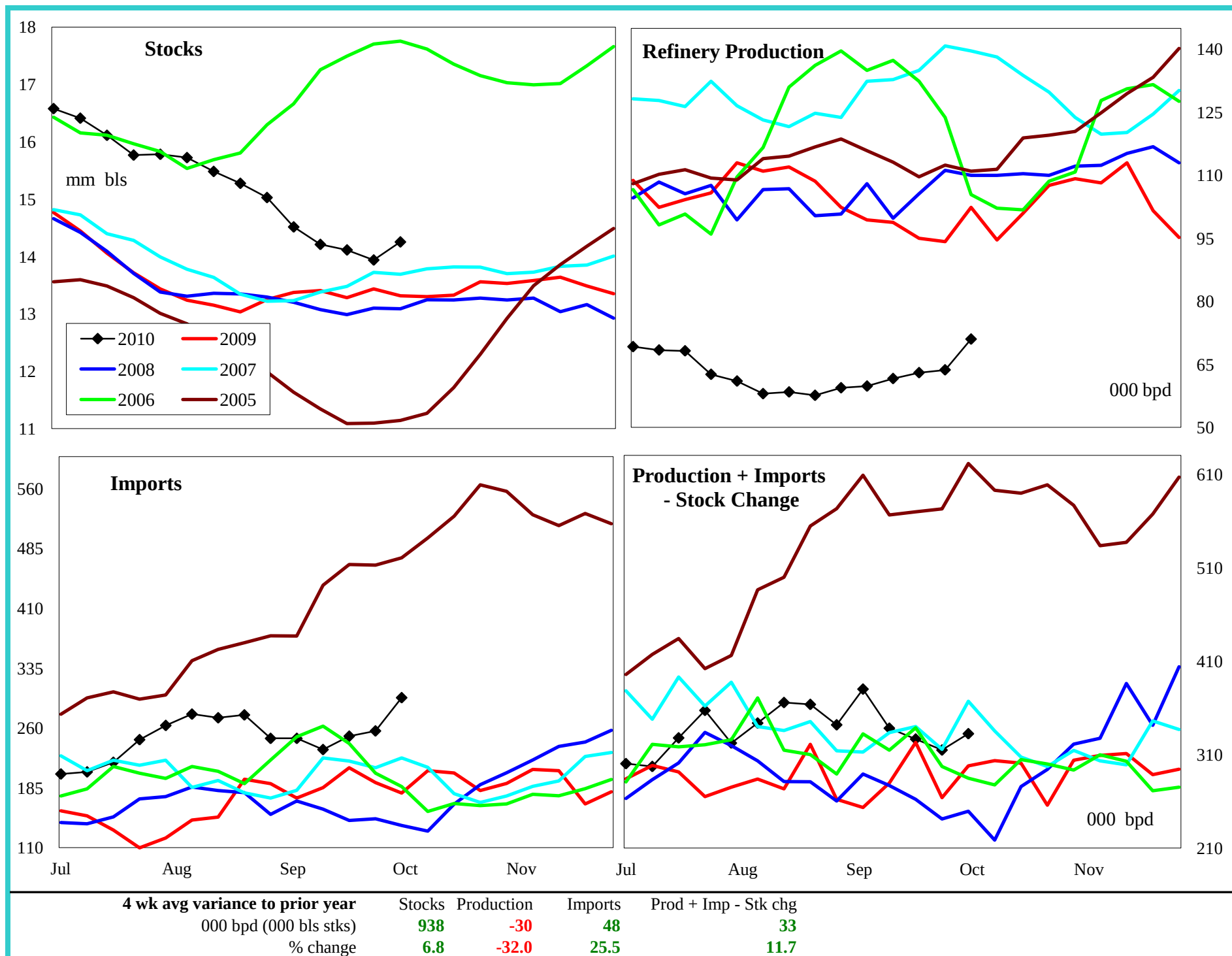
PADD 1 High Sulfur Distillate Stocks by Region



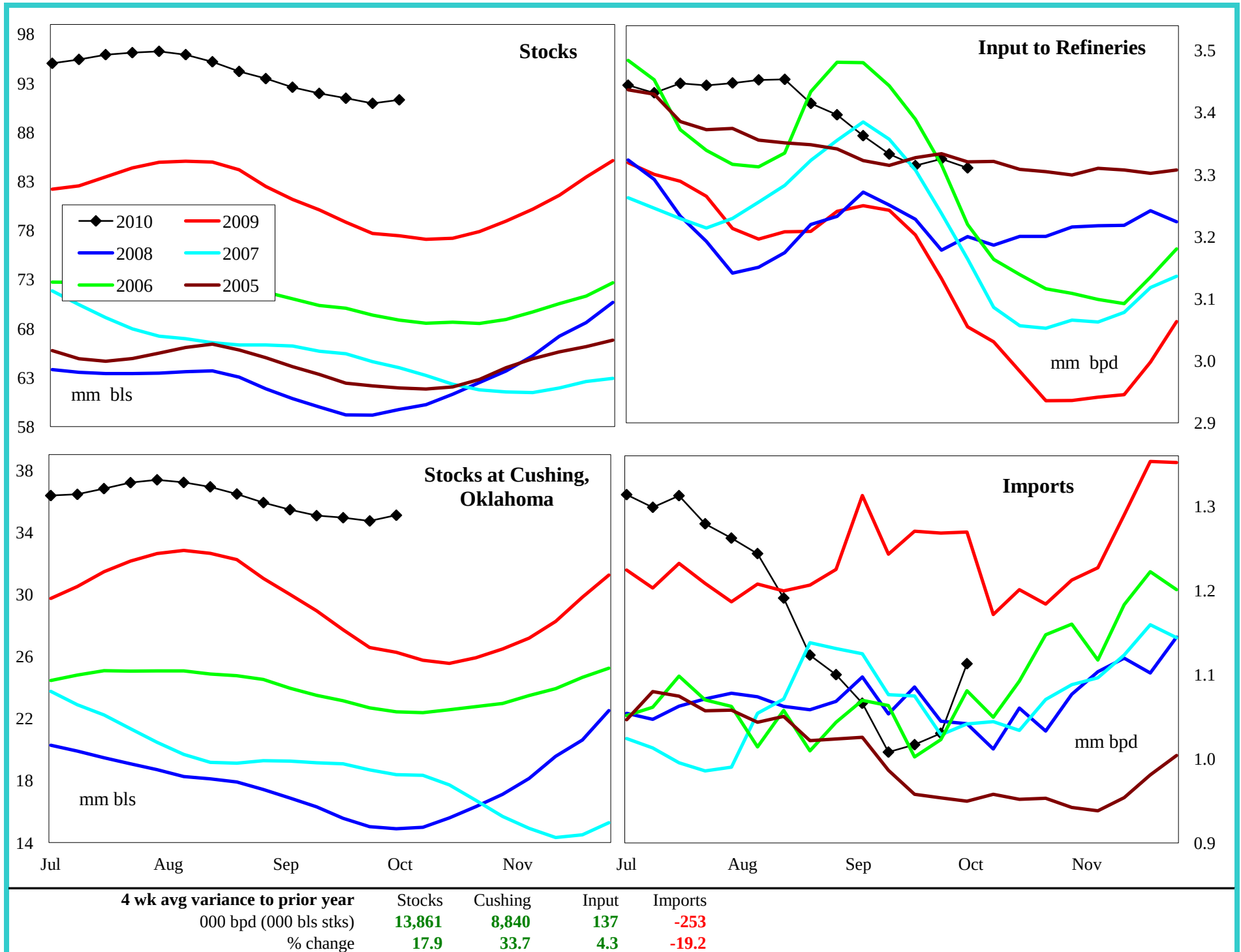
PADD 1 Jet Fuel Supply



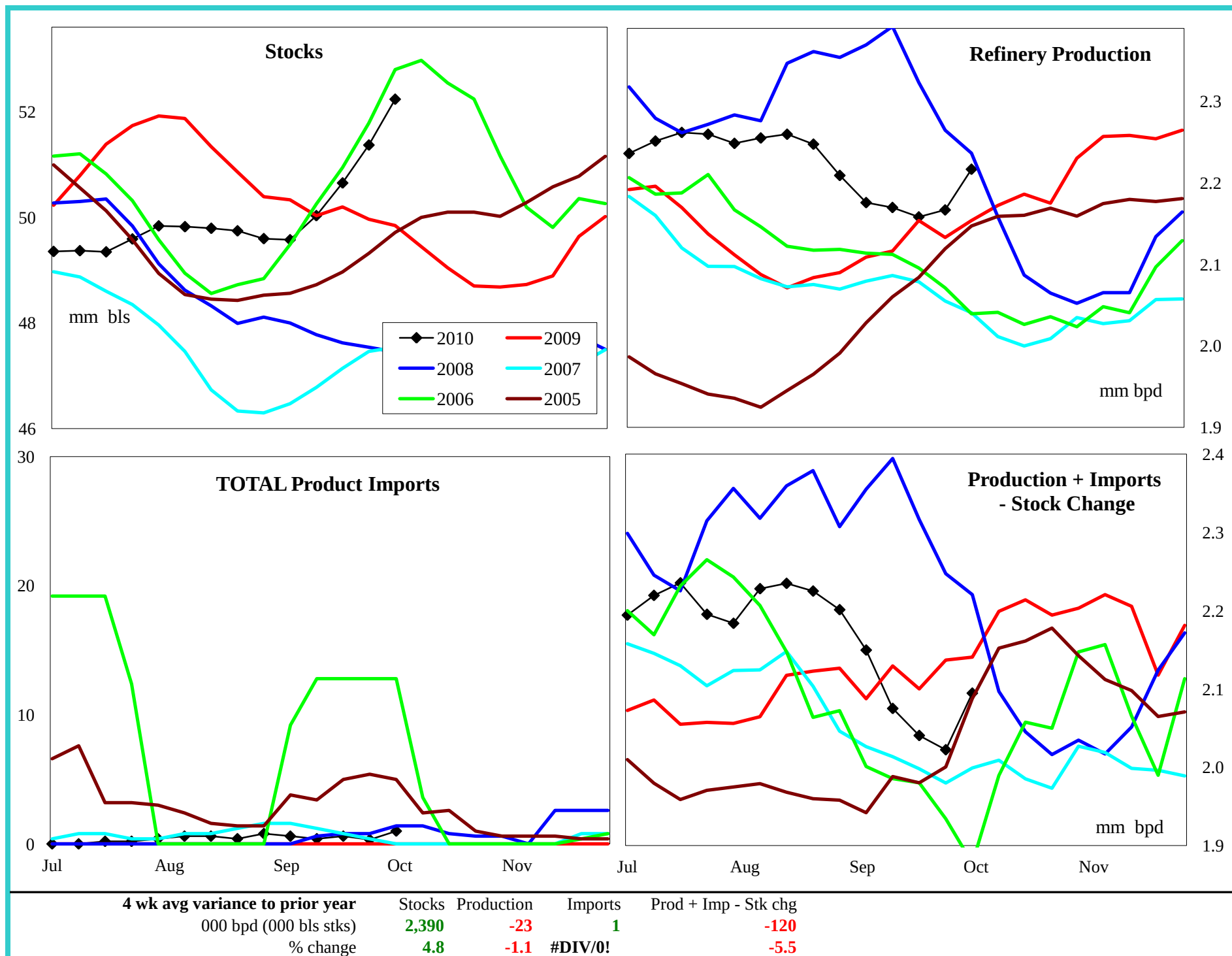
PADD 1 Residual Fuel Oil Supply



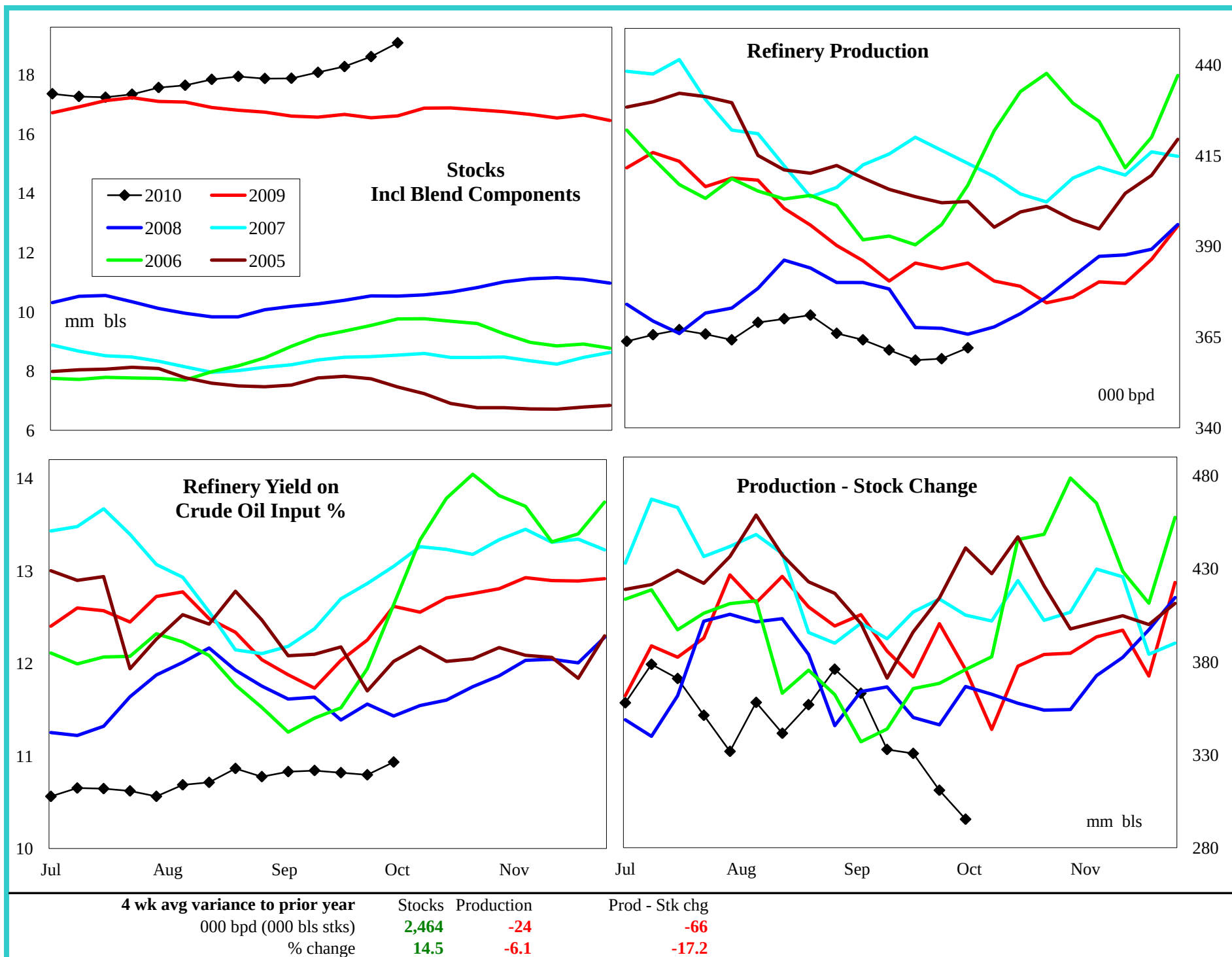
PADD 2 Crude Oil Supply and Refining



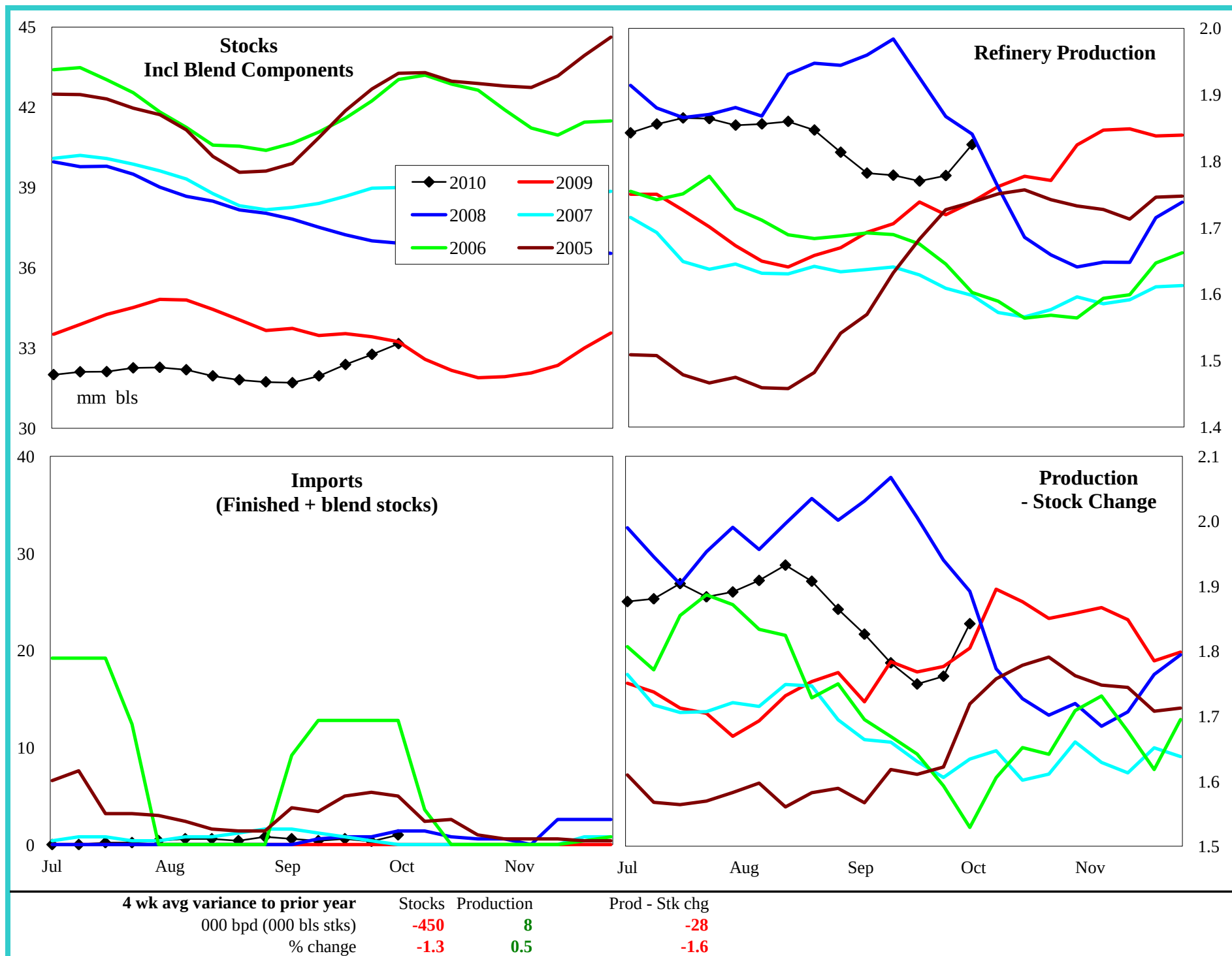
PADD 2 Gasoline Supply



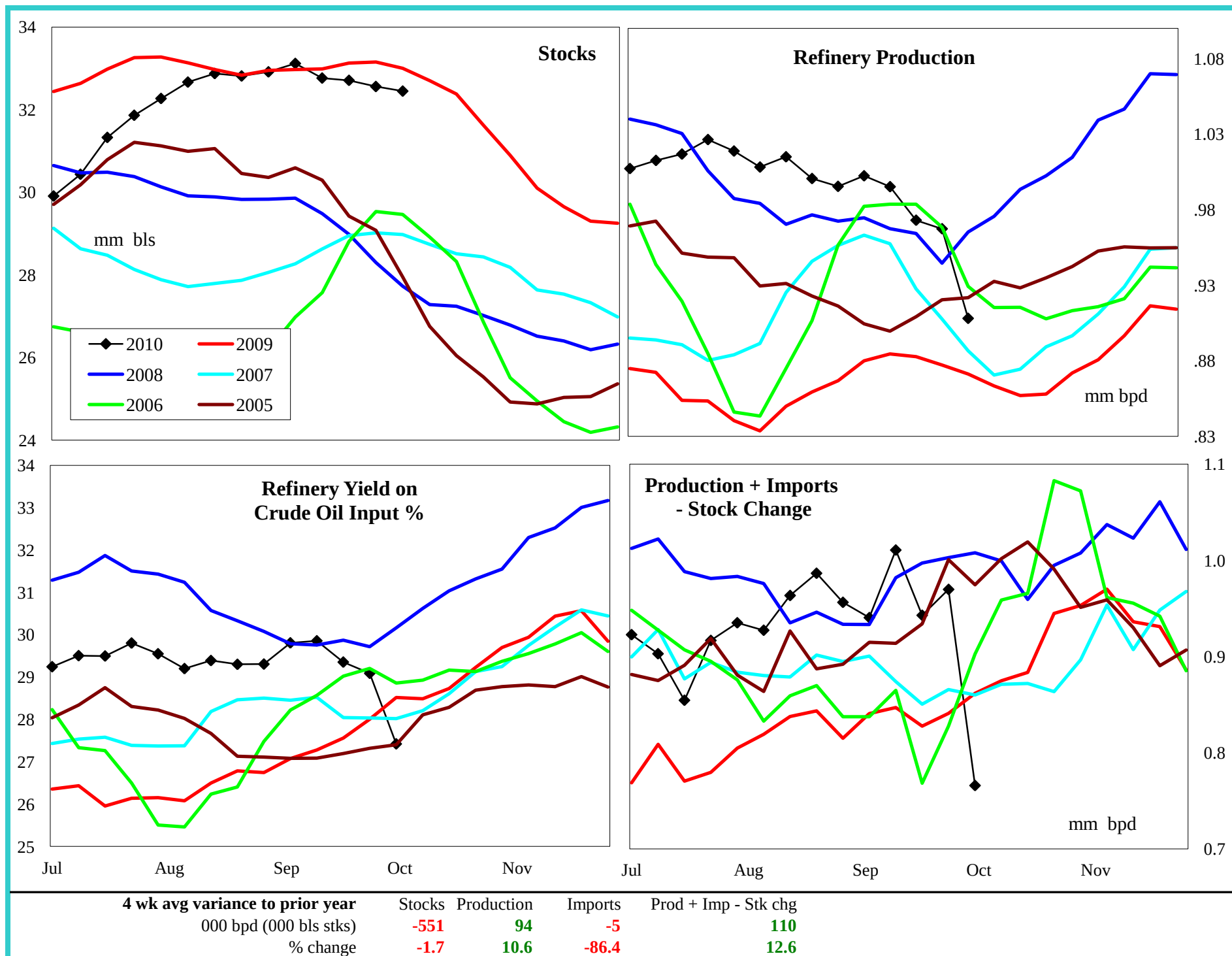
PADD 2 Reformulated Gasoline Supply



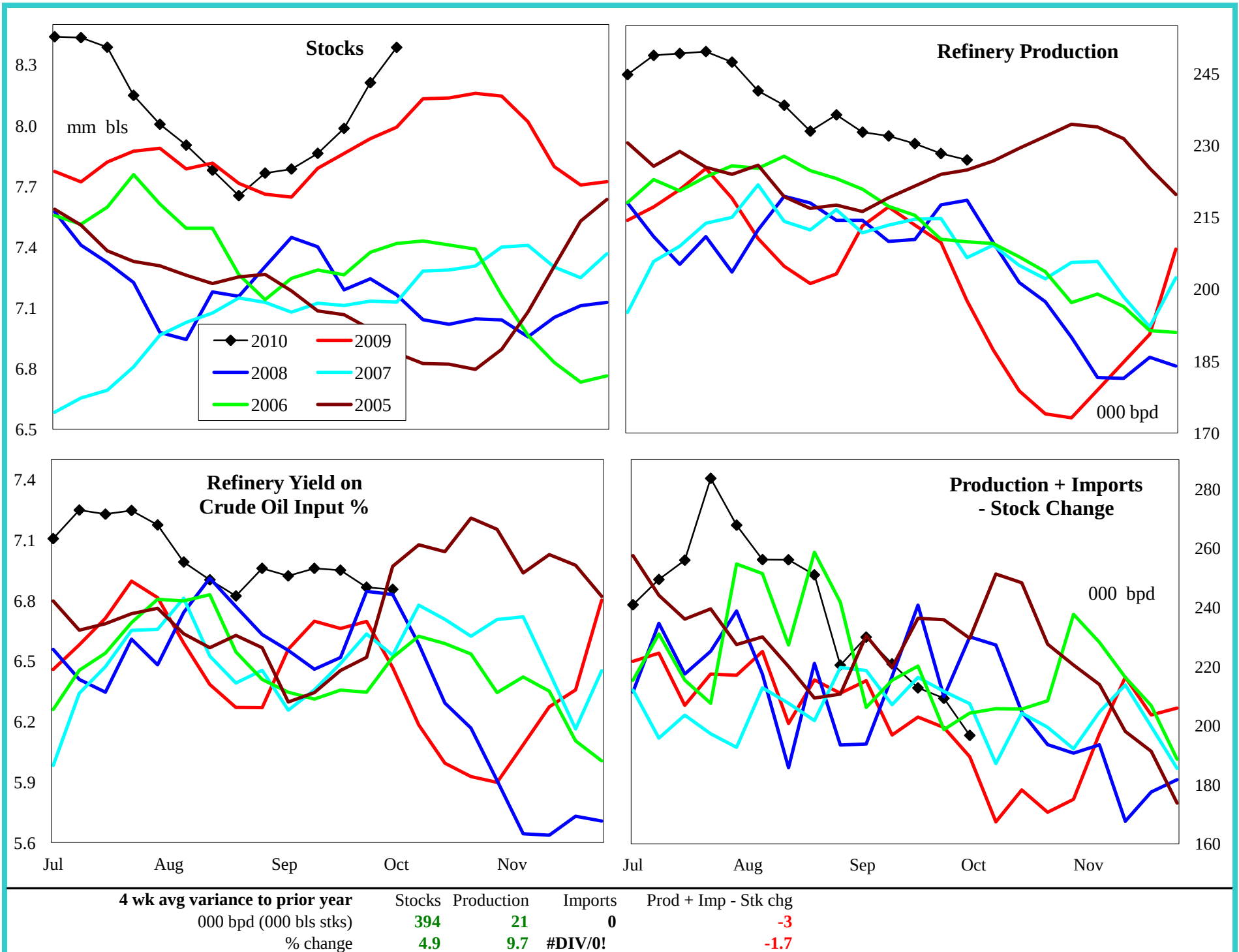
PADD 2 Conventional Gasoline Supply



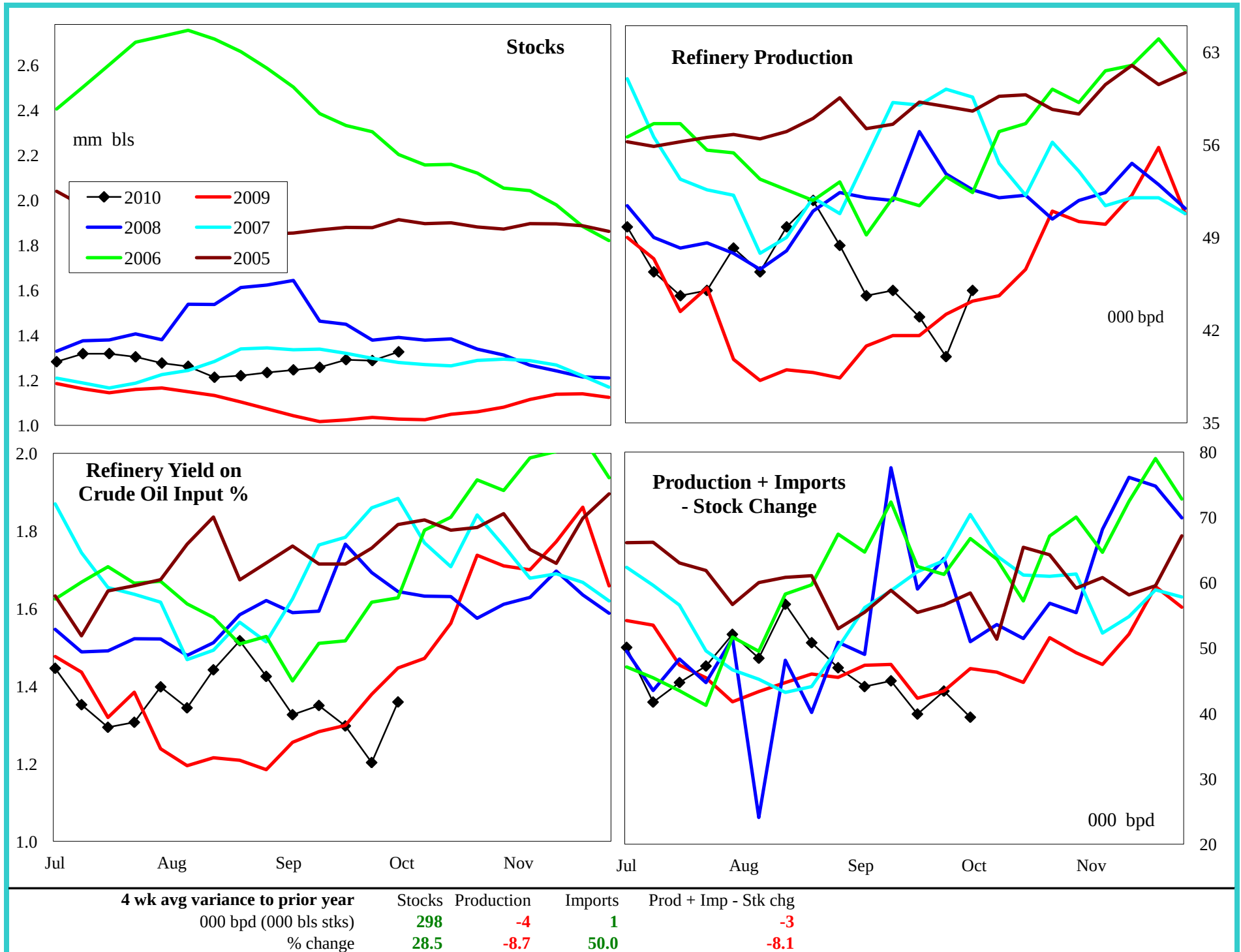
PADD 2 Distillate Supply



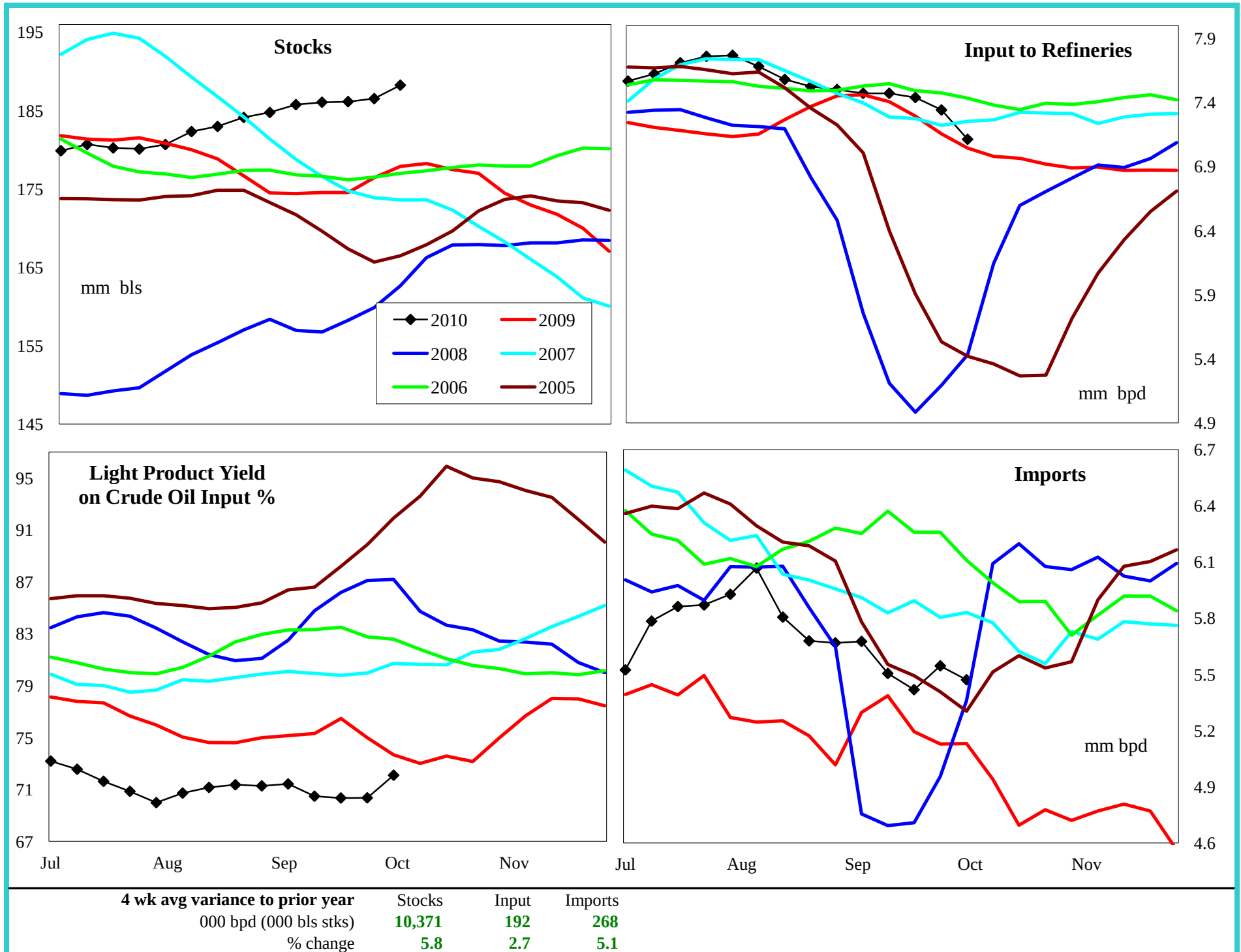
PADD 2 Jet Fuel Supply



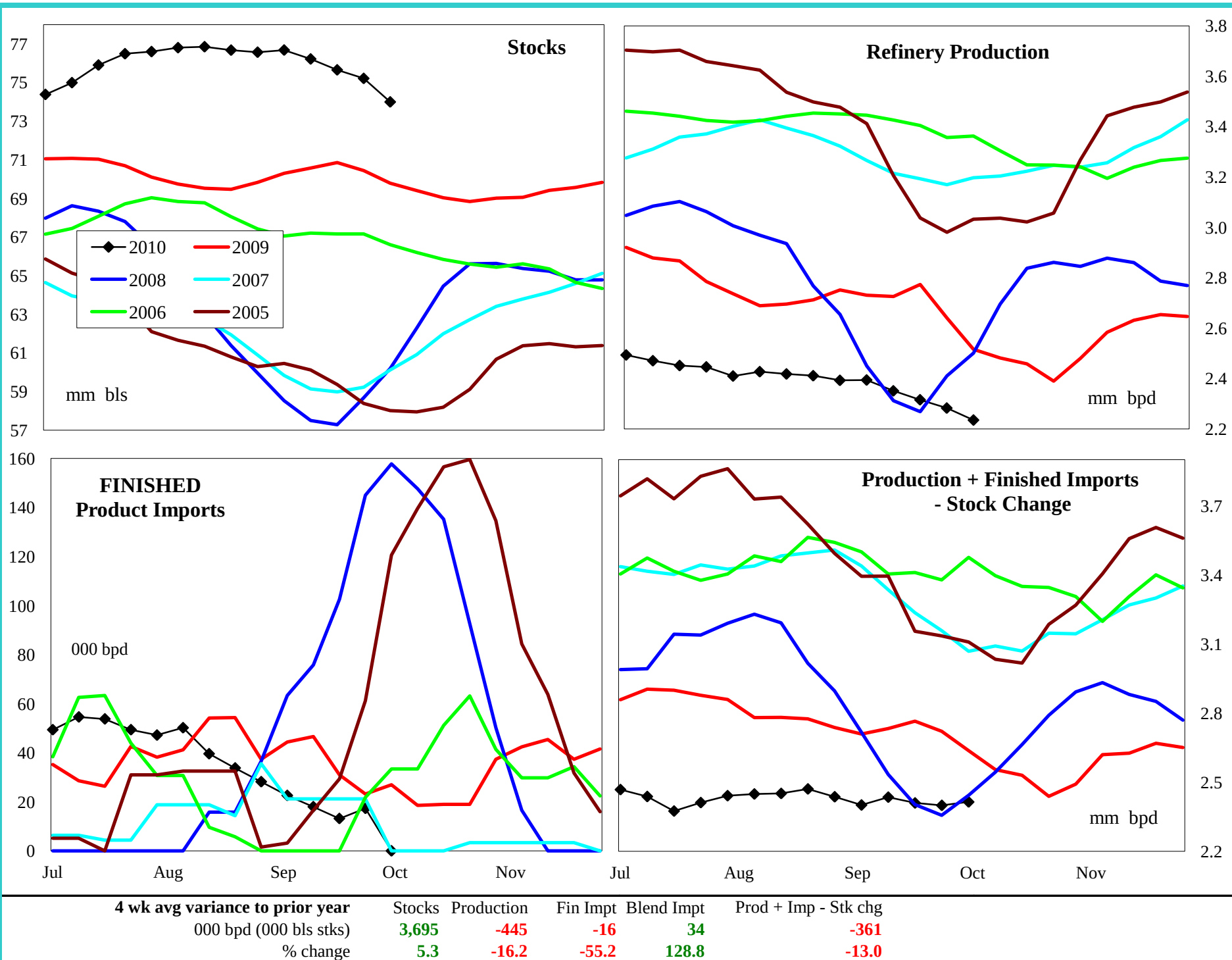
PADD 2 Residual Fuel Oil Supply



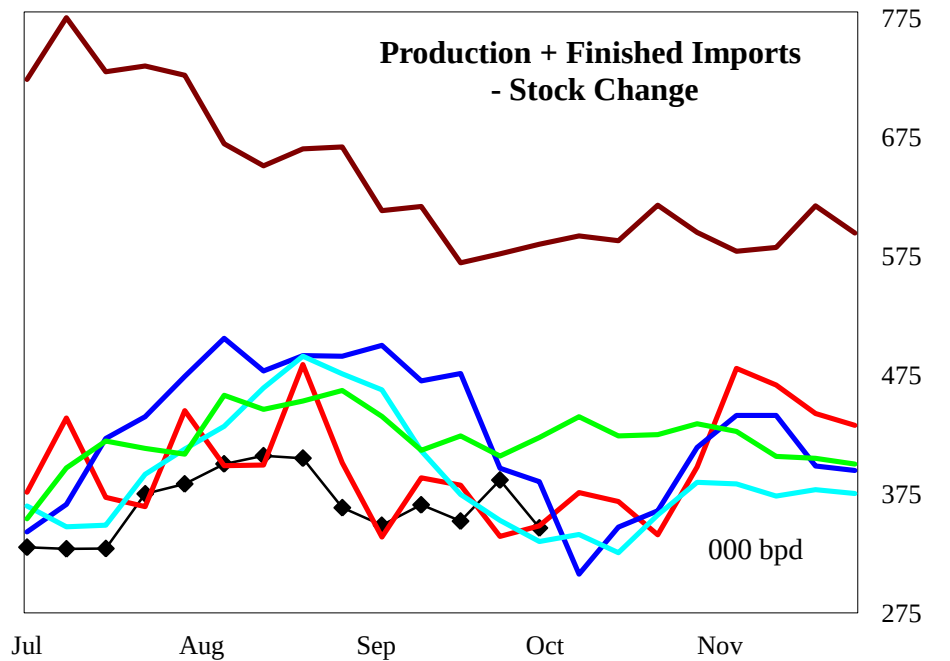
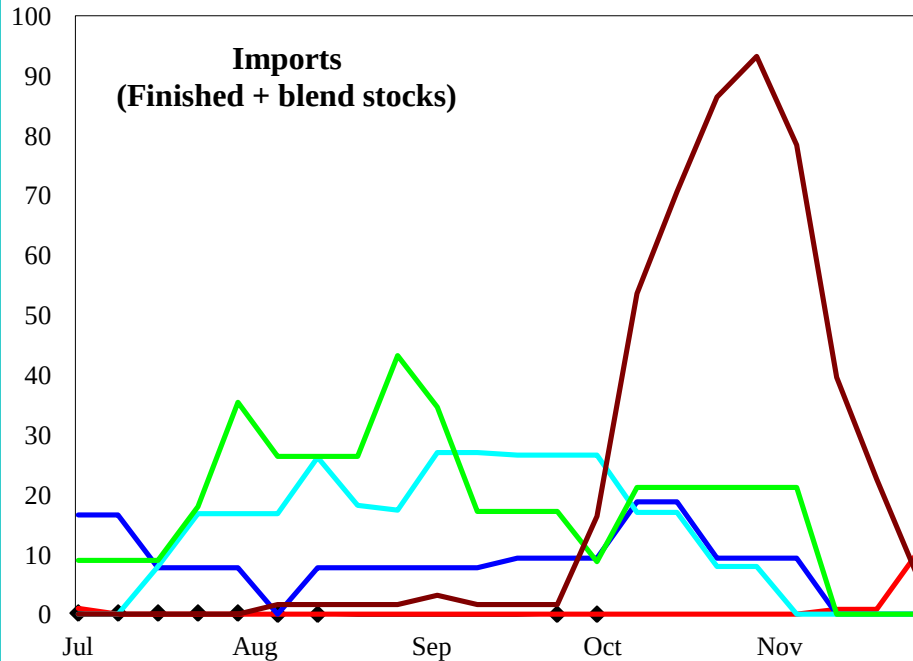
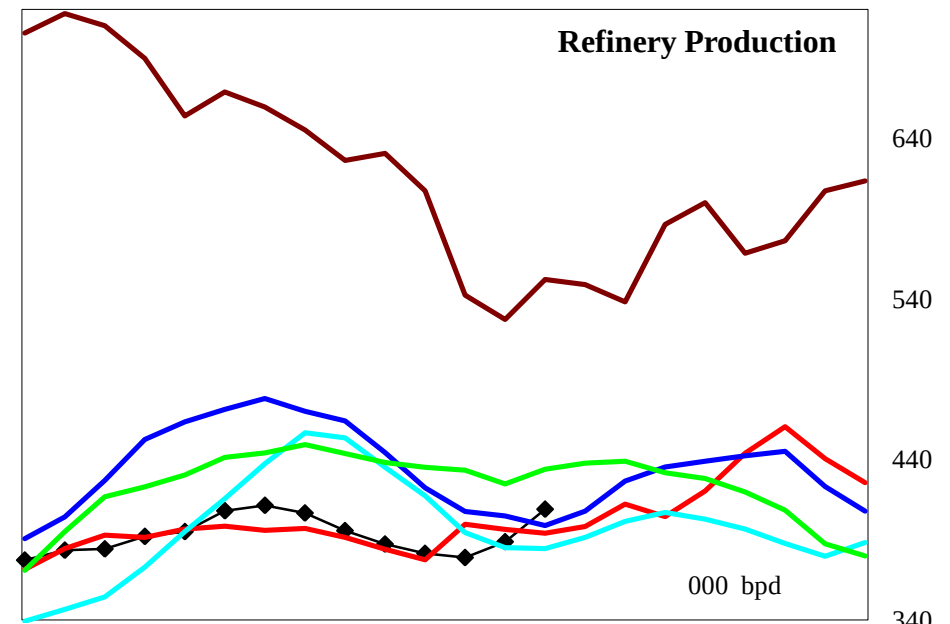
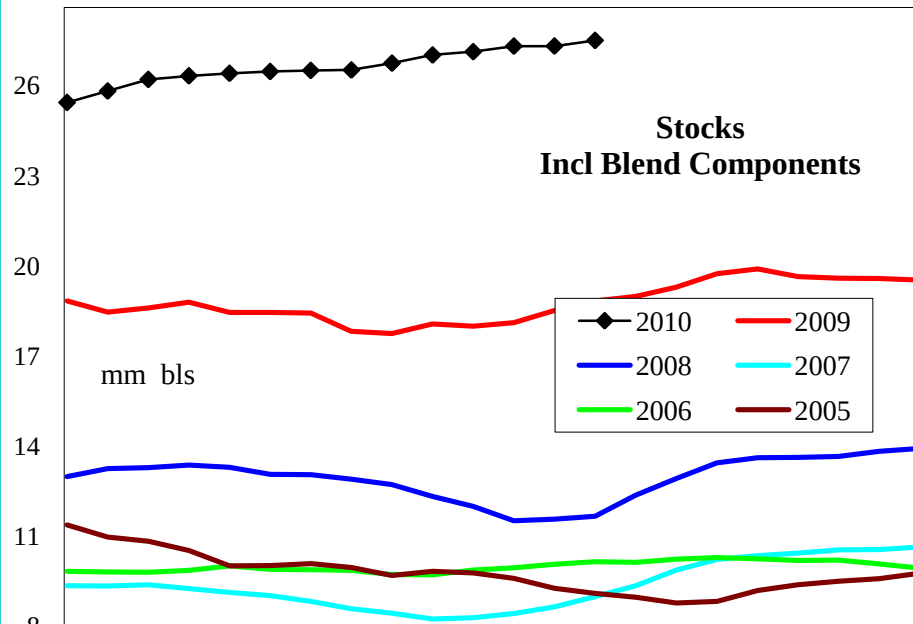
PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

9,669

53.0

Production

-21

-5.3

Imports

0

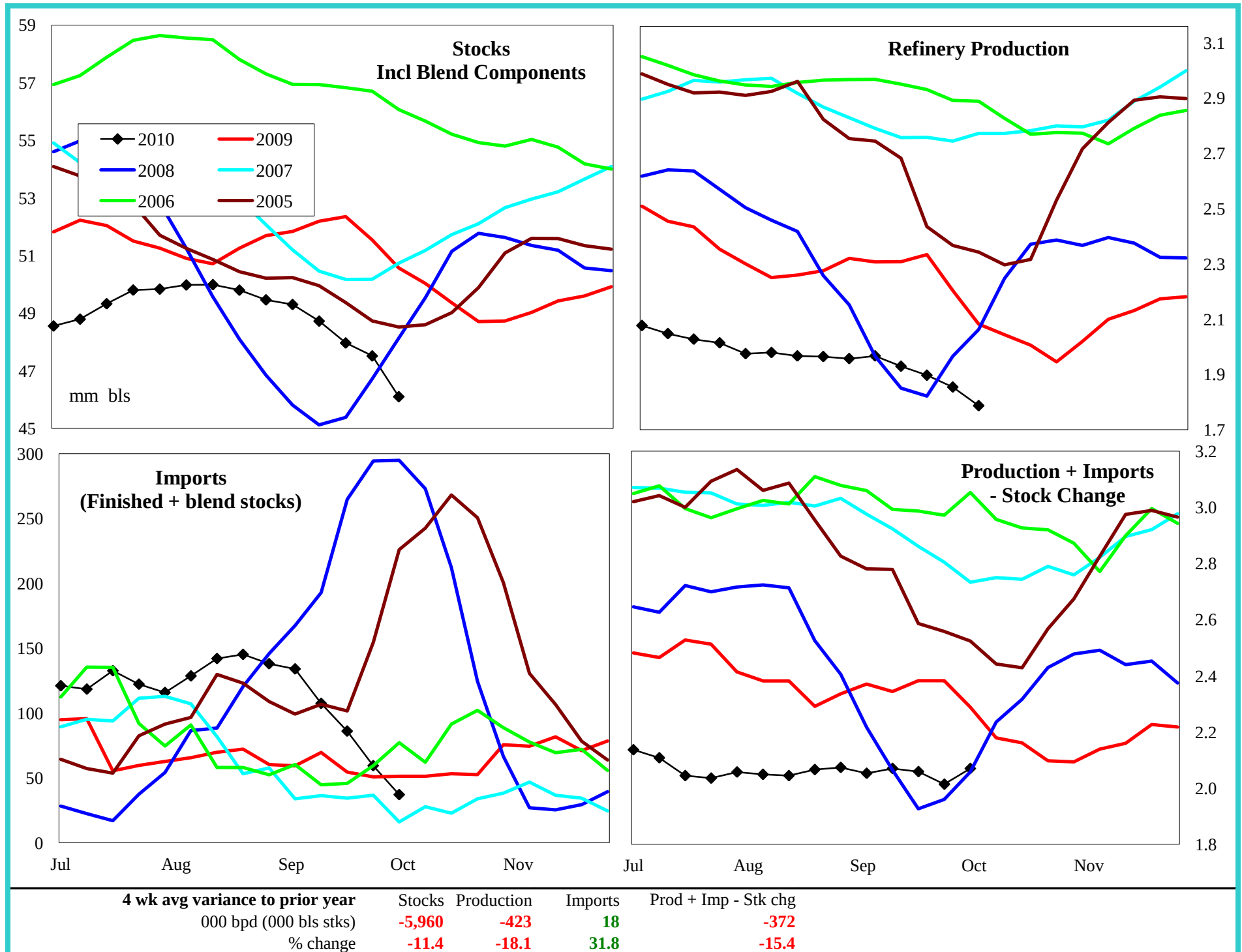
#DIV/0!

Prod + Imp - Stk chg

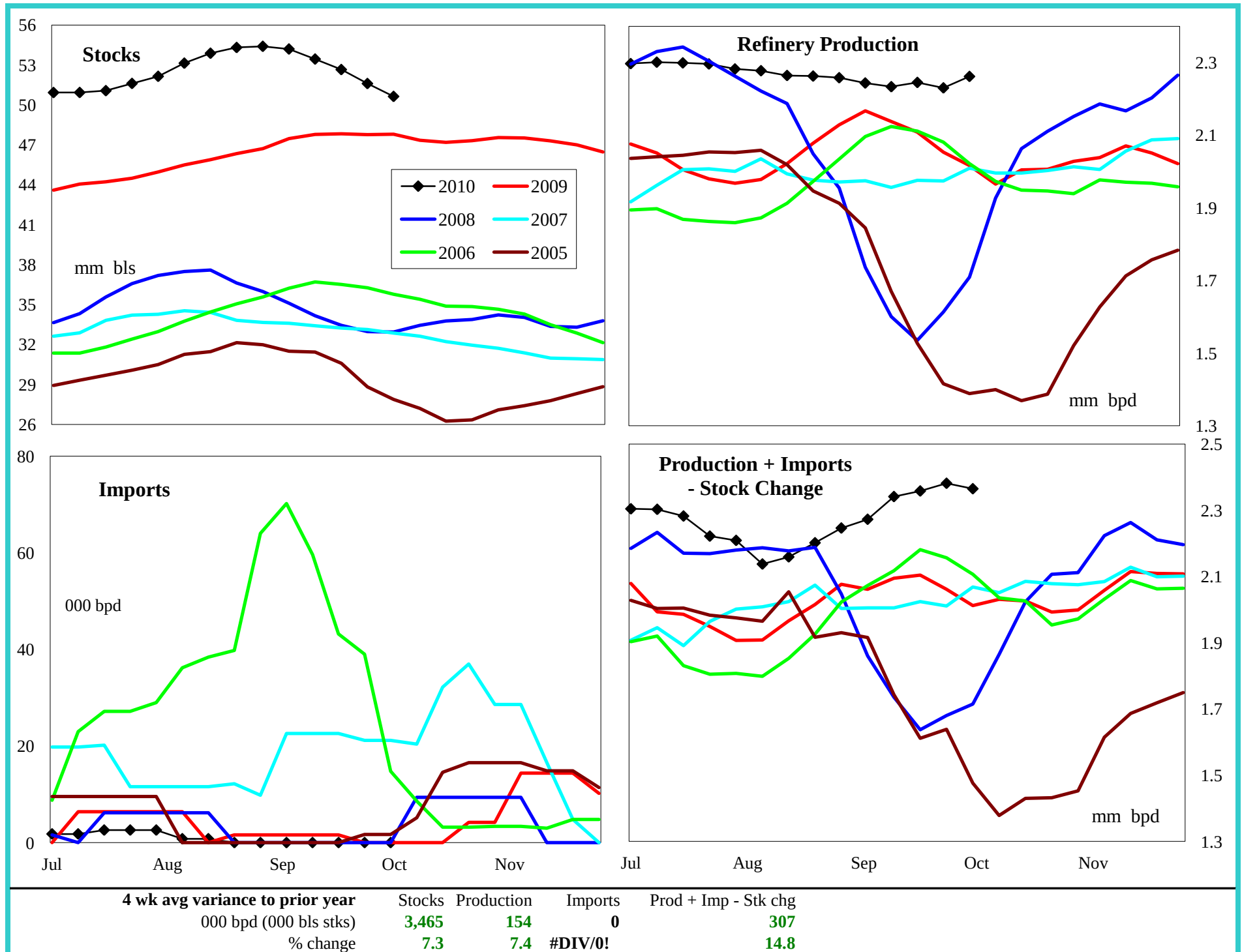
12

3.2

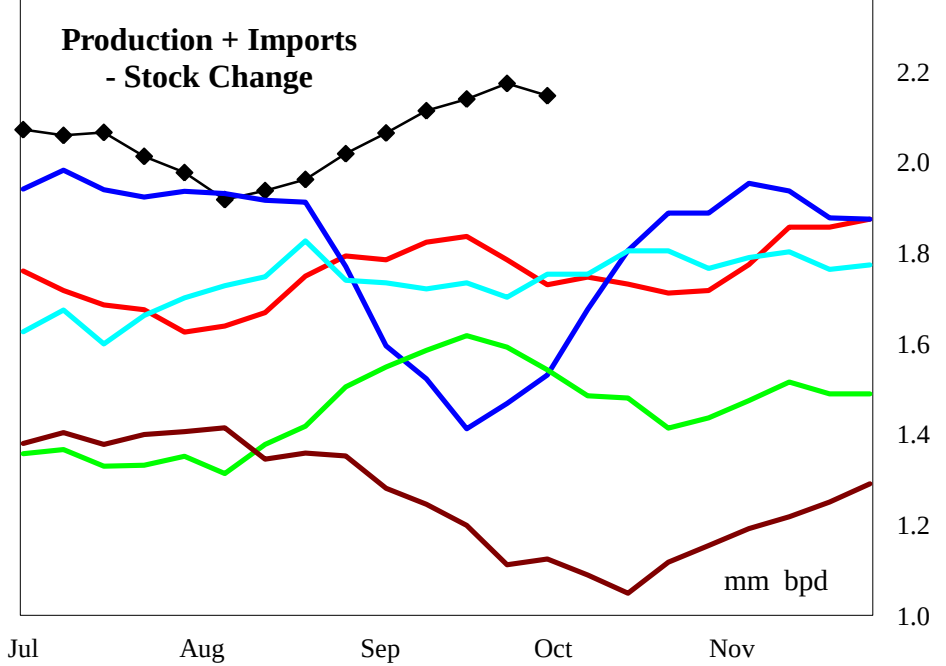
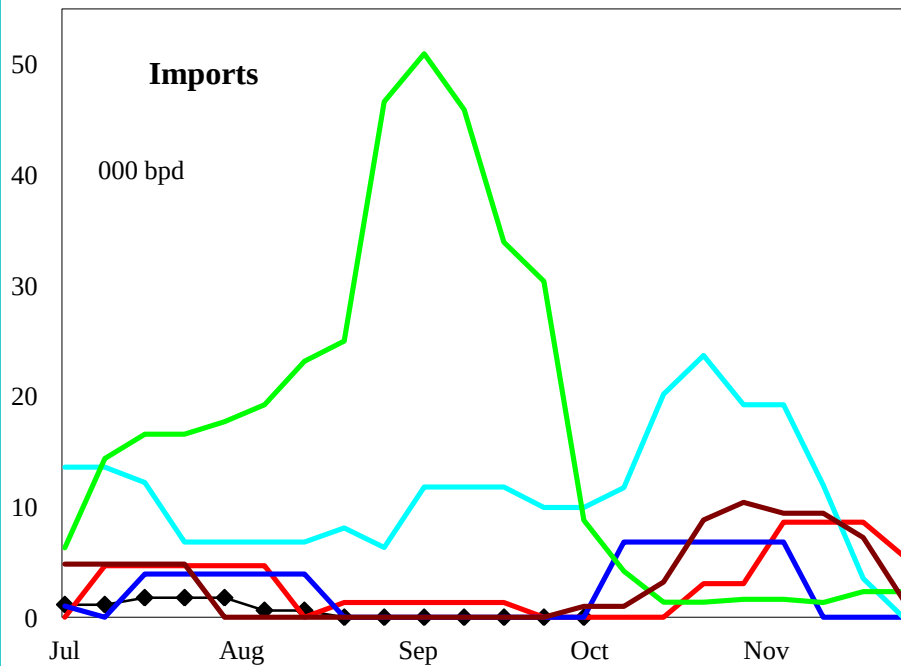
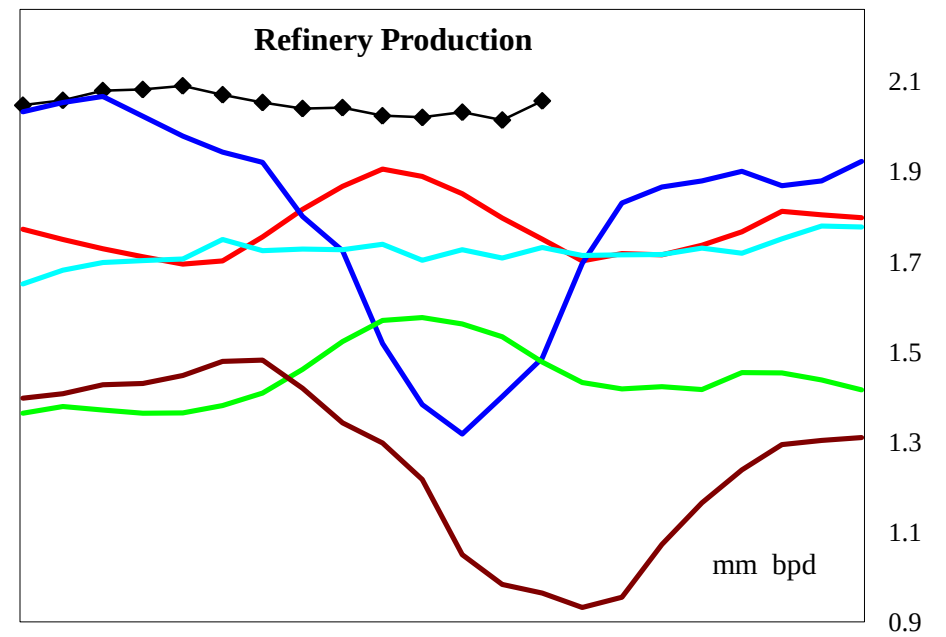
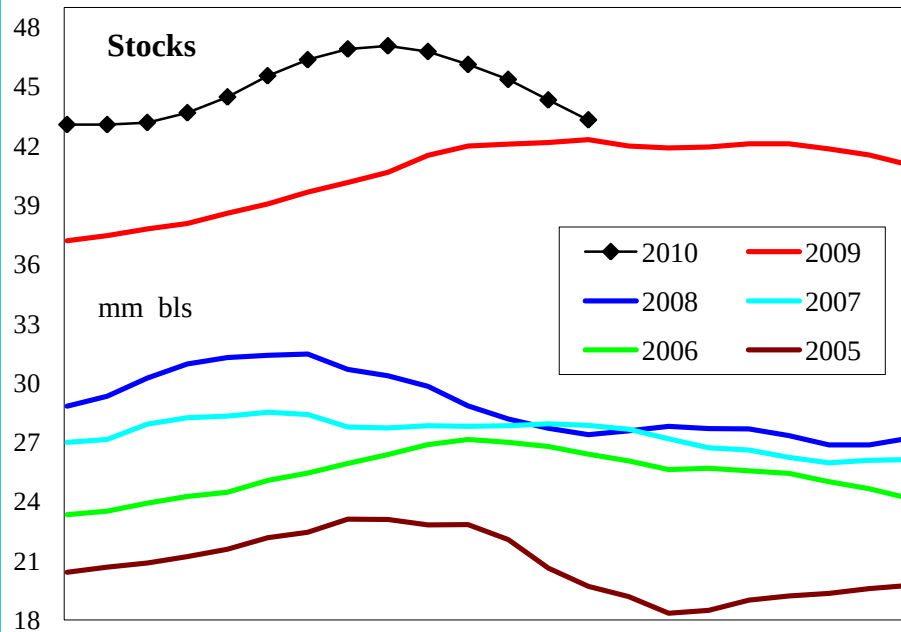
PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



PADD 3 Low Sulfur Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,262

3.0

Production

210

11.3

Imports

0

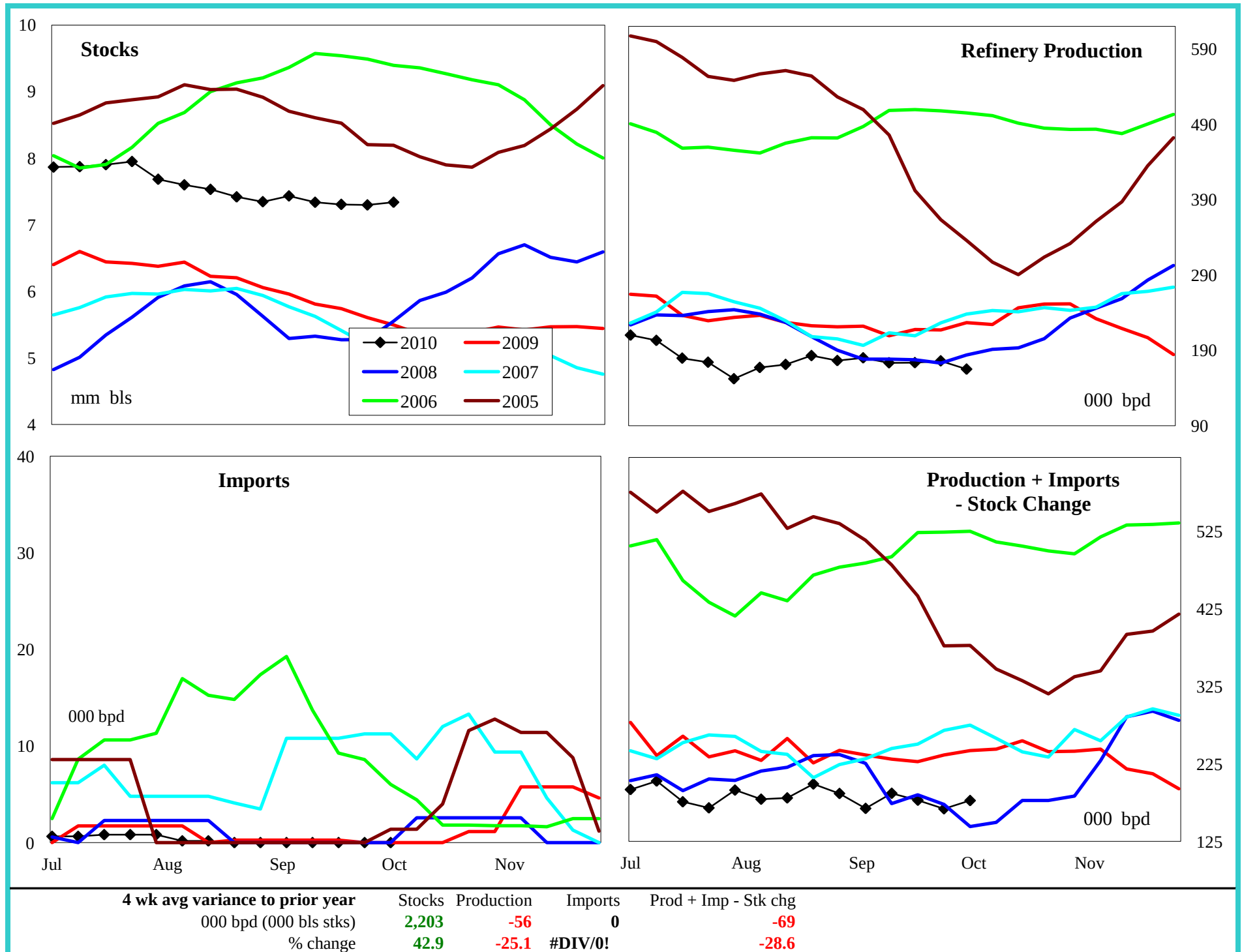
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Prod + Imp - Stk chg

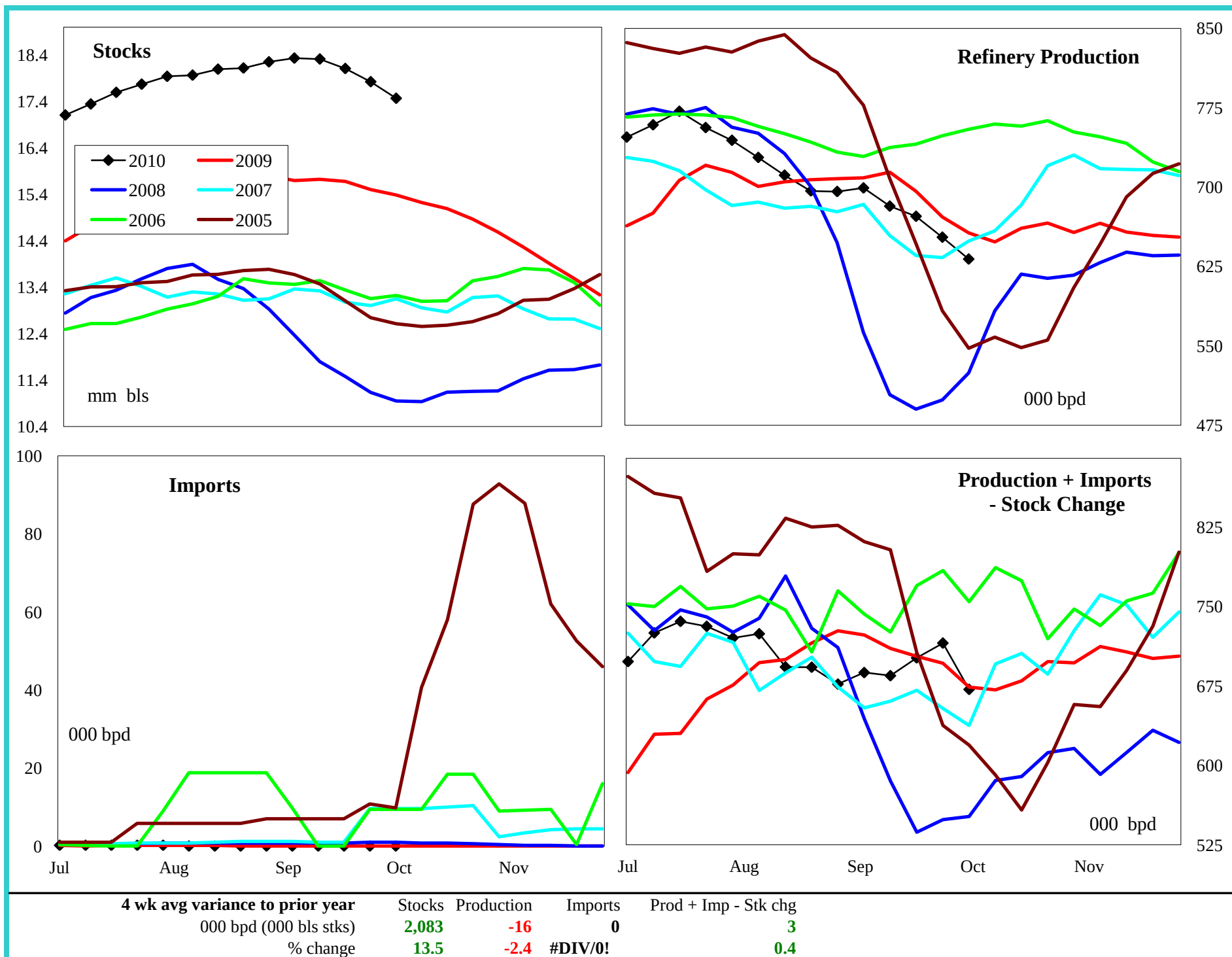
376

20.5

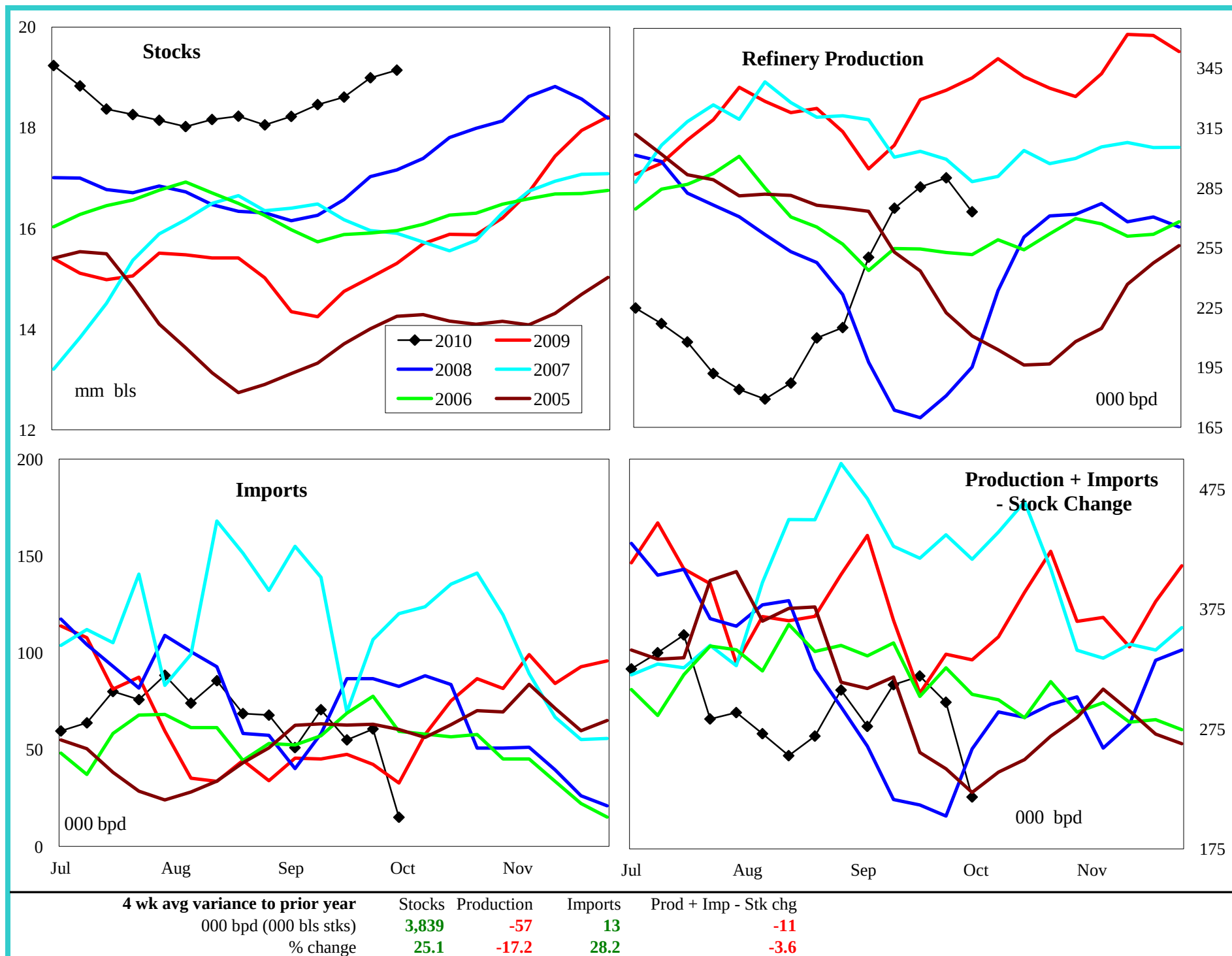
PADD 3 High Sulfur Distillate Supply



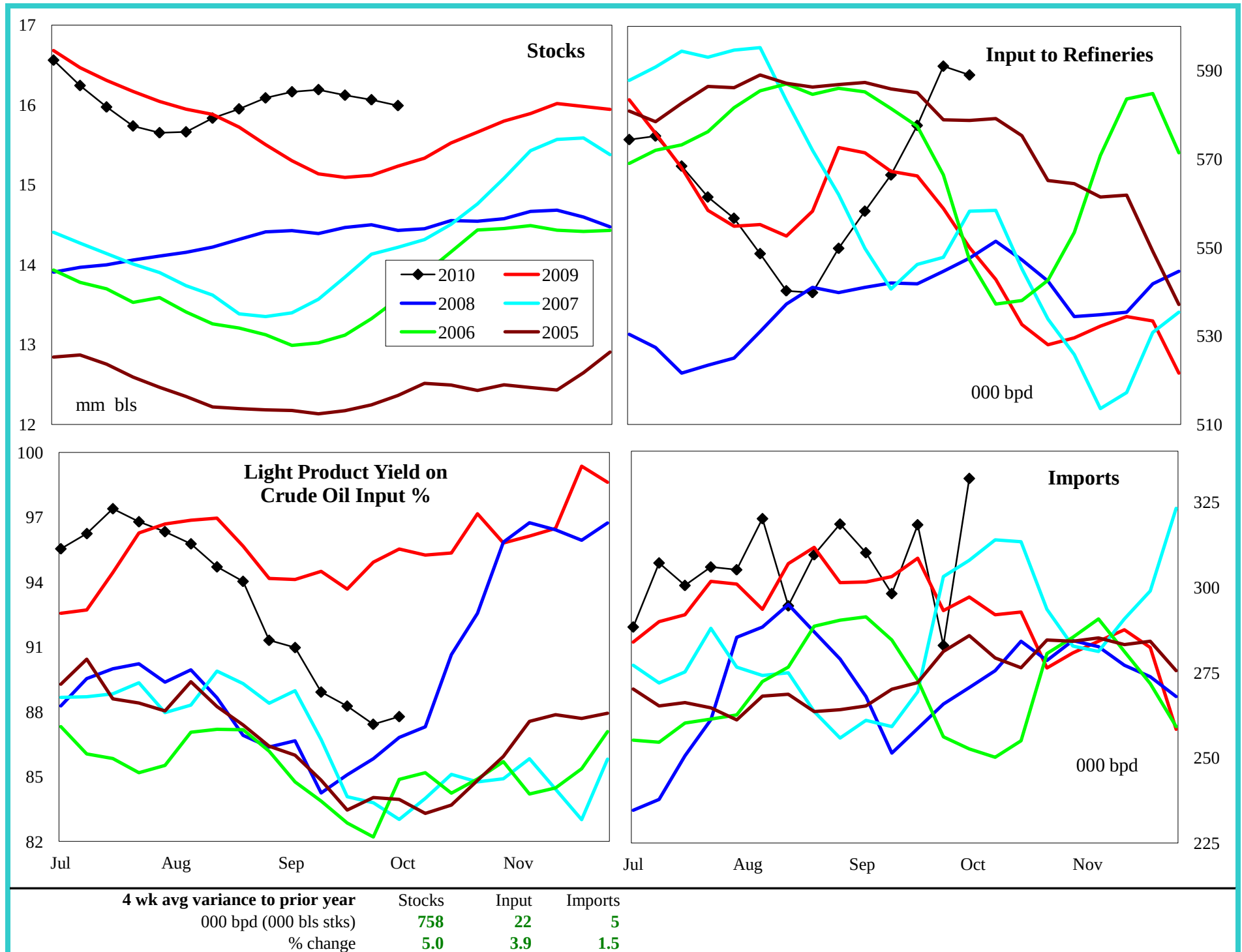
PADD 3 Jet Fuel Supply



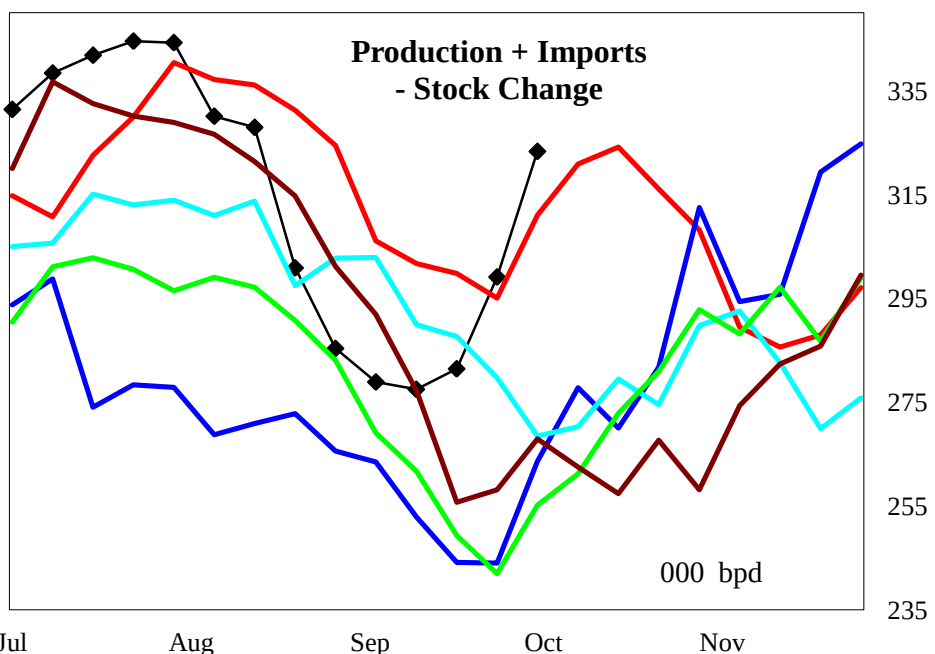
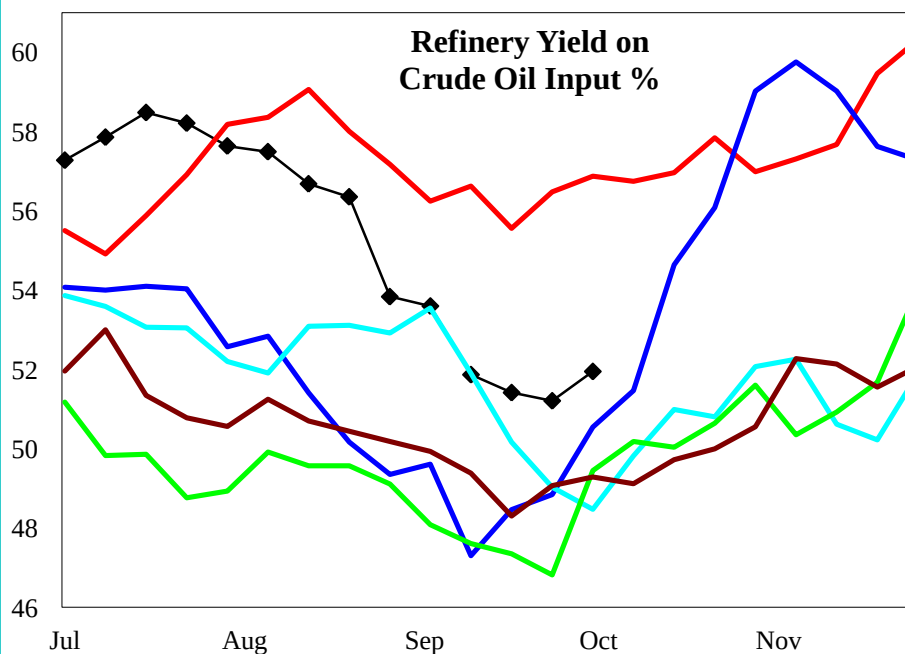
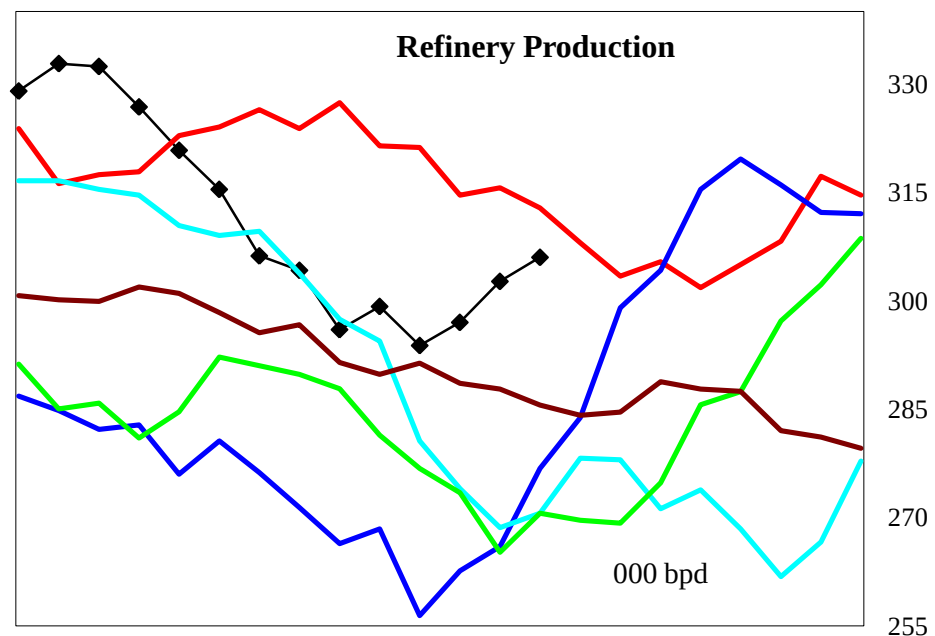
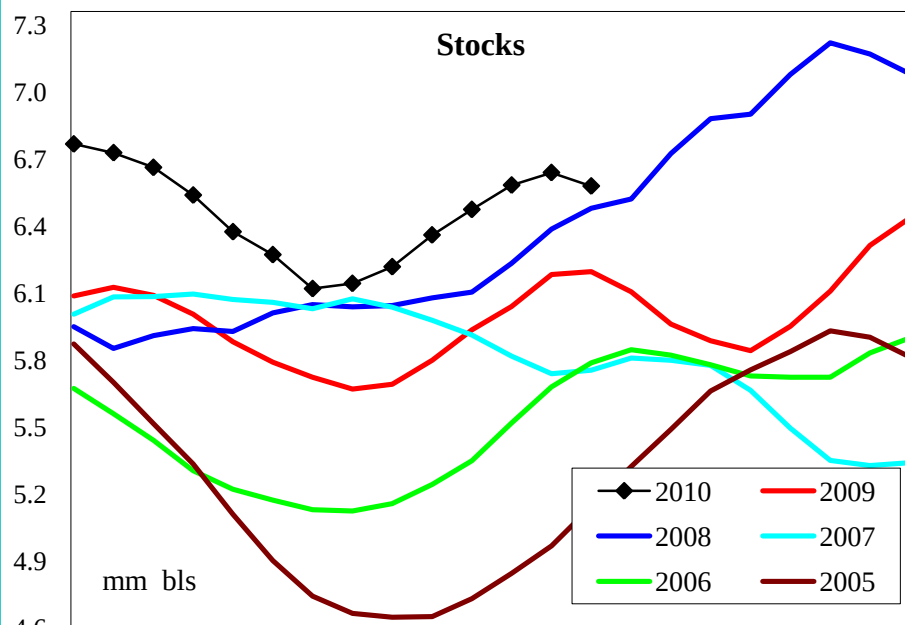
PADD 3 Residual Fuel Oil Supply



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

383

-19

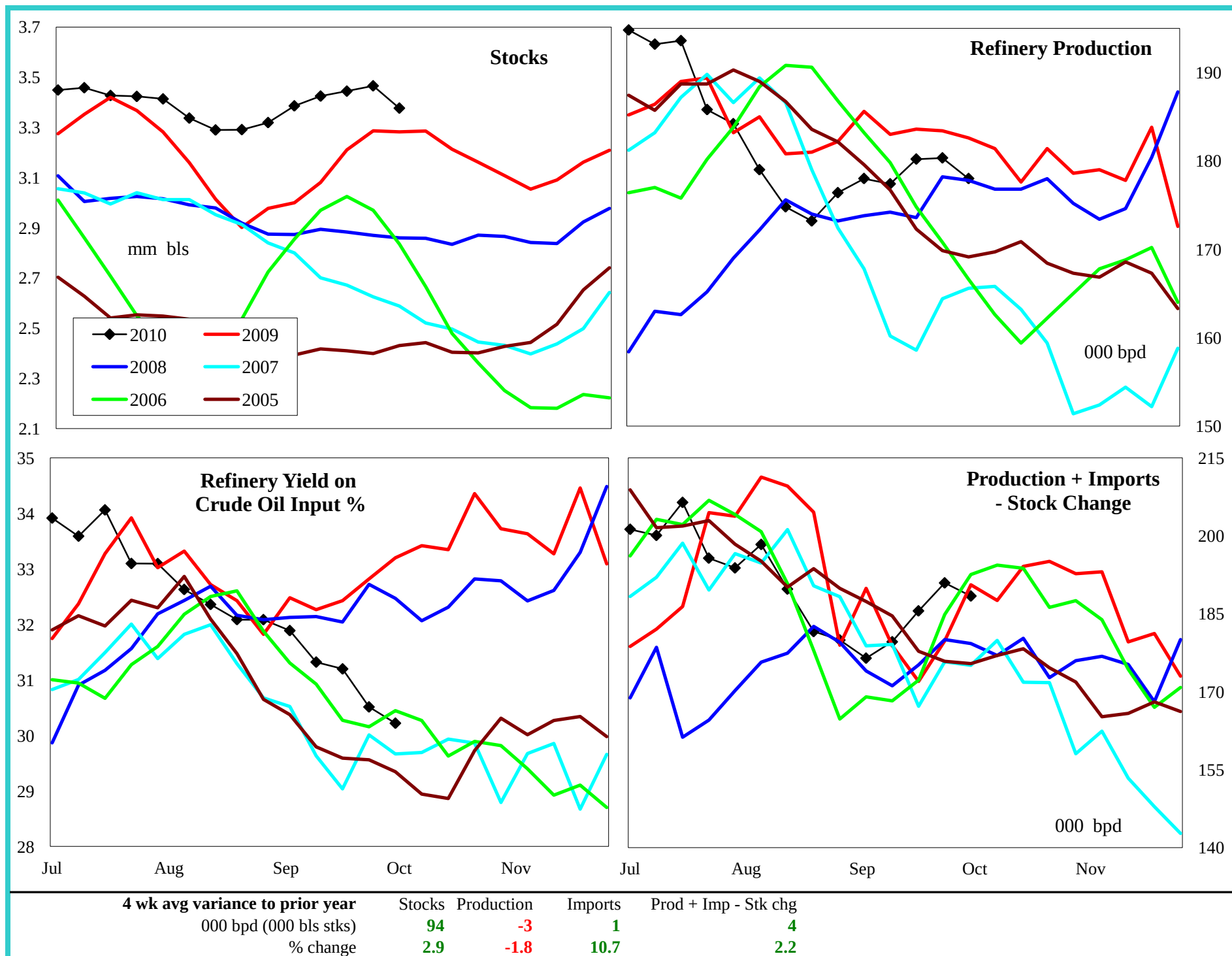
4

6.1

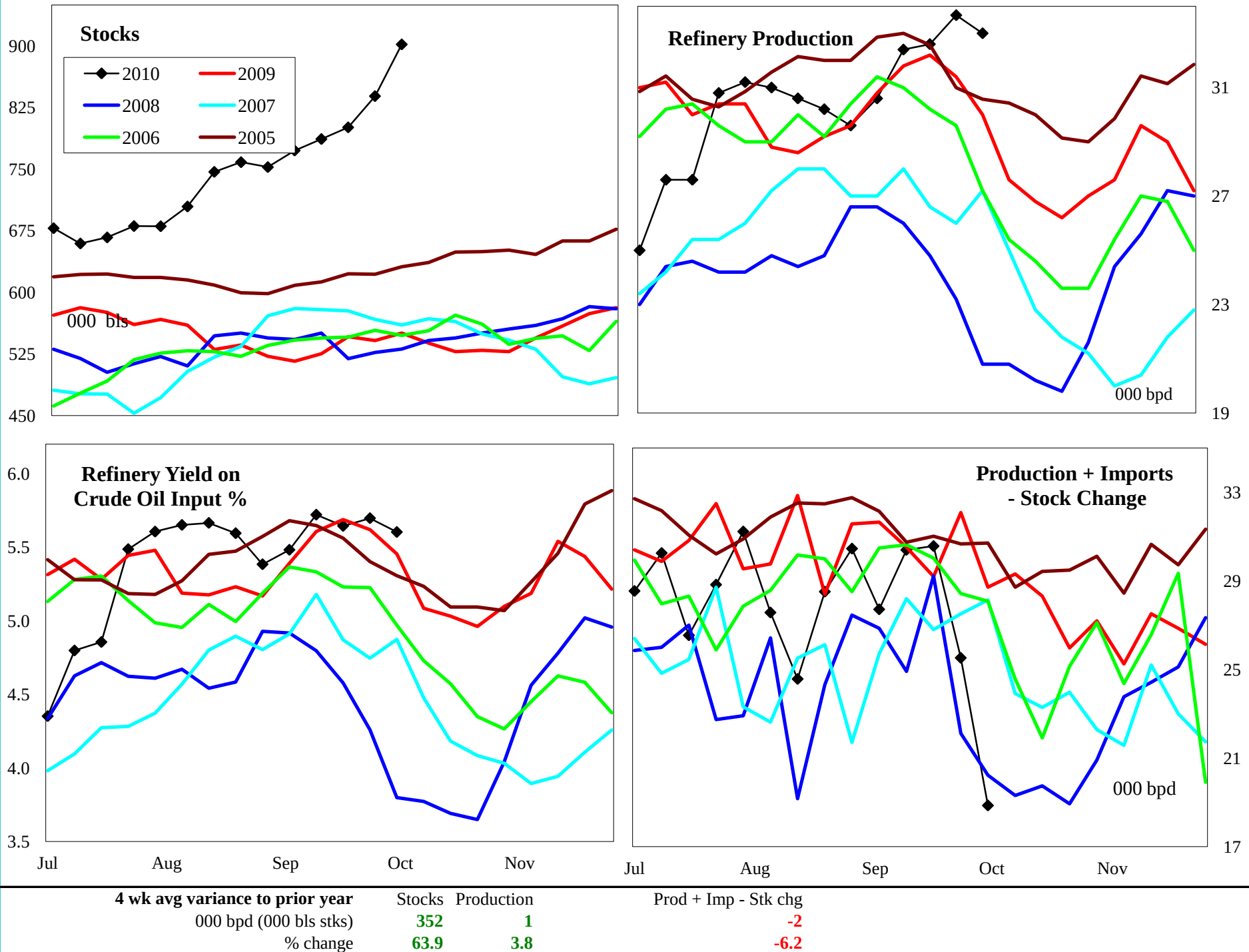
-5.9

1.2

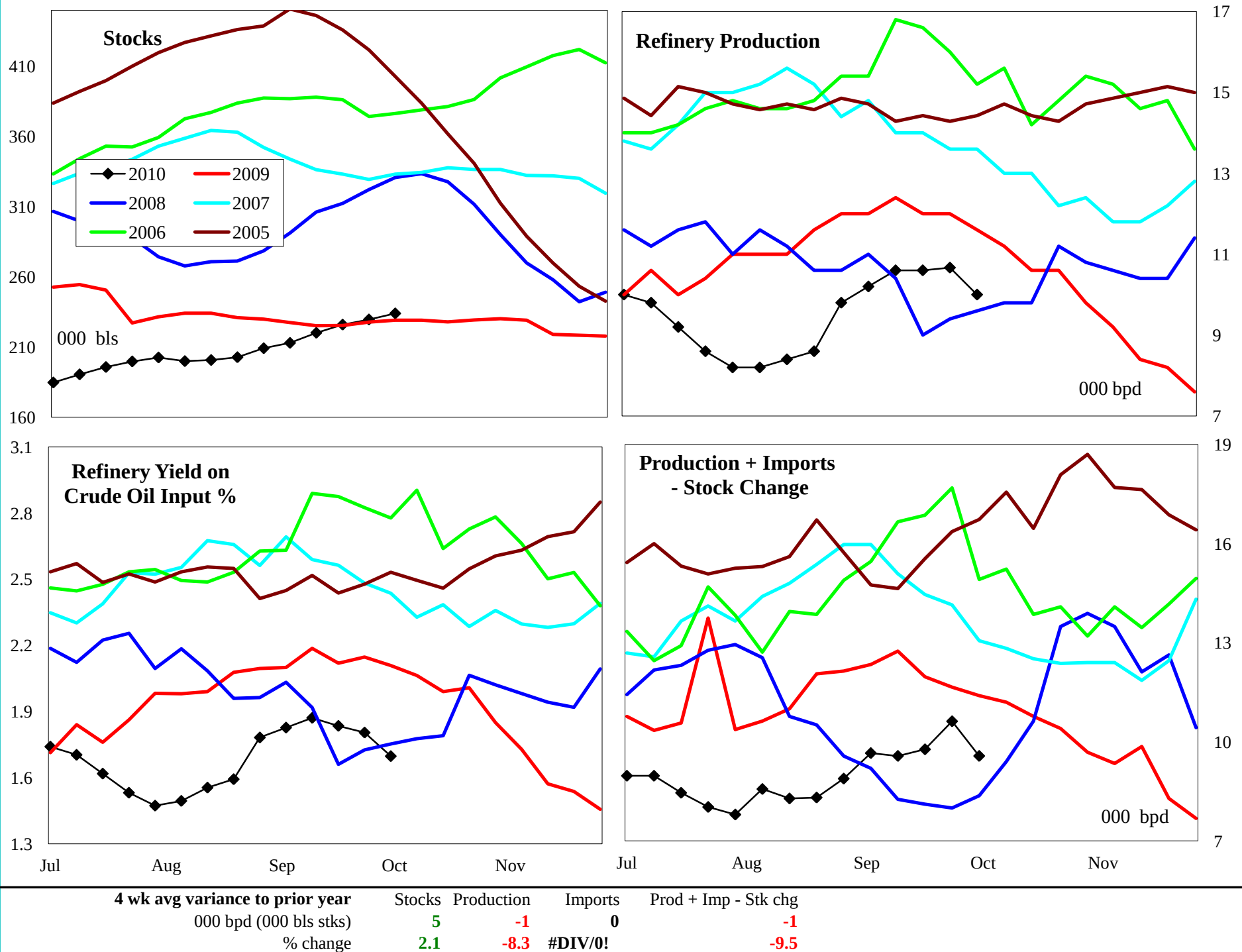
PADD 4 Distillate Supply



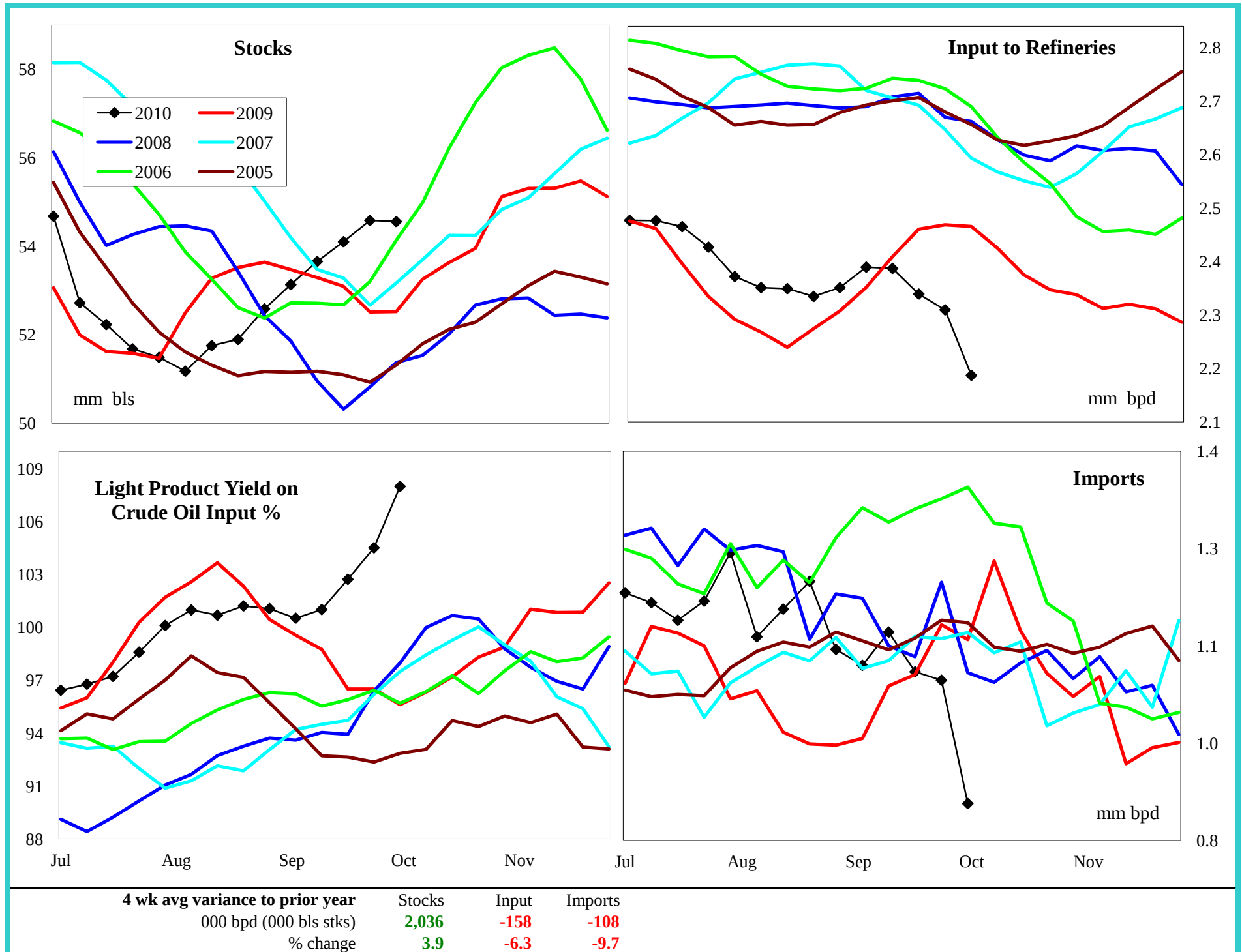
PADD 4 Jet Fuel Supply



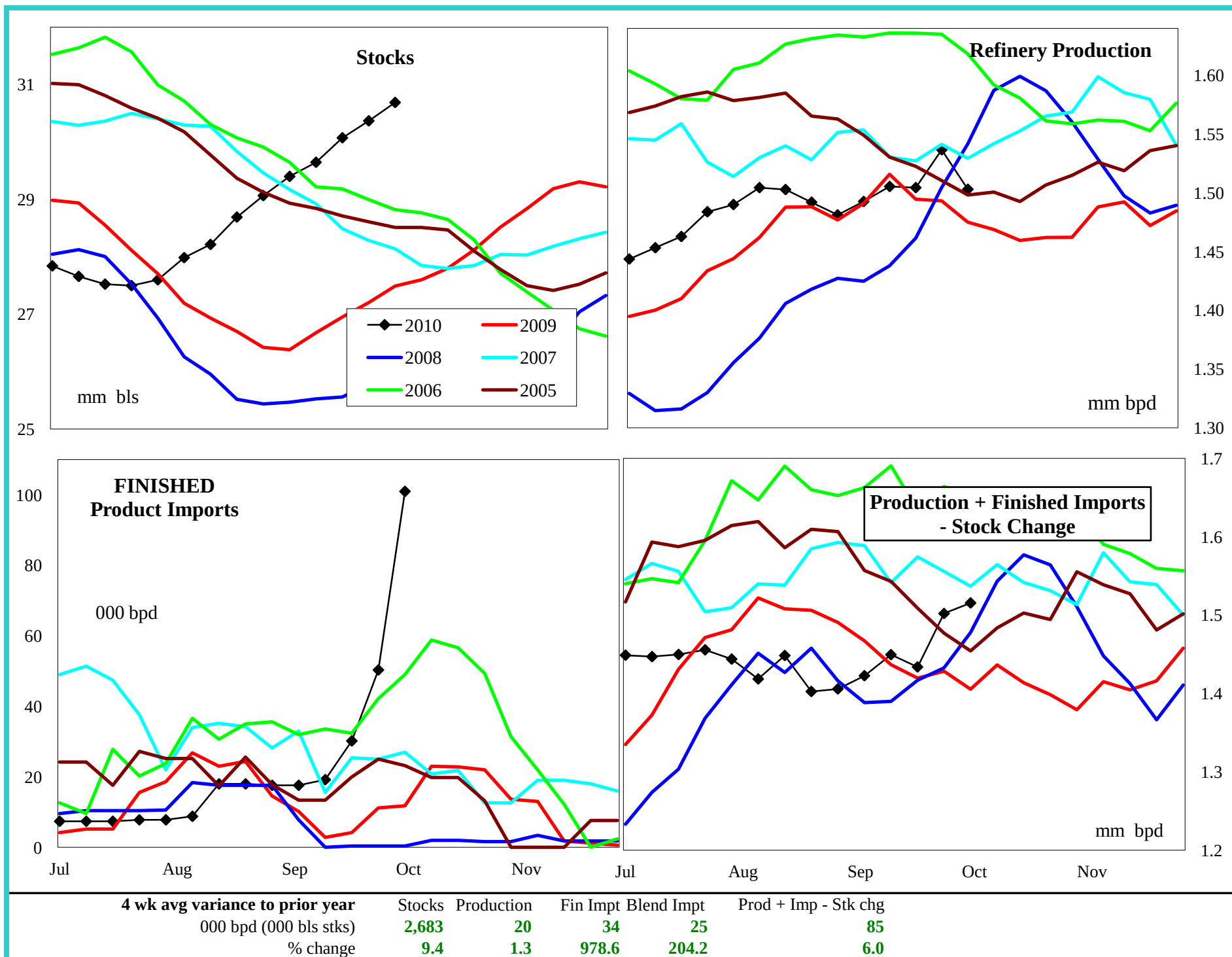
PADD 4 Residual Fuel Oil Supply



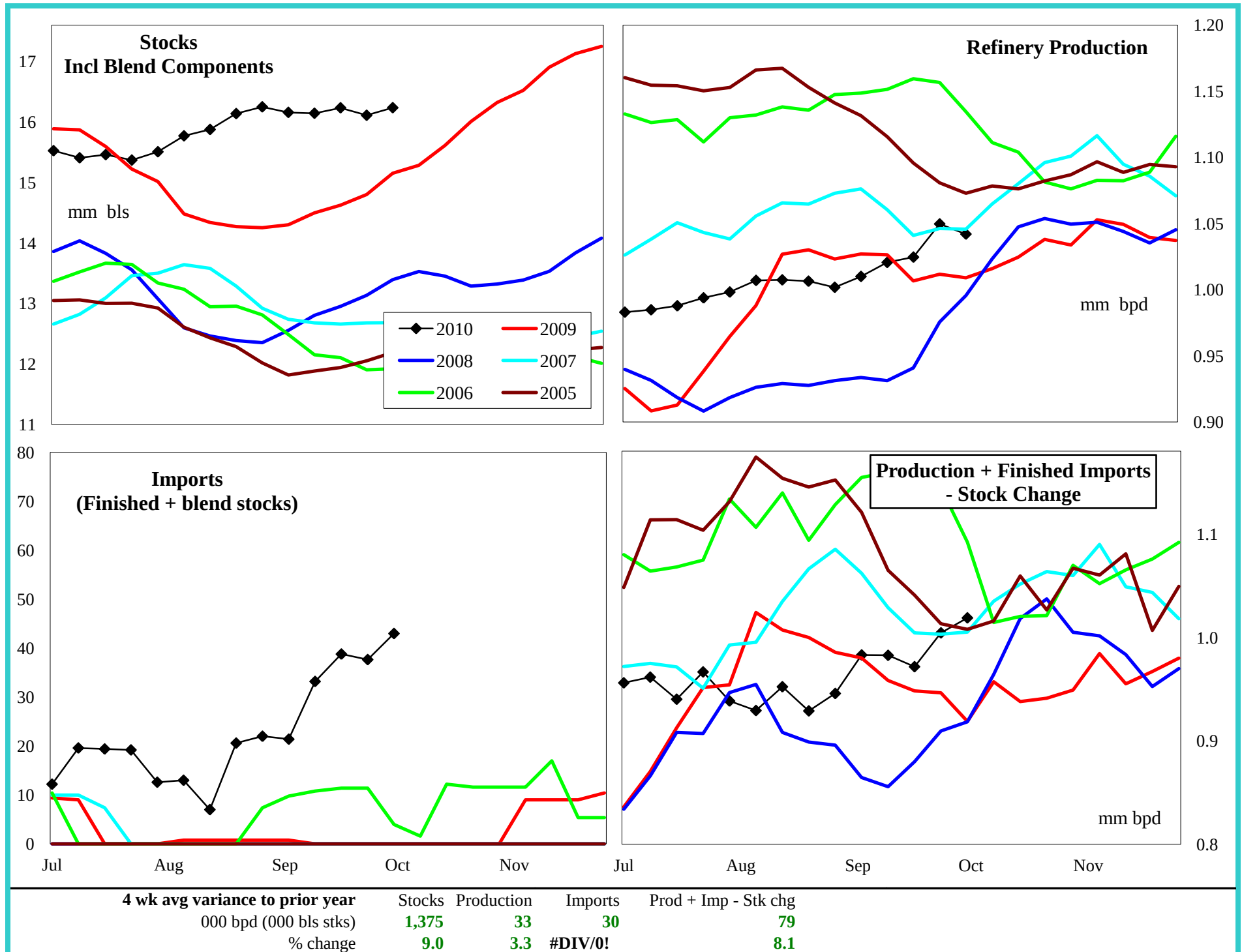
PADD 5 Crude Oil Supply and Refining



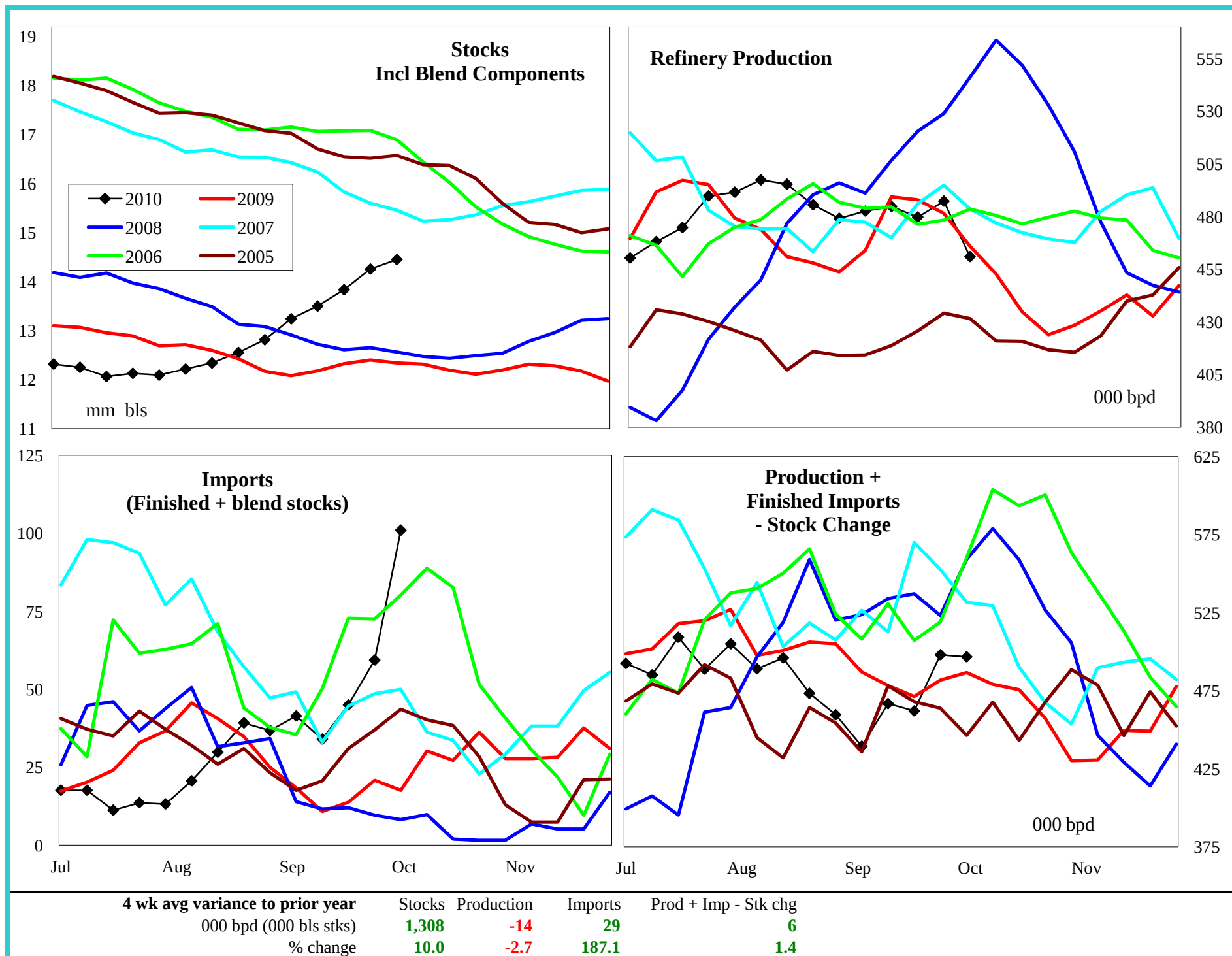
PADD 5 Gasoline Supply



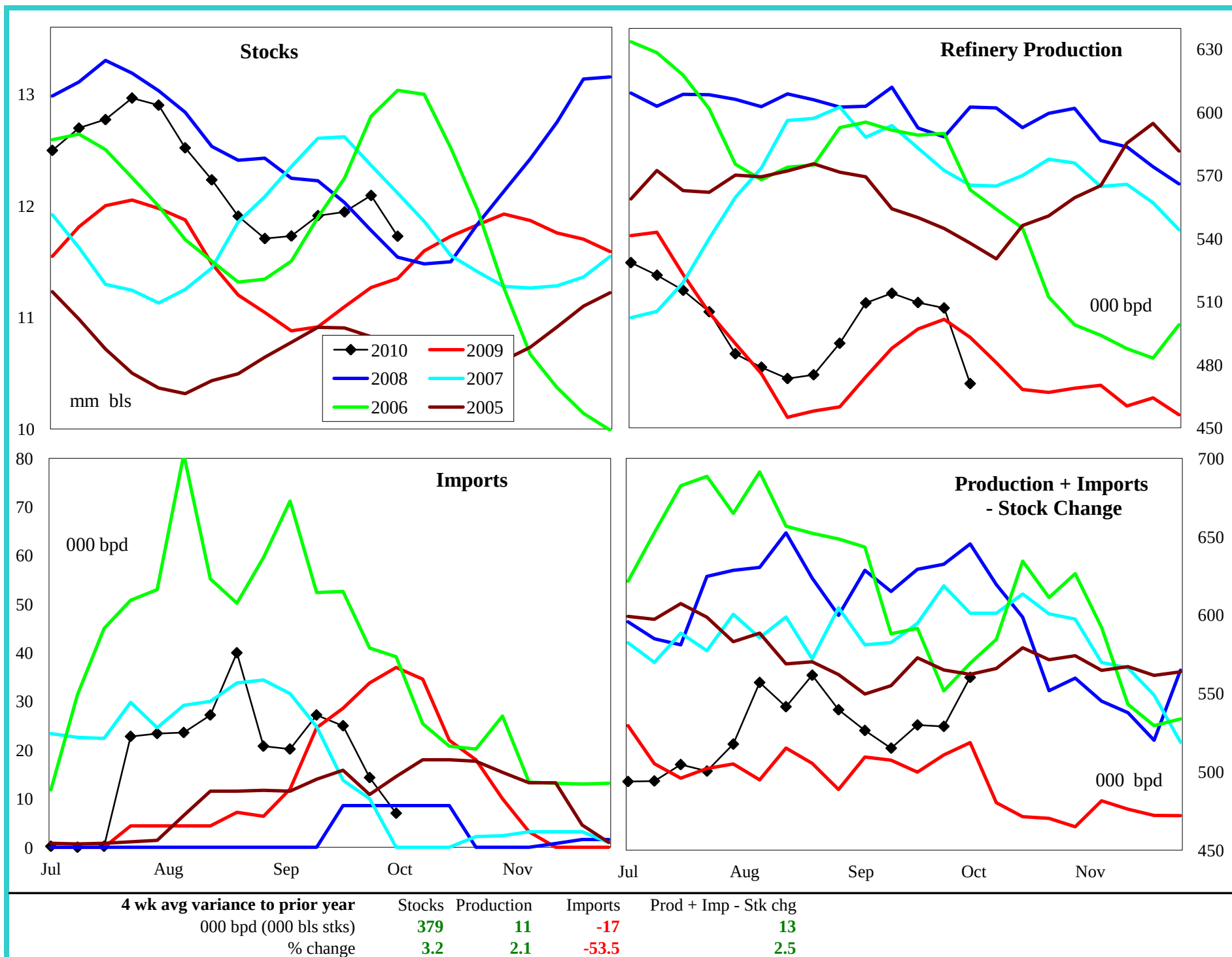
PADD 5 Reformulated Gasoline Supply



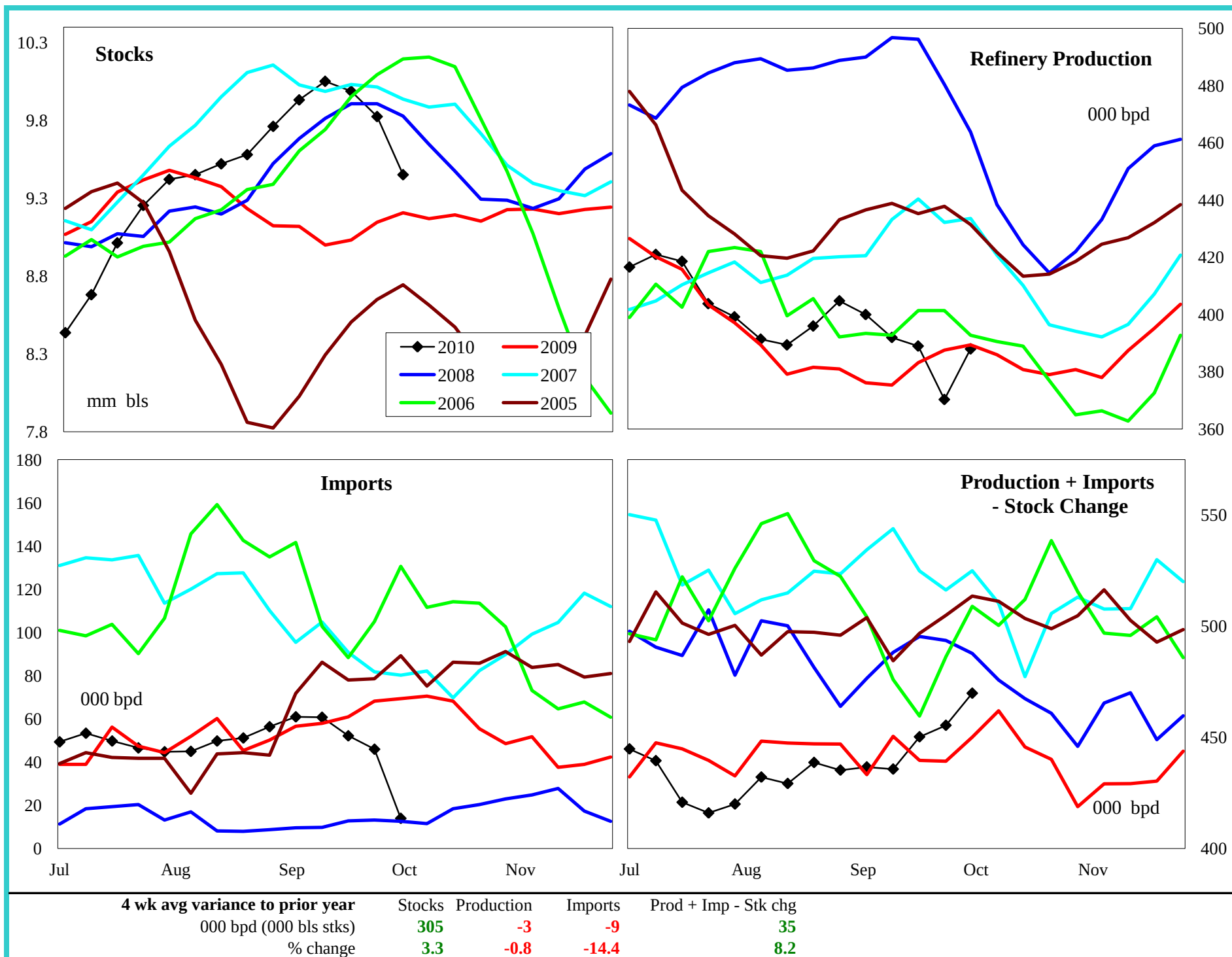
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

