



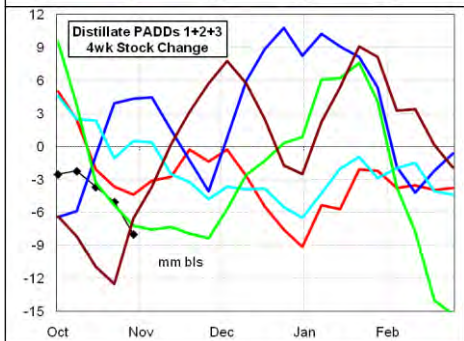
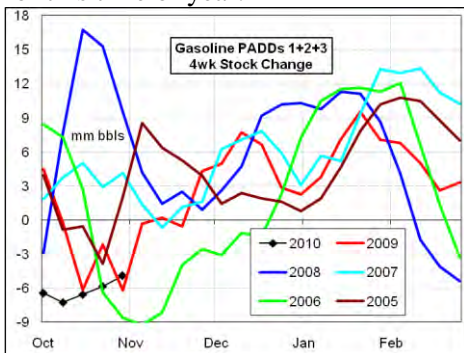
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

### A Fundamental Petroleum Trends Weekly Report

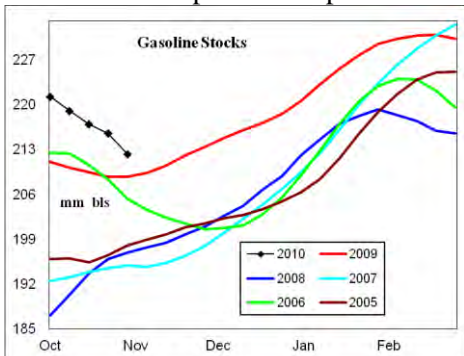
 Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, November 03,


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

Stocks of gasoline and distillate declined -14 million barrels and -10 million barrels; respectively, since mid September on robust wholesale demand and fall refiner maintenance. Stock levels match last years' record highs. For markets east of the Rockies the stock draws are larger than average for this time of year.



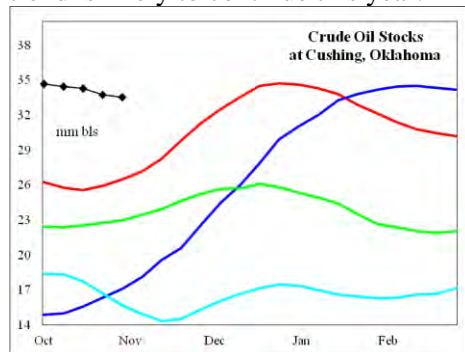
Crude oil refinery runs have declined -1.2 million bpd during the same period as refiners undertook seasonal maintenance. Runs are currently at record lows, excluding years in which hurricanes disrupted Gulf operations.



As refiners return from maintenance

during November, expect increased production of both gasoline and distillates. Gasoline stocks should begin a seasonal build. Distillate stocks which are at very high levels, should see limited draws - or builds.

Crude oil stocks extended the recent seasonal build. Further builds are likely in the near term as refiners return from maintenance on the East Coast require additional working stocks. During each of the last 4-years crude oil stocks have increased at Cushing during the month of November, as Midwest refiners conduct maintenance and domestic production is placed into storage. This trend is likely to continue this year.



**Demand** for gasoline fell sharply last week, while distillate remains robust.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline was unchanged; distillate up +11.1%; jet fuel up +0.2% while residual fuel oil decreased -41%.

**Stocks forward coverage:** Gasoline demand coverage fell on a -2.7 million barrel drop in stocks that offset lower demand. Coverage remains above last years' record high for the period.

Distillate demand coverage trended lower on the week with a -3.6 million barrel stock draw and continued strong demand. The coverage level was well below last years' record high.

Jet fuel coverage decreased on a -1 million barrel stock draw and higher demand. Coverage remains near 5-year highs on record stock levels.

Residual fuel oil coverage

increased to a new record high on higher stocks and weak demand.

**Refinery utilization** rates decreased on a -233,000 bpd drop in crude oil runs. Runs were higher in PADDs 3 and 4 while PADD 2 fell -142,000 bpd. Crude oil runs for the latest 4-wk period were -103,000 bpd below a year ago.

Gasoline yield % on crude oil runs fell last week on a -233,000 bpd drop in production versus a -233,000 bpd decline in crude runs. Yield % remains above the 5-year range.

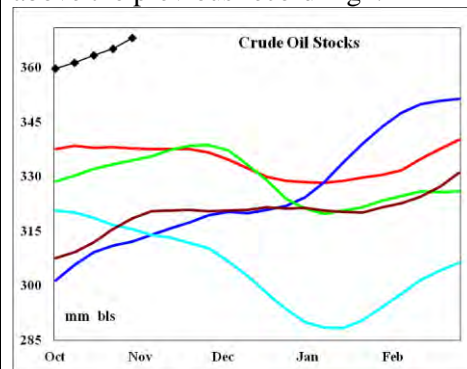
Distillate yield % on crude oil runs decreased on a +140,000 bpd decline in output compared to the lower crude oil runs. Yield % remains above the 5-year range.

Jet fuel yield % on crude oil runs was nearly unchanged on a -36,000 bpd decrease in output, with the yield % at the mid range.

**Petroleum Imports** were lower for crude oil and all products except jet fuel, last week.

During the latest 4-wk period distillate imports declined -14,000 bpd compared to last year; finished gasoline imports decreased -25,000 bpd, gasoline blend stock imports increased +71,000 bpd; jet fuel imports were -25,000 bpd lower, while residual fuel oil imports increased +20,000 bpd. **Crude Oil** imports fell -0.9 million bpd last week, completely reversing the prior week surge. Imports during the last 4-wks matched historic lows.

Stocks extended the seasonal uptrend, rising +2 million barrels on the week, to a level +32 million barrels above the previous record high.



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



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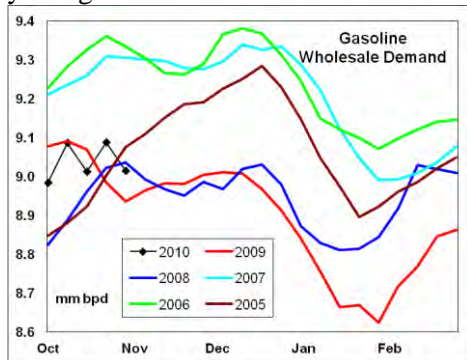
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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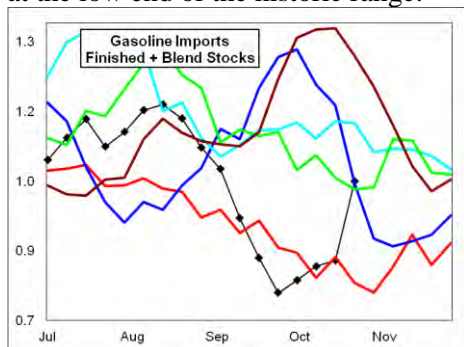
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#### Product Supply-Demand Trends

**Gasoline** demand reversed much of last weeks' surged, falling -343,000 bpd on the week. Demand for the latest 4-wk period was unchanged compared to a year ago.



Production declined -233,000 bpd on the week (including a -59,000 bpd EIA adjustment at the U.S. level). Imports also declined -128,000 bpd, to a level at the low end of the historic range.



Stocks decreased -2.7 million barrels on the week, with draws in all major regional markets. Stock levels remain +4 million barrels above the prior record high.

Low imports and increased demand compared to the historic range has led to significant stock draws over the last 6-wks. Stock levels in PADDs 2 and 3 remain very high, while levels in the Central Atlantic region of PADD 1 fell to 5-year lows last week.

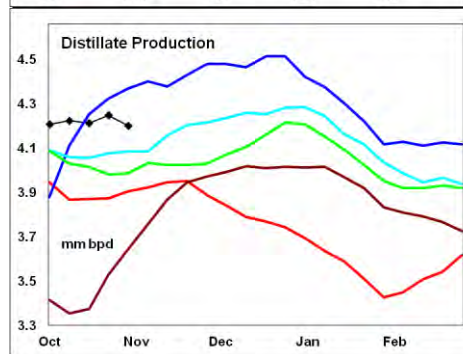
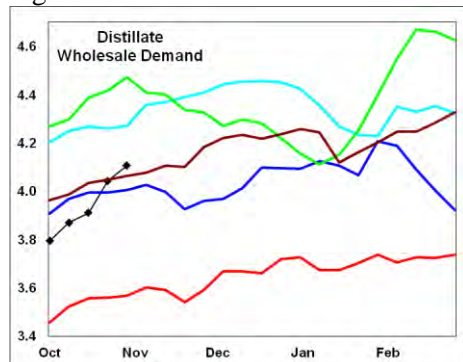
Expect lower seasonally demand and refiners return from maintenance to increase supply over the next month; driving a price pull back.

**Distillate** demand increased +42,000 bpd last week to the highest level since February 2009 and above the 5-year mid range.

Supply fell -238,000 bpd on the

week, with the latest 4-wk average +386,000 bpd above a year ago. Output was slightly below the previous 5-year high.

Stocks fell -3.6 million barrels with declines in all major regional markets. Stock levels dipped -2.5 million barrels below last years' record high.



Distillate production was near record highs even while crude oil runs fell to near record low levels on peak refinery maintenance. Look for distillate output to climb significantly over the next 30-days as refiners return from maintenance.

Very robust demand has offset high production, leading to very high stock draws over the past 6-wks.

This continued tightening of the supply balance should support prices until refiners return from maintenance in late November.

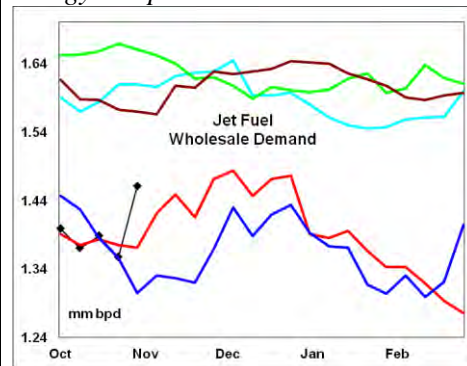
**Jet Fuel** demand increased +107,000 bpd last week, with the latest 4-wk average +3,000 bpd above last year.

Production declined -36,000 bpd on the week, offset by a +37,000 bpd increased in imports. Supply levels matched last years' record lows.

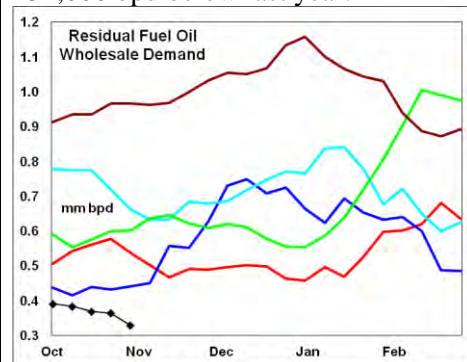
Stocks decreased -1 million barrels

on the week, with the level still above the historic range.

Seasonal stock draws should continue in the near term as demand trends higher ahead of the holiday season and refiners return from maintenance over the next 30-days. However, with very high stock levels the market should remain well supplied. These trends should limit price strength relative to the overall energy complex.



**Residual fuel oil** demand, including exports, declined -90,000 bpd last week, with the 4-wk average -254,000 bpd below last year.



Supply (production + imports) fell -122,000 bpd on the week, to a new record low. The latest 4-wk average was -174,000 bpd below a year ago. Stock levels remain above four of the last five years.

Demand has dropped to new record low levels as refiners cut output and exports. Stock levels remain at the upper end of the historic range; yielding exceptionally high days of supply.

These trends should limit price strength compared to the overall energy complex.





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

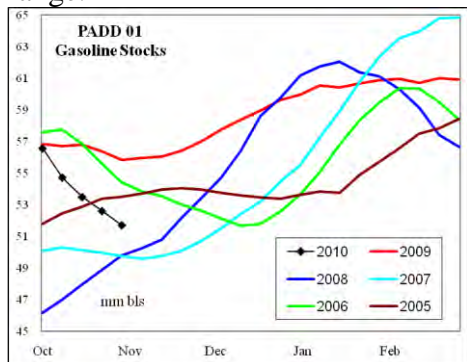
### A Fundamental Petroleum Trends Weekly Report

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#### PADD Supply Trends

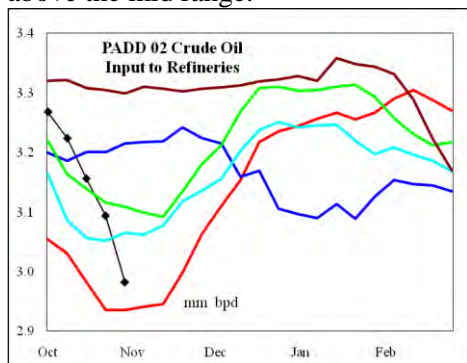
**PADD 1** refinery crude oil runs declined -55,000 bpd on the week, with the 4-wk average -485,000 bpd below last years' record low rate. Crude oil stocks fell -1 million barrels on record low runs. Imports were -31% below a year ago.

Gasoline production decreased -49,000 bpd on the week, with the latest 4-wk average +498,000 bpd above a year ago. Imports declined -61,000 bpd on the week, to near historic lows. Stocks decreased -0.9 million barrels to below the mid range.



Distillate supply fell -123,000 bpd last week, with both production and imports at record low levels. Stocks declined -1.2 million barrels to slightly below last years' record high level.

Jet fuel supply increased +40,000 bpd but remains at the low end of the historic range. Stock levels were well above the mid range.



**PADD 2** crude oil refinery runs decreased -142,000 bpd last week, to a level near 5-year lows for the period. Imports declined -109,000 bpd to a level below the mid range. Stocks

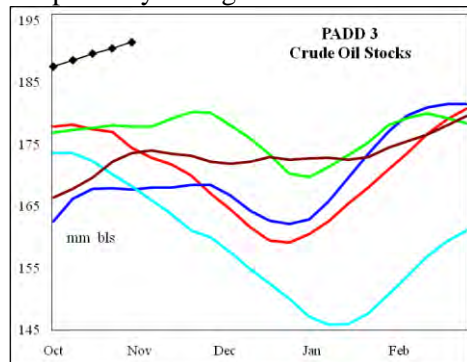
declined -1 million barrels, including a -0.1 million barrel draw in Cushing. Stock levels in Cushing remain +27% above the prior record.

Gasoline production declined -98,000 bpd to a level above the mid range. Stocks decreased -0.8 million barrels on the week, still at a level above the historic range.

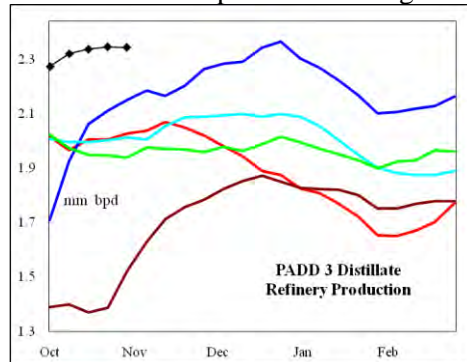
Distillate production declined -18,000 bpd to a level above the mid range. Stocks declined -0.3 million barrels, to above the mid range.

Jet fuel production was near 5-year highs last week, with stock levels well above the 5-year range.

**PADD 3** crude oil runs increased +44,000 bpd, to the mid range, excluding hurricane years. The latest 4-wk average was +244,000 bpd above a year ago. Crude imports fell -0.9 million bpd, to near 5-year lows. Stock levels were +17 million barrels above the prior 5-year high.



Gasoline production increased +30,000 bpd. Stock levels were +4.1 million barrels above the prior historic high.



Distillate supply (production and imports) decreased -82,000 bpd on the week. Production was +363,000 bpd above last year and a record high for

the period.

Stocks decreased -2 million barrels on the week, with the level matching last years' record high.

Jet fuel production declined -23,000 bpd to a level matching 5-year lows. Stocks fell -1.3 million barrels, still +12% above the prior record high.

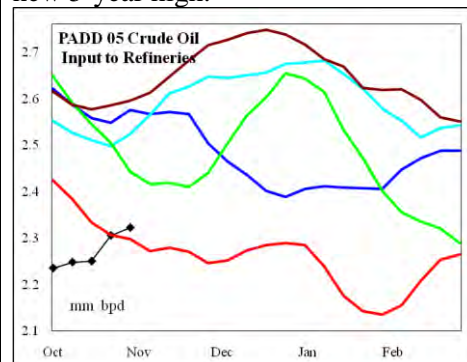
Residual fuel oil supply declined -37,000 bpd, with production and imports each at record low levels. Stock levels were at record highs for the period.

**PADD 4** refinery crude runs increased +10,000 bpd on the week, to a level near the mid range. Crude oil stock level and imports were each above the historic range.

Gasoline production fell -41,000 bpd on the week, to the mid range. Stocks levels remain at the upper end of the historic range.

Distillate production increased +6,000 bpd, but remains at a level below the mid range. Stock levels were below the last 2-years.

**PADD 5** crude oil refinery runs decreased -91,000 bpd on the week to at the low end of the 5-year range. Crude imports were nearly unchanged at a level above the historic range. Stocks jumped +3.1 million barrels to a new 5-year high.



Gasoline production was decreased -15,000 bpd last week, to a level below the mid range. There were no imports. Stocks declined -0.9 million barrels to a level at the historic mid range.

Distillate production declined -31,000 bpd on the week, to a level below the mid range. The stock level remains above the historic range.


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# PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

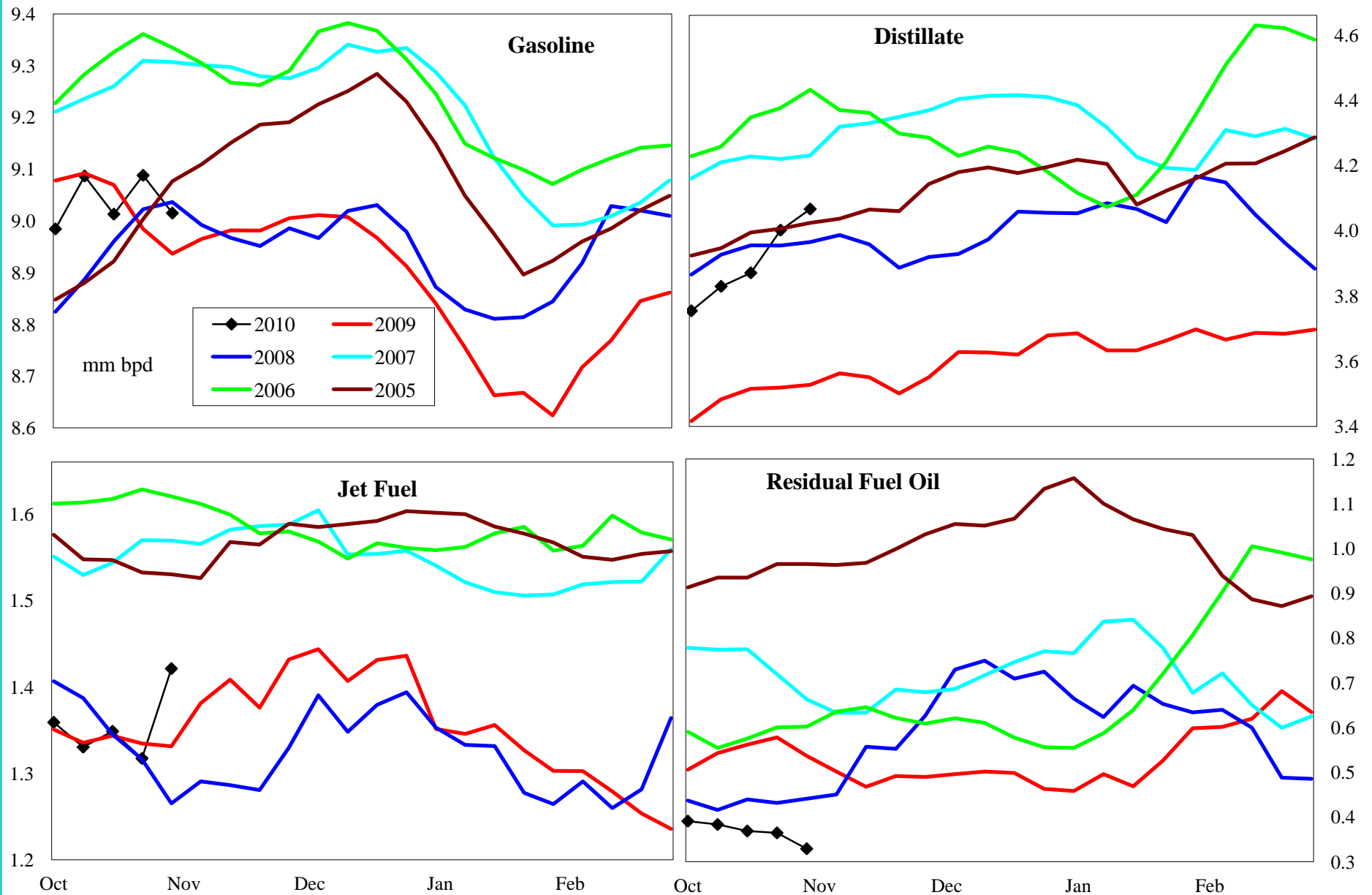
November 3, 2010

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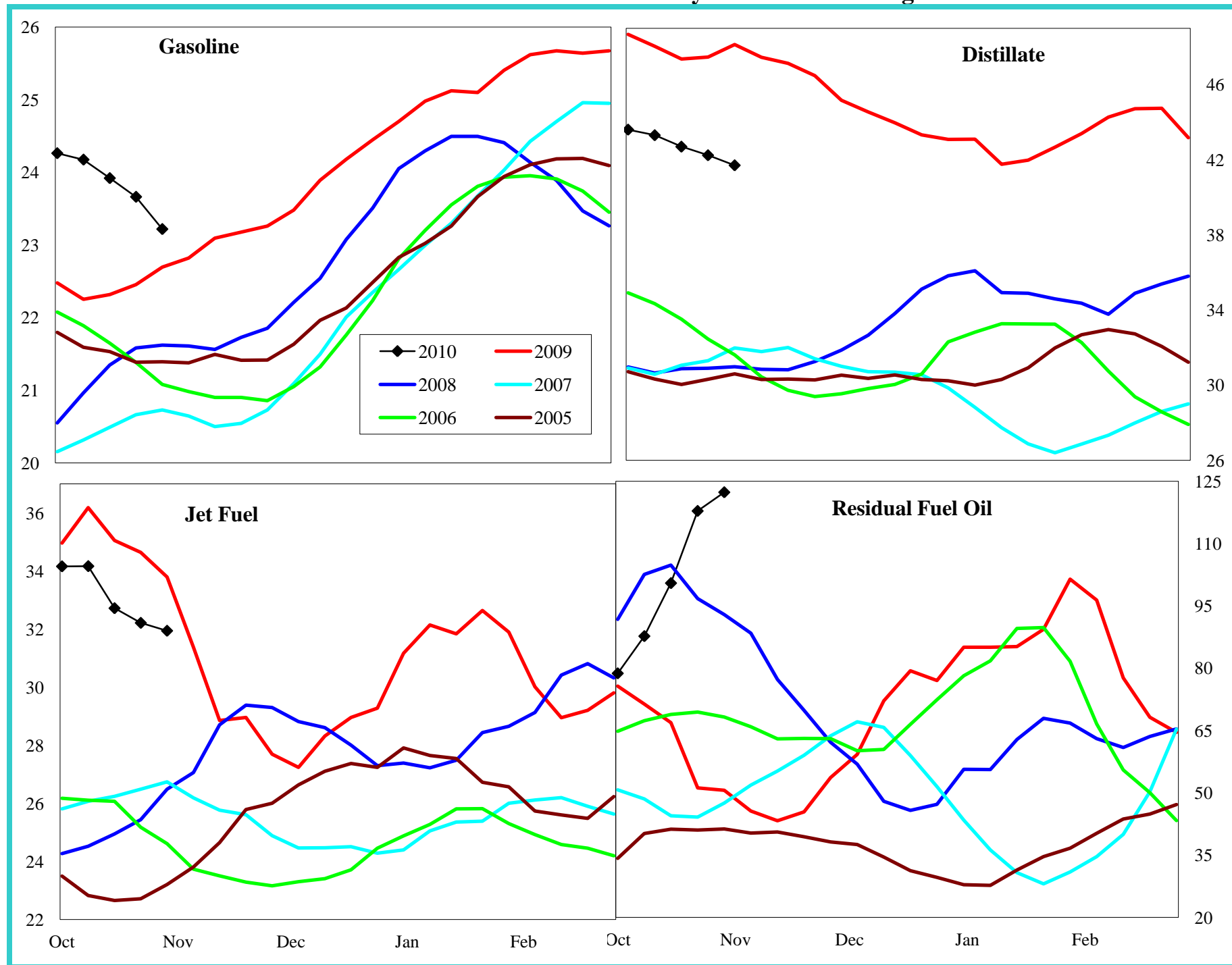
Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization</u> <u>Product Yield %</u>				<u>Imports</u>
Supply/Demand Trends	29-Oct-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	1,950	-963	-1,002	1,247	-385	3,053
	Imports	-885	99	-109	-890	11	4
	Input	-233	-55	-142	44	10	-91
	% Utilization	-1.90					
<u>Gasoline</u>	Stocks	-2,689	-904	-804	-214	153	-918
	Production	-233	-49	-98	30	-42	-15
	Imports	-128	-61	1	-68	0	0
	Supplied	-343					
<u>Distillate</u>	Stocks	-3,568	-1,231	-259	-1,989	53	-143
	Production	-140	-38	-18	-59	6	-31
	Imports	-98	-85	11	-23	0	0
	Supplied	42					
<u>Jet Fuel</u>	Stocks	-999	-105	304	-1,306	26	83
	Production	-36	-2	-2	-23	6	-16
	Imports	37	42	0	0	0	-5
	Supplied	107					
<u>Residual Fuel Oil</u>	Stocks	147	-244	-69	541	-41	-39
	Production	-72	5	-7	-25	-7	-37
	Imports	-50	-62	0	-11	0	21
	Supplied	-90					

# United States Wholesale Petroleum Demand

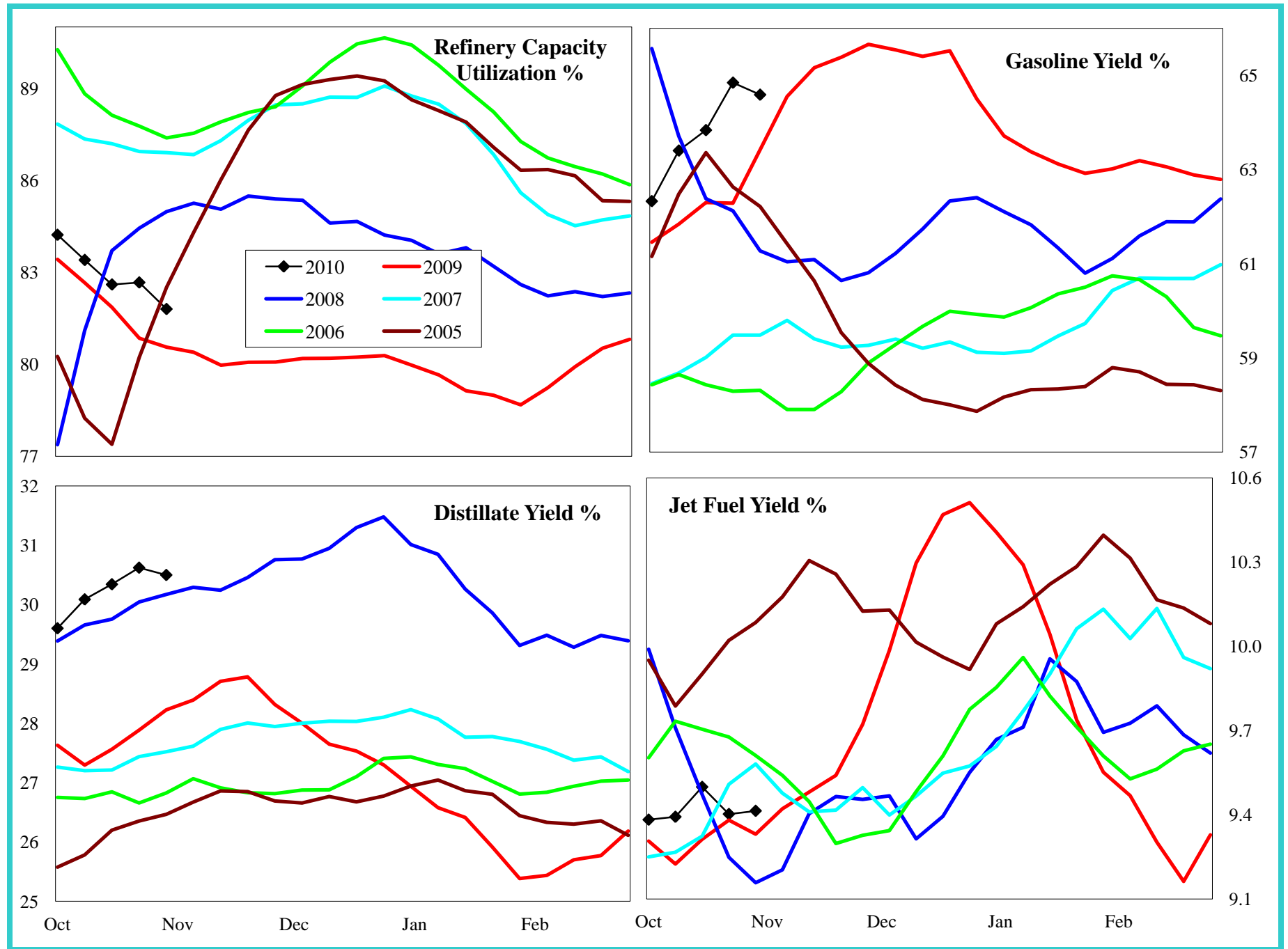


	000 bpd change from prior year				% change from prior year				
	4wk avg	Sep	Aug	Jul	4wk avg	Sep	Aug	Jul	
Gasoline	-1	149	76	72	0.0	1.7	0.8	0.8	
Distillate	394	229	364	166	11.1	6.4	10.6	4.9	
Jet Fuel	3	36	0	-48	0.2	2.5	0.0	-3.2	
Resid	-254	76	-22	255	-41.5	22.4	-4.7	79.9	

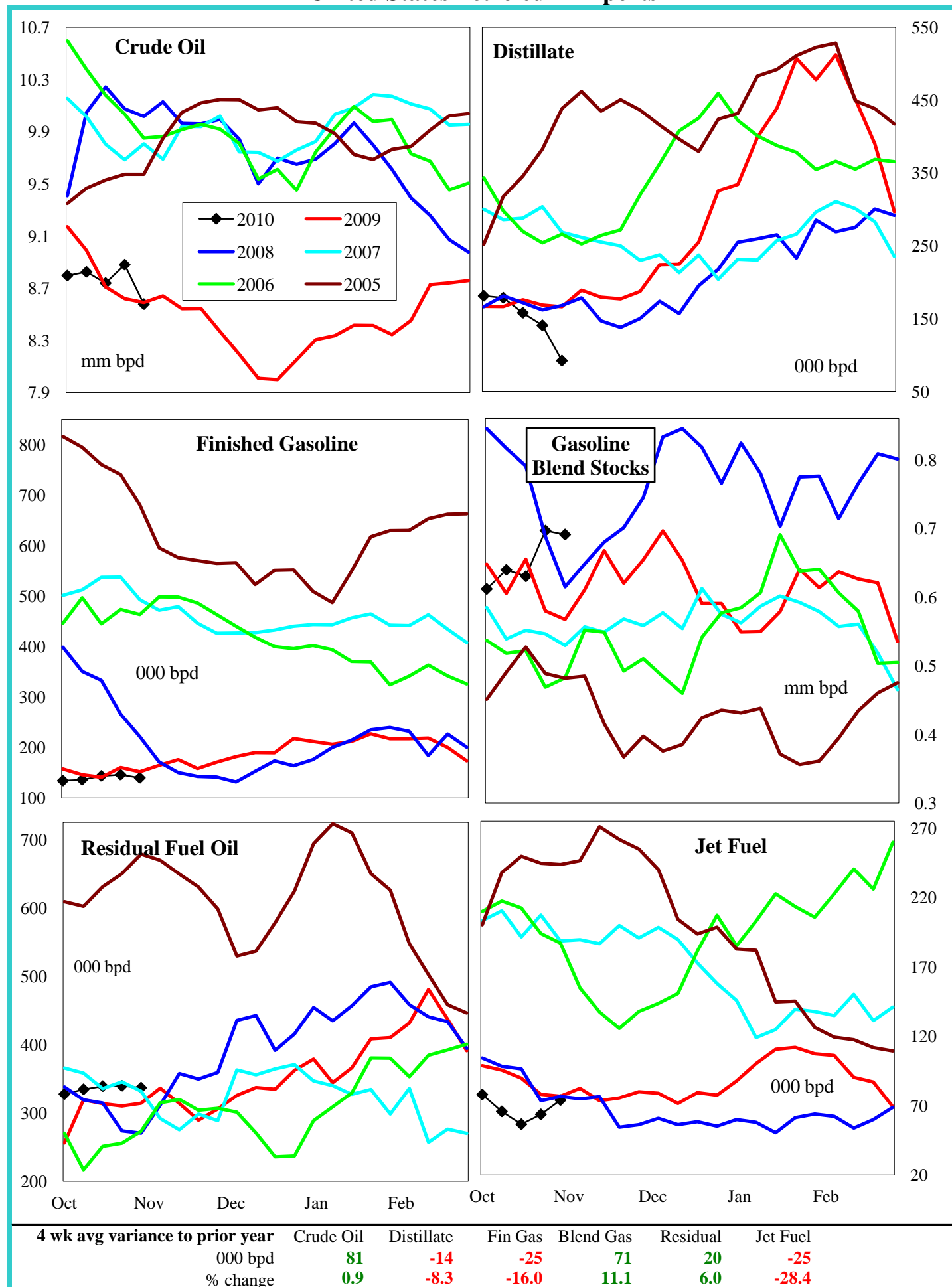
# United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

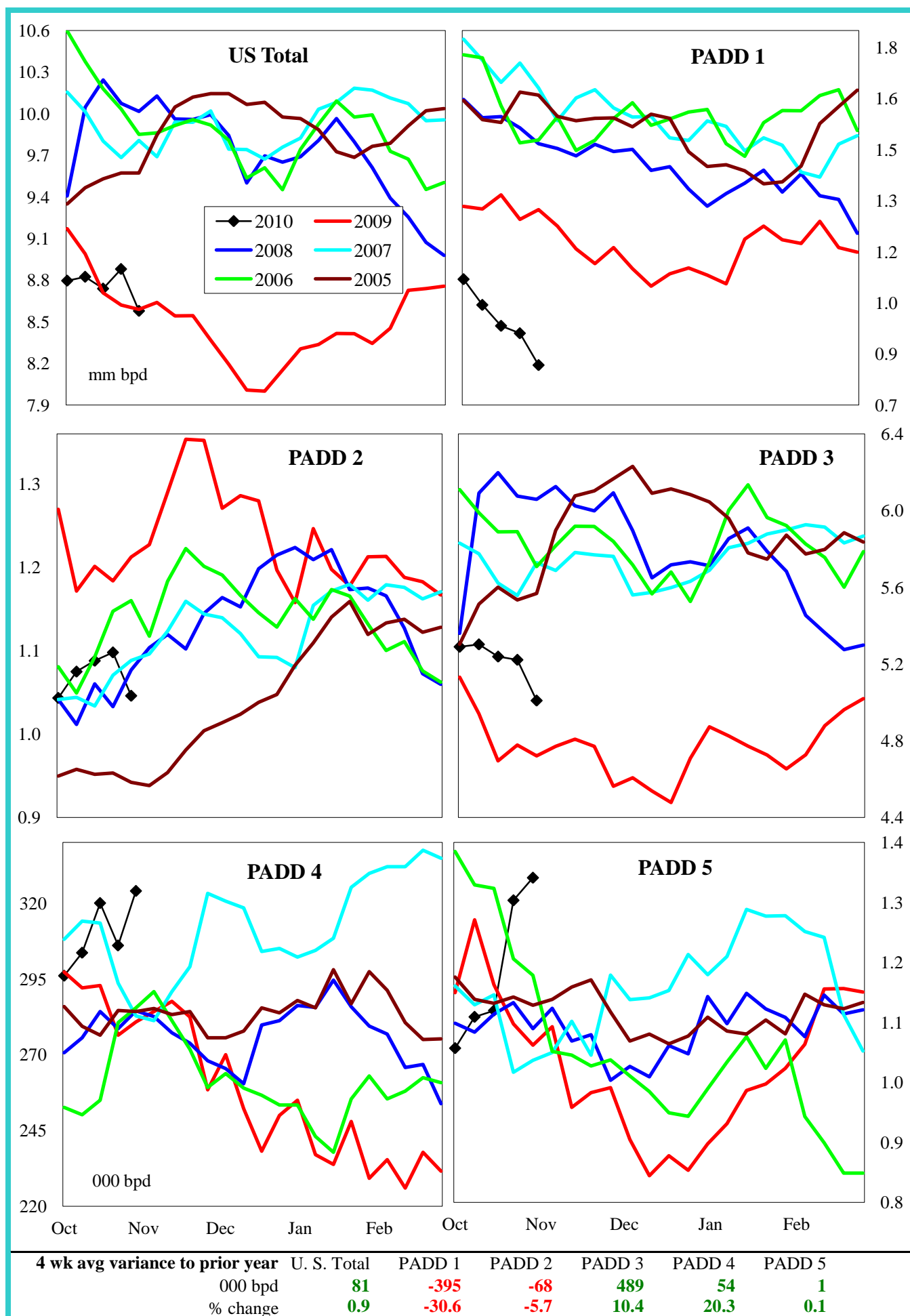


# United States Petroleum Imports

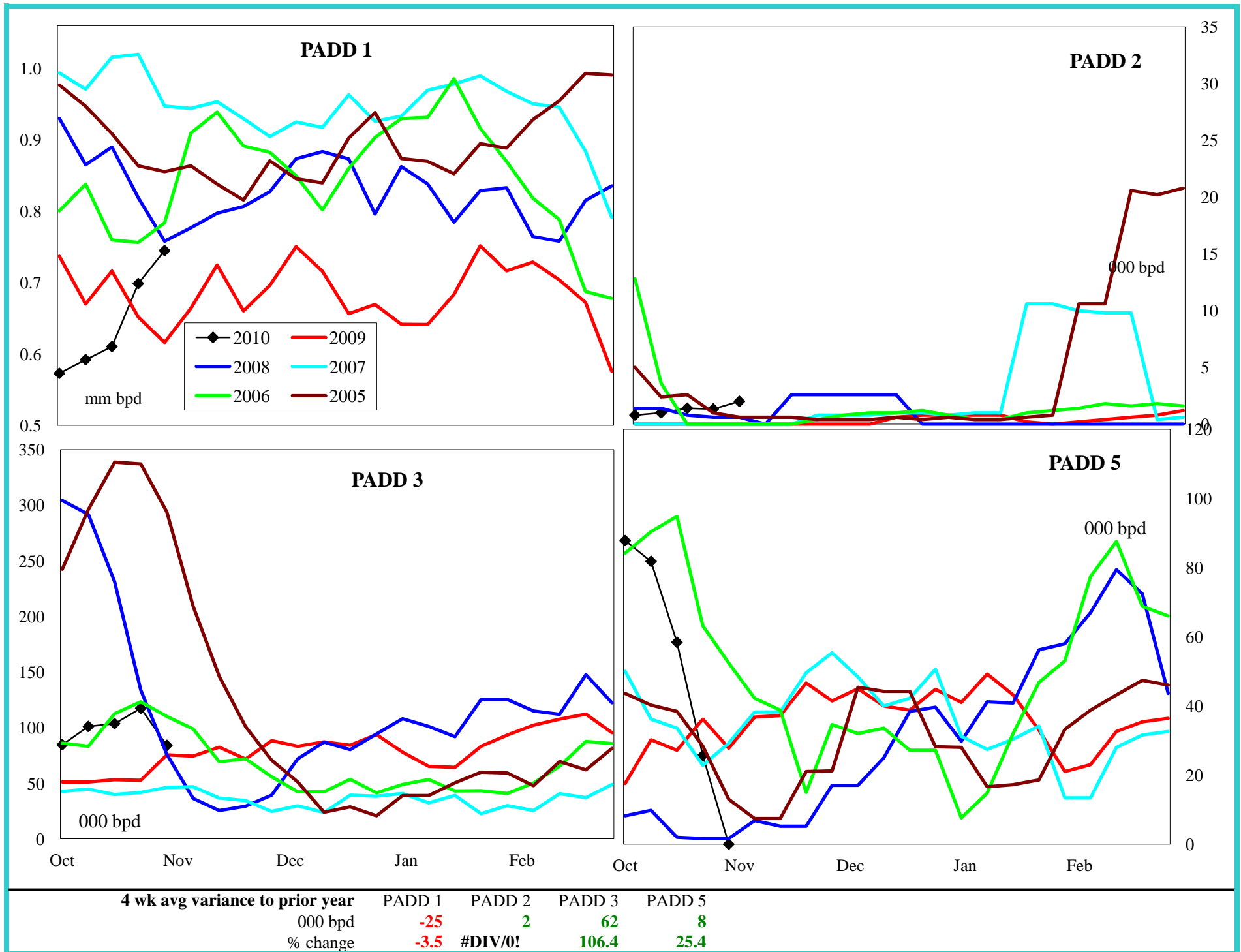




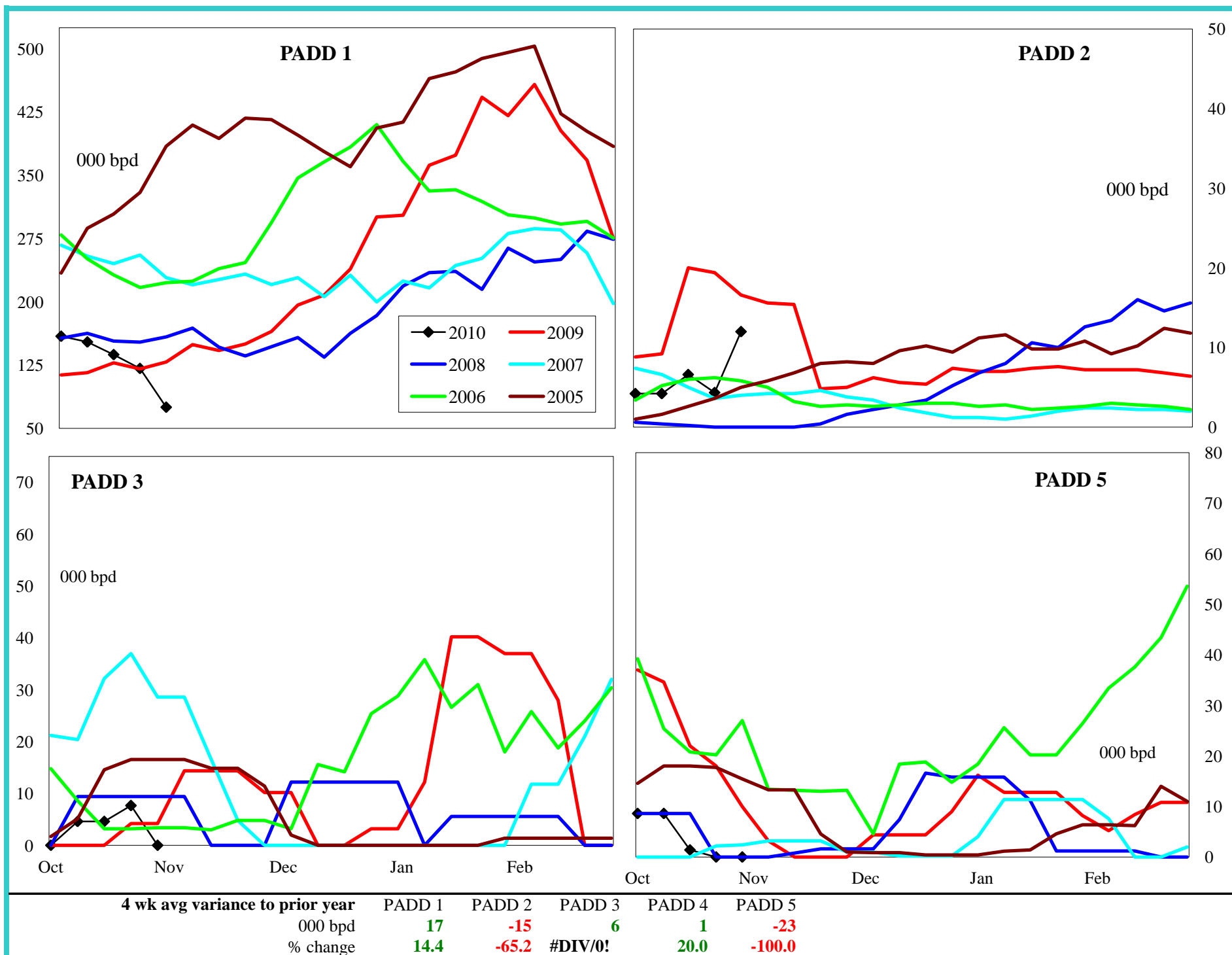
## Crude Oil Imports by PADD



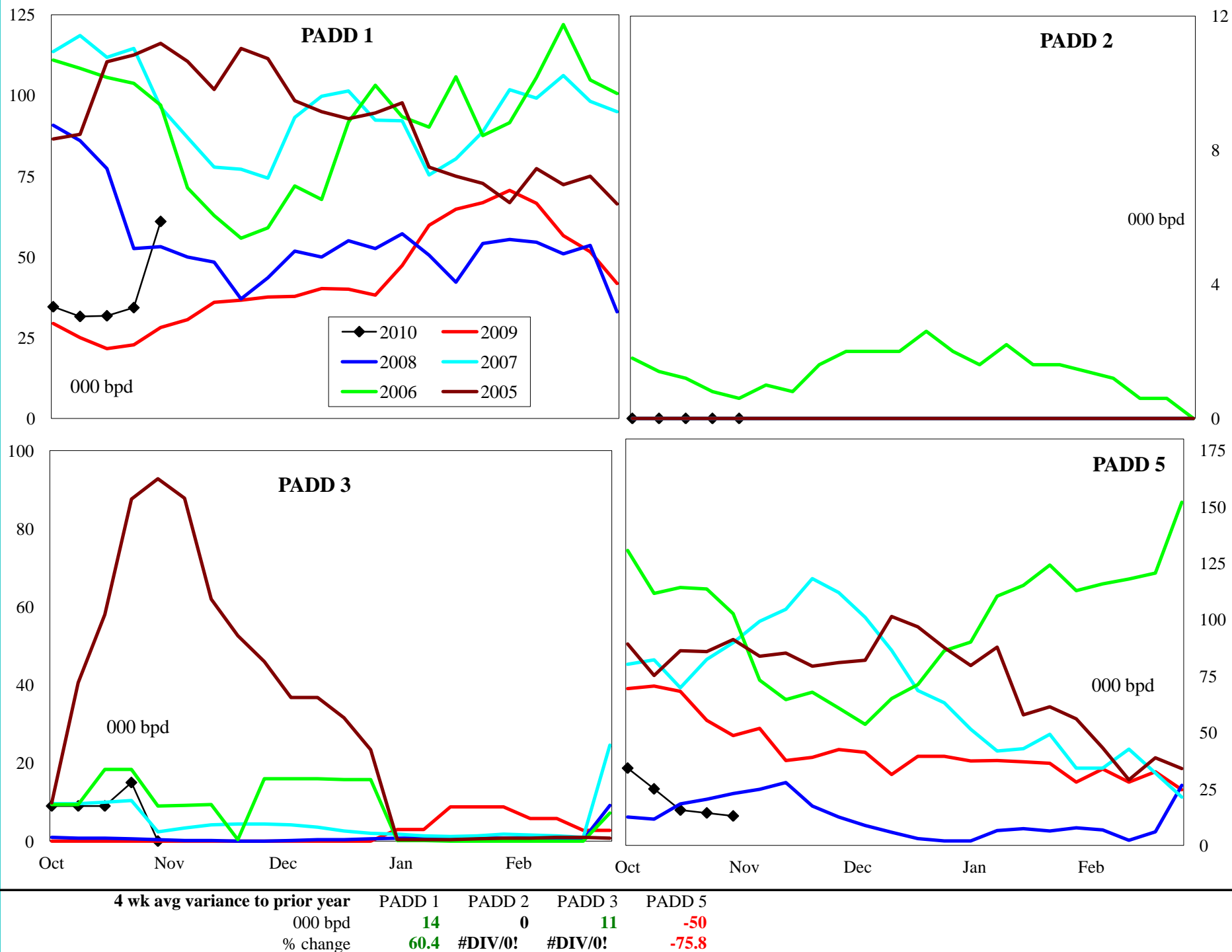
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

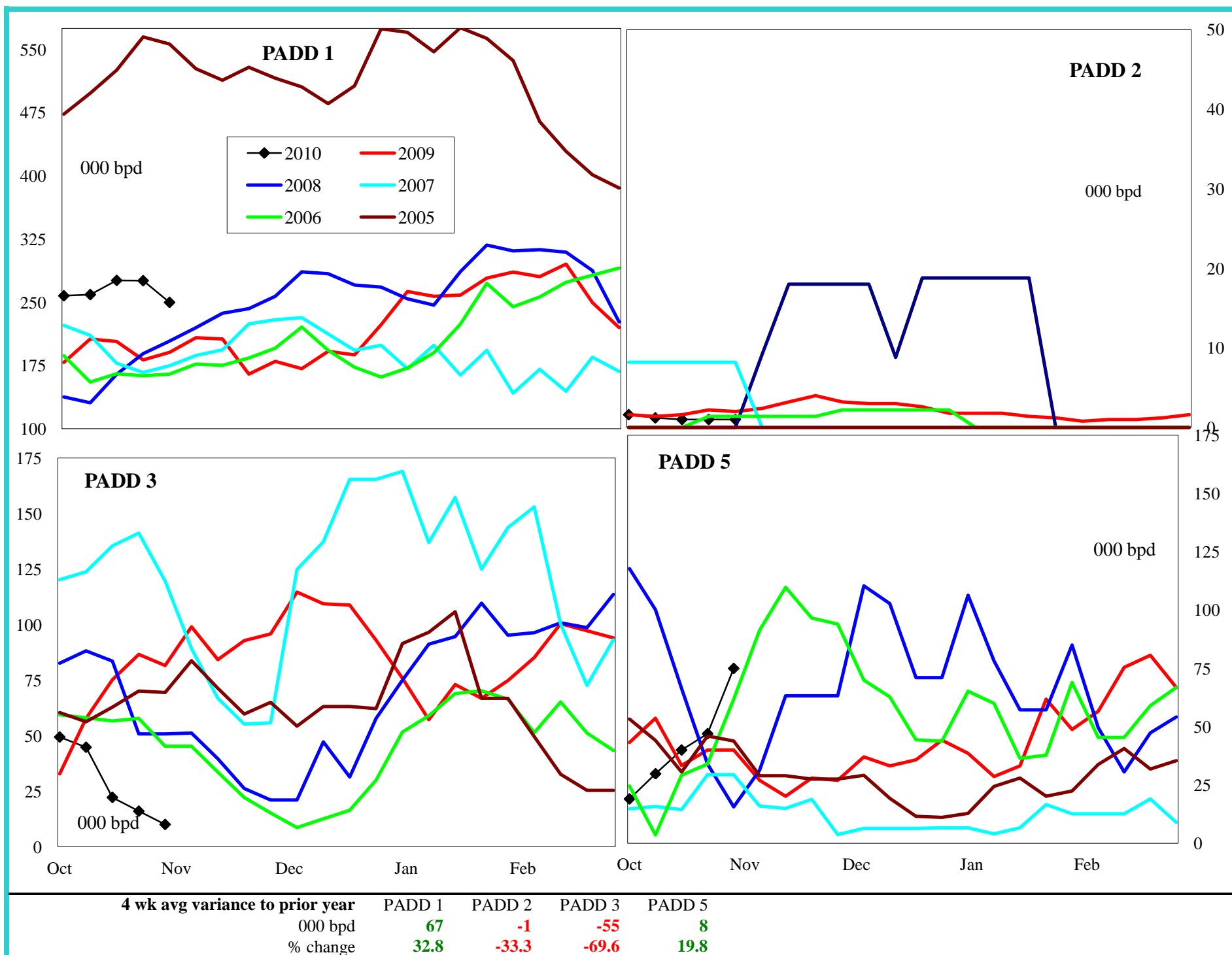


# Jet Fuel Imports by PADD

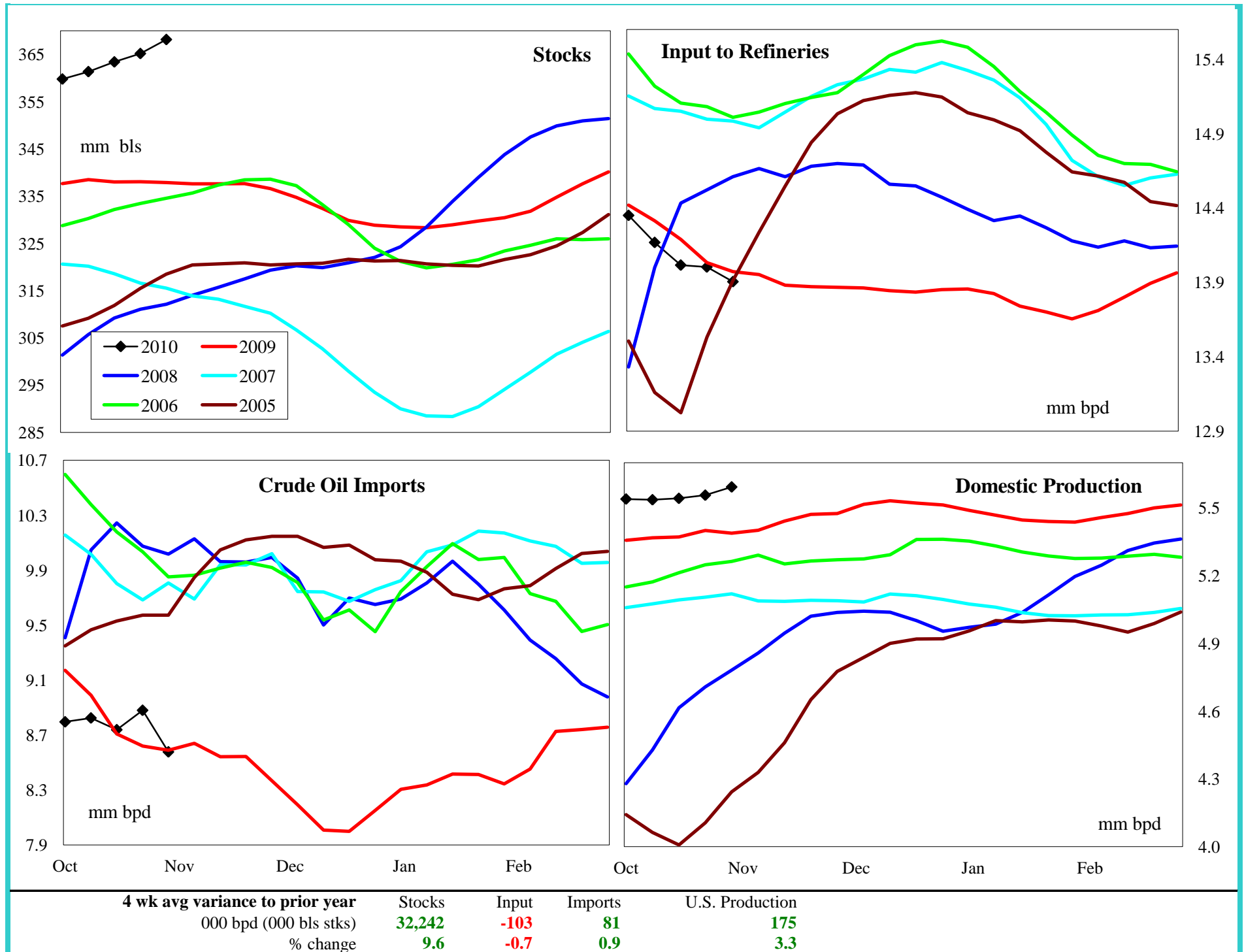




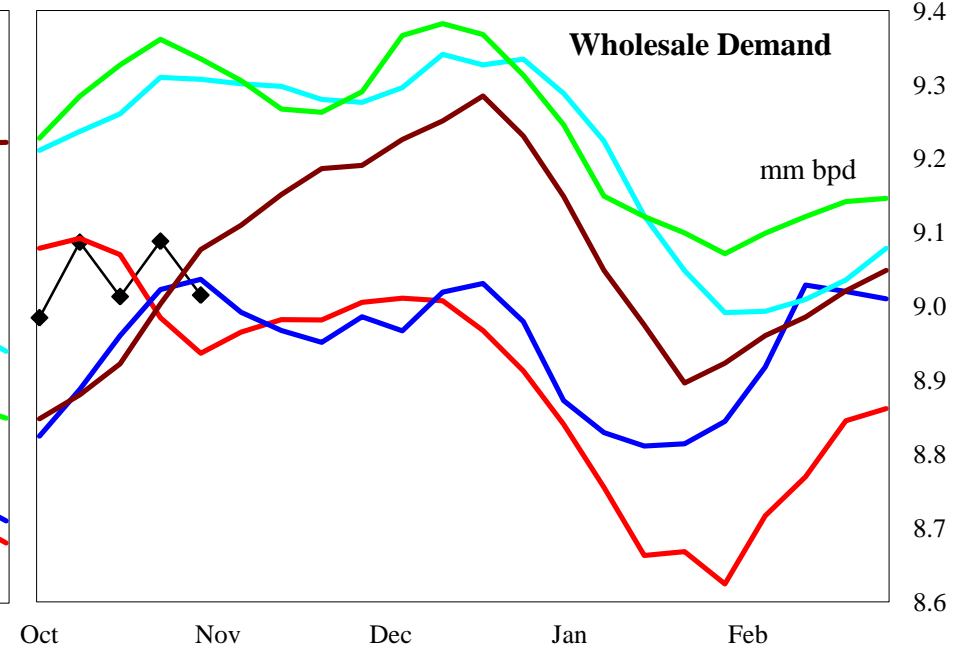
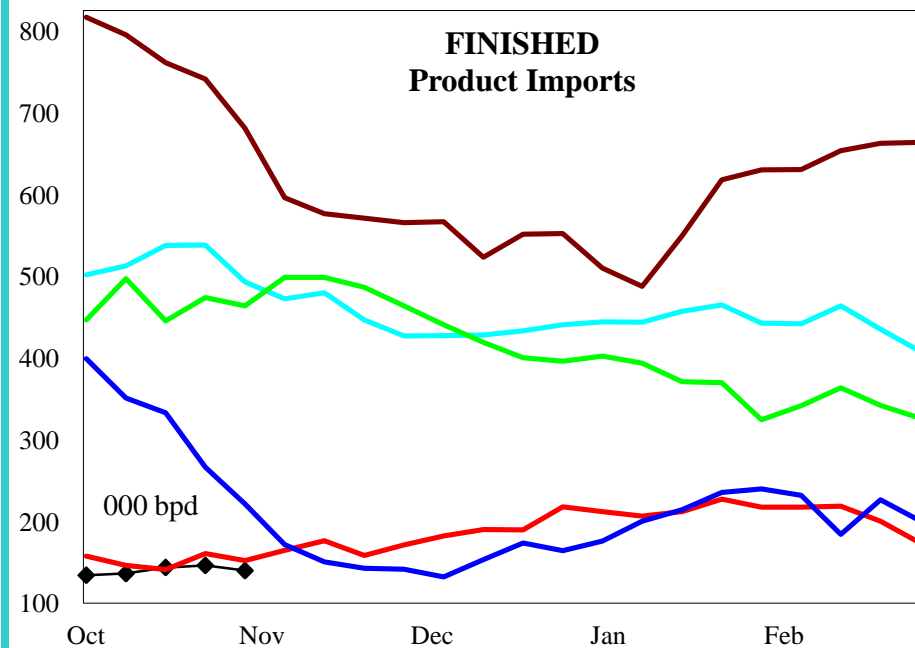
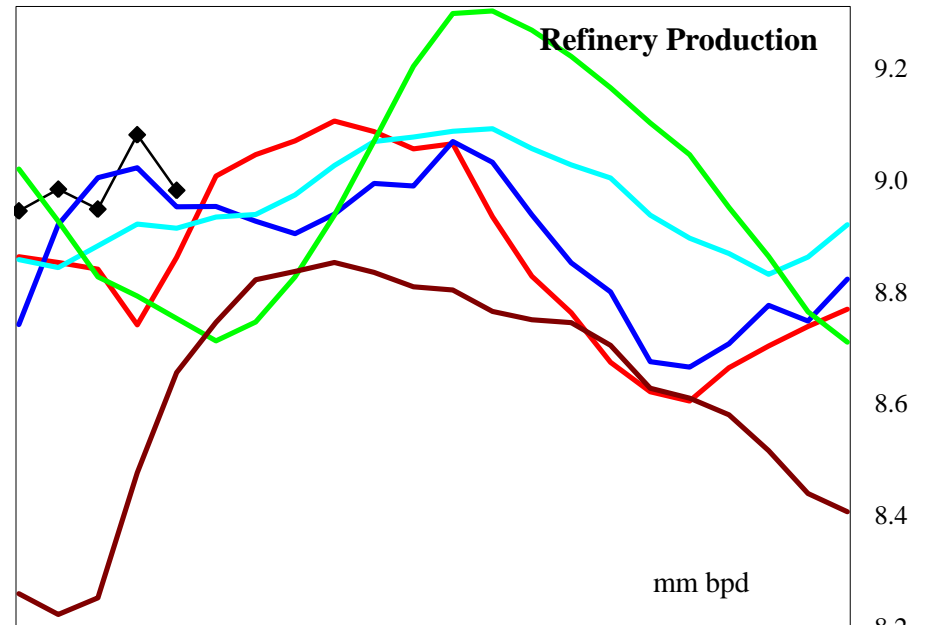
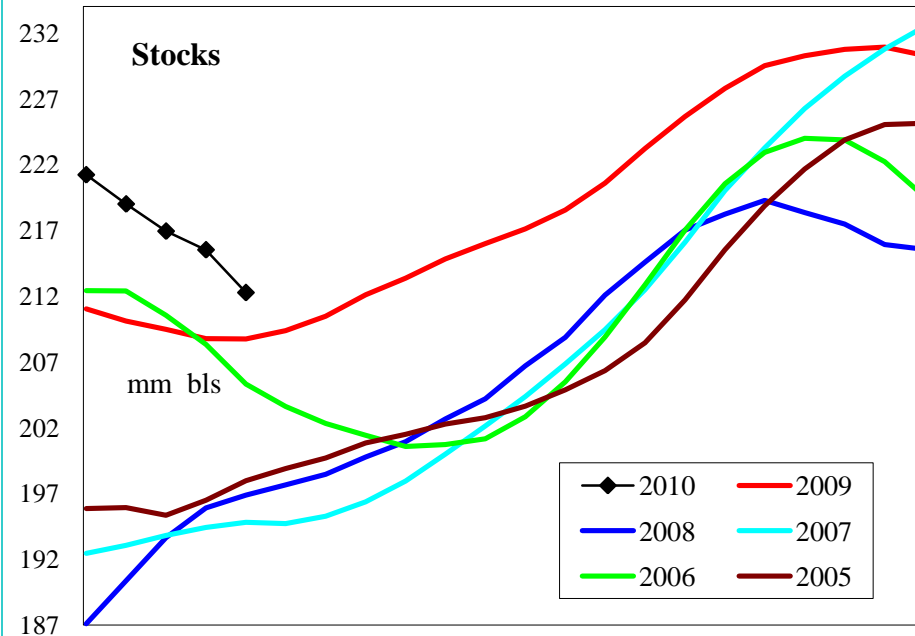
## Residual Fuel Oil Imports by PADD



# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

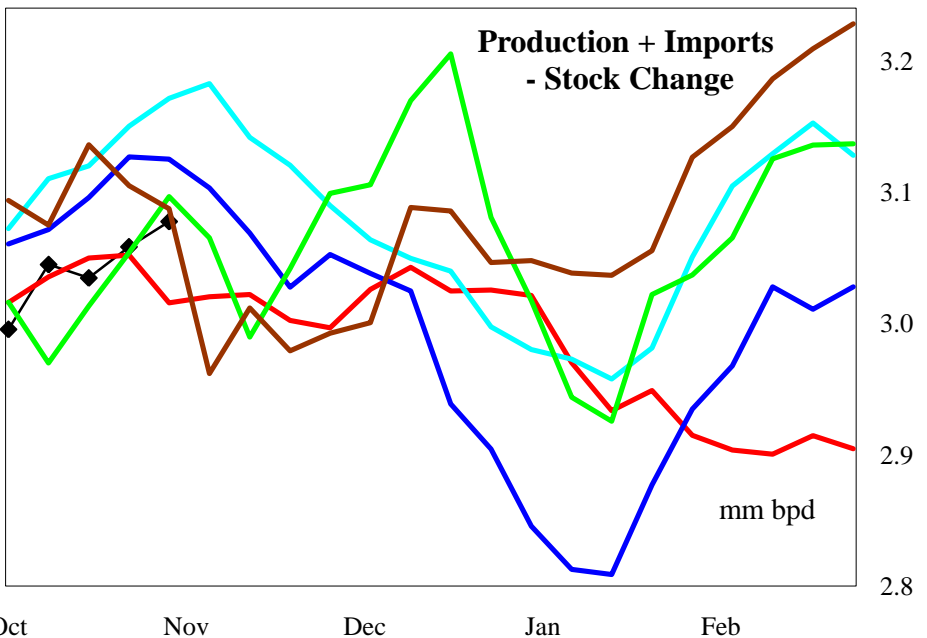
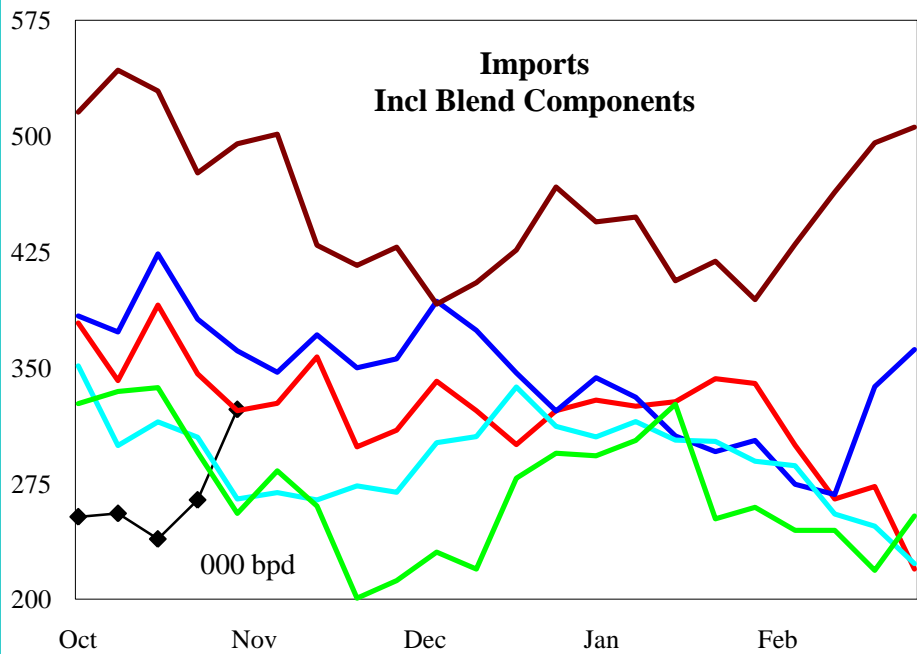
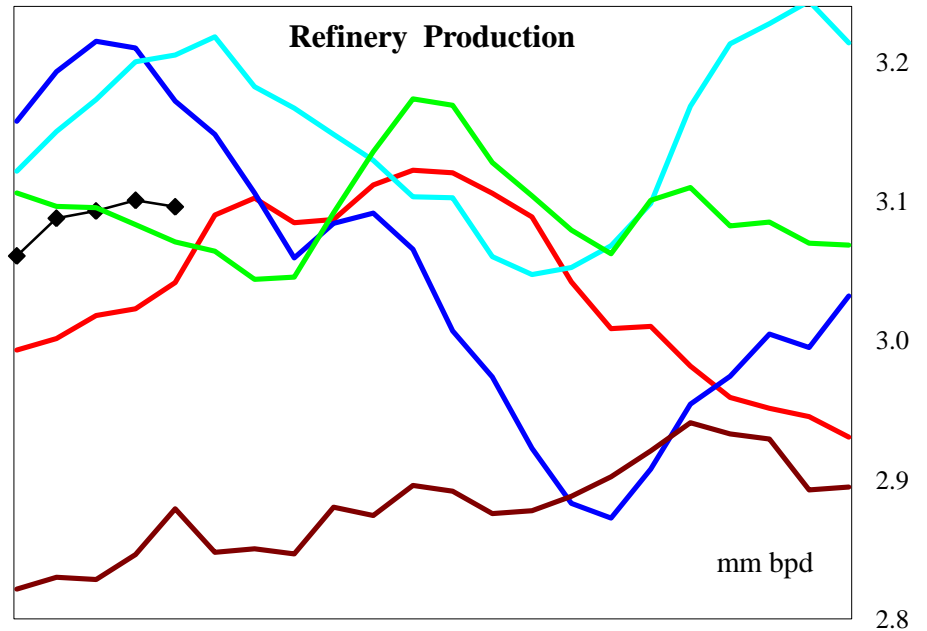
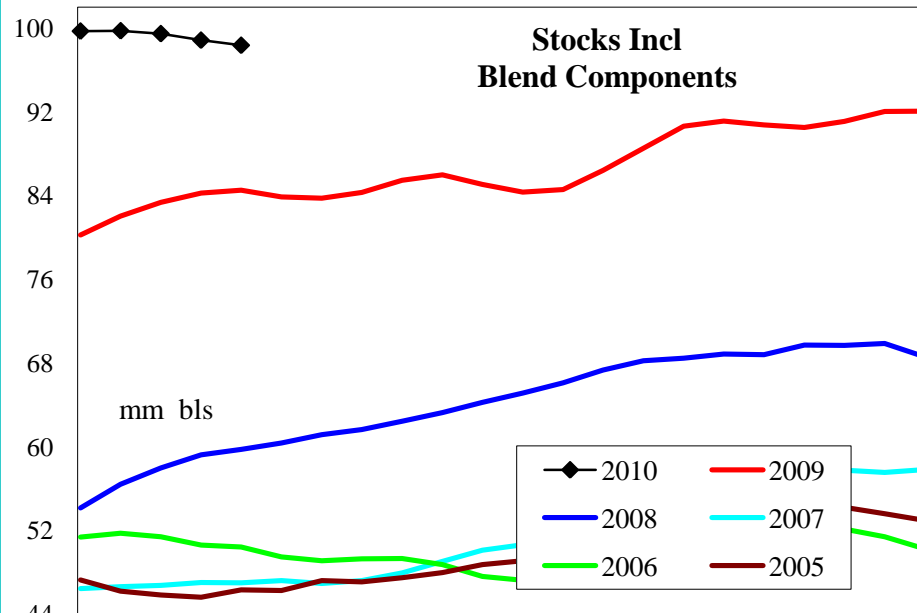
% change

Stocks	Production	Fin Impt	Blend Impt	Demand=>
3,976	296	-25	71	
1.9	3.4	-16.0	11.1	

4wk avg	Sep	Aug	Jul
-1	149	76	72
0.0	1.7	0.8	0.8



# United States Reformulated Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

13,837

16.4

Production

101

3.4

Imports

-80

-22.7

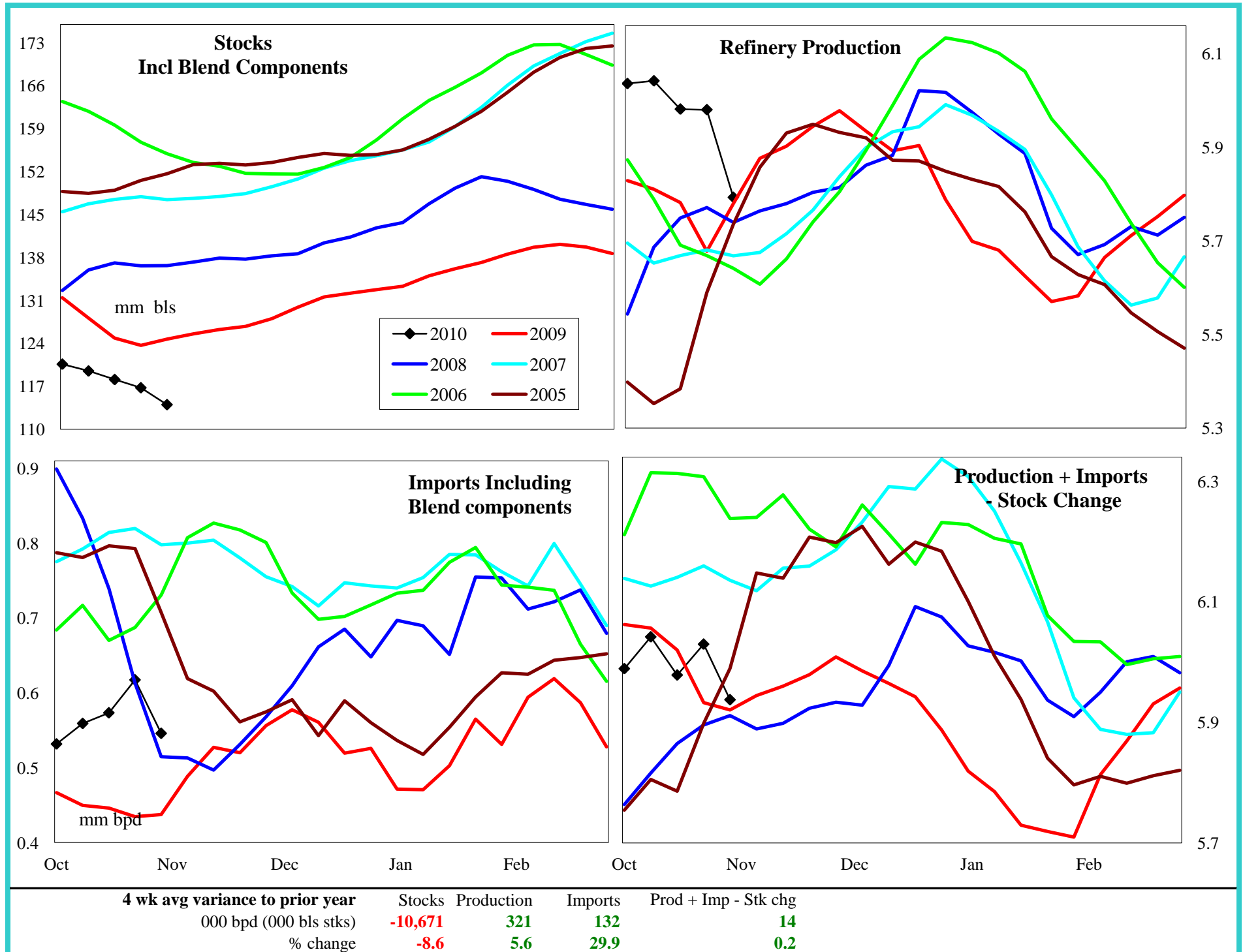
Prod + Imp - Stk chg

16

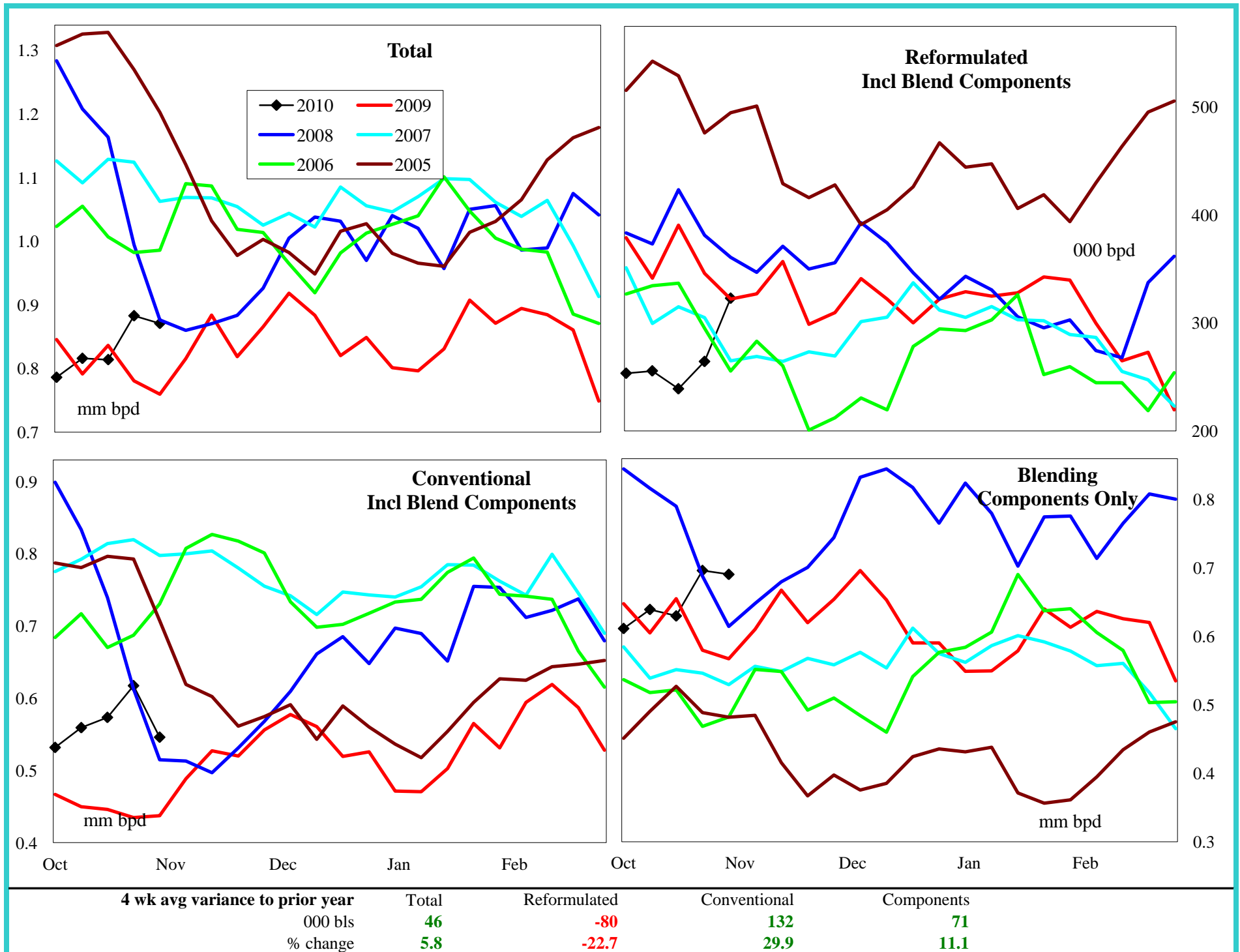
0.5



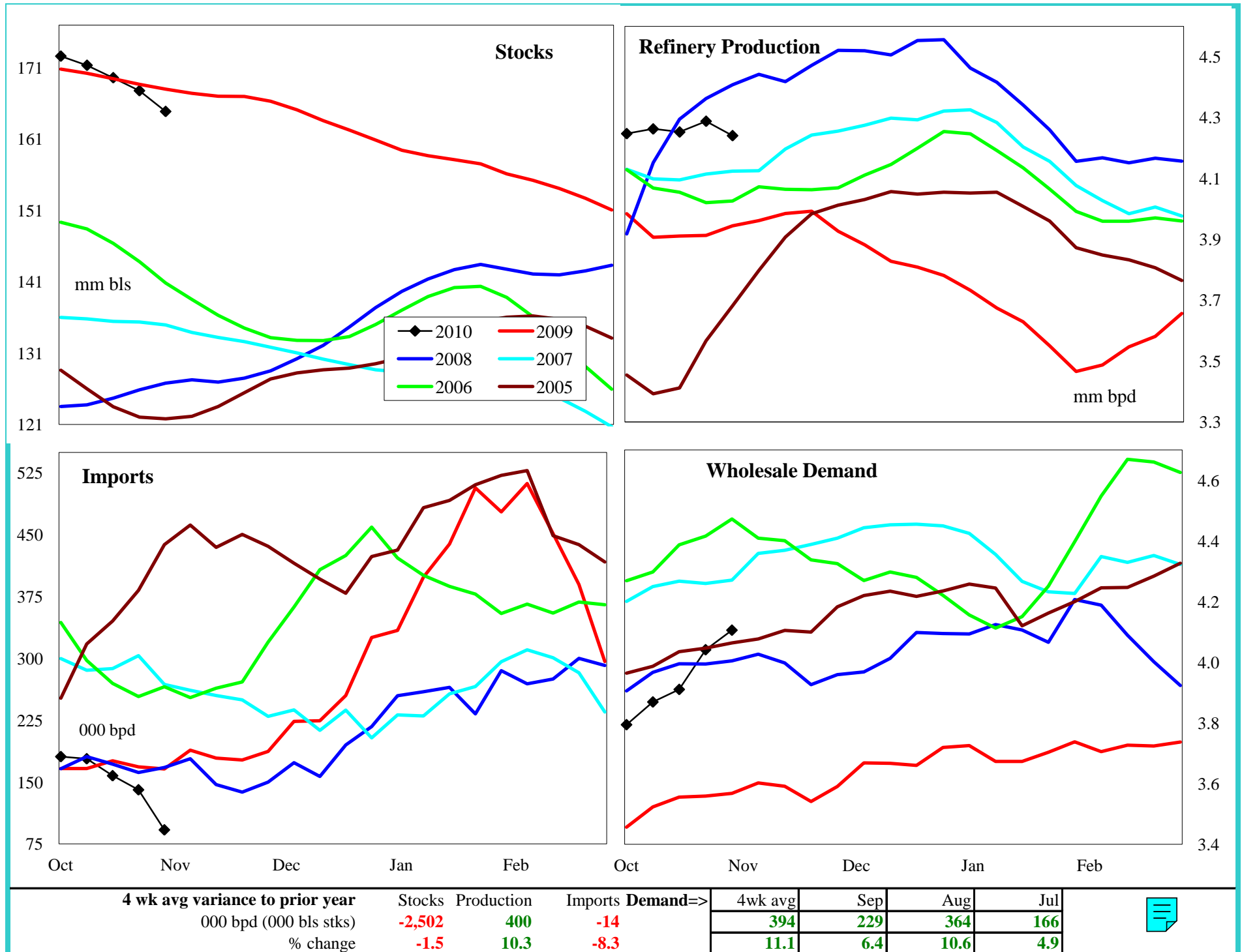
# United States Conventional Gasoline Supply



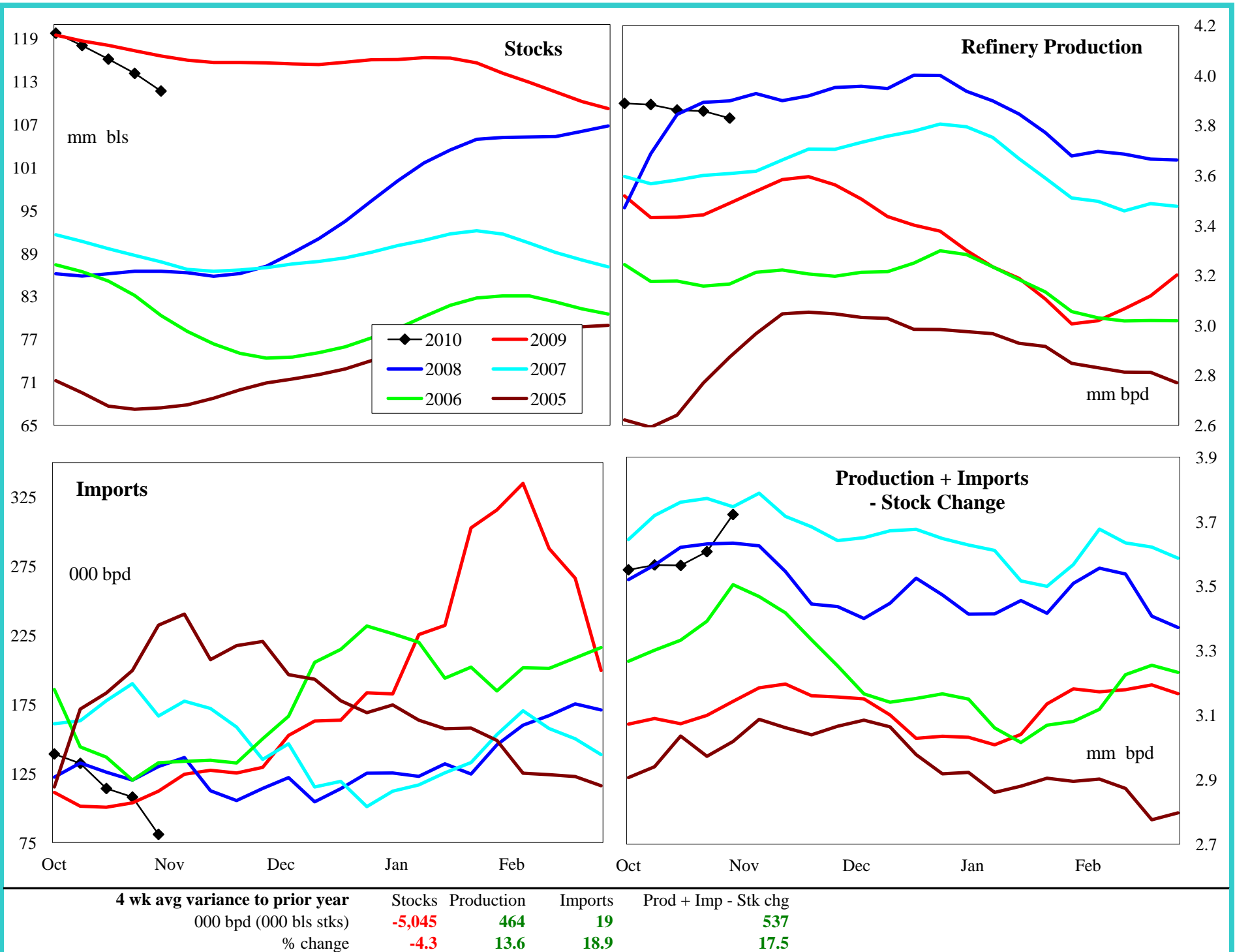
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

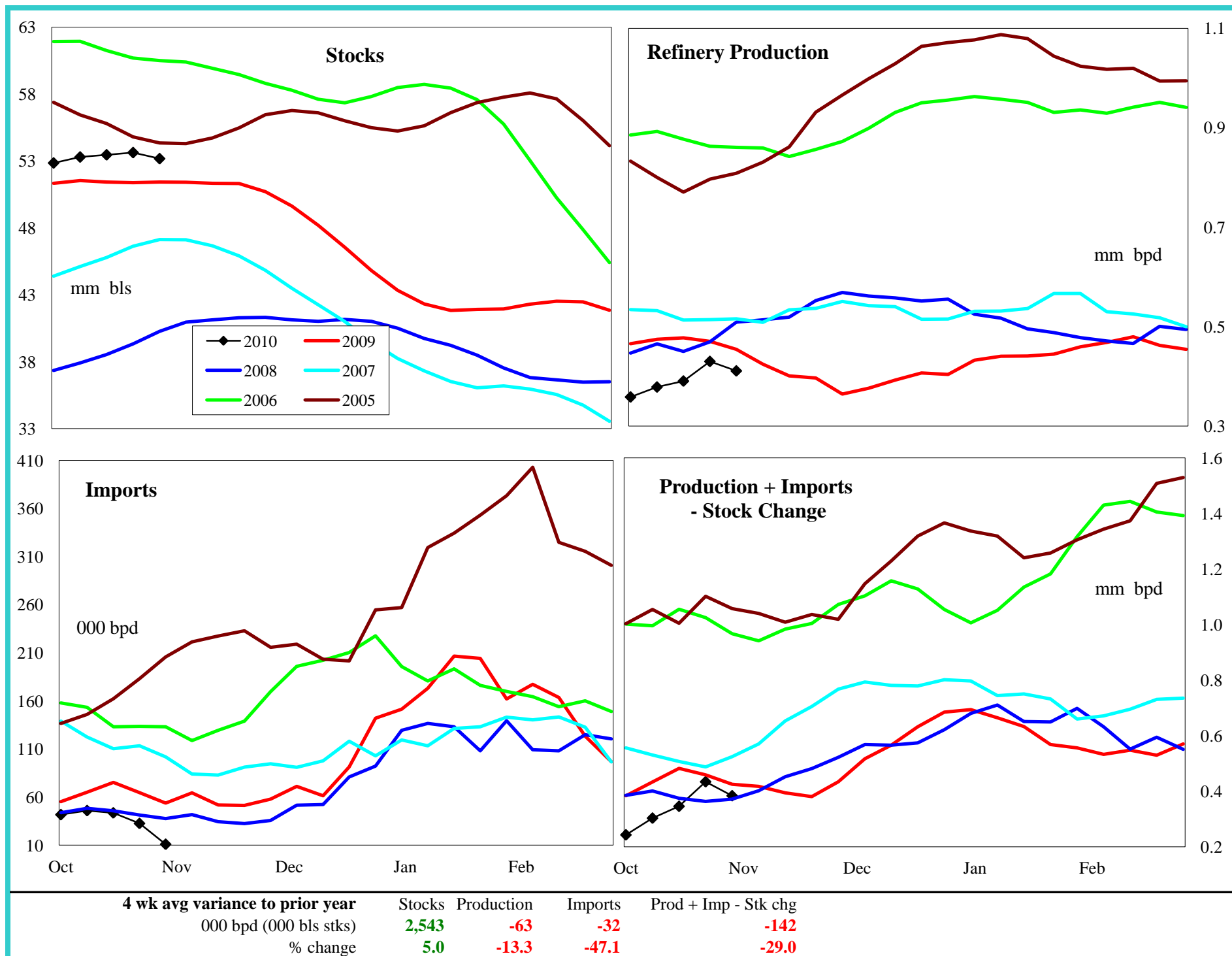


# United States Low Sulfur Distillate Supply

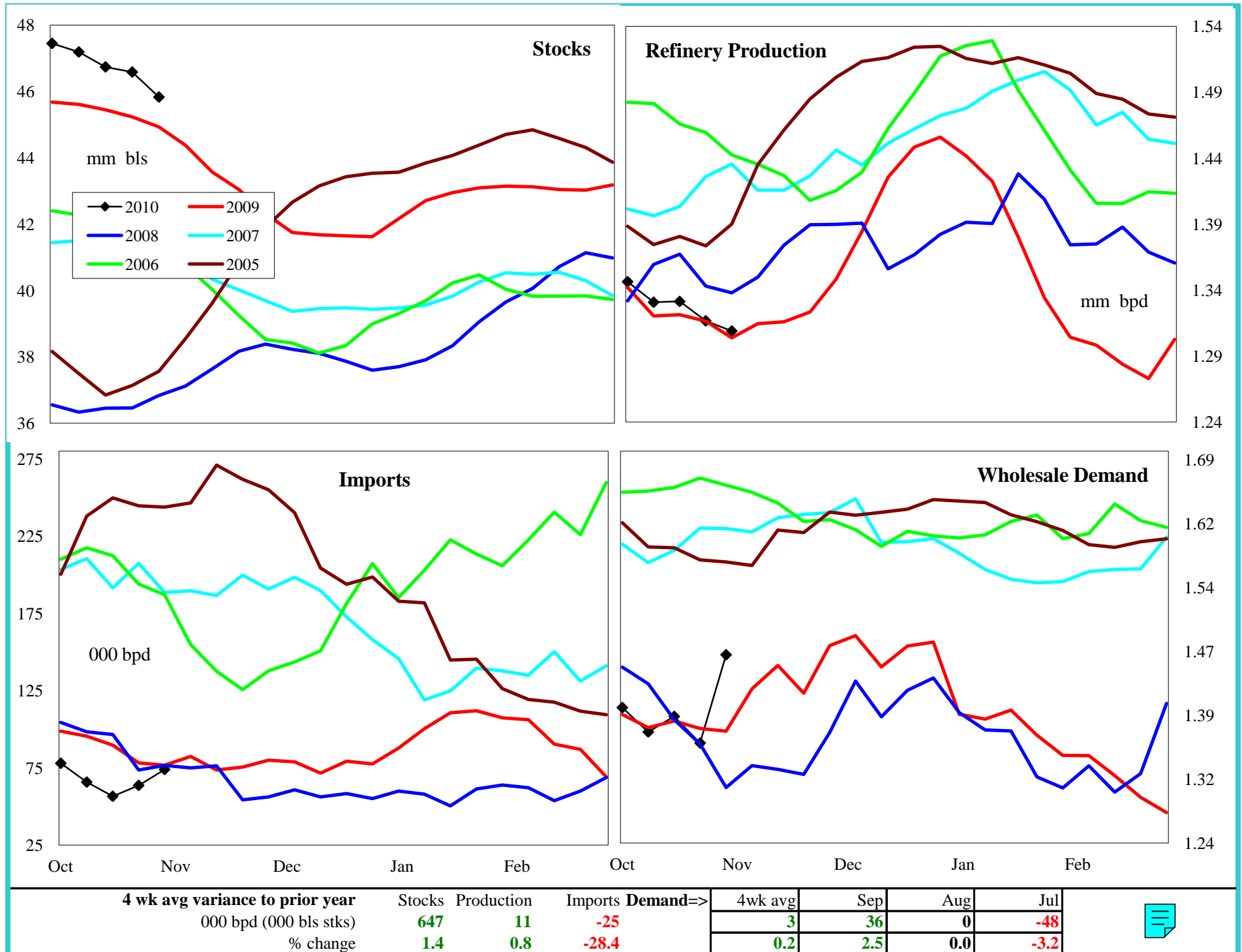




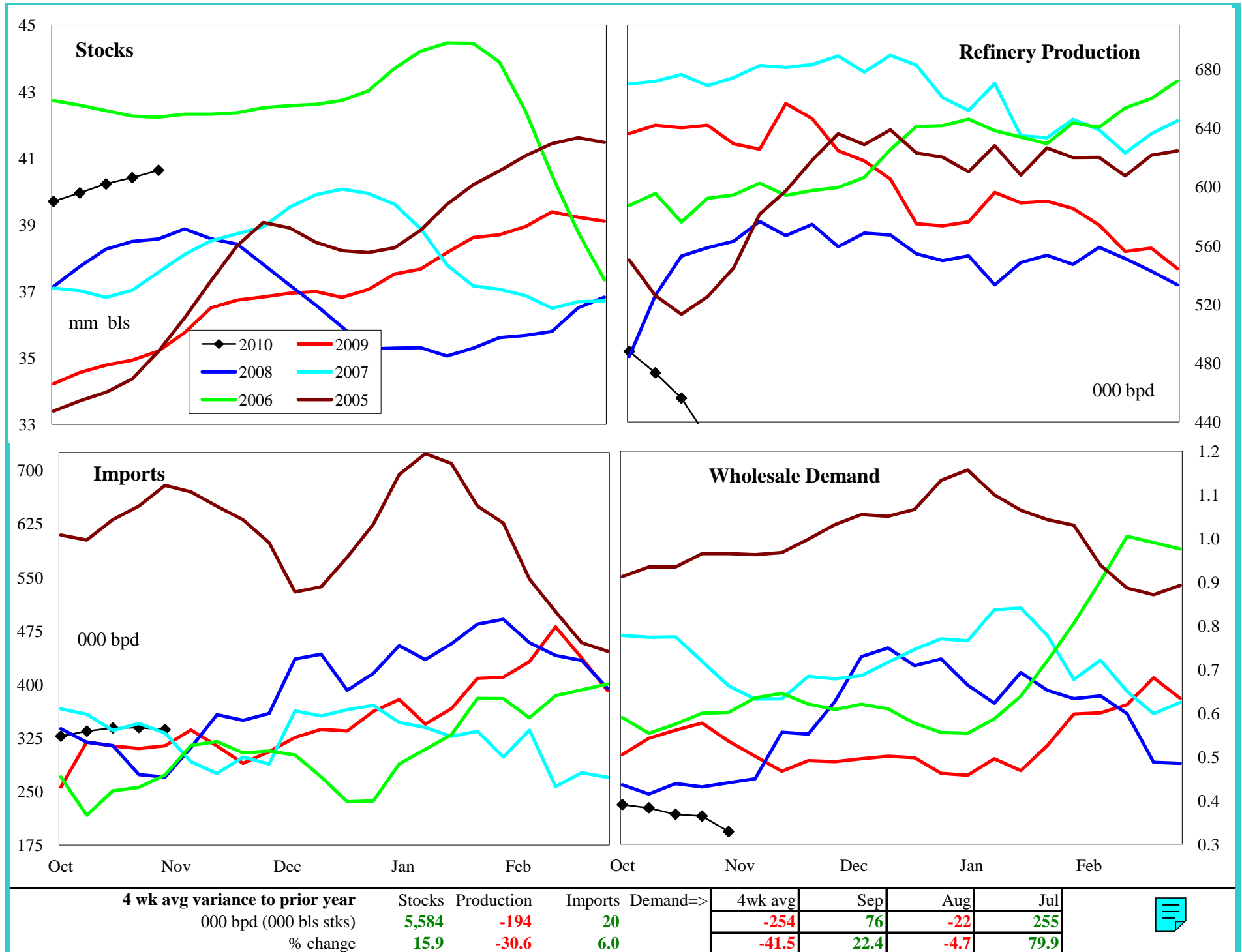
# United States High Sulfur Distillate Supply



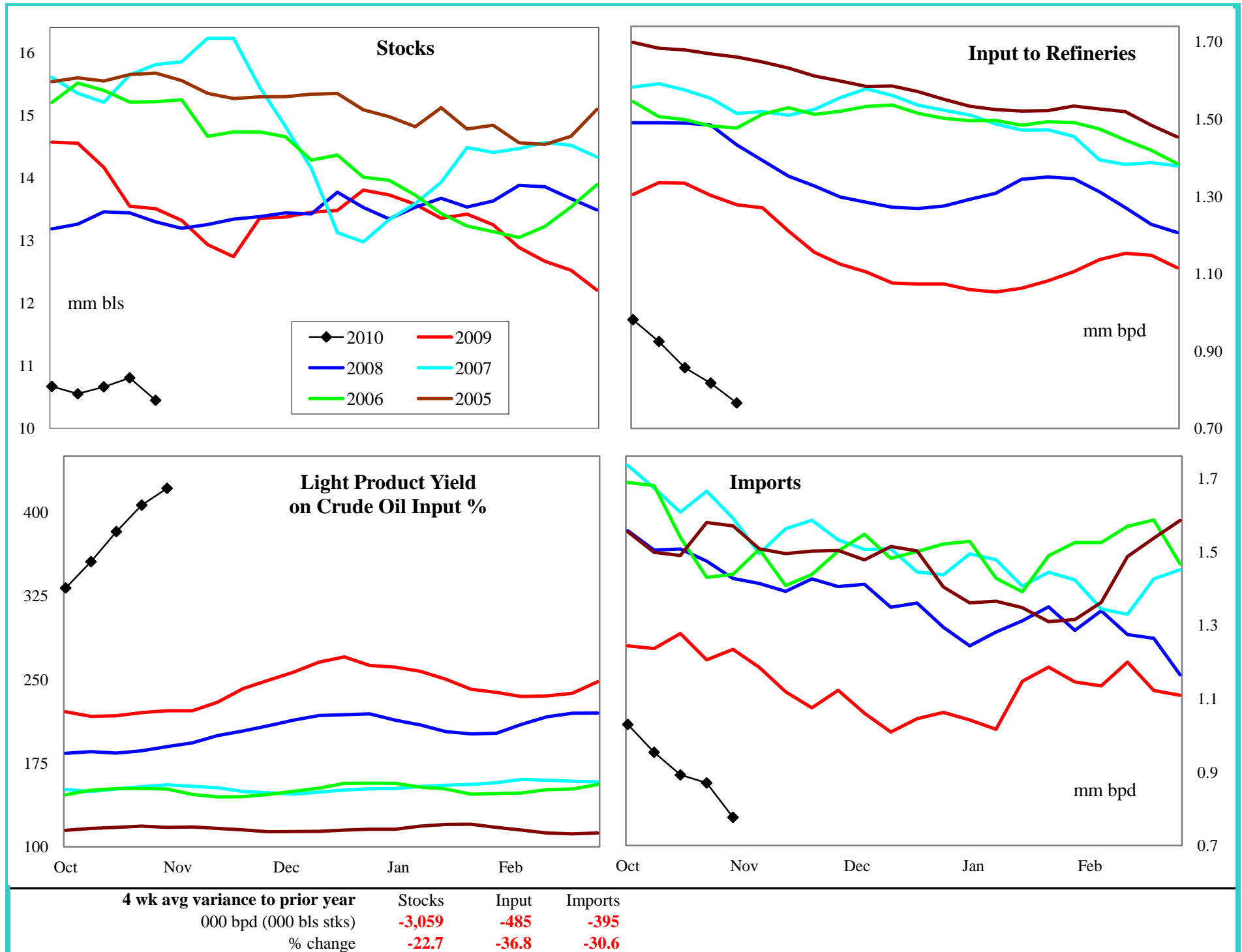
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

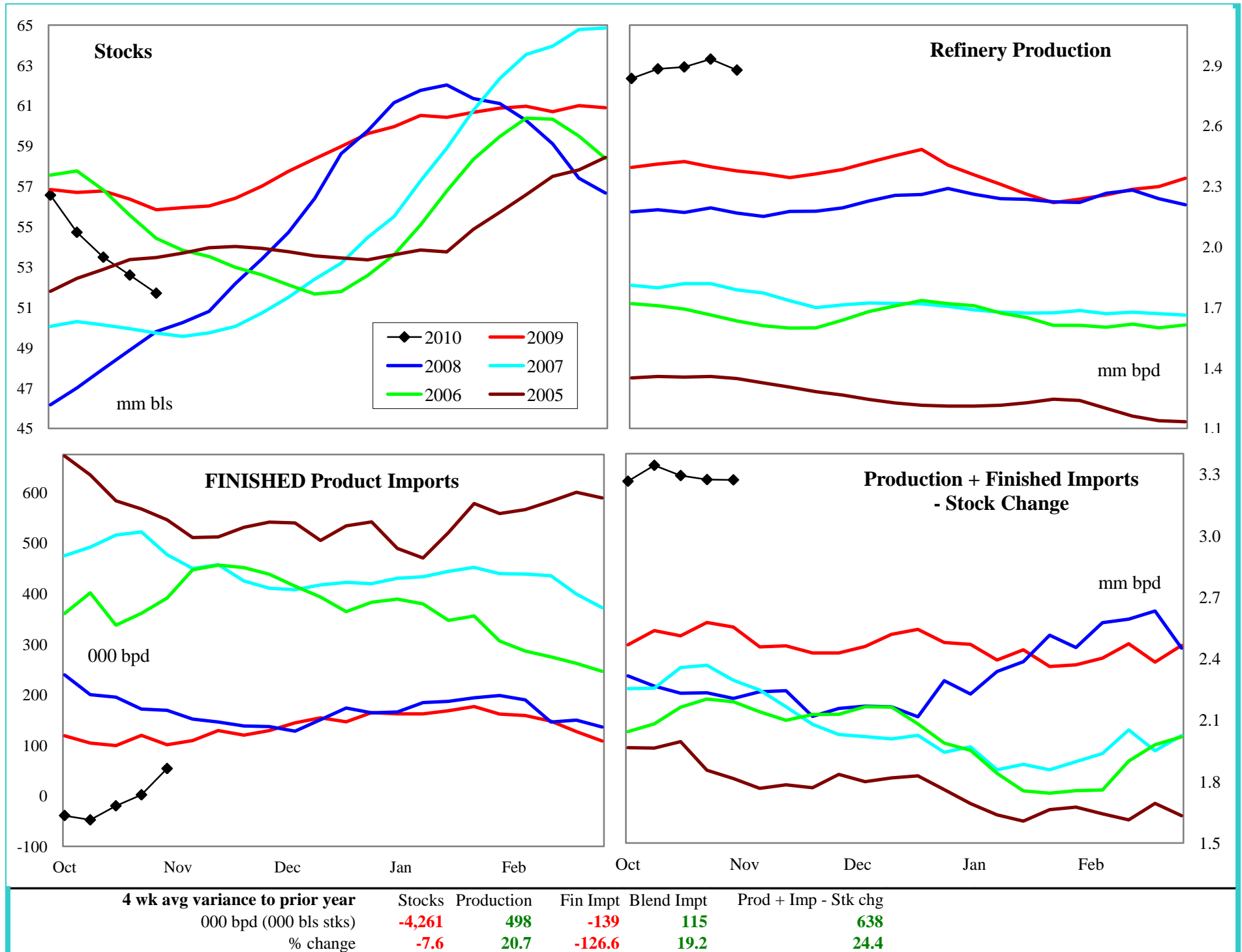


# PADD 1 Crude Oil Supply and Refining

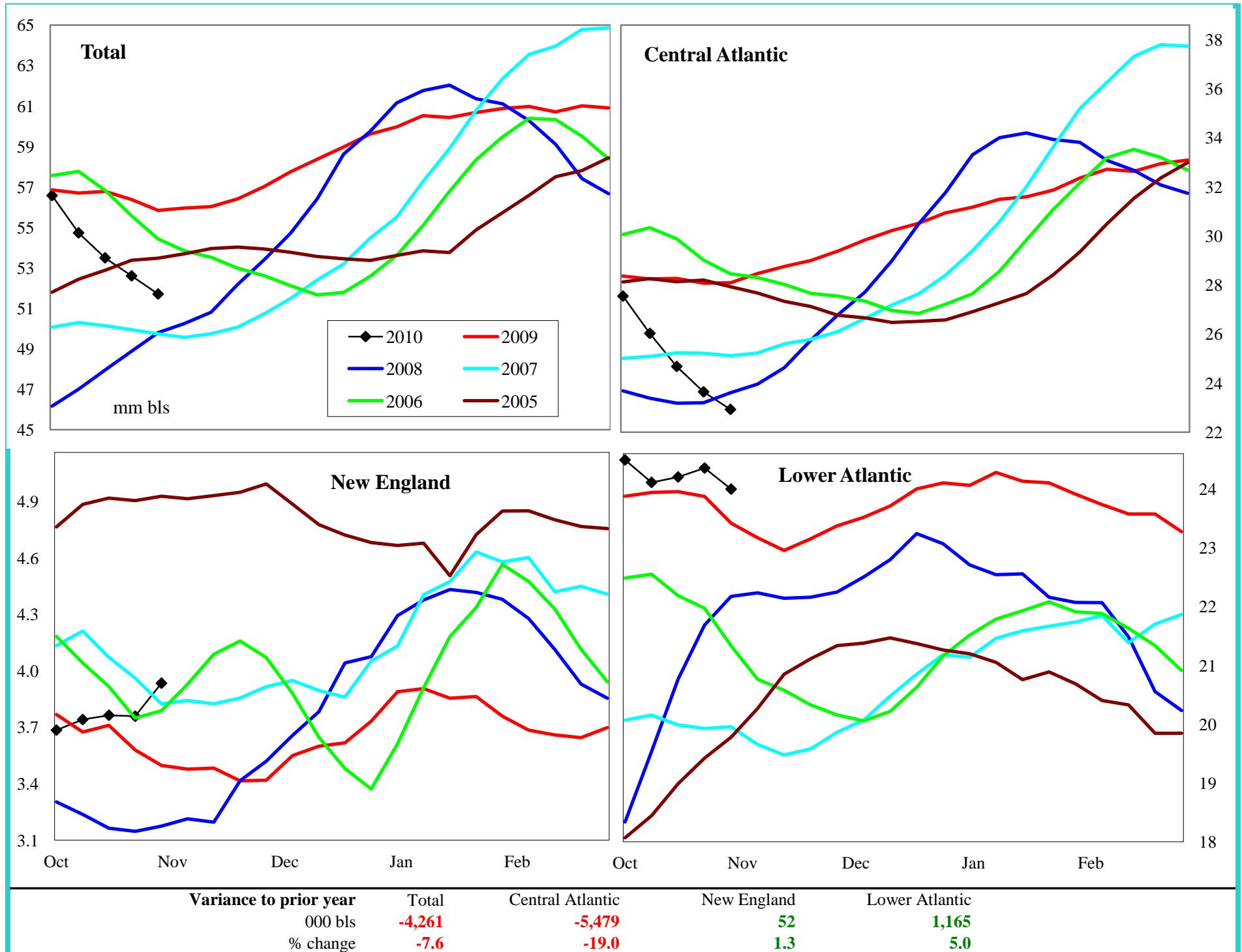




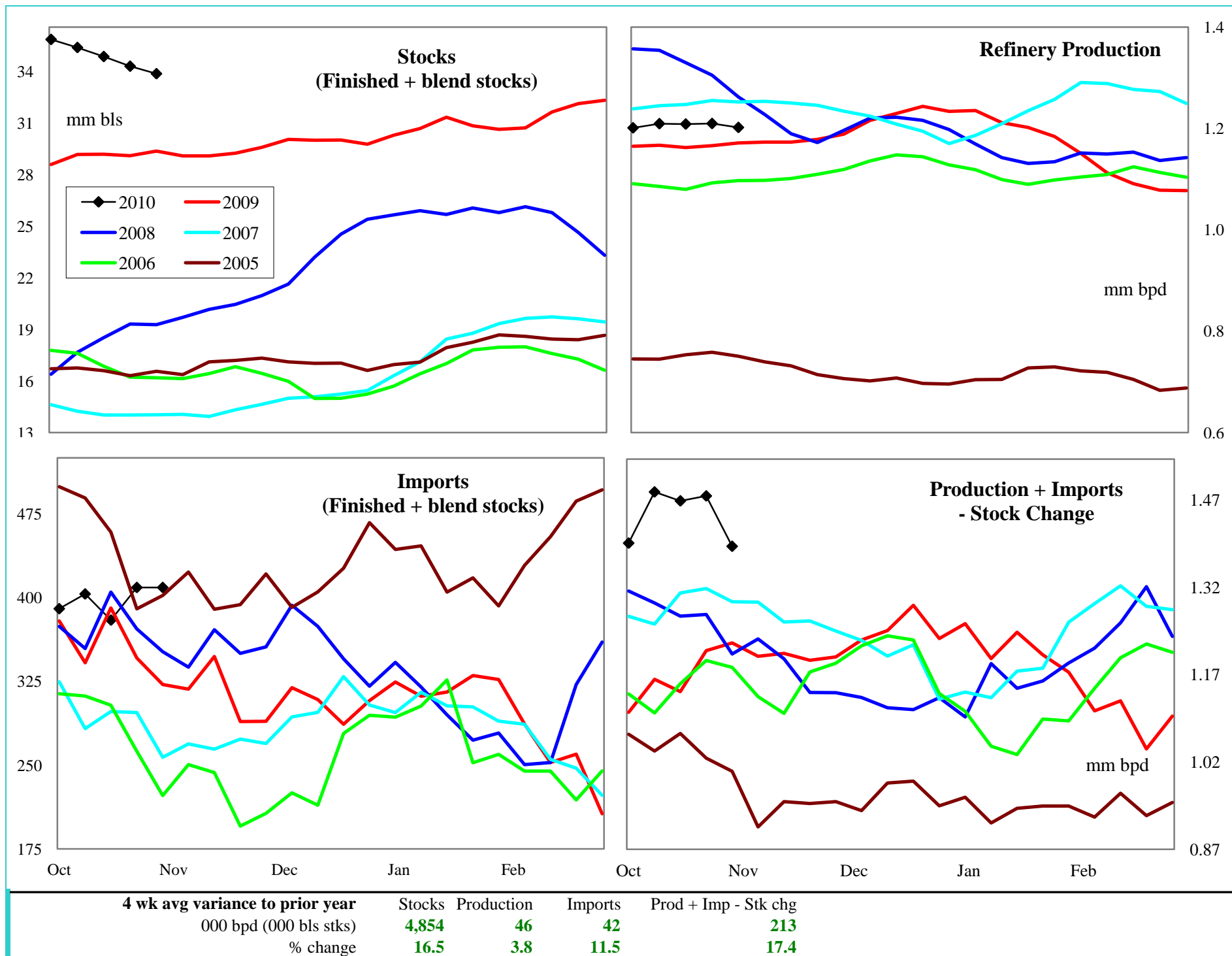
# PADD 1 Gasoline Supply



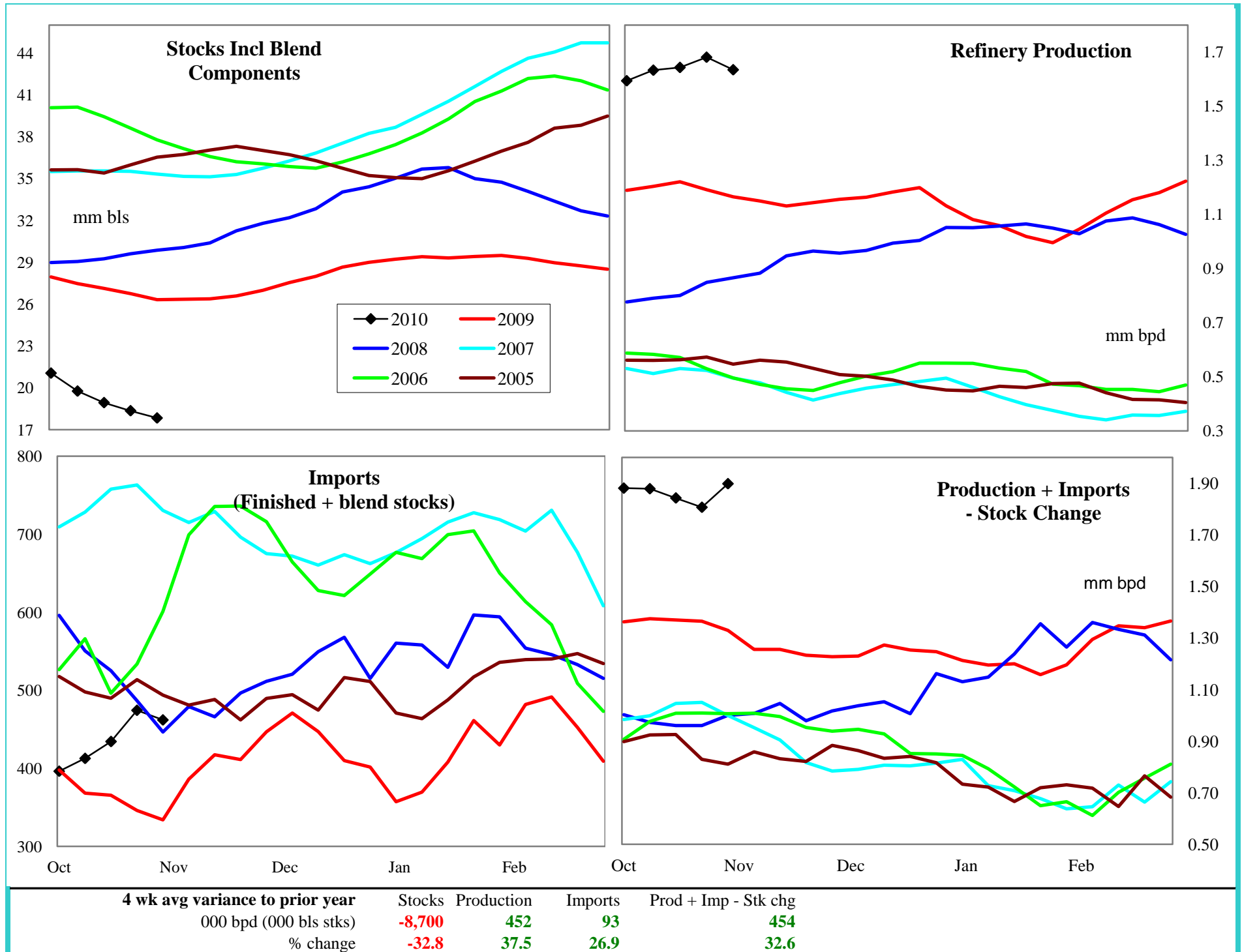
# PADD 1 Gasoline Stocks by Region



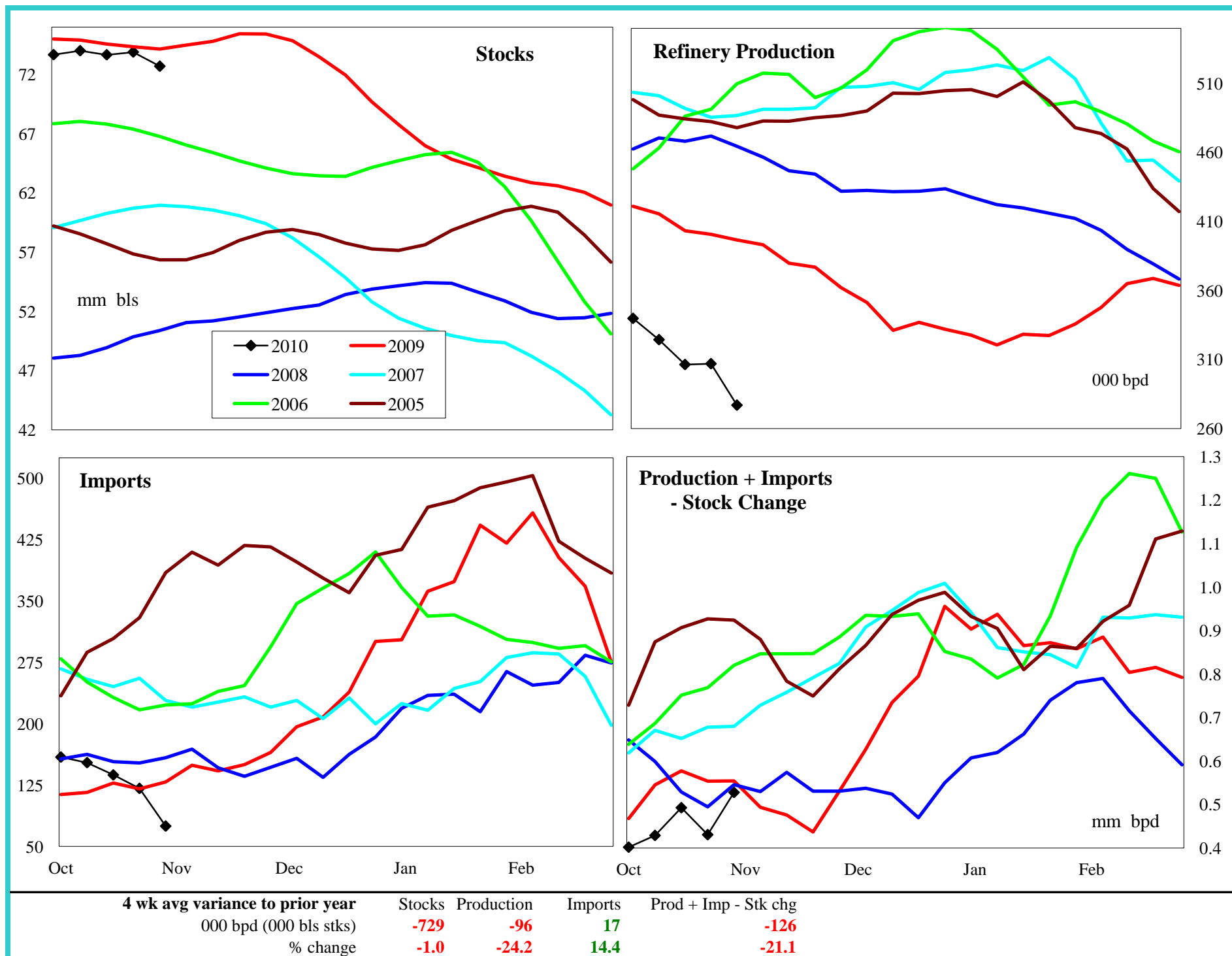
# PADD 1 Reformulated Gasoline Supply



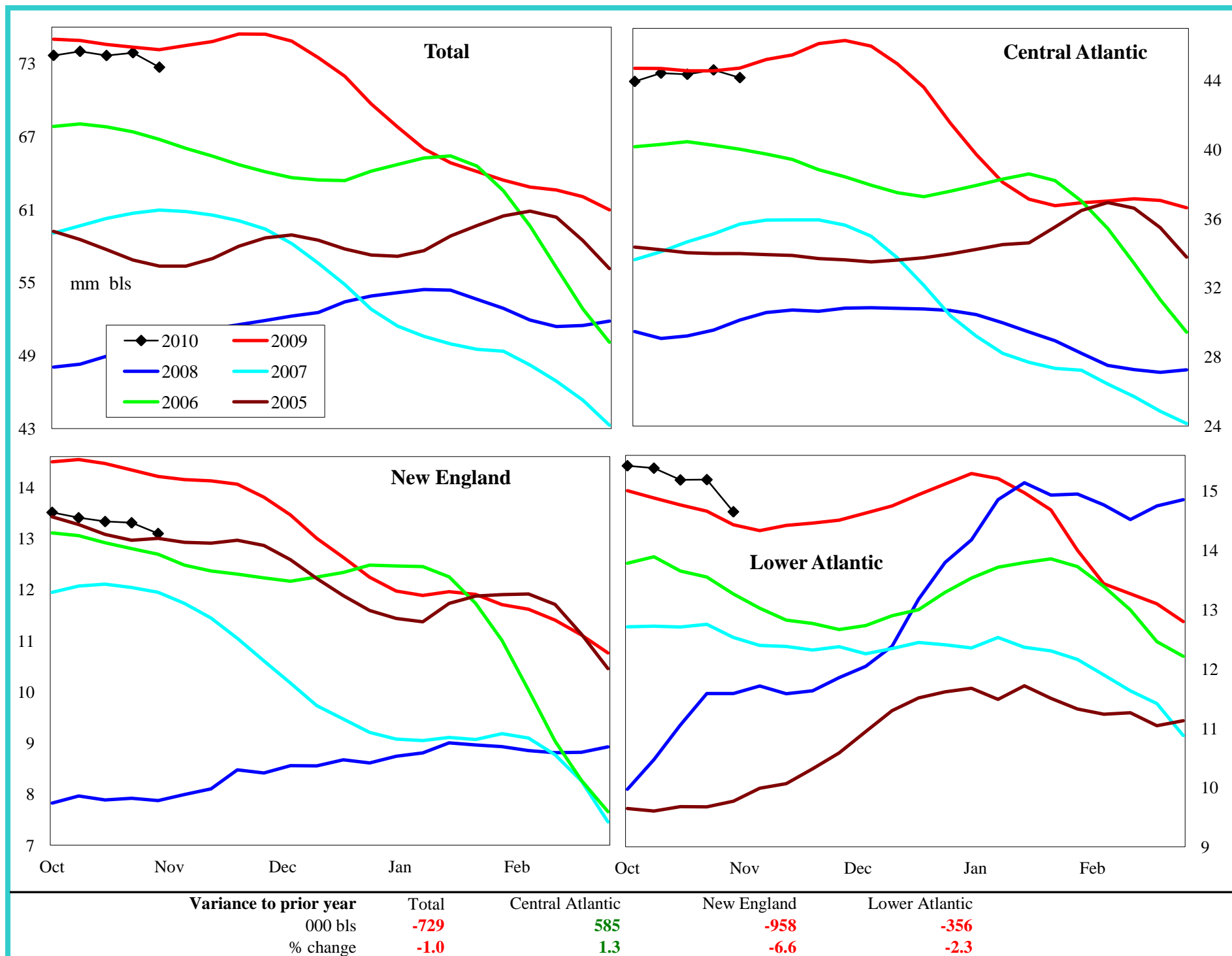
# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply

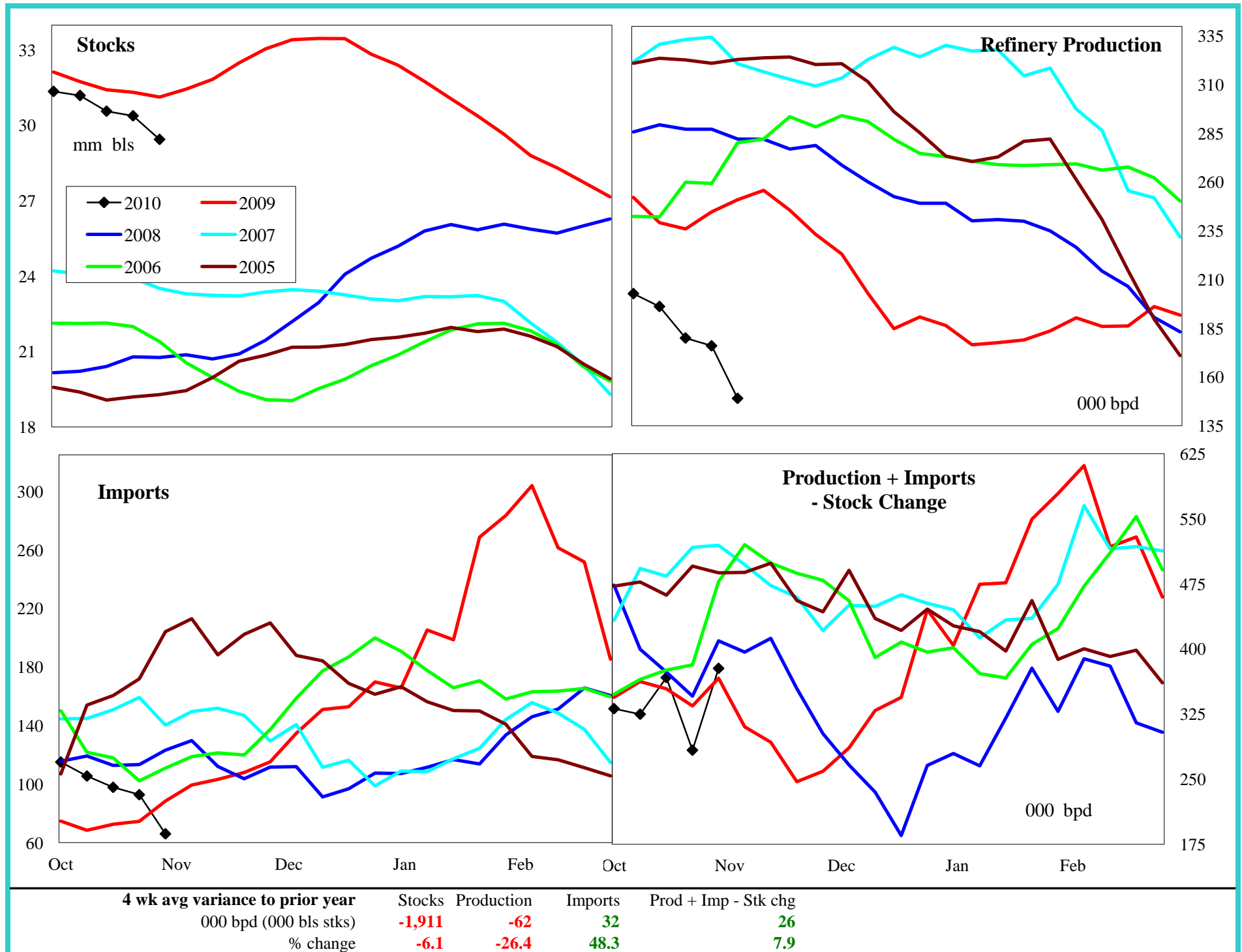


# PADD 1 Distillate Stocks by Region

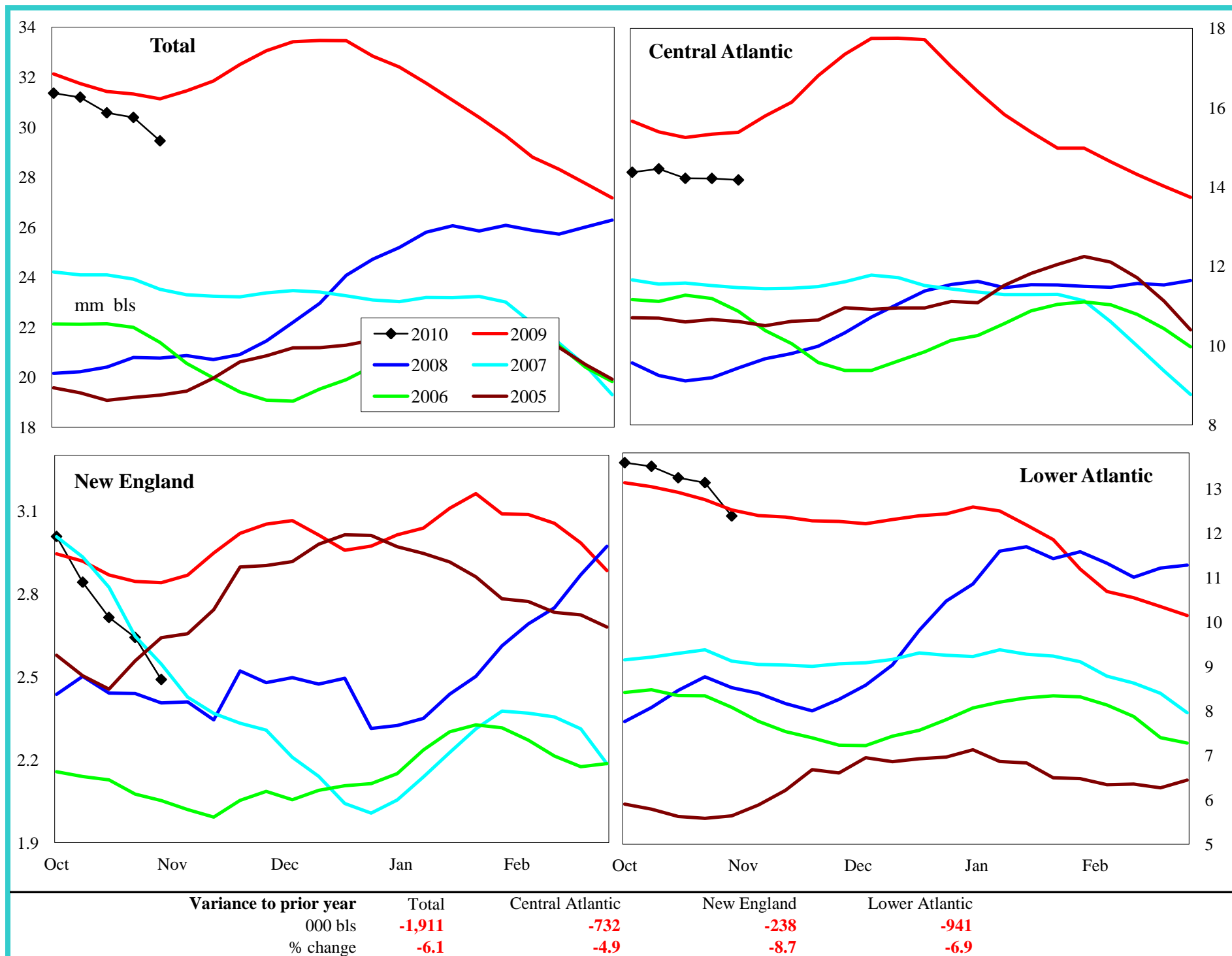




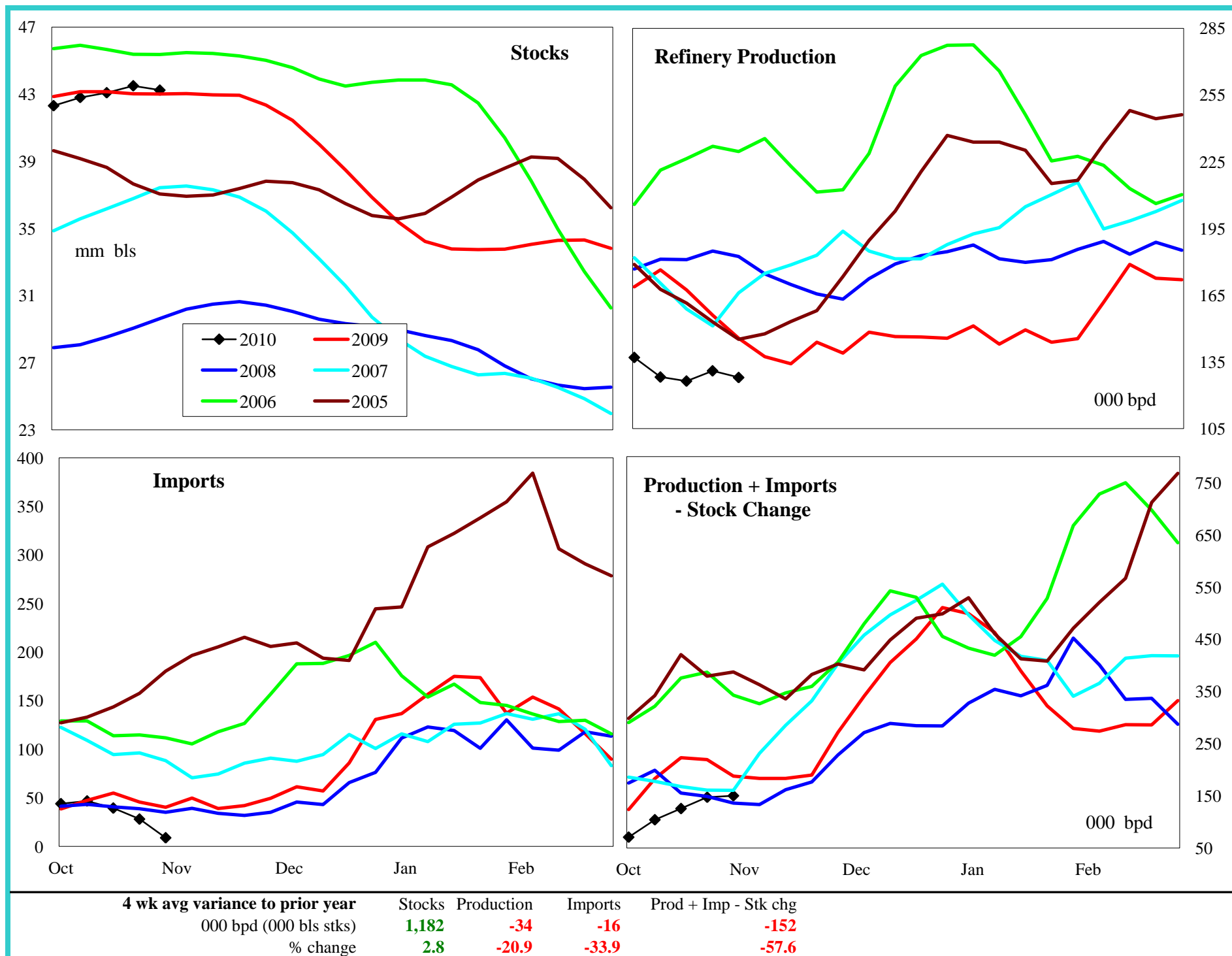
# PADD 1 Low Sulfur Distillate Supply



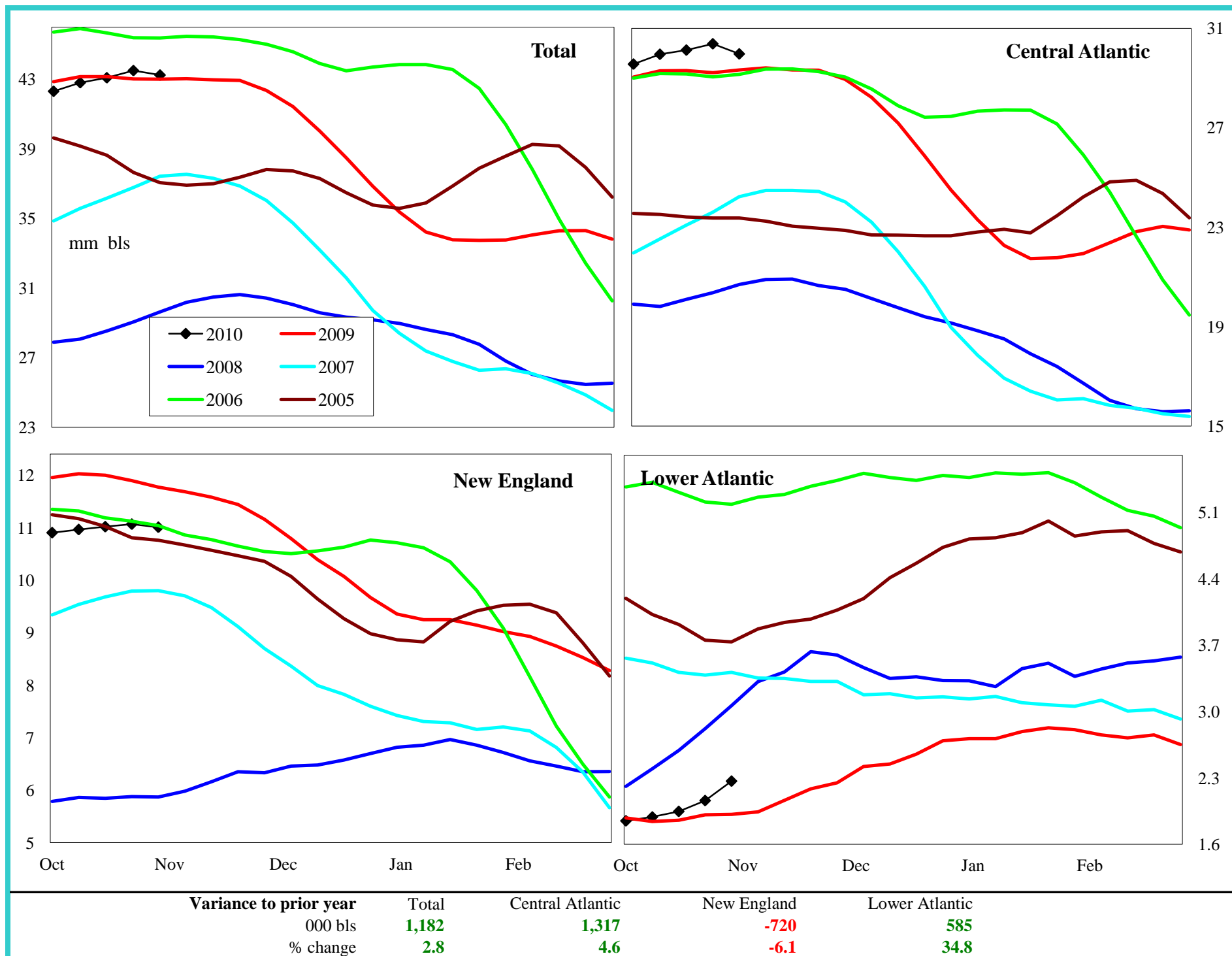
## PADD 1 Low Sulfur Distillate Stocks by Region



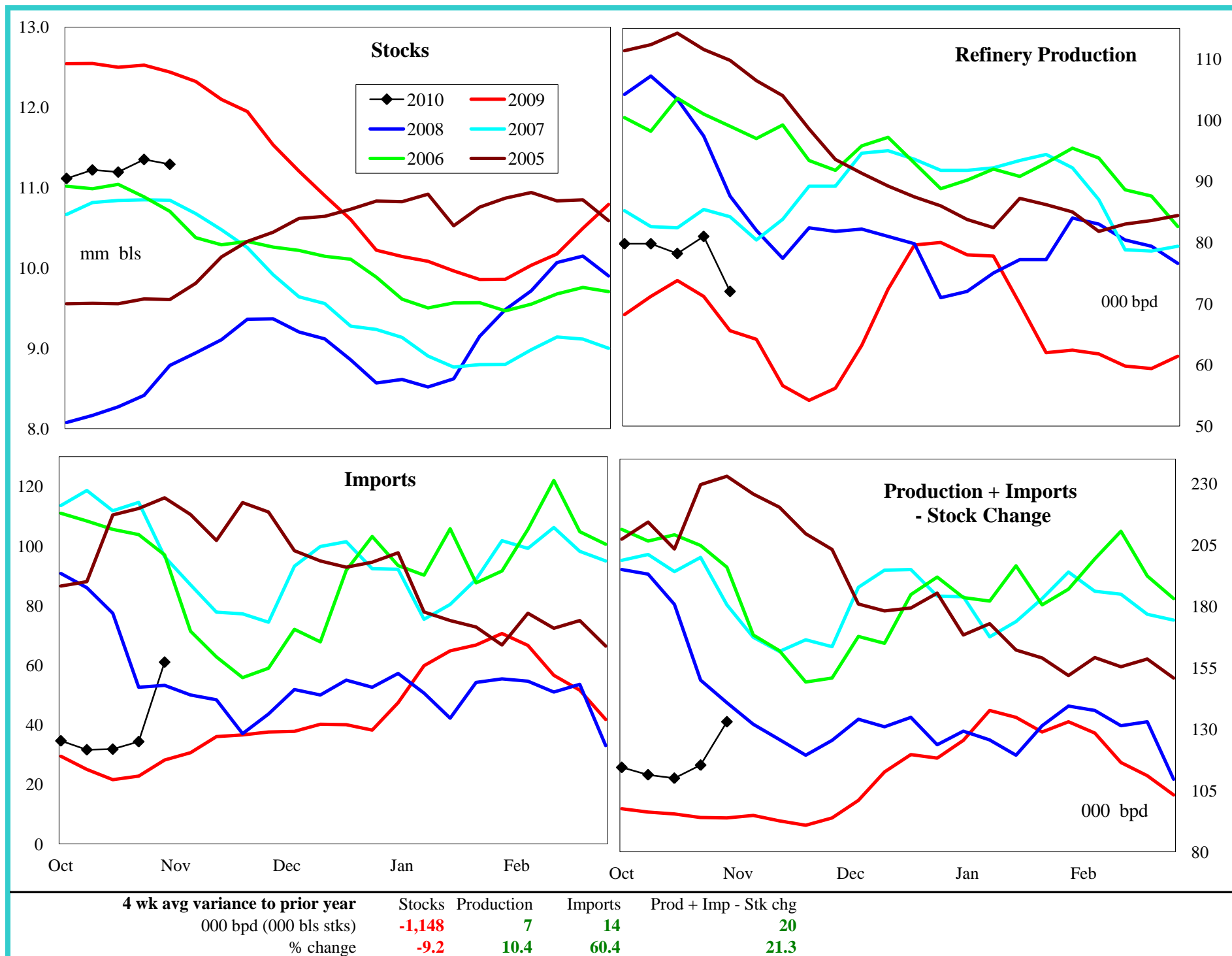
# PADD 1 High Sulfur Distillate Supply



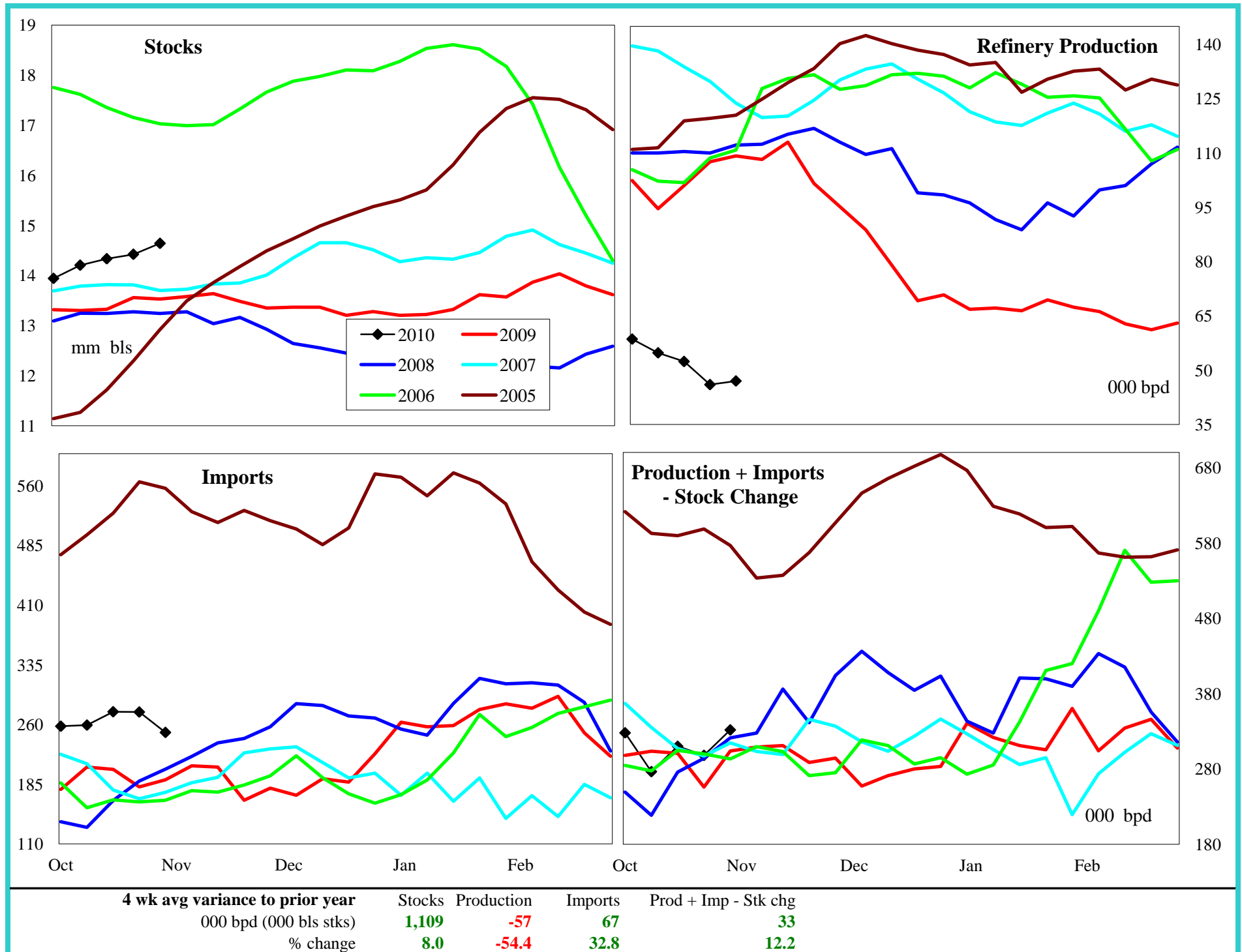
# PADD 1 High Sulfur Distillate Stocks by Region



# PADD 1 Jet Fuel Supply

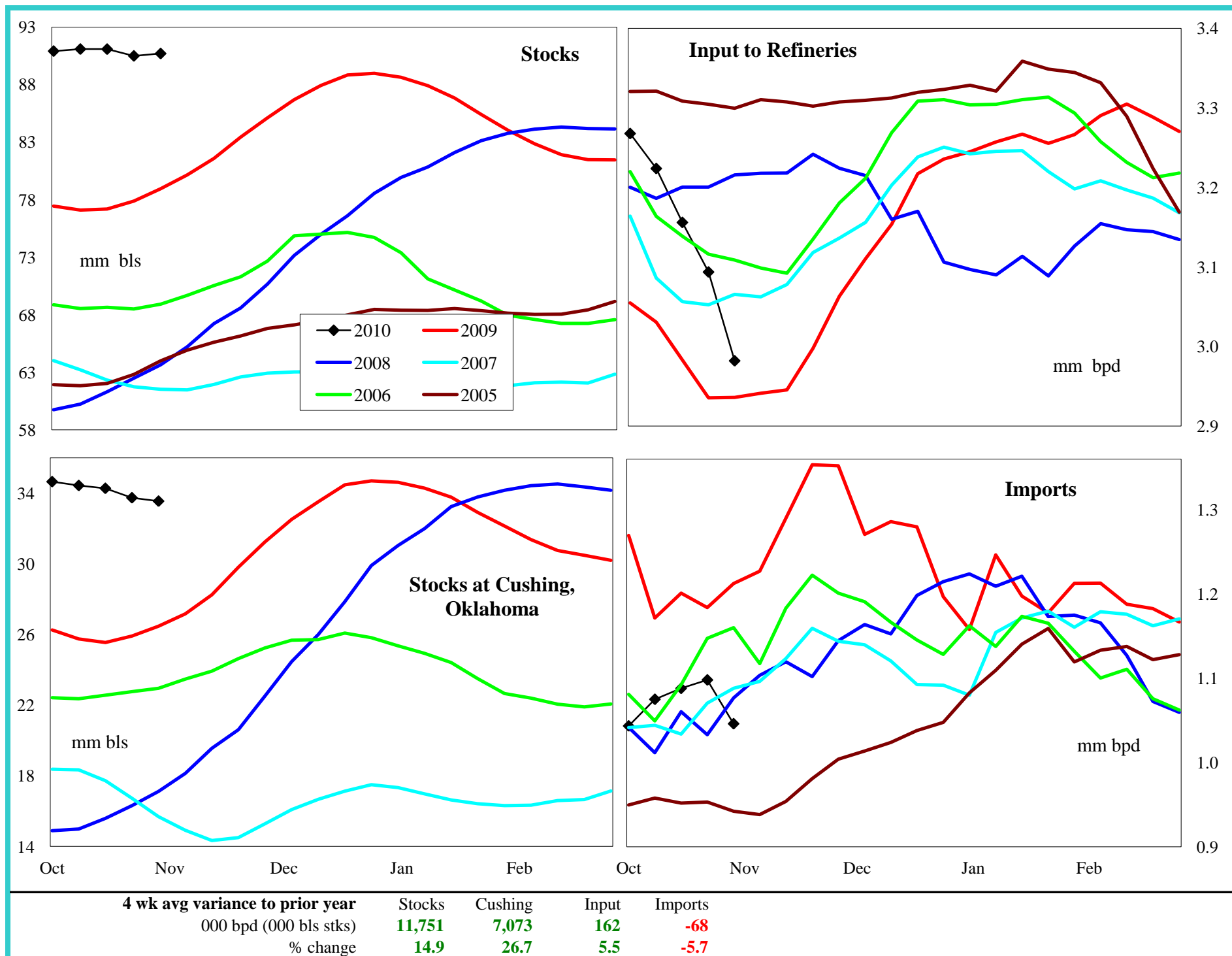


# PADD 1 Residual Fuel Oil Supply

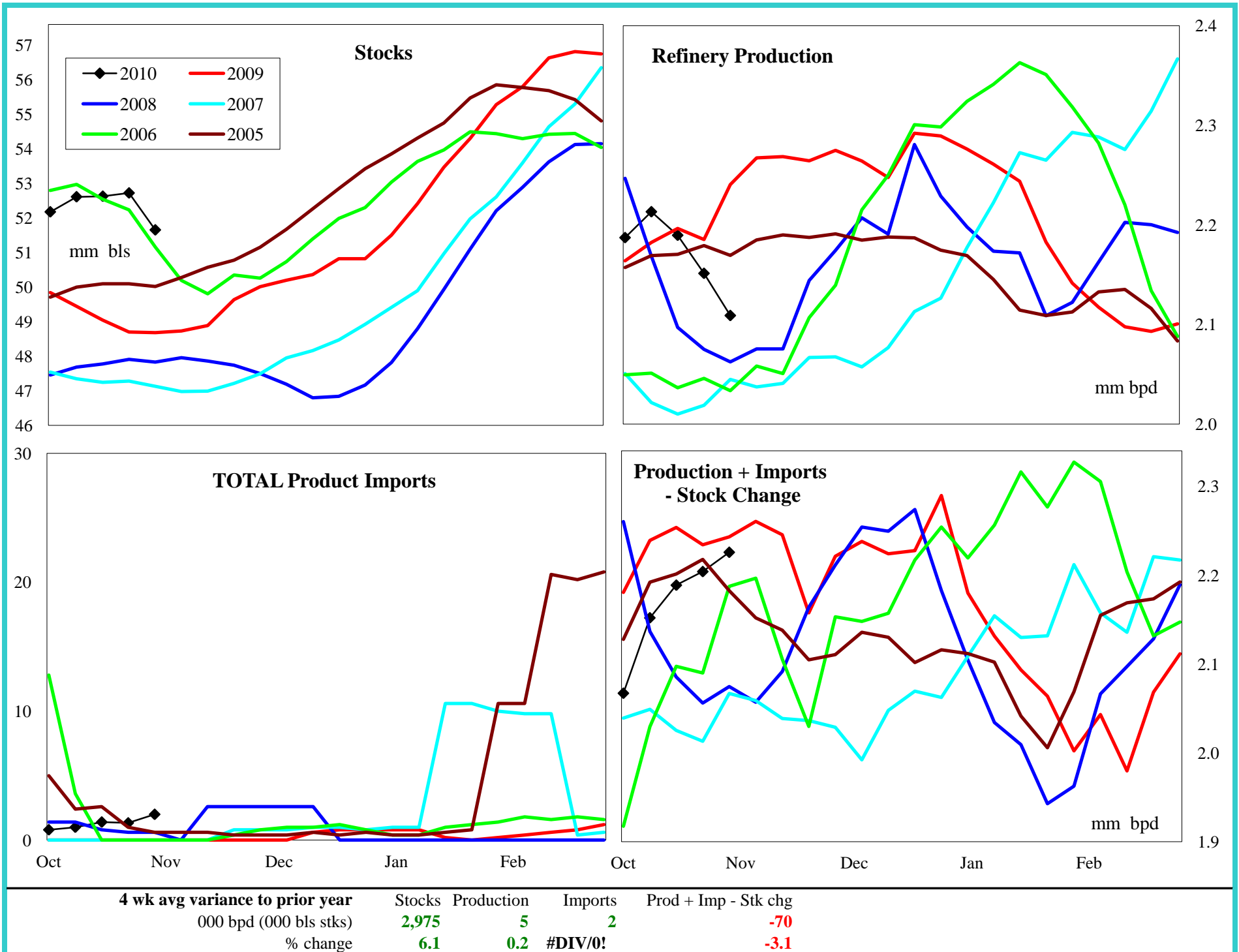




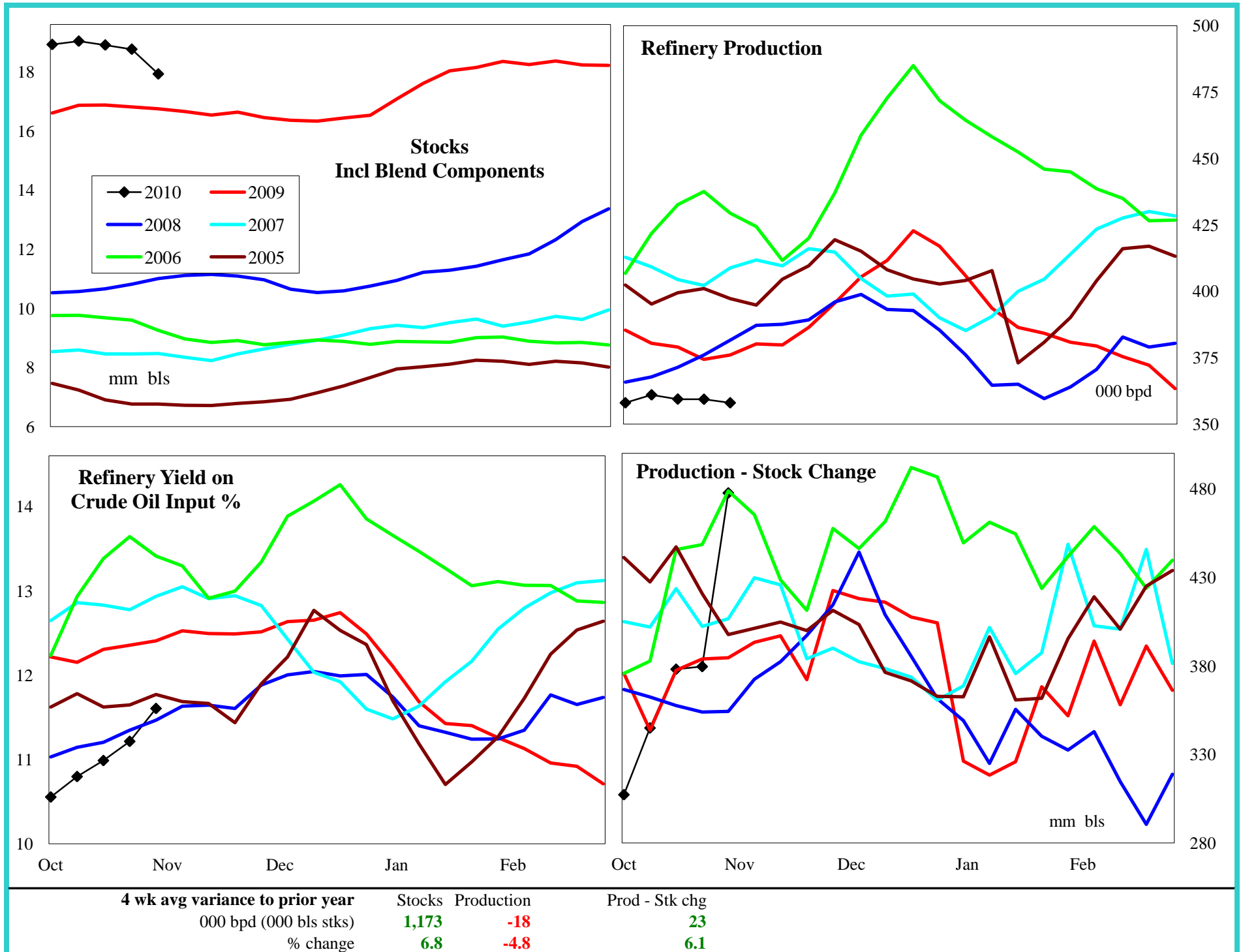
# PADD 2 Crude Oil Supply and Refining



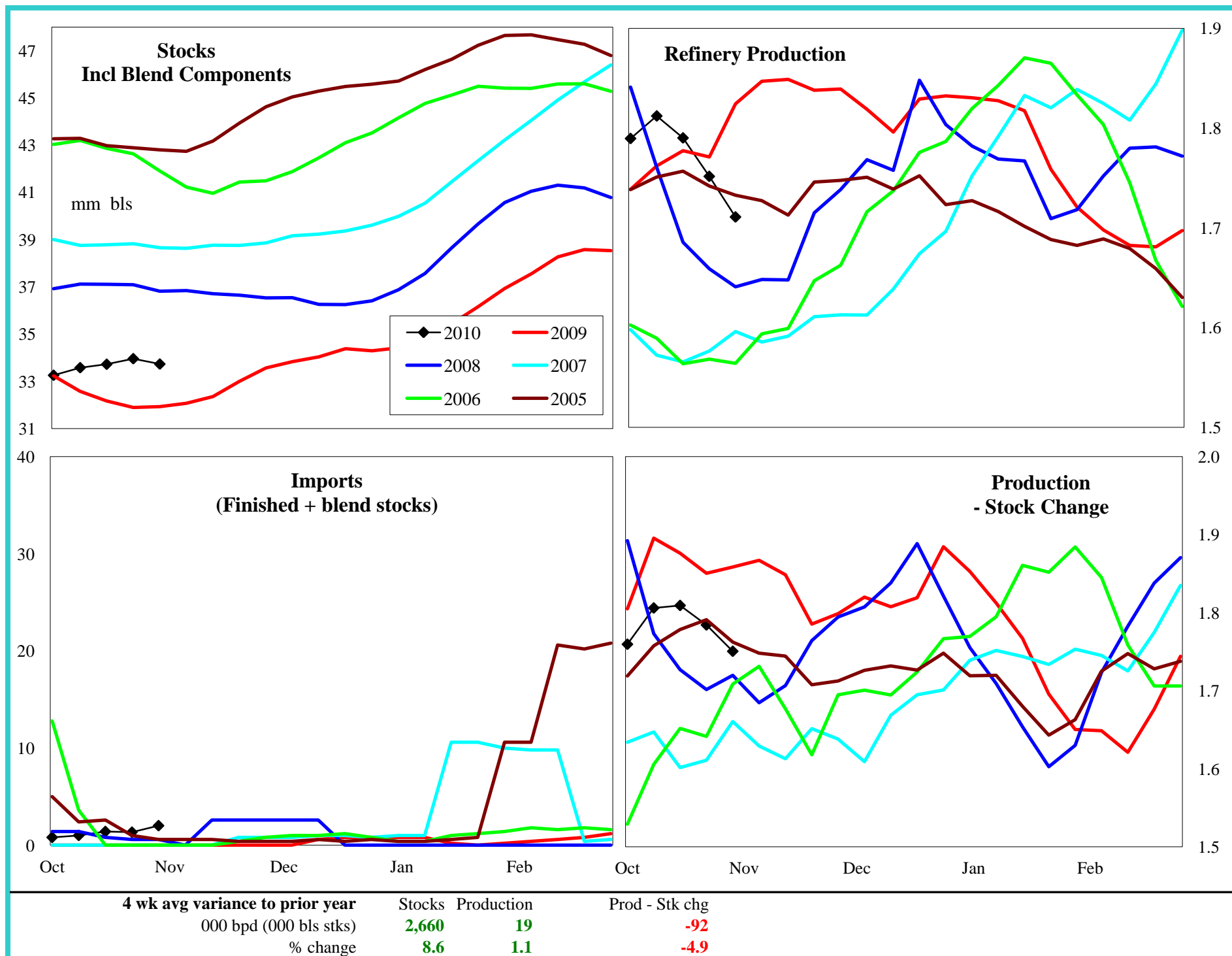
# PADD 2 Gasoline Supply



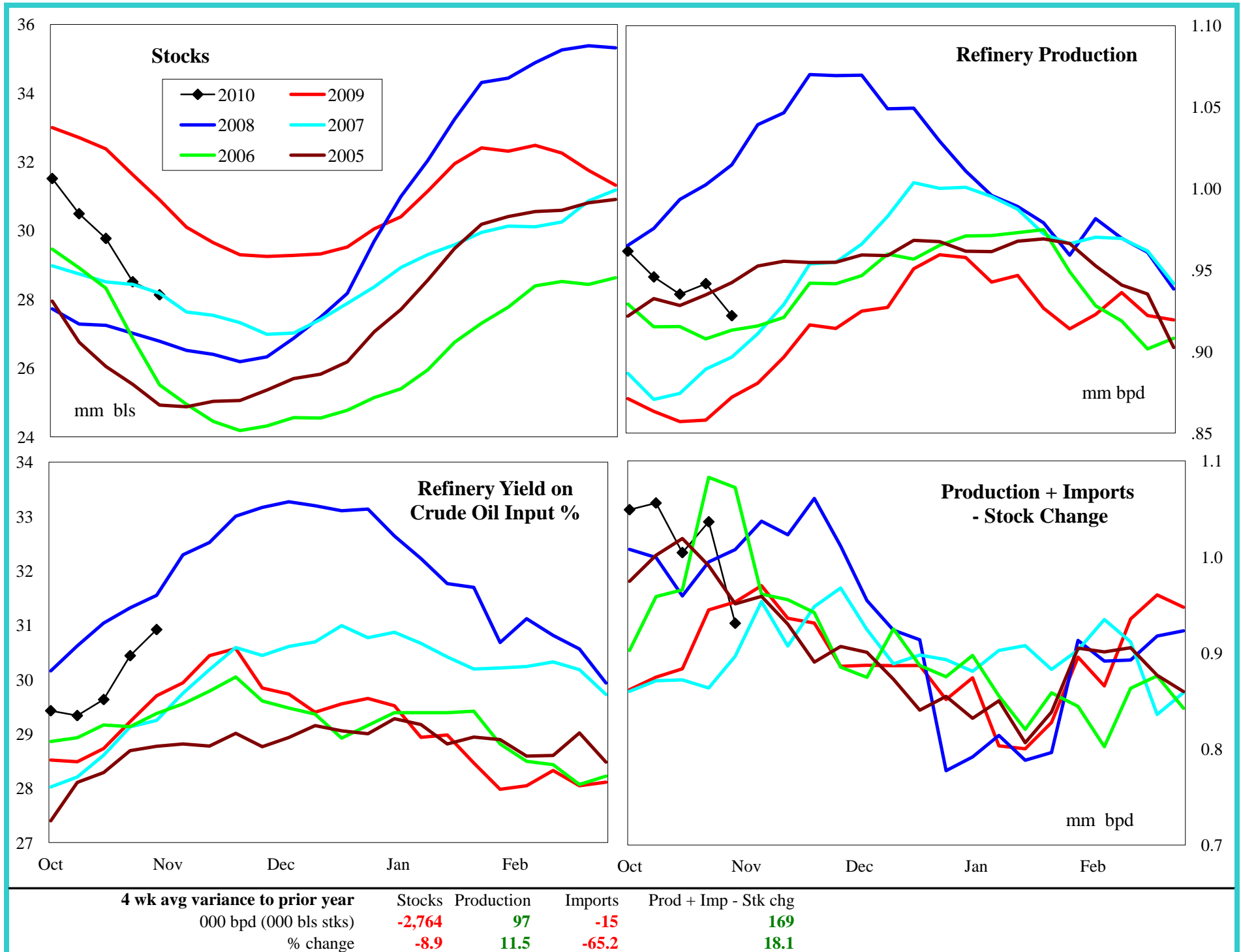
# PADD 2 Reformulated Gasoline Supply



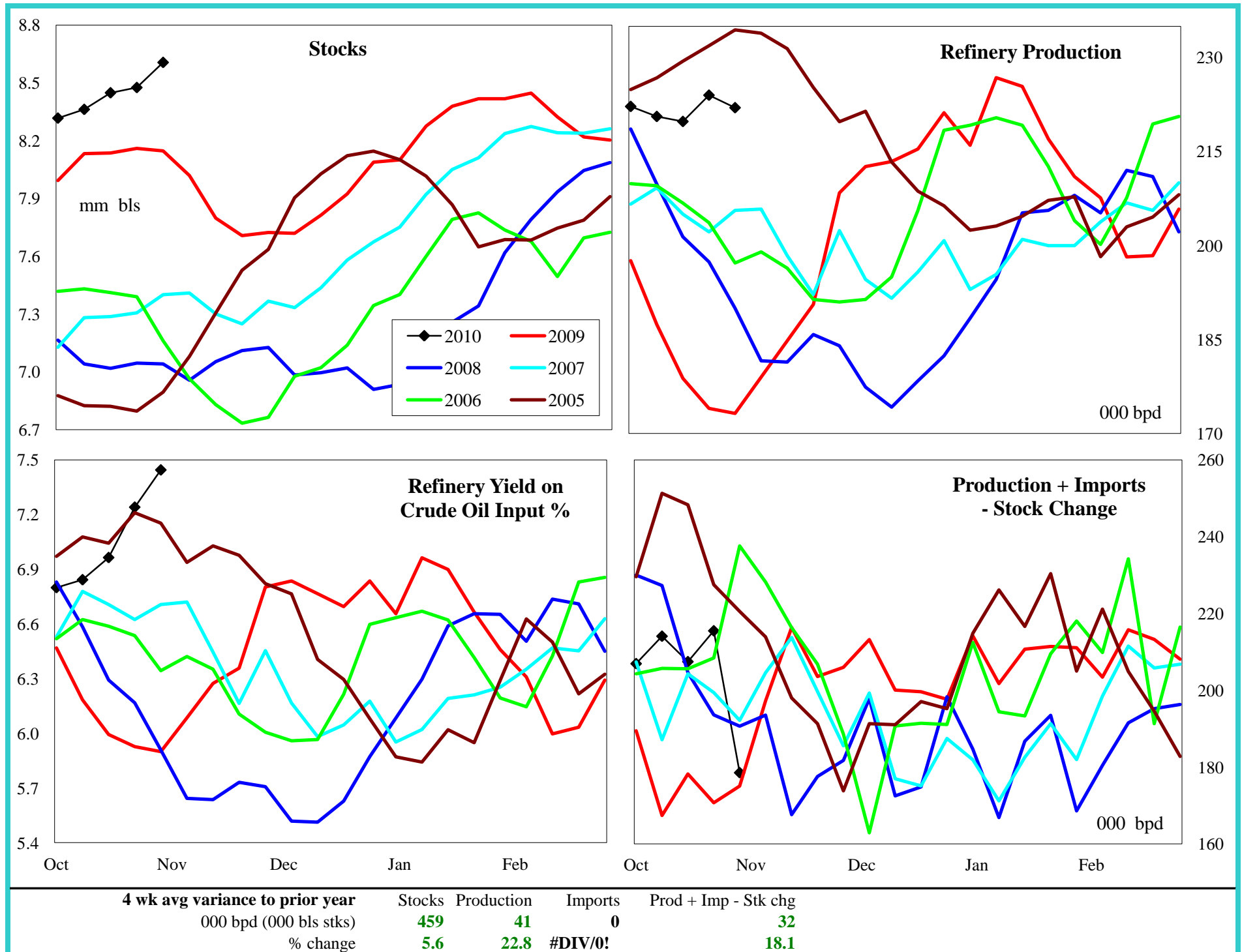
# PADD 2 Conventional Gasoline Supply



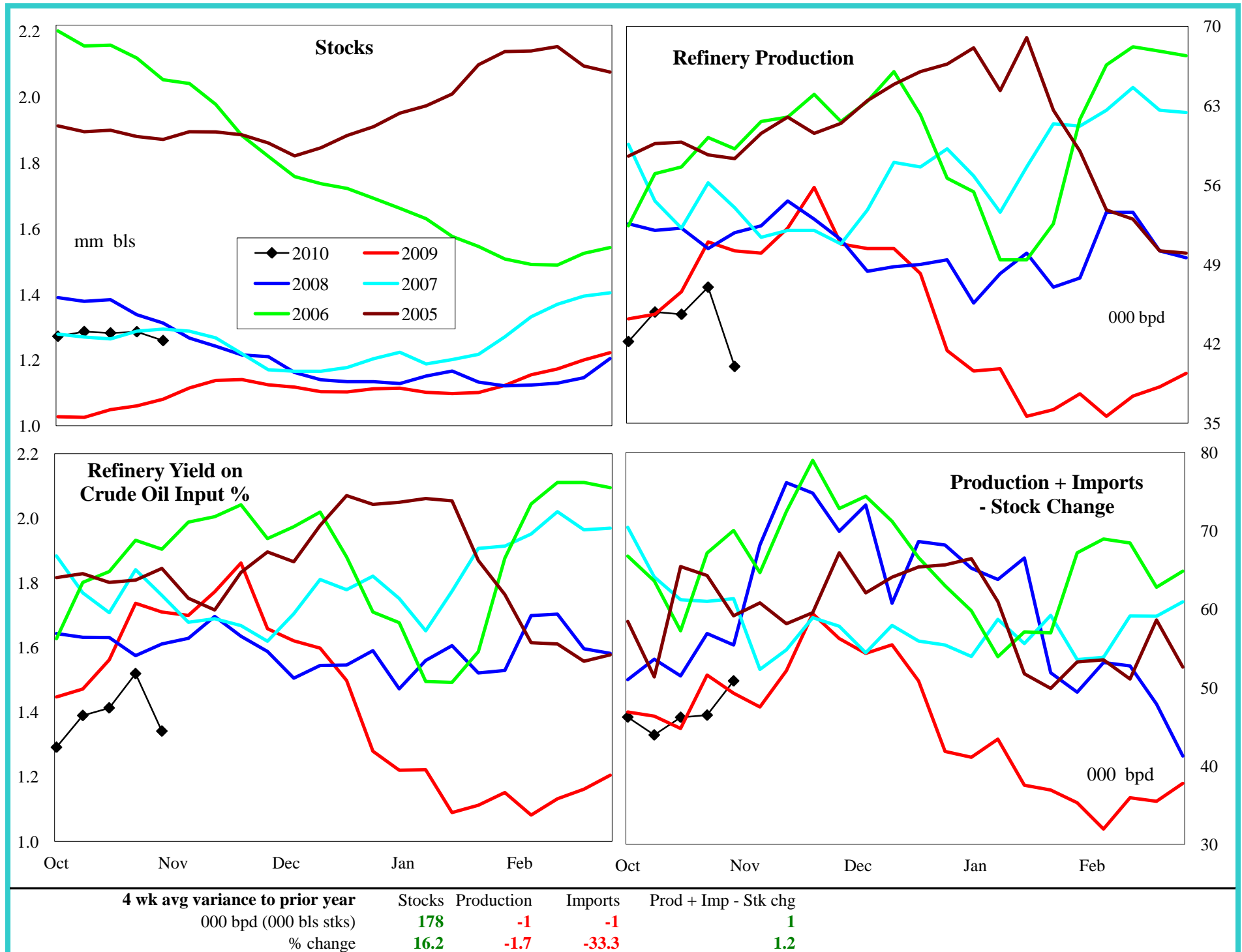
# PADD 2 Distillate Supply



# PADD 2 Jet Fuel Supply

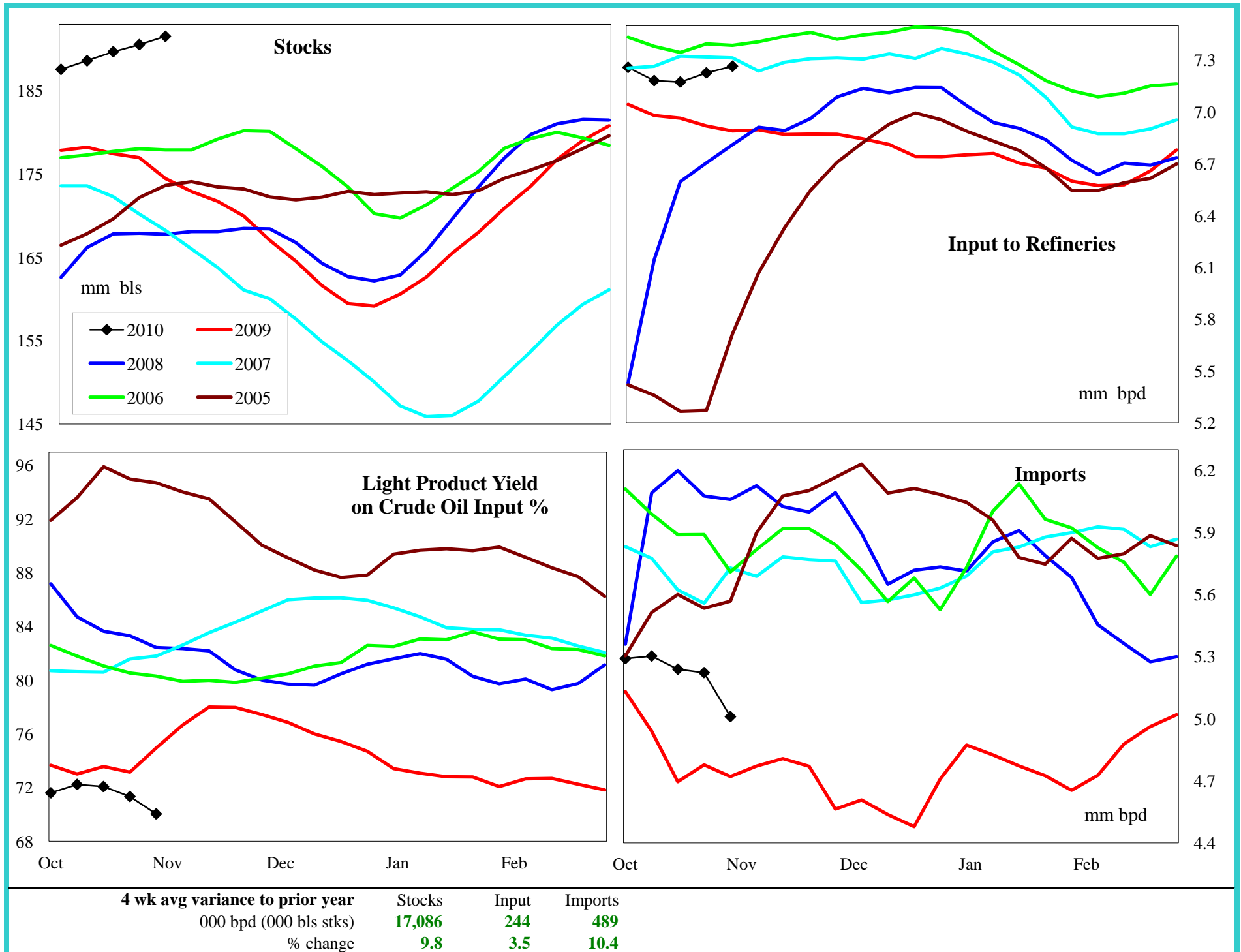


# PADD 2 Residual Fuel Oil Supply

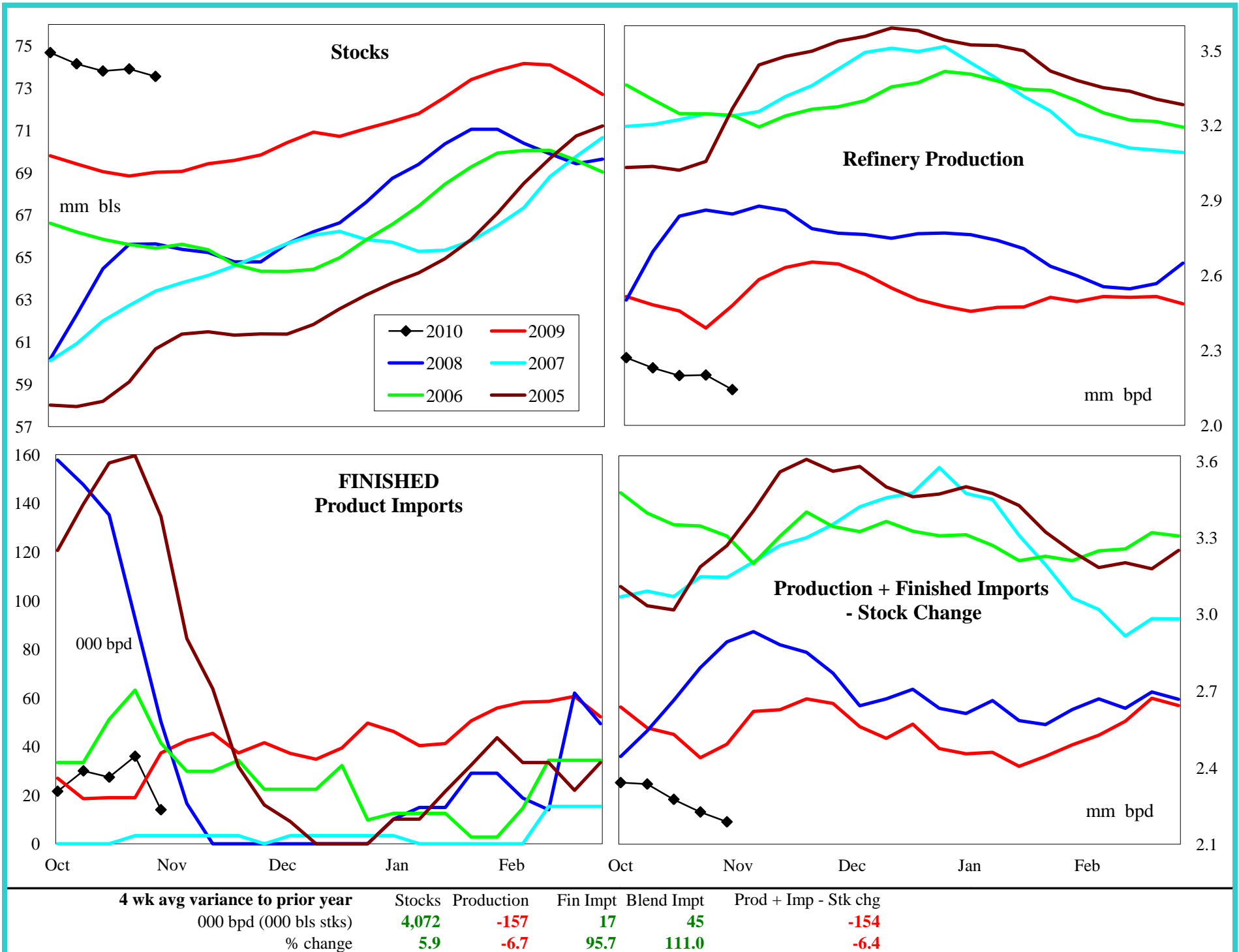




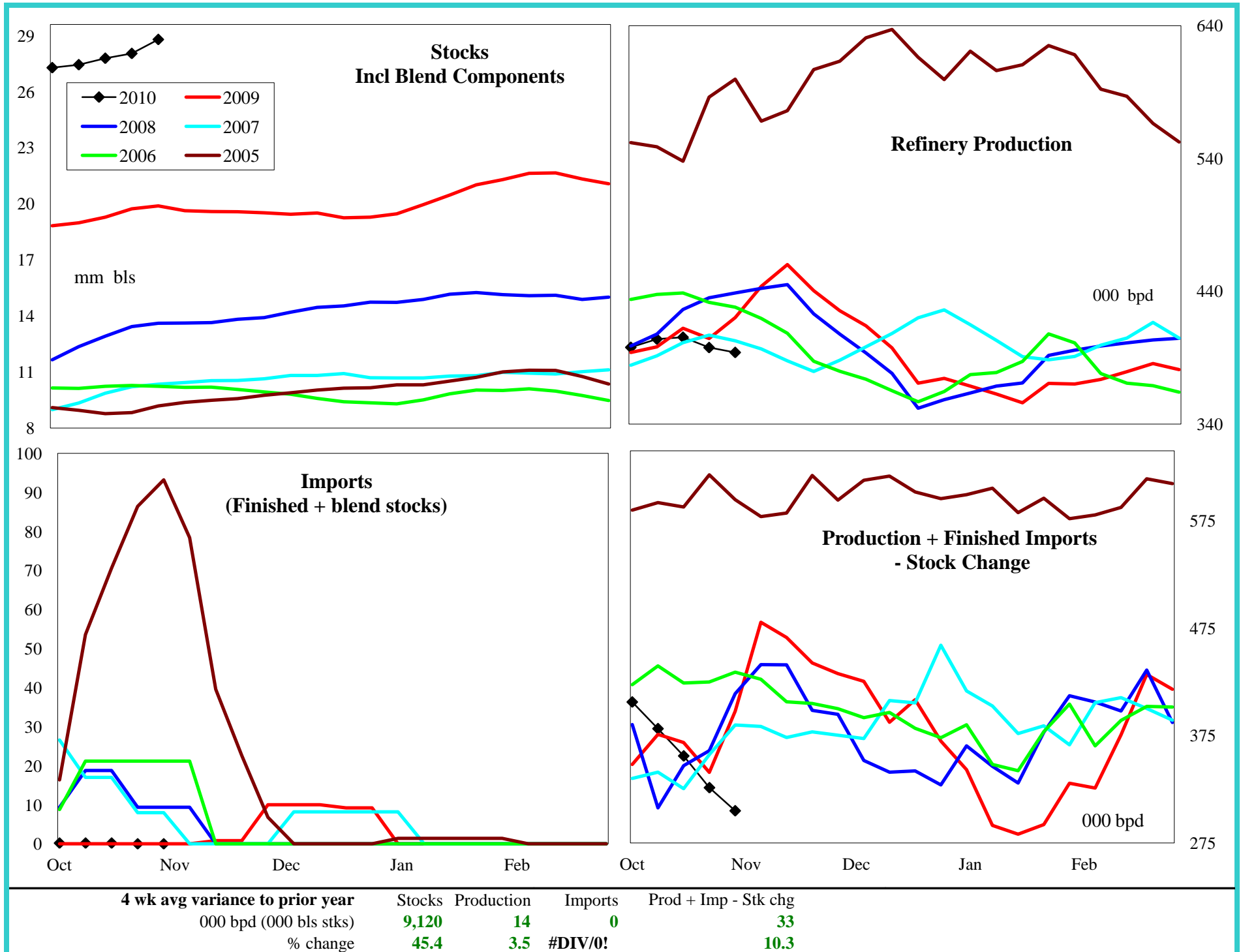
# PADD 3 Crude Oil Supply and Refining



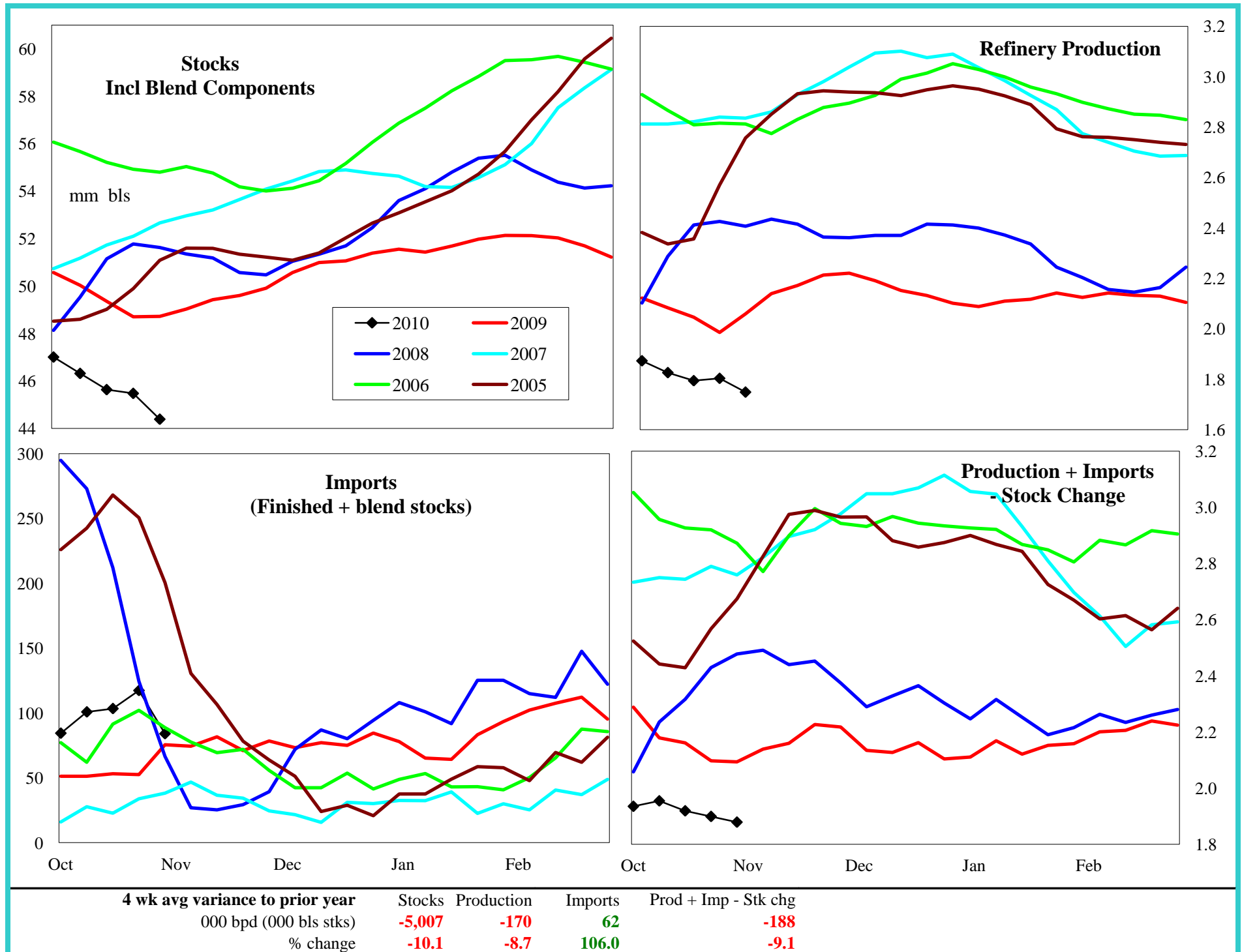
# PADD 3 Gasoline Supply



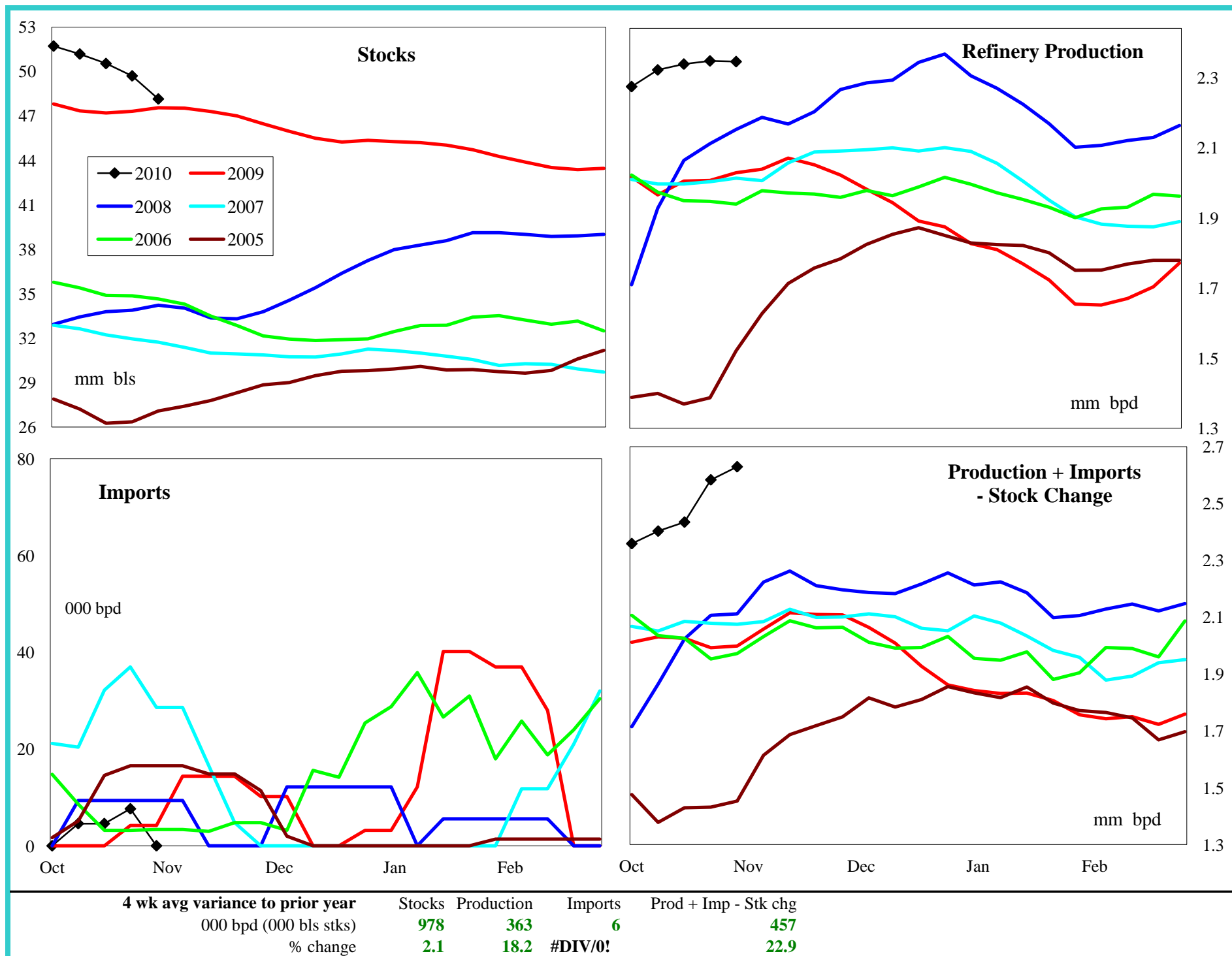
# PADD 3 Reformulated Gasoline Supply



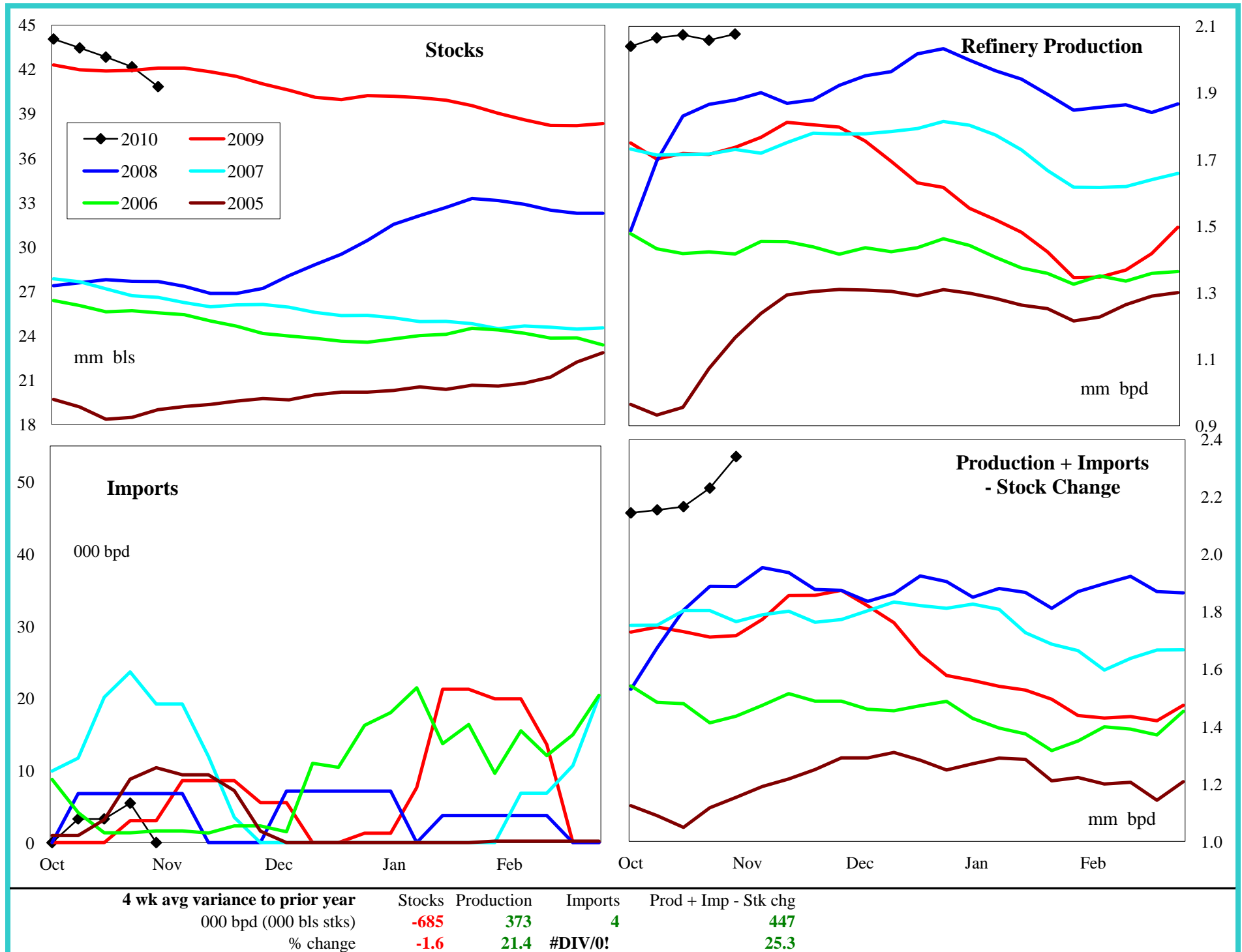
# PADD 3 Conventional Gasoline Supply



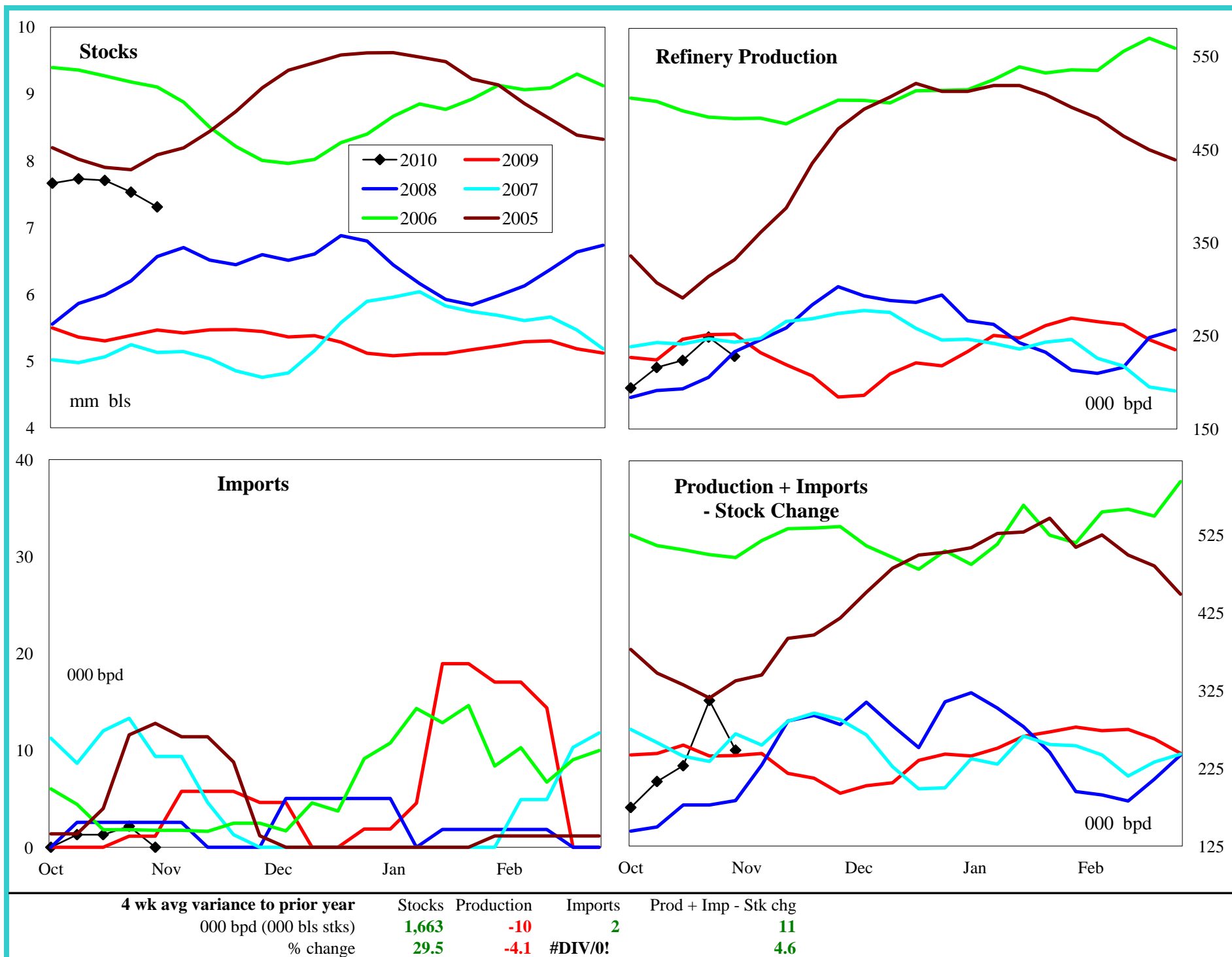
# PADD 3 Distillate Supply



# PADD 3 Low Sulfur Distillate Supply

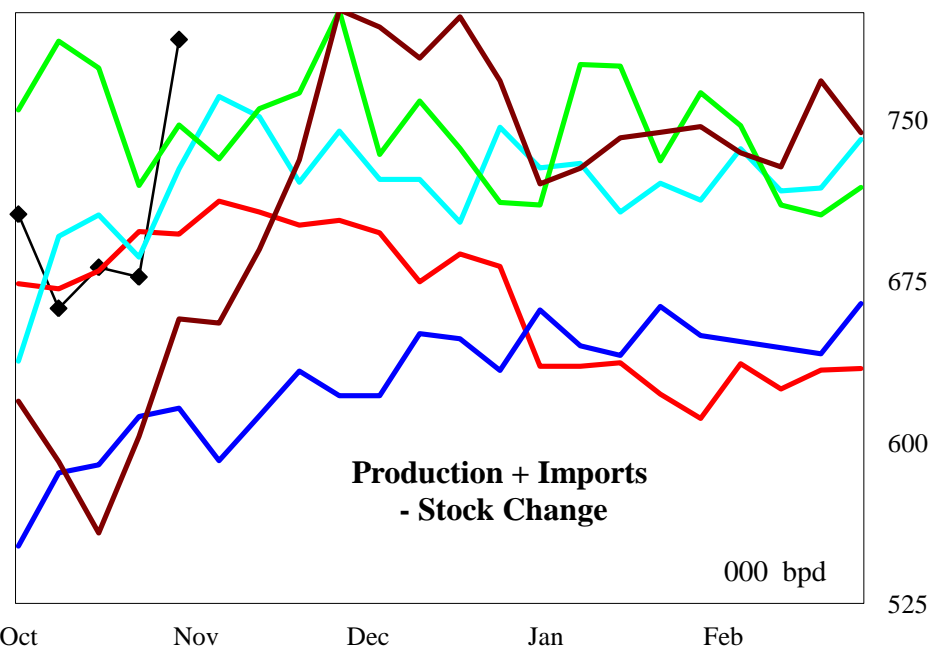
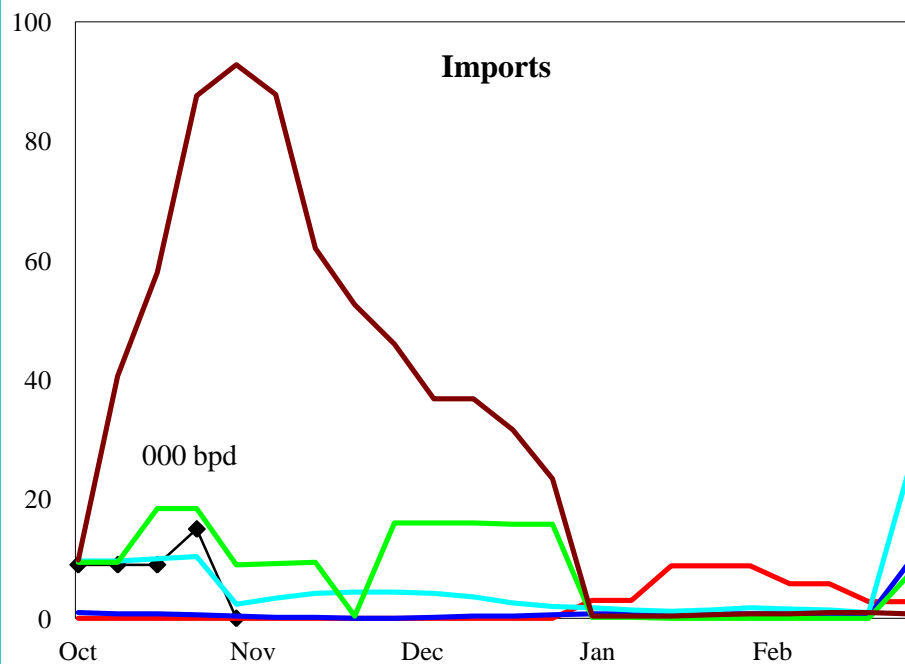
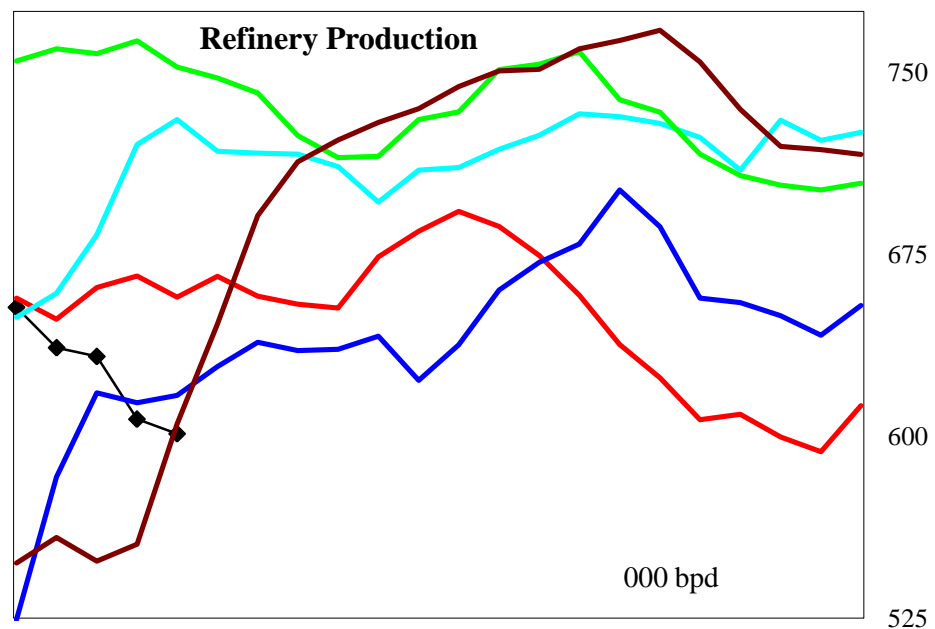
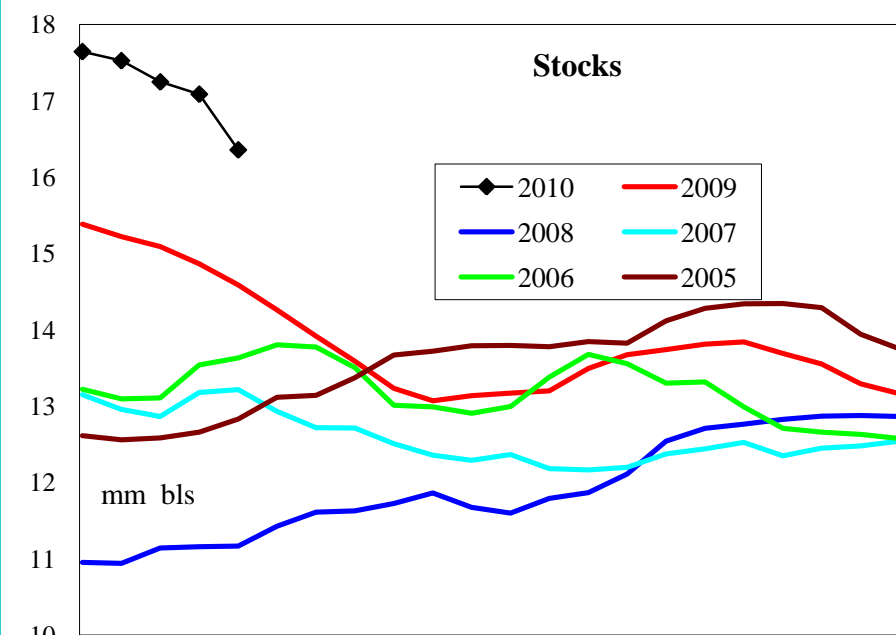


# PADD 3 High Sulfur Distillate Supply





# PADD 3 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**1,770**

**12.1**

Production

**-29**

**-4.4**

Imports

**11**

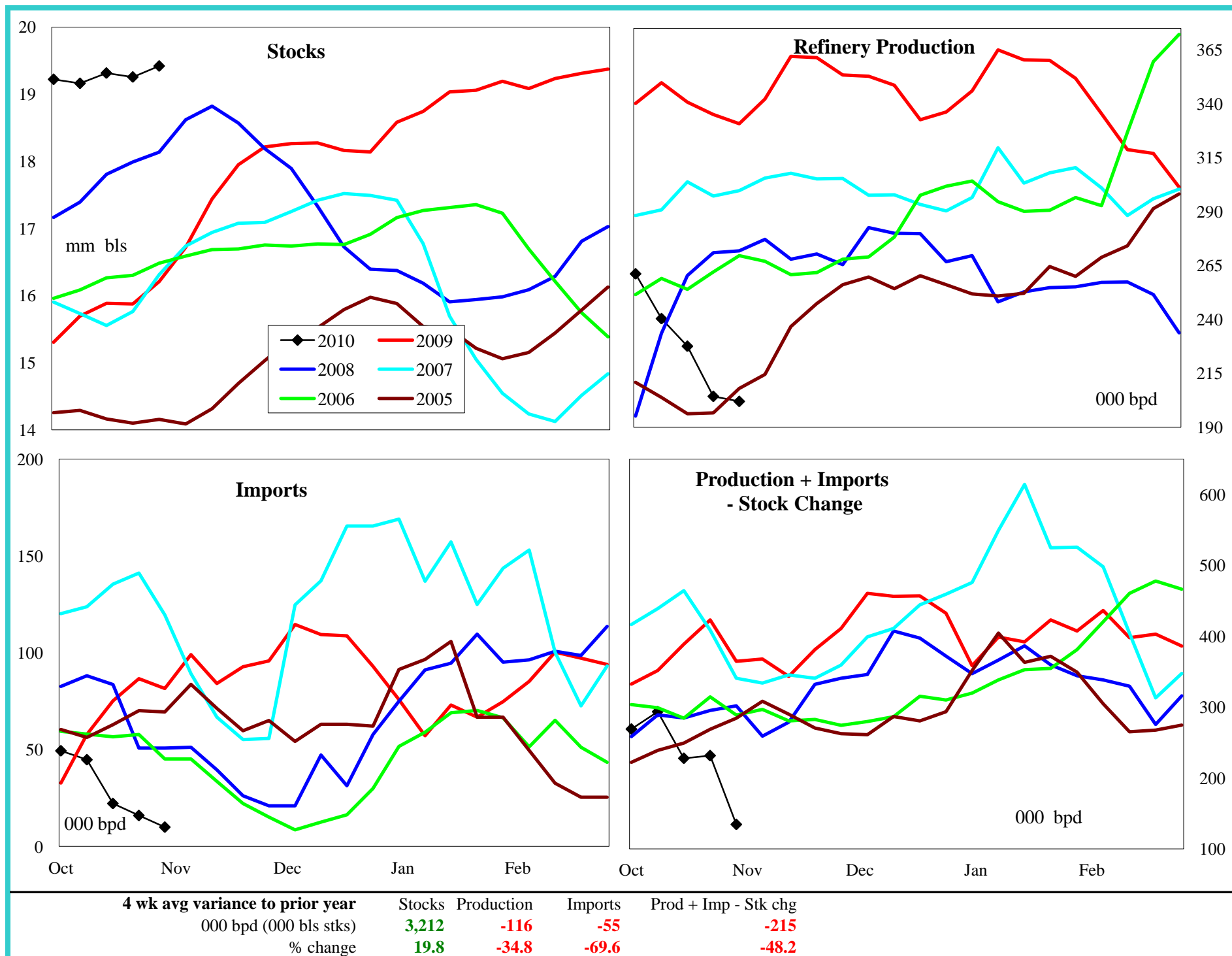
**#DIV/0!**

Prod + Imp - Stk chg

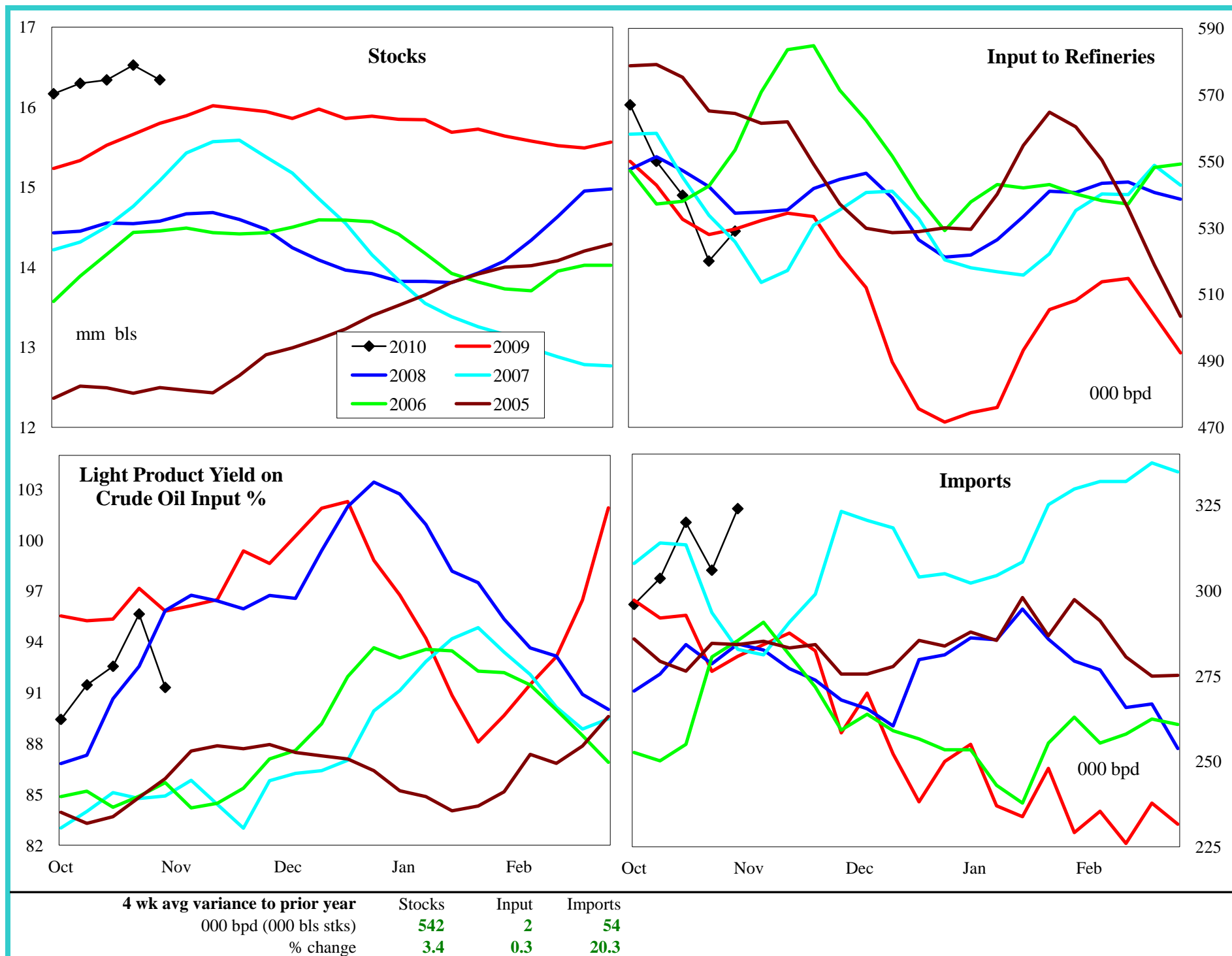
**3**

**0.4**

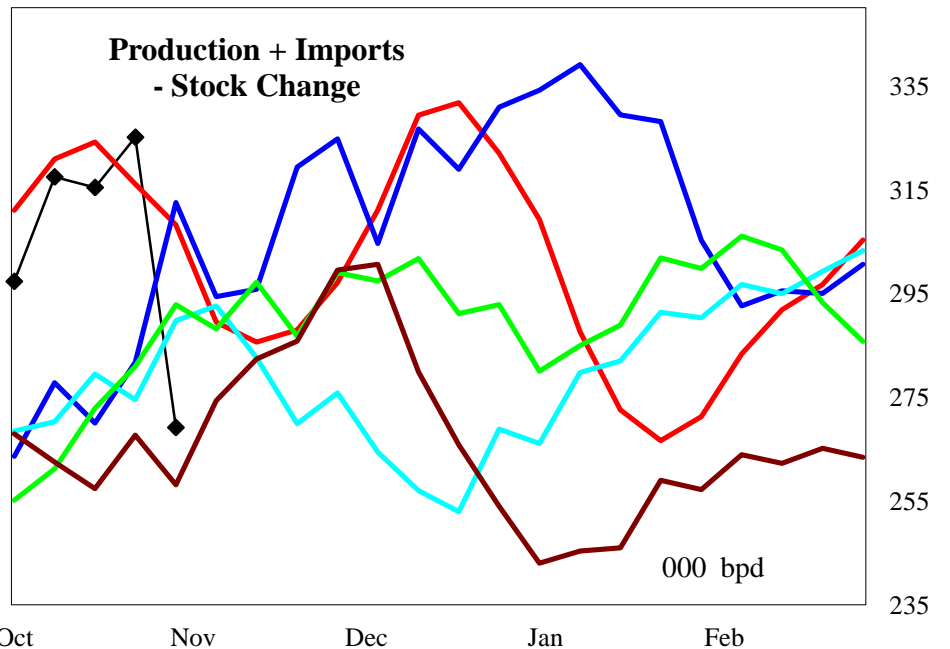
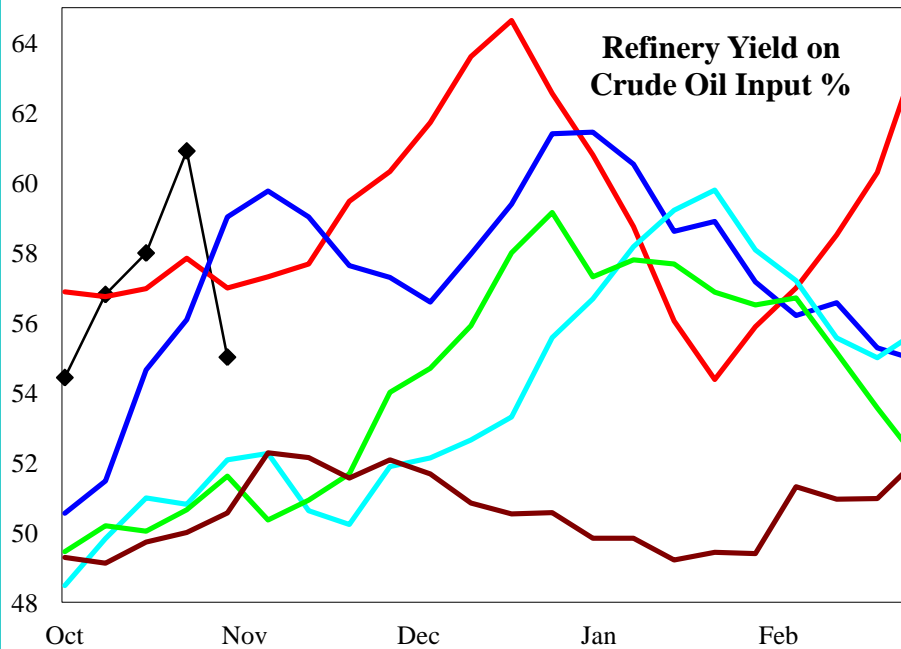
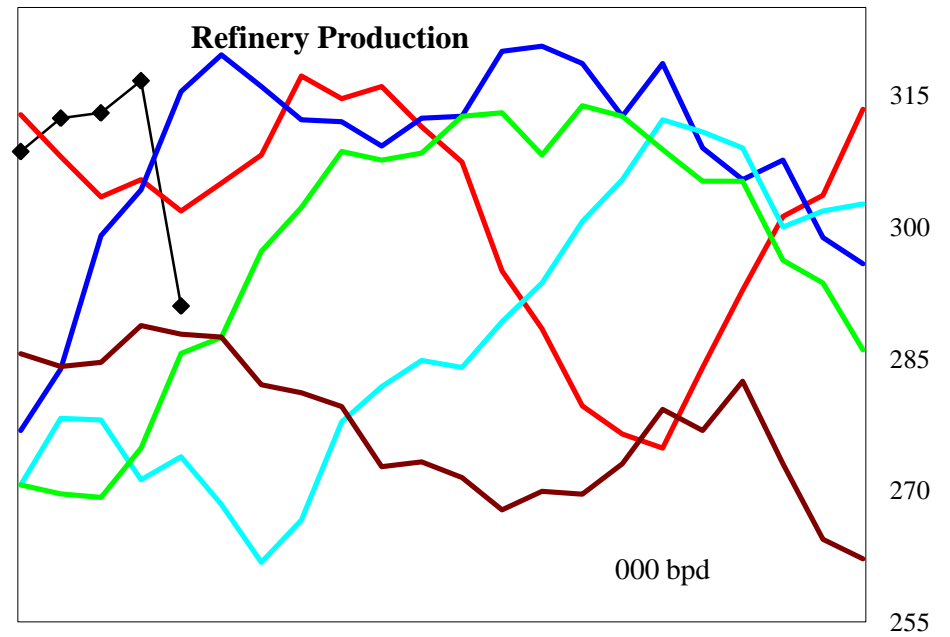
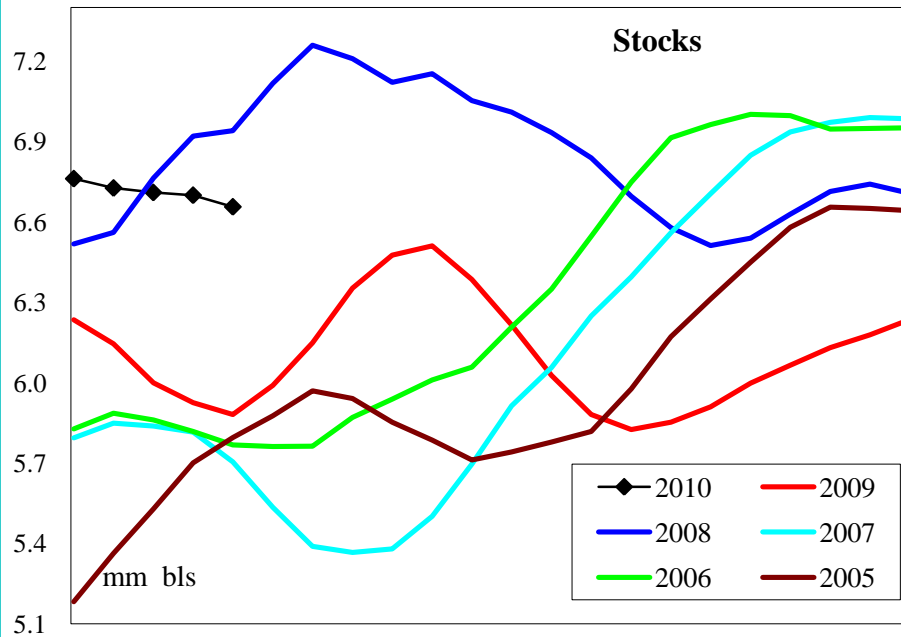
# PADD 3 Residual Fuel Oil Supply



# 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

775

13

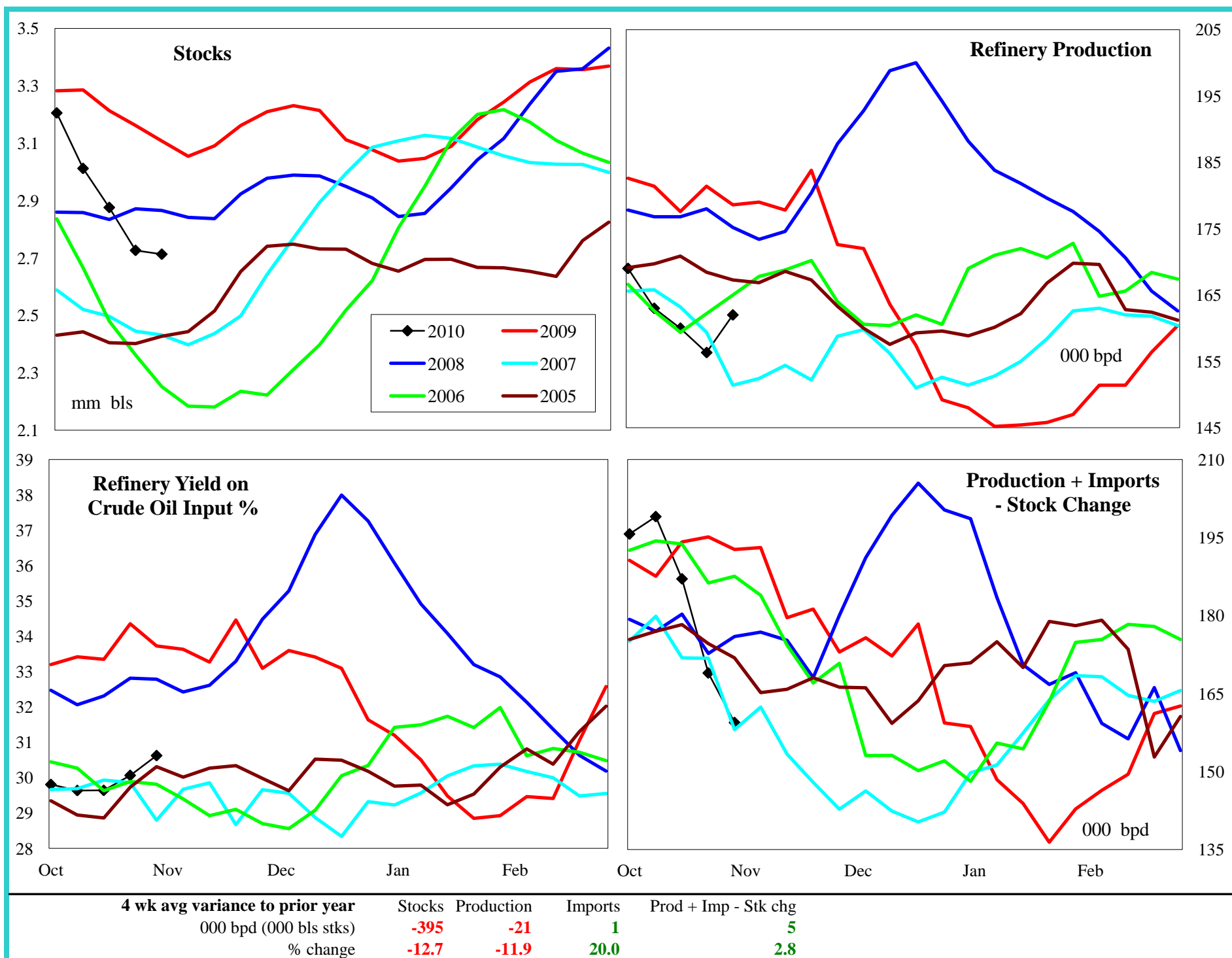
-11

13.2

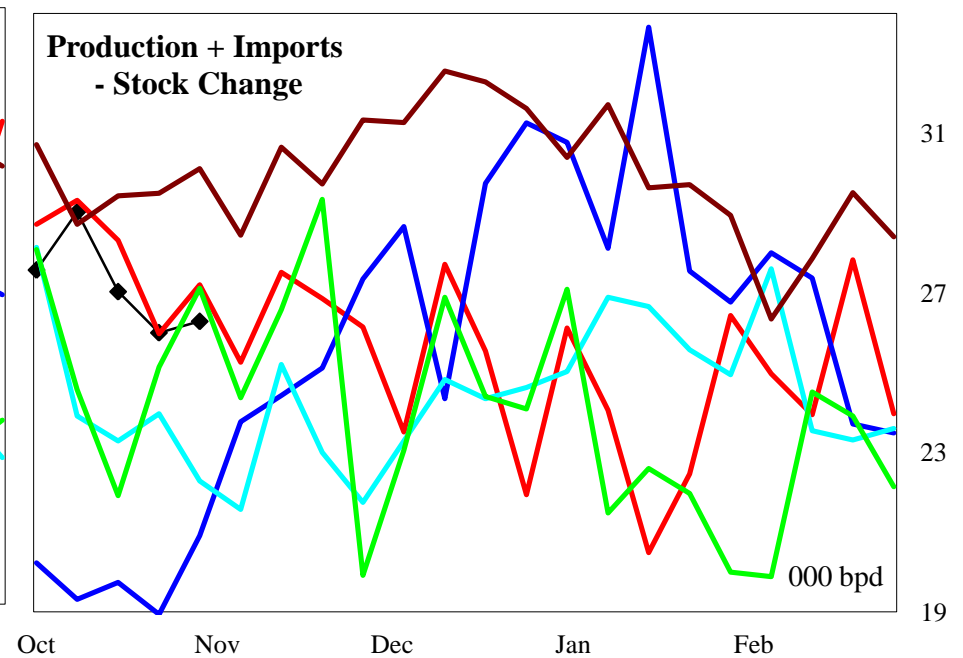
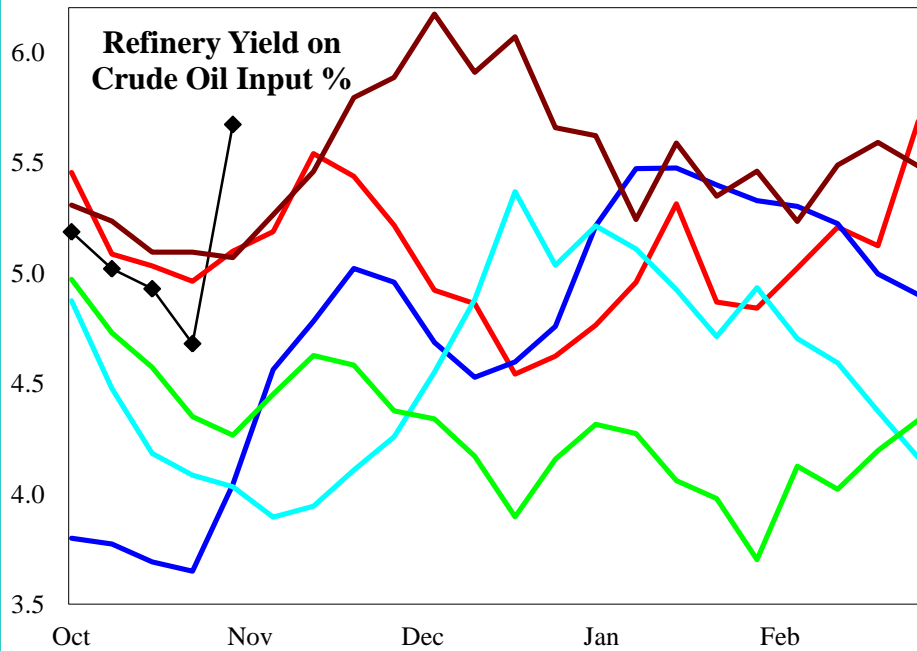
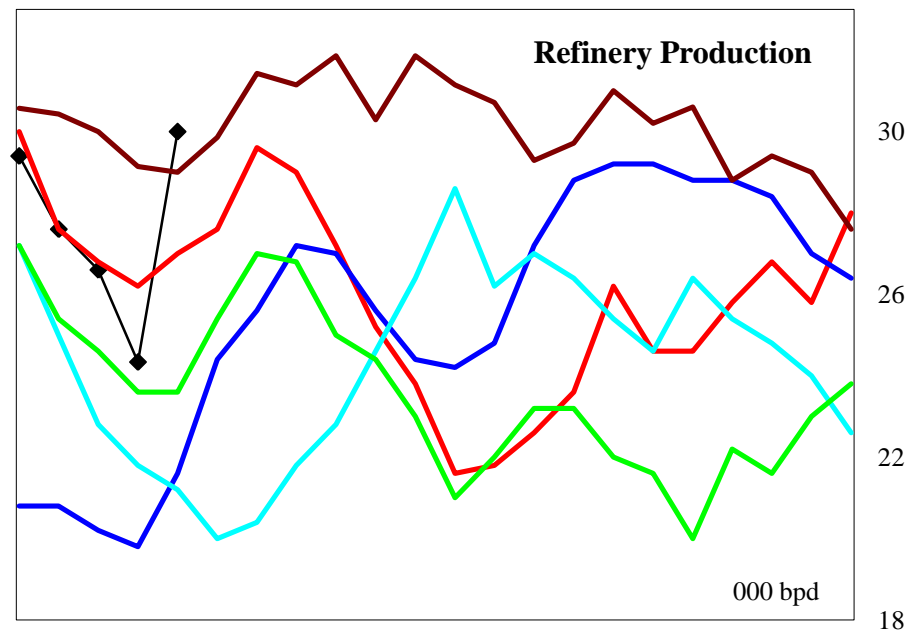
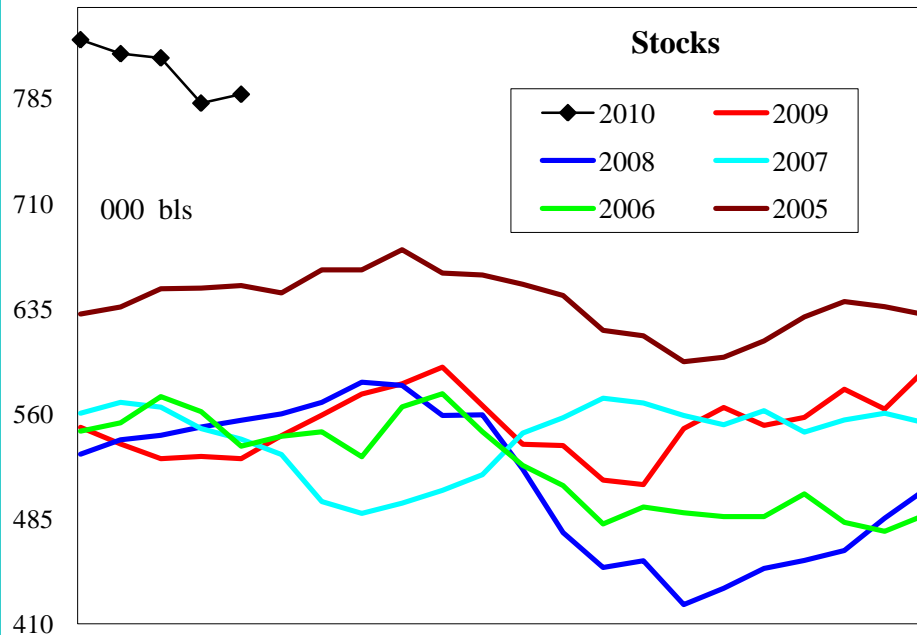
4.2

-3.5

# PADD 4 Distillate Supply



# PADD 4 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Prod + Imp - Stk chg

260

-1

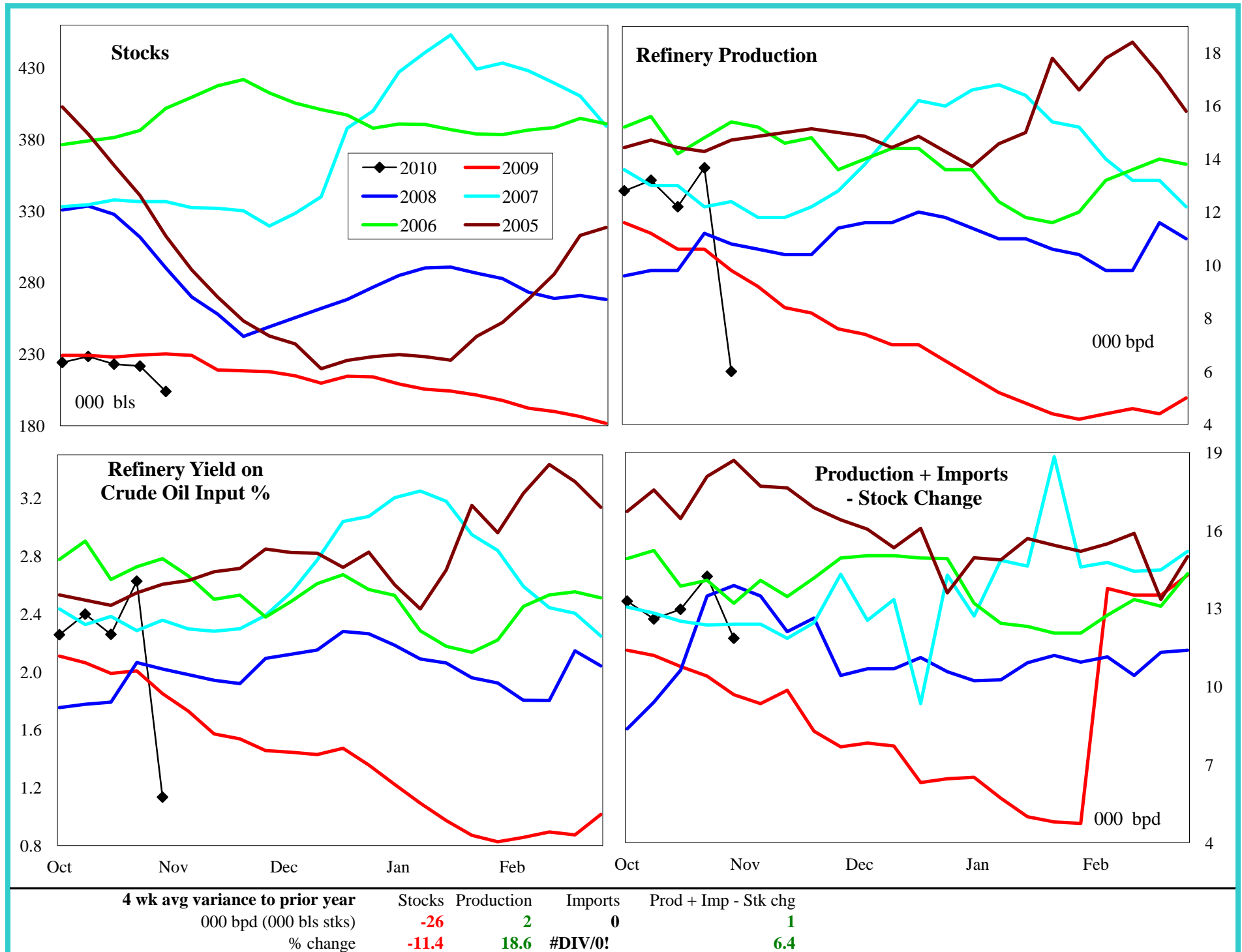
0

49.2

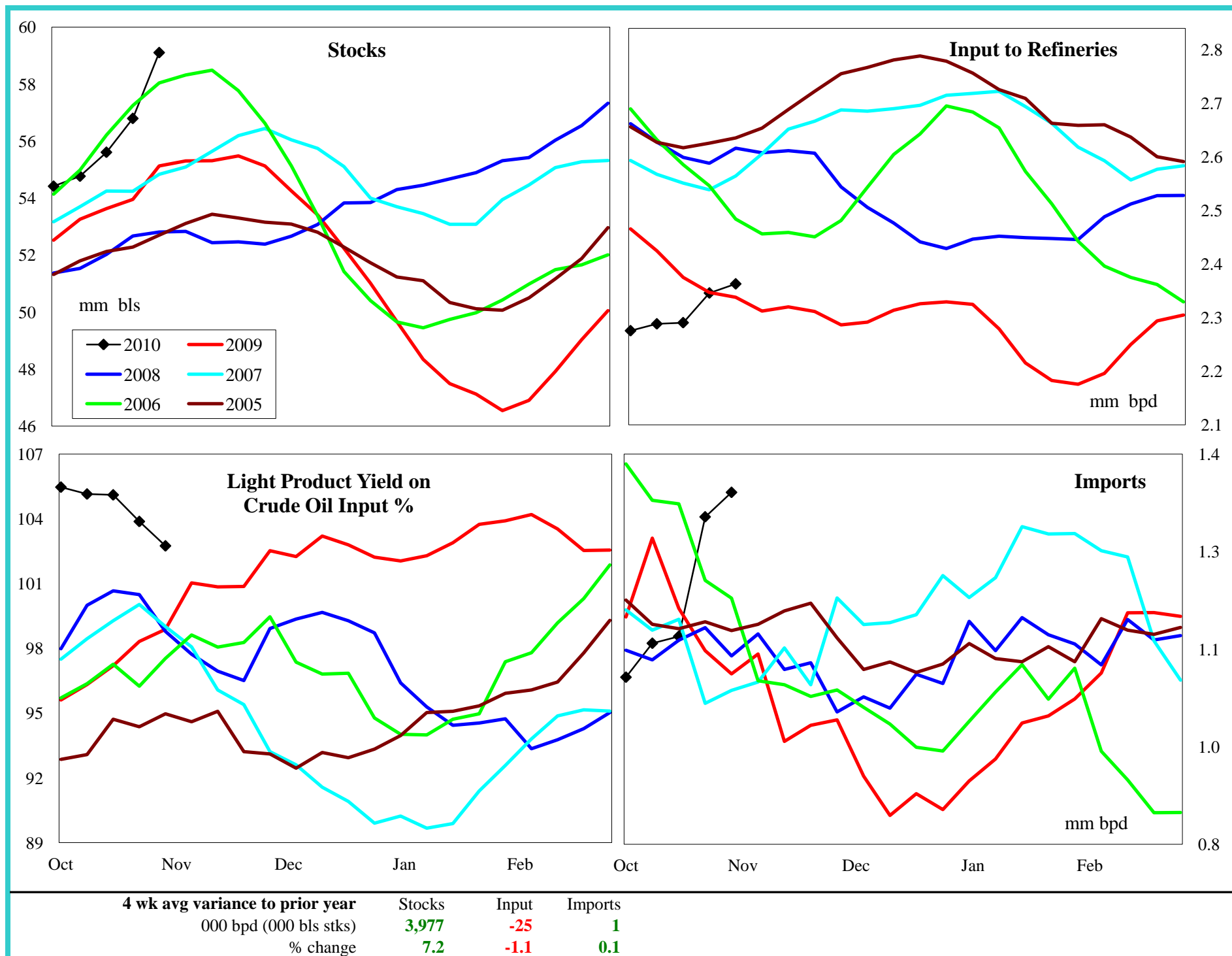
-2.0

1.7

# PADD 4 Residual Fuel Oil Supply

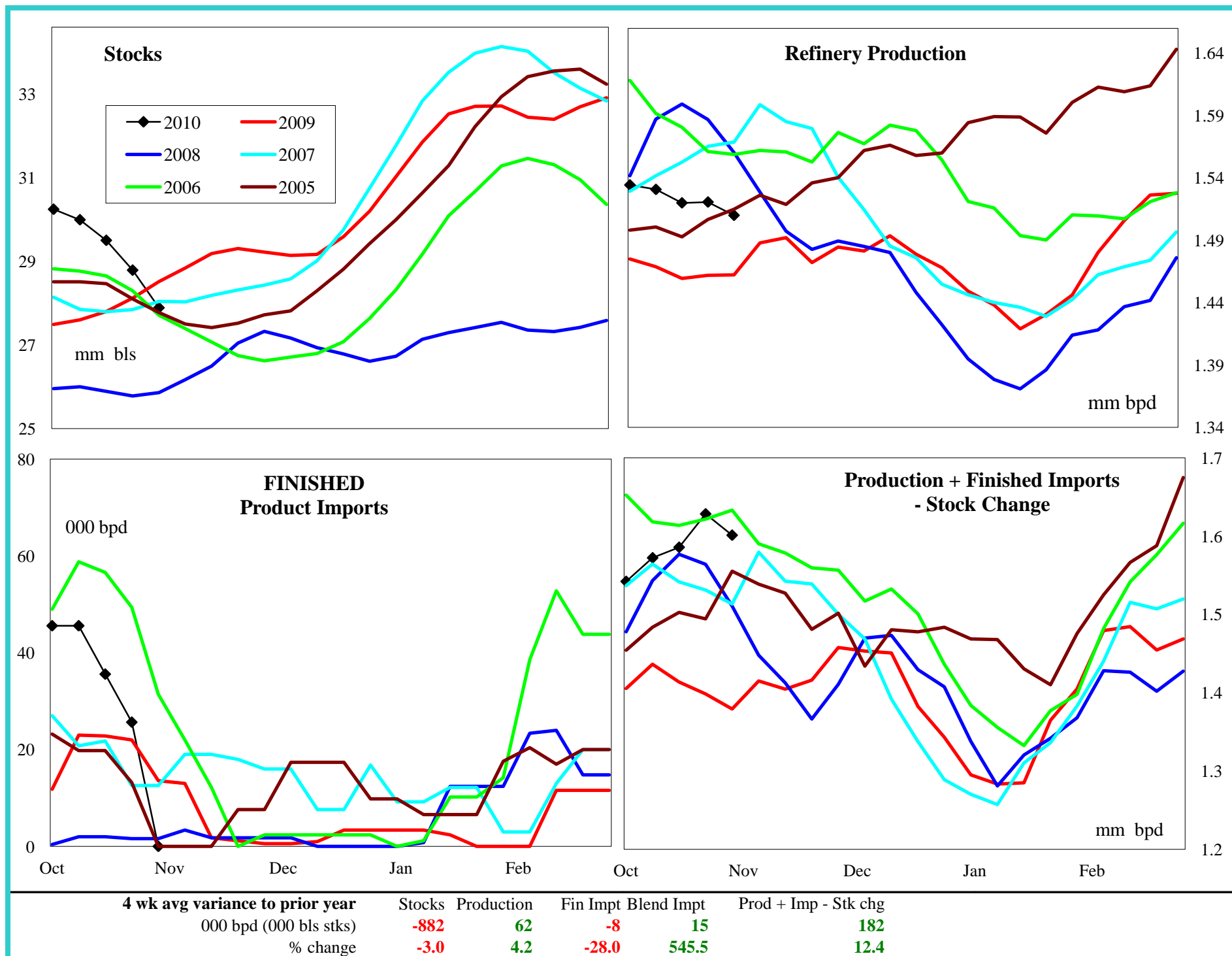


# PADD 5 Crude Oil Supply and Refining

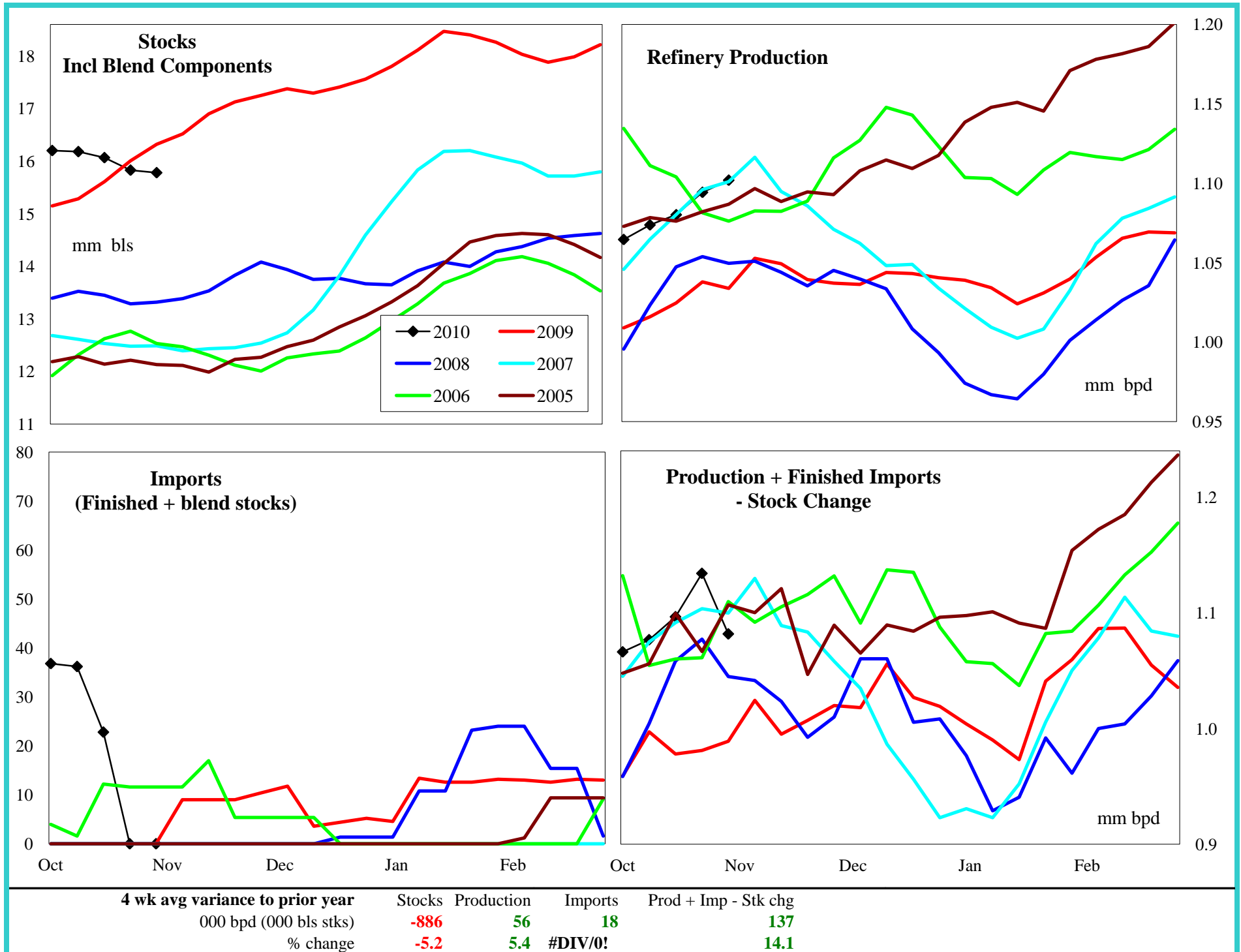




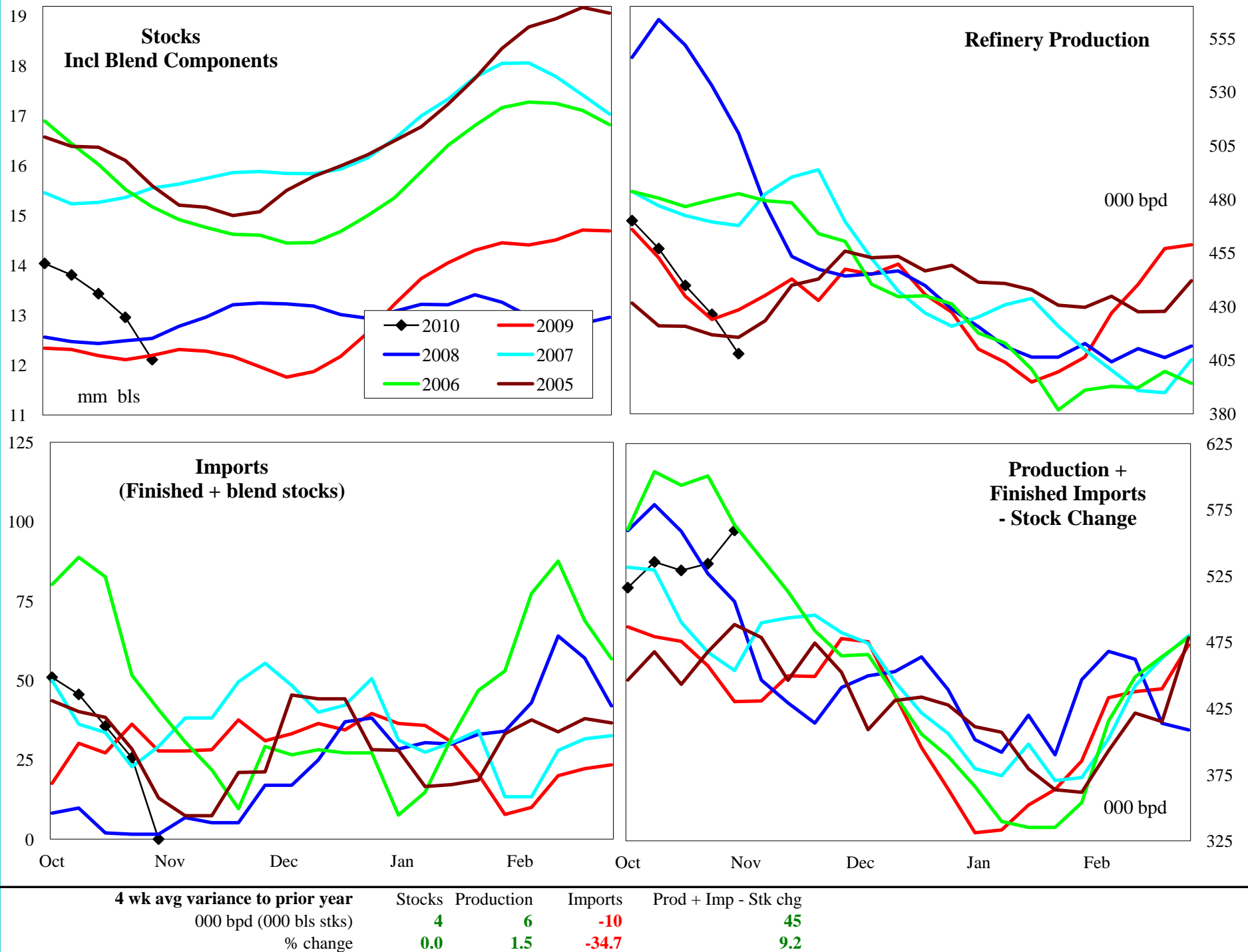
# PADD 5 Gasoline Supply



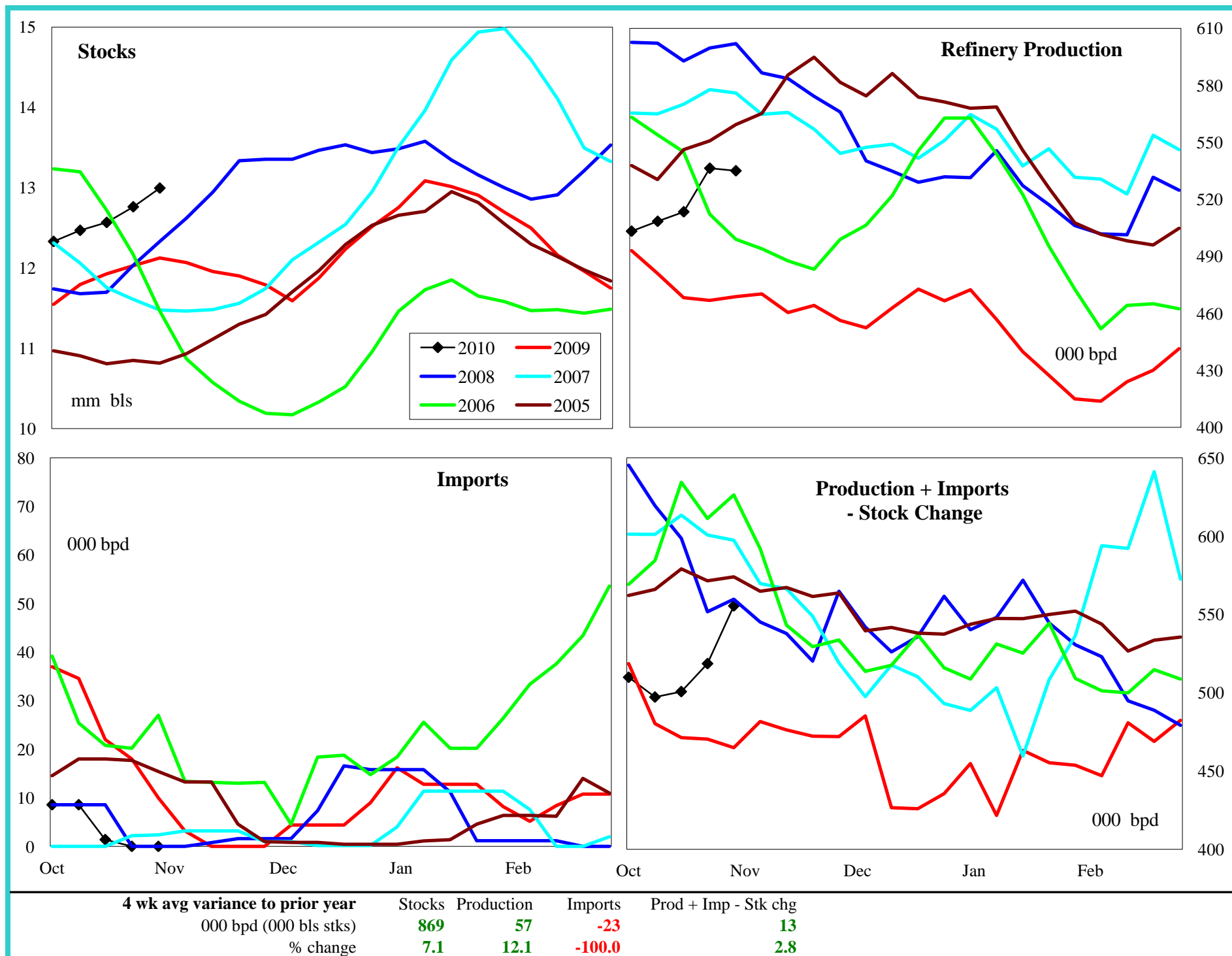
# PADD 5 Reformulated Gasoline Supply



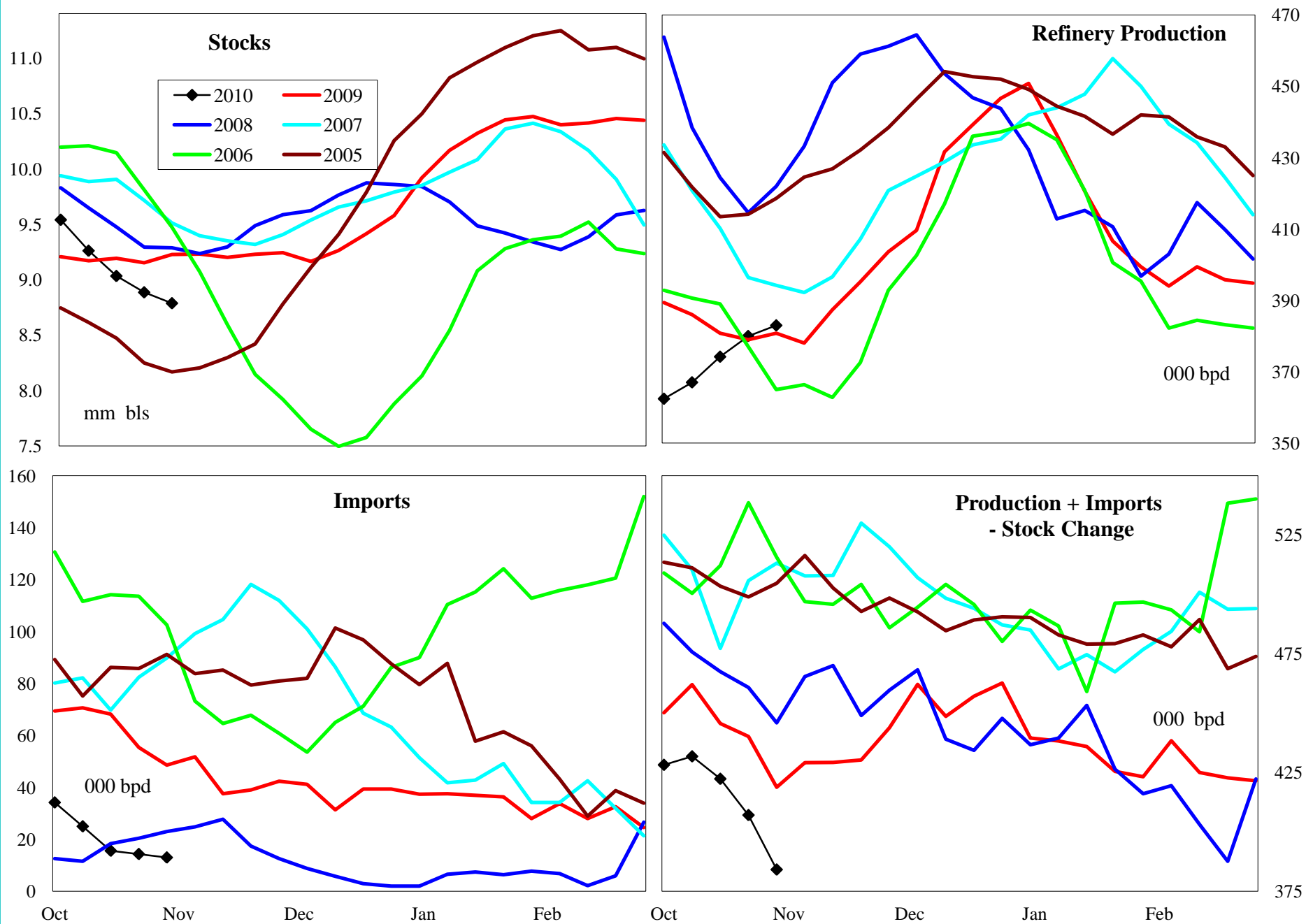
# PADD 5 Conventional Gasoline Supply



# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-366

-7

-50

-43

-4.0

-1.8

-75.8

-9.4

# PADD 5 Residual Fuel Oil Supply

