

WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

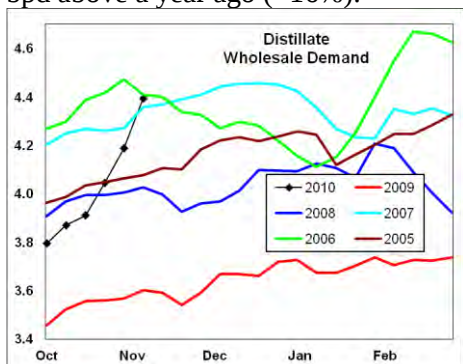
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, November 10,

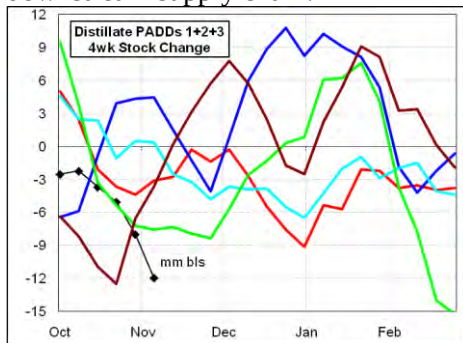


Major Fundamental Trends¹

Wholesale distillate demand, including exports, has been exceptionally strong. Demand increased +288,000 bpd last week with the 4-wk average +570,000 bpd above a year ago (+16%).



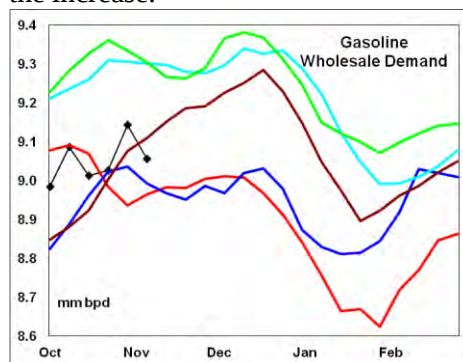
Retail on-road demand does not confirm this surge in demand. However, highly favorable weather has supported increased off road use for fall agriculture tillage, stimulus construction projects, and oil/gas drilling. Exports have also been robust; up +116,000 bpd higher during July-August (latest EIA monthly data). The recent price spike has also encouraged stock building in the downstream supply chain.



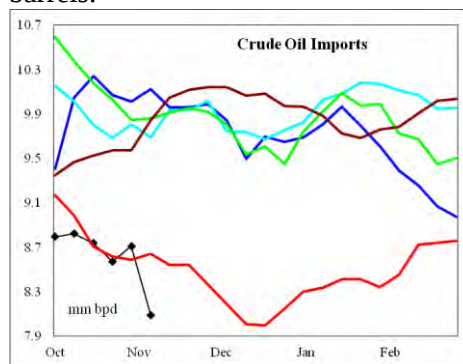
The robust demand has led to unusually high distillate stock draws during the last several weeks. Refiners return from maintenance and an end to favorable weather for off road applications should slow the rate of stock draws going forward.

Gasoline demand during the latest 4-wk period increased +163,000 bpd

above last year. Favorable weather, modest economic growth and higher prices that encourage stock building in the downstream supply chain underlie the increase.



Crude oil imports continue at exceptionally low levels, leading to last weeks' stock draw of -3.3 million barrels.



Demand for distillate spiked to match the 5-year weekly high last week, while gasoline demand was also robust.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline increased +1.8%; distillate up +16%; jet fuel down -1.4% while residual fuel oil decreased -33%.

Stocks forward coverage: Gasoline demand coverage fell on a -1.9 million barrel drop in stocks which demand increased. Coverage matched last years' record high.

Distillate demand coverage fell sharply on a -5 million barrel stock draw and +288,000 bpd rise in demand. The coverage level was well below last years' record high.

Jet fuel coverage matched last years' record high level with stock

levels nearly unchanged and very low demand.

Refinery utilization rates increased on a +153,000 bpd rise in crude oil runs. Runs were higher in PADDs 2 and 1 with other regions nearly unchanged. Crude oil runs for the latest 4-wk period were unchanged year-on-year.

Gasoline yield % on crude oil runs decreased last week on a +30,000 bpd rise in production versus a +153,000 bpd increase in crude runs. Yield % fell below last years' record high.

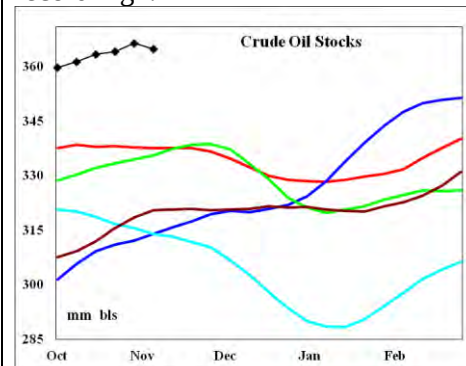
Distillate yield % on crude oil runs decreased with production unchanged last week compared to the rise in crude oil runs. Yield % matched the 5-year high for the period.

Jet fuel yield % on crude oil runs increased on a +30,000 bpd rise in output, with the yield % at the mid range.

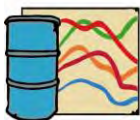
Petroleum Imports were lower for crude oil and all products except distillate, on the week.

During the latest 4-wk period distillate imports declined -19,000 bpd compared to last year; finished gasoline imports decreased -18,000 bpd, gasoline blend stock imports increased +78,000 bpd; jet fuel imports were -15,000 bpd lower, while residual fuel oil imports increased +13,000 bpd. **Crude Oil** imports decreased -0.5 million bpd on the week, falling to a new record low level for the quarter.

Stocks decreased -3.3 million barrels, with draws concentrated in PADDs 2 and 3. Stock levels were +27 million barrels above last years' record high.



¹ Source is latest EIA Weekly Statistics



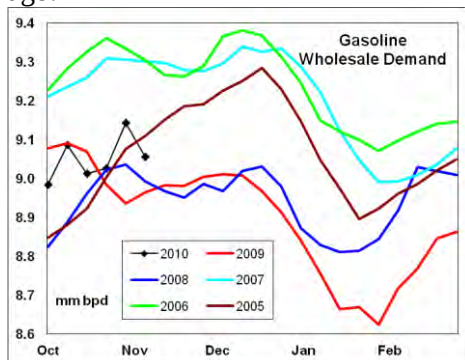
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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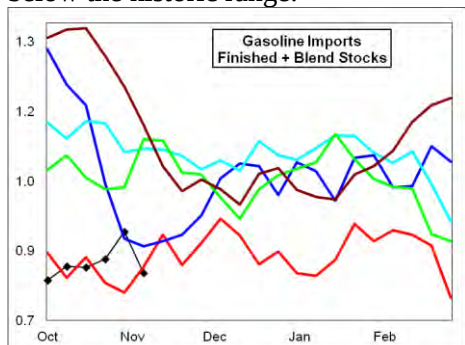
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Product Supply-Demand Trends

Gasoline demand increased +41,000 bpd last week, with the latest 4-wk average +163,000 bpd above a year ago.



Production increased +30,000 bpd on the week (including a -61,000 bpd EIA adjustment at the U.S. level); with the level matching historic highs. Imports decreased -69,000 bpd, to a level below the historic range.



Stocks decreased -1.9 million barrels on the week, with draws concentrated in PADDs 1 and 2, where refinery maintenance has limited output. Stock levels match last years' record high.

Robust demand, very low imports and reduced output due to refinery maintenance has led to near record stock draws during the last 6-wks.

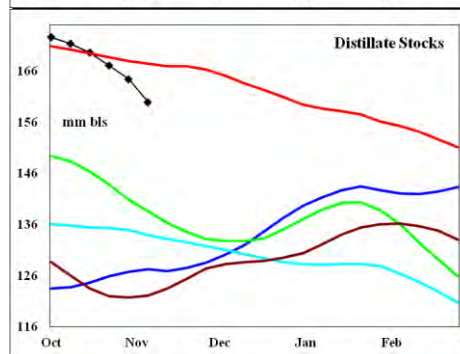
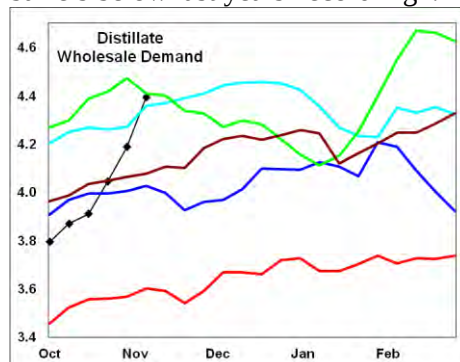
Expect lower seasonally demand and refiners return from maintenance to limit stock draws for the balance of the quarter. Price weakness should emerge before end of the quarter.

Distillate demand surged +288,000 bpd last week to a level that matched the prior 5-year high; with the latest 4-wk average up +570,000 bpd year-on-year.

Supply increased +88,000 bpd on the week, with the latest 4-wk average +335,000 bpd above a year ago.

Production was above 4 of the last 5-years.

Stocks extended the recent steep seasonal draw, falling -5 million barrels. Stock levels were -7.8 million barrels below last years' record high.



The supply balance continues to tighten at a rapid rate with the East of Rockies 4-wk draw -12 million barrels, a record draw for the quarter.

Exceptionally strong demand points to further stock draws ahead, even as refiners return from fall maintenance.

This continued tightening of the supply balance should support prices in the near term.

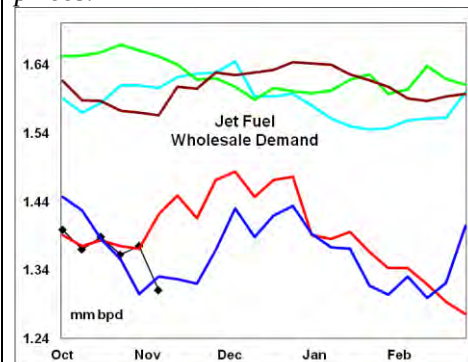
Jet Fuel demand fell -150,000 bpd last week, with the latest 4-wk average -19,000 bpd below last year.

Production increased +30,000 bpd on the week, offset by a -21,000 bpd decline in imports. Supply levels match last years' record lows.

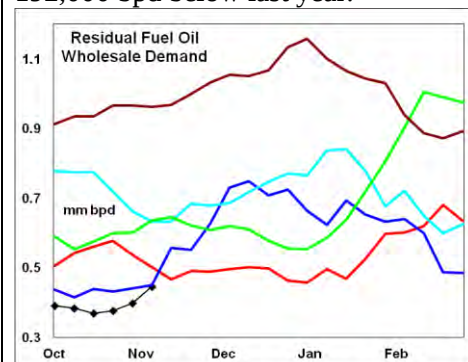
Stocks extended the recent seasonal downtrend, with the level still +3% above the prior record high.

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. A tightening global distillate supply balance should support jet prices.



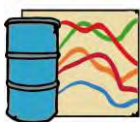
Residual fuel oil demand, including exports, increased +117,000 bpd last week, with the 4-wk average -192,000 bpd below last year.



Supply (production + imports) increased +62,000 bpd on the week, with higher production. The latest 4-wk average was -186,000 bpd below a year ago. Stock levels remain above four of the last five years.

Demand remains extremely low, with highly favorable economics for natural gas substitution in domestic use. Exports, which account for 2/3rds of demand also remain low, driven by a -31% decline in production year-on-year. 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

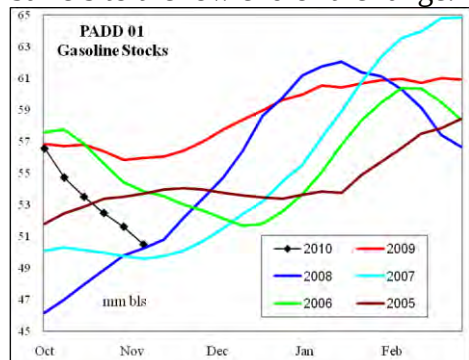
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PADD Supply Trends

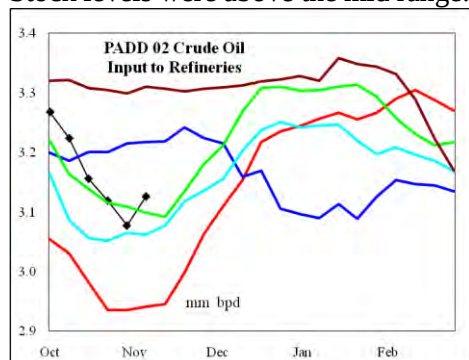
PADD 1 refinery crude oil runs increased +38,000 bpd on the week, with the 4-wk average -478,000 bpd below last years' record low rate. Crude oil stocks increased +0.5 million barrels last week, with the level -2.4 million barrels below the 5-year range. Imports were -26% below a year ago.

Gasoline production decreased -31,000 bpd on the week, with the latest 4-wk average +519,000 bpd above a year ago. Imports declined -156,000 bpd on the week, to a level below the historic range. Stocks decreased -1.2 million barrels to the low end of the range.



Distillate supply increased +88,000 bpd last week, on a +100,000 bpd jump in imports. Stocks declined -1.8 million barrels last week, with the level -3.9 million barrels below last year.

Jet fuel supply declined -31,000 bpd to a level matching historic lows. Stock levels were above the mid range.



PADD 2 crude oil refinery runs increased +144,000 bpd last week, to a level near 5-year lows for the period. Imports declined -109,000 bpd to a level above the mid range. Stocks

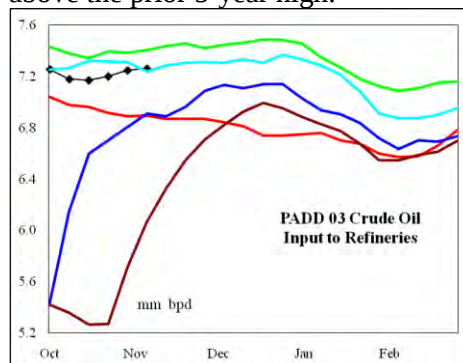
declined -2.7 million barrels, including a -1.7 million barrel draw in Cushing. Stock levels in Cushing remain +17% above the prior record.

Gasoline production increased +57,000 bpd to a level well above the mid range. Stocks decreased -1 million barrels on the week, still at a level above the historic range.

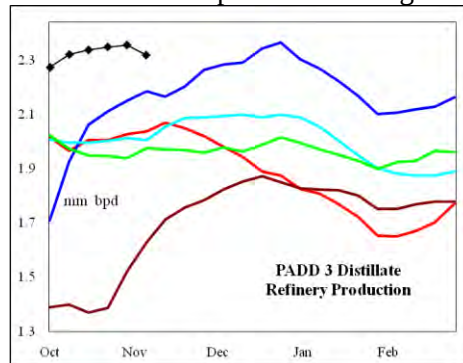
Distillate production increased +12,000 bpd to a level above the mid range. Stocks declined -1.4 million barrels, to a level at the mid range.

Jet fuel production and stock levels each match 5-year highs.

PADD 3 crude oil runs were unchanged on the week, with the latest 4-wk average +324,000 bpd above a year ago. Crude imports decreased -0.2 million bpd, to match 5-year lows. Stock levels were +17.4 million barrels above the prior 5-year high.



Gasoline production increased +35,000 bpd. Stock levels were +4.3 million barrels above the prior historic high.



Distillate production decreased -26,000 bpd last week, with the level well above the historic range. Stocks decreased -1.2 million barrels on the week, with the level -0.9 million barrels below last years' record high.

Jet fuel production increased +38,000 bpd last week, with the level still at the low end of the historic range. Stocks increased +0.7 million barrels, +20% above the prior record high.

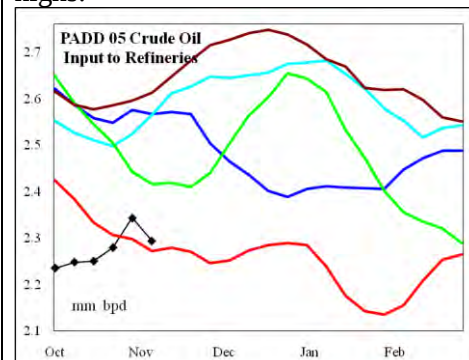
Residual fuel oil supply jumped +189,000 bpd, with weekly imports above the historic range. Stocks increased +1.3 million barrels to a new record high.

PADD 4 refinery crude runs increased +1,000 bpd on the week, to a level near the mid range. Crude oil stocks increased +0.3 million barrels to a new record high

Gasoline production increased +23,000 bpd on the week, to a level comparable with the last 2-years. Stock levels remain at the upper end of the historic range.

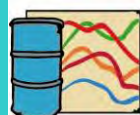
Distillate production increased +20,000 bpd, to a level above the historic range. Stock levels were comparable to the last 2-years.

PADD 5 crude oil refinery runs decreased -29,000 bpd on the week to at the low end of the 5-year range. Crude imports fell -415,000 bpd on the week to a level below the historic range. Stocks levels were at 5-year highs.



Gasoline production was at the 5-year mid range for the week. decreased -15,000 bpd last week. There were no imports. Stocks increased +0.3 million barrels last week, to a level above the mid range.

Distillate production was slightly below the mid range. Stocks fell -0.8 million barrels, with the level still well above the mid range.

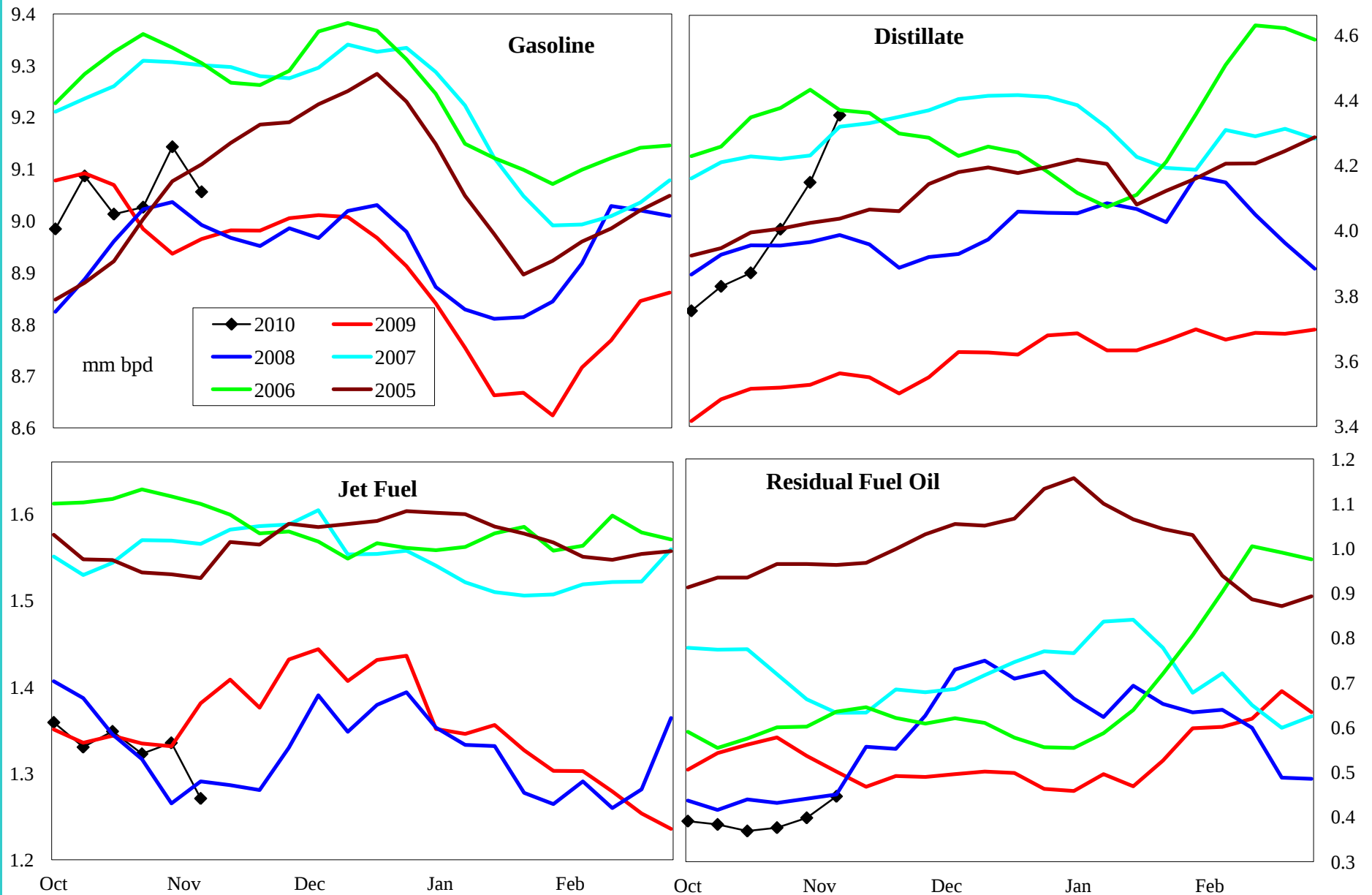

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PETROLEUM: Graph Link and Weekly Summary

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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	5-Nov-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	-3,274	504	-2,689	-1,275	315	-128
	Imports	-489	129	18	-208	-13	-415
	Input	153	38	144	-1	1	-29
	% Utilization	0.60					
<u>Gasoline</u>	Stocks	-1,917	-1,241	-1,037	11	9	340
	Production	30	-31	57	35	23	7
	Imports	-69	-156	-1	63	0	25
	Supplied	41					
<u>Distillate</u>	Stocks	-4,972	-1,773	-1,352	-1,239	161	-768
	Production	0	-12	12	-26	20	7
	Imports	88	100	-12	0	-1	0
	Supplied	288					
<u>Jet Fuel</u>	Stocks	110	-480	-107	708	-49	36
	Production	30	-12	9	38	-9	4
	Imports	-21	-19	0	0	0	-2
	Supplied	-150					
<u>Residual Fuel Oil</u>	Stocks	-235	-1,417	18	1,339	5	-181
	Production	63	-2	5	51	5	3
	Imports	-1	-64	1	138	0	-75
	Supplied	117					

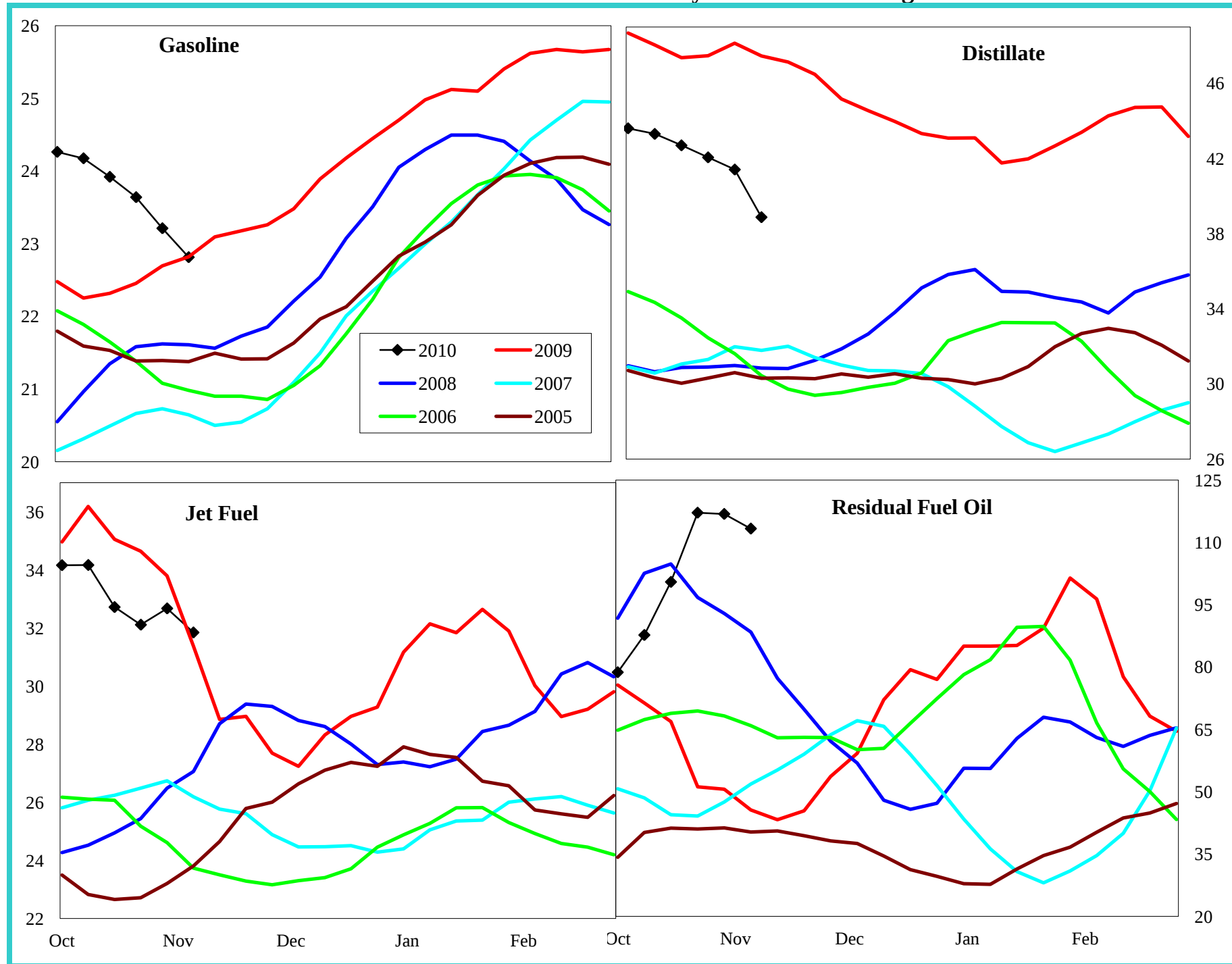
United States Wholesale Petroleum Demand



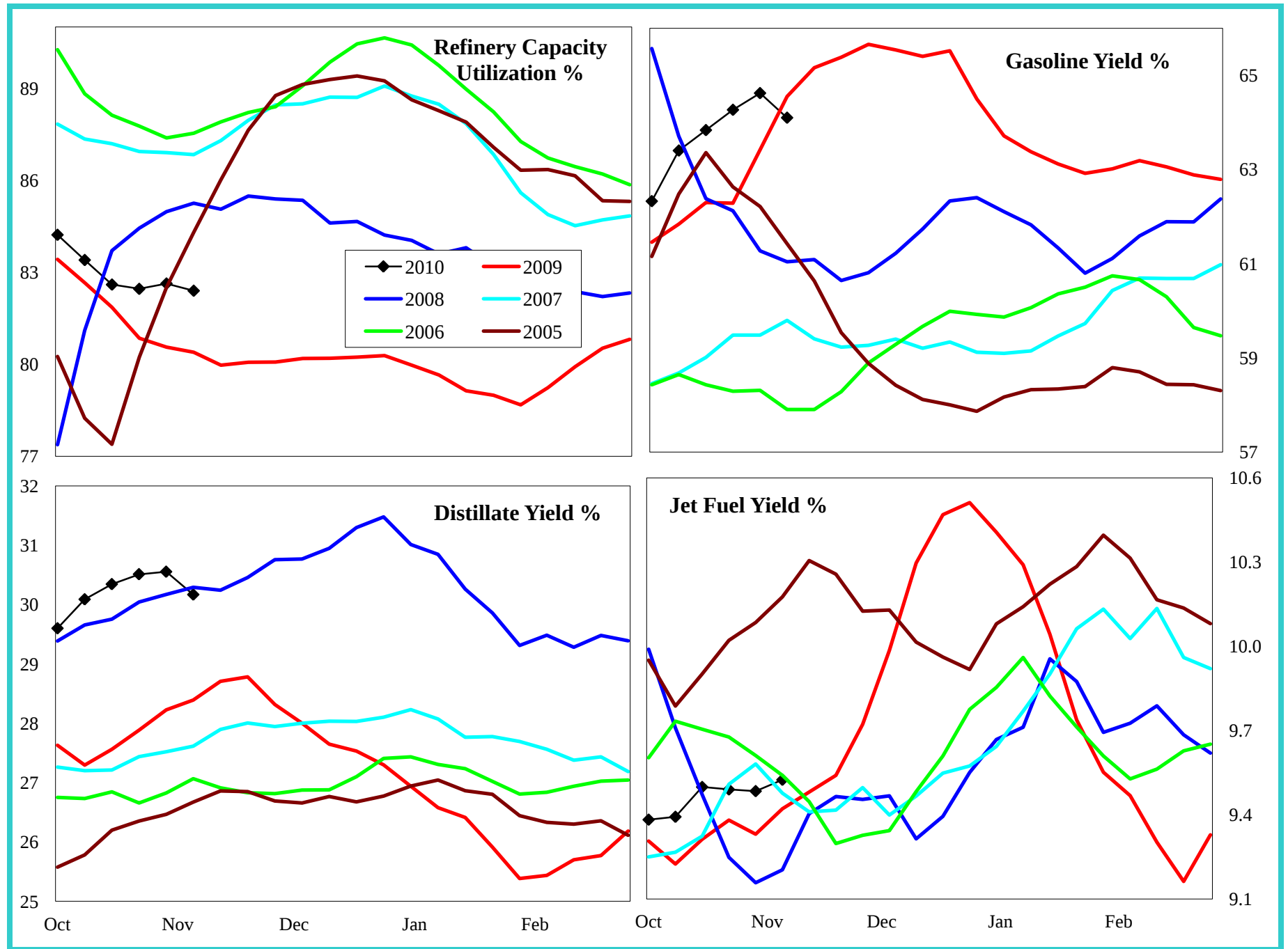
	000 bpd change from prior year				% change from prior year			
	4wk avg	Sep	Aug	Jul	4wk avg	Sep	Aug	Jul
Gasoline	163	149	76	72	1.8	1.7	0.8	0.8
Distillate	570	229	364	166	16.0	6.4	10.6	4.9
Jet Fuel	-19	36	0	-48	-1.4	2.5	0.0	-3.2
Resid	-192	76	-22	255	-33.3	22.4	-4.7	79.9



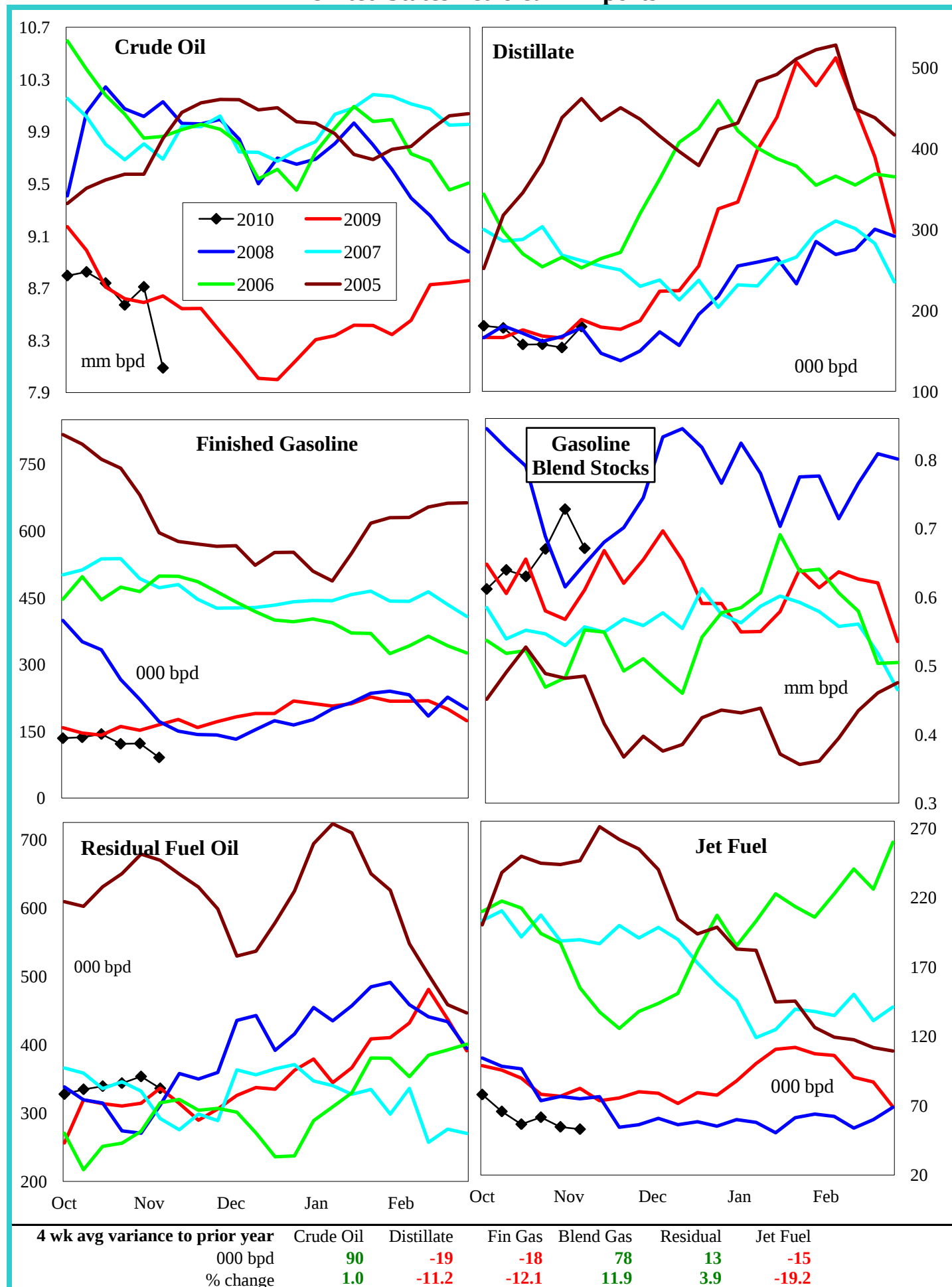
United States Product Stocks: Days Forward Coverage



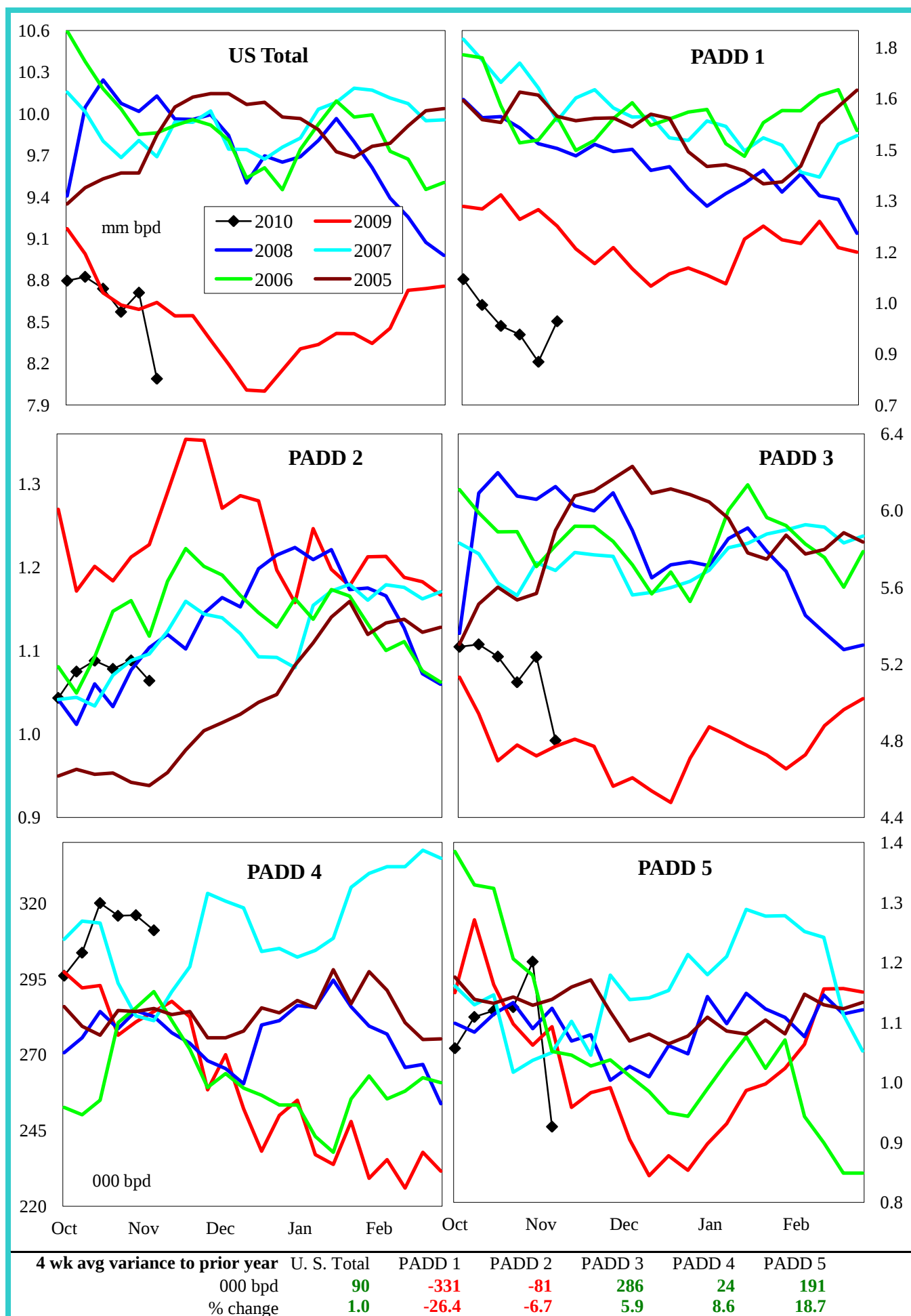
United States Refinery Percent Utilization Rate and Product Yields



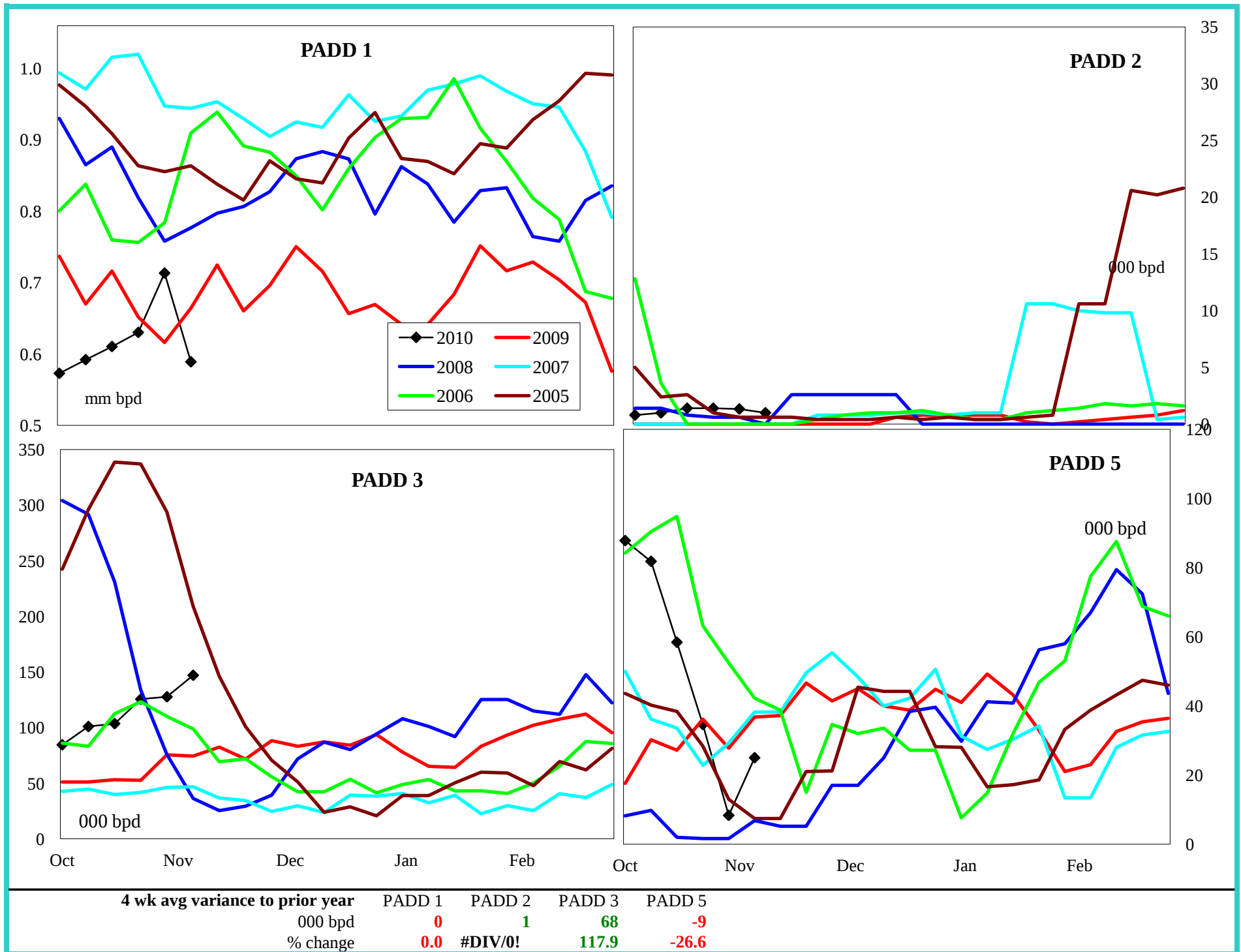
United States Petroleum Imports



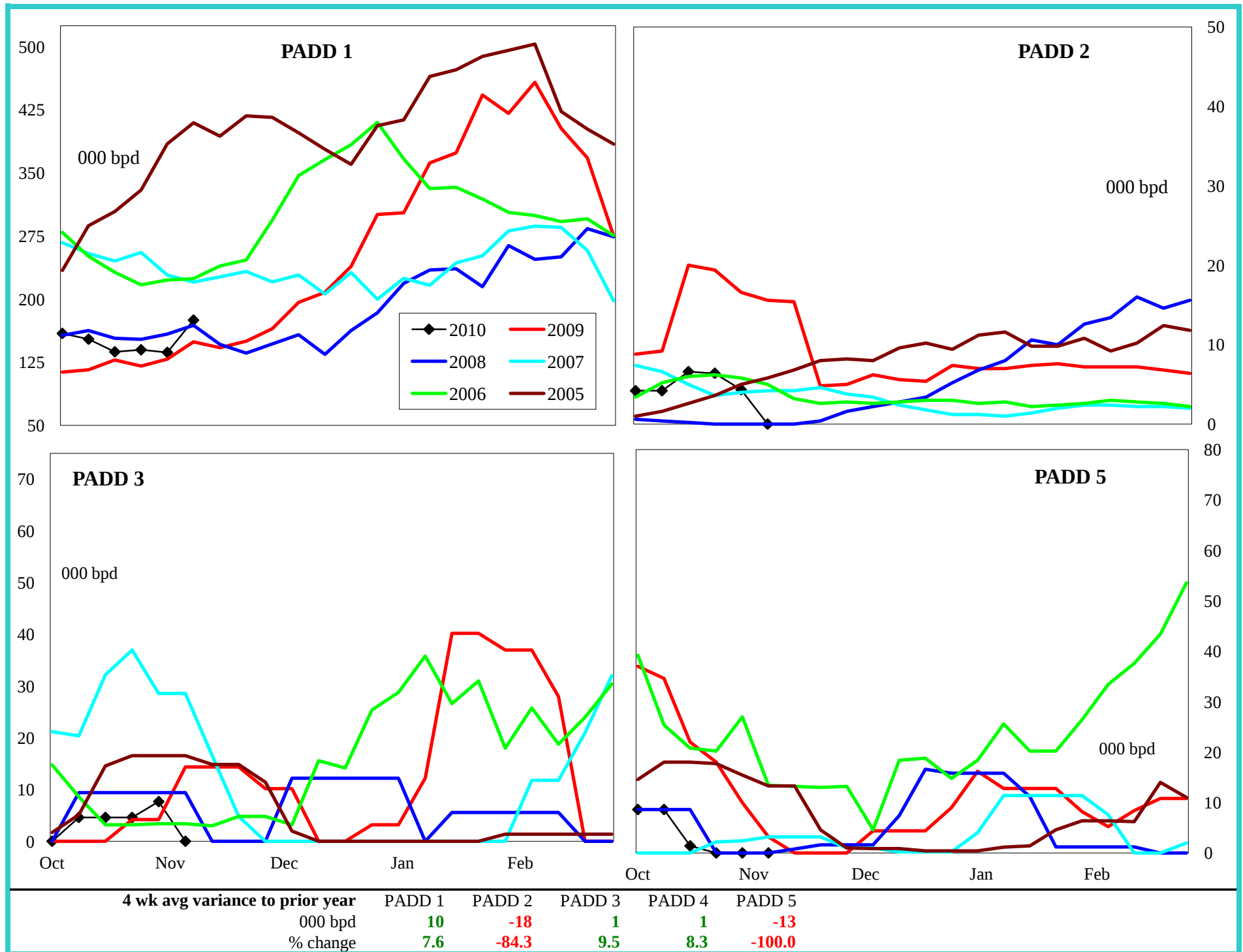
Crude Oil Imports by PADD



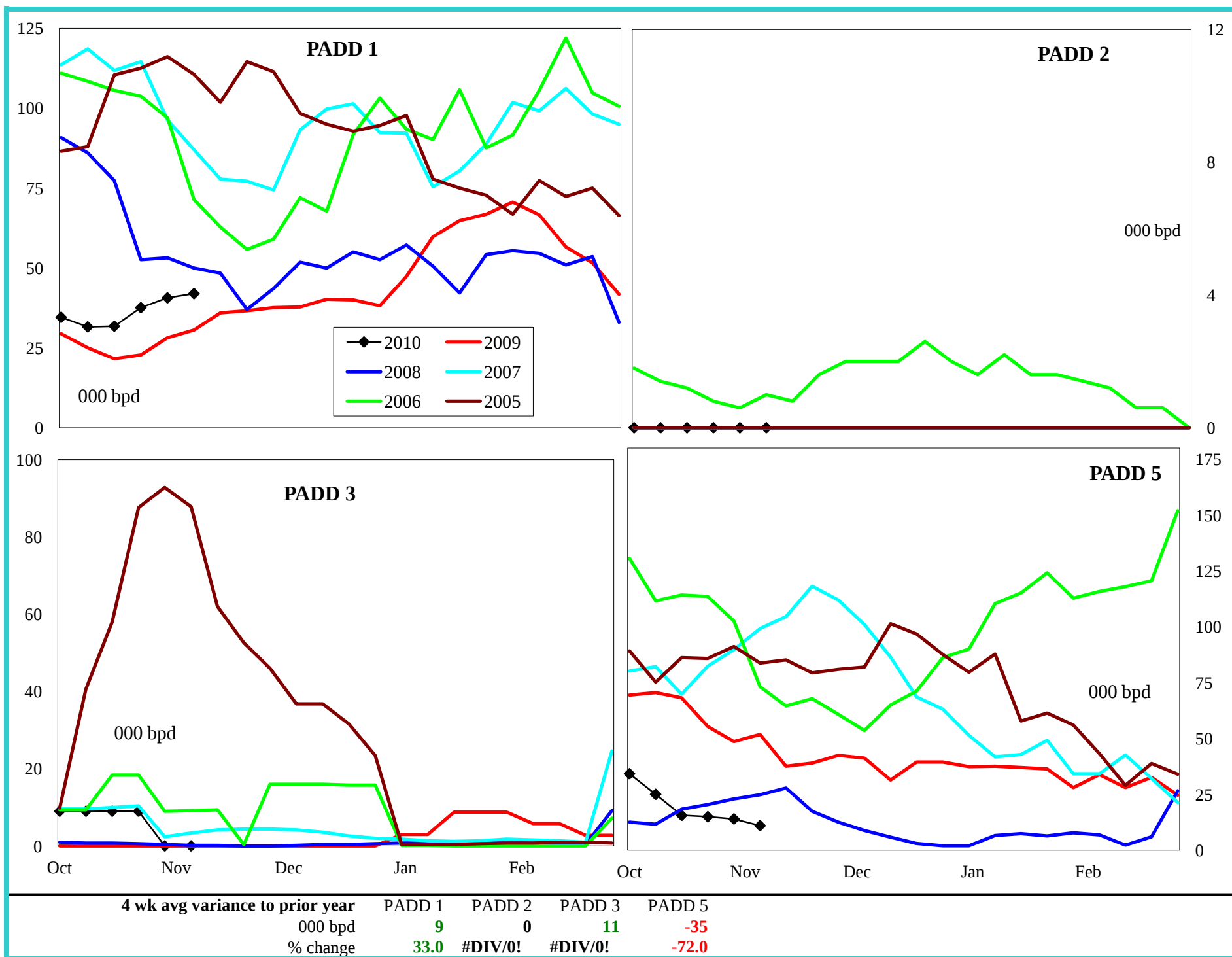
Gasoline Imports by PADD (Finished + Blend Stocks)



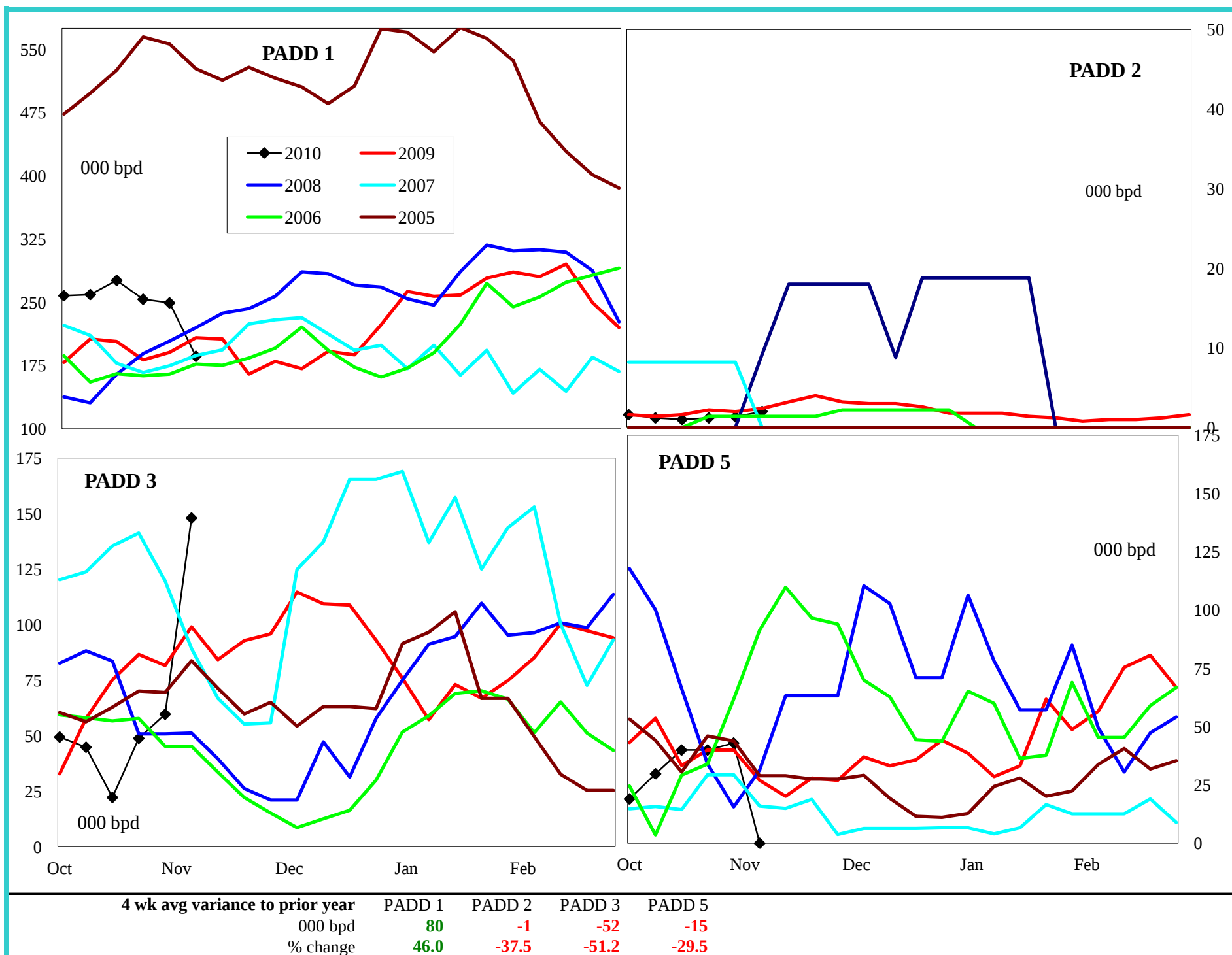
Distillate Imports by PADD



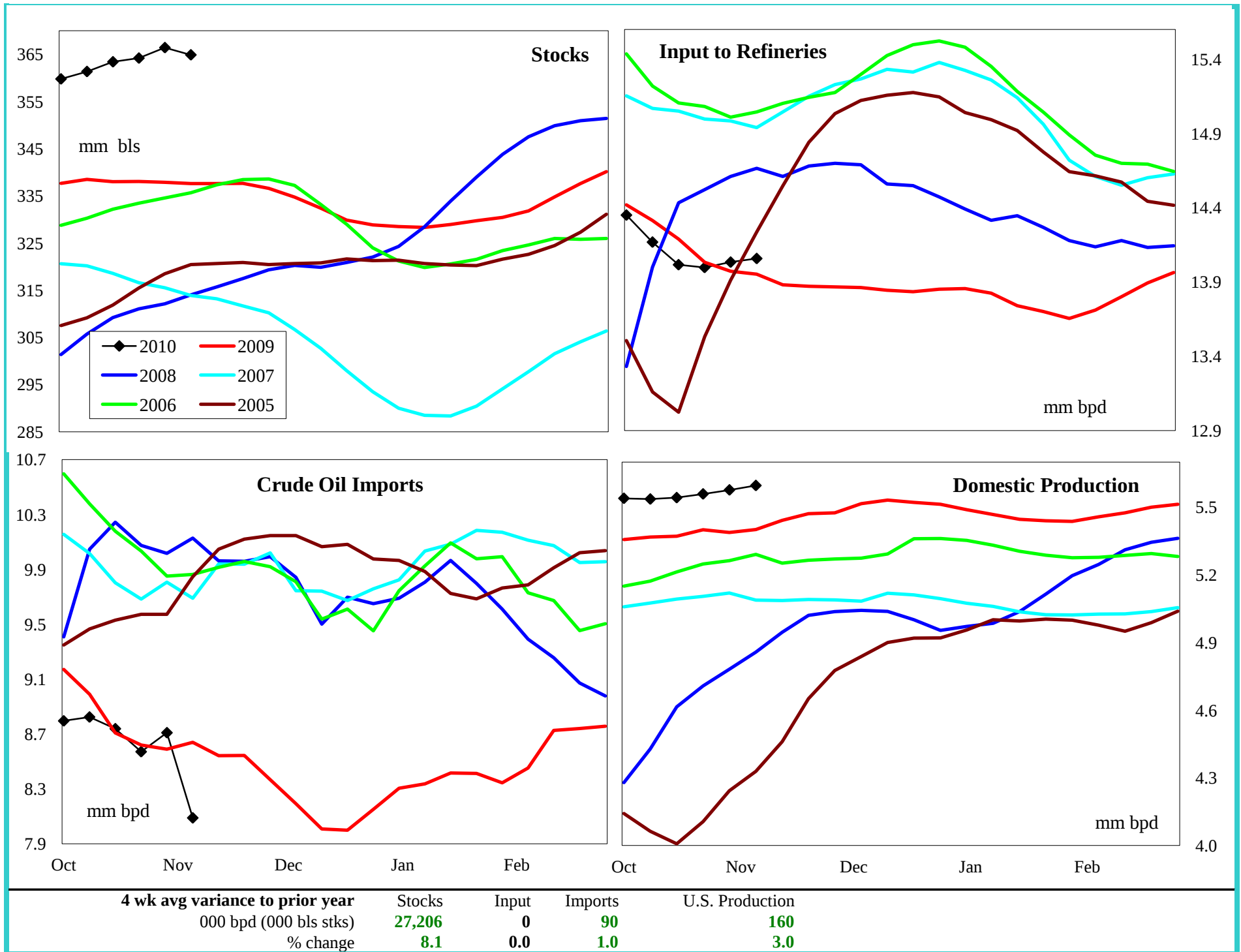
Jet Fuel Imports by PADD



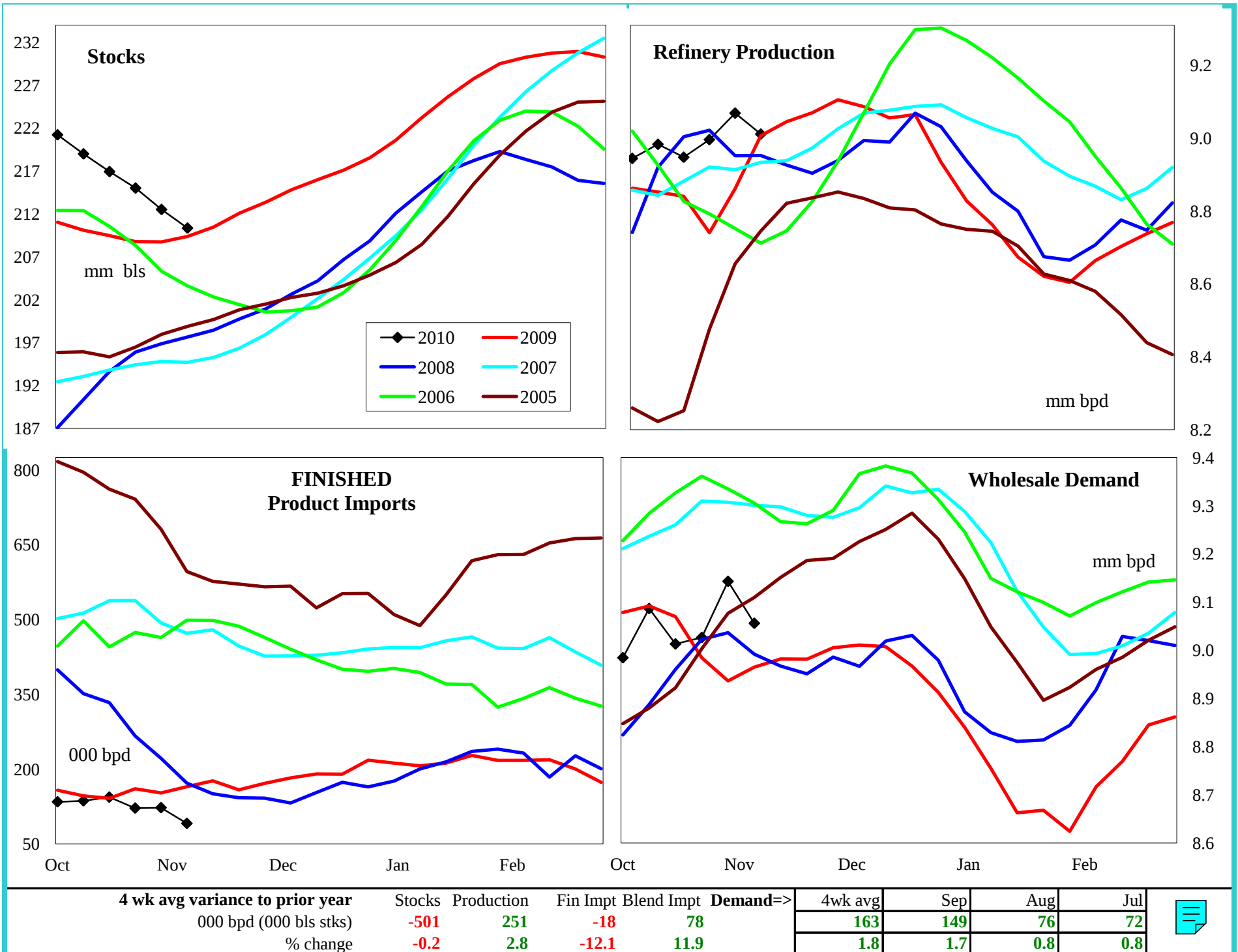
Residual Fuel Oil Imports by PADD



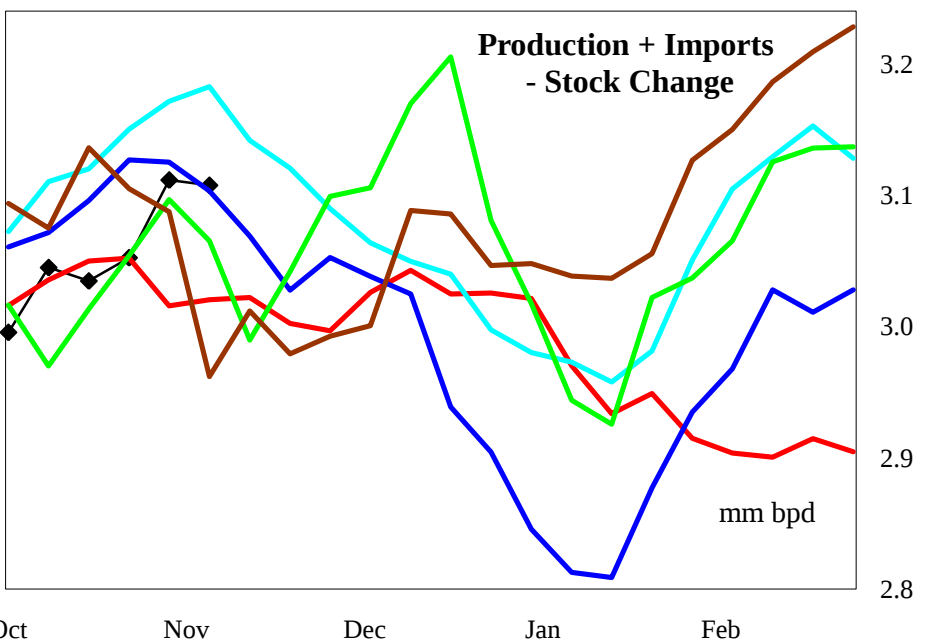
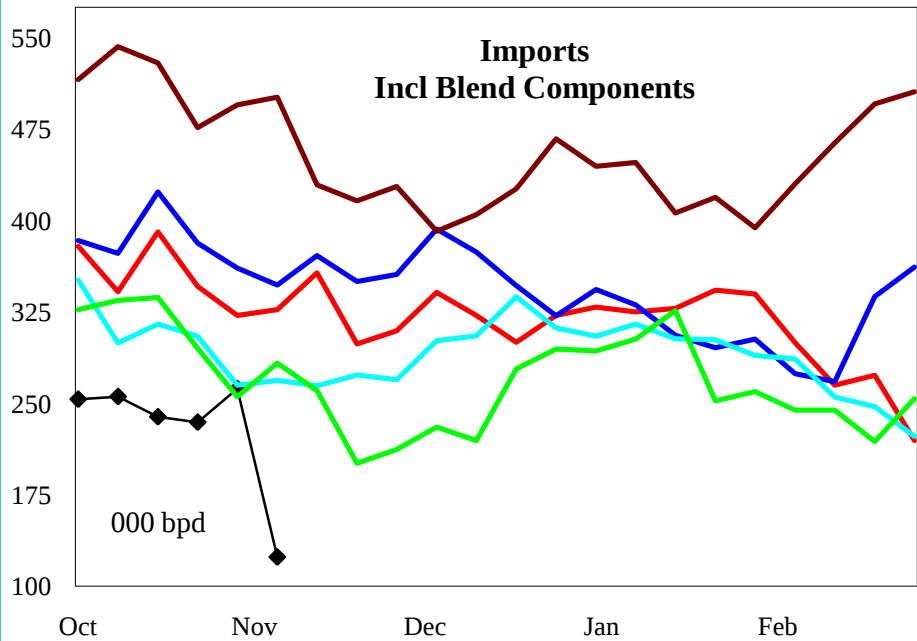
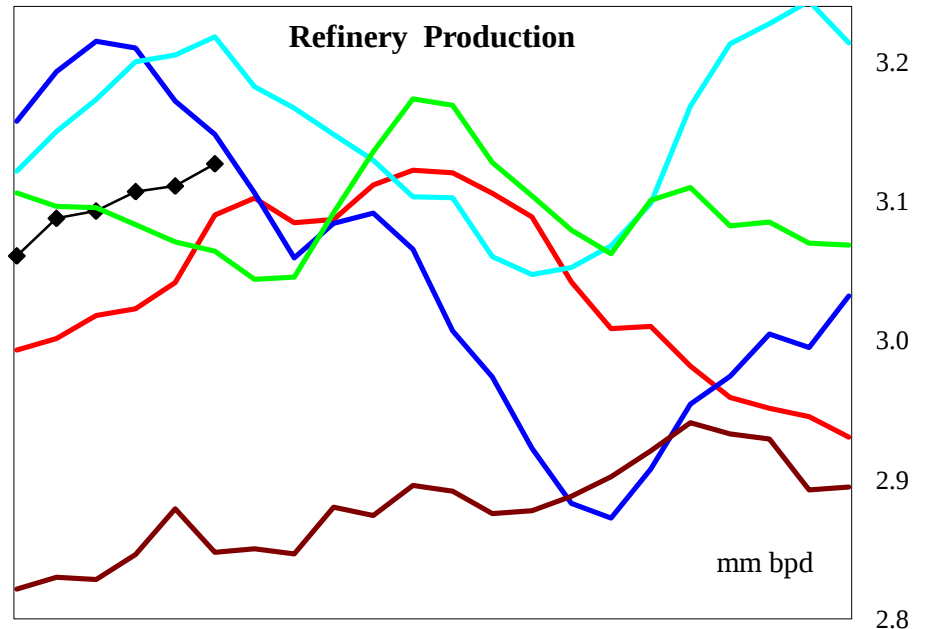
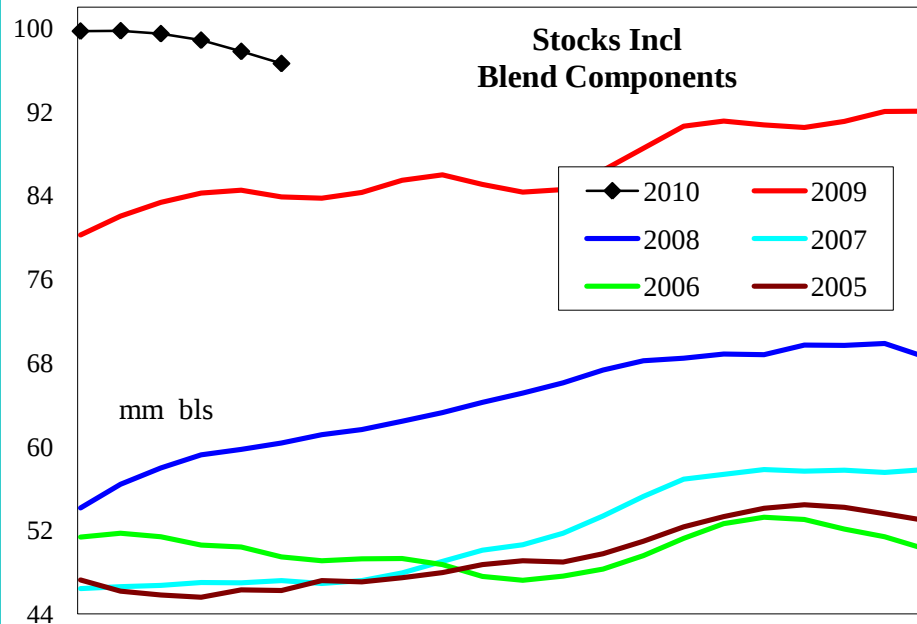
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



United States Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

12,758

15.2

Production

79

2.6

Imports

-132

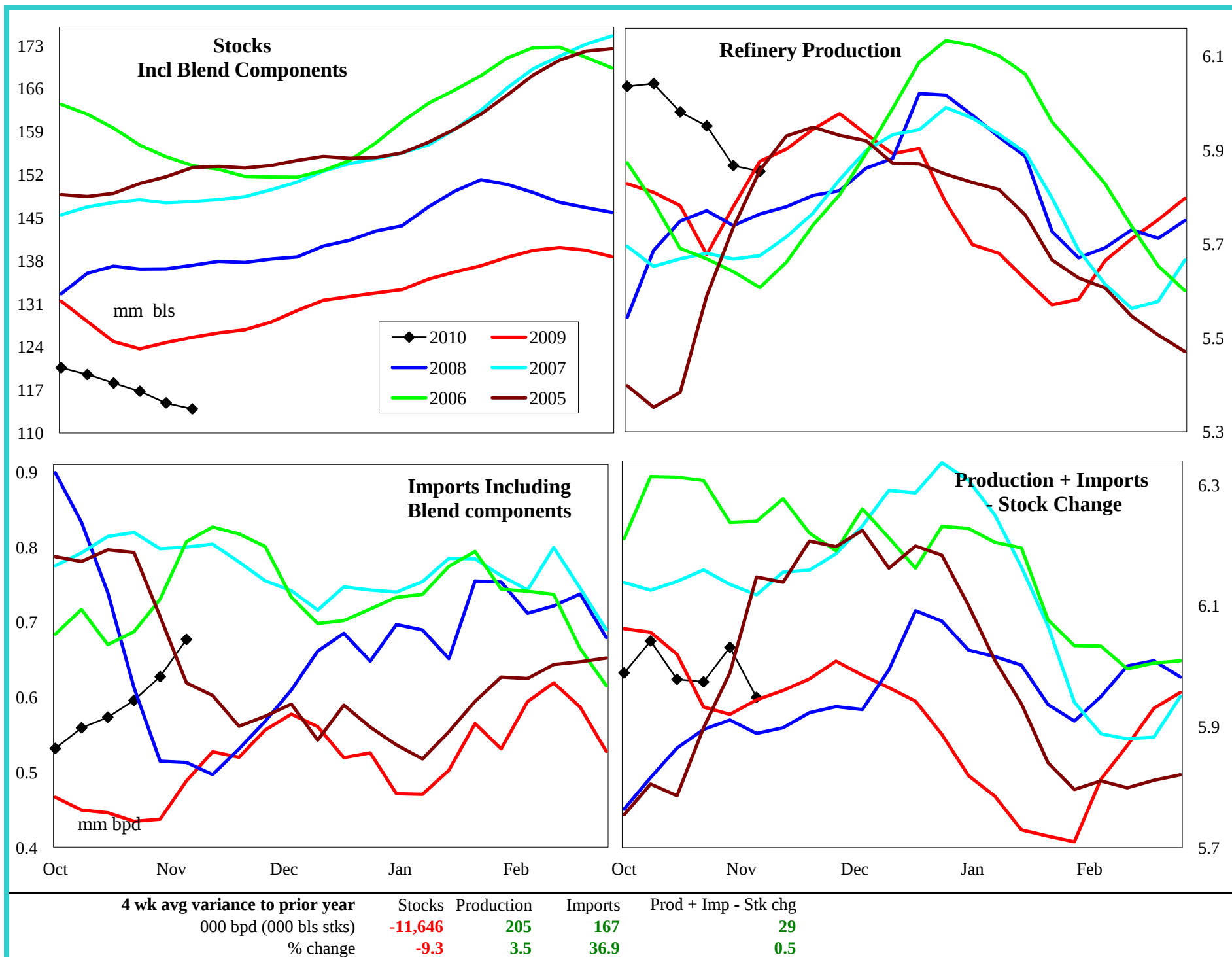
-38.0

Prod + Imp - Stk chg

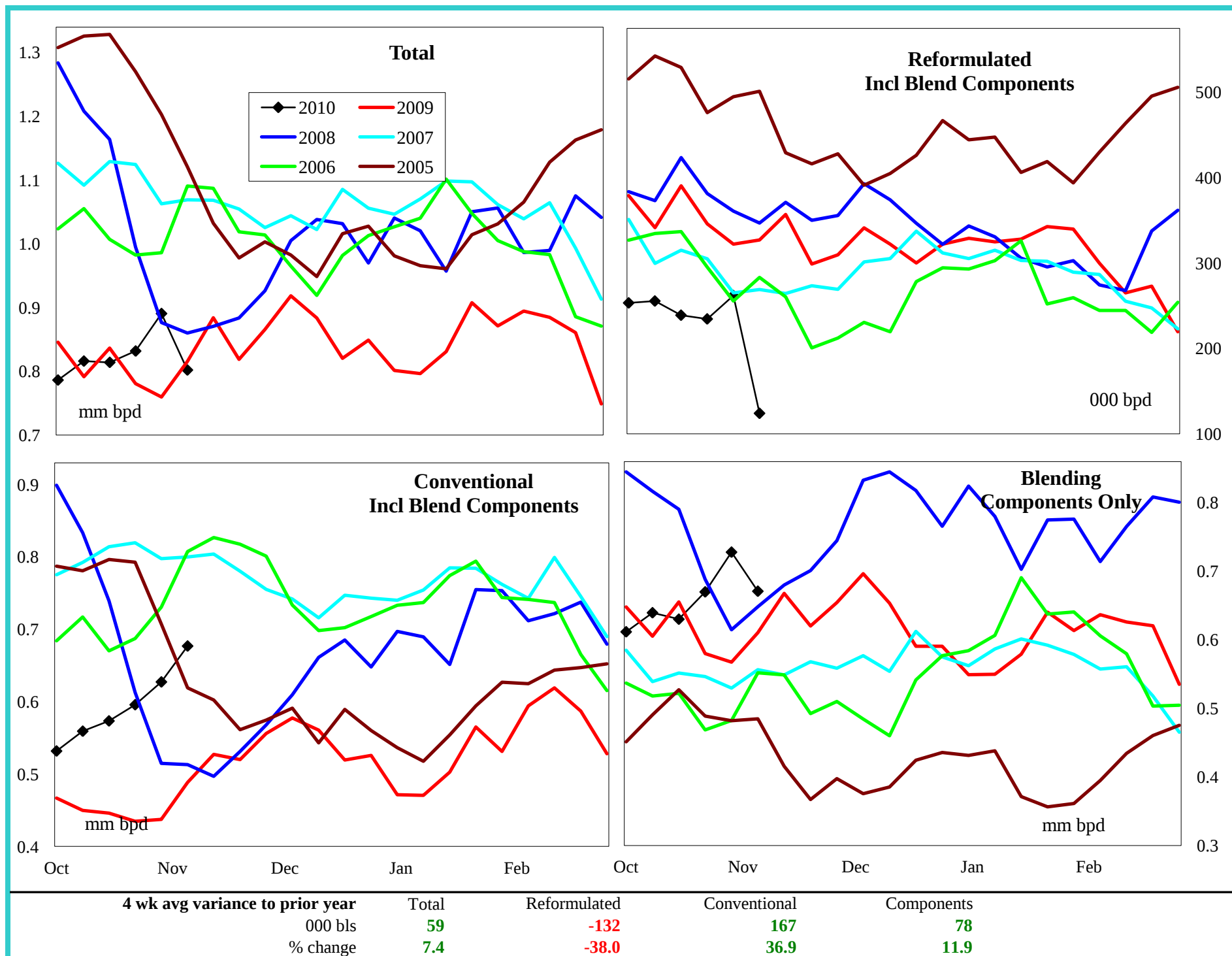
42

1.4

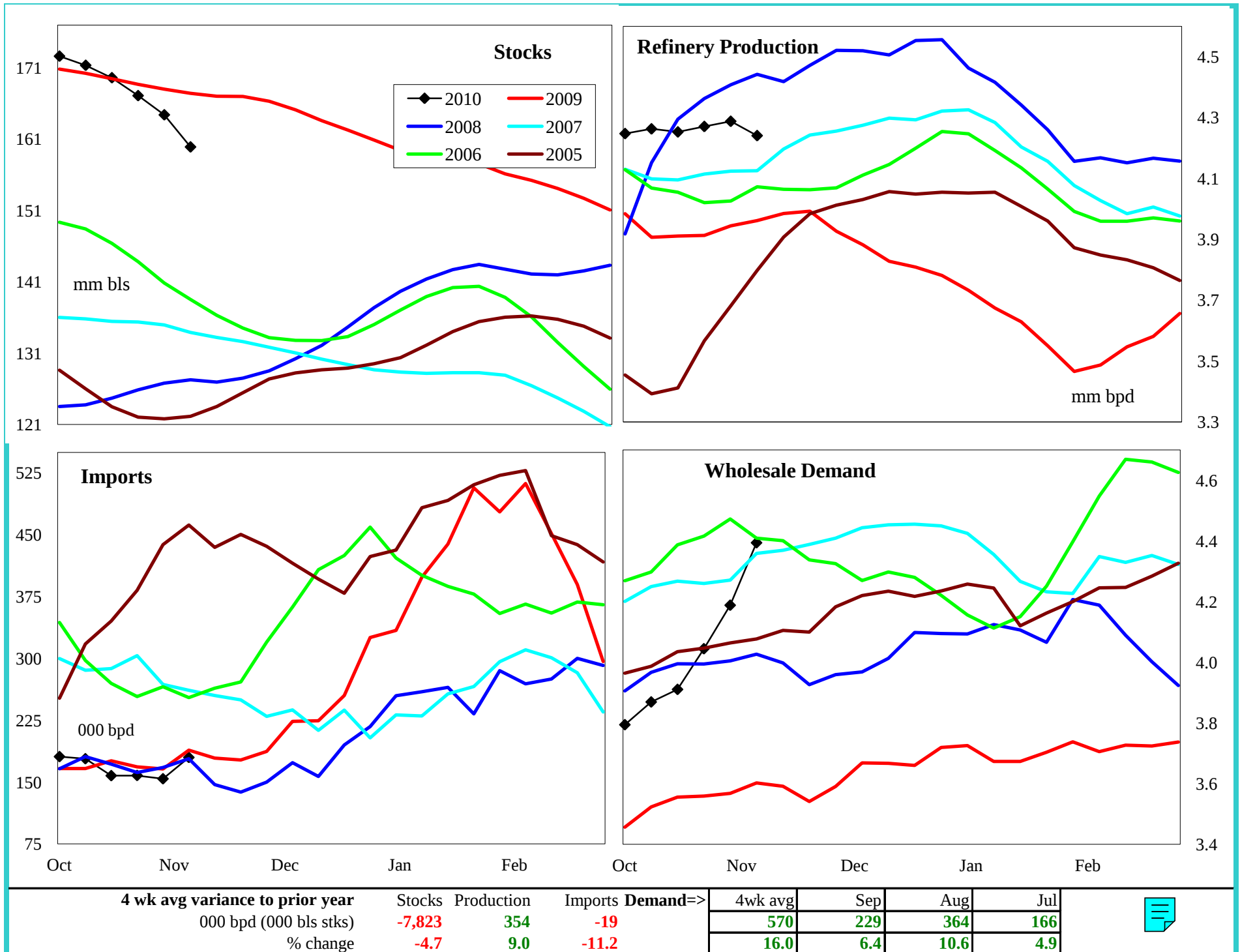
United States Conventional Gasoline Supply



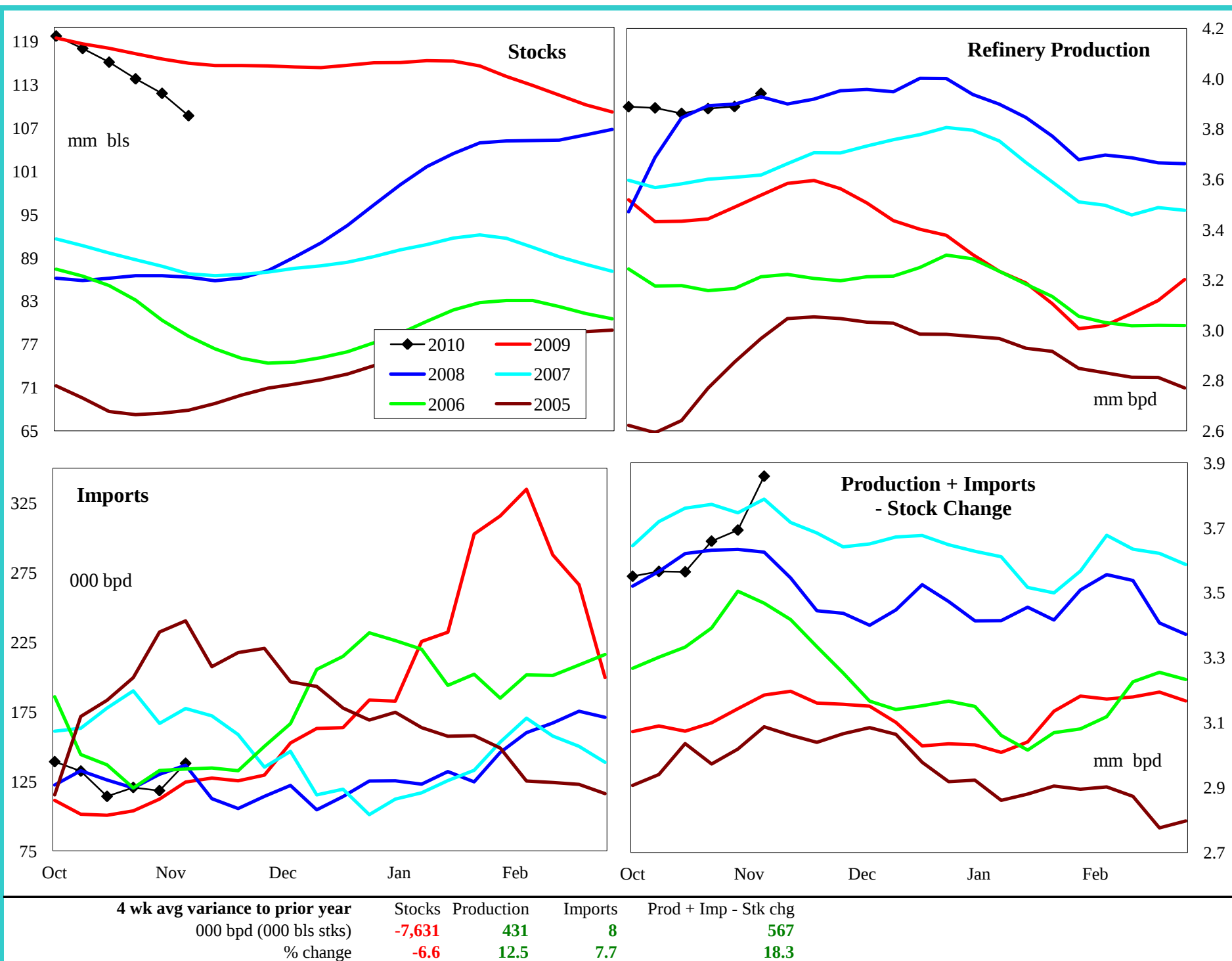
United States Gasoline Imports by Type



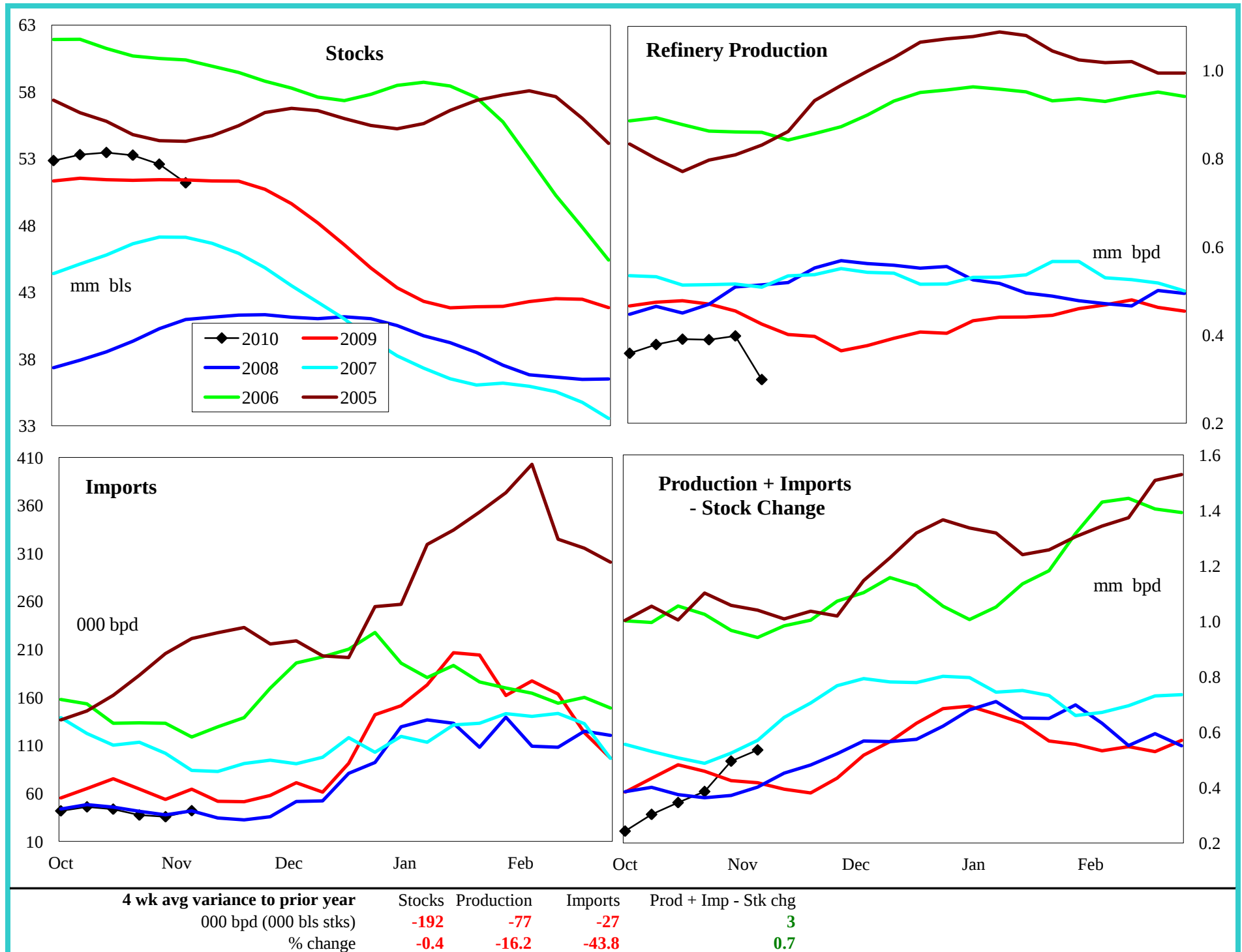
United States Distillate Supply and Demand Balance



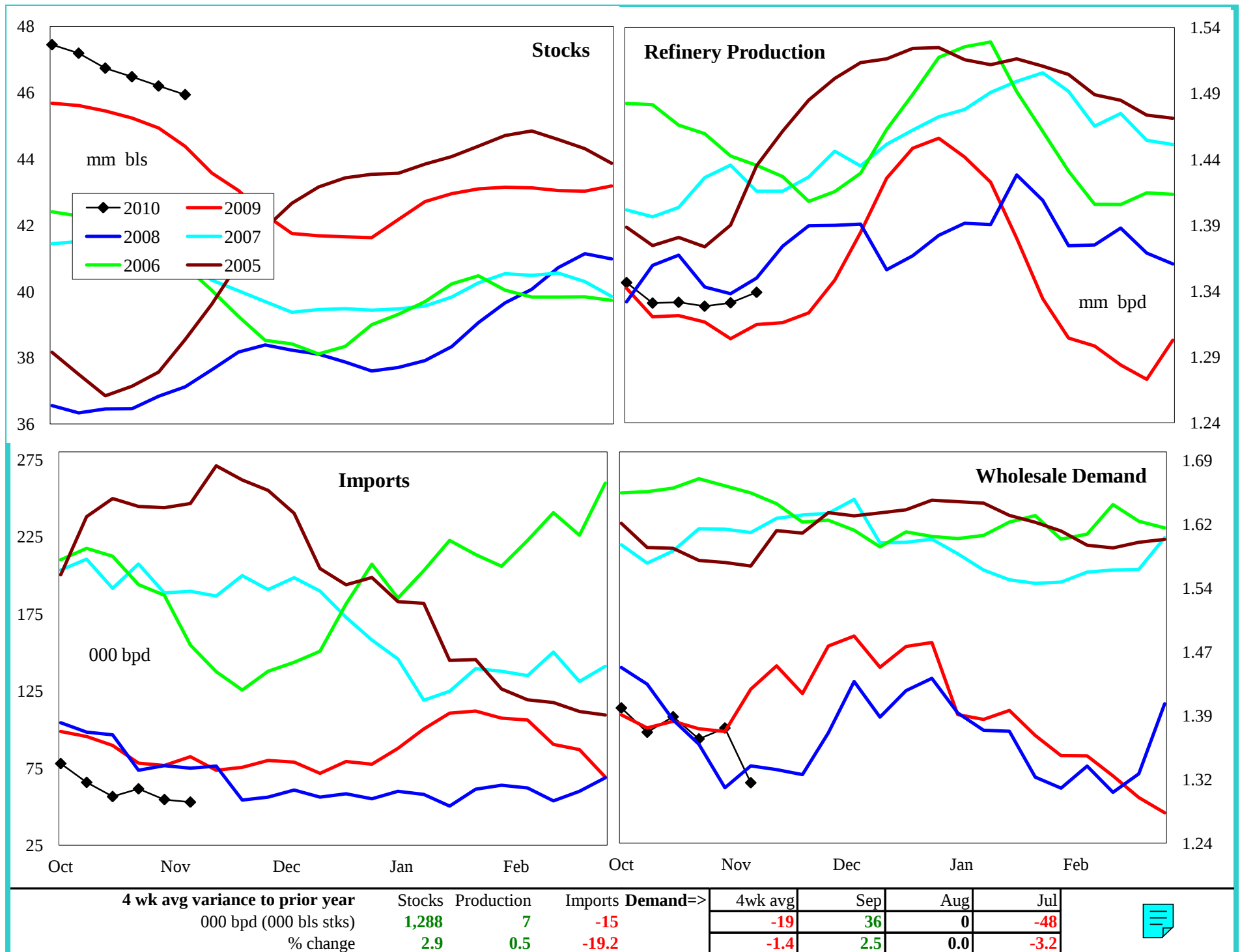
United States Low Sulfur Distillate Supply



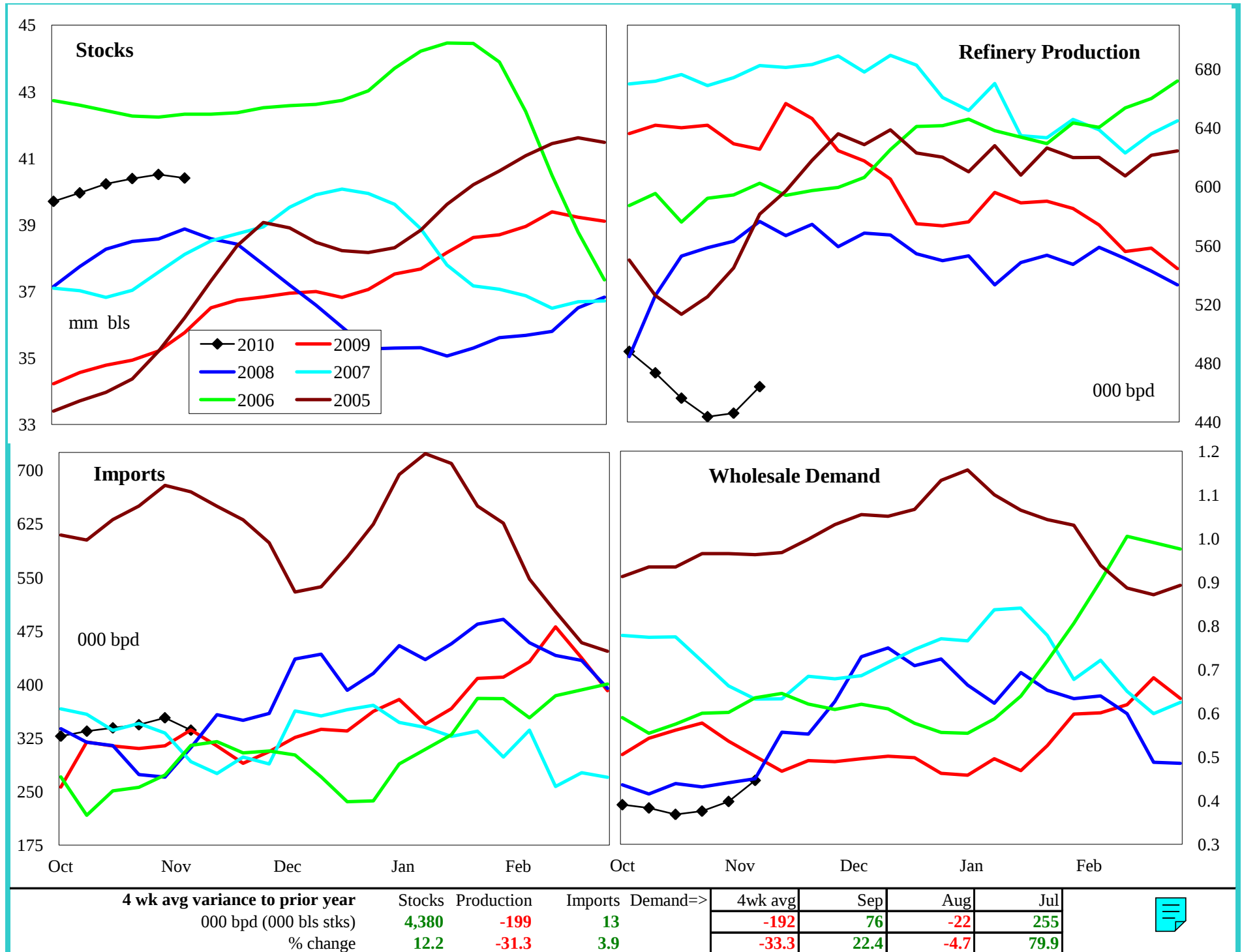
United States High Sulfur Distillate Supply



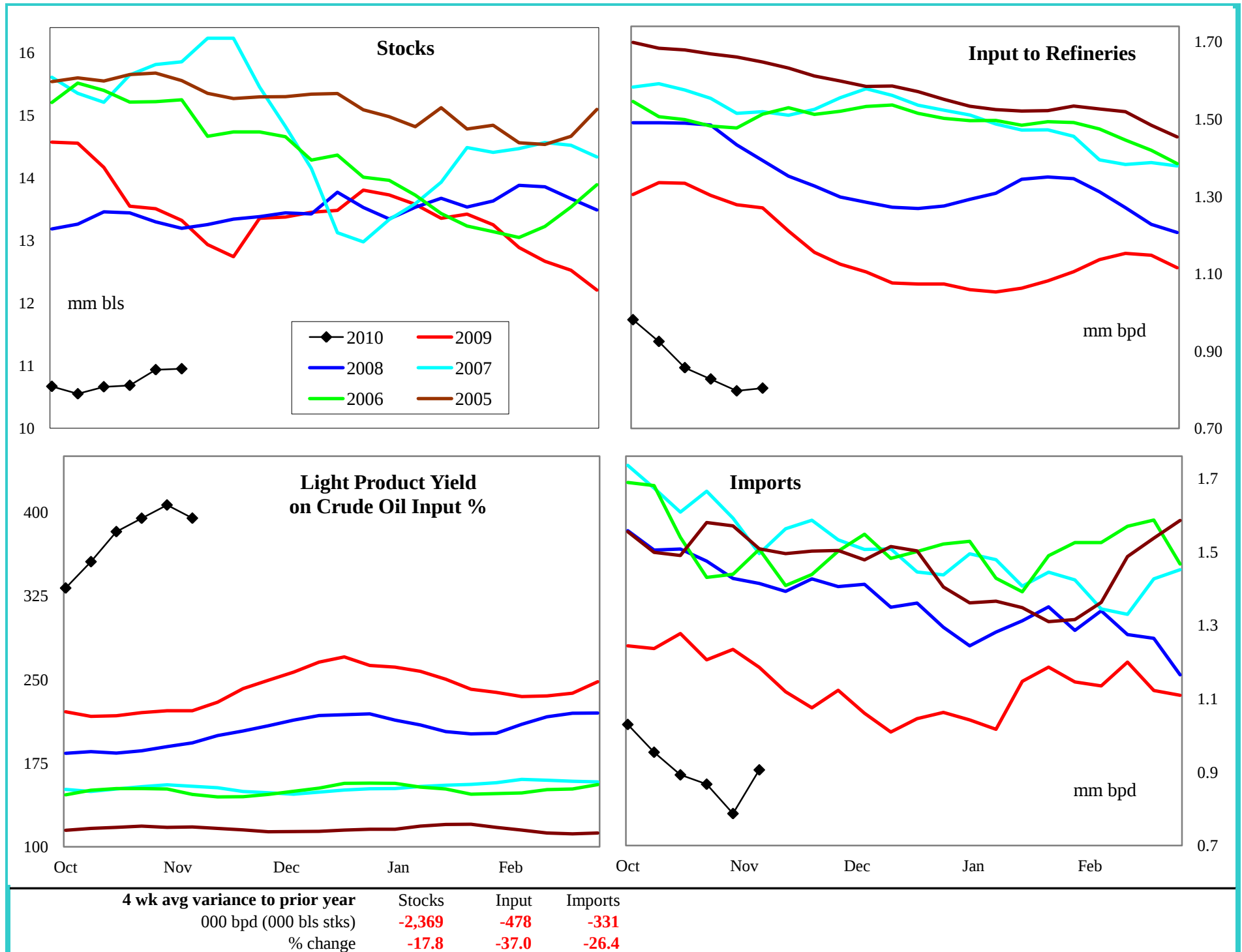
United States Jet Fuel Supply and Demand Balance



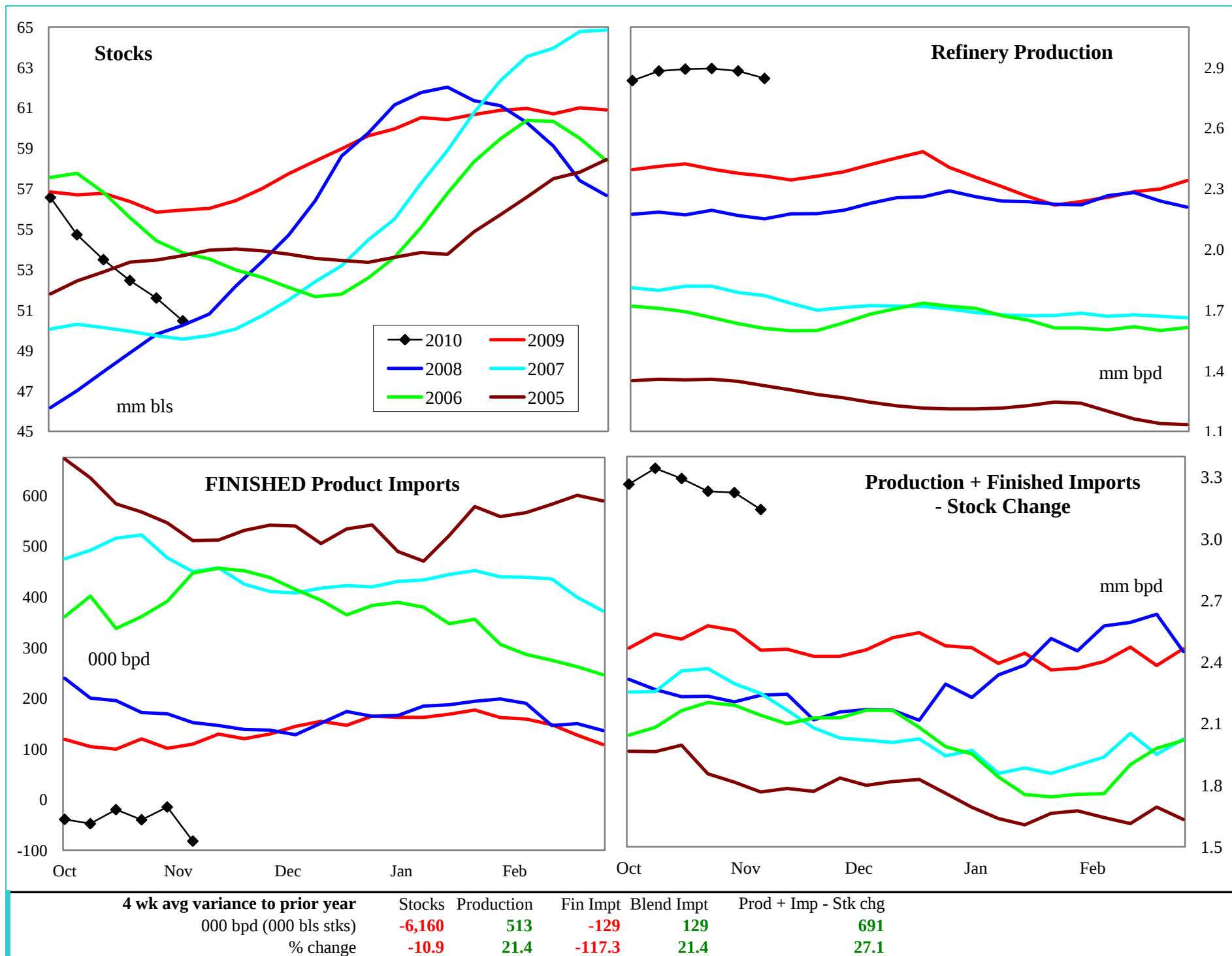
United States Residual Fuel Oil Supply and Demand Balance



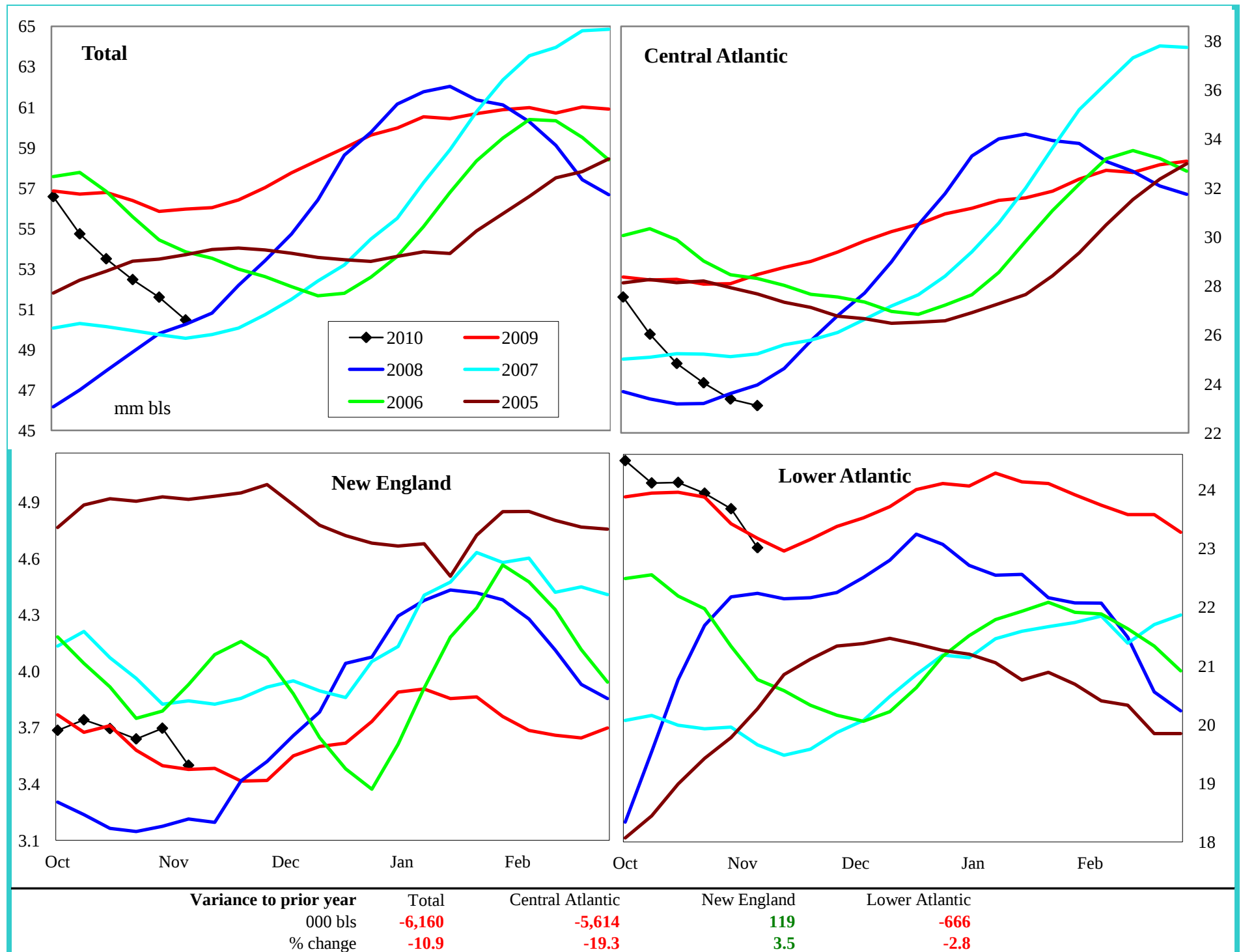
PADD 1 Crude Oil Supply and Refining



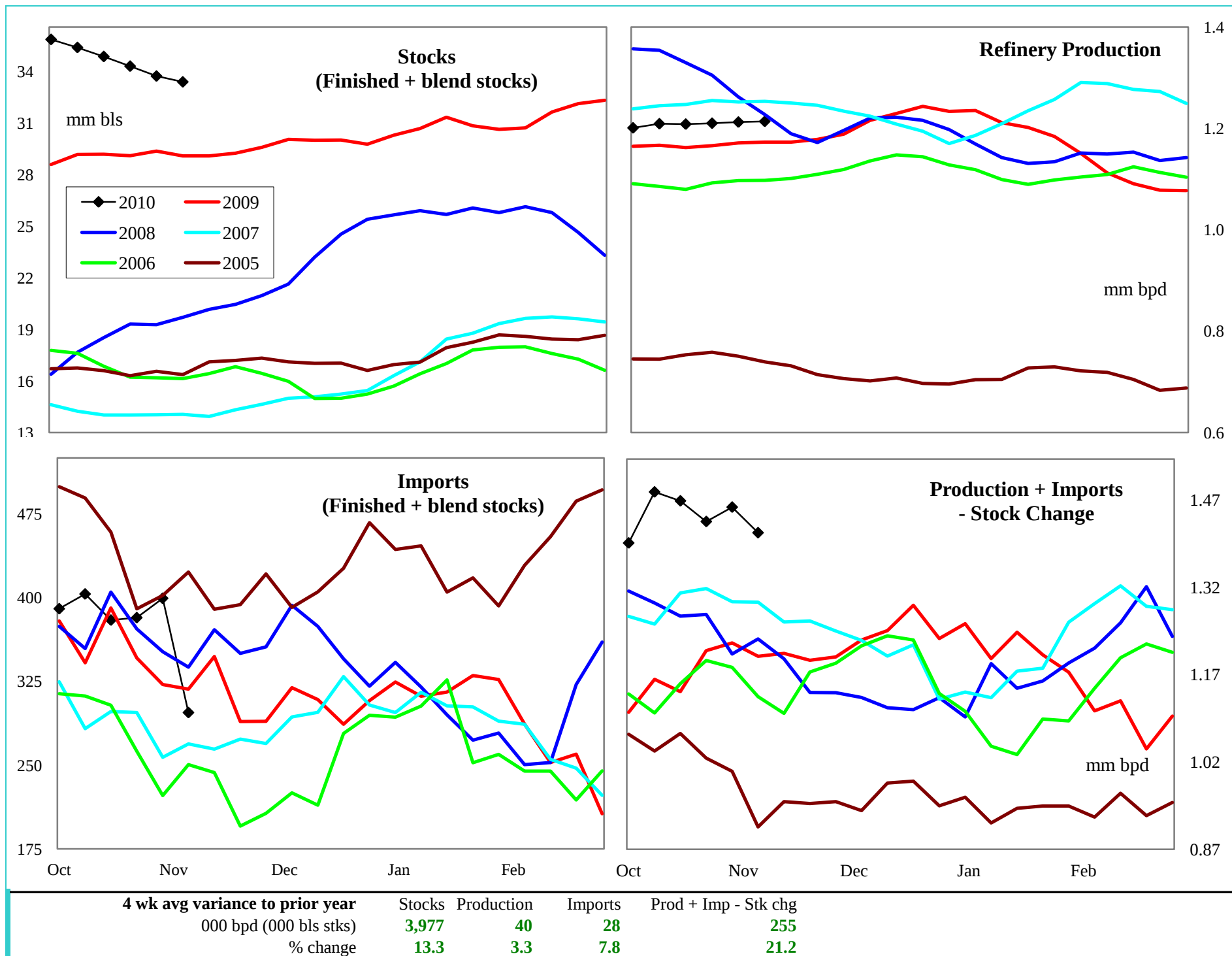
PADD 1 Gasoline Supply



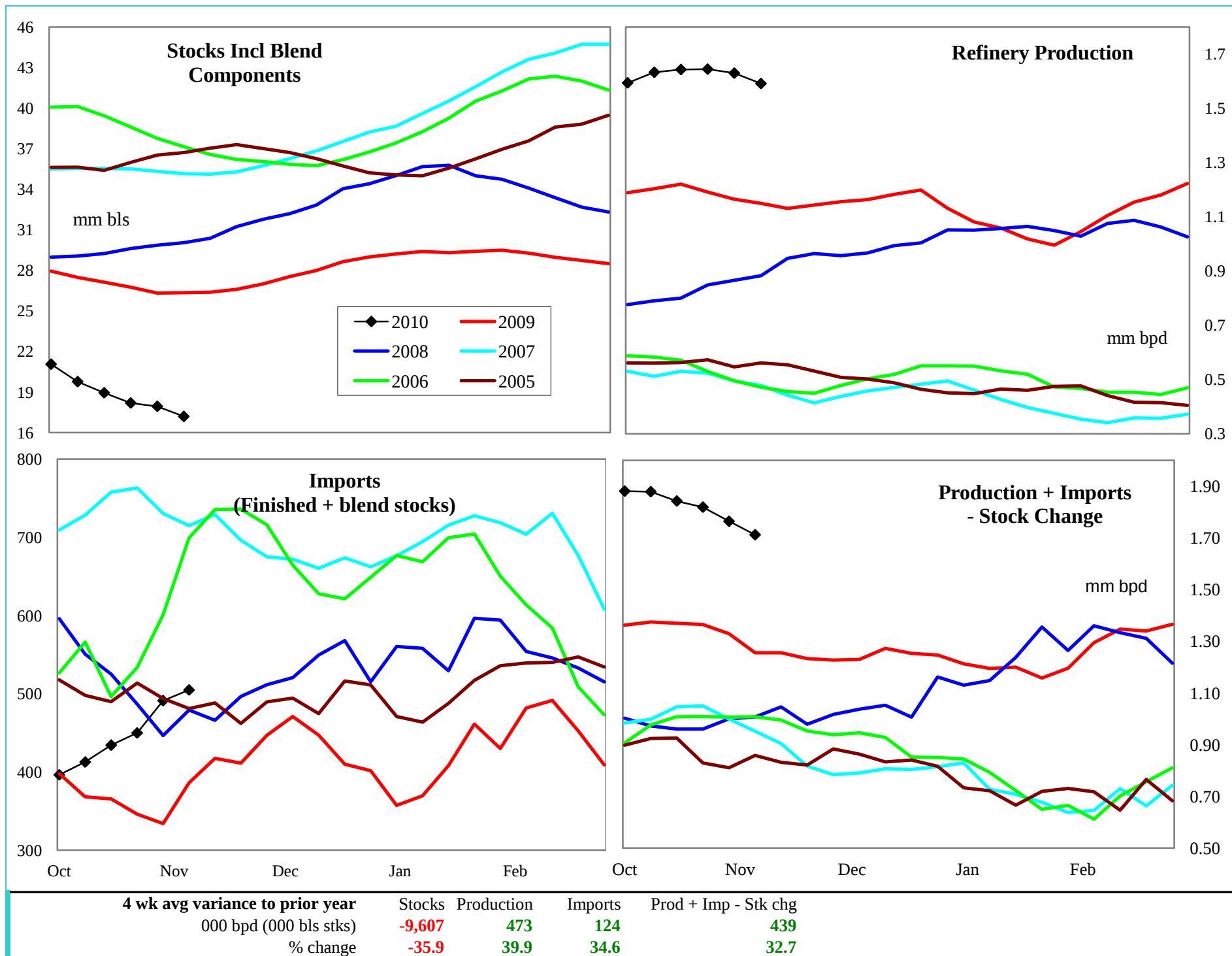
PADD 1 Gasoline Stocks by Region



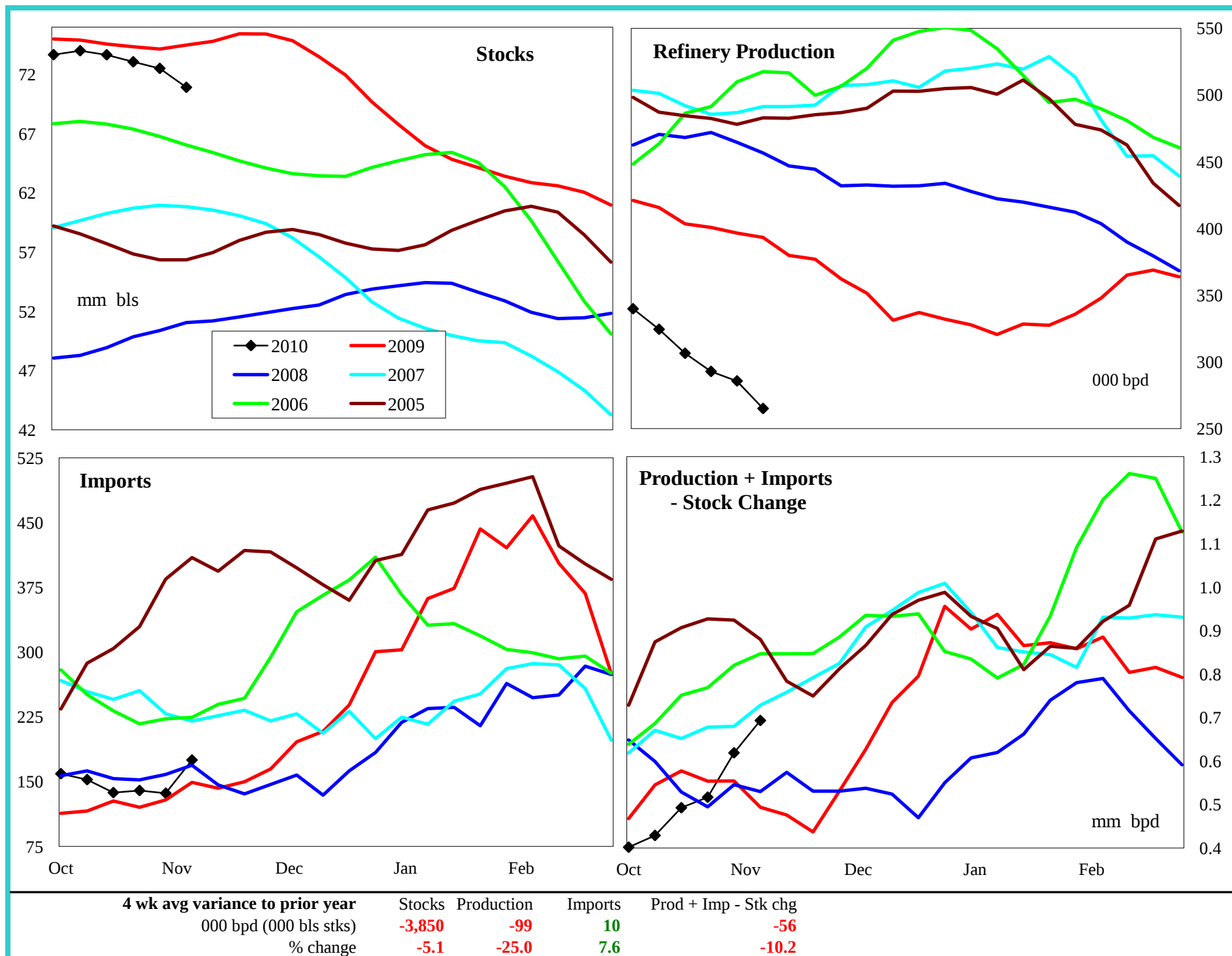
PADD 1 Reformulated Gasoline Supply



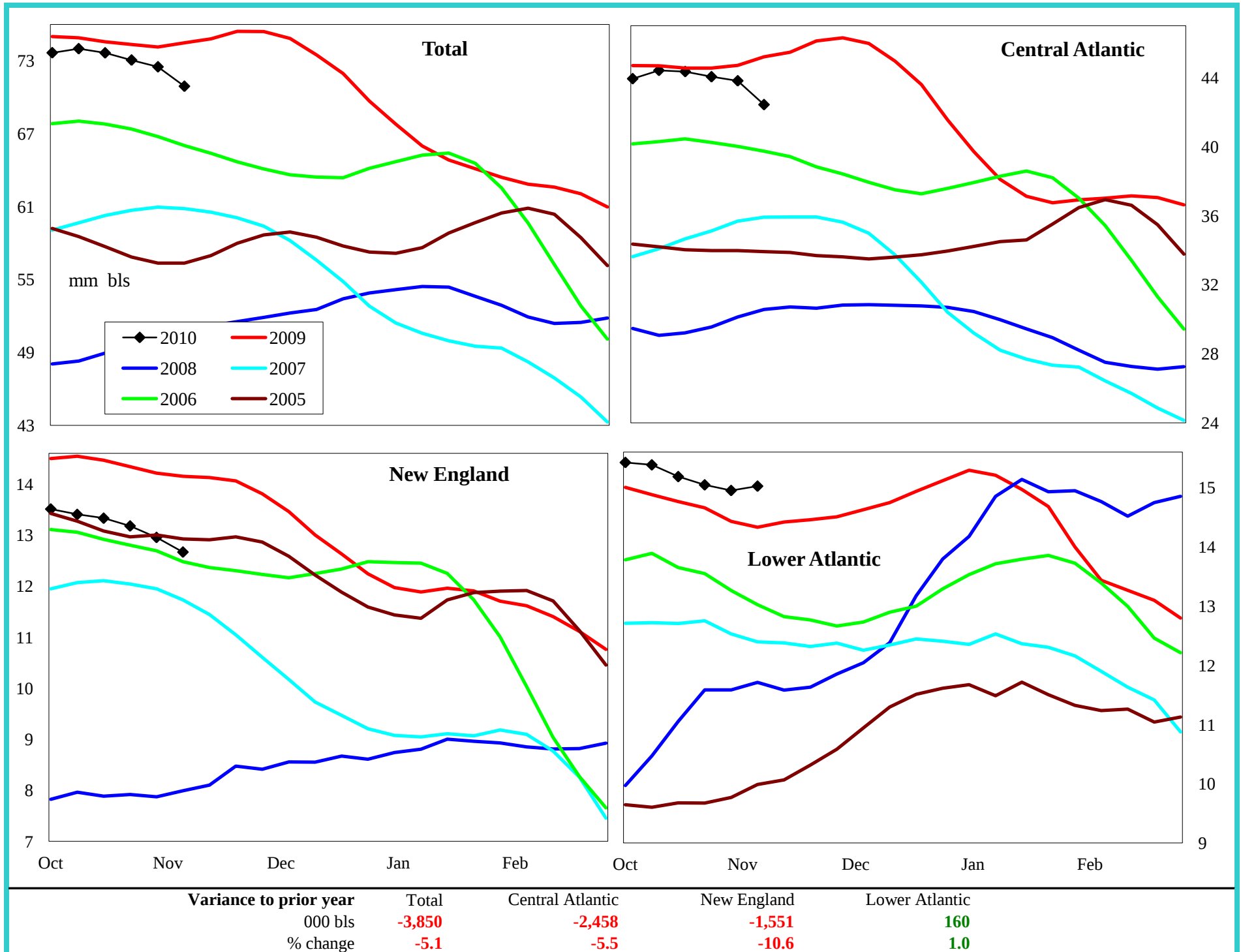
PADD 1 Conventional Gasoline Supply



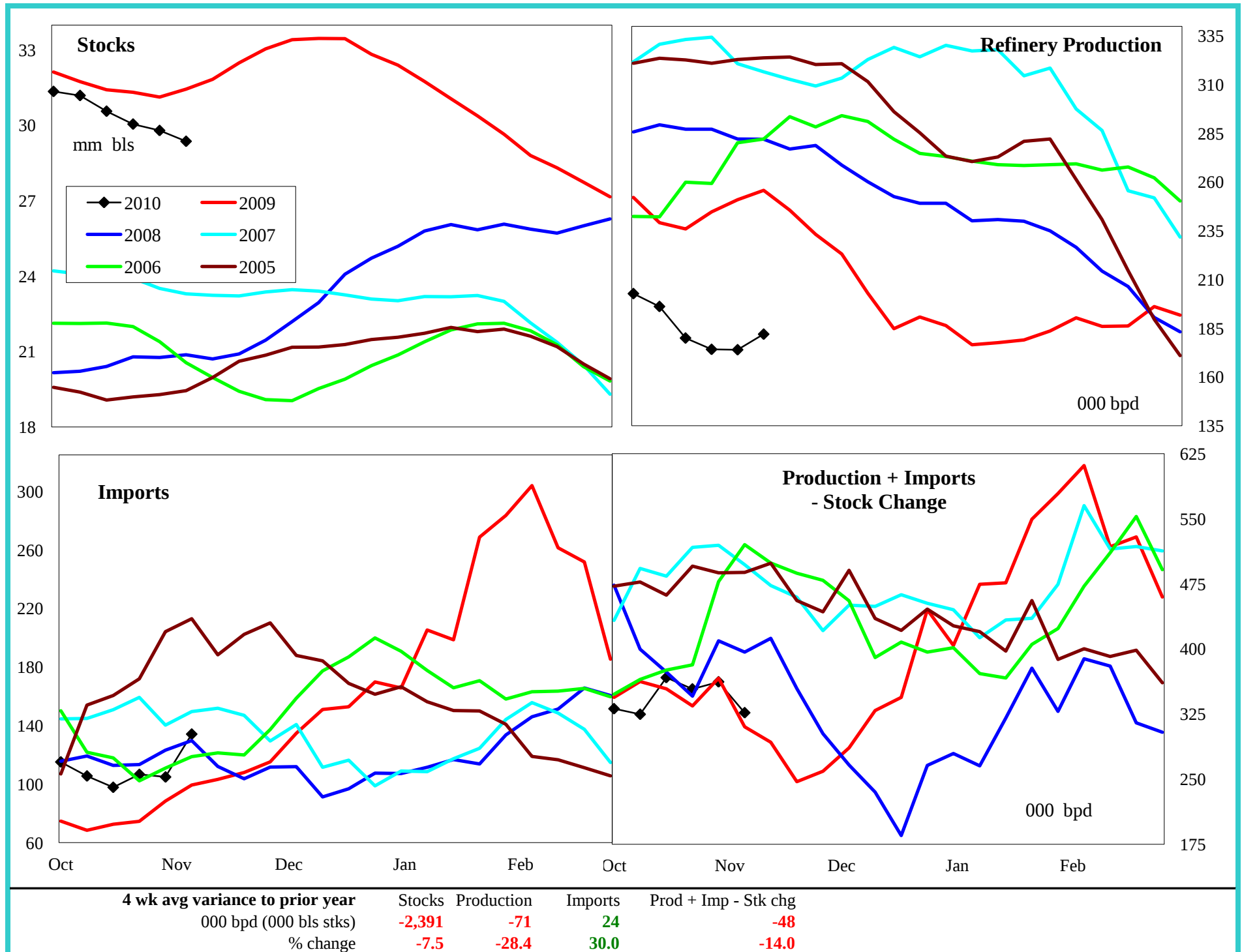
PADD 1 Distillate Supply



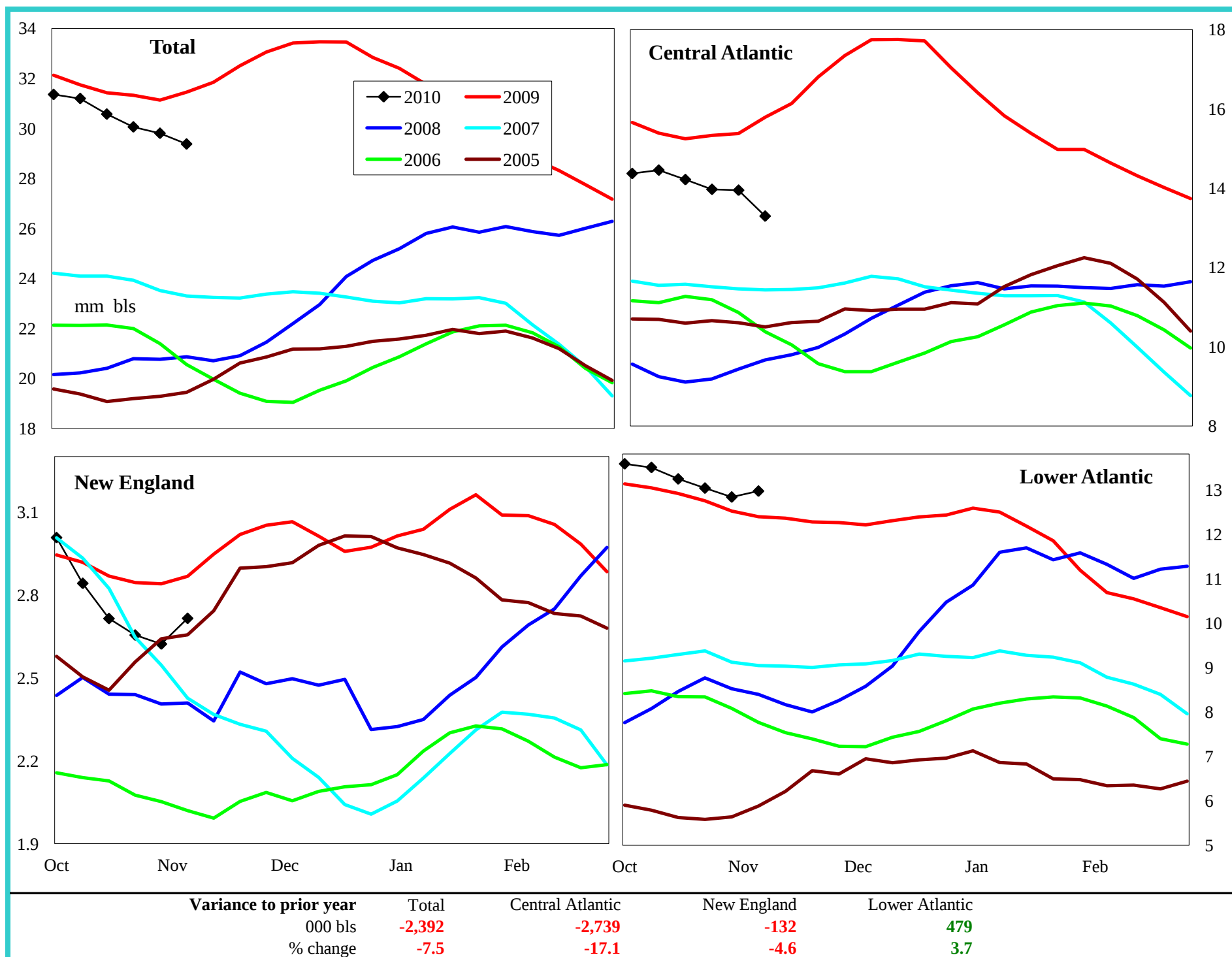
PADD 1 Distillate Stocks by Region



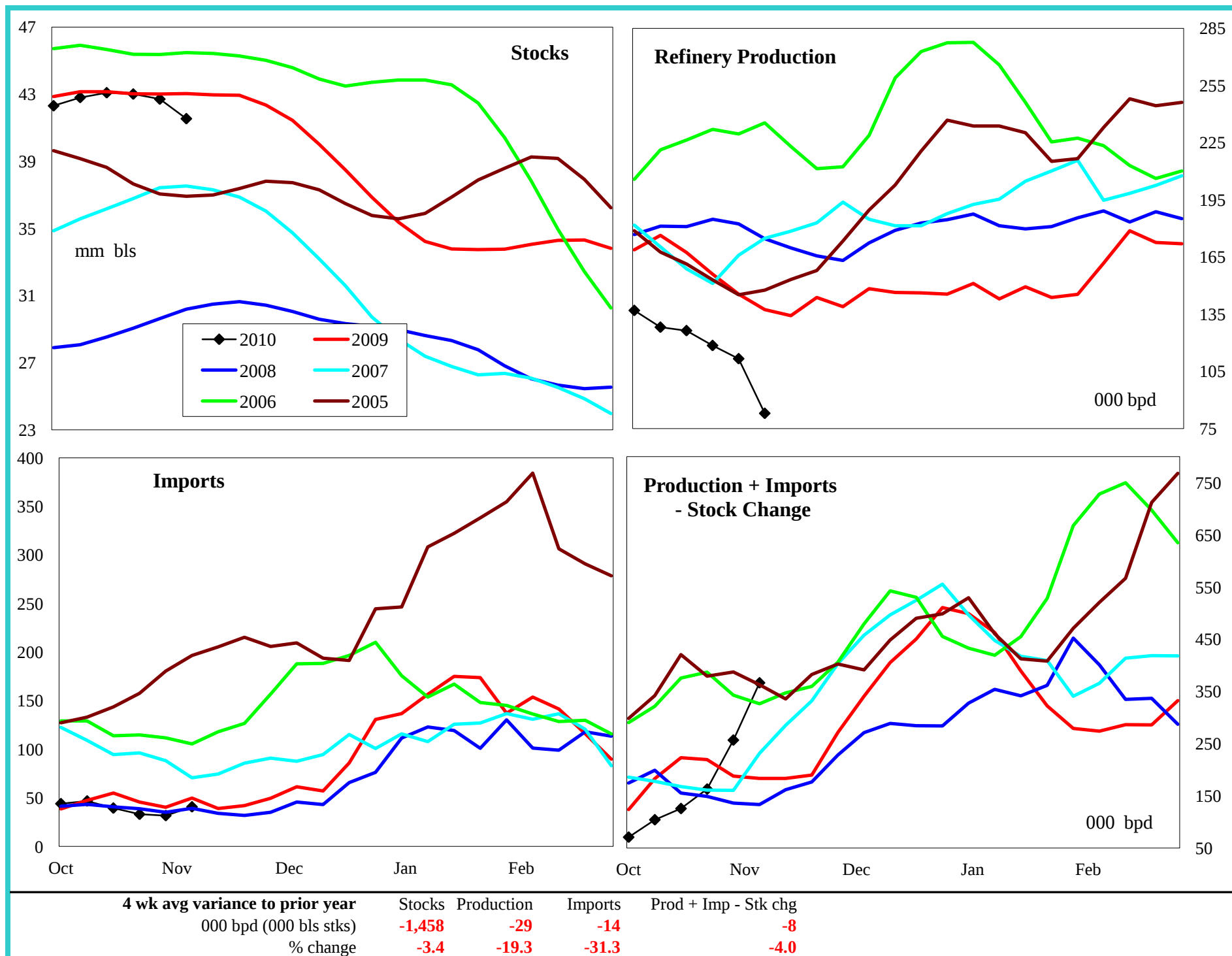
PADD 1 Low Sulfur Distillate Supply



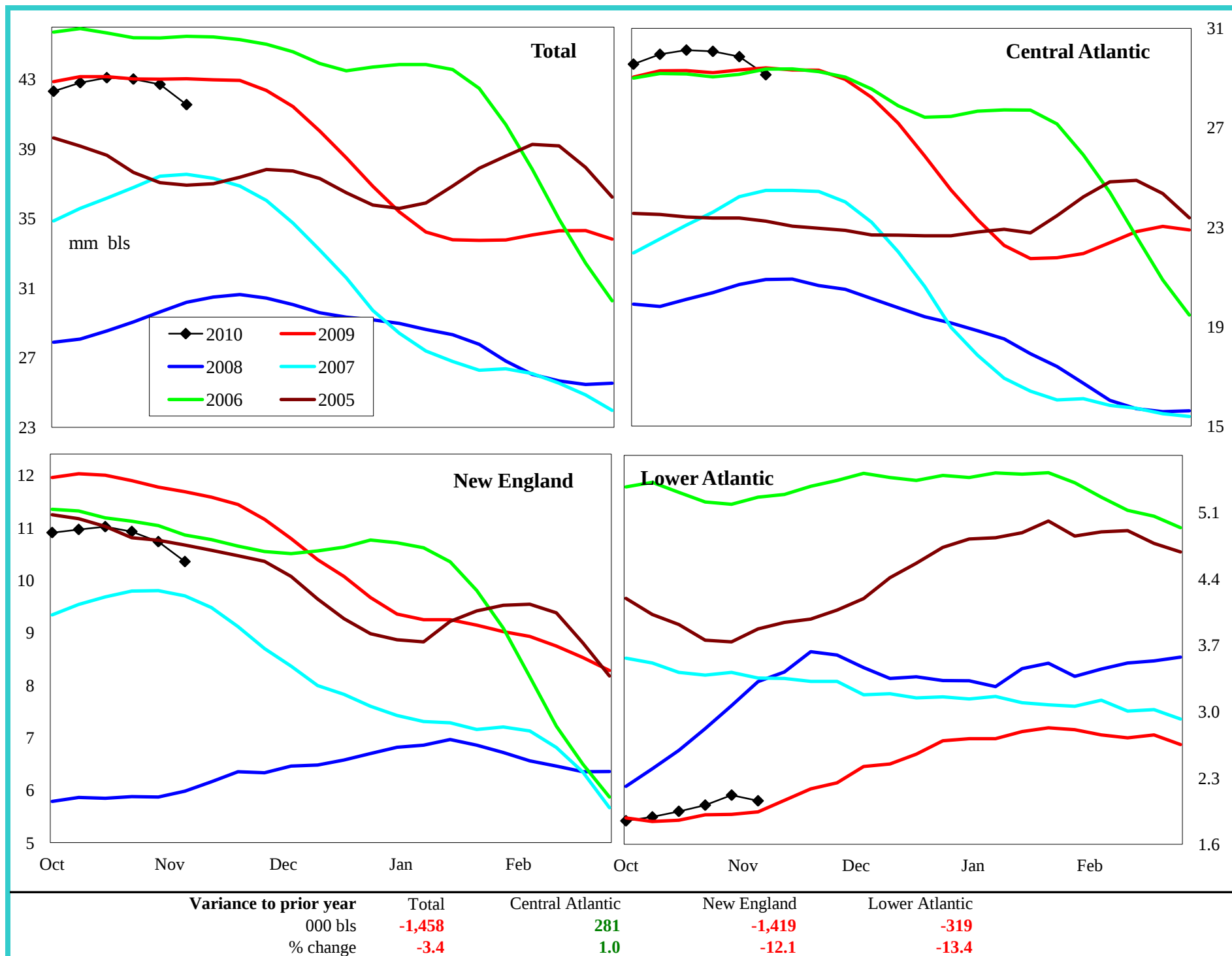
PADD 1 Low Sulfur Distillate Stocks by Region



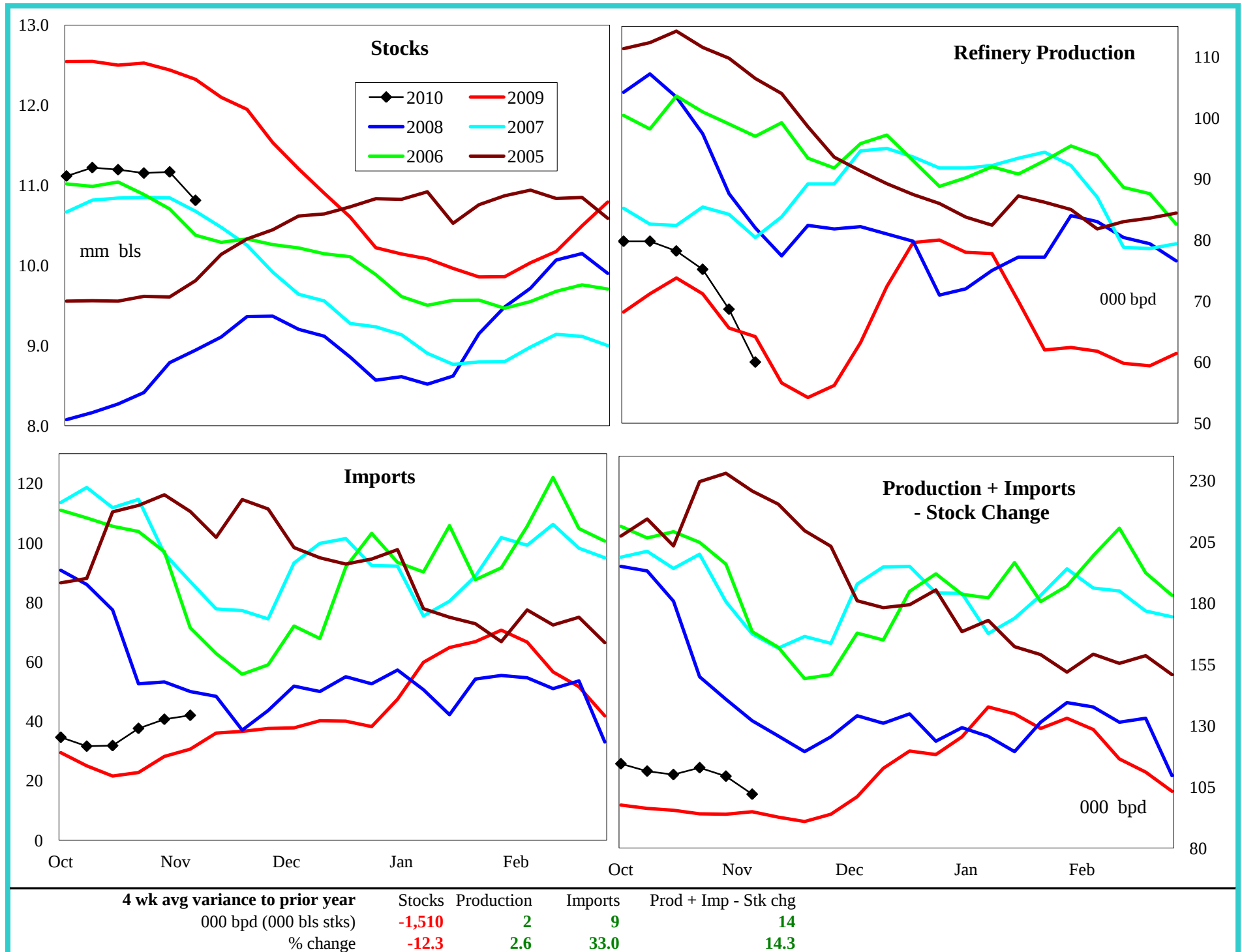
PADD 1 High Sulfur Distillate Supply



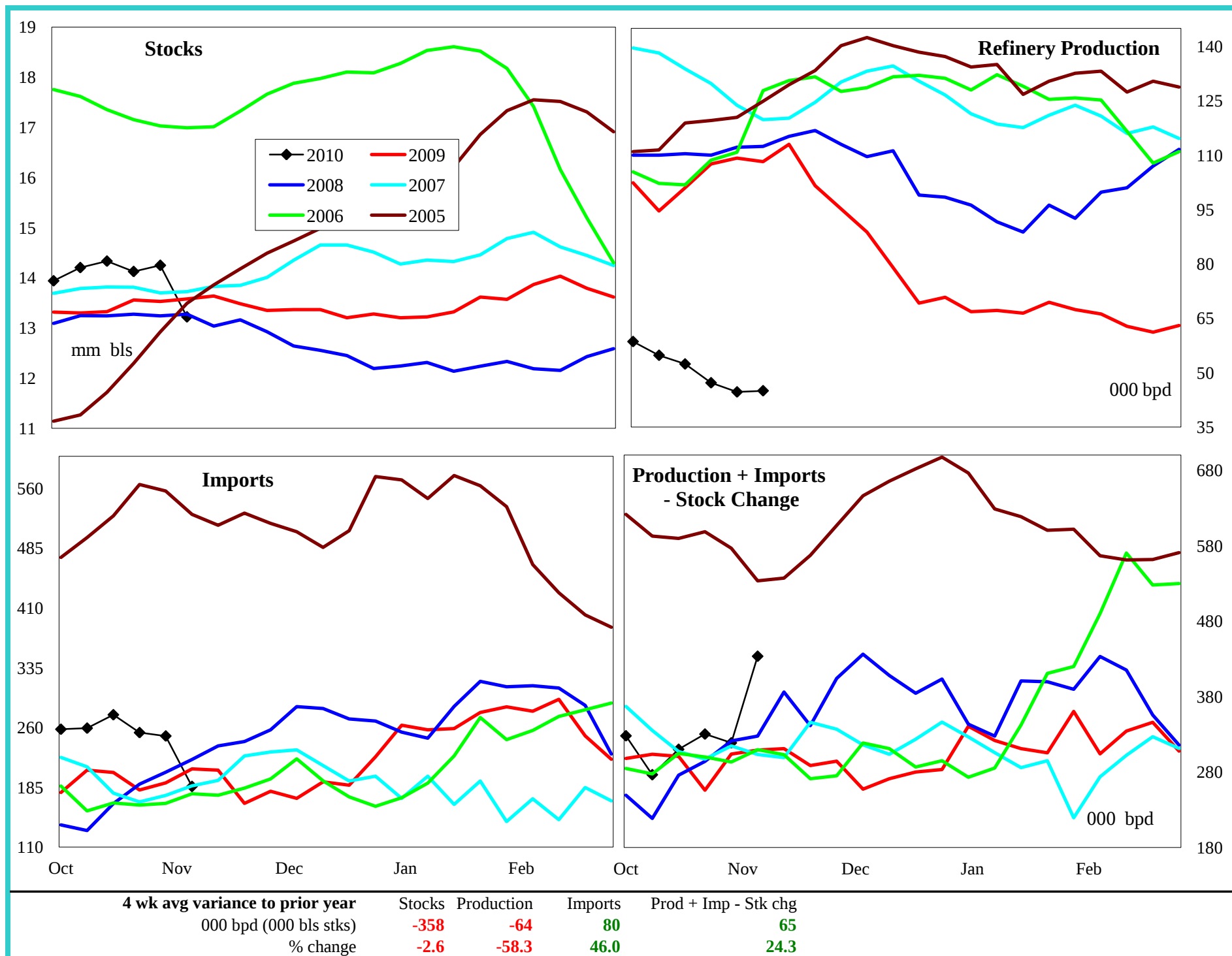
PADD 1 High Sulfur Distillate Stocks by Region



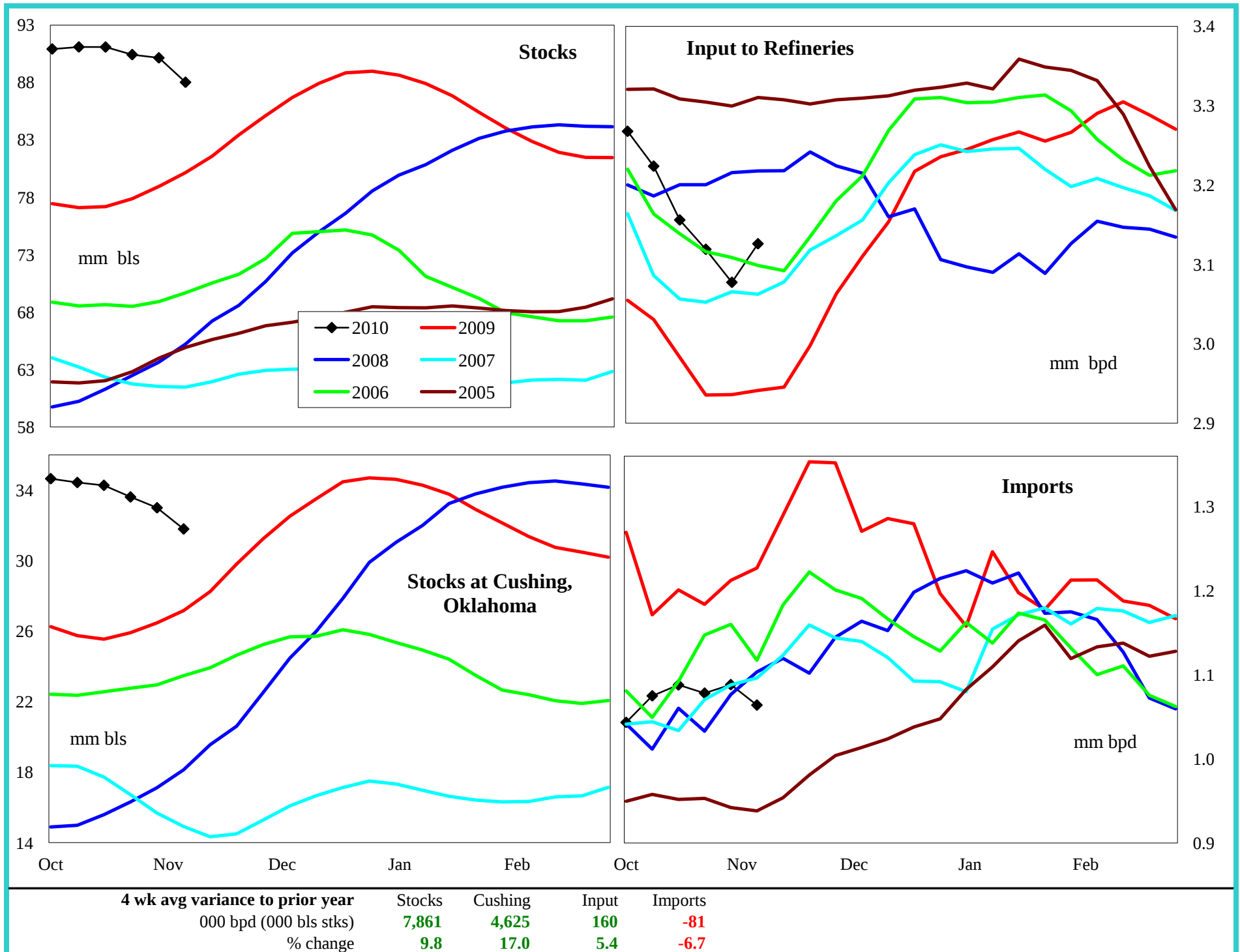
PADD 1 Jet Fuel Supply



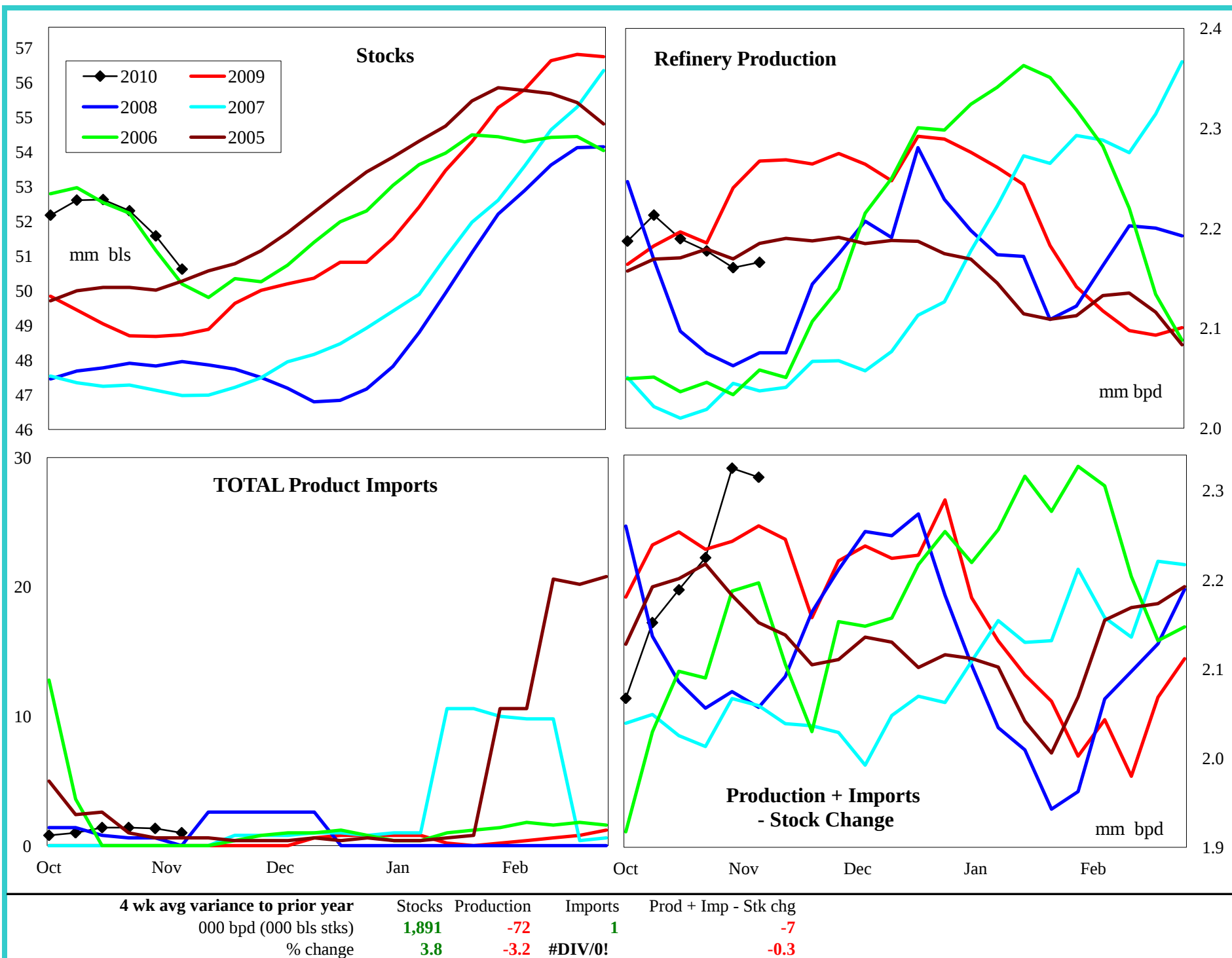
PADD 1 Residual Fuel Oil Supply



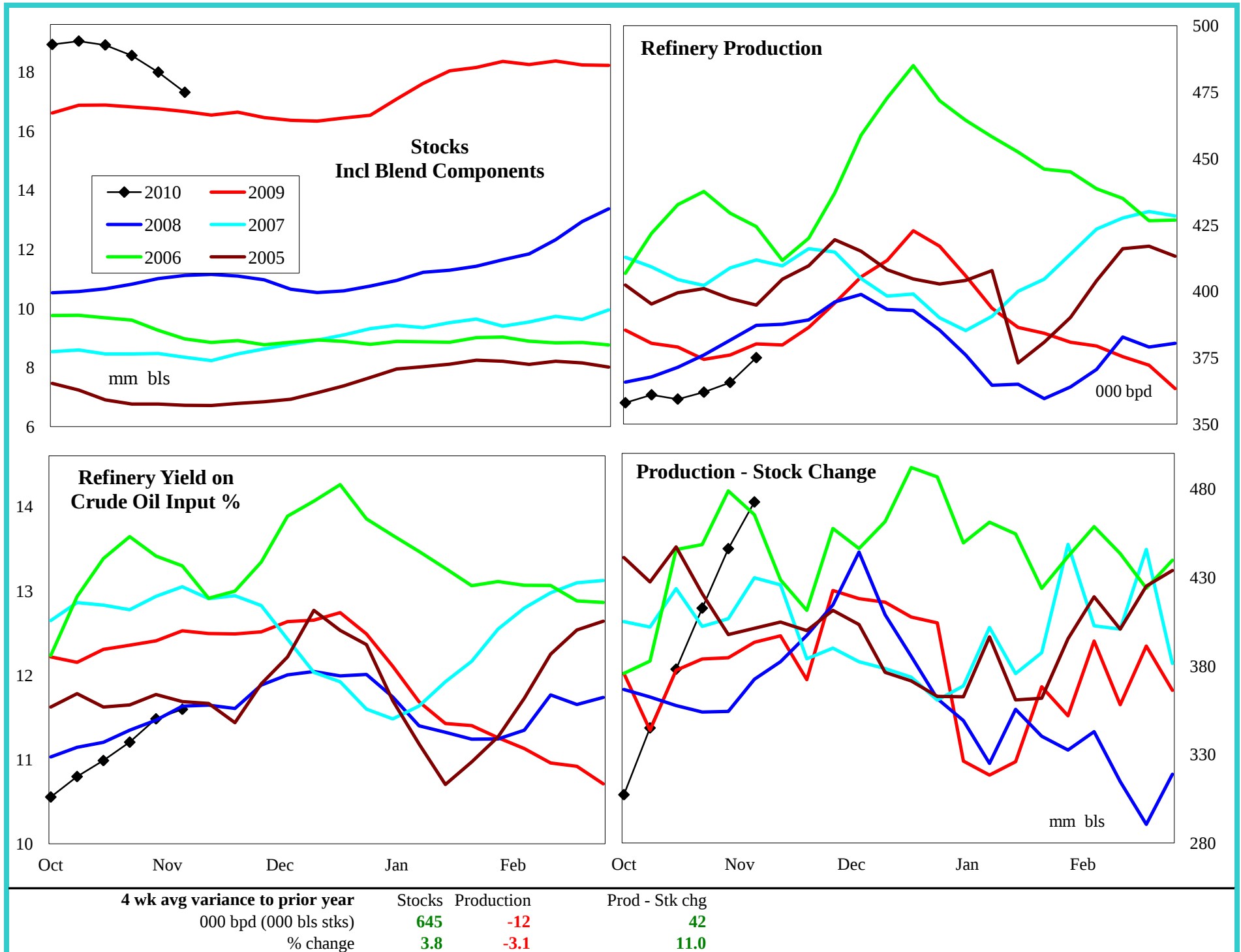
PADD 2 Crude Oil Supply and Refining



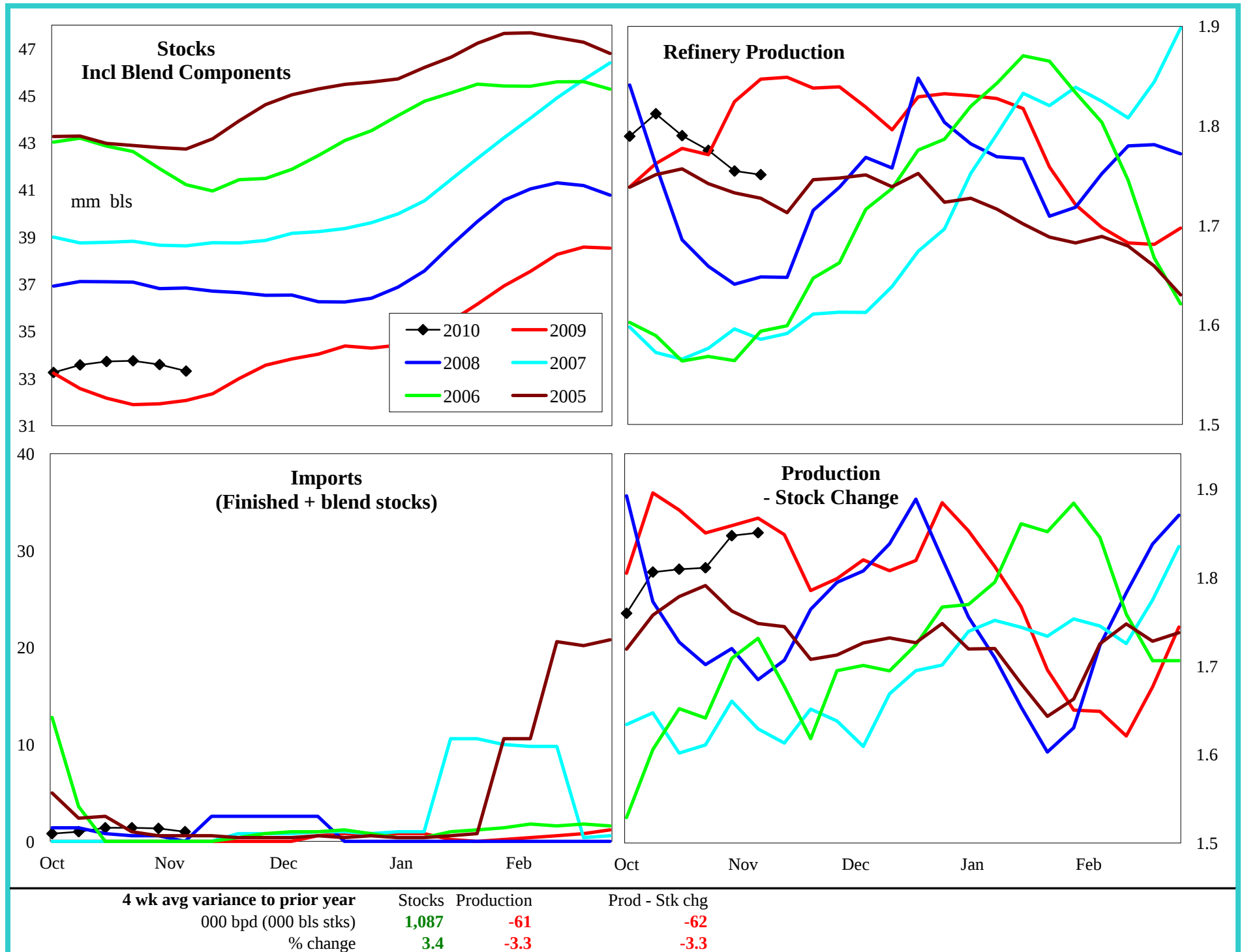
PADD 2 Gasoline Supply



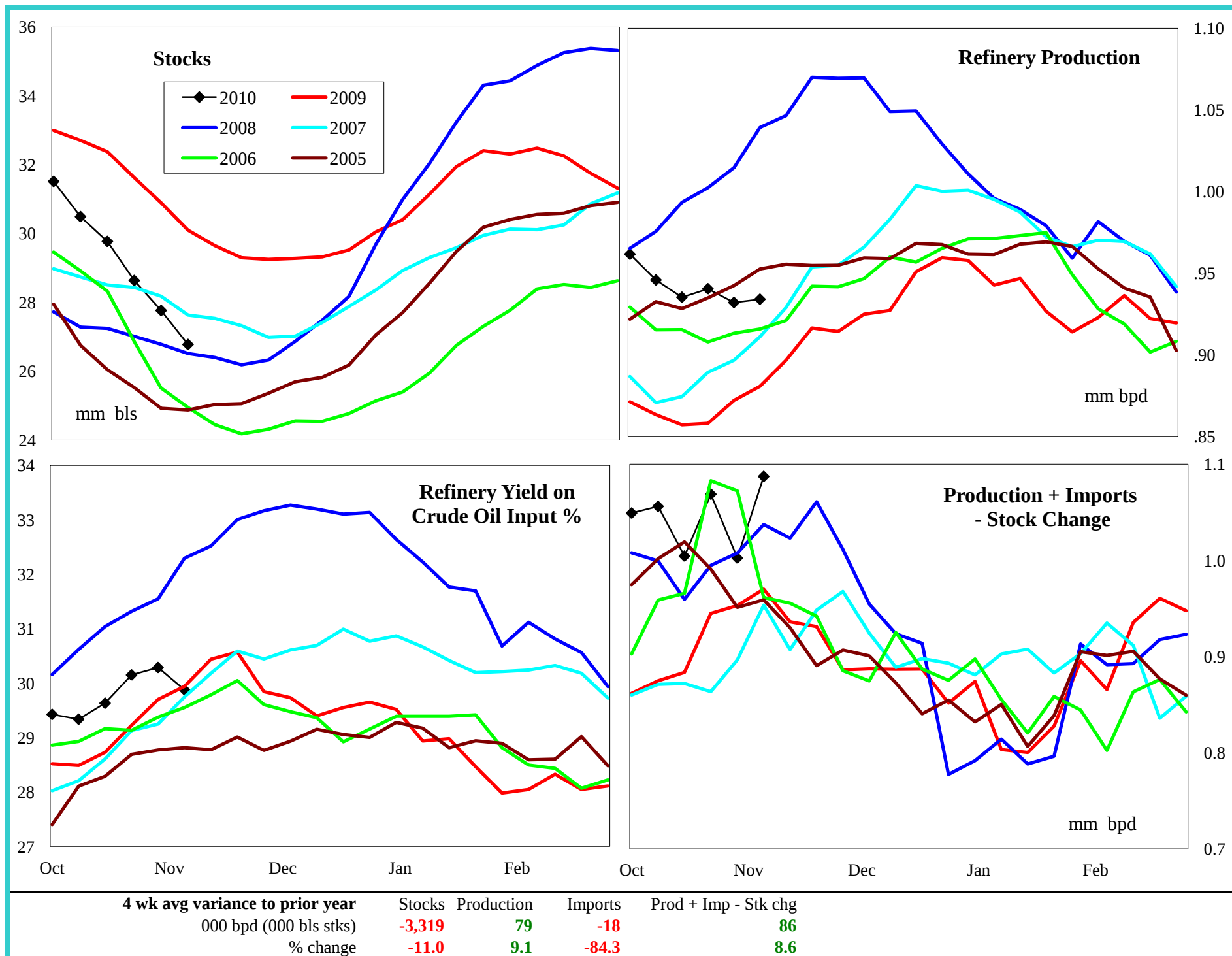
PADD 2 Reformulated Gasoline Supply



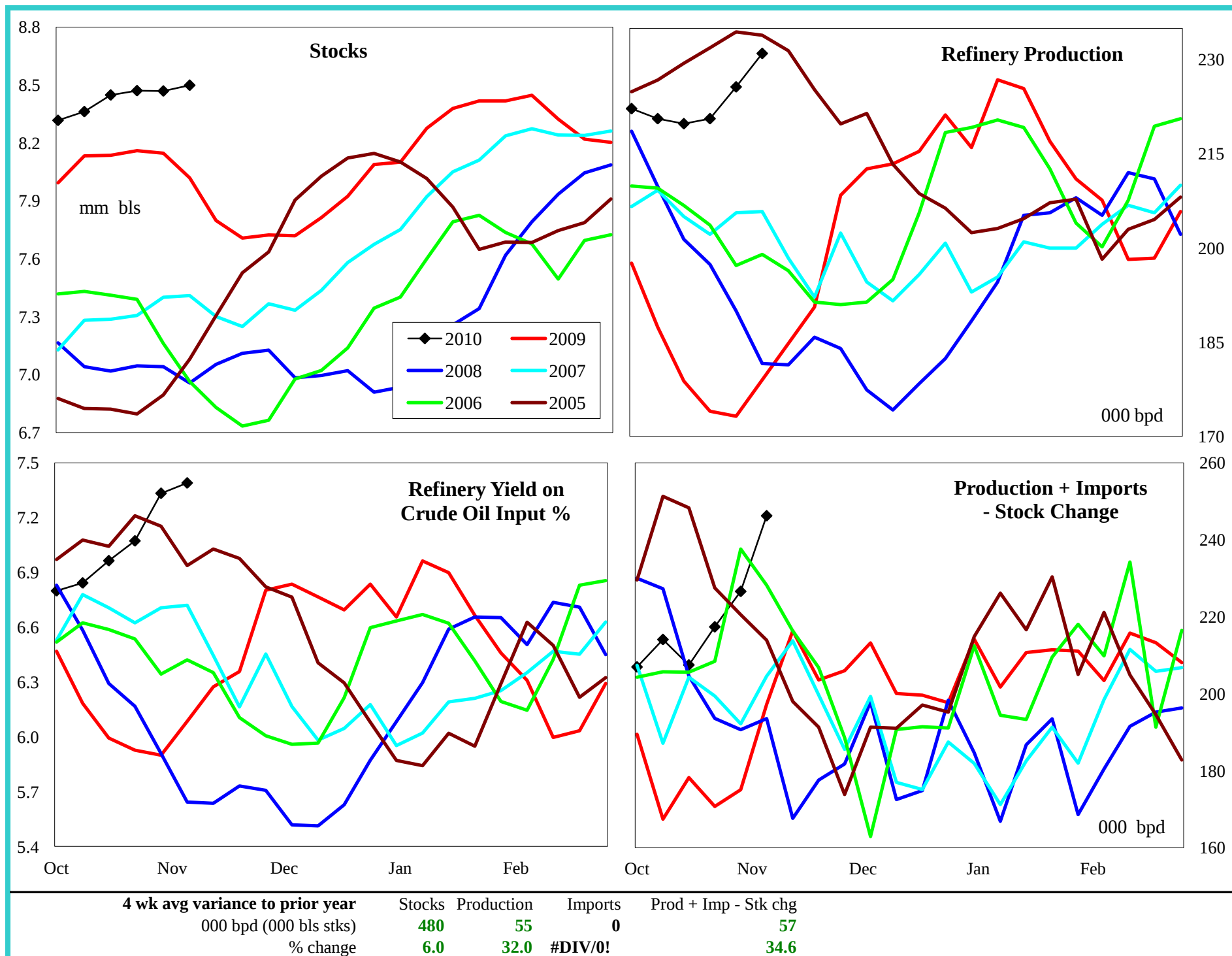
PADD 2 Conventional Gasoline Supply



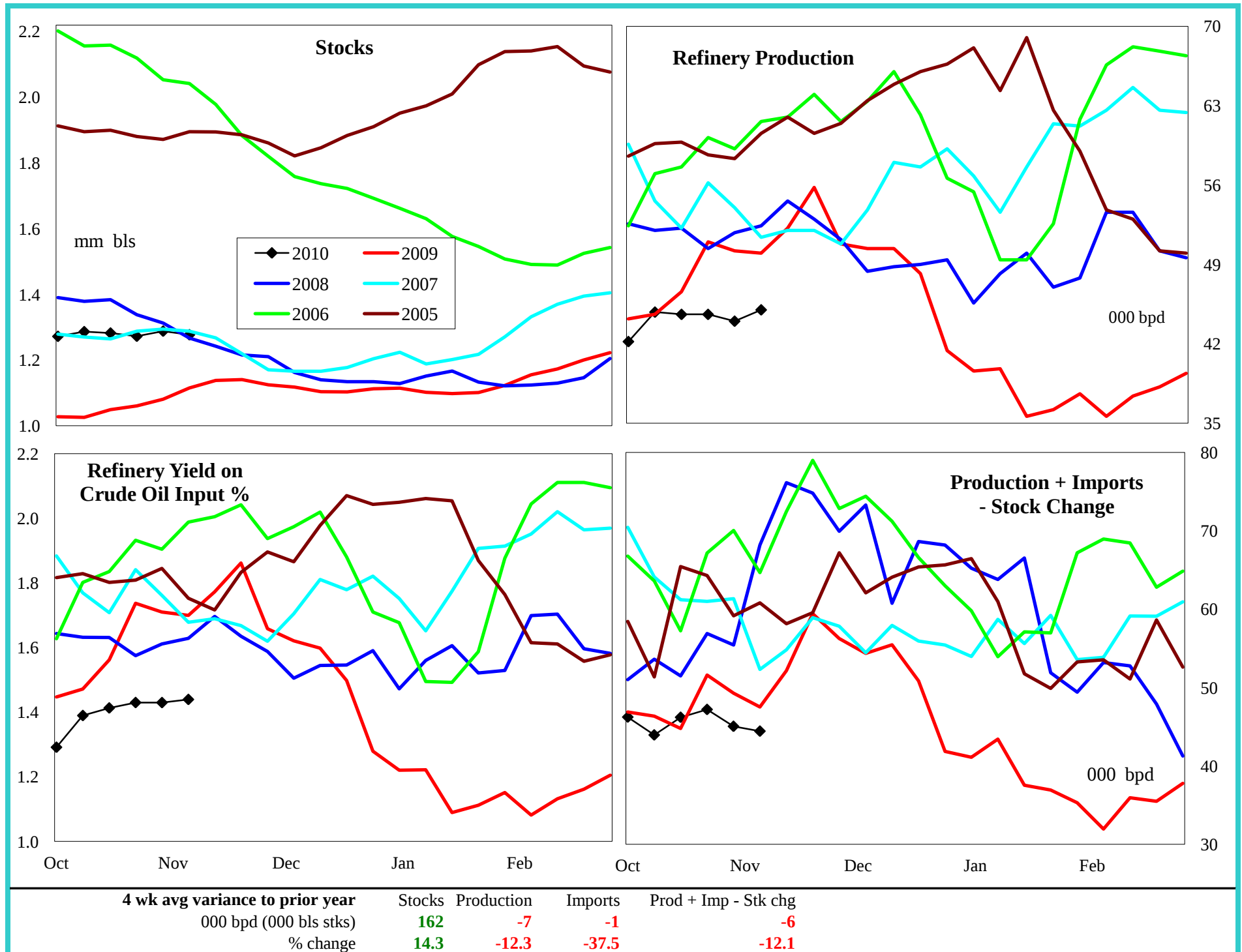
PADD 2 Distillate Supply



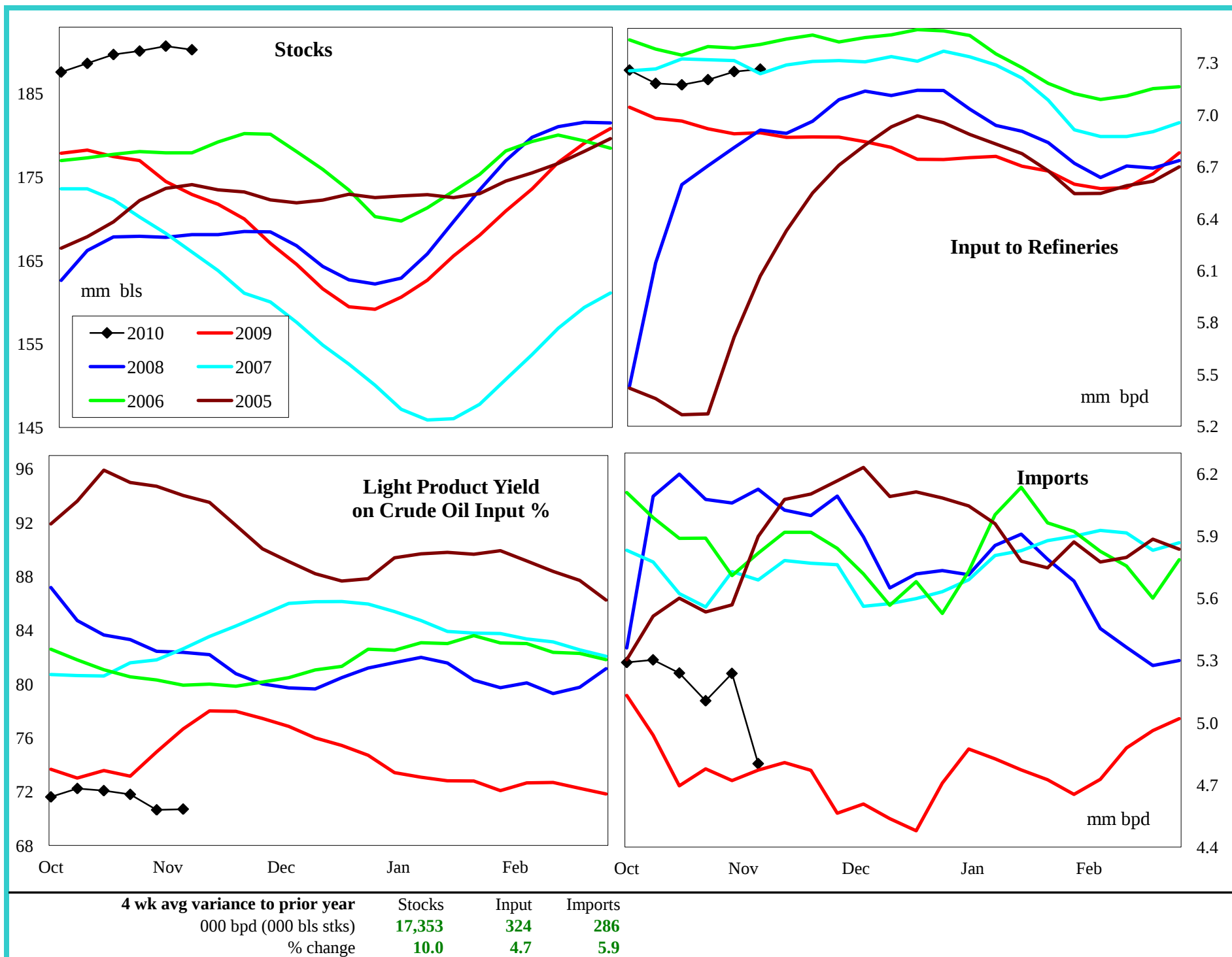
PADD 2 Jet Fuel Supply



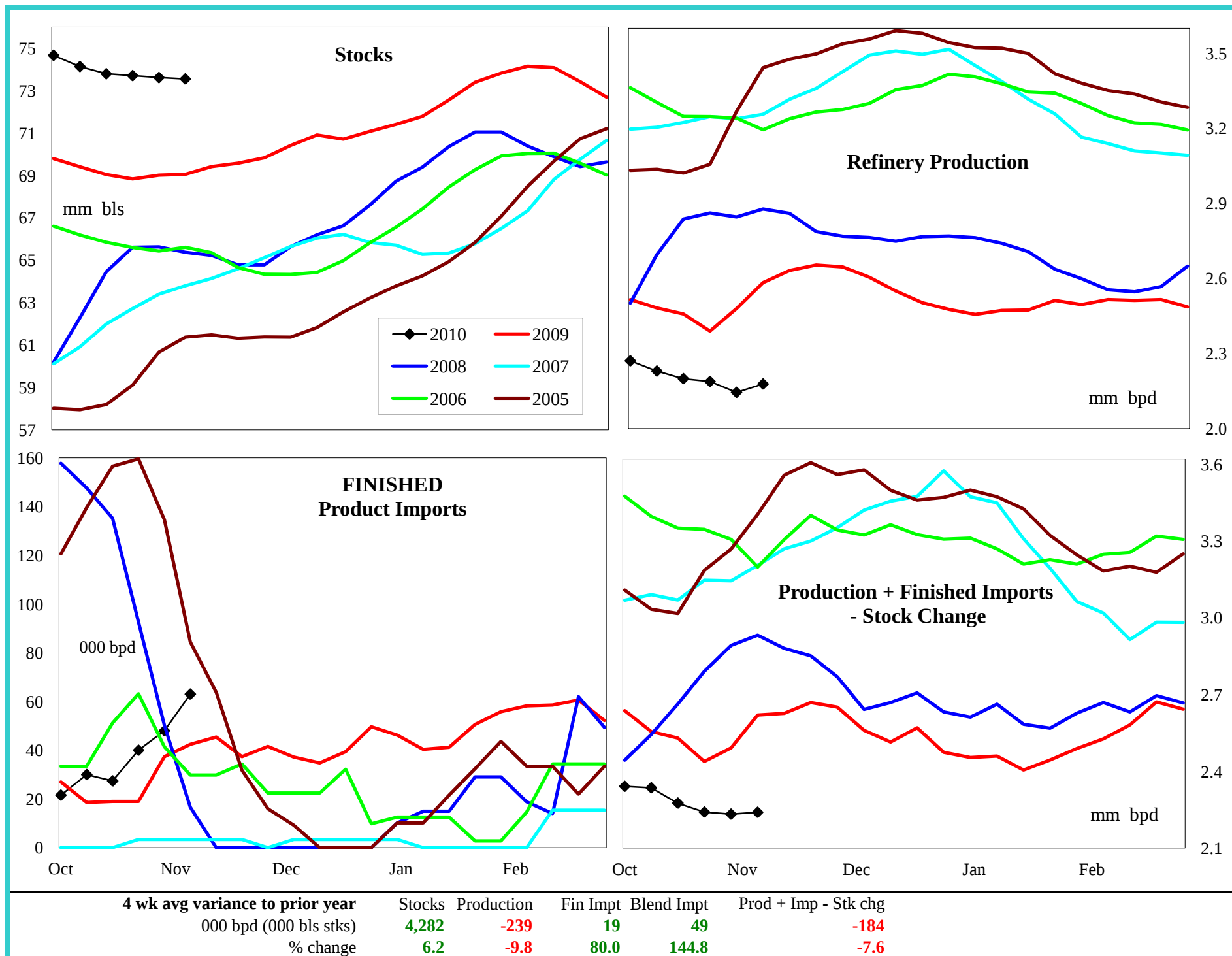
PADD 2 Residual Fuel Oil Supply



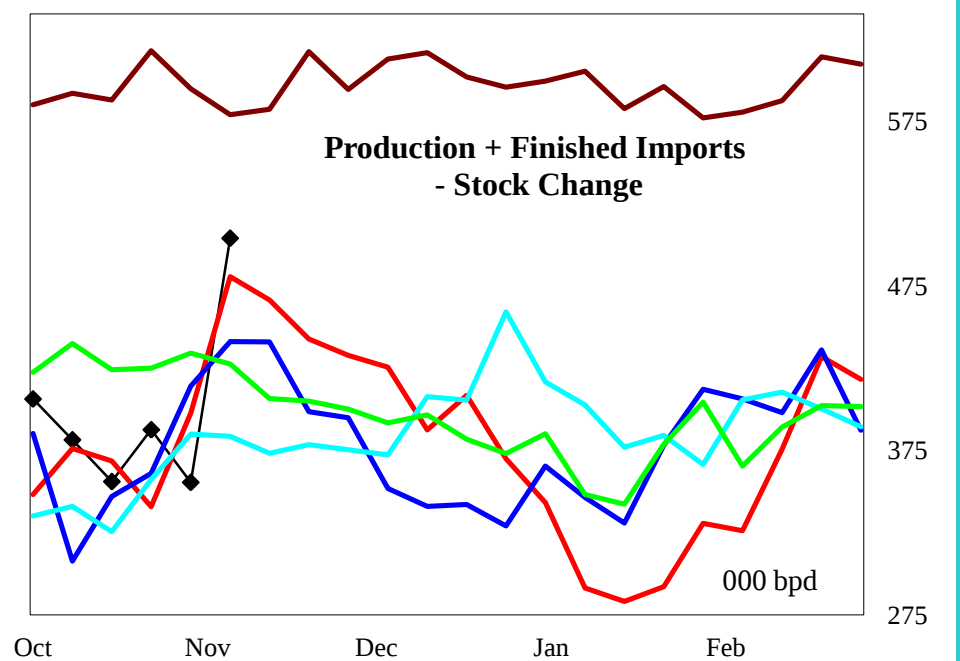
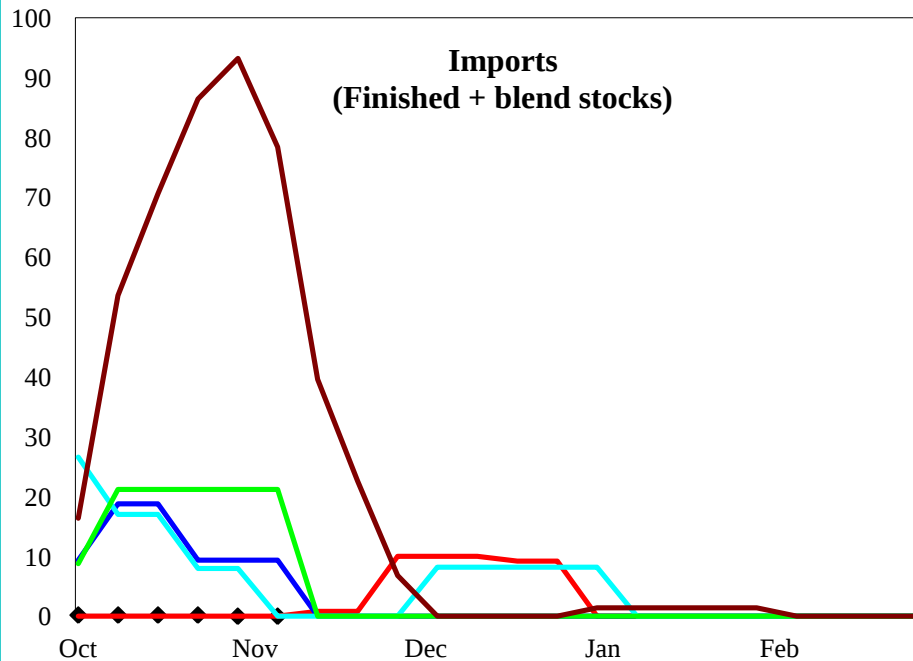
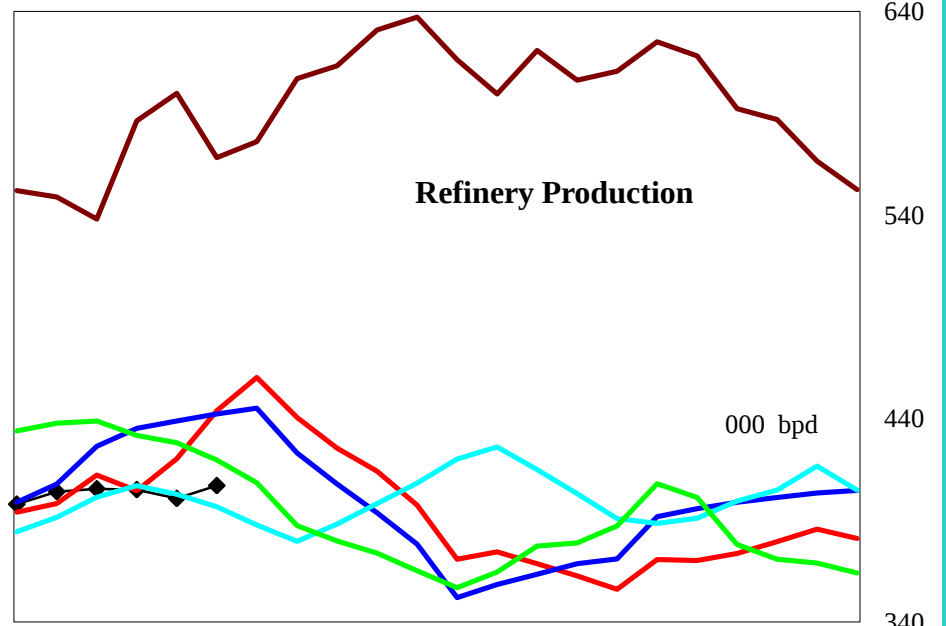
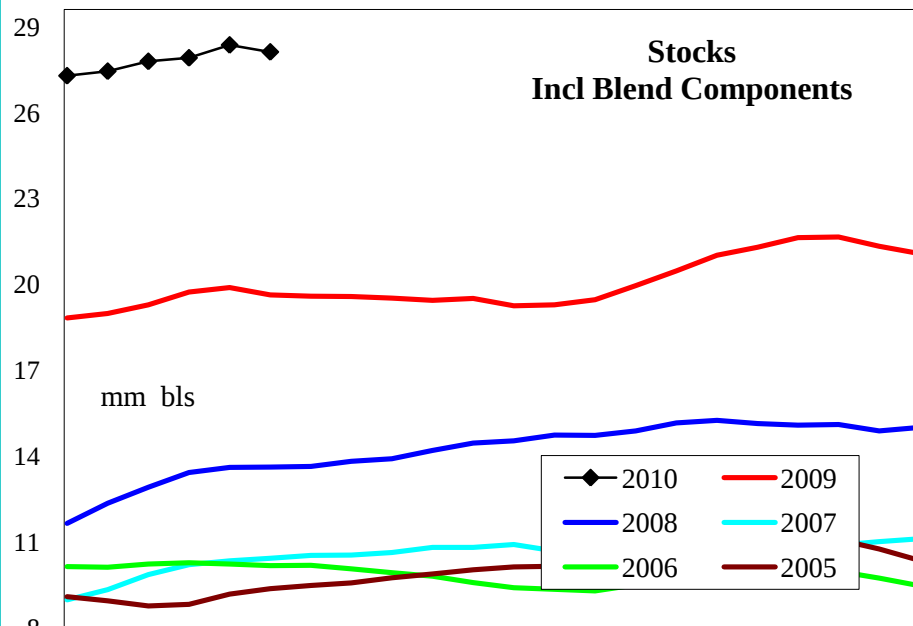
PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



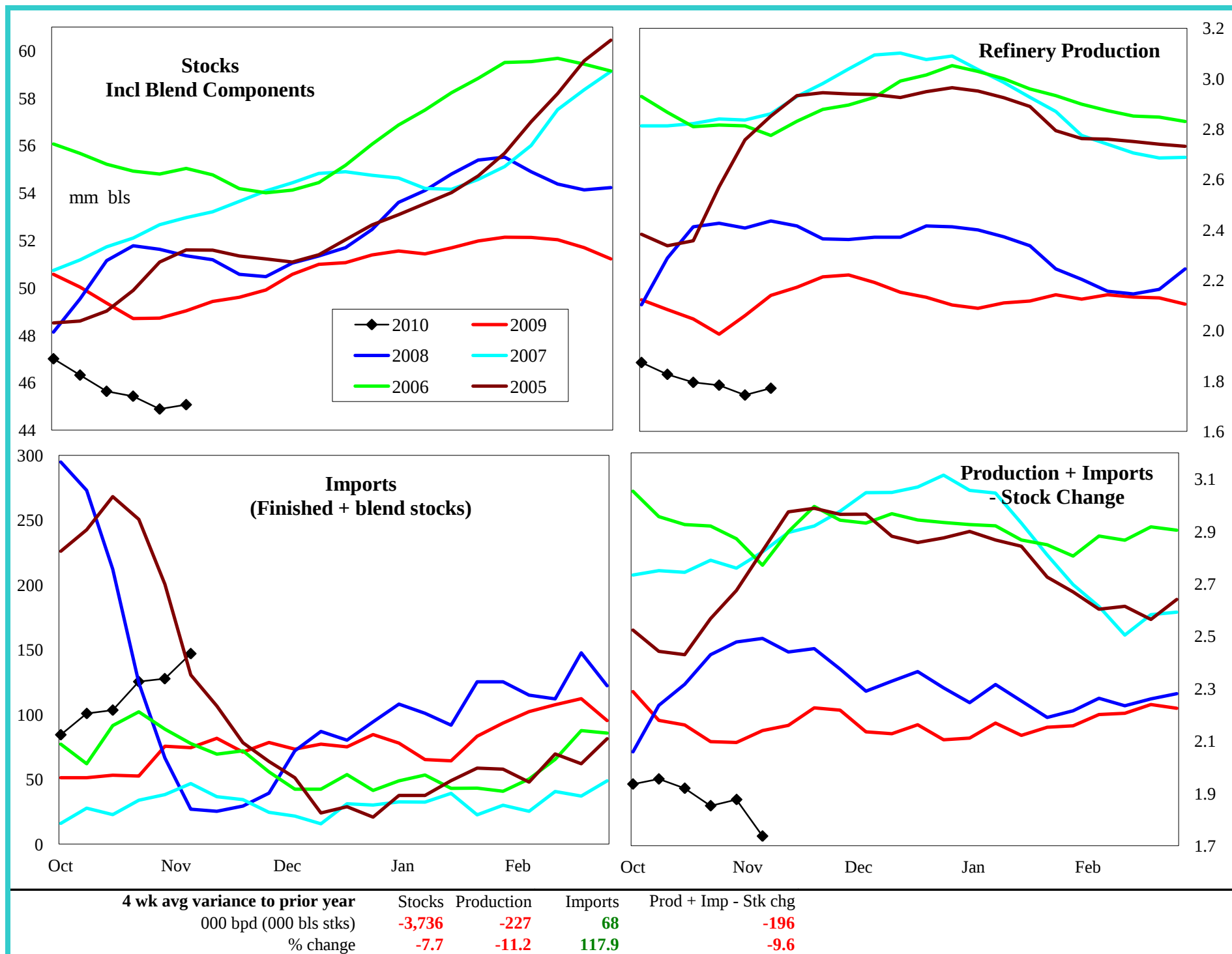
PADD 3 Reformulated Gasoline Supply



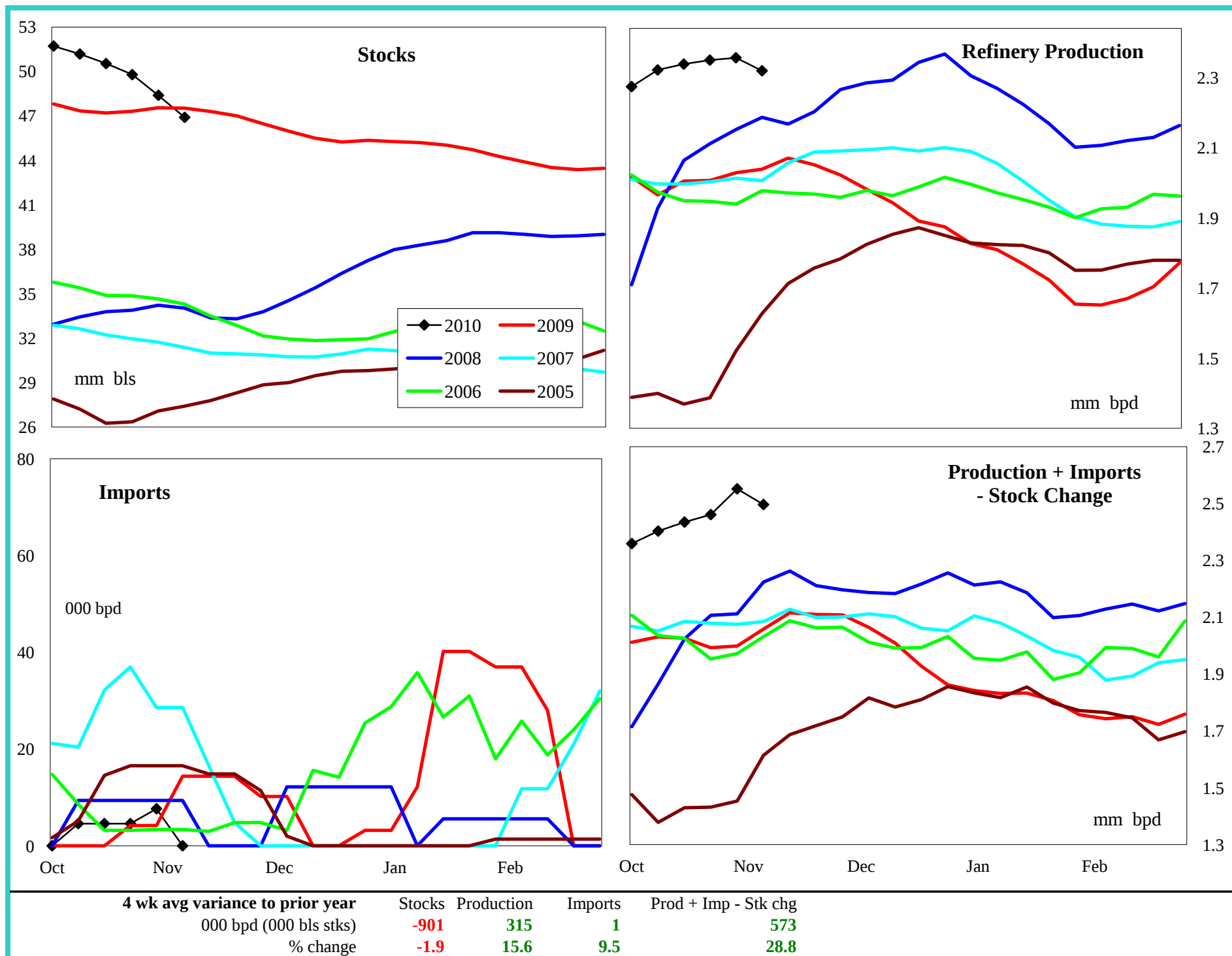
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
8,052	-12	0	12
39.3	-2.9	#DIV/0!	3.4

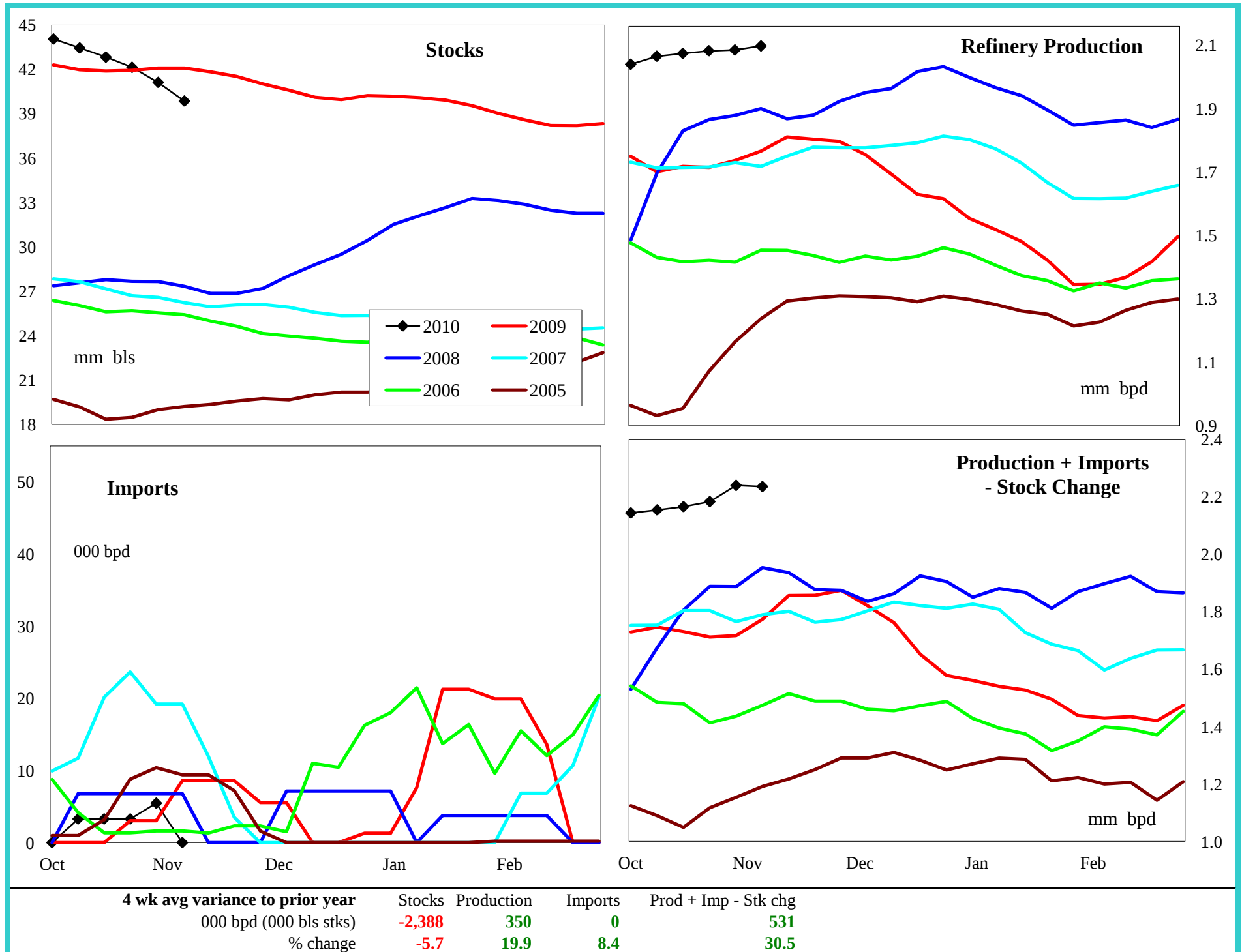
PADD 3 Conventional Gasoline Supply



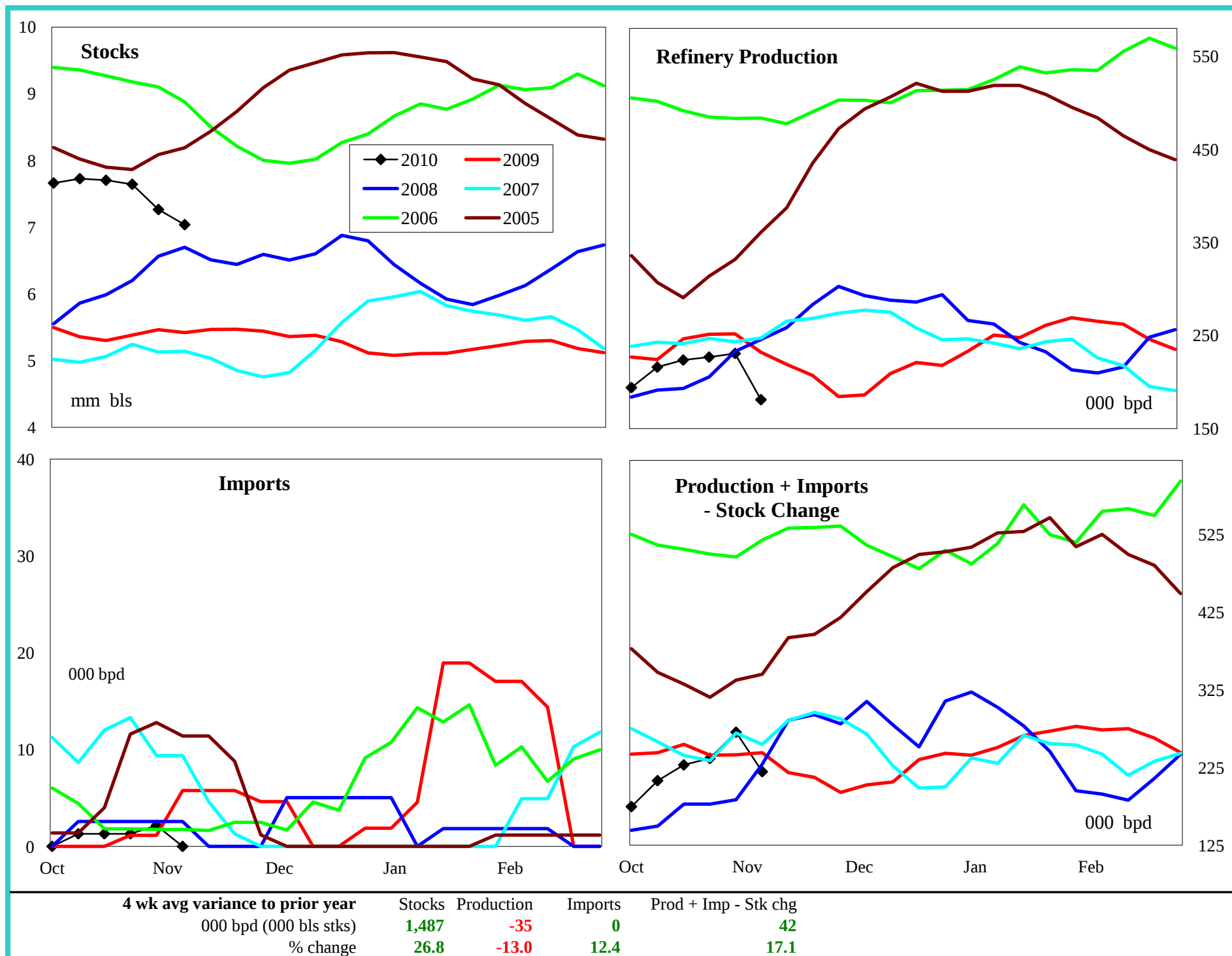
PADD 3 Distillate Supply



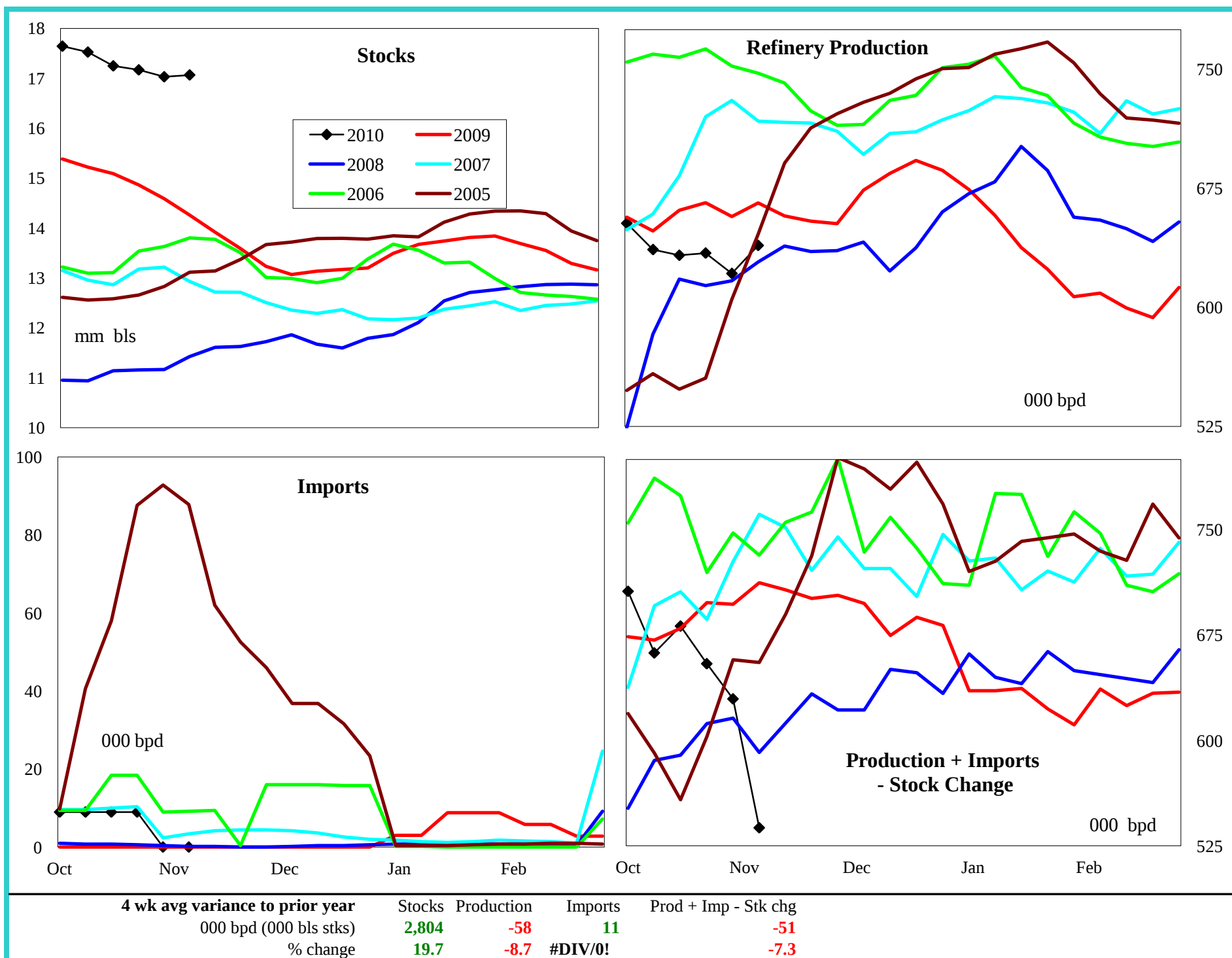
PADD 3 Low Sulfur Distillate Supply



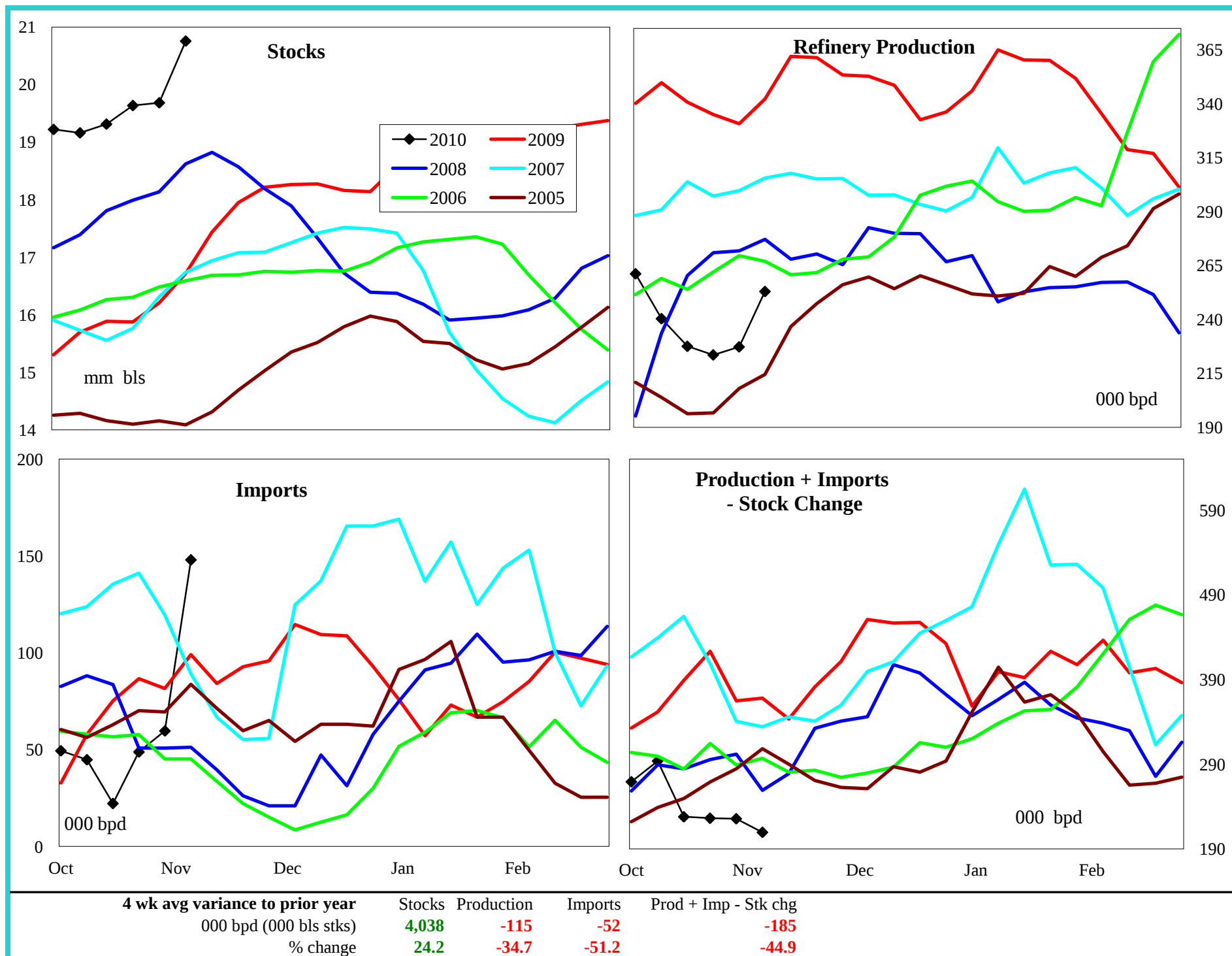
PADD 3 High Sulfur Distillate Supply



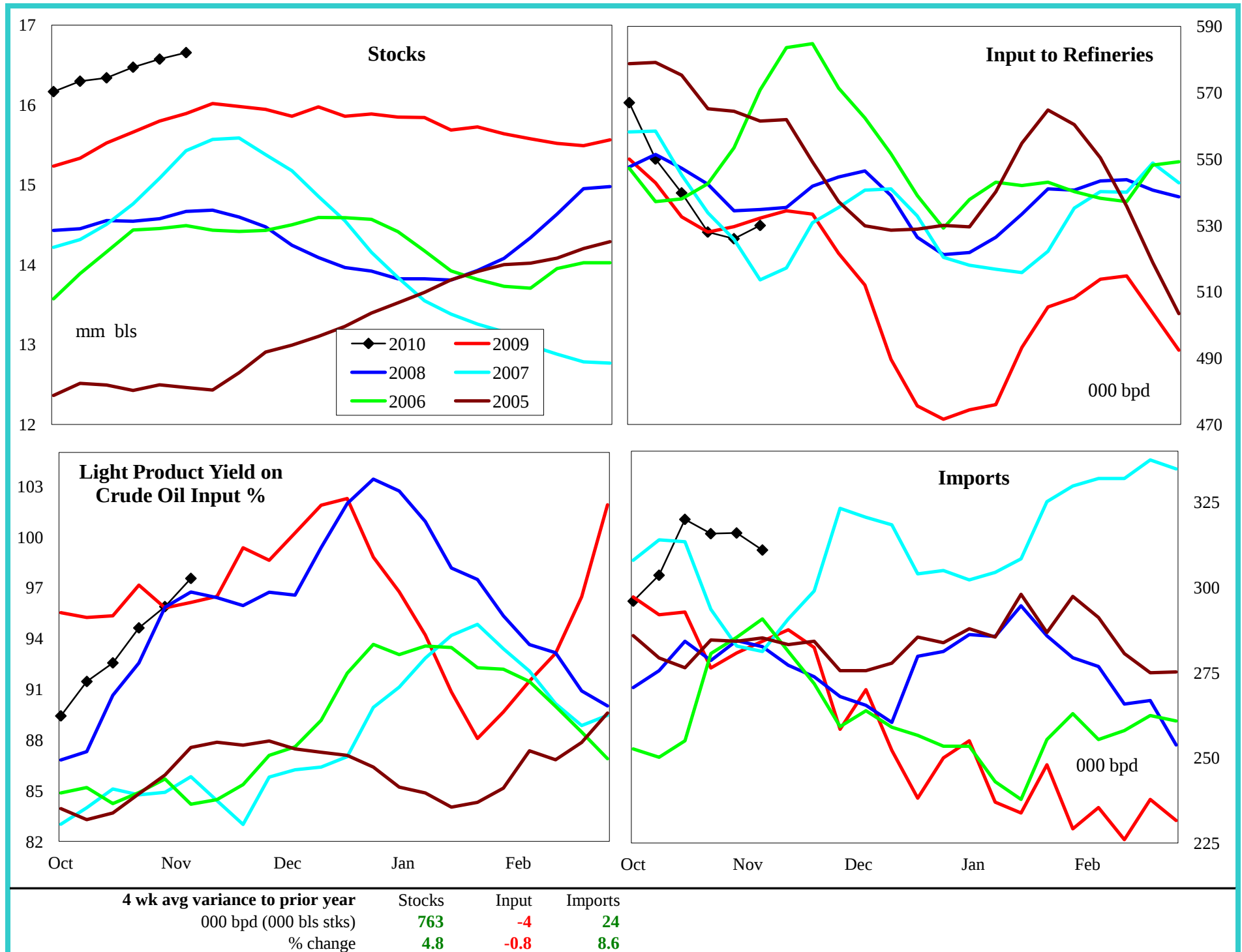
PADD 3 Jet Fuel Supply



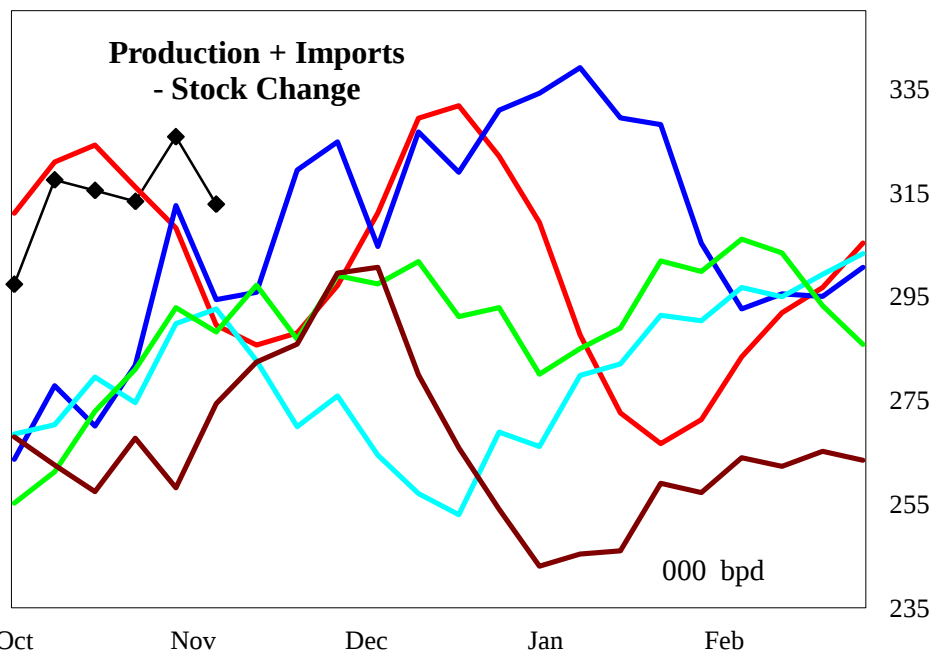
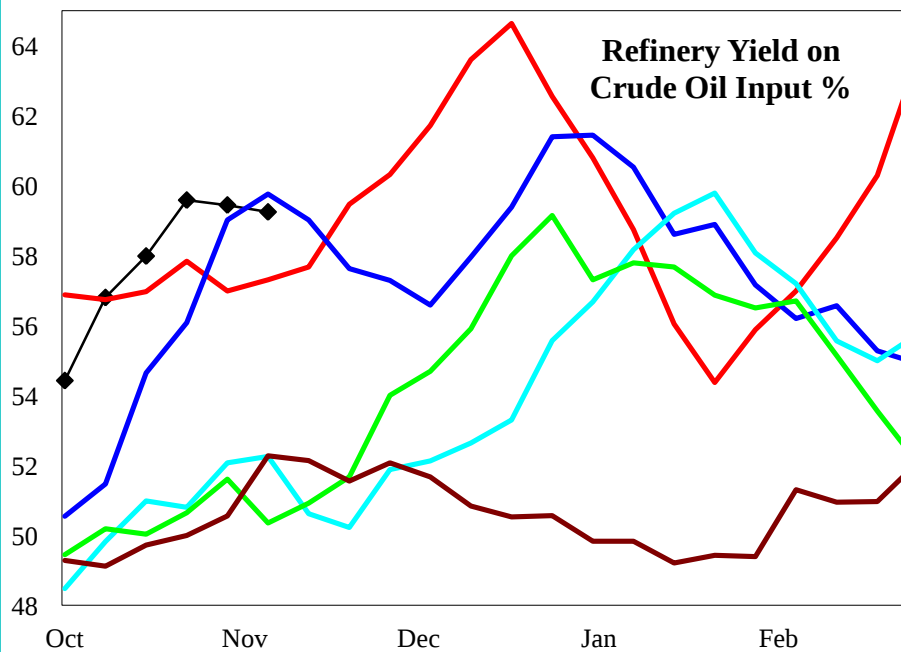
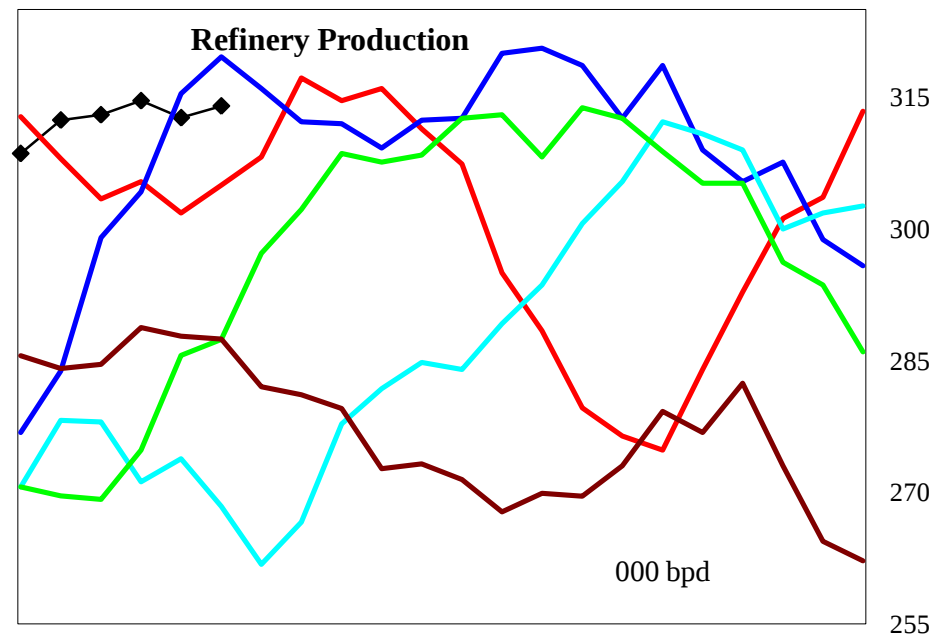
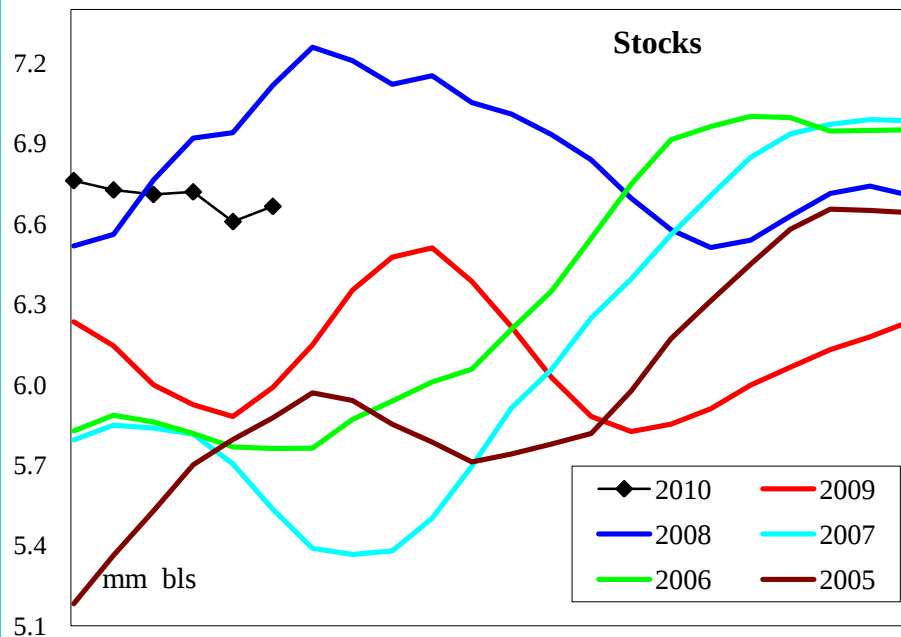
PADD 3 Residual Fuel Oil Supply



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

675

15

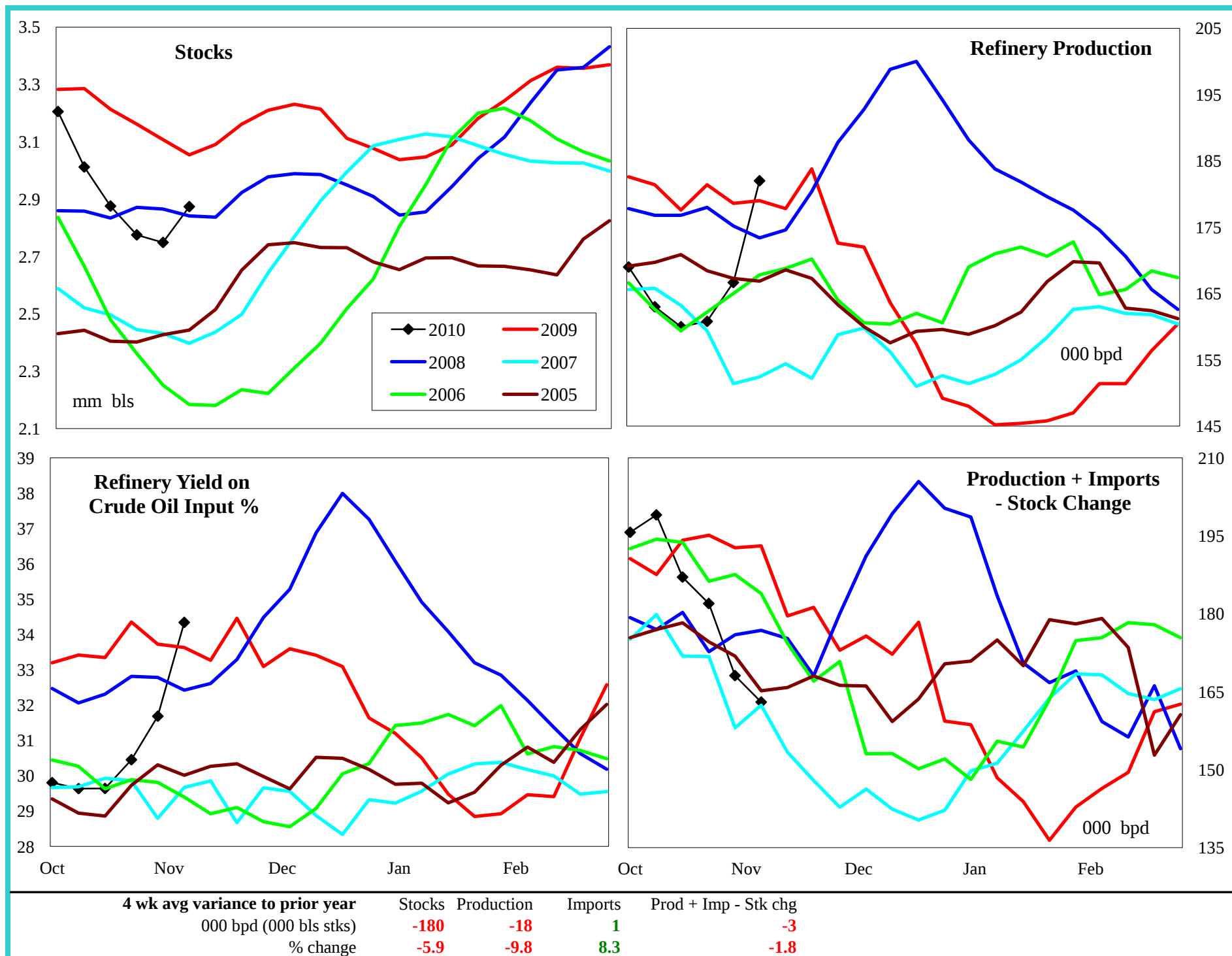
7

11.3

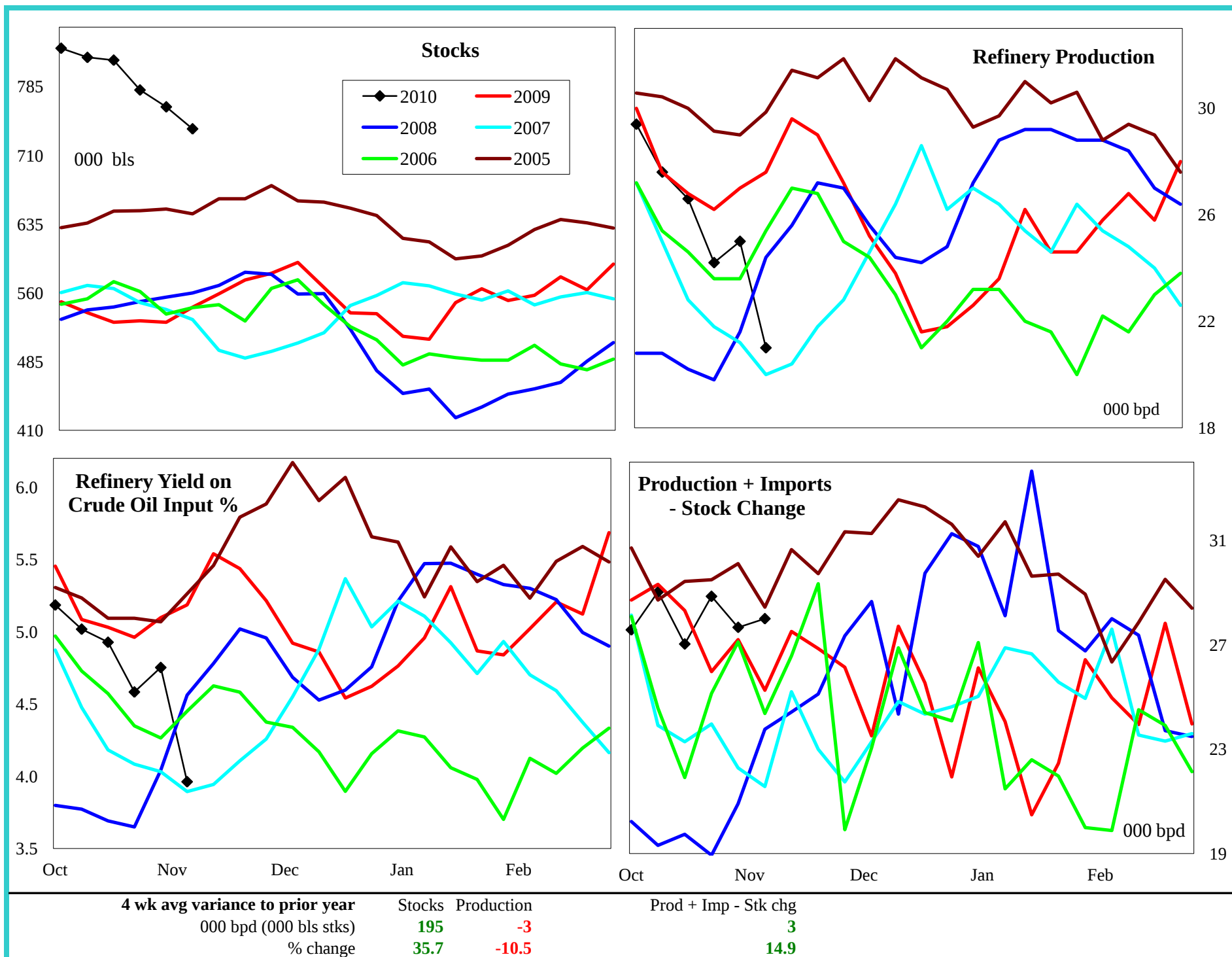
5.0

2.2

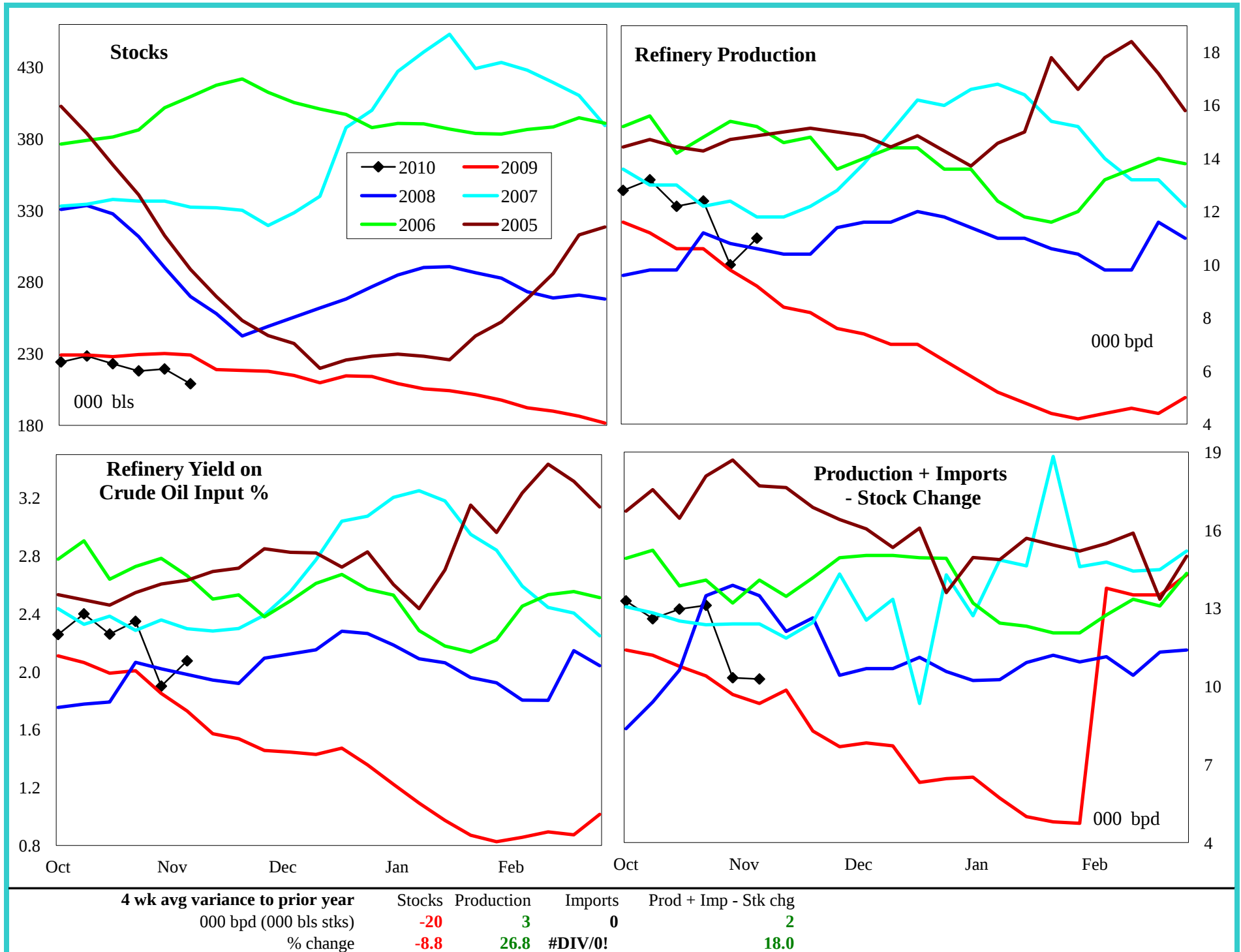
PADD 4 Distillate Supply



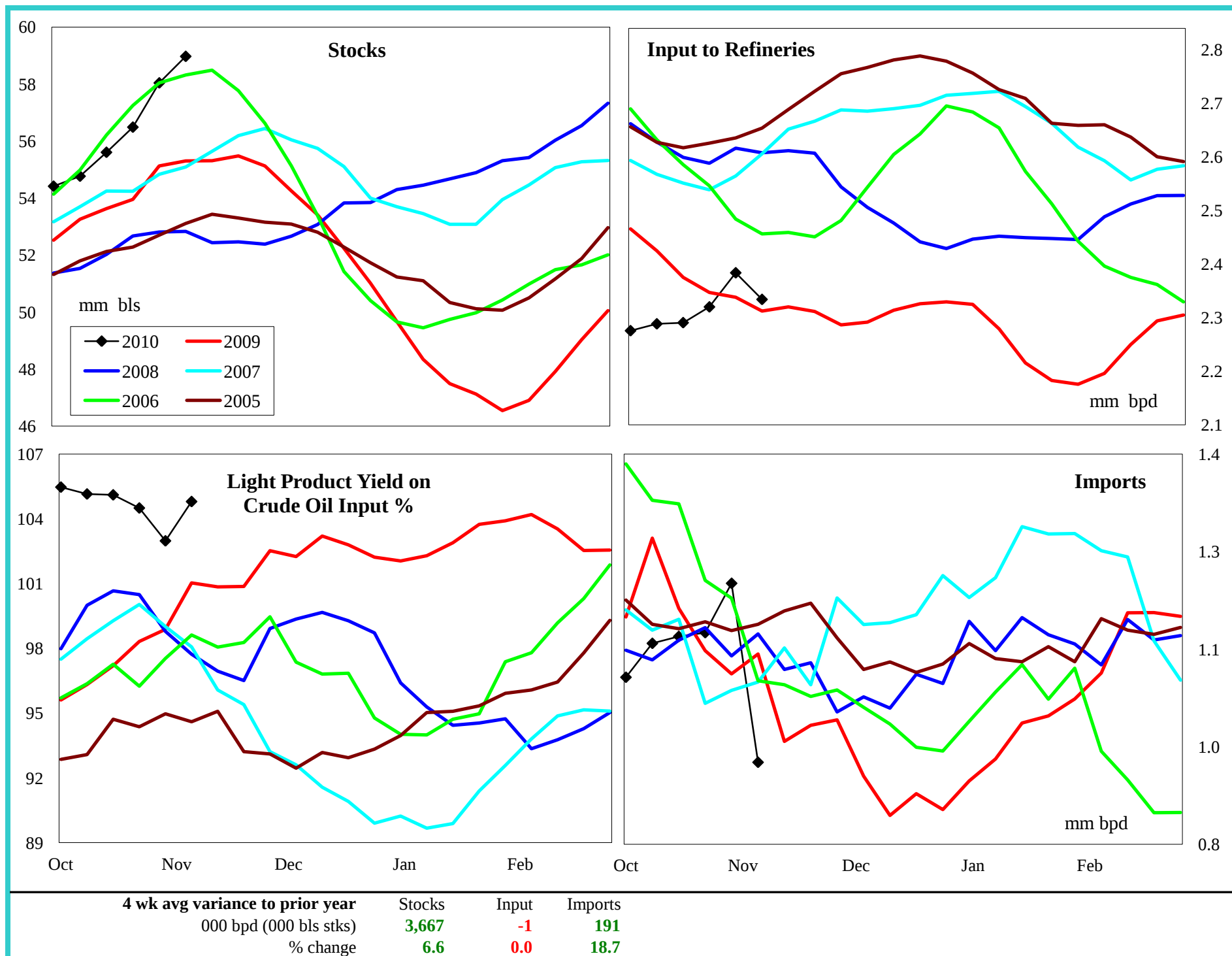
PADD 4 Jet Fuel Supply



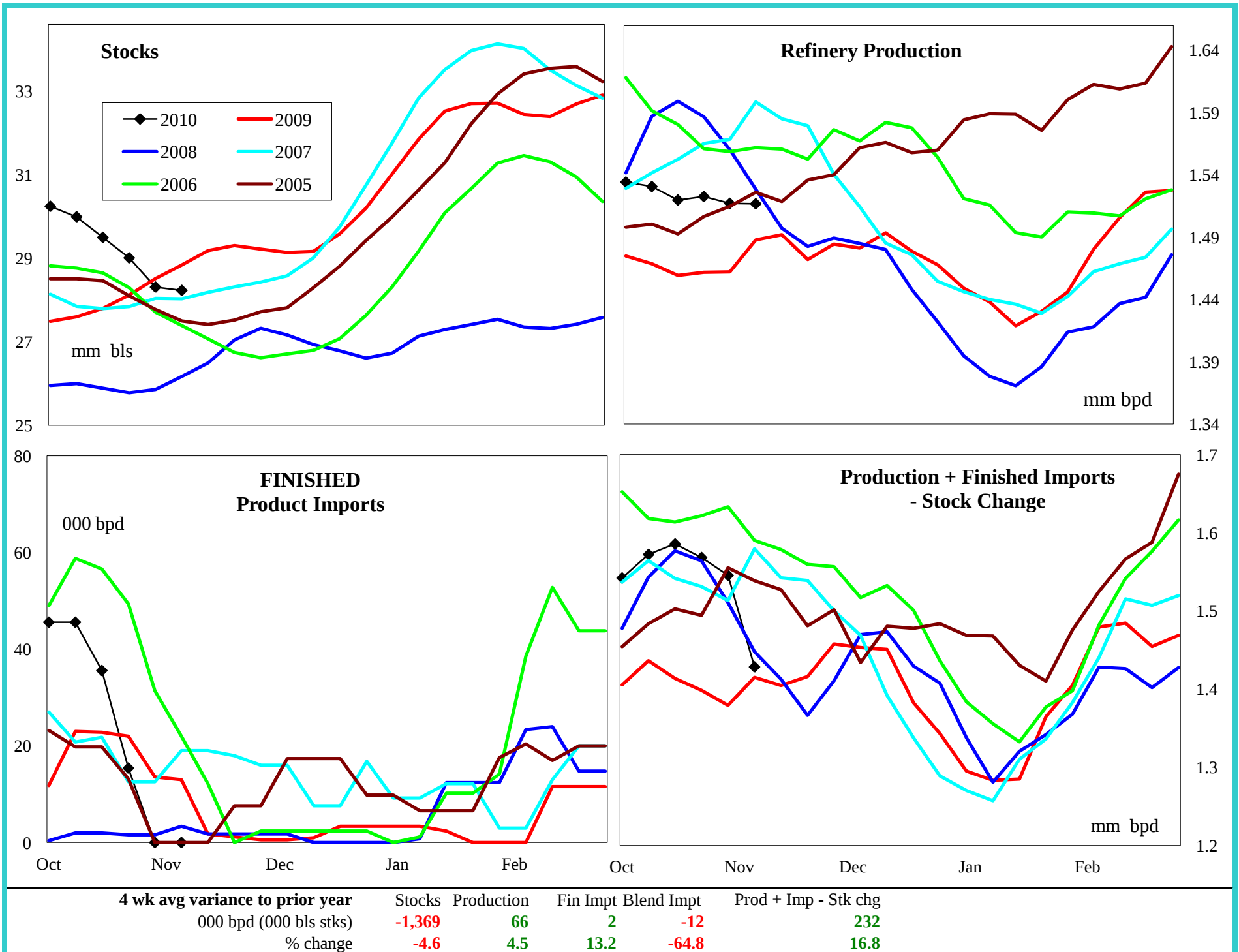
PADD 4 Residual Fuel Oil Supply



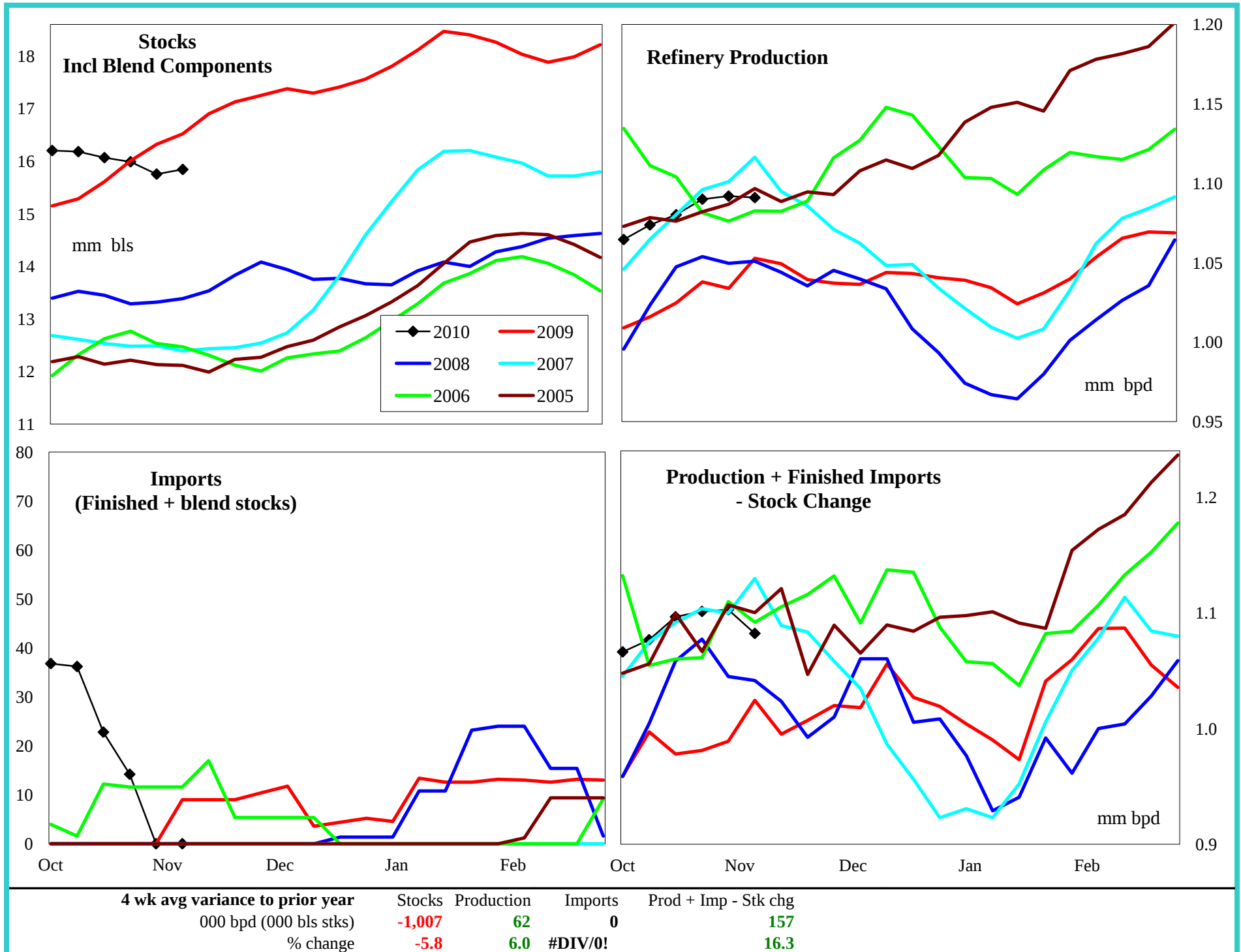
PADD 5 Crude Oil Supply and Refining



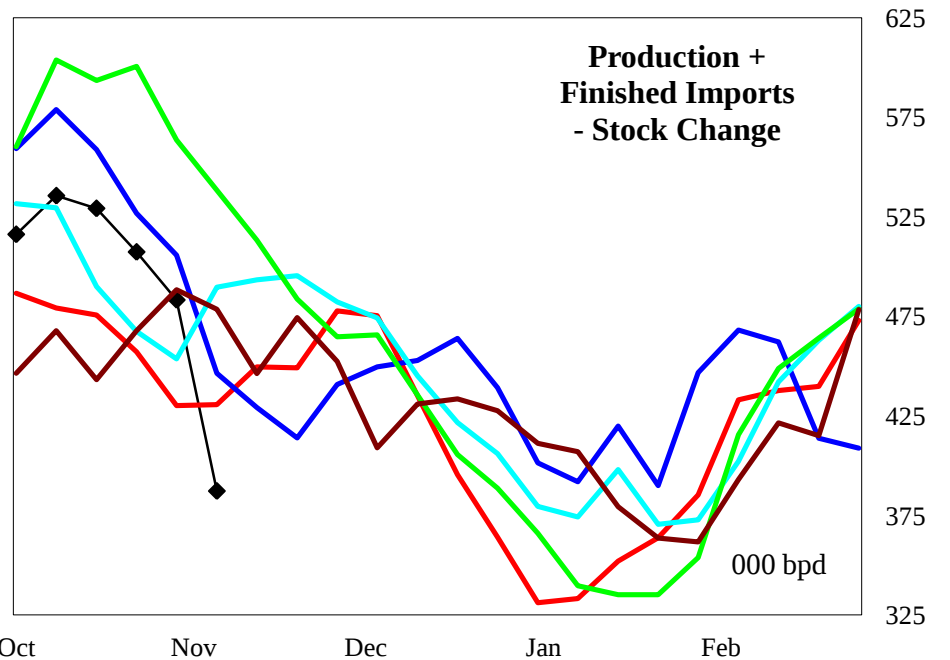
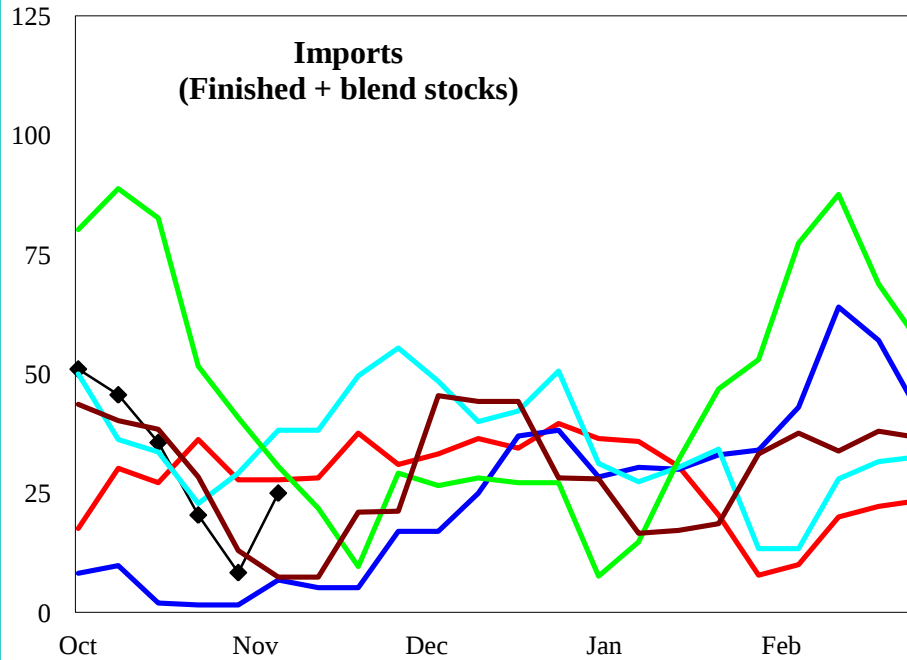
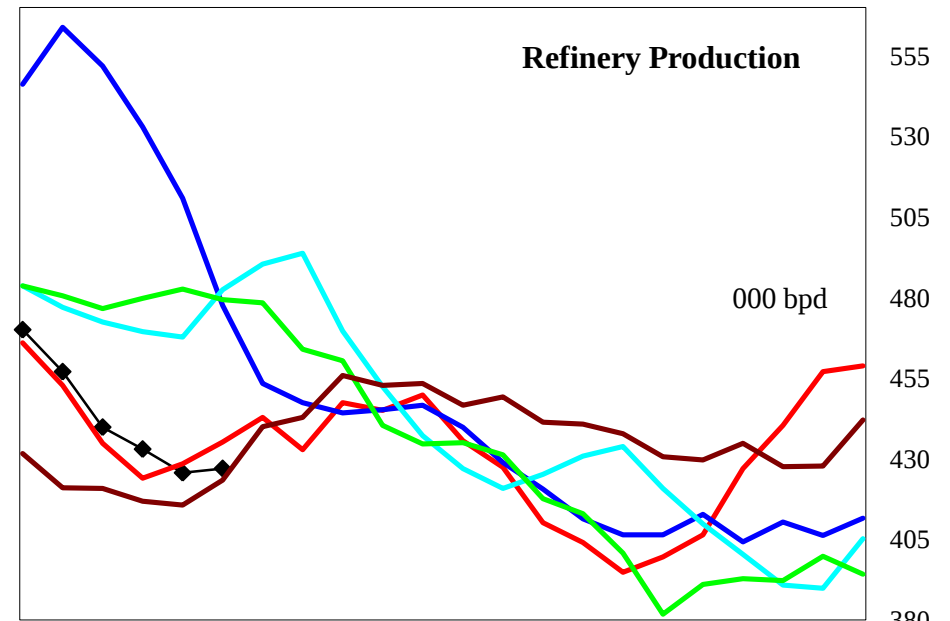
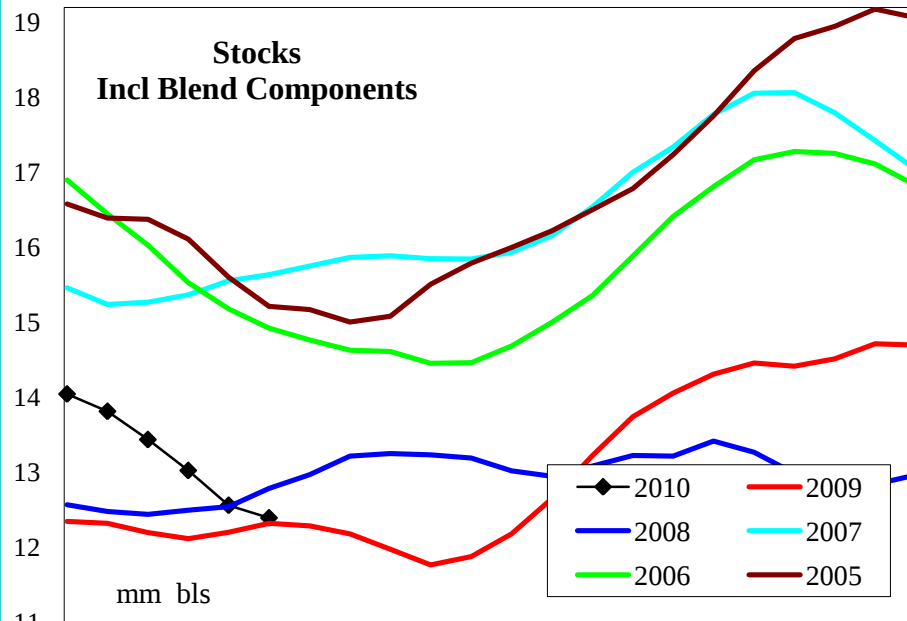
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



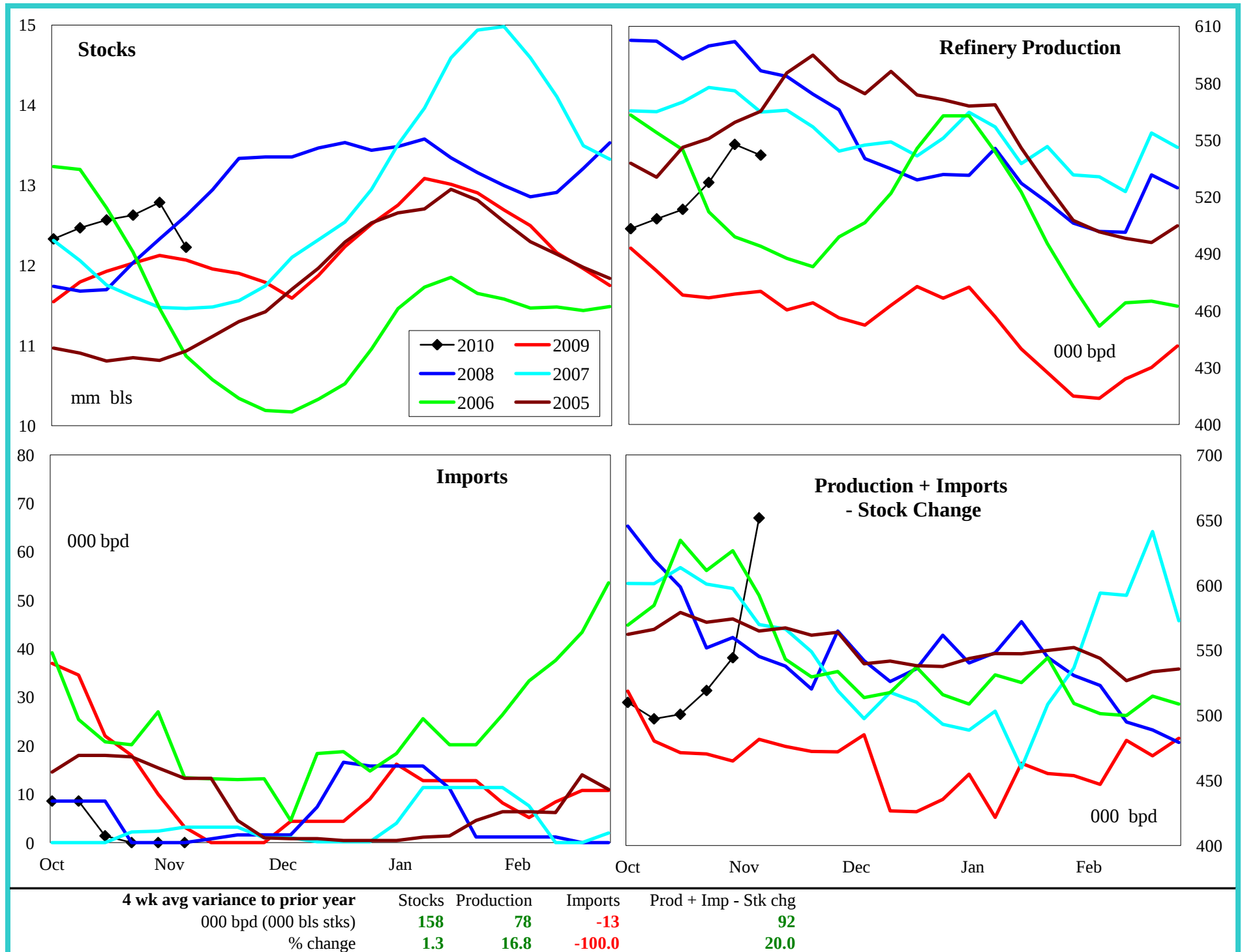
PADD 5 Conventional Gasoline Supply



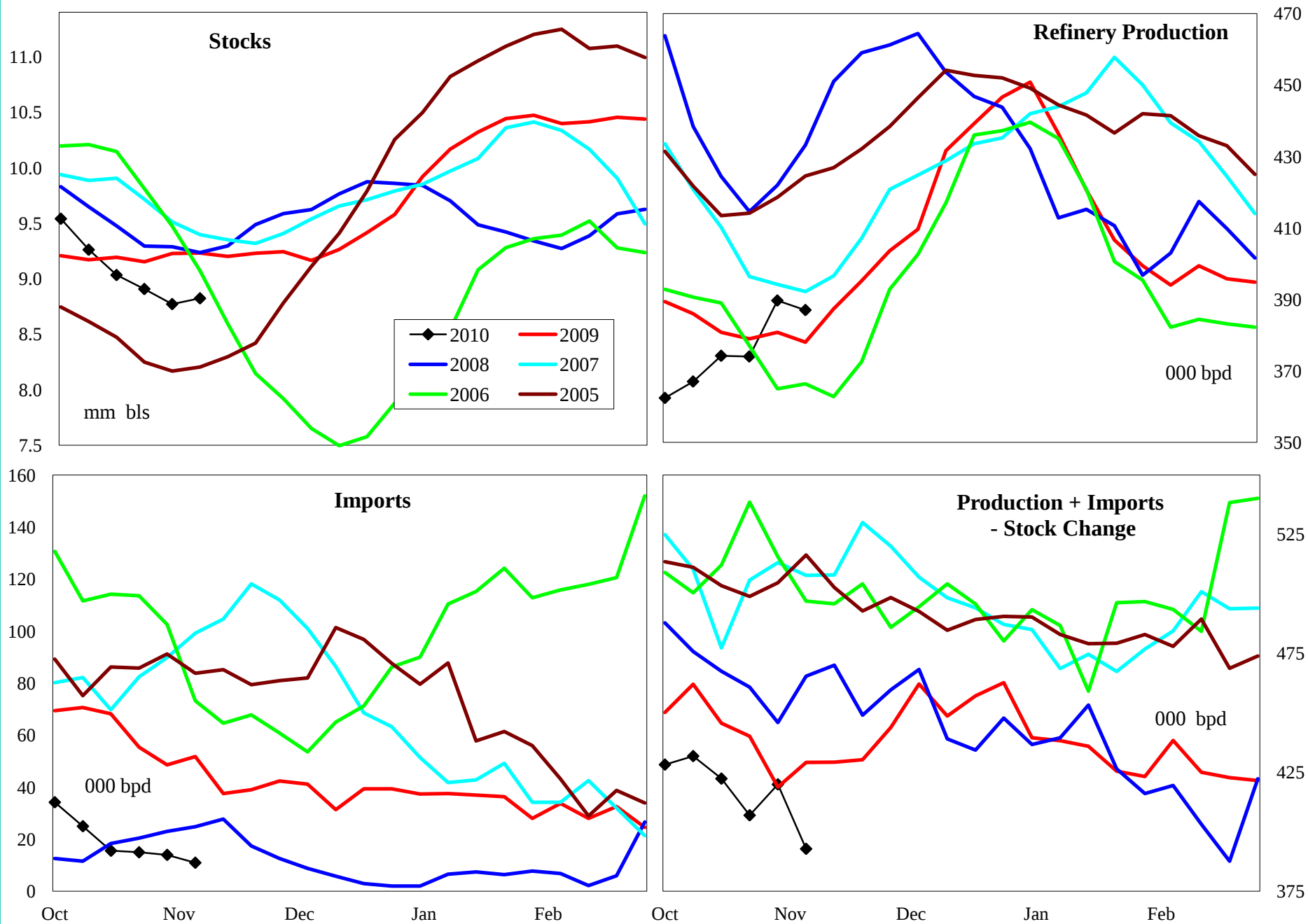
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-362	4	-9	75
-2.8	1.0	-26.6	17.8

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-404

8

-35

-25

-4.4

2.1

-72.0

-5.9

PADD 5 Residual Fuel Oil Supply

