

WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

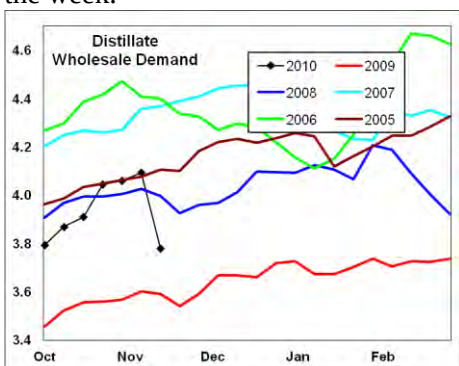
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, November 17,

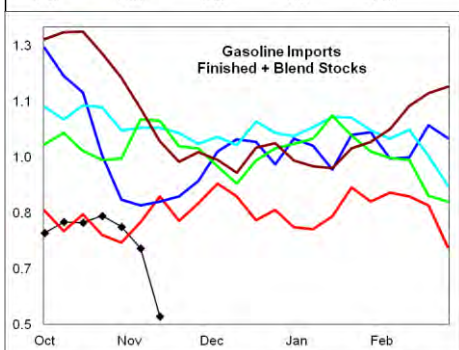
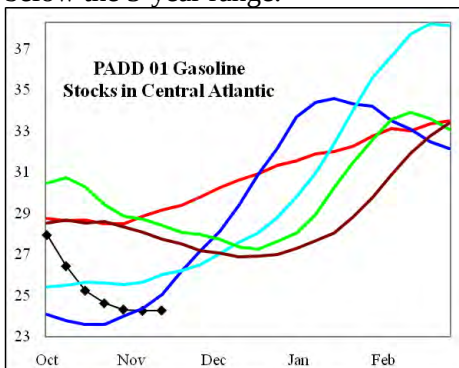


Major Fundamental Trends¹

Wholesale distillate demand collapsed -614,000 bpd last week, following the multi week run up. (This extreme volatility in demand points to weakness in the EIA's procedure to estimate exports which are included in the weekly demand estimate.) Jet fuel demand jumped +189,000 bpd while gasoline demand fell -104,000 bpd on the week.

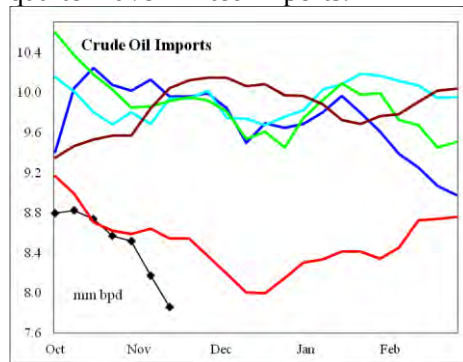


The gasoline supply squeeze in the Central Atlantic Region of PADD 1 remains in place with stock levels below the 5-year range.



Record low imports and continued

maintenance at key PADD 1 and eastern Canadian refiners continues to limit supply. Stock rebuilding in Europe following the shutdown of refineries in France earlier in the quarter have limited imports.



Exceptionally low imports into PADDs 1 and 2, combined with high crude oil run rates in the Gulf led to a -7.3 million barrel stock draw last week. WTI prices remain very attractive compared to global grades, leading U.S. refiners to substitute domestic grades priced relative to WTI rather than imported grades. This trend contributed to the large stock draw in PADD 3 last week.

Demand for distillate collapsed last week, falling -614,000 bpd.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline increased +1.8%; distillate up +13.9%; jet fuel up +1.5% while residual fuel oil decreased -24%.

Stocks forward coverage: Gasoline demand coverage fell on a -2.7 million barrel drop in stocks which offset lower demand. Coverage fell below years' record high.

Distillate demand coverage extended the longer term downtrend on a -1.1 million barrel stock draw. The coverage level was well below last years' record high.

Jet fuel coverage declined on a -1.1 million barrel stock draw and +189,000 bpd surge in demand. Coverage matched historic highs.

Refinery utilization rates increased on a +217,000 bpd rise in crude oil runs;

with increases in PADDs 1, 3 and 5. Crude oil runs for the latest 4-wk period were +146,000 bpd above last year.

Gasoline yield % on crude oil runs decreased last week on a -79,000 bpd decline in production versus a +217,000 bpd increase in crude runs. Yield % was sharply below last years' record high.

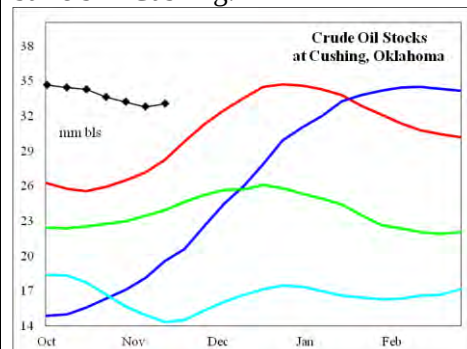
Distillate yield % on crude oil runs decreased with production up +70,000 bpd compared to the rise in crude oil runs. Yield % matched the 5-year high for the period.

Jet fuel yield % on crude oil runs increased on a +35,000 bpd rise in output, with the yield % above the mid range.

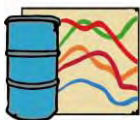
Petroleum Imports were lower last week for crude oil and all products except residual fuel oil.

During the latest 4-wk period distillate imports declined -40,000 bpd compared to last year; finished gasoline imports decreased -68,000 bpd, gasoline blend stock imports increased +89,000 bpd; jet fuel imports were -29,000 bpd lower, while residual fuel oil imports increased +35,000 bpd. **Crude Oil** imports fell -225,000 bpd last week, to a record low level for the season. The decline was concentrated in PADDs 1 and 5 where import levels were at all time lows.

Stocks fell -7.3 million barrels, with the decline concentrated in the Gulf. Stocks increased +1.2 million barrels in Cushing.



¹ Source is latest EIA Weekly Statistics



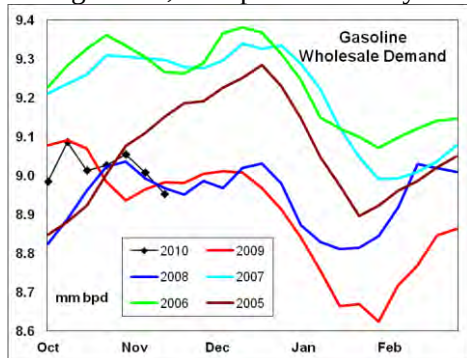
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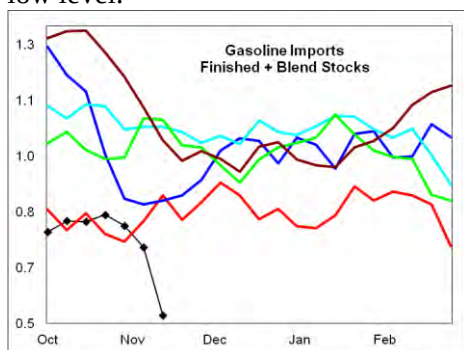
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Product Supply-Demand Trends

Gasoline demand declined -104,000 bpd last week, with the latest 4-wk average +162,000 bpd above last year.



Production fell -79,000 bpd on the week (including a -50,000 bpd EIA adjustment at the U.S. level); with the level matching the 5-year mid range. Imports fell -240,000 bpd, to a record low level.



Stocks decreased -2.7 million barrels on the week, with the draw concentrated in PADD 2. Stock levels were -1.4 million barrels below last years' record high.

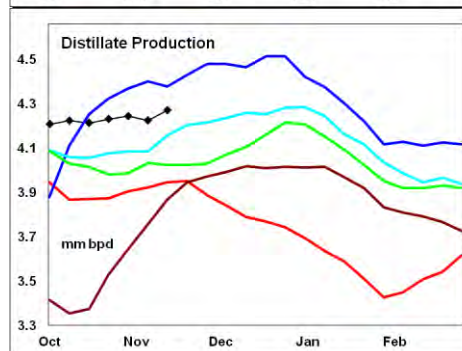
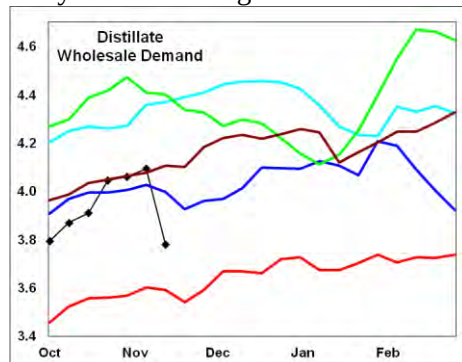
Extremely low imports and continued maintenance on the East Coast pushed stock levels in the key Central Atlantic Region of PADD 1 to record lows.

Lower seasonal demand, restart of refiners on the Atlantic coast (Canada and the U.S.) and renewed imports from Europe as that region recovers from the French refinery closures earlier in the quarter should lead to gasoline price weakness by the end of the current quarter.

Distillate demand collapsed last week, falling -614,000 bpd on the week; with the latest 4-wk average up +498,000 bpd year-on-year.

Supply declined -23,000 bpd on the week, as a result of a -93,000 bpd drop in imports, partially offset by higher production. Production levels remain just below the 5-year high.

Stocks extended the seasonal draw, declining -1.1 million barrels. Stock levels were -8.6 million barrels below last years' record high.



The supply balance continues to tighten, with last weeks' stock draw even in the face of a dramatic drop in wholesale demand.

Rising production and a pull back in demand should lead to a further slowing in the rate of stock draws.

The European debt crisis and rising interest rates in China point to a slowdown in demand growth; contributing to recent price weakness.

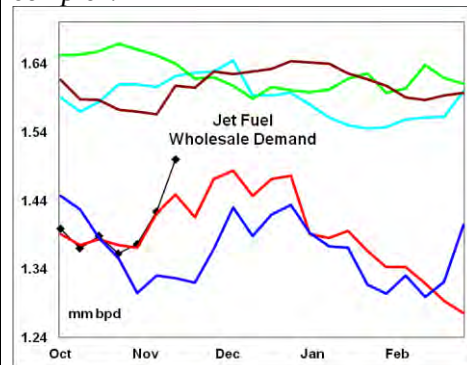
Increased production as refiners complete maintenance should also contribute to weakness during the balance of the quarter.

Jet Fuel demand surged +189,000 bpd last week, with the latest 4-wk average +21,000 bpd above last year.

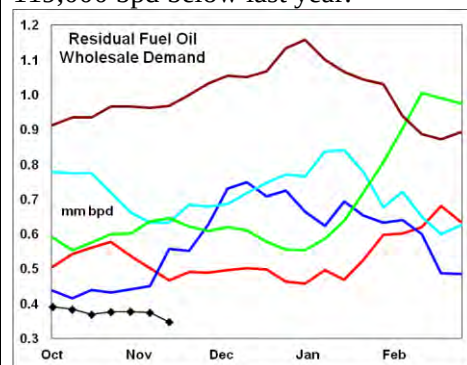
Production increased +35,000 bpd on the week, offset by a -22,000 bpd decline in imports. Supply levels match last years' record lows.

Stocks extended the recent seasonal downtrend, falling -1.1 million barrels to a level just above the prior record high.

Stock draws should continue in the near term as demand trends higher ahead of the holiday season and refiners gradually return from maintenance over the next 30-days. Very high stock levels assure the market will remain well supplied. Expect modest price weakness for jet fuel relative to the overall energy complex.

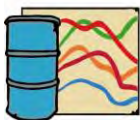


Residual fuel oil demand, including exports, declined -99,000 bpd last week, with the 4-wk average -119,000 bpd below last year.



Supply (production + imports) increased +50,000 bpd on the week, with higher imports. The latest 4-wk average was -145,000 bpd below a year ago. Stock levels remain above four of the last five years.

Wholesale demand fell to new record lows last week. Imports increased to levels above the last four years; lifting stocks to the highest level of the last four months. Production was down -29% from last year for the most recent 4-wk period.



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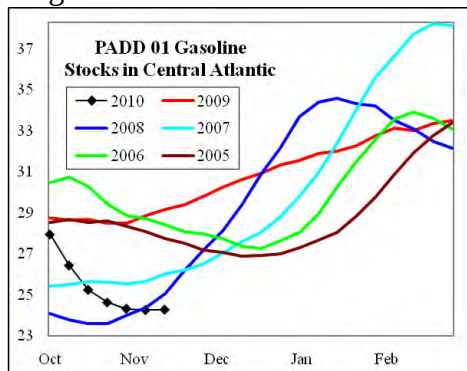
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PADD Supply Trends

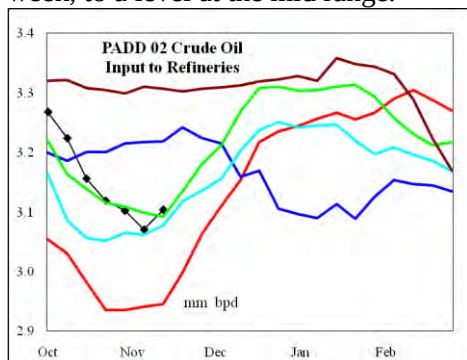
PADD 1 refinery crude oil runs increased +41,000 bpd on the week, with the 4-wk average -472,000 bpd below last years' record low rate. Crude oil stocks declined -0.4 million barrels last week, with the level -2.4 million barrels below the 5-year range. Imports were -36% below a year ago.

Gasoline production increased +31,000 bpd on the week, with the latest 4-wk average +512,000 bpd above a year ago. Imports declined -138,000 bpd on the week, to a new record low level. Stocks decreased -0.2 million barrels, with the Central Atlantic Region of PADD 1 falling to a level below the 5-year range.



Distillate supply declined -59,000 bpd last week, on a drop in imports. Stocks declined -0.7 million barrels last week, with the level -4.4 million barrels below last year.

Jet fuel supply declined -11,000 bpd to a level below the mid range. Stocks fell -0.7 million barrels last week, to a level at the mid range.



PADD 2 crude oil refinery runs decreased -22,000 bpd last week, to a

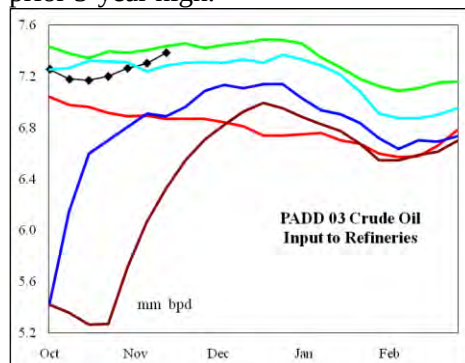
level near the 5-year mid range for the period. Import levels remain below the mid range; although low crude oil runs led to a +1.6 million barrel stock build, including a +1.3 million barrel build in Cushing. Stock levels in Cushing remain +9.8% above the prior record.

Gasoline production declined -86,000 bpd to match the 5-year mid range. Stocks decreased -2 million barrels on the week, as Gulf refiners redirected deliveries to the East Coast.

Distillate production was below the mid range last week, leading to a -0.9 million barrel stock draw. Stock levels fell below the last 3-years.

Jet fuel production and stock levels each remain very high.

PADD 3 crude oil runs increased +122,000 bpd last week, with the latest 4-wk average +394,000 bpd above a year ago. Crude imports increased +149,000 bpd on the week, with the level slightly above the 5-year low. Stocks fell -6.8 million barrels, ending the week +3 million barrels above the prior 5-year high.



Gasoline production increased +39,000 bpd. Stock levels were +4.8 million barrels above the prior historic high.

Distillate production increased +98,000 bpd last week, with the level at a new record high. Stocks increased +0.4 million barrels on the week, with the level -0.6 million barrels below last years' record high.

Jet fuel production remains near 5-year lows. Stocks extended the seasonal draw, declining -0.8 million barrels on the week. Stock levels were +2.4 million barrels above the prior record high.

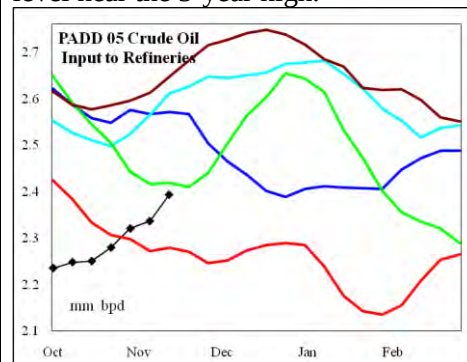
Residual fuel oil supply increased +32,000 bpd on higher imports last week. Stock levels ended the week +3 million barrels above last year and a record high.

PADD 4 refinery crude runs declined -24,000 bpd on the week, to a level below the 5-year range. Crude oil stock levels reached a new record high on higher imports.

Gasoline production declined -16,000 bpd on the week, to a level at the historic mid range. Stock levels remain at the upper end of the historic range.

Distillate production was comparable to the last 2-years for this time of year. Stock levels ended the week near last years' record high.

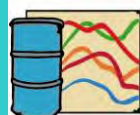
PADD 5 crude oil refinery runs increased +100,000 bpd on the week to a level below the 5-year mid range. Crude imports declined -192,000 bpd on the week to a record low. Stocks decreased -1.8 million barrels, to a level near the 5-year high.



Gasoline production was nearly unchanged on the week at the 5-year mid range. Stocks declined -0.8 million barrels to match the mid range.

Distillate production declined -46,000 bpd last week to a level at the low end of the 5-year range. Stocks were nearly unchanged at a level above the mid range.

Jet fuel supplies increased to above the mid range with both stock levels and production each higher last week.

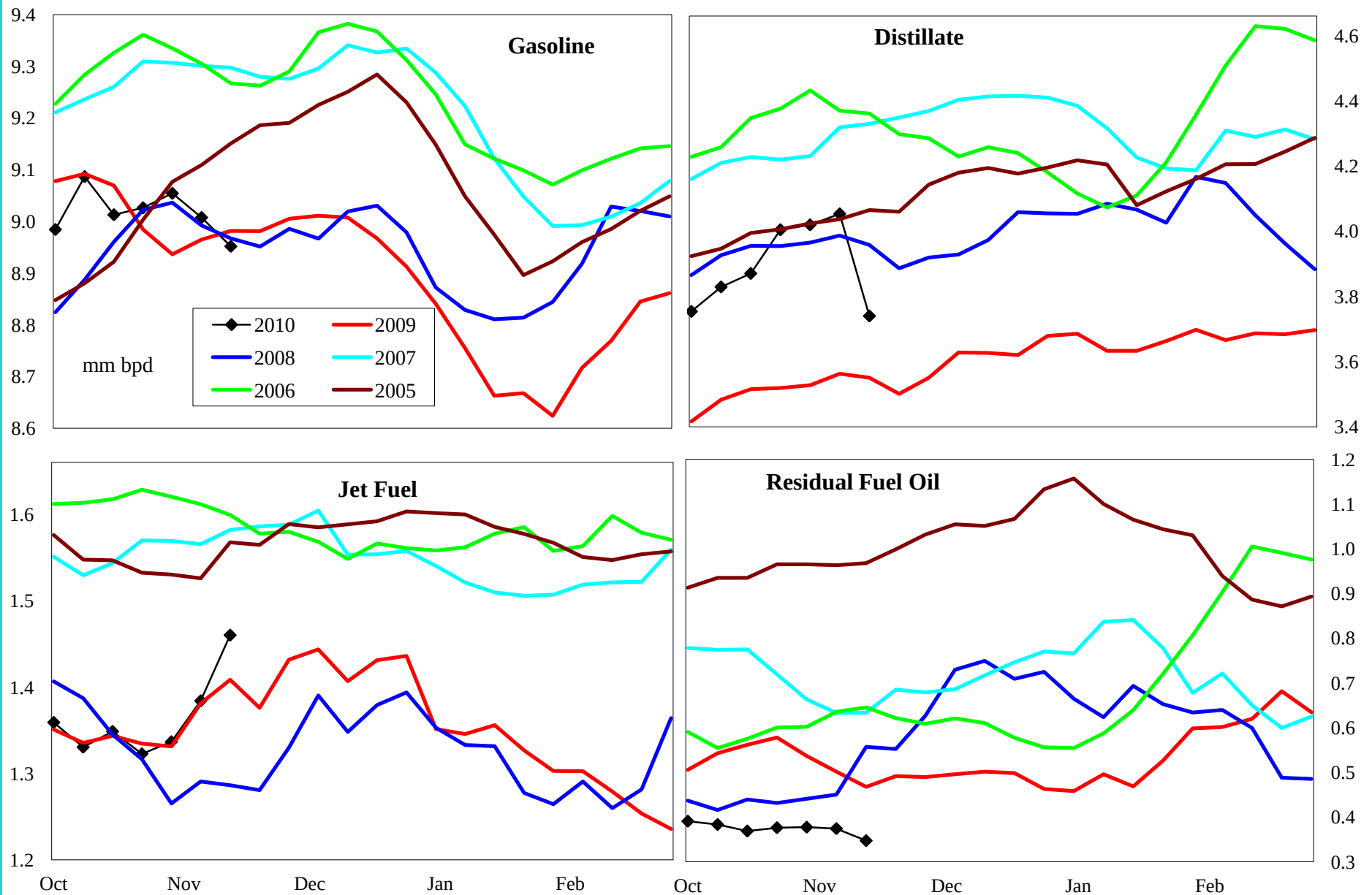

**FUNDAMENTAL
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PETROLEUM: Graph Link and Weekly Summary

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	12-Nov-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-7,286	-379	1,589	-6,805	104	-1,796
	Imports	-225	-221	28	149	10	-192
	Input	217	41	-22	122	-24	100
	% Utilization	1.60					
Gasoline	Stocks	-2,657	-225	-1,990	147	179	-767
	Production	-79	31	-86	39	-16	3
	Imports	-240	-138	2	-79	0	-25
	Supplied	-104					
Distillate	Stocks	-1,110	-663	-931	362	128	-7
	Production	70	31	-8	98	-6	-46
	Imports	-93	-90	1	0	-2	0
	Supplied	-614					
Jet Fuel	Stocks	-1,123	-712	49	-777	-95	413
	Production	35	13	-15	9	1	29
	Imports	-22	-24	0	0	0	3
	Supplied	189					
Residual Fuel Oil	Stocks	808	405	-37	-326	0	767
	Production	-47	-3	-5	-25	0	-13
	Imports	97	-4	0	57	0	44
	Supplied	-99					

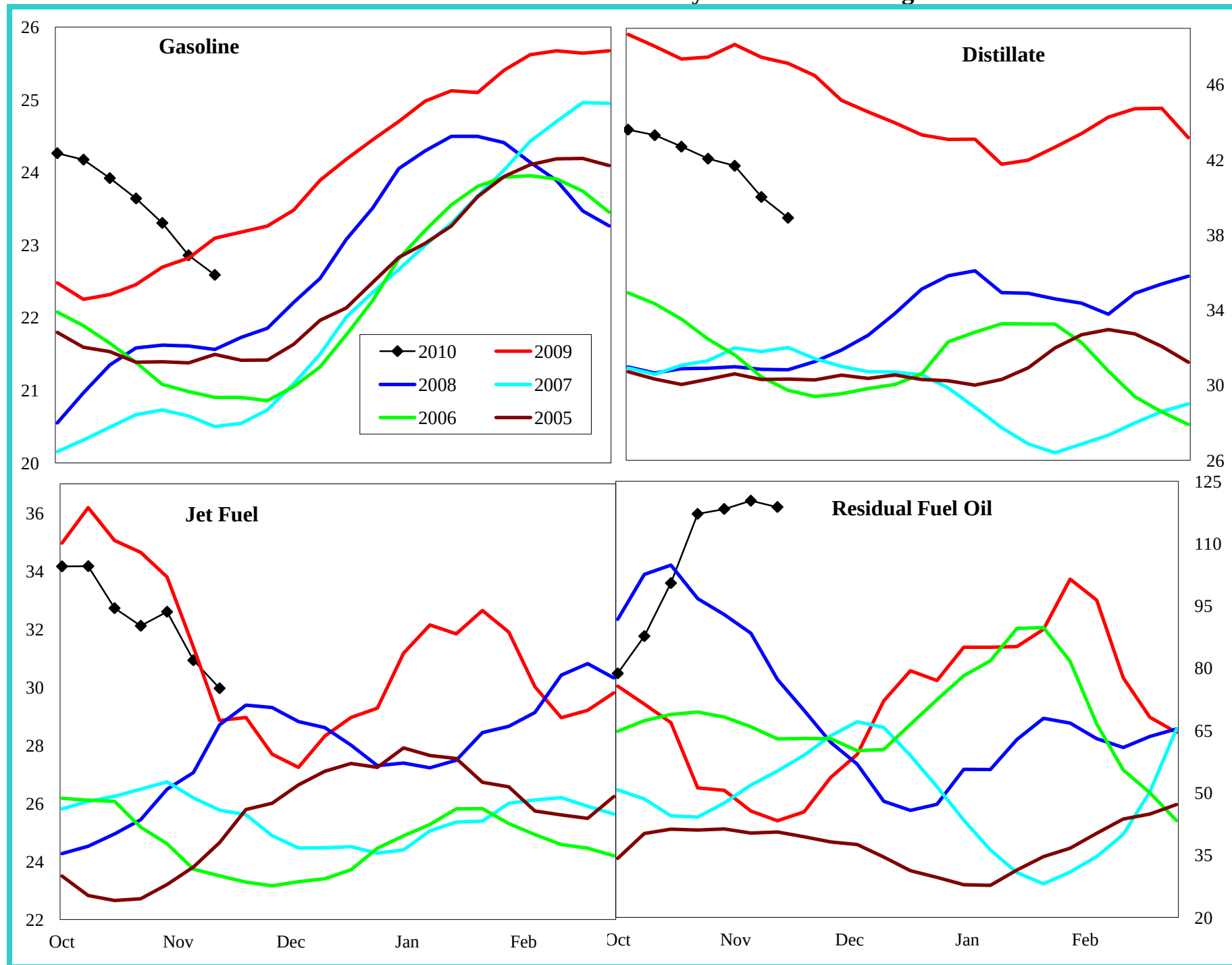
United States Wholesale Petroleum Demand



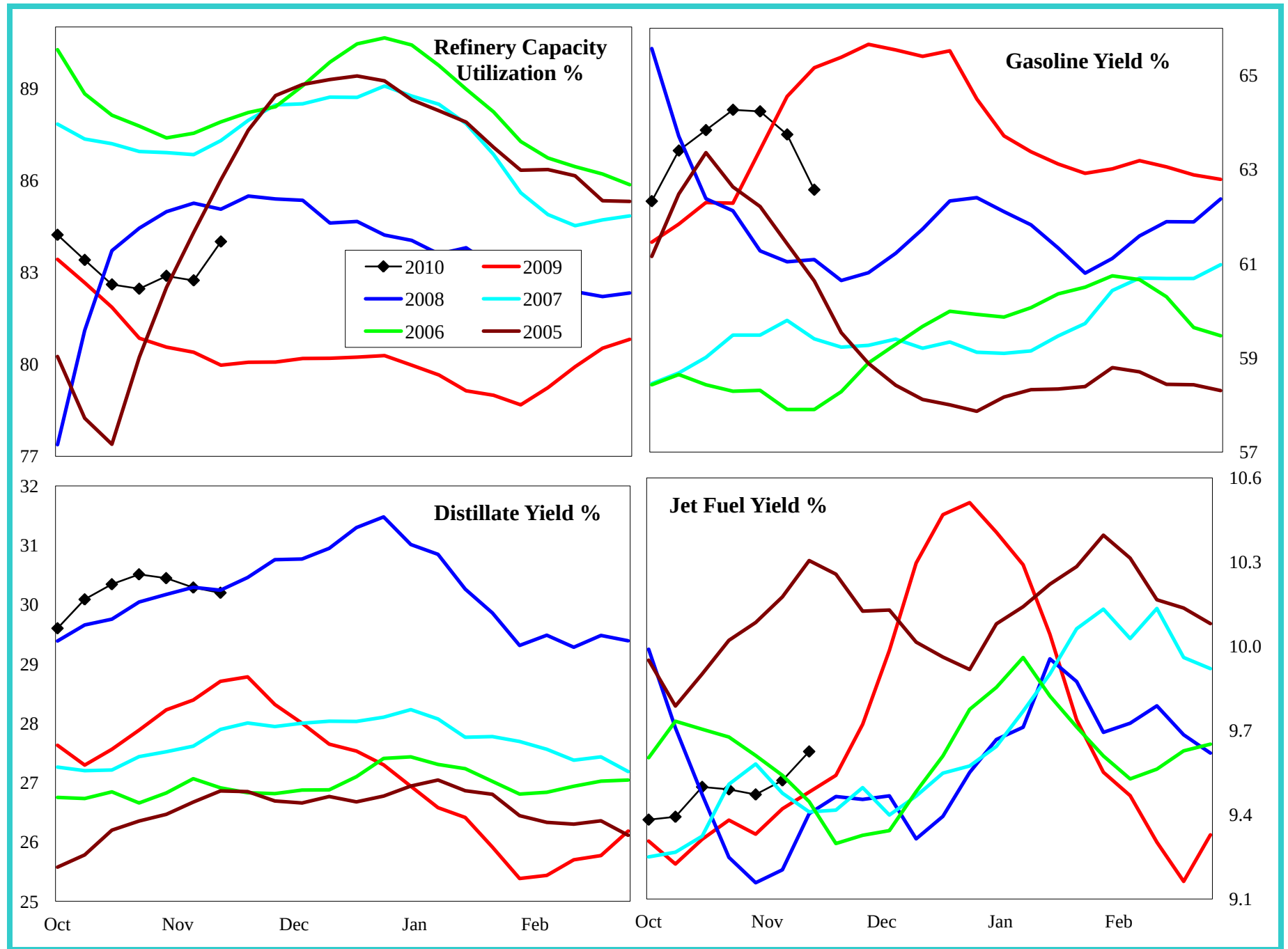
	000 bpd change from prior year				% change from prior year			
	4wk avg	Oct	Jan	Jan	4wk avg	Oct	Sep	Aug
Gasoline	162	94	149	76	1.8	1.0	1.7	0.8
Distillate	498	476	229	364	13.9	13.0	6.4	10.6
Jet Fuel	21	-16	36	0	1.5	-1.2	2.5	0.0
Resid	-119	-110	76	-22	-23.6	-22.2	22.4	-4.7



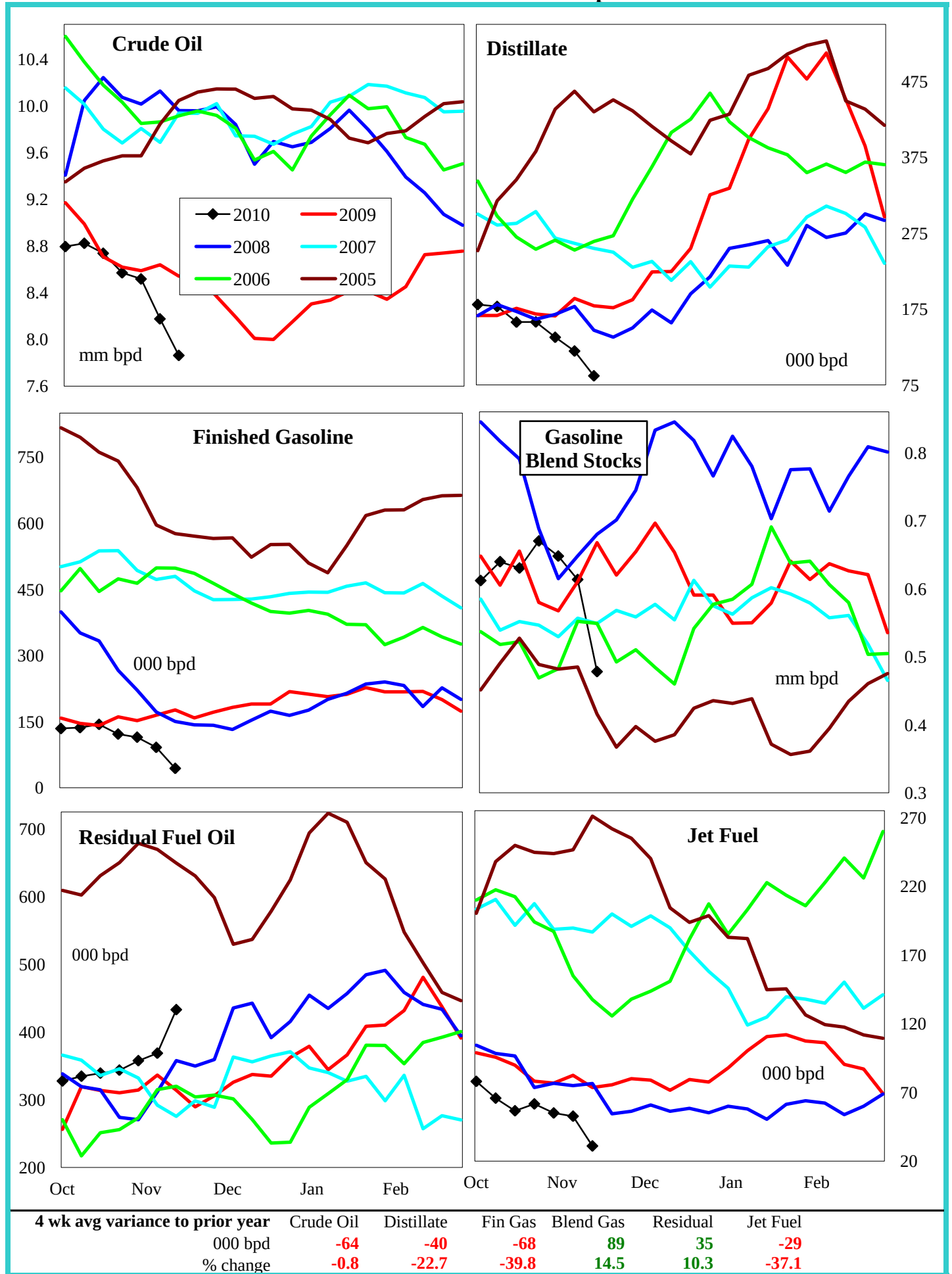
United States Product Stocks: Days Forward Coverage



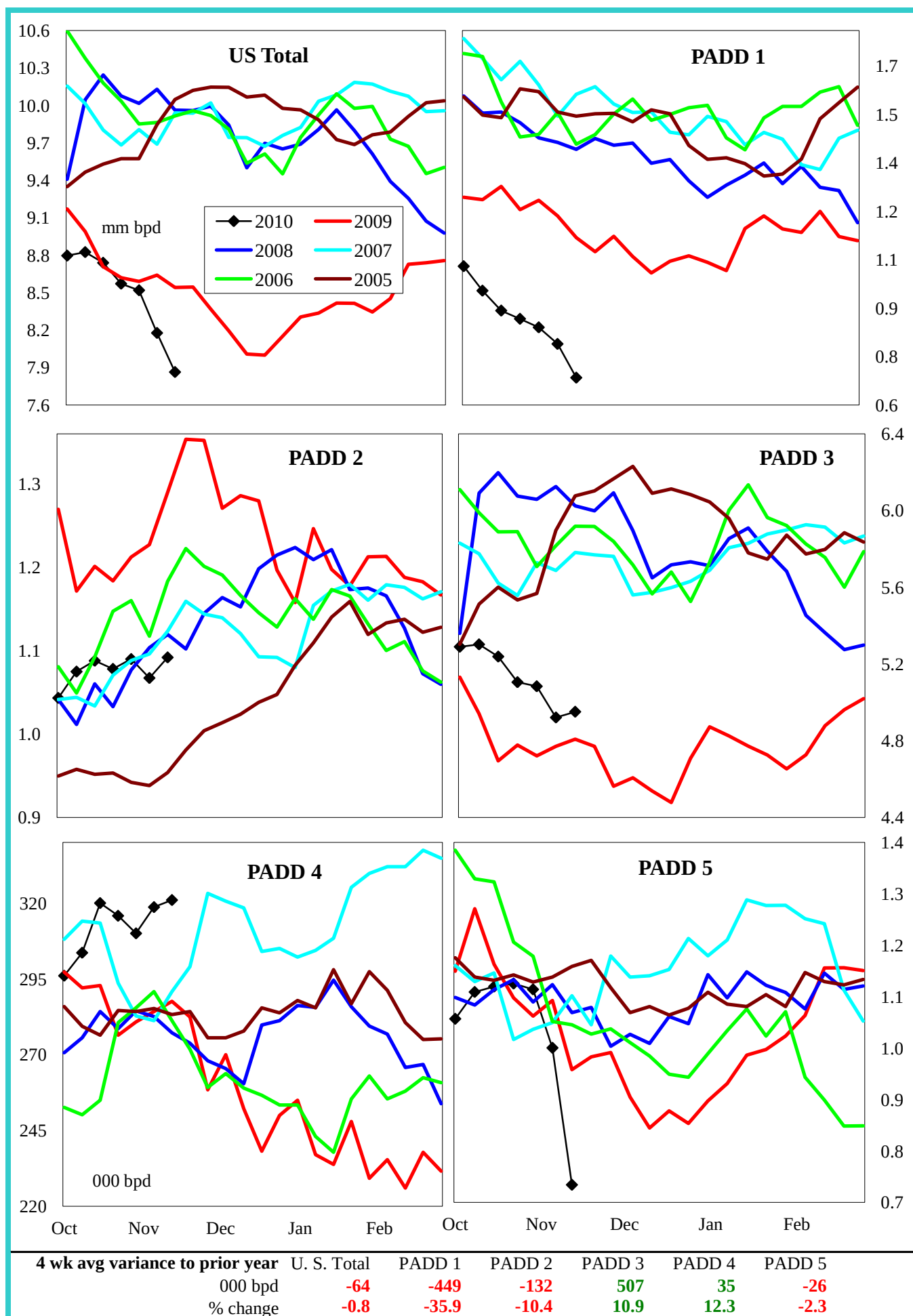
United States Refinery Percent Utilization Rate and Product Yields



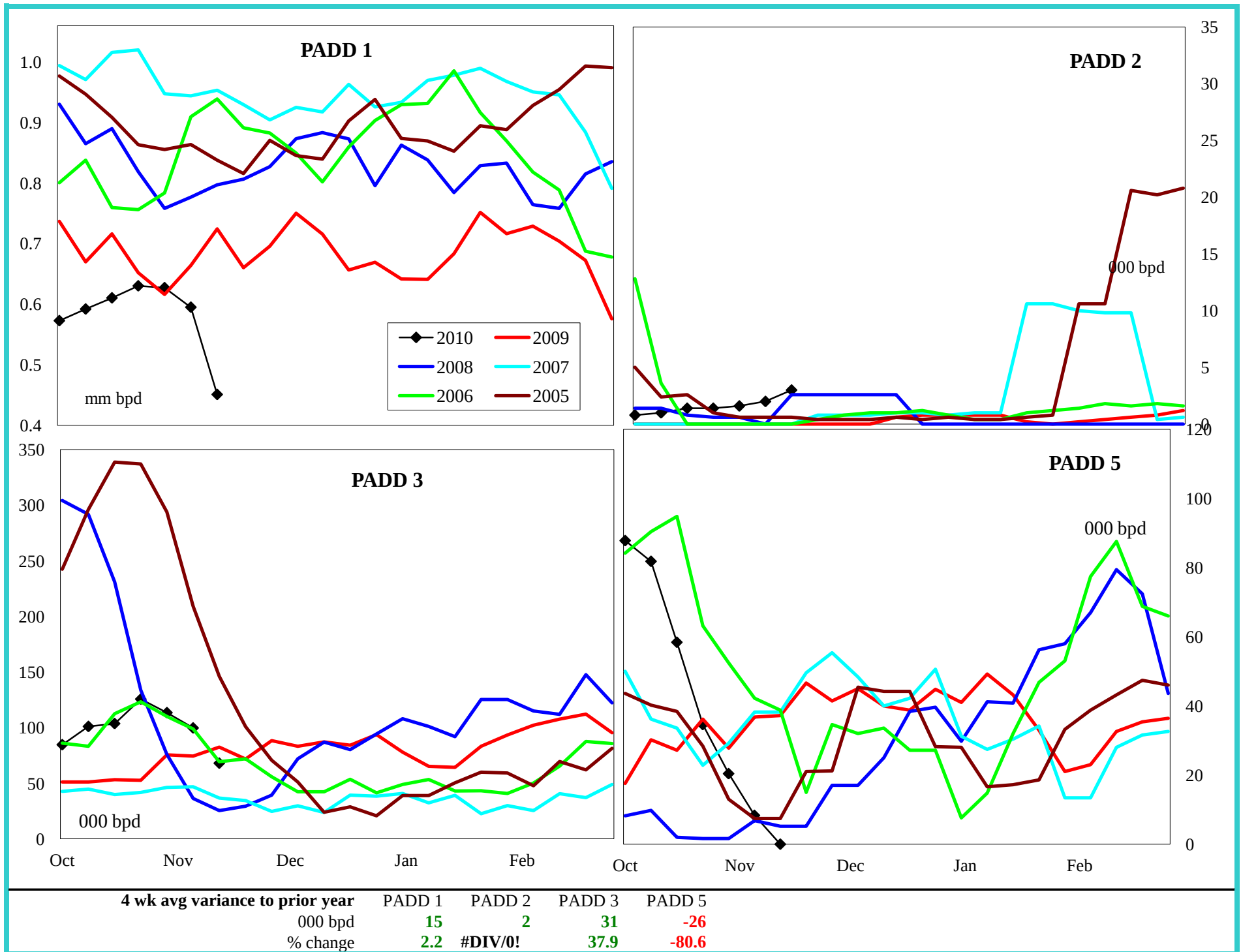
United States Petroleum Imports



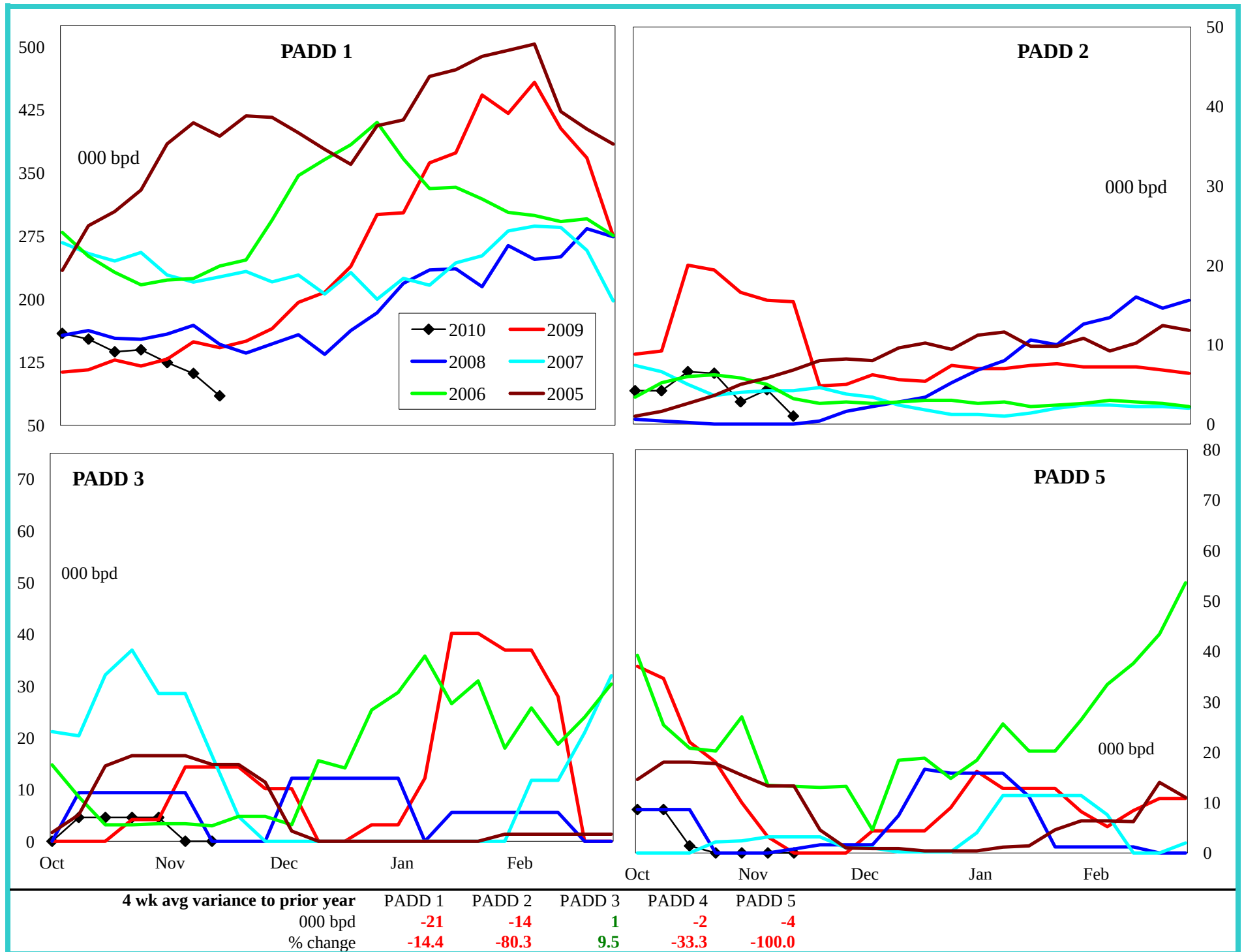
Crude Oil Imports by PADD



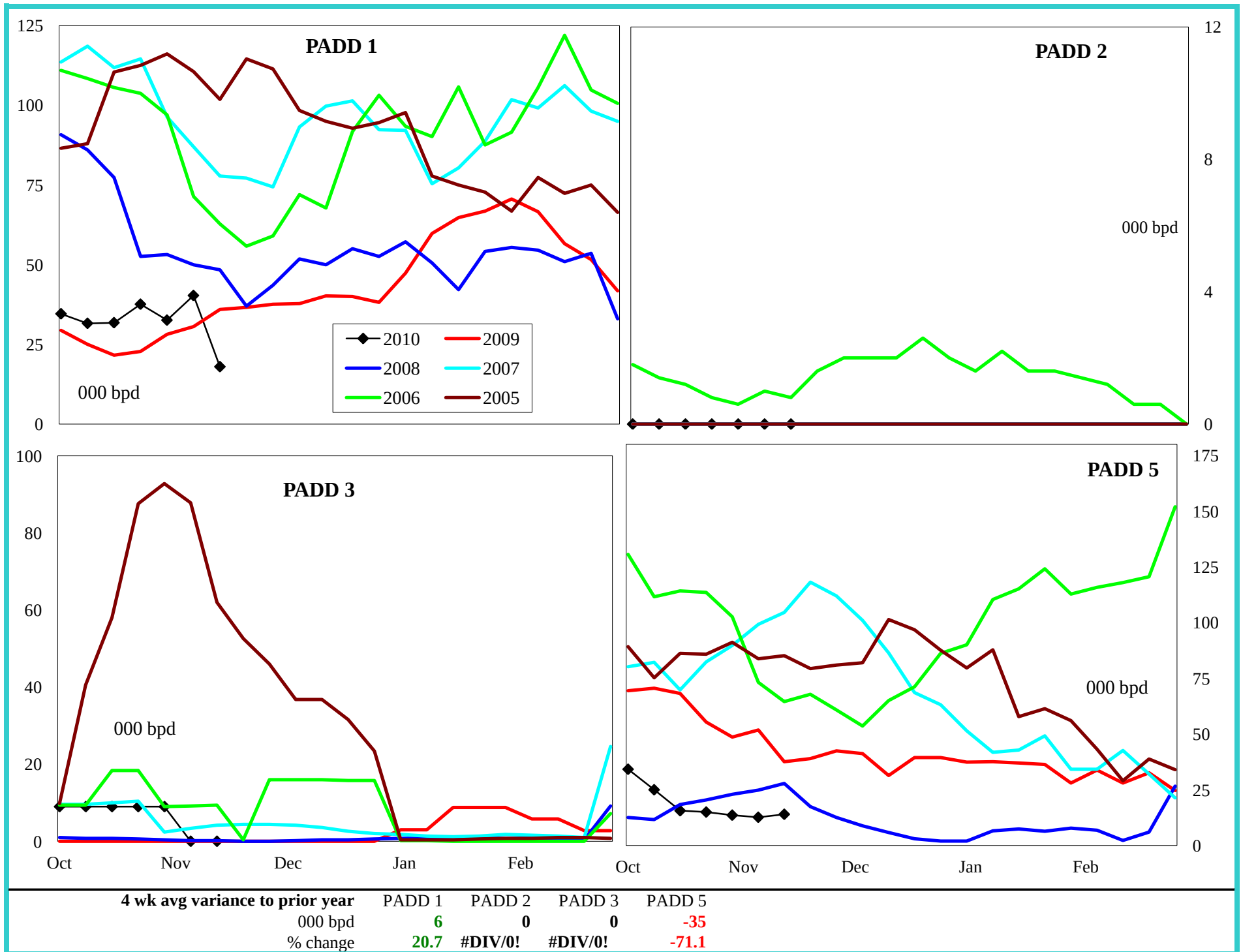
Gasoline Imports by PADD (Finished + Blend Stocks)



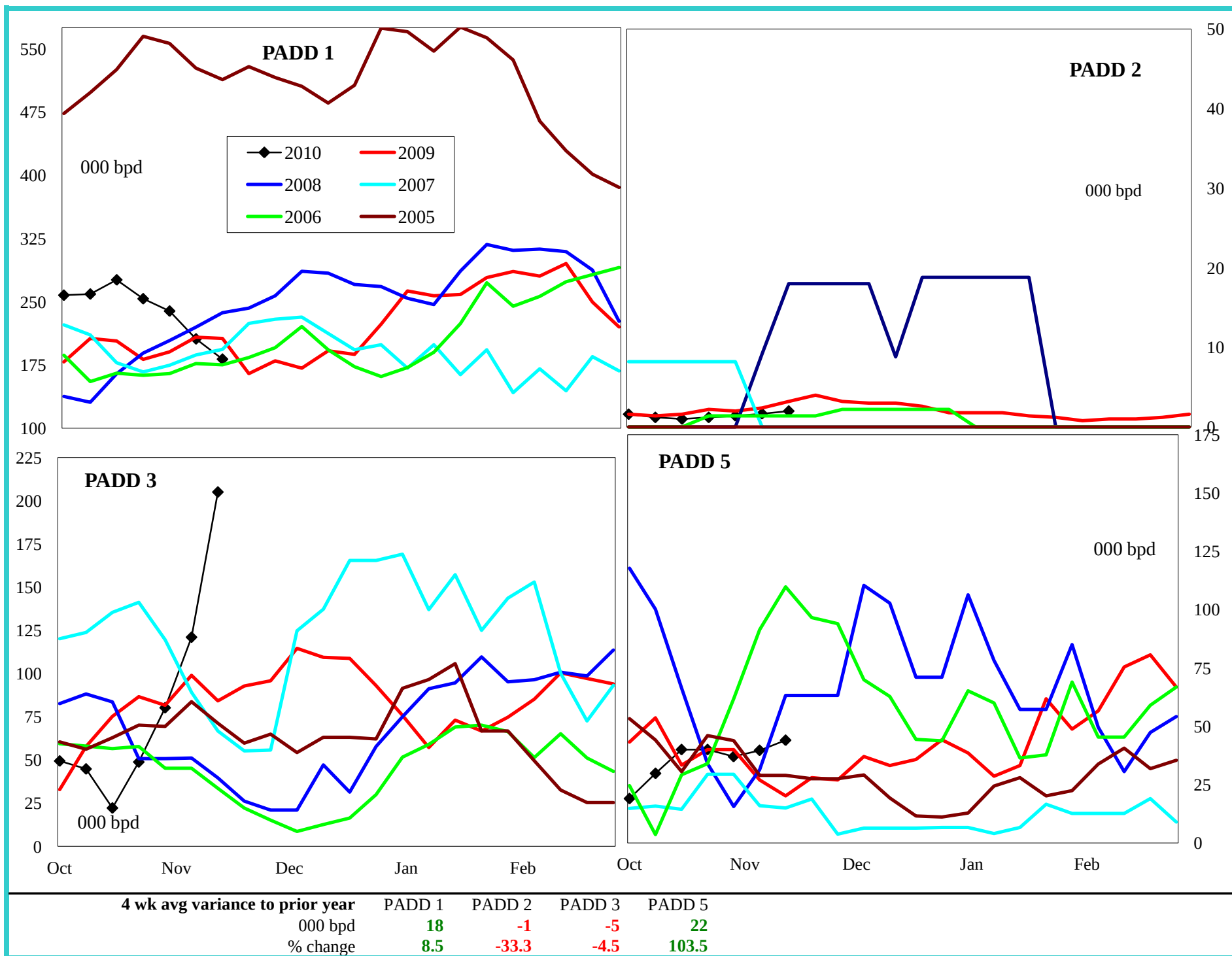
Distillate Imports by PADD



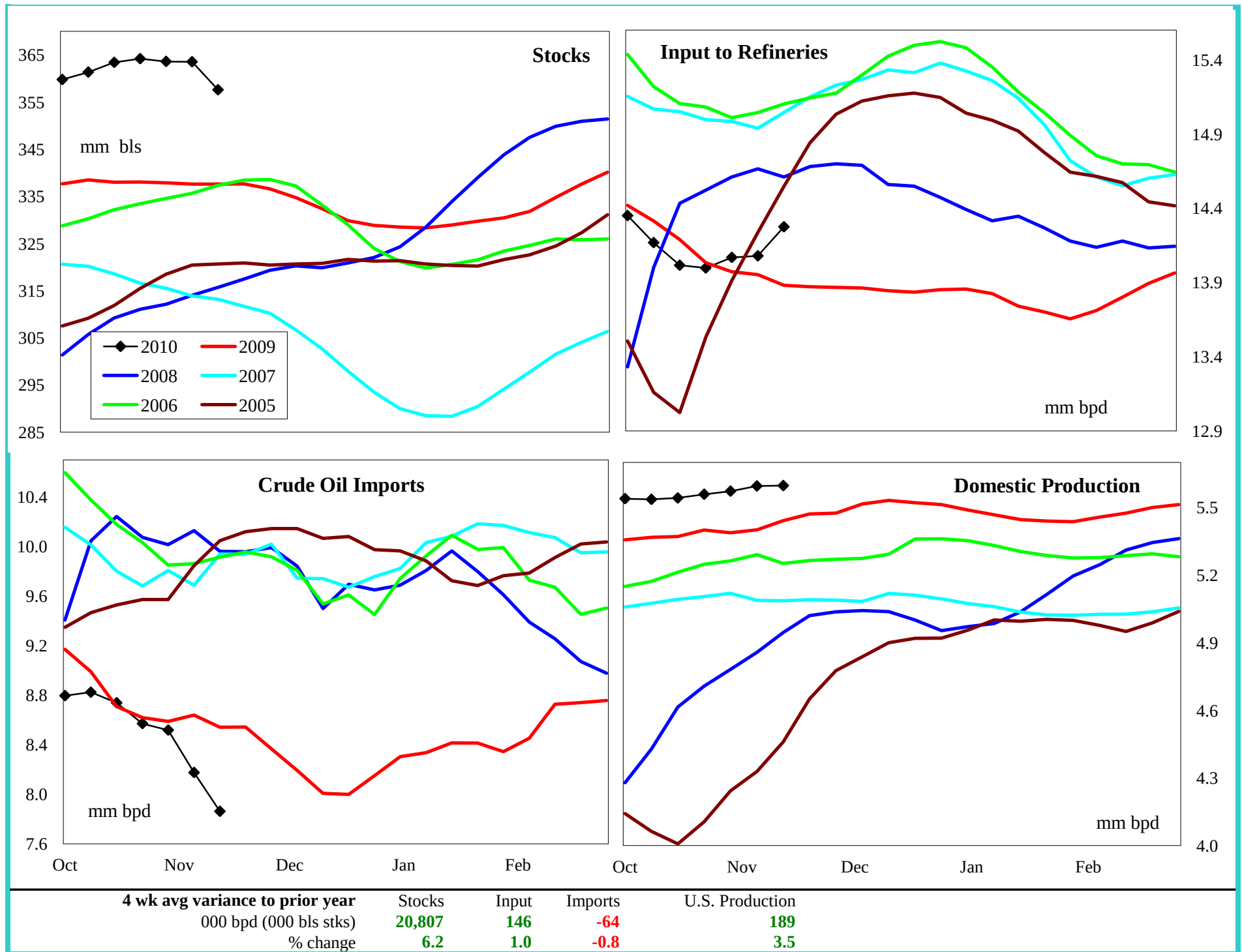
Jet Fuel Imports by PADD



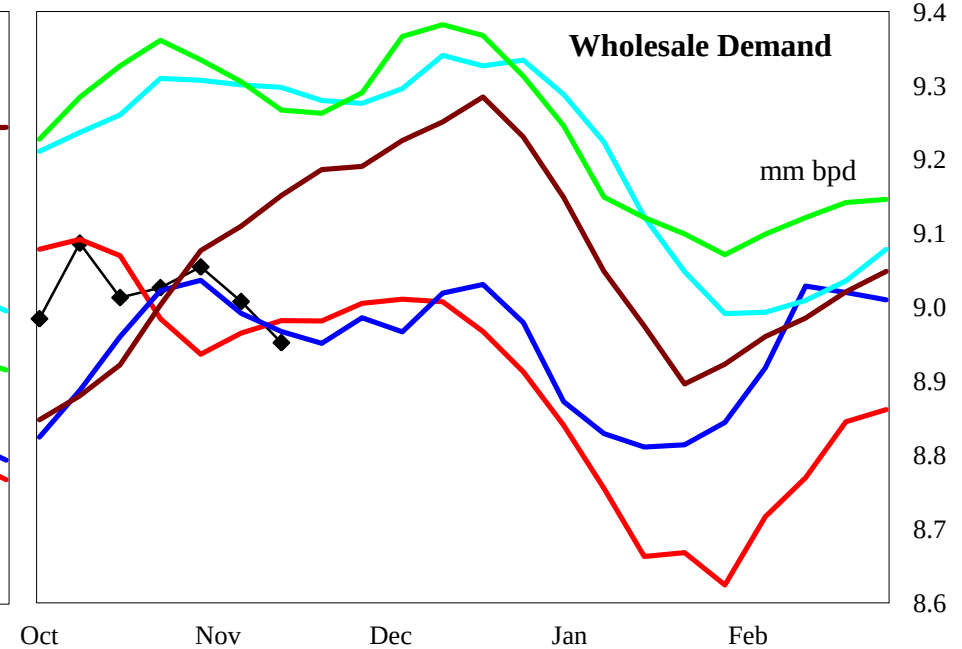
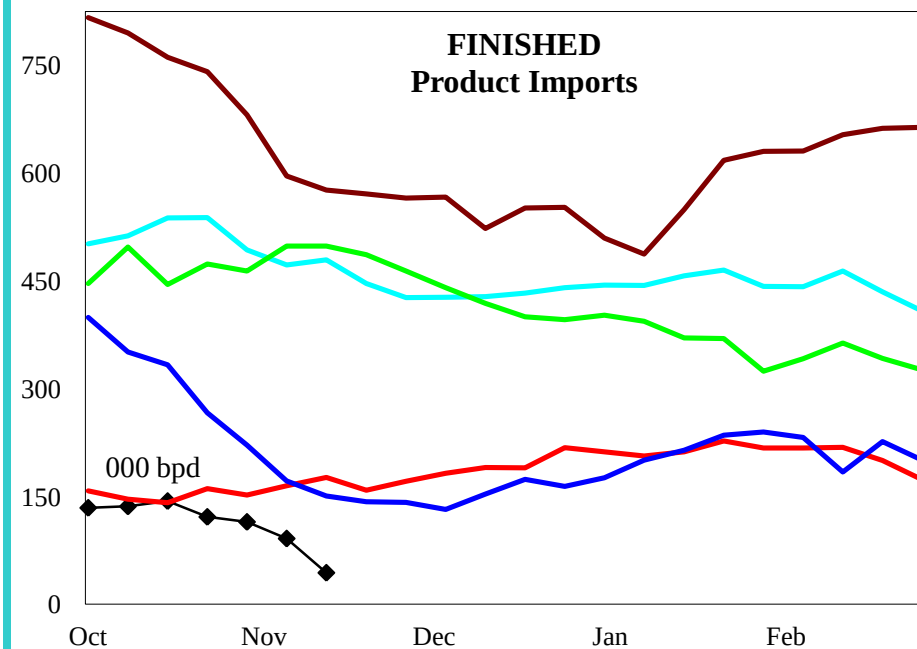
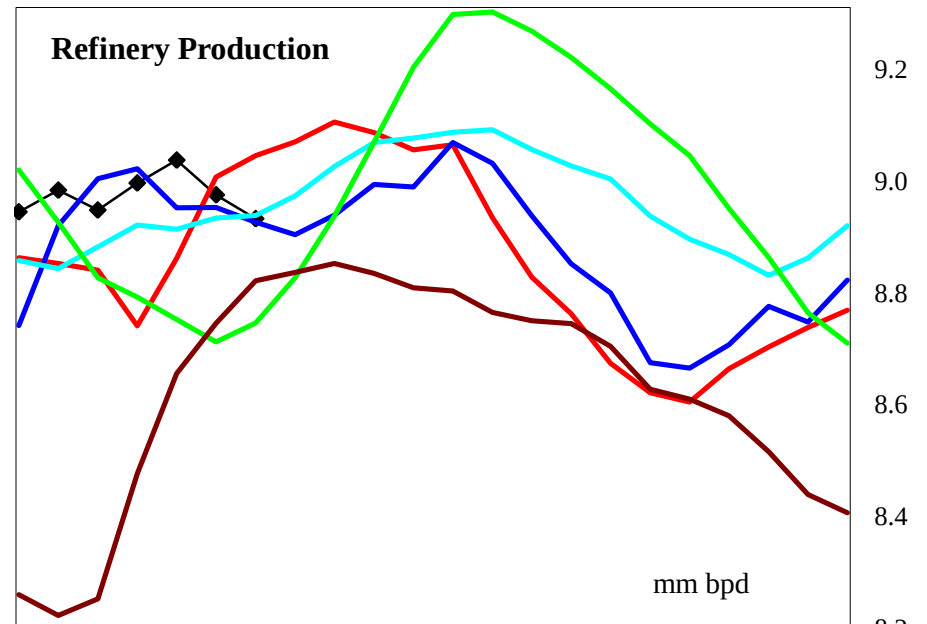
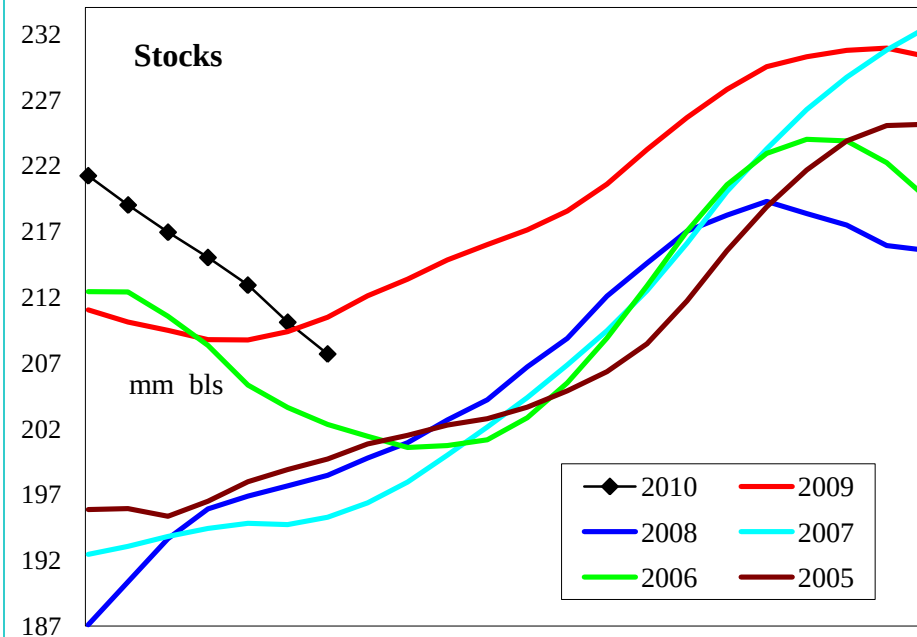
Residual Fuel Oil Imports by PADD



United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance


4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Fin Impt Blend Impt

Demand=>

-1,403
72
-68
89
-0.7
0.8
-39.8
14.5

4wk avg

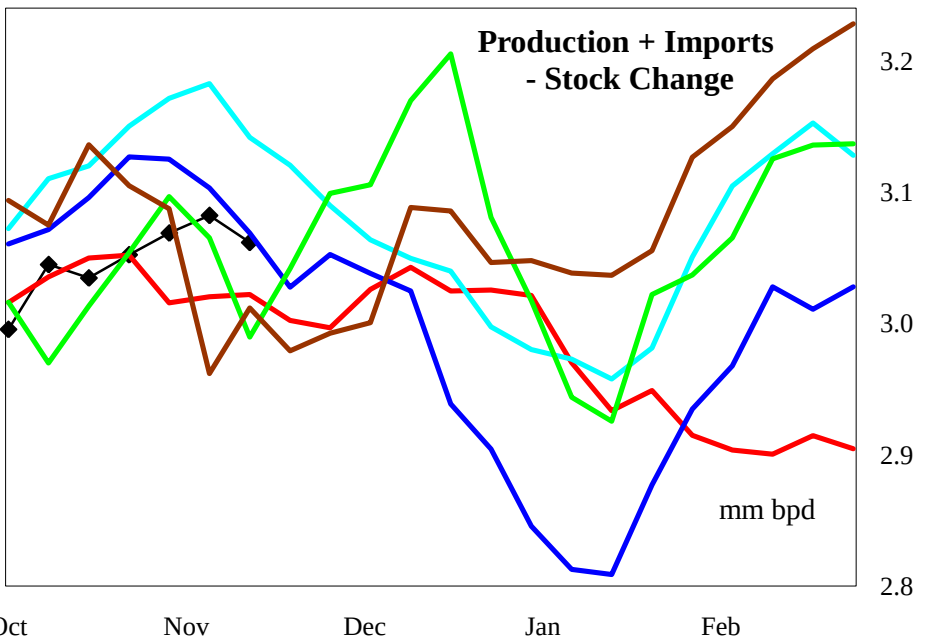
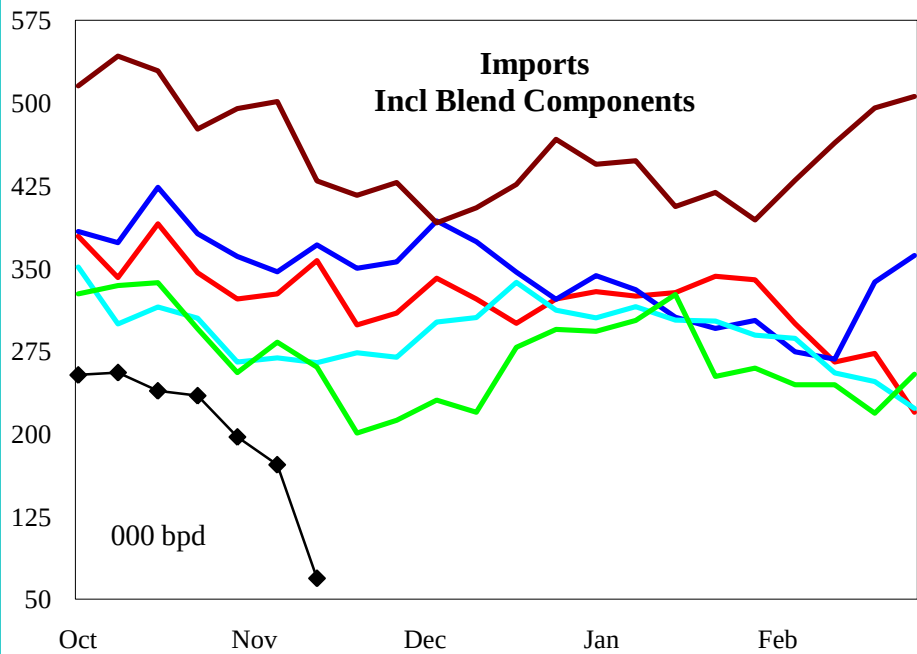
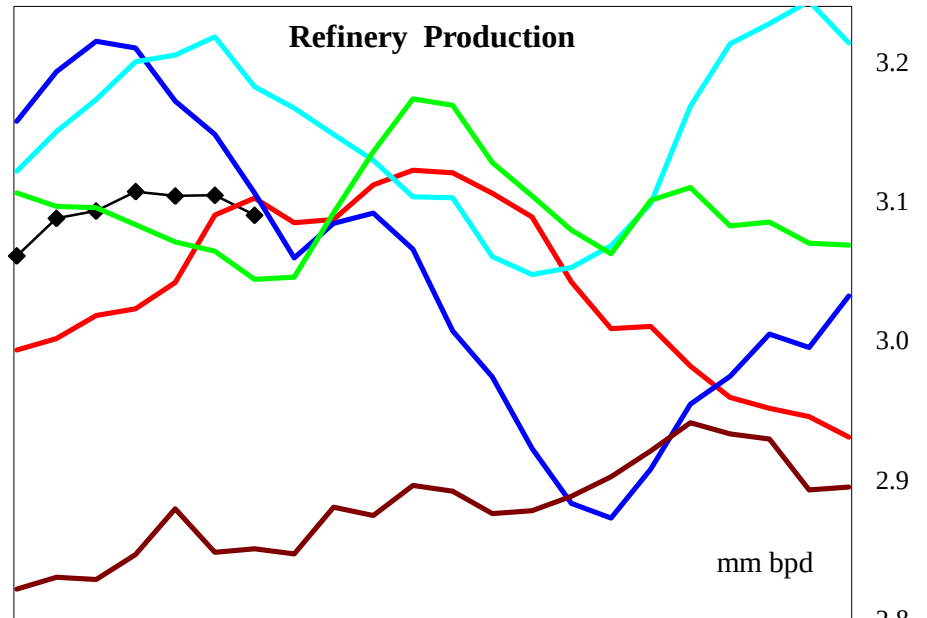
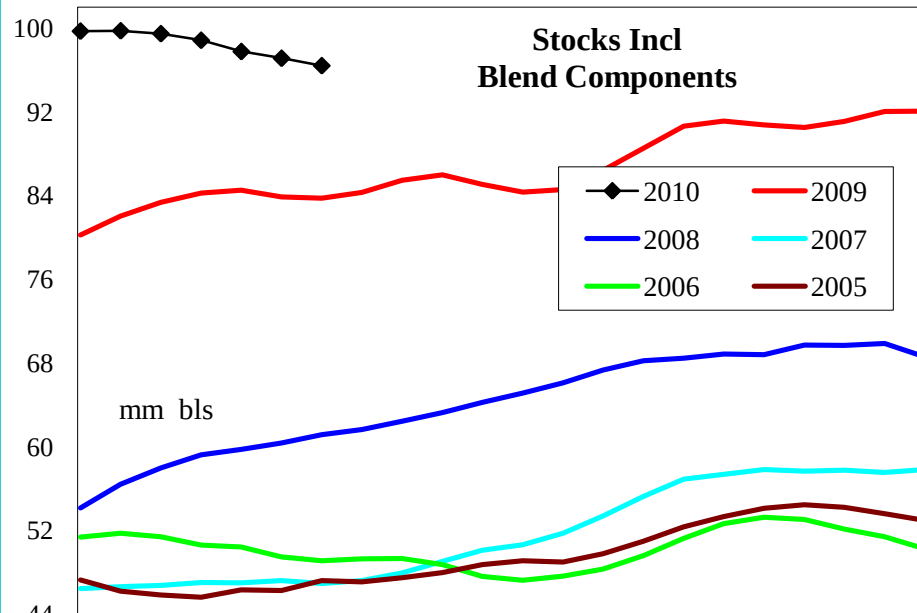
Oct

Sep

Aug

162
94
149
76
1.8
1.0
1.7
0.8

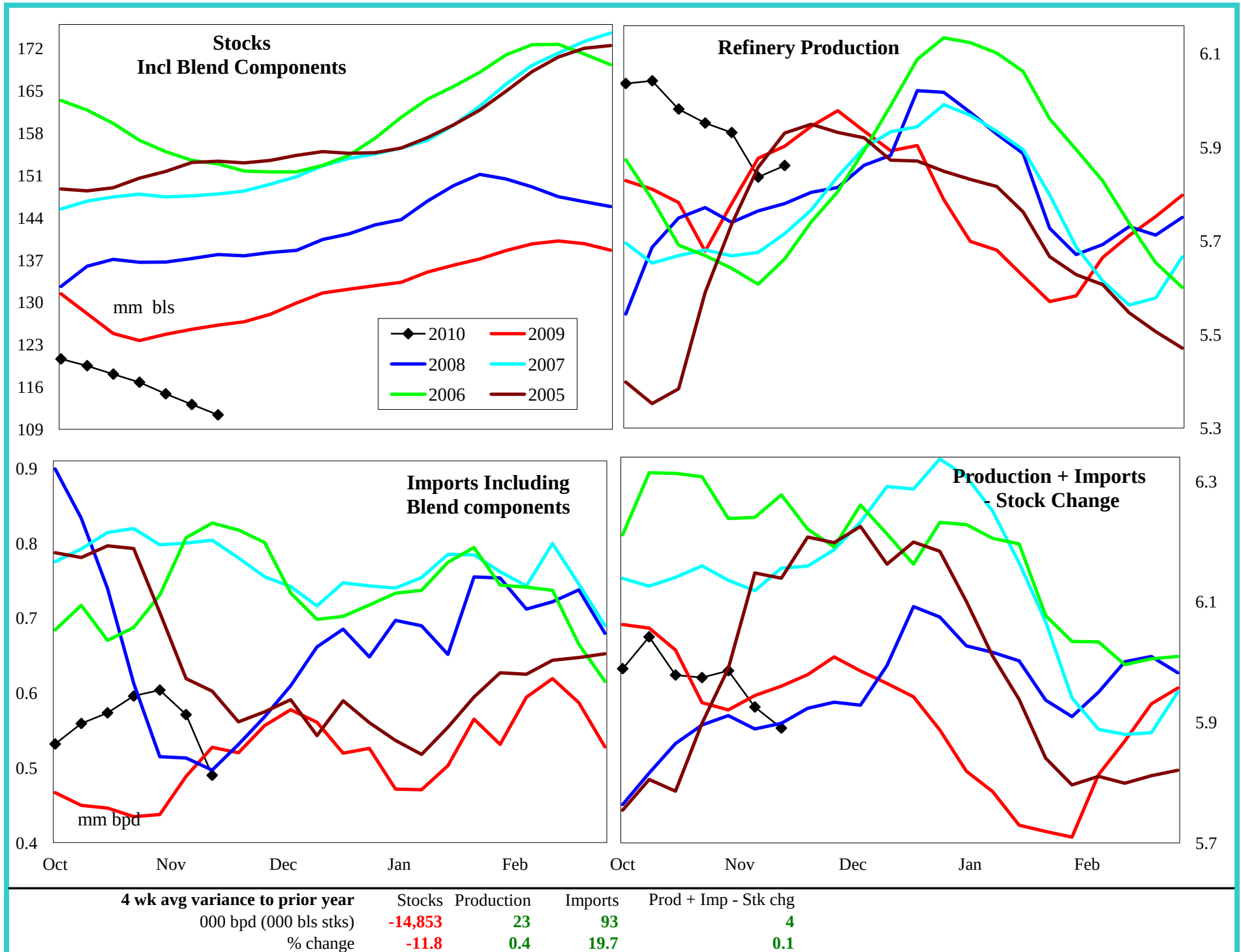
United States Reformulated Gasoline Supply



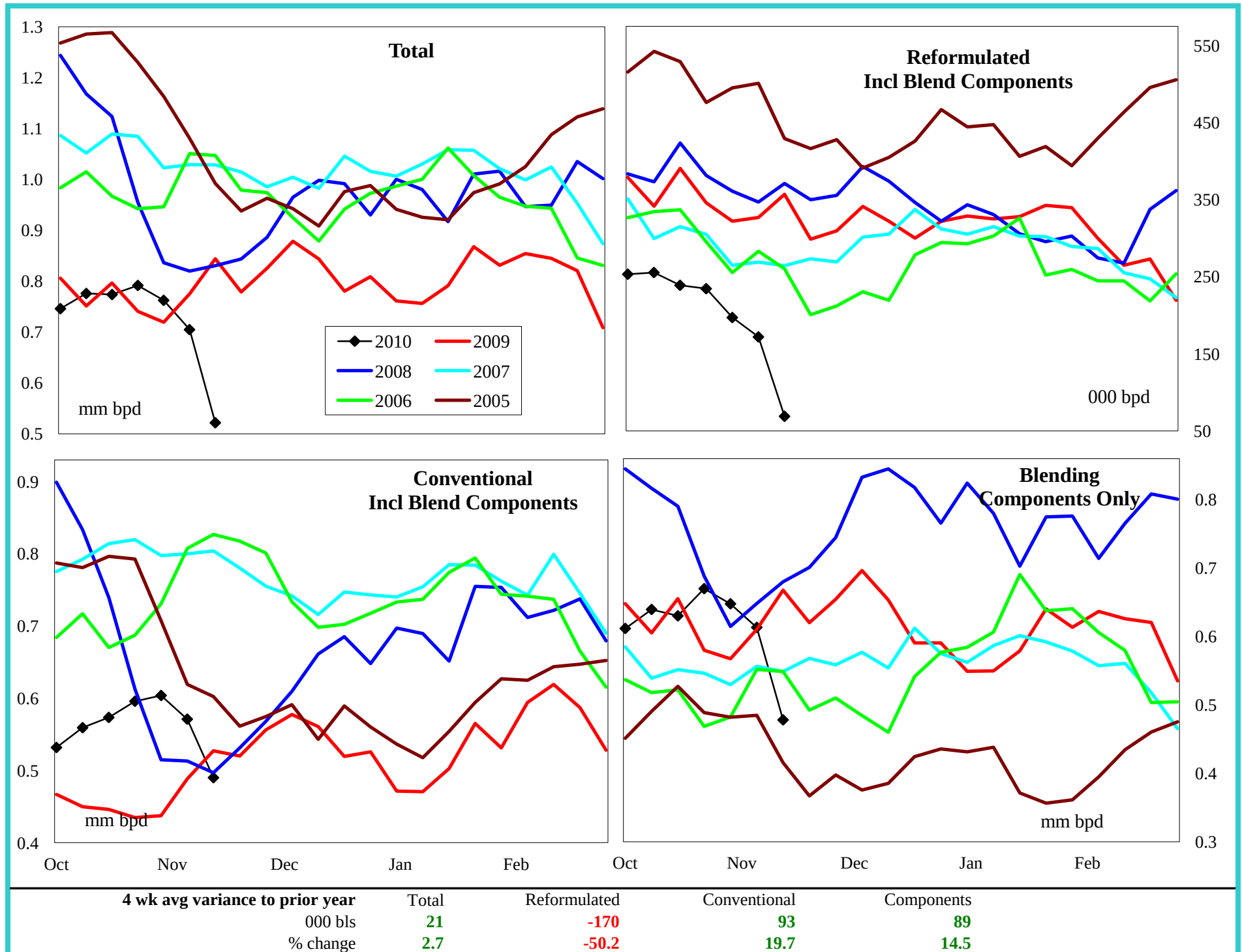
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
12,677	27	-170	39
15.1	0.9	-50.2	1.3

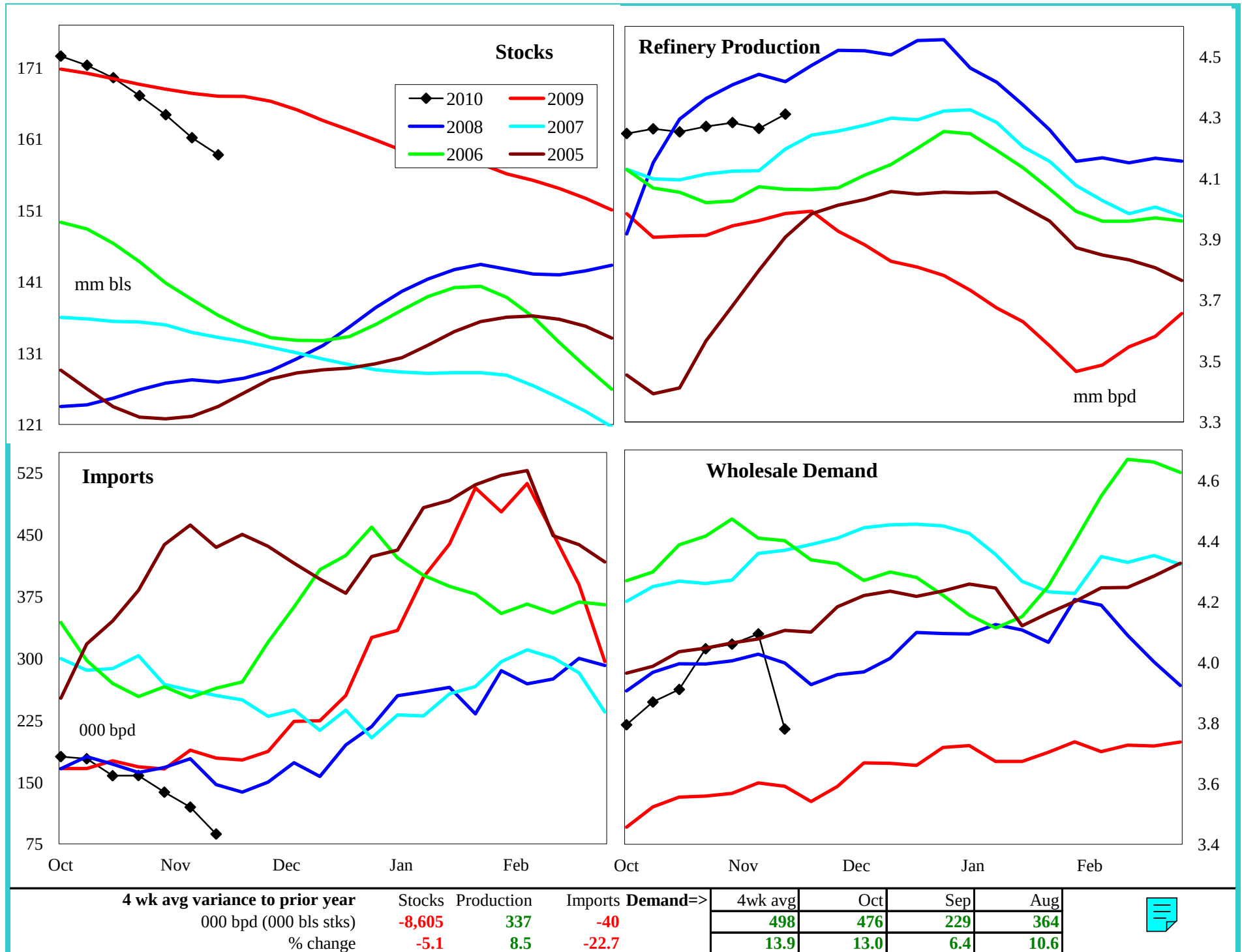
United States Conventional Gasoline Supply



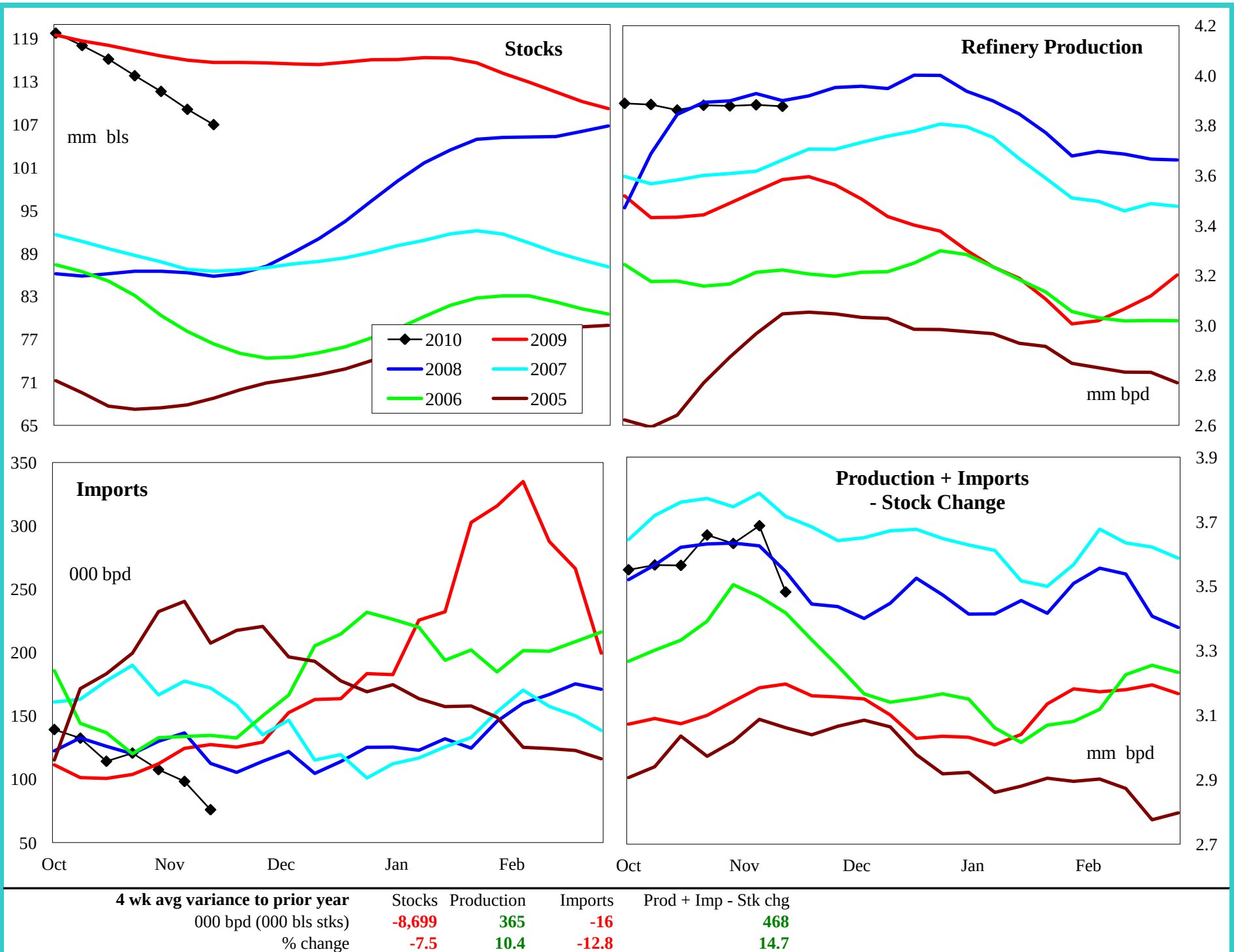
United States Gasoline Imports by Type



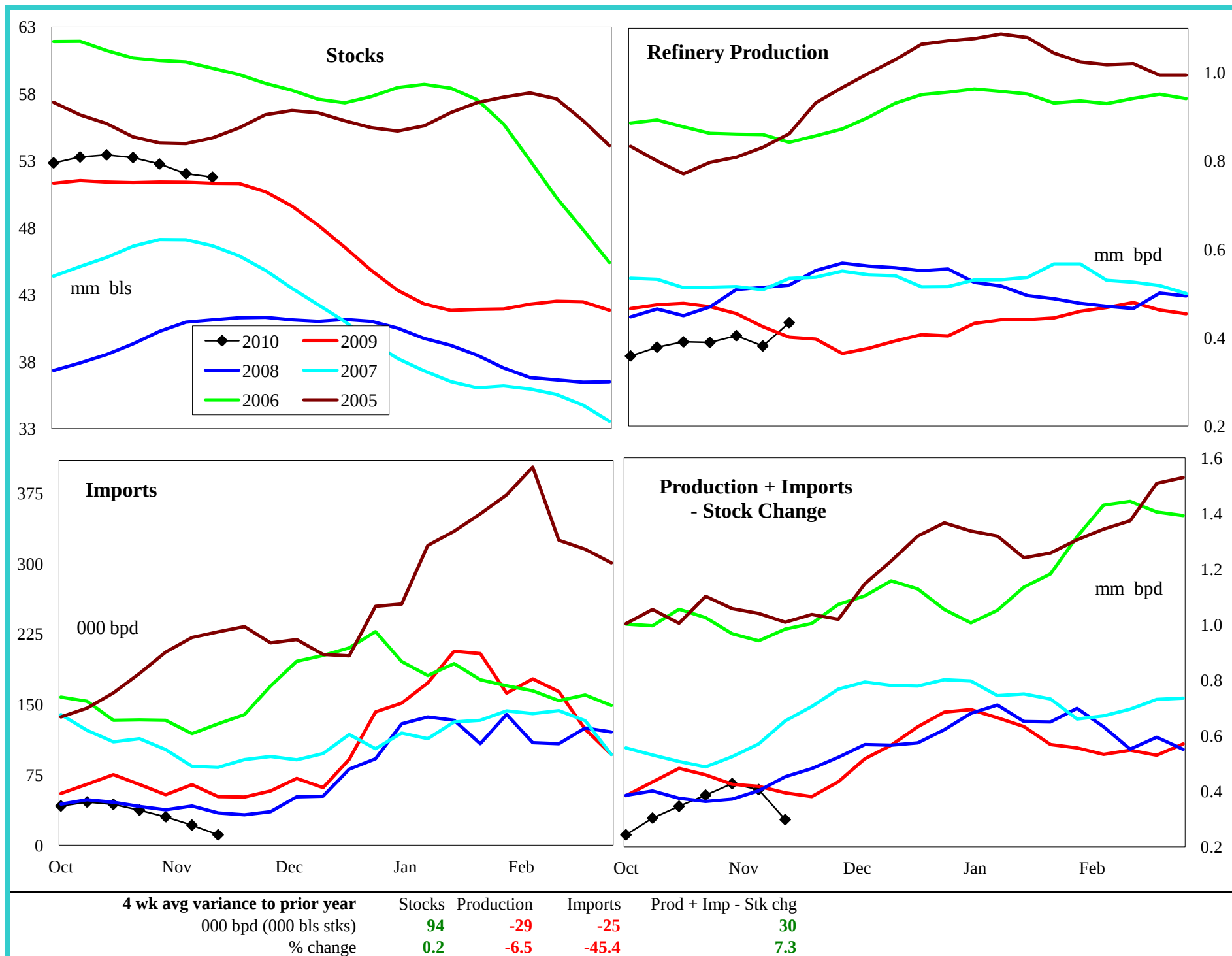
United States Distillate Supply and Demand Balance



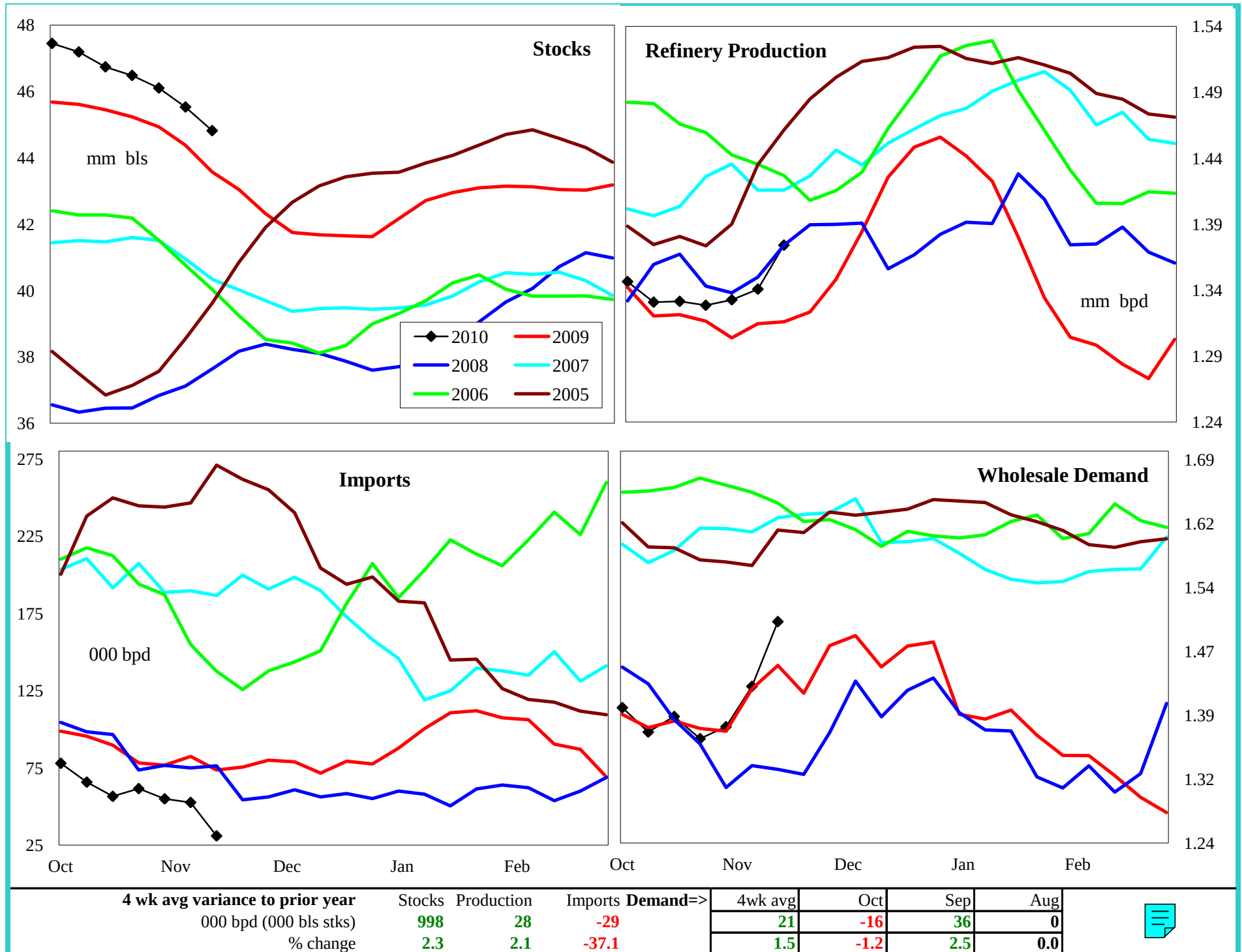
United States Low Sulfur Distillate Supply



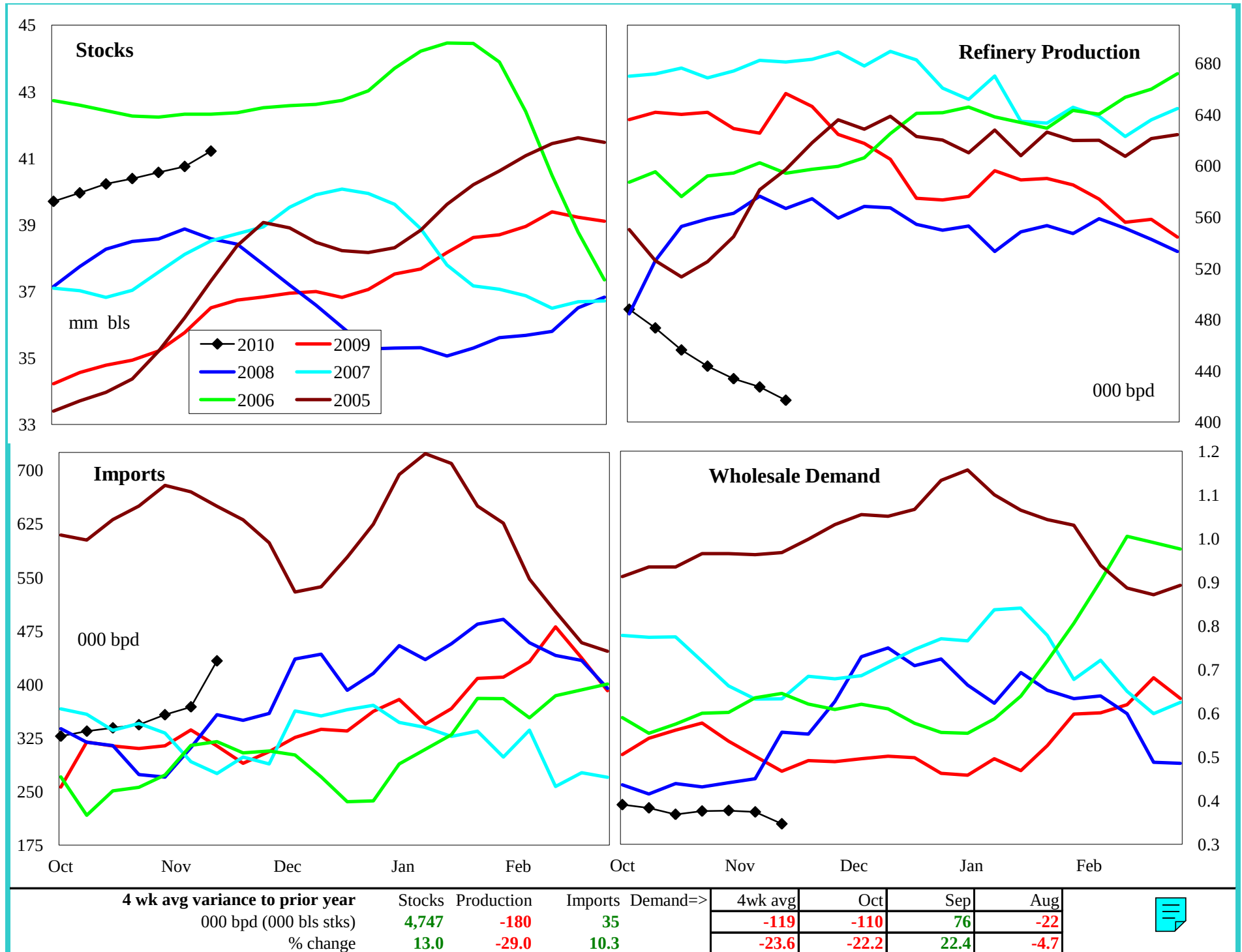
United States High Sulfur Distillate Supply



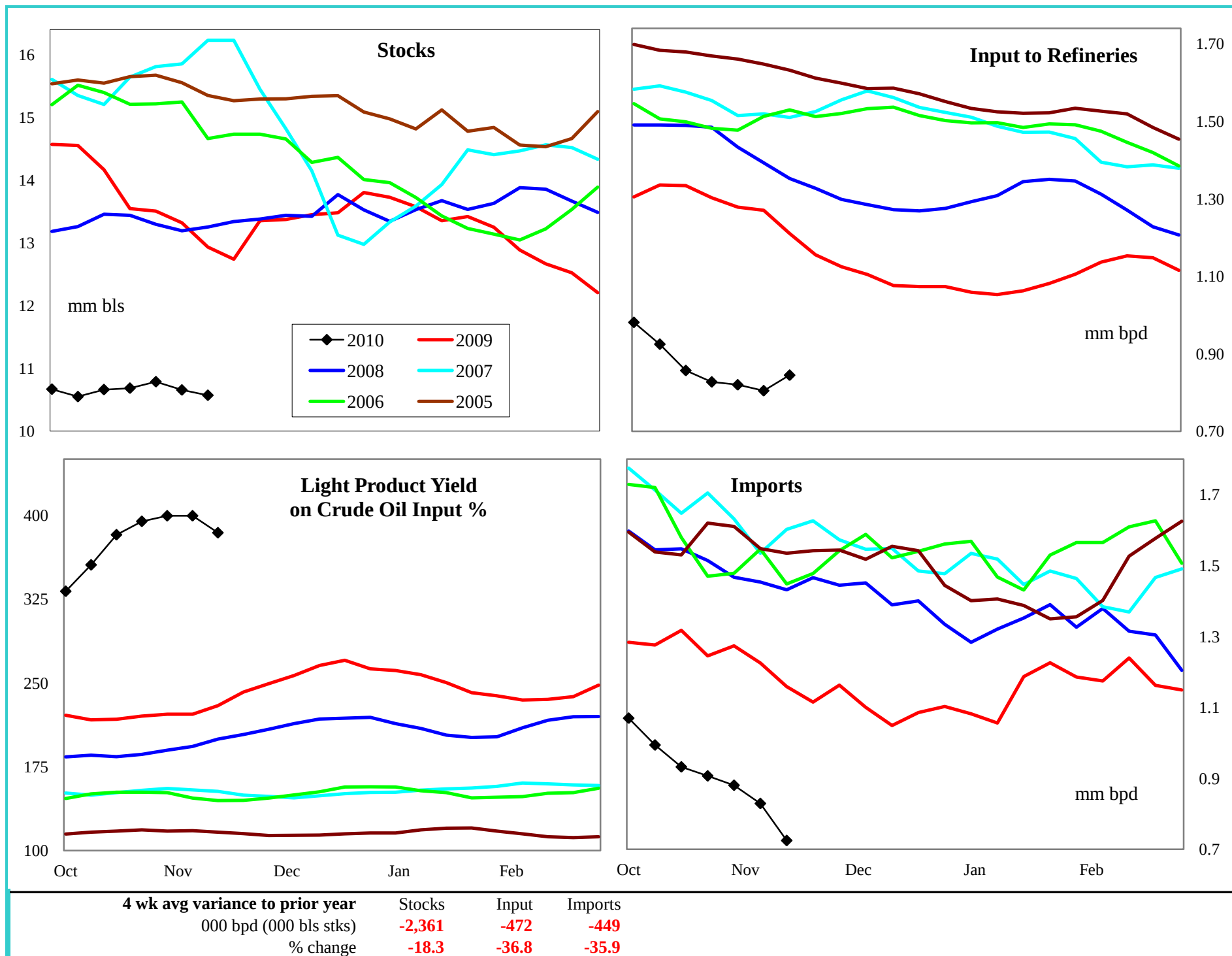
United States Jet Fuel Supply and Demand Balance



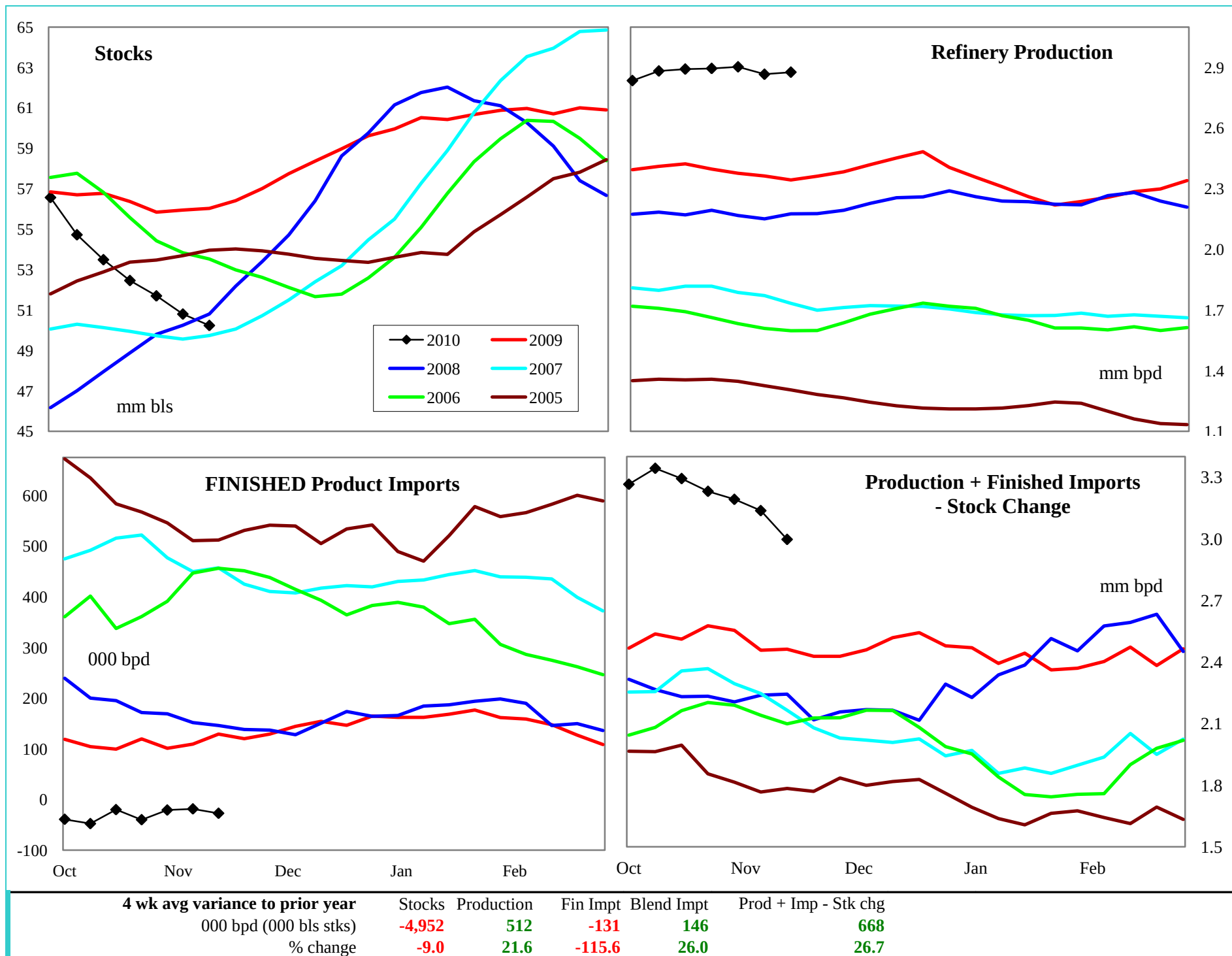
United States Residual Fuel Oil Supply and Demand Balance



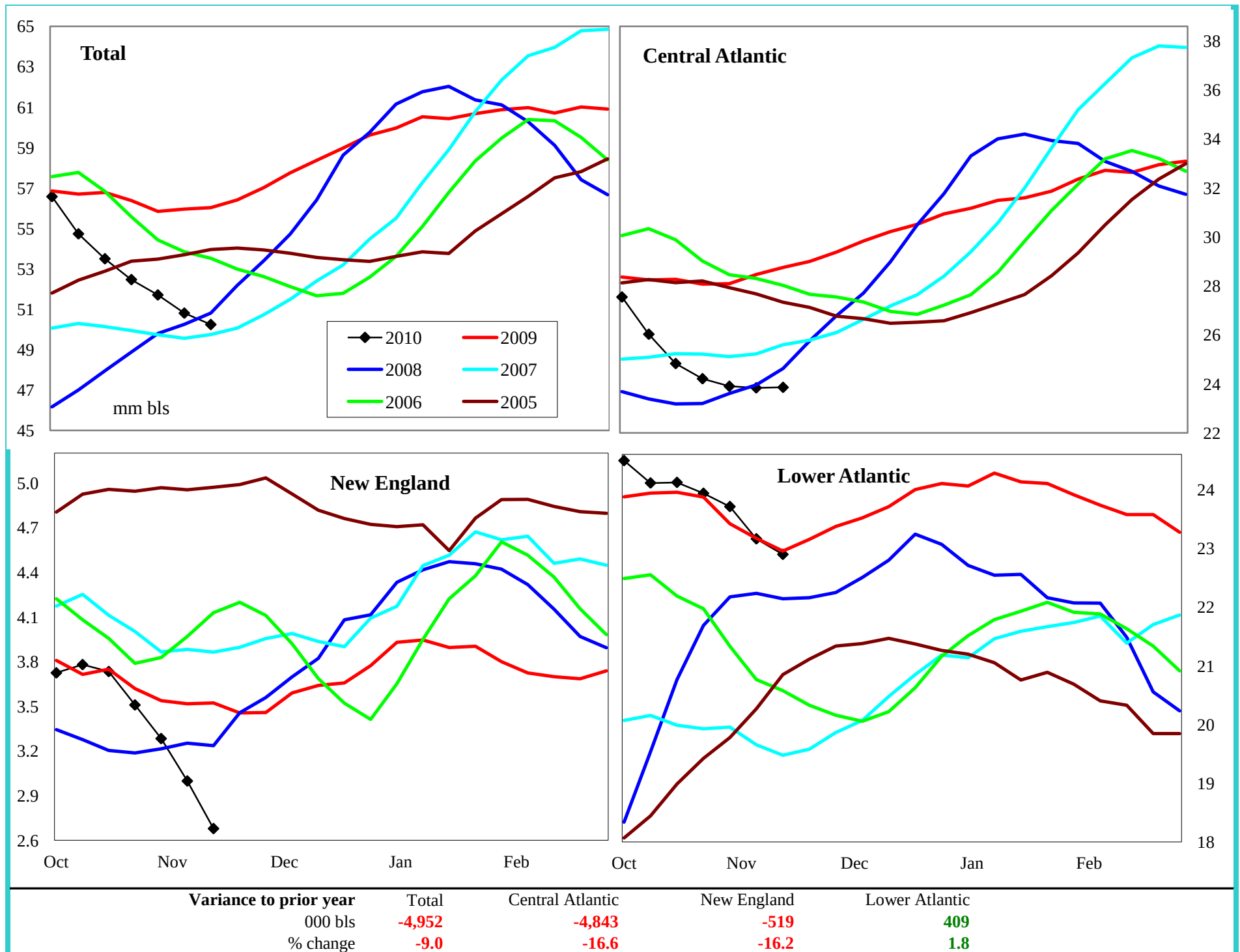
PADD 1 Crude Oil Supply and Refining



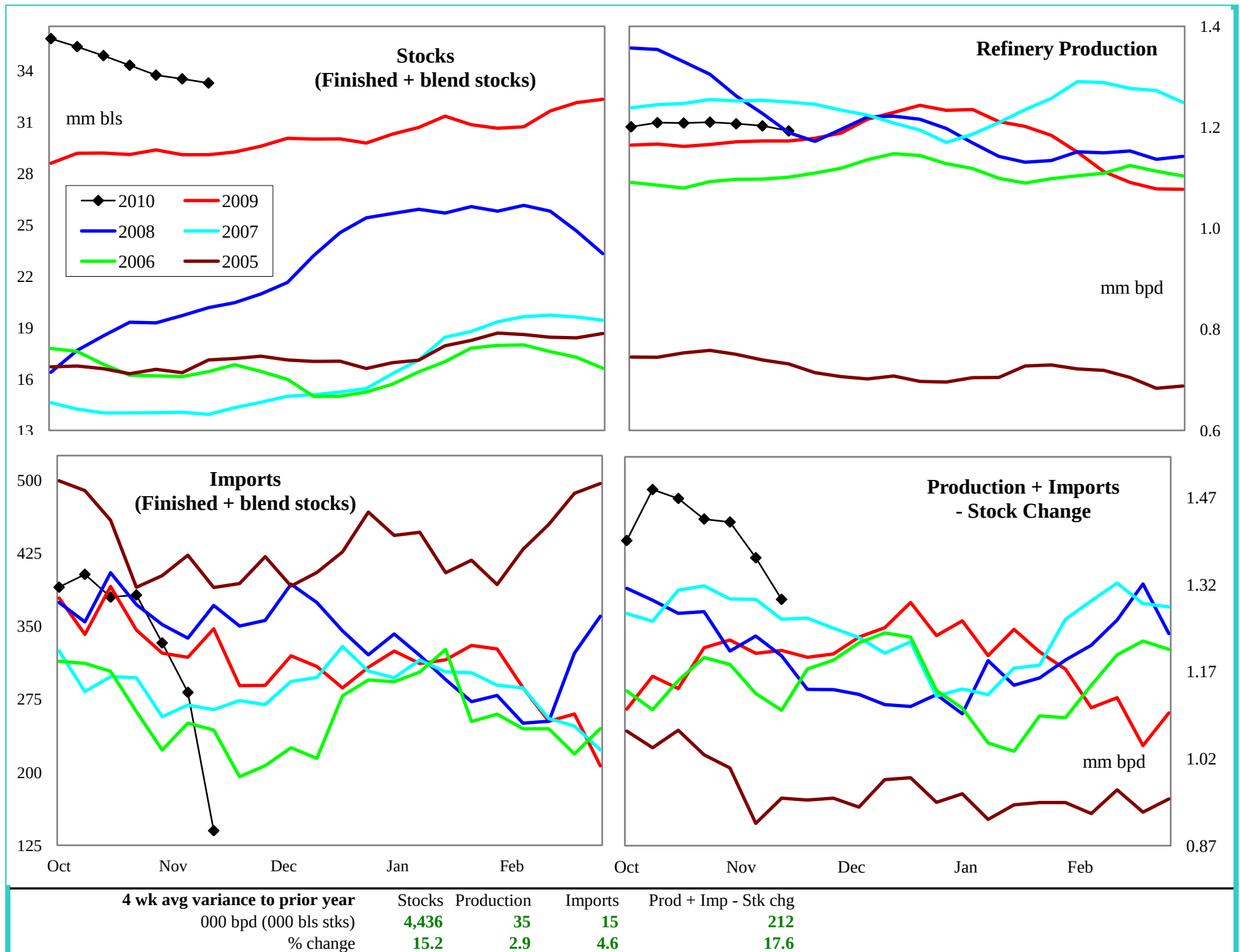
PADD 1 Gasoline Supply



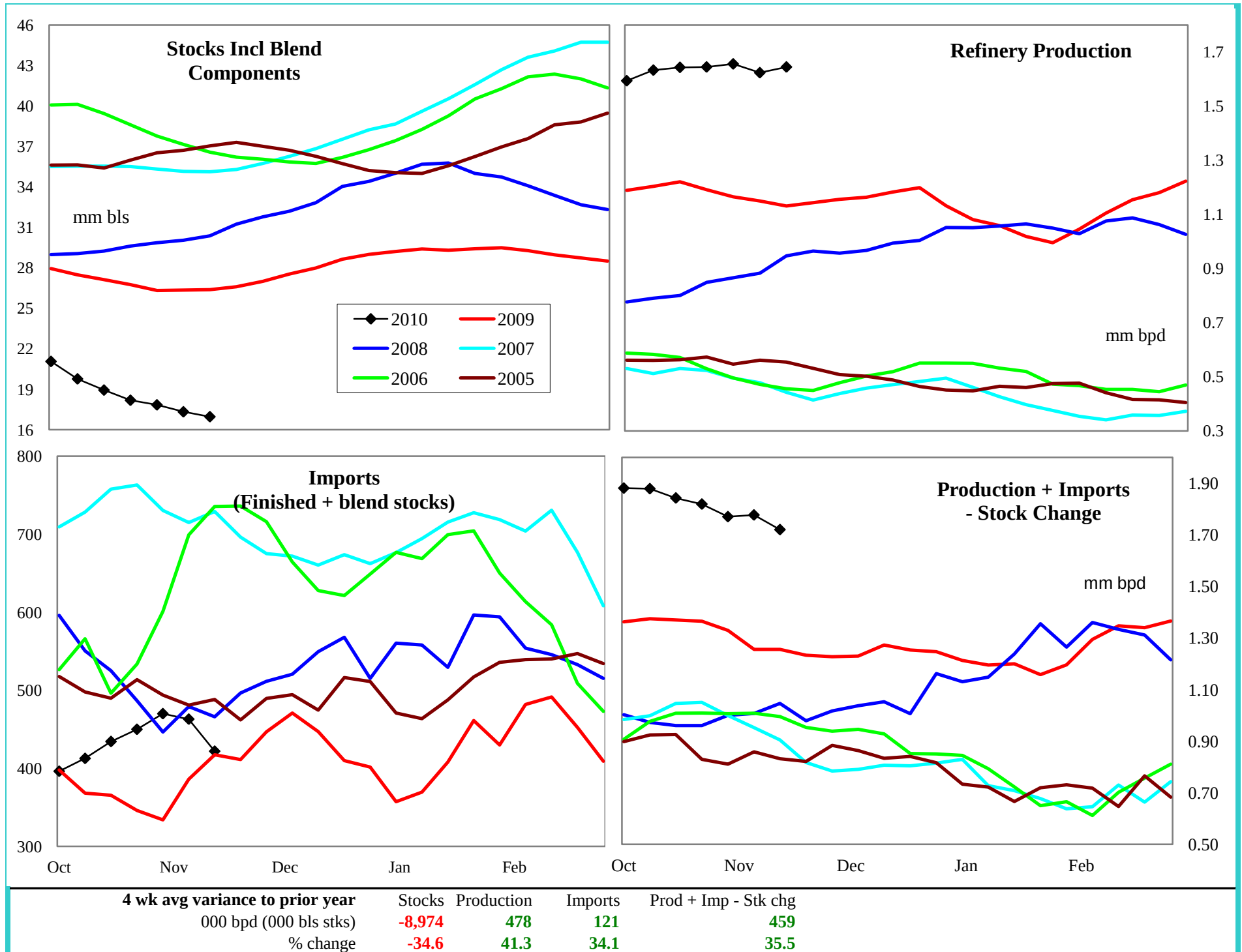
PADD 1 Gasoline Stocks by Region



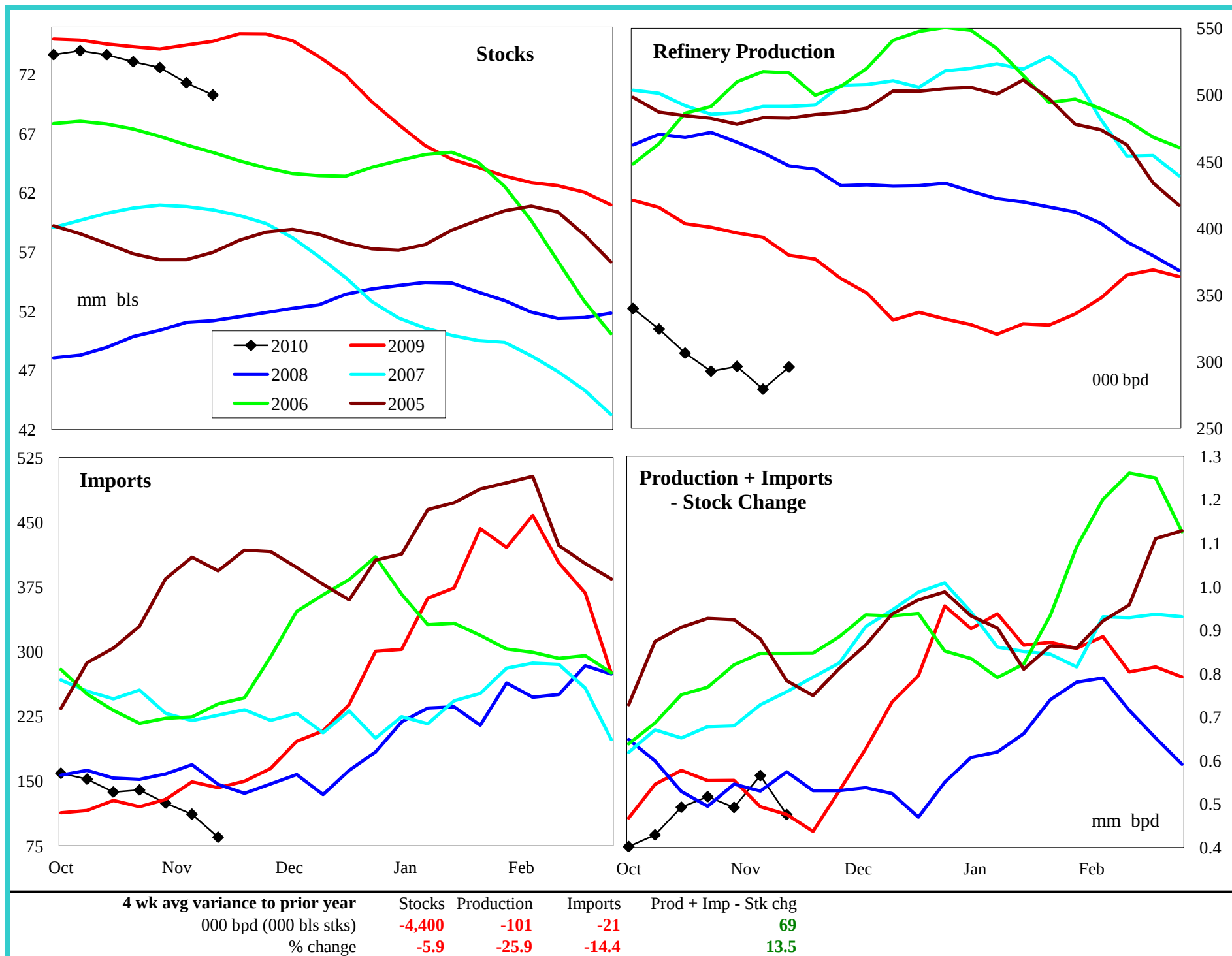
PADD 1 Reformulated Gasoline Supply



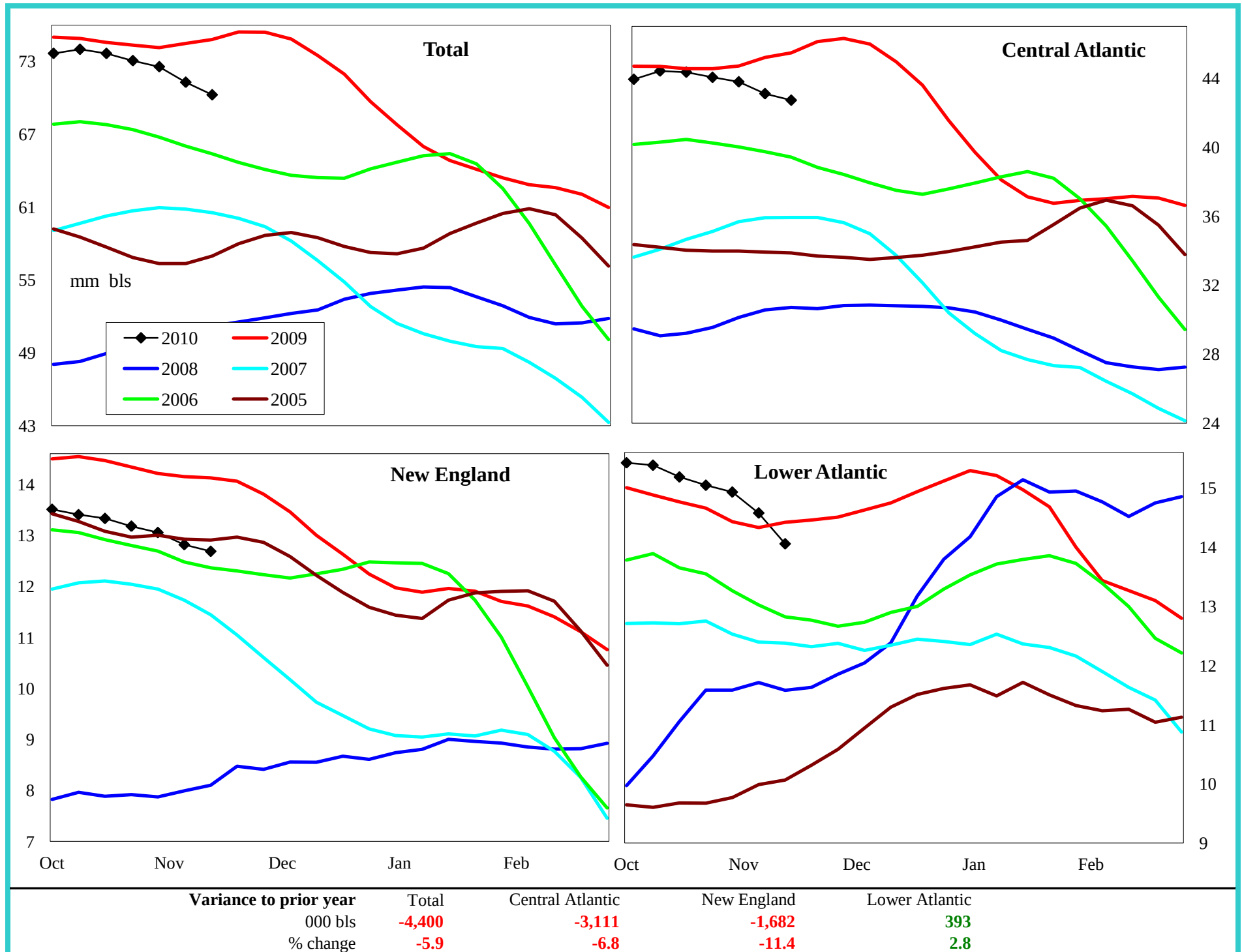
PADD 1 Conventional Gasoline Supply



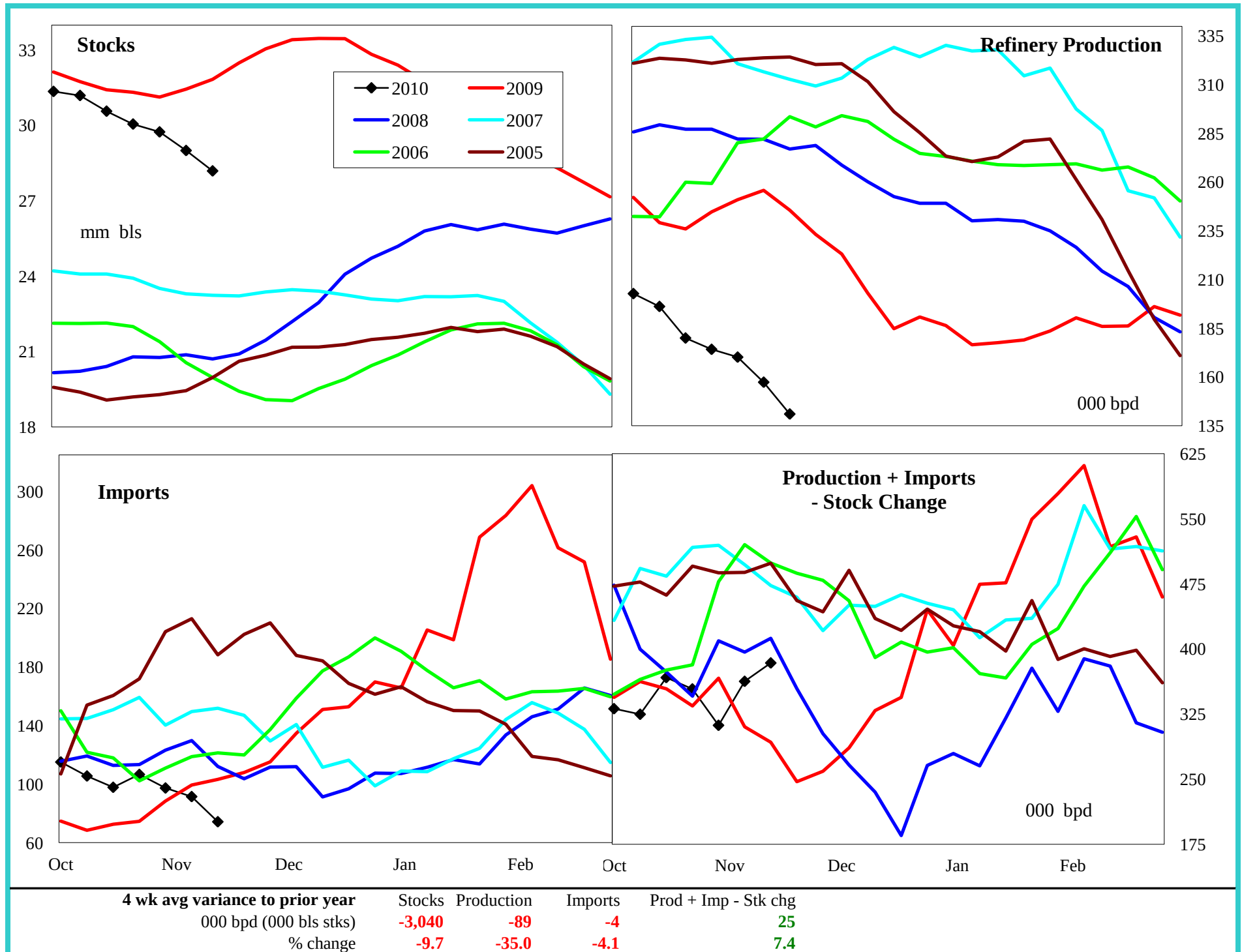
PADD 1 Distillate Supply



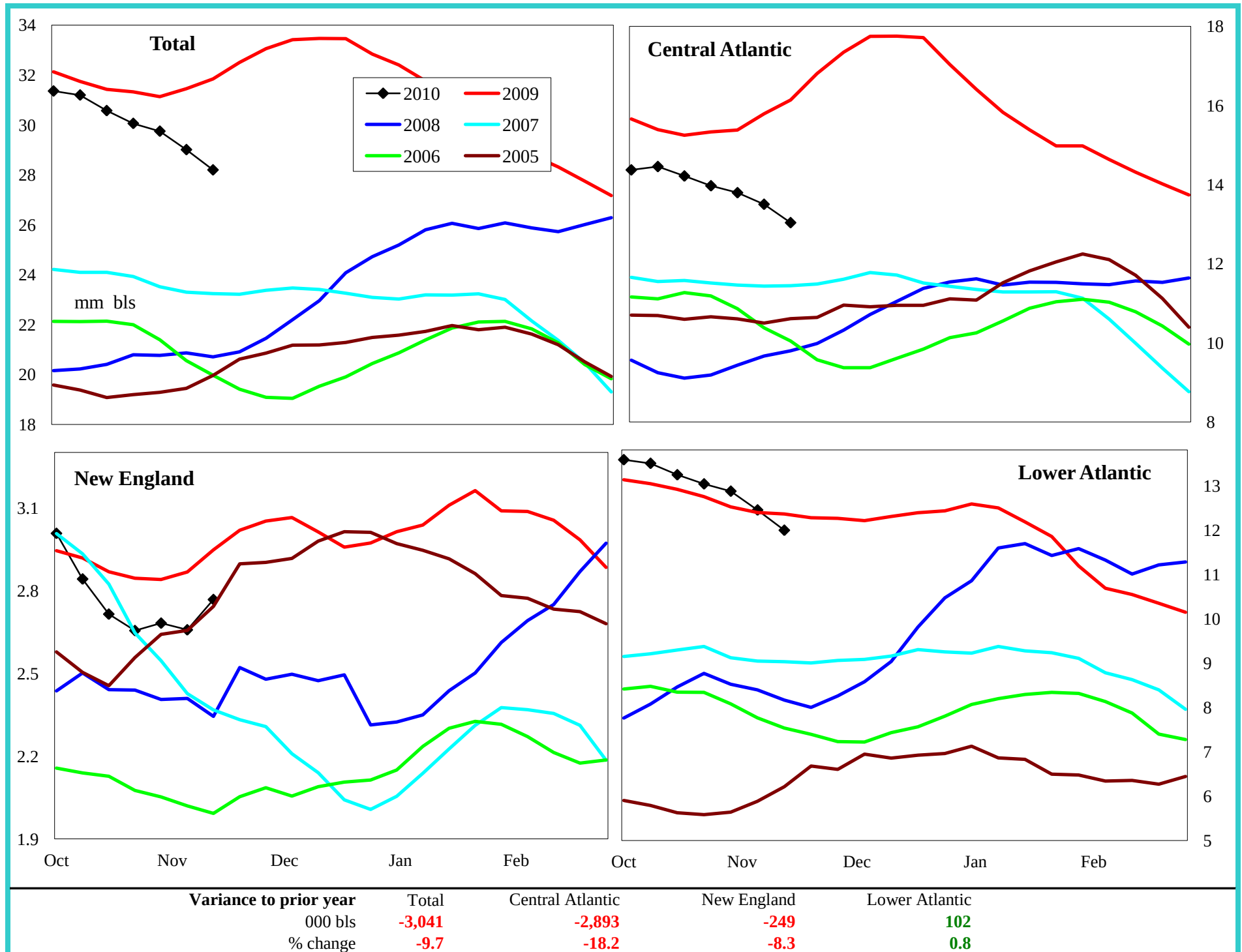
PADD 1 Distillate Stocks by Region



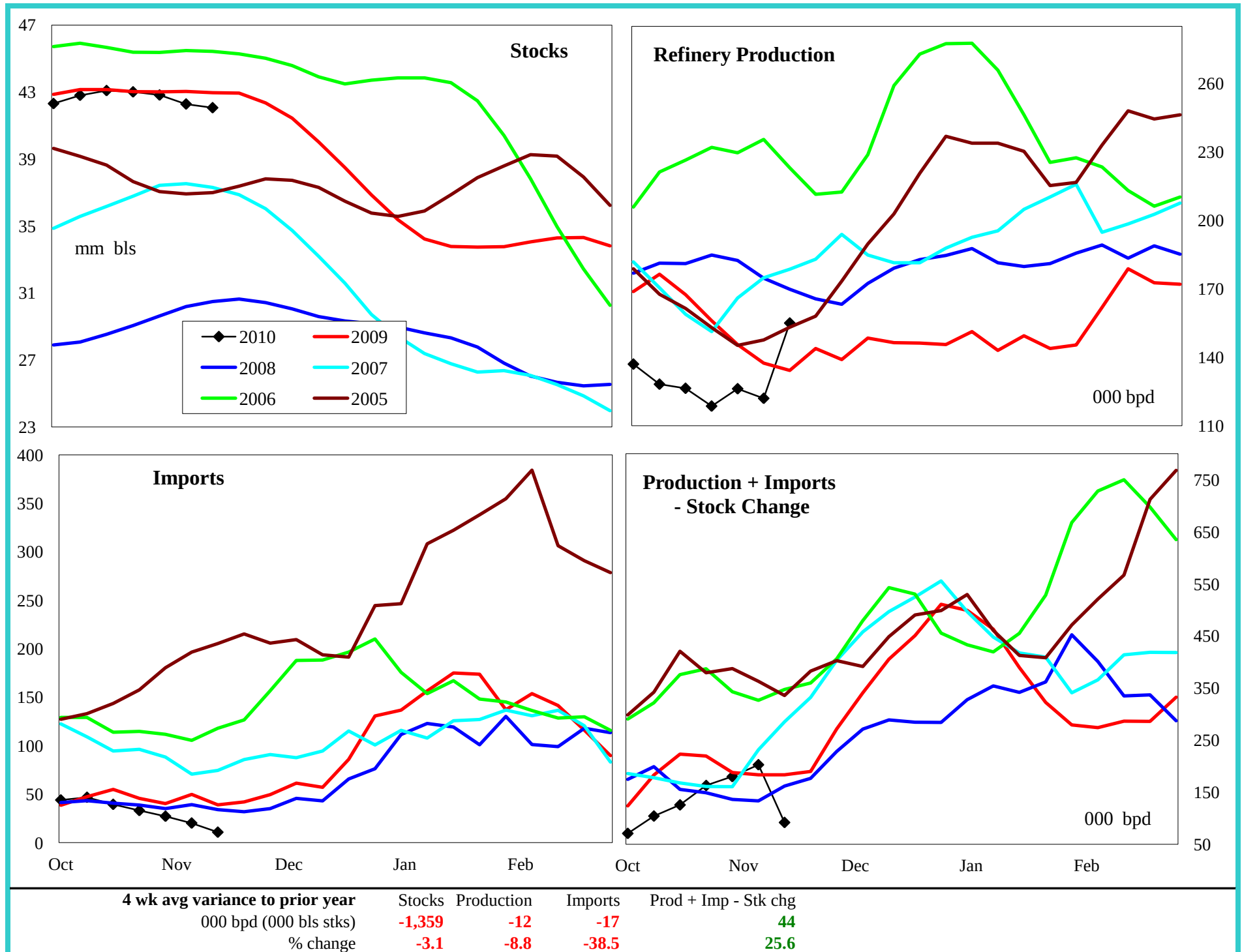
PADD 1 Low Sulfur Distillate Supply



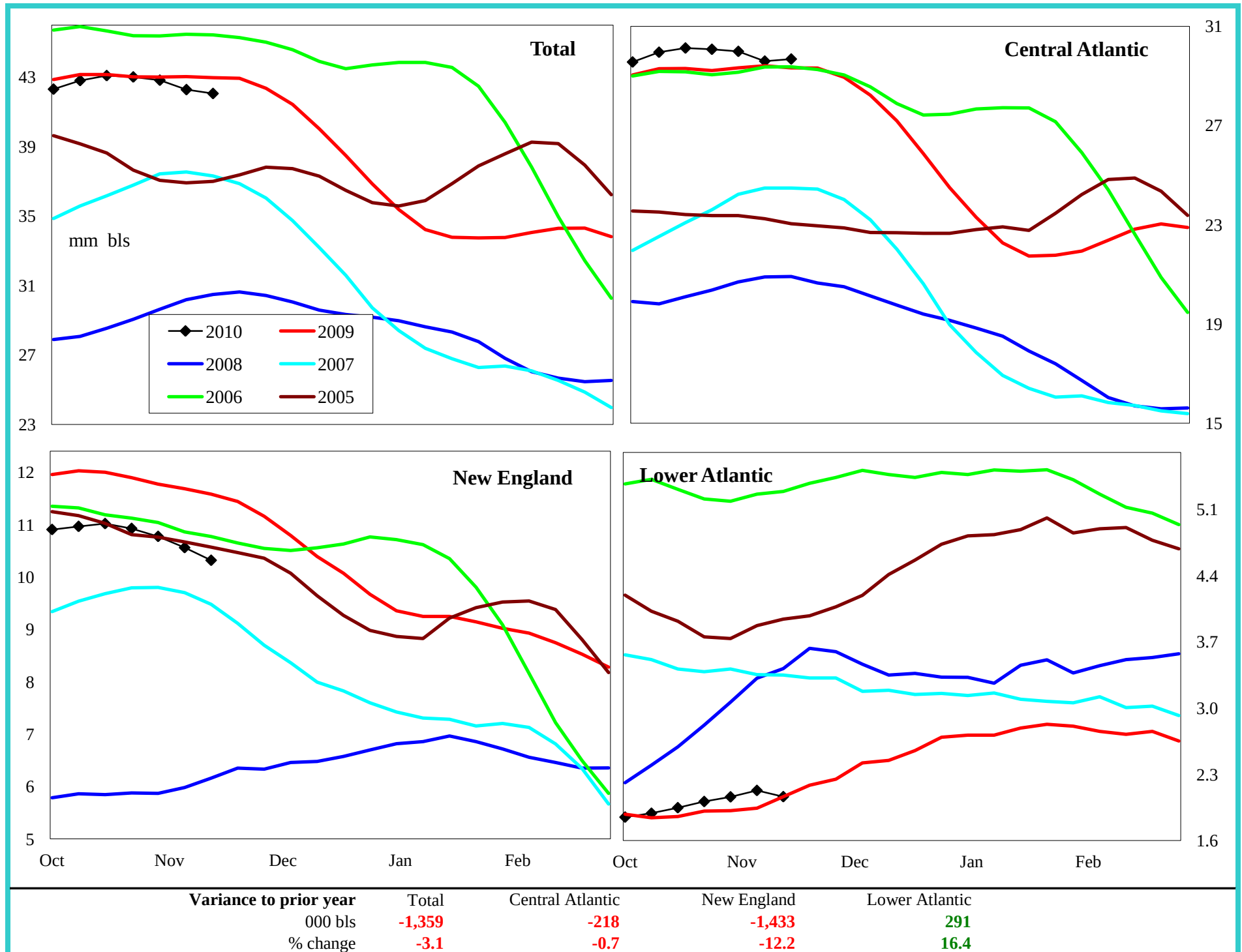
PADD 1 Low Sulfur Distillate Stocks by Region



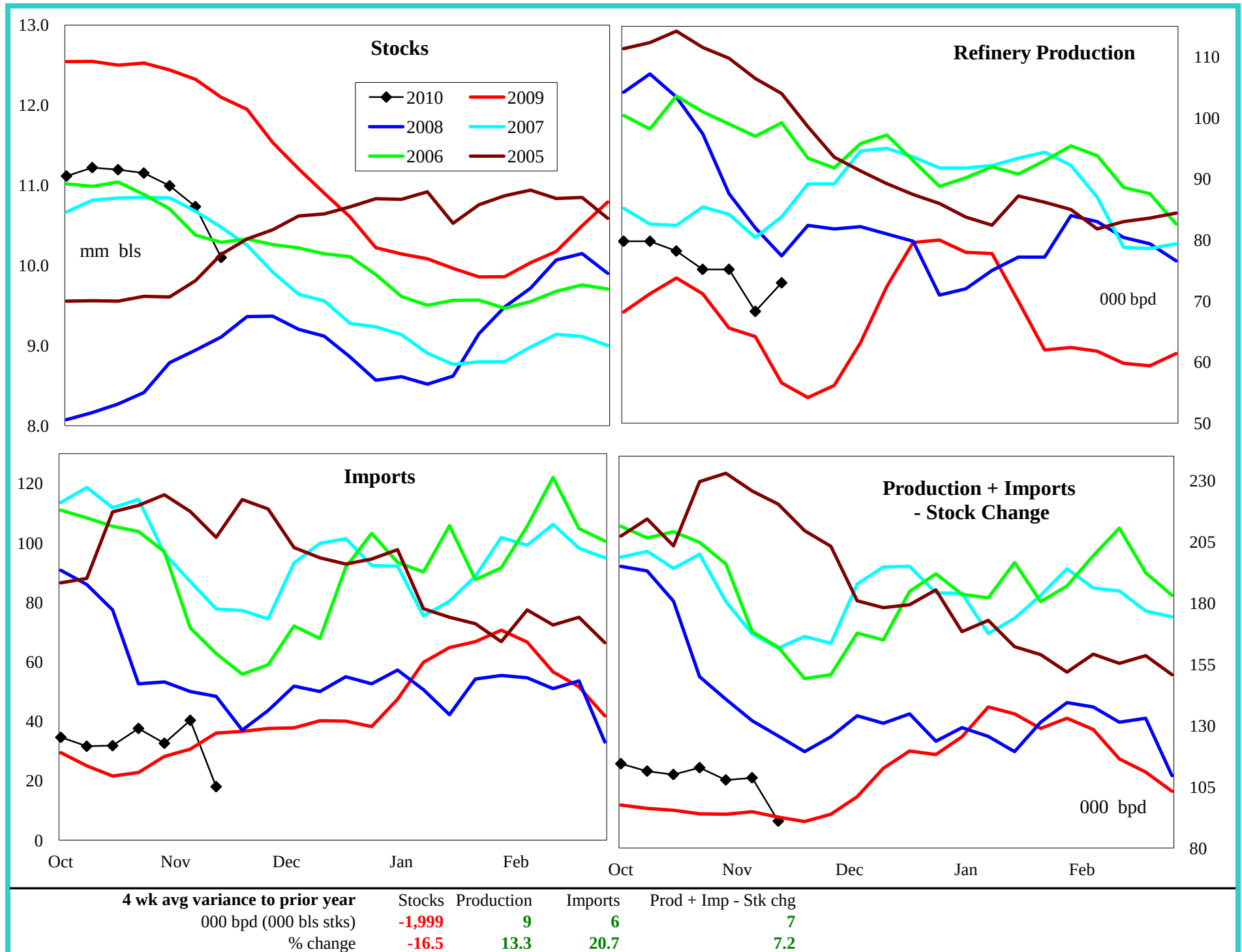
PADD 1 High Sulfur Distillate Supply



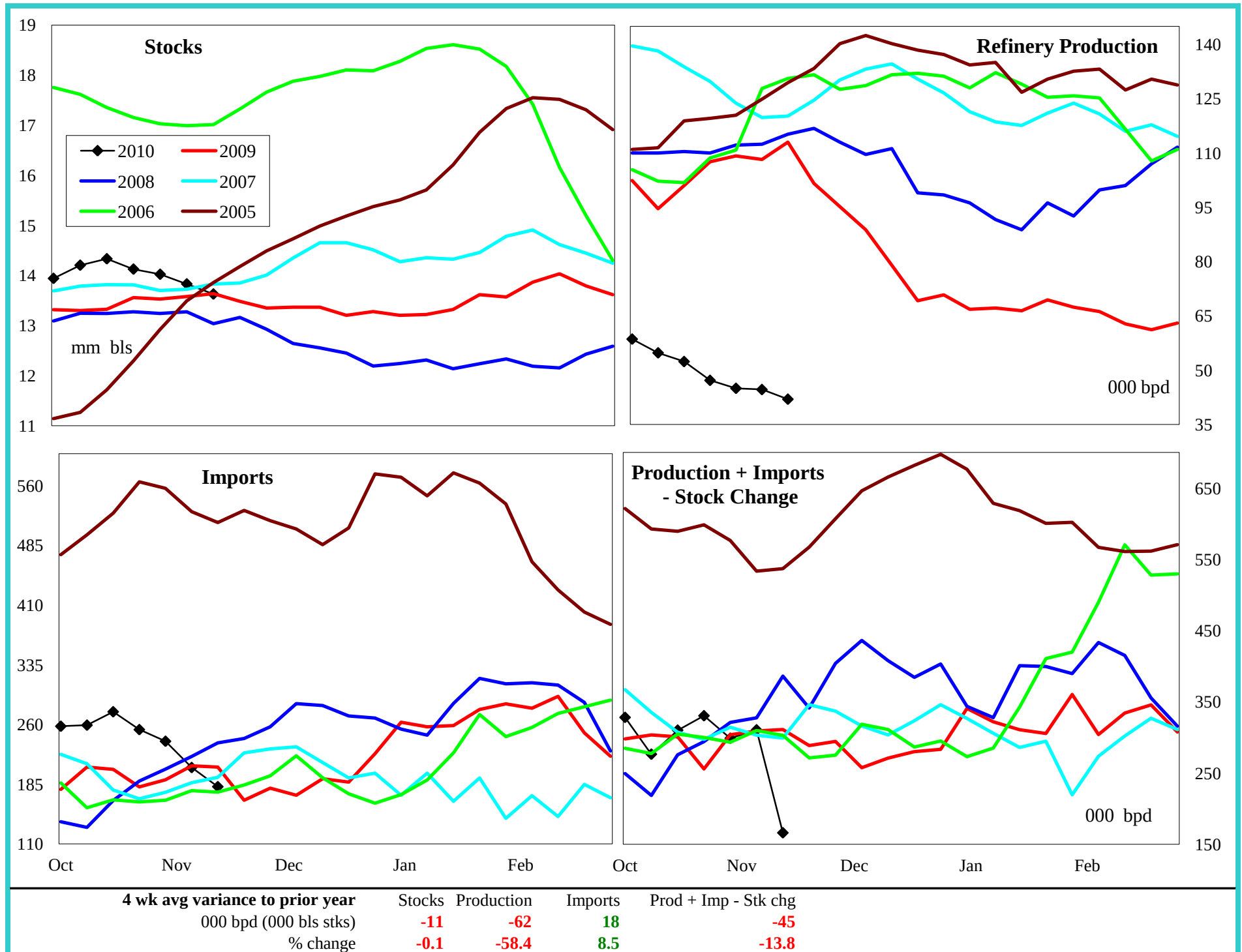
PADD 1 High Sulfur Distillate Stocks by Region



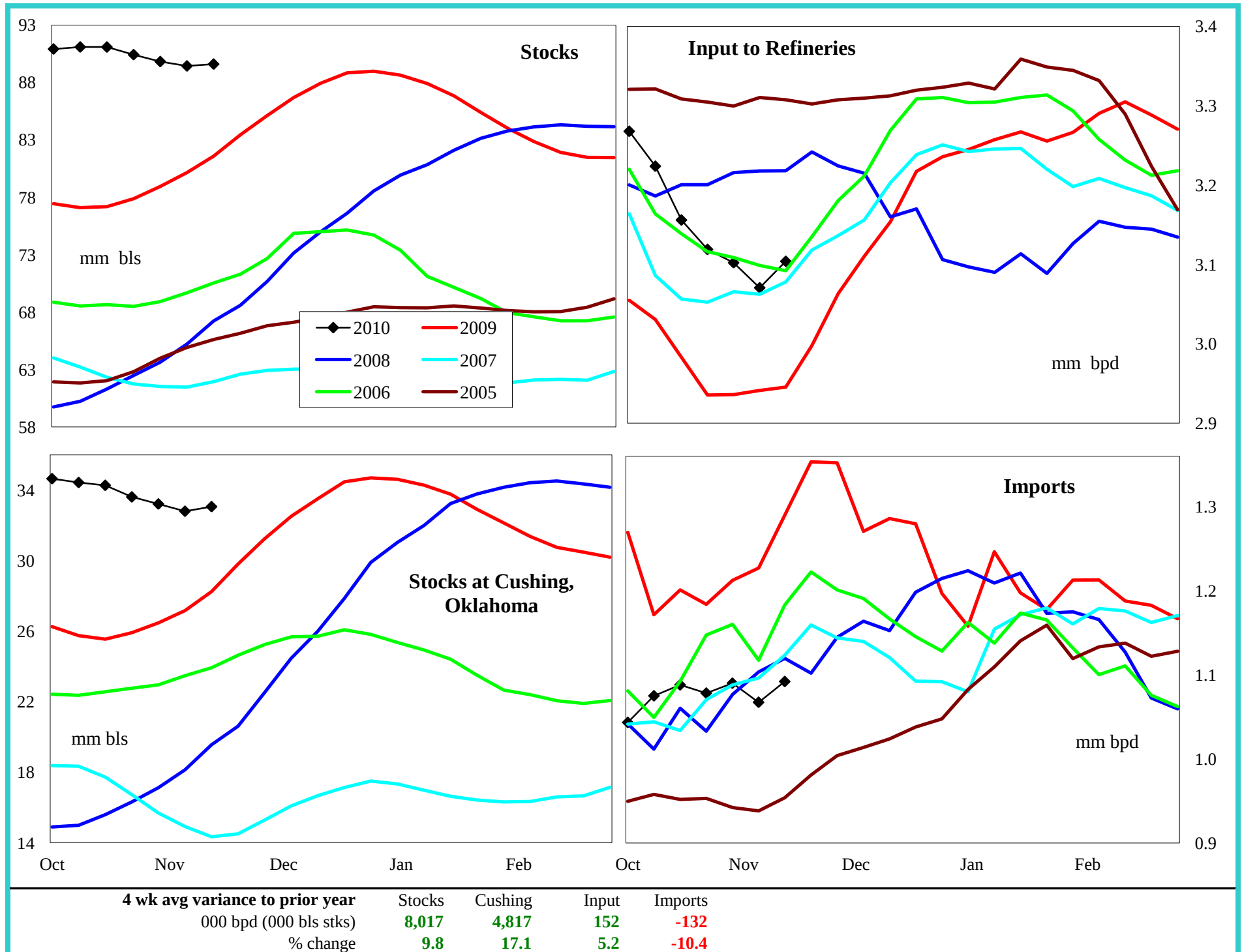
PADD 1 Jet Fuel Supply



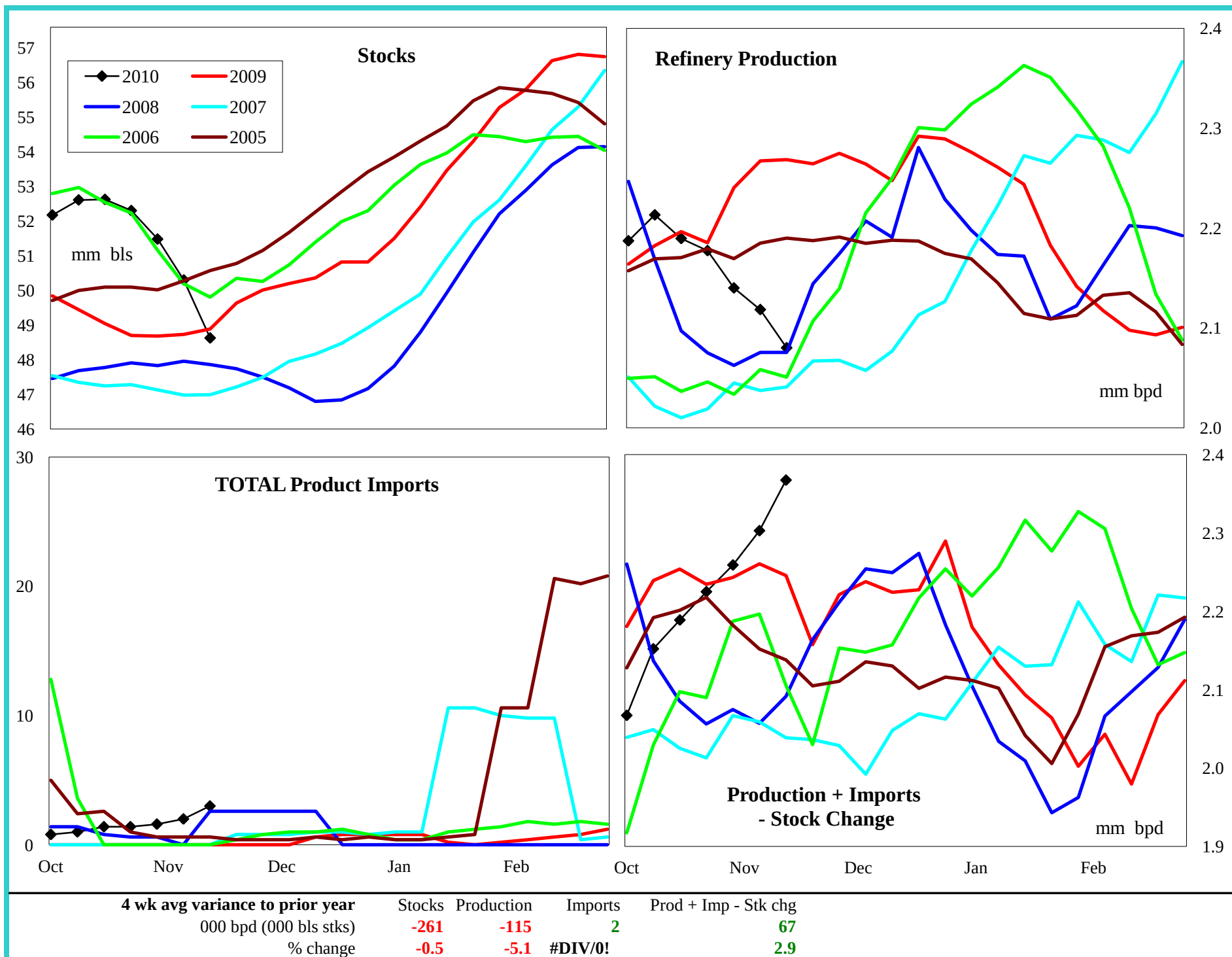
PADD 1 Residual Fuel Oil Supply



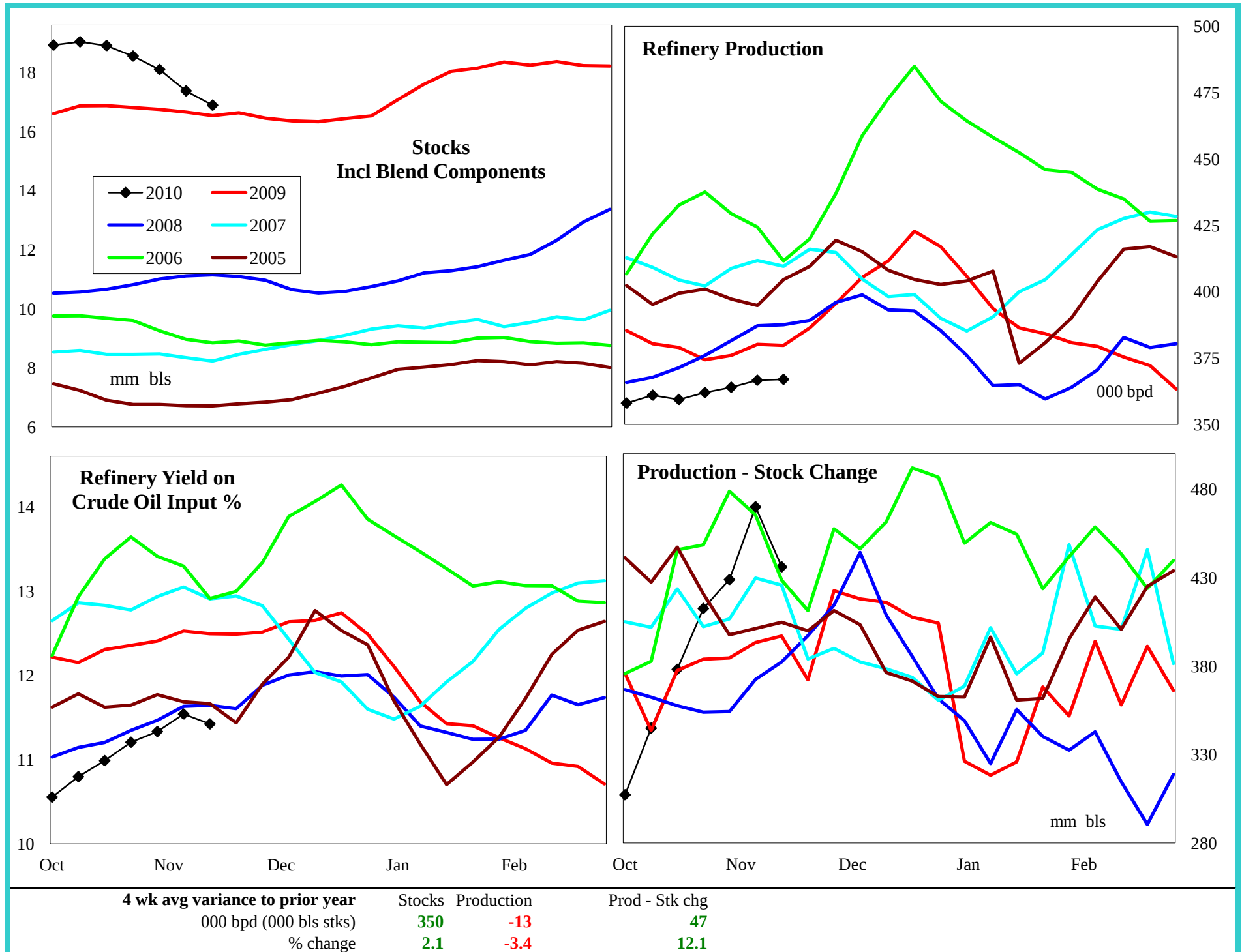
PADD 2 Crude Oil Supply and Refining



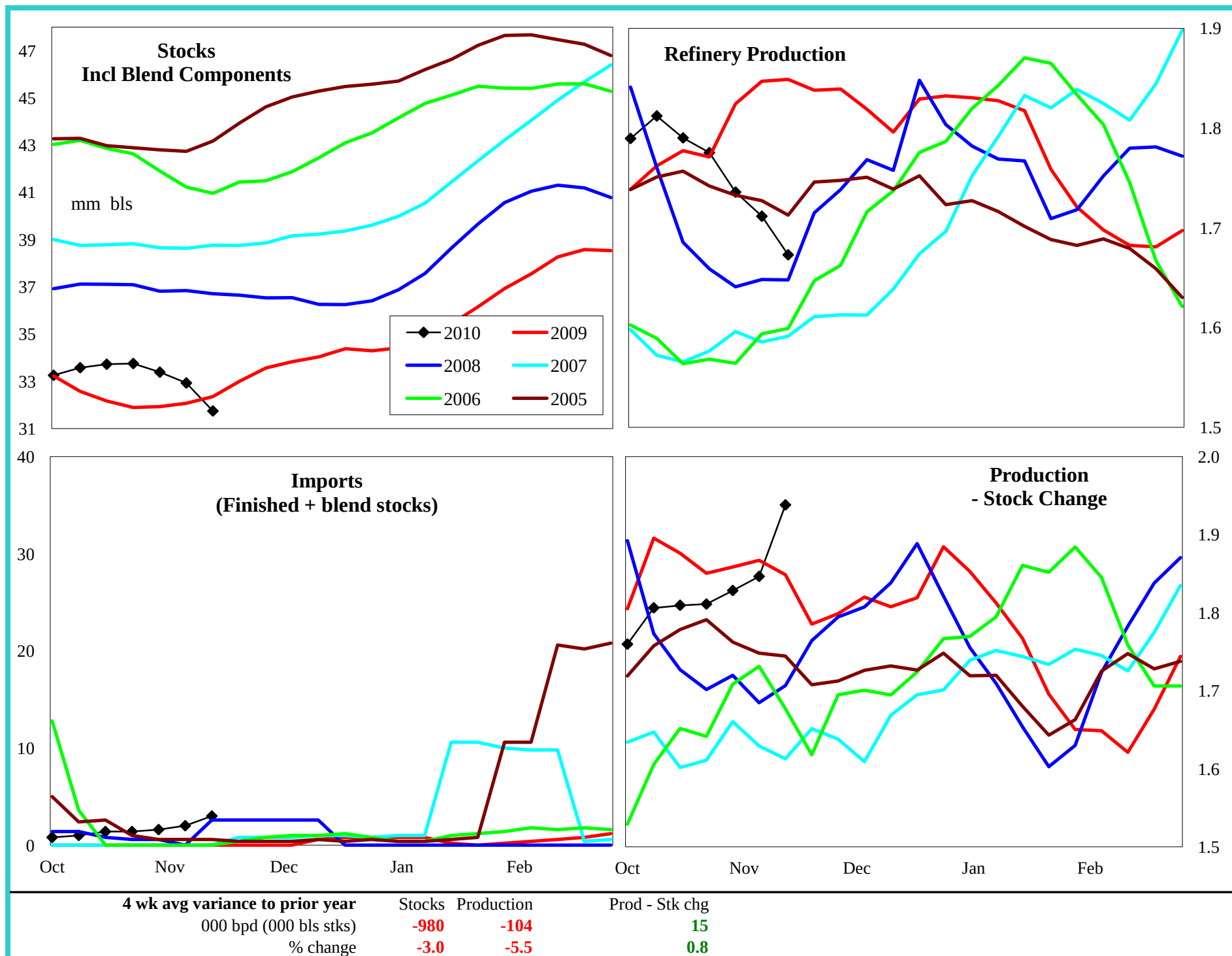
PADD 2 Gasoline Supply



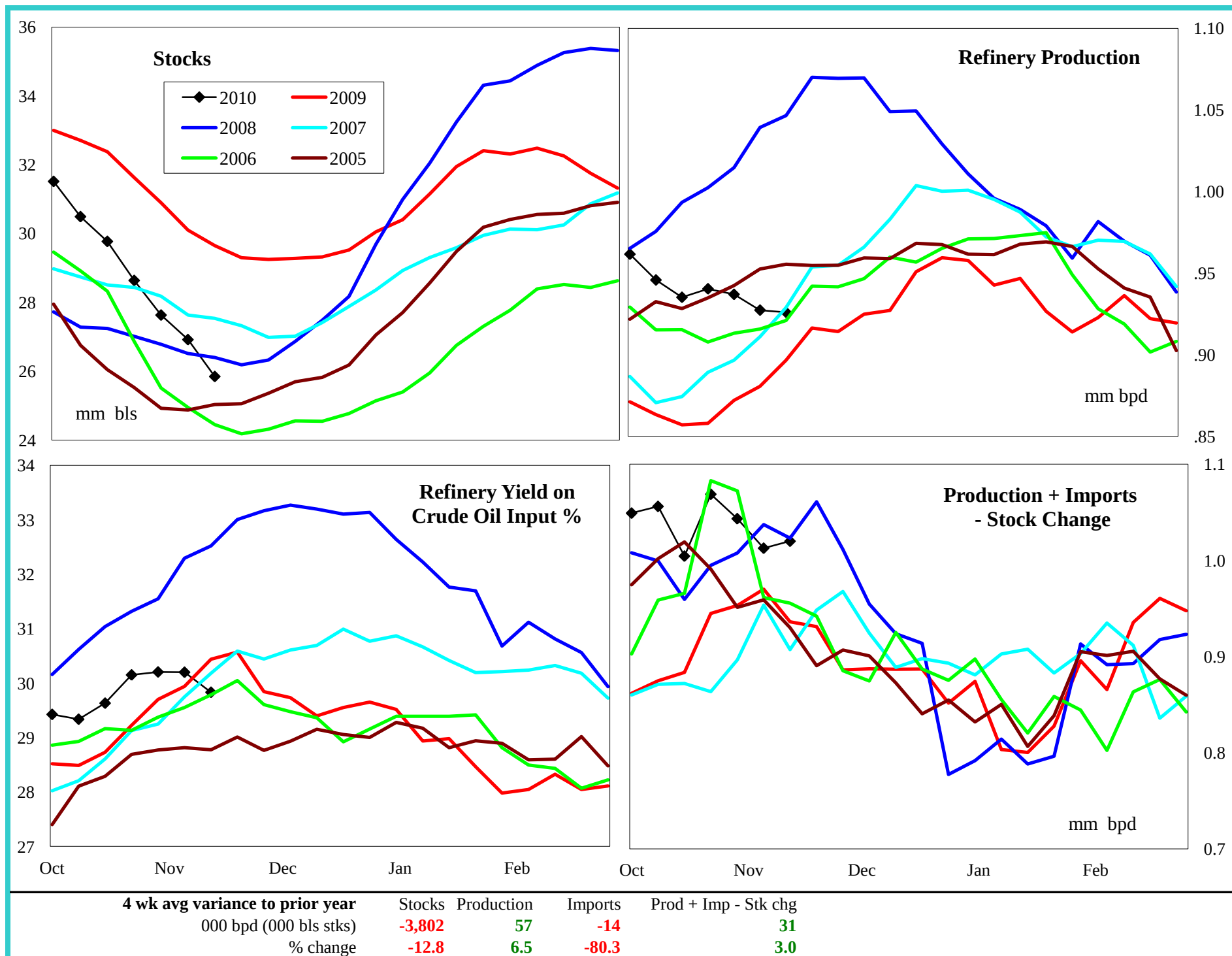
PADD 2 Reformulated Gasoline Supply



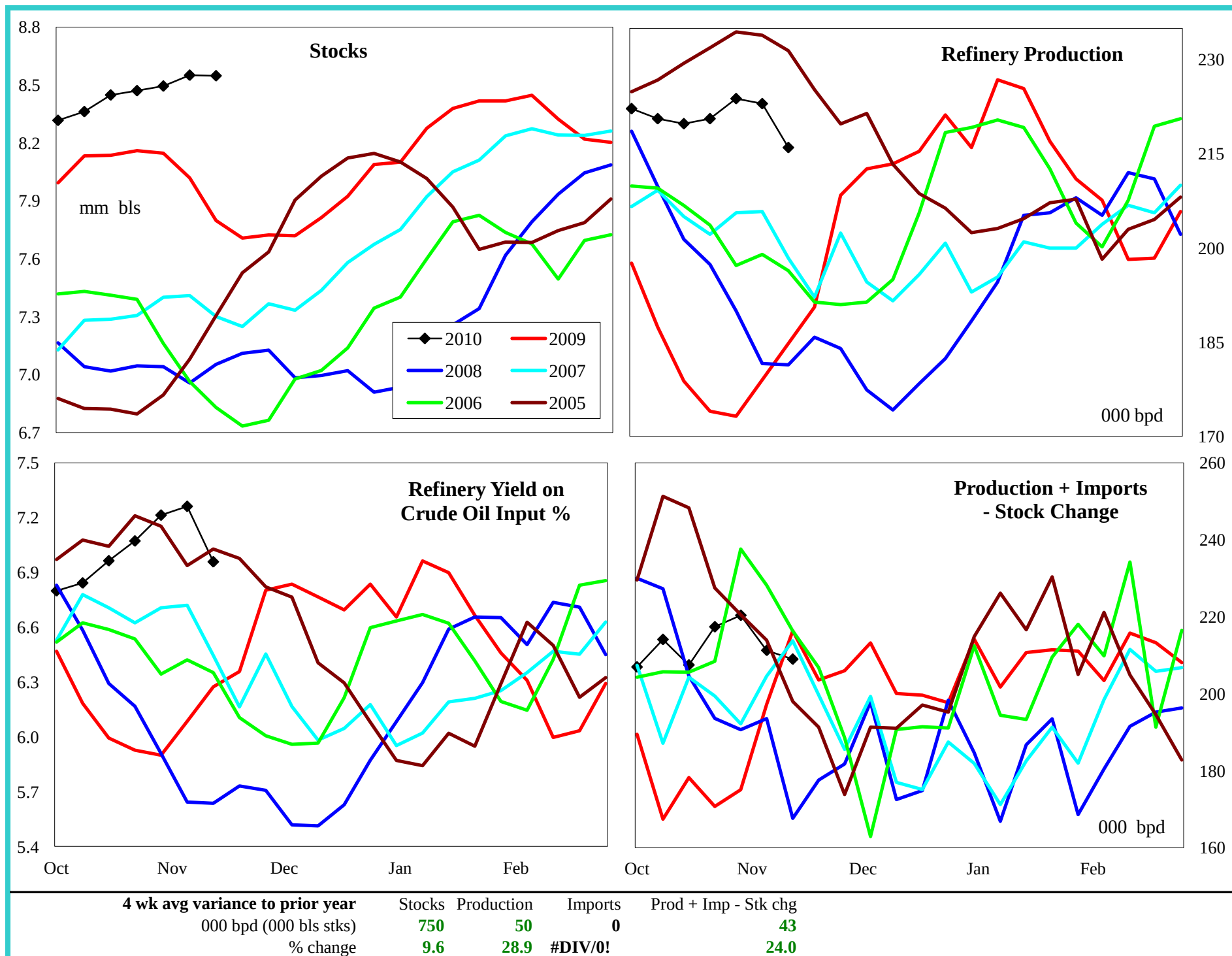
PADD 2 Conventional Gasoline Supply



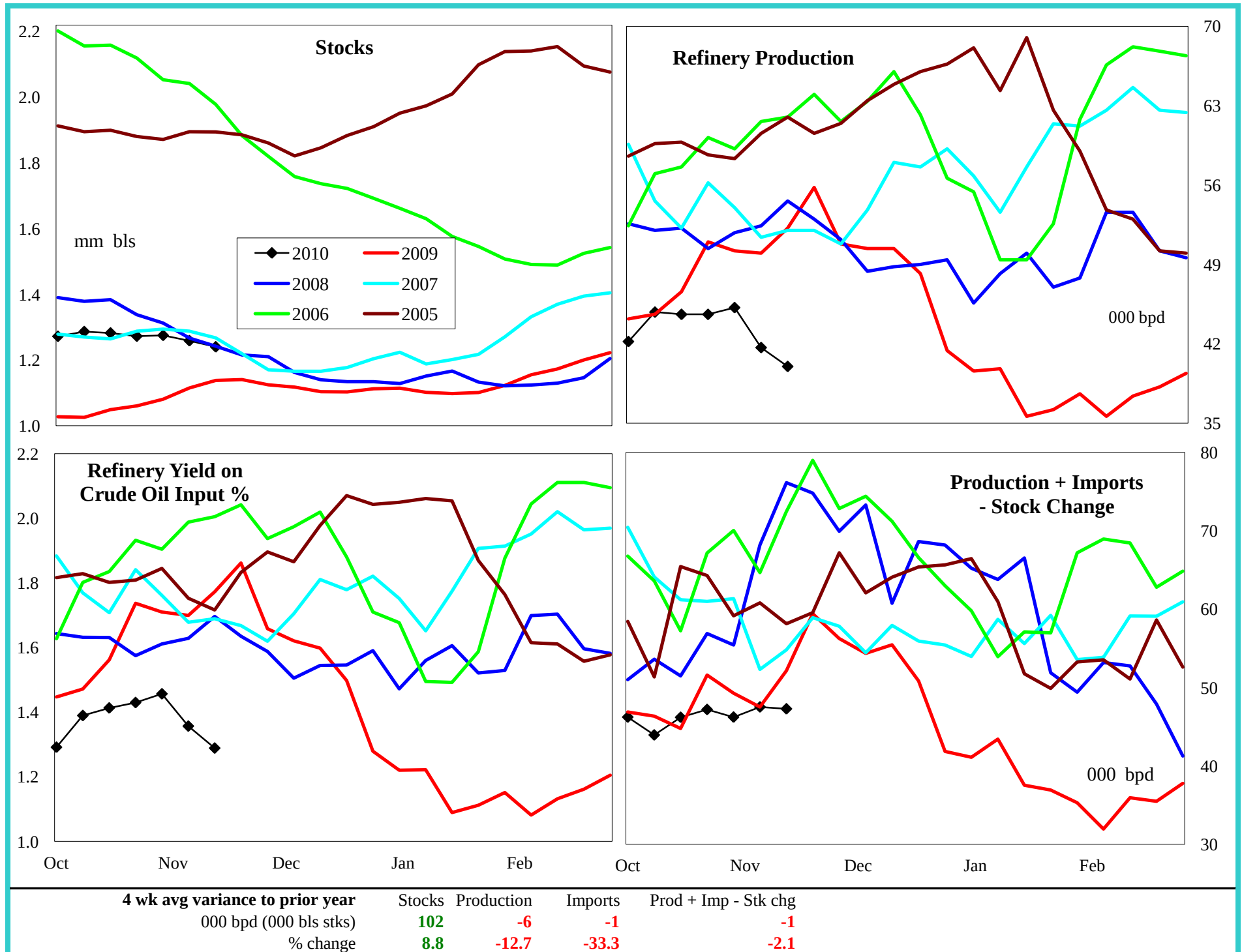
PADD 2 Distillate Supply



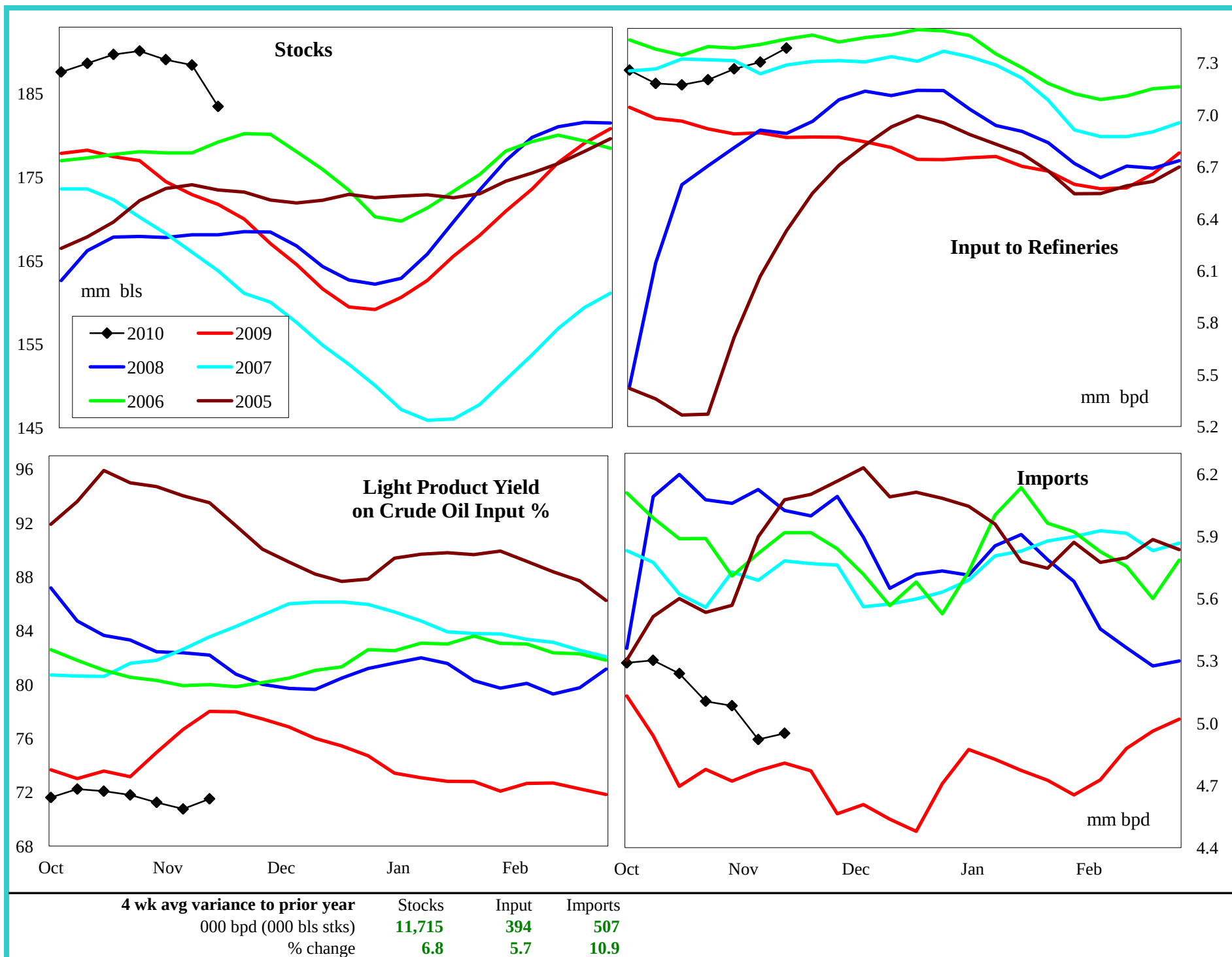
PADD 2 Jet Fuel Supply



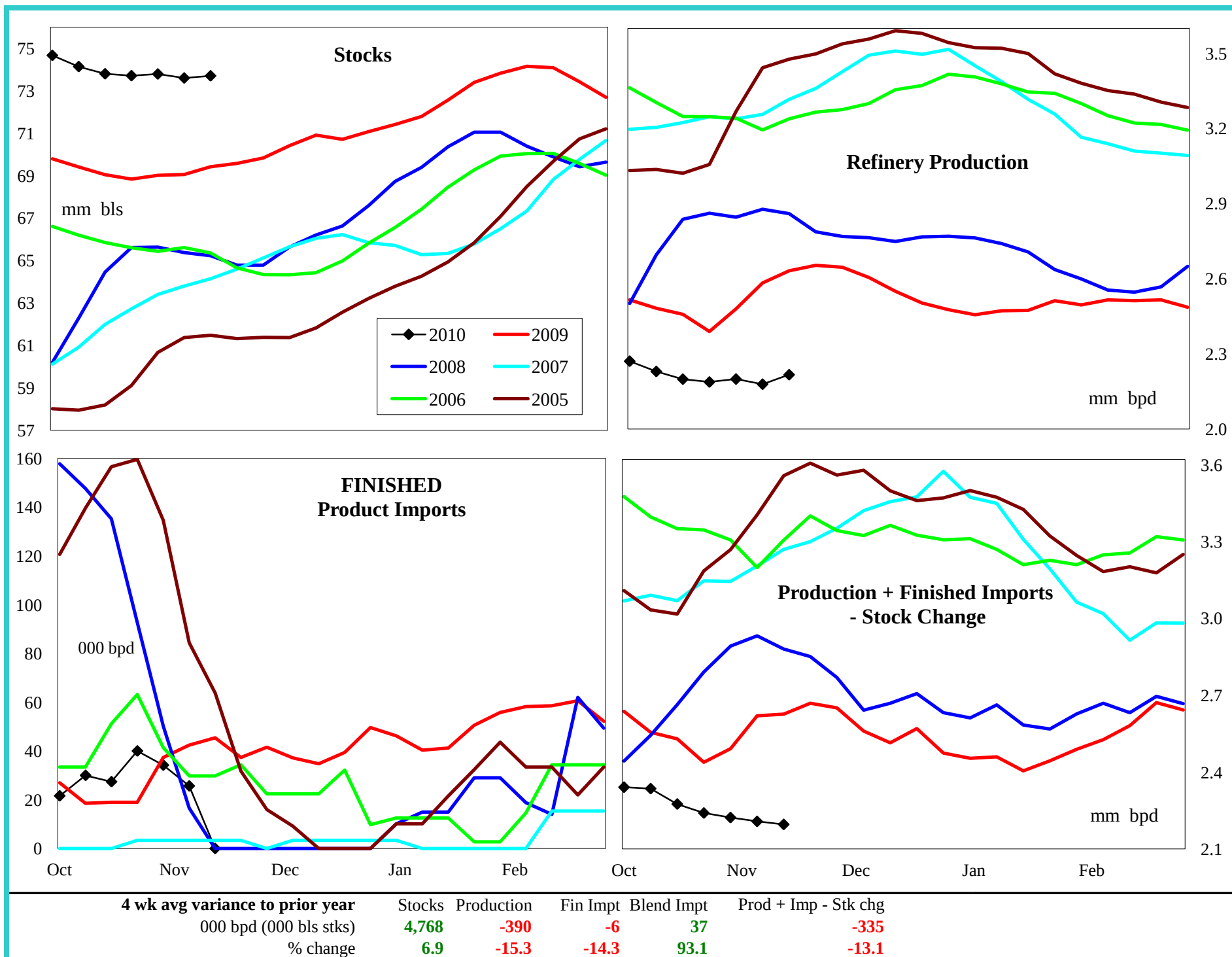
PADD 2 Residual Fuel Oil Supply



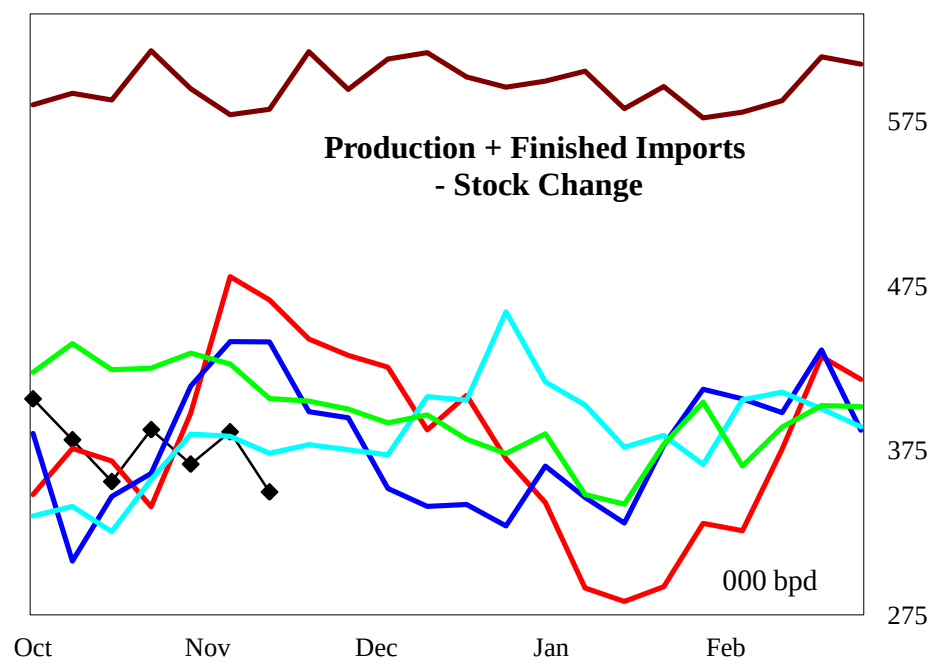
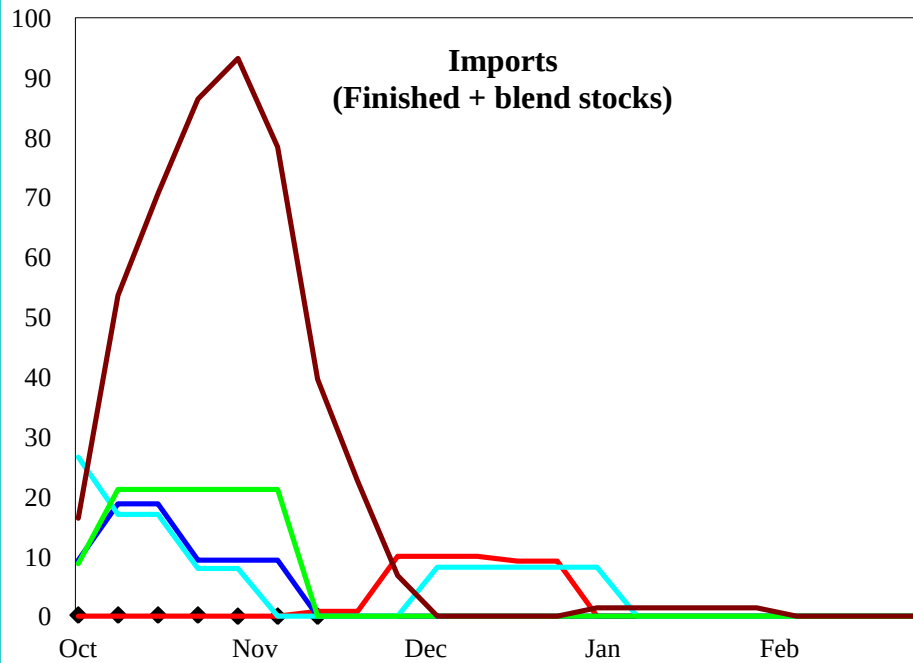
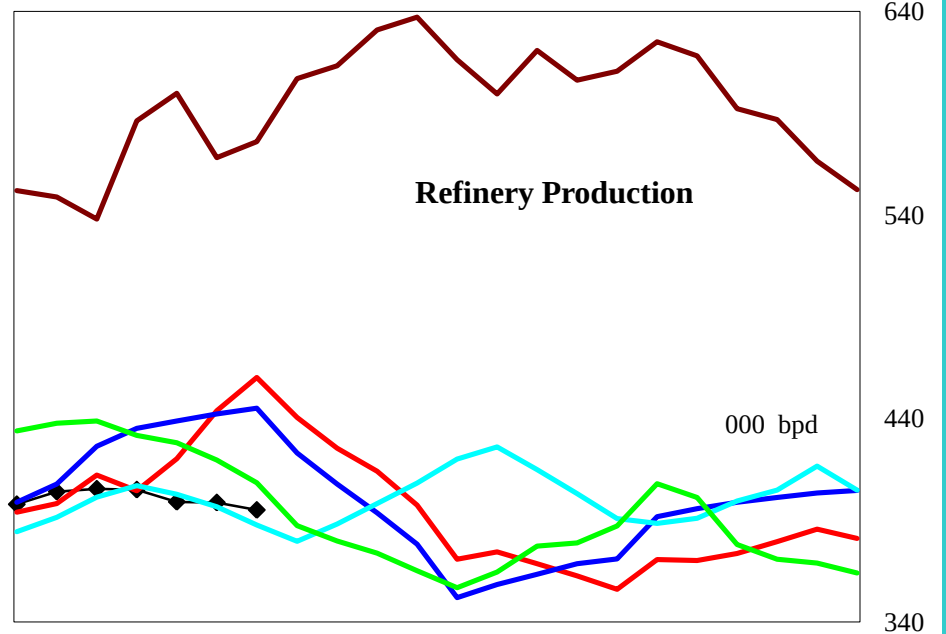
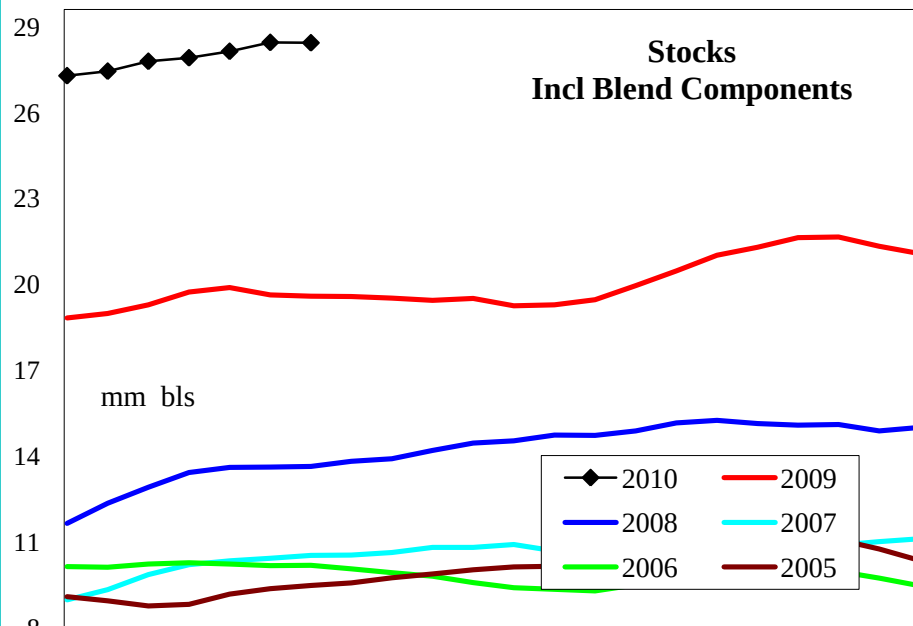
PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



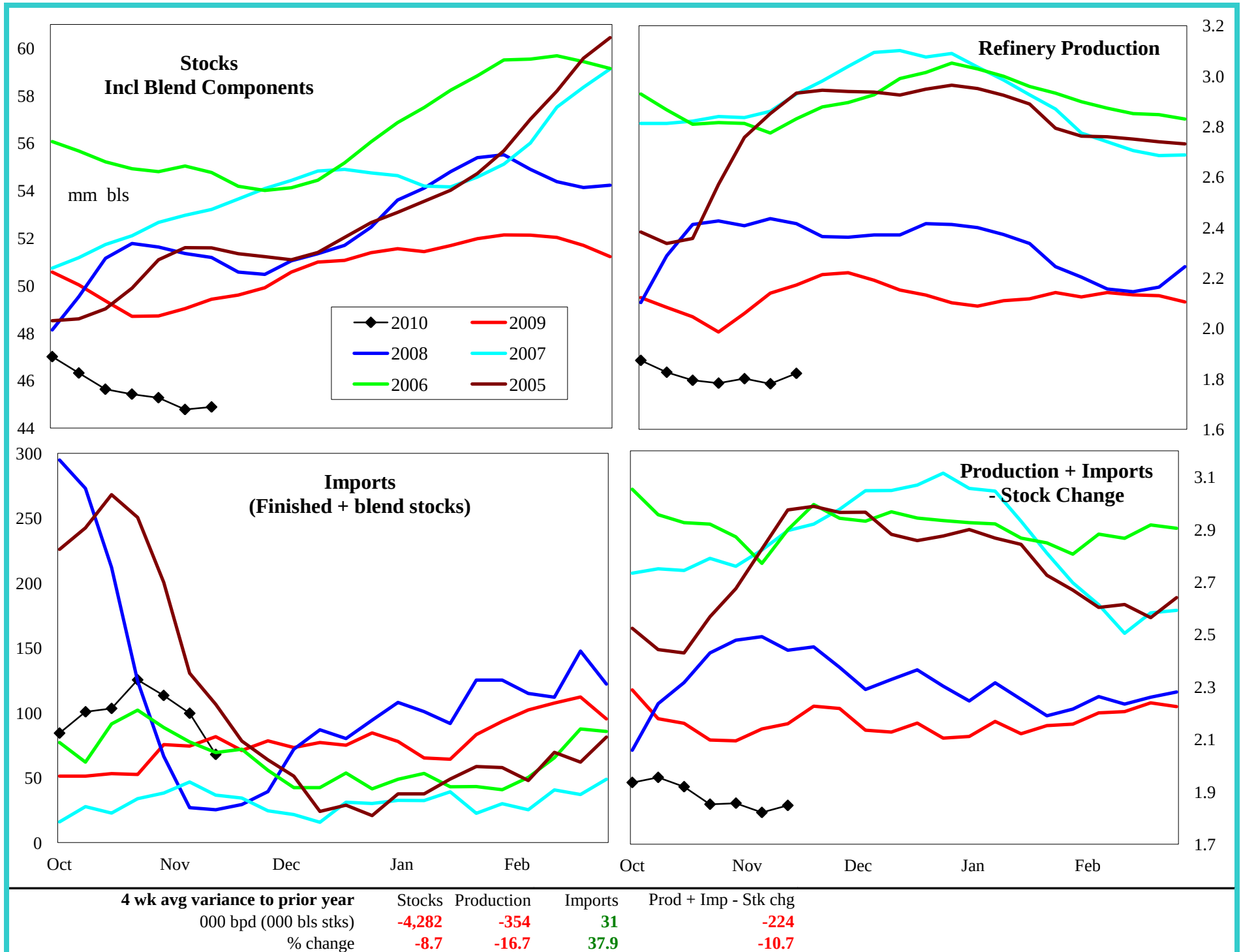
PADD 3 Reformulated Gasoline Supply



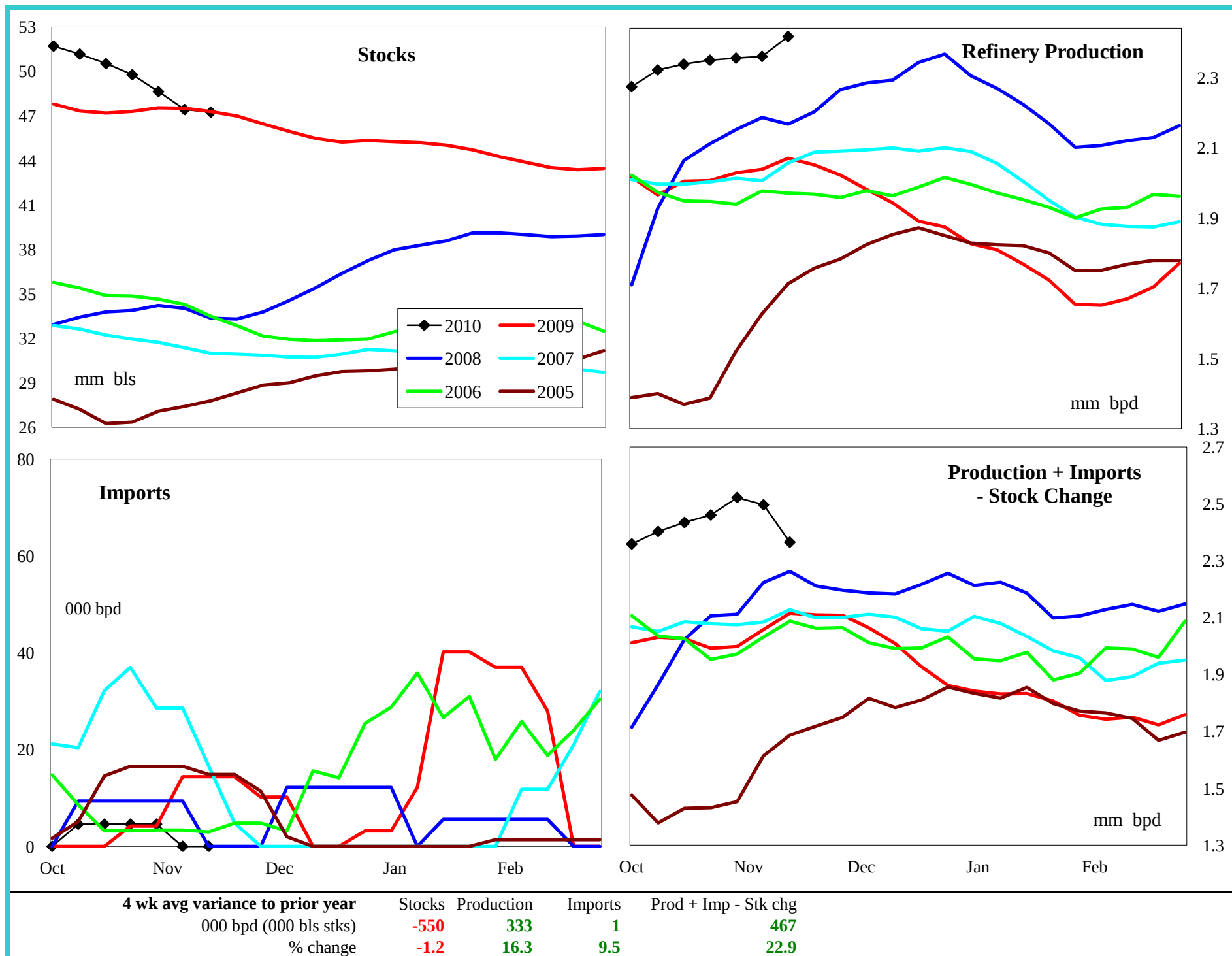
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
9,072	-36	0	-111
45.9	-8.3	#DIV/0!	-23.8

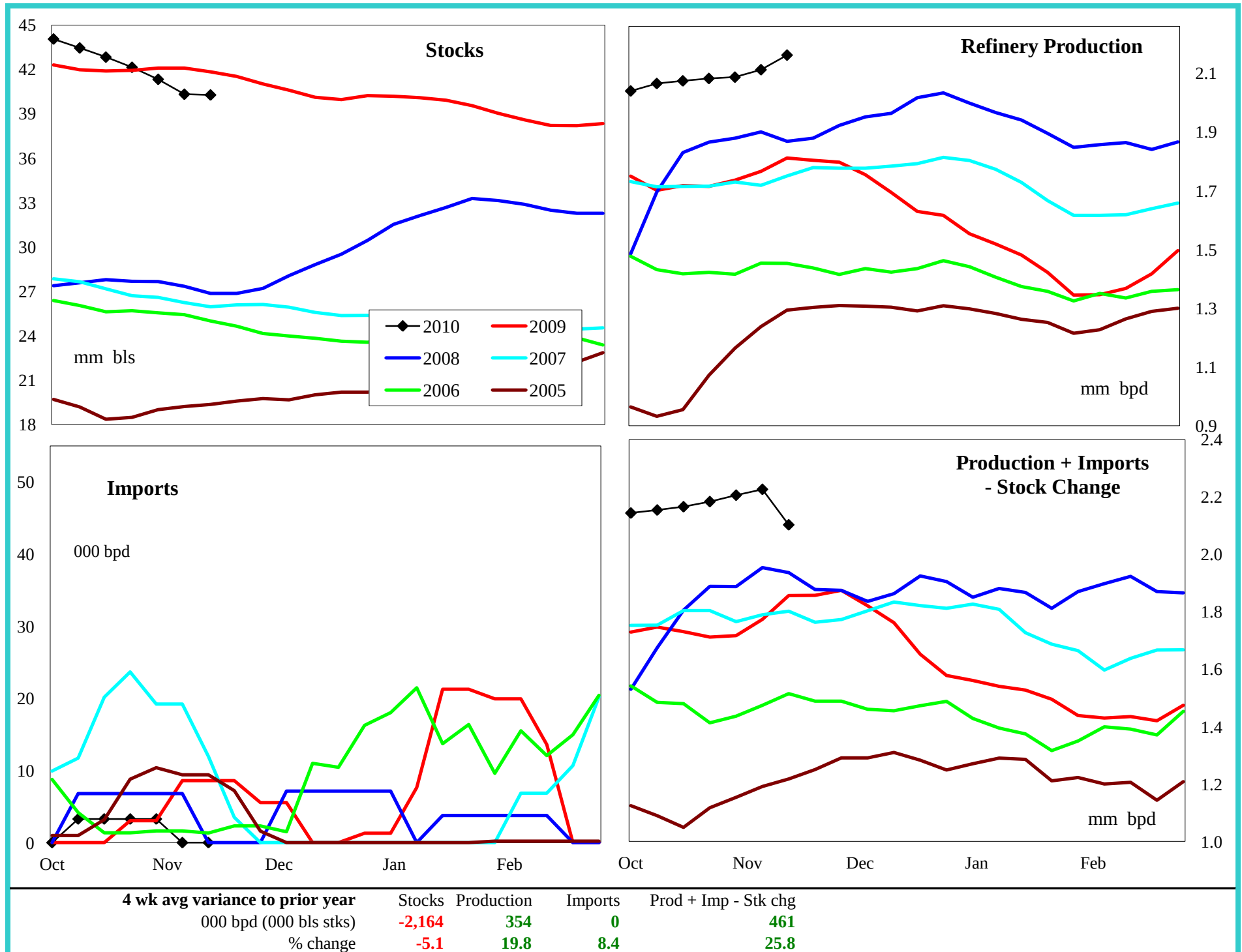
PADD 3 Conventional Gasoline Supply



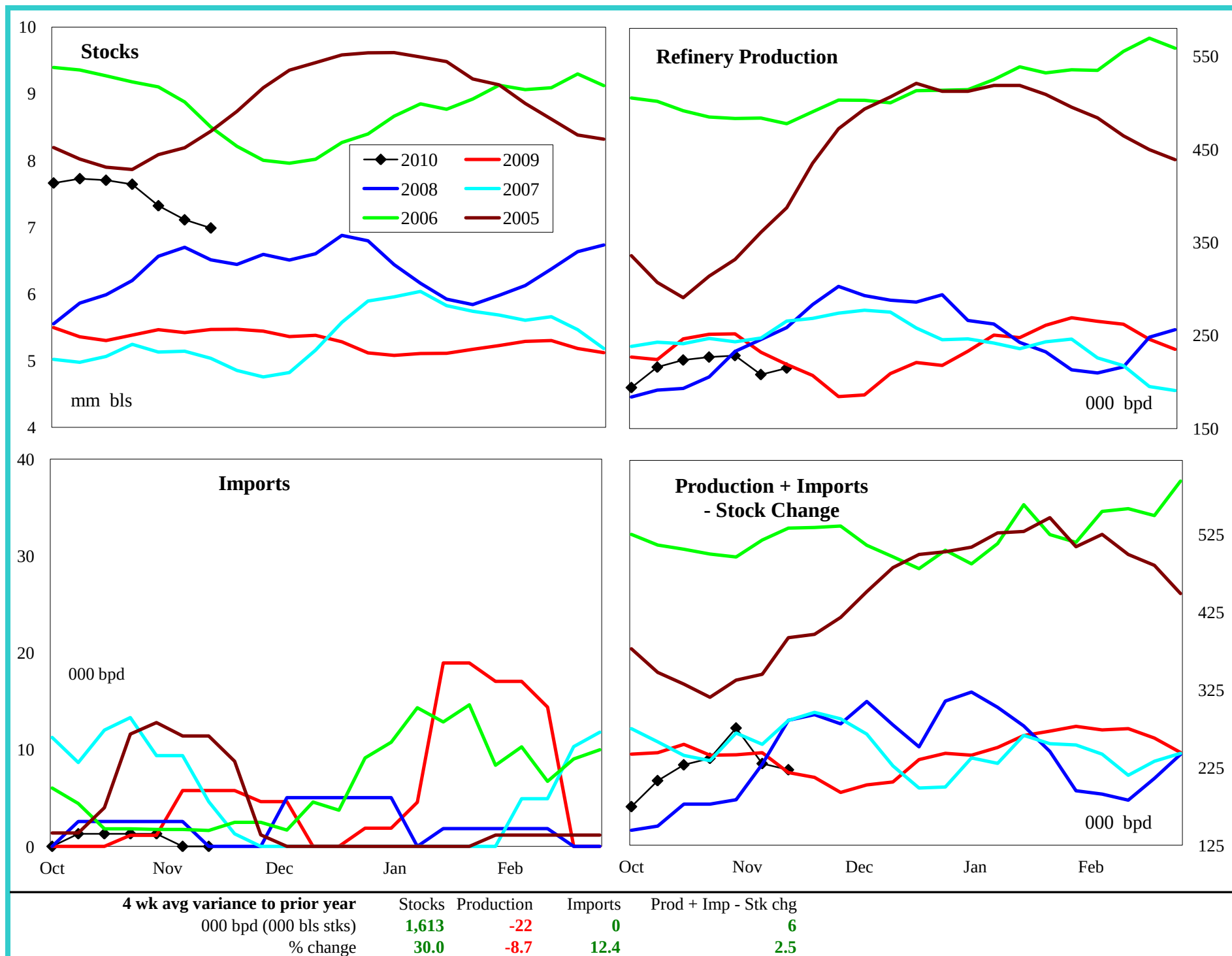
PADD 3 Distillate Supply



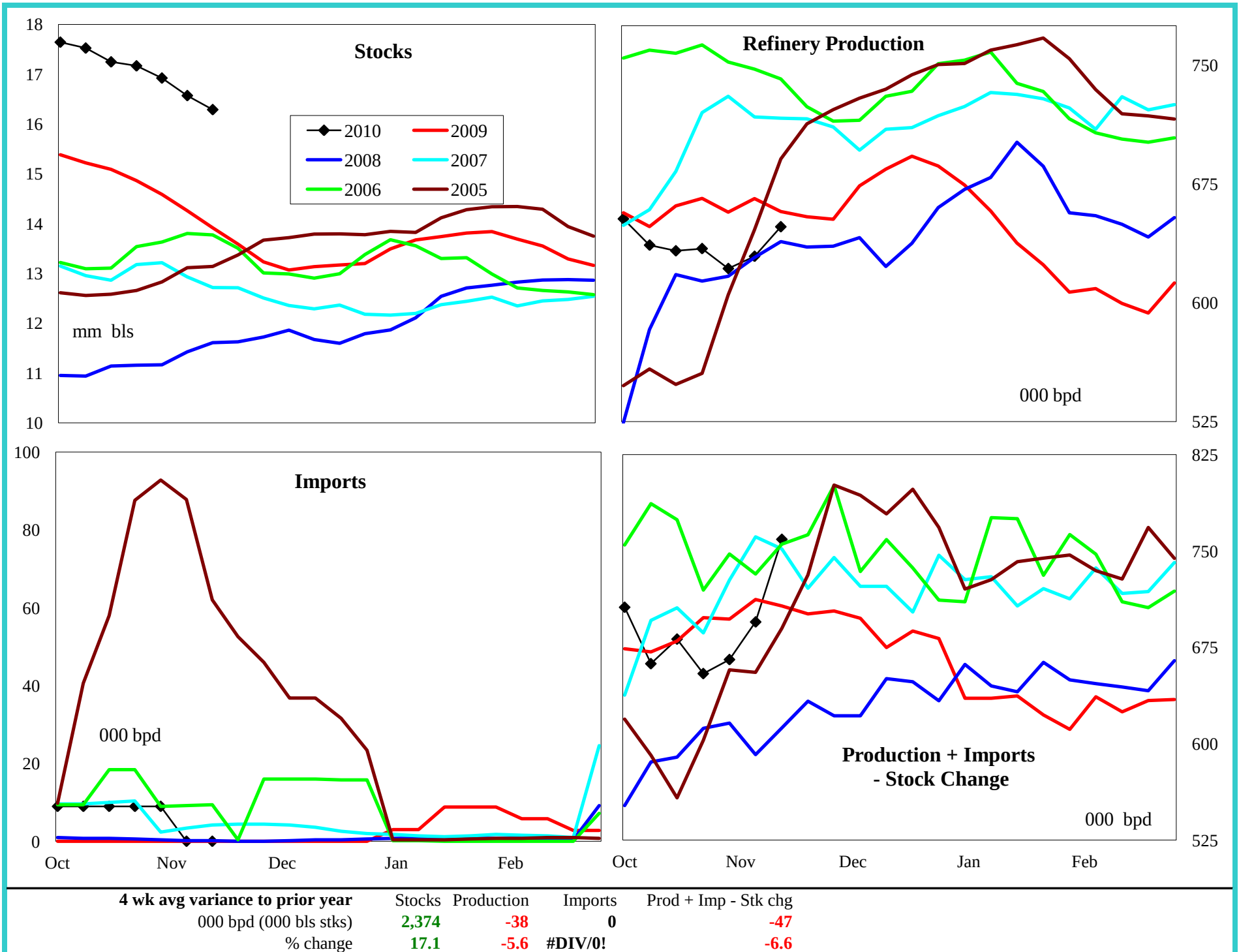
PADD 3 Low Sulfur Distillate Supply



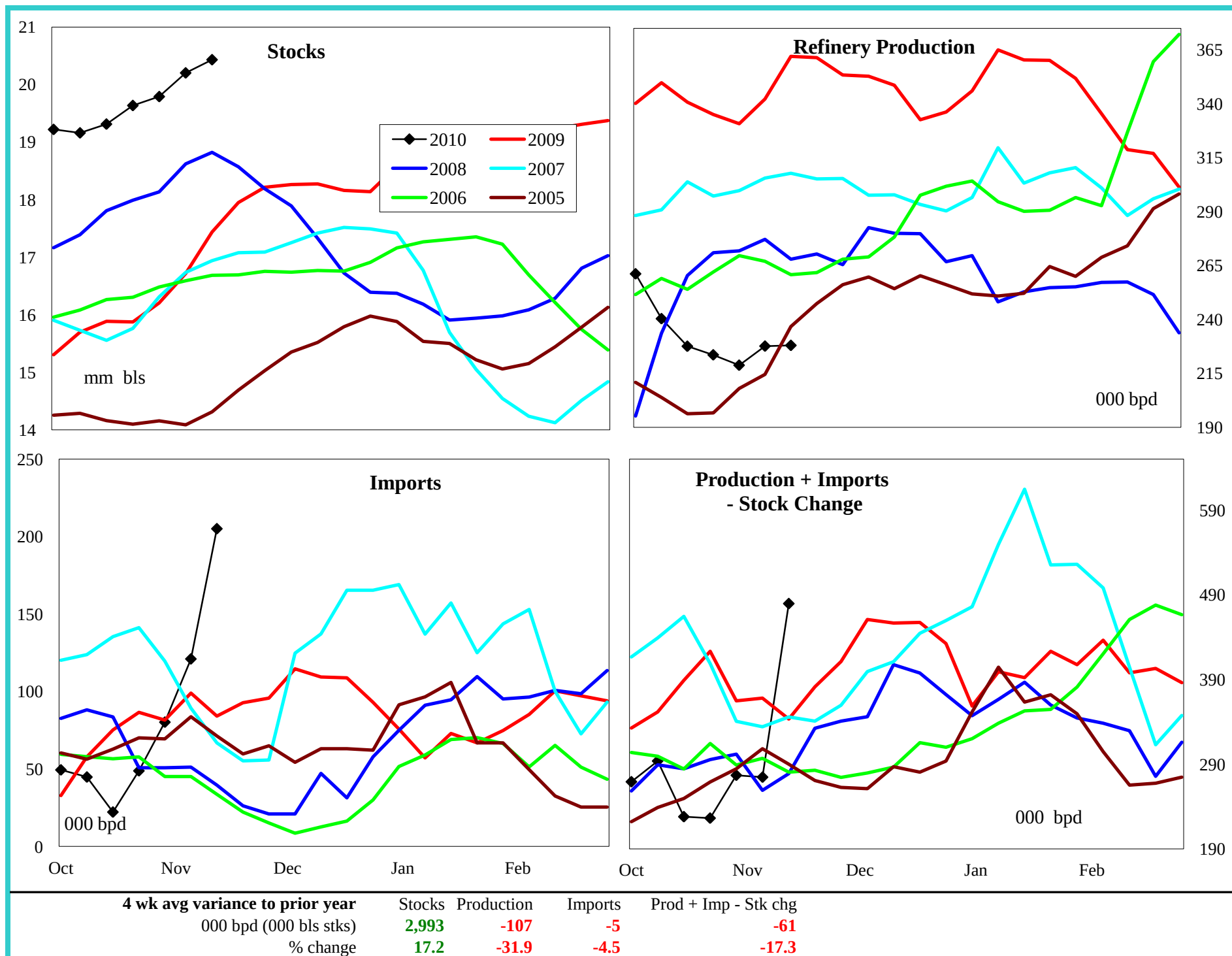
PADD 3 High Sulfur Distillate Supply



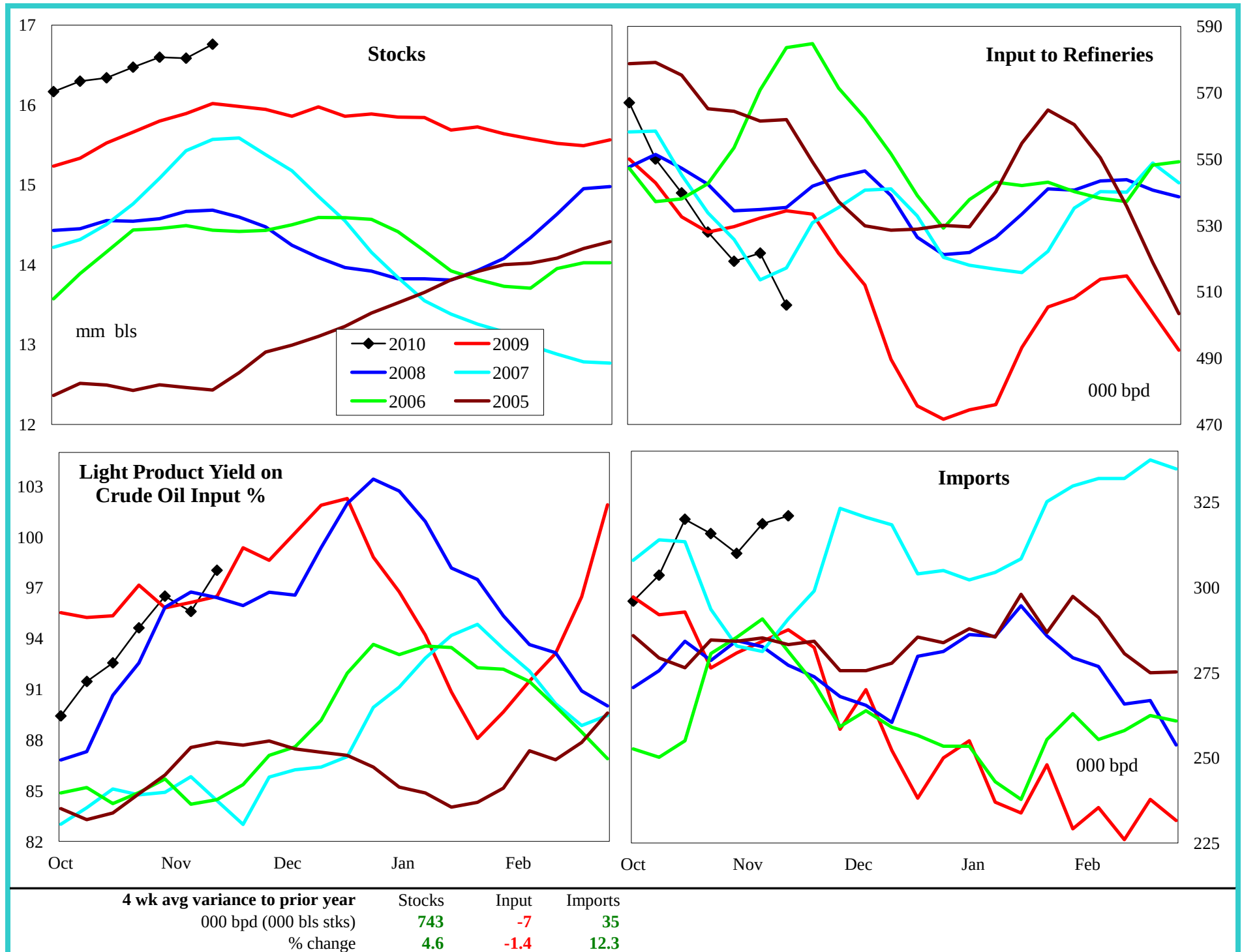
PADD 3 Jet Fuel Supply



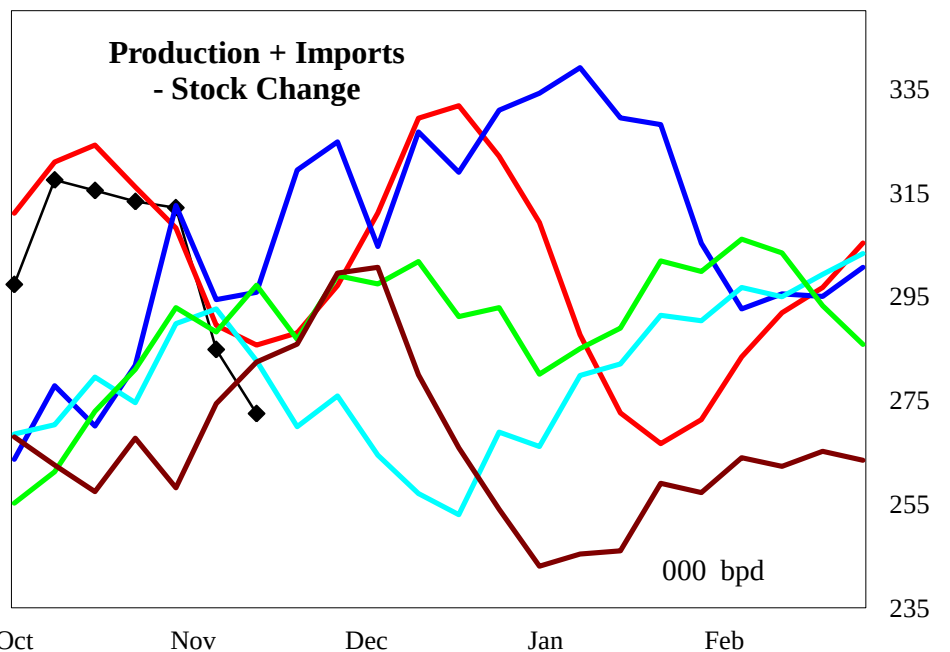
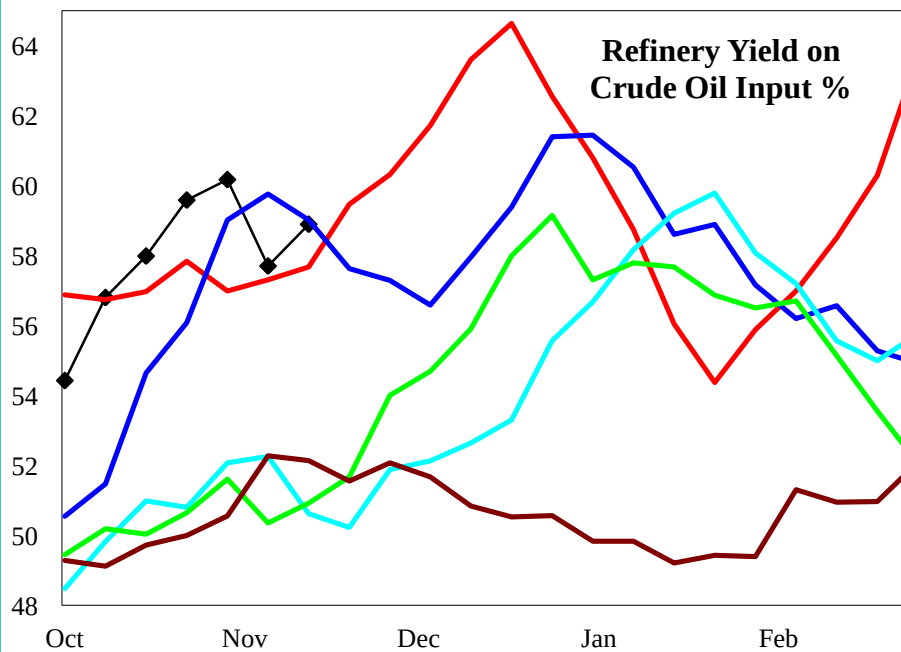
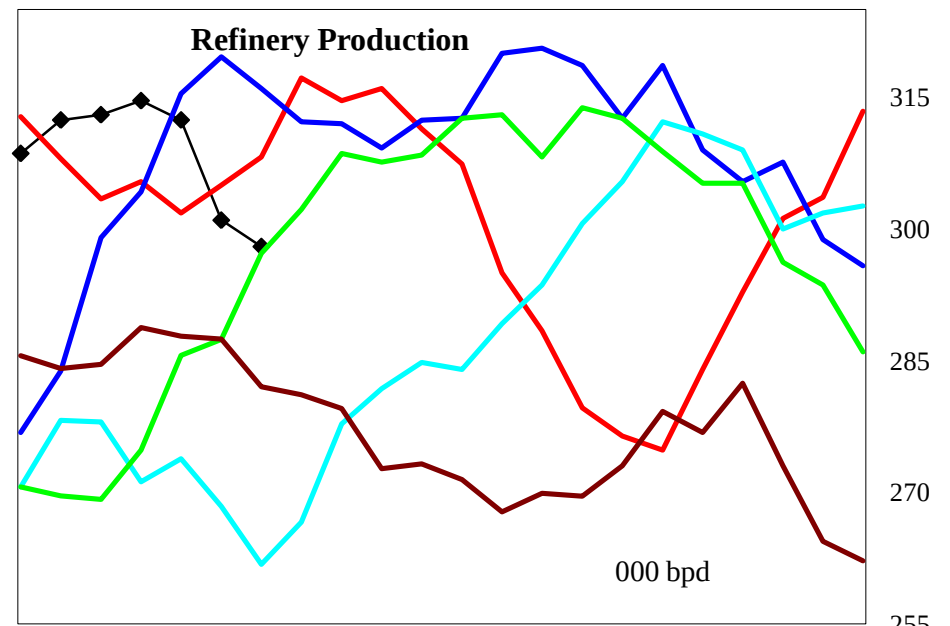
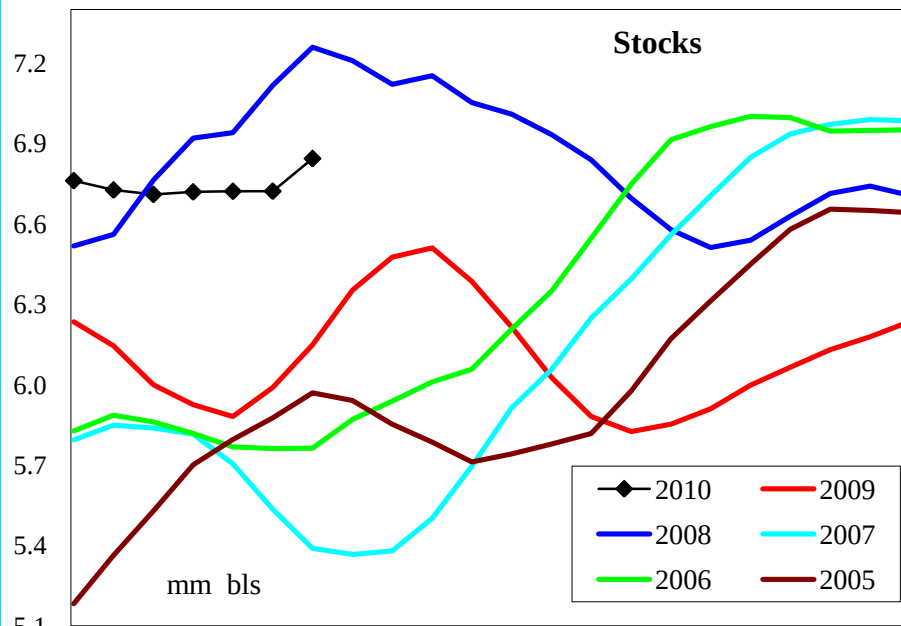
PADD 3 Residual Fuel Oil Supply



PADD 4 Crude Oil Supply and Refining



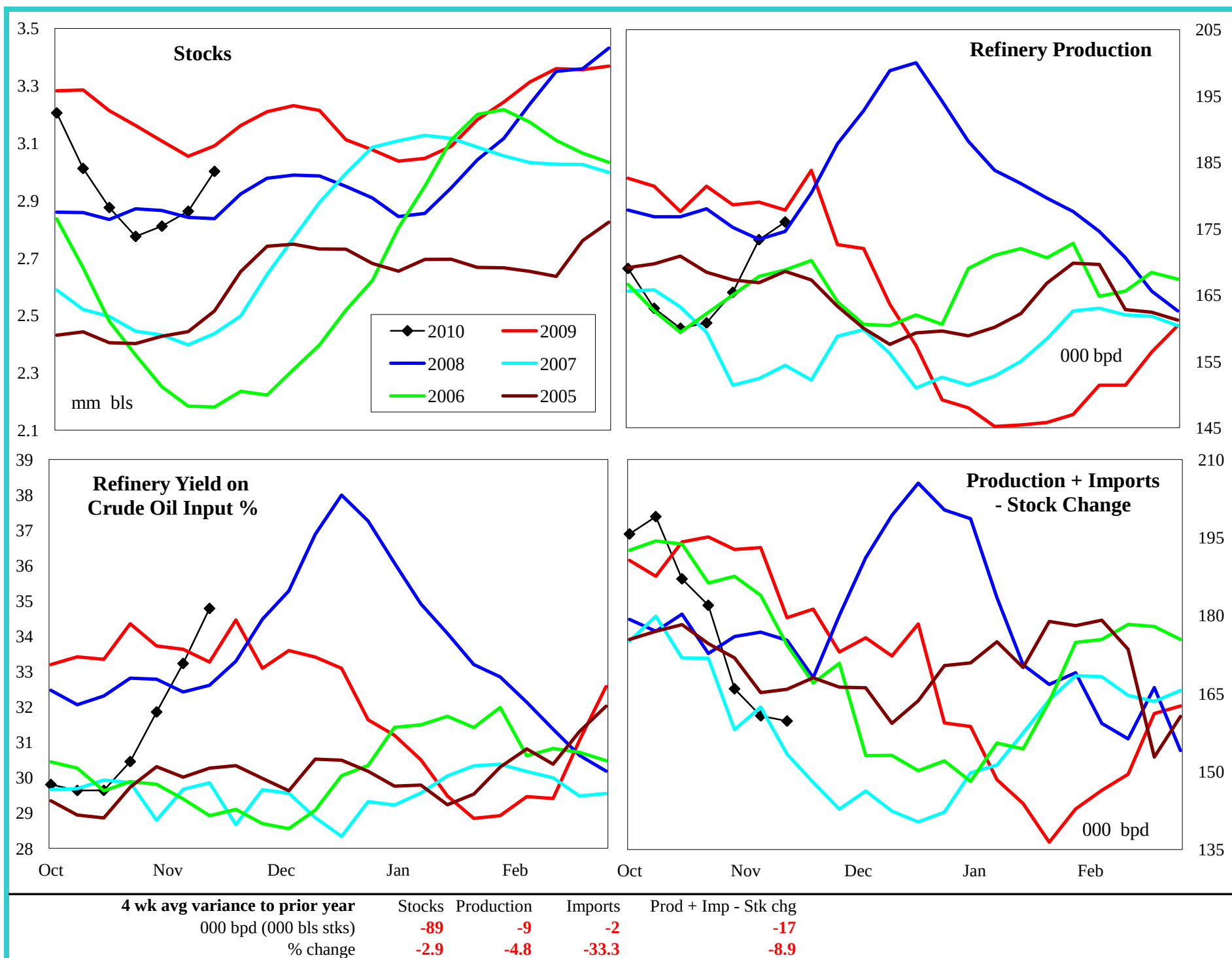
PADD 4 Gasoline Supply



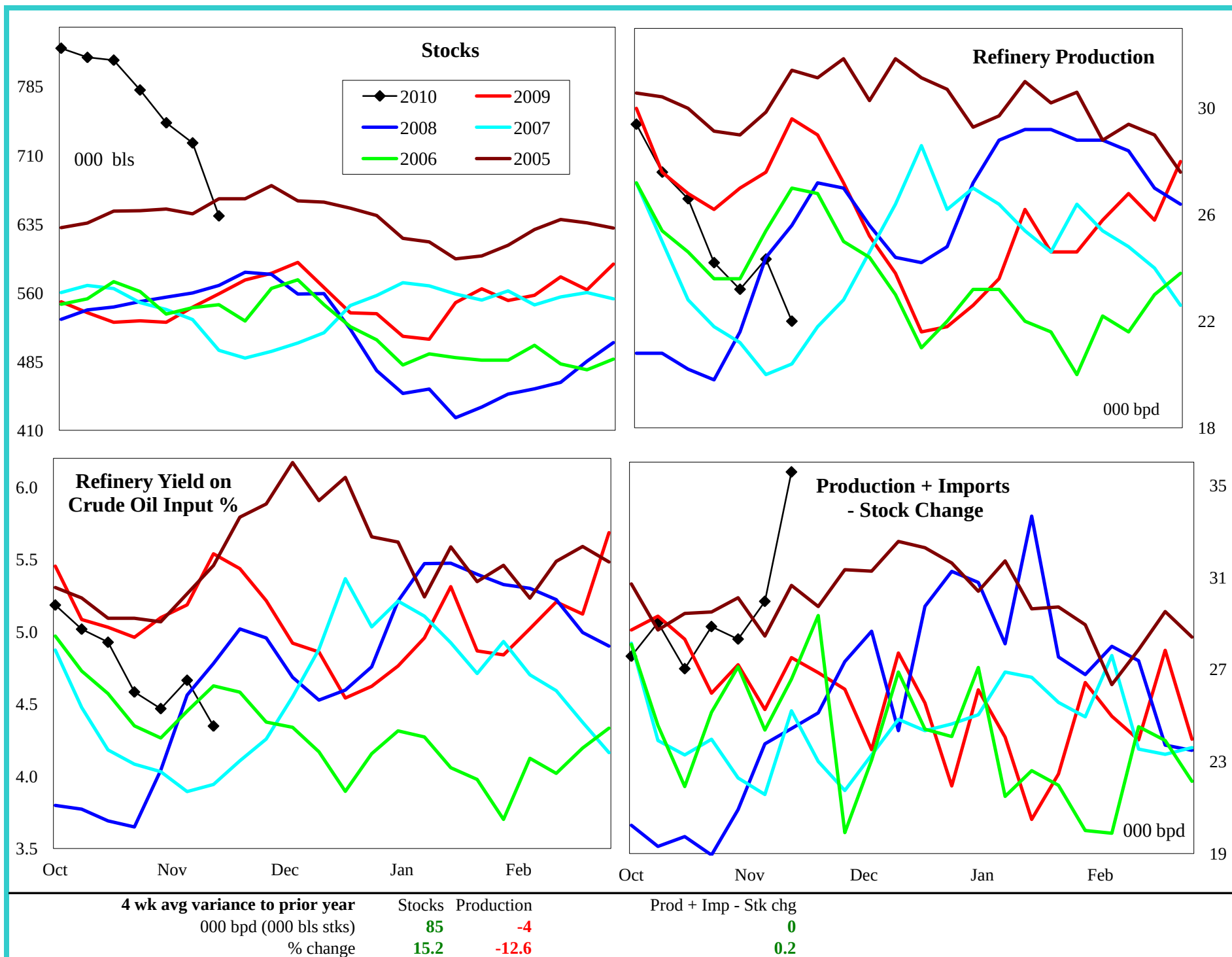
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Production	Prod + Imp - Stk chg
000 bpd (000 bls stks)	696	12	20
% change	11.3	3.9	6.9

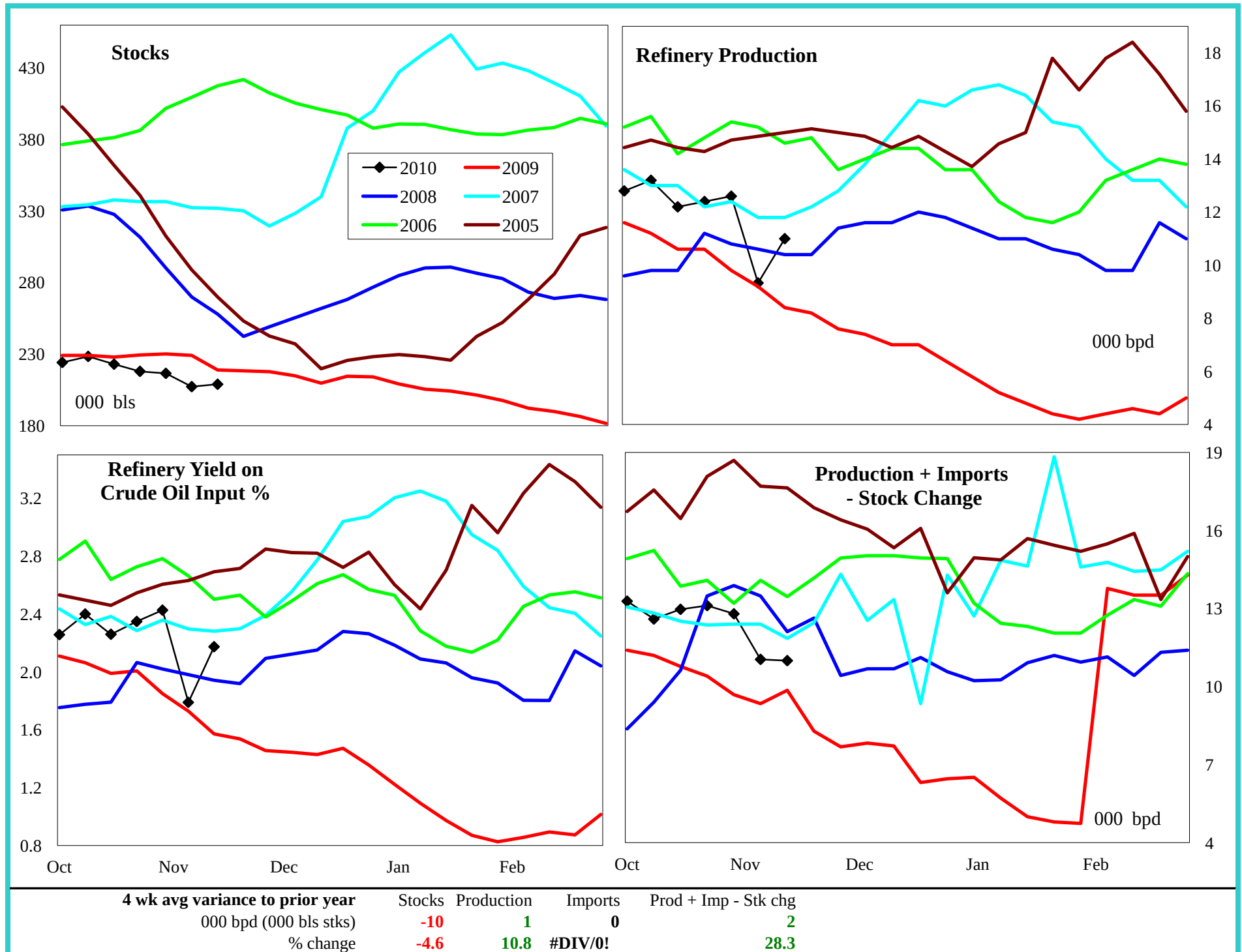
PADD 4 Distillate Supply



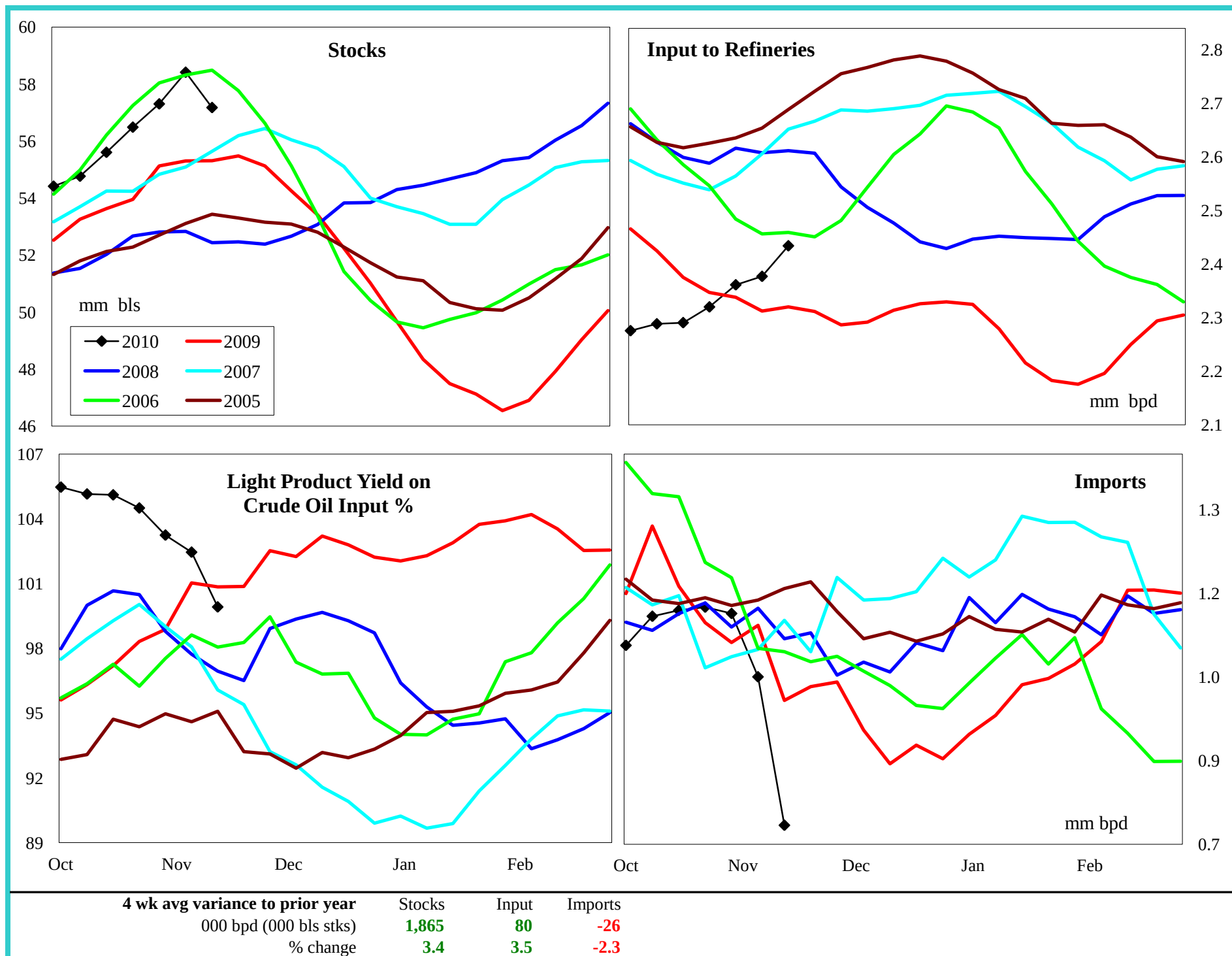
PADD 4 Jet Fuel Supply



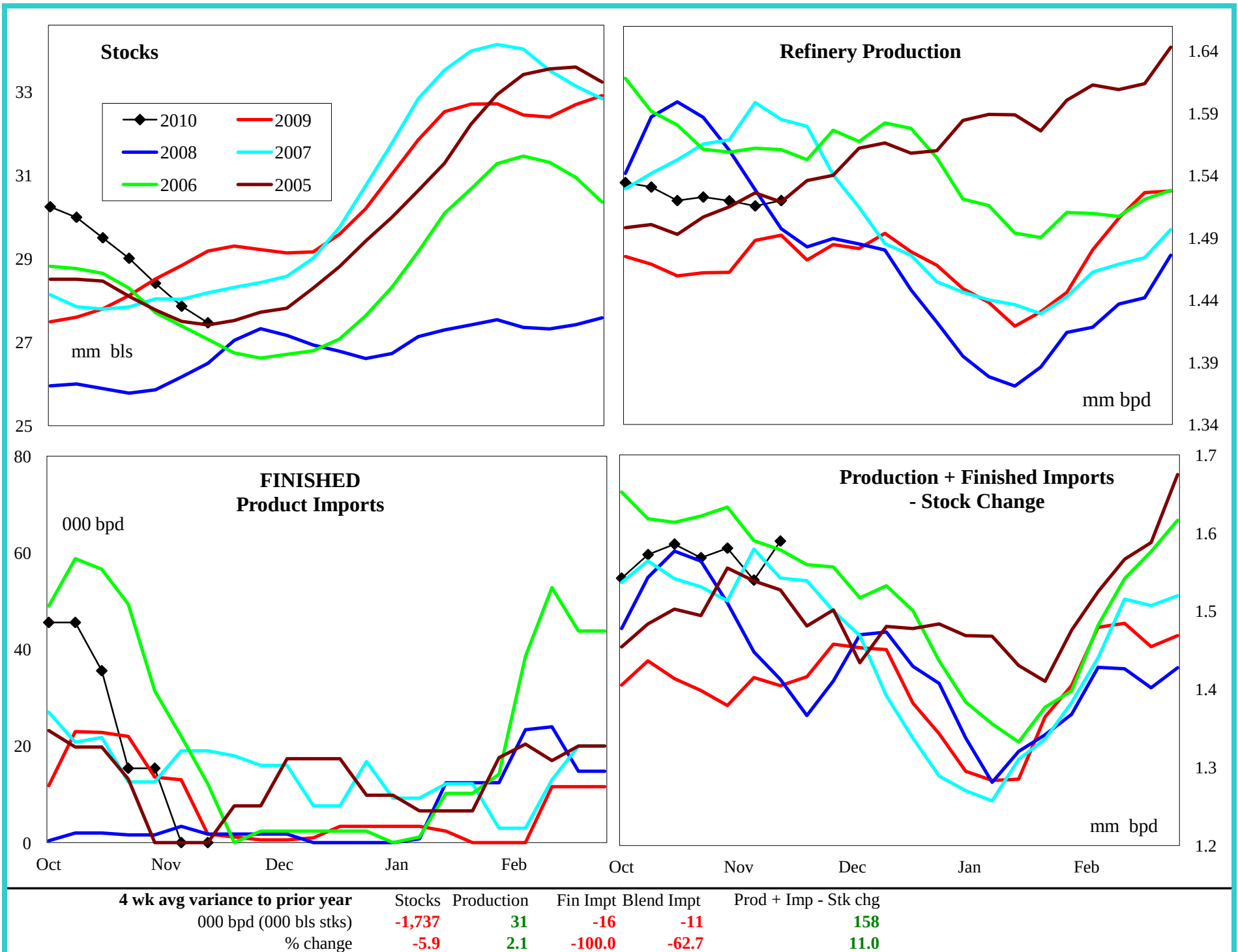
PADD 4 Residual Fuel Oil Supply



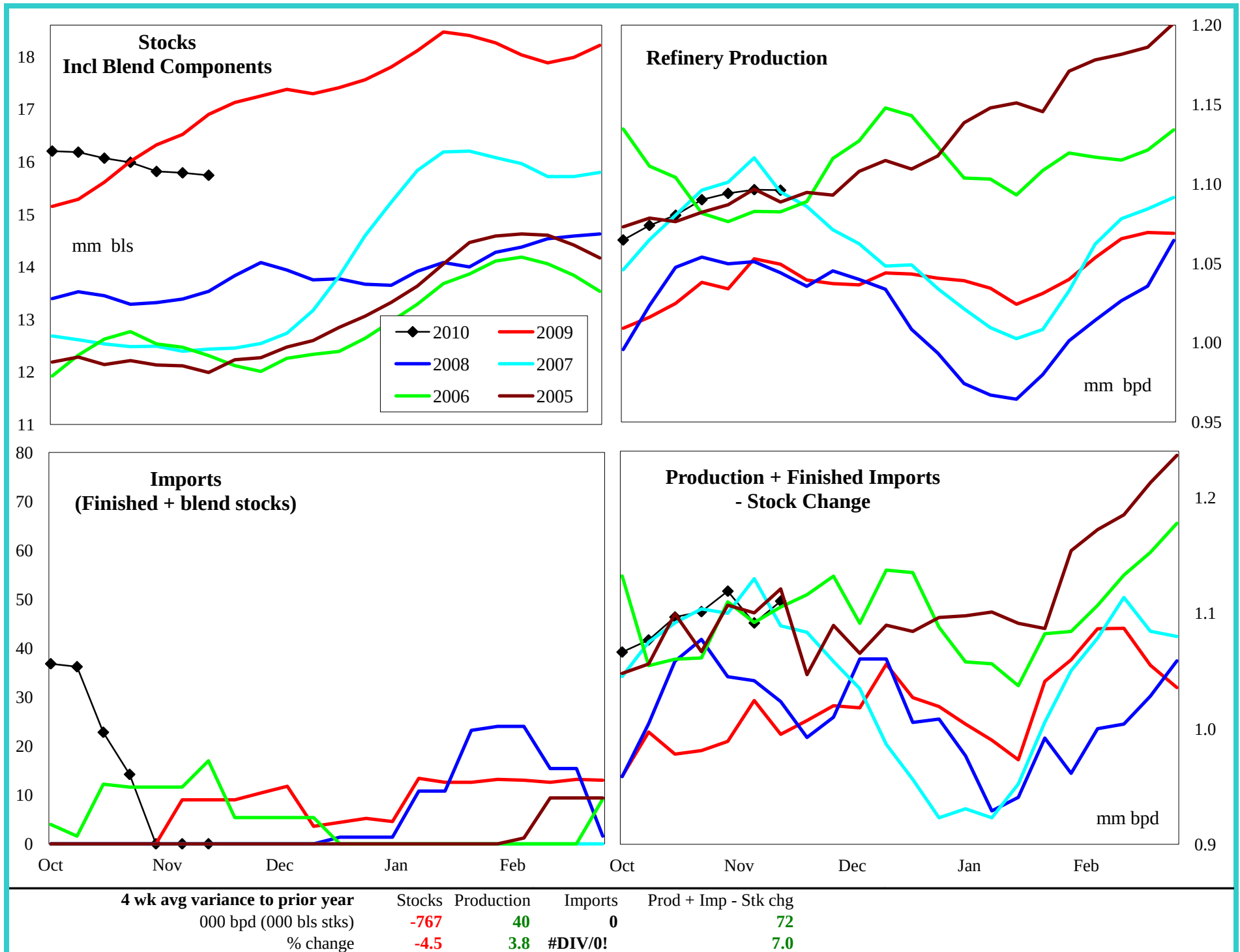
PADD 5 Crude Oil Supply and Refining



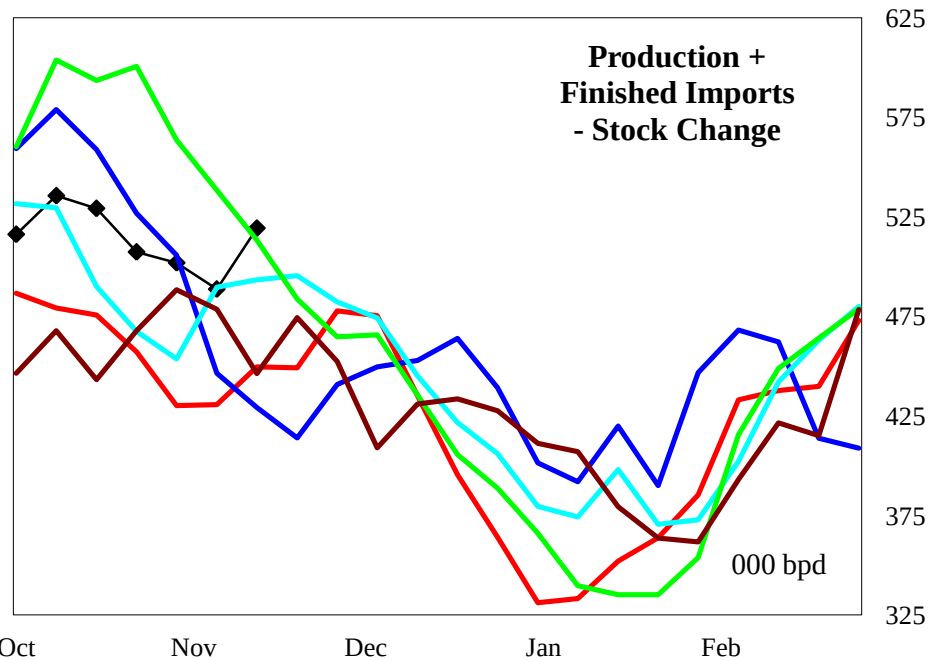
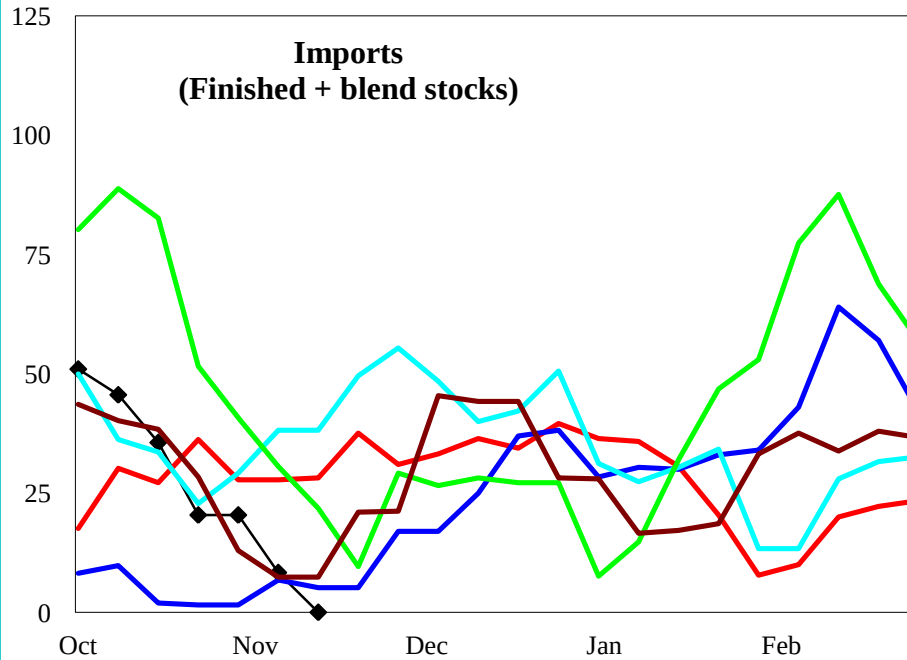
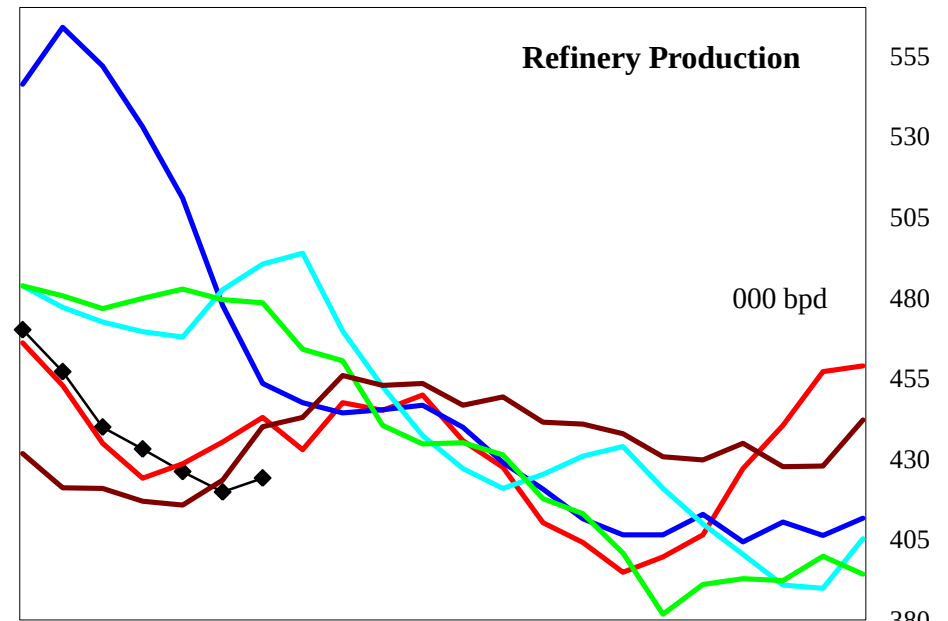
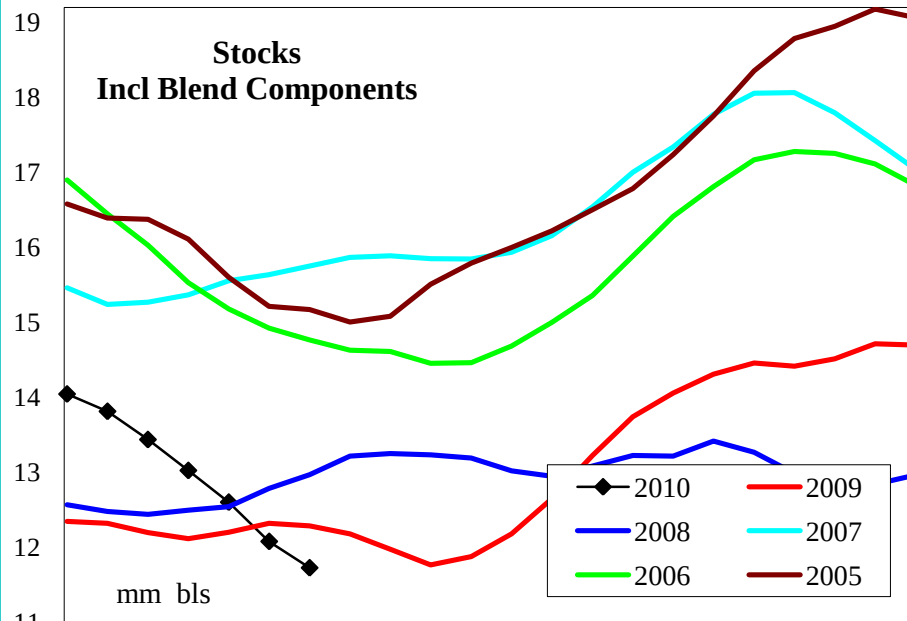
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



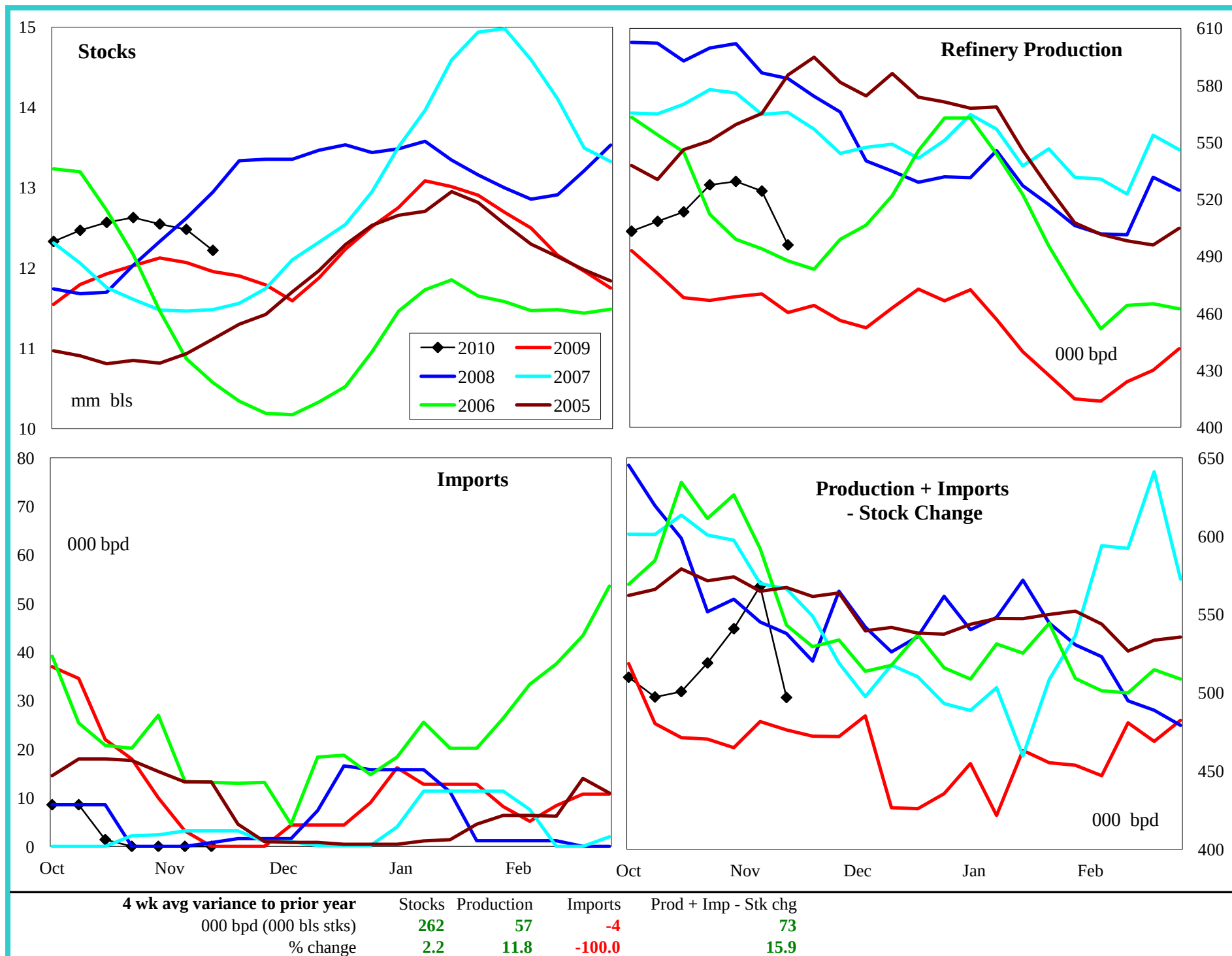
PADD 5 Conventional Gasoline Supply



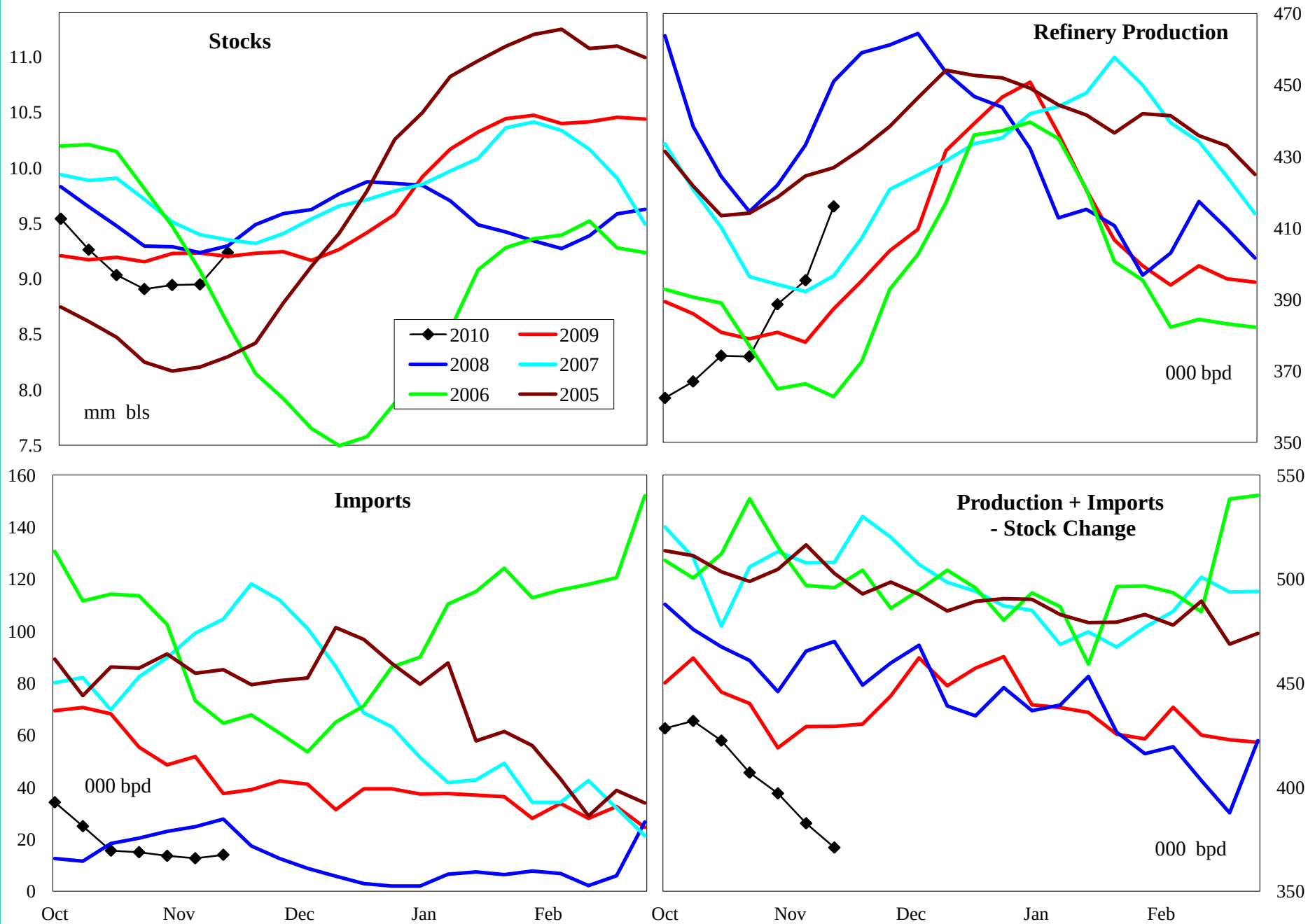
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Production	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-970	-9	-26	86
% change	-7.6	-2.0	-80.6	21.2

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

5

0.1

Production

17

4.6

Imports

-35

-71.1

Prod + Imp - Stk chg

3

0.7

PADD 5 Residual Fuel Oil Supply

