



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

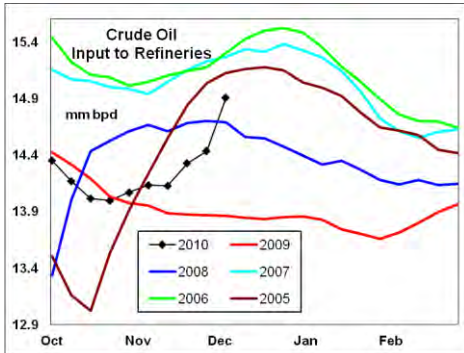
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, December 08,

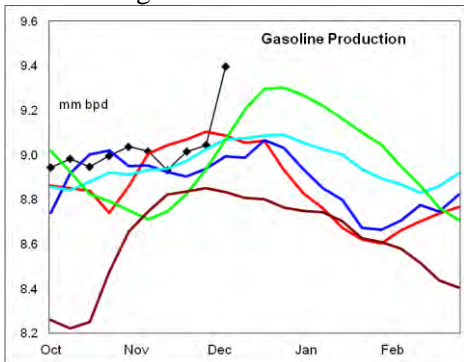


Major Fundamental Trends¹

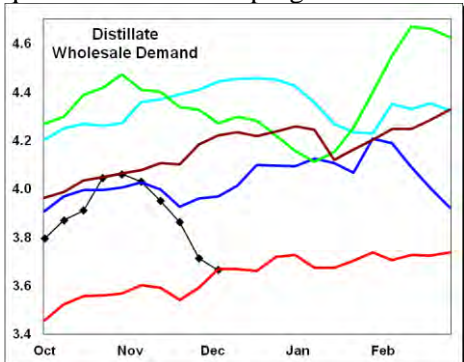
Refiners returned to operation this week after extended fall maintenance.



Runs jumped +0.8 million bpd while gasoline output increased +0.6 million bpd. The surge in gasoline output reflects not only higher crude runs, but also restart of FCCUs in the Midwest and conversion of in-process inventory to finished gasoline.



Higher refinery runs should continue for the next 6-wks, then trend seasonally lower as refiners in the Gulf and West Coast undertake winter quarter maintenance programs.

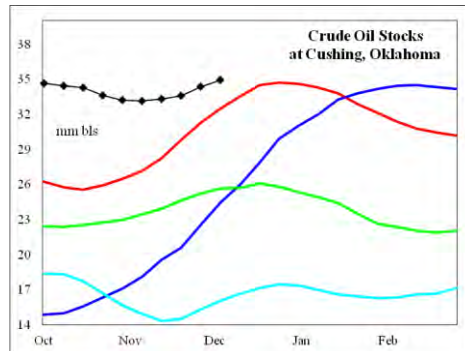


Distillate demand was unchanged last

week, the 2nd week of very low demand compared to earlier trends in the fall quarter.

Increased supplies of transport fuels should drive seasonal stock builds for the balance of the year. The supply balance for all major transport fuels should improve with stock levels returning to levels near last years' record highs by mid January.

The seasonal build of crude oil stocks in Cushing, Oklahoma continued last week, rising +0.4 million barrels, even as U.S. stock elvels decreased -3.8 million barrels. The draw was concentrated in PADD 3 and 5.



Demand for gasoline jumped +304,000 bpd on the week and residual fuel oil was +276,000 bpd higher.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -0.7%; distillate up +5.3%; jet fuel down -1.9% while residual fuel oil decreased -5%.

Stocks forward coverage: Gasoline demand coverage increased on a +3.8 million barrel build in stocks, that offset higher weekly demand. Coverage matched last years' record high.

Distillate coverage improved on +2.2 million barrel stock build and flat week-on-week demand change. The coverage level was below last years' record high.

Jet fuel coverage increased on a +0.8 million barrel stock build. Coverage was a record high for this time of year.

Refinery utilization rates increased on

a +0.8 million bpd jump in crude oil runs; with runs higher in all regions. Crude oil runs for the latest 4-wk period were +512,000 bpd above last year.

Gasoline yield % on crude oil runs increased last week on a +601,000 bpd surge in production versus a +0.8 million bpd rise in crude runs. Yield % was well below last years' record.

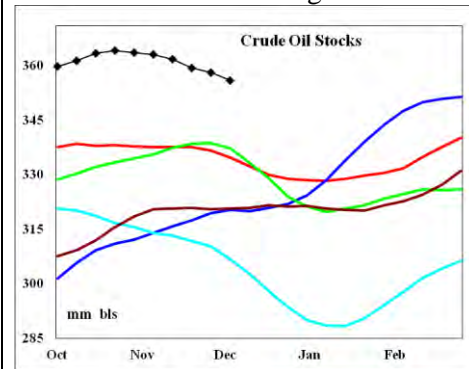
Distillate yield % on crude oil runs decreased with production up +188,000 bpd compared to the surge in crude oil runs. Yield % was below the 5-year high for the period.

Jet fuel yield % on crude oil runs decreased on a +76,000 bpd rise in output, with the yield % at the mid range.

Petroleum Imports were sharply higher for crude oil and all fuels last week; up a combined +1.1 million bpd.

During the latest 4-wk period crude oil imports increased +80,000 bpd compared to last year; distillate imports declined -31,000 bpd; finished gasoline imports decreased -43,000 bpd, gasoline blend stock imports declined -50,000 bpd; jet fuel imports were -9,000 bpd lower, while residual fuel oil imports increased +81,000 bpd.

Crude Oil imports increased +0.6 million bpd last week on sharply higher crude oil refinery runs. Stocks declined -3.8 million barrels on the week, with the draw concentrated in PADDs 3 and 5. Stocks increased +0.4 million barrels in Cushing.



¹ Source is latest EIA Weekly Statistics



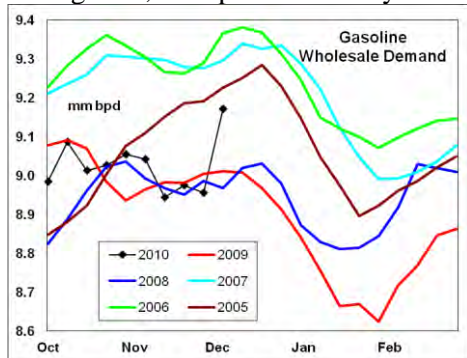
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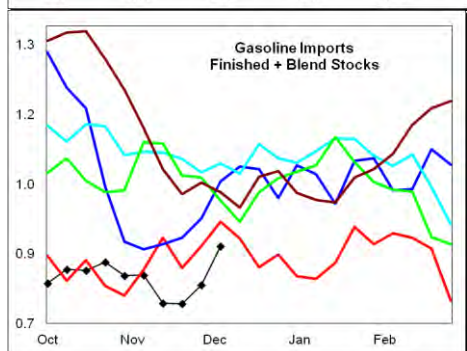
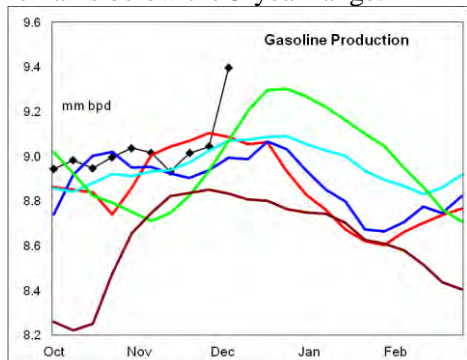
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Product Supply-Demand Trends

Gasoline demand increased +304,000 bpd last week, with the latest 4-wk average -61,000 bpd below last year.



Production jumped +601,000 bpd on the week (including a +51,000 bpd EIA adjustment at the U.S. level); with the level reaching a new 5-year high. The spike was due to higher crude oil runs, restart of FCCUs in the Midwest and blending in-process inventory into finished gasoline. Imports increased +168,000 bpd although the level remains below the 5-year range.



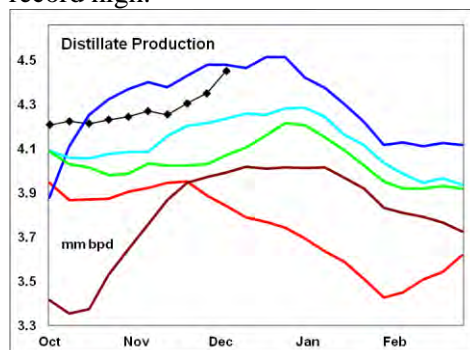
Stocks increased +3.8 million barrels on the week, with builds in all regions.

Seasonal stock builds should continue on high production and lower demand. Expect price weakness compared to the overall energy complex.

Distillate demand was nearly unchanged on the week, with the latest 4-wk average up +189,000 bpd over last year; the lowest year-on-year increase of 2010.

Supply jumped +332,000 bpd on the week, with both production and imports sharply higher. Production levels were near 2008 5-year highs..

Stocks increased +2.2 million barrels on the week. Stock levels were -7.1 million barrels below last years' record high.



Demand has been sharply lower from earlier levels for each of the last 2-wks. Demand is likely to again trend seasonally higher as heating use increases.

Production jumped +188,000 last week, with increases in all regional markets. Imports increased +144,000 bpd, to the highest level of the last three years.

Last week represented the first meaningful improvement in the supply balance since fall refinery maintenance began. With higher crude oil refinery runs, expect further improvement in supplies over the next 6-wks.

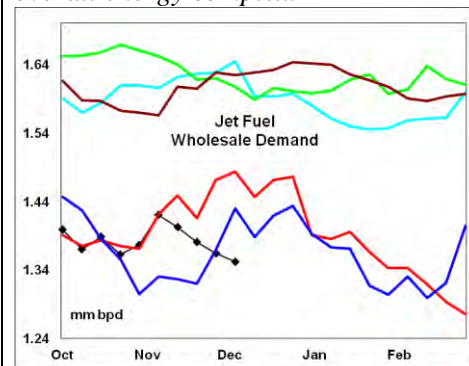
Jet Fuel demand increased +87,000 bpd last week, with the latest 4-wk average -27,00 bpd below a year ago.

Supply increased +171,000 bpd last week, with both production and imports higher. Stocks increased +0.8 million barrels on the week, to a level +3 million barrels above the prior 5-year high.

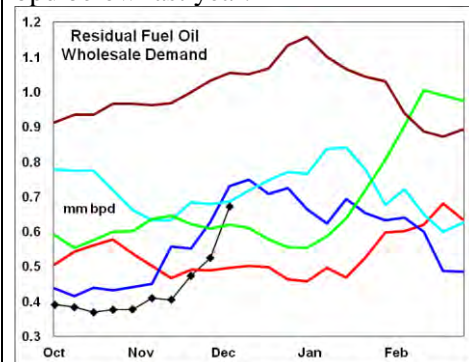
Compared to the last 2-year range; stock levels are extremely high while demand is lower. Imports have

increased above the prior 2-years and production was near the 2-year average.

These trends point to a well supplied market that has emerged since the recession begin. Expect limited price strength compared to the overall energy complex.



Residual fuel oil demand, including exports, jumped +276,000 bpd last week, with the 4-wk average -25,000 bpd below last year.



Supply (production + imports) increased +115,000 bpd on the week, the result of higher imports. The latest 4-wk average was -78,000 bpd below a year ago. Stocks decreased -0.7 million barrels on the week; with levels above four of the last 5-years.

Higher production in PADDs 1 and 2 has lifted stock levels, while increased output in PADD 3 has driven exports (included in wholesale demand). Key markets remain very well supplied.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

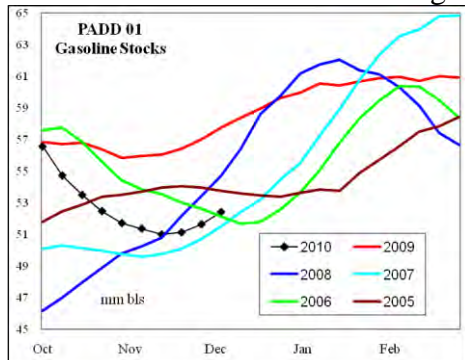
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PADD Supply Trends

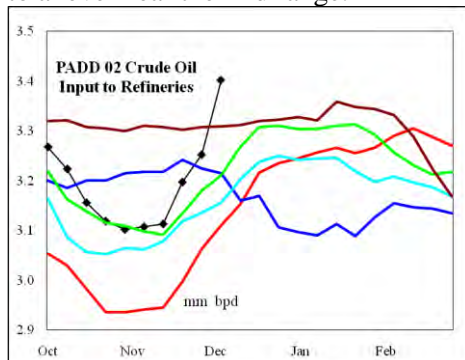
PADD 1 refinery crude oil runs increased +169,000 bpd on the week, with the 4-wk average -196,000 bpd below last years' record low rate. Crude oil imports were nearly unchanged on the week, at a level near last years' record lows.

Gasoline production increased +124,000 bpd, with imports also higher by +199,000 bpd. The increase in supply lifted stocks +1.6 million barrels. Stock levels remain at the low end of the historic range.



Distillate supply increased +207,000 bpd last week. The jump in supply led to a +0.6 million barrel stock build. Stock levels were -5.6 million barrels below last years' record high.

Jet fuel supply increased +21,000 bpd on higher imports. Stocks declined -0.3 million barrels last week, to a level near the mid range.



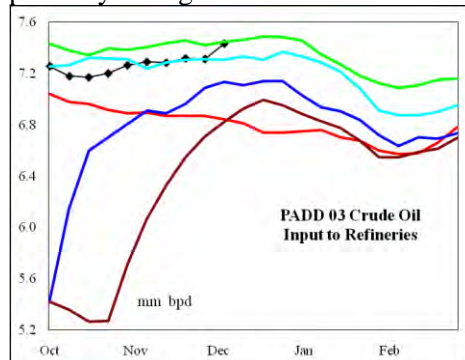
PADD 2 crude oil refinery runs increased +250,000 bpd on the week, to a level above the 5-year historic range. Imports increased +365,000 bpd on the week, a record high level. Stocks were nearly unchanged on the week. Stocks increased +0.4 million barrels in Cushing.

Gasoline production surged +369,000 bpd as refiners returned to operation, converting in-process inventories to finished gasoline. Stocks increased +0.9 million barrels on the week, although the level remains below the mid range.

Distillate production increased +34,000 bpd on the week, to a level well above the mid range. Stocks increased +1.5 million barrels to a level above the mid range.

Jet fuel production surged +77,000 bpd on the week, to a record high level. Stocks increased +0.4 million barrels to a new record high.

PADD 3 crude oil runs increased +245,000 bpd last week, with the latest 4-wk average +447,000 bpd above a year ago. Crude imports decreased -270,000 bpd on the week, with the level +8% above the 5-year low. Stocks declined -1.9 million barrels, ending the week at a level above the prior 5-year high.



Gasoline production increased +74,000 bpd on the week. Stocks increased +0.5 million barrels last week with the level +4.7 million barrels above the prior record high.

Distillate production increased +49,000 bpd last week, a level above the historic range. Stocks declined -0.8 million barrels, to a level -0.9 million barrels below last years' record high.

Jet fuel production decreased -5,000 bpd last week, to a level matching the last 2-years. Stocks increased +0.3 million barrels on the week. Stock levels were +3.1 million barrels above the prior record high.

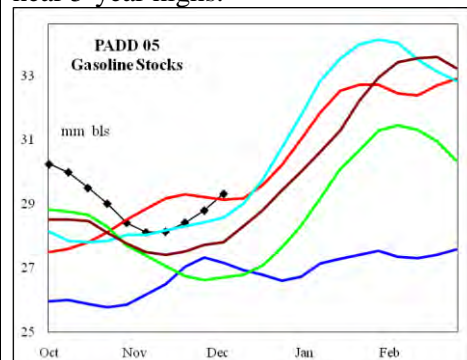
Residual fuel oil supply increased +64,000 bpd on higher imports last week. Stocks decreased -0.8 million barrels on the week, although the level remains +2 million barrels above the prior record high.

PADD 4 refinery crude runs increased +3,000 bpd on the week, to a level matching 5-year highs. Crude oil stocks and imports fell last week; although stock levels remain above the historic range.

Gasoline production increased +5,000 bpd on the week, to a level that matched the last 2-years. Stocks increased to a level matching 5-year highs.

Distillate production increased +30,000 bpd last week, to a level matching the 5-year high. Stocks increased +0.4 million barrels to a new 5-year high.

PADD 5 crude oil refinery runs increased +122,000 bpd on the week, with the latest 4-wk average +68,000 bpd above last year. Crude imports increased +523,000 bpd, to a record high weekly level. Stock levels were near 5-year highs.



Gasoline production decreased -22,000 bpd last week, to a level near the 5-year mid range. Stocks increased +0.4 million barrels, to a level just above the 5-year range for this time of year.

Distillate production increased +12,000 bpd on the week, to a level above the 5-year range. Stocks increased +0.5 million barrels to a level that matched the 5-year high.


**FUNDAMENTAL
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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

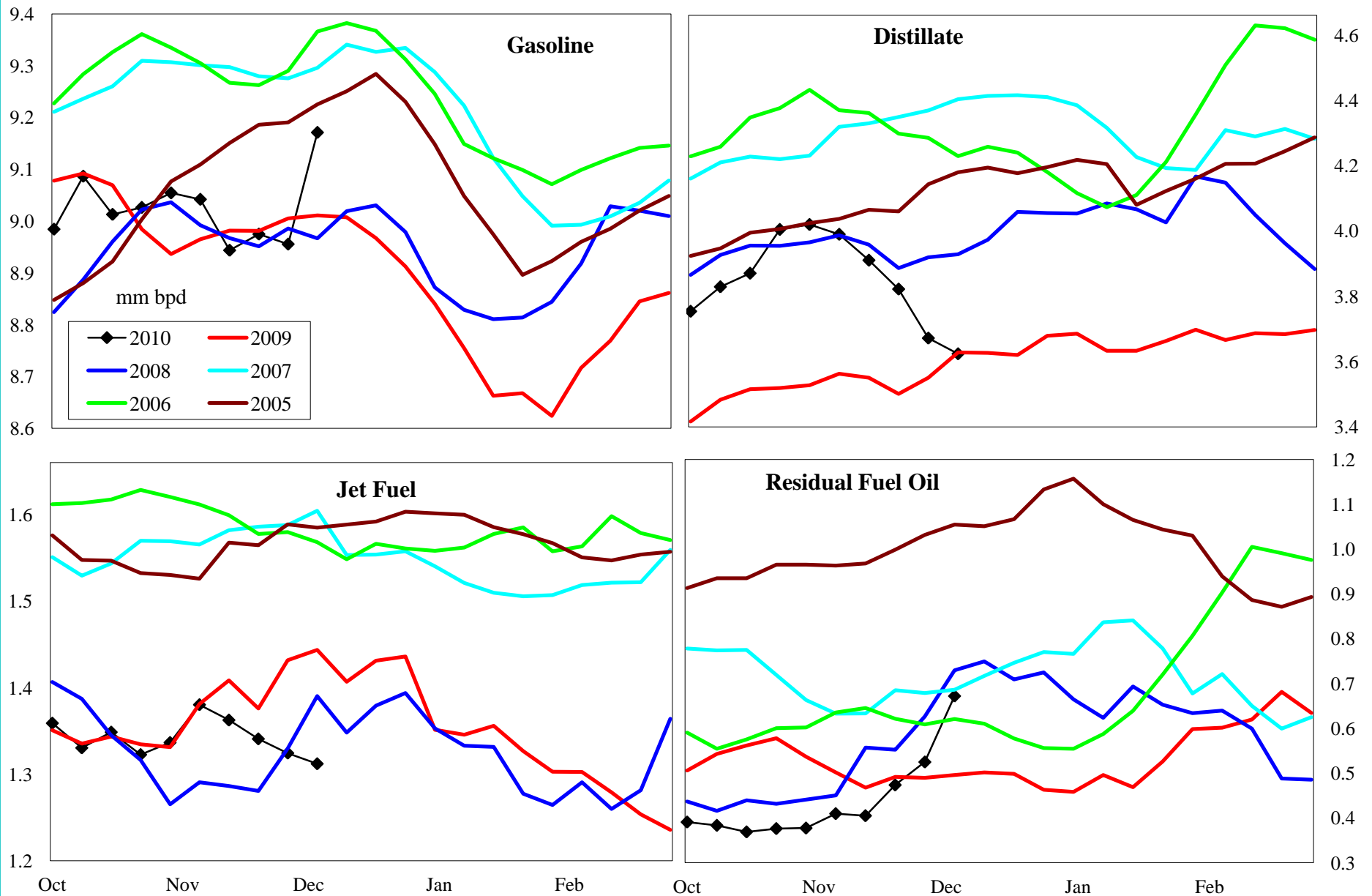
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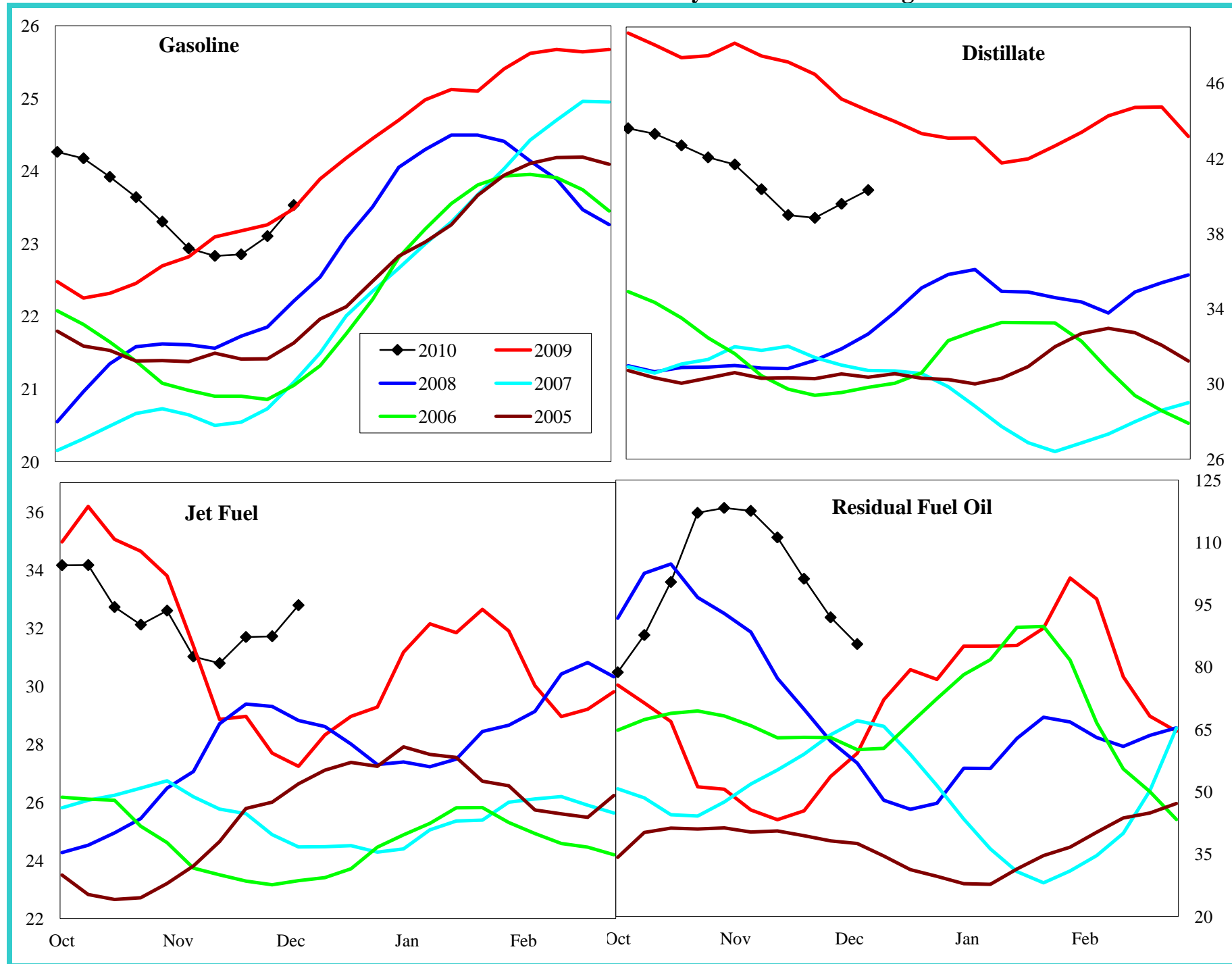
Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization</u>				<u>Imports</u>
Supply/Demand Trends	3-Dec-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	-3,819	-137	-87	-1,886	-229	-1,480
	Imports	607	30	365	-270	-41	523
	Input	789	169	250	245	3	122
	% Utilization	4.90					
<u>Gasoline</u>	Stocks	3,811	1,644	858	504	392	412
	Production	601	124	369	74	5	-22
	Imports	168	199	5	-32	0	-4
	Supplied	304					
<u>Distillate</u>	Stocks	2,154	571	1,501	-825	390	518
	Production	188	63	34	49	30	12
	Imports	144	144	1	0	0	0
	Supplied	-4					
<u>Jet Fuel</u>	Stocks	803	-349	454	276	-68	489
	Production	76	-17	77	-5	-4	24
	Imports	95	38	0	0	0	58
	Supplied	87					
<u>Residual Fuel Oil</u>	Stocks	-744	280	122	-751	-9	-386
	Production	-11	22	21	-31	-1	-23
	Imports	126	38	-7	95	0	0
	Supplied	276					

United States Wholesale Petroleum Demand

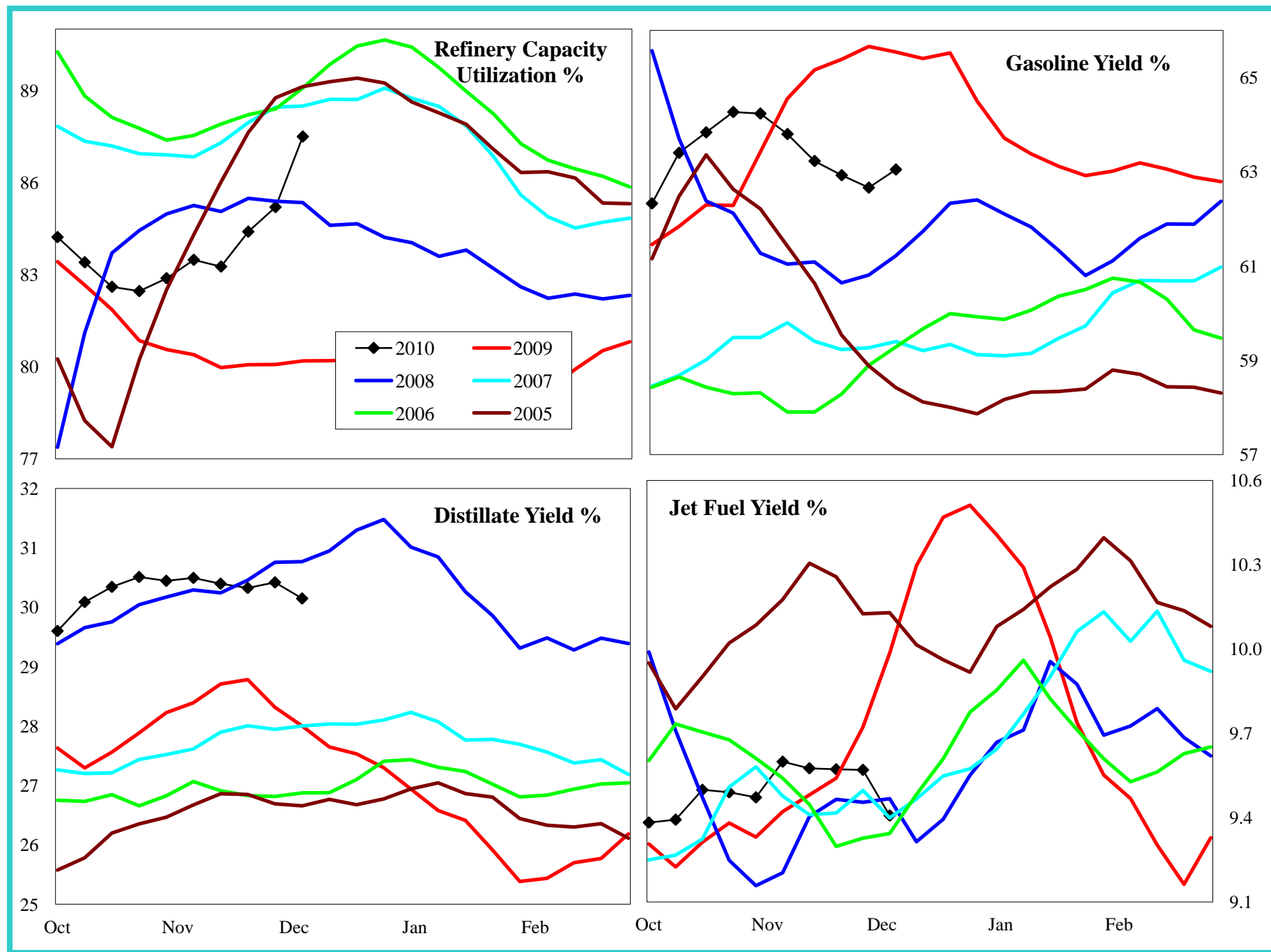


	000 bpd change from prior year				% change from prior year				
	4wk avg	Oct	Jan	Jan	4wk avg	Oct	Sep	Aug	
Gasoline	-61	94	149	76	-0.7	1.0	1.7	0.8	
Distillate	189	476	229	364	5.3	13.0	6.4	10.6	
Jet Fuel	-27	-16	36	0	-1.9	-1.2	2.5	0.0	
Resid	-25	-110	76	-22	-4.9	-22.2	22.4	-4.7	

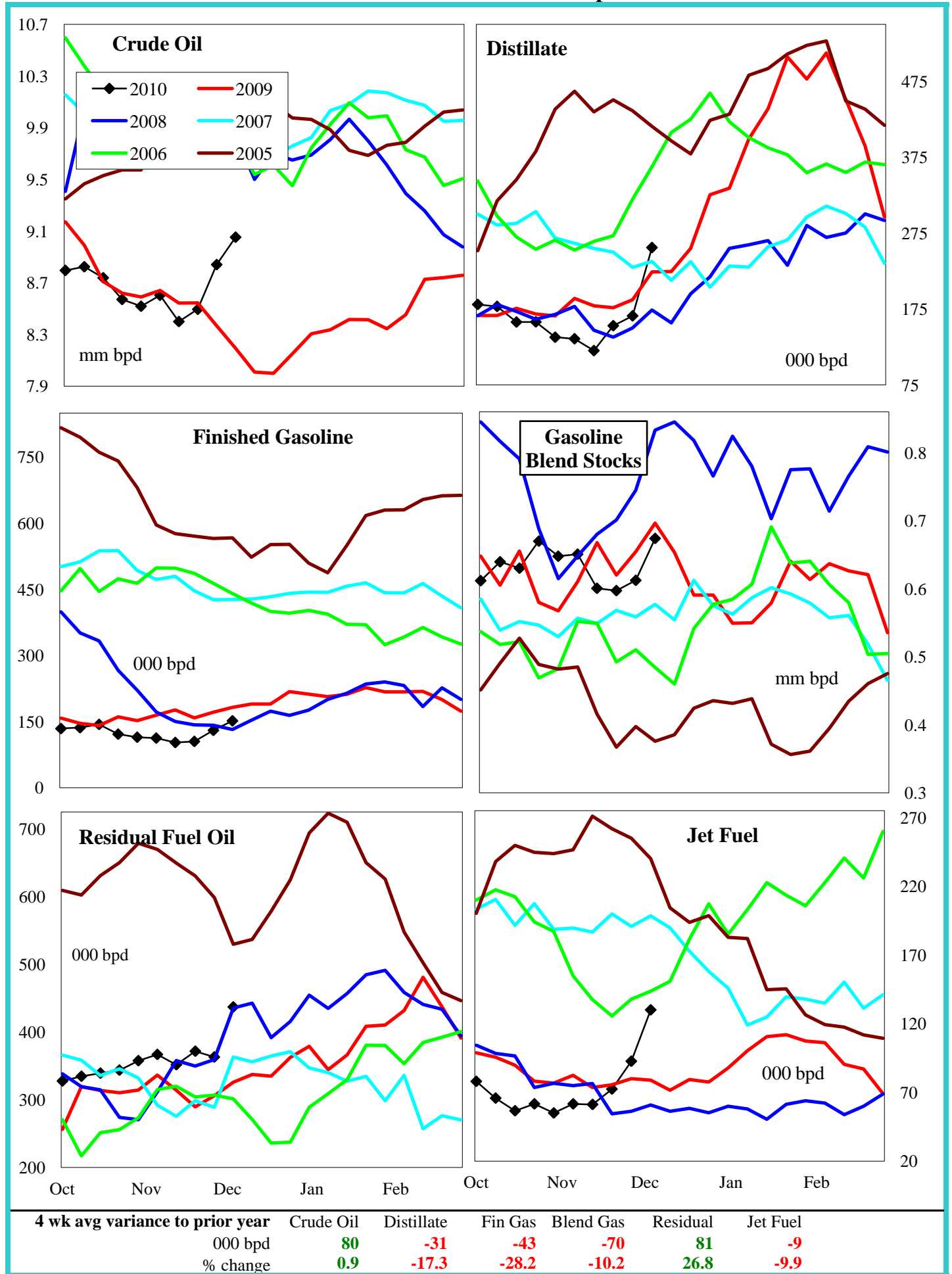


United States Product Stocks: Days Forward Coverage

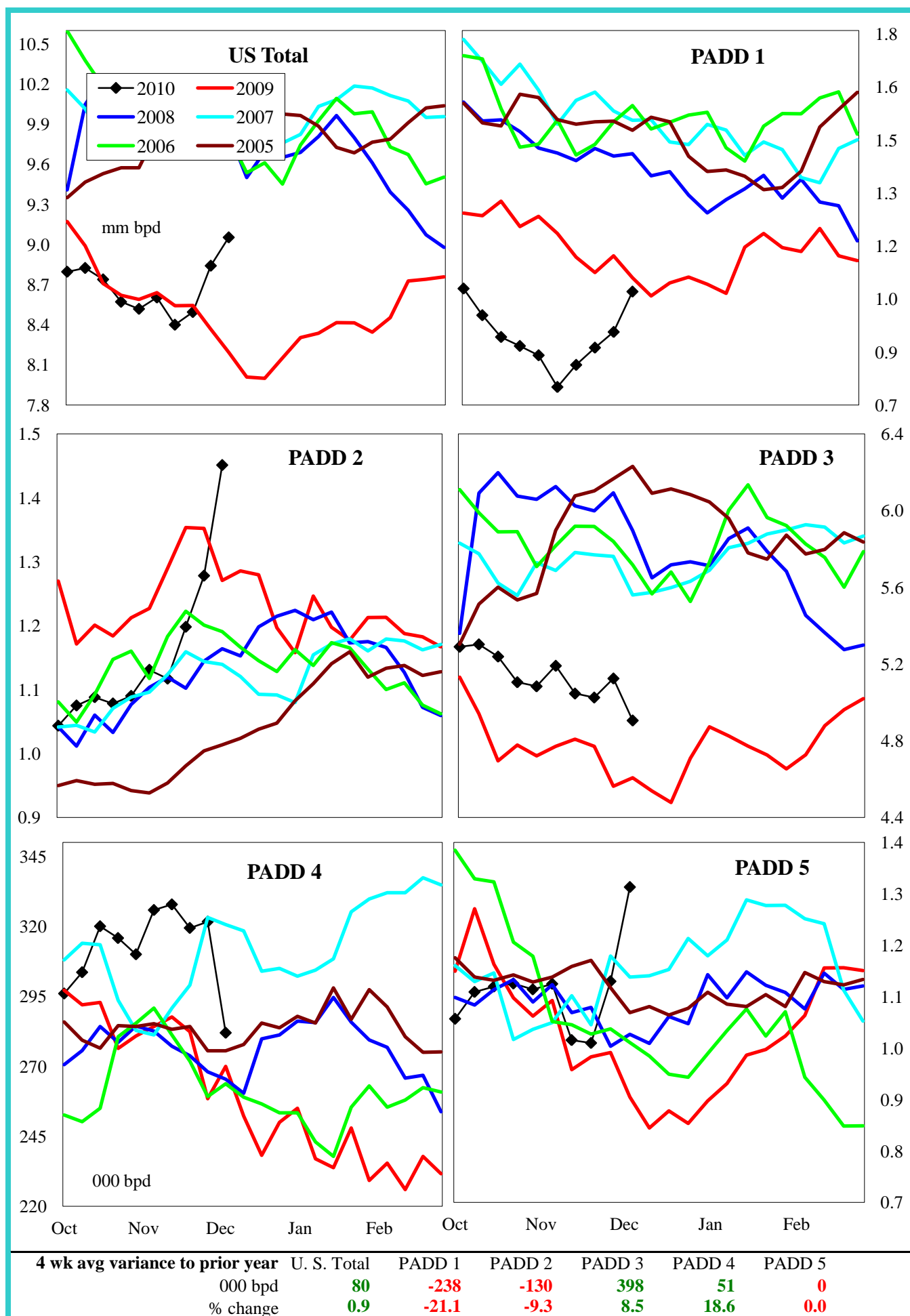
United States Refinery Percent Utilization Rate and Product Yields



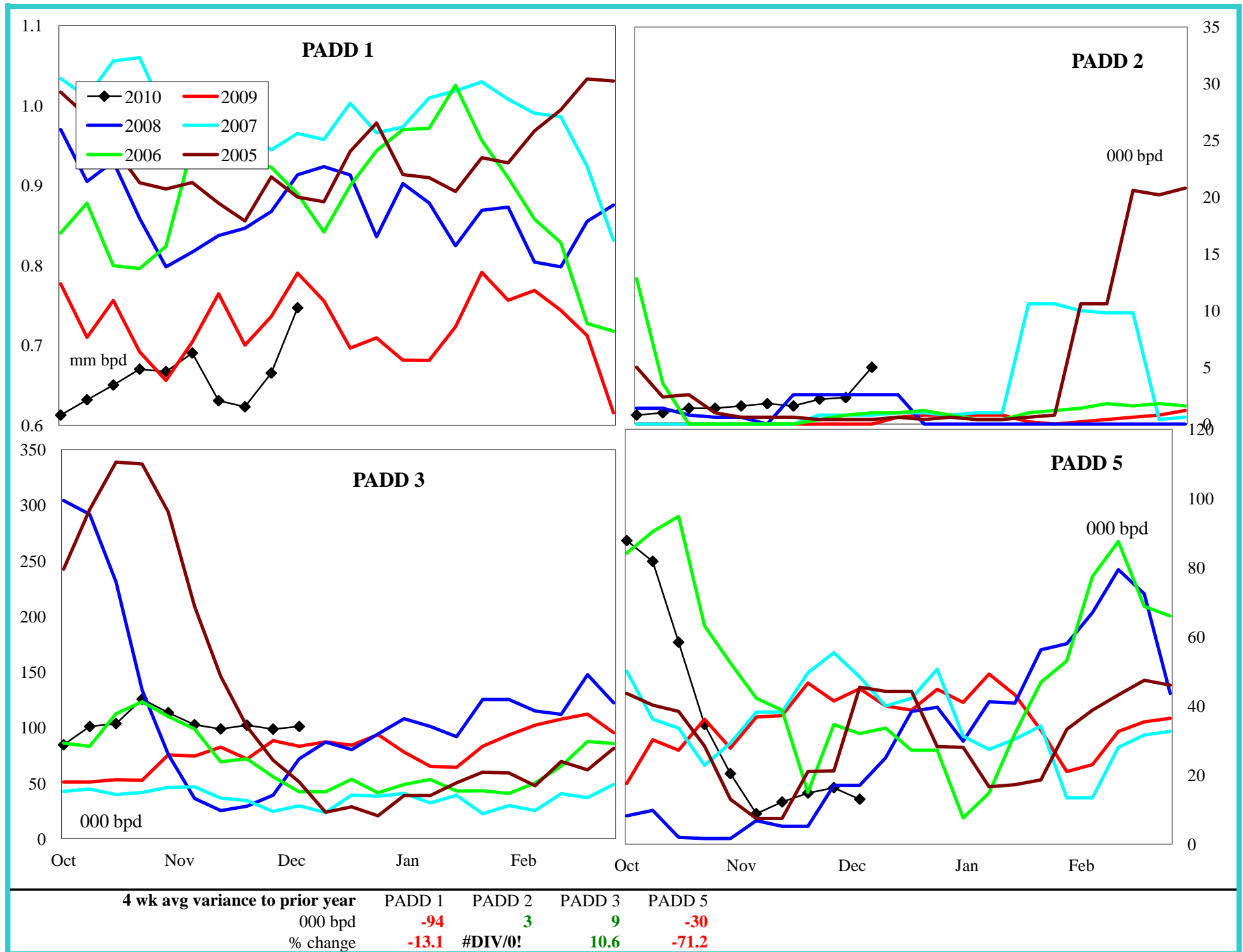
United States Petroleum Imports



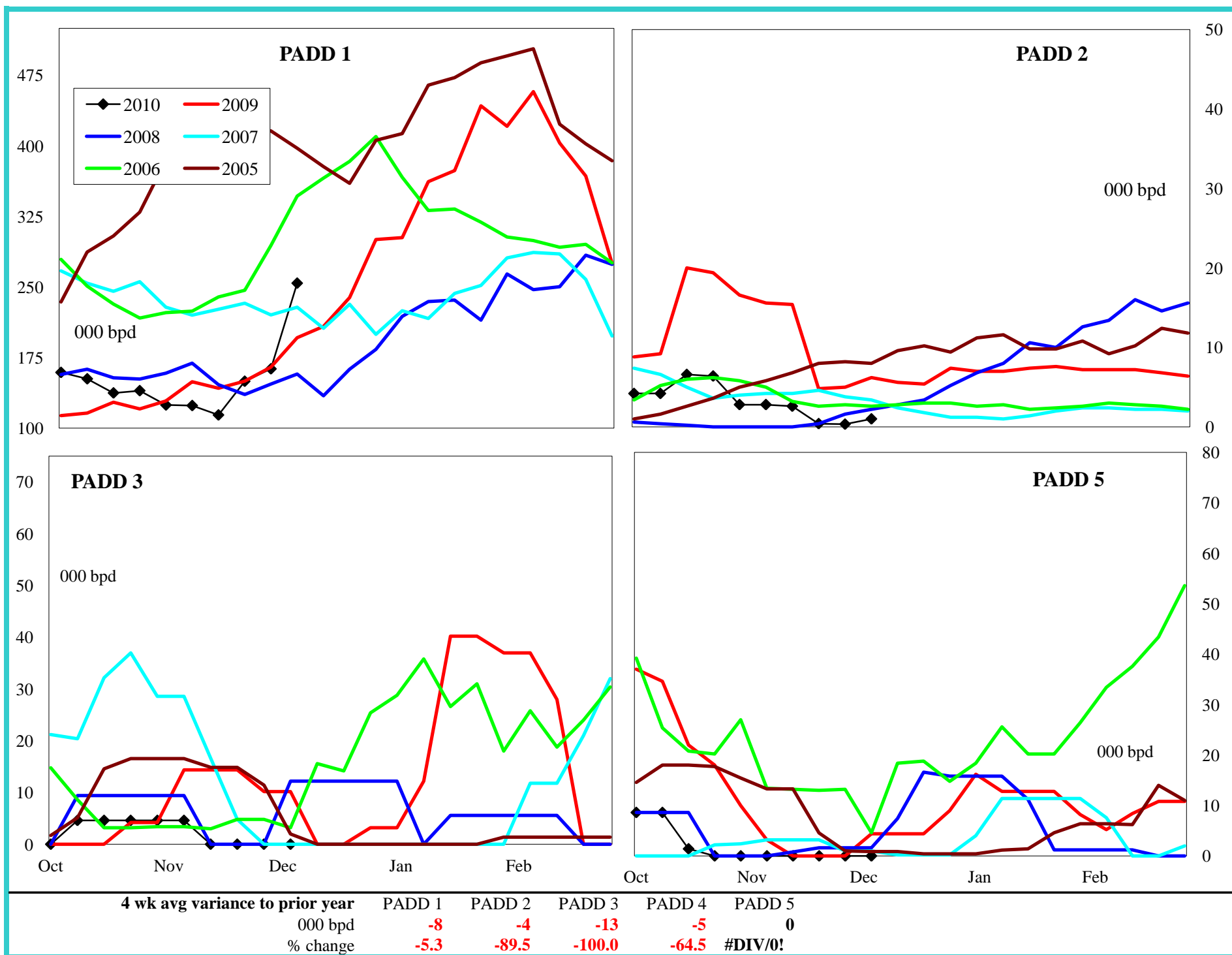
Crude Oil Imports by PADD



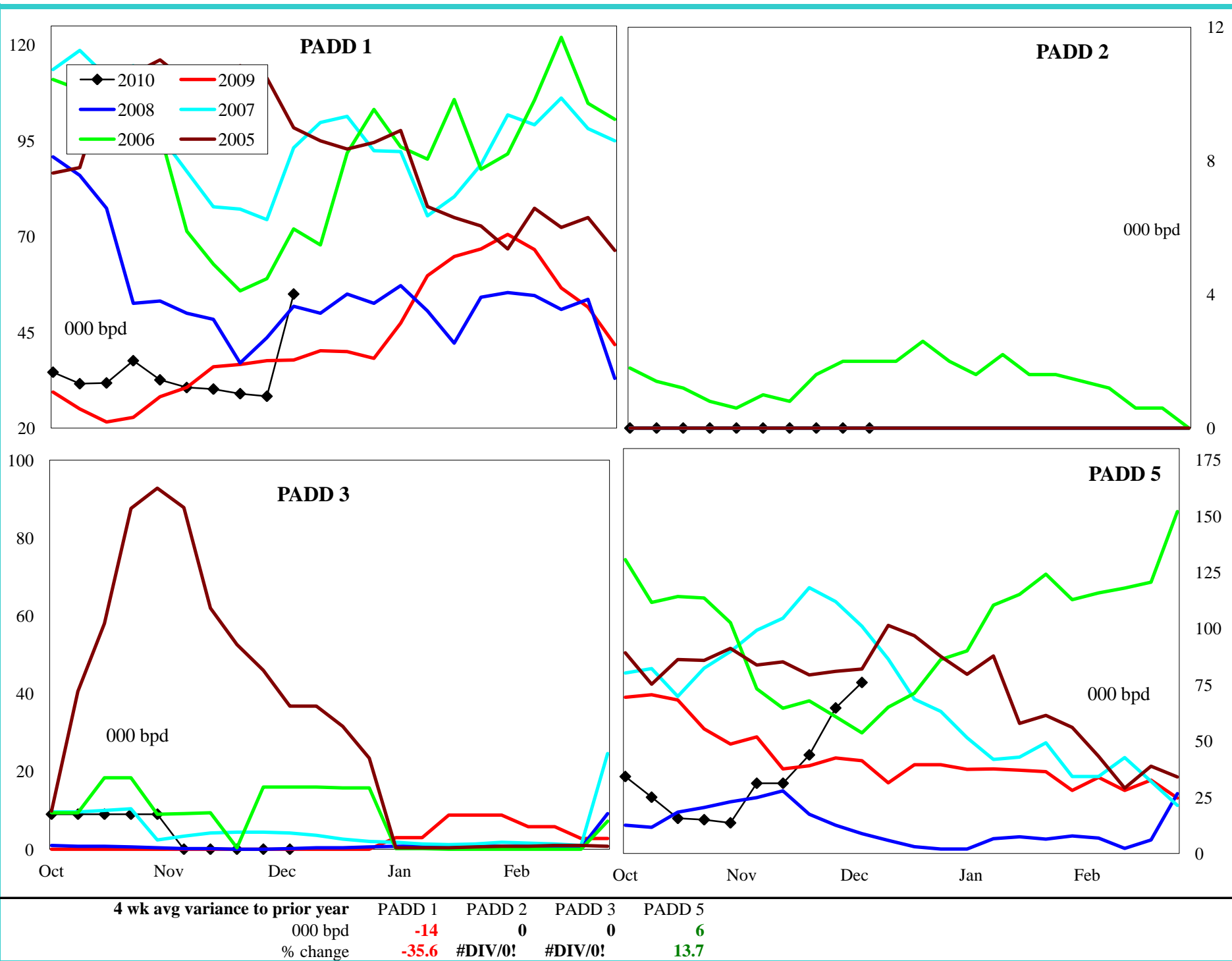
Gasoline Imports by PADD (Finished + Blend Stocks)



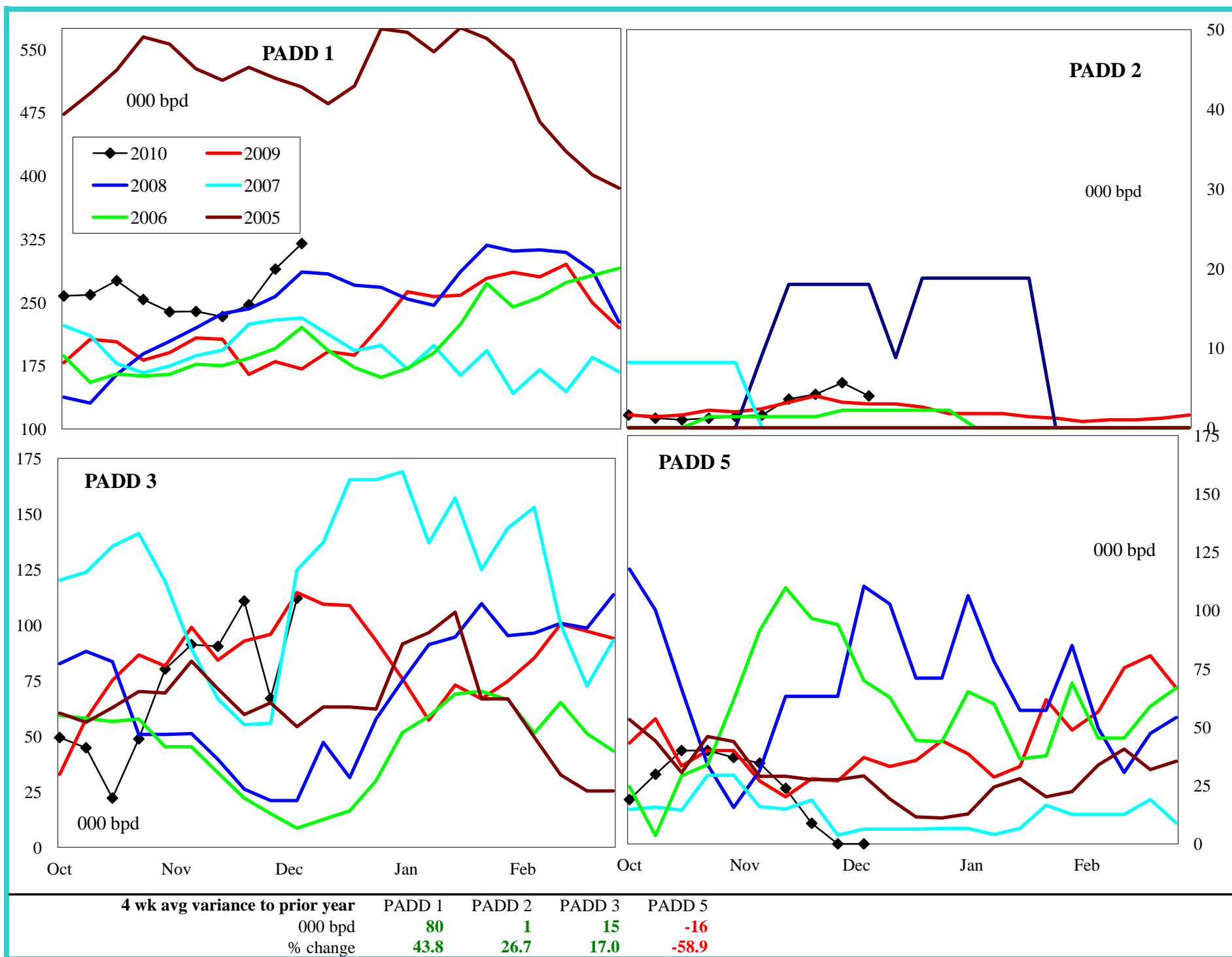
Distillate Imports by PADD



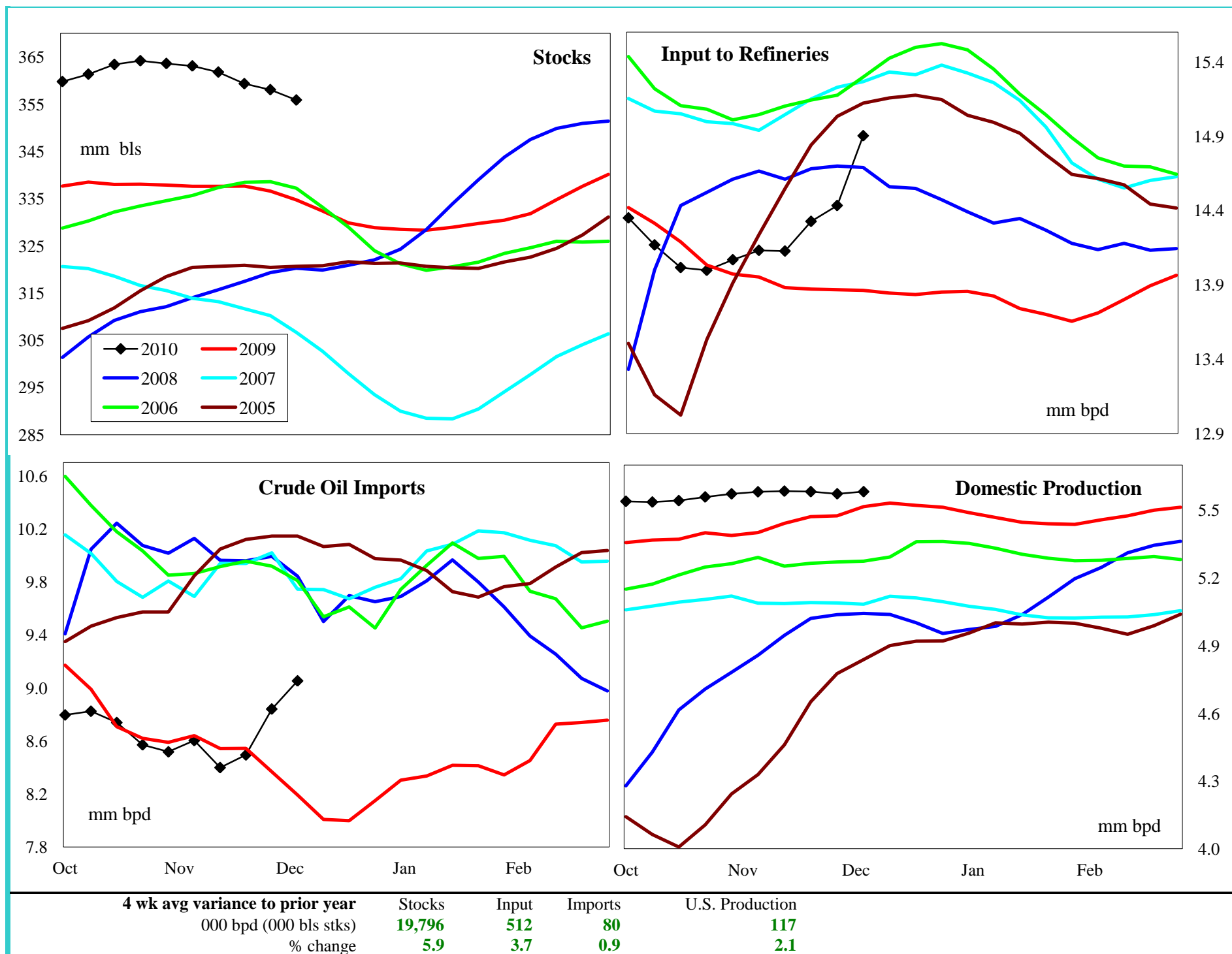
Jet Fuel Imports by PADD



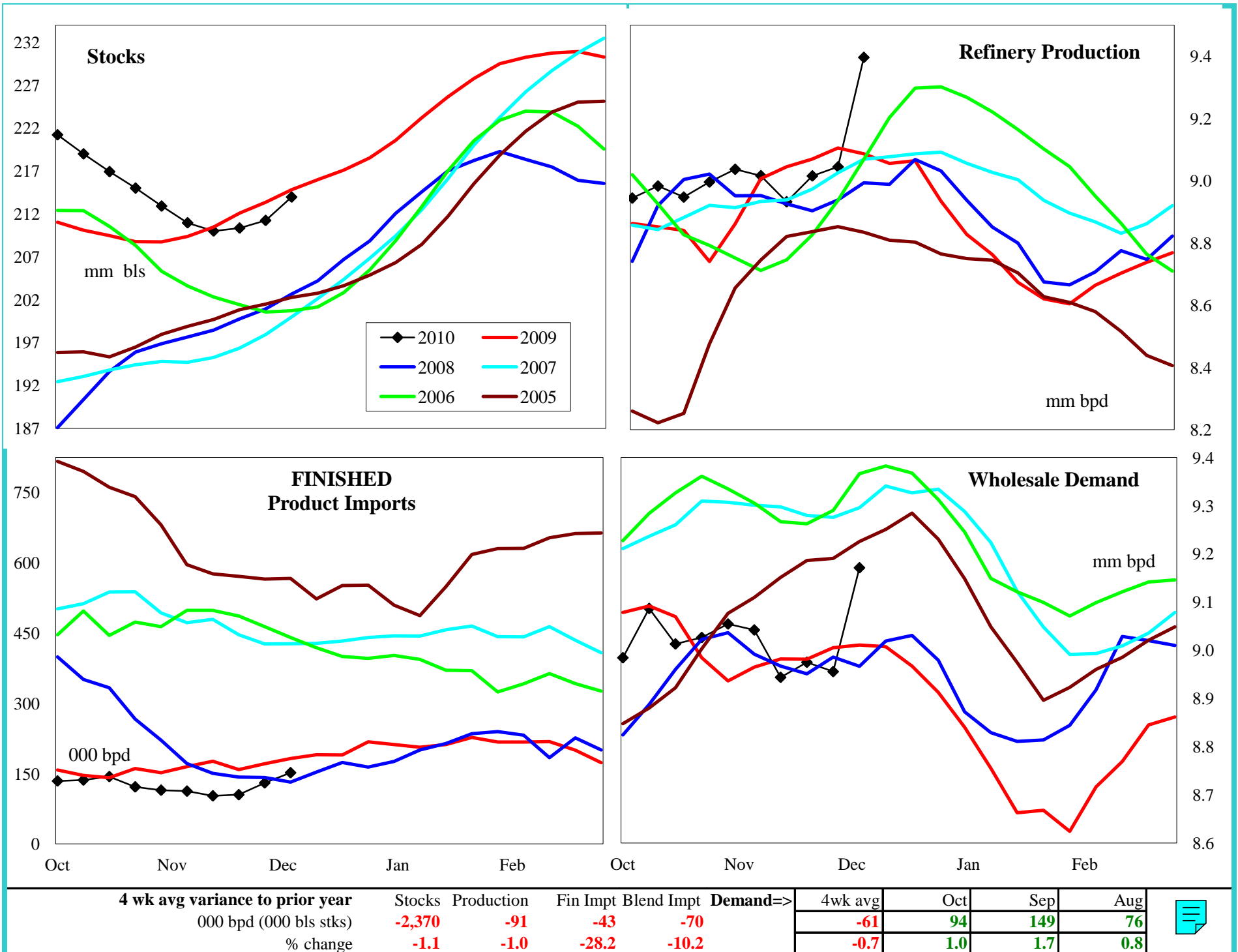
Residual Fuel Oil Imports by PADD



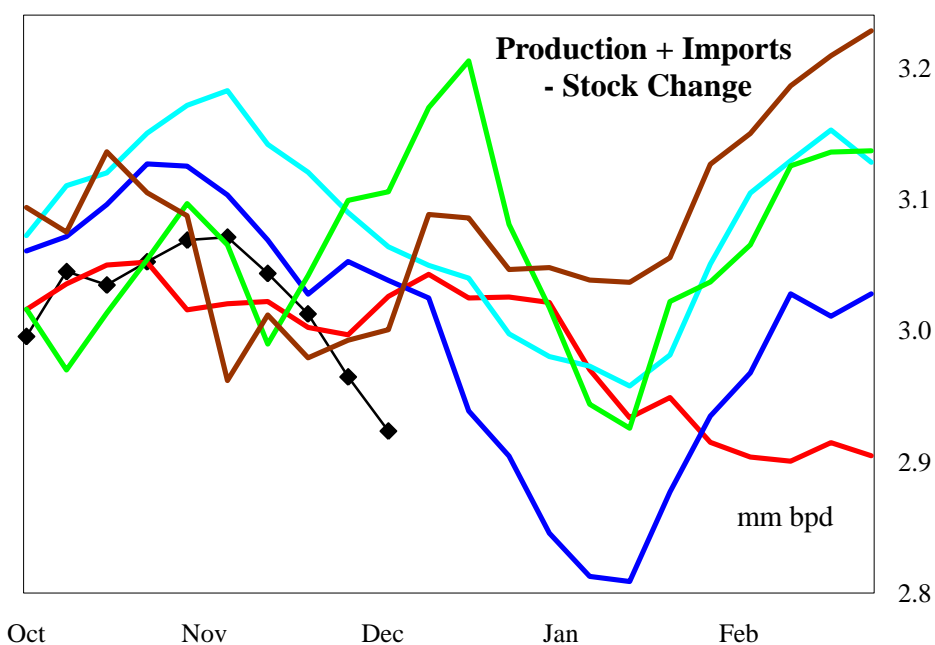
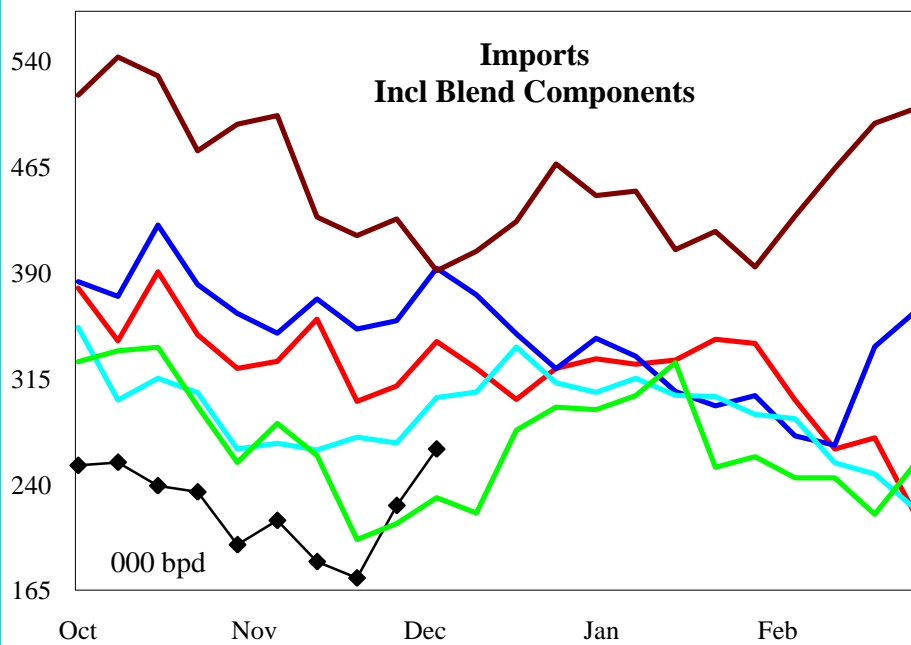
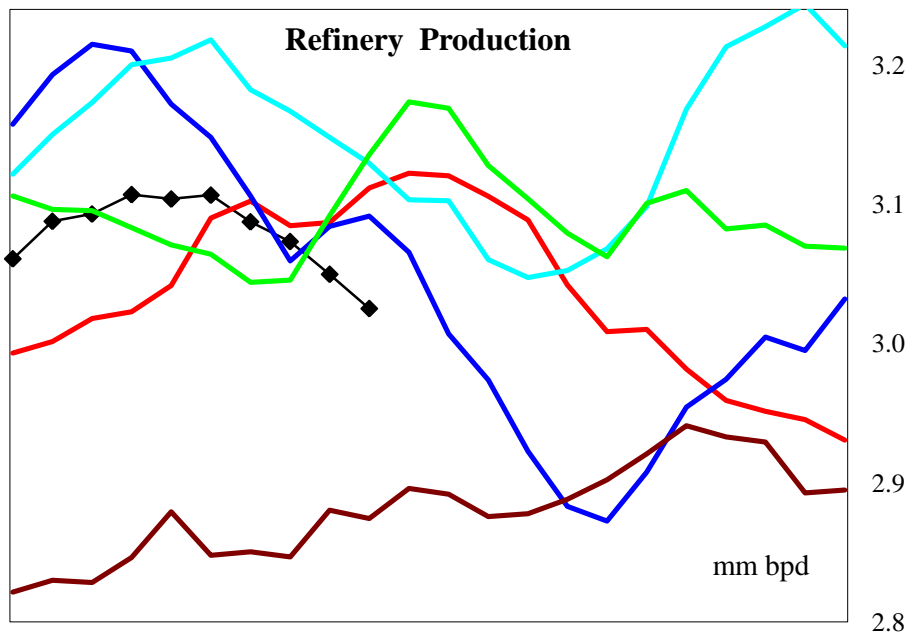
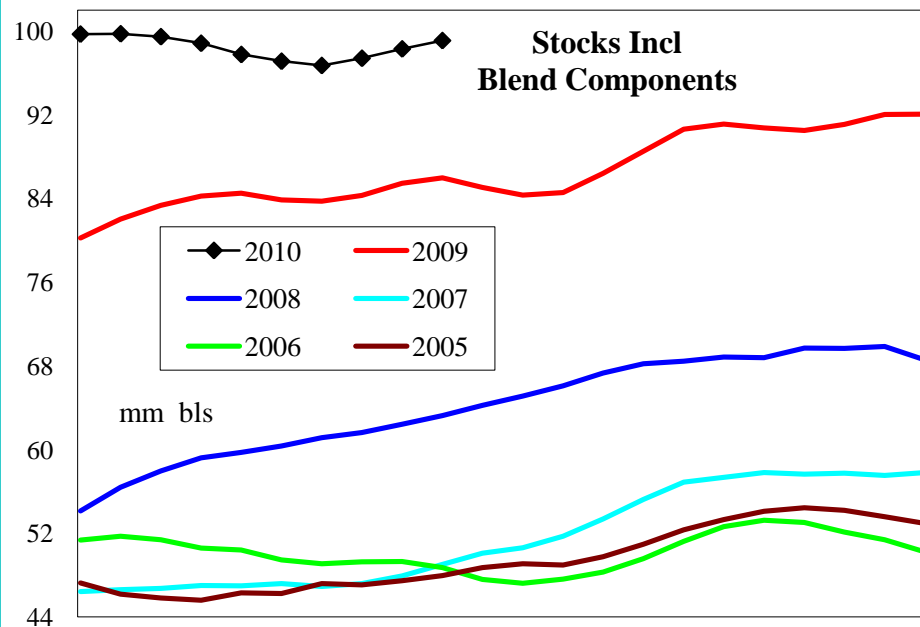
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



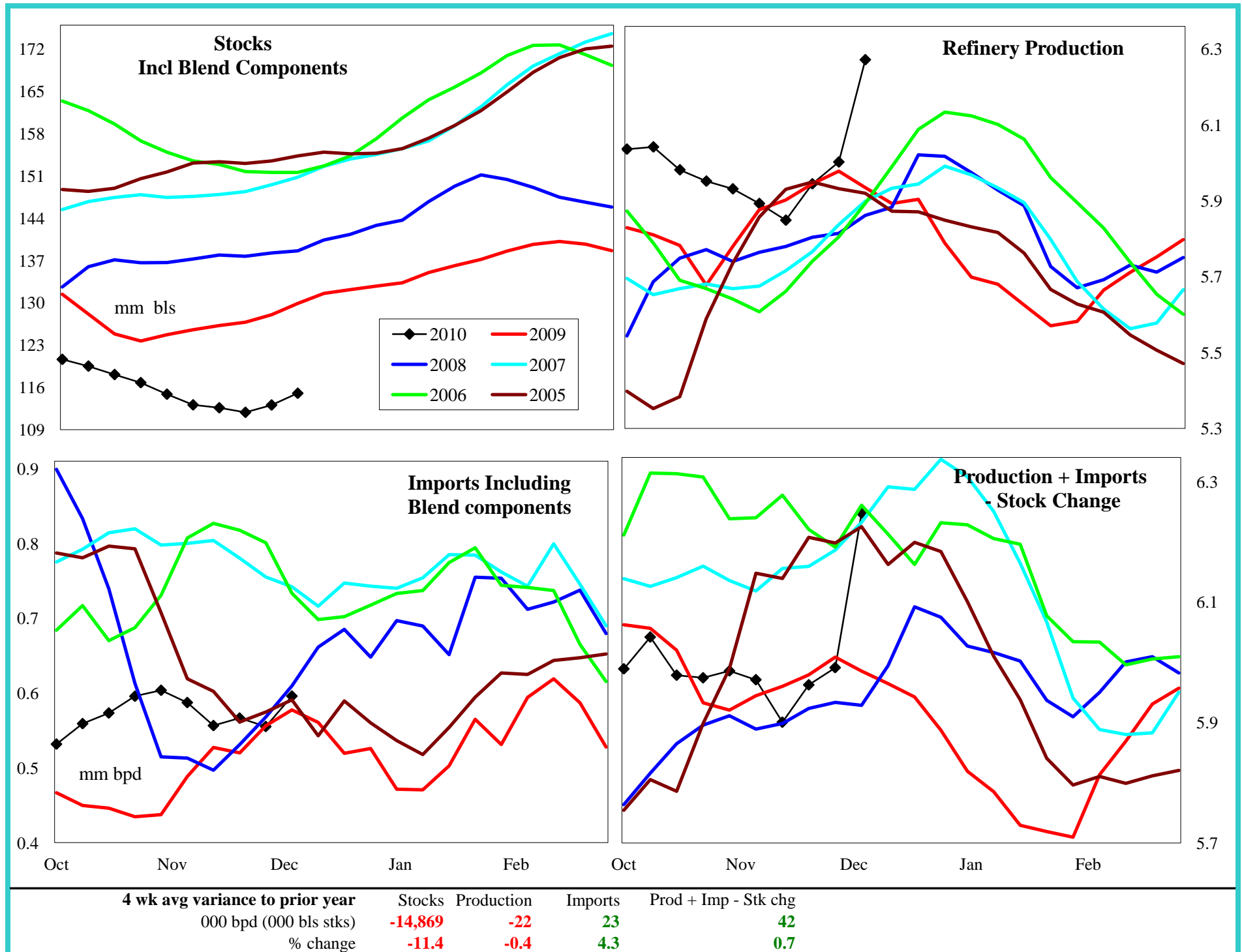
United States Reformulated Gasoline Supply



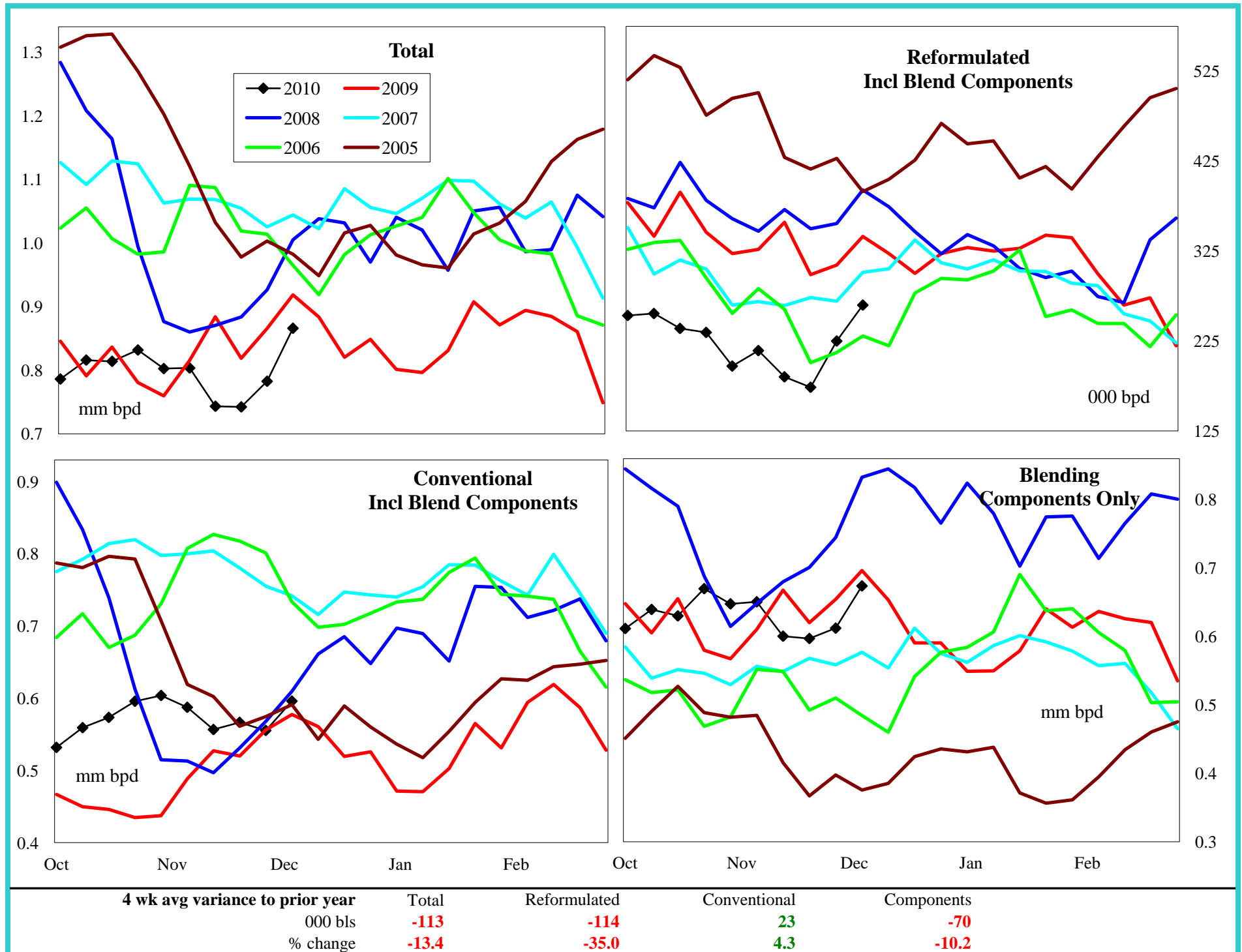
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
13,132	-18	-114	-26
15.3	-0.6	-35.0	-0.8

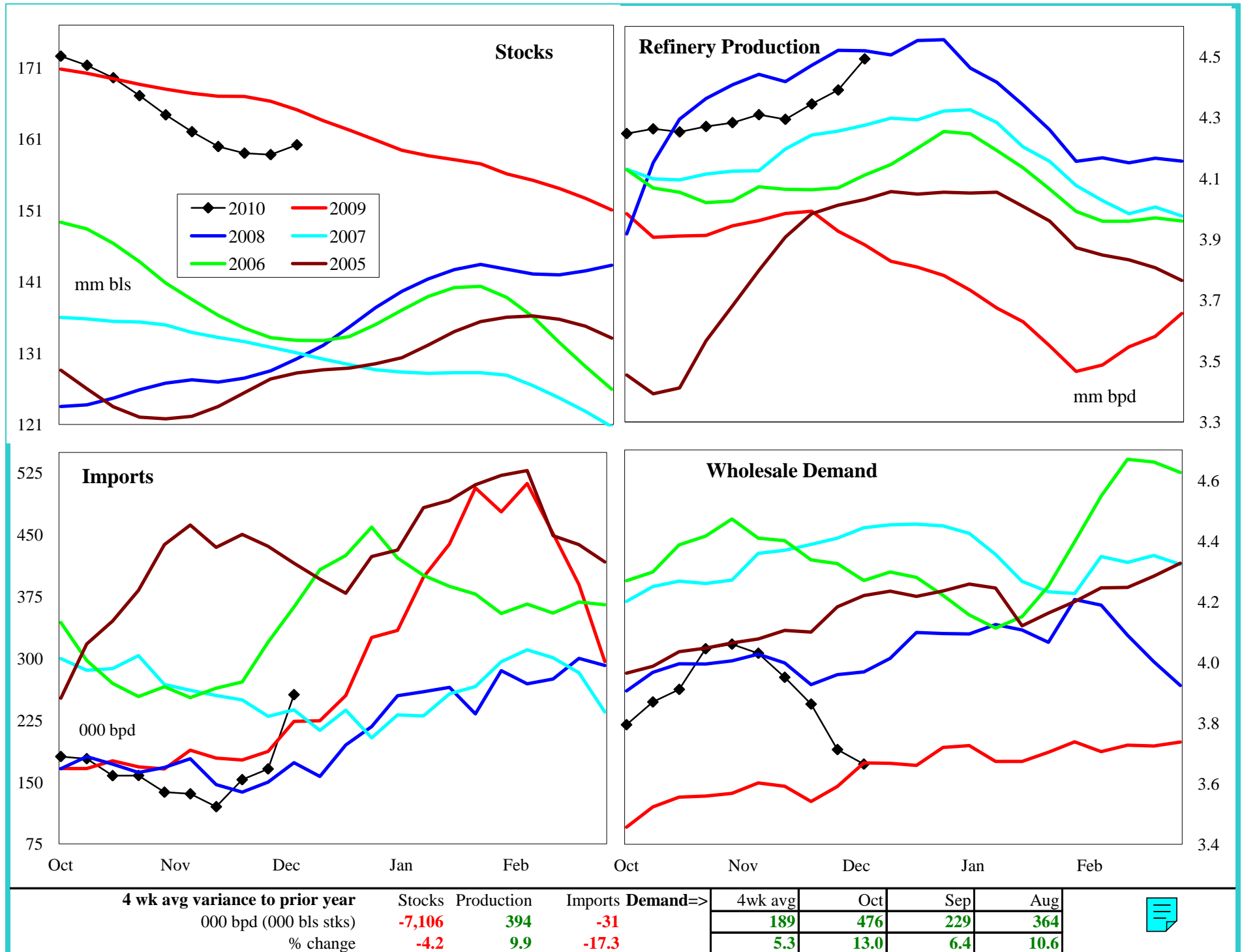
United States Conventional Gasoline Supply



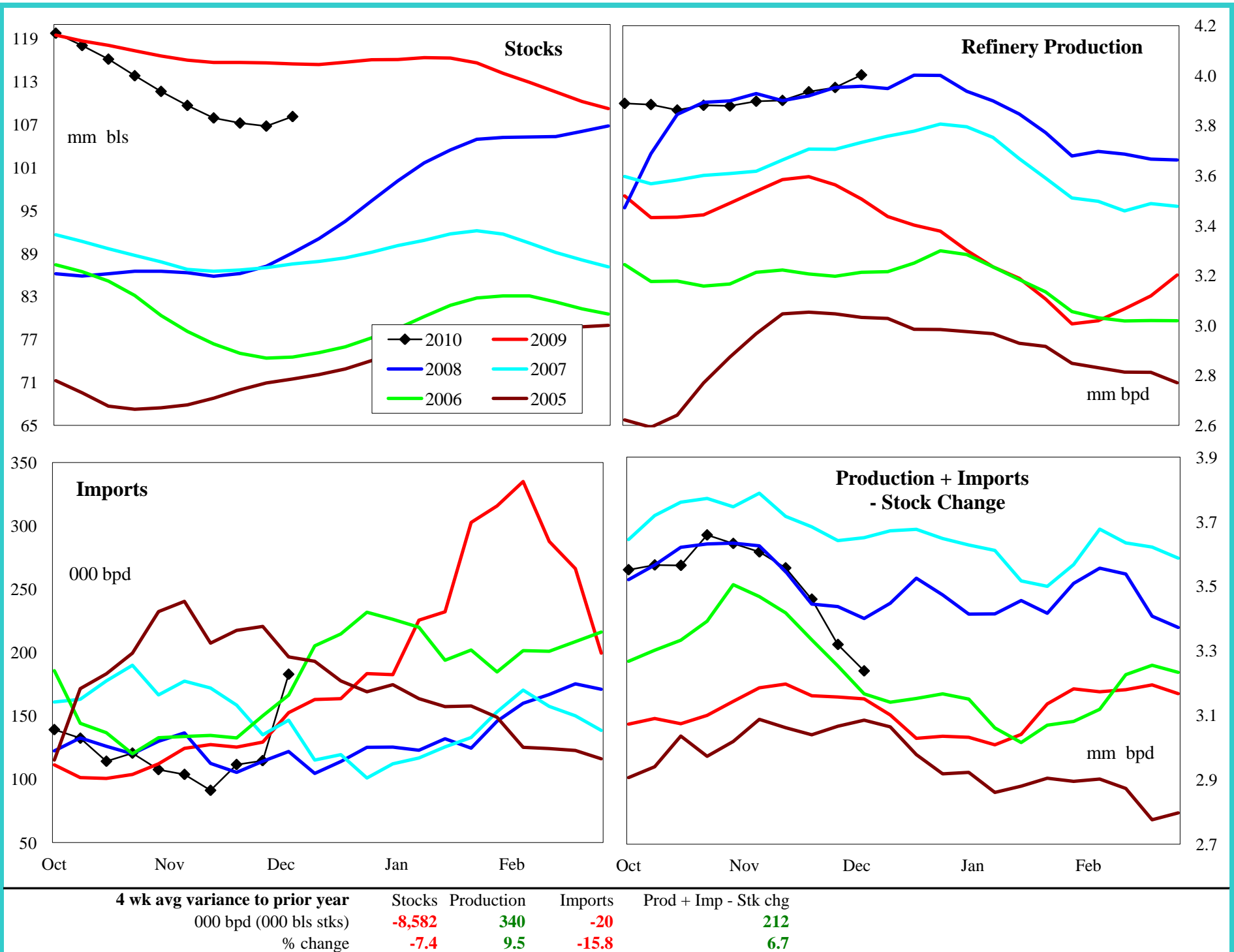
United States Gasoline Imports by Type



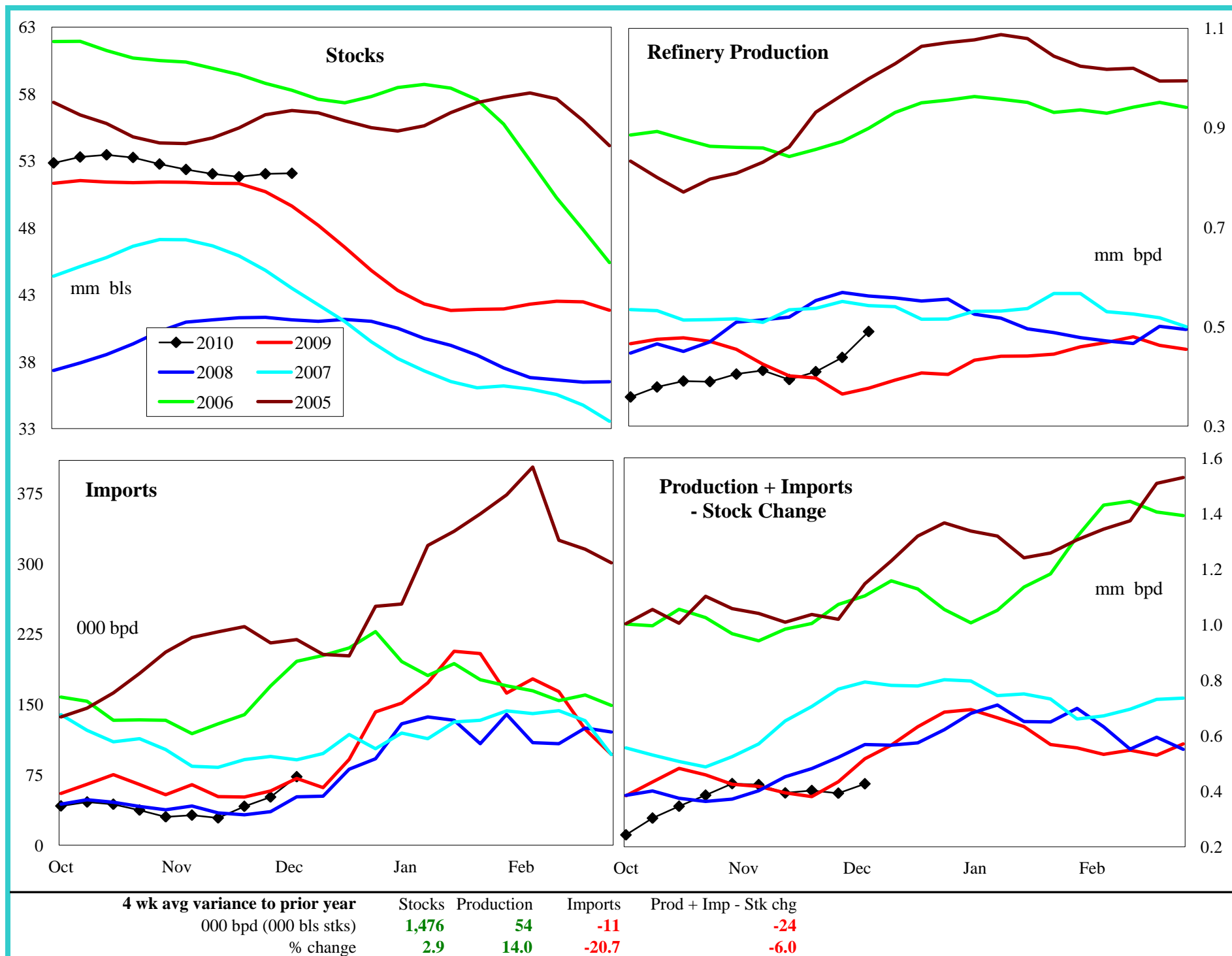
United States Distillate Supply and Demand Balance



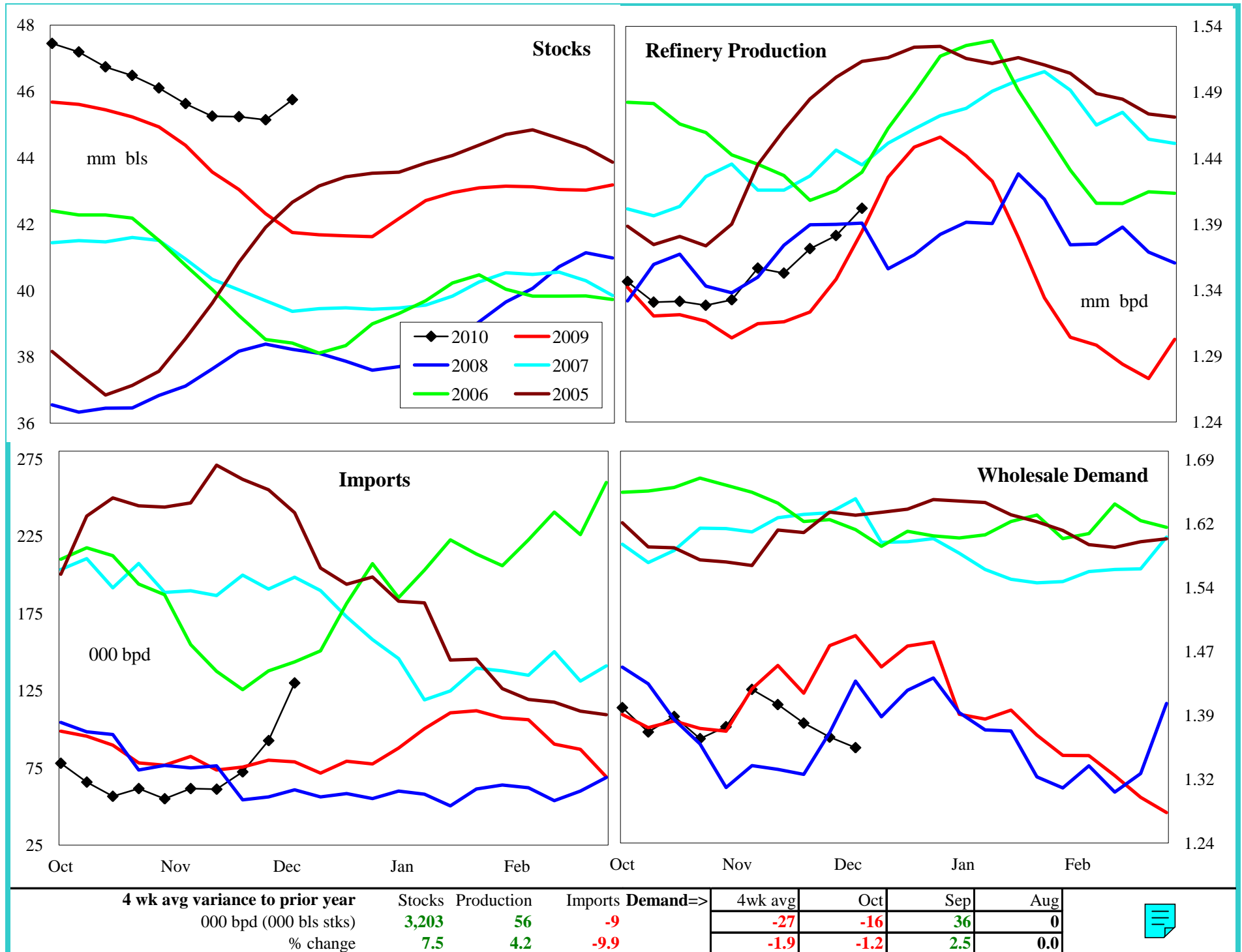
United States Low Sulfur Distillate Supply



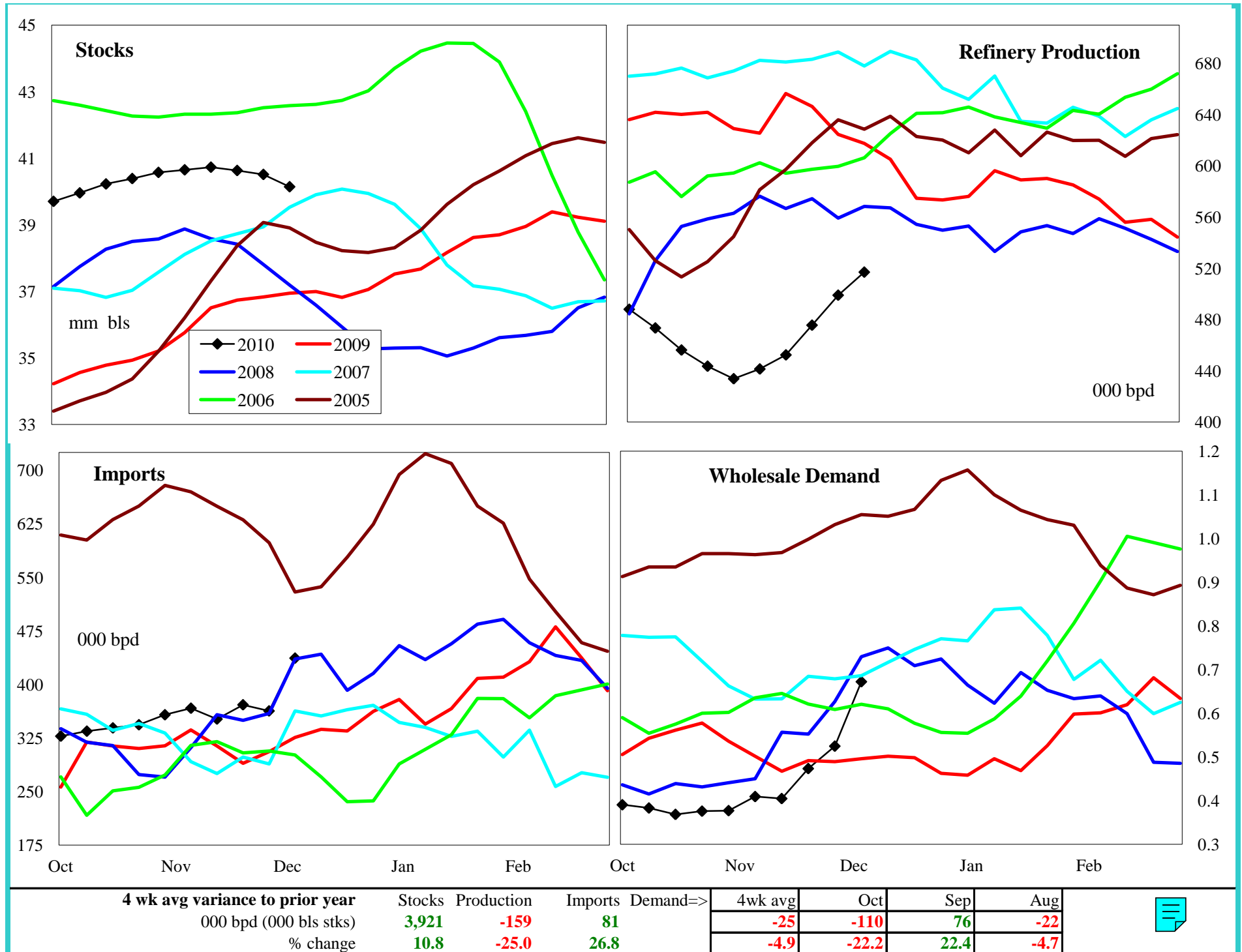
United States High Sulfur Distillate Supply



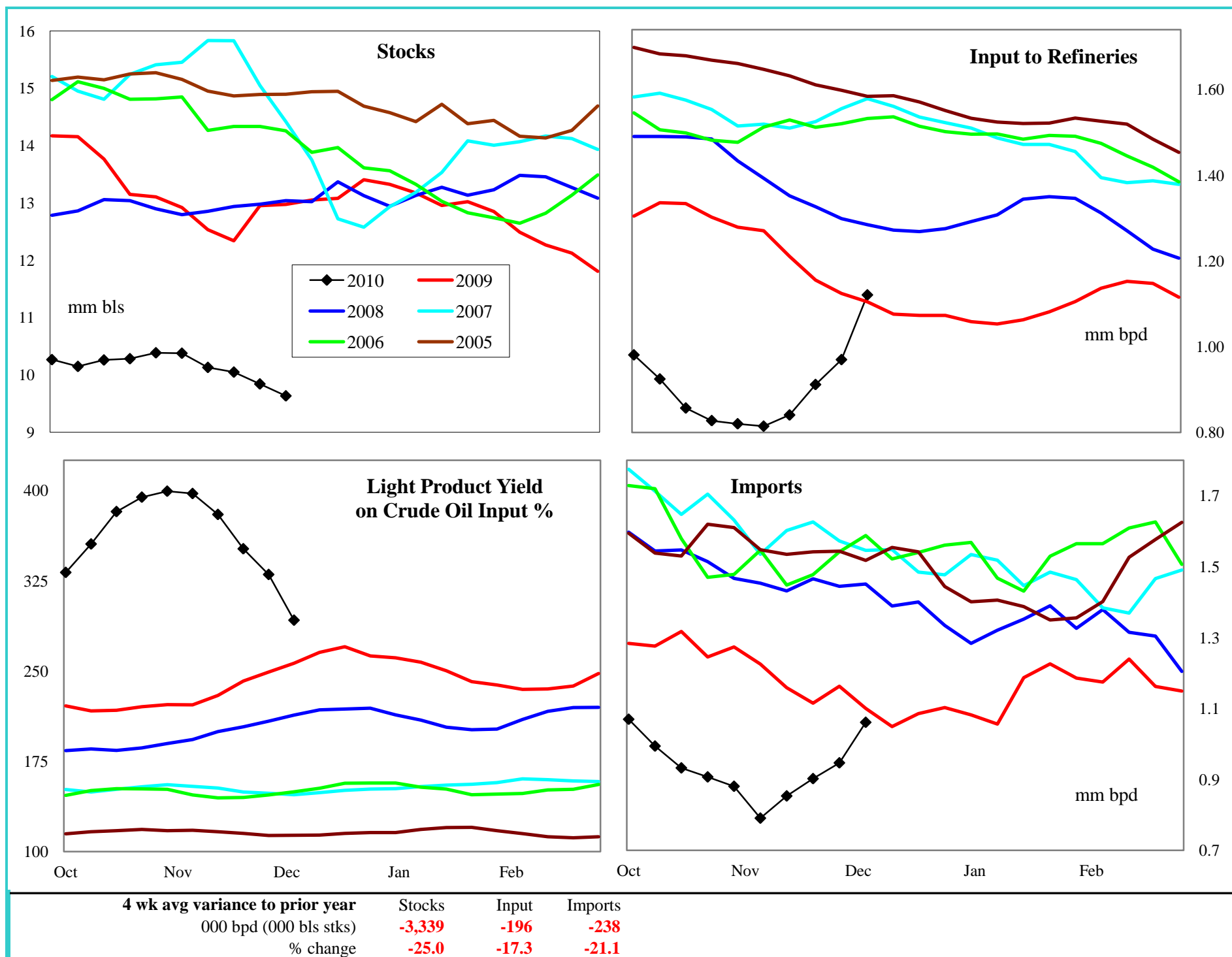
United States Jet Fuel Supply and Demand Balance



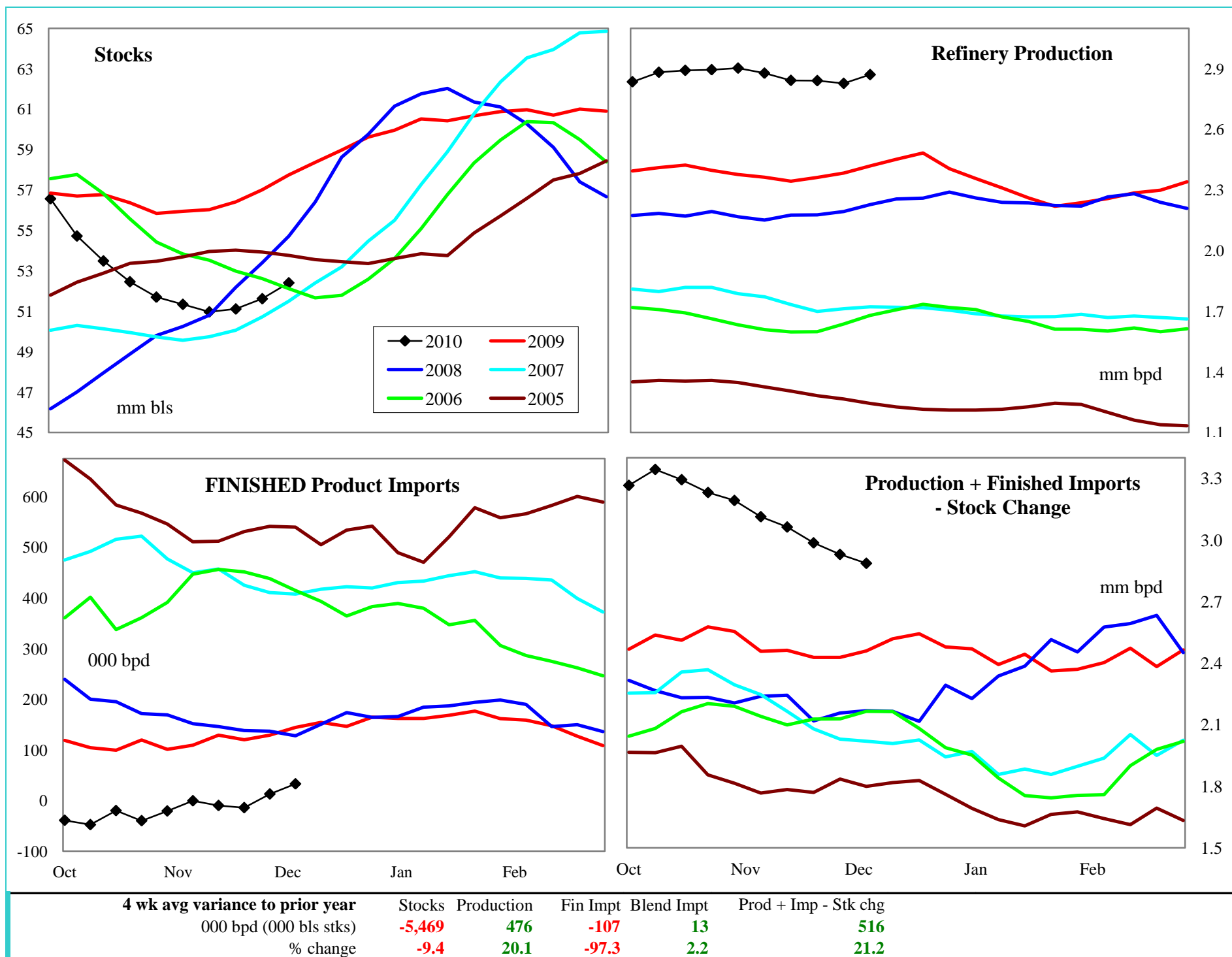
United States Residual Fuel Oil Supply and Demand Balance



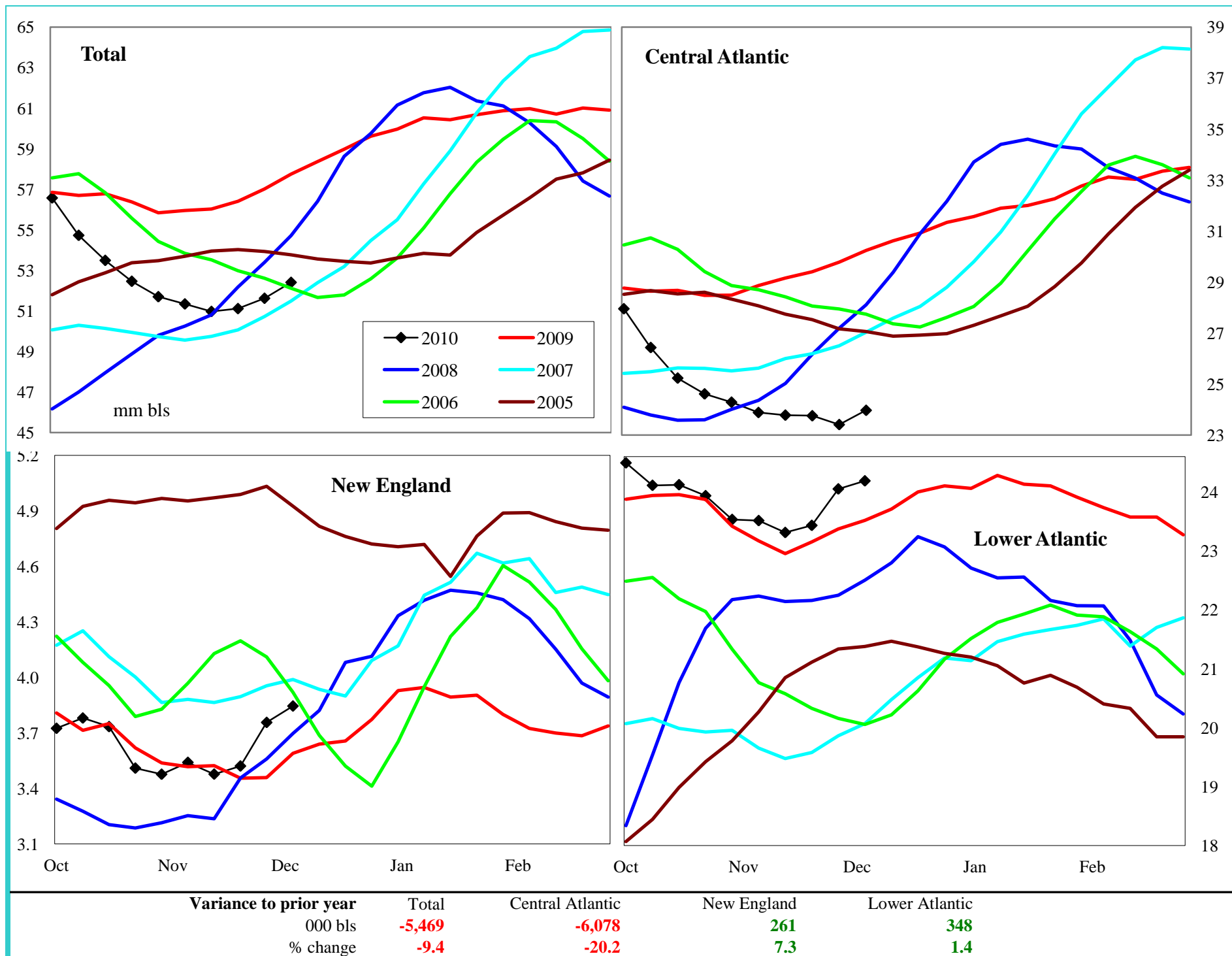
PADD 1 Crude Oil Supply and Refining



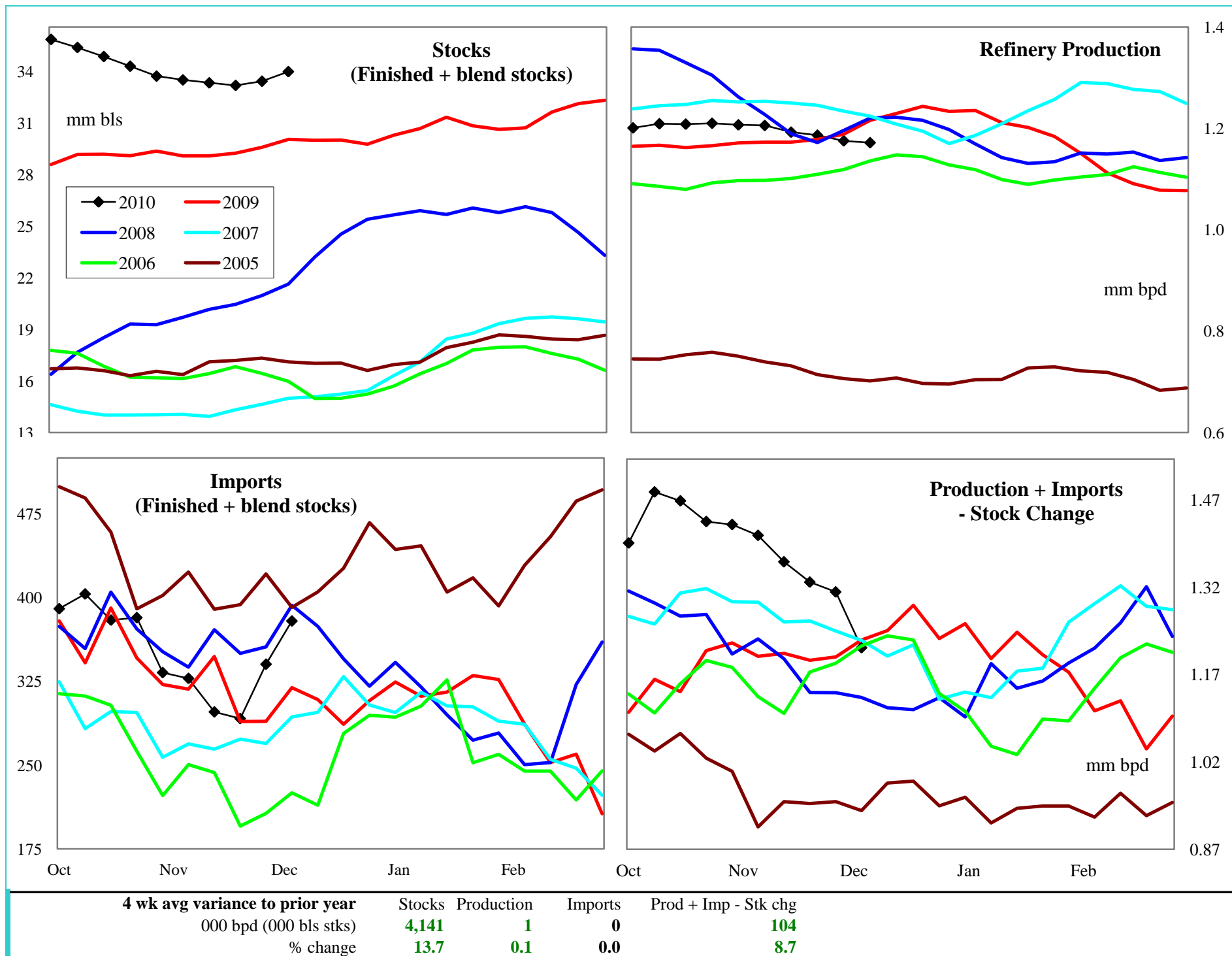
PADD 1 Gasoline Supply



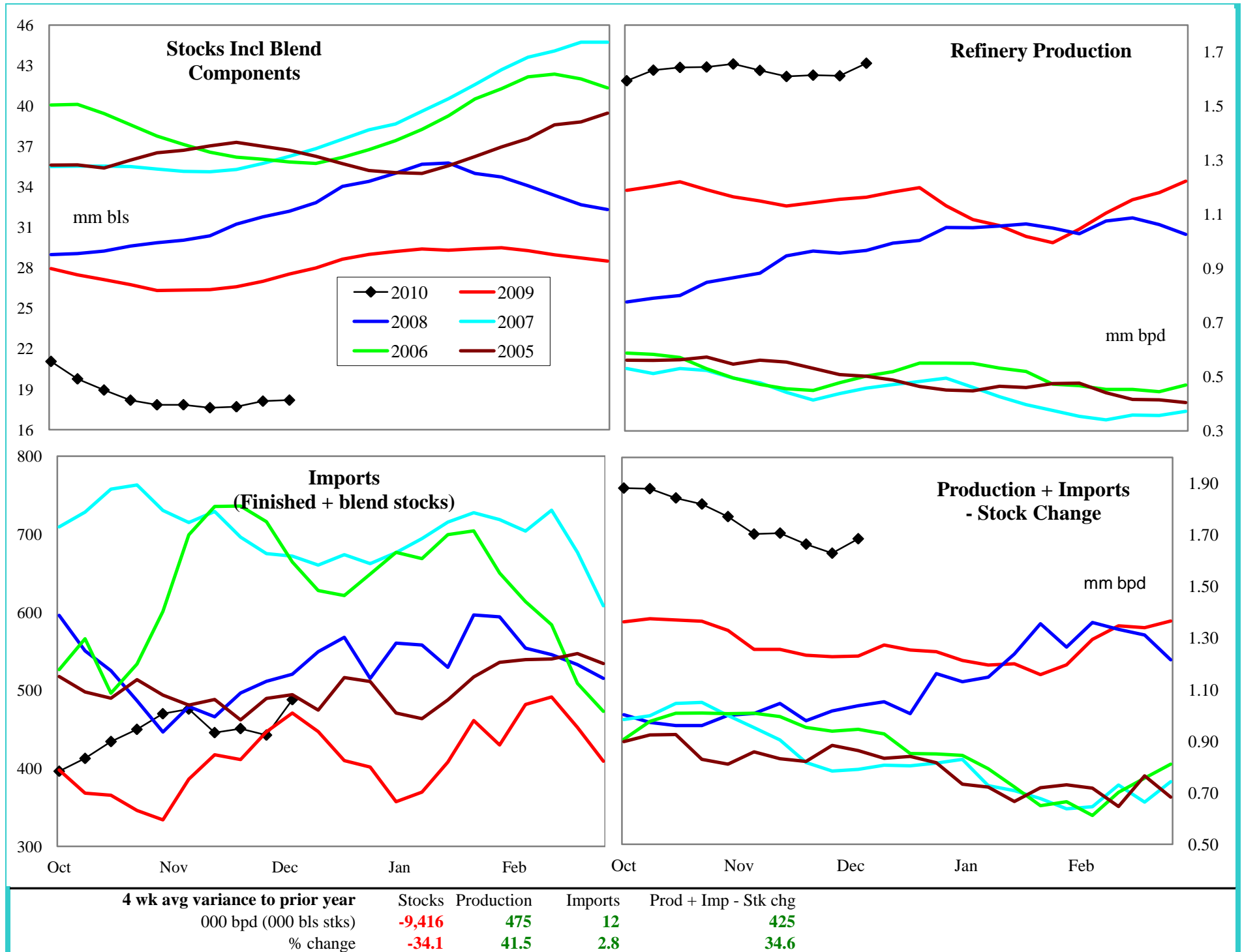
PADD 1 Gasoline Stocks by Region



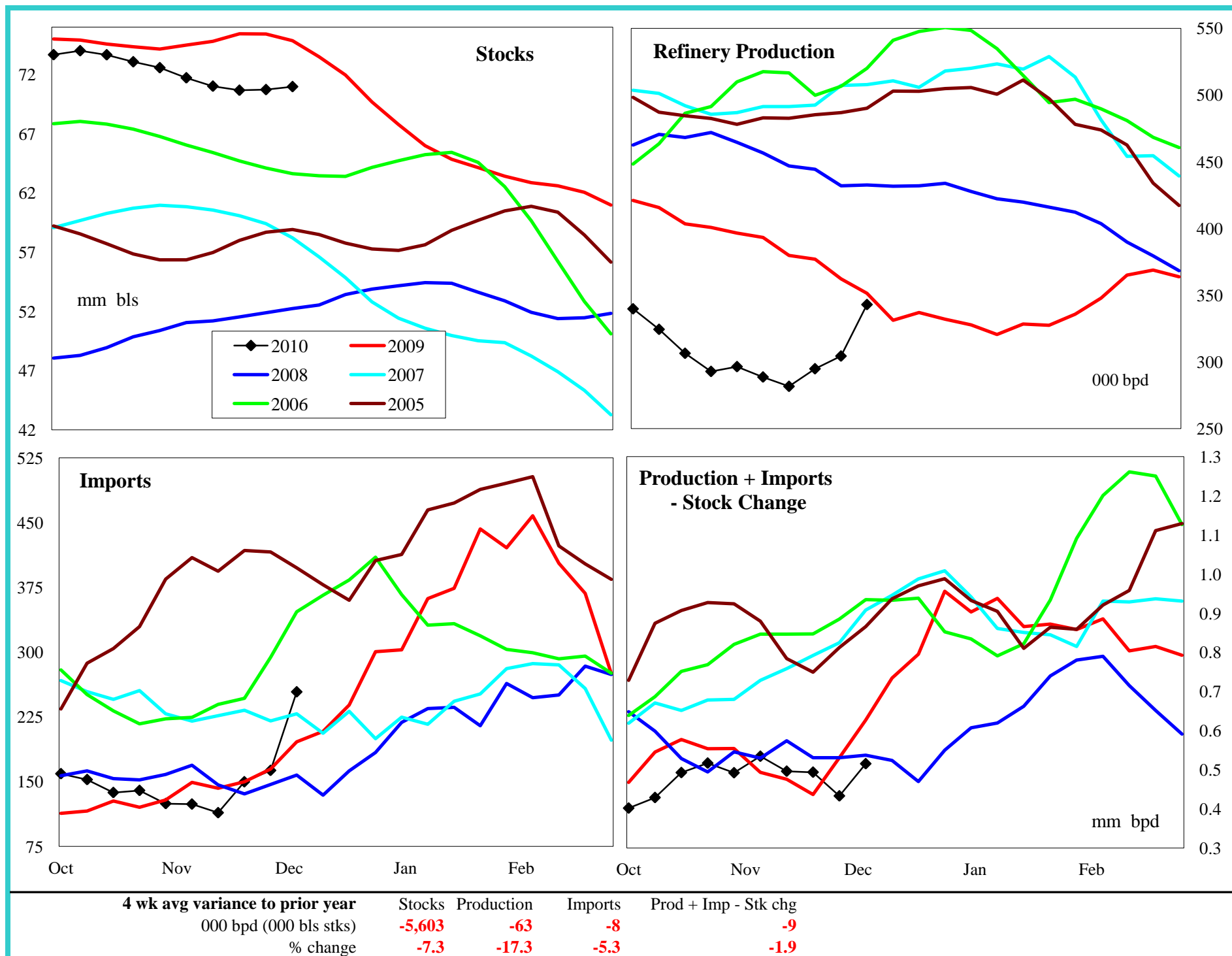
PADD 1 Reformulated Gasoline Supply



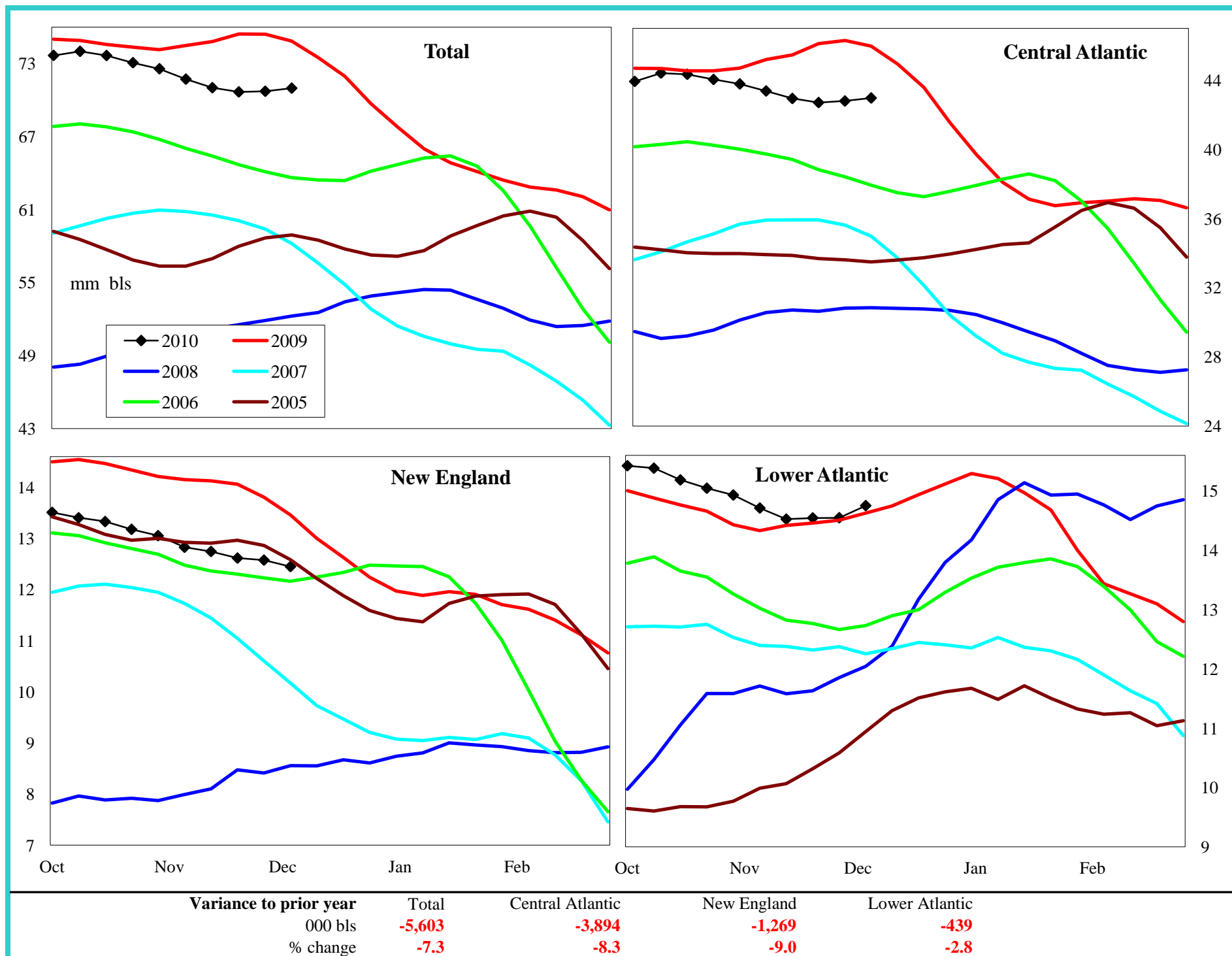
PADD 1 Conventional Gasoline Supply



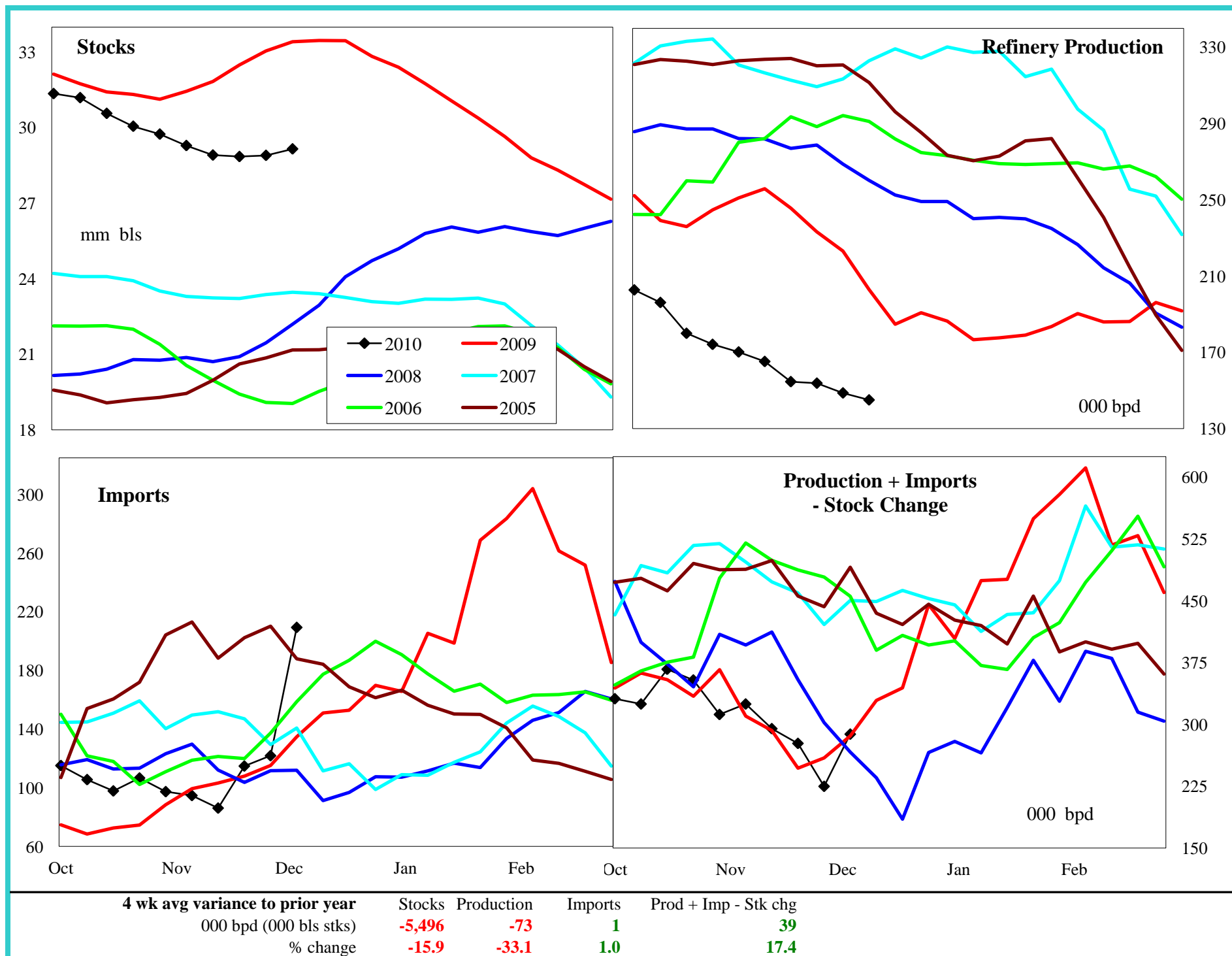
PADD 1 Distillate Supply



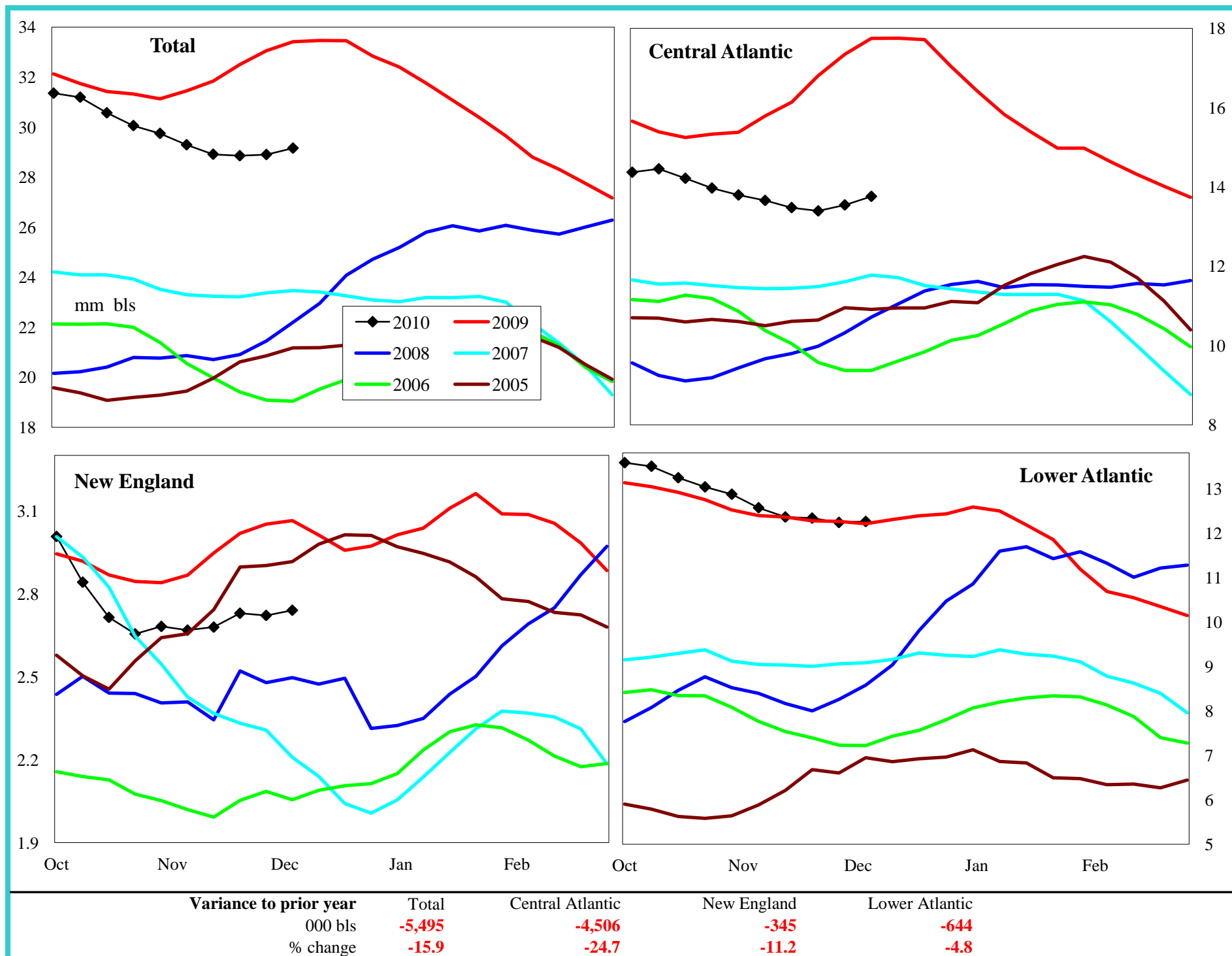
PADD 1 Distillate Stocks by Region



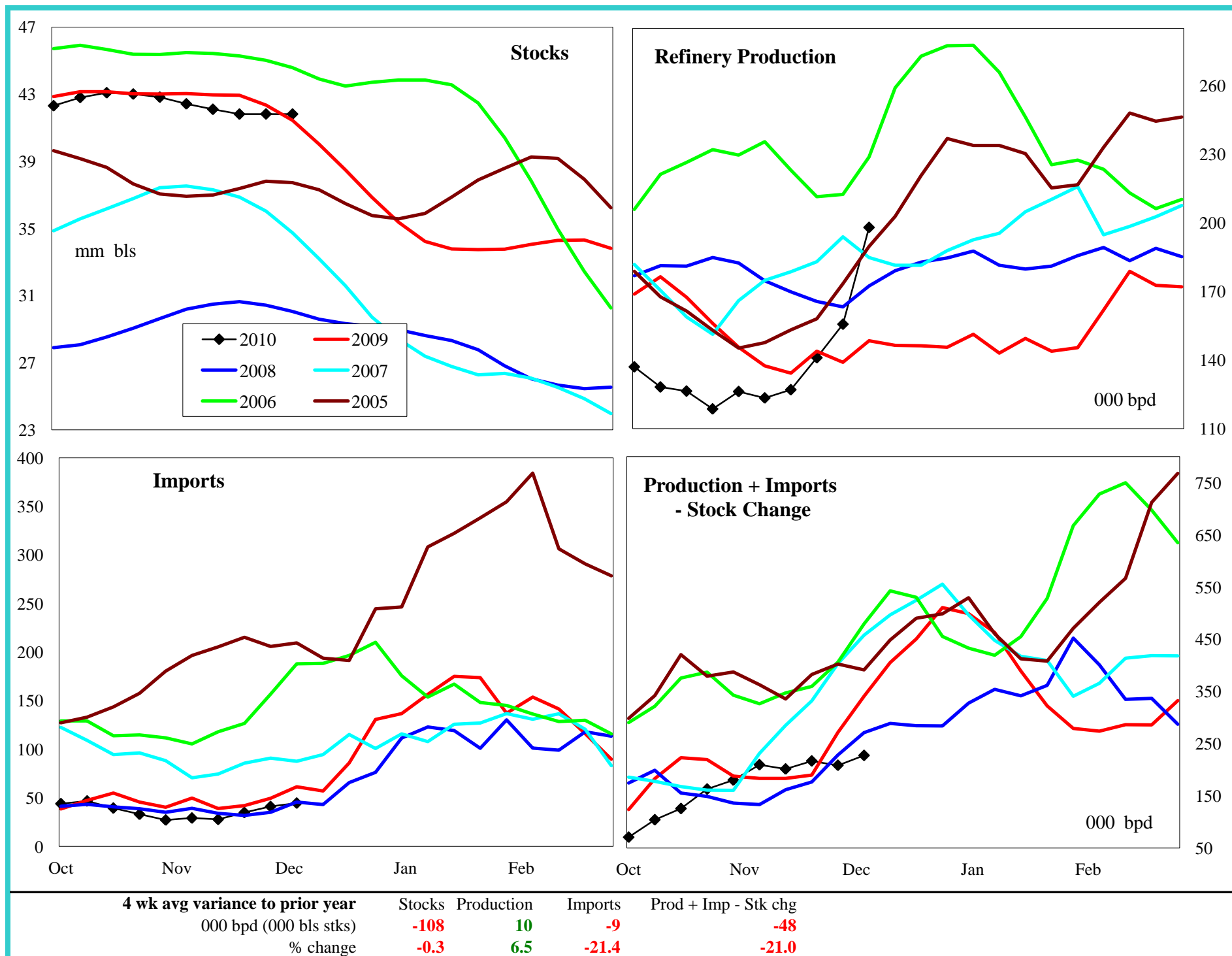
PADD 1 Low Sulfur Distillate Supply



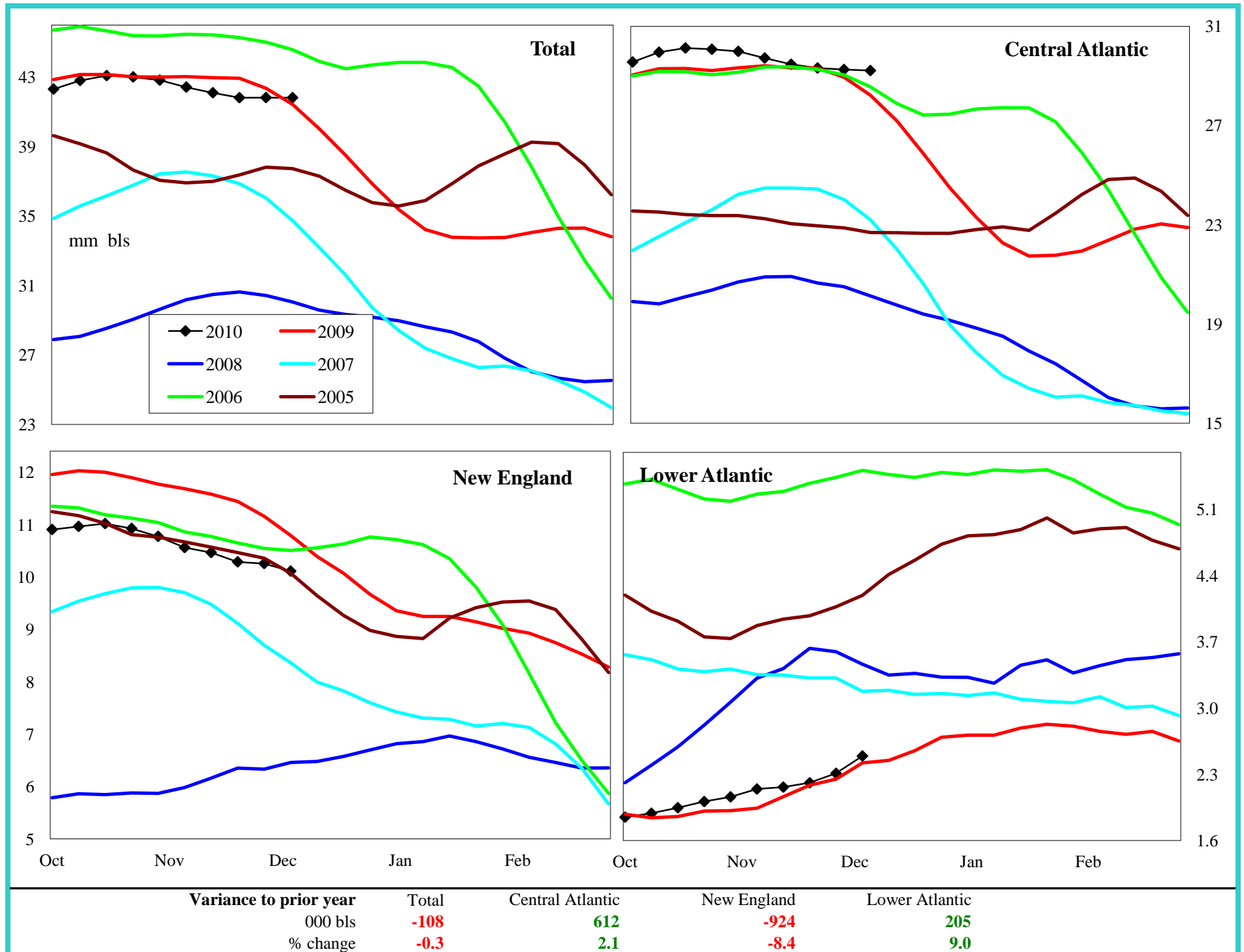
PADD 1 Low Sulfur Distillate Stocks by Region



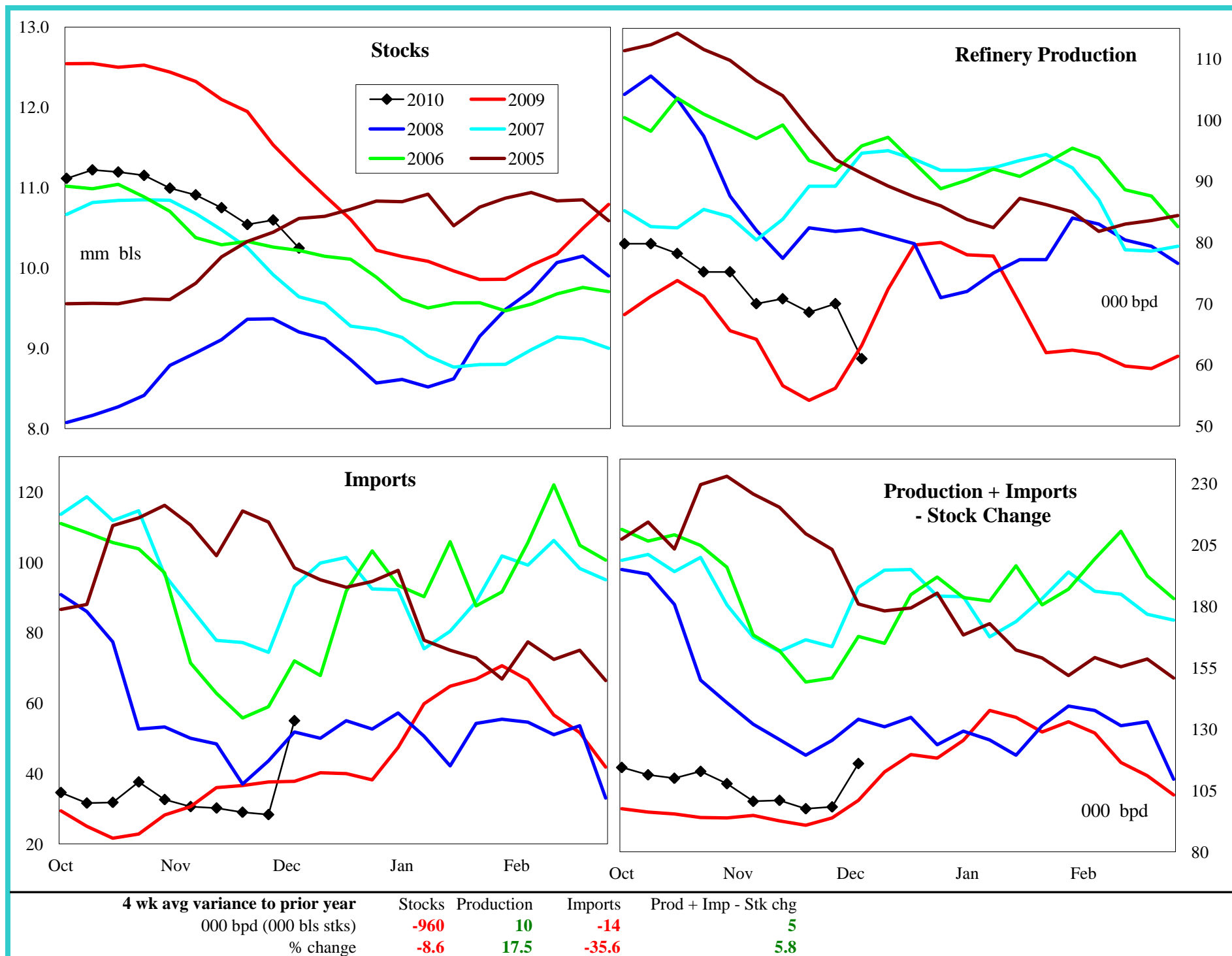
PADD 1 High Sulfur Distillate Supply



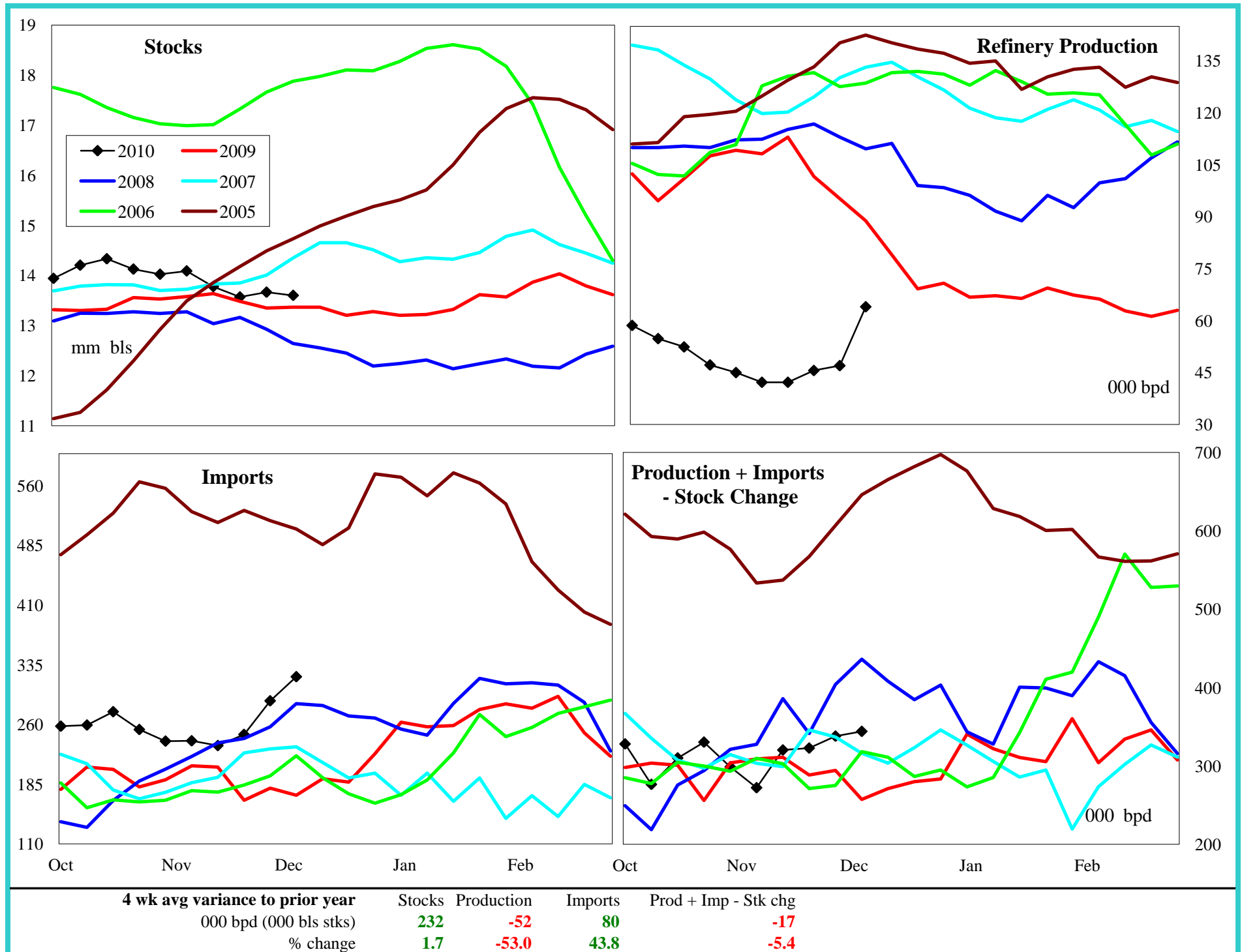
PADD 1 High Sulfur Distillate Stocks by Region



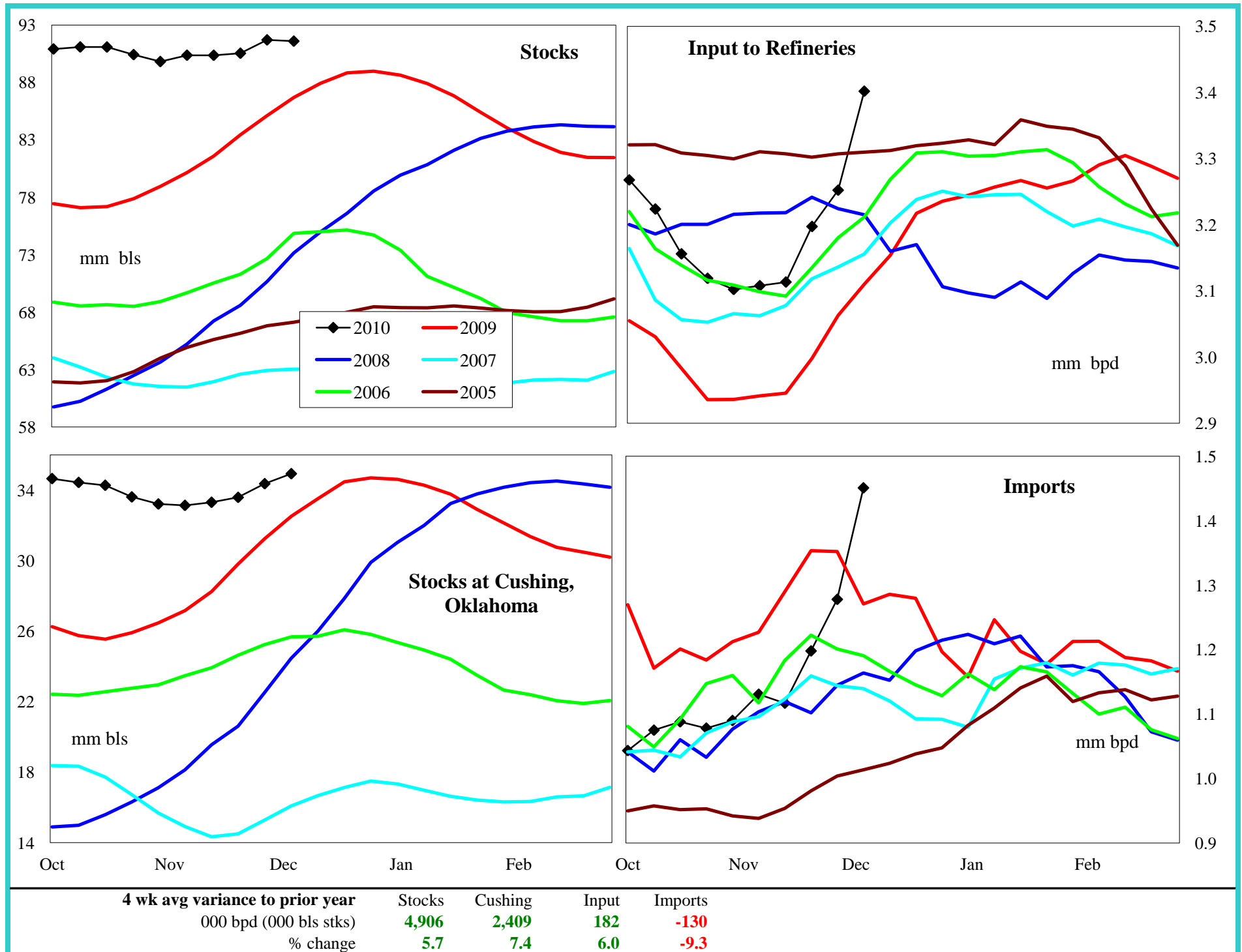
PADD 1 Jet Fuel Supply



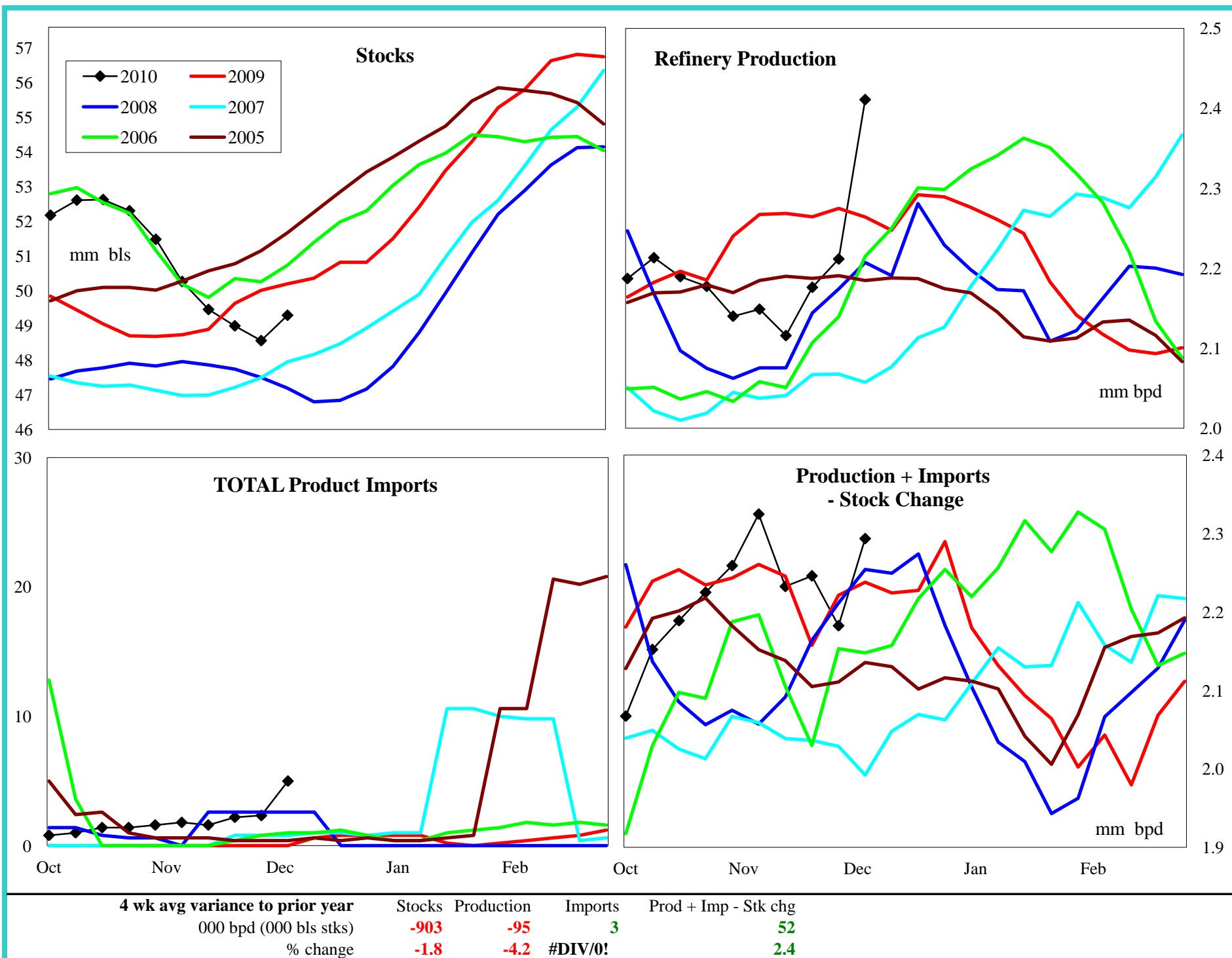
PADD 1 Residual Fuel Oil Supply



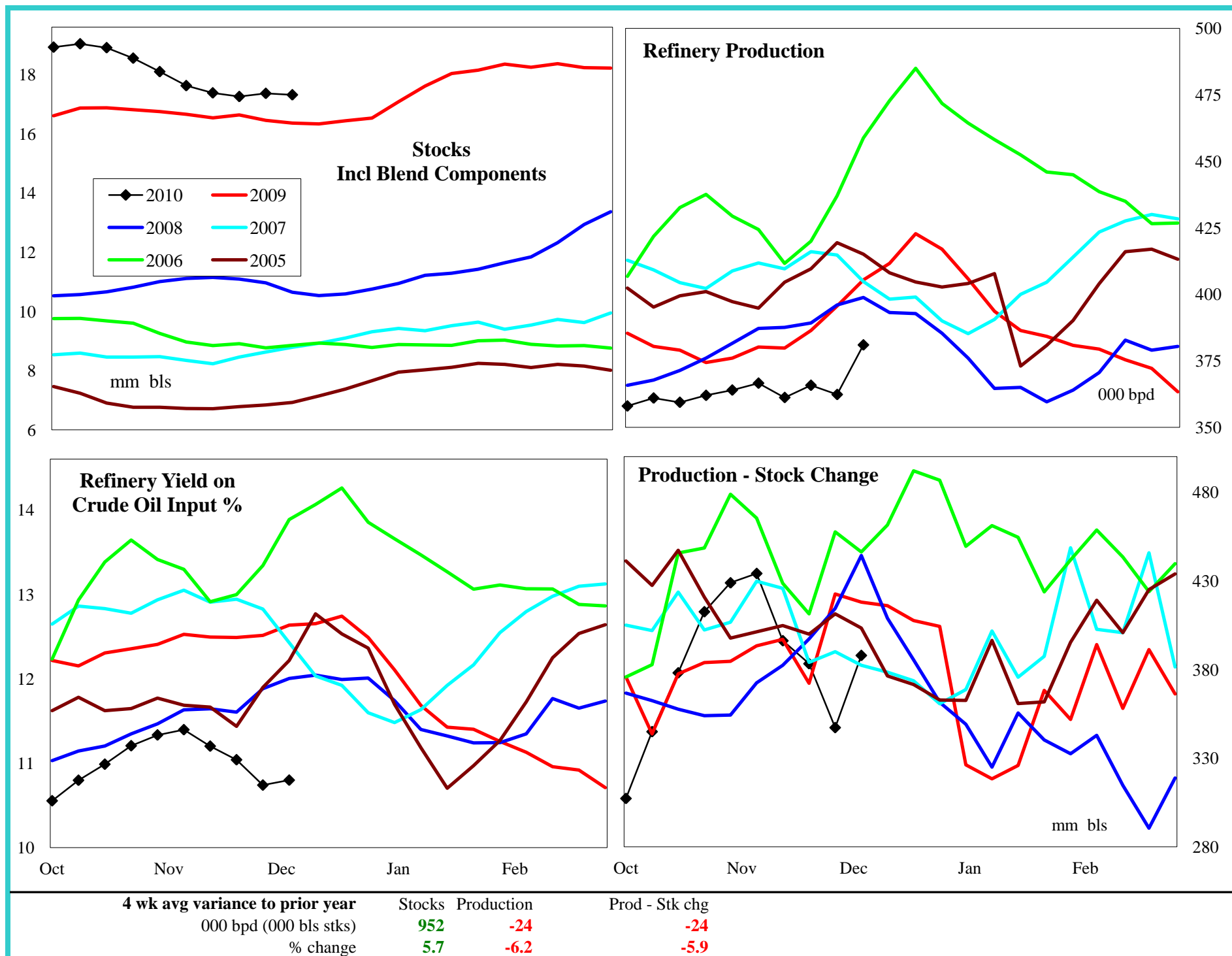
PADD 2 Crude Oil Supply and Refining



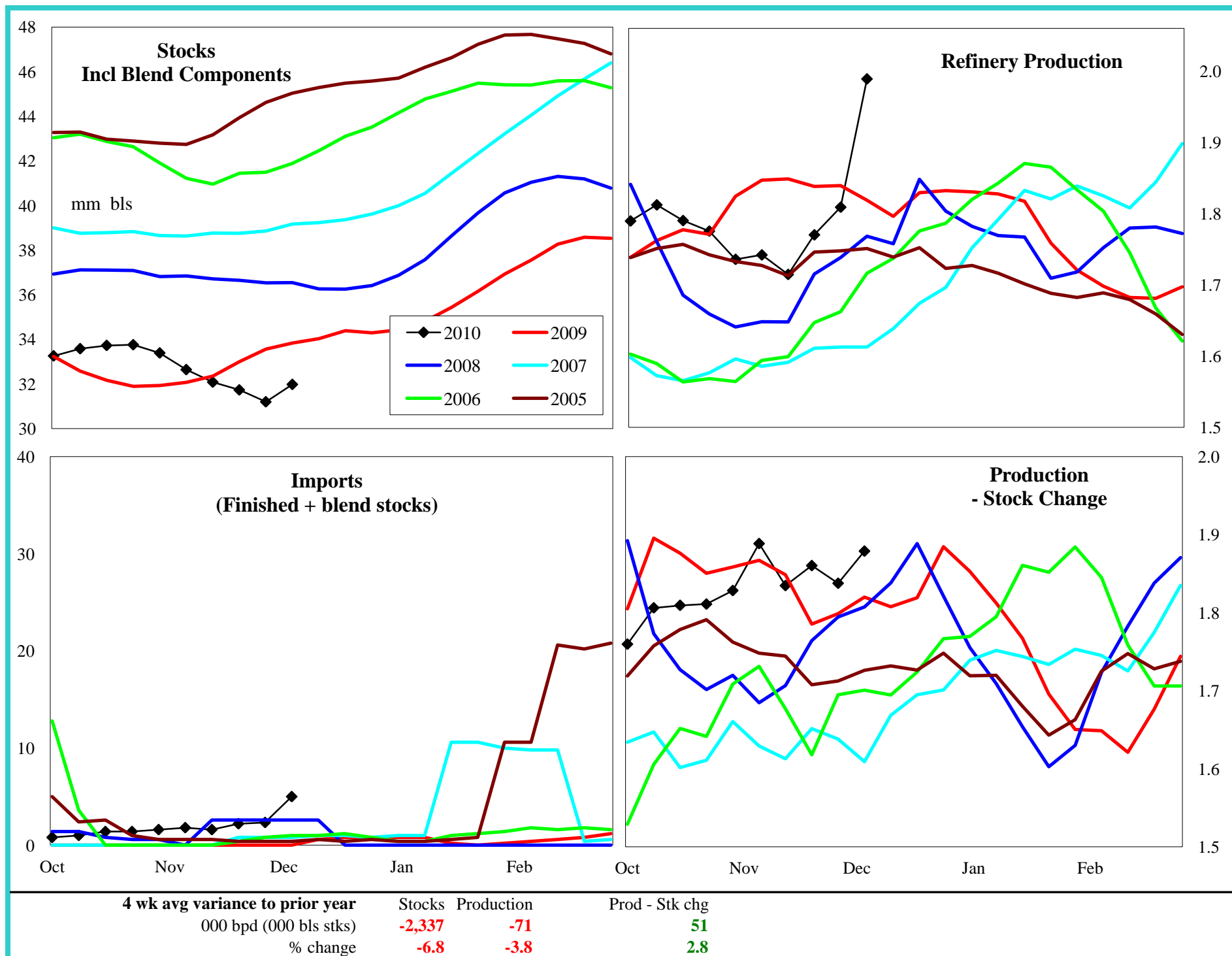
PADD 2 Gasoline Supply



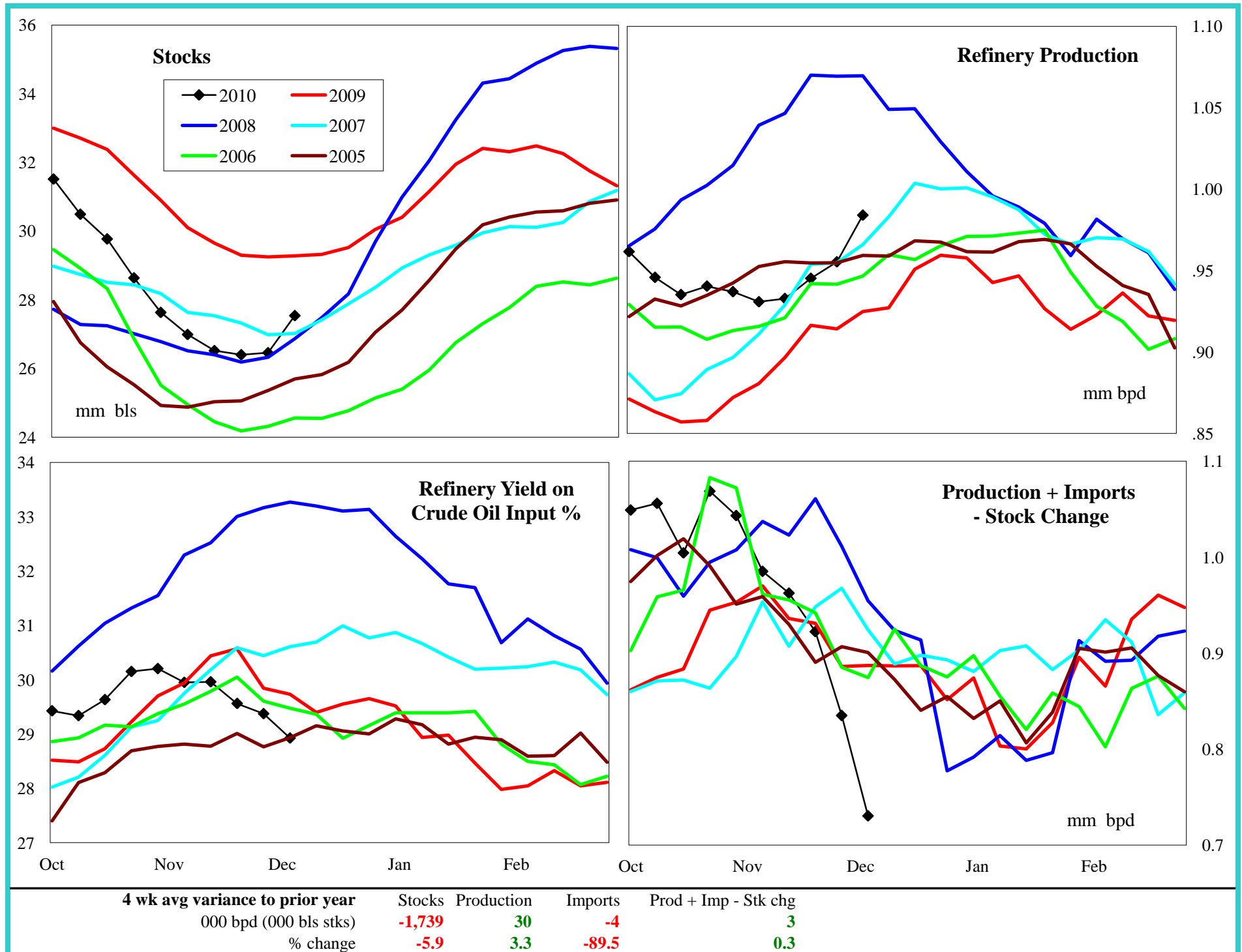
PADD 2 Reformulated Gasoline Supply



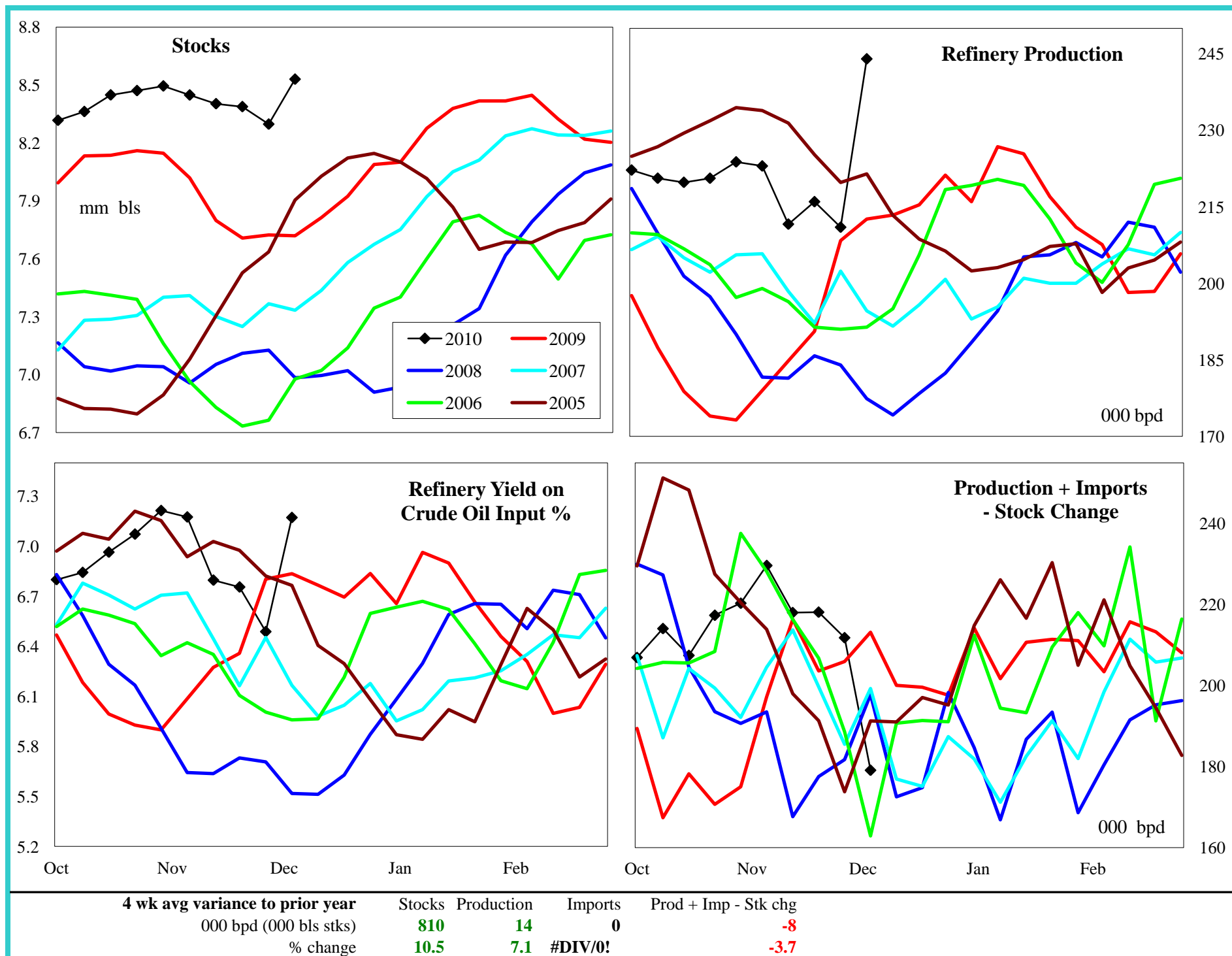
PADD 2 Conventional Gasoline Supply



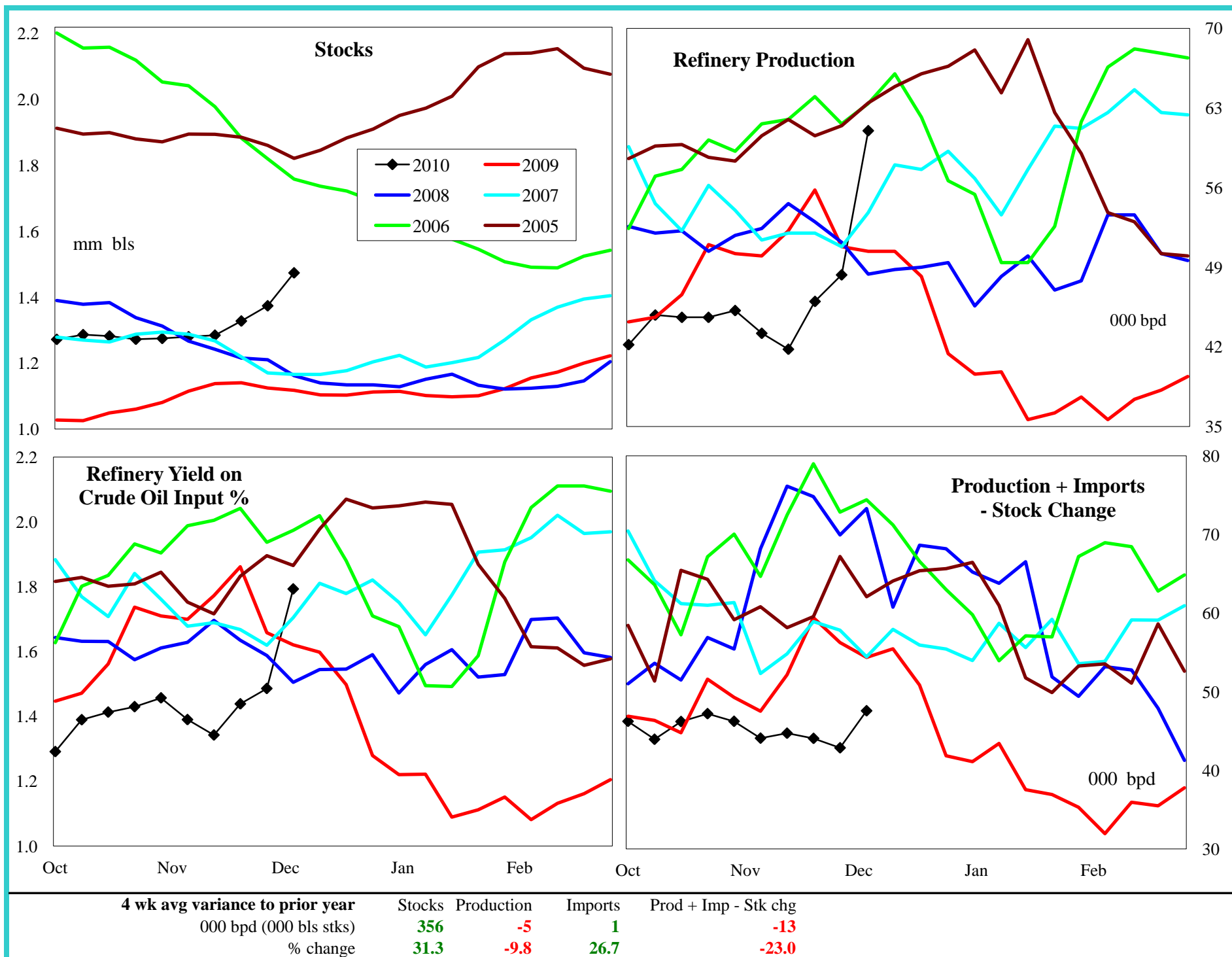
PADD 2 Distillate Supply



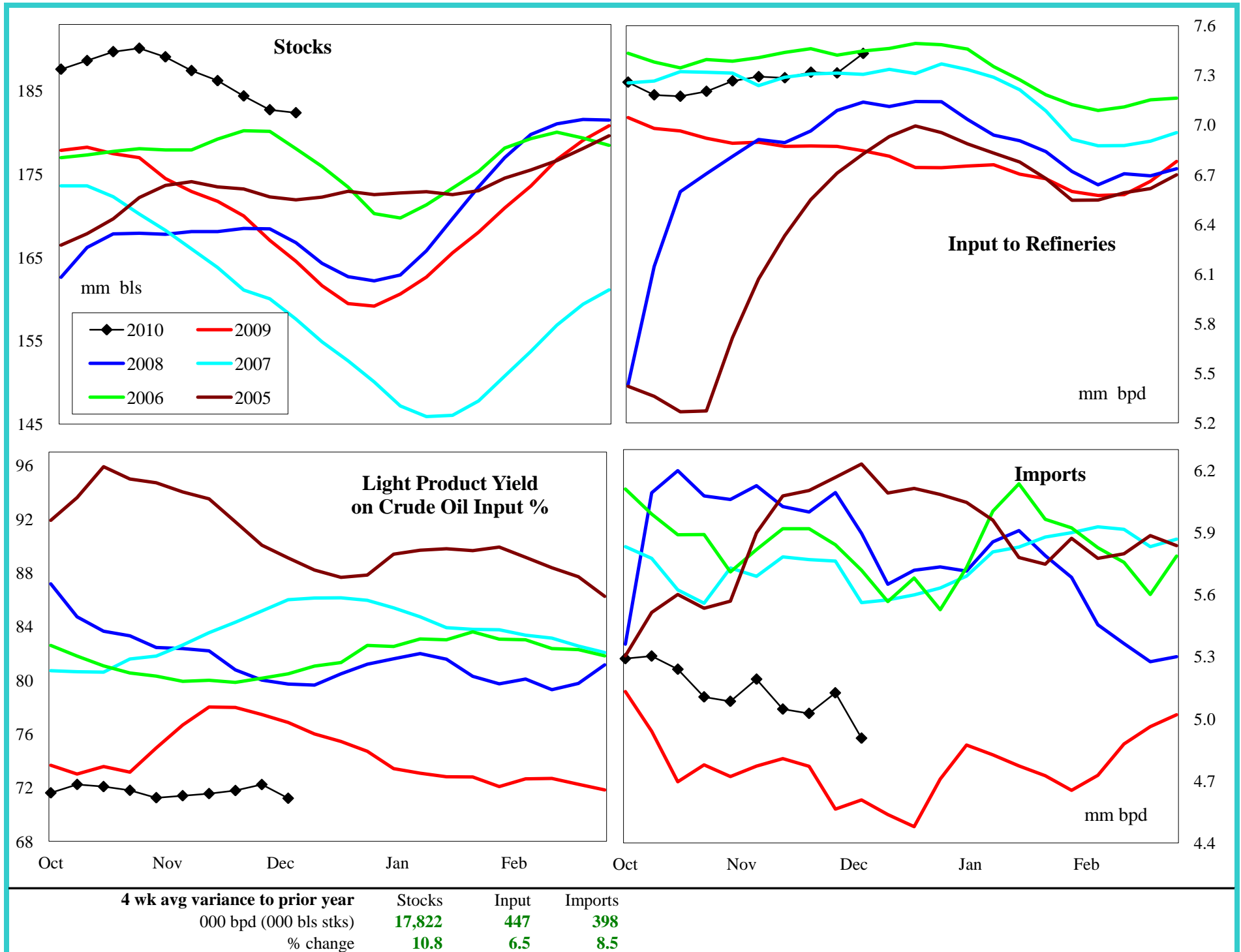
PADD 2 Jet Fuel Supply



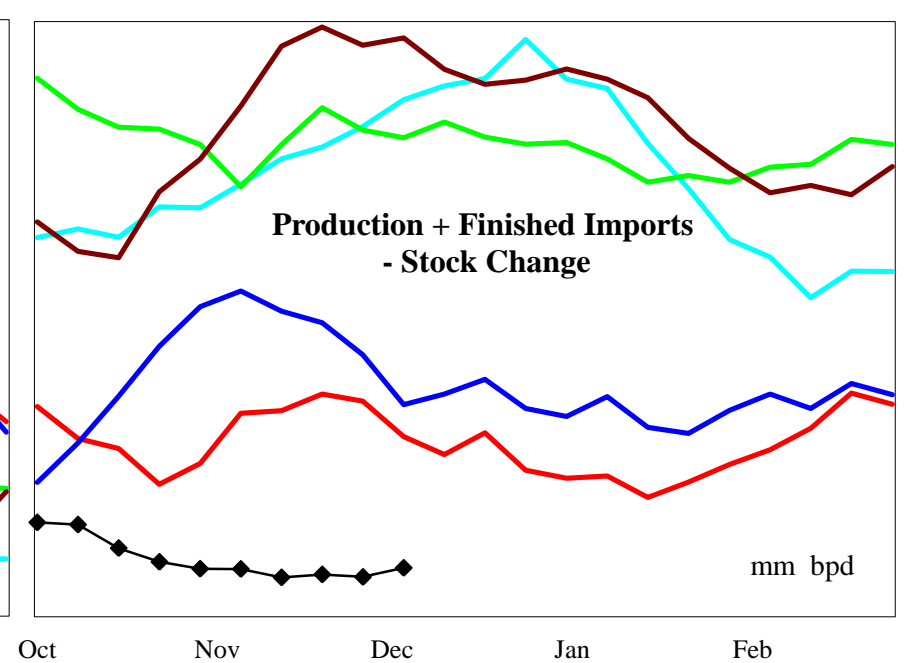
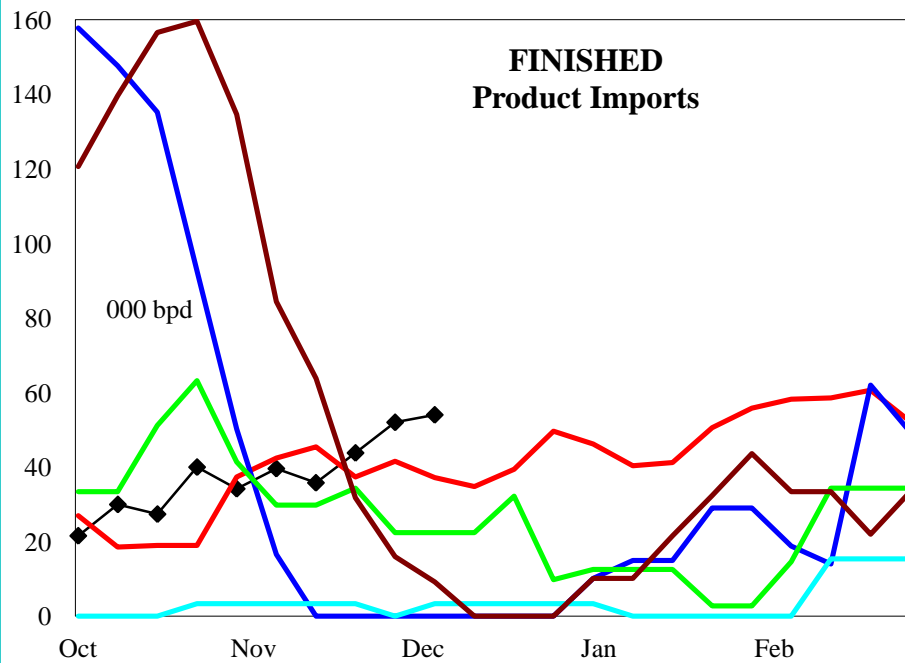
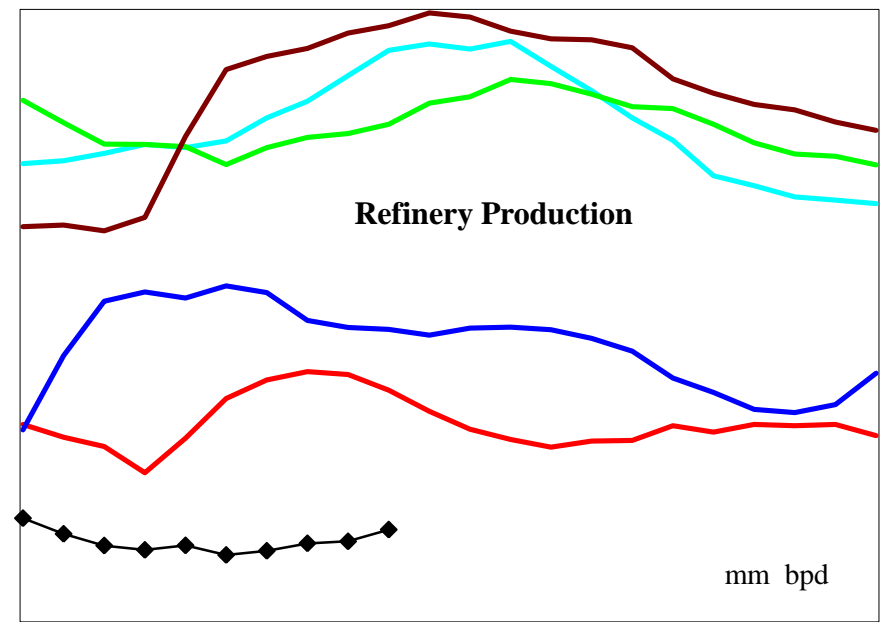
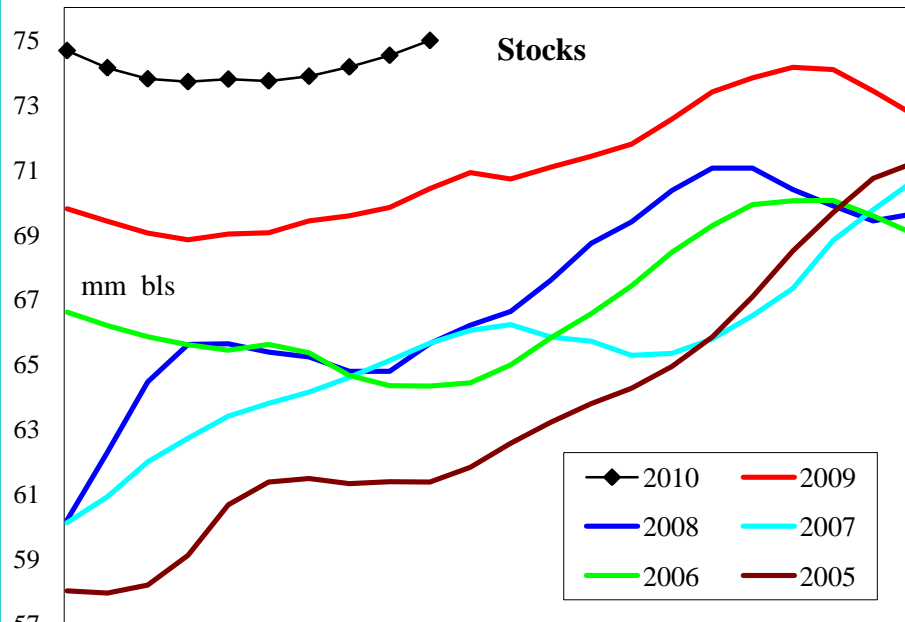
PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

4,727

6.7

Production

-465

-17.4

Fin Impt

-2

-3.7

Blend Impt

10

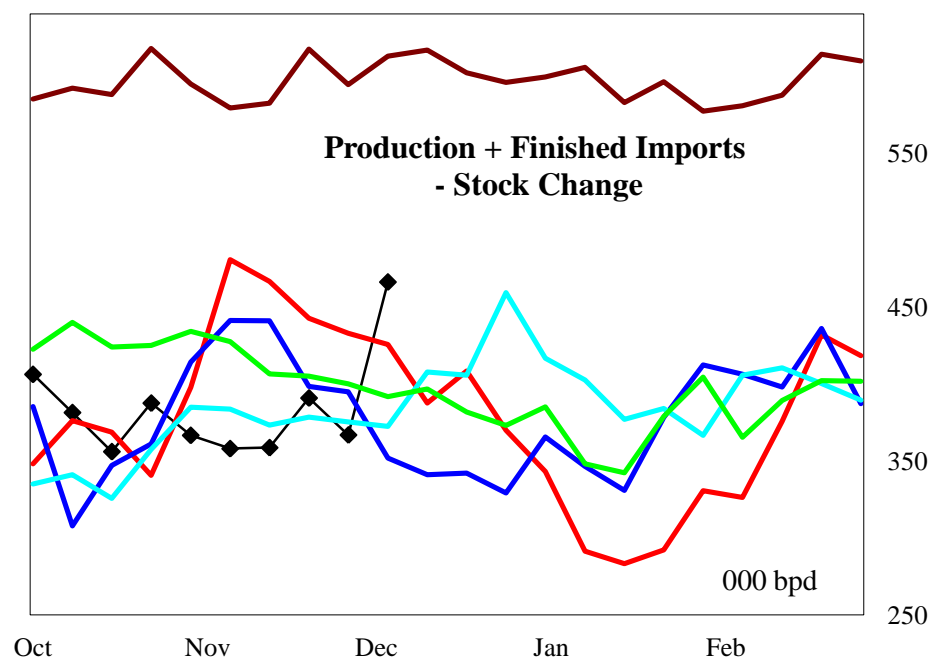
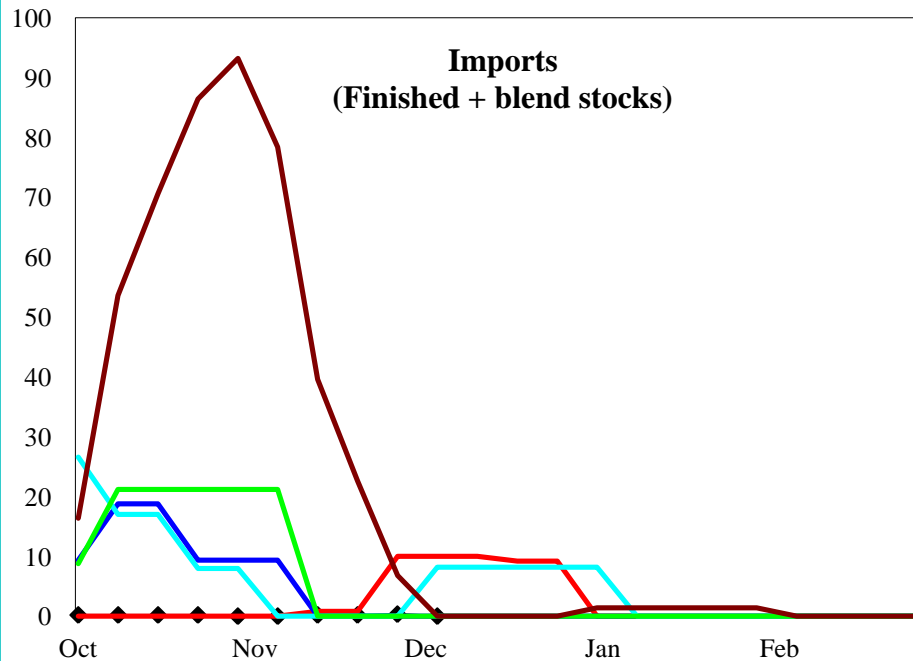
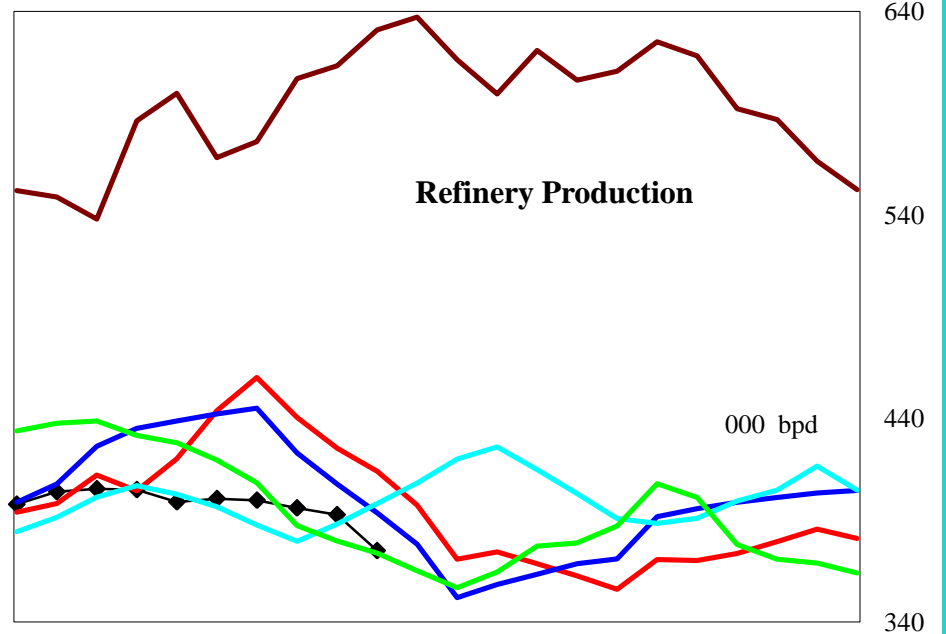
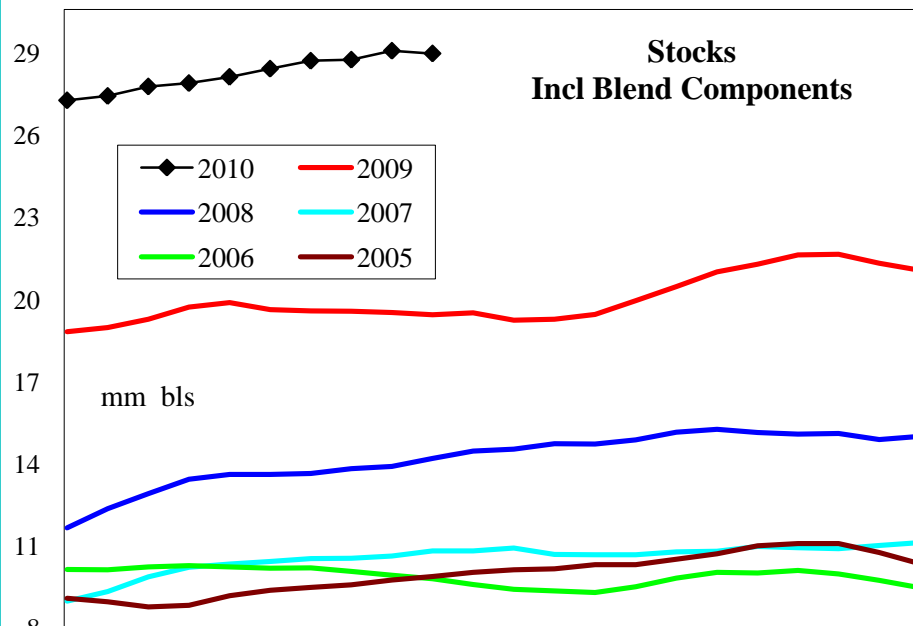
24.6

Prod + Imp - Stk chg

-482

-18.0

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

9,390

-43

-1

-90

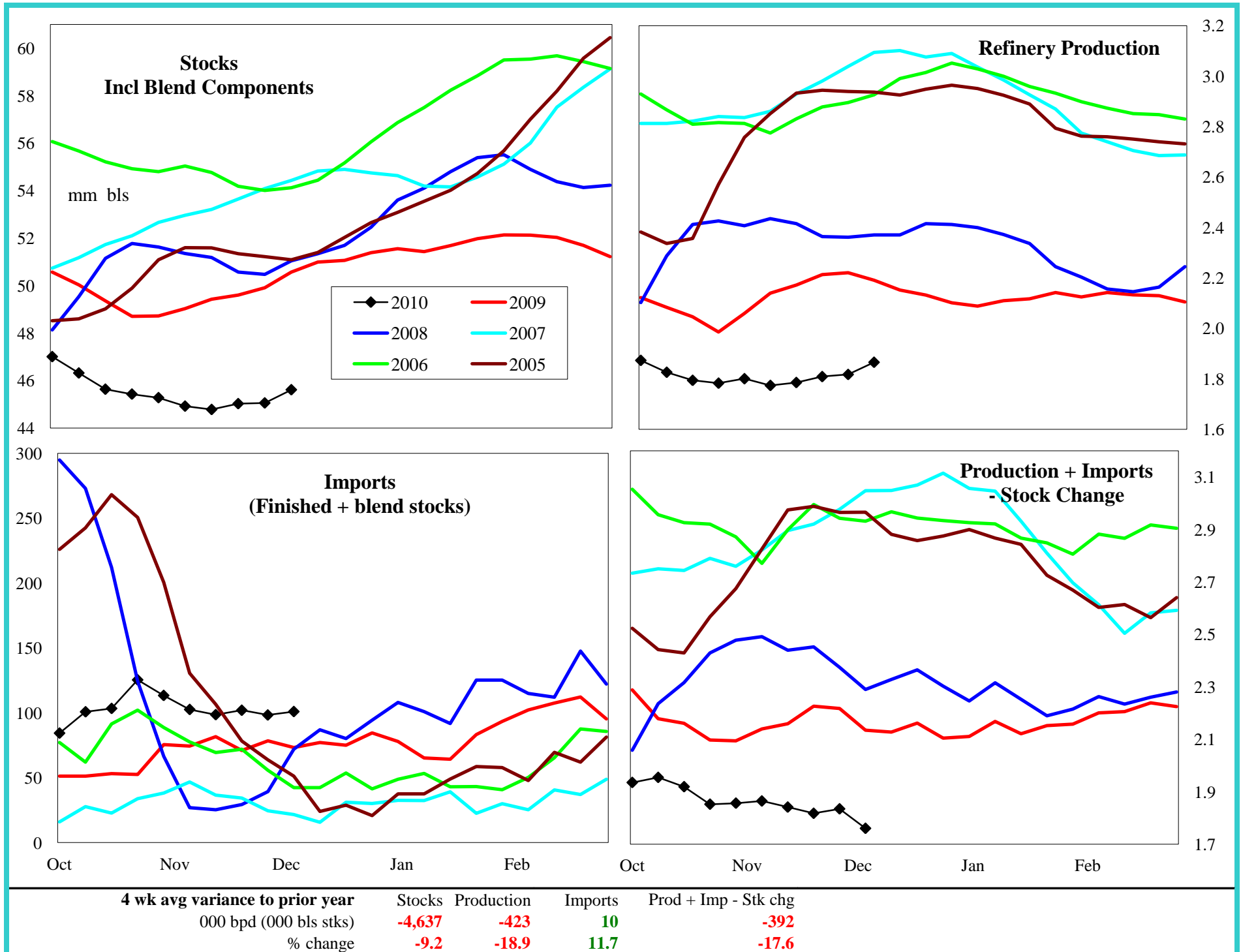
46.9

-9.8

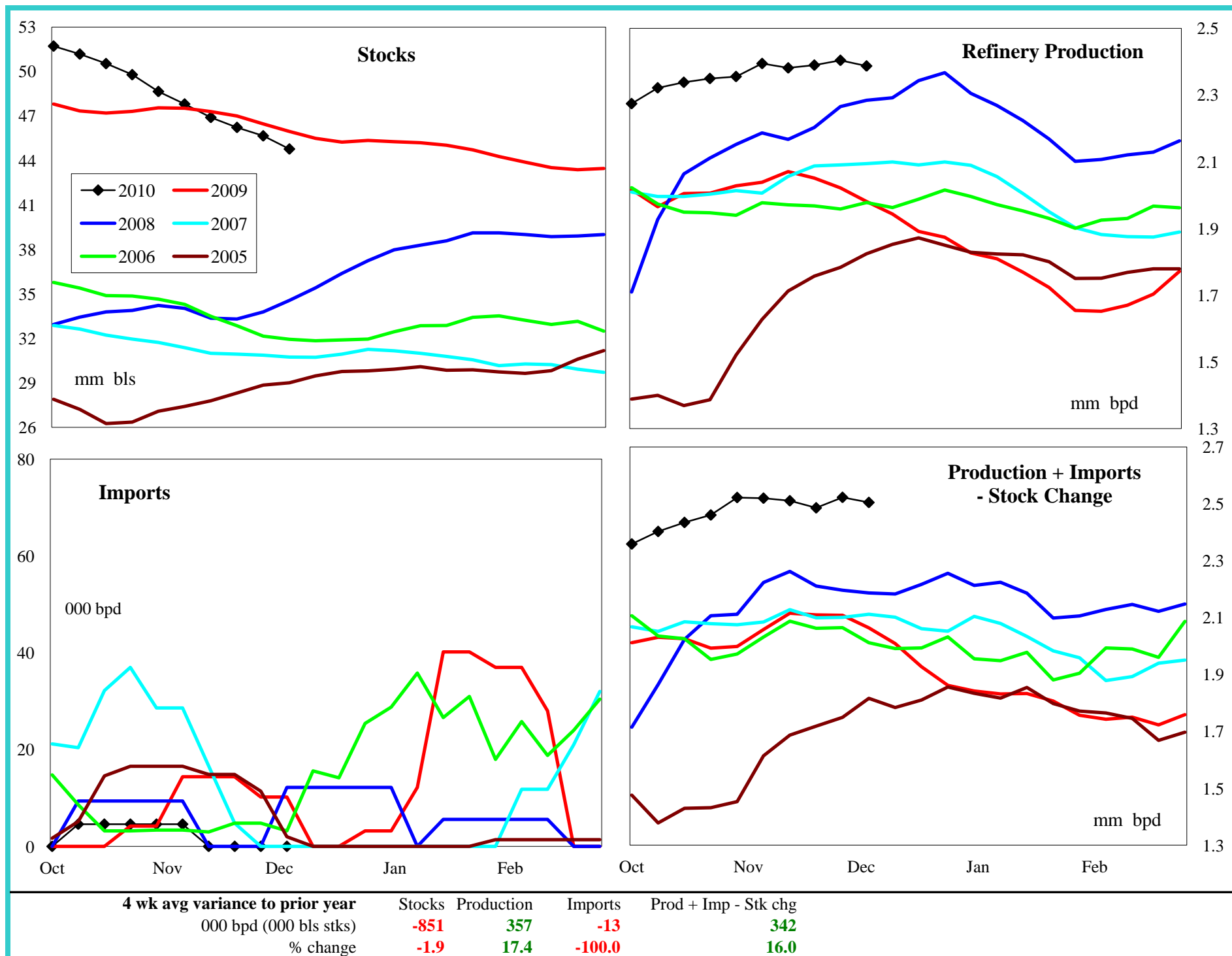
-75.0

-19.8

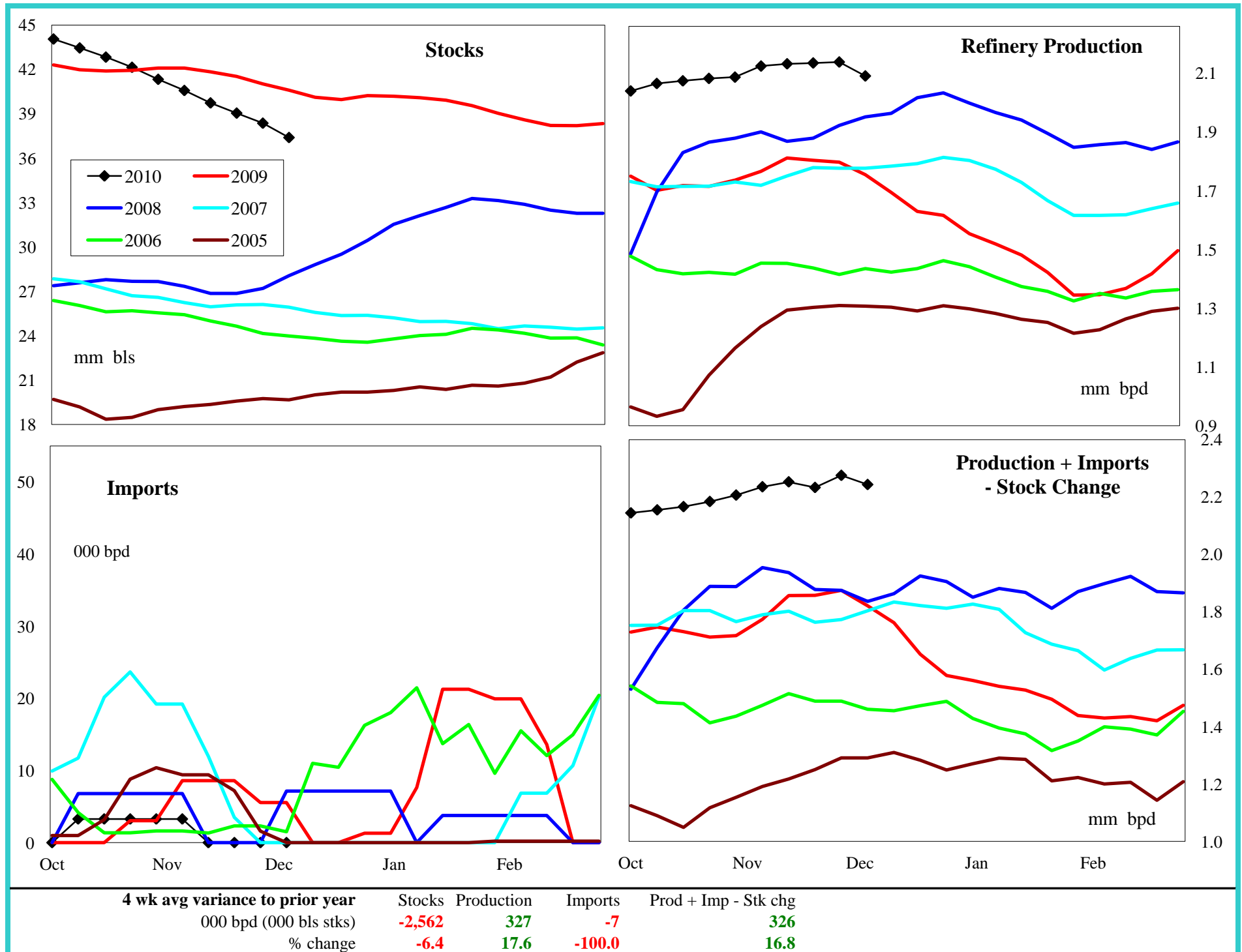
PADD 3 Conventional Gasoline Supply



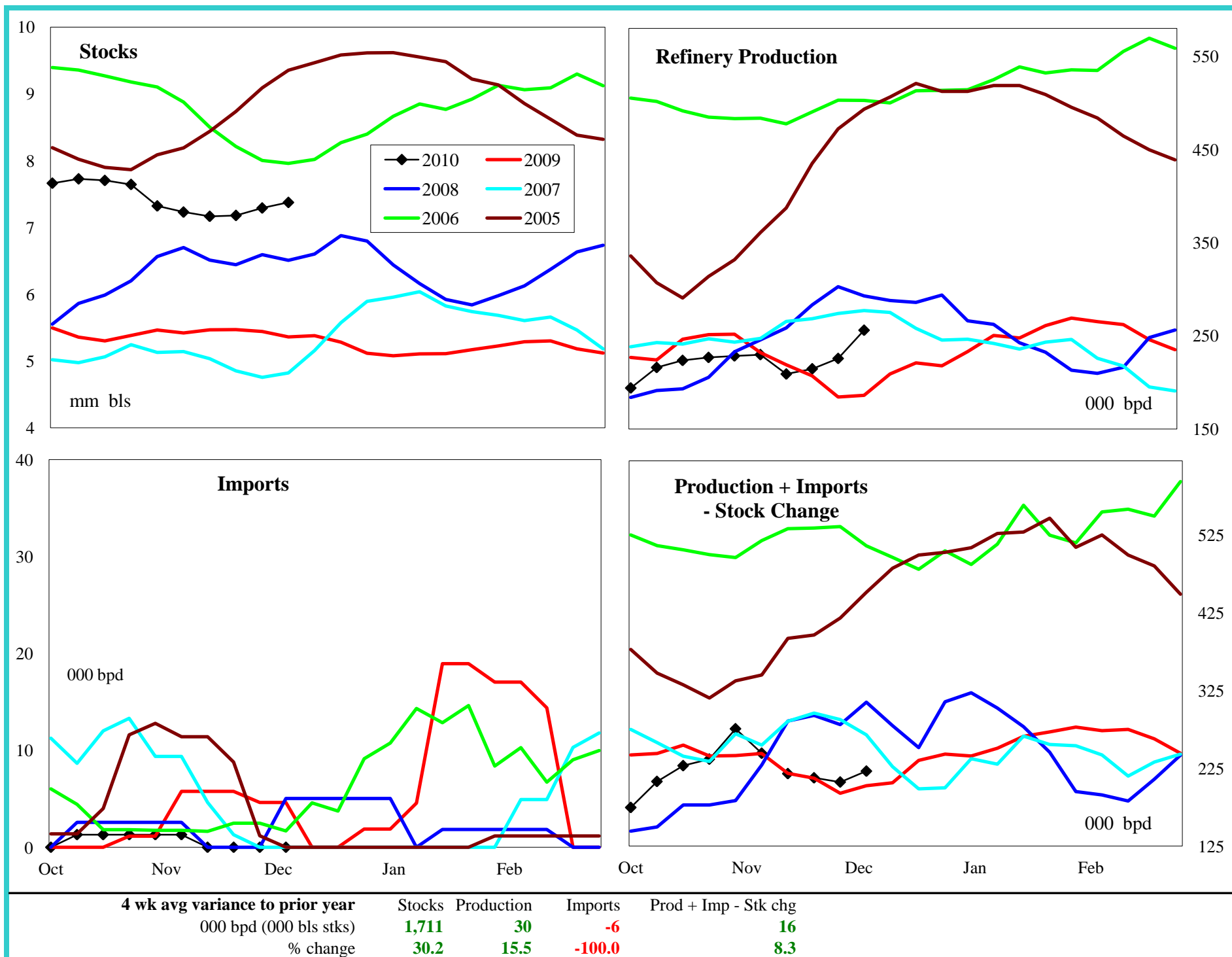
PADD 3 Distillate Supply



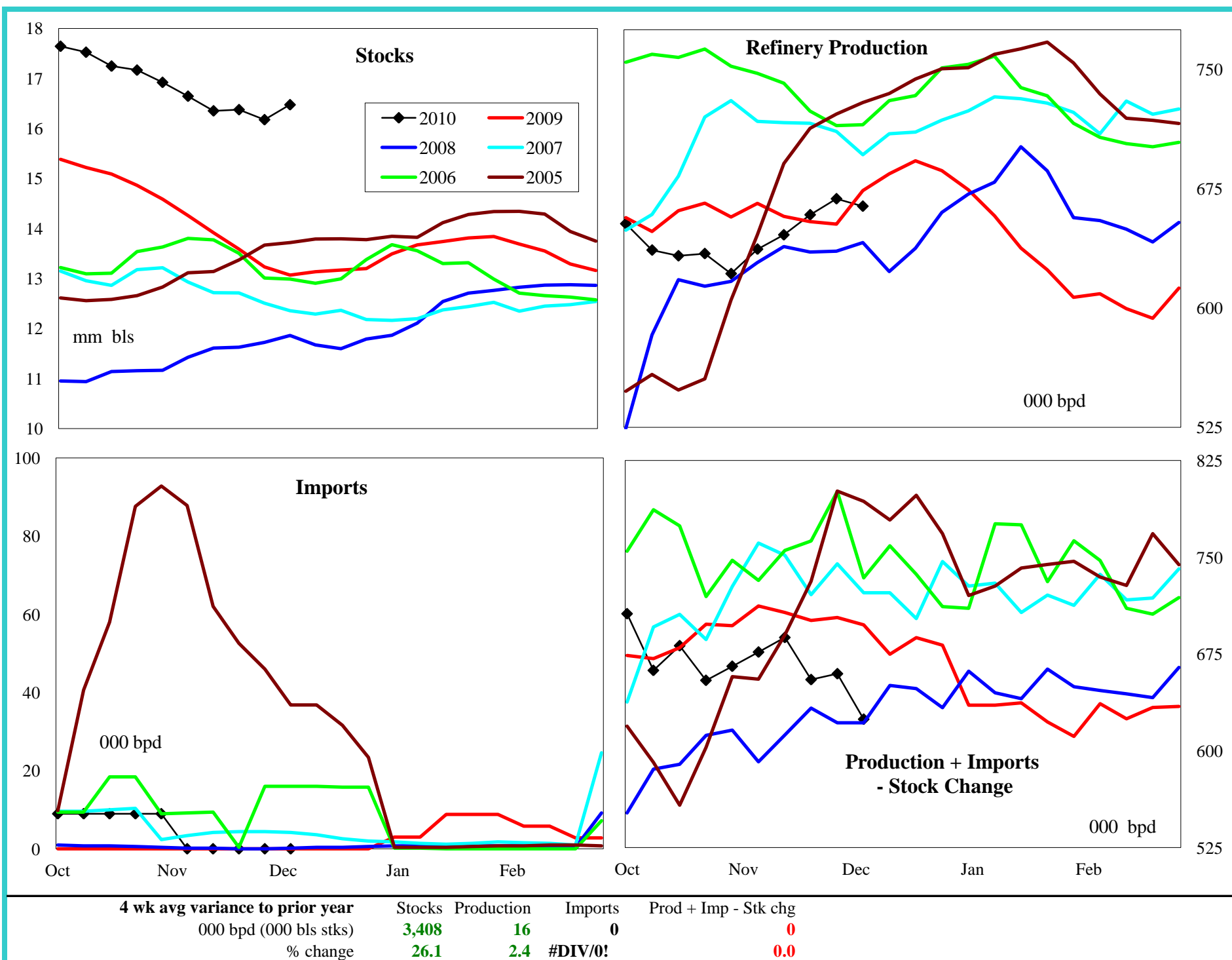
PADD 3 Low Sulfur Distillate Supply



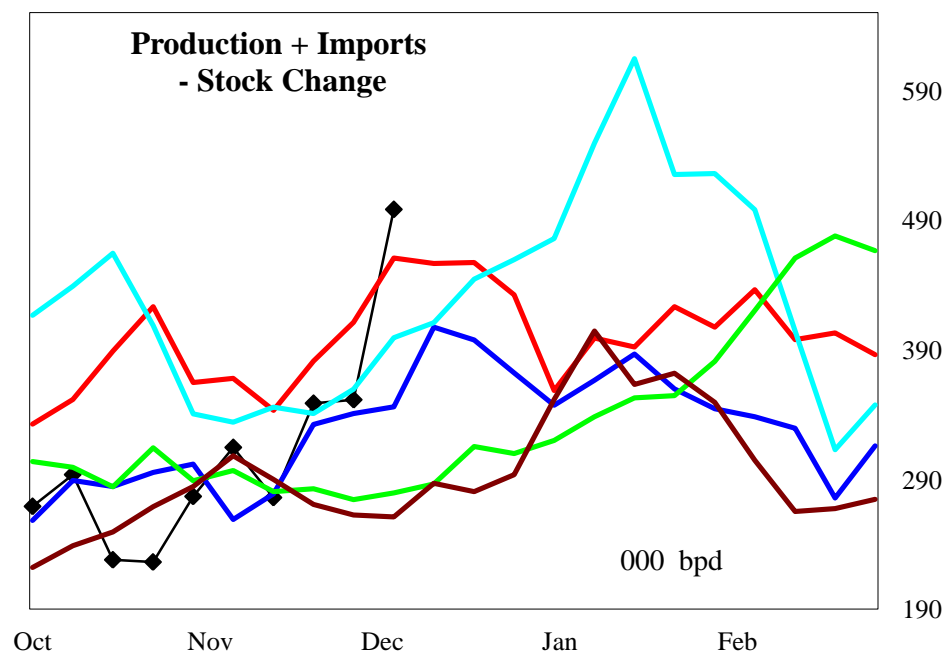
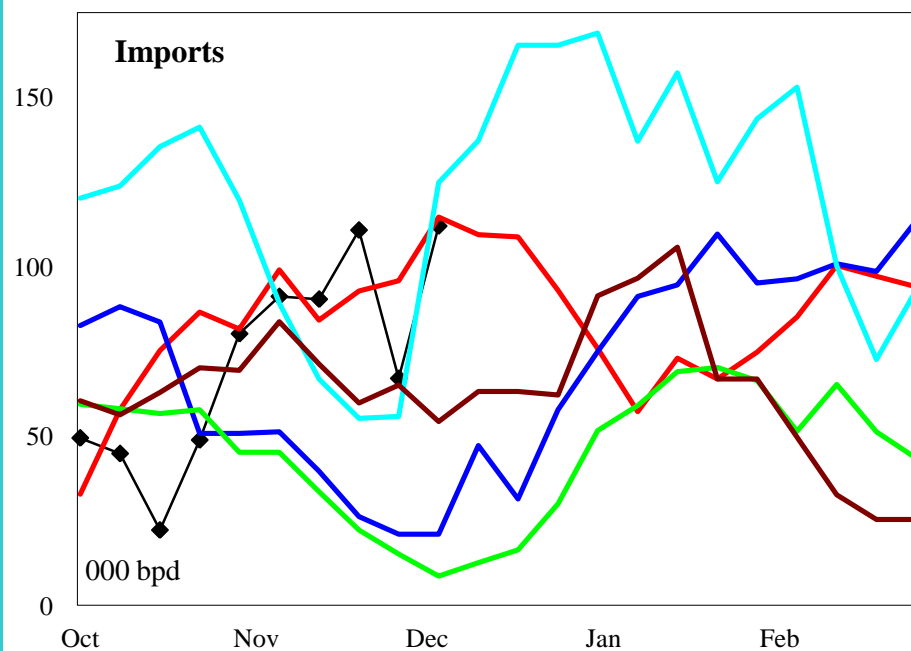
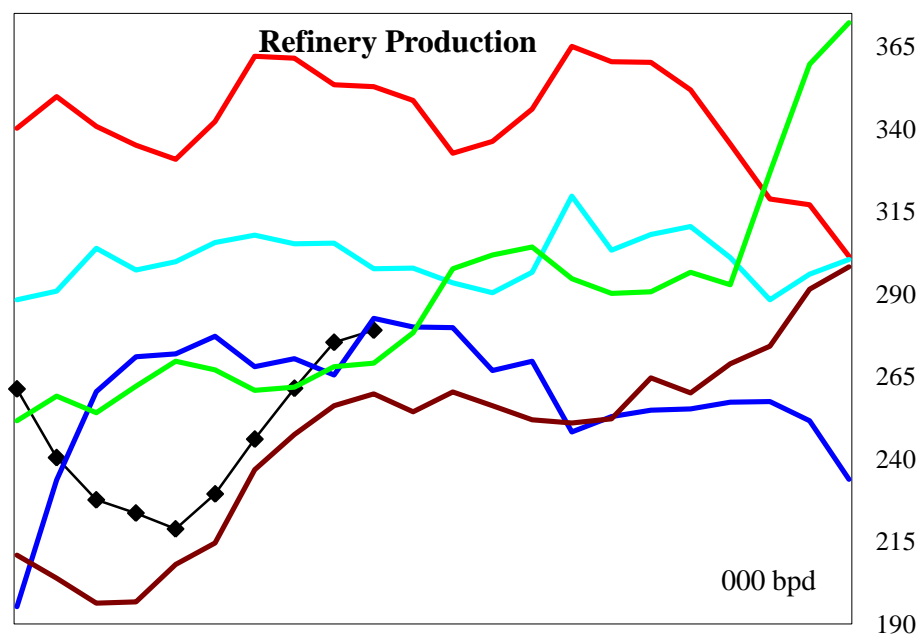
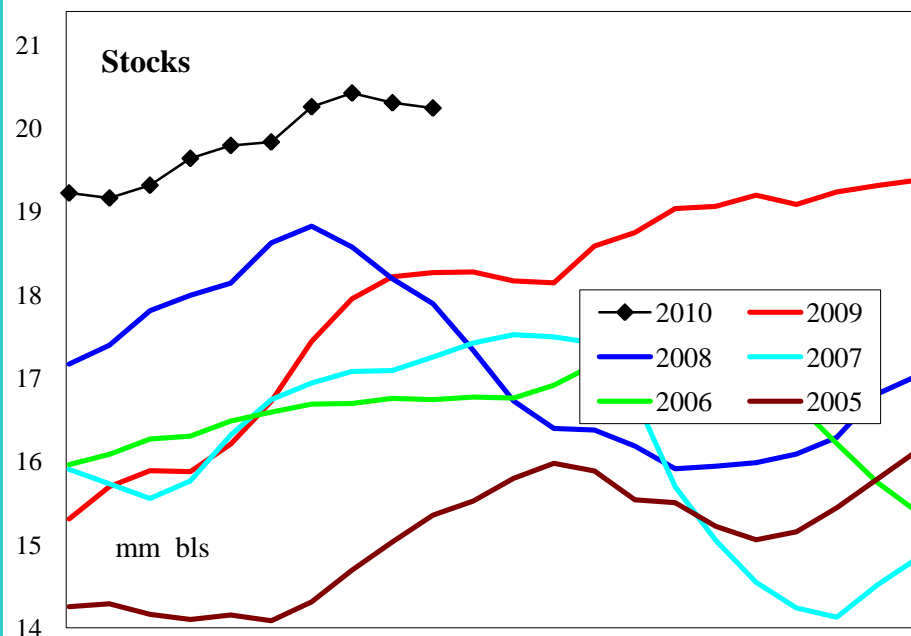
PADD 3 High Sulfur Distillate Supply



PADD 3 Jet Fuel Supply



PADD 3 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,977

10.8

Production

-101

-27.8

Imports

15

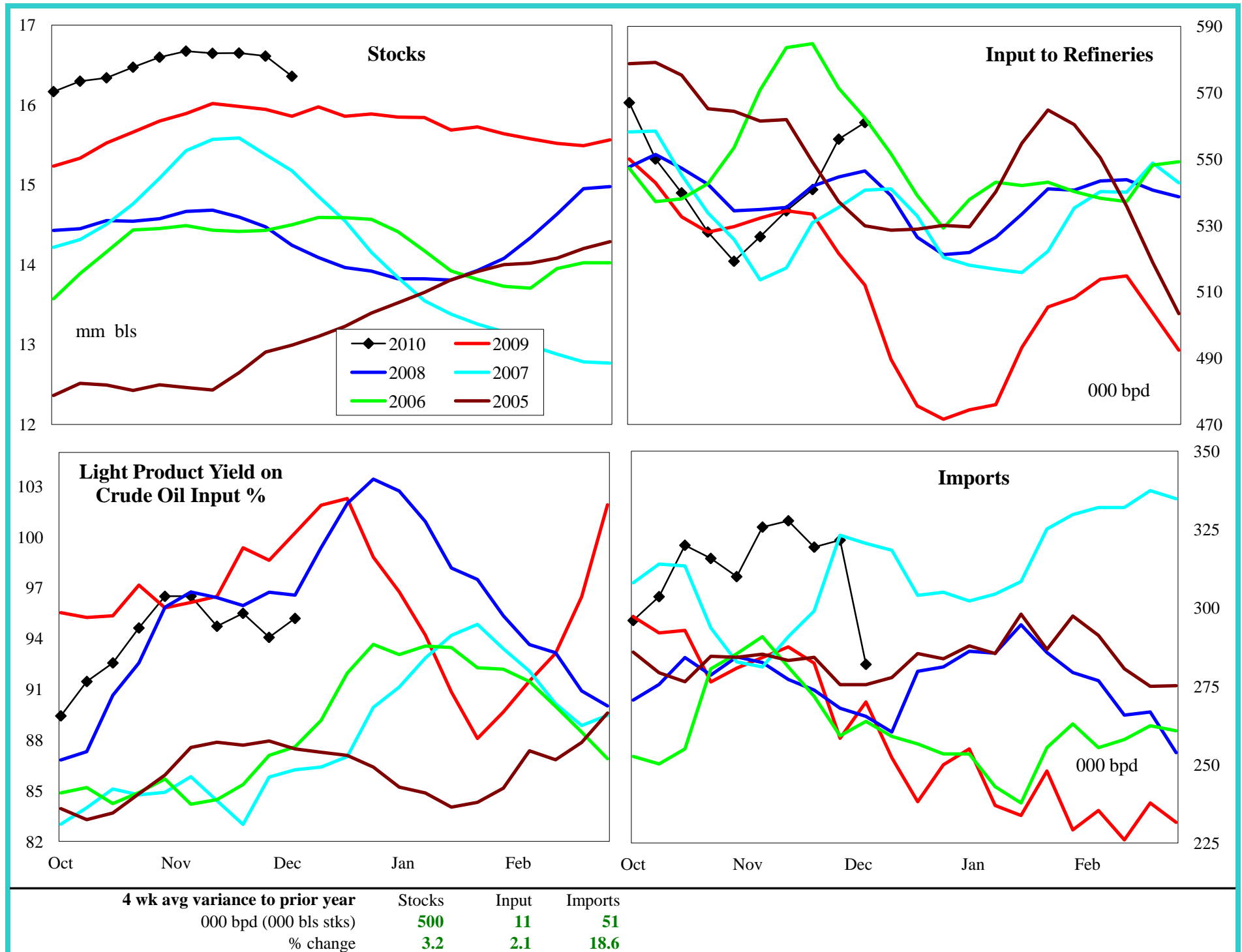
17.0

Prod + Imp - Stk chg

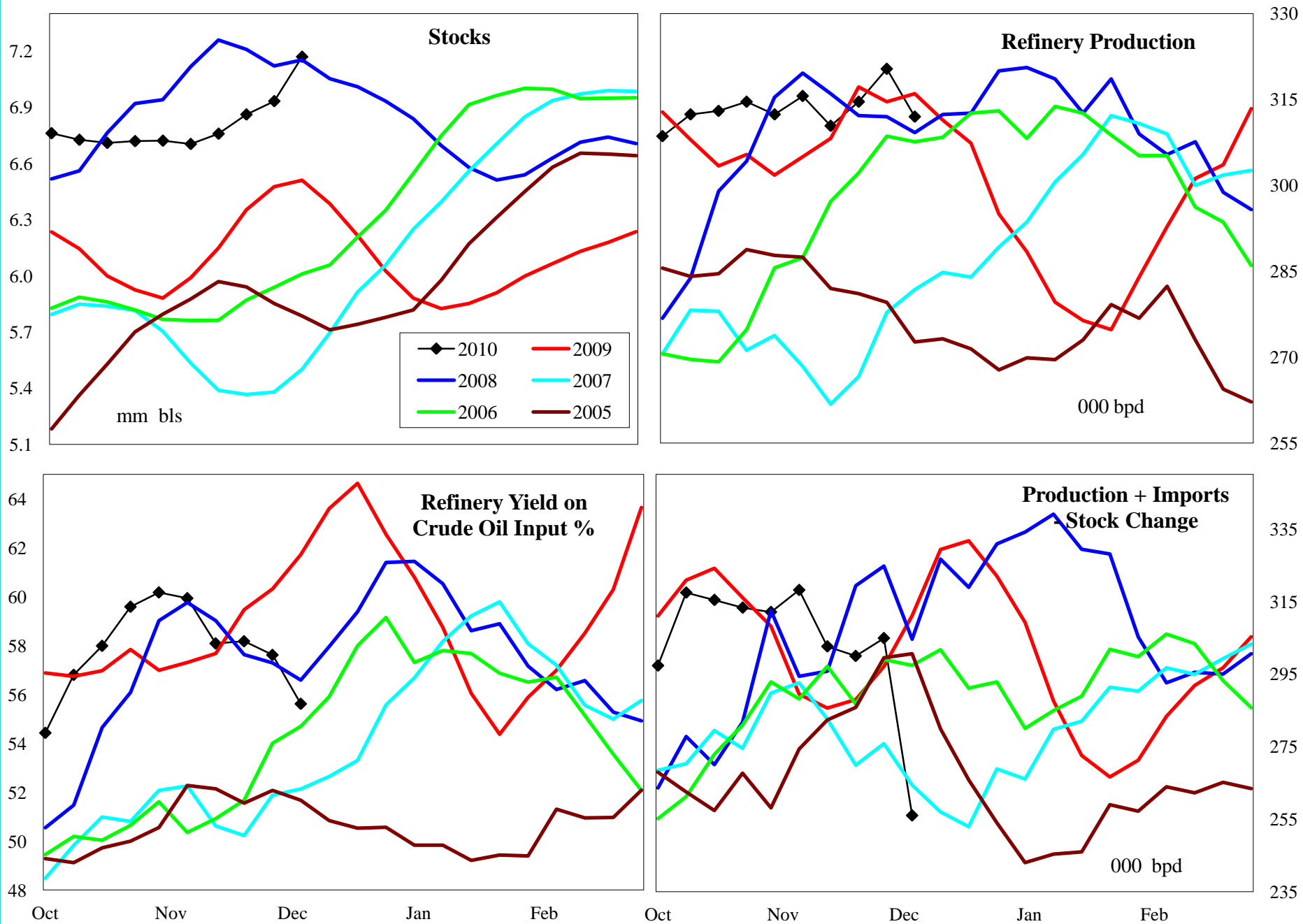
-9

-2.3

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

658

-2

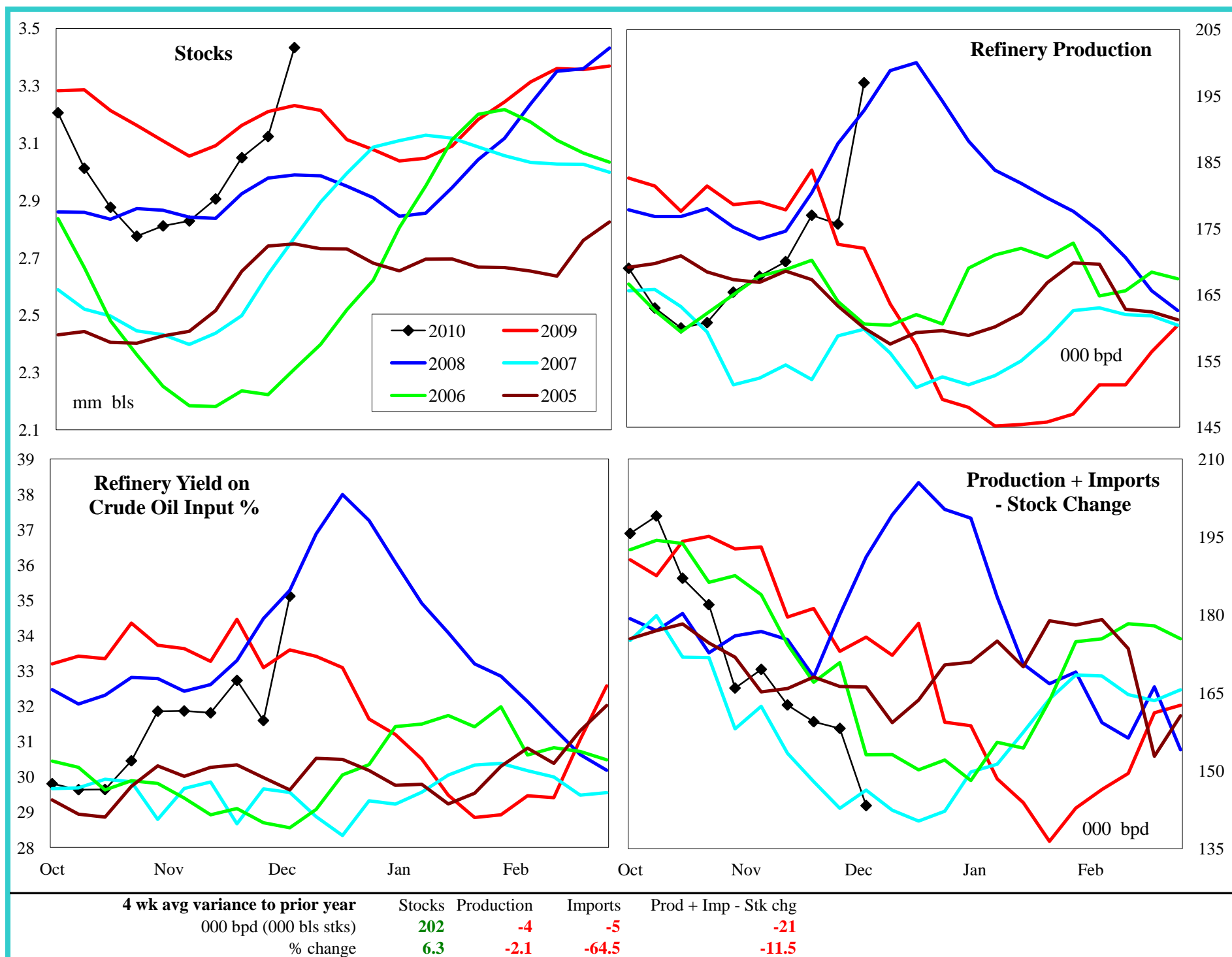
7

10.1

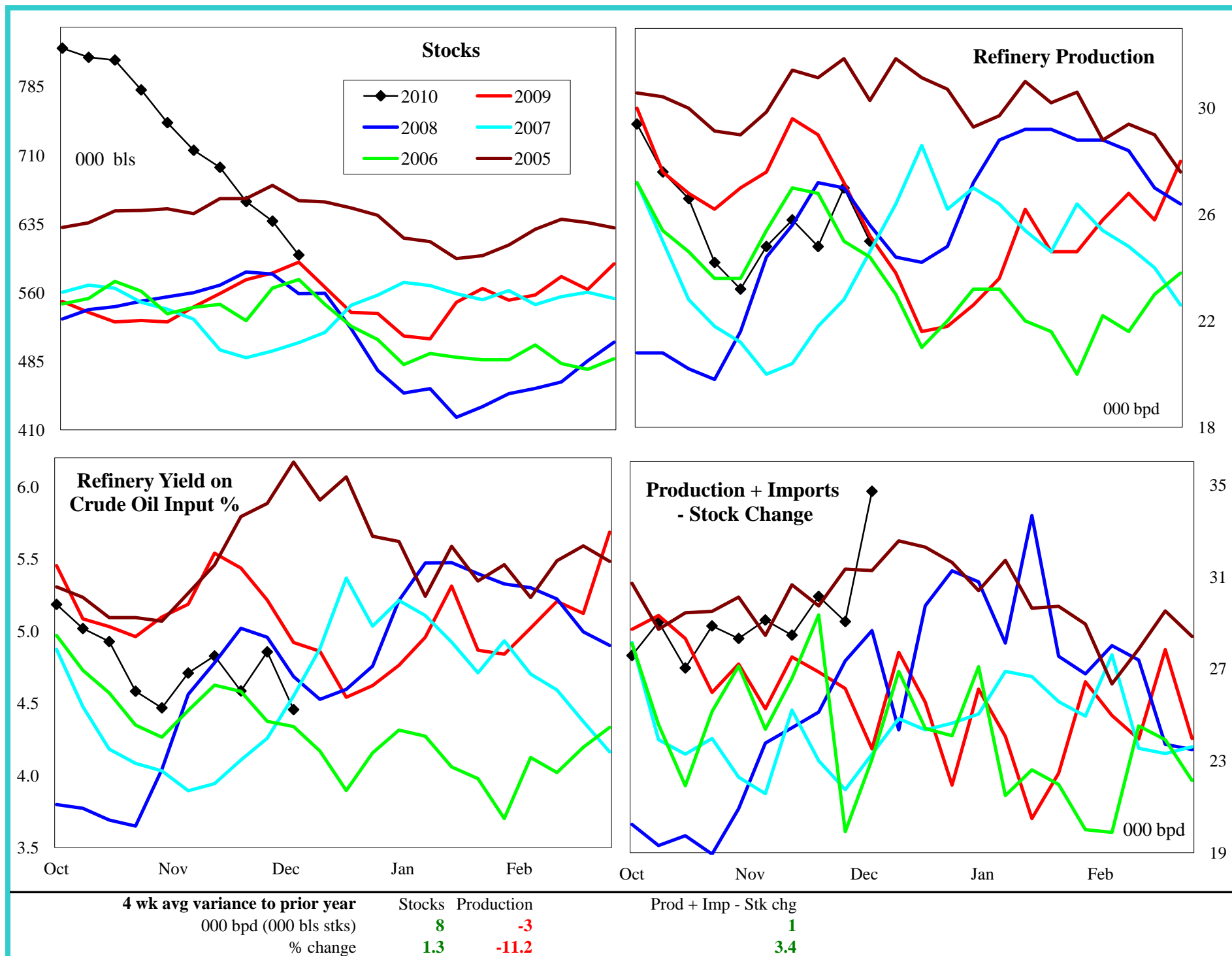
-0.6

2.5

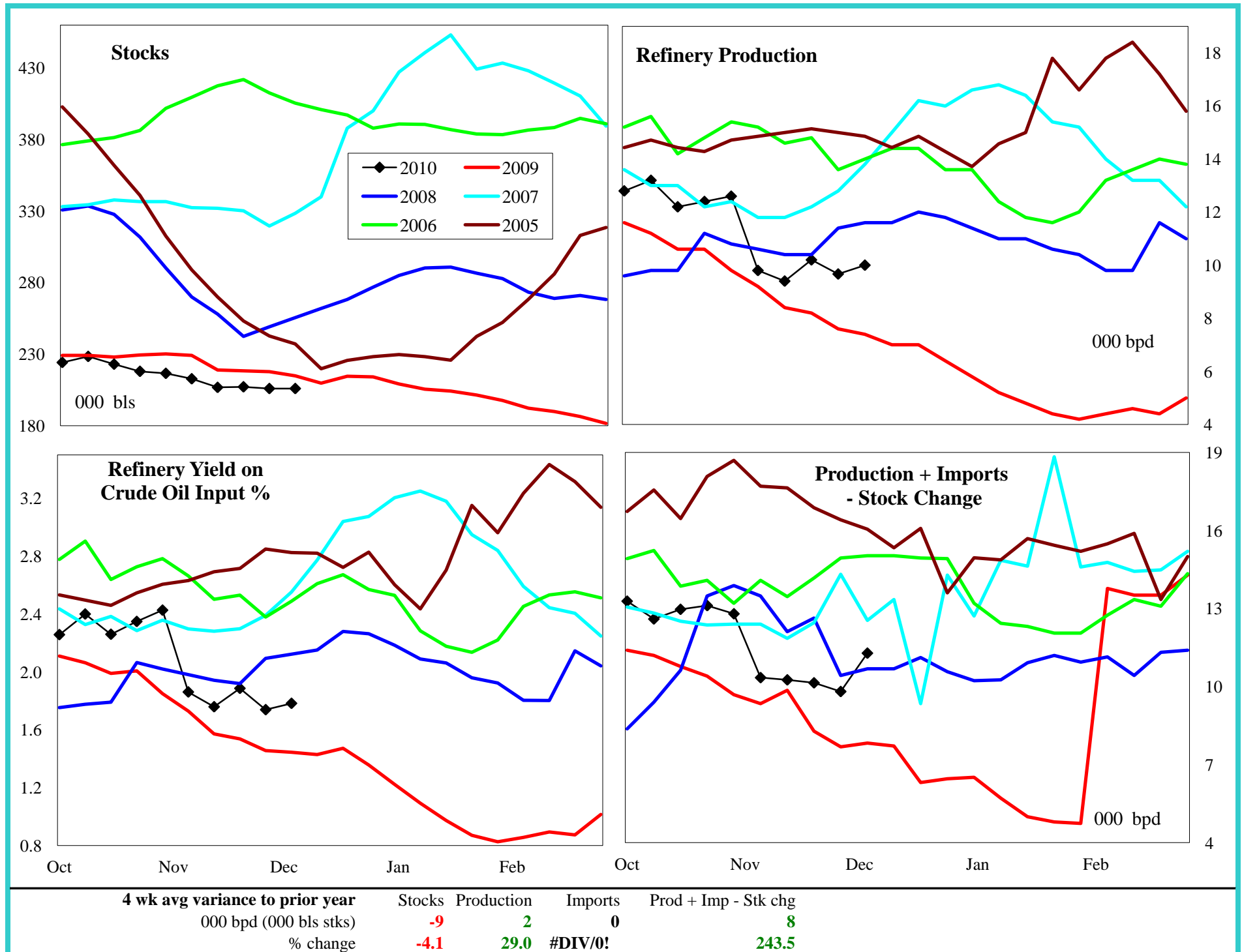
PADD 4 Distillate Supply



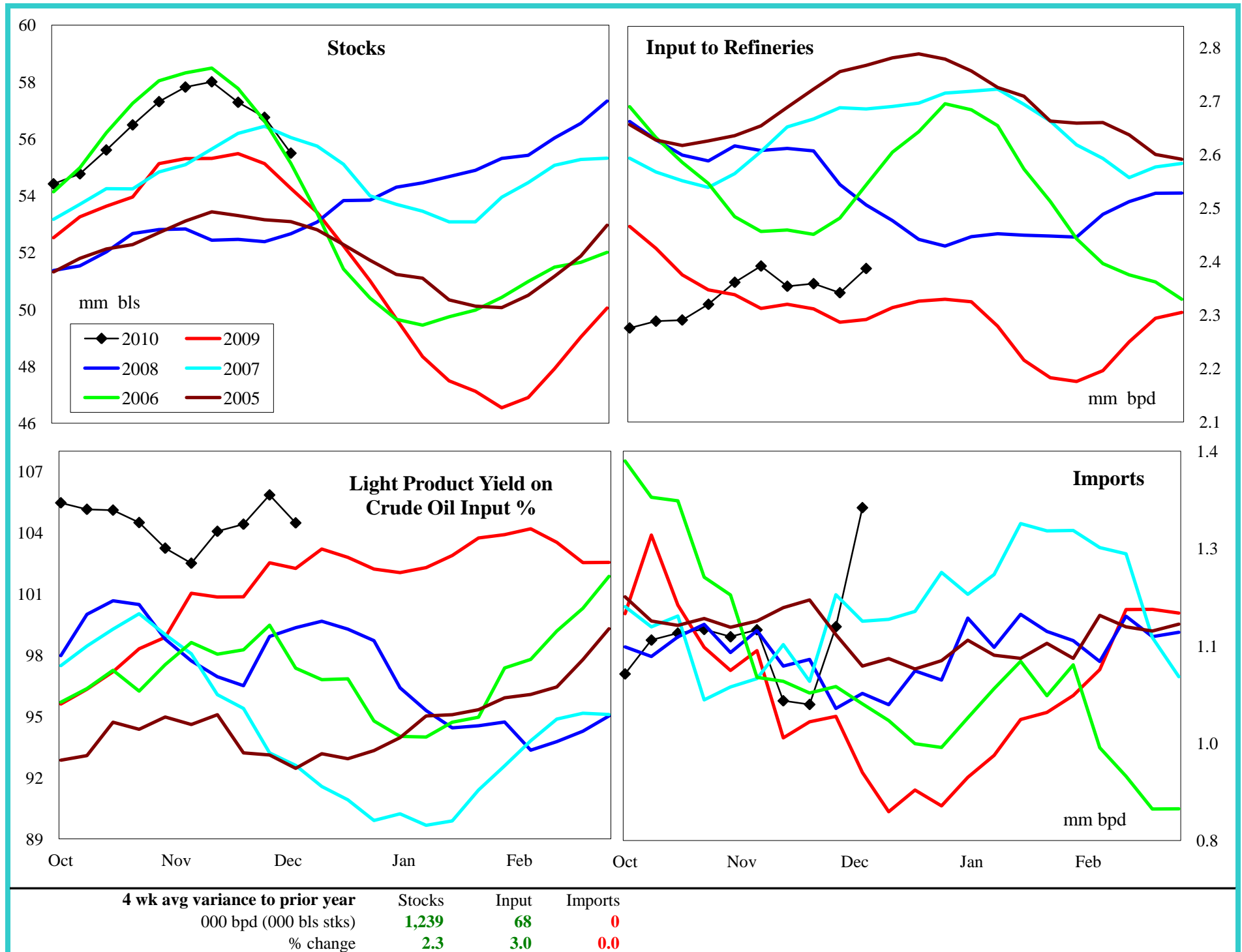
PADD 4 Jet Fuel Supply



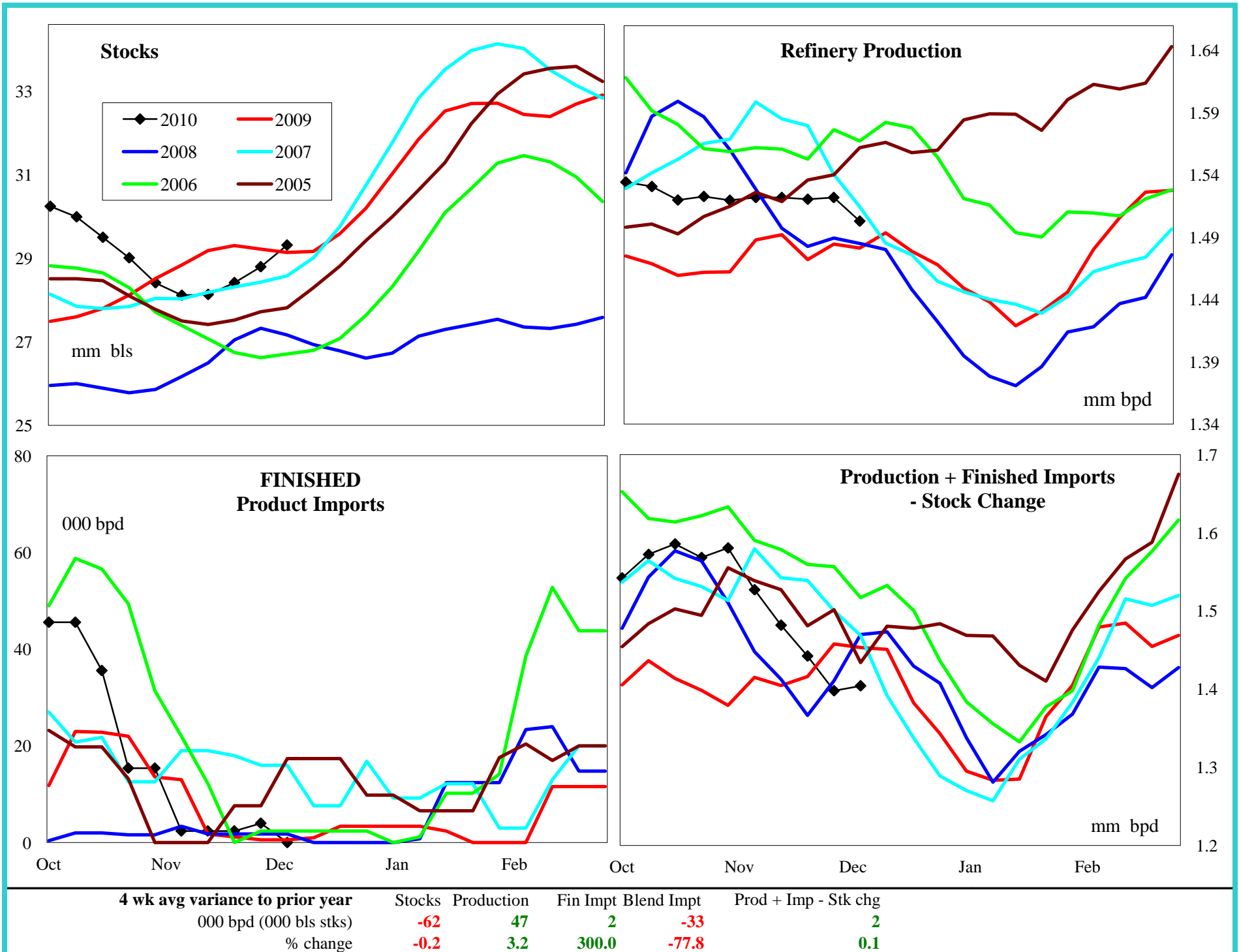
PADD 4 Residual Fuel Oil Supply



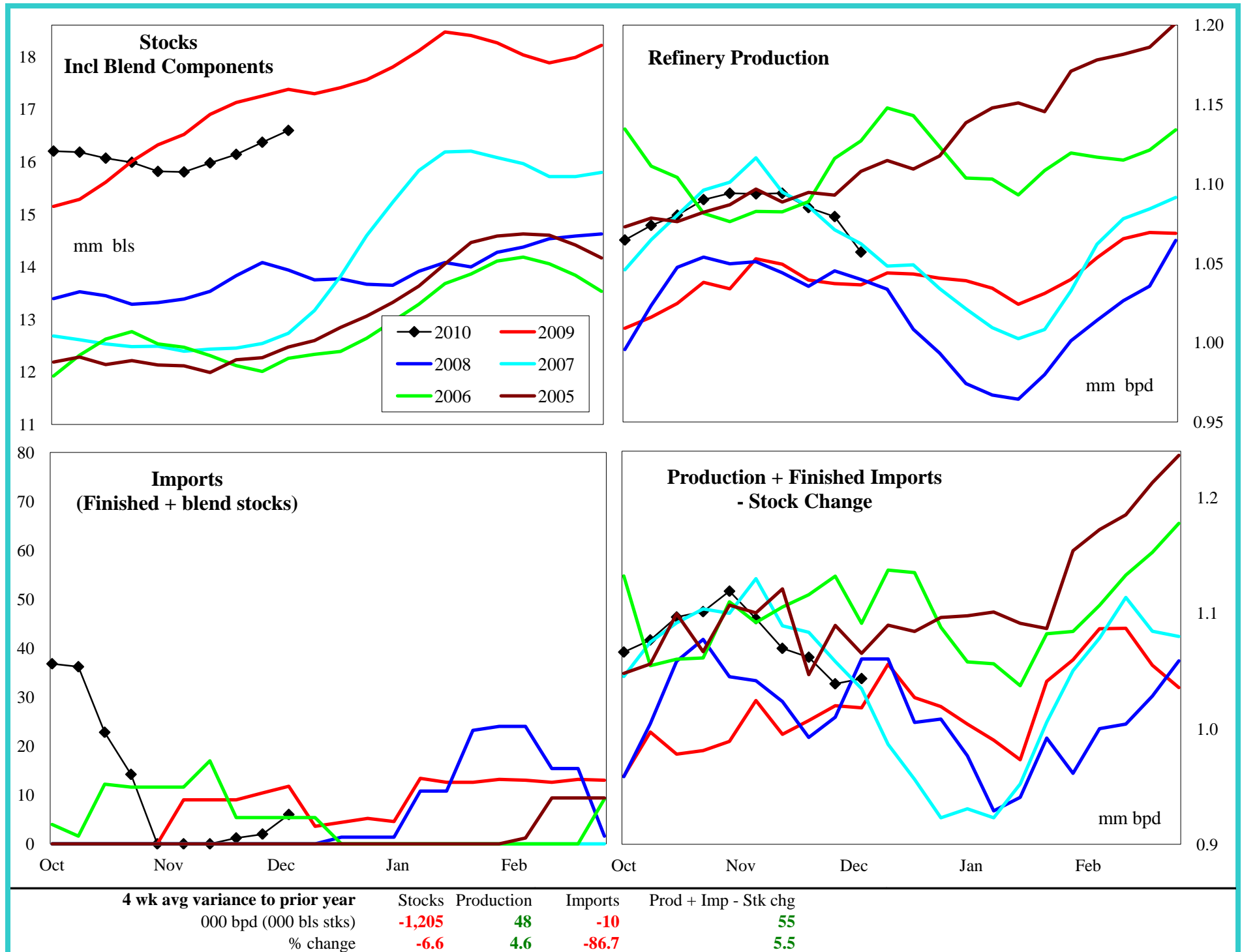
PADD 5 Crude Oil Supply and Refining



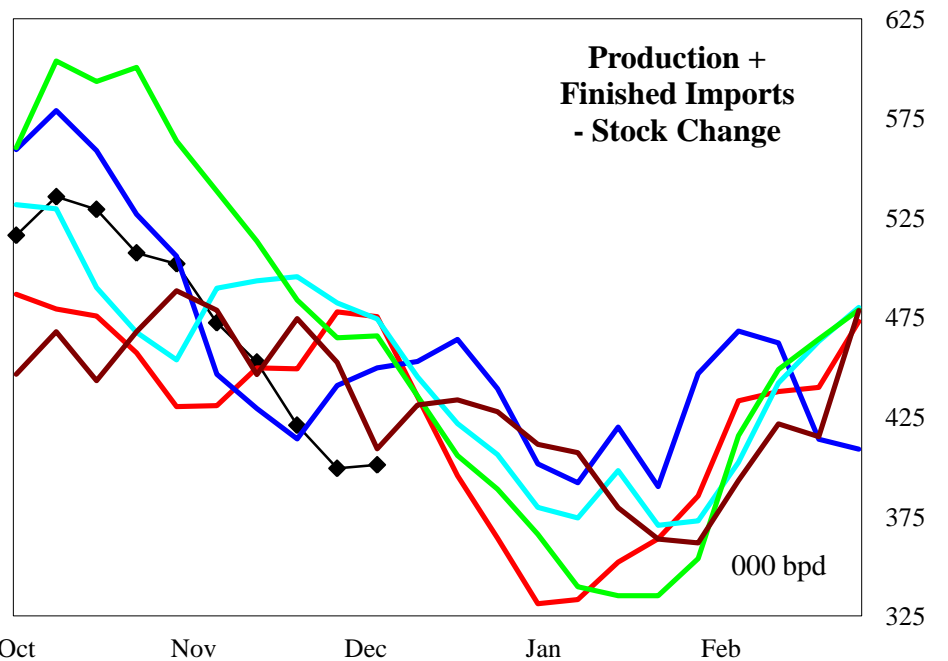
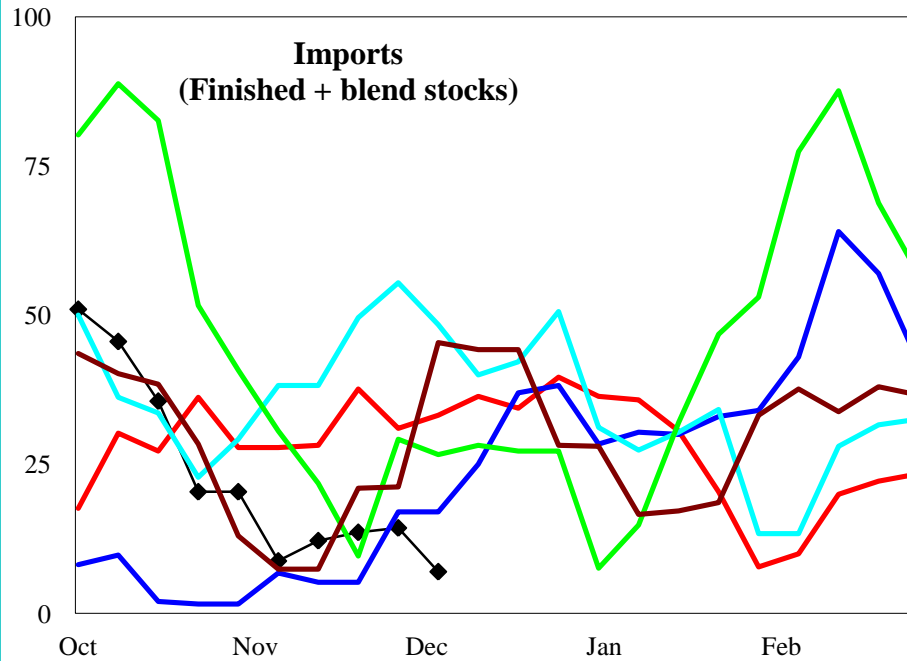
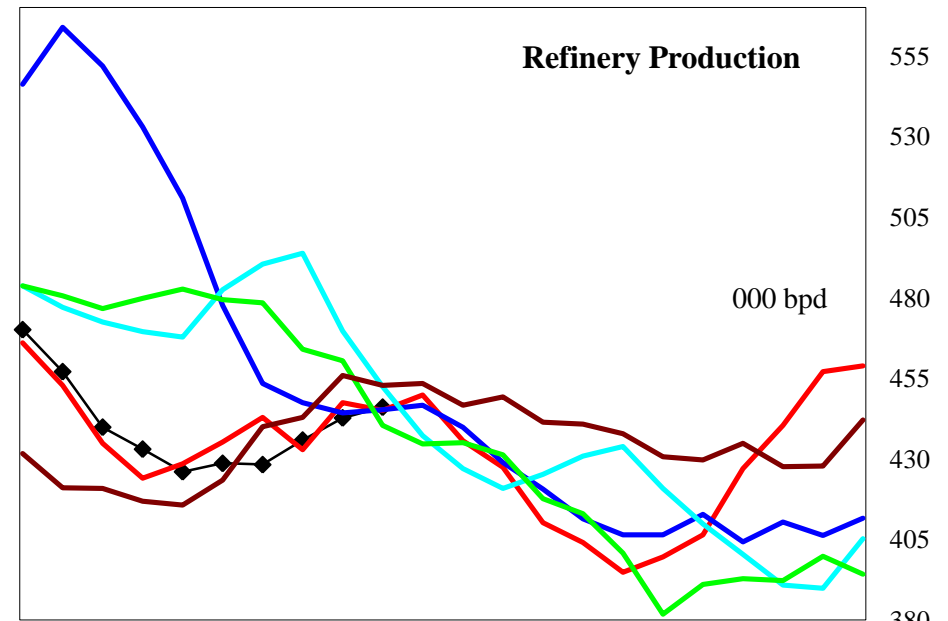
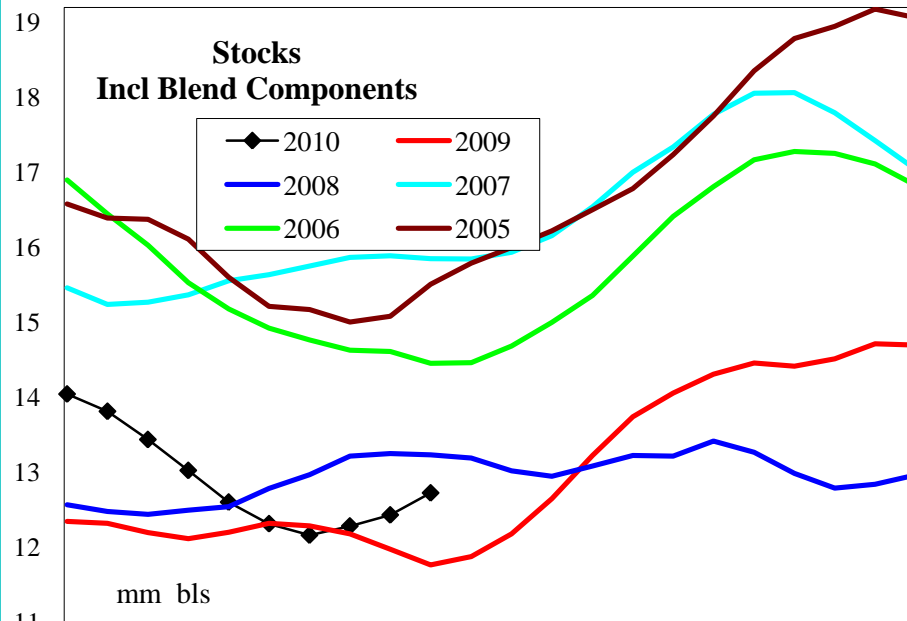
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



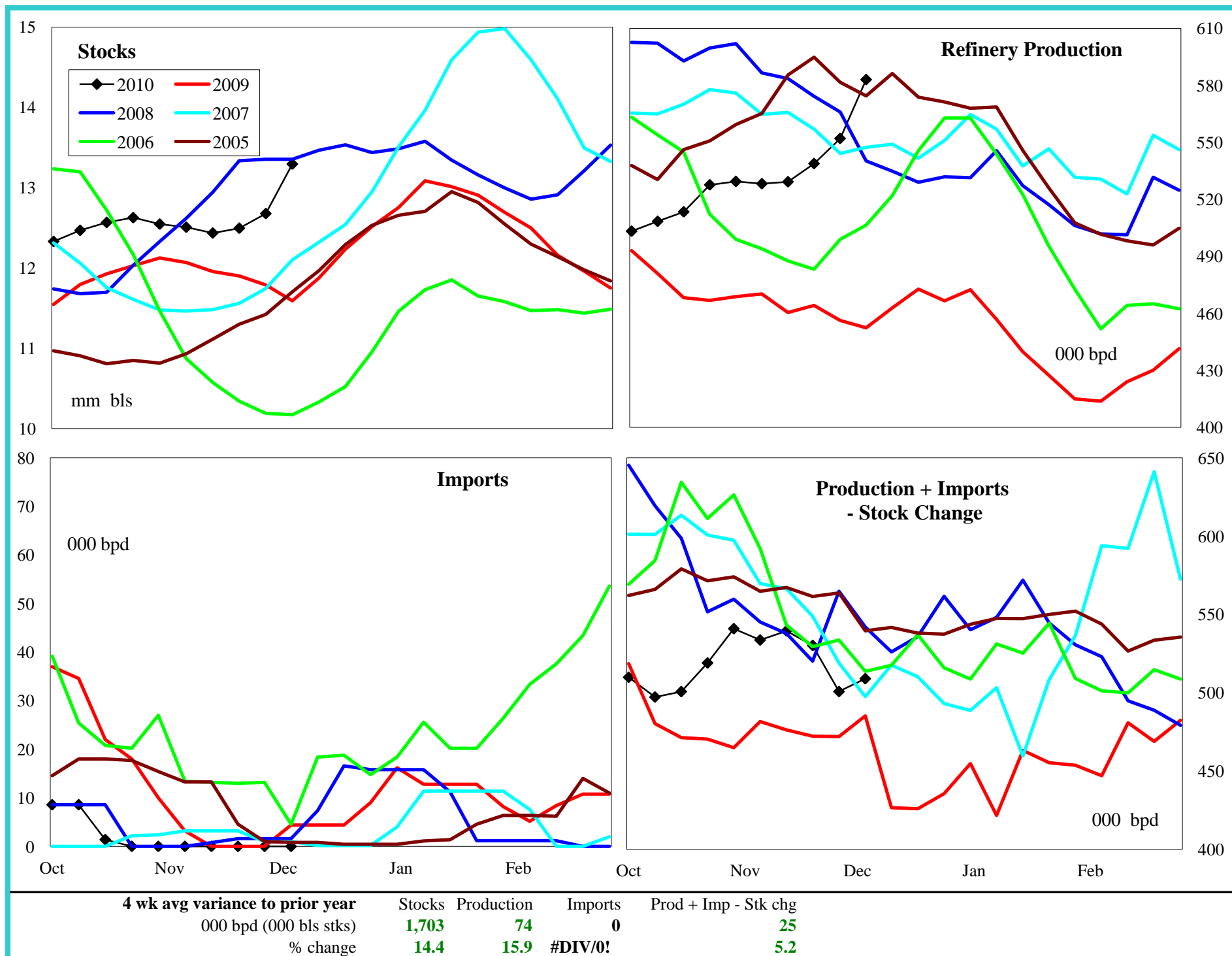
PADD 5 Conventional Gasoline Supply



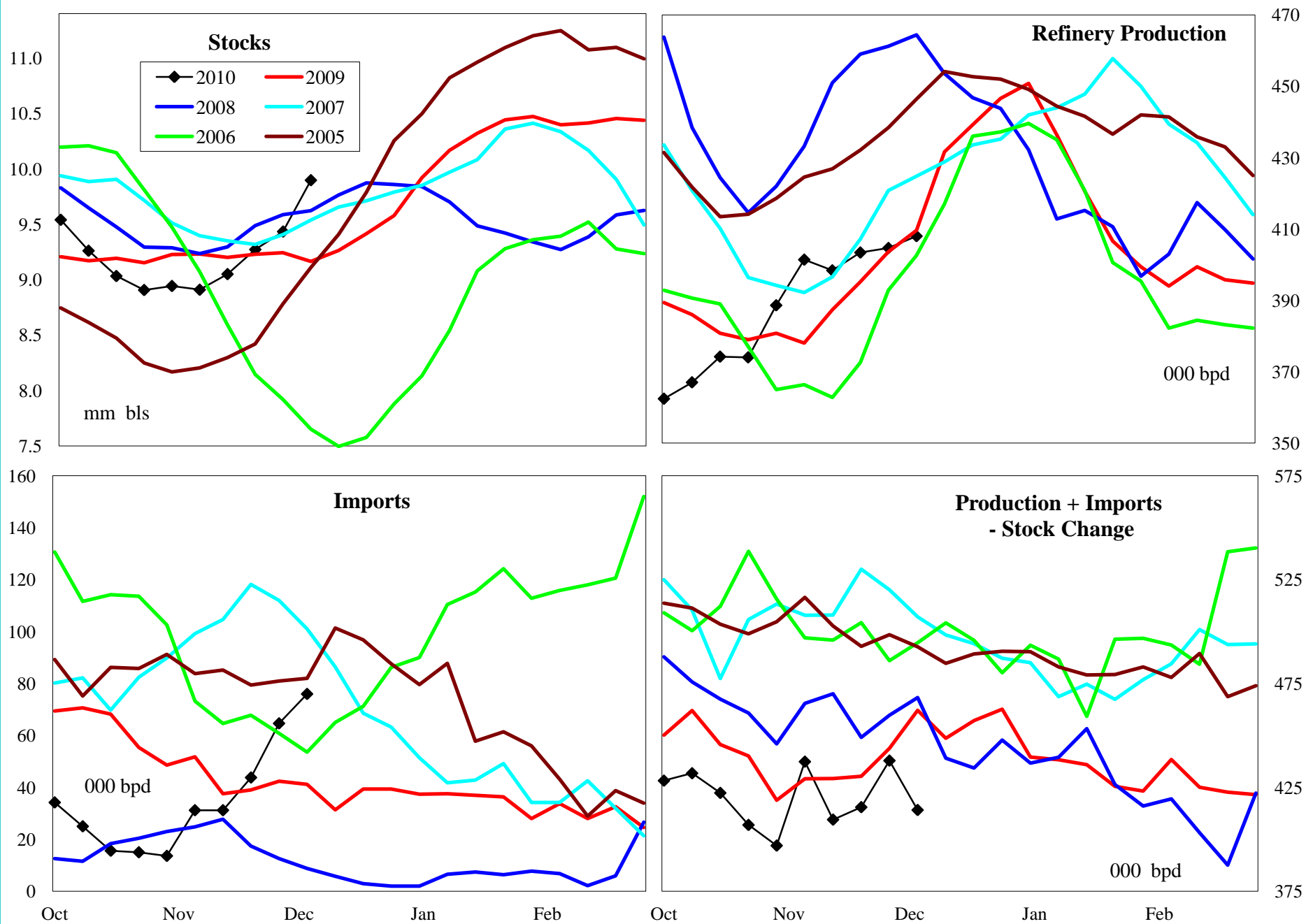
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Production	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	1,143	-1	-21	-53
% change	9.9	-0.3	-65.6	-10.9

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

653

10

6

-20

7.1

2.5

13.7

-4.4

PADD 5 Residual Fuel Oil Supply

