



**FUNDAMENTAL  
PETROLEUM  
TRENDS**

## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

### A Fundamental Petroleum Trends Weekly Report

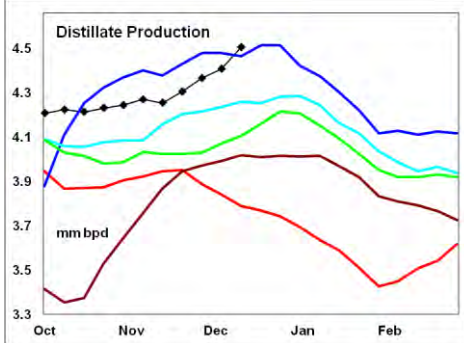
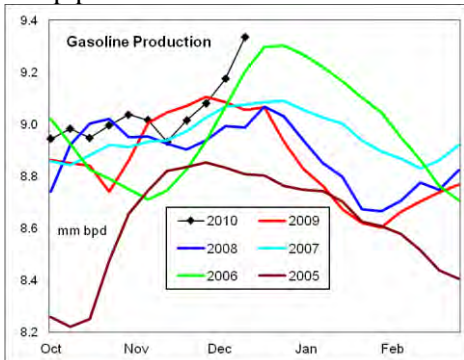
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, December 15,



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

The surge in transport fuel demand of +569,000 bpd last week (gasoline, distillate & jet fuel combined) points toward a restocking by the downstream supply chain following the Thanksgiving holiday week.

Weekly demand for gasoline and jet fuel matched historic highs. Based on the seasonal decline in gasoline demand for this time of year, and recent inclement weather; expect a sharp pull back in the near term.



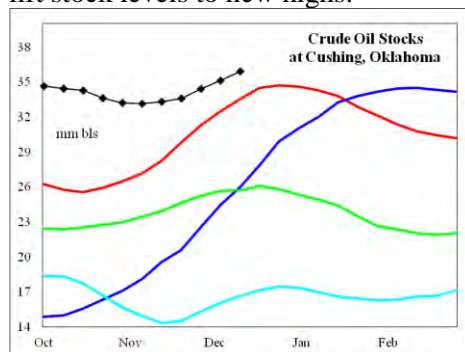
Completion of fall refinery maintenance and favorable refining margins has led to record production of both gasoline and distillate. Stocks increased last week for both products. However, the spike in jet fuel demand led to a -2 million barrel stock draw, although stock levels remain above the historic range.

High transport fuels production should continue for the next 6-wks, then trend seasonally lower as refiners in the Gulf and West Coast undertake winter quarter maintenance programs.

Crude oil stocks fell -9.9 million barrels last week, due to a -1.4 million bpd drop in imports and season high crude oil runs. This included a -9 million barrel draw in PADD 3 where runs were +0.5 million bpd above last years' lows. High deliveries to the midwest also contributed to the stock draw in PADD 3.

The recent collapse in the forward crude oil price curve, combined with weakness in domestic crude oil prices compared to international grades contributed to the drop in imports.

Crude oil stocks increased +1 million barrels in Cushing where excess domestic supplies continue to lift stock levels to new highs.



**Demand** for the three major transport fuels (gasoline, distillate & jet) increased a combined +569,000 bpd after a period of lackluster demand

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline increased +0.6%; distillate up +3.9%; jet fuel down -3.9% while residual fuel oil decreased -1%.

**Stocks forward coverage:** Gasoline demand coverage increased on a +0.8 million barrel build in stocks, that offset higher demand. Coverage matched last years' record high.

Distillate coverage improved on +1.1 million barrel stock build and higher weekly demand. The coverage level was below last years' record high.

Jet fuel coverage pulled back from the earlier record level on a -2 million barrel stock draw and increased demand.

**Refinery utilization** rates increased on

a +71,000 bpd rise in crude oil runs; with runs well above each of the last 2-years. Crude oil runs for the latest 4-wk period were +684,000 bpd above last year.

Gasoline yield % on crude oil runs decreased last week on a -61,000 bpd drop in production versus a +71,000 bpd rise in crude runs. Yield % was well below last years' record.

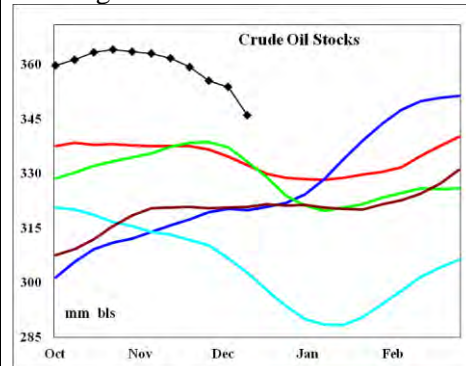
Distillate yield % on crude oil runs increased slightly with production up +53,000 bpd compared to the modest rise in crude oil runs. Yield % was below the 5-year high for the period.

Jet fuel yield % on crude oil runs fell on a -20,000 bpd drop in output.

**Petroleum Imports** fell -1.4 million bpd for crude oil while gasoline and diesel were nearly unchanged. Imports of jet and residual fuel oil each fell over -100,000 bpd.

During the latest 4-wk period crude oil imports increased +238,000 bpd compared to last year; distillate imports declined -6,000 bpd; finished gasoline imports decreased -43,000 bpd, gasoline blend stock imports declined -87,000 bpd; jet fuel imports were -3,000 bpd lower, while residual fuel oil imports increased +39,000 bpd.

**Crude Oil** imports plunged -1.4 million bpd last week with decreases exceeding -0.5 million bpd in PADDs 2 and 5. Stocks fell -9.9 million barrels, including a -9 million barrel draw in PADD 3. The large draw in PADD 3 was partially offset by a +1.2 million barrel build in PADD 2. Stocks increased +1 million barrels in Cushing.



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



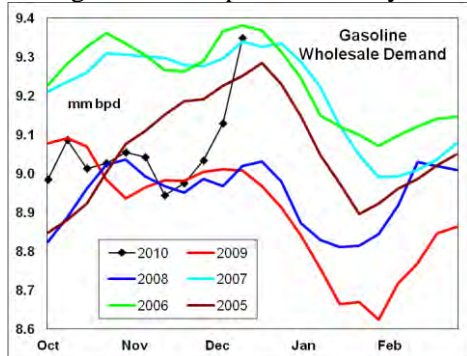
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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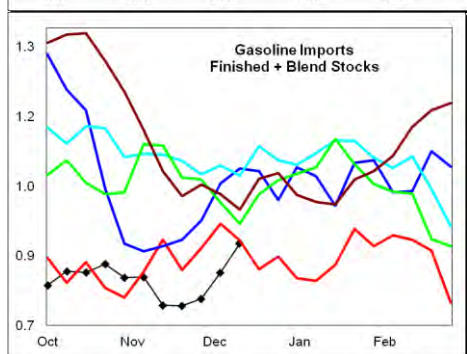
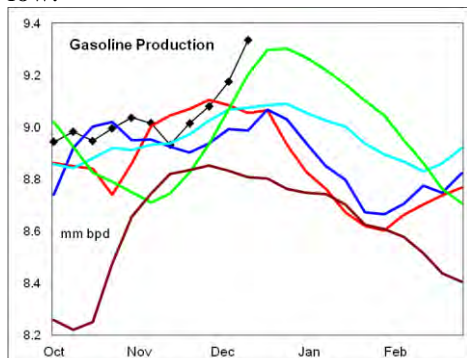
#### Product Supply-Demand Trends

**Gasoline** demand increased +178,000 bpd last week, with the latest 4-wk average +52,000 bpd above last year.



The current spike in wholesale demand should collapse in the immediate near term on a seasonal decline in use and inclement weather.

Production decreased -61,000 bpd on the week (including a -54,000 bpd EIA adjustment at the U.S. level); with output above prior 5-year high. Imports increased +10,000 bpd although the level matched the 5-year low.



Stocks increased +0.8 million barrels on the week, including a +1.9 million barrel build in PADD 1.

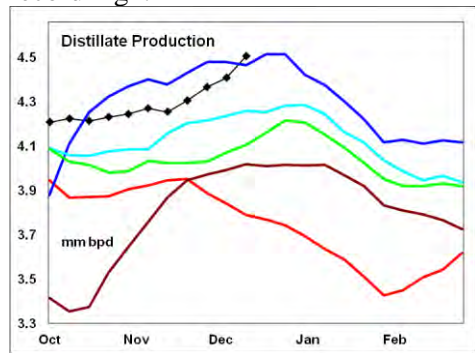
Seasonal stock builds should continue on high production and a sharp drop in near term demand.

Expect price weakness compared to the overall energy complex.

**Distillate** demand increased +107,000 bpd on the week, with the 4-wk average +139,000 bpd above last year.

Supply increased +60,000 bpd on the week, with both production and imports higher. Production levels matched 5-year highs, while imports exceeded the last 3-years.

Stocks increased +1.1 million barrels on the week. Stock levels were -3.1 million barrels below last years' record high.



Demand remains sharply lower from earlier levels for each of the last 3-wks. However, much above normal heating degree days should increase demand in the near term.

Production has reached record levels with a meaningful upturn in imports also evident.

The supply balance continues to improve on peak crude oil run rates. This trend should extend into mid January when Gulf and West Coast winter maintenance begins.

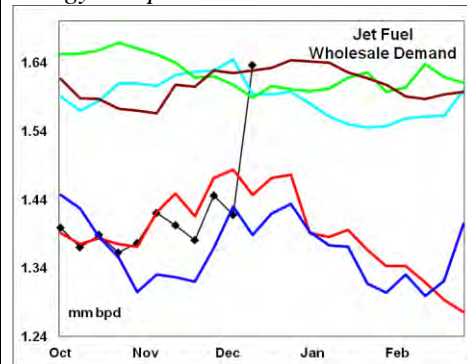
**Jet Fuel** demand spiked +284,000 bpd last week, although the latest 4-wk average remains -58,000 bpd below a year ago.

Supply fell -121,000 bpd last week, on a sharp drop in imports. Stocks fell -2 million barrels on the week, but remain above the 5-year range.

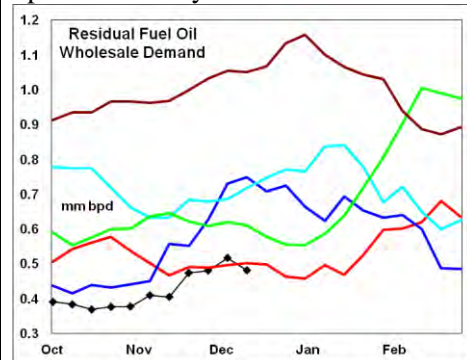
Jet fuel weekly demand estimates remain very volatile; although the longer term level is still near historic lows. Constrained production and imports have led to a -5 million barrel stock draw during the last 3-months,

yet stock levels remain above the historic range.

These trends point to a well supplied market. Expect limited price strength compared to the overall energy complex.



**Residual fuel oil** demand, including exports, decreased -191,000 bpd last week, with the 4-wk average -4,000 bpd below last year.



Supply (production + imports) fell -130,000 bpd on the week, the result of lower imports. The latest 4-wk average was -94,000 bpd below a year ago. Stocks decreased -0.4 million barrels on the week; with levels well above the mid range.

Very low production, partially offset by an increase in imports, has led to modest stock draws recently. However, stock levels remain extremely high in the key PADD 3 market, while levels in PADD 1 are at the mid range of the last 3-years.





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

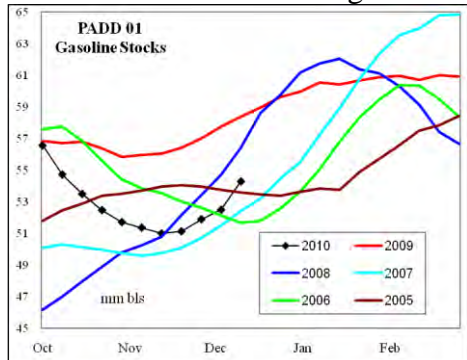
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#### PADD Supply Trends

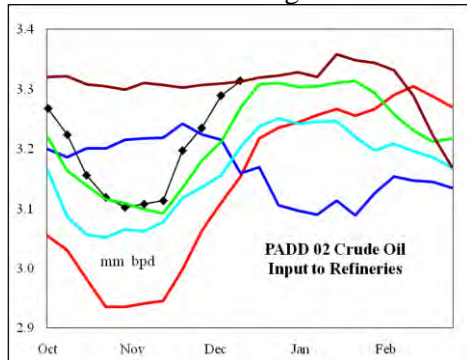
**PADD 1** refinery crude oil runs remain at the highest level of the last 3-months. Crude oil imports were nearly unchanged on the week, at a level near last years' record lows. Stocks fell to 9.3 million barrels, a new record low level; driven by restart of plants and earlier closures.

Gasoline production increased +49,000 bpd, with imports also higher by +46,000 bpd. The increase in supply and higher receipts from the Gulf lifted stocks +1.9 million barrels. Stock levels are now above the mid range.



Distillate supply increased +60,000 bpd last week on higher production. Stocks fell -3.5 million barrels on lower receipts from the Gulf and higher heating oil demand. Stock levels were -7.1 million barrels below last years' record high.

Jet fuel supply declined -31,000 bpd on lower imports. Stocks declined -0.6 million barrels last week, to a level below the mid range.



**PADD 2** crude oil refinery runs declined -88,000 bpd on the week, to a level that matched the 5-year high. Imports plunged -559,000 bpd on the

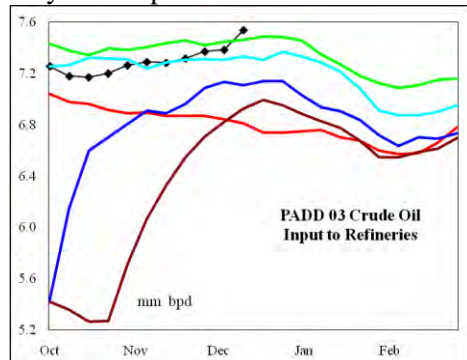
week. However, stocks increased +1.2 million barrels last week, including a build of +1 million barrels in Cushing.

Gasoline production decreased -128,000 bpd, with the level still above the historic range. Stocks decreased -0.5 million barrels on the week, with the level still well below the mid range.

Distillate production increased +20,000 bpd on the week, to a level above four of the last 5-years. Stocks increased +1.2 million barrels to a level at the upper end of the historic range.

Jet fuel production decreased -51,000 bpd on the week, to a level near the mid range. Stocks fell -0.5 million barrels to match the 5-year high.

**PADD 3** crude oil runs increased +107,000 bpd last week, with the latest 4-wk average +482,000 bpd above a year ago. Crude imports decreased -298,000 bpd, with the level near last years' record lows. Stocks declined -9 million barrels on record high runs and very low imports.



Gasoline production increased +42,000 bpd on the week. Stocks fell -1 million barrels last week with the level +3.4 million barrels above the prior record high.

Distillate production was at a record high with the latest 4-wk average +20% above a year ago. Stocks increased +2.8 million barrels, to a level +2.4 million barrels above last years' record high.

Jet fuel production increased +31,000 bpd last week, to a level near the mid range. Stocks fell -1.2 million barrels on the demand surge. Stocks

remain +16% above the prior record high level.

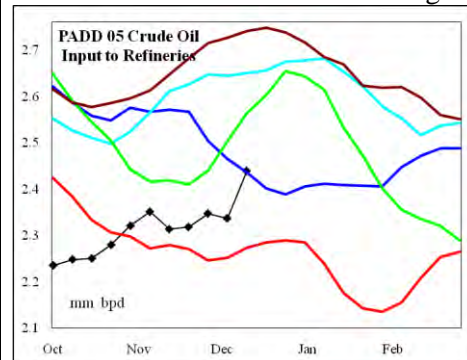
Residual fuel oil supply fell -78,000 bpd on lower imports and production. Stocks decreased -0.4 million barrels on the week, although the level remains +1.6 million barrels above the prior record high.

**PADD 4** refinery crude runs decreased -33,000 bpd on the week, to a level below the mid range. Crude oil stocks remain above the historic range.

Gasoline production increased +17,000 bpd on the week, to a record high weekly level. Stock levels match the 5-year high for this time of year.

Distillate production decreased -15,000 bpd last week, to a level above four of the last 5-years. Stock levels increased to a new record high level.

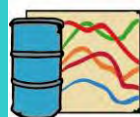
**PADD 5** crude oil refinery runs increased +93,000 bpd on the week, with the latest 4-wk average +97,000 bpd above last year. Crude imports fell -512,000 bpd, a record low weekly level. Stocks decreased -1.2 million barrels to a level above the mid range.



Gasoline production increased +27,000 bpd last week, to the highest level of the last 3-years. Stocks increased +0.5 million barrels, to a level just above the 5-year range for this time of year.

Distillate production declined -66,000 bpd on the week, to a level below the mid range. Stocks increased +0.5 million barrels to a level above the 5-year range.

Jet fuel supply fell -72,000 bpd to a level below the historic range. Stocks increased +0.3 million barrels to a level above the historic range.

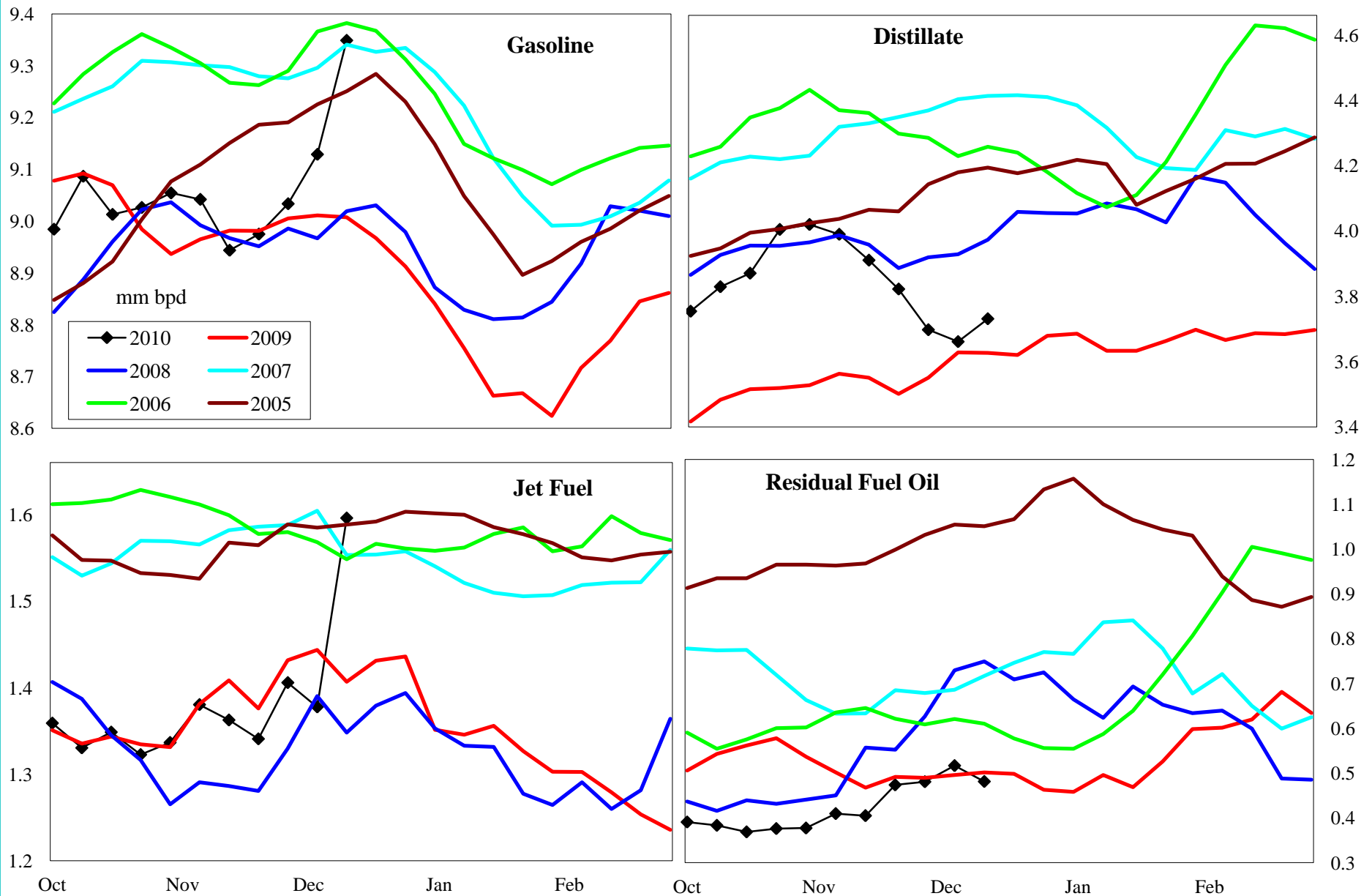

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# PETROLEUM: Graph Link and Weekly Summary

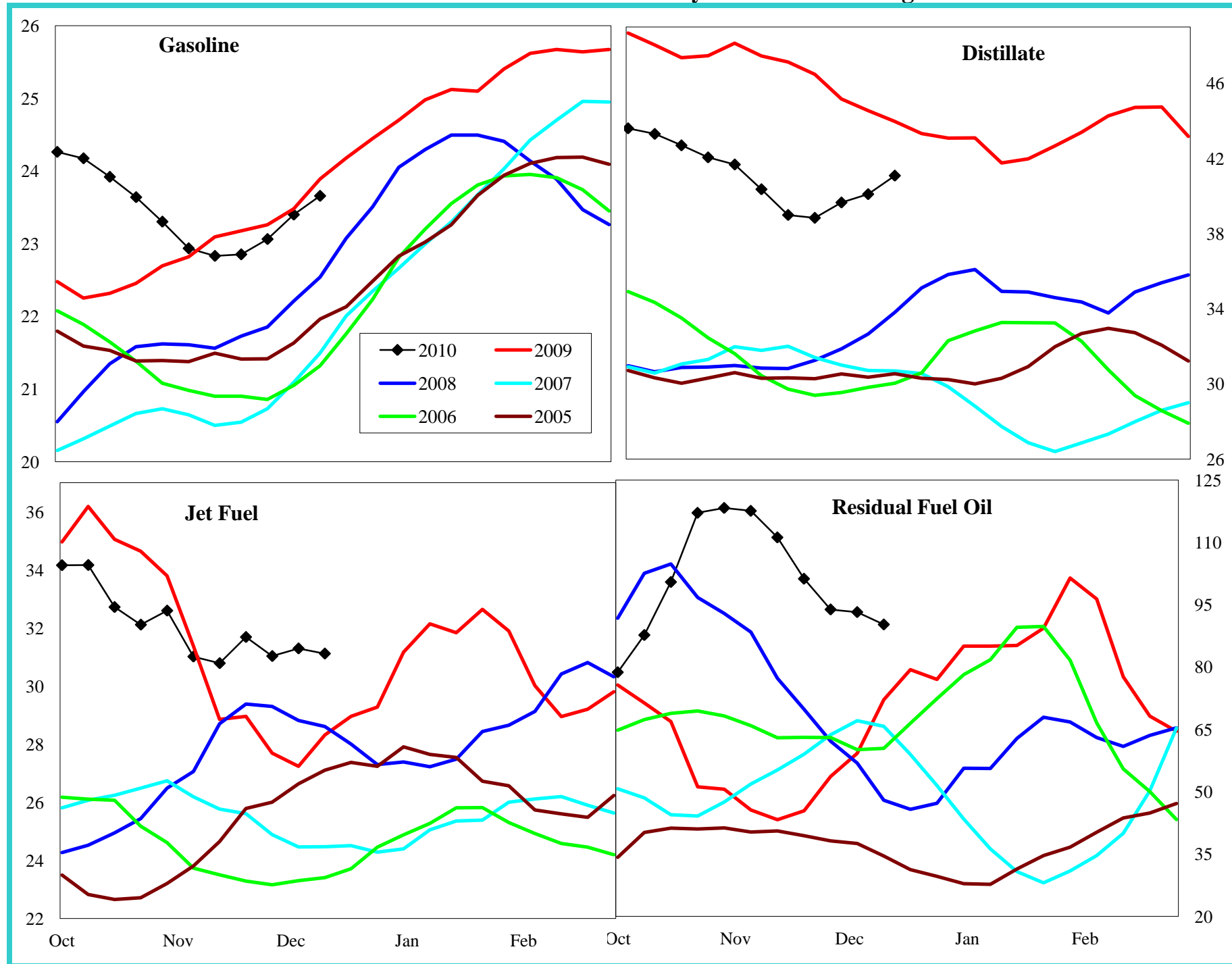
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Fundamental Trends	<a href="#">Wholesale Demand</a>	<a href="#">Stocks Days Fwd Coverage</a>	<a href="#">Refinery Utilization Product Yield %</a>				<a href="#">Imports</a>
Supply/Demand Trends	10-Dec-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<a href="#">Crude Oil</a>	Stocks	-9,854	-722	1,195	-9,021	-135	-1,170
	Imports	-1,363	13	-559	-298	-7	-512
	Input	71	-8	-88	107	-33	93
	% Utilization	0.50					
<a href="#">Gasoline</a>	Stocks	809	1,878	-482	-1,020	-78	511
	Production	-61	49	-128	42	17	27
	Imports	10	46	-2	-32	0	-3
	Supplied	178					
<a href="#">Distillate</a>	Stocks	1,094	-3,476	1,157	2,800	135	477
	Production	53	64	20	49	-15	-66
	Imports	7	-4	0	0	0	10
	Supplied	107					
<a href="#">Jet Fuel</a>	Stocks	-1,986	-610	-547	-1,218	99	289
	Production	-20	9	-51	31	3	-11
	Imports	-101	-40	0	0	0	-61
	Supplied	284					
<a href="#">Residual Fuel Oil</a>	Stocks	-369	26	-50	-356	-8	19
	Production	-21	-9	-20	-30	0	38
	Imports	-109	-106	-1	-48	0	48
	Supplied	-191					

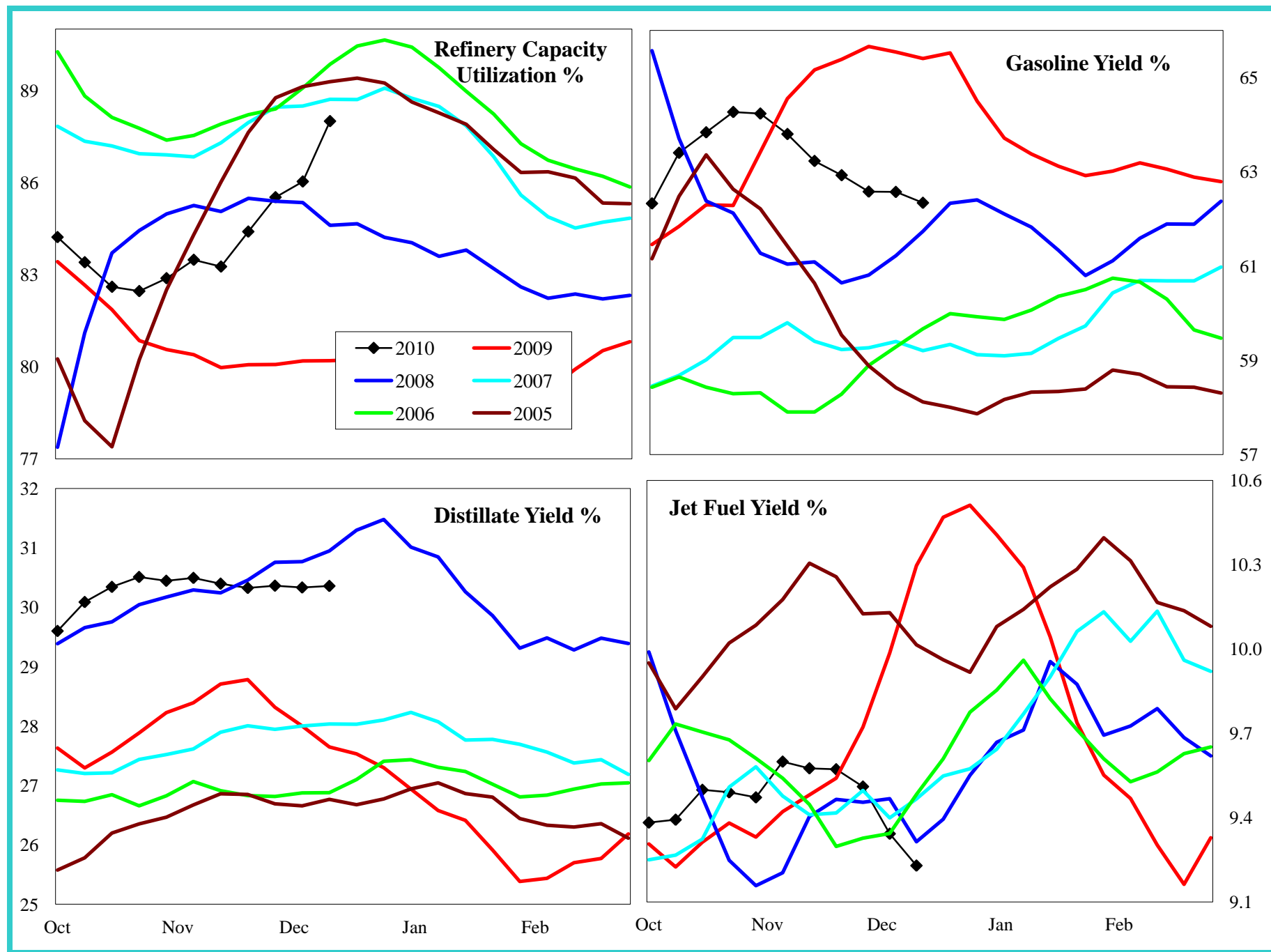
# United States Wholesale Petroleum Demand



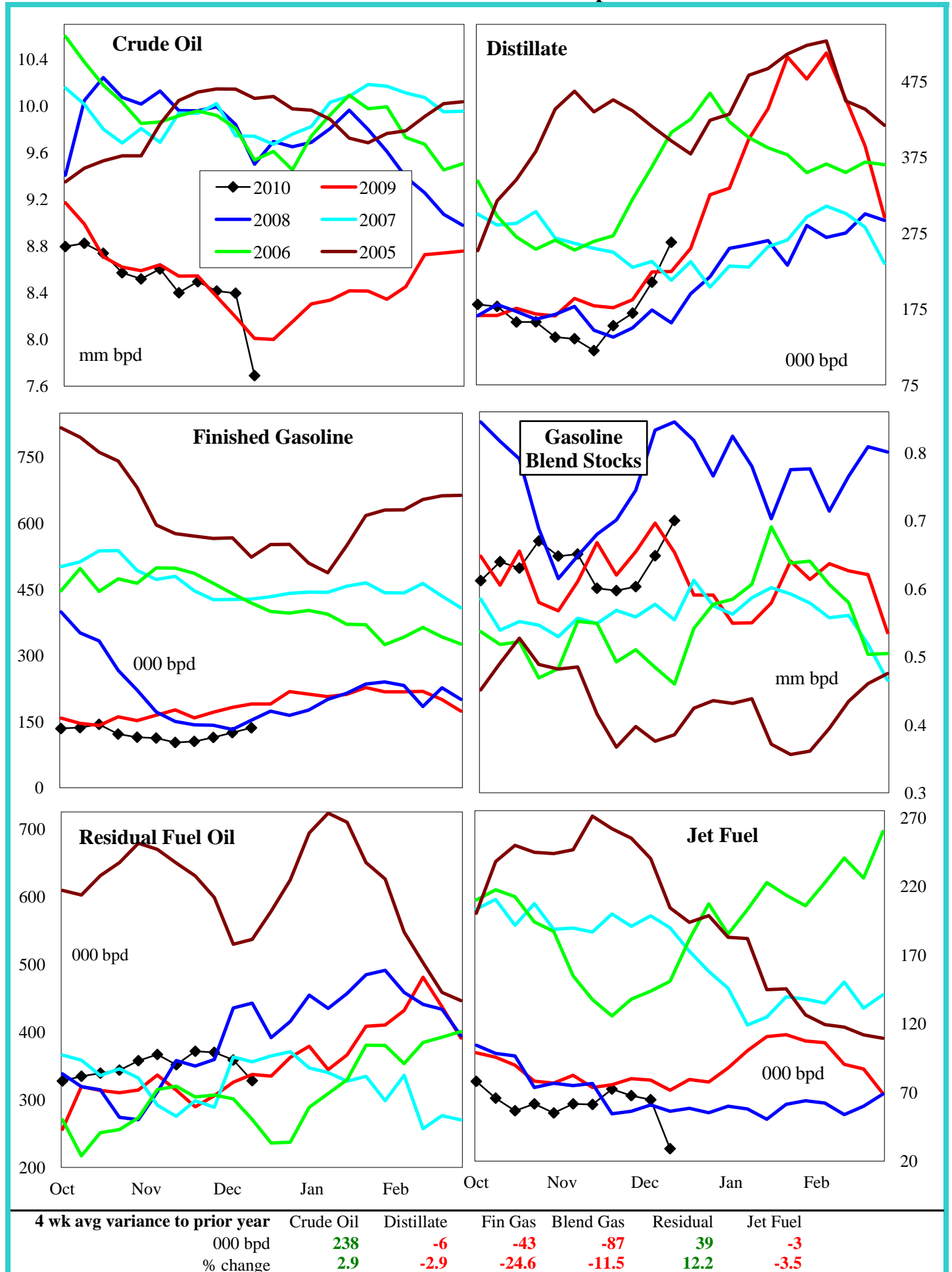
	000 bpd change from prior year				% change from prior year				
	4wk avg	Nov	Oct	Jan	4wk avg	Nov	Oct	Sep	
Gasoline	52	49	94	252	0.6	0.6	1.0	2.8	
Distillate	139	133	476	330	3.9	3.7	13.0	9.3	
Jet Fuel	-58	46	-16	37	-3.9	3.4	-1.2	2.6	
Resid	-4	35	-110	230	-0.8	7.9	-22.2	67.6	

**United States Product Stocks: Days Forward Coverage**

## United States Refinery Percent Utilization Rate and Product Yields

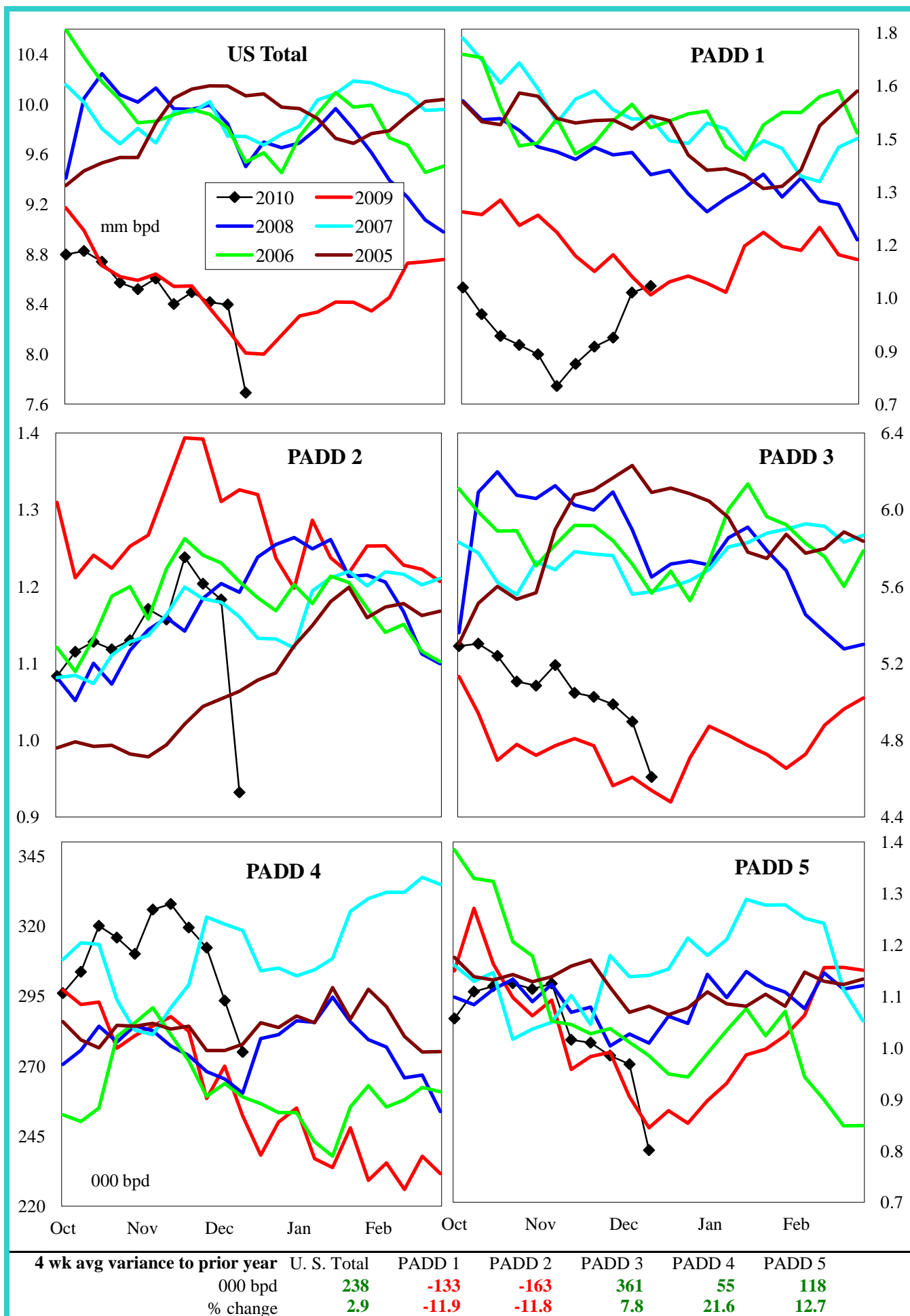


# United States Petroleum Imports

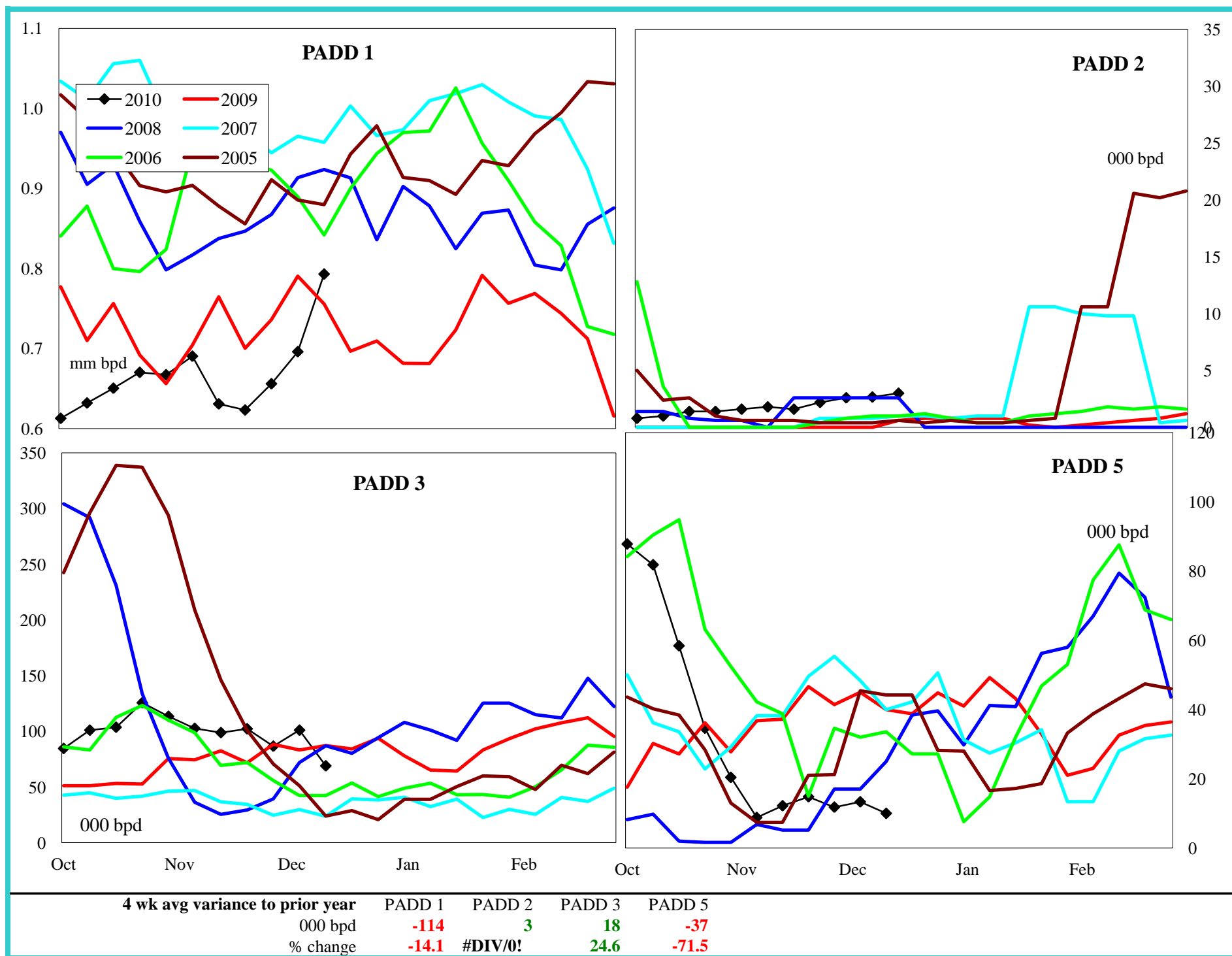




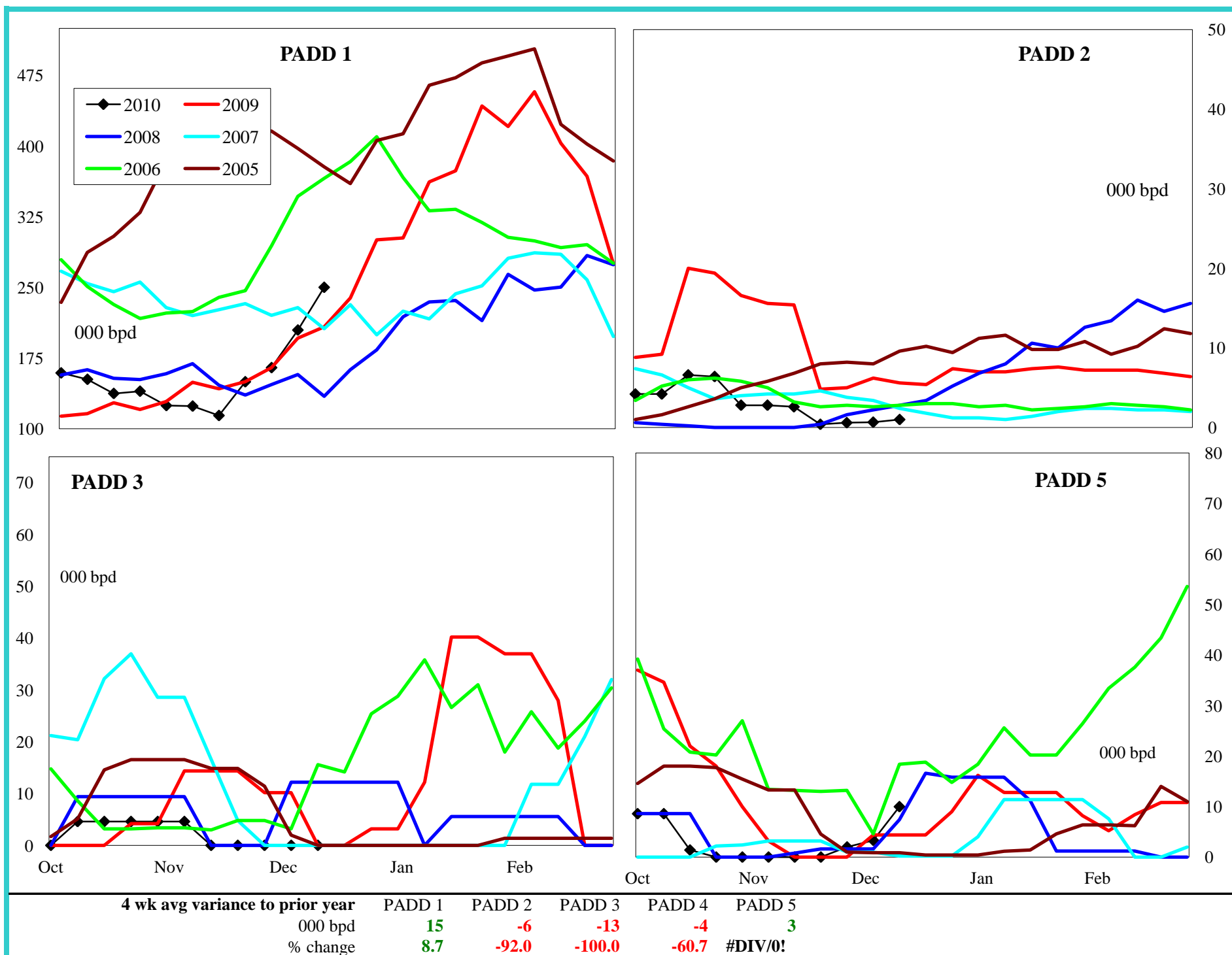
## Crude Oil Imports by PADD



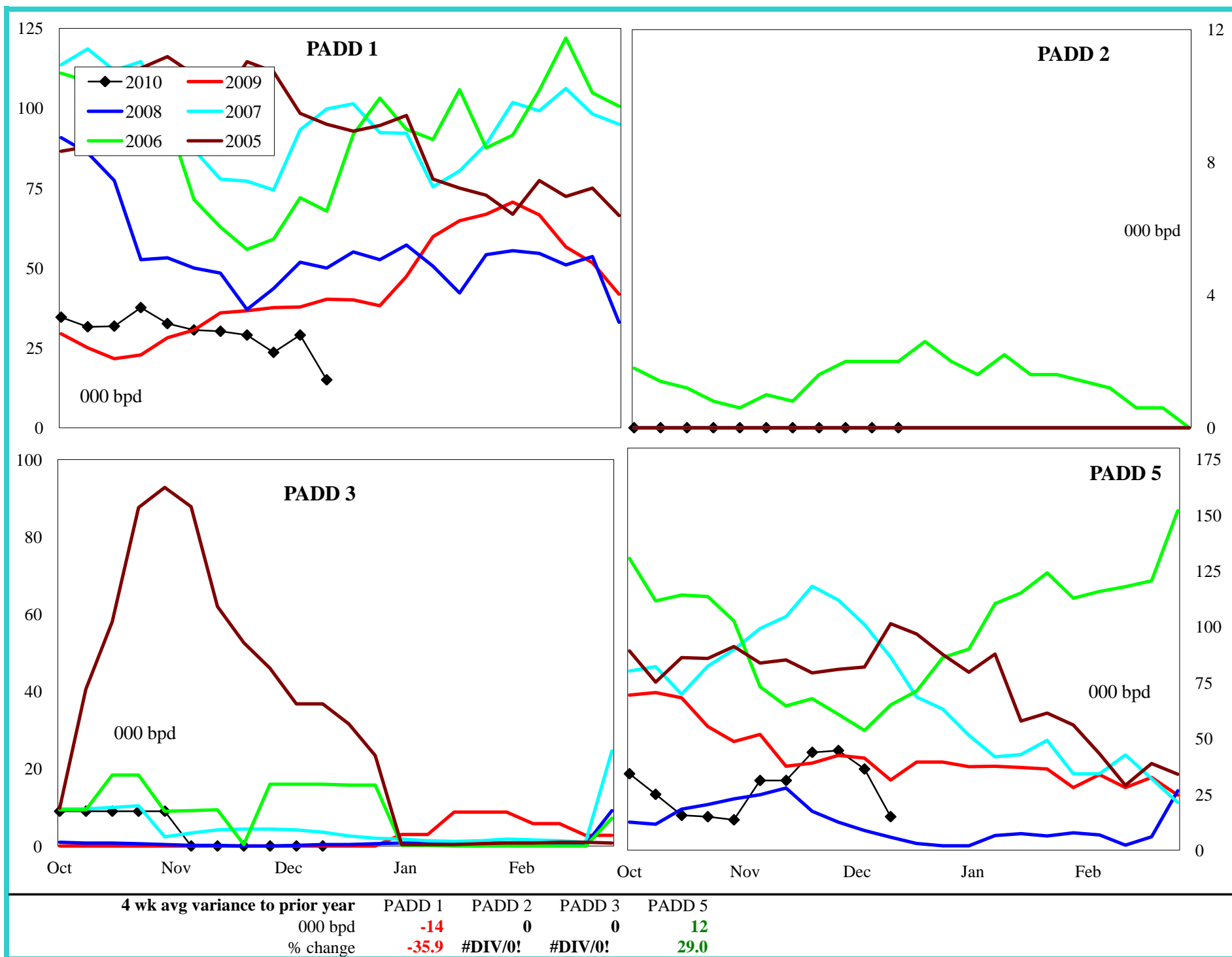
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

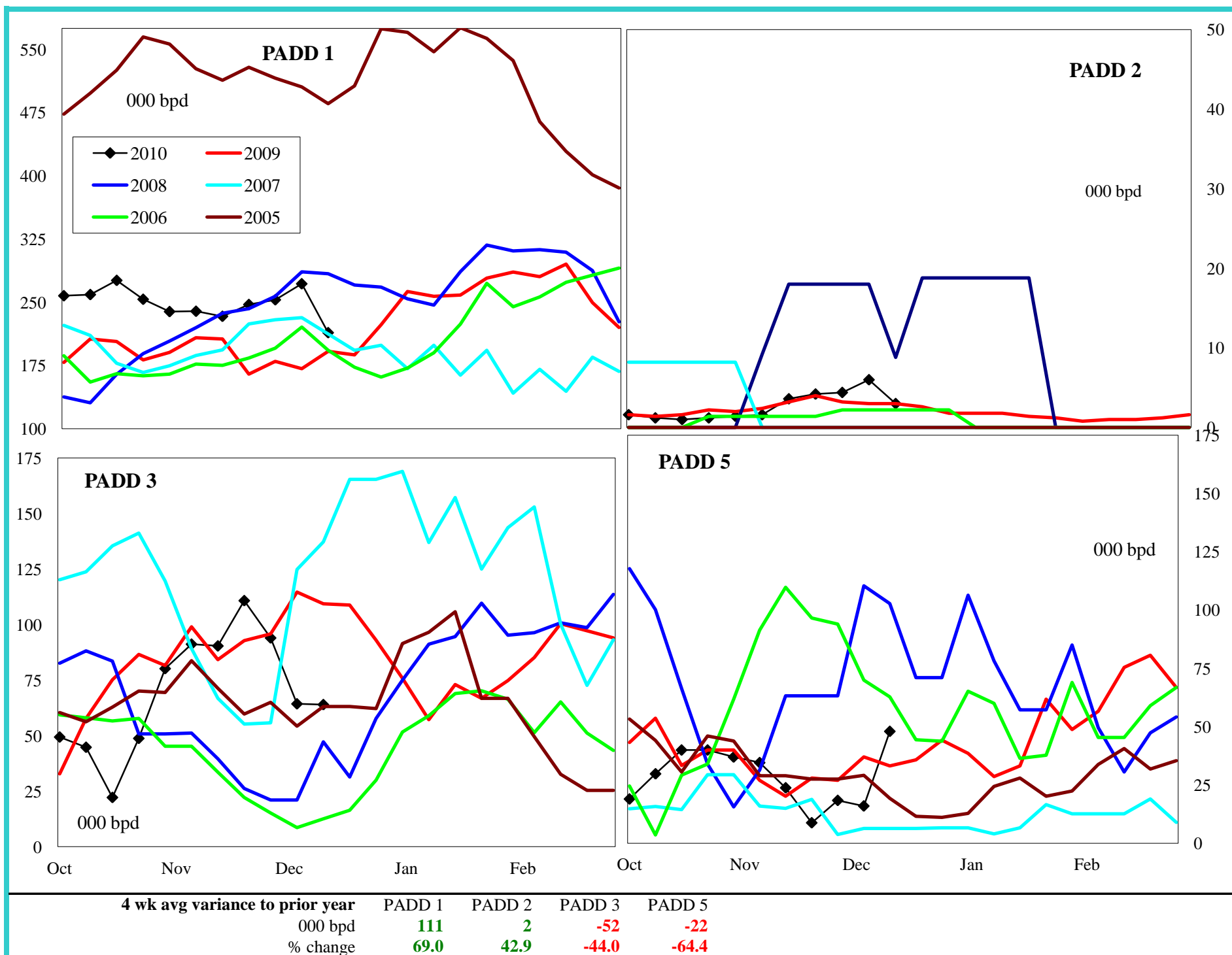


# Jet Fuel Imports by PADD

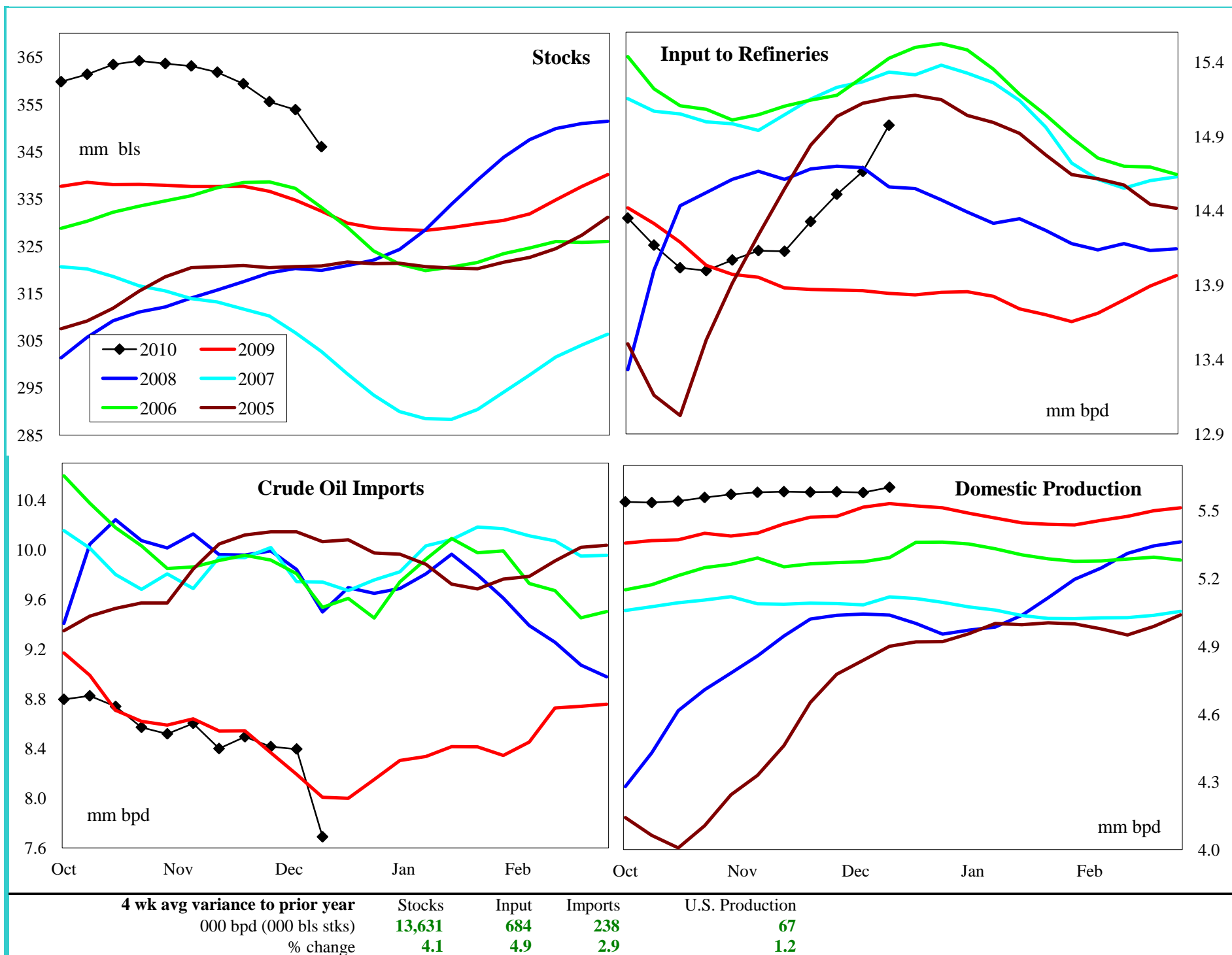




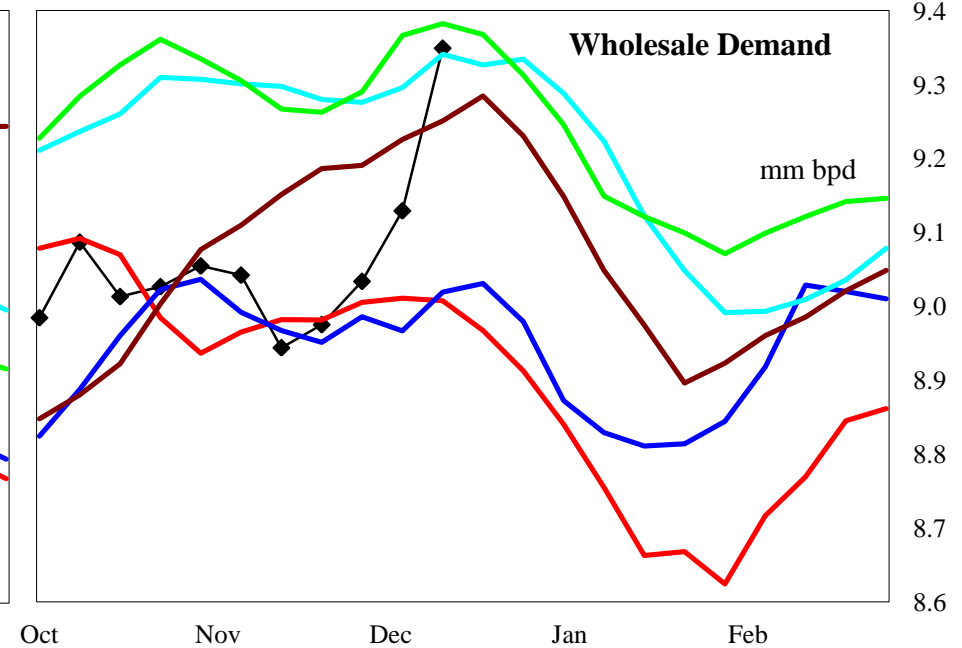
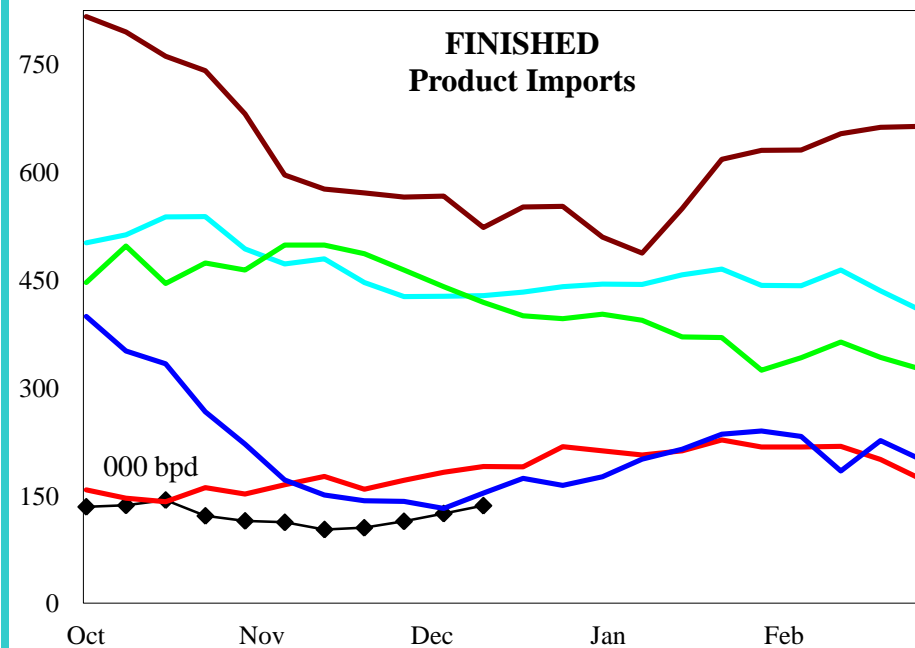
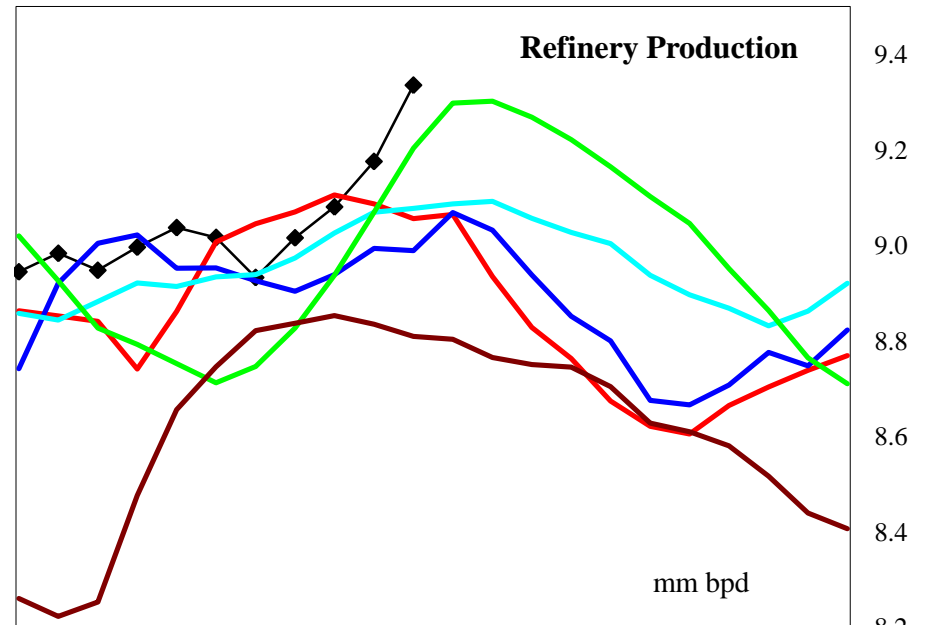
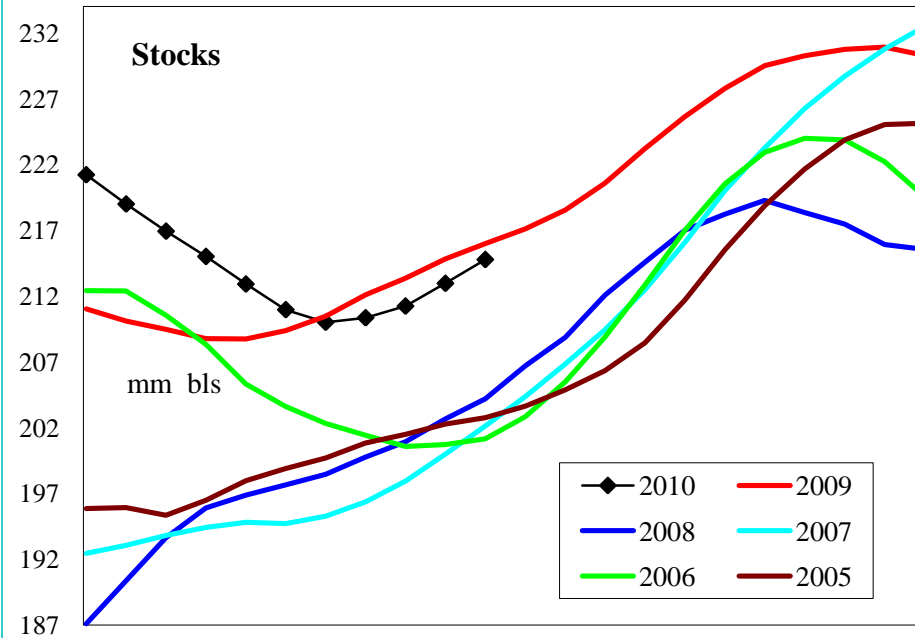
## Residual Fuel Oil Imports by PADD



# 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=>

-2,440 0 -43 -87

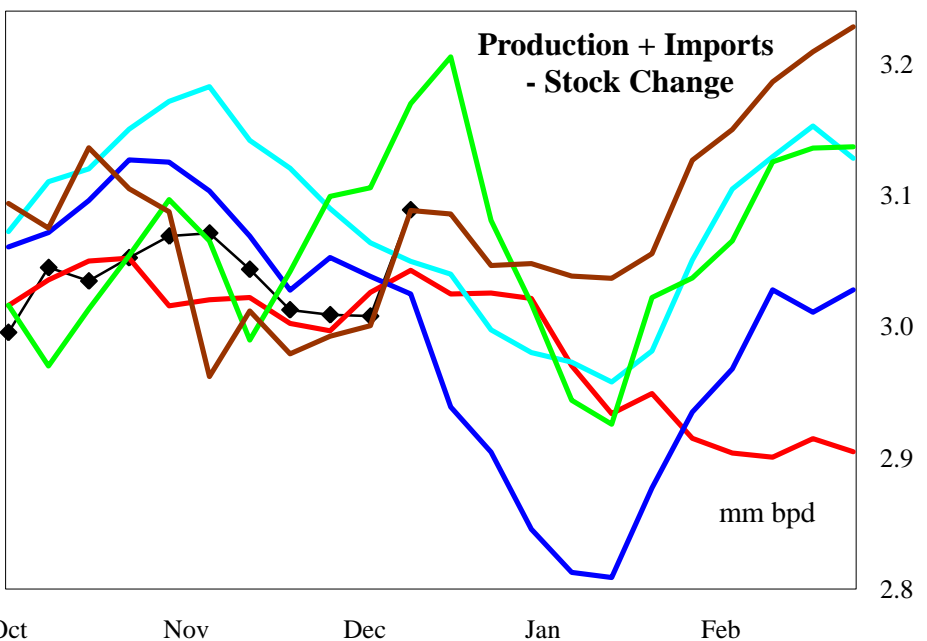
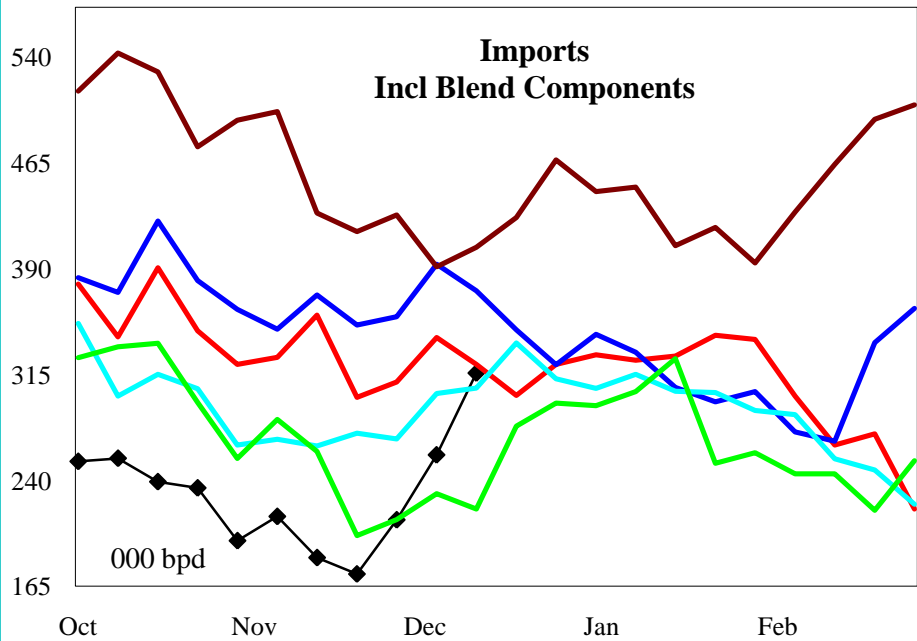
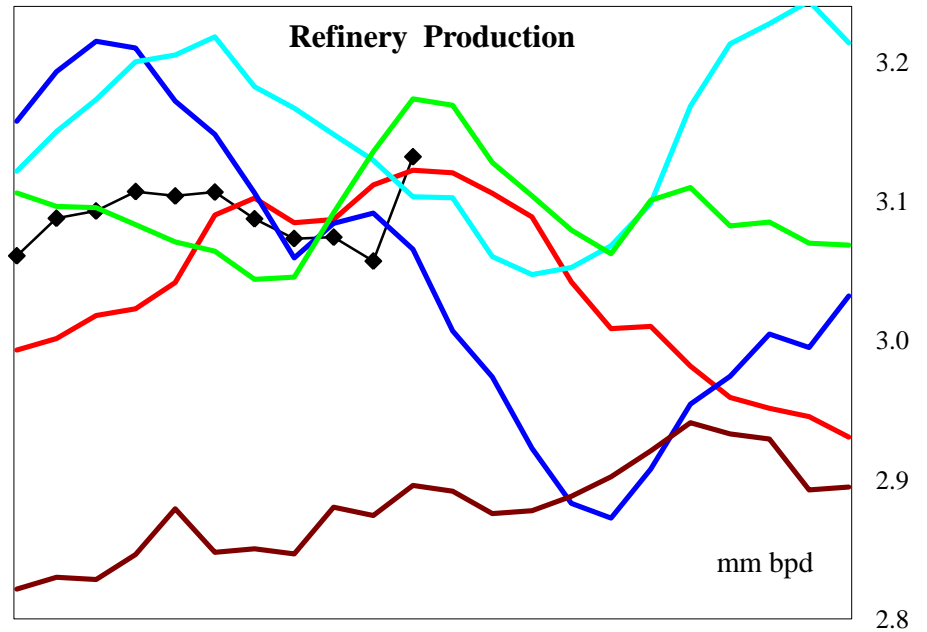
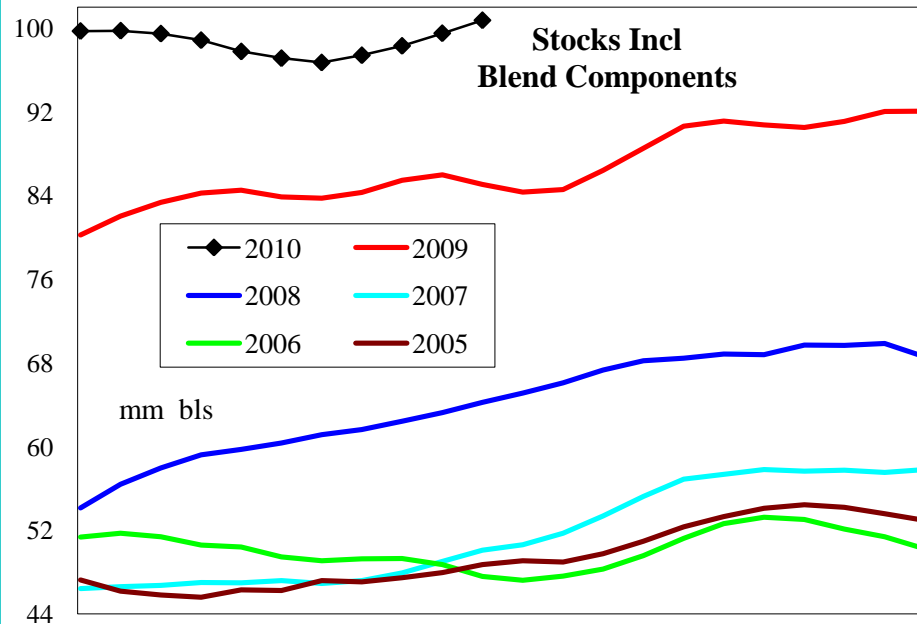
-1.1 0.0 -24.6 -11.5

4wk avg Nov Oct Sep

52 49 94 252

0.6 0.6 1.0 2.8

# United States Reformulated Gasoline Supply

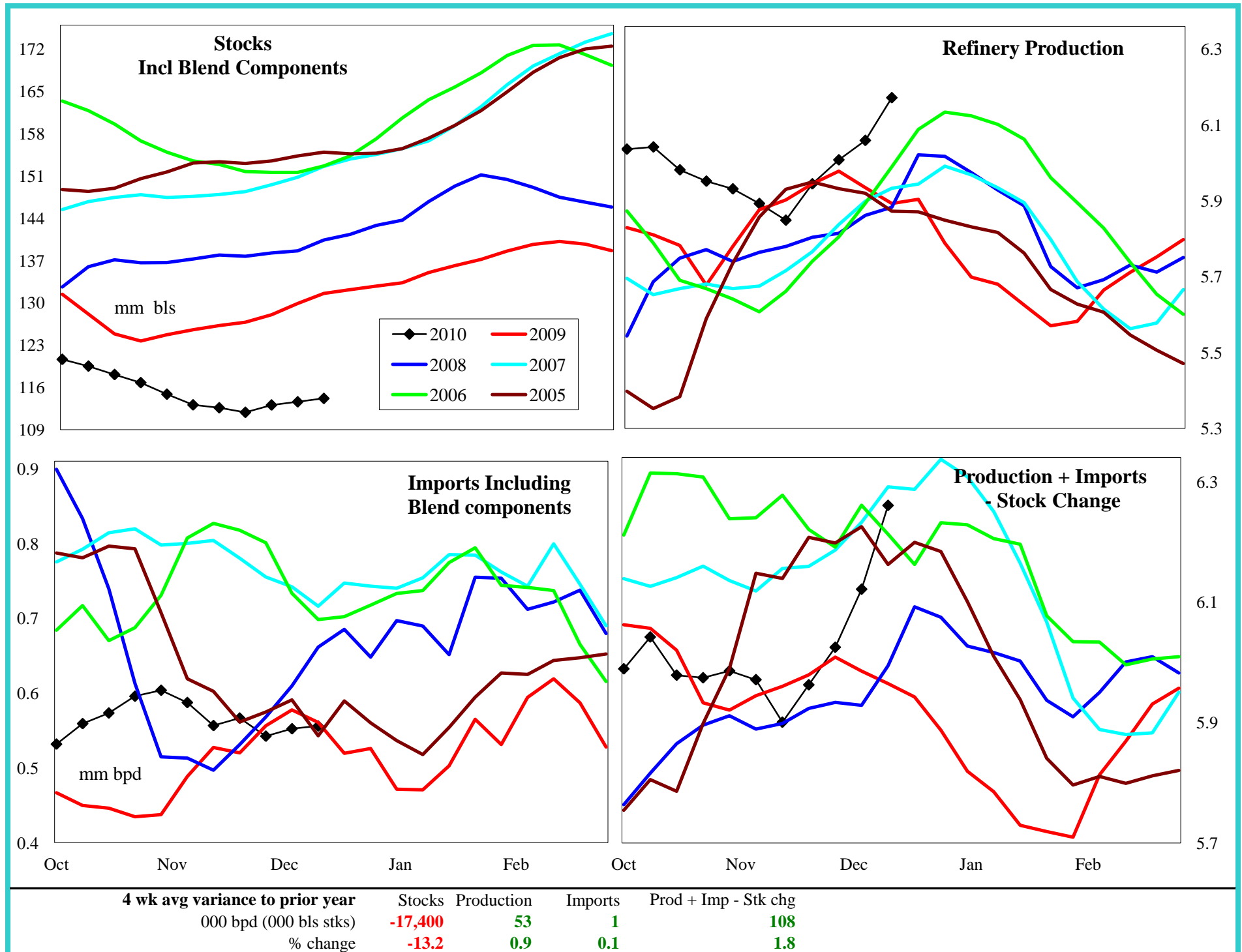


**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

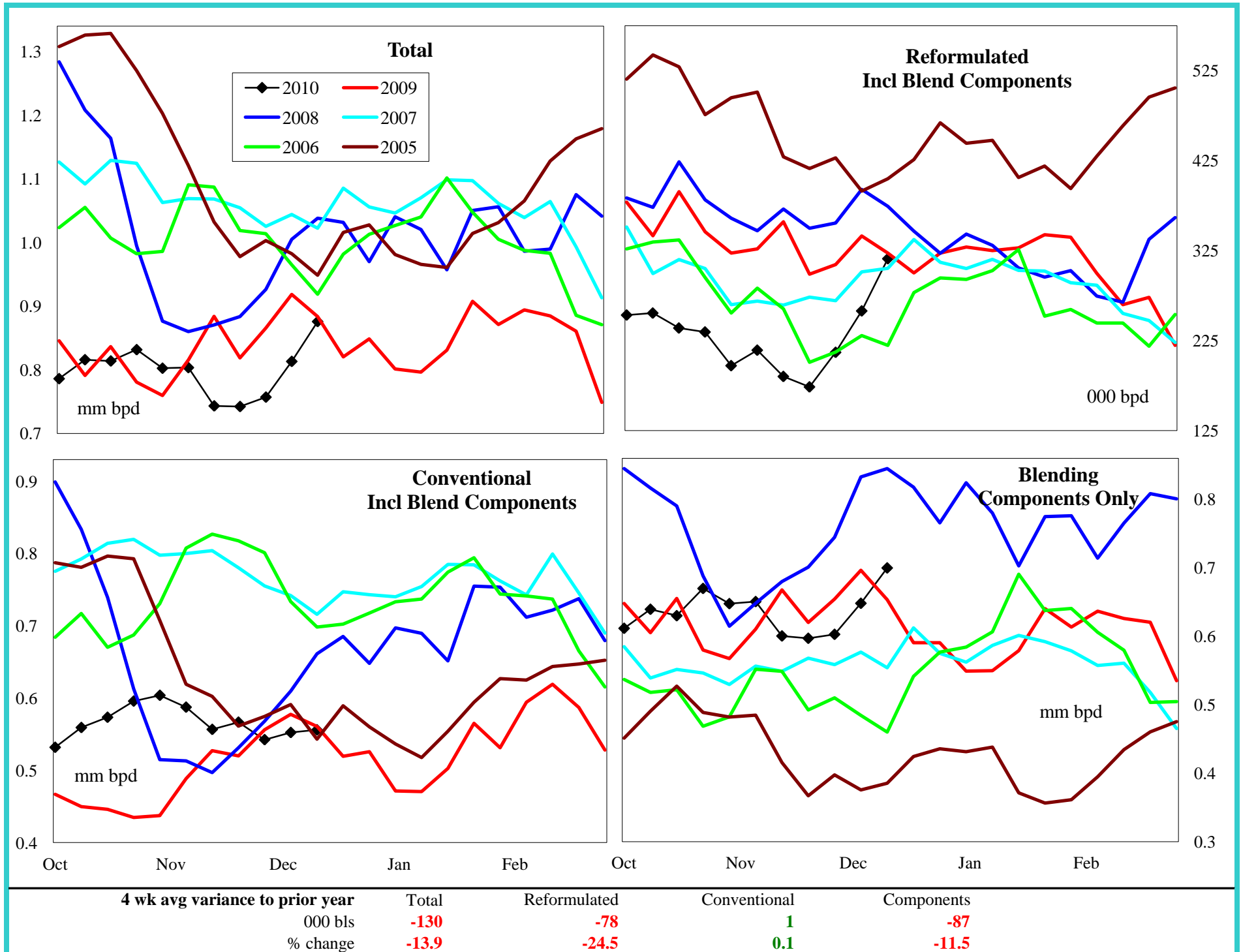
Stocks	Production	Imports	Prod + Imp - Stk chg
15,701	-15	-78	13
18.5	-0.5	-24.5	0.4



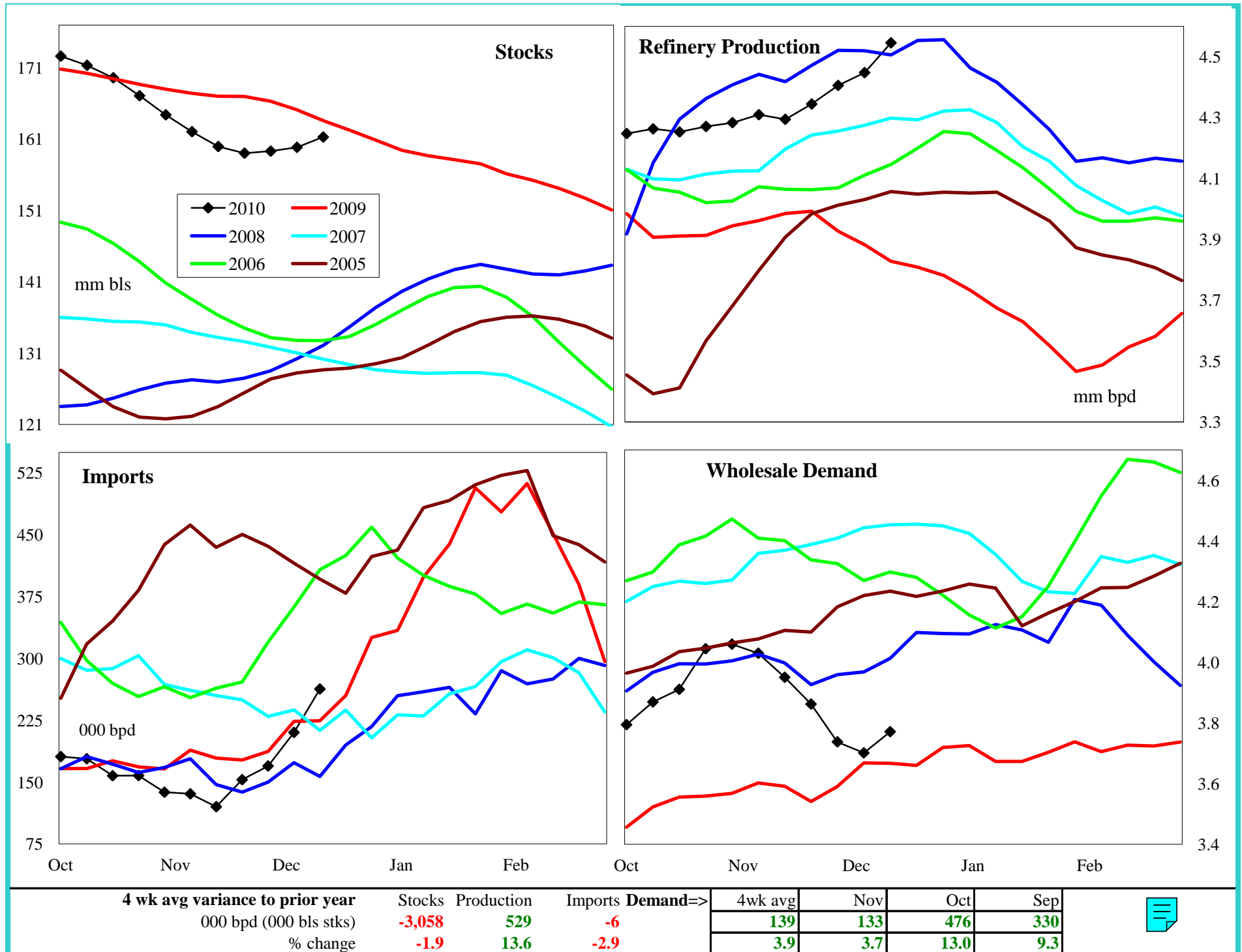
# United States Conventional Gasoline Supply



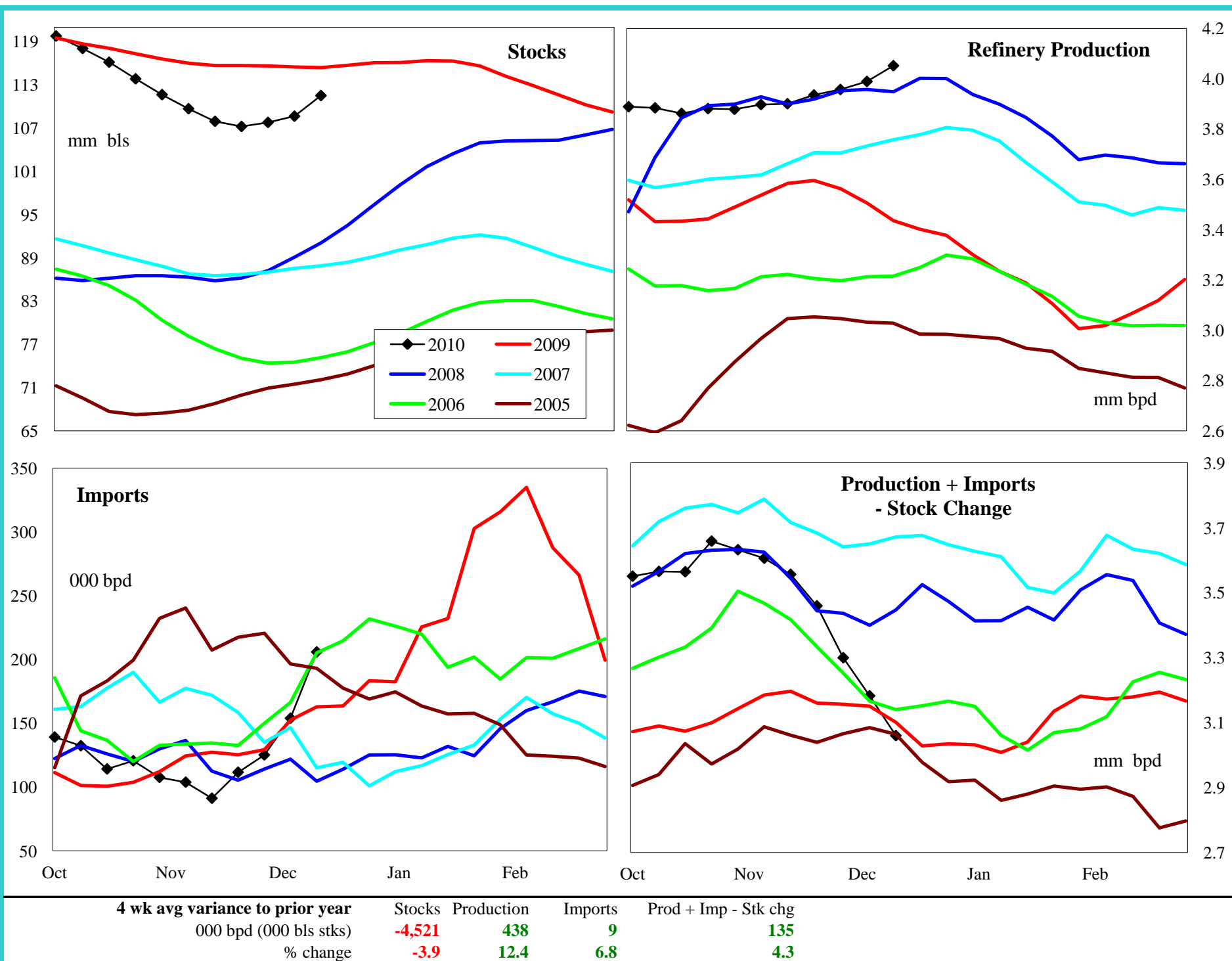
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

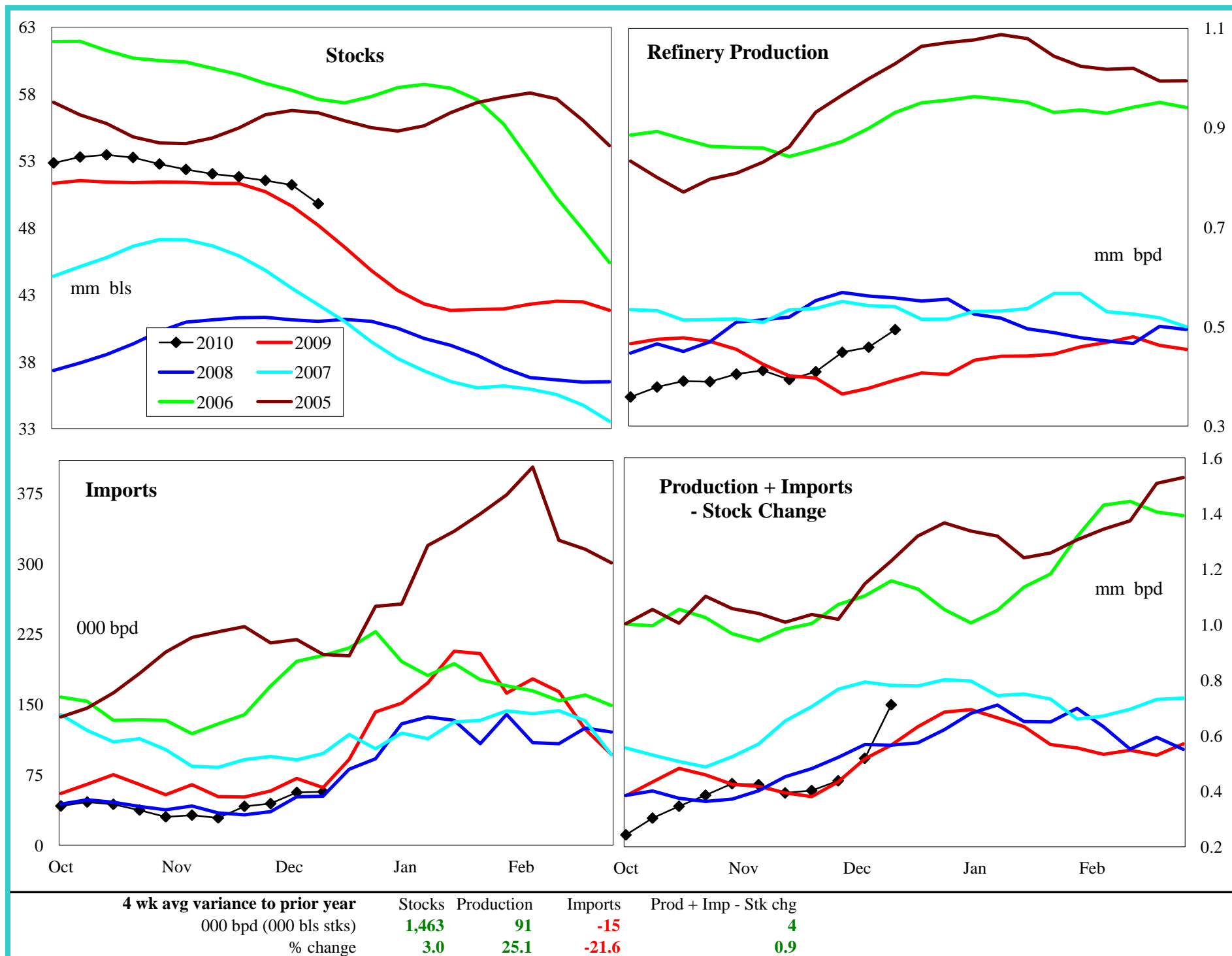


# United States Low Sulfur Distillate Supply

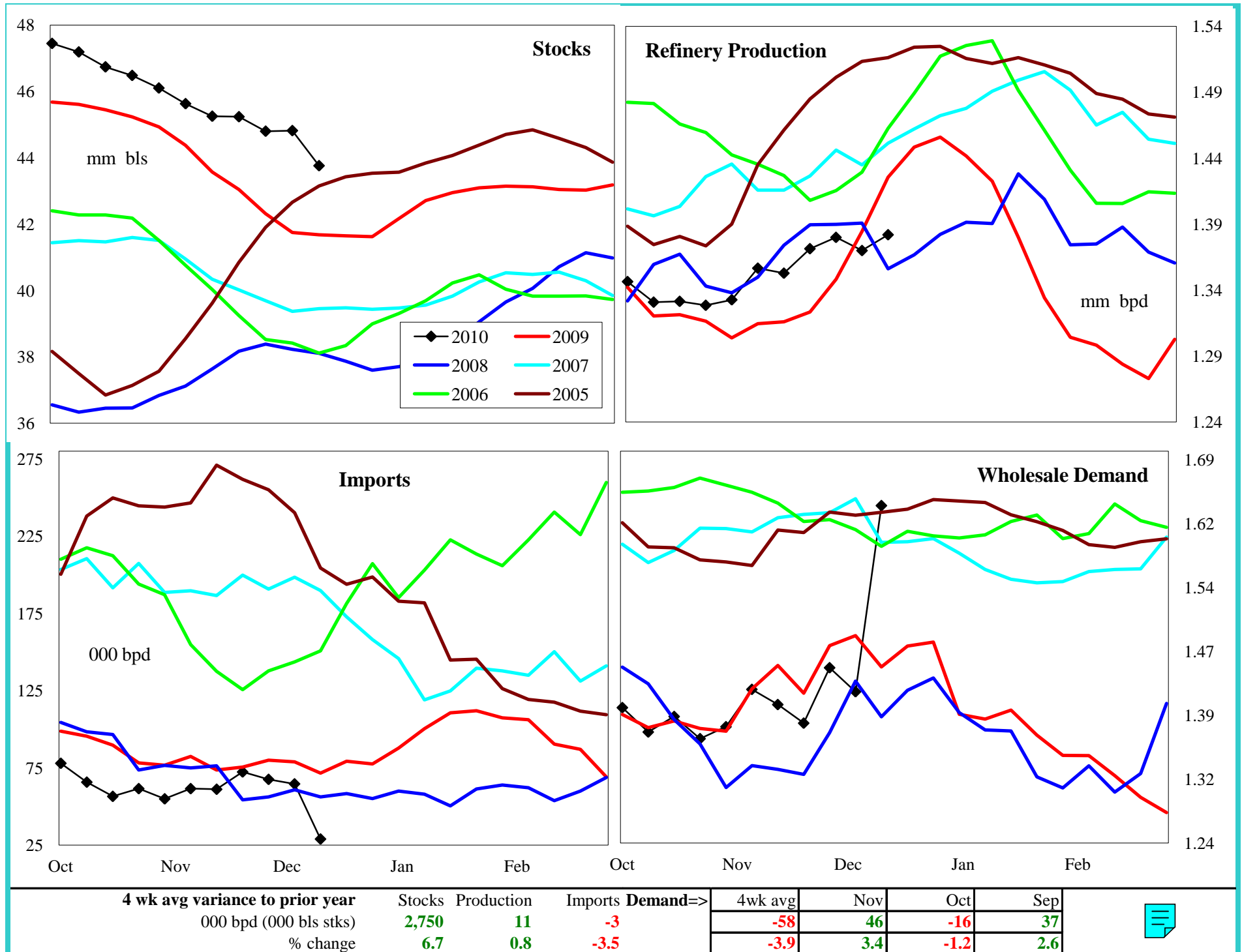




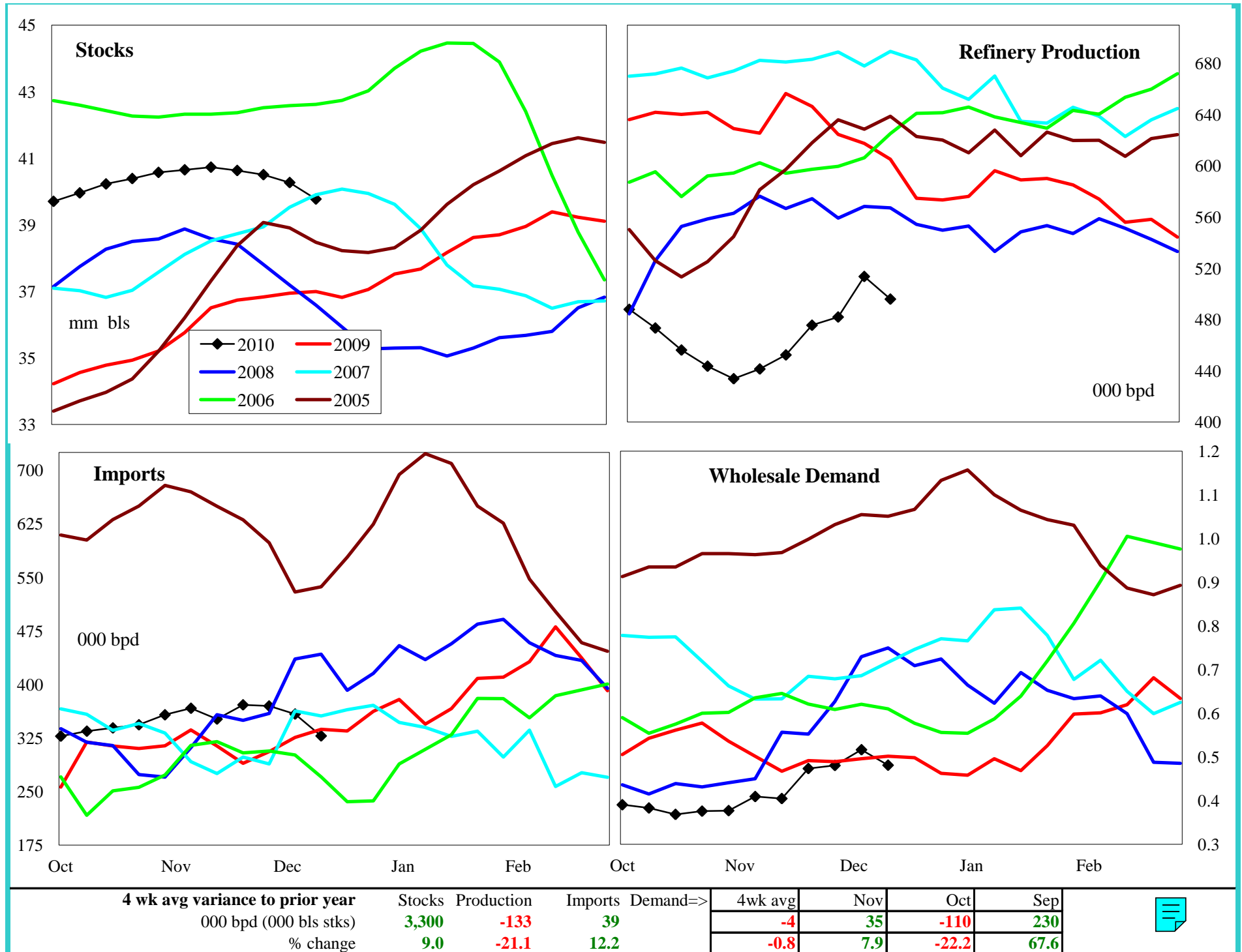
# United States High Sulfur Distillate Supply



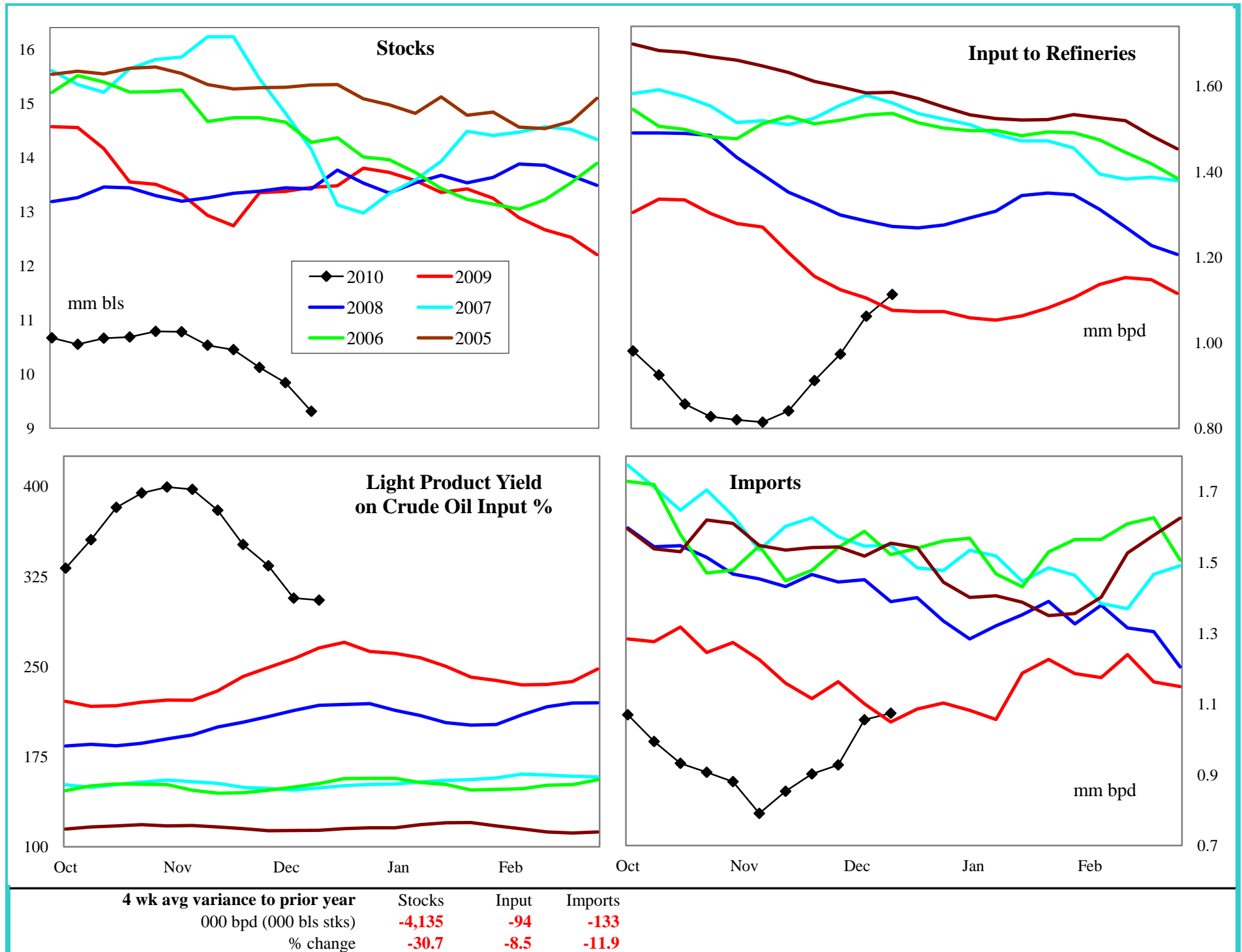
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

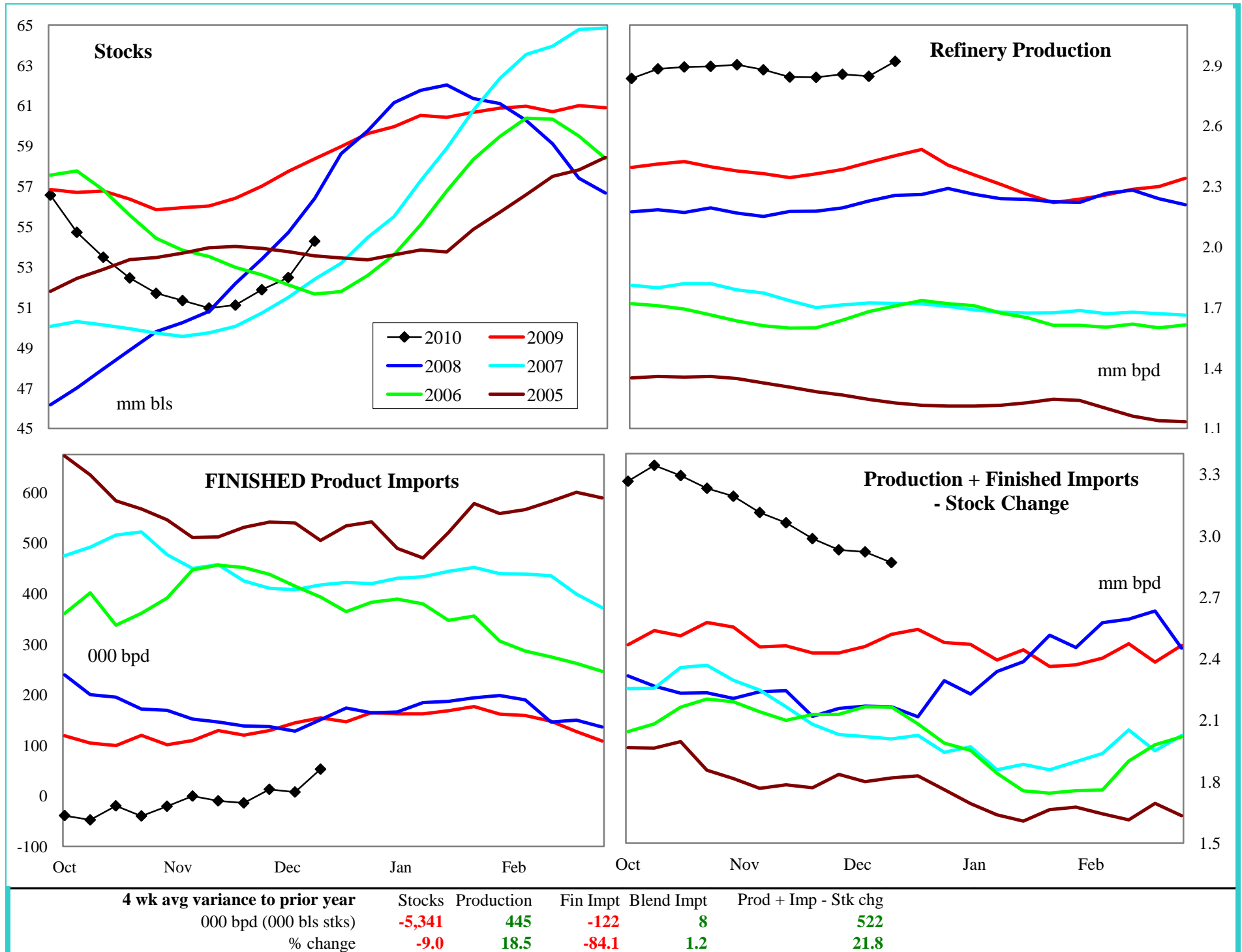


# PADD 1 Crude Oil Supply and Refining

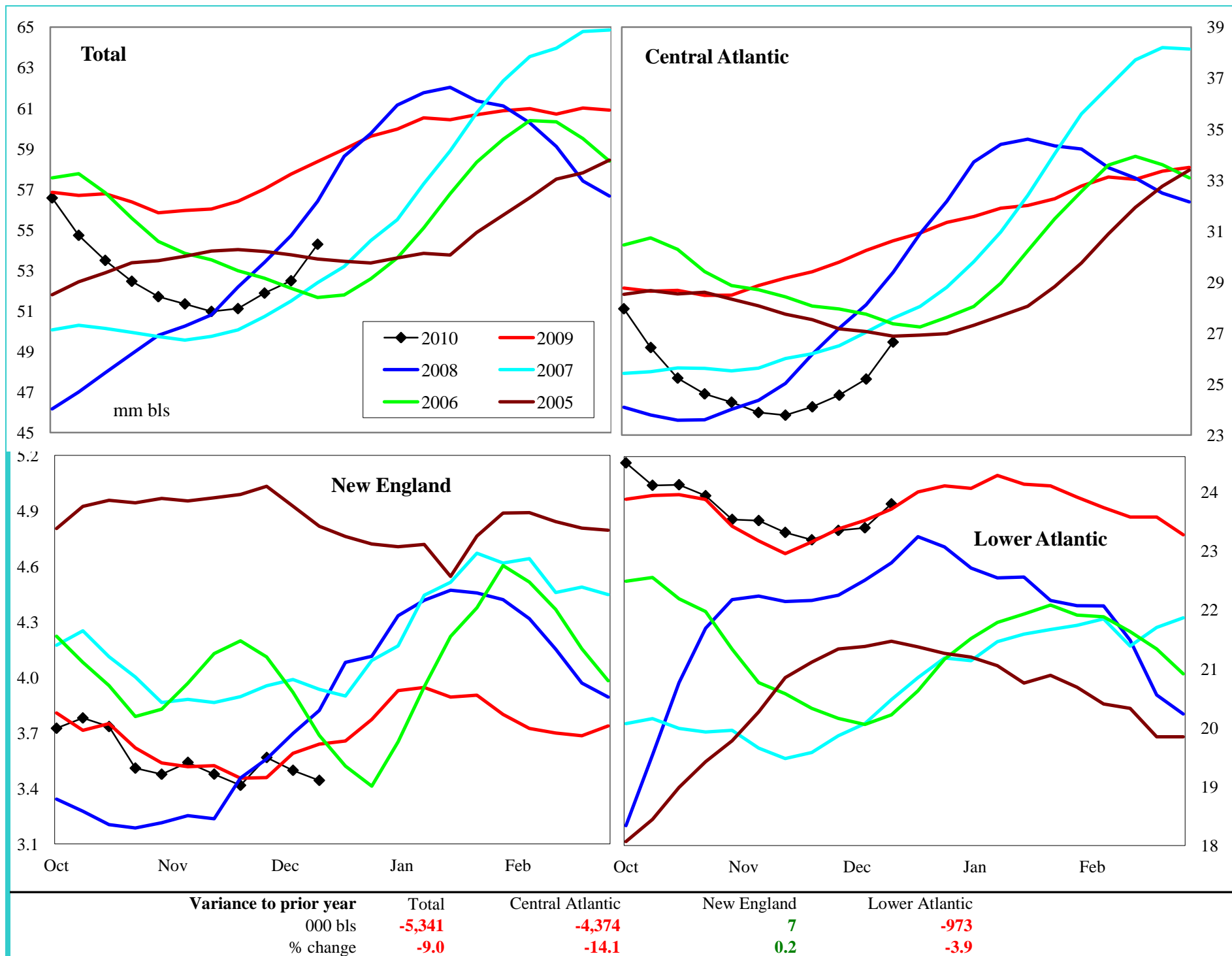




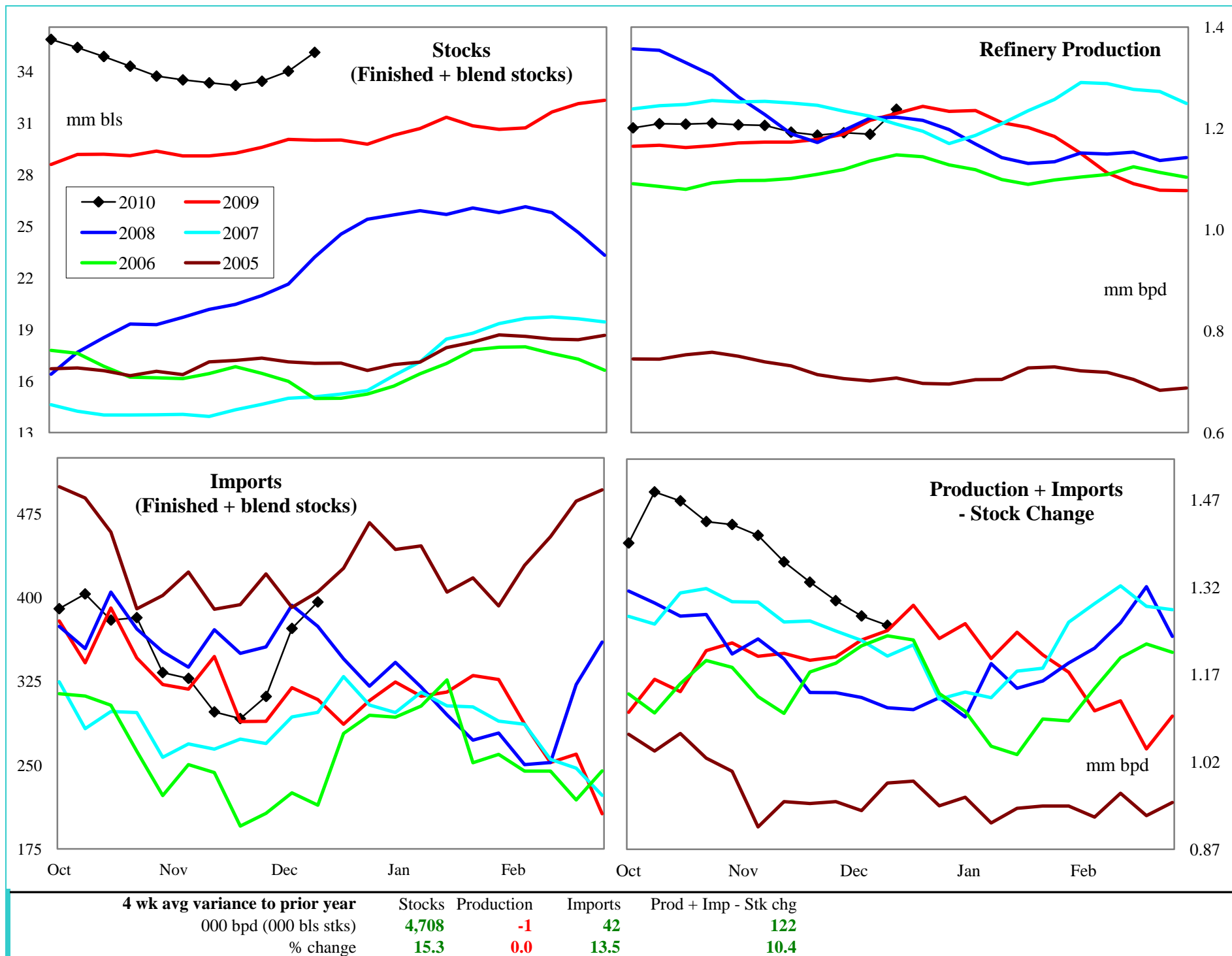
# PADD 1 Gasoline Supply



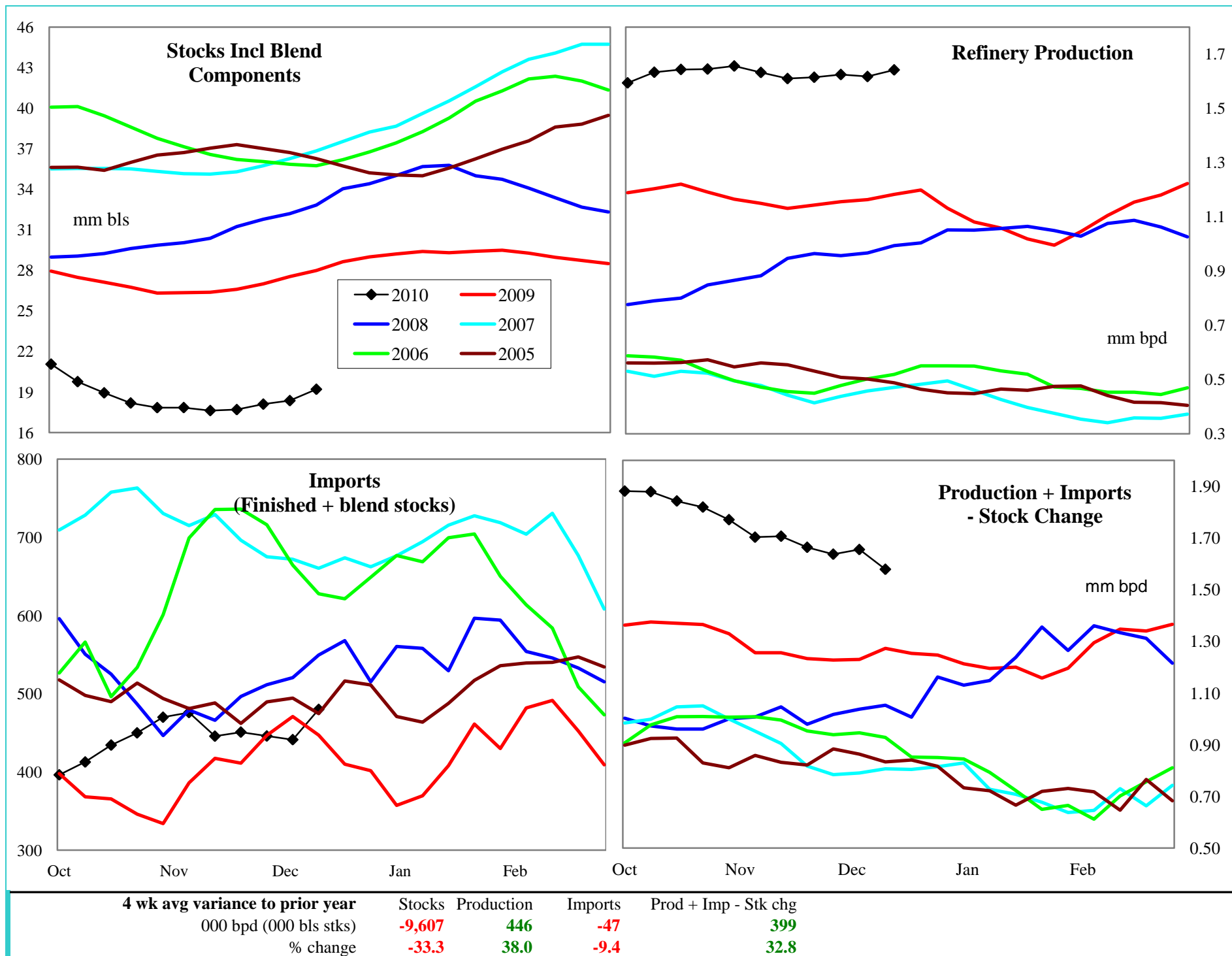
# PADD 1 Gasoline Stocks by Region



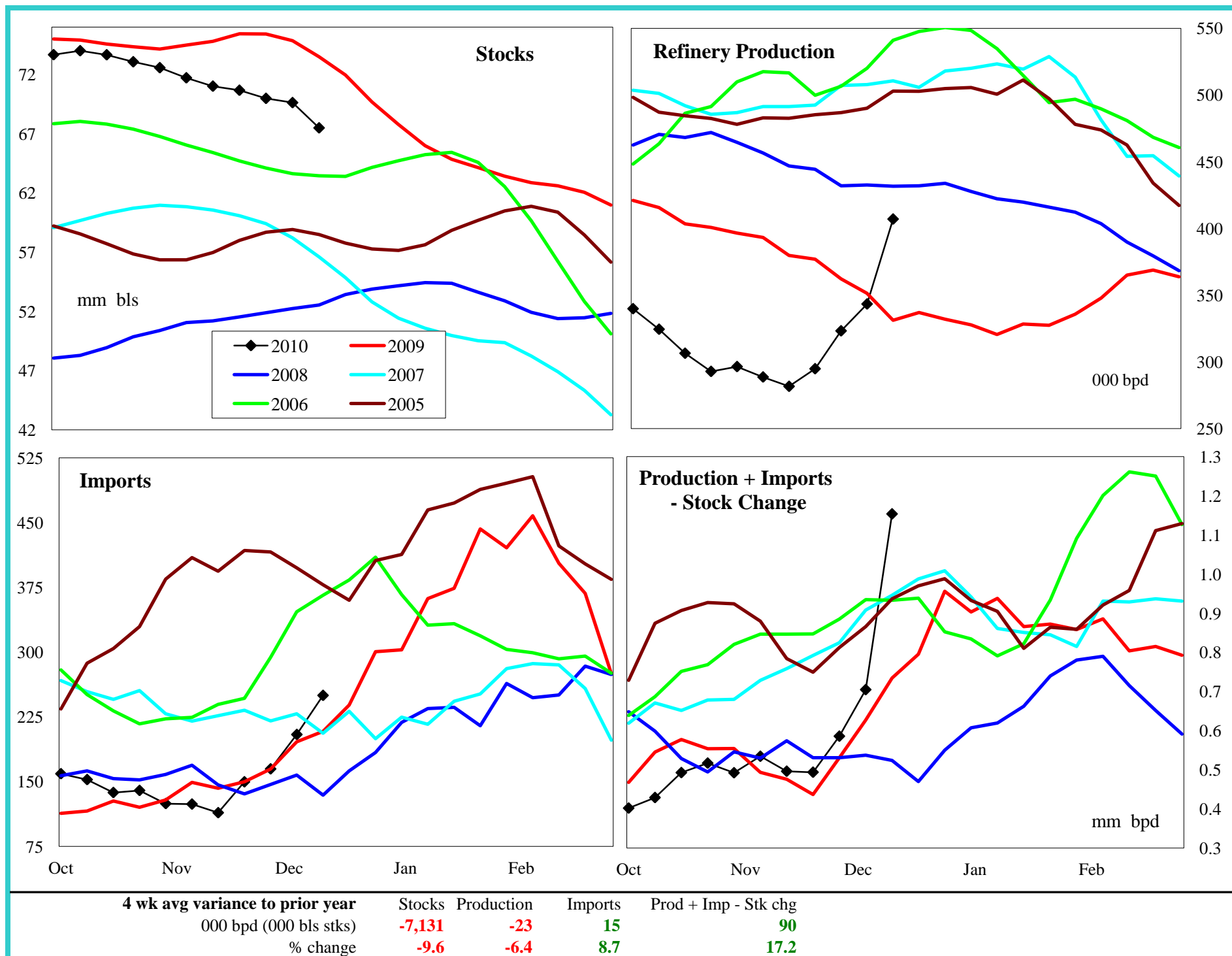
# PADD 1 Reformulated Gasoline Supply



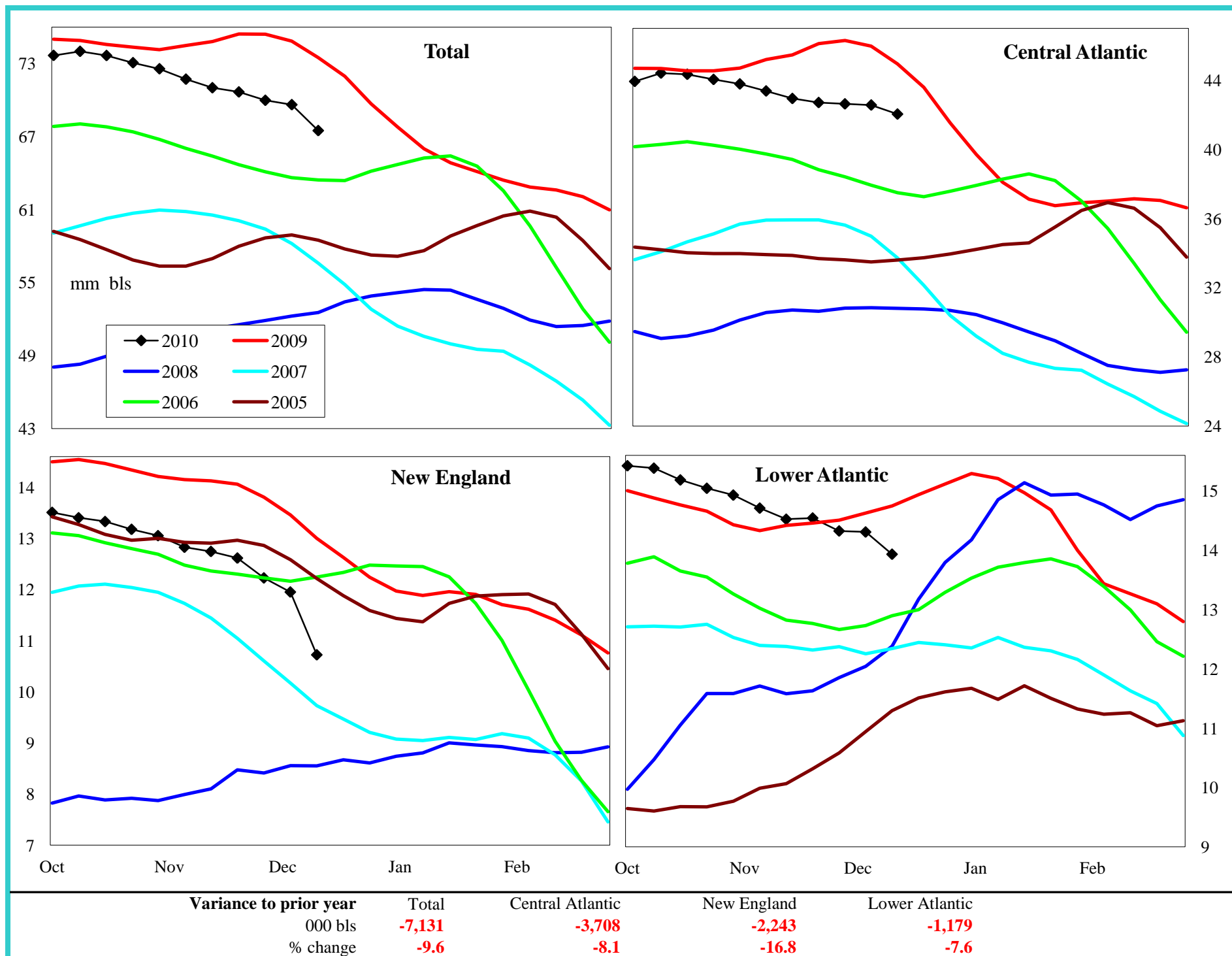
# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply

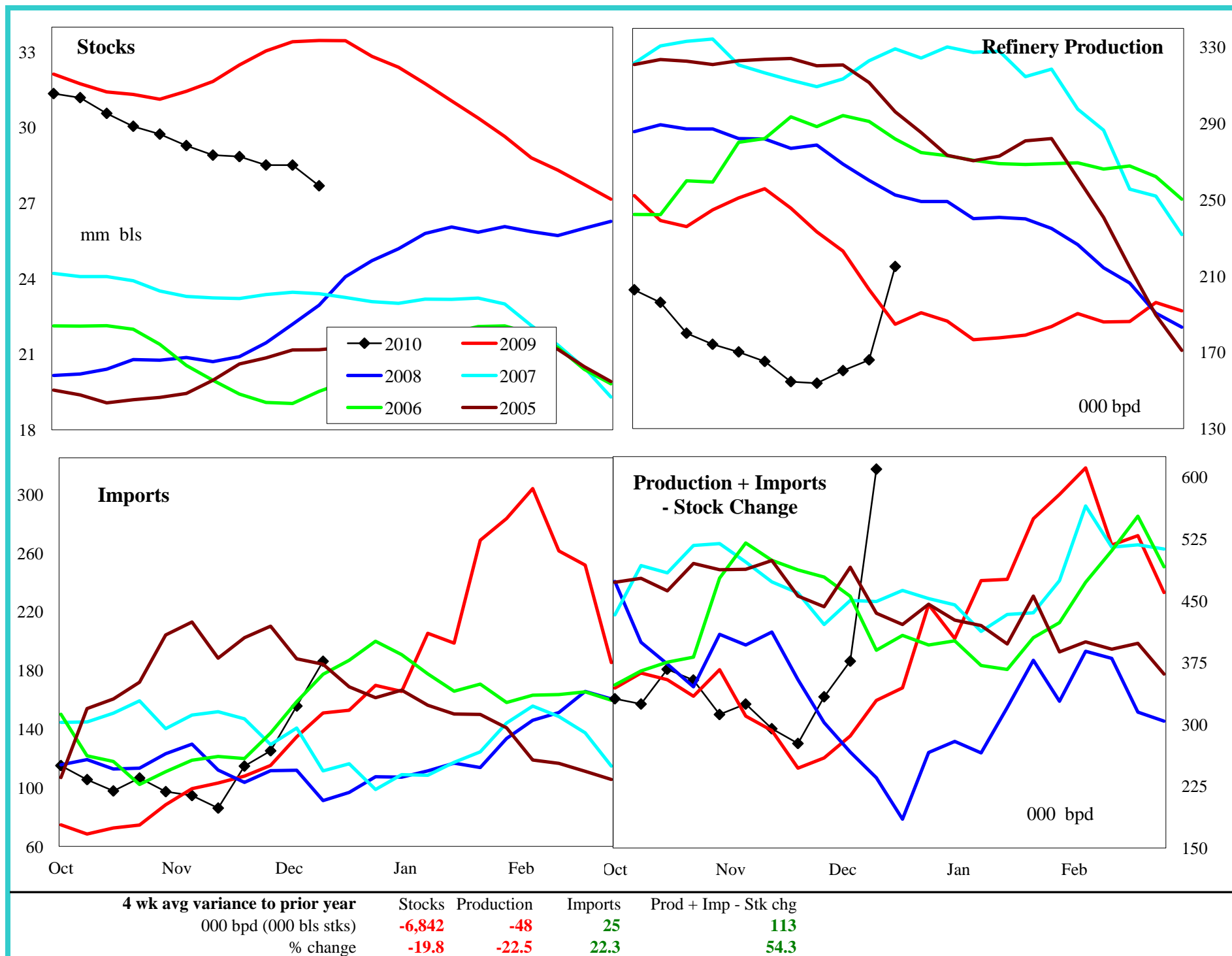


# PADD 1 Distillate Stocks by Region

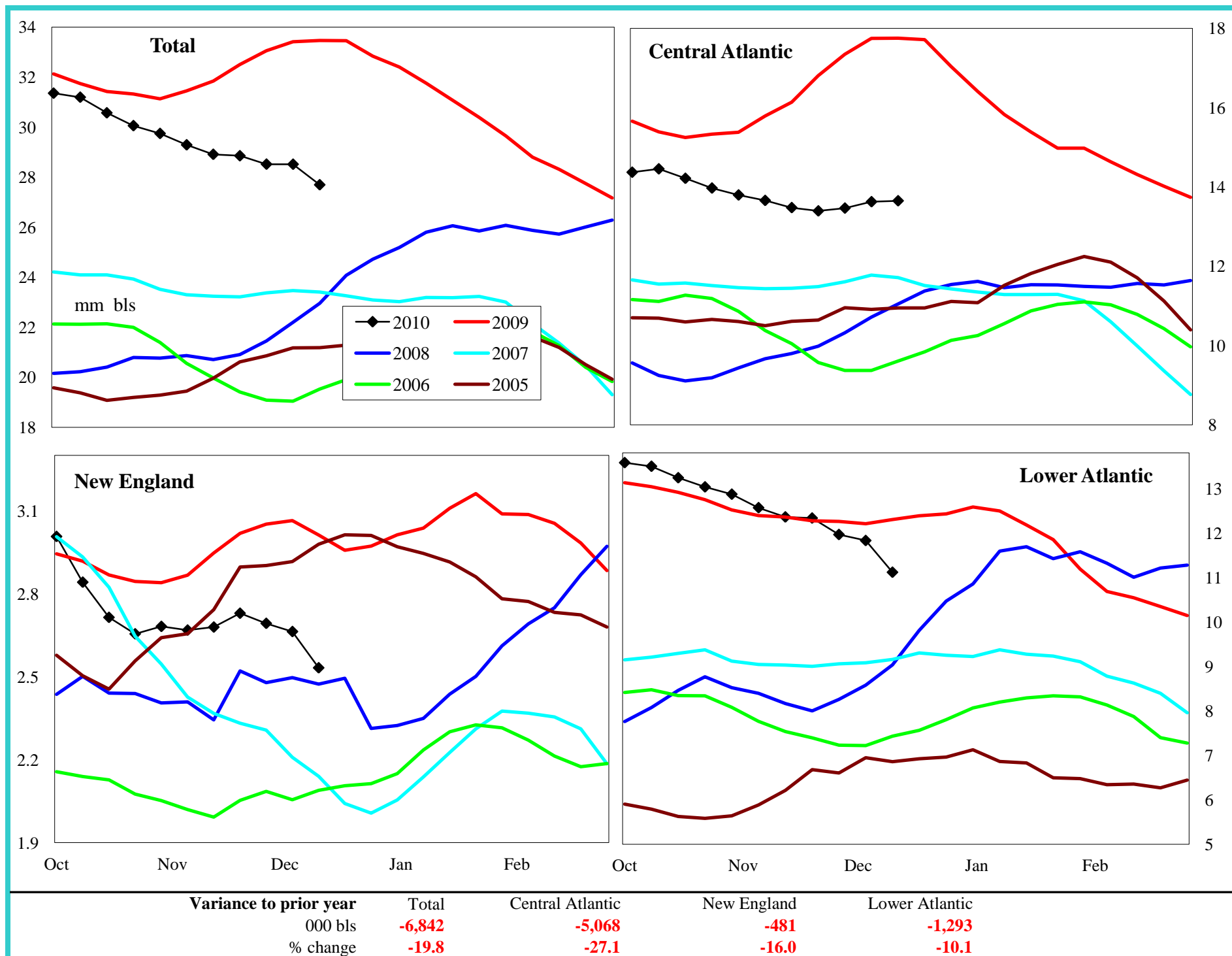




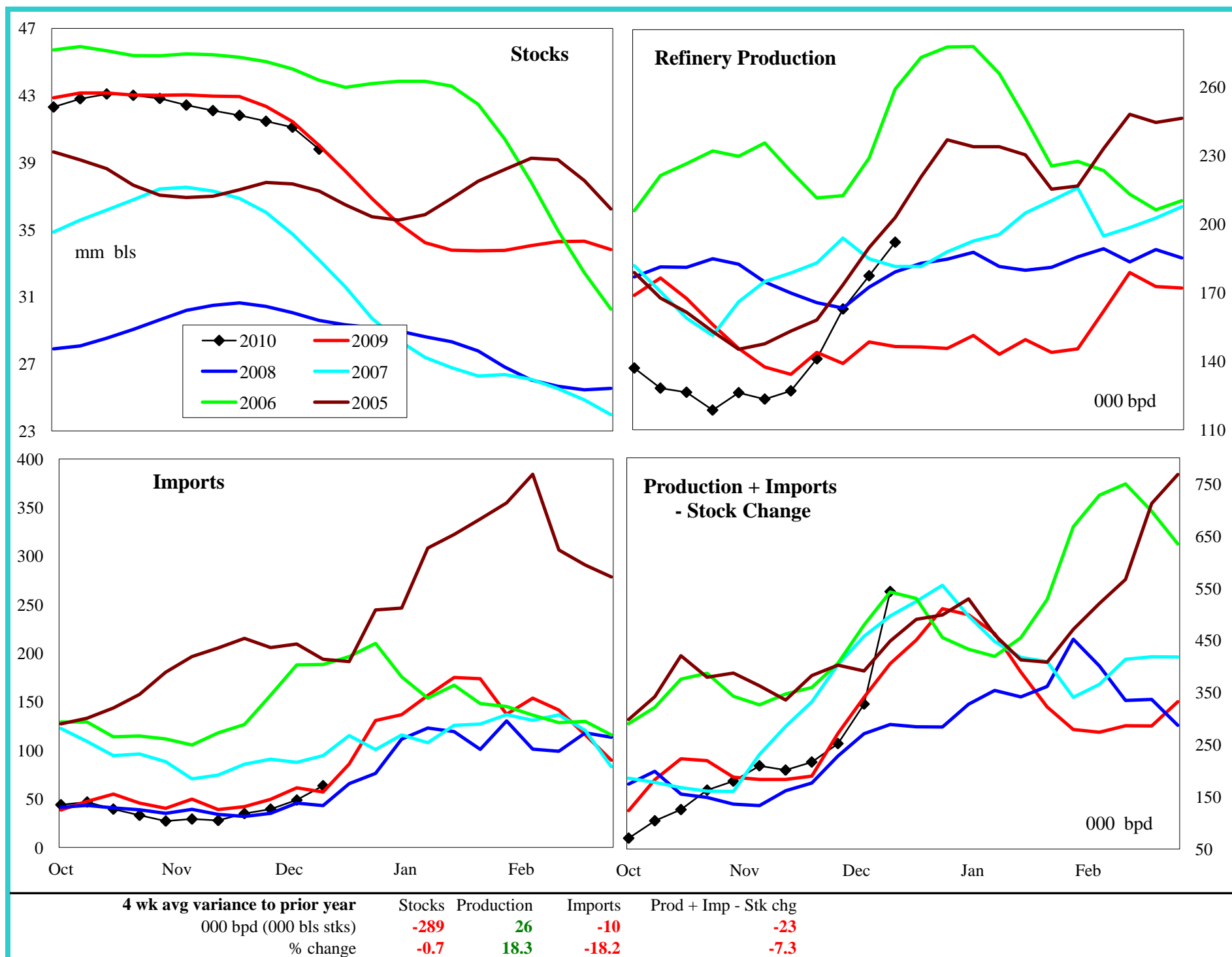
# PADD 1 Low Sulfur Distillate Supply



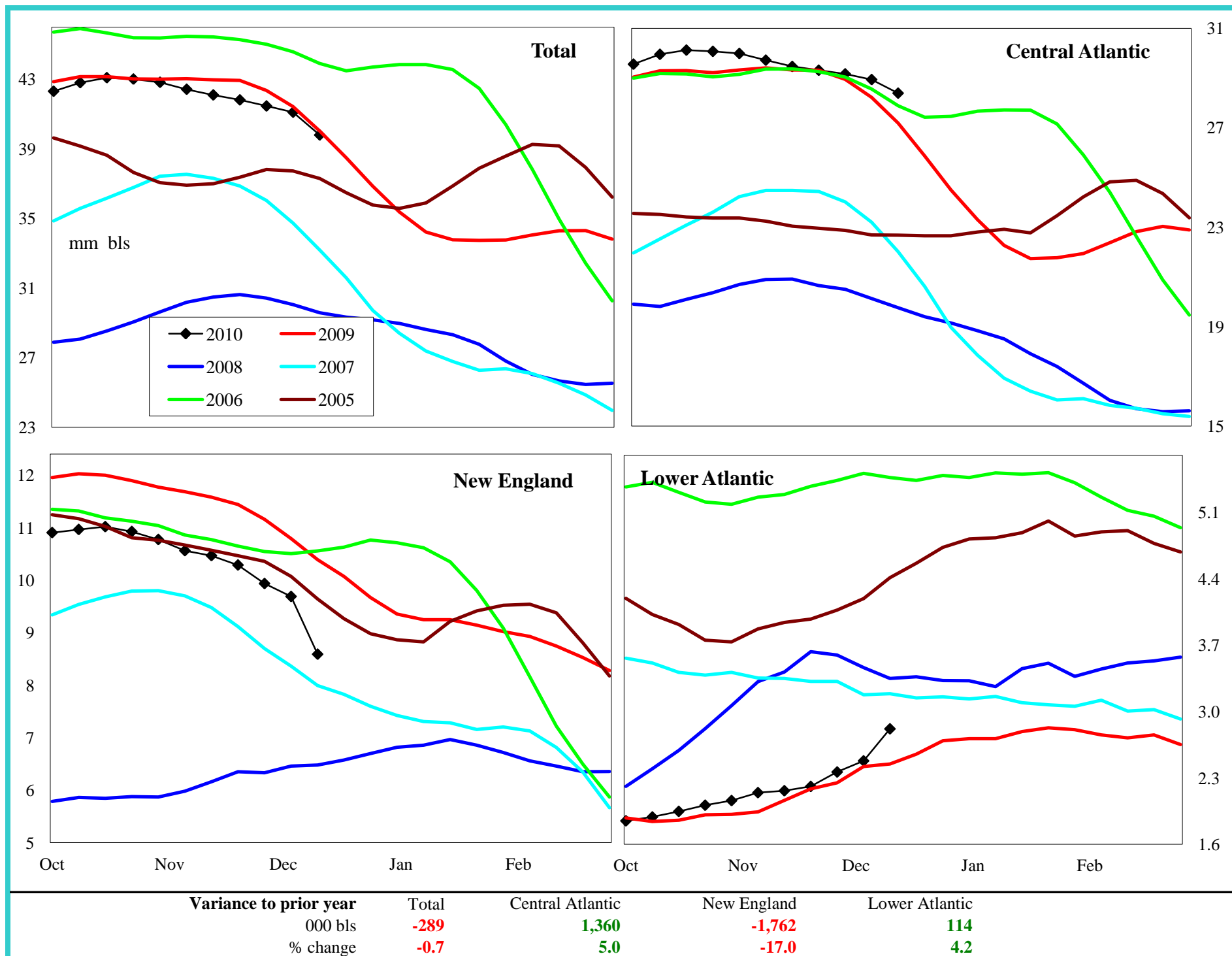
# PADD 1 Low Sulfur Distillate Stocks by Region



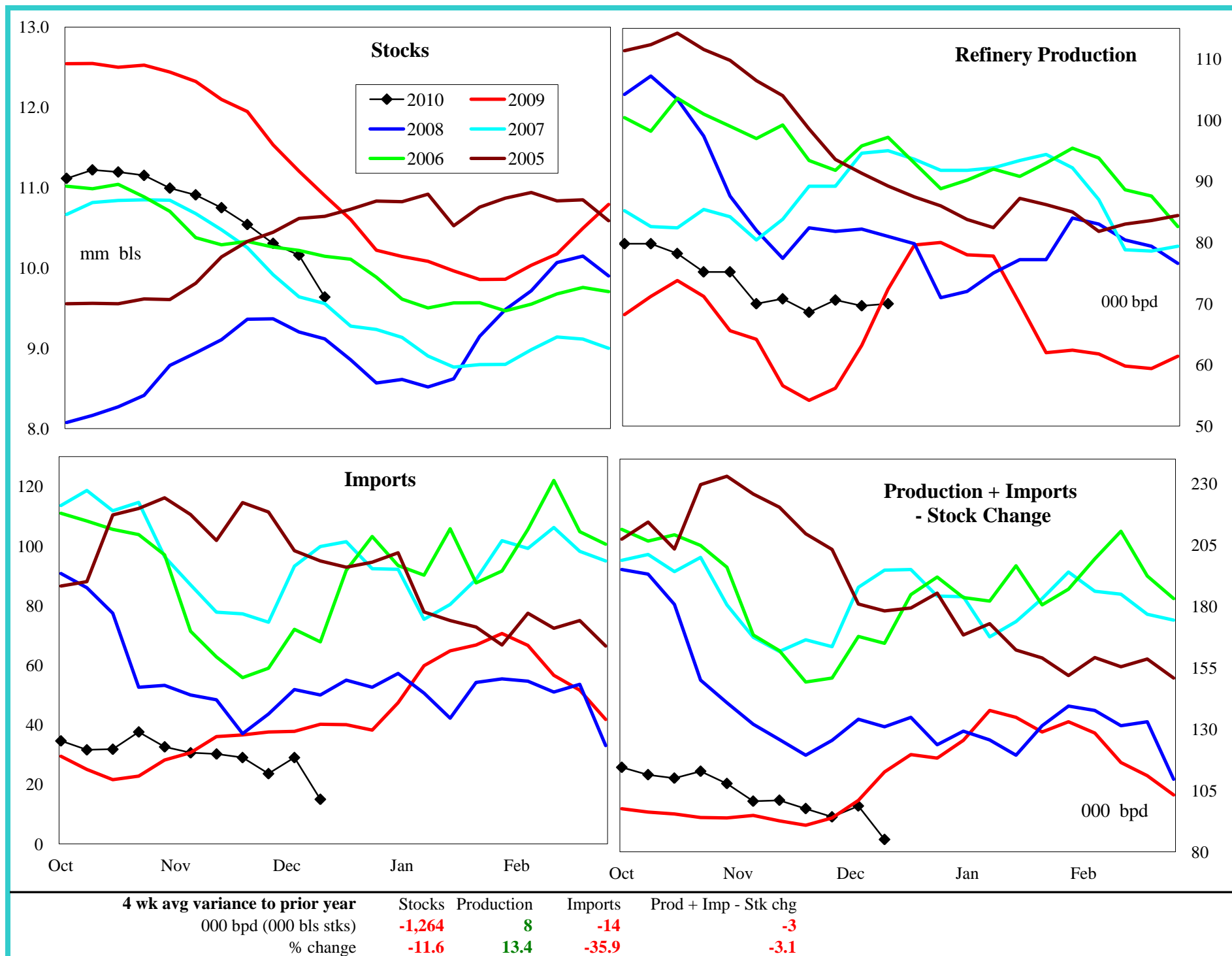
# PADD 1 High Sulfur Distillate Supply



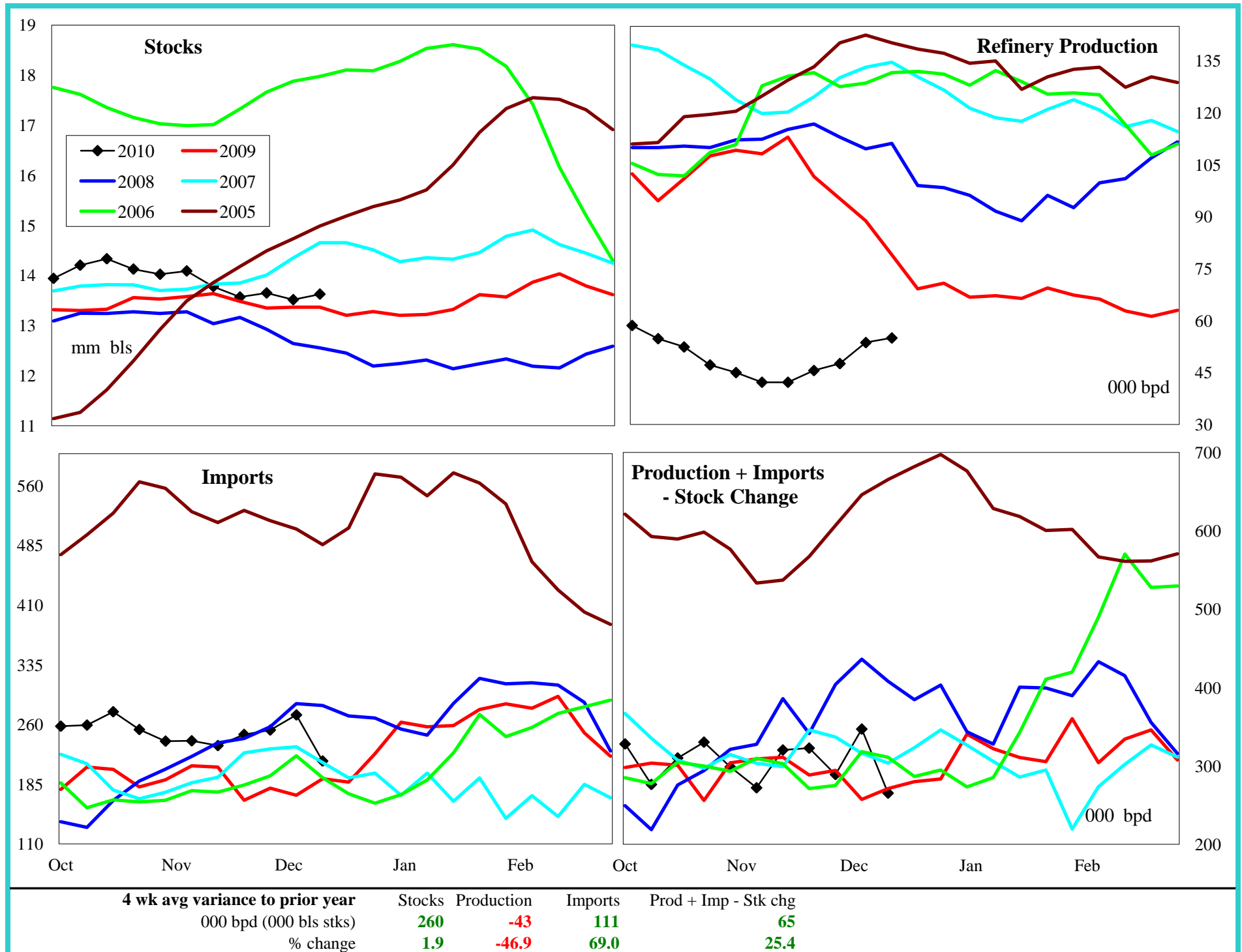
## PADD 1 High Sulfur Distillate Stocks by Region



# PADD 1 Jet Fuel Supply

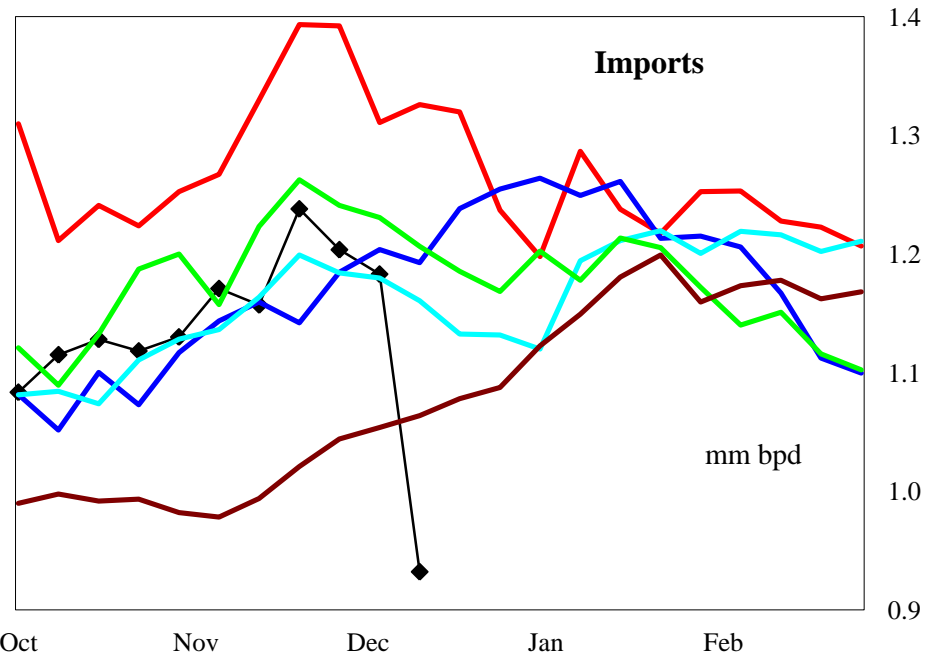
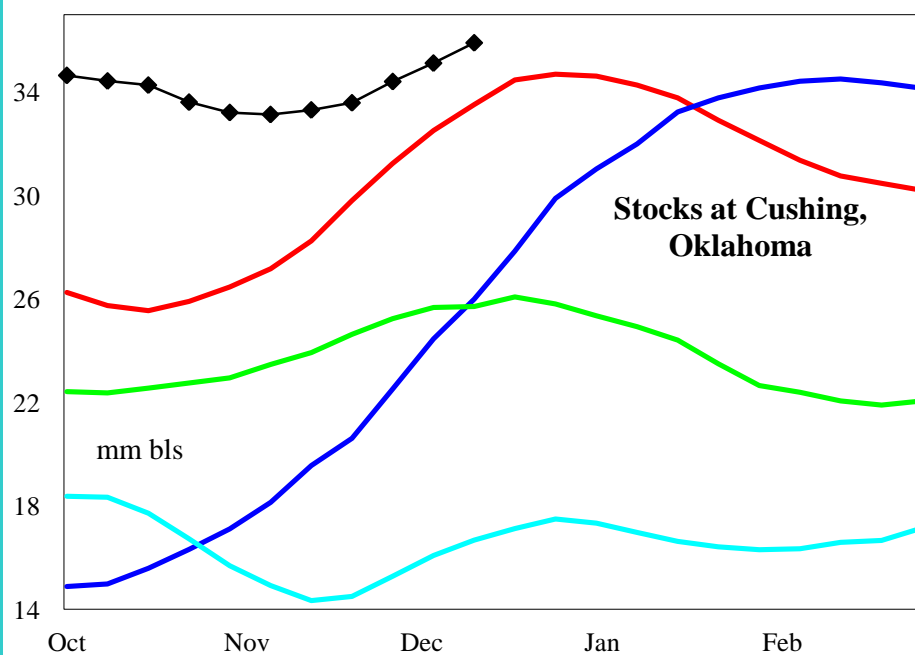
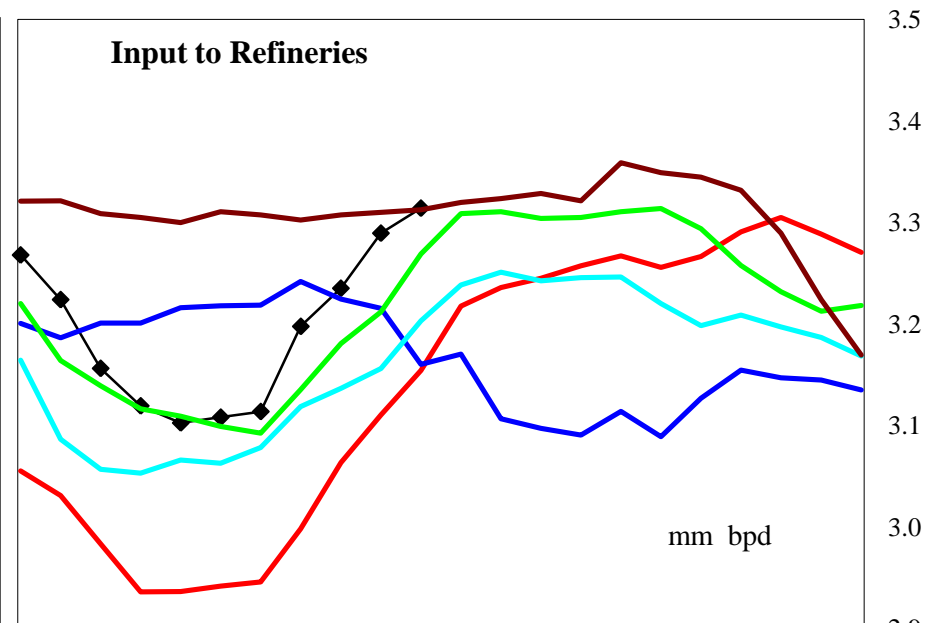
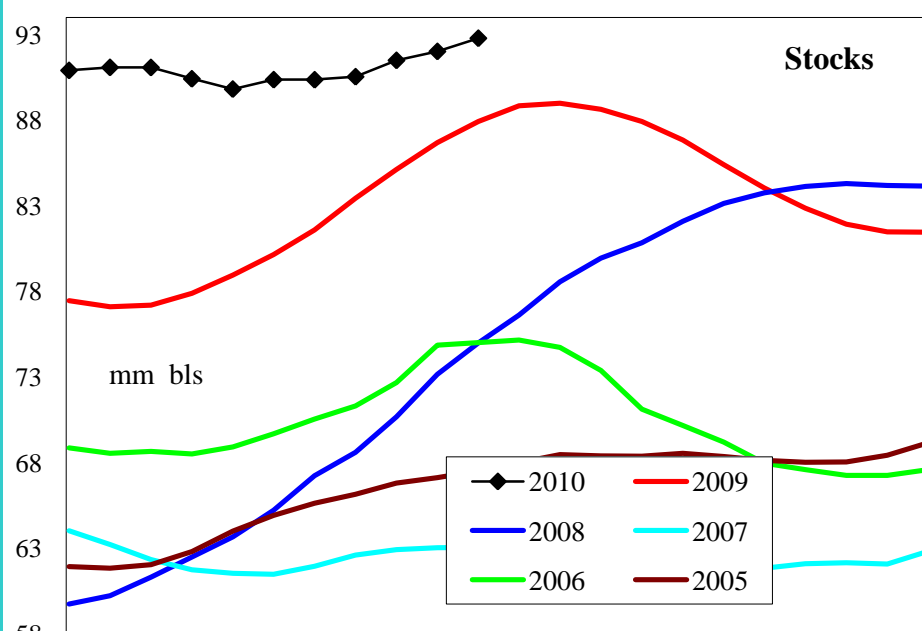


# PADD 1 Residual Fuel Oil Supply





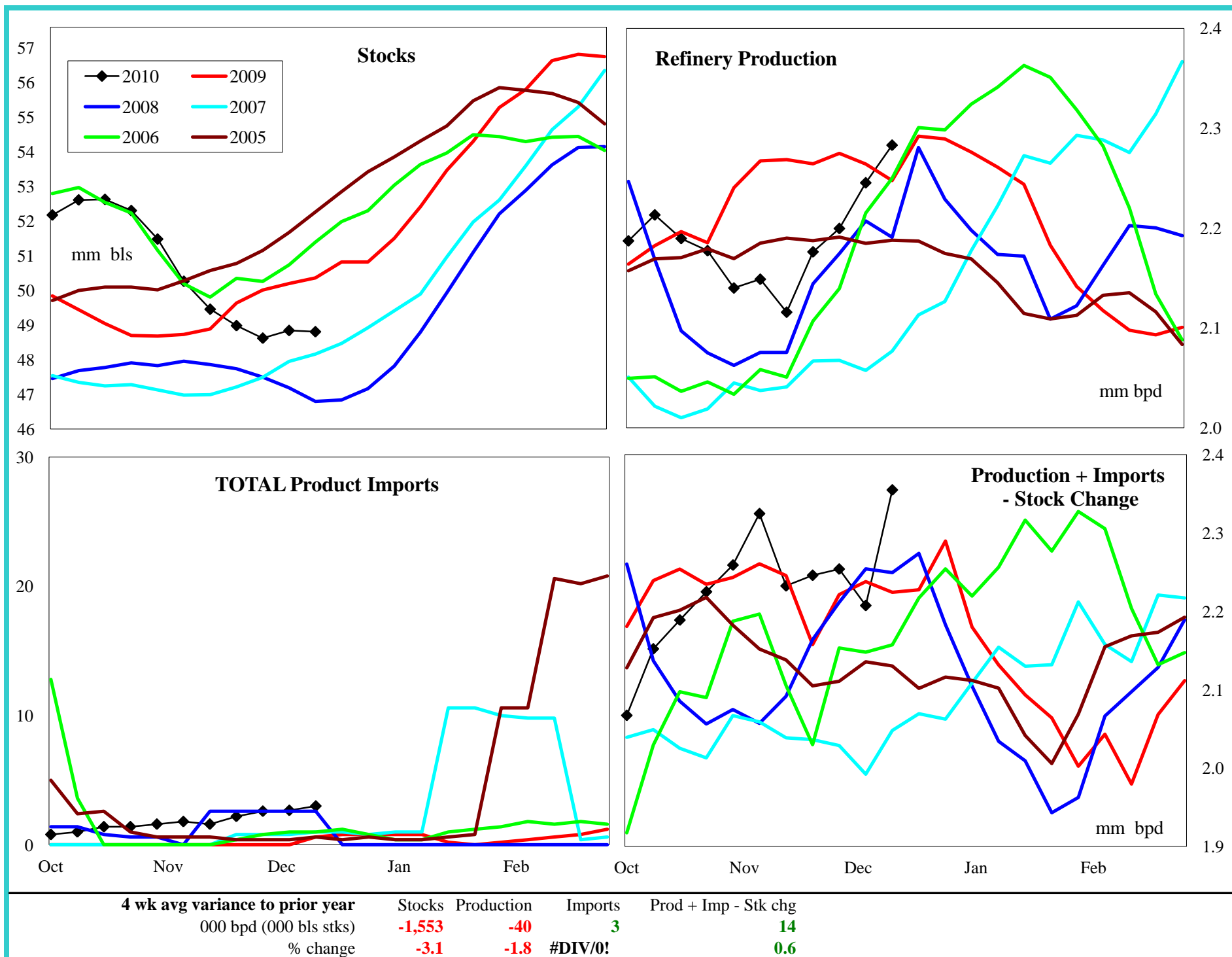
# PADD 2 Crude Oil Supply and Refining



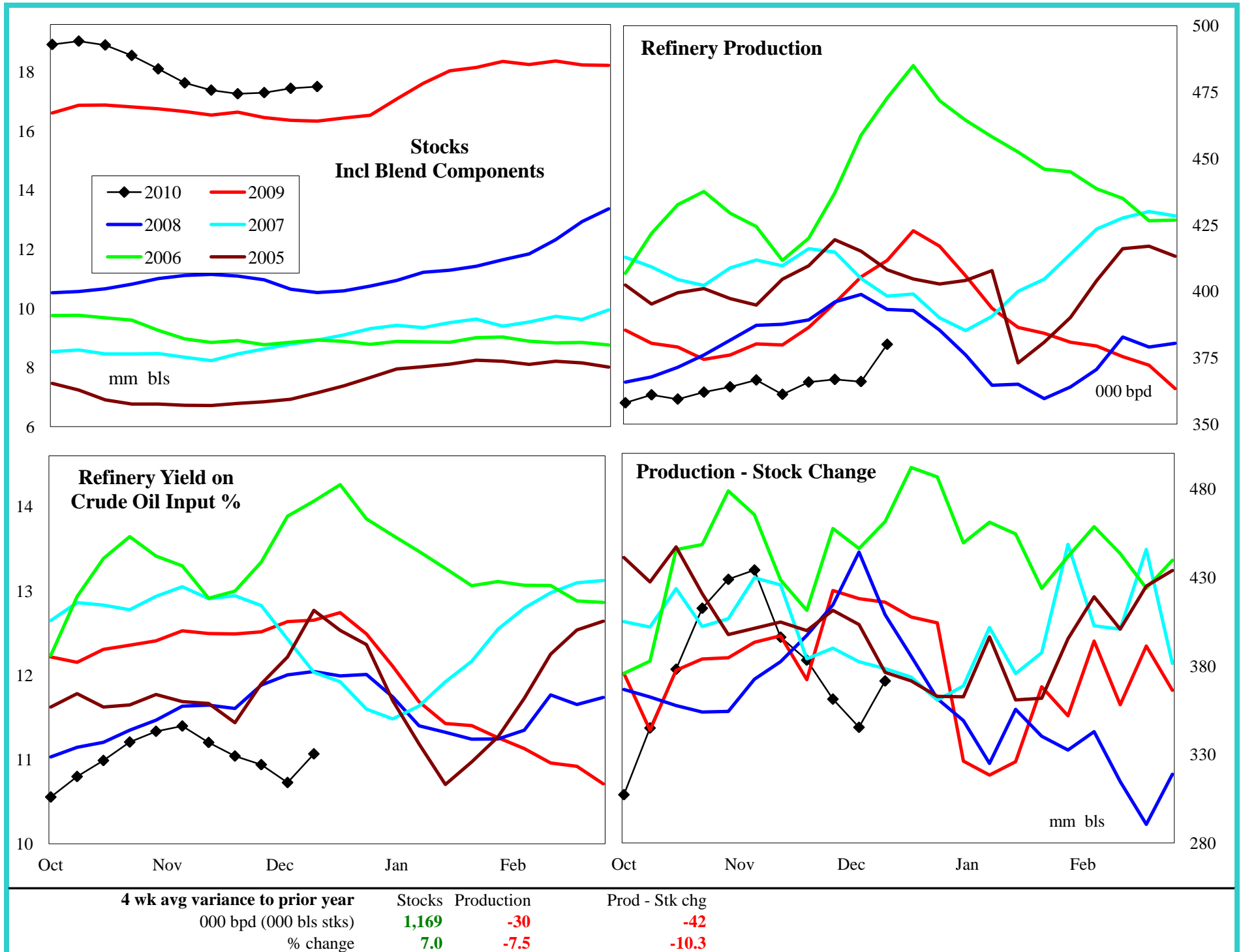
**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

	Stocks	Cushing	Input	Imports
000 bpd (000 bls stks)	4,860	2,392	167	-163
% change	5.5	7.1	5.4	-11.8

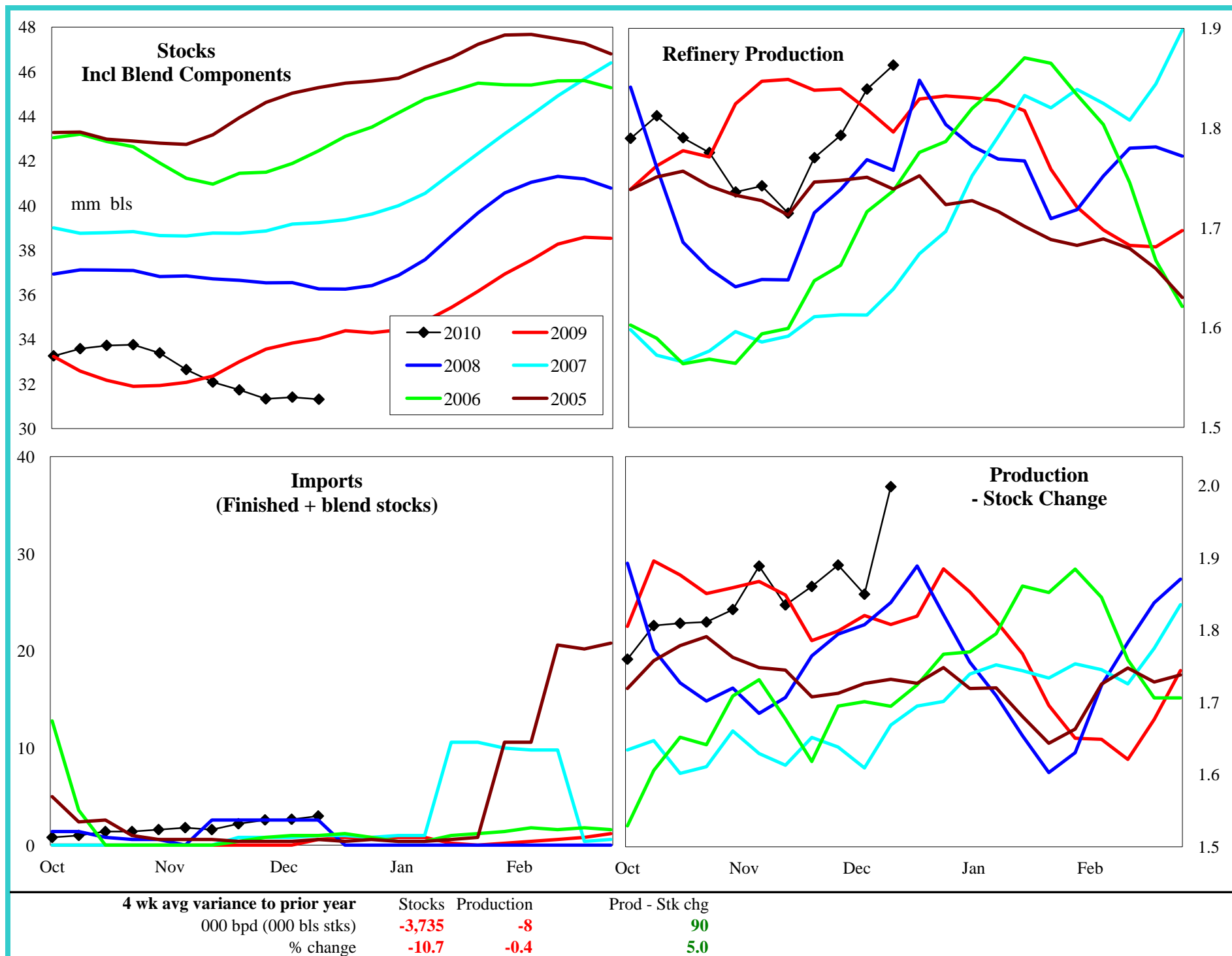
# PADD 2 Gasoline Supply



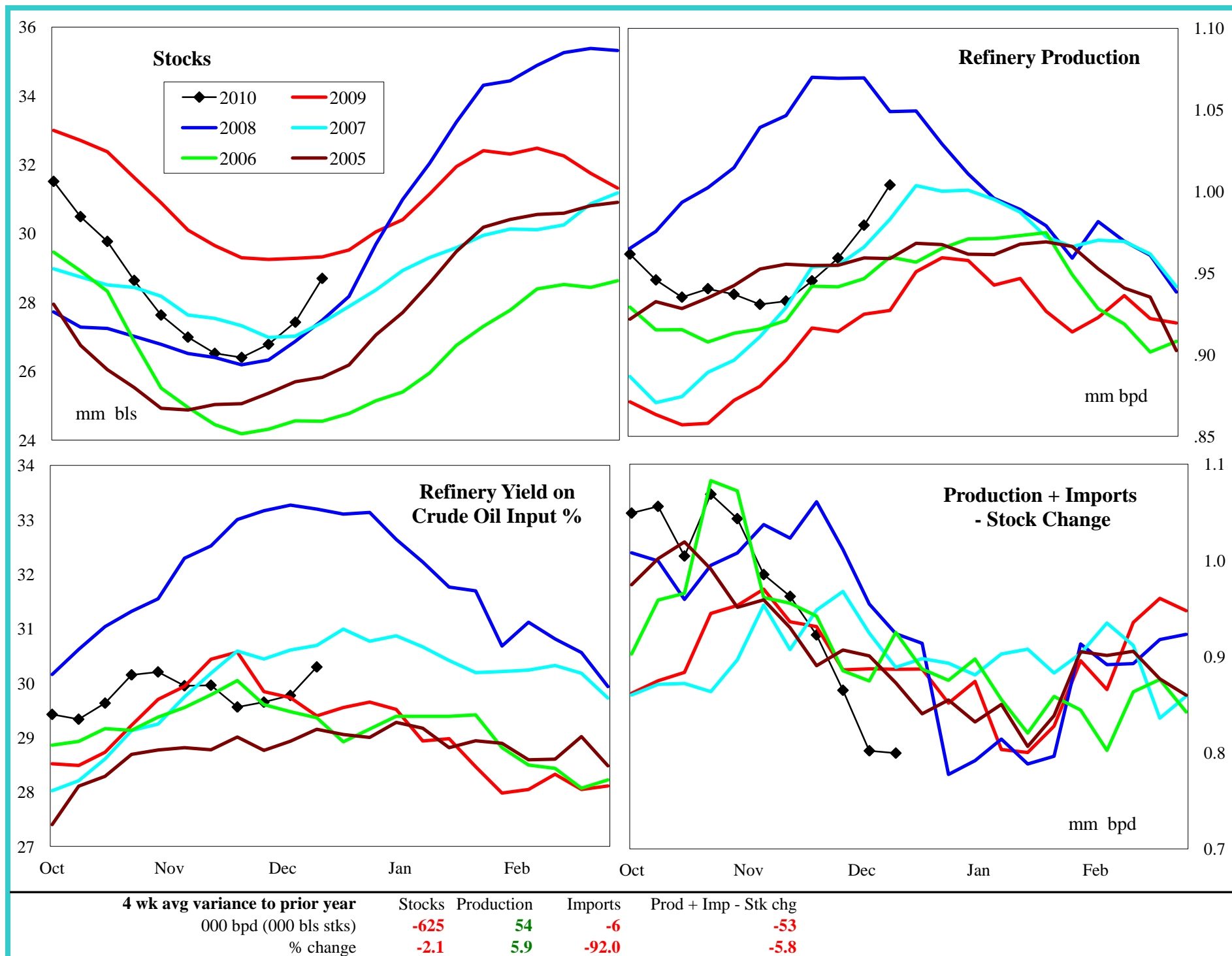
# PADD 2 Reformulated Gasoline Supply



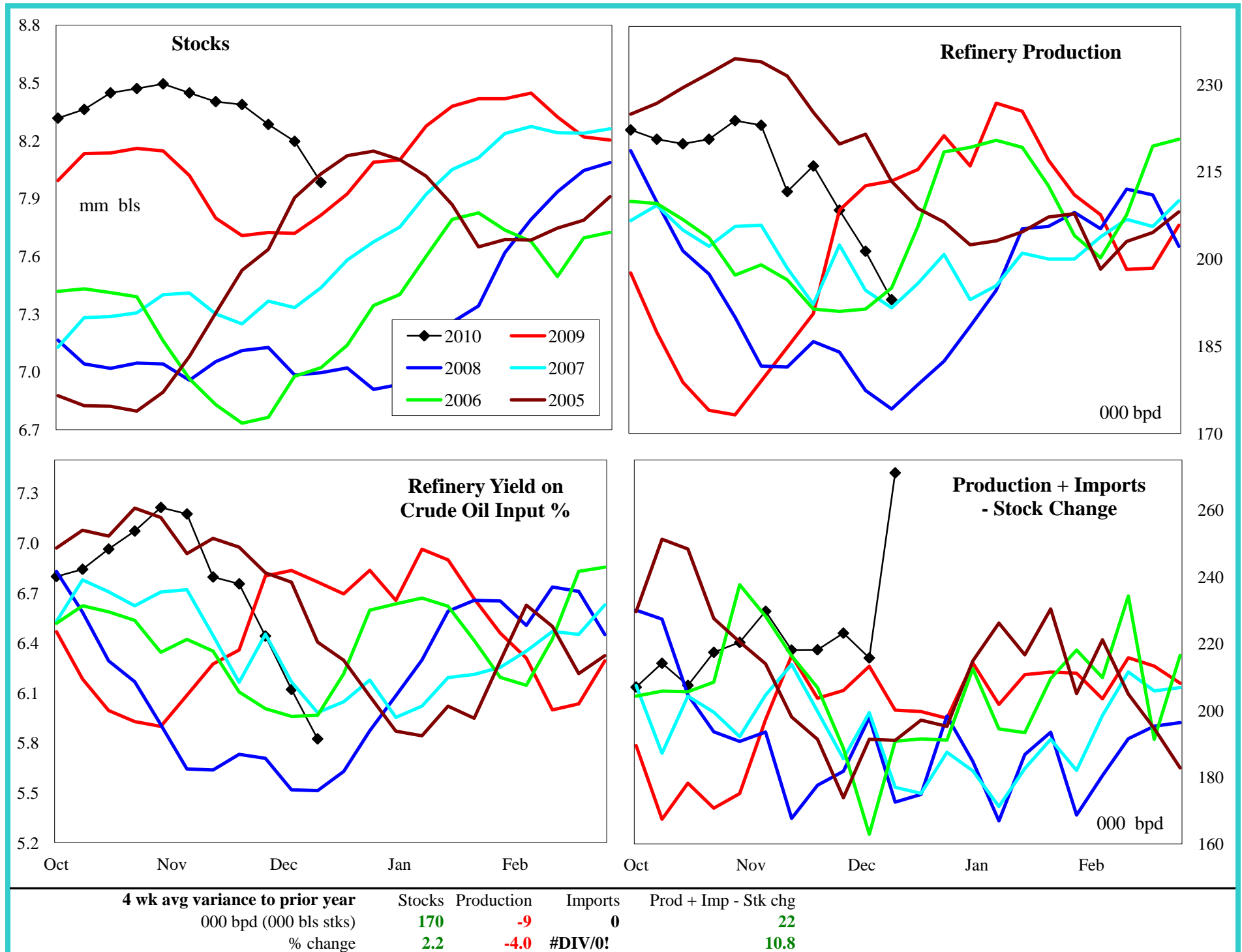
# PADD 2 Conventional Gasoline Supply



# PADD 2 Distillate Supply

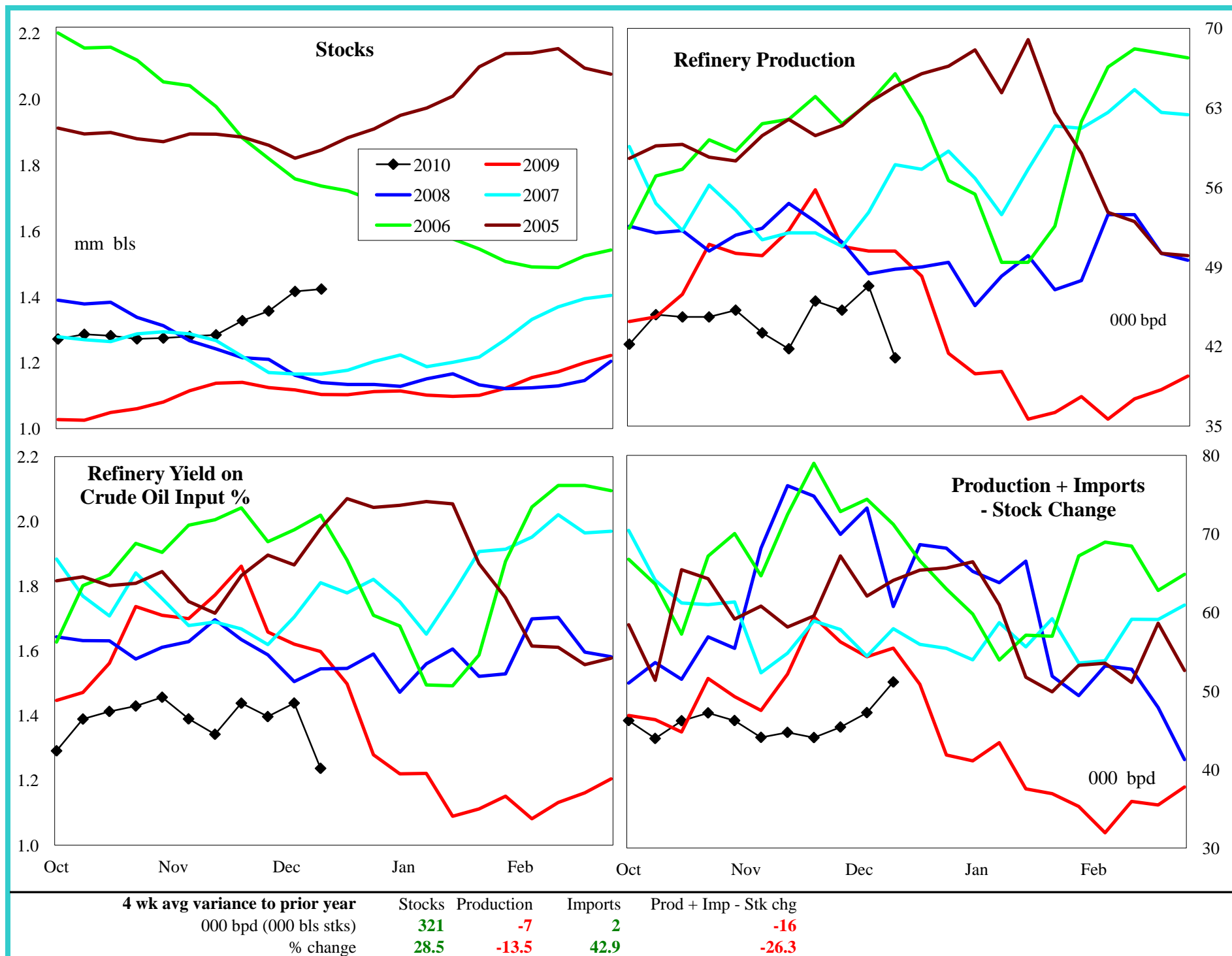


# PADD 2 Jet Fuel Supply

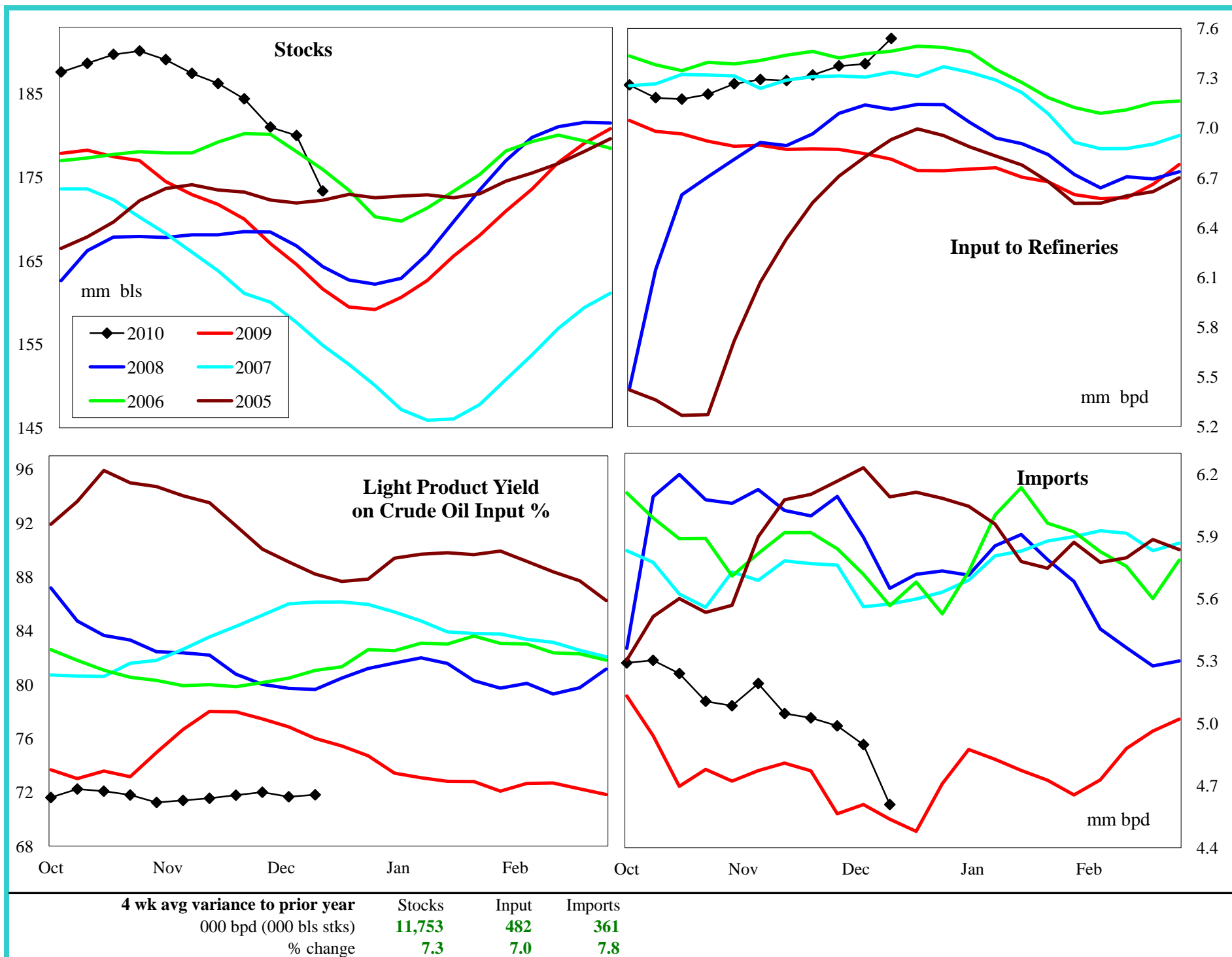




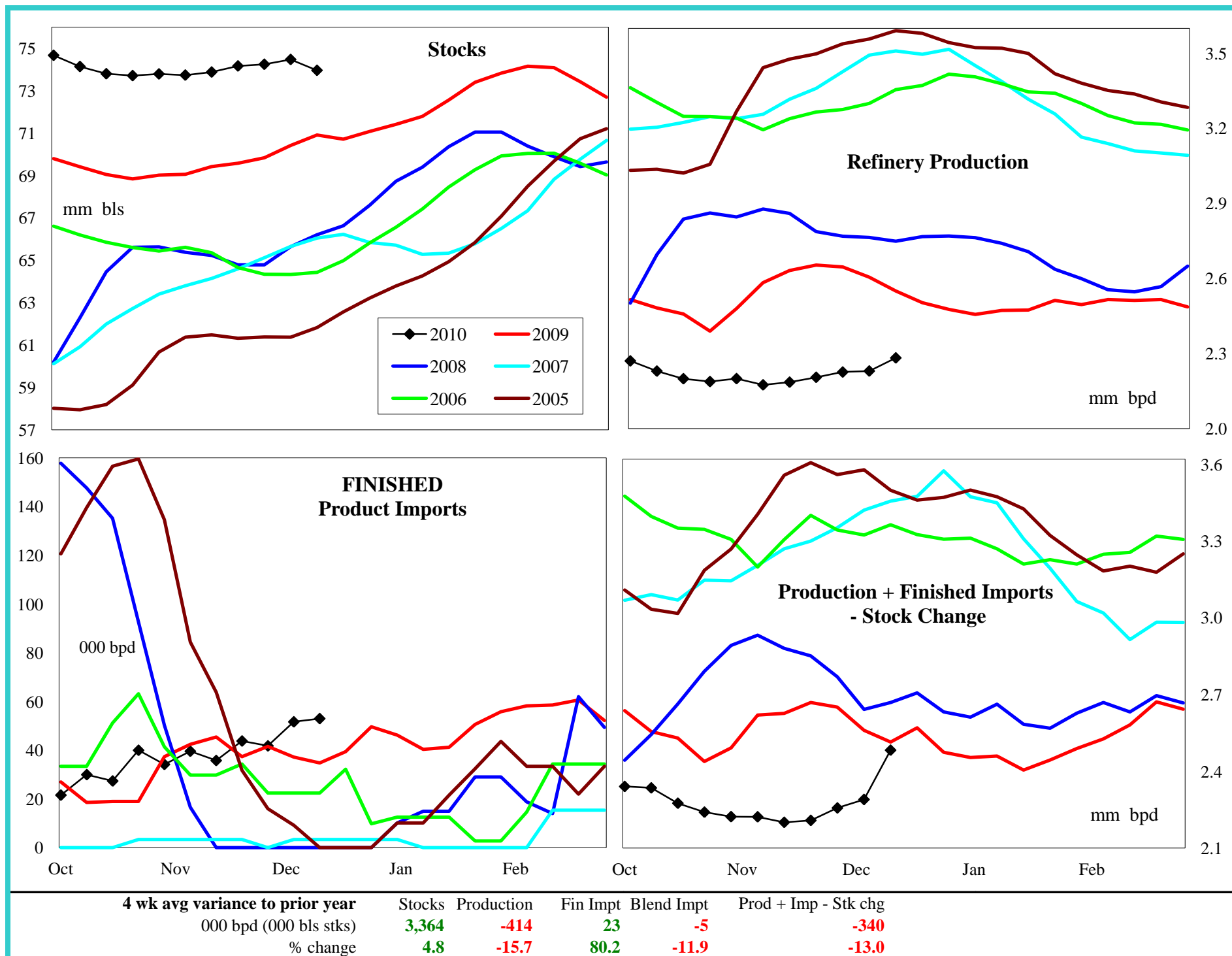
# PADD 2 Residual Fuel Oil Supply



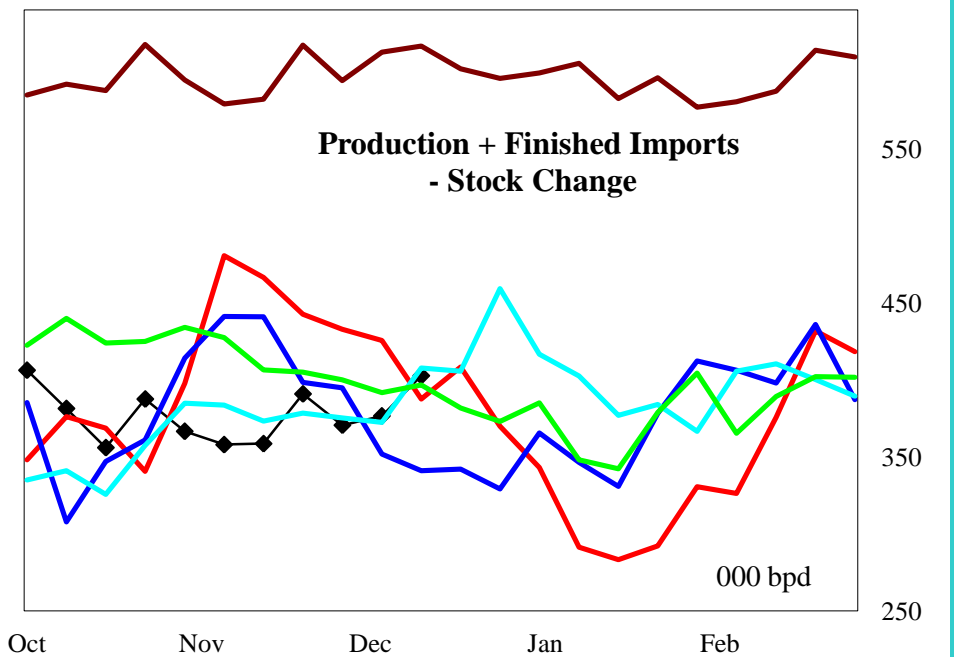
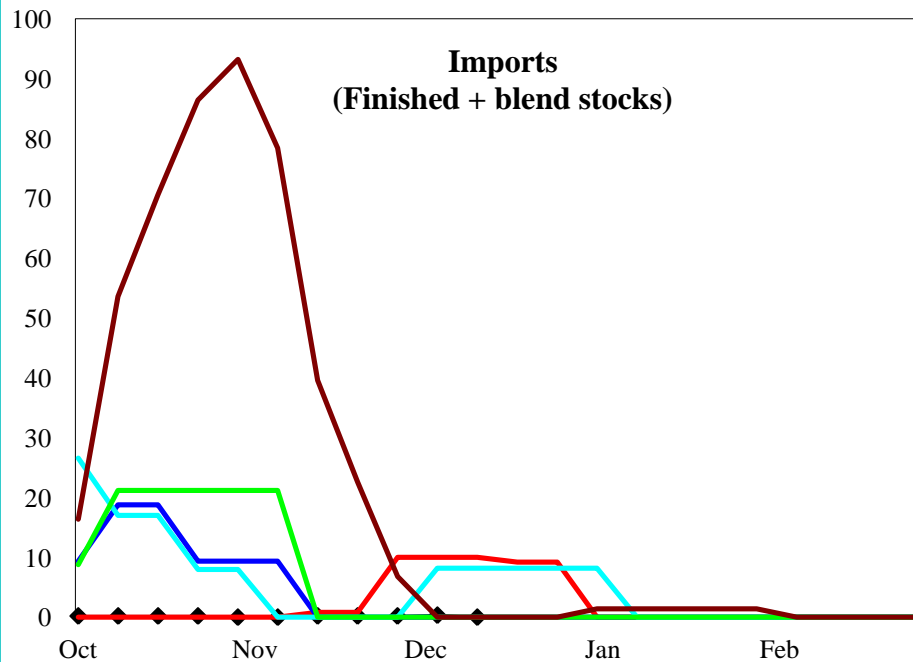
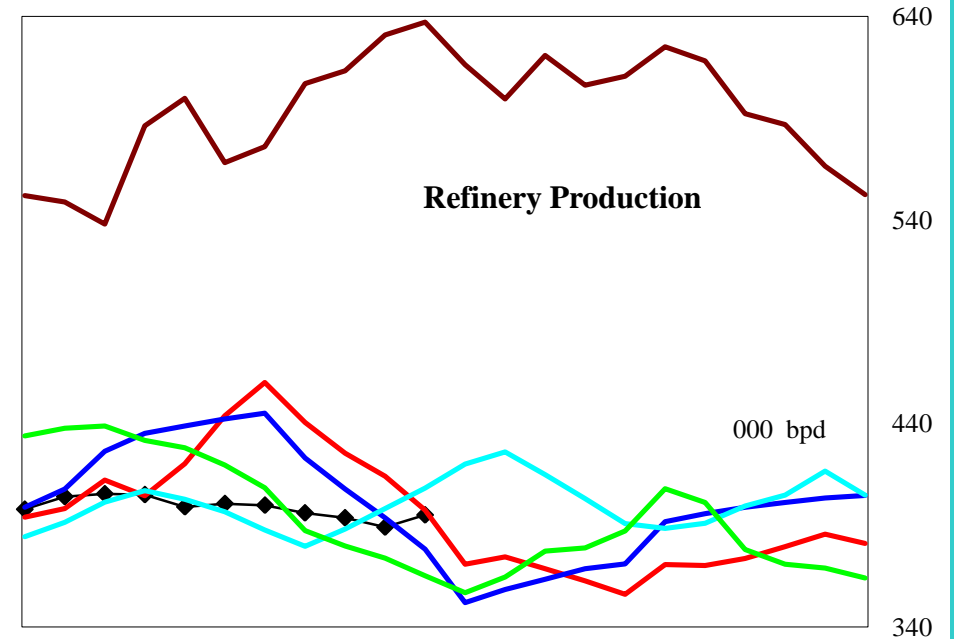
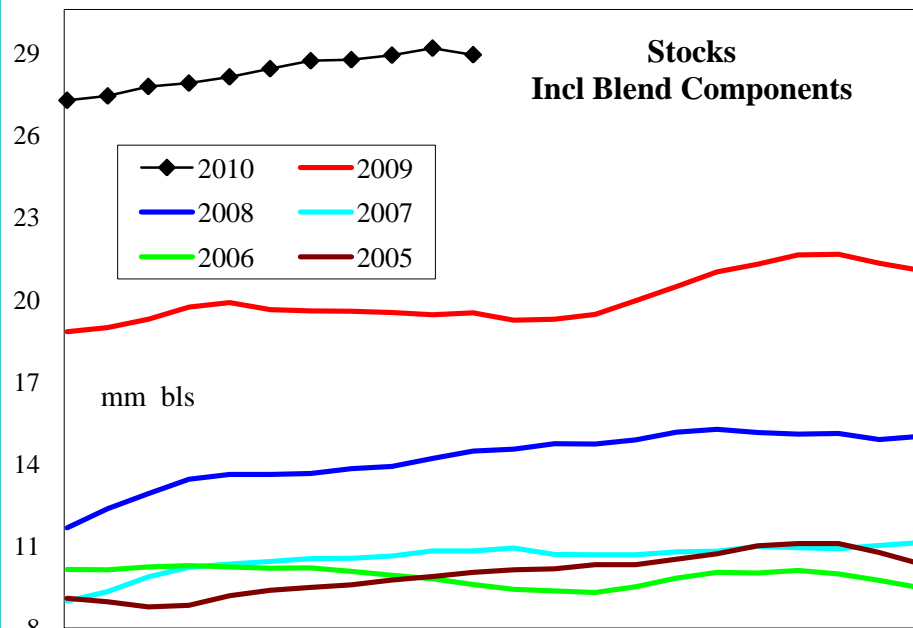
# PADD 3 Crude Oil Supply and Refining



# 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

9,135

-25

-12

-27

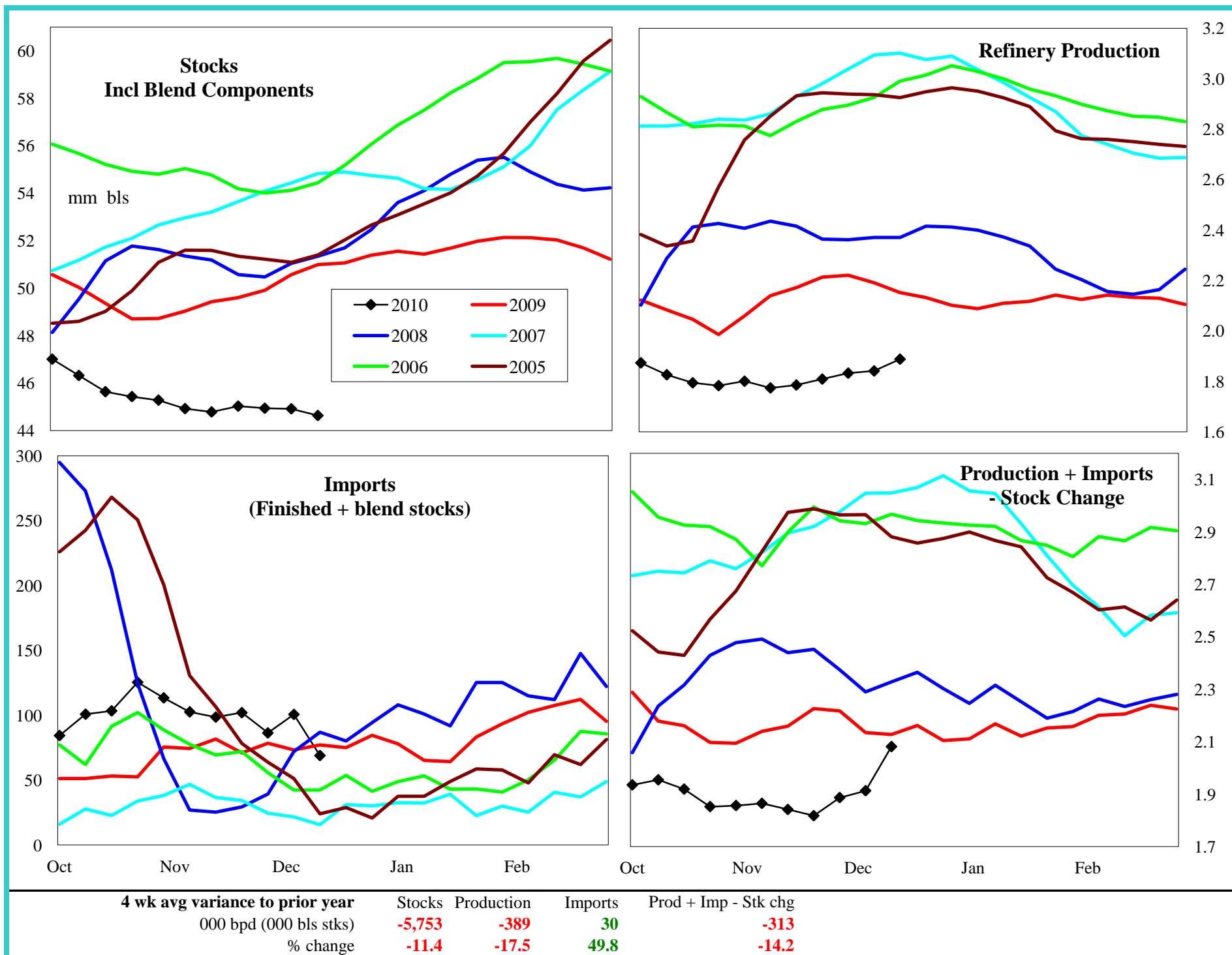
45.2

-6.0

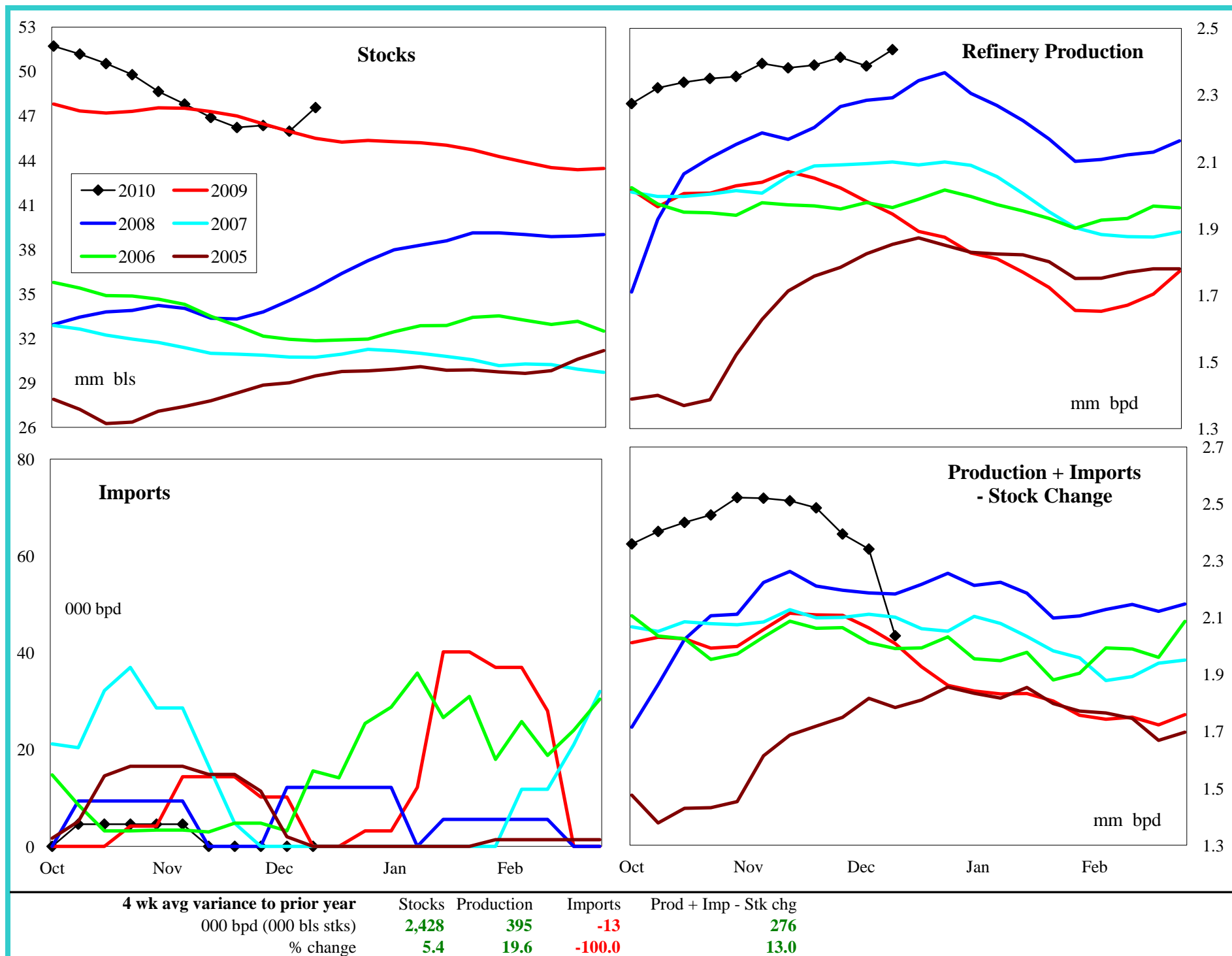
-98.0

-6.6

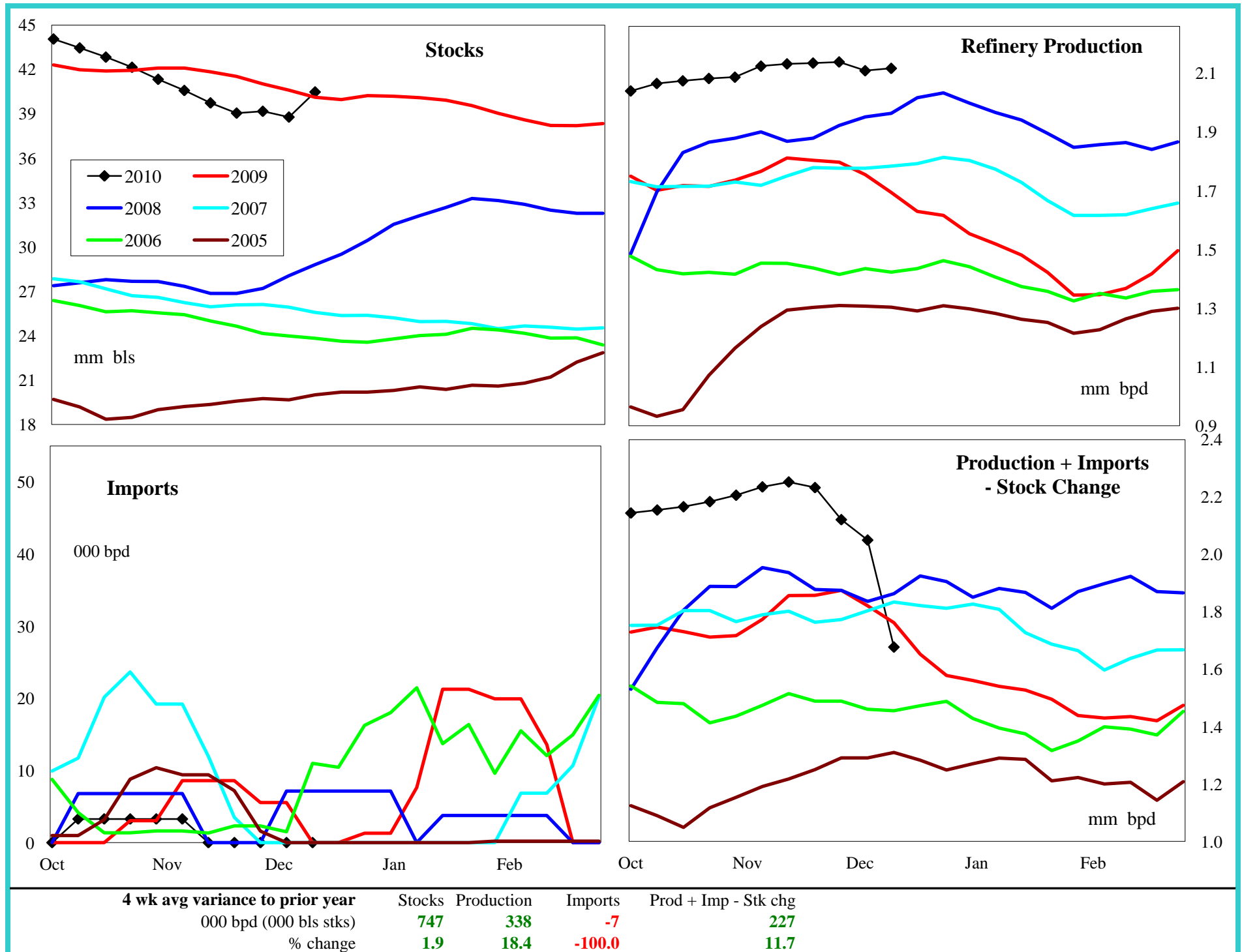
# PADD 3 Conventional Gasoline Supply



# PADD 3 Distillate Supply

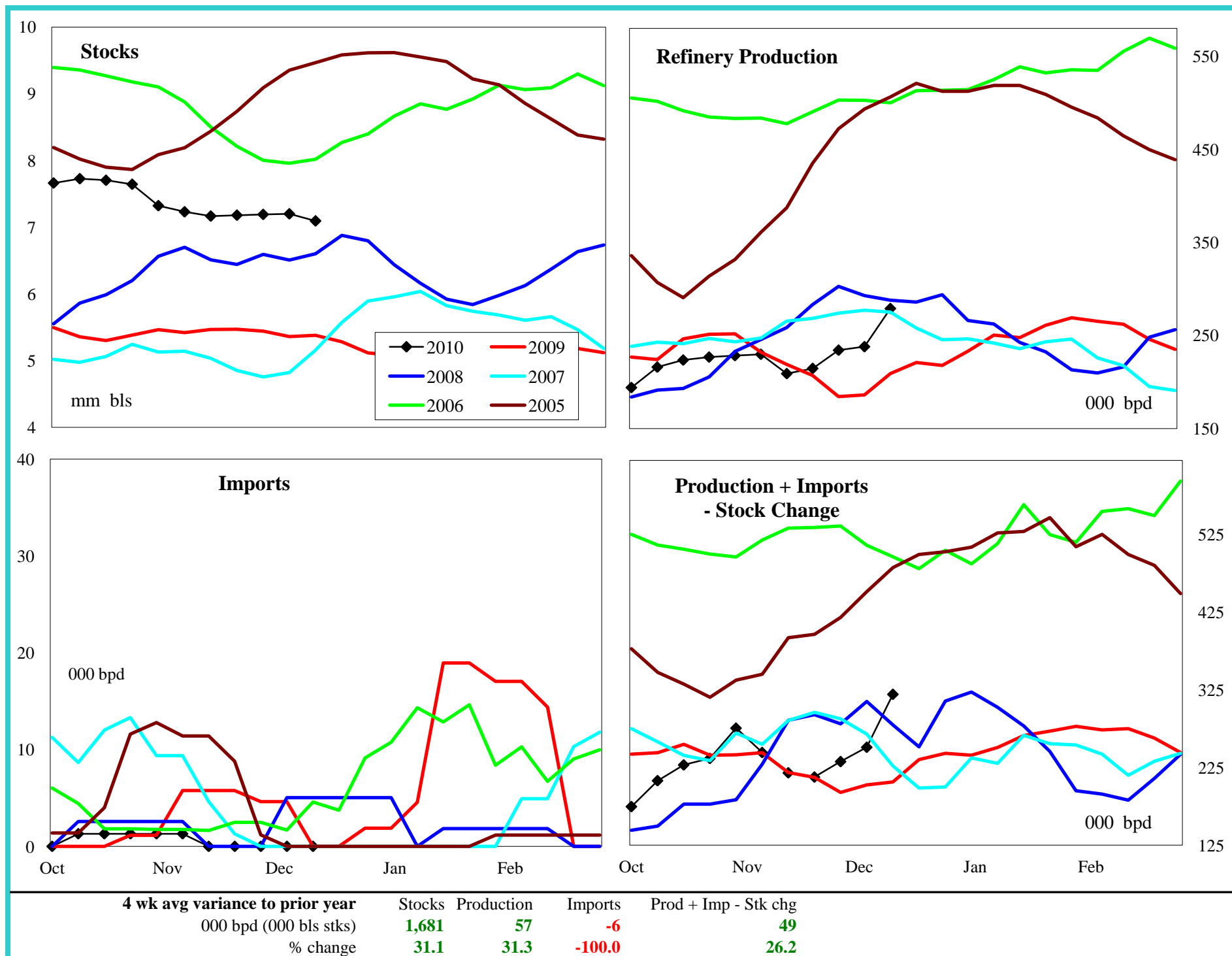


# PADD 3 Low Sulfur Distillate Supply

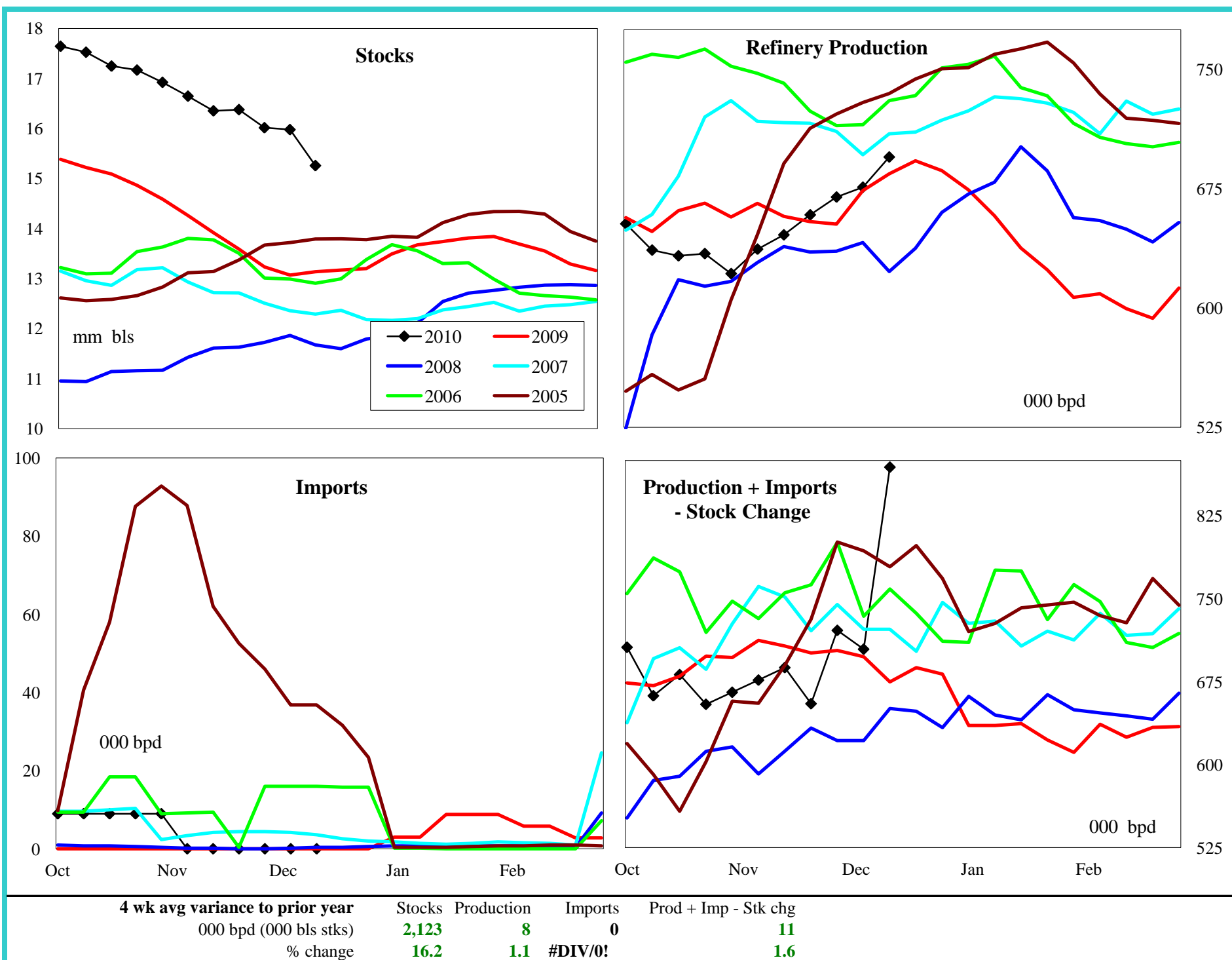




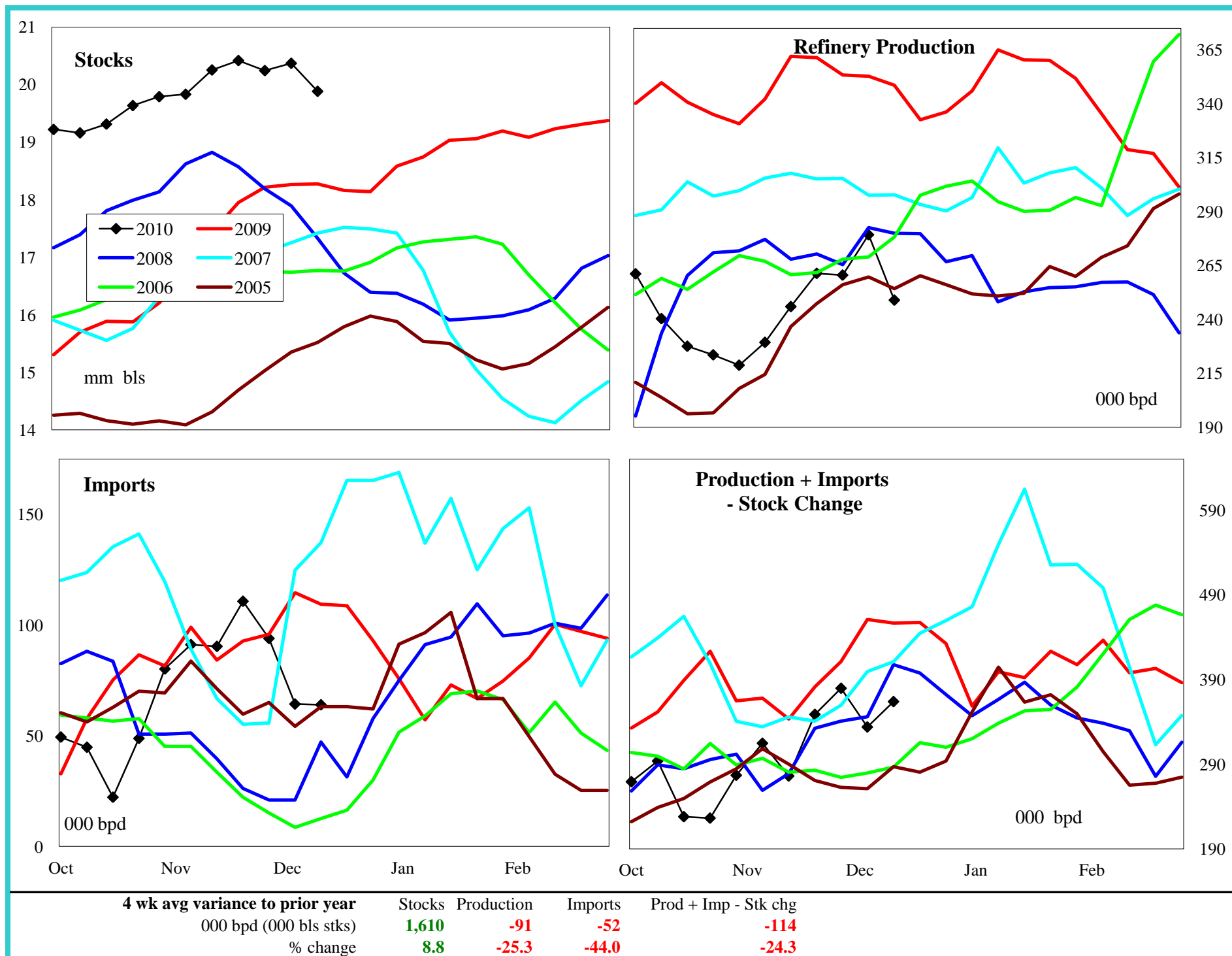
# PADD 3 High Sulfur Distillate Supply



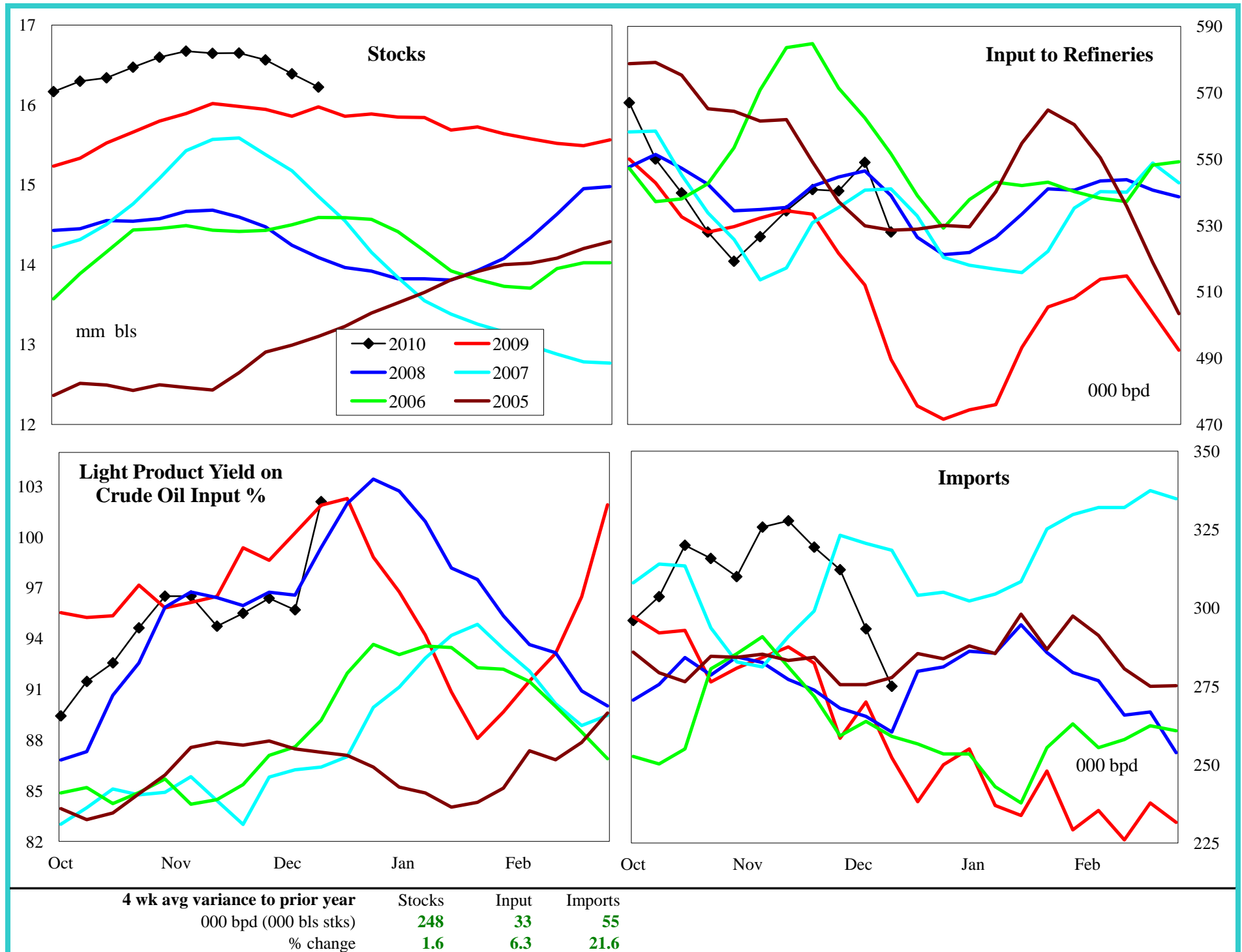
## PADD 3 Jet Fuel Supply



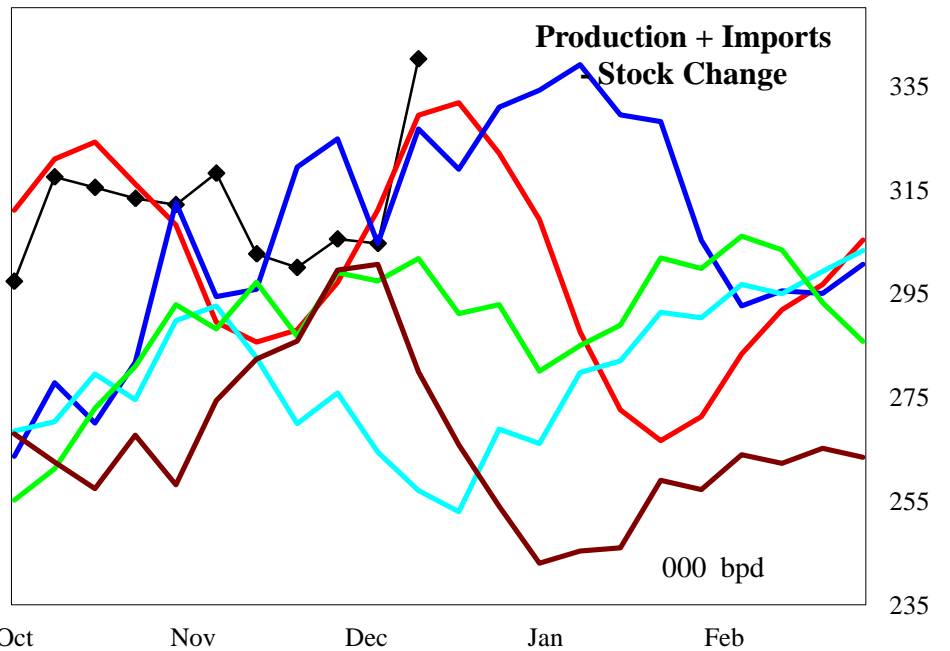
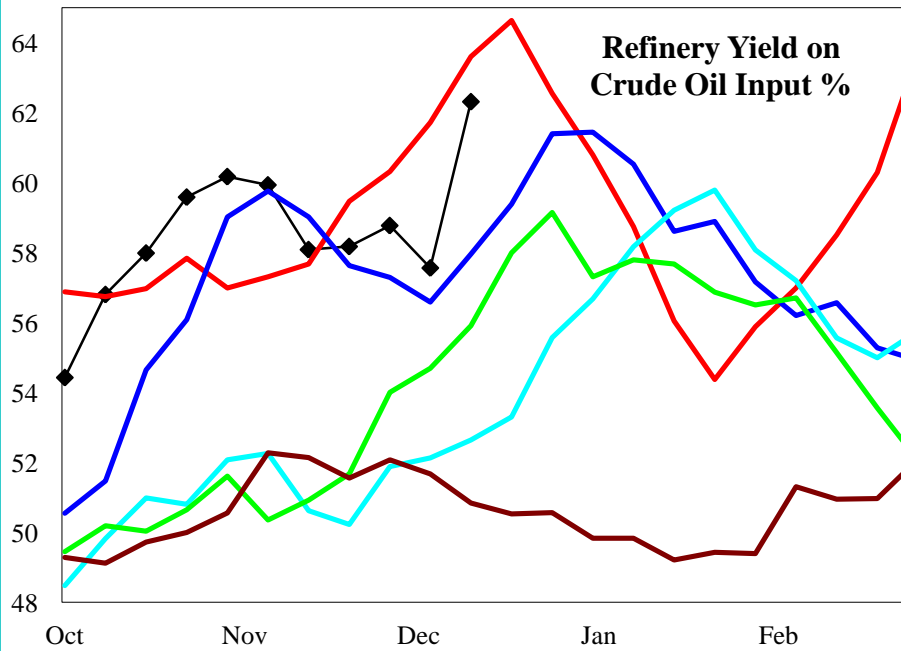
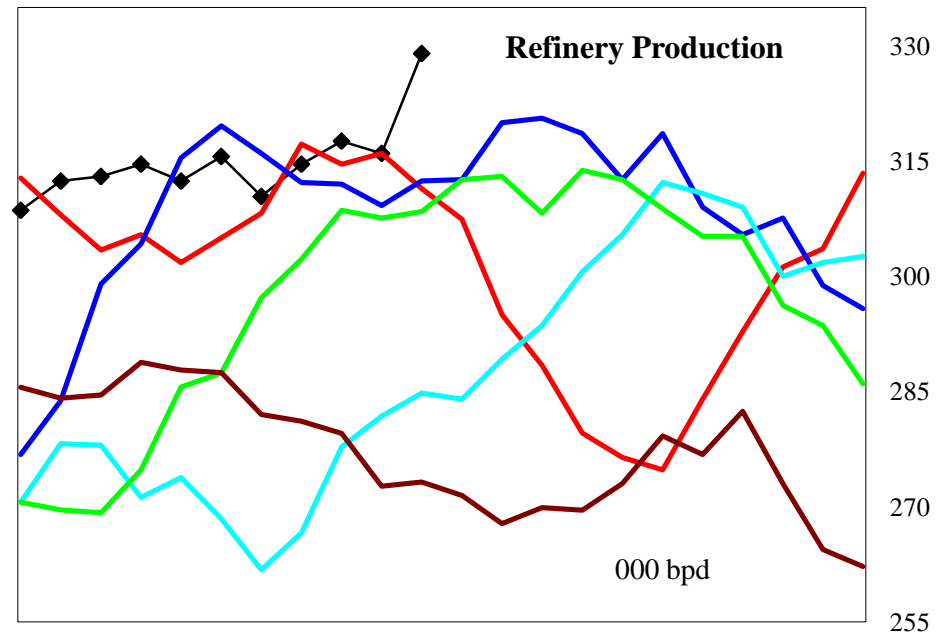
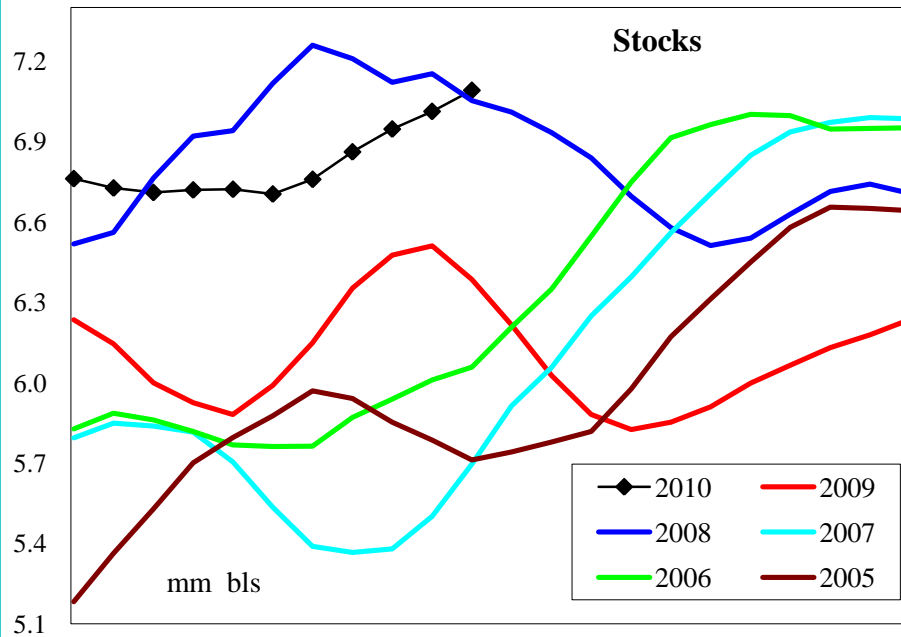
# PADD 3 Residual Fuel Oil Supply



# PADD 4 Crude Oil Supply and Refining



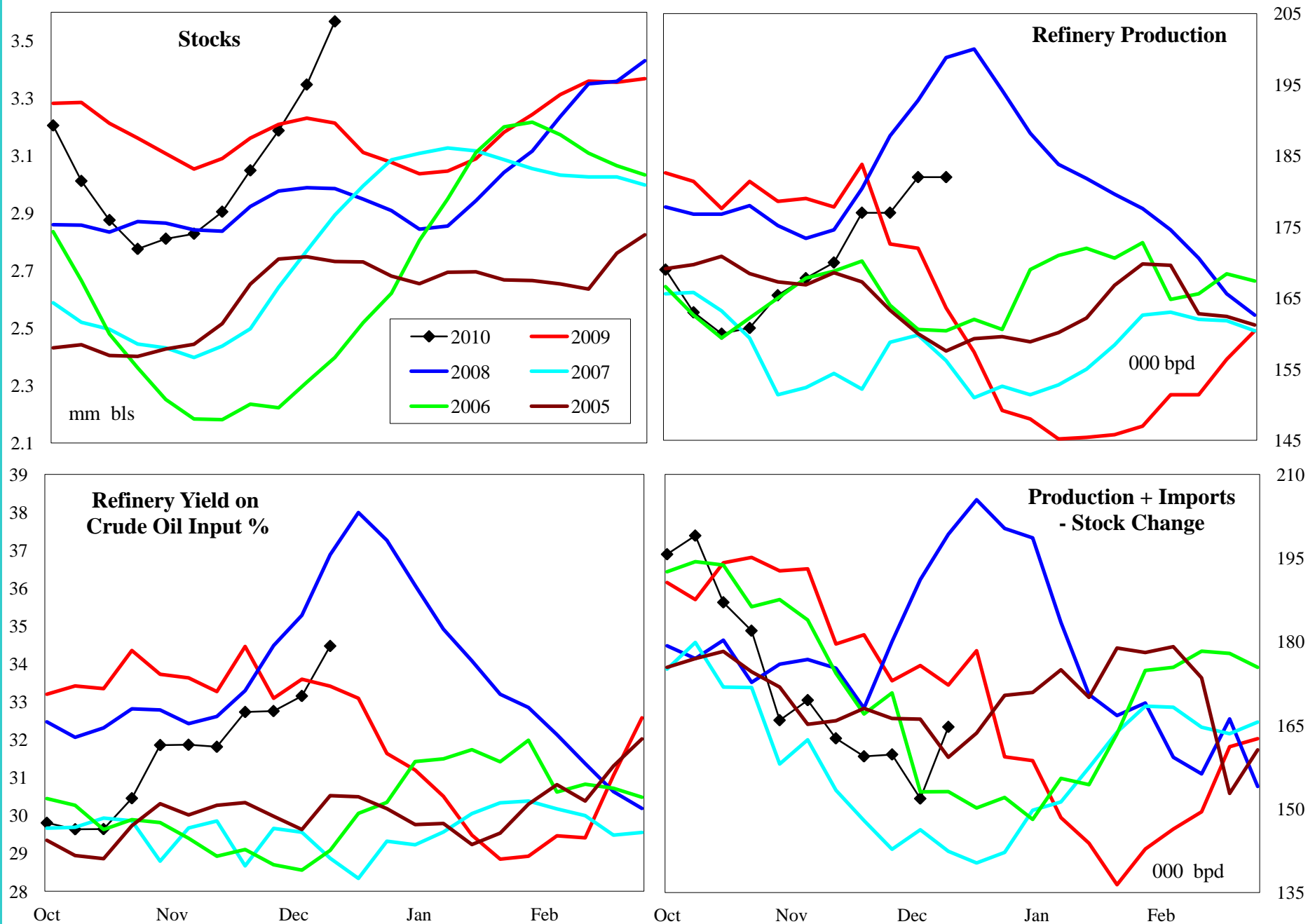
# PADD 4 Gasoline Supply



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

	Stocks	Production	Prod + Imp - Stk chg
000 bpd (000 bls stks)	706	6	13
% change	11.1	1.7	4.2

# PADD 4 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

354

4

-4

-16

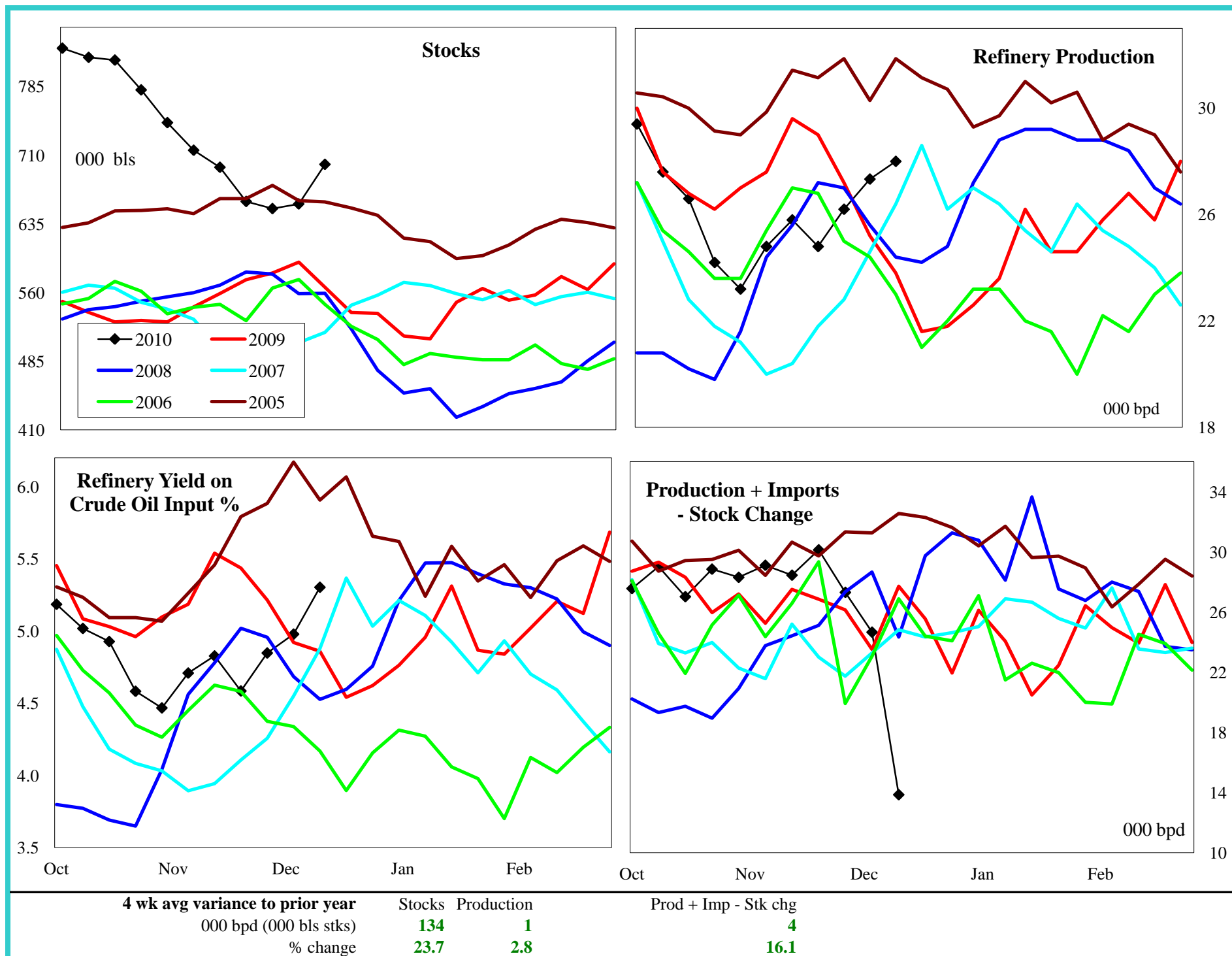
11.0

2.5

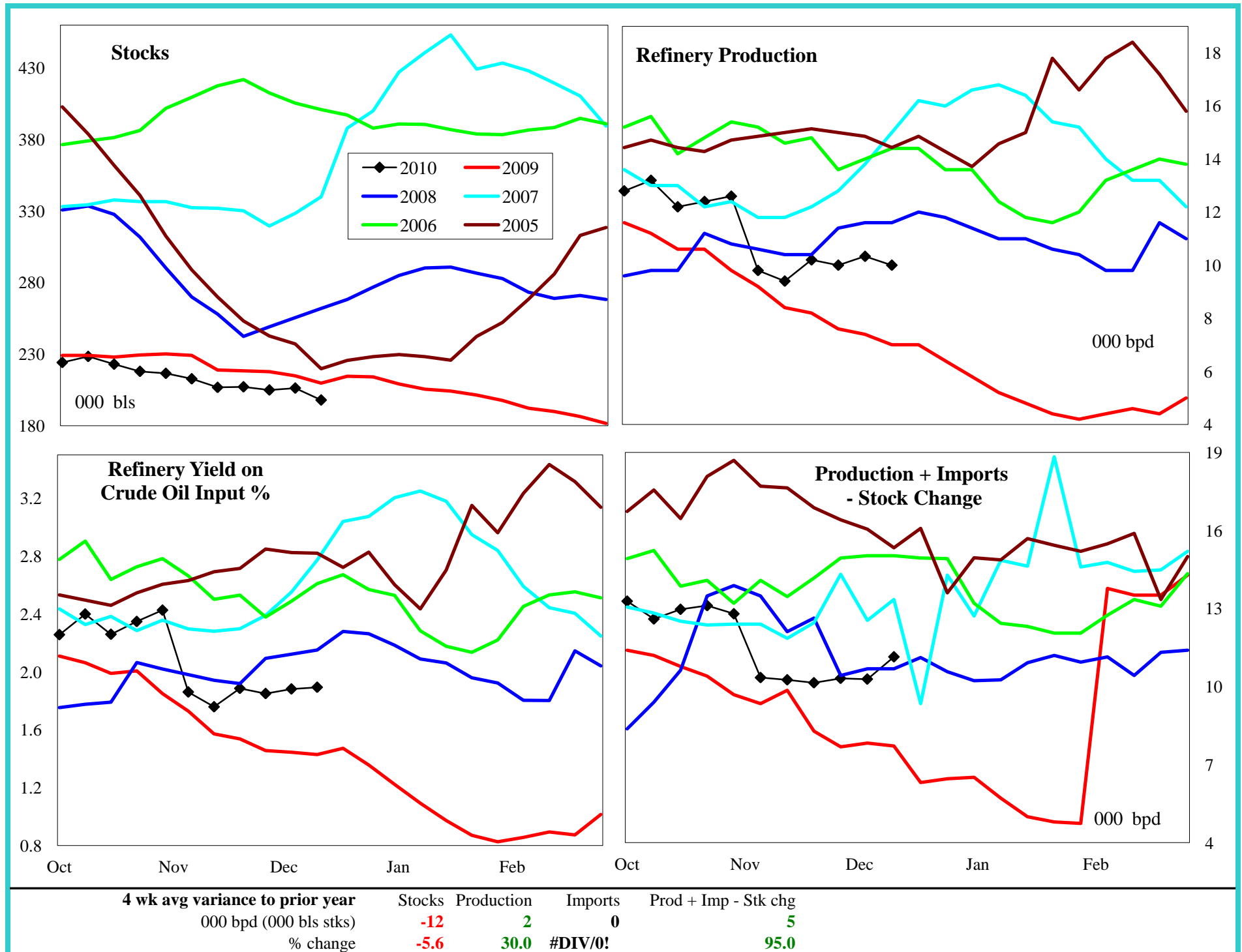
-60.7

-8.9

# PADD 4 Jet Fuel Supply

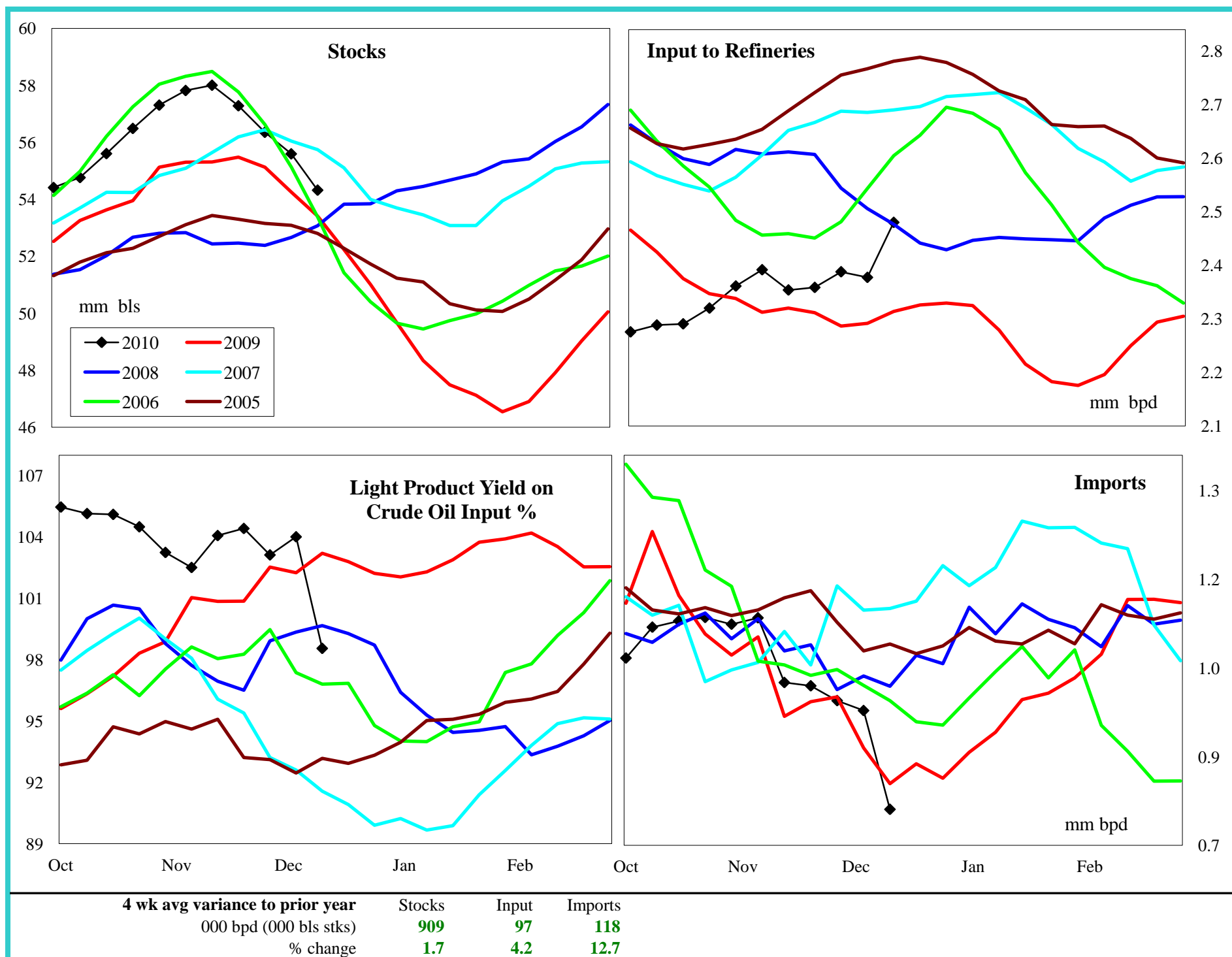


# PADD 4 Residual Fuel Oil Supply

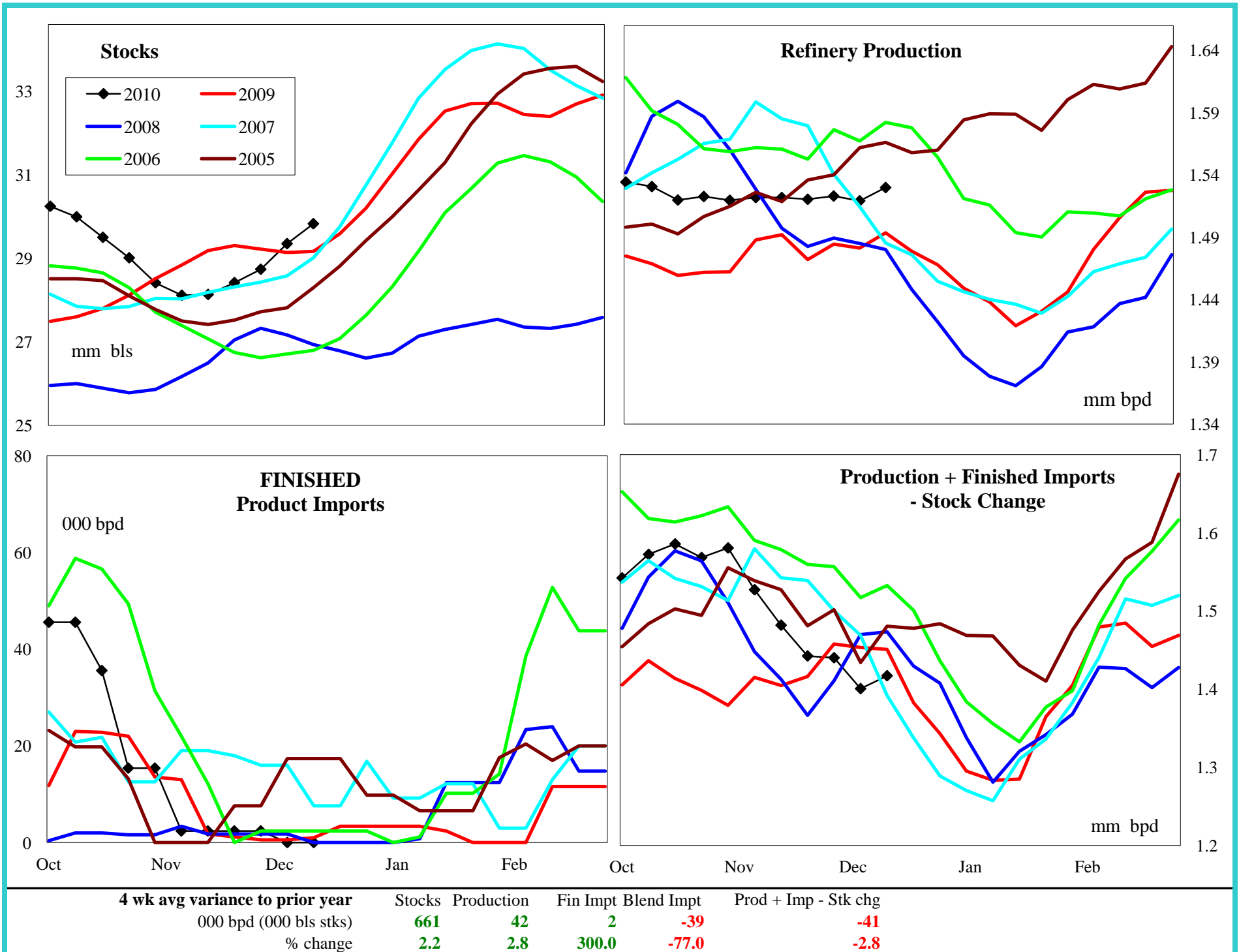




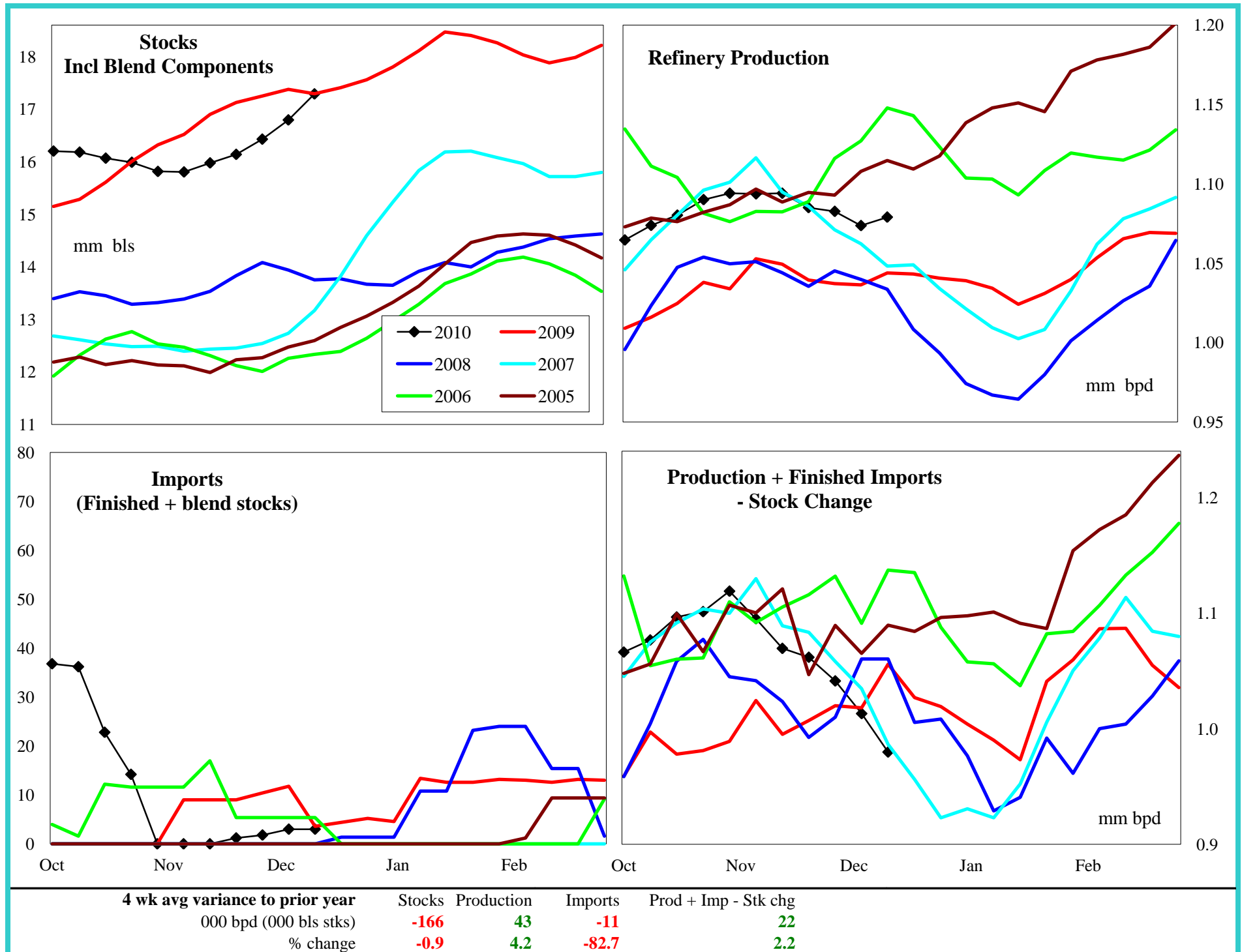
# PADD 5 Crude Oil Supply and Refining



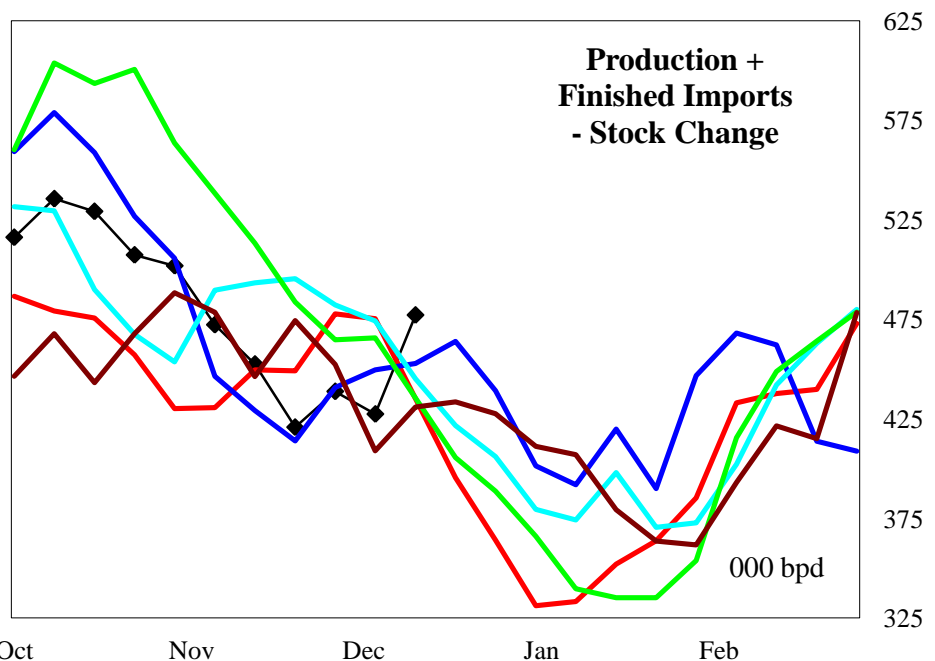
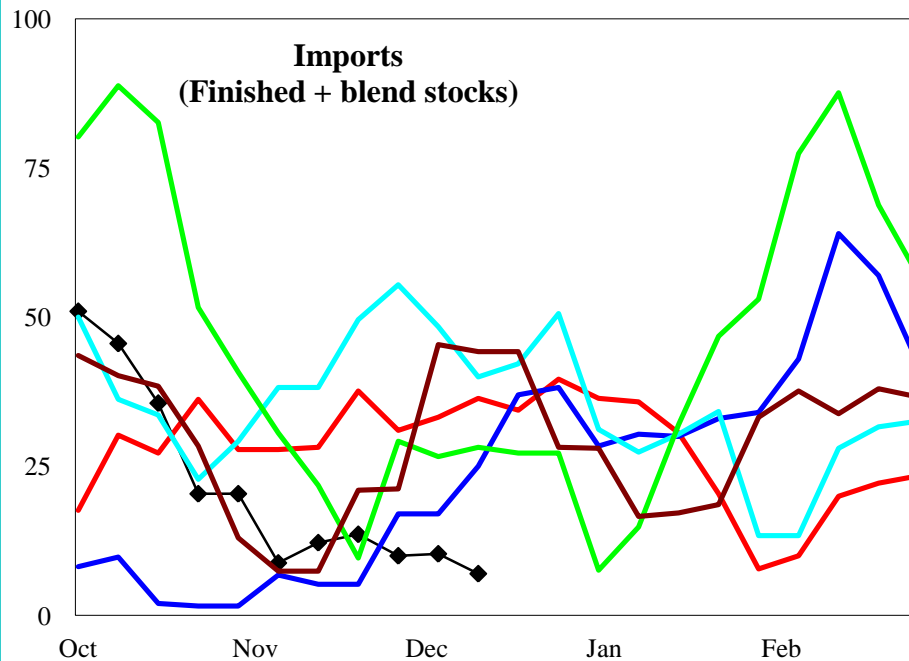
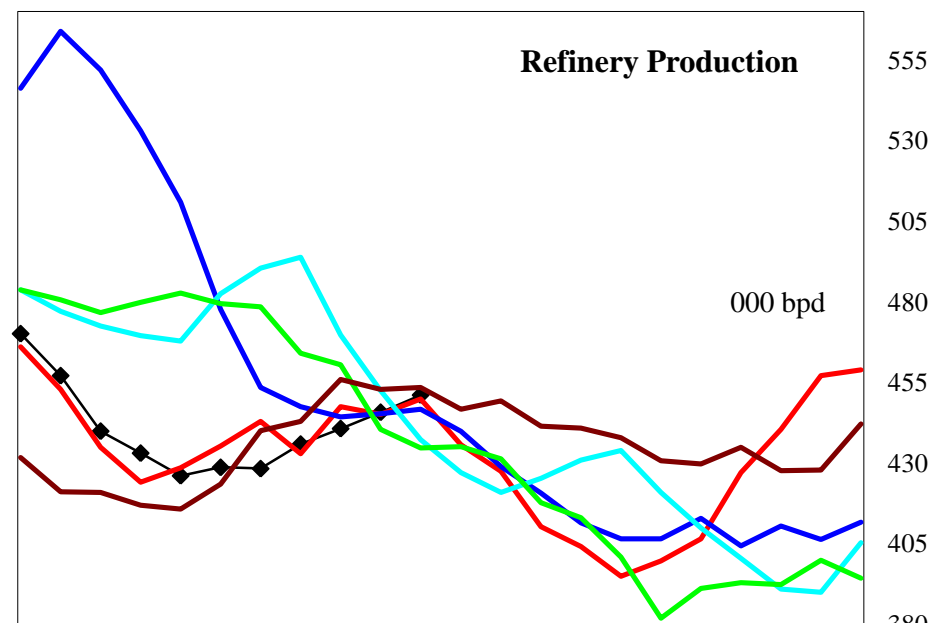
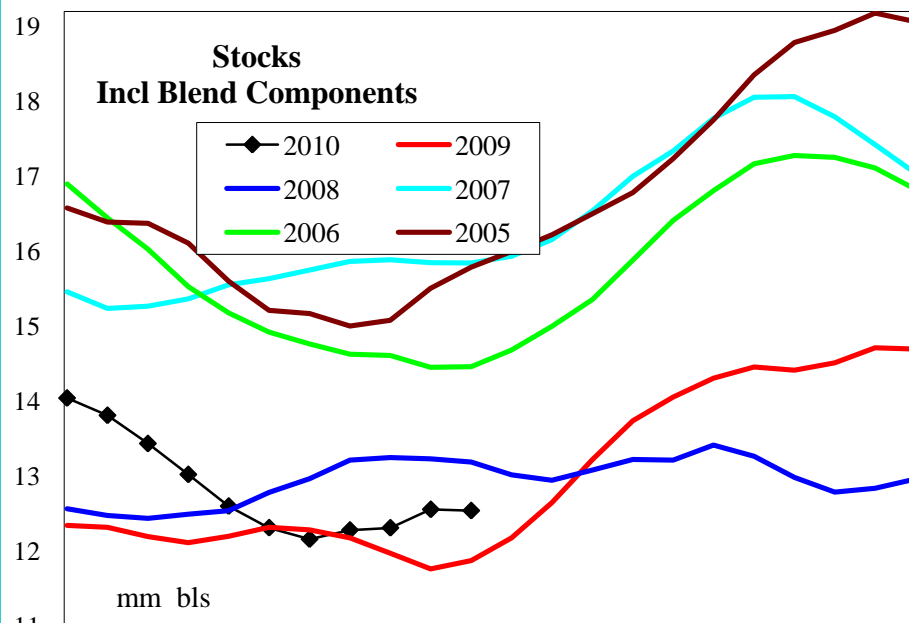
# PADD 5 Gasoline Supply



# PADD 5 Reformulated Gasoline Supply



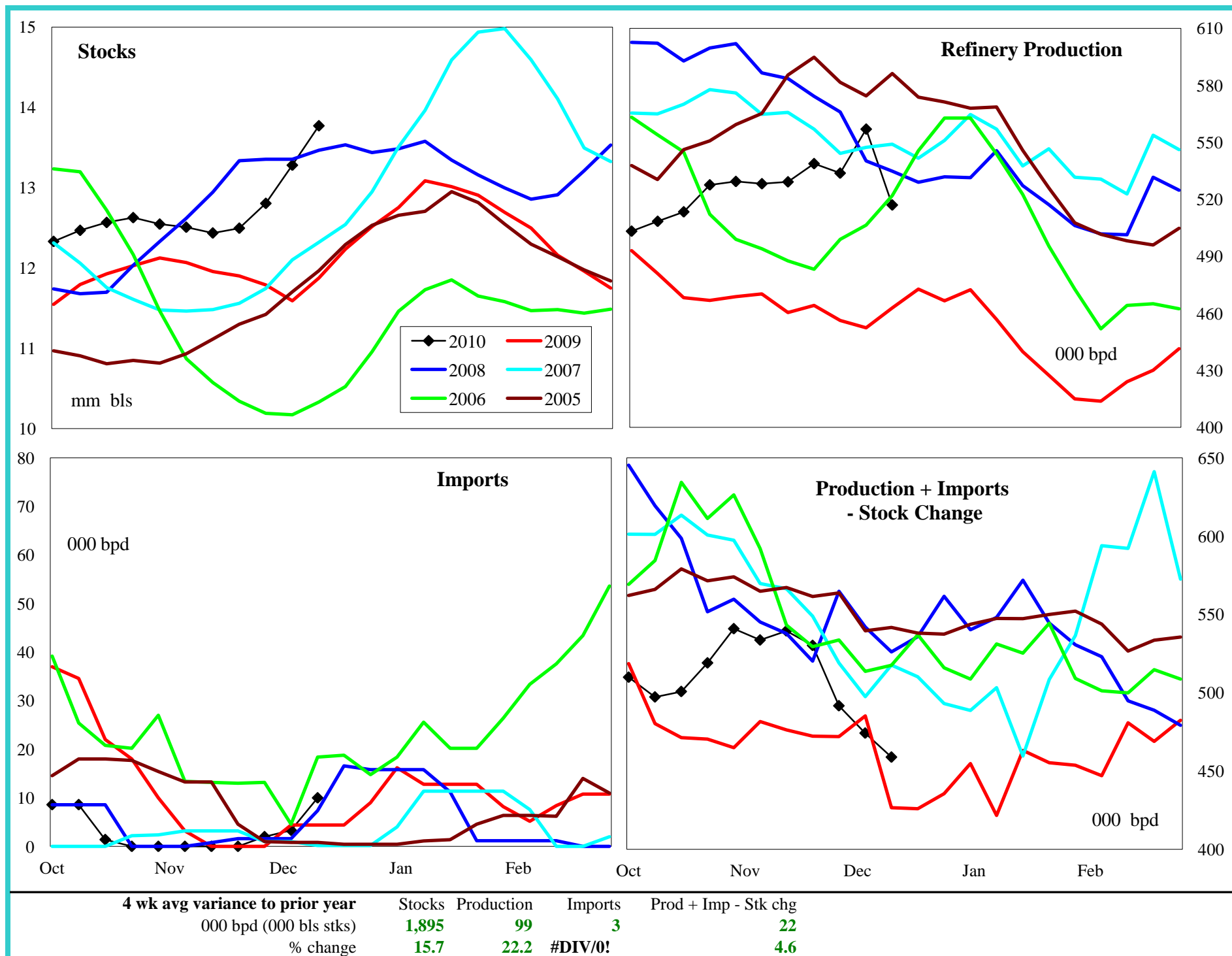
# PADD 5 Conventional Gasoline Supply



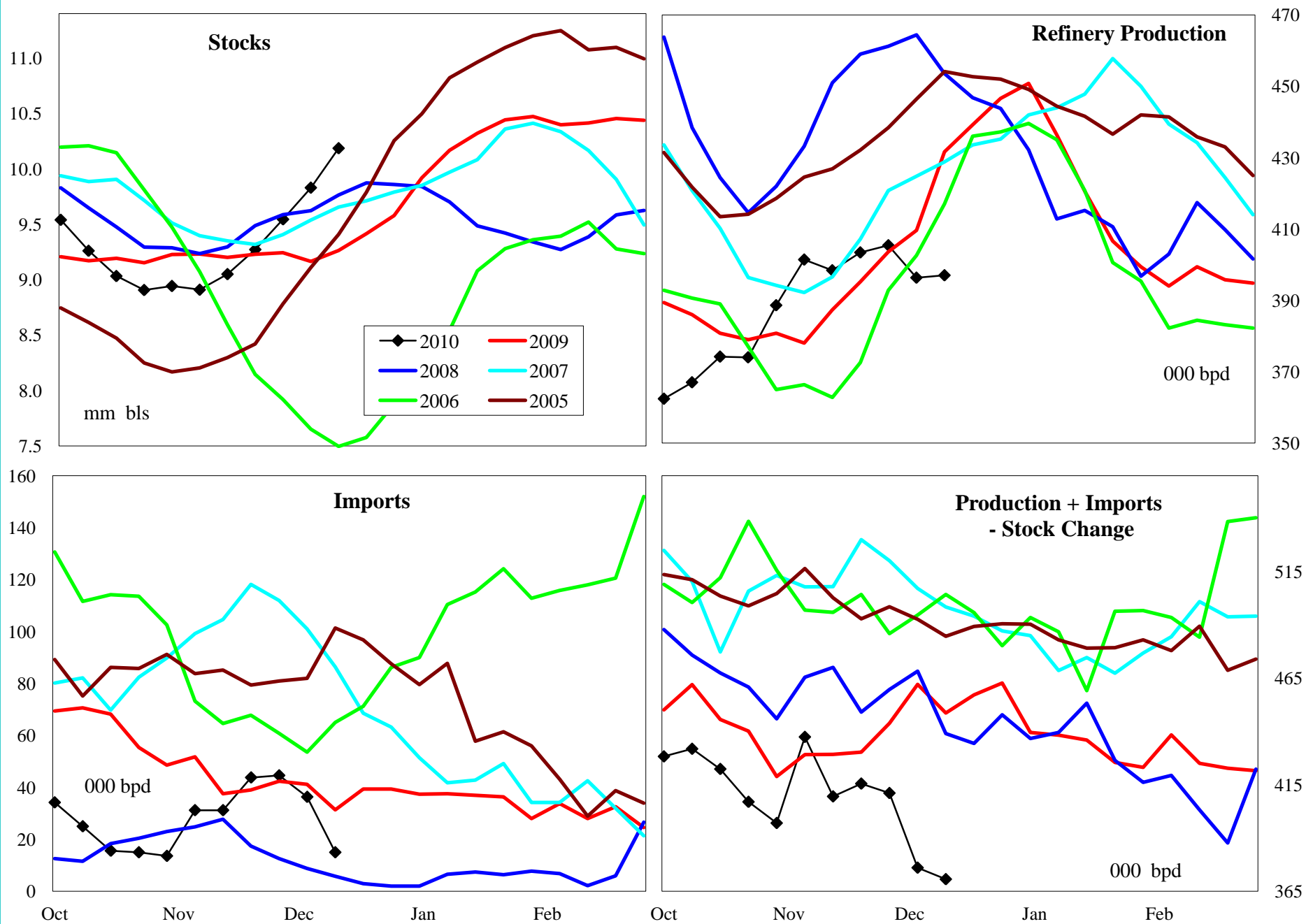
**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
827	-1	-26	-63
7.1	-0.3	-67.7	-13.1

# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,021

11.1

Production

0

0.1

Imports

12

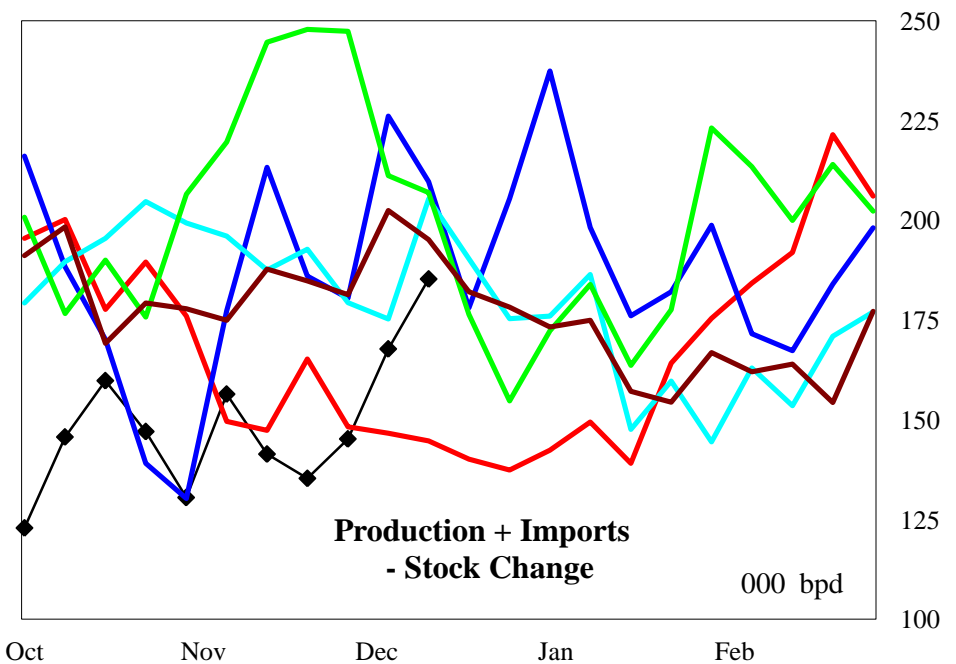
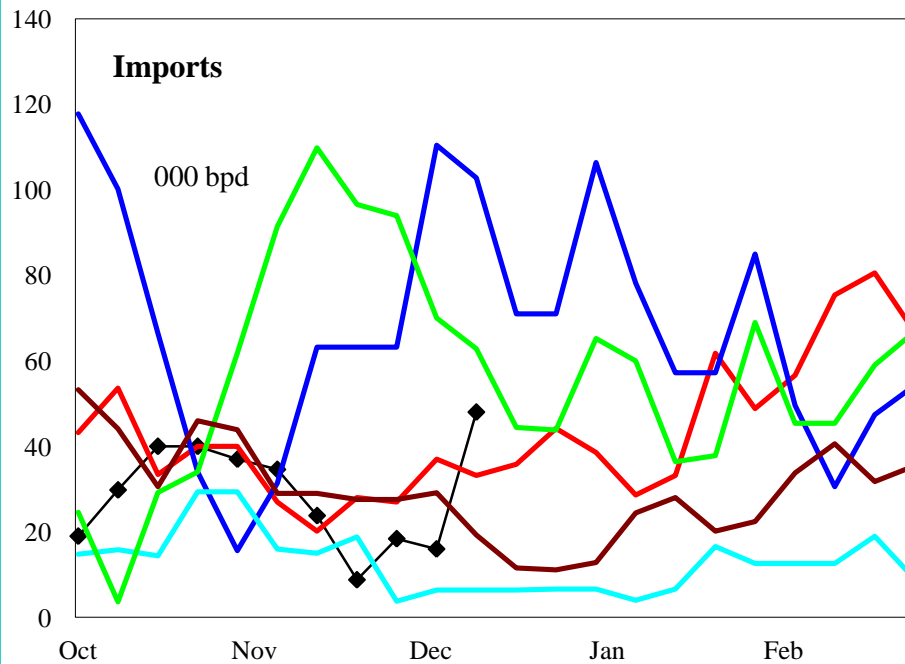
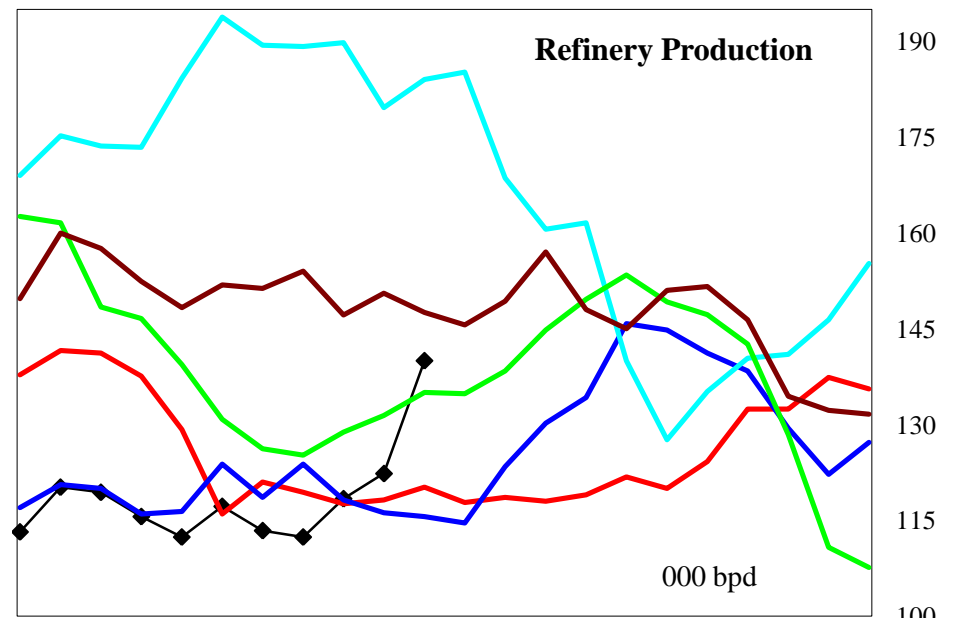
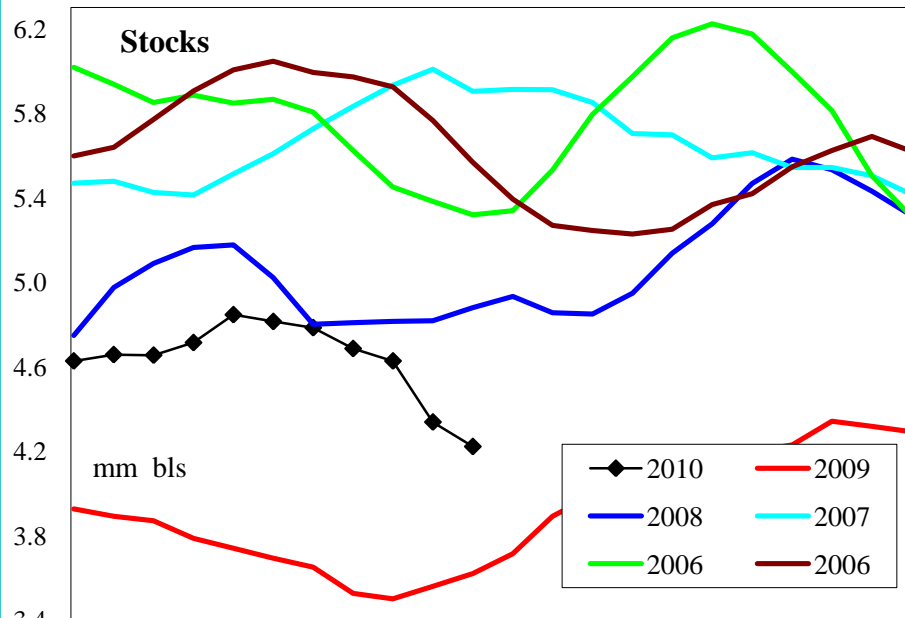
29.0

Prod + Imp - Stk chg

-39

-8.5

# PADD 5 Residual Fuel Oil Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

**601**

**6**

**-22**

**19**

**16.6**

**4.9**

**-64.4**

**12.2**