



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

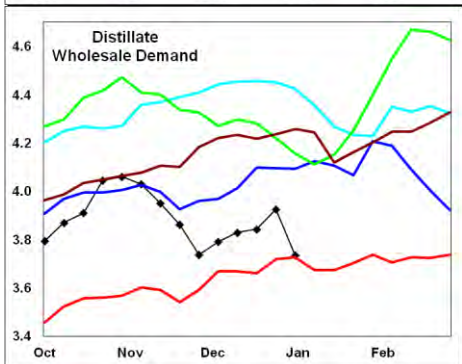
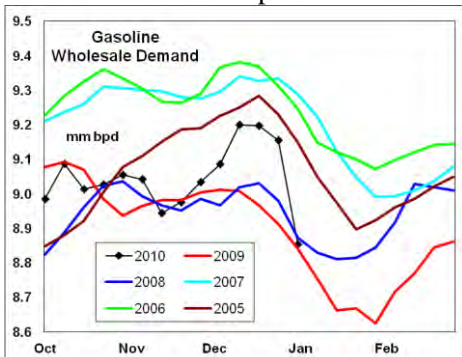
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, January 05, 2011



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

Combined wholesale demand for gasoline, distillate, jet fuel and residual fuel oil decreased -1.1 million bpd, with all fuels lower on the week. Inclement weather in the eastern 1/2 of the country and the holiday weekend contributed to the drop.

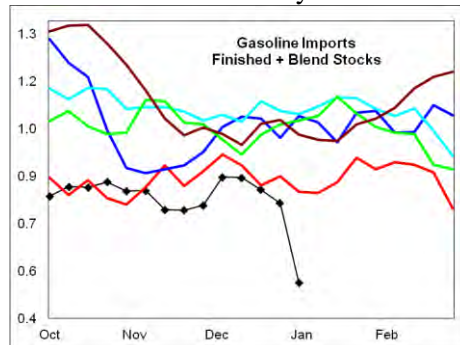


Four-wk average demand rates for middle distillates and residual fuel remain lackluster, exhibiting some of the lowest year-on-year increases of 2010. Concurrently, wholesale gasoline demand is up a robust +2.8%; which has not been confirmed by independent retail demand estimates. Stock building in the downstream supply chain ahead of the yearend holiday season appears to be a factor.

Record high distillate production rates, has been partially offset by unusually low imports, with stock levels reaching new record highs.

Record low gasoline blend stock imports has limited production of finished gasoline, preventing a seasonal stock build in PADD 1 where

stock levels remain at 5-year lows.



PADD 2 and 3 crude oil stock levels continue to point toward a significant regional supply imbalance. PADD 2 stock levels were +9.1 million barrels above the prior record high (up +10 million barrels during the 4th quarter) while stock levels in PADD 3 fell below the 5-year mid range (down -31 million barrels during the same period).

**Demand** for major refined fuels fell -1.1 million bpd last week; driven by inclement weather and holiday weekend.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline increased +2.8%; distillate up +3.8%; jet fuel down -3.1% while residual fuel oil increased +13%.

**Stocks forward coverage:** Gasoline demand coverage increased on a +3.3 million barrel build in stocks and sharply lower demand. Coverage levels were near year ago record levels.

Distillate coverage also increased on a +1.1 million barrel stock build and sharp drop in demand. Coverage levels were near last years' record high.

Jet fuel coverage remains above the 5-year range on weak demand and stock levels at 5-year highs for the period.

**Refinery utilization** rates increased slightly on a +59,000 bpd increase in crude oil runs last week. Runs for the latest 4-wk period were +1.1 million bpd above a year ago.

Gasoline yield % on crude oil runs fell sharply last week on a -361,000 bpd drop in production versus the

+59,000 bpd rise in crude oil runs. Lower blend stock imports contributed to the decline.

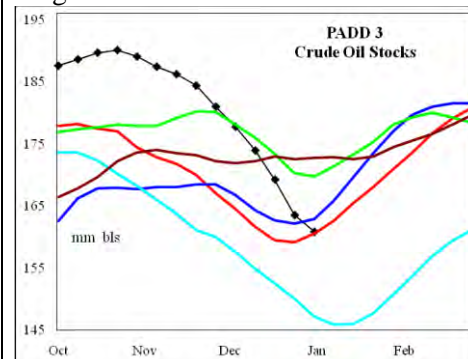
Distillate yield % on crude oil runs decreased with production down -32,000 bpd compared to the modest rise in crude oil runs. Yield % was near the 5-year high for the period.

Jet fuel yield % on crude oil runs was nearly unchanged on a +9,000 bpd increase in production for the week.

**Petroleum Imports** of crude oil and refined fuels fell a combined -1.1 million bpd last week; driven by inclement weather and the holiday weekend.

During the latest 4-wk period crude oil imports increased +0.5 million bpd over last year; distillate imports decreased -51,000 bpd; finished gasoline imports decreased -130,000 bpd, gasoline blend stock imports increased +85,000 bpd; jet fuel imports were -23,000 bpd lower, while residual fuel oil imports increased +15,000 bpd.

**Crude Oil** imports decreased -407,000 bpd on the week, concentrated in the Gulf region. Continued high runs and very low rate of imports led to draws in PADDs 3 and 5 last week. Stocks continued to increase in PADD 2, including a +0.9 million barrel build in Cushing. The supply imbalance between the Midwest and Gulf regions has become extreme, with stock levels in the Midwest +9 million barrels above the prior record high while Gulf stocks are below the historic mid range.



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



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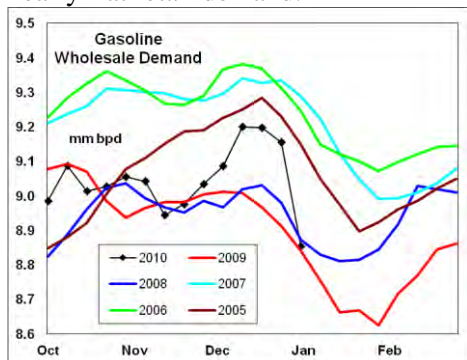
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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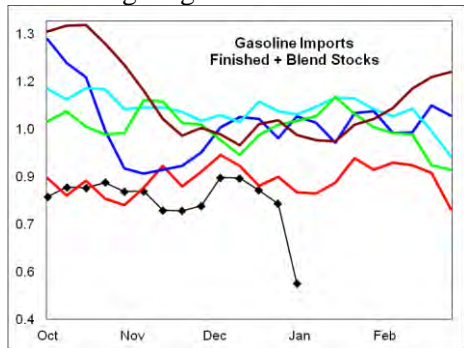
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#### Product Supply-Demand Trends

**Gasoline** demand fell -546,000 bpd on inclement weather and start of the winter seasonal decline. The latest 4-wk average was +248,000 bpd above last year. Wholesale demand appears over stated compared to reports of nearly flat retail demand.



Production fell -361,000 bpd on the week (including a +80,000 bpd EIA adjustment at the U.S. level); with output at the 5-year mid range. Imports fell -262,000 bpd to a record low on inclement weather that delayed off loading cargoes.



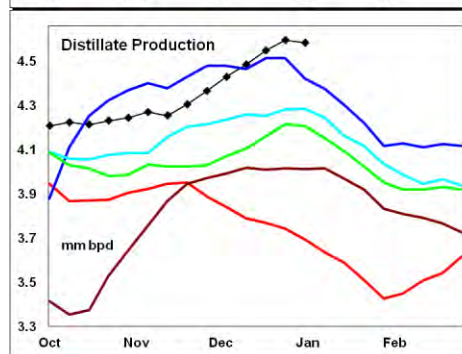
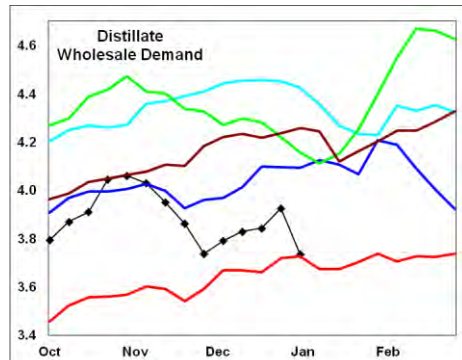
Stocks increased +3.3 million barrels with builds in all regional markets.

*Demand should continue to trend seasonally lower, while imports and production rebound as cargoes are received in the immediate period. Low imports may keep supplies relatively tight on the East Coast.*

**Distillate** demand fell -256,000 bpd on the week, driven by inclement weather that limited heating oil deliveries and transport use. The latest 4-wk average was +141,000 bpd above last year, but well below the prior 4-years.

Supply decreased -127,000 bpd on lower production and imports. Production rates remain at record highs

for the season.



Stocks increased +1.1 million barrels on the week, with builds in all regions except PADD 1. Stock levels were above last years' record highs.

*Inclement weather limited wholesale demand last week, although the 4-wk average remains lackluster, up just +141,000 bpd over last years' record lows.*

*Production remains at record high levels. Imports were below 150,000 bpd on the week, a record low level for the period.*

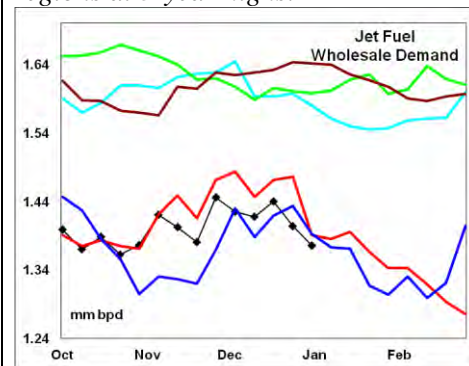
*The market should remain very well supplied in the 1st quarter, even as refiners on the Gulf and West Coast begin refinery maintenance.*

**Jet Fuel** demand decreased -63,000 bpd last week, with the latest 4-wk average -47,000 bpd below a year ago. Demand levels remain comparable to lows during the depth of the recession.

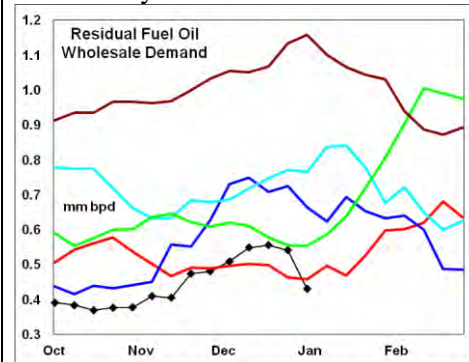
Supply increased +49,000 bpd last week, on higher imports and production. Stocks increased +0.5 million barrels on the week, with the level at a 5-year high.

*Inclement weather limited jet fuel demand last week, although, the 4-wk average remains lackluster; driven by*

*efficiency improvements by commercial airlines. Production and import rates match the last 2-years, with stock levels at record highs. Supply disruptions to the East Coast have driven stock levels in the area to near record lows, with all other regions at 5-year highs.*



**Residual fuel oil** demand, including exports, fell -275,000 bpd last week, with the 4-wk average +62,000 bpd above last year.



Supply (production + imports) fell -284,000 bpd on a -378,000 drop in imports. The latest 4-wk average supply was -60,000 bpd below a year ago. Stocks declined -1 million barrels on the week; with levels above the mid range.

*The supply balance continues to improve as stock levels return to near the 5-year mid range on lower imports and production. However, measured in days of forward demand coverage supplies remain very ample. Stock levels in the key Gulf region market were +9% above the 5-year high.*





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

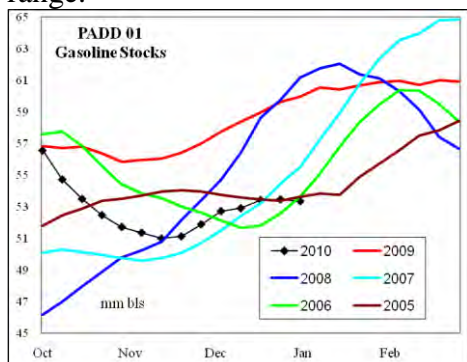
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#### PADD Supply Trends

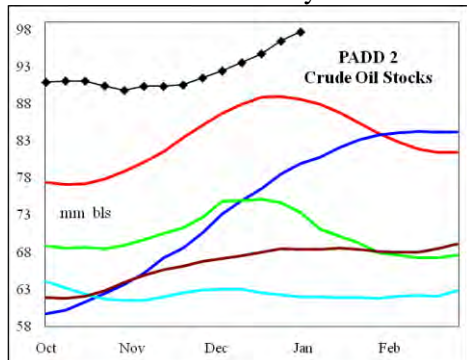
**PADD 1** refinery crude oil runs decreased -83,000 bpd last week, with the 4-wk average -53,000 bpd below a year ago. Crude oil imports and stock levels remain at record lows.

Gasoline production fell -359,000 bpd while imports also fell -301,000 bpd; driven by inclement weather. Stock levels increased +0.7 million barrels, although the level remains below the historic range.



Distillate supply decreased -45,000 bpd on the week, to a record low. Stocks declined -0.5 million barrels, to a level -4 million barrels below the historic high.

Jet fuel supply decreased -6,000 bpd for the week. Supplies remain at record lows for this time of year. Stock levels were near 5-year lows.



**PADD 2** crude oil refinery runs increased +40,000 bpd on the week, to match the season high. Imports were near the mid range for the week. Stocks increased +0.3 million barrels to new record highs, including a +0.9 million barrel build in Cushing. Midwest stock levels are +9.1 million

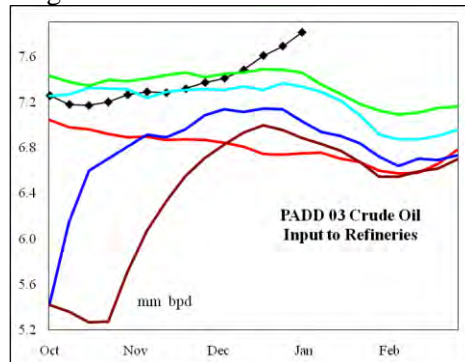
barrels above the prior record high.

Gasoline production declined -27,000 bpd, with the level matching the 5-year mid range. Stocks increased +1.2 million barrels, but the level remains at the low end of the historic range for this time of year.

Distillate production declined -28,000 bpd on the week, to a level that matched the 5-year high. Stocks increased +0.8 million barrels to a level comparable to the last 2-years and near historic highs.

Jet fuel production increased +20,000 bpd on the week, to a level above the historic range. Stock levels were a new 5-year high.

**PADD 3** crude oil runs increased +119,000 bpd last week, with the latest 4-wk average +966,000 bpd above a year ago. Crude imports declined -0.4 million bpd to match last years' record lows. Stocks declined -1.6 million barrels to a level below the 5-year mid range.



Gasoline production was unchanged on the week, at a level below the last 3-months. Stocks increased +1.1 million barrels to a level +6.7 million barrels above the prior record.

Distillate production increased +39,000 bpd on the week, with the latest 4-wk average +37% above a year ago, and a new record high. Stocks increased +0.3 million barrels, to a level +4.6 million barrels above last years' record high.

Jet fuel production matched the last 2-years level. Stock levels were +2 million barrels above the prior 5-year high.

Residual fuel oil supply increased

+40,000 bpd on higher. Output was above the mid range. Stock levels were +1.6 million barrels above the historic range.

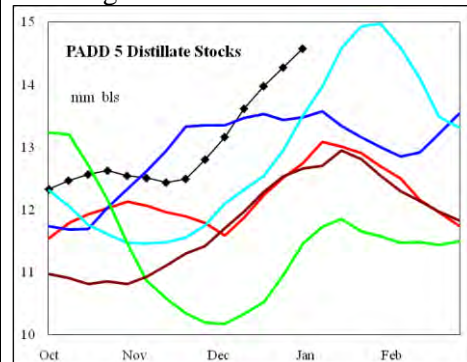
**PADD 4** refinery crude runs were unchanged on the week at a level slightly below the mid range. Crude oil stock levels remain above the historic range.

Gasoline production increased +23,000 bpd on the week, to a record high level. Stock levels increased +0.3 million barrels to a fresh 5-year high.

Distillate production remains above the mid range. Stocks increased +0.3 million barrels to a new record high, +21% above the prior record.

**PADD 5** crude oil refinery runs decreased -18,000 bpd on the week, with the latest 4-wk average +94,000 bpd above last year. Crude imports were at the historic mid range. Stocks fell -2.4 million barrels, to a level below the 5-year mid range.

Gasoline production decreased -86,000 bpd last week, to a level near the mid range for the week. Stocks were unchanged at a level above the mid range.



Distillate production decreased -18,000 bpd to a level below four of the last 5-years. Stocks increased +0.3 million barrels to a fresh 5-year high for the period.

Jet fuel production was a the low end of the historic range last week. Stocks increased +0.3 million barrels to a 5-year high for the period.


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**PETROLEUM: Graph Link and Weekly Summary**

A Fundamental Petroleum Trends Weekly Report

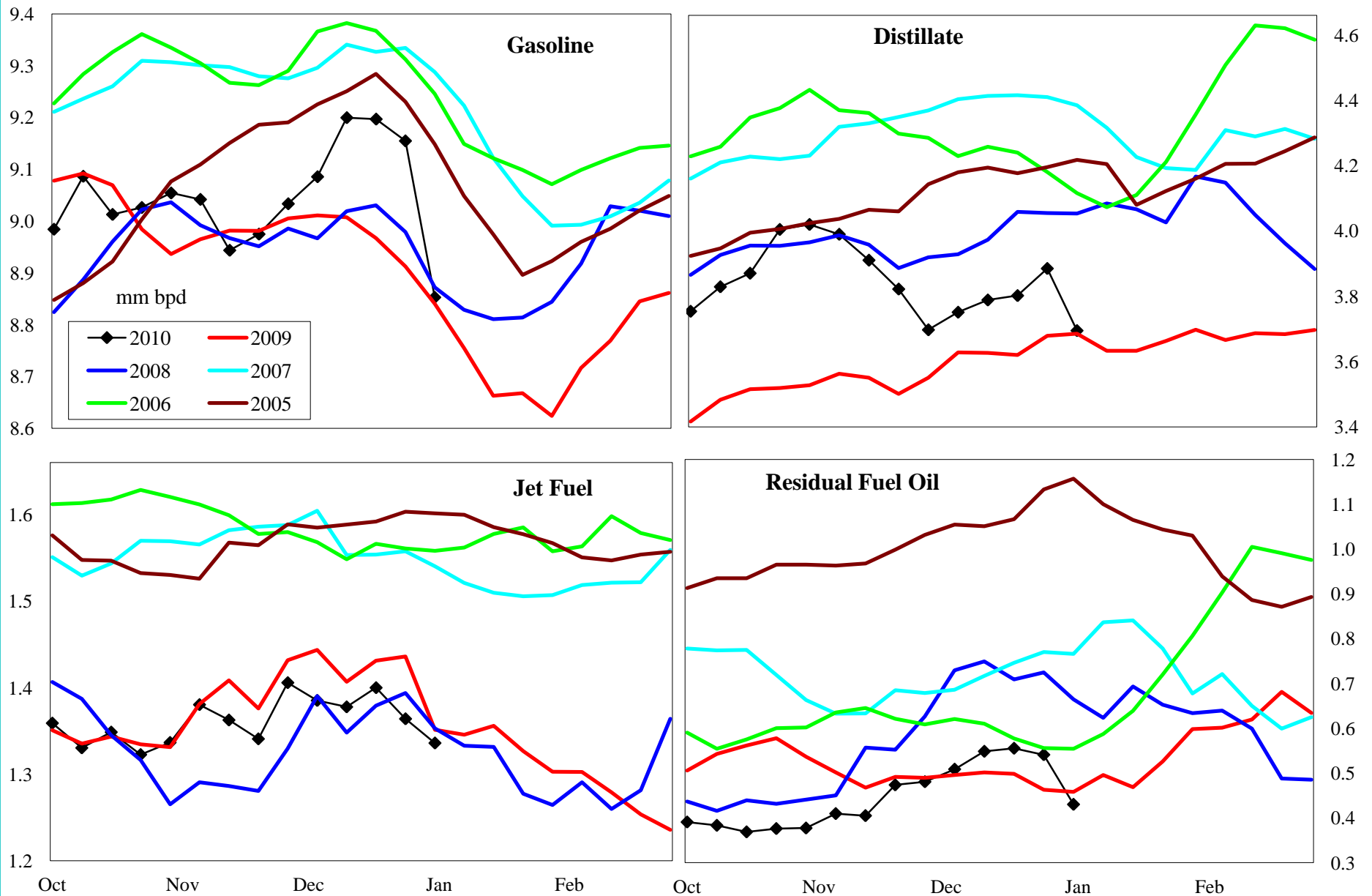
January 5, 2011

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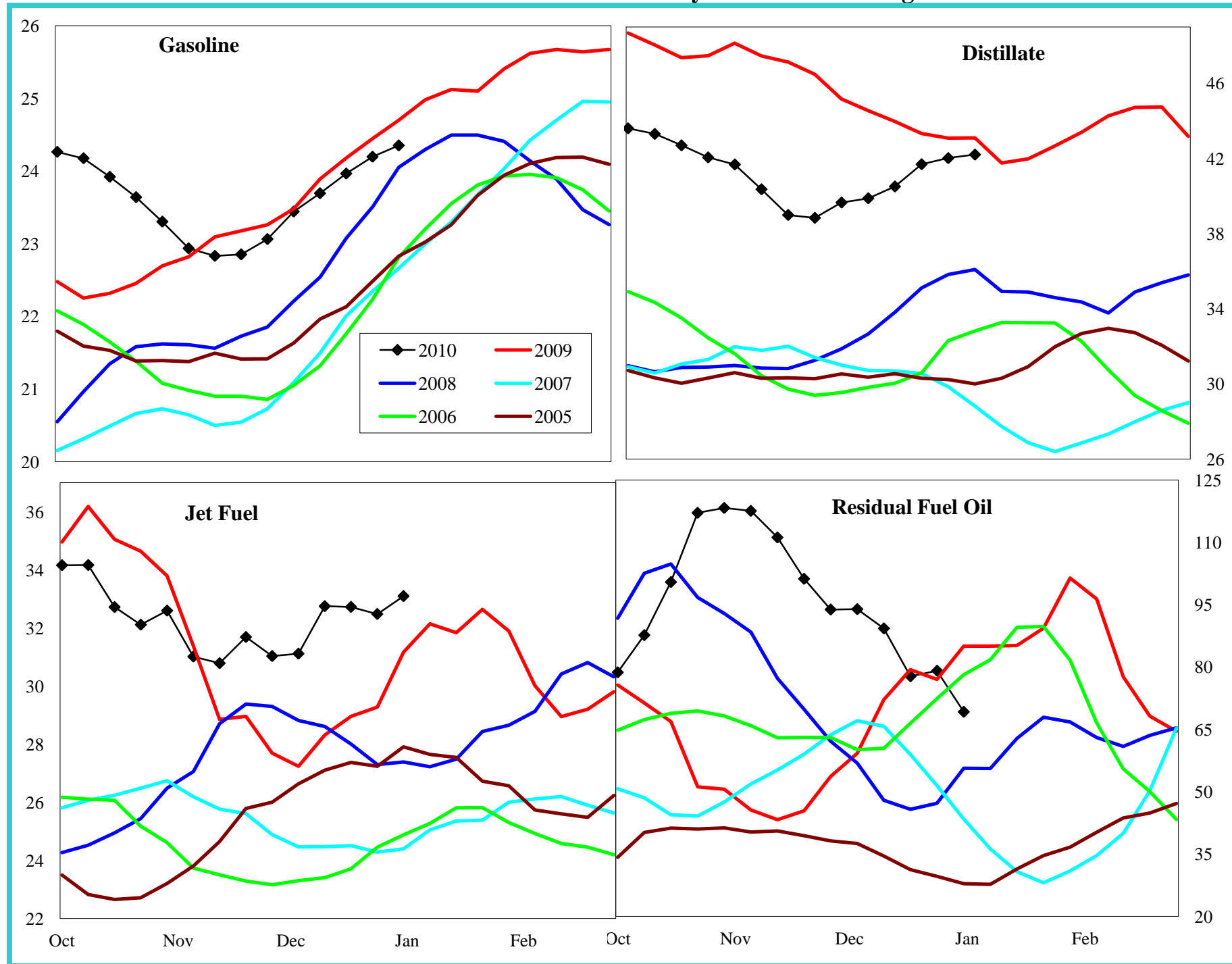
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Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization Product Yield %</u>				<u>Imports</u>
Supply/Demand Trends	31-Dec-10	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	-4,161	-739	326	-1,589	254	-2,413
	Imports	-367	0	-54	-407	39	53
	Input	59	-83	40	119	1	-18
	% Utilization	0.20					
<u>Gasoline</u>	Stocks	3,289	696	1,160	1,082	317	34
	Production	-361	-359	-27	8	23	-86
	Imports	-262	-301	-2	41	0	0
	Supplied	-546					
<u>Distillate</u>	Stocks	1,148	-525	818	255	250	349
	Production	-32	-22	-28	39	-3	-18
	Imports	-95	-23	-21	-52	1	0
	Supplied	-256					
<u>Jet Fuel</u>	Stocks	475	-115	184	70	2	334
	Production	9	-3	20	-5	-2	-2
	Imports	40	-3	0	0	0	43
	Supplied	-63					
<u>Residual Fuel Oil</u>	Stocks	-1,033	-955	-33	-225	12	167
	Production	94	-32	11	111	3	2
	Imports	-378	-298	-1	-71	0	-8
	Supplied	-275					

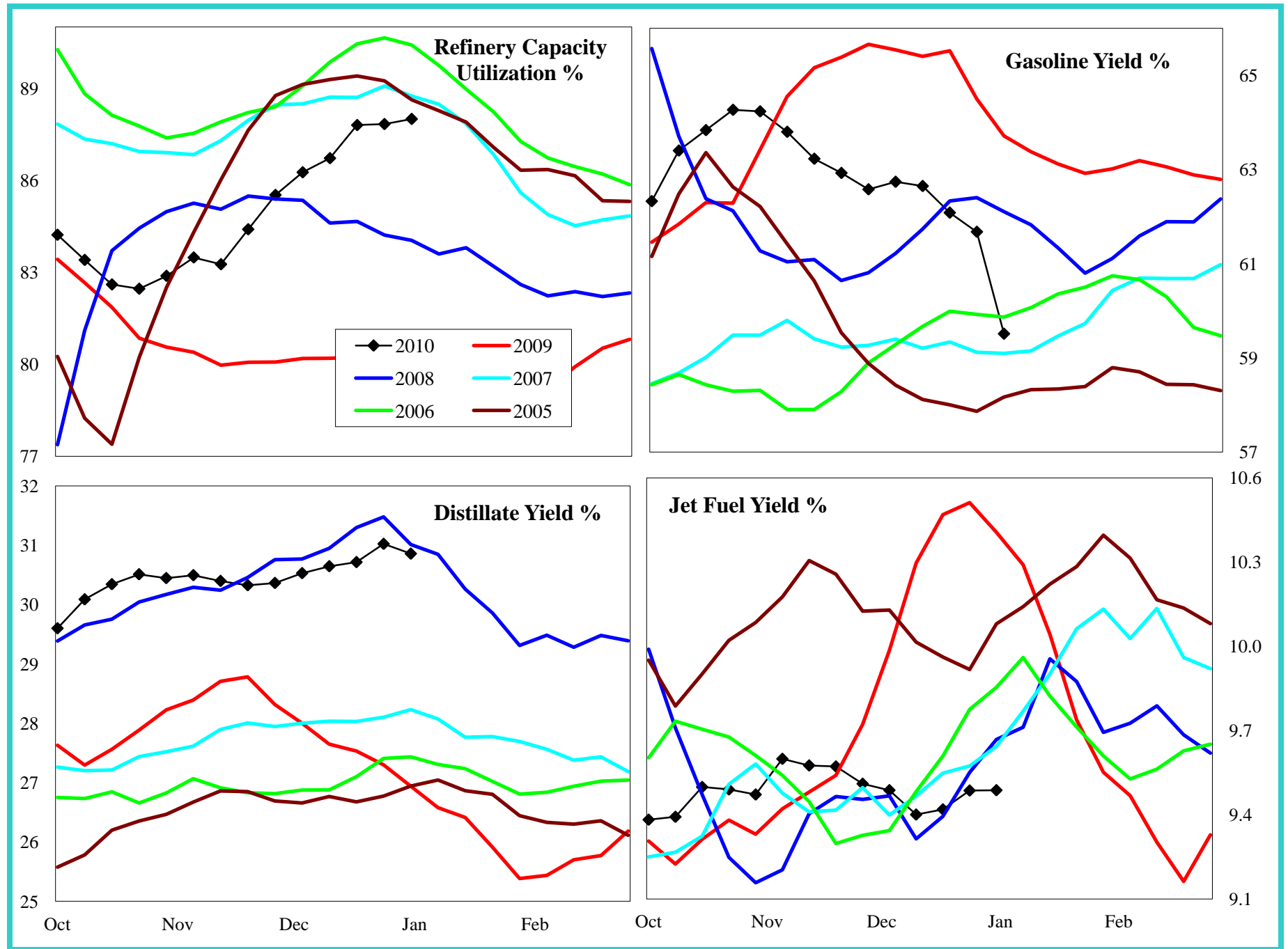
# United States Wholesale Petroleum Demand



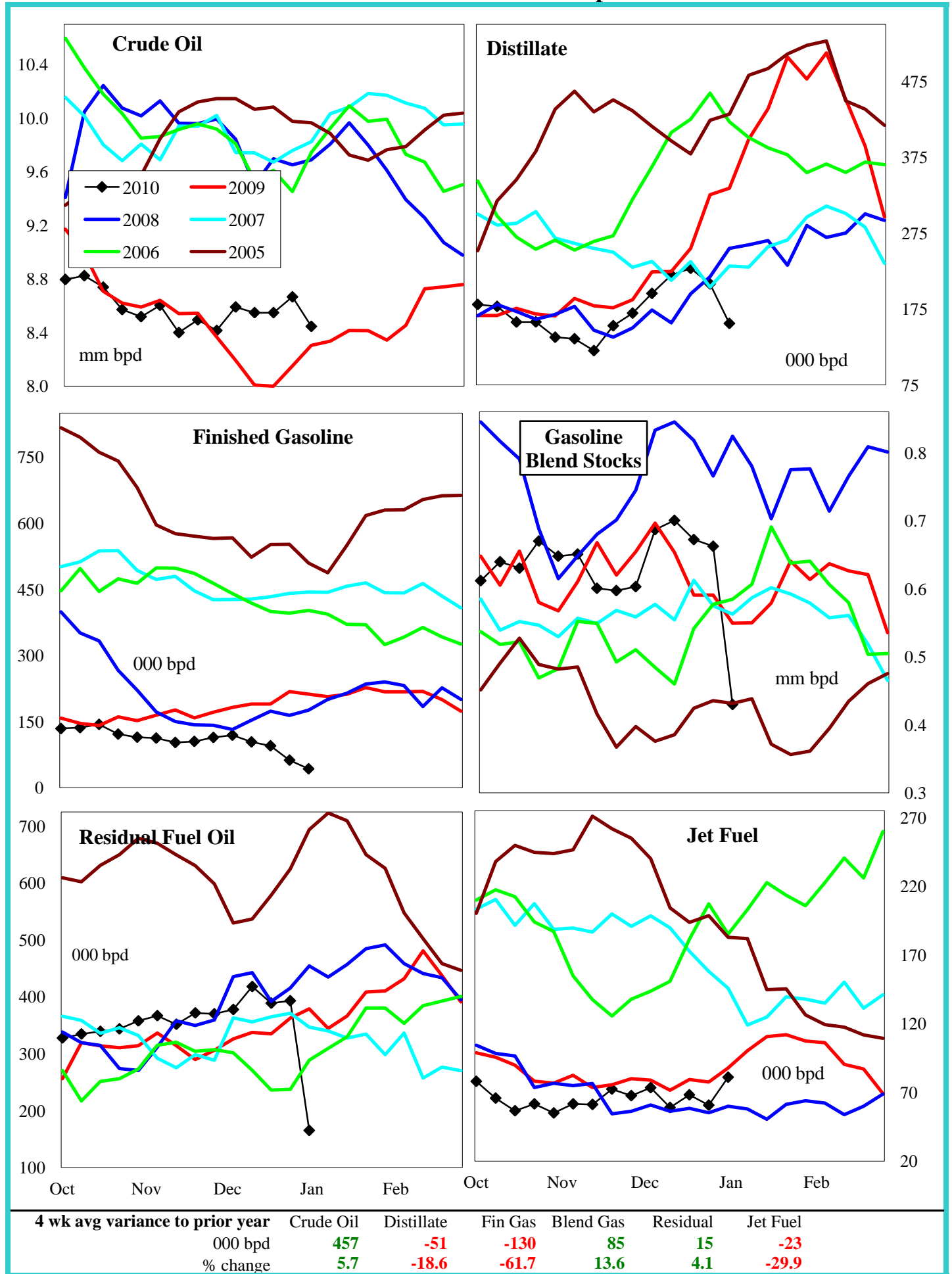
	000 bpd change from prior year				% change from prior year				
	4wk avg	Nov	Oct	Jan	4wk avg	Nov	Oct	Sep	
<b>Gasoline</b>	248	49	94	252	2.8	0.6	1.0	2.8	
<b>Distillate</b>	141	133	476	330	3.8	3.7	13.0	9.3	
<b>Jet Fuel</b>	-47	46	-16	37	-3.1	3.4	-1.2	2.6	
<b>Resid</b>	62	35	-110	230	13.4	7.9	-22.2	67.6	

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

## United States Refinery Percent Utilization Rate and Product Yields

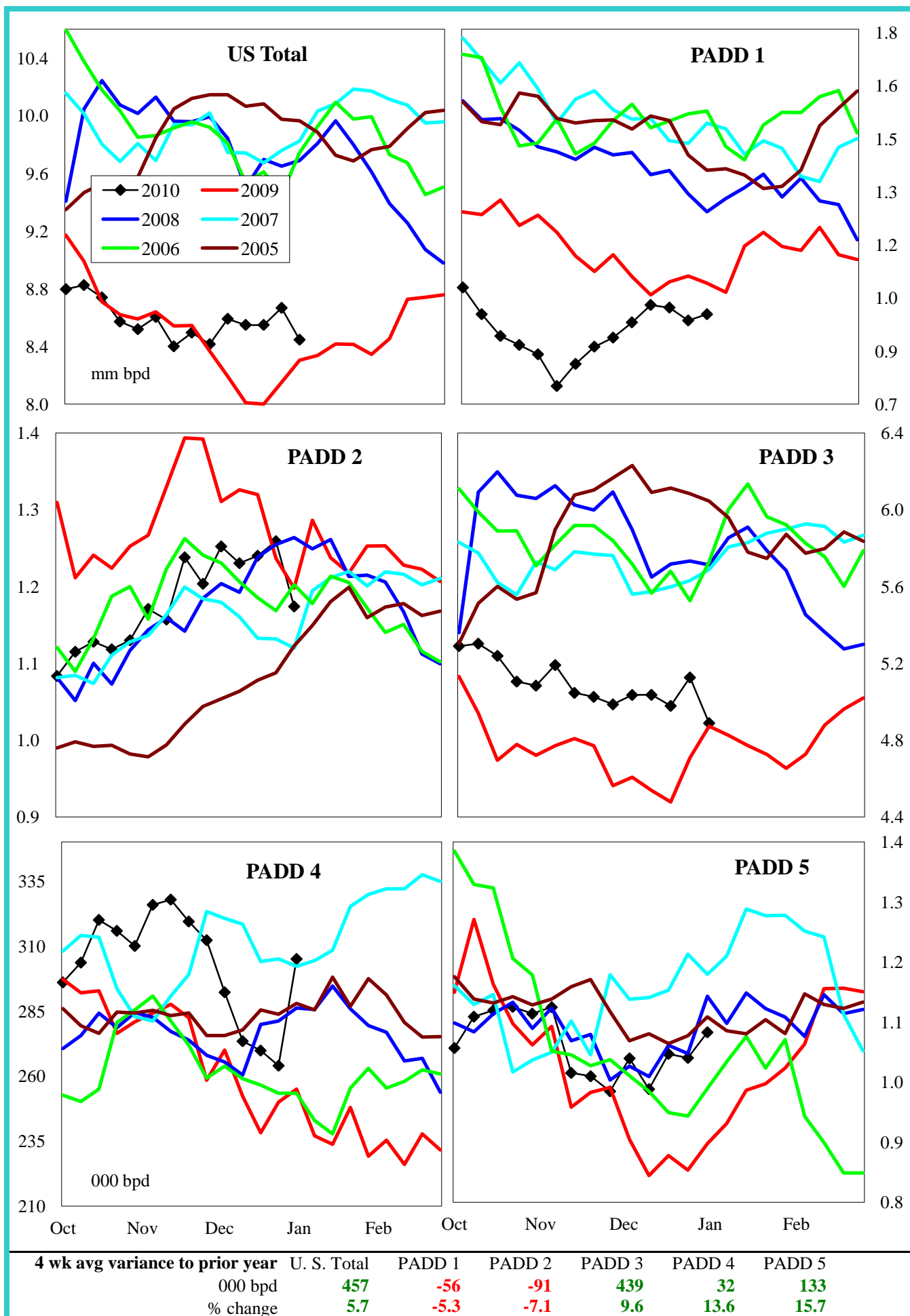


# United States Petroleum Imports

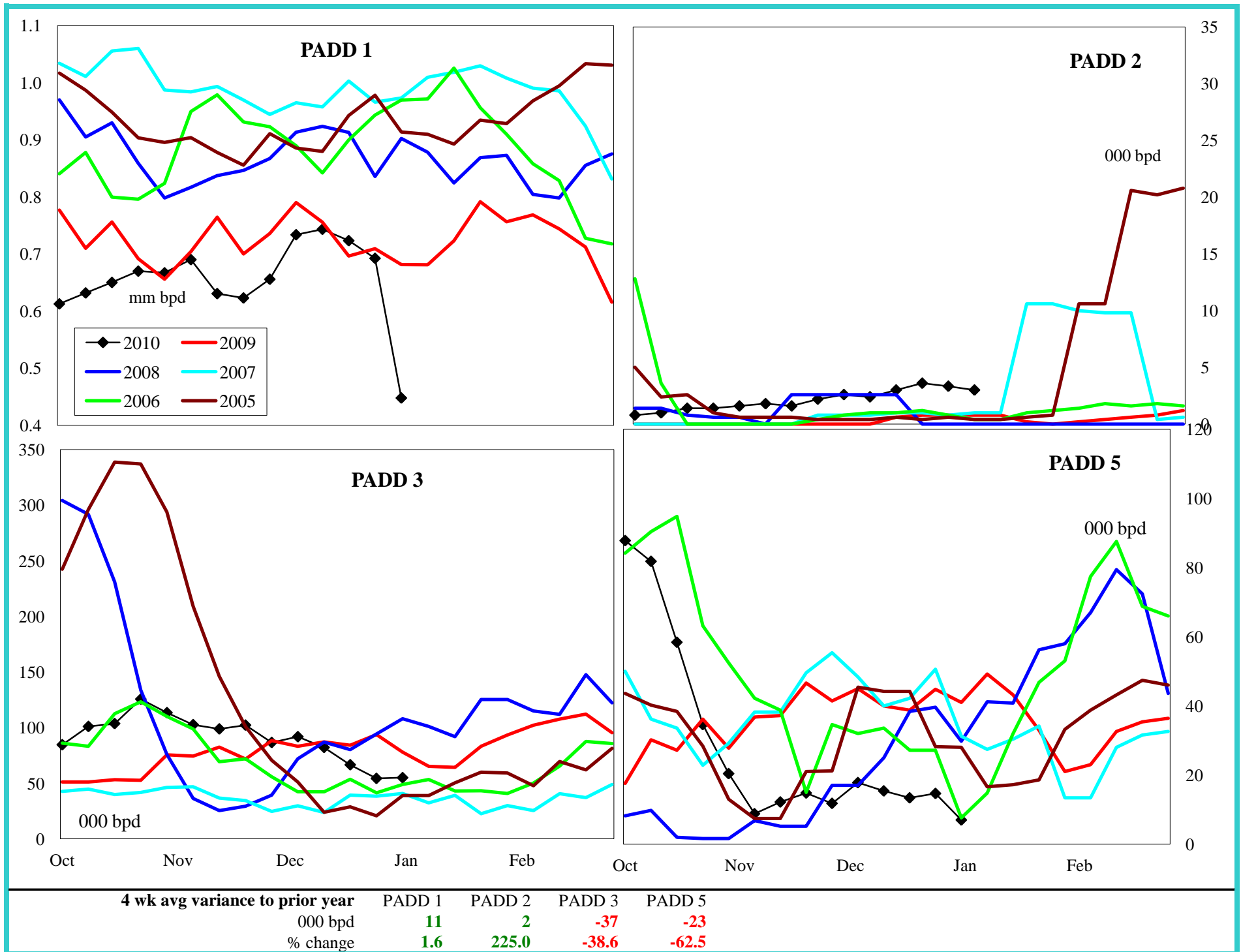




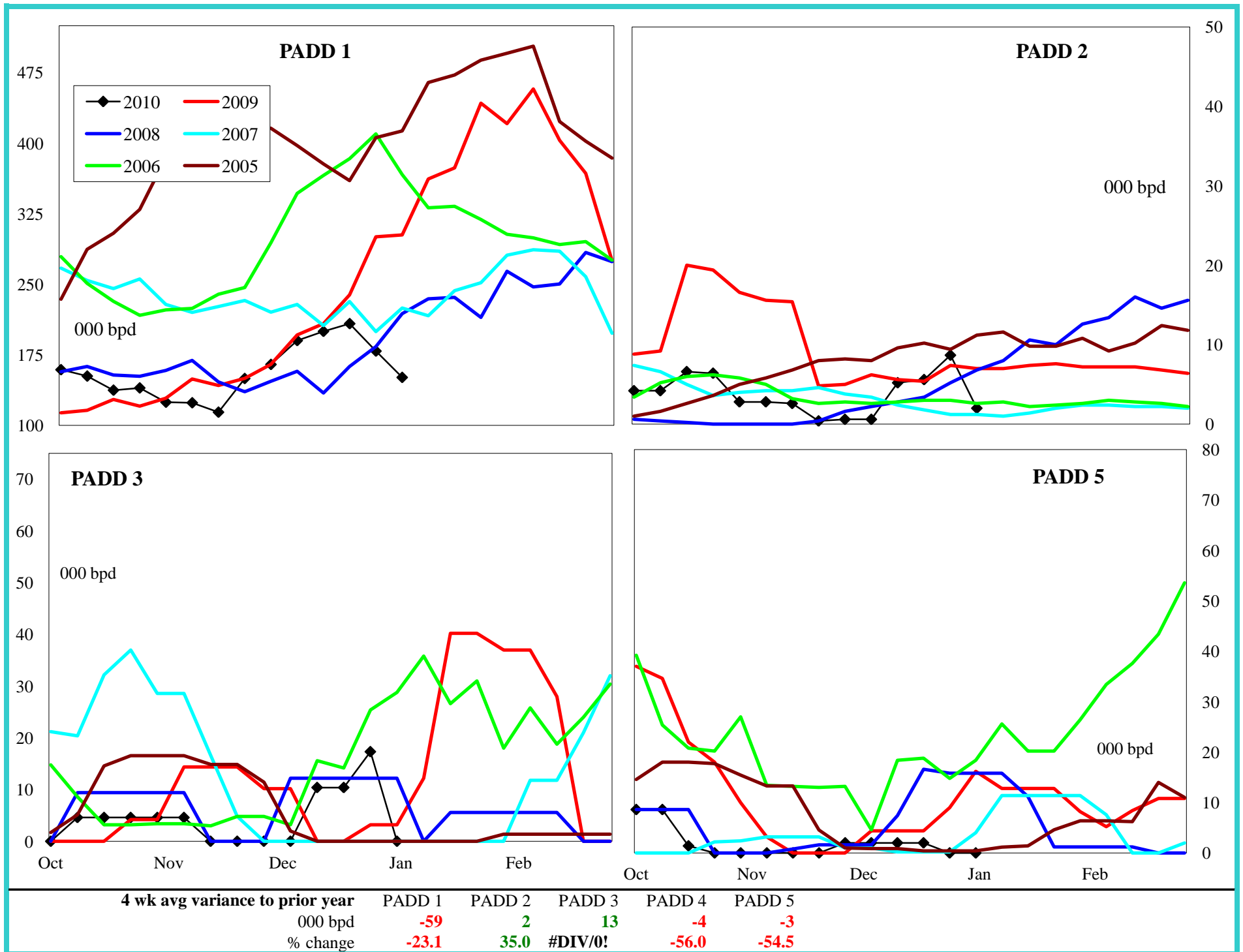
## Crude Oil Imports by PADD



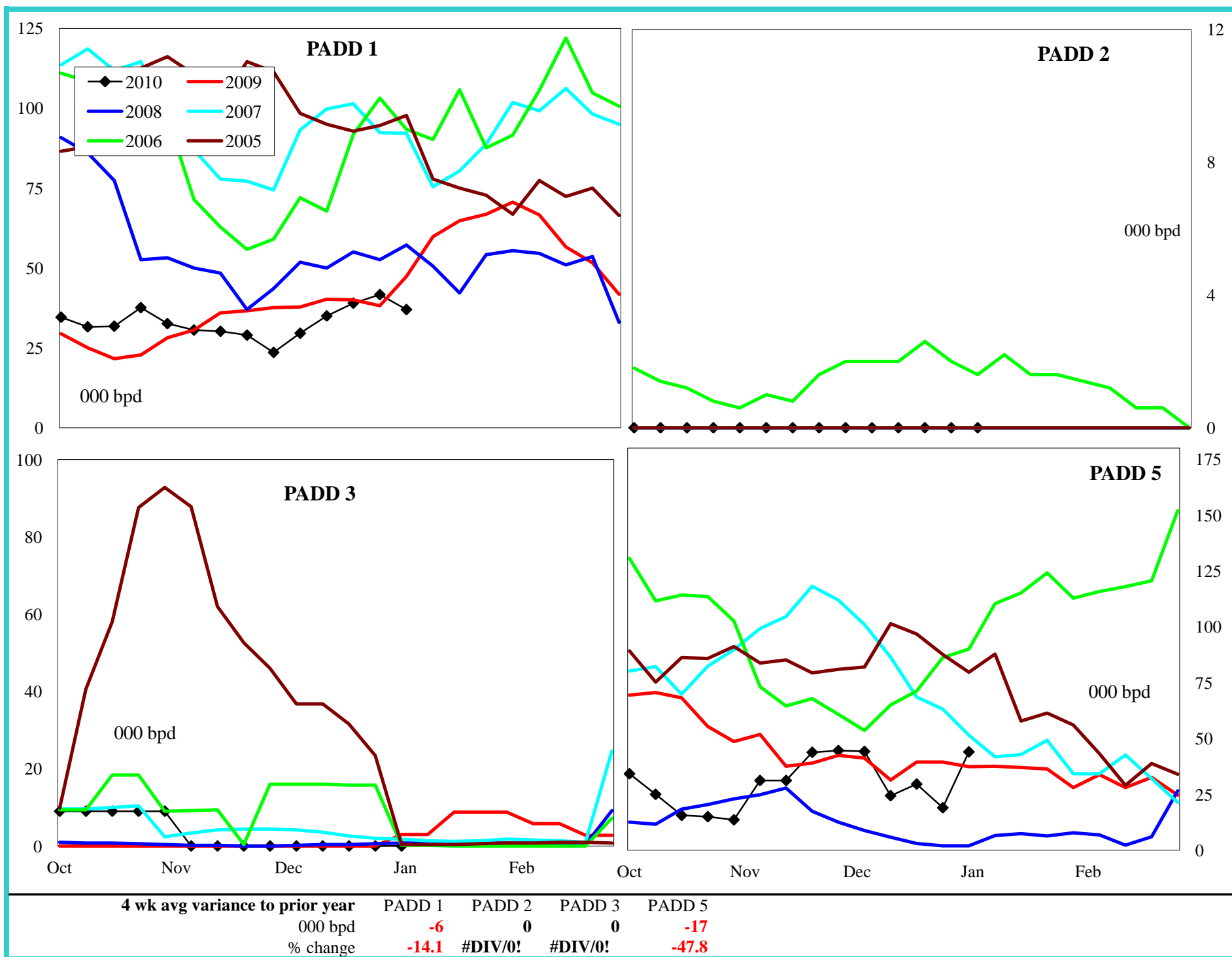
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

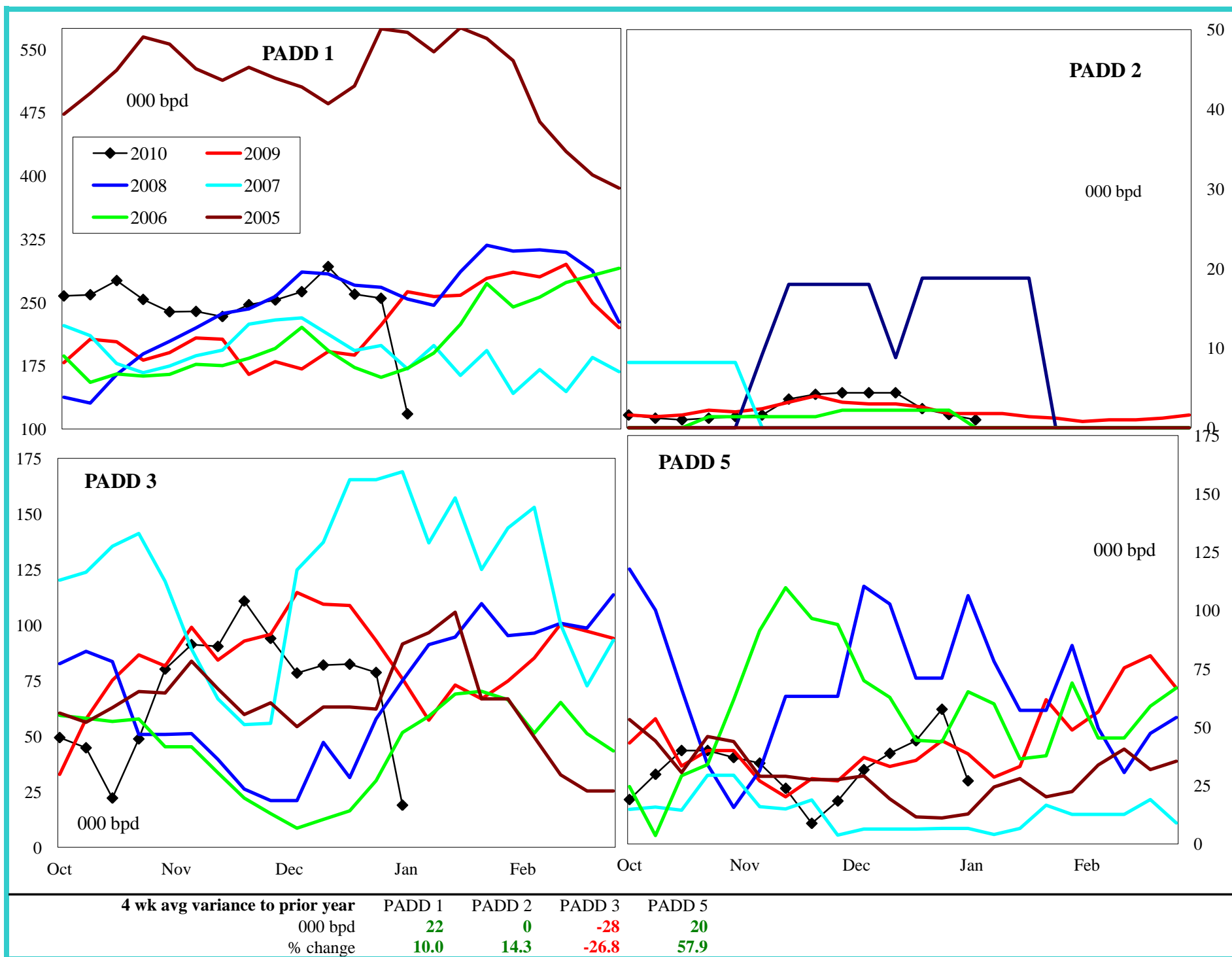


# Jet Fuel Imports by PADD

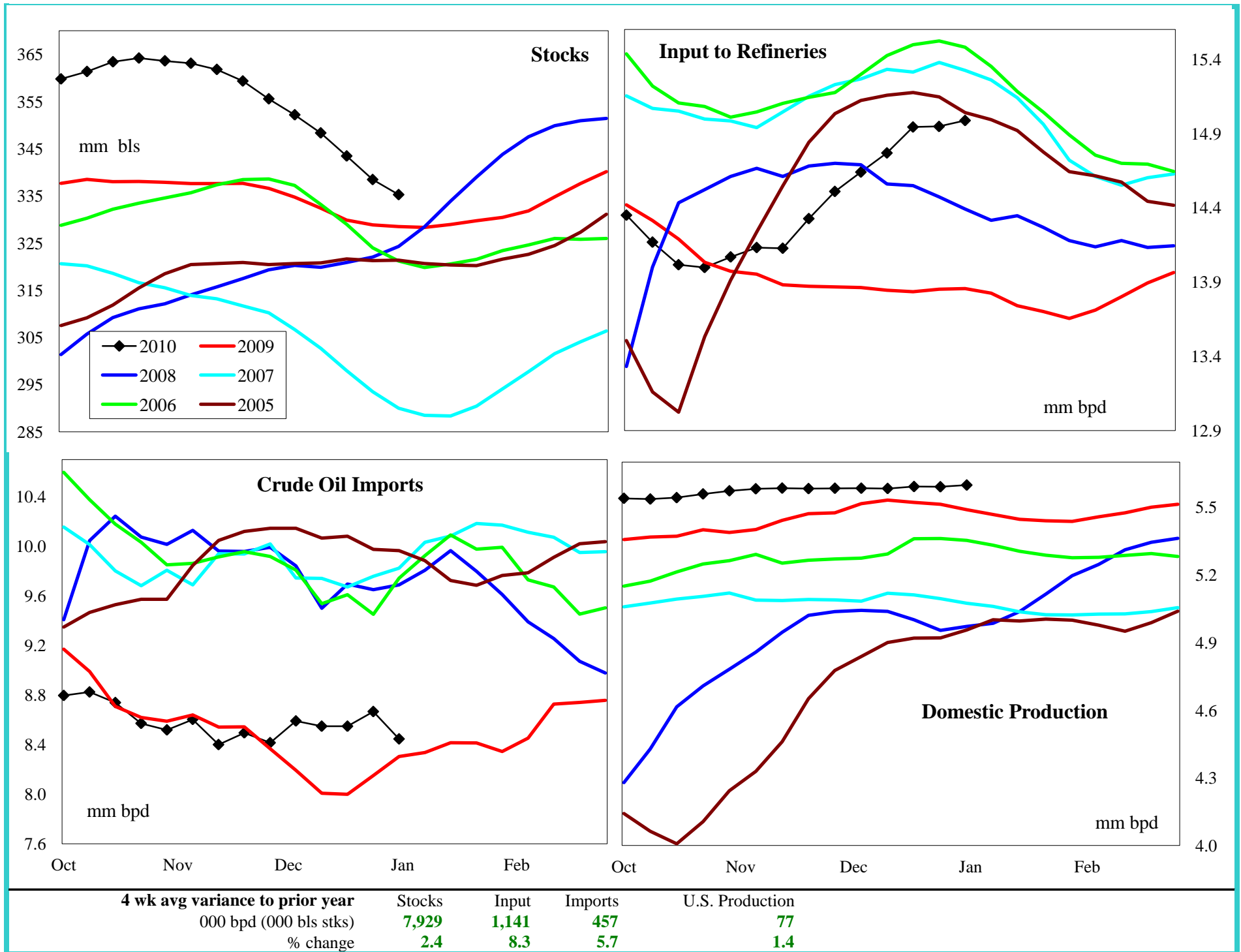




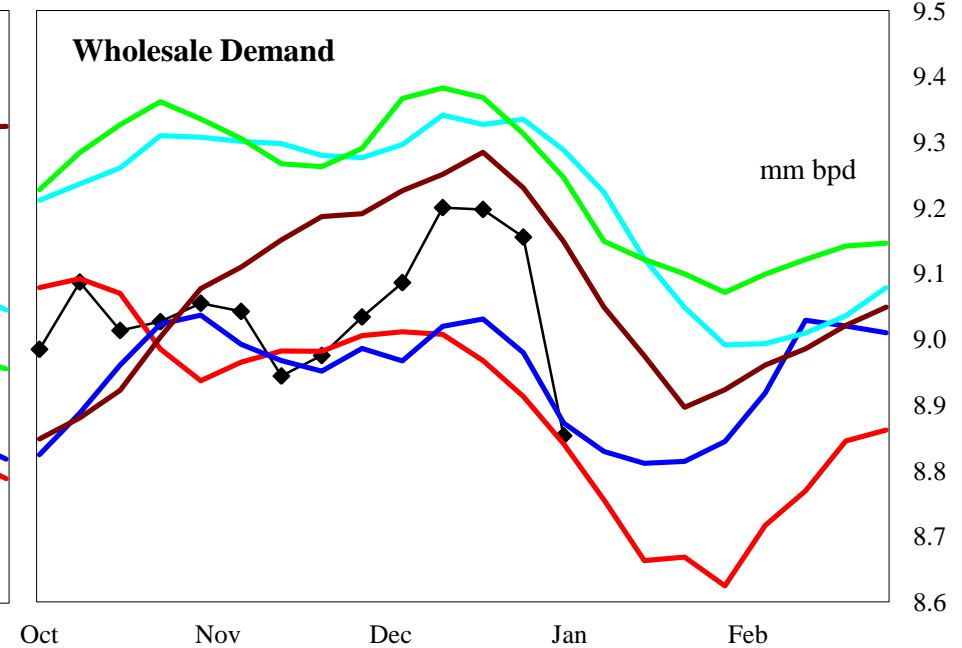
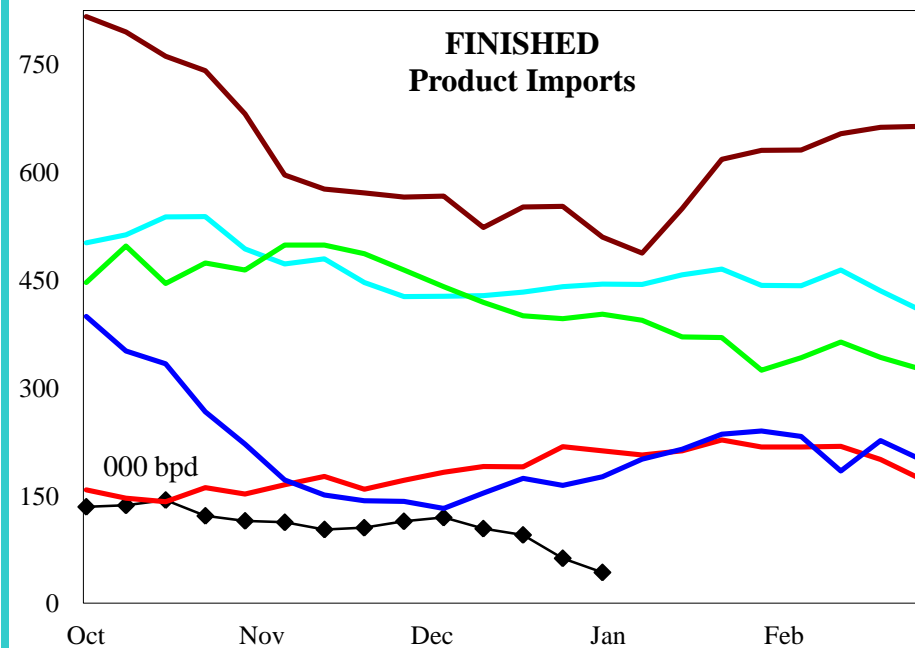
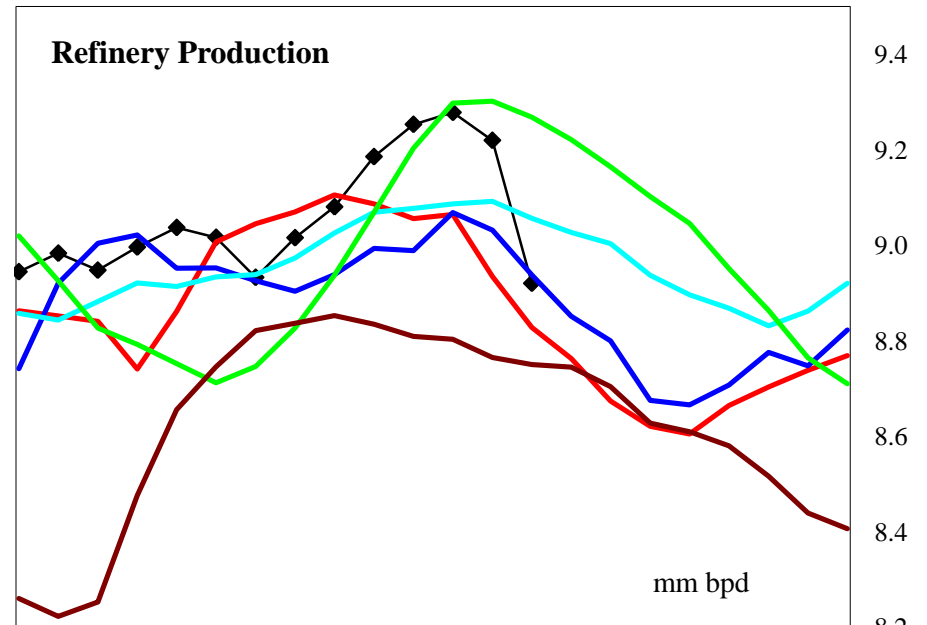
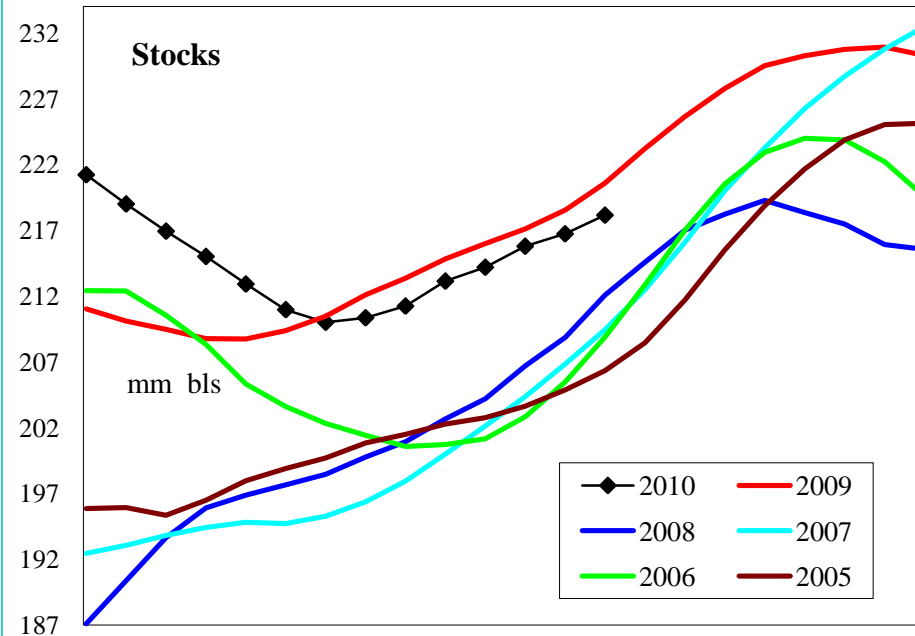
## Residual Fuel Oil Imports by PADD



# 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=>

-1,555

209

-130

85

-0.7

2.3

-61.7

13.6

4wk avg

Nov

Oct

Sep

248

49

94

252

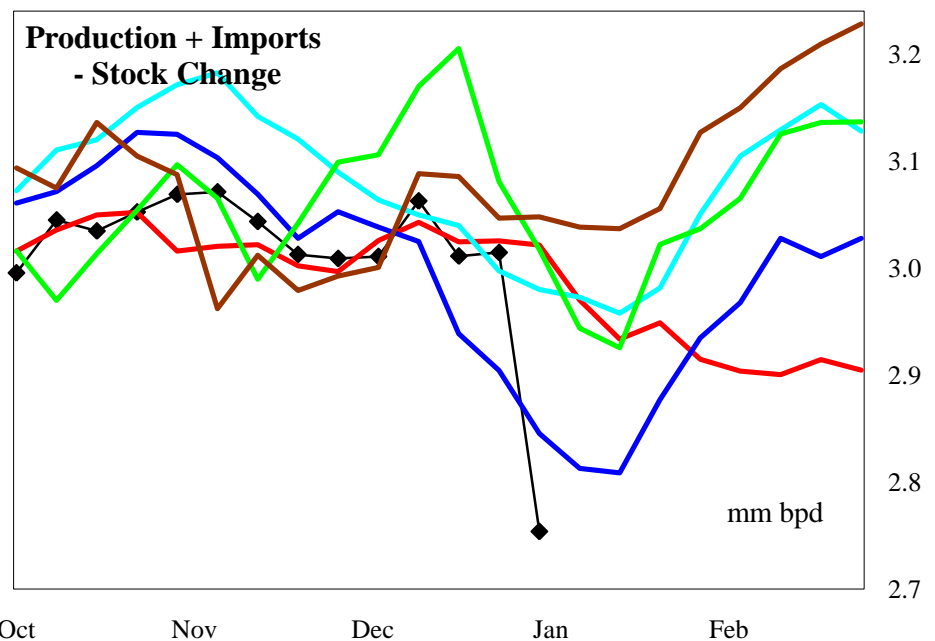
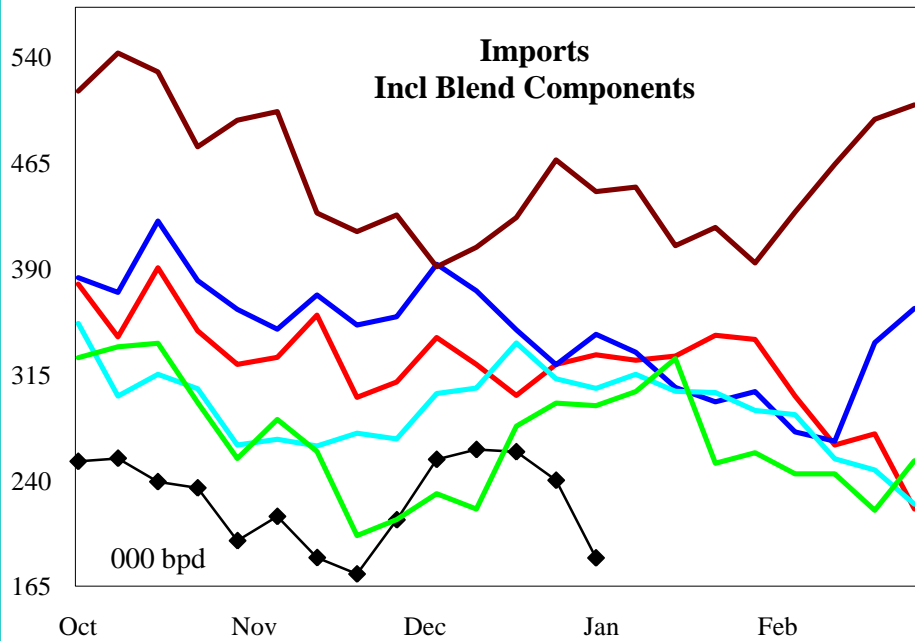
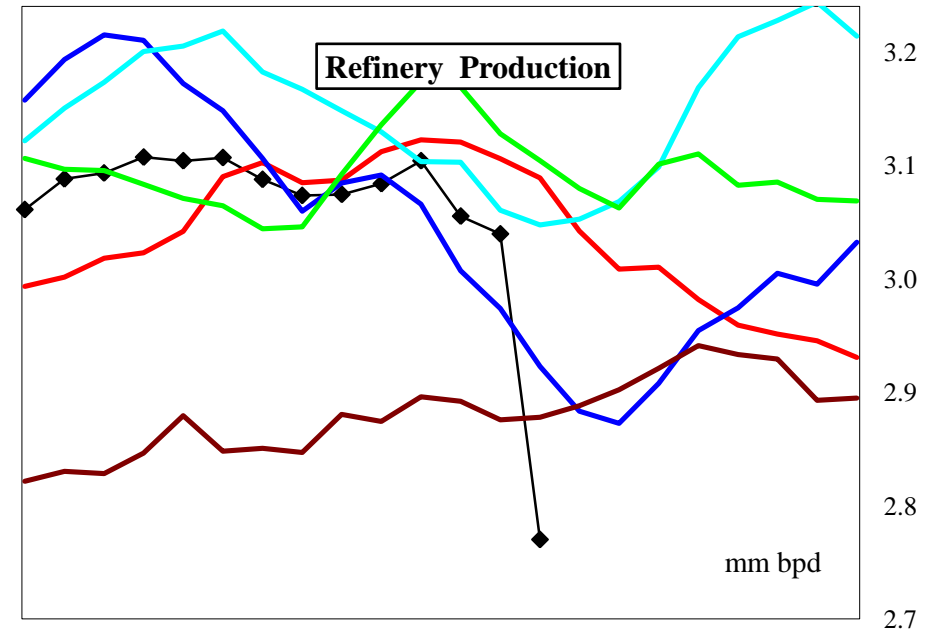
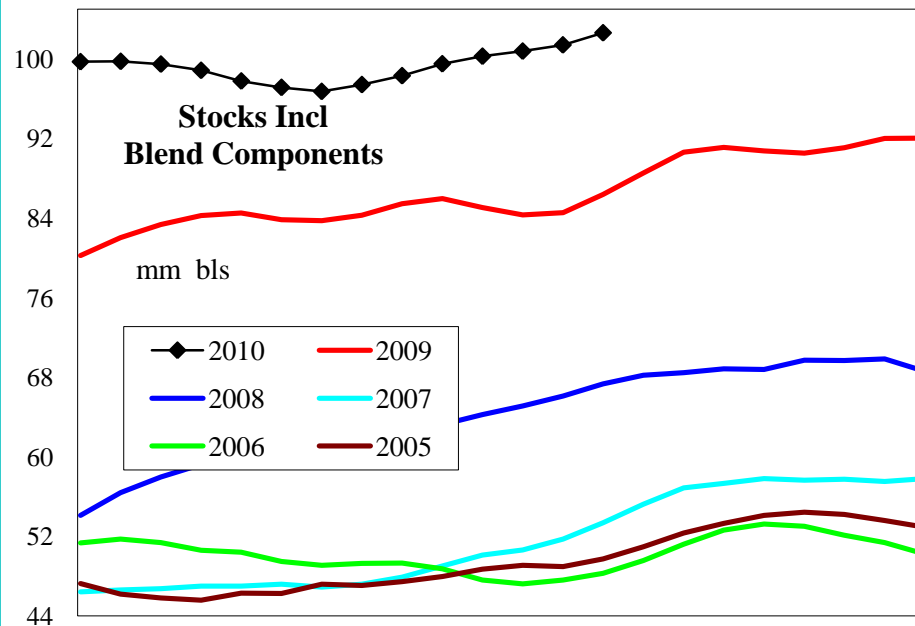
2.8

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

16,246

18.8

Production

-88

-2.8

Imports

-82

-25.6

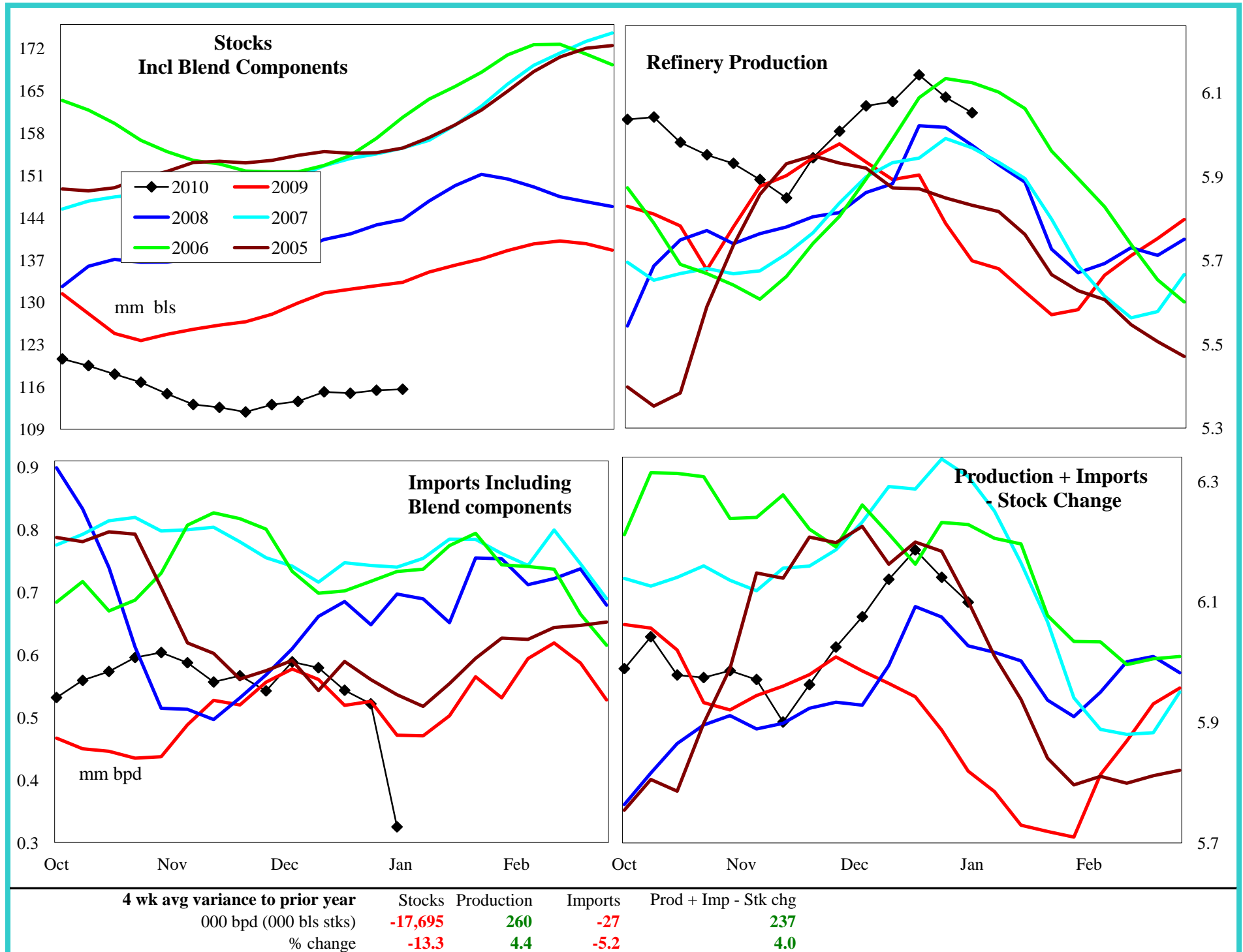
Prod + Imp - Stk chg

-68

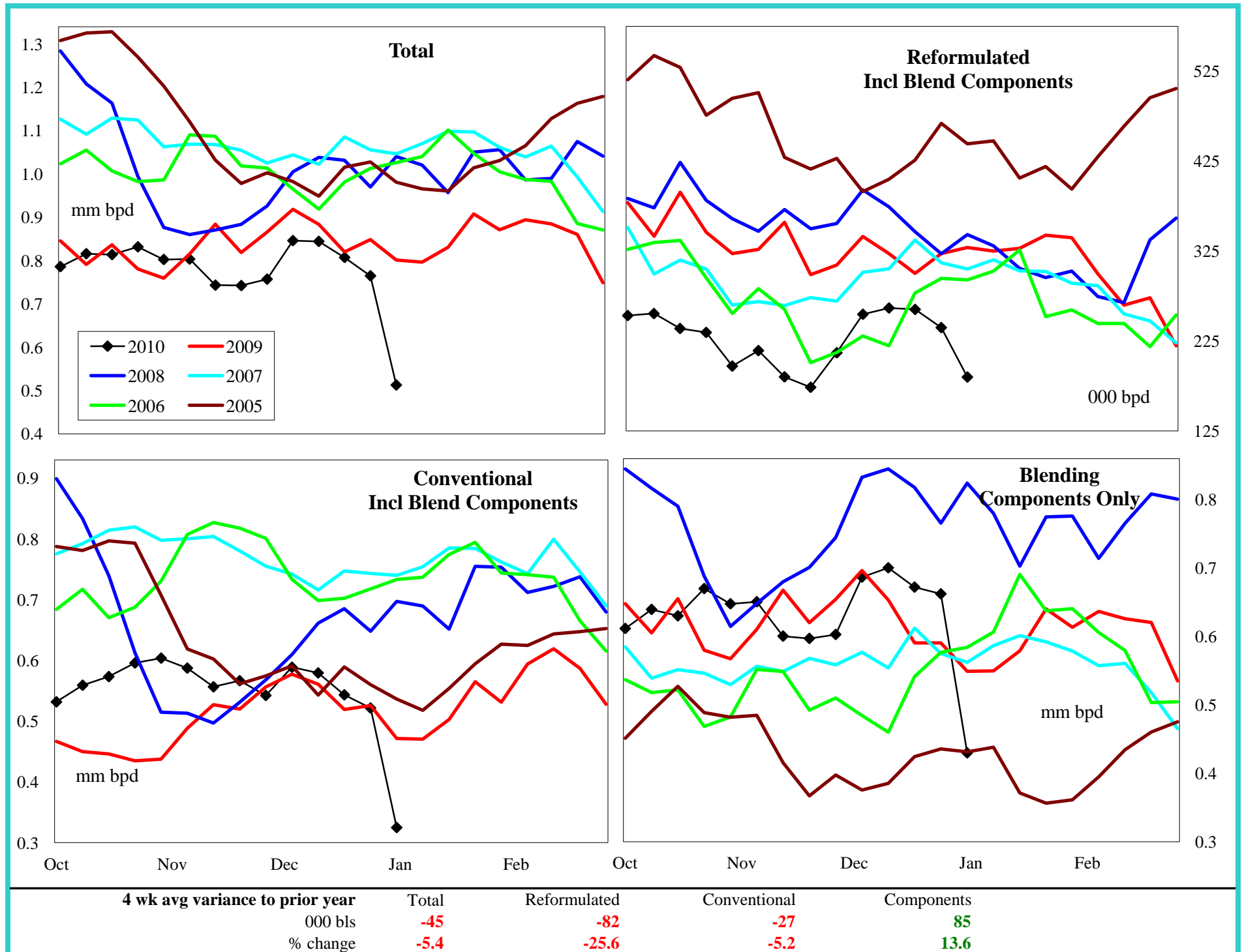
-2.2



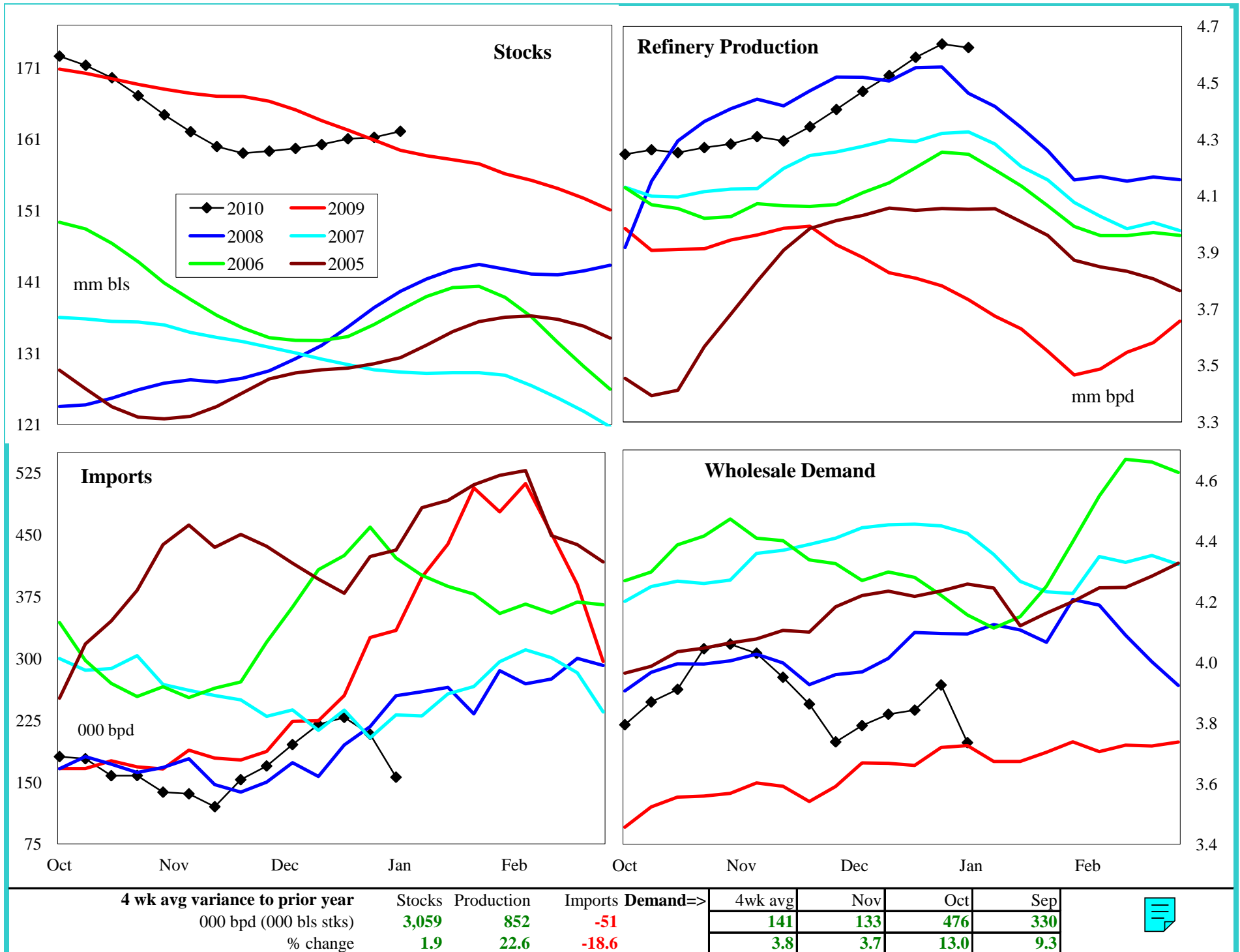
# United States Conventional Gasoline Supply



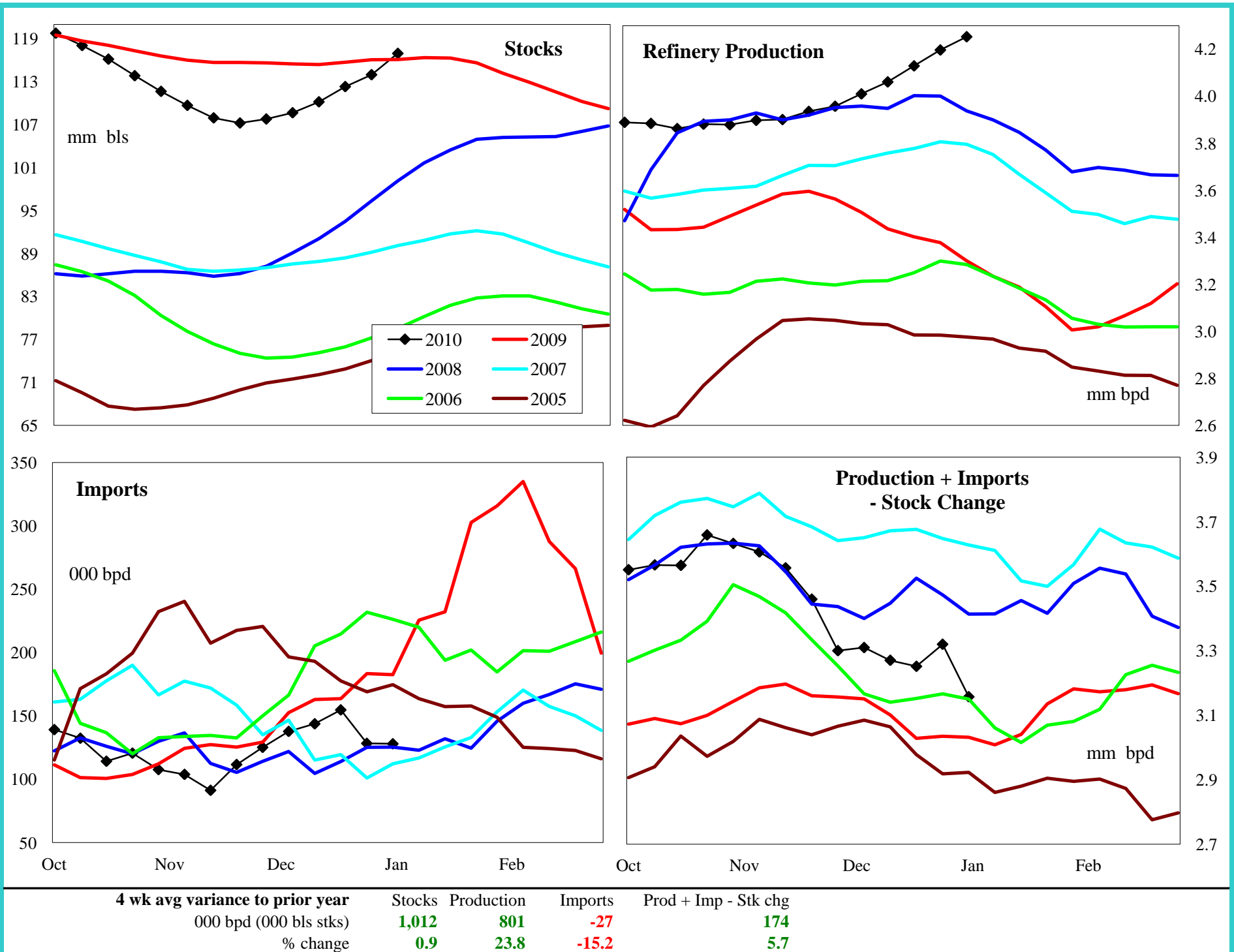
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

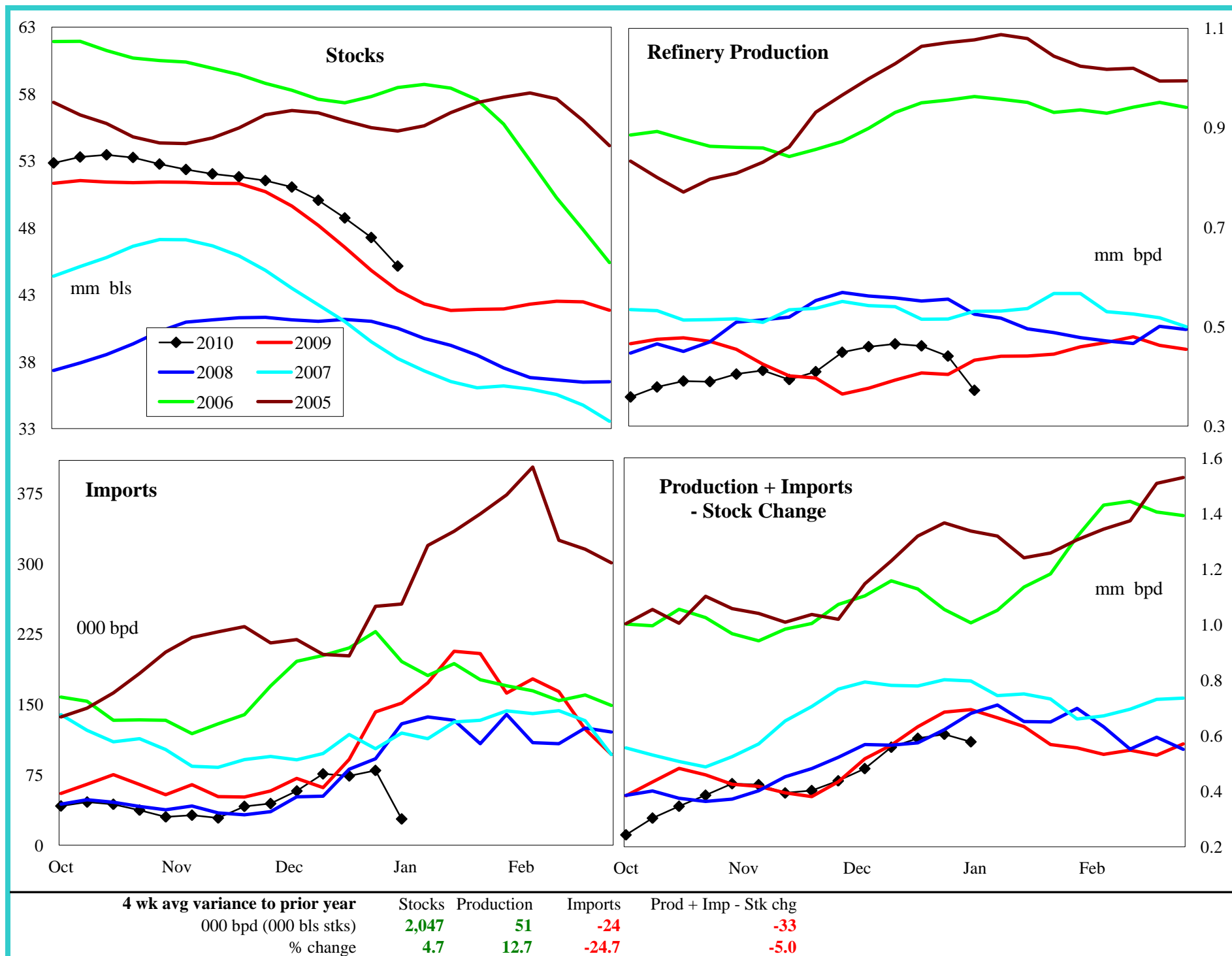


# United States Low Sulfur Distillate Supply

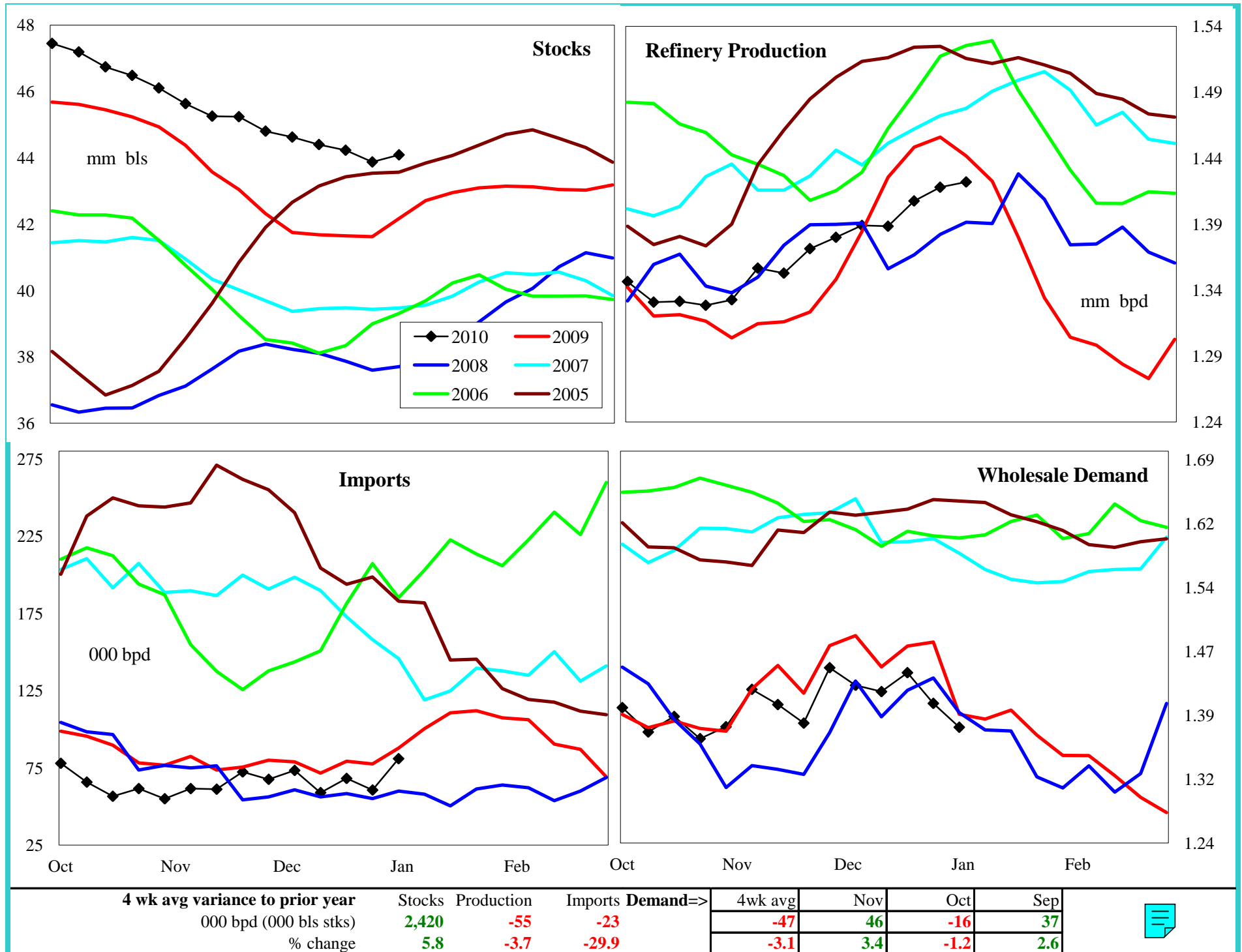




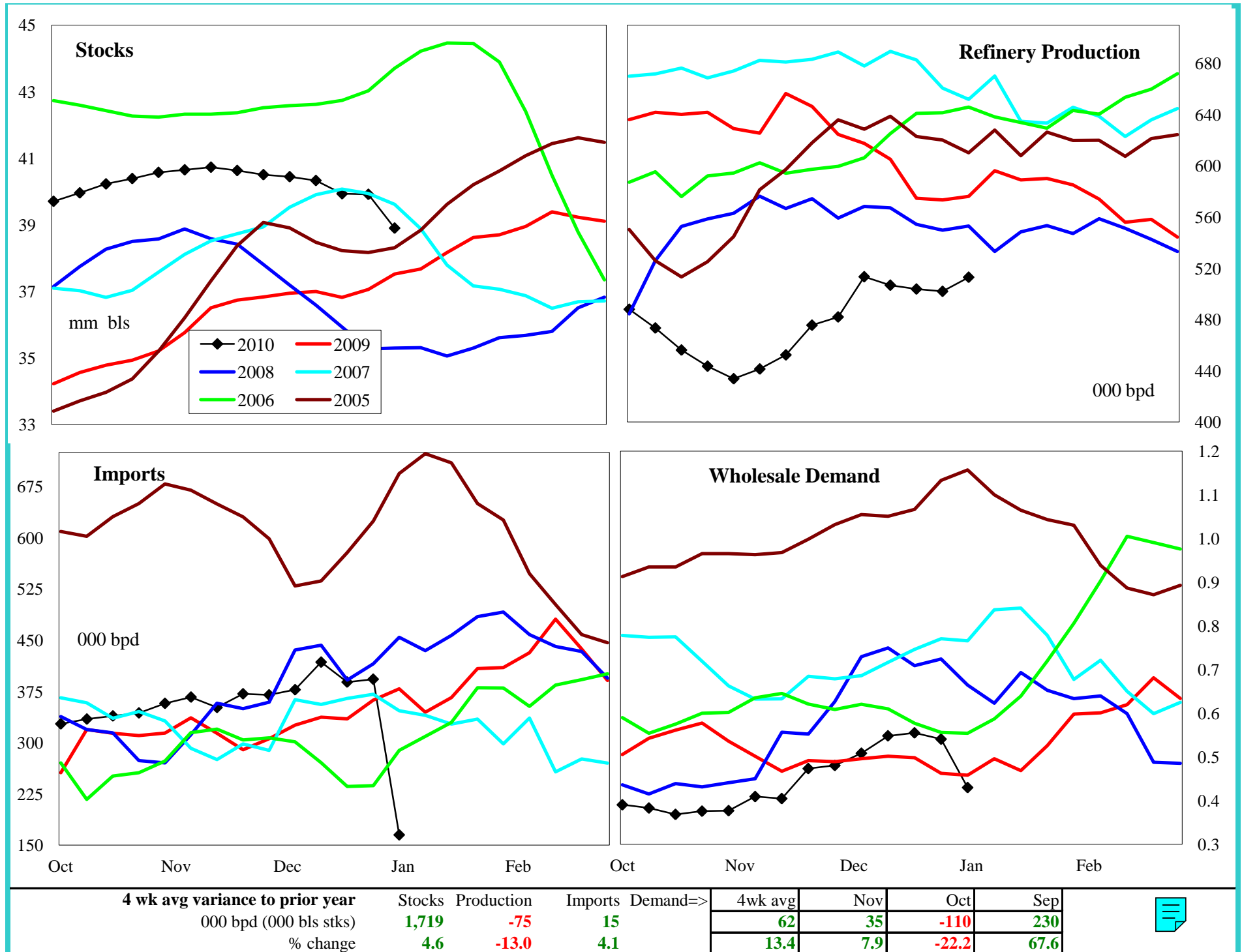
# United States High Sulfur Distillate Supply



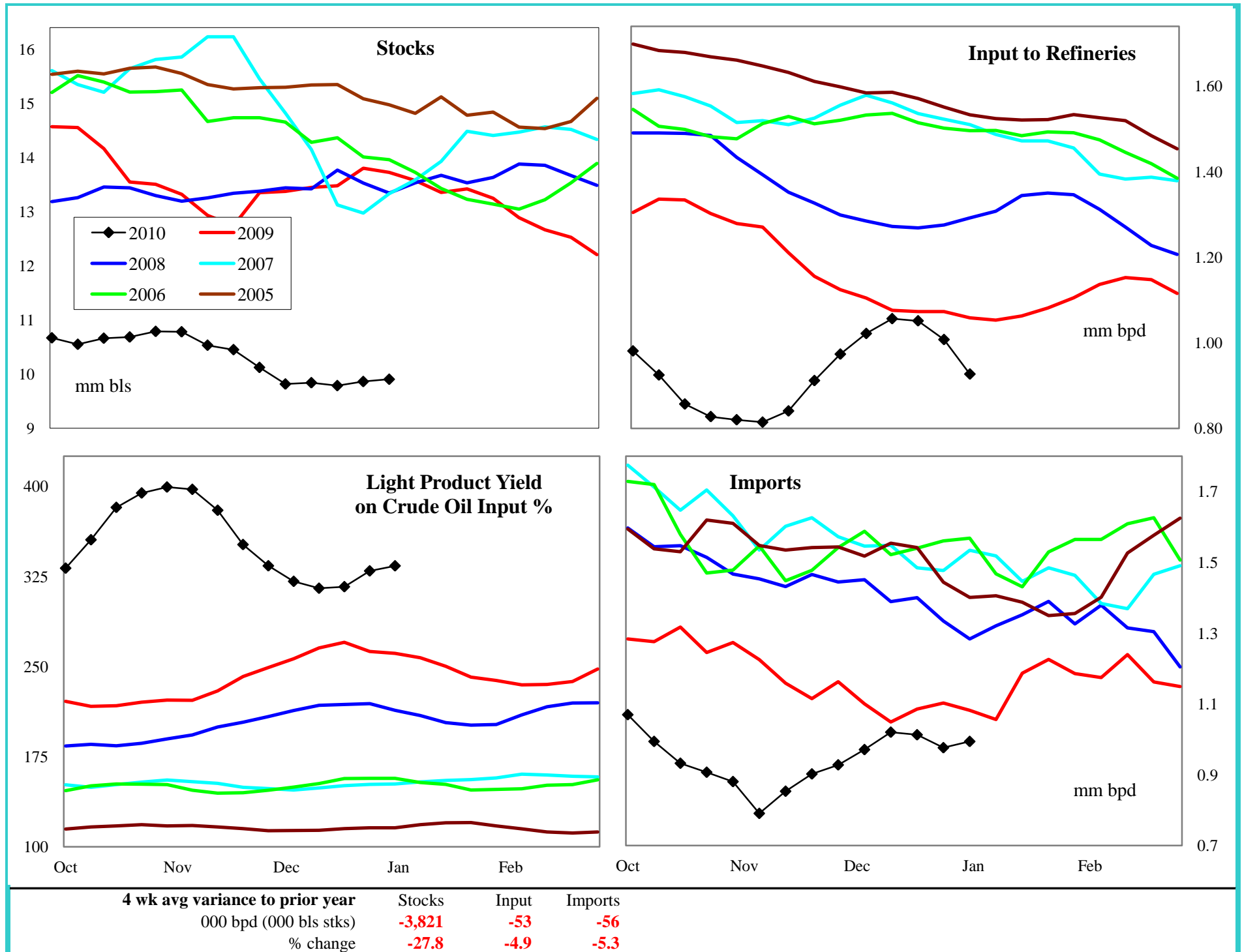
# United States Jet Fuel Supply and Demand Balance



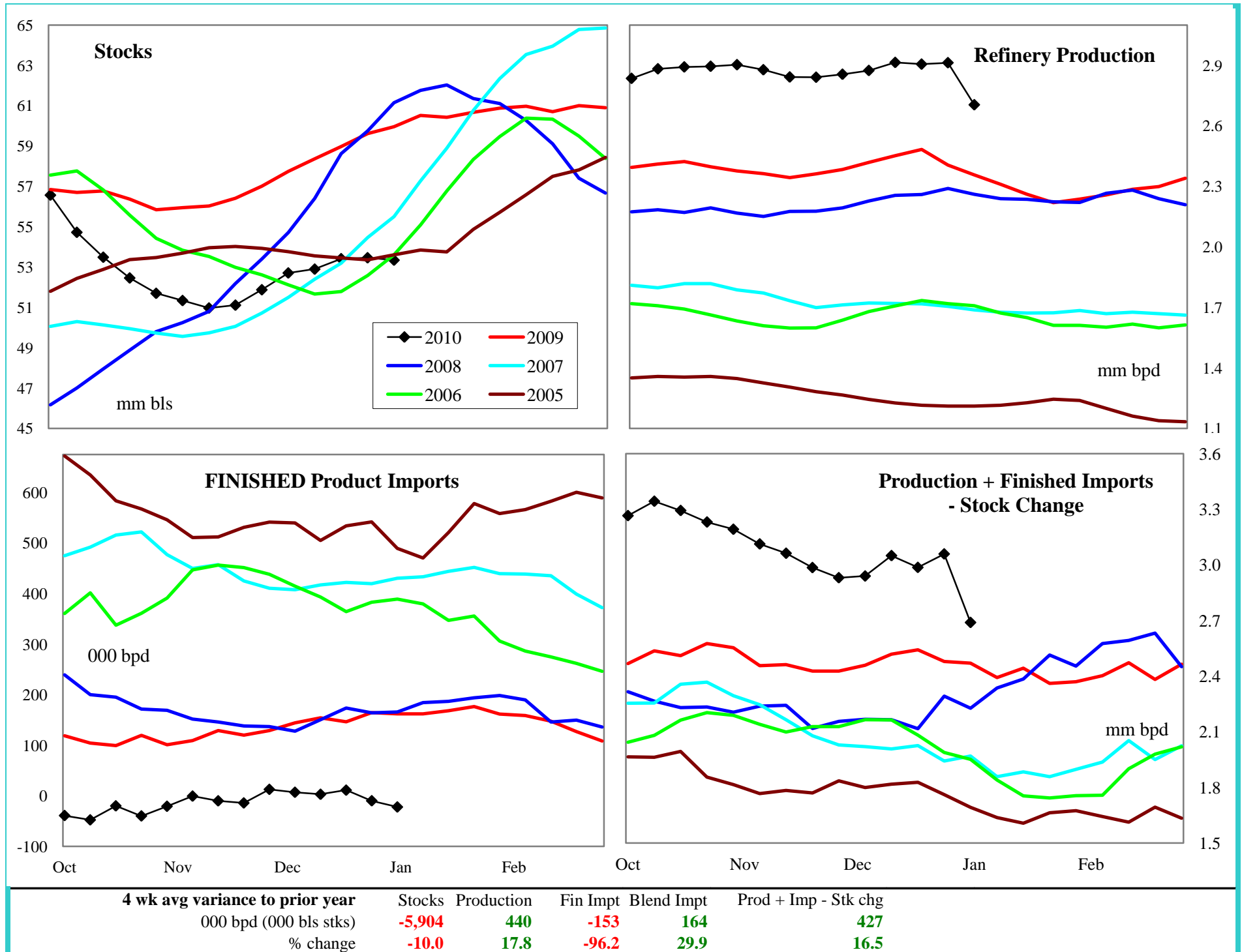
# United States Residual Fuel Oil Supply and Demand Balance



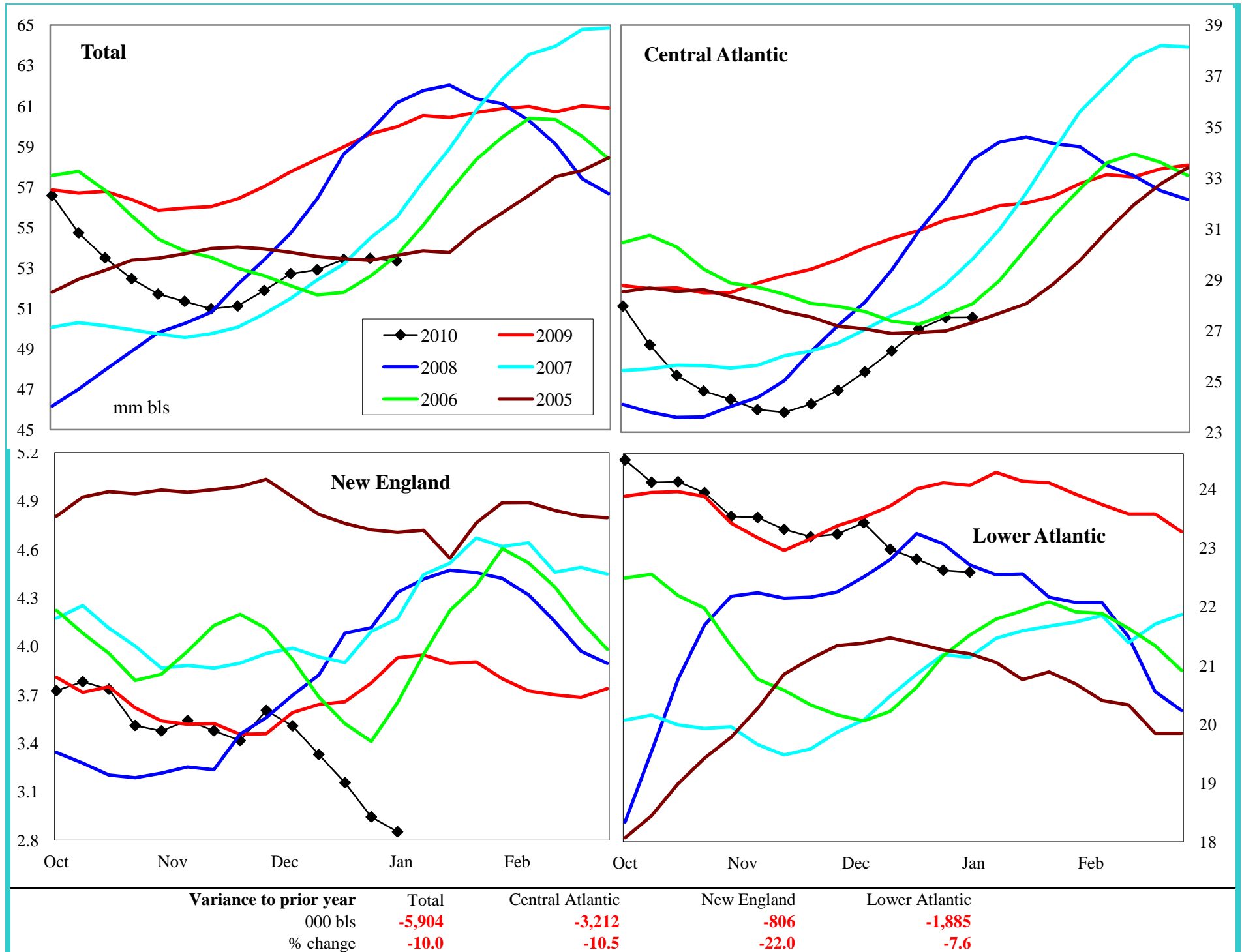
# PADD 1 Crude Oil Supply and Refining



# PADD 1 Gasoline Supply

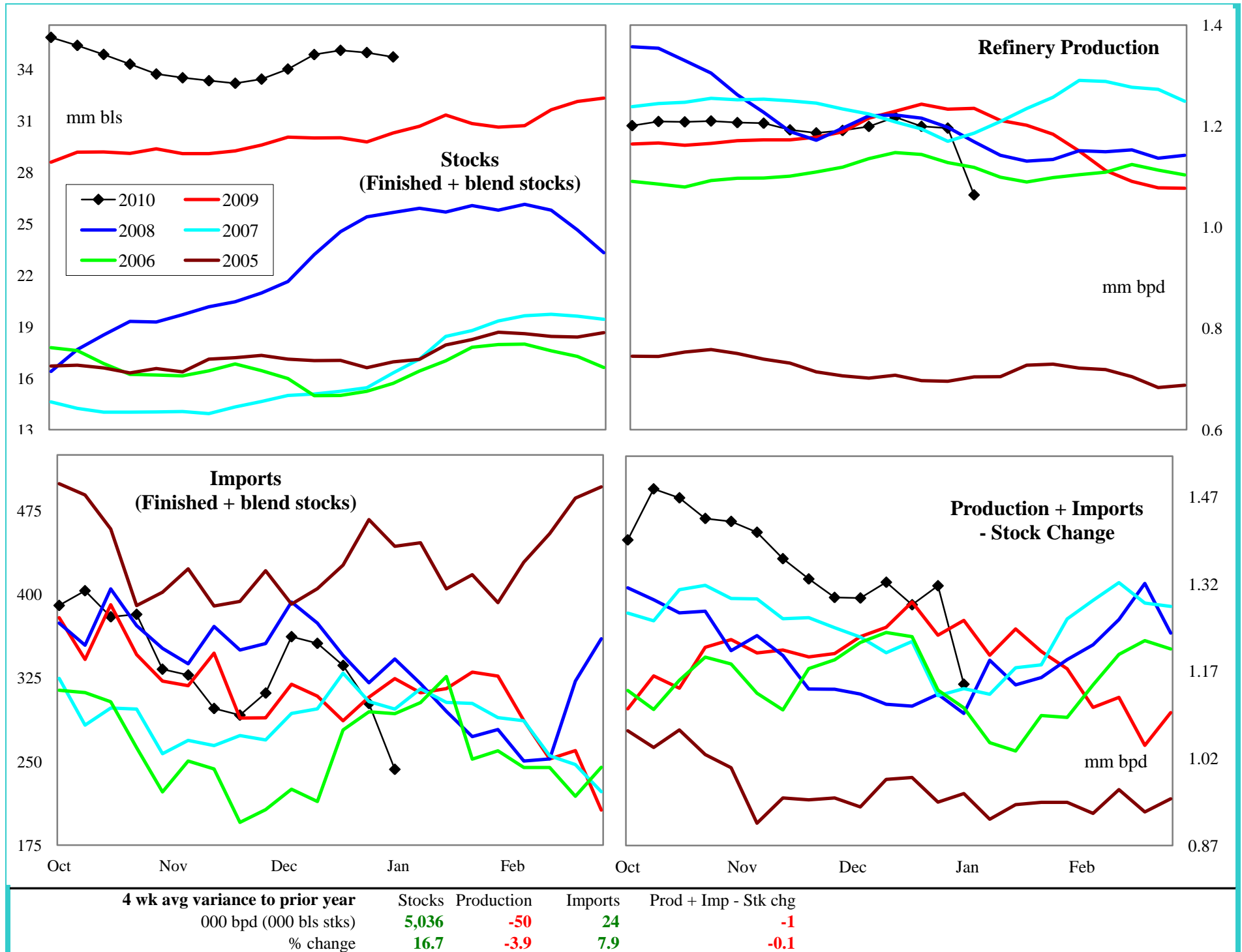


# PADD 1 Gasoline Stocks by Region

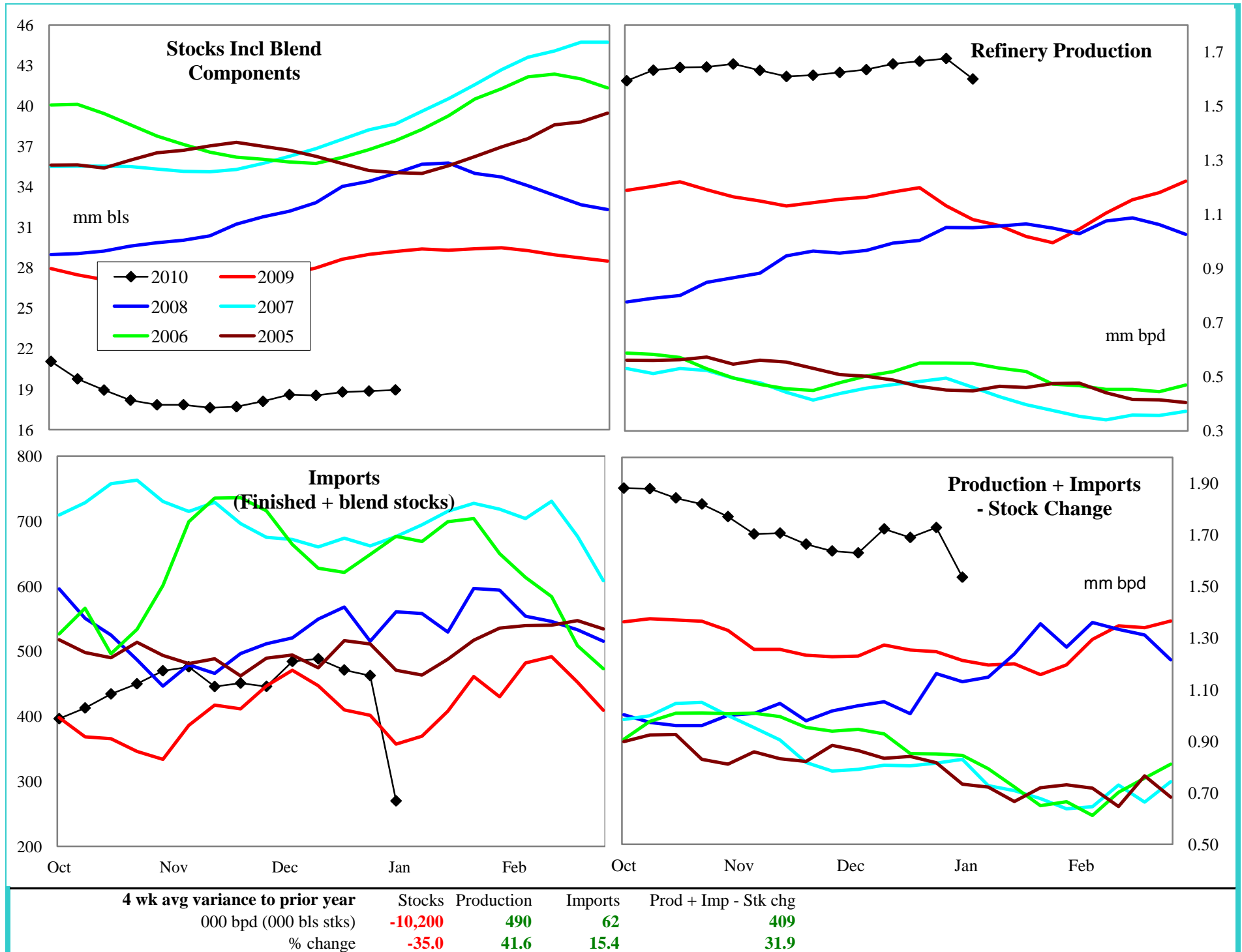




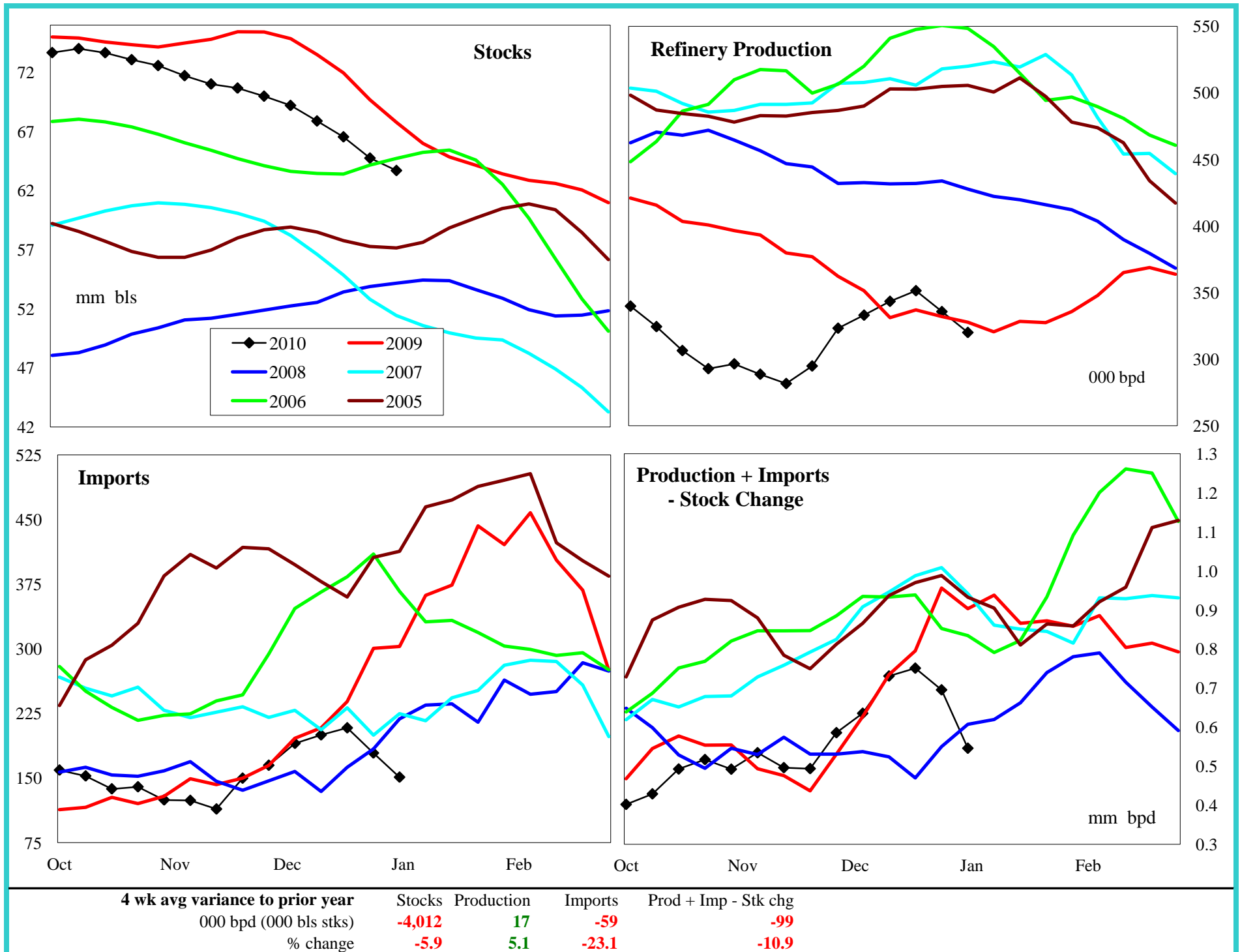
# PADD 1 Reformulated Gasoline Supply



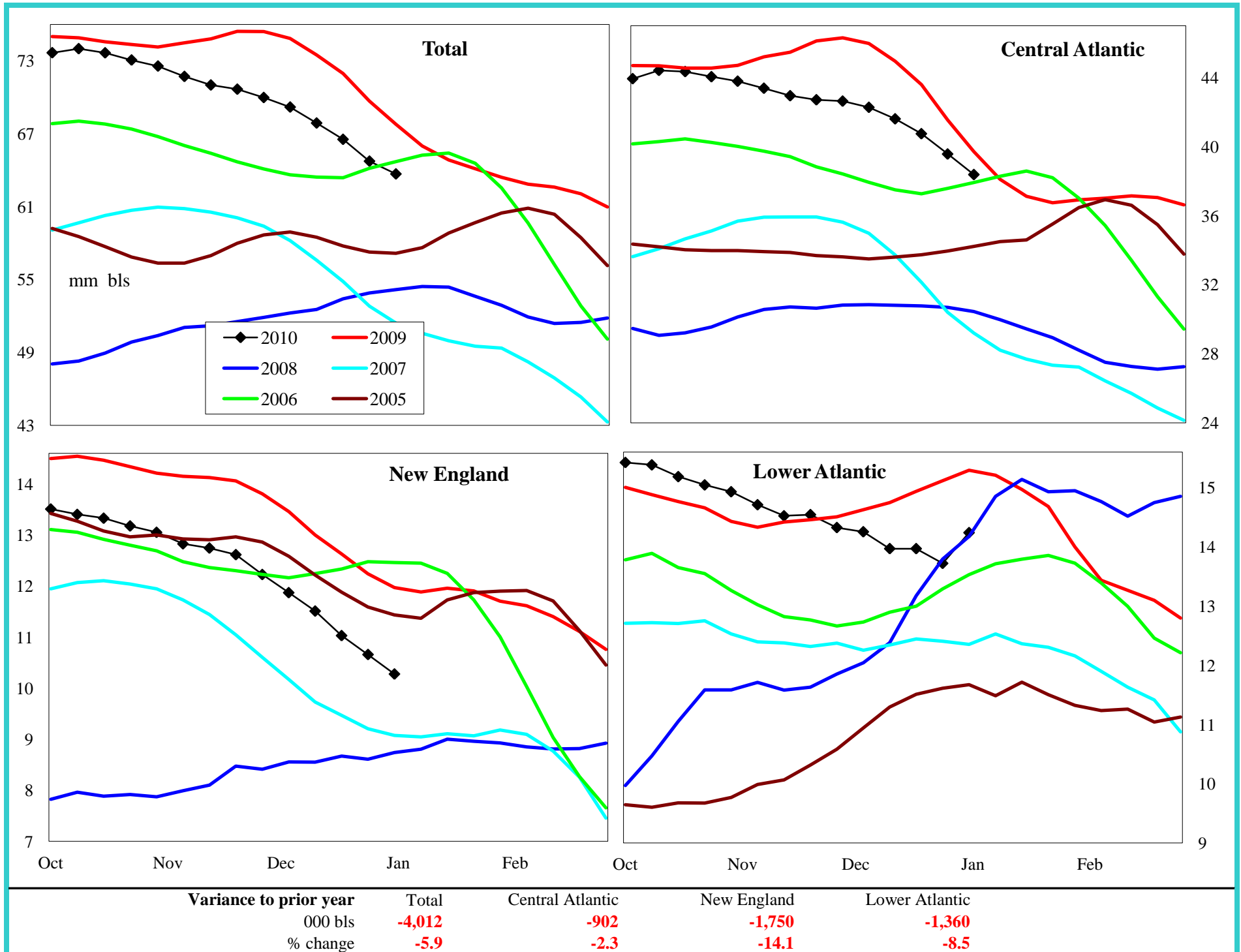
# PADD 1 Conventional Gasoline Supply



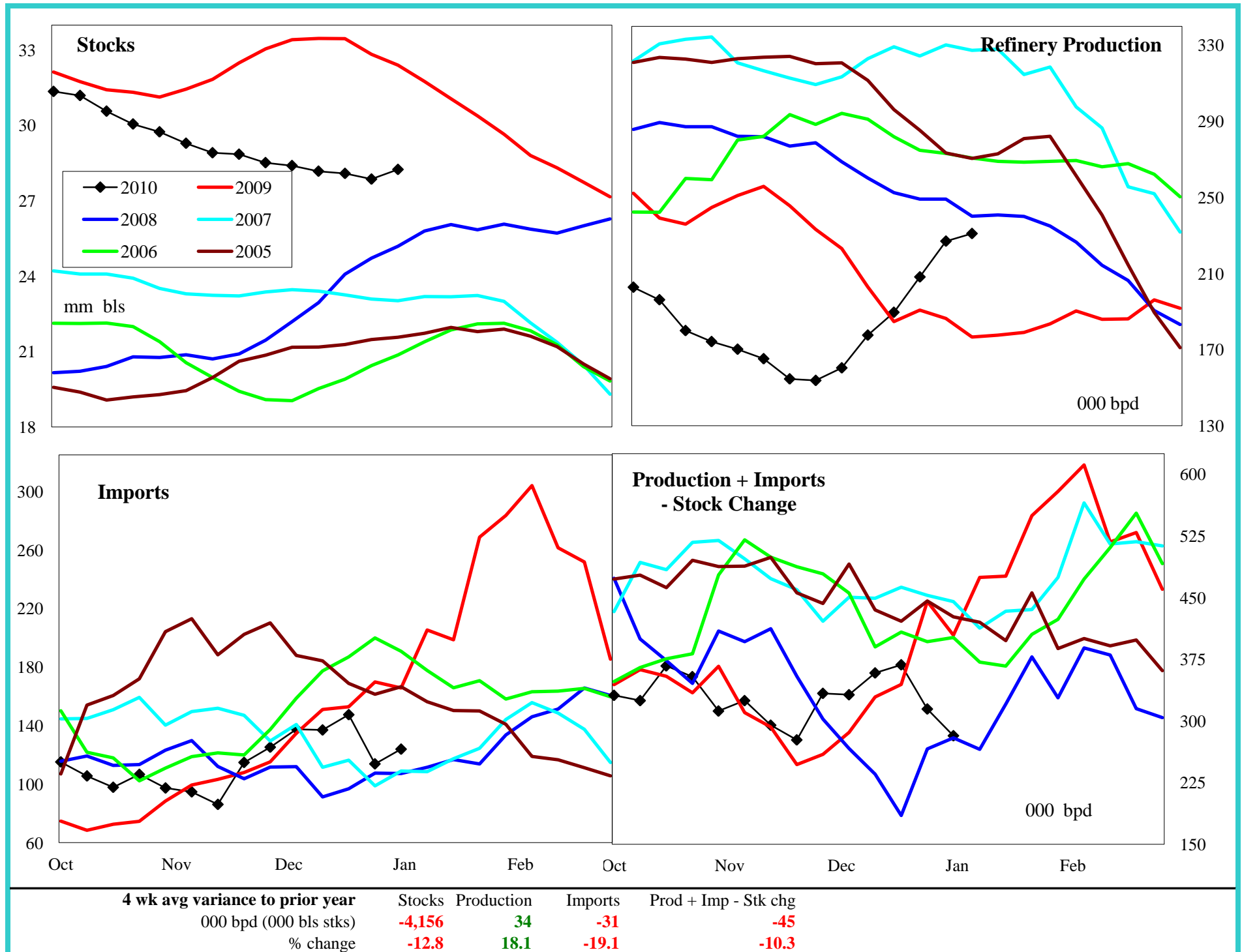
# PADD 1 Distillate Supply



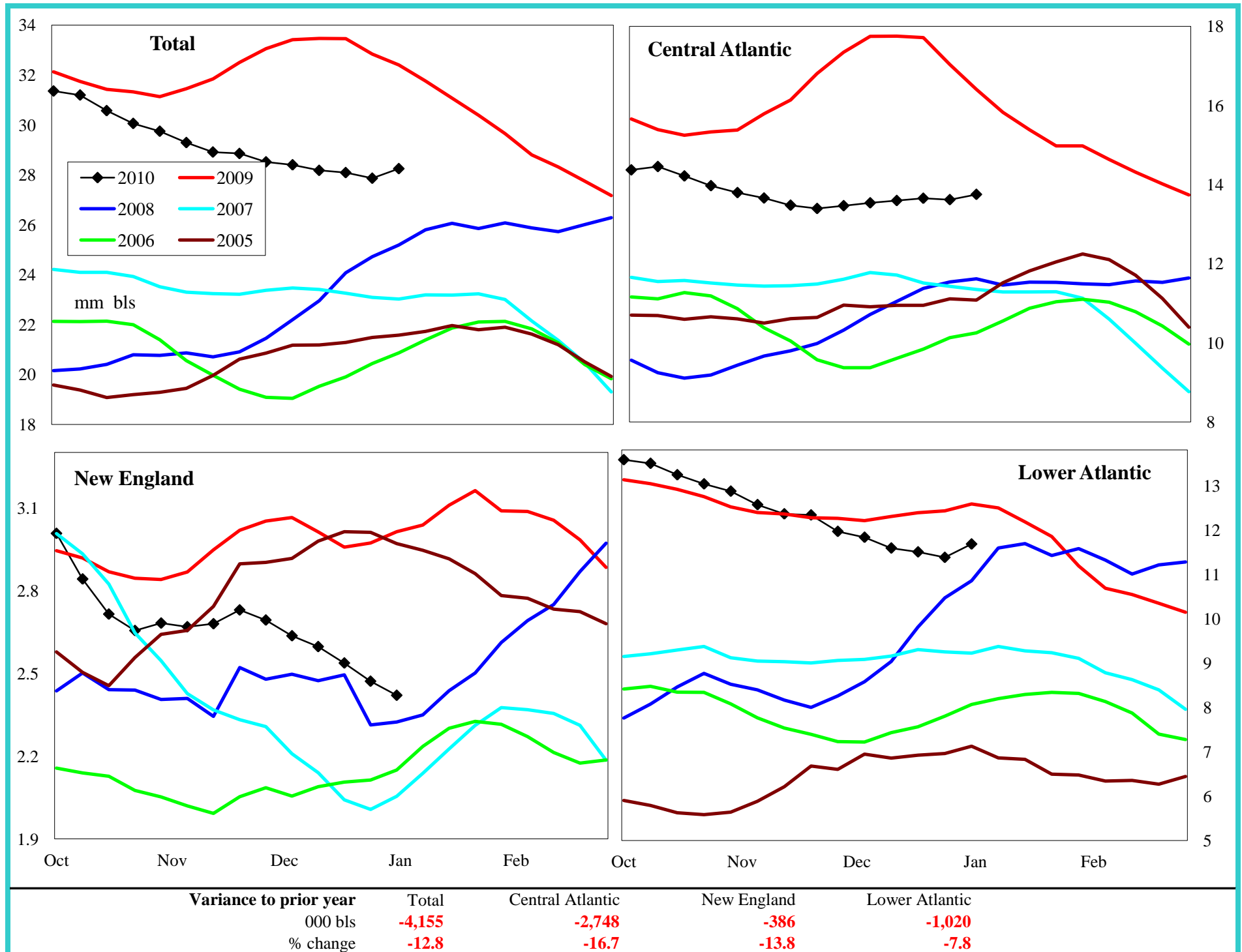
# PADD 1 Distillate Stocks by Region



# PADD 1 Low Sulfur Distillate Supply

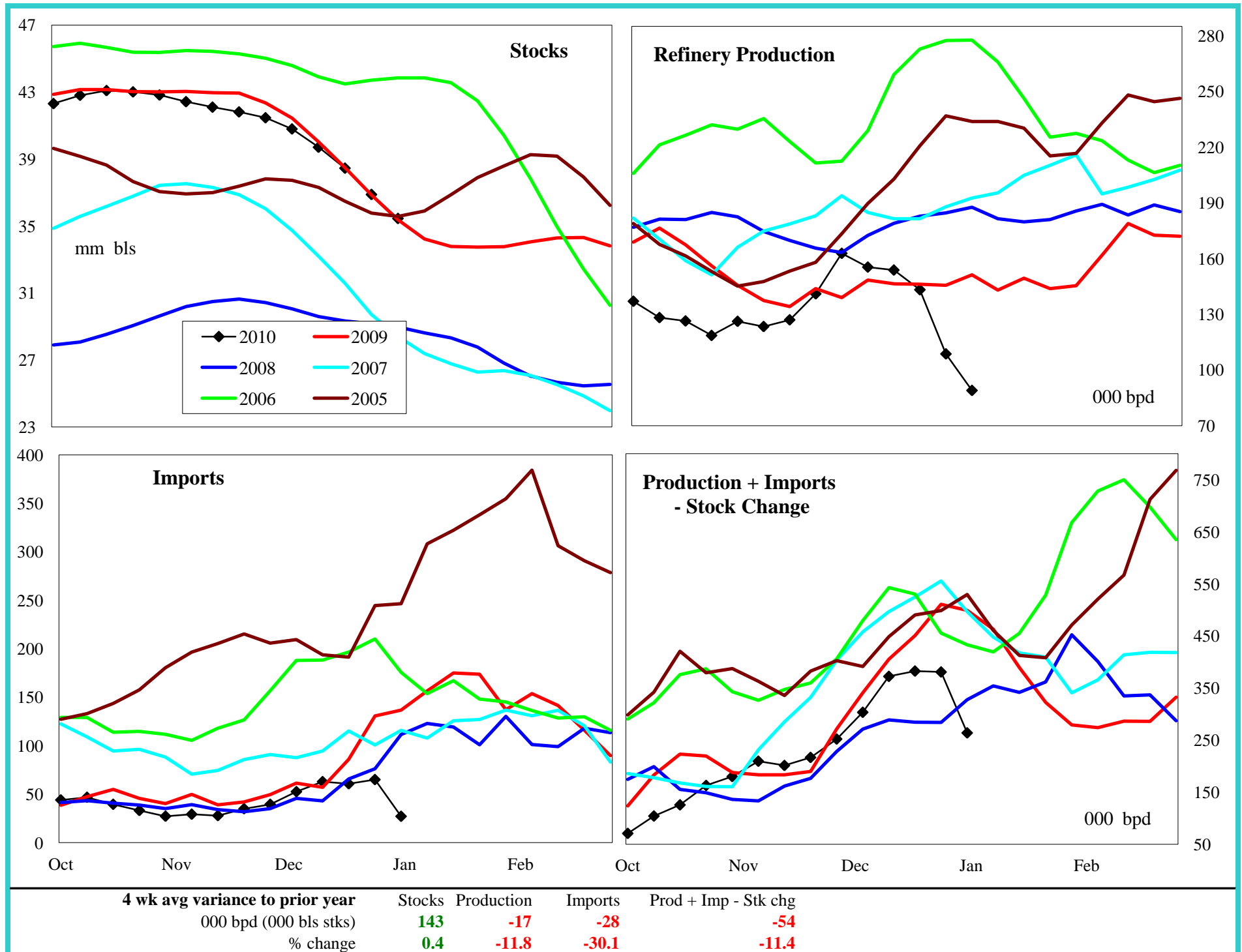


# PADD 1 Low Sulfur Distillate Stocks by Region

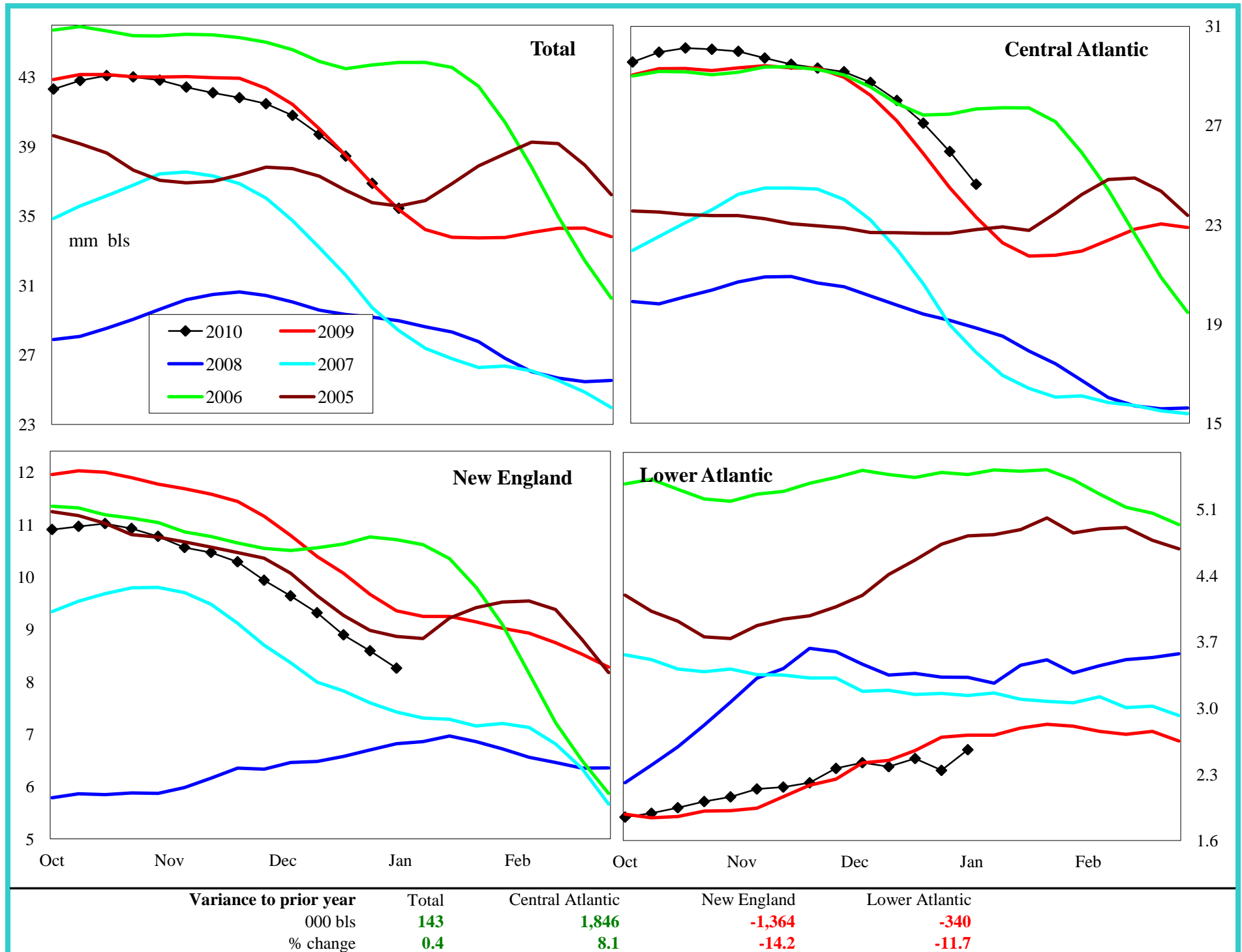




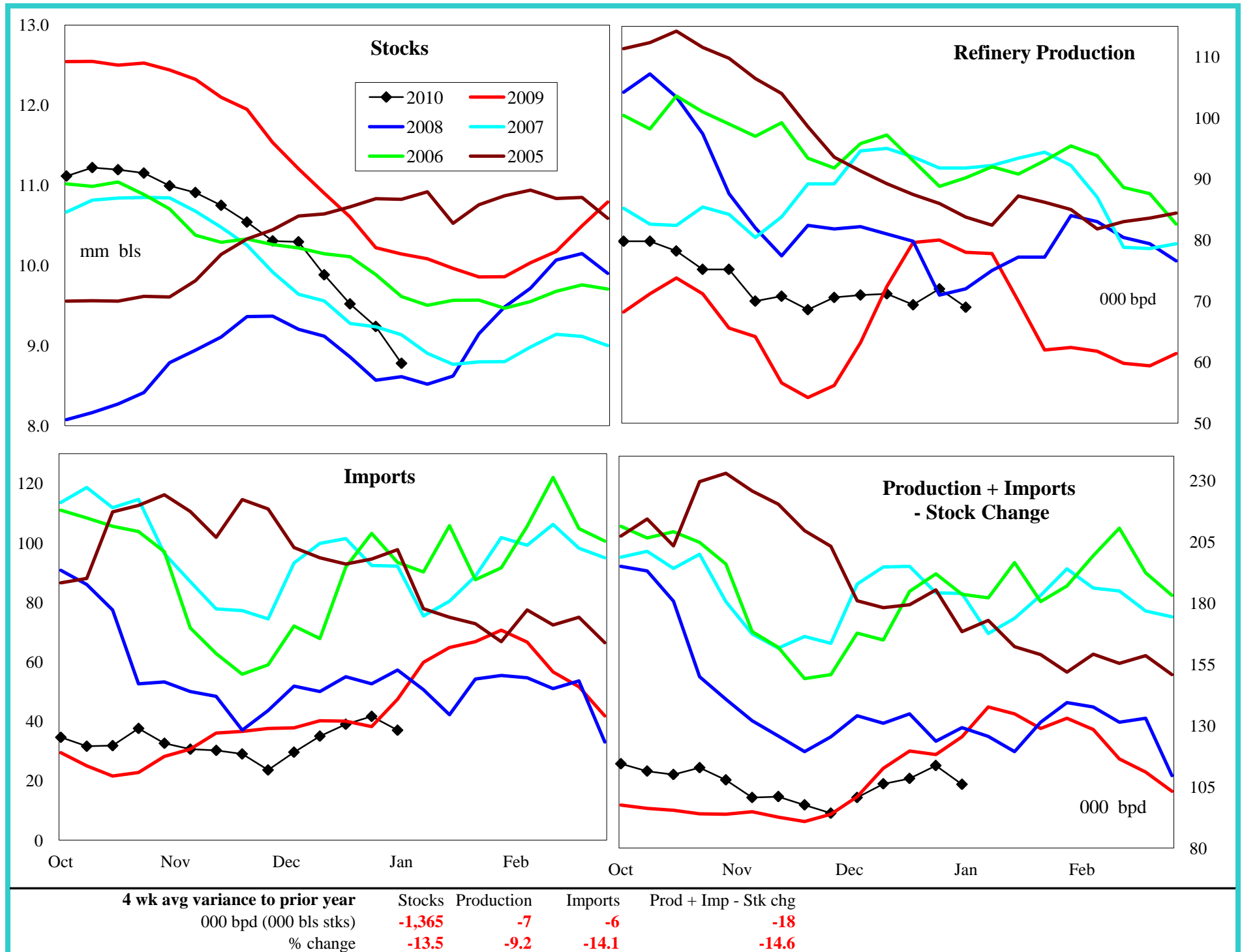
# PADD 1 High Sulfur Distillate Supply



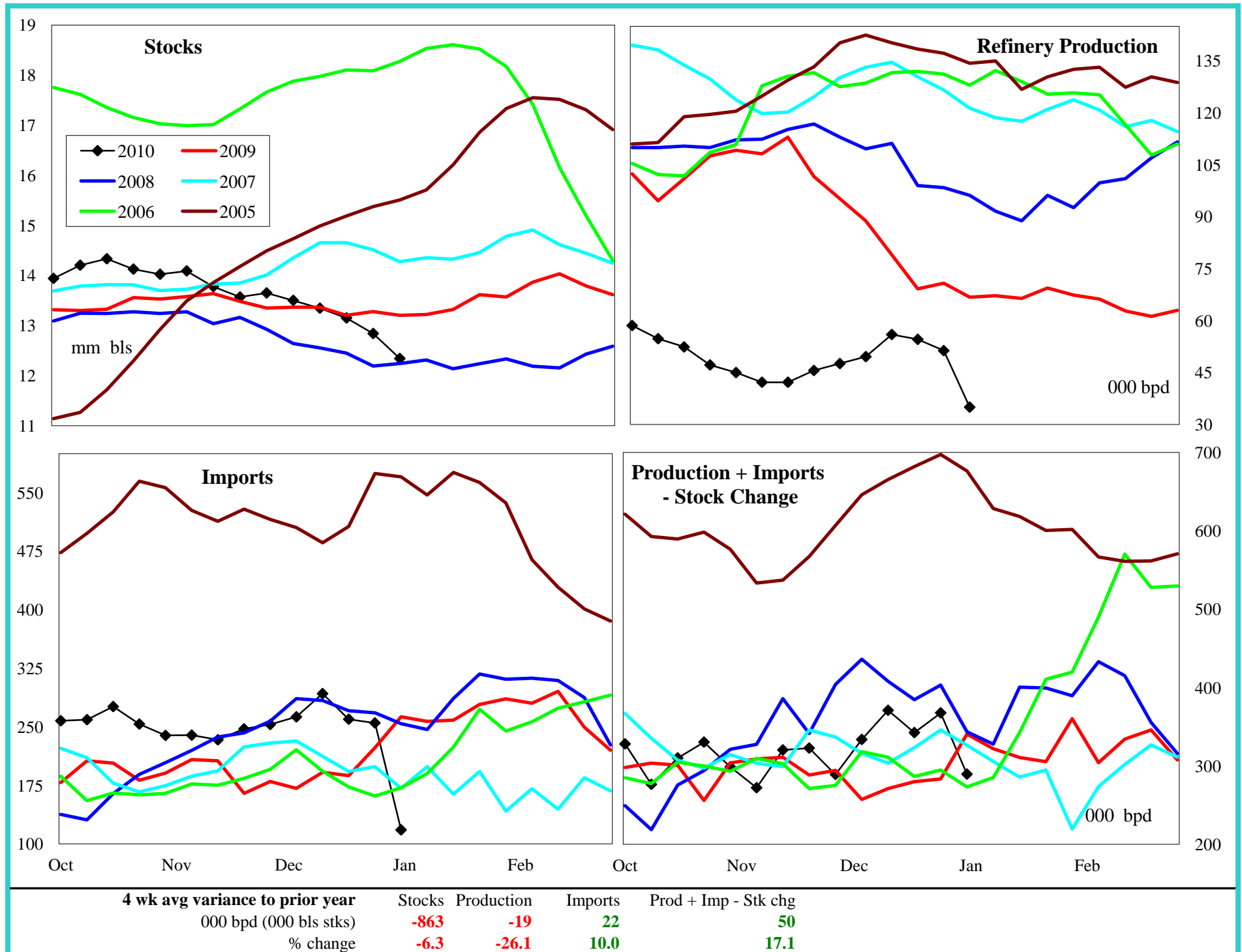
# PADD 1 High Sulfur Distillate Stocks by Region



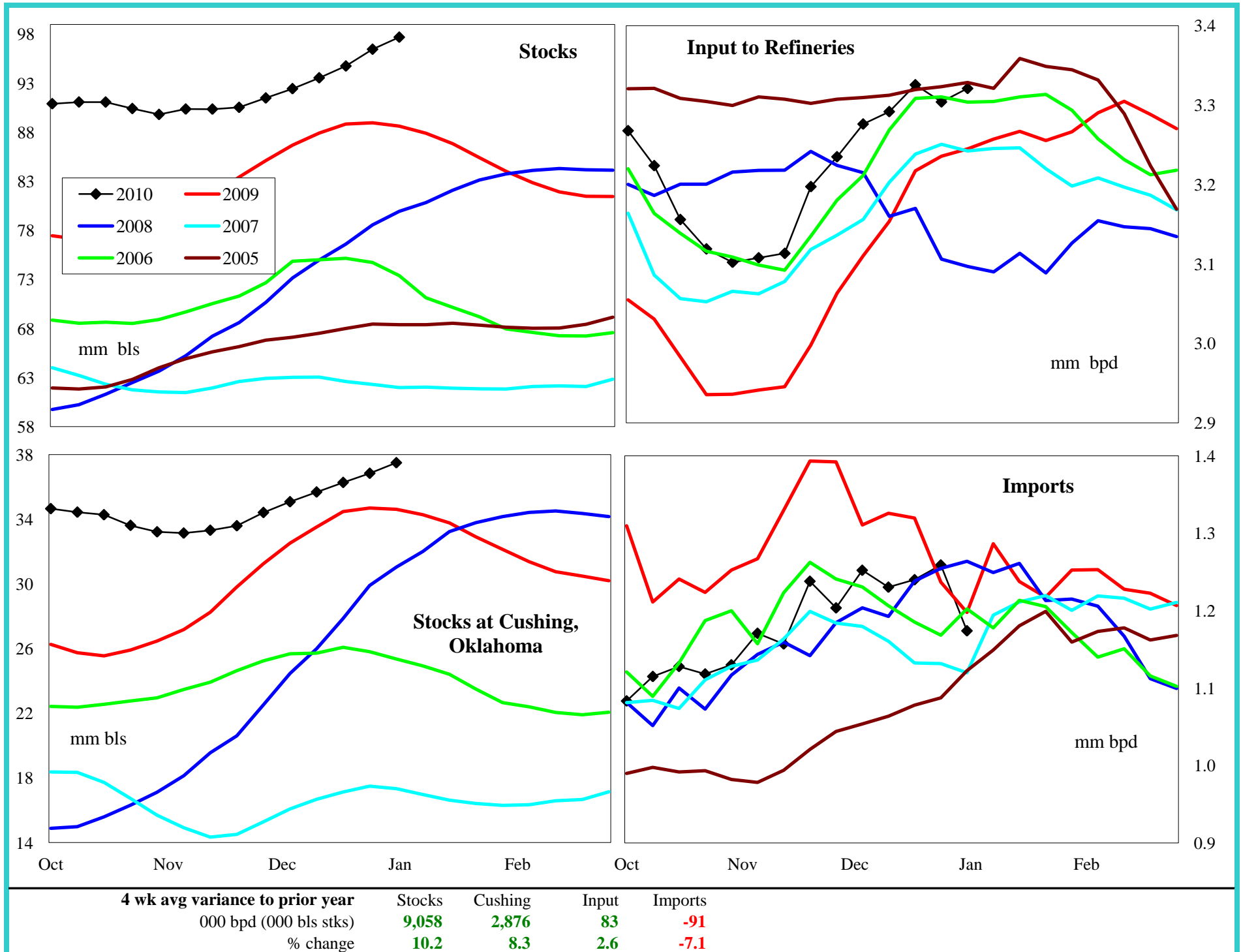
# PADD 1 Jet Fuel Supply



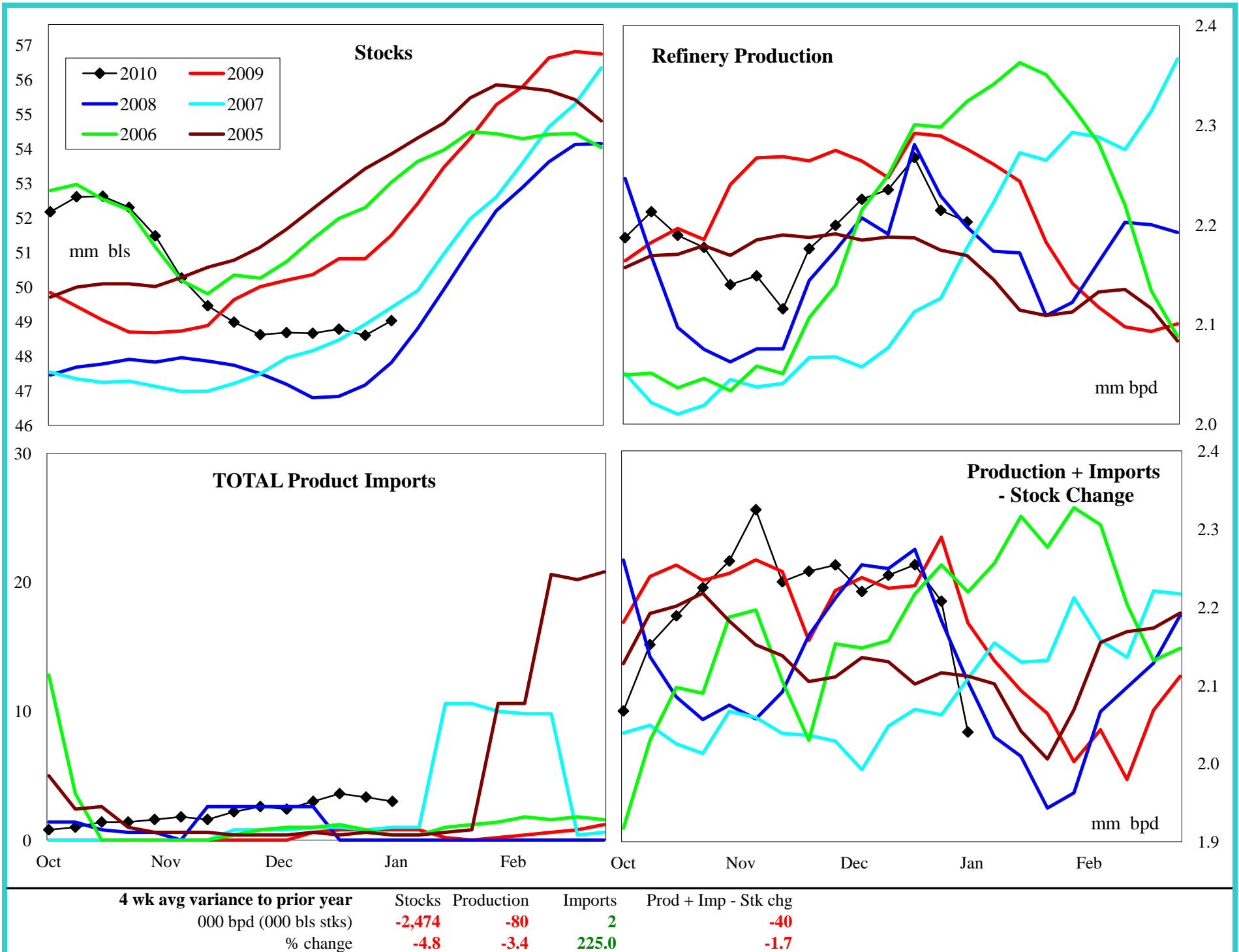
# PADD 1 Residual Fuel Oil Supply



# PADD 2 Crude Oil Supply and Refining

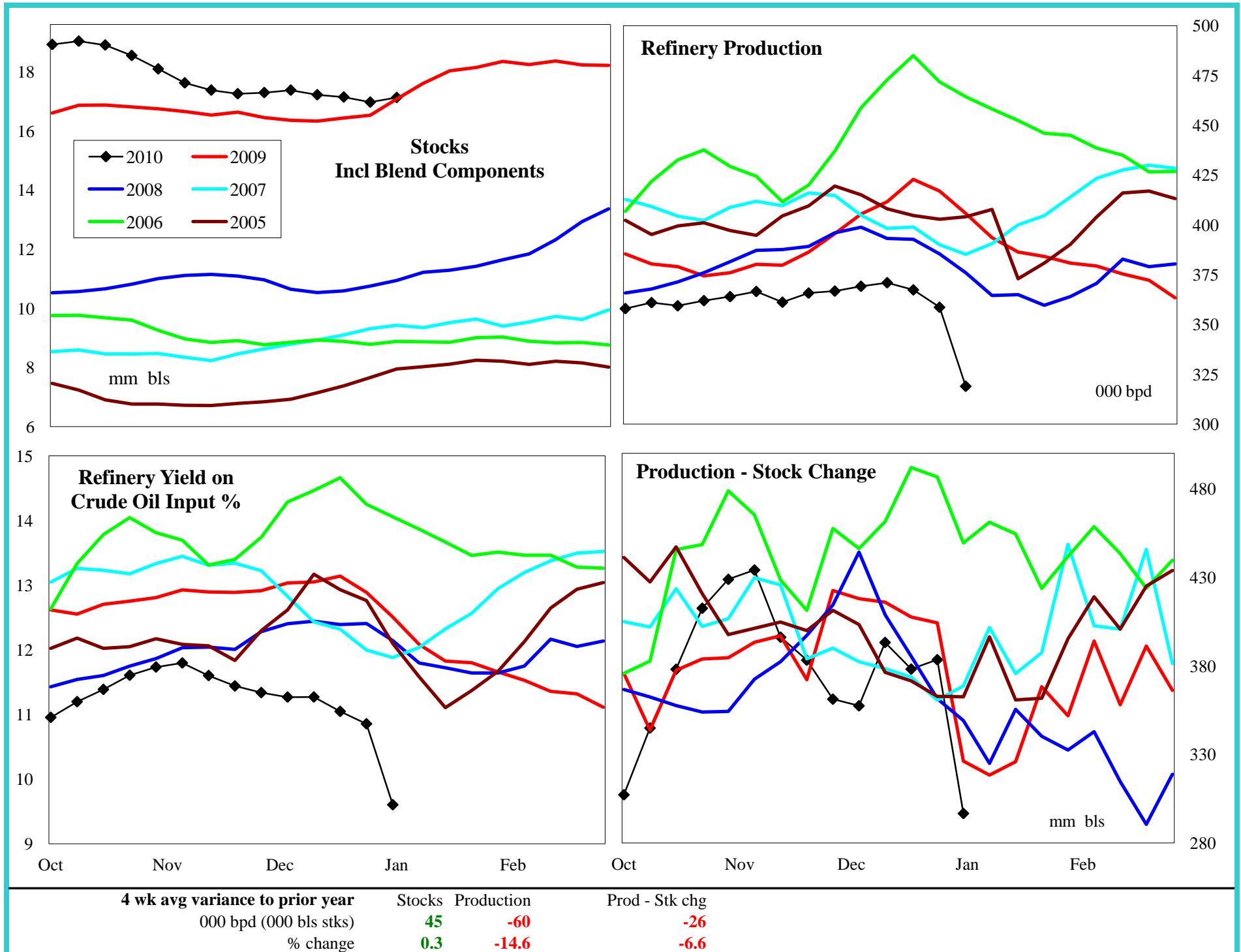


# PADD 2 Gasoline Supply

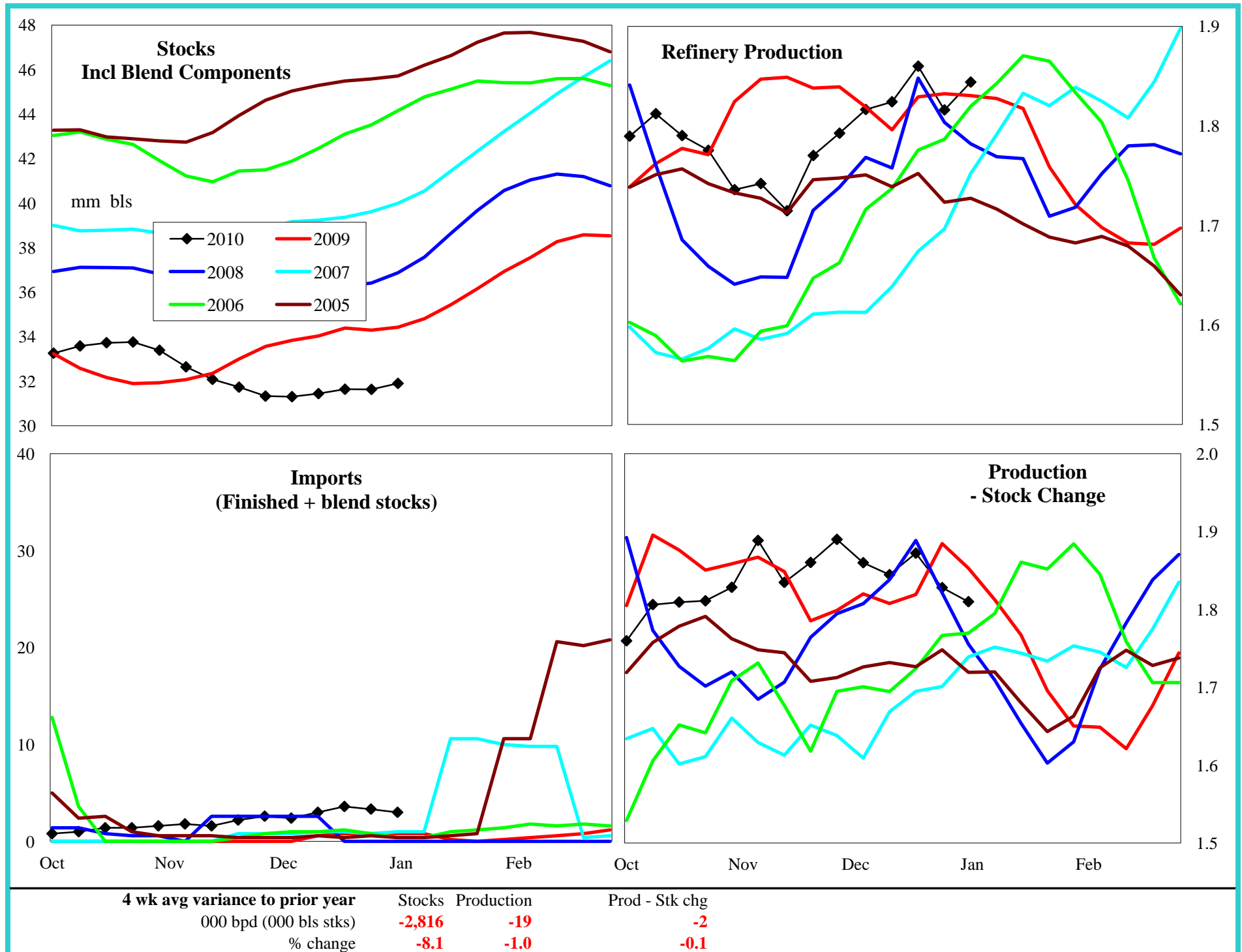




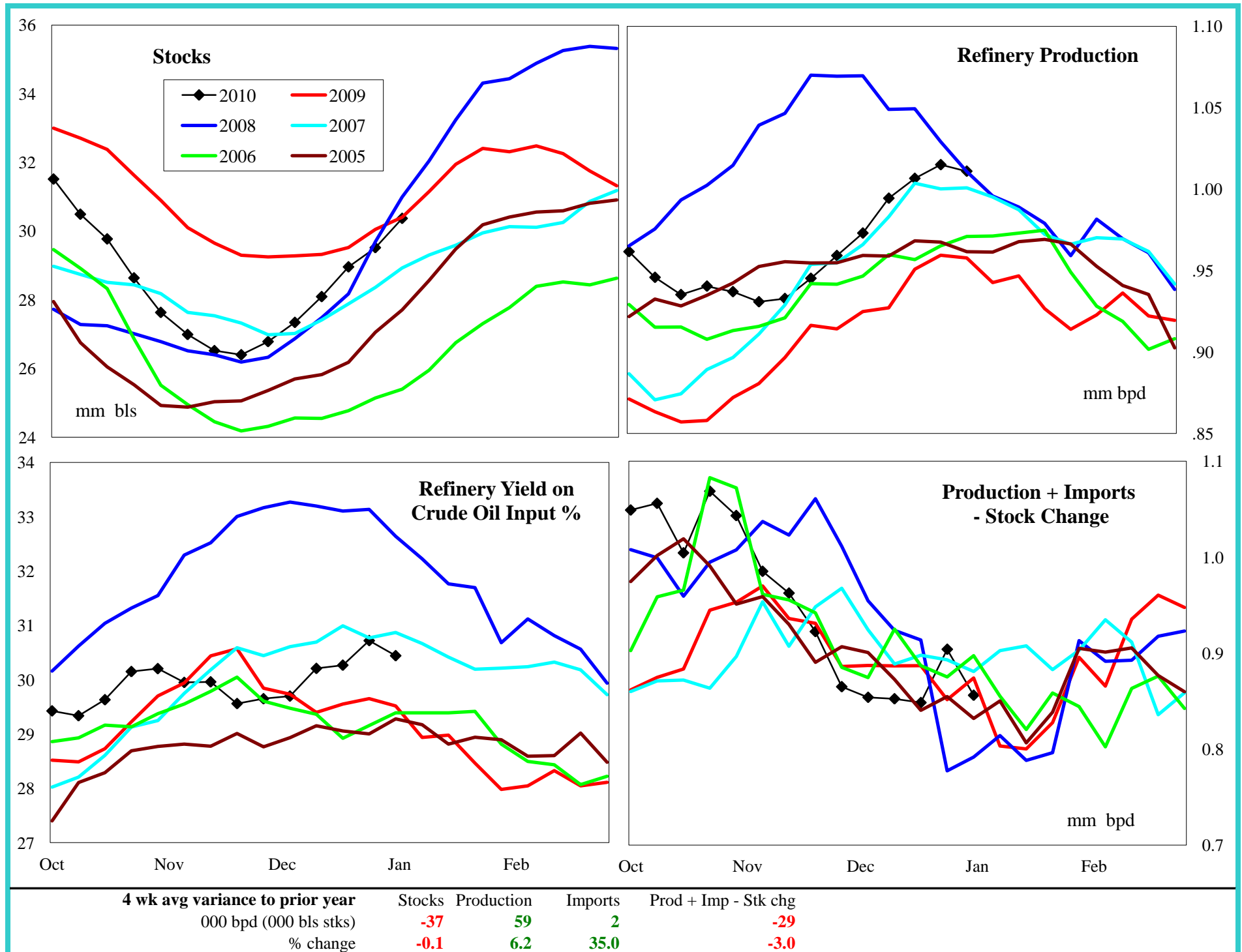
# PADD 2 Reformulated Gasoline Supply



# PADD 2 Conventional Gasoline Supply



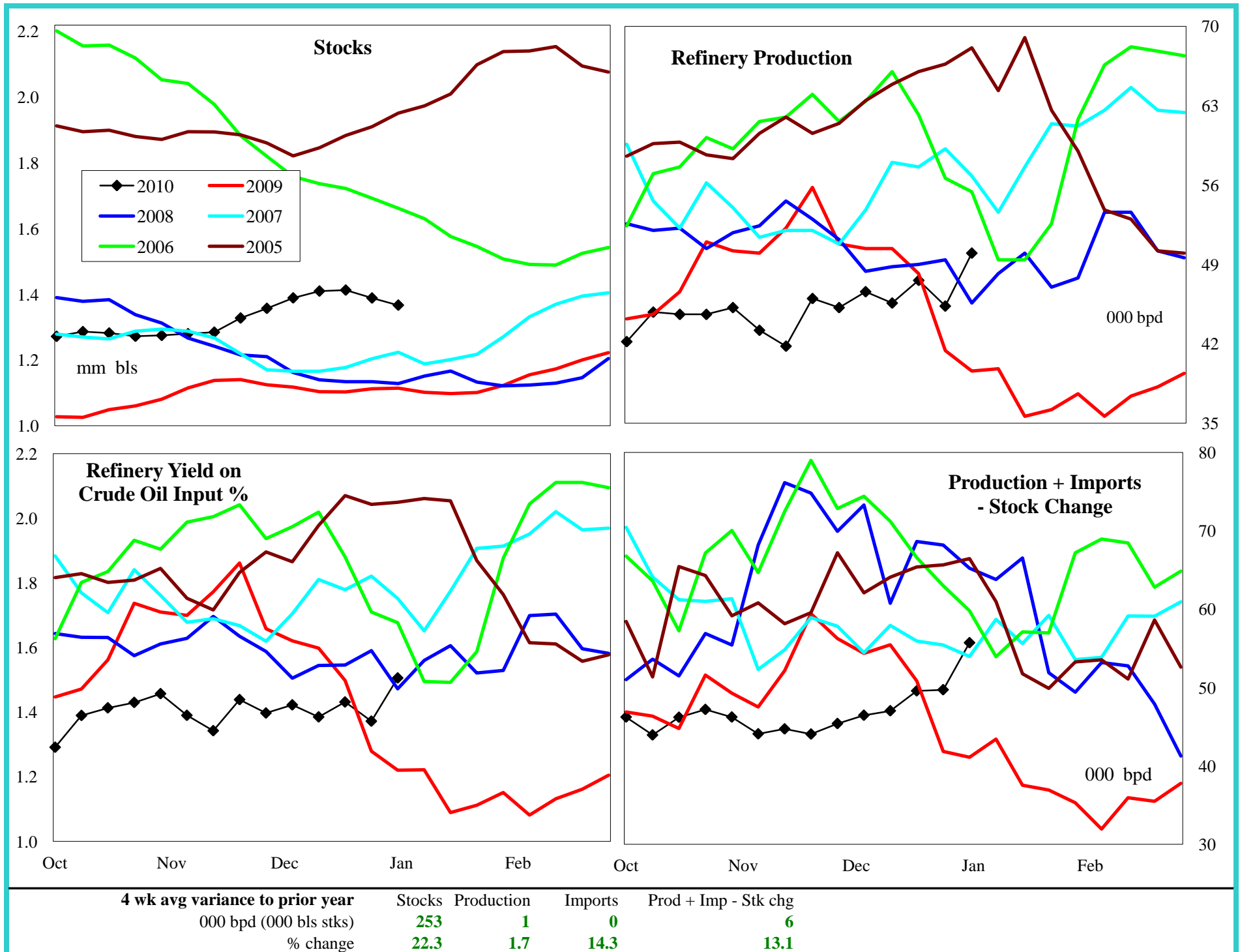
# PADD 2 Distillate Supply



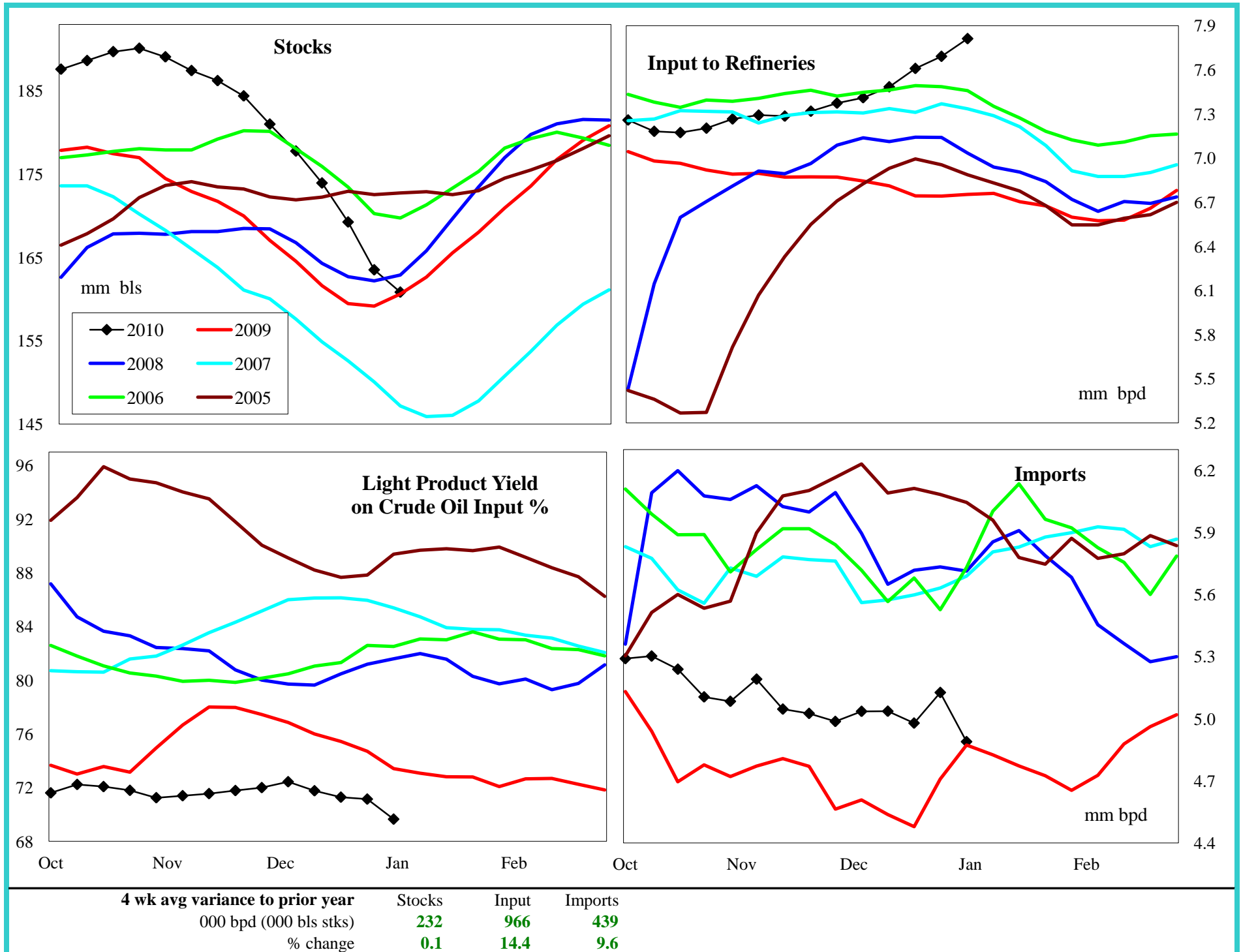
# PADD 2 Jet Fuel Supply



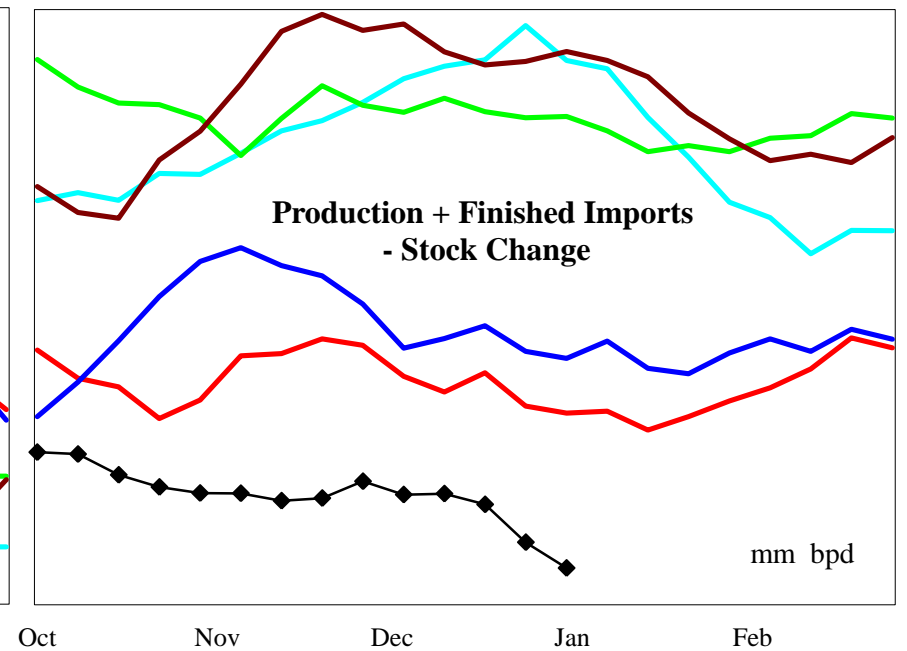
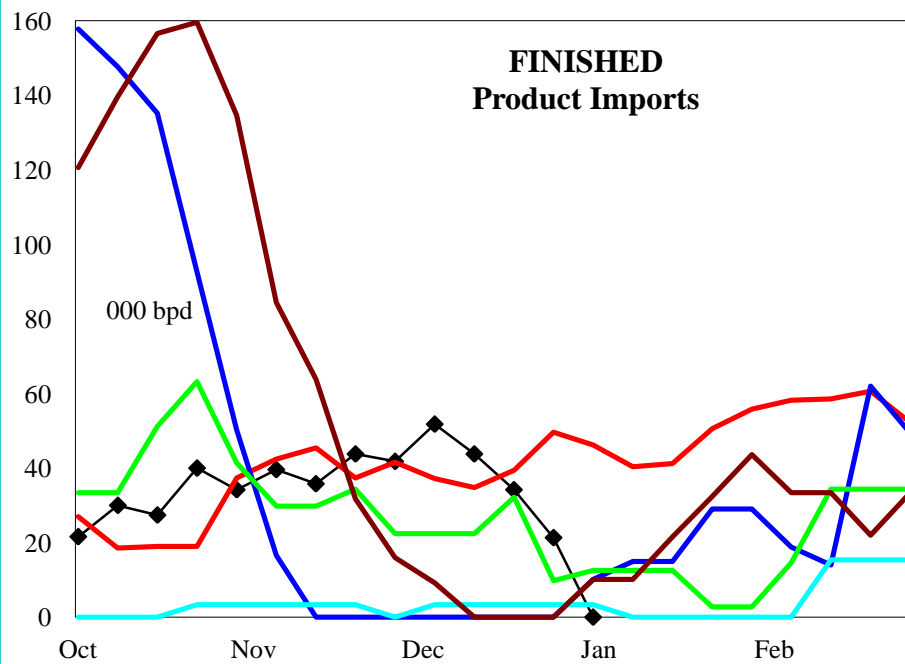
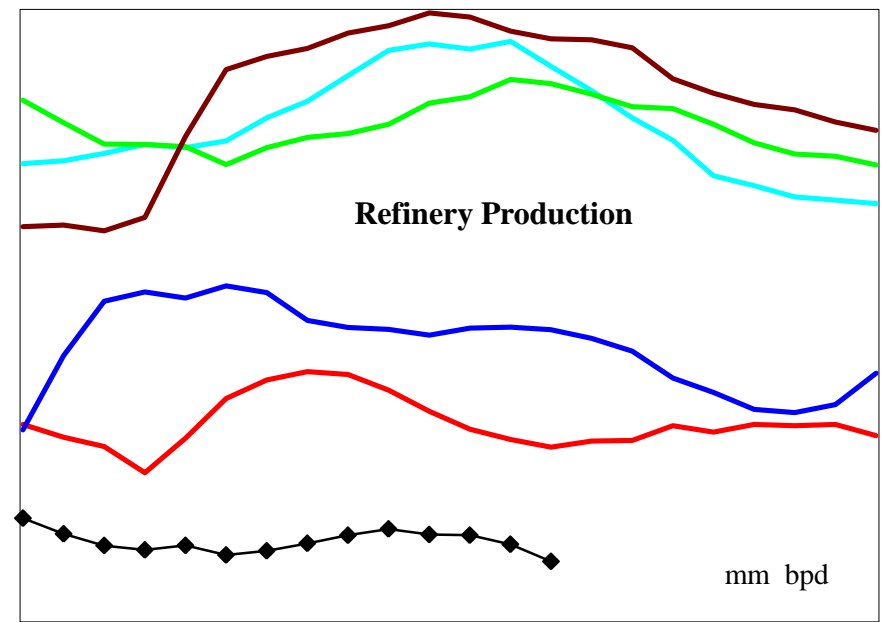
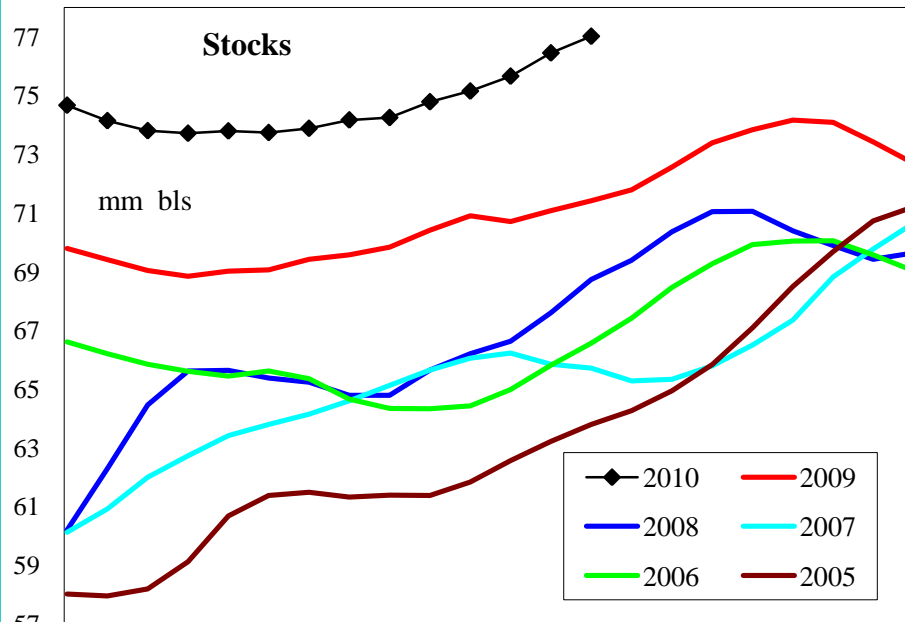
# PADD 2 Residual Fuel Oil Supply



# 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

6,696

9.5

Production

-234

-9.5

Fin Impt

-19

-38.7

Blend Impt

-18

-38.5

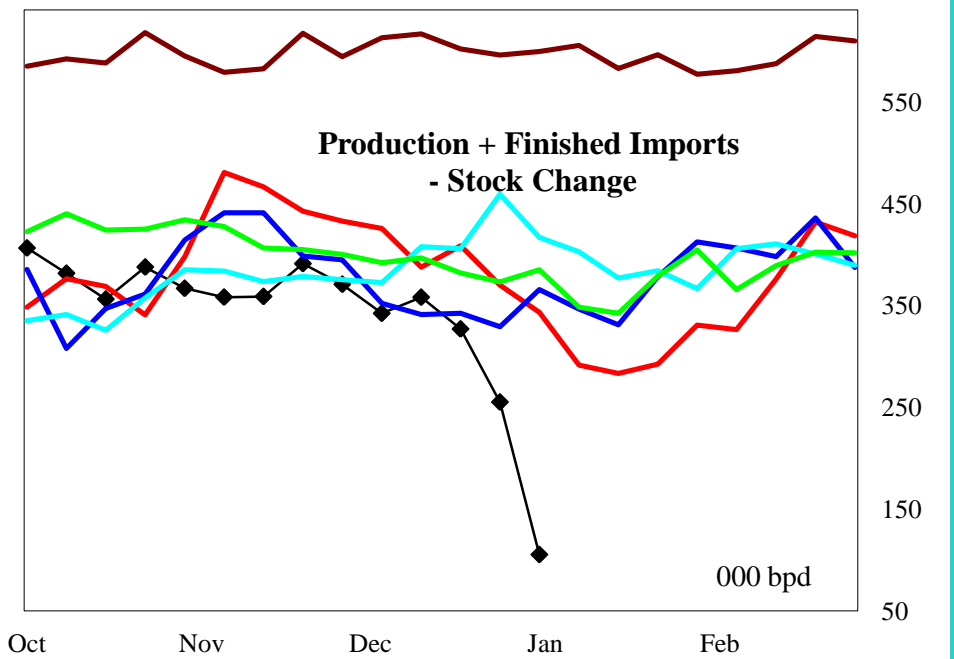
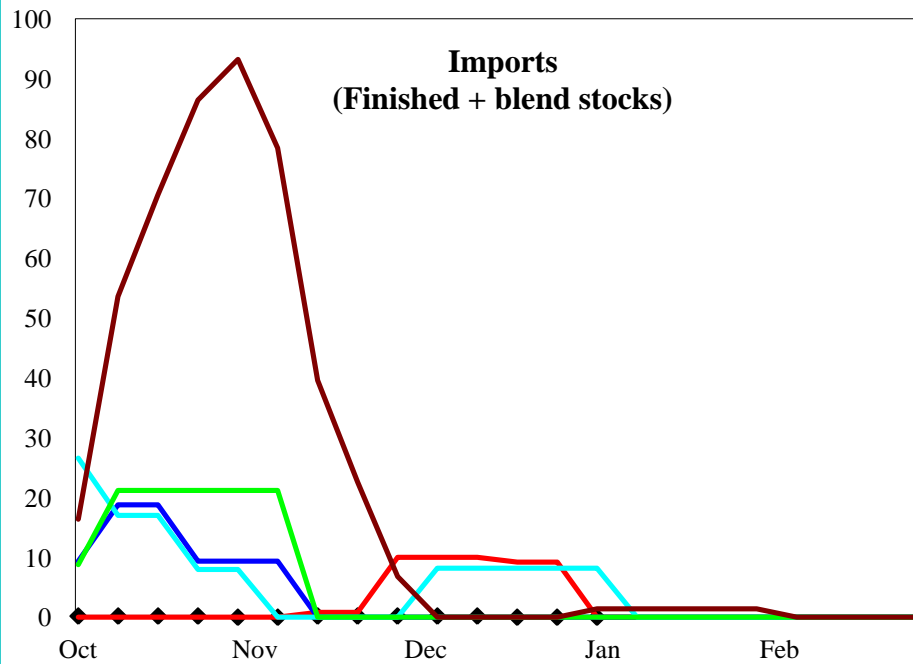
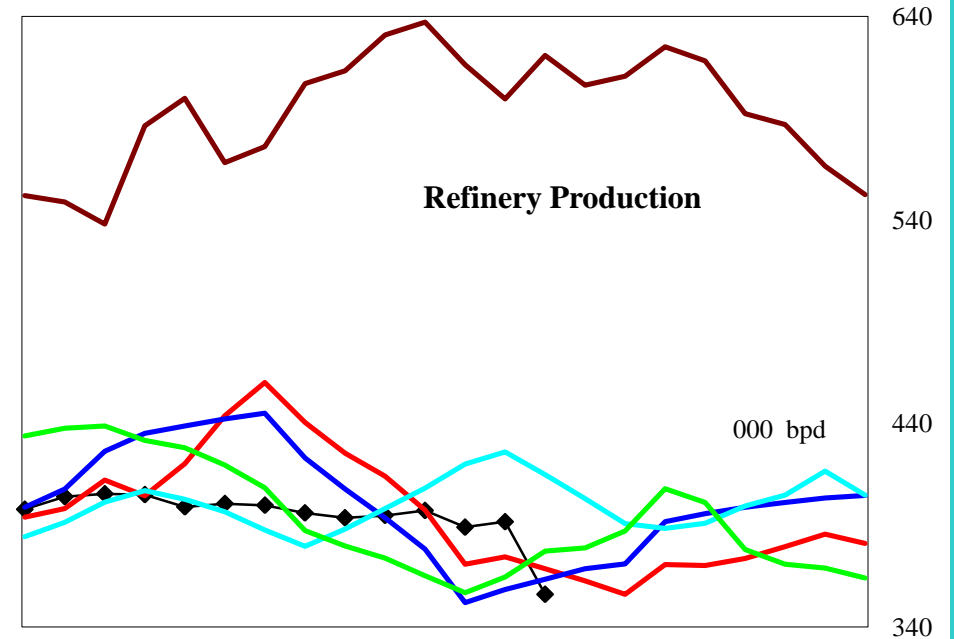
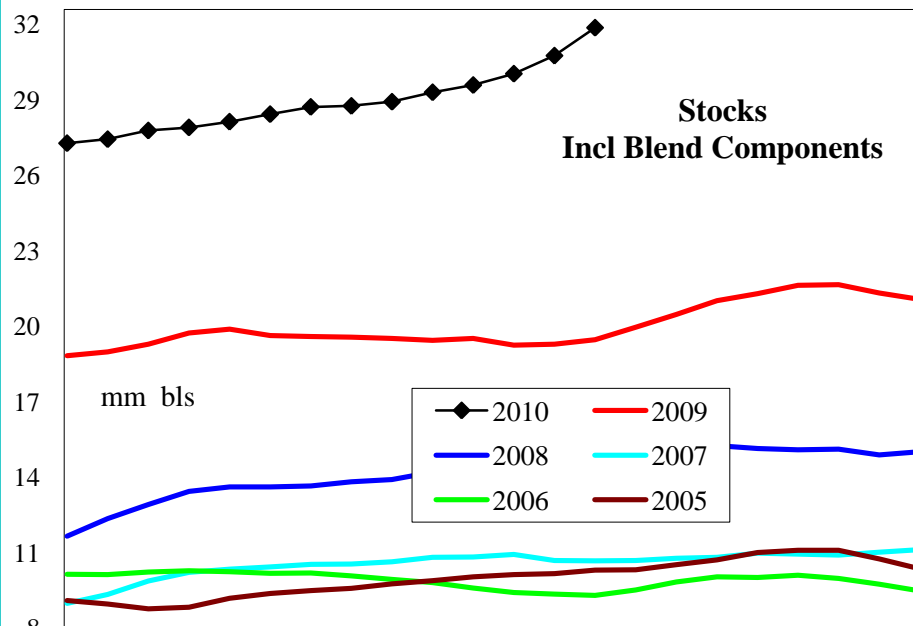
Prod + Imp - Stk chg

-321

-12.8



# PADD 3 Reformulated Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

**Stocks**

**13,233**

**69.5**

**Production**

**16**

**4.1**

**Imports**

**-12**

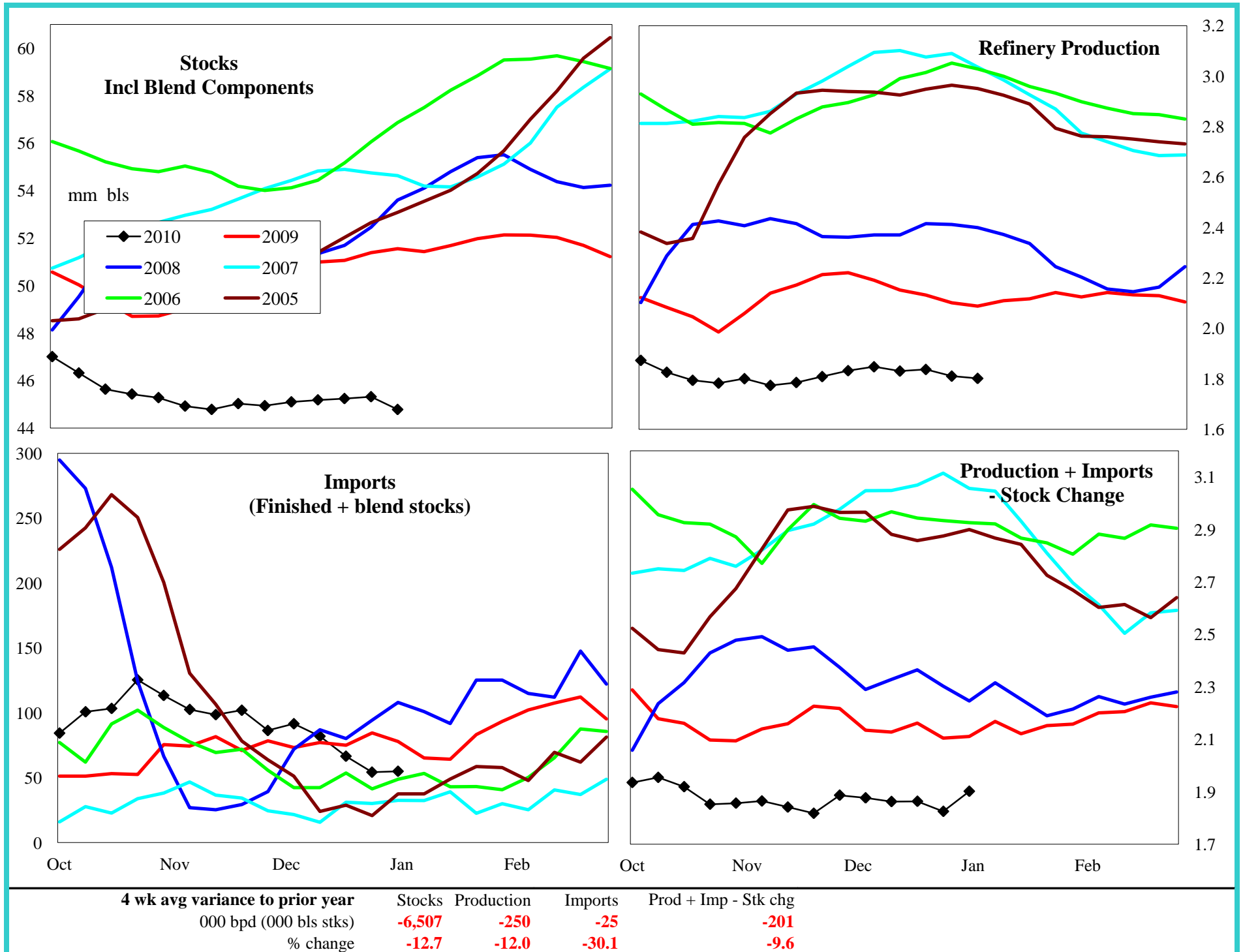
**-100.0**

**Prod + Imp - Stk chg**

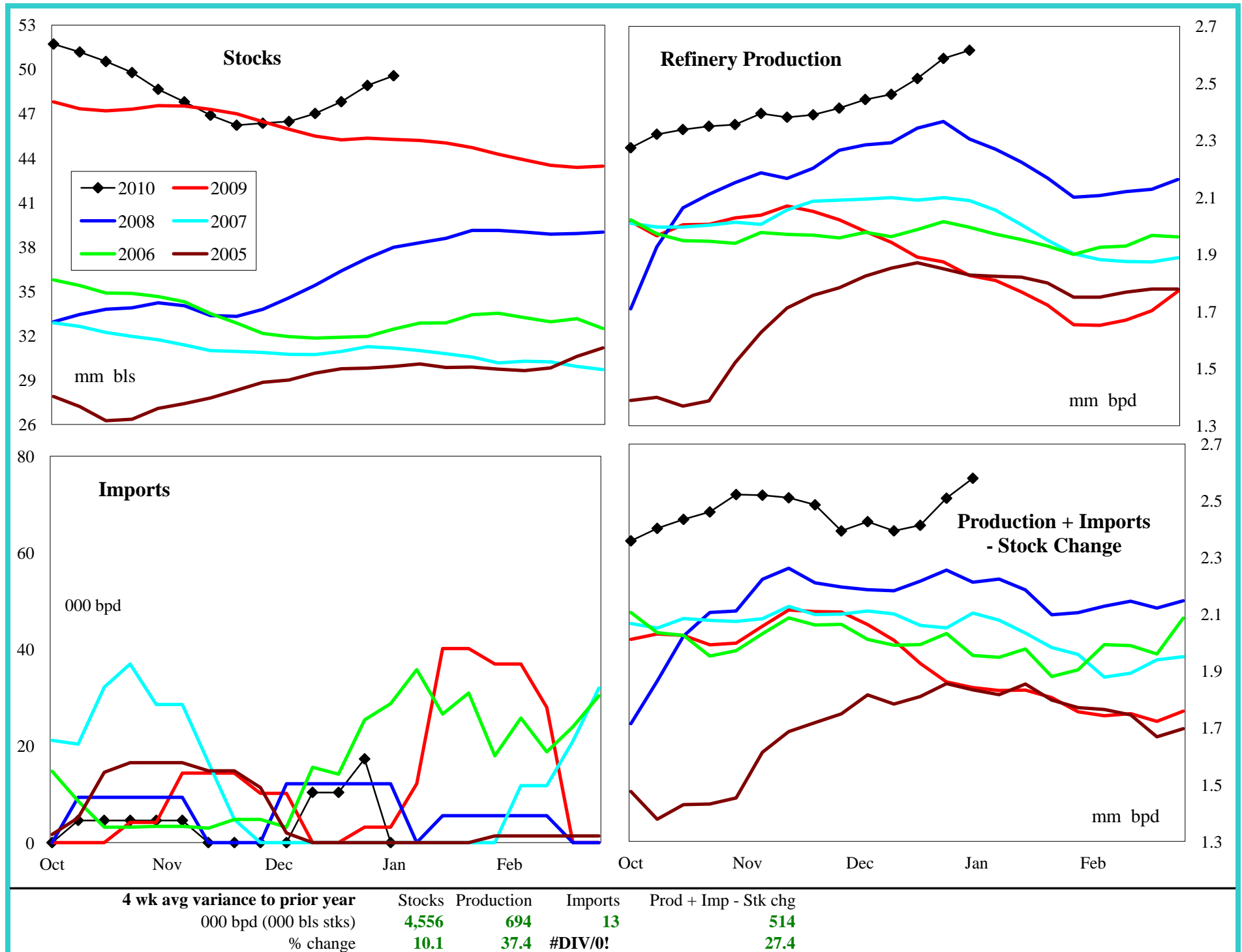
**-120**

**-29.0**

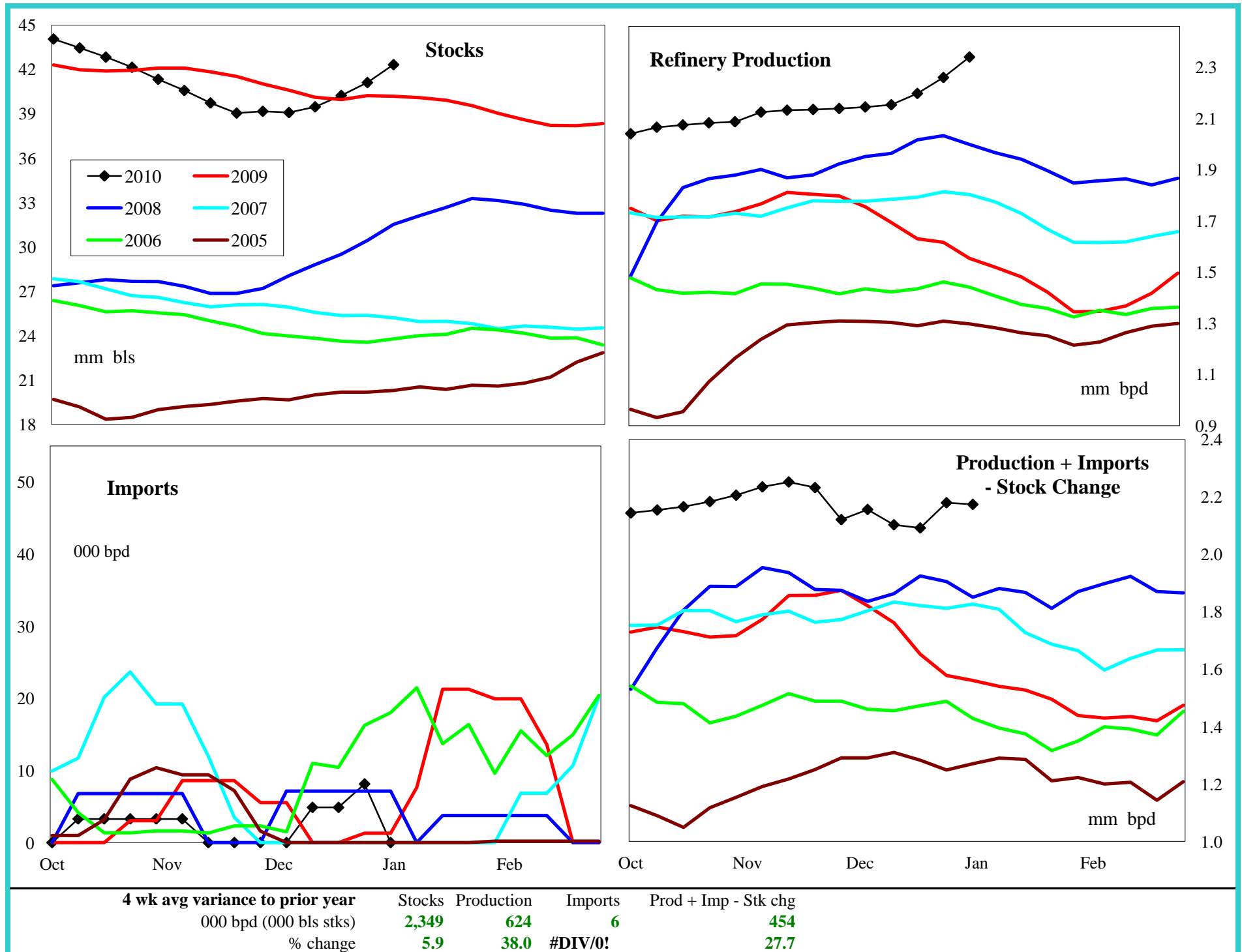
# PADD 3 Conventional Gasoline Supply



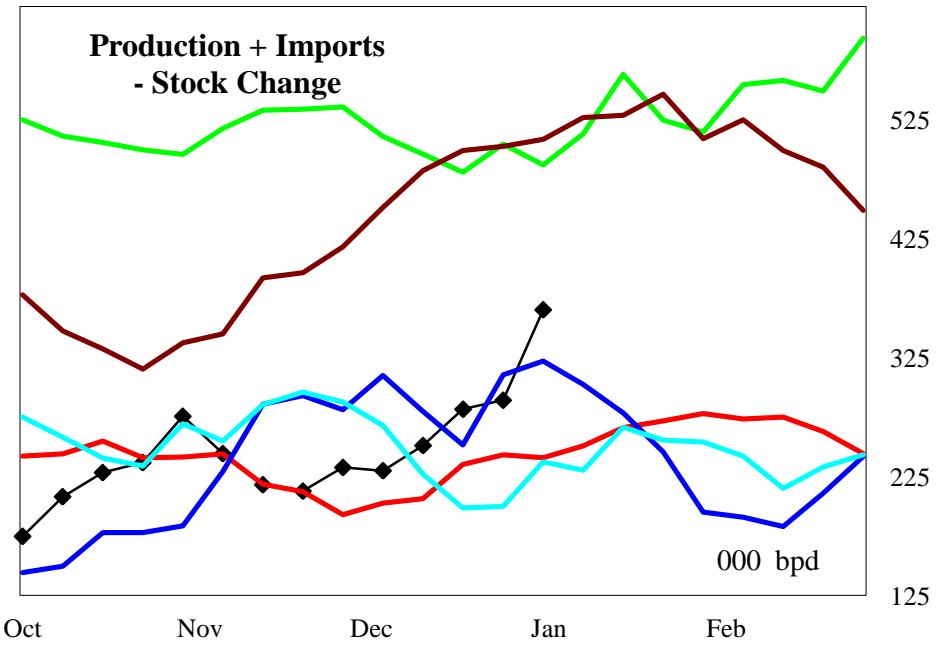
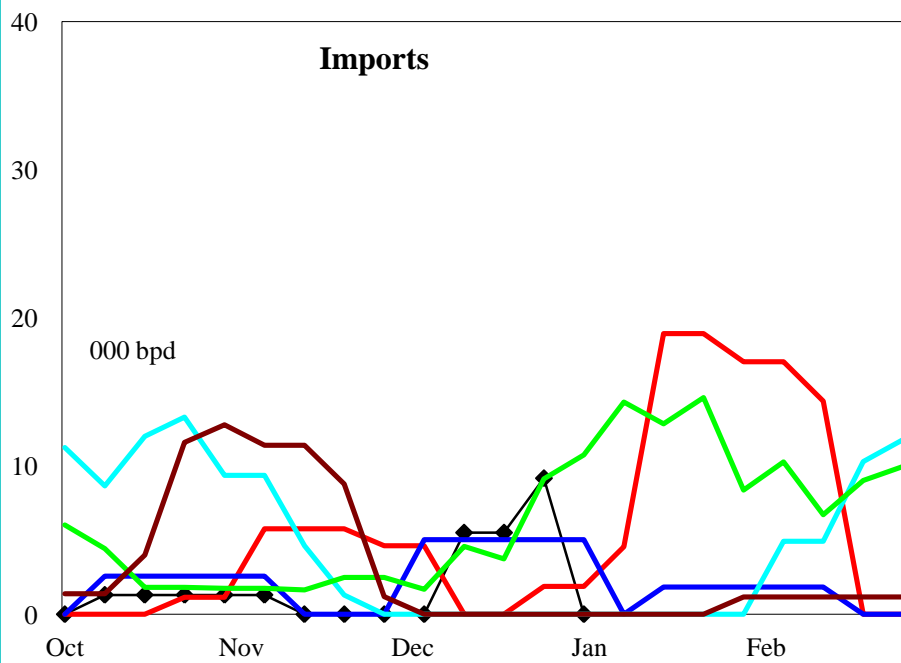
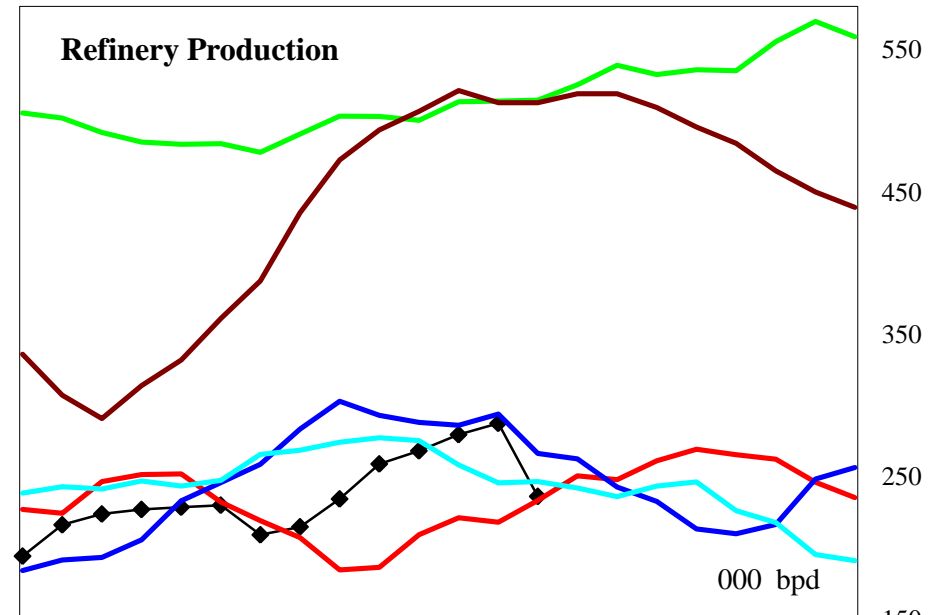
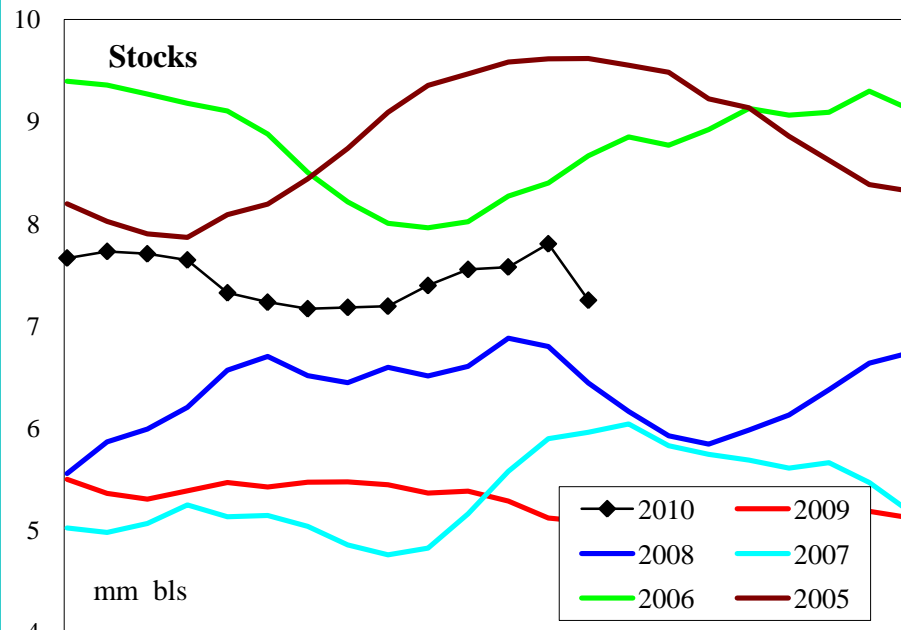
# PADD 3 Distillate Supply



# PADD 3 Low Sulfur Distillate Supply



# PADD 3 High Sulfur Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

2,206

43.7

Production

71

32.8

Imports

7

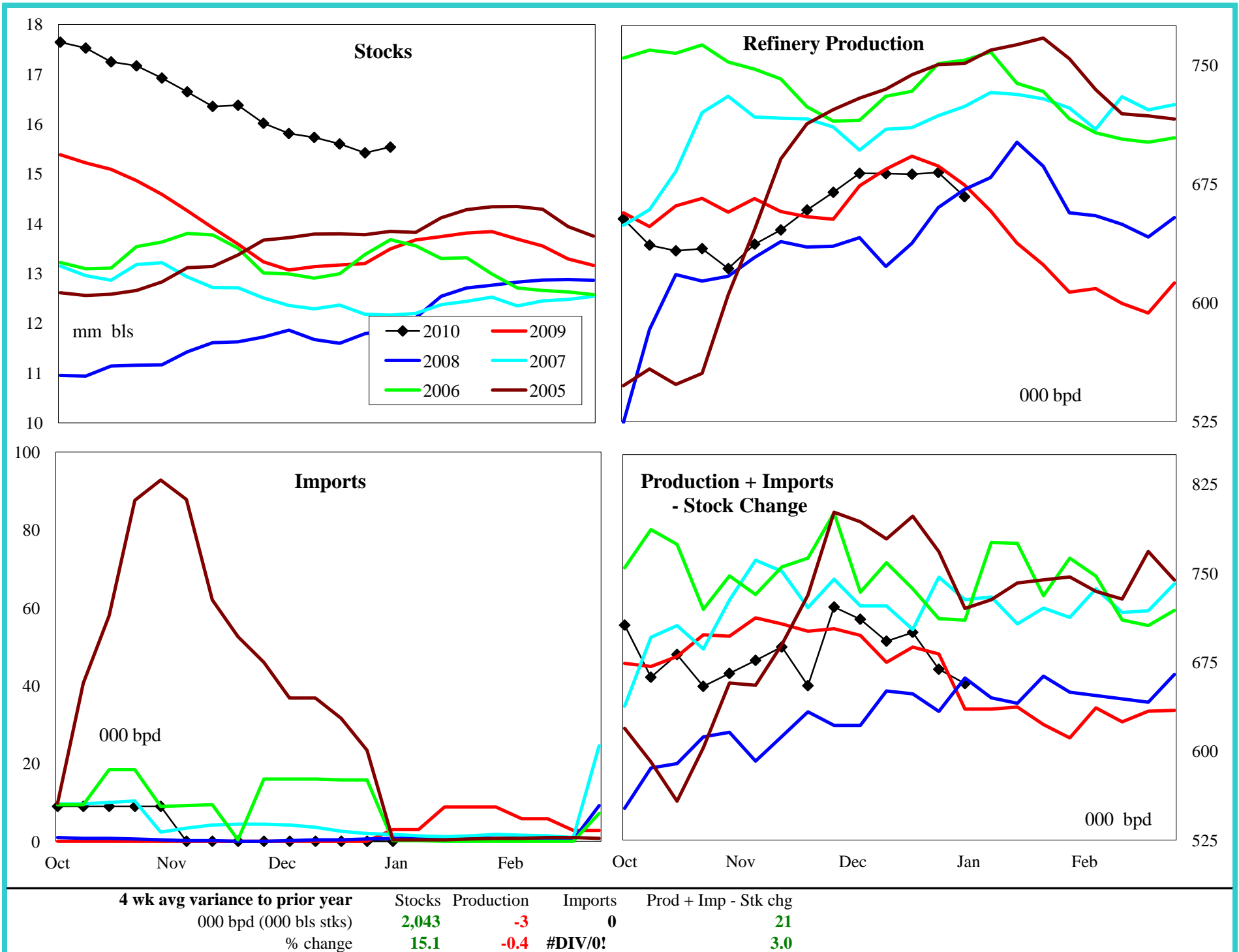
#DIV/0!

Prod + Imp - Stk chg

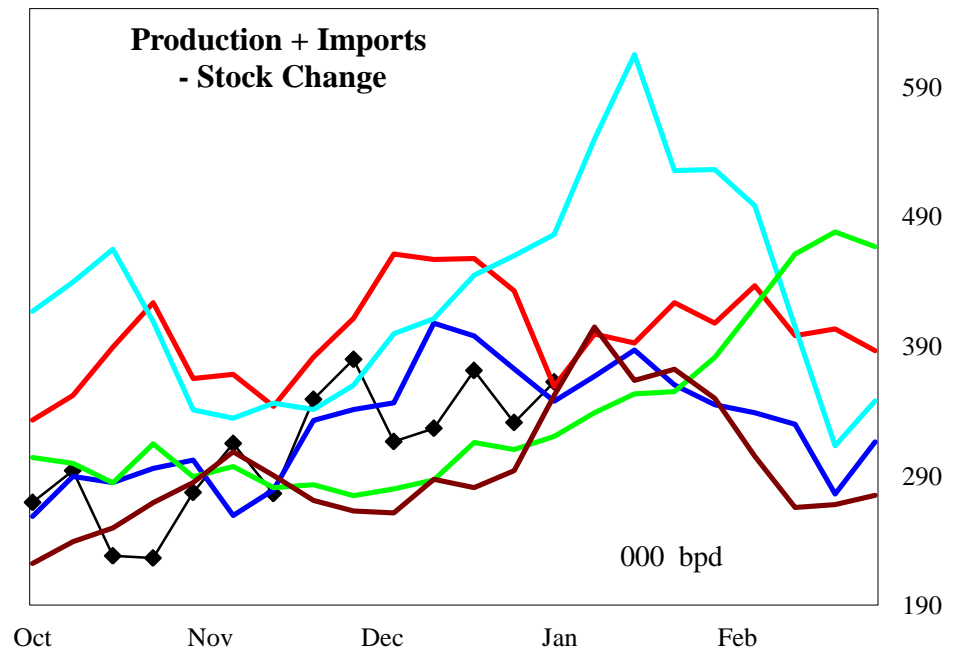
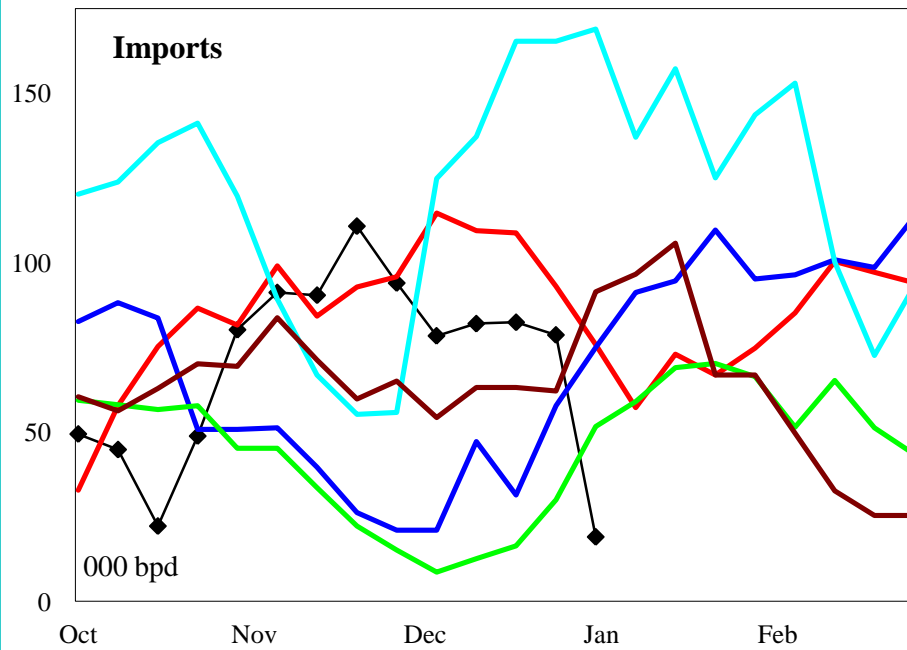
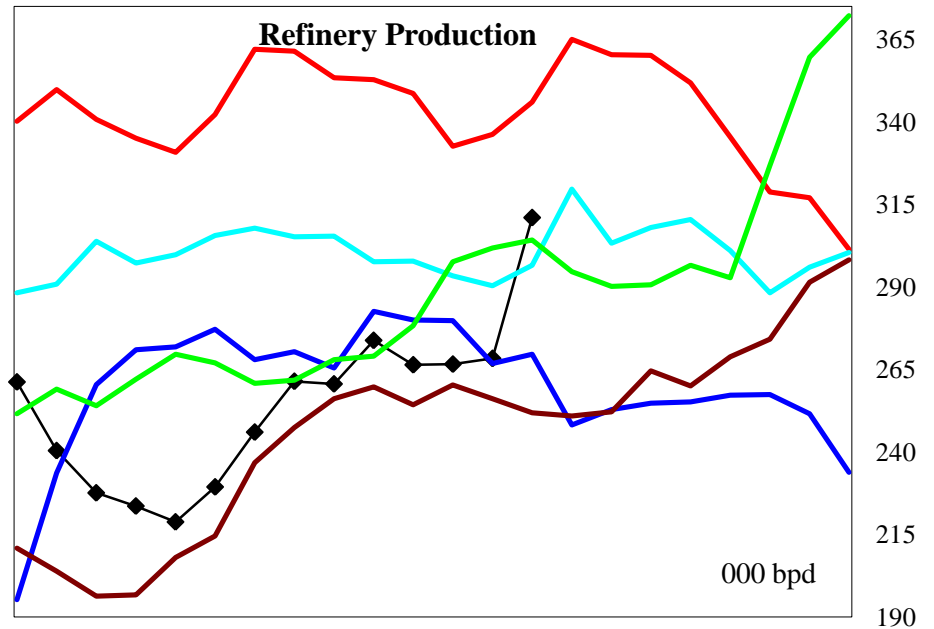
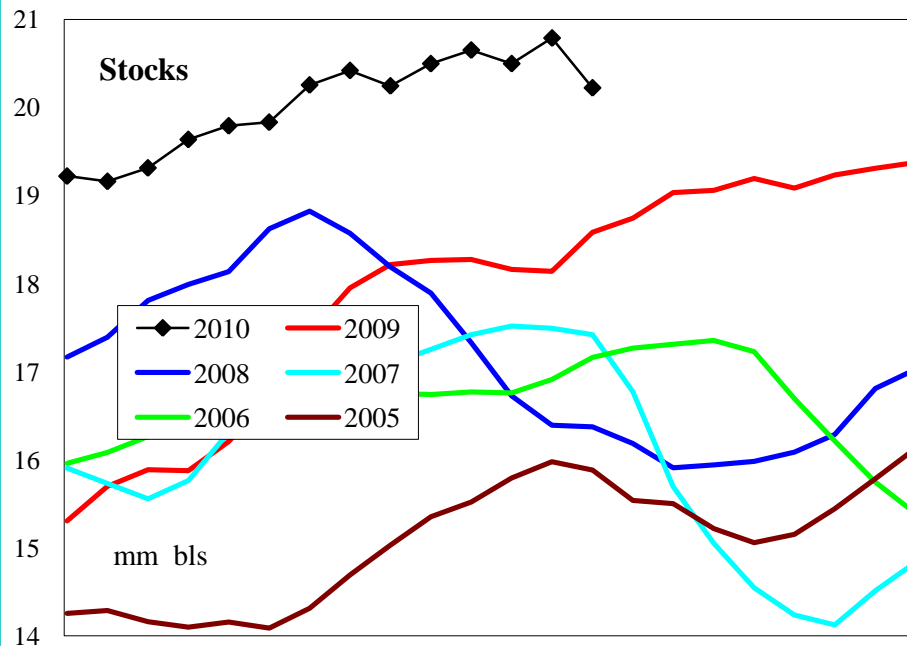
60

25.2

# 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

**1,641**

**8.8**

Production

**-70**

**-20.9**

Imports

**-28**

**-26.8**

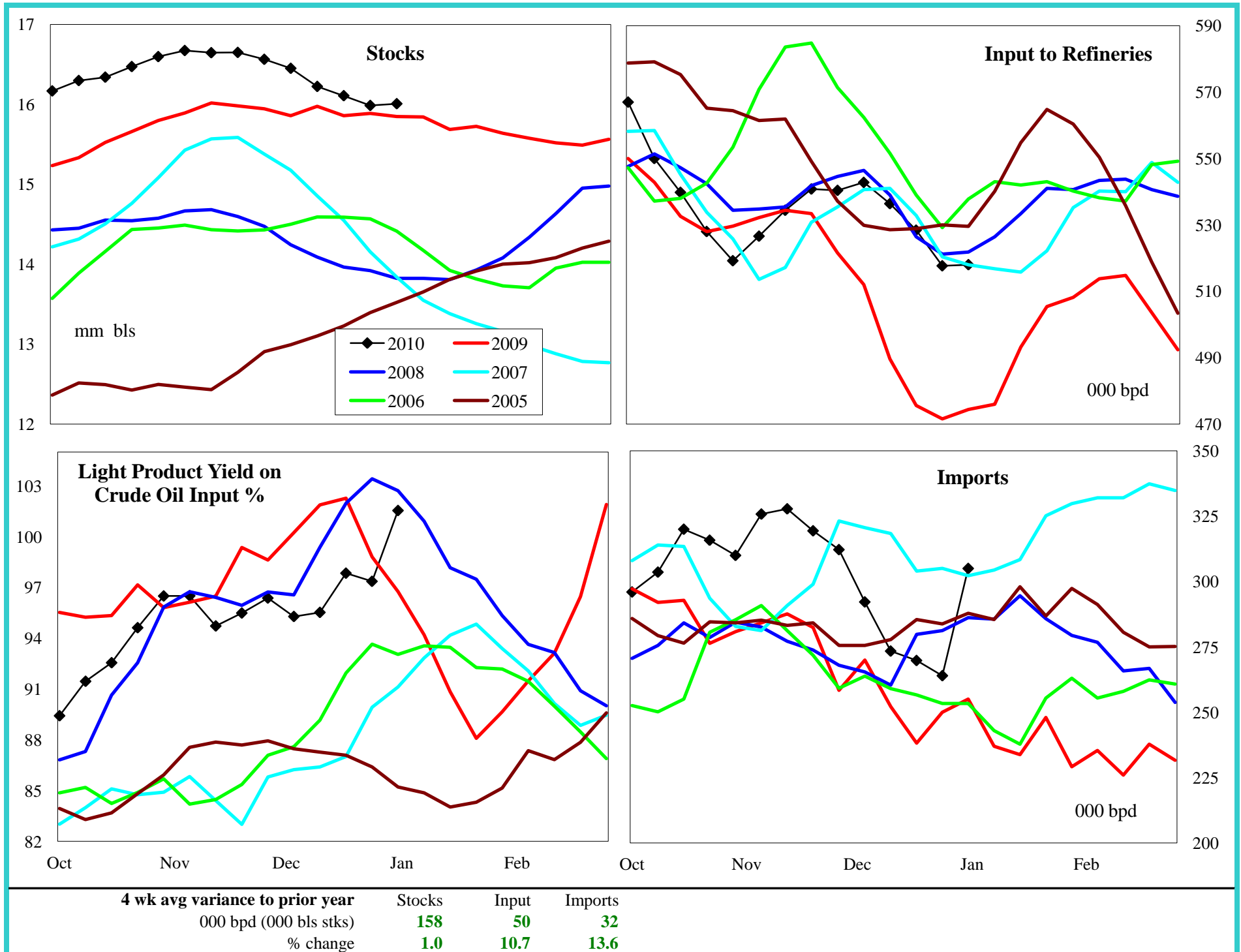
Prod + Imp - Stk chg

**-87**

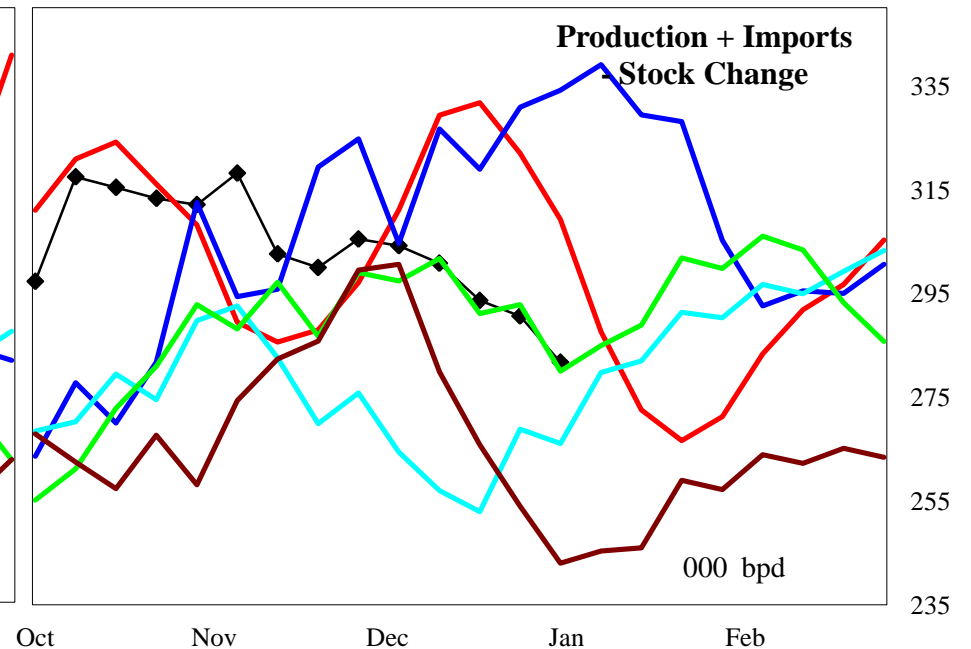
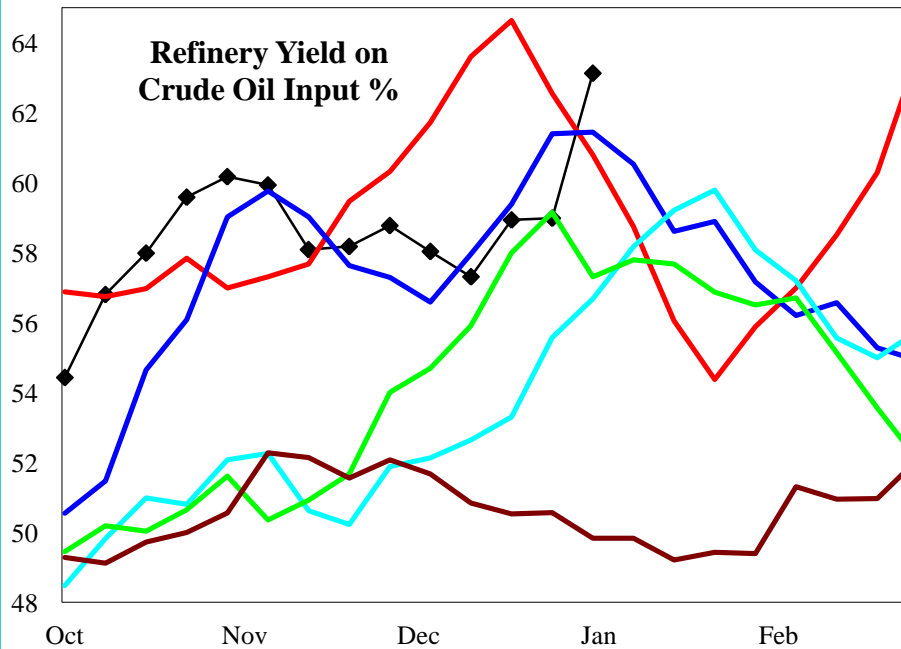
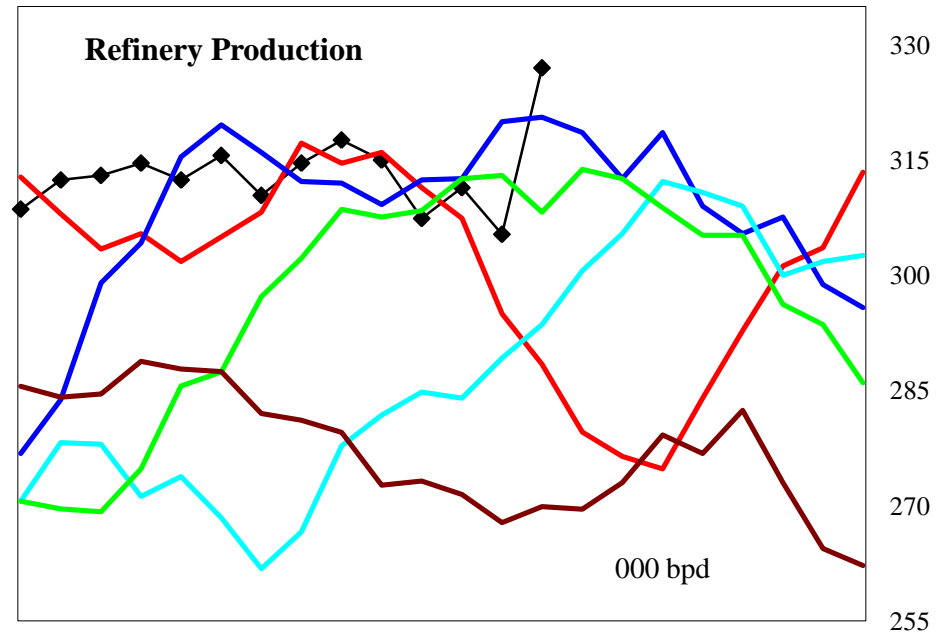
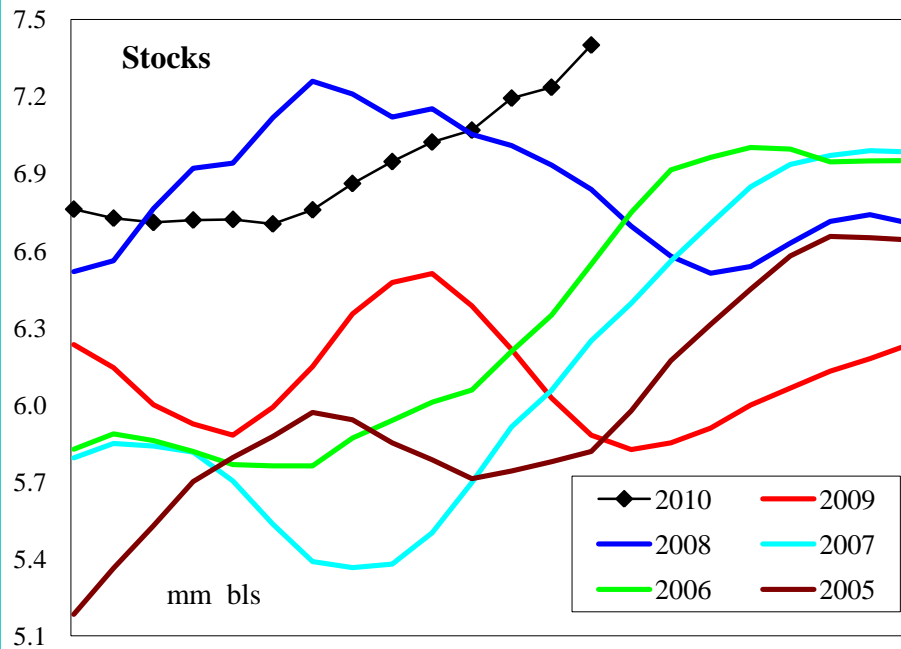
**-20.4**



# 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

**1,519**

**25.8**

Production

**8**

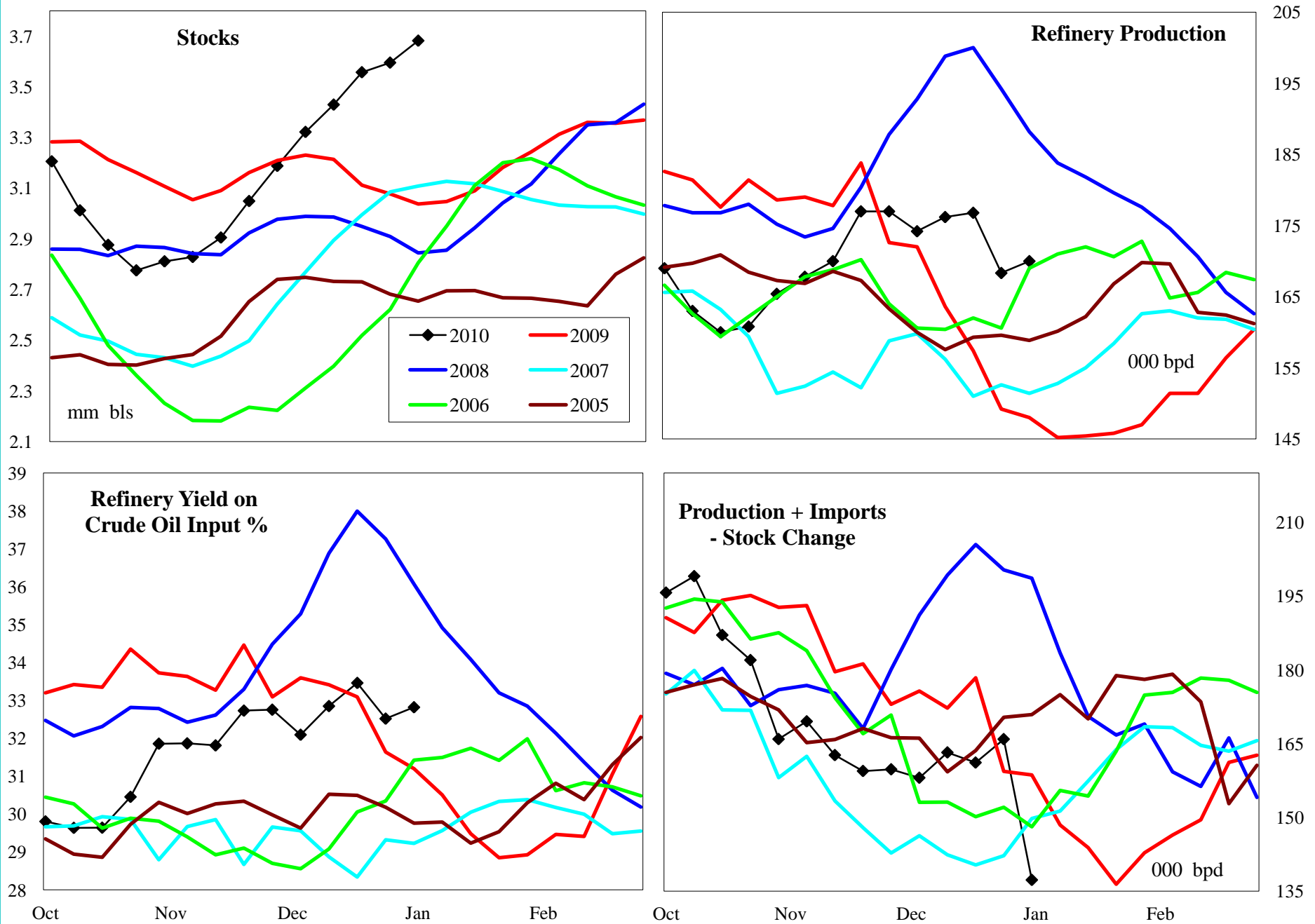
**2.7**

Prod + Imp - Stk chg

**-33**

**-9.7**

# PADD 4 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

644

22

-4

-12

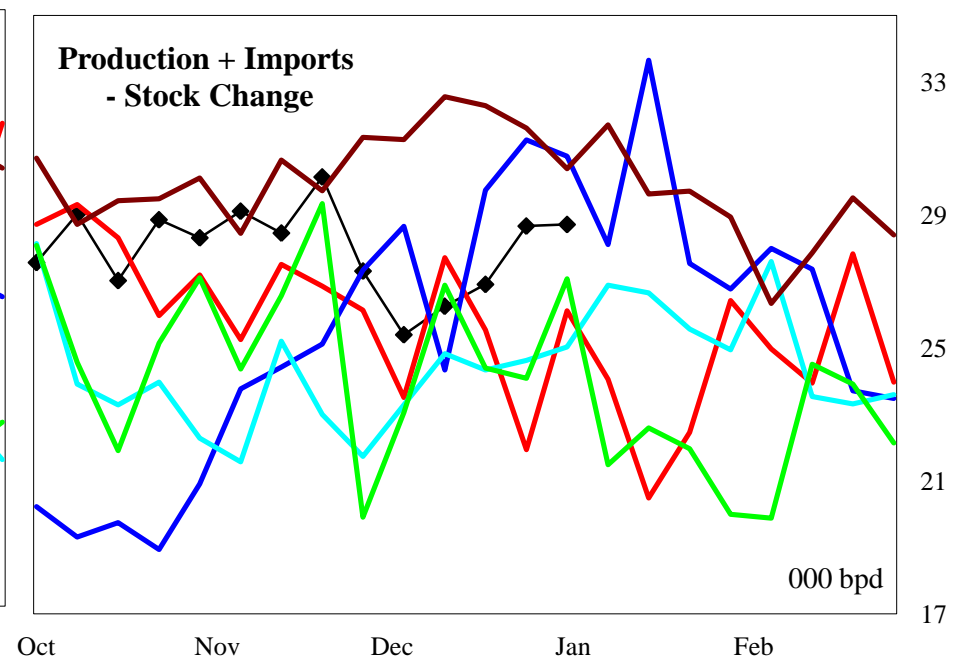
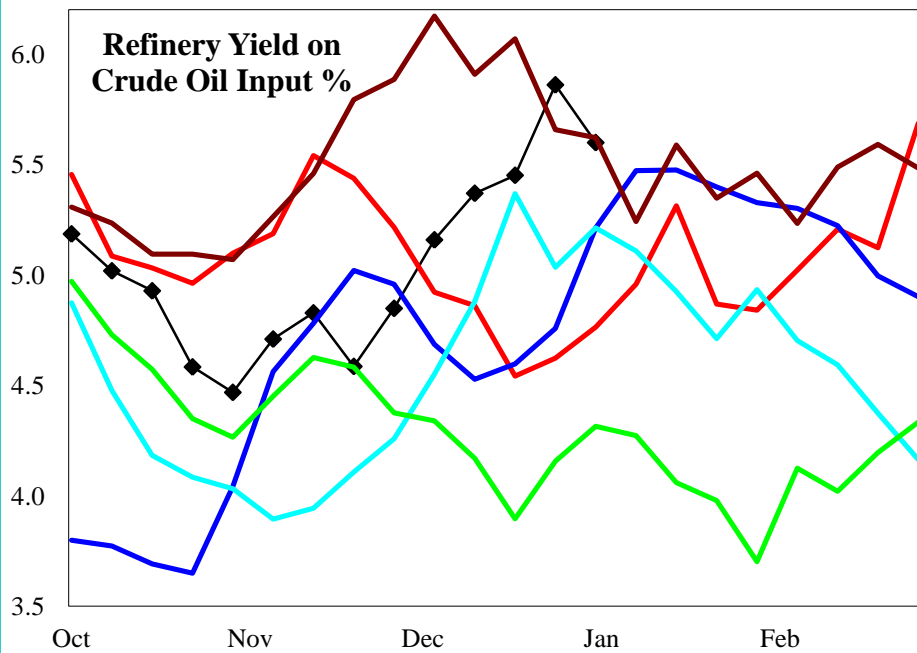
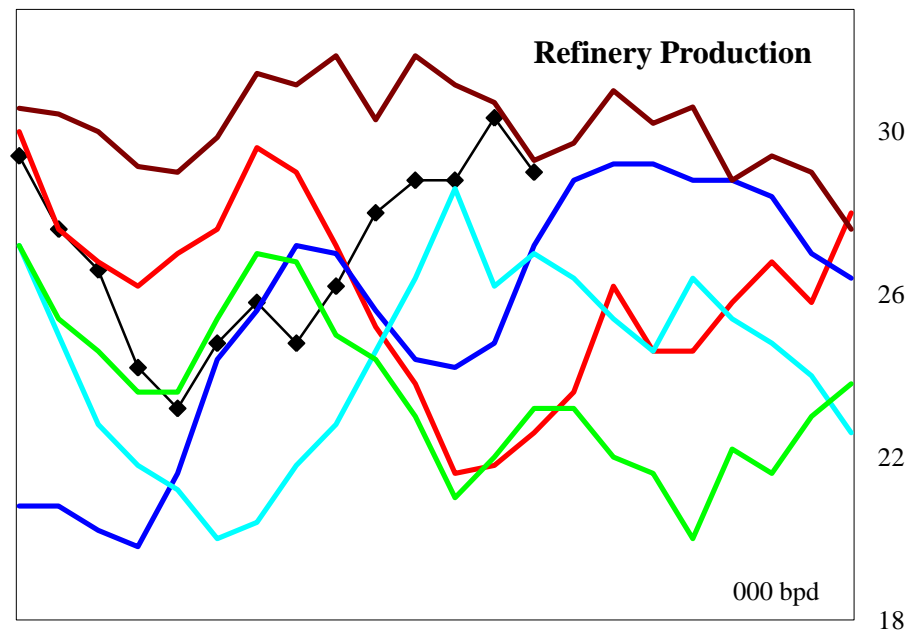
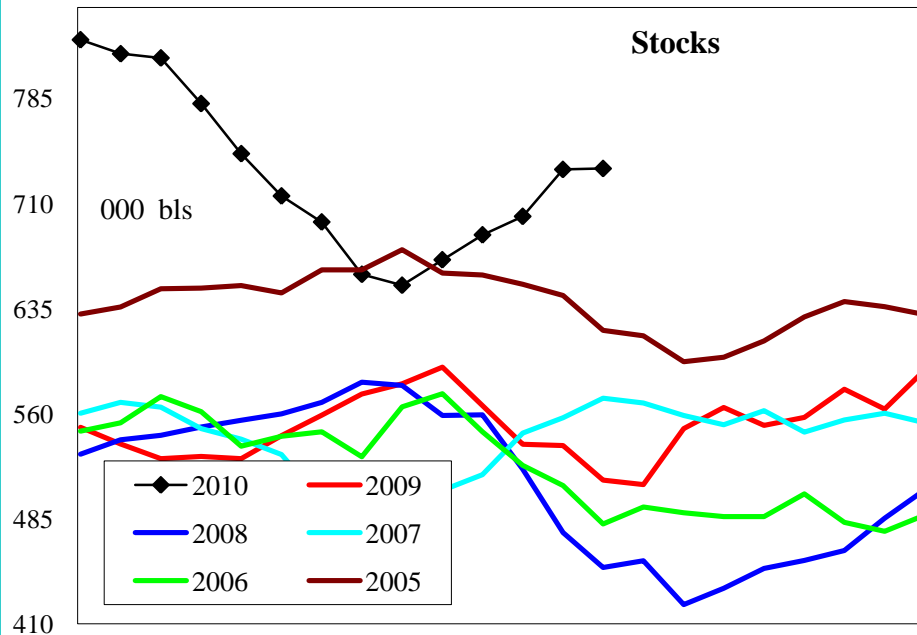
21.2

14.5

-56.0

-7.0

# PADD 4 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

222

9

43.4

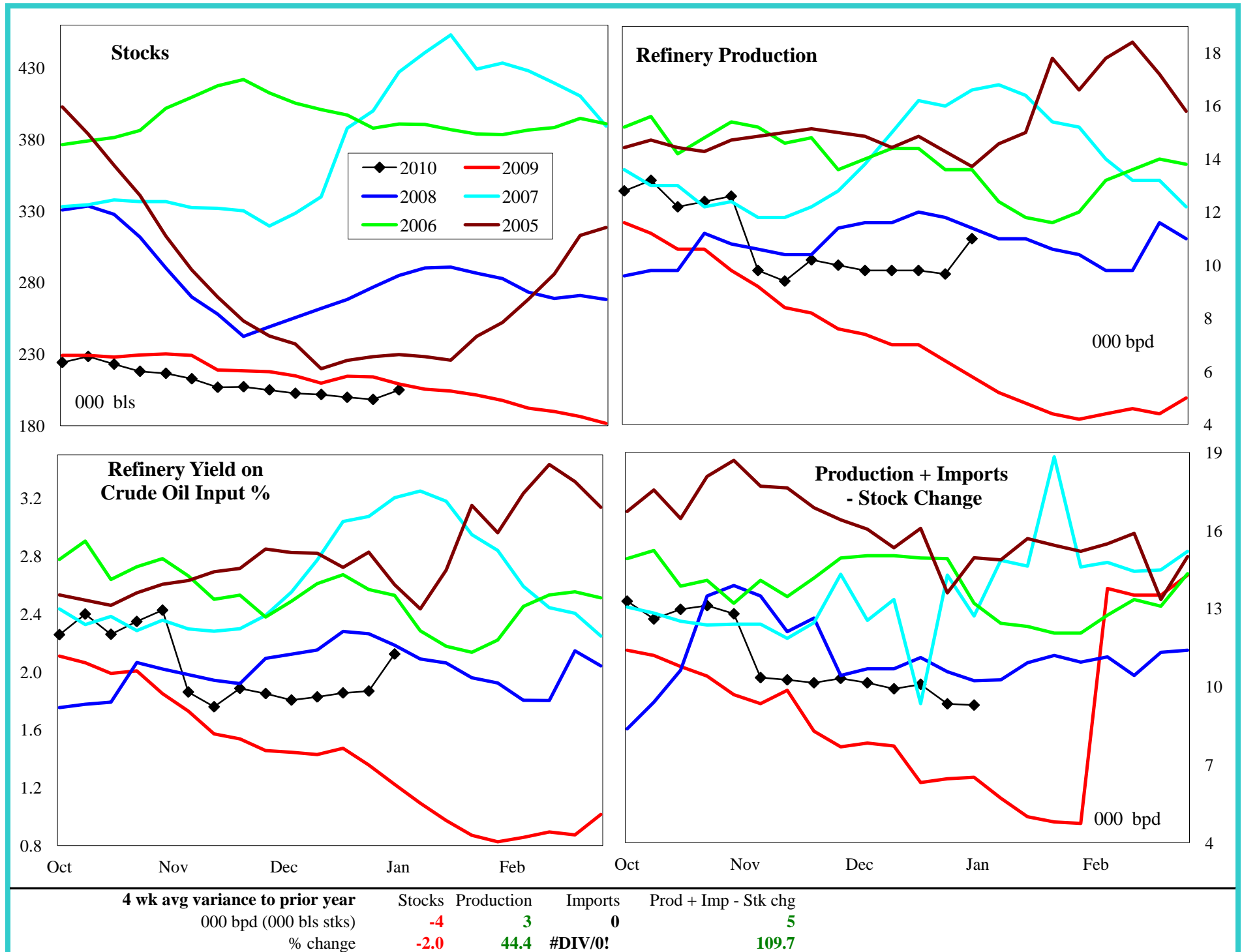
40.0

Prod + Imp - Stk chg

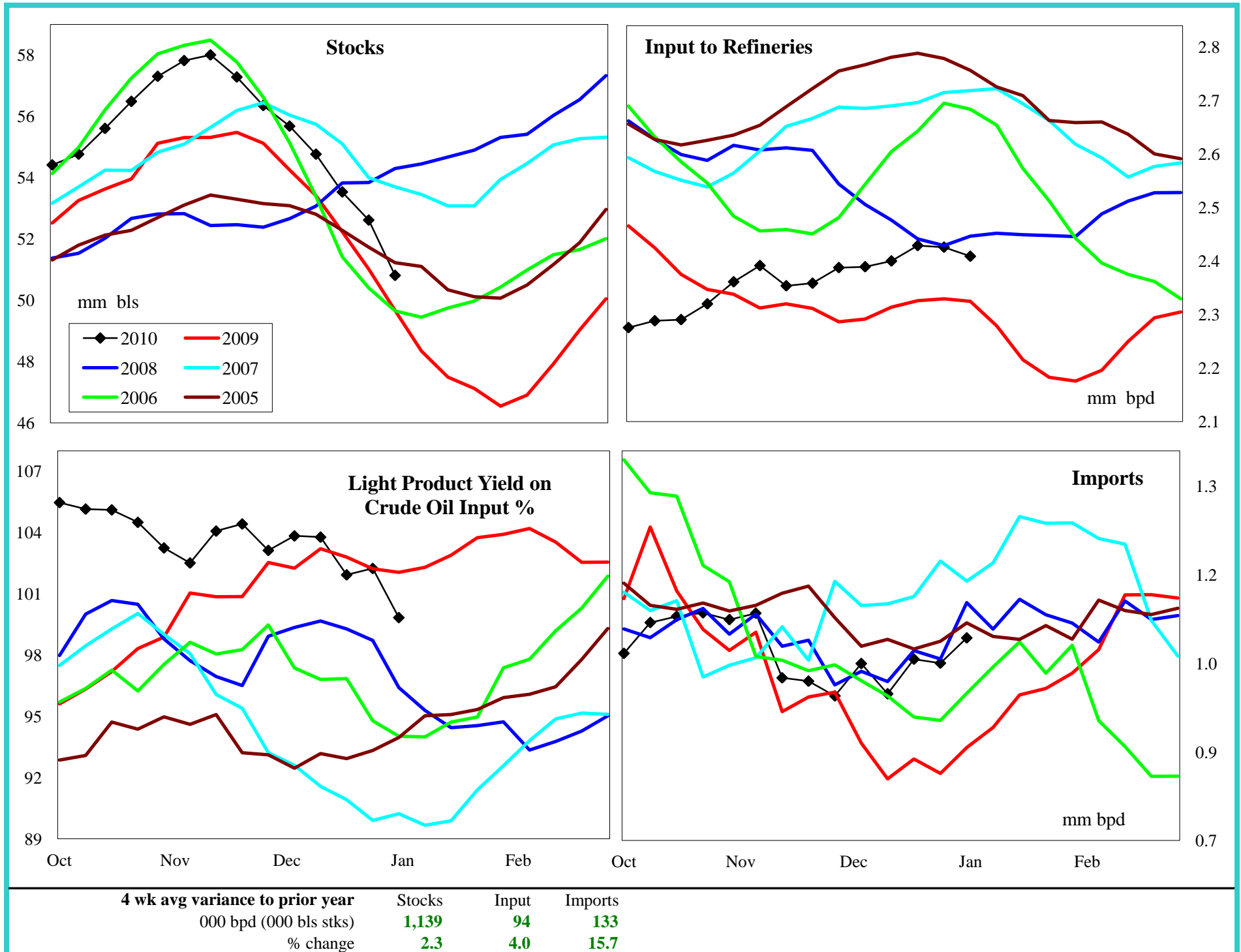
0

-1.0

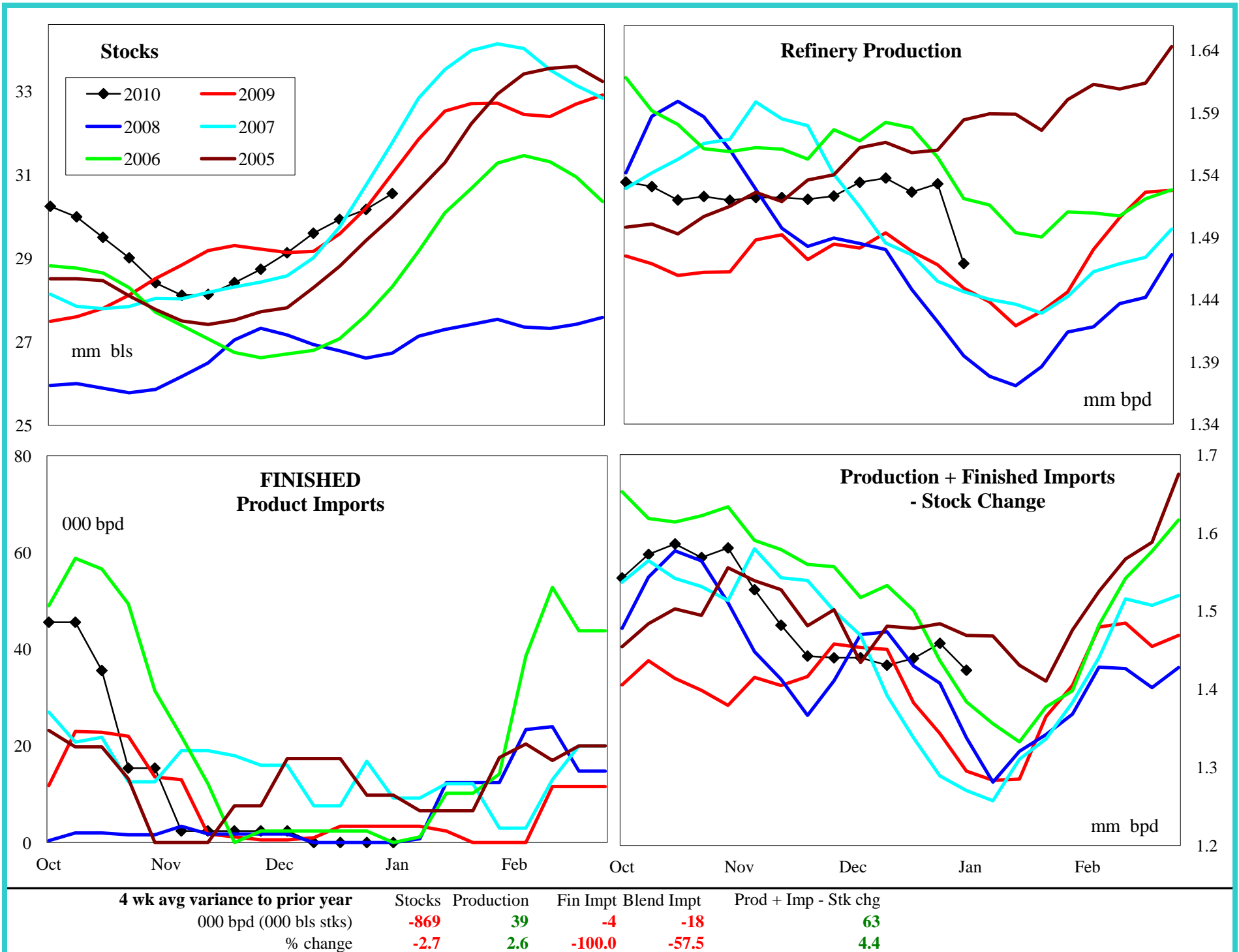
# PADD 4 Residual Fuel Oil Supply



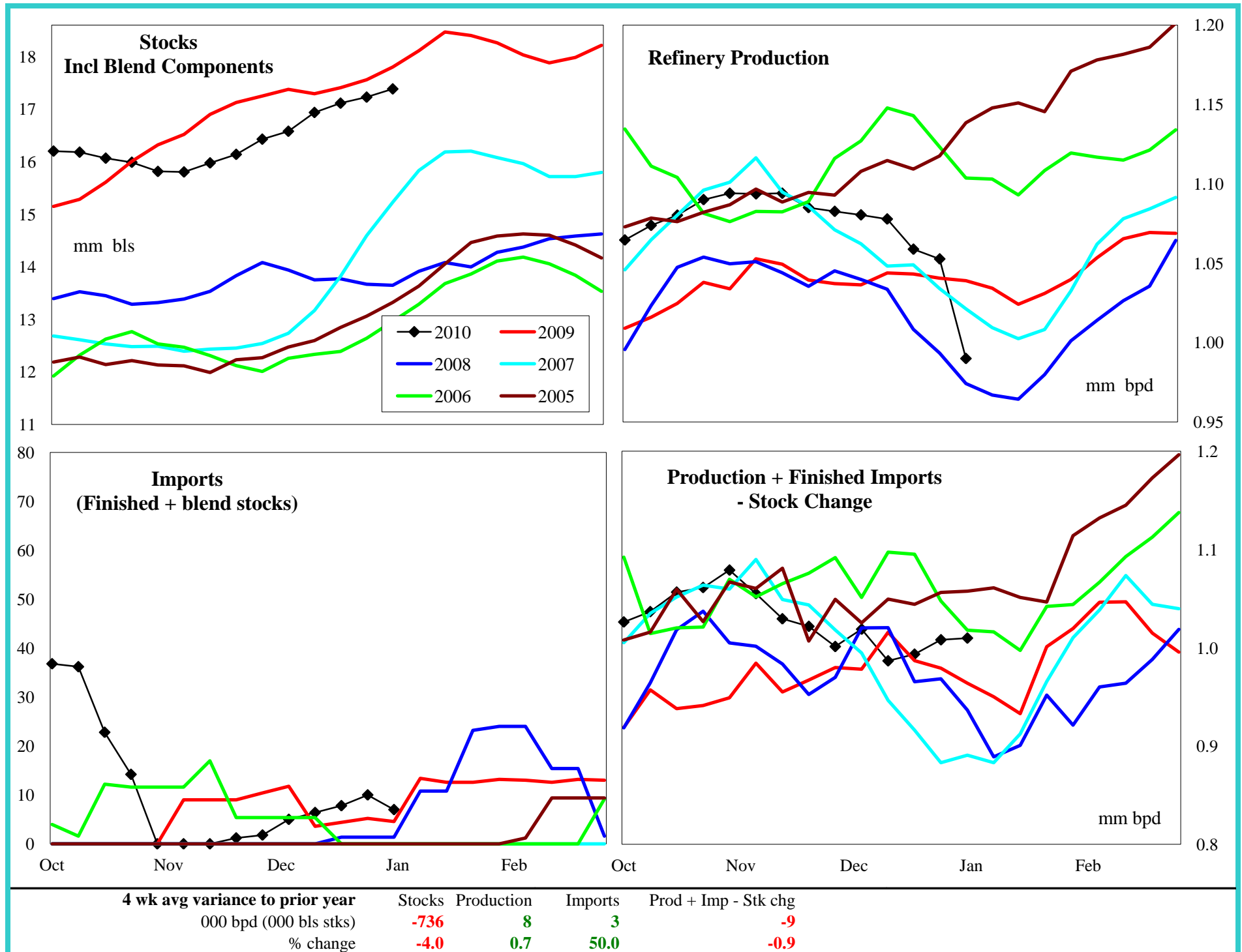
# PADD 5 Crude Oil Supply and Refining



# PADD 5 Gasoline Supply

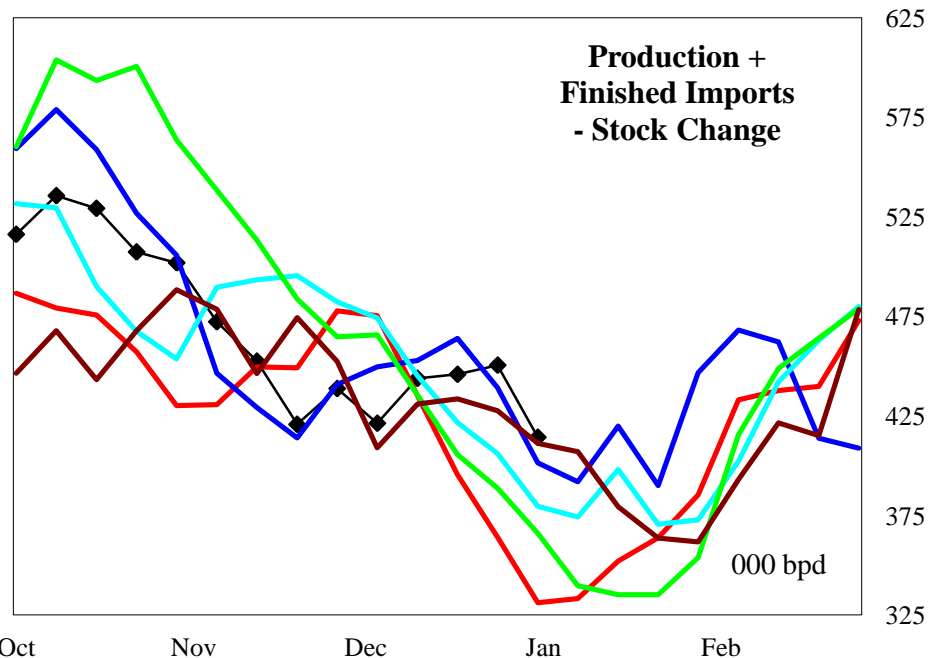
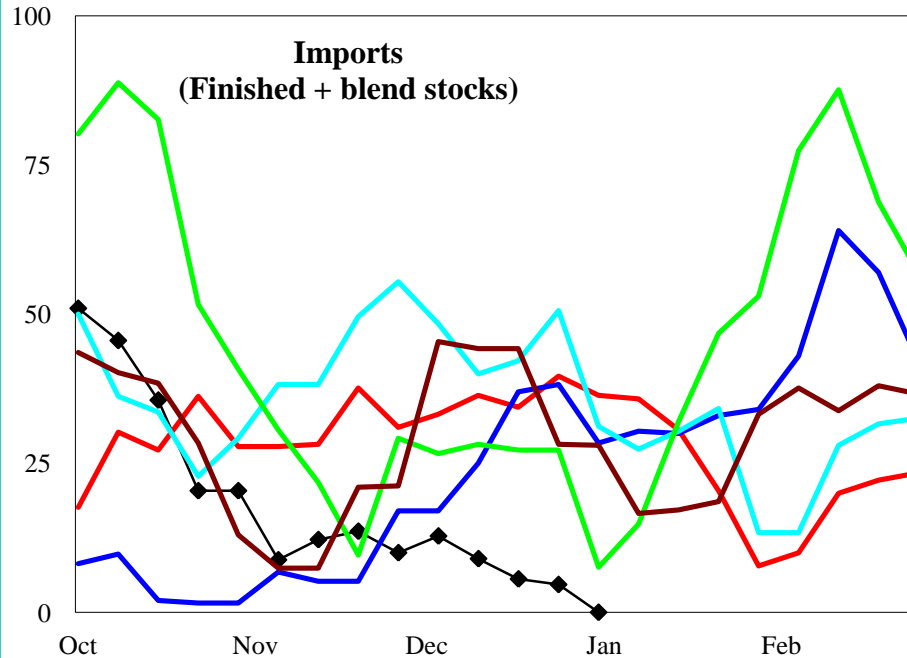
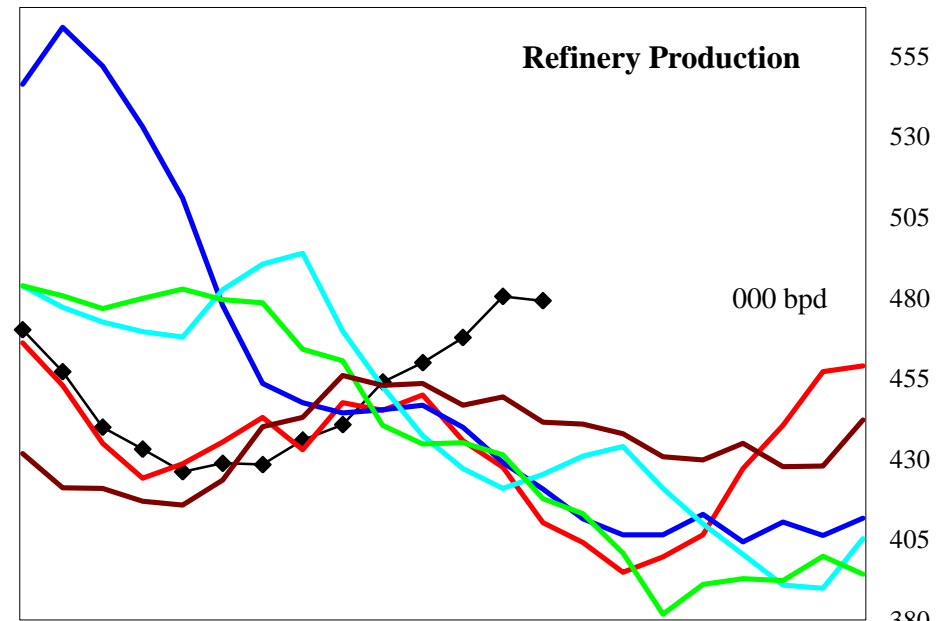
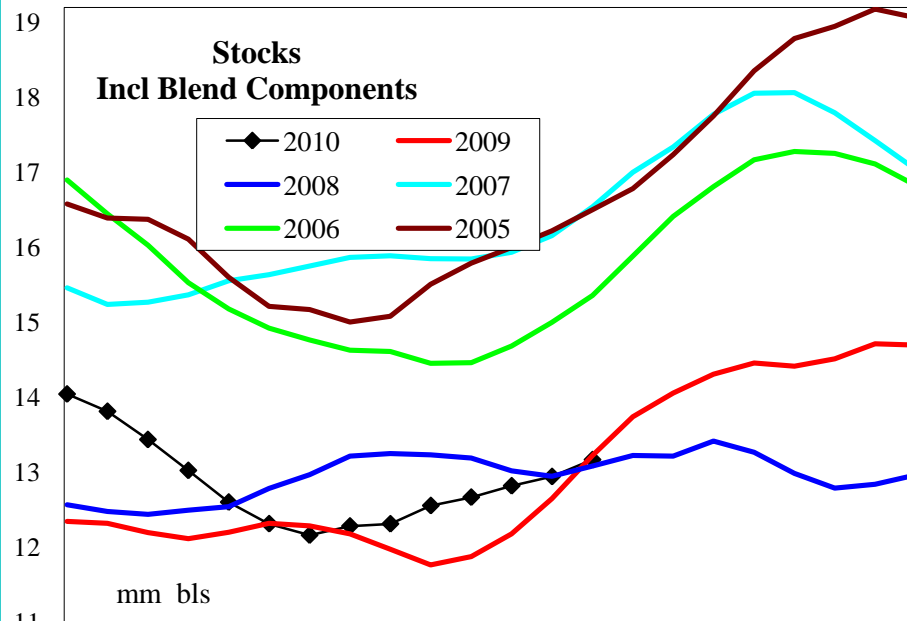


# PADD 5 Reformulated Gasoline Supply





# PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-133

-1.0

Production

31

7.0

Imports

-25

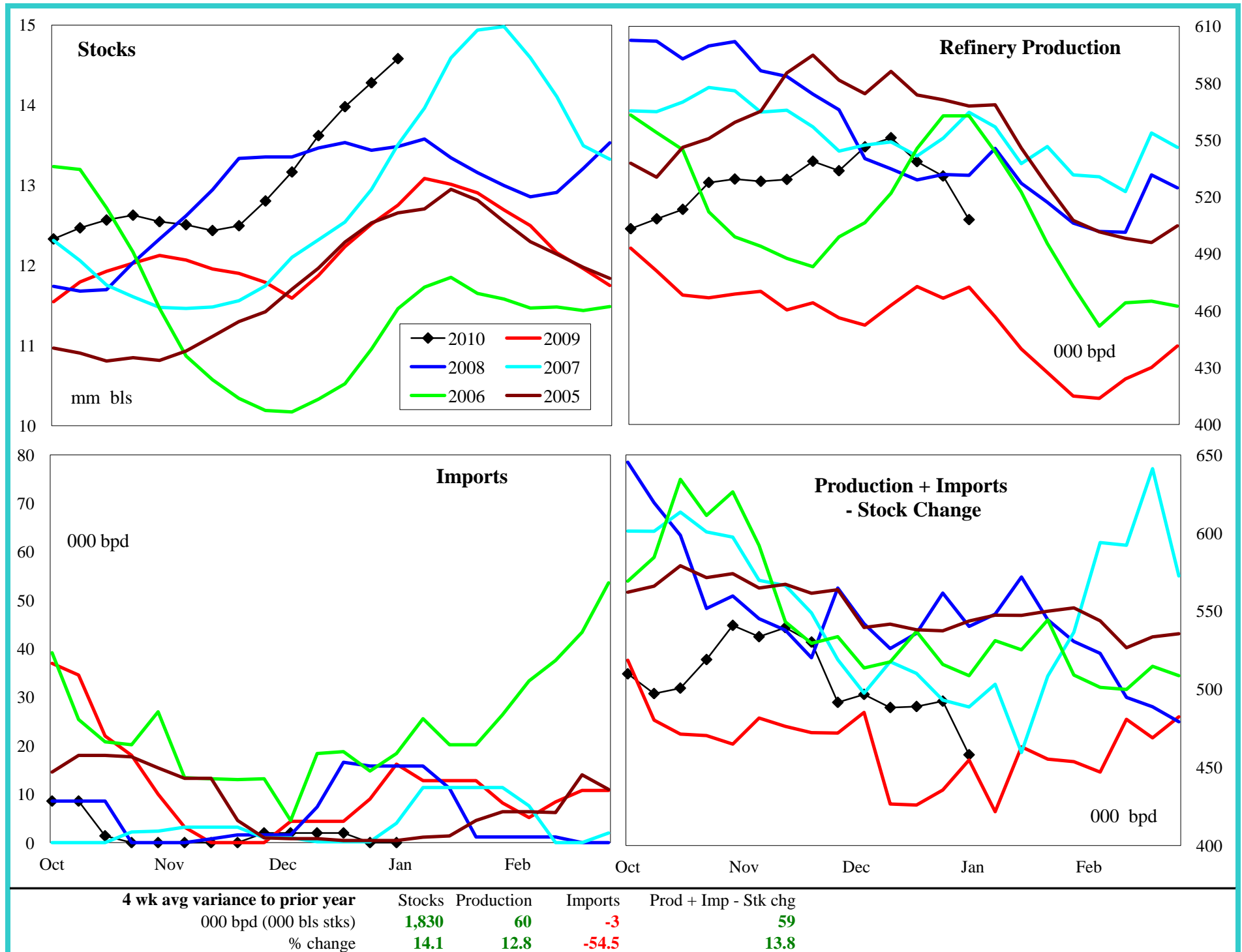
-82.8

Prod + Imp - Stk chg

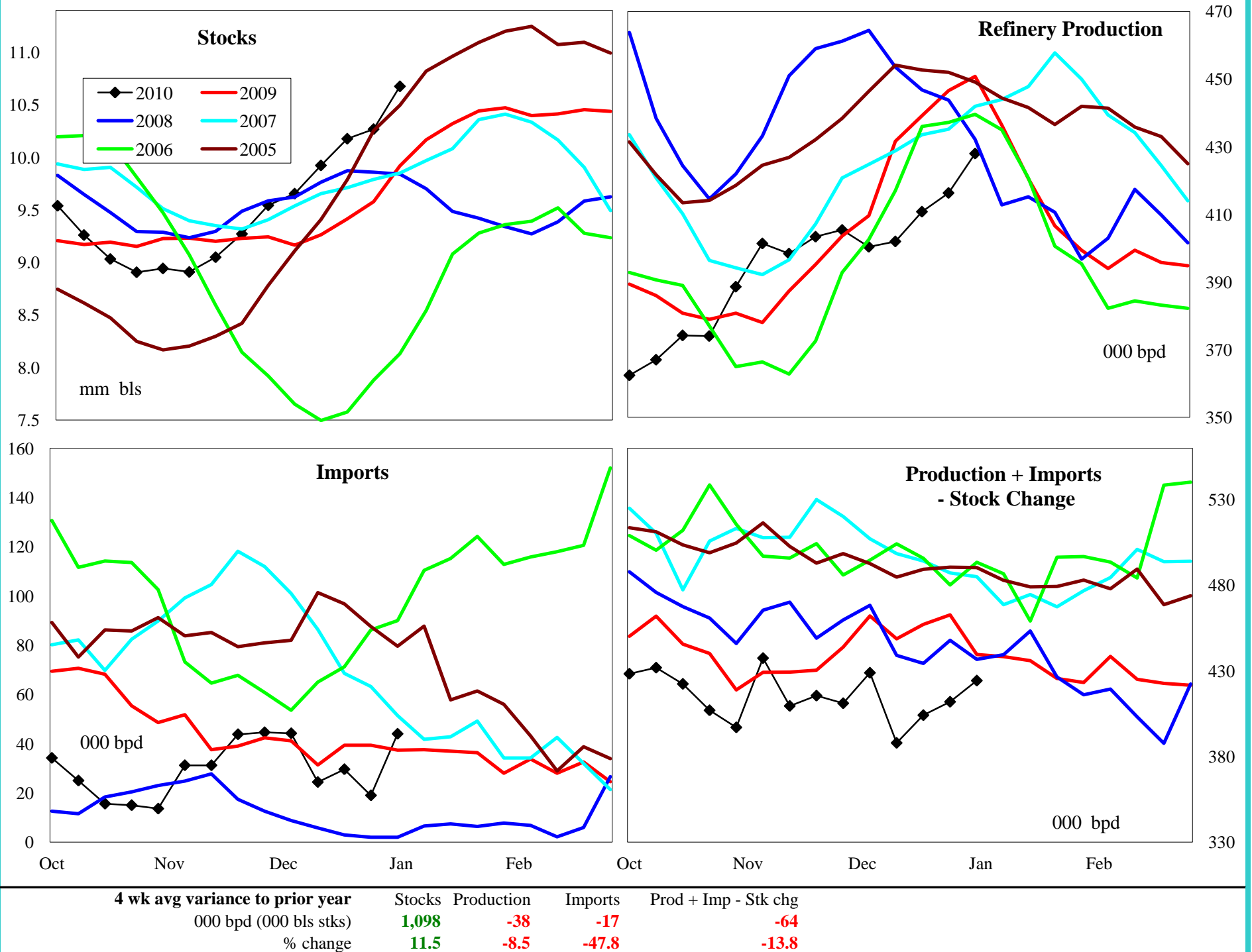
72

18.7

# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply

