


**FUNDAMENTAL
PETROLEUM
TRENDS**

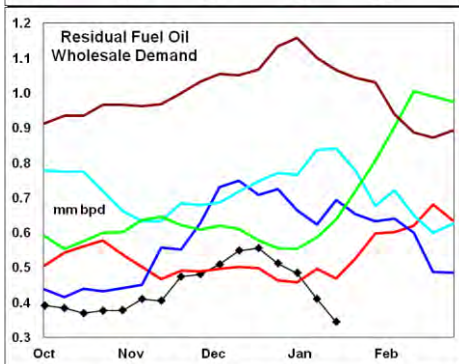
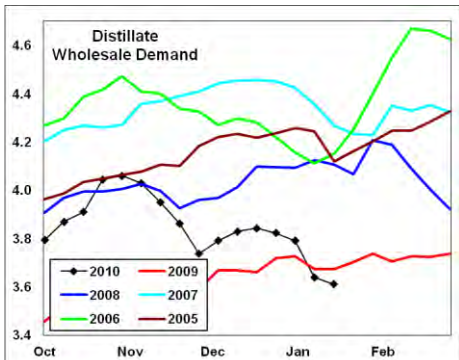
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

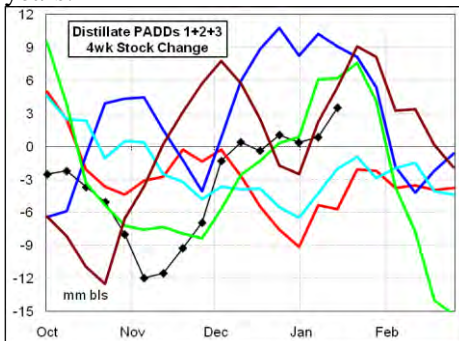
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, January 20, 2011


Major Fundamental Trends¹

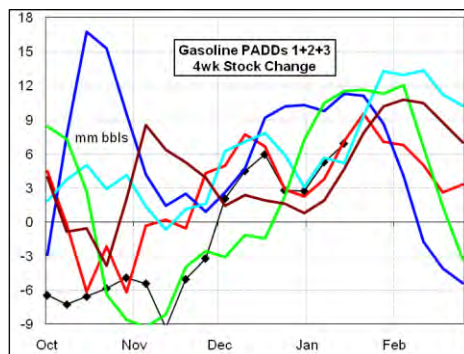
Wholesale demand for distillate and residual fuel oil are unusually weak, likely impacted by weather that has reduced transport and industrial usage. The level of demand for both fuels was below the lows of 2010.



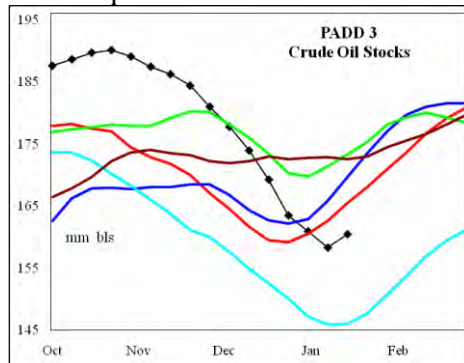
Gasoline and jet fuel demand levels were more robust recently, at rates that match or exceed each of the last 2-years.



Lower demand has offset a seasonal decline in production, with the latest 4-wk rate of stock building for both distillate and gasoline in markets East of the Rockies near the 5-year mid range for each product.



Gasoline imports to the East Coast remain at record low levels on unfavorable import economics. The result is stock levels in New England and Central Atlantic Regions of PADD 01 at extremely low levels. If imports remain low, a supply squeeze in these key regional markets is likely during the 2nd quarter.



Crude oil stocks witnessed a significant +6.9 million barrel build last week. This represents the start of seasonal stock builds in this key region as refiners began winter refinery maintenance. During each of the last 5-years, crude oil stocks have experienced significant builds between mid December and mid March.

Demand for transport fuels was nearly unchanged on the week.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline increased +2%; distillate up +1.8%; jet fuel up +4.6% while residual fuel oil increased +3%.

Stocks forward coverage: Gasoline demand coverage increased on a +4.4 million barrel build in stocks and lower demand. Coverage levels were above the 5-year high for this time of year.

Distillate coverage also increased on a +1 million barrel stock build and flat demand. Coverage levels were a 5-year high for the period.

Jet fuel coverage matched 5-year highs on weak demand and high stock levels.

Refinery utilization rates fell on a -389,000 bpd decline in crude oil runs as winter maintenance expanded on the Gulf and West Coasts. Runs for the latest 4-wk period were +0.9 million bpd above a year ago.

Gasoline yield % on crude oil runs was sharply higher on a +142,000 bpd increase in production versus the -389,000 bpd decline in crude oil runs. The yield % on crude oil runs was above four of the last 5-years.

Distillate yield % on crude oil runs was nearly unchanged with production down -109,000 bpd compared to the decline in crude oil runs. Yield % matched the 5-year high for the period.

Jet fuel yield % on crude oil runs fell on a -155,000 bpd drop in output, more than offsetting the decline in crude oil thru put. The yield % on crude oil runs was a record low for the quarter.

Petroleum Imports of crude oil and residual fuel oil increased, while imports of all transport fuels declined on the week.

During the latest 4-wk period crude oil imports increased +0.3 million bpd over last year; distillate imports decreased -80,000 bpd; finished gasoline imports decreased -146,000 bpd, gasoline blend stock imports increased +76,000 bpd; jet fuel imports were -25,000 bpd lower, while residual fuel oil imports increased +42,000 bpd.

Crude Oil imports increased +104,000 bpd on the week. Imports were sharply higher in the Midwest and Gulf, while lower on the East and West Coasts. Combined with lower crude oil runs, this led to a +2.6 million barrel stock build, including a +6.9 million barrel build in the Gulf.

¹ Source is latest EIA Weekly Statistics



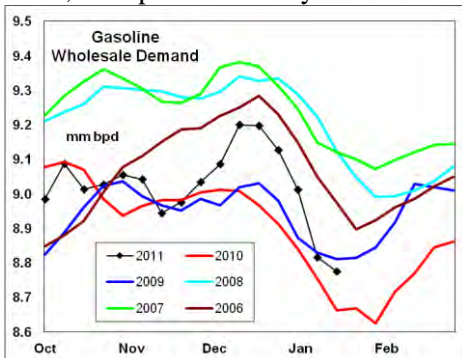
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

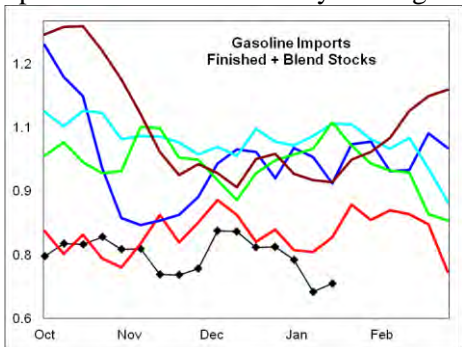
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, January 20, 2011

Product Supply-Demand Trends

Gasoline demand decreased -44,000 bpd on the seasonal downturn in demand. The latest 4-wk average was +172,000 bpd above last year.



Production increased +142,000 bpd on the week, to a level above the mid range. Imports decreased -149,000 bpd to a level below the 5-year range.

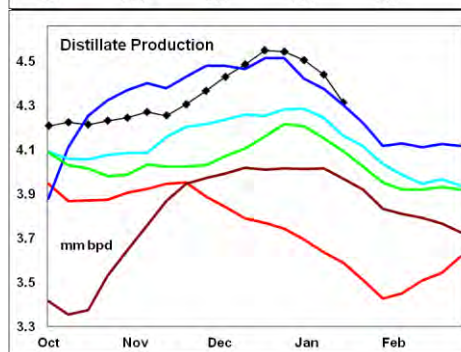
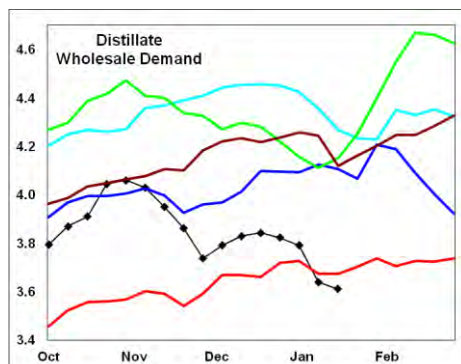


Stocks increased +4.4 million barrels with builds in major regional markets.

Demand should continue to trend lower, offsetting a seasonal decline in production. However, low imports may keep supplies relatively tight on the East Coast.

Distillate demand increased +42,000 bpd on the week. The latest 4-wk average was +67,000 bpd above last year. Demand has been unusually lackluster during the last 2-months compared to most of 2010.

Supply decreased -345,000 bpd with declines in all regional markets. Lower production and imports contributed to the decline. Production rates match 5-year highs.



Stocks increased +1 million barrels on the week, with builds concentrated in PADDs 2 & 3. Stock levels were +8.7 million barrels above the prior 5-year high.

Inclement weather continues to limit wholesale demand while a drop in exports pushed the weekly demand level below the 5-year range.

The above average stock build was driven by lackluster demand that offset cuts in supply.

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

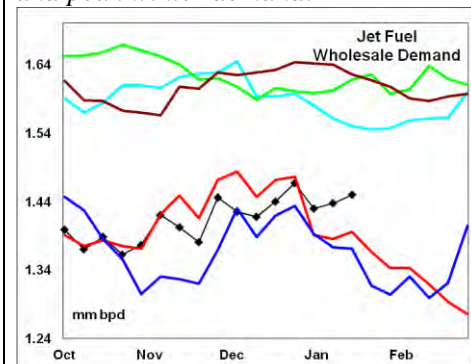
Jet Fuel demand decreased -37,000 bpd as seasonal travel declined. The latest 4-wk average demand was +64,000 bpd above a year ago.

Supply collapsed -171,000 bpd last week, as refiners in the Gulf and West Coast cut output. Stocks fell -1 million barrels on the week, to a level at the upper end of the historic range.

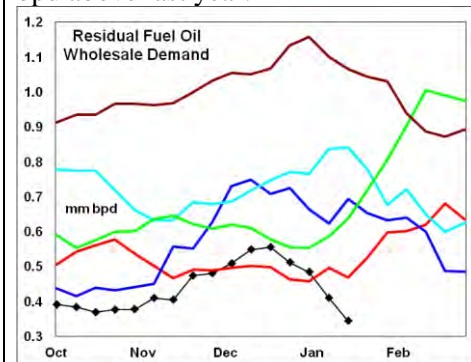
Demand levels have recently exceeded the last 2-years, which may point to longer term growth in air travel between +3.5% to +5%, year-on-year. In the near term a sharp seasonal decline should occur. While

production should decline further, stock levels are likely to remain high. Supplies remain tight on the East Coast.

Expect jet fuel prices to follow that of distillates which continue to exhibit significant strength on robust exports and peak winter demand.



Residual fuel oil demand, including exports, decreased -111,000 bpd last week, with the 4-wk average +13,000 bpd above last year.



Supply (production + imports) increased +137,000 bpd on unusually high imports. The latest 4-wk average supply was -55,000 bpd below a year ago. Stocks increased +2.4 million barrels on the week; with levels near 5-year highs.

The market remains extremely well supplied on lower exports and substitution of lower cost natural gas for residual fuel. PADD 3 stocks were +11% above the prior 5-year high.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

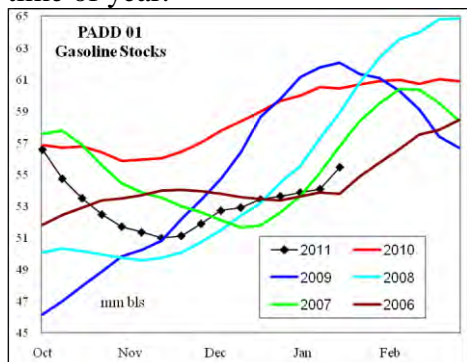
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, January 20, 2011

PADD Supply Trends

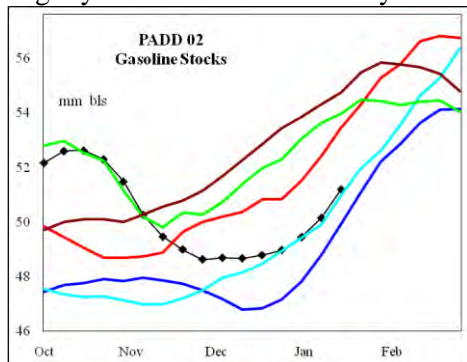
PADD 1 refinery crude oil runs decreased -19,000 bpd last week, with the 4-wk average -77,000 bpd below a year ago. Stock and import levels reflect refinery closures of the past 2-years, with each sharply below the historic range.

Gasoline production decreased -18,000 bpd, with imports nearly unchanged at record low levels. Stocks jumped +2 million barrels on the week, although the level remains near historic lows for this time of year.



Distillate supply decreased -76,000 bpd on the week, on lower imports. Stocks declined -1.9 million barrels, to a level above the historic mid range.

Jet fuel supply increased +10,000 bpd for the week. Supplies remain at record lows for this time of year. Stocks were unchanged at a level slightly above two of the last 3-years.



PADD 2 crude oil refinery runs increased +36,000 bpd on the week, to a level above the mid range. Imports increased +186,000 bpd to a new record high level. Stocks decreased -1 million barrels on the week, although

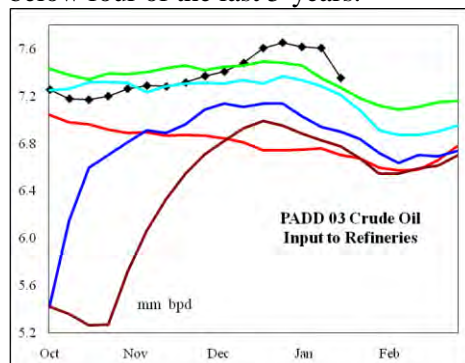
the level was +12 million barrels above the previous 5-year high.

Gasoline production increased +199,000 bpd on the week to the mid range level. Stocks increased +1 million barrels, although the level remains at the low end of the 5-year range.

Distillate supply declined -26,000 bpd on the week to a level that matched the 5-year low set last year. Stocks increased +0.8 million barrels to a level comparable to the last 2-years and near historic highs.

Jet fuel production decreased -17,000 bpd on the week, to a level above the mid range. Stock levels were at the upper end of the historic range.

PADD 3 crude oil runs decreased -303,000 bpd last week, with the latest 4-wk average +857,000 bpd above a year ago, and above the 5-year range. Crude imports jumped +0.6 million bpd on the week, lifting stocks +6.9 million barrels. Stock levels were below four of the last 5-years.



Gasoline production fell -183,000 bpd on the week. Stocks increased +1.3 million barrels to a level +7.6 million barrels above the prior record.

Distillate supply decreased -80,000 bpd on the week, with the latest 4-wk average 724,000 bpd above a year ago. Stocks increased +2.8 million barrels, to a level +8 million barrels above last years' record high.

Jet fuel production fell -73,000 bpd on the week, to a level near last years' record low. Stocks decreased -0.6 million barrels, although the level remains above the 5-yr range.

Residual fuel oil supply increased +89,000 bpd on higher imports. Output was at the mid range. Stock levels increased +0.8 million barrels to a level +2.2 million barrels above the prior 5-year high.

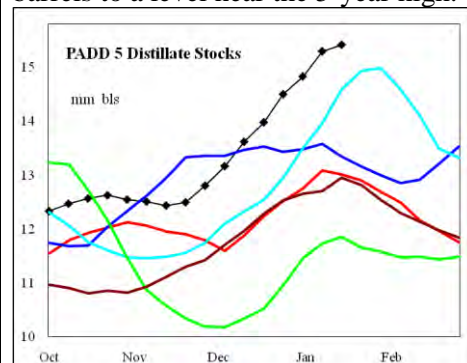
PADD 4 refinery crude runs decreased -9,000 bpd last week, to a level near last years' record lows. Crude oil stock levels remain above the historic range, although imports fell to below the 5-year range.

Gasoline production and stock levels each were above the 5-year range for the week.

Distillate stock levels were +24% above the prior 5-year record high. Production has been cut to the historic mid range.

PADD 5 crude oil refinery runs decreased -96,000 bpd on the week, with the latest 4-wk average +18,000 bpd above last year. Crude imports fell -236,000 bpd on the week to a level below the historic range. Stocks fell -2.6 million barrels to the low end of the historic range.

Gasoline production increased +131,000 bpd last week, -114,000 bpd last week, to a level near the mid range. Stocks increased +0.4 million barrels to a level near the 5-year high.



Distillate production declined -47,000 bpd to a level near the low end of the 5-year range. Stocks decreased -0.5 million barrels, although the level remains well above the 5-year range.

Jet fuel supply fell -90,000 bpd, to a 5-year low for this time of year. Stocks decreased -0.4 million barrels, although the level remains at the upper end of the historic range.


**FUNDAMENTAL
PETROLEUM
TRENDS**

PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

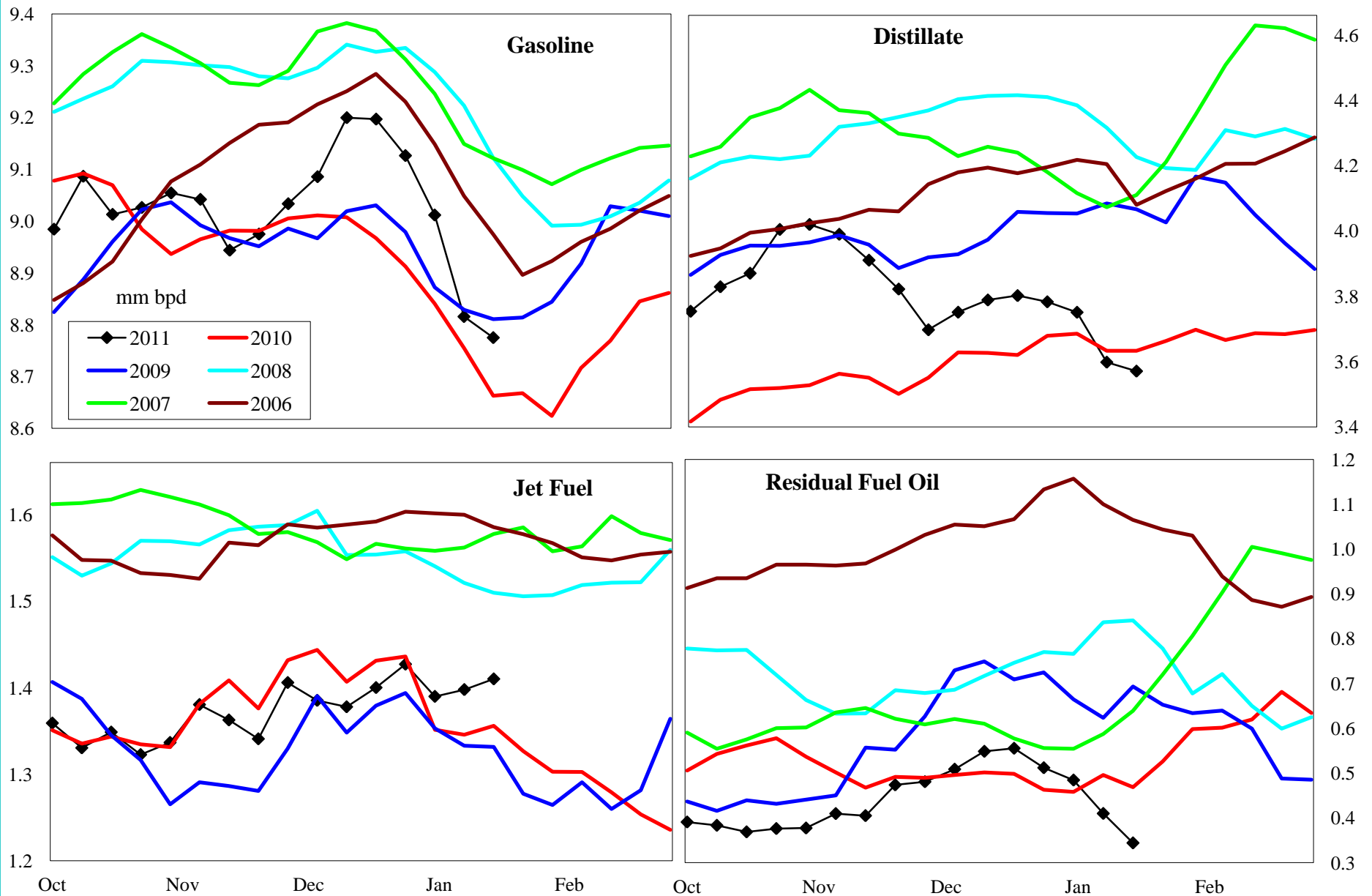
January 20, 2011

Lehi German Tel: 816.505.0980

www.fundamentalpetroleumtrends.com

Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization</u> <u>Product Yield %</u>				<u>Imports</u>
Supply/Demand Trends	14-Jan-11	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	2,617	-846	-965	6,876	123	-2,571
	Imports	104	-310	186	576	-113	-236
	Input	-389	-19	36	-303	-9	-96
	% Utilization	-3.40					
<u>Gasoline</u>	Stocks	4,443	2,023	983	1,282	-222	377
	Production	142	-18	199	-183	-2	131
	Imports	-149	-13	1	-155	0	18
	Supplied	-44					
<u>Distillate</u>	Stocks	1,038	-1,880	790	2,823	-217	-478
	Production	-109	-12	-14	-29	-8	-47
	Imports	-127	-64	-12	-51	0	0
	Supplied	42					
<u>Jet Fuel</u>	Stocks	-1,007	48	-11	-603	-20	-424
	Production	-155	5	-17	-73	-1	-69
	Imports	-16	5	0	0	0	-21
	Supplied	-37					
<u>Residual Fuel Oil</u>	Stocks	2,419	1,486	-93	821	-22	229
	Production	6	2	-7	-12	-1	23
	Imports	131	53	-2	101	0	-21
	Supplied	-111					

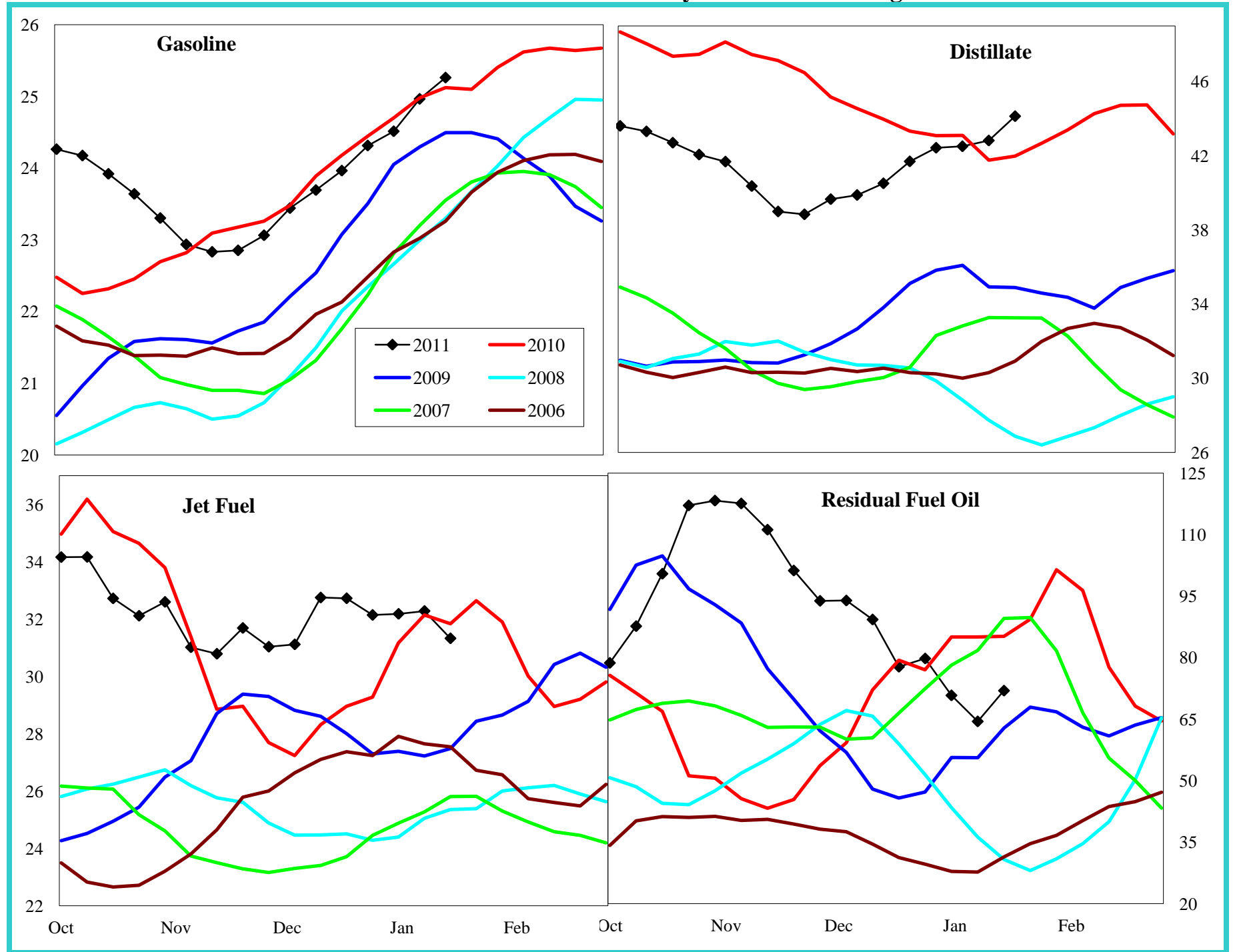
United States Wholesale Petroleum Demand



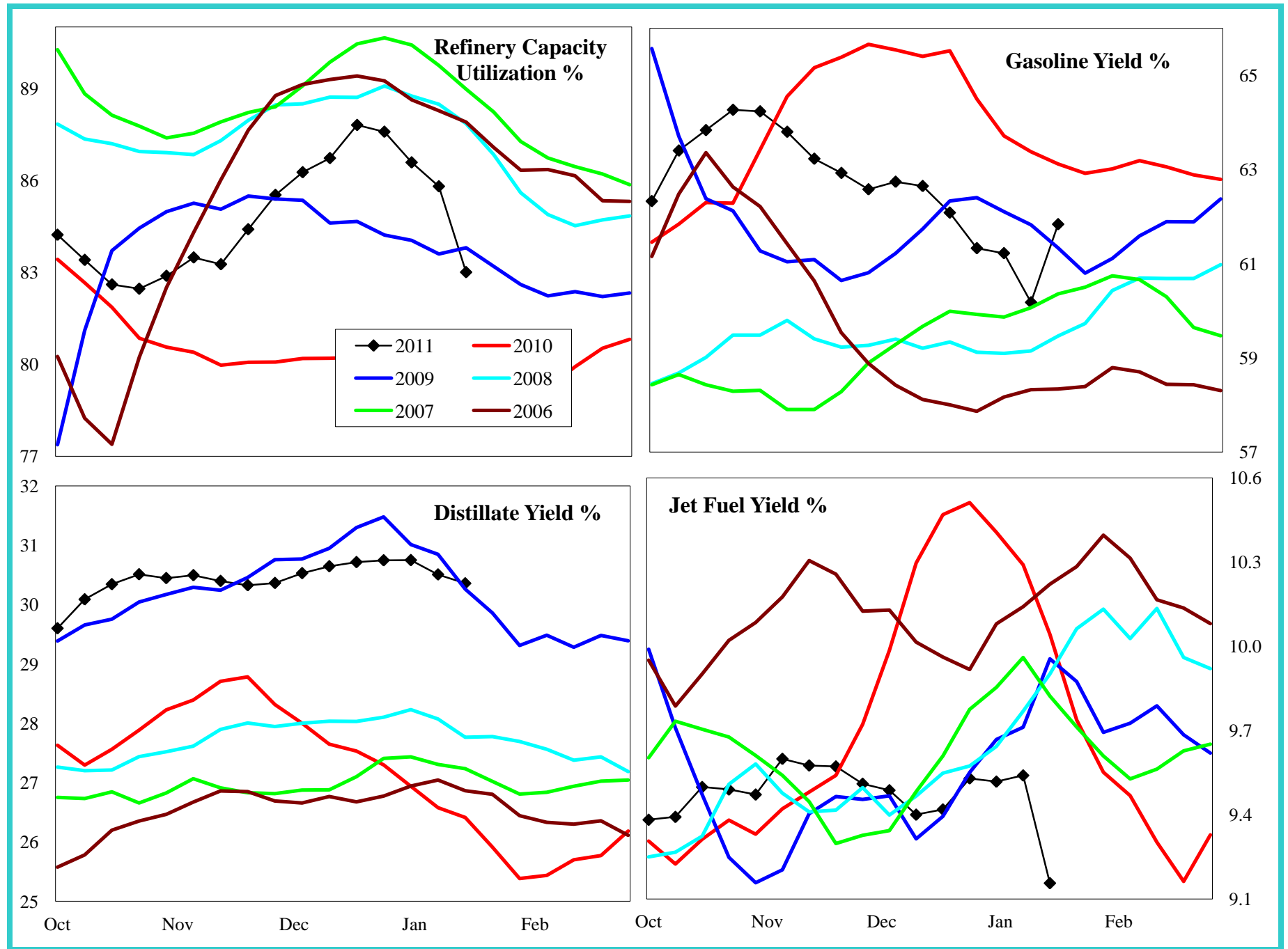
	000 bpd change from prior year				% change from prior year				
	4wk avg	Dec	Jan	Jan	4wk avg	Dec	Nov	Oct	
Gasoline	172	273	49	100	2.0	3.1	0.6	1.1	
Distillate	67	26	133	115	1.8	0.7	3.7	3.1	
Jet Fuel	64	90	46	67	4.6	6.6	3.4	4.9	
Resid	13	-56	35	11	2.8	-9.6	7.9	2.2	



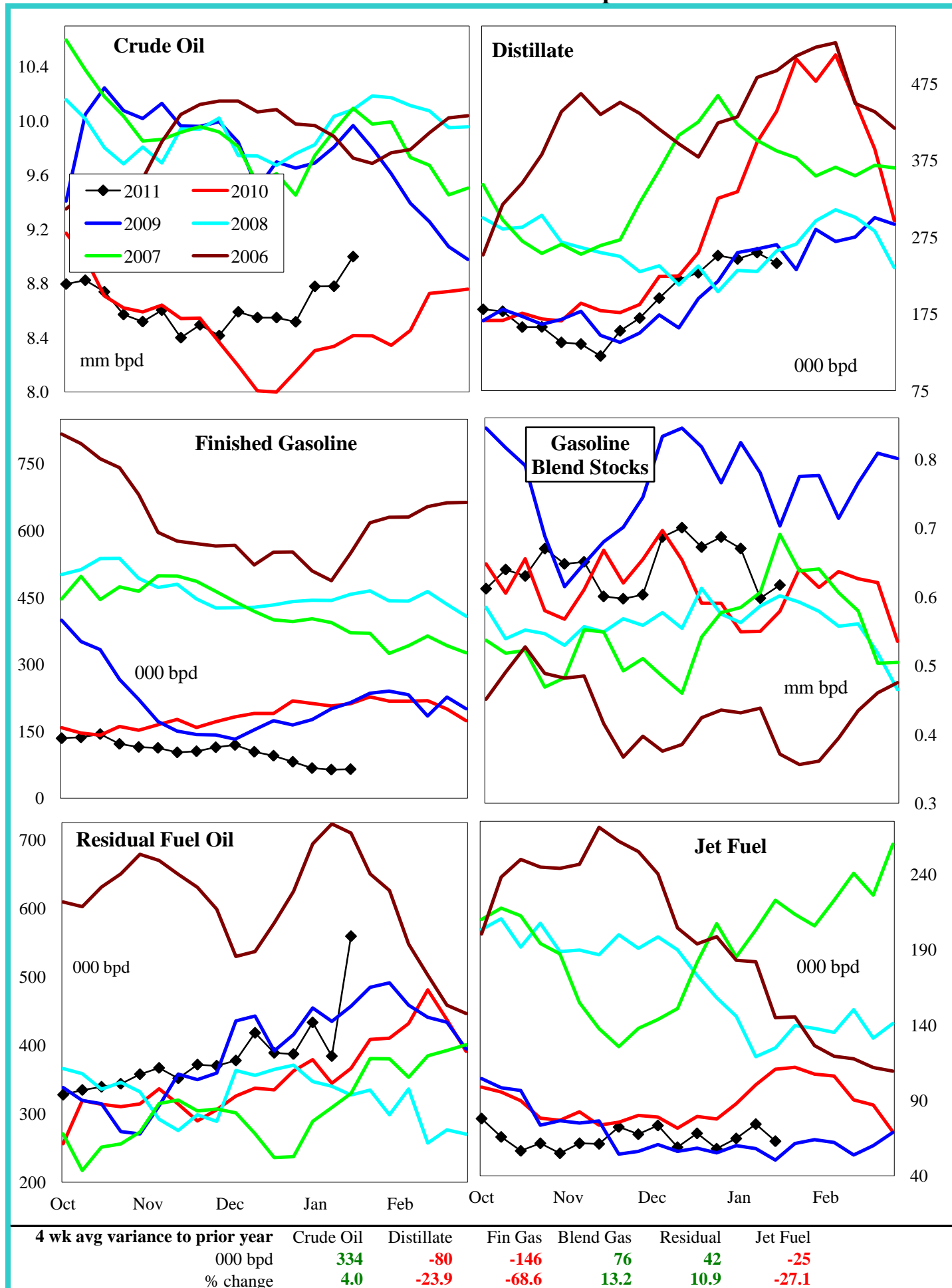
United States Product Stocks: Days Forward Coverage



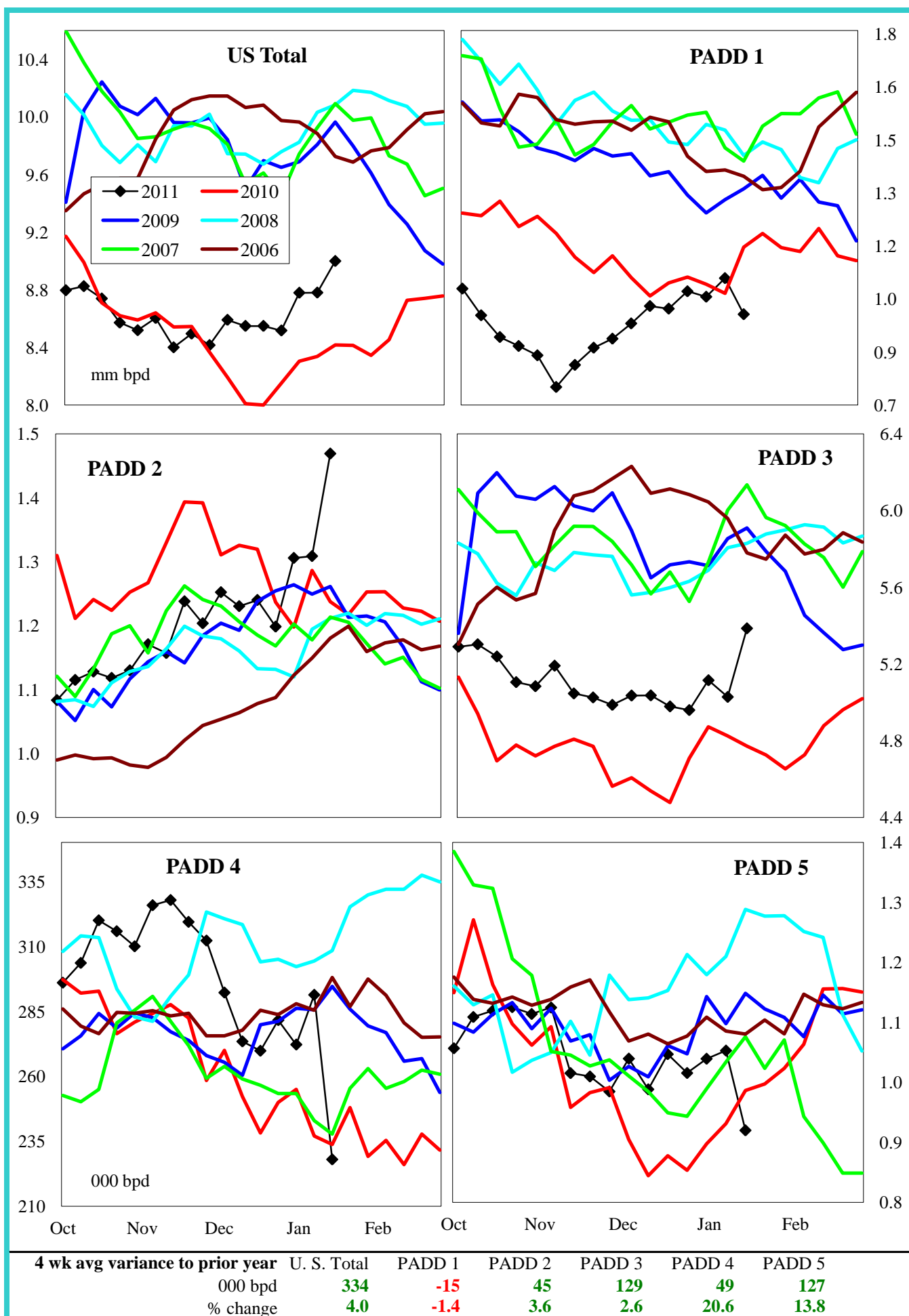
United States Refinery Percent Utilization Rate and Product Yields



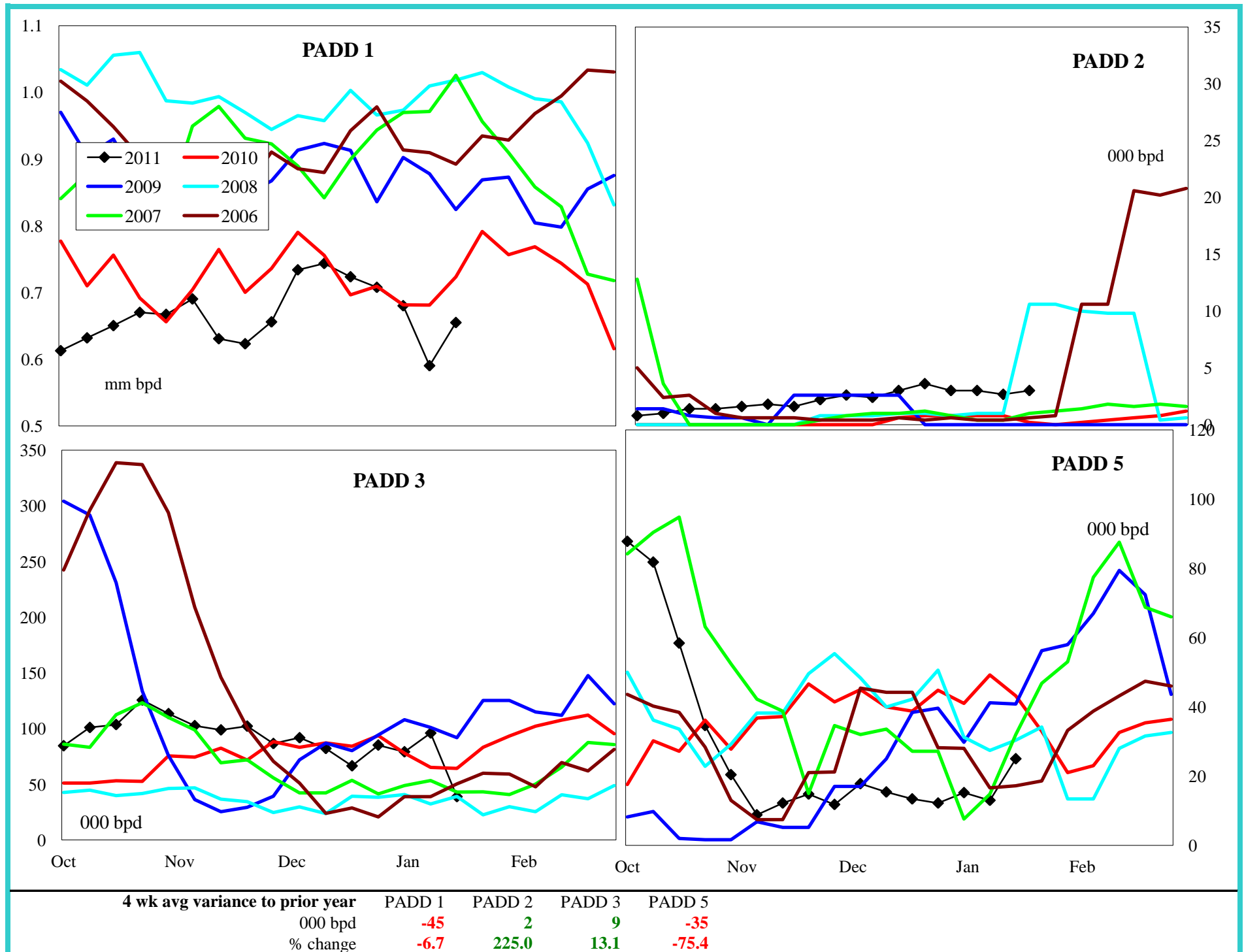
United States Petroleum Imports



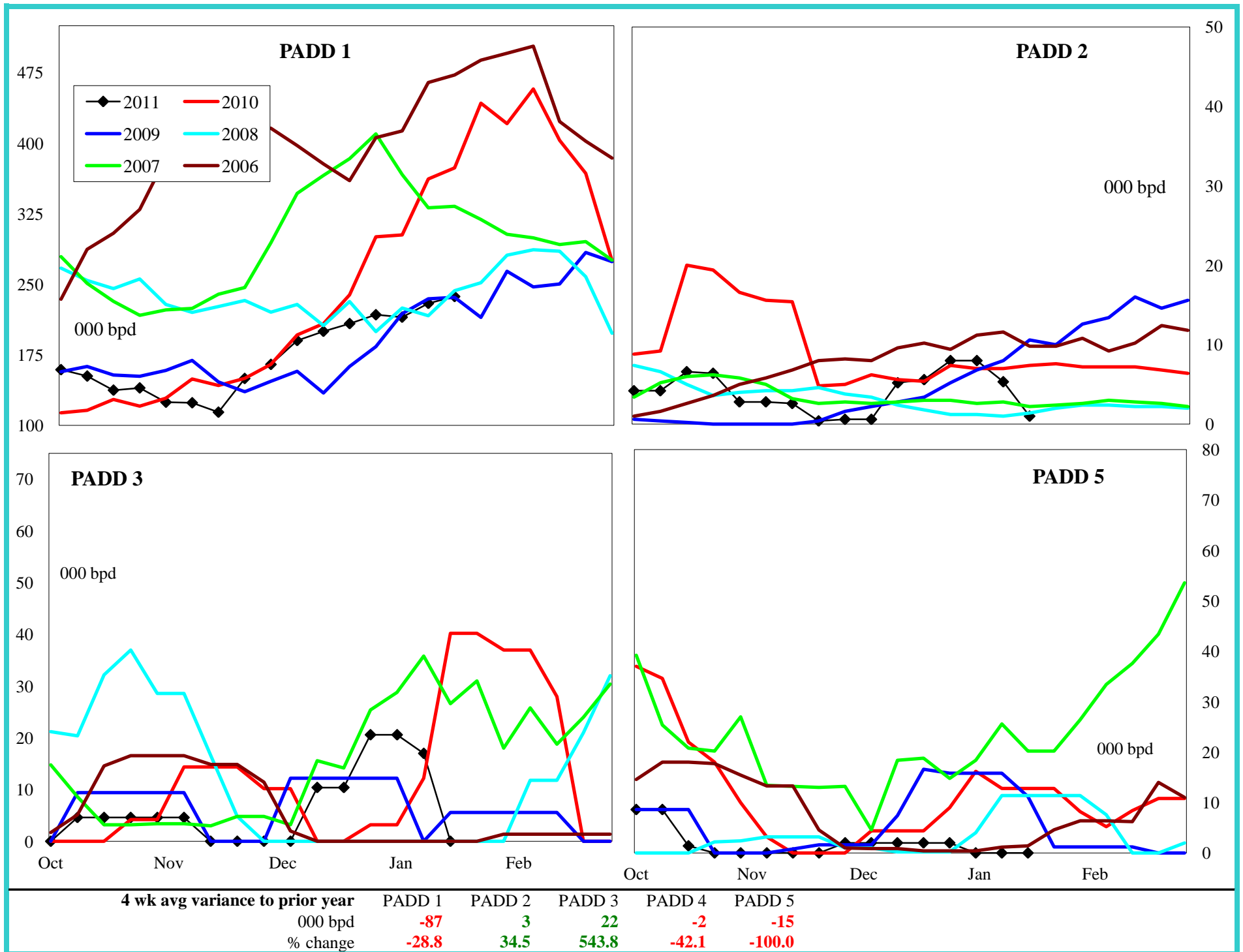
Crude Oil Imports by PADD



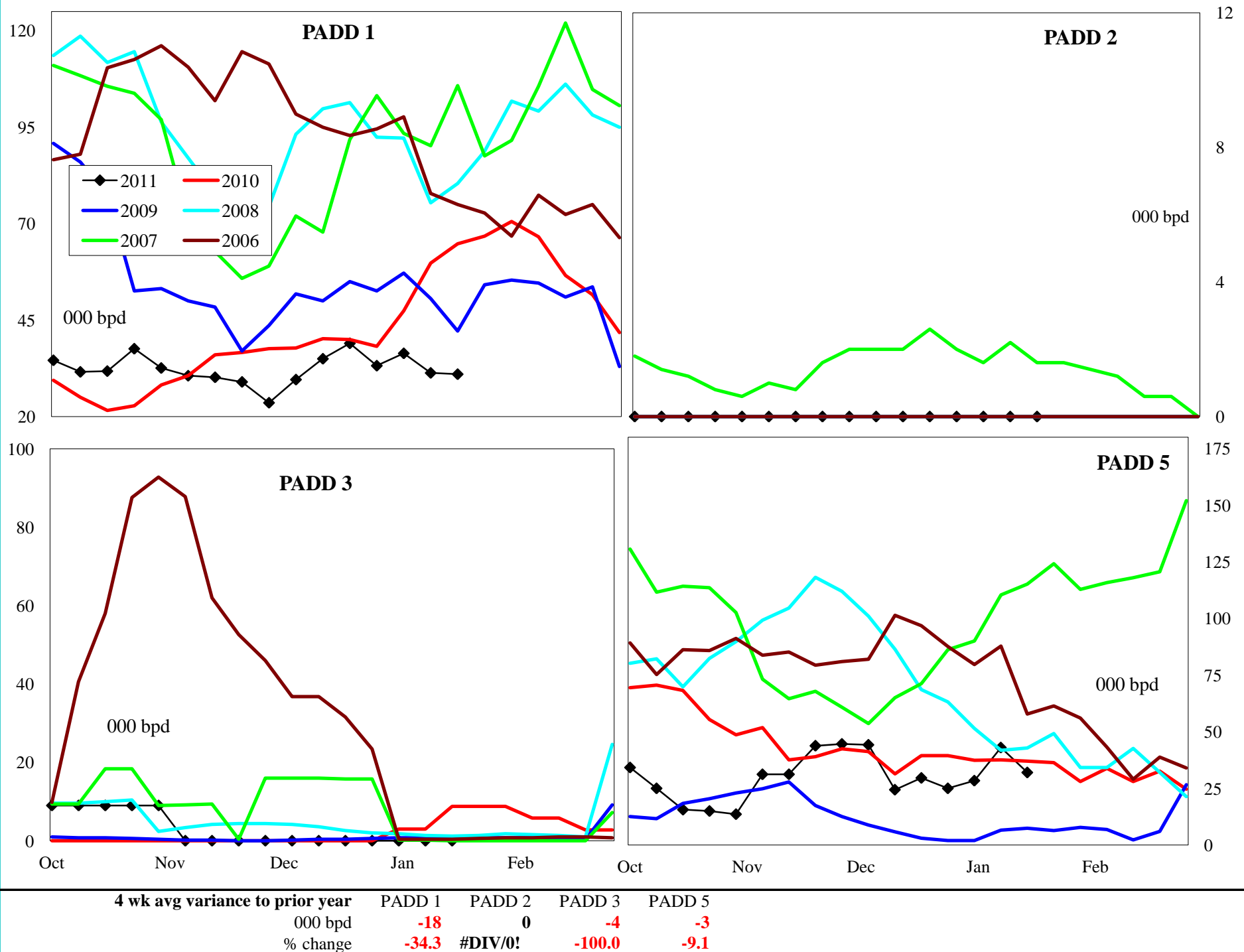
Gasoline Imports by PADD (Finished + Blend Stocks)



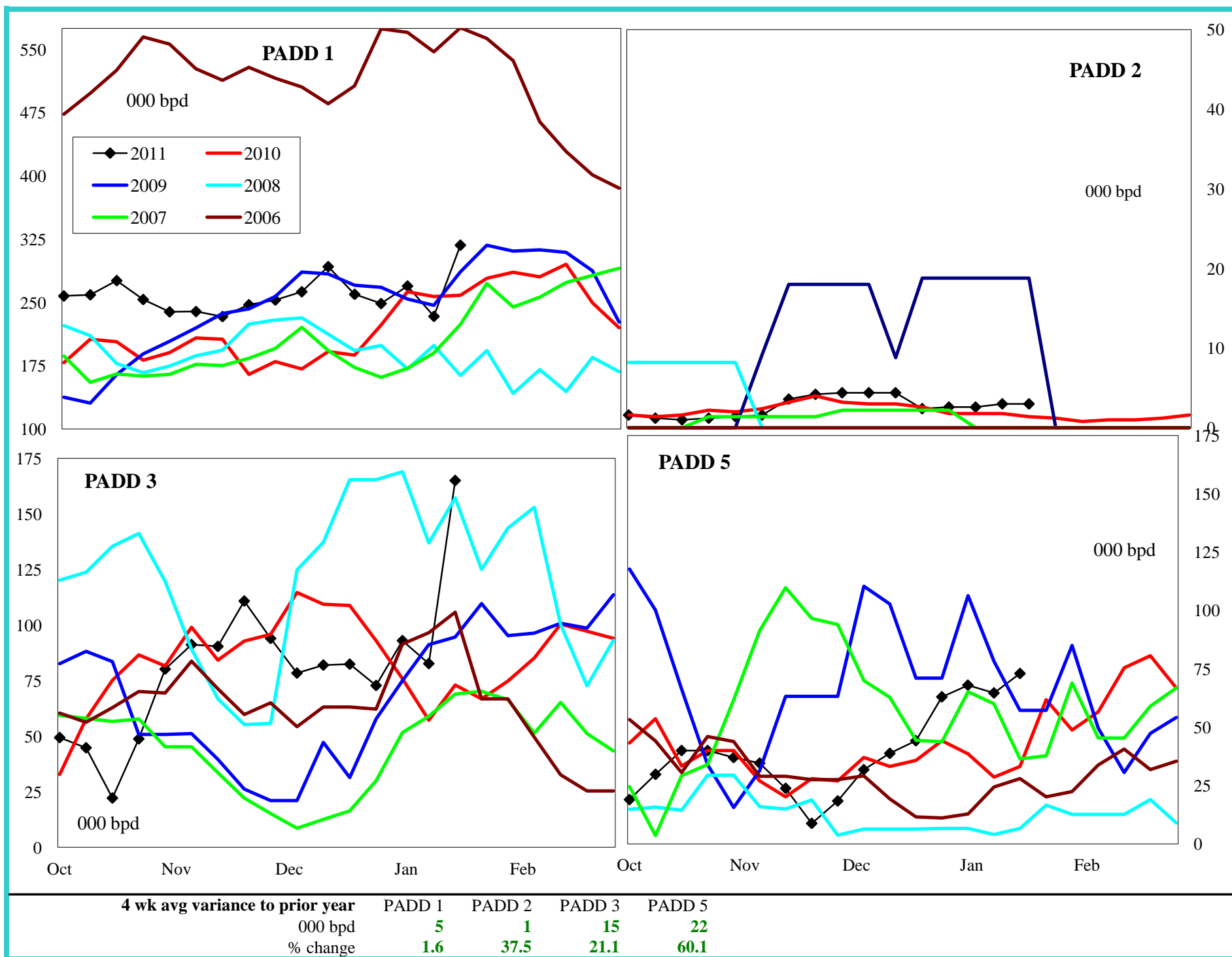
Distillate Imports by PADD



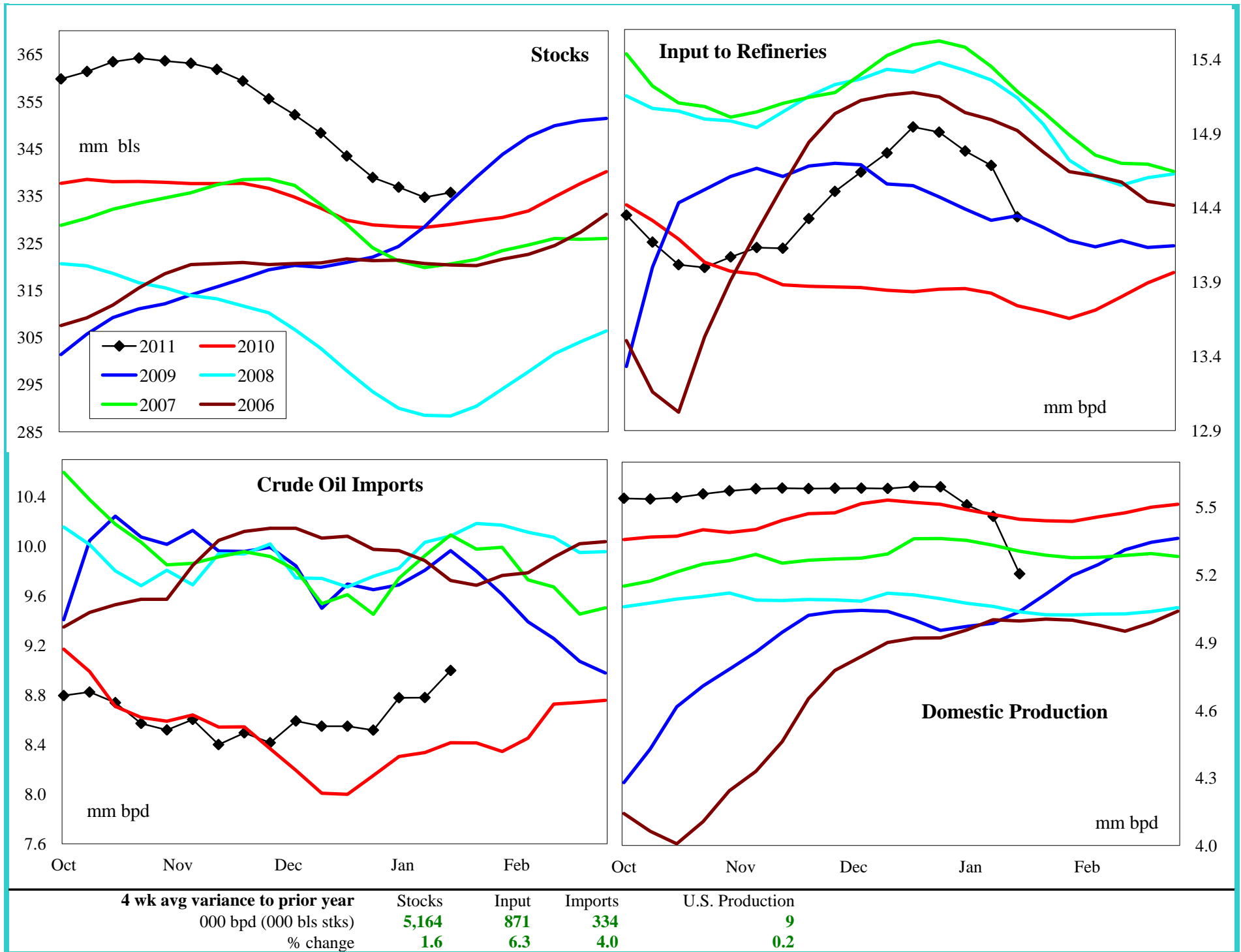
Jet Fuel Imports by PADD



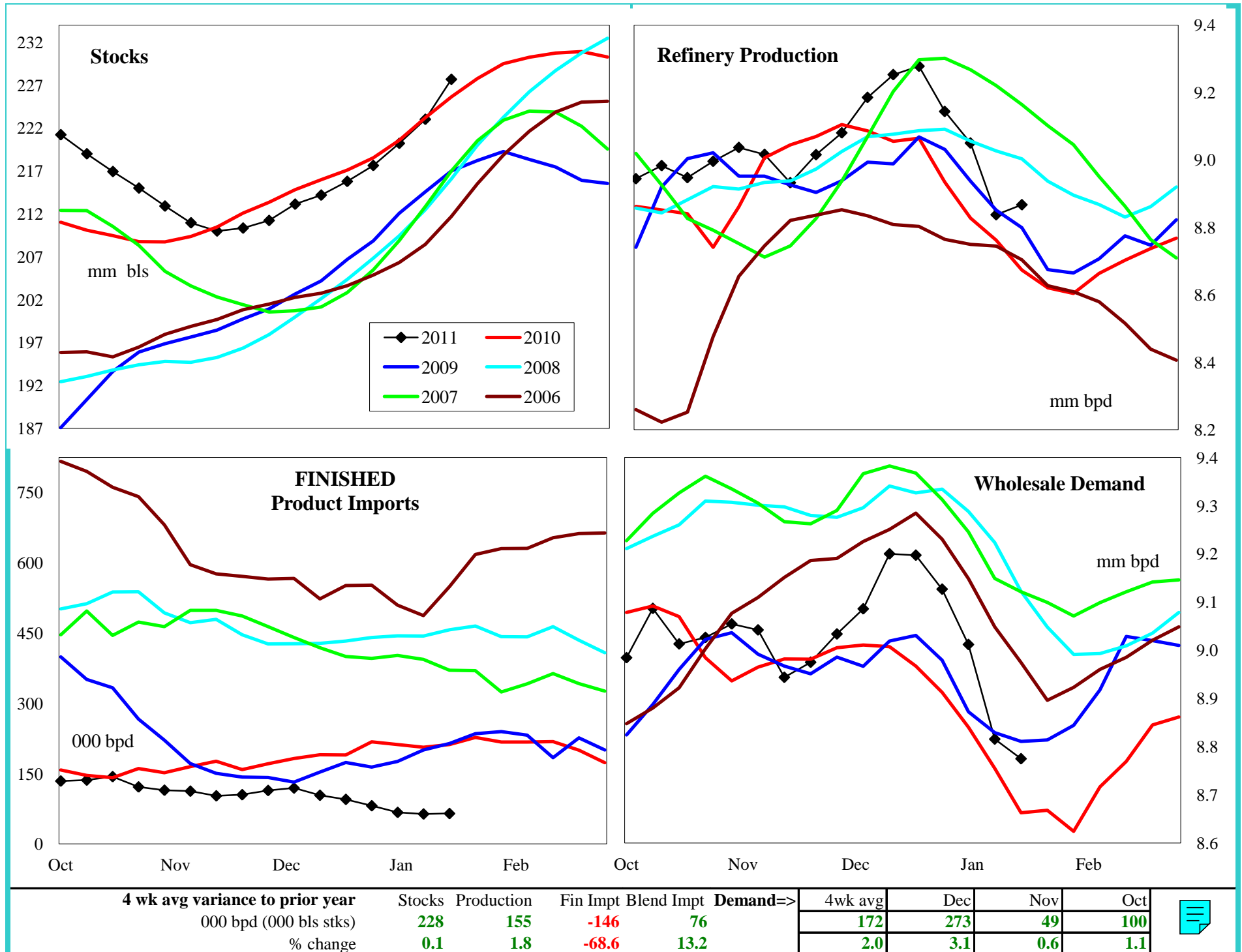
Residual Fuel Oil Imports by PADD



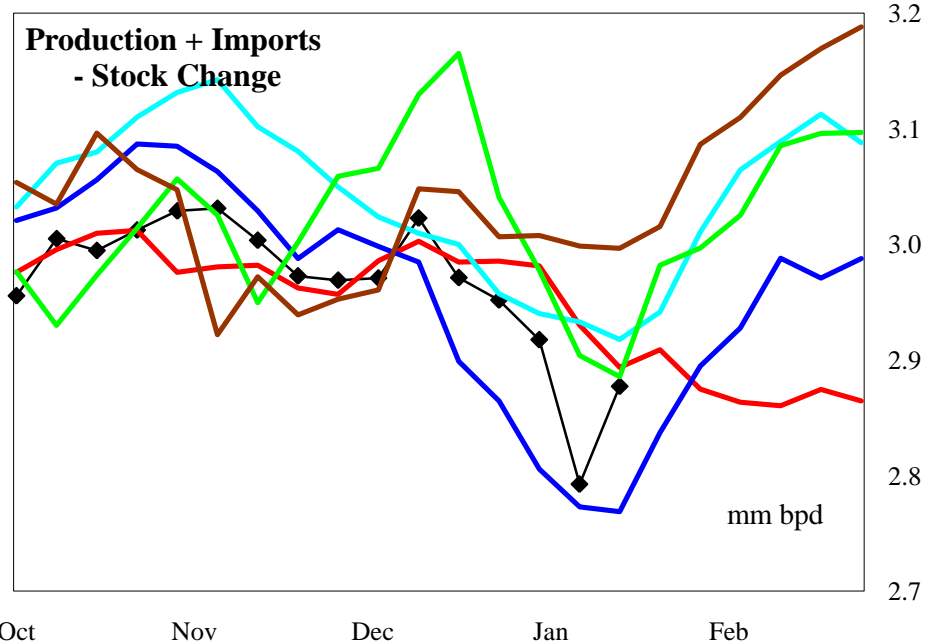
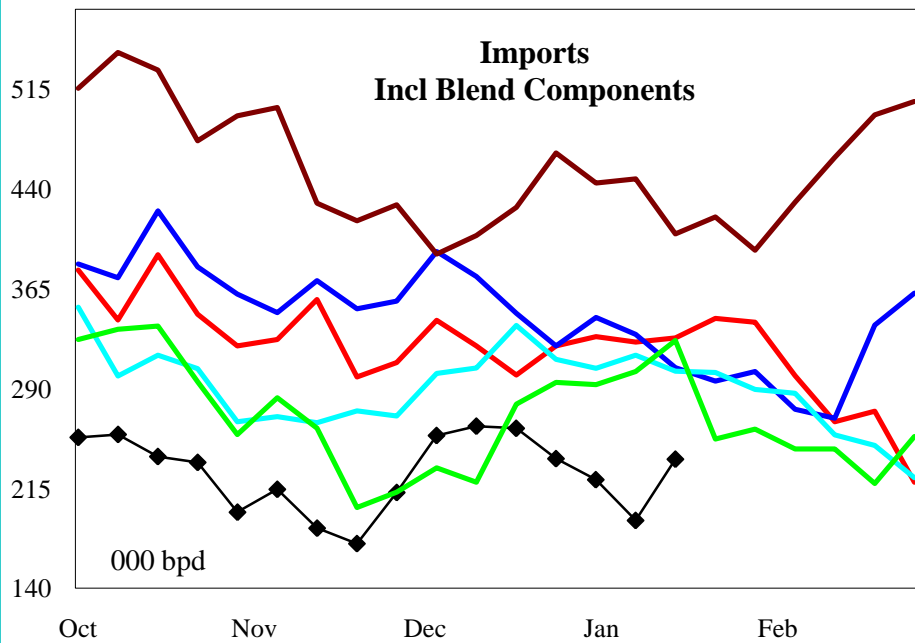
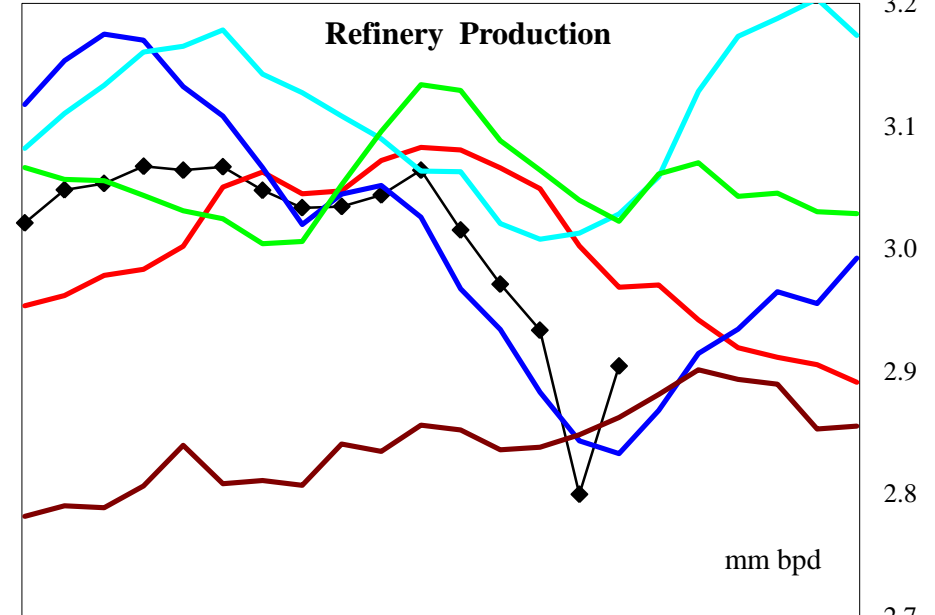
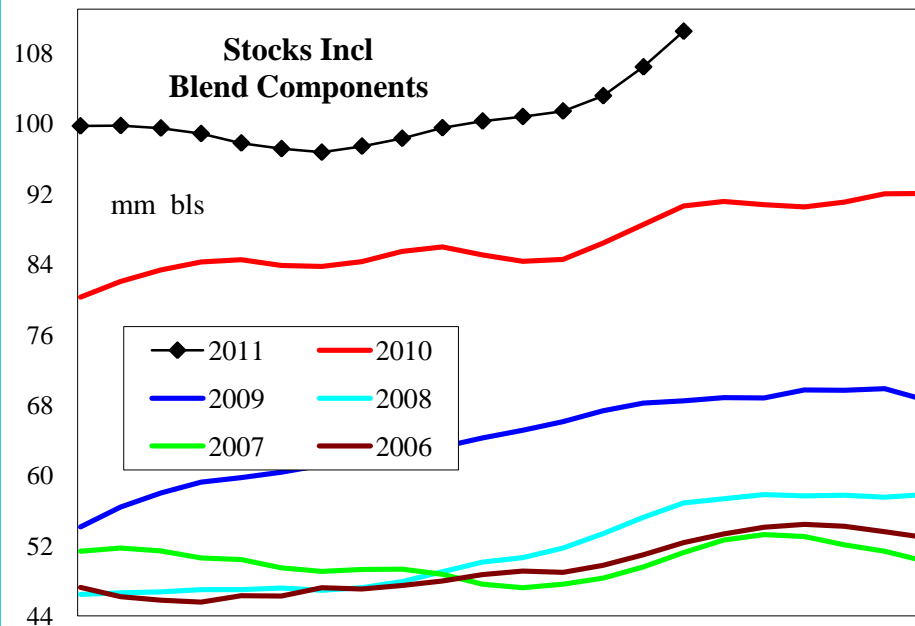
United States Crude Oil Supply and Demand Balance



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

19,883

21.9

Production

-124

-4.1

Imports

-104

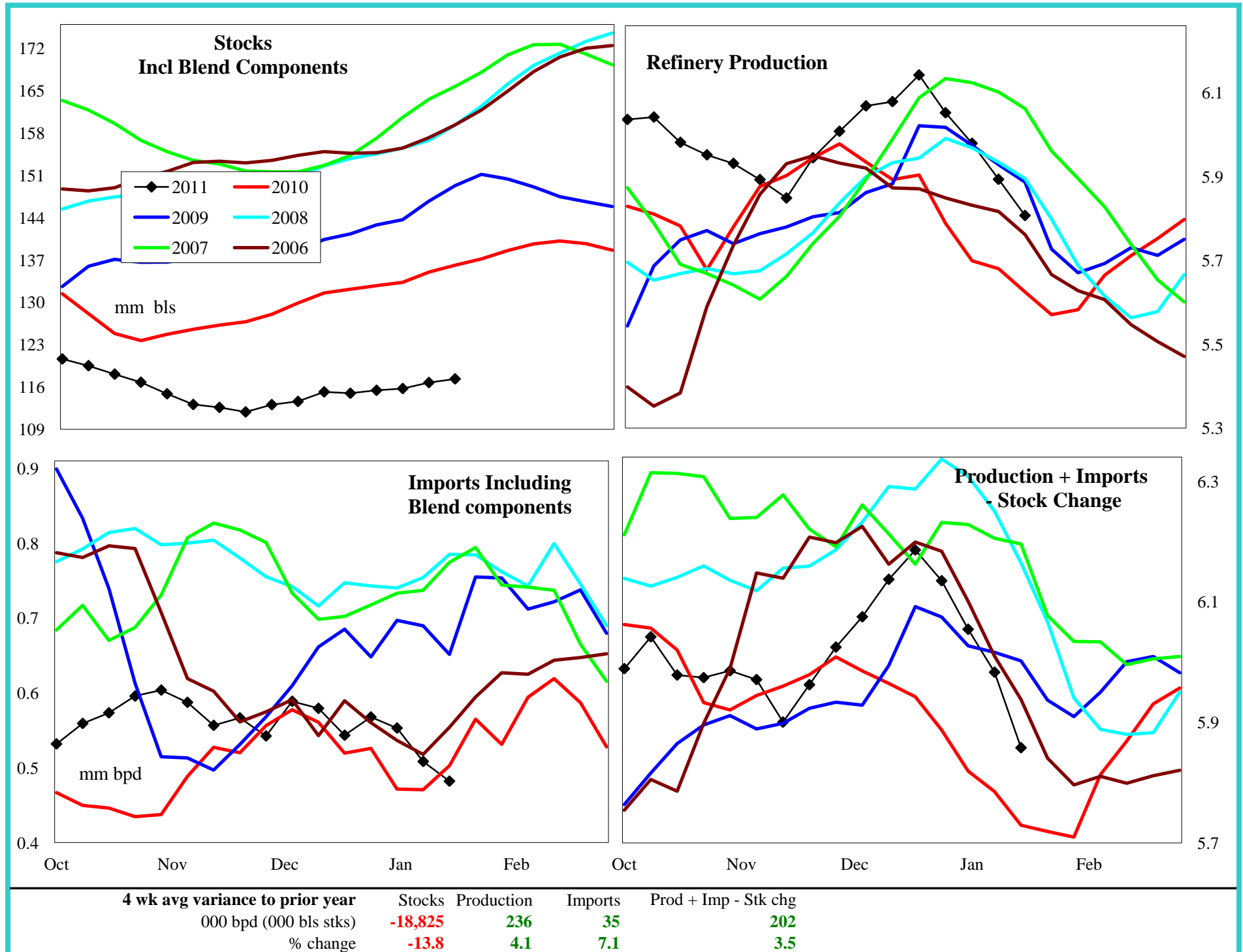
-32.0

Prod + Imp - Stk chg

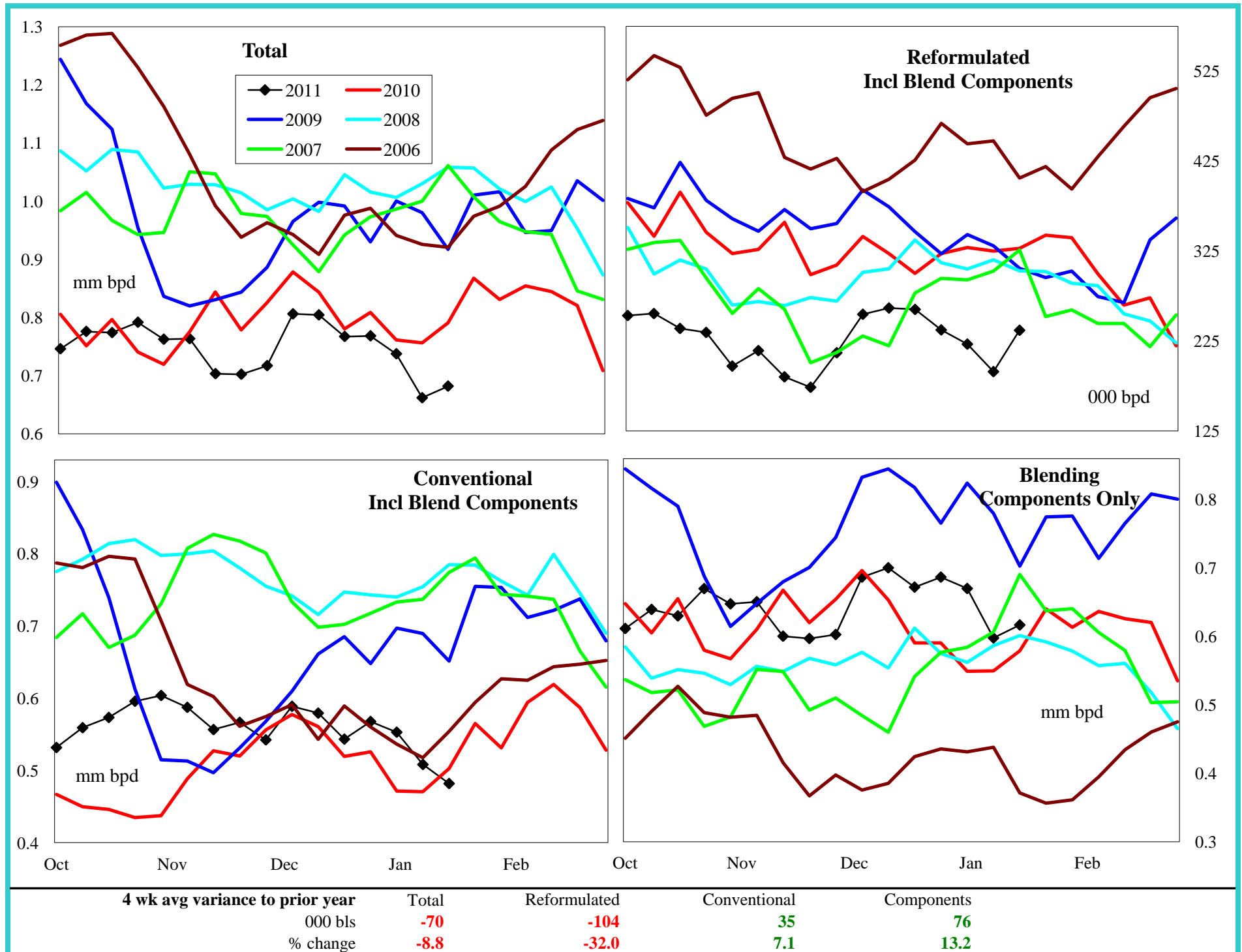
-63

-2.1

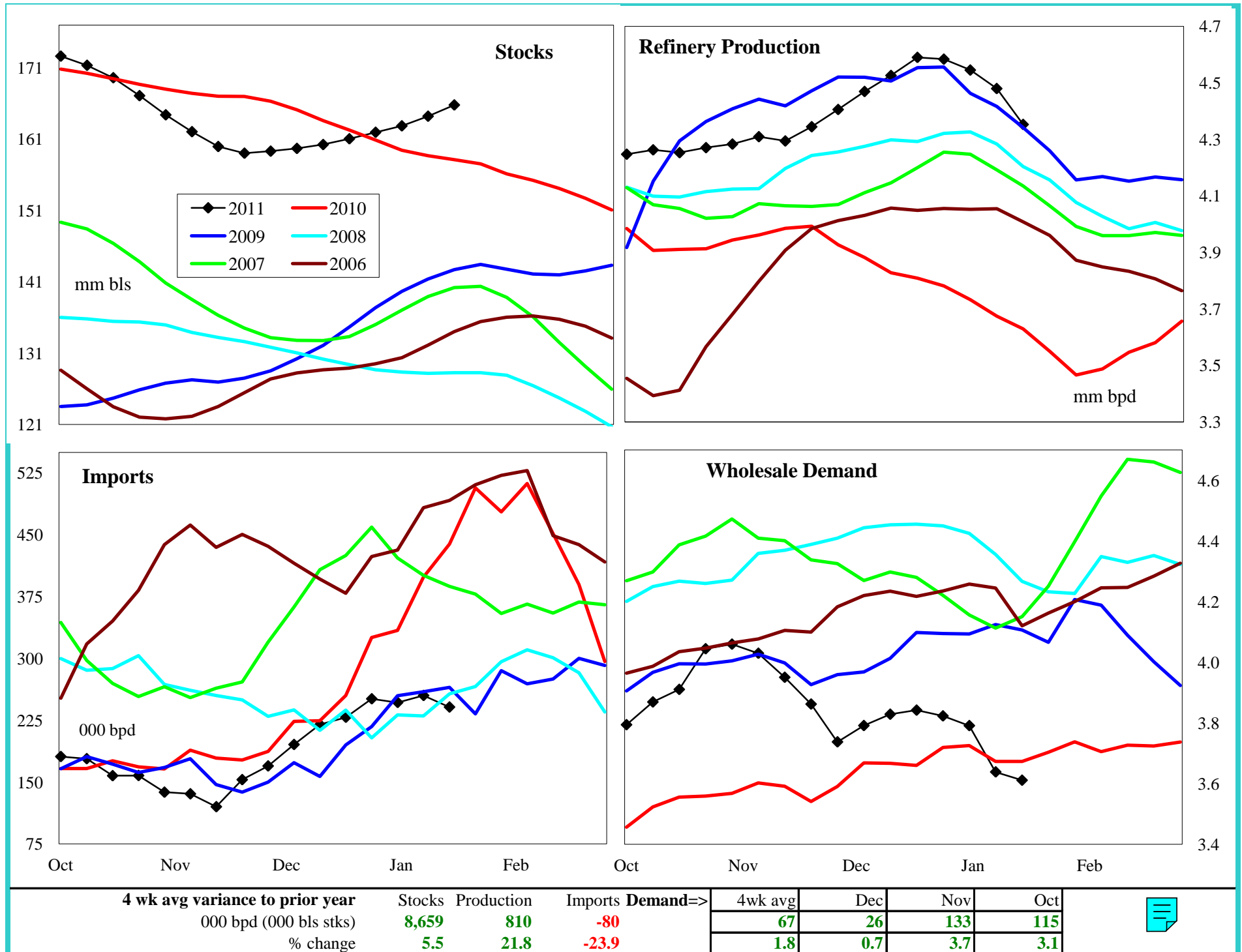
United States Conventional Gasoline Supply



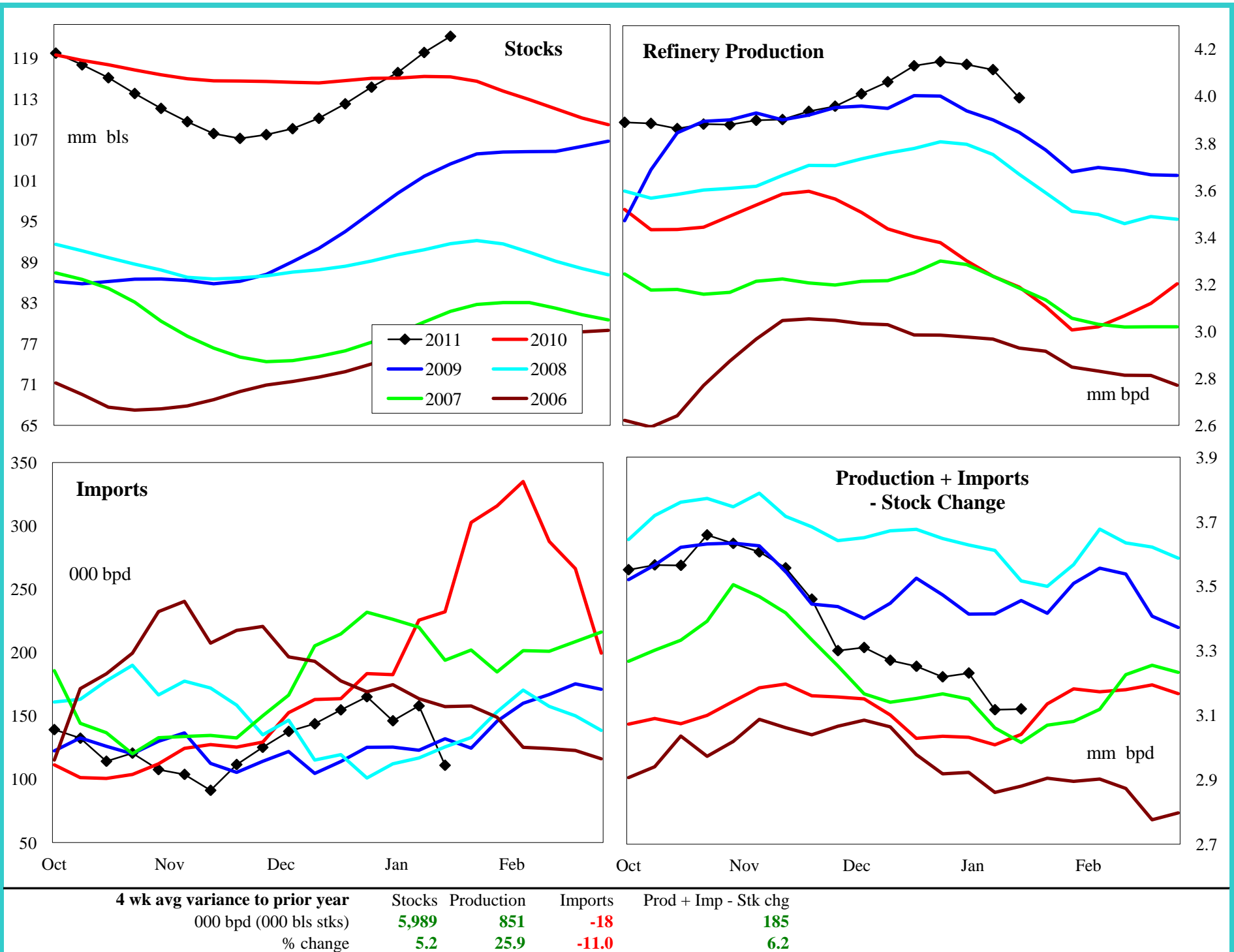
United States Gasoline Imports by Type



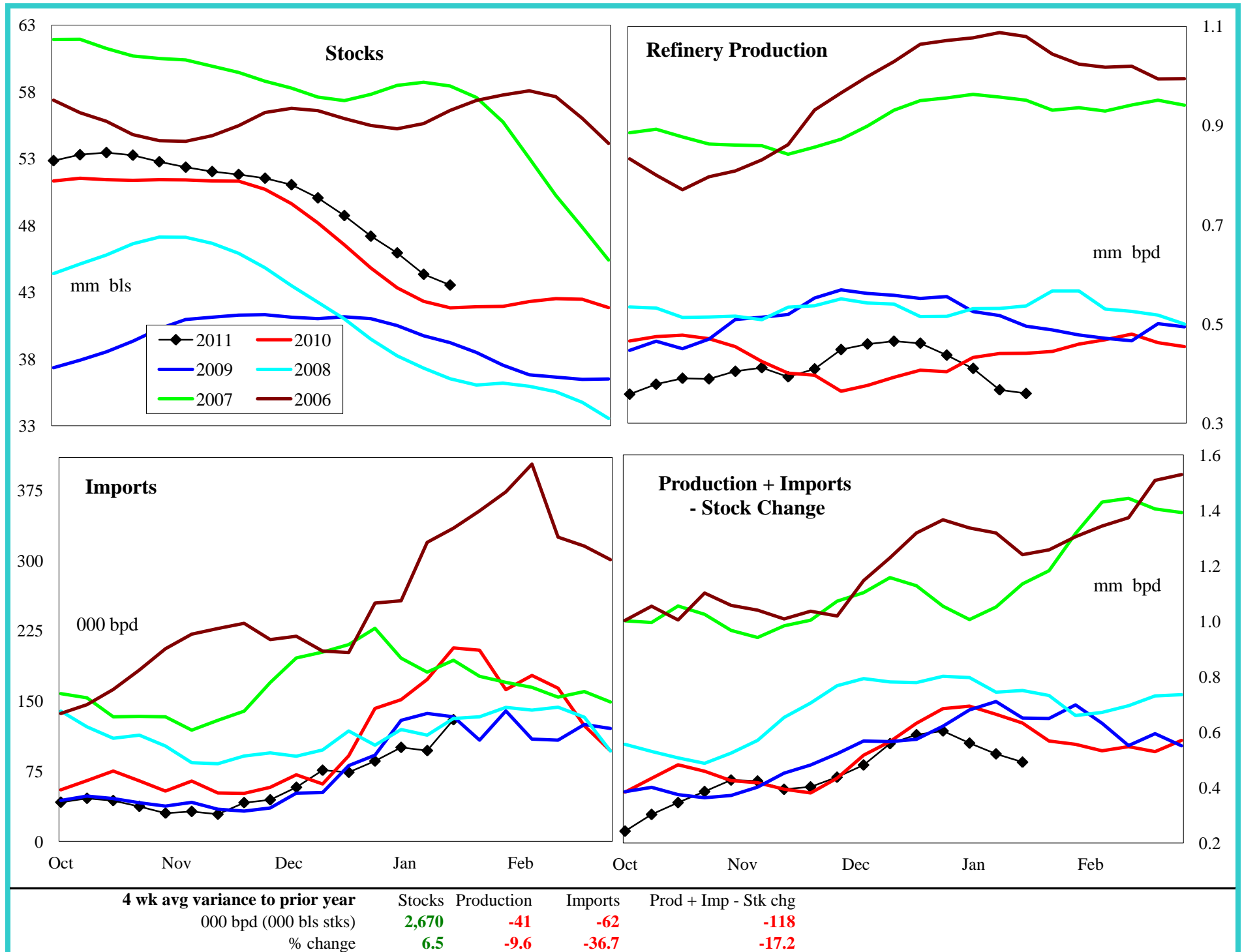
United States Distillate Supply and Demand Balance



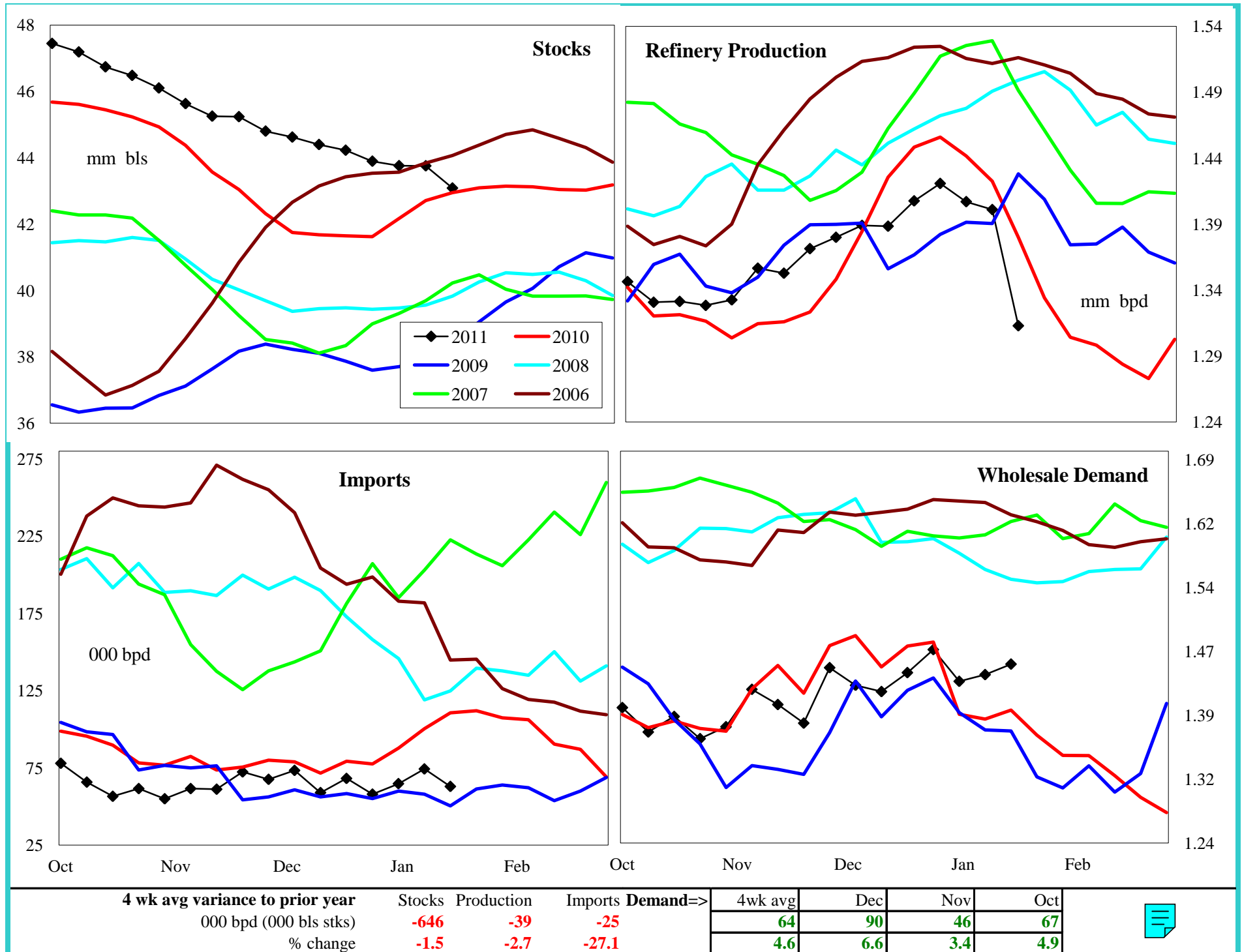
United States Low Sulfur Distillate Supply

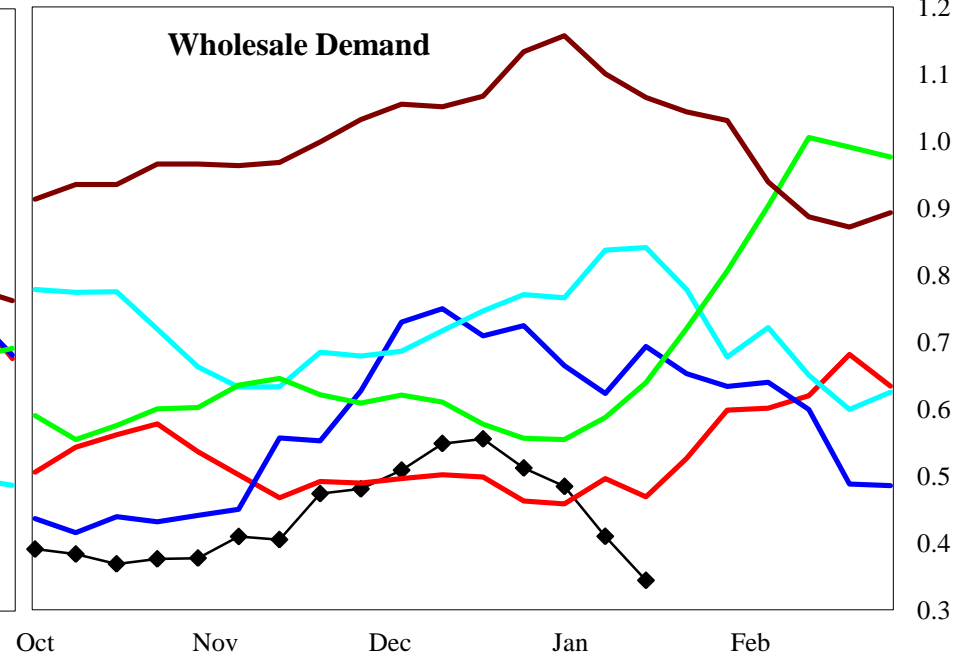
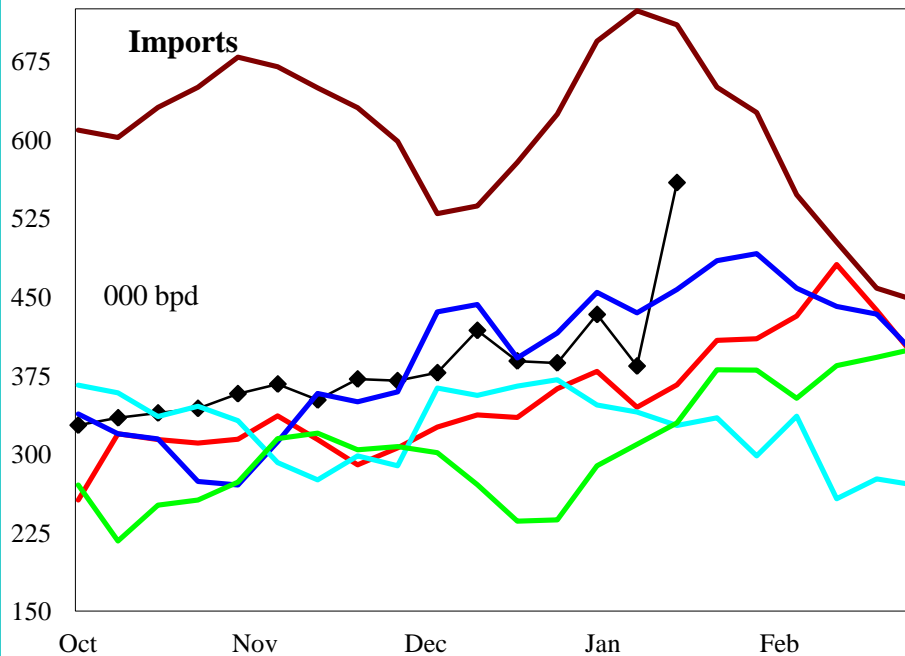
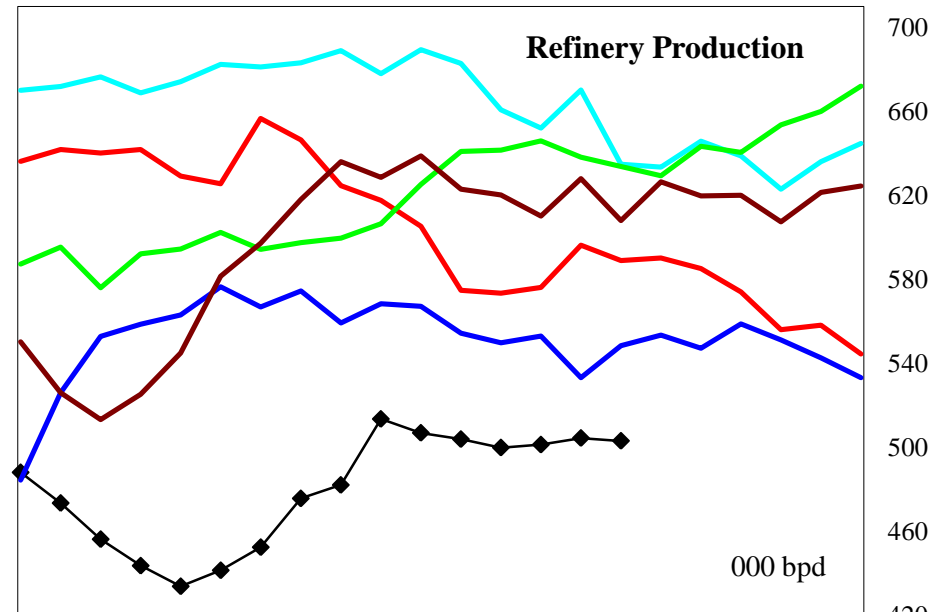
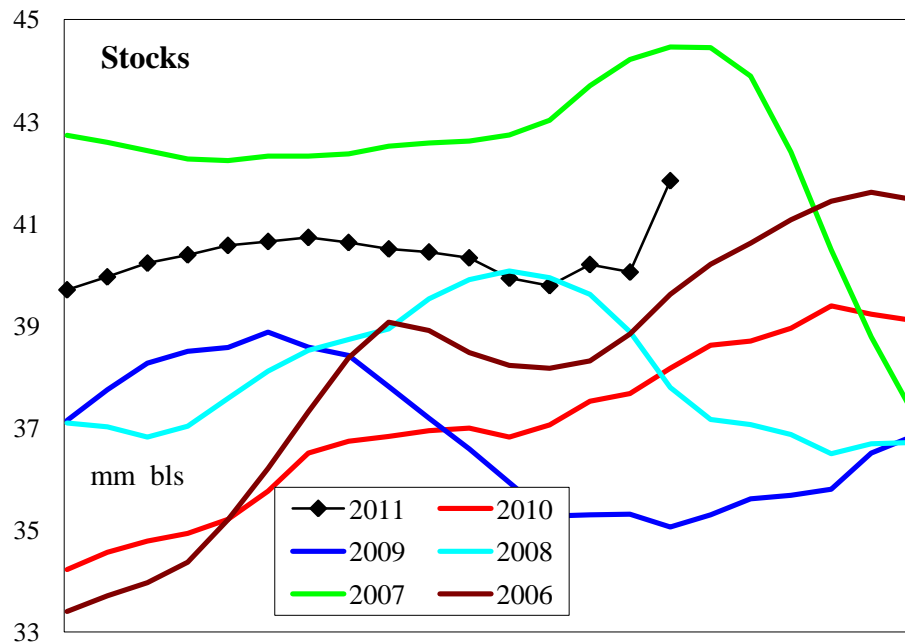


United States High Sulfur Distillate Supply



United States Jet Fuel Supply and Demand Balance





4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

3,056

7.9

Production

-97

-16.7

Imports

42

10.9

Demand=>

4wk avg

13

2.8

Dec

-56

-9.6

Nov

35

7.9

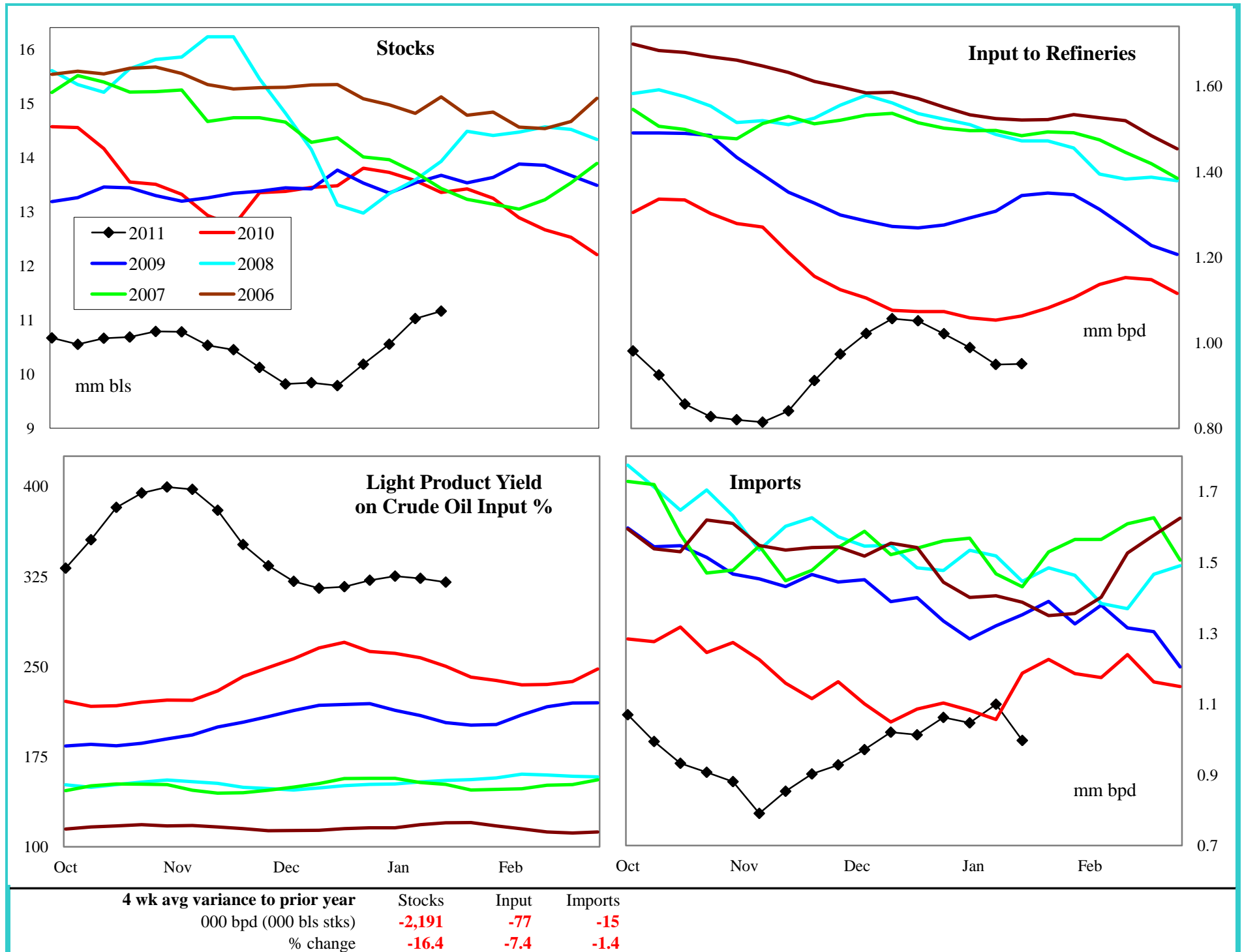
Oct

11

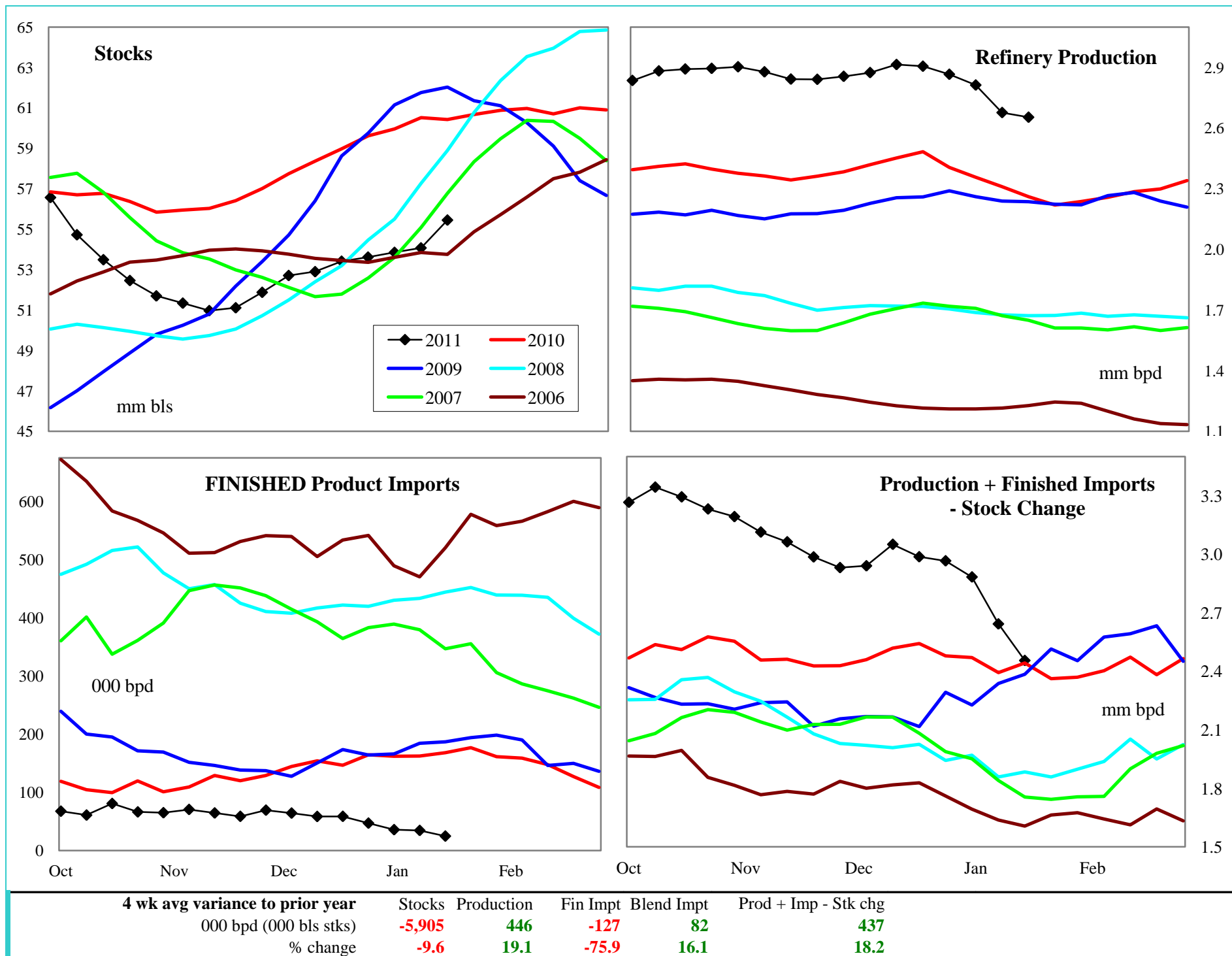
2.2



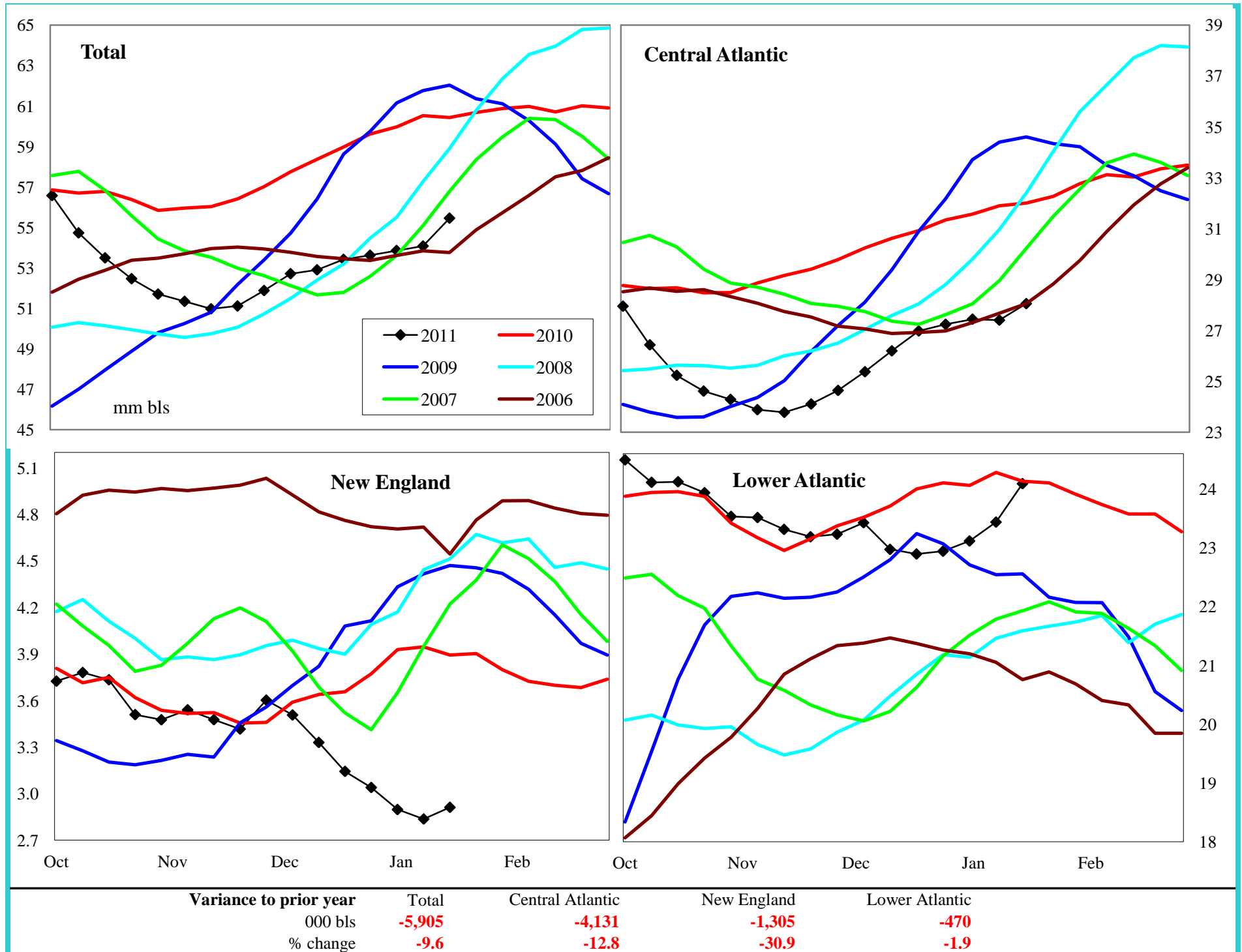
PADD 1 Crude Oil Supply and Refining



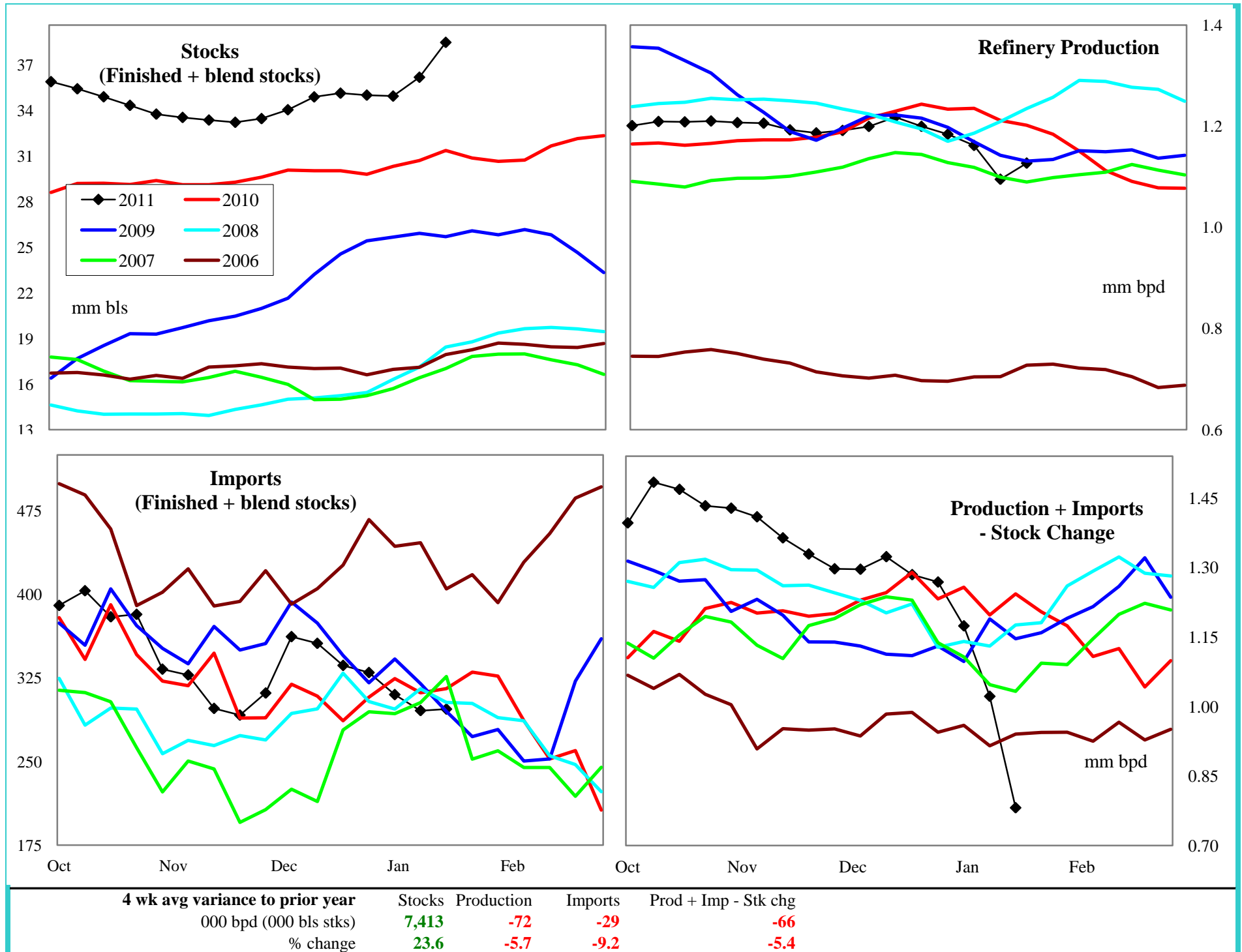
PADD 1 Gasoline Supply



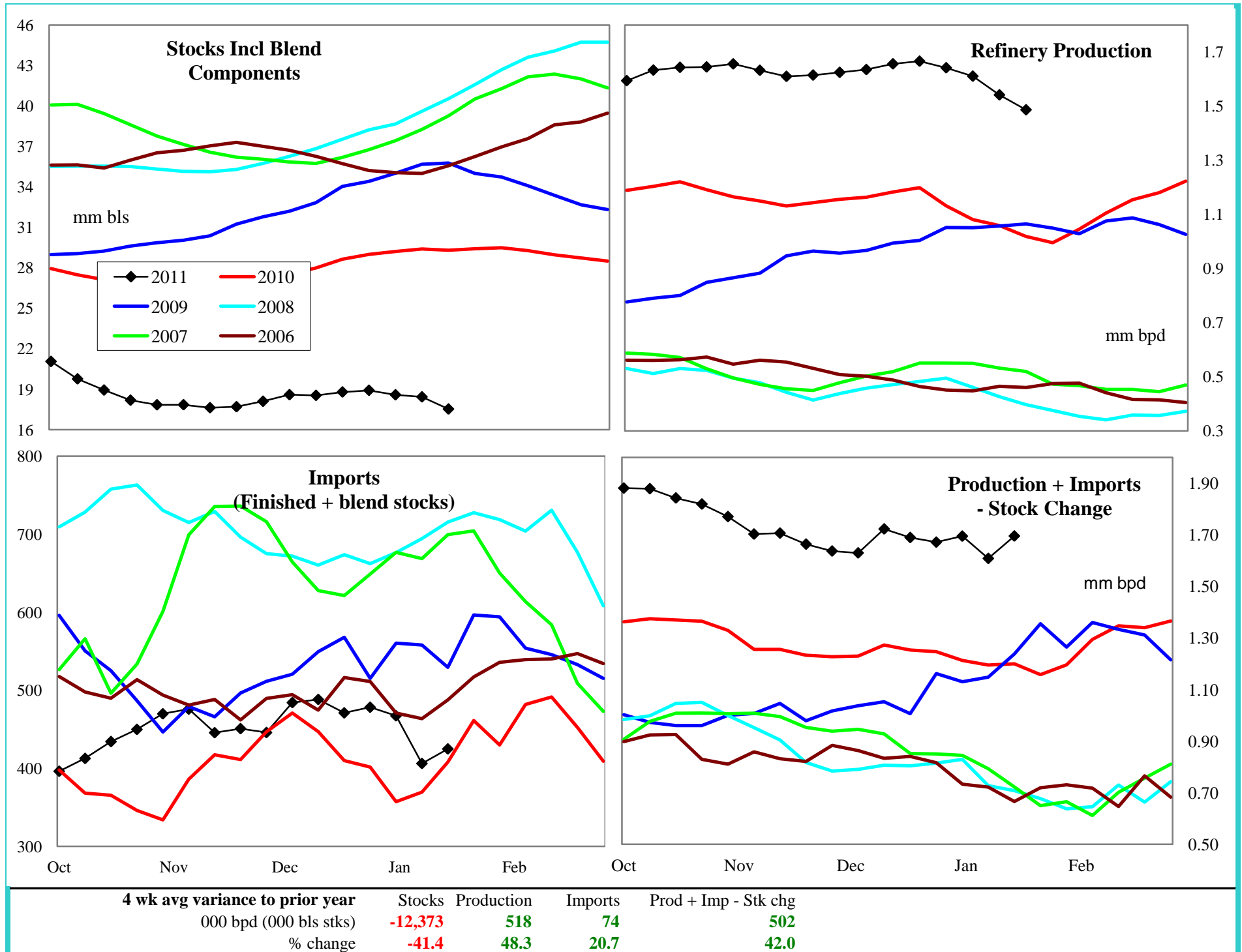
PADD 1 Gasoline Stocks by Region



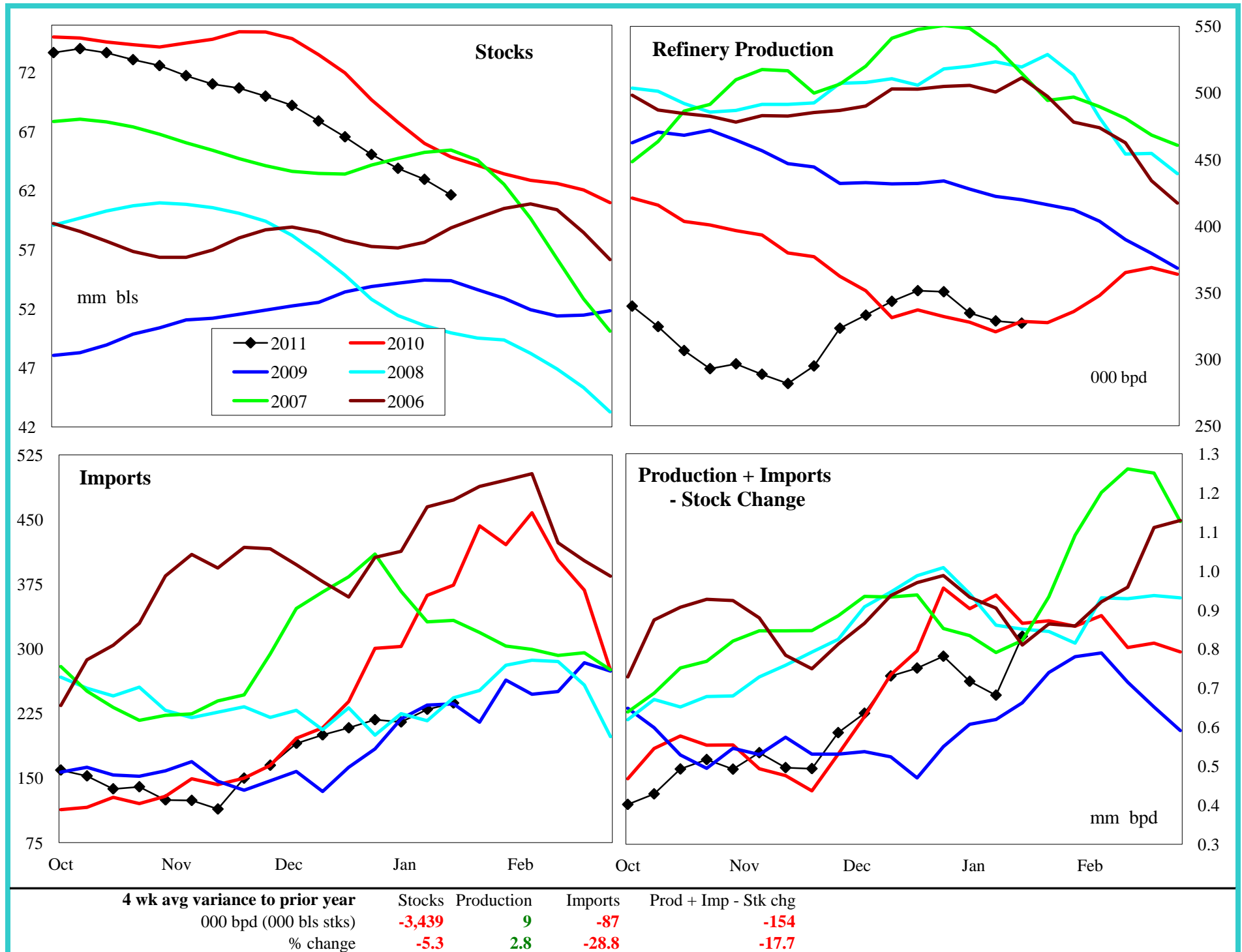
PADD 1 Reformulated Gasoline Supply



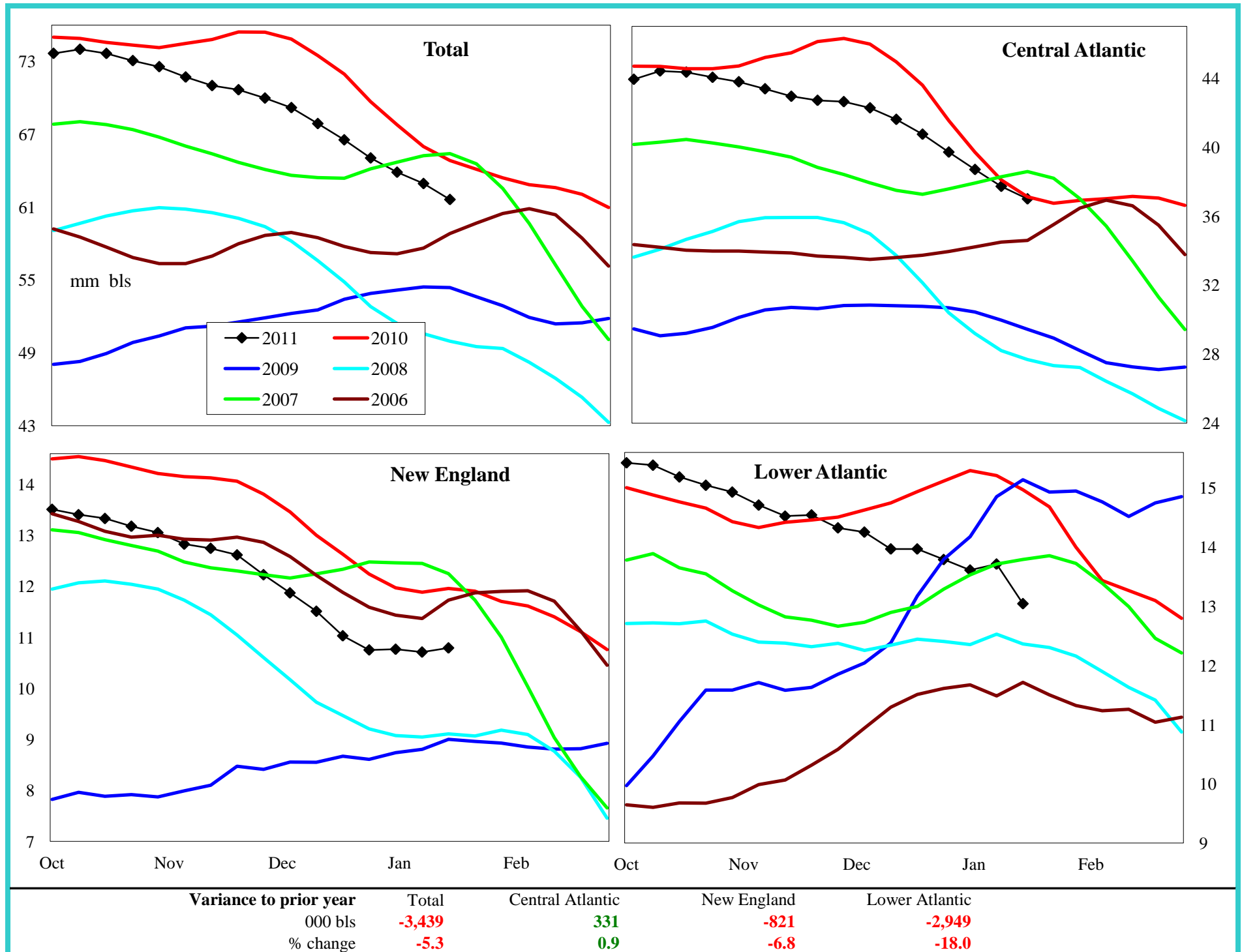
PADD 1 Conventional Gasoline Supply



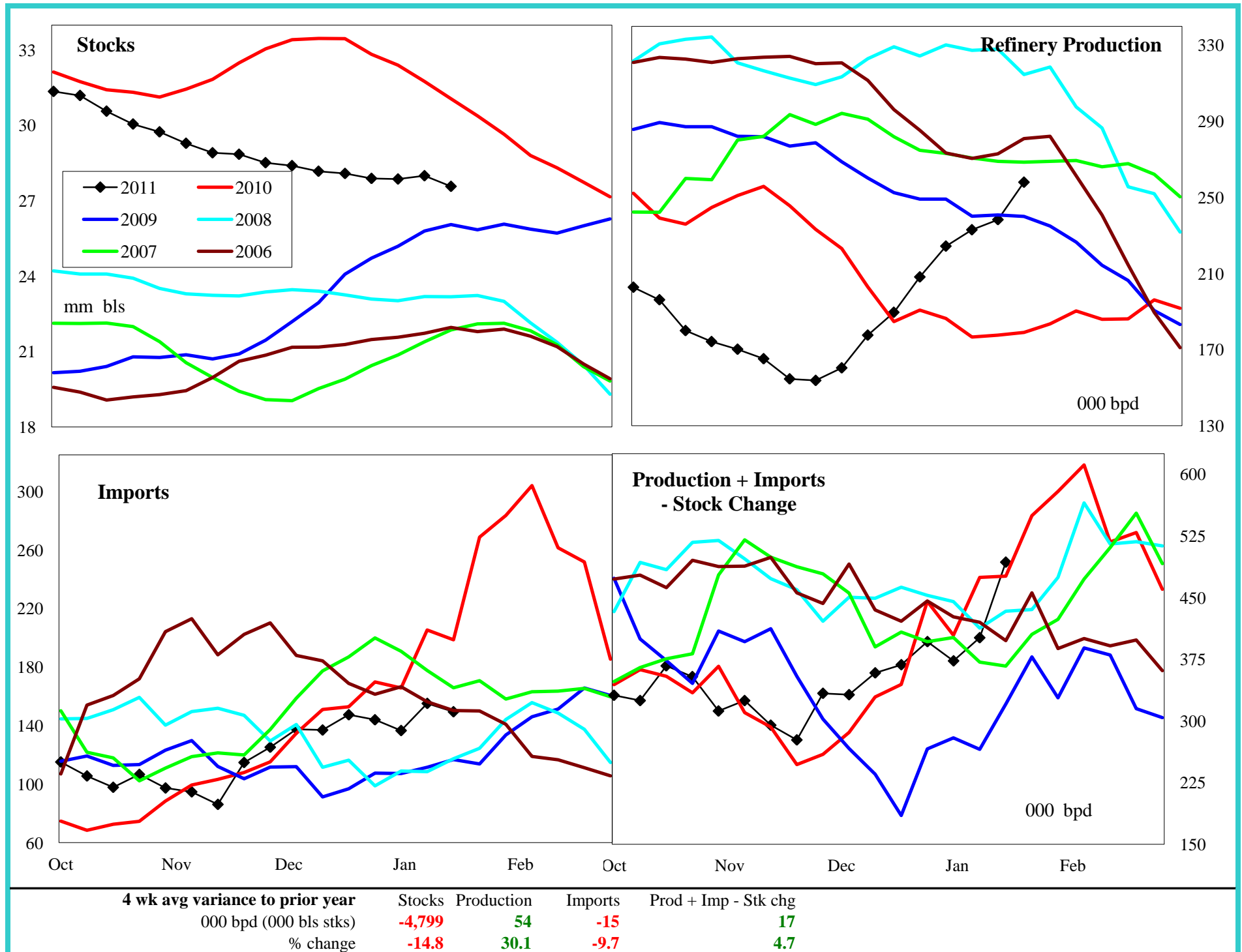
PADD 1 Distillate Supply



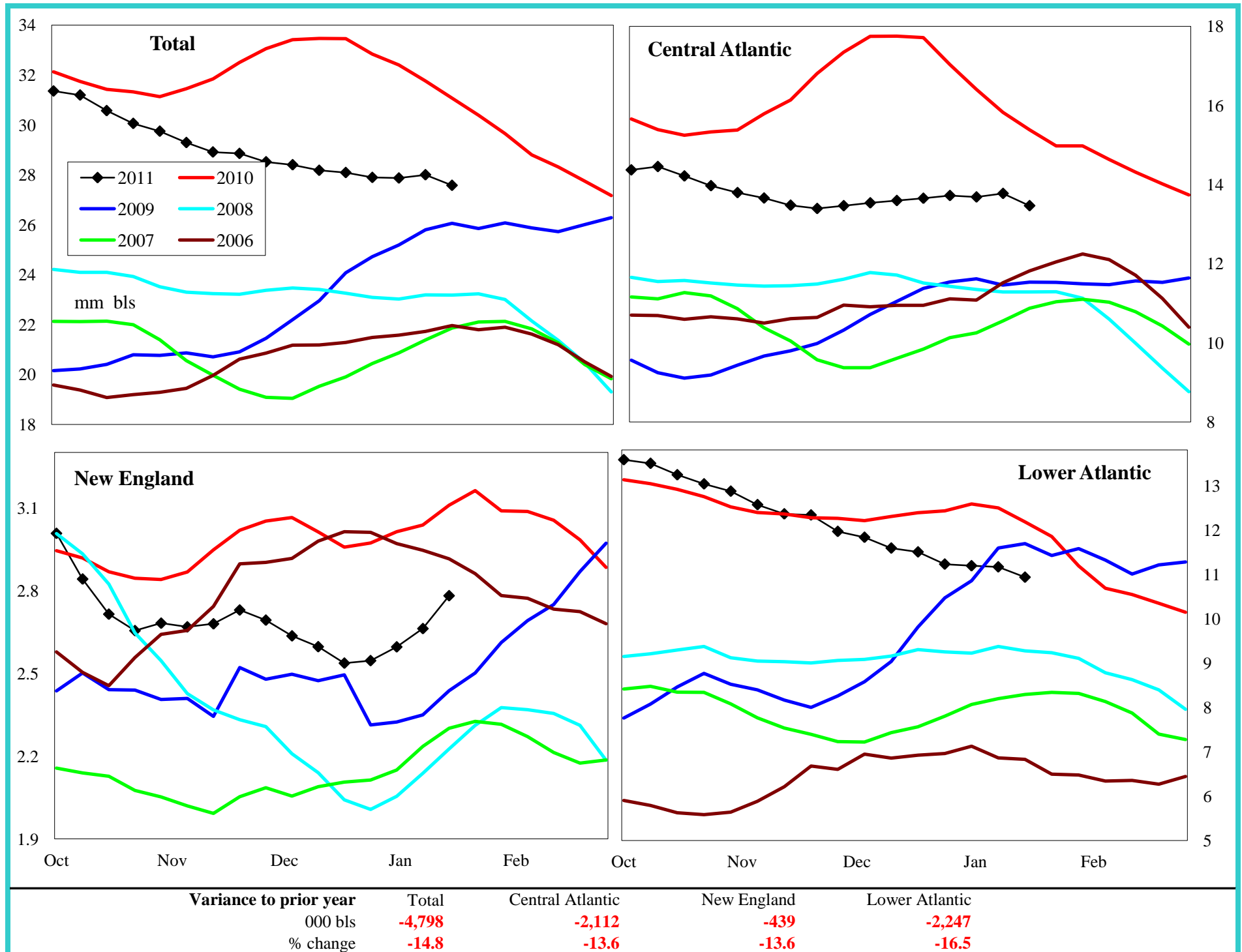
PADD 1 Distillate Stocks by Region



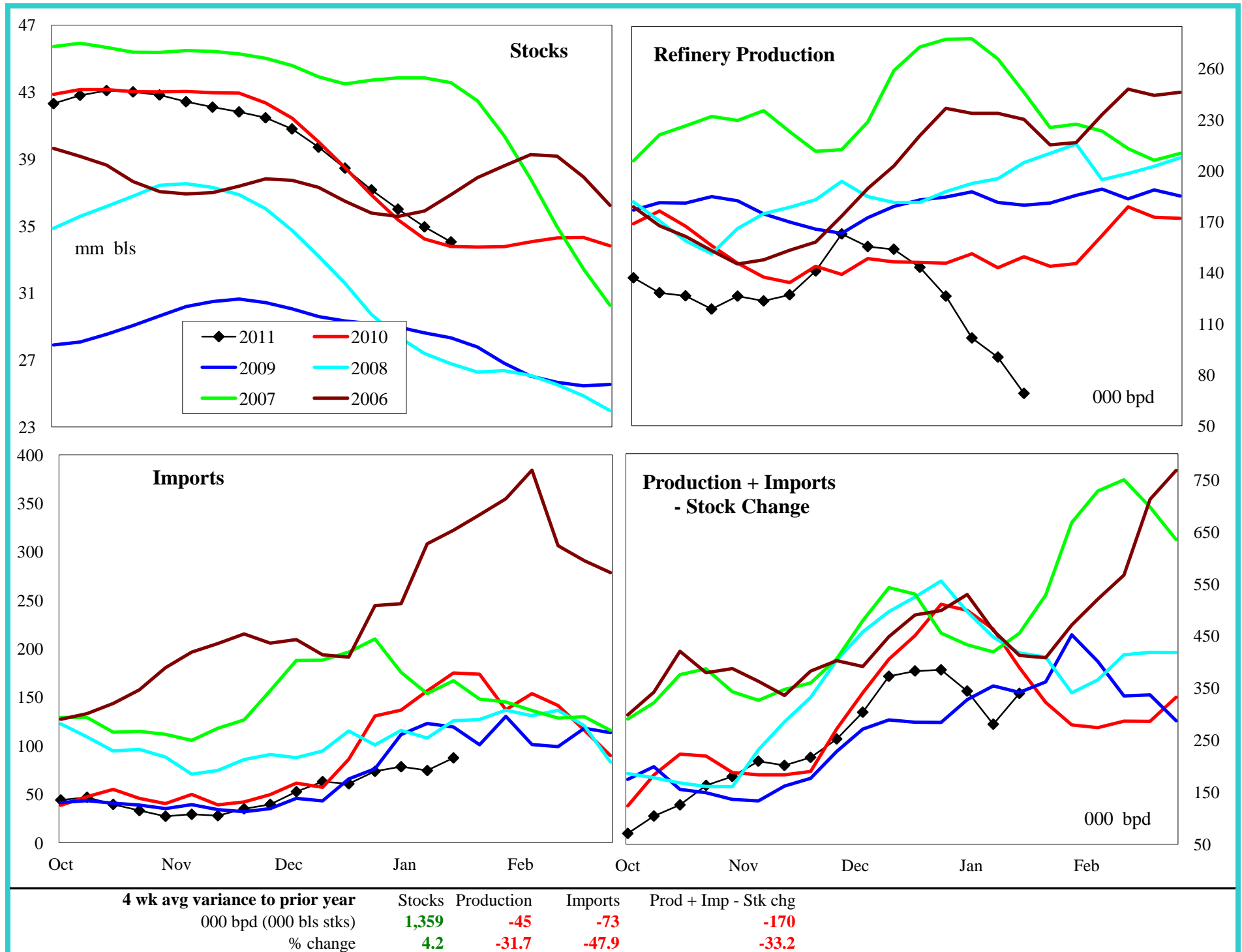
PADD 1 Low Sulfur Distillate Supply



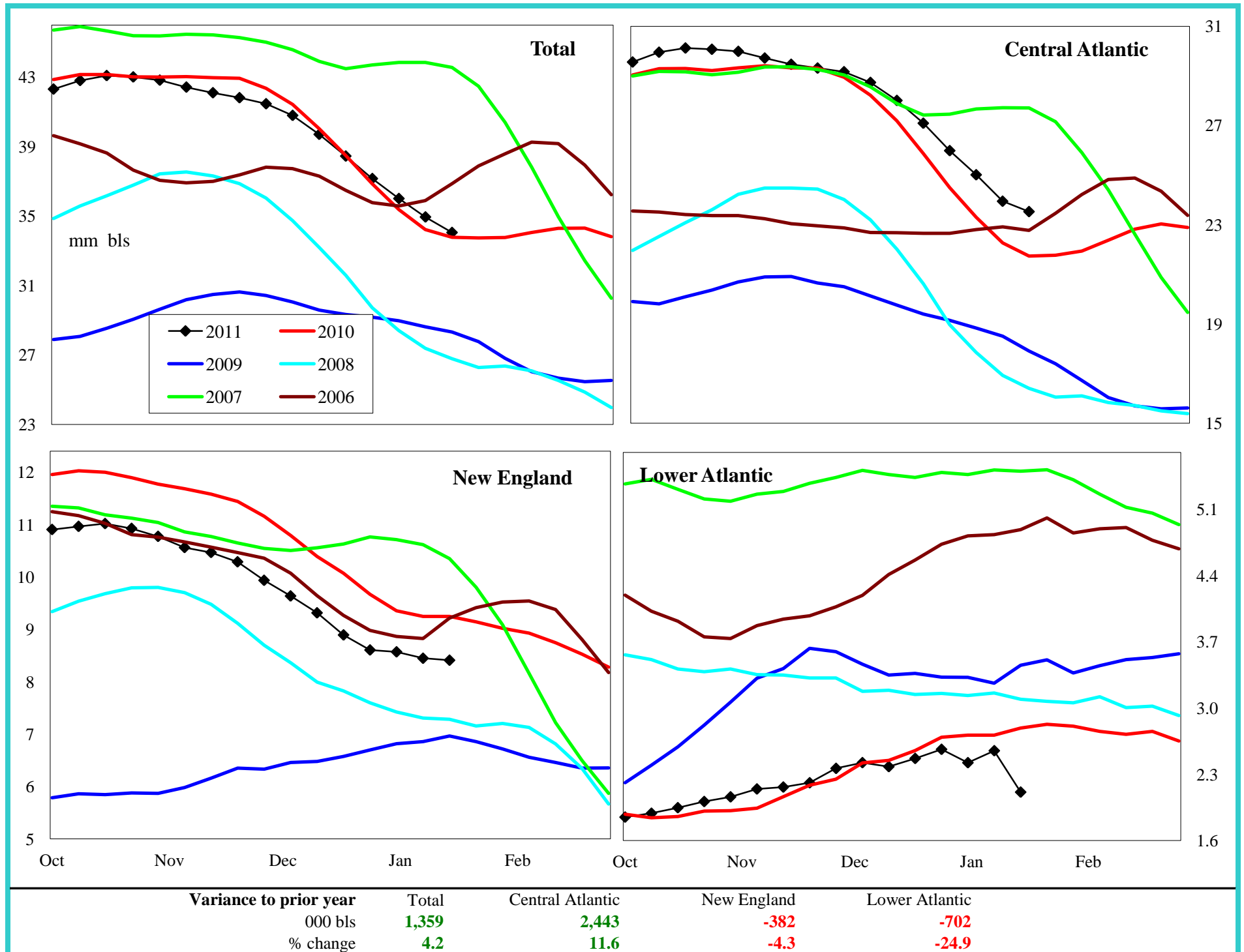
PADD 1 Low Sulfur Distillate Stocks by Region



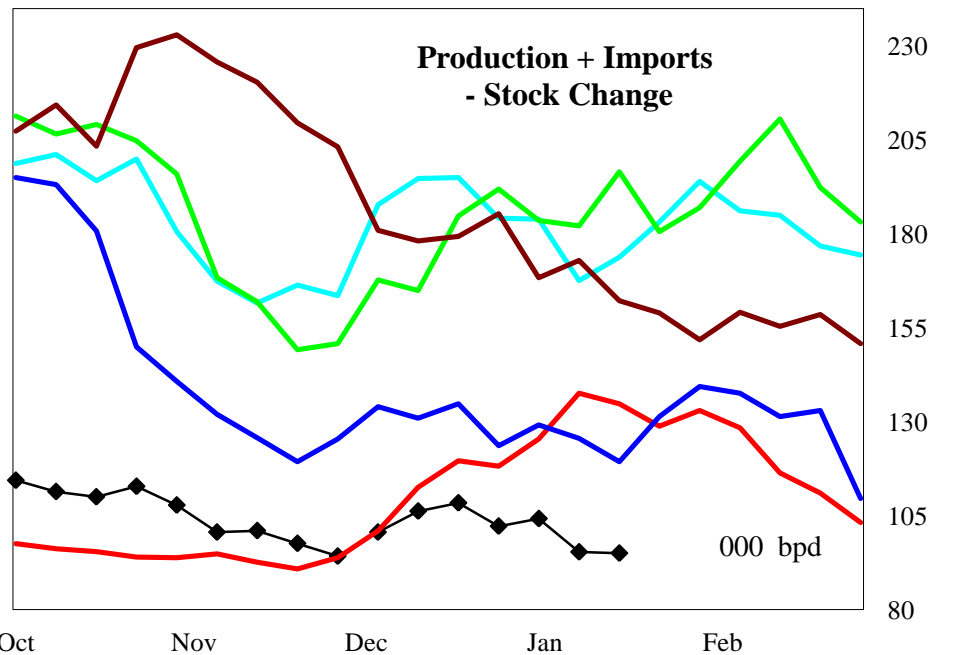
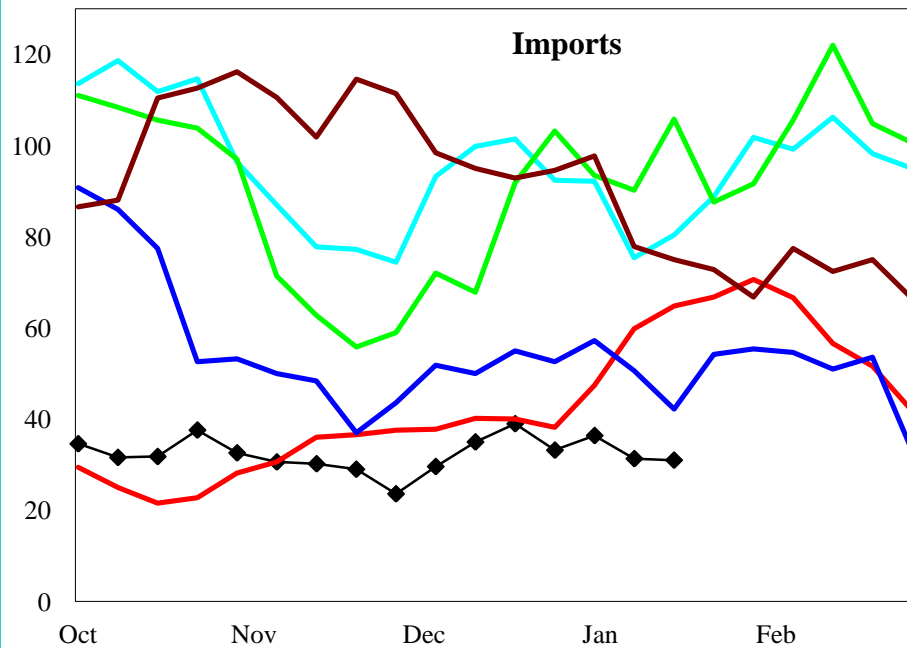
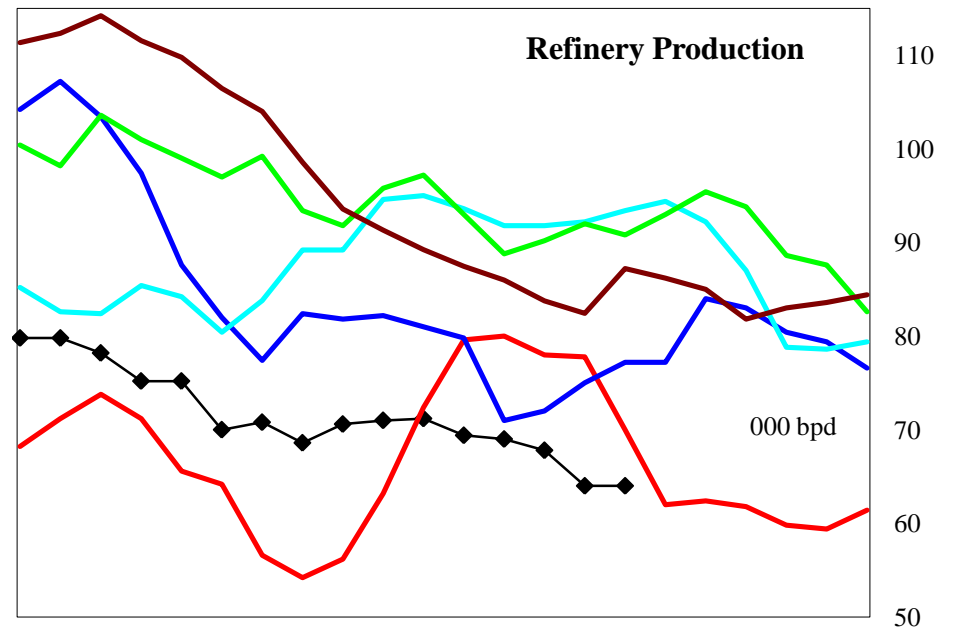
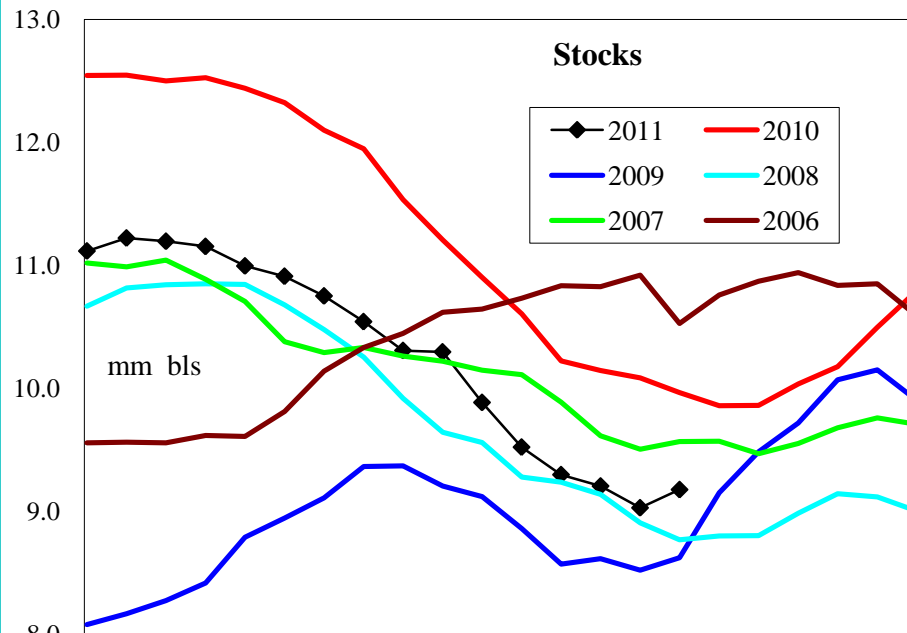
PADD 1 High Sulfur Distillate Supply



PADD 1 High Sulfur Distillate Stocks by Region



PADD 1 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-790

-10

-18

-29

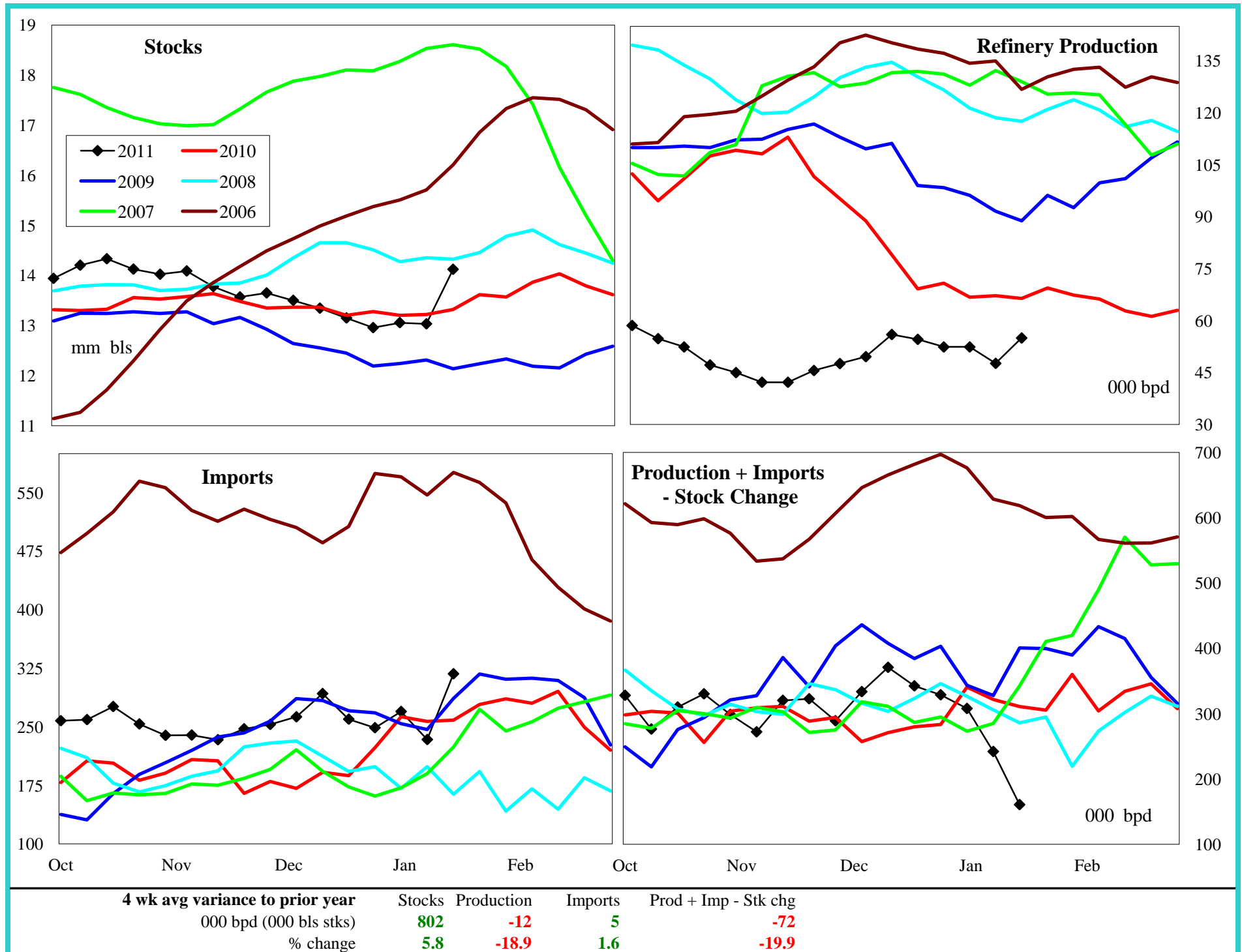
-7.9

-13.4

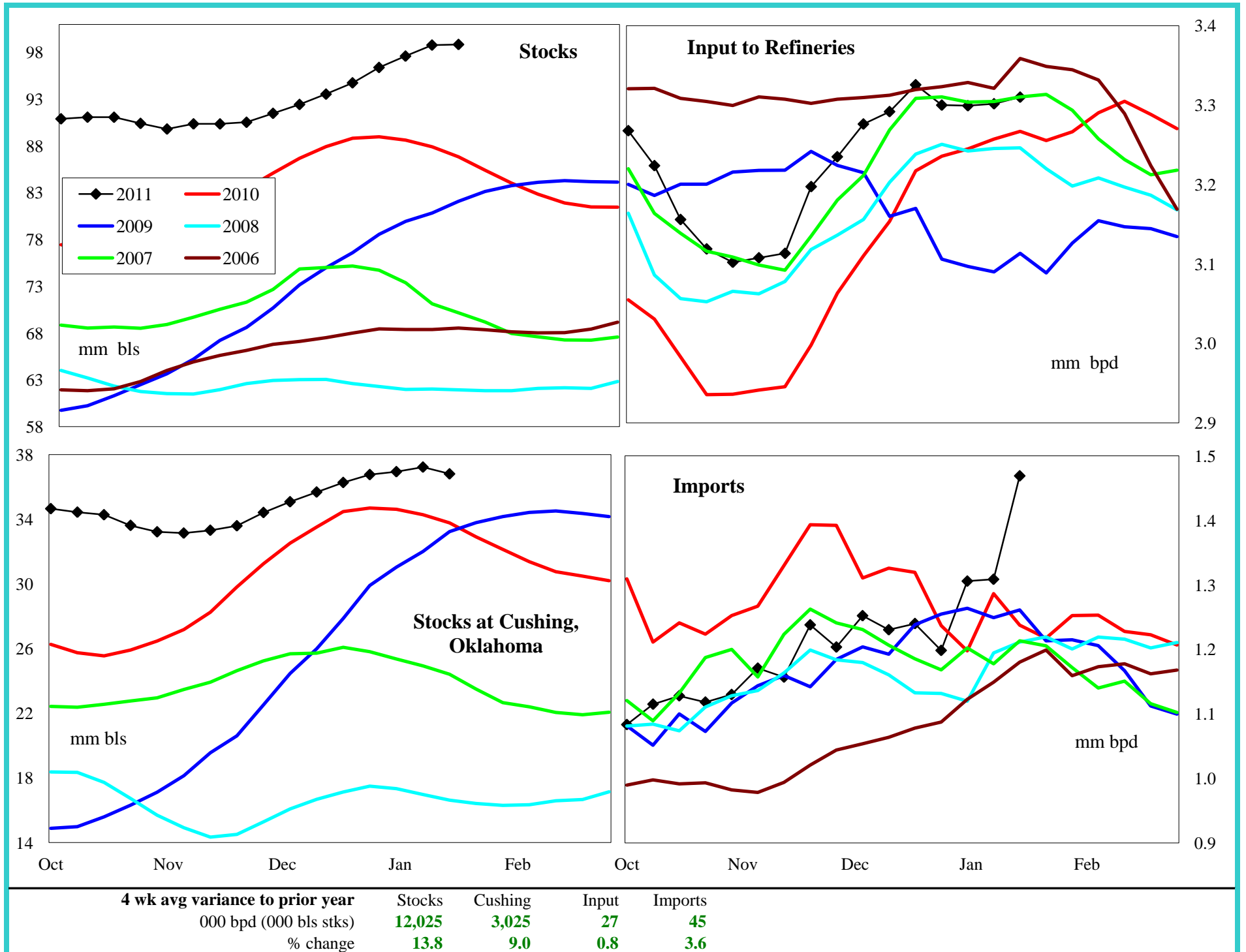
-34.3

-22.6

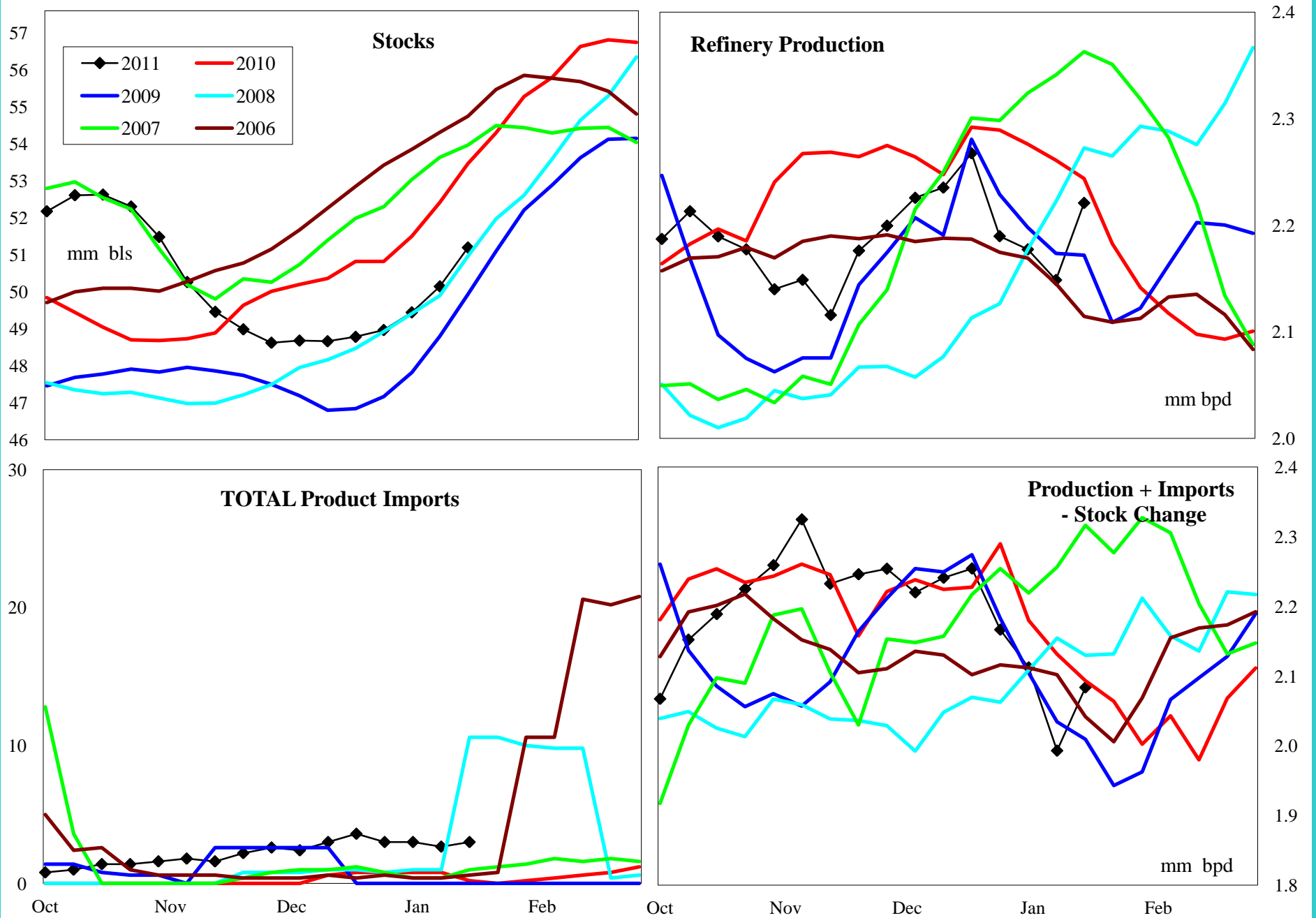
PADD 1 Residual Fuel Oil Supply



PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-2,272

-4.2

Production

-116

-5.1

Imports

2

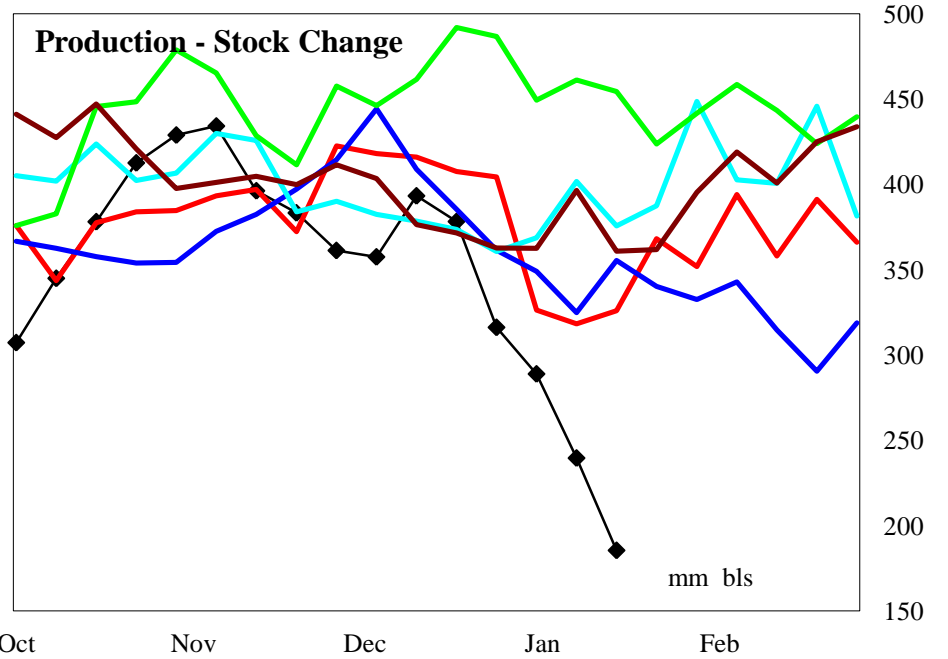
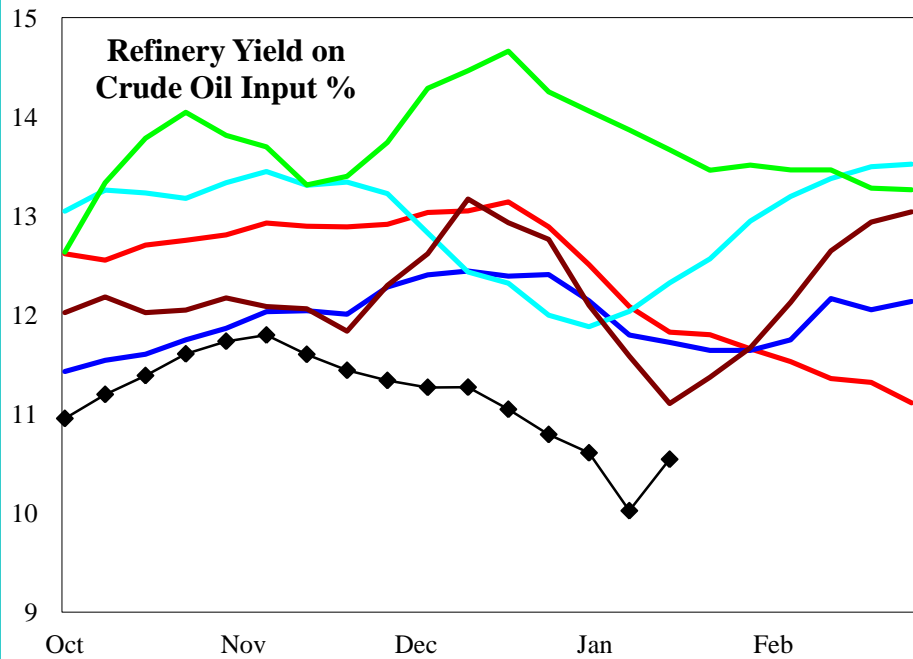
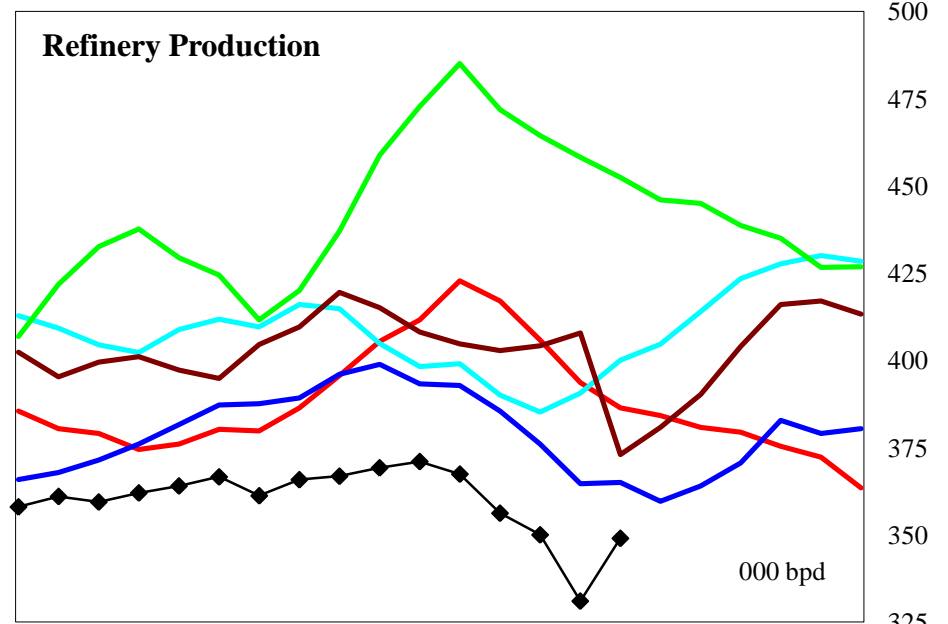
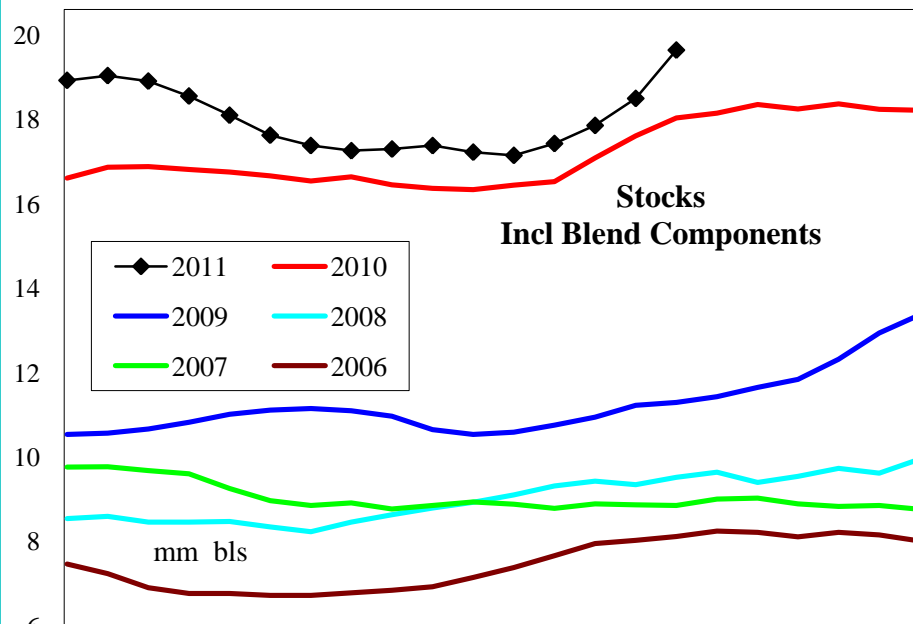
225.0

Prod + Imp - Stk chg

-48

-2.3

PADD 2 Reformulated Gasoline Supply



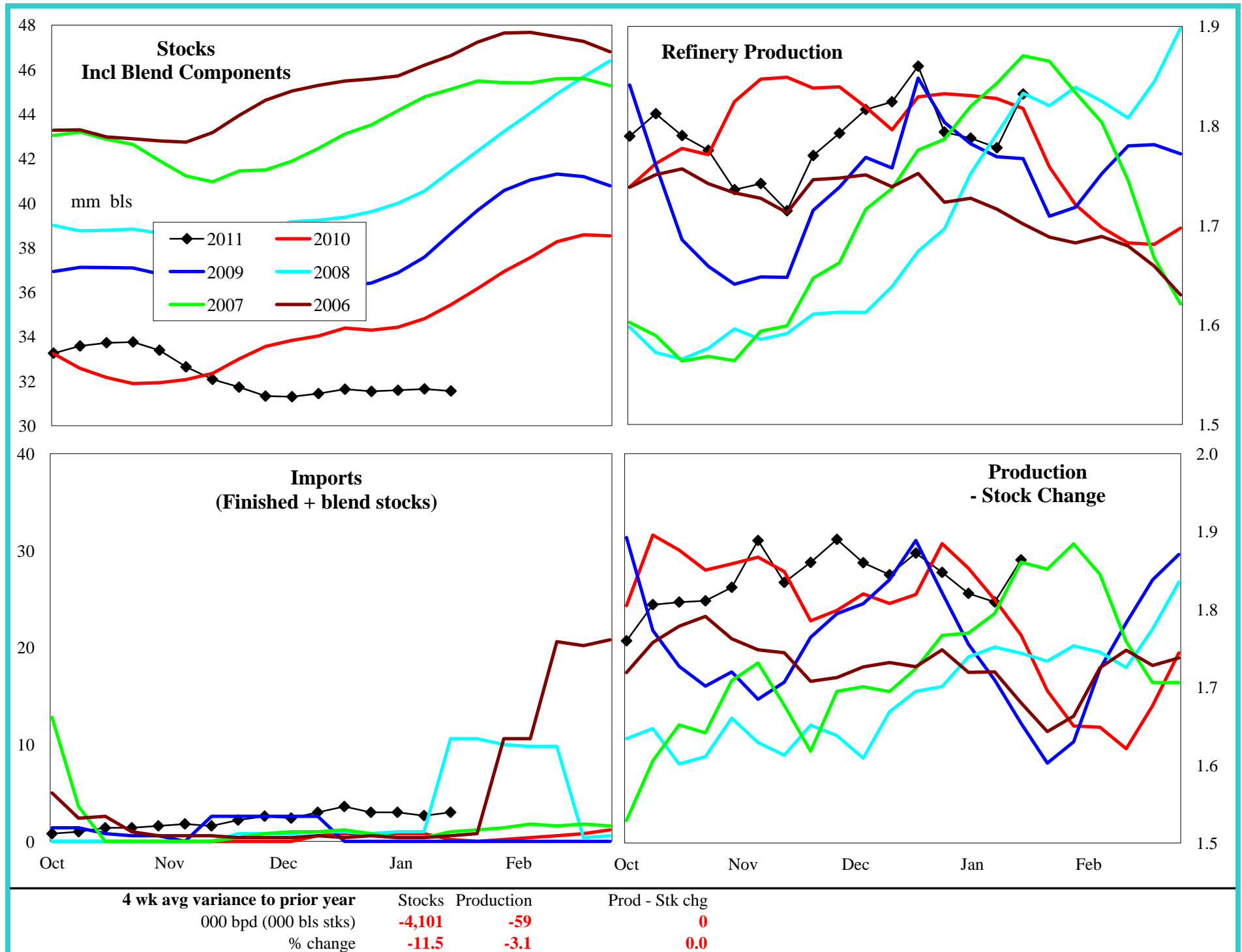
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks
1,605
8.7

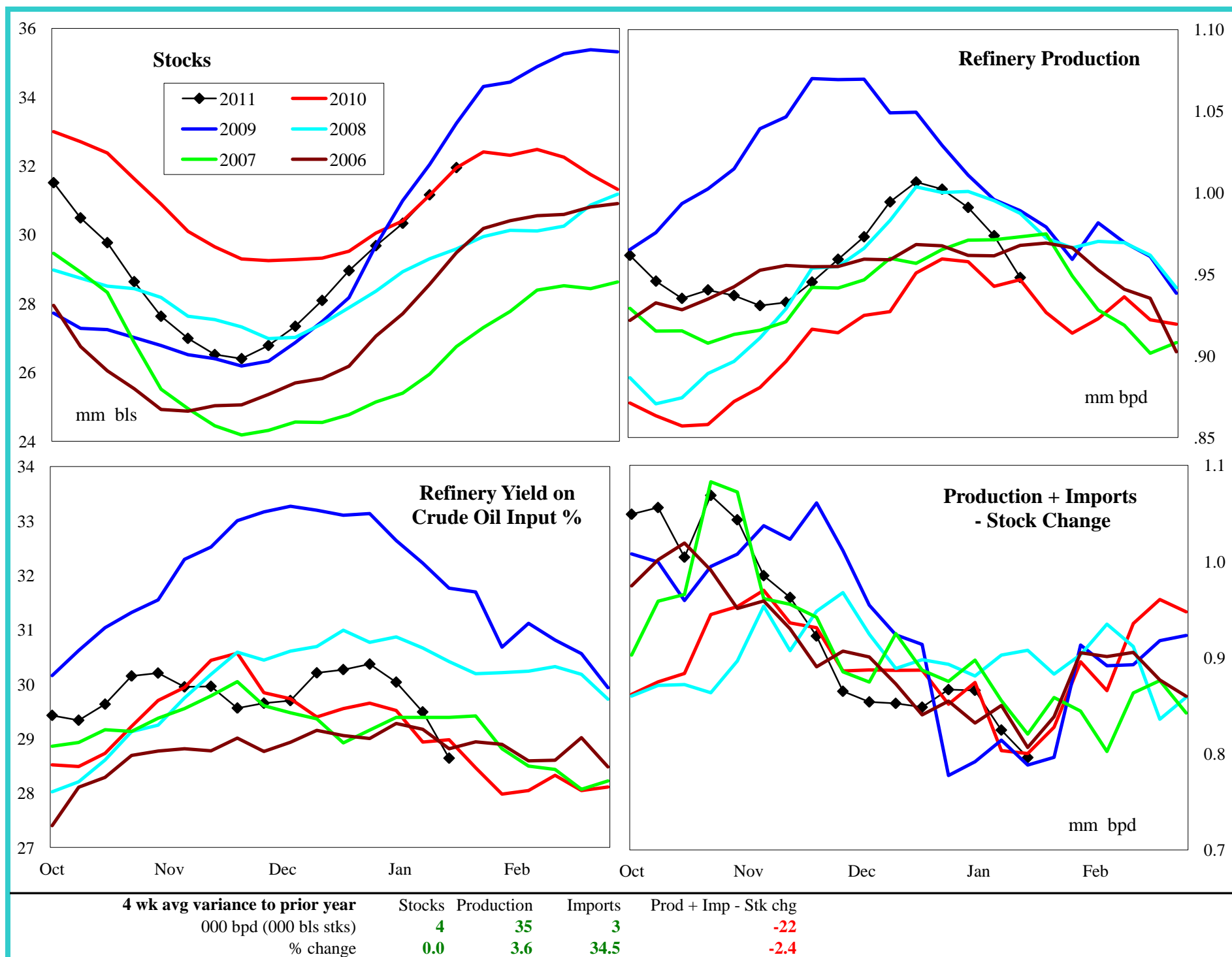
Production
-54
-13.5

Prod - Stk chg
-86
-25.1

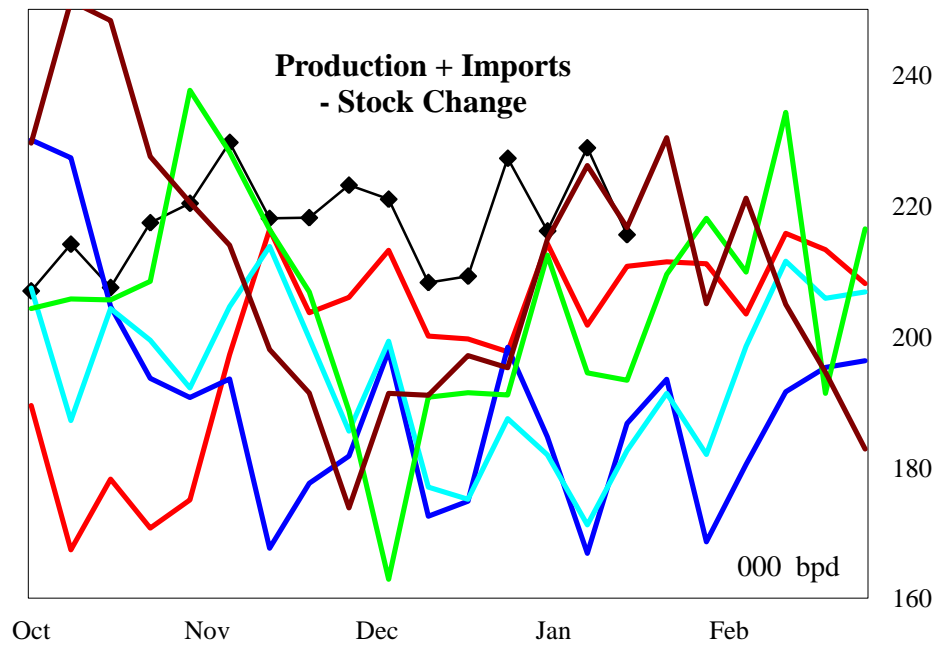
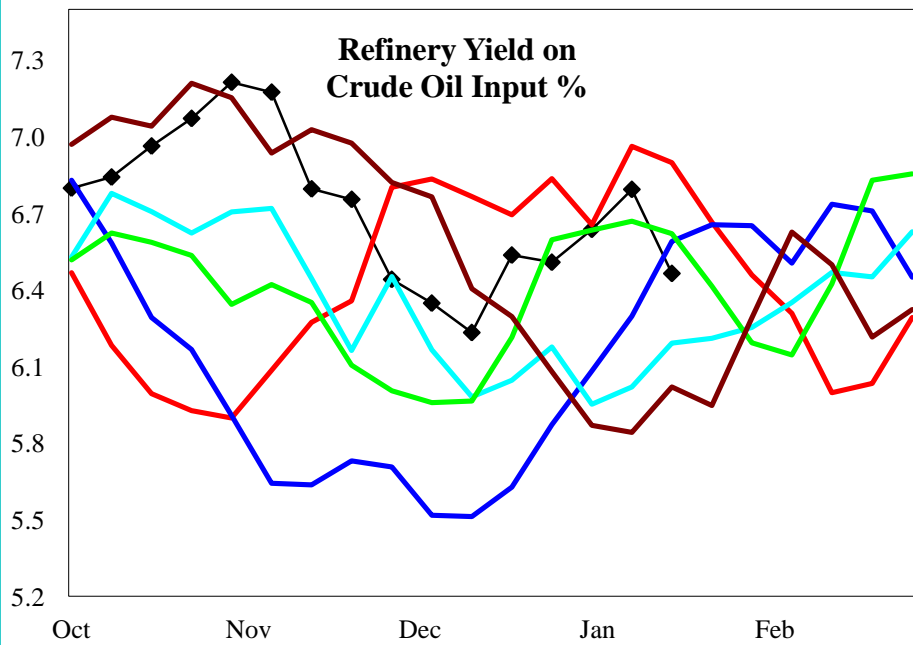
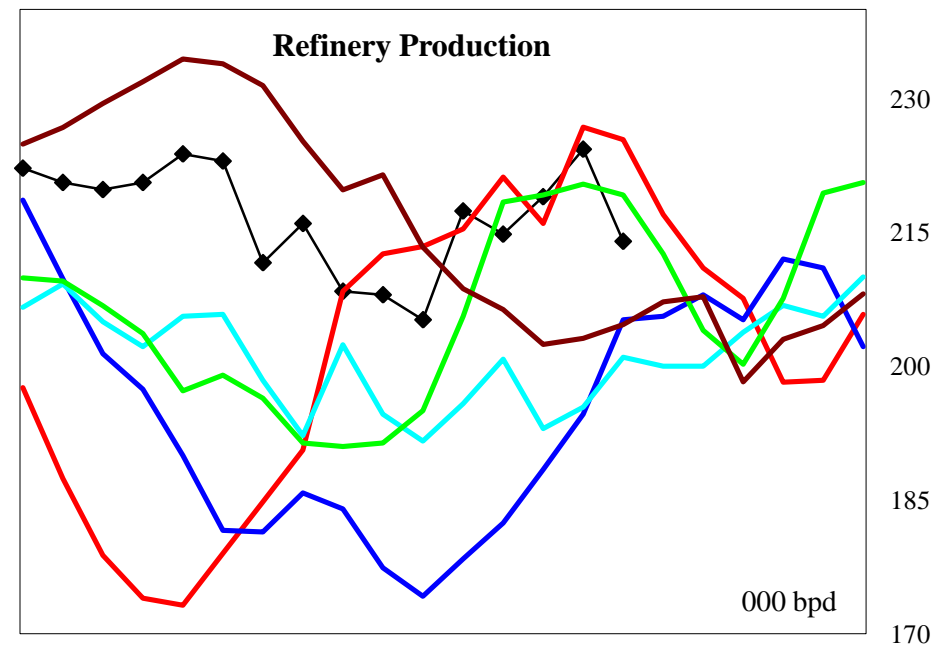
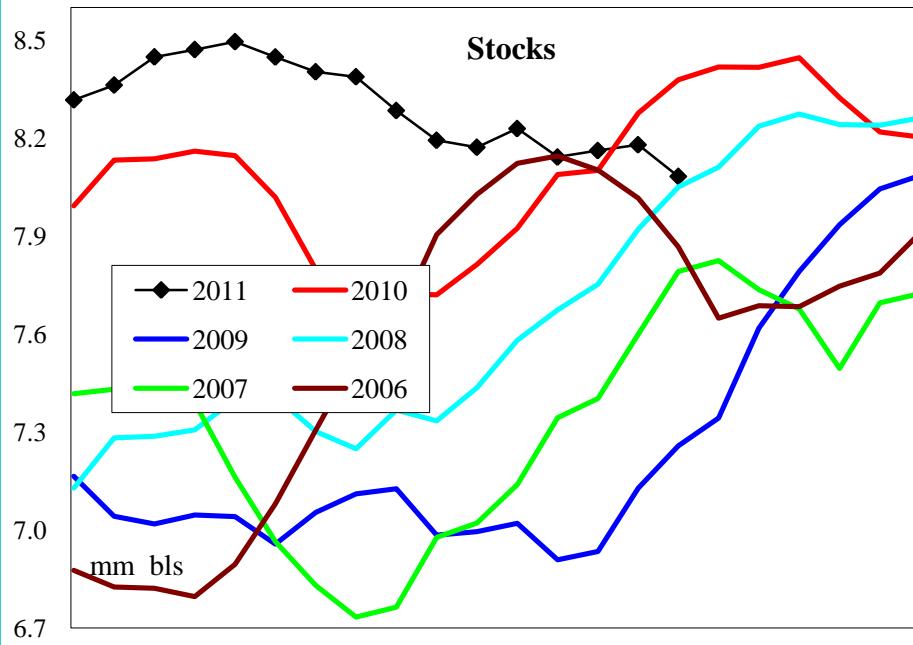
PADD 2 Conventional Gasoline Supply



PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-296

-3.5

Production

1

0.5

Imports

0

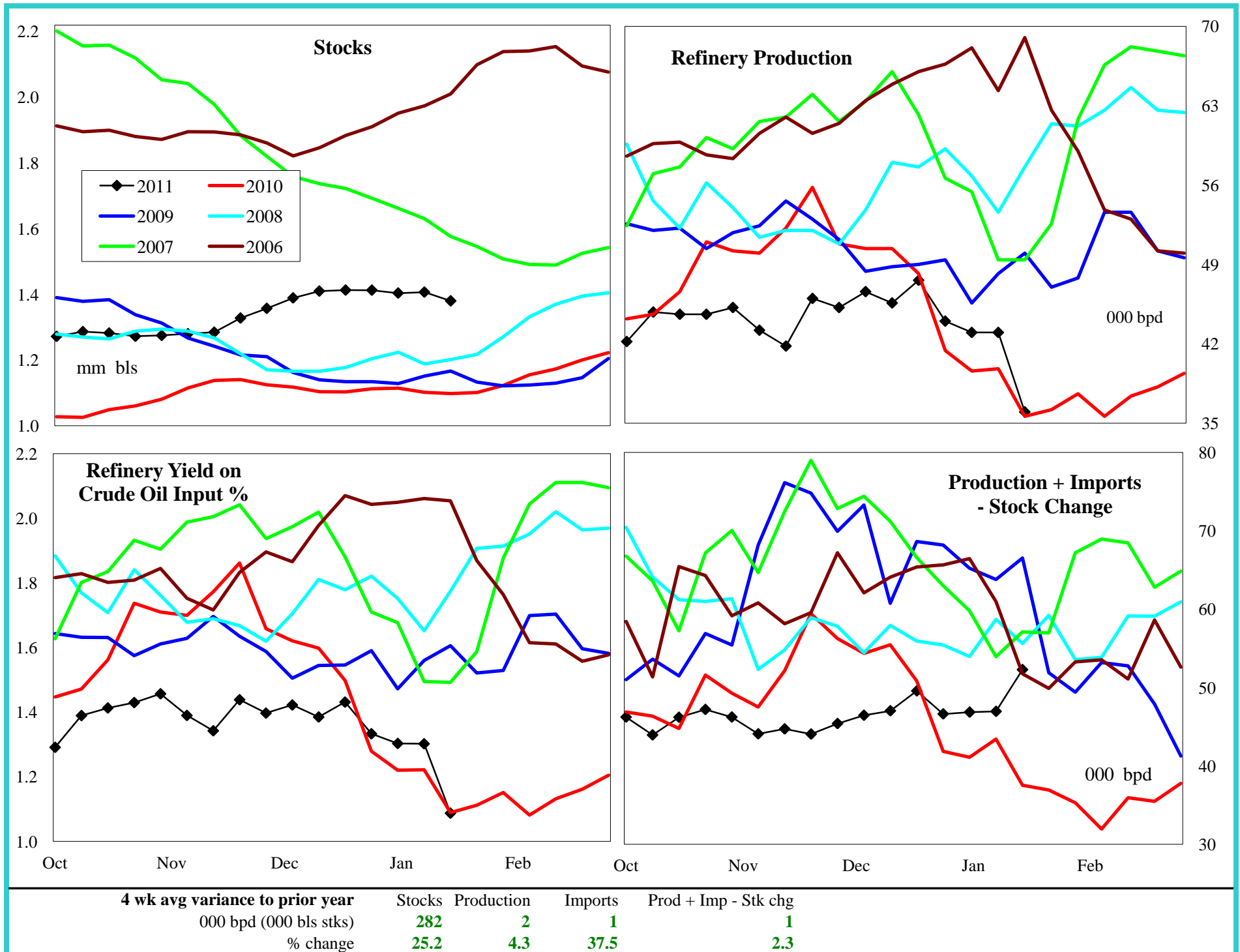
#DIV/0!

Prod + Imp - Stk chg

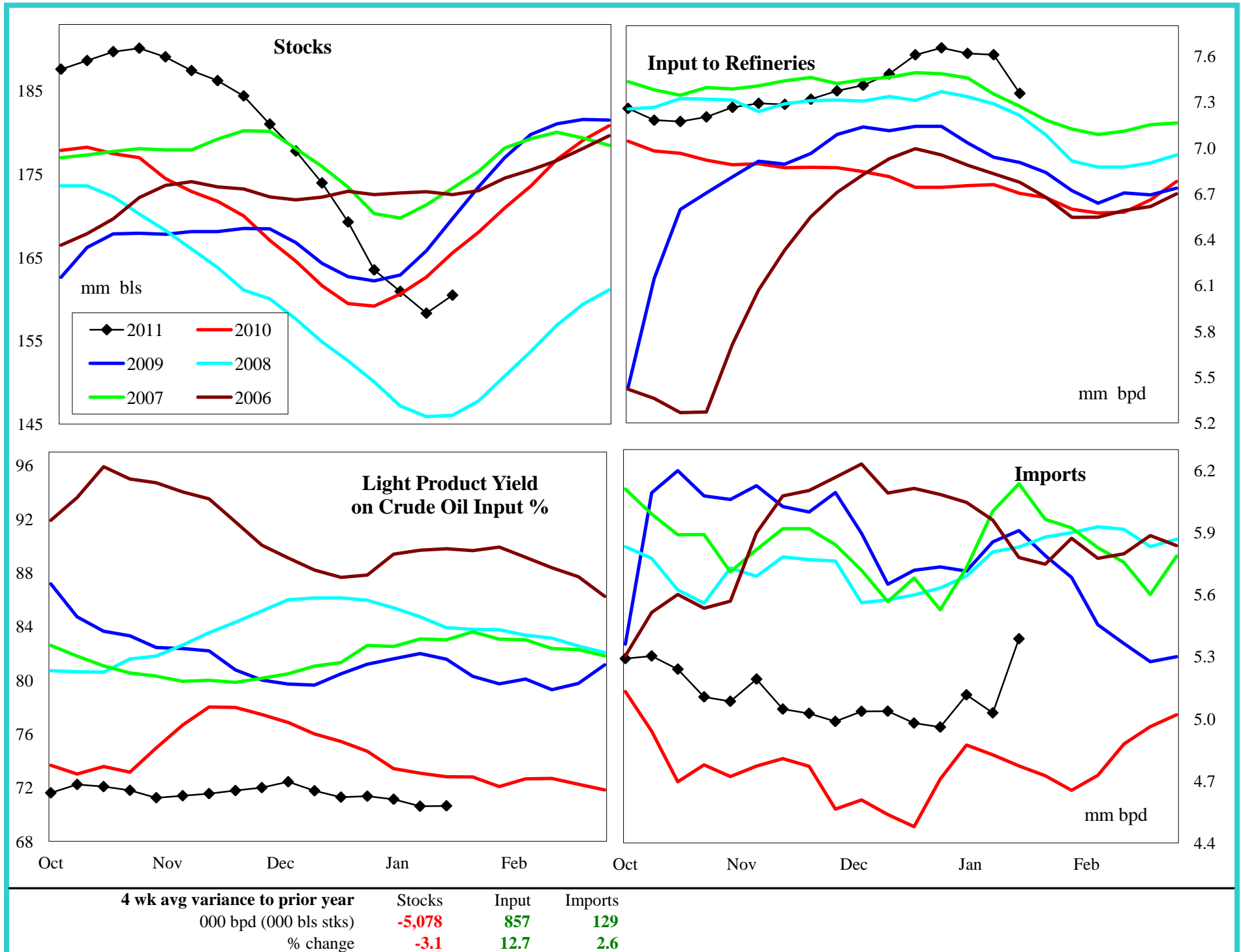
15

7.2

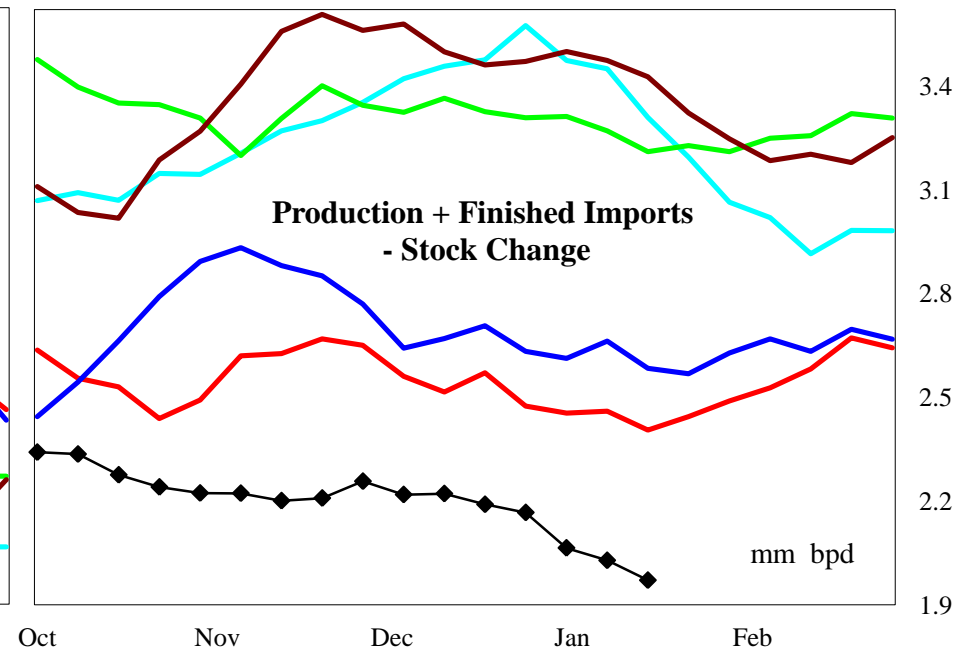
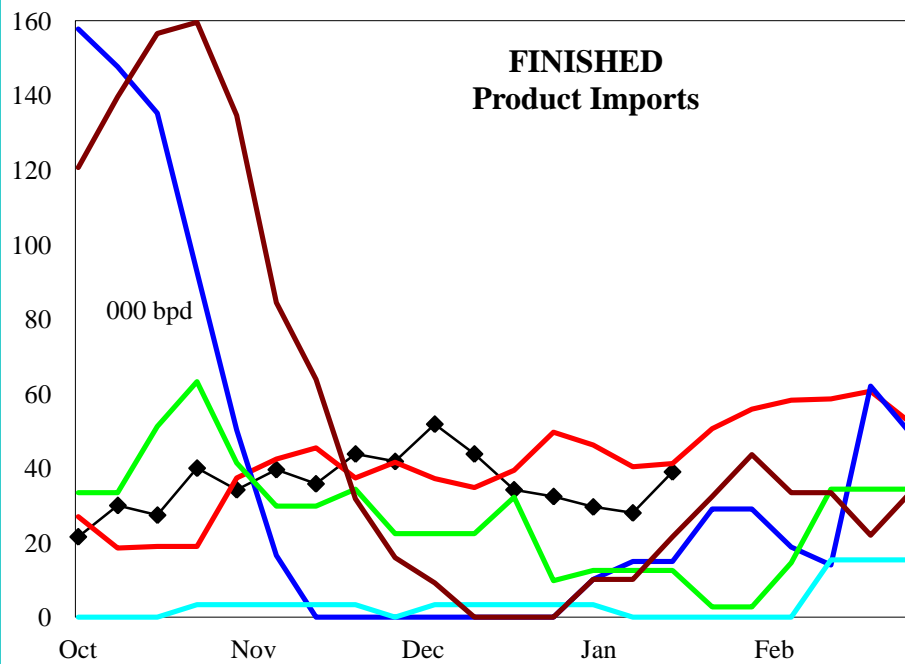
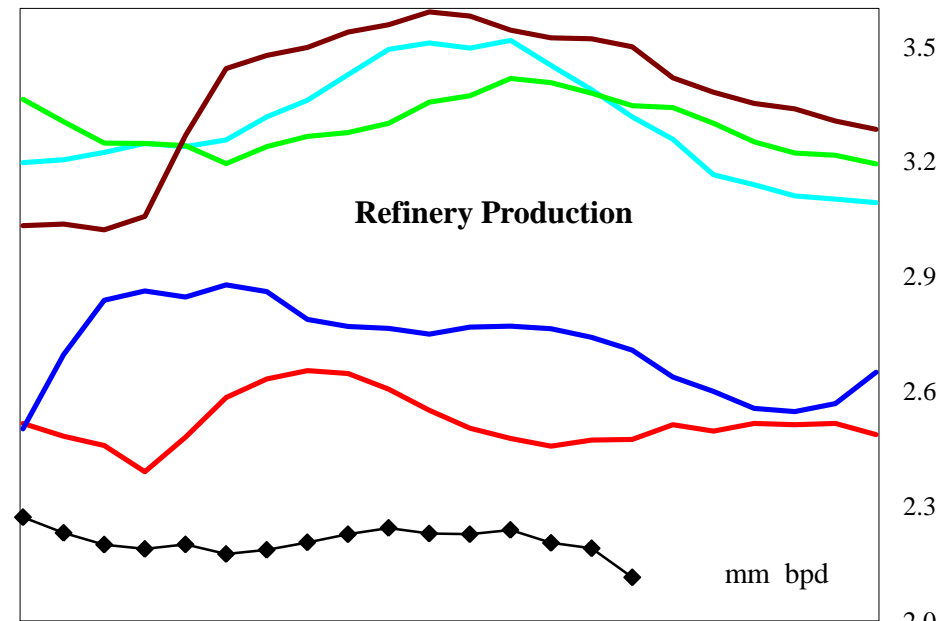
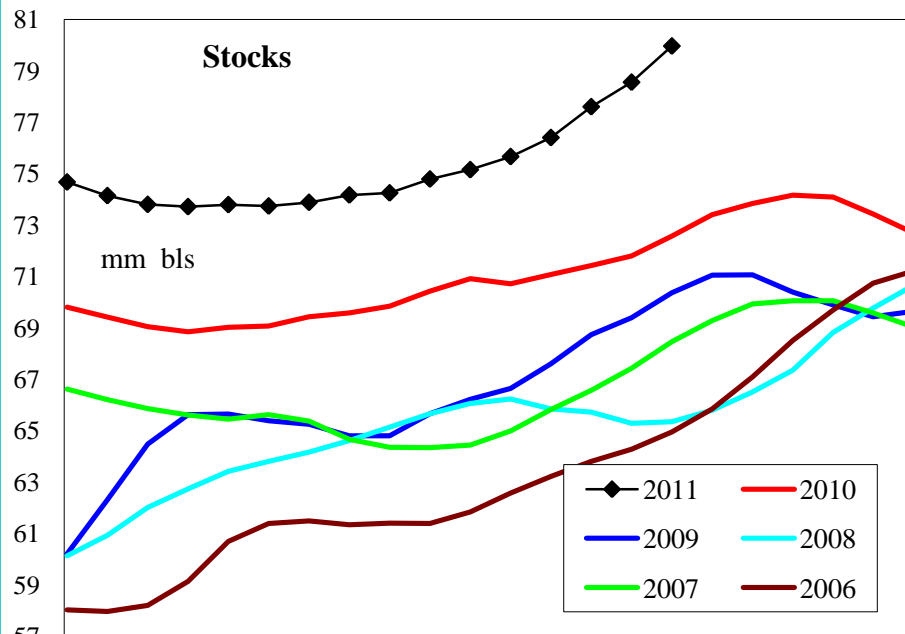
PADD 2 Residual Fuel Oil Supply



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

7,646

10.6

Production

-277

-11.3

Fin Impt

-16

-39.1

Blend Impt

25

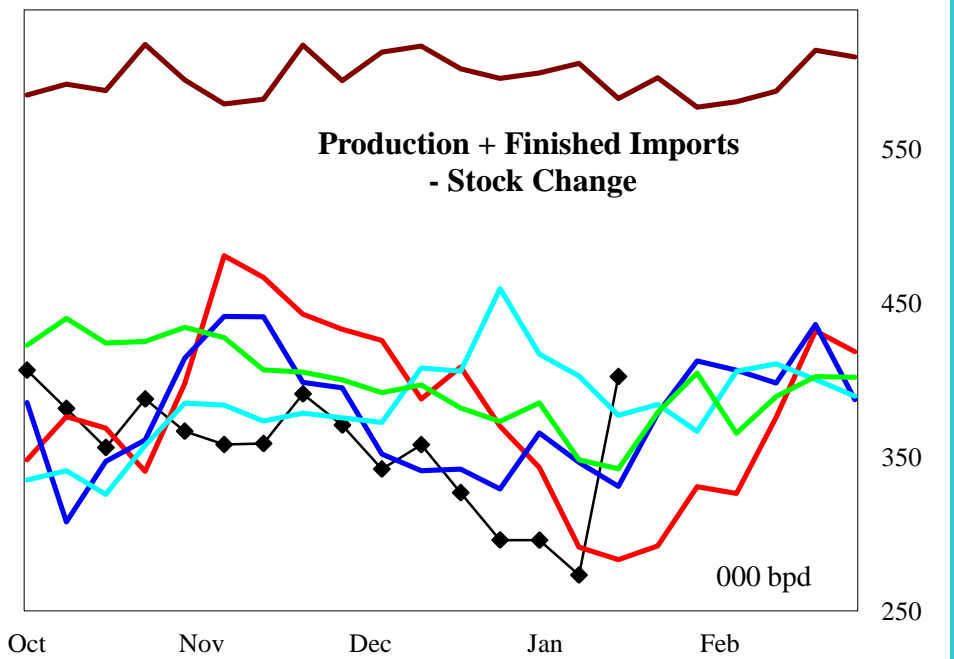
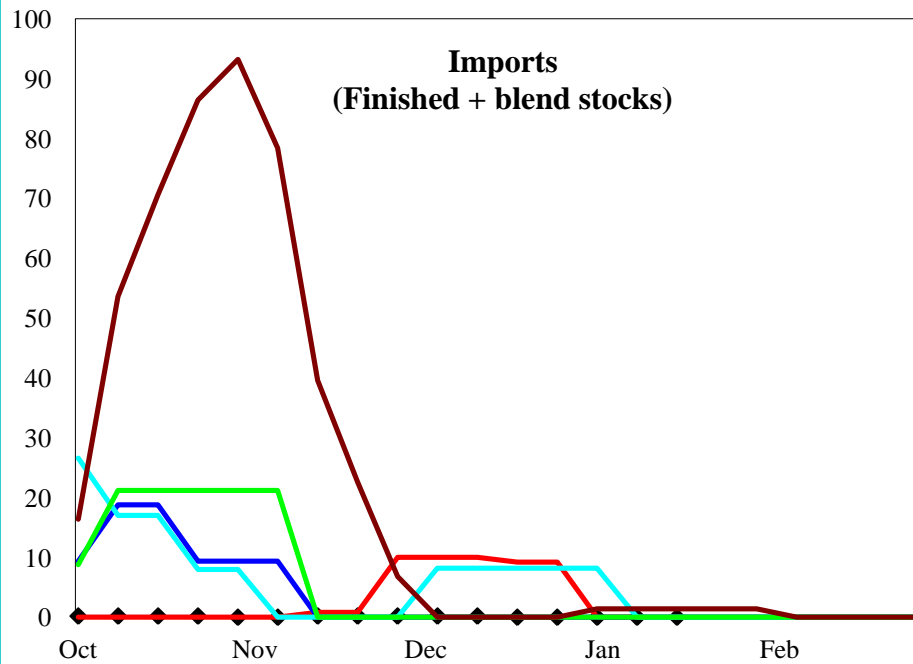
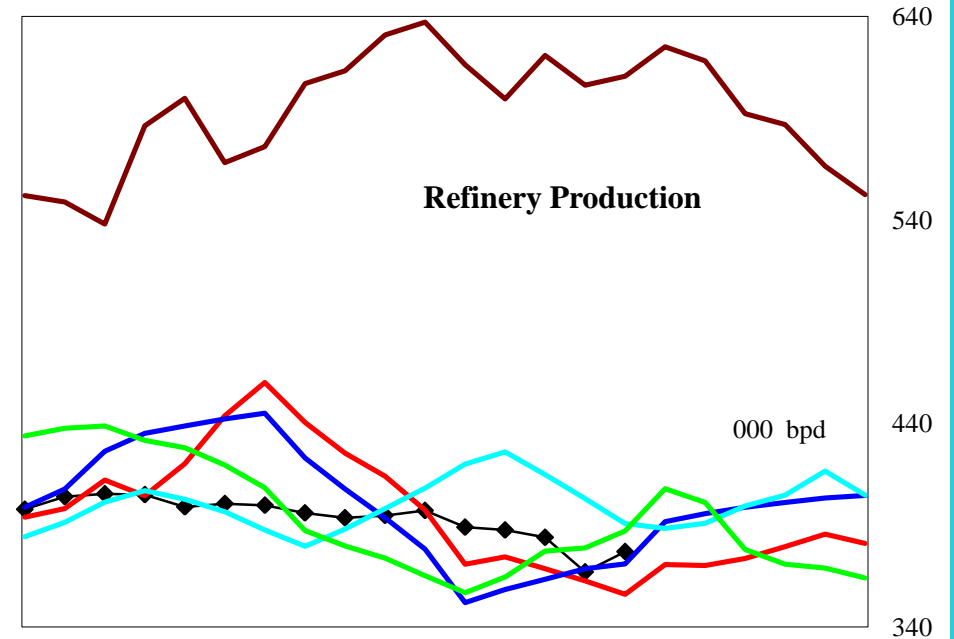
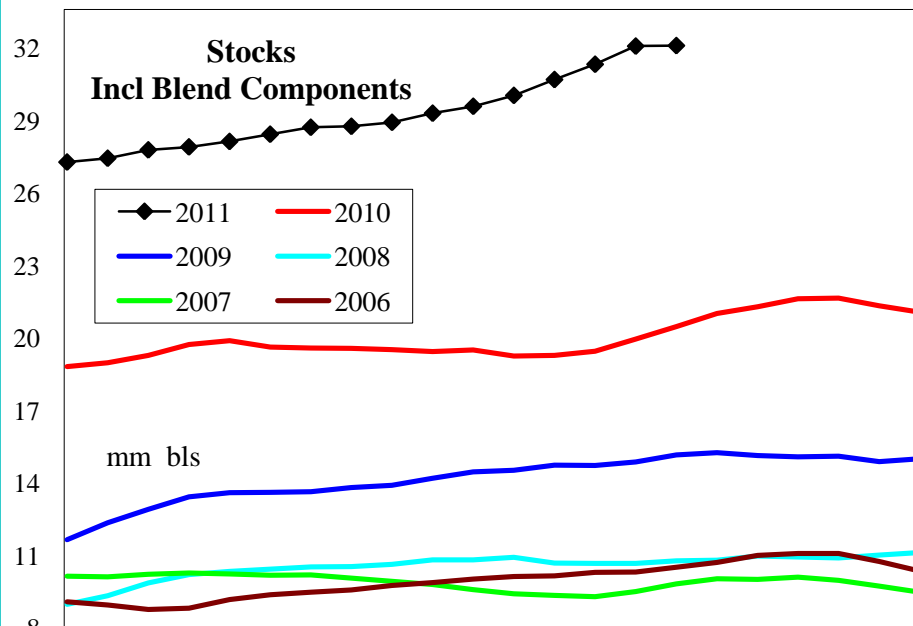
92.5

Prod + Imp - Stk chg

-400

-16.1

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

11,405

54.0

Production

18

5.0

Imports

0

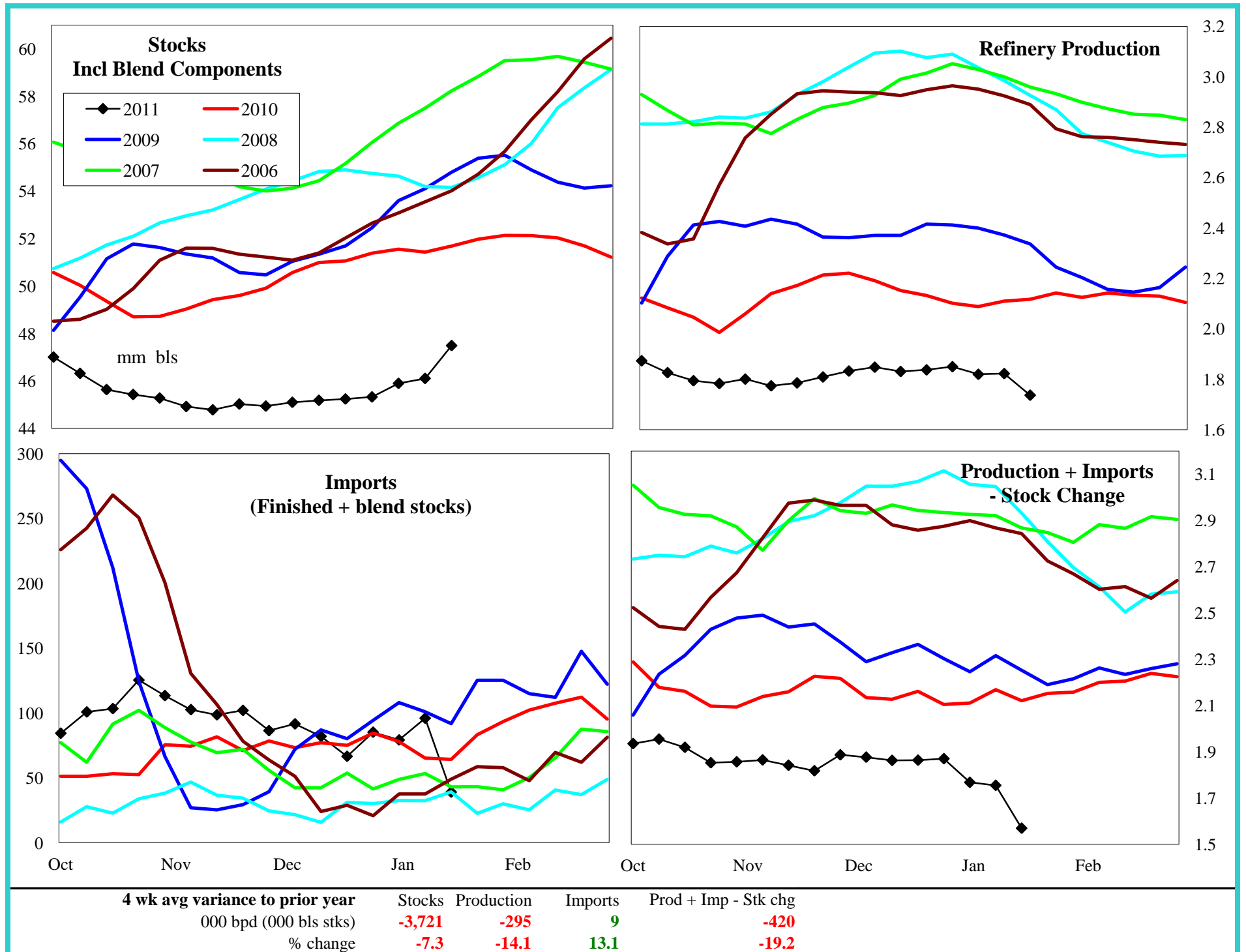
#DIV/0!

Prod + Imp - Stk chg

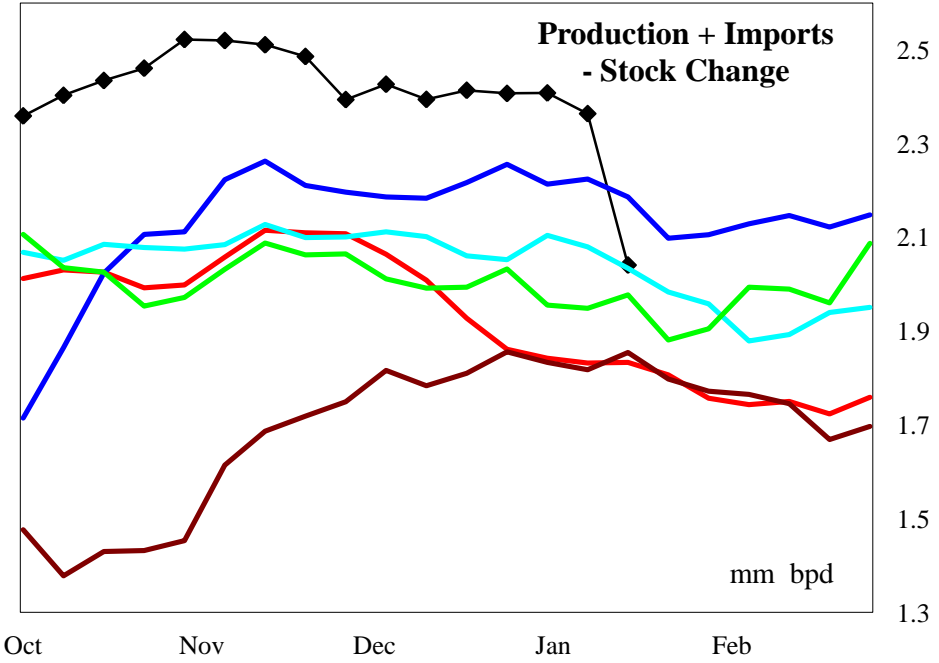
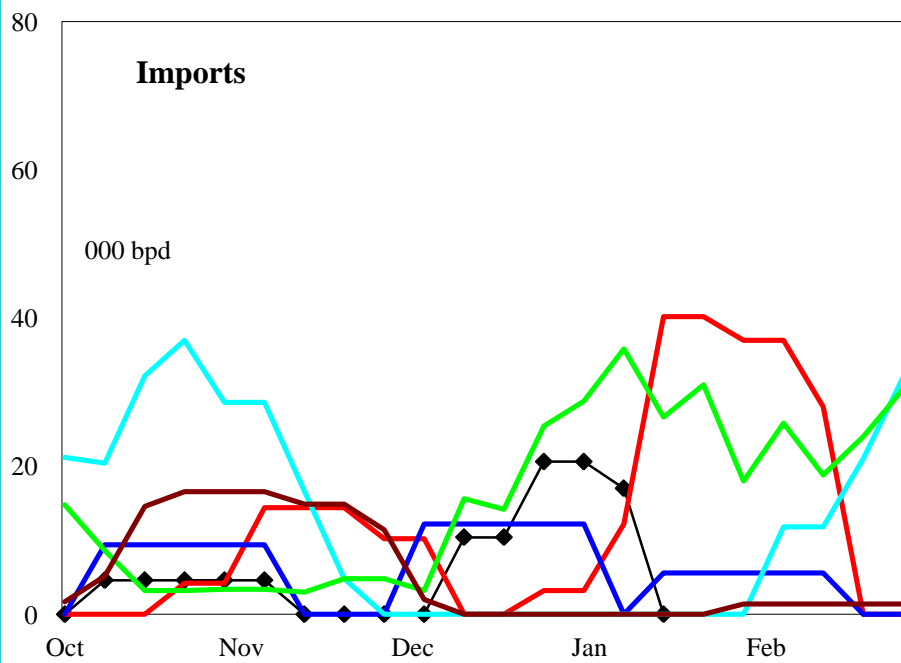
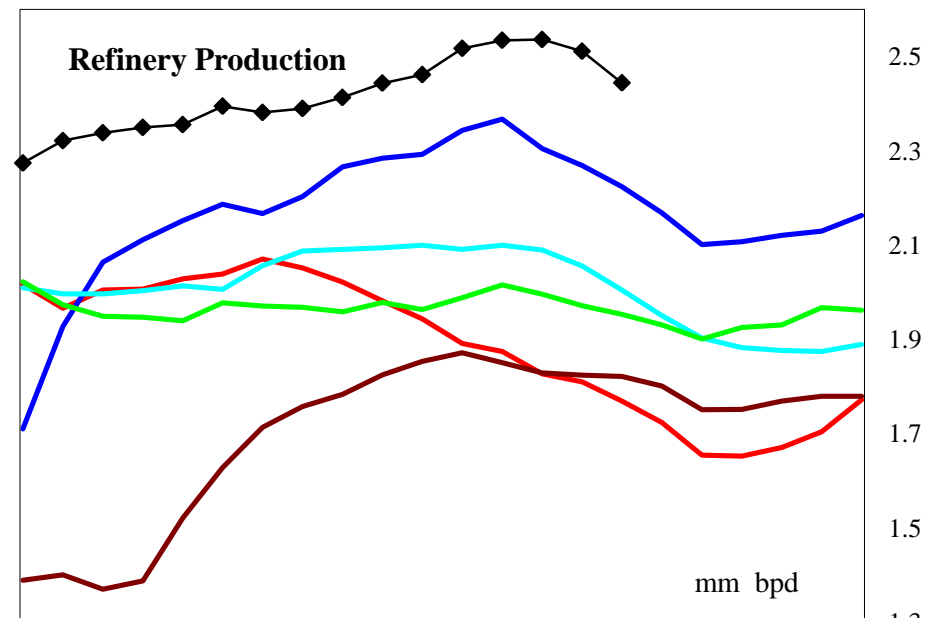
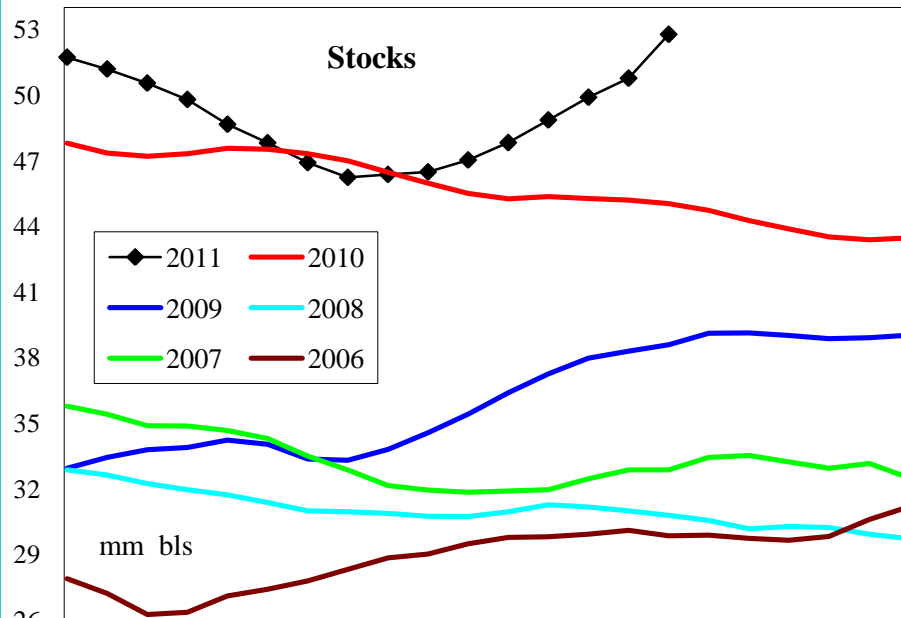
18

6.2

PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

8,046

18.0

Production

704

38.6

Imports

22

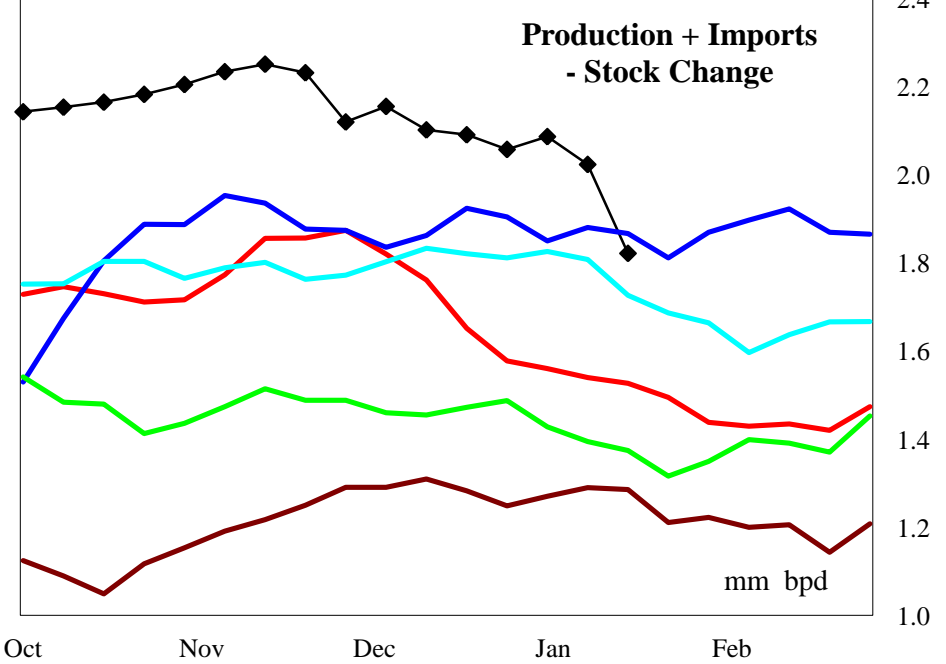
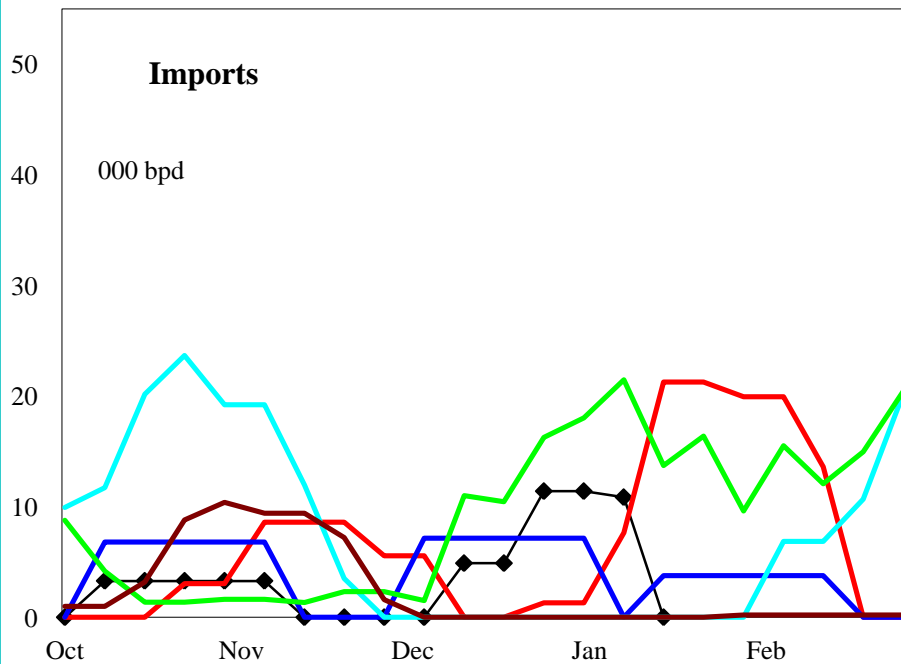
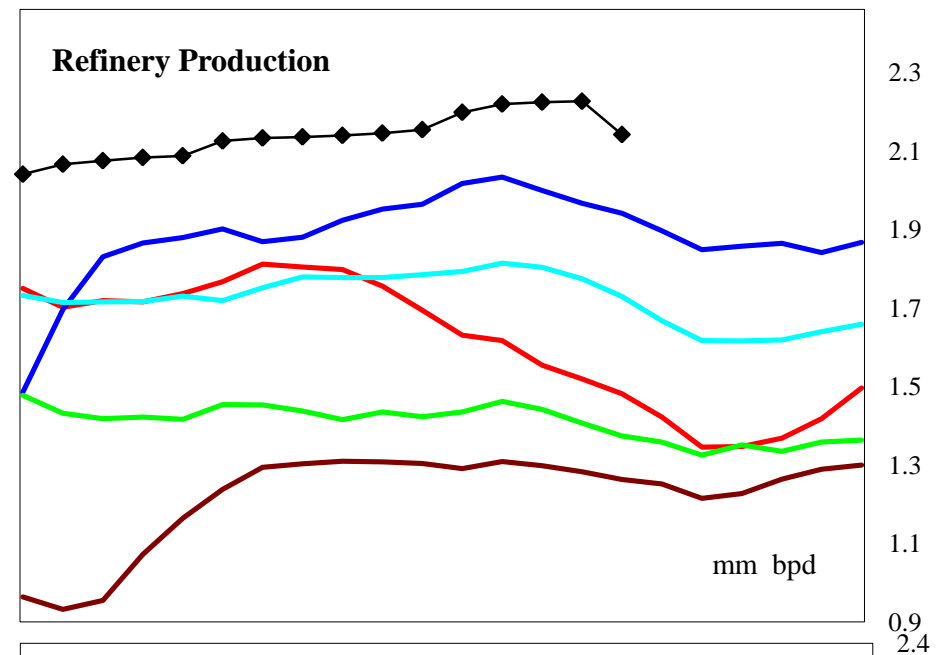
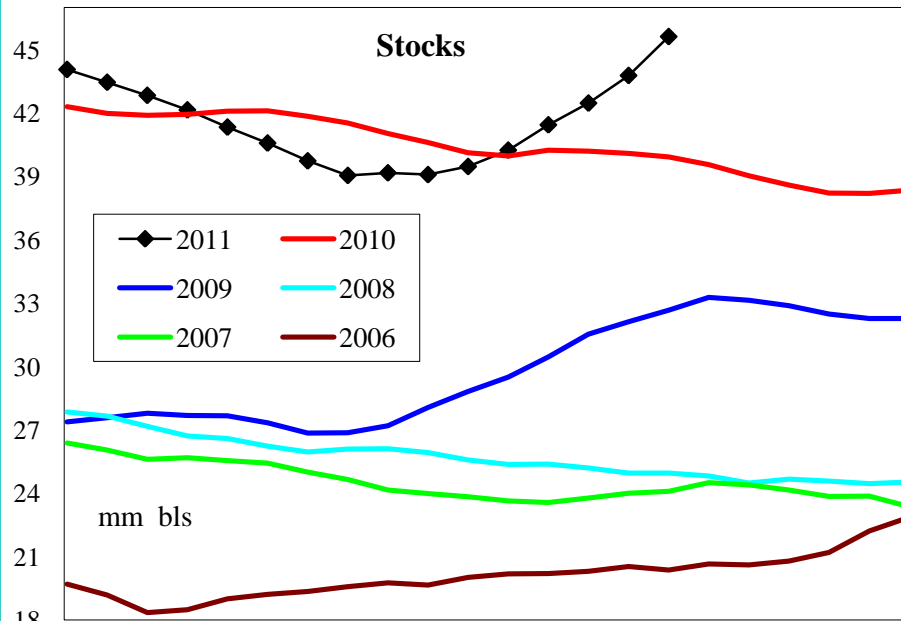
543.8

Prod + Imp - Stk chg

530

28.7

PADD 3 Low Sulfur Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

6,105

15.5

Production

689

43.5

Imports

13

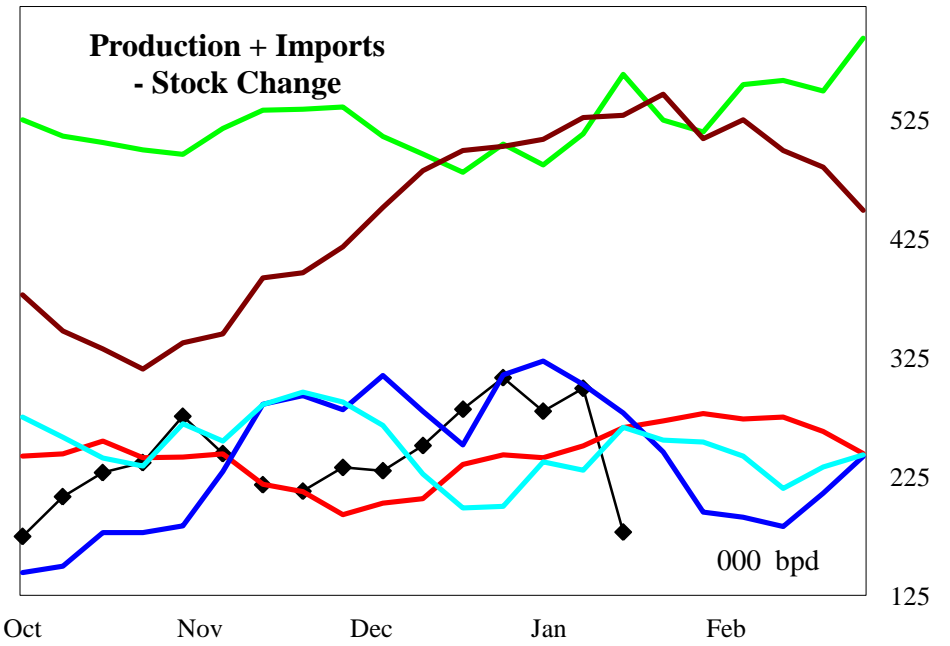
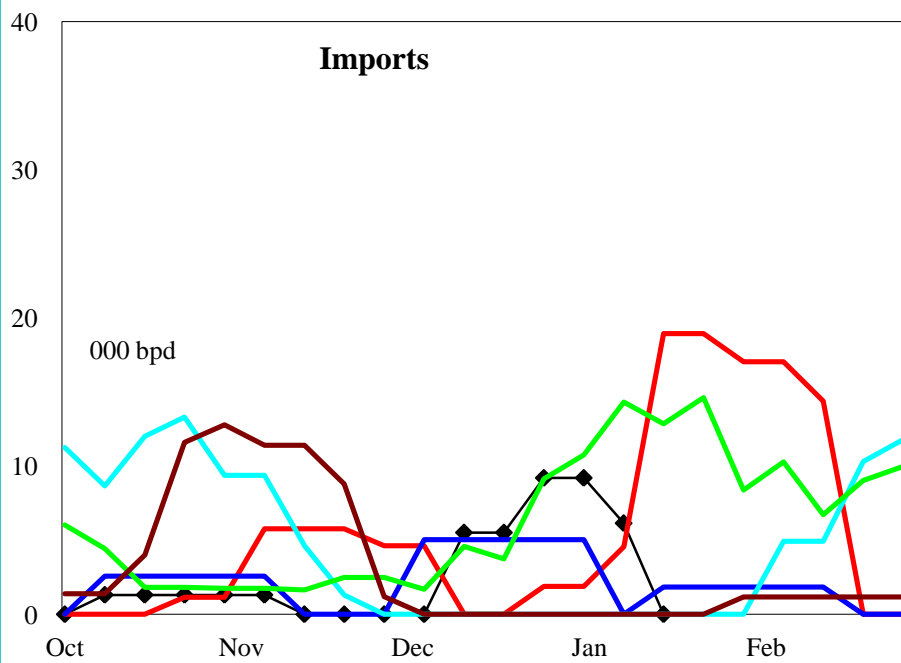
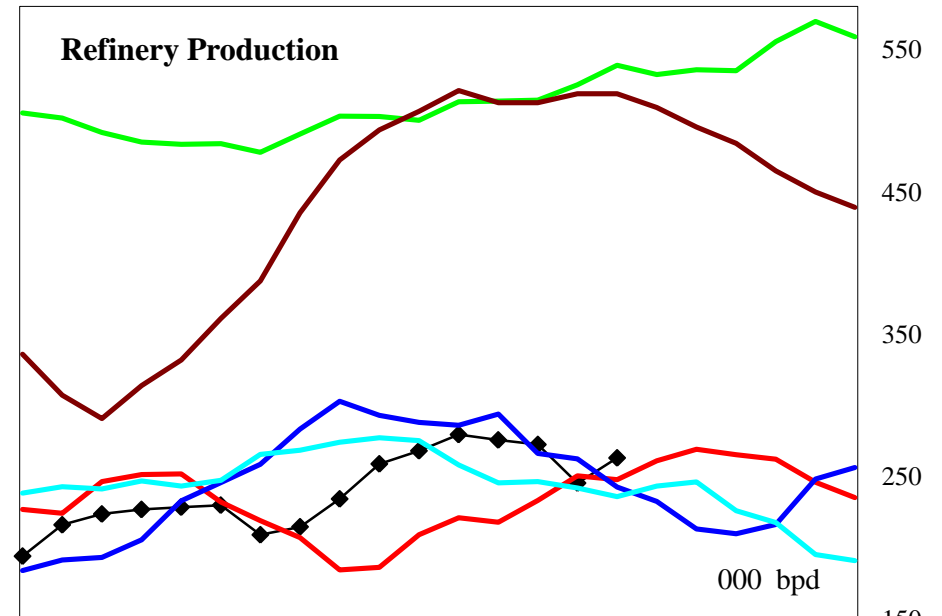
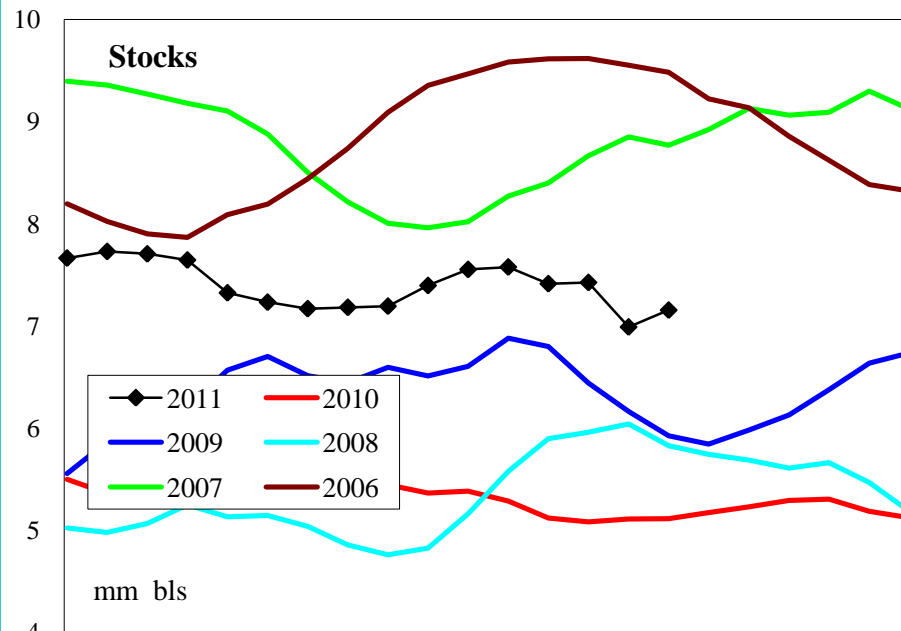
769.8

Prod + Imp - Stk chg

467

28.9

PADD 3 High Sulfur Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,941

37.2

Production

15

6.3

Imports

9

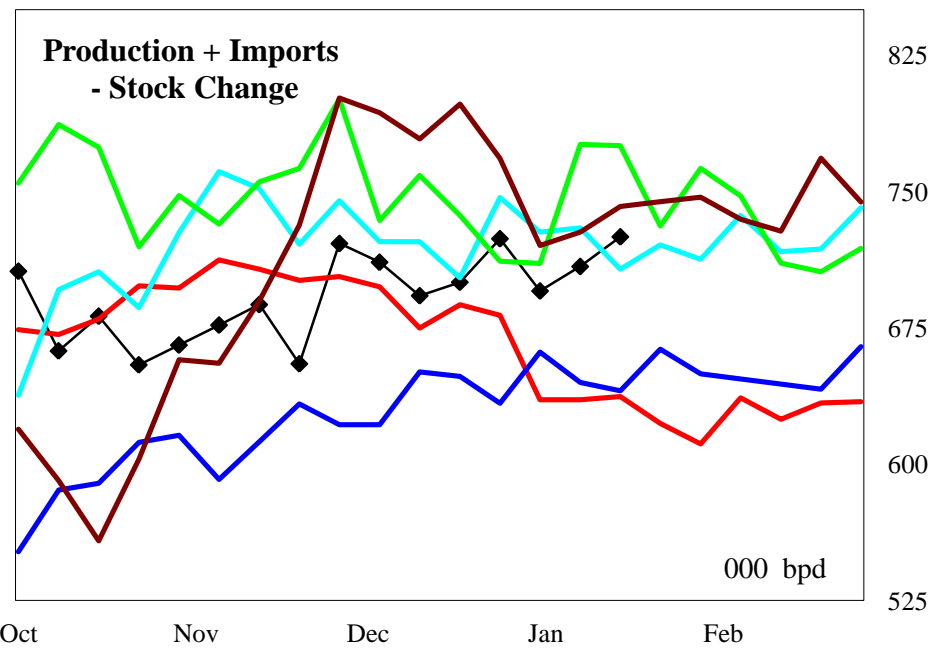
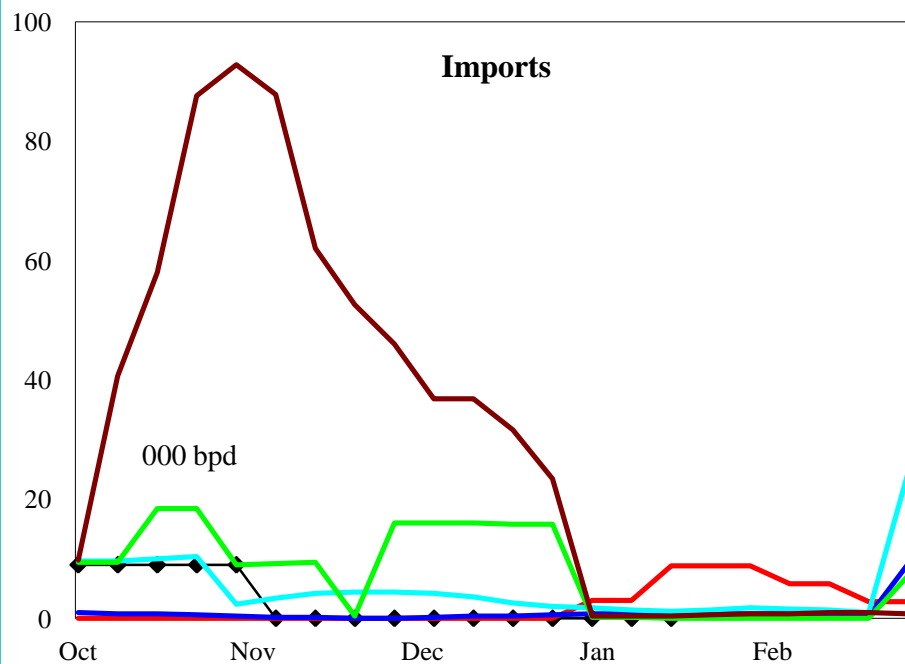
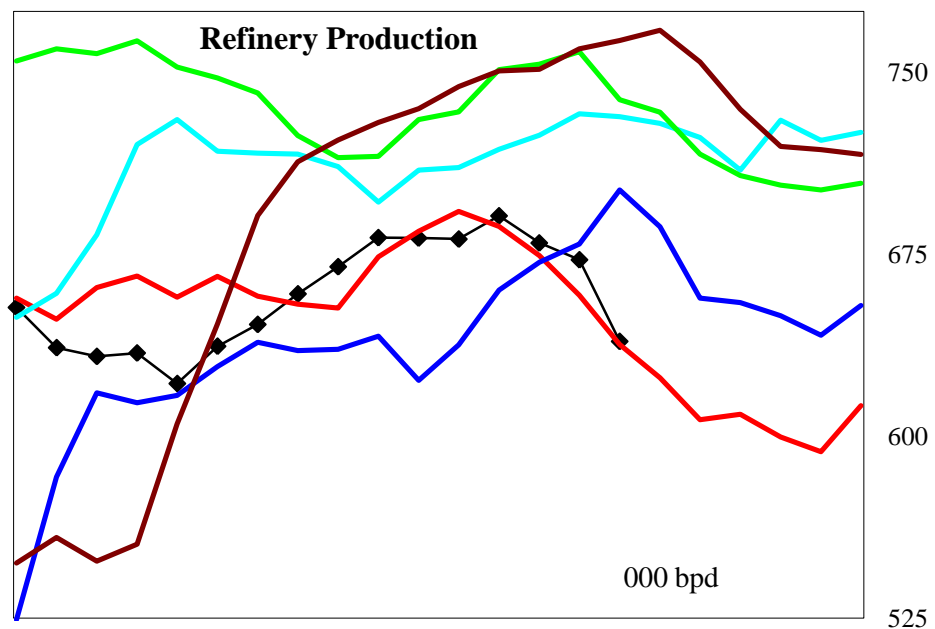
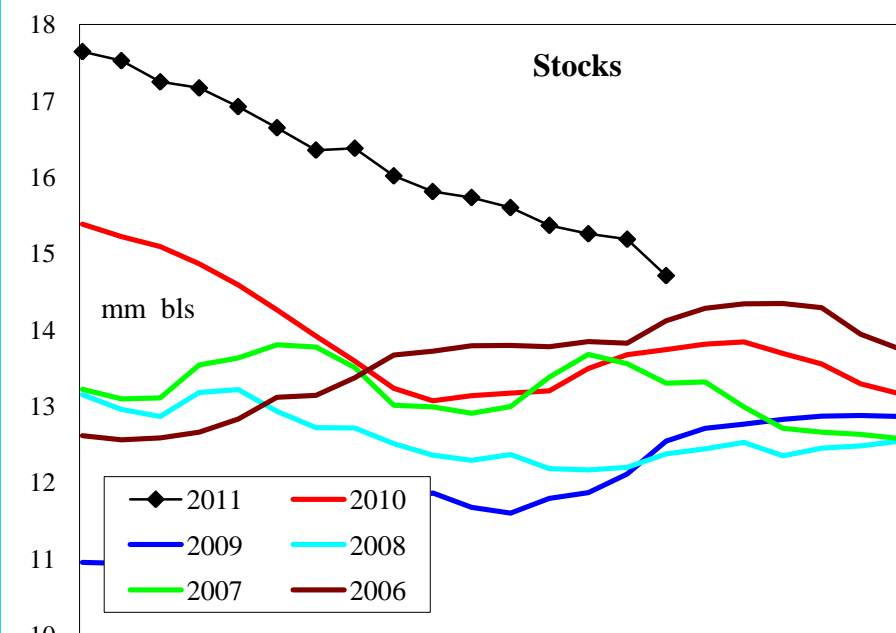
386.9

Prod + Imp - Stk chg

63

27.1

PADD 3 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

969

4

-4

69

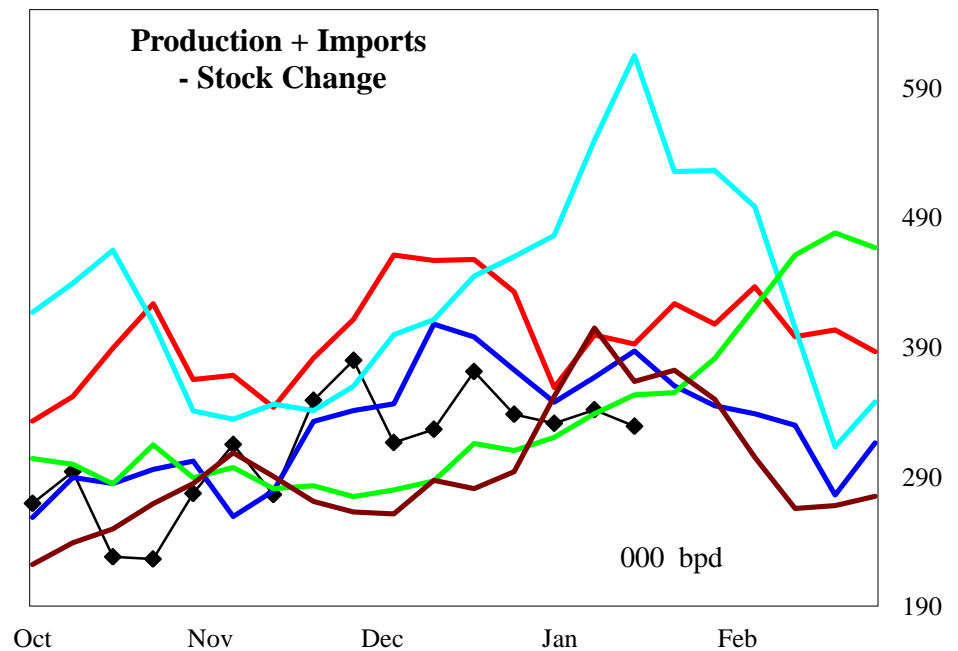
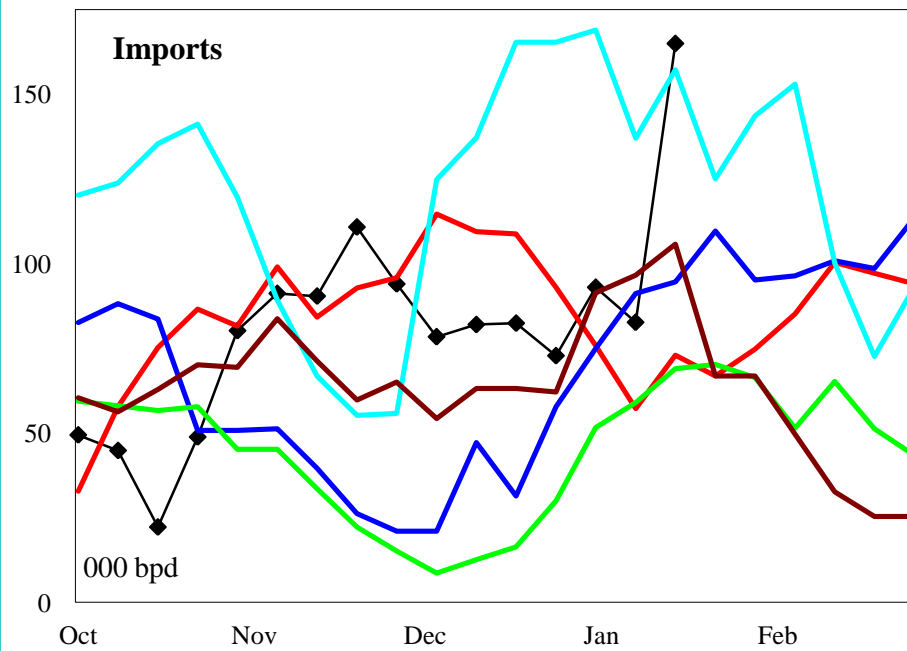
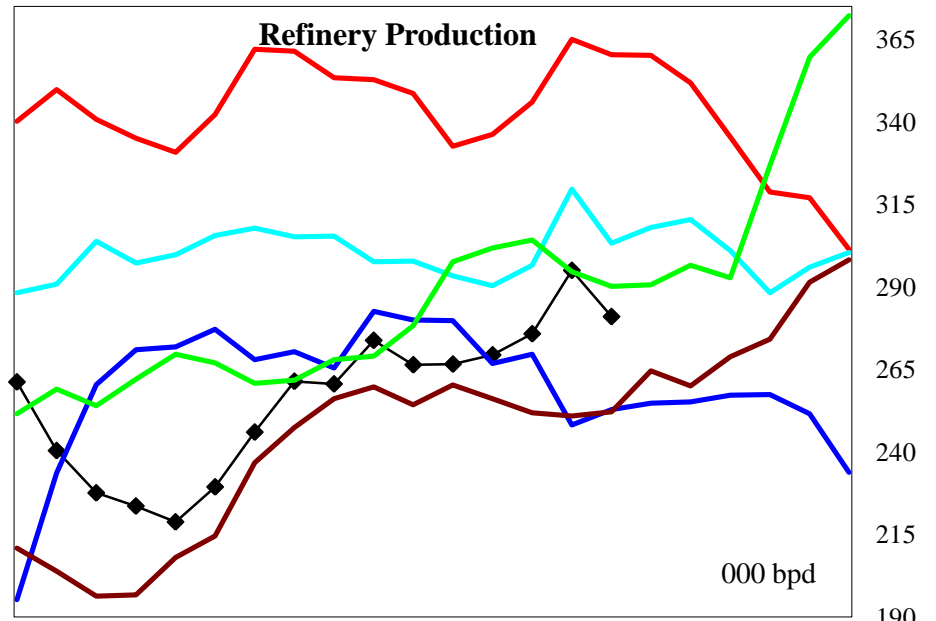
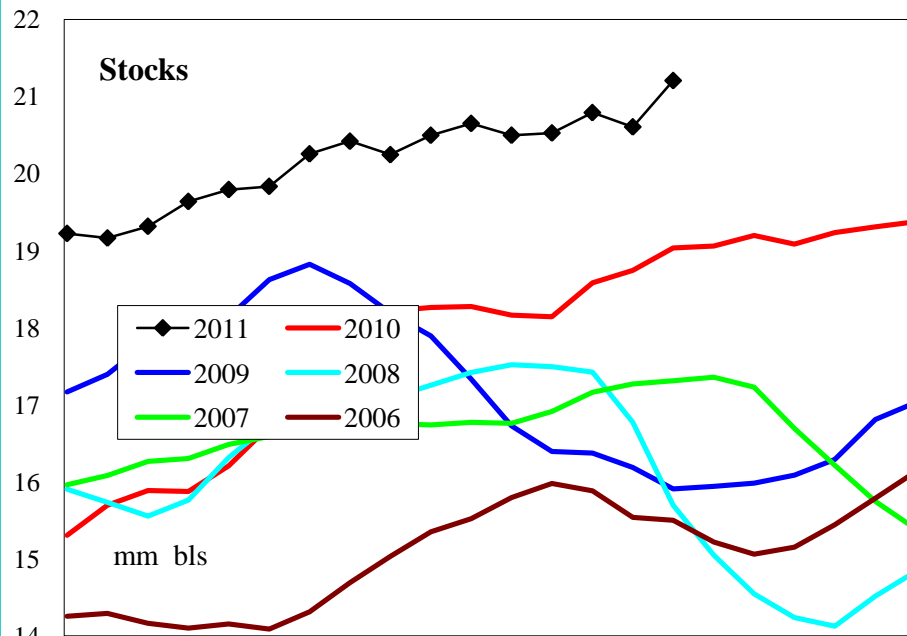
7.1

0.6

-100.0

11.1

PADD 3 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

2,175

11.4

Production

-80

-22.8

Imports

15

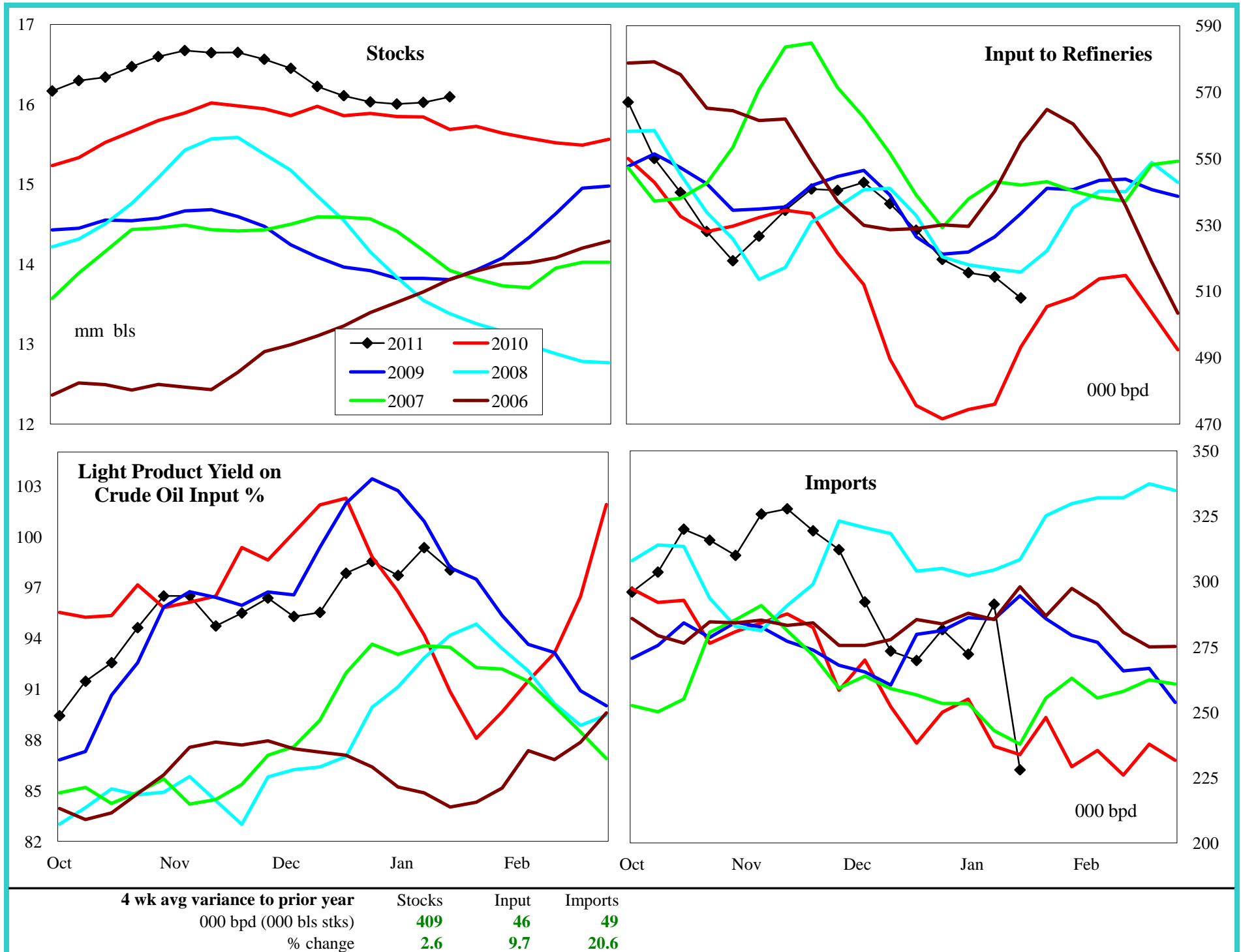
21.1

Prod + Imp - Stk chg

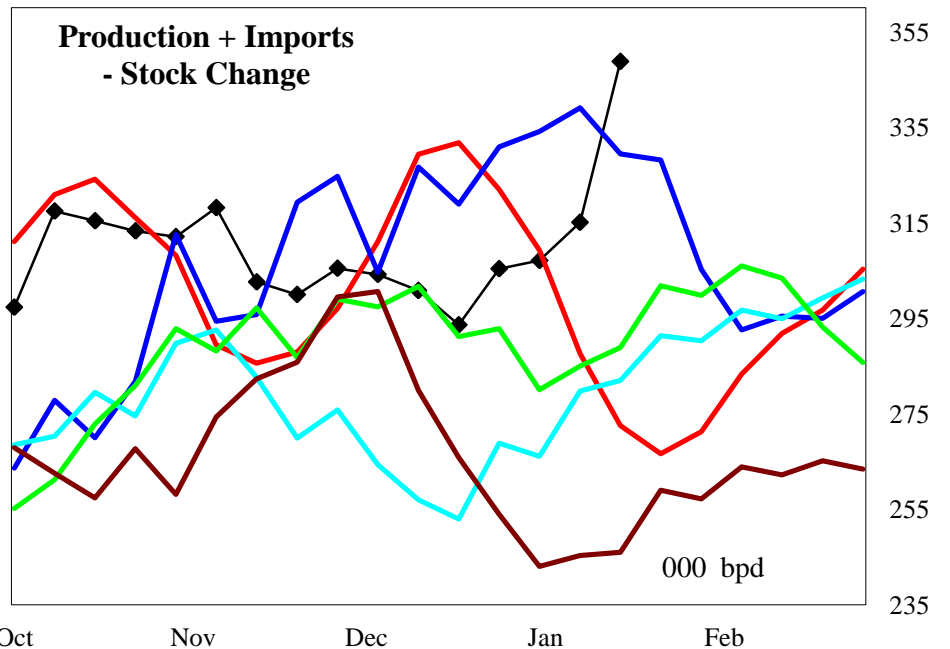
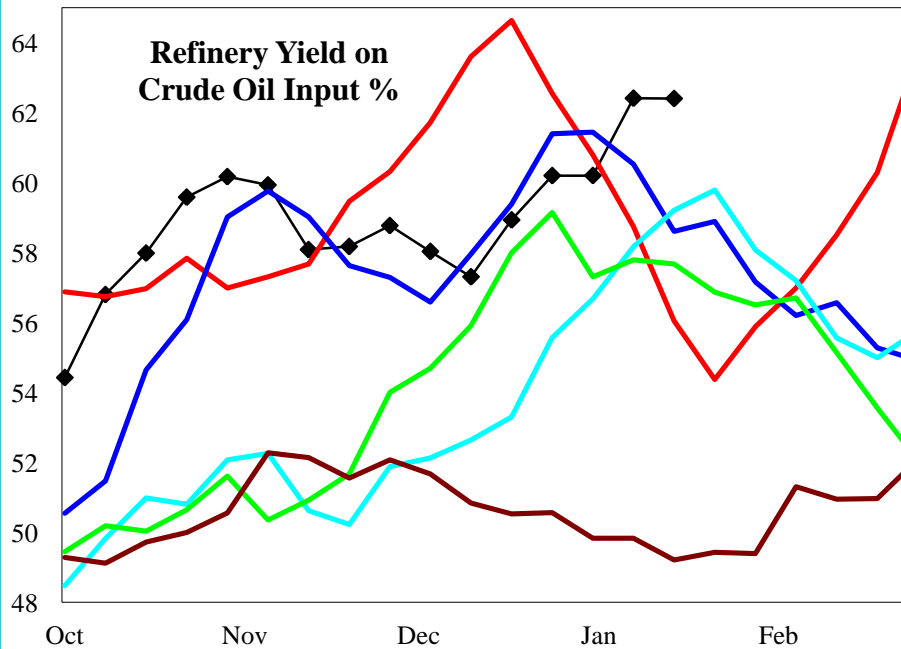
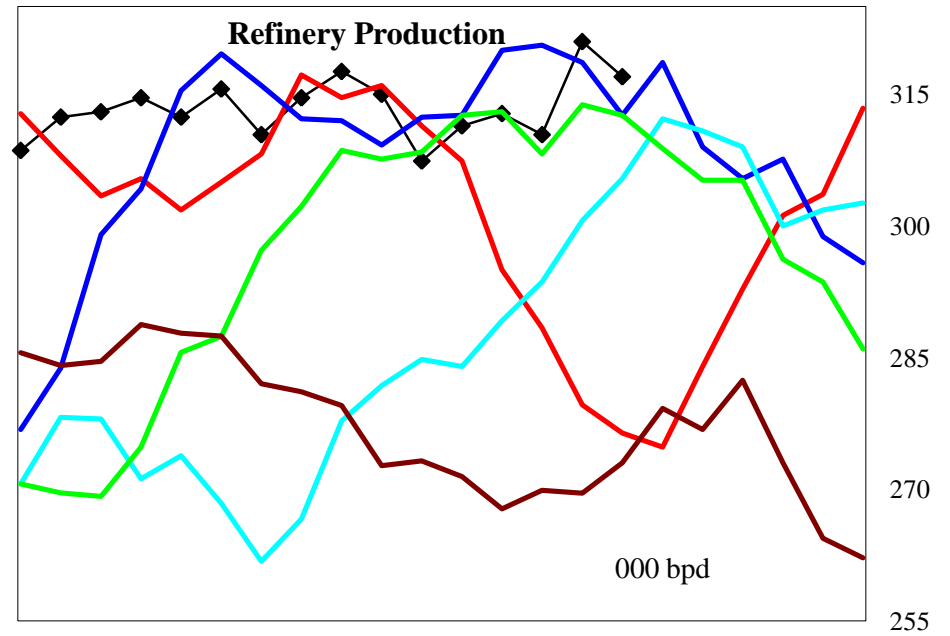
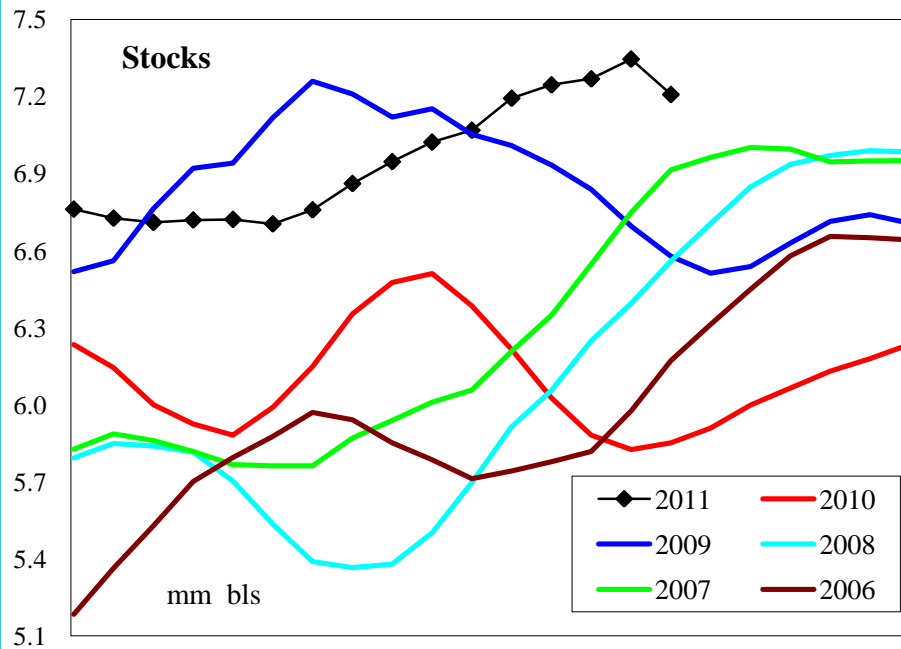
32

9.4

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

1,356

23.2

Production

34

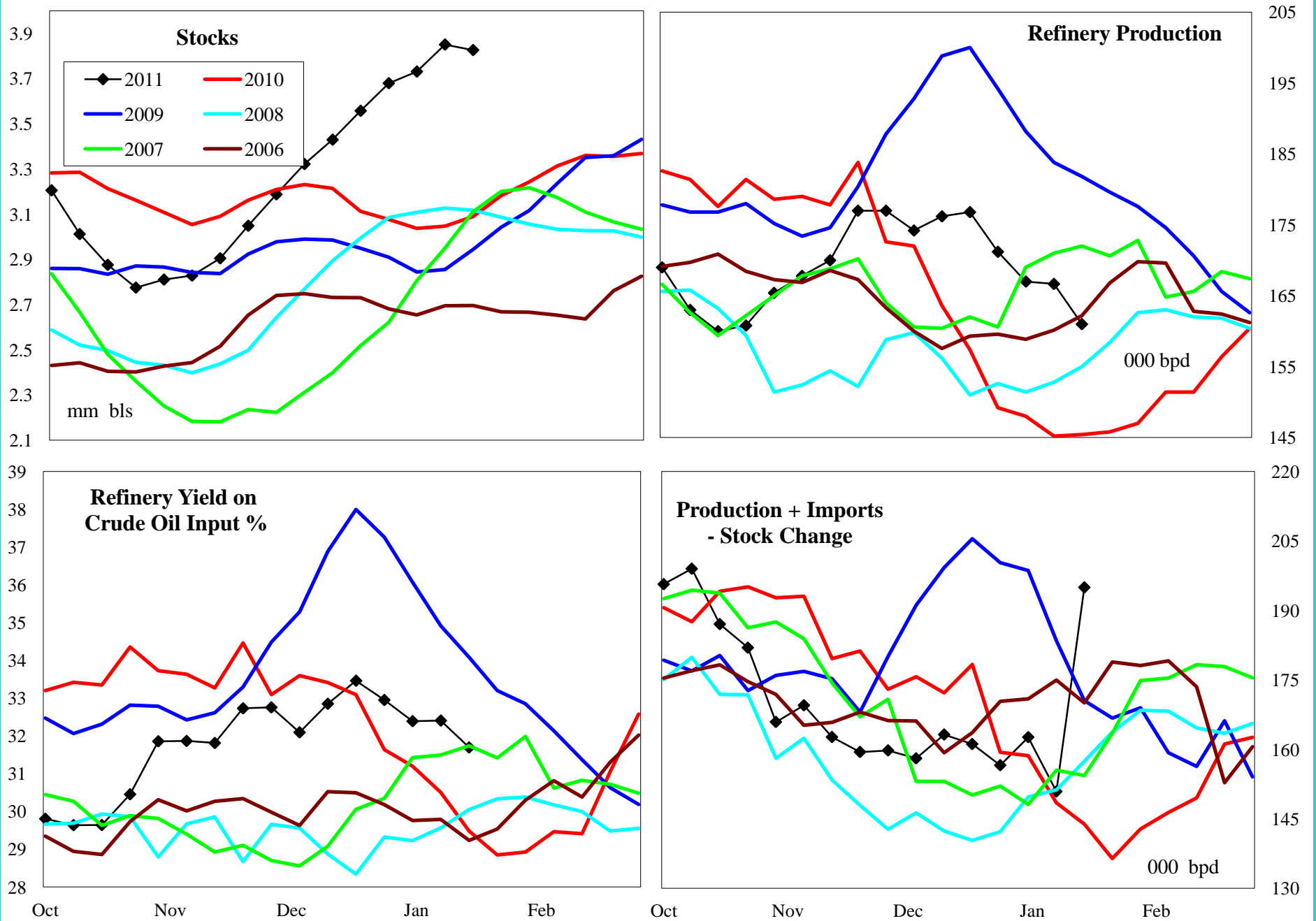
12.1

Prod + Imp - Stk chg

19

6.2

PADD 4 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

736

25

-2

-2

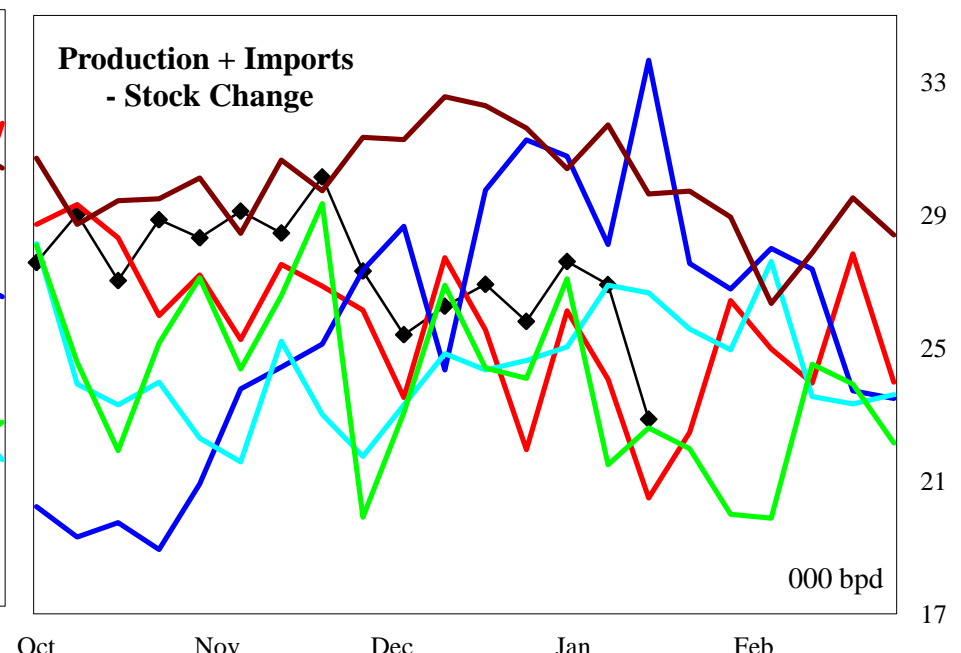
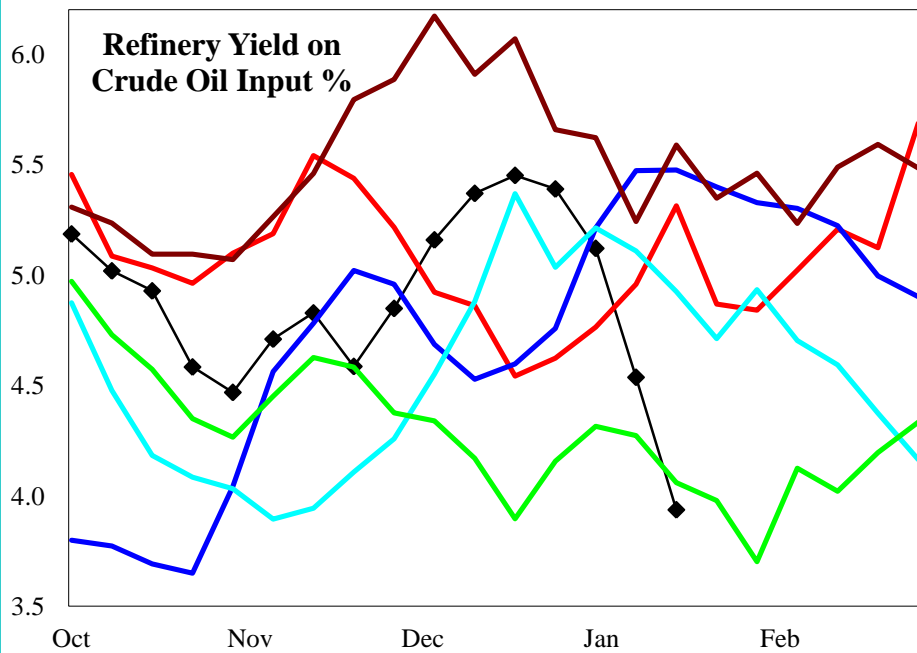
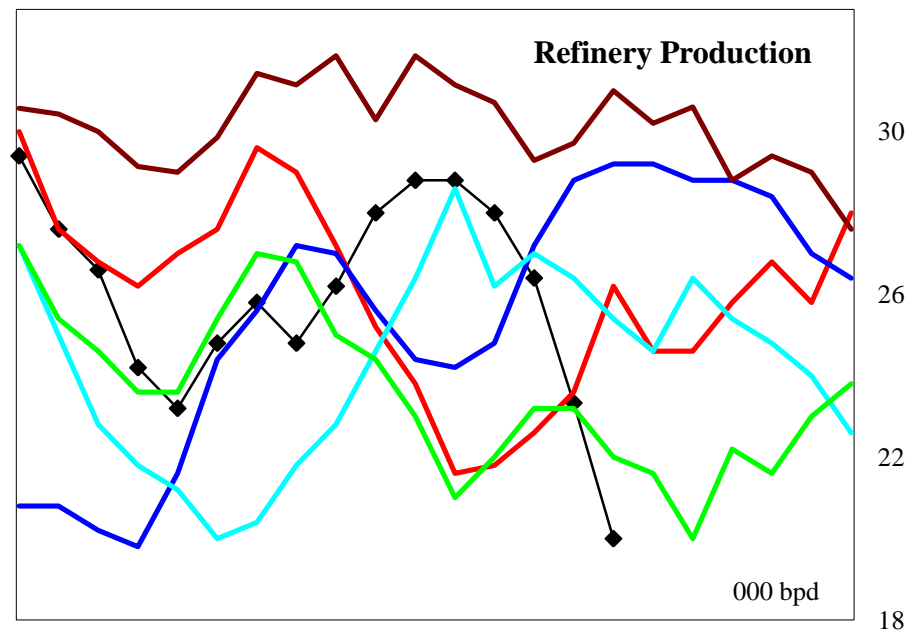
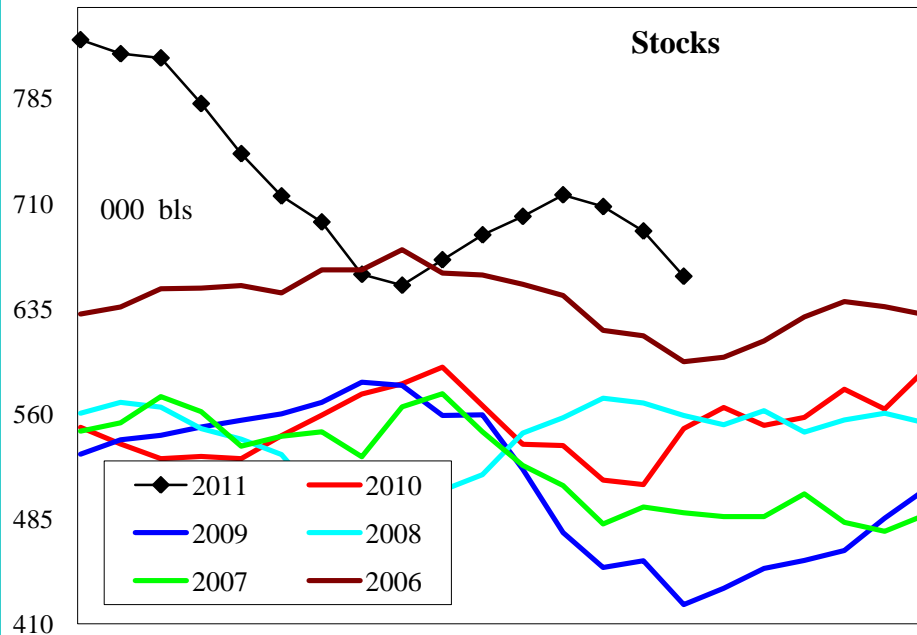
23.8

17.7

-42.1

-1.2

PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod + Imp - Stk chg

109

2

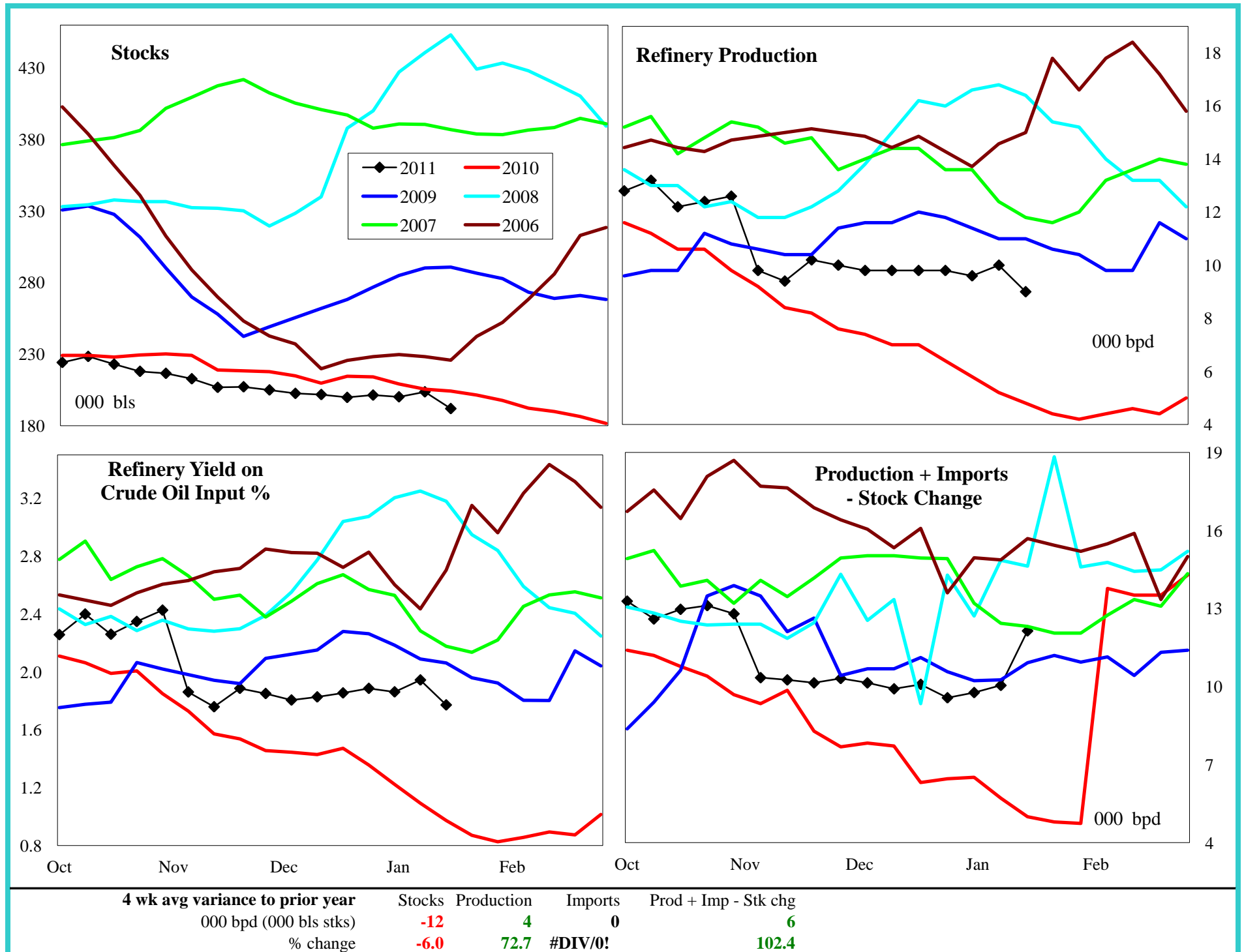
3

19.8

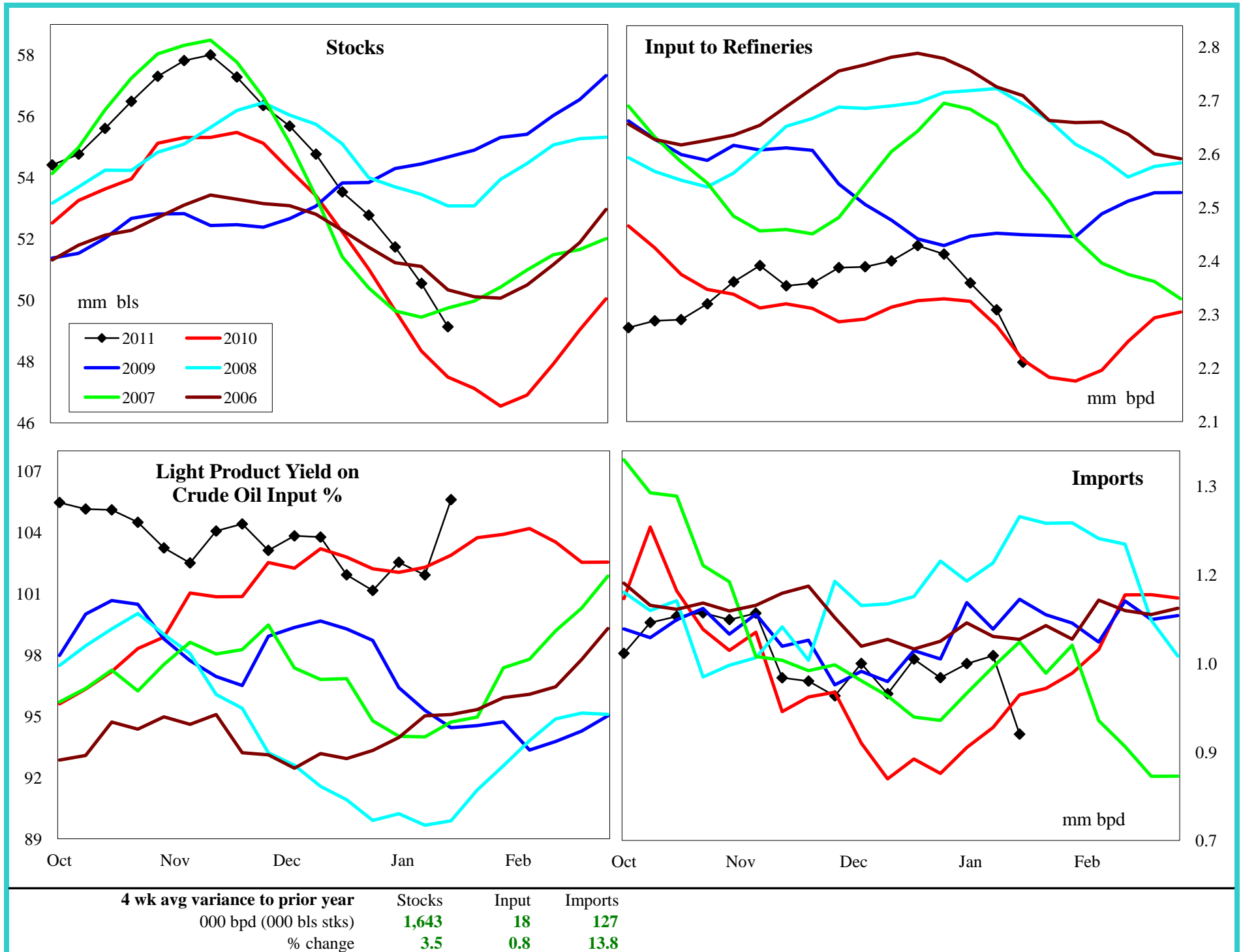
8.6

12.0

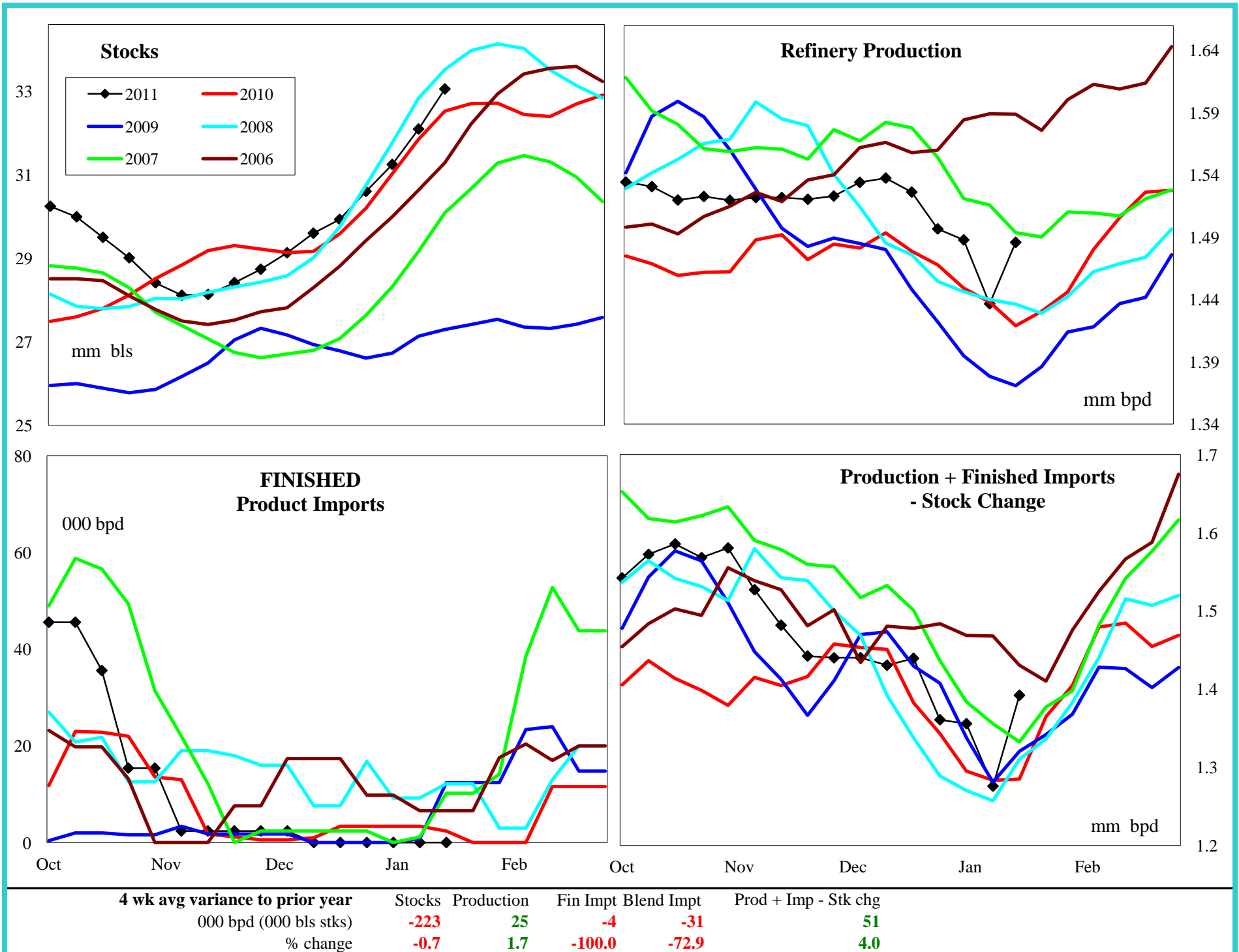
PADD 4 Residual Fuel Oil Supply



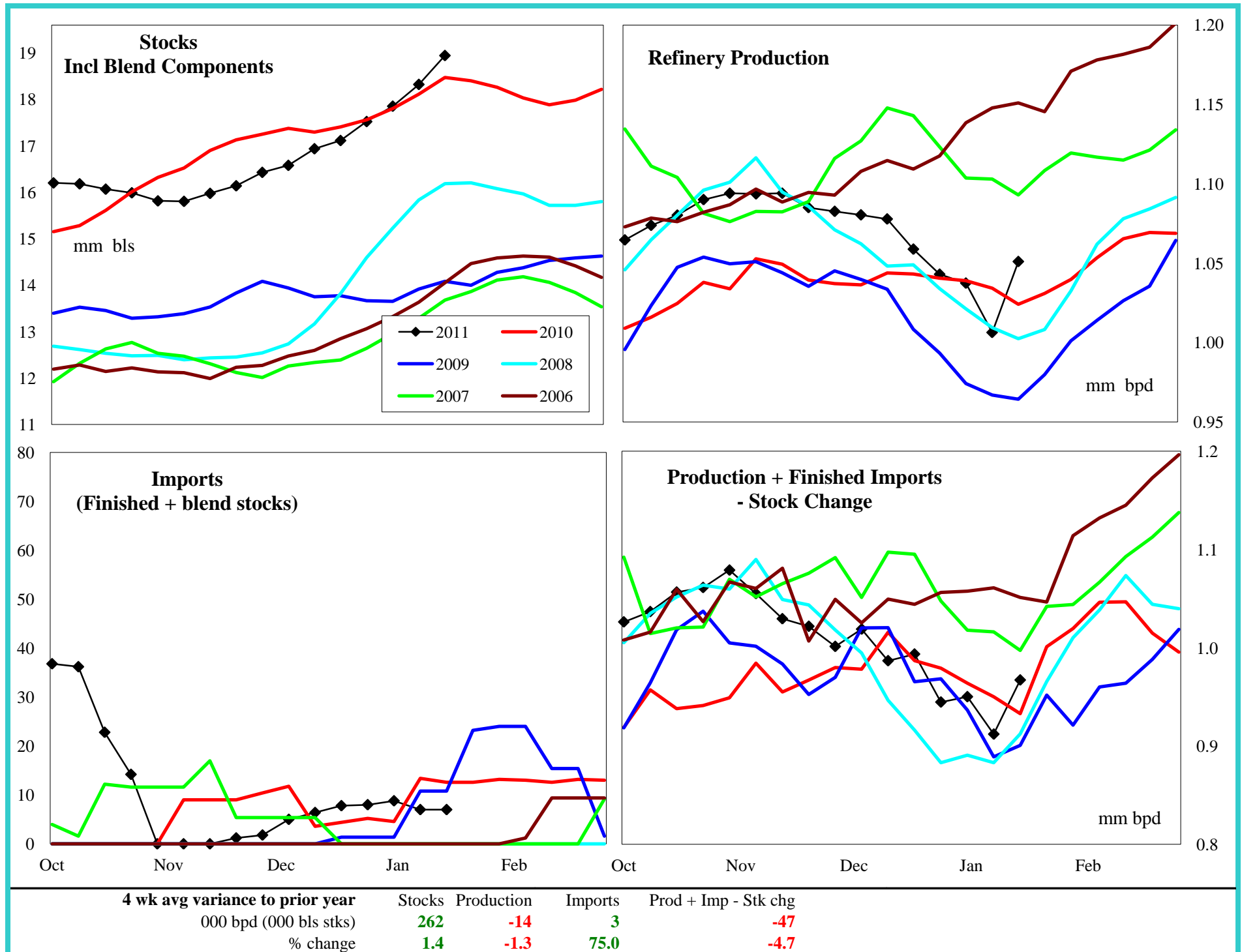
PADD 5 Crude Oil Supply and Refining



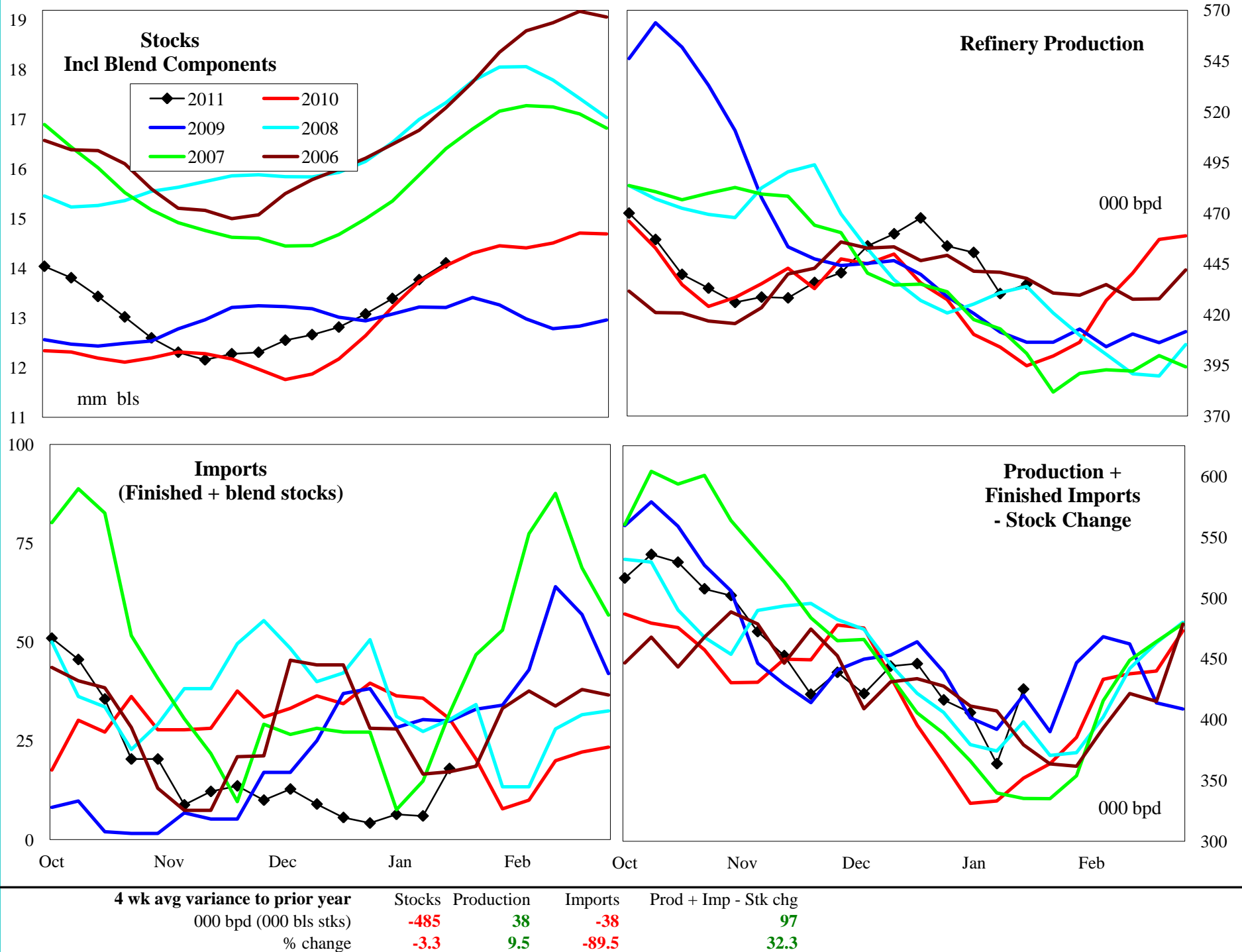
PADD 5 Gasoline Supply



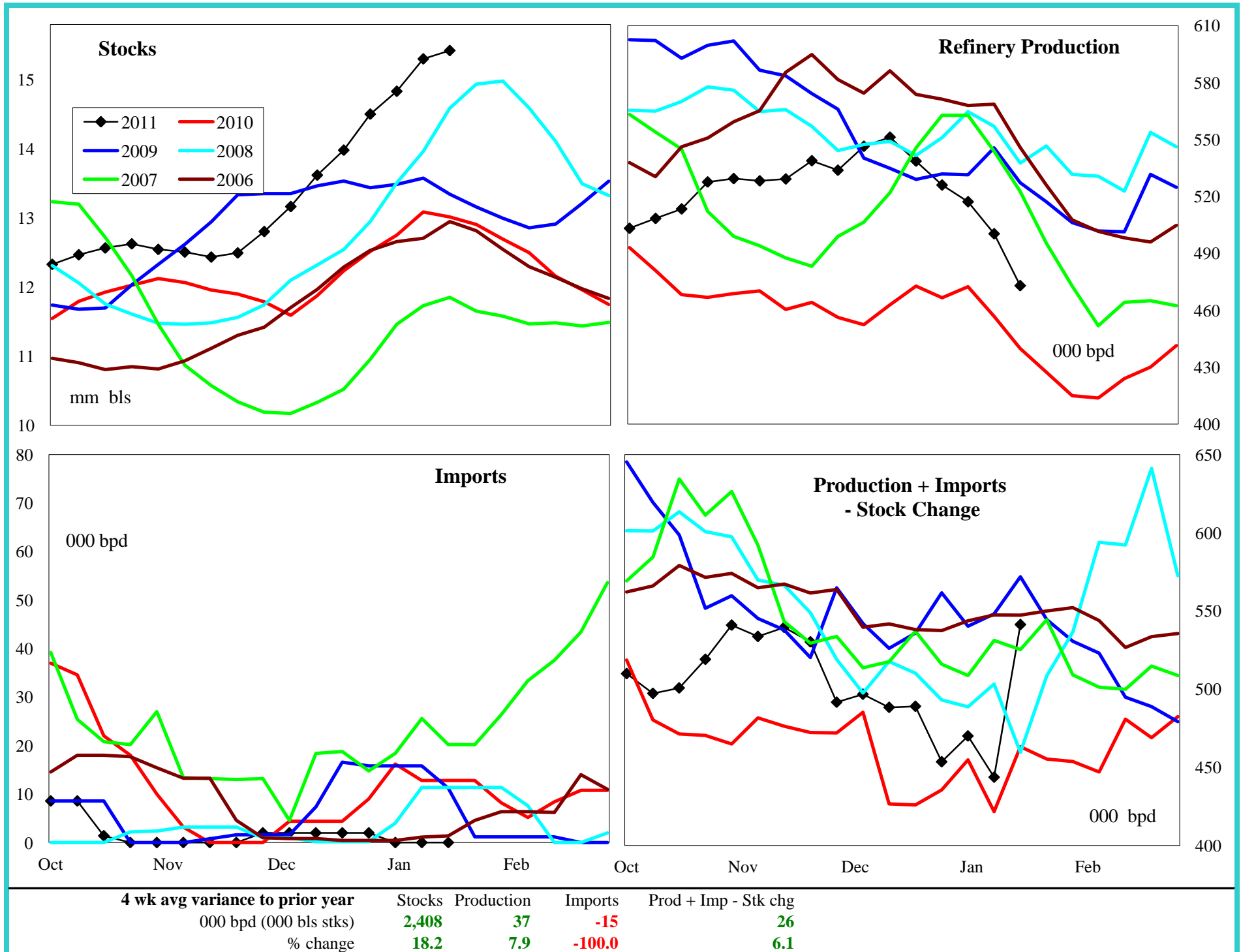
PADD 5 Reformulated Gasoline Supply



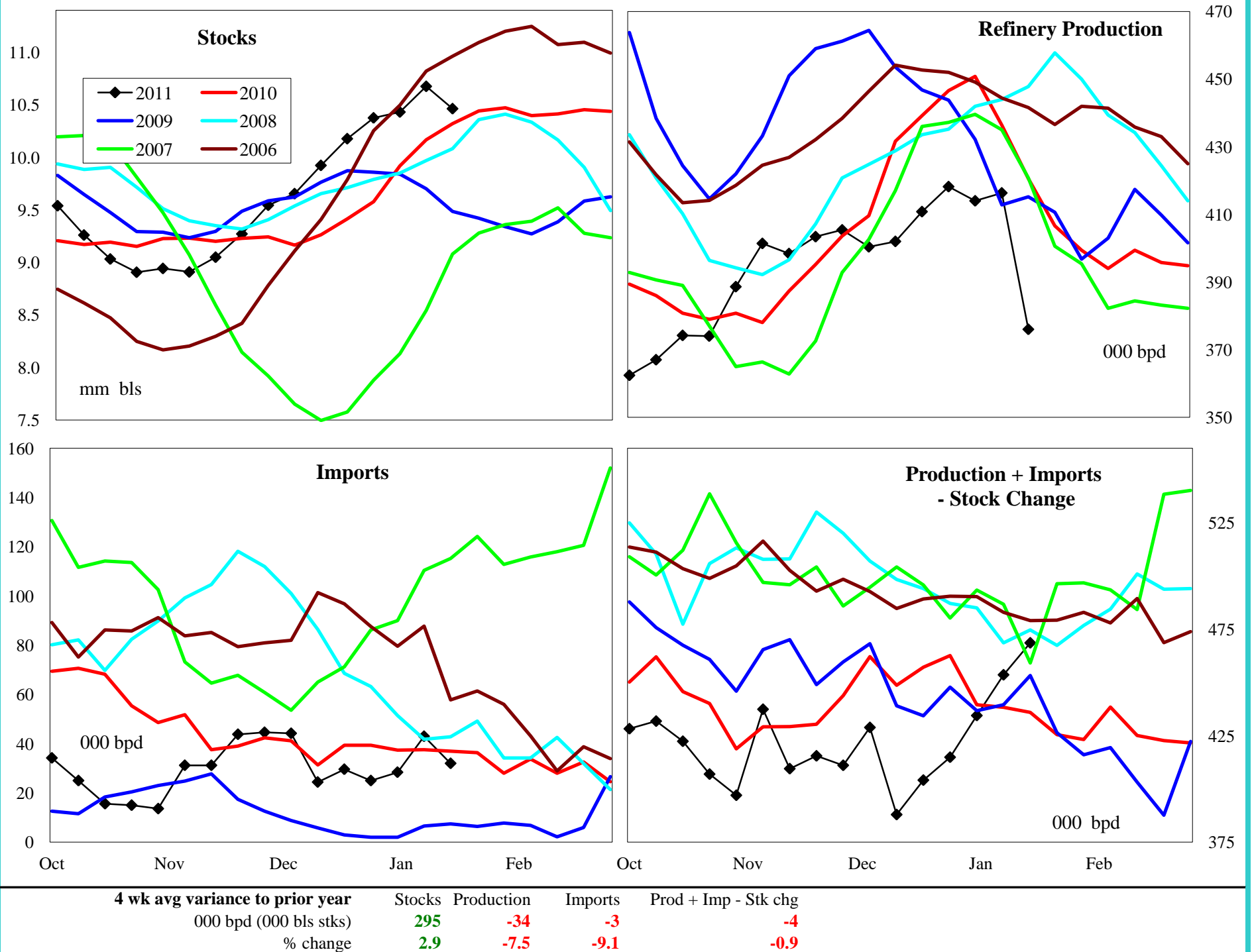
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

