



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

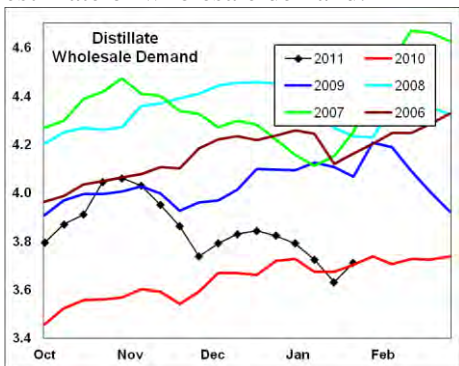
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, January 26, 2011

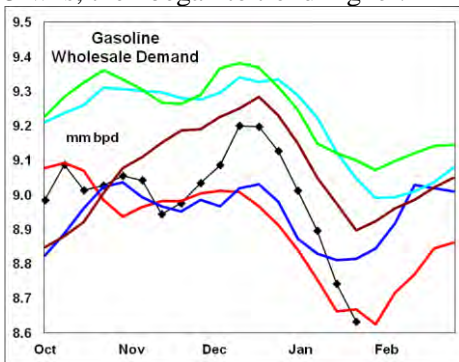


#### Major Fundamental Trends<sup>1</sup>

The latest 4-wk average wholesale demand for distillate dipped below the same period a year ago. This contrast with strength in heating oil futures and Gulf Coast ULSD diesel cash basis; indicative of significant strength in the distillate market. The EIA may be understating exports in their weekly estimate of wholesale demand.

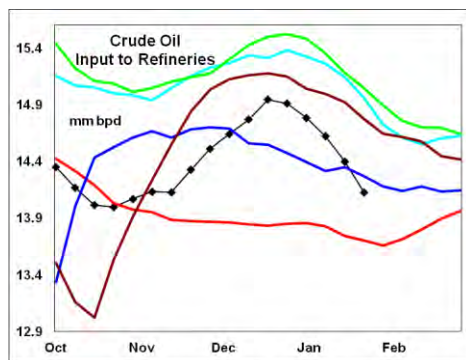


Wholesale gasoline demand extended the seasonal downturn last week, with a decline of -143,000 bpd. The latest 4-wk year-on-year change was an increase of +94,000 bpd, the lowest since early November. The seasonal decline should bottom during the next 3-wks, then began to trend higher.



Refinery crude oil runs have declined -850,000 bpd during the last month, with the decline concentrated in PADDs 3 and 5. Planned and unplanned maintenance accounts for the lower rates. Thru put has dropped to a level below four of the last 5-years.

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



The crude oil supply imbalance between PADDs 02 and 03 has improved following a +13 million barrel stock build in the Gulf during the last 2-wks. Stock levels in the Midwest reached new all time highs last week as the oversupply of domestic production / Canadian imports continues to depress prices for WTI and related grades against global grades such as Brent.

**Demand** for transport fuels was lower for gasoline and jet fuel while increasing for distillates and residual fuel oil.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline increased +1.1%; distillate down -0.6%; jet fuel up +2% while residual fuel oil decreased -6%.

**Stocks forward coverage:** Gasoline demand coverage increased on a +2.4 million barrel build in stocks and lower demand. Coverage levels were above the 5-year high for this time of year.

Distillate coverage was nearly unchanged on a -0.1 million barrel stock draw and slightly higher 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 -212,000 bpd decline in crude oil runs as winter maintenance expanded on the Gulf and West Coasts. Runs for the latest 4-wk period were +0.7 million bpd above a year ago, but below four of the last 5-years.

Gasoline yield % on crude oil runs

increased on a -52,000 bpd decrease in production versus the -212,000 bpd decline in crude oil runs. The yield % on crude oil runs was above four of the last 5-years.

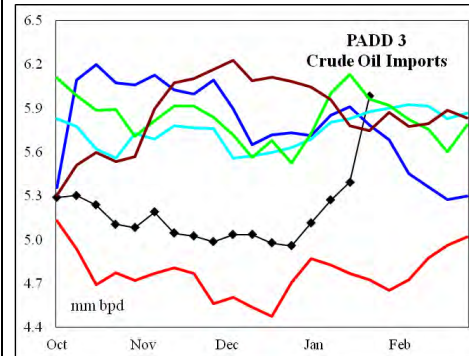
Distillate yield % on crude oil runs was nearly unchanged with production down -82,000 bpd compared to the decline in crude oil runs. Yield % was slightly above the 5-year high for the period.

Jet fuel yield % on crude oil runs increased on a +43,000 bpd increase in output, more than offsetting the decline in crude oil thru put. The yield % on crude oil runs was still below the historic range.

**Petroleum Imports** of crude oil increased on the week, while transport fuels were either side of unchanged.

During the latest 4-wk period crude oil imports increased +0.5 million bpd over last year; distillate imports decreased -184,000 bpd; finished gasoline imports decreased -151,000 bpd, gasoline blend stock imports increased +32,000 bpd; jet fuel imports were -50,000 bpd lower, while residual fuel oil imports increased +46,000 bpd.

**Crude Oil** imports increased +386,000 bpd on the week to the highest level since summer, driven by record imports into the Gulf. Stocks jumped +4.8 million barrels, including a steep decline of Alaskan in transit stocks.





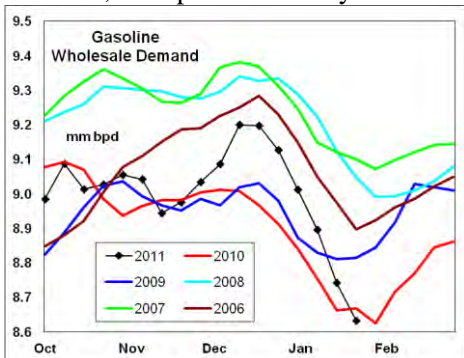
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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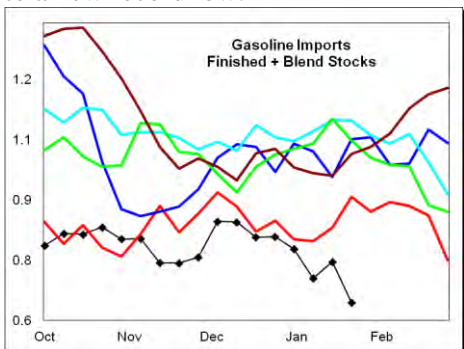
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#### Product Supply-Demand Trends

**Gasoline** demand decreased -143,000 bpd on the continued seasonal downtrend. The latest 4-wk average was +94,000 bpd above last year.



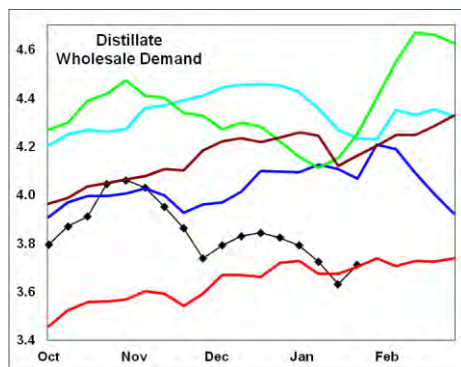
Production declined -52,000 bpd on the week, to a level above the last 2-years. Imports decreased -78,000 bpd to a new record low.



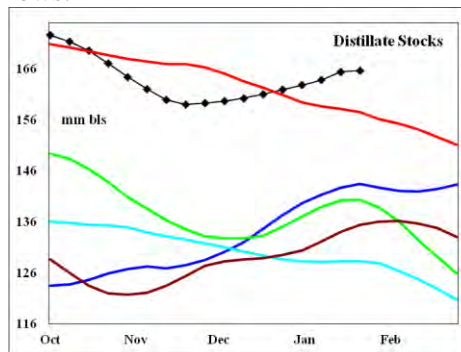
Stocks increased +2.4 million barrels with builds in major regional markets, except the Gulf Coast.

Demand should reach a season low within the next 3-wks, then began to trend higher. Stock levels should peak by mid February at record highs. However, low imports may keep supplies relatively tight on the East Coast, supporting NYMEX RBOB prices.

**Distillate** demand increased +99,000 bpd on the week. The latest 4-wk average was -21,000 bpd below last year. Demand has been unusually lackluster during the last 2-months compared to most of 2010.



Supply decreased -69,000 bpd last week. Production matched the 5-year high while imports were near historic lows.



Stocks decreased -0.1 million barrels, including a -1.2 million barrel draw in PADD 01. Stock levels were +8.2 million barrels above the prior 5-year high.

*Inclement weather continues to limit wholesale demand in markets outside the key northeast heating area.*

*Forecast of extended colder than normal temperatures and robust exports should support prices in the near term even with very ample supplies.*

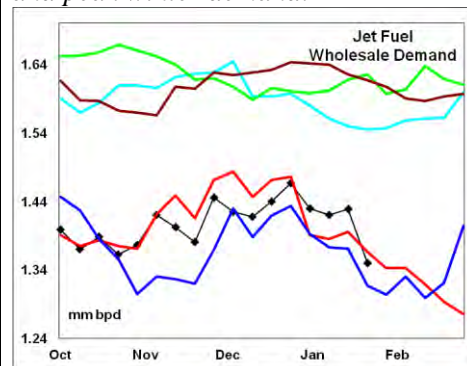
**Jet Fuel** demand decreased -100,000 bpd as seasonal travel declined. The latest 4-wk average demand was +28,000 bpd above a year ago.

Supply was nearly unchanged on the week with higher production offset by lower imports. Supply was at a record low level. Stocks decreased -0.3 million barrels to a level near the upper end of the historic range.

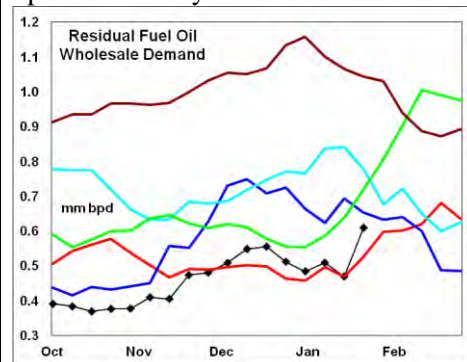
*Seasonal demand extended the downtrend this week, with the overall level near that of the last 2-years. The industry has limited supplies to be in line with this low level of demand.*

*Expect the market to remain adequately.*

*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, increased +265,000 bpd last week, with the 4-wk average -30,000 bpd below last year.



Supply (production + imports) declined -107,000 bpd on a sharp drop in imports. The latest 4-wk average supply was -26,000 bpd below a year ago. Stock levels remain at the upper end of the historic range.

*The Gulf Coast market has extremely high stock levels and near record production. Expect residual fuel oil prices to exhibit weakness compared to foreign crude oil grades (domestic grades are over supplied).*

*Other markets have declined in importance with the longer term drop in production as refiners upgraded the bottom of the crude oil barrel.*





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

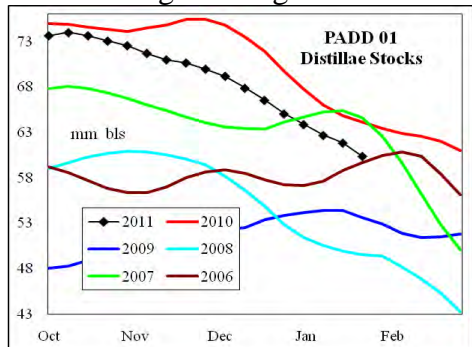
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#### PADD Supply Trends

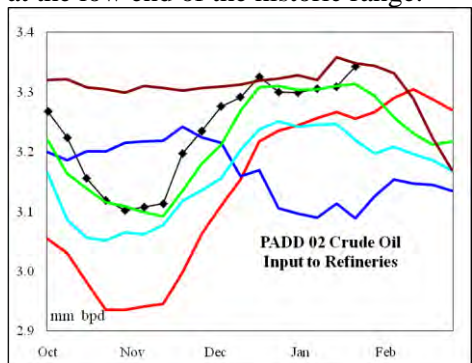
**PADD 1** refinery crude oil runs increased +78,000 bpd last week, with the 4-wk average -76,000 bpd below a year ago. Stock and import levels reflect refinery closures of the past 2-years, with each below the historic range.

Gasoline production increased +118,000 bpd, offset by a -117,000 bpd decline in imports. Imports remain extremely low compared to the historic range. Stocks climbed +2.1 million barrels on the week, with the increase concentrated in the New England Region.



Distillate supply increased +46,000 bpd on the week, on higher production. Stocks declined -1.2 million barrels, to a level that matched the historic mid range.

Jet fuel supply decreased -29,000 bpd for the week, falling to a record low. Stocks were unchanged at a level at the low end of the historic range.



**PADD 2** crude oil refinery runs increased +33,000 bpd on the week, to a level near 5-year highs. Imports decreased -169,000 bpd, but remain above the 5-year range. Stocks

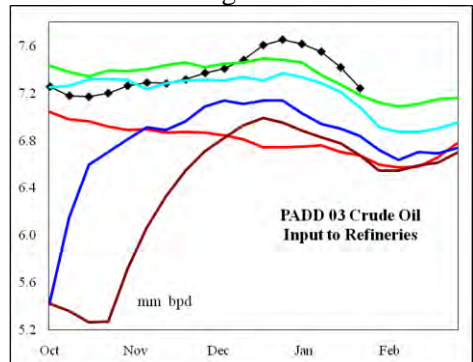
increased +0.7 million barrels on the week, with the level +14.2 million barrels above last years' record high.

Gasoline production increased +8,000 bpd on the week to a level above the mid range. Stocks increased +0.8 million barrels, although the level remains at the low end of the 5-year range.

Distillate supply was unchanged on the week, with the level near 5-year lows. Low seasonal demand led to a +1.1 million barrel stock build. Stock levels were above four of the last 5-years.

Jet fuel production and stock levels were each near 5-year highs.

**PADD 3** crude oil runs decreased -113,000 bpd last week, with the latest 4-wk average +758,000 bpd above a year ago, and above the 5-year range. Crude imports jumped +0.6 million bpd on the week, lifting stocks +6 million barrels. Stock levels were below the mid range.



Gasoline production increased +94,000 bpd on the week. Stocks declined -1.4 million barrels to a level +4.9 million barrels above the prior record.

Distillate production fell -150,000 bpd on the week, with the latest 4-wk average 657,000 bpd above a year ago. Stocks were unchanged with the level +7.8 million barrels above last years' record high.

Jet fuel production increased +42,000 bpd on the week, to a level at the mid range of the last 3-years. Stocks extended a multi month downtrend, to a level just above the 5-year range.

Residual fuel oil supply decreased

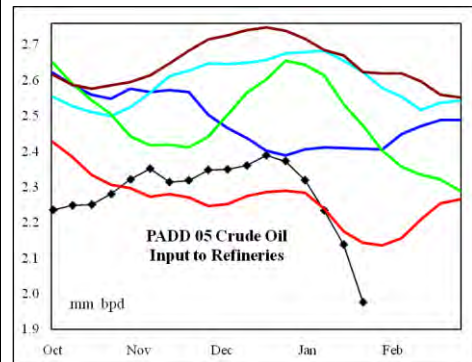
-37,000 bpd on a -93,000 bpd drop in imports and higher production. Stock levels were unchanged on the week, with the level +2.2 million barrels above the prior 5-year high.

**PADD 4** refinery crude runs decreased -13,000 bpd last week, to a level near historic lows. Crude oil stock levels remain above the historic range, with imports near 5-year highs.

Gasoline production and stock levels each were near historic highs.

Distillate stock levels declined -0.3 million barrels, although the level remains well above the historic range.

**PADD 5** crude oil refinery runs decreased -195,000 bpd on the week, to a record low level for the period. Crude imports decreased -214,000 bpd on the week to a level below the historic range. Stocks fell -3 million barrels. Crude oil stocks in transit from Alaska has plunged -4.3 million barrels since the Trans Alaska Pipeline was closed.



Gasoline production decreased -42,000 bpd last week, to a level slightly above the last 3-years. Stocks increased +0.9 million barrels to a level that matched the 5-year record high.

Distillate production increased +35,000 bpd to a level near the historic mid range. Stocks increased +0.5 million barrels, to a new all time high.

Jet fuel supply decreased -40,000 bpd, to a new record low for this time of year. Stocks decreased -0.3 million barrels, to a level near the mid range.


**FUNDAMENTAL  
PETROLEUM  
TRENDS**

**PETROLEUM: Graph Link and Weekly Summary**

A Fundamental Petroleum Trends Weekly Report

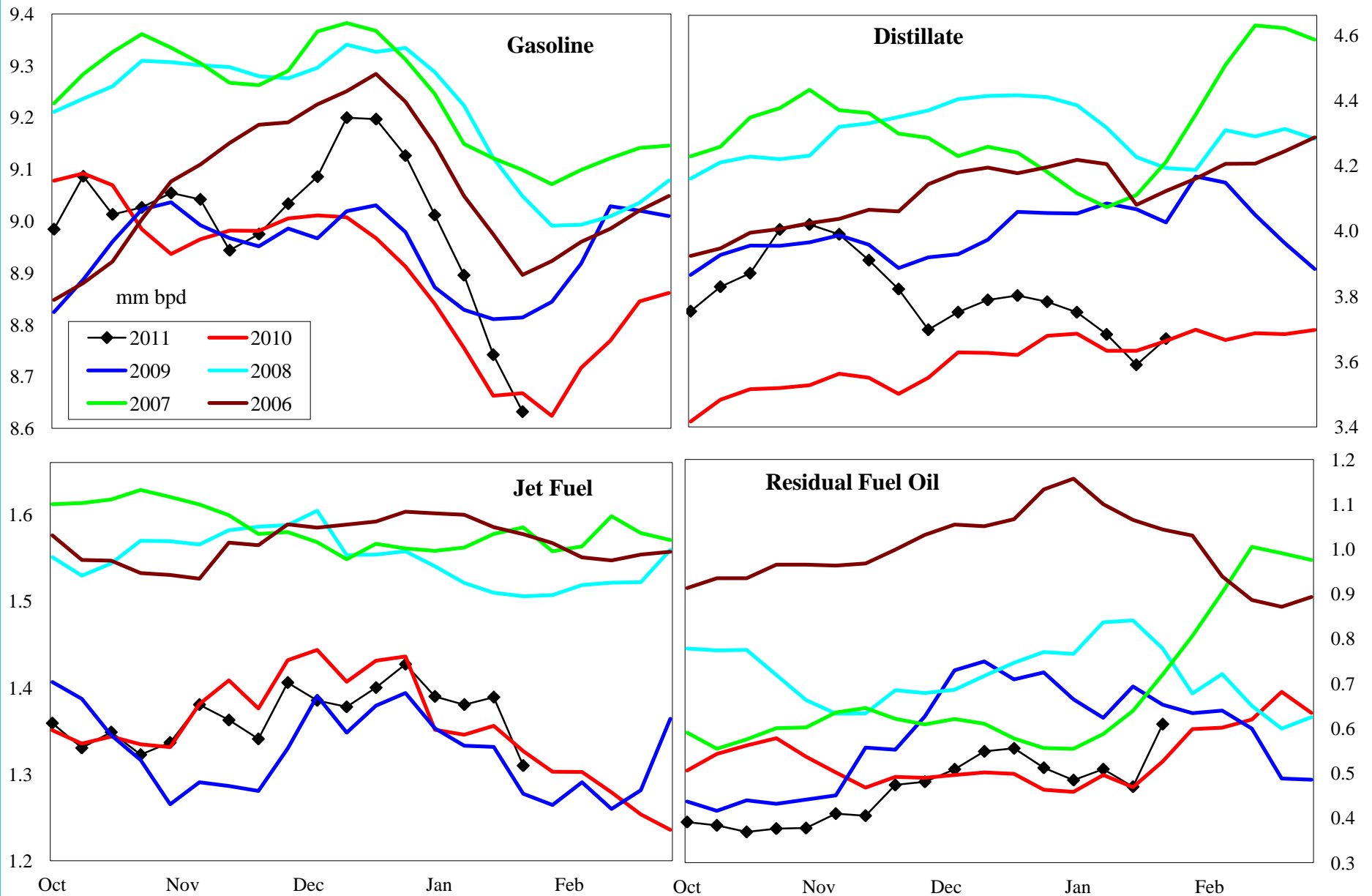
January 26, 2011

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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	21-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	4,836	927	743	5,898	295	-3,026
	Imports	386	85	-169	599	83	-214
	Input	-212	78	33	-113	-13	-195
	% Utilization	-1.20					
<u>Gasoline</u>	Stocks	2,404	2,104	820	-1,363	-23	867
	Production	-52	118	8	94	-8	-42
	Imports	-78	-117	0	53	0	-14
	Supplied	-143					
<u>Distillate</u>	Stocks	-140	-1,244	1,104	-59	-304	364
	Production	-82	42	-10	-150	1	35
	Imports	13	4	10	0	-2	0
	Supplied	99					
<u>Jet Fuel</u>	Stocks	-339	-94	179	-218	71	-275
	Production	43	-10	14	42	8	-12
	Imports	-47	-19	0	0	0	-28
	Supplied	-100					
<u>Residual Fuel Oil</u>	Stocks	-183	-759	20	30	-4	528
	Production	86	0	17	56	0	12
	Imports	-193	-79	0	-93	0	-21
	Supplied	265					

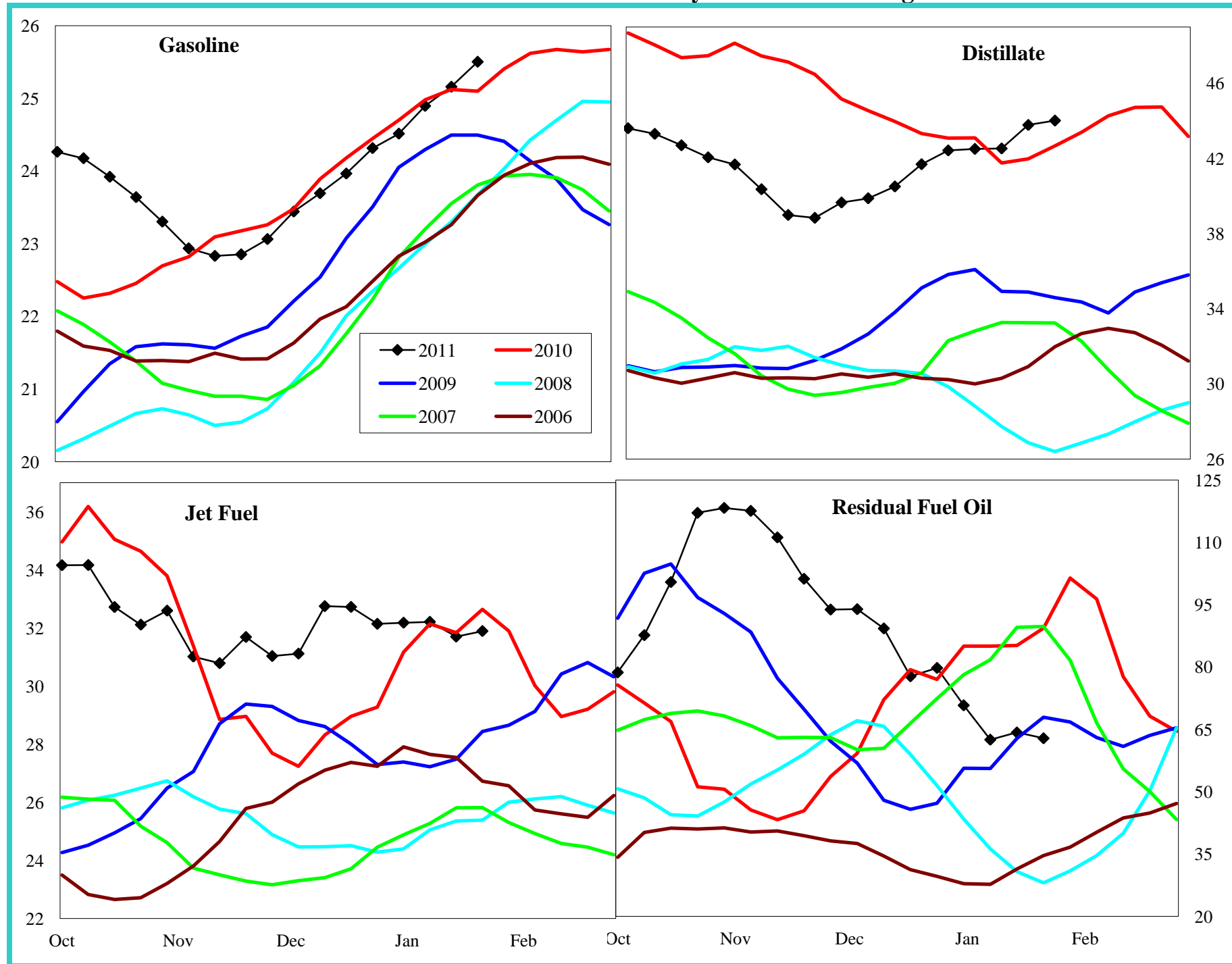
# United States Wholesale Petroleum Demand



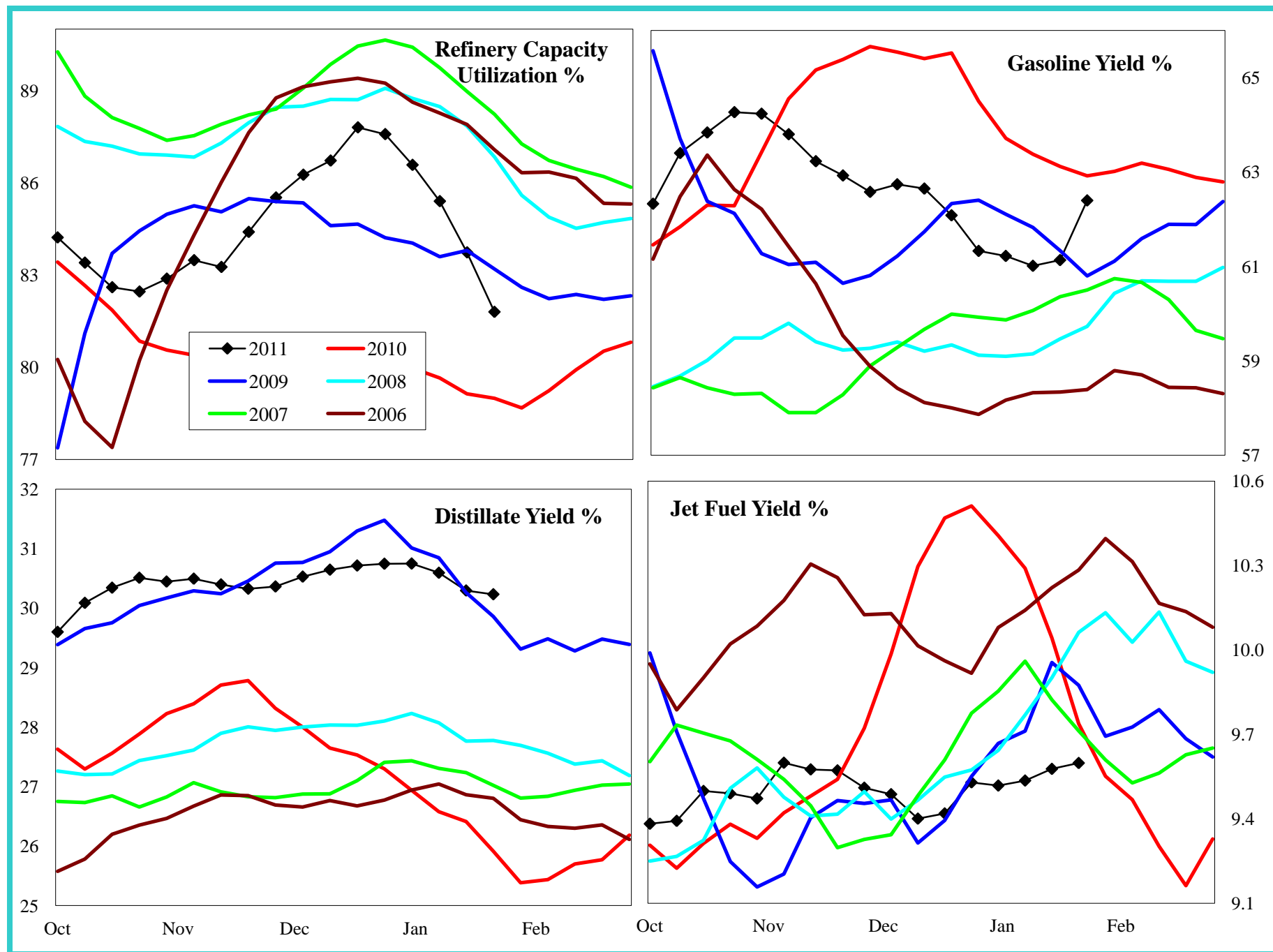
	000 bpd change from prior year				% change from prior year			
	4wk avg	Dec	Jan	Jan	4wk avg	Dec	Nov	Oct
<b>Gasoline</b>	94	273	49	100	1.1	3.1	0.6	1.1
<b>Distillate</b>	-21	26	133	115	-0.6	0.7	3.7	3.1
<b>Jet Fuel</b>	28	90	46	67	2.0	6.6	3.4	4.9
<b>Resid</b>	-30	-56	35	11	-6.1	-9.6	7.9	2.2



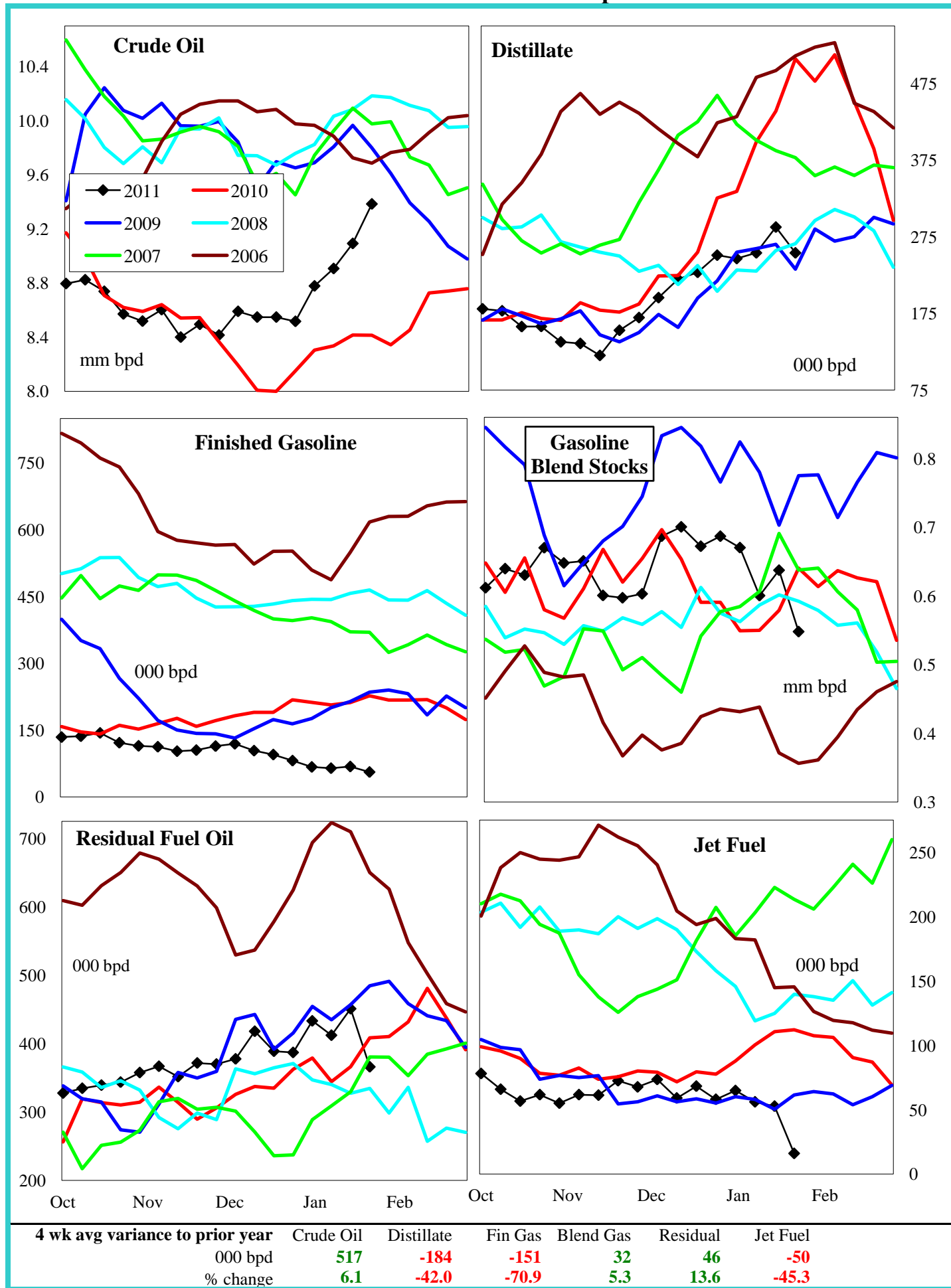
# United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

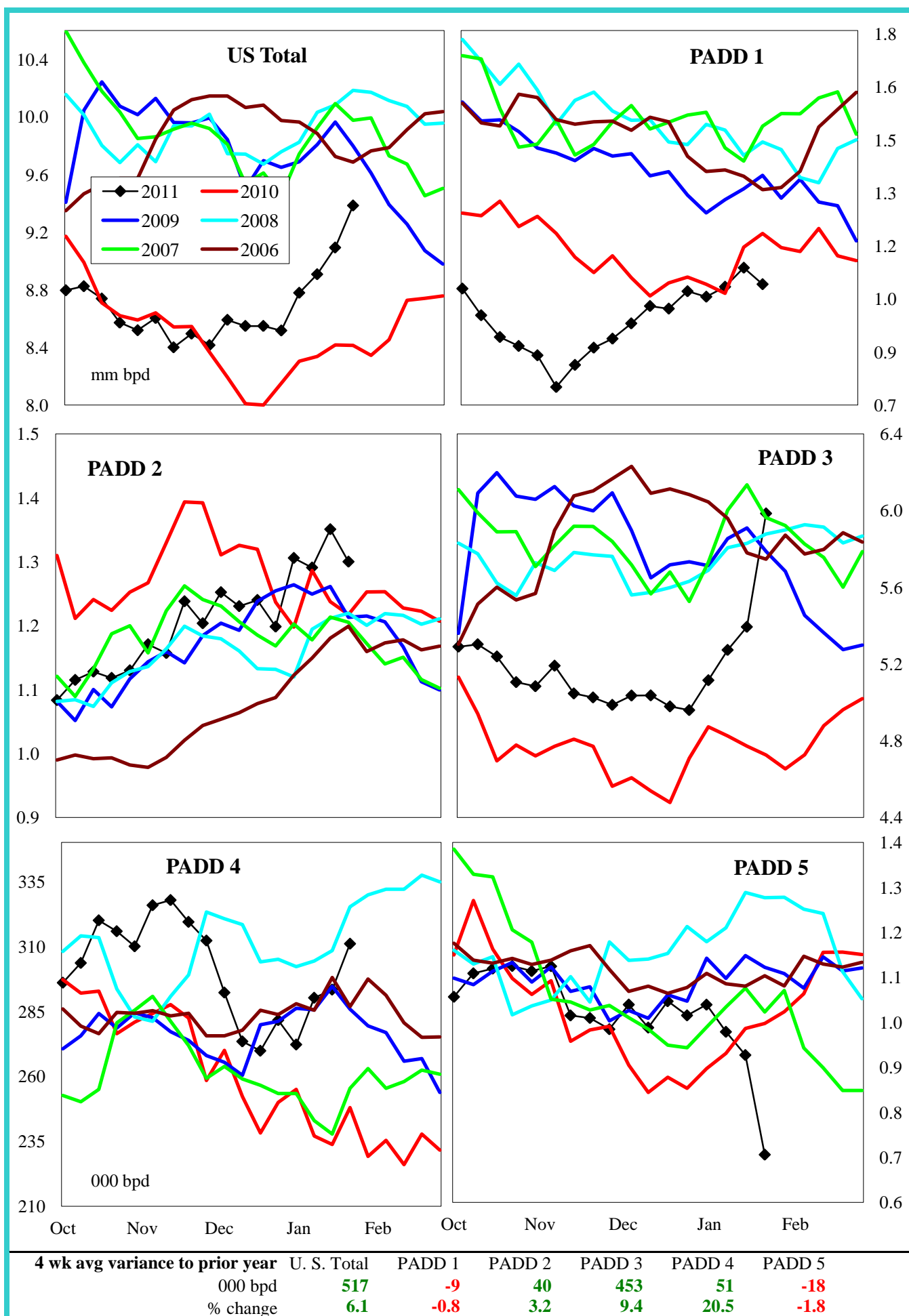


# United States Petroleum Imports

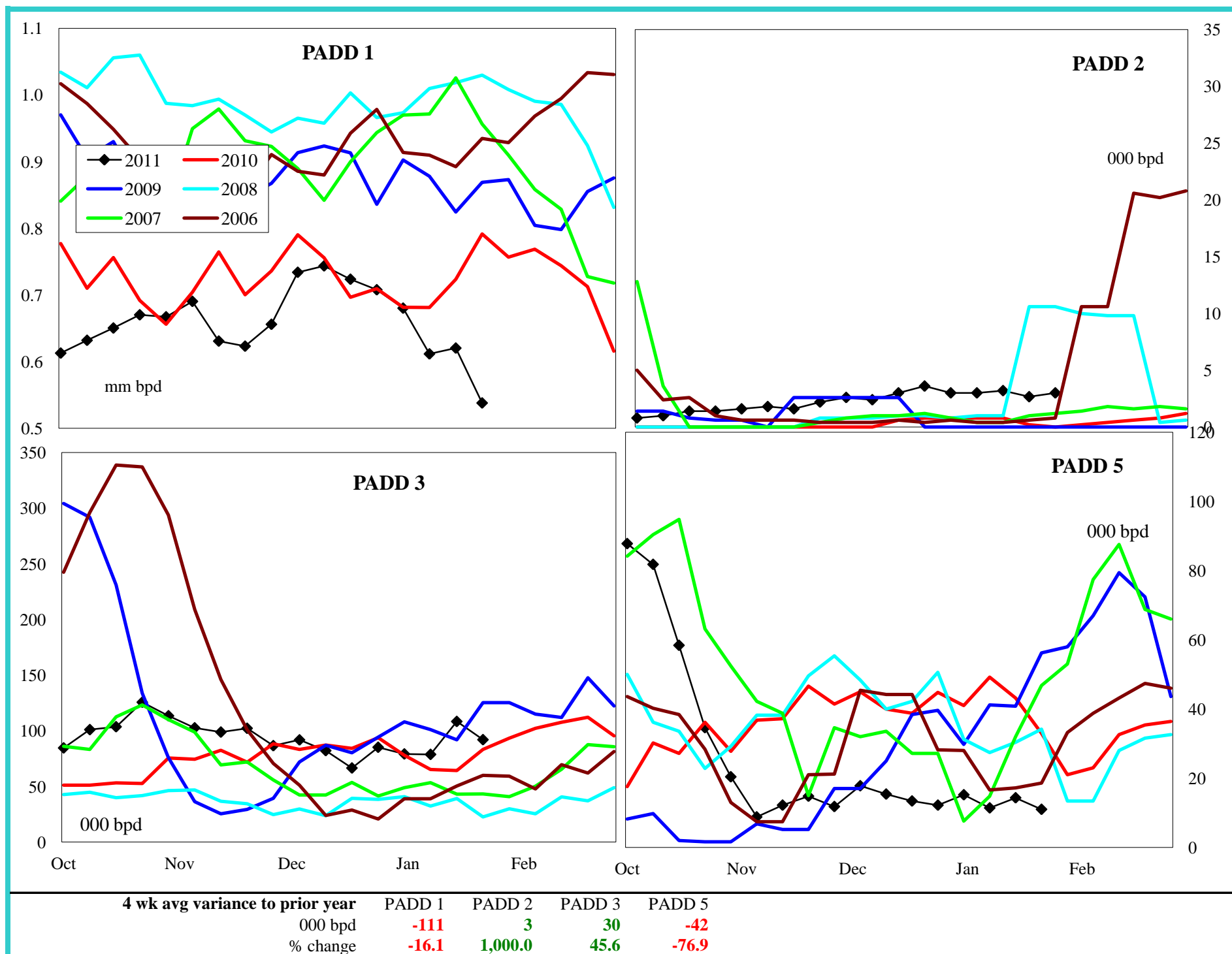




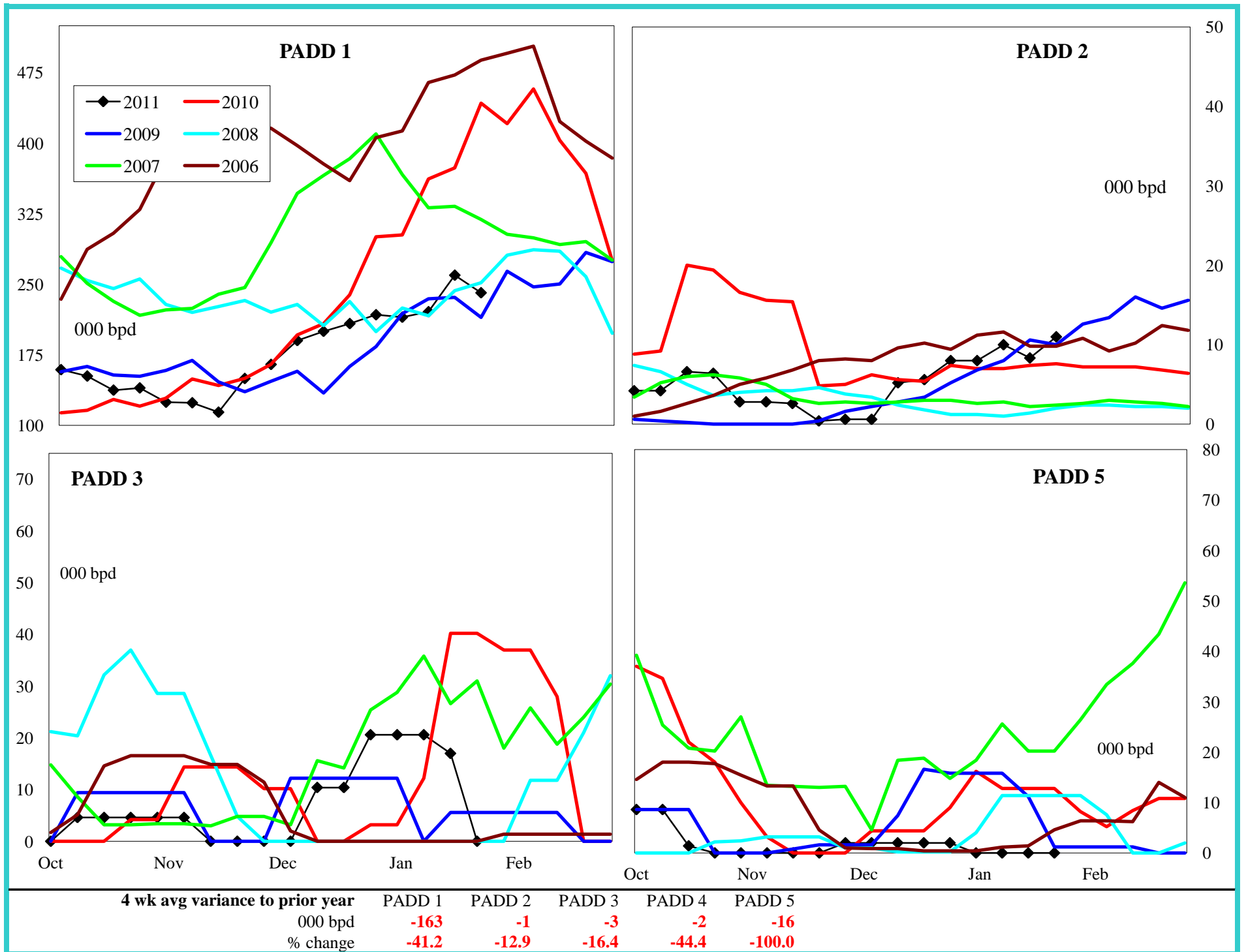
## Crude Oil Imports by PADD



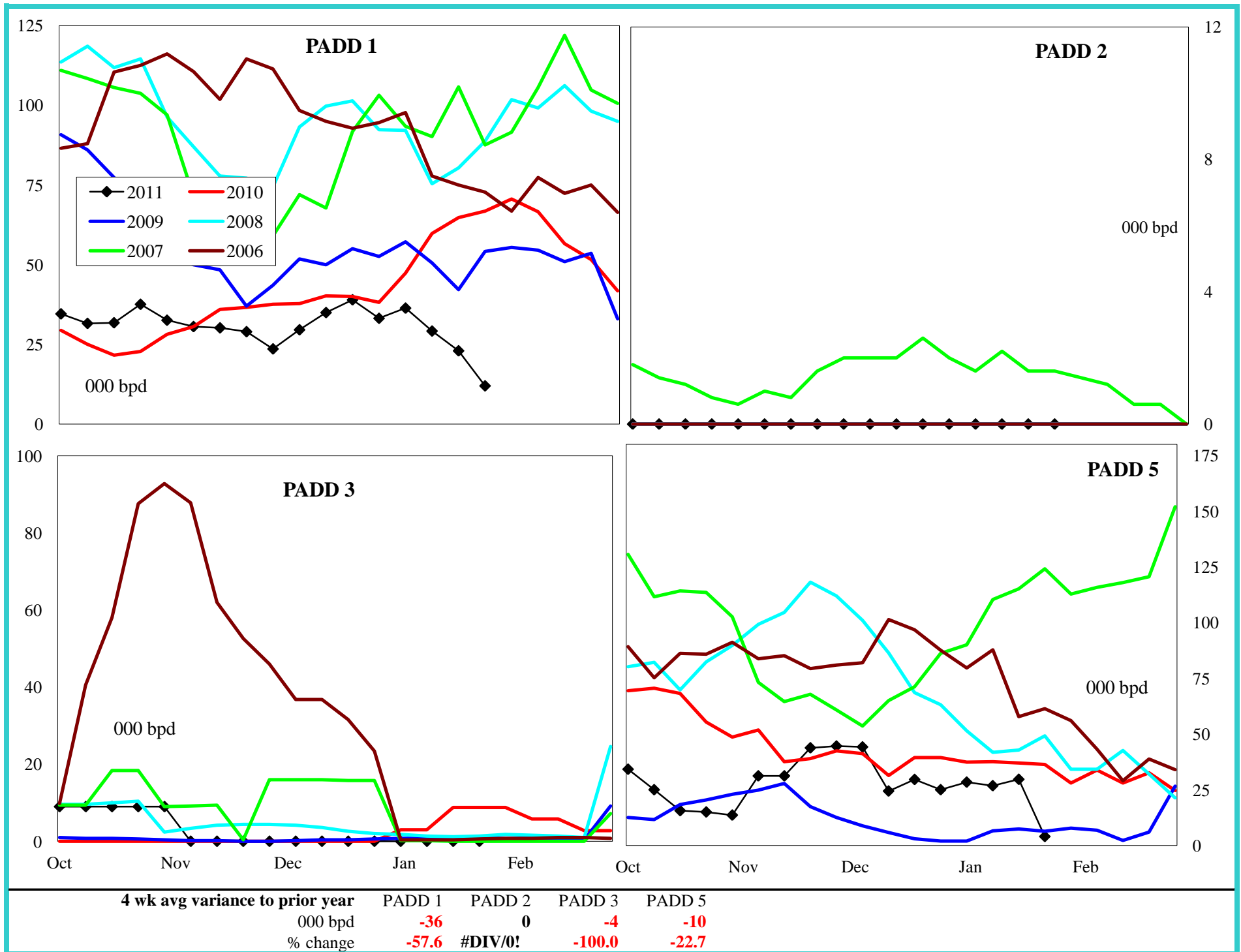
## Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

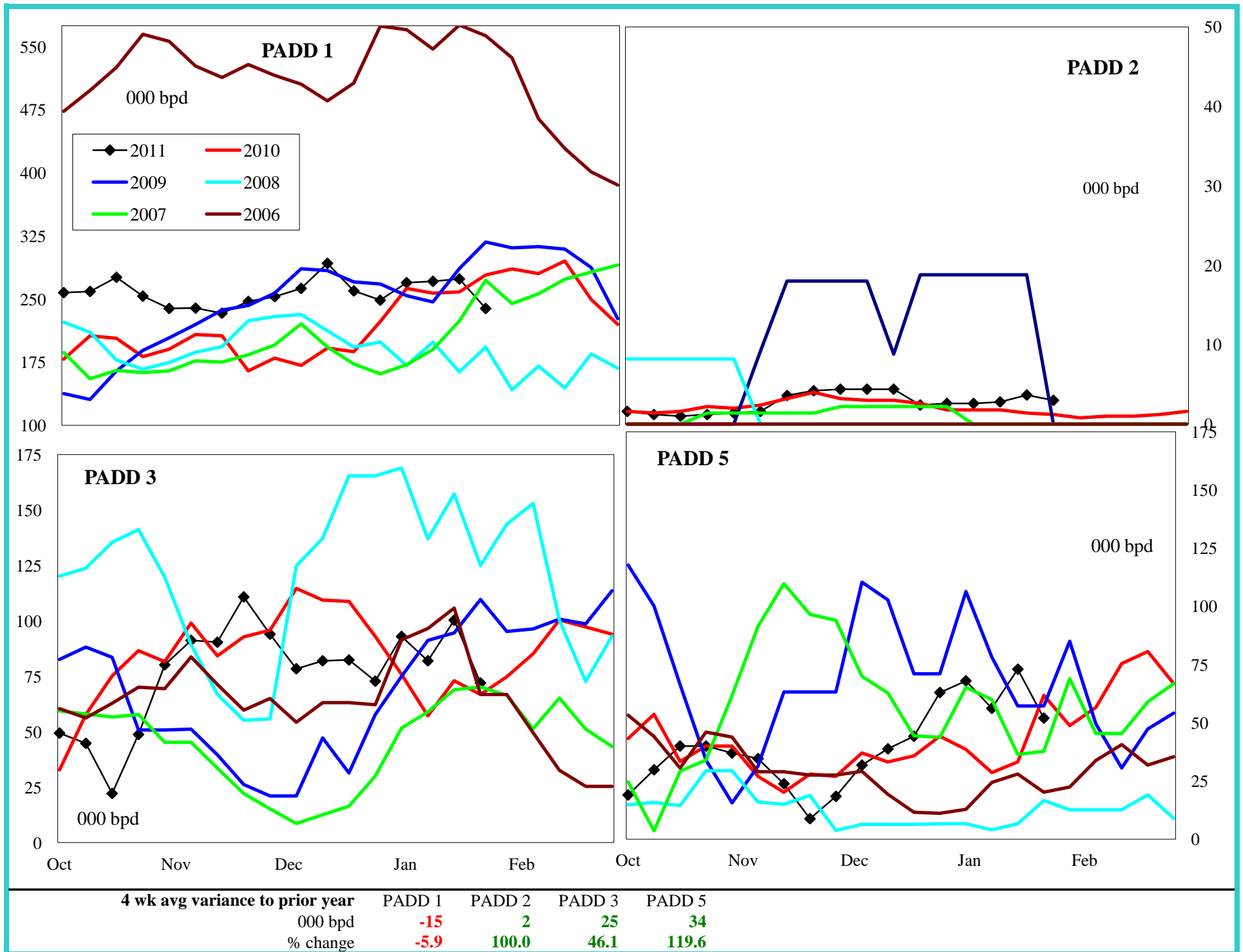


# Jet Fuel Imports by PADD

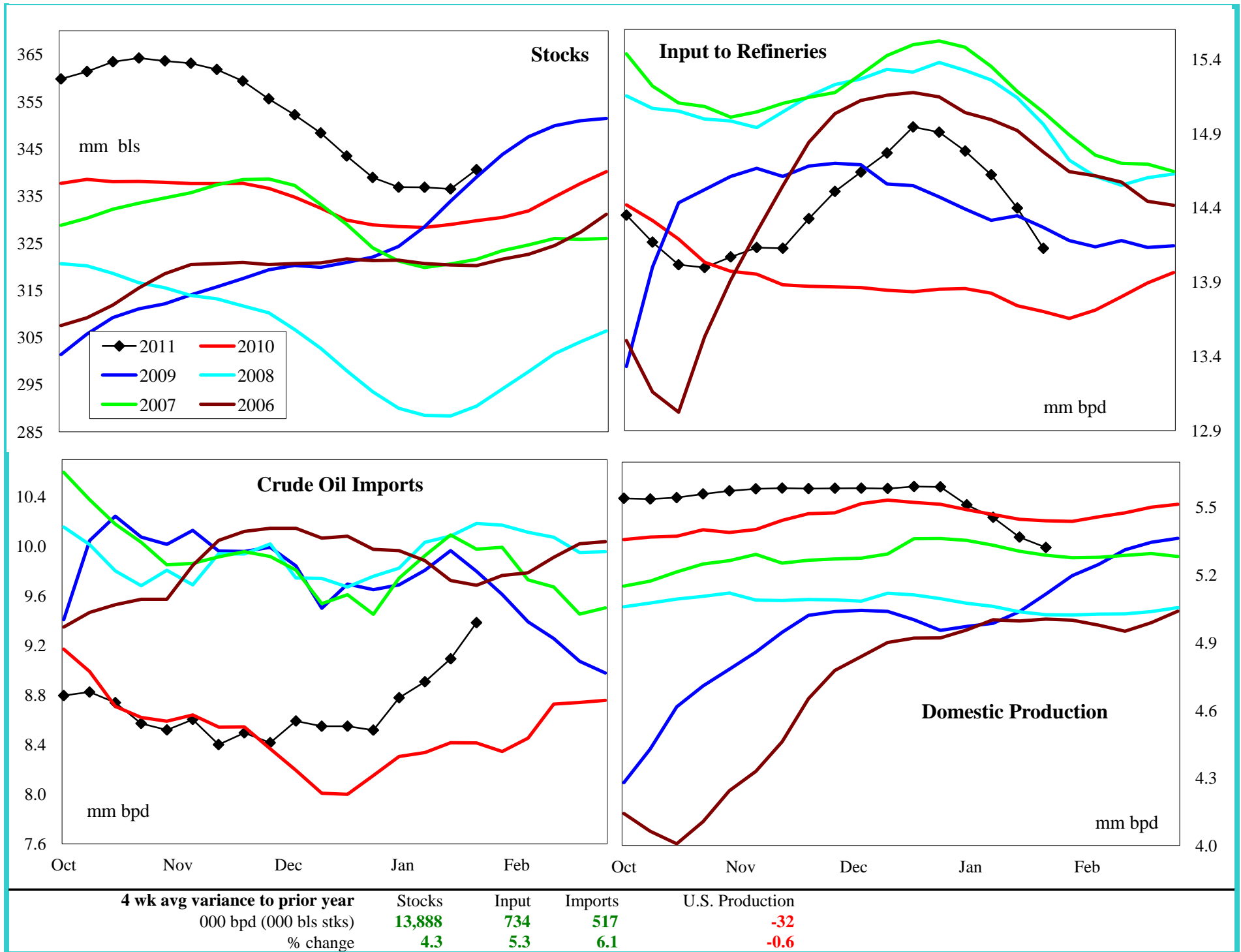




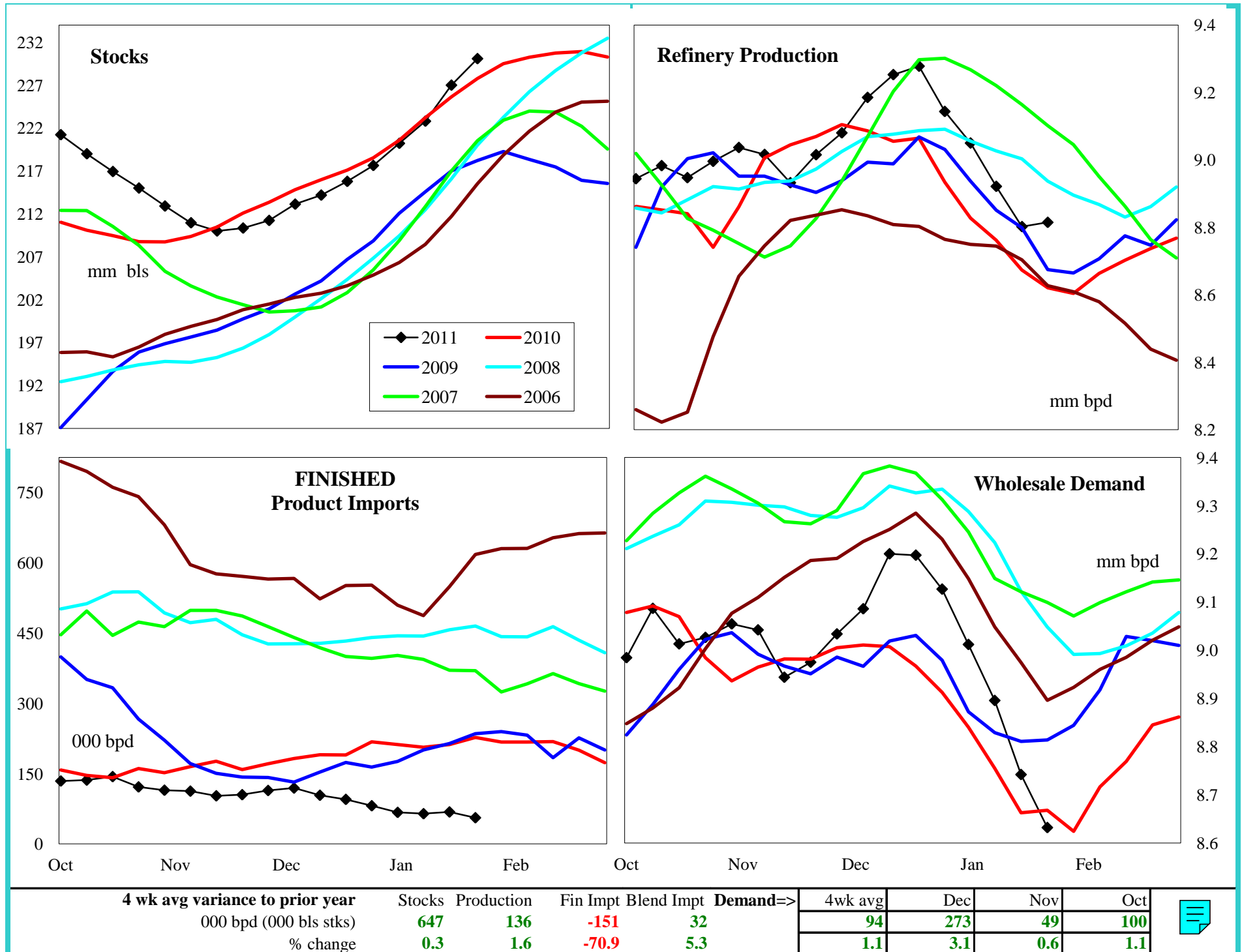
## Residual Fuel Oil Imports by PADD



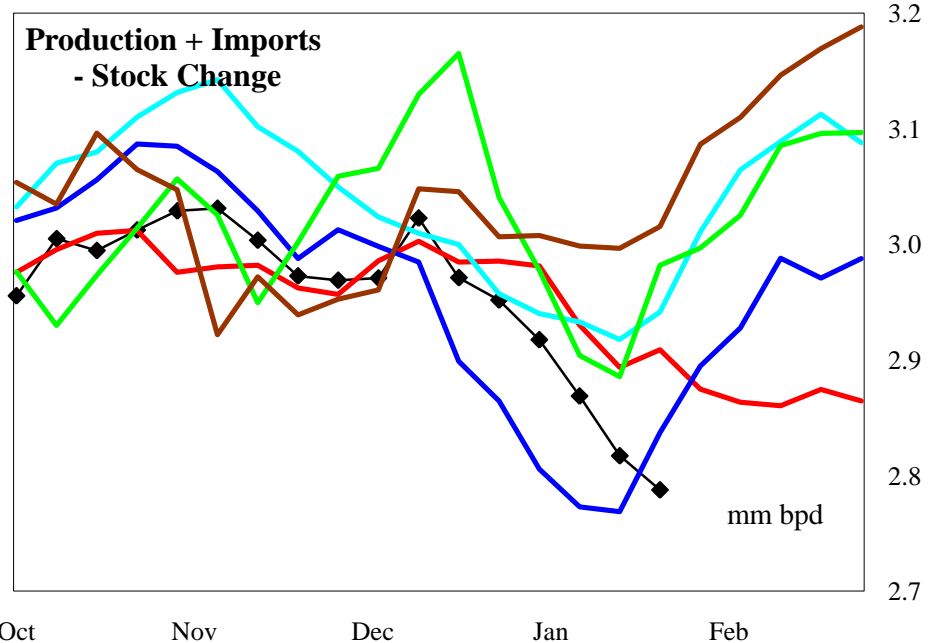
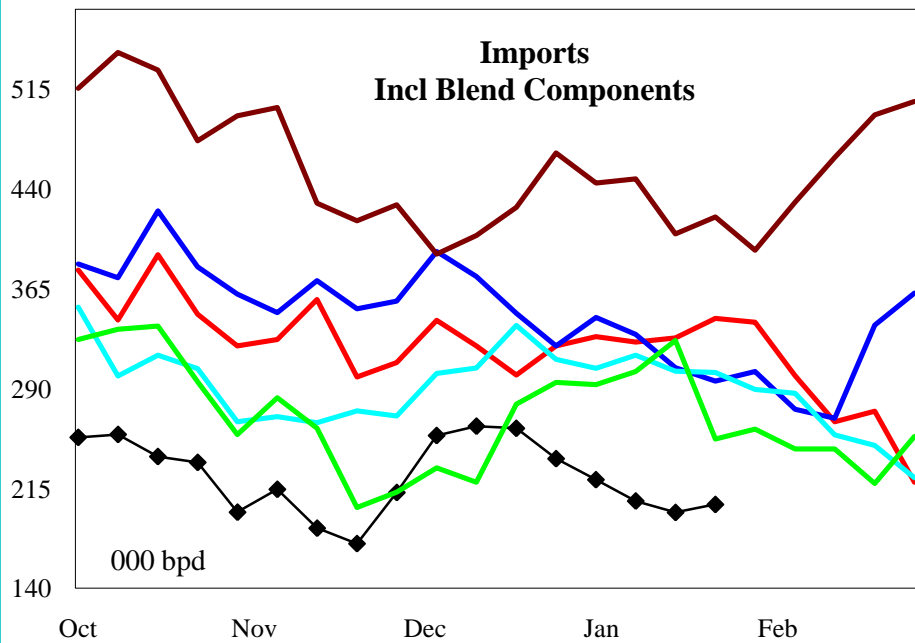
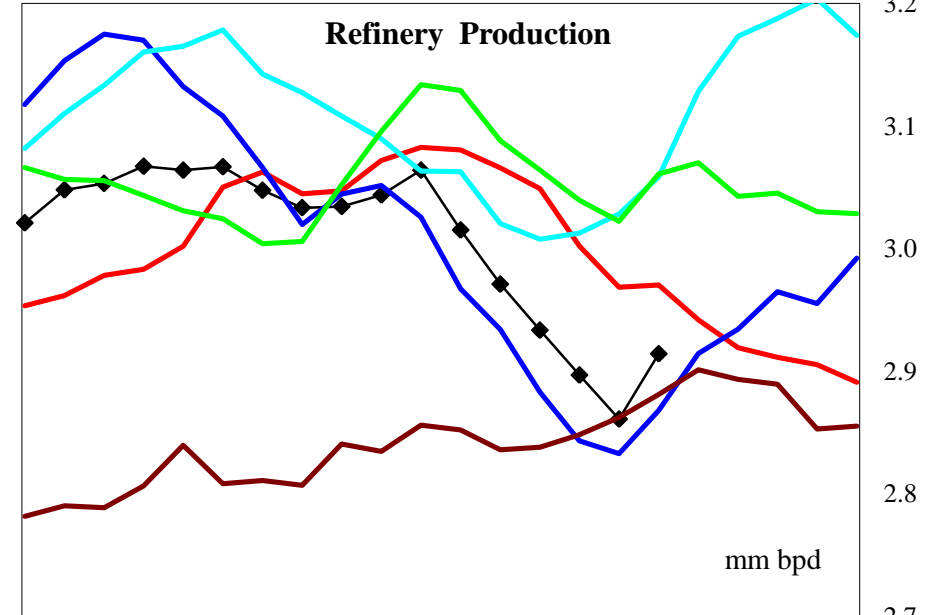
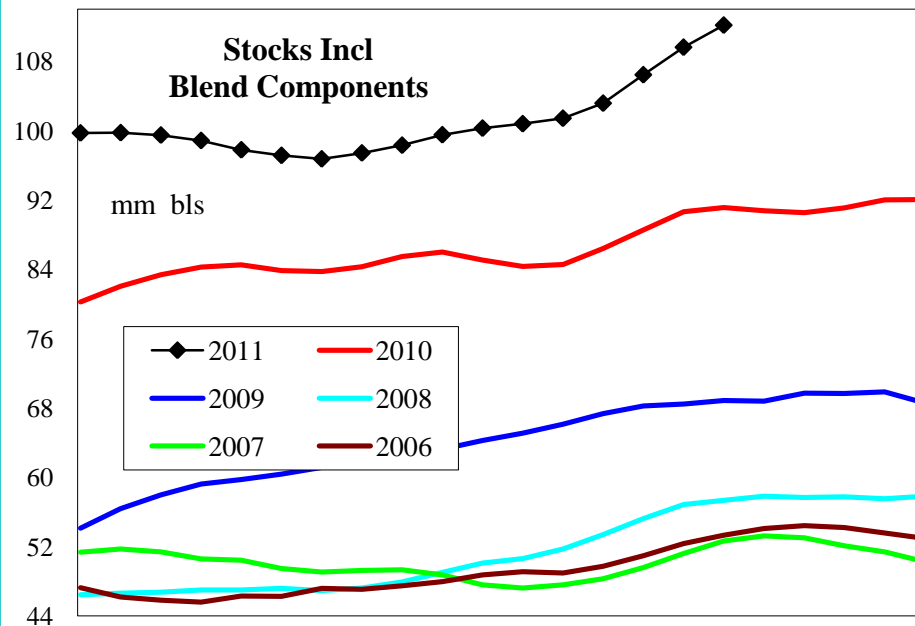
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance



# United States Reformulated Gasoline Supply

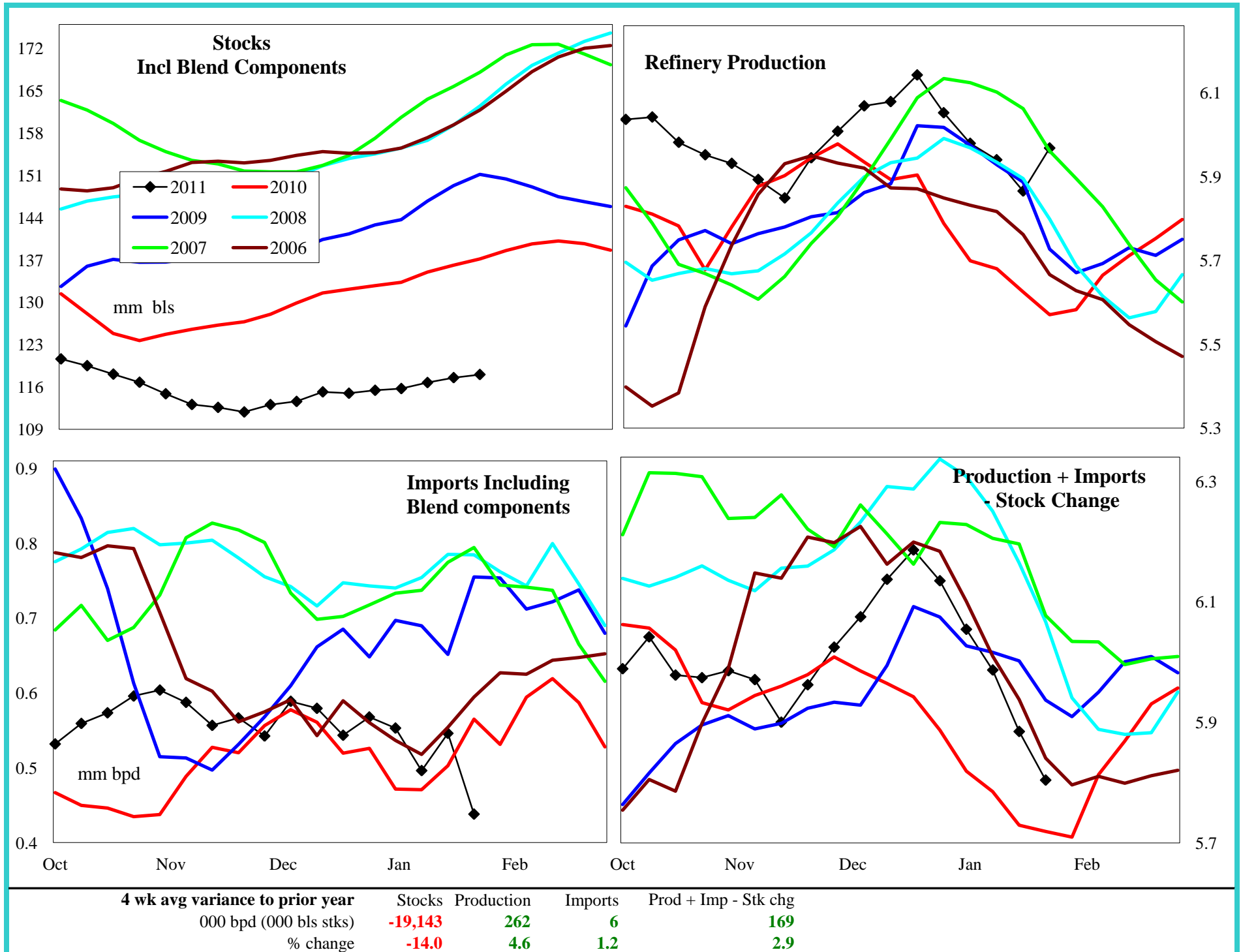


**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

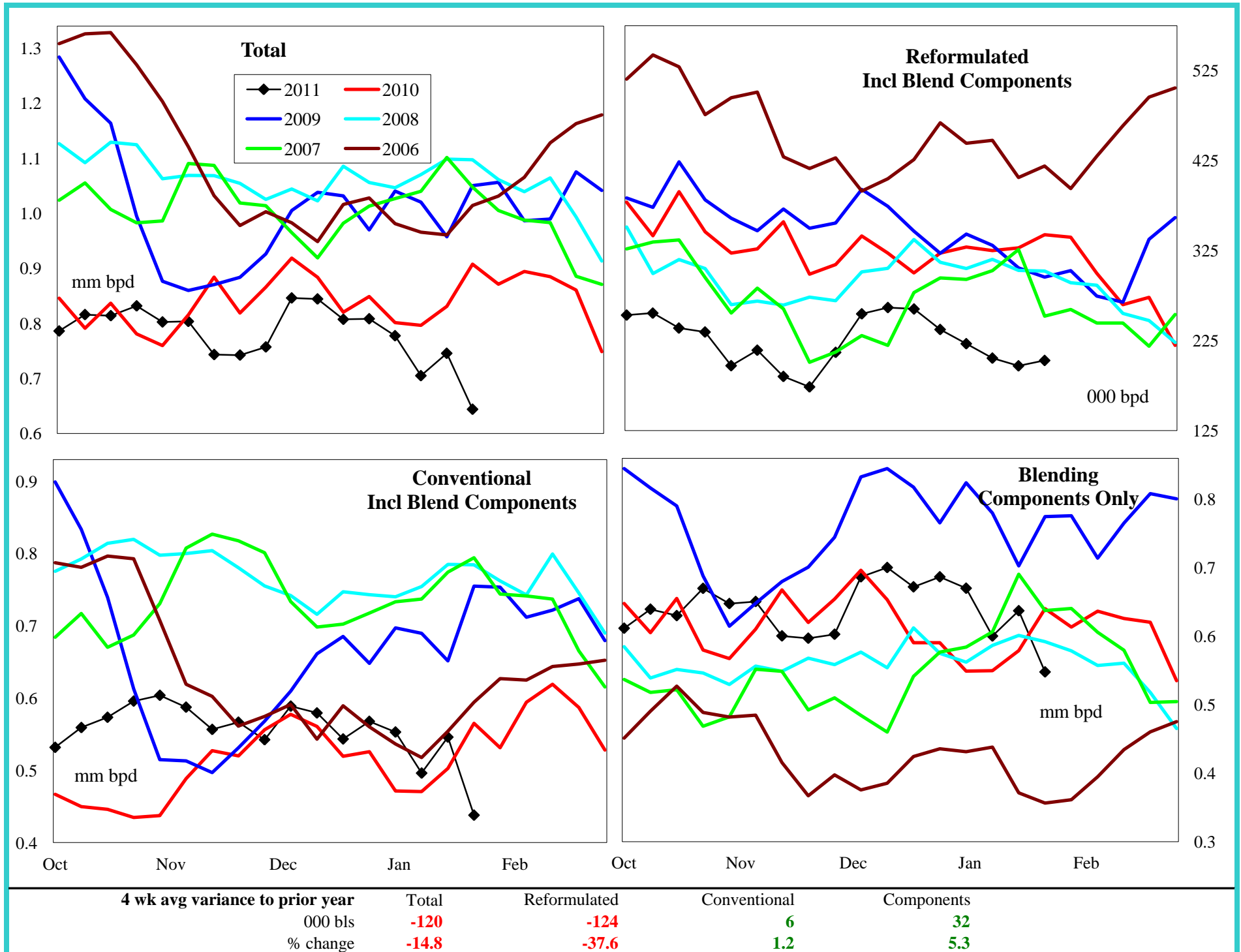
Stocks	Production	Imports	Prod + Imp - Stk chg
21,046	-138	-124	-81
23.1	-4.6	-37.6	-2.7



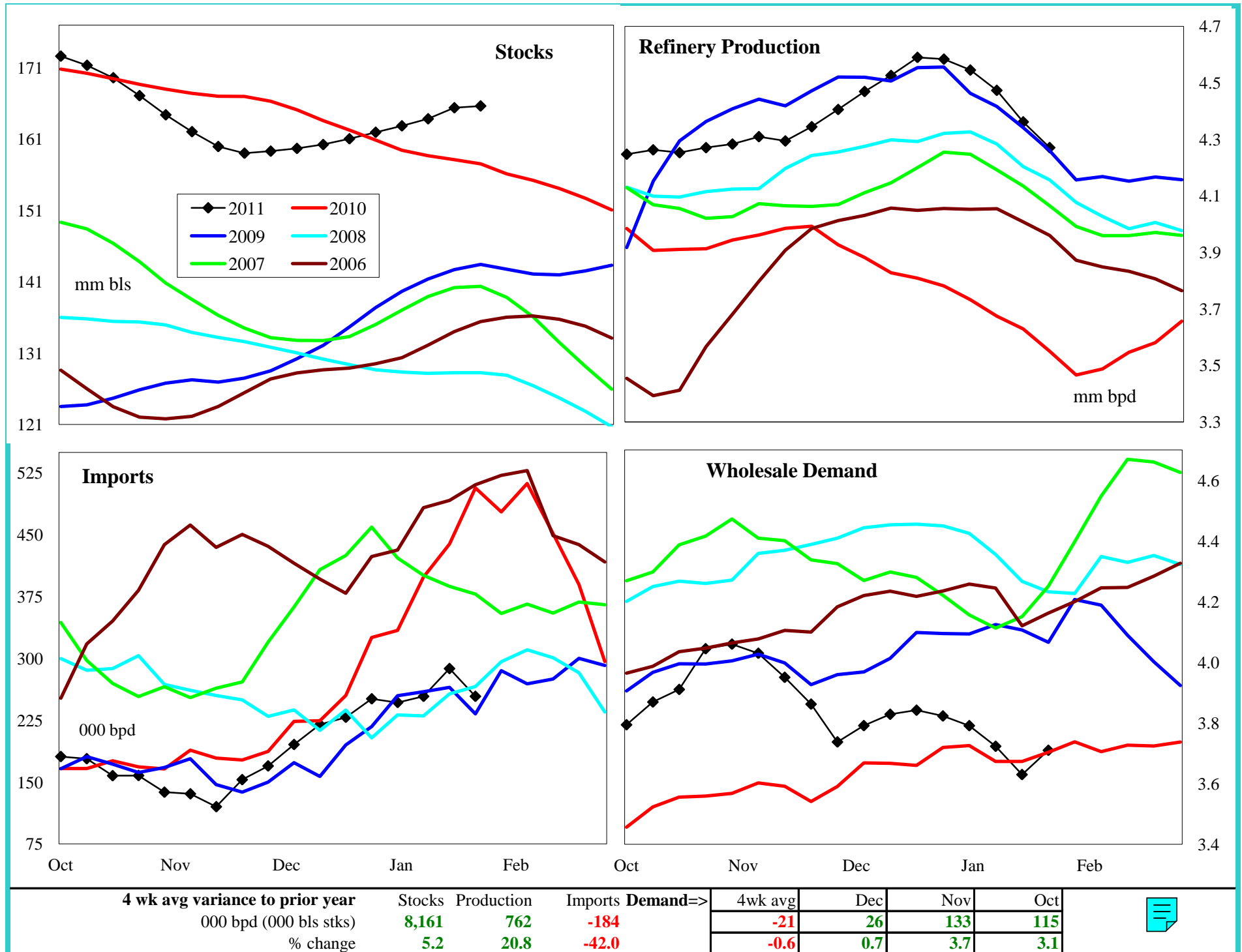
# United States Conventional Gasoline Supply



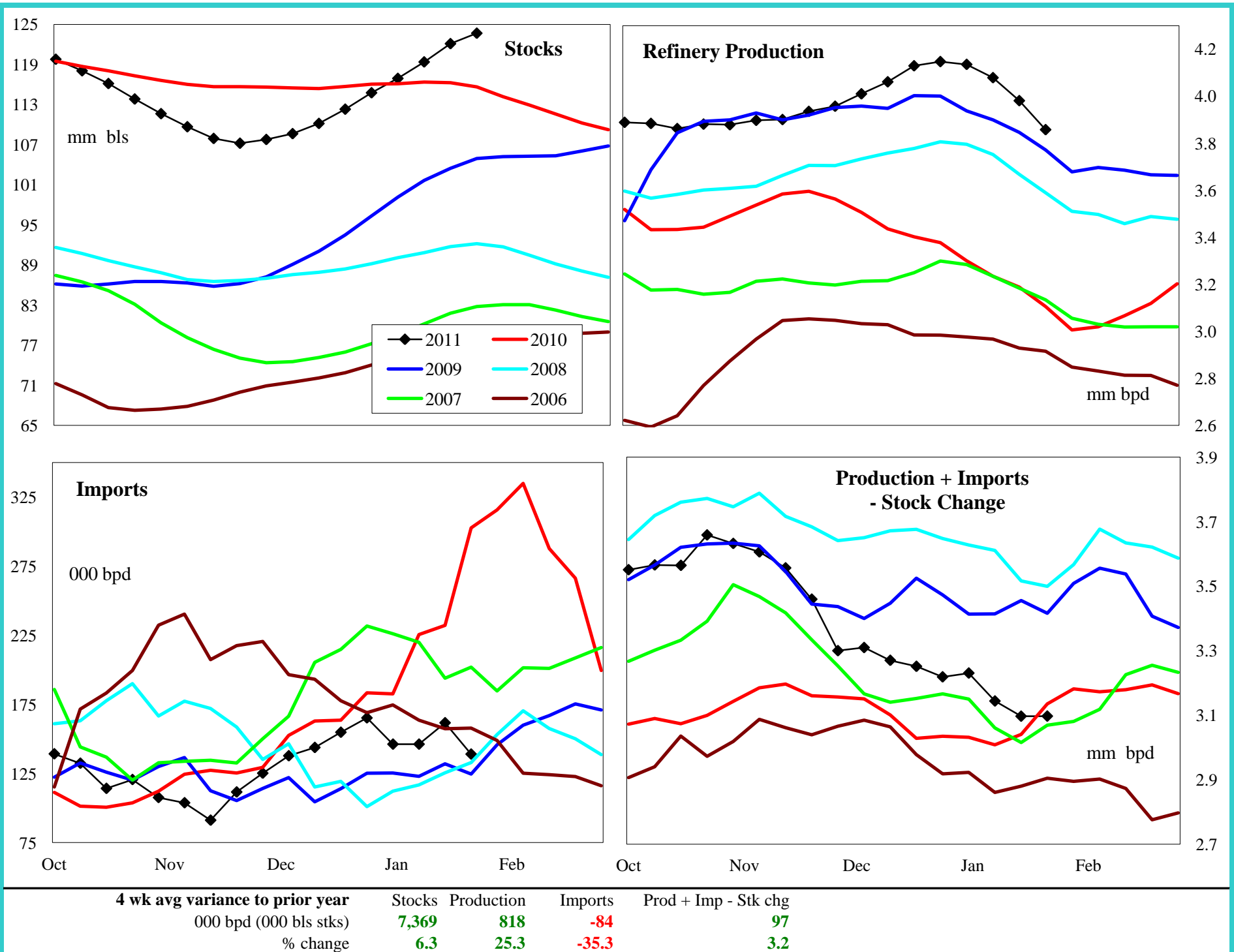
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

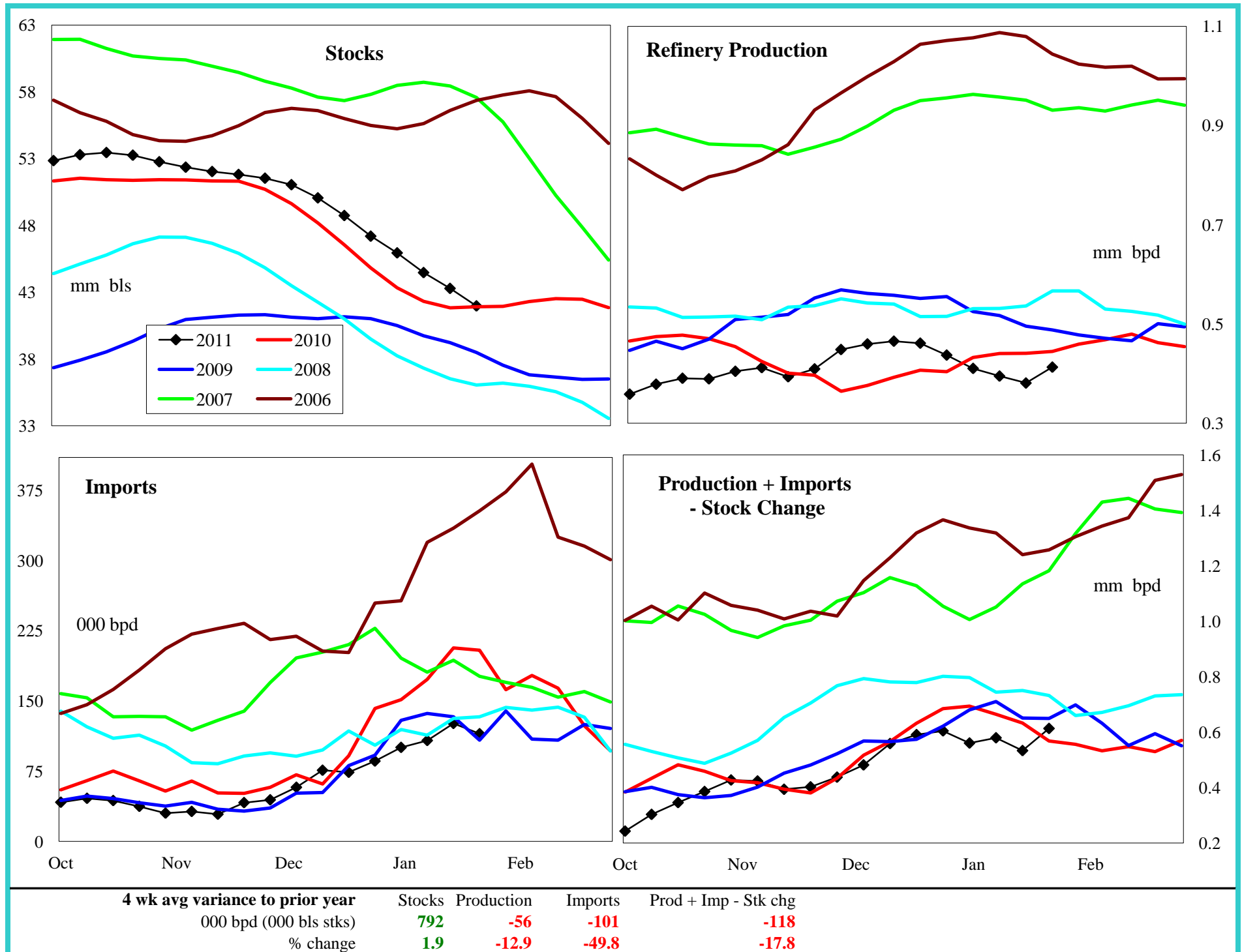


# United States Low Sulfur Distillate Supply

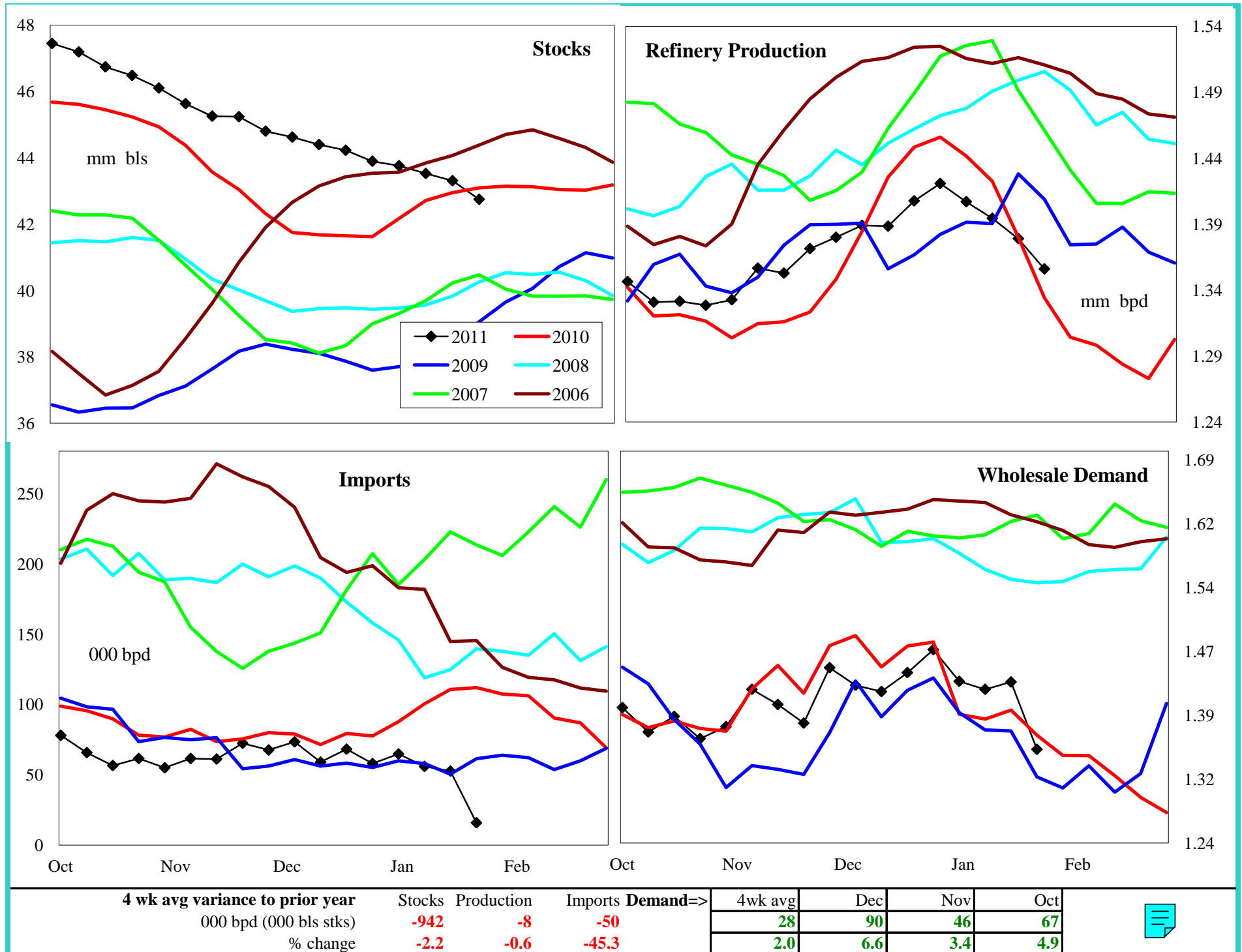




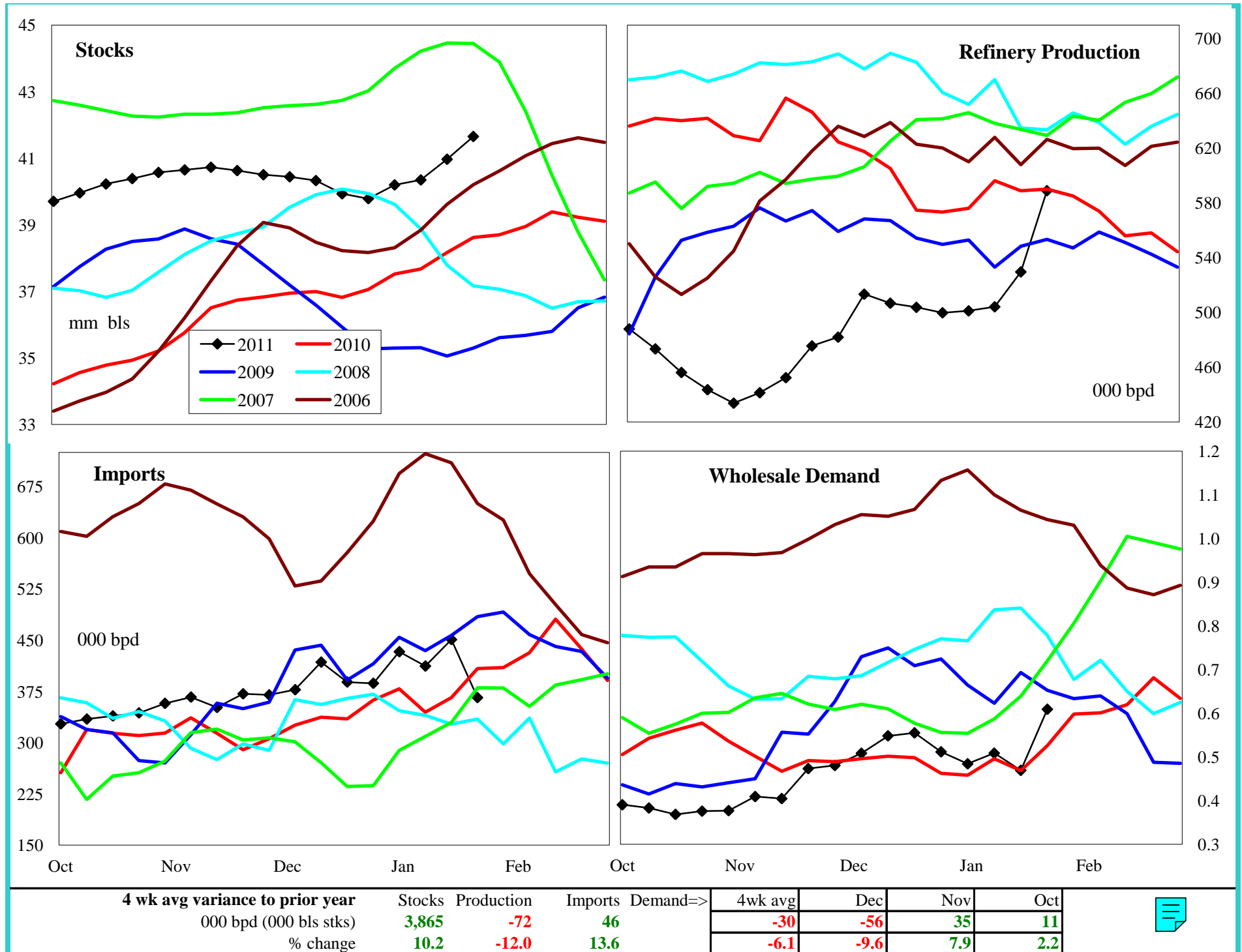
# United States High Sulfur Distillate Supply



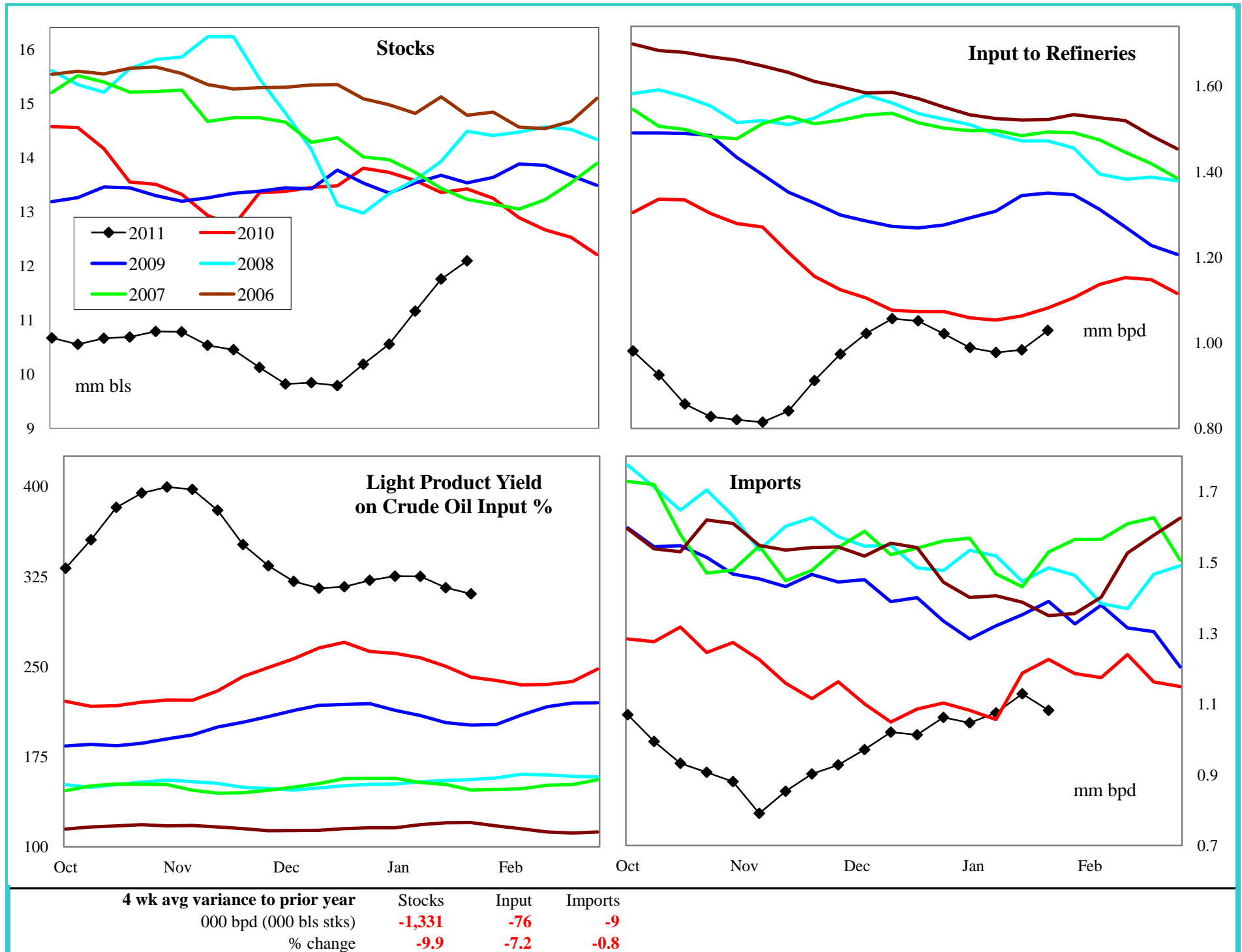
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

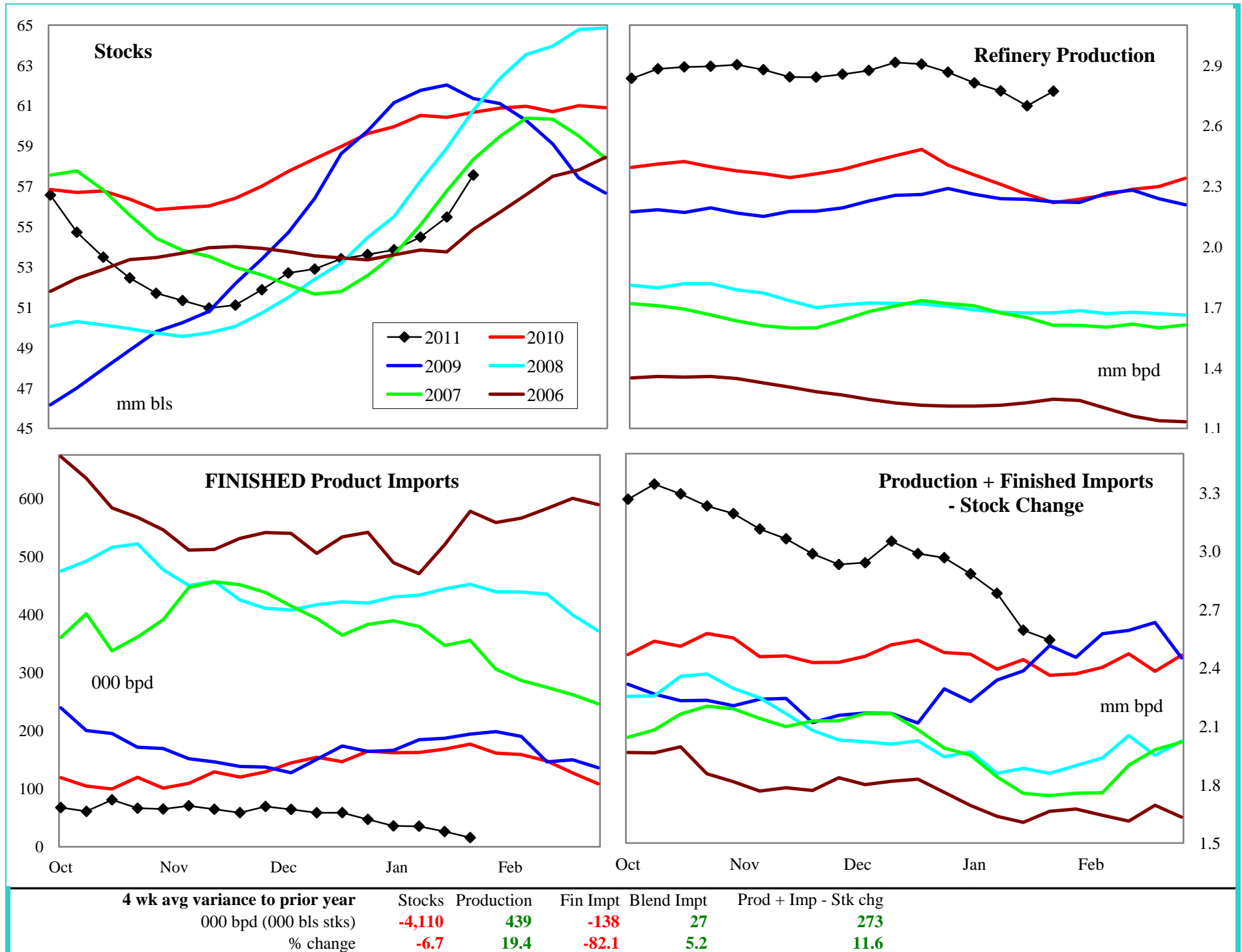


# PADD 1 Crude Oil Supply and Refining

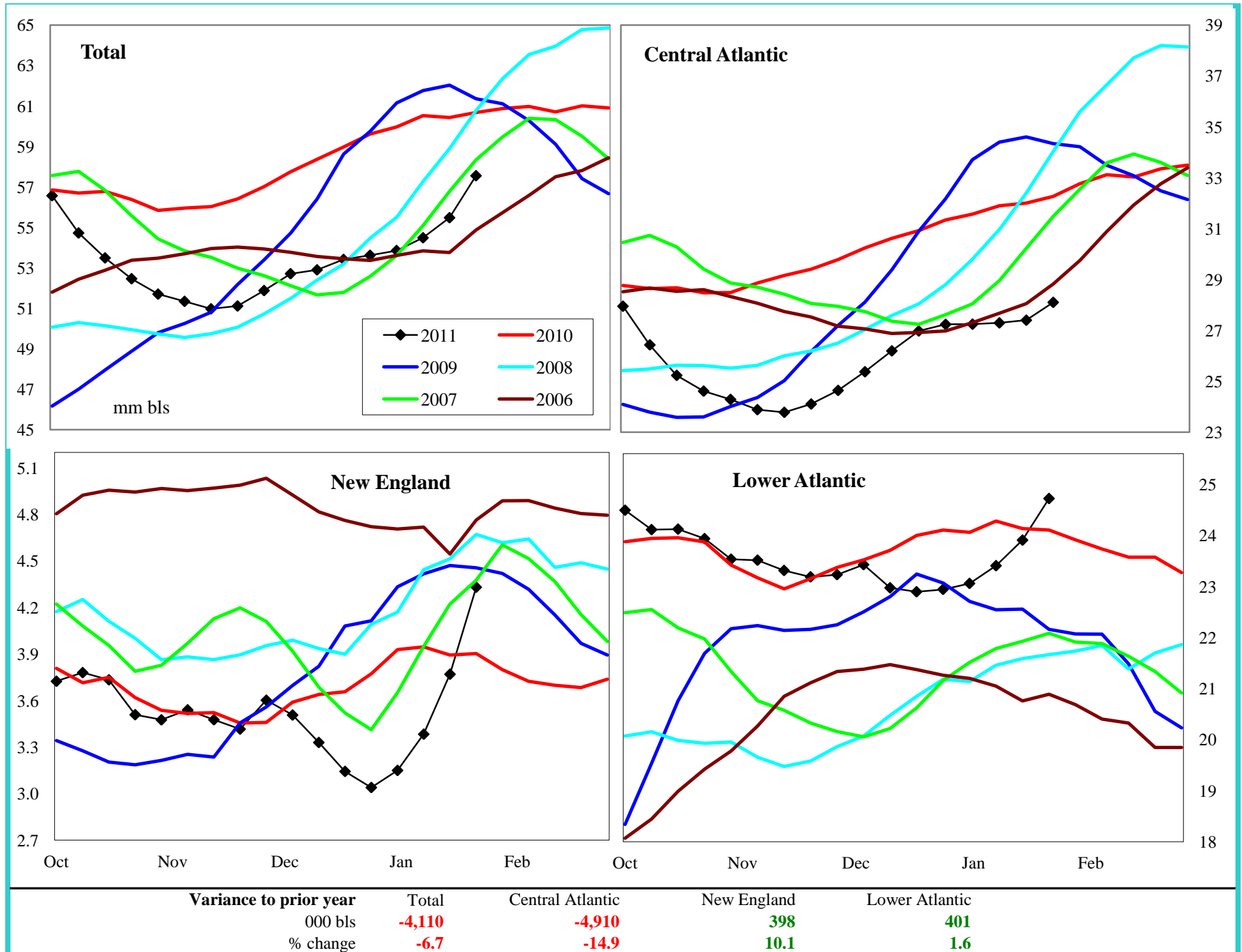




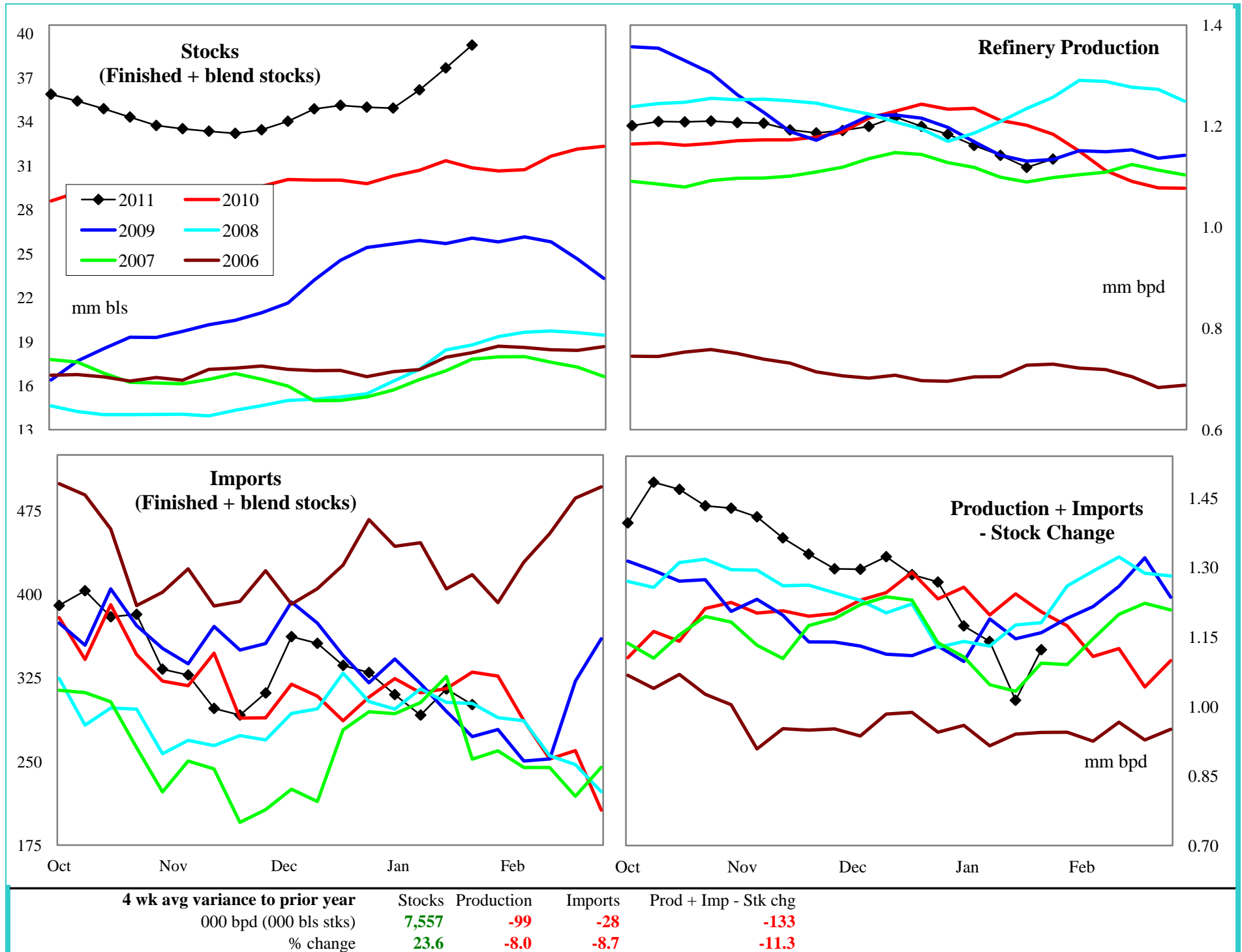
# PADD 1 Gasoline Supply



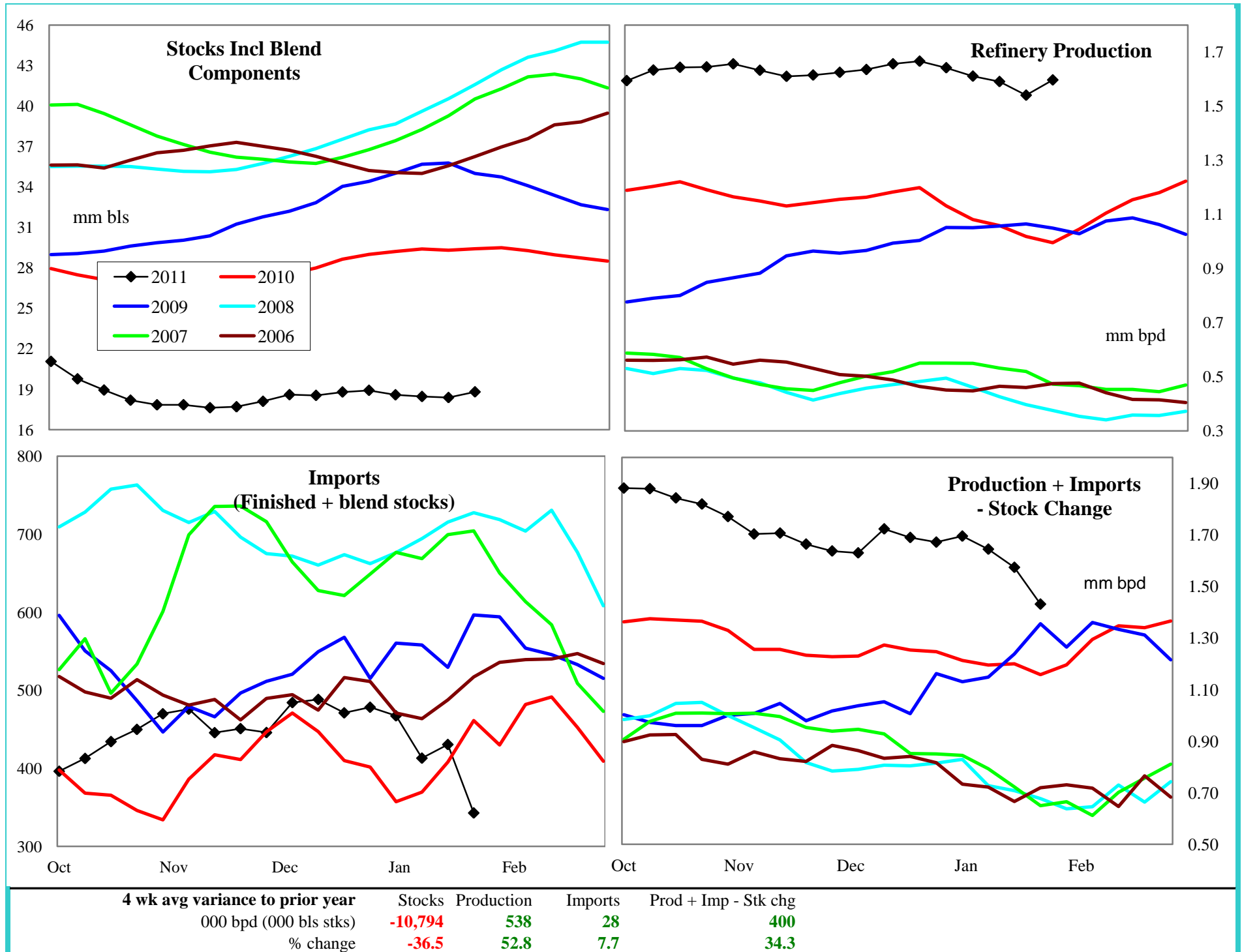
# PADD 1 Gasoline Stocks by Region



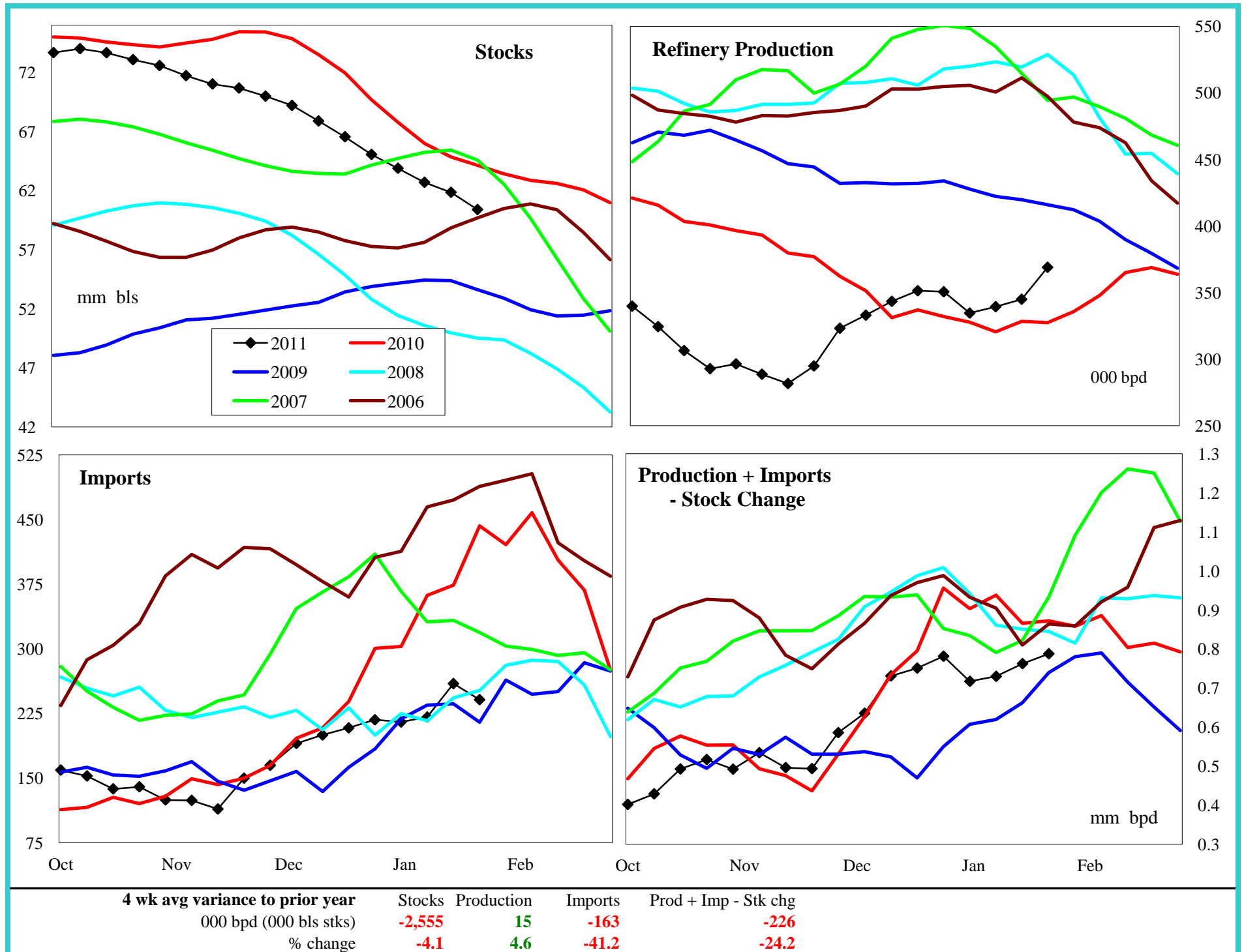
# PADD 1 Reformulated Gasoline Supply



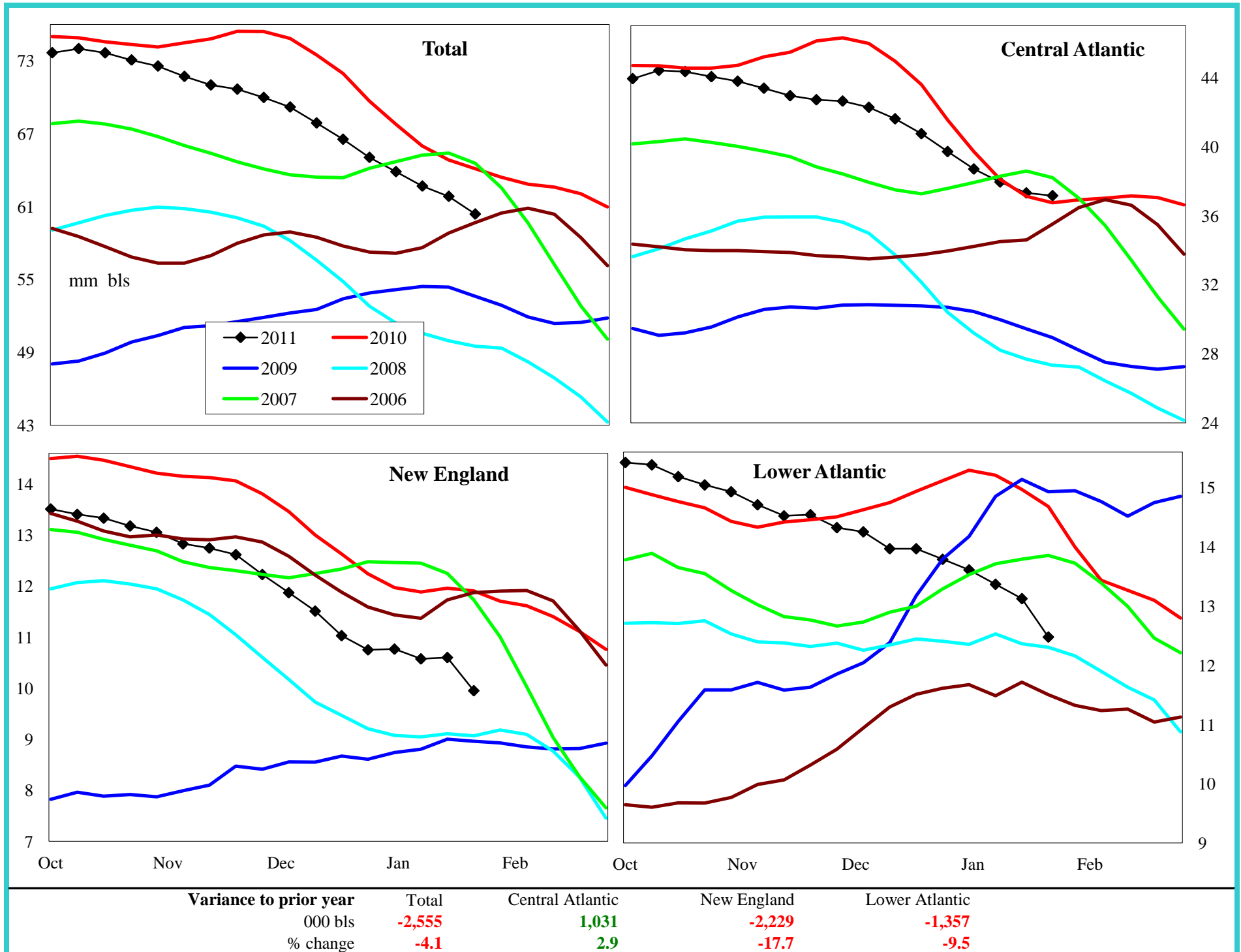
# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply

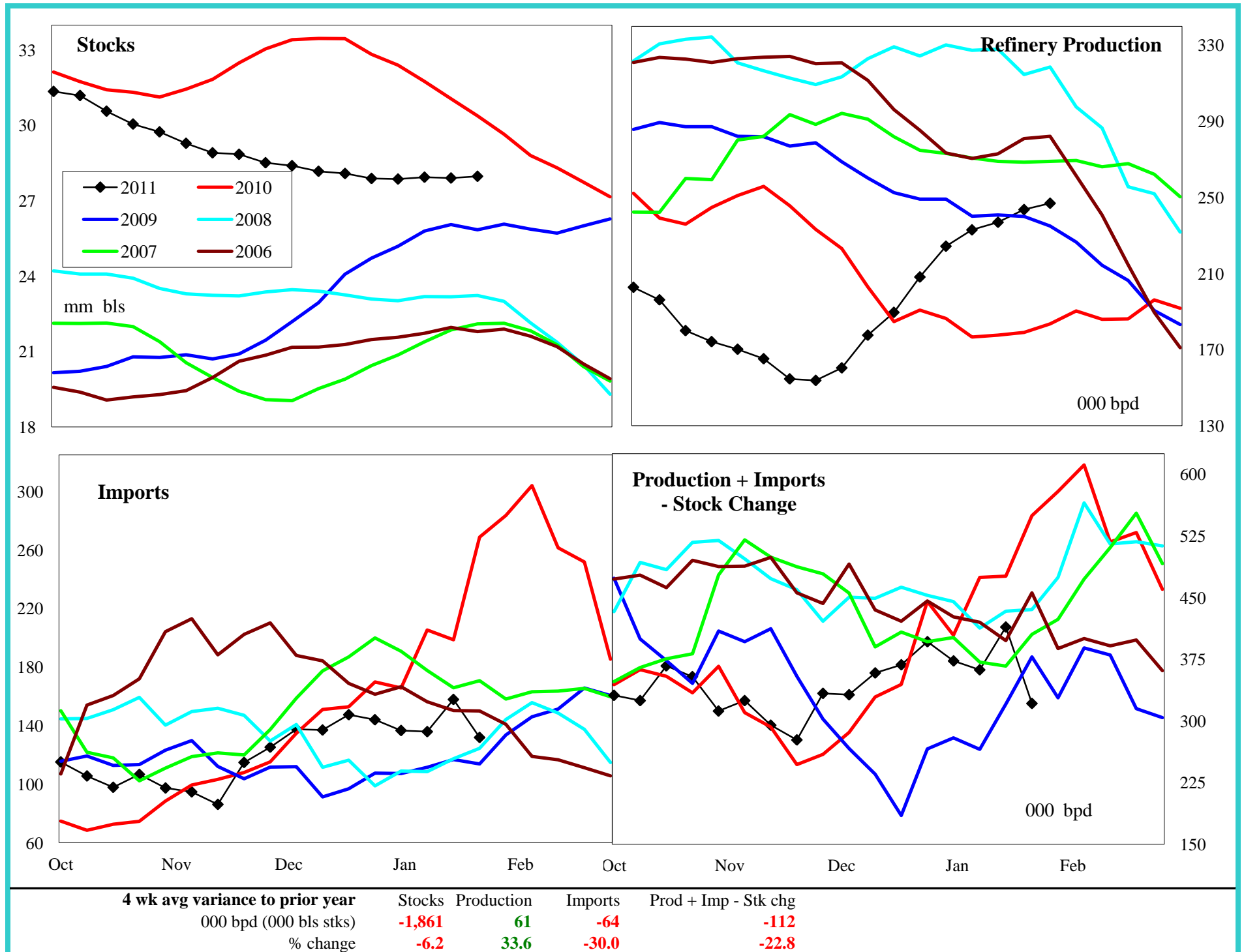


## PADD 1 Distillate Stocks by Region

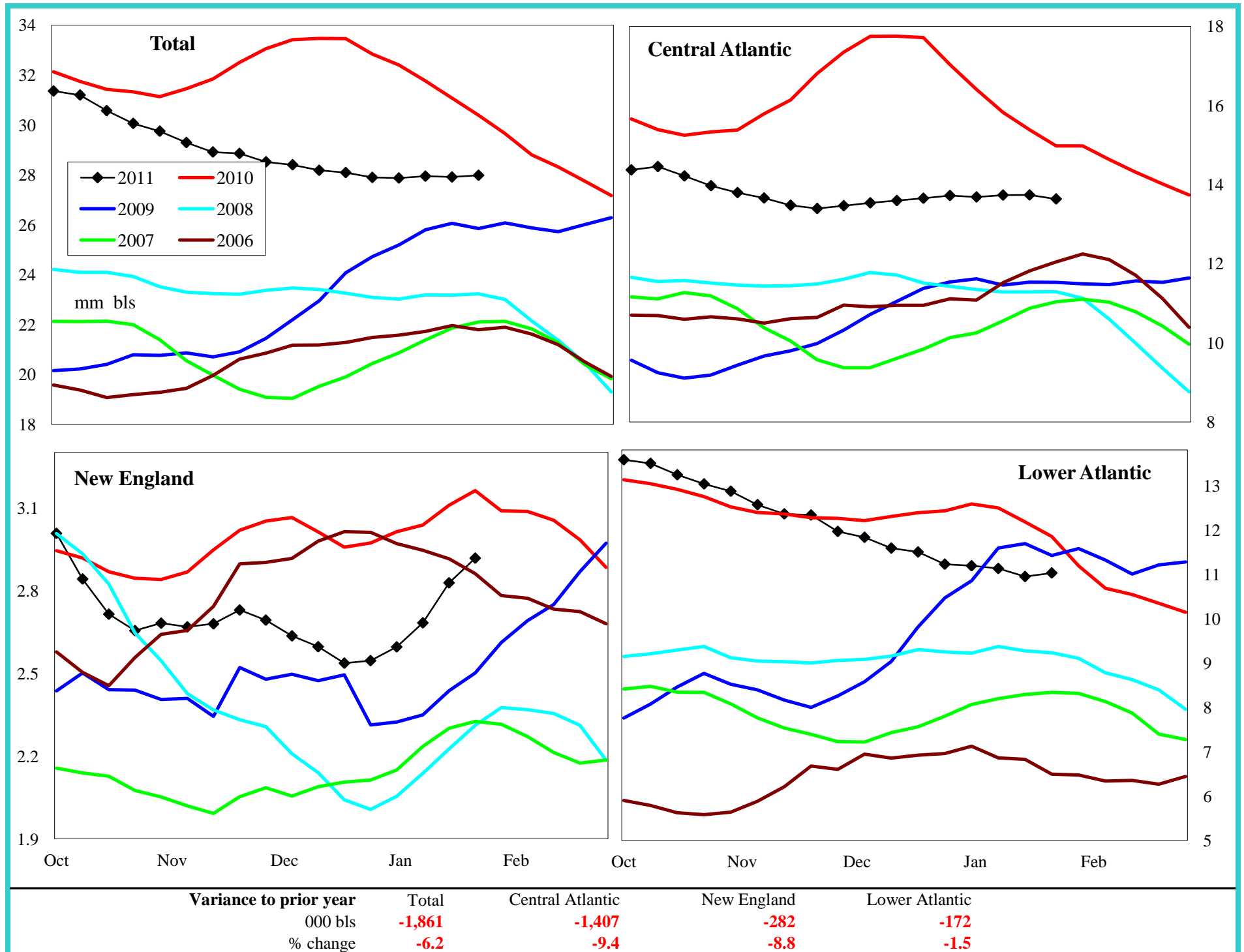




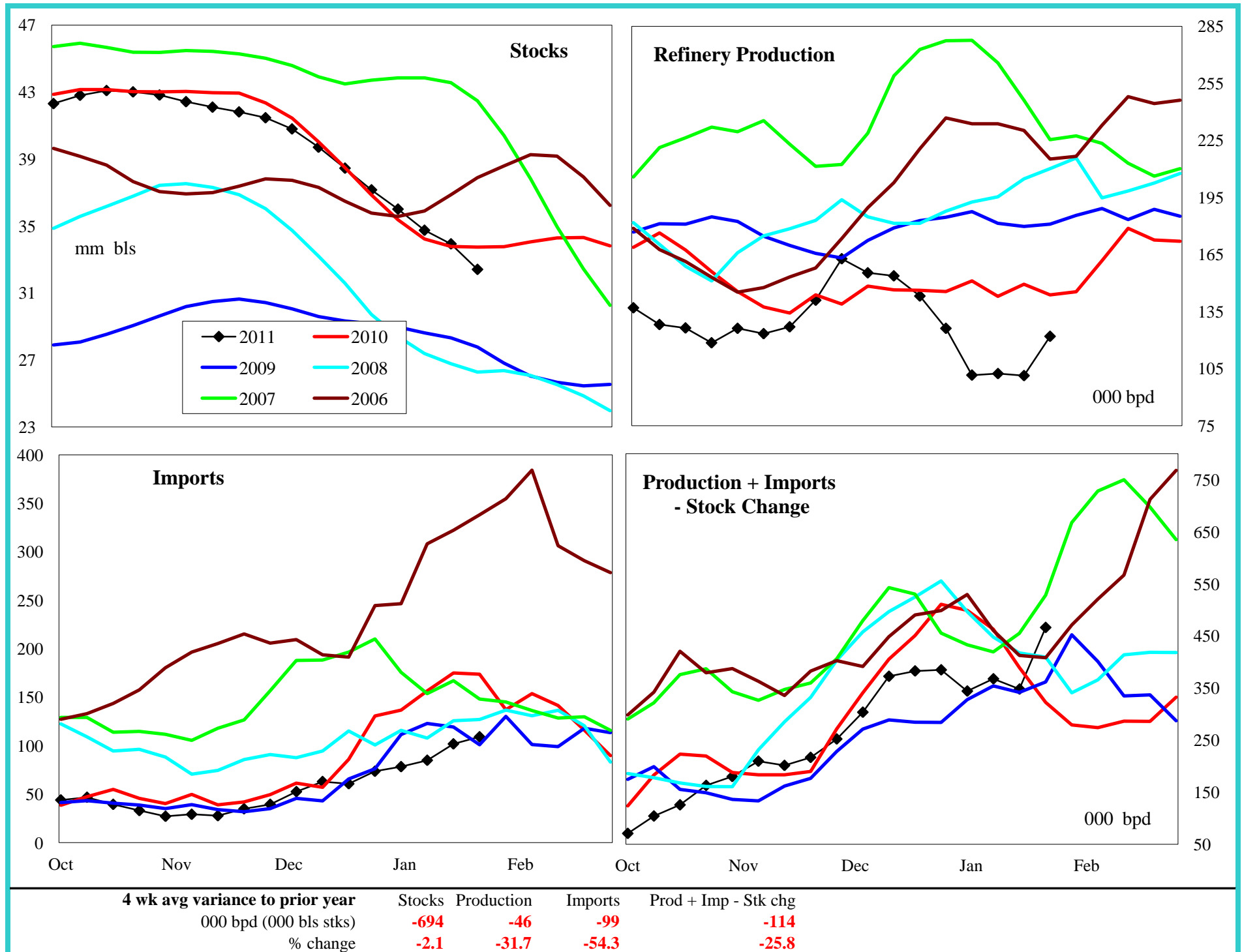
# PADD 1 Low Sulfur Distillate Supply



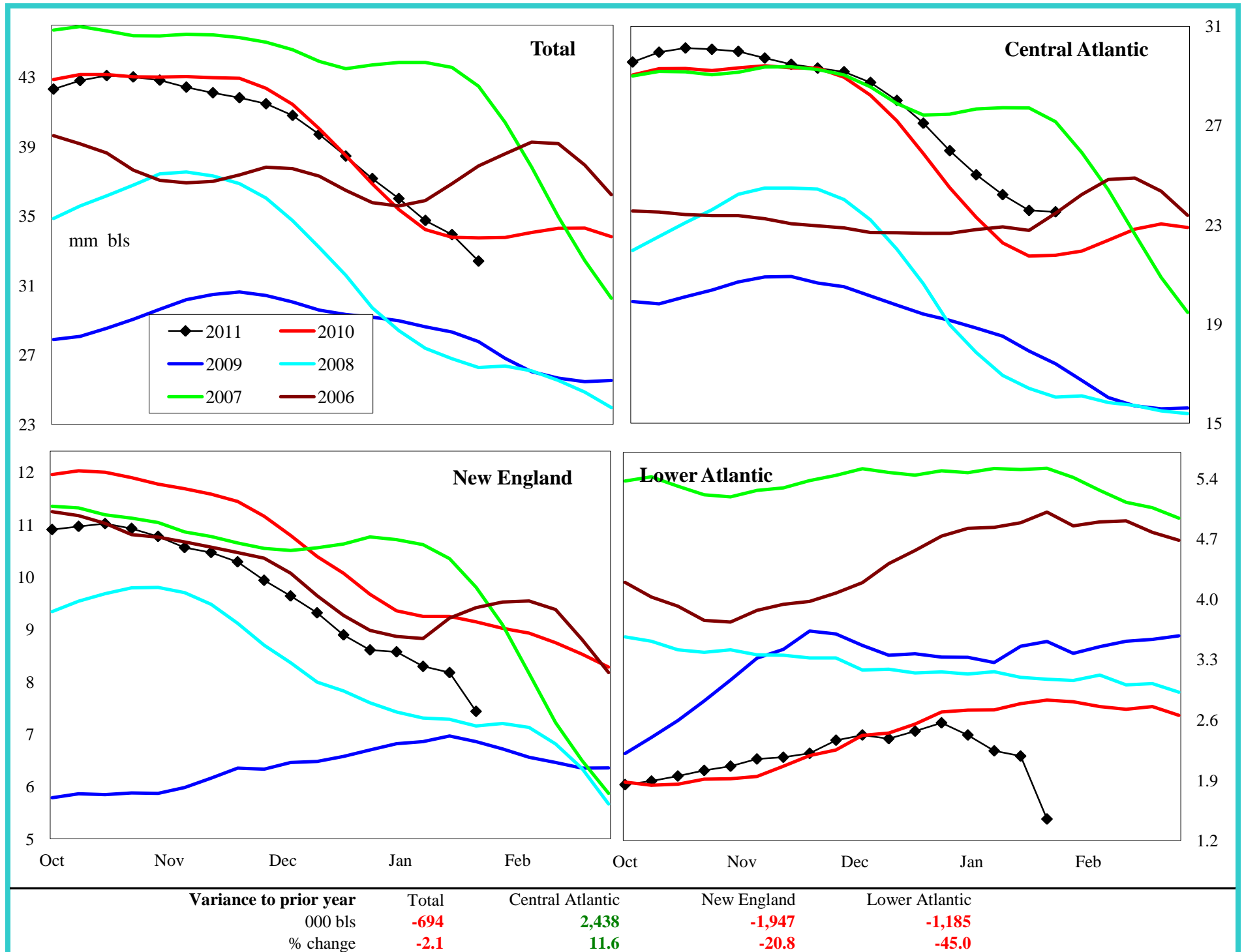
# PADD 1 Low Sulfur Distillate Stocks by Region



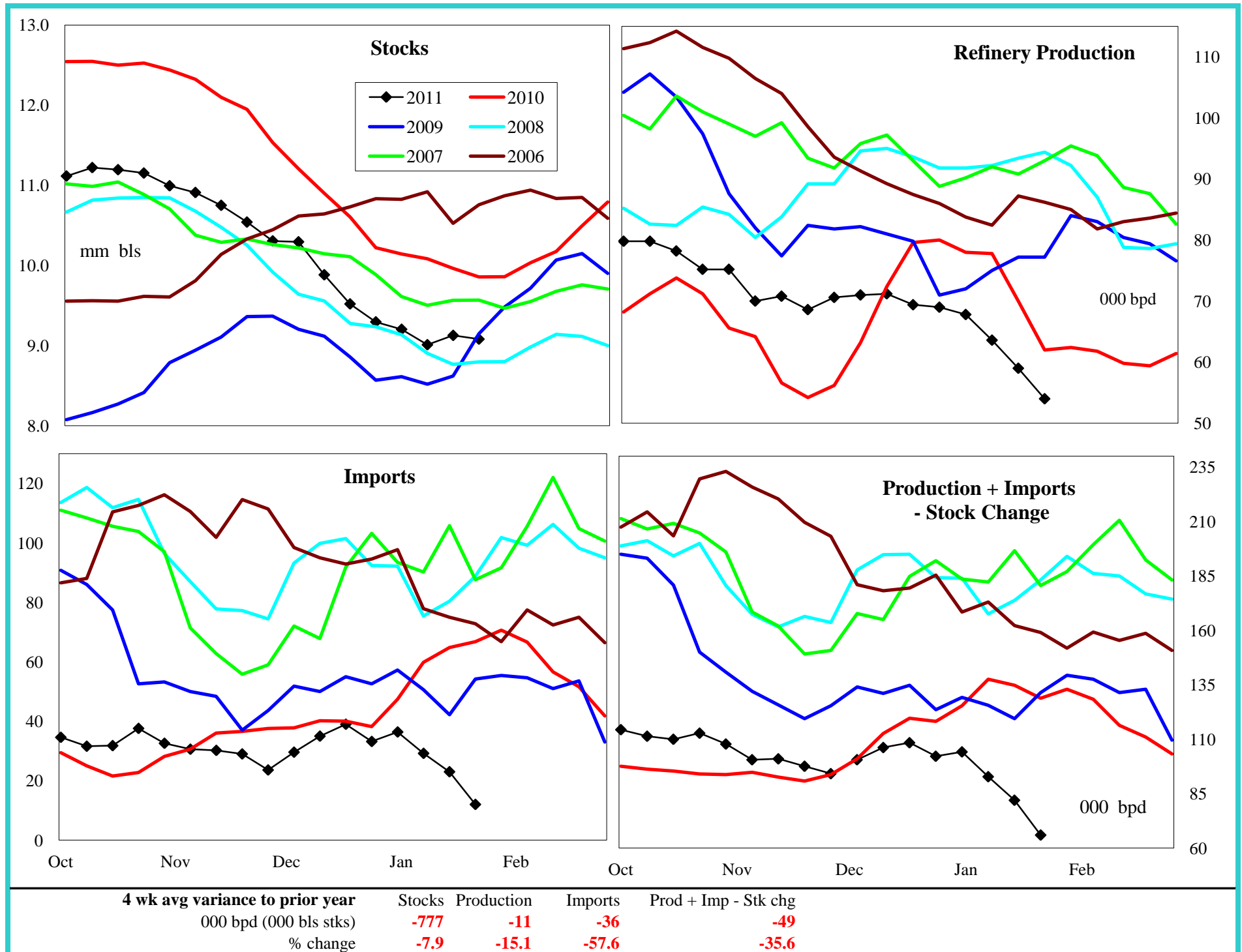
# PADD 1 High Sulfur Distillate Supply



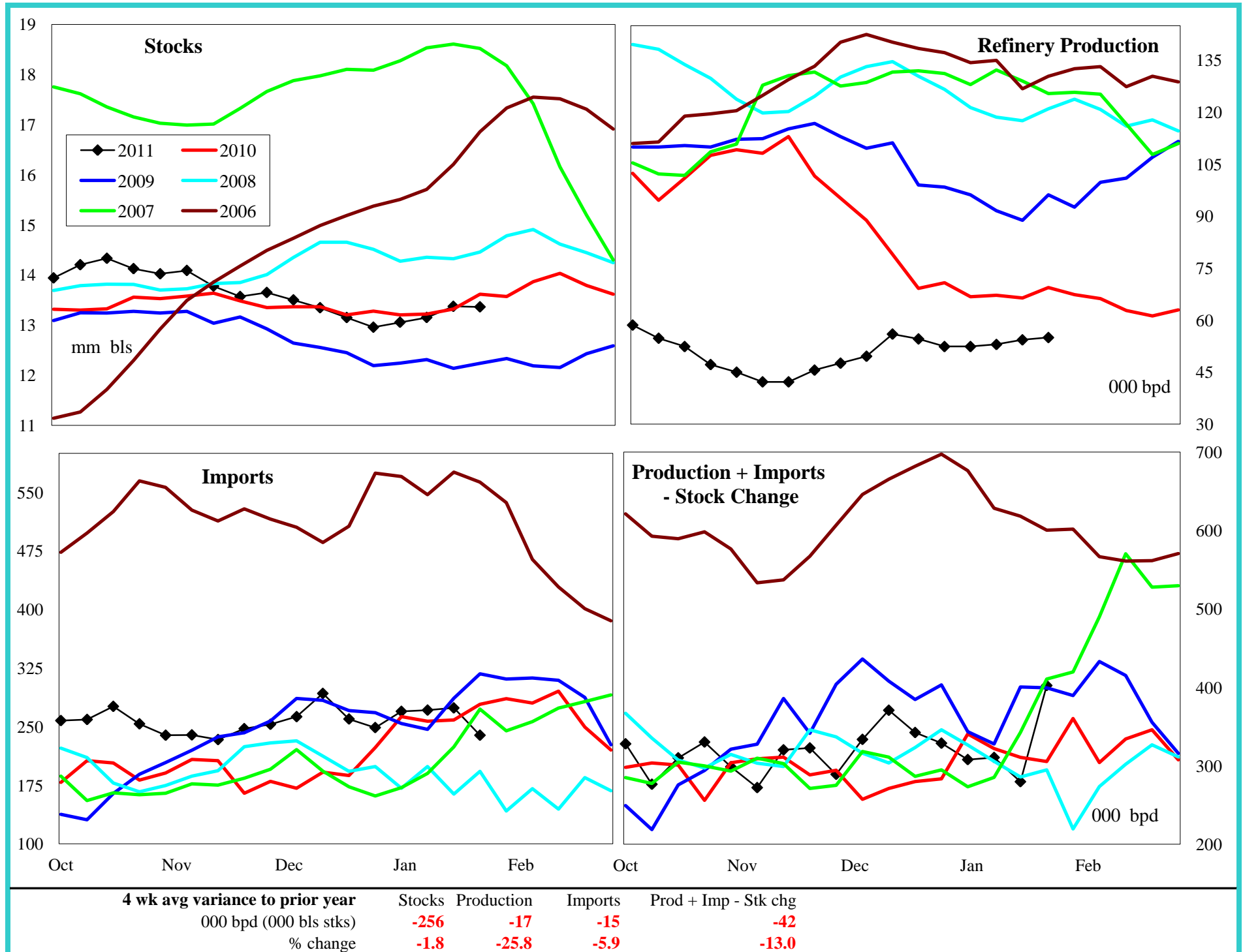
# PADD 1 High Sulfur Distillate Stocks by Region



# PADD 1 Jet Fuel Supply

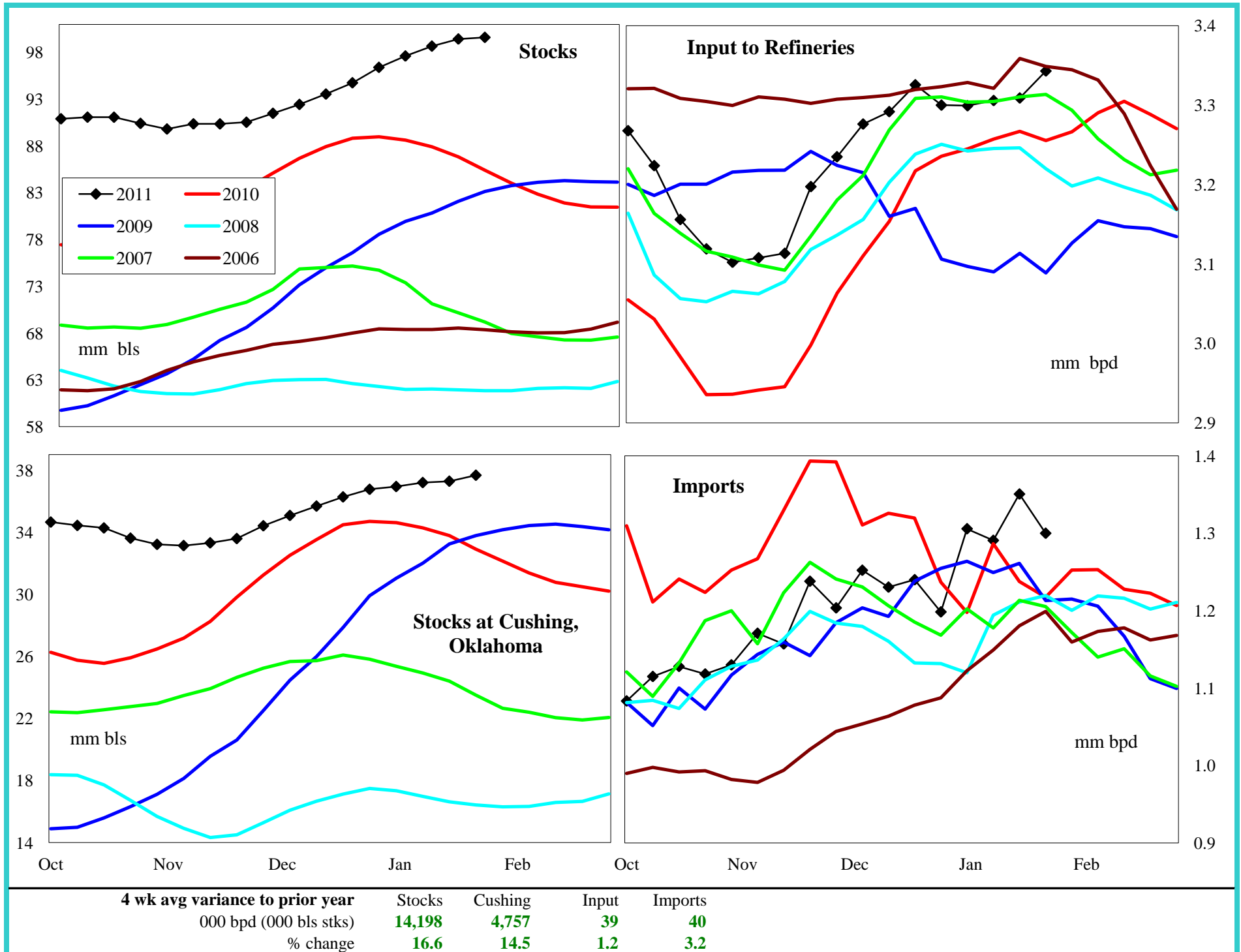


# PADD 1 Residual Fuel Oil Supply

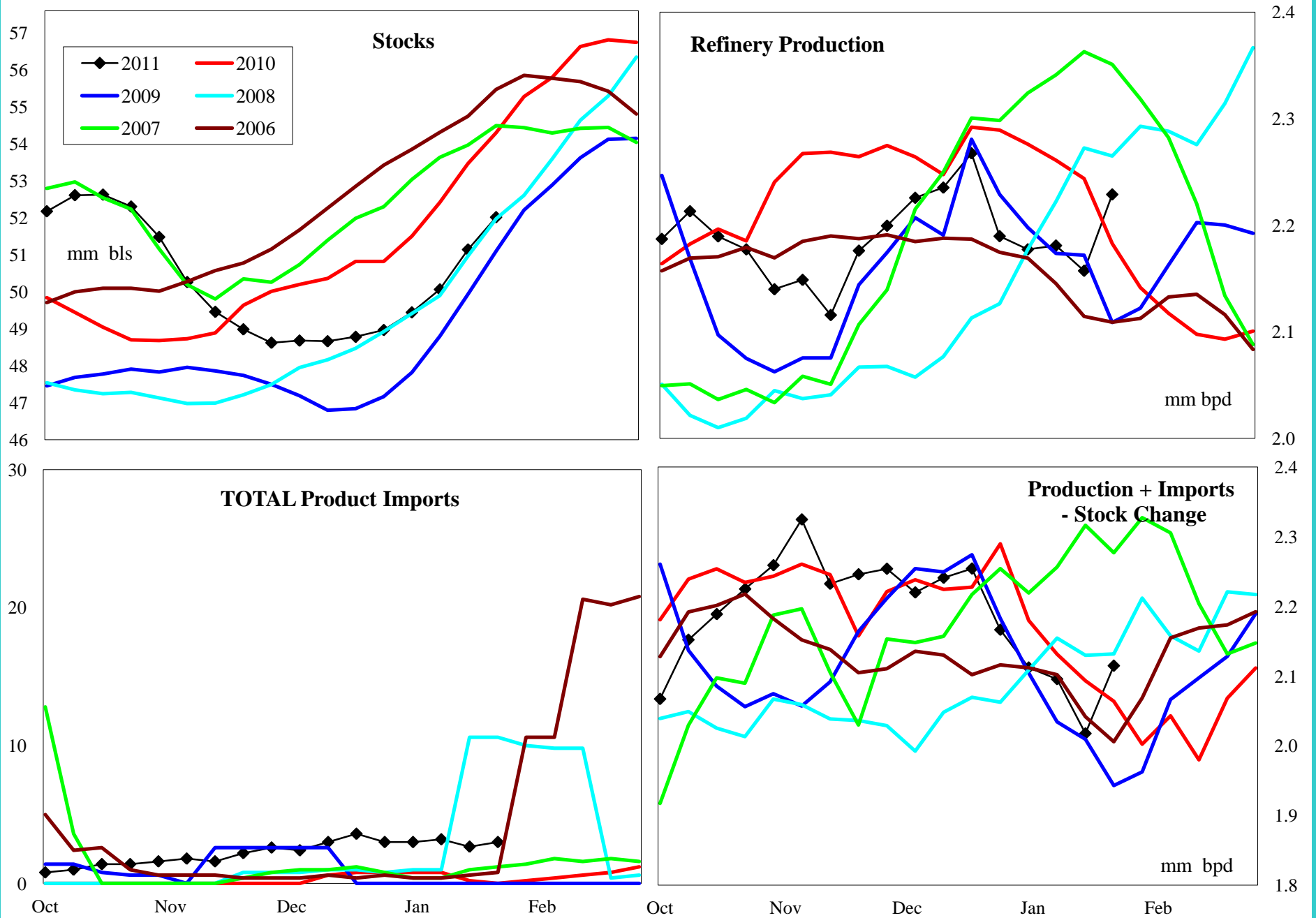




# PADD 2 Crude Oil Supply and Refining



# PADD 2 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-2,284

-4.2

Production

-100

-4.4

Imports

3

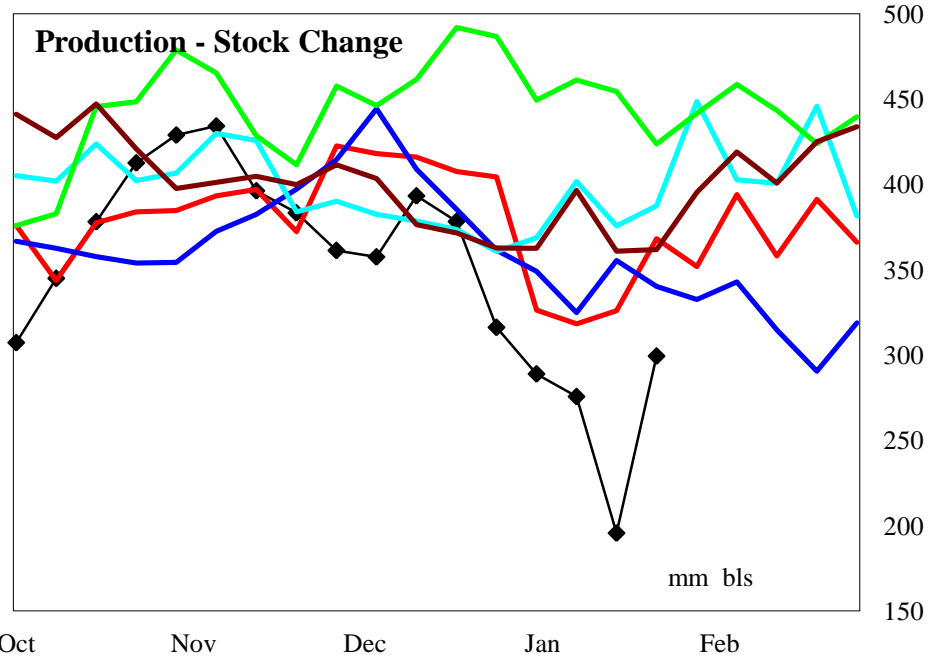
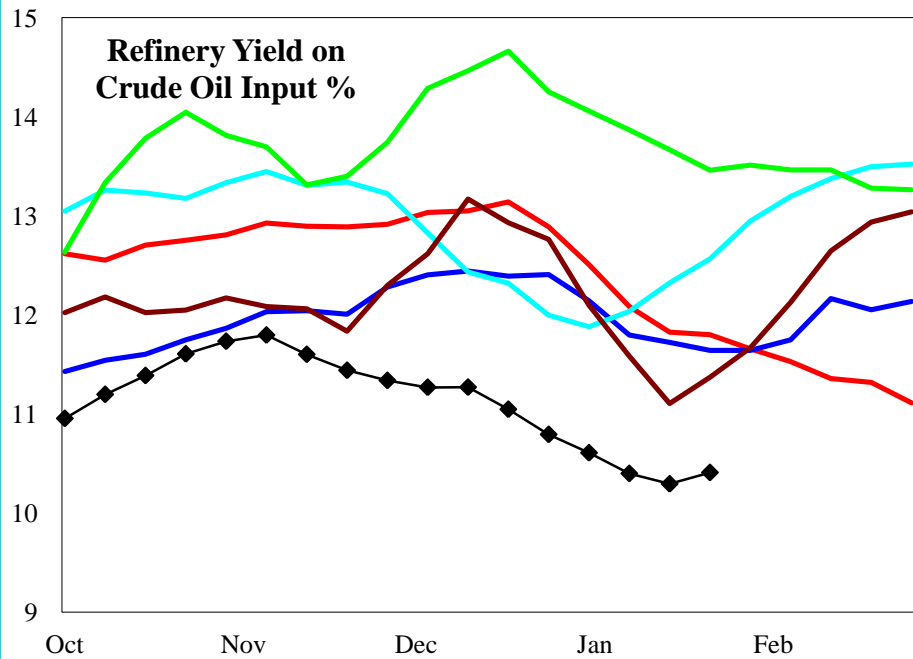
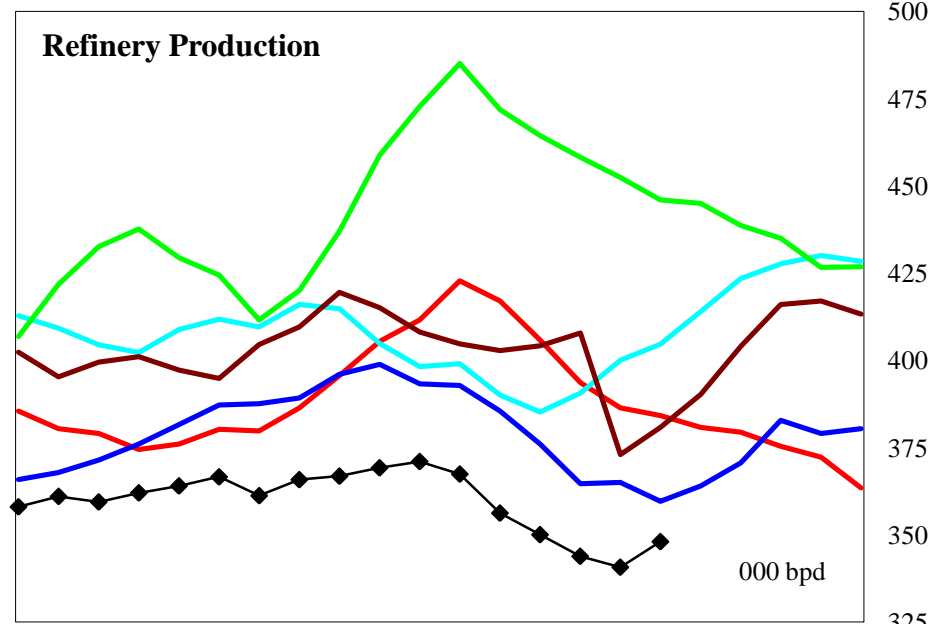
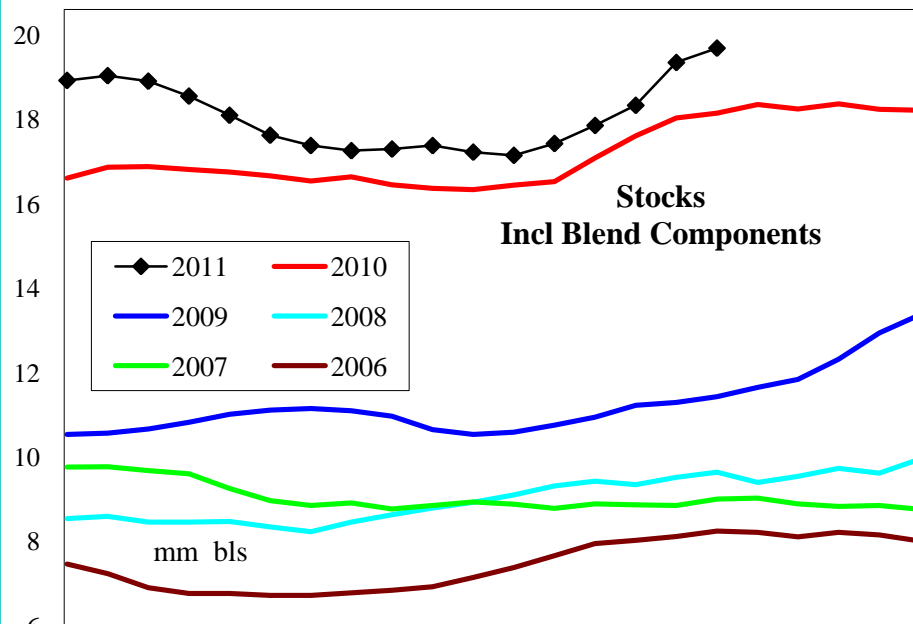
1,000.0

Prod + Imp - Stk chg

-102

-4.8

# PADD 2 Reformulated Gasoline Supply



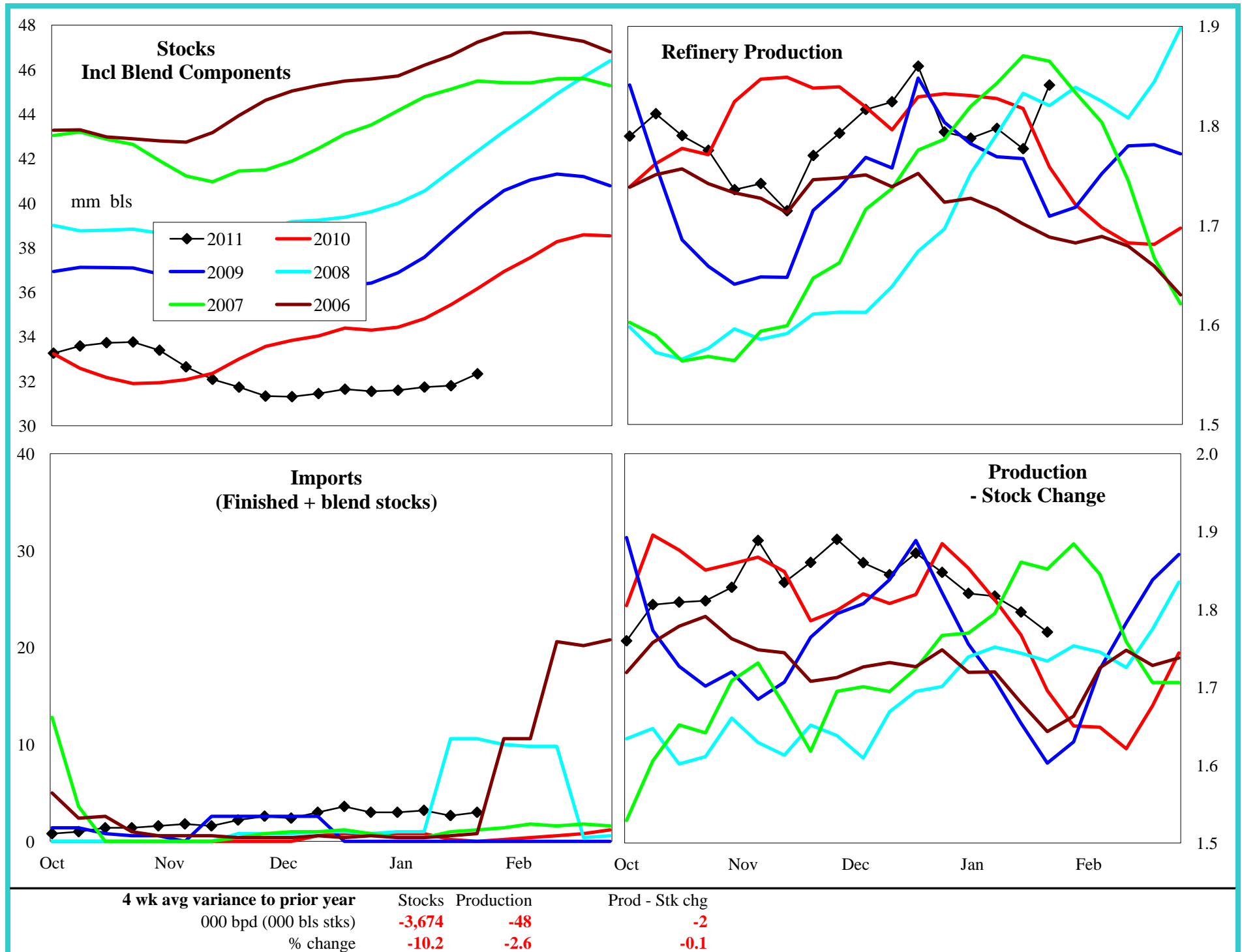
**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

**Stocks**  
**1,542**  
**8.3**

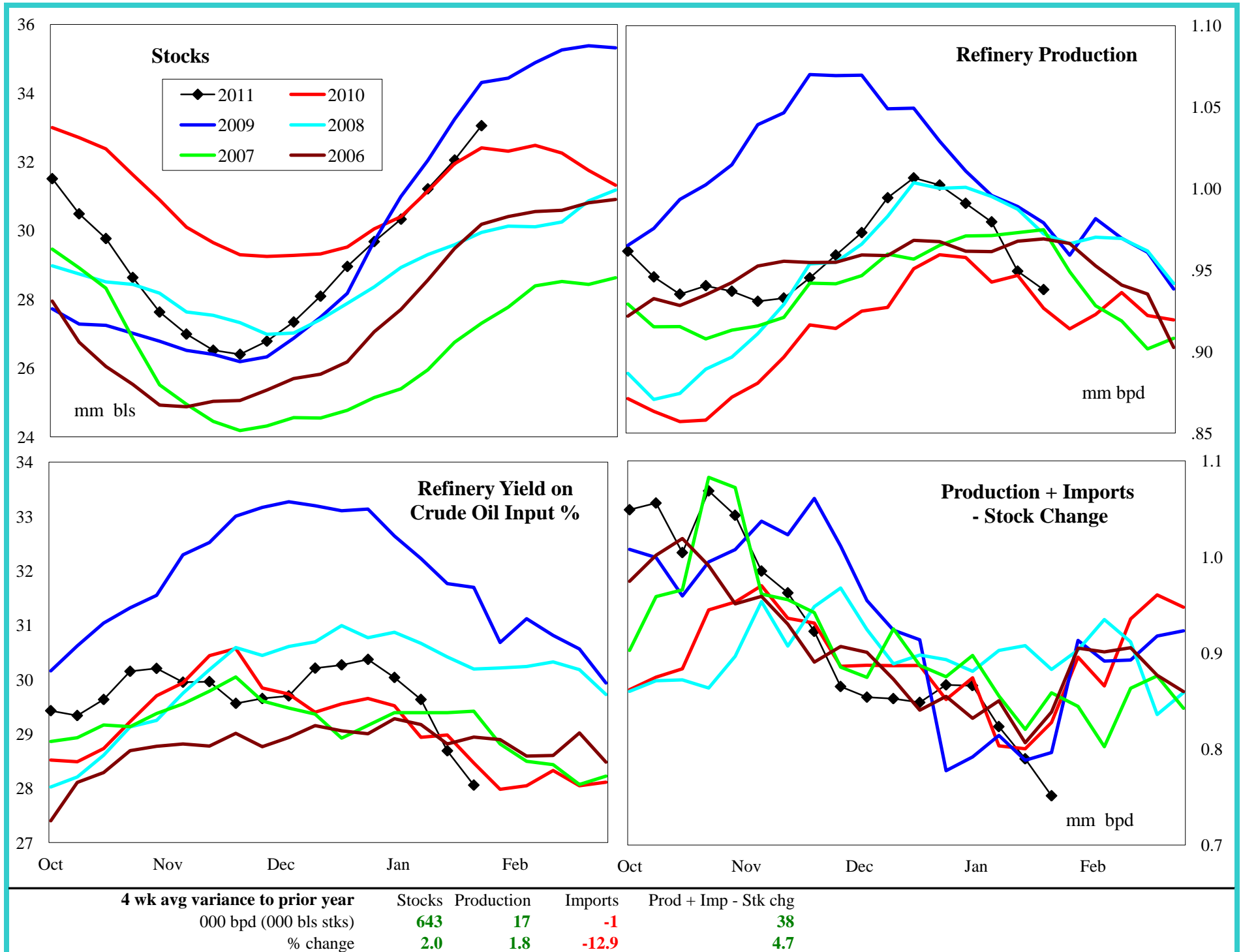
**Production**  
**-47**  
**-11.9**

**Prod - Stk chg**  
**-70**  
**-20.9**

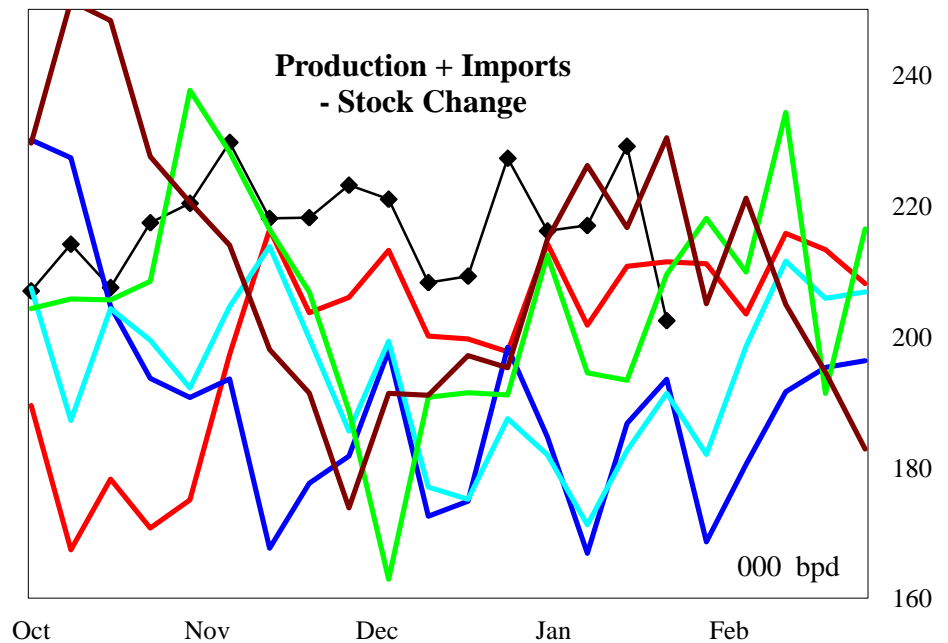
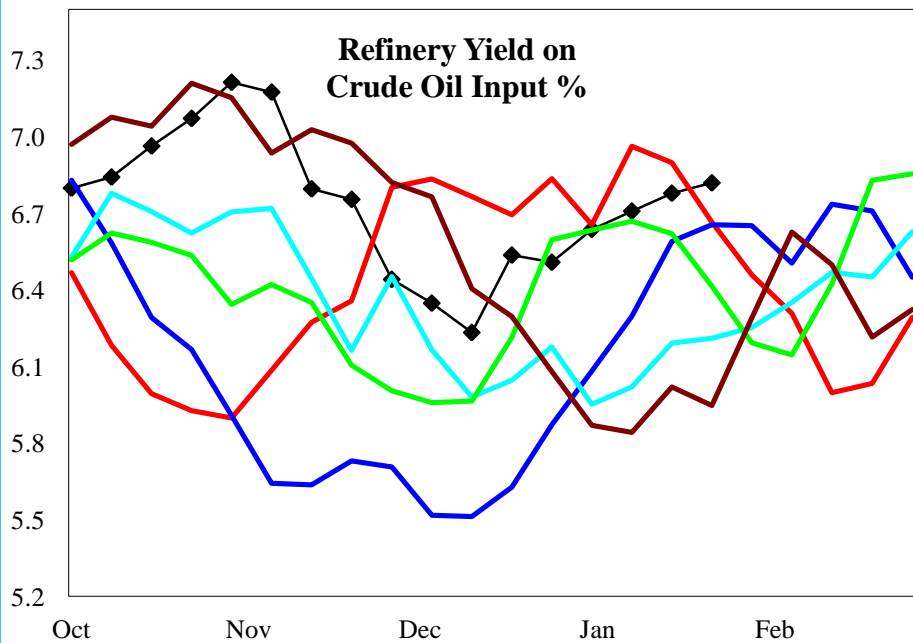
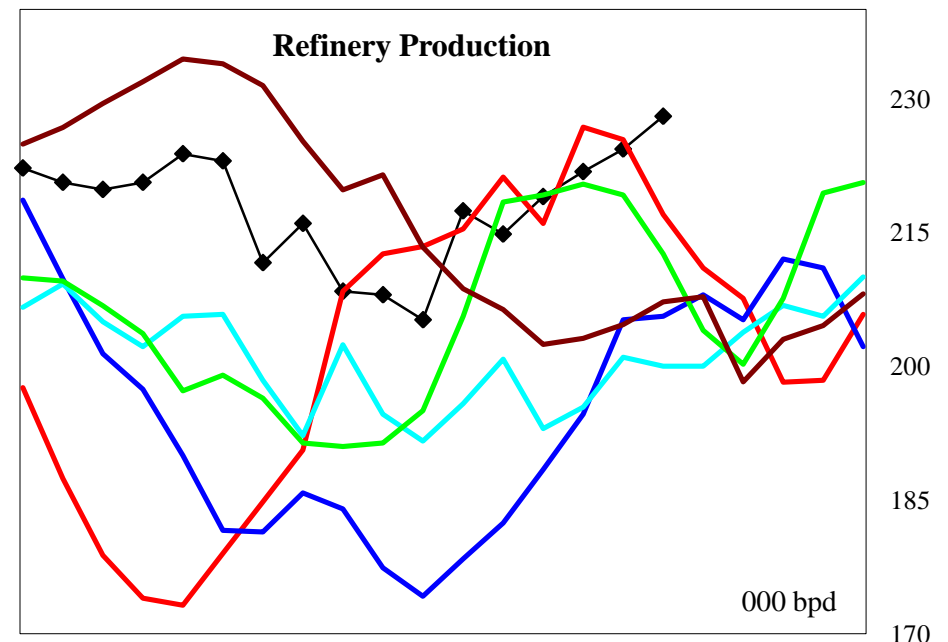
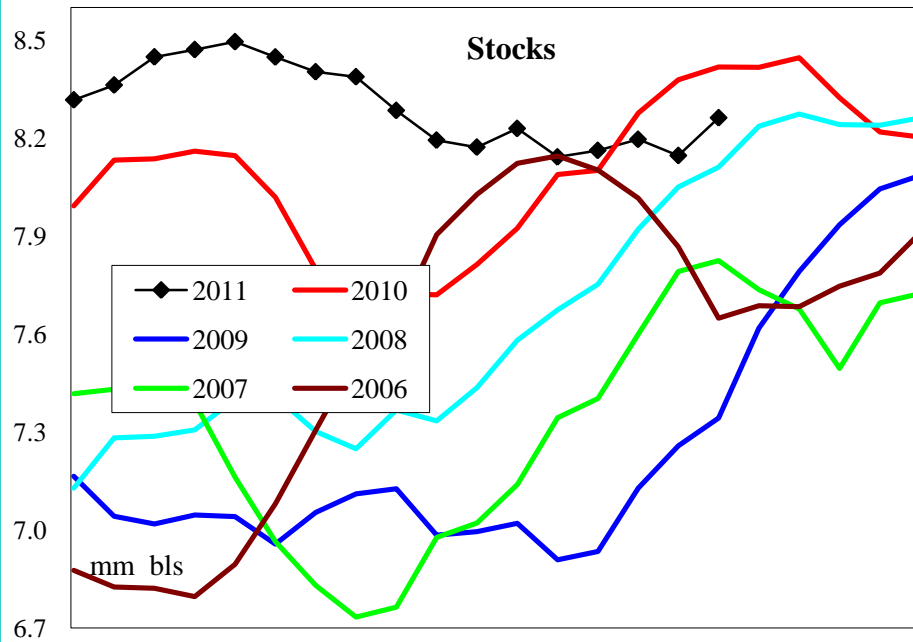
# PADD 2 Conventional Gasoline Supply



# PADD 2 Distillate Supply



# PADD 2 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**-156**

**-1.9**

Production

**-7**

**-2.9**

Imports

**0**

**#DIV/0!**

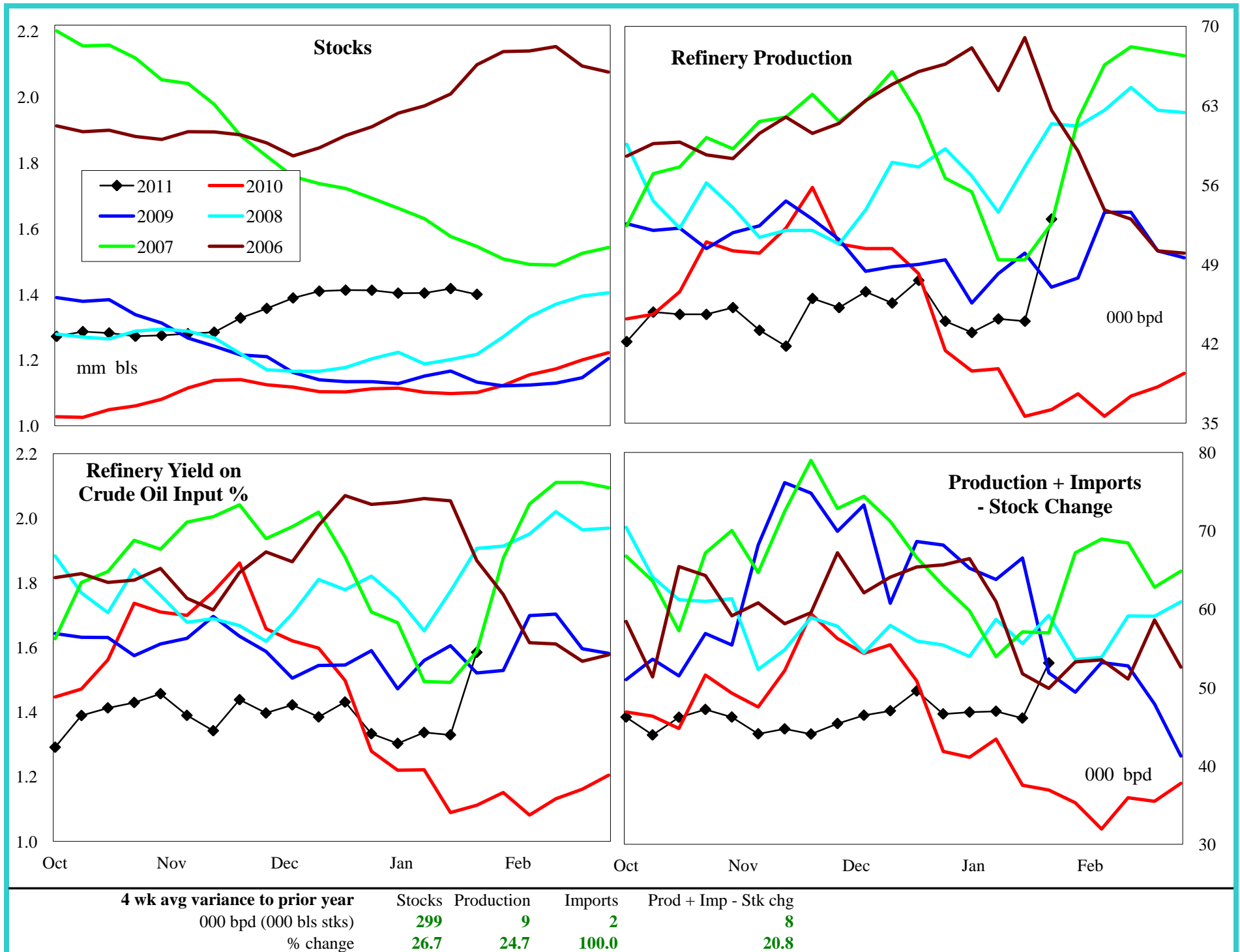
Prod + Imp - Stk chg

**21**

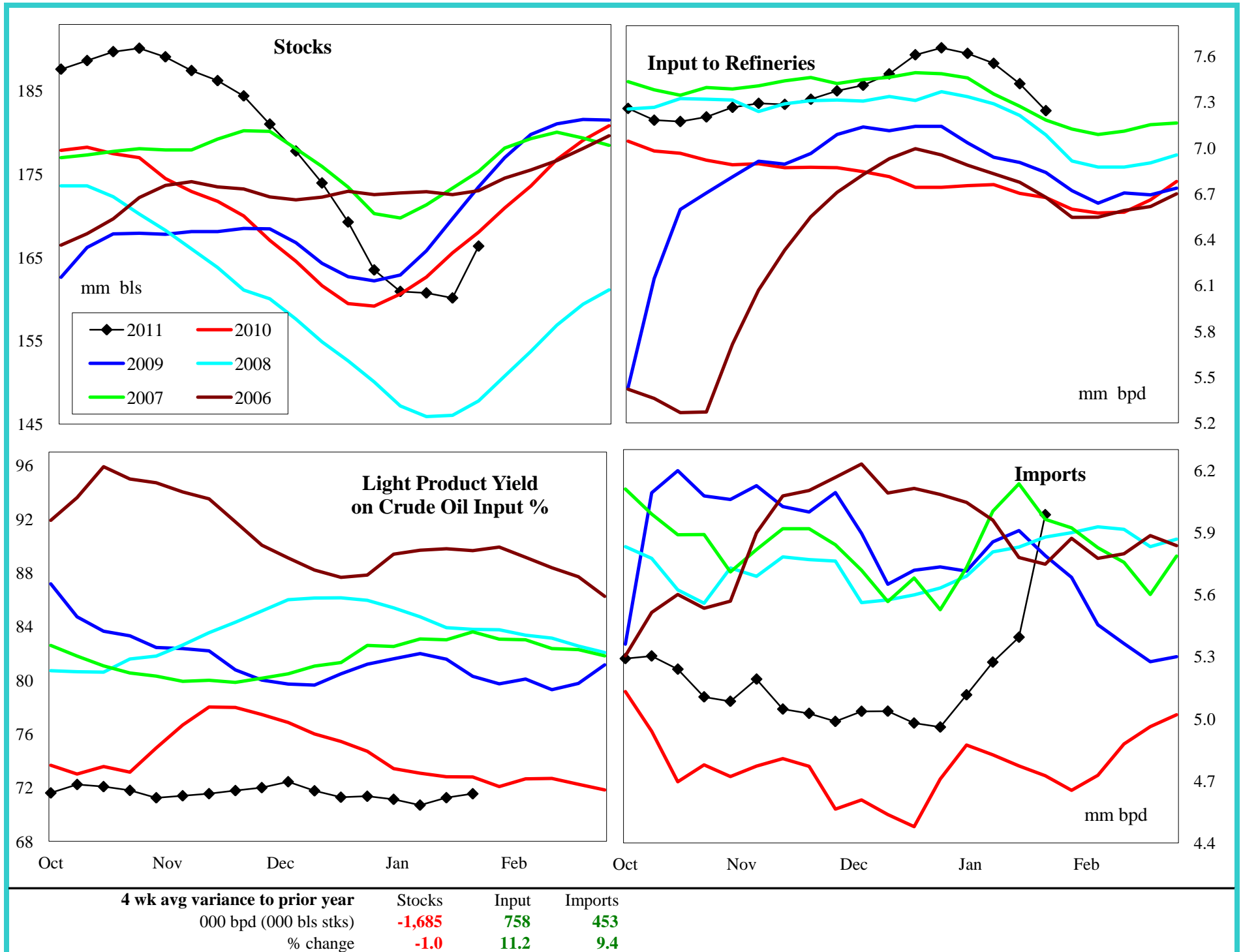
**10.4**



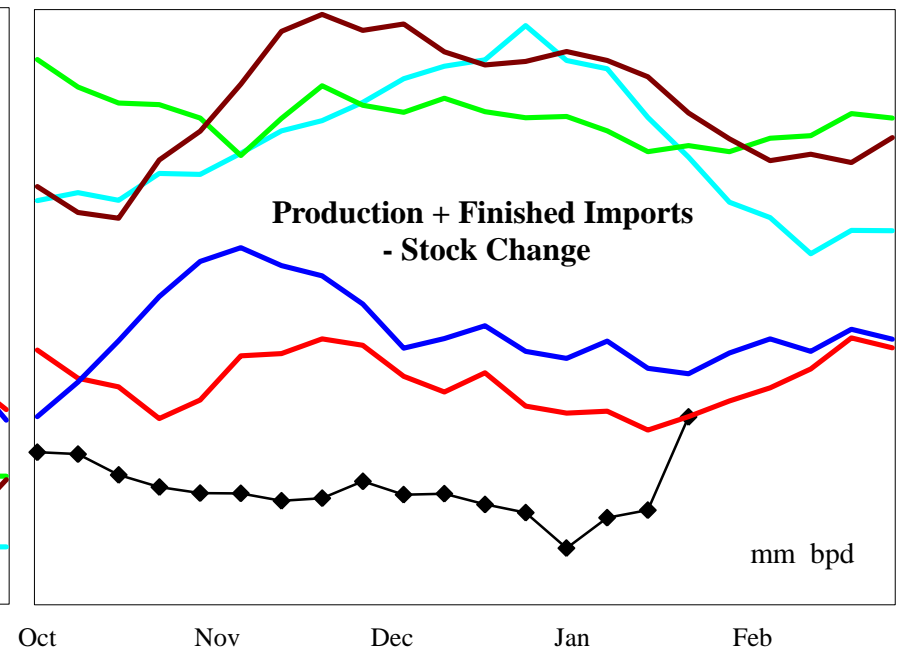
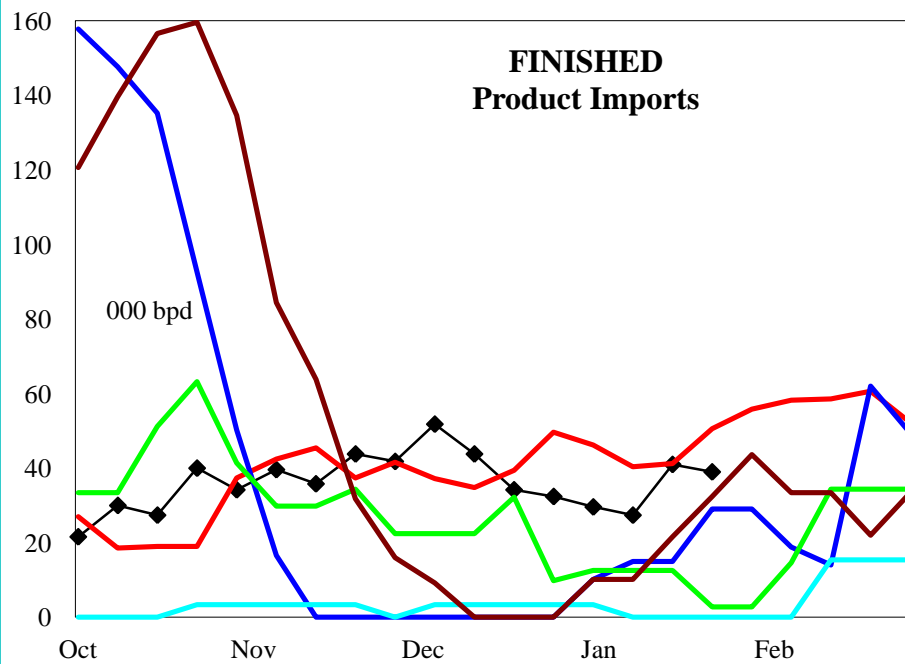
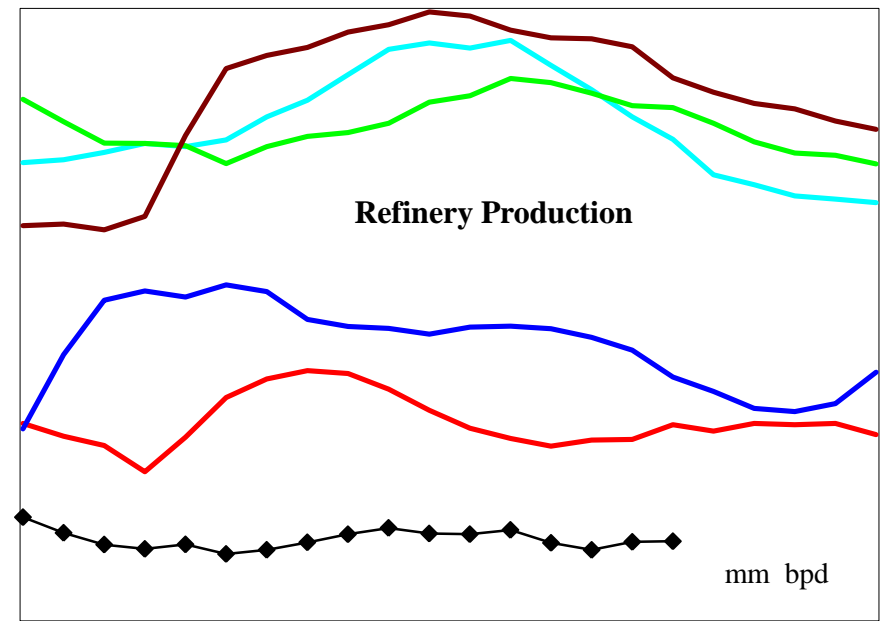
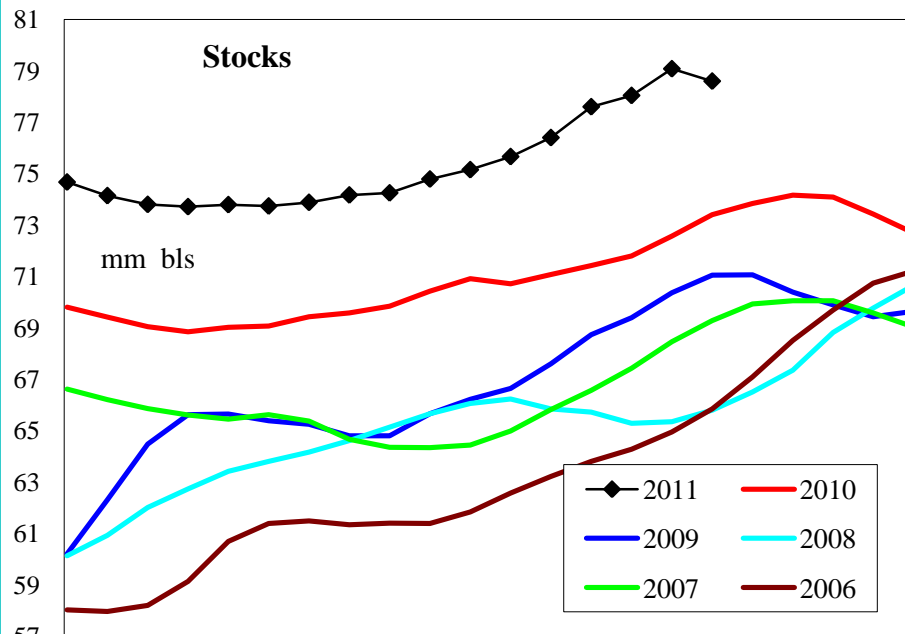
# PADD 2 Residual Fuel Oil Supply



# PADD 3 Crude Oil Supply and Refining



# PADD 3 Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

4,911

6.7

Production

-290

-11.7

Fin Impt

-12

-27.6

Blend Impt

42

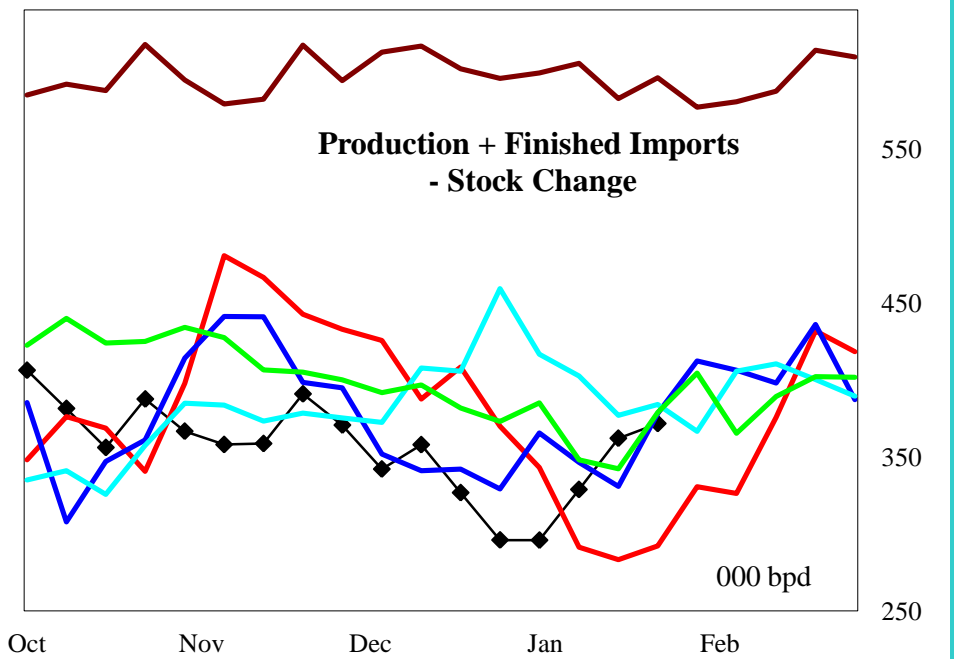
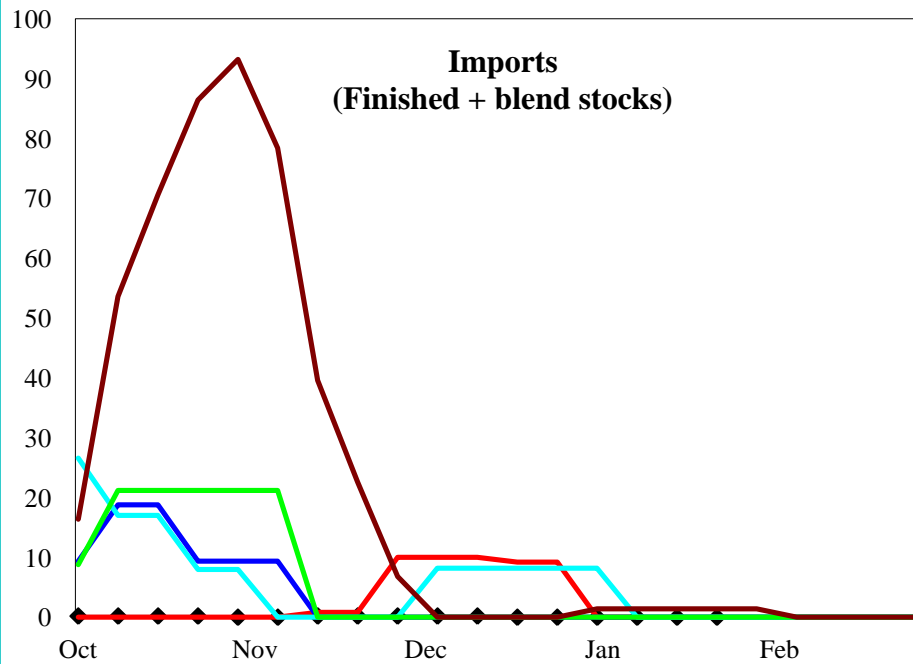
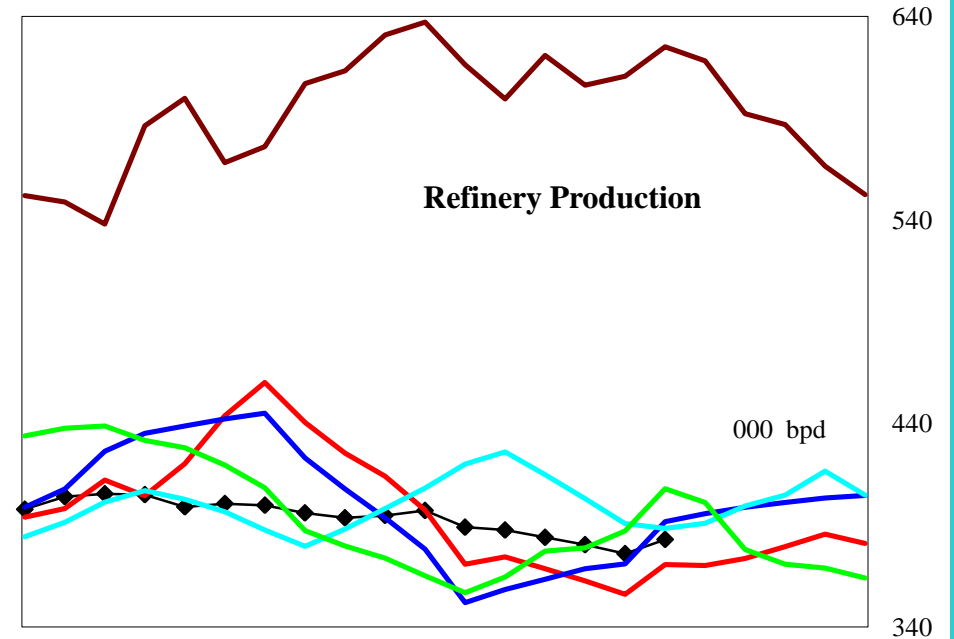
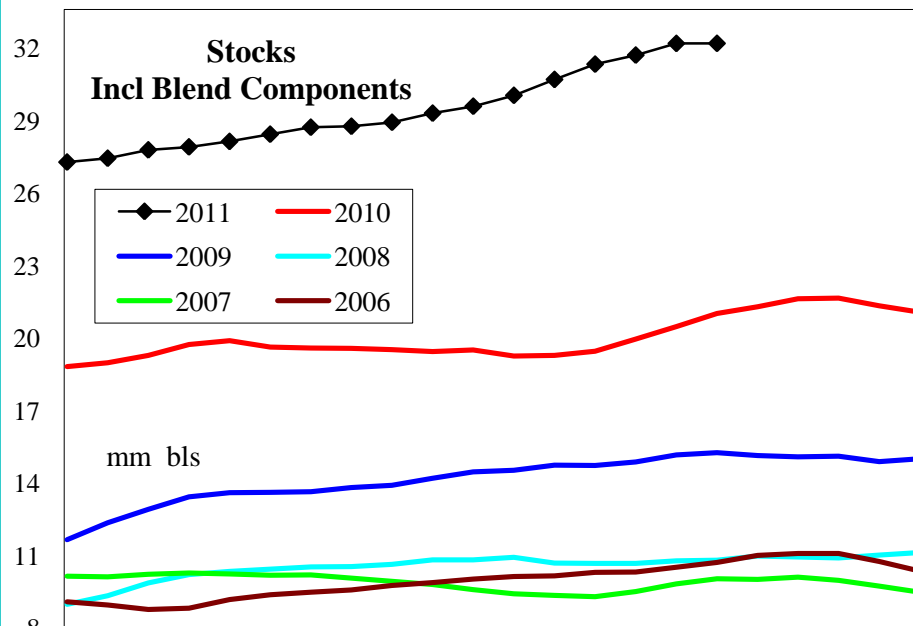
182.4

Prod + Imp - Stk chg

-283

-11.7

# PADD 3 Reformulated Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bbls stks)

% change

Stocks

**10,737**

**49.1**

Production

**16**

**4.6**

Imports

**0**

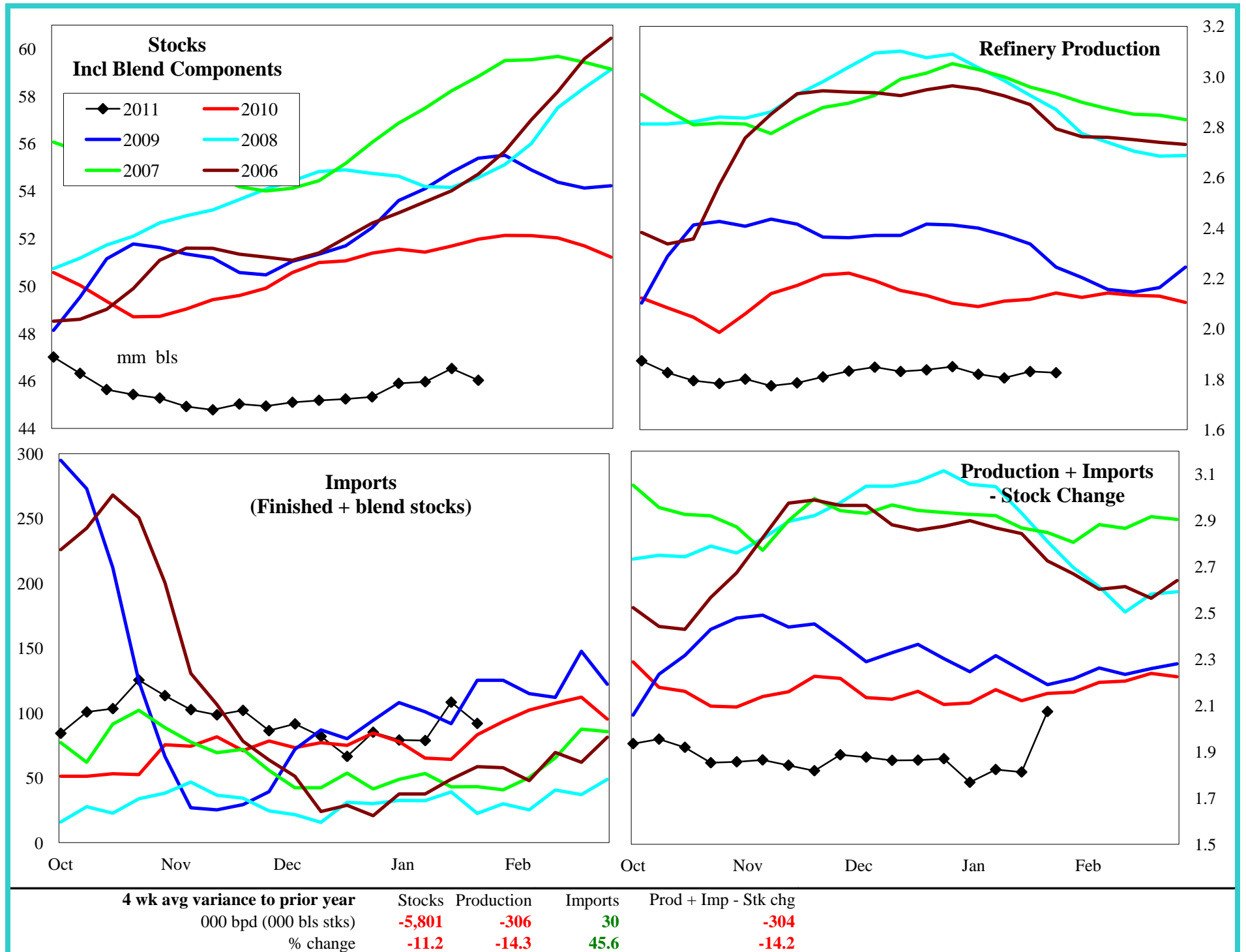
**#DIV/0!**

Prod + Imp - Stk chg

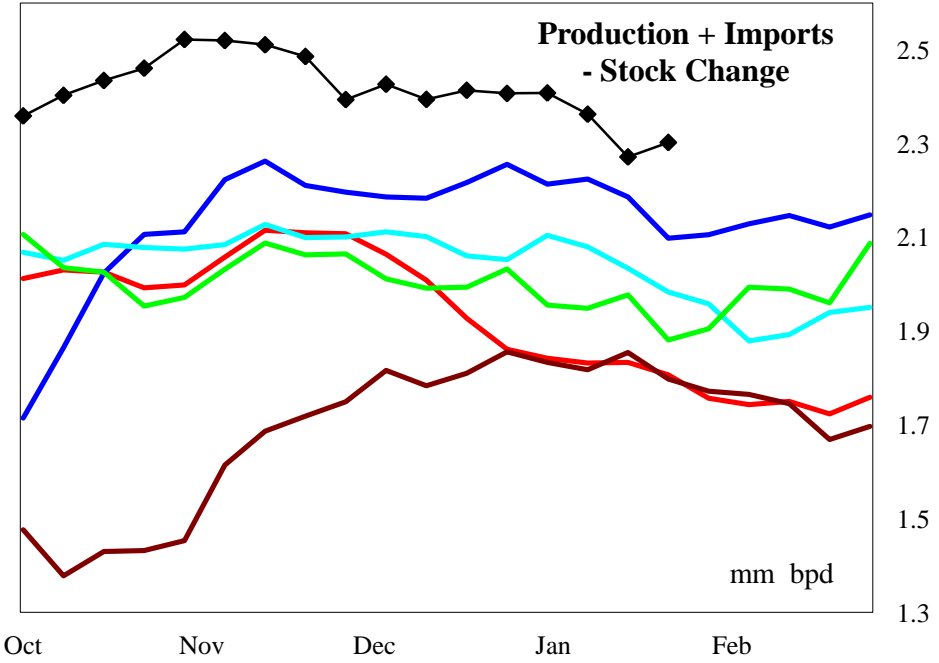
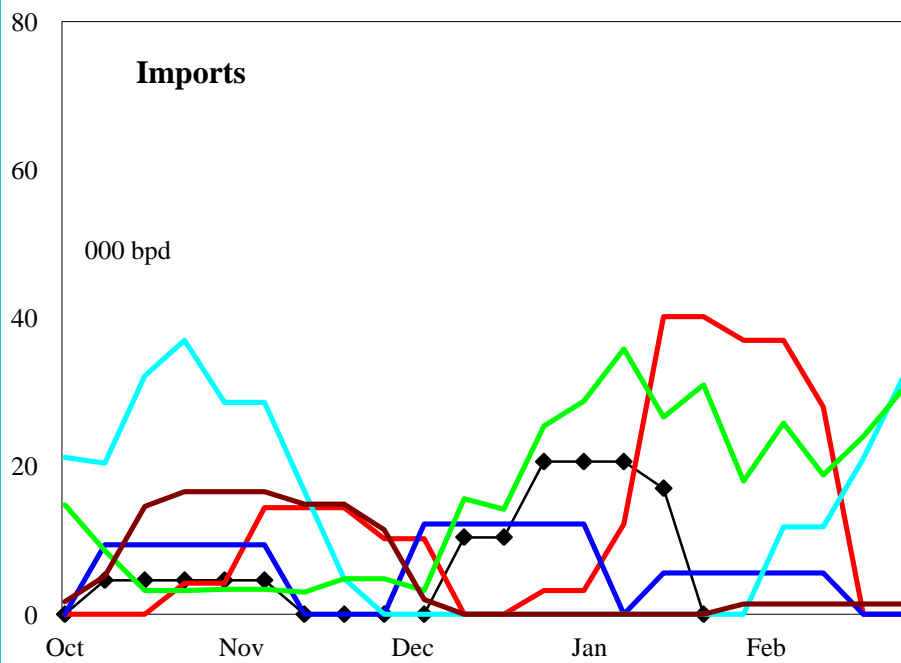
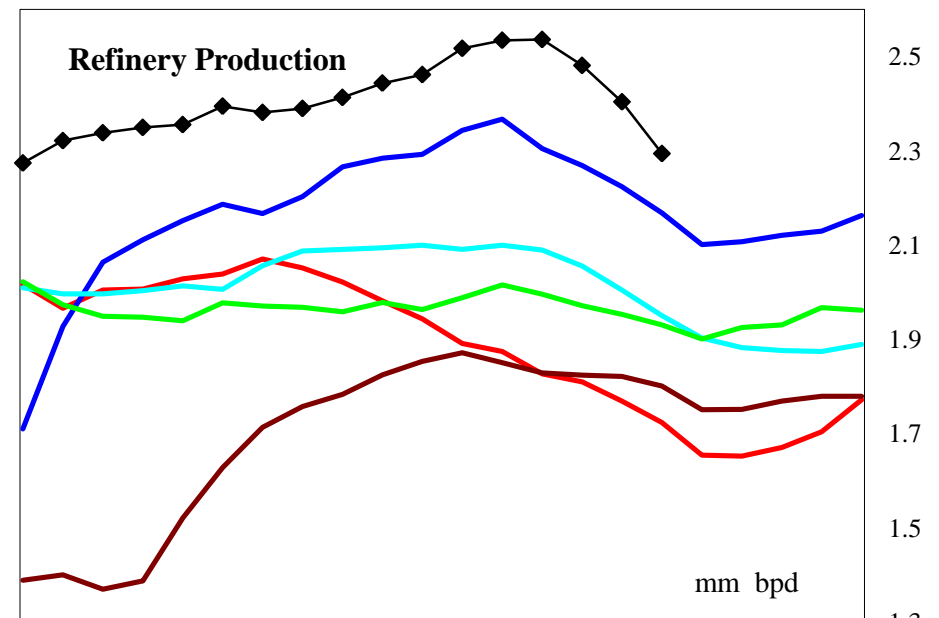
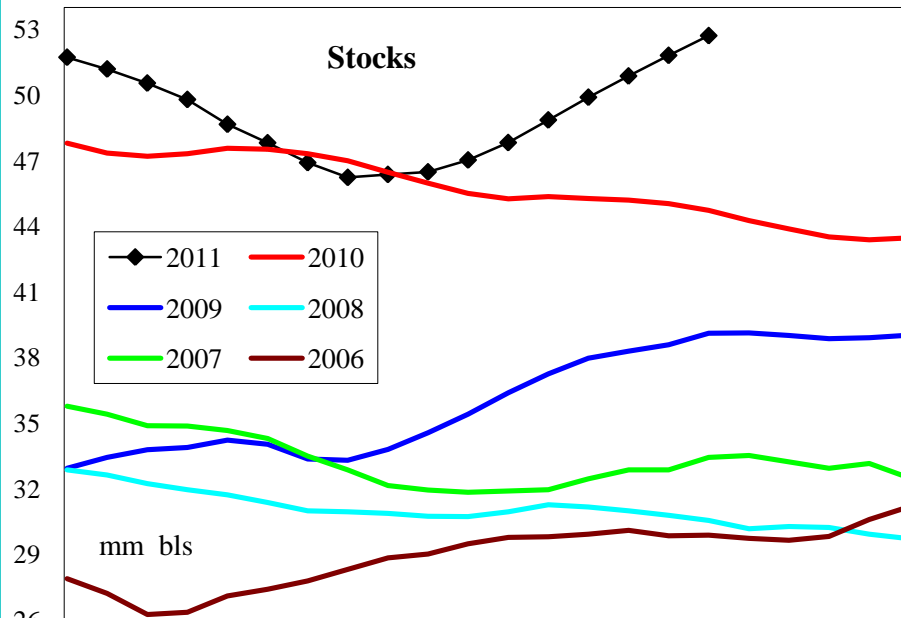
**22**

**8.0**

# PADD 3 Conventional Gasoline Supply



# PADD 3 Distillate Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**7,775**

**17.3**

Production

**657**

**36.5**

Imports

**-3**

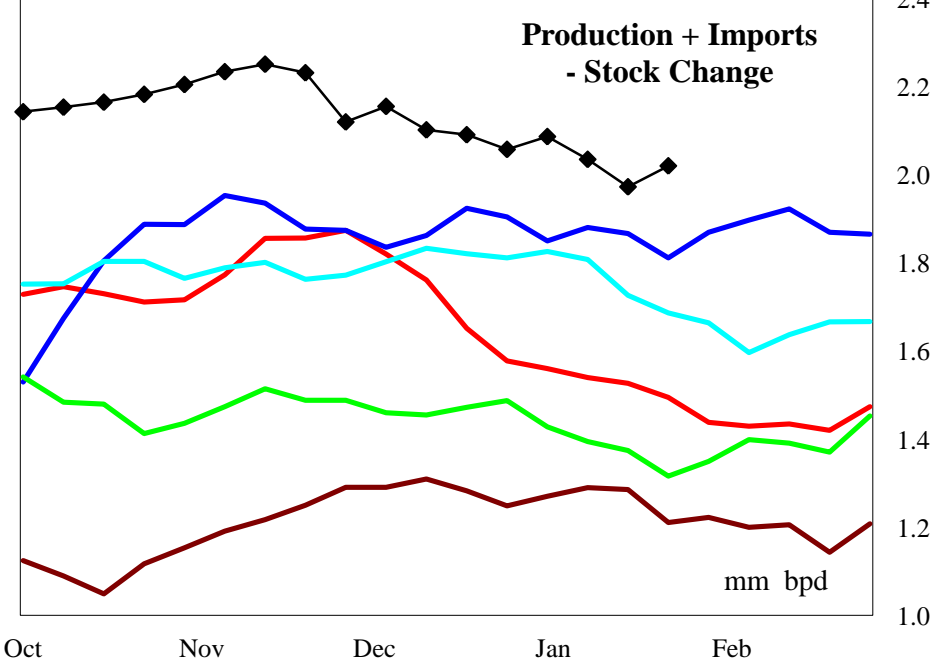
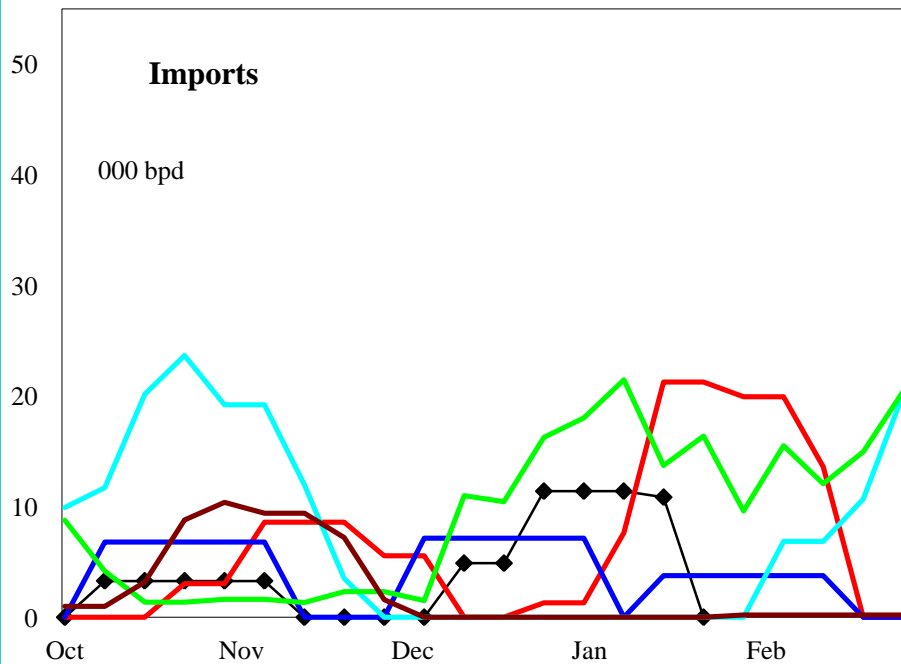
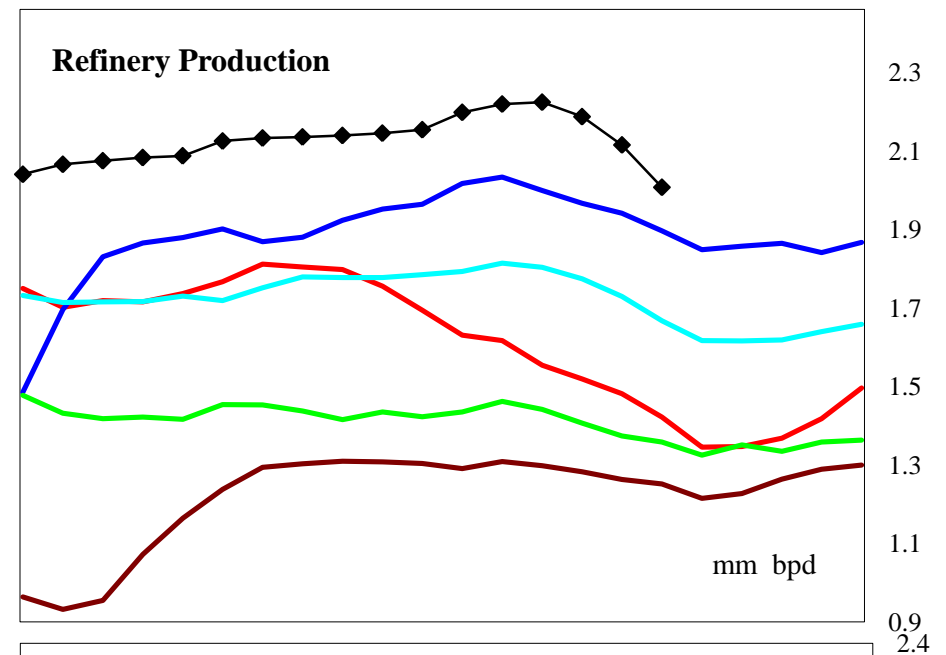
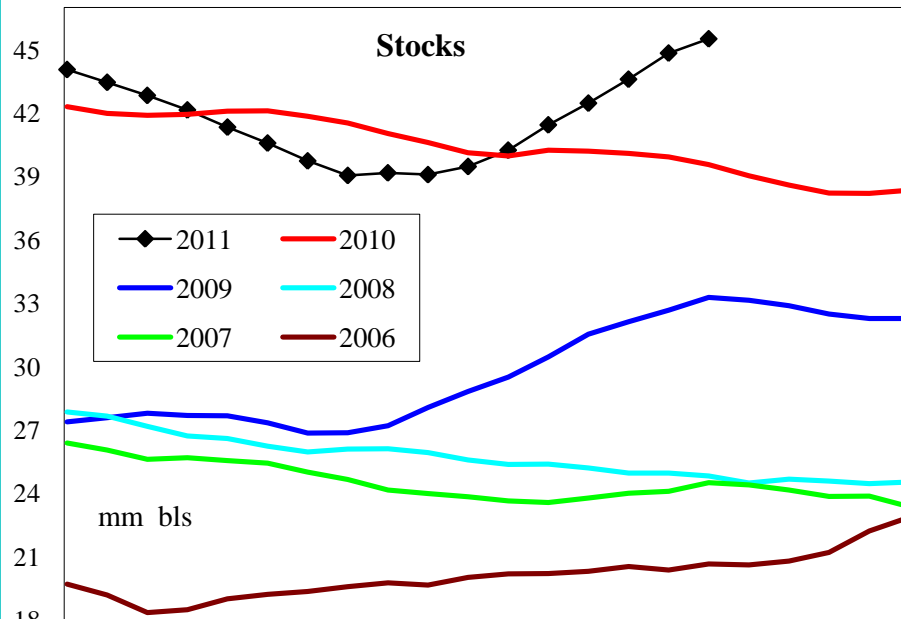
**-16.4**

Prod + Imp - Stk chg

**526**

**28.8**

# PADD 3 Low Sulfur Distillate Supply

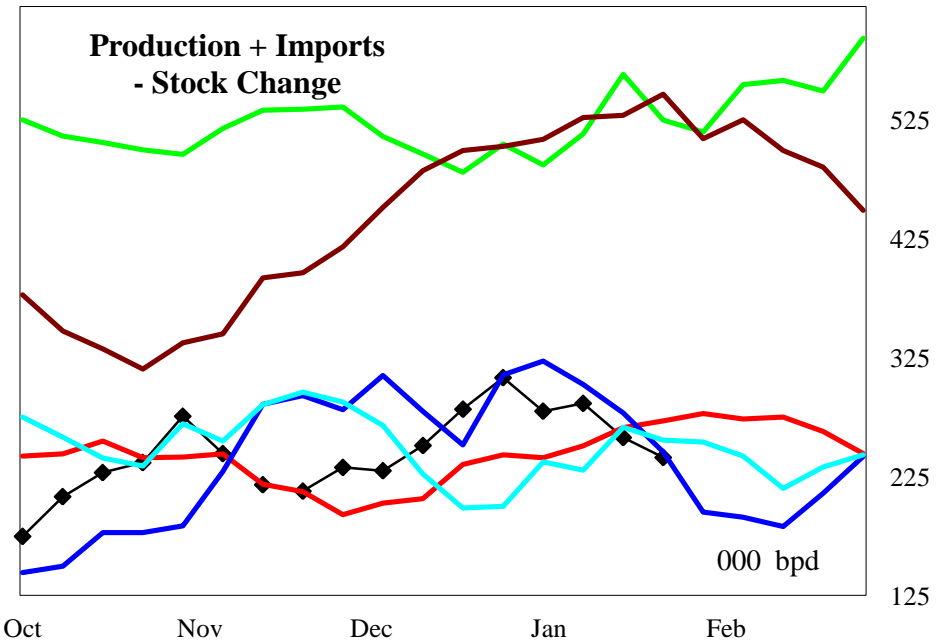
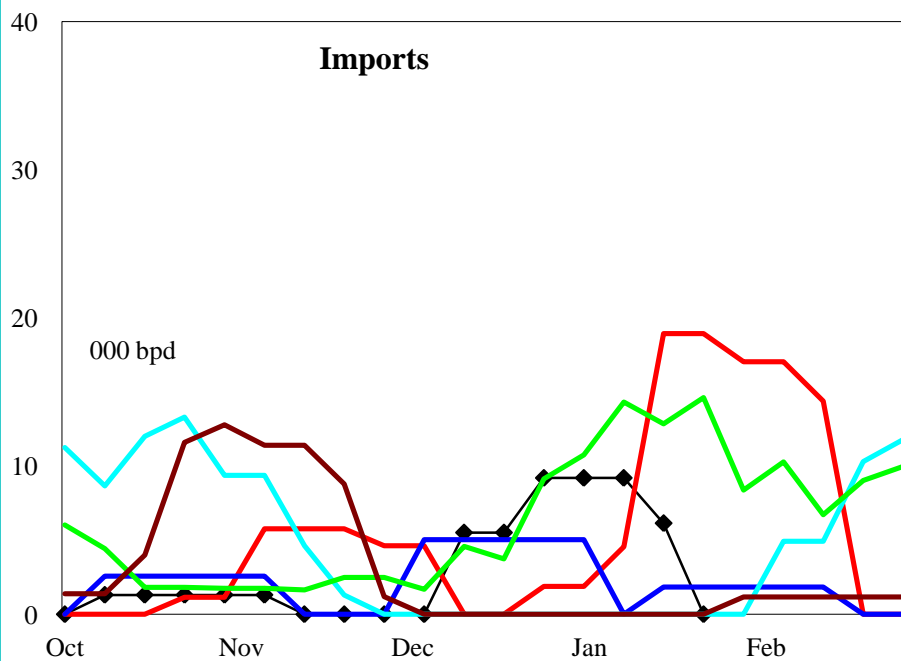
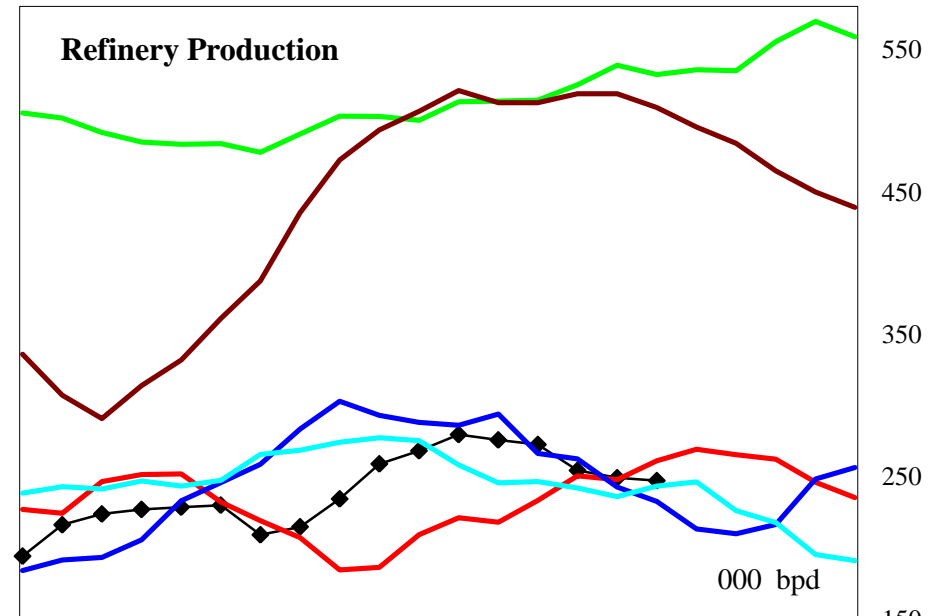
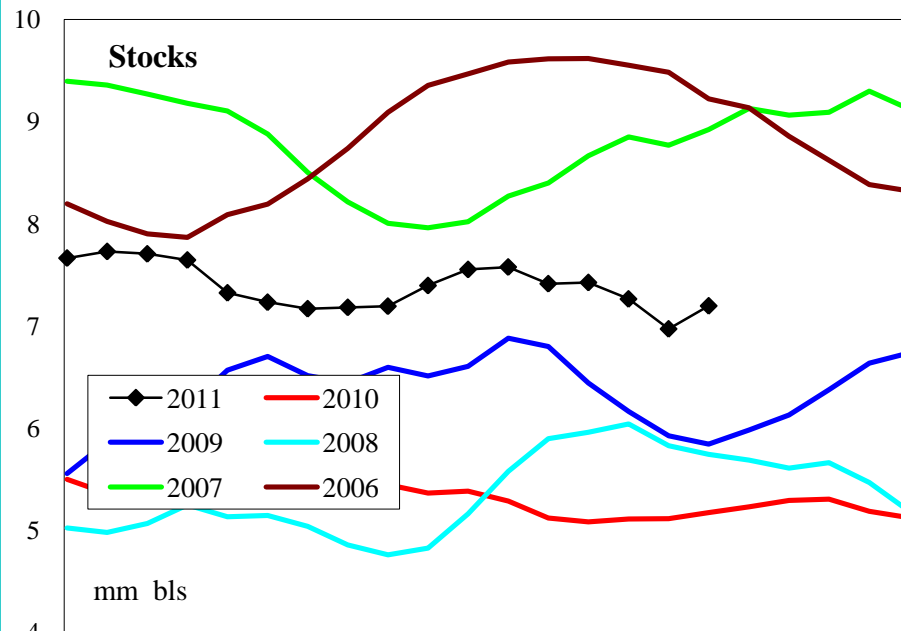


**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

	Stocks	Production	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	5,694	654	-1	497
% change	14.3	42.0	-14.8	31.7



# PADD 3 High Sulfur Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

2,081

40.7

Production

3

1.2

Imports

-1

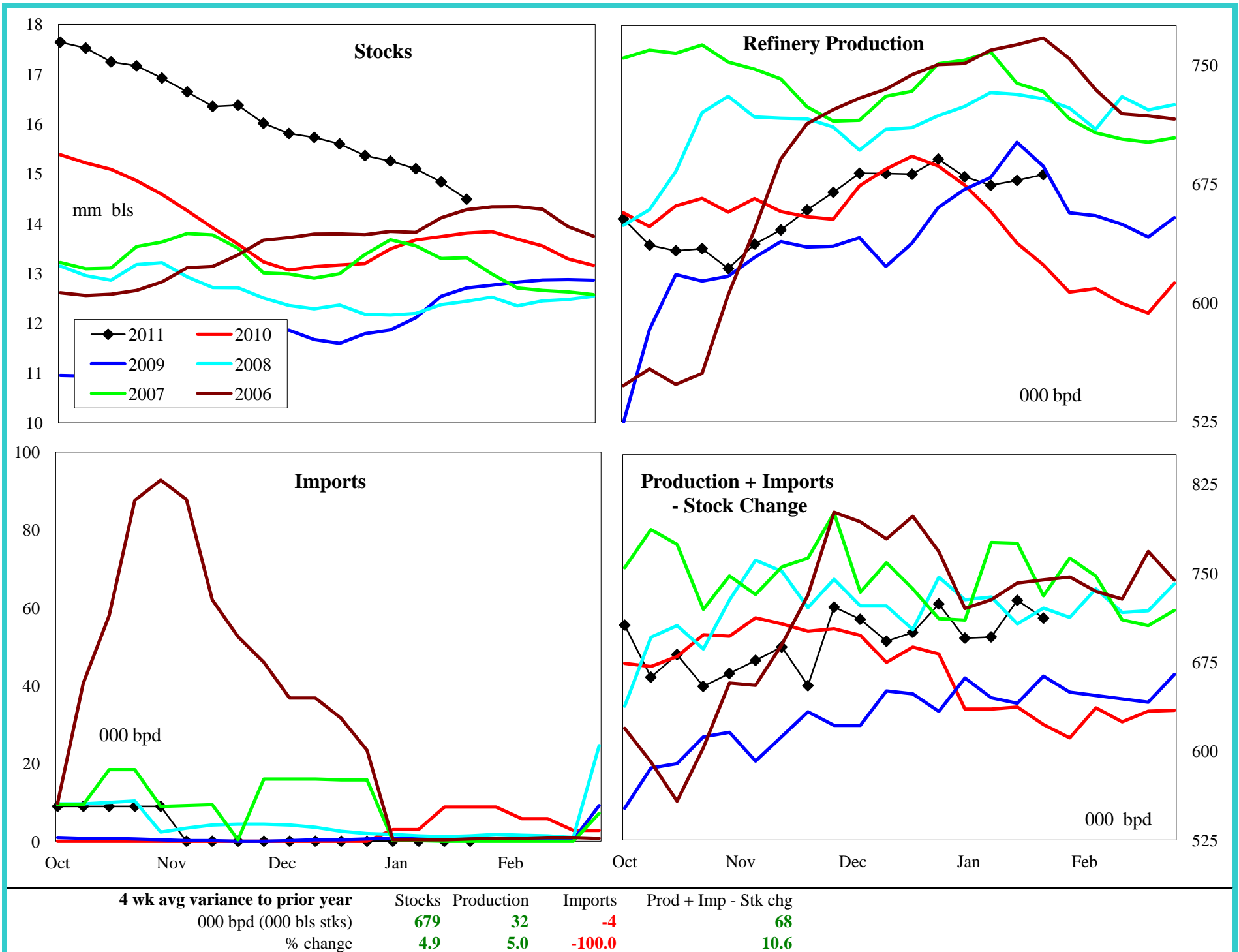
-19.1

Prod + Imp - Stk chg

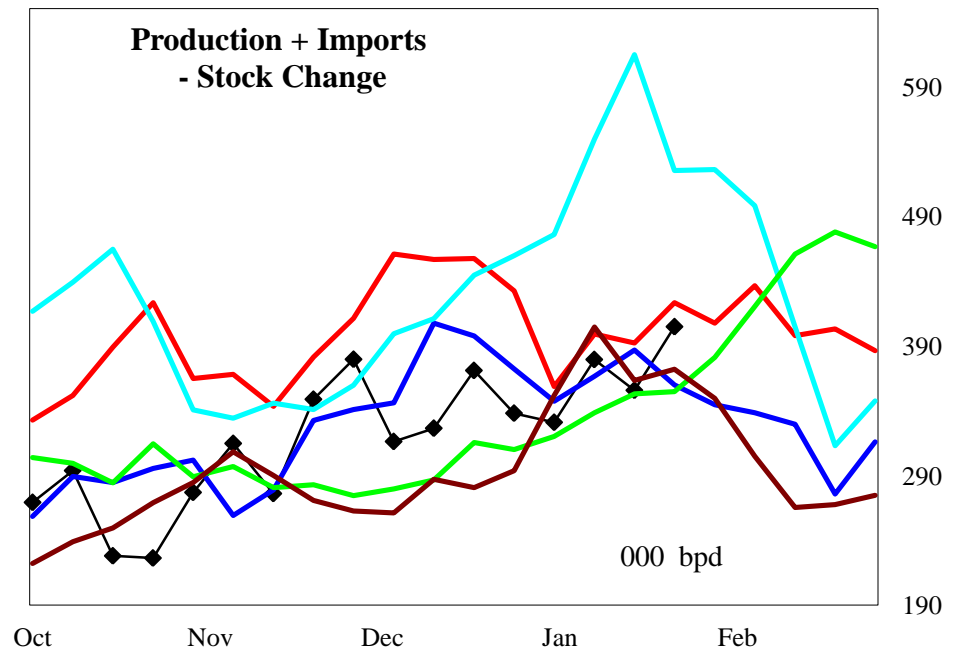
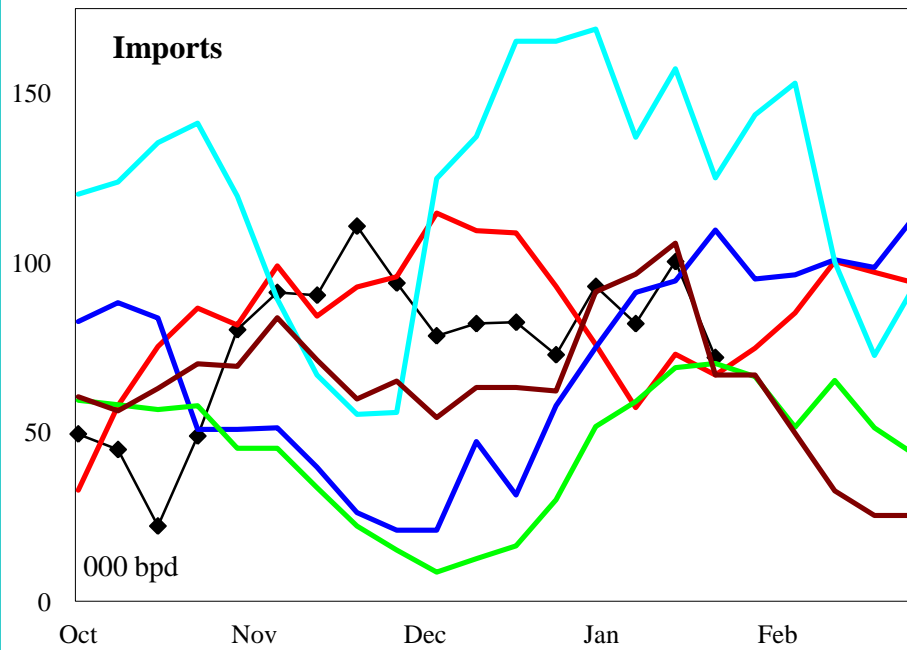
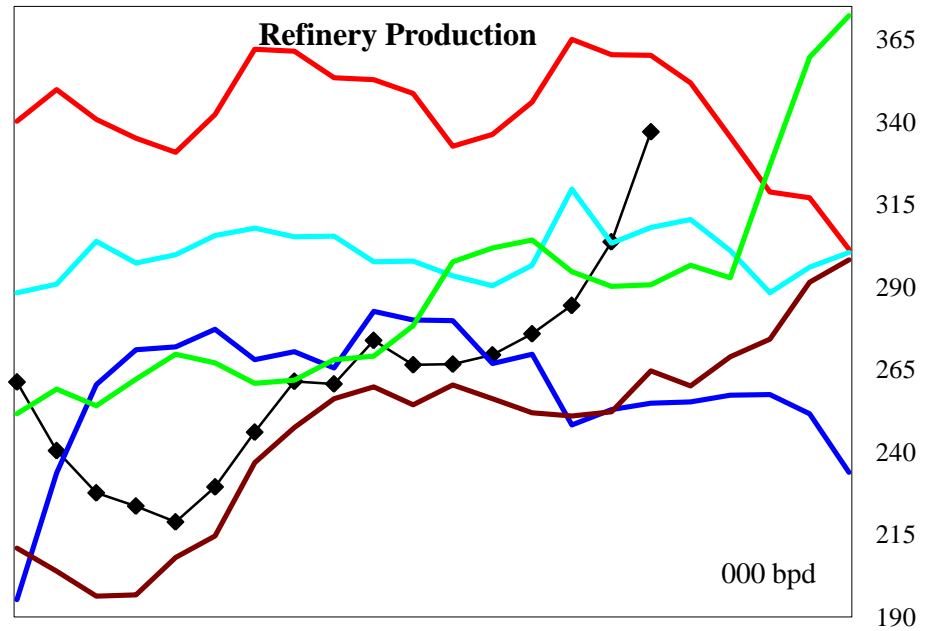
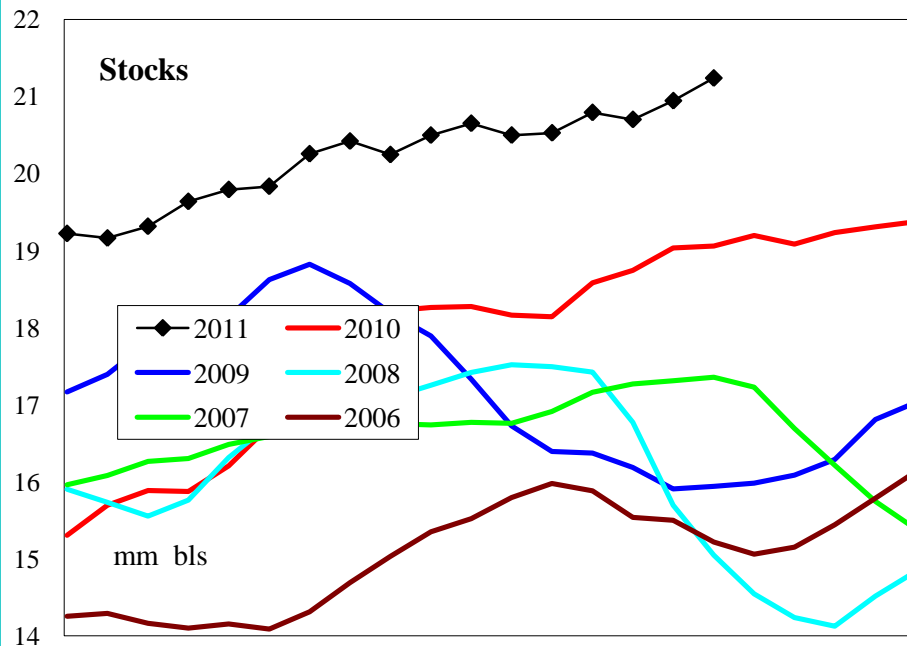
29

11.3

# 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

2,178

11.4

Production

-62

-16.9

Imports

25

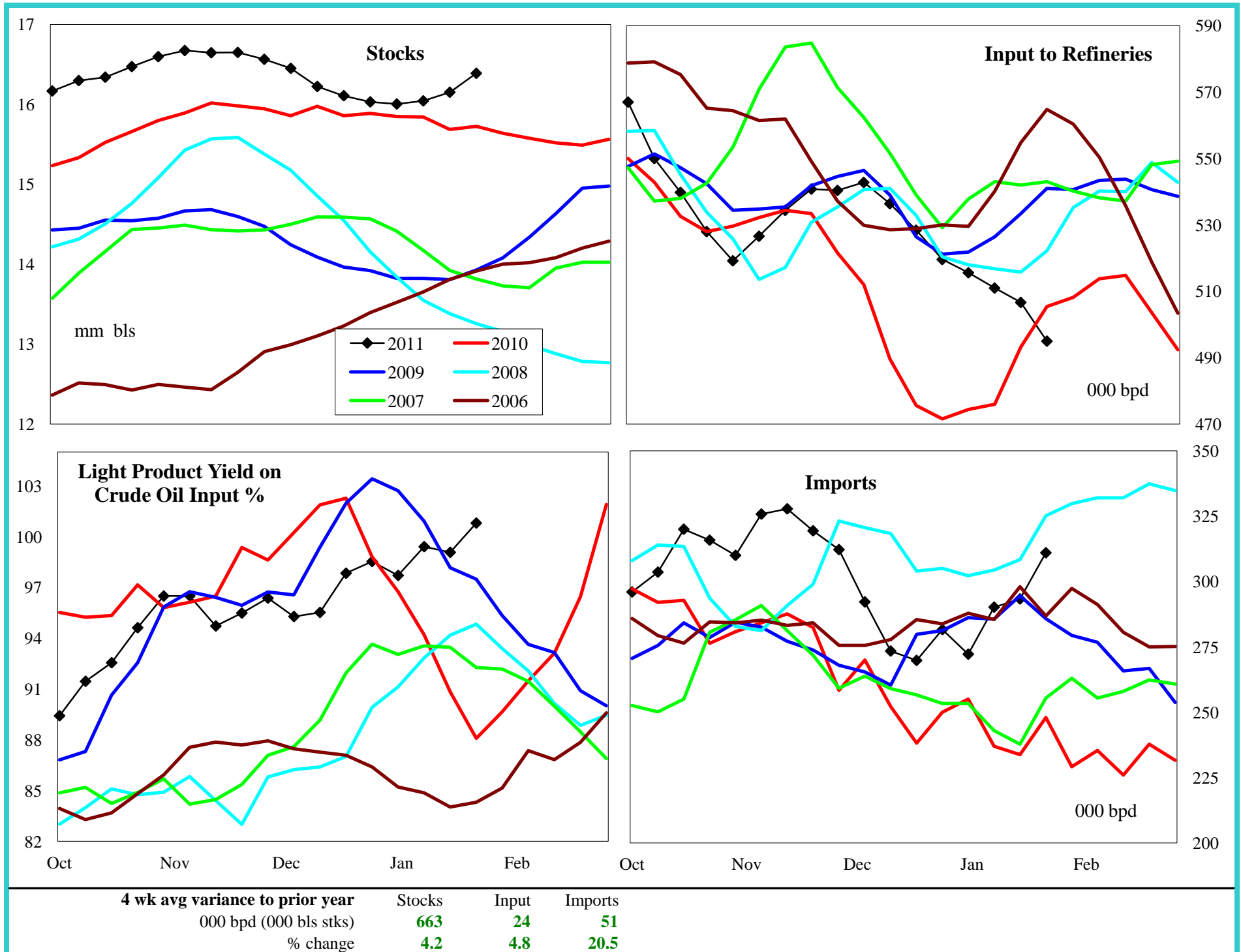
46.1

Prod + Imp - Stk chg

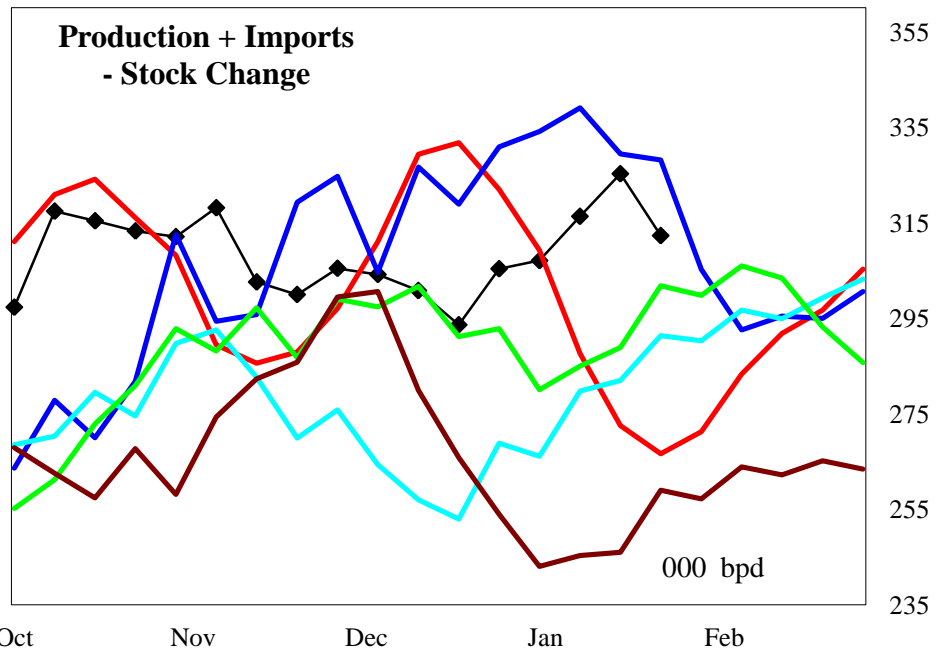
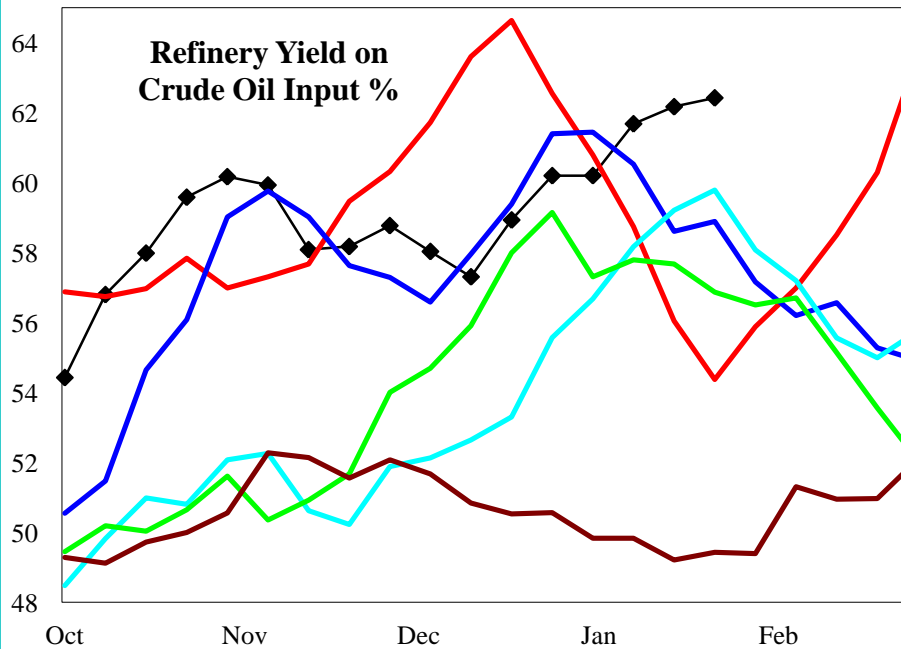
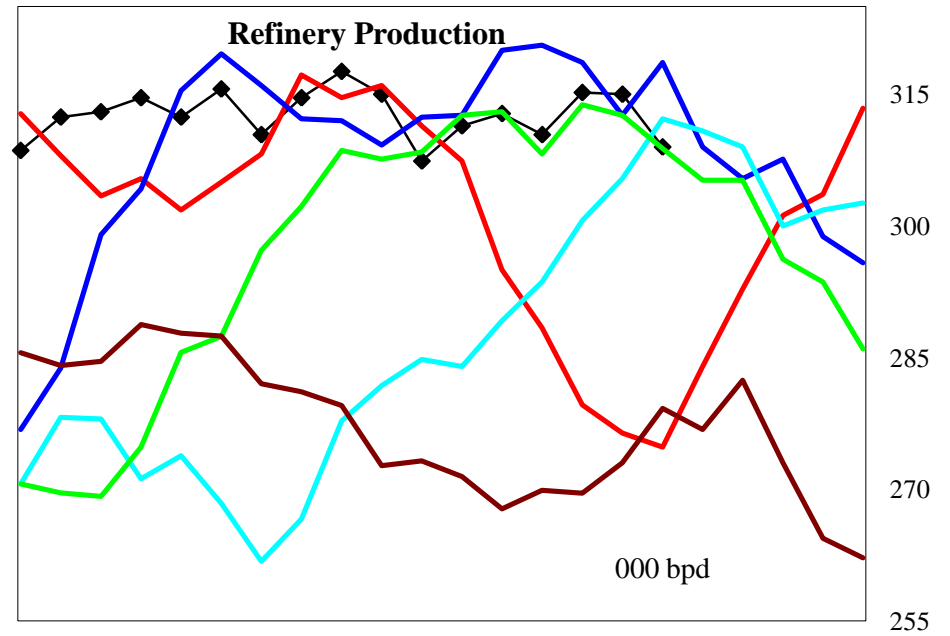
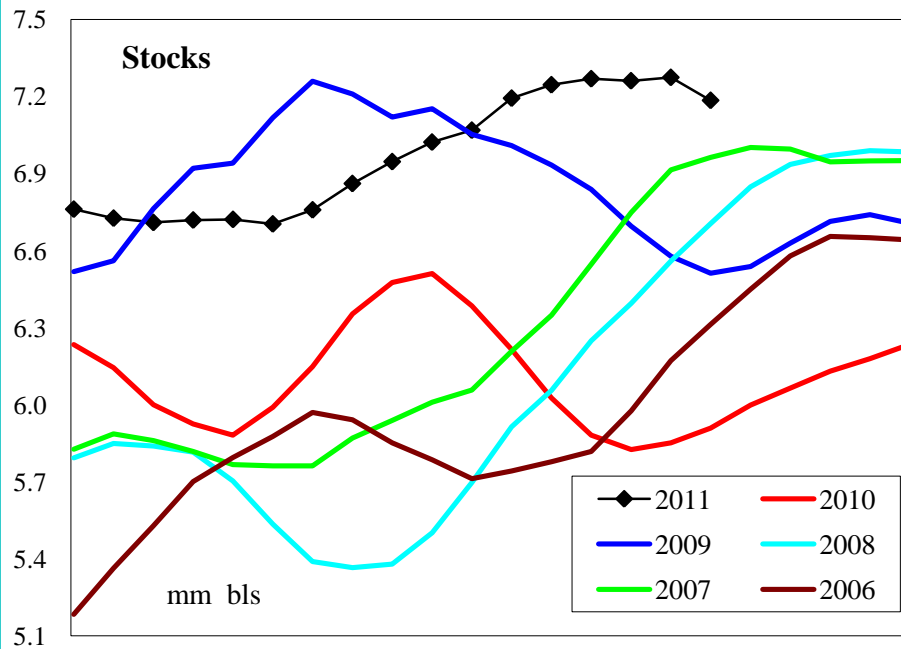
-37

-9.3

# PADD 4 Crude Oil Supply and Refining



# PADD 4 Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Prod + Imp - Stk chg

**1,276**

**47**

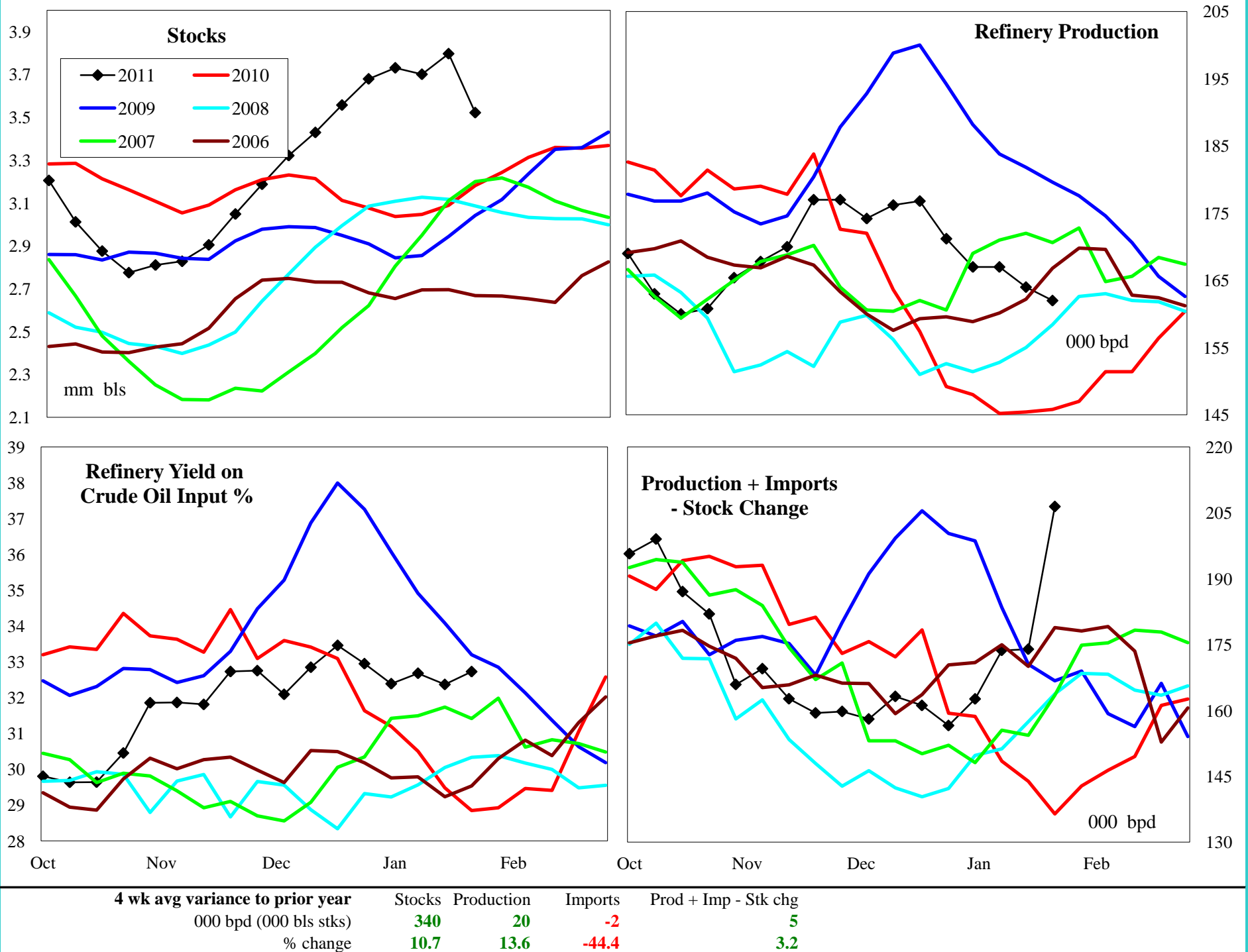
**47**

**21.6**

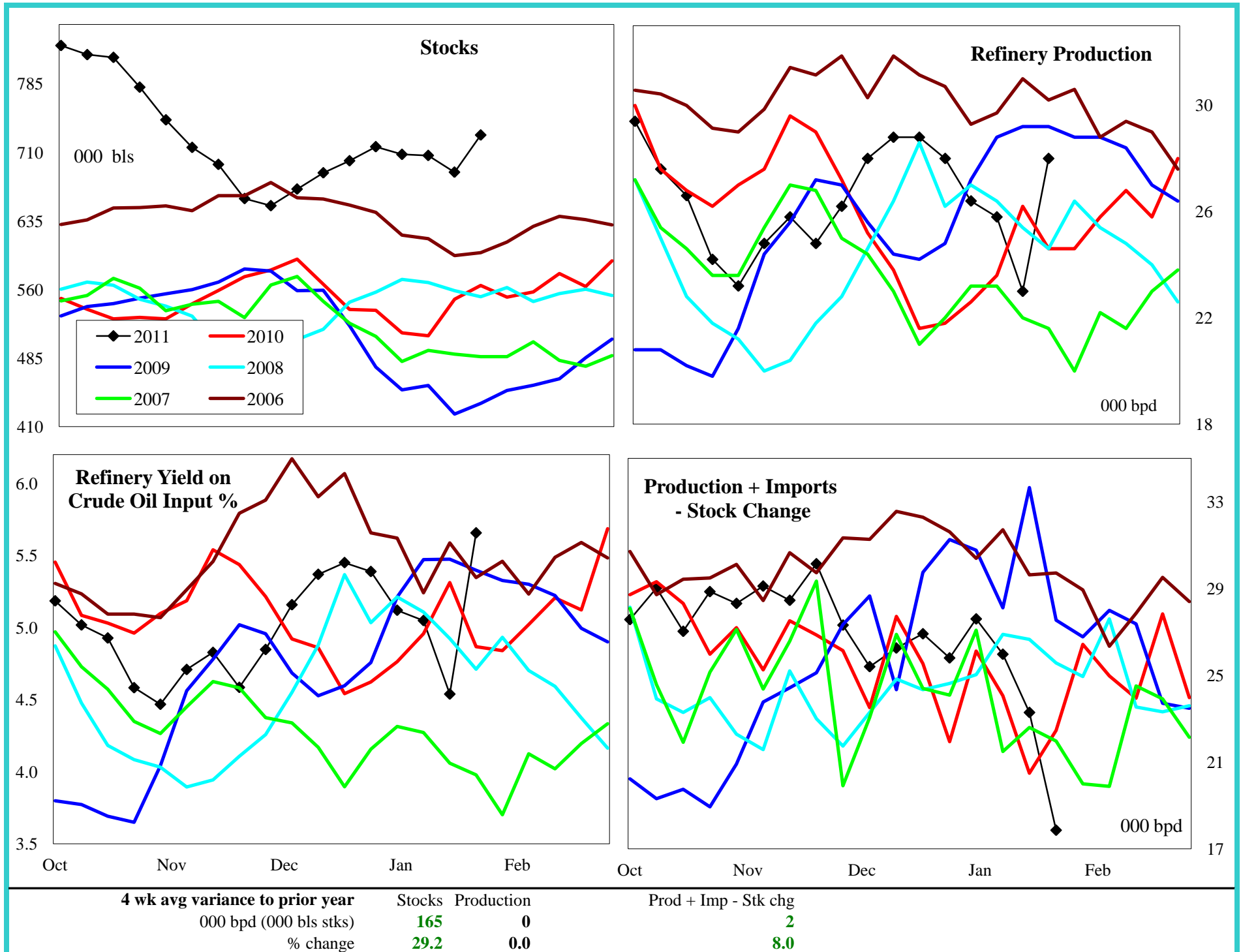
**17.1**

**17.7**

# PADD 4 Distillate Supply

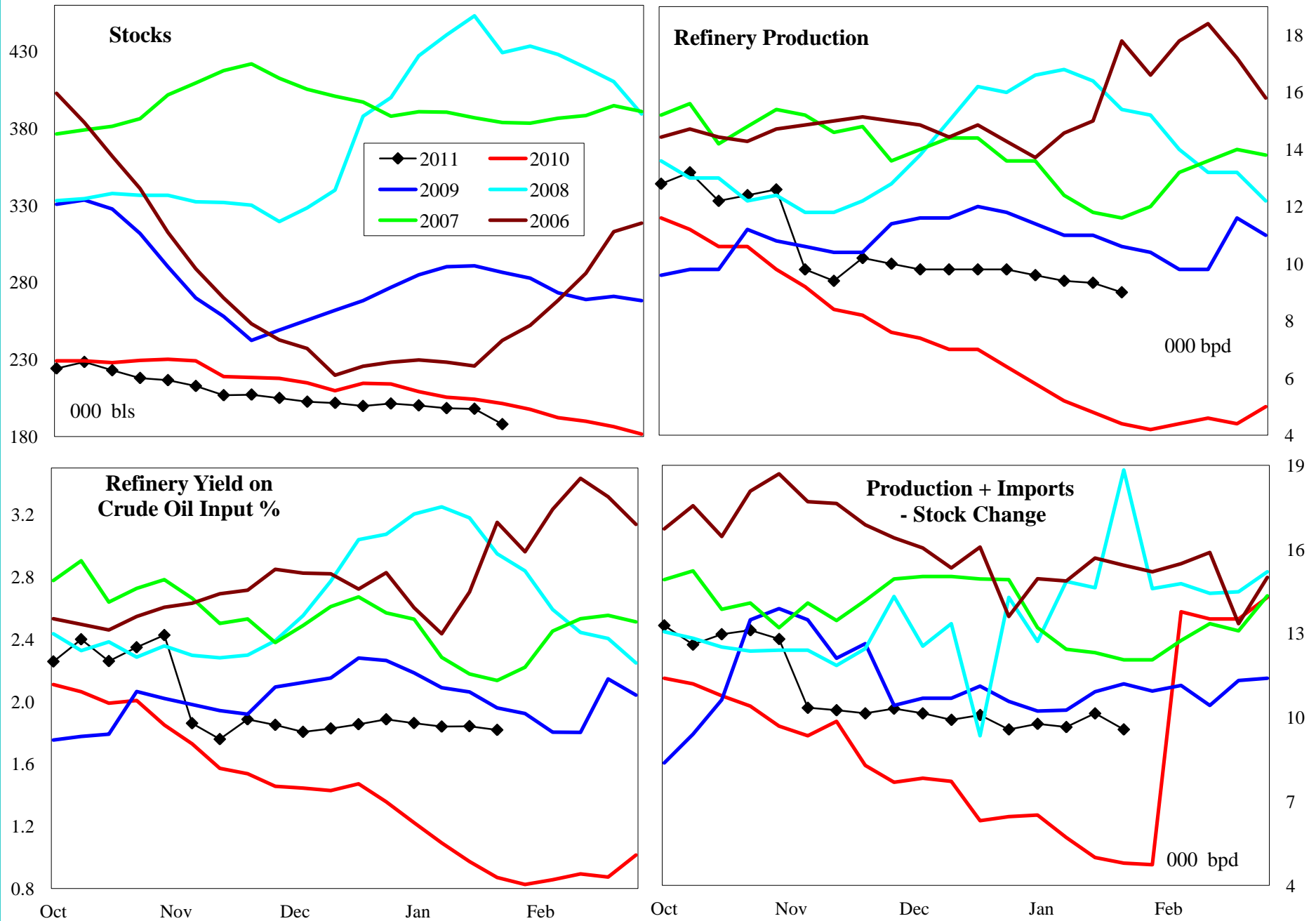


# PADD 4 Jet Fuel Supply





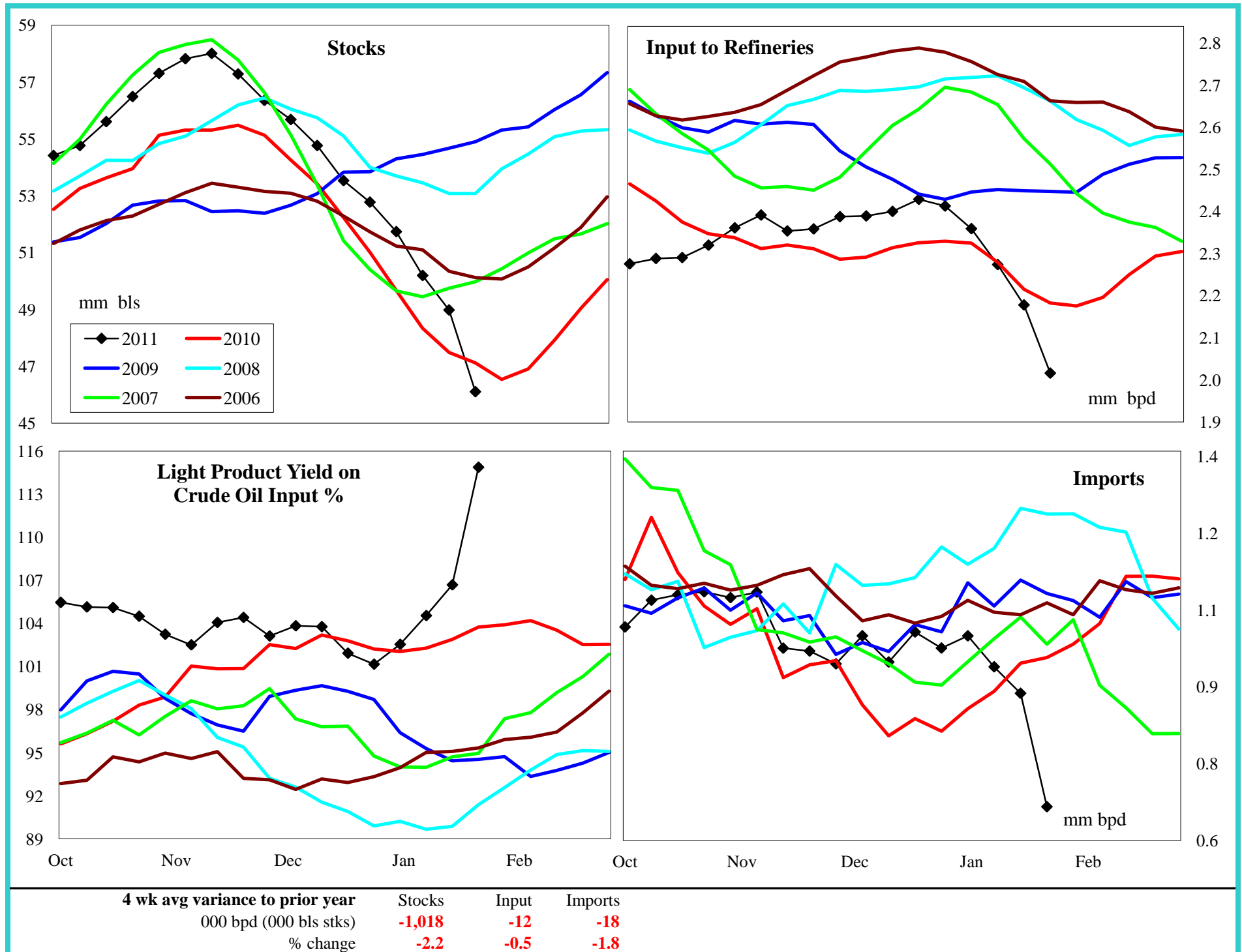
# PADD 4 Residual Fuel Oil Supply



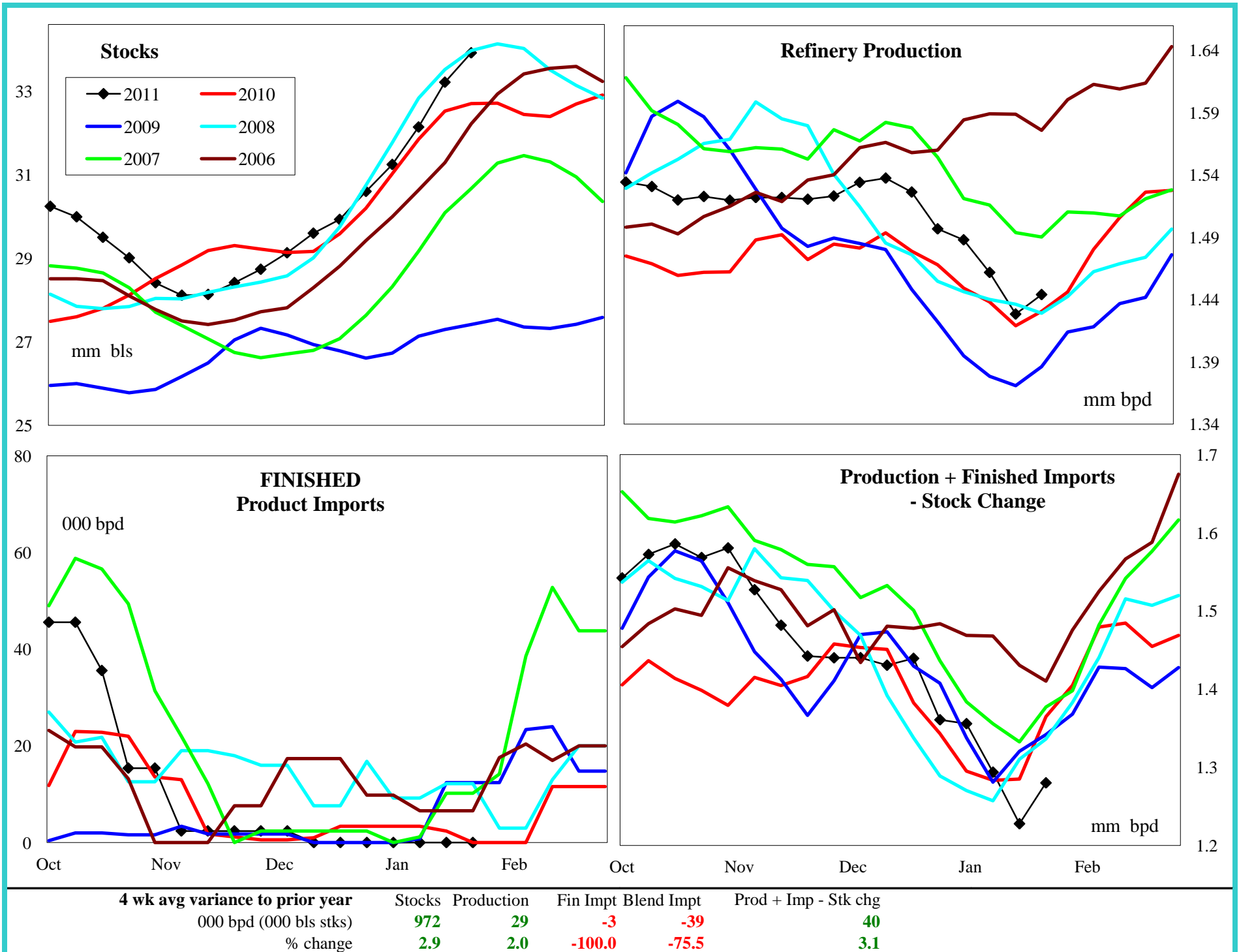
**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-13	5	0	4
-6.7	105.3	#DIV/0!	81.1

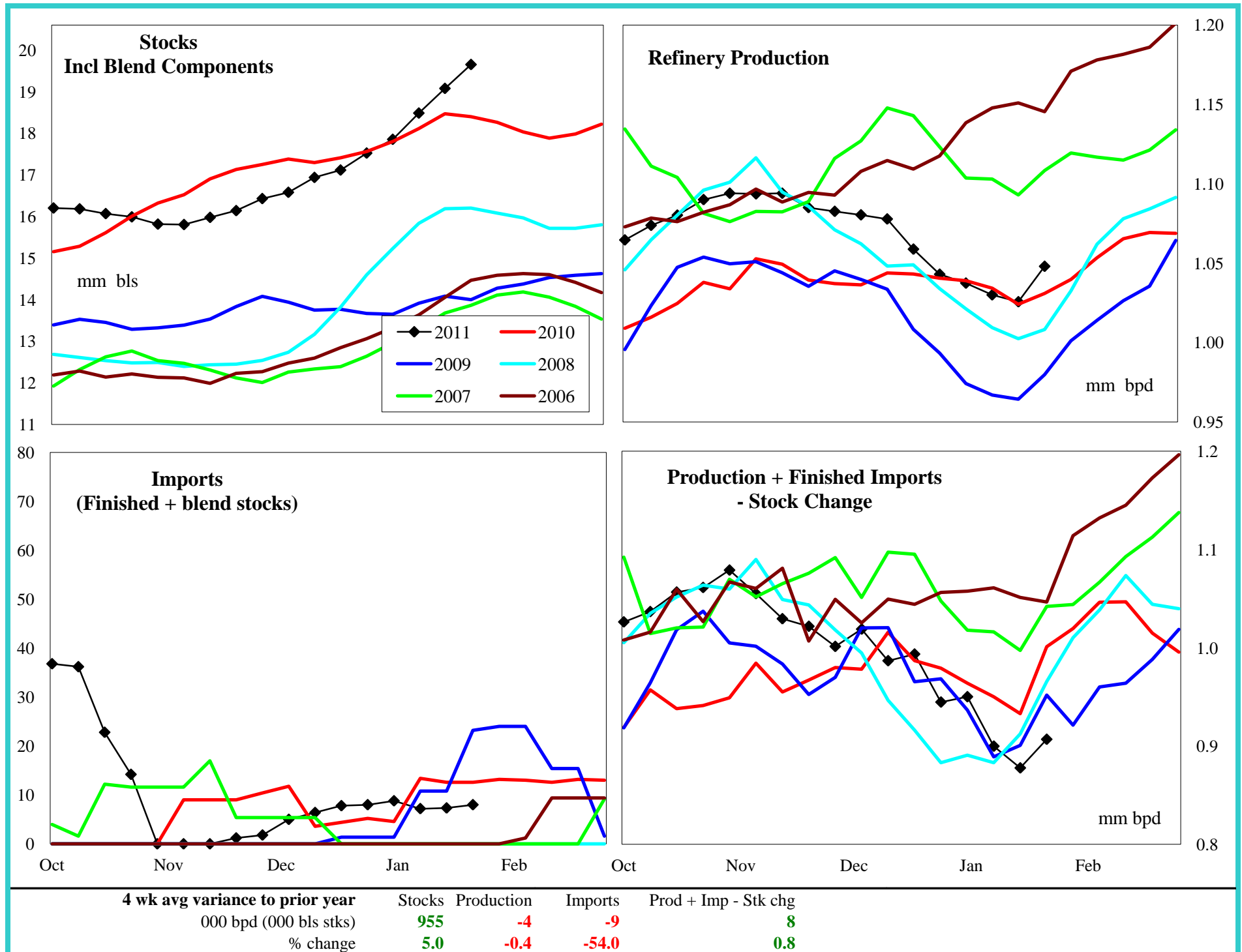
# PADD 5 Crude Oil Supply and Refining



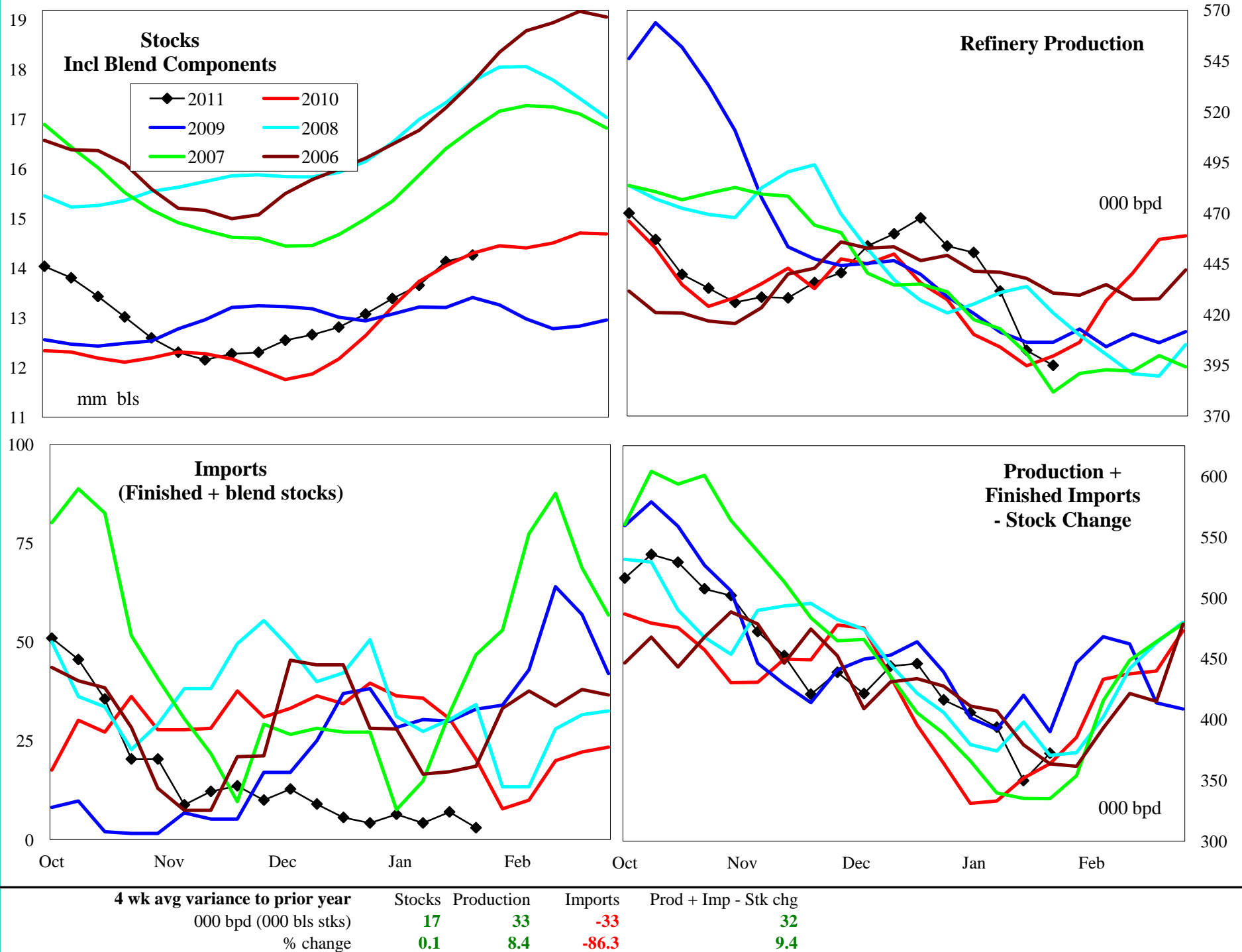
# PADD 5 Gasoline Supply



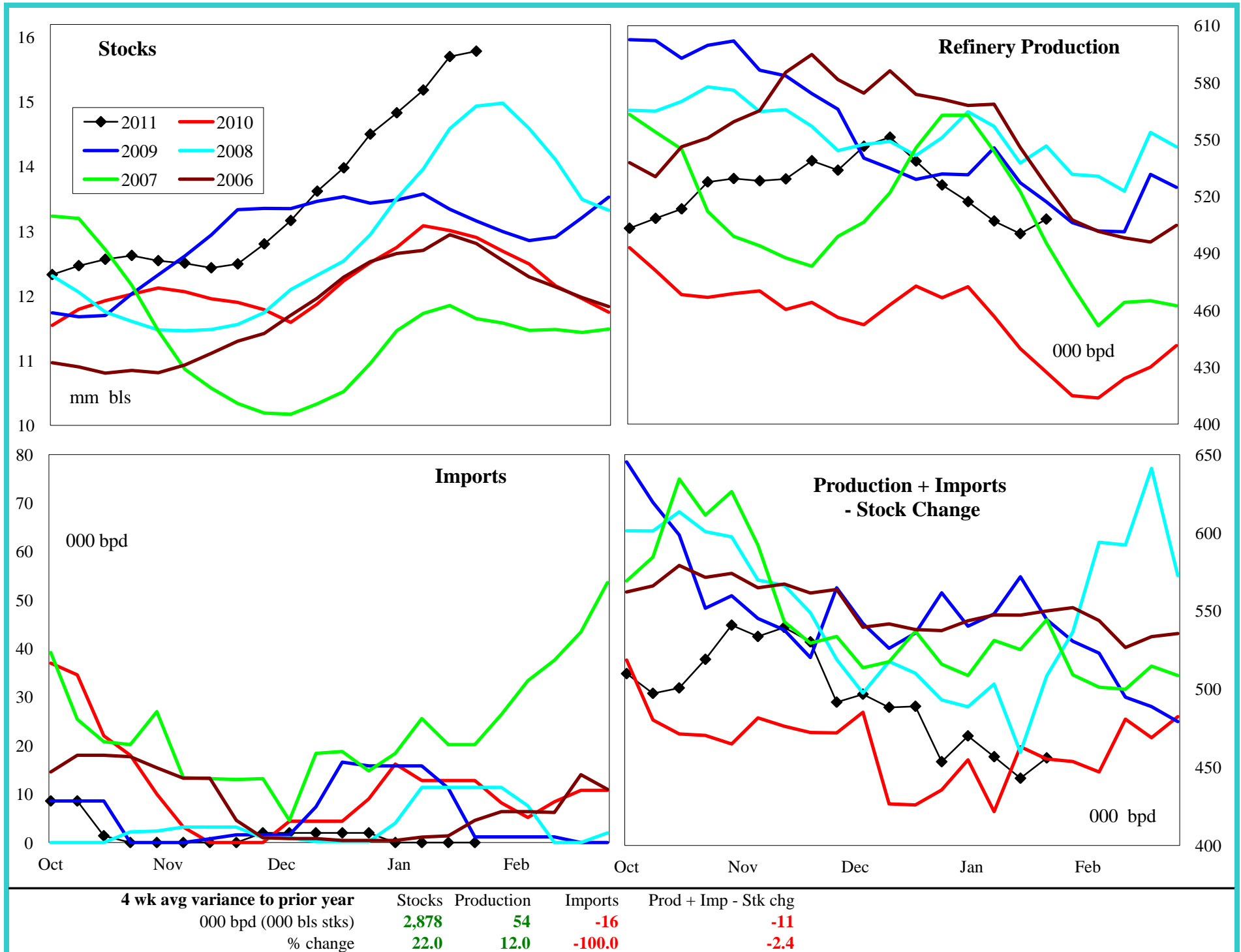
# PADD 5 Reformulated Gasoline Supply



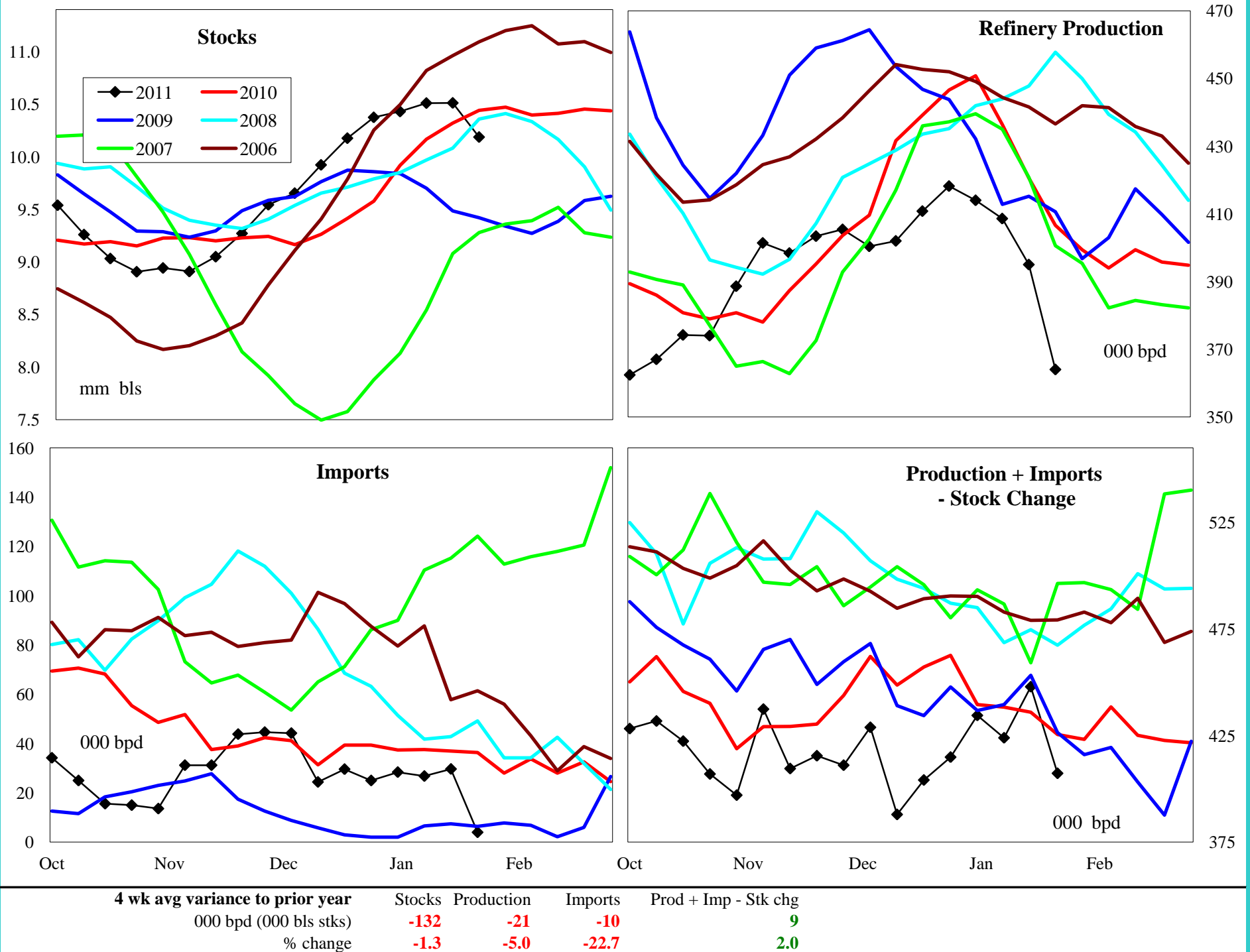
# PADD 5 Conventional Gasoline Supply



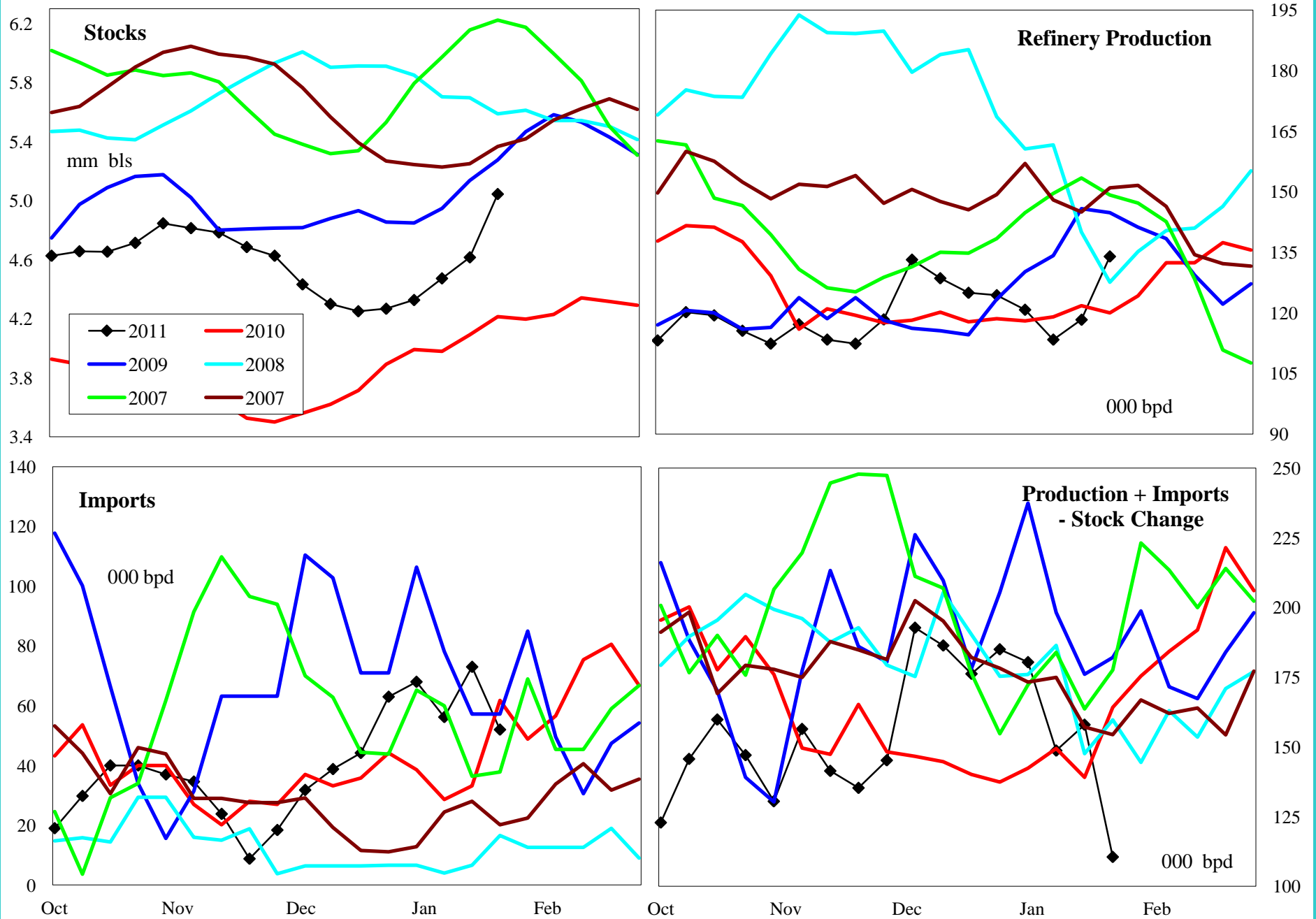
# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

830

-6

34

0

19.7

-4.7

119.6

-0.1