



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

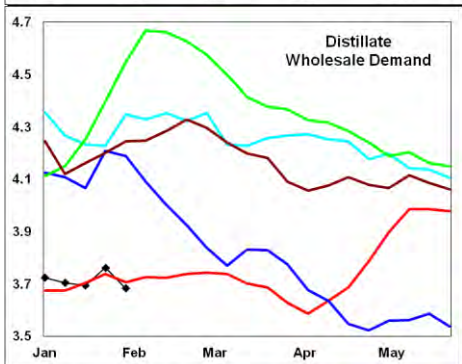
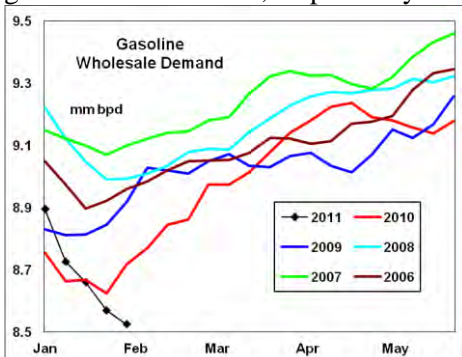
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, February 09,

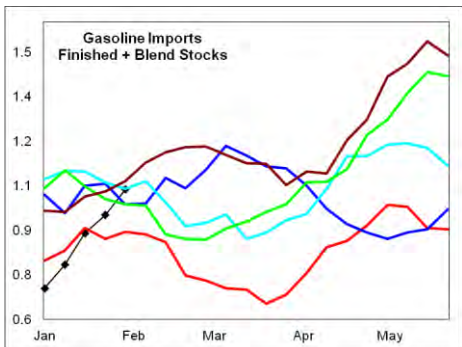


Major Fundamental Trends¹

Gasoline and distillate wholesale demand has been adversely impacted by the extended inclement weather across much of the country. The latest 4-wk average demand was -30,000 bpd and -2,000 bpd below last year for gasoline and distillate; respectively.

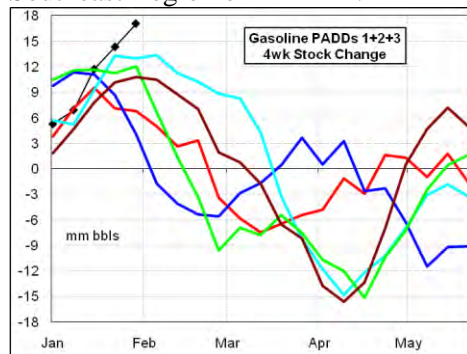


A major warming trend is forecast for much of the country during the 2nd half of February, which should give a meaningful lift to demand for transport fuels.



Gasoline import levels remain elevated for the 2nd consecutive week, which contributed to the +4.4 million barrel stock build in PADD 1. The latest 4-

wk stock change in PADDs 1+2+3 was a +17 million barrel build, a record for the season. Stock levels are exceptionally high in PADD 3 and the Southeast Region of PADD 1.



The imbalance in crude oil supplies between PADD 2 and PADD 3 continues. Deliveries to Cushing from the new Keystone pipeline are likely to keep this imbalance in place. These fundamentals underlie the continued record price discount for WTI compared to other global crude oil grades.

Demand for jet fuel increased last week, while other transport fuels were lower.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -0.3%; distillate down -0.1%; jet fuel up +1.6% while residual fuel oil increased +5%.

Stocks forward coverage: Gasoline demand coverage increased on a +4.7 million barrel build in stocks and lower demand. Coverage levels were above the 5-year high for this time of year.

Distillate coverage increased on a +0.3 million barrel stock build and sharply lower demand. Coverage levels matched the 5-year high for the period.

Jet fuel coverage decreased on a -0.8 million barrel stock draw and a spike in demand. Coverage levels fell below the mid range.

Refinery utilization rates increased on a +42,000 bpd rise in crude oil runs. Runs for the latest 4-wk period were +0.7 million bpd above a year ago, and above 2009 levels.

Gasoline yield % on crude oil runs increased on a +249,000 bpd increase in production versus the +42,000 bpd rise in crude oil runs. The yield % on crude oil runs matched the 5-year high.

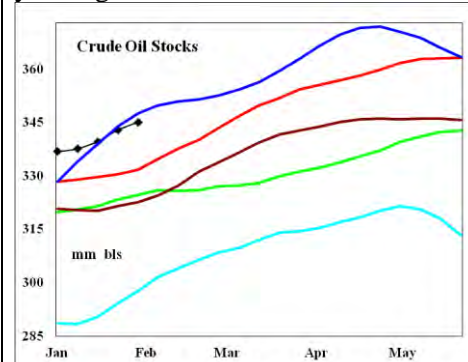
Distillate yield % on crude oil runs increased with production up +80,000 bpd compared to the increase in crude oil runs. Yield % was above the 5-year high for the period.

Jet fuel yield % on crude oil runs decreased on a -45,000 bpd decrease in output, less than expected based on the increase in crude oil runs. The yield % on crude oil runs was at the low end of the historic range.

Petroleum Imports of all transport fuels decreased last week, while residual fuel climbed sharply.

During the latest 4-wk period crude oil imports increased +0.8 million bpd over last year; distillate imports decreased -222,000 bpd; finished gasoline imports decreased -124,000 bpd, gasoline blend stock imports increased +107,000 bpd; jet fuel imports were -52,000 bpd lower, while residual fuel oil imports decreased -3,000 bpd.

Crude Oil imports decreased -105,000 bpd on the week, partially offset by record high domestic production as the ANS pipeline returned to full operation. Stocks increased +1.9 million barrels to match the prior 5-year high.



¹ Source is latest EIA Weekly Statistics



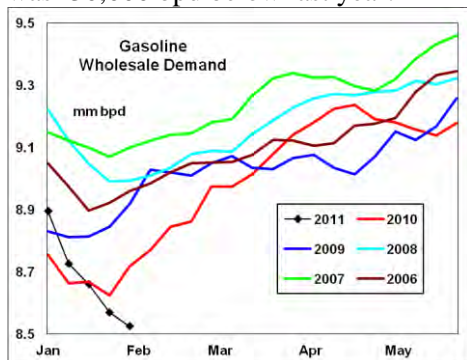
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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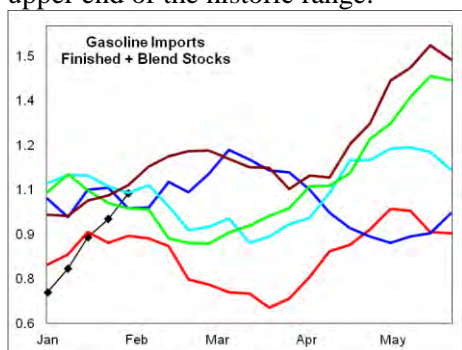
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Product Supply-Demand Trends

Gasoline demand decreased -25,000 bpd on the continued seasonal downtrend. The latest 4-wk average was -30,000 bpd below last year.



Production increased +249,000 bpd on the week, to a level above the historic range. Imports decreased -136,000 bpd on the week, with the level at the upper end of the historic range.



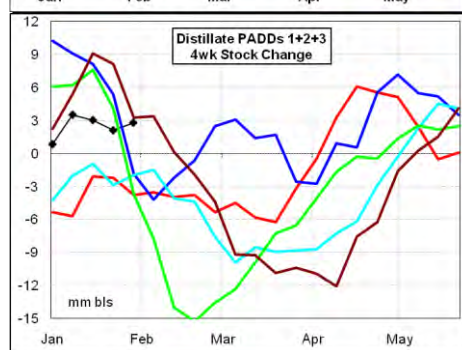
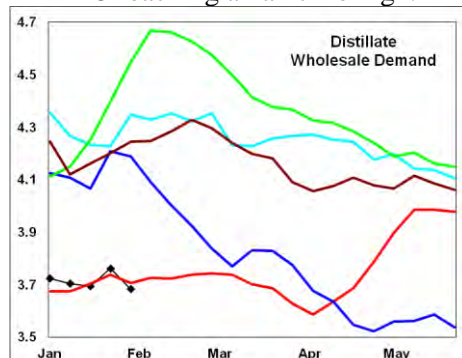
Stocks increased +4.7 million barrels with the build in PADD 1. Stock levels in the key Central Atlantic Region of PADD 1 remain low.

Demand should begin to trend higher in the immediate future as the seasonal low is reached by mid February and improving weather supports increased travel. Imports to the key PADD 1 region continued at elevated levels for the 2nd consecutive week. Stock levels should remain very high for the next 30-days, then begin a seasonal decline as refiners expand spring maintenance. Risk of a price pull back on high supplies and seasonal low demand remains in place.

Distillate demand fell -209,000 bpd last week, reversing the prior week uptrend. The latest 4-wk average was -2,000 bpd below last year. Demand

continues at a lackluster level measured in year-on-year growth.

Supply increased +58,000 bpd on higher production. Production was above the previous 5-year high. Lackluster demand led to a +0.3 million barrel stock build. Stocks decreased to a level below the mid range in PADD 1 with stock levels in PADD 3 reaching an all time high.



The latest 4-wk stock change in PADDs 1+2+3 was a build of +2.8 million barrels, a build that matched the 5-year high for this period.

A significant warming trend is forecast for the 2nd half of February in key heating markets. Combined with high production and lackluster transport use, should assure ample carryout supplies in the Northeast.

Global political uncertainty and robust growth in developing countries continues to support energy prices.

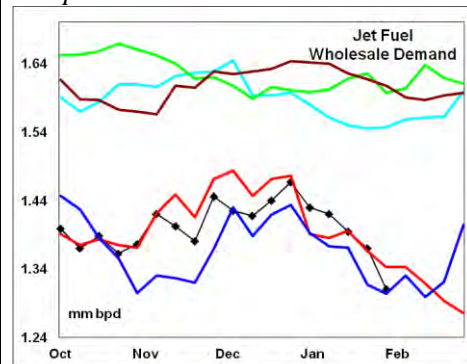
Jet Fuel demand increased +154,000 bpd following unusually large declines, driven by inclement weather. The latest 4-wk average demand was +22,000 bpd above a year ago.

Supply decreased -111,000 bpd, offsetting much of the previous week increase. Stocks fell -0.8 million barrels to a level at the upper end of

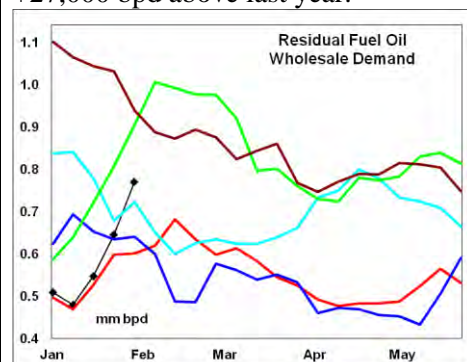
the 5-year range.

Jet fuel supplies have witnessed a meaningful improvement in PADD 1, where stocks increased +1.1 million barrels last week to the mid range.

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



Residual fuel oil demand, including exports, increased +213,000 bpd last week, with the 4-wk average - +27,000 bpd above last year.



Supply (production + imports) reversed the prior week collapse, increasing +273,000 bpd on higher imports and production. The latest 4-wk average supply was -83,000 bpd below a year ago. Stocks decreased -1 million barrels, with the level at the mid range.

The Gulf region accounted for nearly all of the rise in supply, where stock levels remain at record highs. The key Gulf market remains extremely well supplied. Otherwise this key regional market will remain well supplied with very high current stock levels. Residual fuel oil prices should follow the overall energy market.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

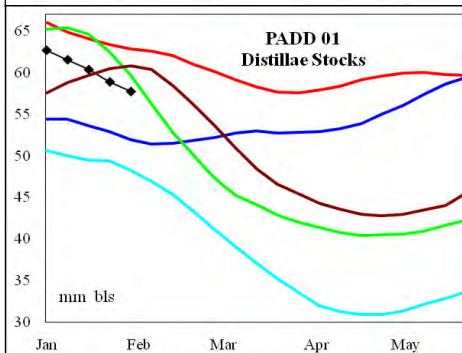
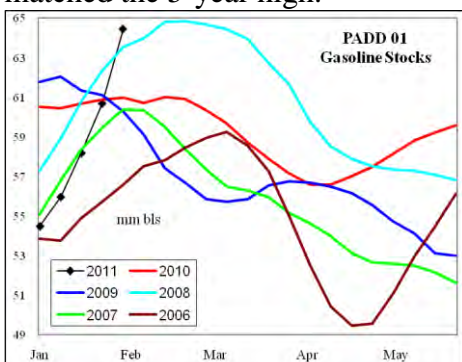
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +3,000 bpd last week, with the 4-wk average -38,000 bpd below a year ago. Stock and import levels each are at very low levels, driven by earlier refinery closures.

Gasoline production increased +75,000 bpd, but was more than offset by a -172,000 bpd decline in imports. Import levels remain at the upper end of the historic range. Stocks increased +4.4 million barrels on the week, to a level that matched the 5-year high.

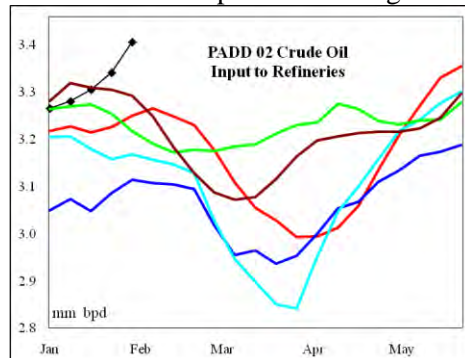


Distillate supply was nearly unchanged on the week, with higher production offset by a drop in imports. Stocks declined -0.9 million barrels, to a level near the historic mid range.

Jet fuel supply increased +11,000 bpd for the week, with production above the 5-year range. Stocks increased +1.1 million barrels to a level at the mid range.

PADD 2 crude oil refinery runs increased +91,000 bpd on the week, to a record weekly high. Import levels remain at the upper end of the historic range. Stocks decreased -1.4 million barrels, with the level +14 million

barrels above the prior record high.

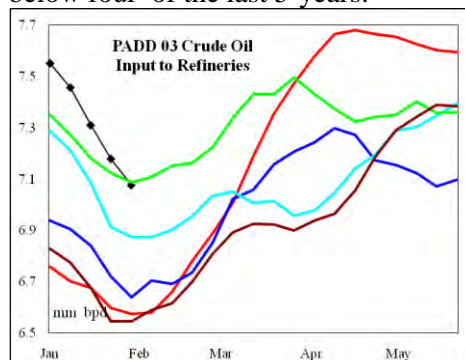


Gasoline production increased +90,000 bpd on the week to a level above the mid range. Stocks increased +0.8 million barrels, although the level remains at the low end of the 5-year range.

Distillate supply increased +120,000 bpd, with the level at a record high. Stock levels are near 5-year highs.

Jet fuel production was above the 5-year range. Stocks decreased -0.4 million barrels to a level near the mid range.

PADD 3 crude oil runs decreased -142,000 bpd last week, with the latest 4-wk average +619,000 bpd above a year ago, and matching 5-year highs for this period. Crude imports remain below four of the last 5-years. Stocks decreased -0.5 million barrels to a level below four of the last 5-years.



Gasoline decreased -140,000 bpd on the week. Stocks increased +0.5 million barrels, to a level +6.9 million barrels above the prior 5-year high.

Distillate production decreased -33,000 bpd on the week, with the level still above the 5-year range. Stocks increased +2.3 million barrels to a

level +12.4 million barrels above the prior 5-year high.

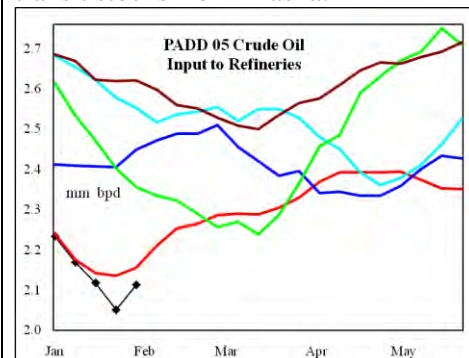
Jet fuel production decreased -82,000 bpd on the week, to a level comparable to the last 2-years. Stocks fell -1.1 million barrels, with the level at the upper end of the historic range.

Residual fuel oil supply surged +273,000 bpd on higher imports and production. Supplies reached a 5-year weekly high. Stocks were nearly unchanged, at a level +7.5% above the prior record high for the period.

PADD 4 refinery crude runs increased +40,000 bpd last week, to a level at the 5-year mid range. Crude oil imports were at the mid range. Stock levels remain above the historic range.

Gasoline production increased +12,000 bpd to a level below the mid range. Stock levels match 5-year highs. Distillate stocks and production were each above the historic range.

PADD 5 crude oil refinery runs increased +50,000 bpd on the week, although the level remains below the 5-year range. Crude imports decreased -171,000 bpd on the week to a level at the mid range. Stocks jumped +3.4 million barrels, due in part to higher in transit stocks from Alaska.



Gasoline production increased +109,000 bpd on the week, to a level above the mid range. Stocks decreased -0.9 million barrels with level near 5-year highs.

Distillate production declined -62,000 bpd to a level below the 5-year range. Stocks fell -1.3 million barrels to a level near the mid range of the last 3-years.


**FUNDAMENTAL
PETROLEUM
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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

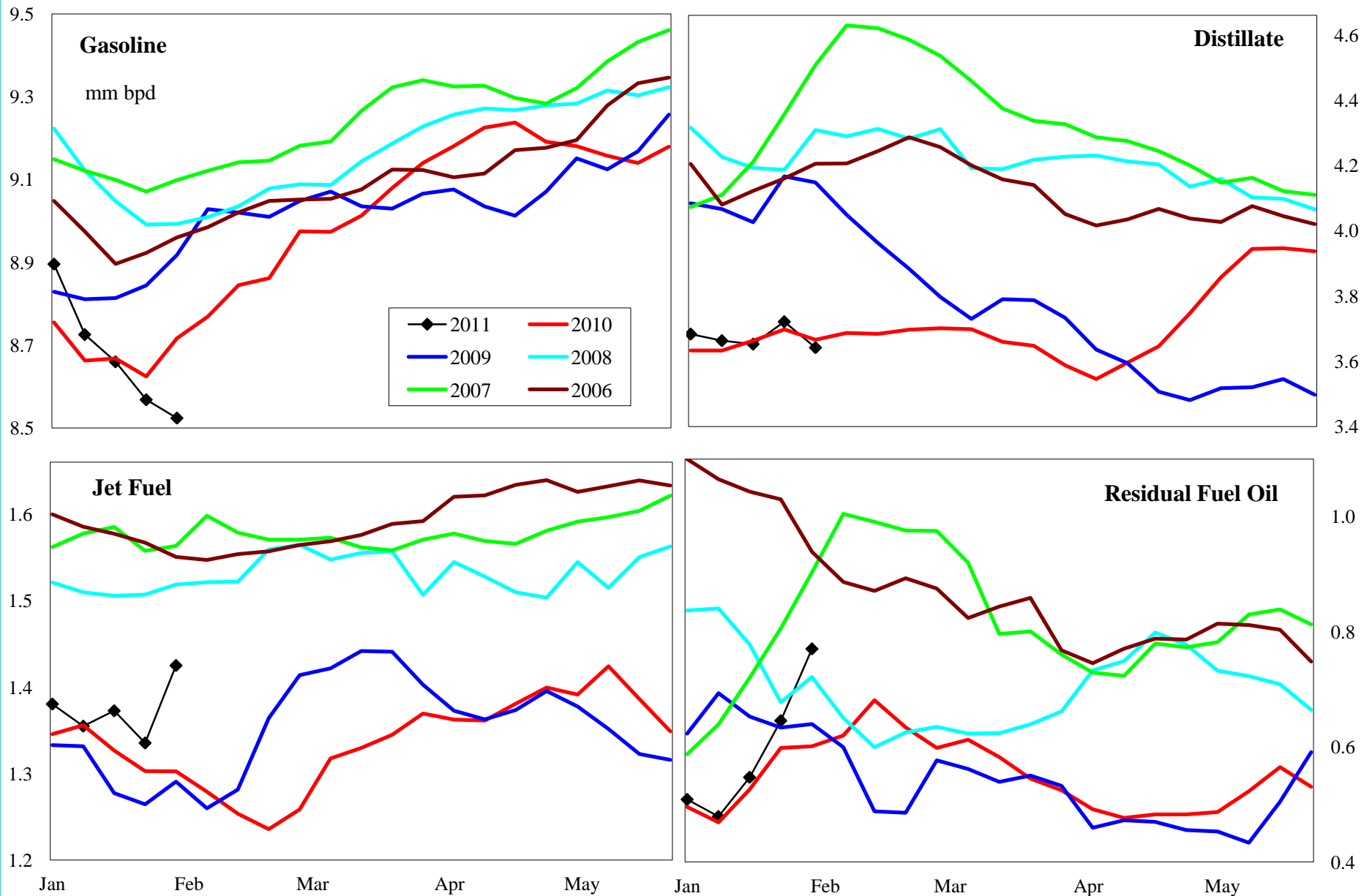
February 9, 2011

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Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization</u> Product Yield %				<u>Imports</u>
Supply/Demand Trends	4-Feb-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	1,898	636	-1,354	-526	-264	3,405
	Imports	-105	180	3	-30	-85	-171
	Input	42	3	91	-142	40	50
	% Utilization	0.20					
<u>Gasoline</u>	Stocks	4,663	4,406	767	485	-89	-907
	Production	249	75	90	-170	12	109
	Imports	-136	-172	3	31	0	2
	Supplied	-25					
<u>Distillate</u>	Stocks	288	-856	209	2,310	-118	-1,257
	Production	80	67	89	-33	19	-62
	Imports	-22	-56	31	0	3	0
	Supplied	-209					
<u>Jet Fuel</u>	Stocks	-831	1,057	-370	-1,077	69	-510
	Production	-45	27	-4	-82	4	10
	Imports	-66	-16	0	0	0	-50
	Supplied	154					
<u>Residual Fuel Oil</u>	Stocks	-994	-989	39	290	0	-333
	Production	114	-15	-2	159	-2	-26
	Imports	173	81	2	114	0	-23
	Supplied	213					

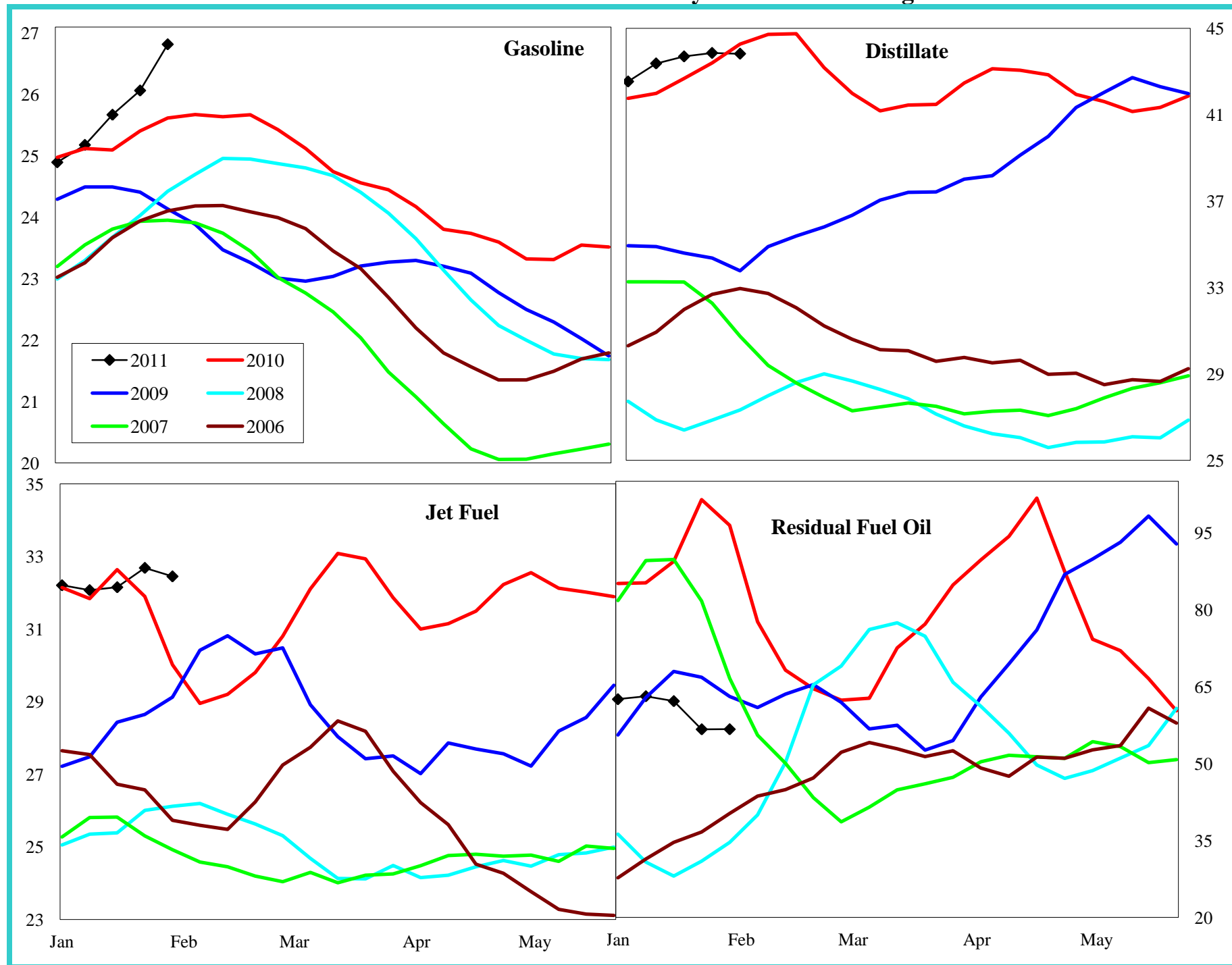
United States Wholesale Petroleum Demand



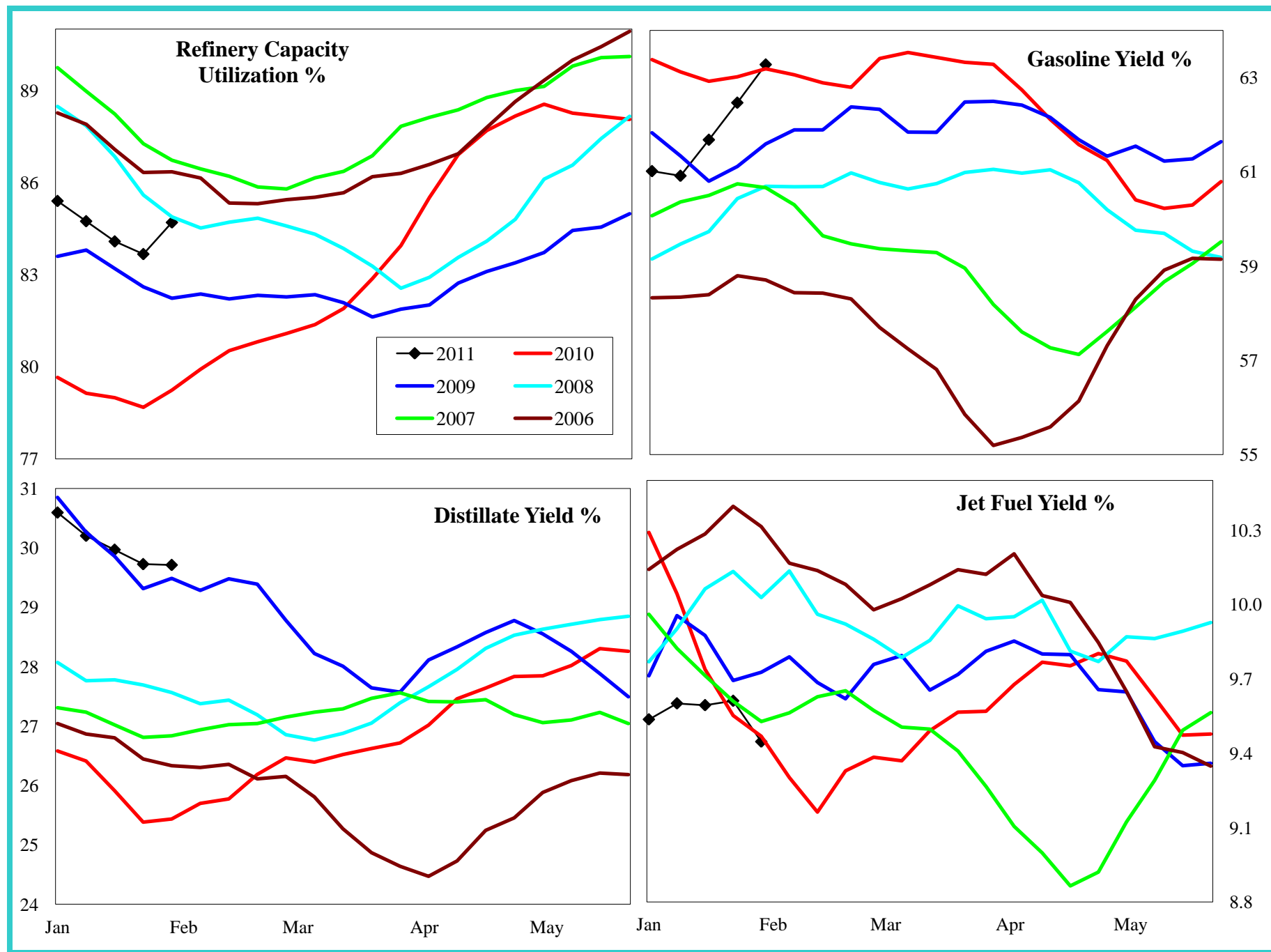
	000 bpd change from prior year				% change from prior year			
	4wk avg	Dec	Jan	Jan	4wk avg	Dec	Nov	Oct
Gasoline	-30	273	49	100	-0.3	3.1	0.6	1.1
Distillate	-2	26	133	115	-0.1	0.7	3.7	3.1
Jet Fuel	22	90	46	67	1.6	6.6	3.4	4.9
Resid	27	-56	35	11	5.0	-9.6	7.9	2.2



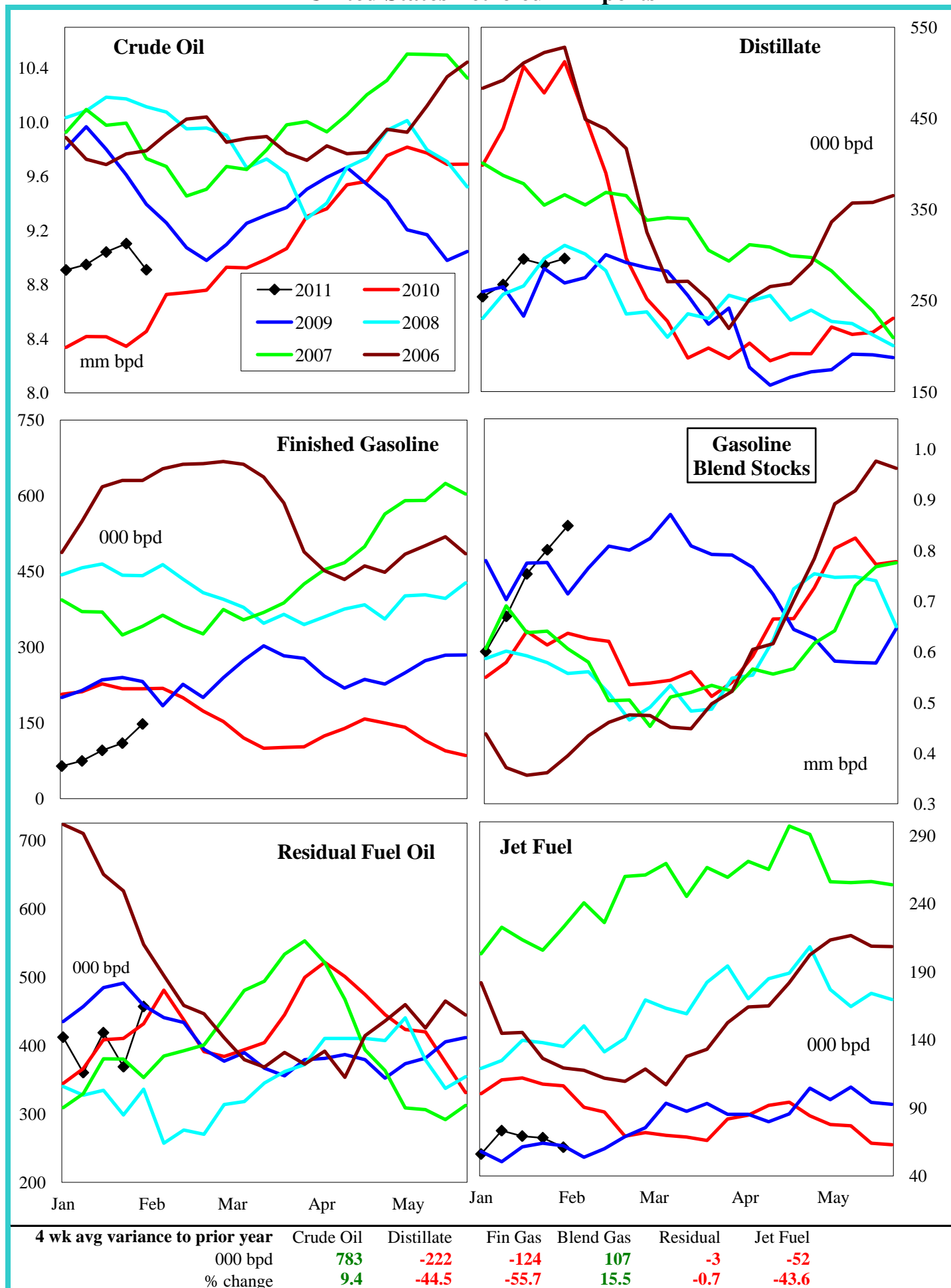
United States Product Stocks: Days Forward Coverage



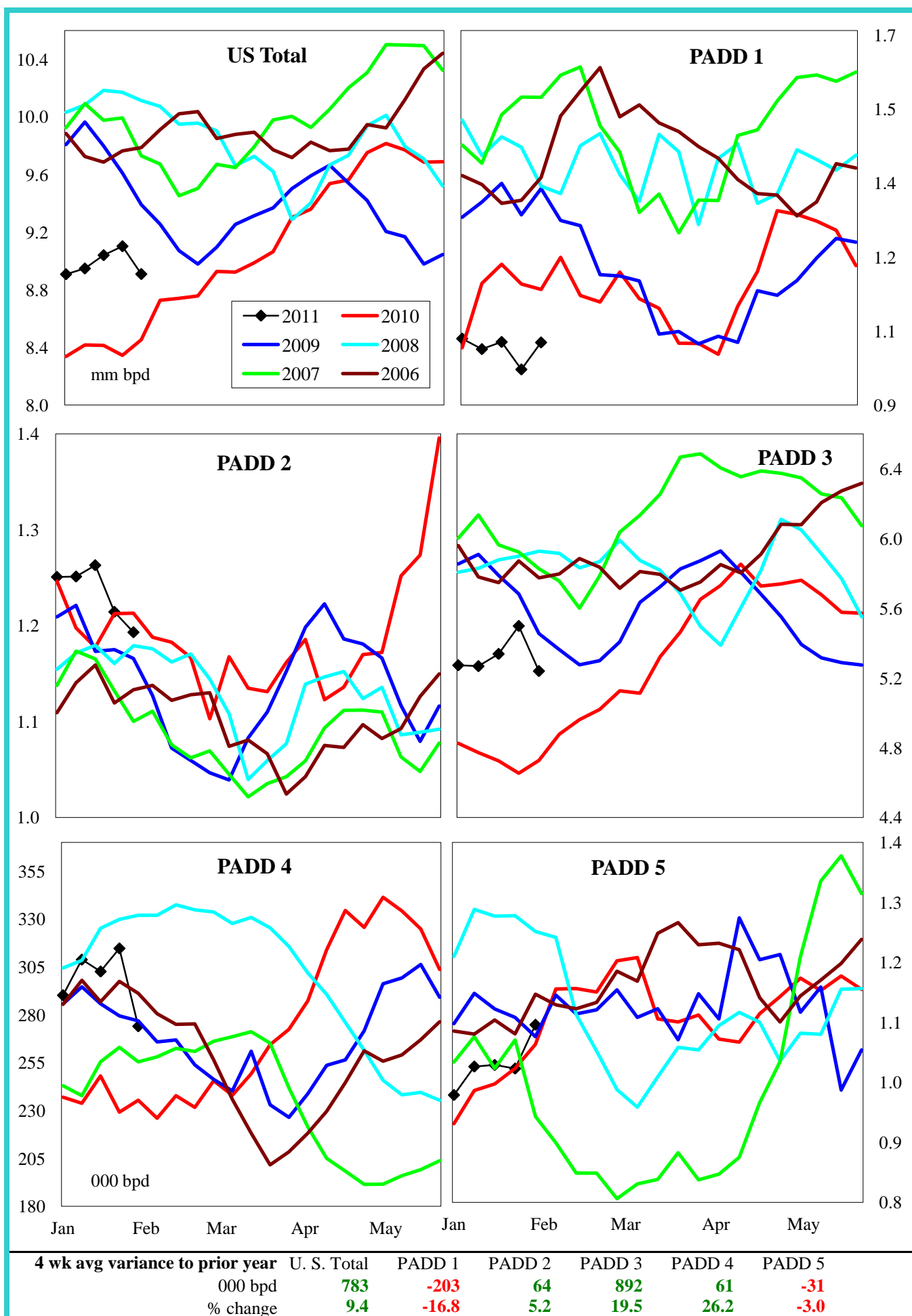
United States Refinery Percent Utilization Rate and Product Yields



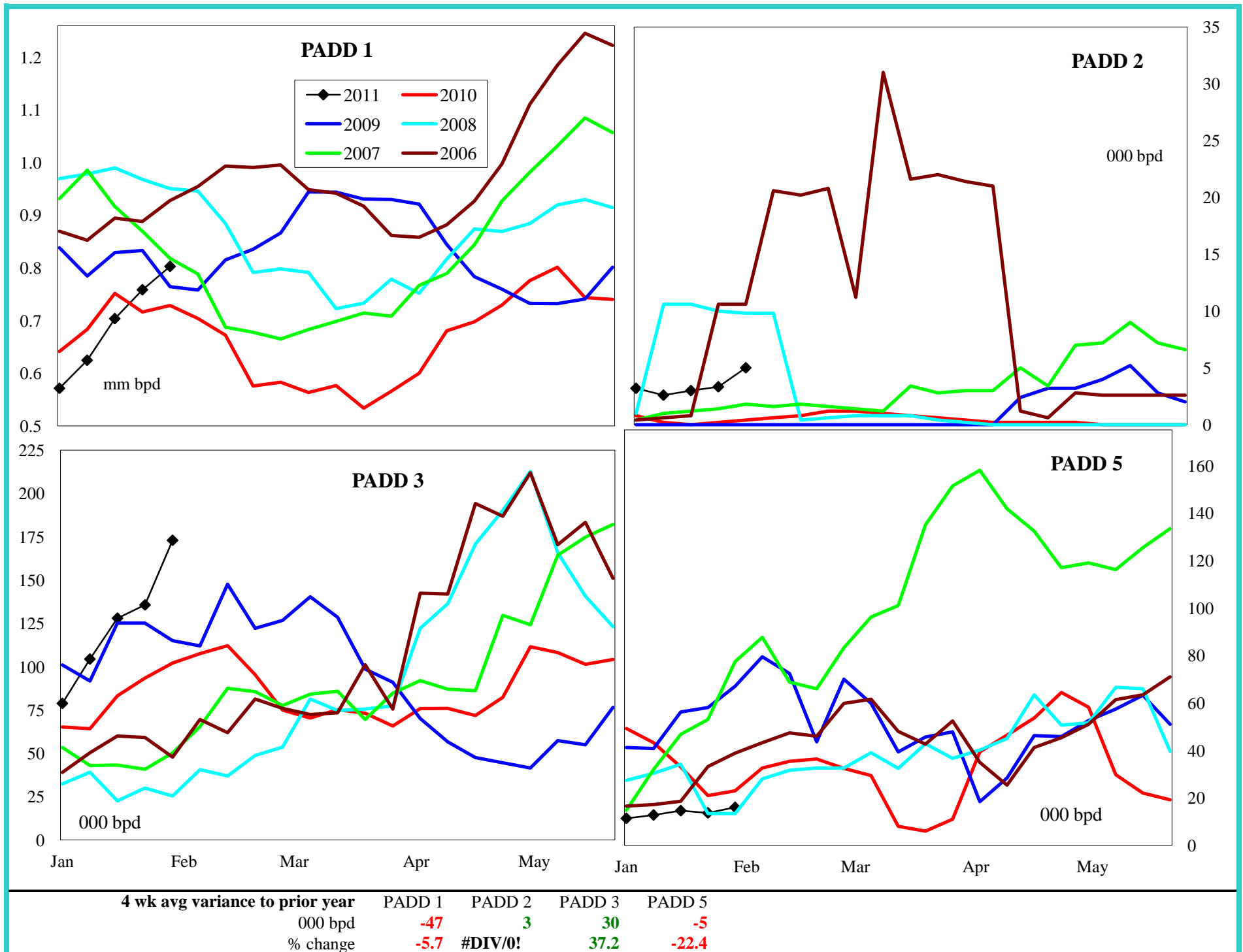
United States Petroleum Imports



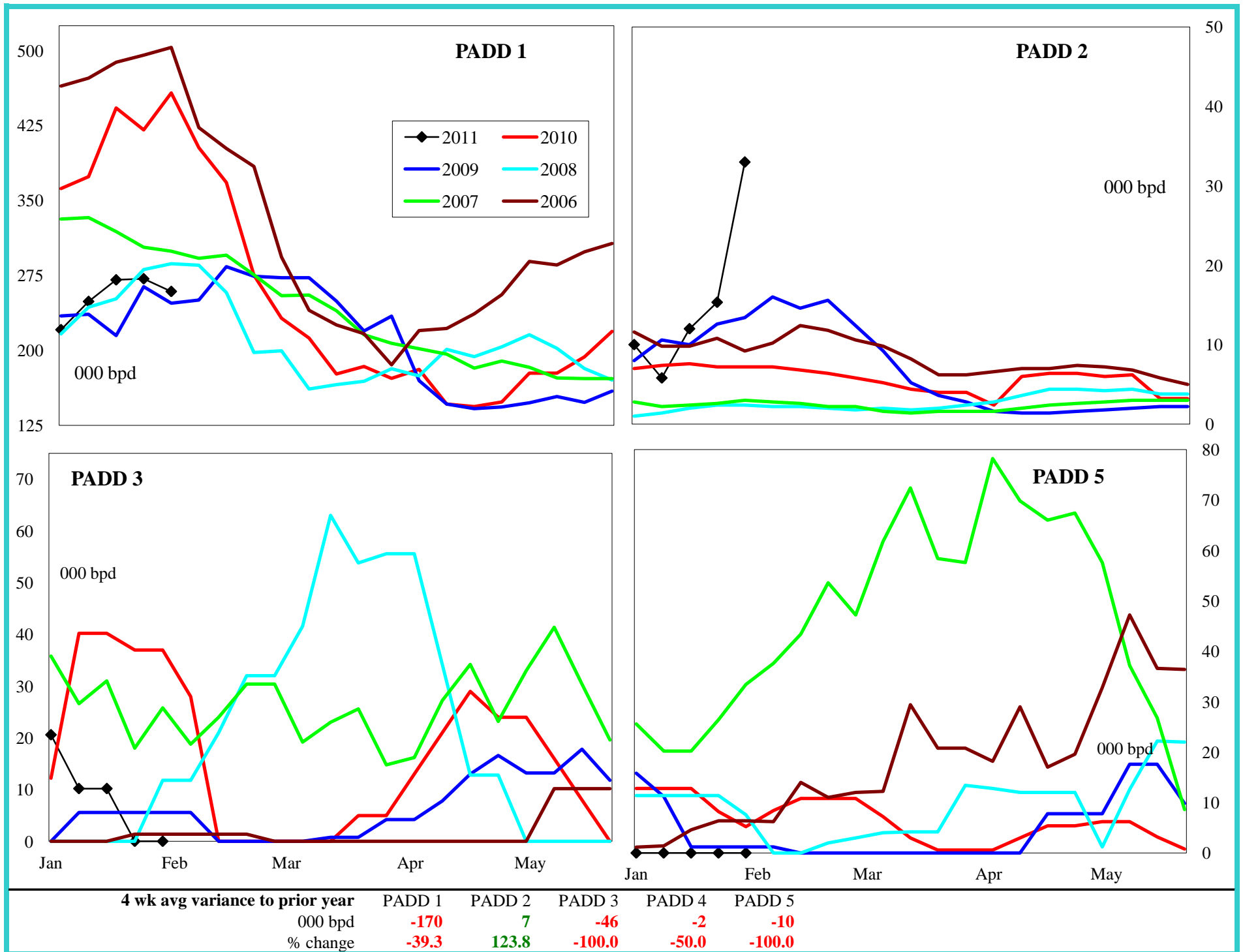
Crude Oil Imports by PADD



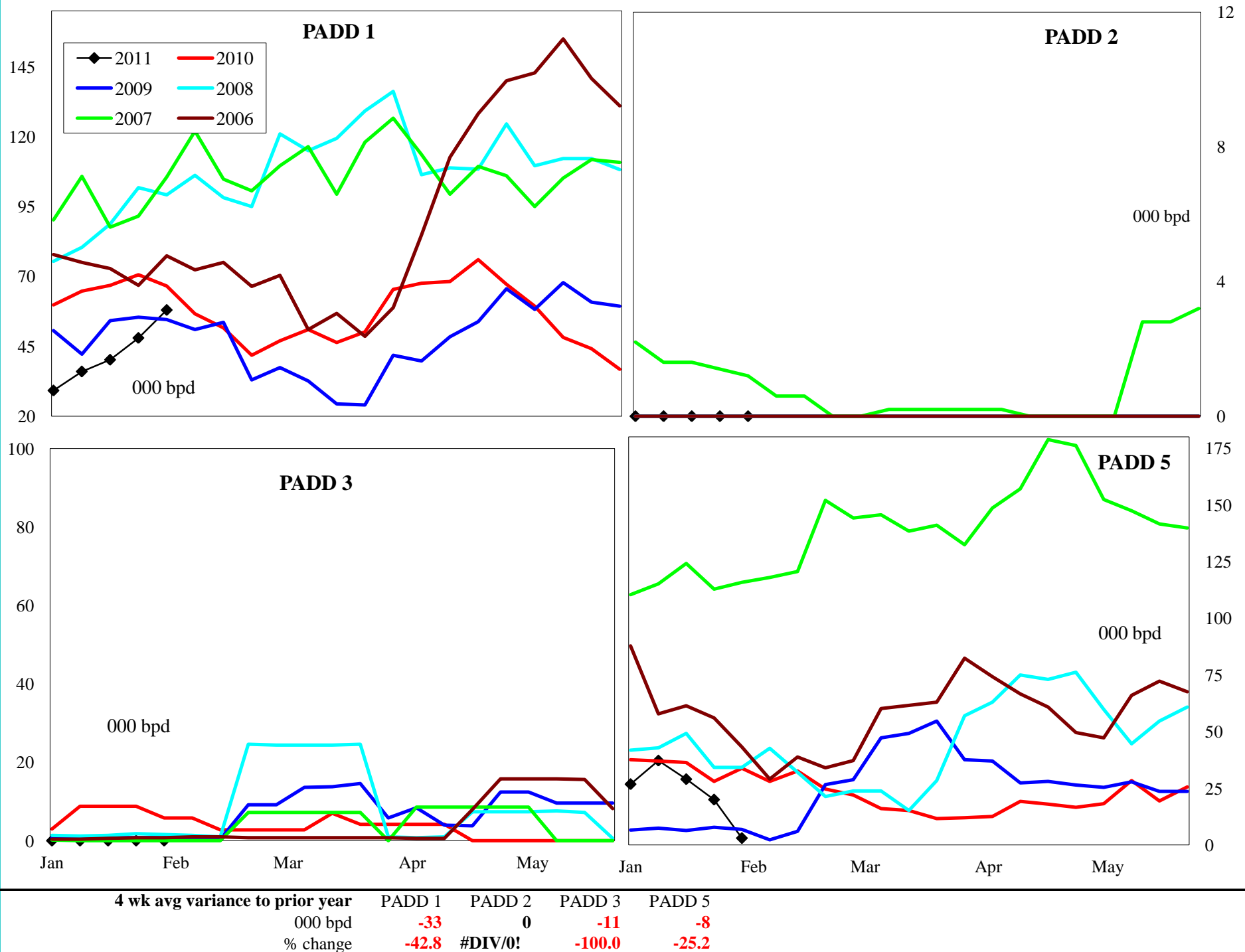
Gasoline Imports by PADD (Finished + Blend Stocks)



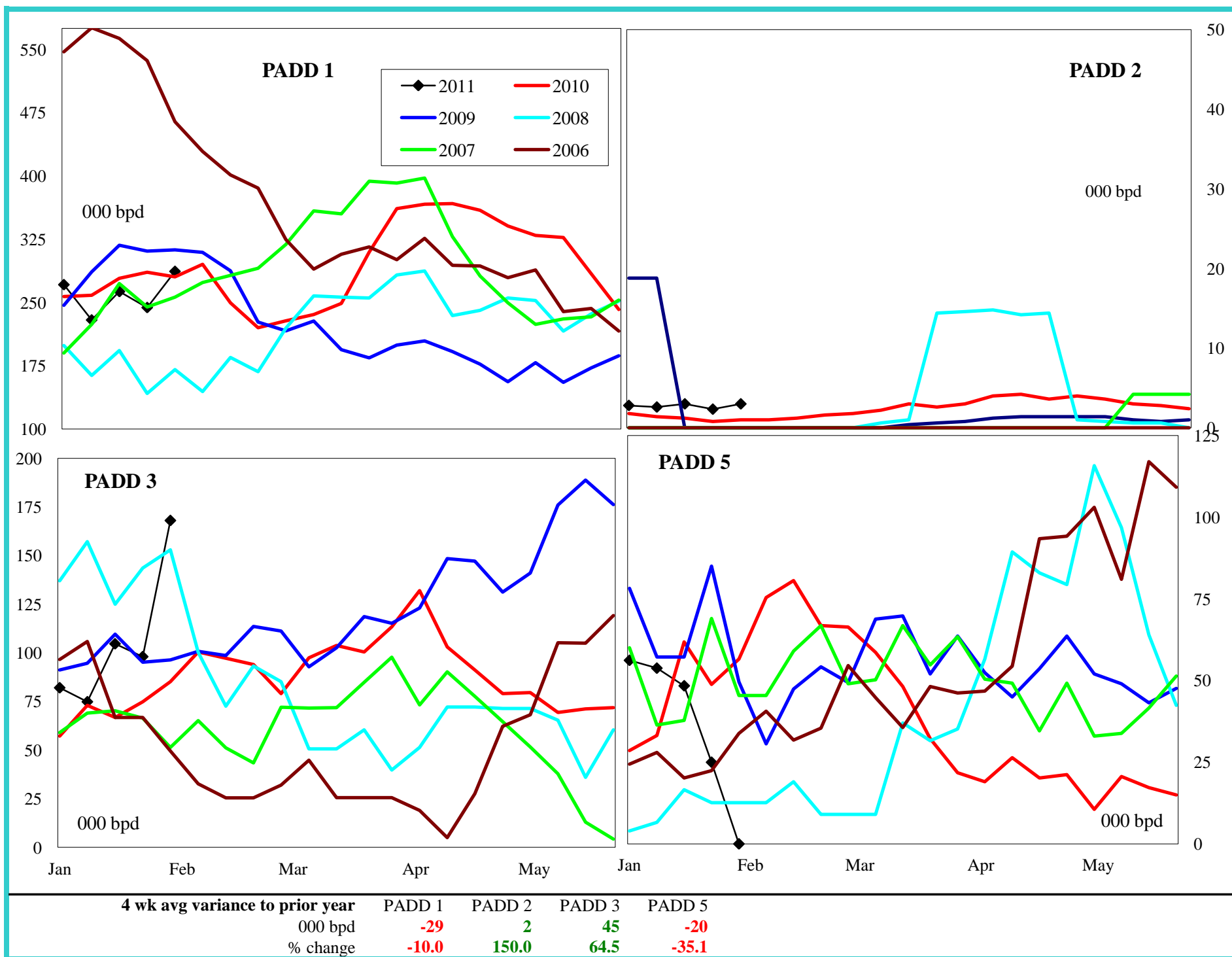
Distillate Imports by PADD



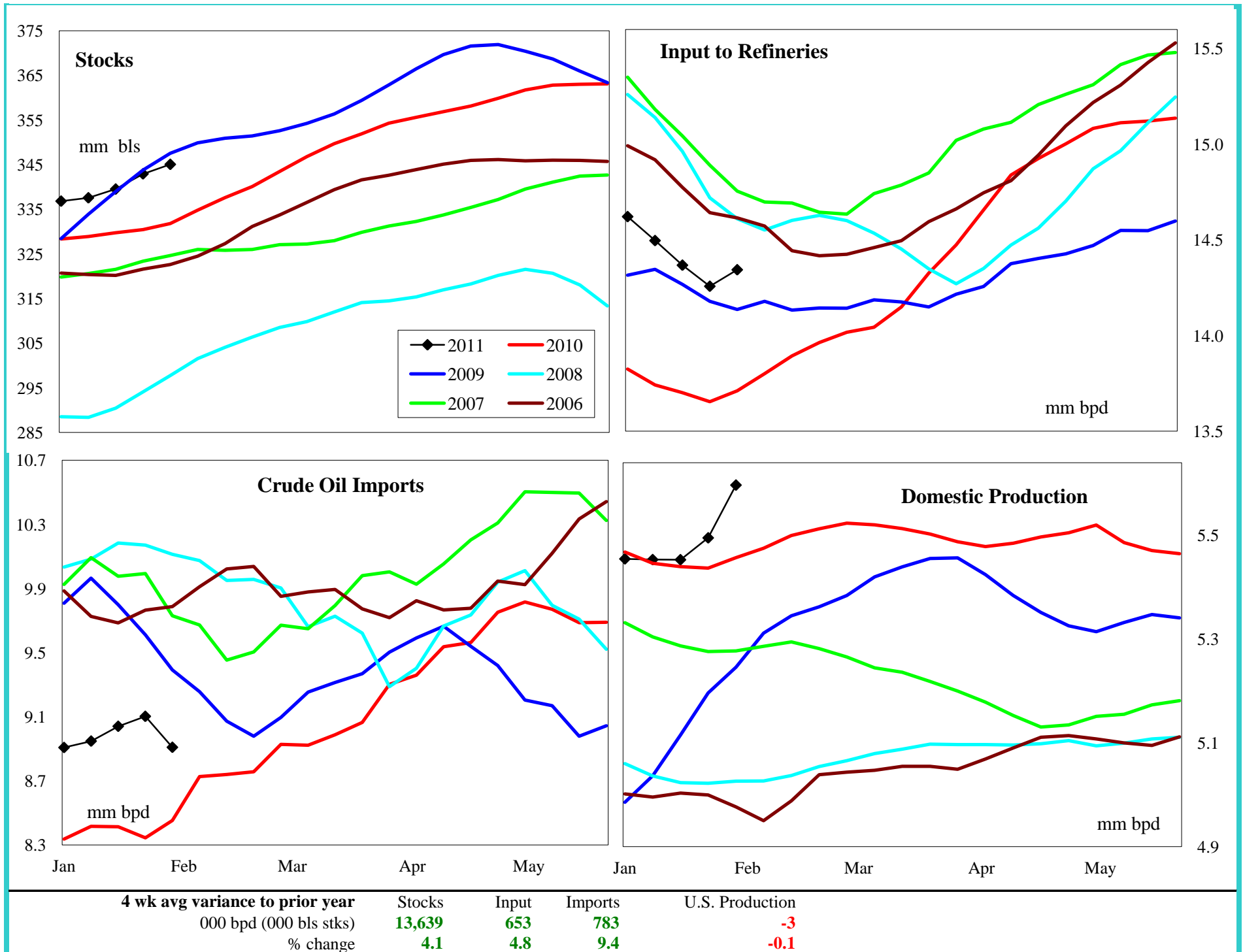
Jet Fuel Imports by PADD



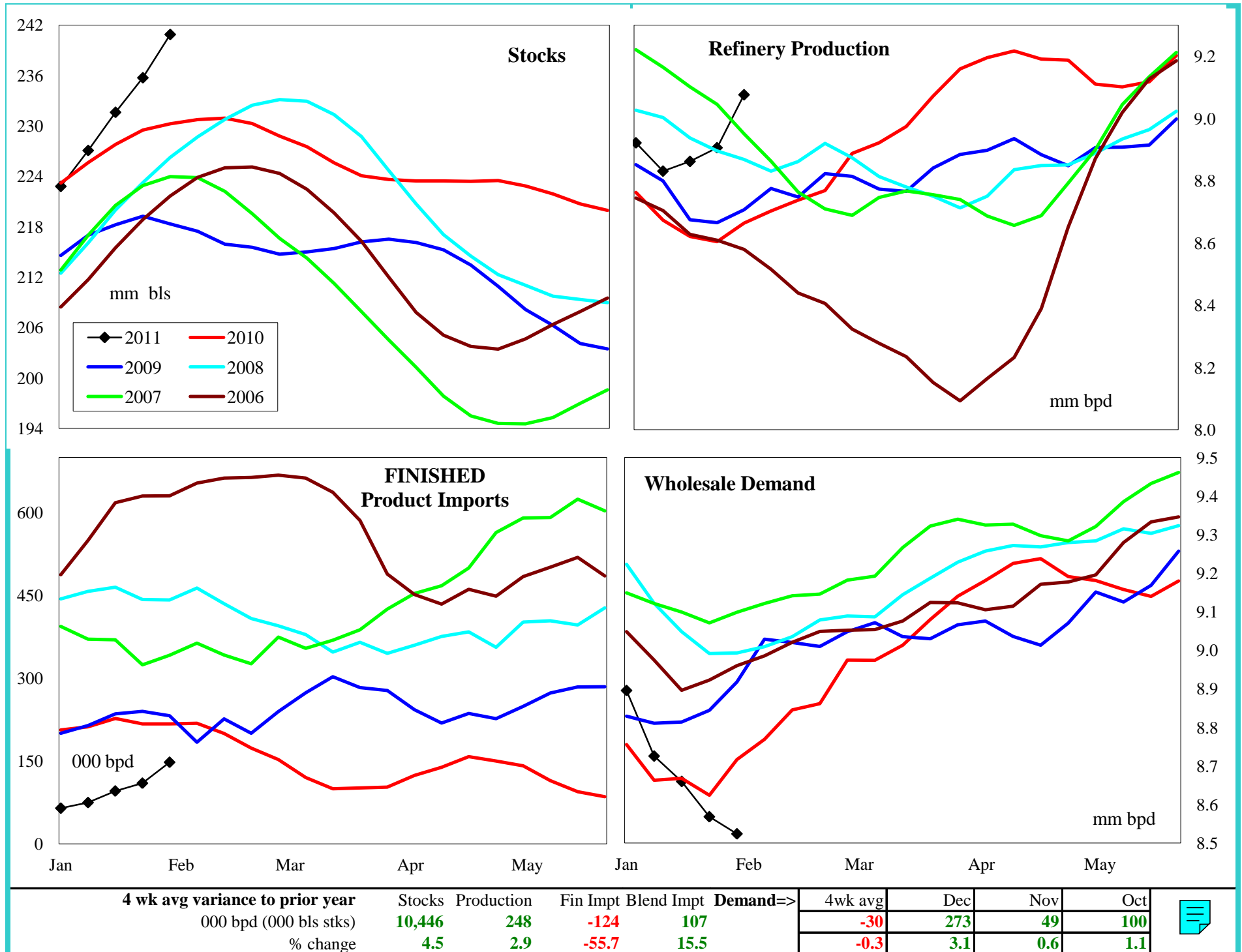
Residual Fuel Oil Imports by PADD



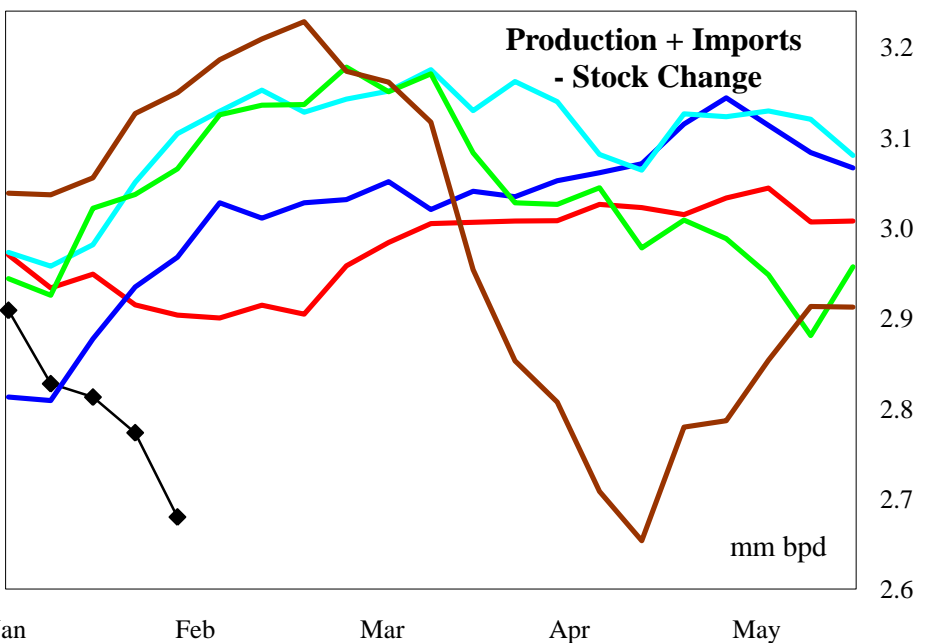
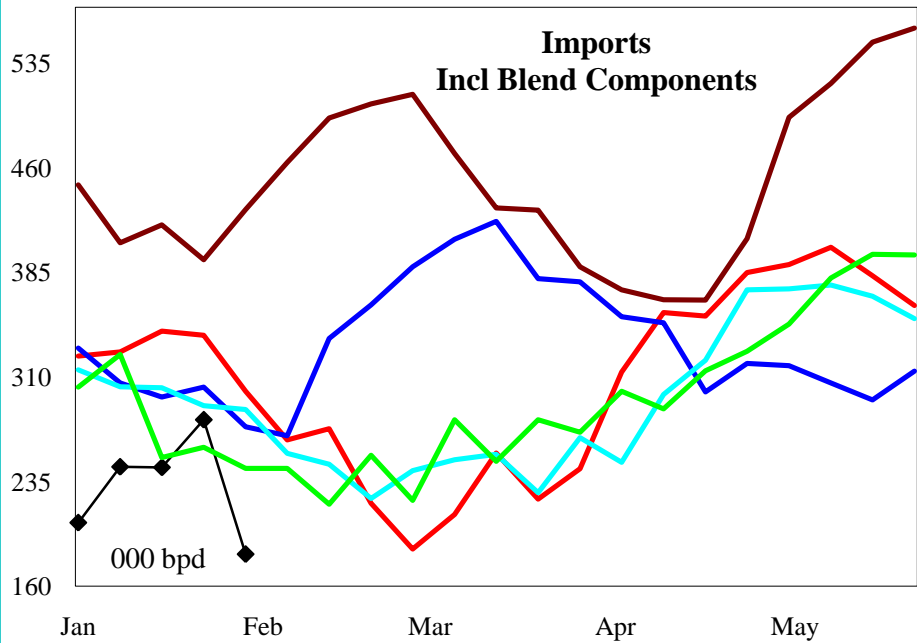
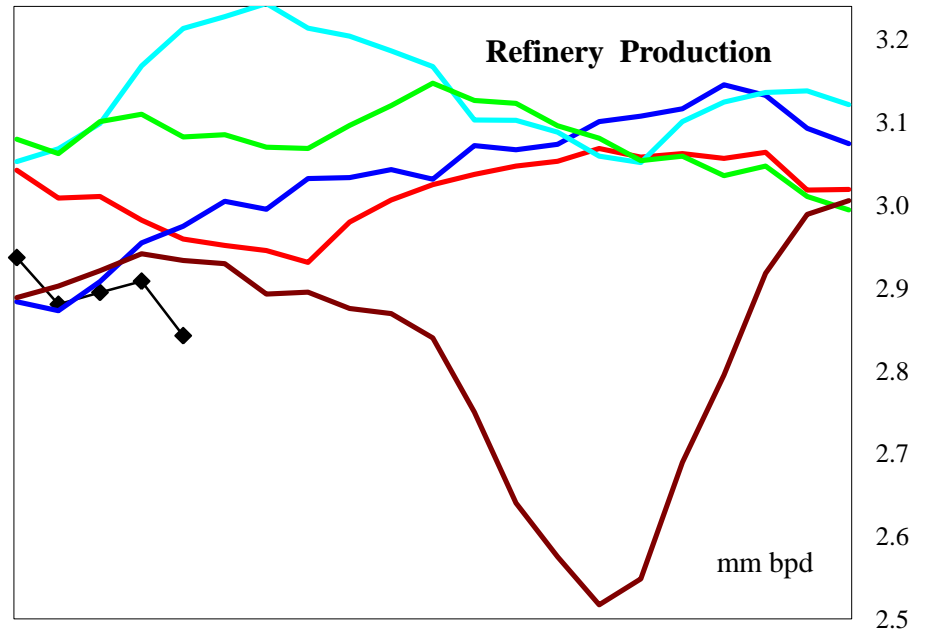
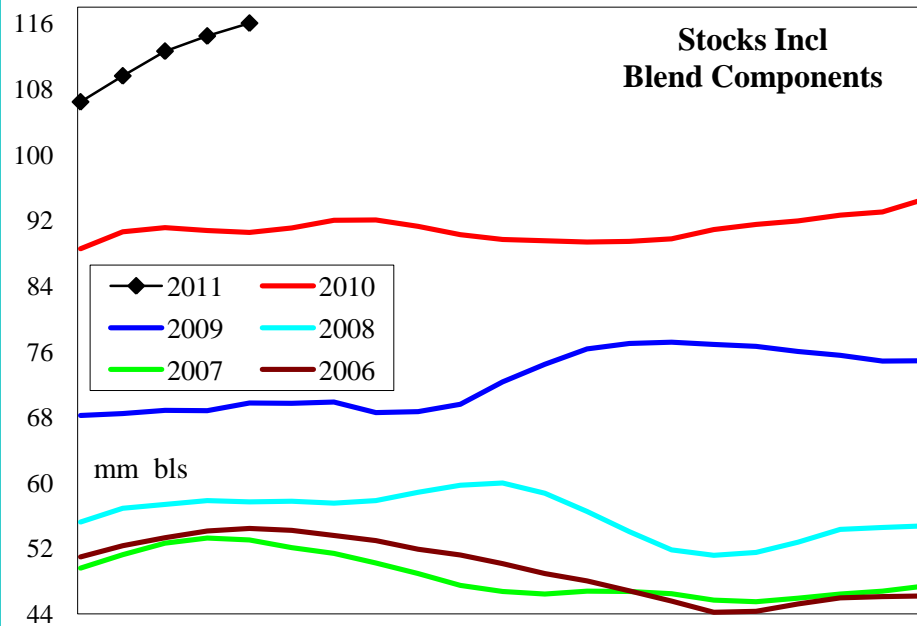
United States Crude Oil Supply and Demand Balance



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

25,537

-114

-89

-152

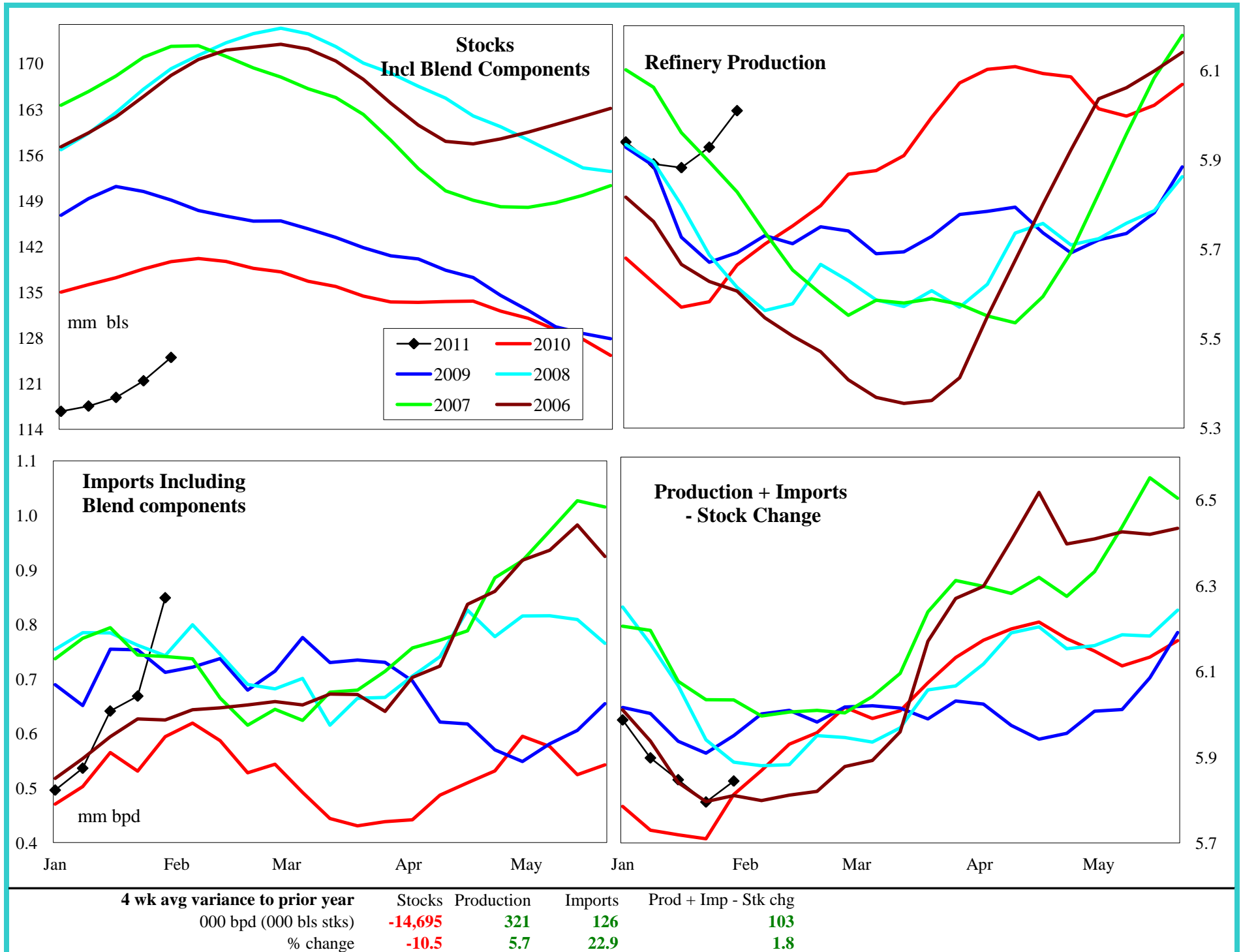
28.2

-3.7

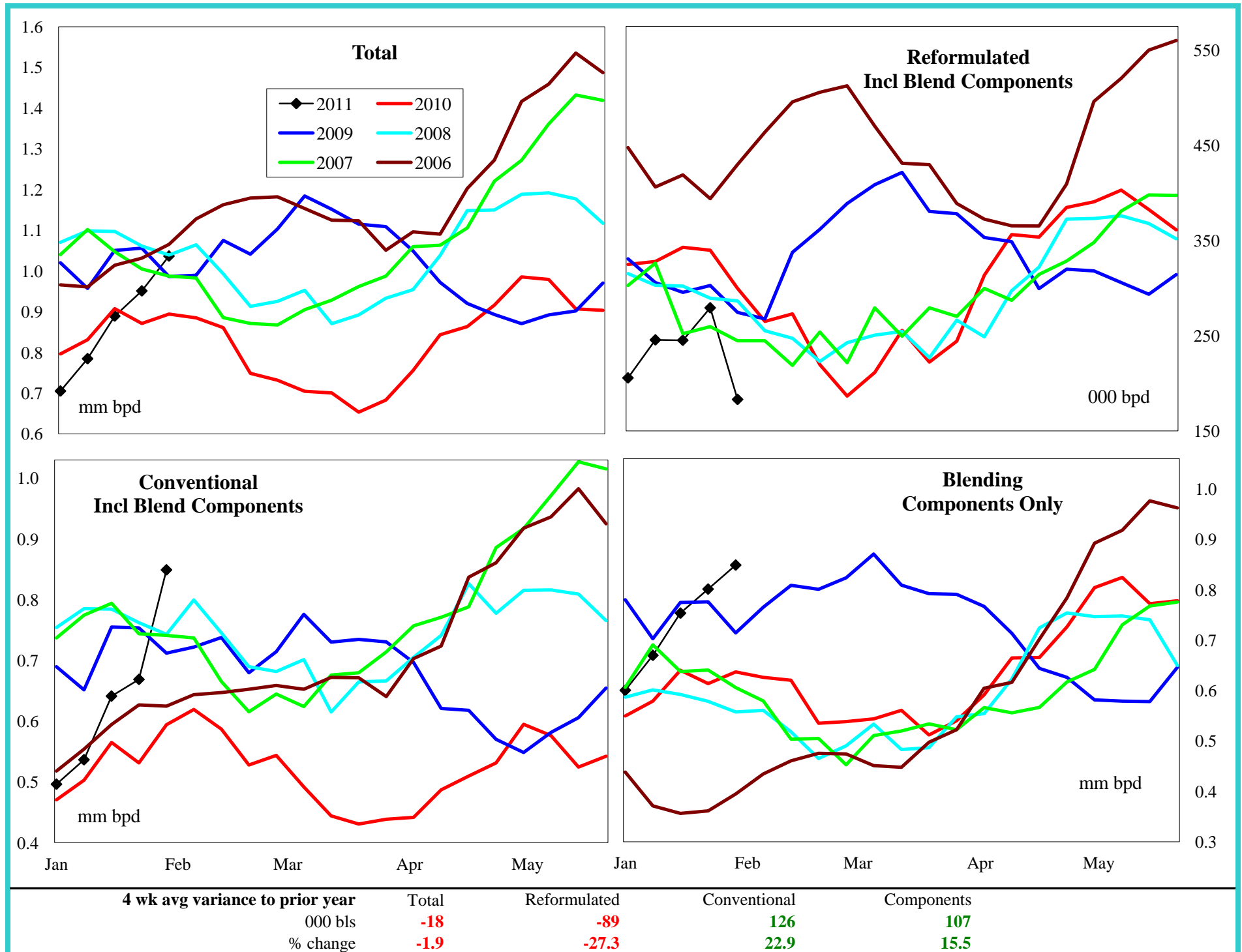
-27.3

-5.2

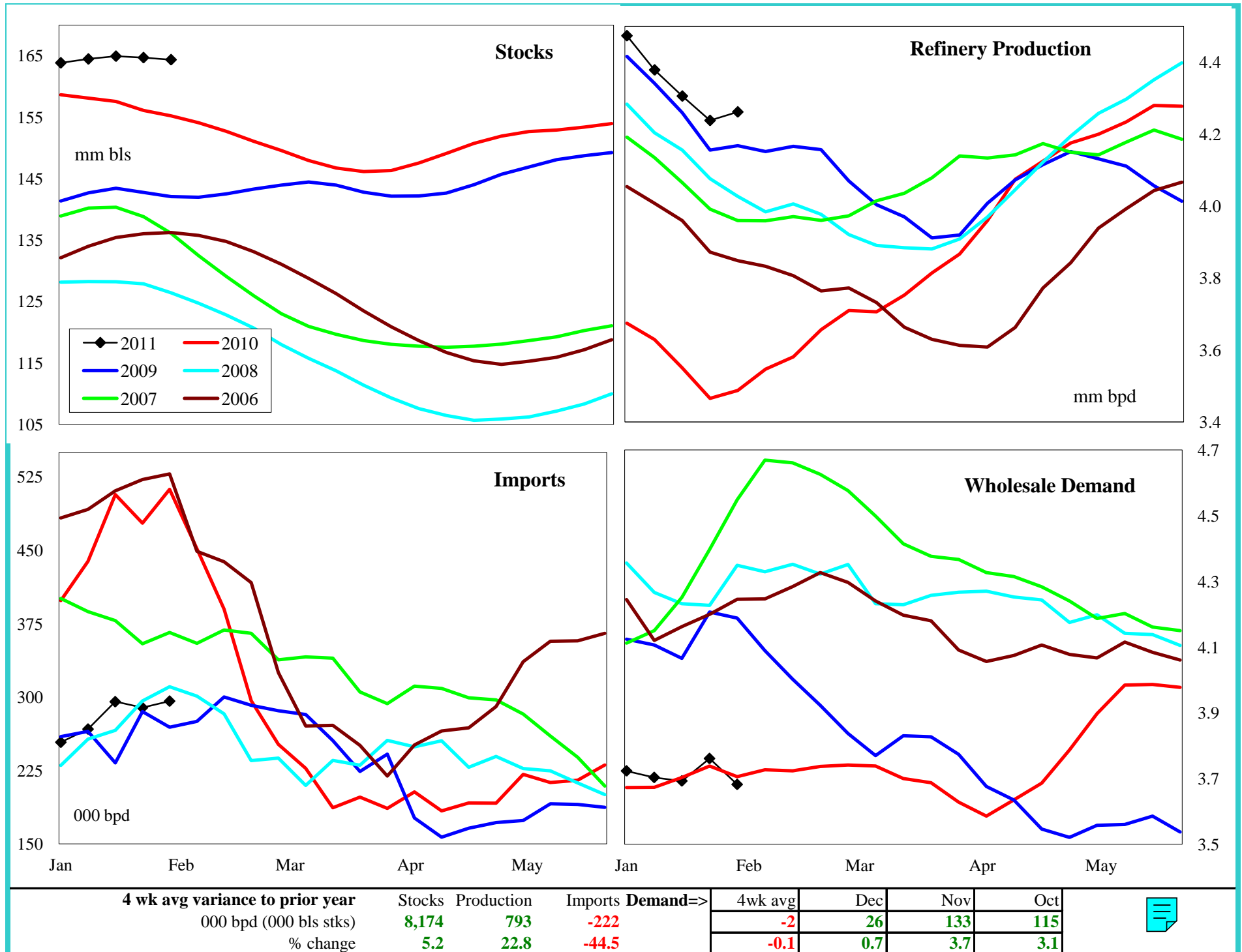
United States Conventional Gasoline Supply



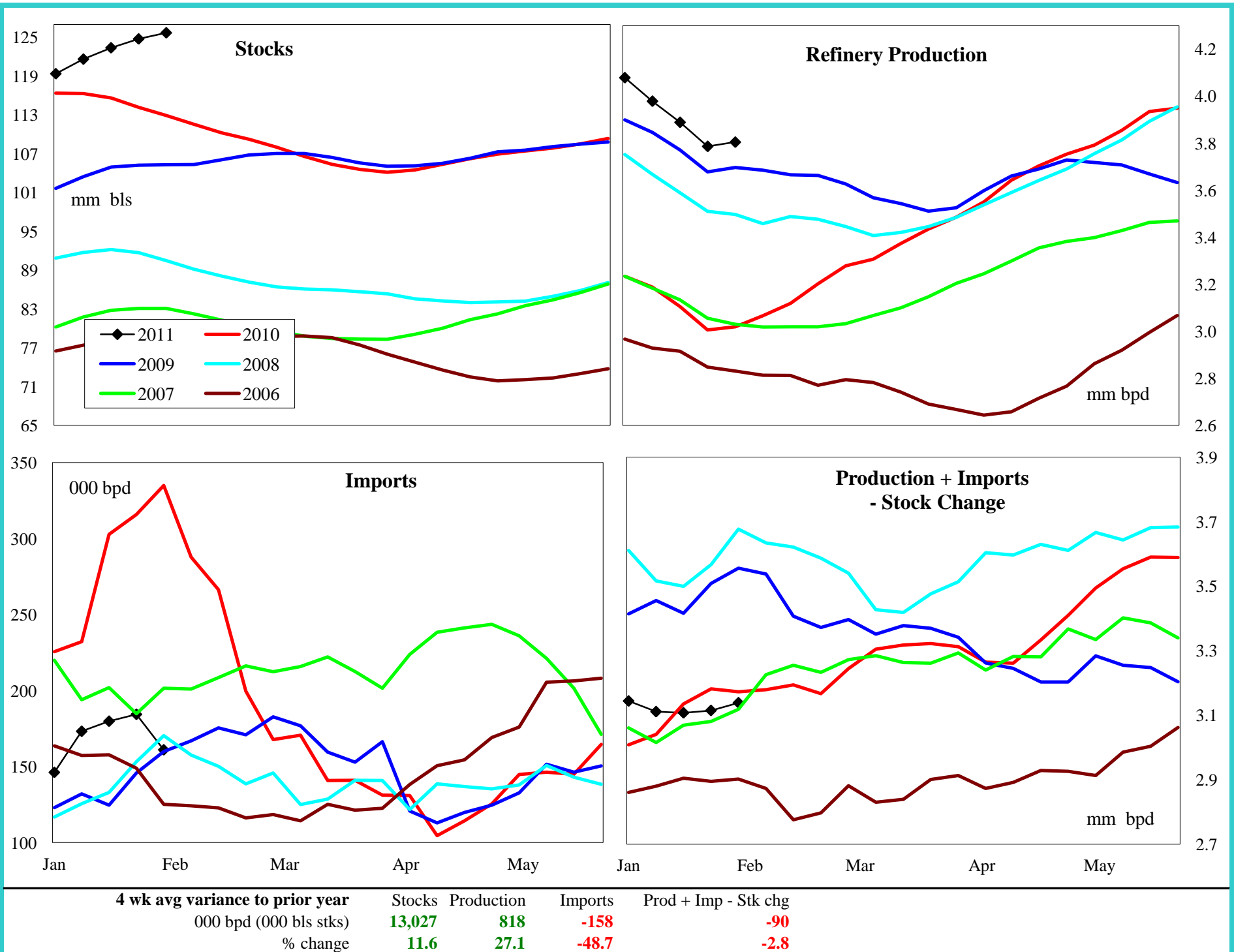
United States Gasoline Imports by Type



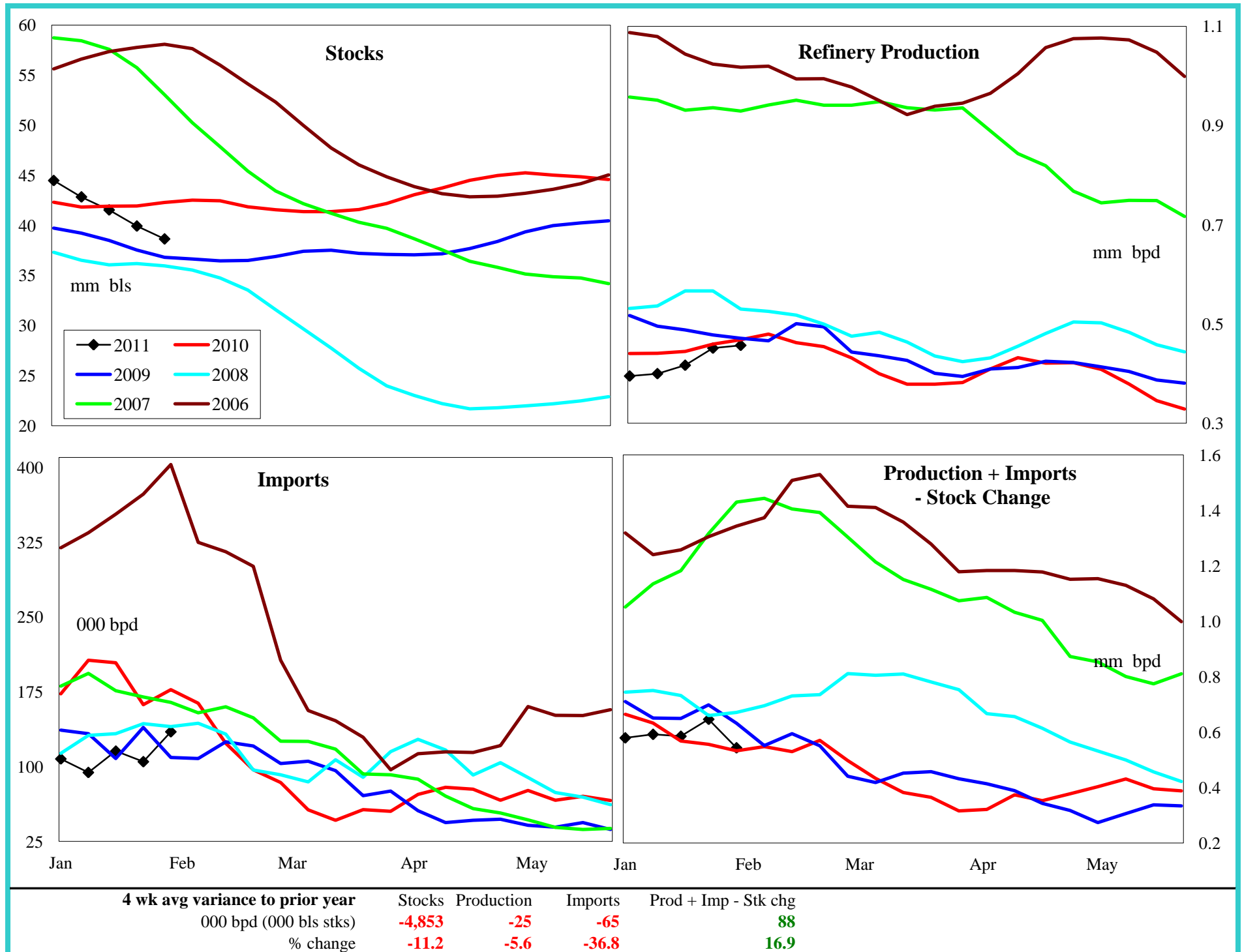
United States Distillate Supply and Demand Balance



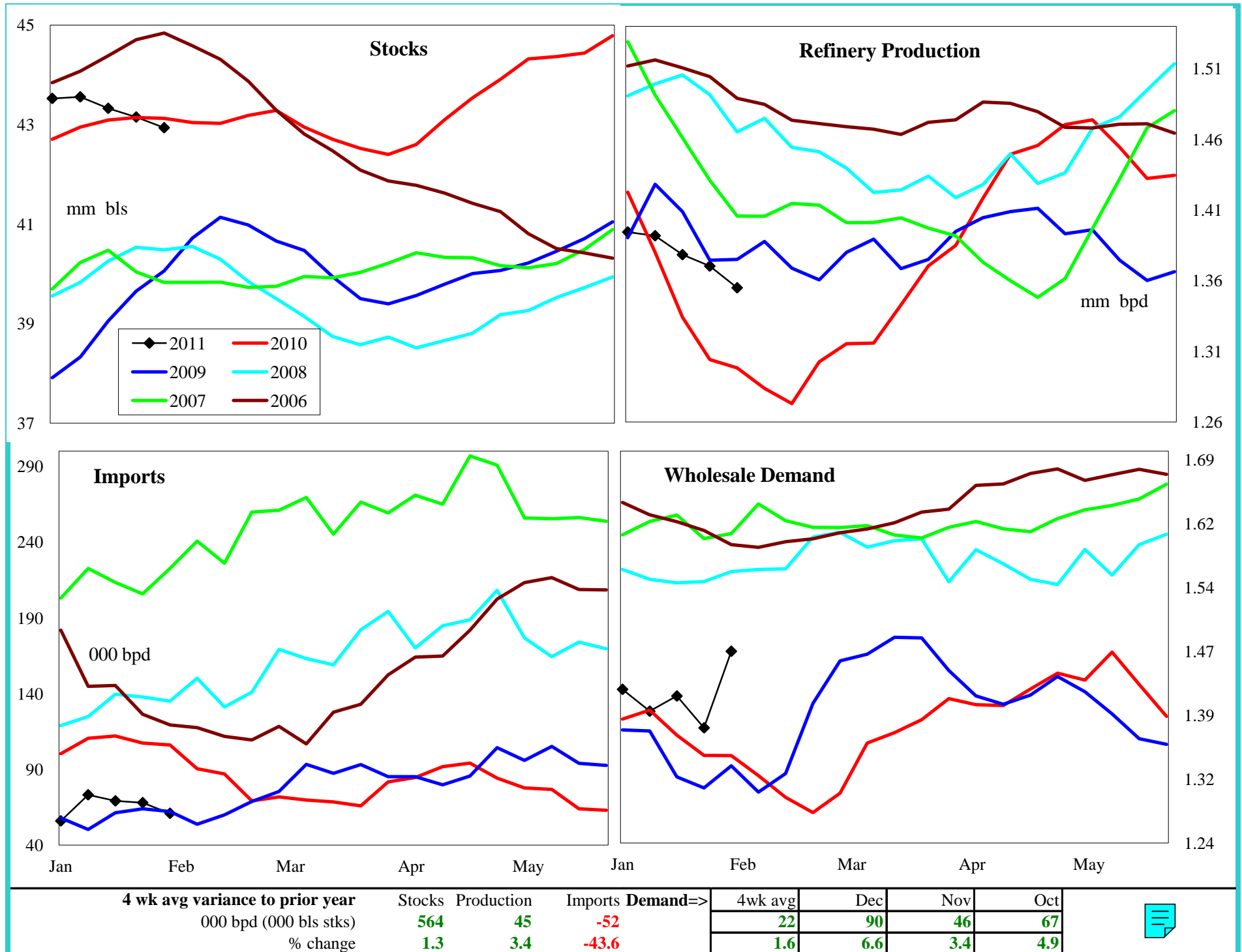
United States Low Sulfur Distillate Supply



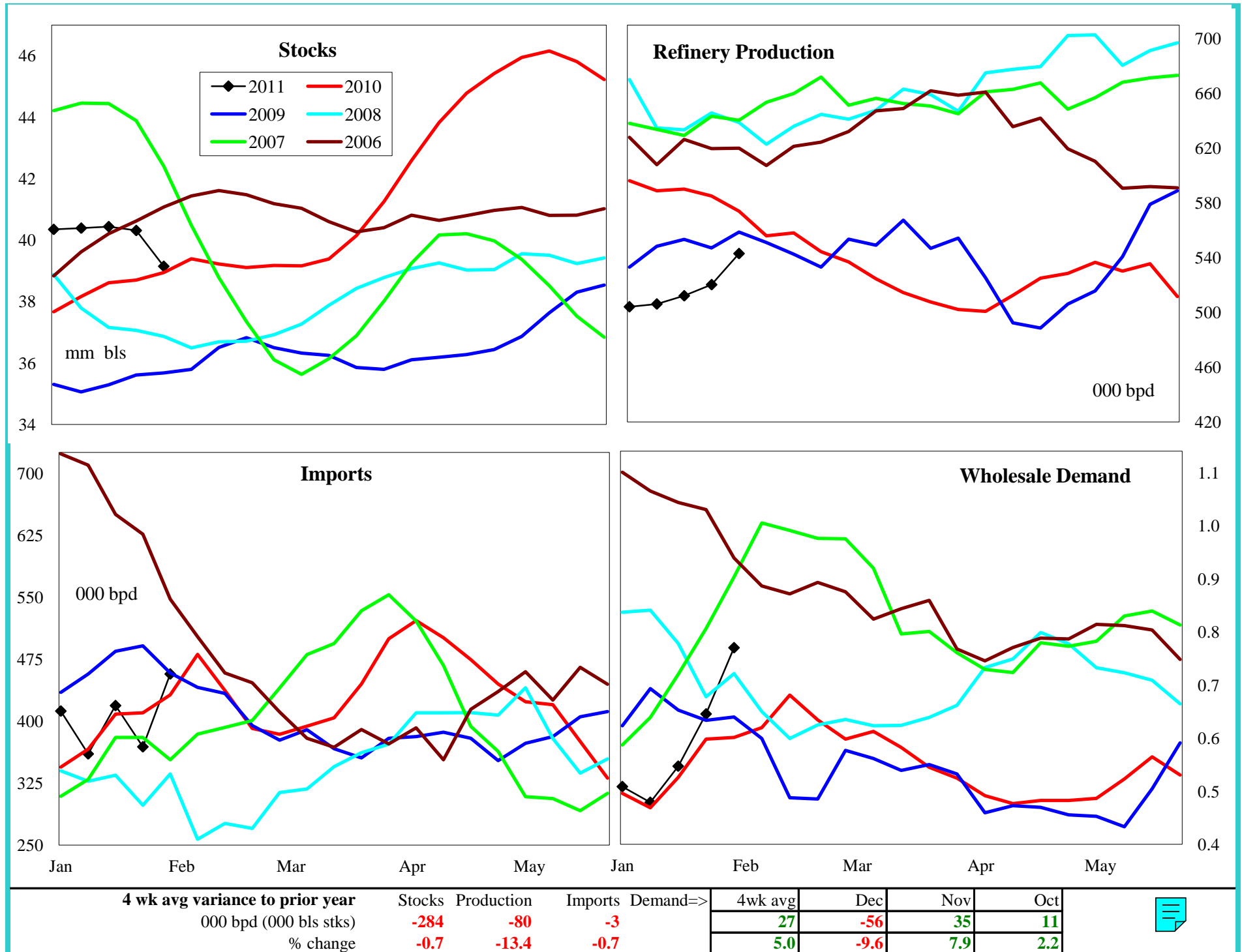
United States High Sulfur Distillate Supply



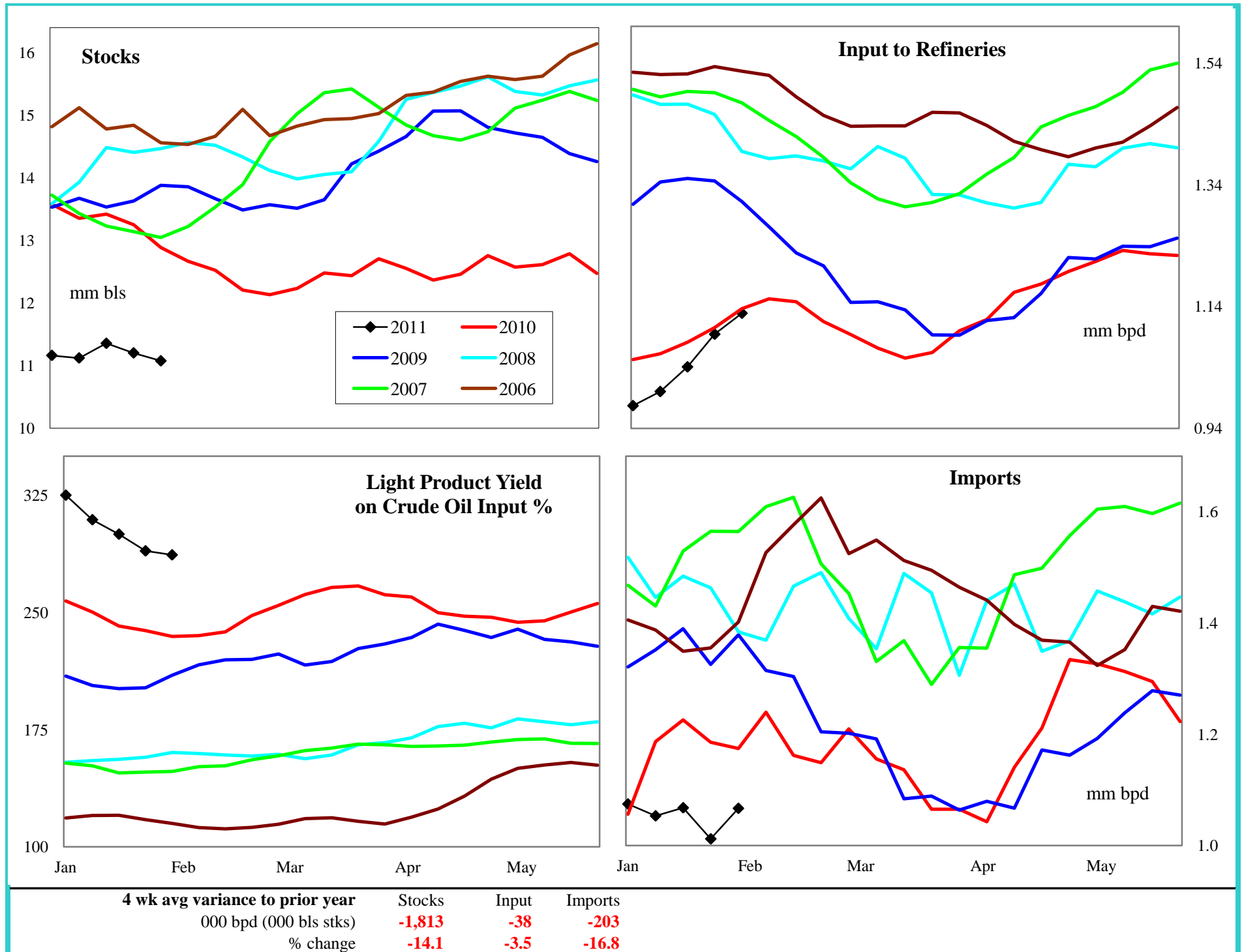
United States Jet Fuel Supply and Demand Balance



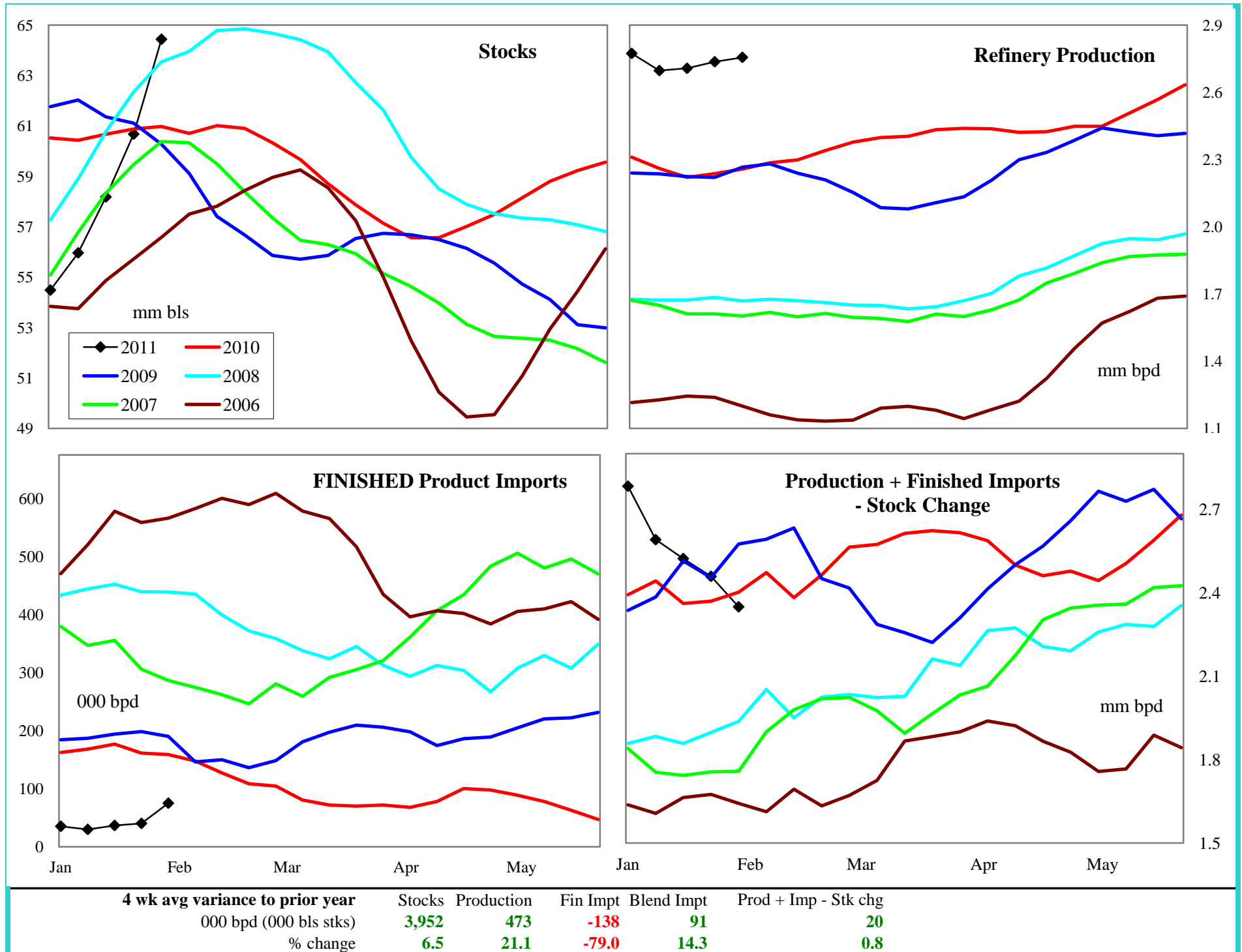
United States Residual Fuel Oil Supply and Demand Balance



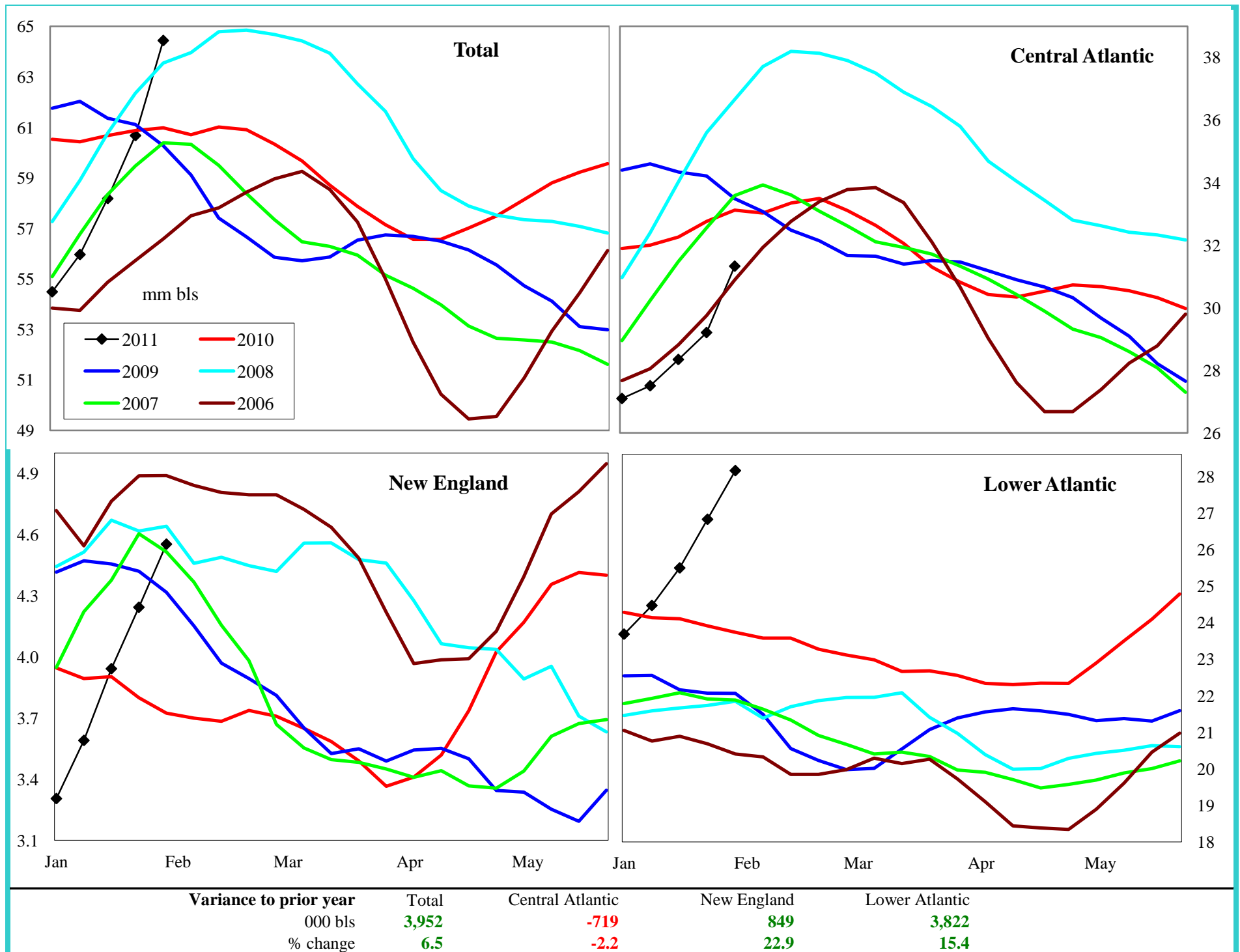
PADD 1 Crude Oil Supply and Refining



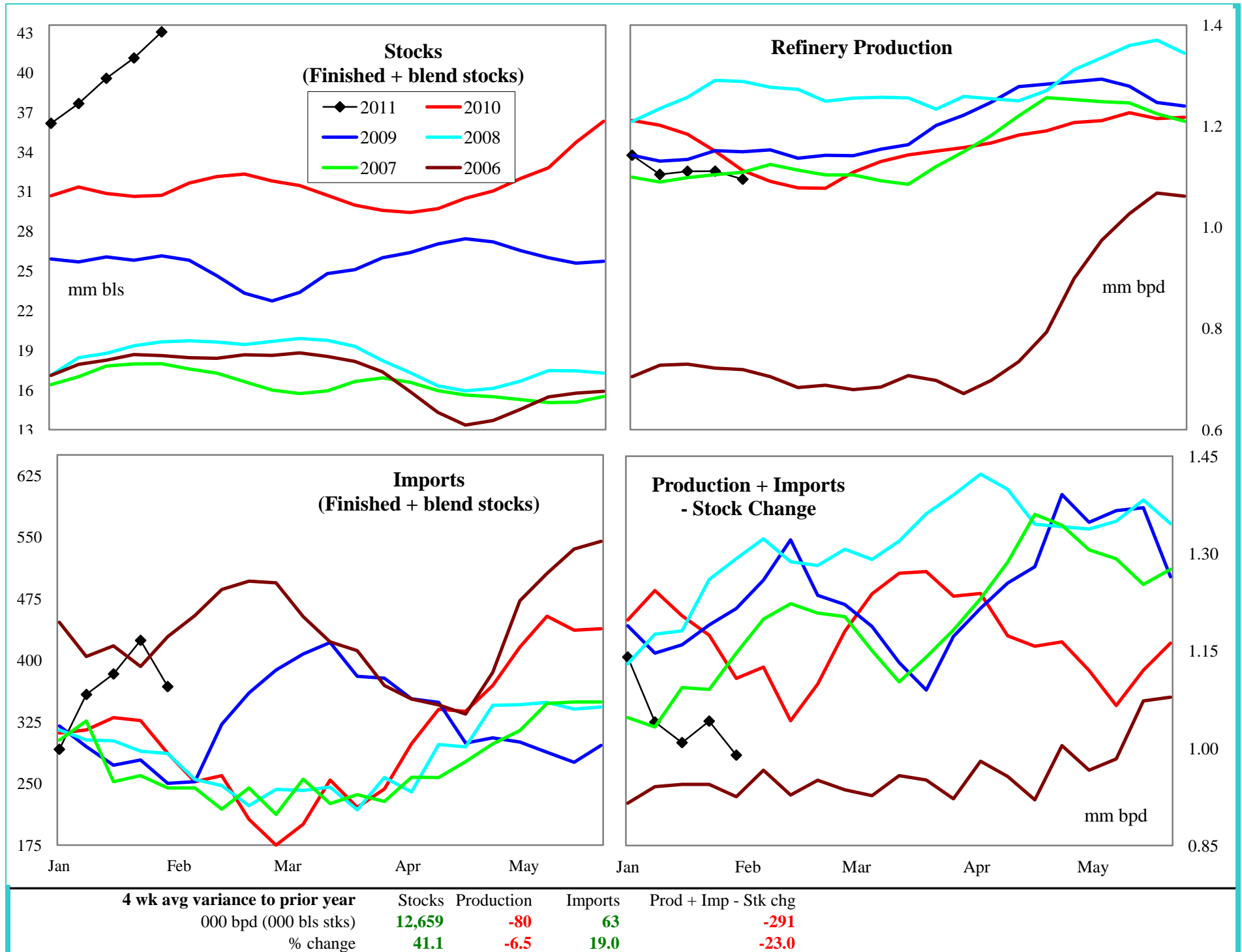
PADD 1 Gasoline Supply



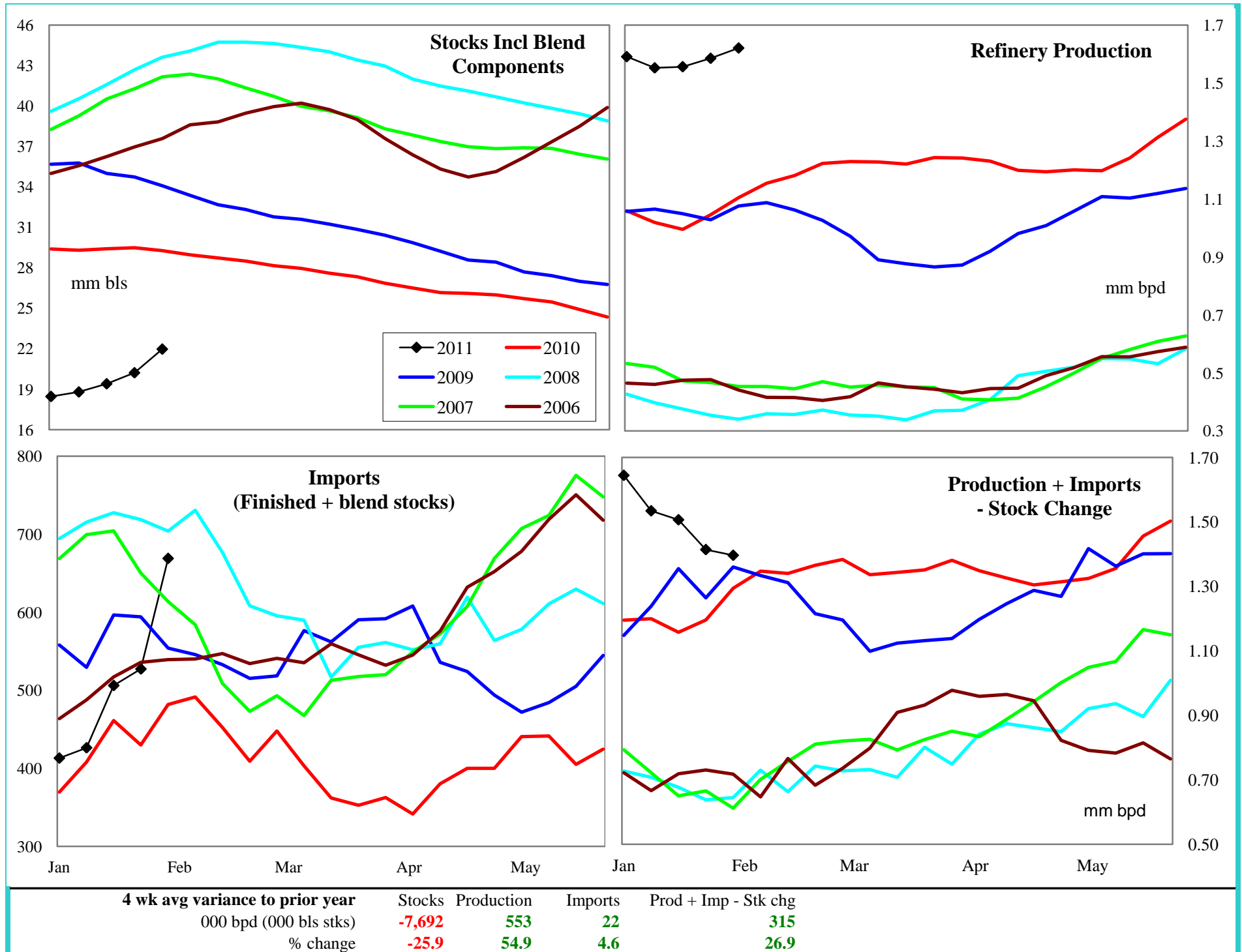
PADD 1 Gasoline Stocks by Region



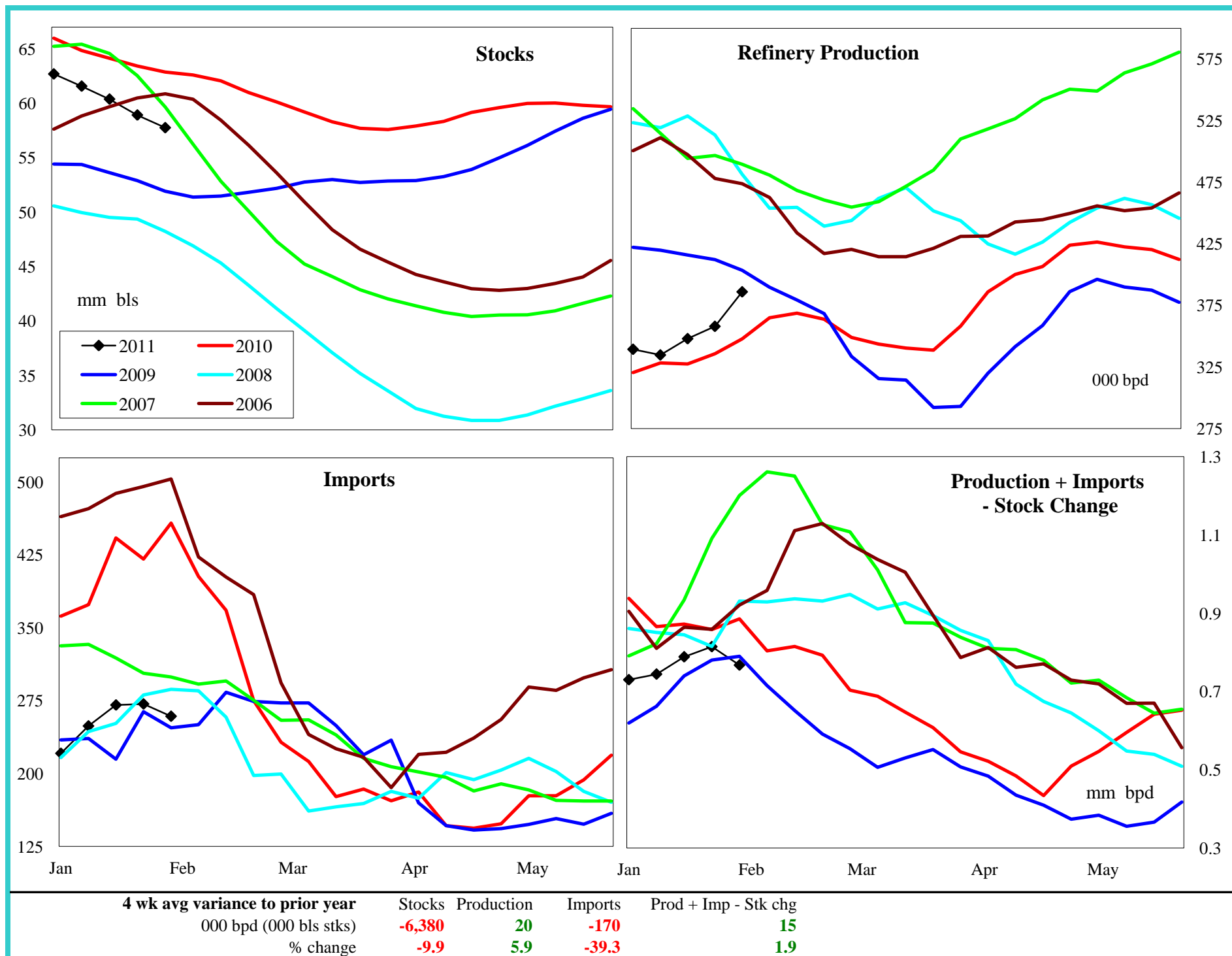
PADD 1 Reformulated Gasoline Supply



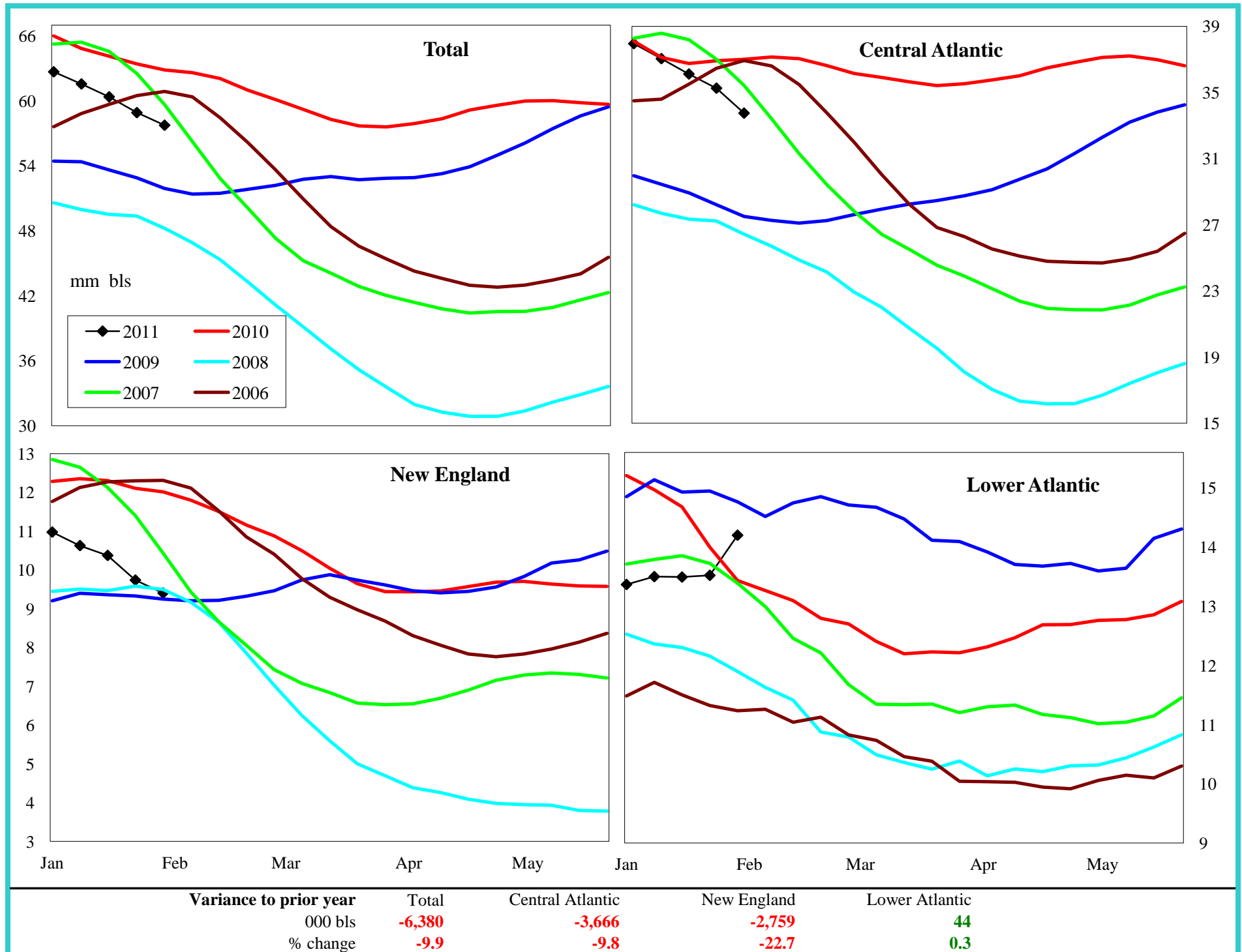
PADD 1 Conventional Gasoline Supply



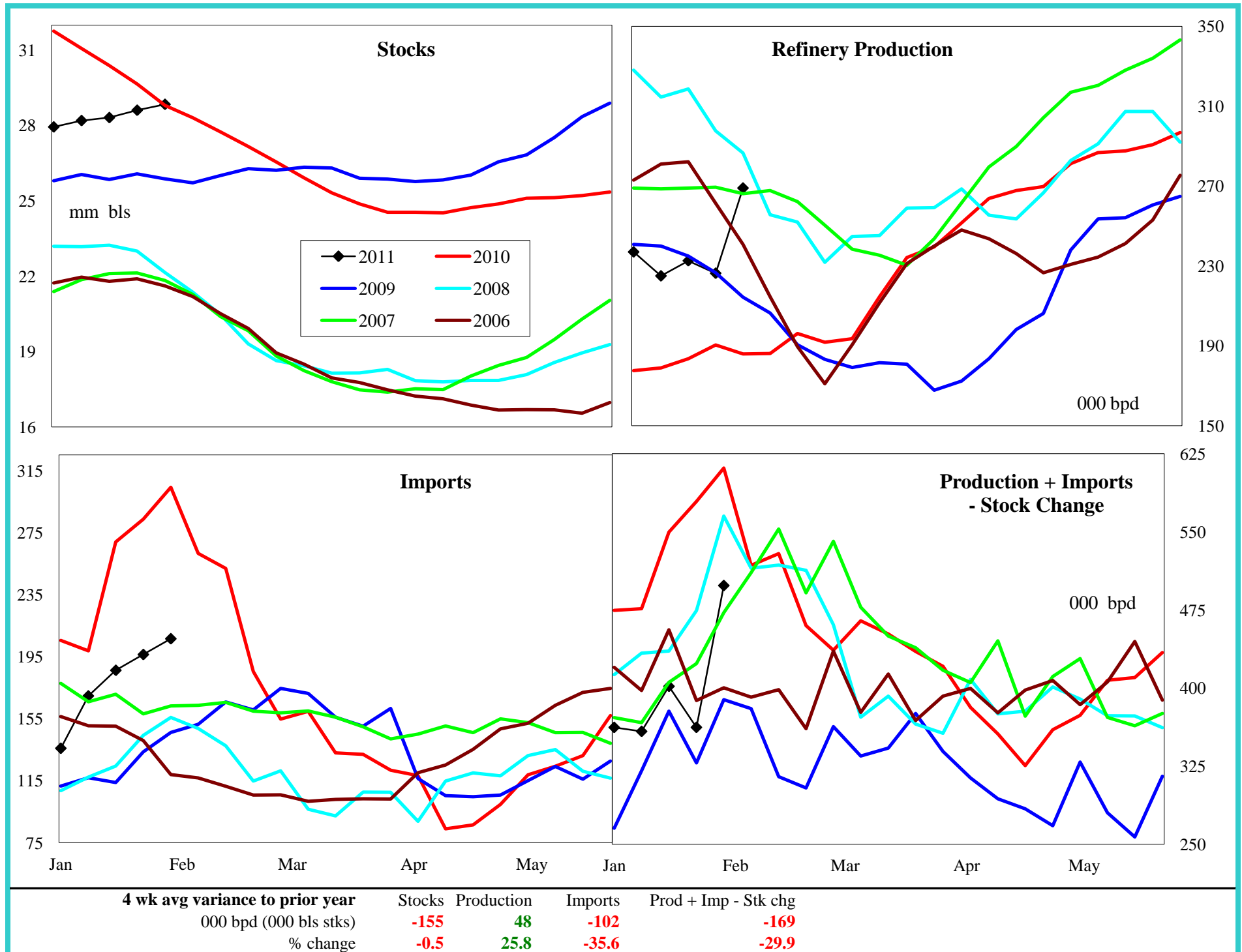
PADD 1 Distillate Supply



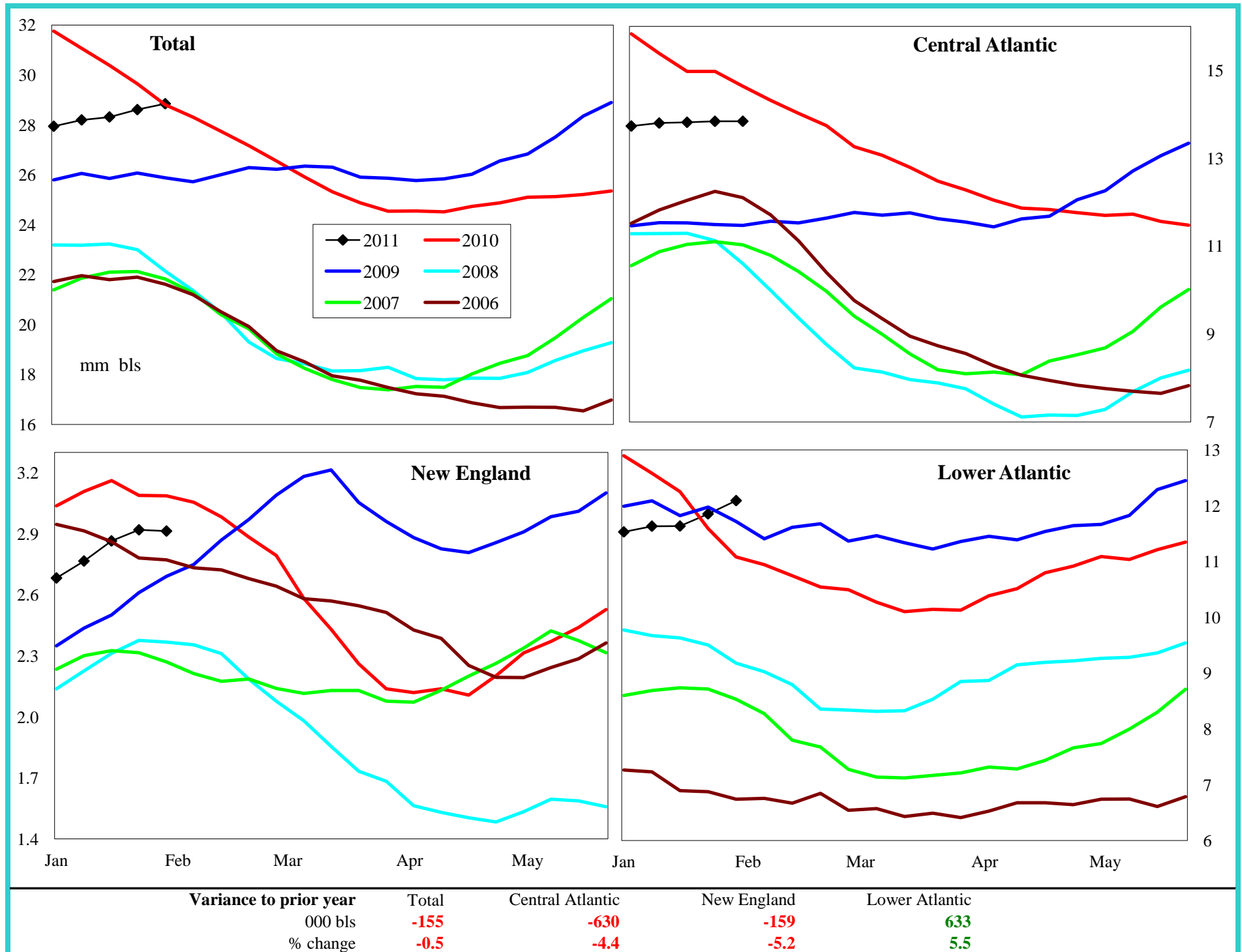
PADD 1 Distillate Stocks by Region



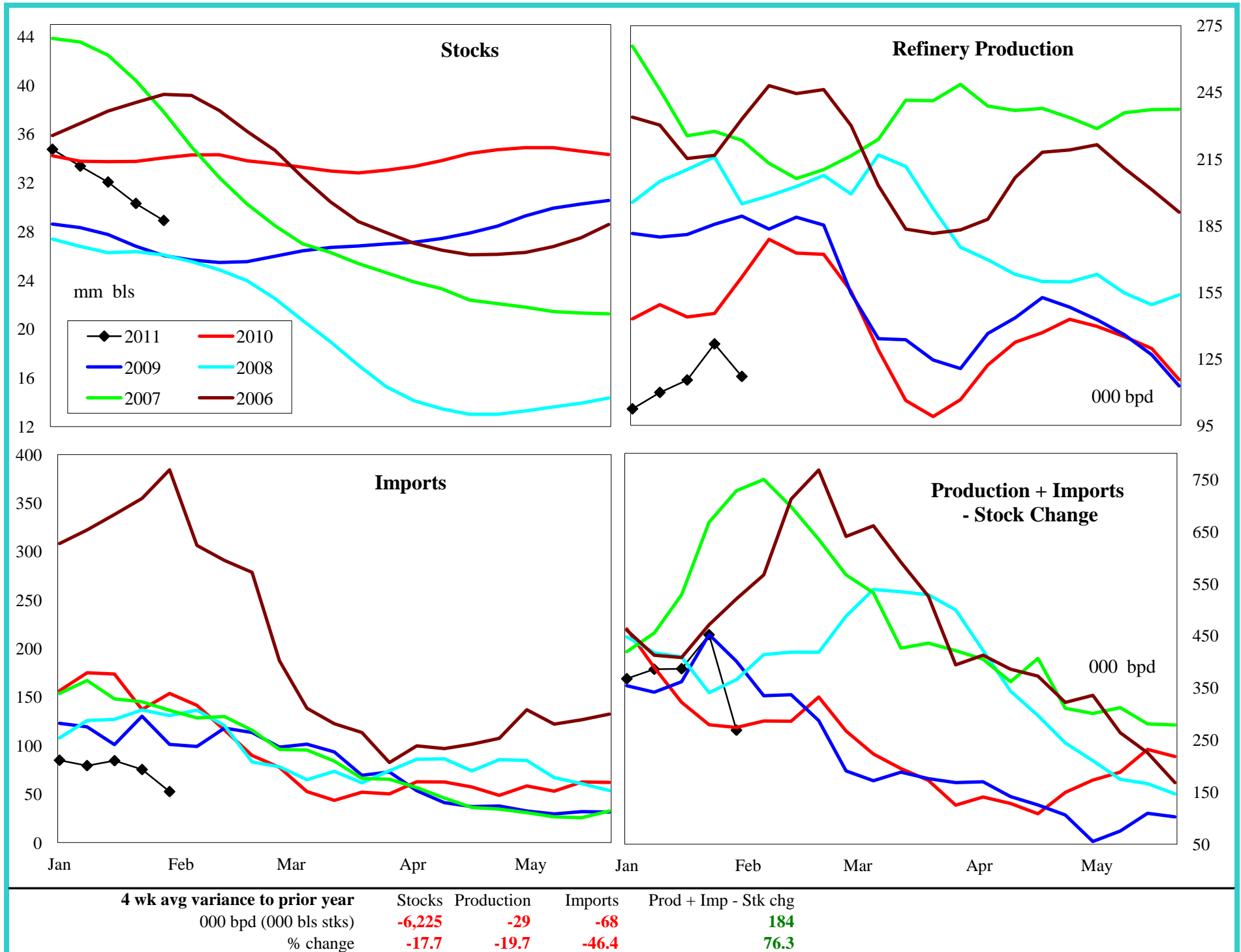
PADD 1 Low Sulfur Distillate Supply



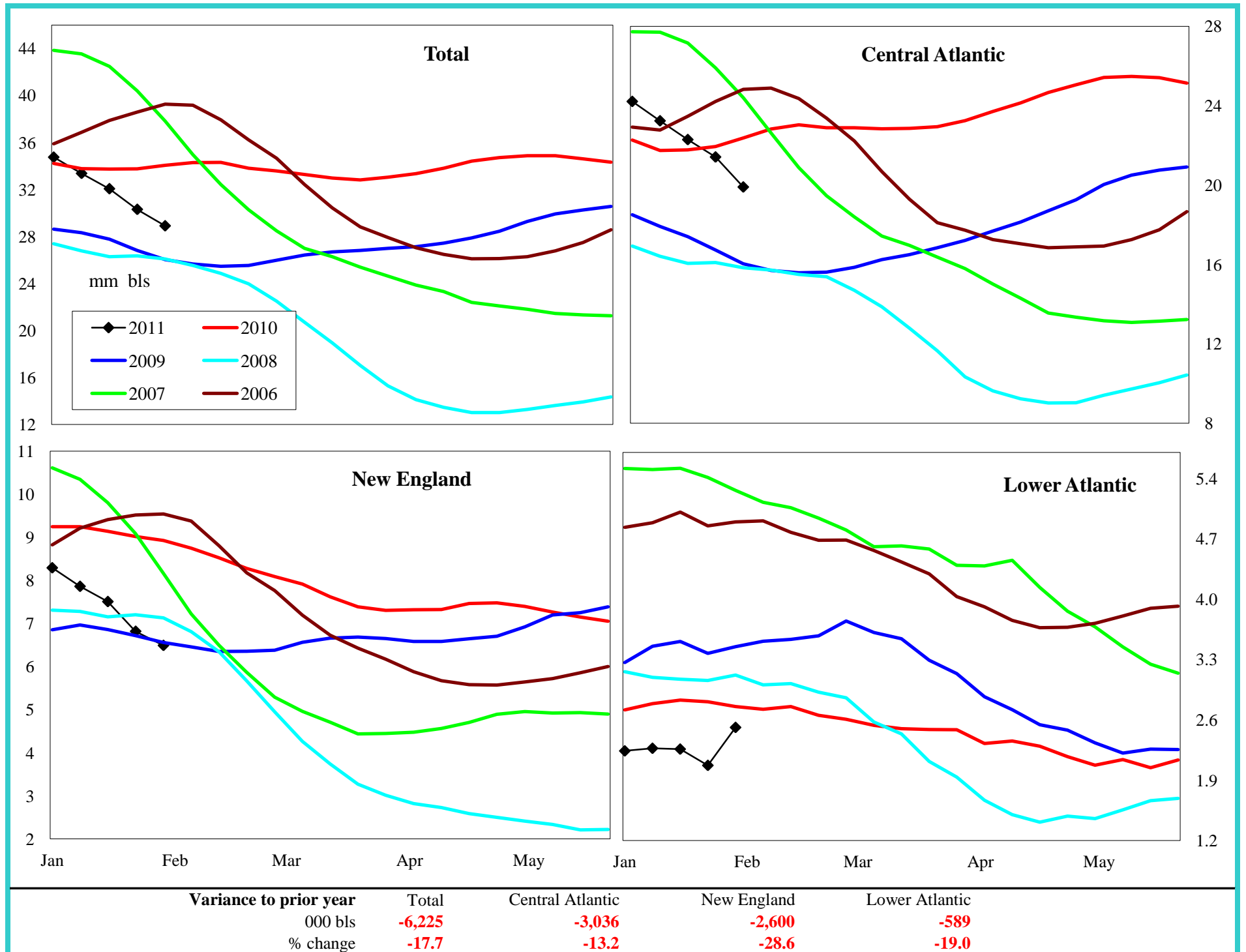
PADD 1 Low Sulfur Distillate Stocks by Region



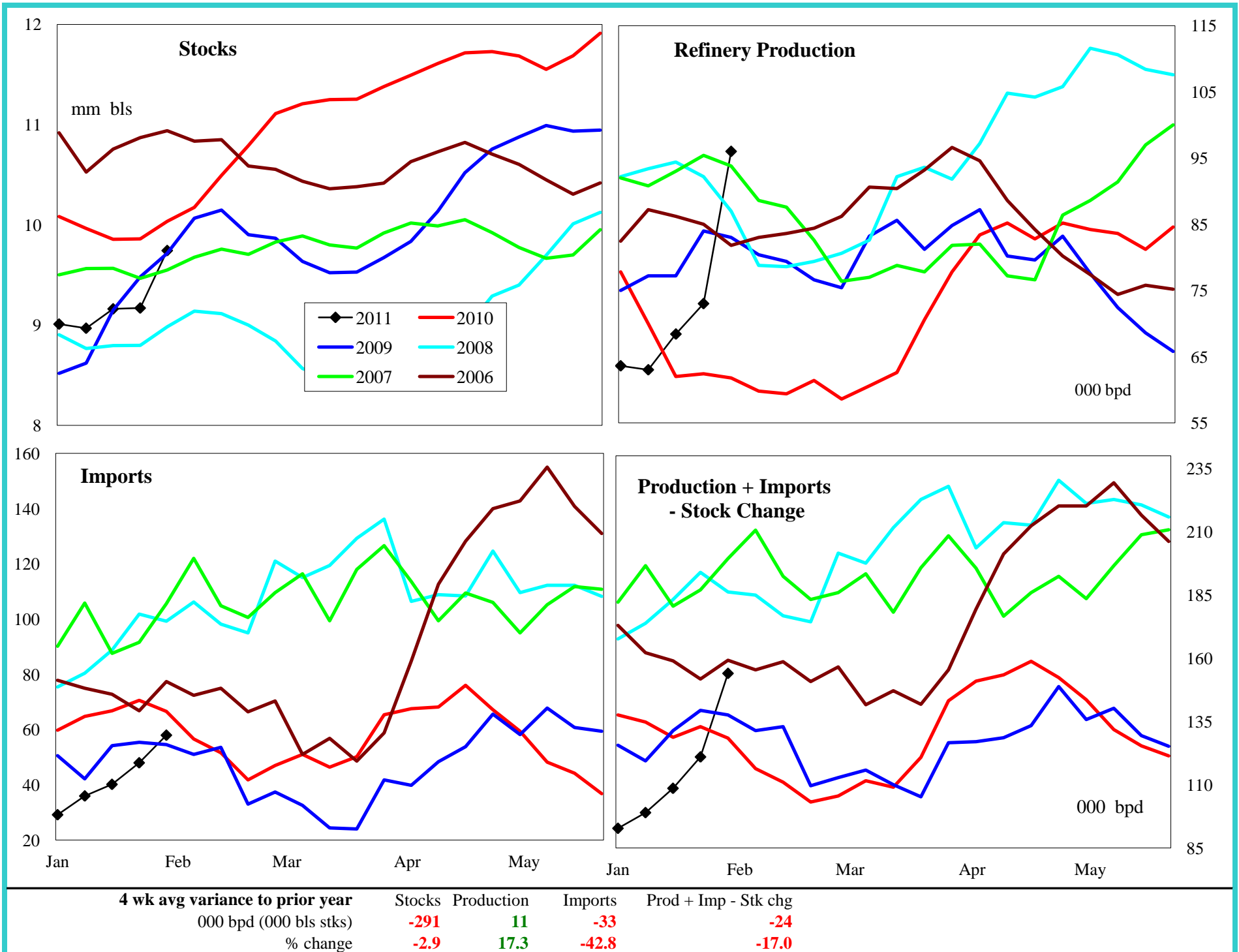
PADD 1 High Sulfur Distillate Supply



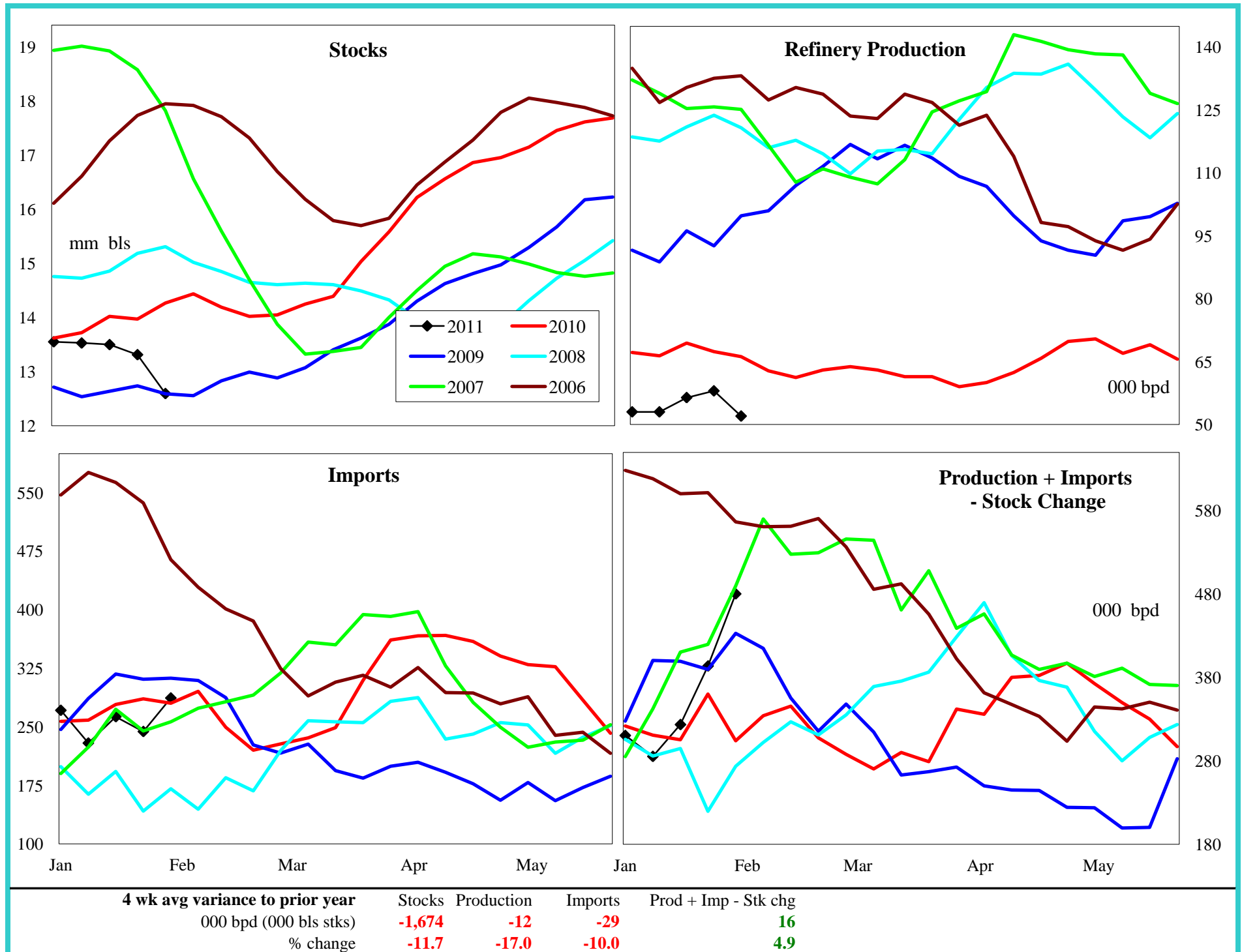
PADD 1 High Sulfur Distillate Stocks by Region



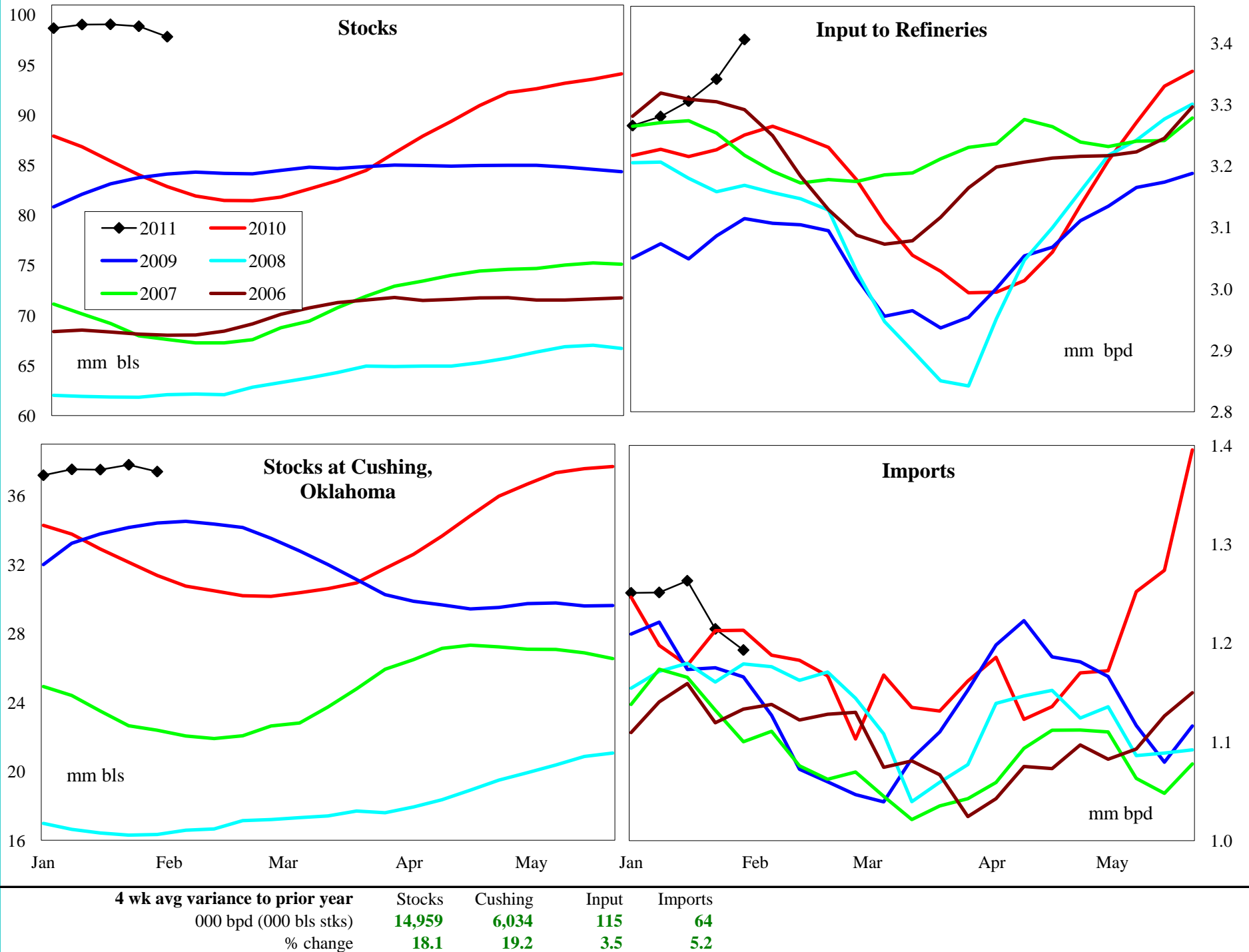
PADD 1 Jet Fuel Supply



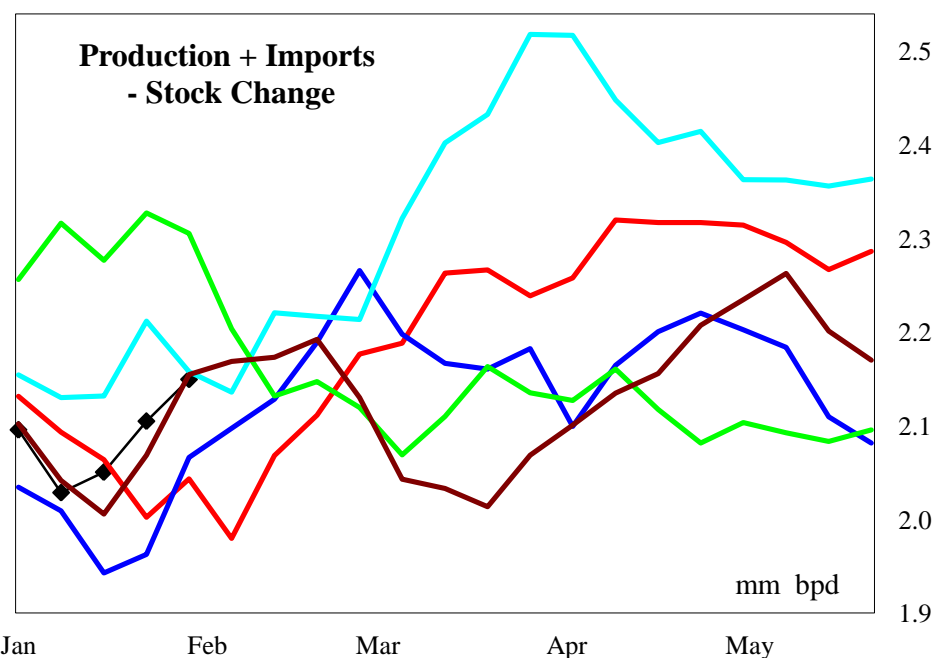
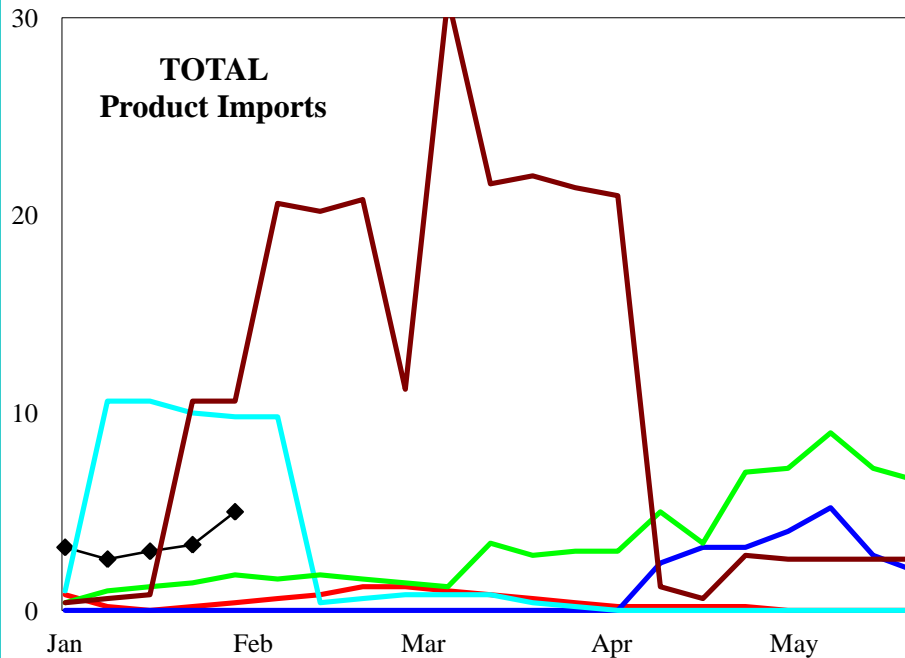
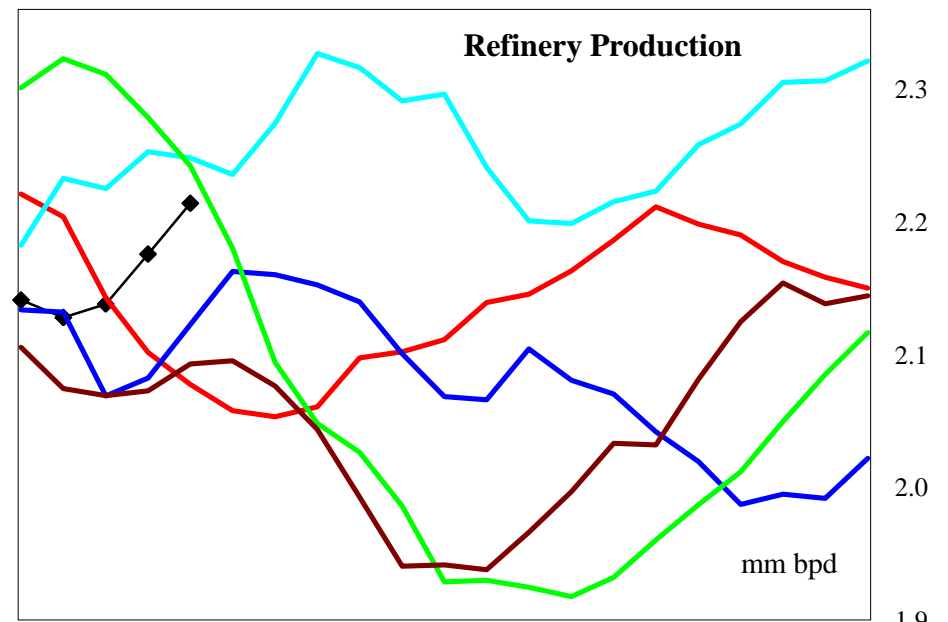
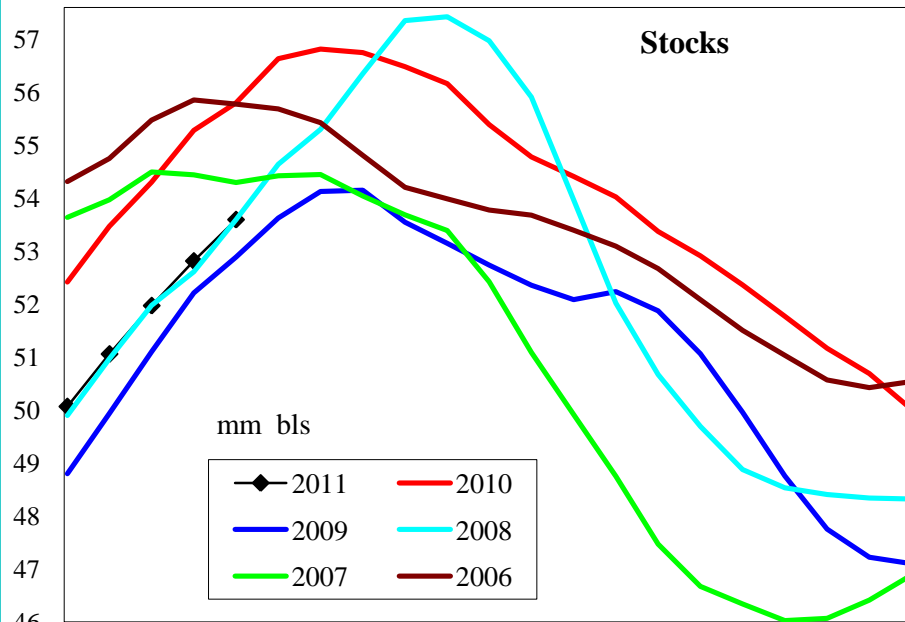
PADD 1 Residual Fuel Oil Supply



PADD 2 Crude Oil Supply and Refining



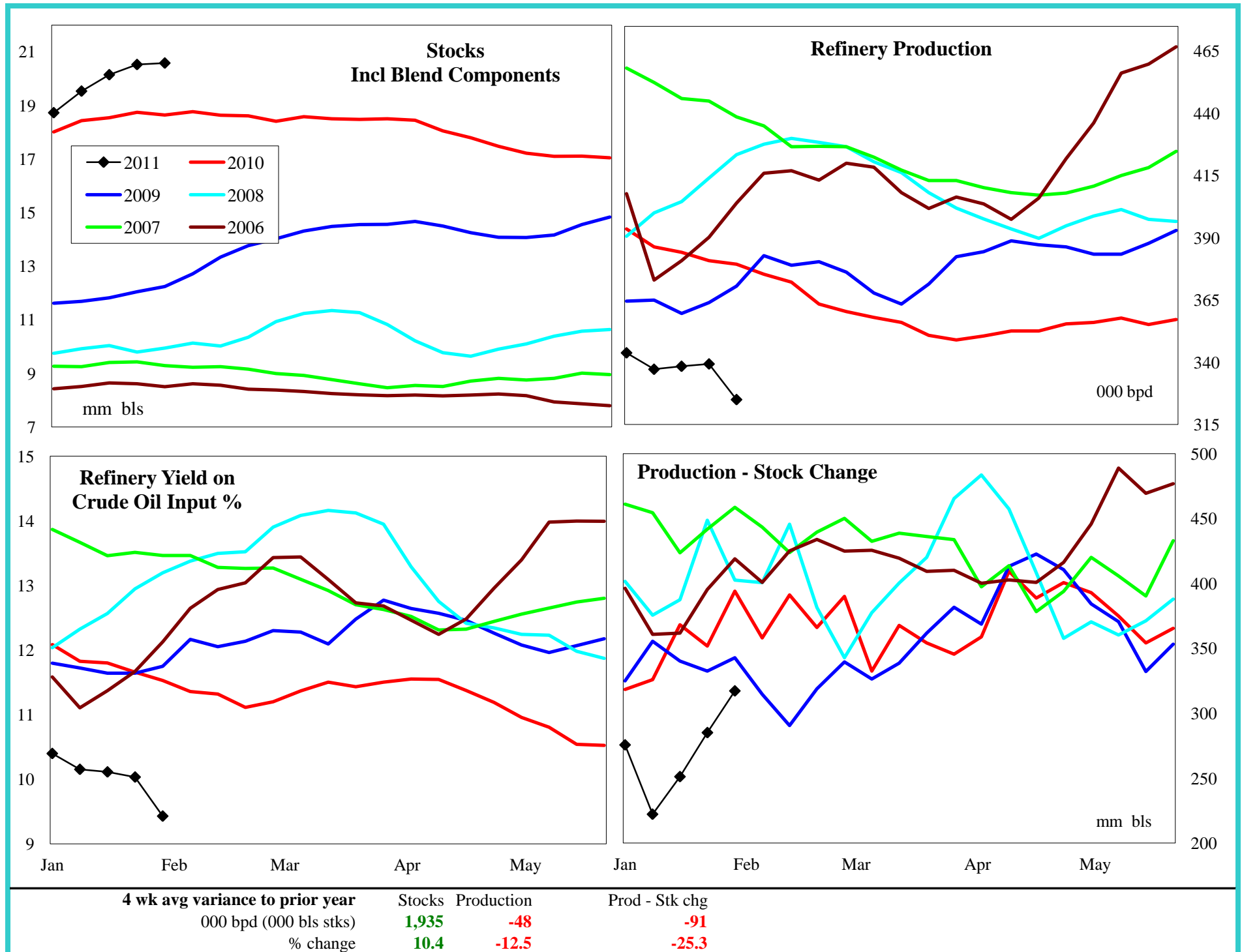
PADD 2 Gasoline Supply



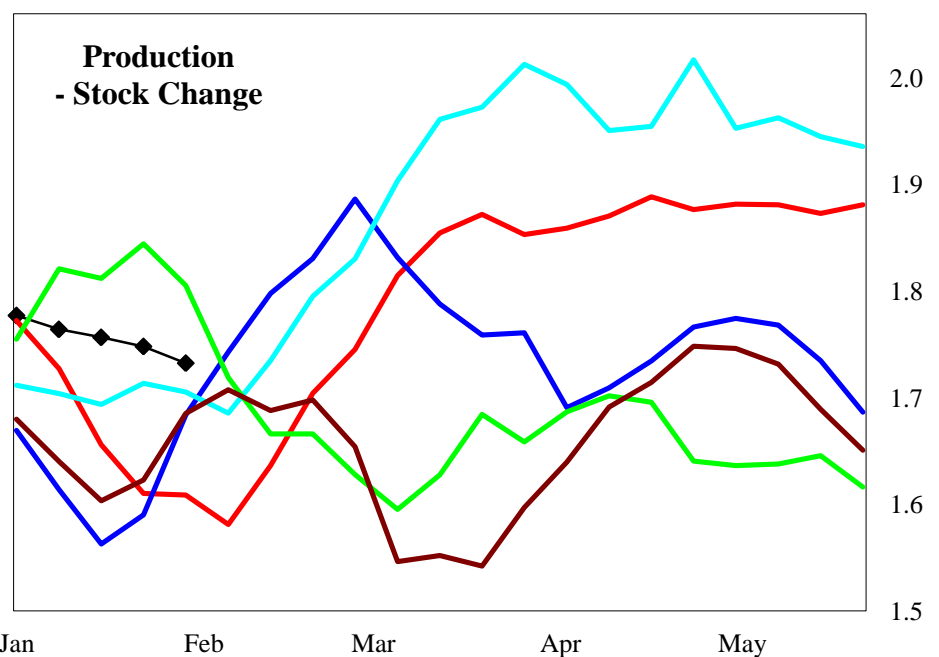
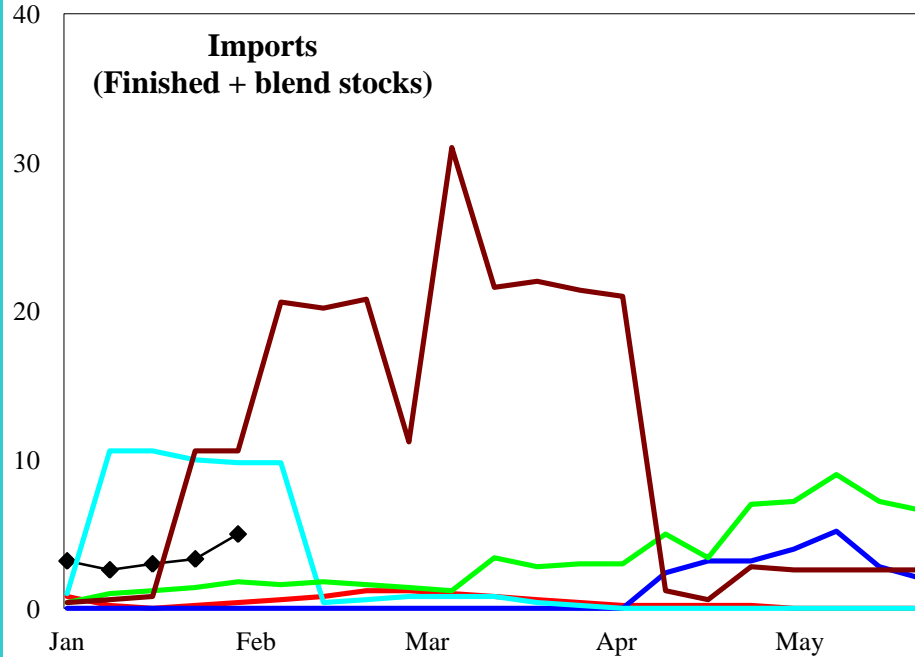
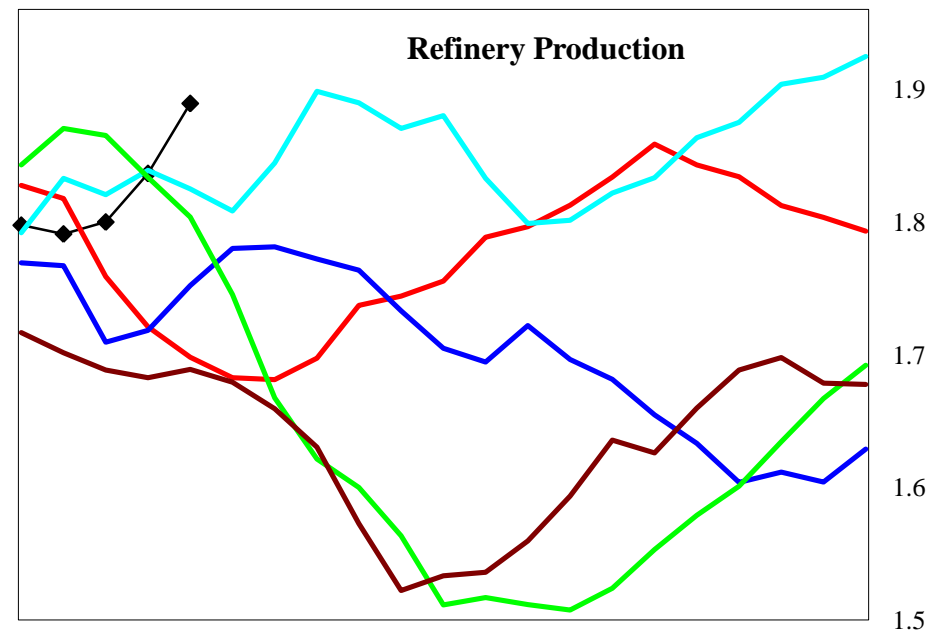
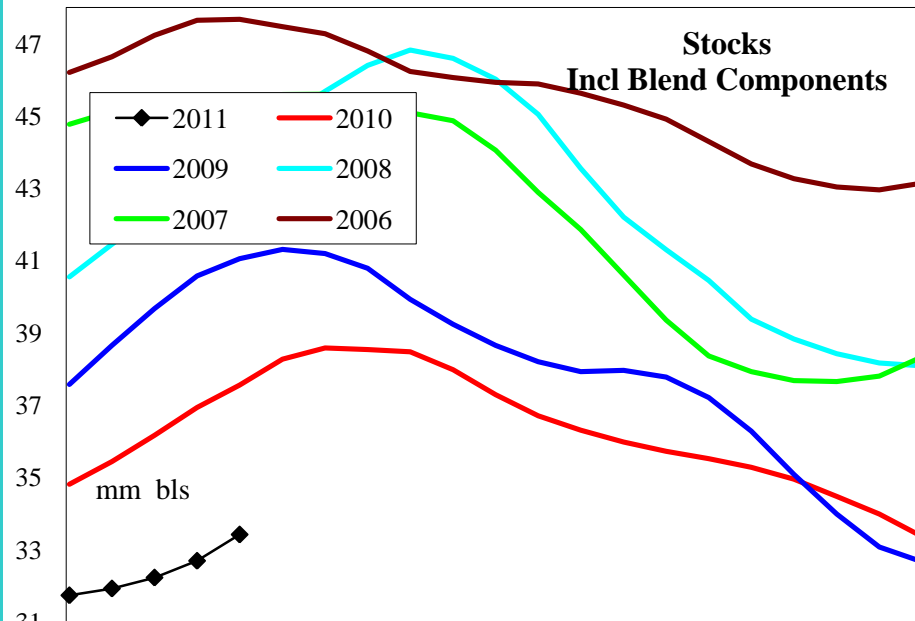
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
-2,207	39	3	98
-3.9	1.8	#DIV/0!	4.9

PADD 2 Reformulated Gasoline Supply



PADD 2 Conventional Gasoline Supply



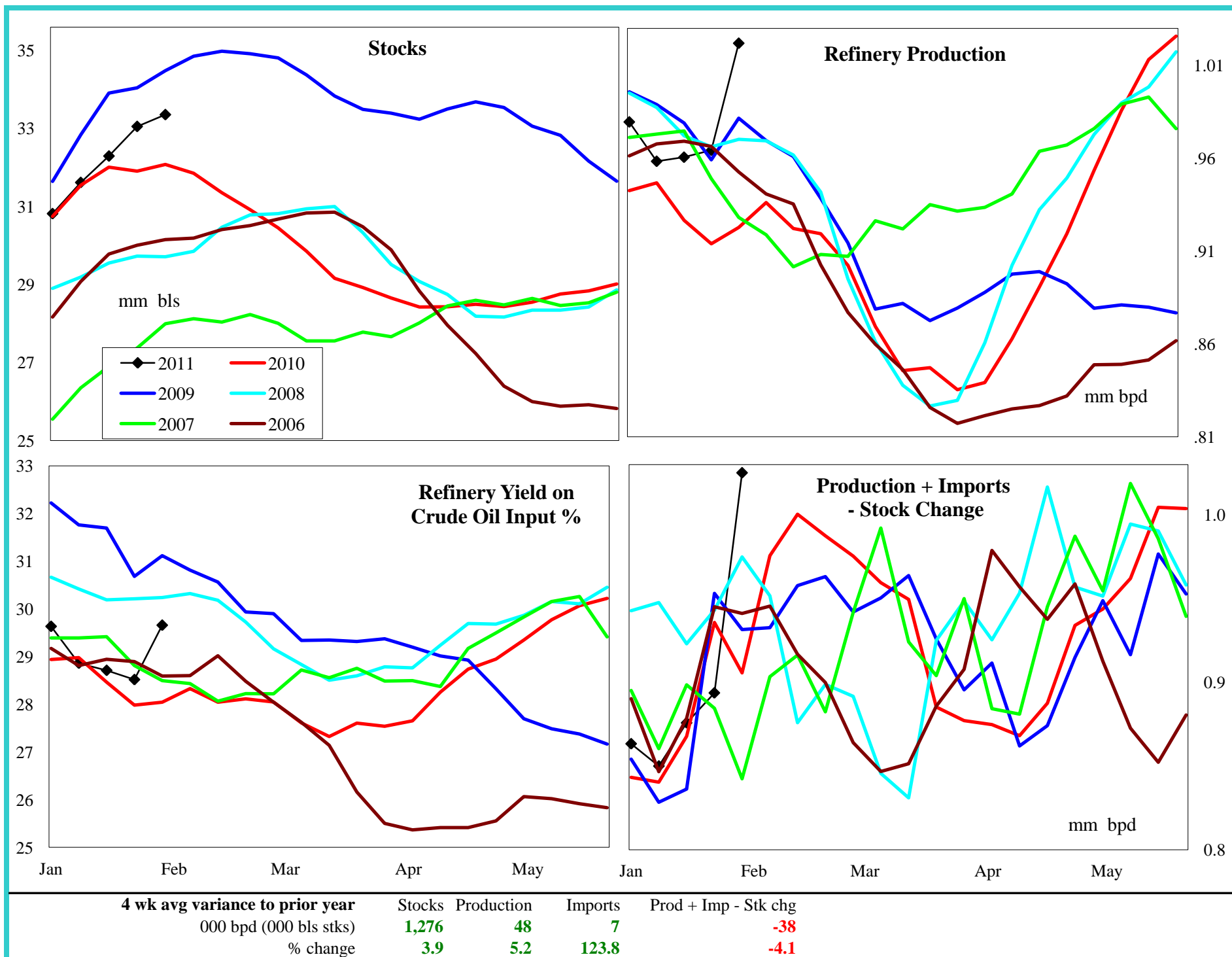
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks
-4,906
-12.8

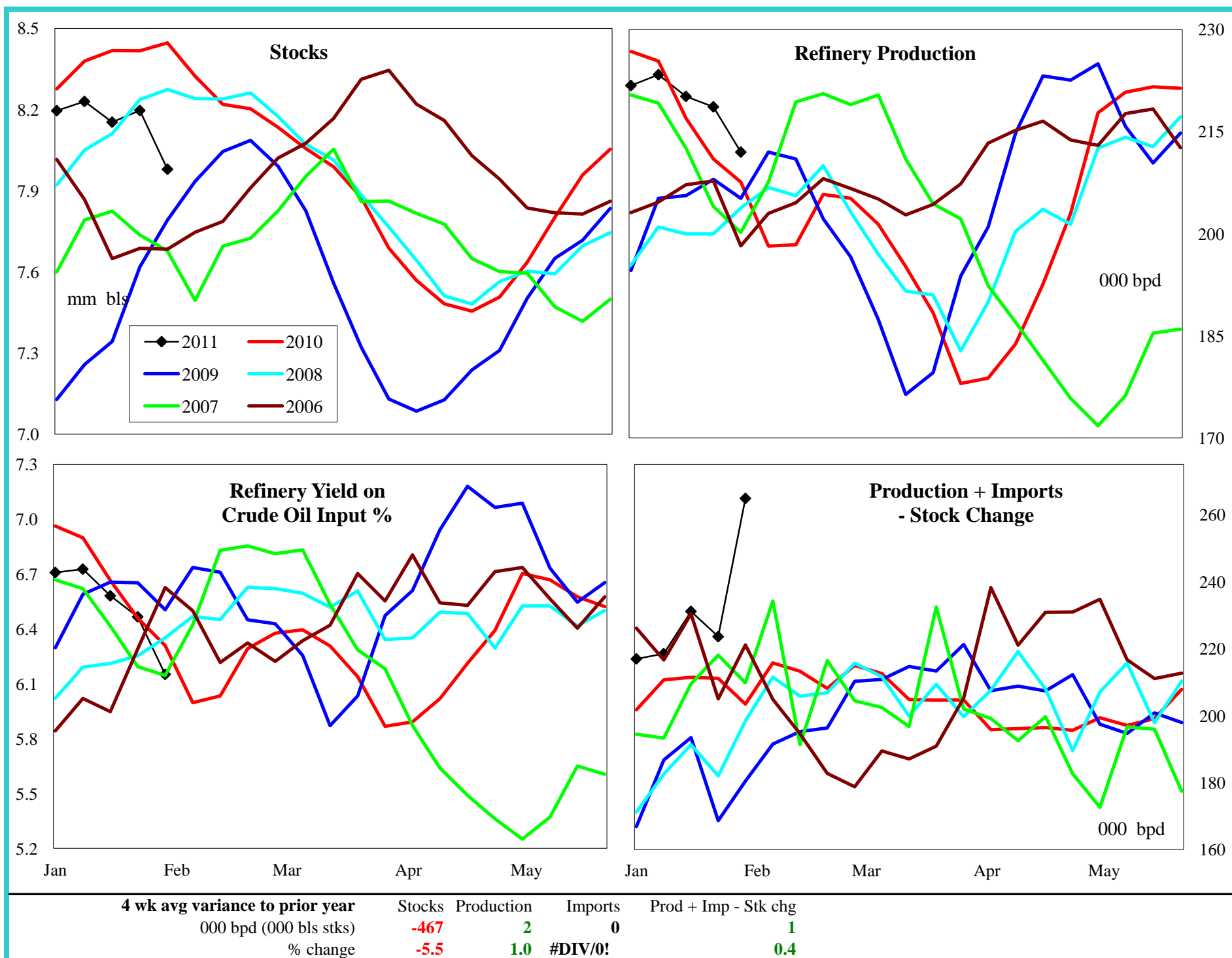
Production
81
4.5

Prod - Stk chg
171
10.4

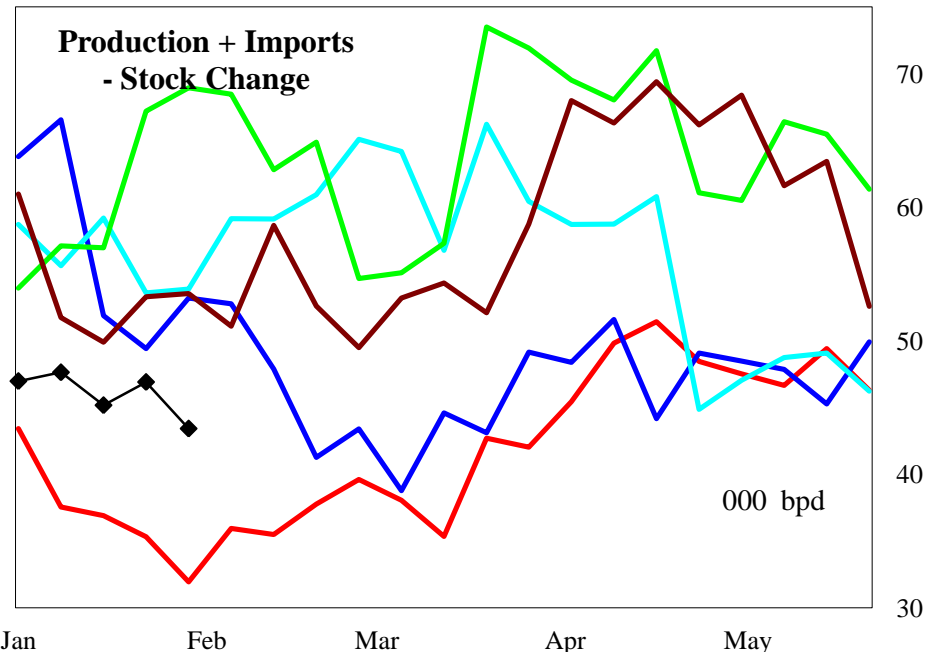
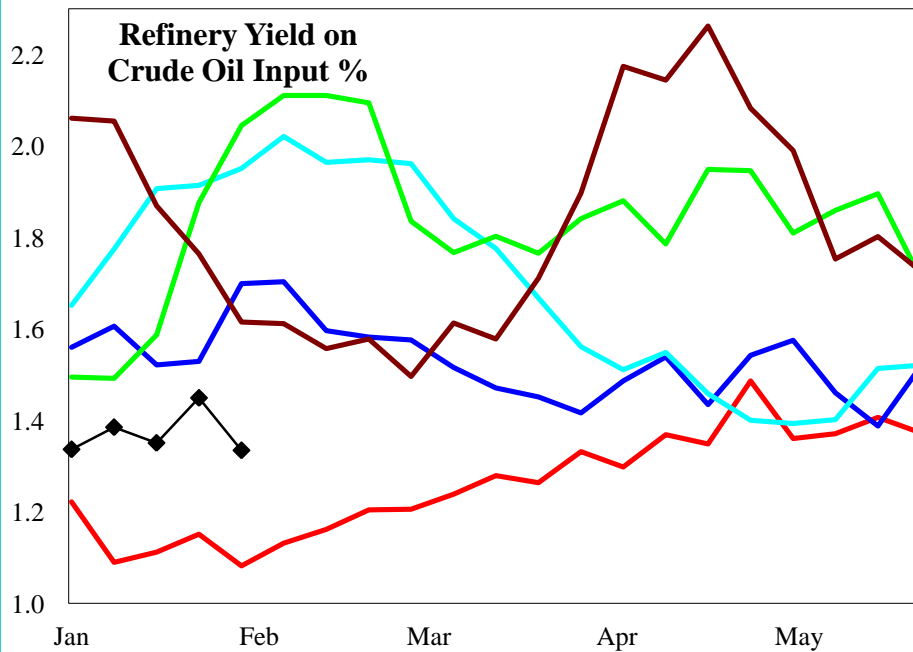
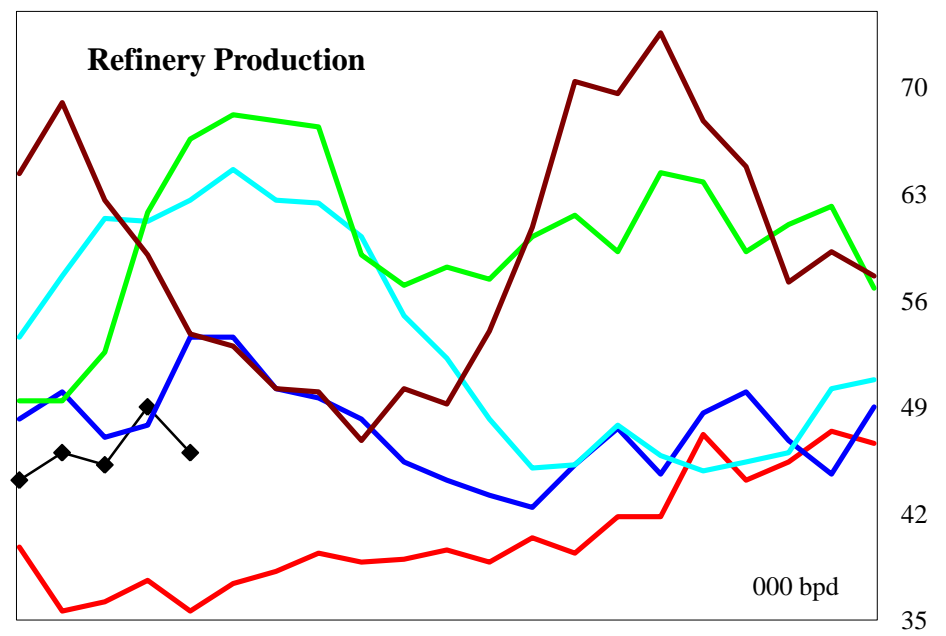
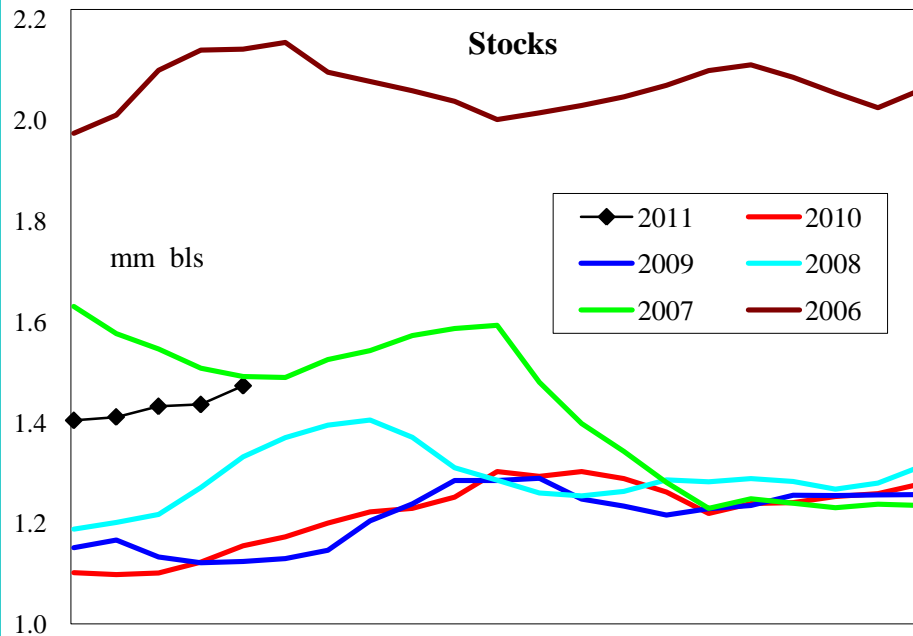
PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

318

9

2

10

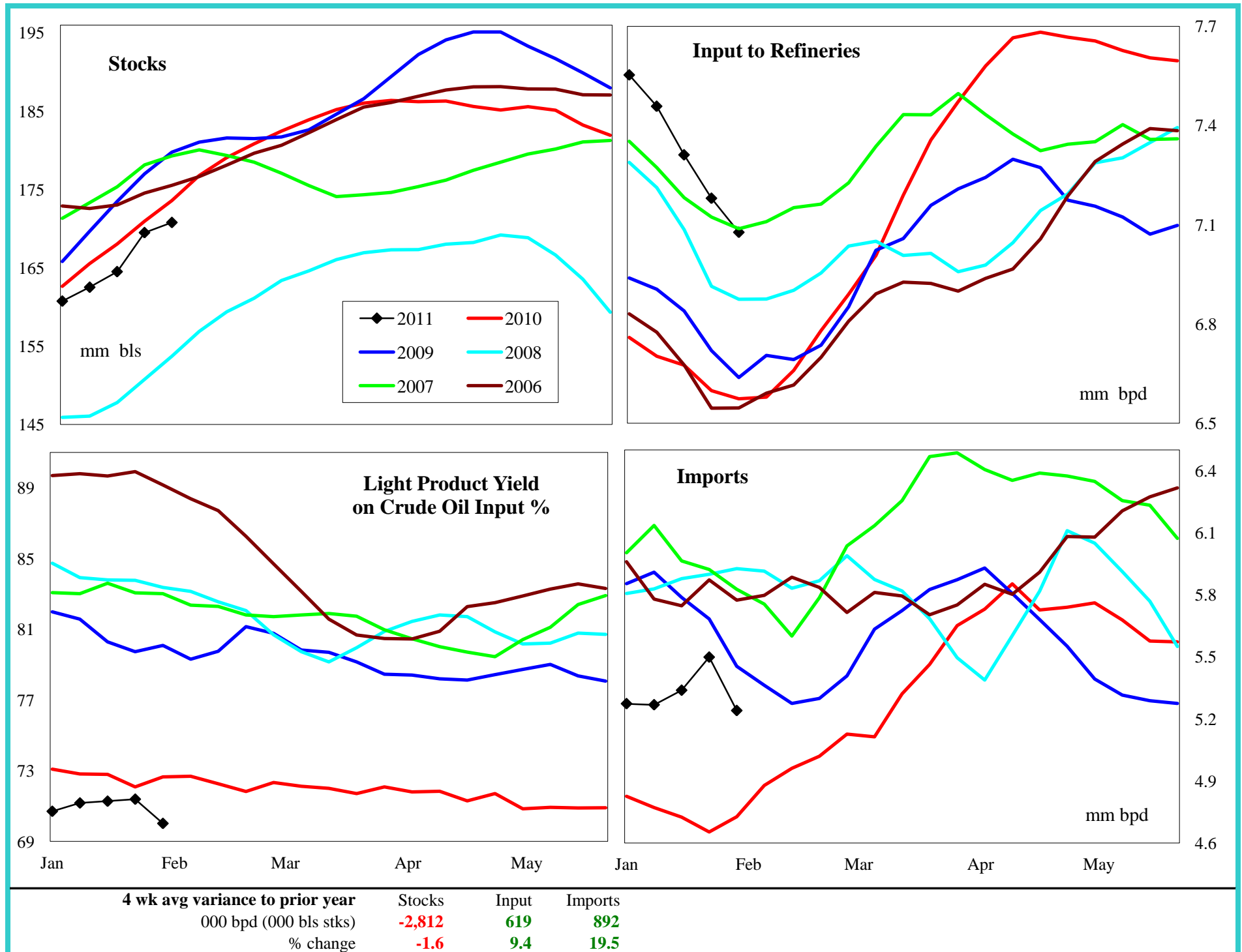
27.0

23.6

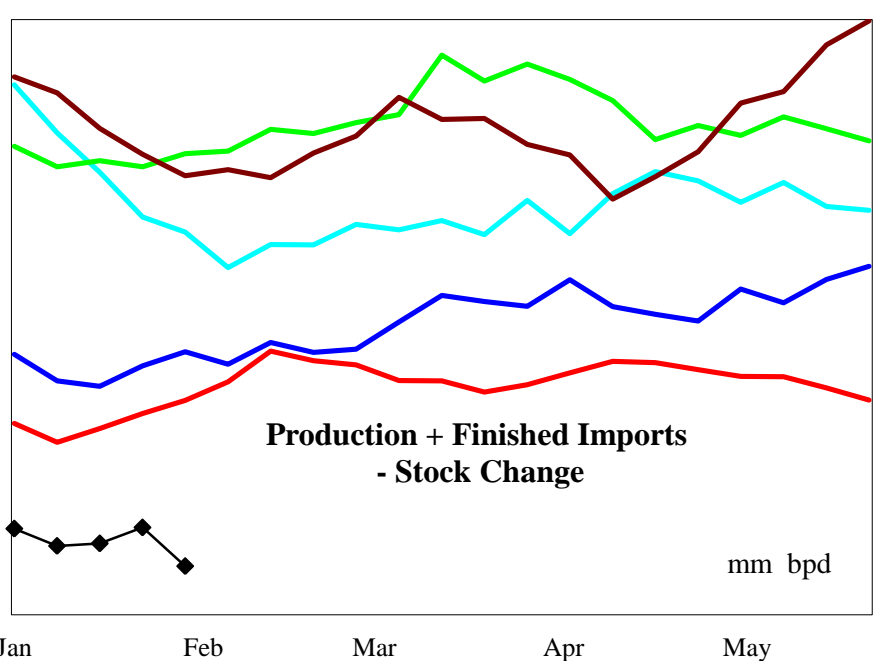
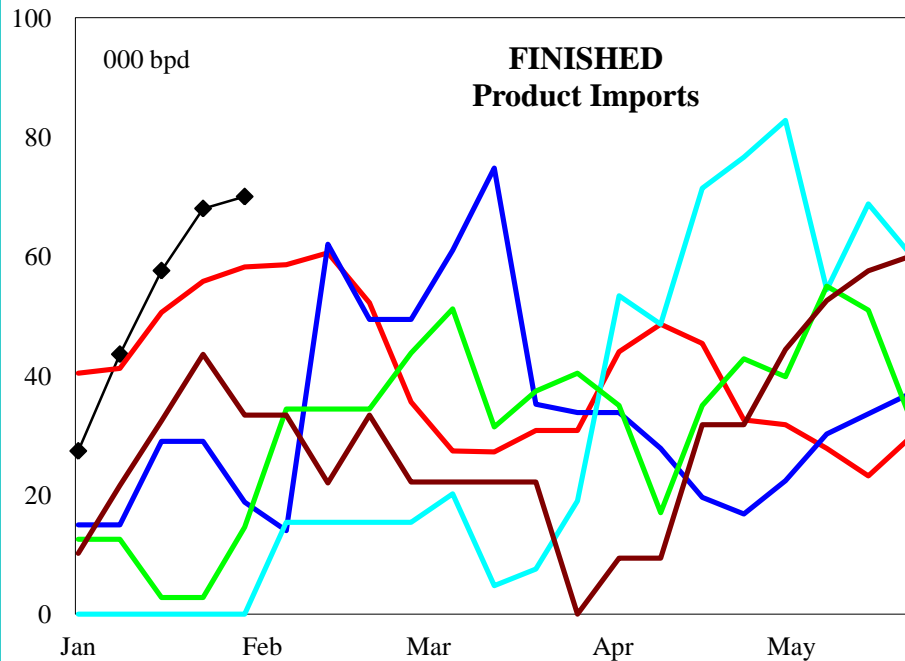
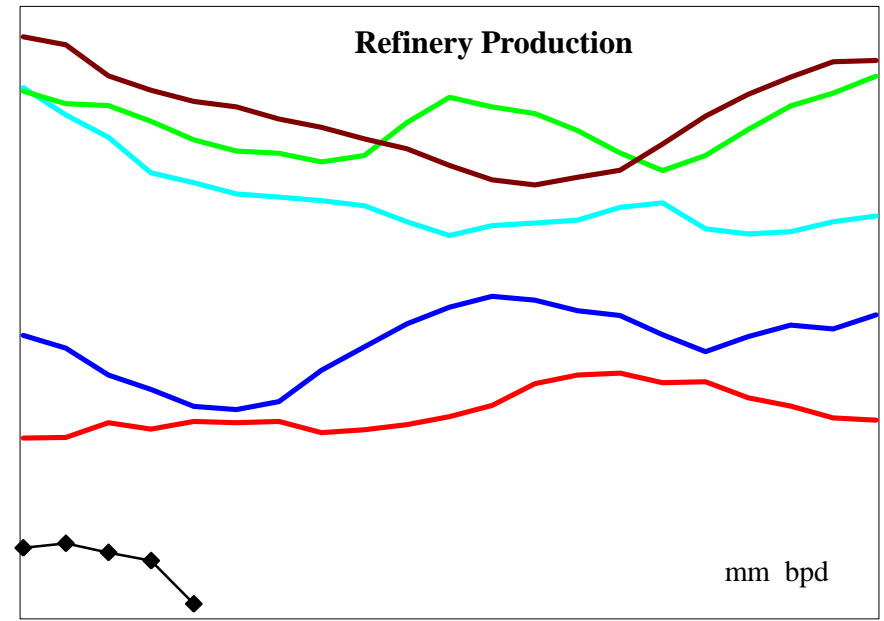
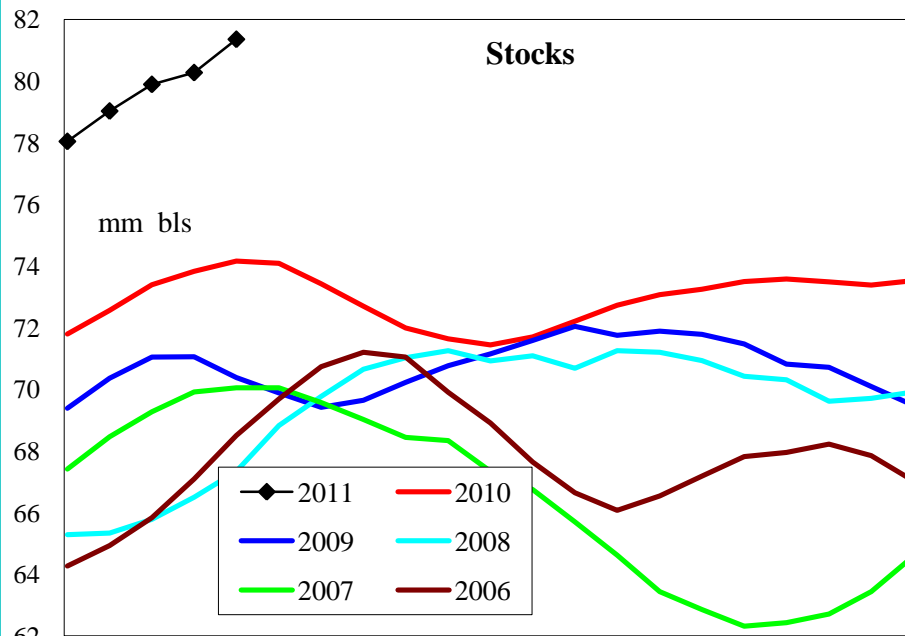
150.0

26.6

PADD 3 Crude Oil Supply and Refining



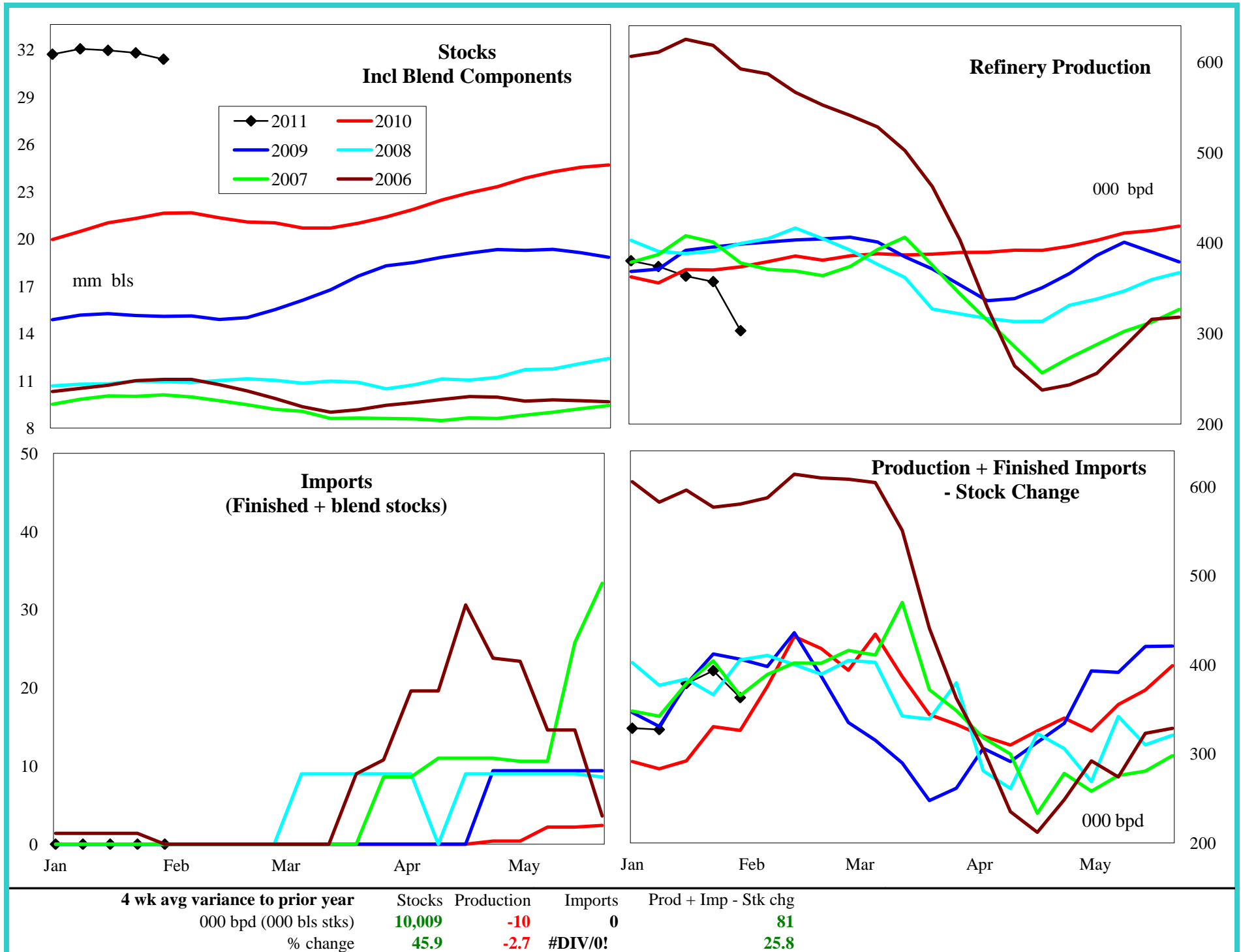
PADD 3 Gasoline Supply



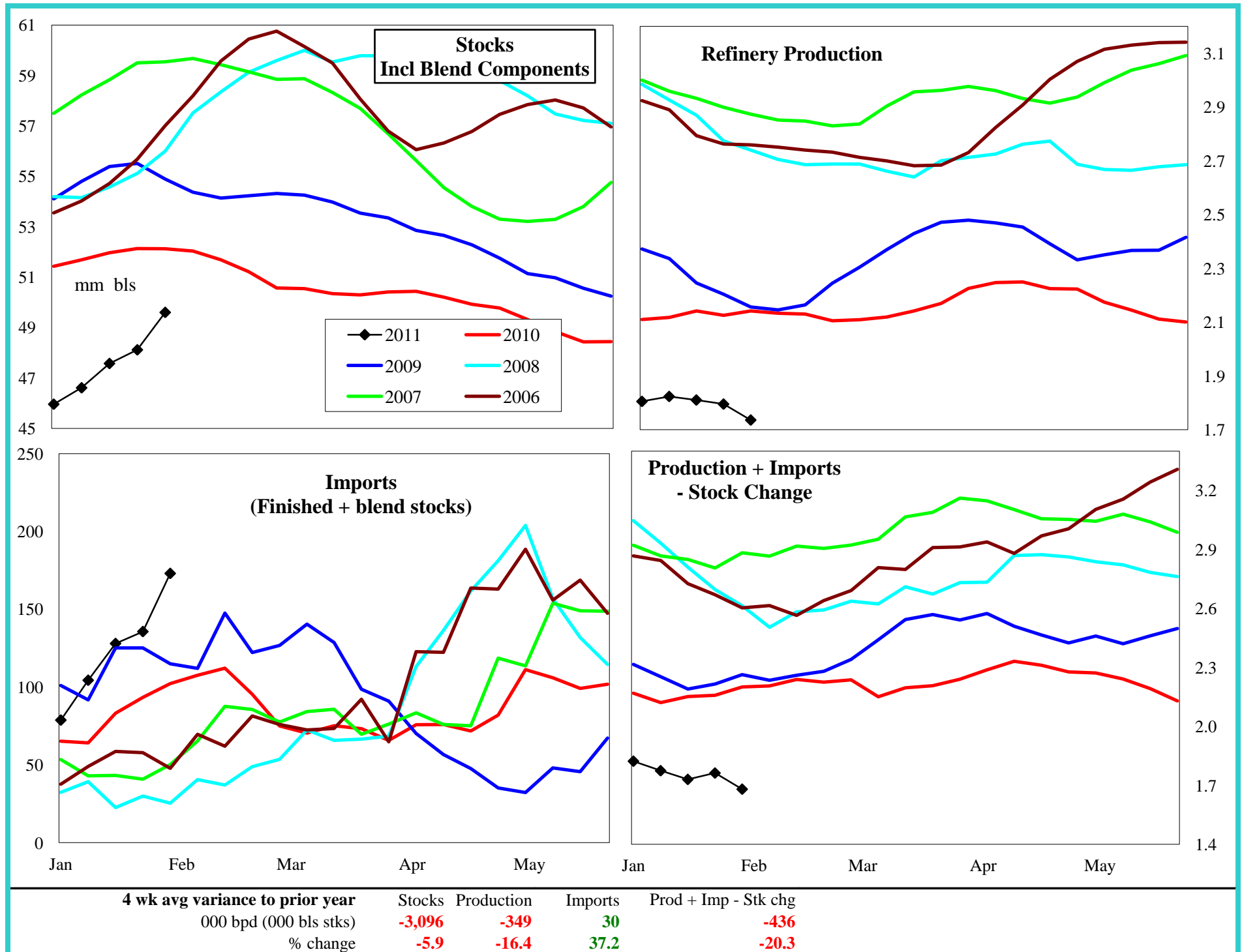
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
6,876	-360	12	19	-355
9.2	-14.4	24.0	57.4	-14.4

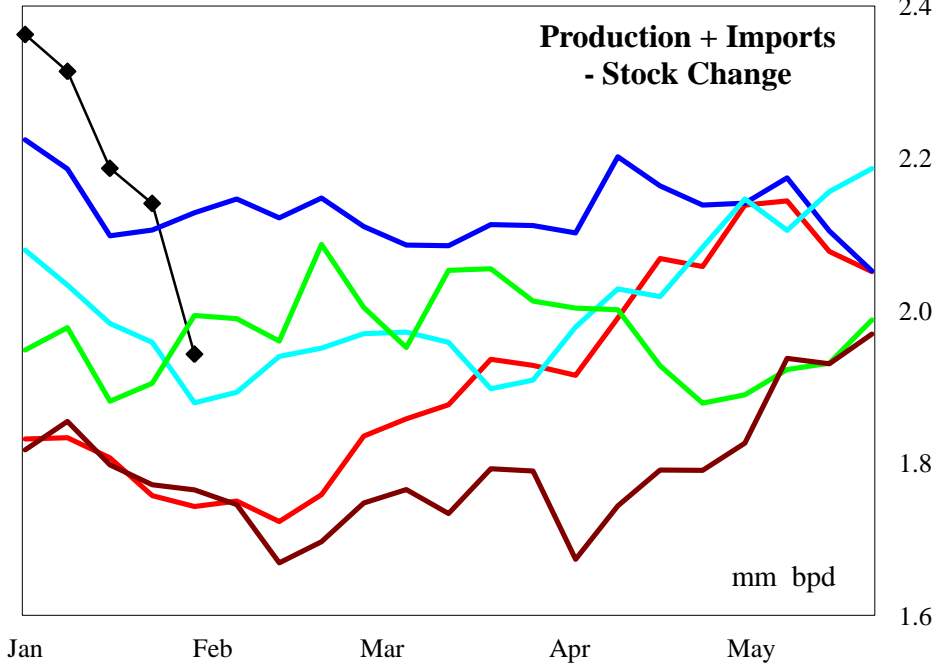
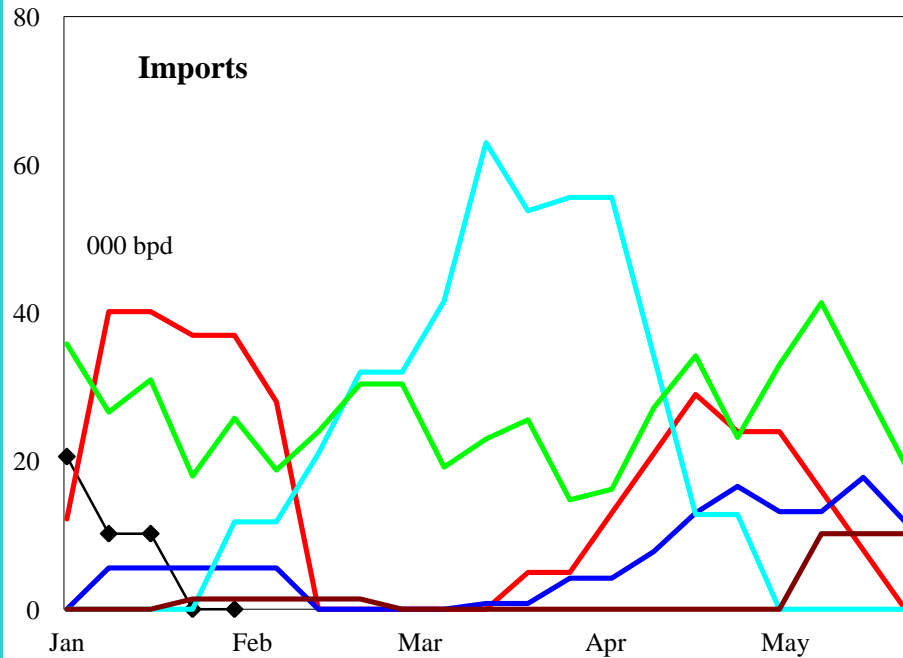
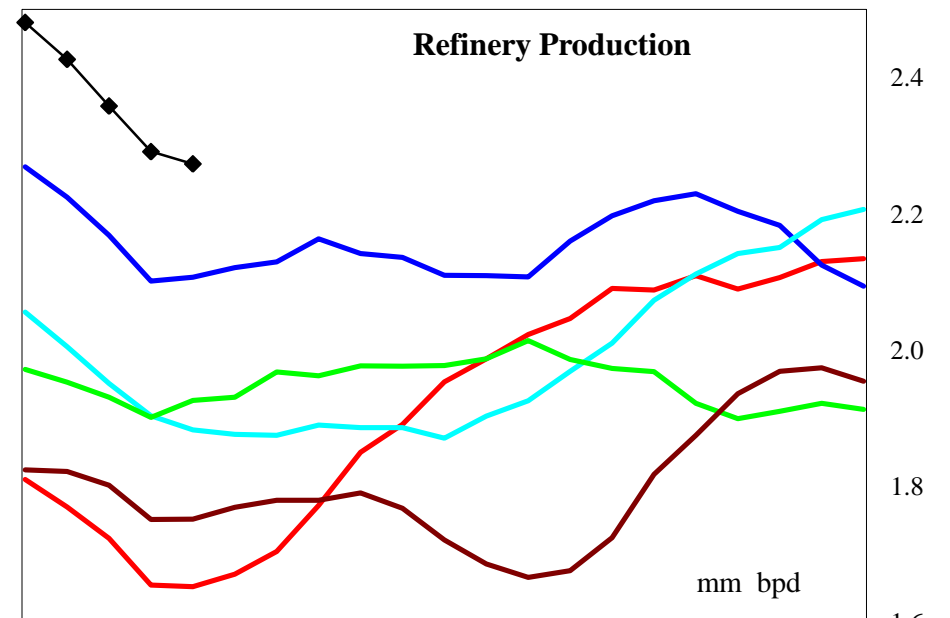
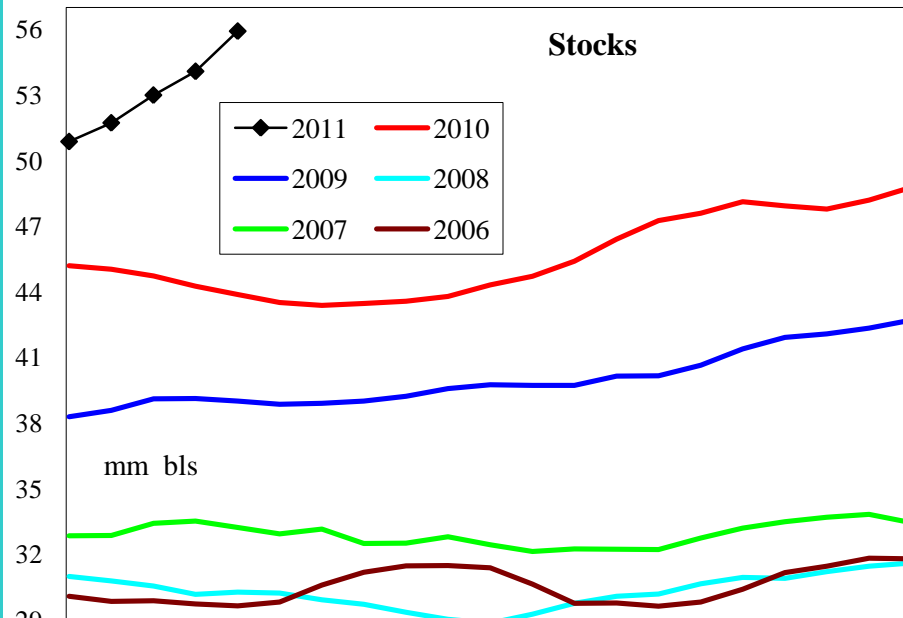
PADD 3 Reformulated Gasoline Supply



PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

12,432

28.6

Production

663

39.8

Imports

-46

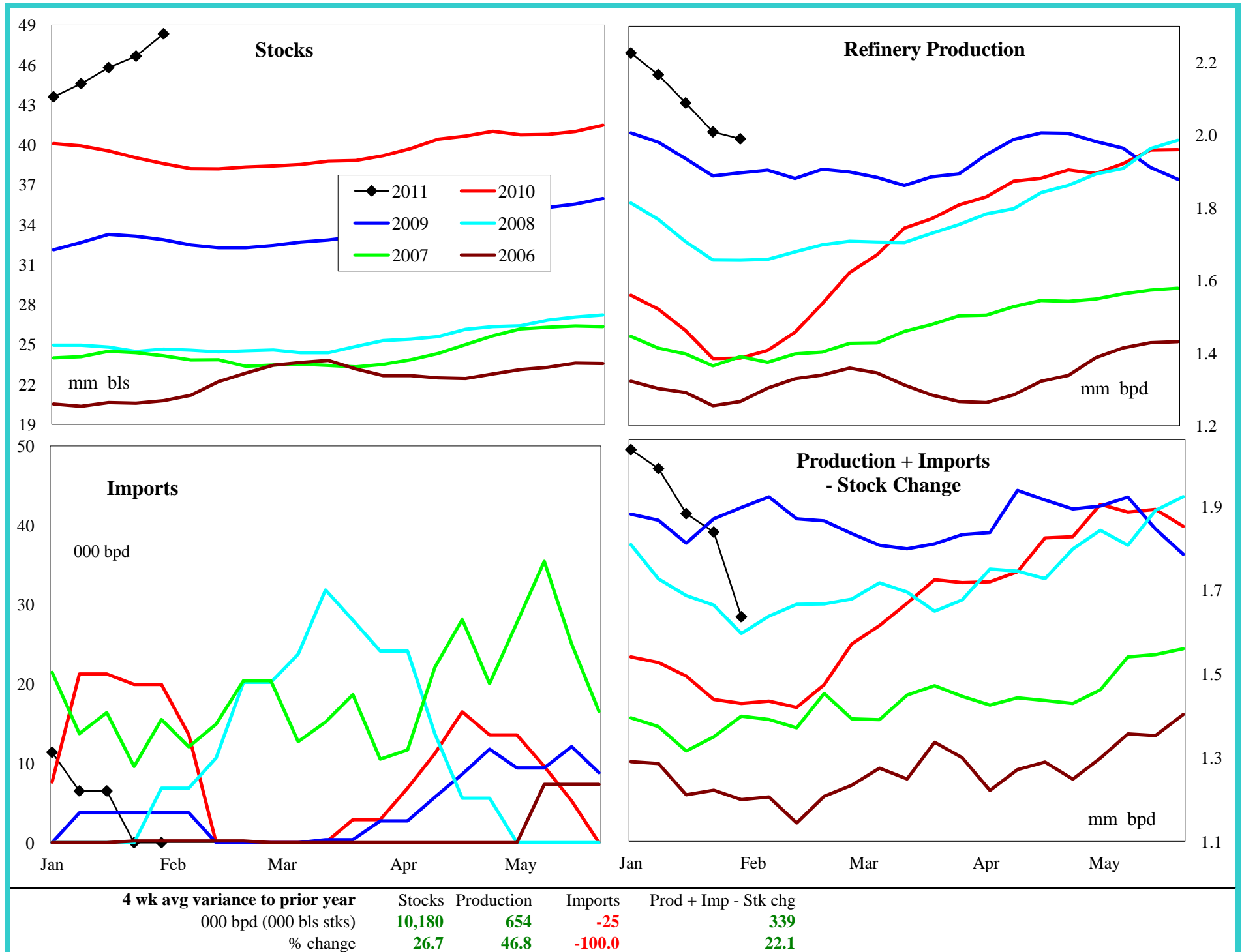
-100.0

Prod + Imp - Stk chg

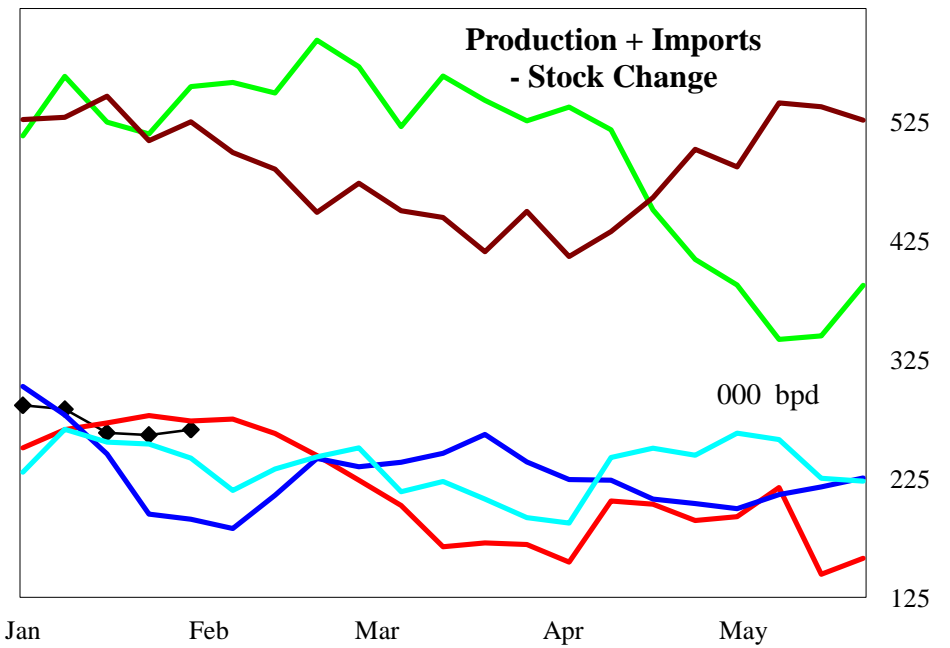
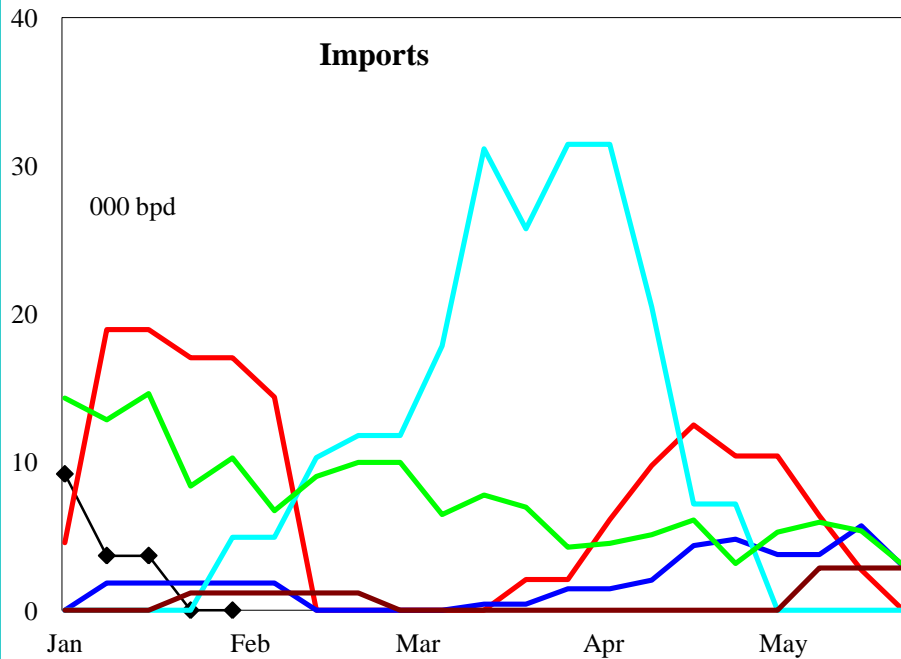
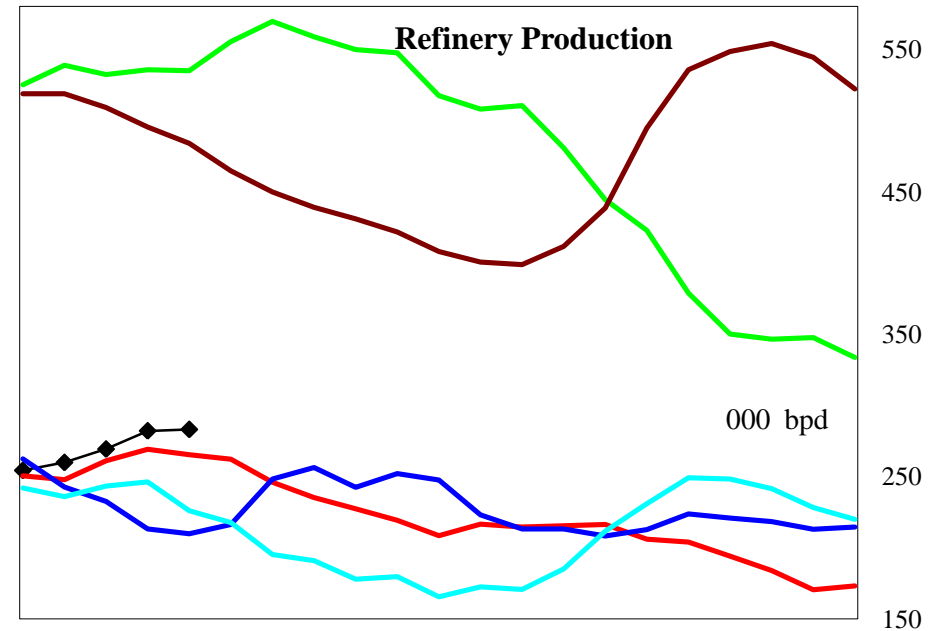
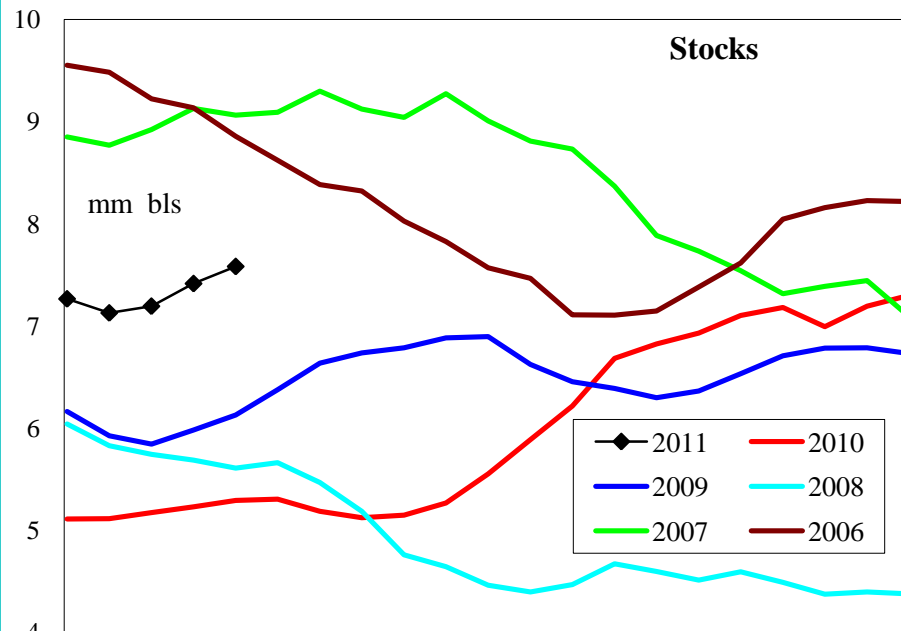
307

17.0

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

2,251

42.2

Production

9

3.2

Imports

-21

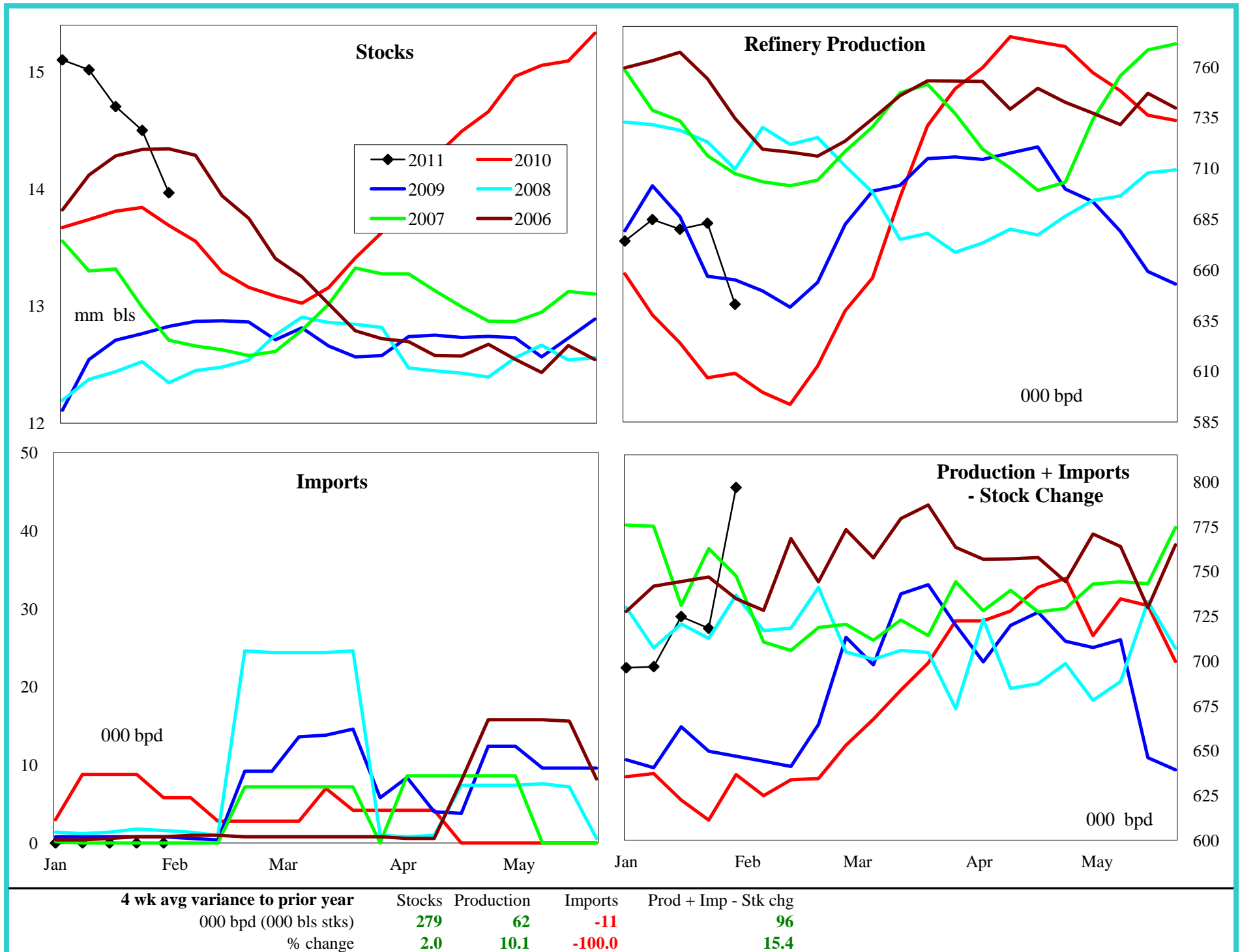
-100.0

Prod + Imp - Stk chg

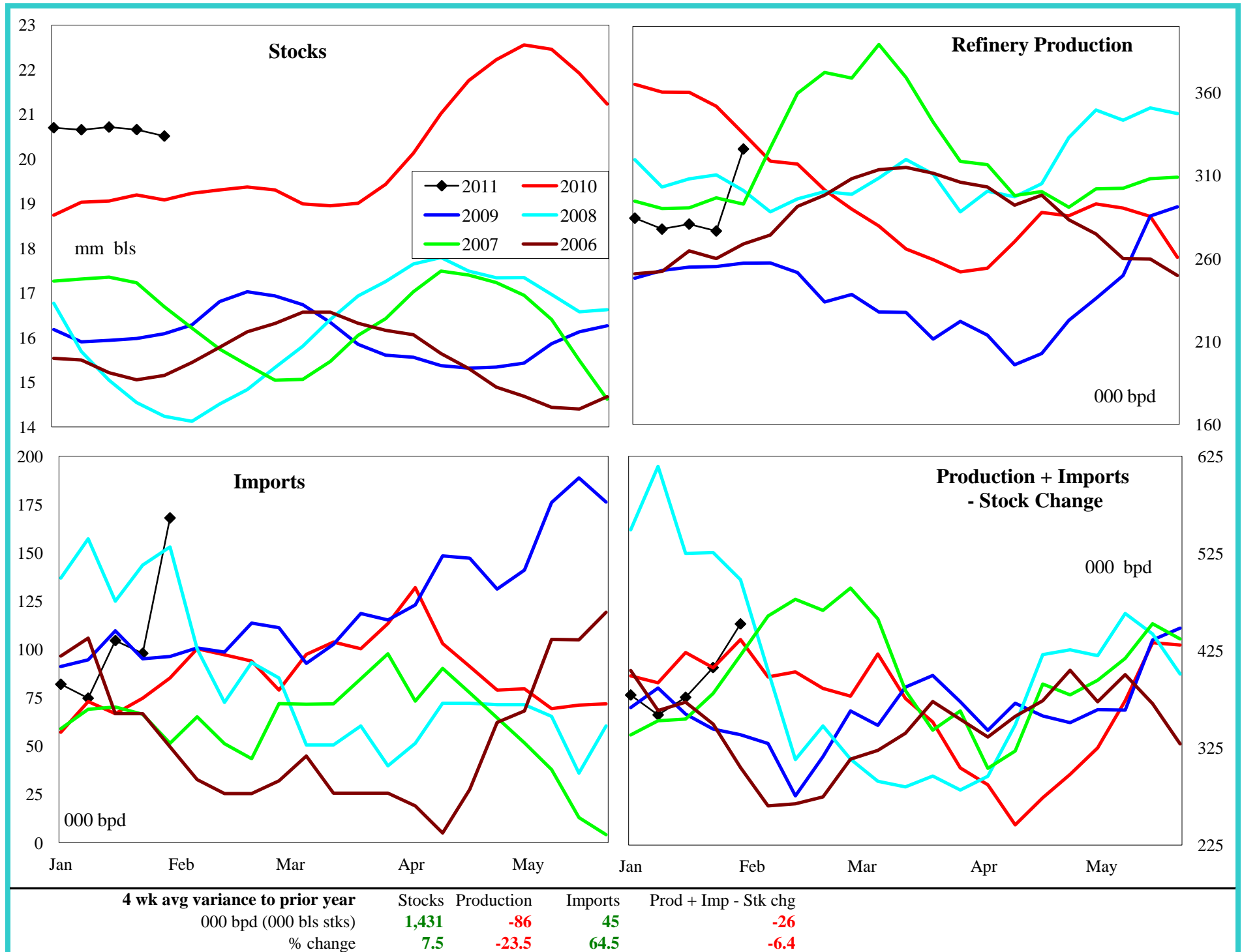
-32

-11.7

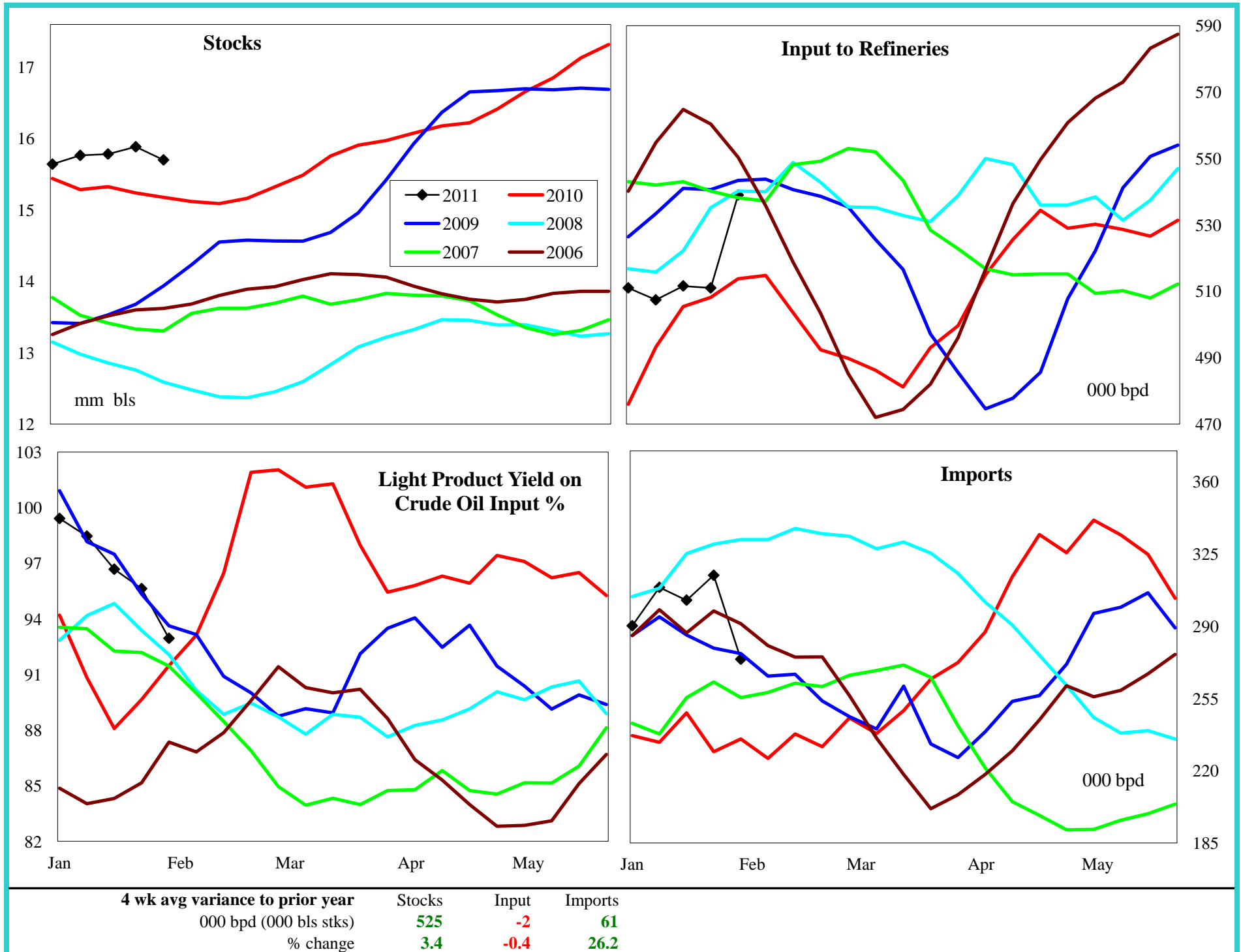
PADD 3 Jet Fuel Supply



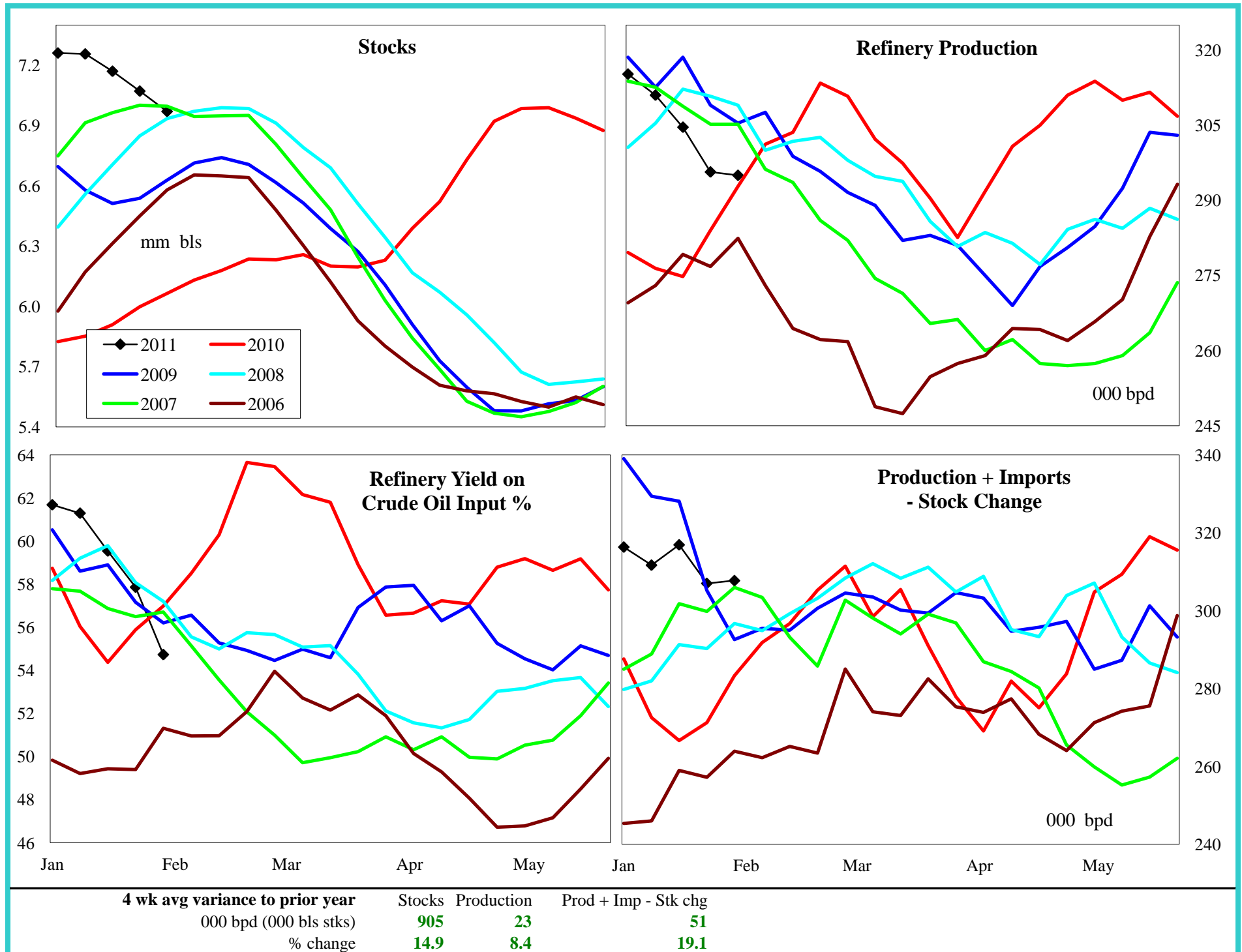
PADD 3 Residual Fuel Oil Supply



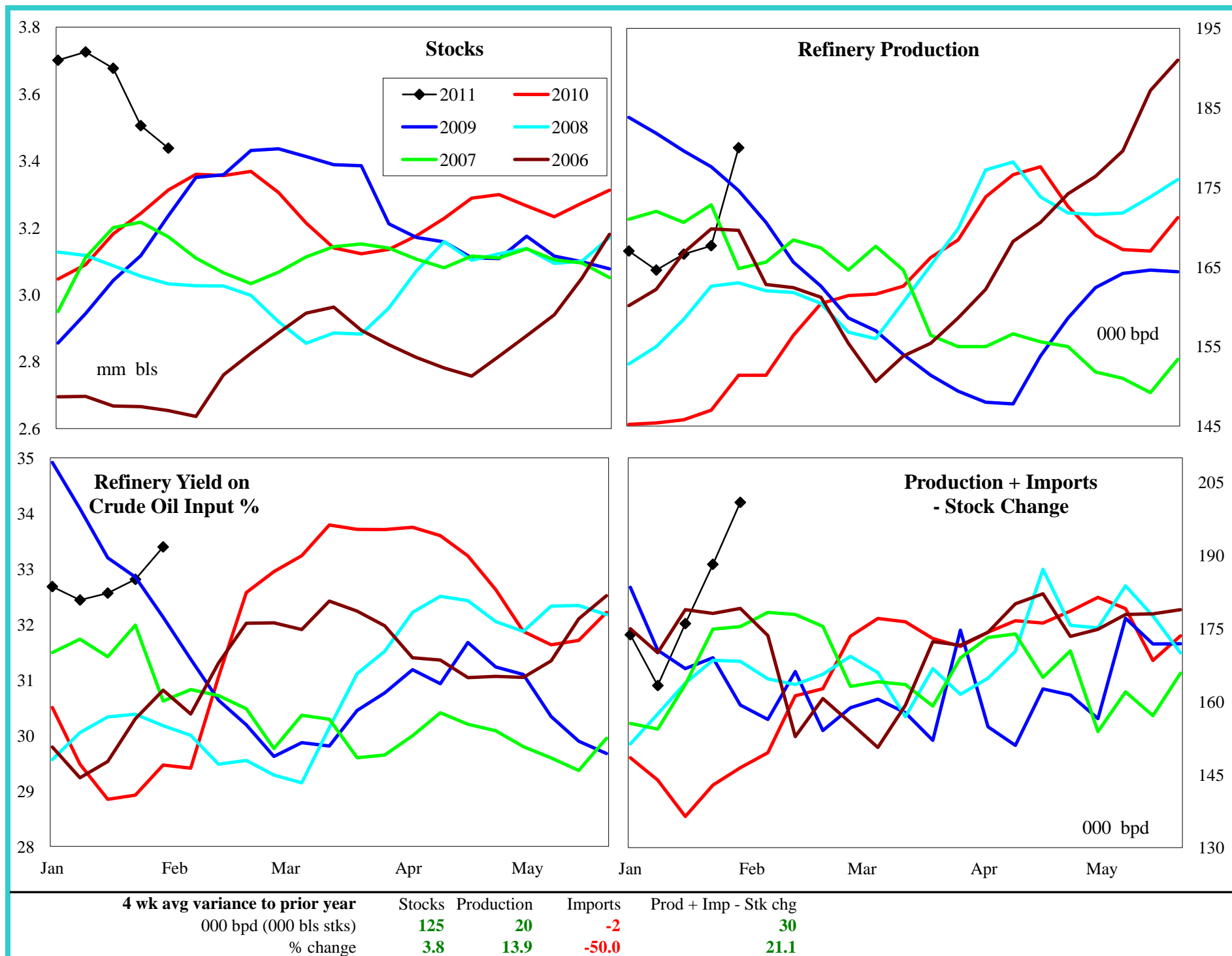
PADD 4 Crude Oil Supply and Refining



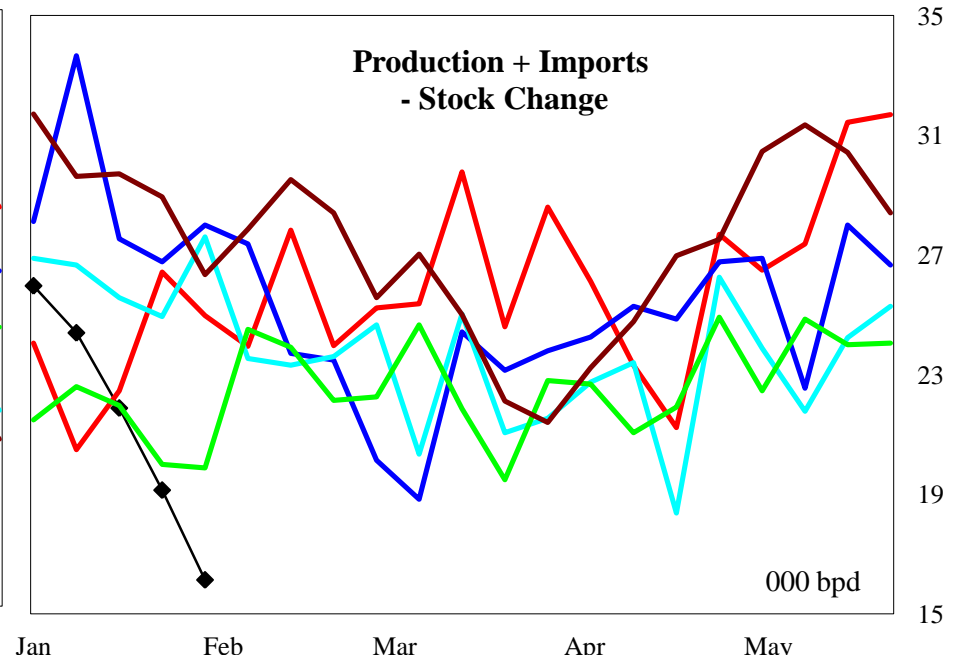
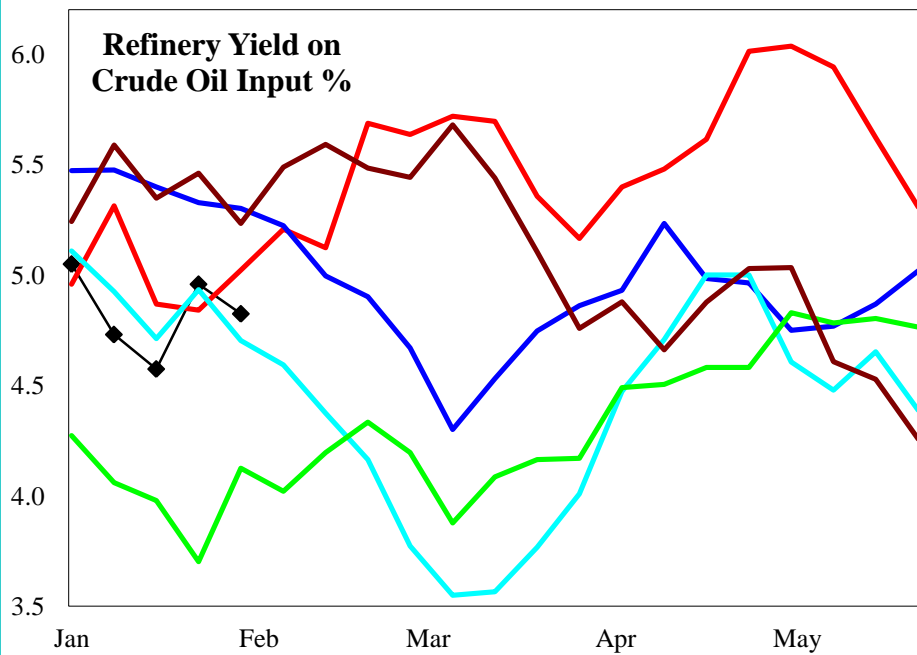
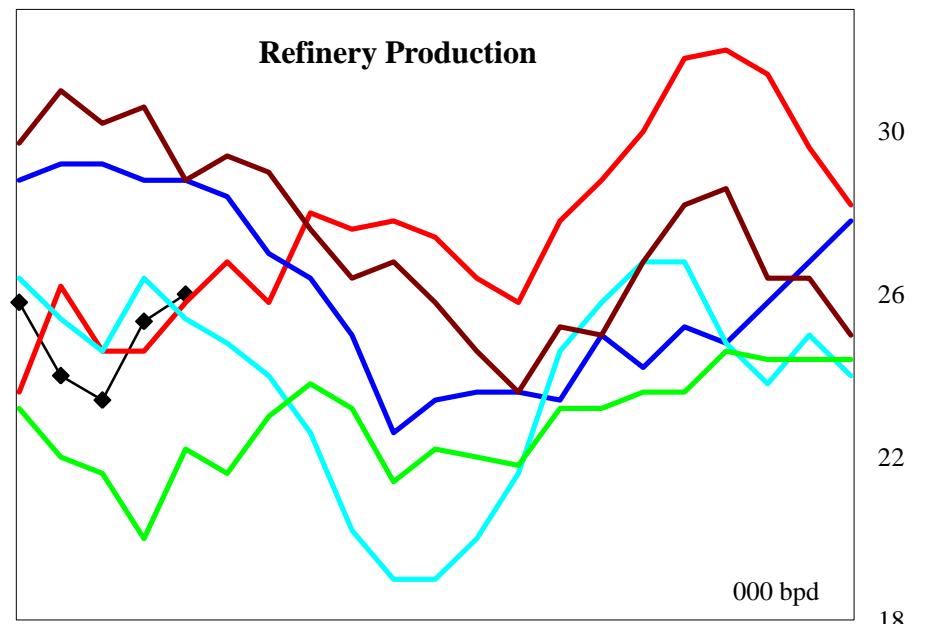
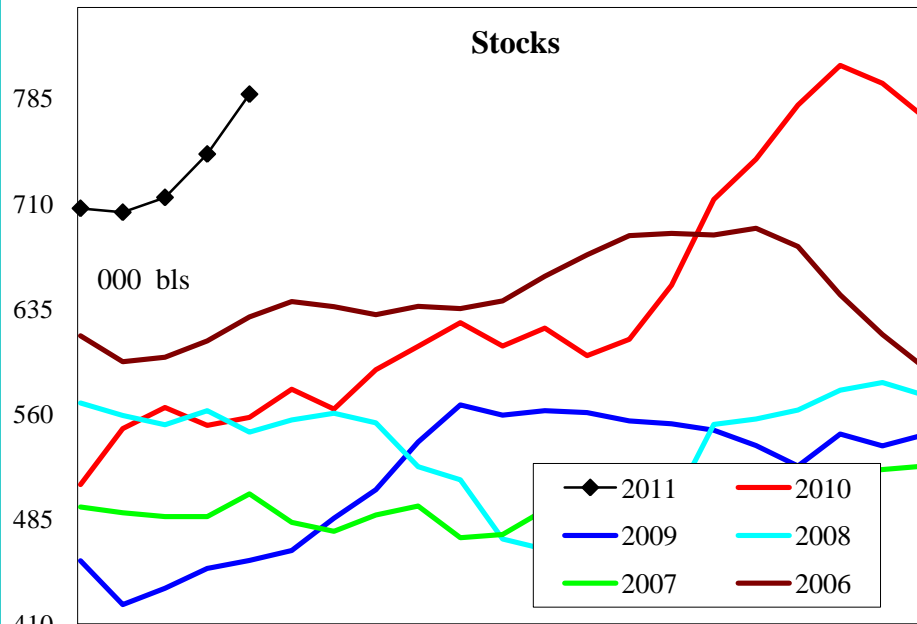
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply

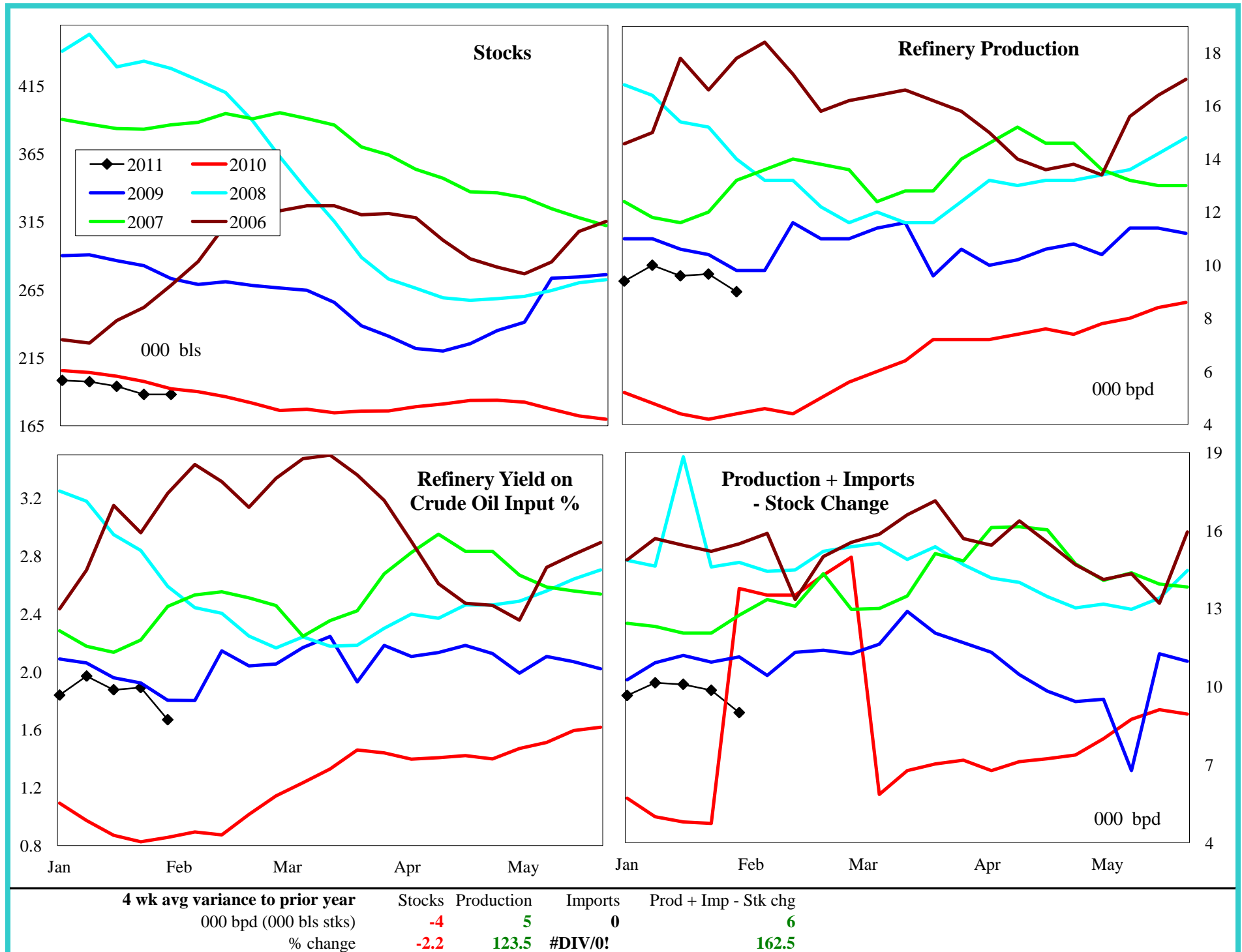


4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

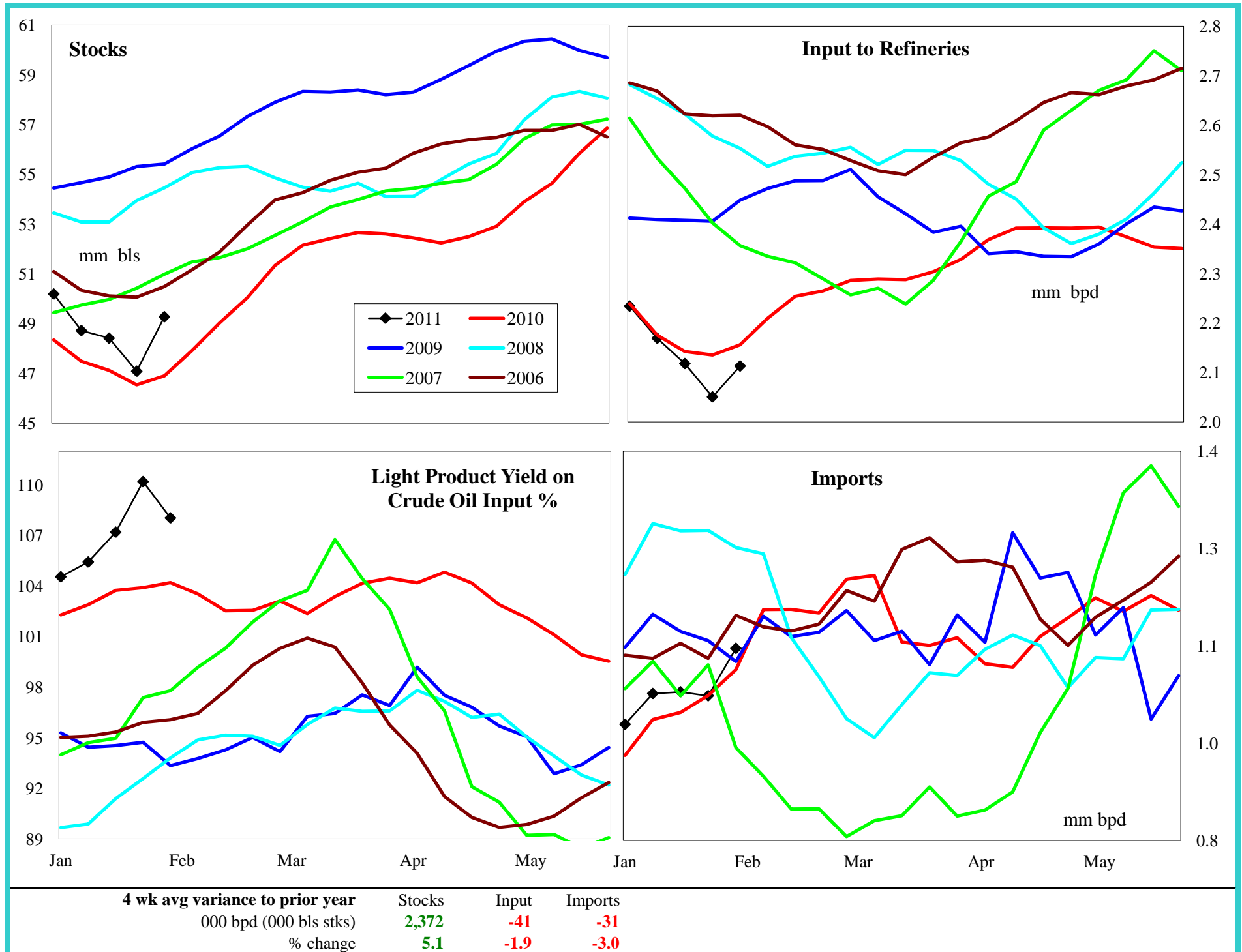
Stocks Production
231 **-1**
41.4 **-3.0**

Prod + Imp - Stk chg
-6
-22.4

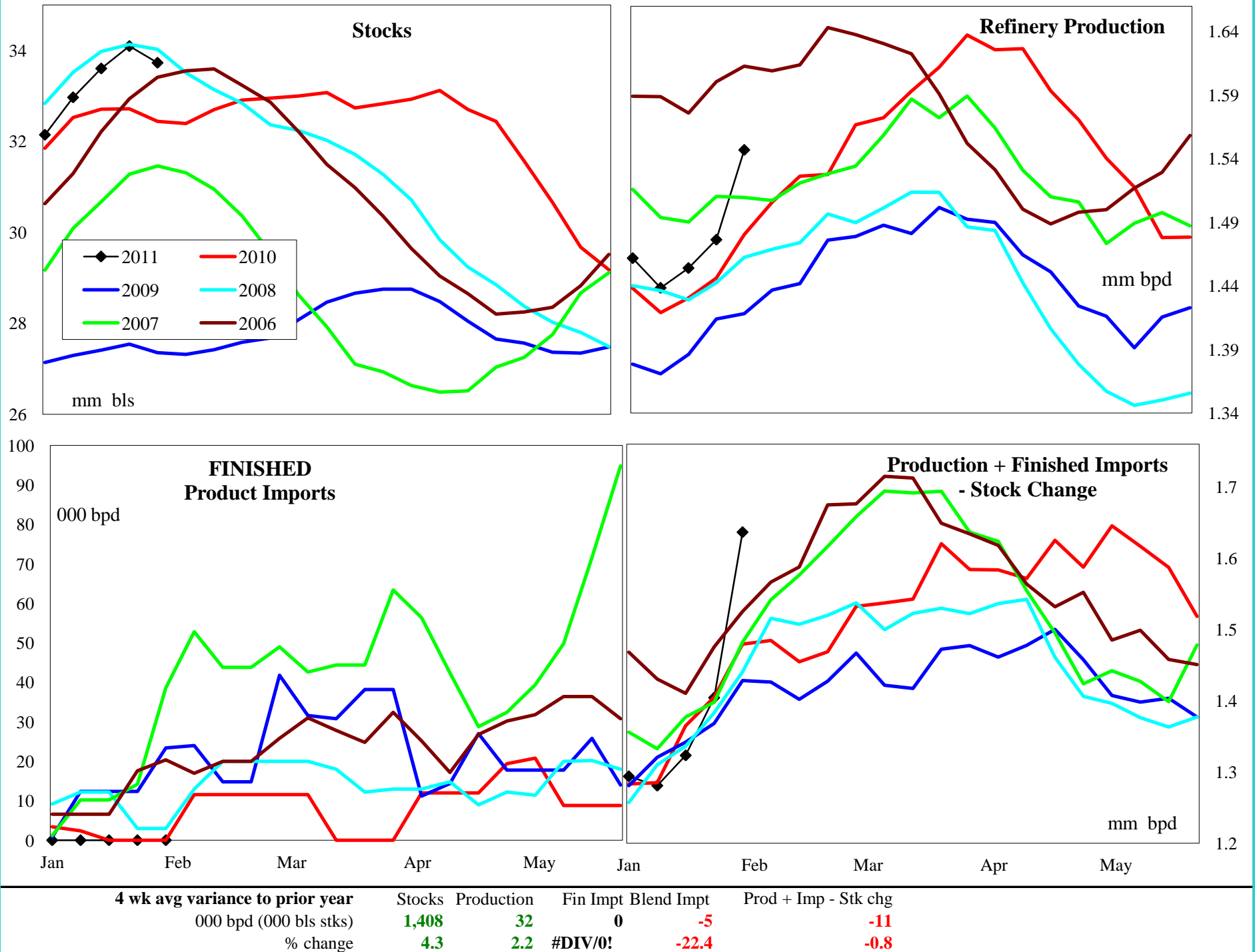
PADD 4 Residual Fuel Oil Supply



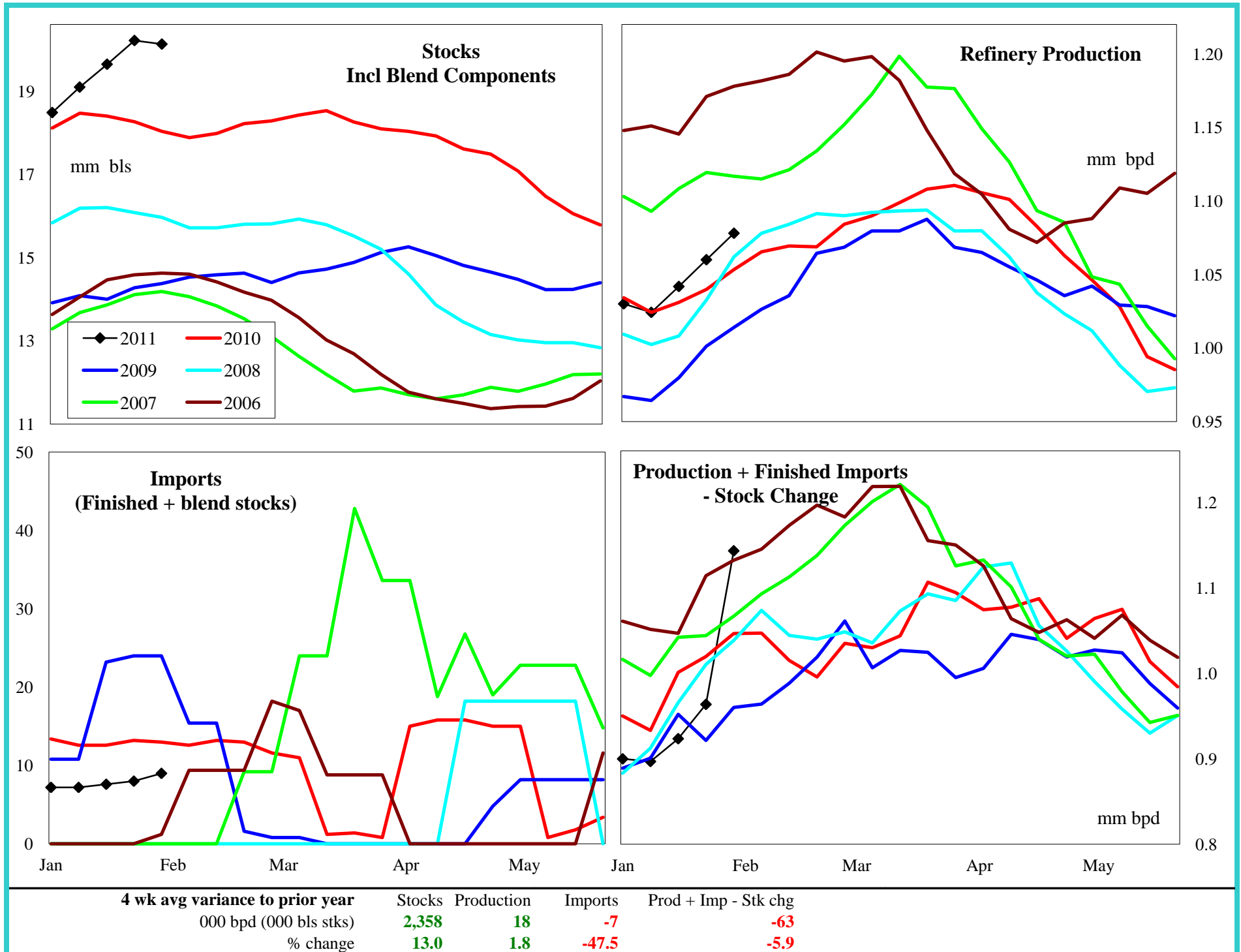
PADD 5 Crude Oil Supply and Refining



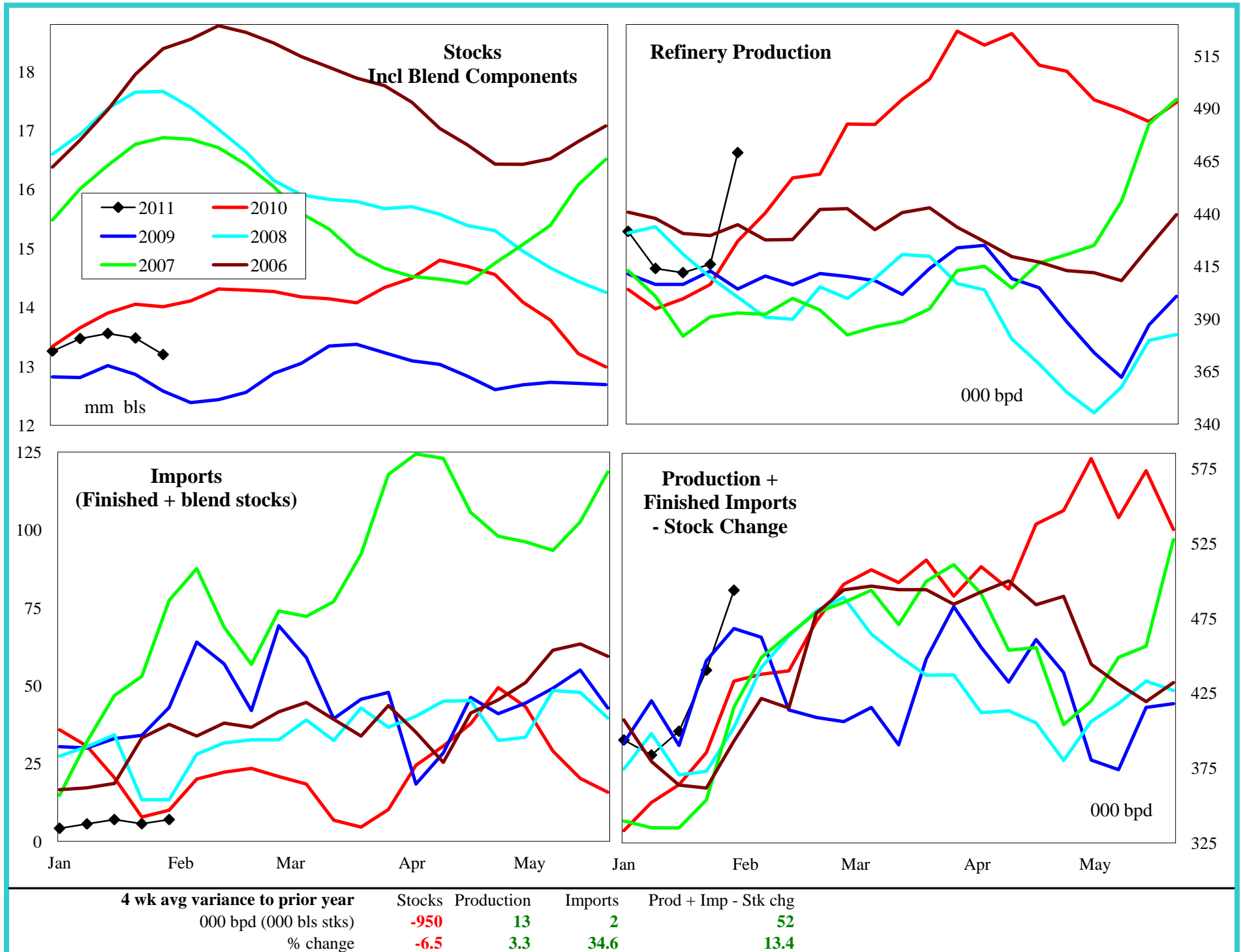
PADD 5 Gasoline Supply



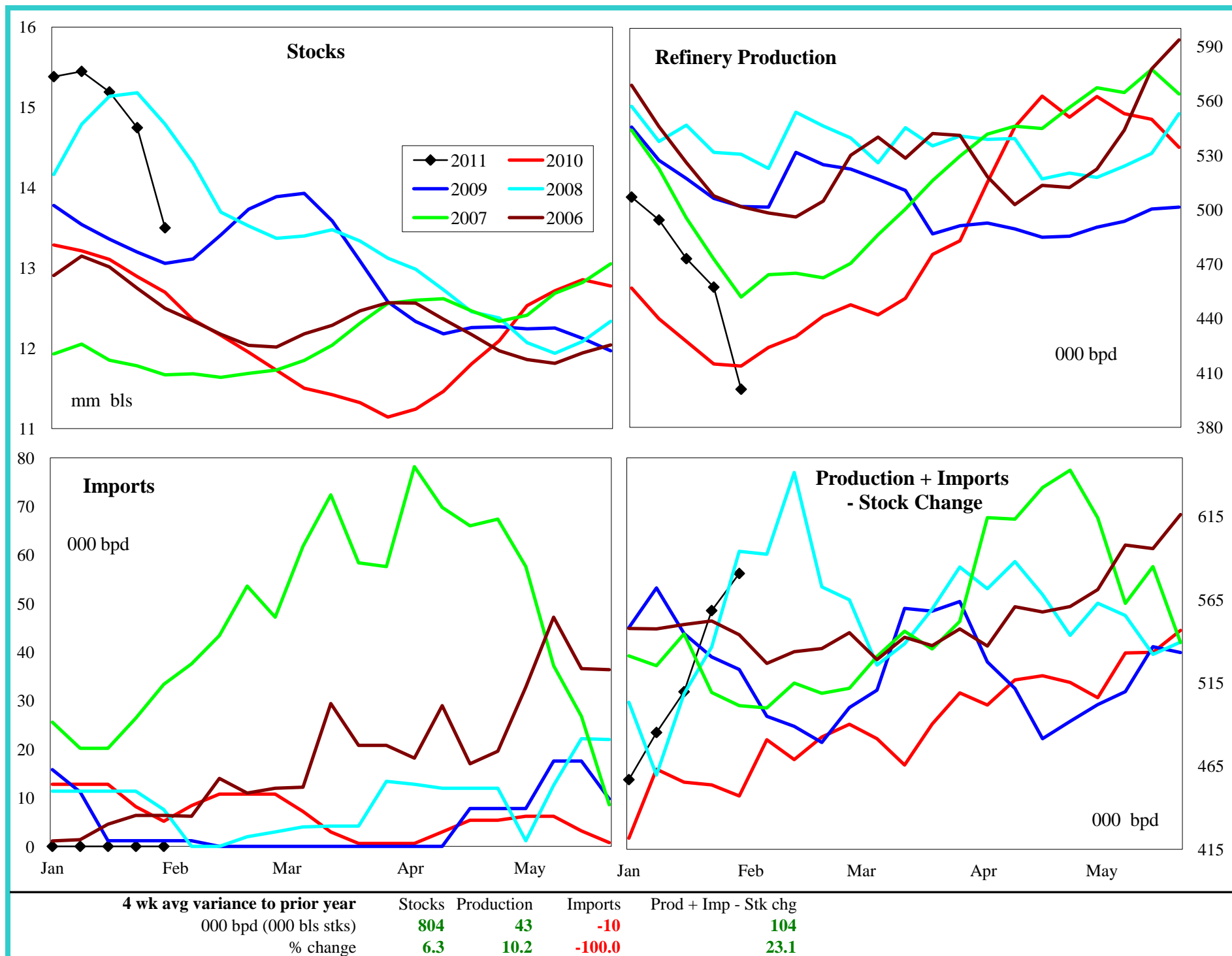
PADD 5 Reformulated Gasoline Supply



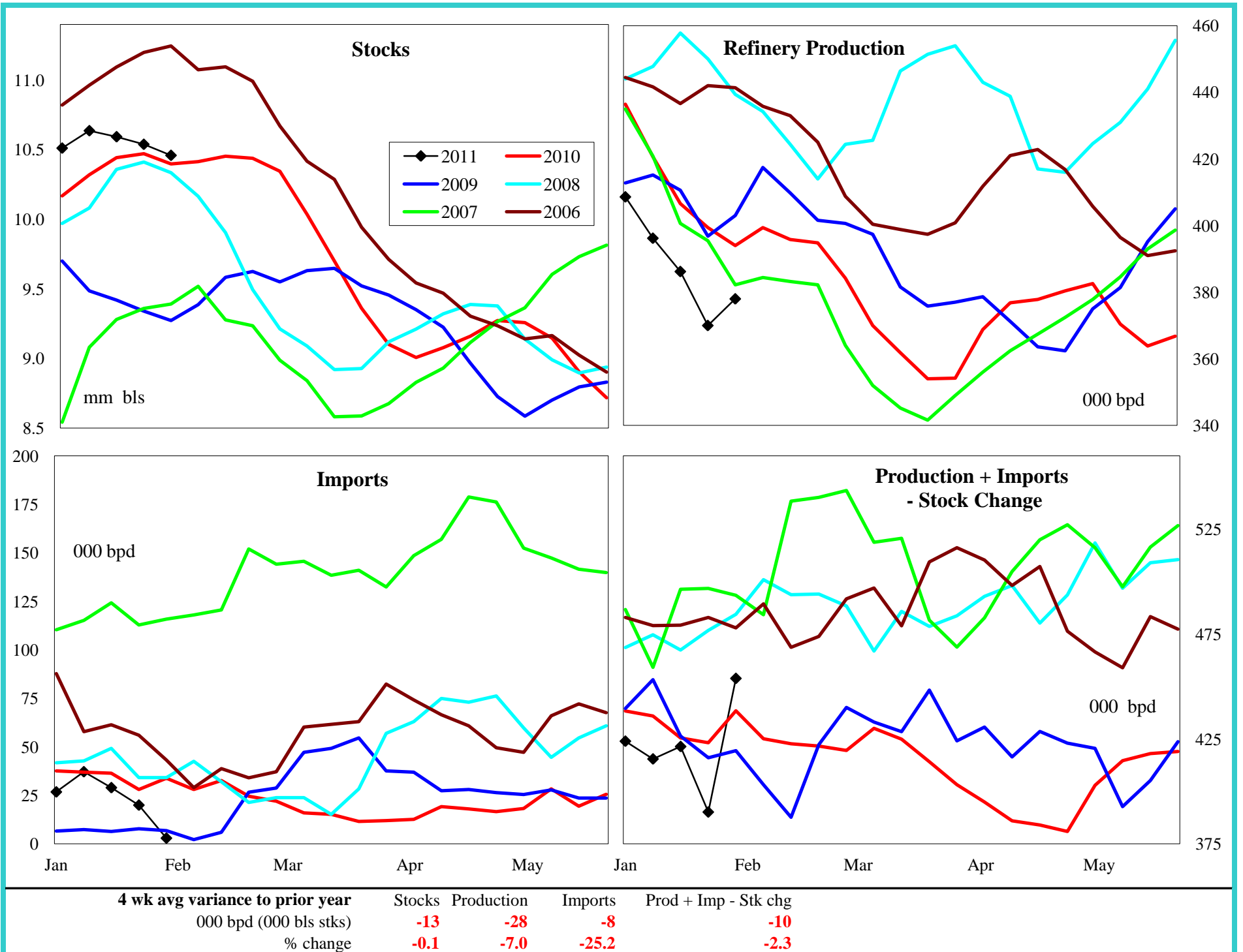
PADD 5 Conventional Gasoline Supply



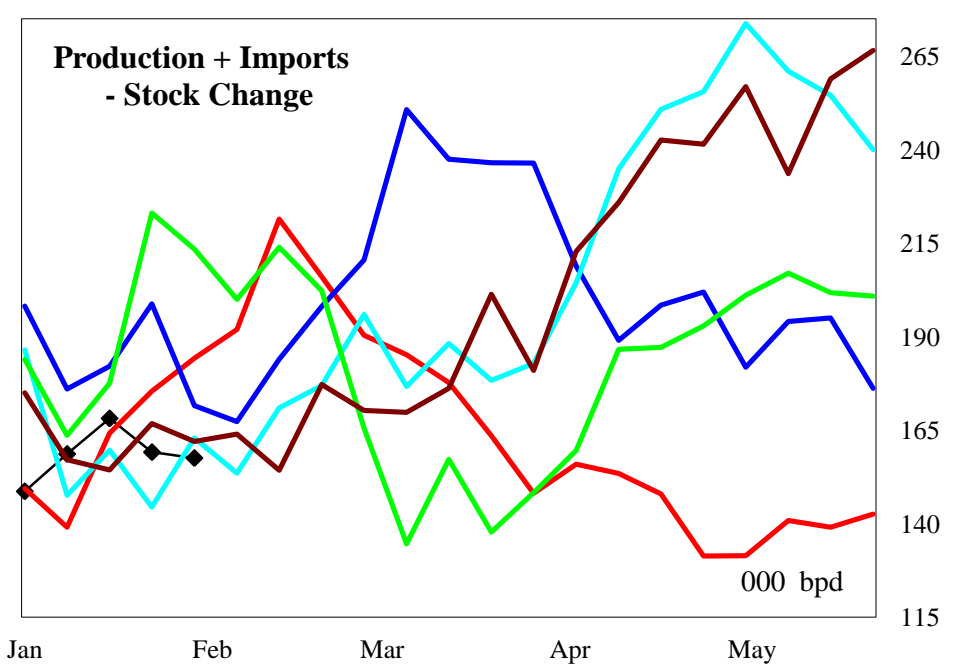
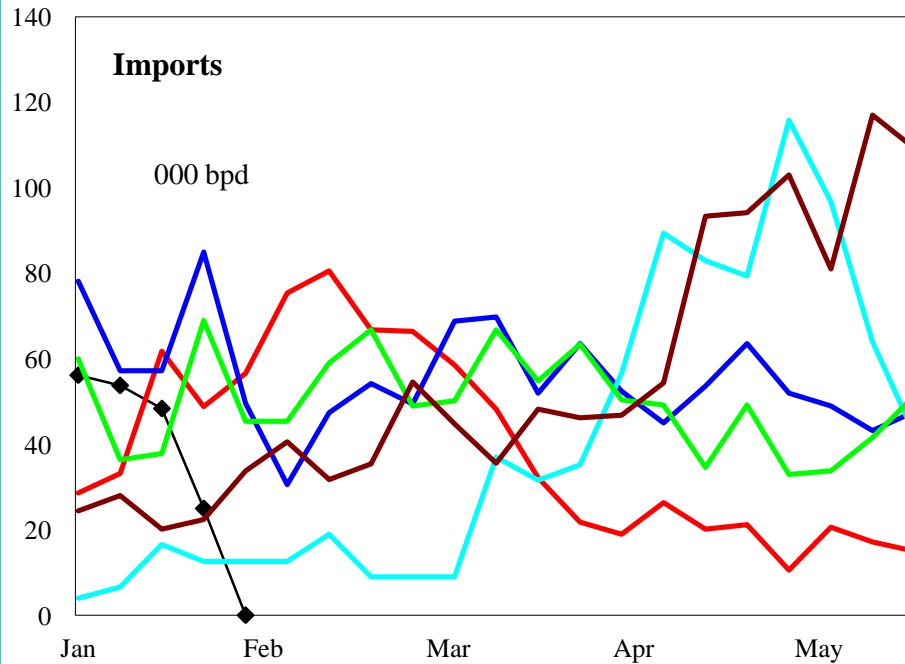
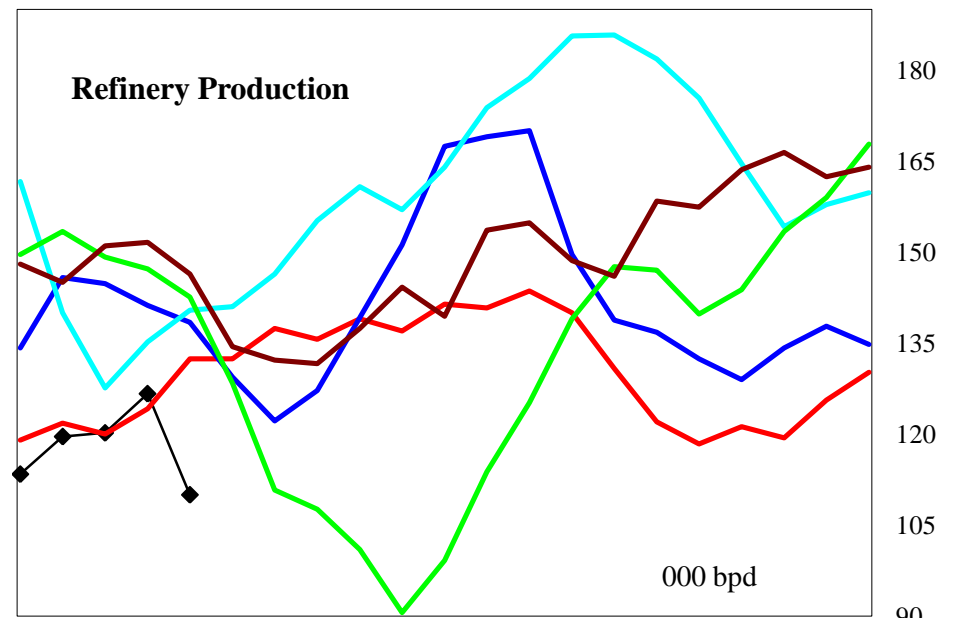
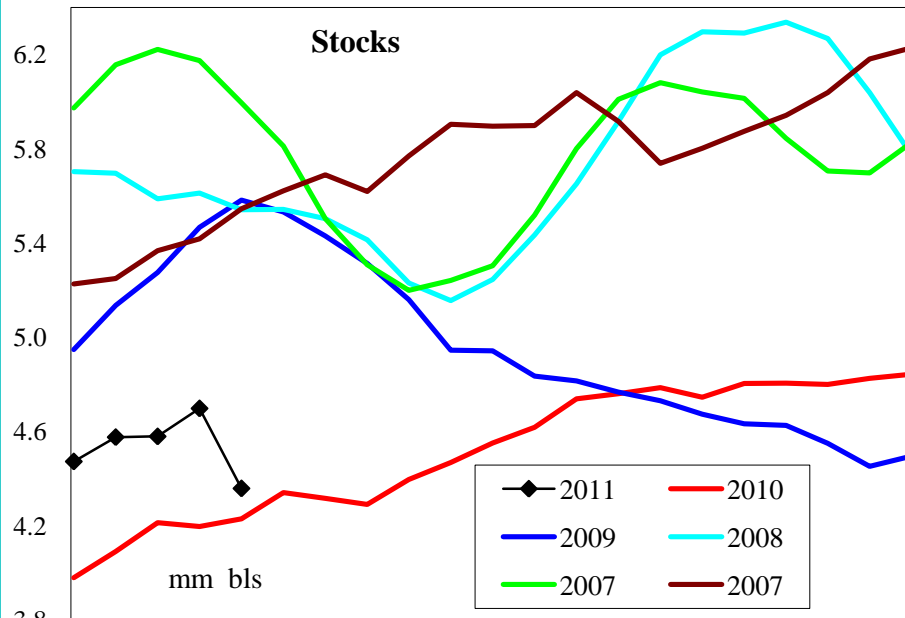
PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

130

3

-20

-7

3.1

2.4

-35.1

-3.9