



**FUNDAMENTAL  
PETROLEUM  
TRENDS**

## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

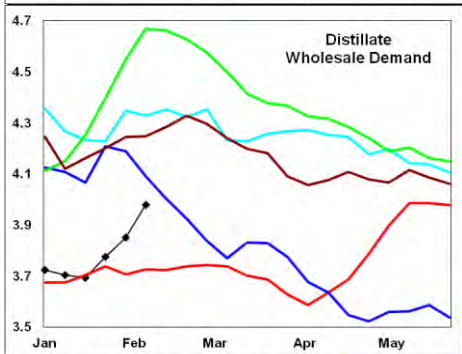
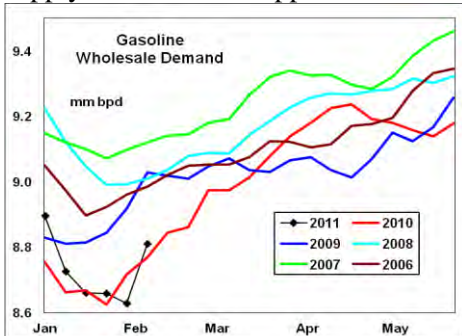
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, February 16,



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

Gasoline and distillate wholesale demand each increased +0.3 million bpd last week on improving weather which allowed consumers to return to the highways and the downstream supply chain to be resupplied.

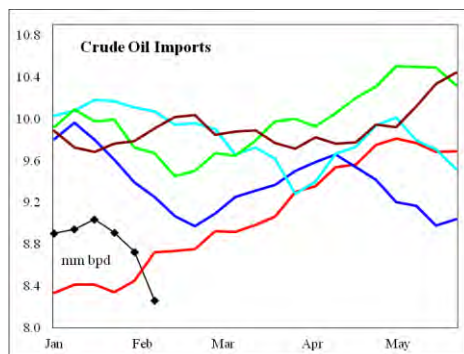


The pace of refinery maintenance picked up last week as crude runs fell -481,000 bpd, concentrated in the Gulf Region. As a result, middle distillate (jet fuel and distillates) production fell -366,000 bpd. This drop in supply, combined with higher demand led to a -4.6 million barrel stock draw for middle distillates. The draw was concentrated in the Gulf Region.

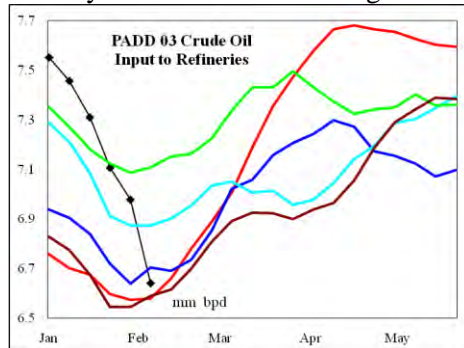
Jet fuel supplies on the Gulf are extremely tight on record low production and stocks.

A high level of blending activity resulted in gasoline production rising +93,000 bpd. Stocks ended the week +9 million barrels above the prior 5-year high. Stock levels in all regional markets were at/above 5-year highs, with the exception of the Central Atlantic Region of PADD1.

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



Crude oil imports fell to record low levels last week, with the decrease concentrated in the Gulf. The current record discount of inland U.S. crude oil grades compared to foreign grades has led refiners to switch, where possible, from imported to domestic grades. Lower Gulf imports also reflect refiners beginning winter refinery maintenance in this region.



**Demand** for gasoline and distillate were each up +0.3 million bpd last week. jet fuel increased last week.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline was unchanged; distillate up +2.7%; jet fuel up +1.4% while residual fuel oil increased +0.2%.

**Stocks forward coverage:** Gasoline demand coverage decreased on a +0.2 million barrel build in stocks and sharply higher demand. Coverage levels remain above the 5-year high for this time of year.

Distillate coverage decreased on a -3.1 million barrel stock draw and higher demand. Coverage levels were near the 5-year high for the period.

Jet fuel coverage decreased on a -1.5 million barrel stock draw. Coverage levels were comparable to

the last 2-years.

**Refinery utilization** rates fell on a -0.5 million bpd drop in crude oil runs. Runs for the latest 4-wk period were +0.5 million bpd above a year ago, and above 2009 levels.

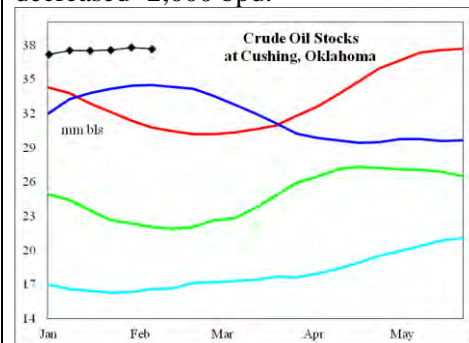
Gasoline yield % on crude oil runs increased on a +93,000 bpd rise in production versus the -481,000 bpd drop in crude oil runs. The yield % on crude oil runs jumped to a 5-year high.

Distillate yield % on crude oil runs declined with production down -250,000 bpd compared to the decrease in crude oil runs. Yield % was near the 5-year high for the period.

Jet fuel yield % on crude oil runs fell on a -116,000 bpd decrease in output, more than expected based on the drop in crude oil runs. The yield % on crude oil runs was a record low.

**Petroleum Imports** of crude oil and transport fuels decreased -0.7 million bpd last week

During the latest 4-wk period crude oil imports increased +0.6 million bpd over last year; distillate imports decreased -260,000 bpd; finished gasoline imports decreased -107,000 bpd, gasoline blend stock imports increased +148,000 bpd; jet fuel imports were -41,000 bpd lower, while residual fuel oil imports decreased -2,000 bpd.



**Crude Oil** imports decreased -0.6 million bpd on the week, to a level below the 5-year range. A -0.5 million bpd drop in refinery crude oil runs led to a +0.9 million barrel stock build. Stocks in Cushing, Oklahoma increased +0.3 million barrels, with the level above the 5-year range.



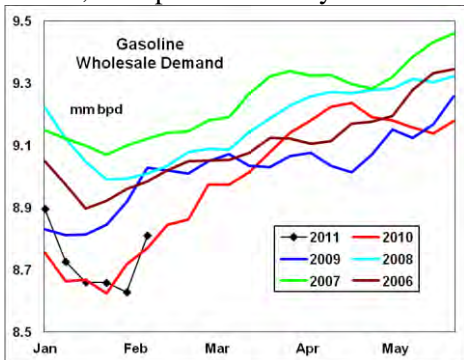
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

### A Fundamental Petroleum Trends Weekly Report

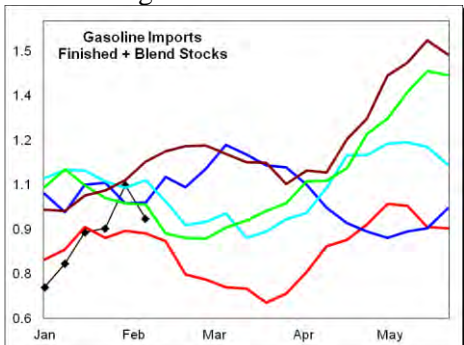
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#### Product Supply-Demand Trends

**Gasoline** demand jumped +286,000 bpd on an end to the seasonal downtrend and improving weather conditions. The latest 4-wk average was -1,000 bpd below last year.



Production increased +93,000 bpd on the week, to a record high for the period. Imports decreased -102,000 bpd on the week, with the level below the mid range.



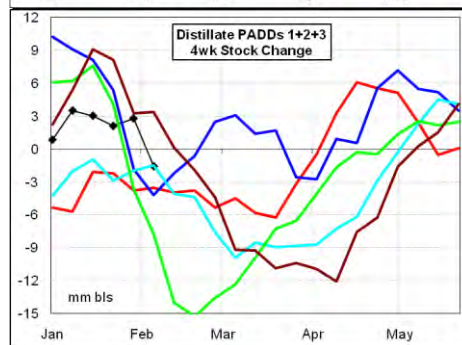
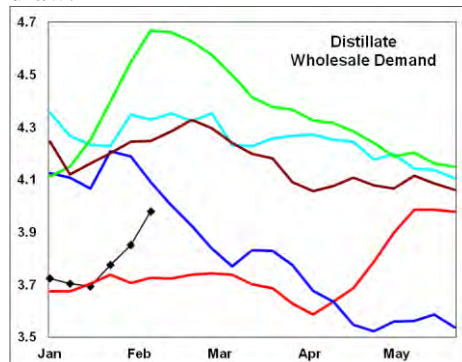
Stocks increased +0.2 million barrels, with the level +9 million barrels above the prior record high for this time of year. Stock levels were at/near 5-year highs in all regional markets except the Central Atlantic Region of PADD 1.

*Demand should trend seasonally higher. Refinery maintenance should drive production lower in the near term, then seasonally higher by the end of the 1st quarter. The Central Atlantic Region remains at risk of tight supply if import economic deteriorate.*

**Distillate** demand jumped +297,000 bpd last week, with the latest 4-wk average +99,000 bpd above last year. Peak heating demand led to the recent jump in demand, which with current warming trends is likely to pull back.

Supply fell -335,000 bpd on lower production and imports. Production

fell to near the 5-year mid range. Higher demand and a sharp drop in supply led to a -3.1 million barrel stock draw.



The draw was concentrated in the Gulf Region where stock levels remain +22% above the prior record high. The latest 4-wk stock change in PADDs 1+2+3 was a draw of -1.5 million barrels, a draw slightly above the last 3-years for this period.

*Refinery maintenance should offset lower demand as winter heating winds down, so that the market remains well supplied.*

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

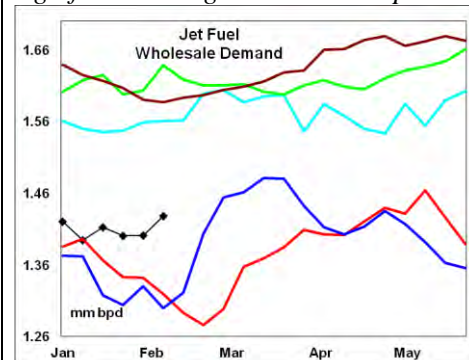
**Jet Fuel** demand decreased -37,000 bpd on the week. The latest 4-wk average demand was +19,000 bpd above a year ago.

Supply decreased -116,000 bpd, with production falling to a record weekly low. The -116,000 bpd drop in production led to a -1.5 million barrel stock draw on the week. Stocks have witnessed a sharp counter seasonal draw, although the level remains above the mid range.

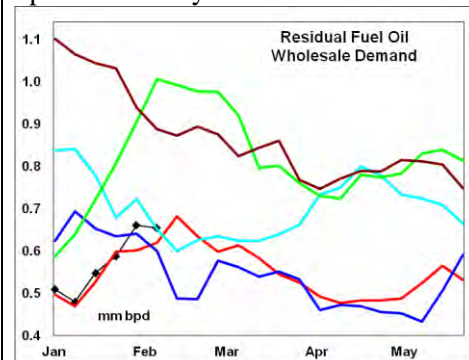
*Jet fuel supplies have collapsed in the key Gulf region with both stock*

*levels and production falling to record lows. This tightness should impact adjacent regions in the near term.*

*Jet fuel prices should follow that of distillates which continue to exhibit significant strength on robust exports.*



**Residual fuel oil** demand, including exports, decreased -116,000 bpd last week, with the 4-wk average +1,000 bpd above last year.



Supply (production + imports) increased +61,000 bpd on higher imports. Imports matched the 5-year high for the period. The latest 4-wk average supply was -63,000 bpd below a year ago. Stocks increased +0.3 million barrels, with the level at the mid range.

*A recent rise in imports has offset very low production, so that stock levels remain near the mid range.*

*The key Gulf region remains very well supplied with stocks, imports and production each near 5-year highs. Residual fuel oil prices should follow the overall energy market.*





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

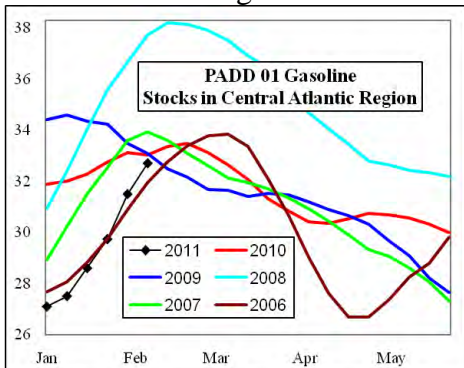
### A Fundamental Petroleum Trends Weekly Report

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#### PADD Supply Trends

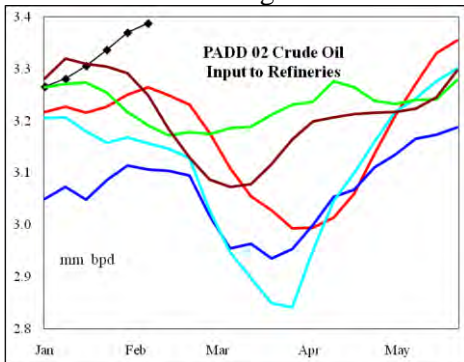
**PADD 1** refinery crude oil runs decreased -59,000 bpd last week, with the 4-wk average -41,000 bpd below a year ago. Stock and import levels each are -18% below last year, driven by earlier refinery closures.

Gasoline production increased +130,000 bpd, and imports climbed +40,000 bpd on the week. Import levels remain at the upper end of the historic range. Stocks increased +0.2 million barrels on the week, to a level exceeded the 5-year high. However stock levels in the key Central Atlantic Region remain below the mid range.



Distillate supply decreased -120,000 bpd on the week, with both production and imports lower. Stocks were unchanged on the week, supported by a spike in receipts from the Gulf.

Jet fuel supply decreased -40,000 bpd for the week, with production above the 5-year range. Stock levels were near the mid range.



**PADD 2** crude oil refinery runs decreased -19,000 bpd on the week, with the level a record high compared to the prior 5-years. Imports increased

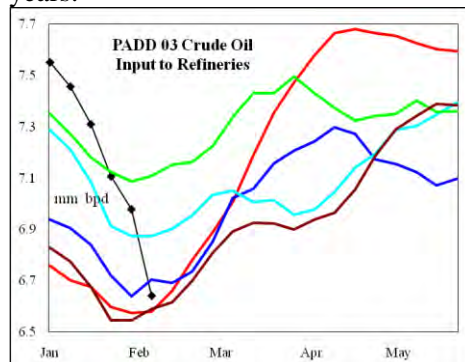
+96,000 bpd to a record high for the period. Stocks increased +1.3 million barrels, including a +0.3 million barrel build in Cushing.

Gasoline production decreased -41,000 bpd on the week to a level near the mid range. Stocks increased +2 million barrels, to a level at the upper end of the historic range.

Distillate supply decreased -42,000 bpd, with the level a record high for the period. Stock levels remain at the upper end of the historic range.

Jet fuel production fell -29,000 bpd to a level below the 5-year range. Stock levels were at the mid range.

**PADD 3** crude oil runs decreased -435,000 bpd last week, with the latest 4-wk average +519,000 bpd above a year ago. Current week input rates are comparable to the last 2-years. Crude imports decreased -0.4 million bpd last week, to match last years' record lows. Stocks decreased -1.5 million barrels to a level below four of the last 5-years.



Gasoline production decreased -52,000 bpd on the week. Stocks fell -2 million barrels, to a level +5.1 million barrels above the prior 5-year high.

Distillate production fell -186,000 bpd on the week, with the level just below 5-year highs. Stocks decreased -2.5 million barrels to a level +9.5 million barrels above the prior 5-year high.

Jet fuel production decreased -89,000 bpd on the week, to a record low weekly rate. Stocks fell -1.7 million barrels, to a record low level.

Residual fuel oil supply decreased -52,000 bpd on lower imports.

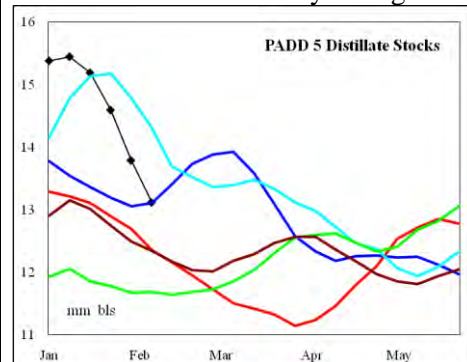
Supplies reached a 5-year weekly high. Stock levels remain +6% above the previous 5-year high for this time of year.

**PADD 4** refinery crude runs were unchanged last week, at a level that matched the 5-year mid range. Crude oil import levels were near historic highs. Stock levels remain above the 5-year range.

Gasoline production increased +17,000 bpd to a level just above the historic range. Stock levels increased +0.2 million barrels to a new 5-year high. Distillate stocks and production each match 5-year highs for the period.

**PADD 5** crude oil refinery runs increased +33,000 bpd on the week, although the level remains -49,000 bpd. Crude imports decreased -203,000 bpd on the week to a level that matched historic lows for the period. Stocks increased +1.7 million barrels, due in part to very low refiner input.

Gasoline production decreased -54,000 bpd on the week, to a level above the mid range of the last 3-years. Stocks decreased -0.2 million barrels to a level that matched 5-year highs.



Distillate production increased +25,000 bpd to a level that matched last year's record low rate. Stocks decreased -0.4 million barrels on the week. Stock levels have declined over -2 million barrels in the last month as refiners began winter maintenance.


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# PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

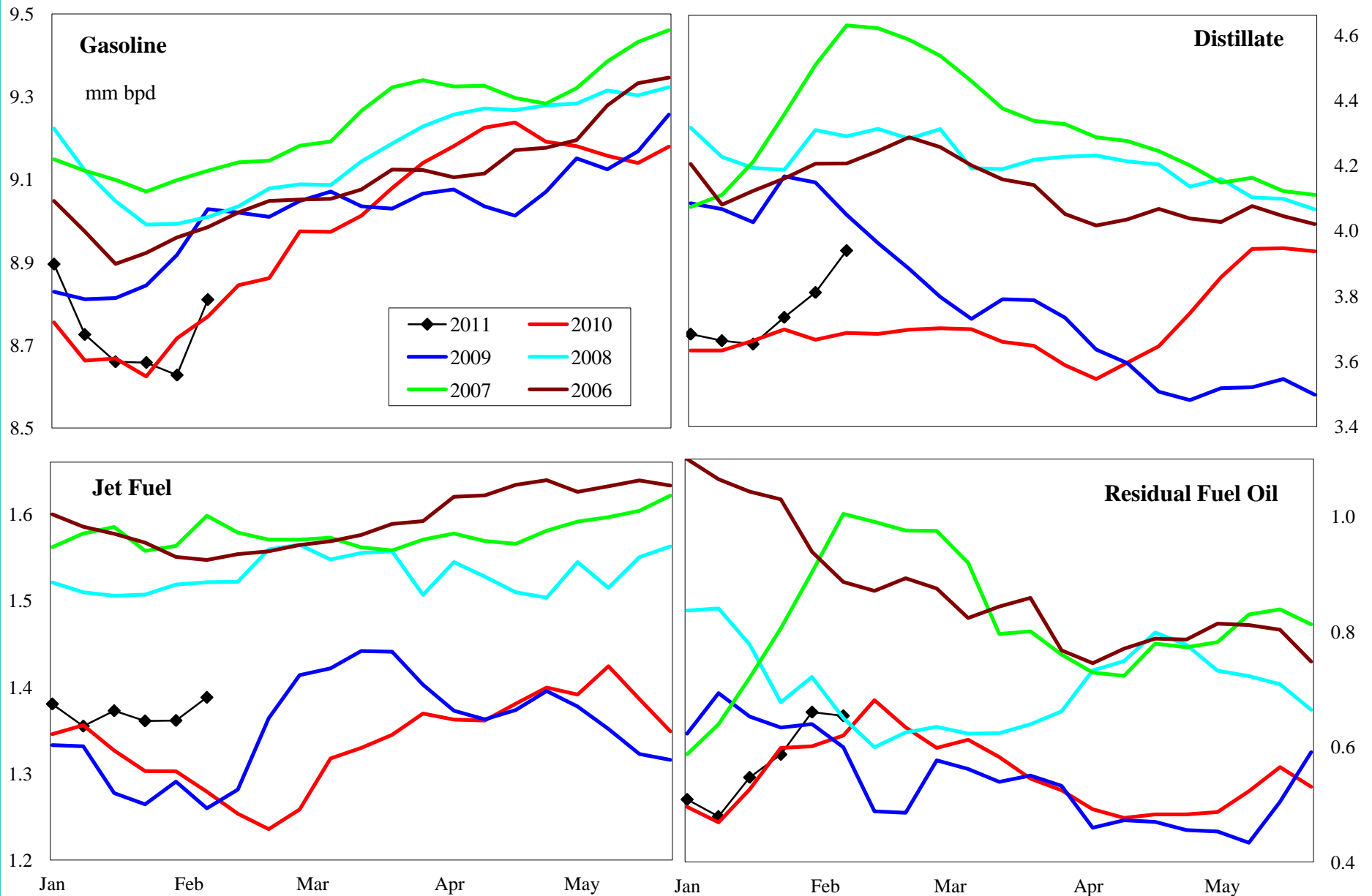
February 16, 2011

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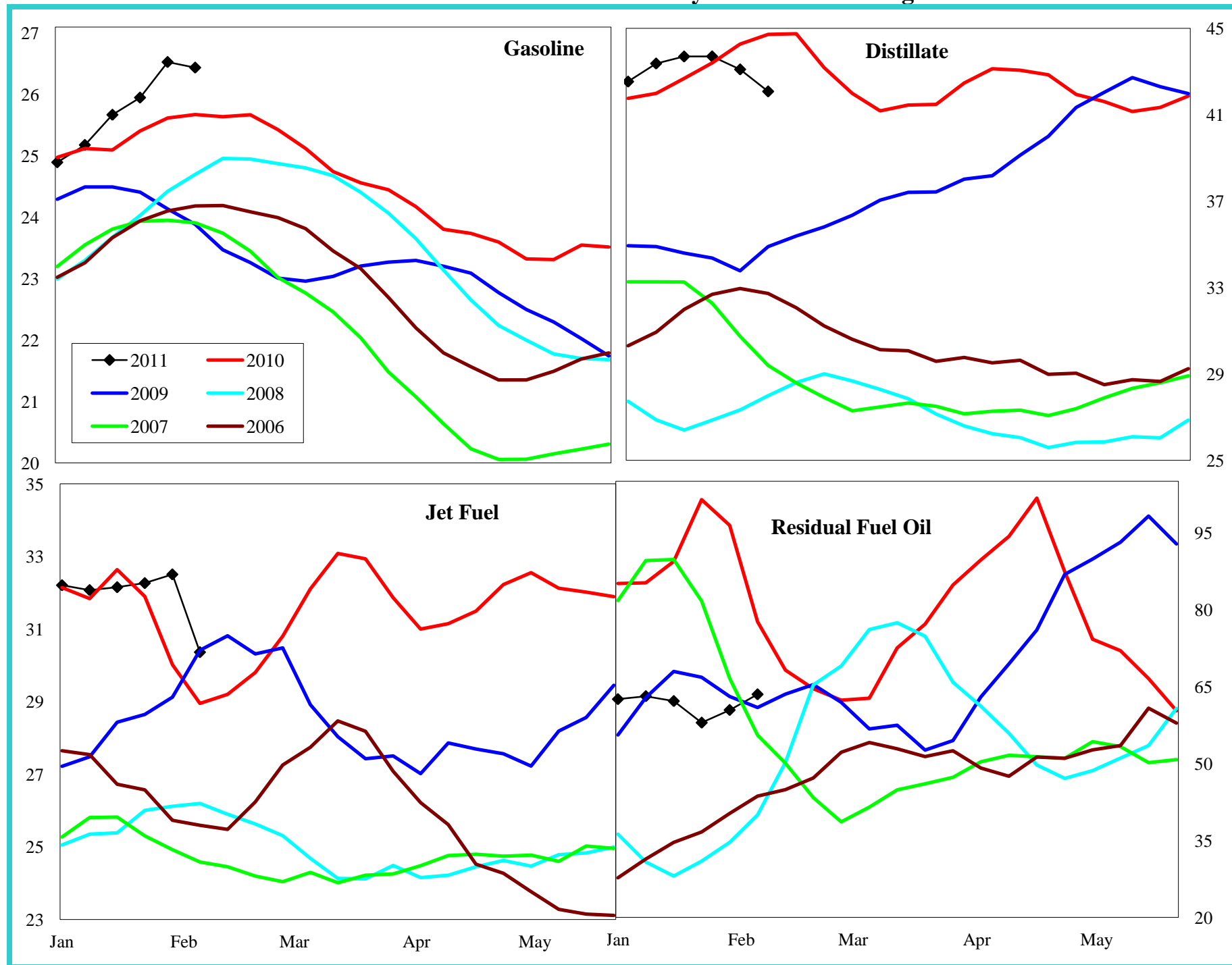
Fundamental Trends	<a href="#">Wholesale Demand</a>	<a href="#">Stocks Days Fwd Coverage</a>	<a href="#">Refinery Utilization Product Yield %</a>				<a href="#">Imports</a>
Supply/Demand Trends	11-Feb-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<a href="#">Crude Oil</a>	Stocks	860	-737	1,300	-1,542	134	1,704
	Imports	-643	-177	96	-395	34	-203
	Input	-481	-59	-19	-435	0	33
	% Utilization	-3.50					
<a href="#">Gasoline</a>	Stocks	205	197	2,020	-2,042	236	-206
	Production	93	130	-41	-52	17	-54
	Imports	-102	40	0	-126	0	-16
	Supplied	286					
<a href="#">Distillate</a>	Stocks	-3,096	4	-101	-2,548	-70	-381
	Production	-250	-65	-13	-186	-11	25
	Imports	-85	-55	-29	0	-1	0
	Supplied	297					
<a href="#">Jet Fuel</a>	Stocks	-1,503	121	-73	-1,660	28	81
	Production	-116	1	-29	-89	2	0
	Imports	0	-42	0	0	0	42
	Supplied	-37					
<a href="#">Residual Fuel Oil</a>	Stocks	304	372	145	-129	16	-100
	Production	-7	-7	1	9	2	-12
	Imports	68	128	0	-61	0	0
	Supplied	-116					

# United States Wholesale Petroleum Demand

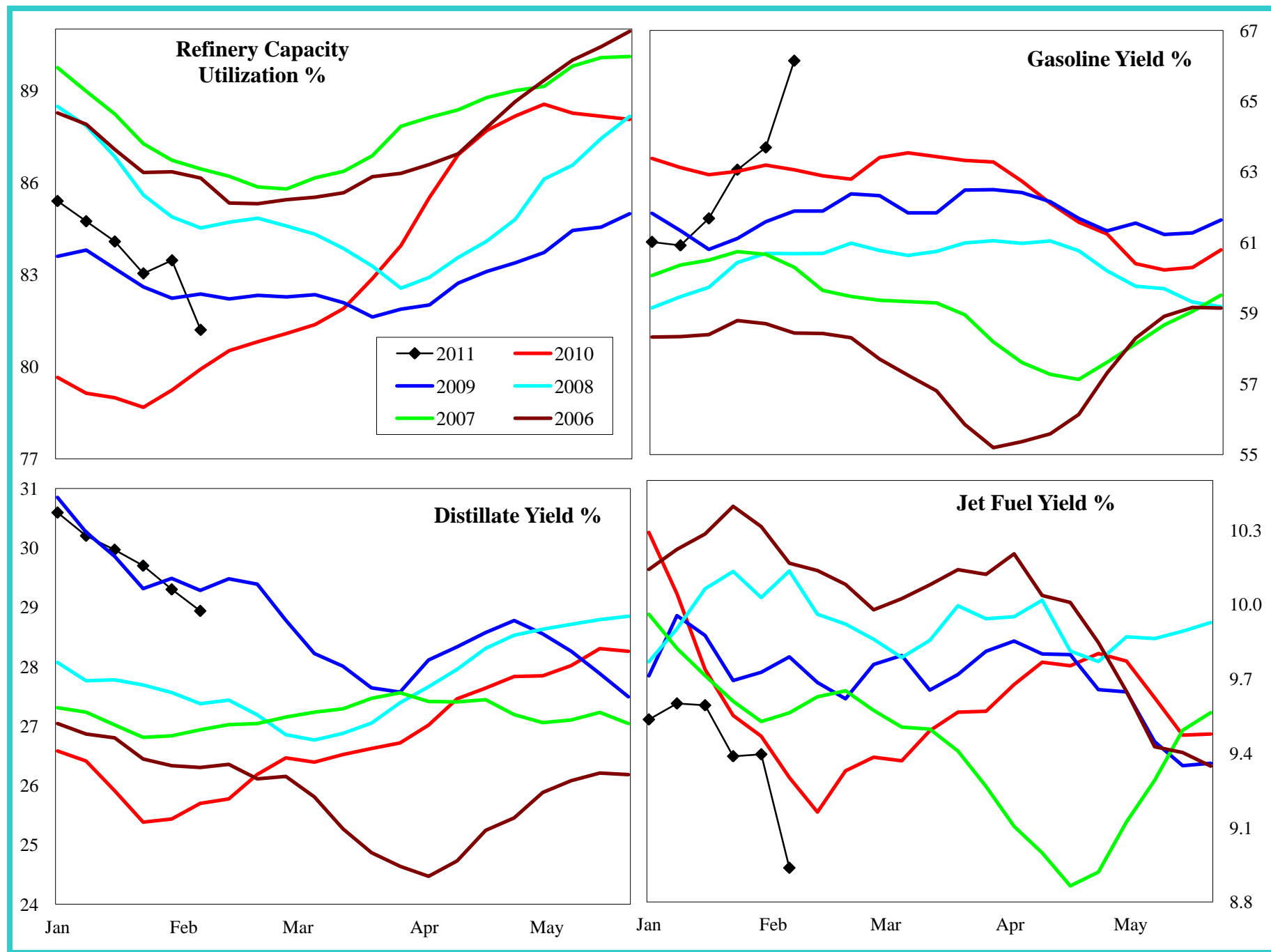


	000 bpd change from prior year				% change from prior year				
	4wk avg	Jan	Dec	Jan	4wk avg	Jan	Dec	Nov	
<b>Gasoline</b>	-1	169	273	49	0.0	2.0	3.1	0.6	
<b>Distillate</b>	99	39	26	133	2.7	1.1	0.7	3.7	
<b>Jet Fuel</b>	19	35	90	46	1.4	2.6	6.6	3.4	
<b>Resid</b>	1	-131	-56	35	0.2	-21.1	-9.6	7.9	

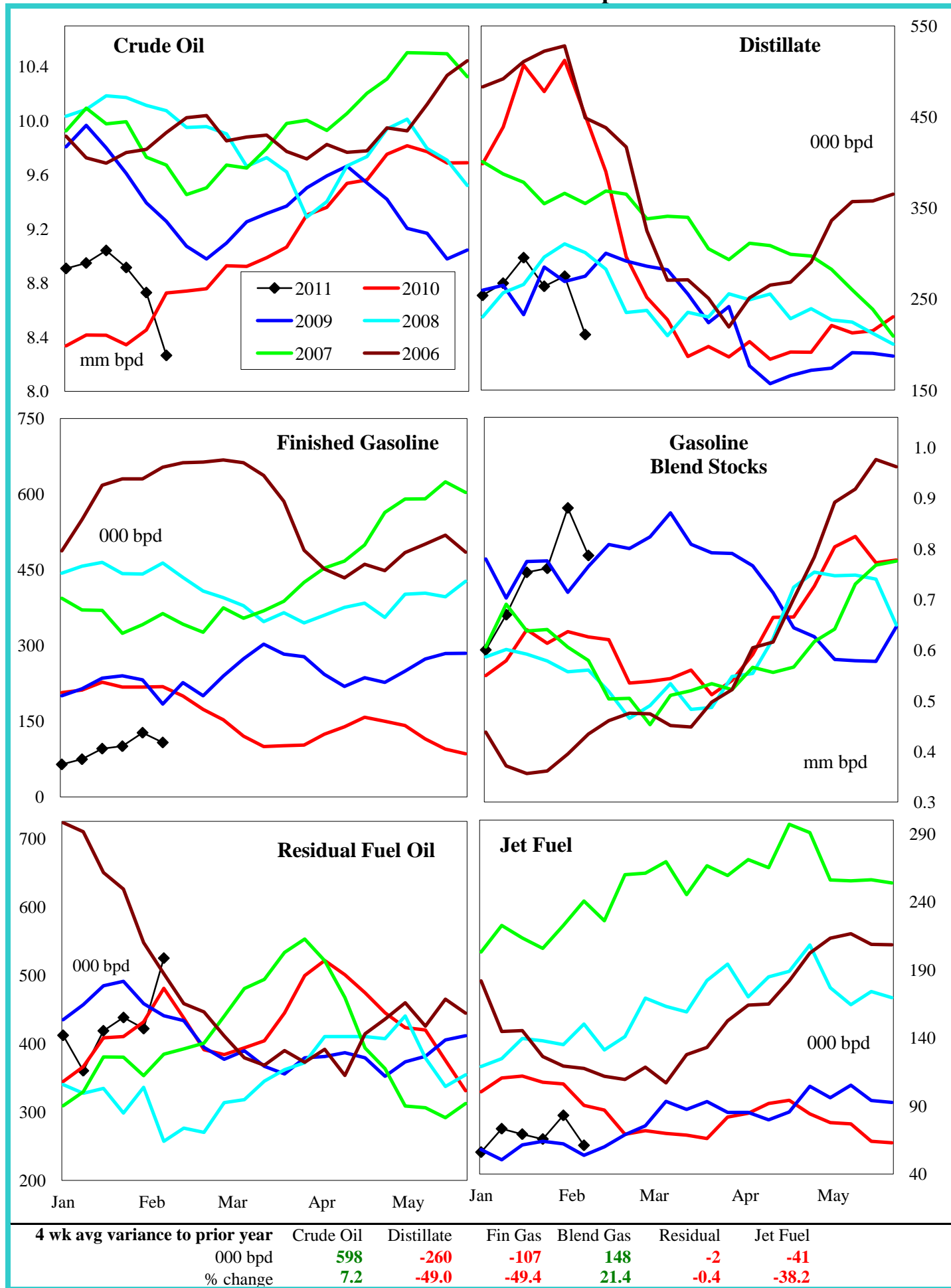
# United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

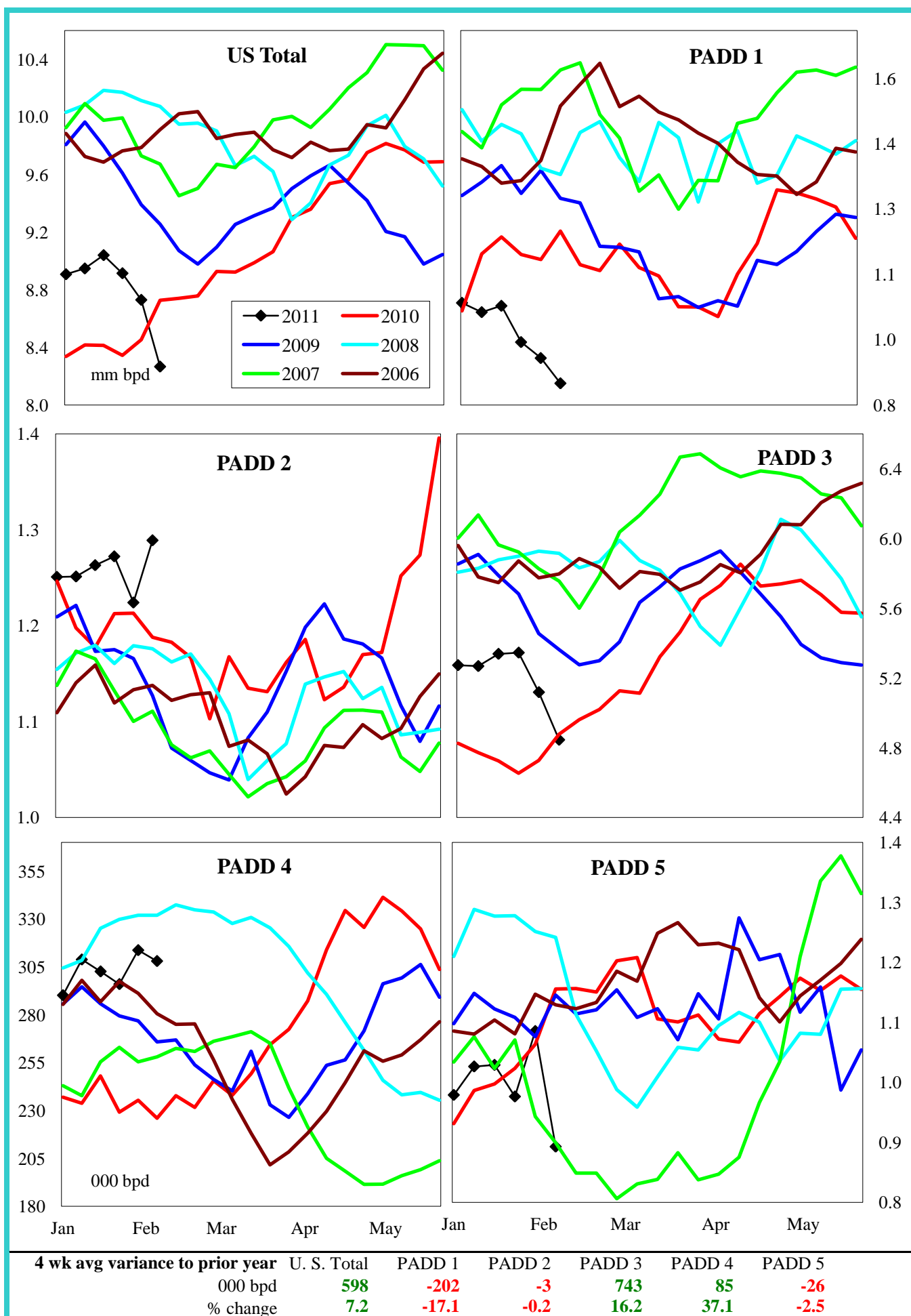


# United States Petroleum Imports

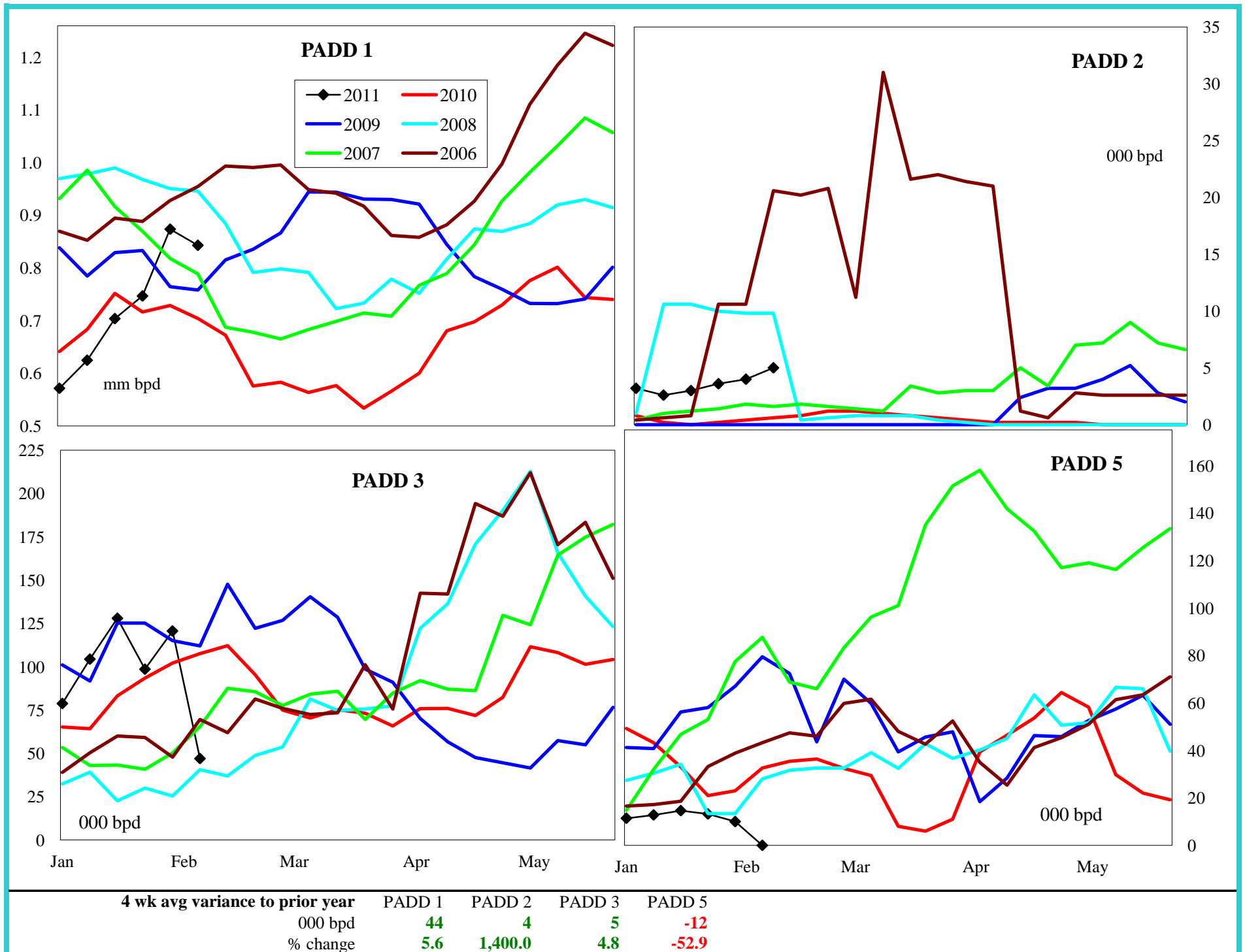




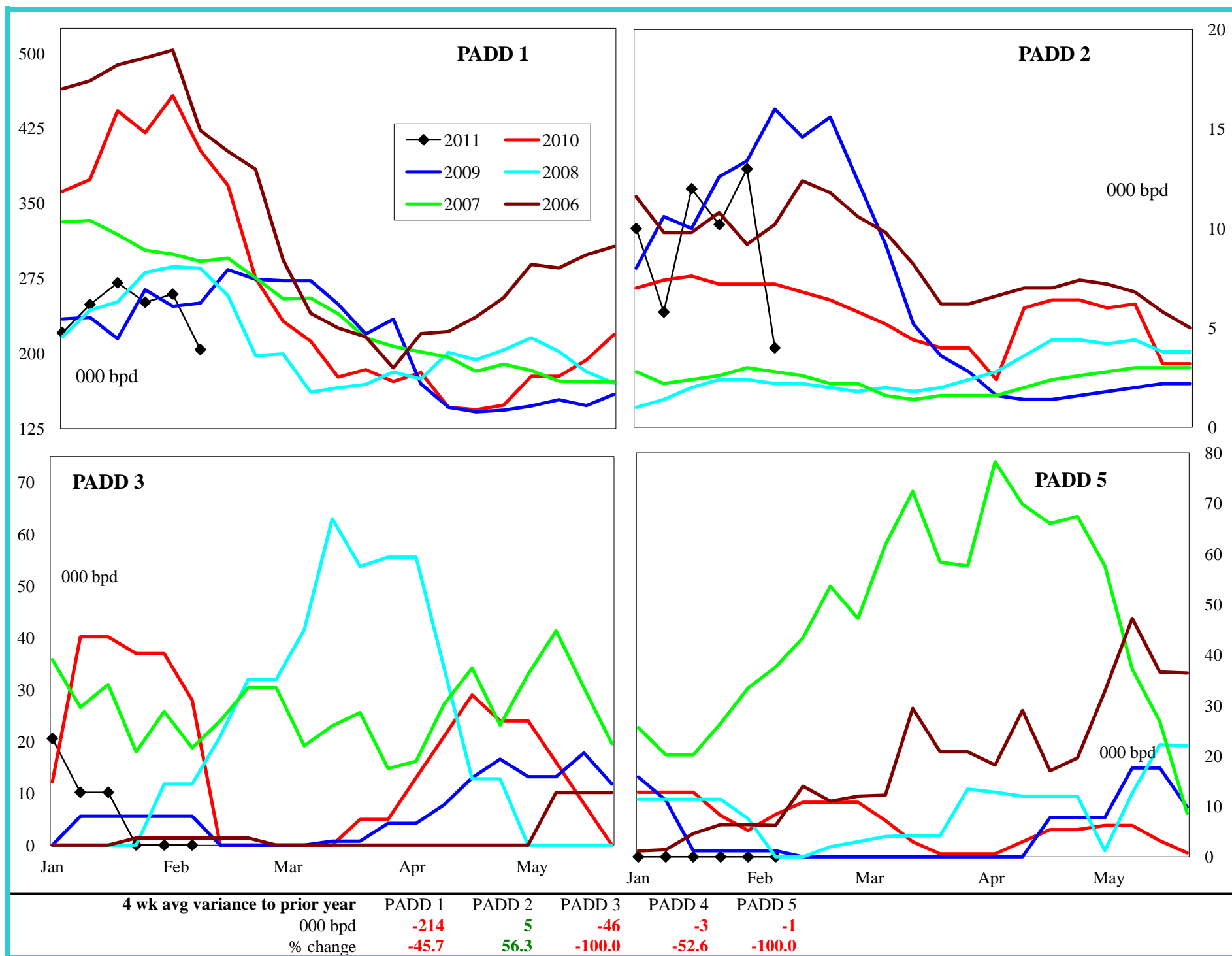
## Crude Oil Imports by PADD



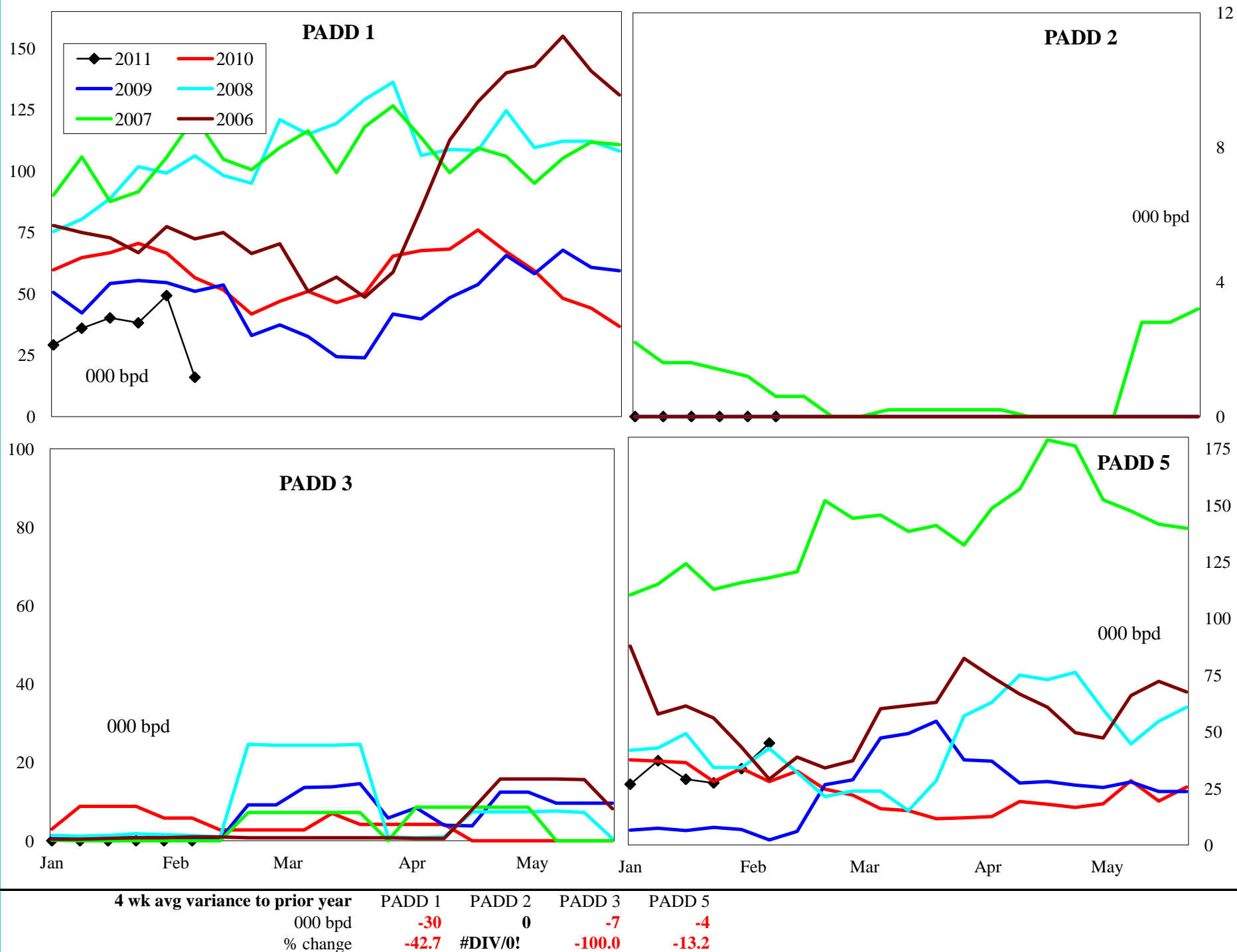
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

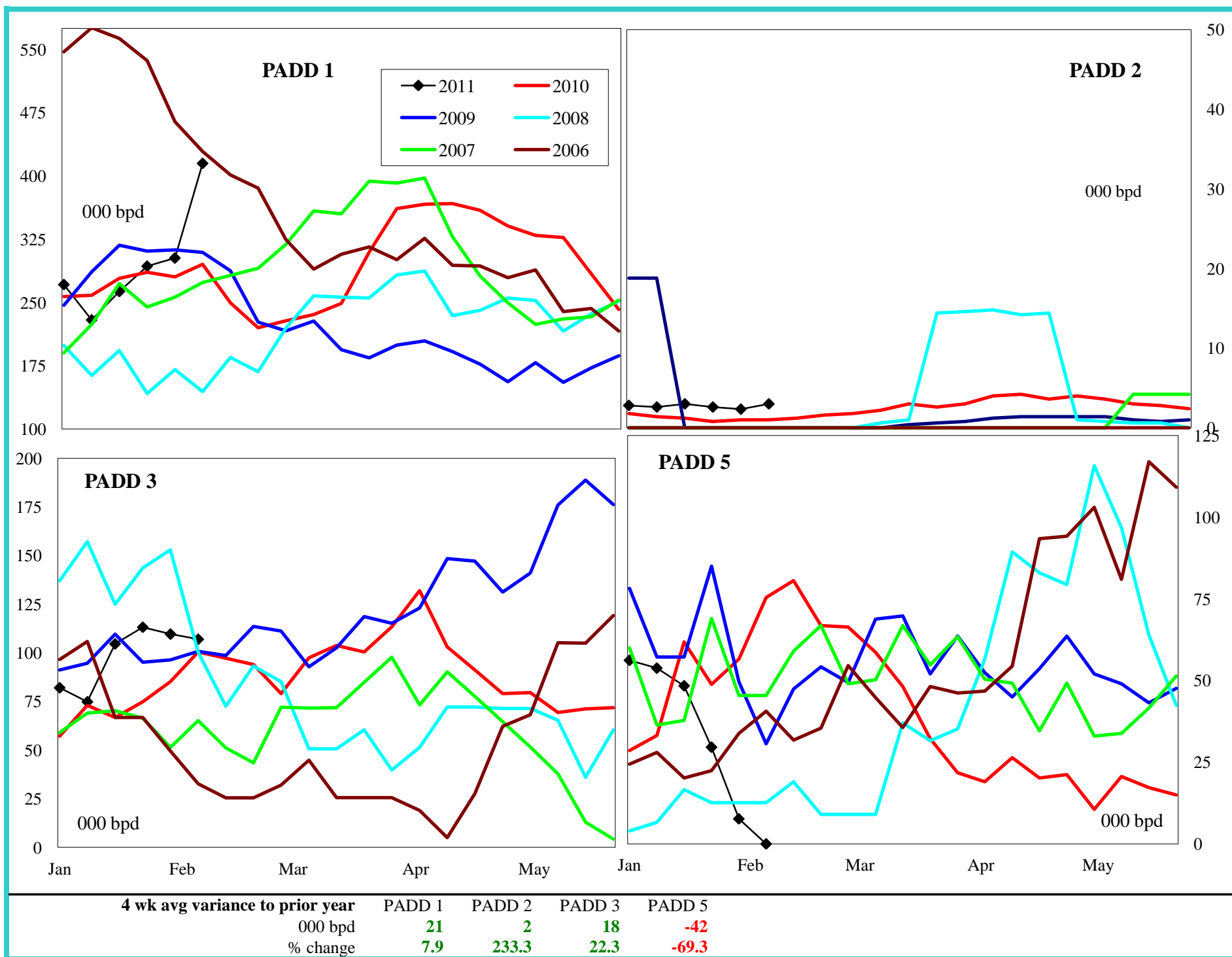


# Jet Fuel Imports by PADD

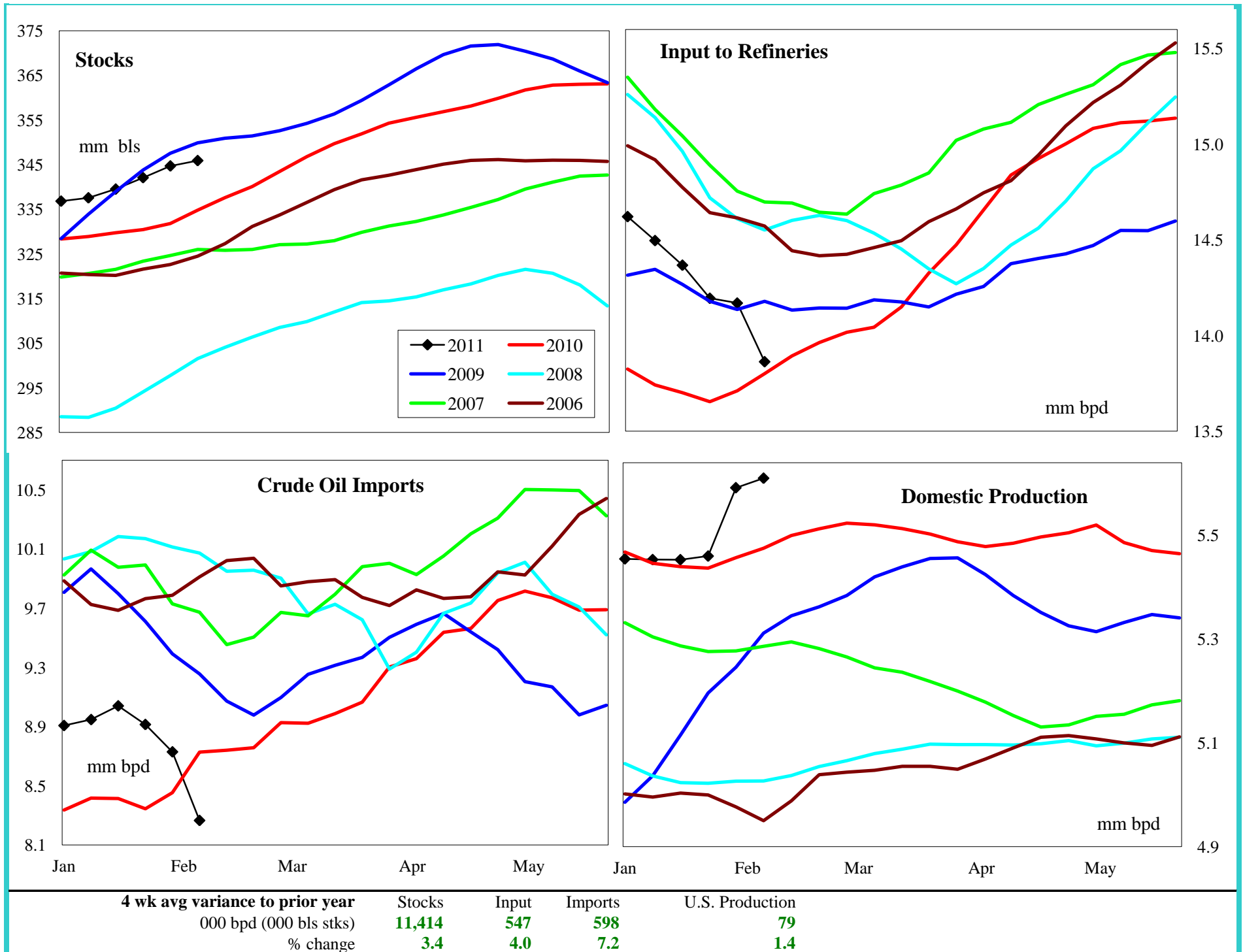




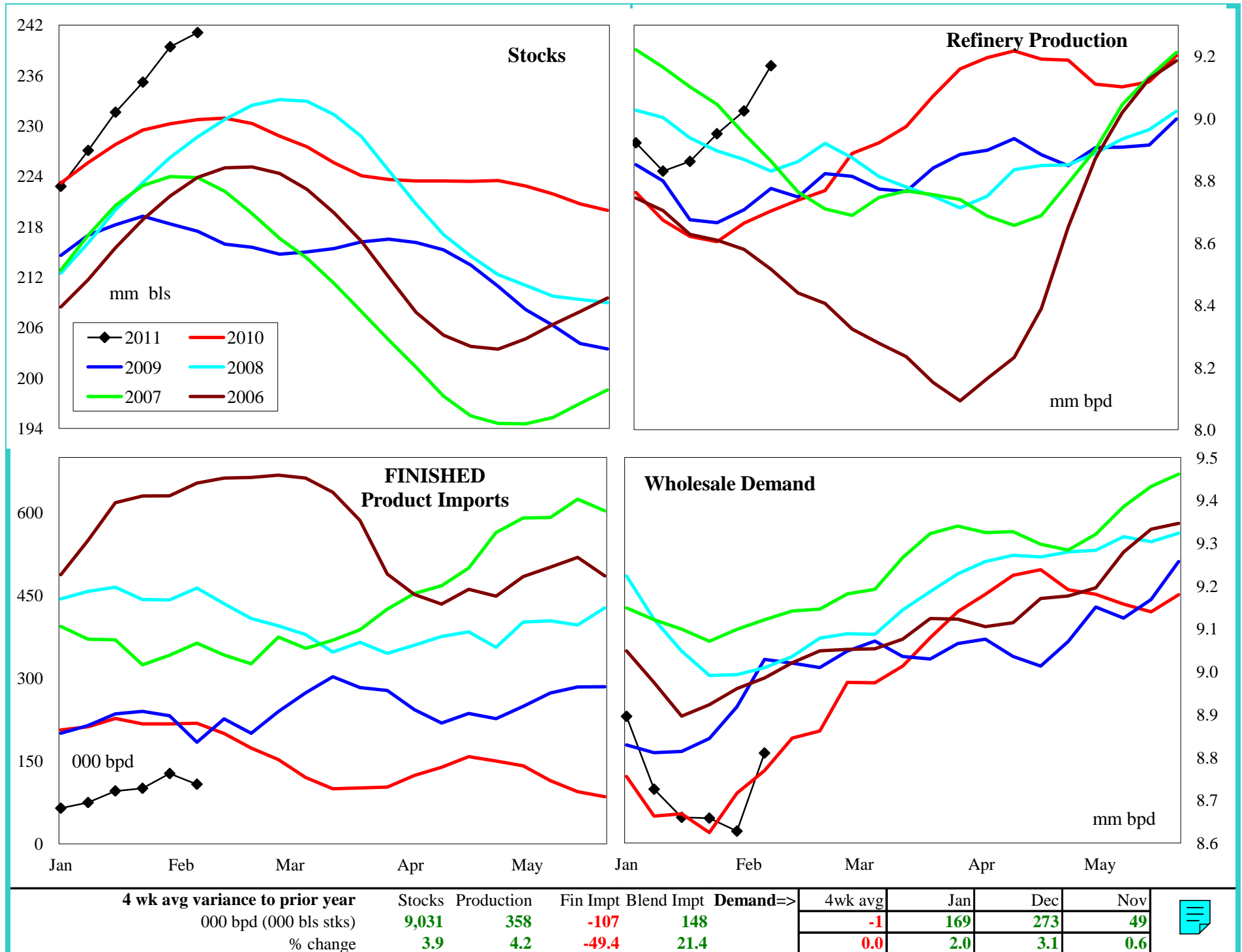
## Residual Fuel Oil Imports by PADD



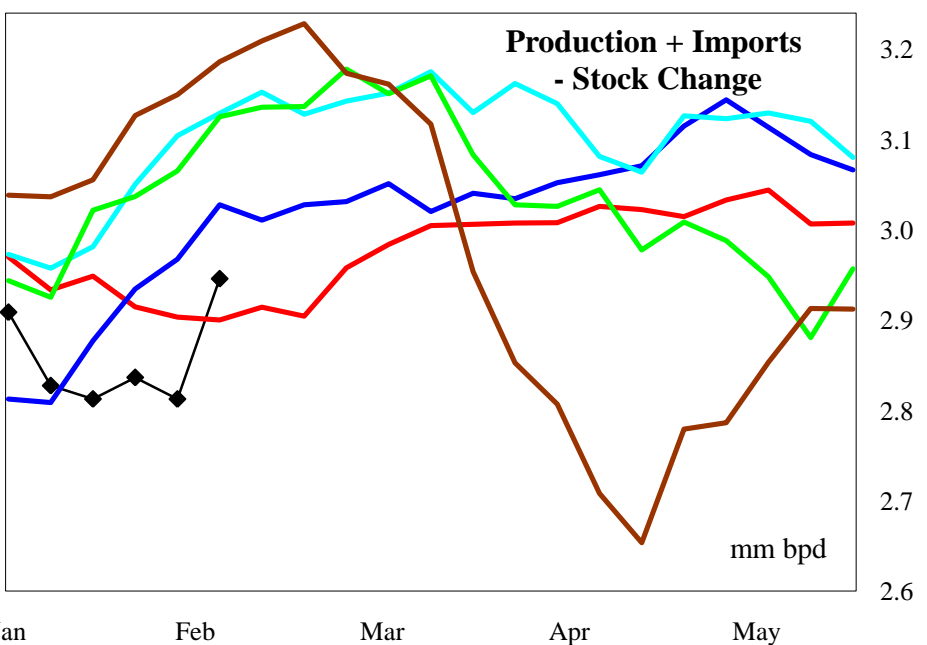
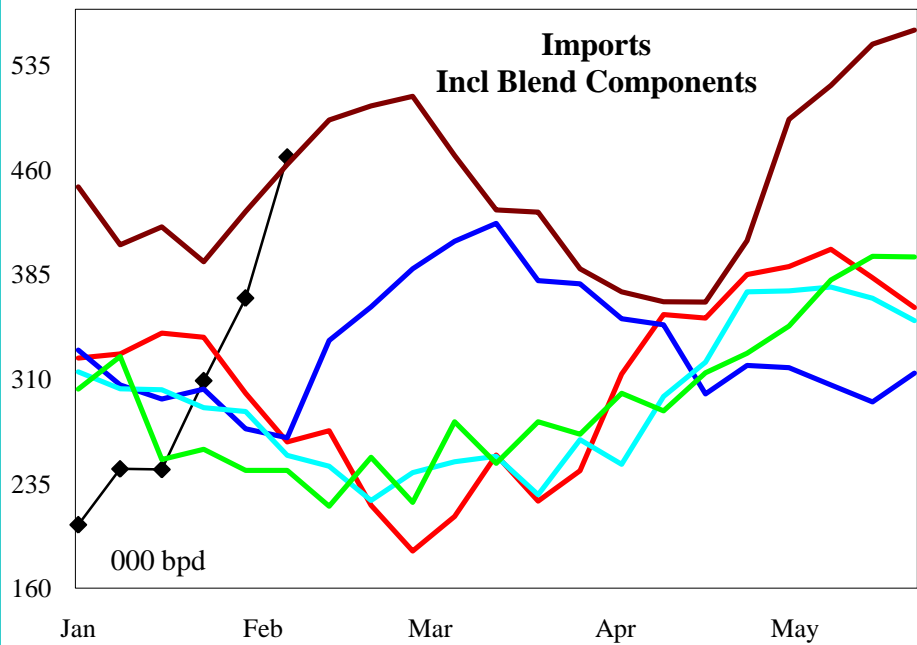
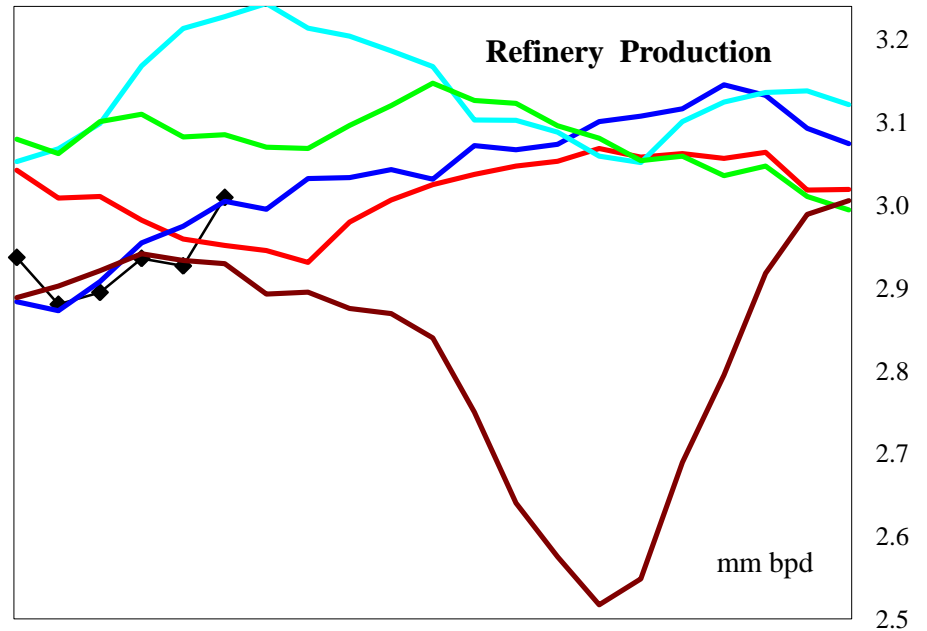
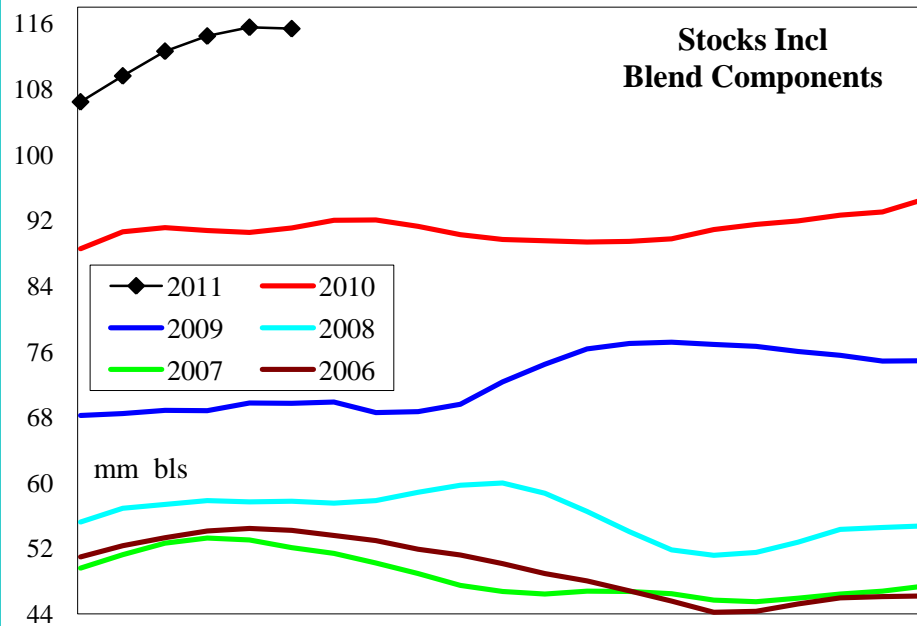
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance



# United States Reformulated Gasoline Supply

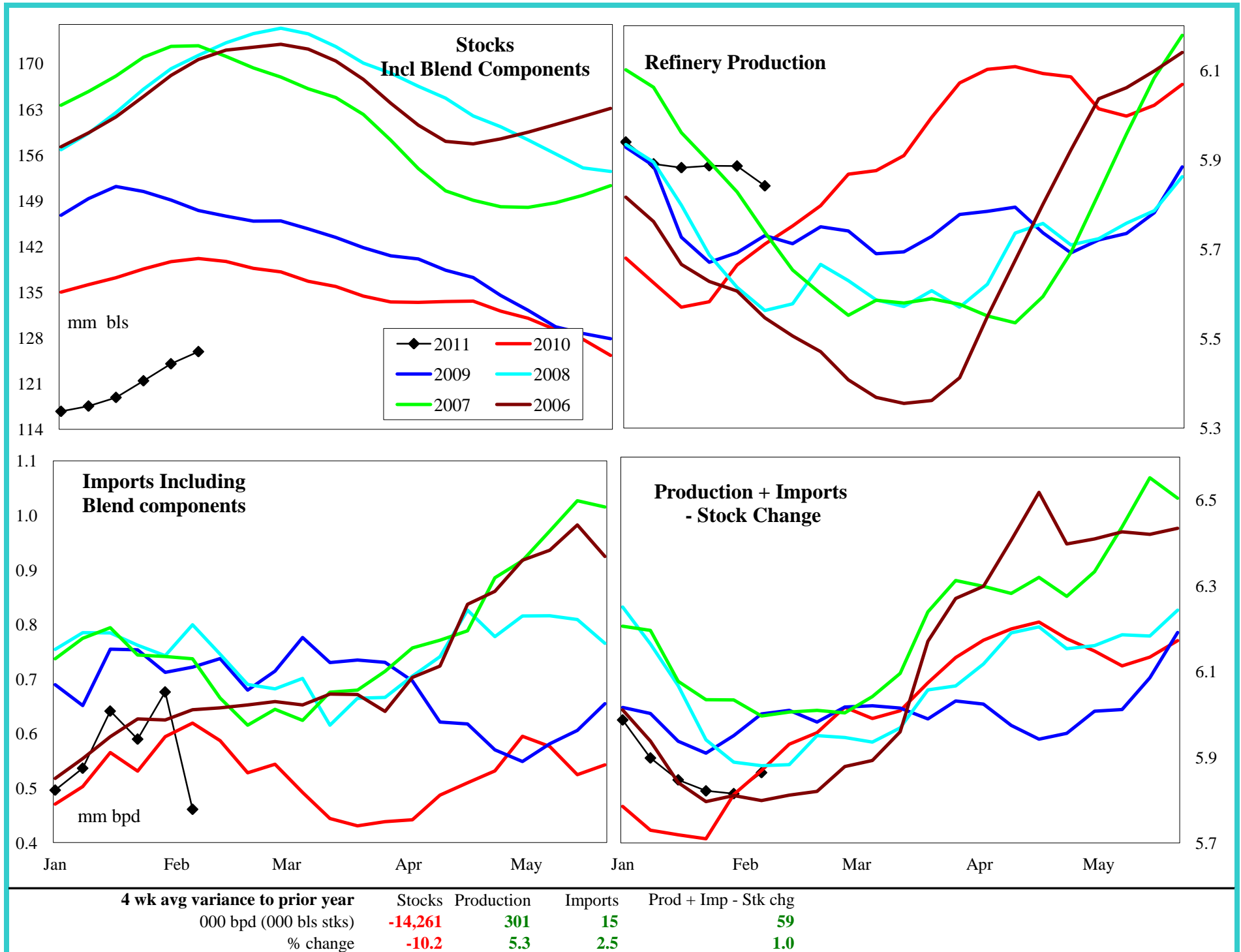


**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

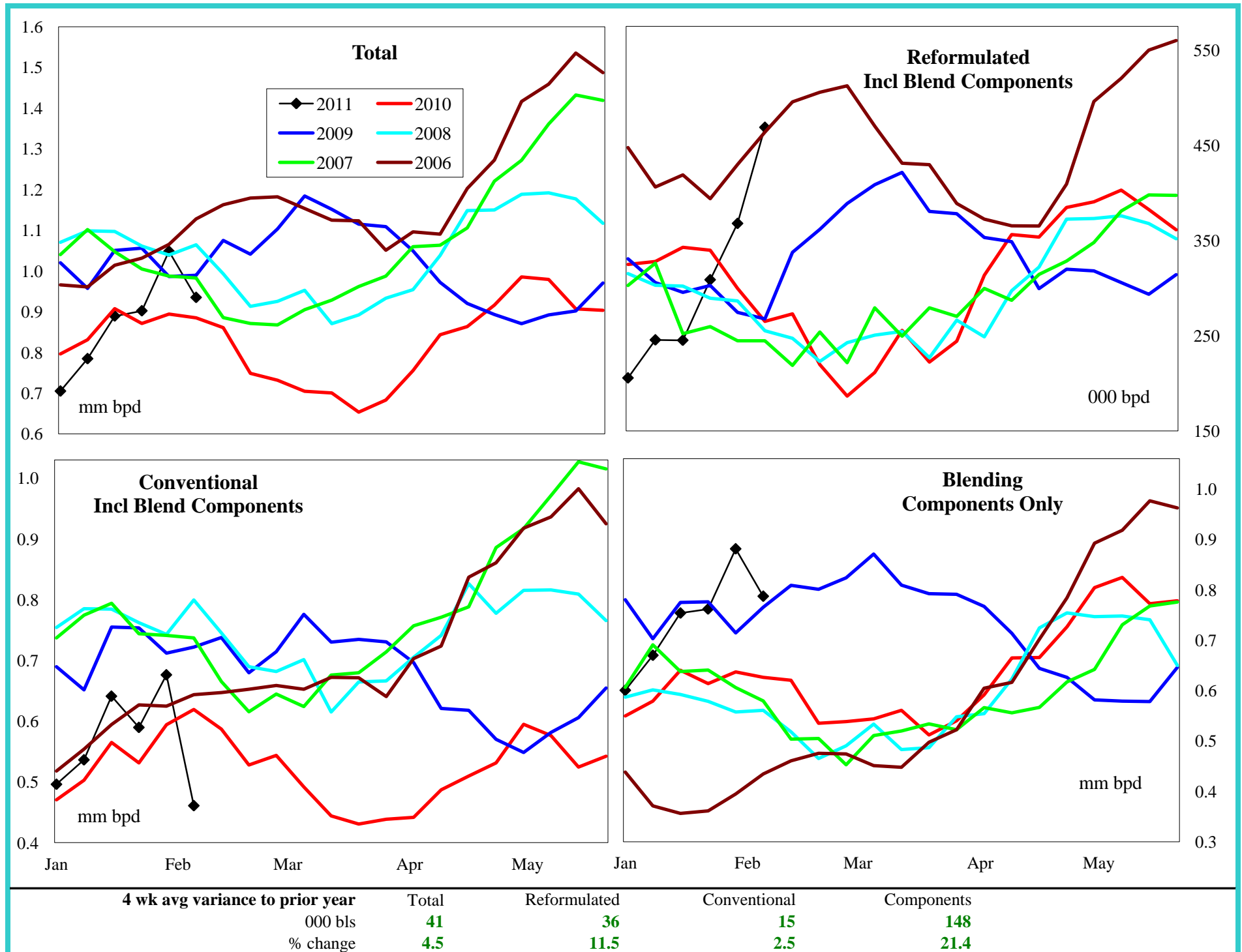
Stocks	Production	Imports	Prod + Imp - Stk chg
24,312	-35	36	-65
26.7	-1.2	11.5	-2.2



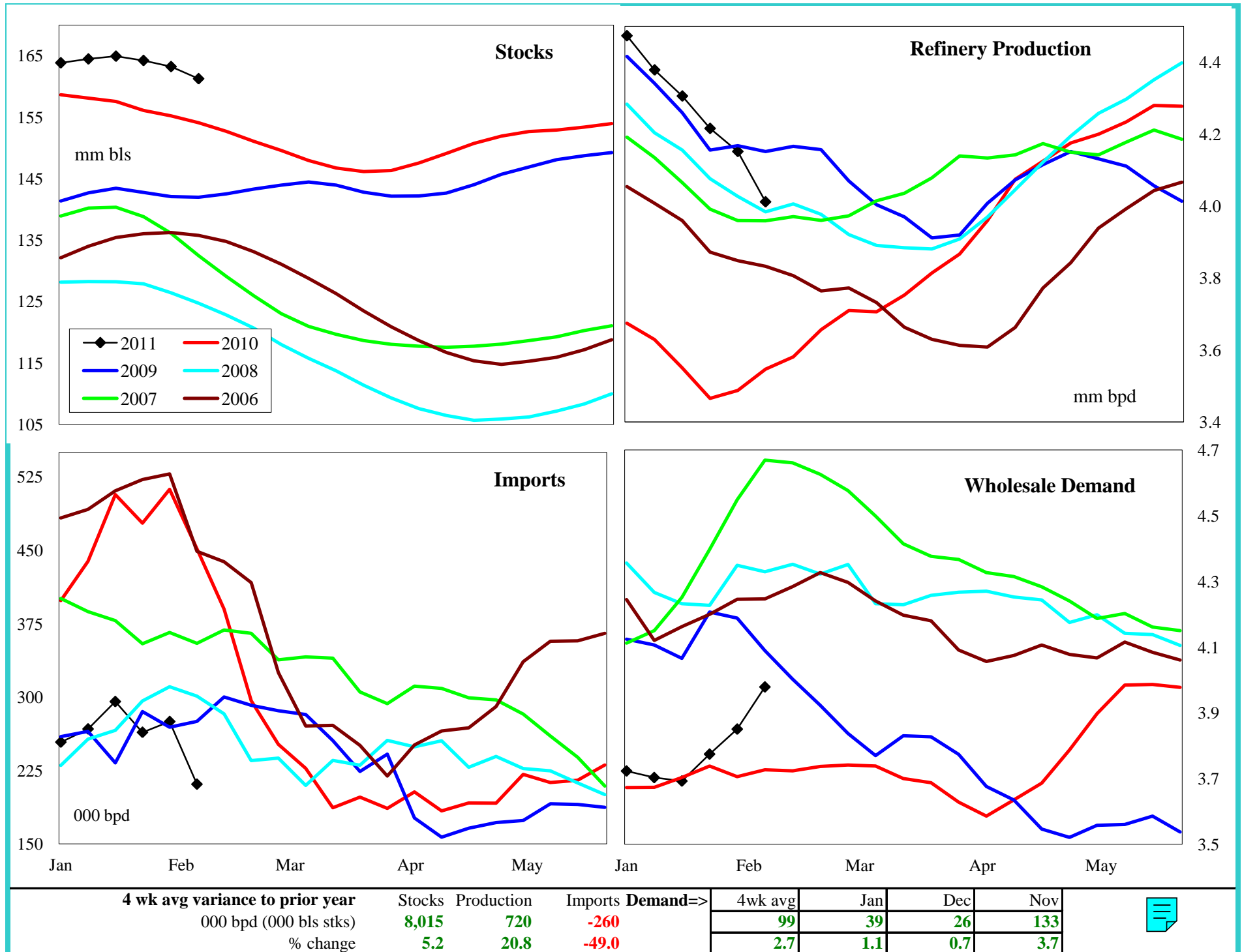
# United States Conventional Gasoline Supply



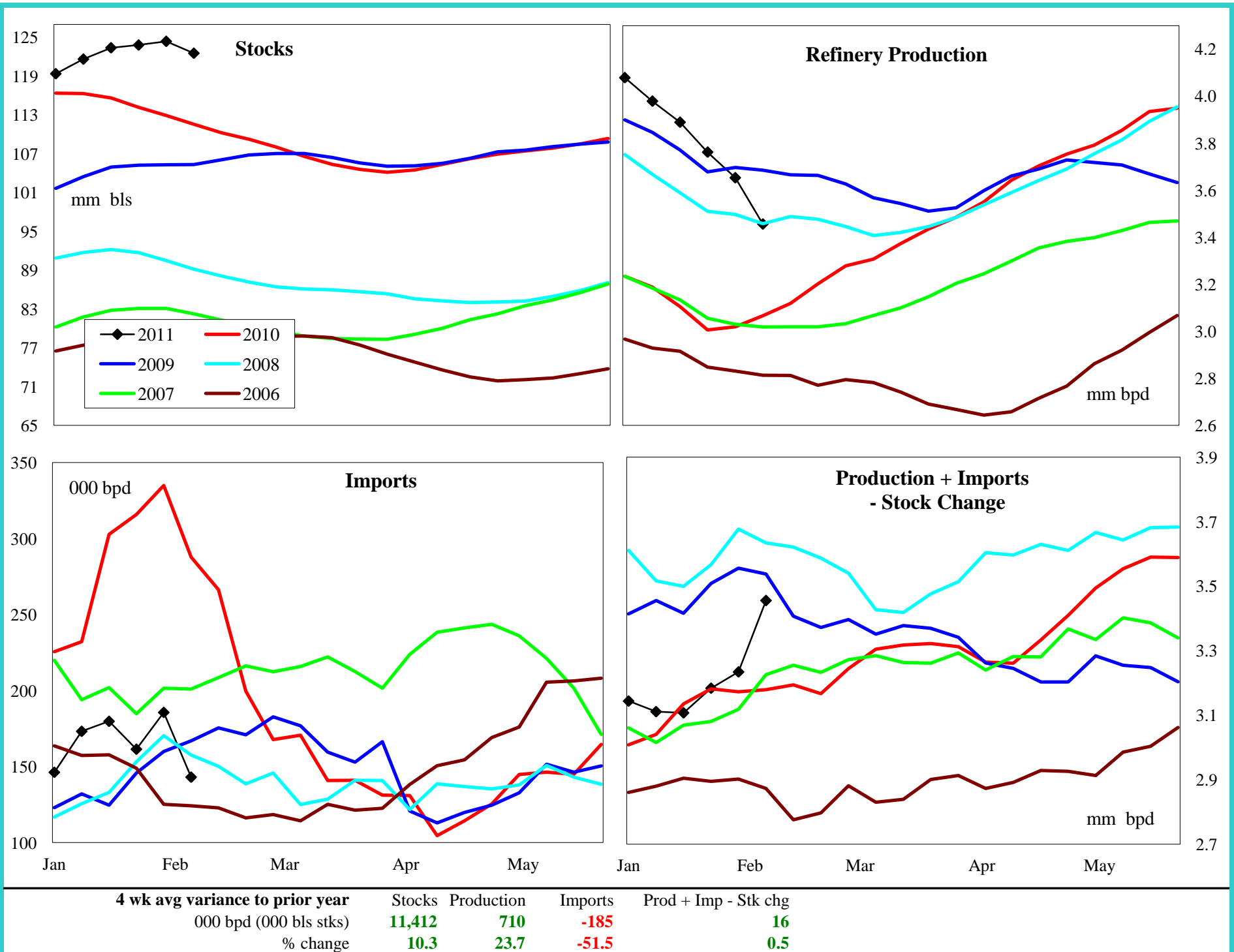
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

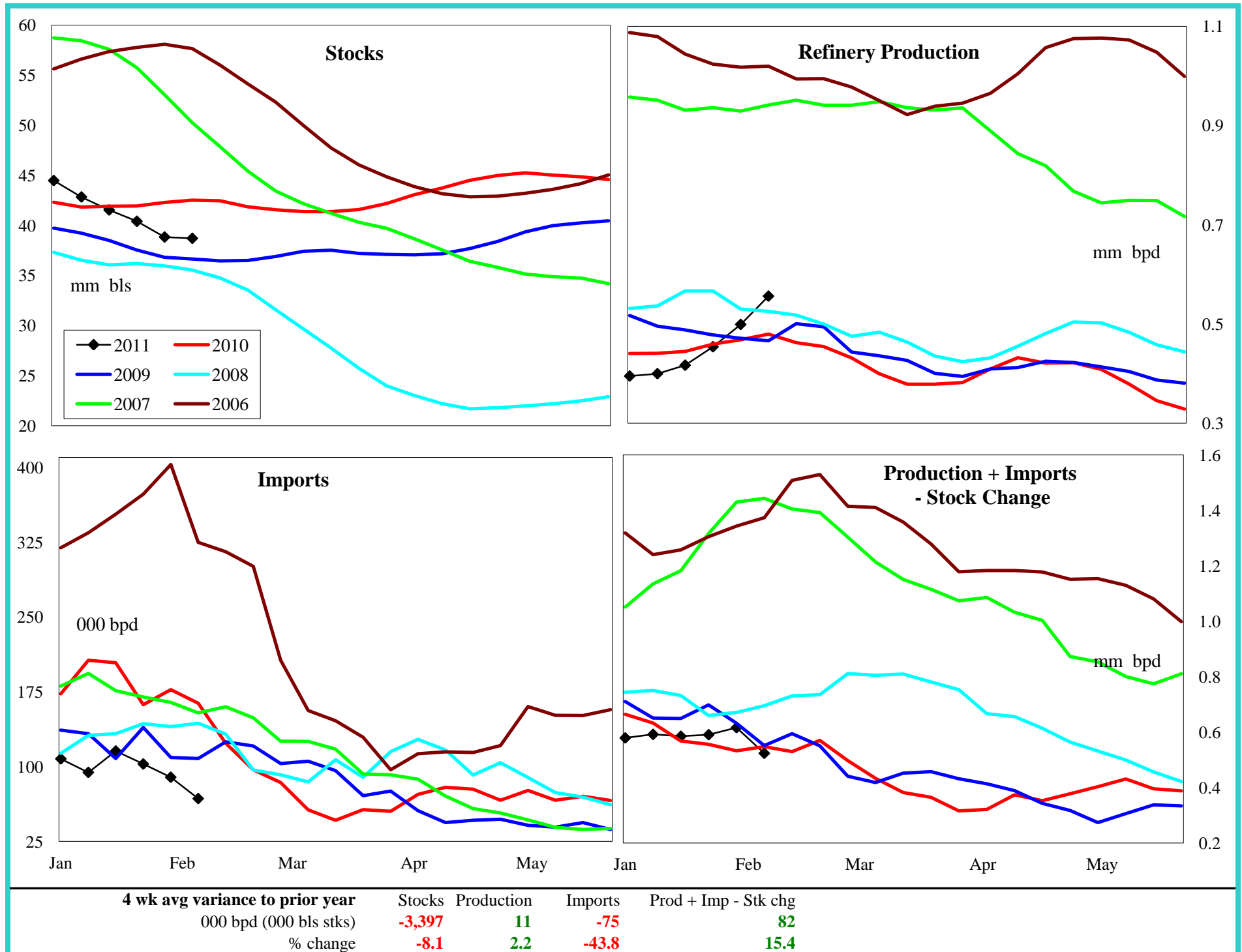


# United States Low Sulfur Distillate Supply

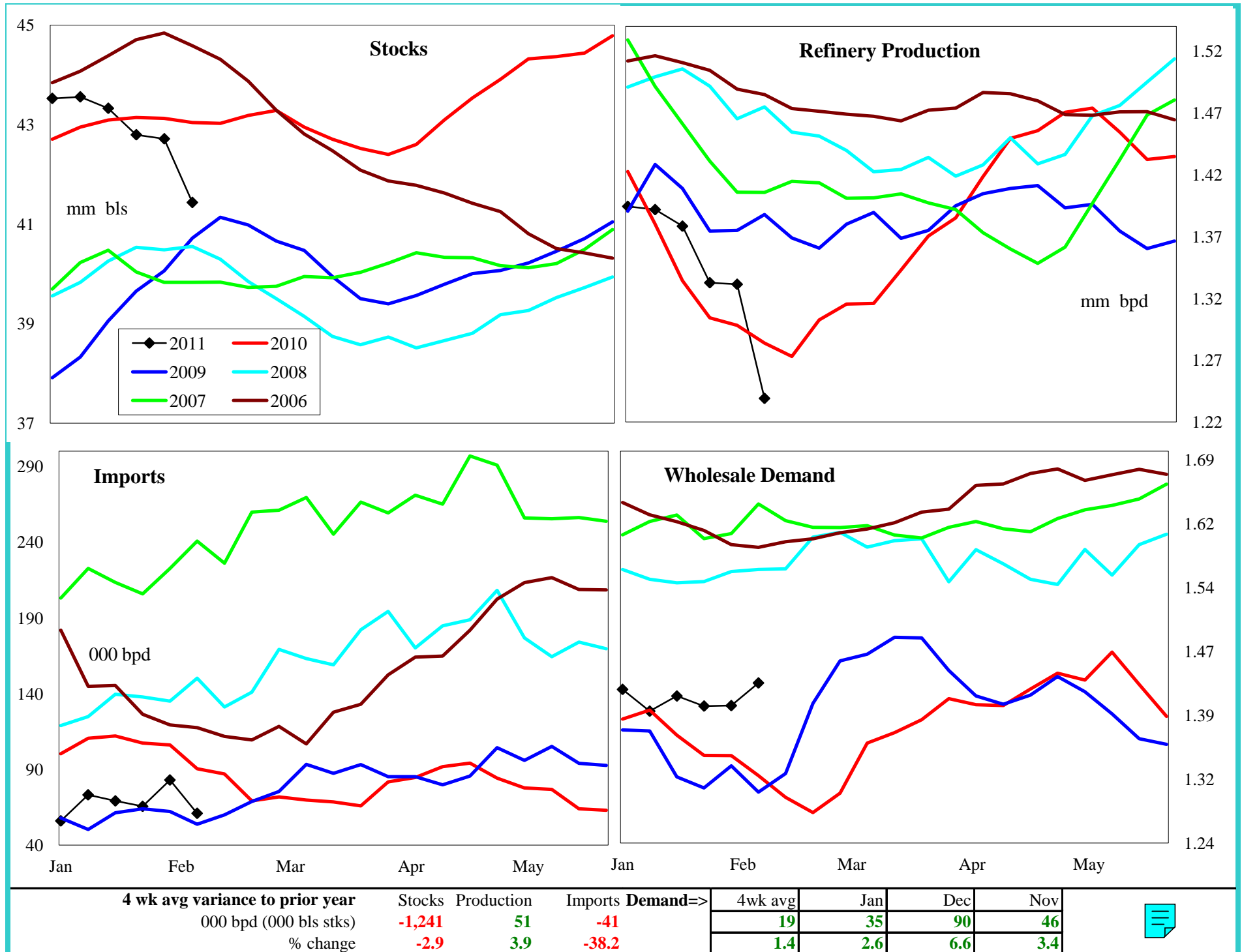




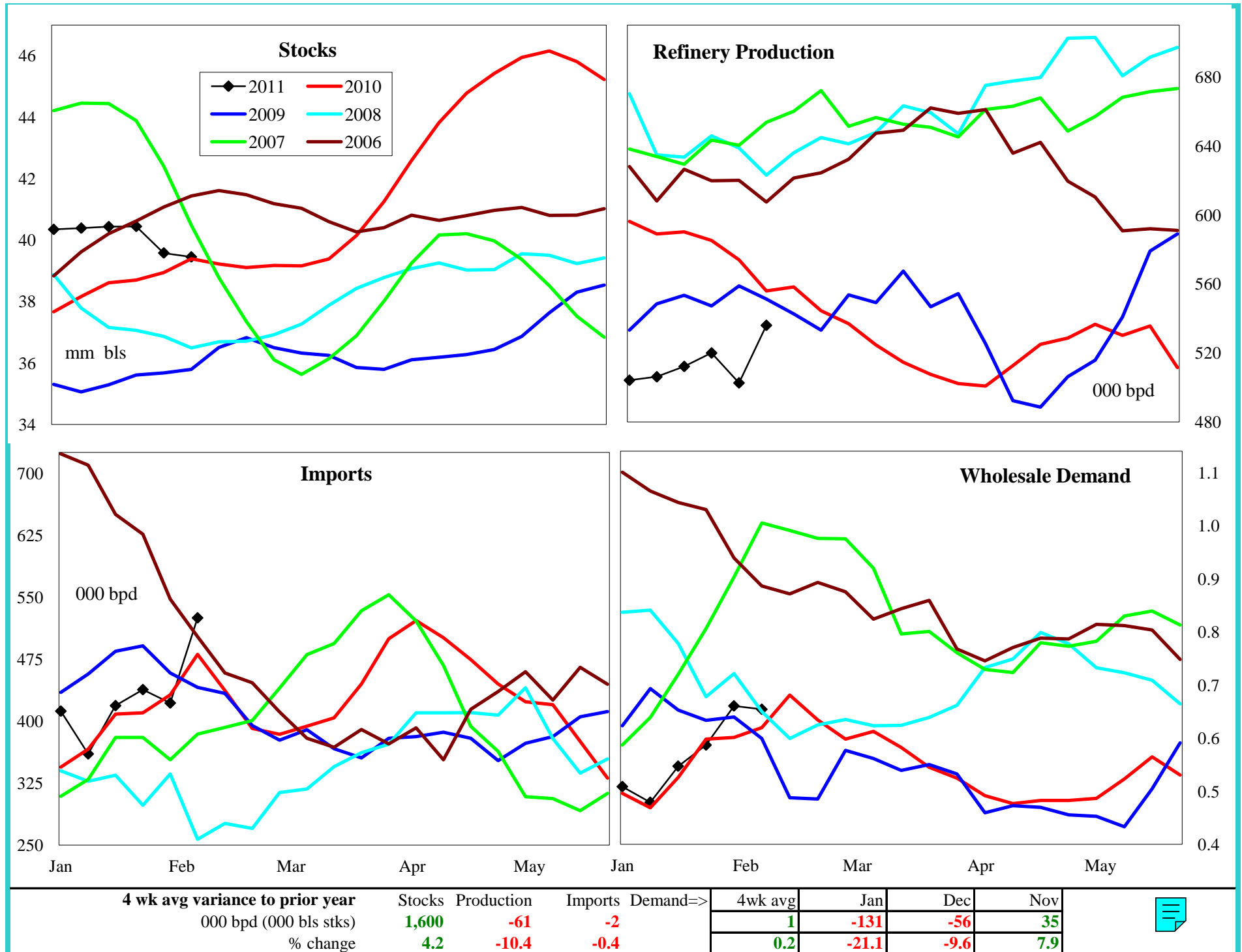
# United States High Sulfur Distillate Supply



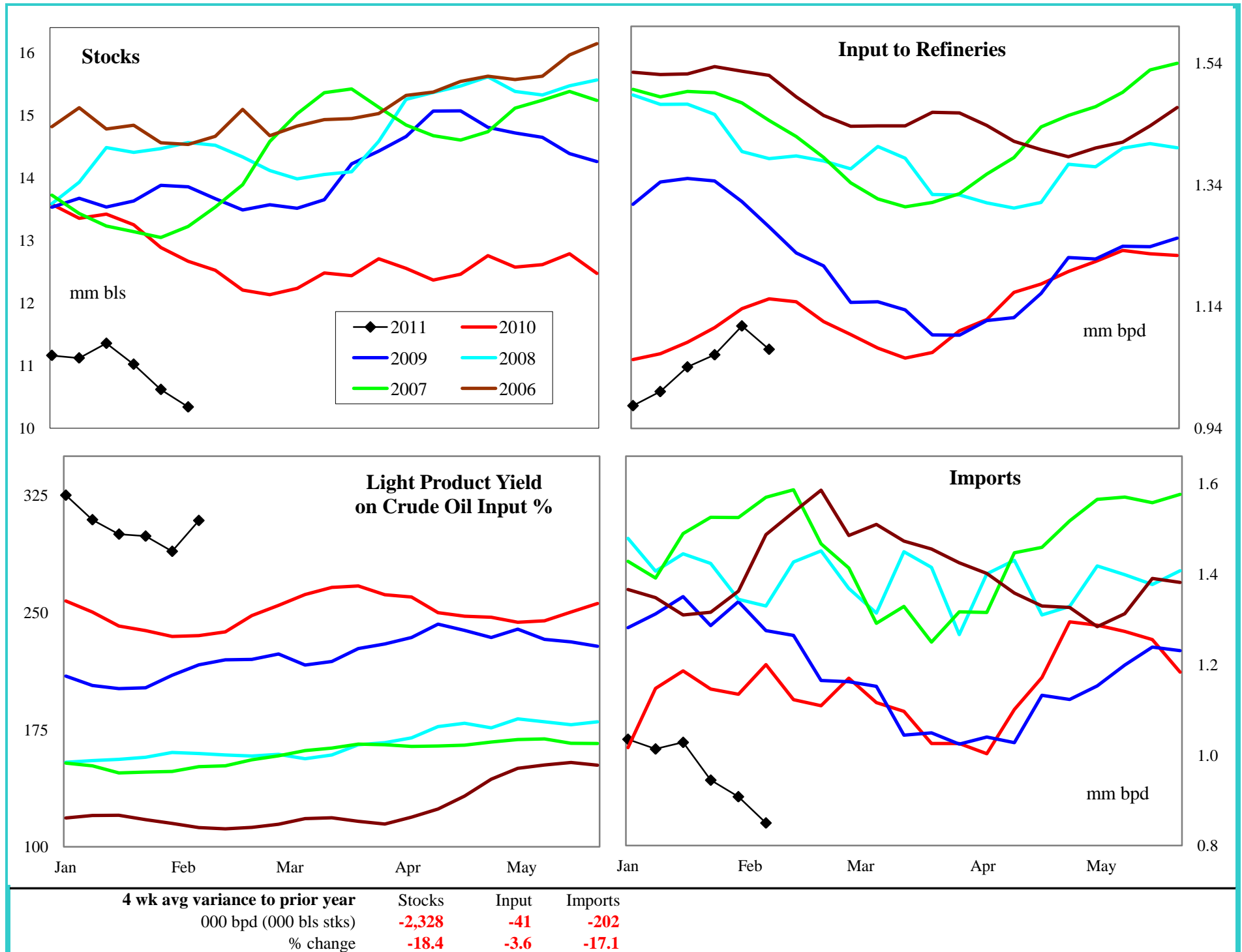
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

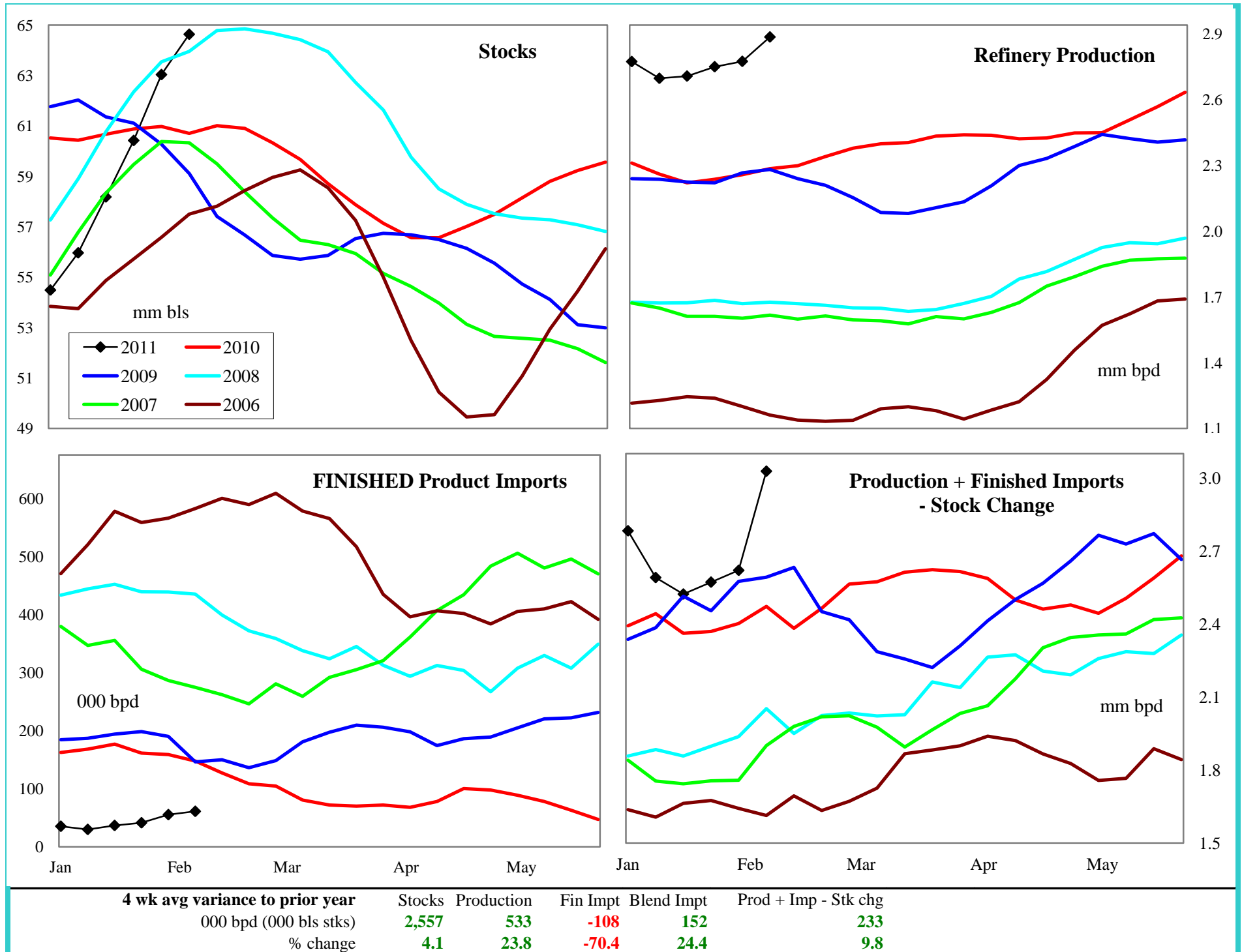


# PADD 1 Crude Oil Supply and Refining

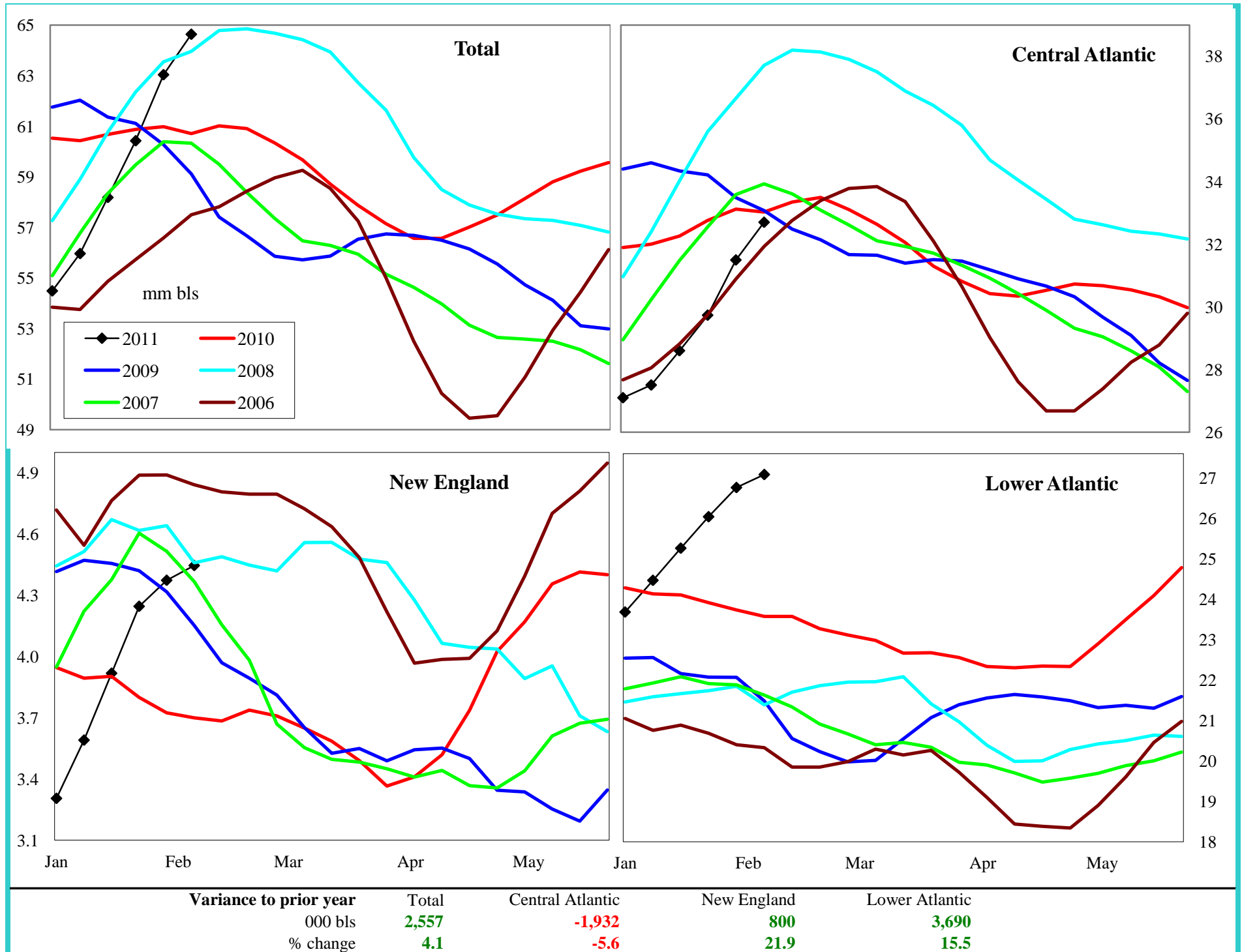




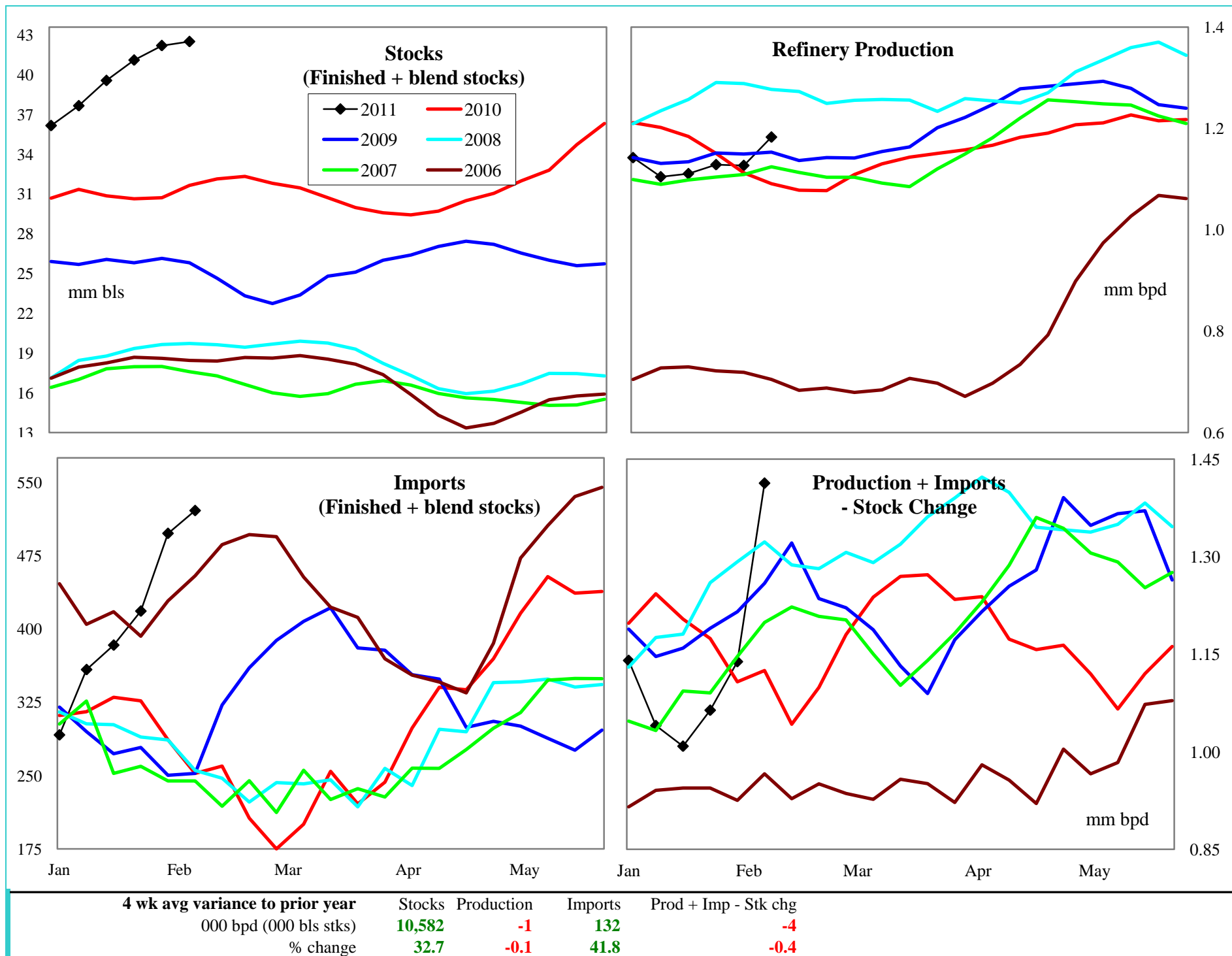
# PADD 1 Gasoline Supply



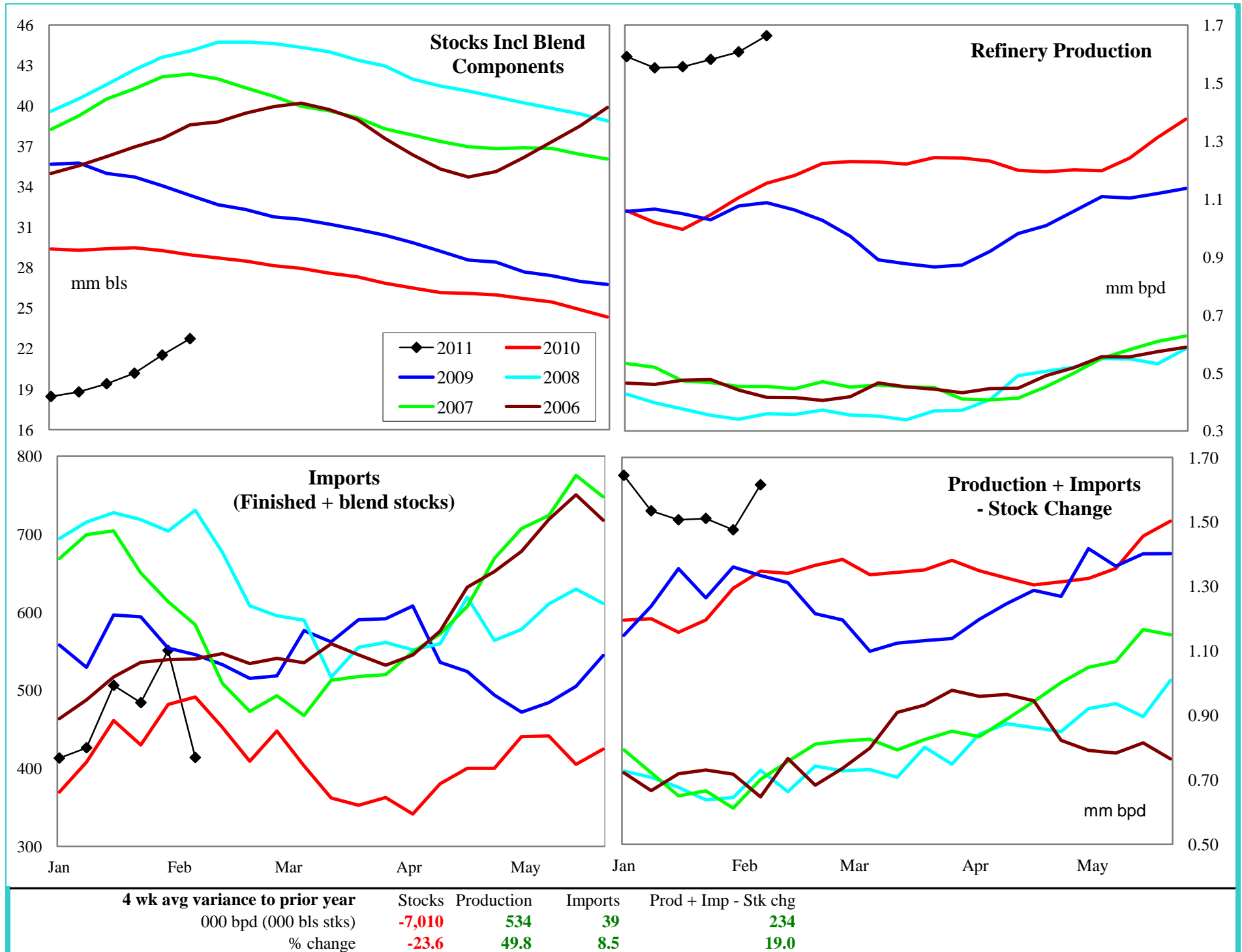
# PADD 1 Gasoline Stocks by Region



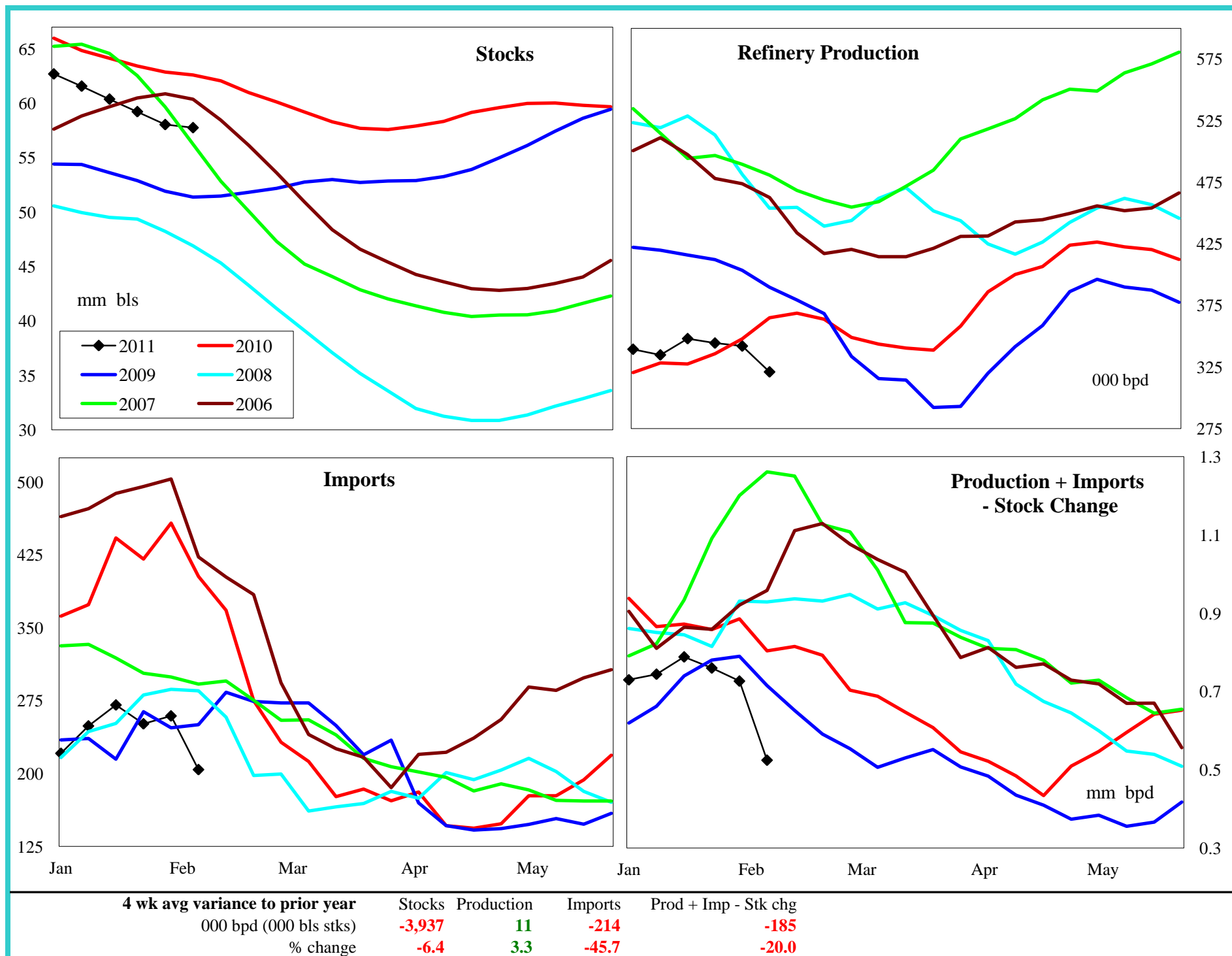
# PADD 1 Reformulated Gasoline Supply



# PADD 1 Conventional Gasoline Supply

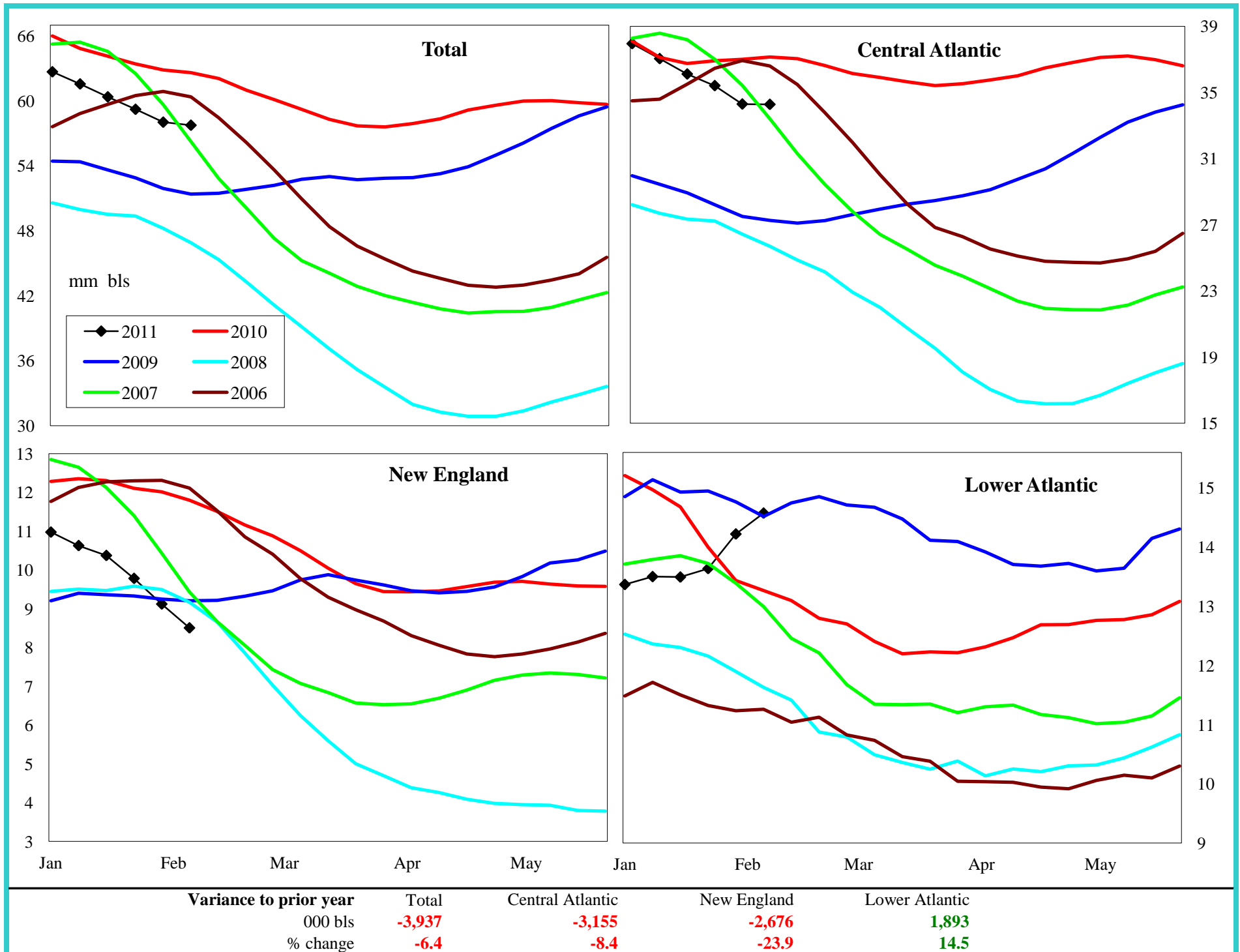


# PADD 1 Distillate Supply

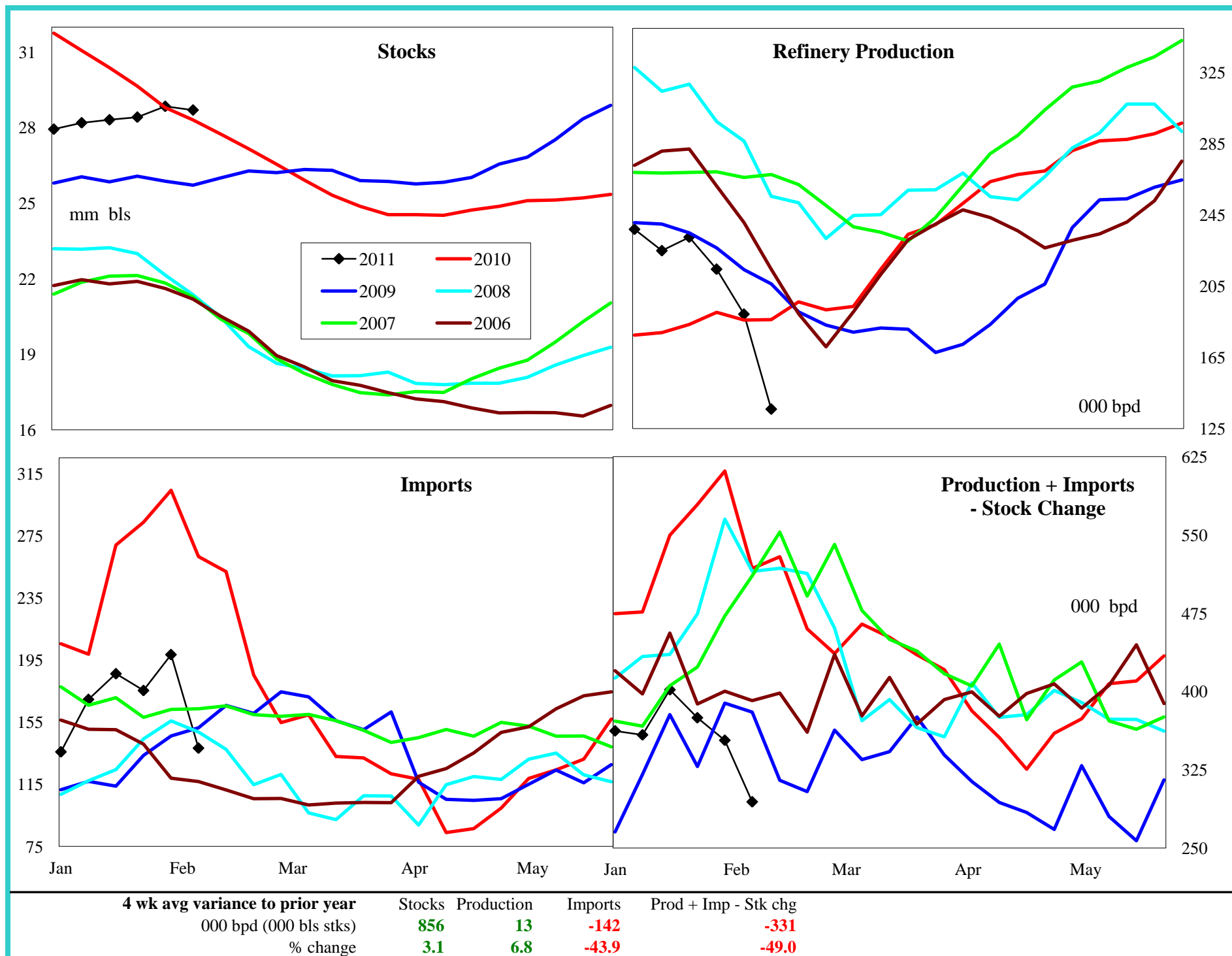




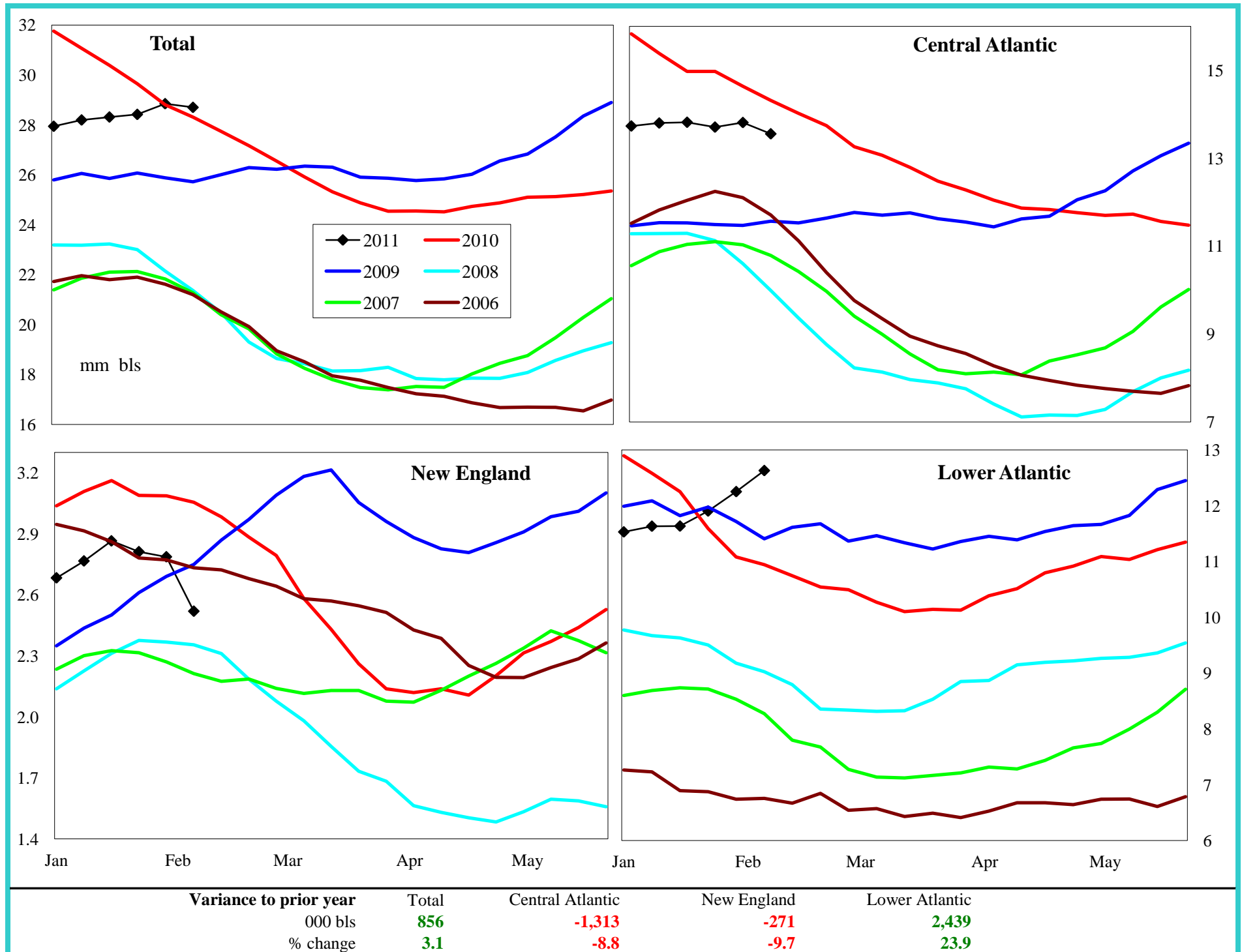
# PADD 1 Distillate Stocks by Region



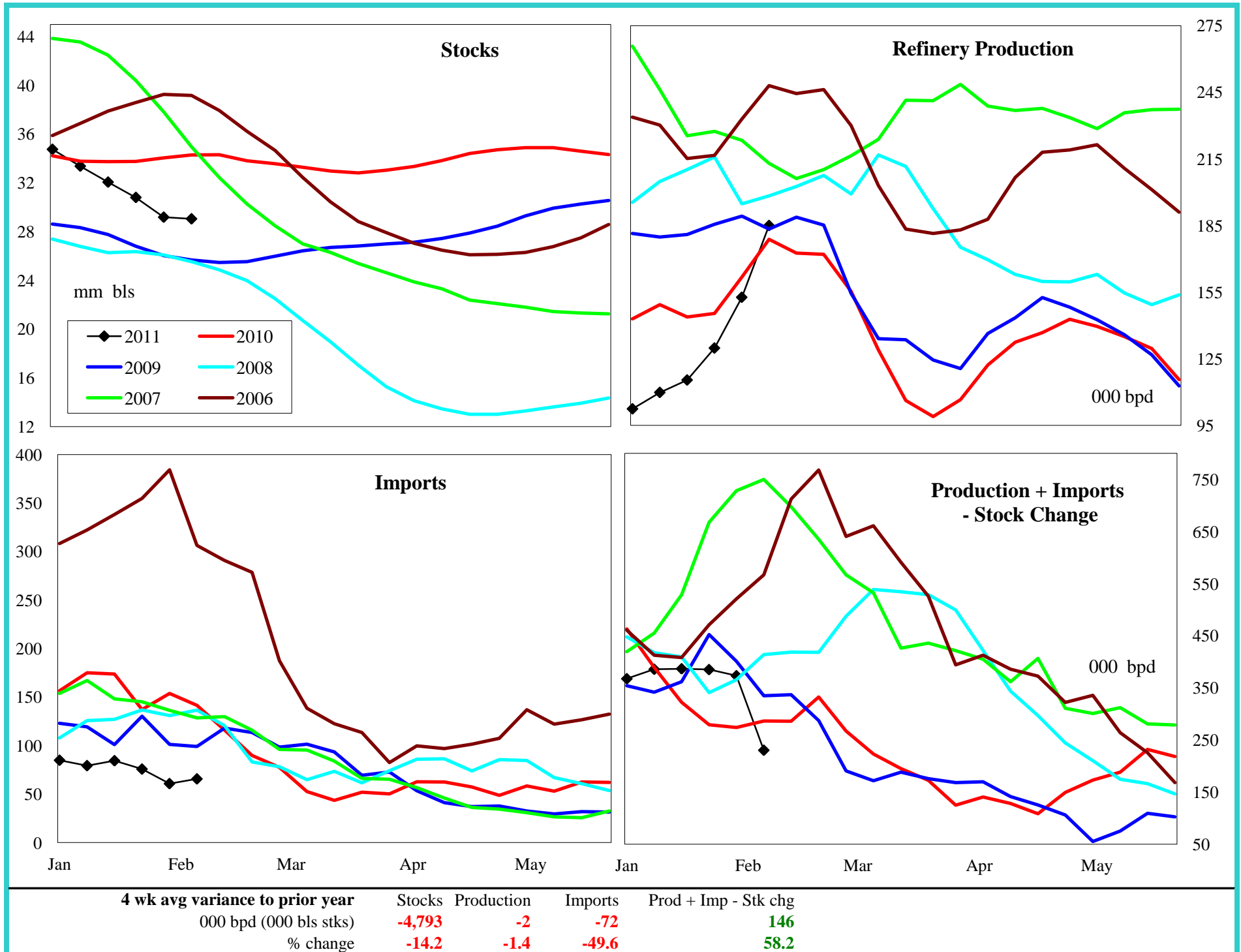
# PADD 1 Low Sulfur Distillate Supply



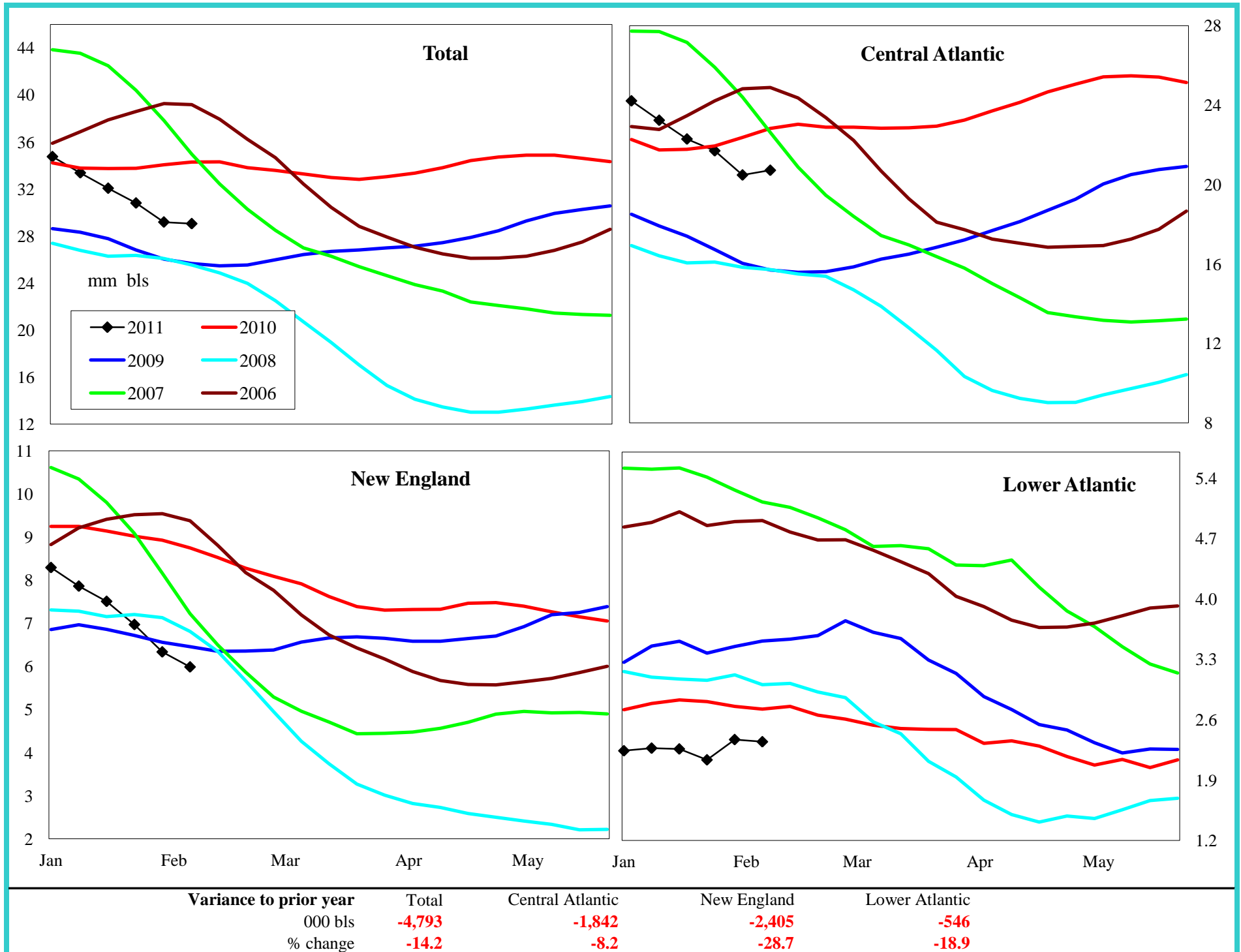
# PADD 1 Low Sulfur Distillate Stocks by Region



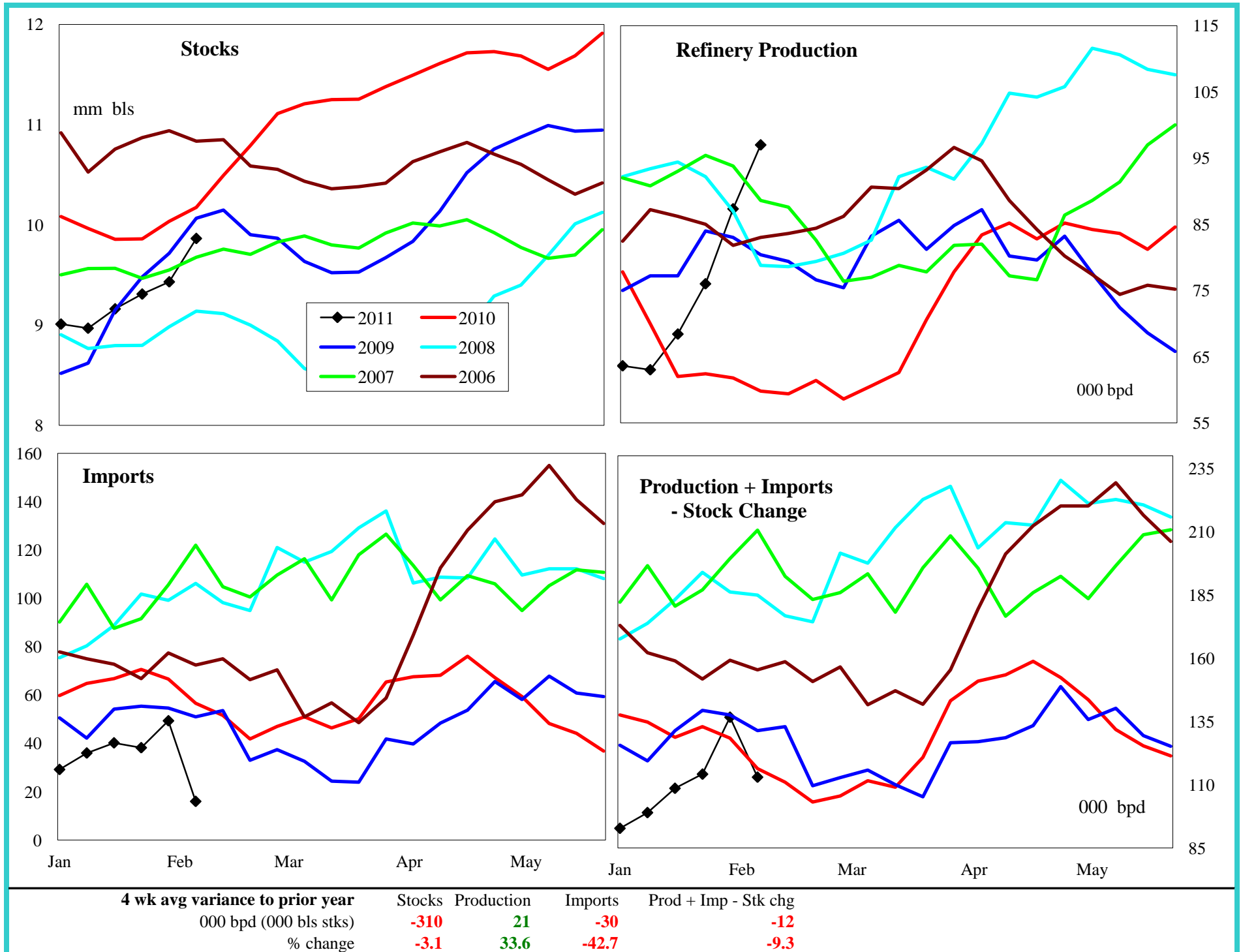
# PADD 1 High Sulfur Distillate Supply



## PADD 1 High Sulfur Distillate Stocks by Region

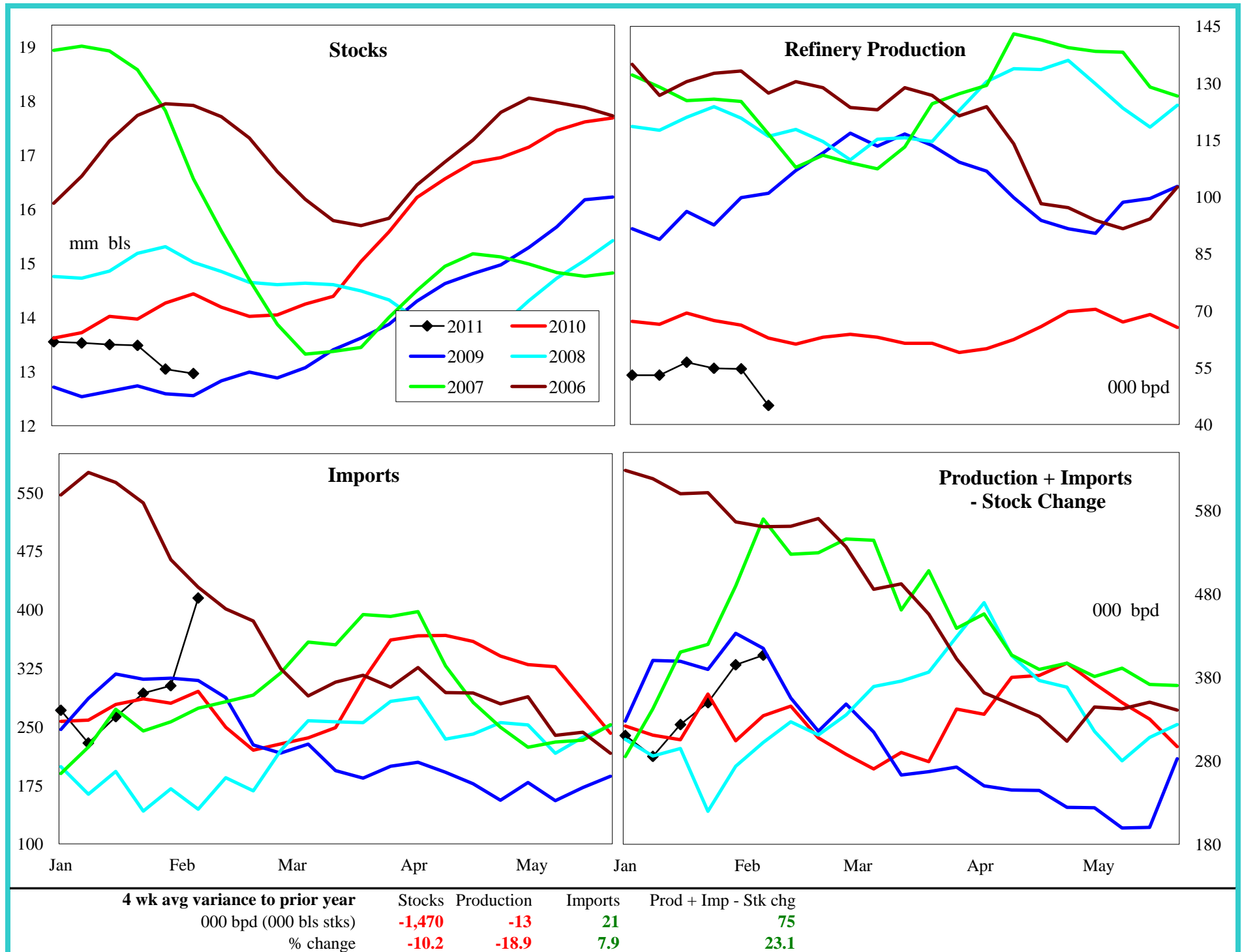


# PADD 1 Jet Fuel Supply

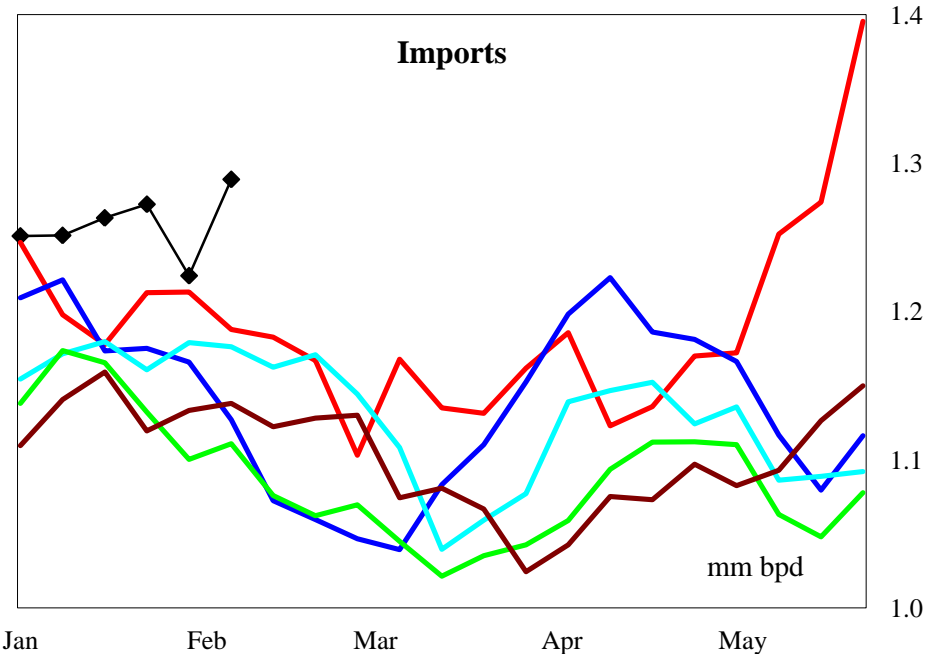
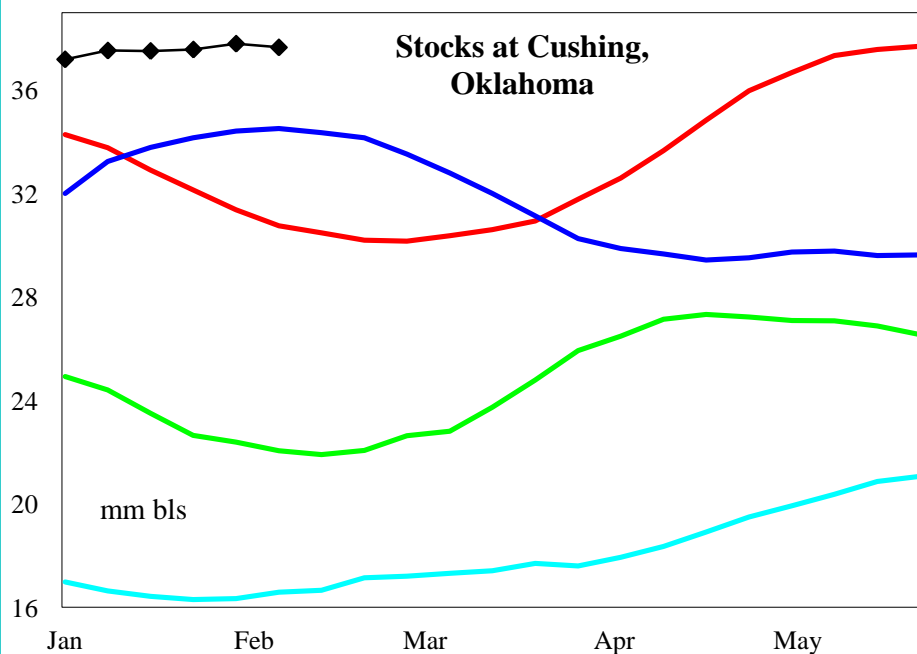
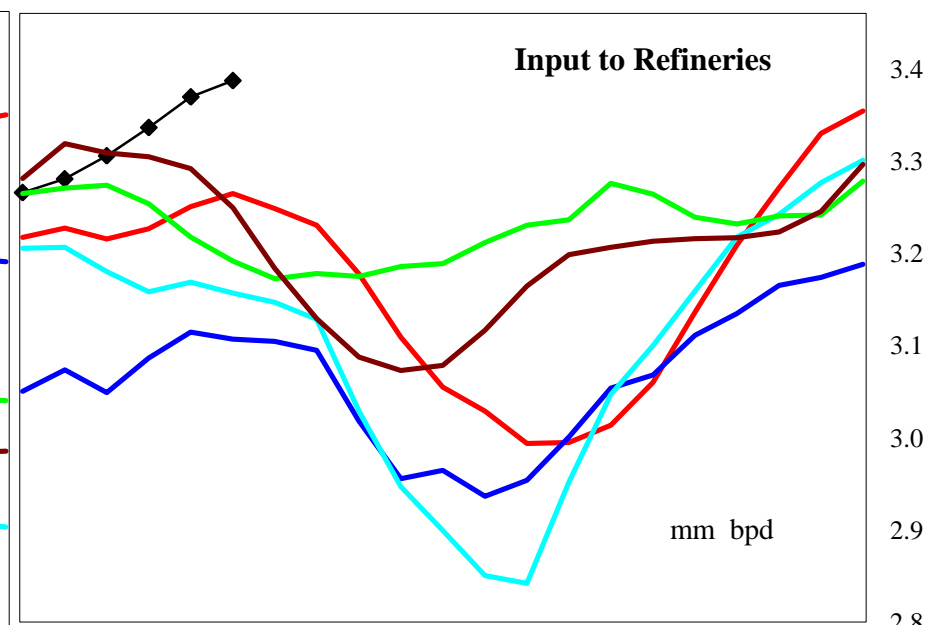
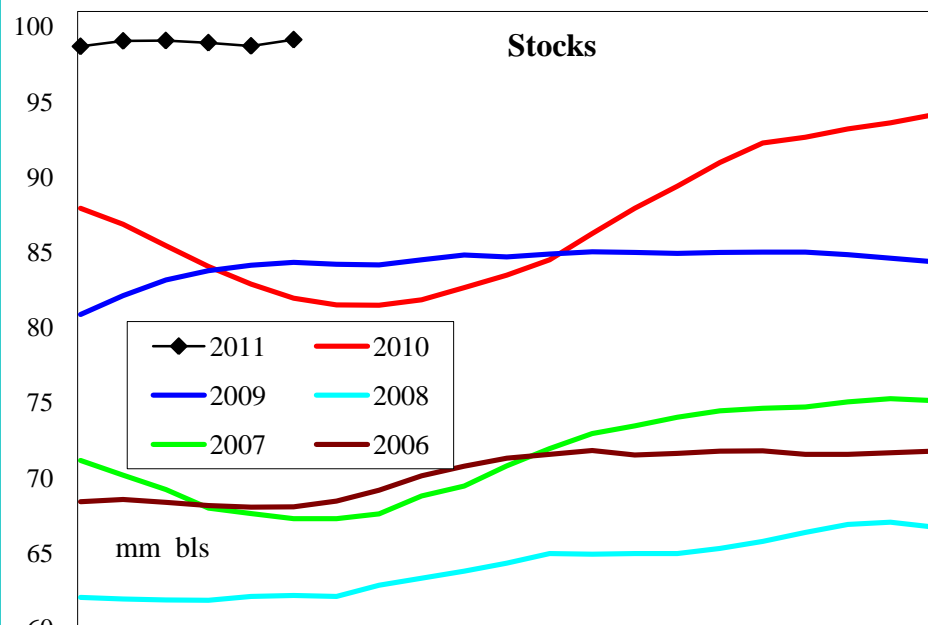




# PADD 1 Residual Fuel Oil Supply



# PADD 2 Crude Oil Supply and Refining



**4 wk avg variance to prior year**

000 bpd (000 bbls stks)

% change

Stocks

**17,196**

**21.0**

Cushing

**6,897**

**22.4**

Input

**117**

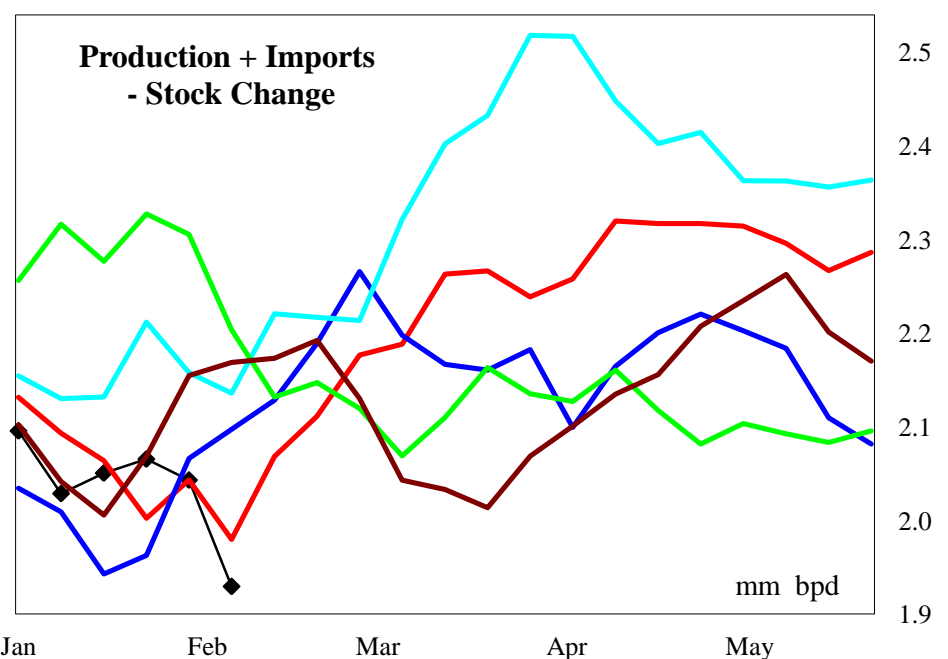
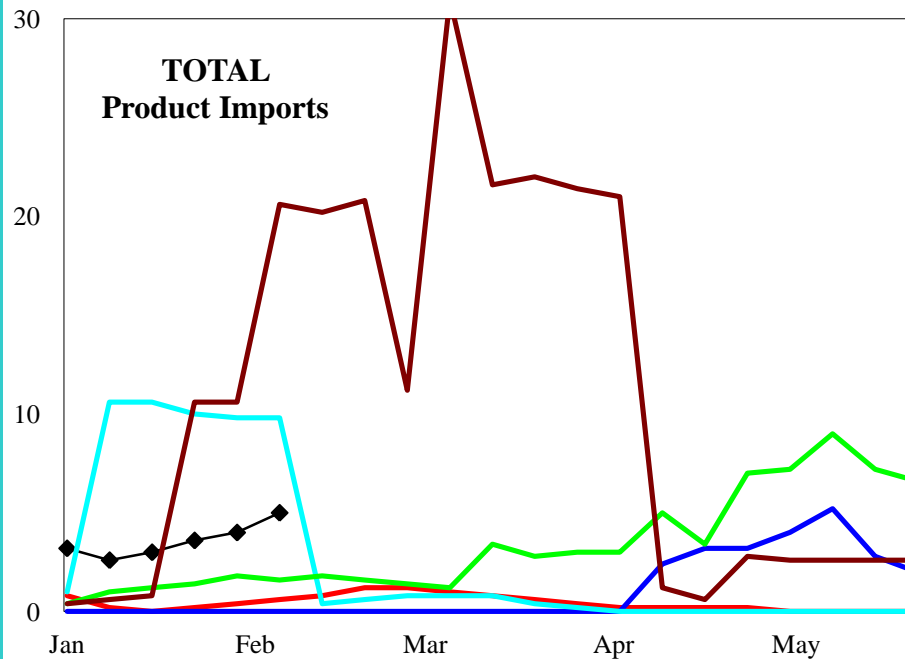
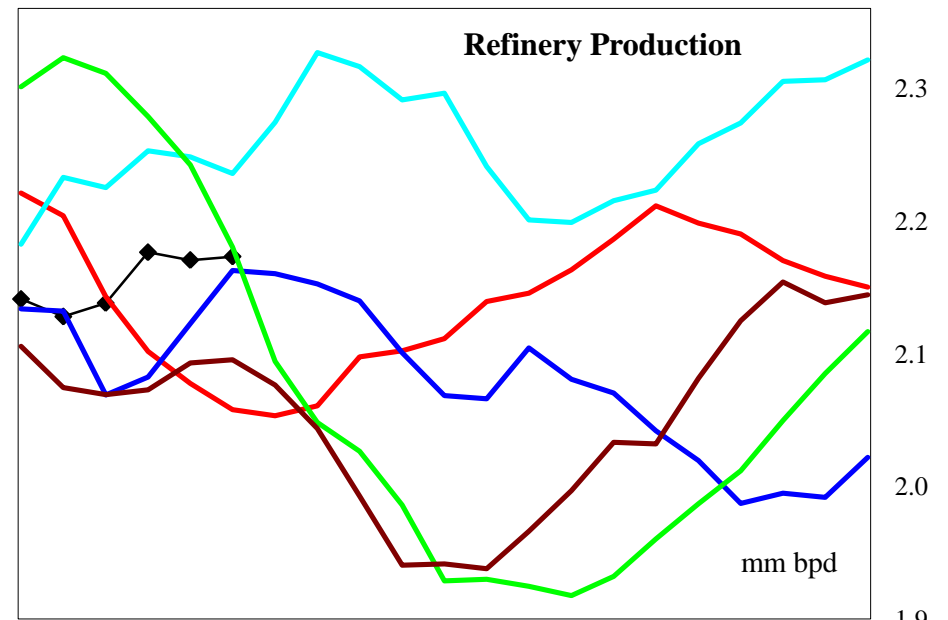
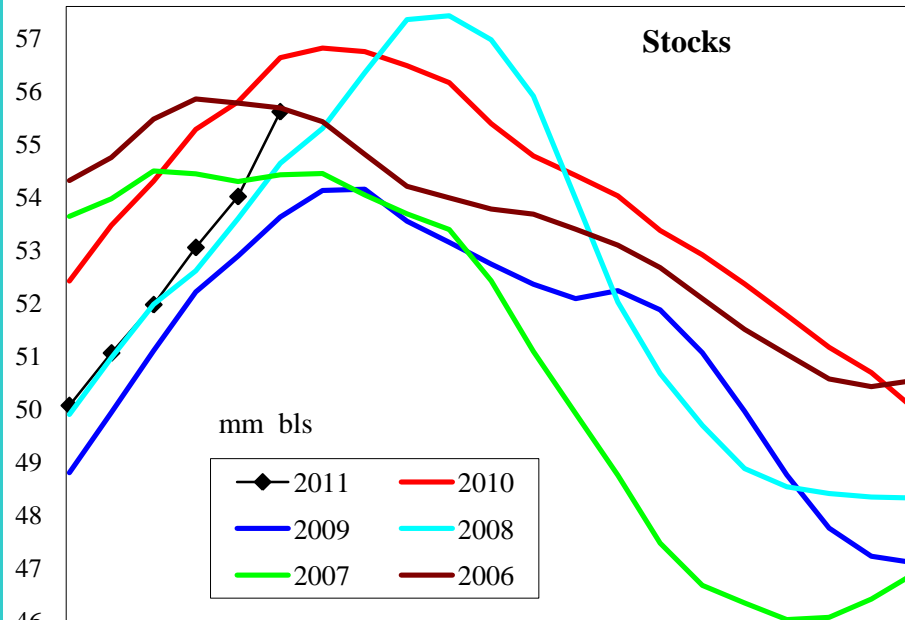
**3.6**

Imports

**-3**

**-0.2**

# PADD 2 Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**-1,017**

**-1.8**

Production

**92**

**4.3**

Imports

**4**

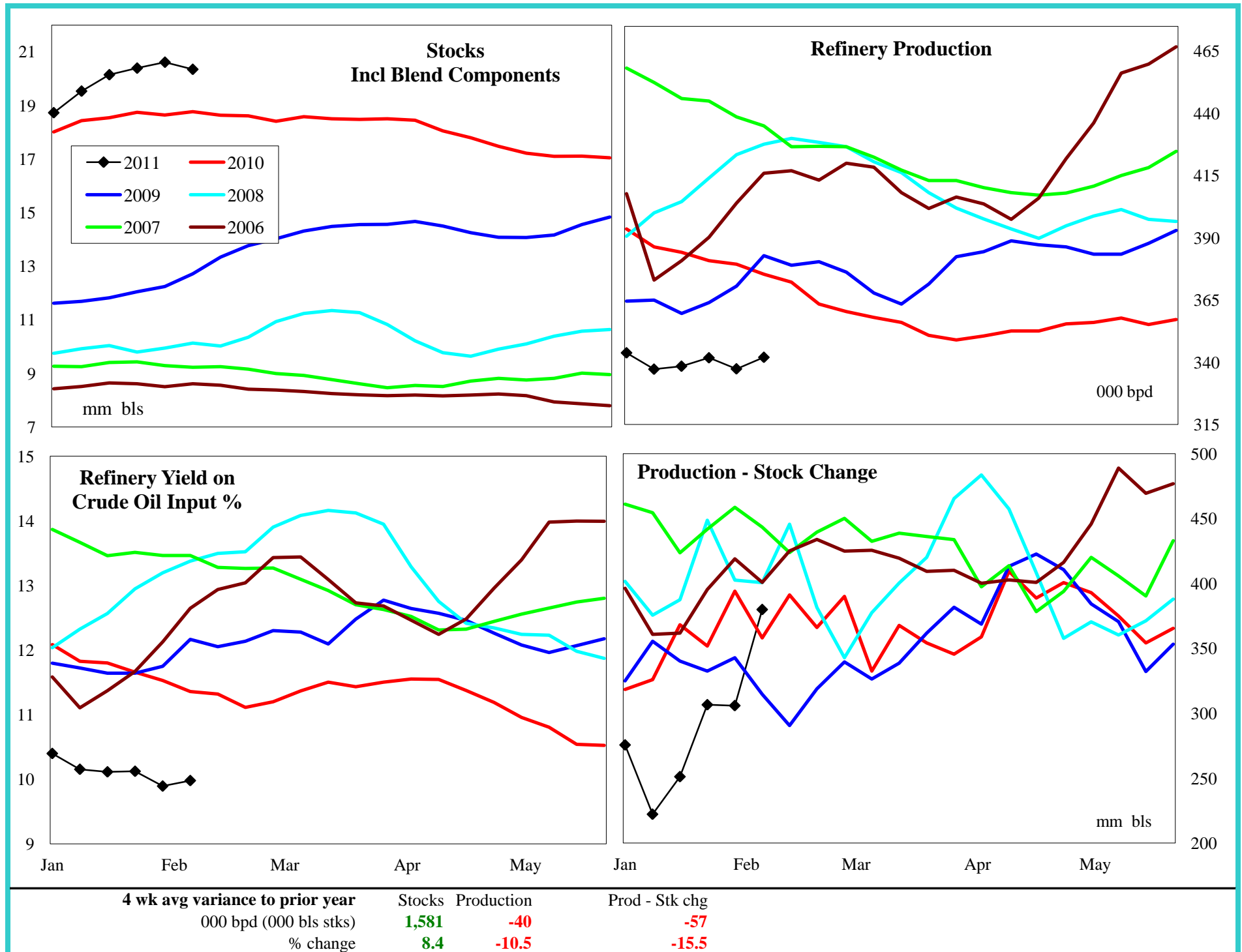
**1,400.0**

Prod + Imp - Stk chg

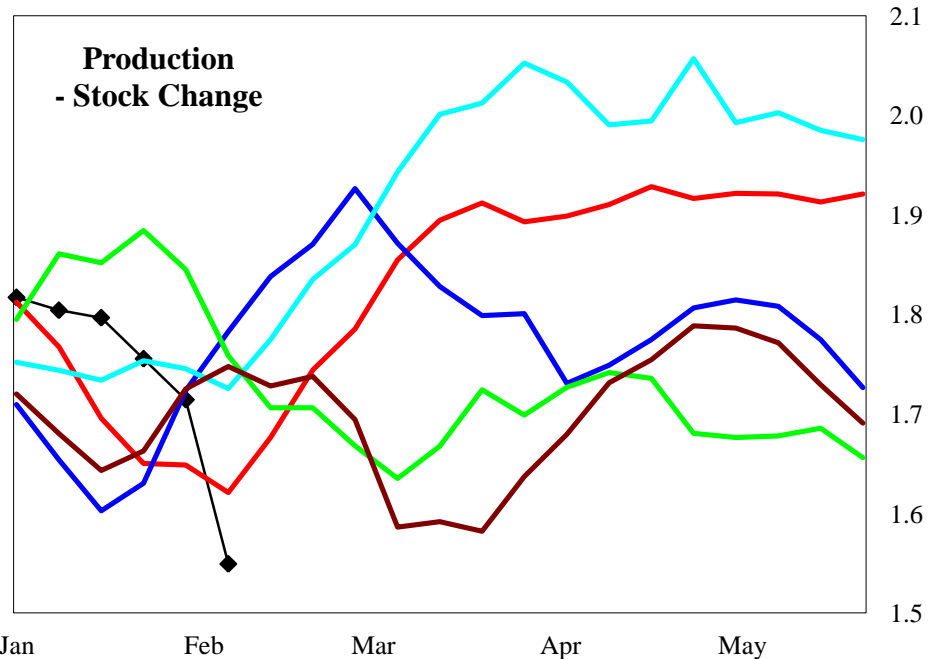
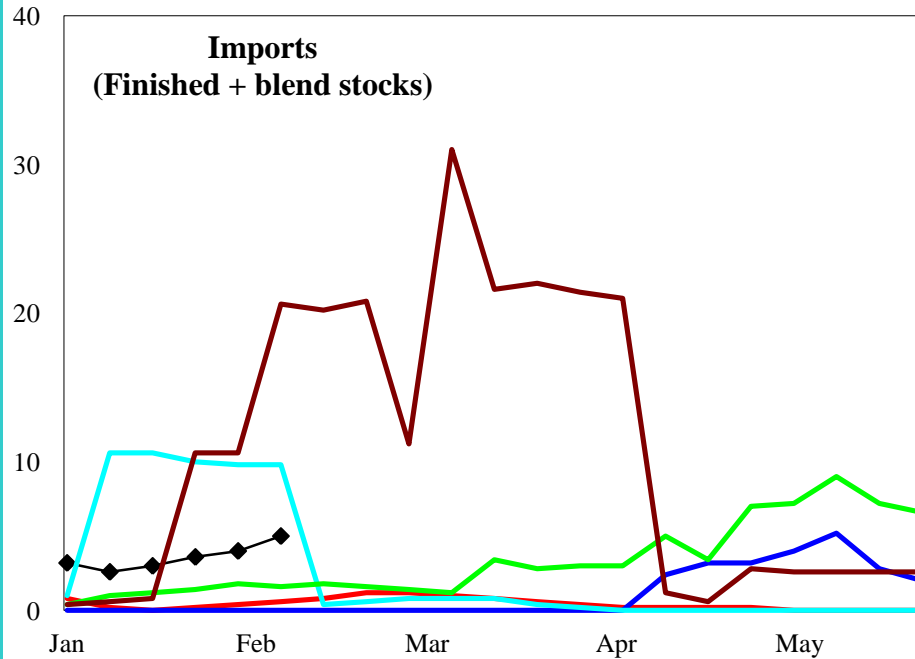
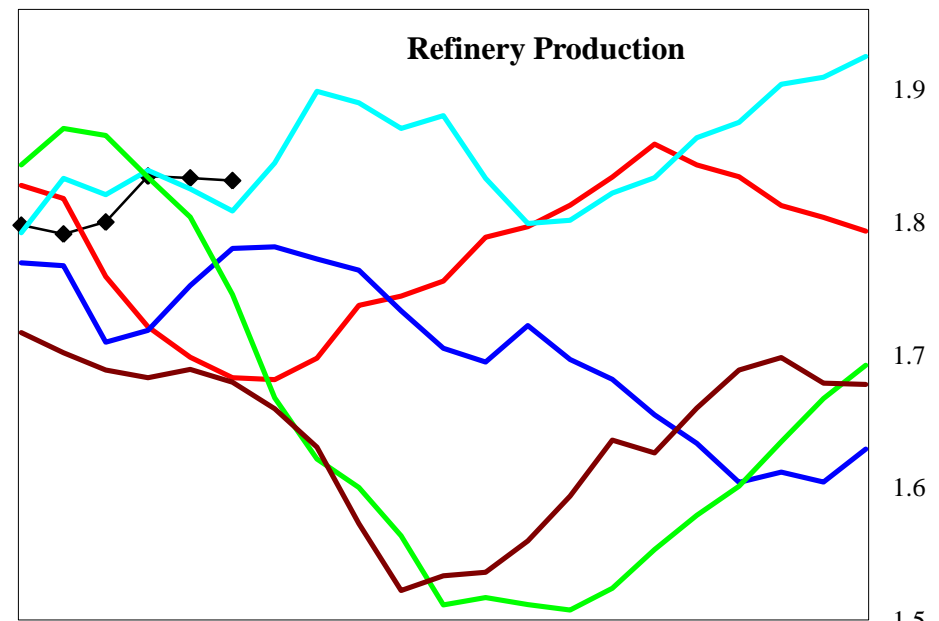
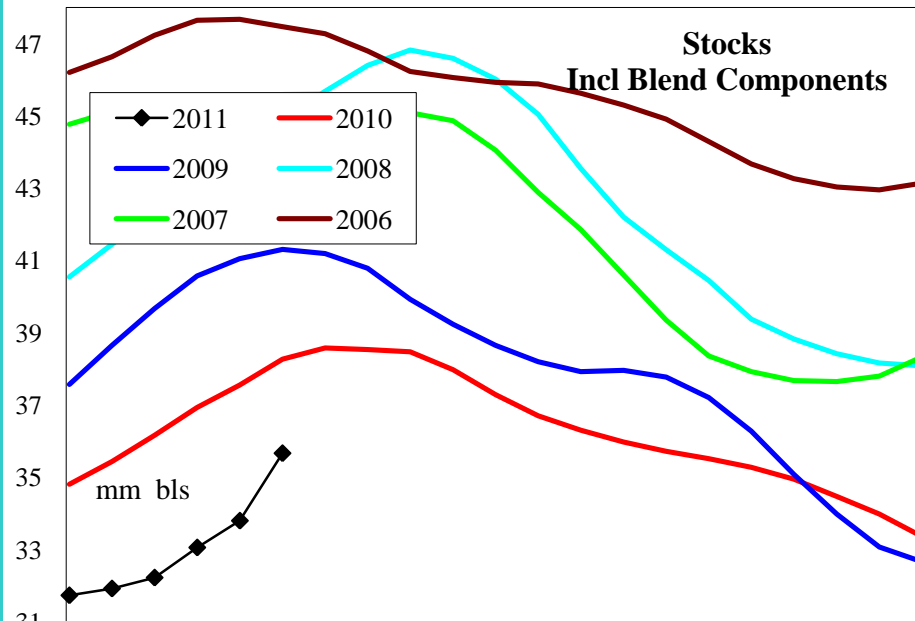
**21**

**1.0**

# PADD 2 Reformulated Gasoline Supply



# PADD 2 Conventional Gasoline Supply

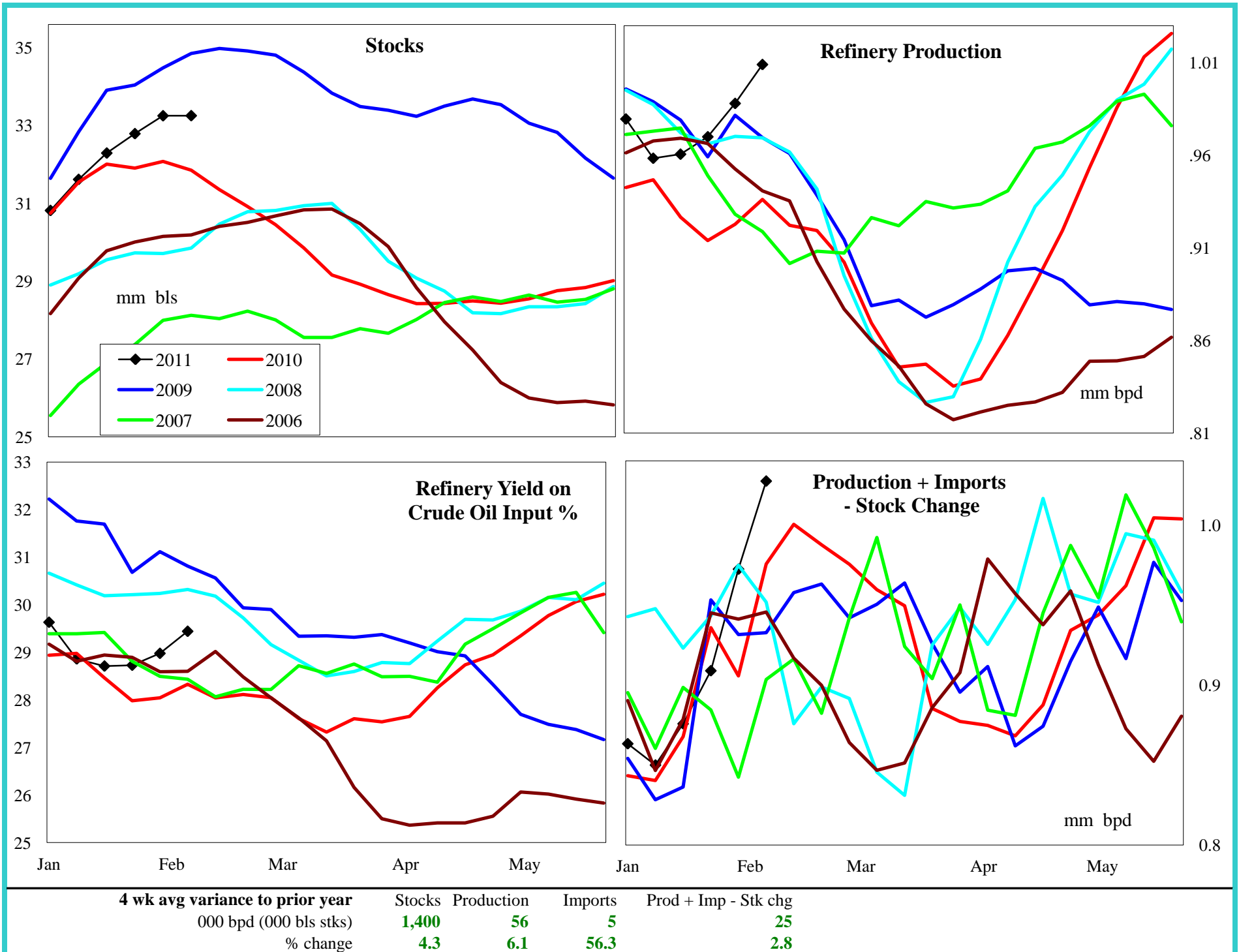


**4 wk avg variance to prior year**  
 000 bpd (000 bbls stks)  
 % change

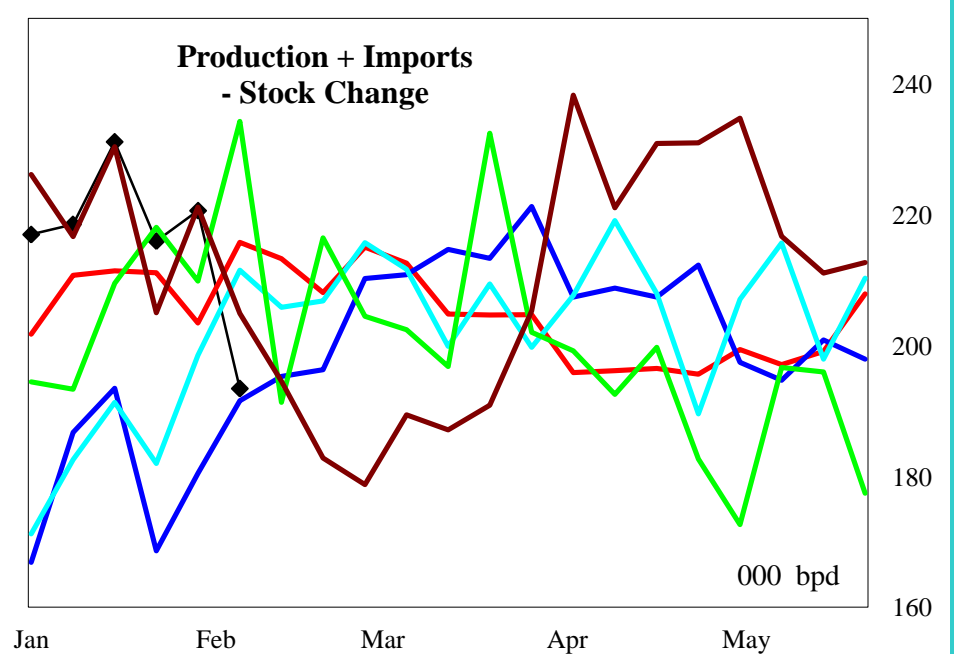
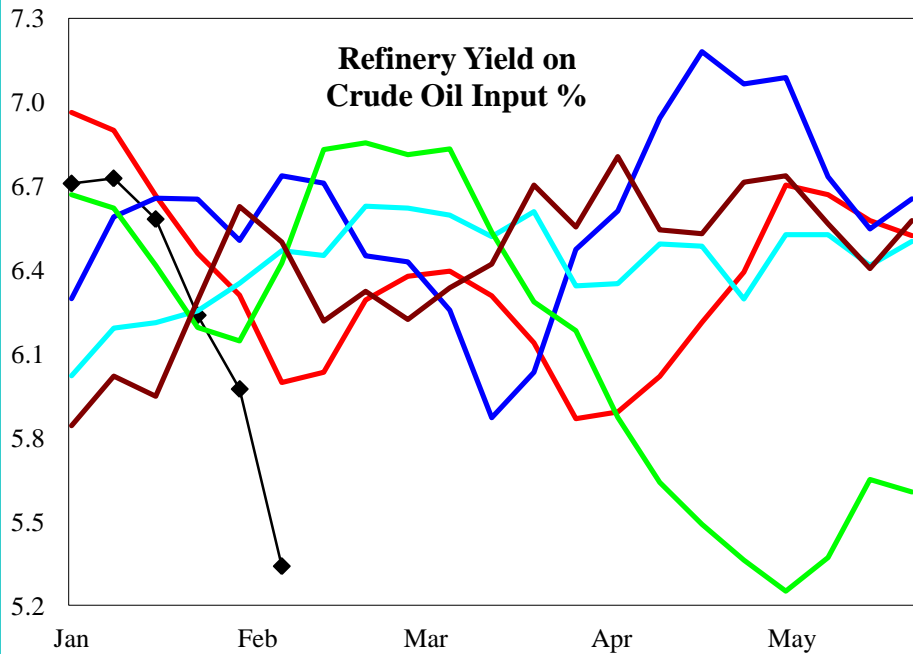
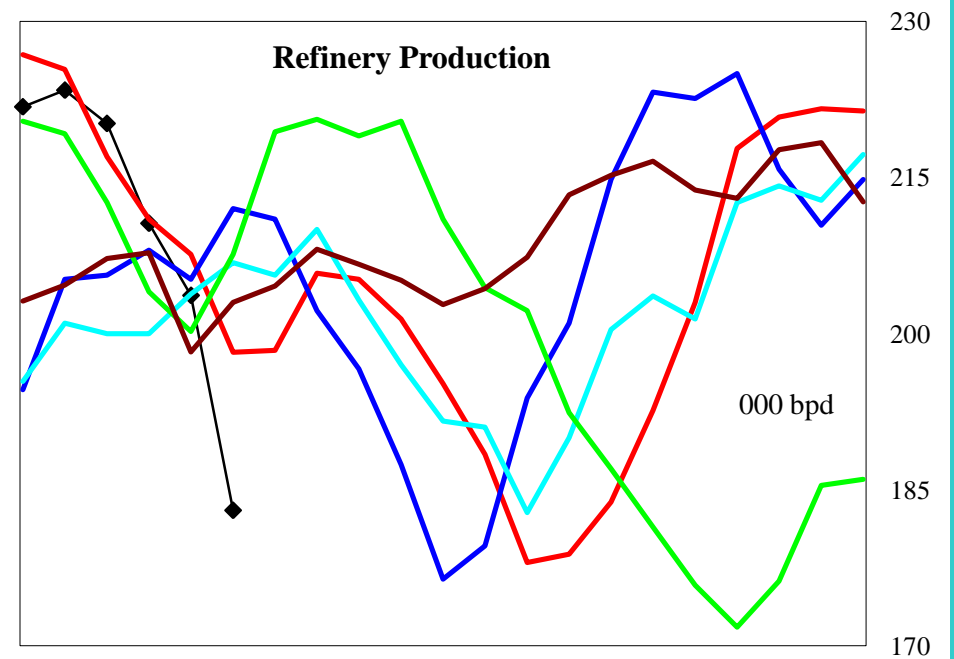
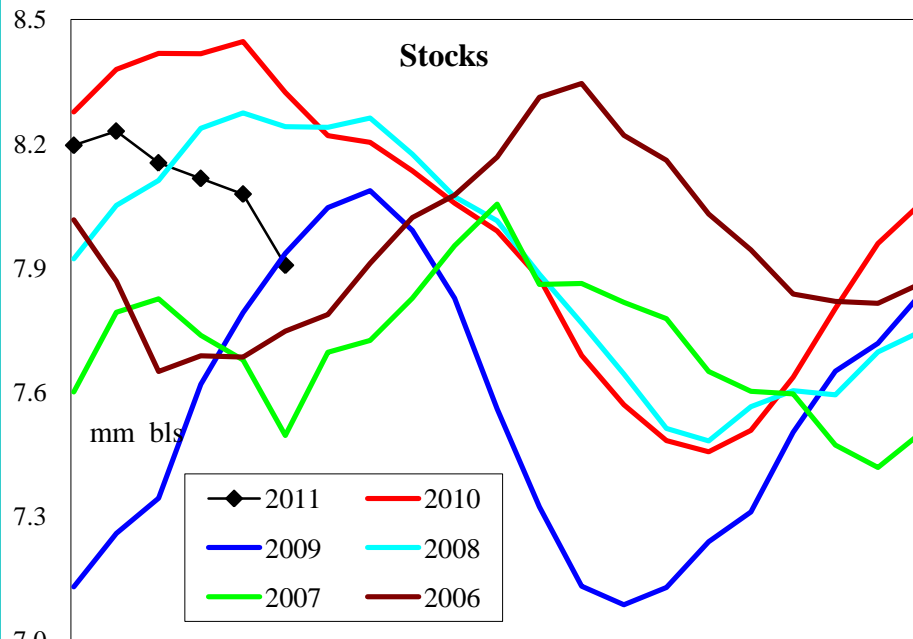
Stocks    Production  
**-2,087**    **135**  
**-5.5**    **7.7**

Prod - Stk chg  
**63**  
**3.8**

# PADD 2 Distillate Supply



# PADD 2 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bbls stks)

% change

Stocks

-417

-5.0

Production

2

0.8

Imports

0

#DIV/0!

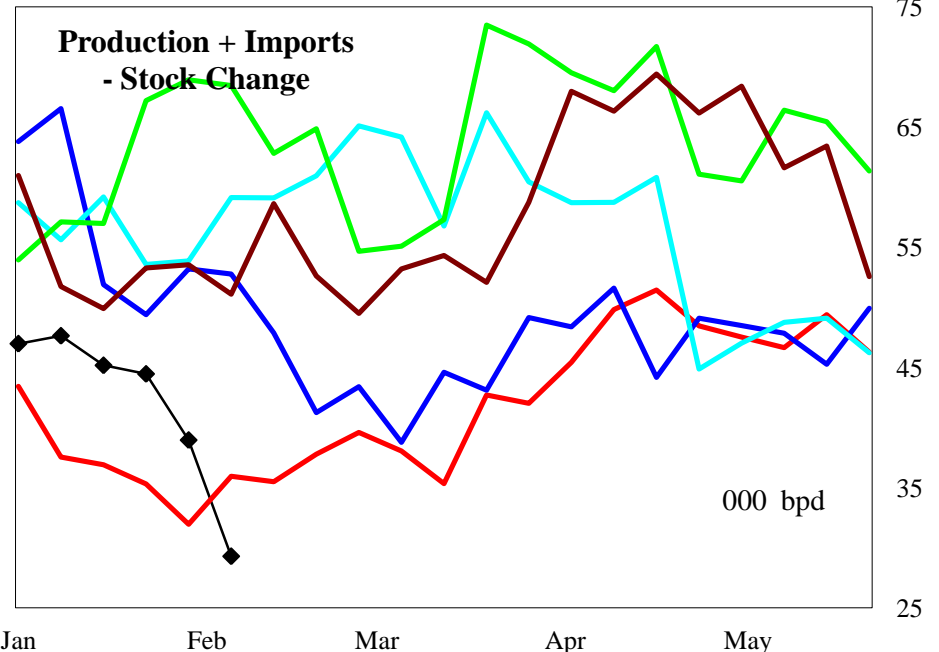
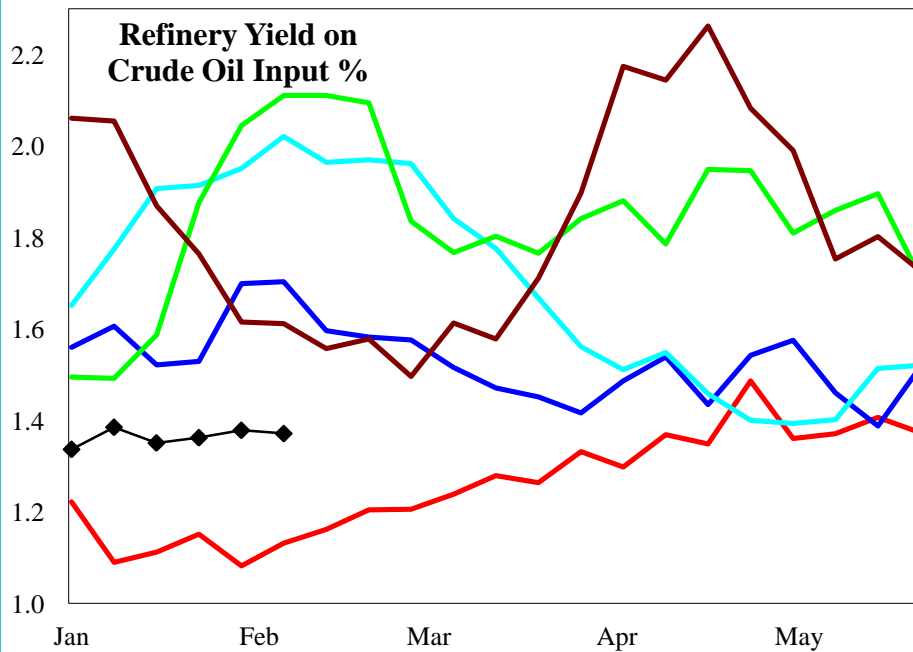
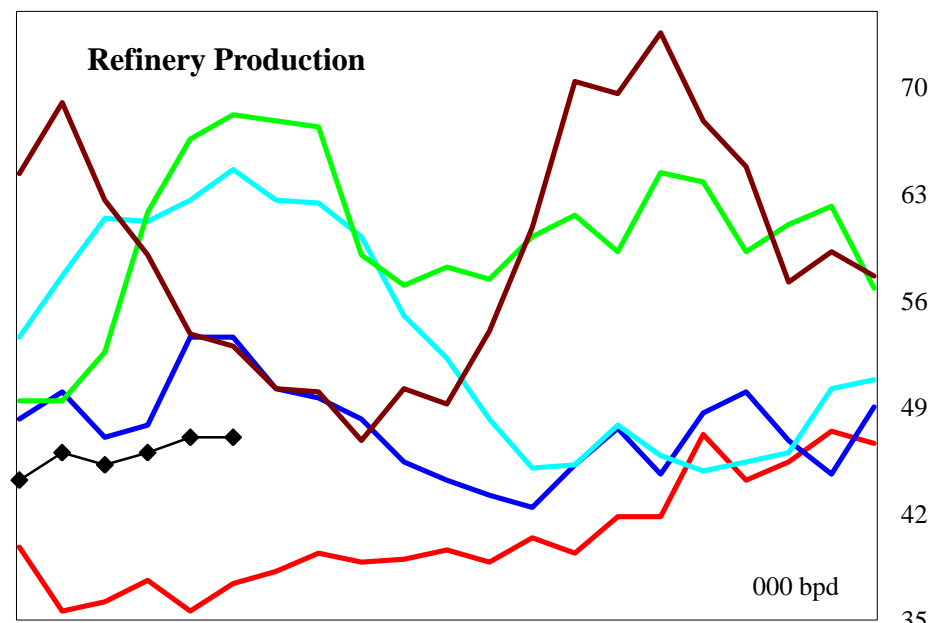
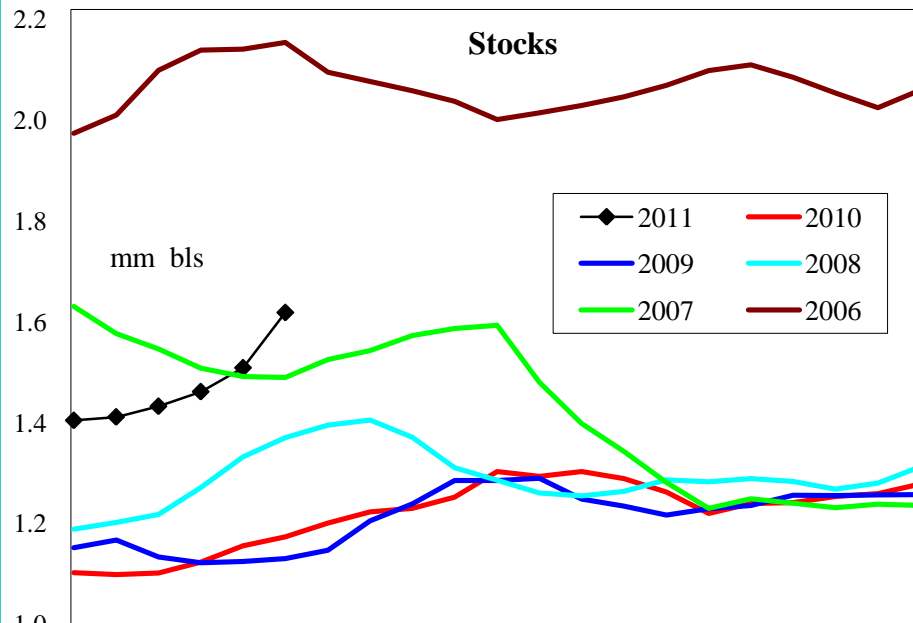
Prod + Imp - Stk chg

11

5.4



# 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

**445**

**12**

**2**

**11**

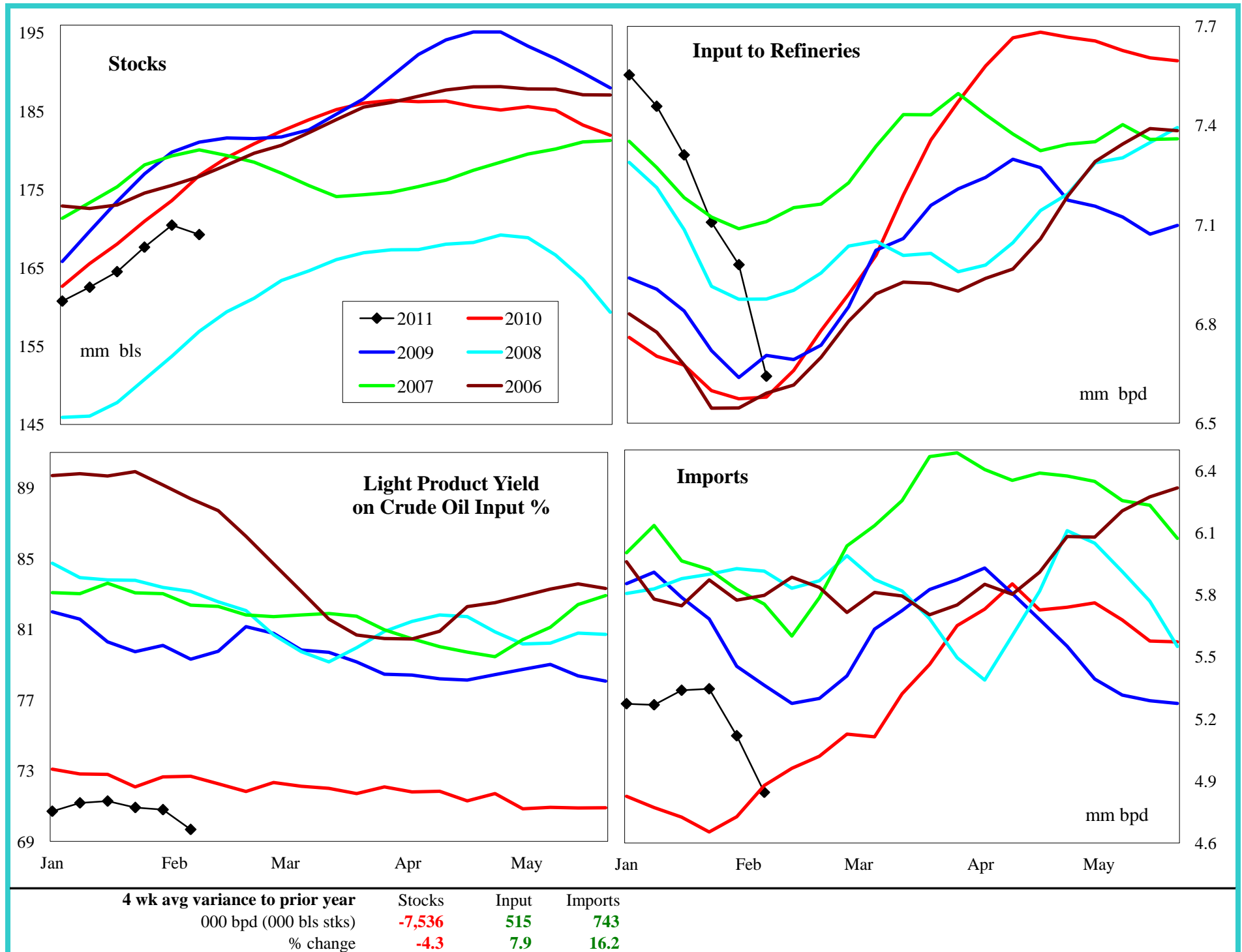
**37.3**

**31.1**

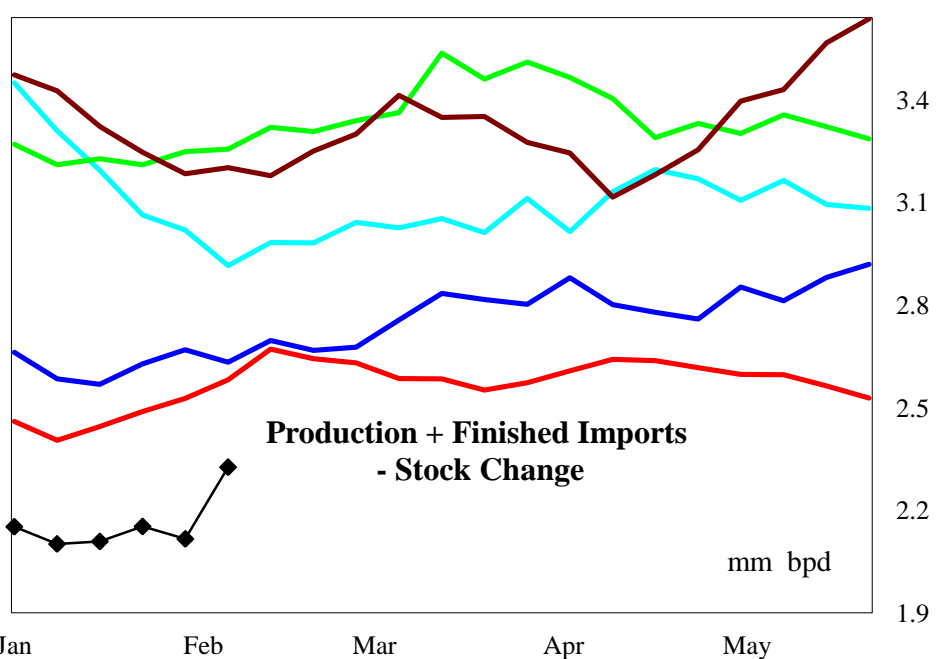
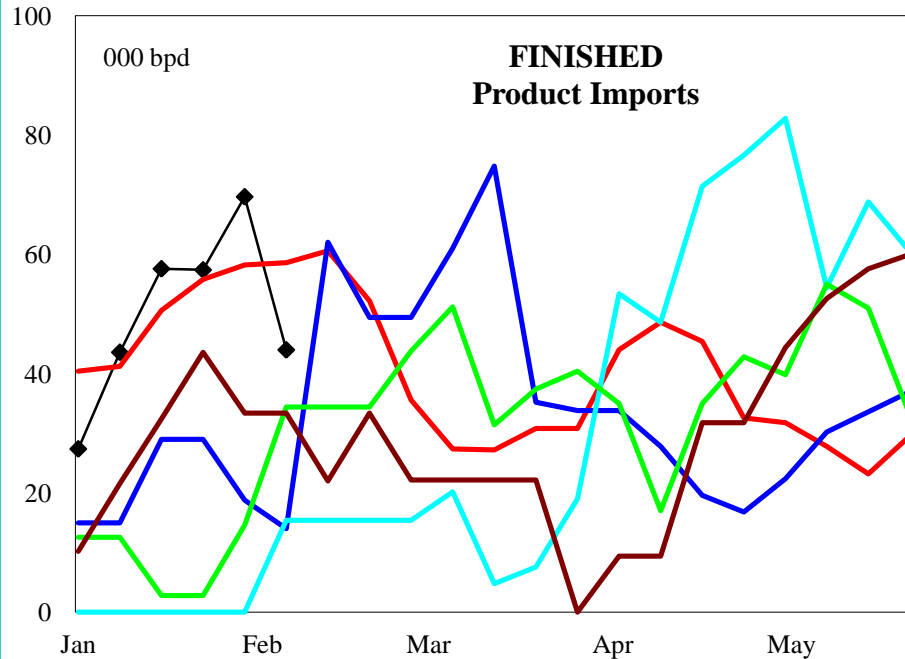
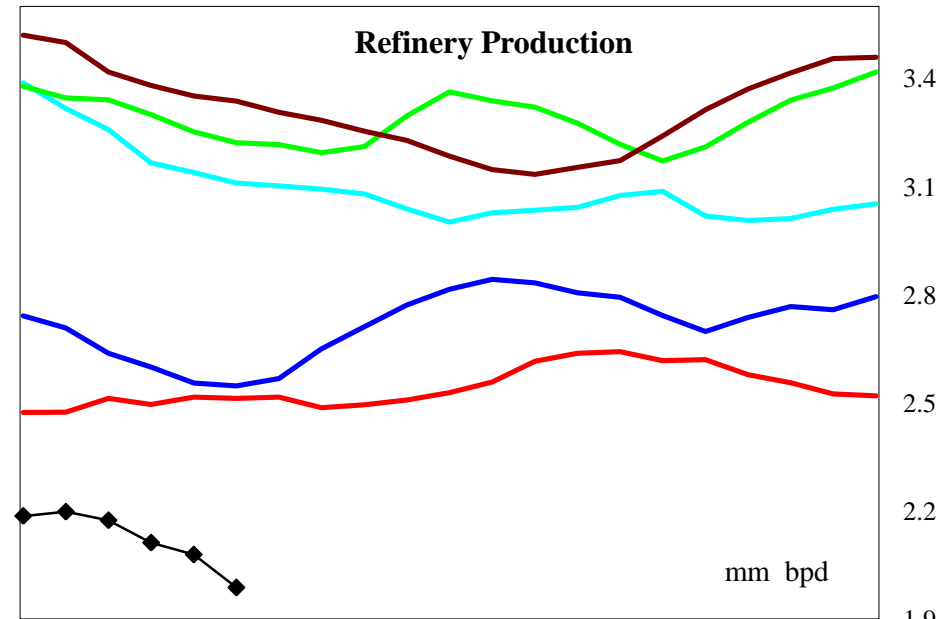
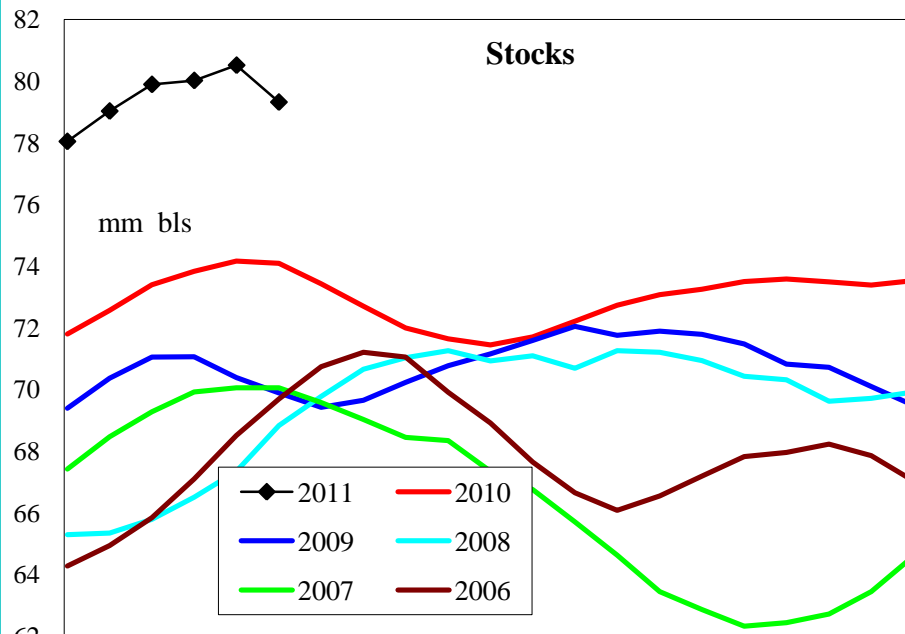
**233.3**

**33.4**

# PADD 3 Crude Oil Supply and Refining



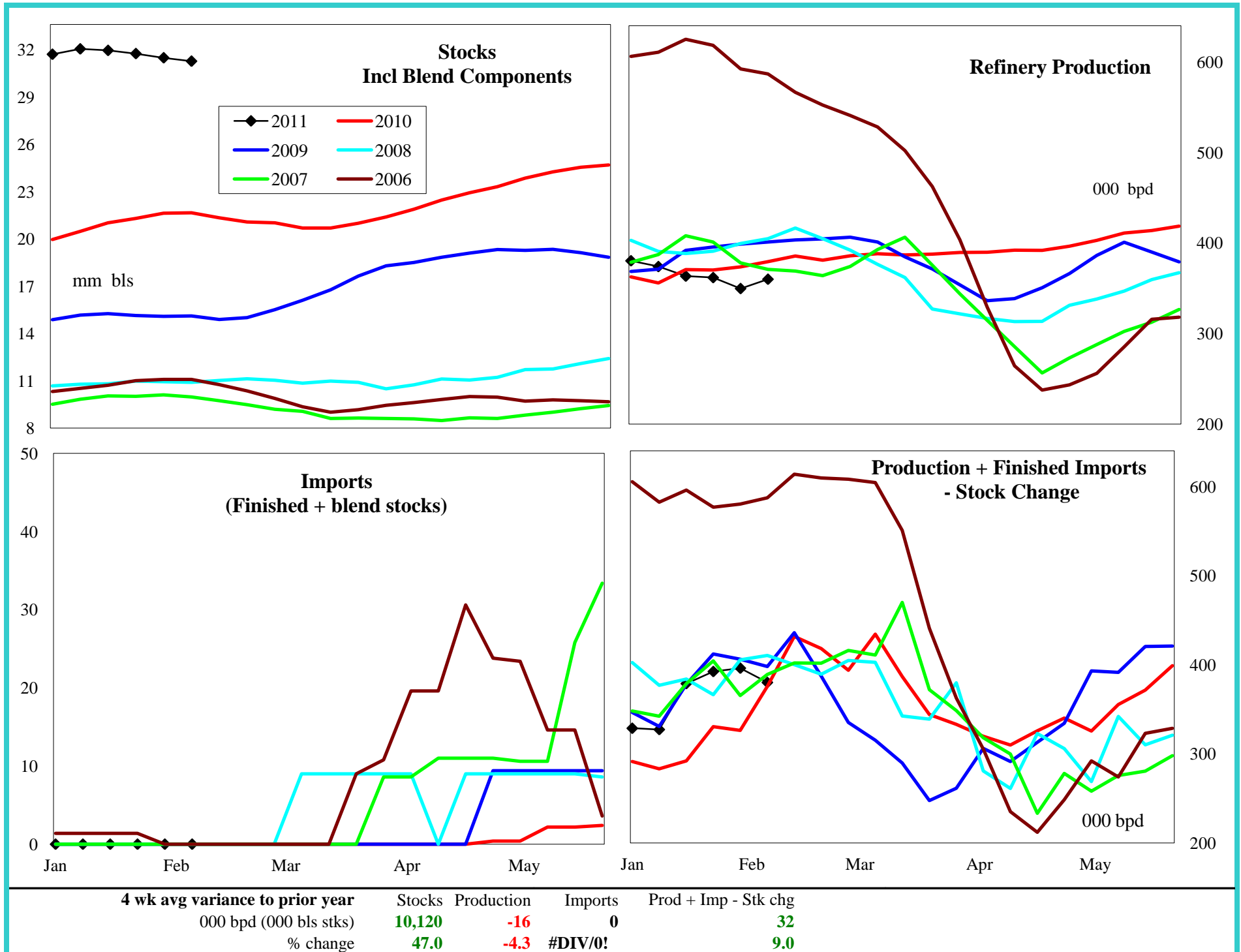
# PADD 3 Gasoline Supply



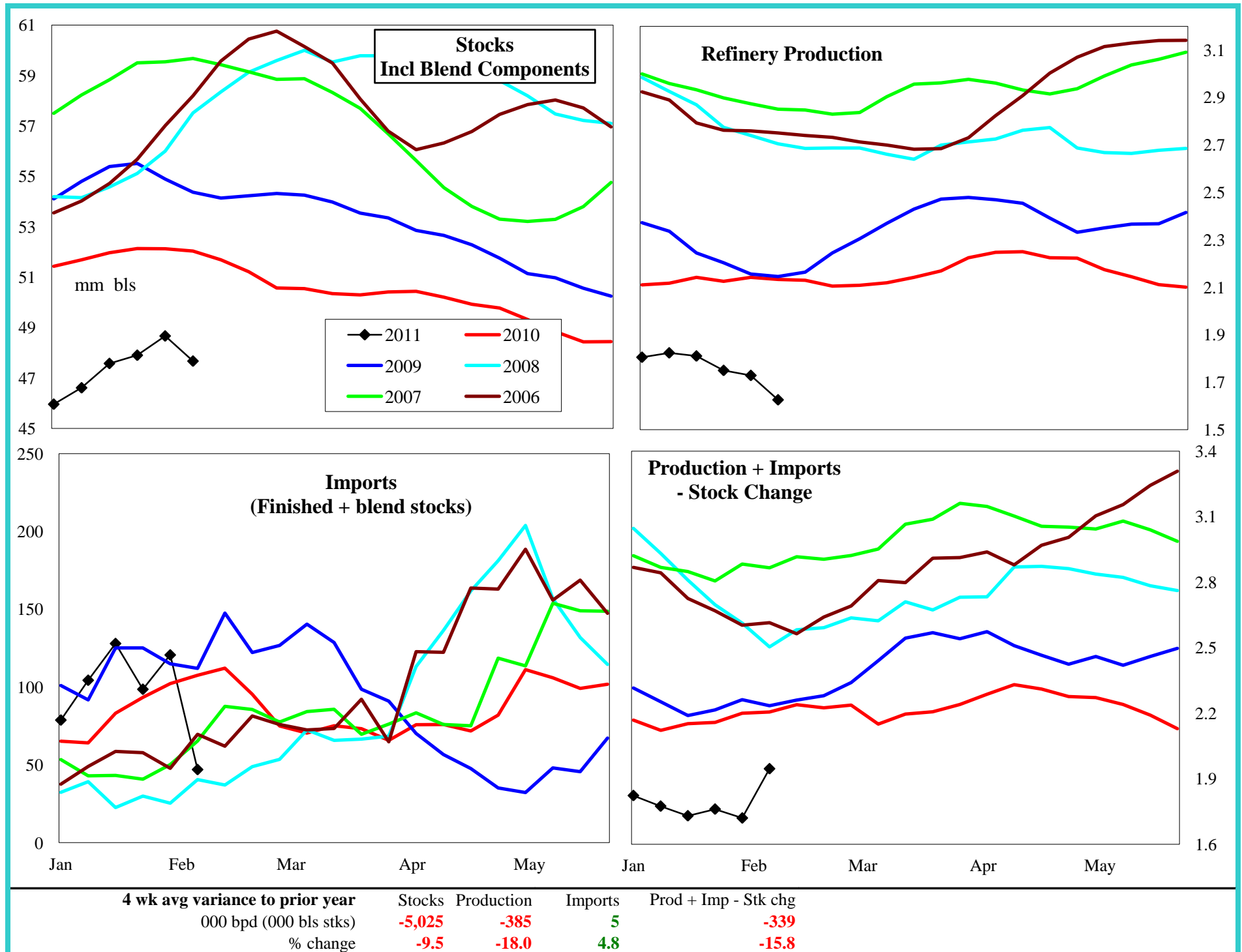
**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
5,068	-402	-1	6	-308
6.8	-16.0	-0.8	12.6	-12.3

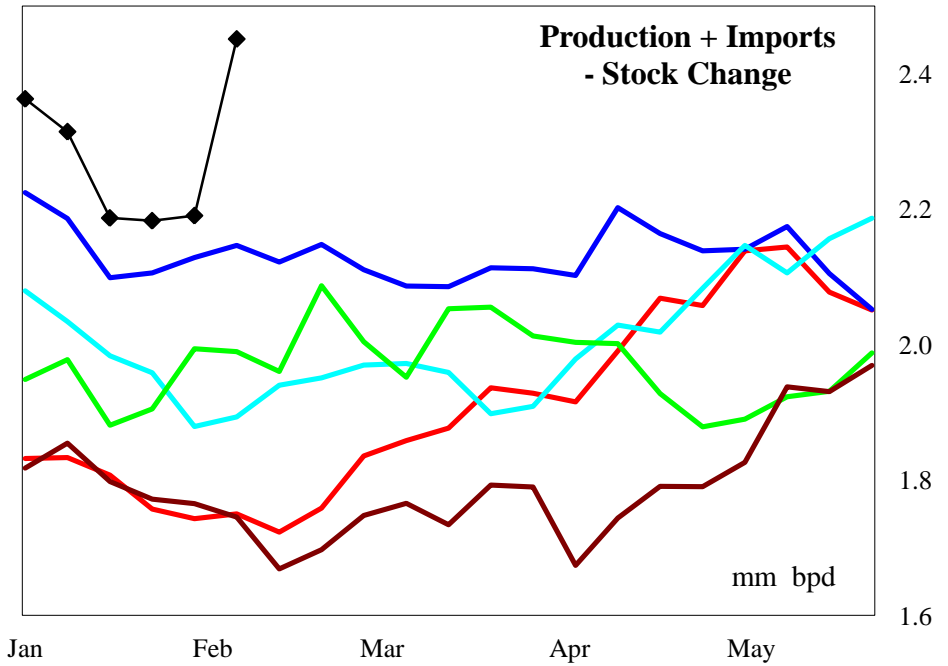
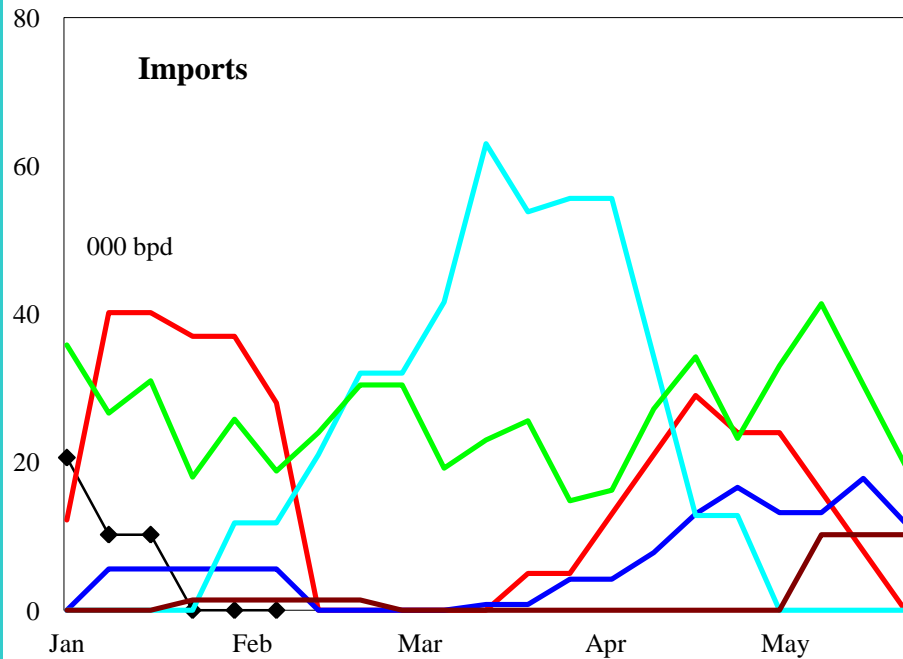
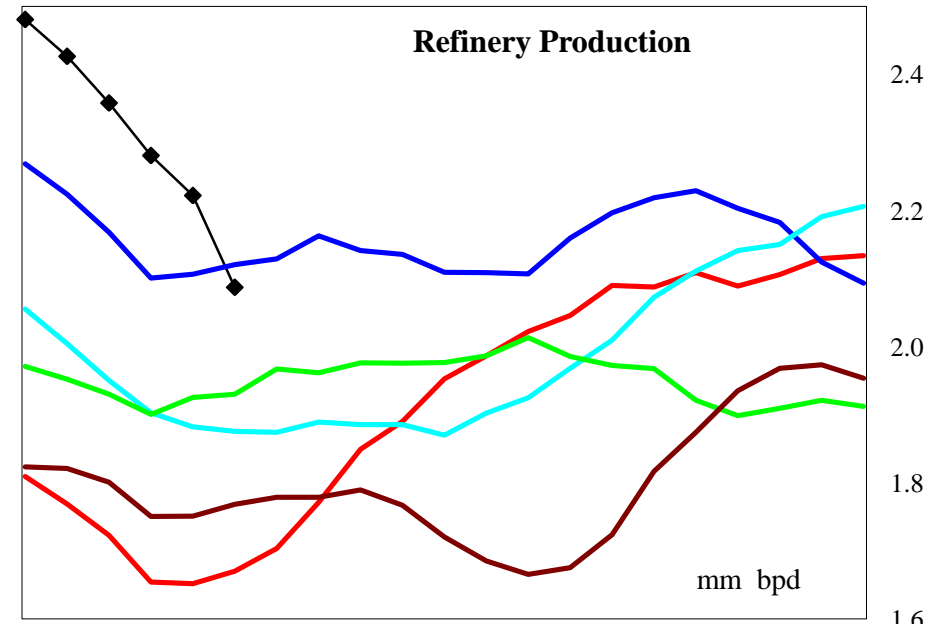
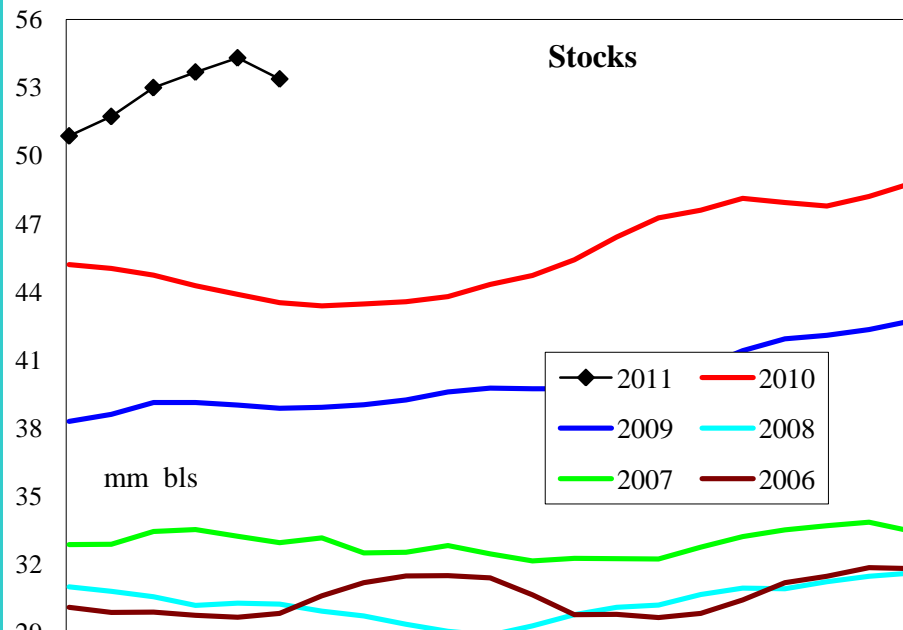
# PADD 3 Reformulated Gasoline Supply



# PADD 3 Conventional Gasoline Supply



# PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

9,516

21.7

Production

590

35.8

Imports

-46

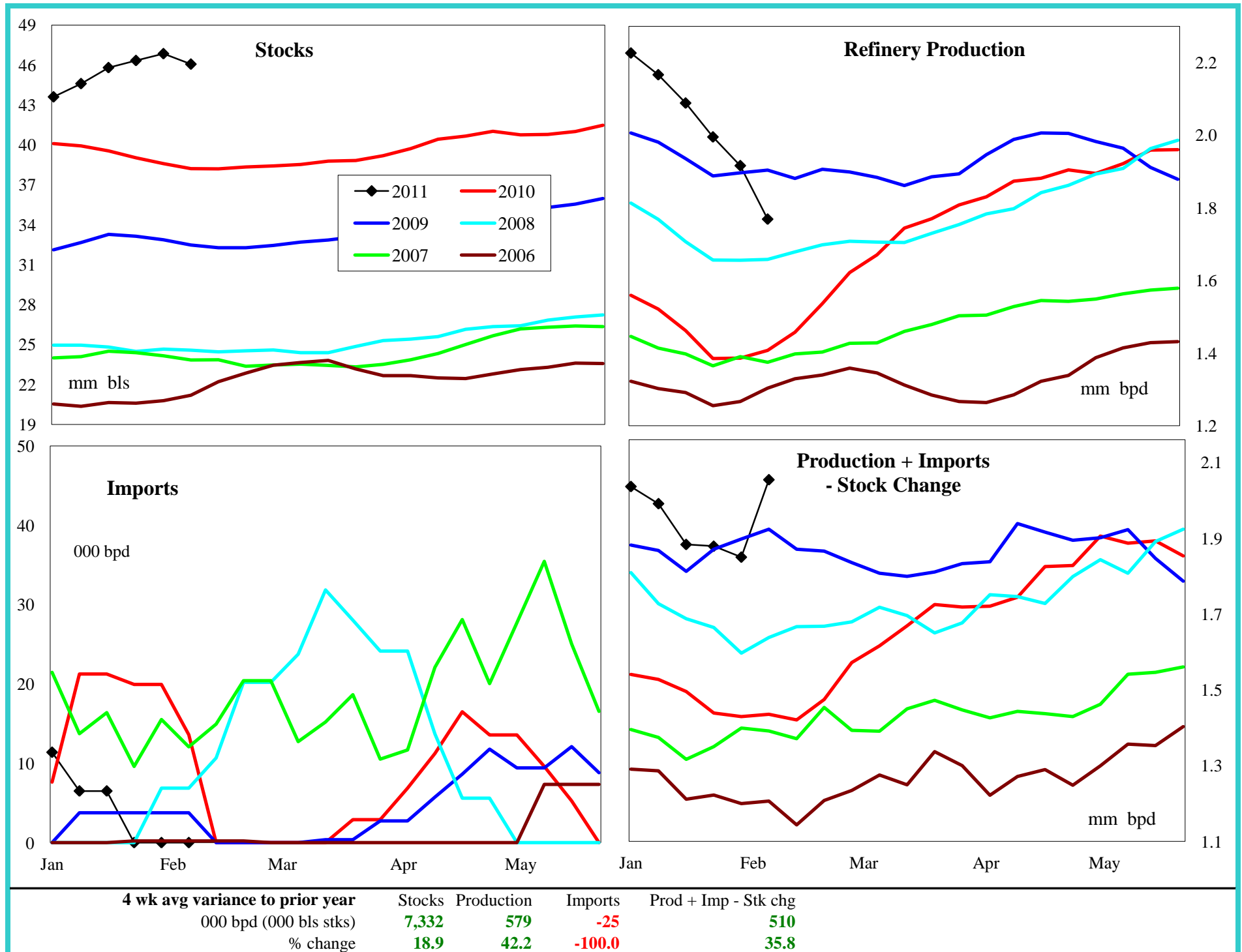
-100.0

Prod + Imp - Stk chg

491

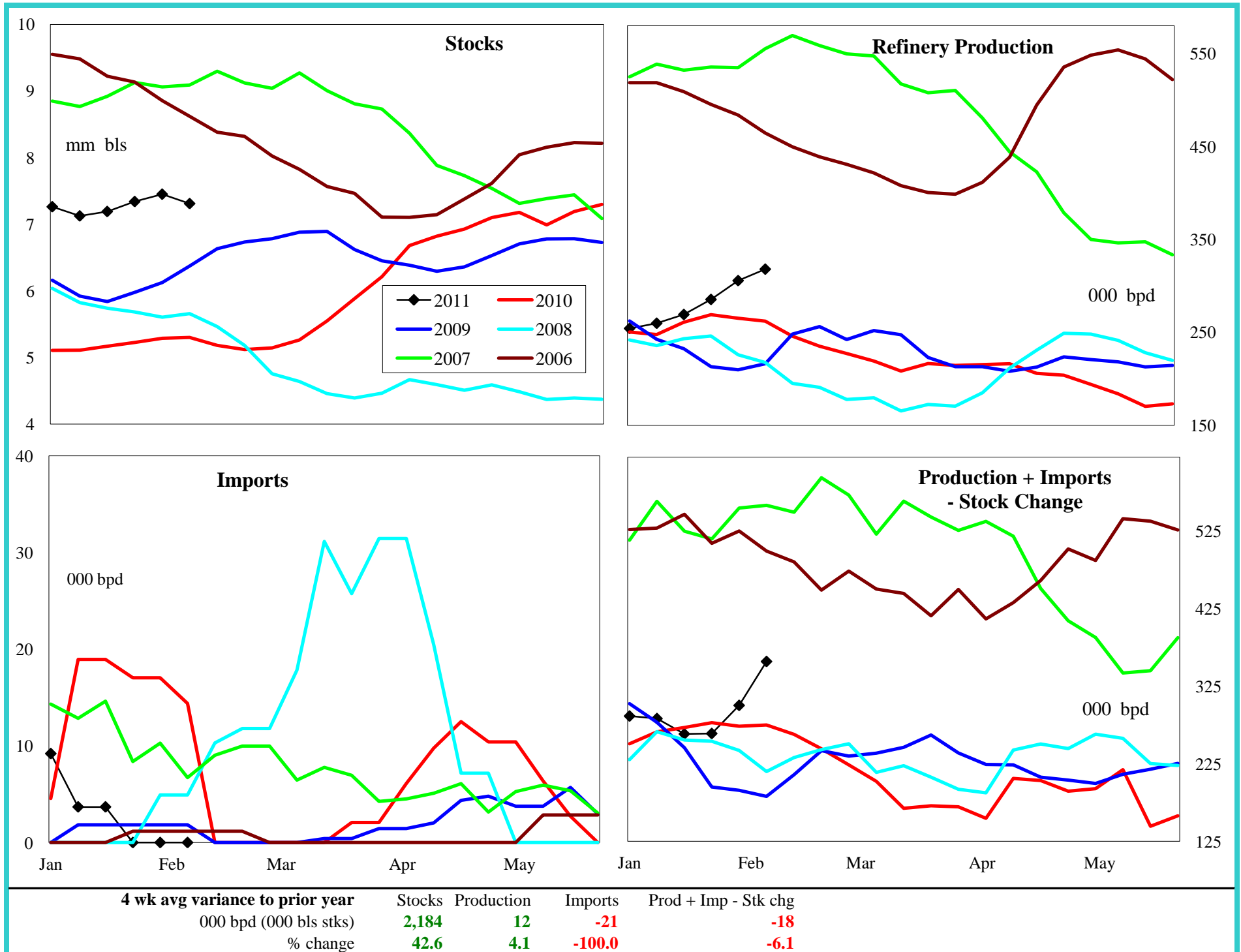
28.4

# PADD 3 Low Sulfur Distillate Supply

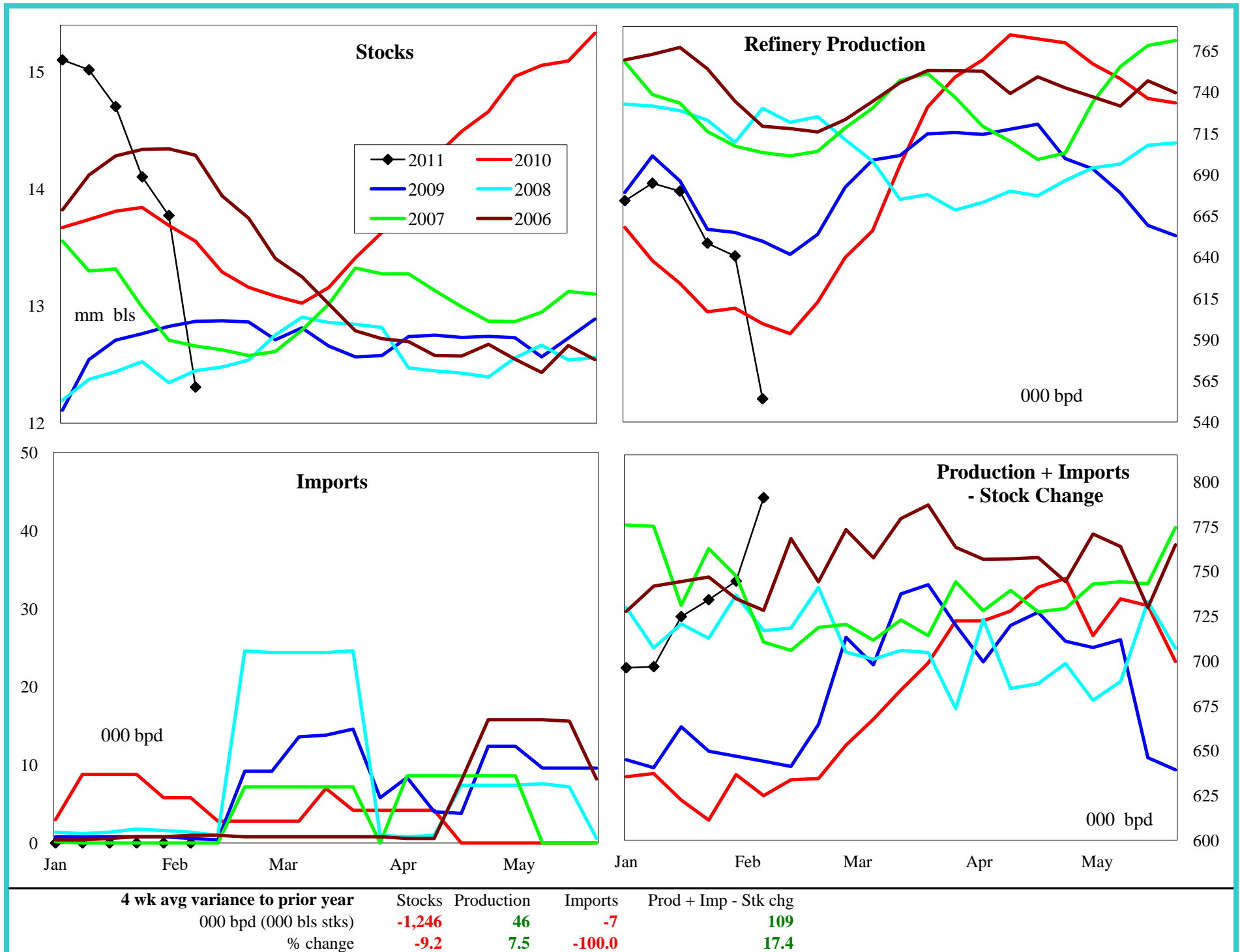




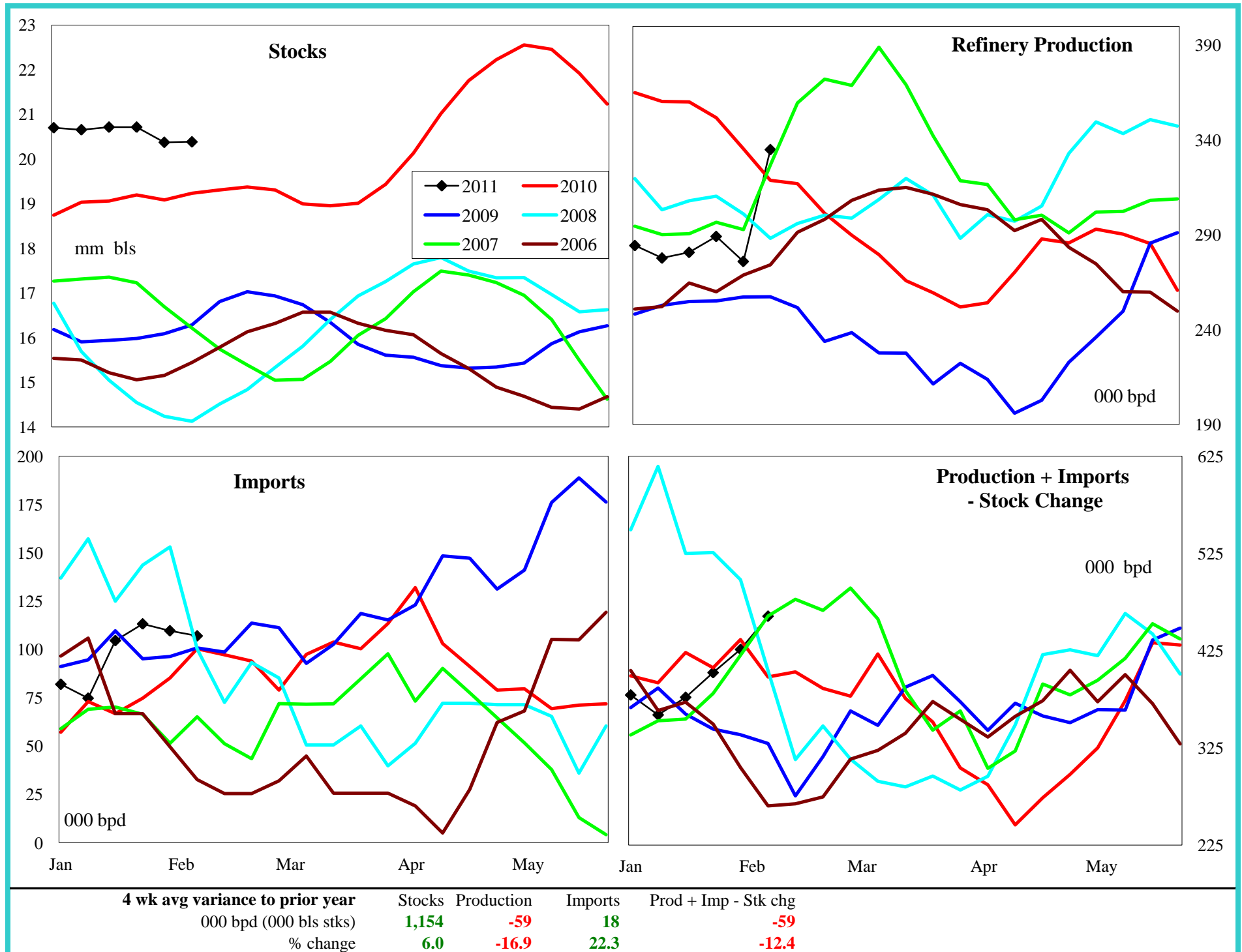
# PADD 3 High Sulfur Distillate Supply



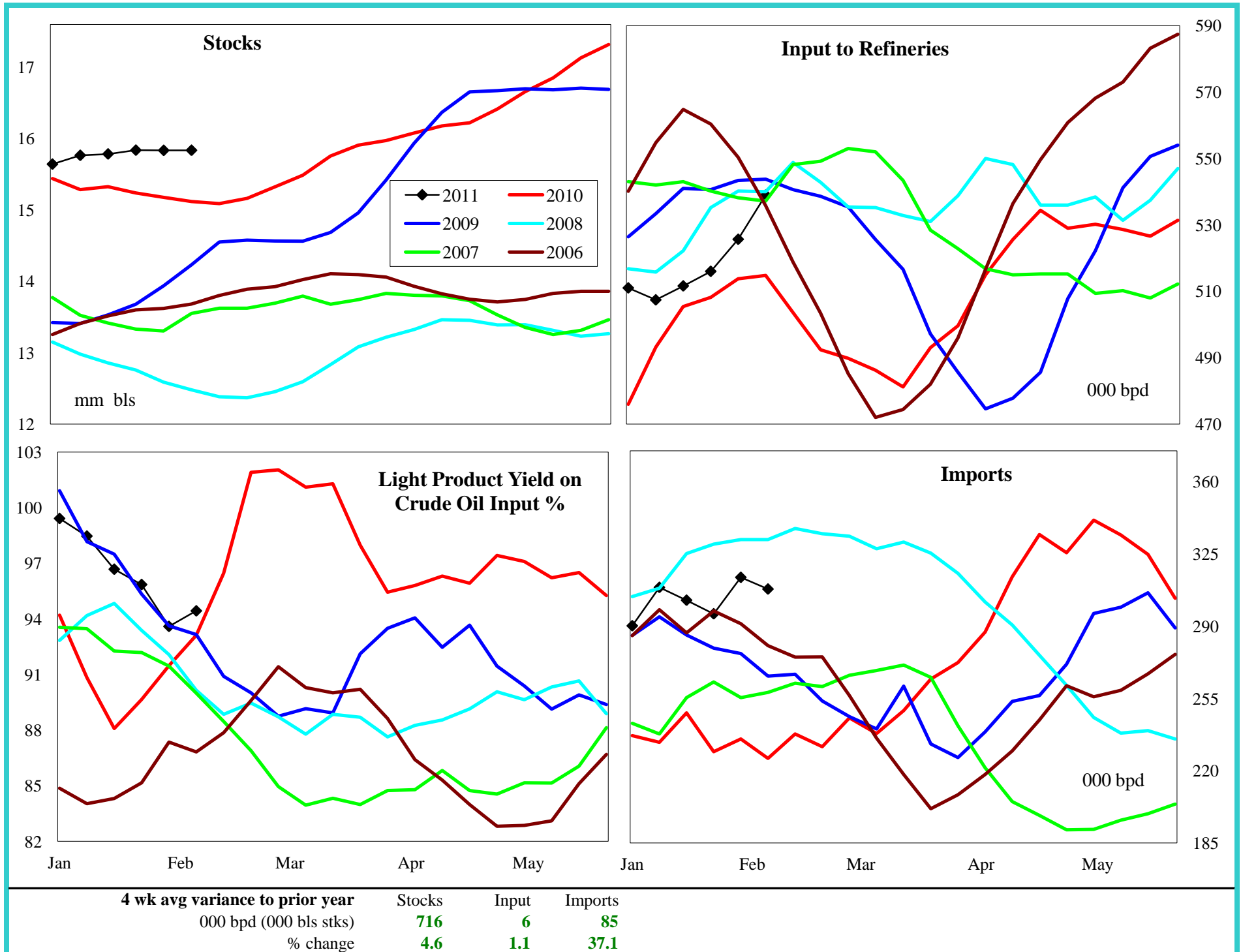
# PADD 3 Jet Fuel Supply



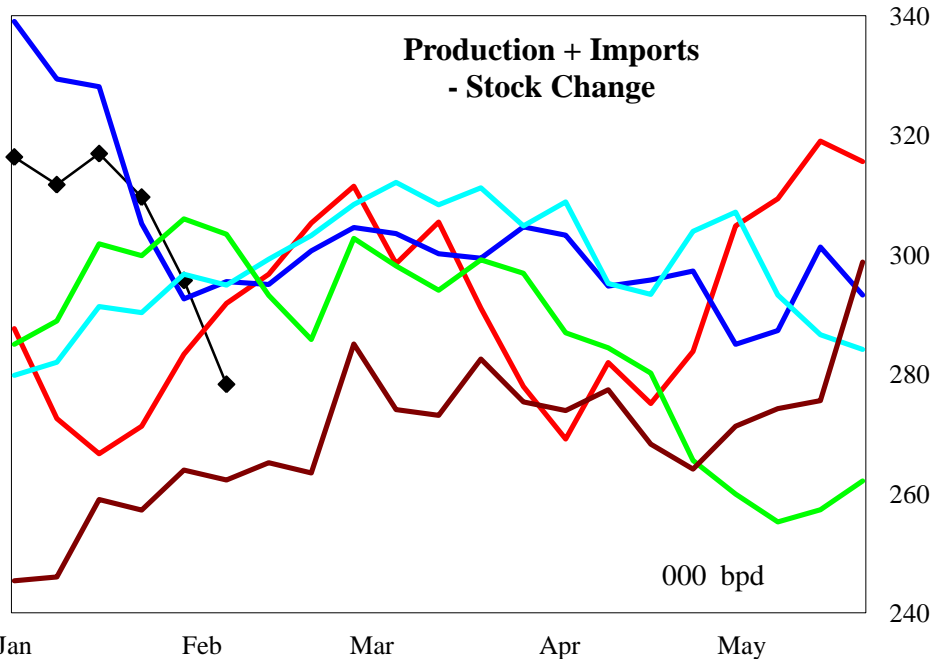
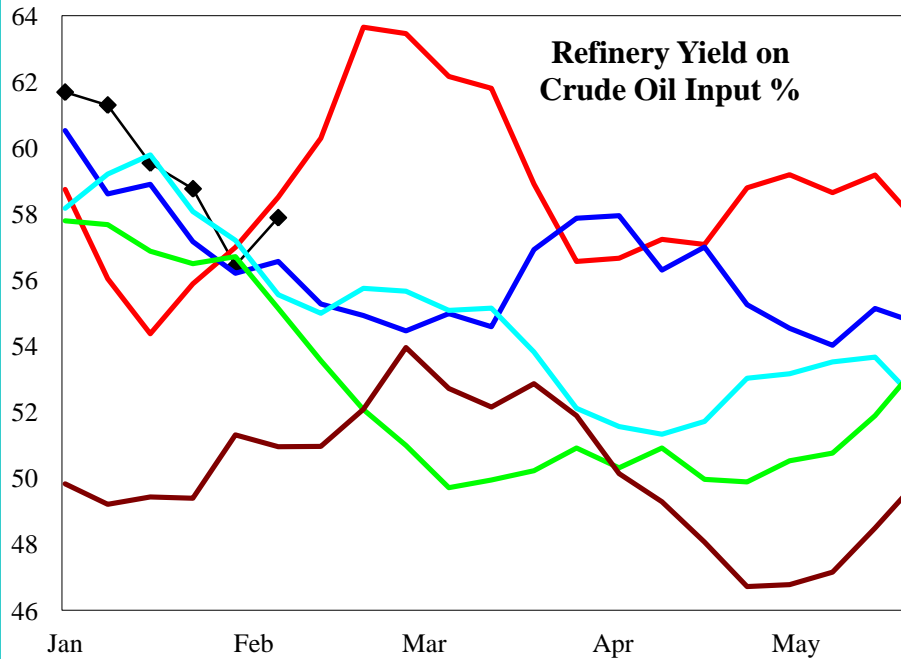
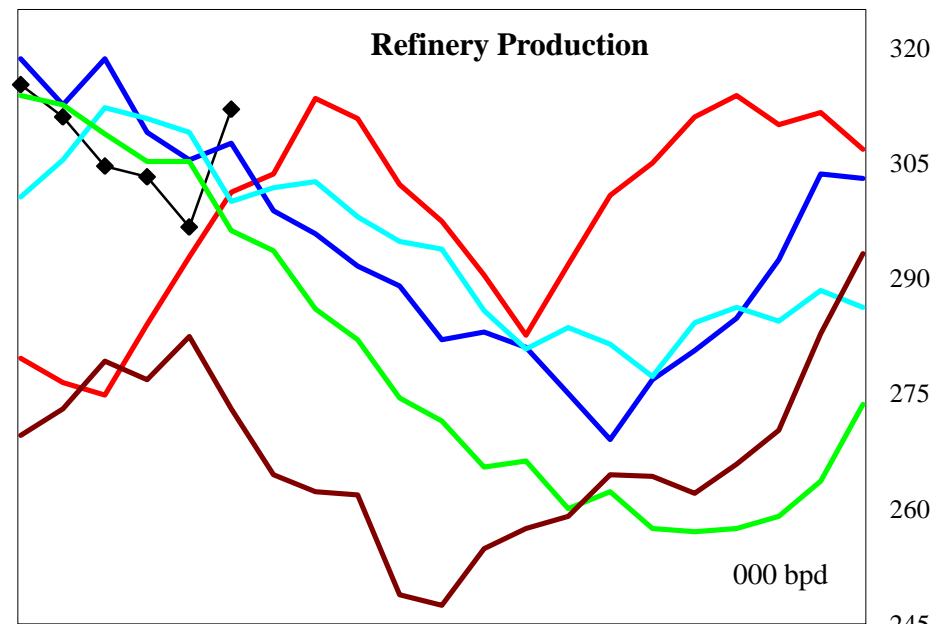
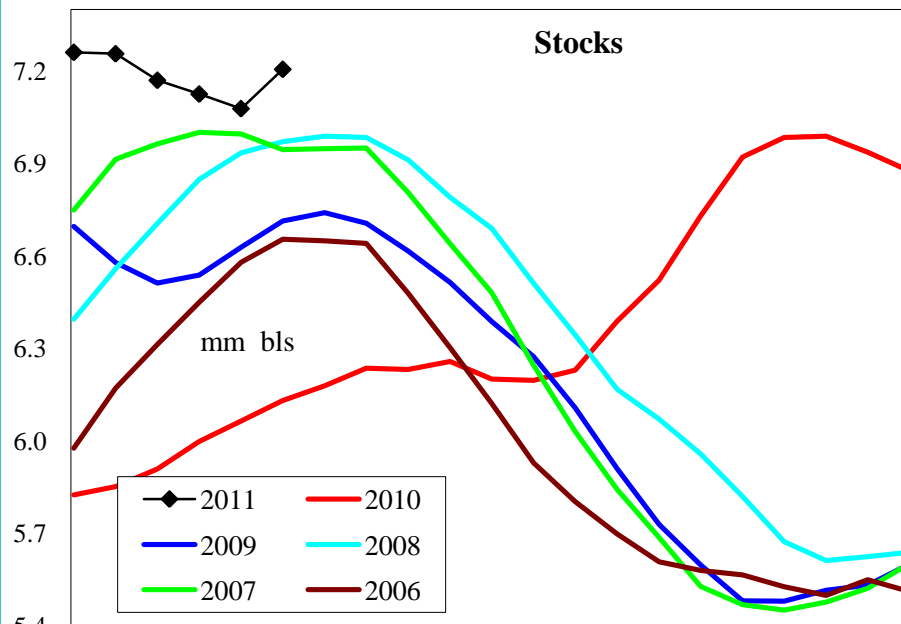
# PADD 3 Residual Fuel Oil Supply



# PADD 4 Crude Oil Supply and Refining



# PADD 4 Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Prod + Imp - Stk chg

**1,075**

**13**

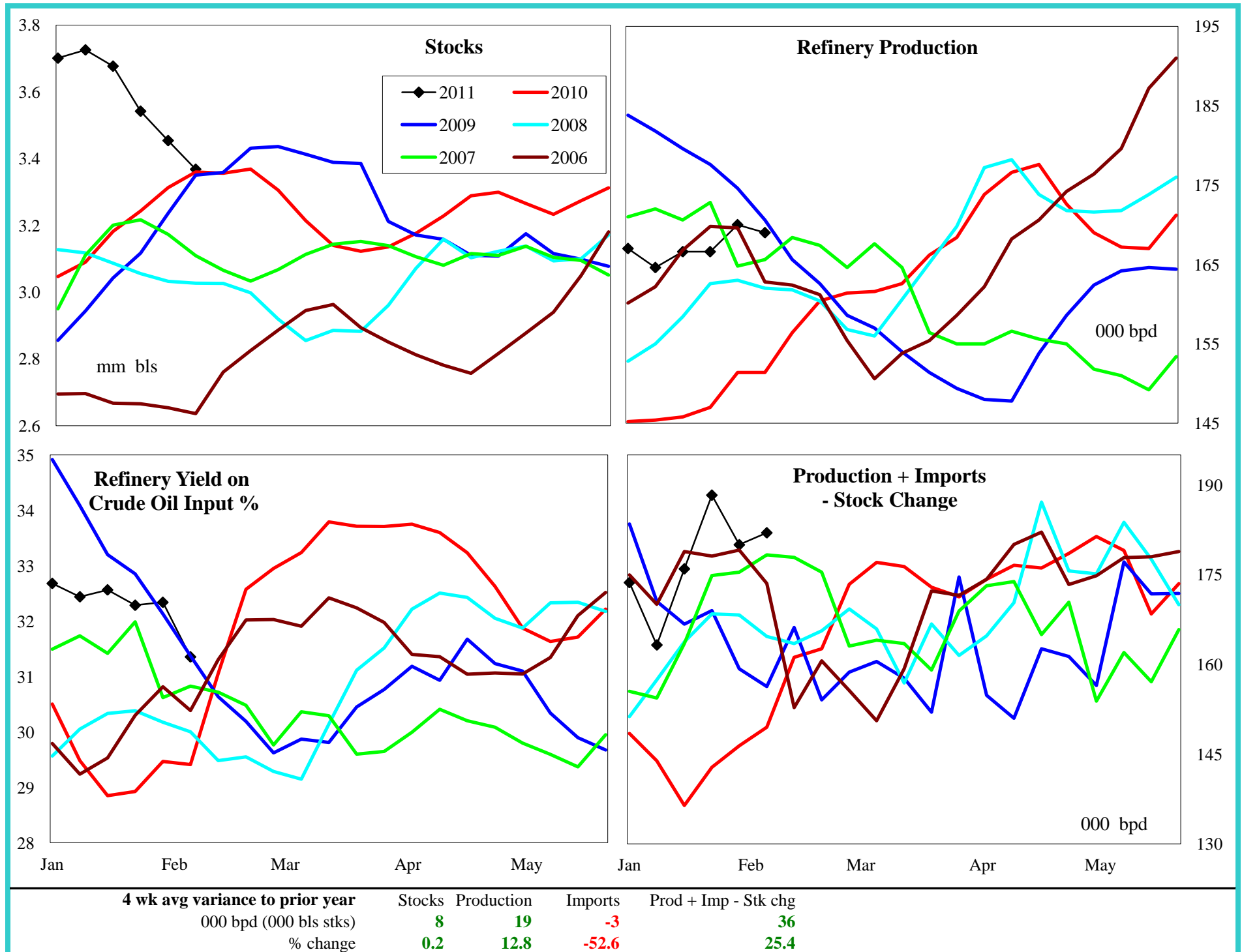
**27**

**17.5**

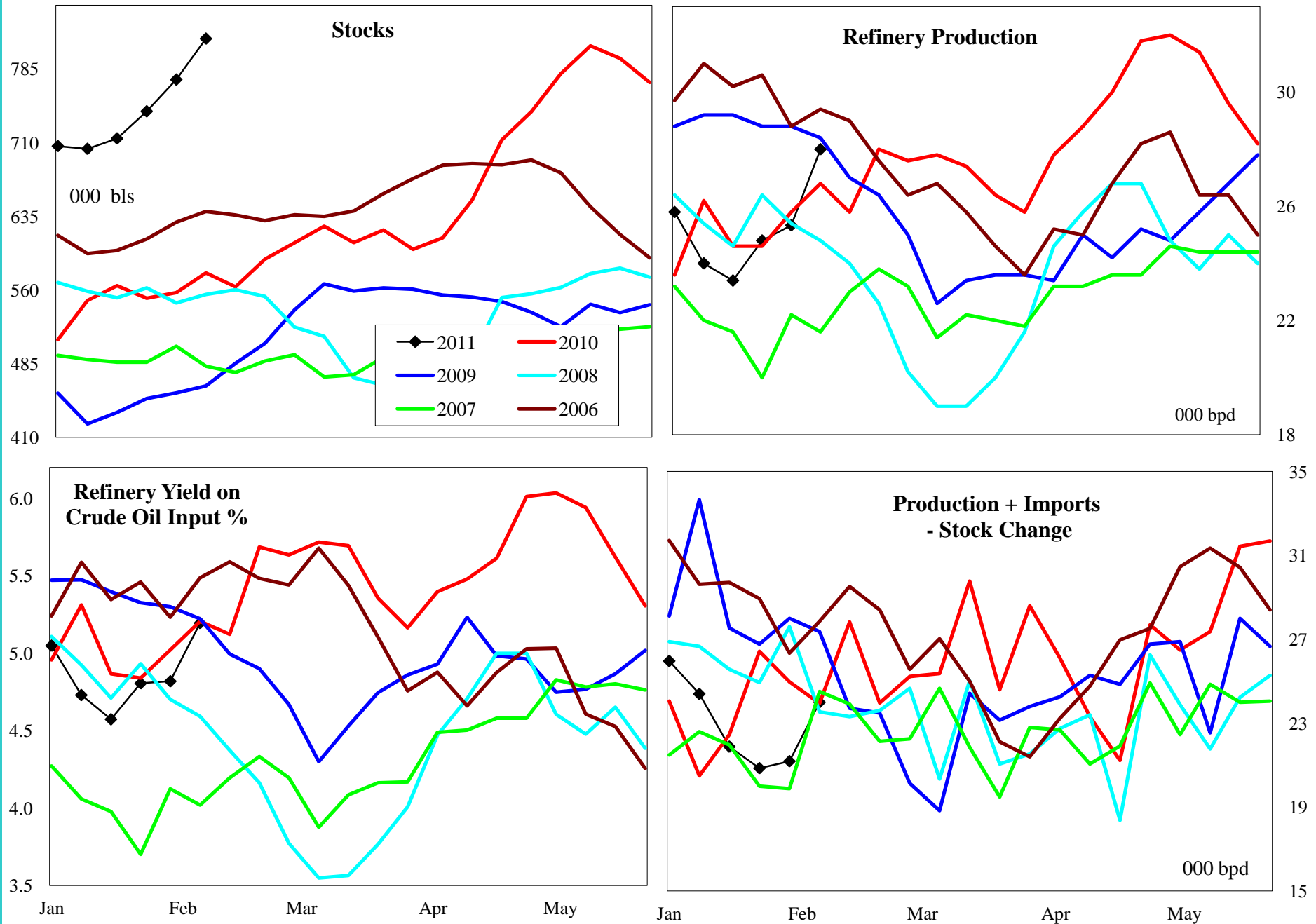
**4.5**

**9.7**

# PADD 4 Distillate Supply



# PADD 4 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Prod + Imp - Stk chg

239

1

-4

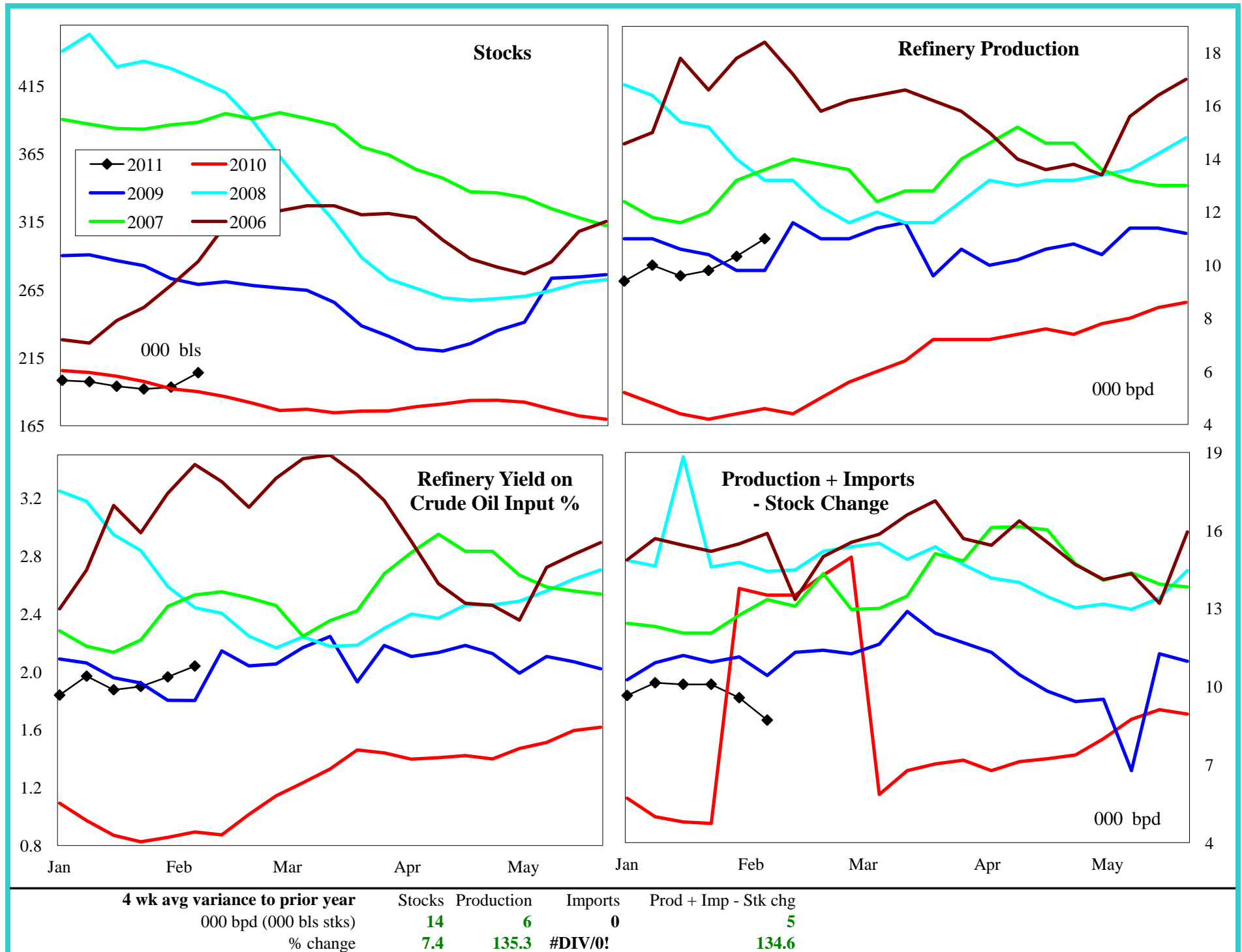
41.3

5.1

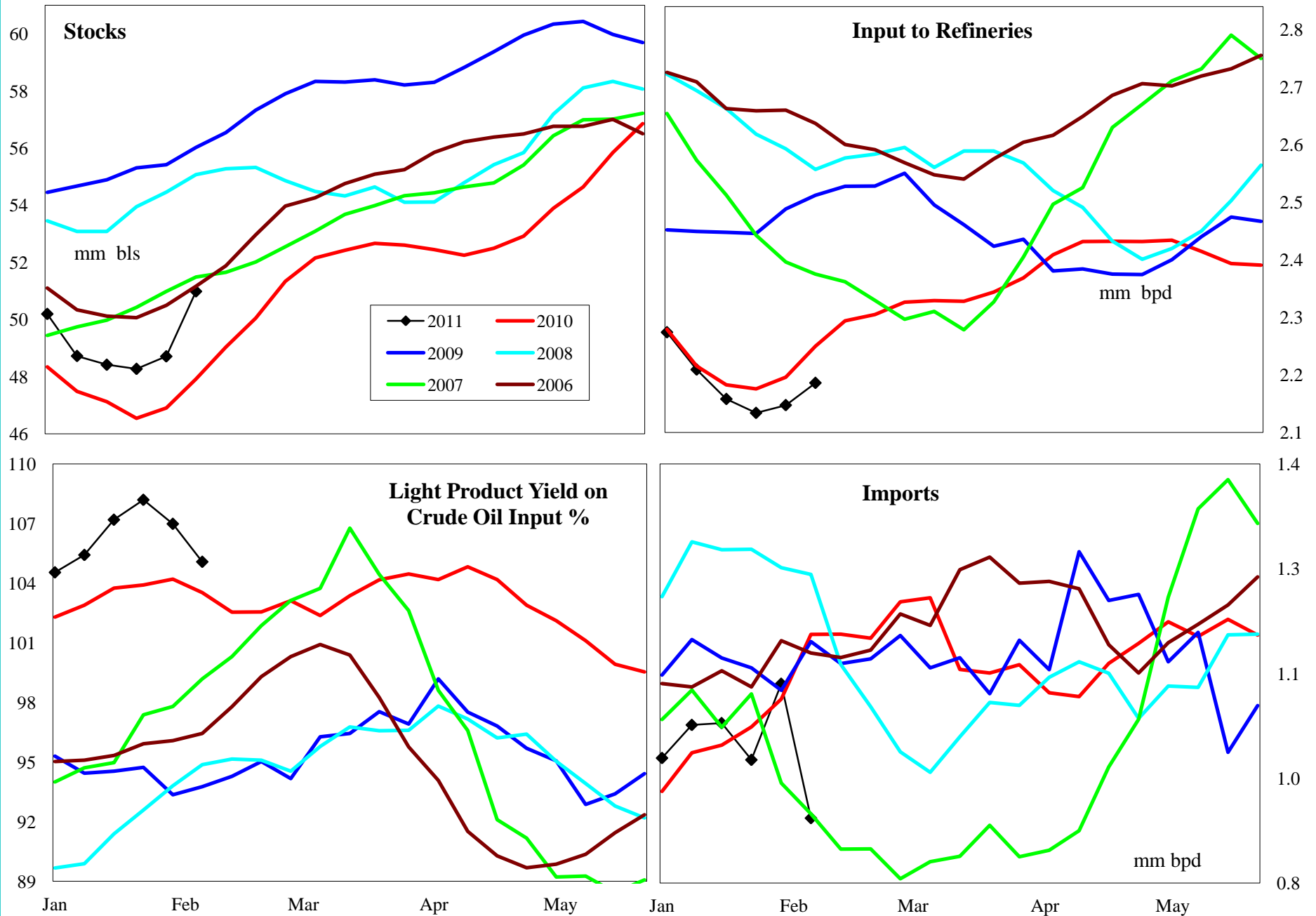
-18.0



# PADD 4 Residual Fuel Oil Supply



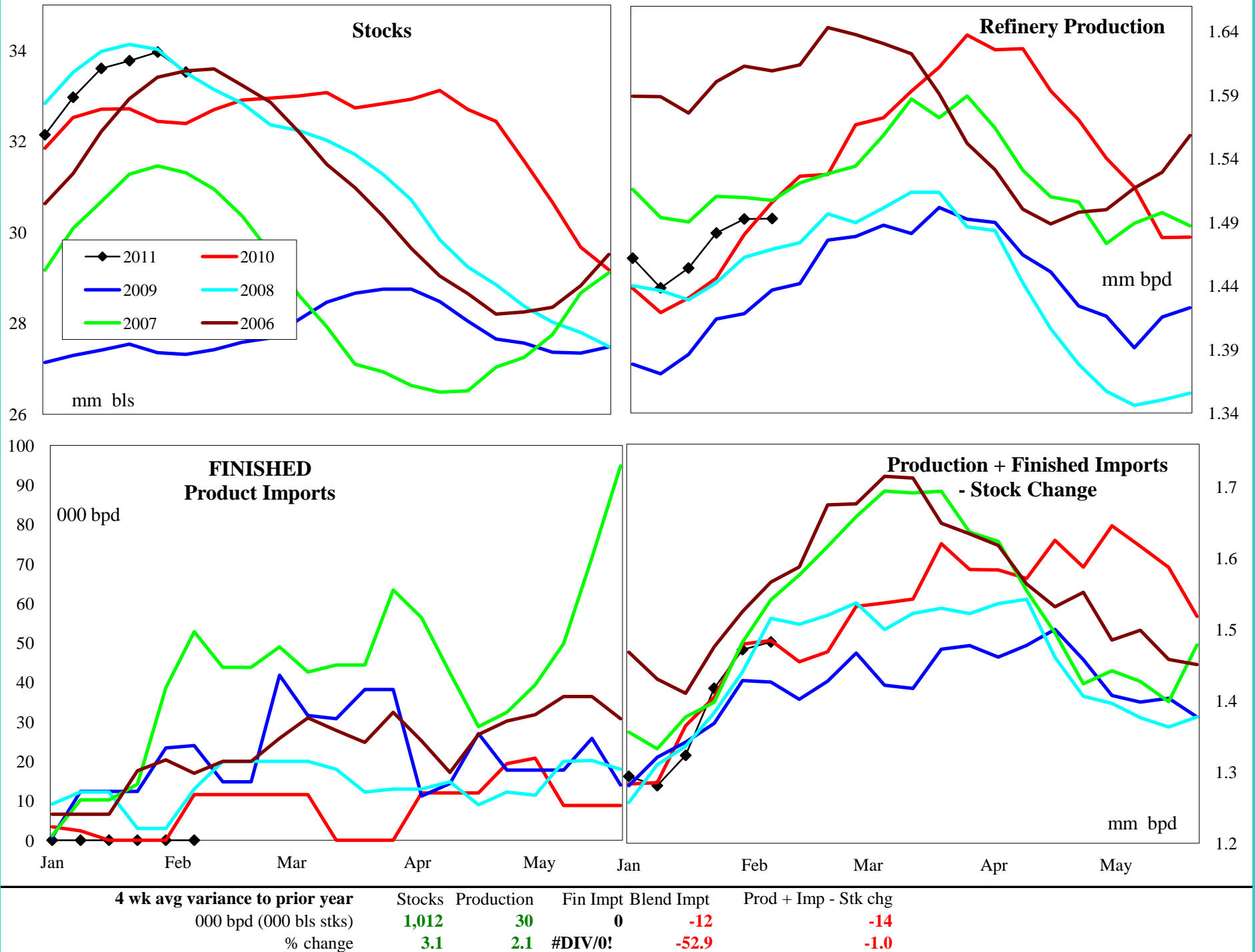
# PADD 5 Crude Oil Supply and Refining



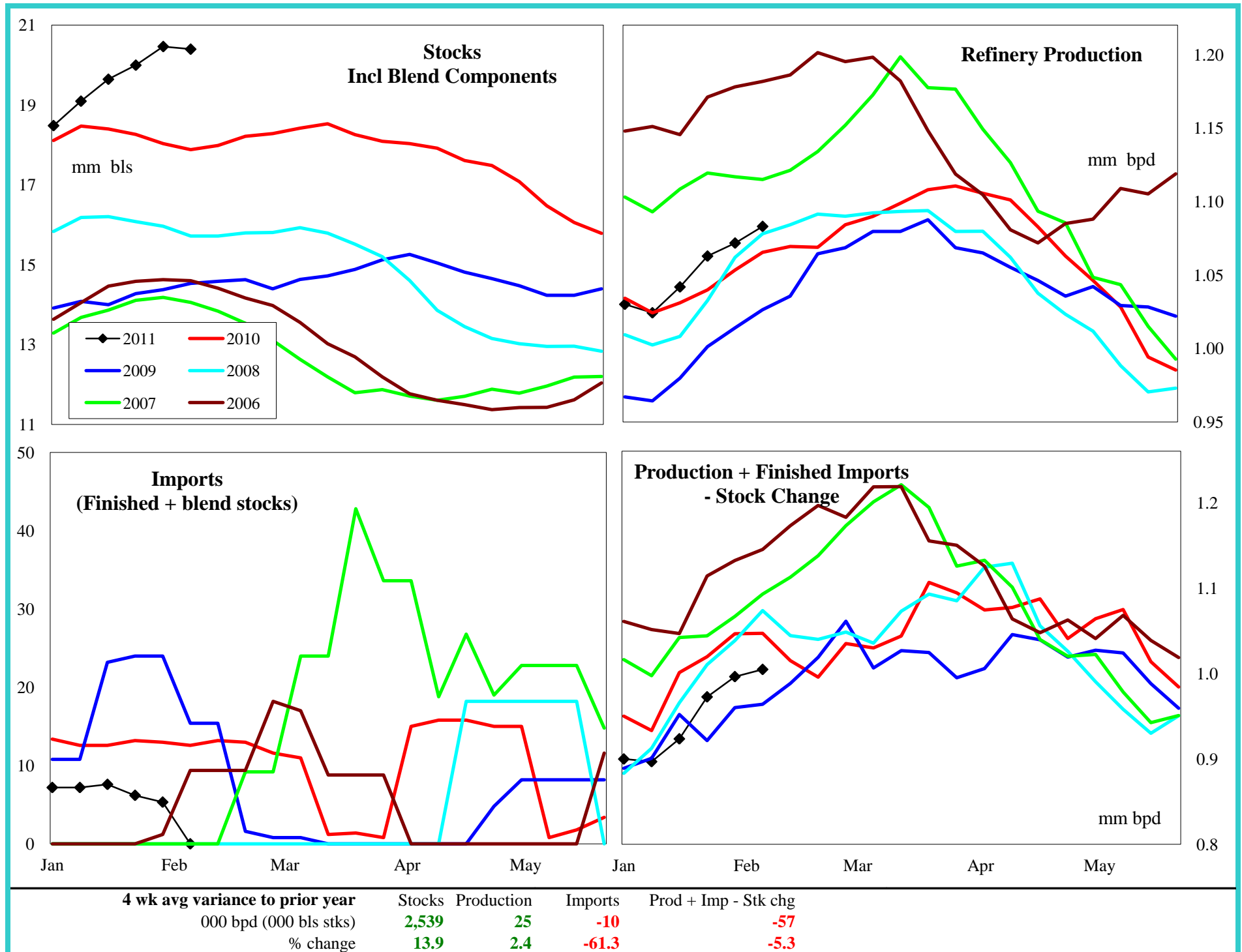
**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

	Stocks	Input	Imports
000 bpd (000 bls stks)	3,063	-49	-26
% change	6.4	-2.3	-2.5

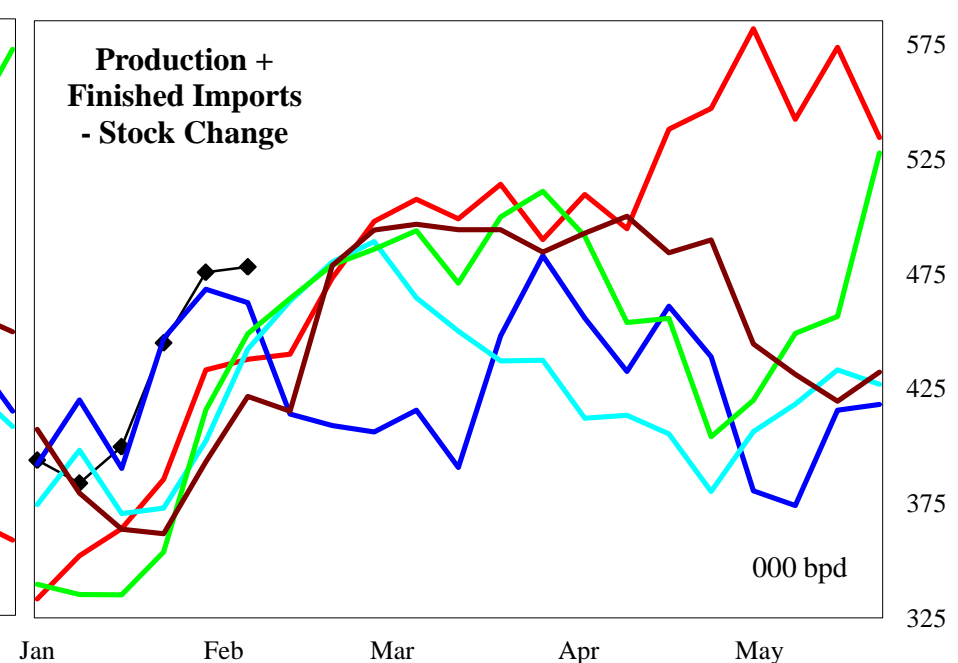
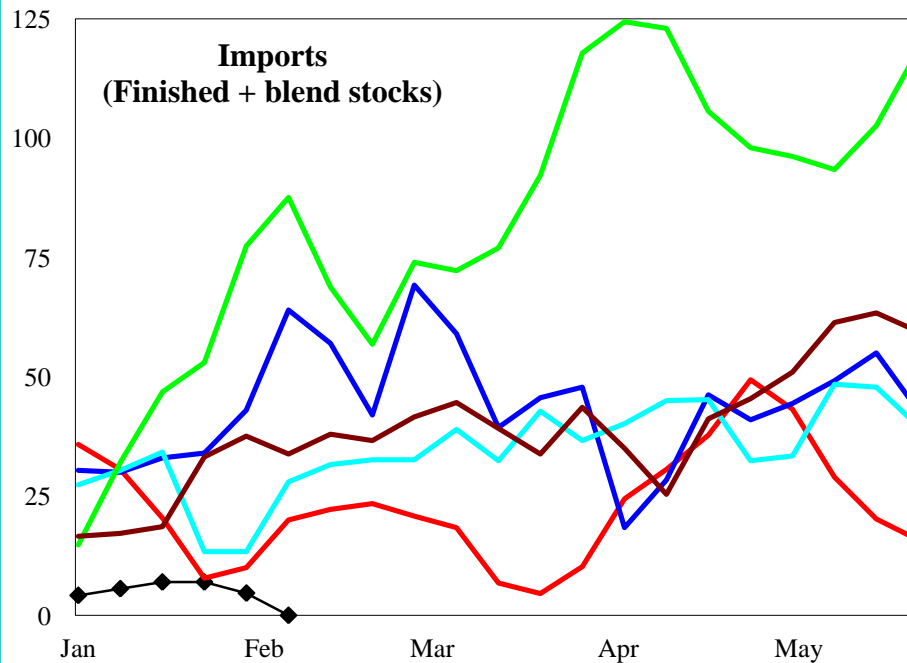
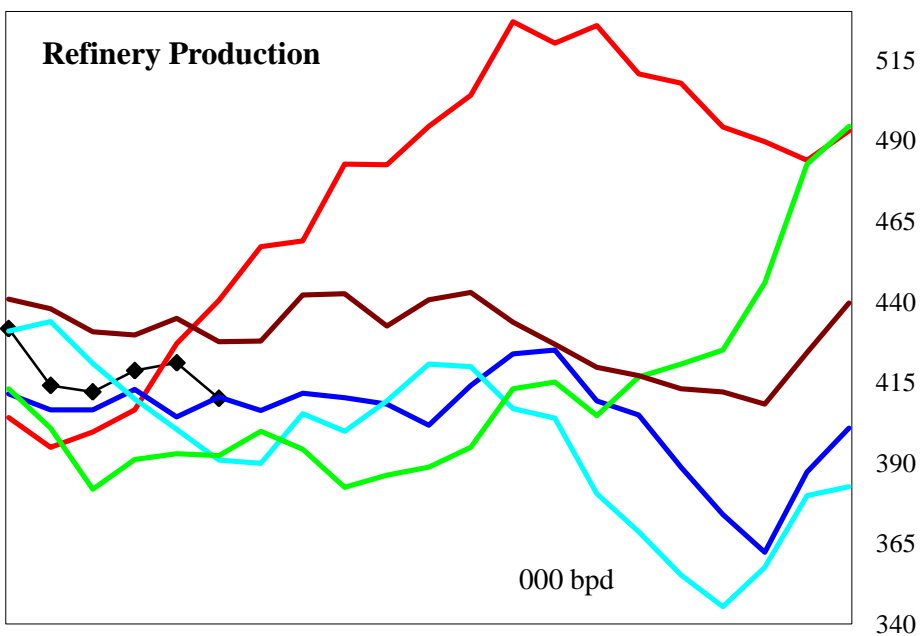
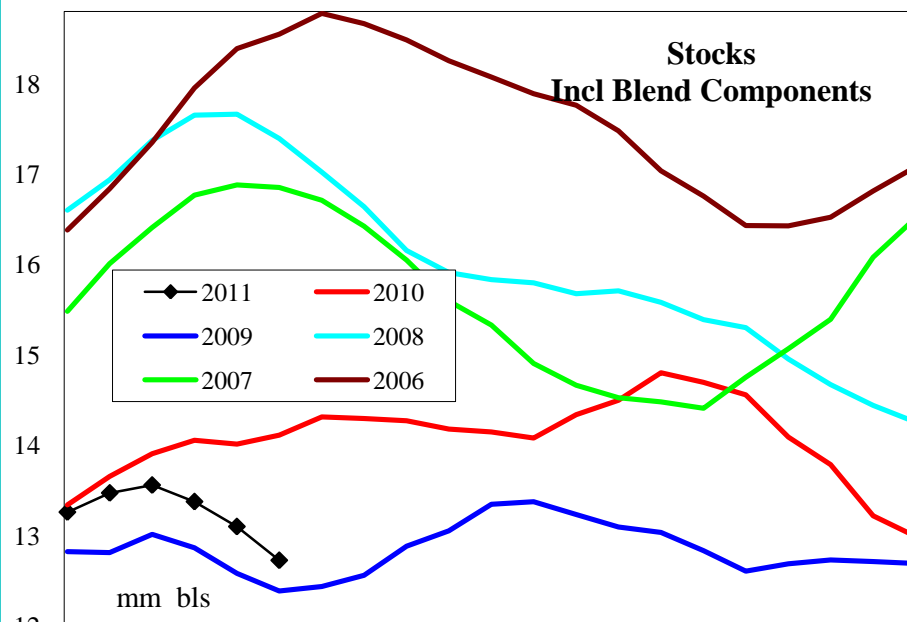
# PADD 5 Gasoline Supply



# PADD 5 Reformulated Gasoline Supply



# PADD 5 Conventional Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-1,527

5

-2

42

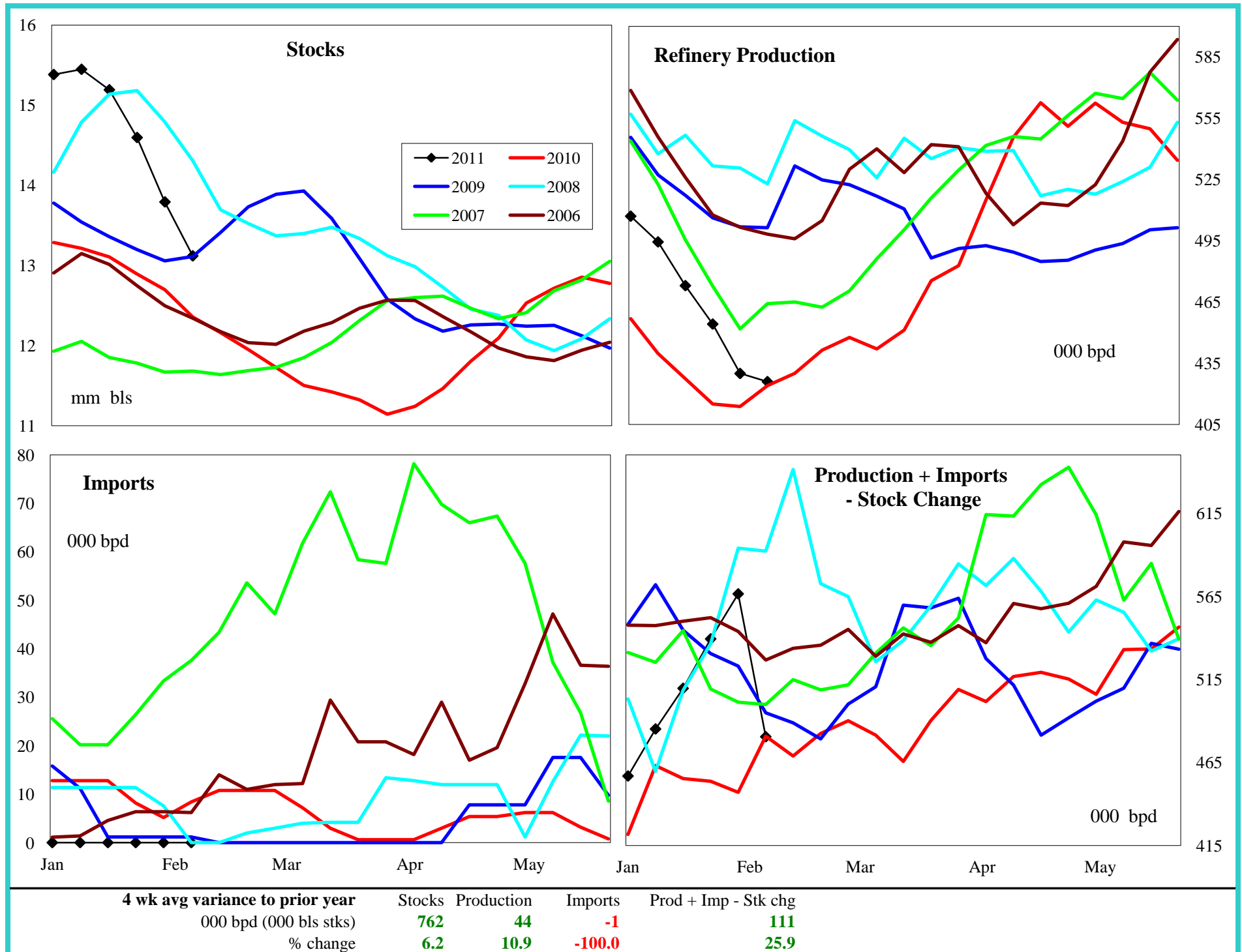
-10.4

1.2

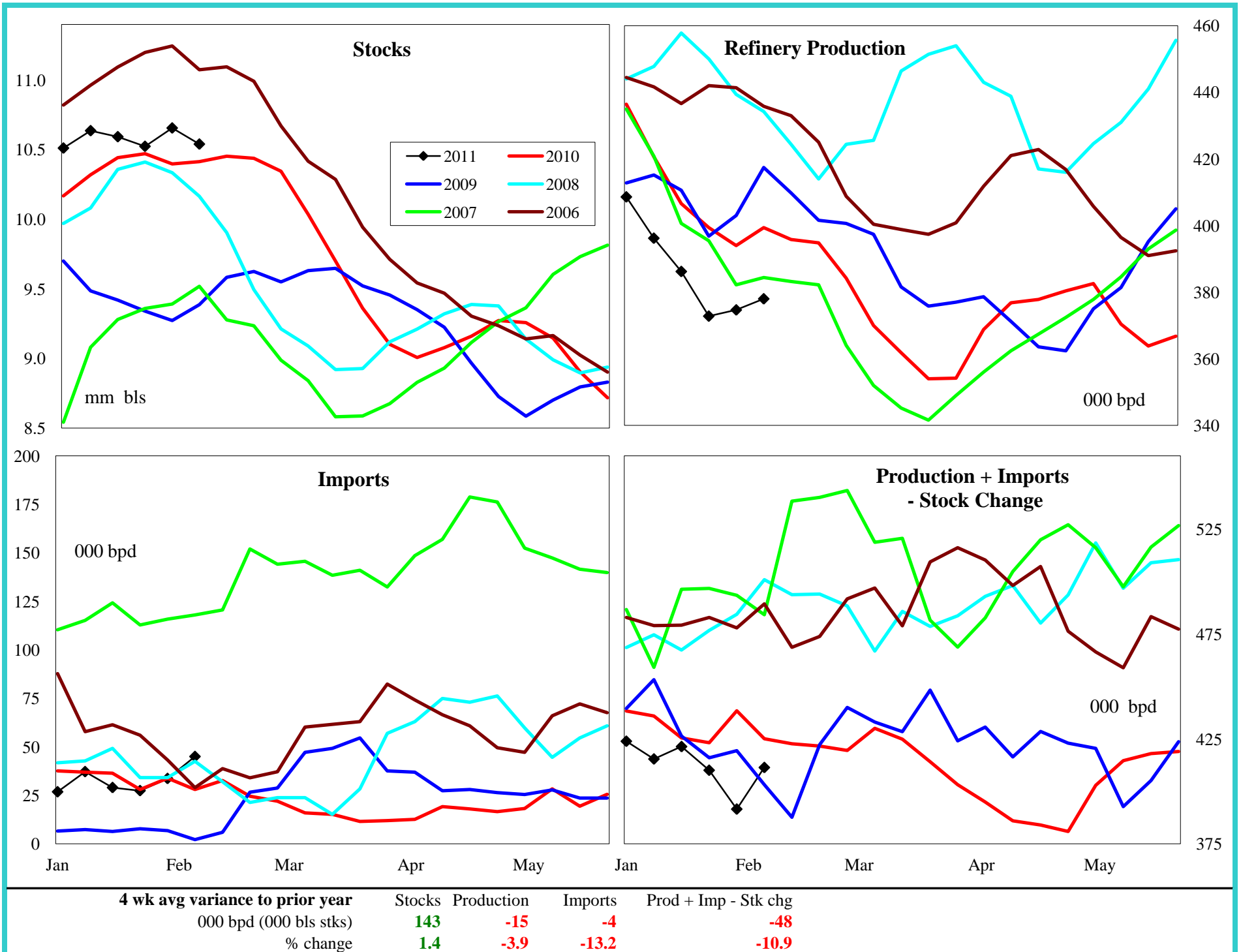
-32.0

10.4

# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply

