



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

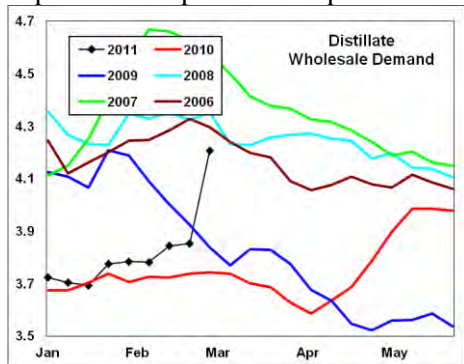
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, March 09, 2011

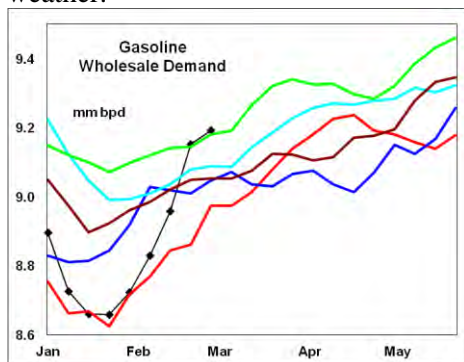


#### Major Fundamental Trends<sup>1</sup>

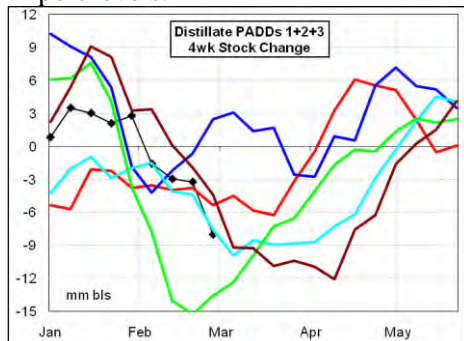
Wholesale distillate demand spiked higher by +509,000 bpd last week in panic buying as prices surged, higher exports and improved transport use.



Wholesale gasoline demand reached a 5-year high last week for this time of year on panic buying and improved weather.

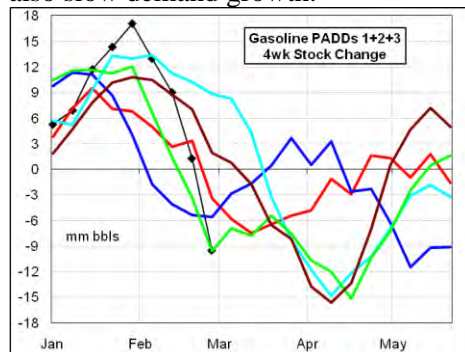


Distillate and gasoline stock draws East of the Rockies exceed the mid range on higher demand and low import levels.



The gasoline draw matched the 5-year record for the period. The early spring surge in demand is likely to slow in response to an end to downstream

stock building. Modest demand destruction on high retail prices may also slow demand growth.



Crude oil stocks increased last week by +2.5 million barrels, including a +1.7 million barrel build in Cushing. The extreme over supply in the Midwest points to renewed weakness in WTI relative to global crude oil grades and weakness in the forward price curve. Demand for distillate spiked +0.5 million bpd last week on panic buying and higher exports.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline increased +2.3%; distillate up +4.1%; jet fuel up +6.6% while residual fuel oil decreased -5.4%.

**Stocks forward coverage:** Gasoline demand coverage decreased on a -5.5 million barrel draw in stocks and higher demand. Coverage levels fell to near the mid range.

Distillate coverage fell sharply on a -4 million barrel stock draw, and +0.5 million bpd spike in demand. Coverage levels slipped below the record high for the period.

Jet fuel coverage increased on a +0.4 million barrel stock build. Coverage levels were near the last 2-years.

**Refinery utilization** rates increased on a +145,000 bpd rise in crude oil runs. Runs for the latest 4-wk period were -185,000 bpd below a year ago.

Gasoline yield % on crude oil runs fell on a -200,000 bpd decline in production versus the +145,000 bpd rise in crude oil runs. The yield % on crude oil runs remains above the 5-

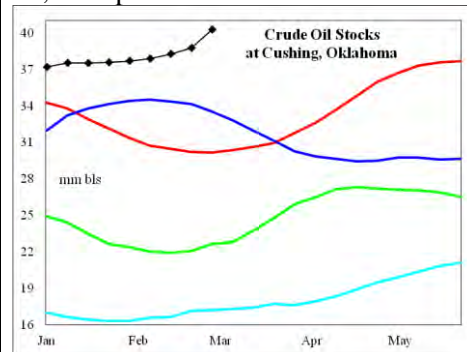
year range.

Distillate yield % on crude oil runs decreased on a -34,000 bpd drop in output compared to the increase in crude oil runs. Yield % exceeded the 5-year high for the period.

Jet fuel yield % on crude oil runs increased on a +68,000 bpd rise in output, compared to the increase in crude oil runs. The yield % on crude oil runs reached a record high for this time of year.

**Petroleum Imports** of crude oil and major fuels increased +0.4 million bpd last week.

During the latest 4-wk period crude oil imports decreased -670,000 bpd below last year; distillate imports decreased -129,000 bpd; finished gasoline imports decreased -70,000 bpd, gasoline blend stock imports increased +114,000 bpd; jet fuel imports were -44,000 bpd lower, while residual fuel oil imports decreased -50,000 bpd.



**Crude Oil** imports increased +0.3 million bpd on the week, but remain -0.6 million bpd below last years' record lows. PADD 2 imports were +250,000 bpd above a year ago for the most recent 2-wk period, a +22% increase. Stocks continue to reach new record highs in Cushing.

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



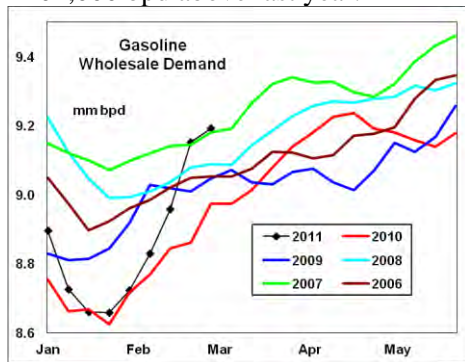
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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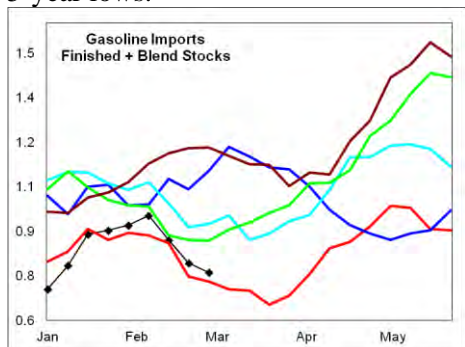
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#### Product Supply-Demand Trends

**Gasoline** demand increased +30,000 bpd last week, to a level matching the 5-year high. Panic buying driven by the price run underlies this surge. The latest 4-wk average demand was +202,000 bpd above last year.



Production fell -200,000 bpd on the week, although output remains above the historic range. Imports remain near 5-year lows.



Stocks decreased -5.5 million barrels on exceptionally high demand. Stock levels were near 5-year highs.

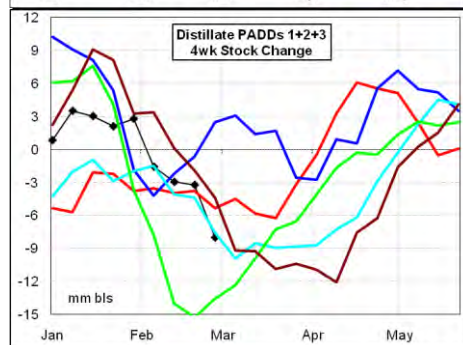
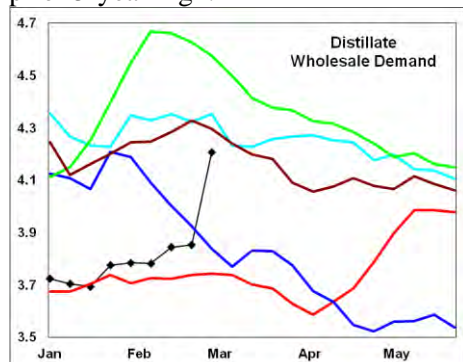
The reduced crude oil run rates and low blend stock imports has begun to impact finished gasoline production. Panic buying due to the price spike will likely lead to lower demand in the next 30-days. The continued decline in Libyan crude exports may drive run cuts in Europe and reduce exports of blend stocks to the U.S. tightening supply in the key Central Atlantic Region during the 2nd quarter.

**Distillate** demand spiked +509,000 bpd last week on panic buying as prices increased and increased exports. The latest 4-wk average demand was +153,000 bpd above last year.

Supply increased +48,000 bpd on

higher imports. Production levels match 5-year highs. Imports were at the low end of the historic range.

Stocks -4 million barrels, with the level +5.6 million barrels above the prior 5-year high.



The latest 4-wk stock change in PADDs 1+2+3 was a draw of -9.9 million barrels, compared to an average -6 million barrels during the last 5-years.

Stock levels ended the week above the mid range in all regional markets. However the above average draw down has significantly eroded the surplus in regional markets that existed at the beginning of the 1st quarter. Only the Gulf region still has stock levels well above the historic range.

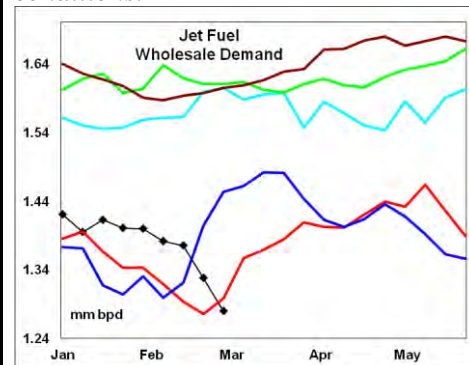
Political uncertainty in the Middle East and robust growth in developing countries continues to support distillate prices.

**Jet Fuel** demand increased +21,000 bpd on the week. The latest 4-wk average demand was +84,000 bpd above a year ago.

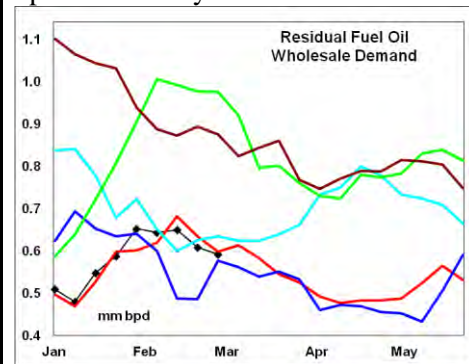
Supply increased +33,000 bpd, on higher production. Stocks increased +0.4 million barrels. Stock levels were above the 5-year mid range.

Demand should be at a season low, with demand likely to rise +100,000 bpd over the next 60-days. Rising production should assure ample supplies, although stock levels are likely to be -2 million barrels below last years' record high.

Jet fuel prices should track distillates on balanced supply conditions.



Residual fuel oil demand, including exports, increased +28,000 bpd last week, with the 4-wk average -36,000 bpd below last year.



Supply (production + imports) increased +63,000 bpd on higher imports. The latest 4-wk average supply was -50,000 bpd below a year ago, due to lower imports. Stocks were unchanged with the level at the 5-year mid range.

Demand levels are comparable to the last 2-years. Lower imports have led to stock draws in the key Gulf market.

During the last 4-wks production has increased to match levels of the last 2-years, after being at record lows during the prior quarter.

The Gulf market remains very well supplied.





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

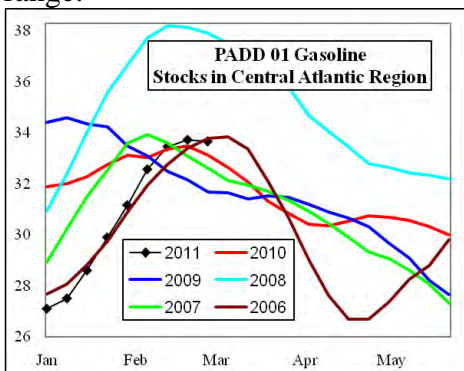
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#### PADD Supply Trends

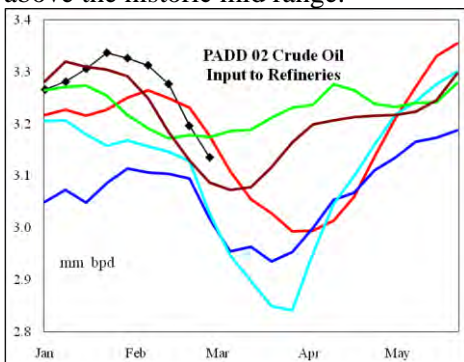
**PADD 1** refinery crude oil runs increased +138,000 bpd last week, with the 4-wk average -145,000 bpd below a year ago. Imports were down -26% from last years' record low, driven by refinery closures.

Gasoline production declined -64,000 bpd on the week, offset by a +95,000 bpd rise in imports. Import levels remain below the mid range for this time of year. Stocks decreased -0.7 million barrels to a level at the upper end of the historic range.



Distillate supply increased +108,000 bpd on the week, with the level comparable to the last 2-years. Stocks declined -1.1 million barrels to a level near historic highs.

Jet fuel stocks remain at a level above the historic mid range.



**PADD 2** crude oil refinery runs declined -99,000 bpd on the week, with the level just above the mid range for the period. Stocks were unchanged on the week, including a +1.7 million build in Cushing. Stocks in Cushing have not experienced the seasonal decline that normally occurs during the

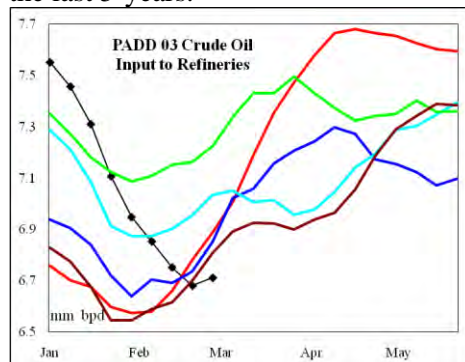
1st quarter, driven by record production and a +185,000 bpd increase in imports from Canada.

Gasoline production declined -61,000 bpd last week, a level above the last 2-years. Stocks decreased -0.7 million barrels, to a level at the low end of the historic range.

Distillate supply decreased -25,000 bpd, with the level above the 5-year range. Stocks decreased -0.5 million barrels on the week, at a level above four of the last 5-years.

Jet fuel production declined -19,000 bpd to a level at the low end of the historic range. Stocks were nearly unchanged at a level below the historic range.

**PADD 3** crude oil runs declined -58,000 bpd last week, to a level just below the 5-year range. Crude imports increased +0.3 million bpd, although the level remains below the historic range. Stocks increased +3.6 million barrels, with the level below four of the last 5-years.



Gasoline production increased +38,000 bpd, with imports falling -154,000 bpd. last week. Stocks fell -3.6 million barrels, with the level +2 million barrels above the prior 5-year high.

Distillate production declined -14,000 bpd on the week, with the level near 5-year highs. Stocks declined -1.5 million barrels last week to a level +15% above the prior historic high.

Jet fuel production increased +80,000 bpd on the week, a level near the historic mid range. Stocks increased +0.6 million barrels, although the level remains below the historic range.

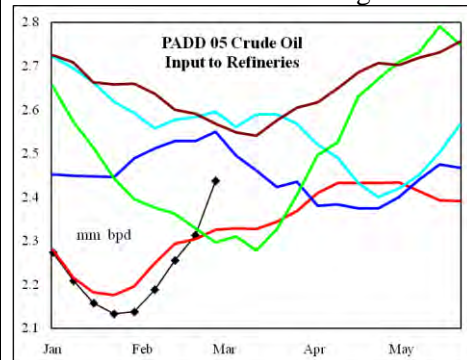
Residual fuel oil supply was nearly unchanged on the week with both stocks and production at the upper end of the historic range.

**PADD 4** refinery crude runs decreased -3,000 bpd on the week, with the level near historic highs for the period. Crude oil import levels were at the upper end of the historic range. Stocks decreased -0.3 million barrels to match historic highs.

Gasoline production increased +8,000 bpd, with the level above the 5-year range. Stock levels remains above the 5-year range.

Distillate production increased +16,000 bpd to a fresh record high for this time of year. Stocks extended a longer term downtrend, to a level near the mid range.

**PADD 5** crude oil refinery runs increased +168,000 bpd on the week, with the latest 4-wk average -30,000 bpd below last year. Crude oil imports were nearly unchanged on the week, at a level near the mid range. Stocks remain below the historic range.



Gasoline production declined -37,000 bpd on the week, a level near the mid range of the last 3-years. Stocks decreased -0.3 million barrels with the level below the historic mid range.

Distillate production declined -39,000 bpd to a level near the historic mid range. Stocks decreased -0.7 million barrels to a level at the 5-year mid range.

Jet fuel supplies remain ample with production above the 5-year mid range and stock levels at a record level for this time of year.


**FUNDAMENTAL  
PETROLEUM  
TRENDS**


# PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

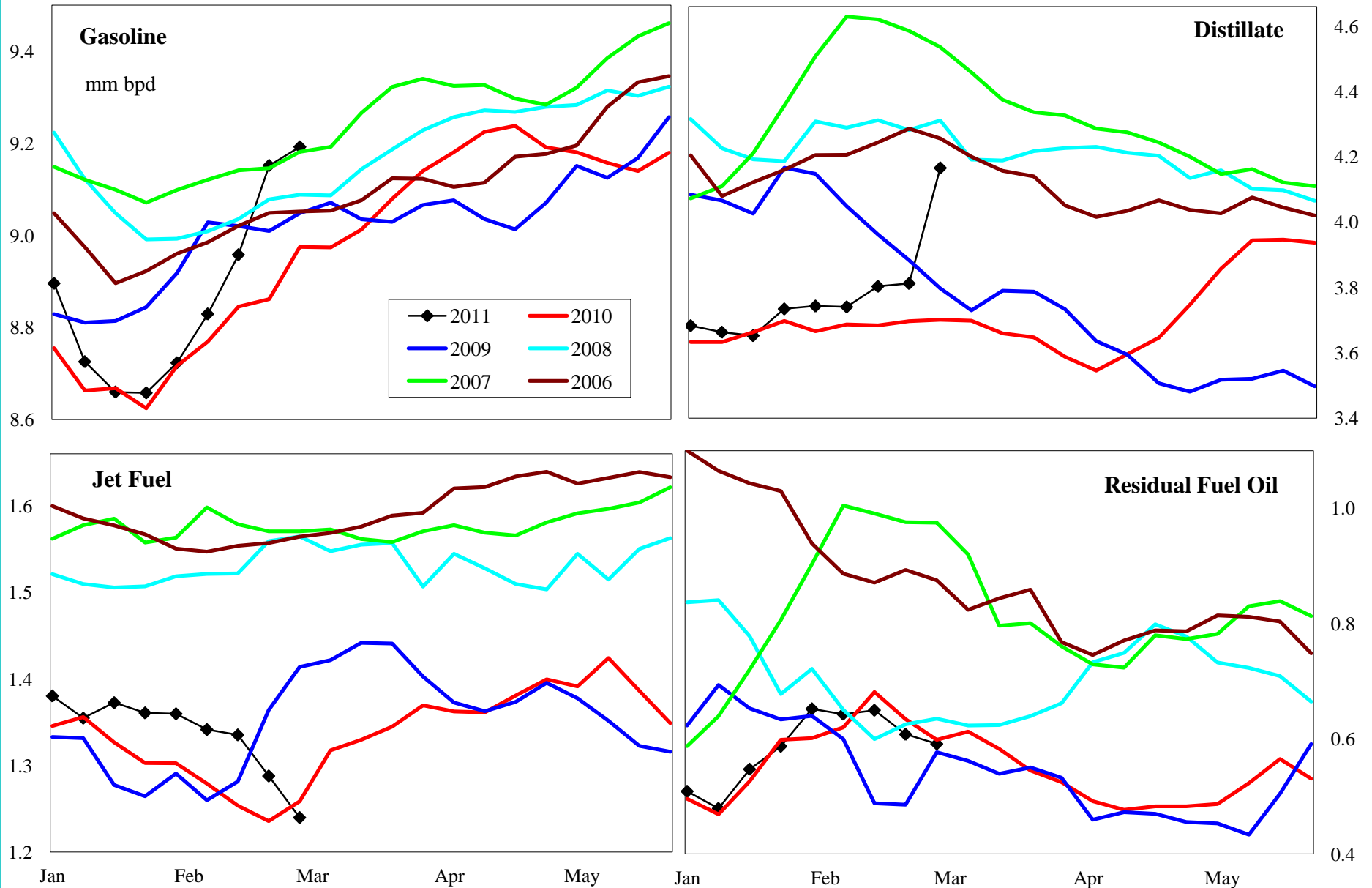
March 9, 2011

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Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization Product Yield %</u>				<u>Imports</u>
Supply/Demand Trends	4-Mar-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	2,516	-1,206	-11	3,614	-346	464
	Imports	290	-44	8	315	27	-16
	Input	145	138	-99	-58	-3	168
	% Utilization	1.10					
<u>Gasoline</u>	Stocks	-5,494	-855	-703	-3,573	-28	-335
	Production	-200	-64	-61	38	8	-37
	Imports	-47	95	-2	-154	0	15
	Supplied	30					
<u>Distillate</u>	Stocks	-3,977	-1,145	-495	-1,494	-177	-665
	Production	-34	38	-35	-14	16	-39
	Imports	82	70	11	0	0	0
	Supplied	509					
<u>Jet Fuel</u>	Stocks	428	-352	102	587	-18	110
	Production	68	-2	-19	80	-4	13
	Imports	-35	-31	0	0	0	-4
	Supplied	21					
<u>Residual Fuel Oil</u>	Stocks	-82	-701	-10	206	0	424
	Production	-58	5	-27	11	0	-47
	Imports	121	128	1	-19	0	11
	Supplied	28					

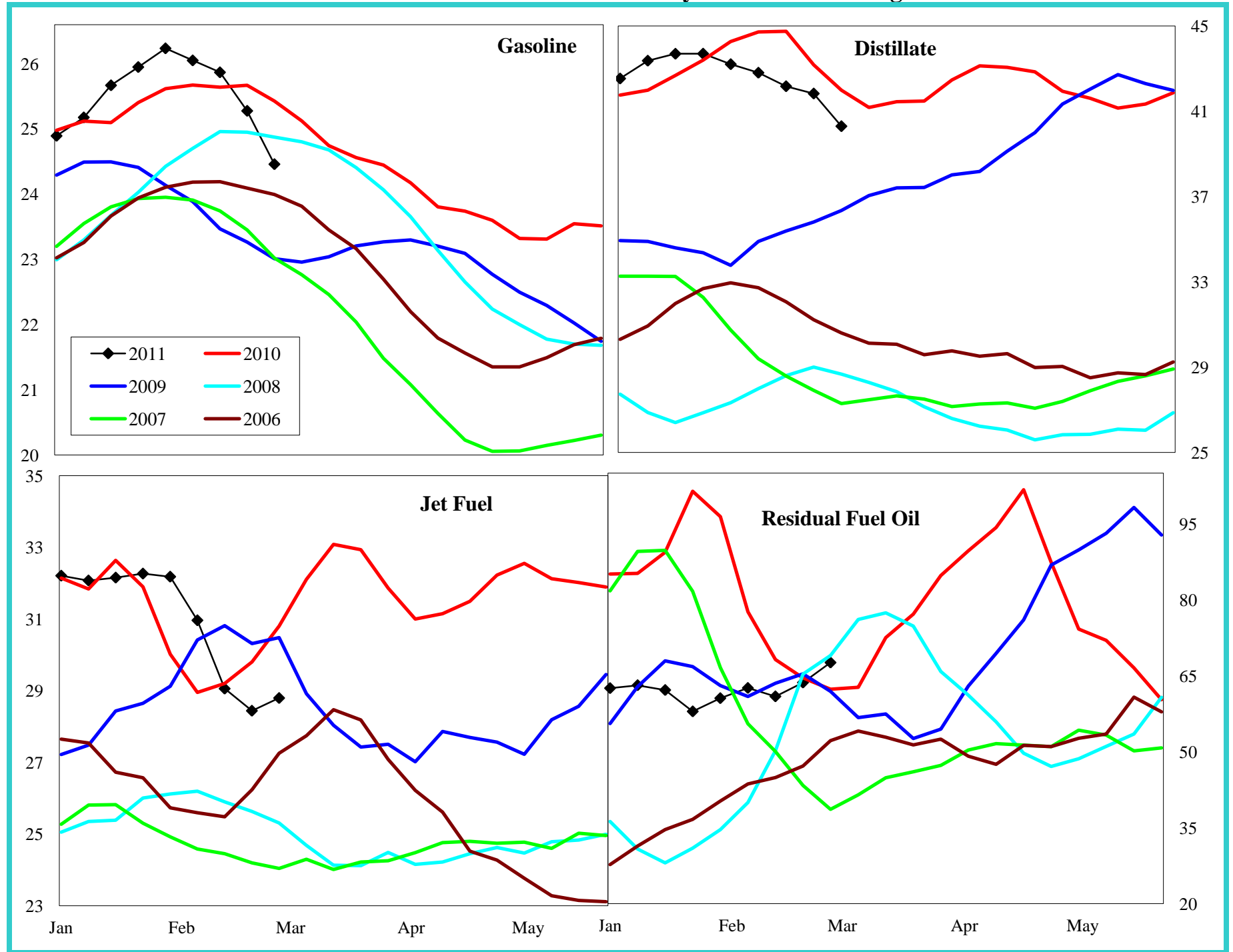
# United States Wholesale Petroleum Demand



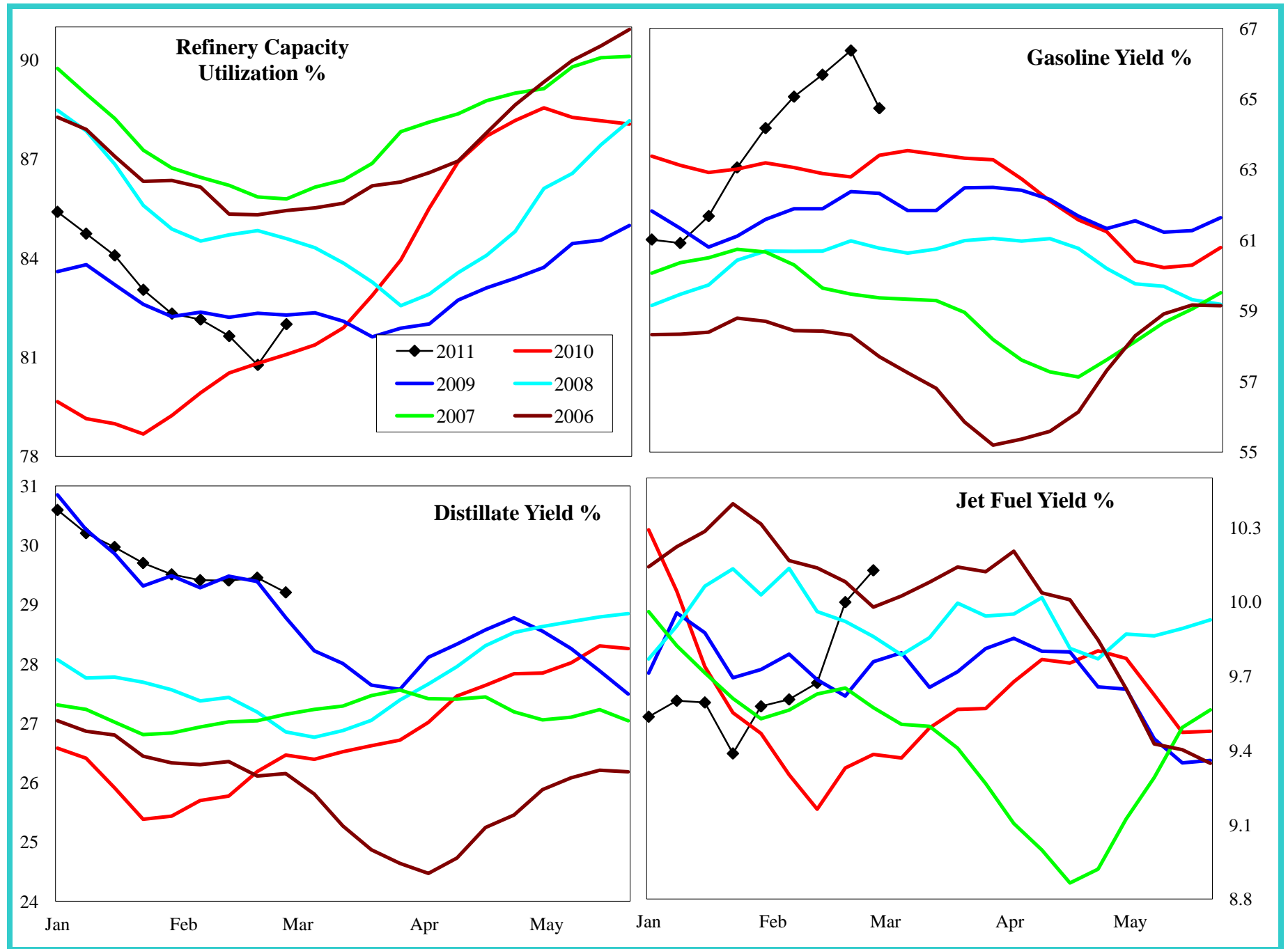
	000 bpd change from prior year				% change from prior year				
	4wk avg	Jan	Dec	Jan	4wk avg	Jan	Dec	Nov	
Gasoline	202	169	273	49	2.3	2.0	3.1	0.6	
Distillate	153	39	26	133	4.1	1.1	0.7	3.7	
Jet Fuel	84	35	90	46	6.6	2.6	6.6	3.4	
Resid	-36	-131	-56	35	-5.4	-21.1	-9.6	7.9	



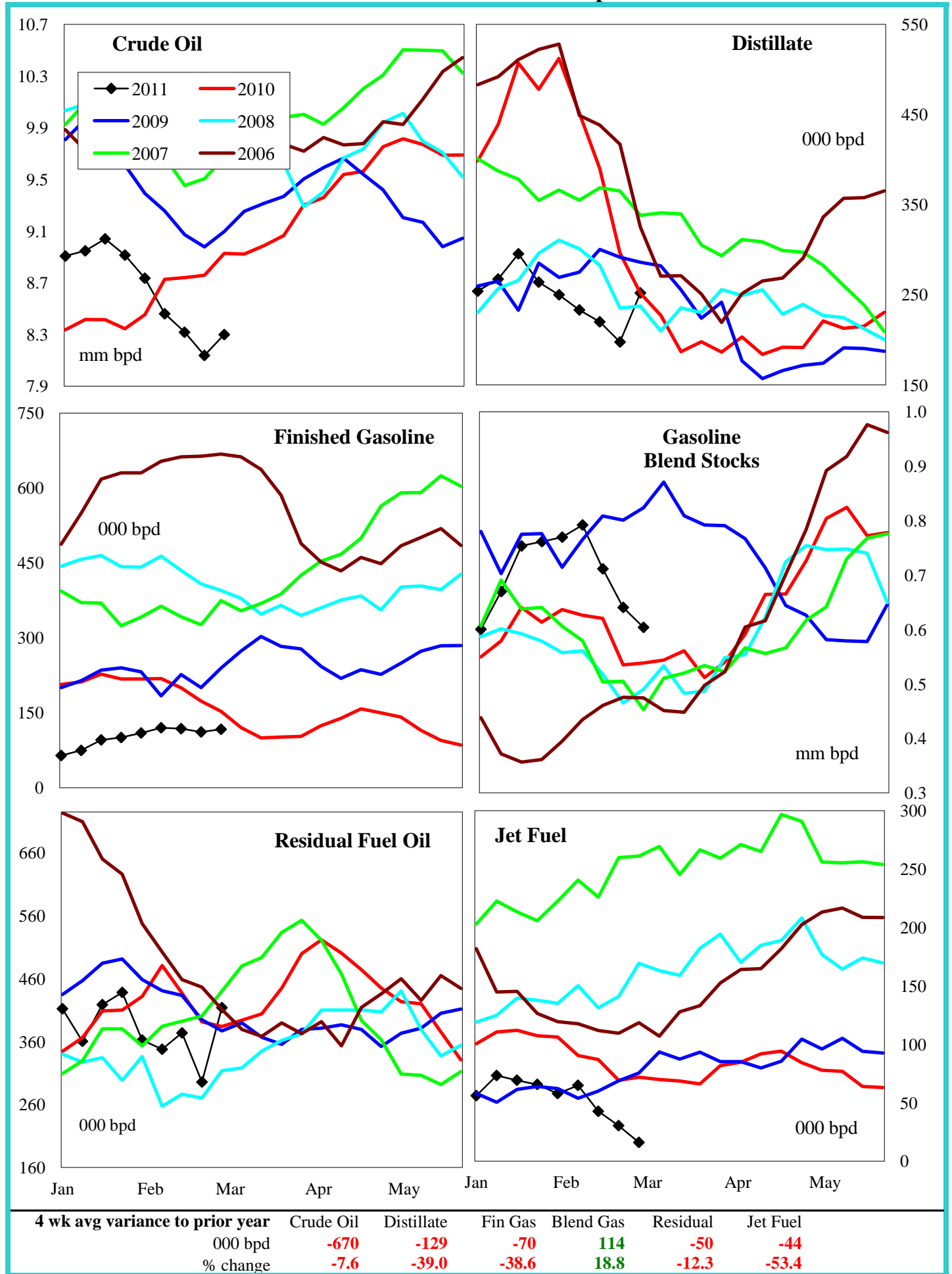
# United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

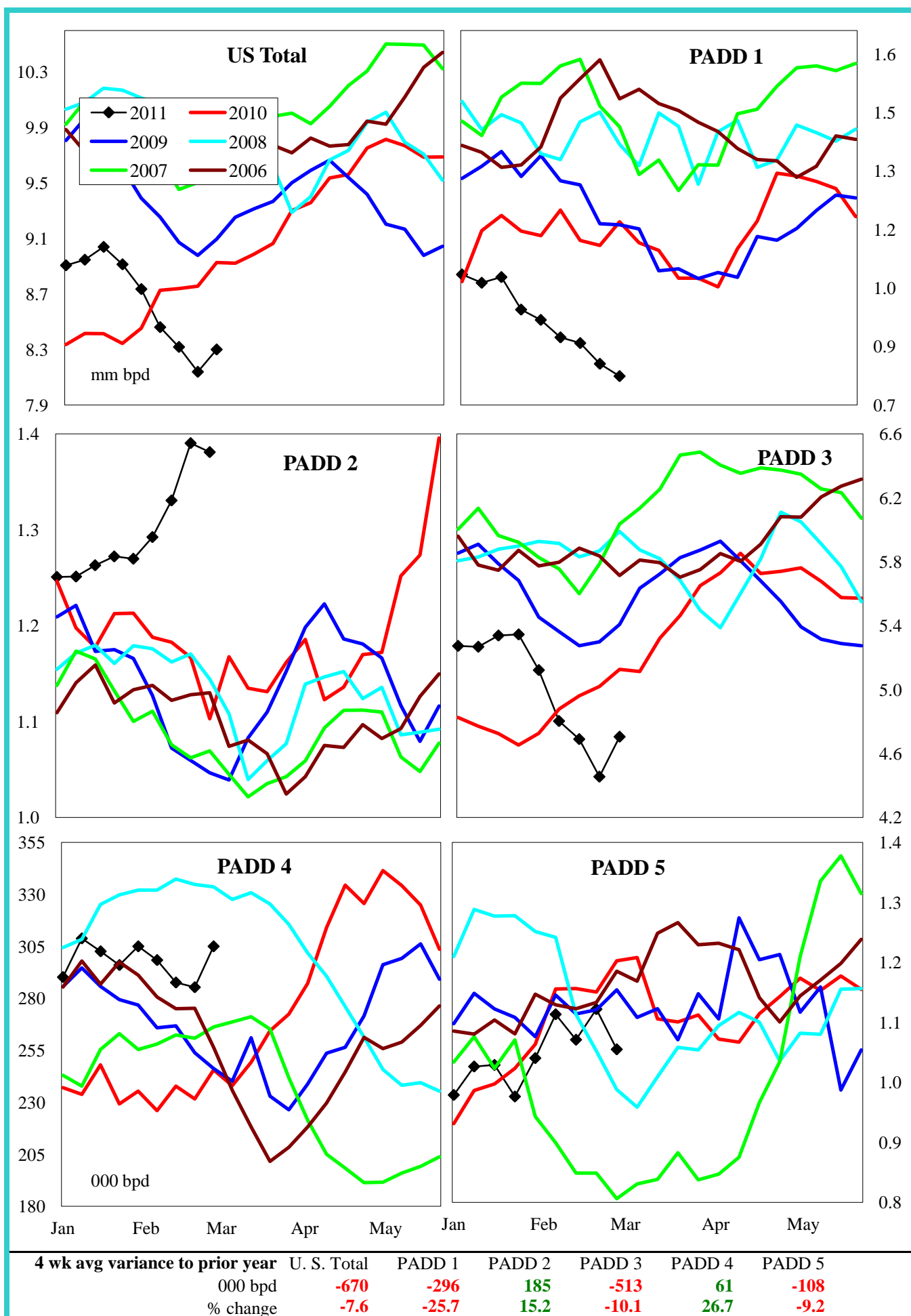


# United States Petroleum Imports

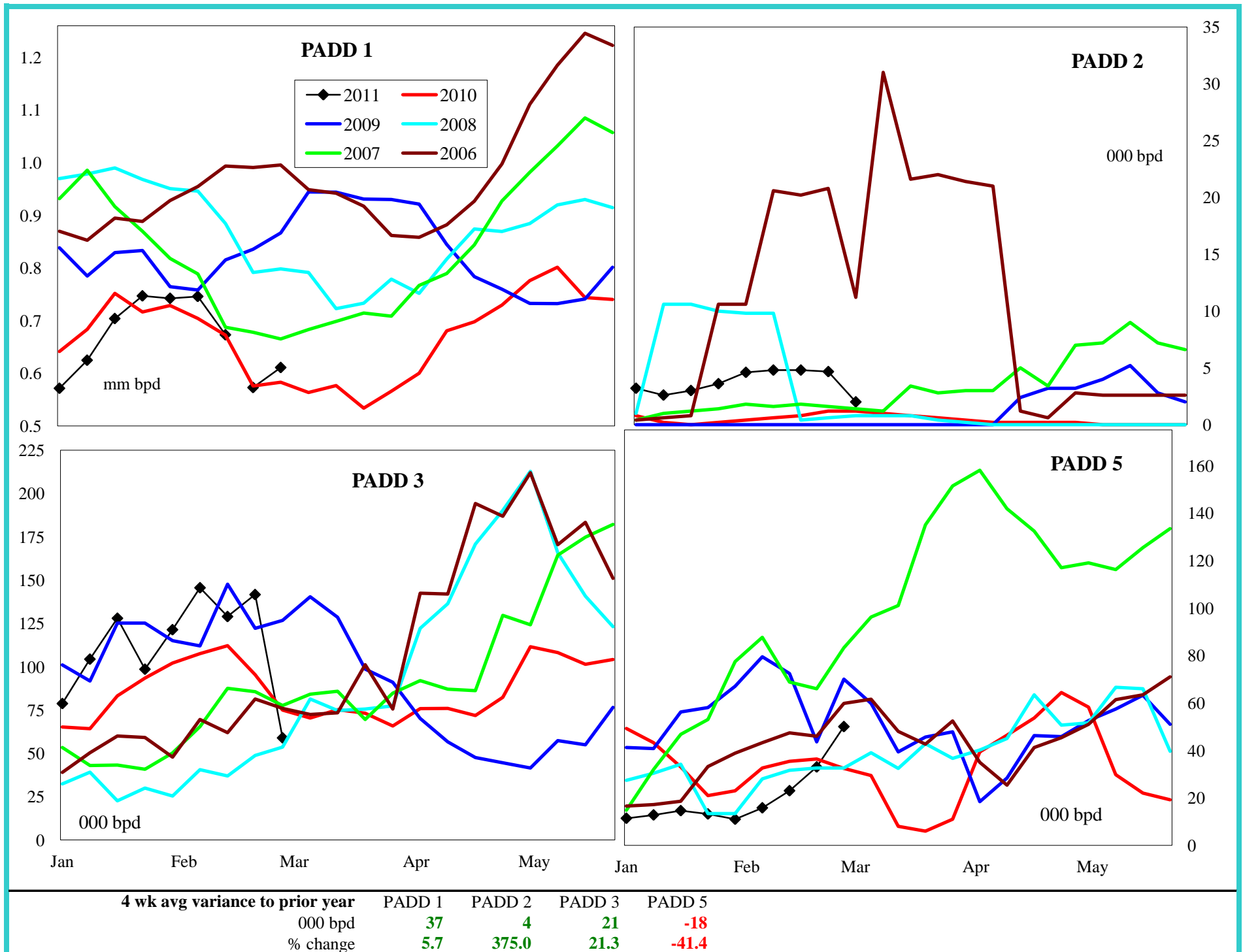




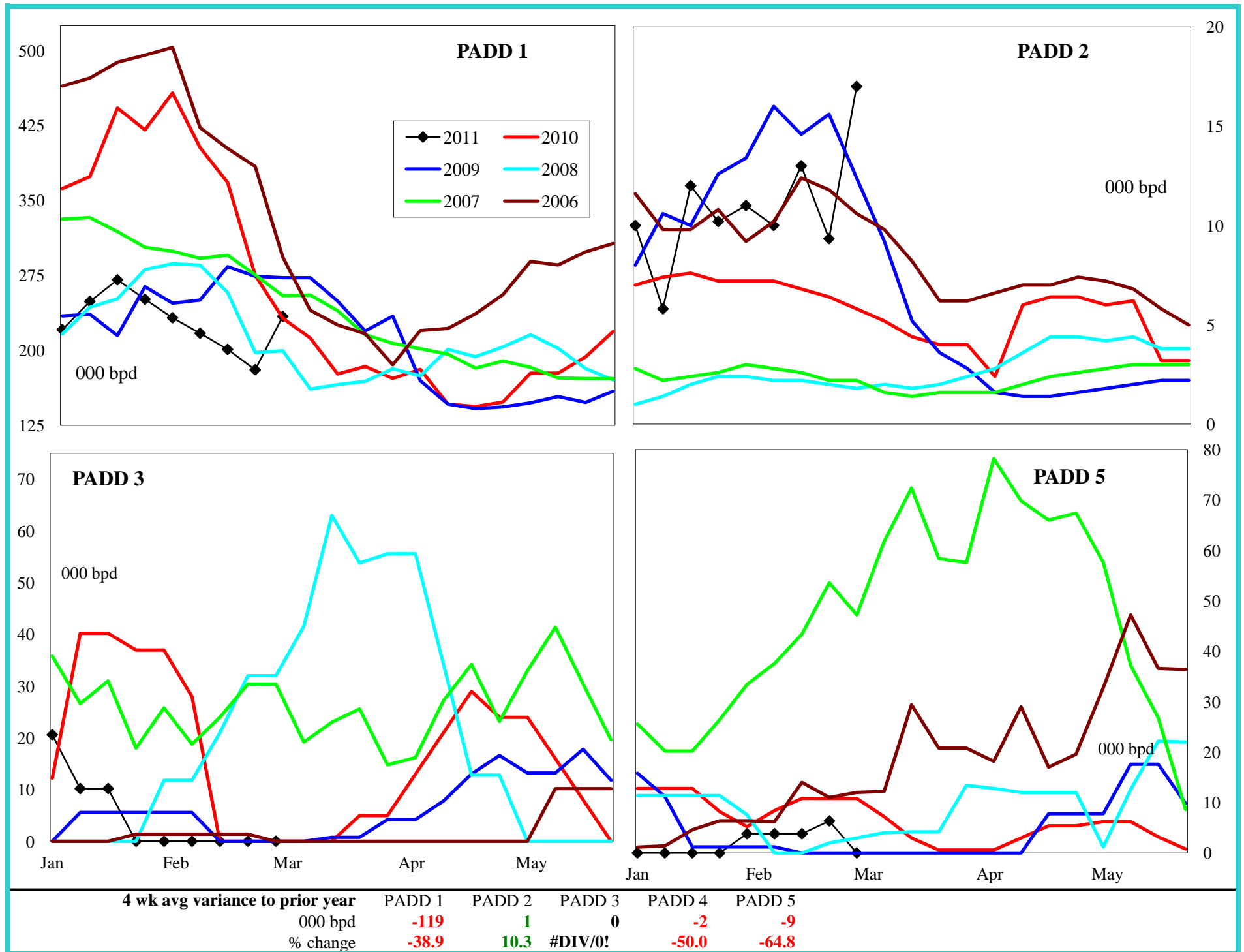
## Crude Oil Imports by PADD



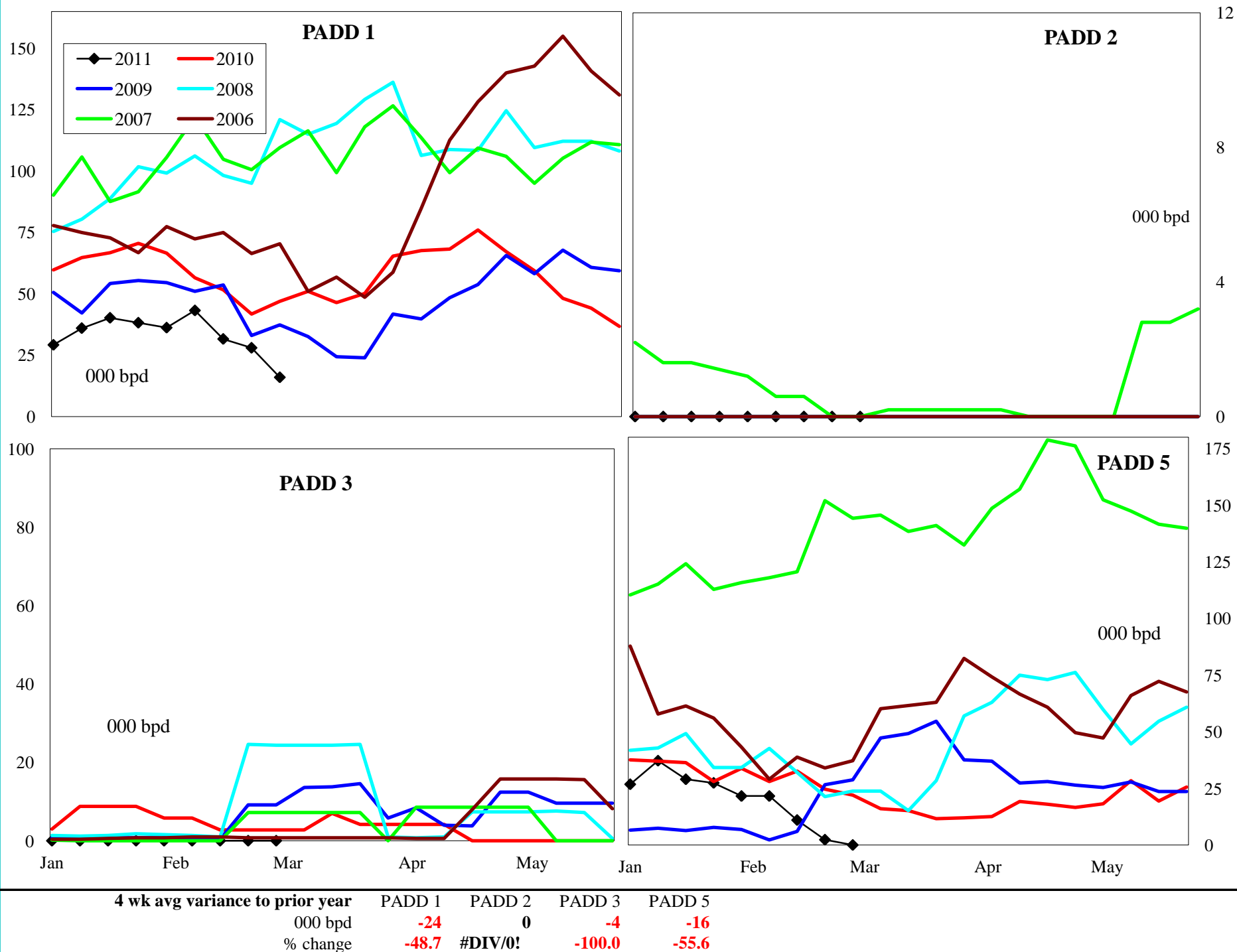
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

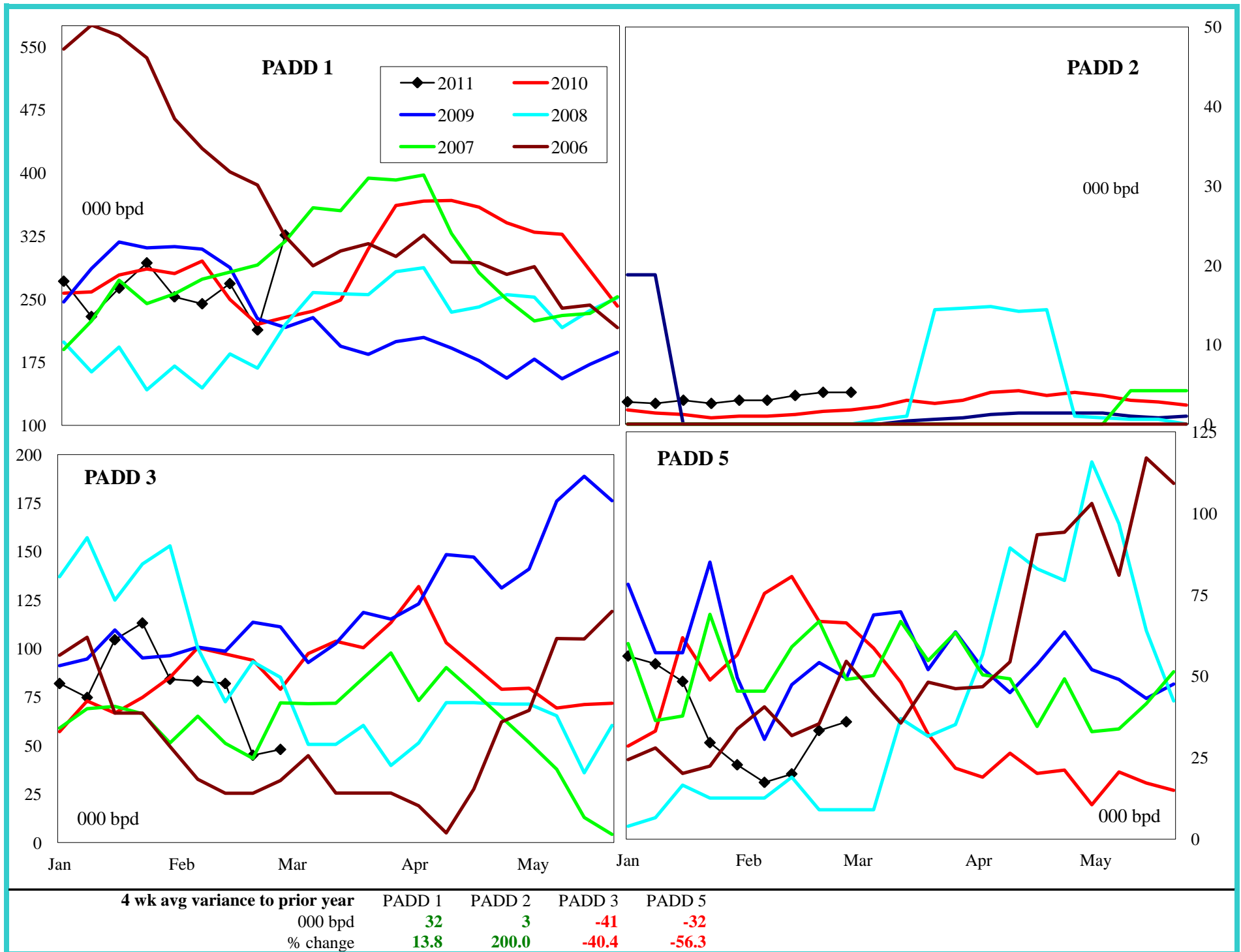


# Jet Fuel Imports by PADD

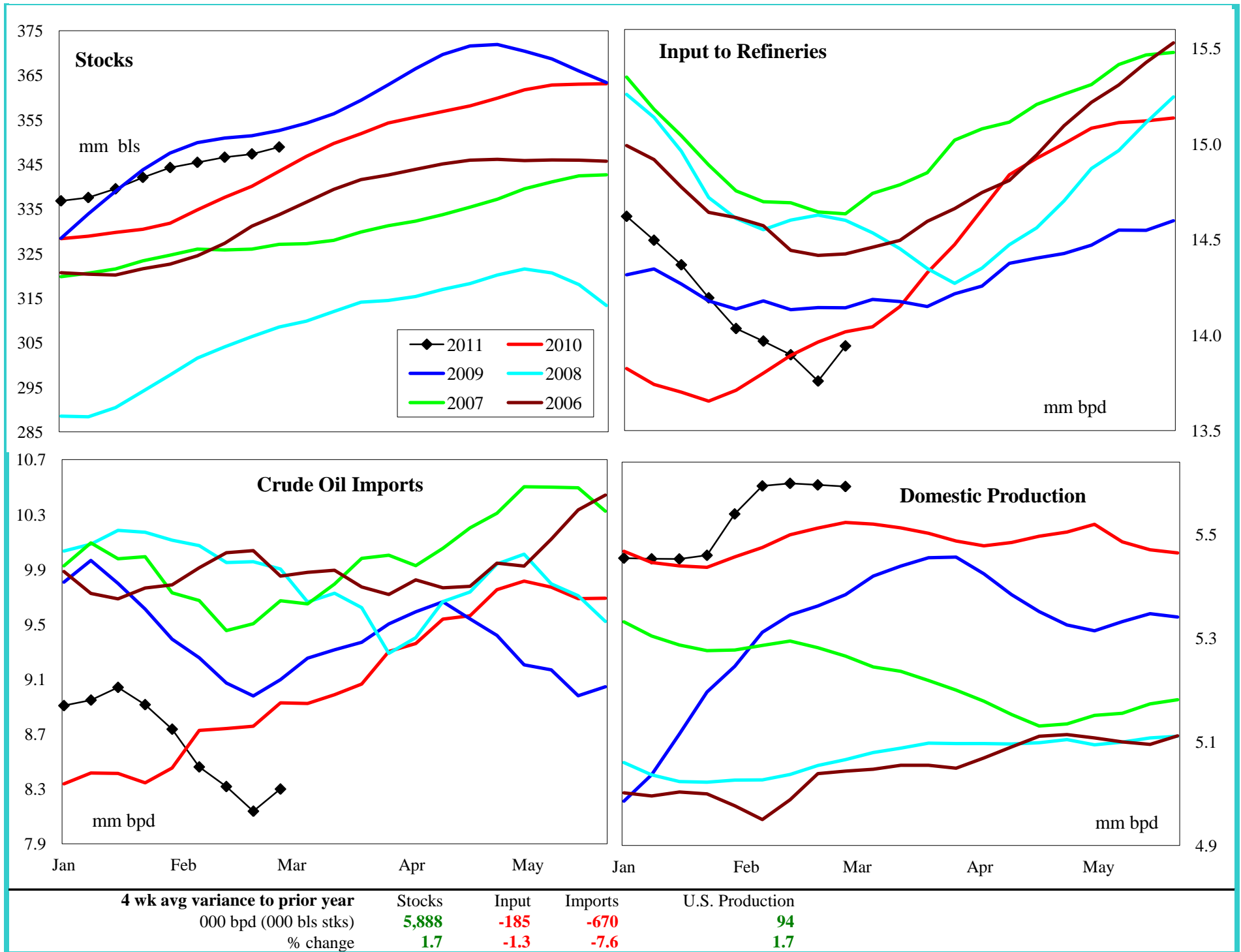




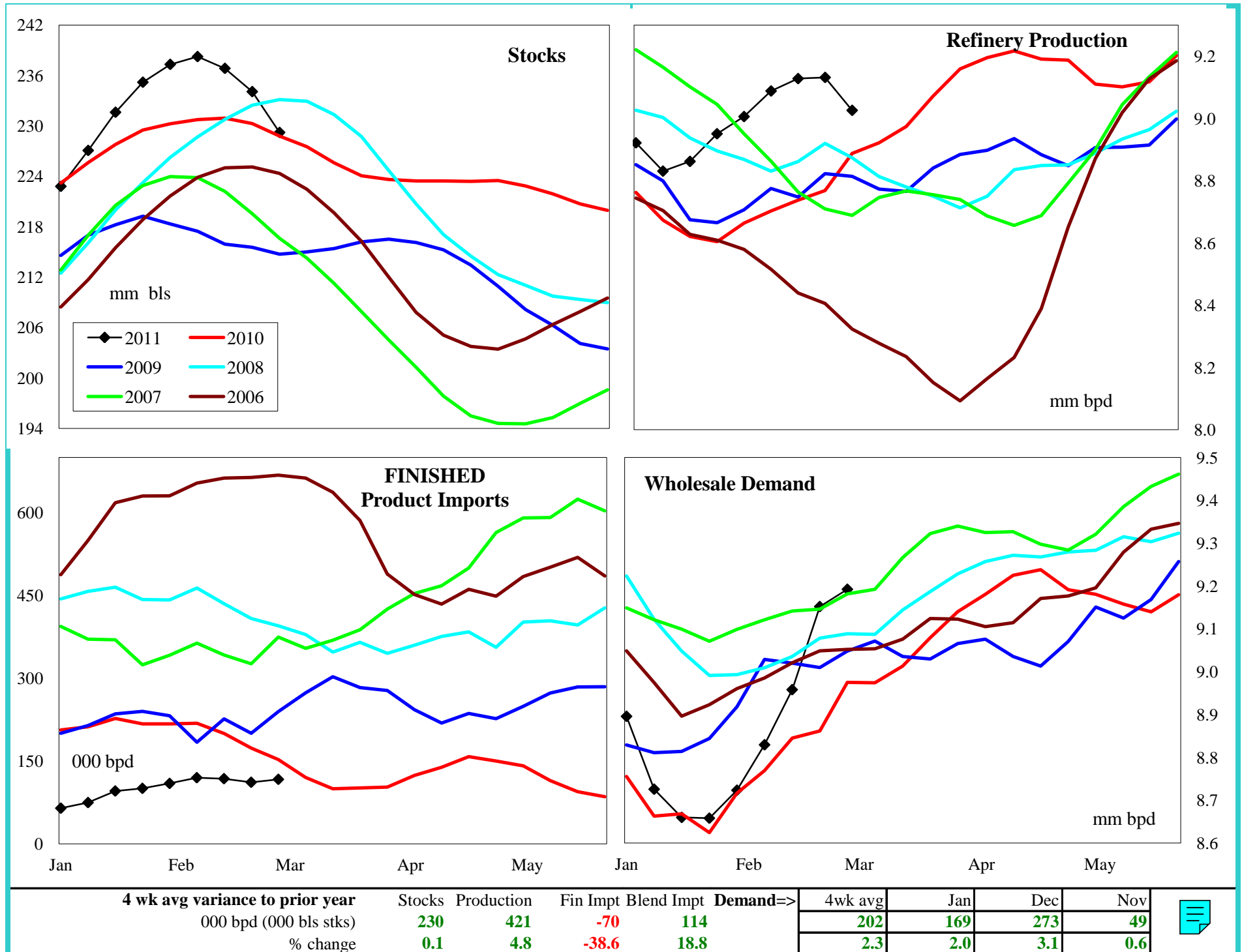
## Residual Fuel Oil Imports by PADD



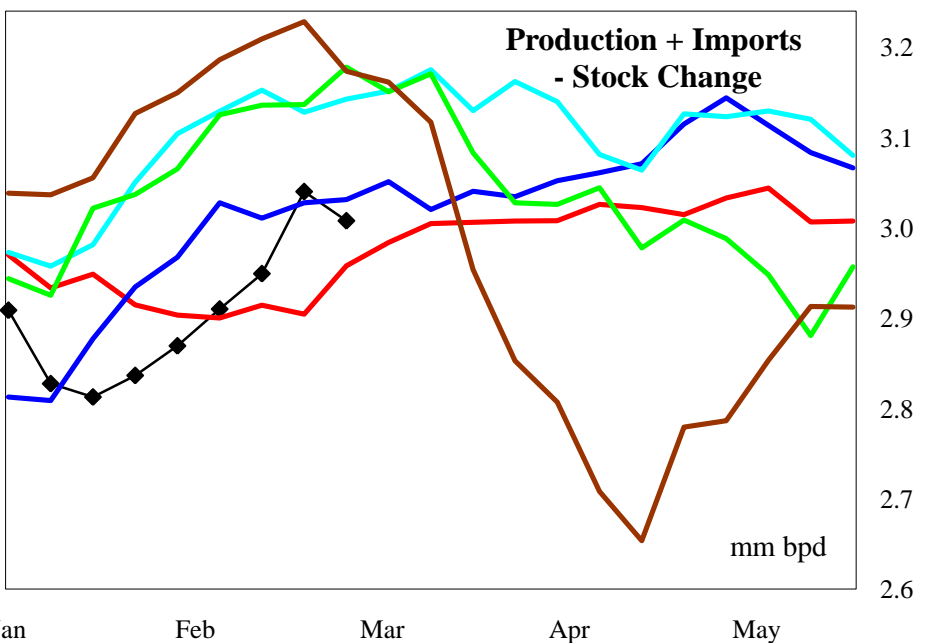
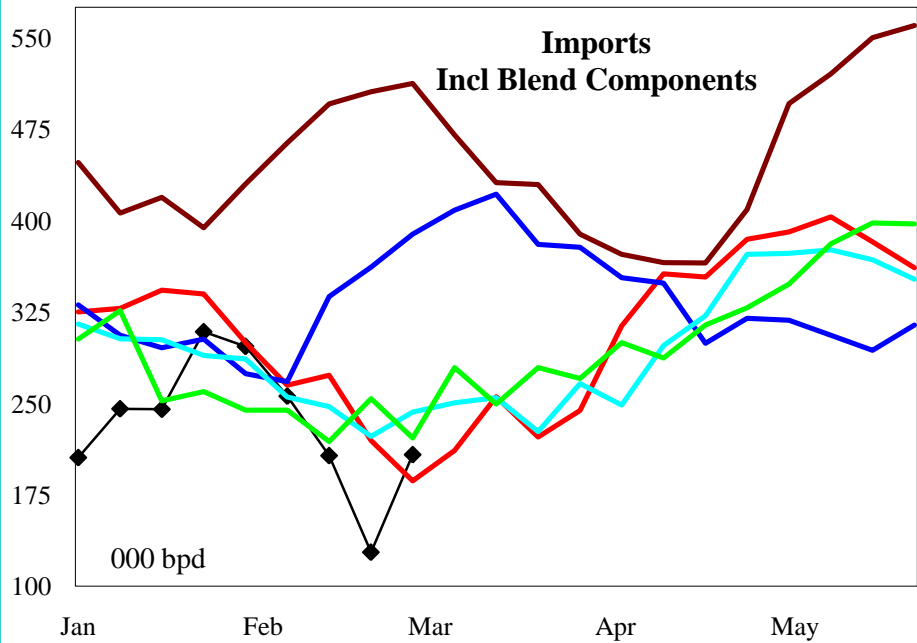
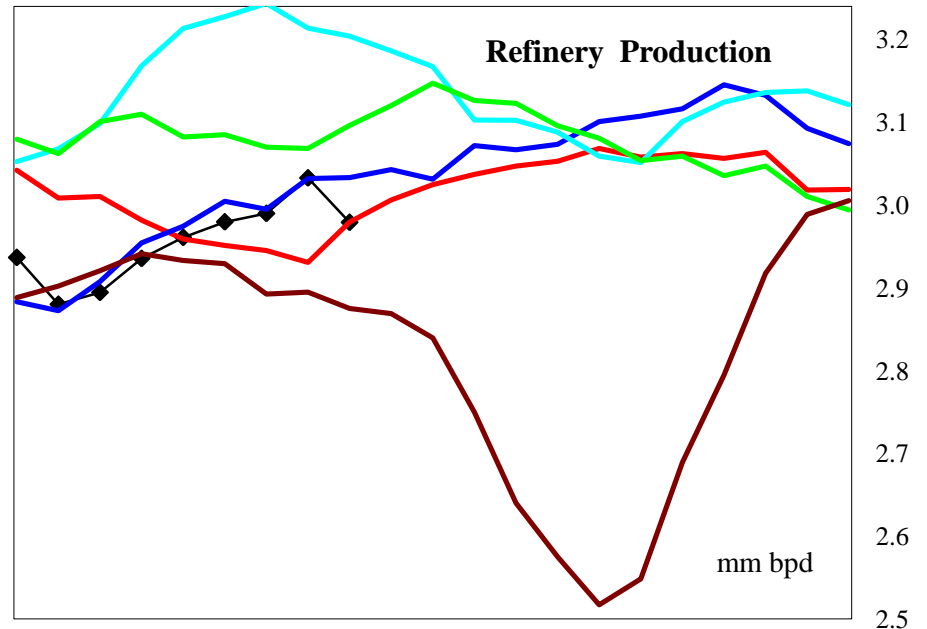
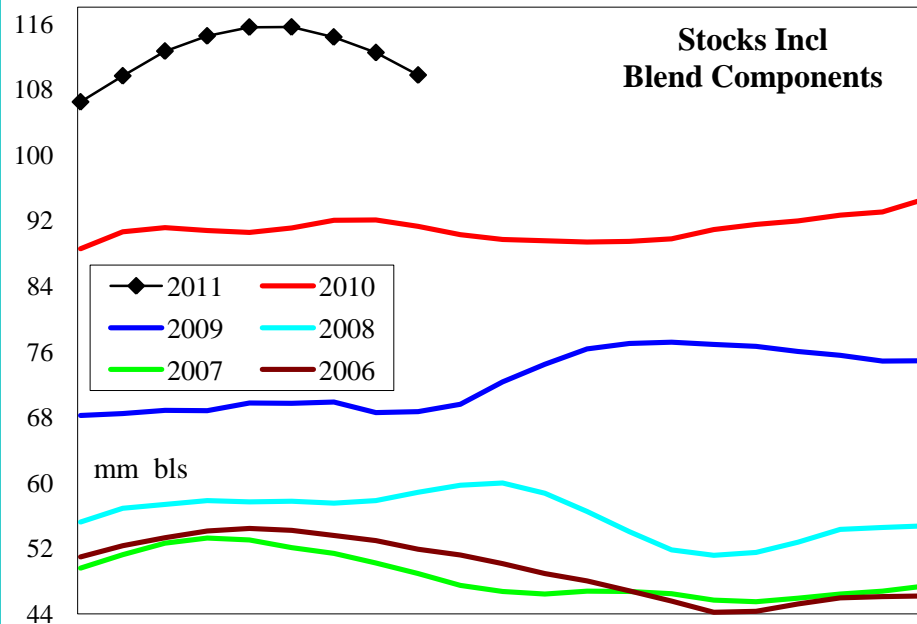
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance



# United States Reformulated Gasoline Supply

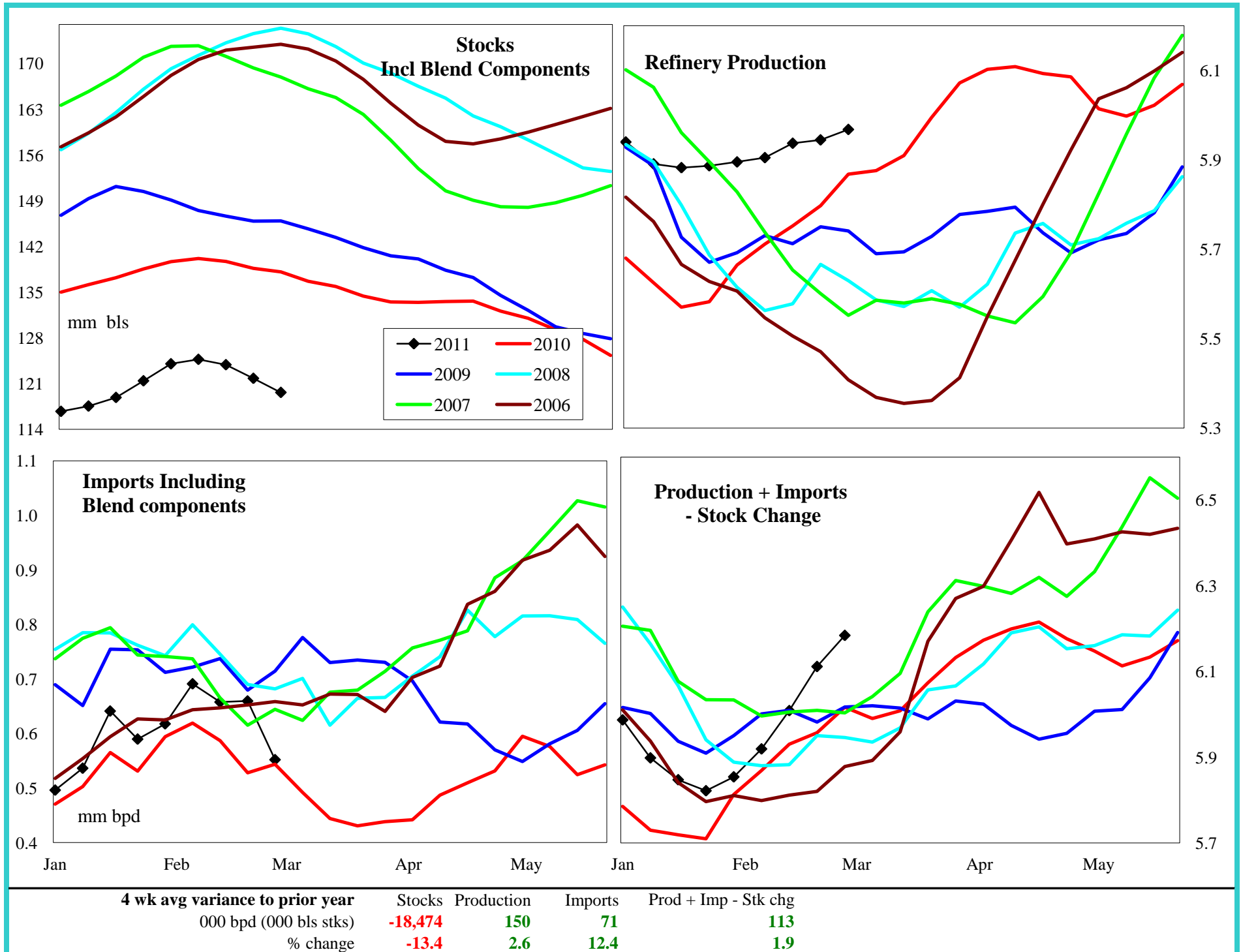


**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

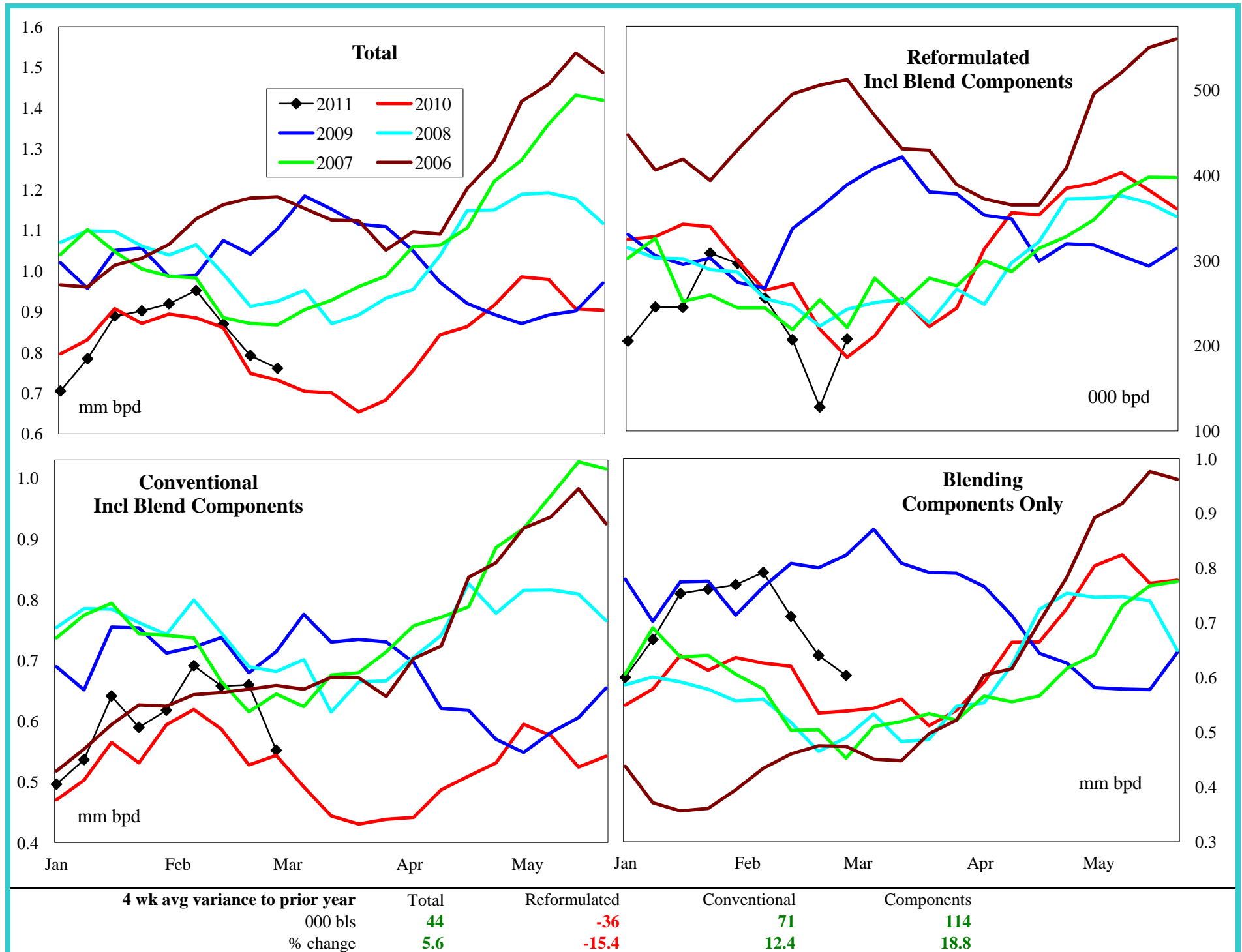
Stocks	Production	Imports	Prod + Imp - Stk chg
18,431	116	-36	57
20.2	4.0	-15.4	2.0



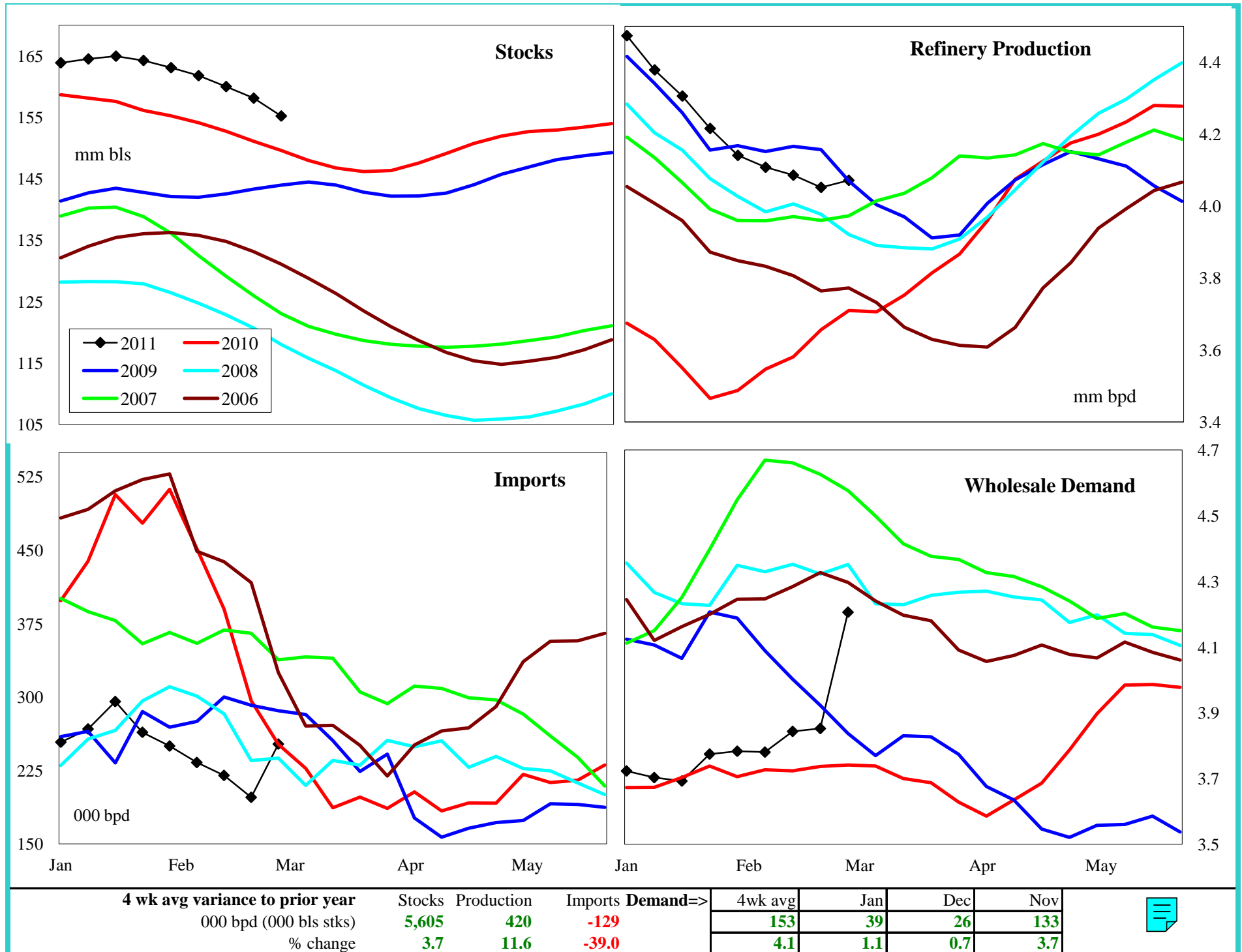
# United States Conventional Gasoline Supply



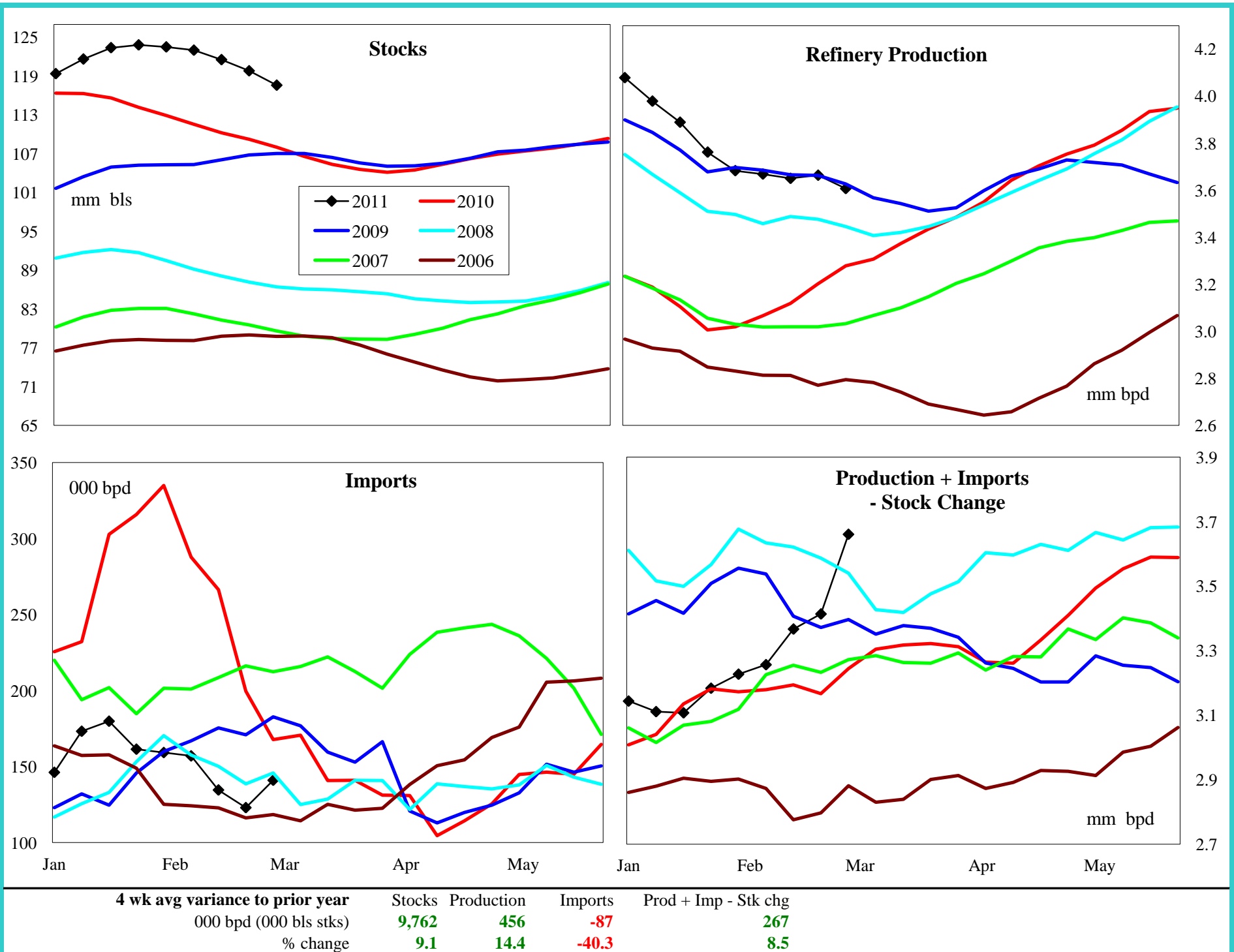
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

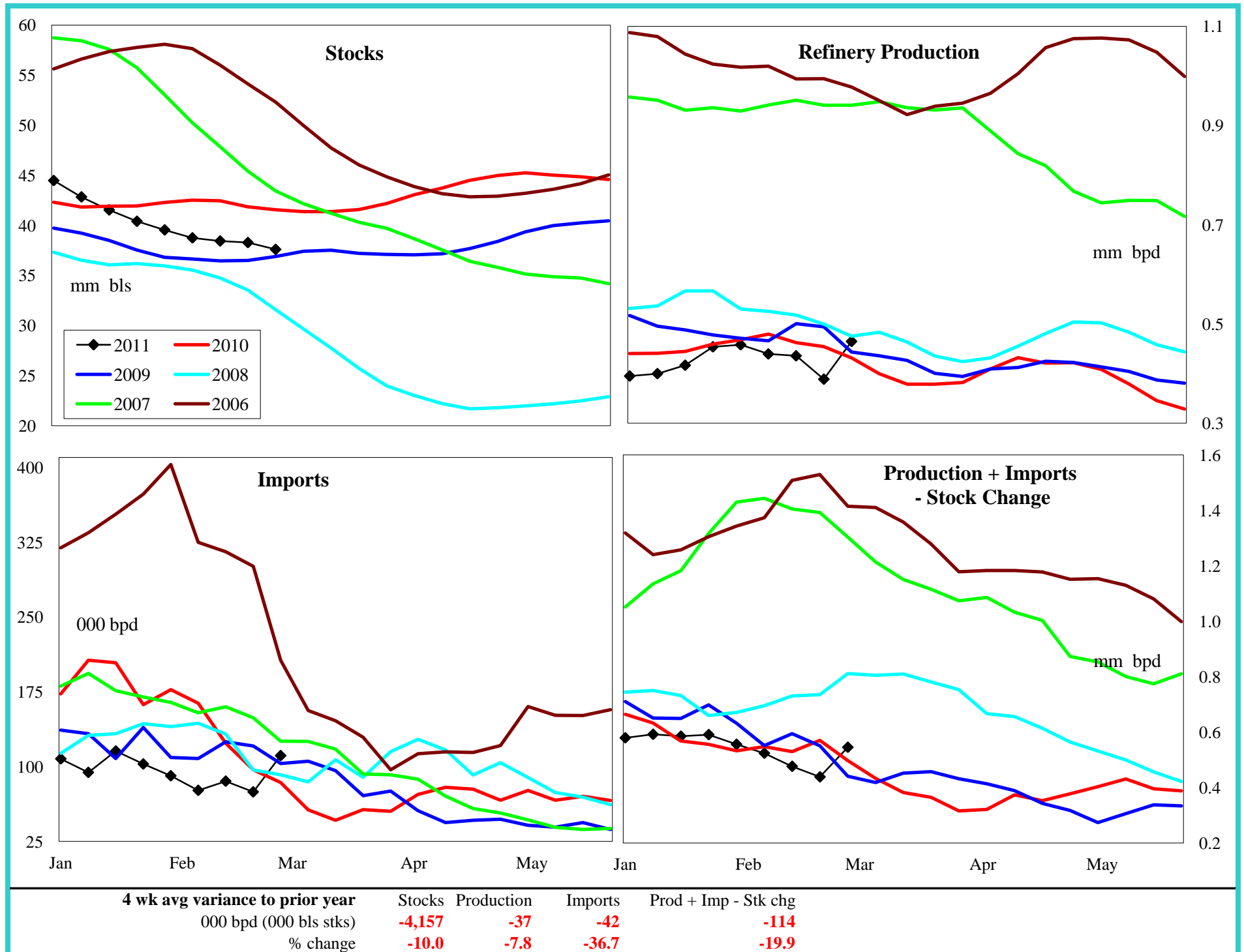


# United States Low Sulfur Distillate Supply

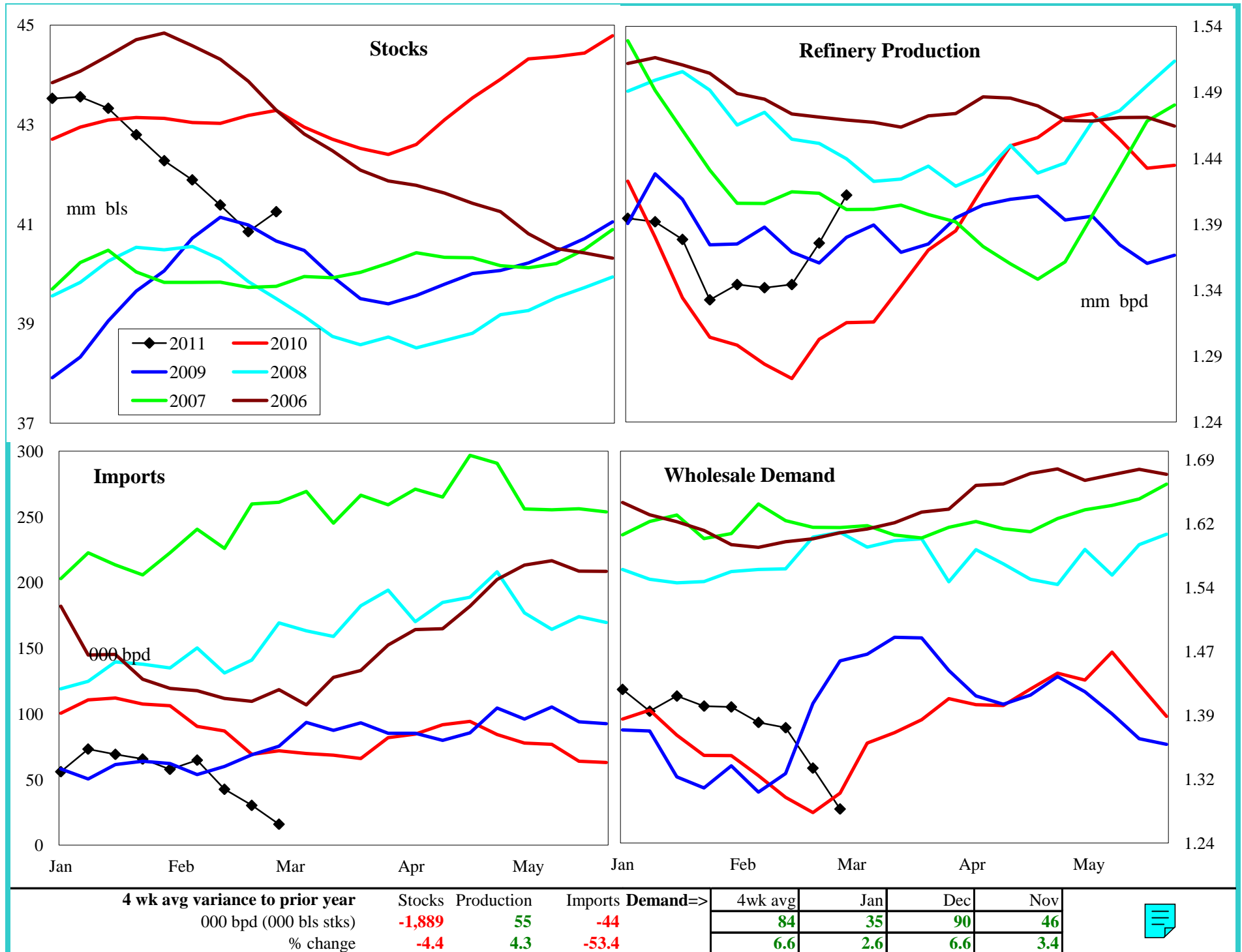




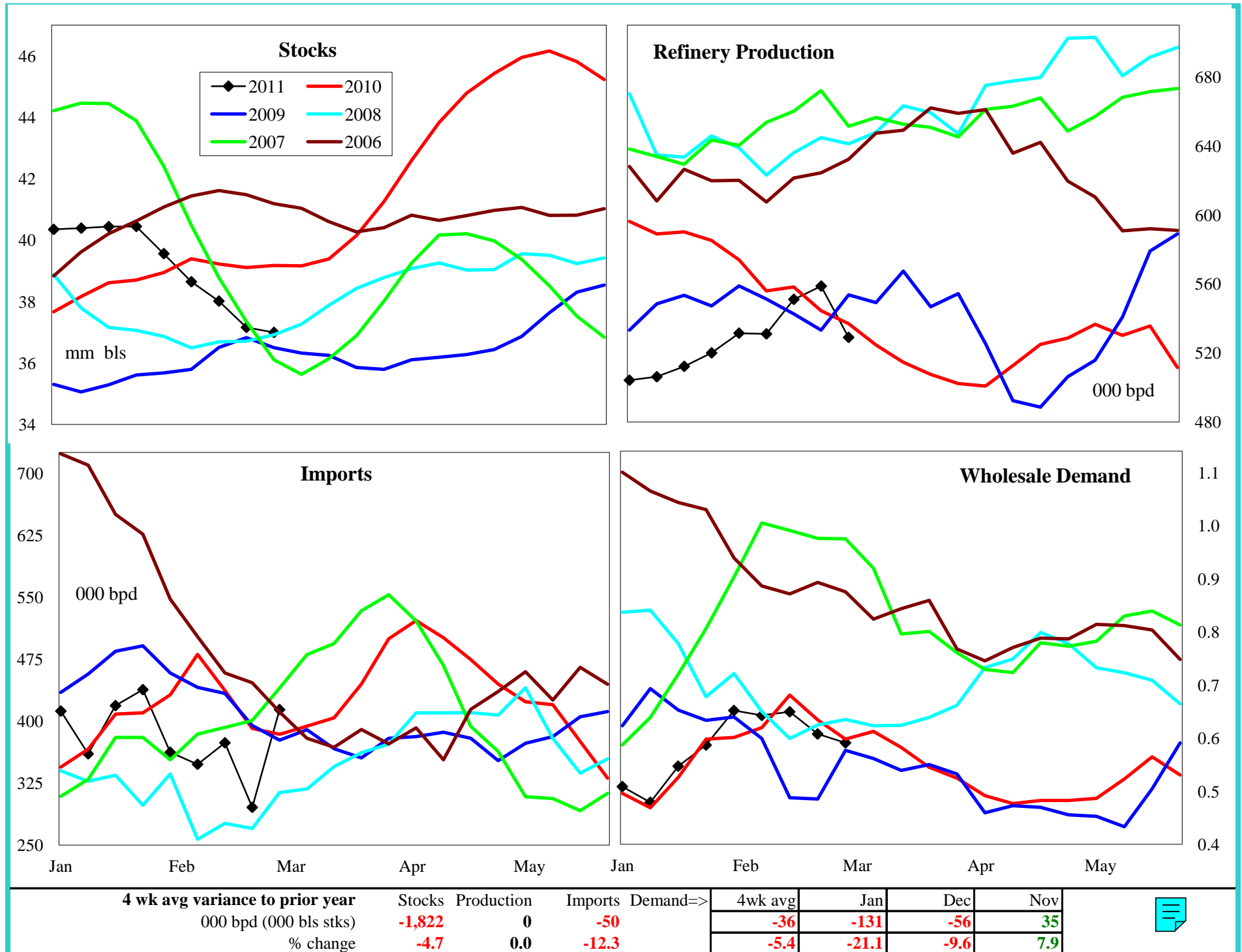
# United States High Sulfur Distillate Supply



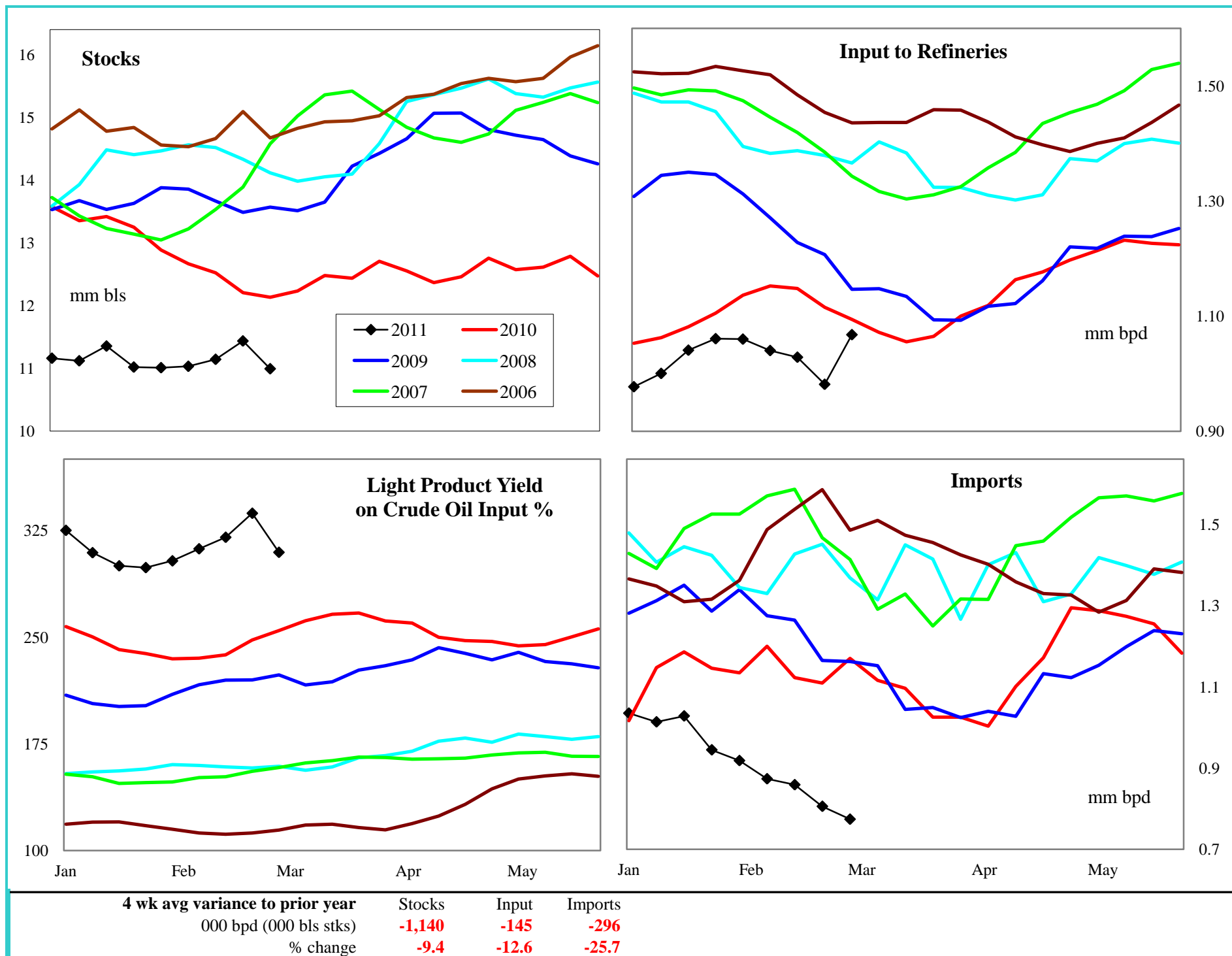
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

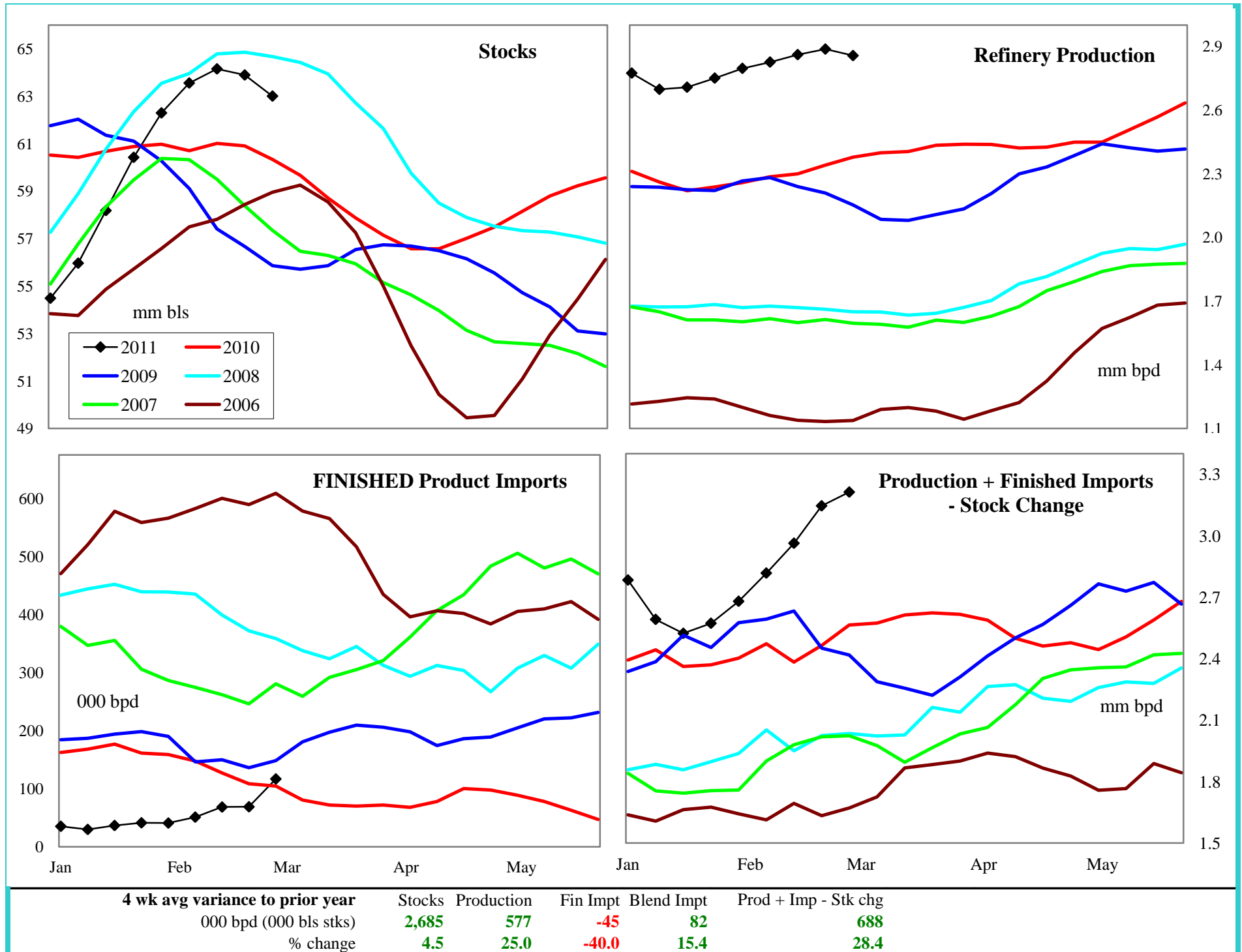


# PADD 1 Crude Oil Supply and Refining

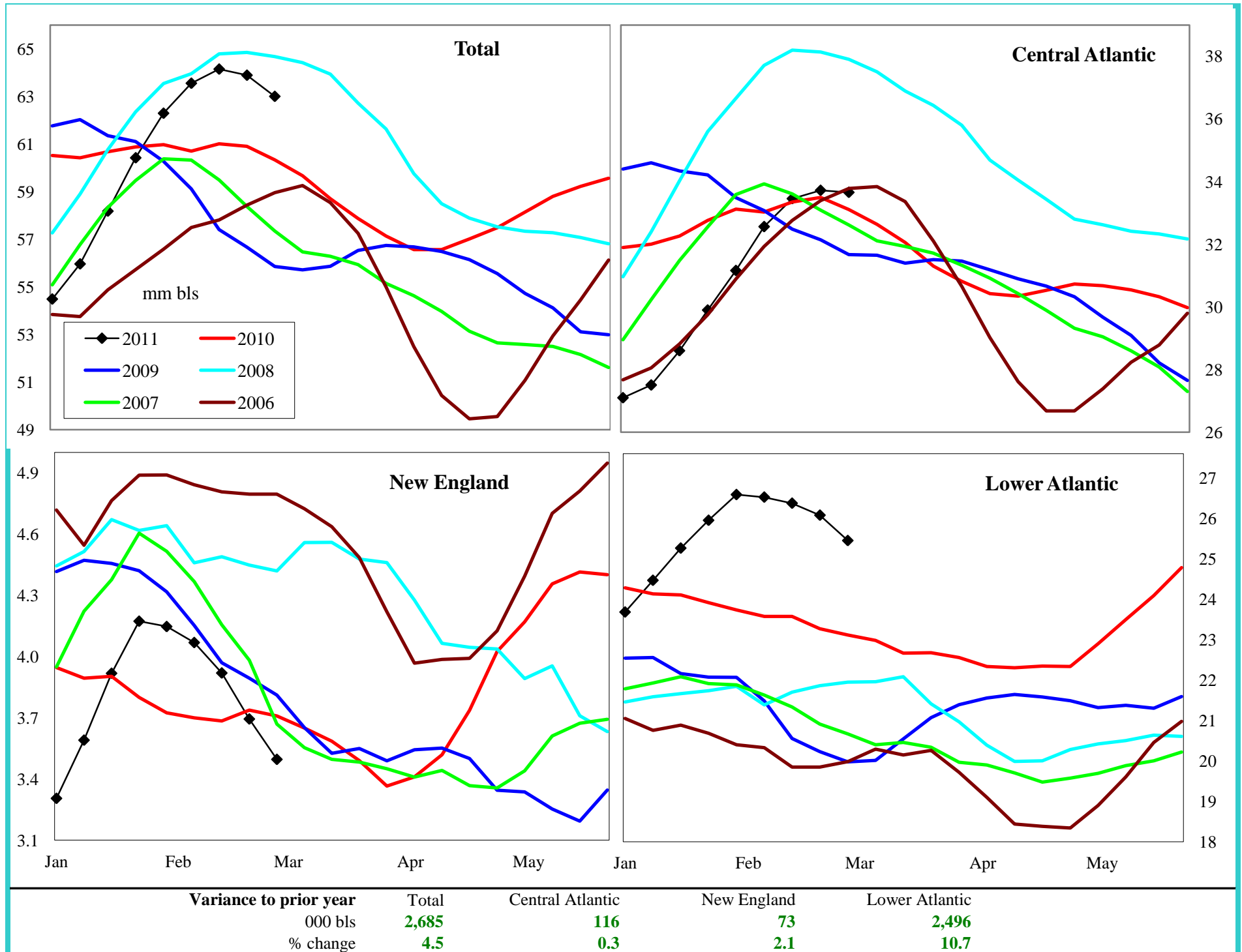




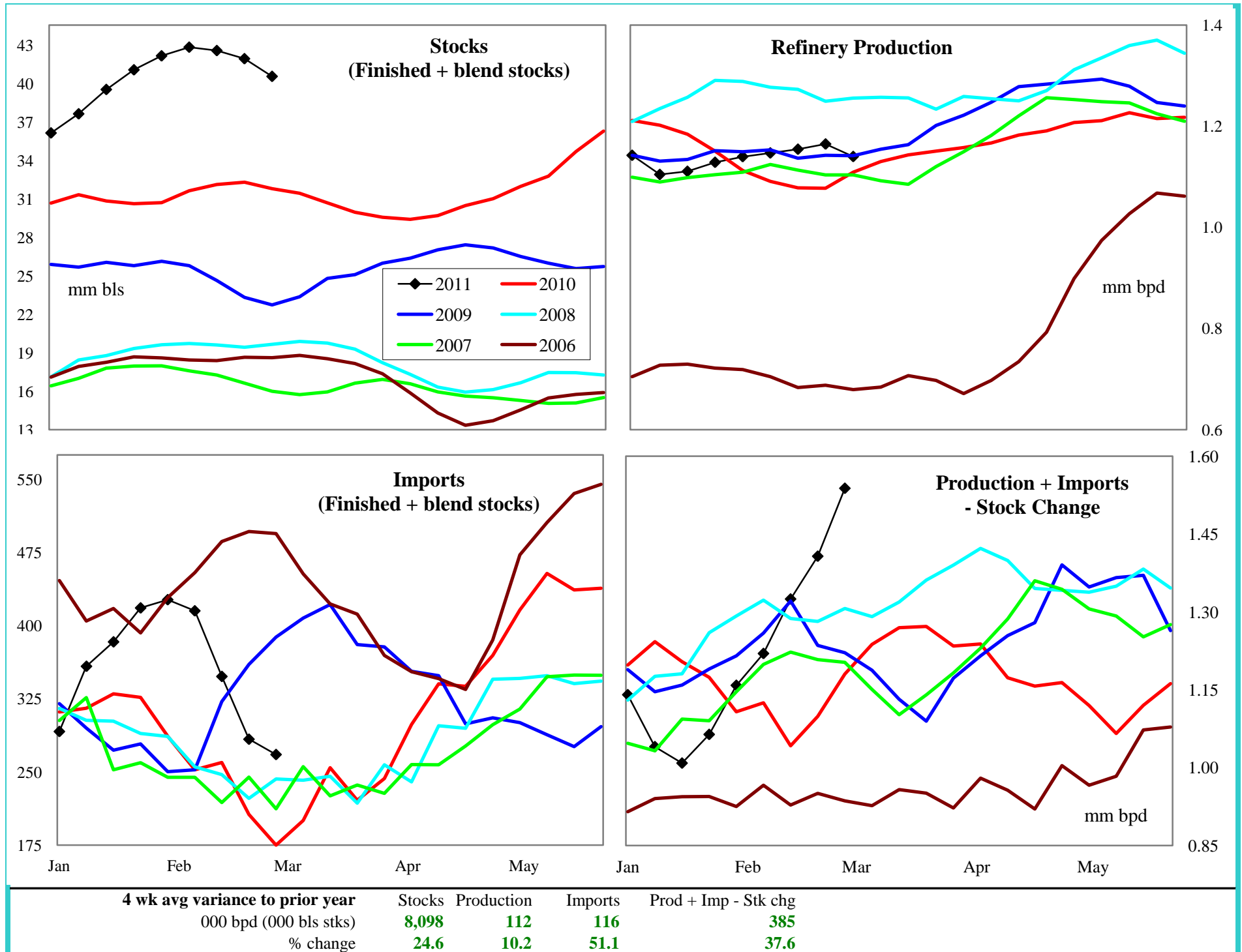
# PADD 1 Gasoline Supply



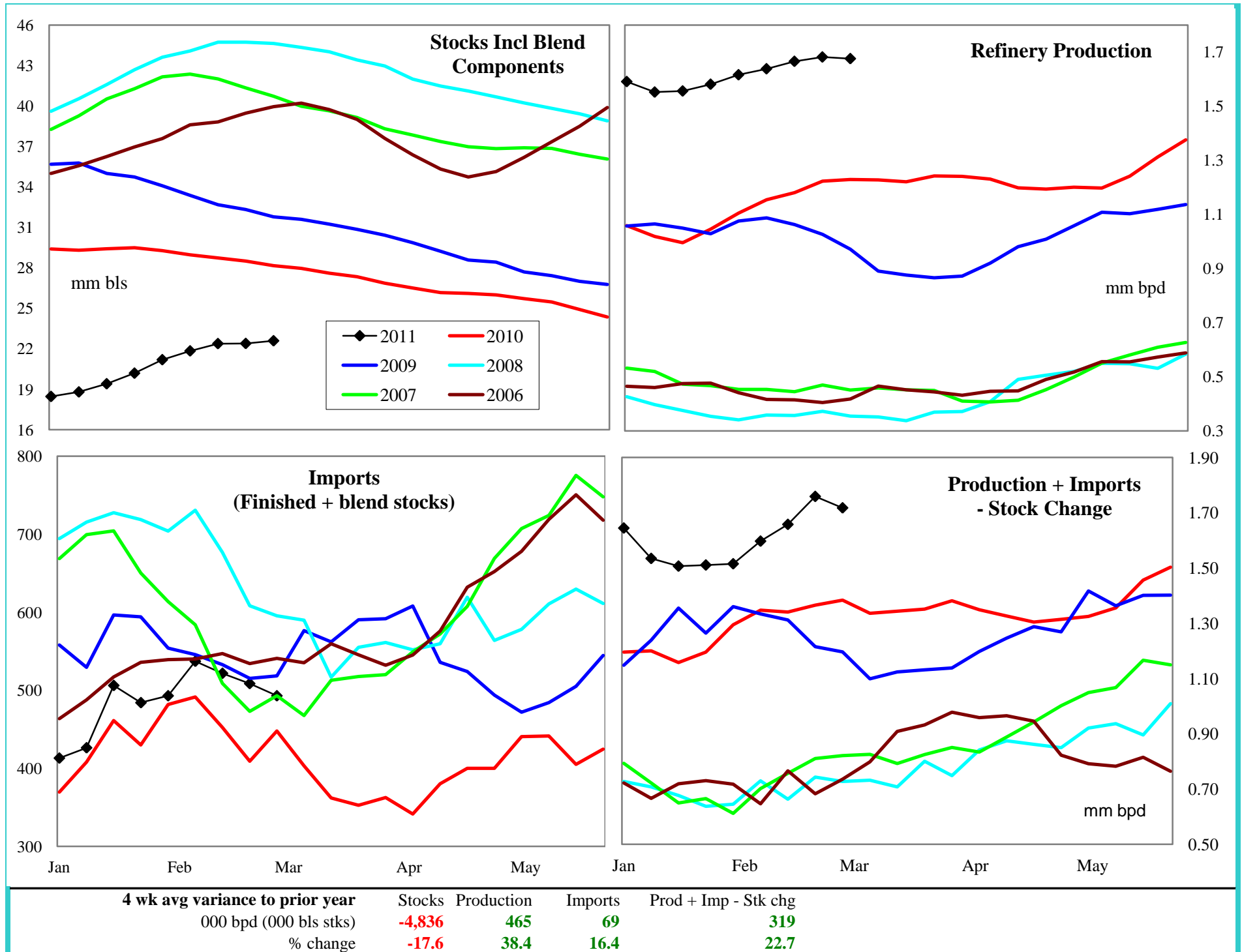
# PADD 1 Gasoline Stocks by Region



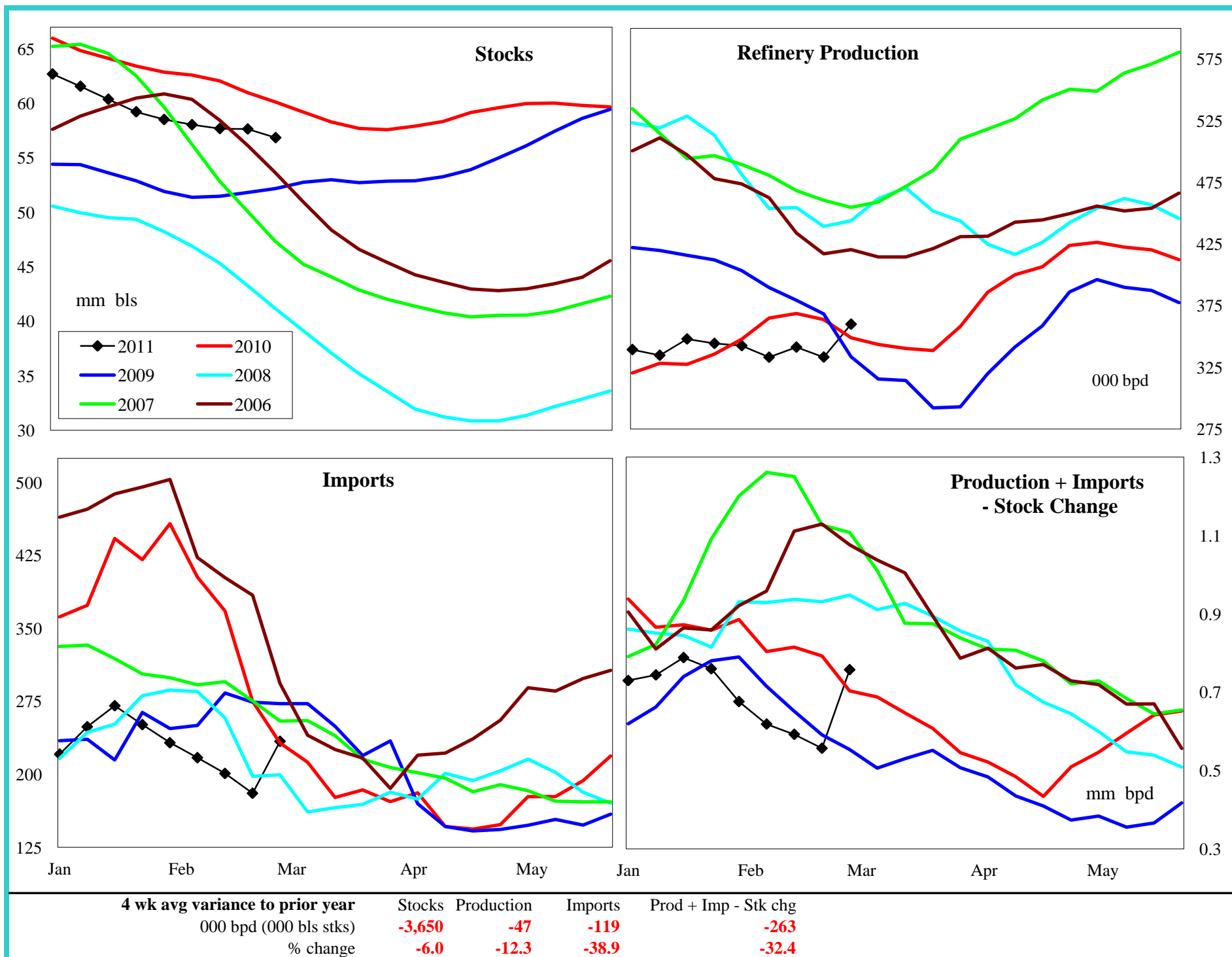
# PADD 1 Reformulated Gasoline Supply



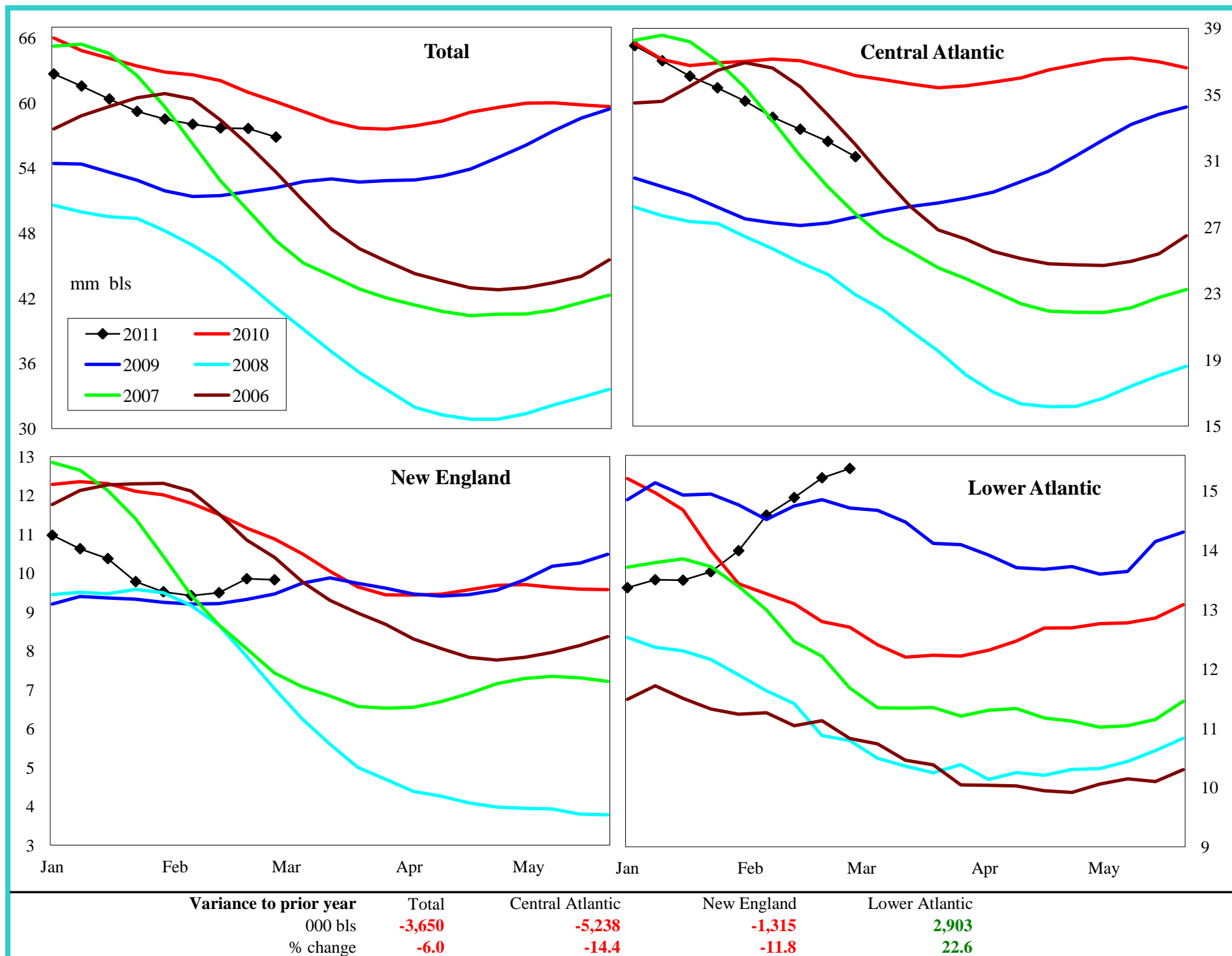
# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply

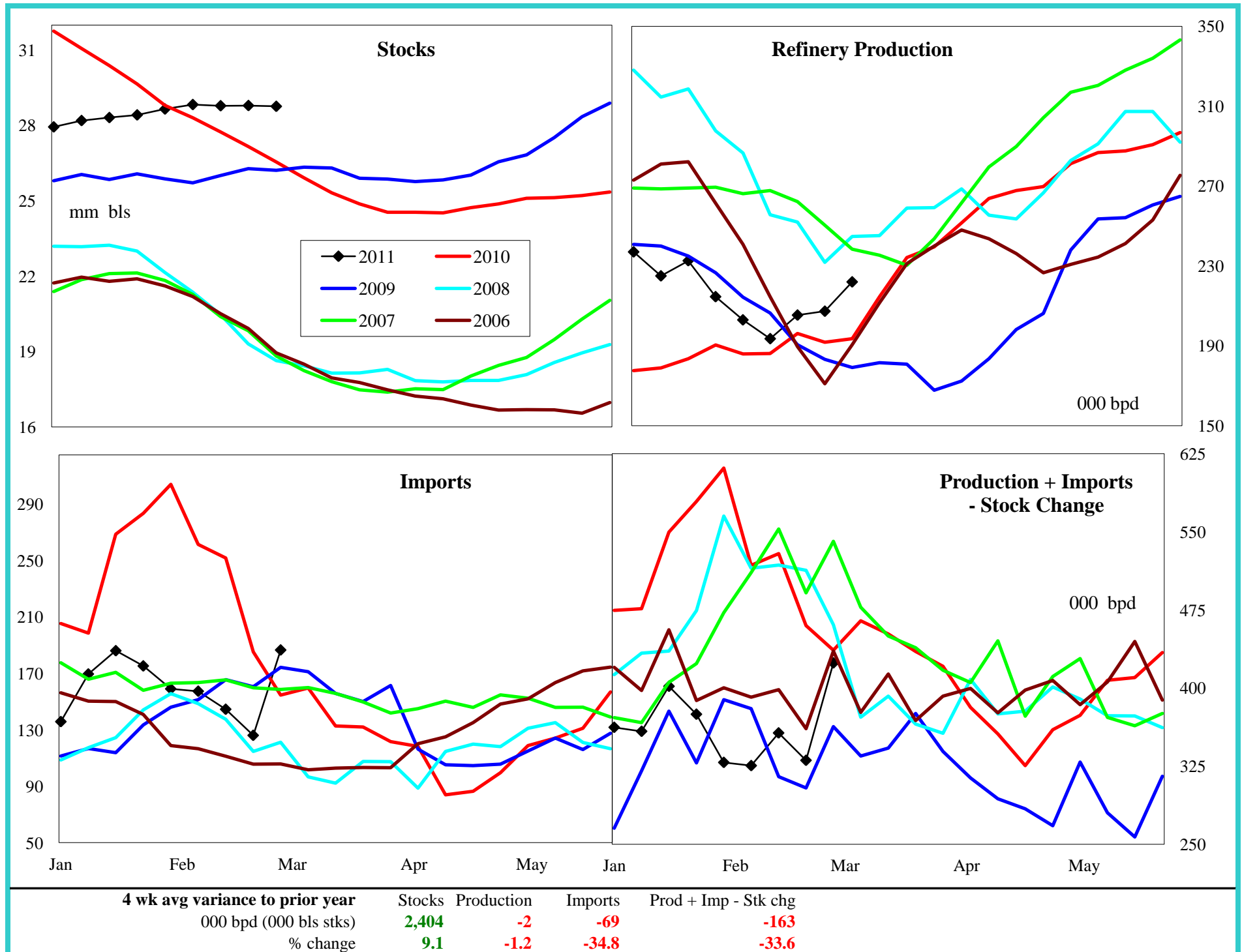


# PADD 1 Distillate Stocks by Region

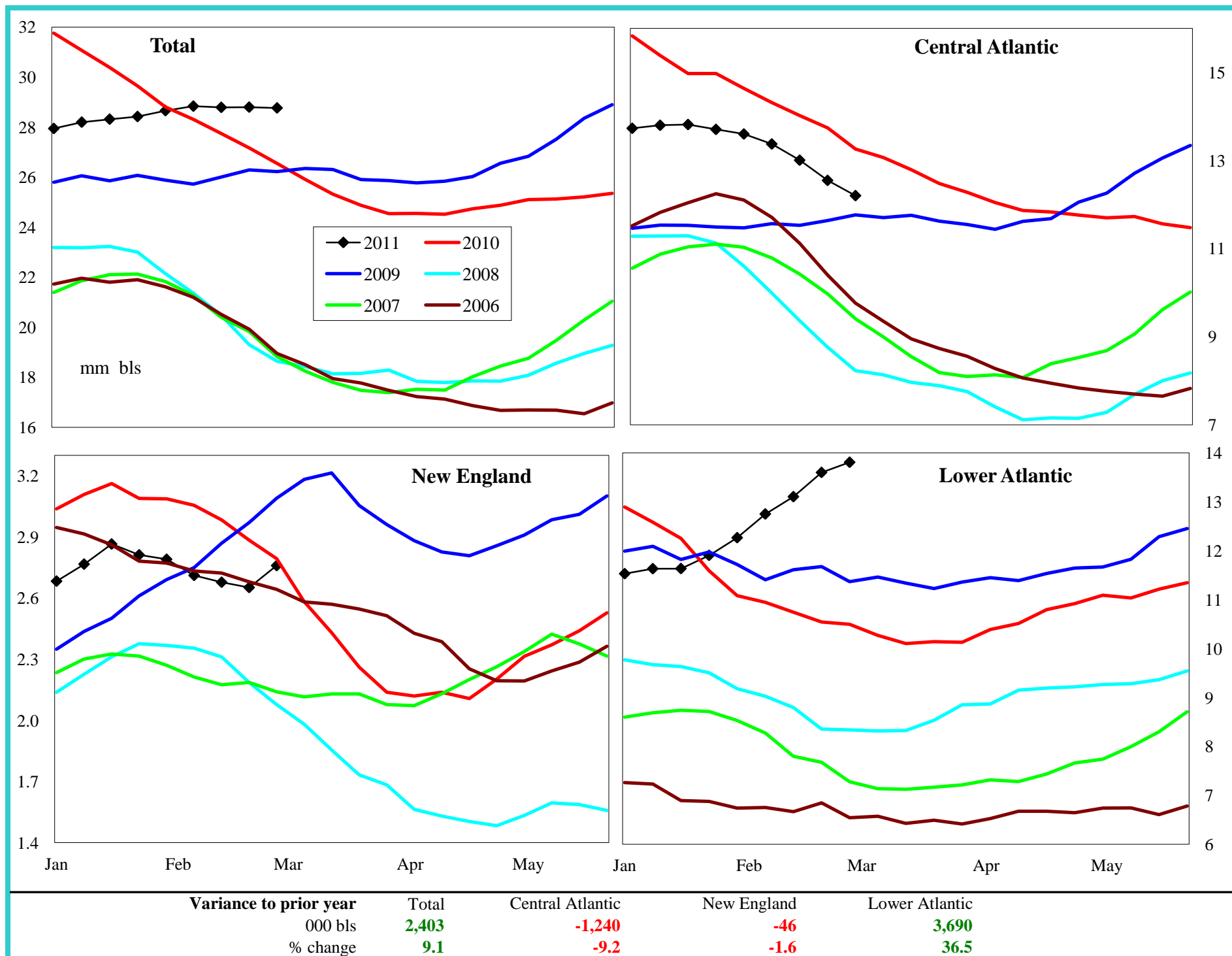




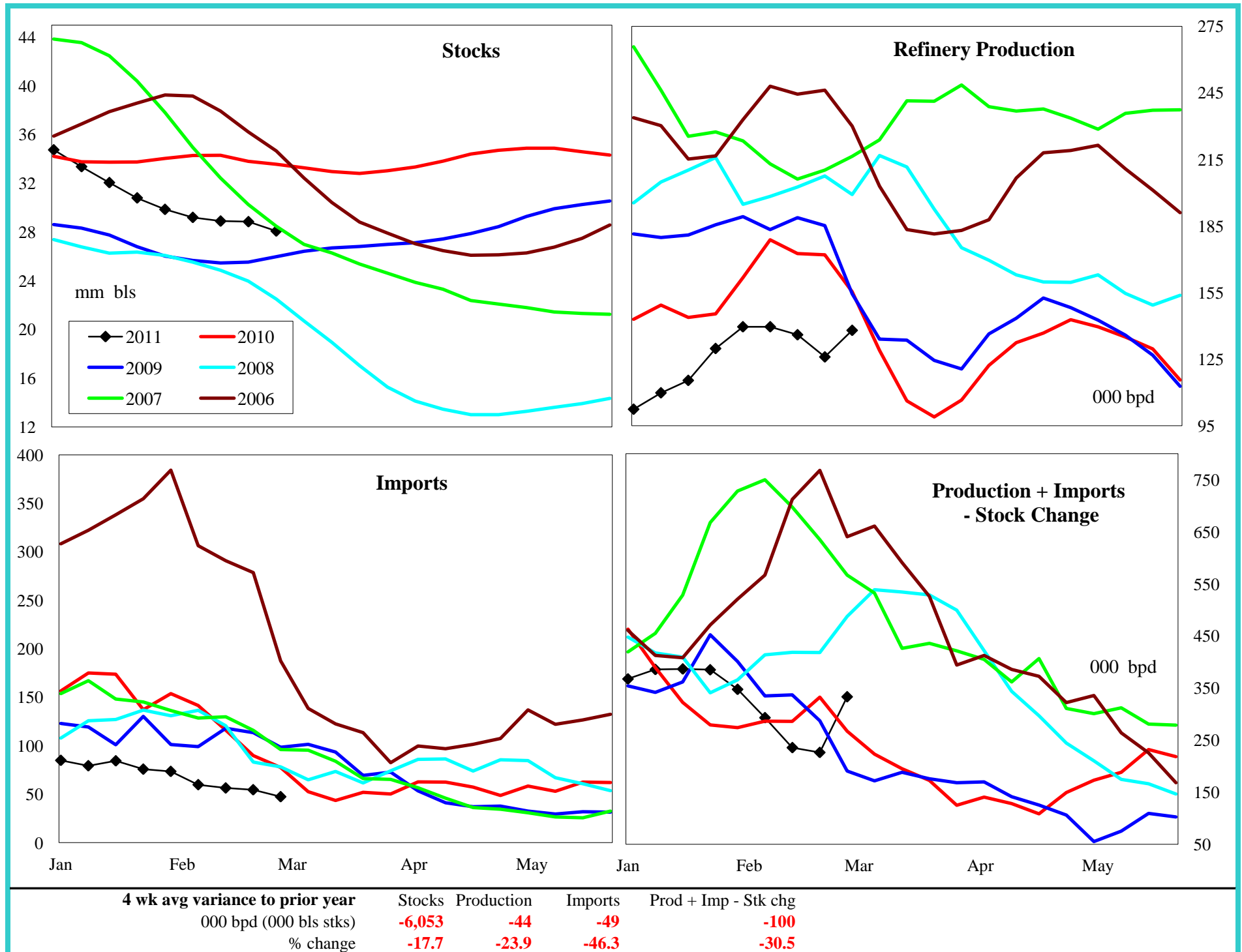
# PADD 1 Low Sulfur Distillate Supply



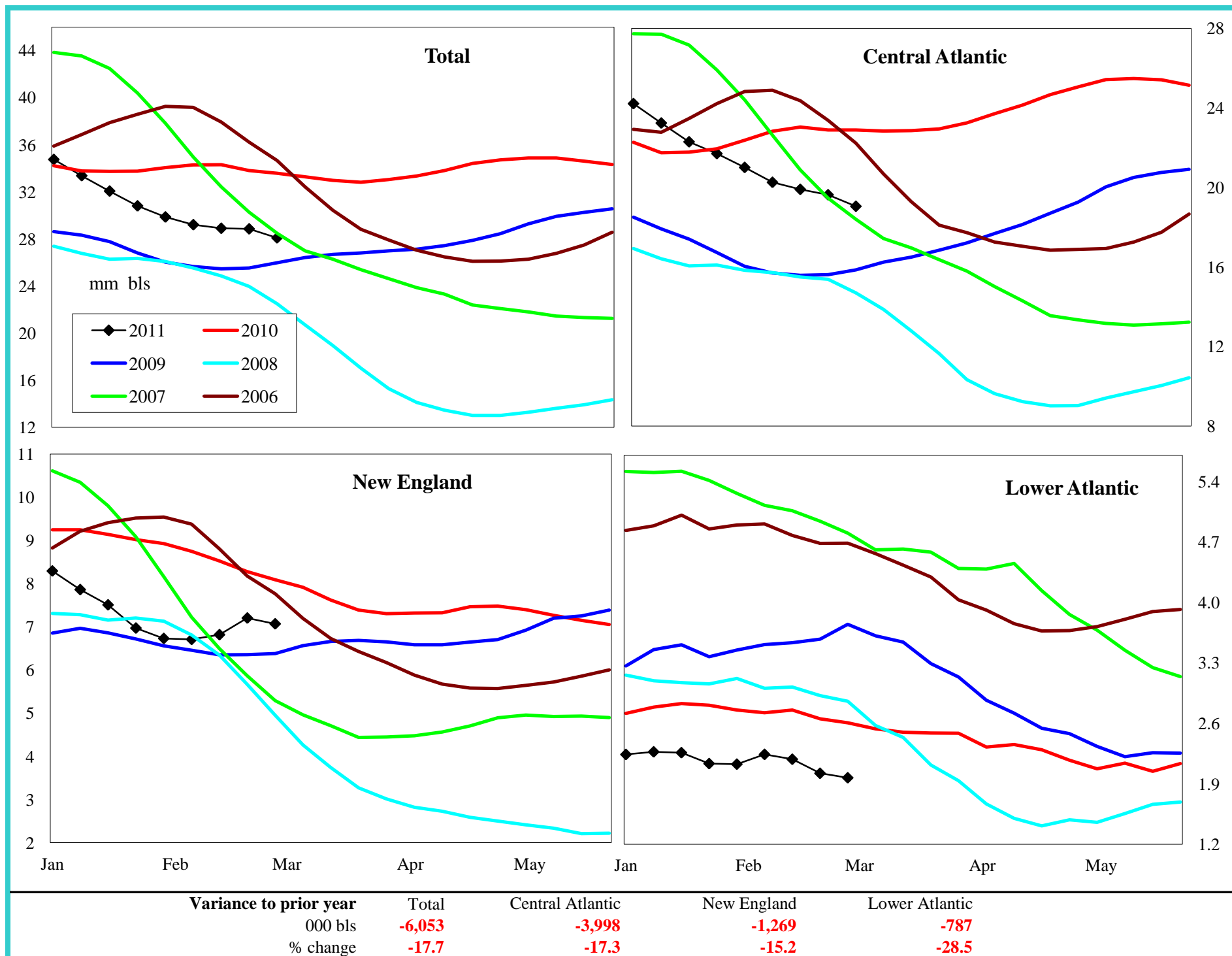
# PADD 1 Low Sulfur Distillate Stocks by Region



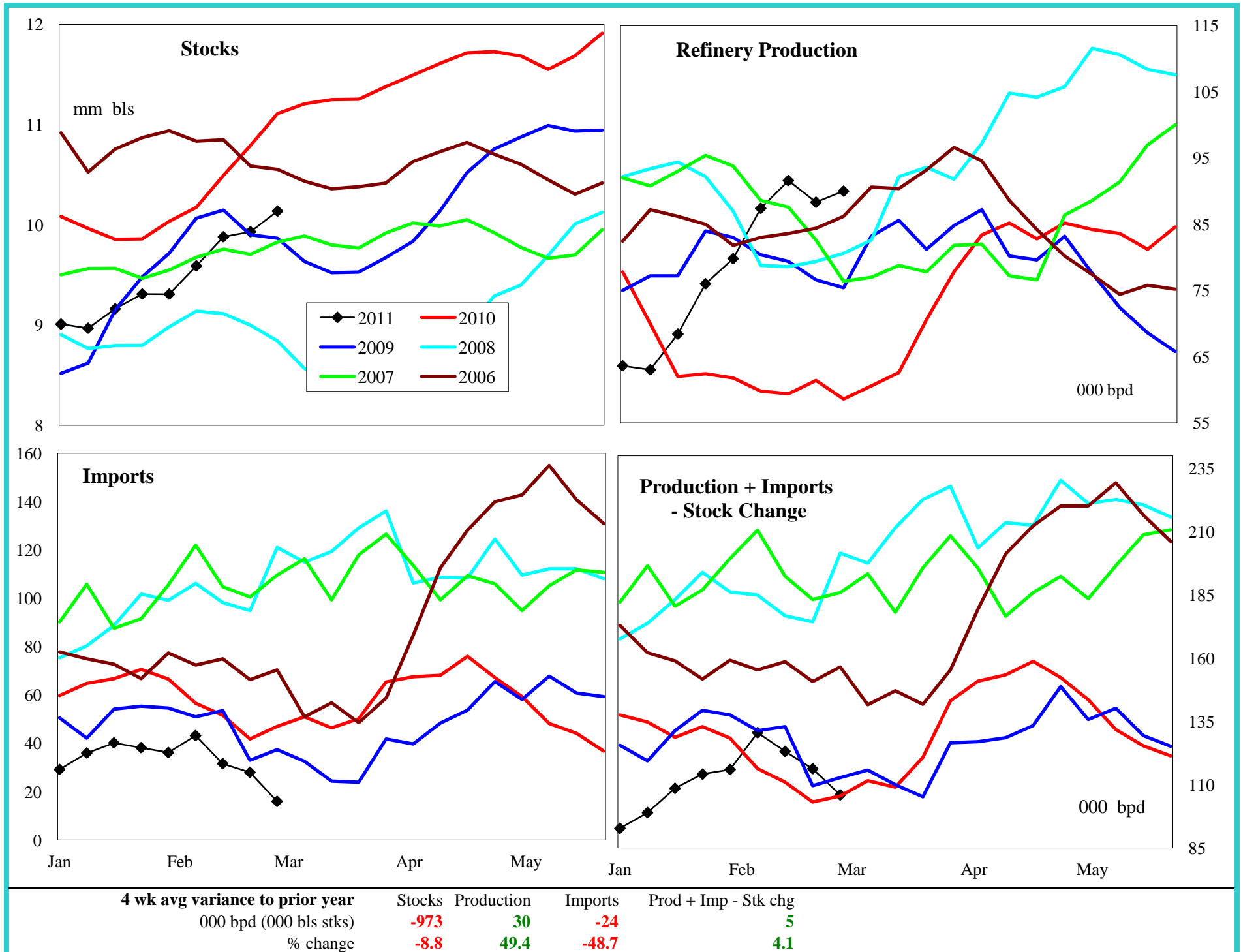
# PADD 1 High Sulfur Distillate Supply



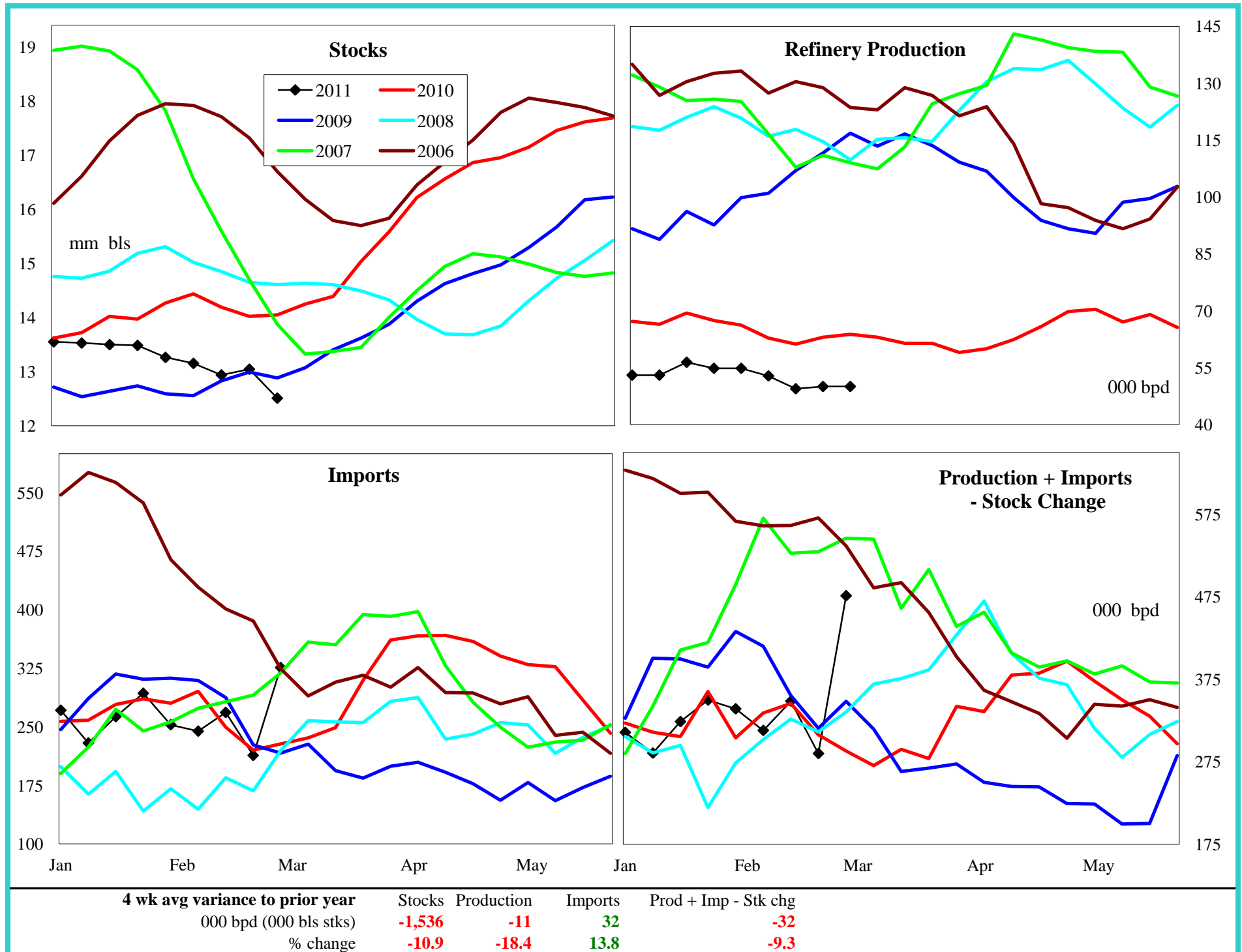
# PADD 1 High Sulfur Distillate Stocks by Region



# PADD 1 Jet Fuel Supply

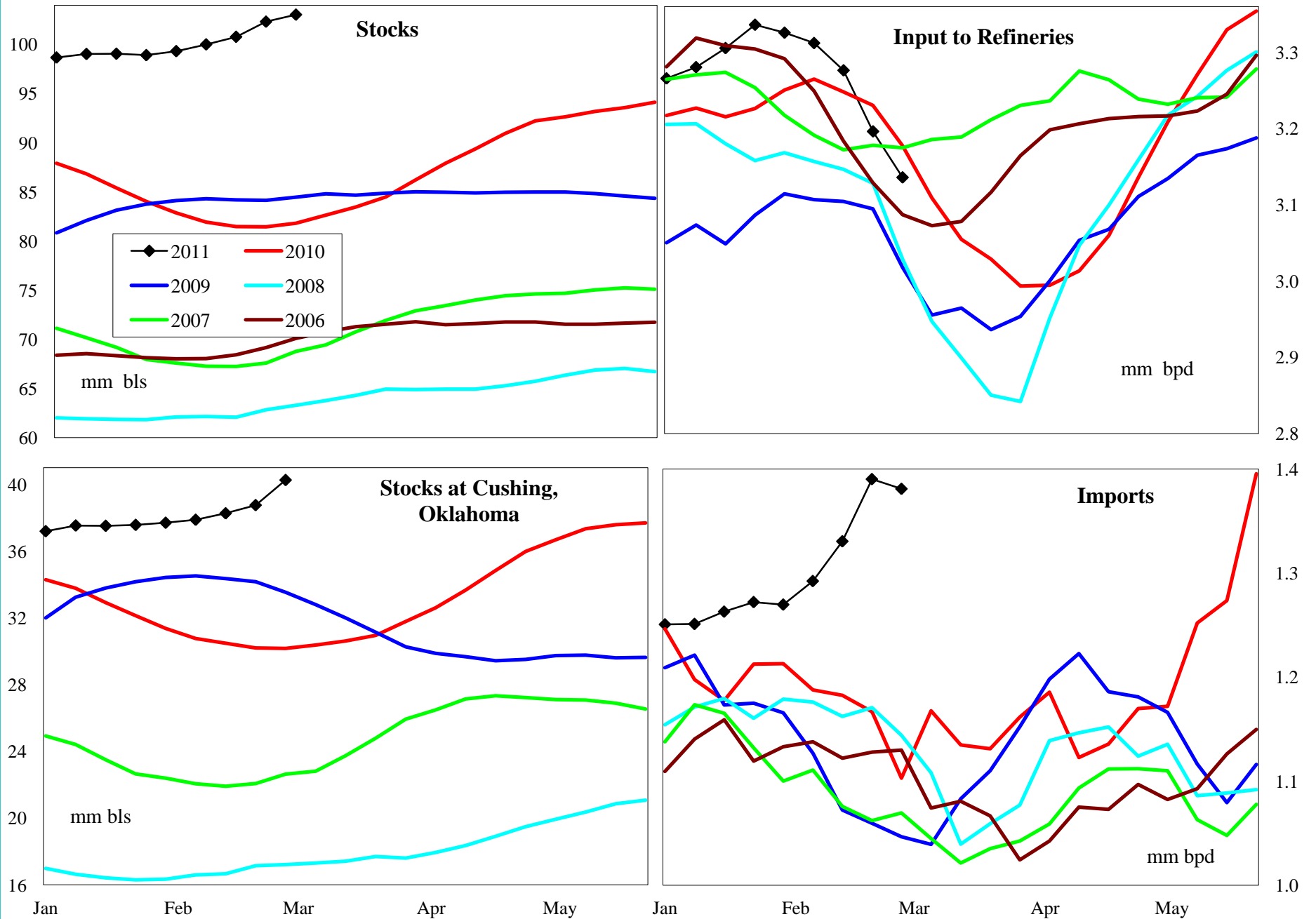


# PADD 1 Residual Fuel Oil Supply





# PADD 2 Crude Oil Supply and Refining



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

**Stocks**

**21,219**

**25.9**

**Cushing**

**10,094**

**33.5**

**Input**

**2**

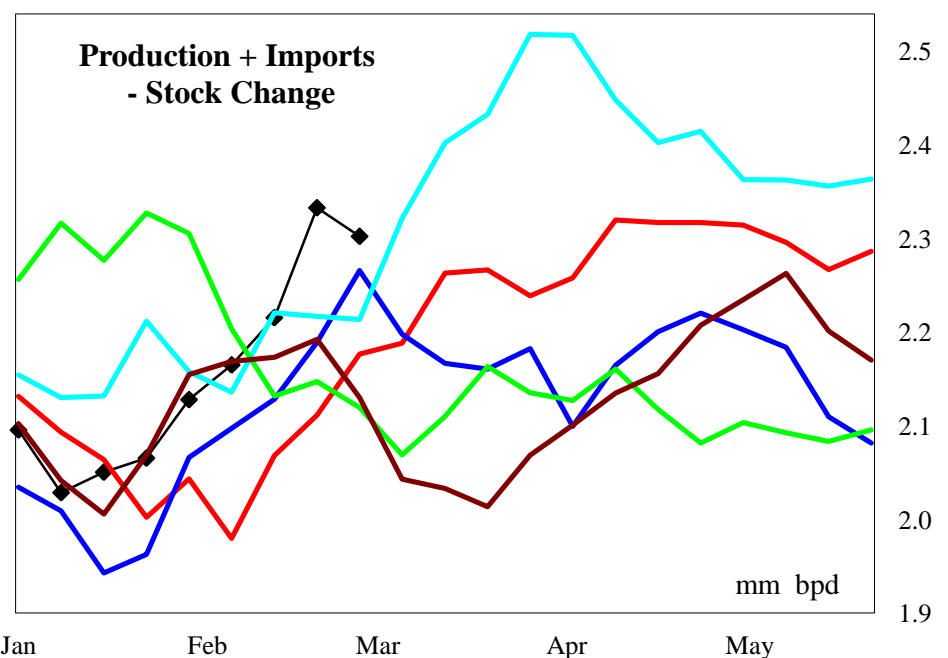
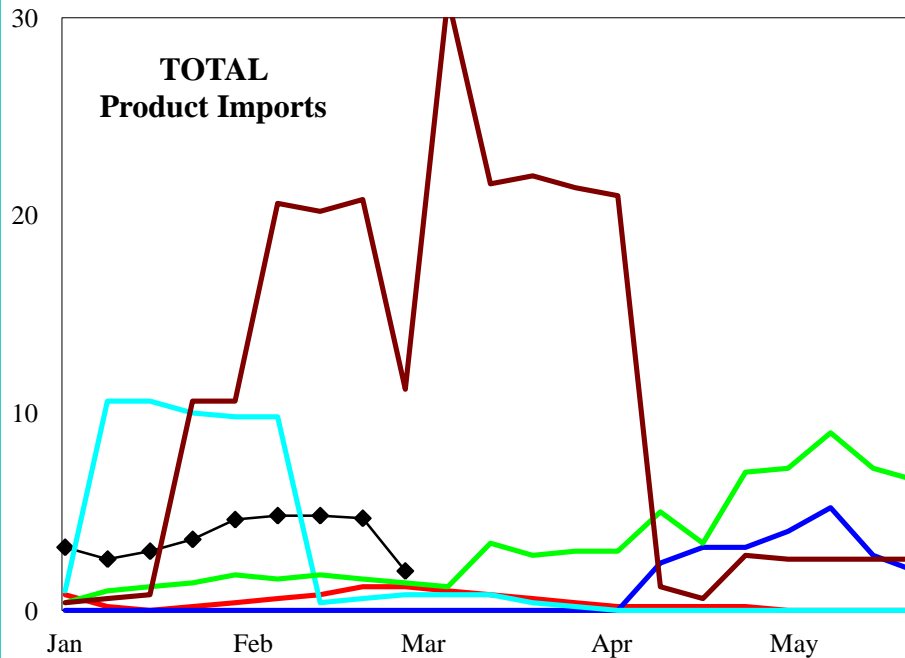
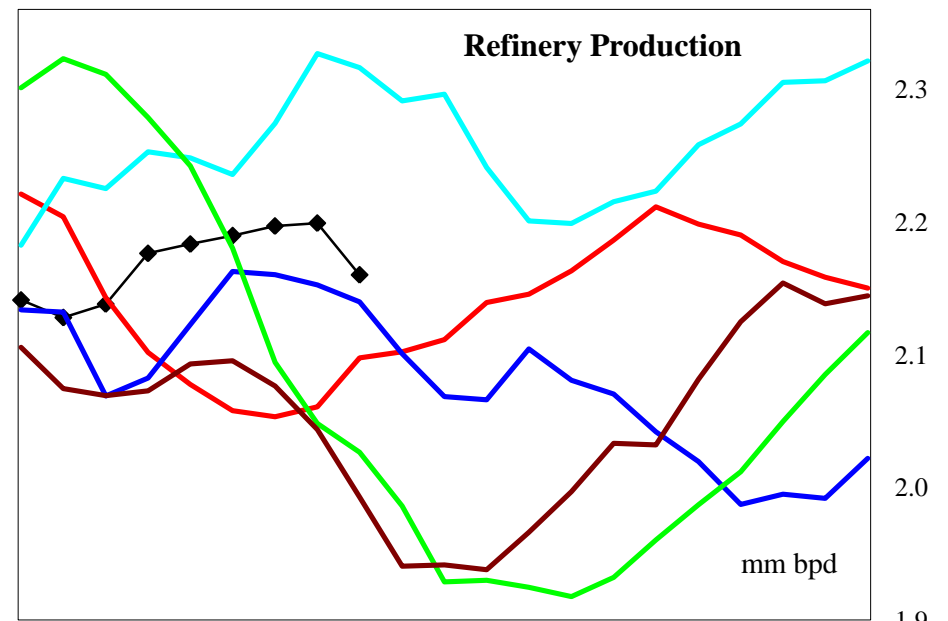
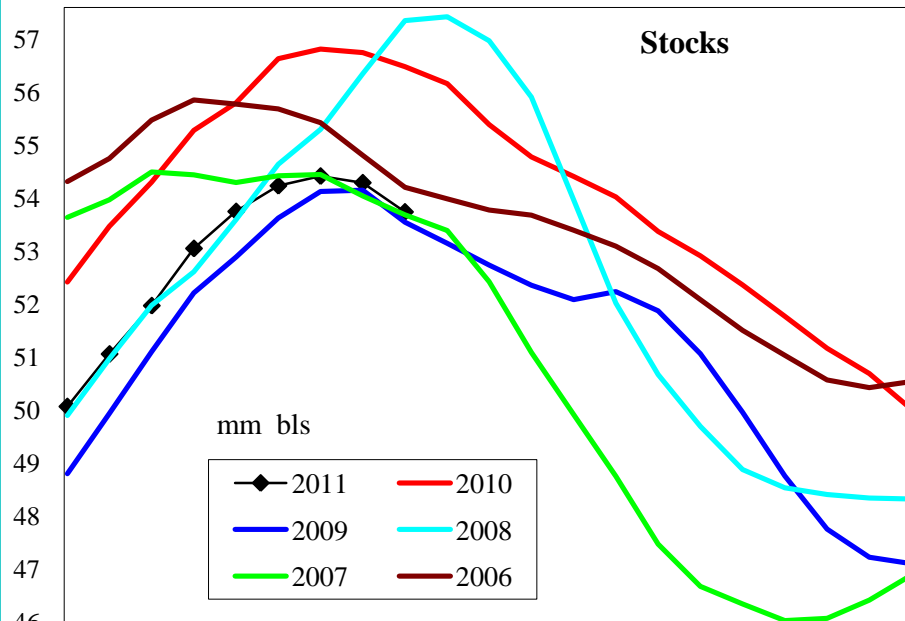
**0.1**

**Imports**

**185**

**15.2**

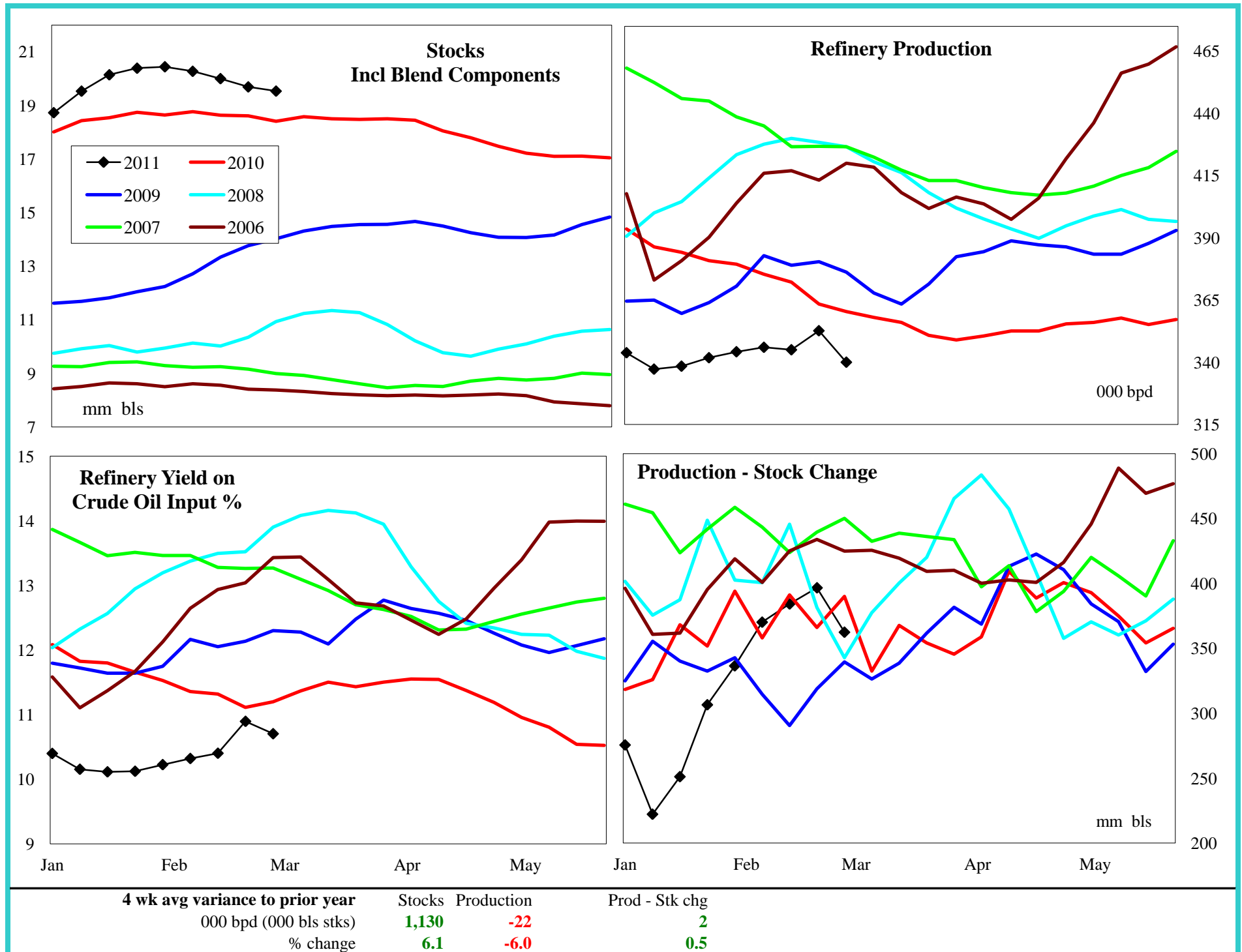
# PADD 2 Gasoline Supply



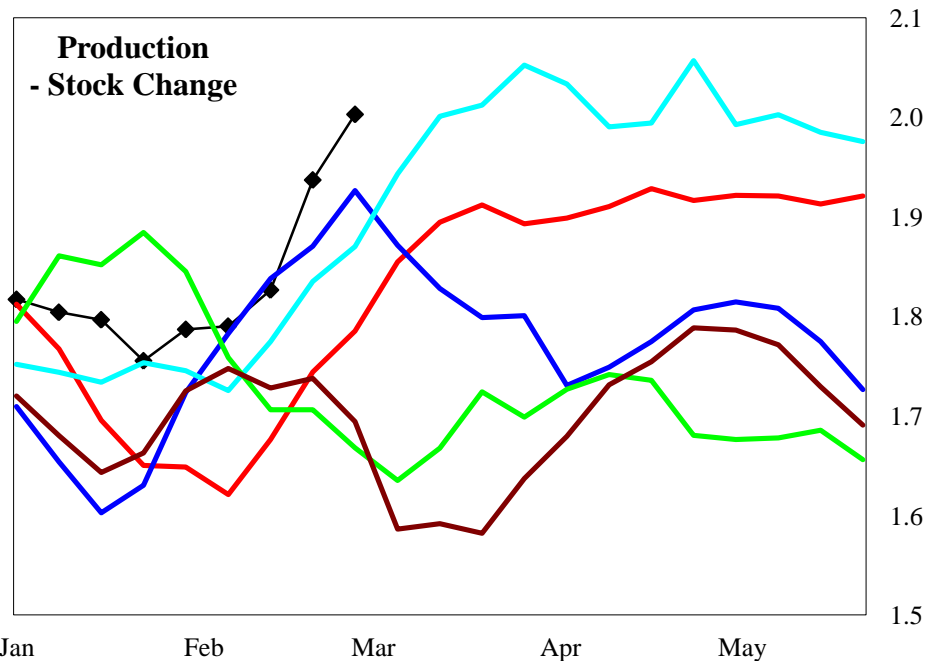
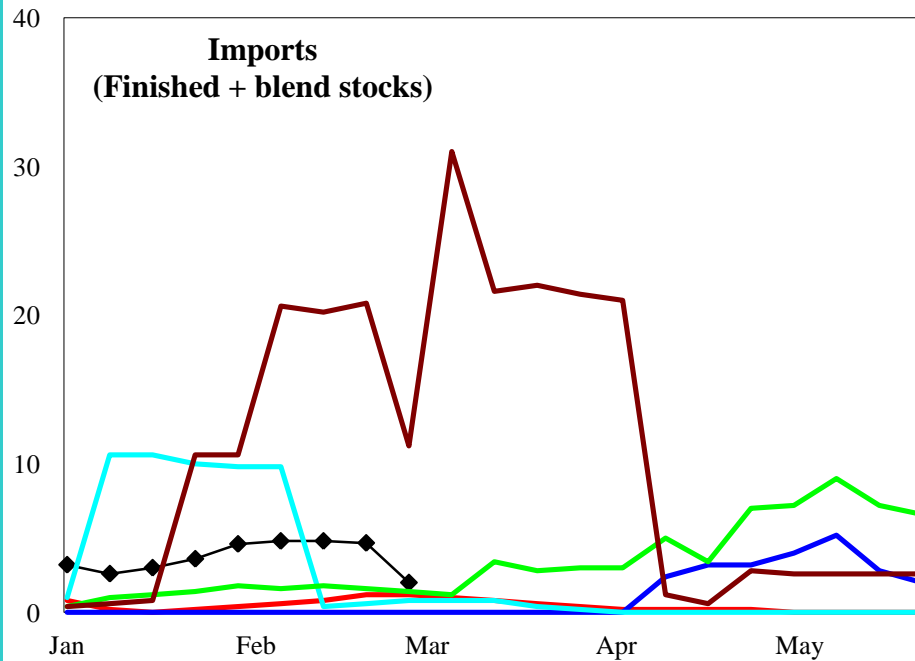
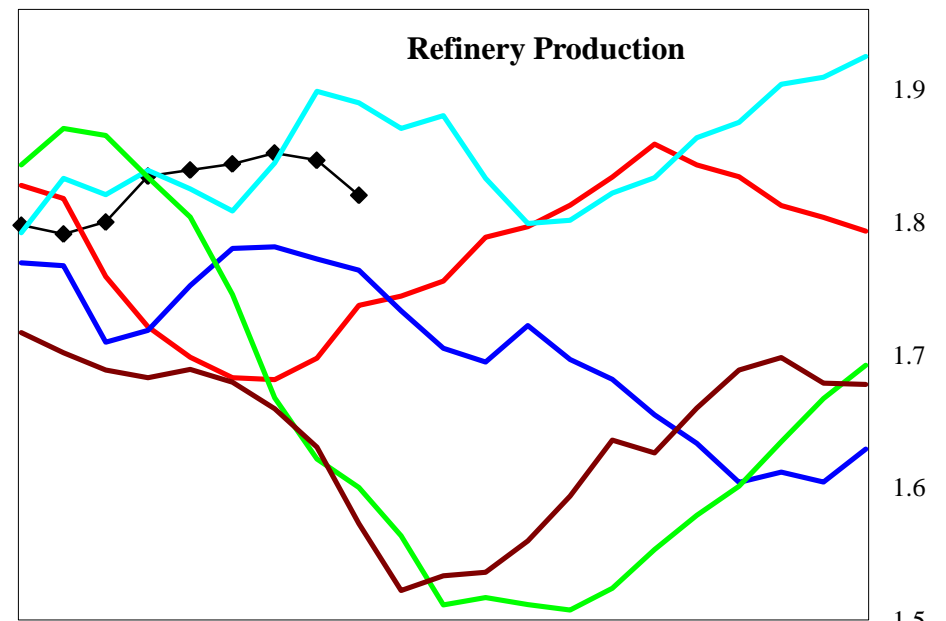
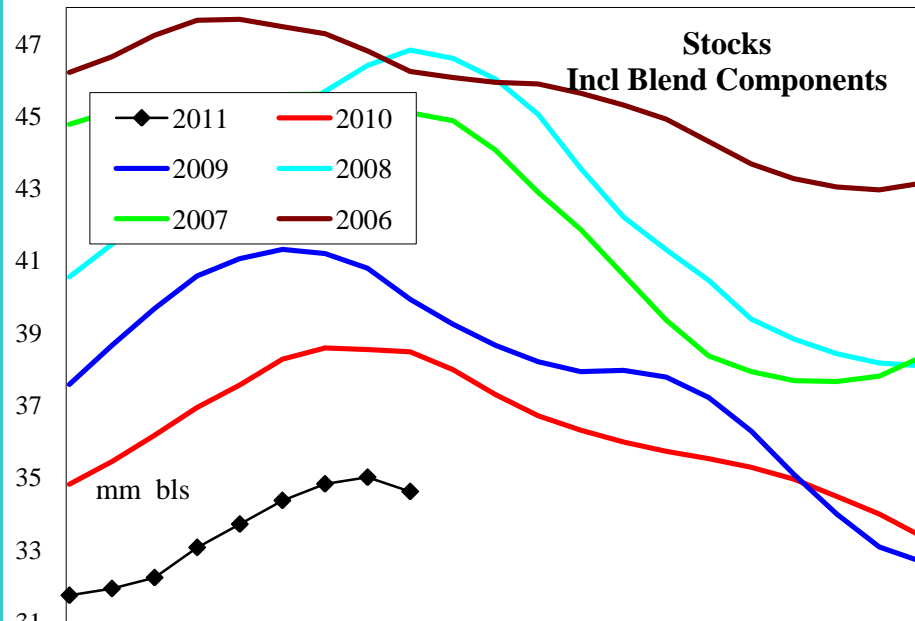
**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
-2,739	163	4	168
-4.8	7.9	375.0	8.2

# PADD 2 Reformulated Gasoline Supply



# PADD 2 Conventional Gasoline Supply

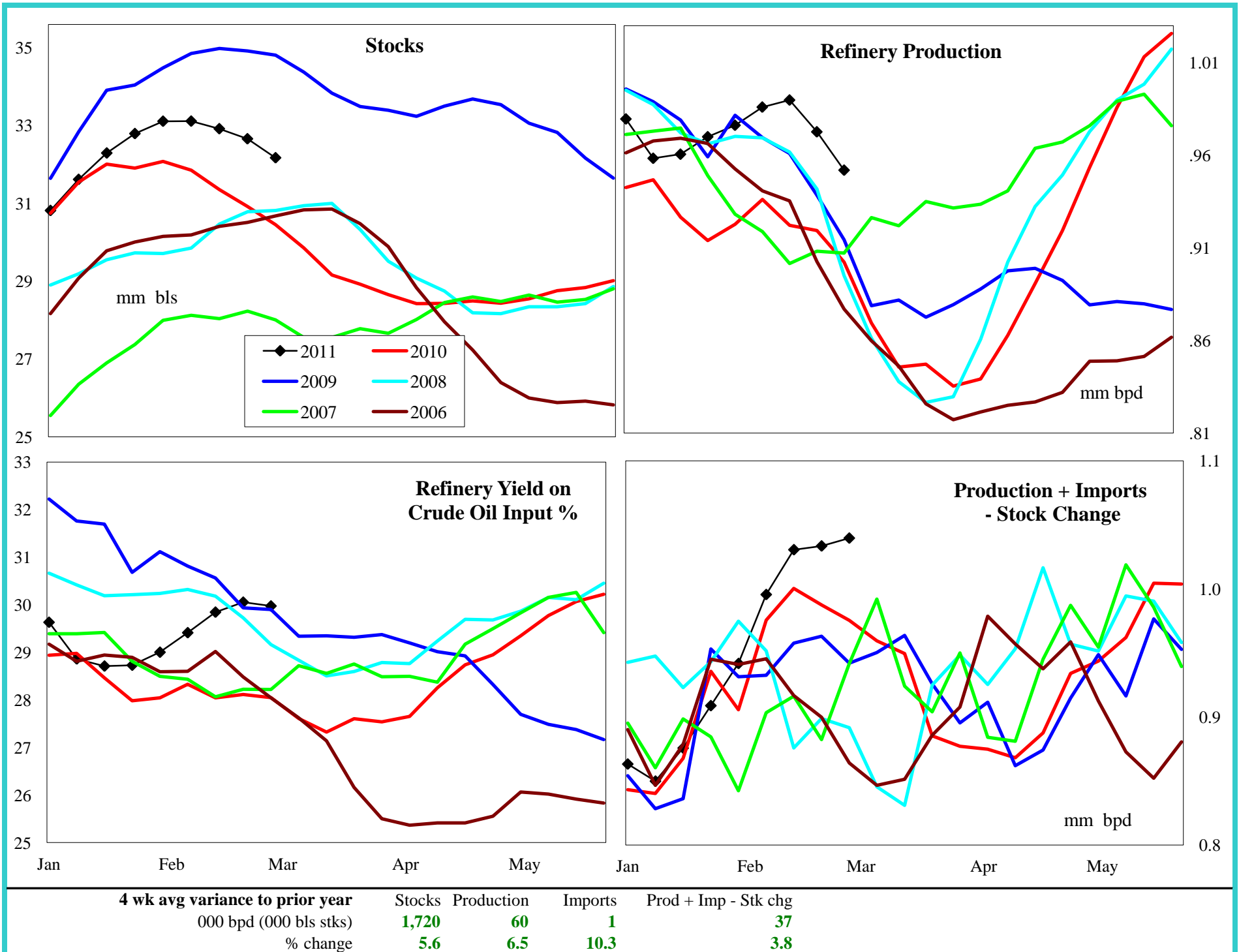


**4 wk avg variance to prior year**  
 000 bpd (000 bbls stks)  
 % change

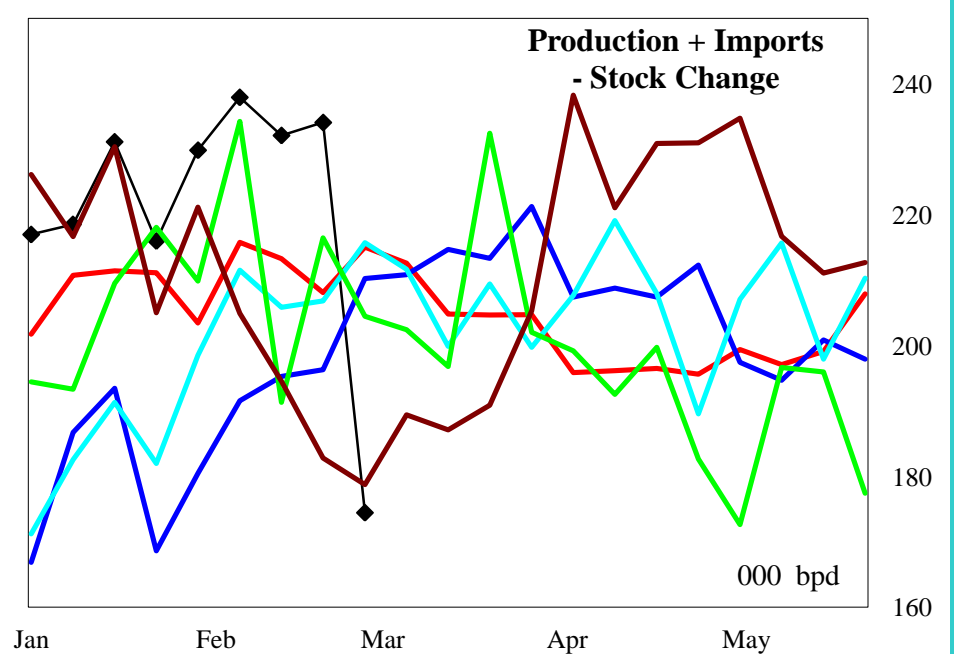
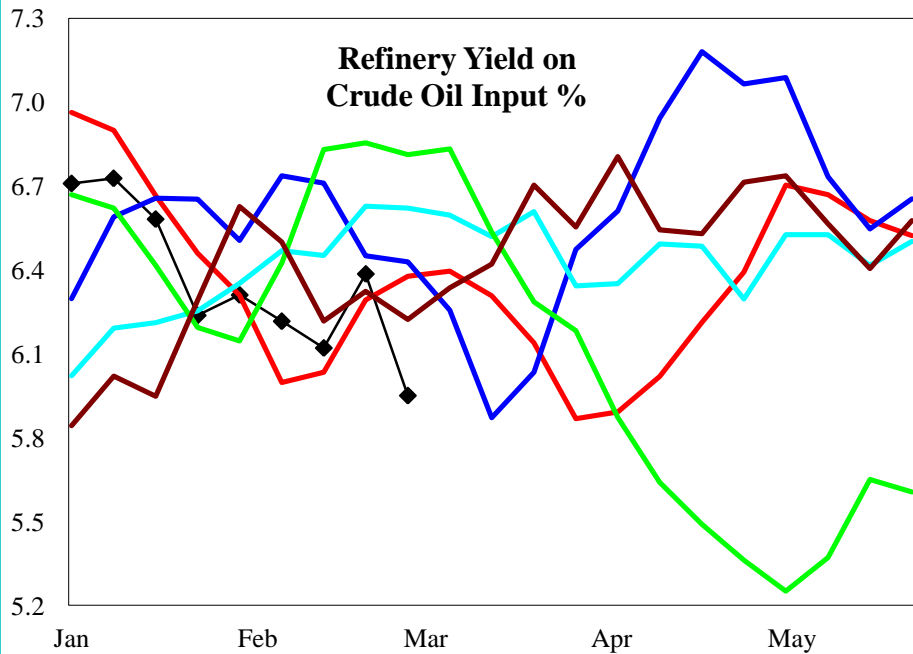
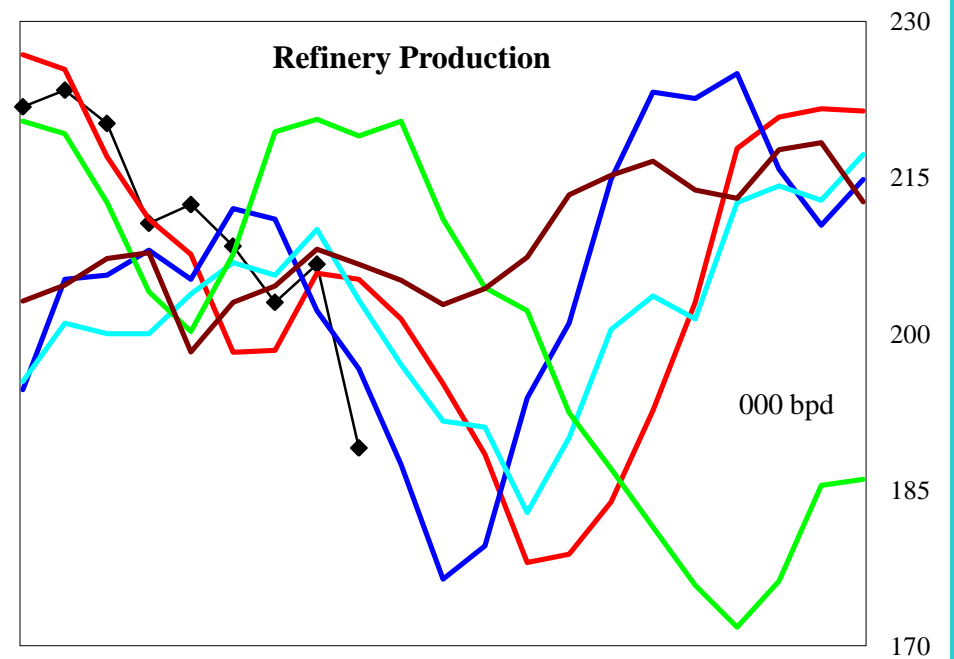
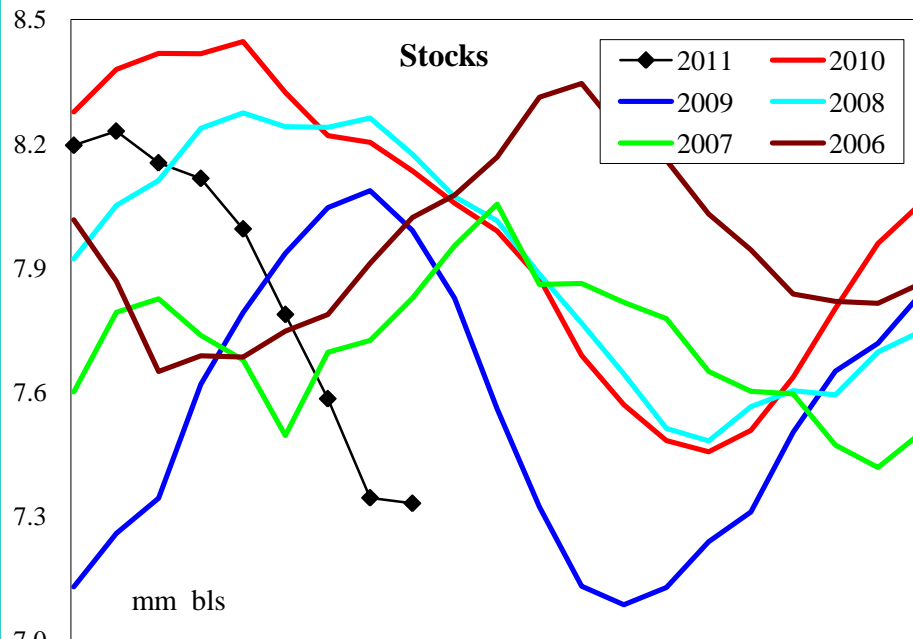
	Stocks	Production
000 bpd (000 bbls stks)	-3,876	177
% change	-10.1	10.4

	Prod - Stk chg
000 bpd (000 bbls stks)	140
% change	8.2

# PADD 2 Distillate Supply



# PADD 2 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bbls stks)

% change

Stocks

-804

-9.9

Production

-2

-0.9

Imports

0

#DIV/0!

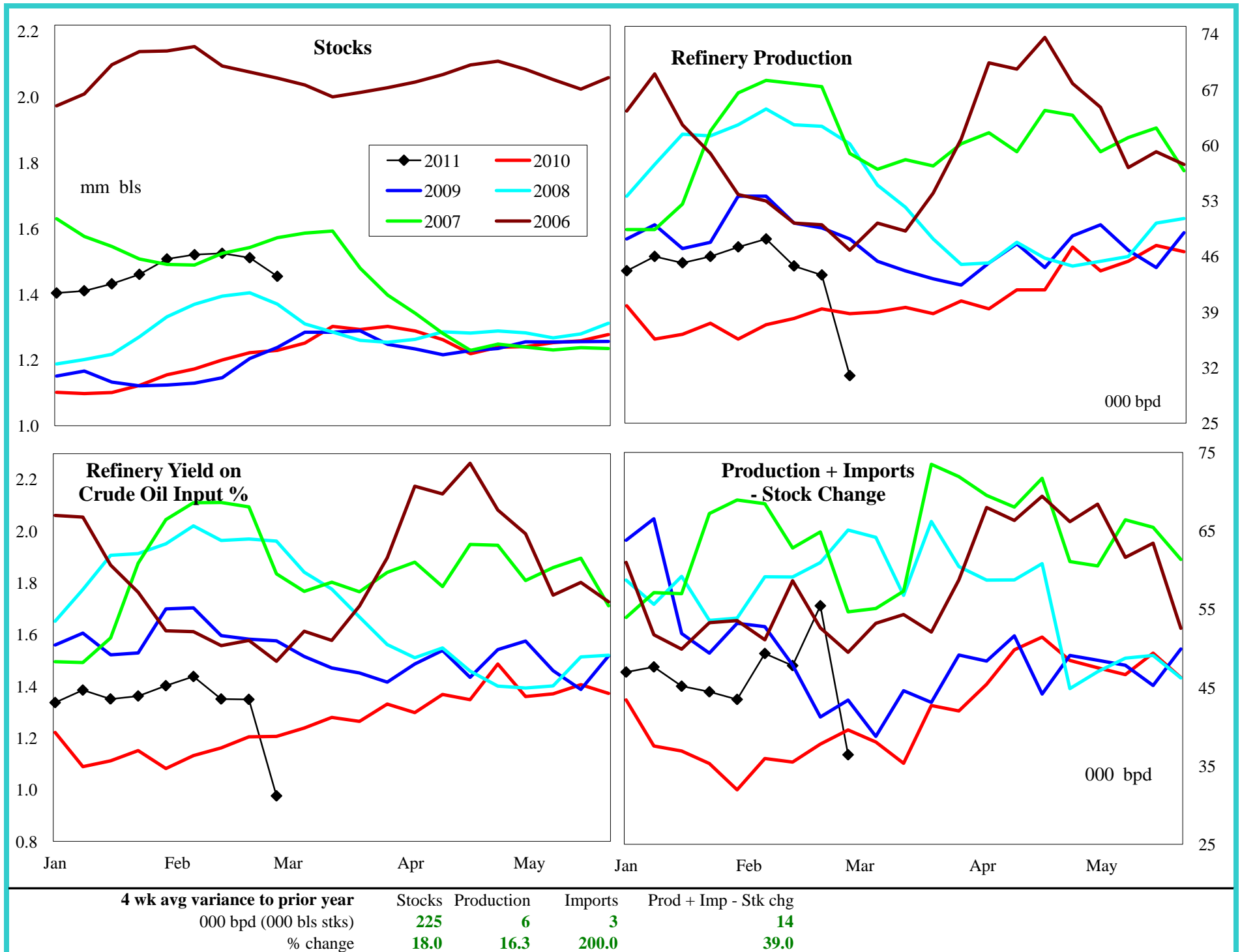
Prod + Imp - Stk chg

11

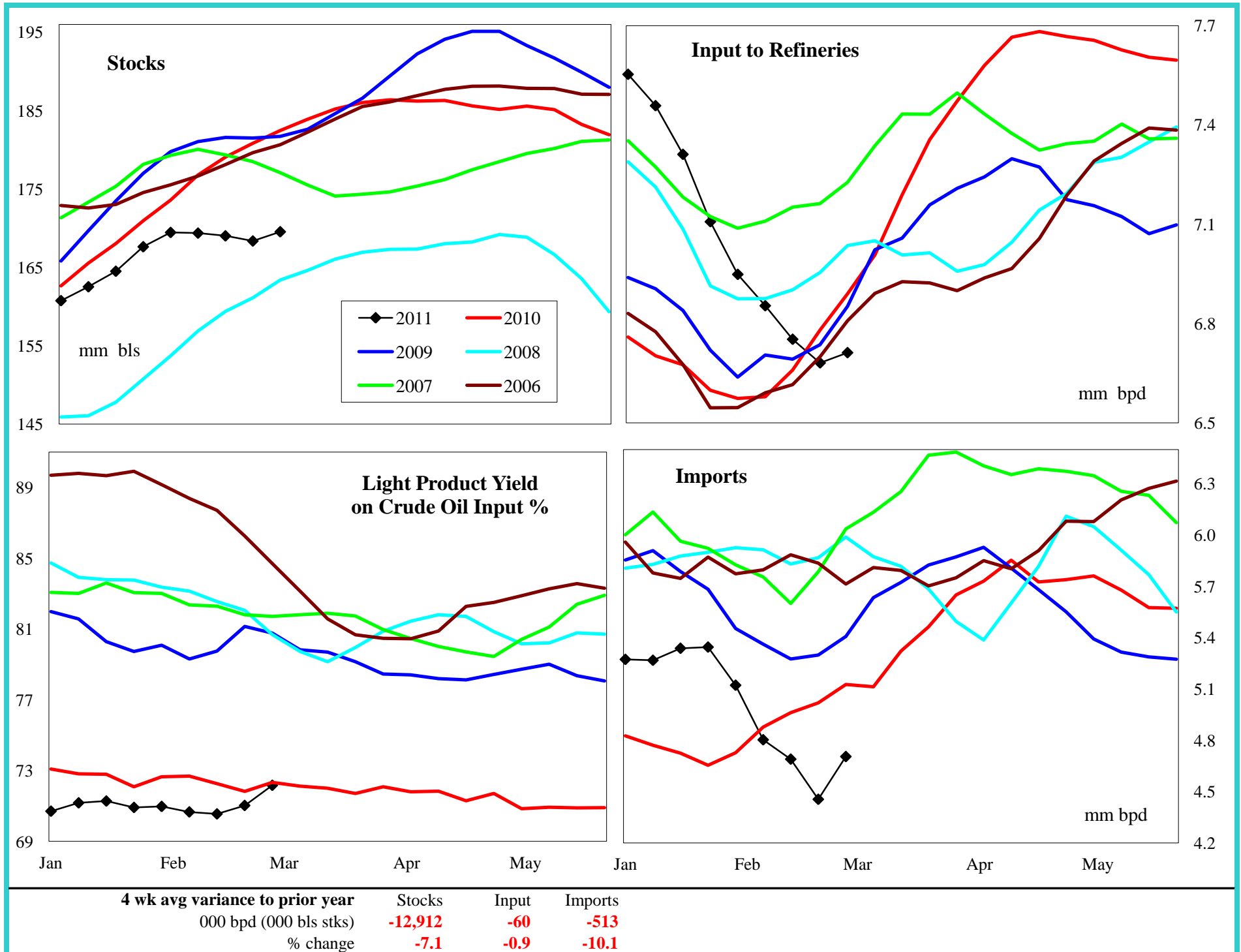
5.0



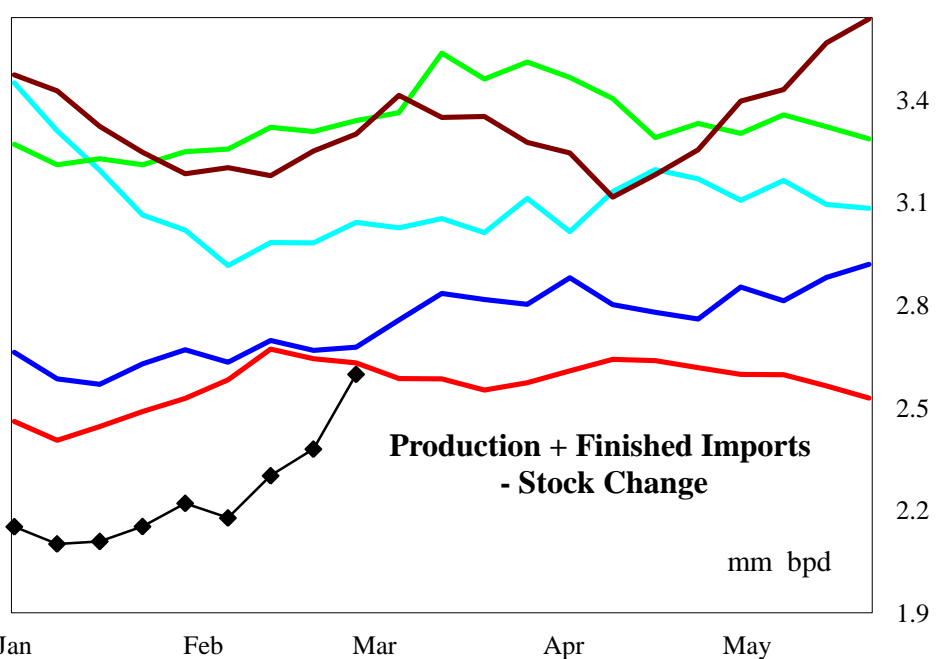
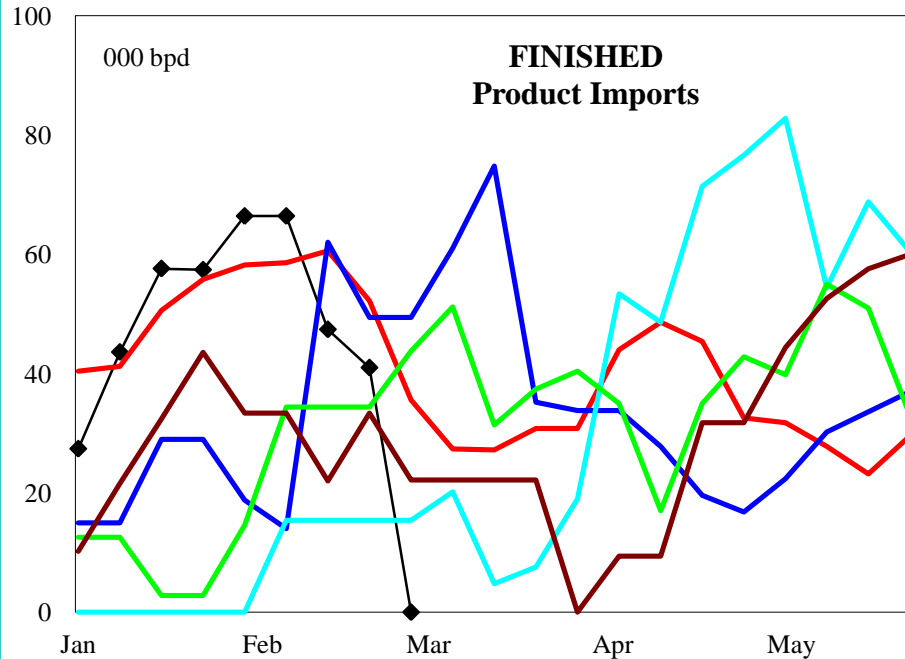
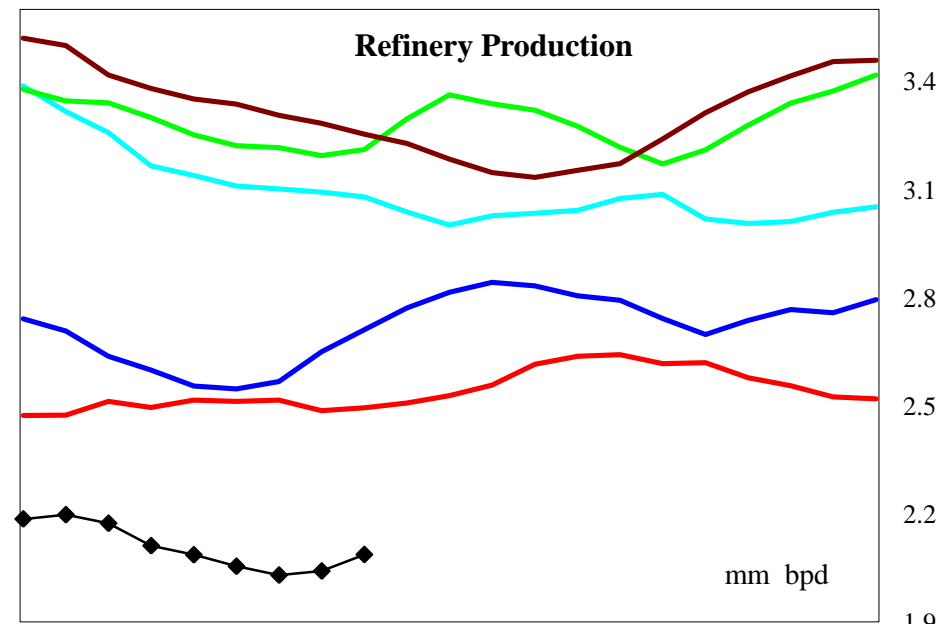
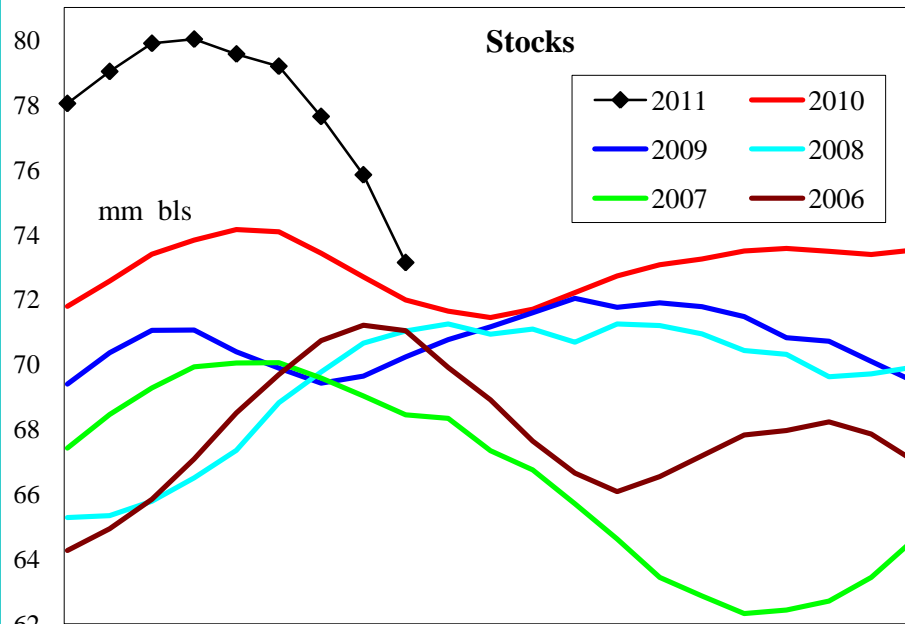
# PADD 2 Residual Fuel Oil Supply



# 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

2,036

2.9

Production

-464

-18.6

Fin Impt

-12

-21.6

Blend Impt

32

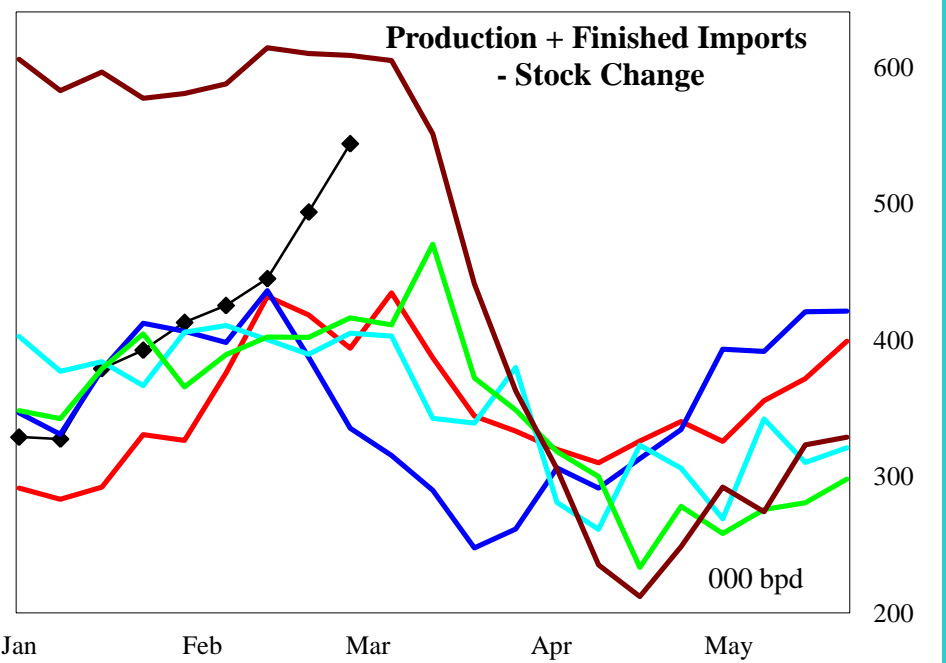
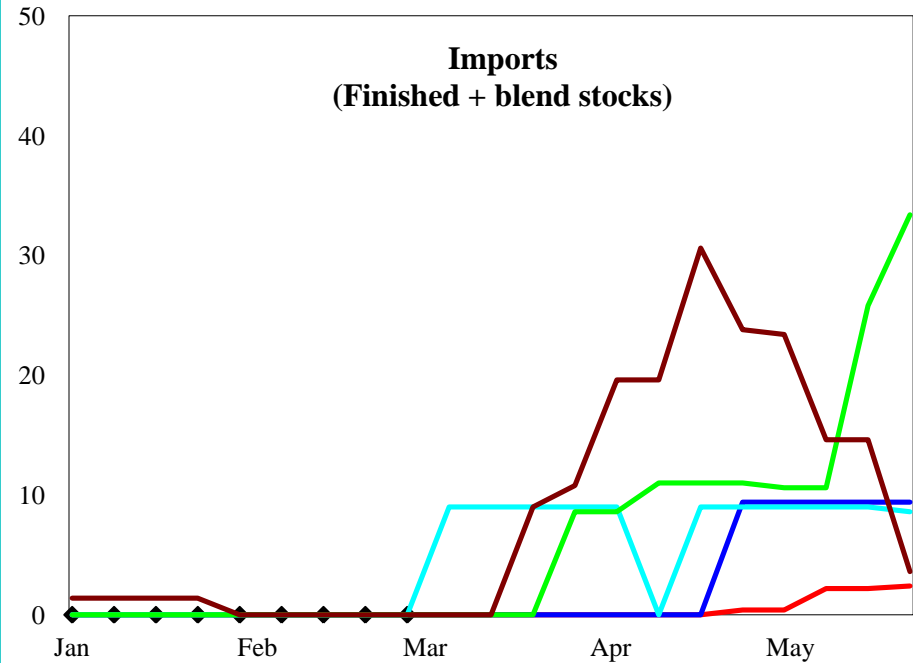
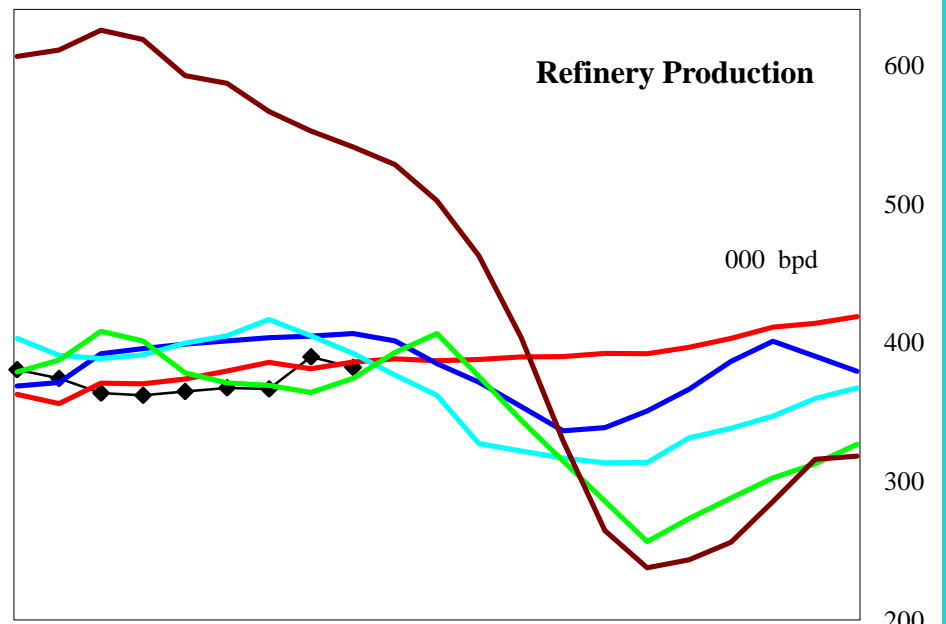
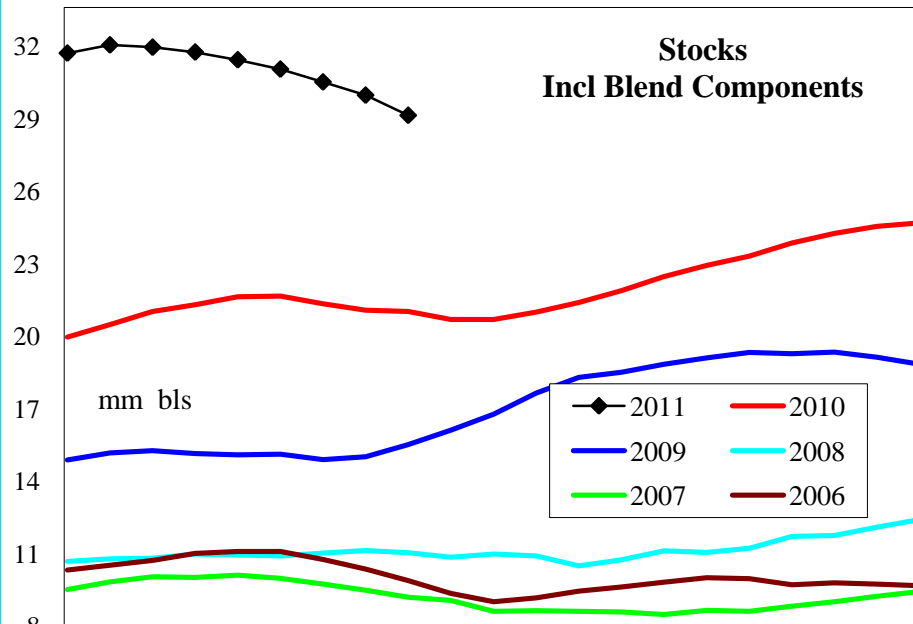
73.3

Prod + Imp - Stk chg

-300

-11.3

# PADD 3 Reformulated Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

8,959

43.5

Production

2

0.5

Imports

0

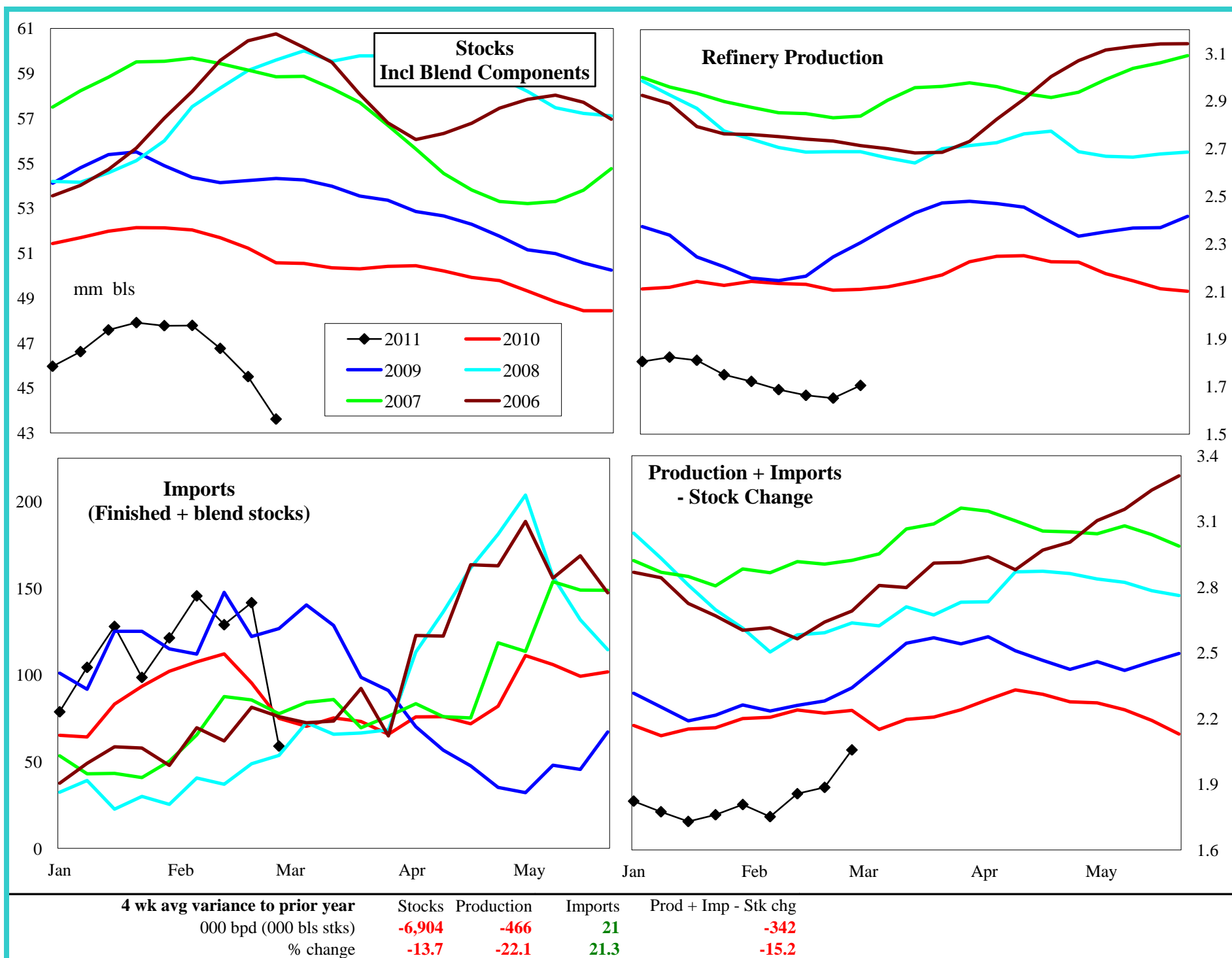
#DIV/0!

Prod + Imp - Stk chg

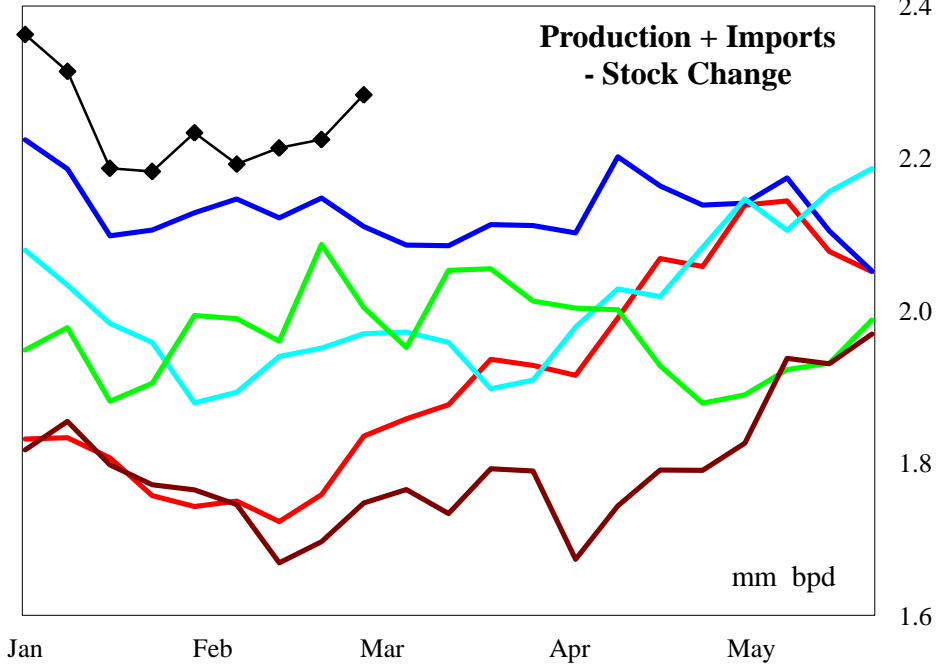
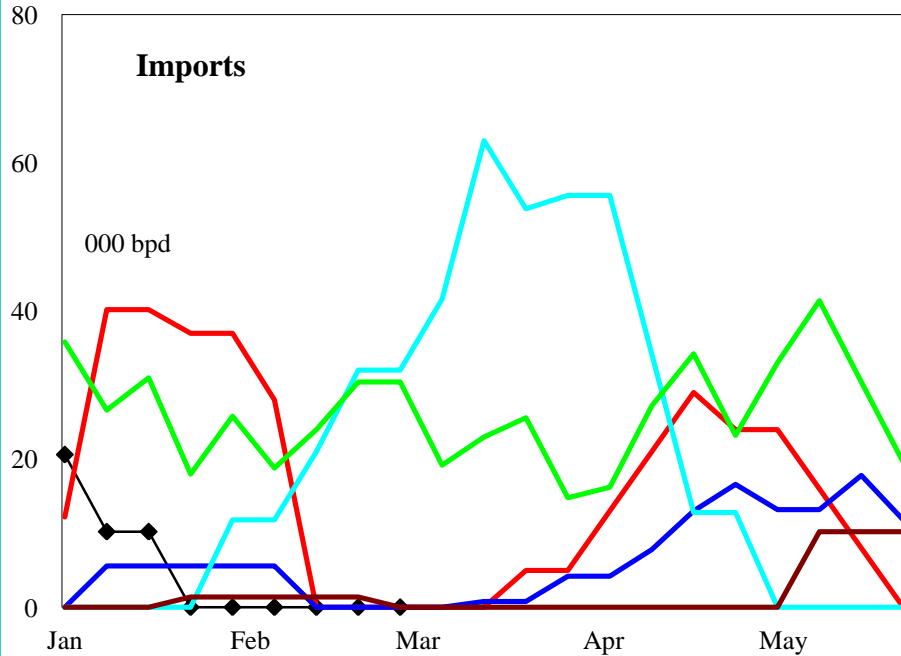
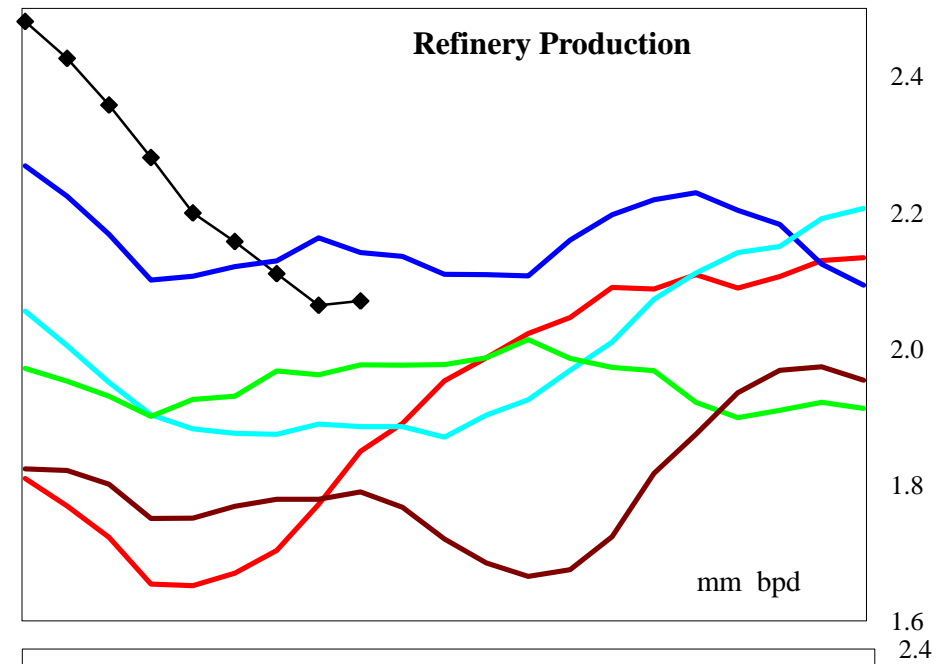
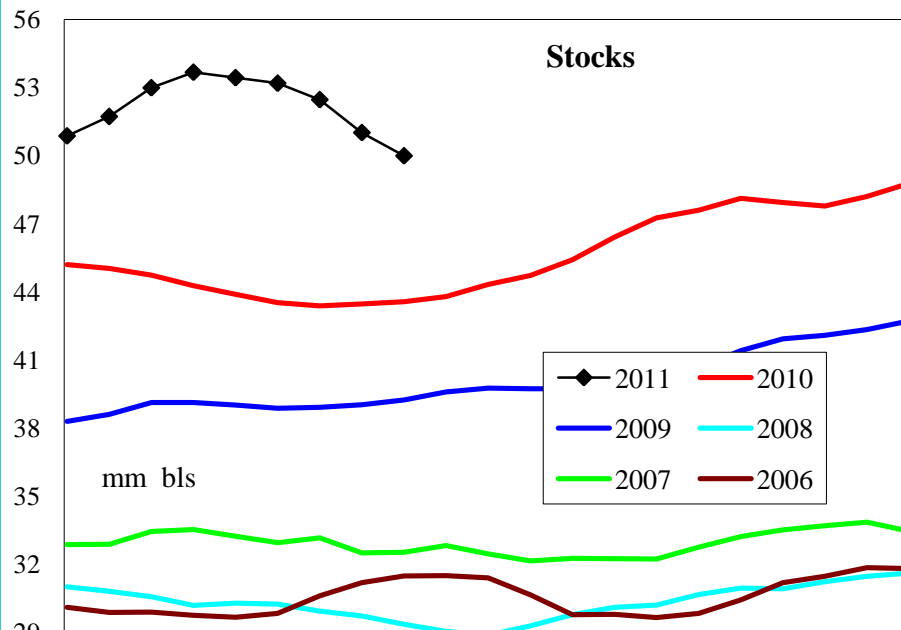
42

9.9

# PADD 3 Conventional Gasoline Supply



# PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

6,372

14.6

Production

340

19.6

Imports

0

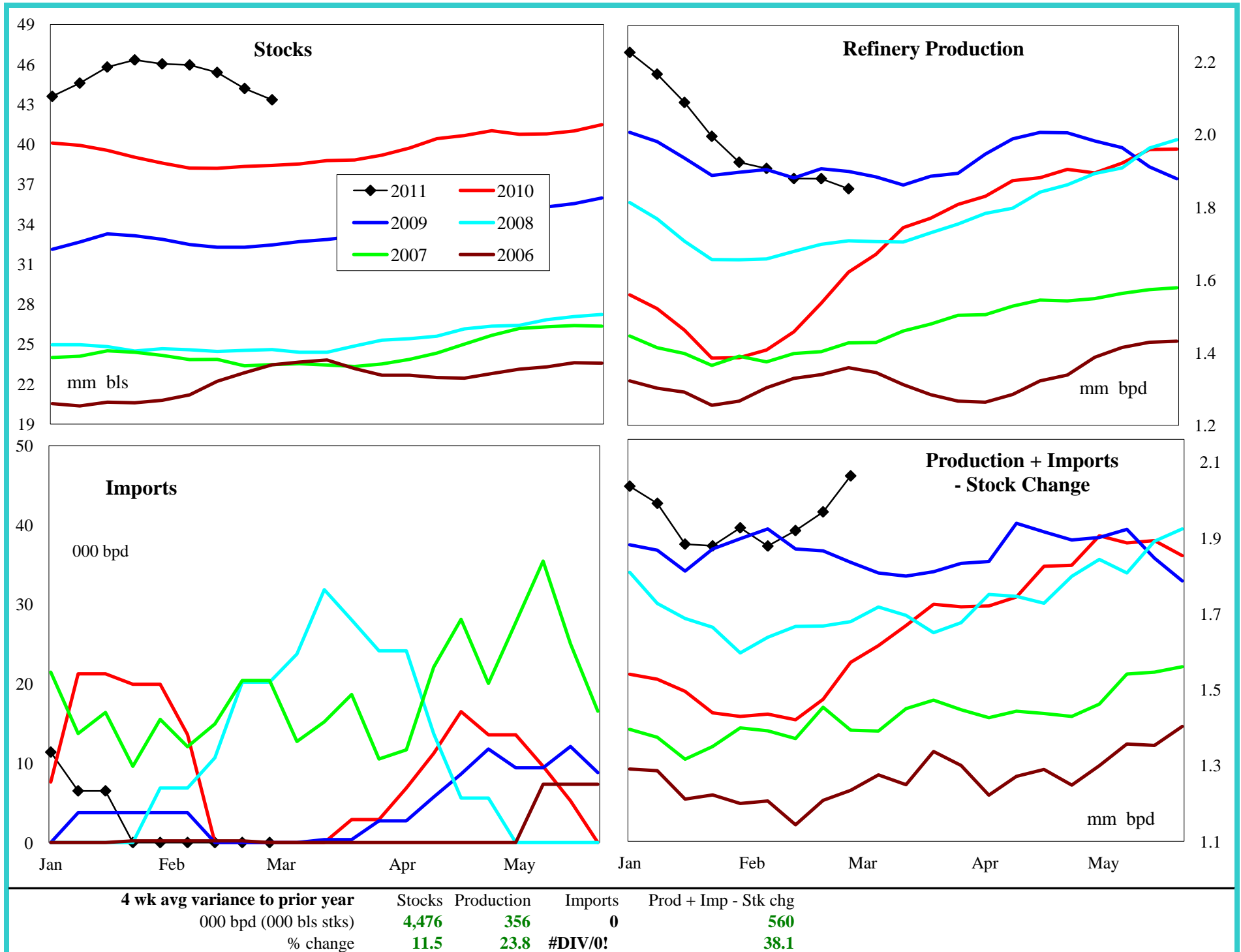
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Prod + Imp - Stk chg

556

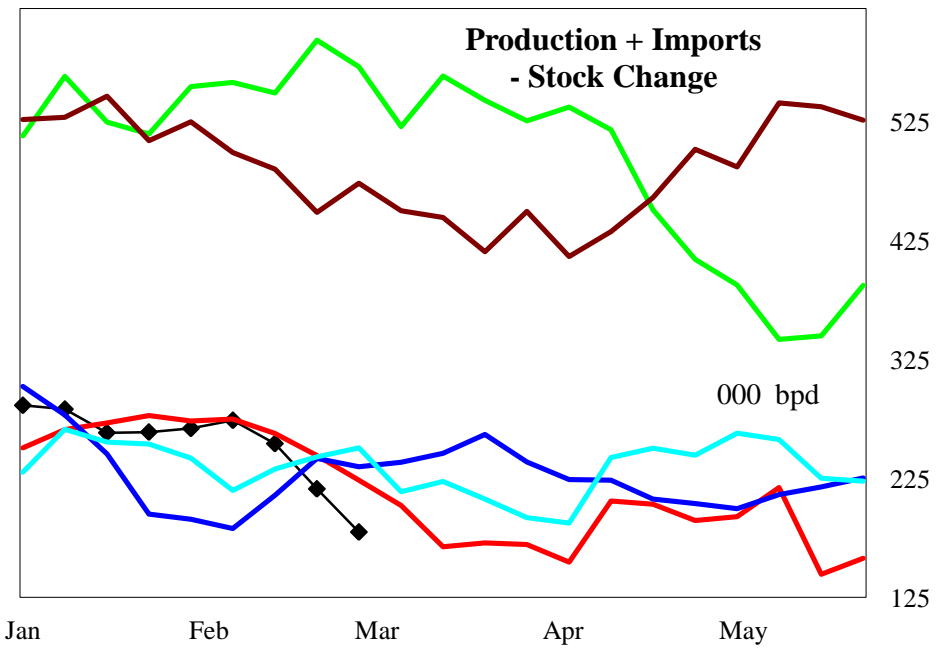
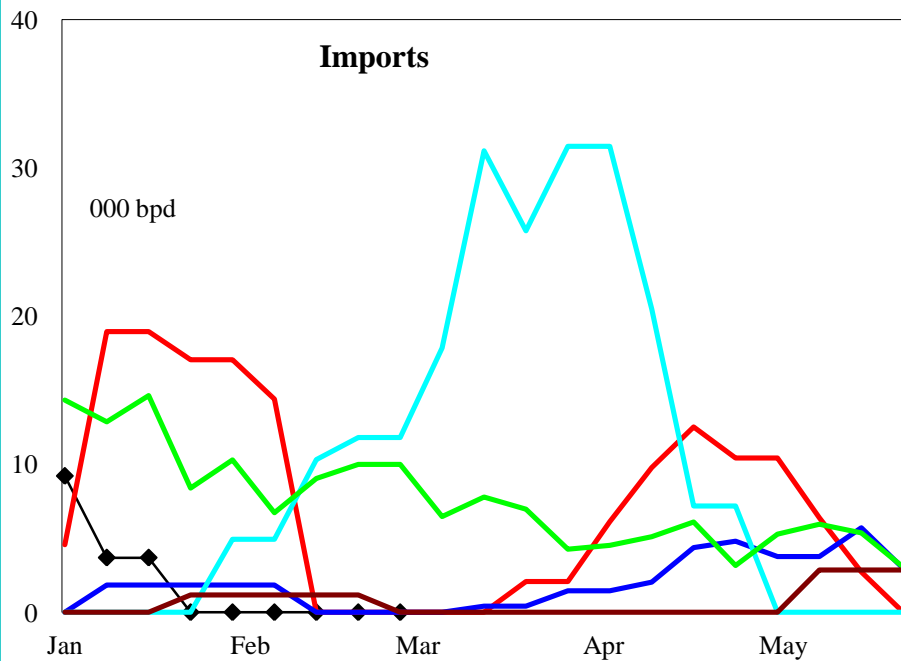
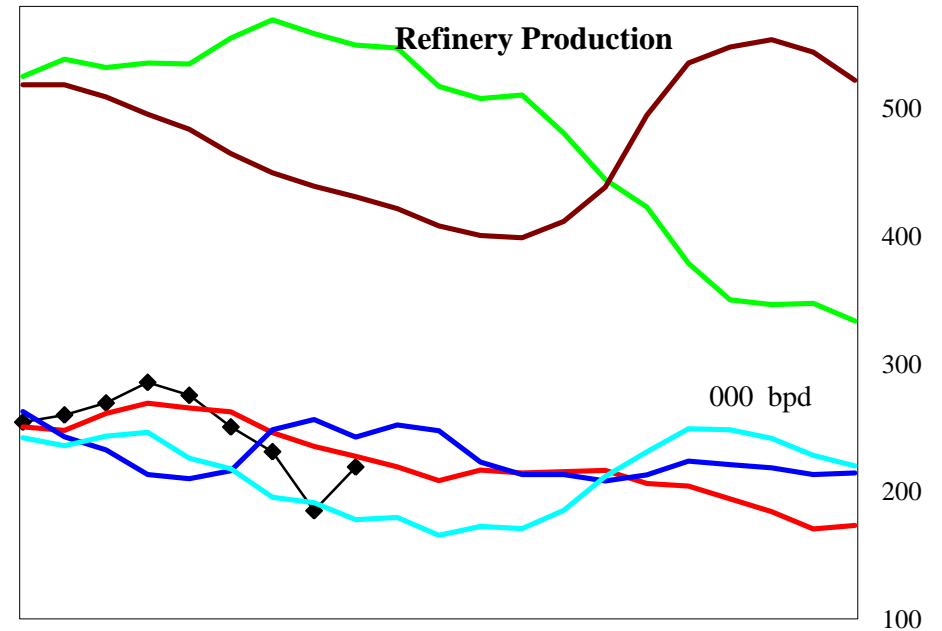
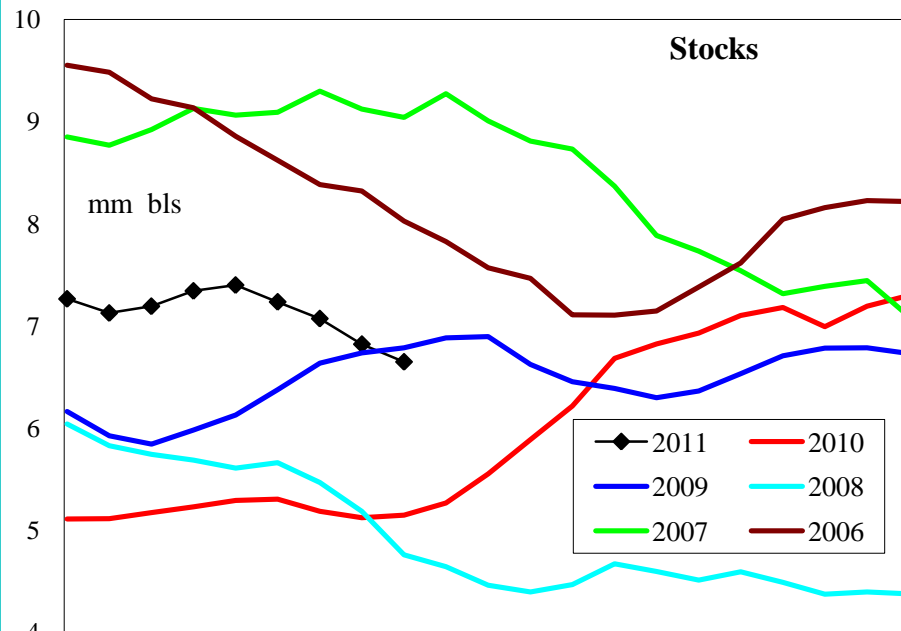
32.2

# 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

1,896

39.9

Production

-17

-7.1

Imports

0

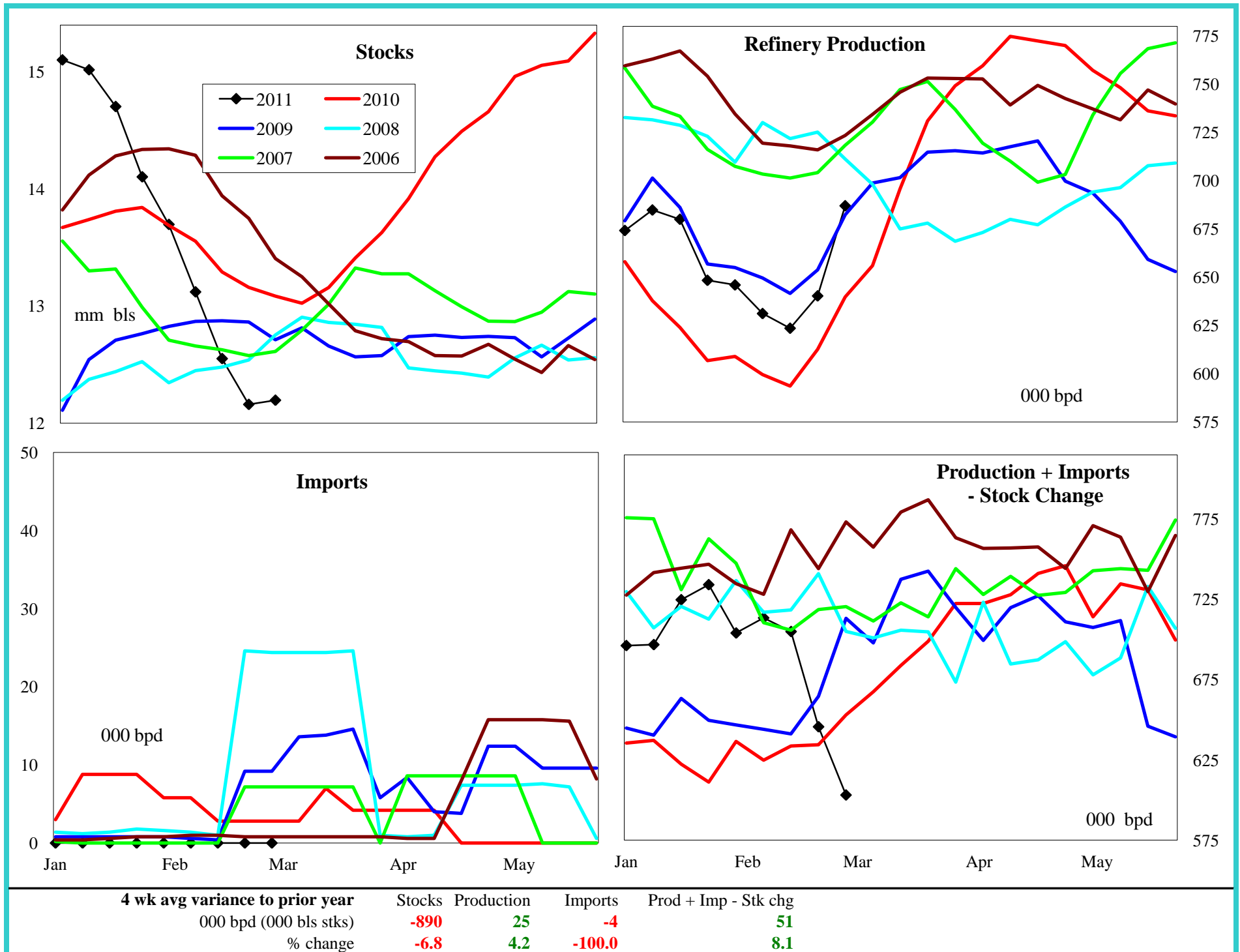
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Prod + Imp - Stk chg

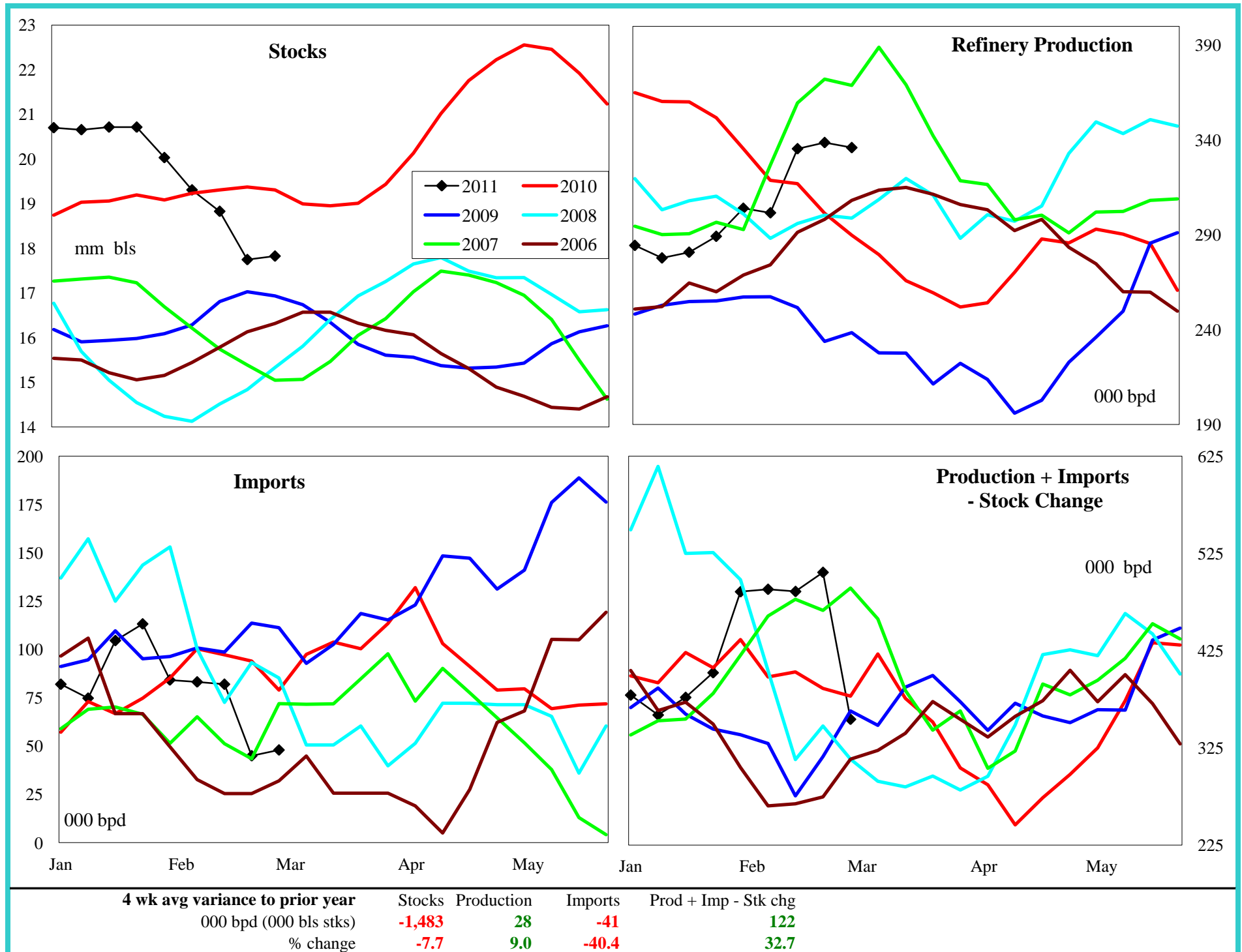
-4

-1.6

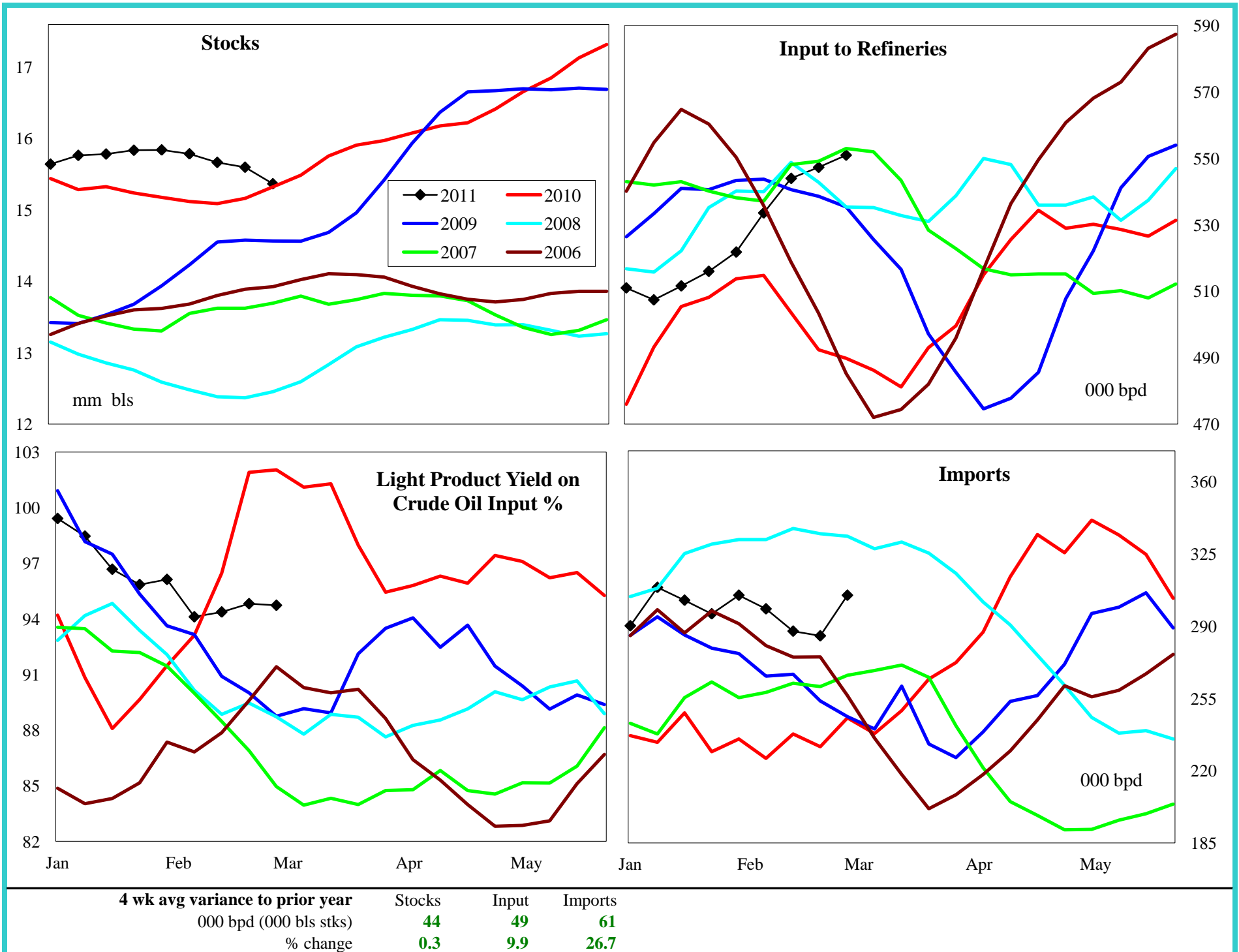
# PADD 3 Jet Fuel Supply



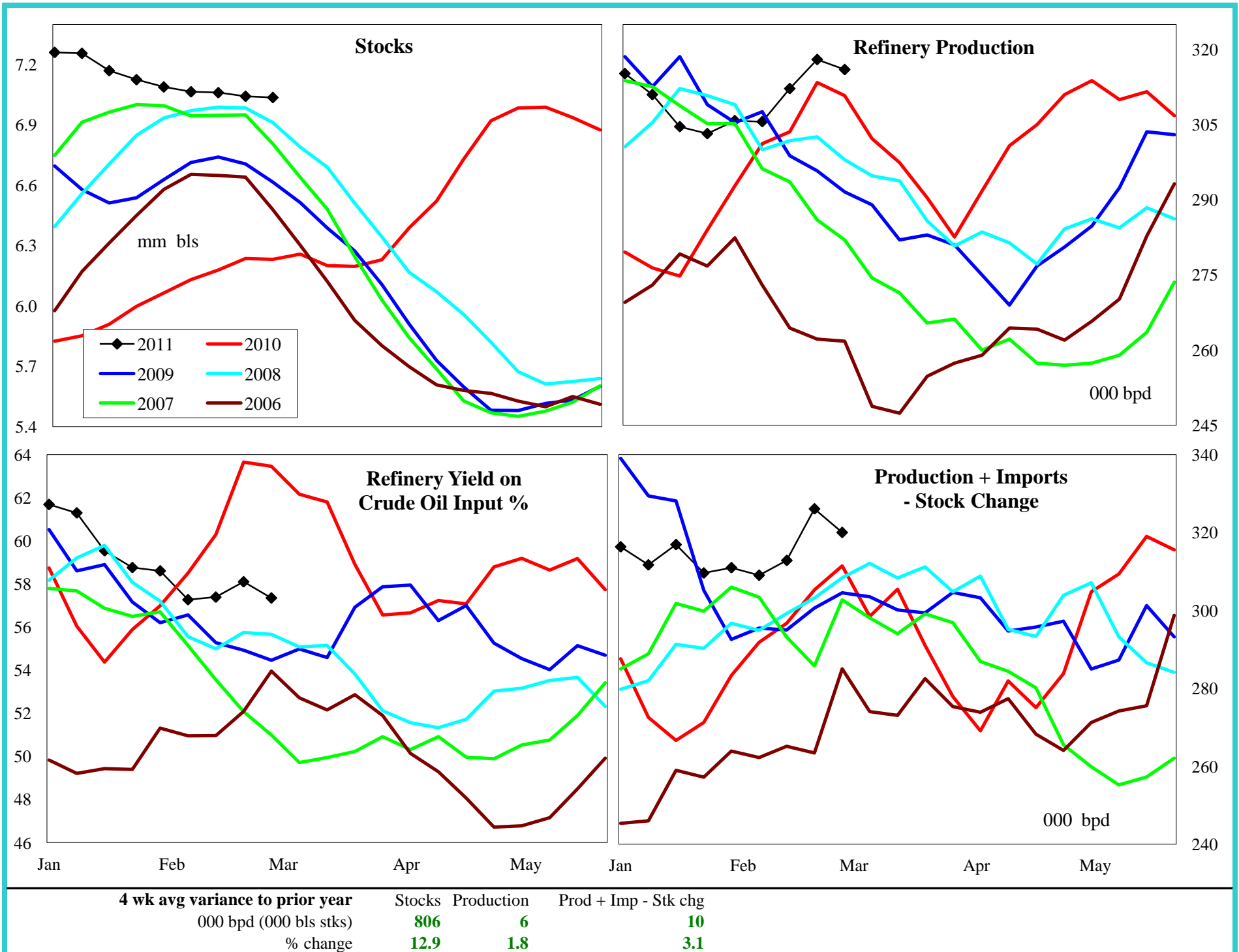
# PADD 3 Residual Fuel Oil Supply



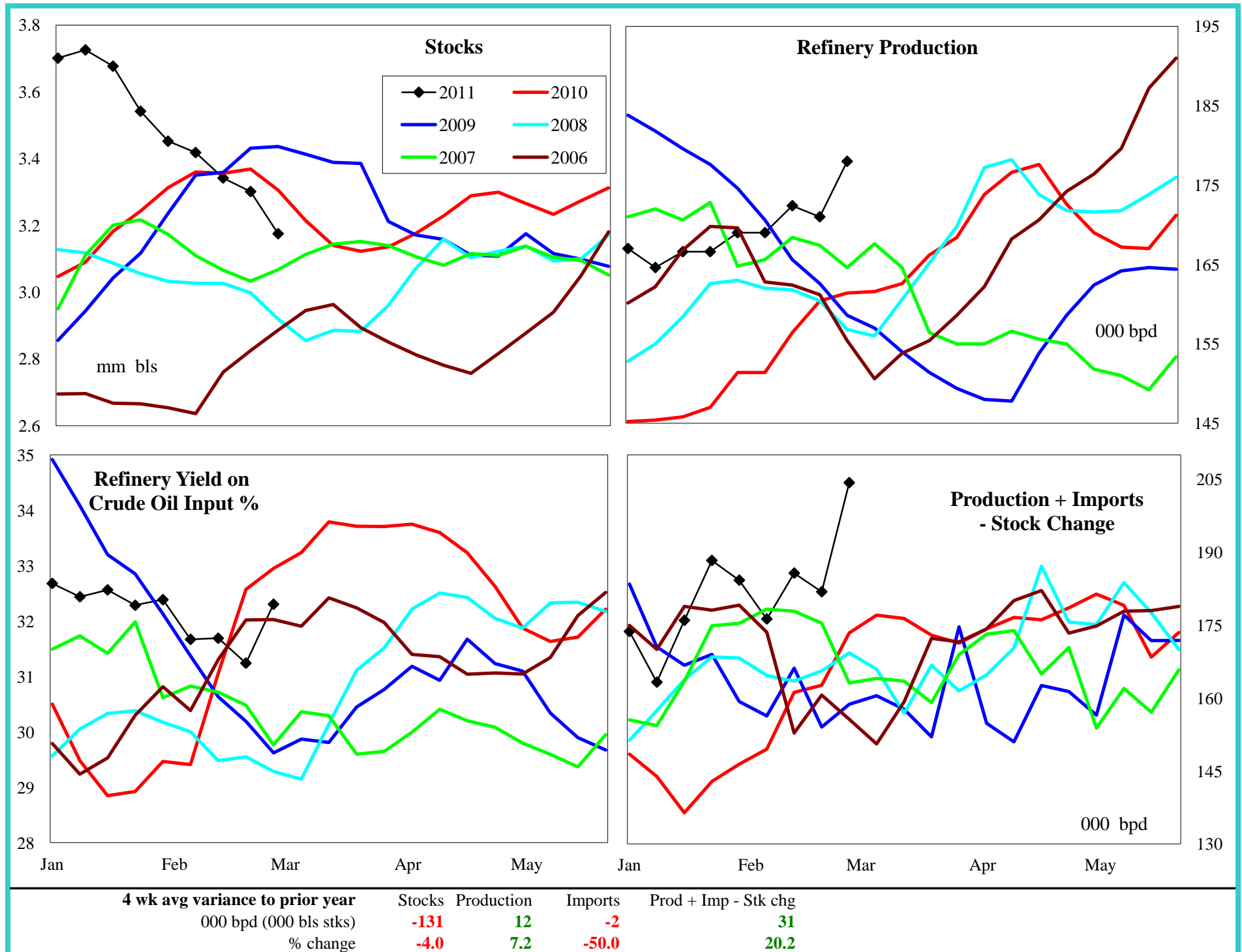
# PADD 4 Crude Oil Supply and Refining



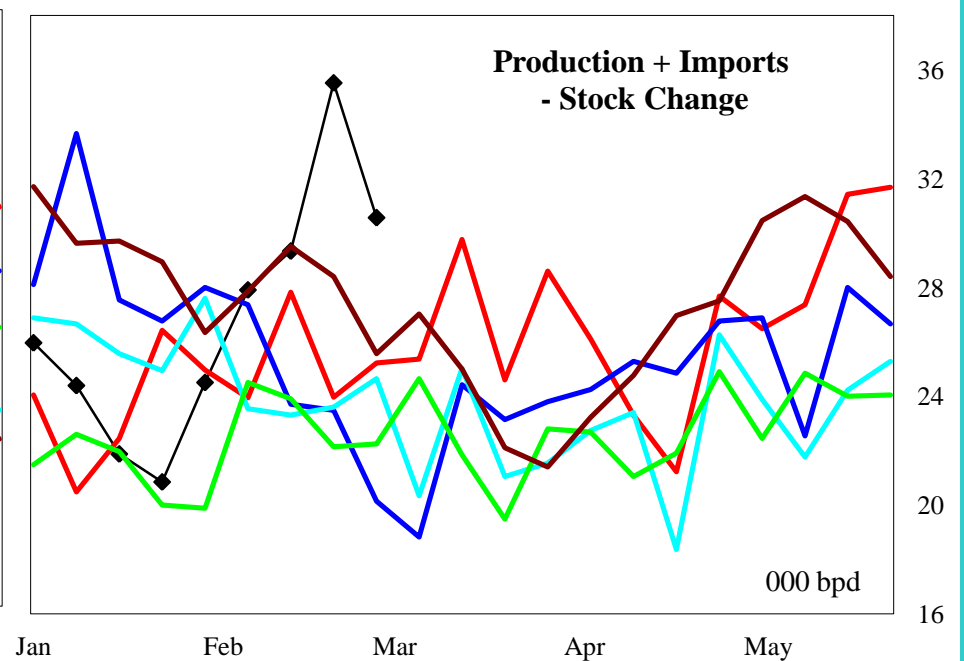
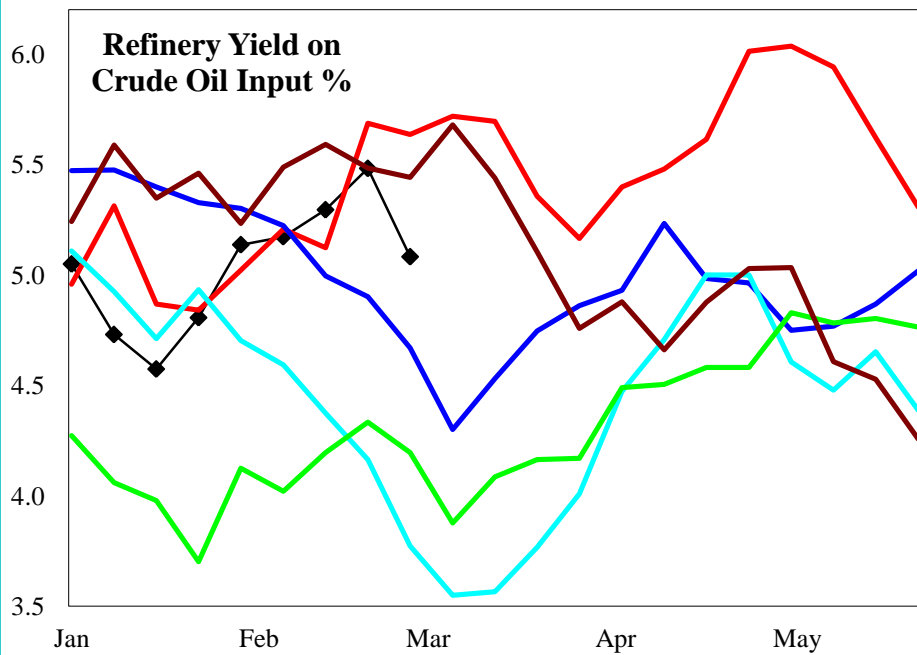
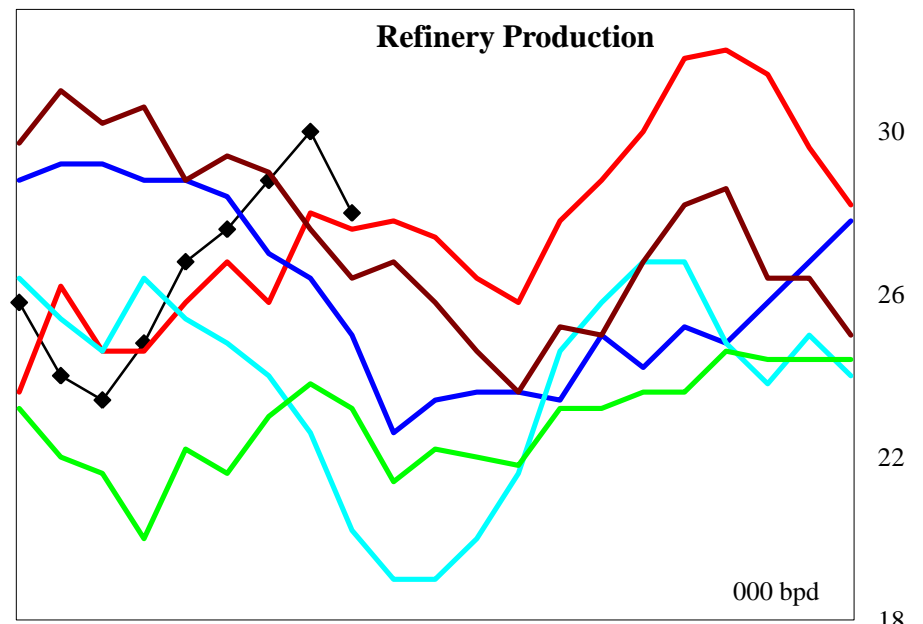
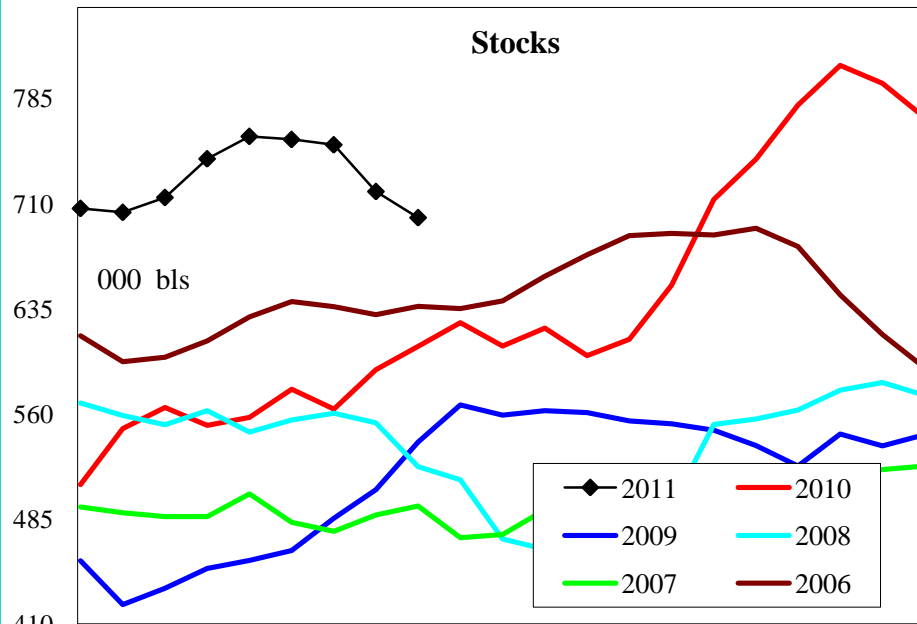
# PADD 4 Gasoline Supply



# PADD 4 Distillate Supply



# PADD 4 Jet Fuel Supply



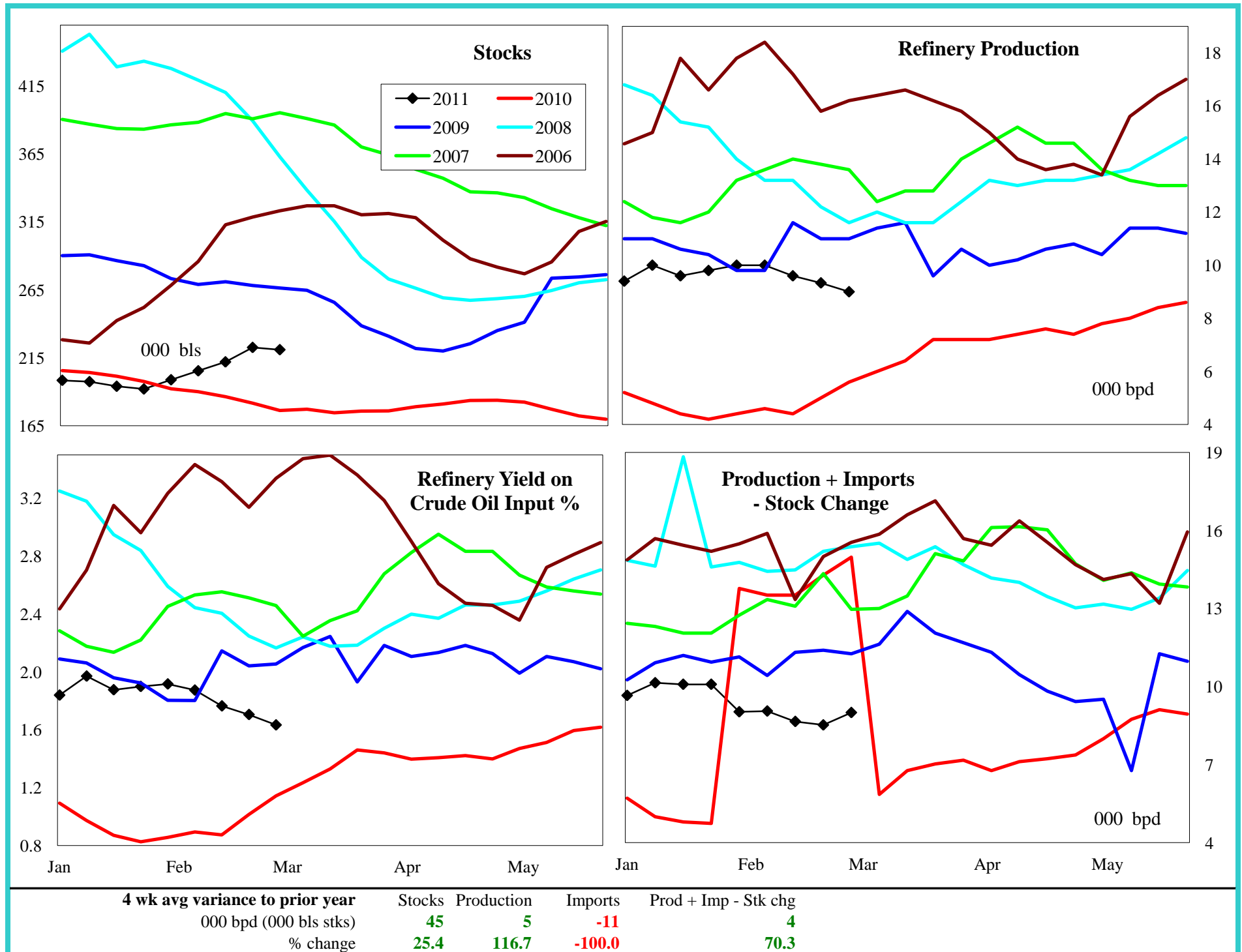
**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

Stocks  
**92**  
**15.1**

Production  
**2**  
**5.4**

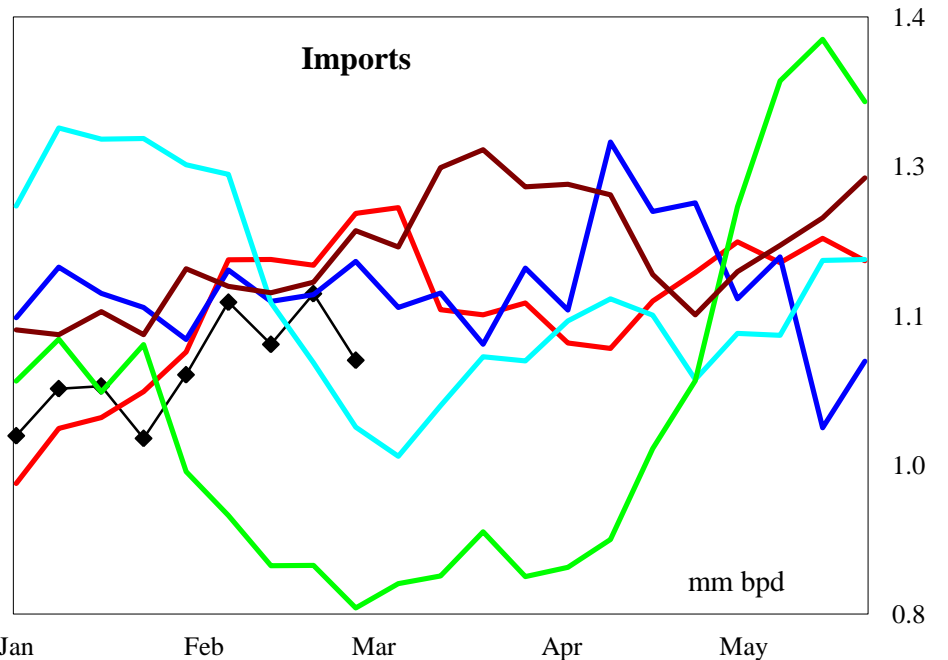
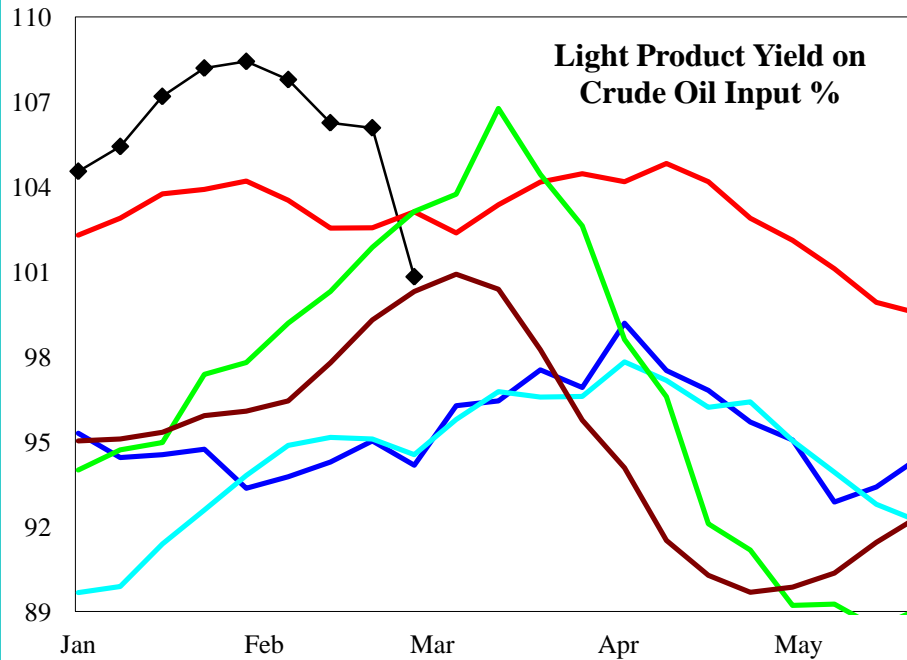
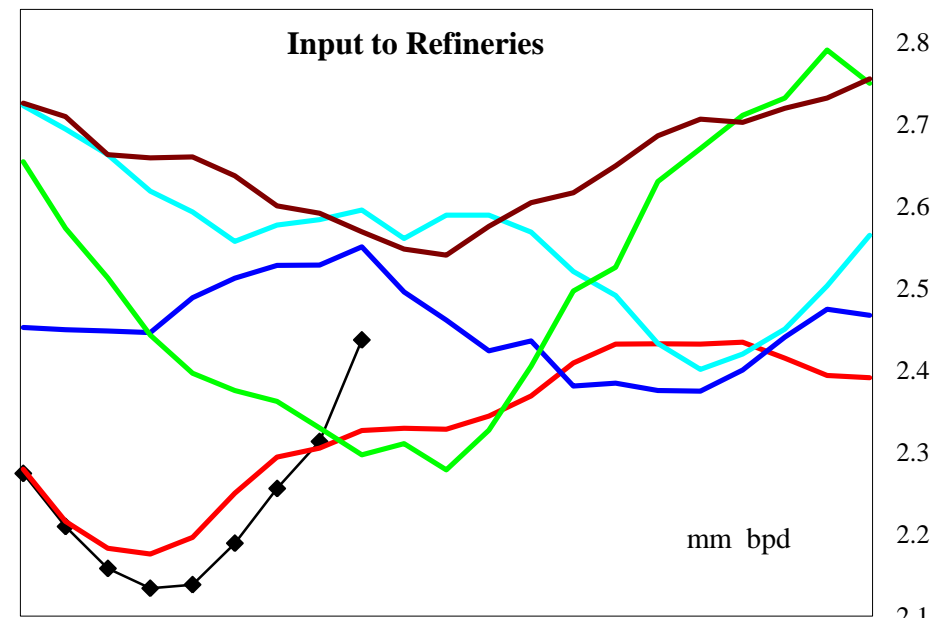
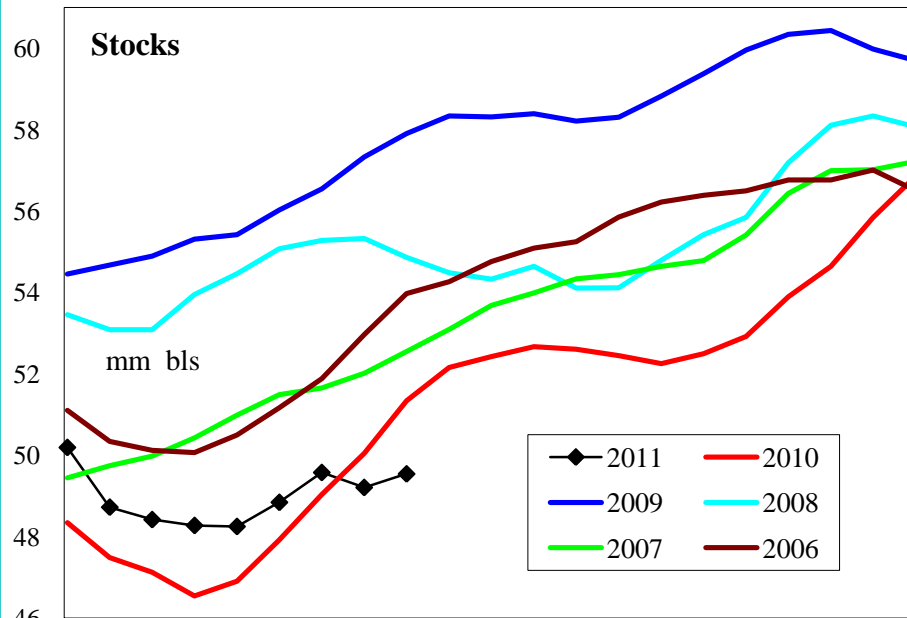
Prod + Imp - Stk chg  
**8**  
**30.6**

# 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

-1,798

-3.5

Input

-30

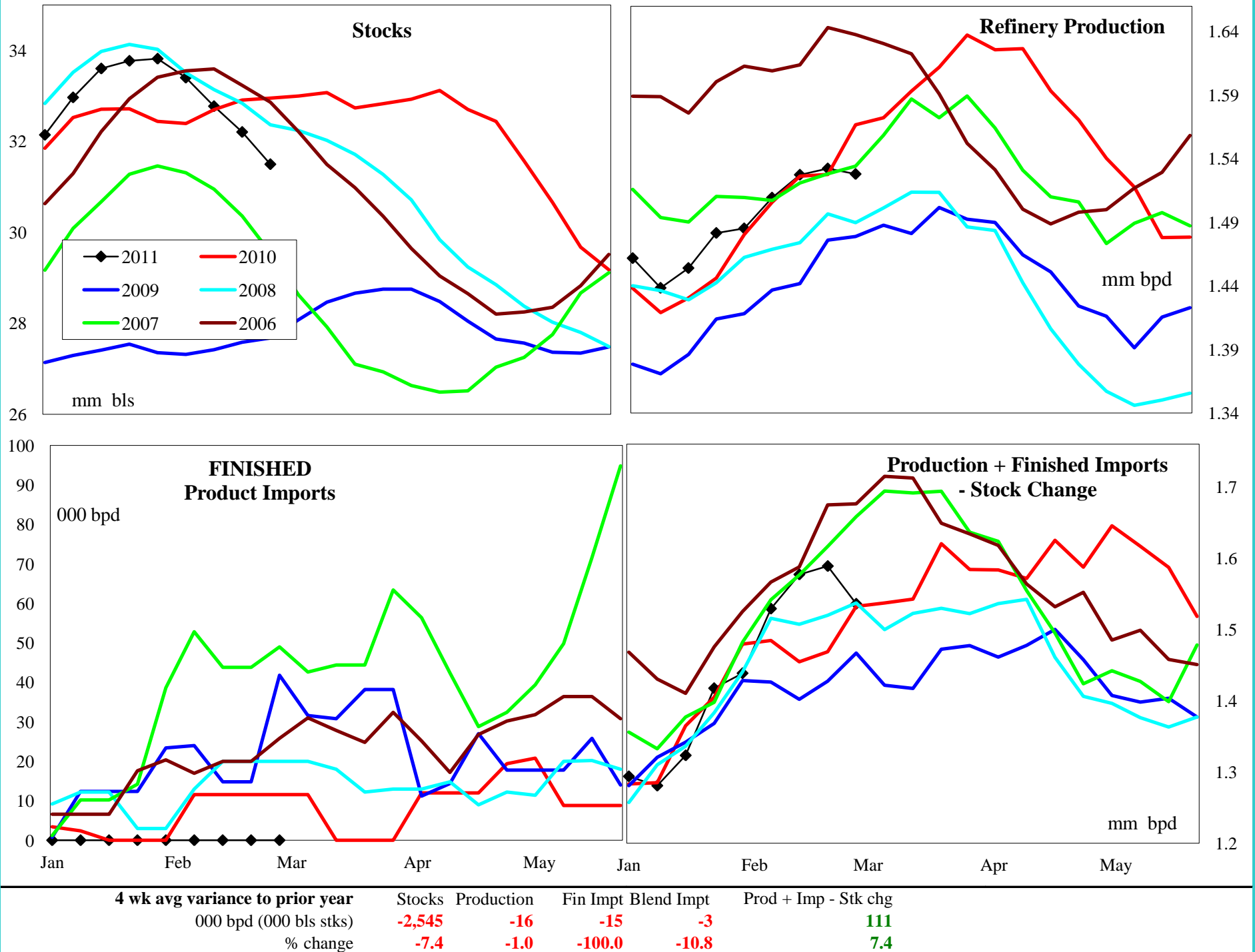
-1.3

Imports

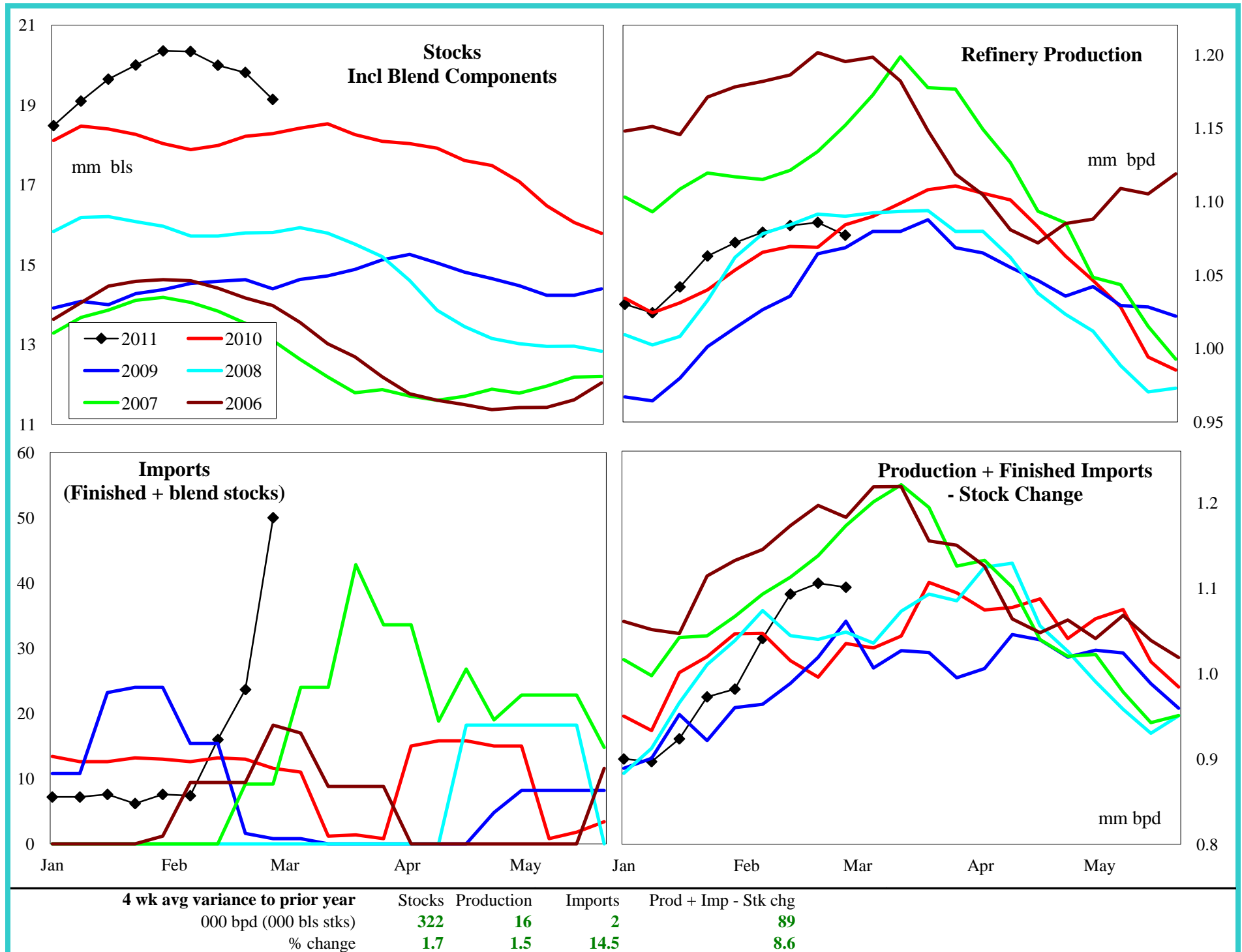
-108

-9.2

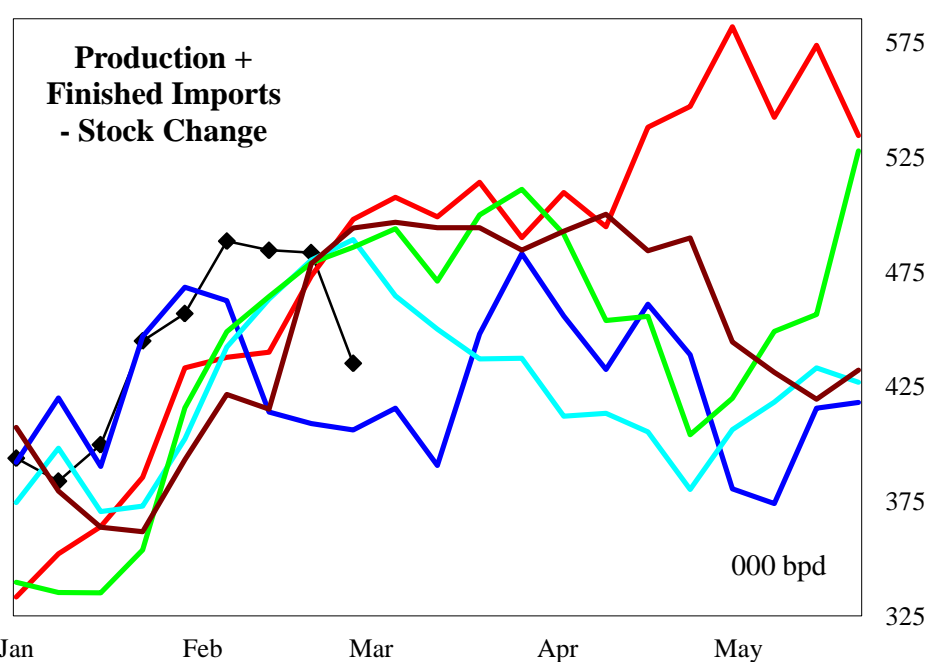
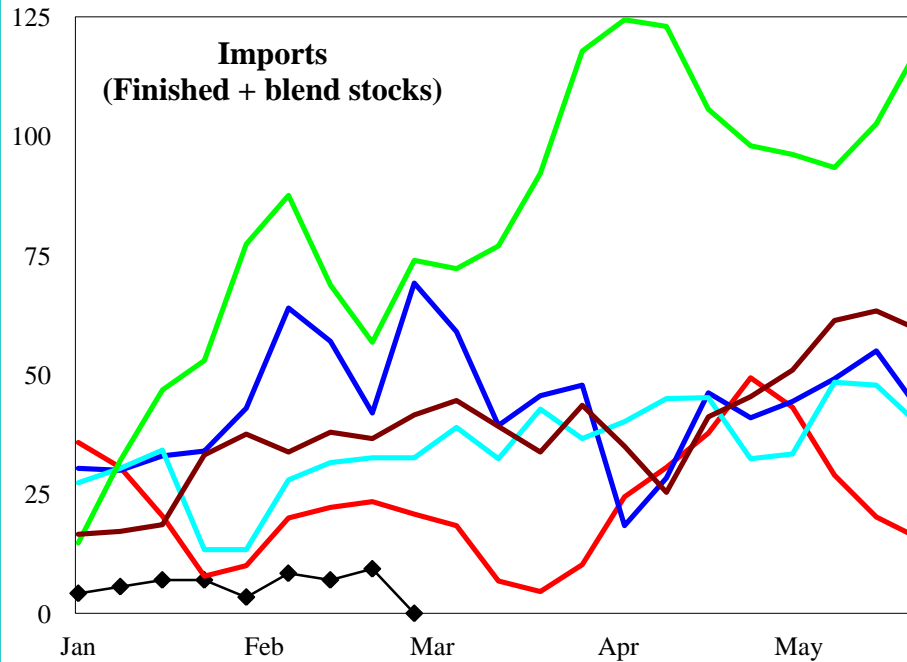
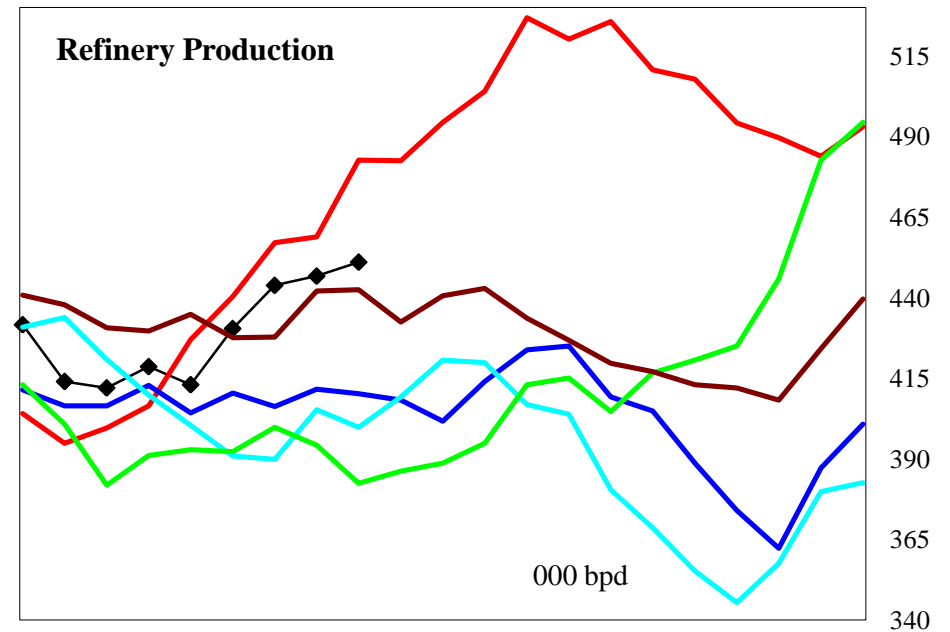
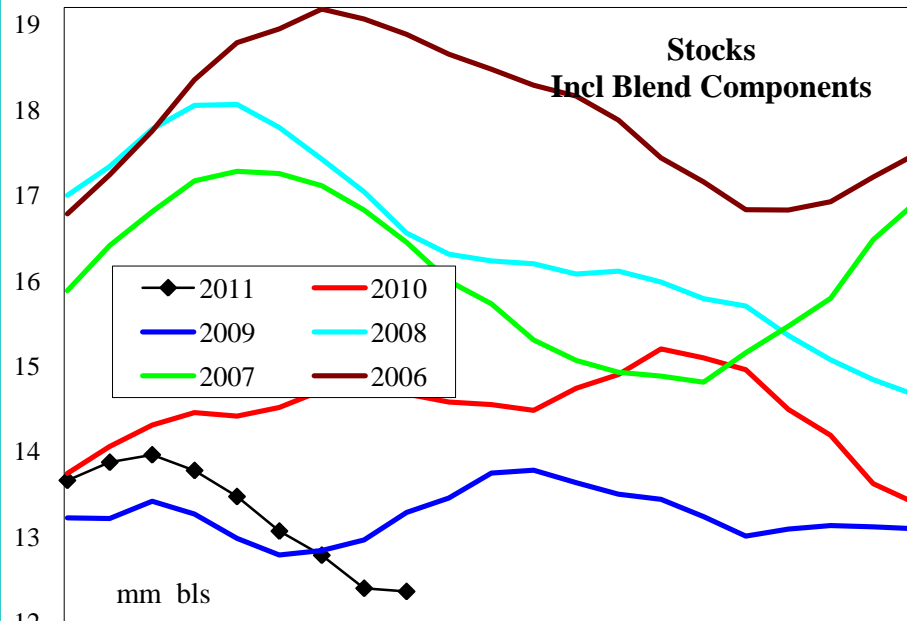
# PADD 5 Gasoline Supply



# PADD 5 Reformulated Gasoline Supply



# PADD 5 Conventional Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-2,867

-32

-20

22

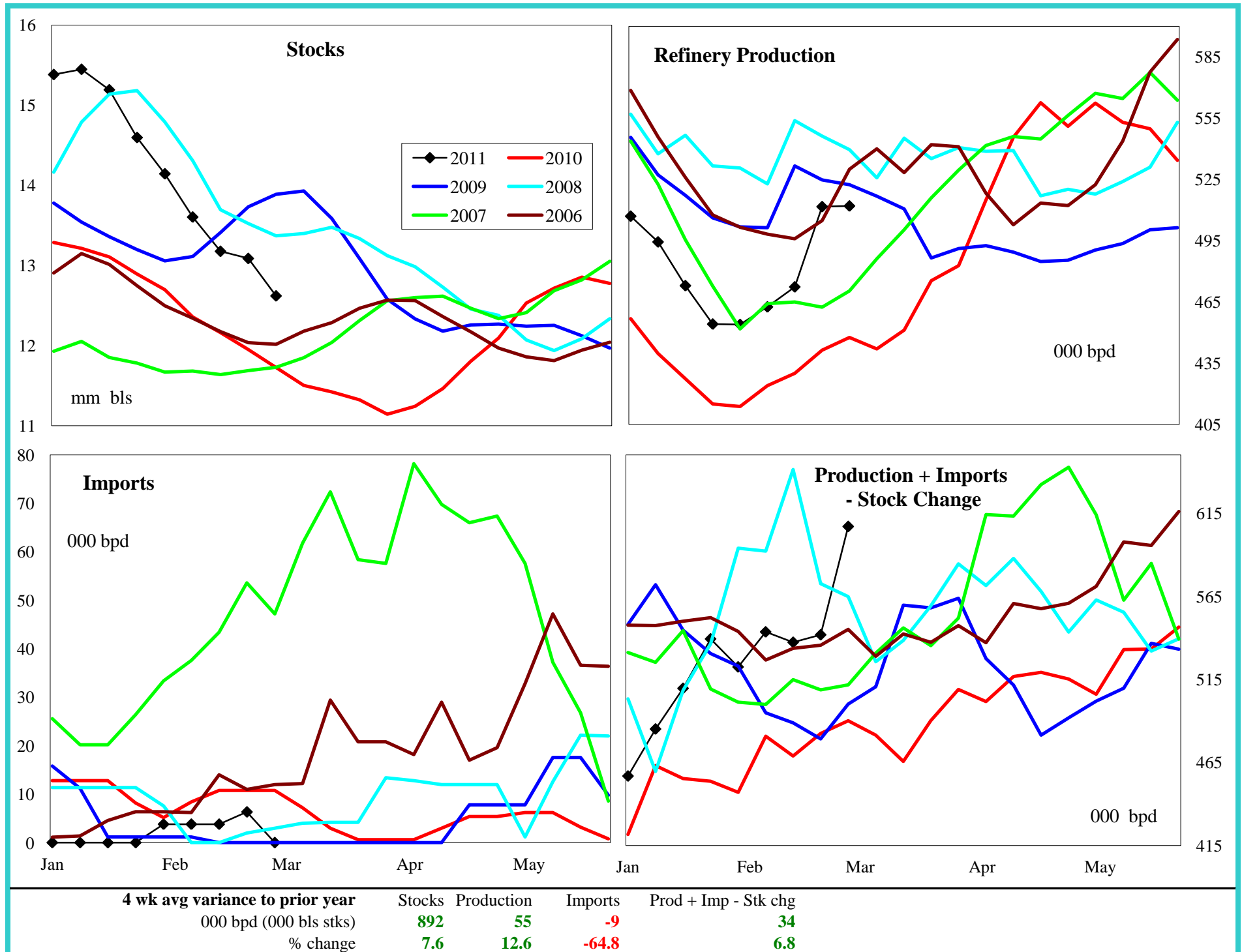
-18.8

-6.8

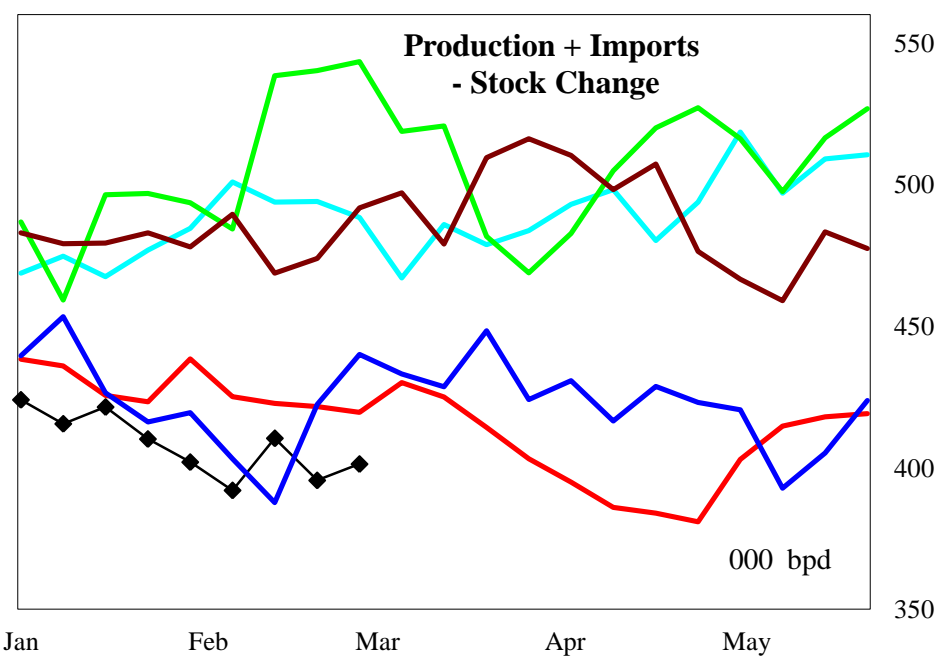
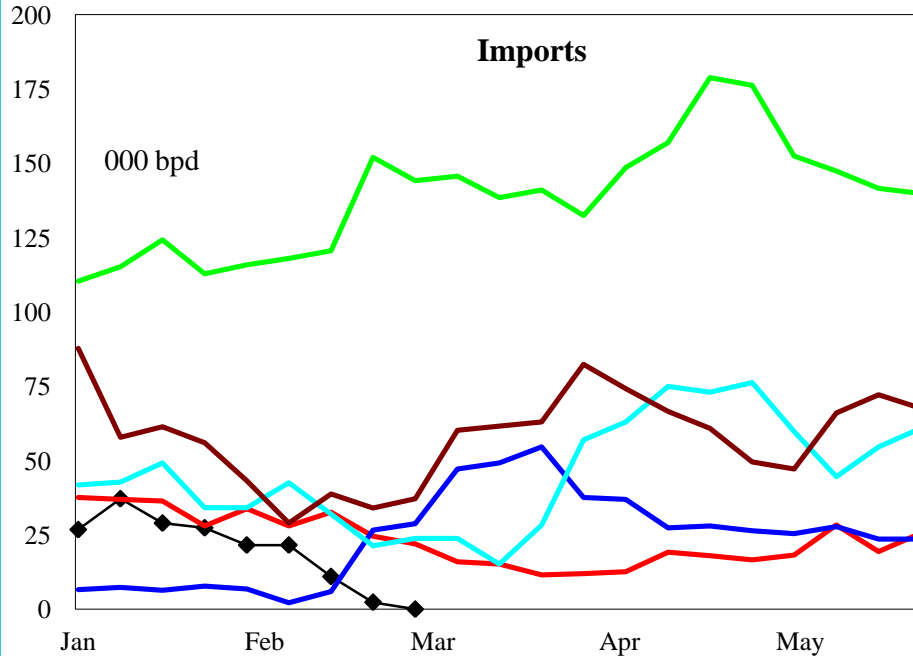
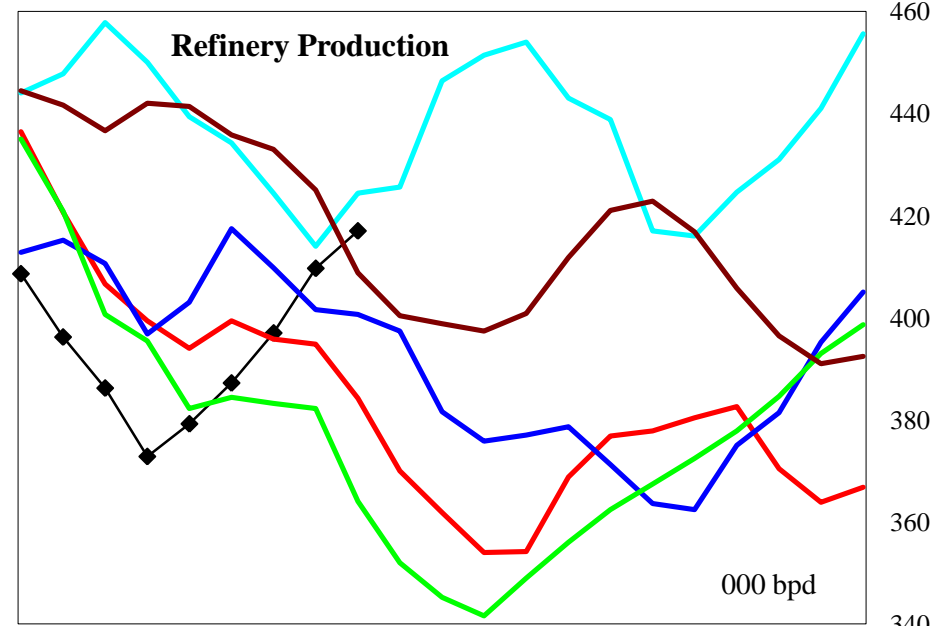
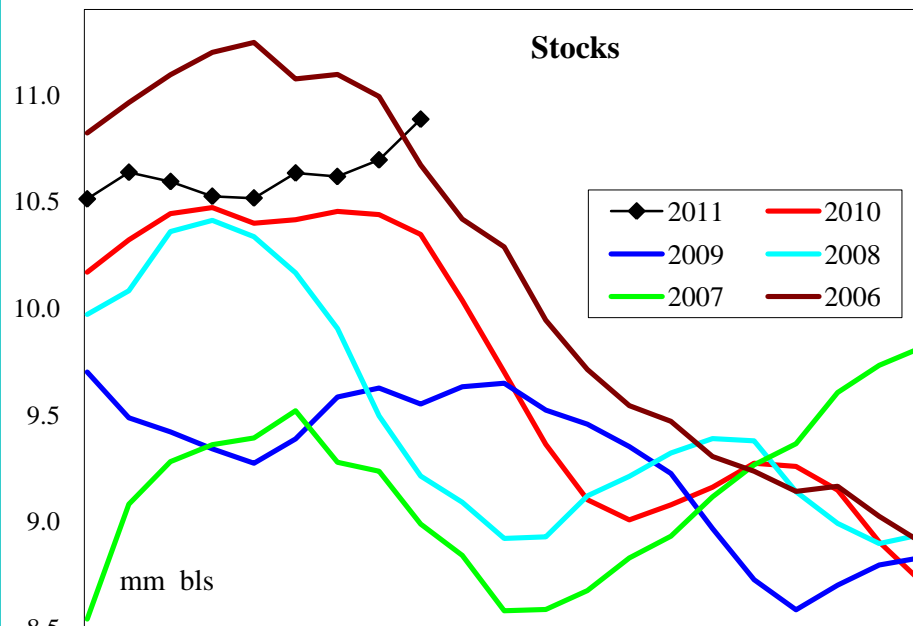
-73.8

4.8

# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks	Production	Imports	Prod + Imp - Stk chg
448	2	-16	-22
4.3	0.4	-55.6	-5.3

# PADD 5 Residual Fuel Oil Supply

