



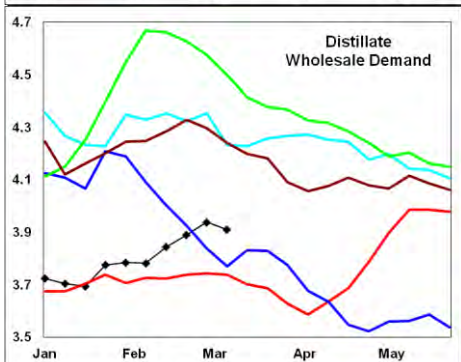
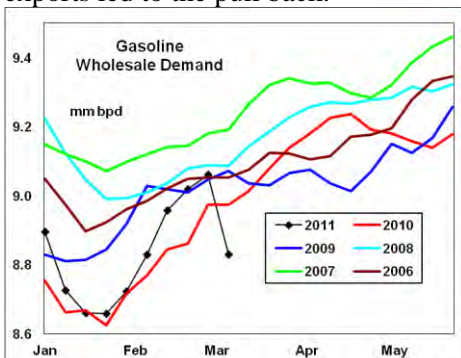
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

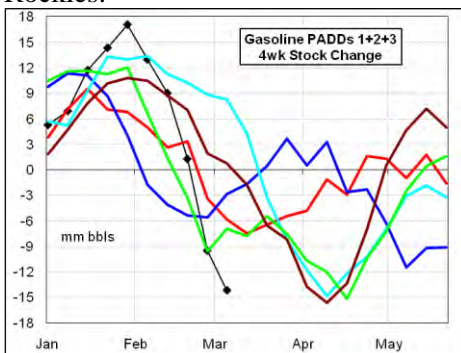
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, March 16, 2011


Major Fundamental Trends¹

Wholesale demand for gasoline and distillate decreased -362,000 bpd and -296,000 bpd; respectively, last week. This followed sharply higher demand for each product in prior weeks. An end to panic buying by the downstream supply chain and some slowing of exports led to the pull back.

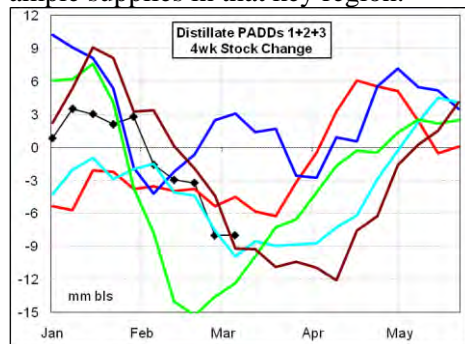


Very low imports and a drop in gasoline production has led to a record 4-wk stock draw in markets east of the Rockies.



The draw down in PADDs 2 and 3 have been significant, pointing to very robust exports from the Gulf that limited deliveries into the Midwest.

An expected rise in gasoline blend stock imports, on favorable import economics, into the Central Atlantic Region of PADD 1 should assure ample supplies in that key region.



The distillate 4-wk stock draw in markets East of the Rockies has exceeded the last 2-years by -4 million barrels, but was less than the 5-year average. Shut down of refiners in Japan should lift west Coast exports to Central and South America. The Gulf region may also witness higher exports to Atlantic Basin markets as Middle East refiners redirect output to Asia.

Demand for gasoline and distillate each decreased -300,000 bpd, following a surge in exports and panic buying on the spike in prices.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline increased +1.4%; distillate up +3.8%; jet fuel up +4.6% while residual fuel oil increased +8.8%.

Stocks forward coverage: Gasoline demand coverage decreased on a -4.2 million barrel draw in stocks more than offsetting lower weekly demand. Coverage levels fell to near the mid range.

Distillate coverage decreased on a -2.6 million barrel stock draw, partially offset by the drop in weekly demand. Coverage levels slipped below the record high for the period.

Jet fuel coverage decreased on a -0.7 million barrel stock draw. Coverage levels were at the mid range.

Refinery utilization rates increased on a +239,000 bpd rise in crude oil runs. Runs for the latest 4-wk period were -

147,000 bpd below a year ago.

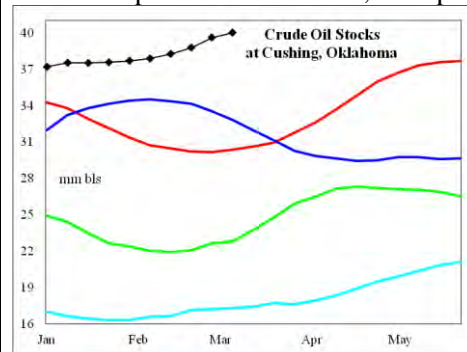
Gasoline yield % on crude oil runs fell on a -282,000 bpd decline in production versus the +239,000 bpd rise in crude oil runs. The yield % on crude oil runs fell to a level below each of the last 2-years.

Distillate yield % on crude oil runs decreased on a +43,000 bpd rise 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 decreased on a -33,000 bpd drop in output, compared to the increase in crude oil runs. The yield % on crude oil runs matched the 5-year mid range.

Petroleum Imports of crude oil and residual fuel were high last week, while imports of transport fuels decreased.

During the latest 4-wk period crude oil imports decreased -536,000 bpd below last year; distillate imports decreased -84,000 bpd; finished gasoline imports decreased -75,000 bpd, gasoline blend stock imports increased +73,000 bpd; jet fuel imports were -44,000 bpd lower, while residual fuel oil imports decreased -55,000 bpd.



Crude Oil imports increased +0.4 million bpd on the week, but remain -0.5 million bpd below last years' record lows. High domestic production and low run rates have offset the reduced imports, so that stock levels remain +6.6 million barrels above a year ago.

PADD 2 crude oil stocks remain extremely high, with the level in Cushing +33% above last years' record high.

¹ Source is latest EIA Weekly Statistics



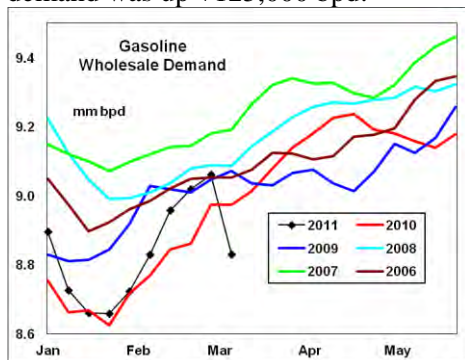
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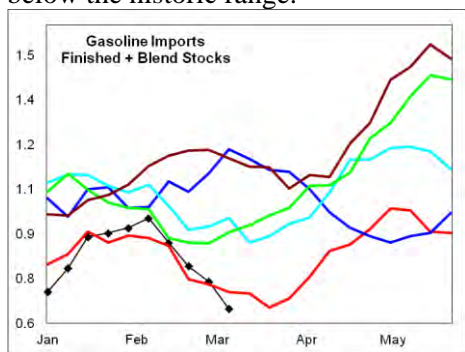
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Product Supply-Demand Trends

Gasoline demand fell -362,000 bpd on the week, following earlier panic buying. The latest 4-wk average demand was up +125,000 bpd.



Production fell -282,000 bpd on the week, with output falling to the historic mid range. Imports decreased -113,000 bpd on the week, to a level below the historic range.



Stocks decreased -4.2 million barrels on the week. Stock levels are now above the 5-year mid range.

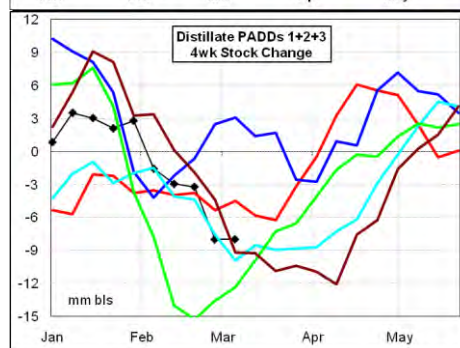
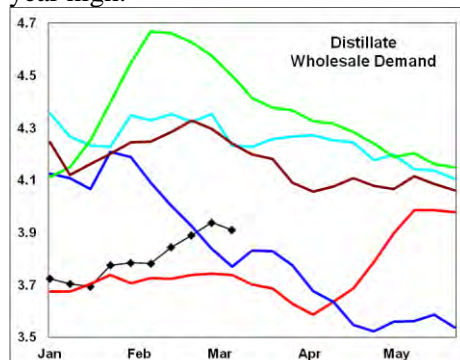
Sharply higher imports of spring grade blending material are expected for the East Coast during the next month on favorable import economics. As the imports arrive, the key Central Atlantic Region should be very well supplied. Stock levels are unusually low in the Midwest, with risk of very tight supplies during spring maintenance in that region.

Distillate demand reversed much of the earlier week spike, declining -296,000 bpd on the week. The latest 4-wk average demand was +142,000 bpd above last year.

Supply decreased -52,000 bpd on lower imports, partially offset by a +43,000 bpd rise in production. Production levels were above the

historic range last week.

Stocks decreased -2.6 million barrels, on the week, with the level +4.5 million barrels above the prior 5-year high.



The latest 4-wk stock change in PADDs 1+2+3 was a draw of -8 million barrels, slightly less than the 5-year mid range.

Stock levels extended the seasonal draw last week, with the level now only slightly above the prior 5-year high. Production levels exceed the historic highs, supported by record levels in PADDs 3, 4 and 5. The distillate supply balance continues to tighten. Expect robust exports from both the West Coast, due to the shutdown of Japanese refineries, and Gulf Coast refining centers to support distillate prices.

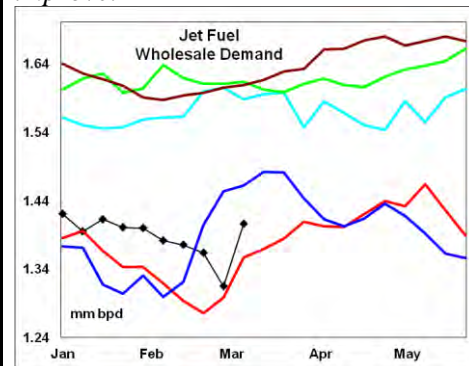
Jet Fuel demand increased +126,000 bpd on the week. The latest 4-wk average demand was +59,000 bpd above last year's record low level.

Supply declined -35,000 bpd, on lower production and record low imports. Stocks decreased -0.7 million barrels, including a -1.7 million barrel plunge in PADD 1. Stock levels matched the historic mid range.

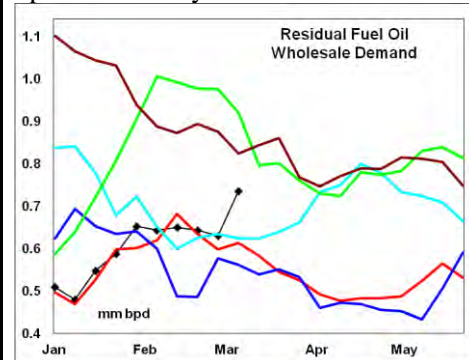
PADD 1 is experiencing a severe

supply squeeze on lower receipts from the Gulf and a lack of imports. Stock levels in PADDs 3 and 2 were also below the historic range. Stocks did increase in major regions other than PADD 1, which points to improving supply. Demand remains comparable to the low levels of the last 2-years.

Jet fuel cash basis should trend lower from the recent spike as supplies improve.



Residual fuel oil demand, including exports, increased +144,000 bpd last week, with the 4-wk average +52,000 bpd above last year.



Supply (production + imports) increased +23,000 bpd on higher imports. The latest 4-wk average supply was -59,000 bpd below a year ago, due to lower imports. Stocks fell -1.2 million barrels to a level that matched 5-year lows

The latest 4-wk average demand was marginally above the prior three years. Stock levels plunged to record lows in PADD 1 while continuing to trend lower in the Gulf.

Expect demand for residual fuel in Asia to lead to lower imports to the U.S. and a tightening in the supply balance during the next quarter.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

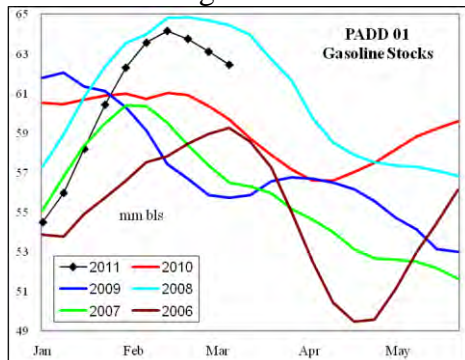
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PADD Supply Trends

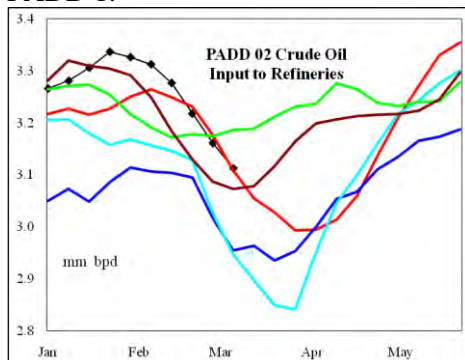
PADD 1 refinery crude oil runs increased +7,000 bpd last week, with the 4-wk average -105,000 bpd below a year ago. Imports were down -27% from last years' record low, driven by refinery closures.

Gasoline production declined -6,000 bpd on the week, while imports fell -167,000 bpd. Import levels were below the 5-year range. Stocks decreased -0.6 million barrels to a level at the upper end of the historic range.



Distillate supply decreased -76,000 bpd on the week, with the level near 5-year lows. Stocks declined -1 million barrels to a level near historic highs.

Jet fuel stocks plunged -1.7 million barrels last week, to a 5-year low, on a sharp reduction in receipts from the Gulf and record low imports into PADD 1.



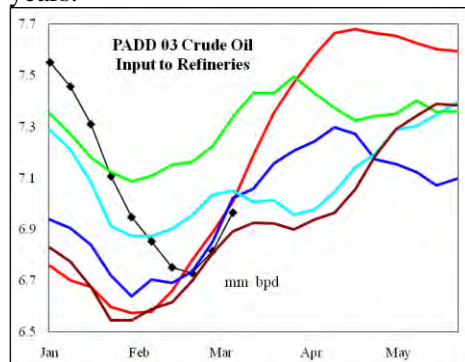
PADD 2 crude oil refinery runs declined -23,000 bpd on the week, with the level above the mid range for the period. Stocks declined -1.3 million barrels on the week, including a -0.2 million barrel draw in Cushing. Imports were +234,000 bpd above last year and at record highs.

Gasoline production declined -109,000 bpd last week, a level slightly below that of the last 2-years. Stocks decreased -1.4 million barrels, to a level below the 5-year range.

Distillate supply decreased -83,000 bpd, with the level above the 5-year mid range. Stocks decreased -1.2 million barrels on the week, to a level at the mid range.

Jet fuel production jumped +42,000 bpd to a level above the historic range. Stocks were +0.4 million barrels higher on the week, although the level was at the low end of the historic range.

PADD 3 crude oil runs increased +254,000 bpd last week. The latest 4-wk average runs were -80,000 bpd below last year. Crude imports increased +0.4 million bpd, although the level remains near 5-year lows. Stocks increased +2.9 million barrels, with the level below four of the last 5-years.



Gasoline production increased +27,000 bpd, with imports up +83,000 bpd last week. Stocks fell -2.5 million barrels, with the level at the 5-year mid range.

Distillate production increased +58,000 bpd on the week, with the level matching 5-year highs. Stocks declined -0.5 million barrels last week to a level +13% above the prior historic high.

Jet fuel production fell -63,000 bpd on the week, to a level below the 5-year range. Stocks increased +0.3 million barrels, although the level remains below the historic range.

Residual fuel oil supply increased +95,000 bpd on the week, with imports

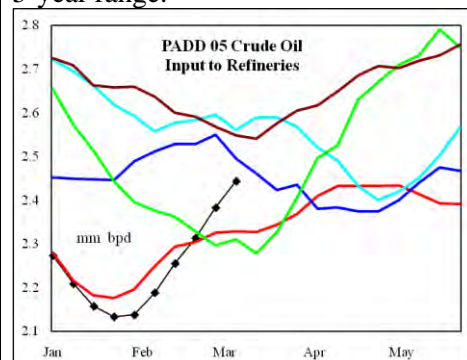
at record high levels. Stocks remain above the historic mid range.

PADD 4 refinery crude runs decreased -8,000 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 -0.2 million barrels to a level at the upper end of the 5-year range.

Gasoline production fell -40,000 bpd on the week, to a level below the mid range. Stock levels were unchanged at a new 5-year season high.

Distillate production decreased -7,000 bpd, with the level above the historic range. Stock levels were comparable to the last 2-years.

PADD 5 crude oil refinery runs increased +7,000 bpd on the week, with the latest 4-wk average +22,000 bpd above last year. Crude oil imports were nearly unchanged on the week, at a level below the mid range. Stocks increased +0.5 million barrels, although the level remains below the 5-year range.



Gasoline production increased +21,000 bpd on the week, a level at the mid range. Stocks increased +0.3 million barrels with the level near the historic mid range.

Distillate production jumped +59,000 bpd to a level above the 5-year range. Stock levels were slightly above the historic mid range.

Jet fuel stocks increased +0.3 million barrels, to new season record high. Production was at the upper end of the historic range.


**FUNDAMENTAL
PETROLEUM
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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

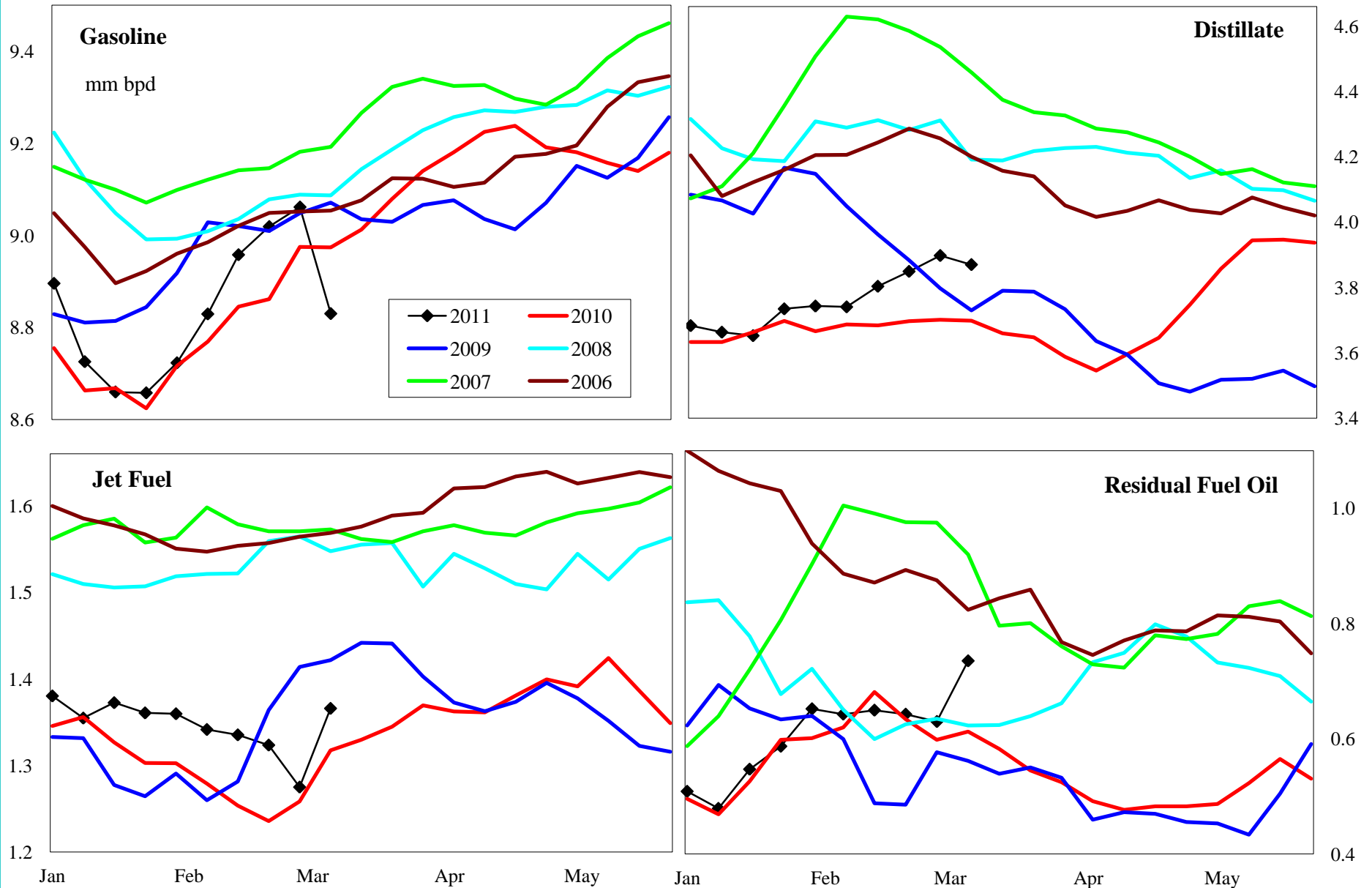
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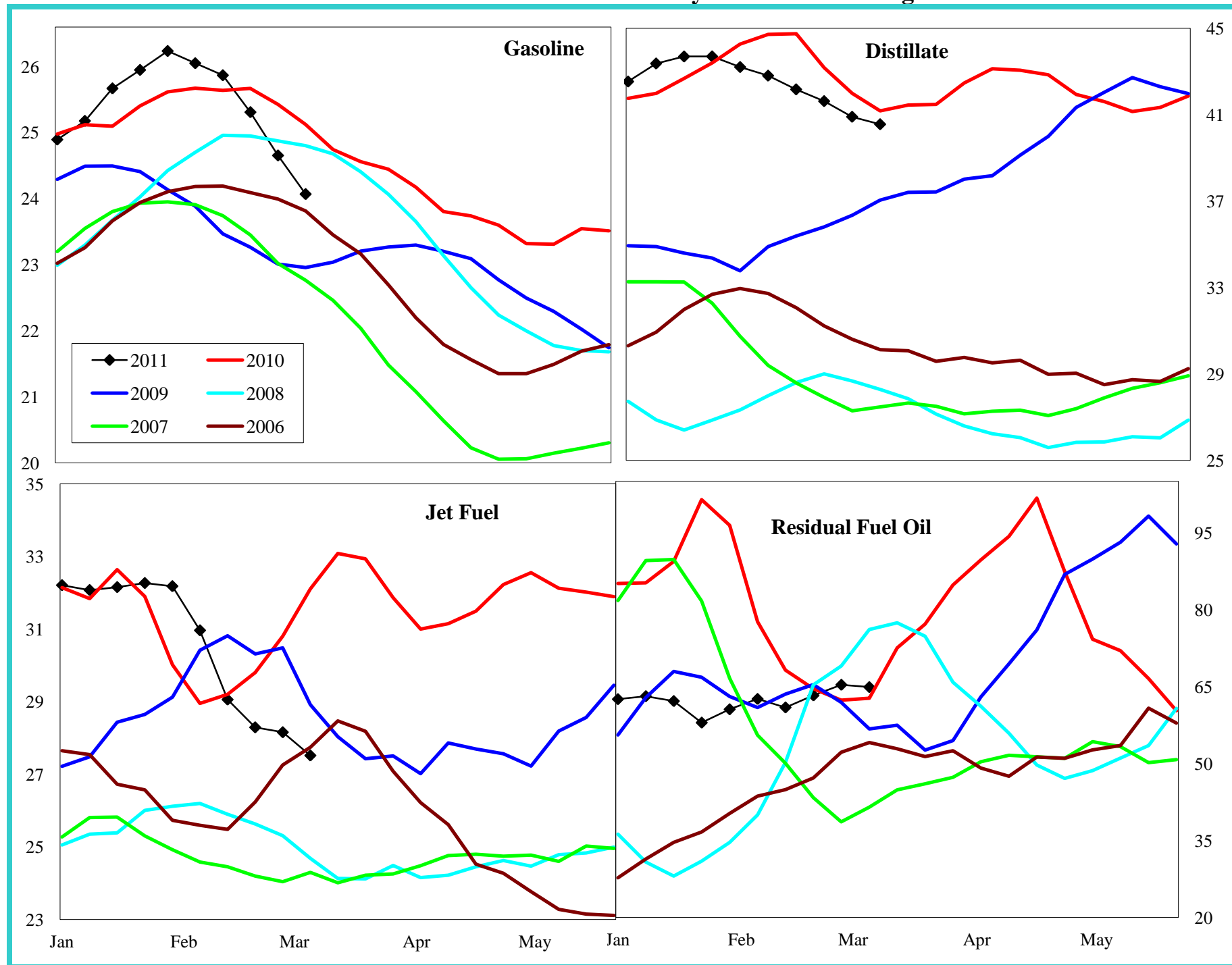
Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization</u> <u>Product Yield %</u>				<u>Imports</u>
Supply/Demand Trends	11-Mar-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	1,745	-153	-1,252	2,865	-203	488
	Imports	381	57	-32	410	-35	-18
	Input	239	7	-23	254	-8	7
	% Utilization	1.40					
<u>Gasoline</u>	Stocks	-4,174	-563	-1,411	-2,522	3	319
	Production	-282	-6	-109	27	-40	21
	Imports	-113	-167	21	83	0	-50
	Supplied	-362					
<u>Distillate</u>	Stocks	-2,601	-968	-1,195	-460	136	-114
	Production	43	-1	-66	58	-7	59
	Imports	-91	-75	-17	0	0	0
	Supplied	-296					
<u>Jet Fuel</u>	Stocks	-709	-1,736	421	275	-4	334
	Production	-33	-8	42	-63	0	-2
	Imports	-2	-4	0	0	0	3
	Supplied	126					
<u>Residual Fuel Oil</u>	Stocks	-1,218	-948	53	-290	0	-33
	Production	-40	2	8	-62	2	10
	Imports	63	-56	-2	157	0	-36
	Supplied	144					

United States Wholesale Petroleum Demand

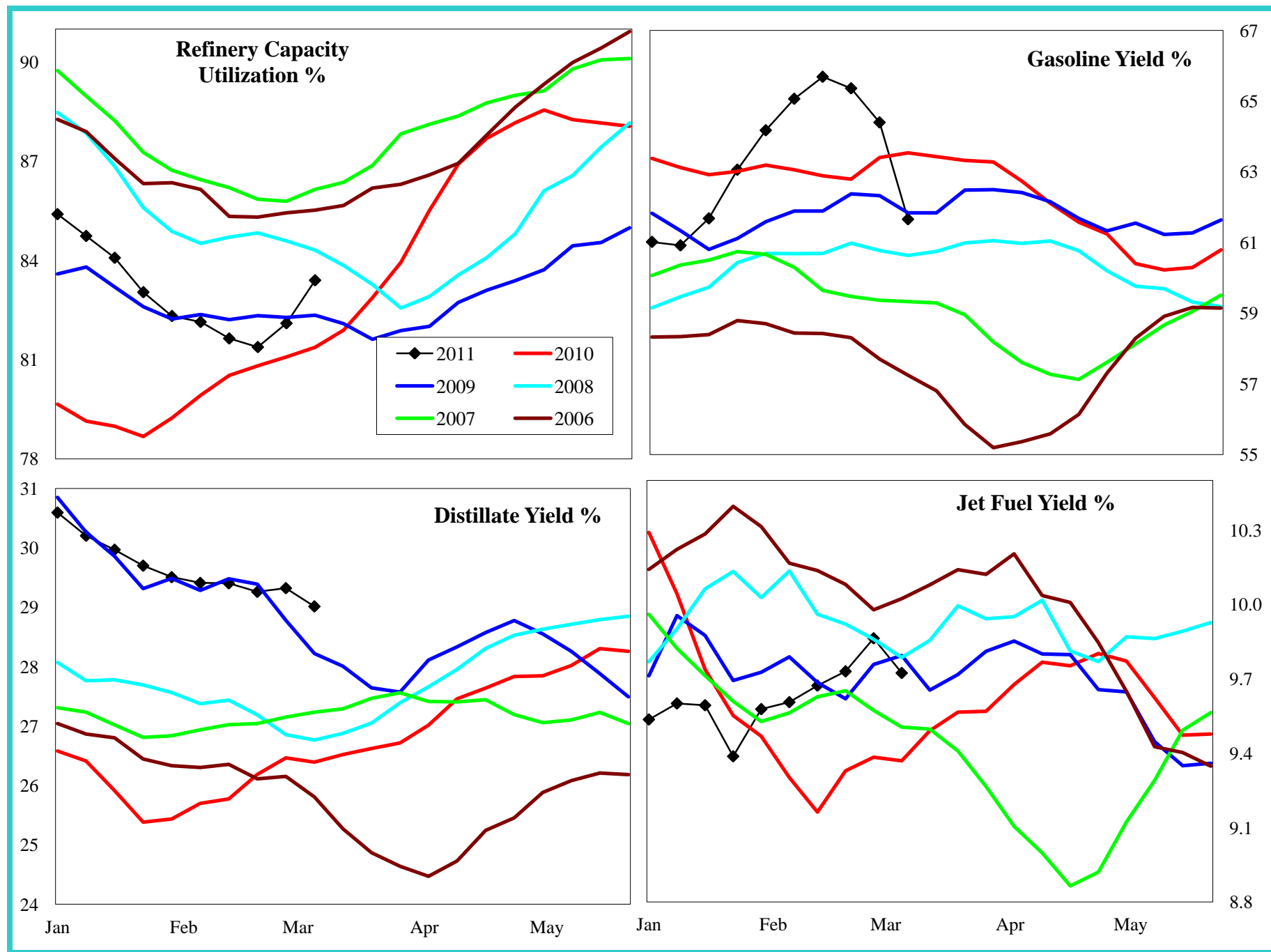


	000 bpd change from prior year				% change from prior year			
	4wk avg	Feb	Jan	Dec	4wk avg	Feb	Jan	Dec
Gasoline	125	355	169	273	1.4	4.1	2.0	3.1
Distillate	142	18	39	26	3.8	0.5	1.1	0.7
Jet Fuel	59	11	35	90	4.6	0.8	2.6	6.6
Resid	52	106	-131	-56	8.8	20.7	-21.1	-9.6

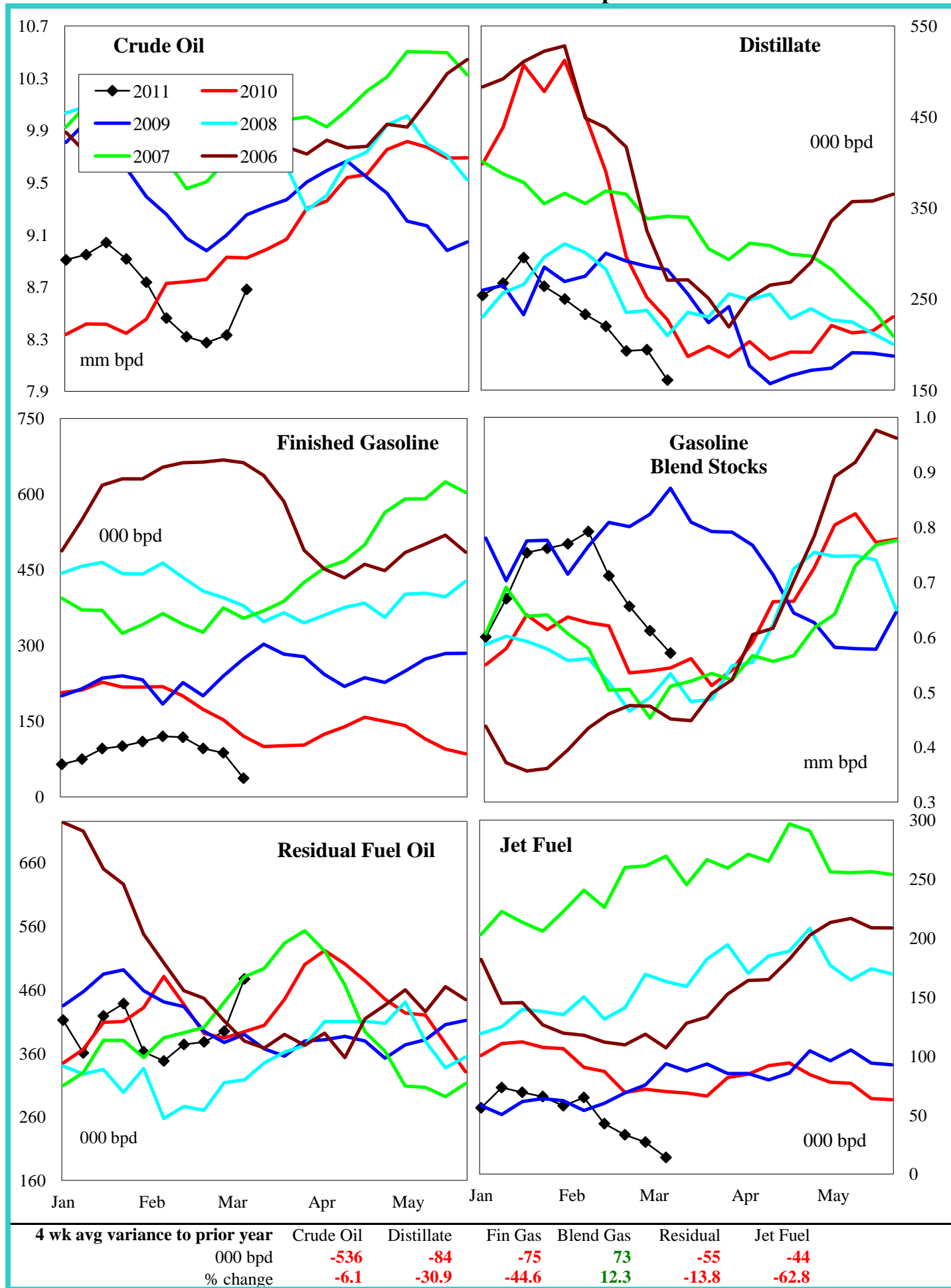


United States Product Stocks: Days Forward Coverage

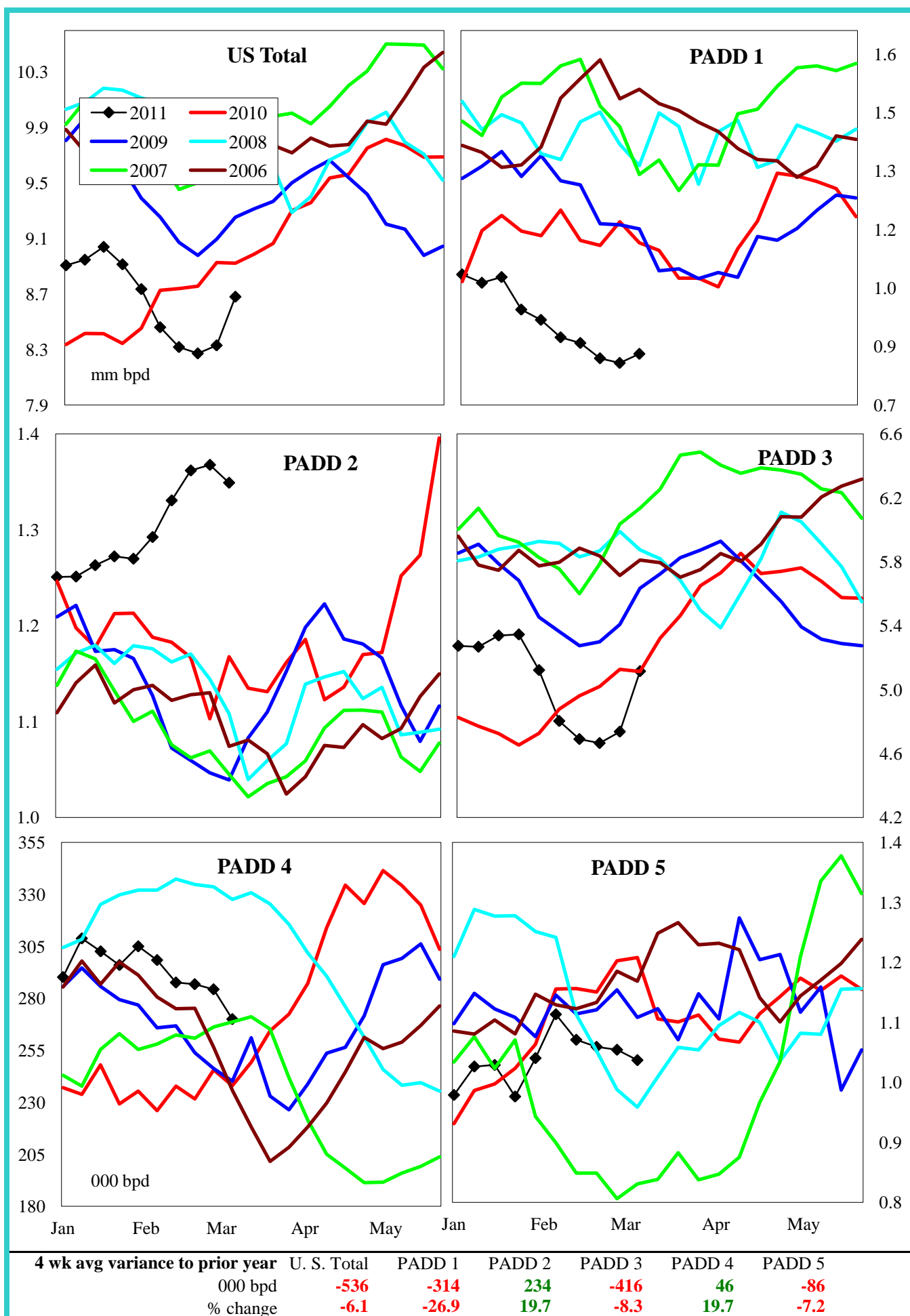
United States Refinery Percent Utilization Rate and Product Yields



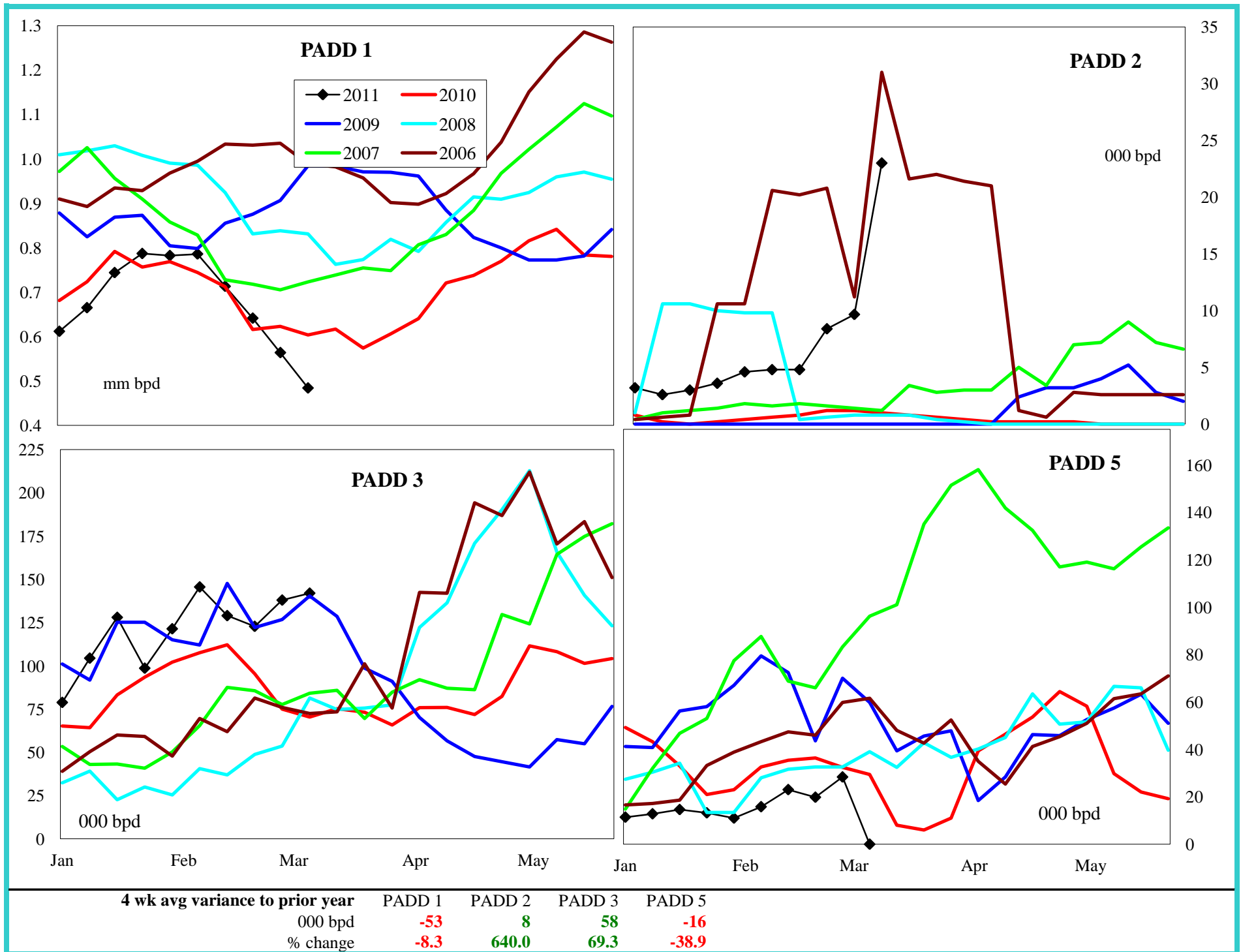
United States Petroleum Imports



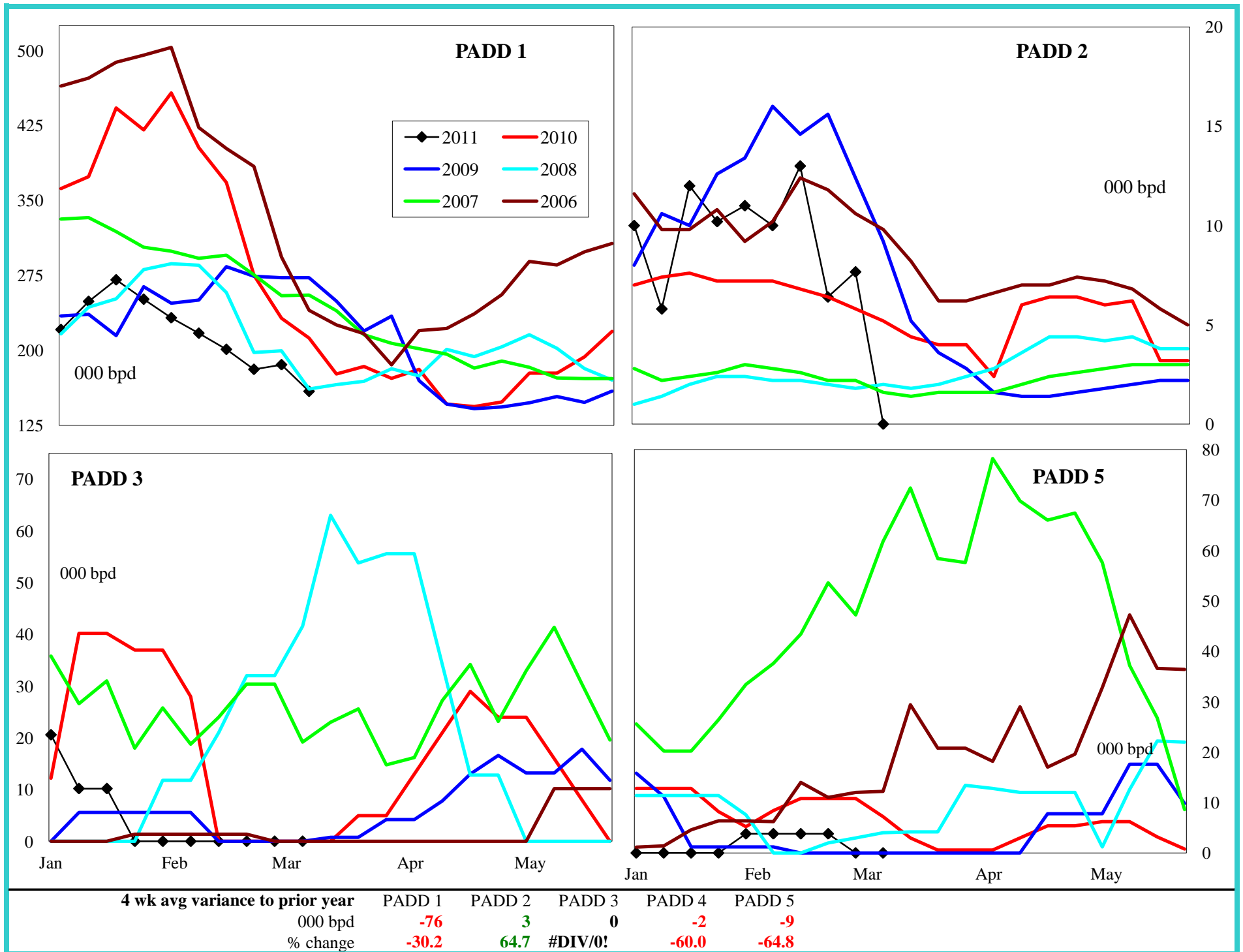
Crude Oil Imports by PADD



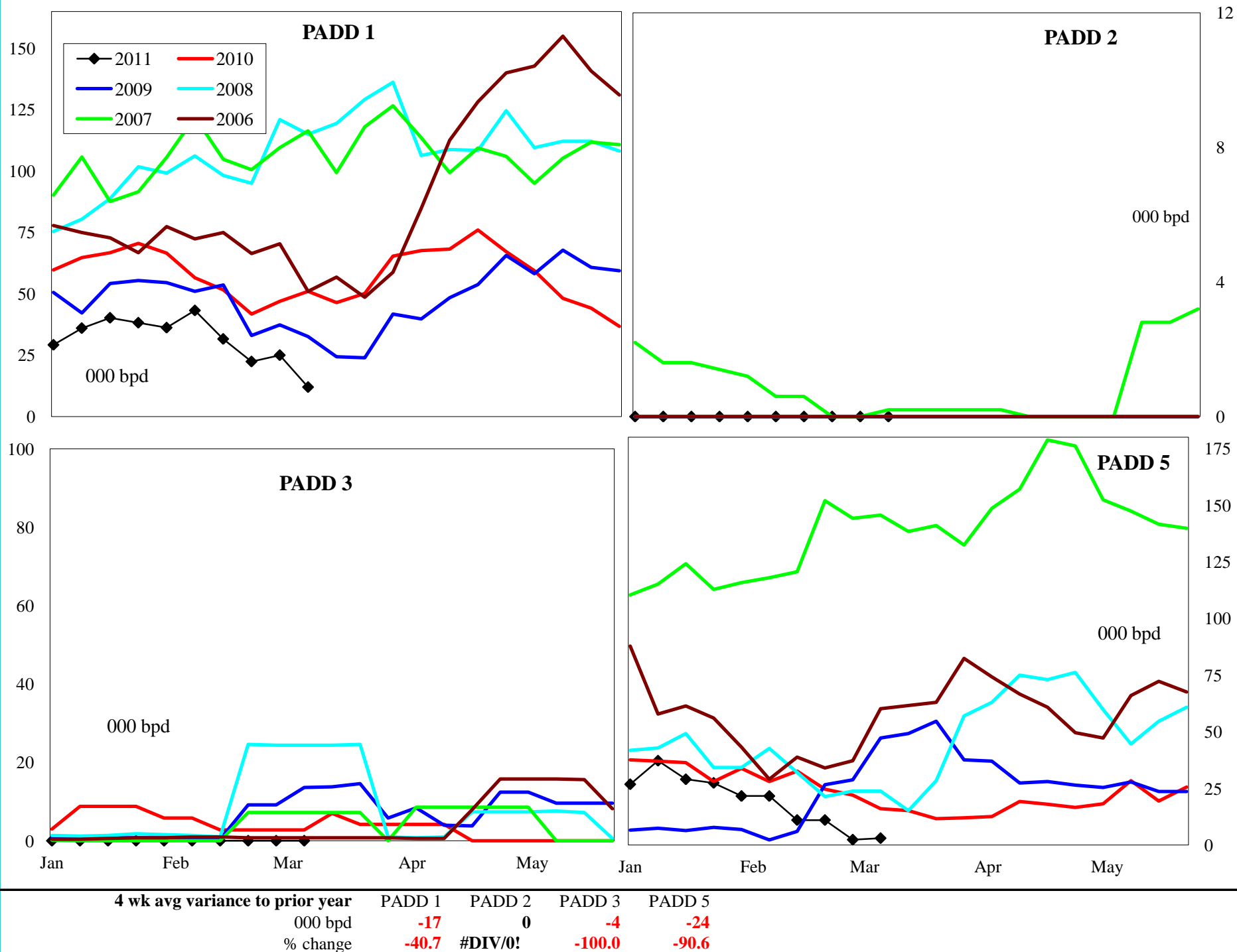
Gasoline Imports by PADD (Finished + Blend Stocks)



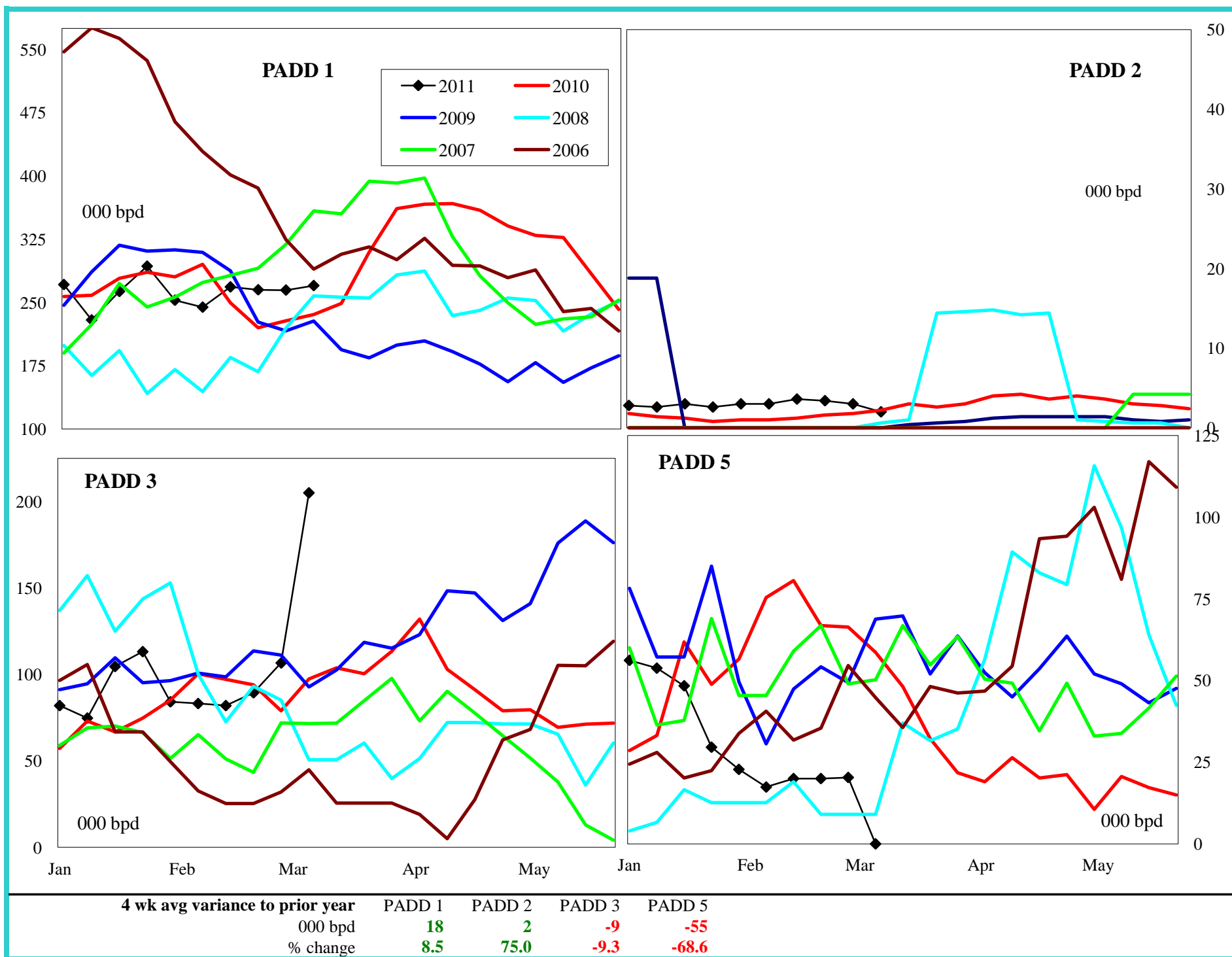
Distillate Imports by PADD



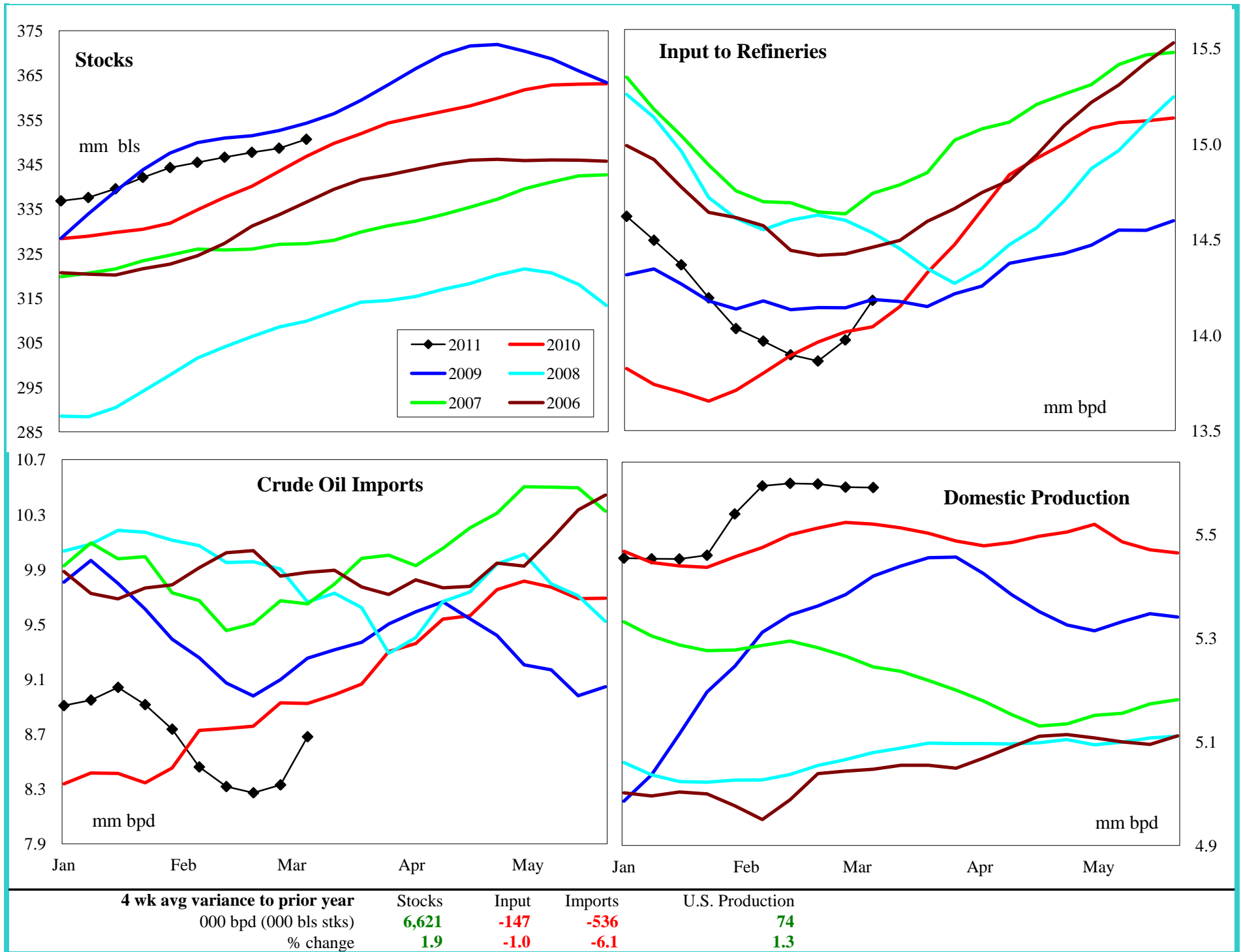
Jet Fuel Imports by PADD



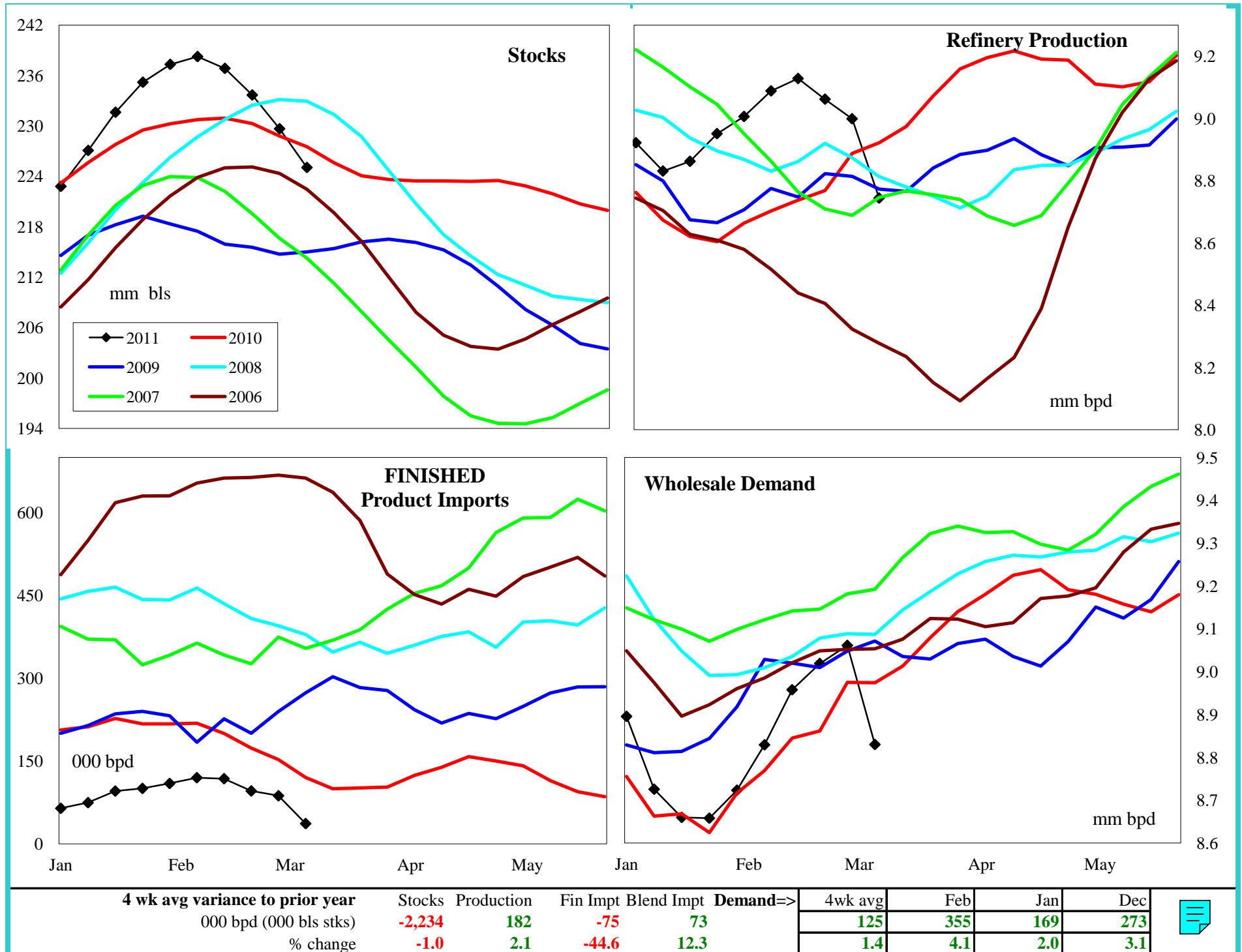
Residual Fuel Oil Imports by PADD



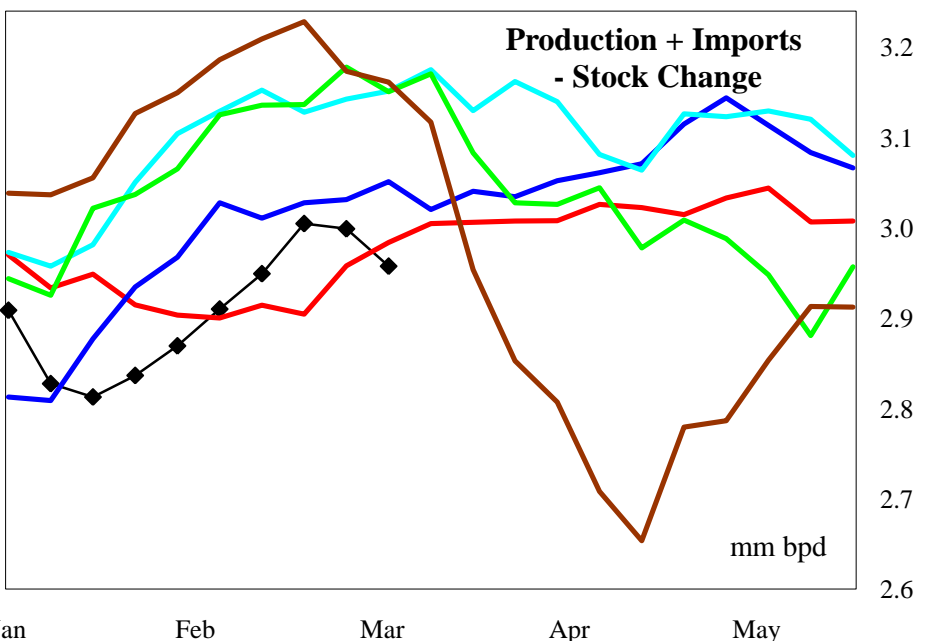
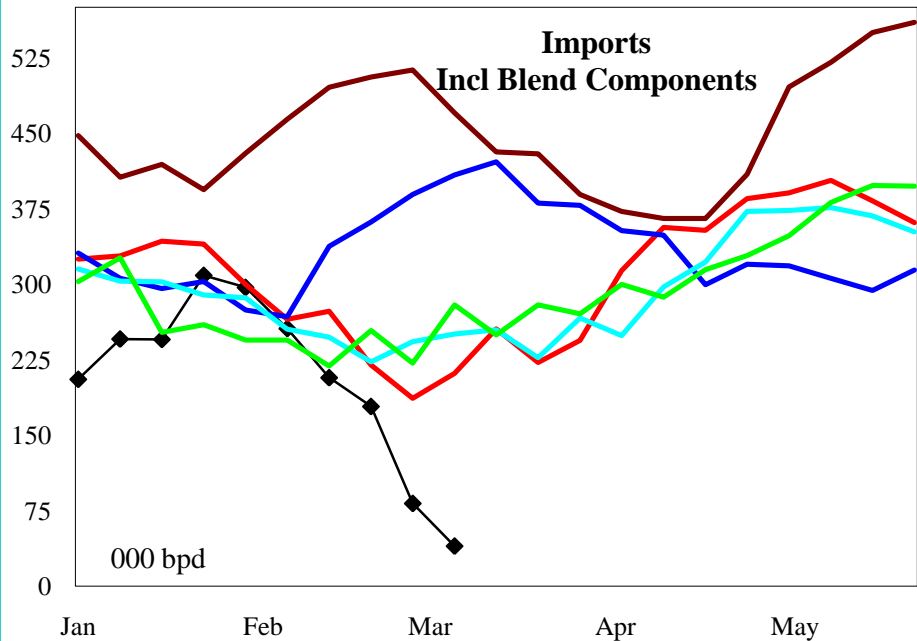
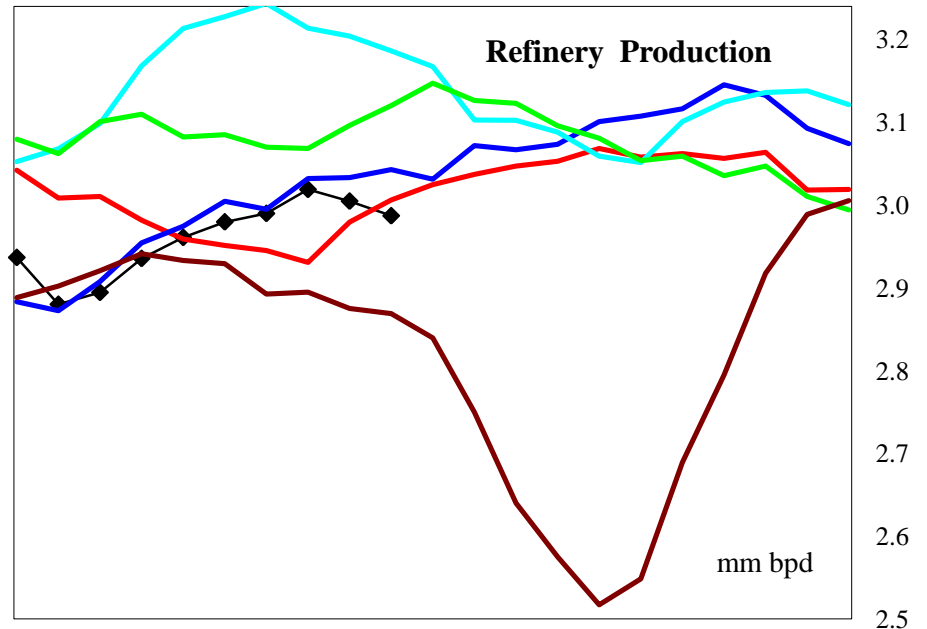
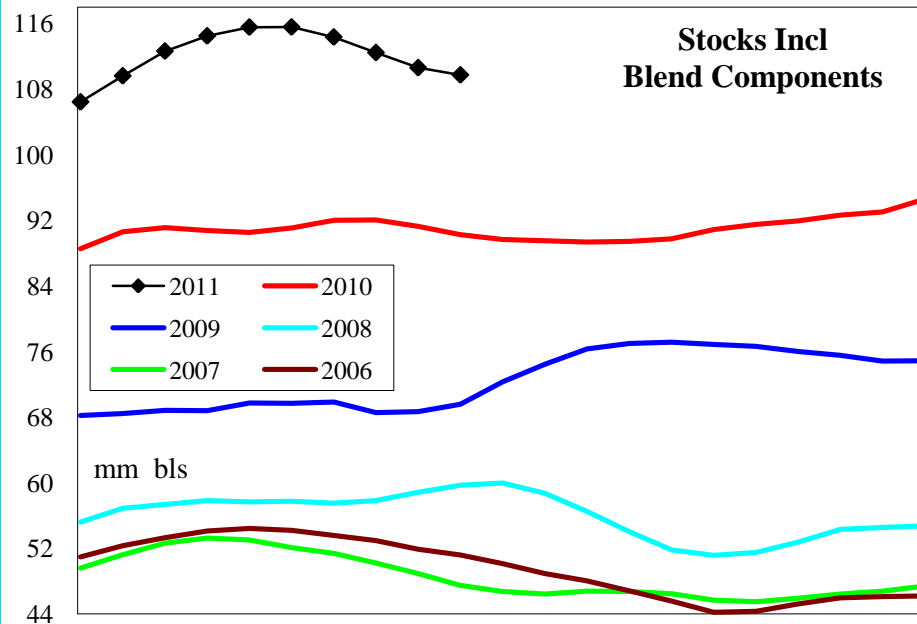
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



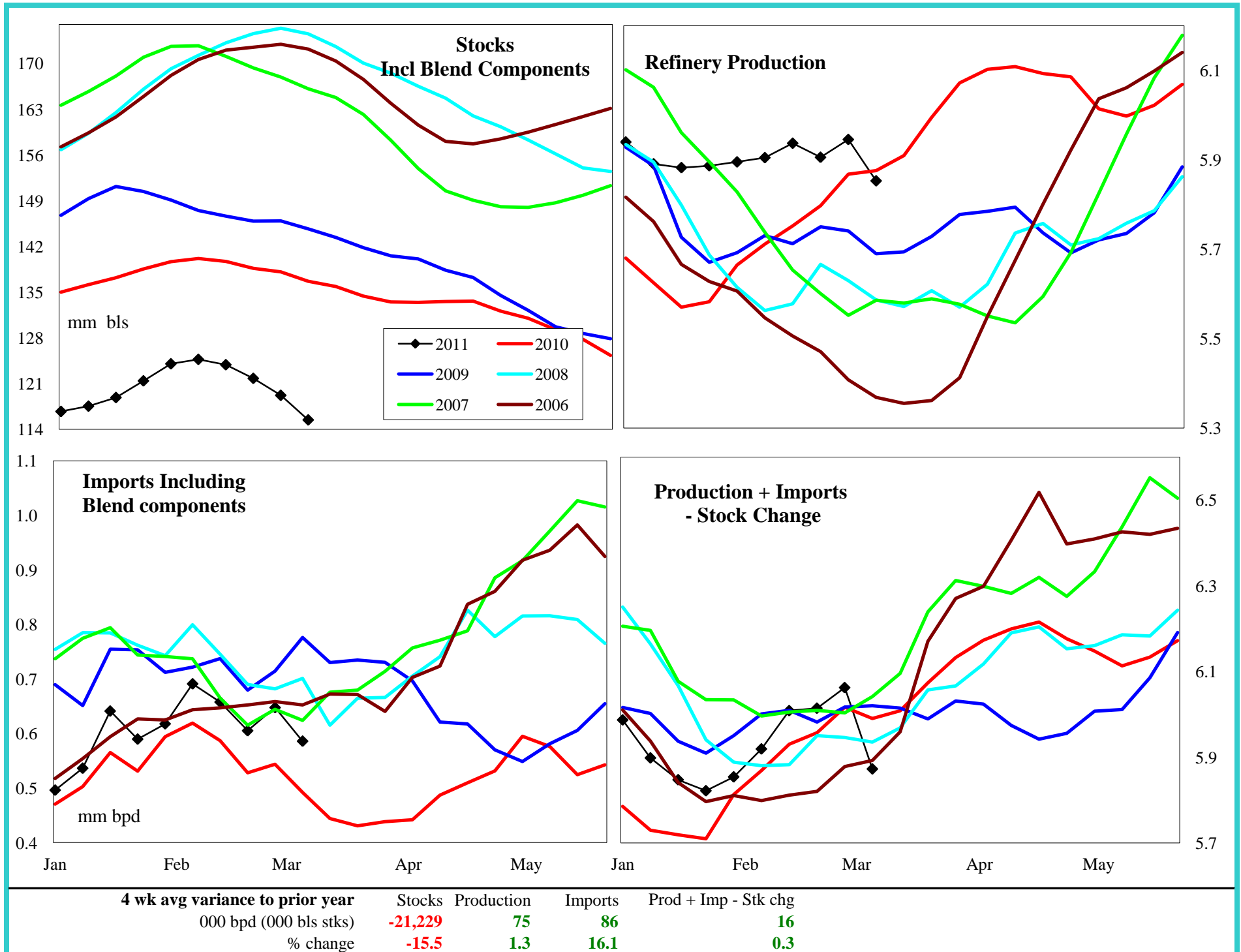
United States Reformulated Gasoline Supply



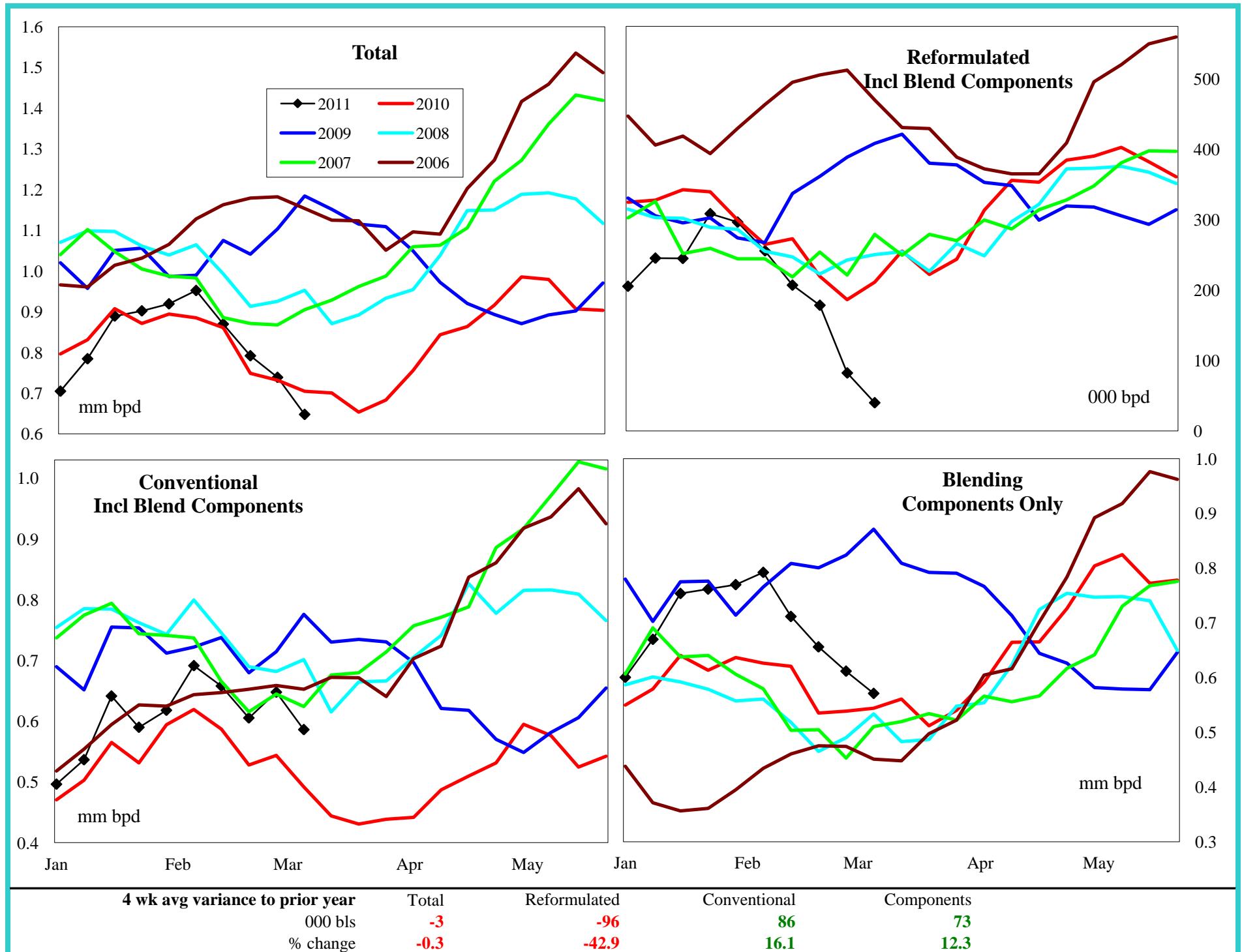
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
19,474	55	-96	37
21.6	1.8	-42.9	1.3

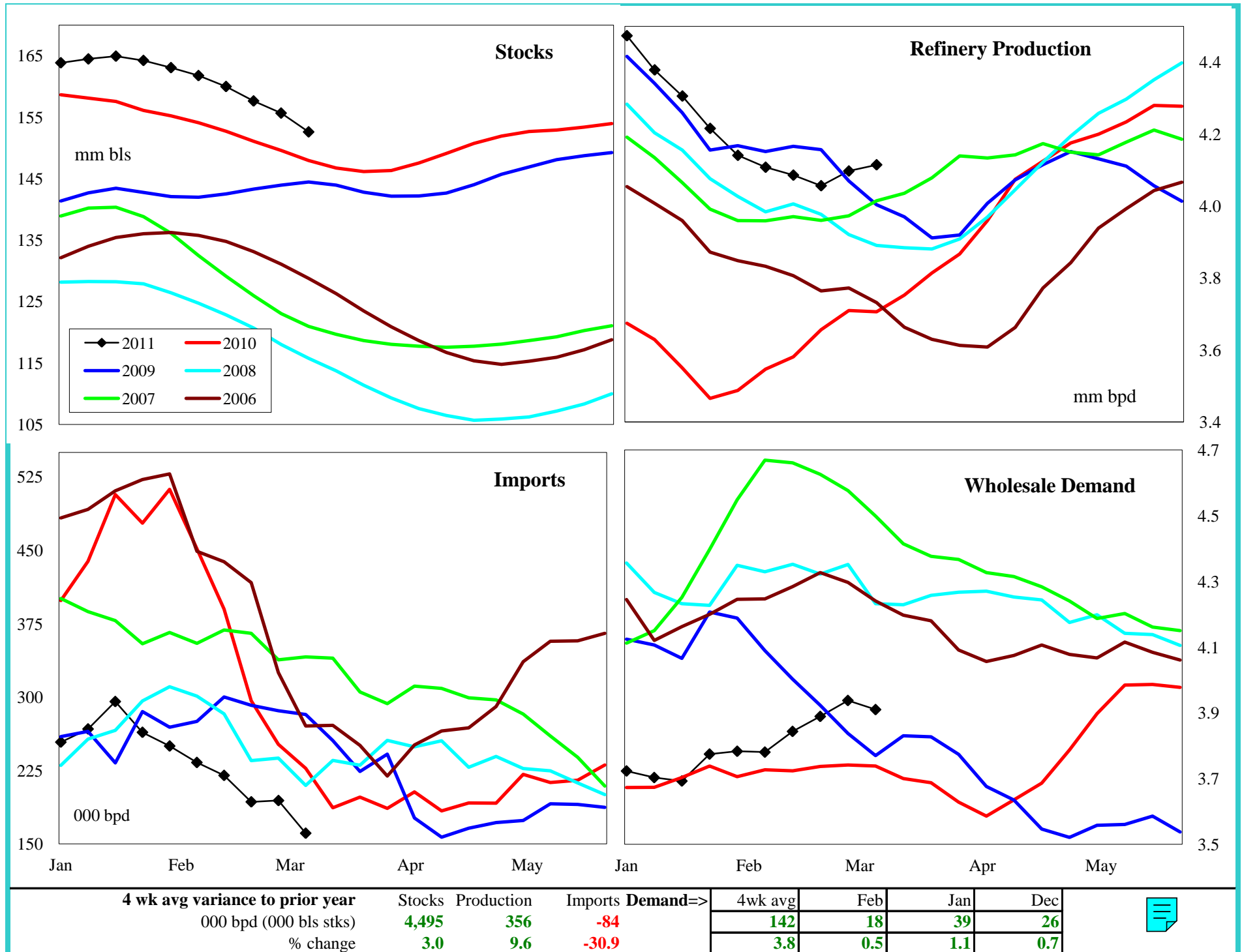
United States Conventional Gasoline Supply



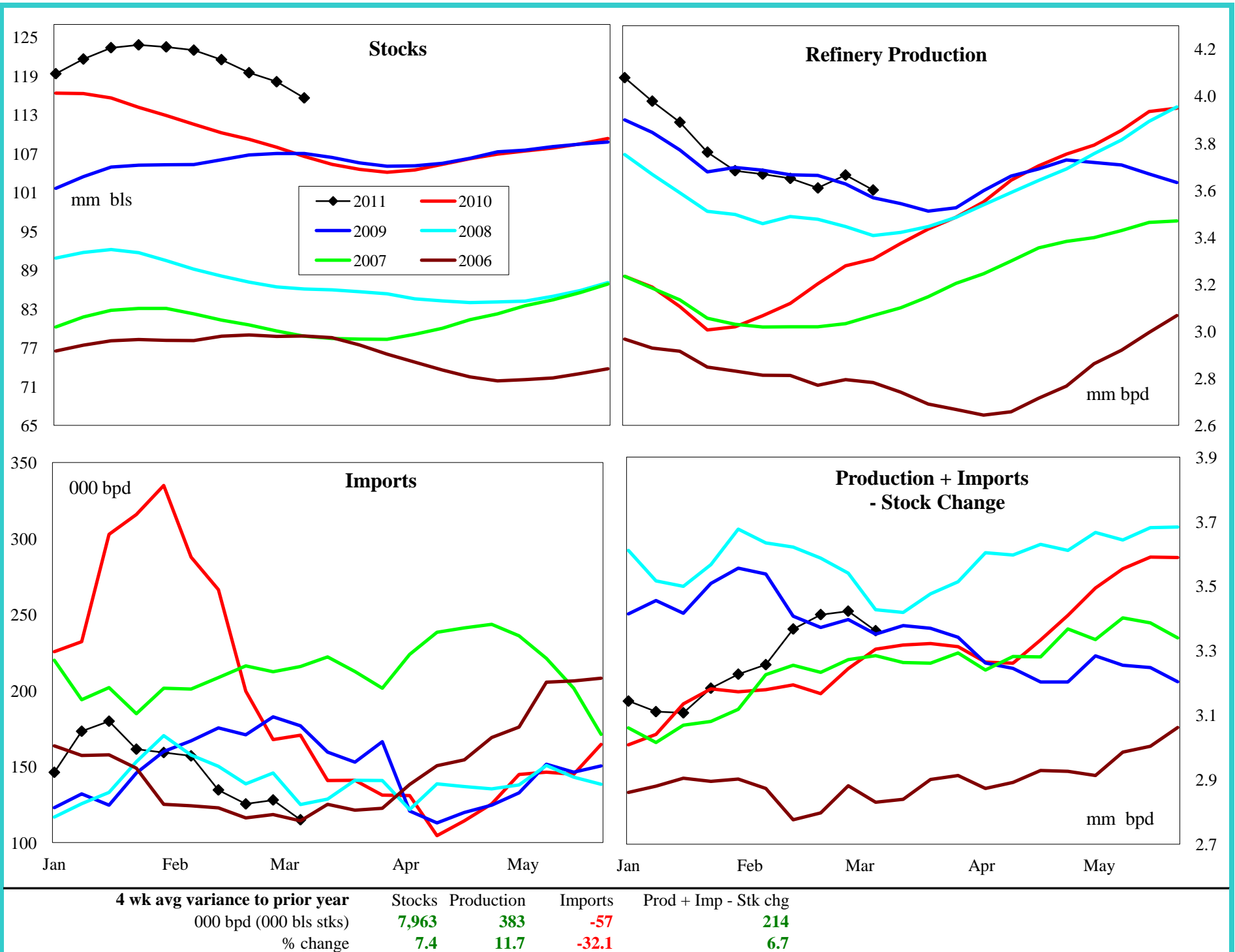
United States Gasoline Imports by Type



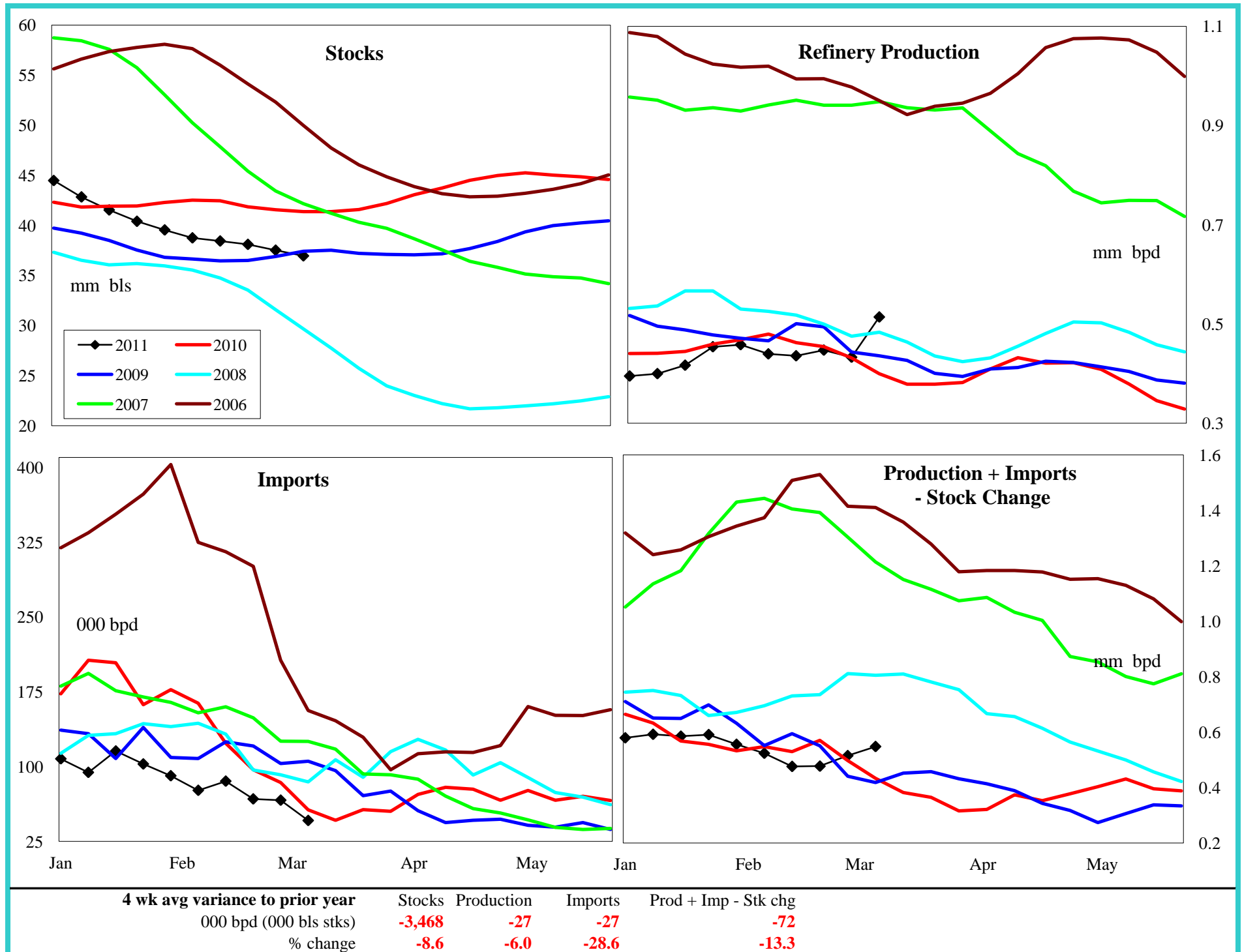
United States Distillate Supply and Demand Balance



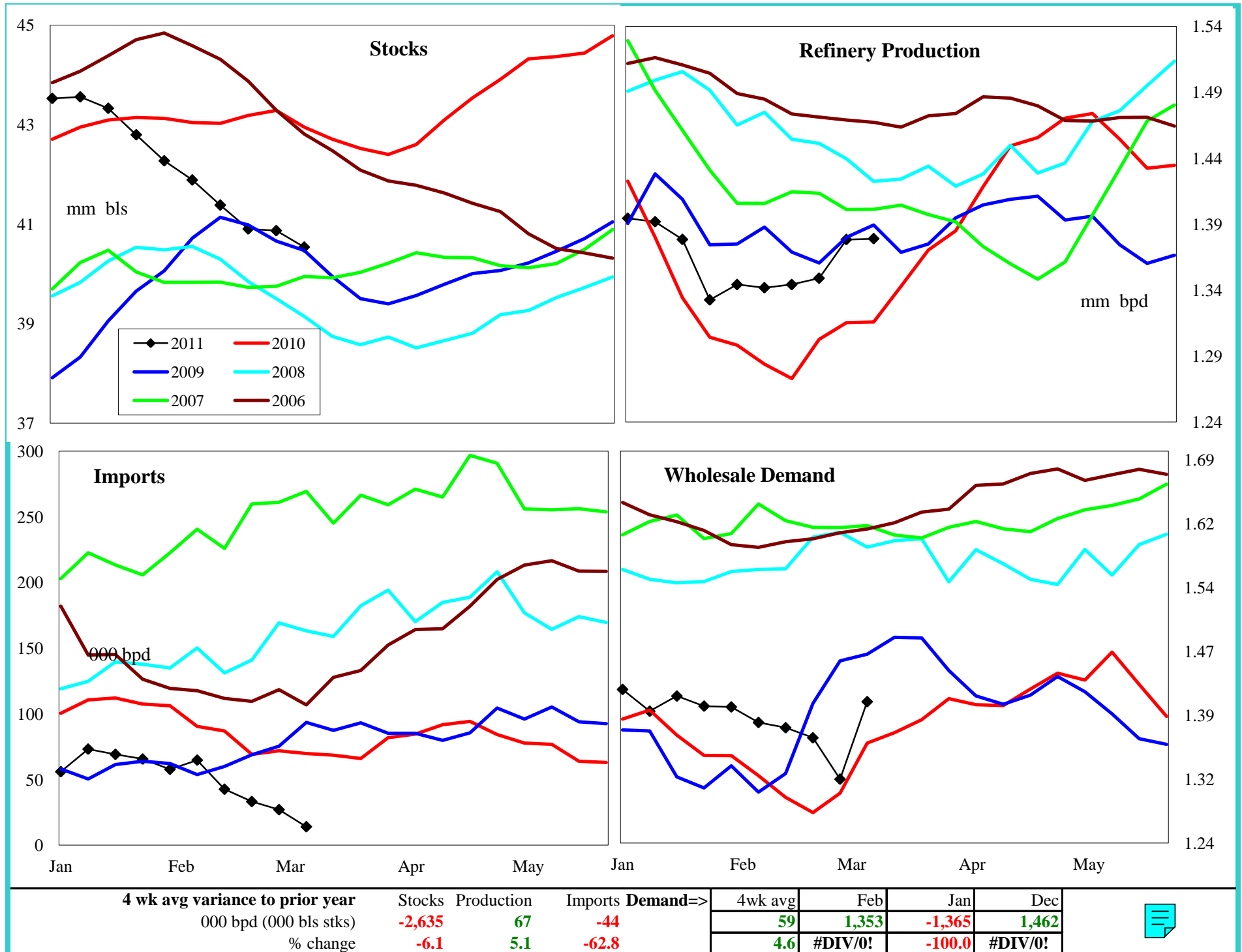
United States Low Sulfur Distillate Supply



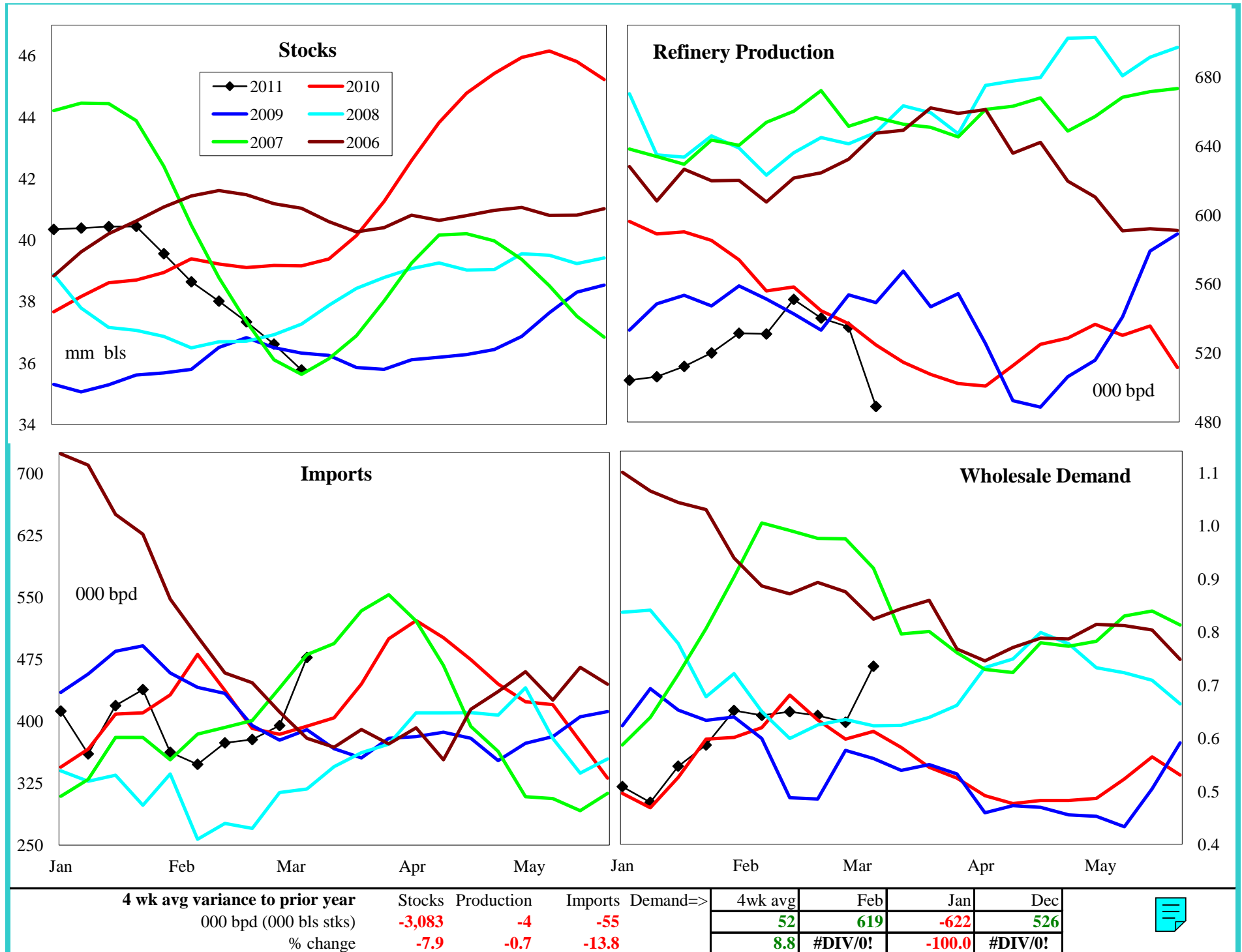
United States High Sulfur Distillate Supply



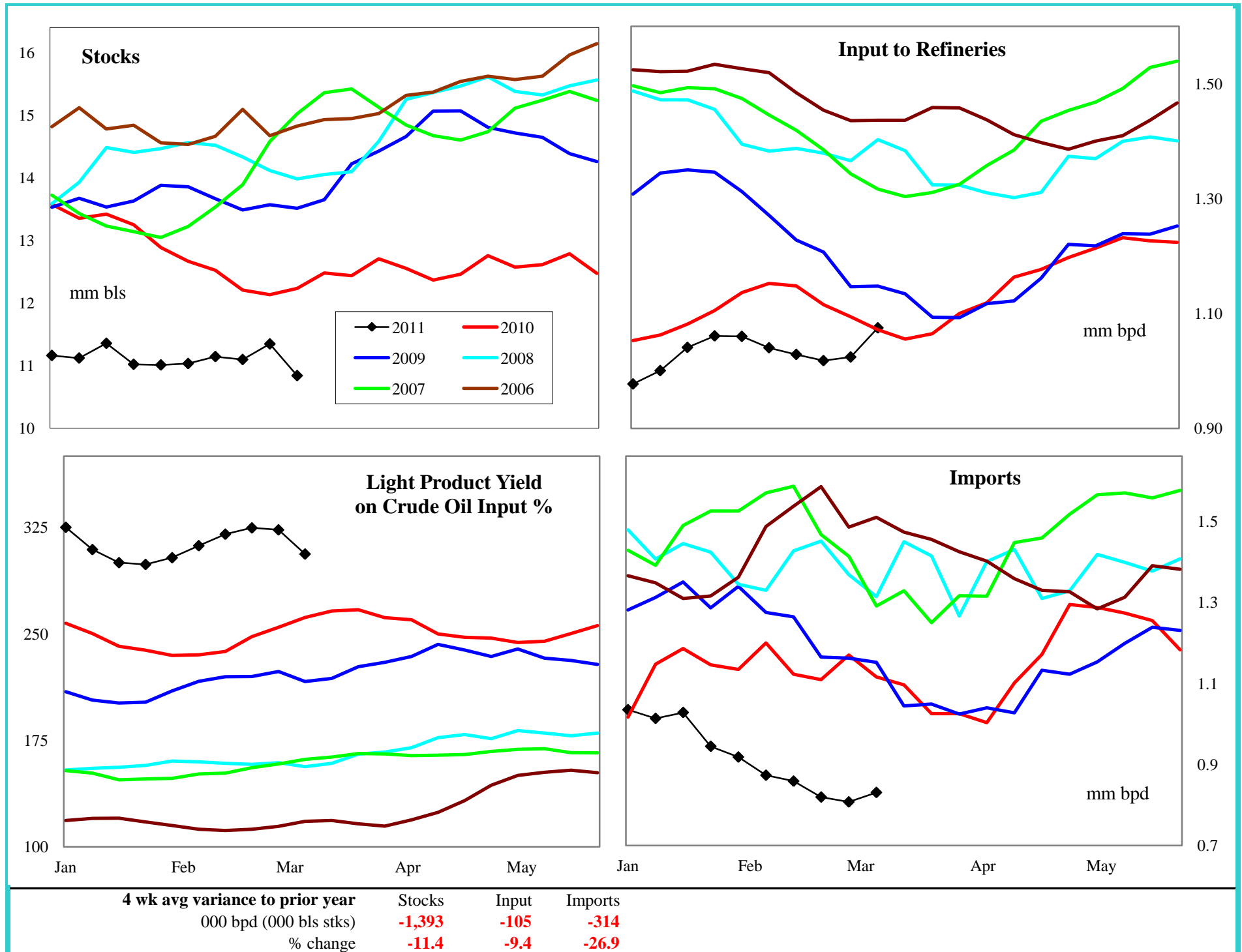
United States Jet Fuel Supply and Demand Balance



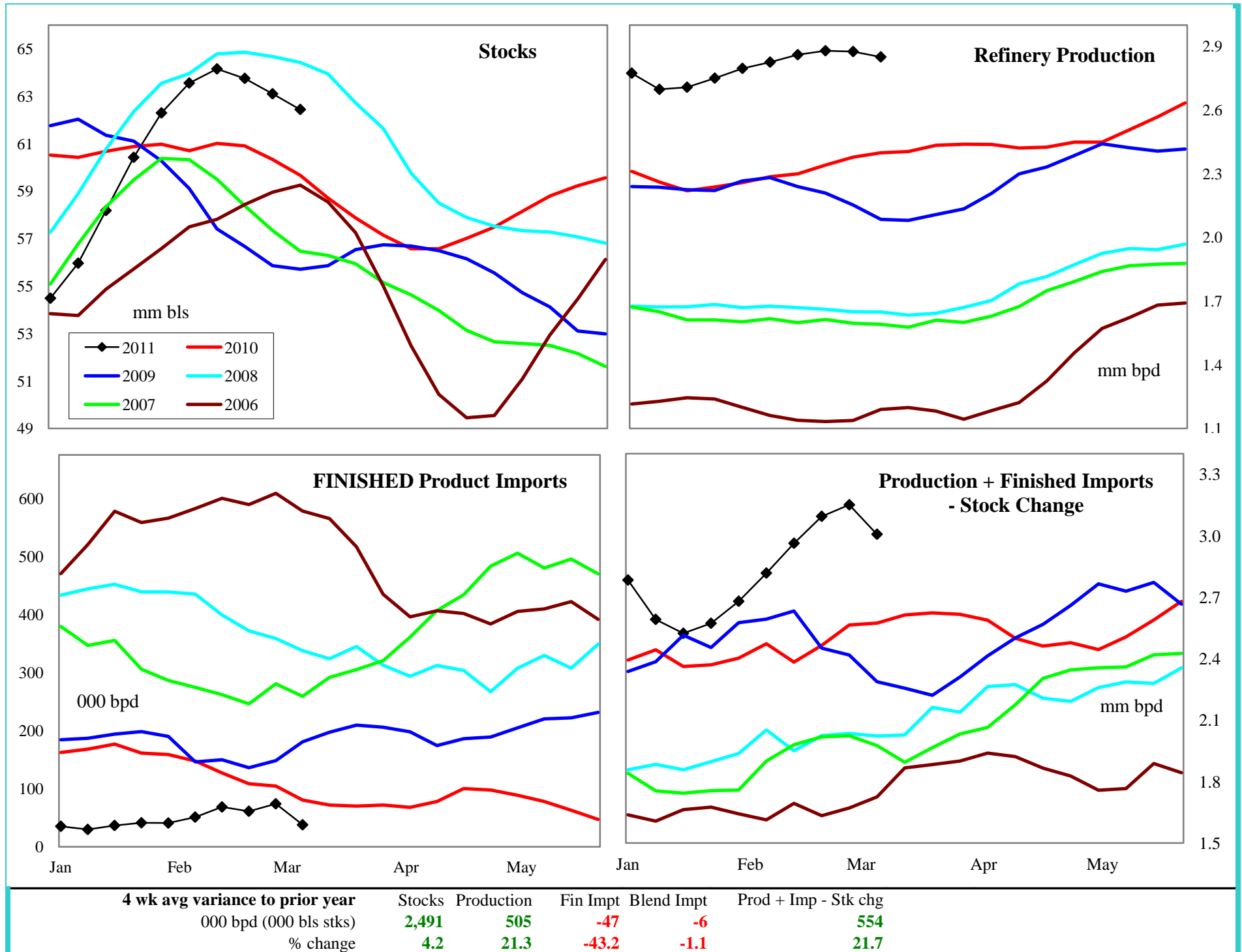
United States Residual Fuel Oil Supply and Demand Balance



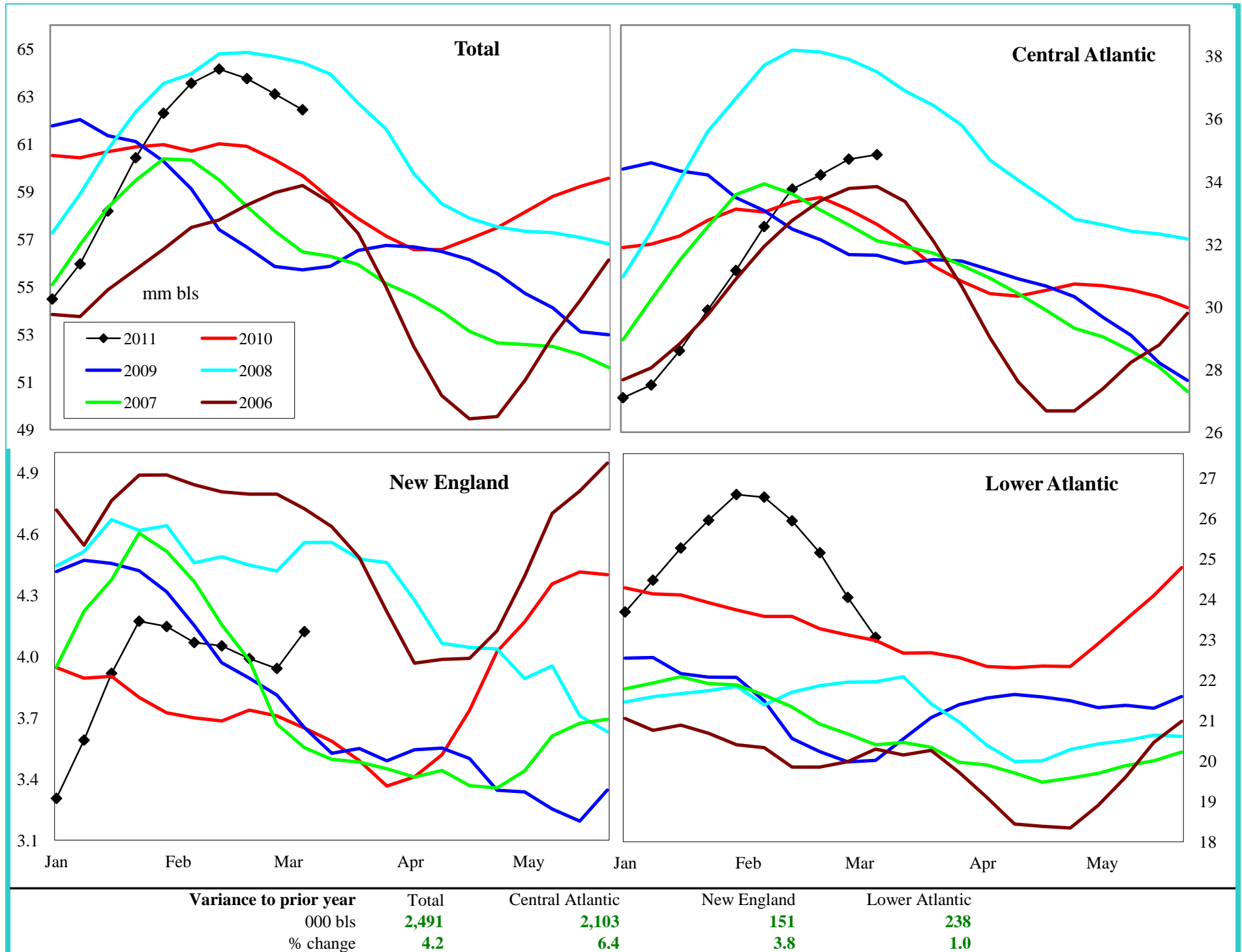
PADD 1 Crude Oil Supply and Refining



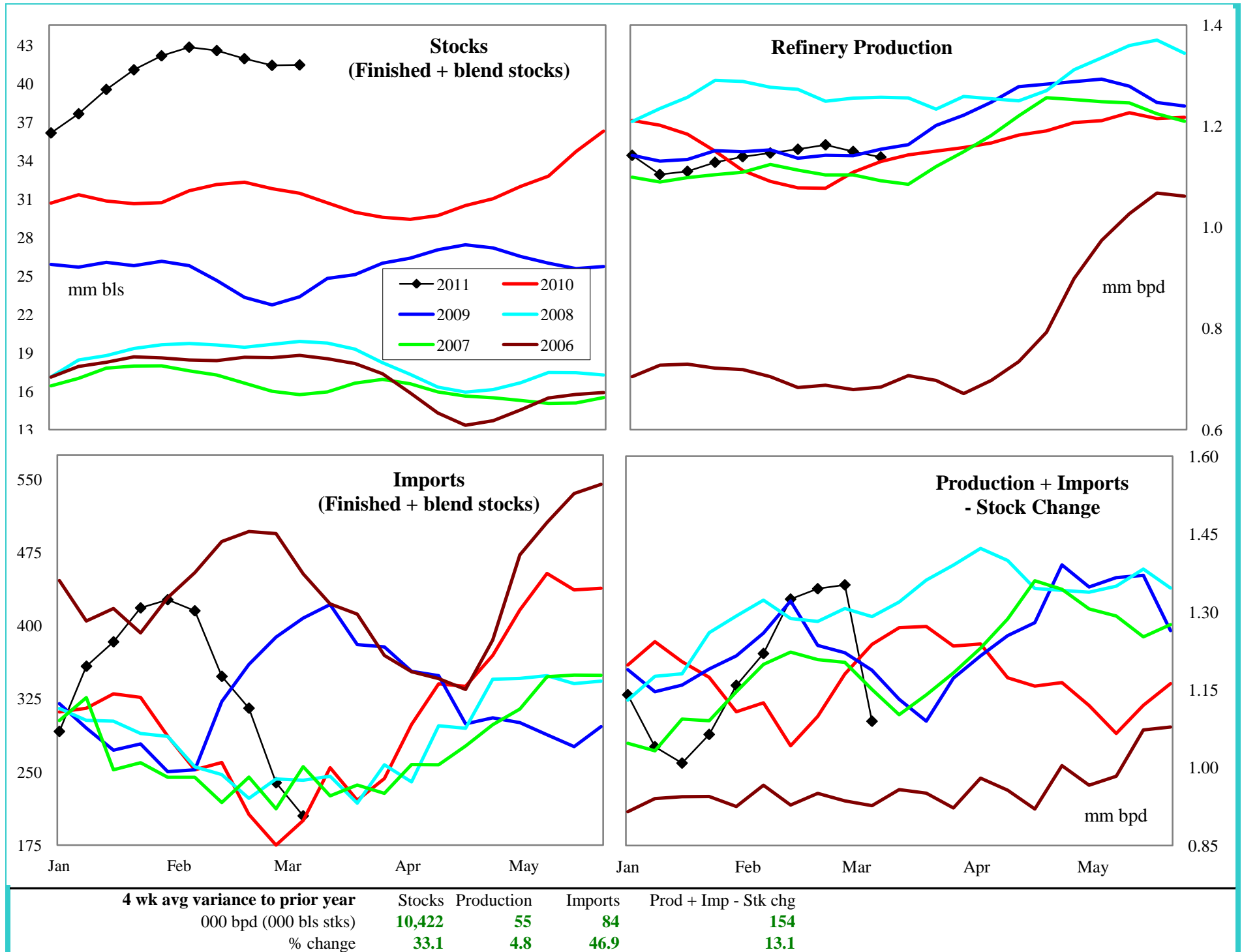
PADD 1 Gasoline Supply



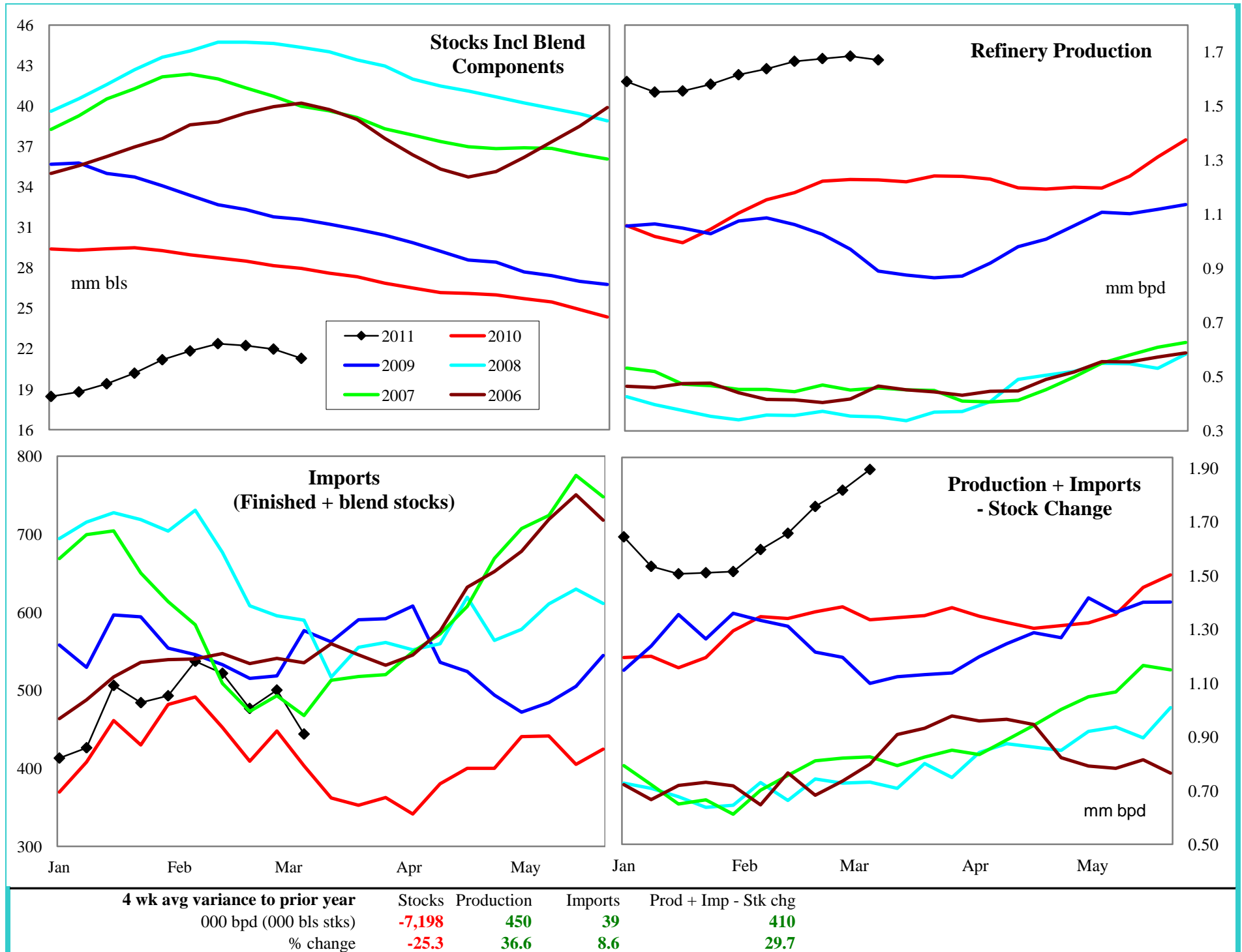
PADD 1 Gasoline Stocks by Region



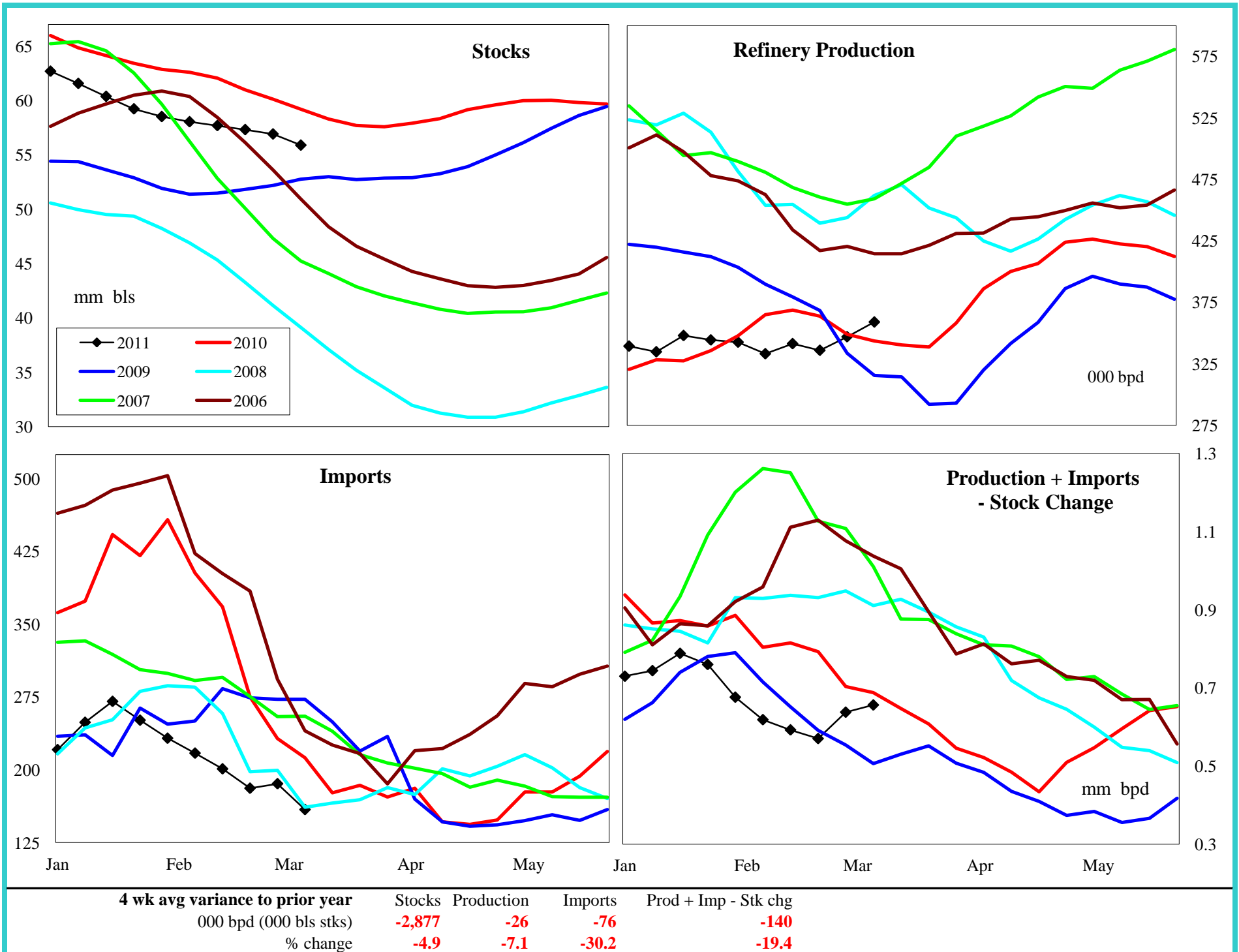
PADD 1 Reformulated Gasoline Supply



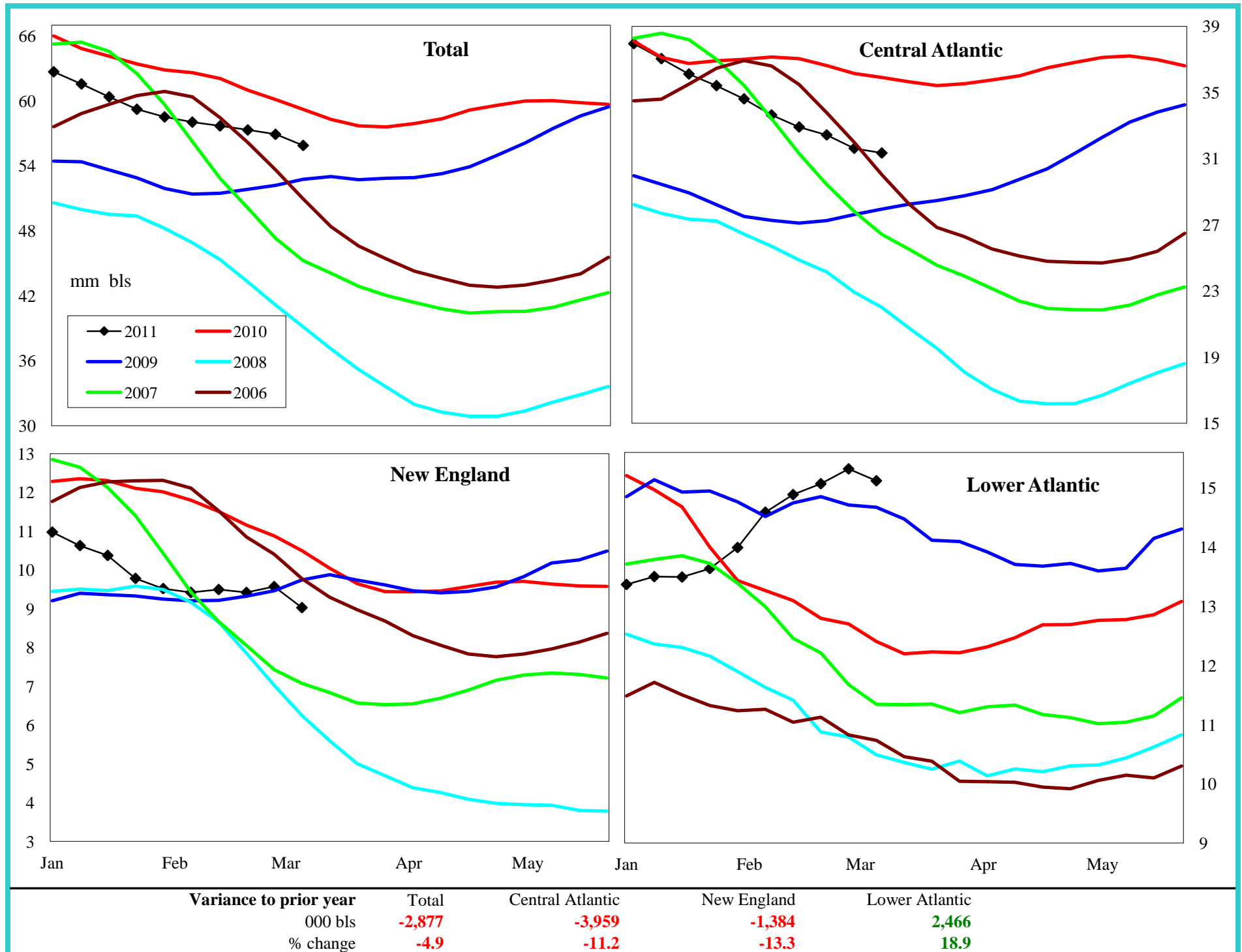
PADD 1 Conventional Gasoline Supply



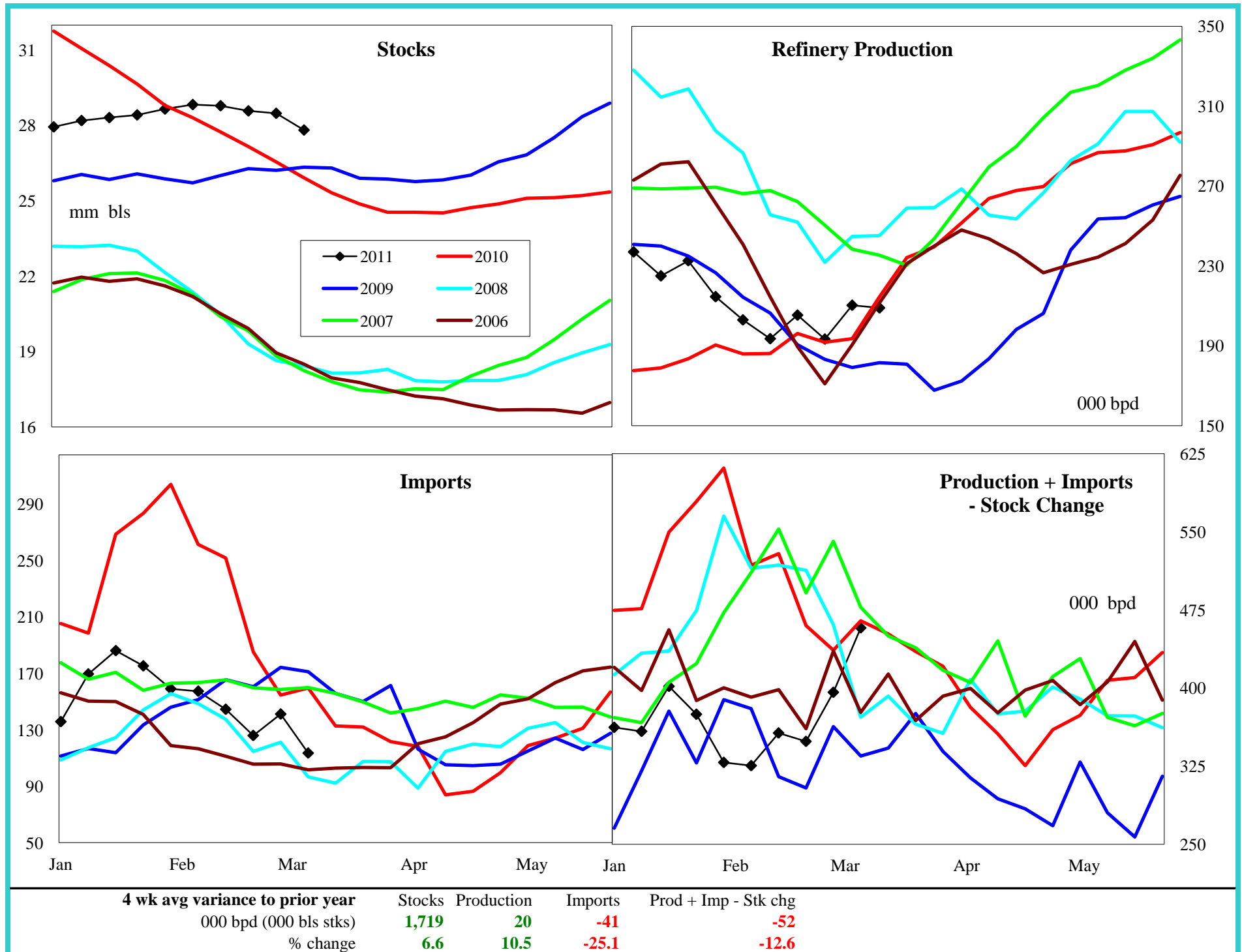
PADD 1 Distillate Supply



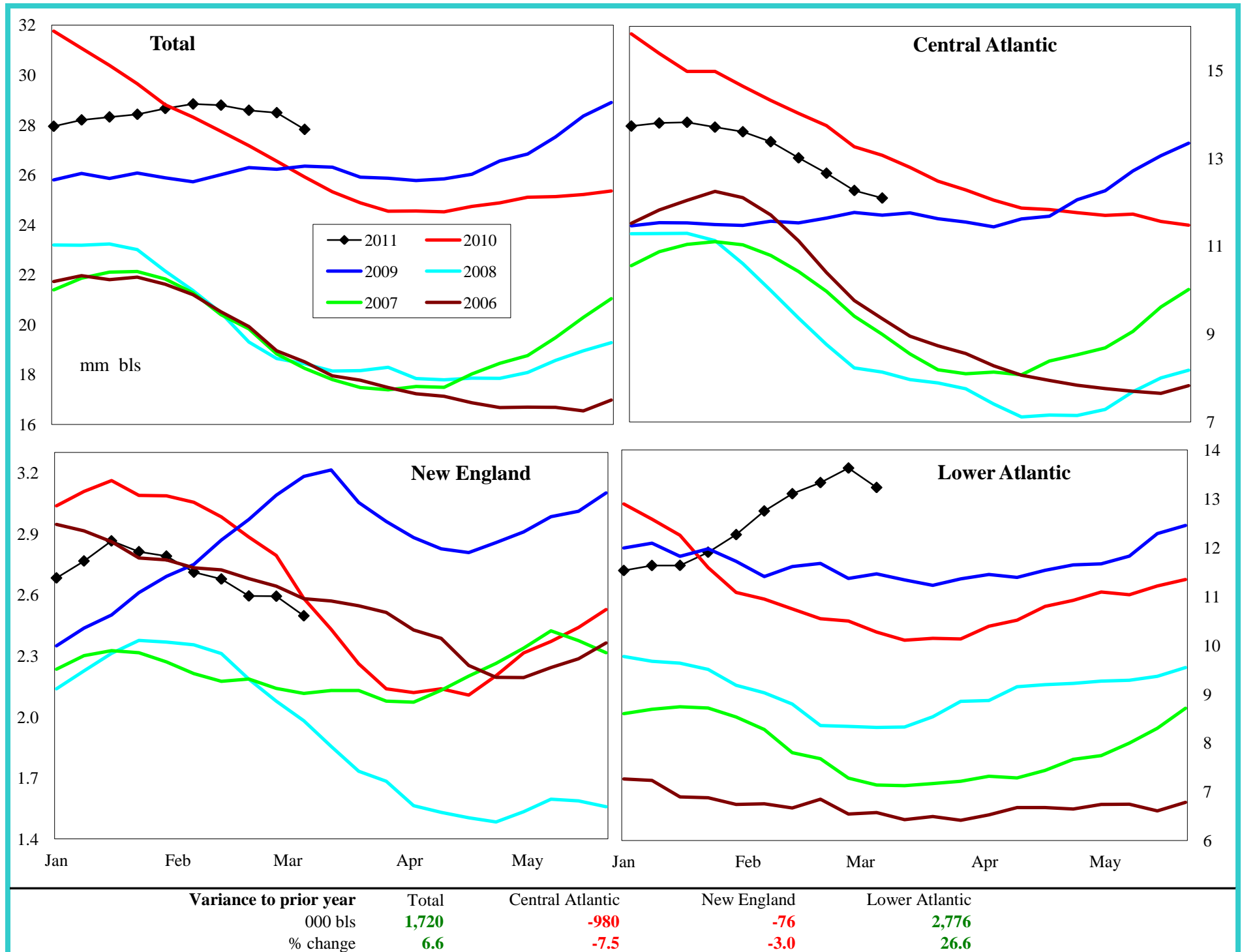
PADD 1 Distillate Stocks by Region



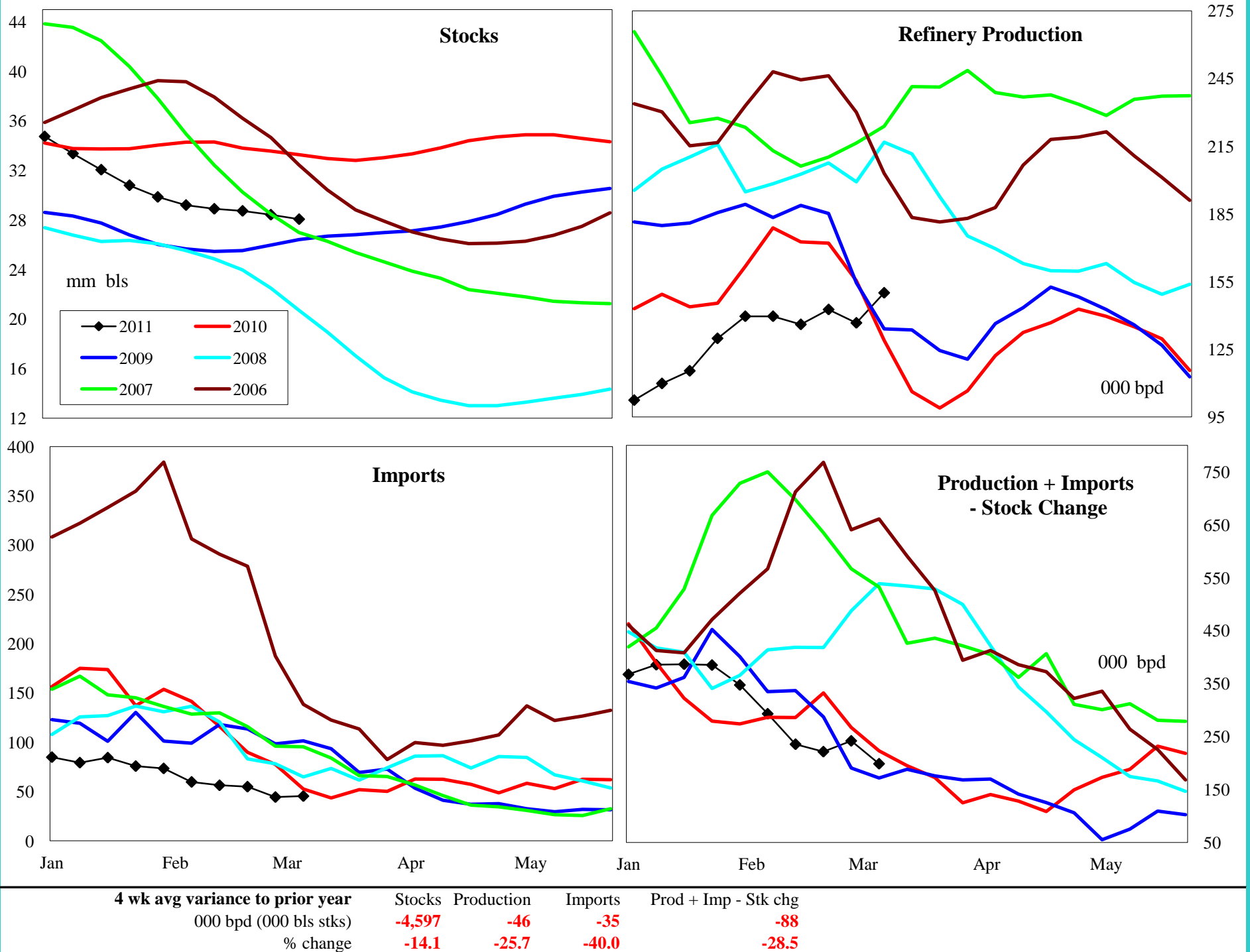
PADD 1 Low Sulfur Distillate Supply



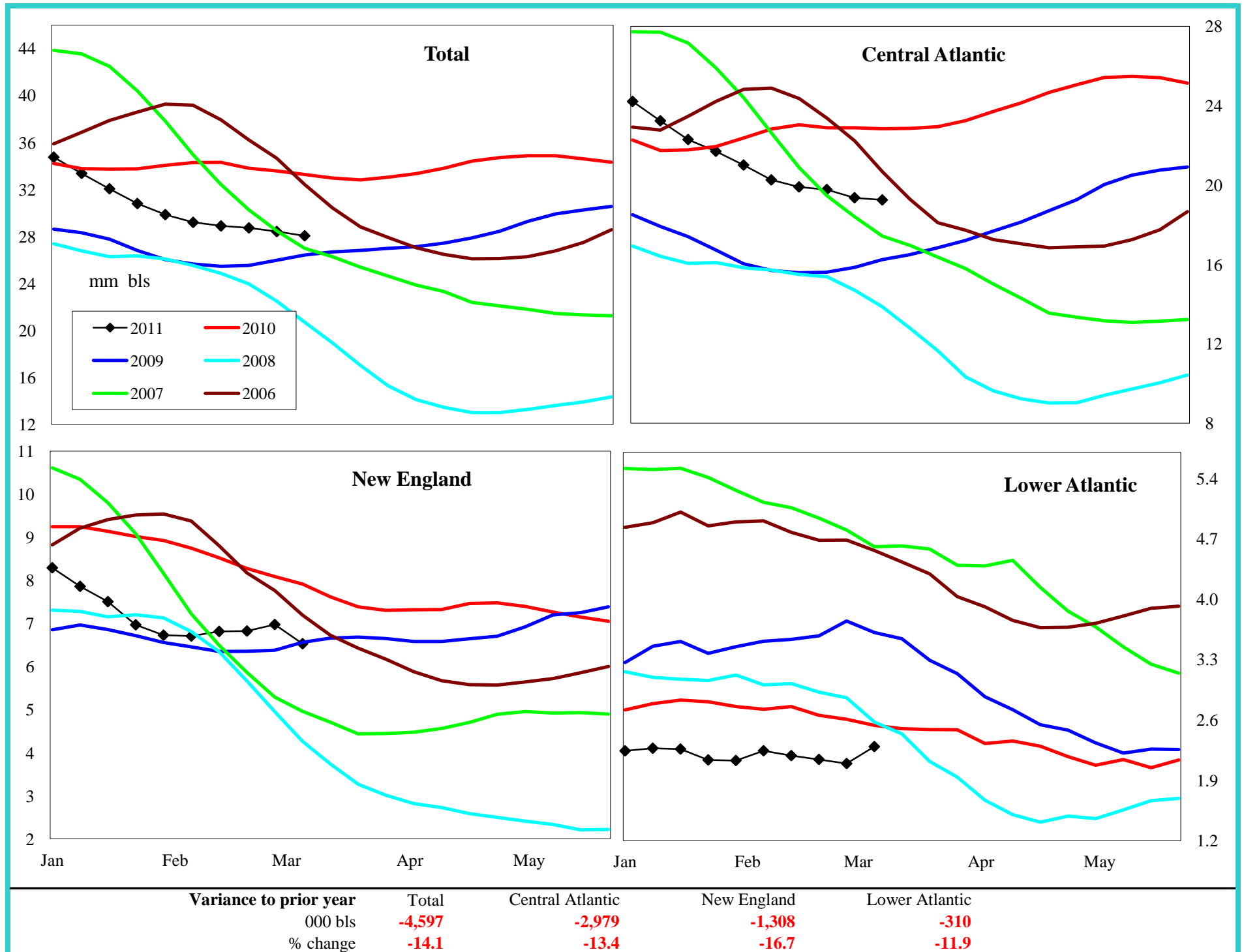
PADD 1 Low Sulfur Distillate Stocks by Region



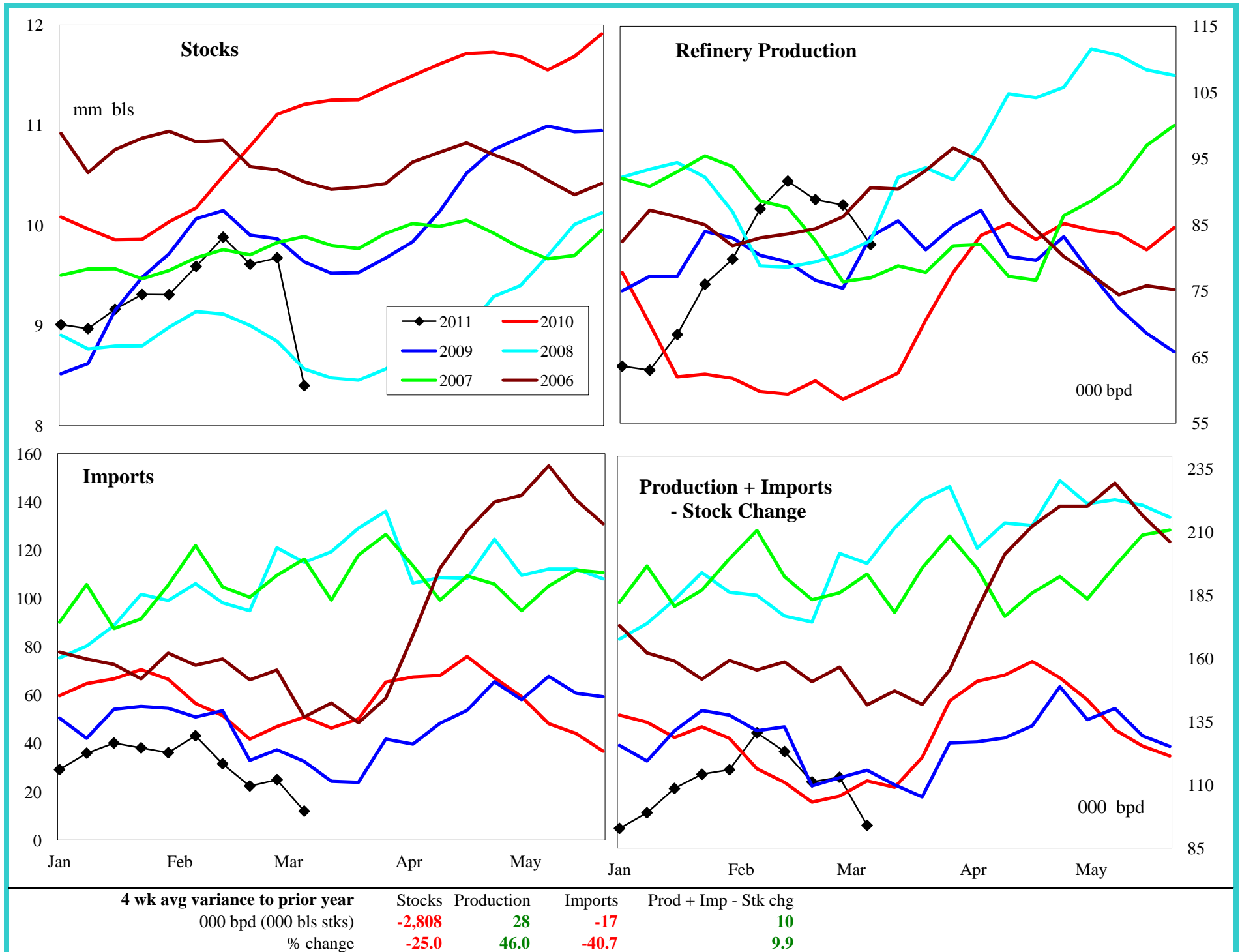
PADD 1 High Sulfur Distillate Supply



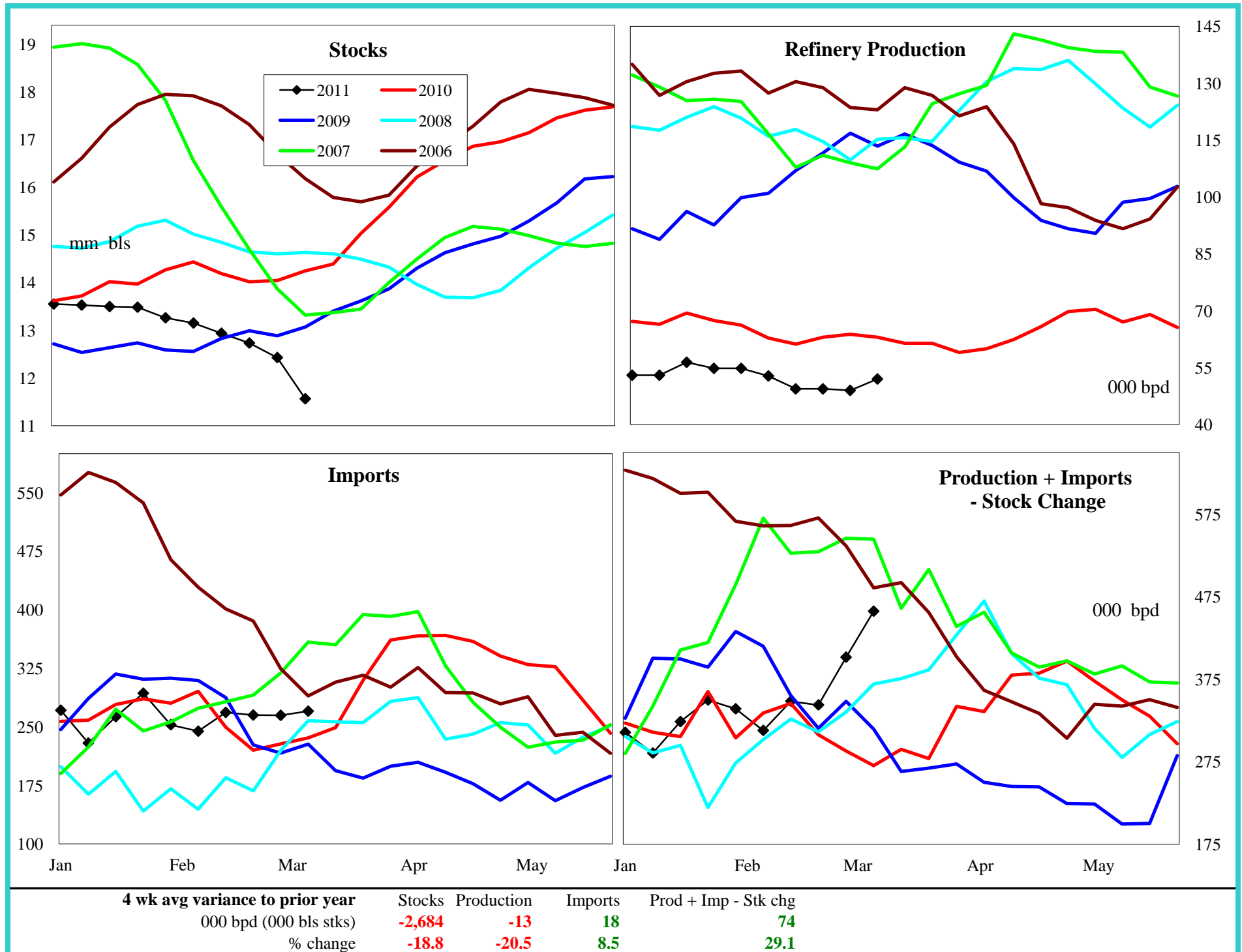
PADD 1 High Sulfur Distillate Stocks by Region



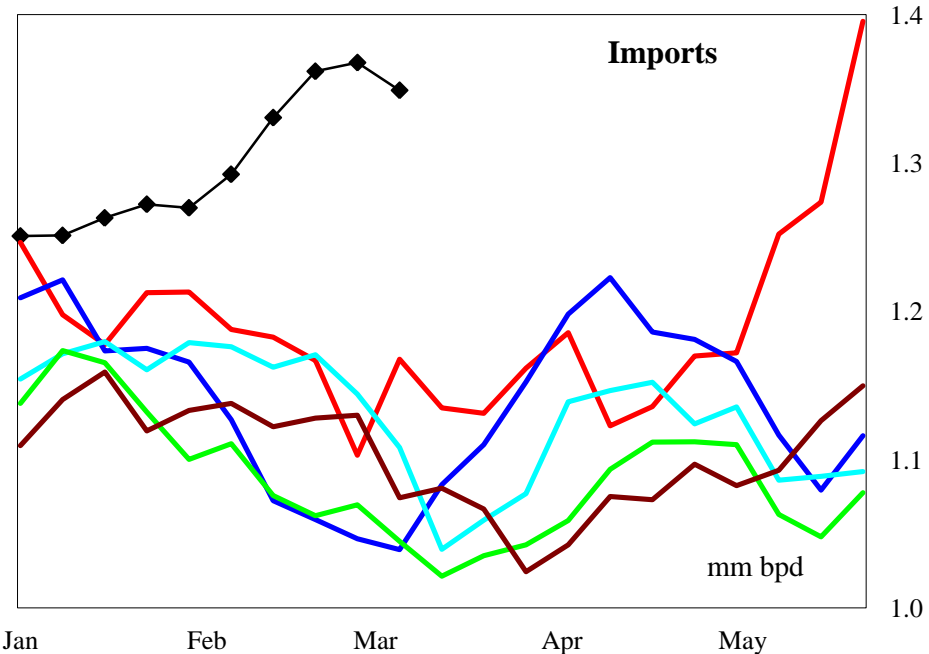
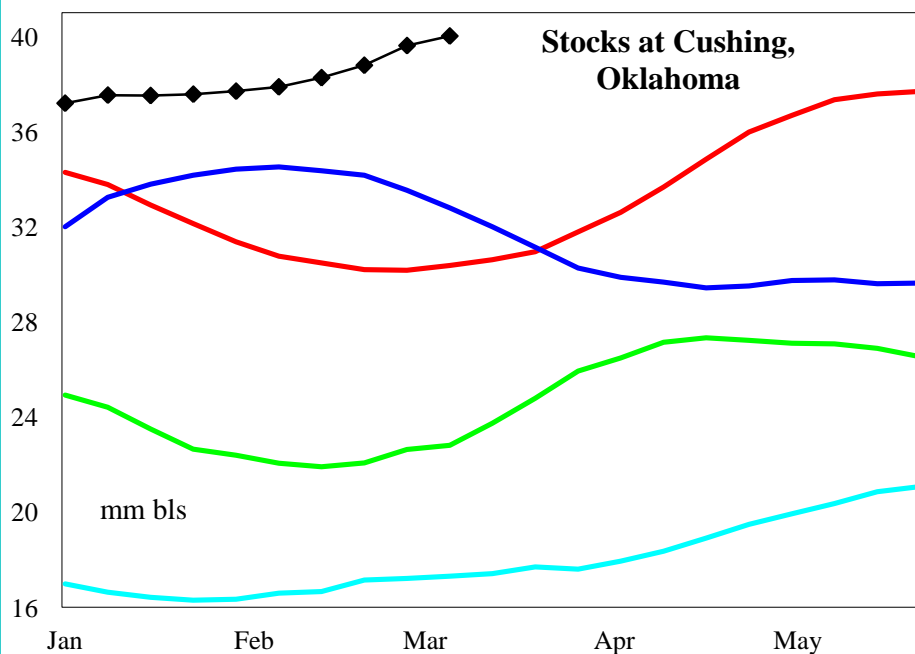
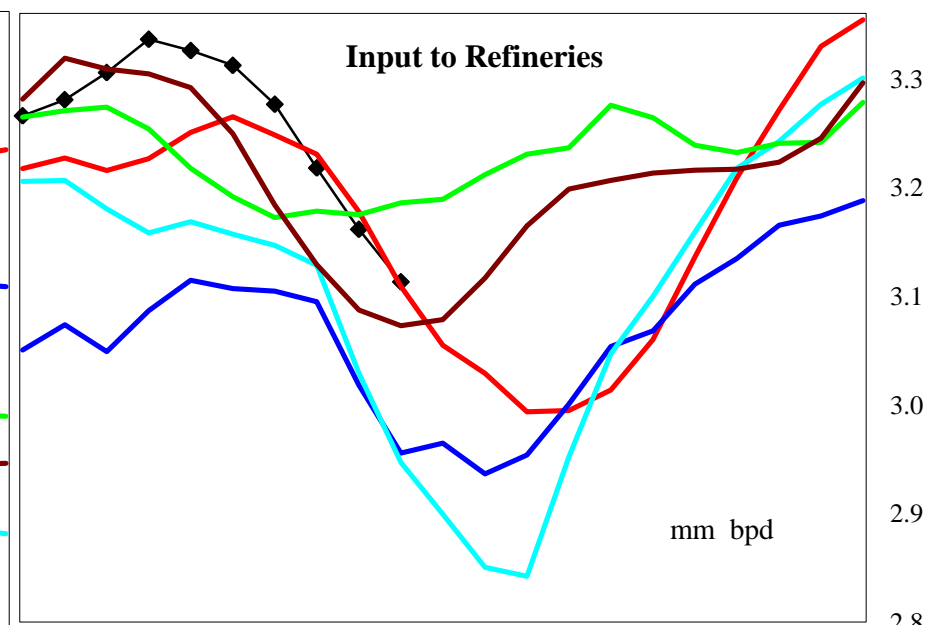
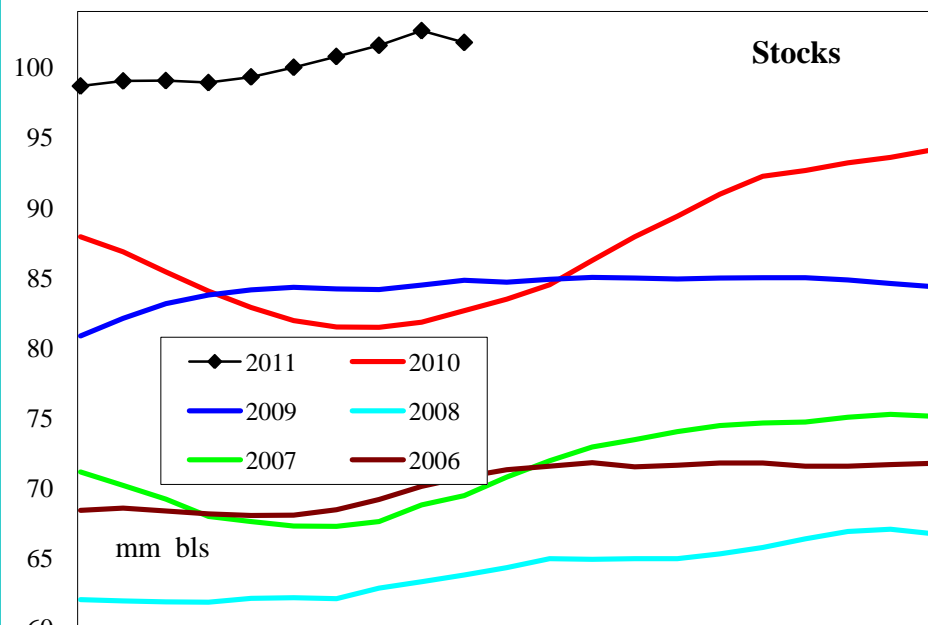
PADD 1 Jet Fuel Supply



PADD 1 Residual Fuel Oil Supply



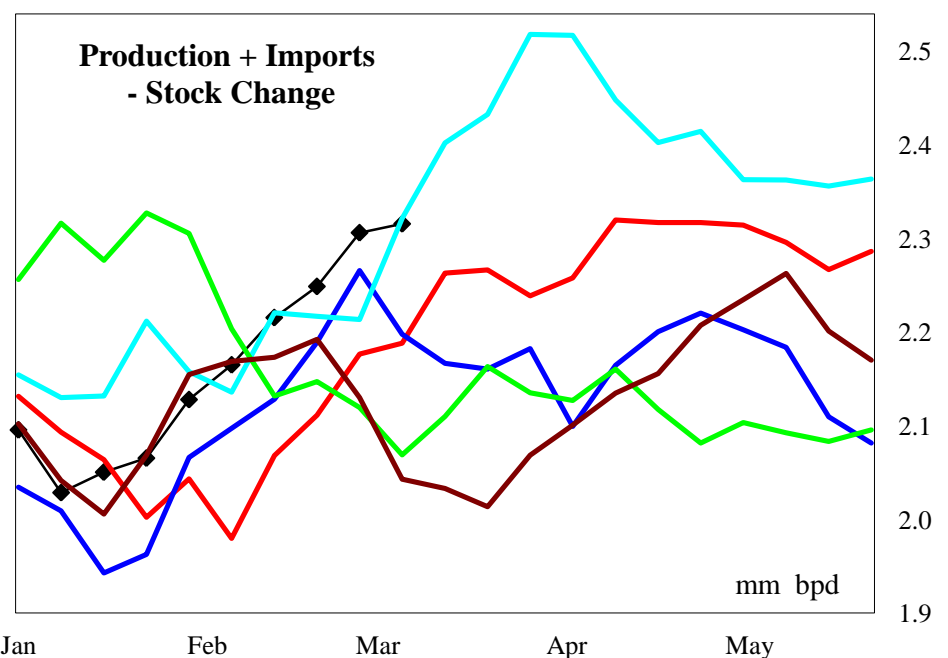
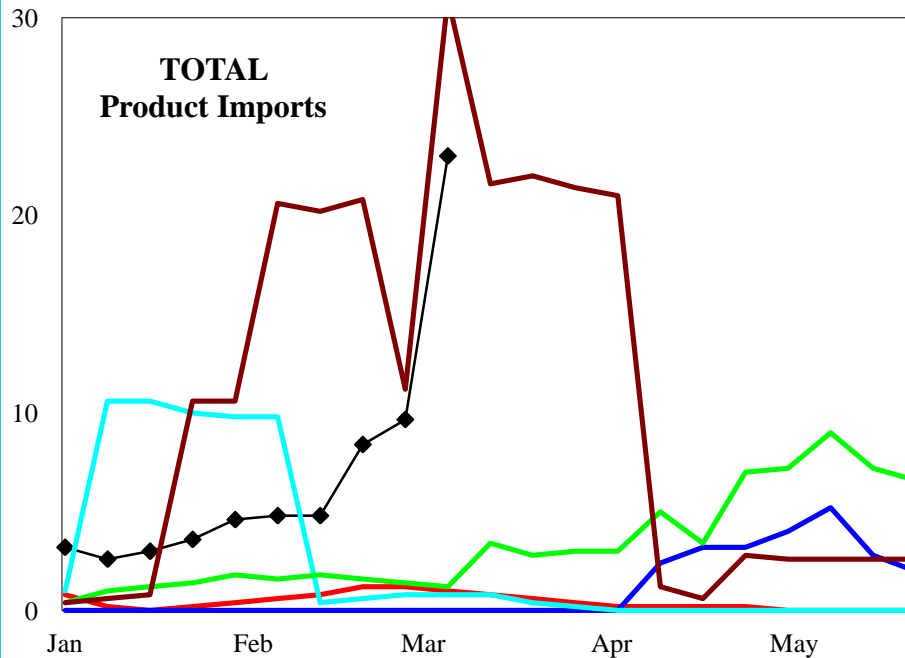
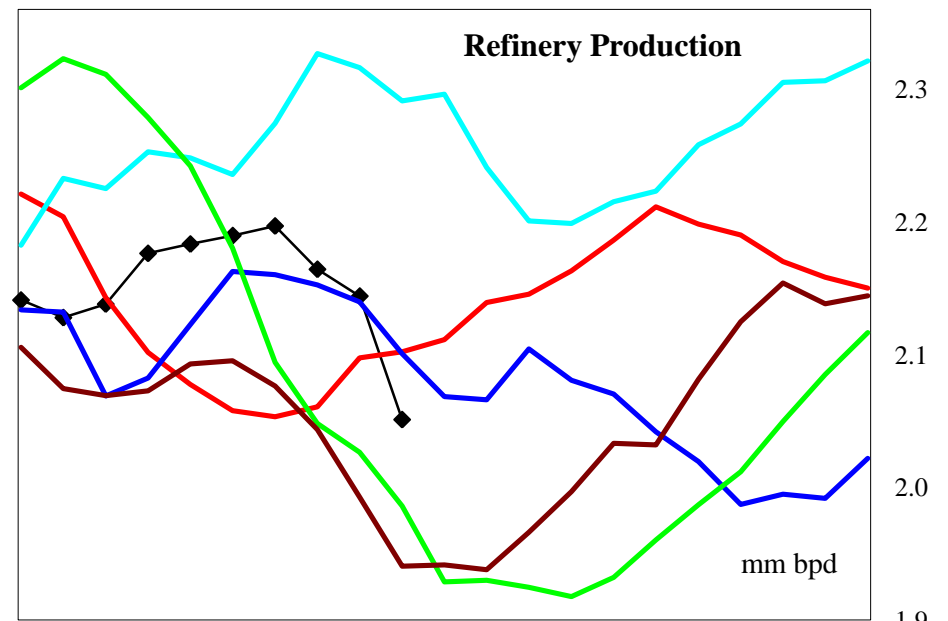
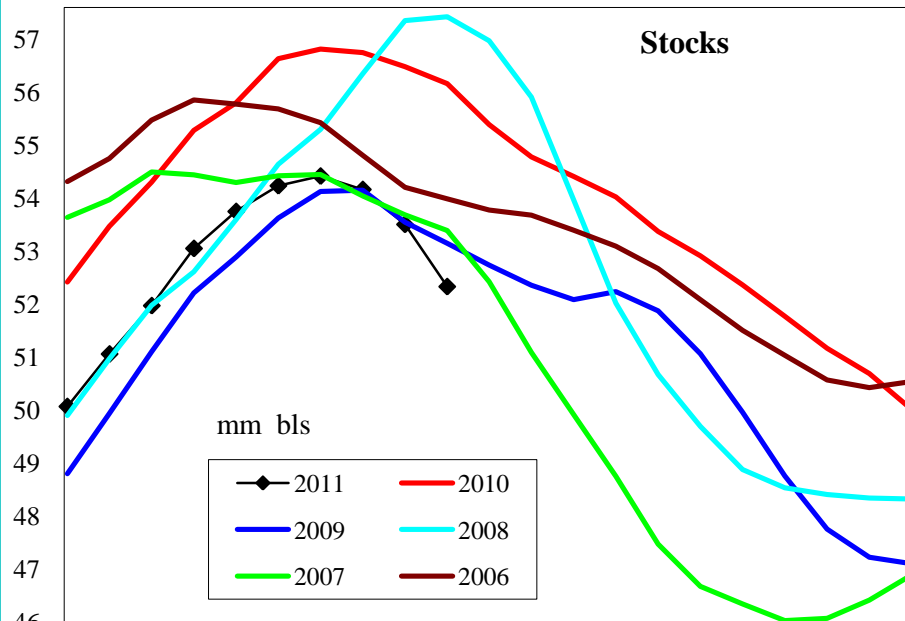
PADD 2 Crude Oil Supply and Refining



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

	Stocks	Cushing	Input	Imports
000 bpd (000 bbls stks)	19,144	9,645	-38	234
% change	23.2	31.8	-1.2	19.7

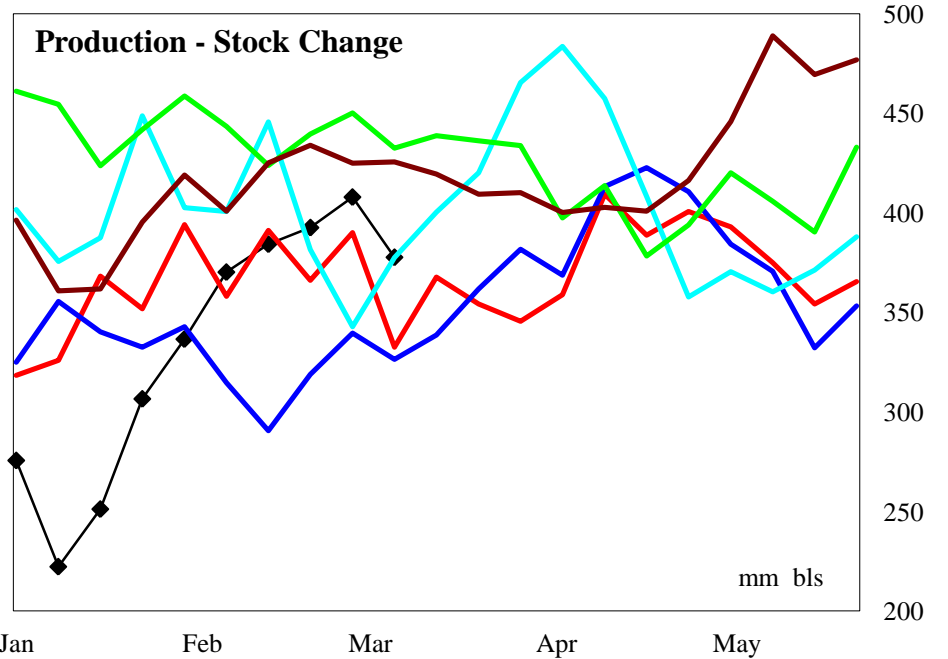
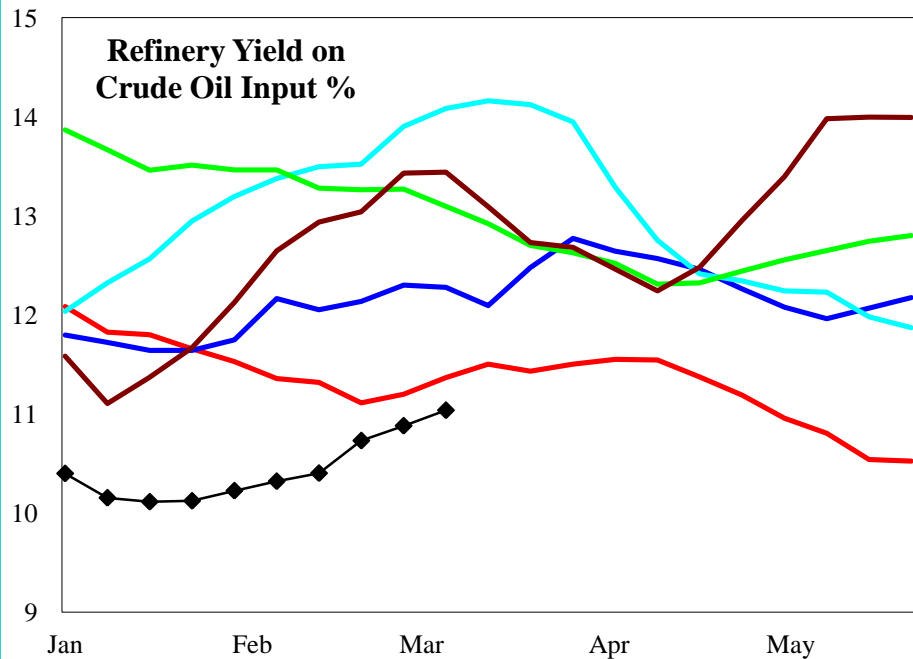
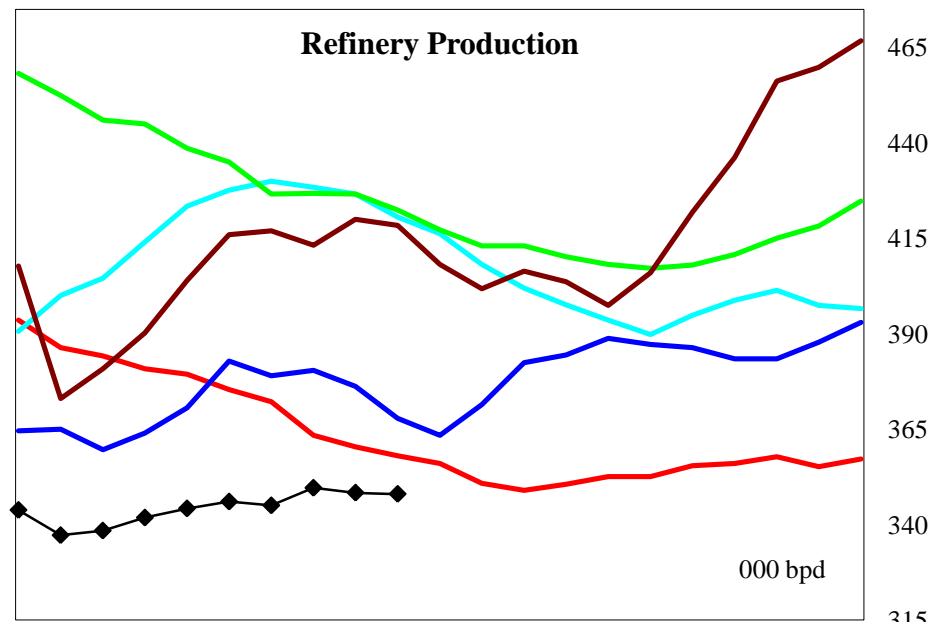
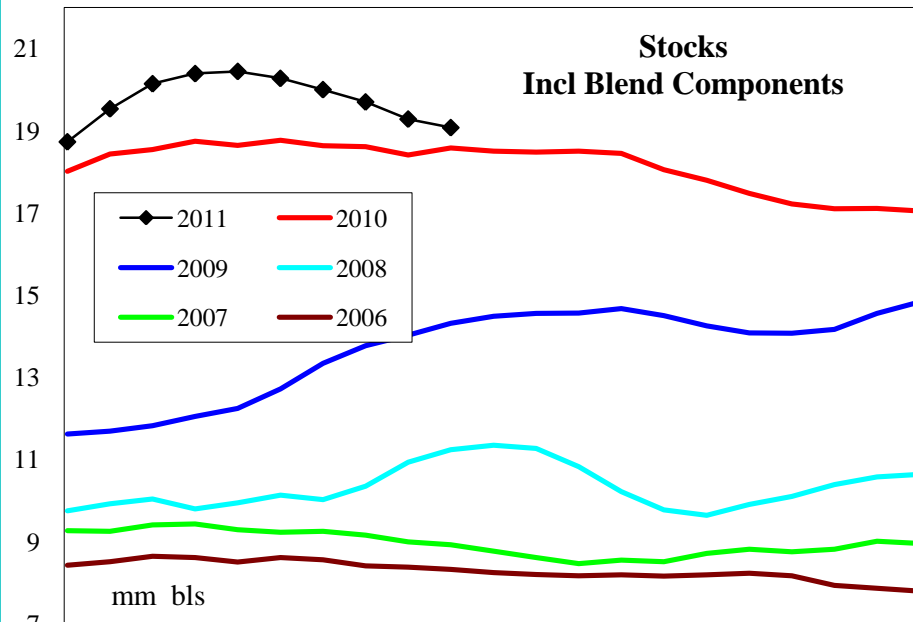
PADD 2 Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-3,834	75	8	190
-6.8	3.5	640.0	8.9

PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod - Stk chg

492

-16

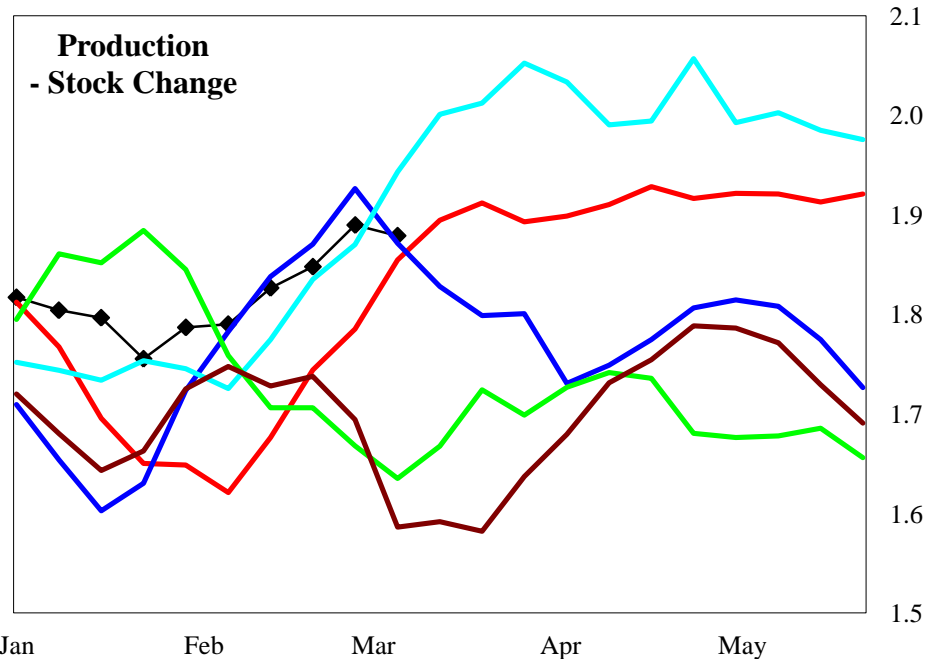
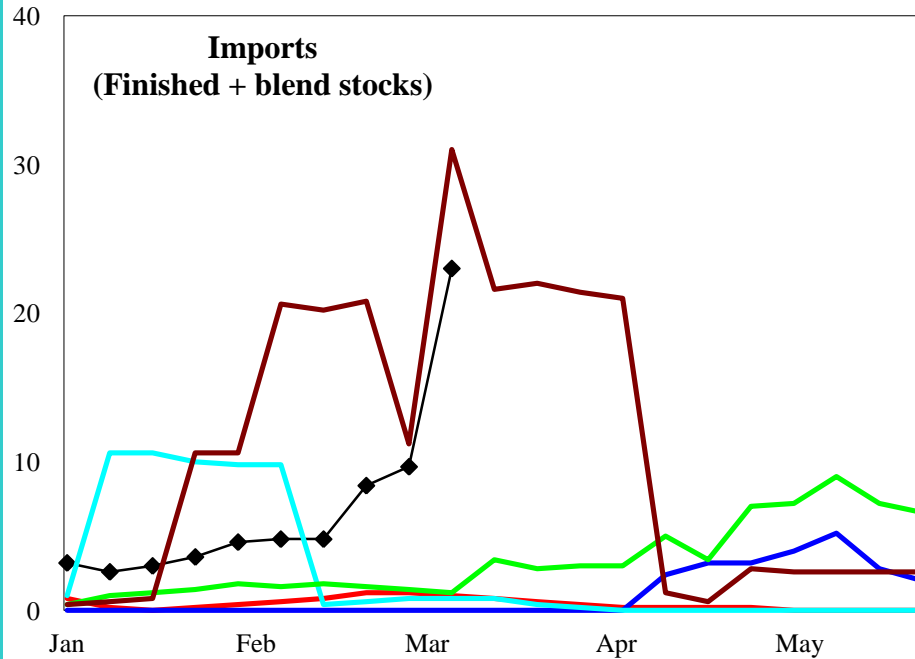
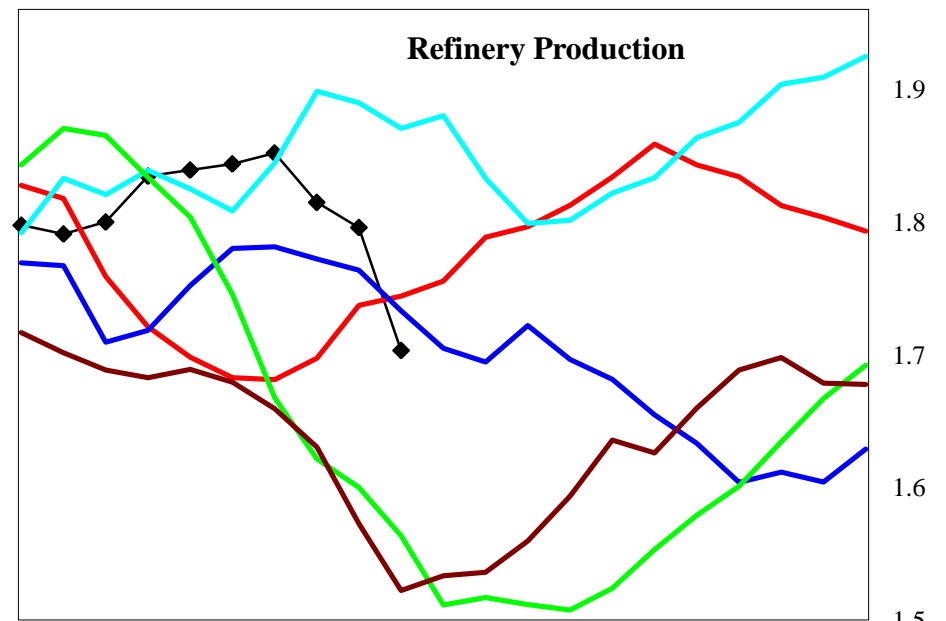
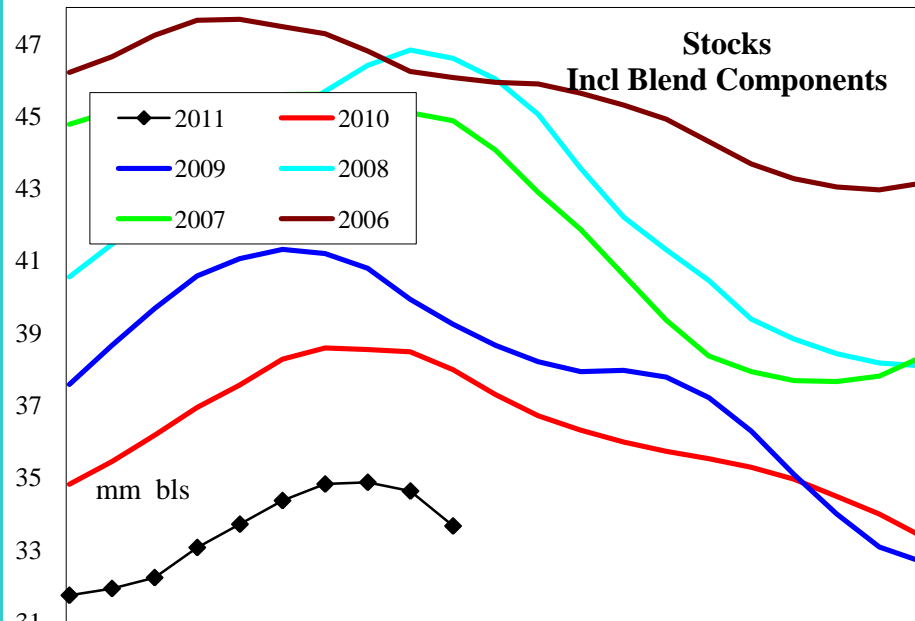
21

2.6

-4.3

5.6

PADD 2 Conventional Gasoline Supply



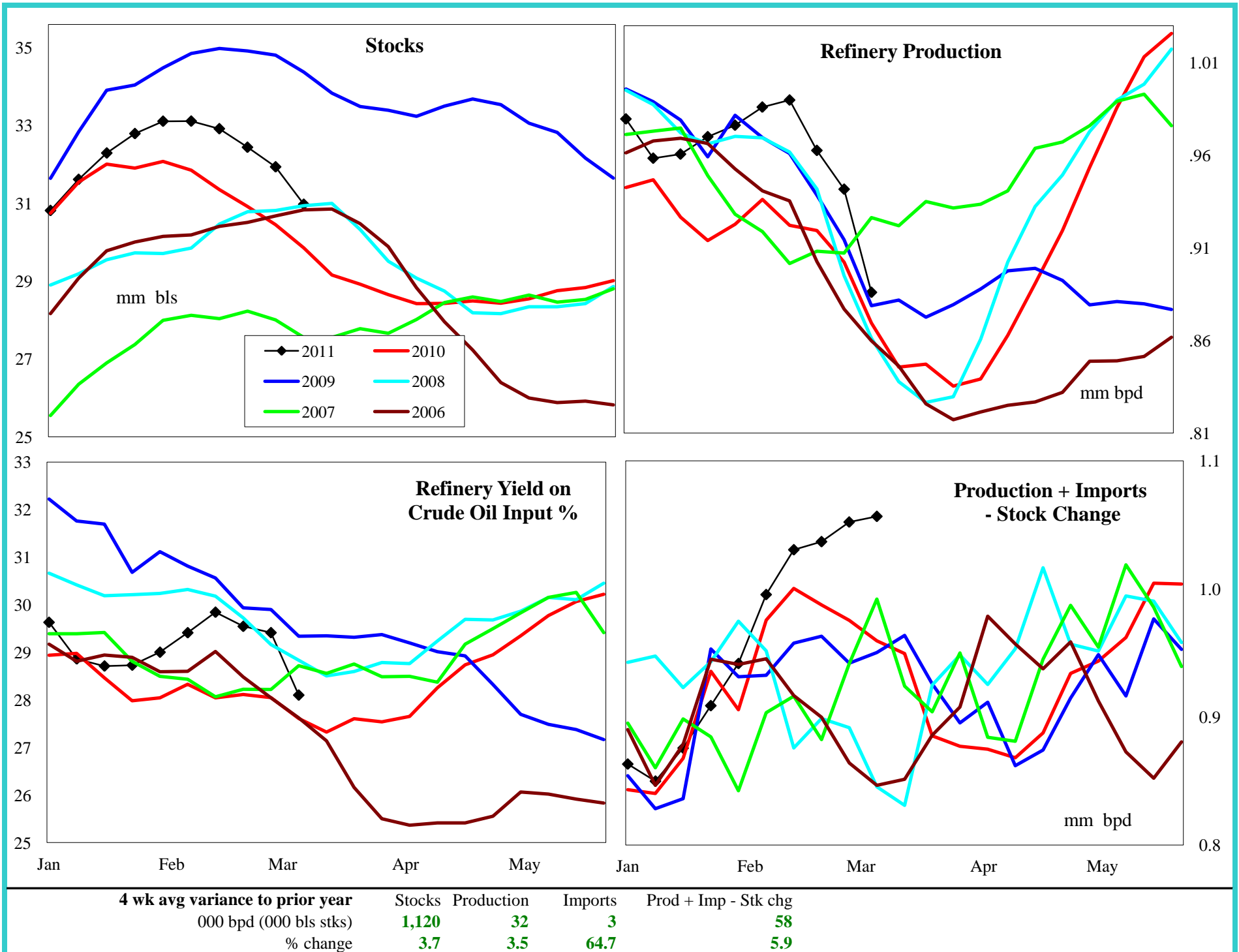
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks
-4,425
-11.6

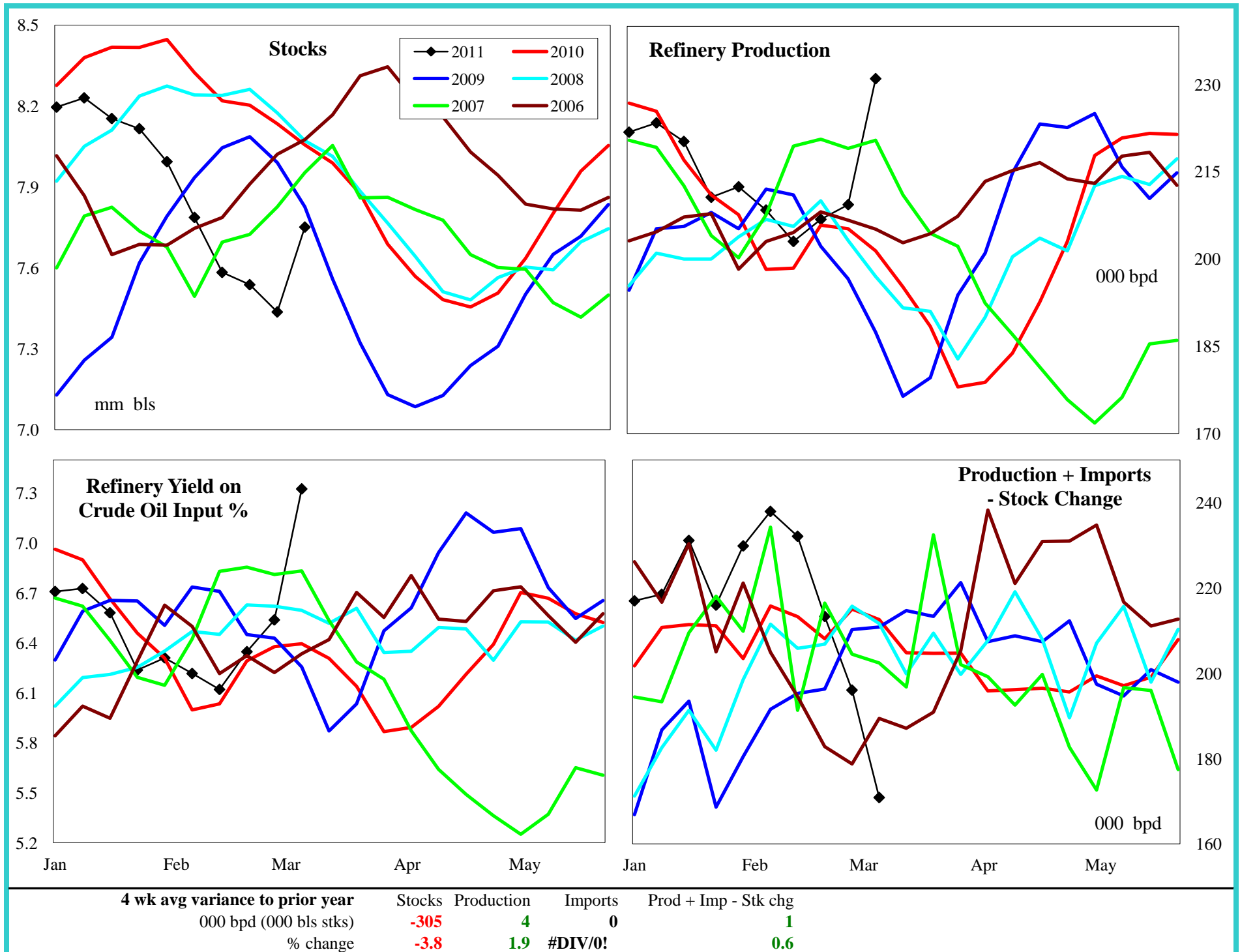
Production
85
4.8

Prod - Stk chg
169
9.6

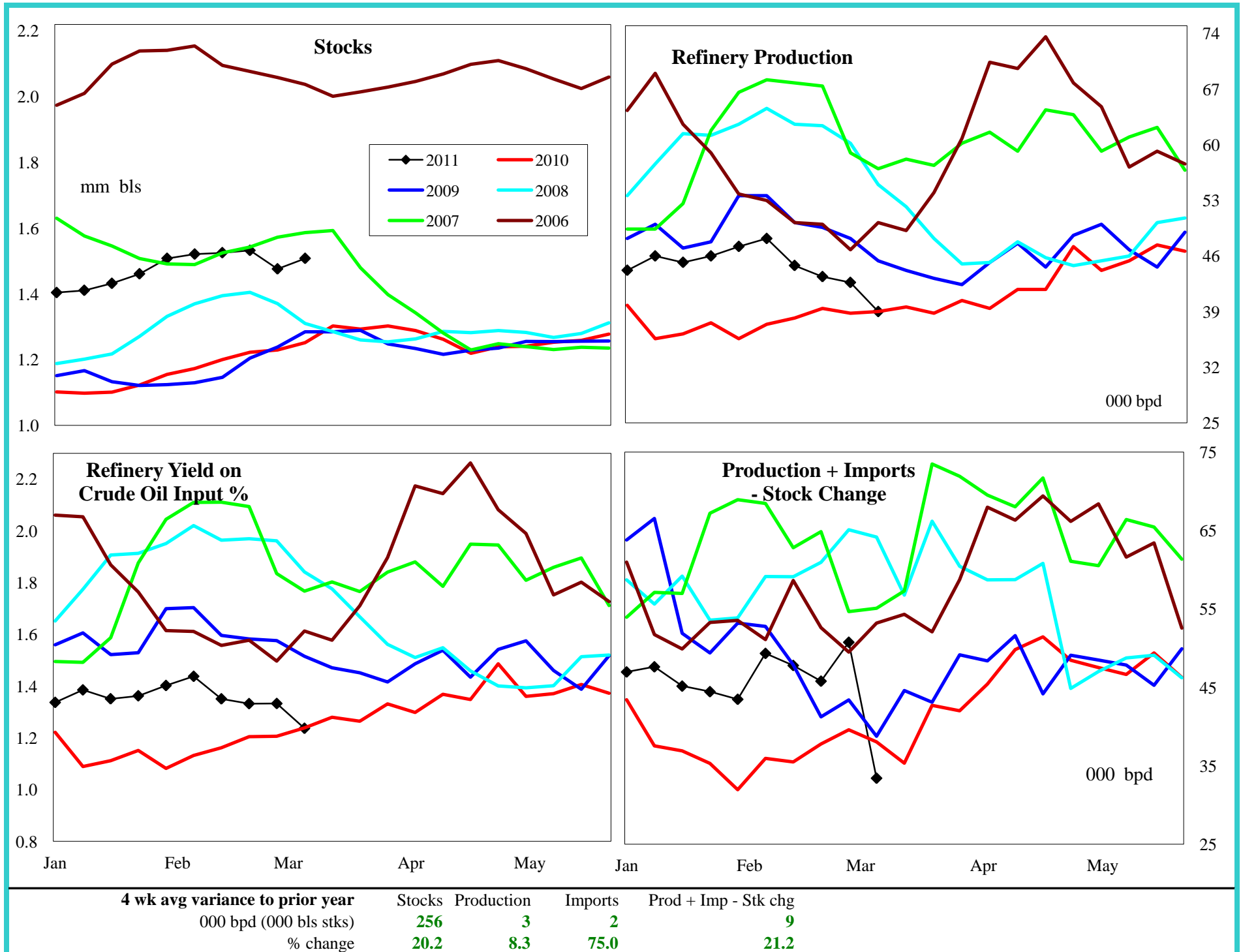
PADD 2 Distillate Supply



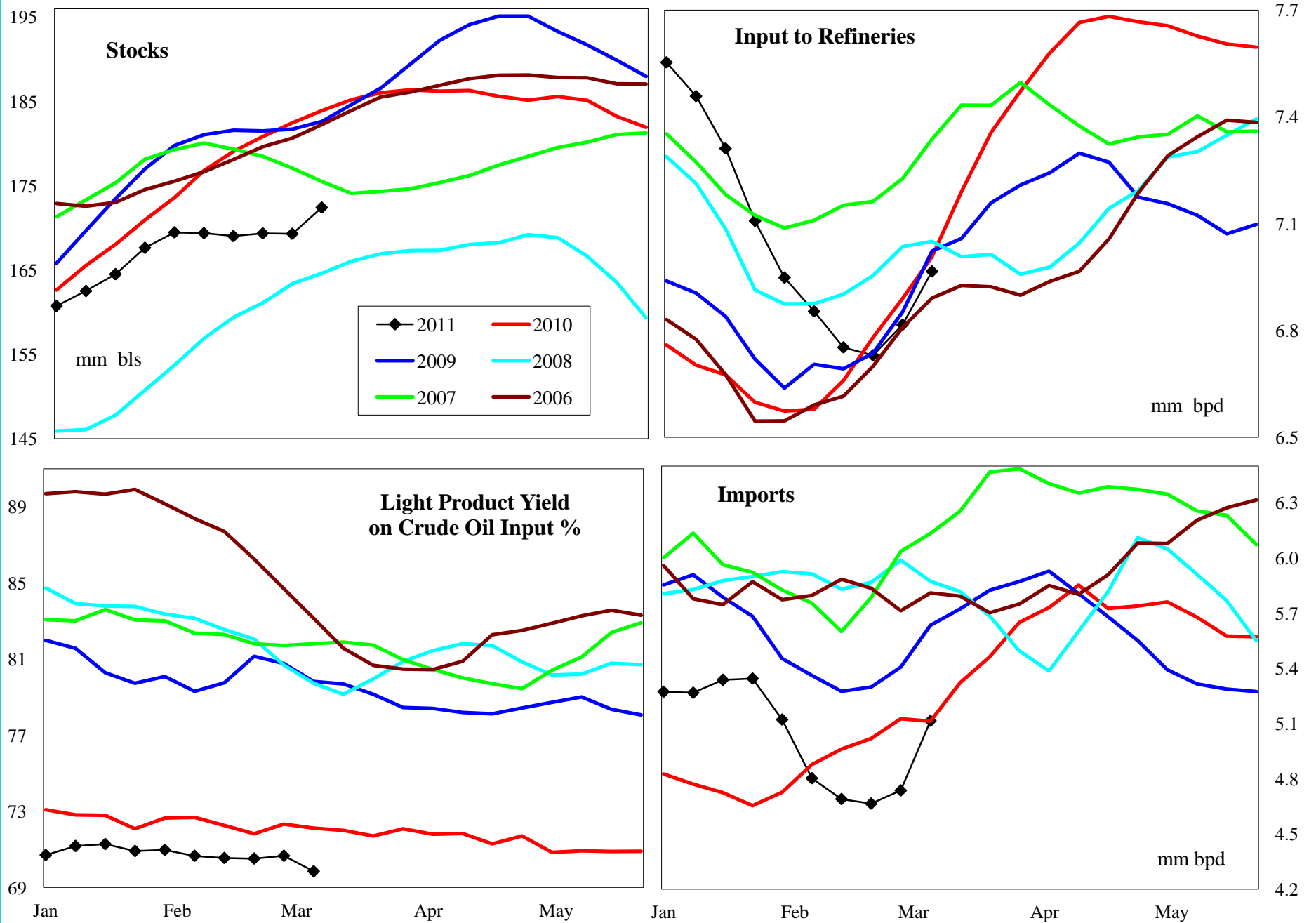
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-11,476

-6.2

Input

-80

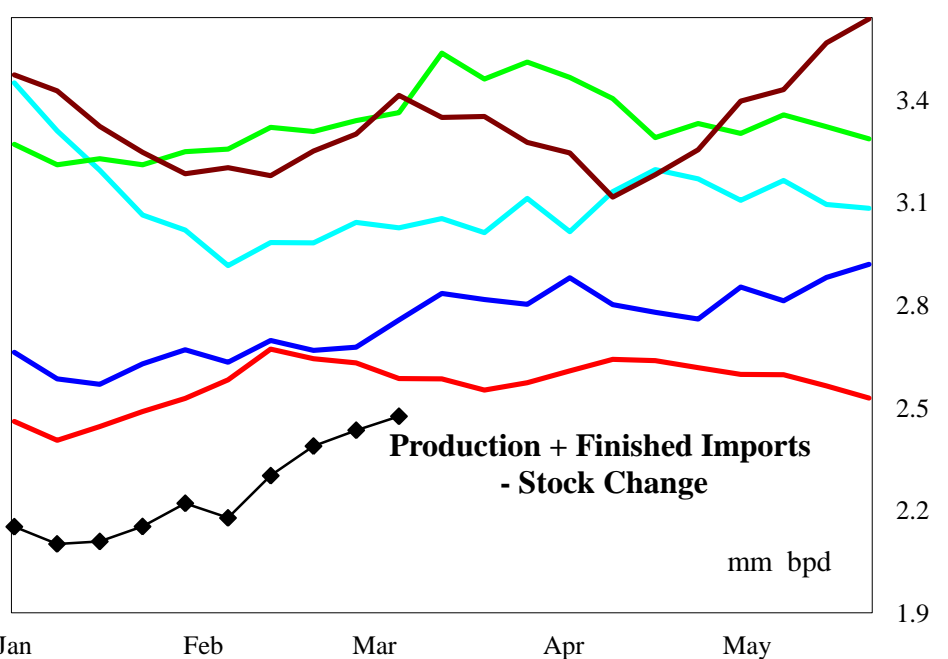
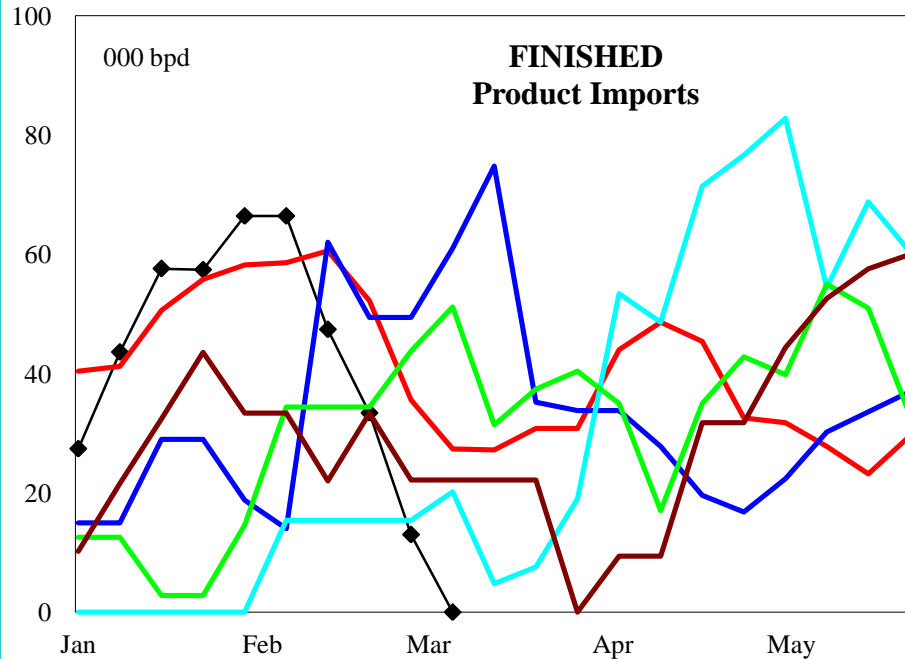
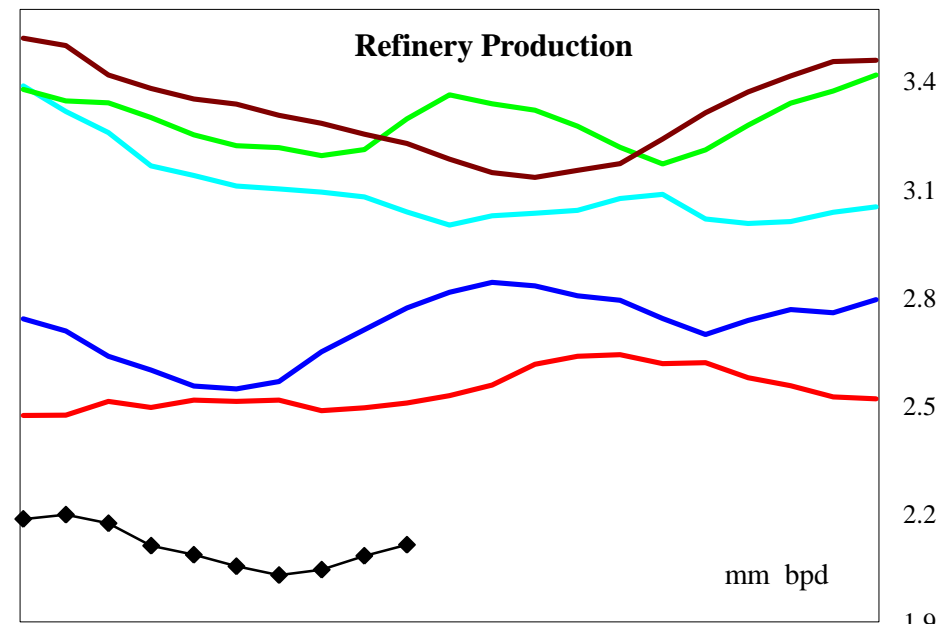
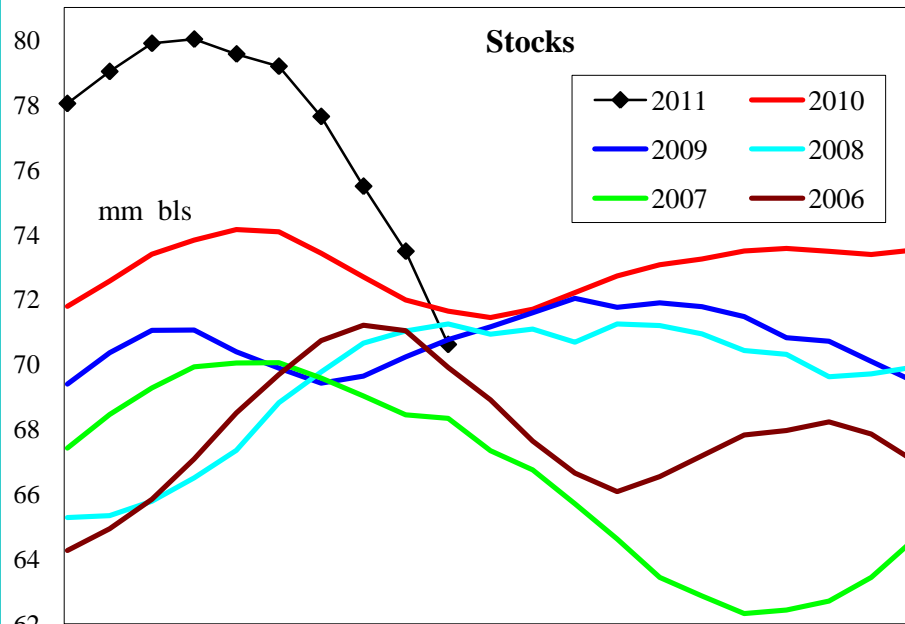
-1.2

Imports

-416

-8.3

PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-217

-0.3

Production

-431

-17.3

Fin Impt

-14

-30.9

Blend Impt

72

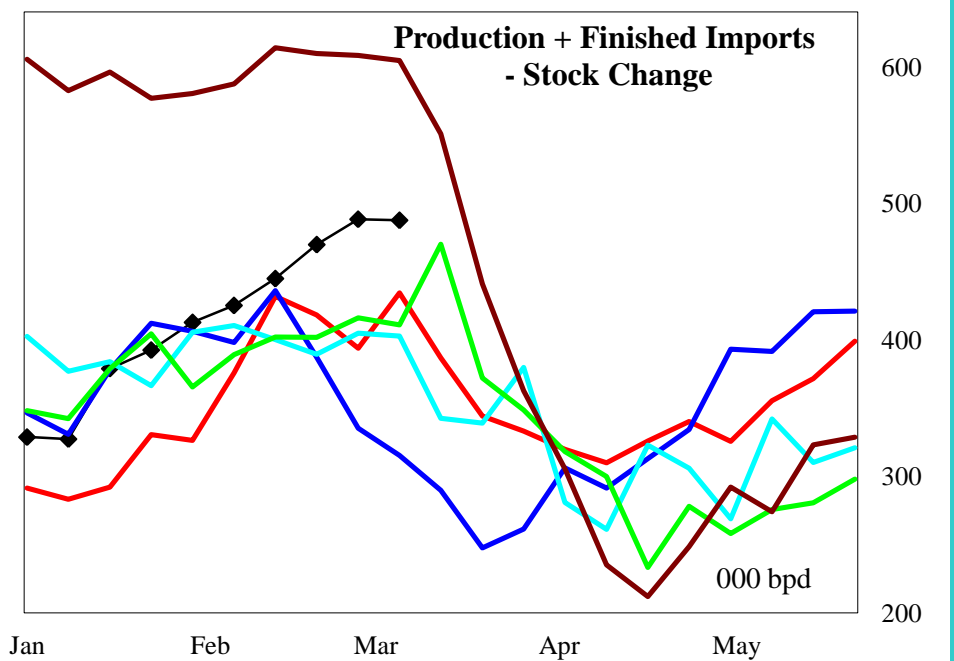
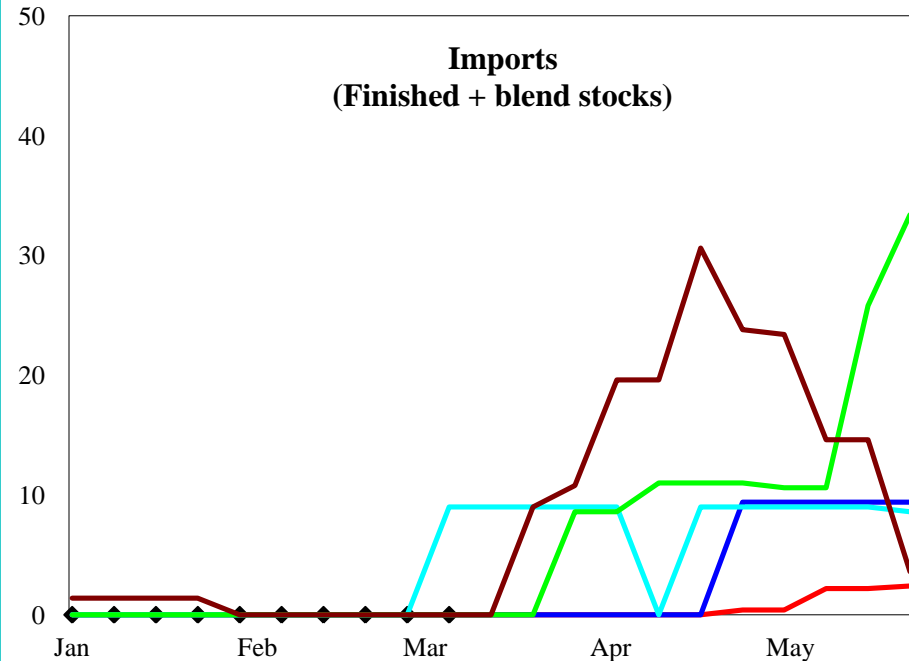
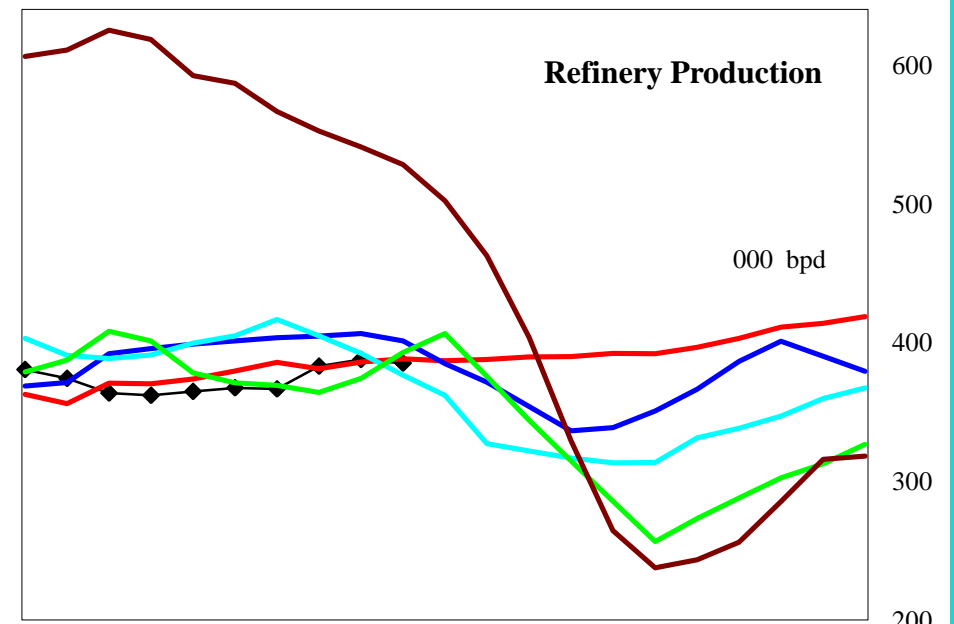
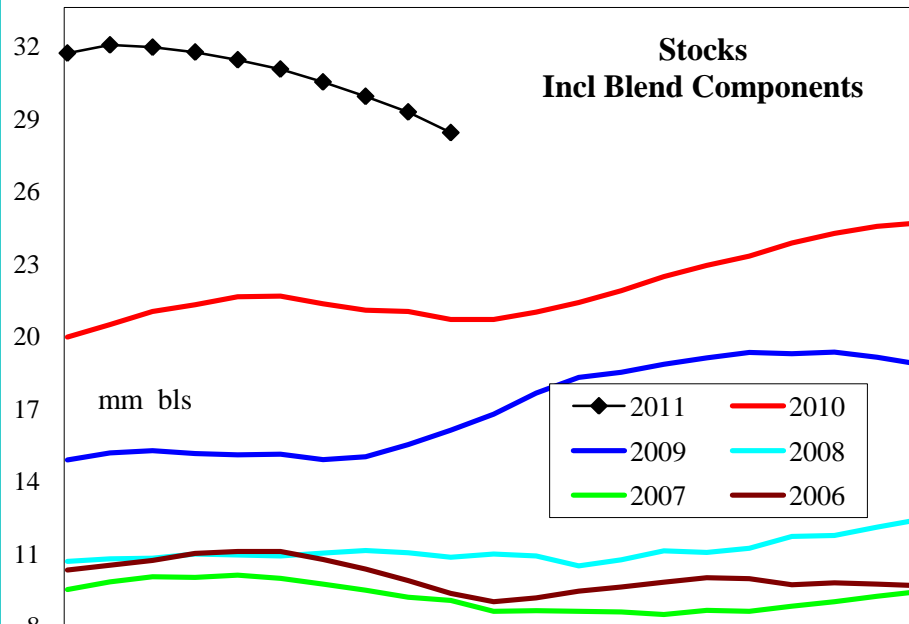
182.8

Prod + Imp - Stk chg

-255

-9.6

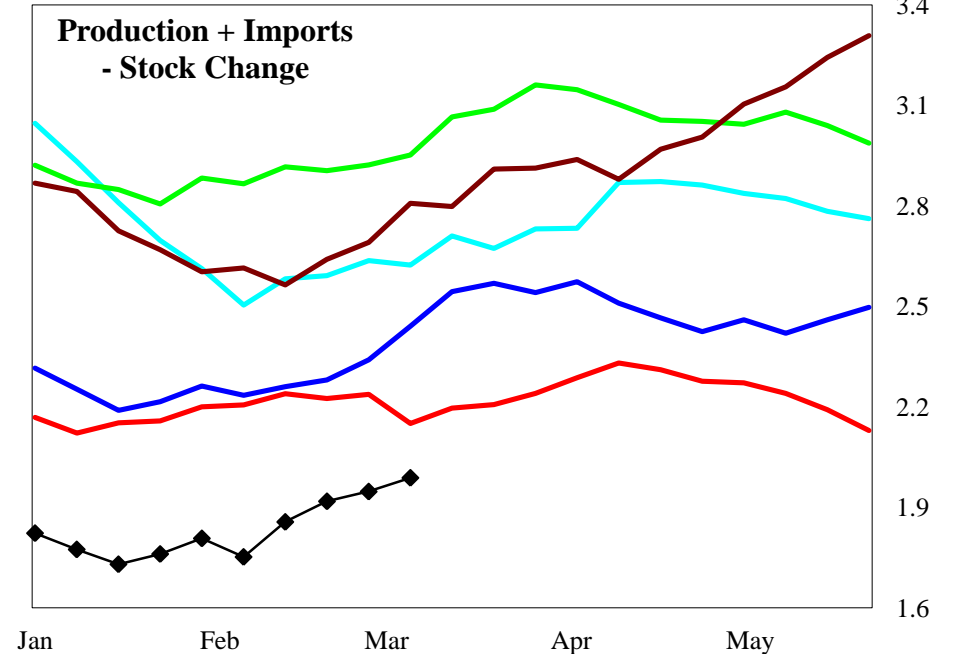
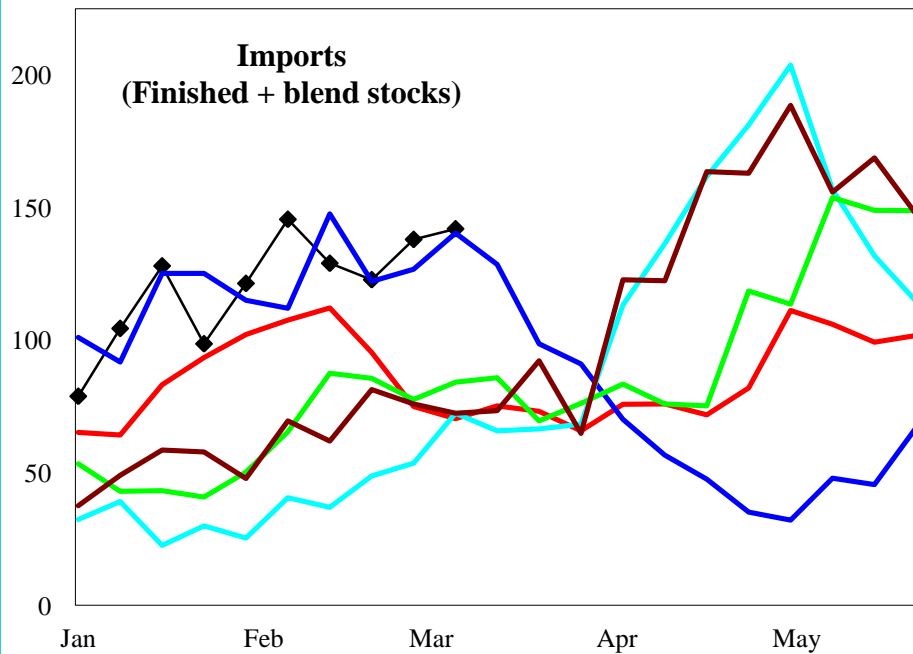
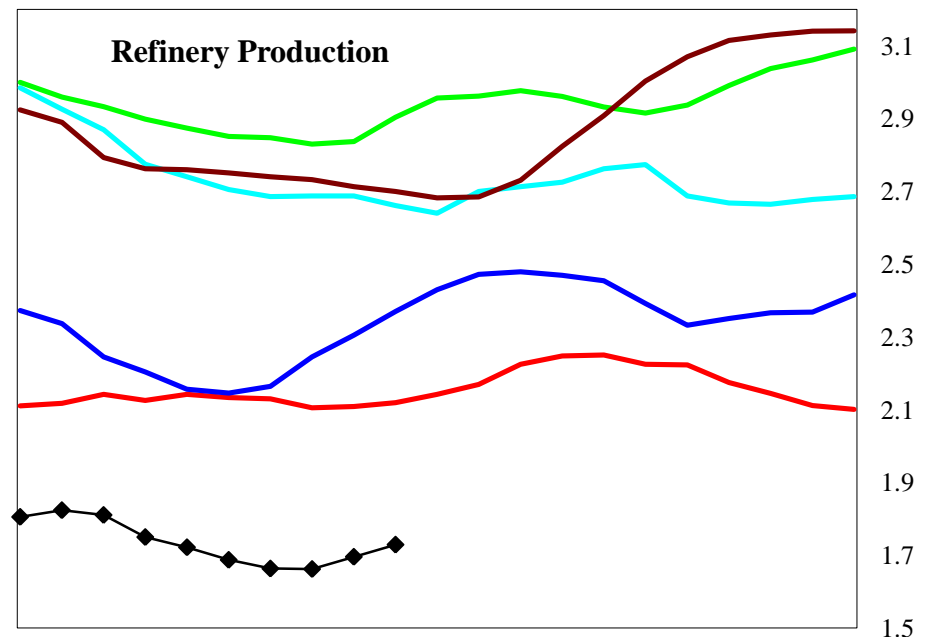
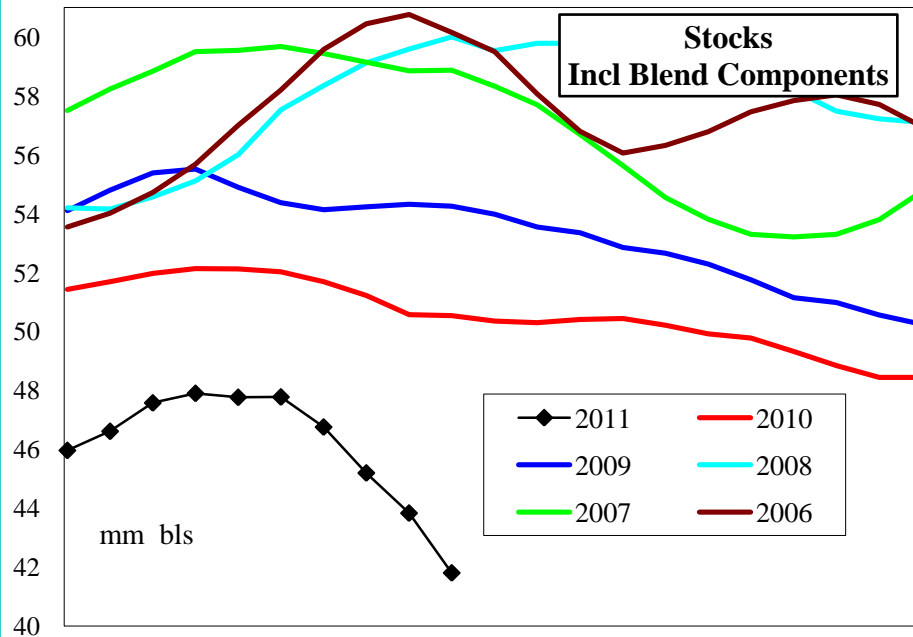
PADD 3 Reformulated Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
8,333	3	0	68
40.7	0.7	#DIV/0!	16.1

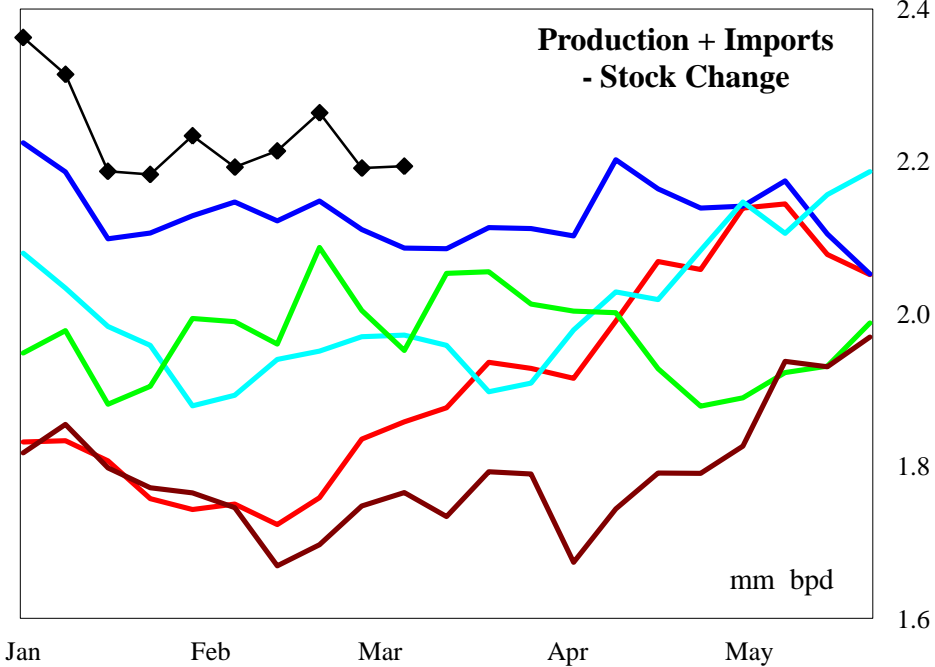
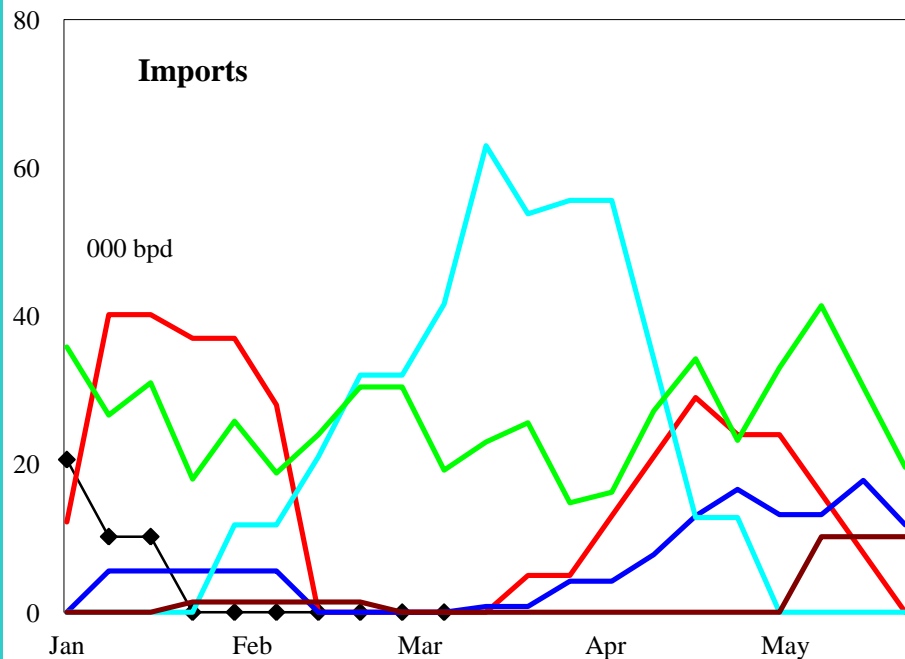
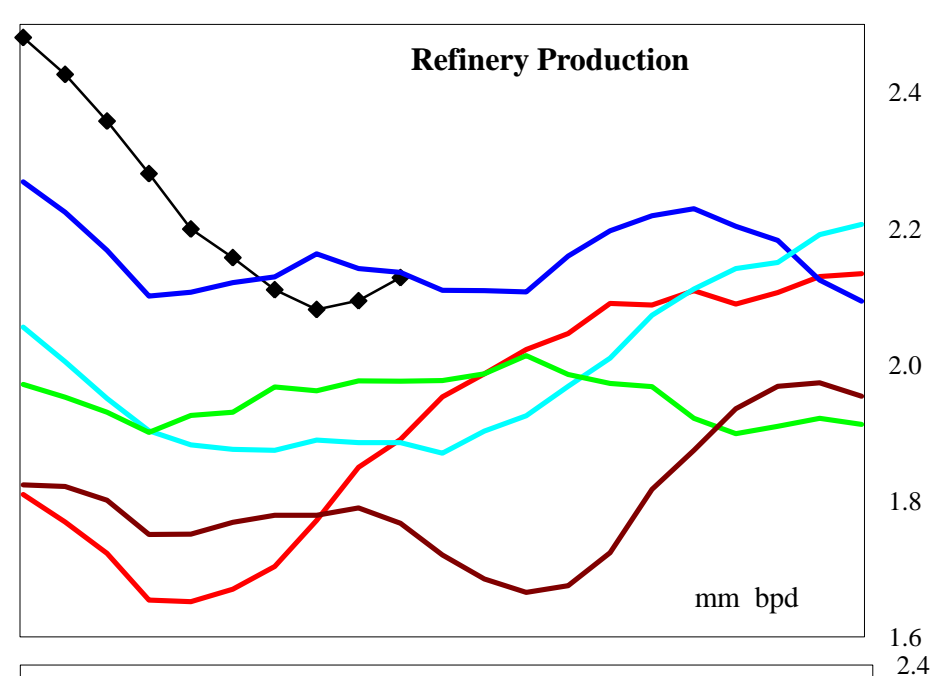
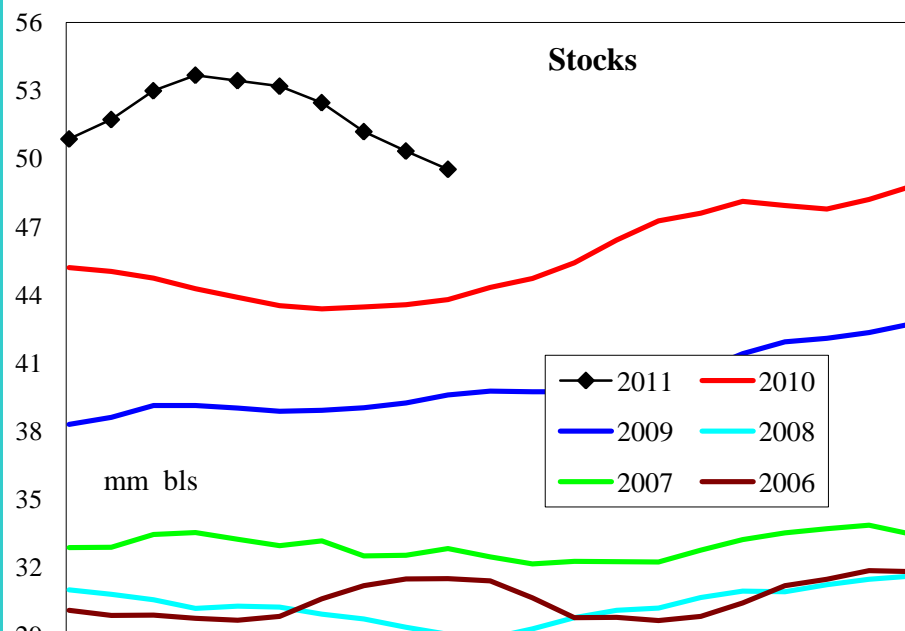
PADD 3 Conventional Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-8,542	-434	58	-322
-17.0	-20.6	69.3	-14.4

PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

5,593

12.7

Production

267

14.7

Imports

0

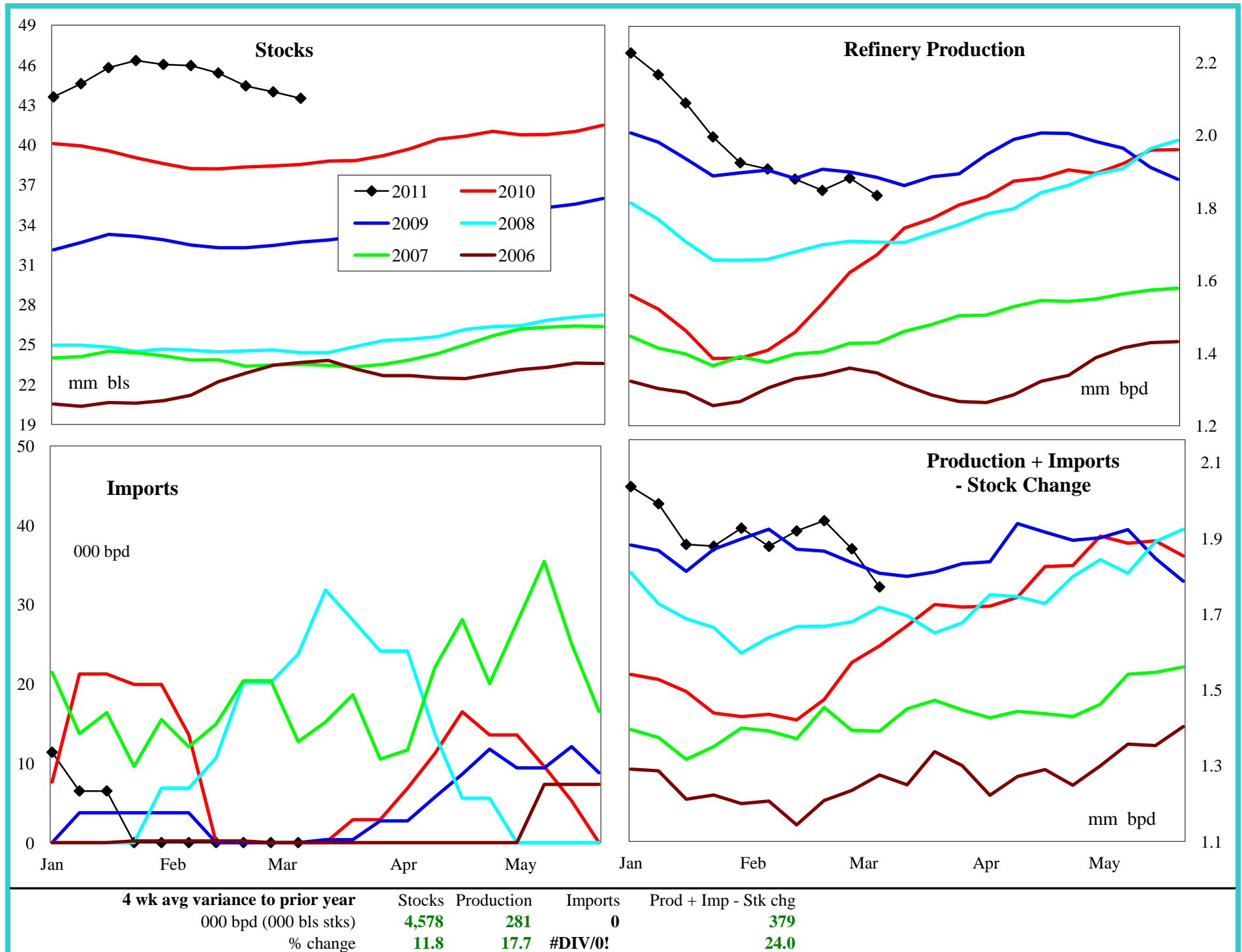
#DIV/0!

Prod + Imp - Stk chg

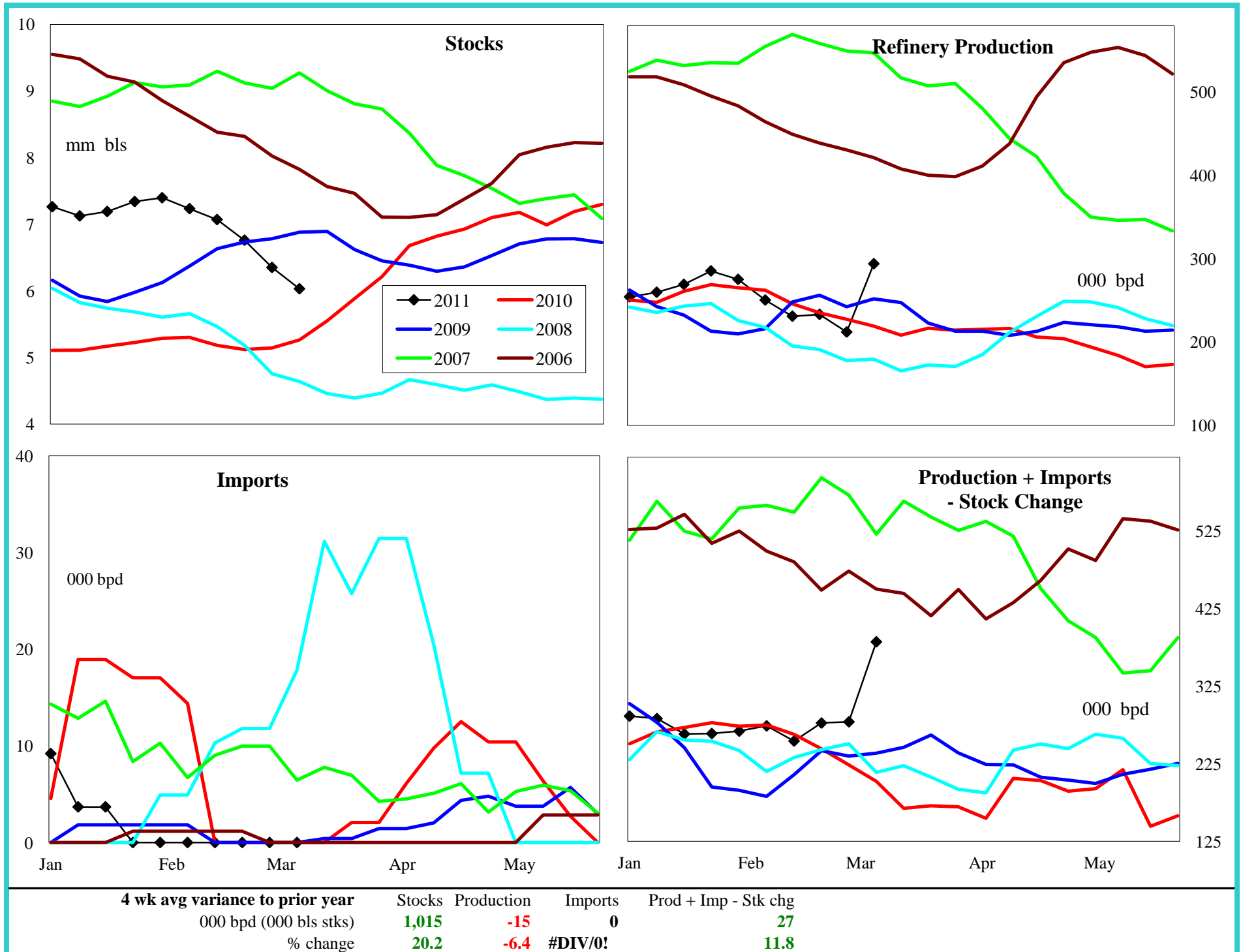
407

22.5

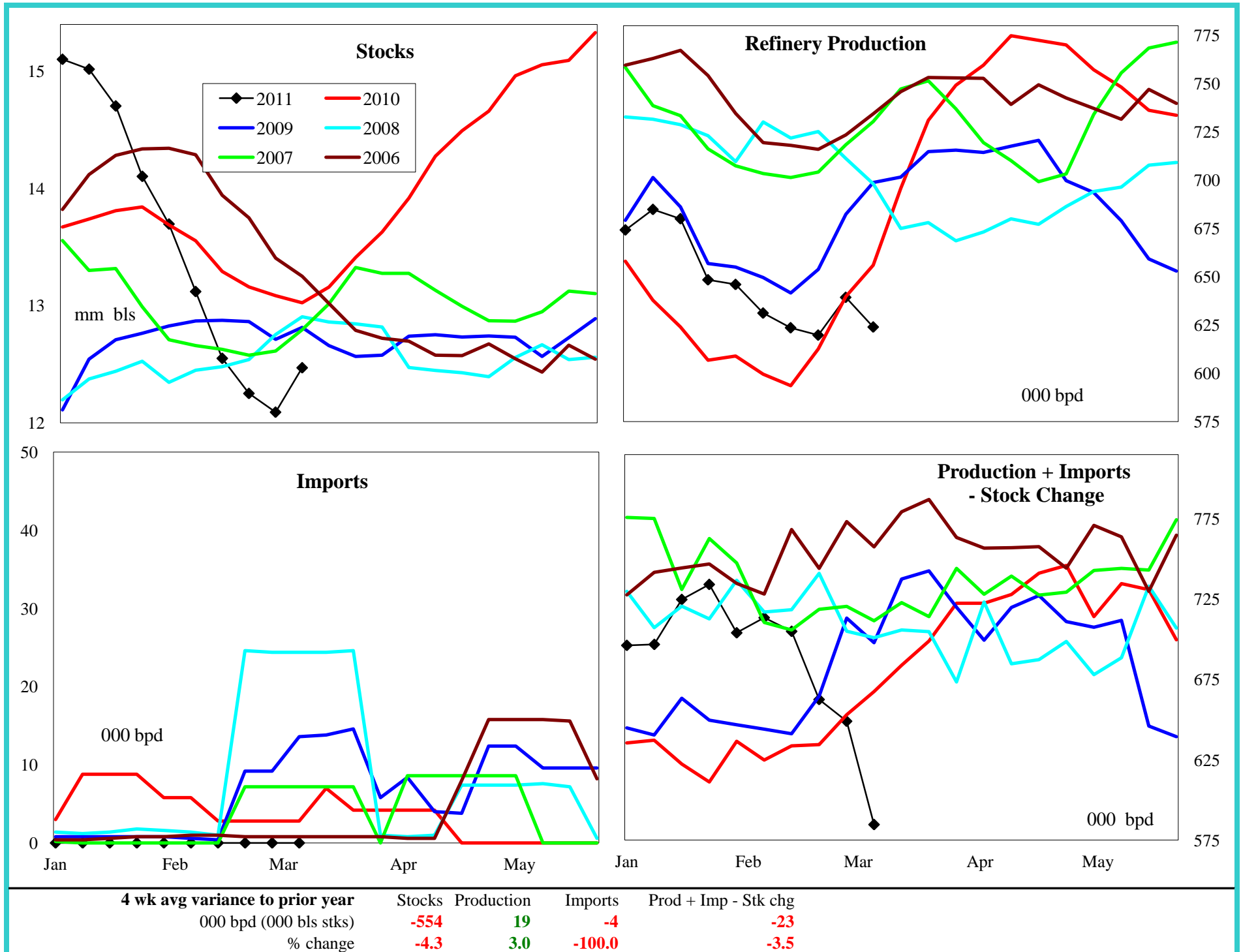
PADD 3 Low Sulfur Distillate Supply



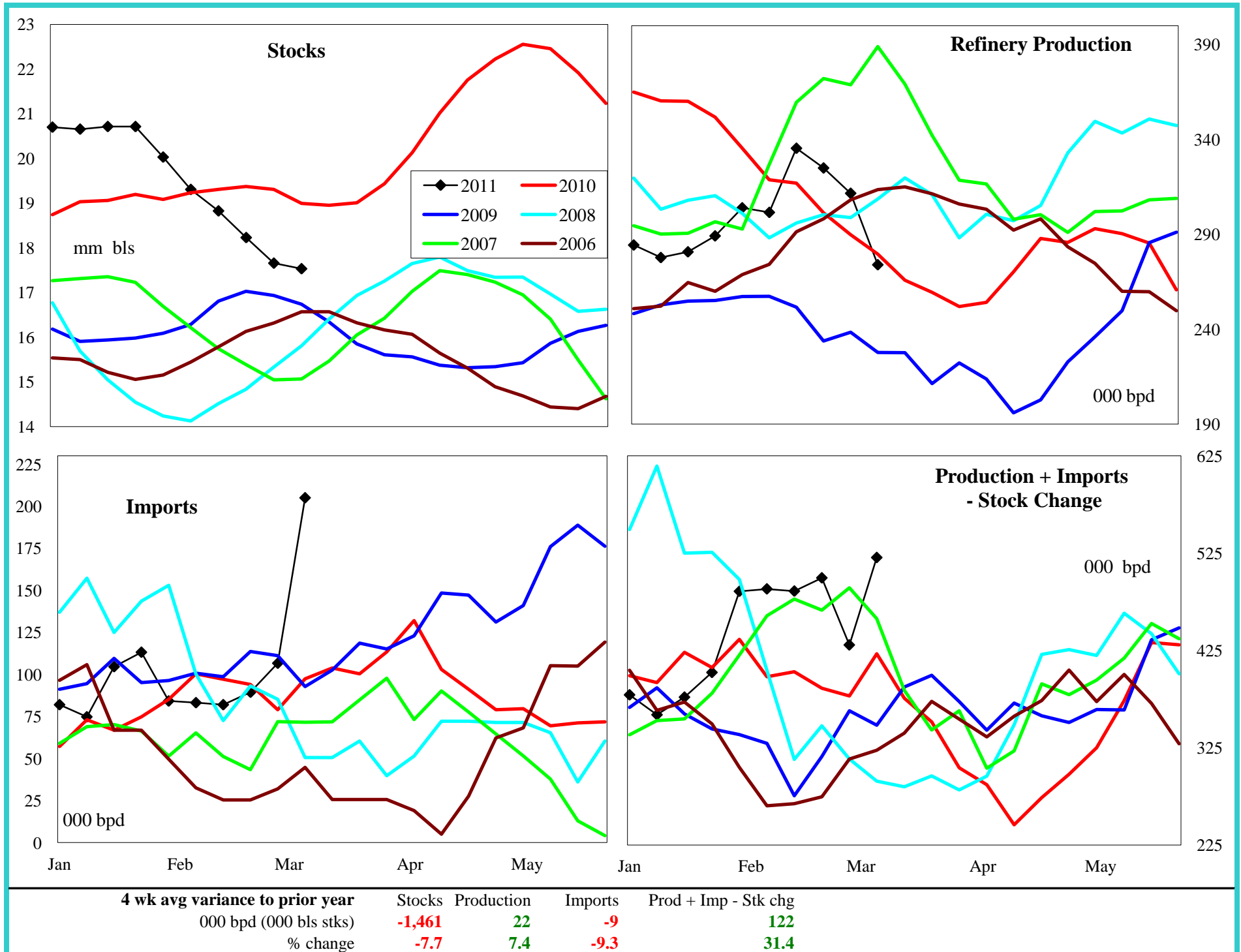
PADD 3 High Sulfur Distillate Supply



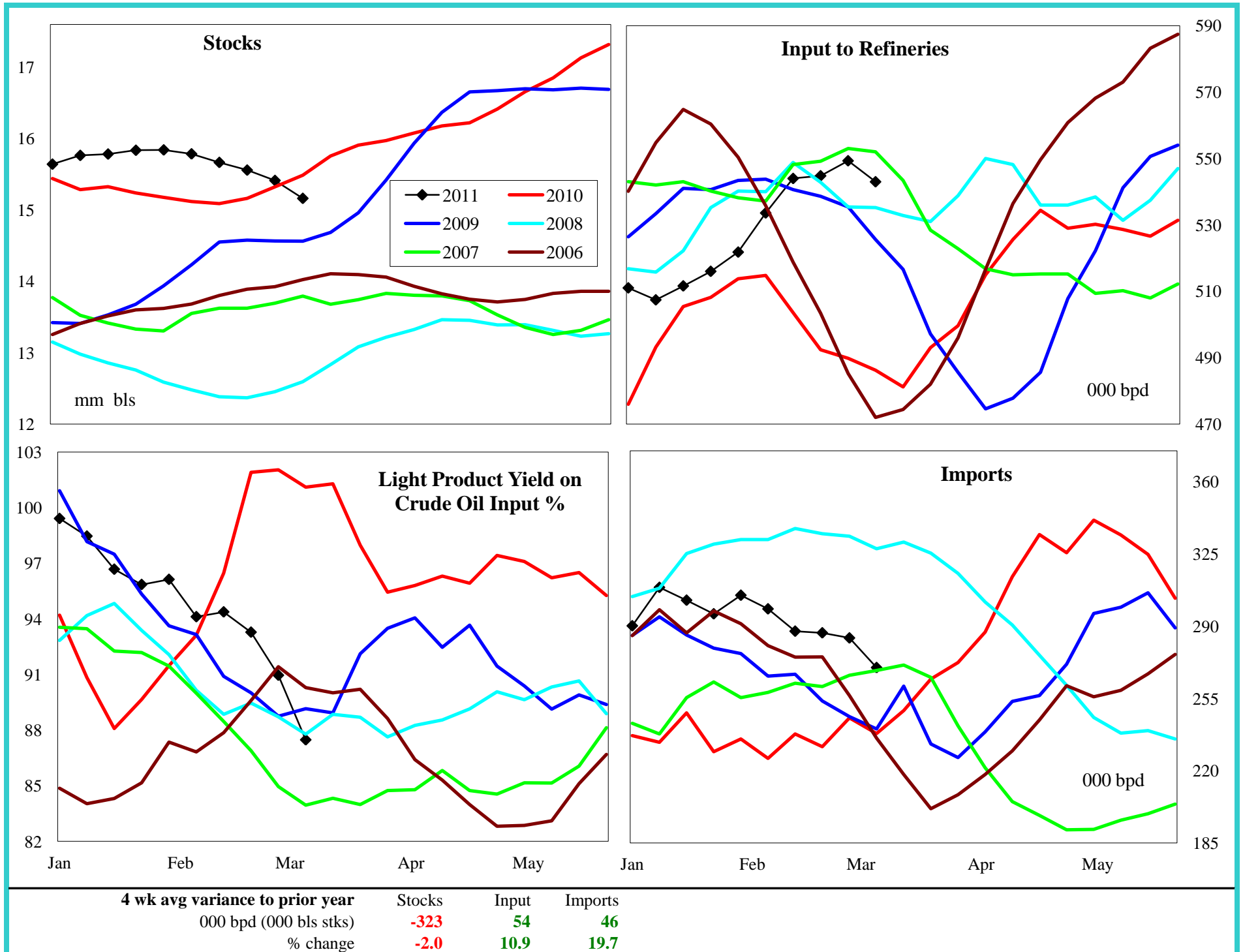
PADD 3 Jet Fuel Supply



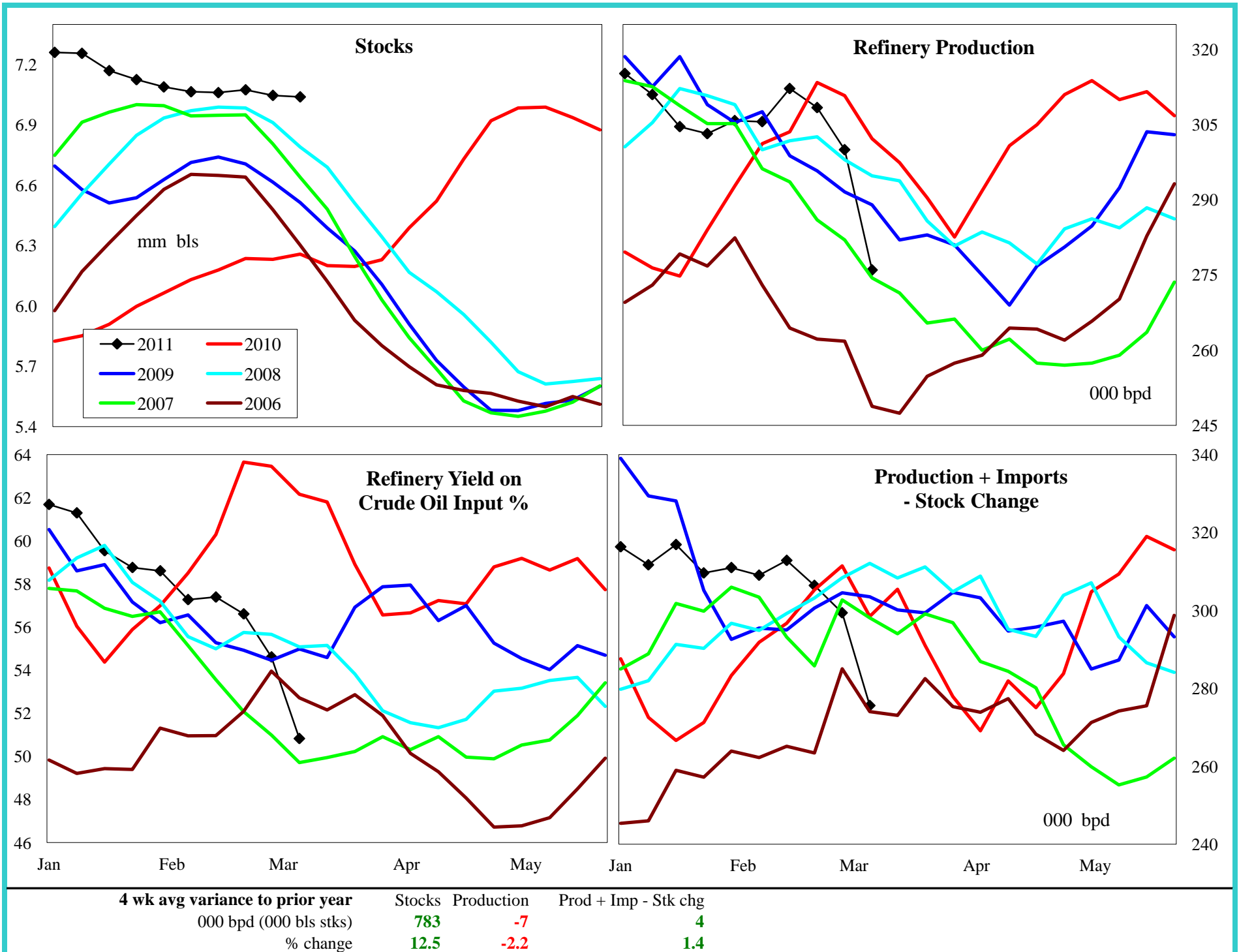
PADD 3 Residual Fuel Oil Supply



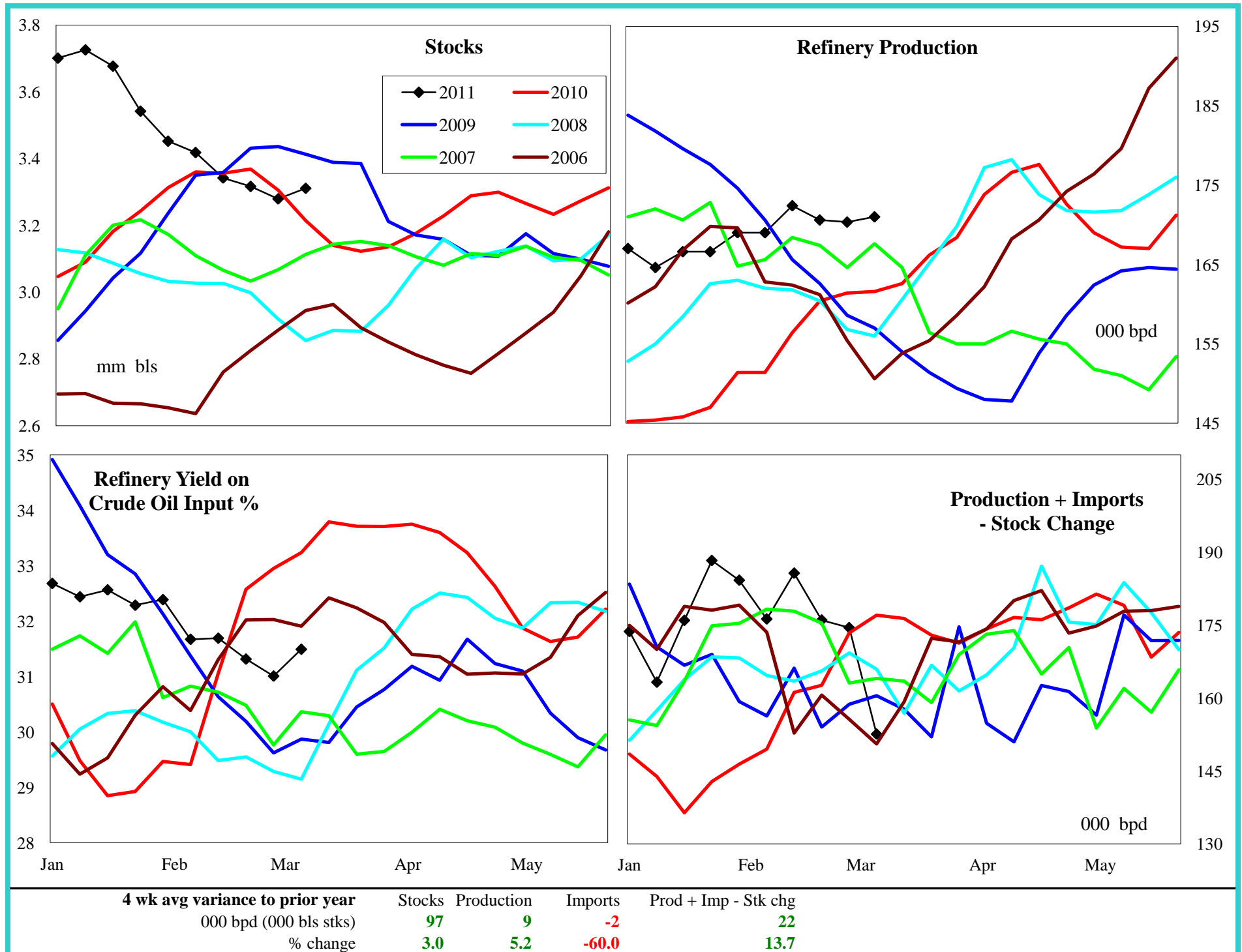
PADD 4 Crude Oil Supply and Refining



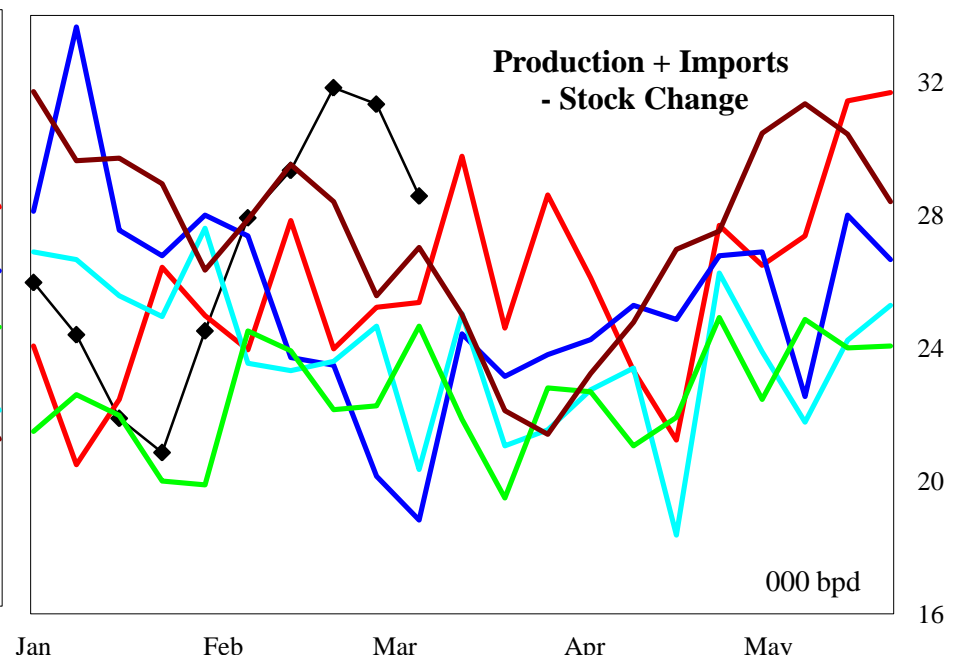
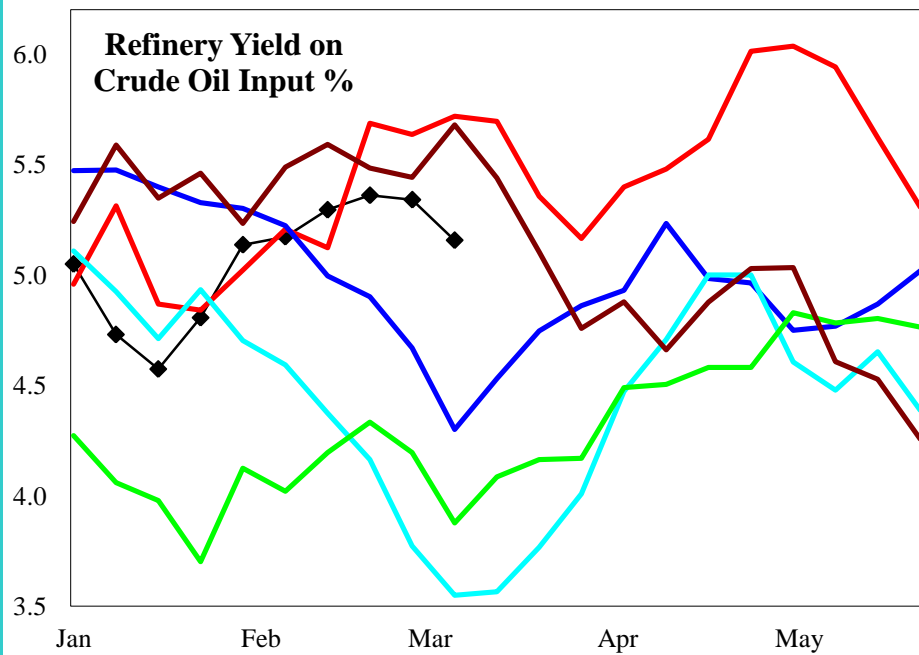
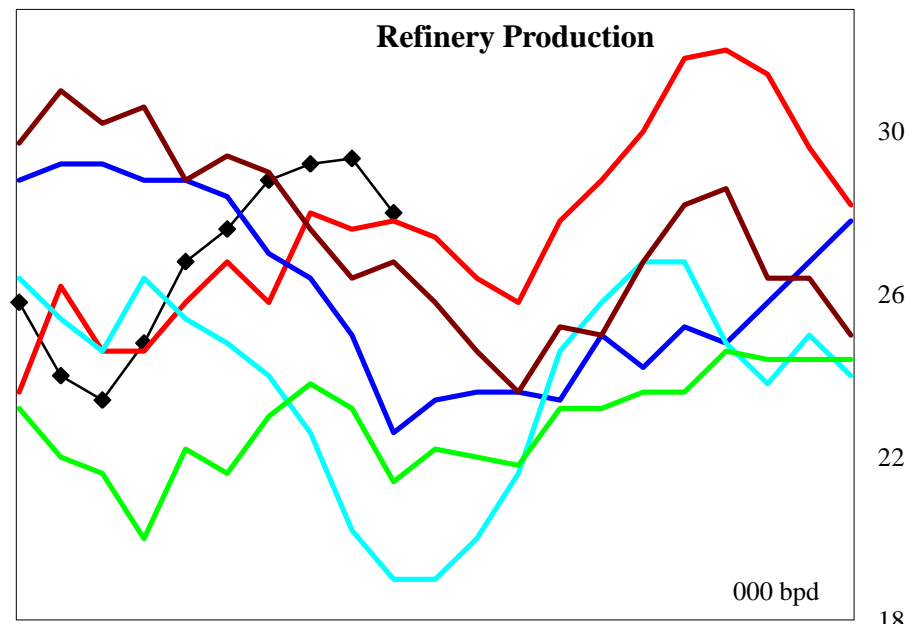
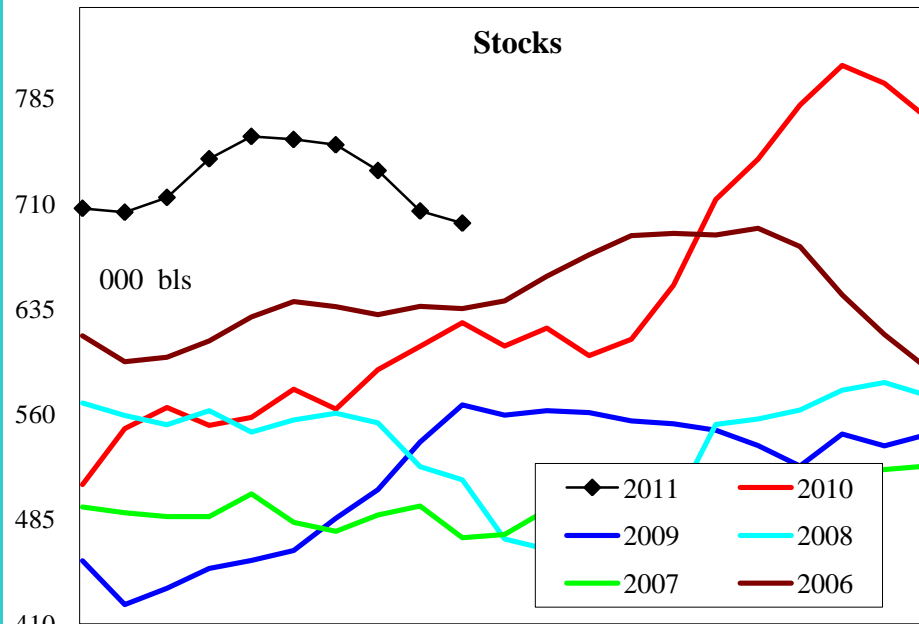
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply

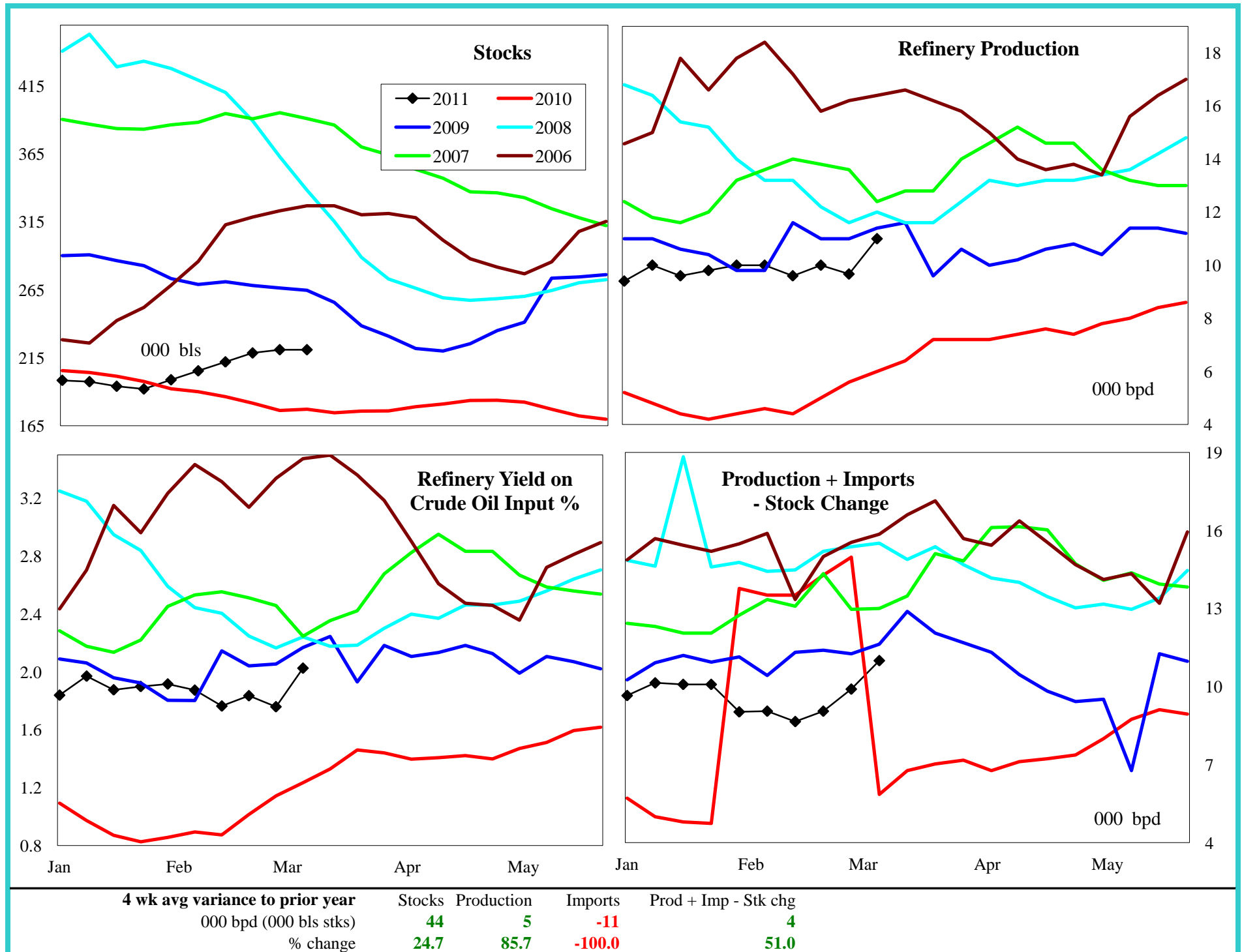


4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

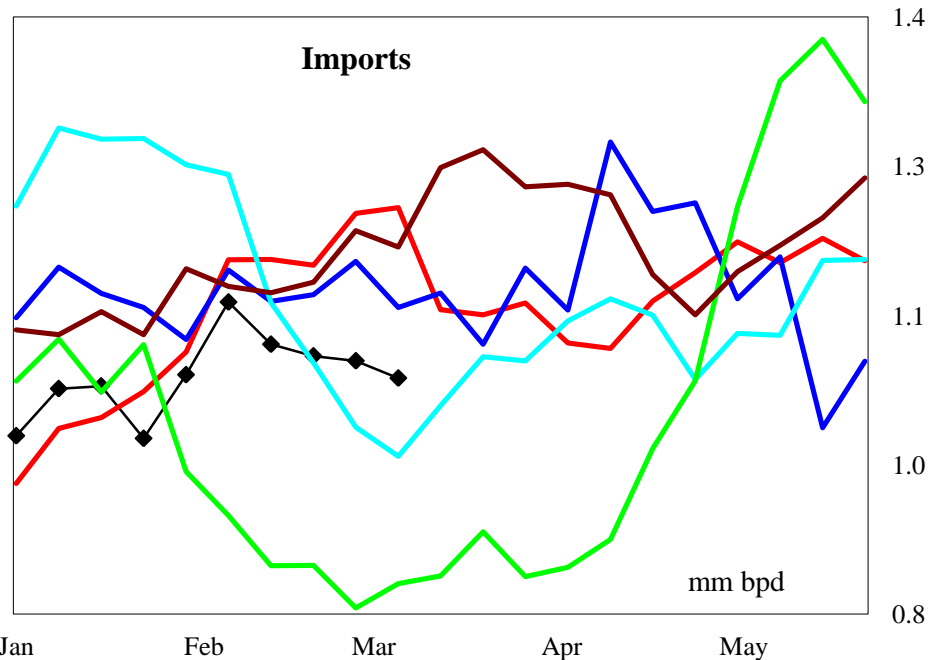
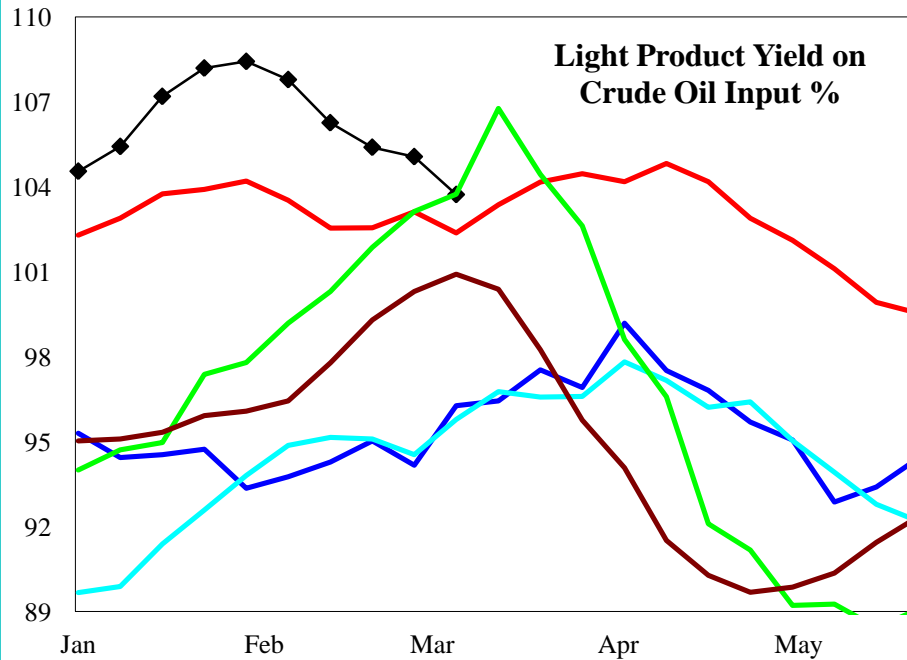
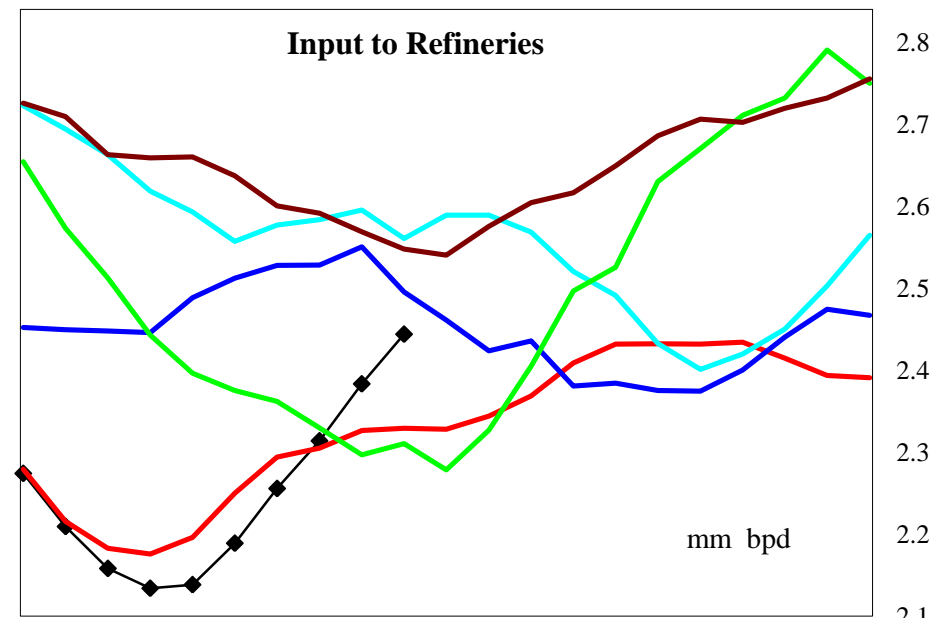
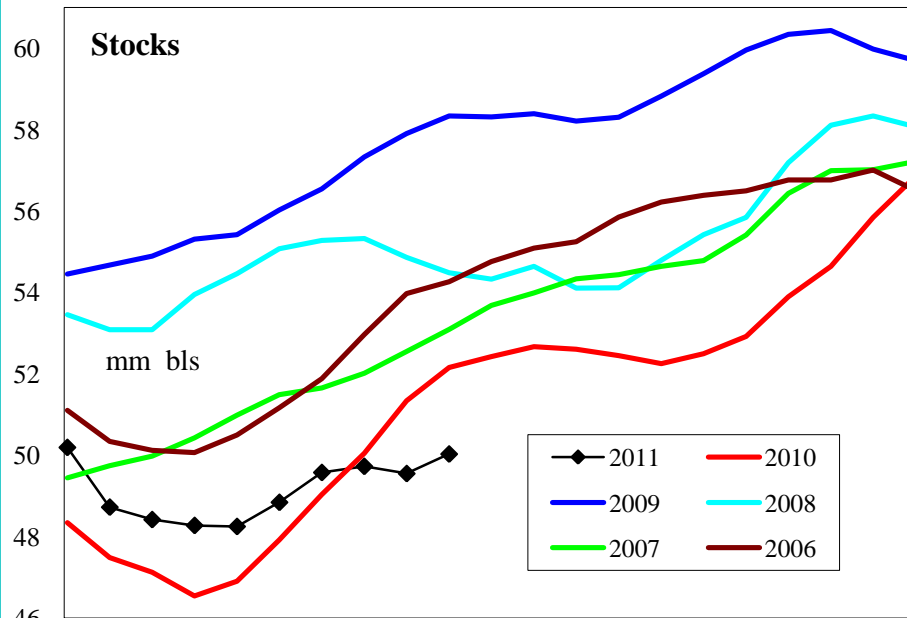
Stocks Production
71 **1**
11.4 **1.7**

Prod + Imp - Stk chg
11
48.3

PADD 4 Residual Fuel Oil Supply



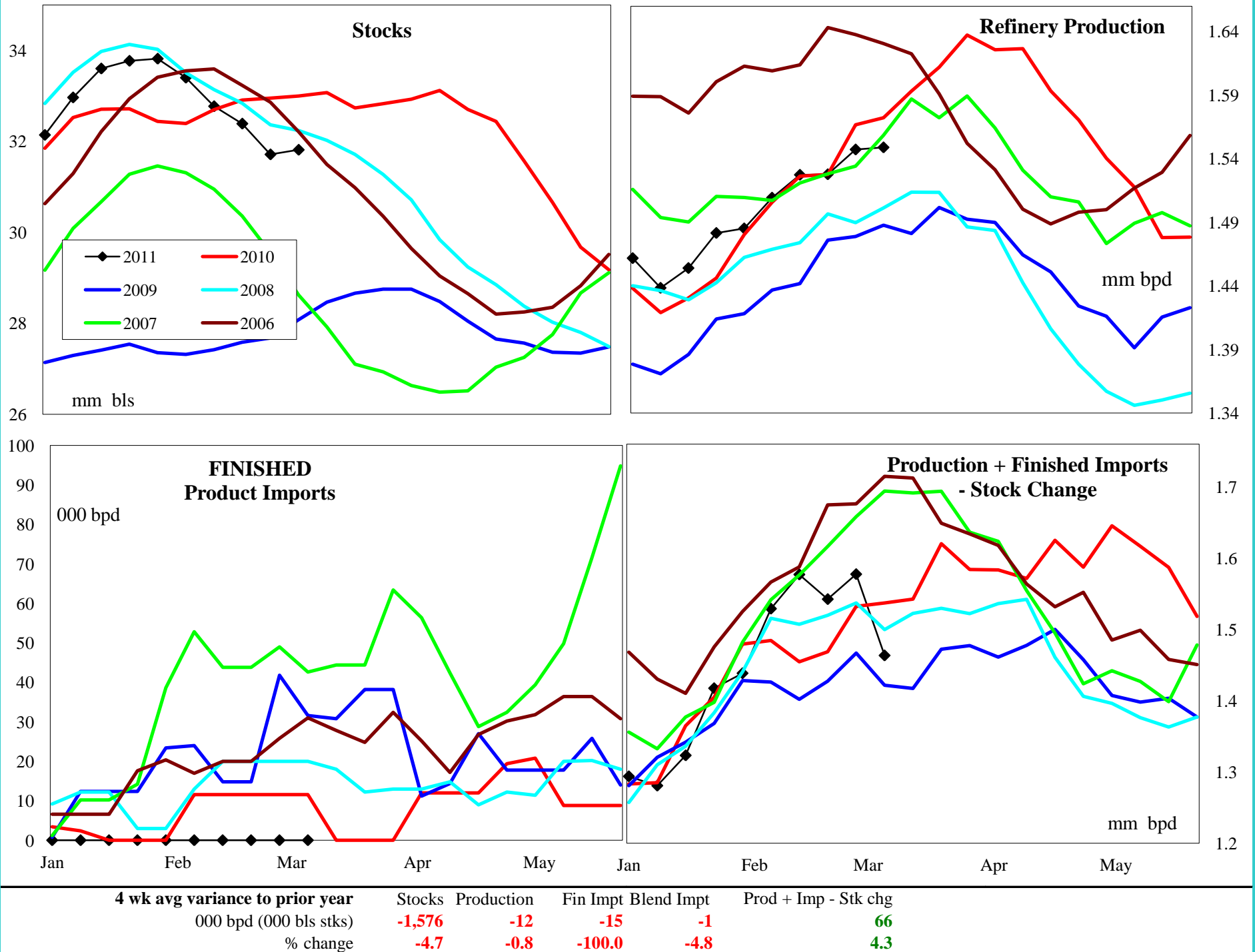
PADD 5 Crude Oil Supply and Refining



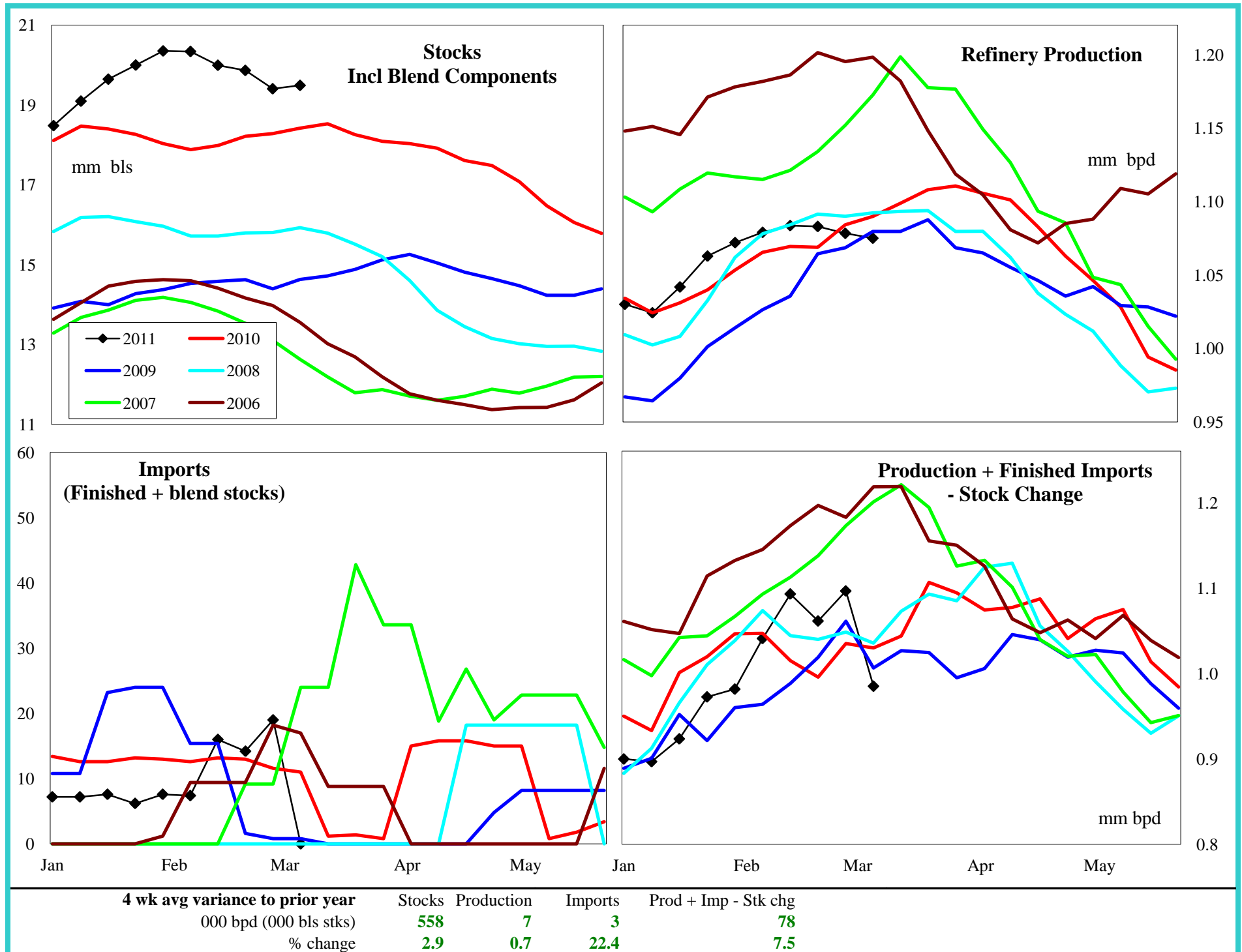
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Input	Imports
000 bpd (000 bls stks)	-2,124	22	-86
% change	-4.1	0.9	-7.2

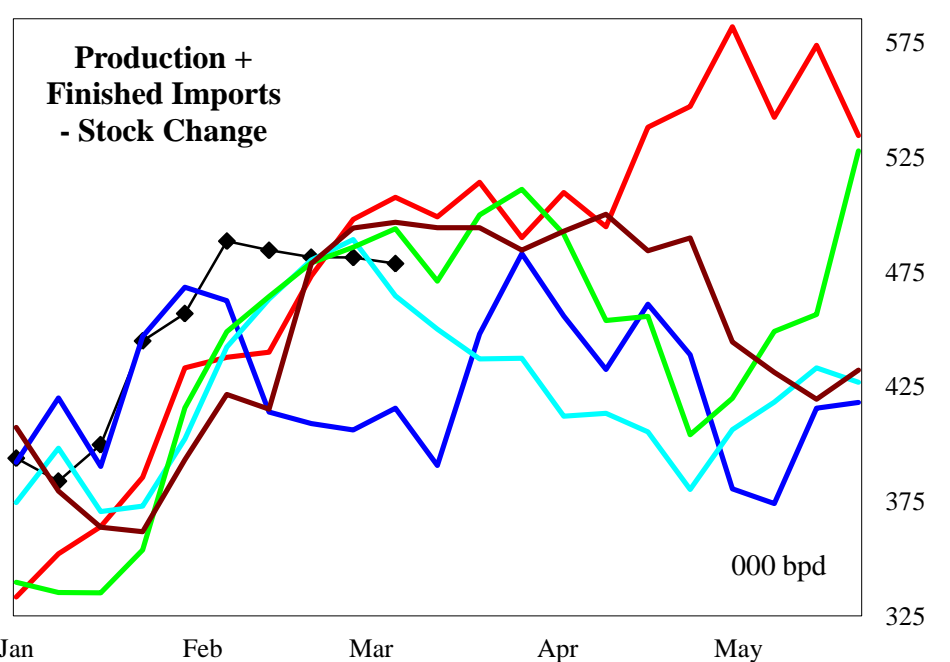
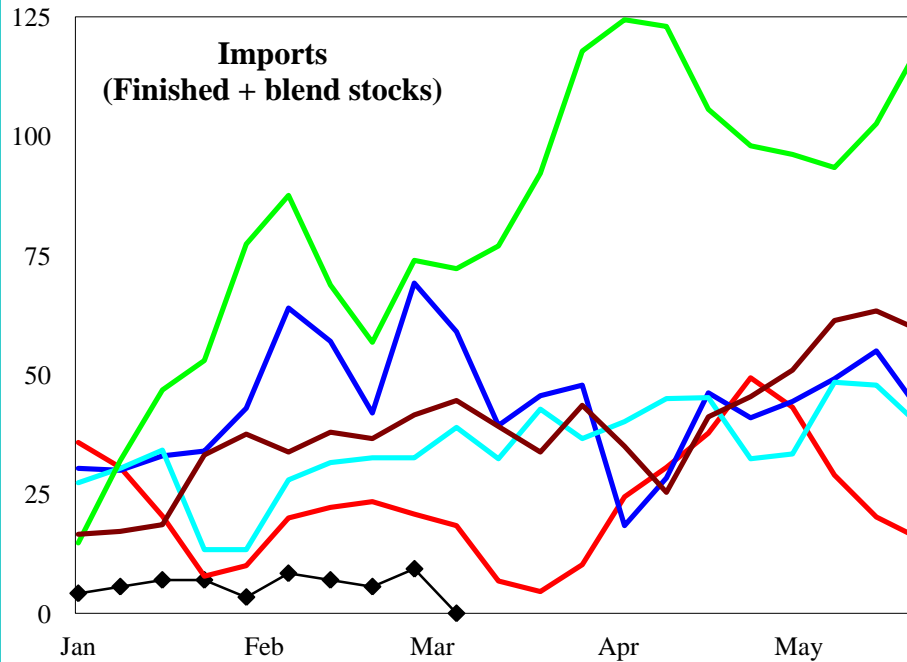
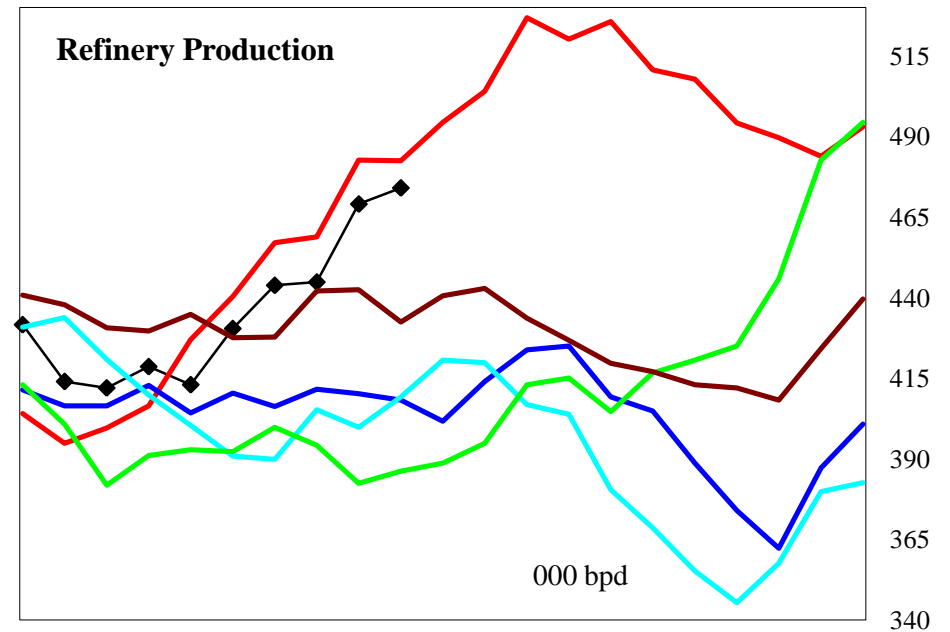
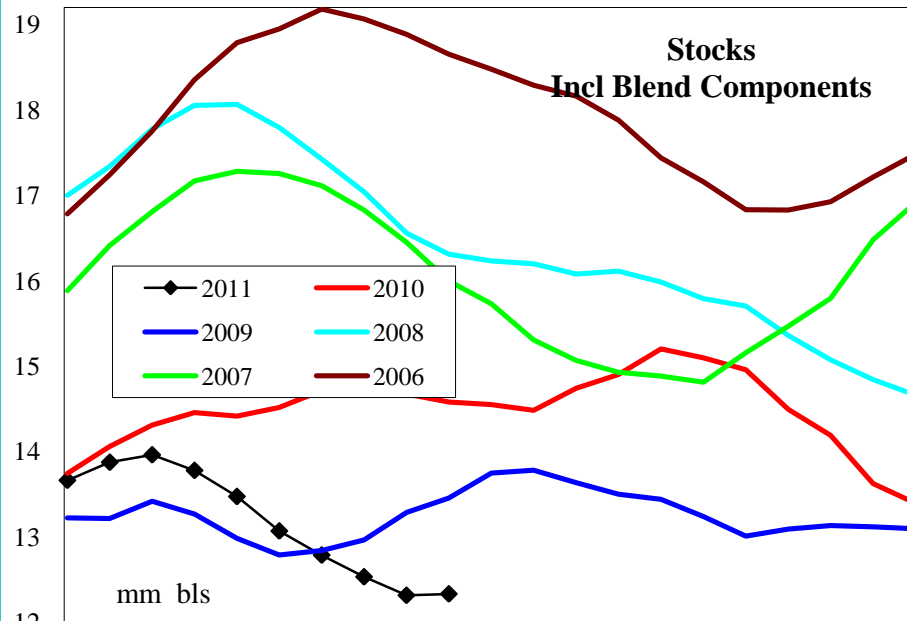
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-2,134

-20

-19

-12

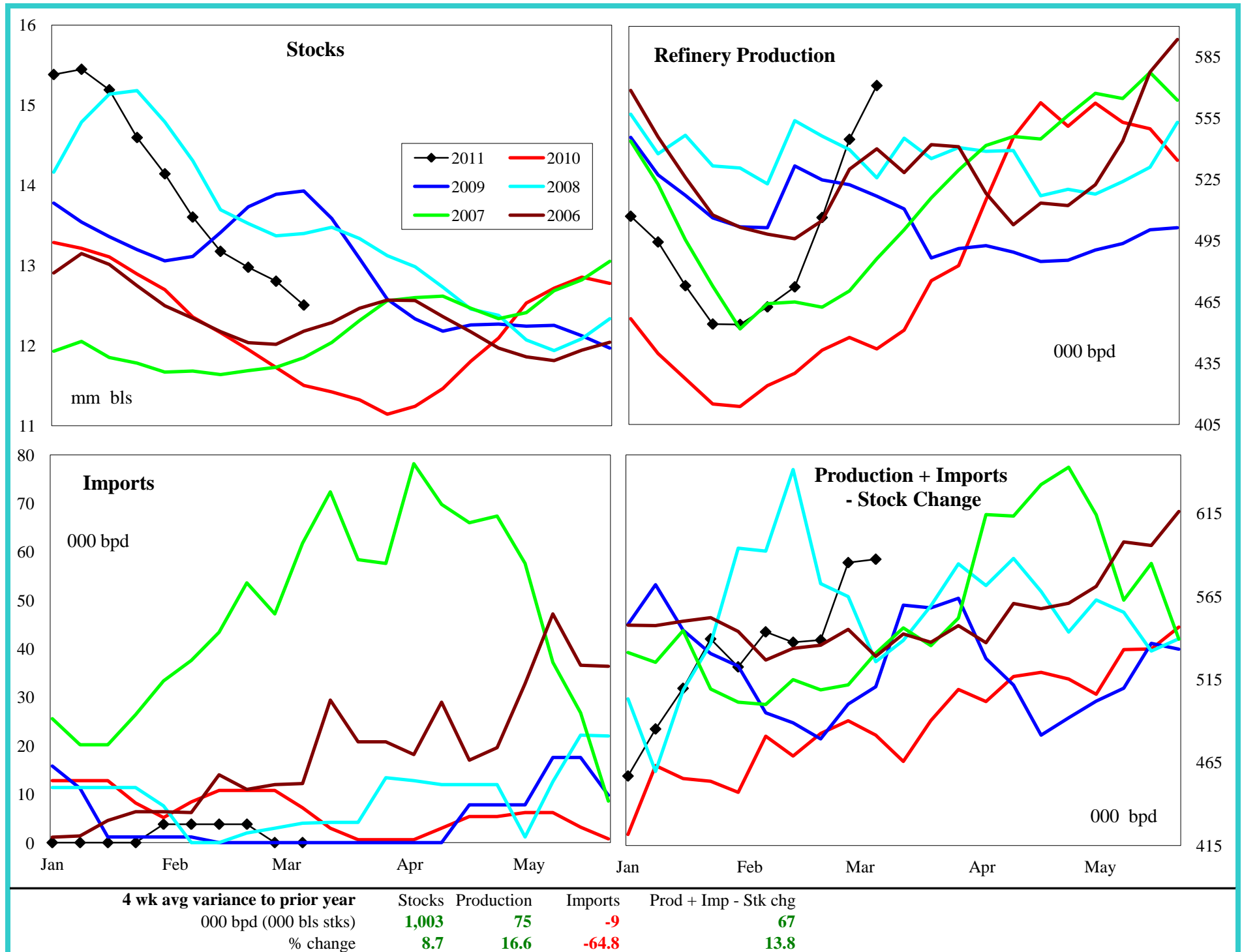
-14.8

-4.1

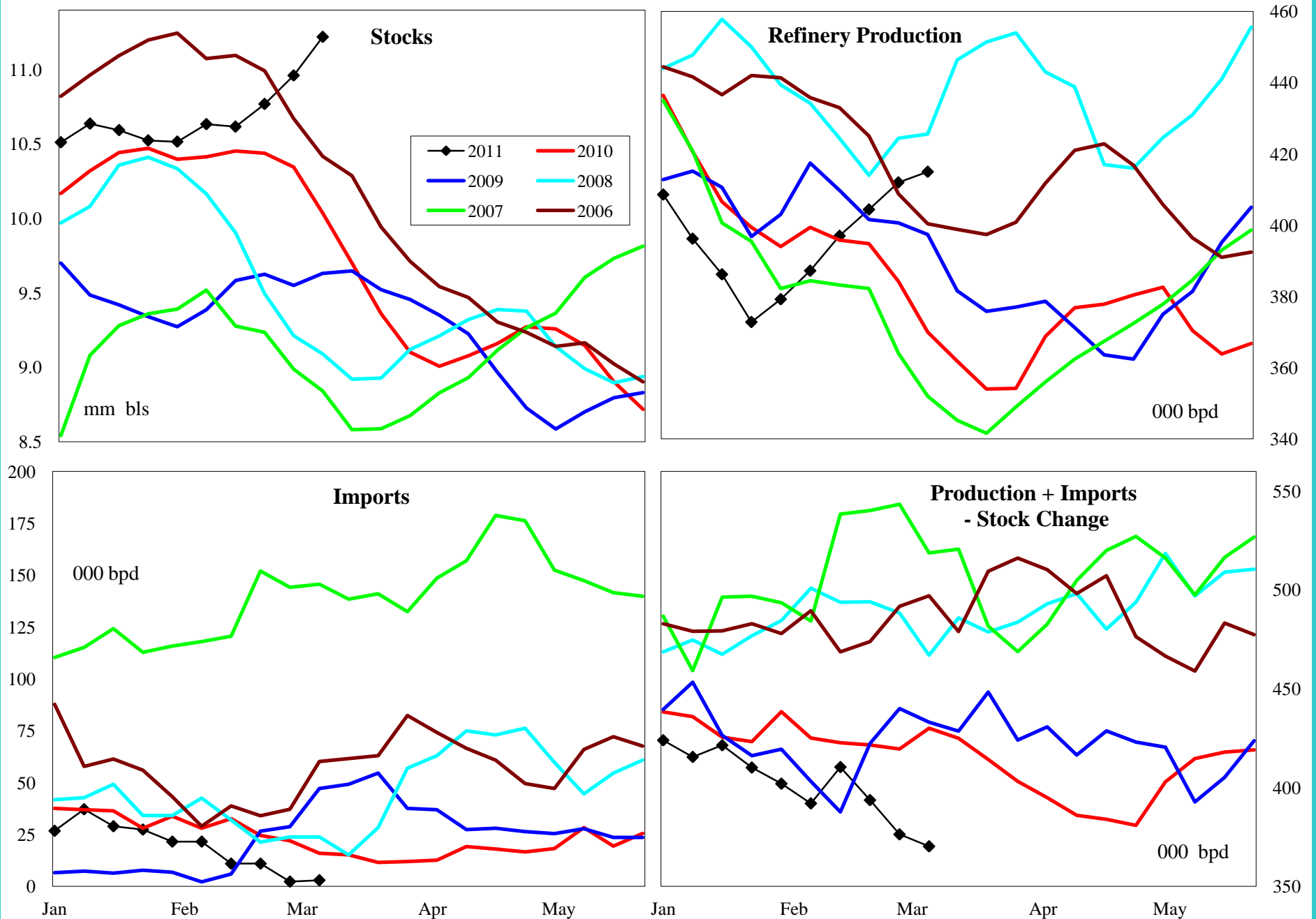
-73.1

-2.5

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

875

17

-24

-28

8.5

4.4

-90.6

-6.8

PADD 5 Residual Fuel Oil Supply

