
**FUNDAMENTAL
PETROLEUM
TRENDS**

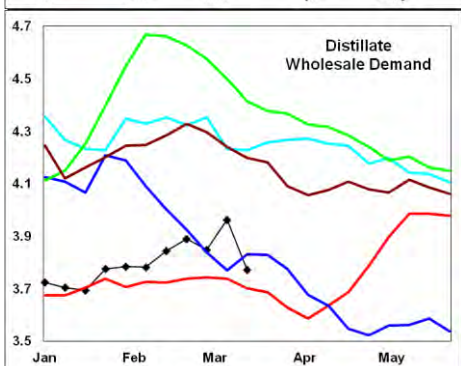
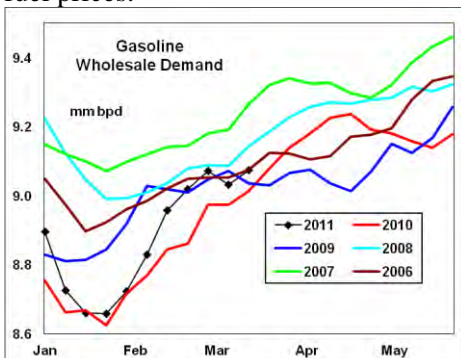
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

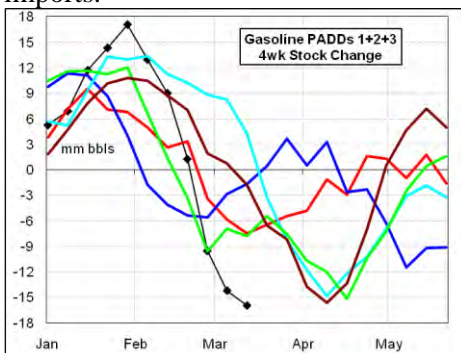
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, March 23, 2011


Major Fundamental Trends¹

Wholesale demand for gasoline and distillate during the latest 4-wk period average +125,000 bpd above a year ago. While higher, the increase reflects only modest growth in transport fuel use, where some demand destruction may be occurring on high fuel prices.

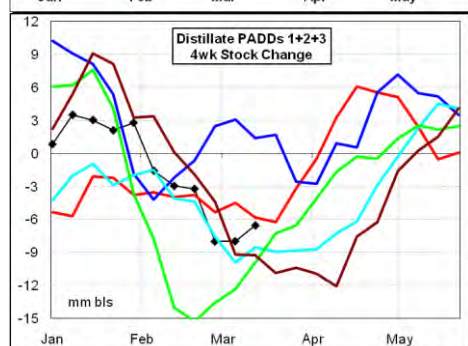
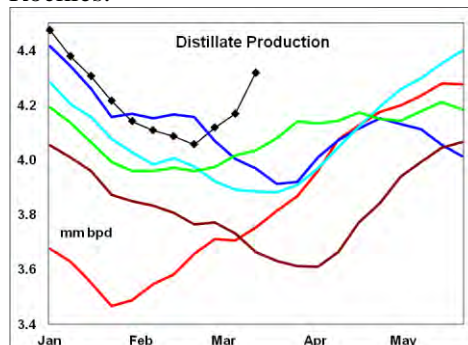


Gasoline stocks continue to reflect a steep draw in markets East of the Rockies, driven by extremely low imports.



Distillate production was sharply higher last week as refiners on the Gulf return from maintenance. The result was no change in stocks on the week,

leading to an improvement in the 4-wk stock draw in markets East of the Rockies.



Crude oil supplies continue to build in the midwest with stocks surging +3.3 million barrels on the week. Stock levels in the region were +22 million barrels above the prior 5-year high. This over supply points to the likelihood of further downward pressure on the front end of the WTI crude oil price curve during the 2nd quarter.

Demand for gasoline and jet fuel each increased last week while distillate fell.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline increased +1.3%; distillate up +3.6%; jet fuel up +4.1% while residual fuel oil decreased -8.8%.

Stocks forward coverage: Gasoline demand coverage decreased on a -5.3 million barrel draw in stocks and higher demand. Coverage levels fell below the mid range.

Distillate coverage increased on lower demand and no change in inventories. Coverage levels matched 5-year highs.

Jet fuel coverage decreased on a -1.4 million barrel stock draw.

Coverage levels were below the mid range.

Refinery utilization rates increased on a +167,000 bpd rise in crude oil runs. Runs for the latest 4-wk period were +73,000 bpd above a year ago.

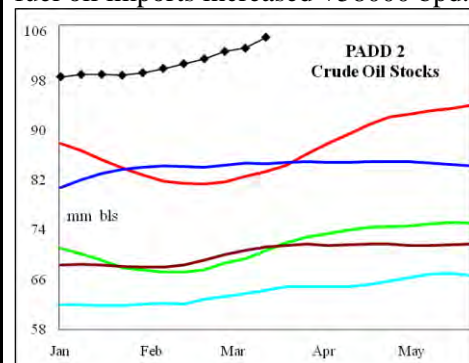
Gasoline yield % on crude oil runs increased on a +282,000 bpd rise in production versus the +167,000 bpd rise in crude oil runs. The yield % on crude oil runs was near historic highs.

Distillate yield % on crude oil runs jumped on a +203,000 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 +12,000 bpd increase in output, compared to the increase in crude oil runs. The yield % on crude oil runs matched the 5-year mid range.

Petroleum Imports increased last week for crude oil and all transport fuels

During the latest 4-wk period crude oil imports decreased -394,000 bpd below last year; distillate imports decreased -10,000 bpd; finished gasoline imports decreased -49,000 bpd, gasoline blend stock imports increased +74,000 bpd; jet fuel imports were -37,000 bpd lower, while residual fuel oil imports increased +58,000 bpd.



Crude Oil stocks jumped +3.3 million barrels in PADD 2 last week, lifting the level to a new all time high, +26% above the previous record.

U.S. imports climbed +0.3 million bpd last week, to a level that matched last years' record lows. U.S. stock levels remain comparable to the last 2-years.

¹ Source is latest EIA Weekly Statistics



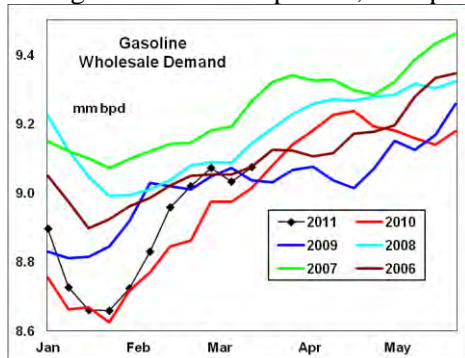
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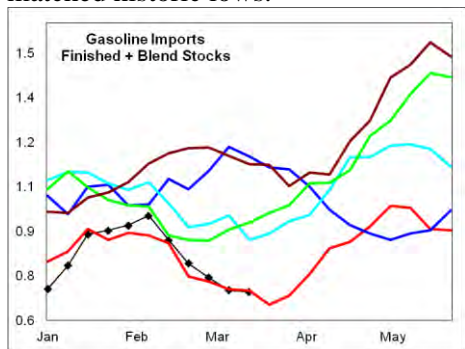
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Product Supply-Demand Trends

Gasoline demand increased +244,000 bpd on the week. The latest 4-wk average demand was up +112,000 bpd.



Production jumped +282,000 bpd on the week, with output matching the 5-year high. Imports increased +47,000 bpd on the week, although the level matched historic lows.



Stocks fell -5.3 million barrels on the week. Stock levels now match the 5-year mid range.

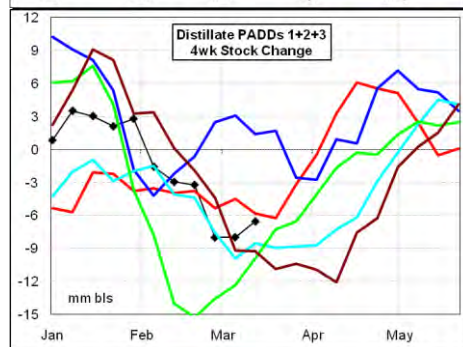
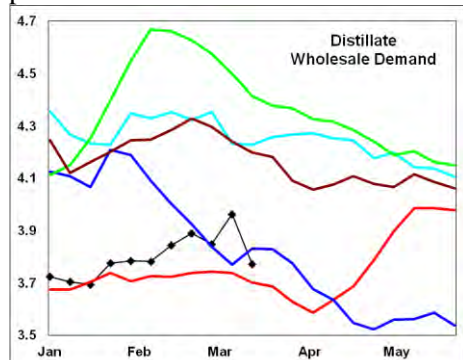
Imports remain extremely low, offsetting high production. With demand ahead of a year ago, the stock draw during the last month has been a record -16 million barrels in markets East of the Rockies. Stock levels are unusually low in the Midwest, with risk of tight supplies during spring maintenance in that region.

Distillate demand fell -139,000 bpd on the week, the second consecutive weekly decline. The latest 4-wk average demand was +135,000 bpd above last year.

Supply increased +234,000 bpd on higher production and imports. Production levels were well above the 5-year range.

Stocks were unchanged on the week, at a level +6.9 million barrels

above the prior record high for the period.



The latest 4-wk stock change in PADDs 1+2+3 was a draw of -6.5 million barrels, slightly less than the 5-year mid range.

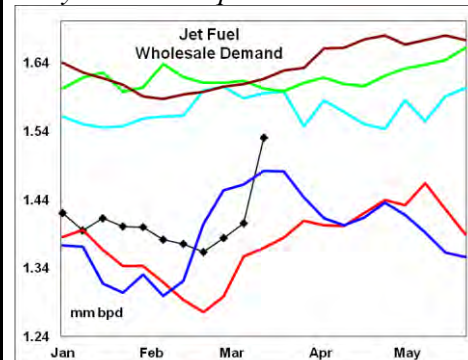
The current week jump in production and high level of output points to the start of the seasonal uptrend in supply. Stocks were unchanged on the week after an average seasonal draw in the 1st quarter. Expect production to continue to trend higher, and a seasonal build in stocks to began early in the 2nd quarter. While the market should remain well supplied, robust exports from both the West and Gulf Coast refining centers should support distillate prices.

Jet Fuel demand increased +124,000 bpd on the week. The latest 4-wk average demand was +54,000 bpd above last years' record low level.

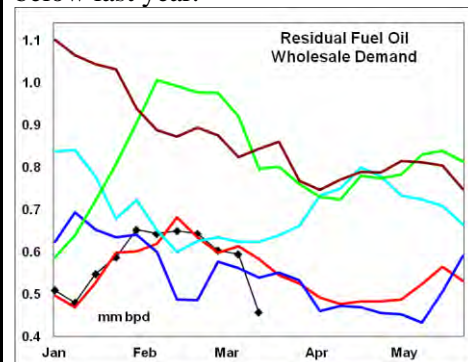
Supply increased +25,000 bpd, on higher production and imports. Stocks decreased -1.4 million barrels, with the level near record lows.

Supplies remain extremely tight in PADDs 1 and 3 on the recent seasonal decline in Gulf production and higher demand. The seasonal upturn in Gulf

production should improve supplies early in the next quarter.



Residual fuel oil demand, including exports, fell -279,000 bpd last week, with the 4-wk average -57,000 bpd below last year.



Supply (production + imports) decreased -11,000 bpd on lower imports. The latest 4-wk average supply was +48,000 bpd above a year ago, due to higher imports. Stocks increased +0.7 million barrels to a level that matched 5-year lows

The latest 4-wk average demand was at the low end of the historic range. Stock levels were exceptionally low in PADD 1, while stocks in the Gulf remain at the upper end of the historic range.

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

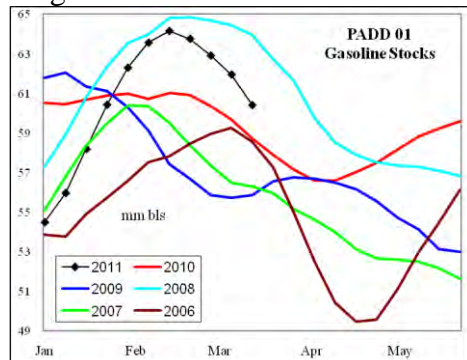
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PADD Supply Trends

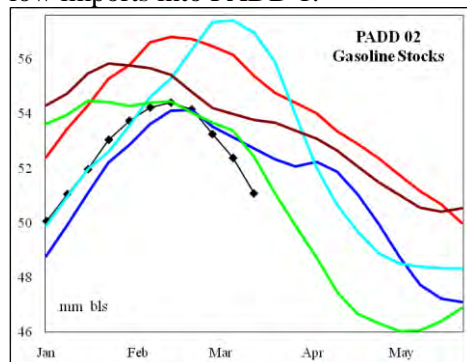
PADD 1 refinery crude oil runs were unchanged last week, with the 4-wk average -39,000 bpd below a year ago. Imports were down -23% from last years' record low, driven by refinery closures.

Gasoline production increased +25,000 bpd on the week, while imports were unchanged. Import levels matched 5-year lows. Stocks fell -2 million barrels to a level at the upper end of the historic range.



Distillate supply decreased -27,000 bpd on the week, with the level at 5-year lows. Stocks declined -1.7 million barrels to a level comparable to the last 2-years.

Jet fuel stocks fell -0.2 million barrels last week, to a new 5-year low, on low receipts from the Gulf and very low imports into PADD 1.



PADD 2 crude oil refinery runs increased +62,000 bpd on the week, with the level near historic highs for the period. Stocks surged +3.3 million barrels on the week, including a +0.2 million barrel build in Cushing. Imports were +245,000 bpd above last

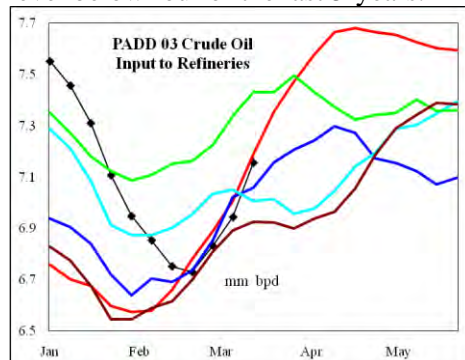
year.

Gasoline production increased +25,000 bpd last week, a level that matched the historic mid range. Stocks decreased -1.2 million barrels, to a record low level for this time of year.

Distillate supply decreased -8,000 bpd, with the level above the 5-year mid range. Stocks decreased -0.9 million barrels on the week, to a level below the mid range.

Jet fuel production increased +4,000 bpd to a level well above the historic range. Stock levels remain at the low end of the historic range.

PADD 3 crude oil runs increased +191,000 bpd last week. The latest 4-wk average runs were -25,000 bpd below last year. Crude imports decreased -0.1 million bpd, with the level below the 5-year range. Stocks decreased -0.6 million barrels, with the level below four of the last 5-years.



Gasoline production increased +91,000 bpd, with imports up +52,000 bpd last week. Stocks fell -0.9 million barrels, with the level below the 5-year mid range.

Distillate production jumped +270,000 bpd on the week, with the level at a new 5-year high for the period. Stocks surged +2.5 million barrels last week to a level +17% above the prior historic high.

Jet fuel production increased +61,000 bpd on the week, to a level at the low end of the historic range. Stocks declined -0.4 million barrels, to a level well below the 5-year range.

Residual fuel oil supply fell -35,000 bpd on the week, on lower imports. Stocks jumped +0.9 million

barrels to a level near historic highs.

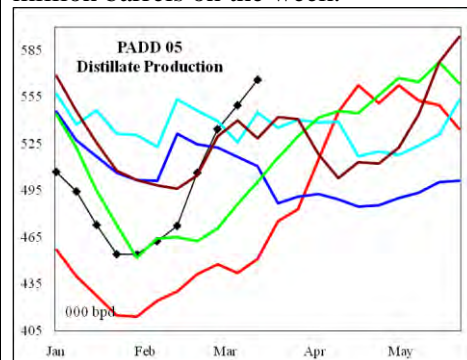
PADD 4 refinery crude runs decreased -5,000 bpd on the week, with the level near historic highs for the period. Crude oil import levels were at the upper end of the historic range. Stocks decreased -0.2 million barrels last week, to a level near the last 2-years.

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 decreased -80,000 bpd on the week, with the latest 4-wk average +52,000 bpd above last year. Crude oil imports increased +42,000 bpd on the week, with the level near the 5-year mid range. Stocks declined -0.5 million barrels, with the level -6% below the 5-year range.

Gasoline production increased +29,000 bpd on the week, a level at the mid range. Stocks extended the seasonal downtrend, falling -1.1 million barrels on the week.



Distillate production was nearly unchanged on the week, at a level above the 5-year range. Stock levels remain slightly above the historic mid range.

Jet fuel production decreased -51,000 bpd on the week, falling to a level at the low end of the historic range. Stocks fell -0.7 million barrels last week, although the level remains above the historic range.


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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

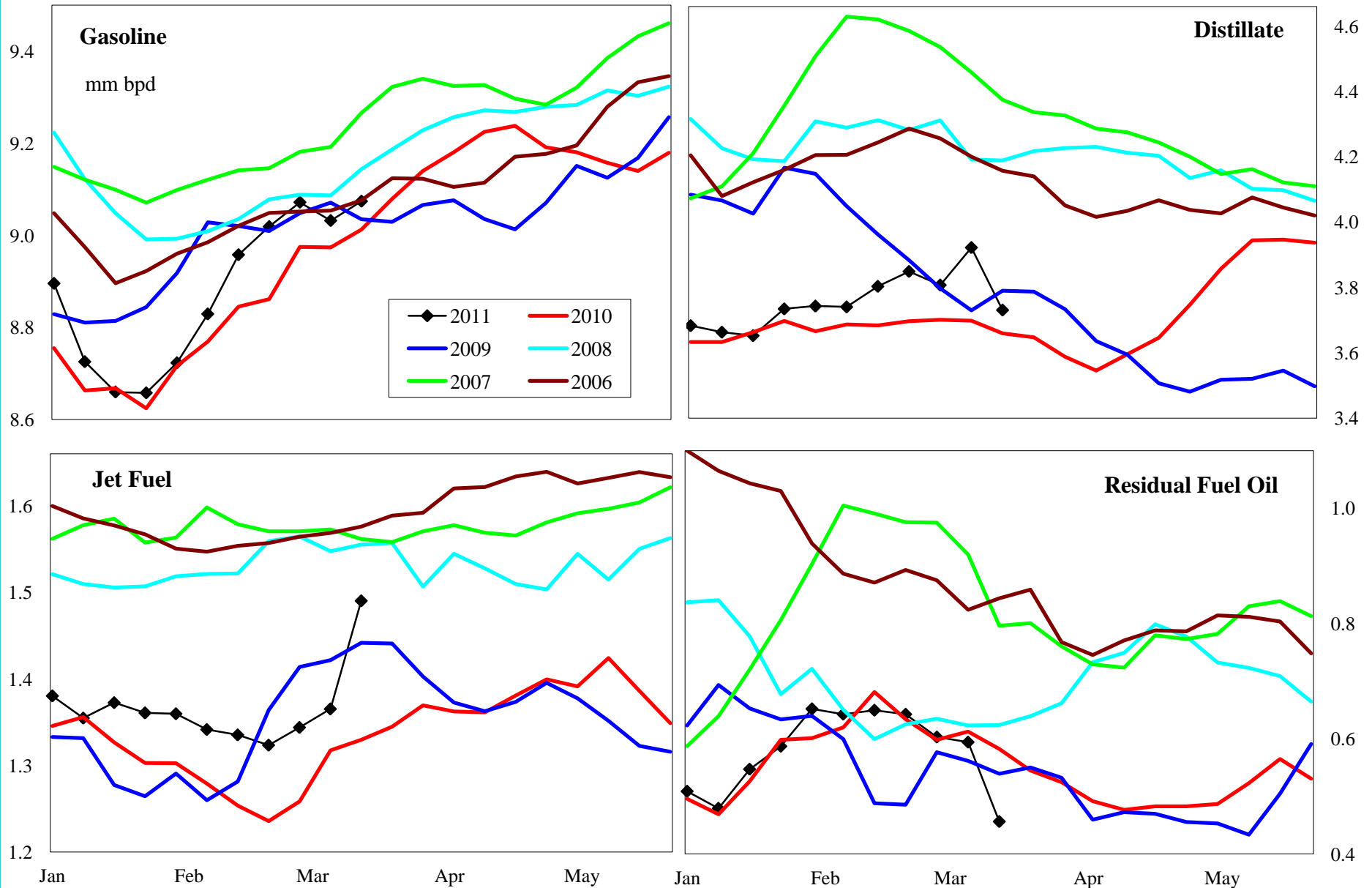
March 23, 2011

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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	18-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	2,131	117	3,271	-587	-194	-475
	Imports	306	384	-78	-71	28	42
	Input	167	-1	62	191	-5	-80
	% Utilization	0.70					
<u>Gasoline</u>	Stocks	-5,320	-2,037	-1,245	-859	-86	-1,093
	Production	282	25	25	91	17	29
	Imports	47	0	-20	52	0	14
	Supplied	244					
<u>Distillate</u>	Stocks	7	-1,661	-940	2,457	75	76
	Production	203	-60	-8	270	6	-5
	Imports	31	33	0	0	-1	0
	Supplied	-139					
<u>Jet Fuel</u>	Stocks	-1,401	-158	-42	-408	-87	-705
	Production	12	-2	4	61	-1	-51
	Imports	13	12	0	0	0	0
	Supplied	124					
<u>Residual Fuel Oil</u>	Stocks	655	26	32	925	-2	-325
	Production	21	-4	9	27	0	-10
	Imports	-32	-21	-1	-62	0	52
	Supplied	-279					

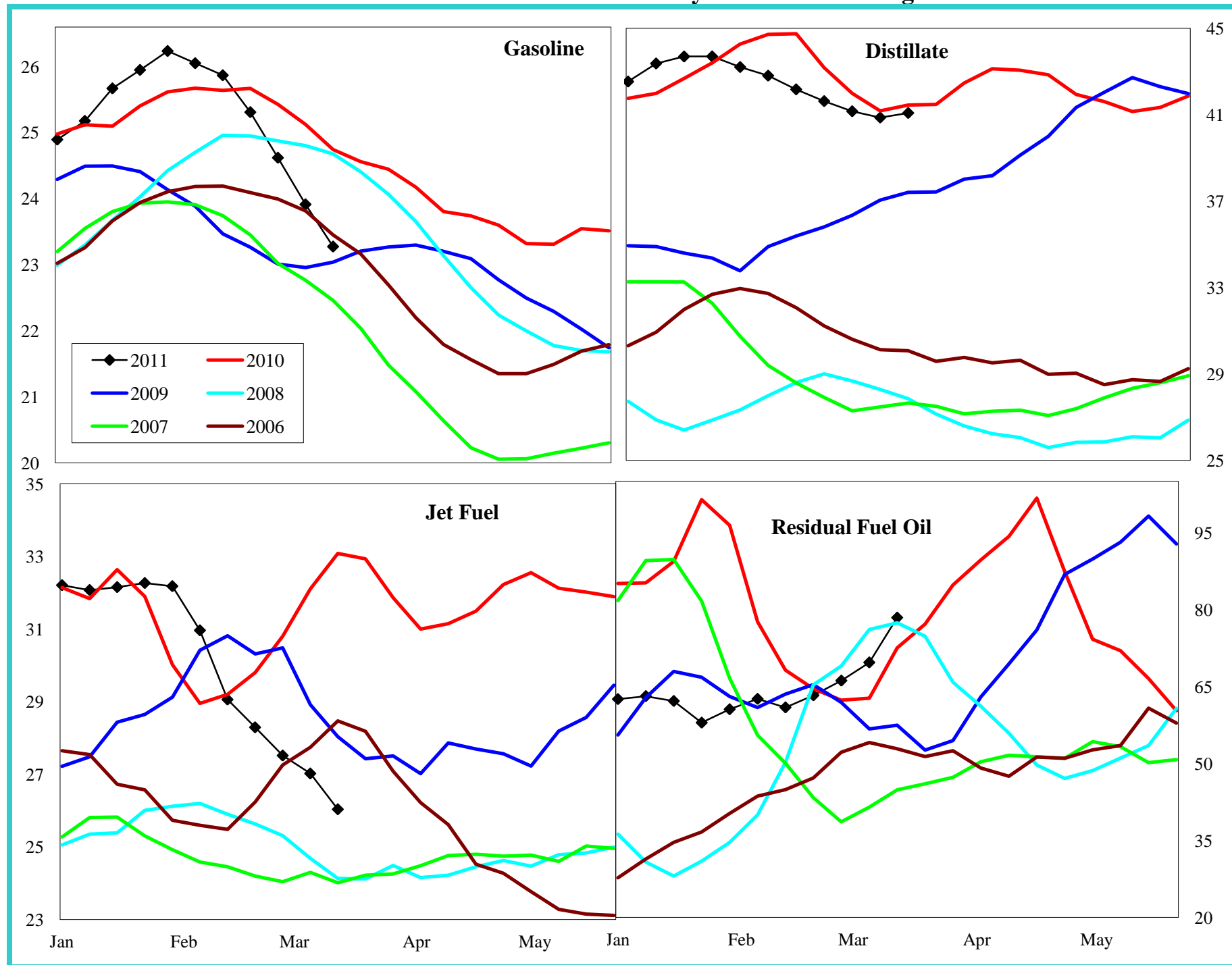
United States Wholesale Petroleum Demand



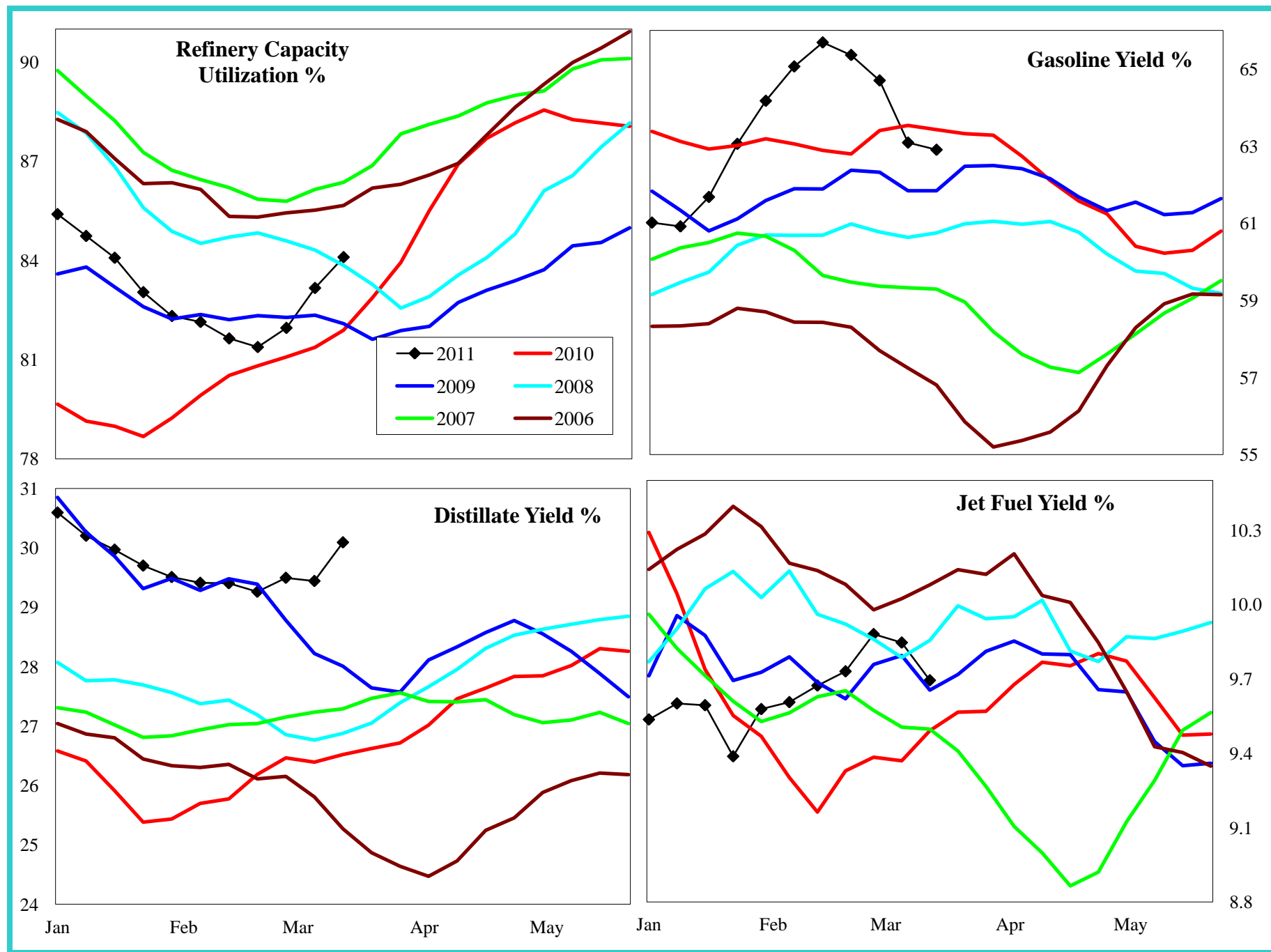
	000 bpd change from prior year				% change from prior year			
	4wk avg	Feb	Jan	Dec	4wk avg	Feb	Jan	Dec
Gasoline	112	355	169	273	1.3	4.1	2.0	3.1
Distillate	135	18	39	26	3.6	0.5	1.1	0.7
Jet Fuel	54	11	35	90	4.1	0.8	2.6	6.6
Resid	-57	106	-131	-56	-8.8	20.7	-21.1	-9.6



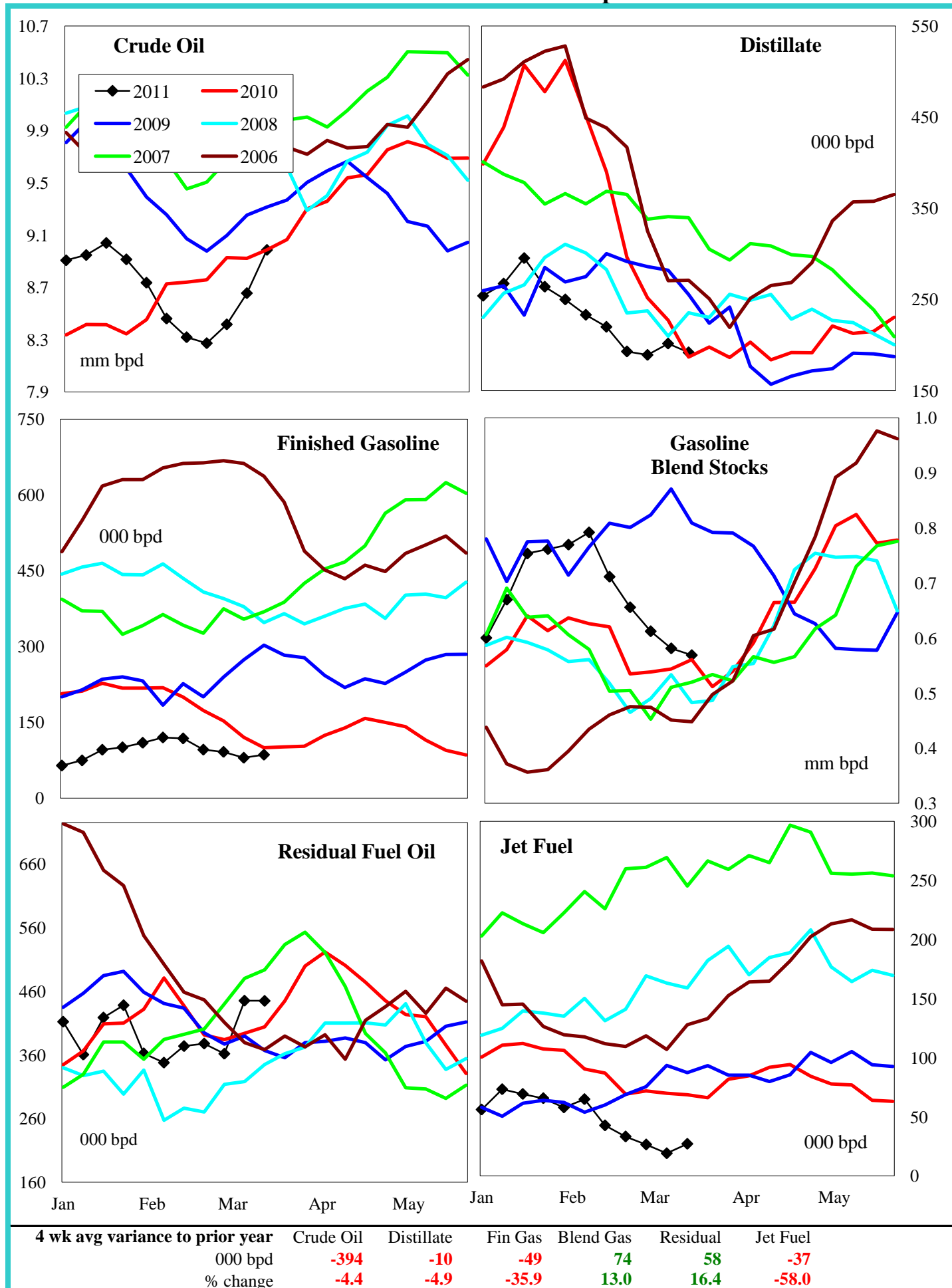
United States Product Stocks: Days Forward Coverage



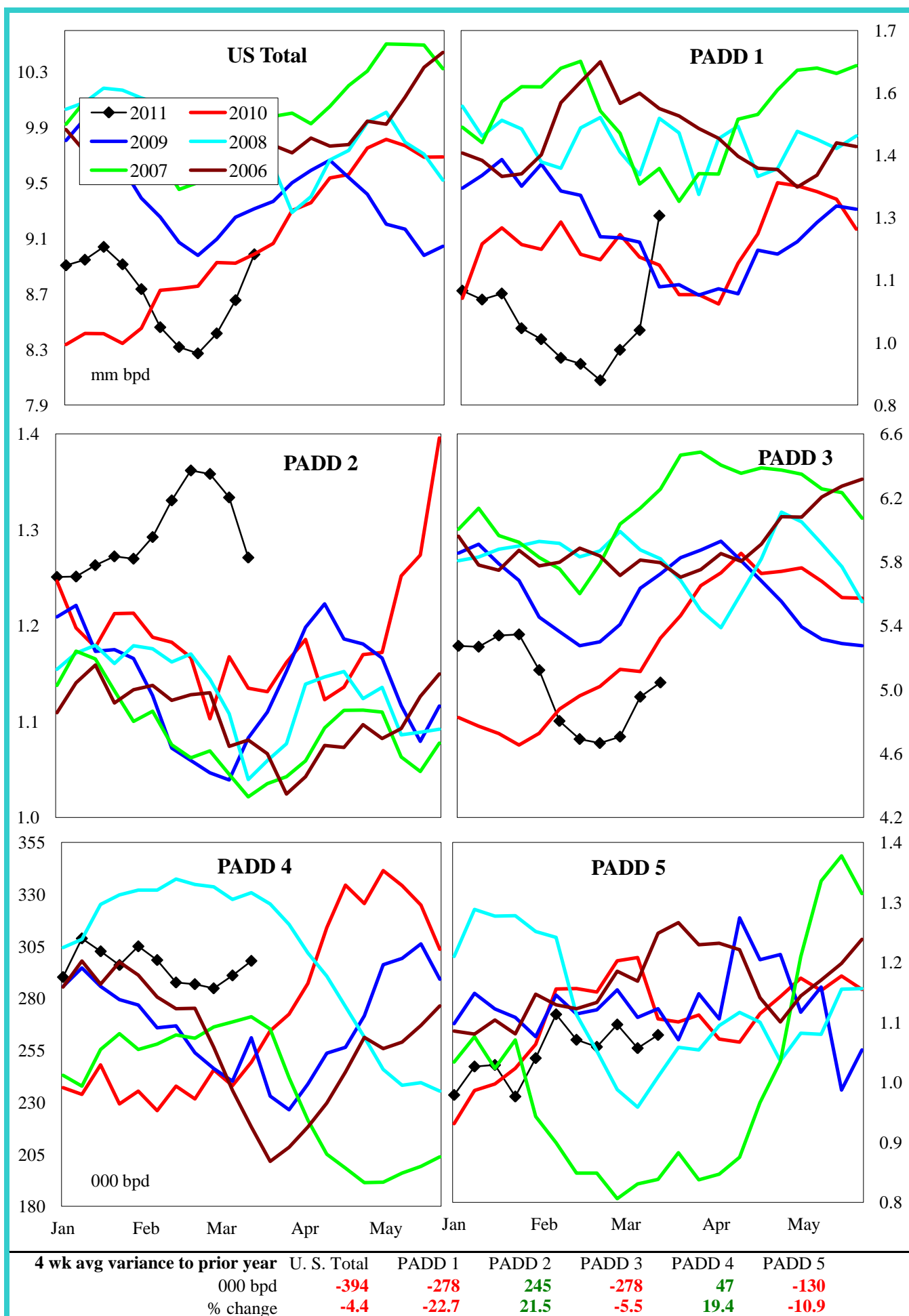
United States Refinery Percent Utilization Rate and Product Yields



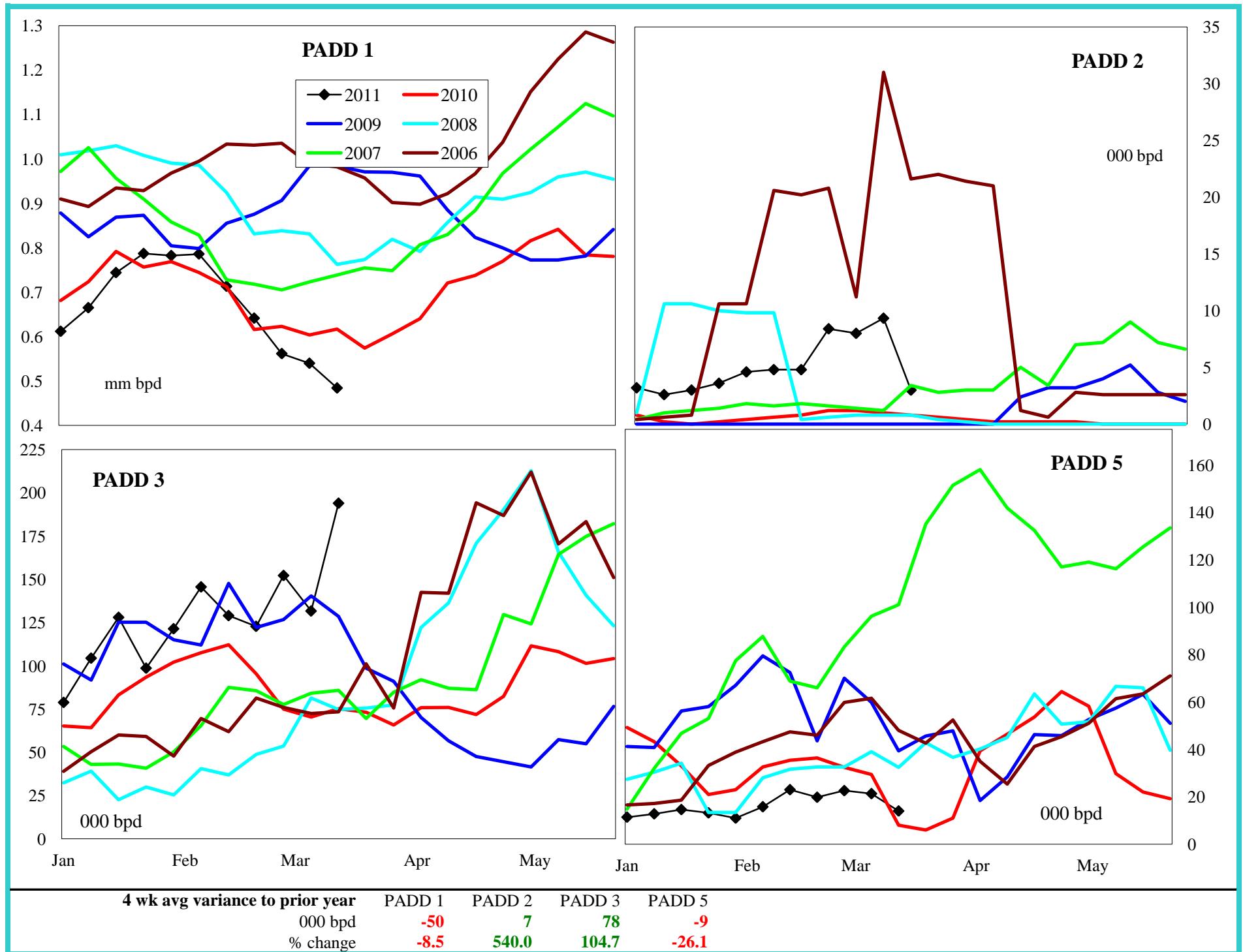
United States Petroleum Imports



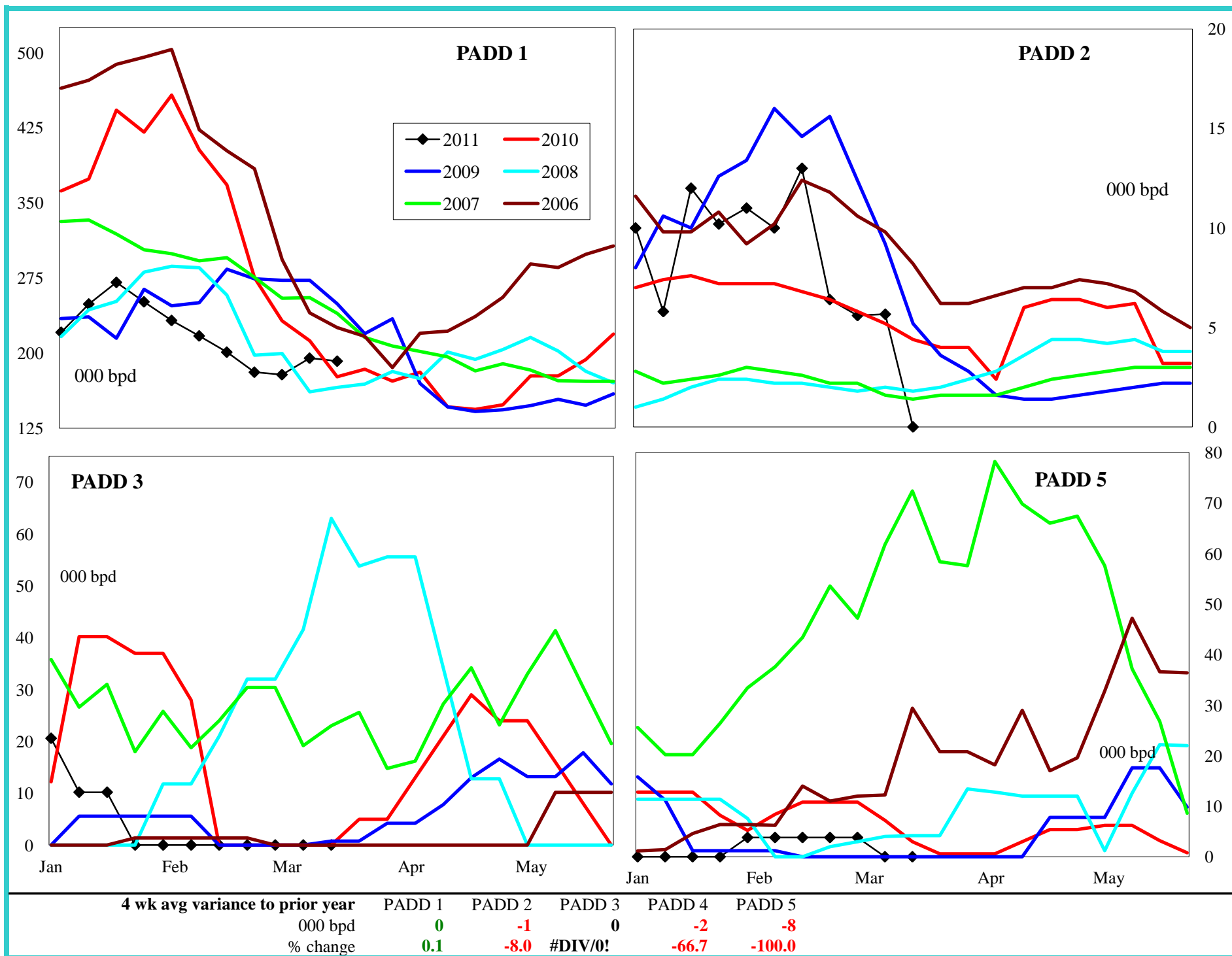
Crude Oil Imports by PADD



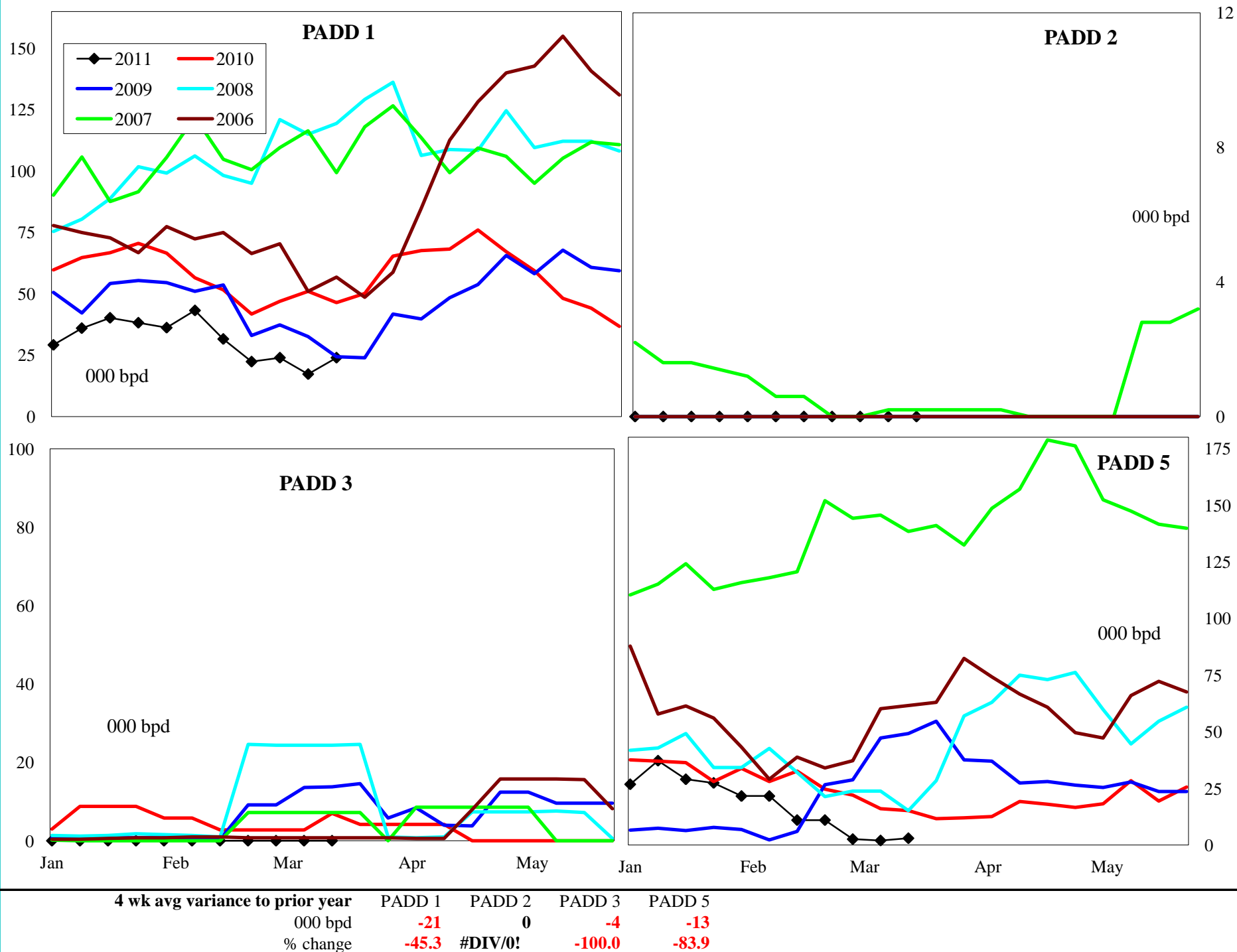
Gasoline Imports by PADD (Finished + Blend Stocks)



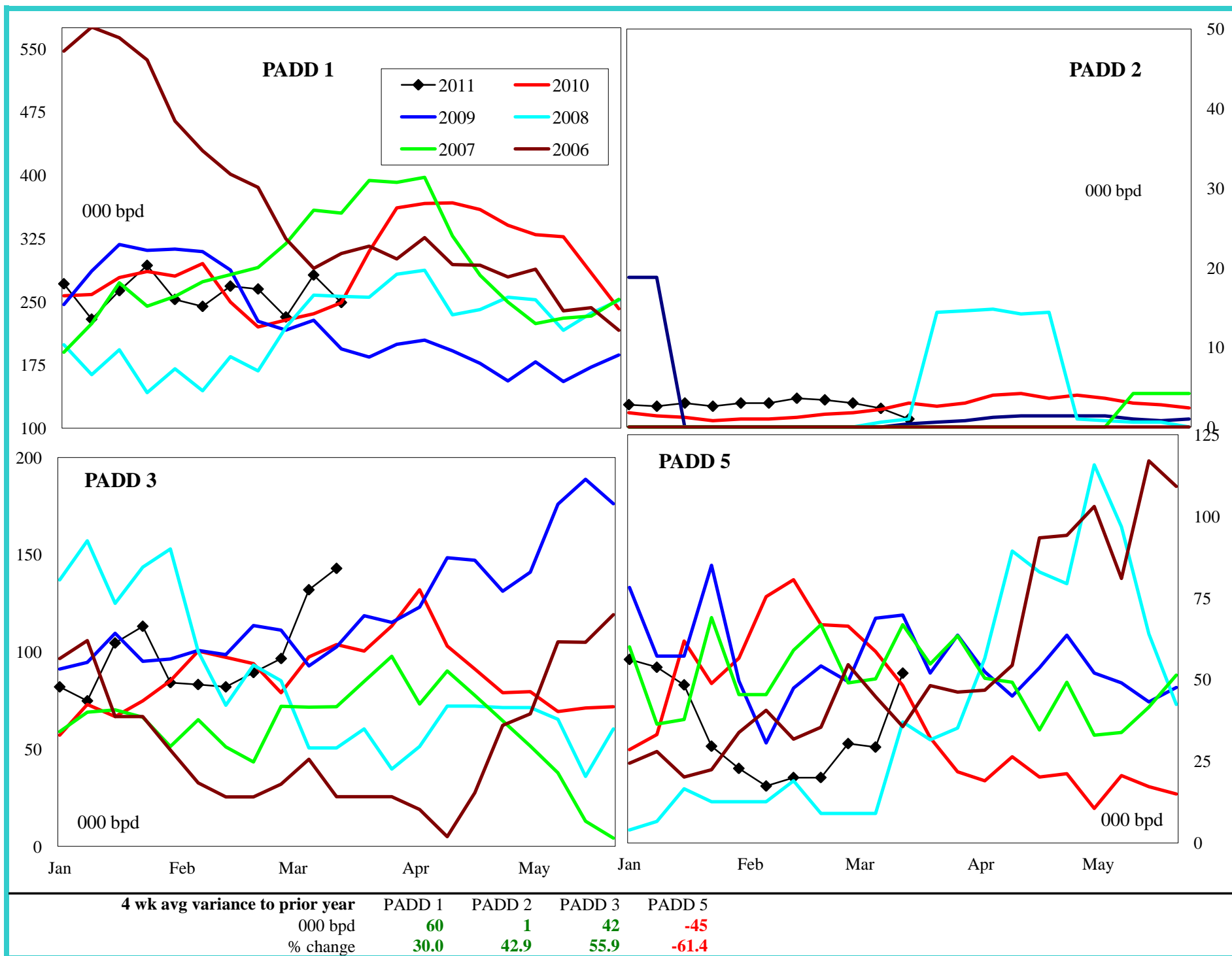
Distillate Imports by PADD



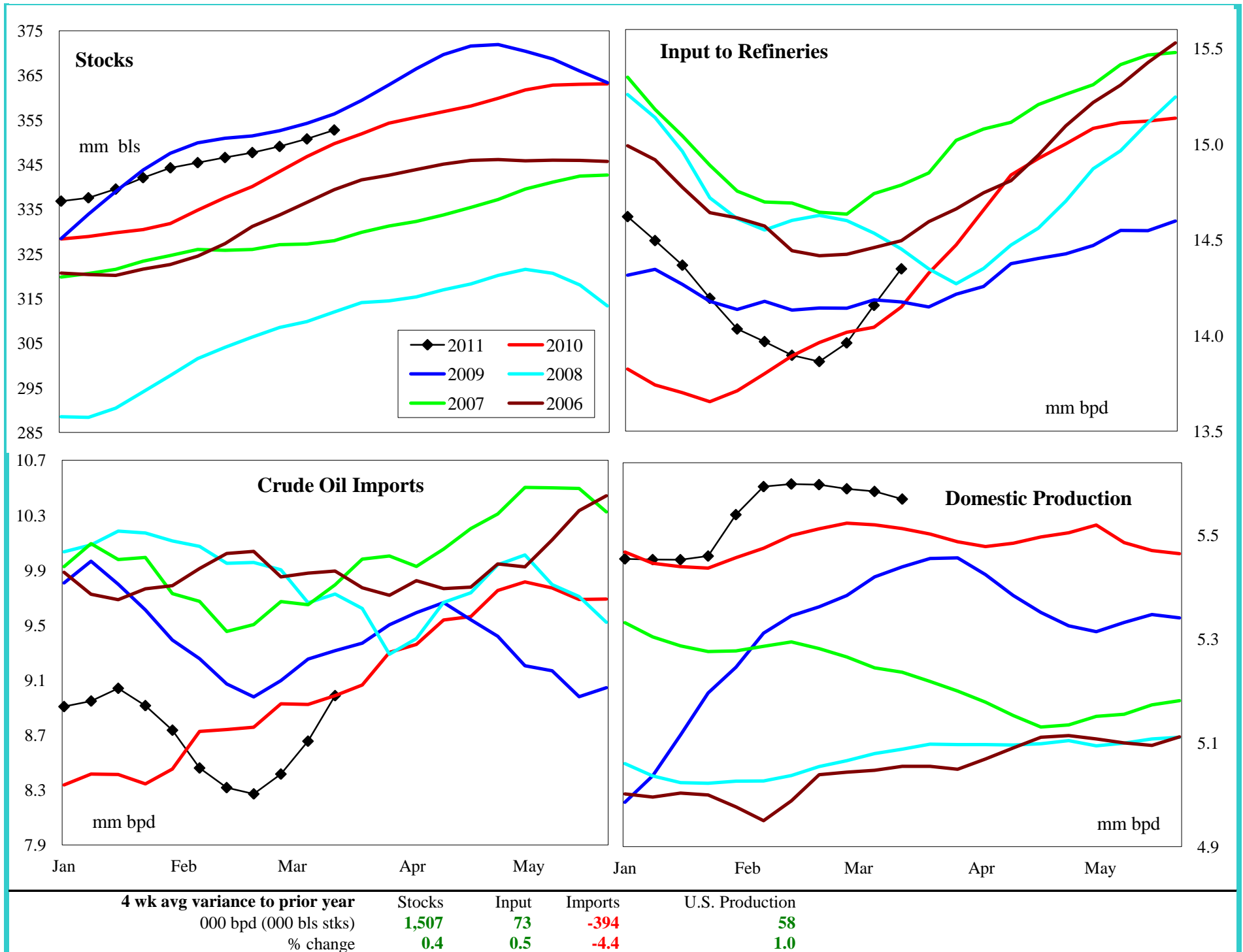
Jet Fuel Imports by PADD



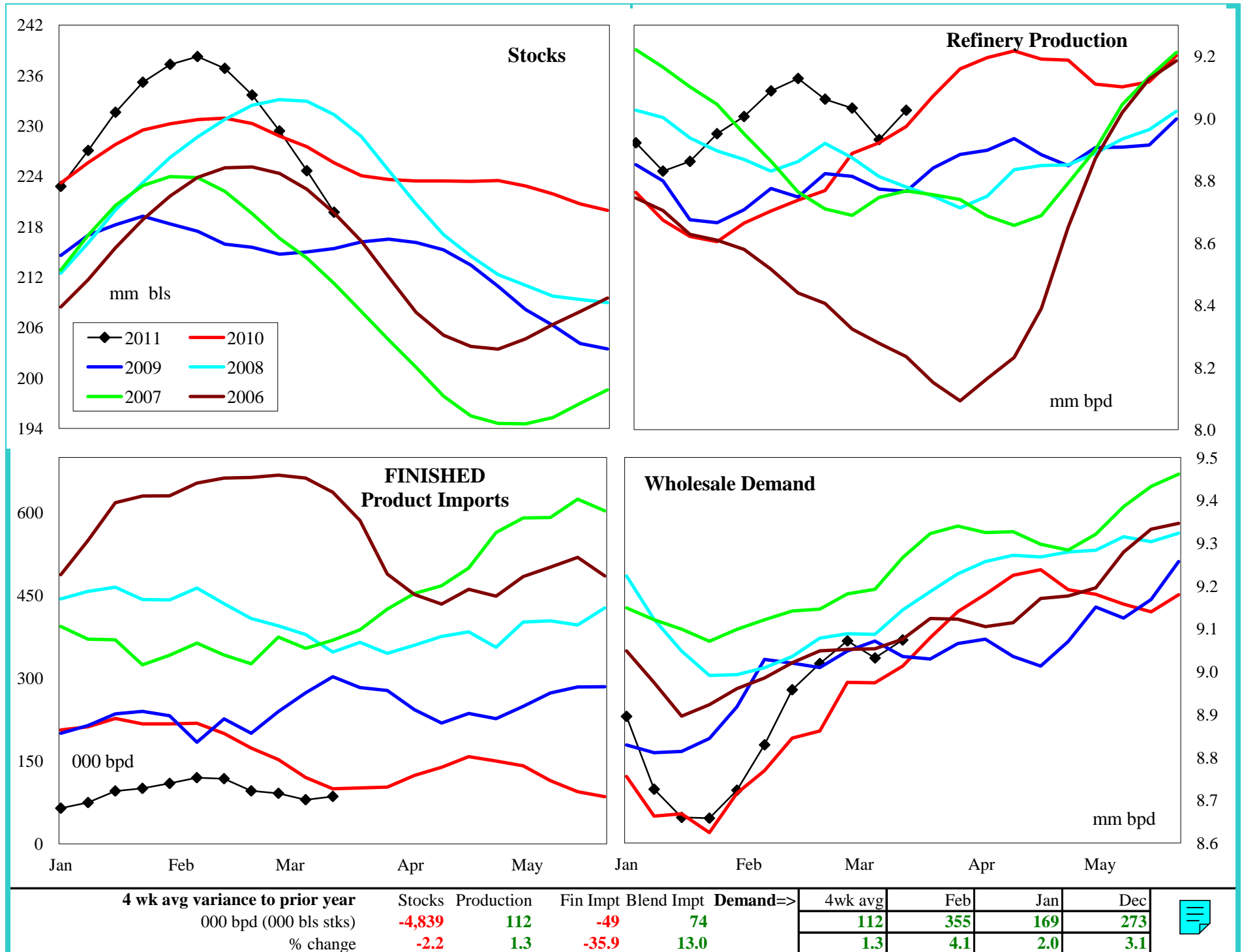
Residual Fuel Oil Imports by PADD



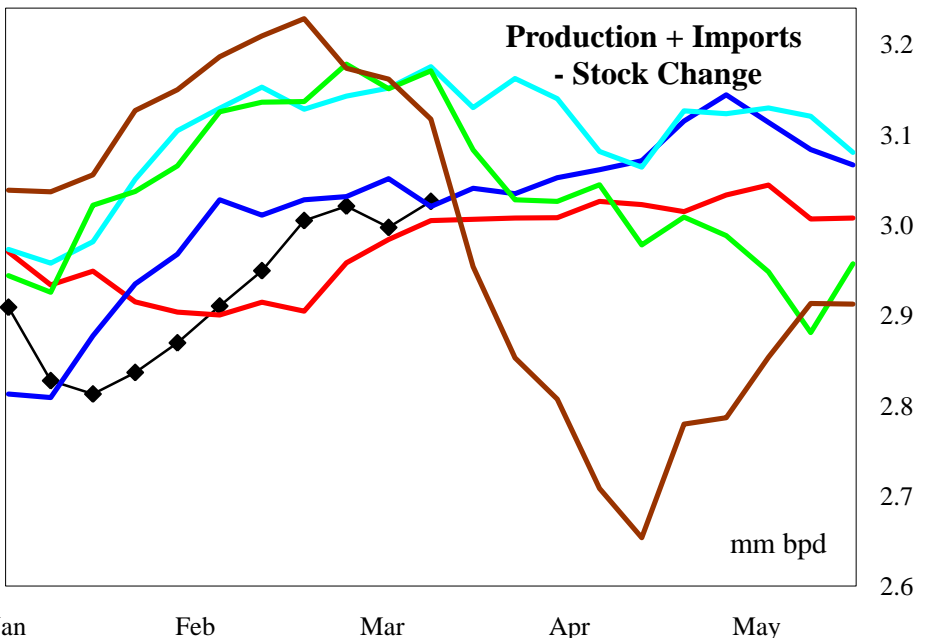
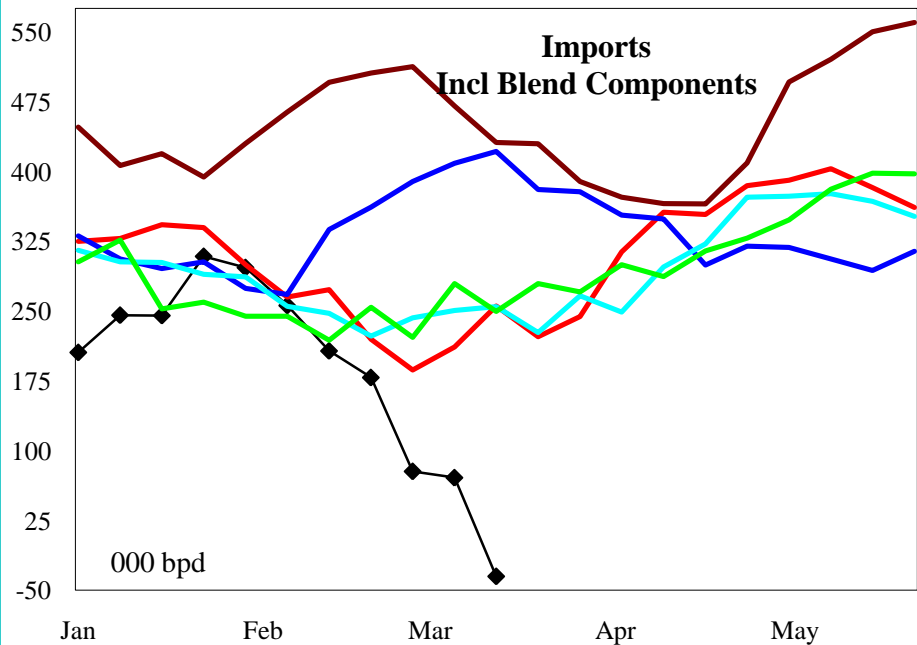
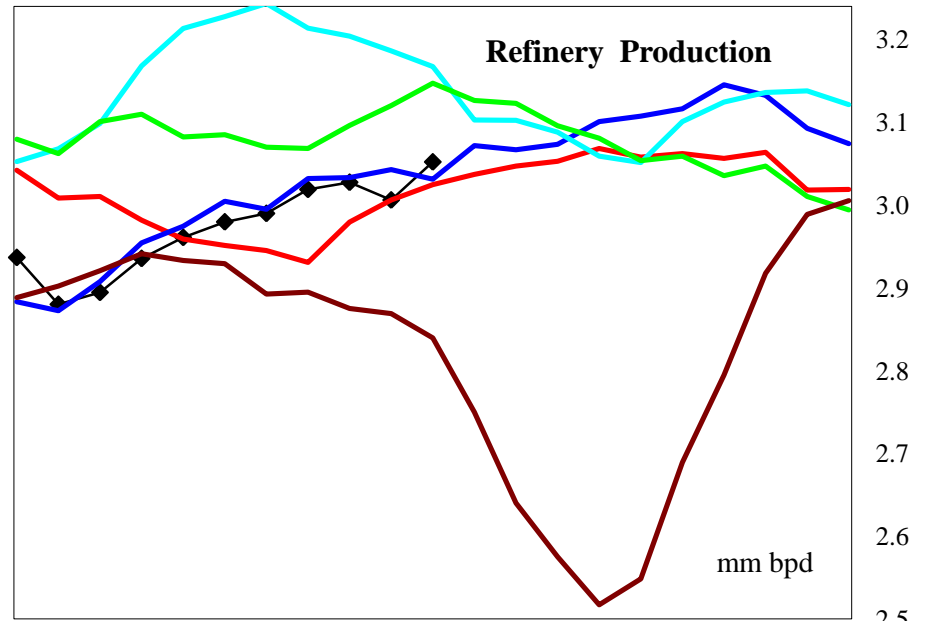
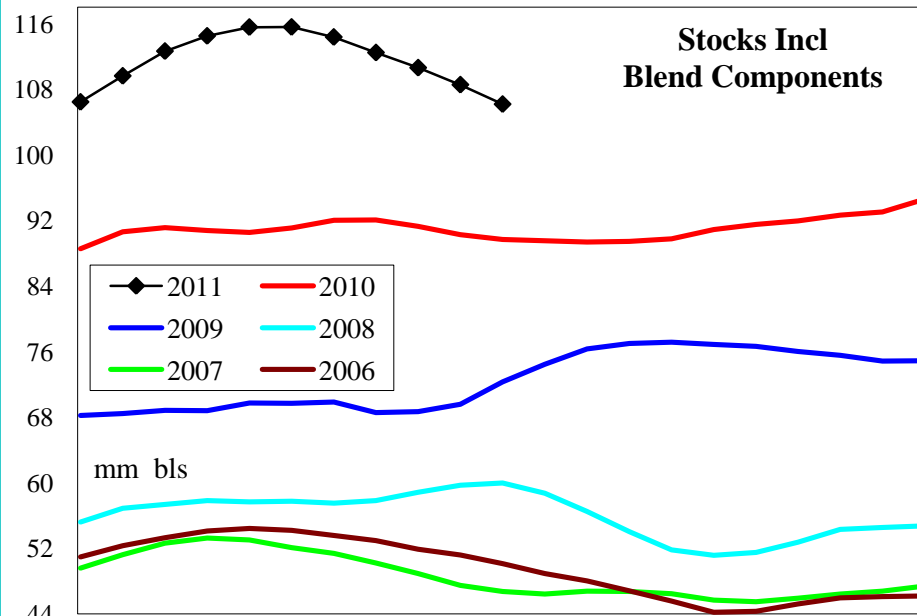
United States Crude Oil Supply and Demand Balance



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

16,482

23

-145

49

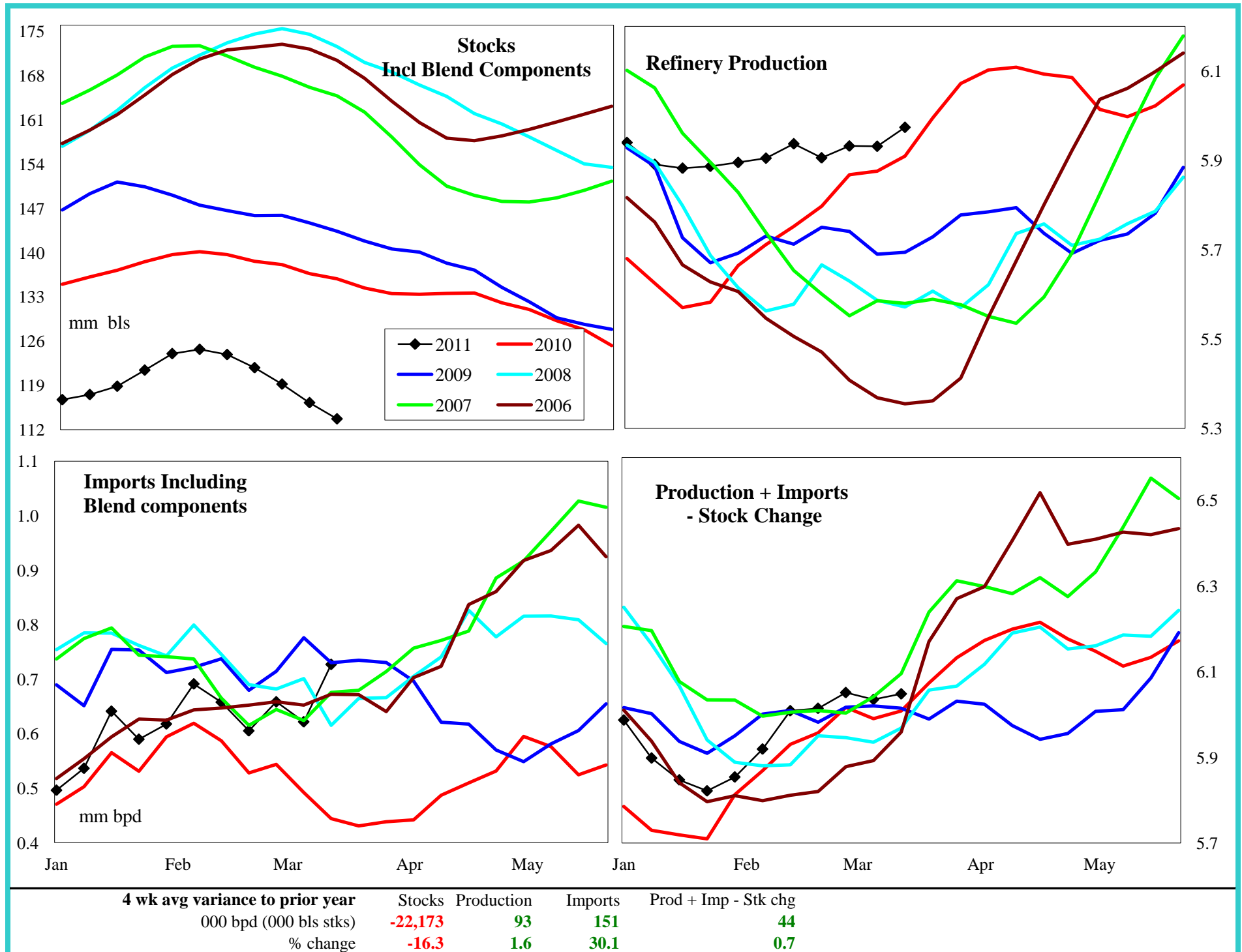
18.4

0.8

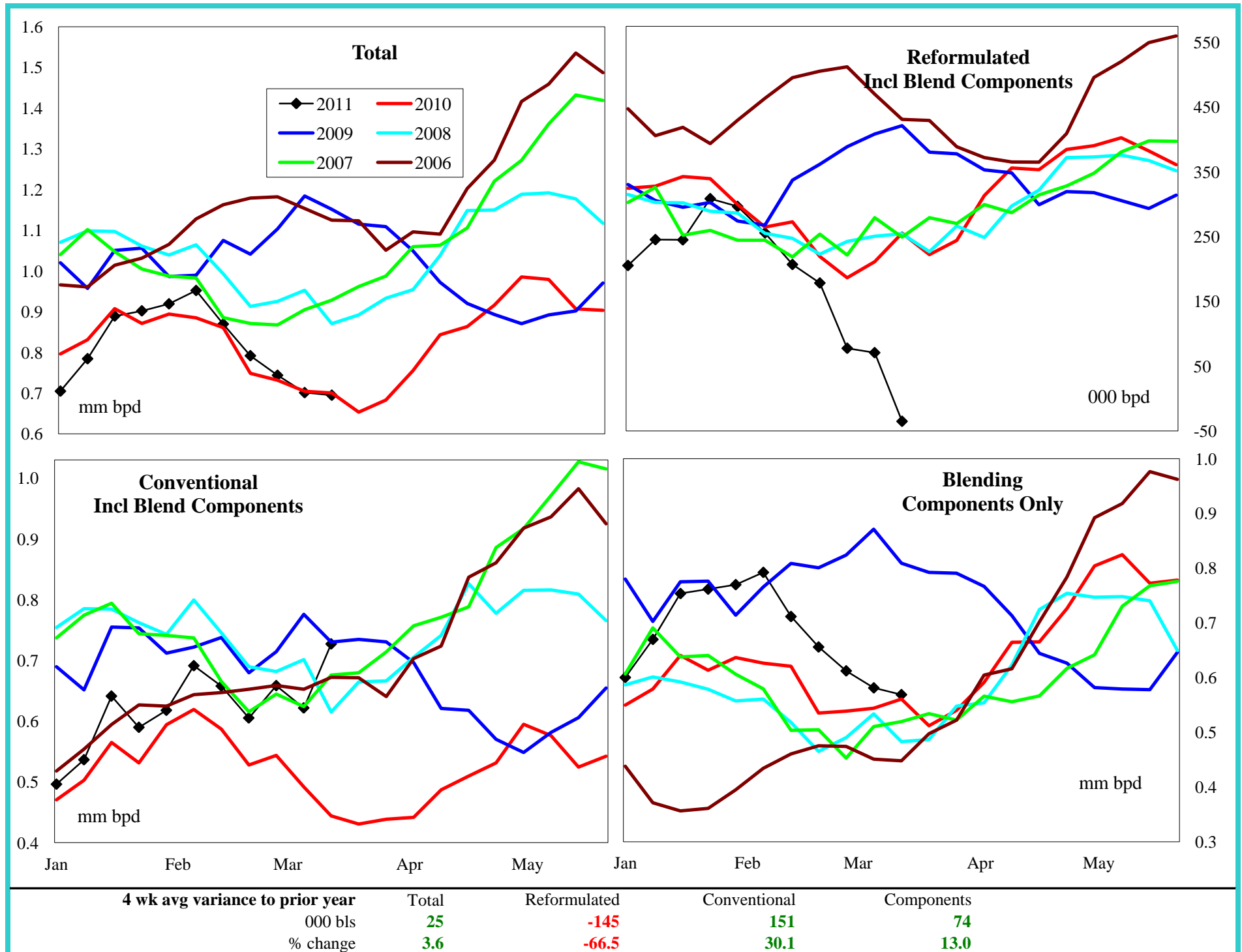
-66.5

1.7

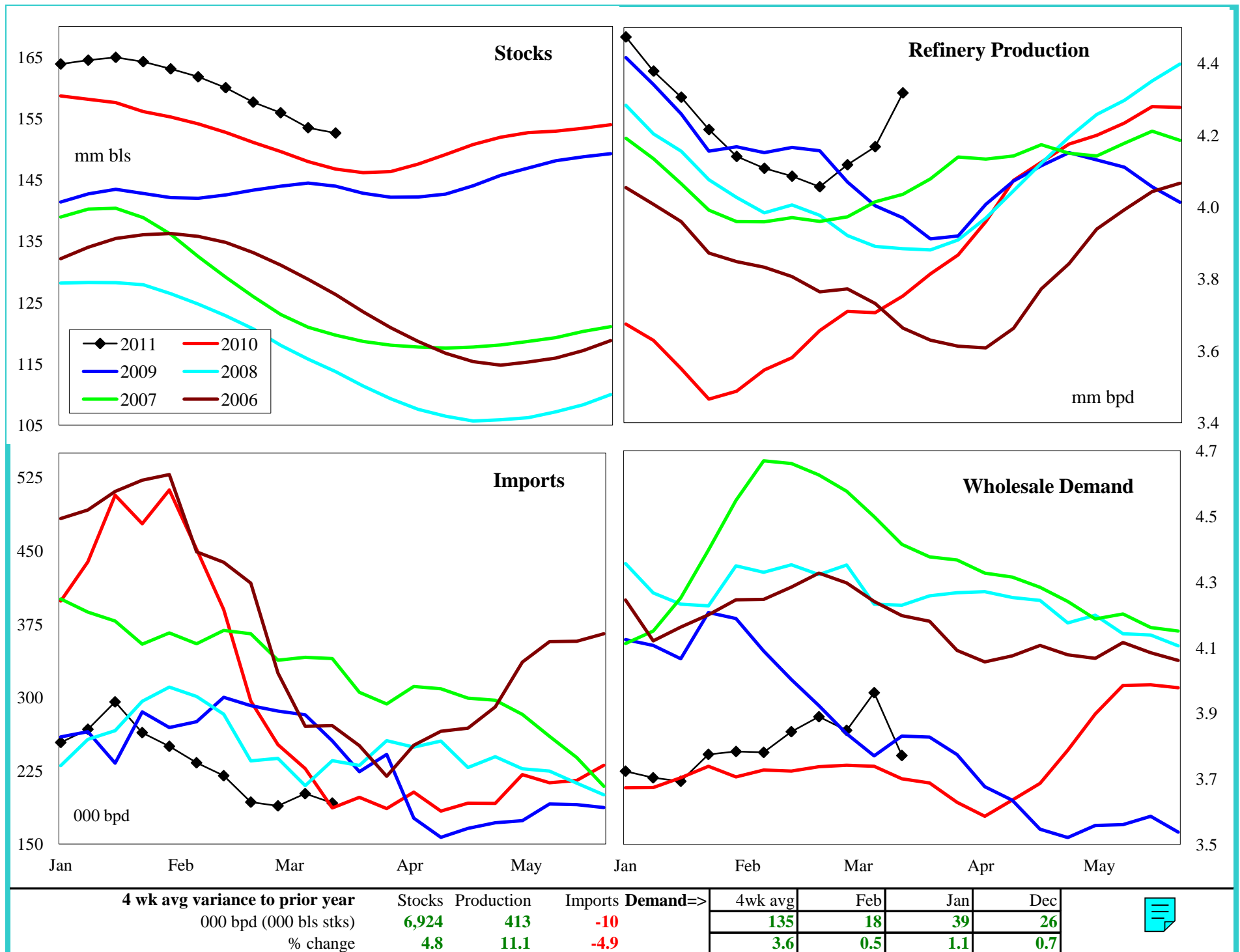
United States Conventional Gasoline Supply



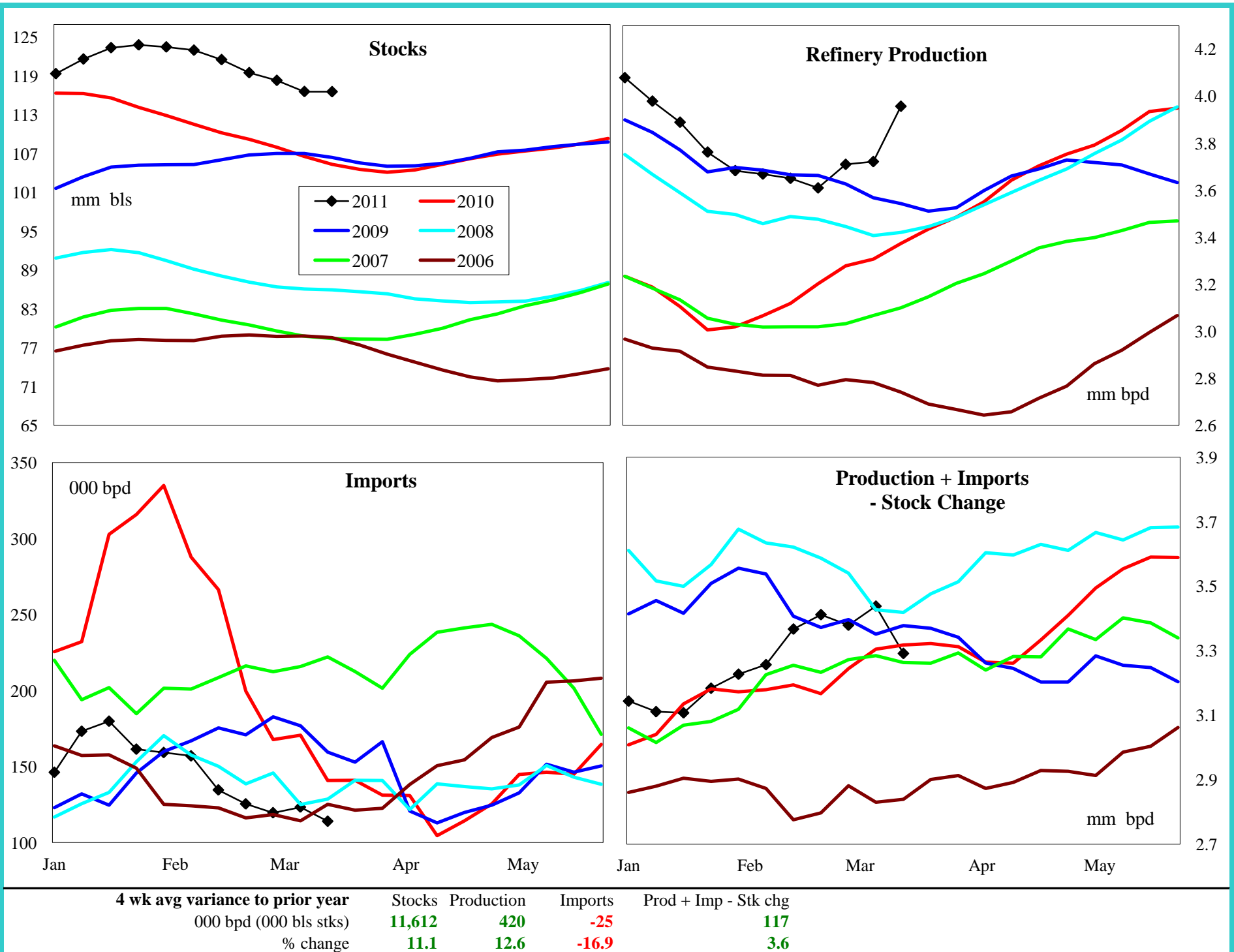
United States Gasoline Imports by Type



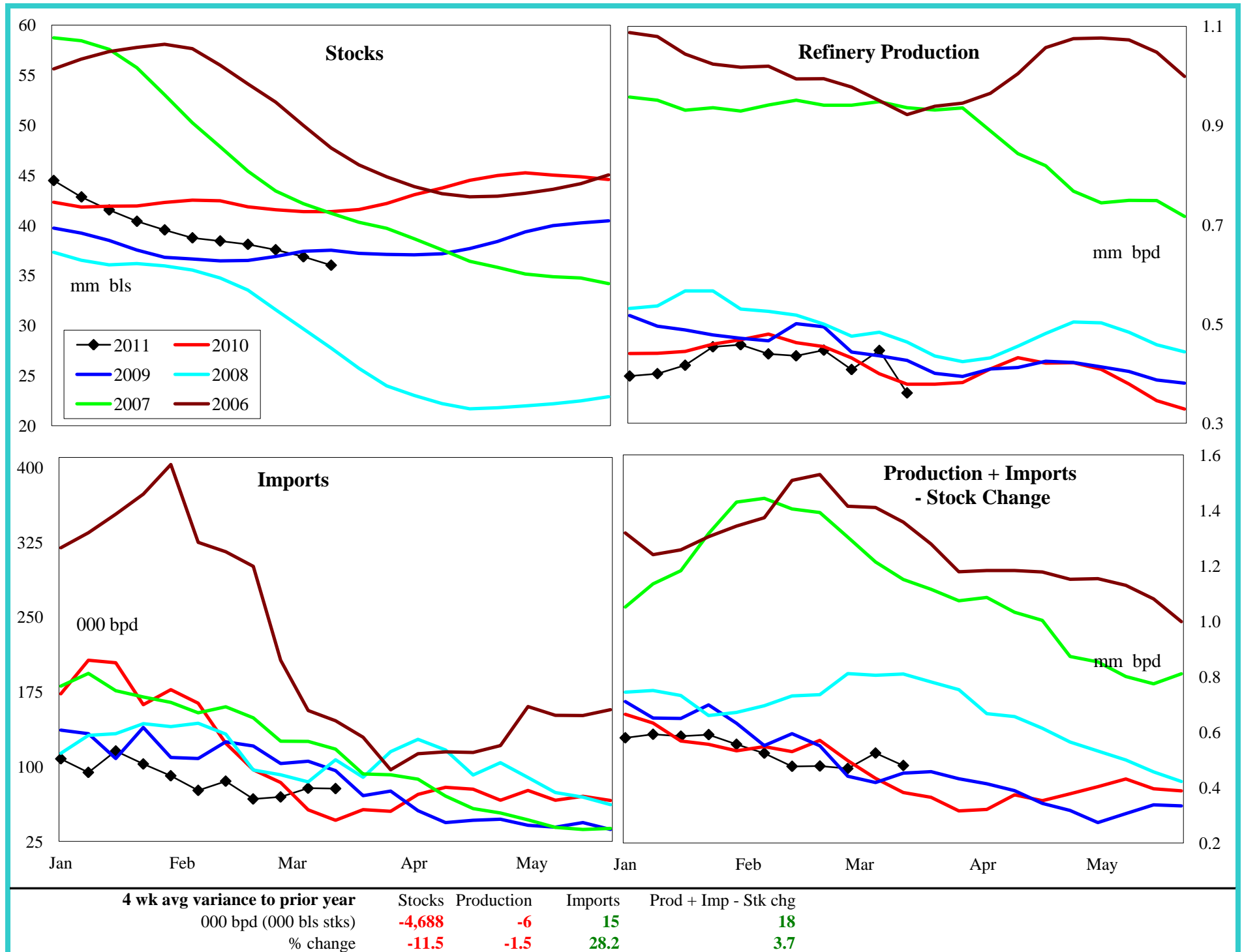
United States Distillate Supply and Demand Balance



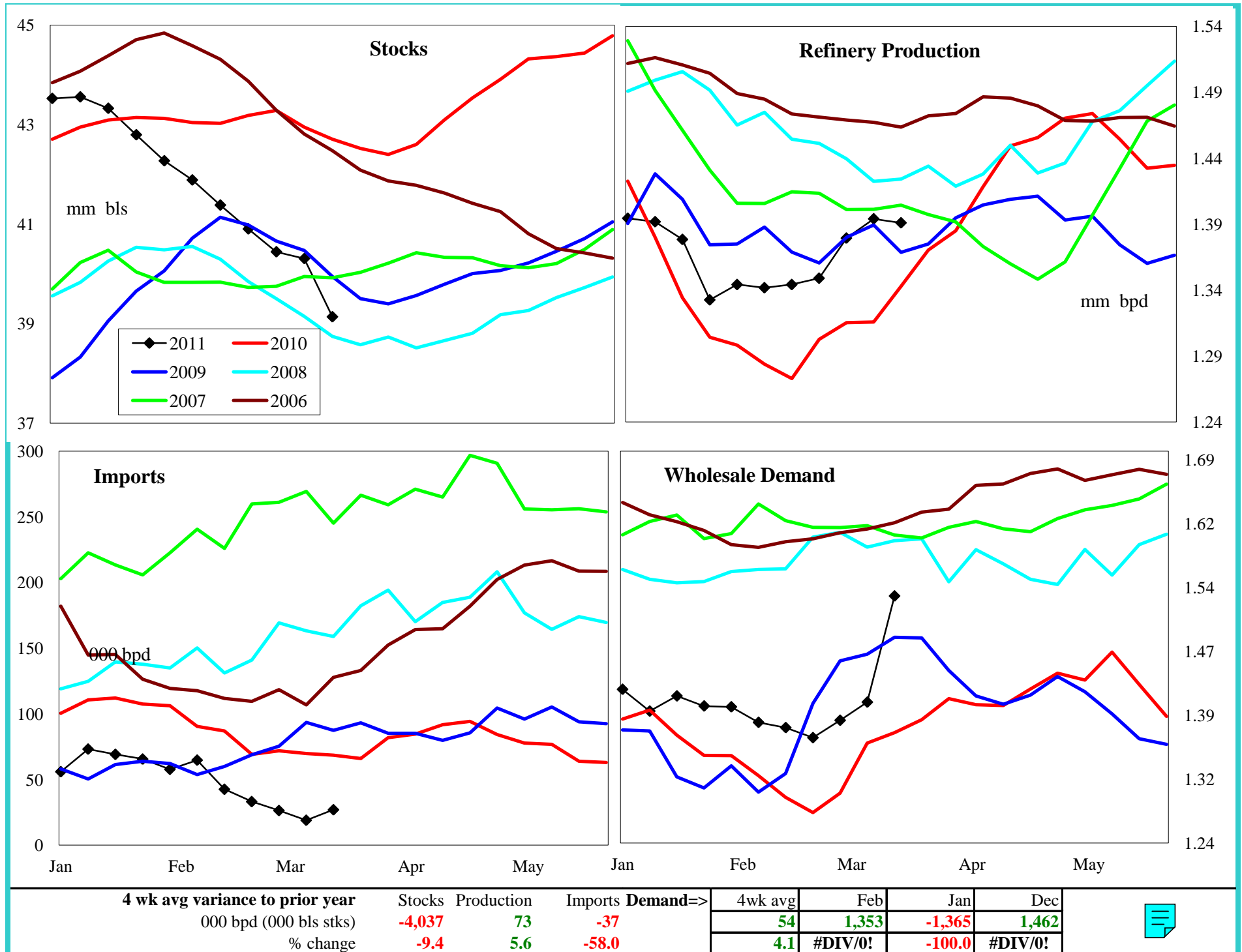
United States Low Sulfur Distillate Supply



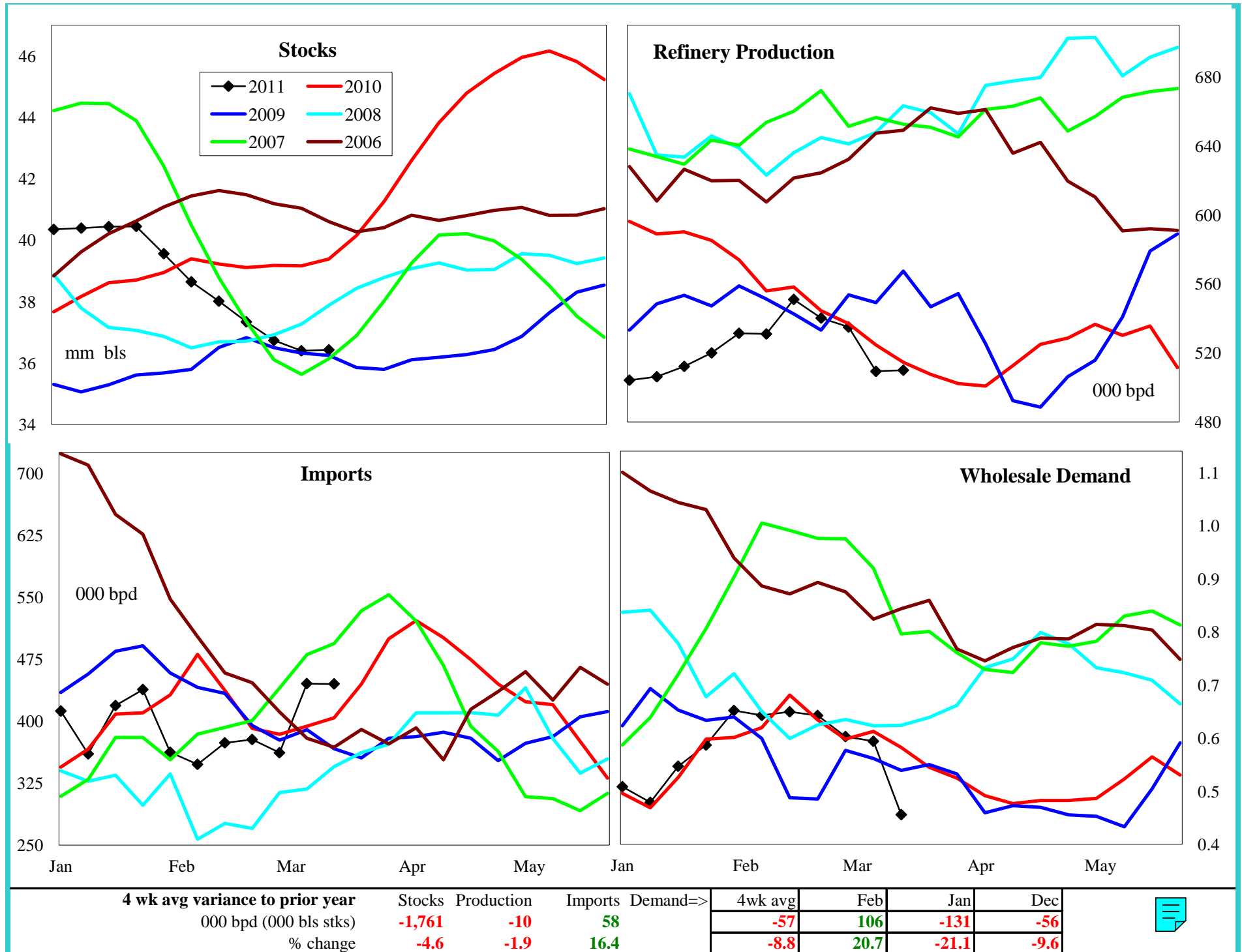
United States High Sulfur Distillate Supply



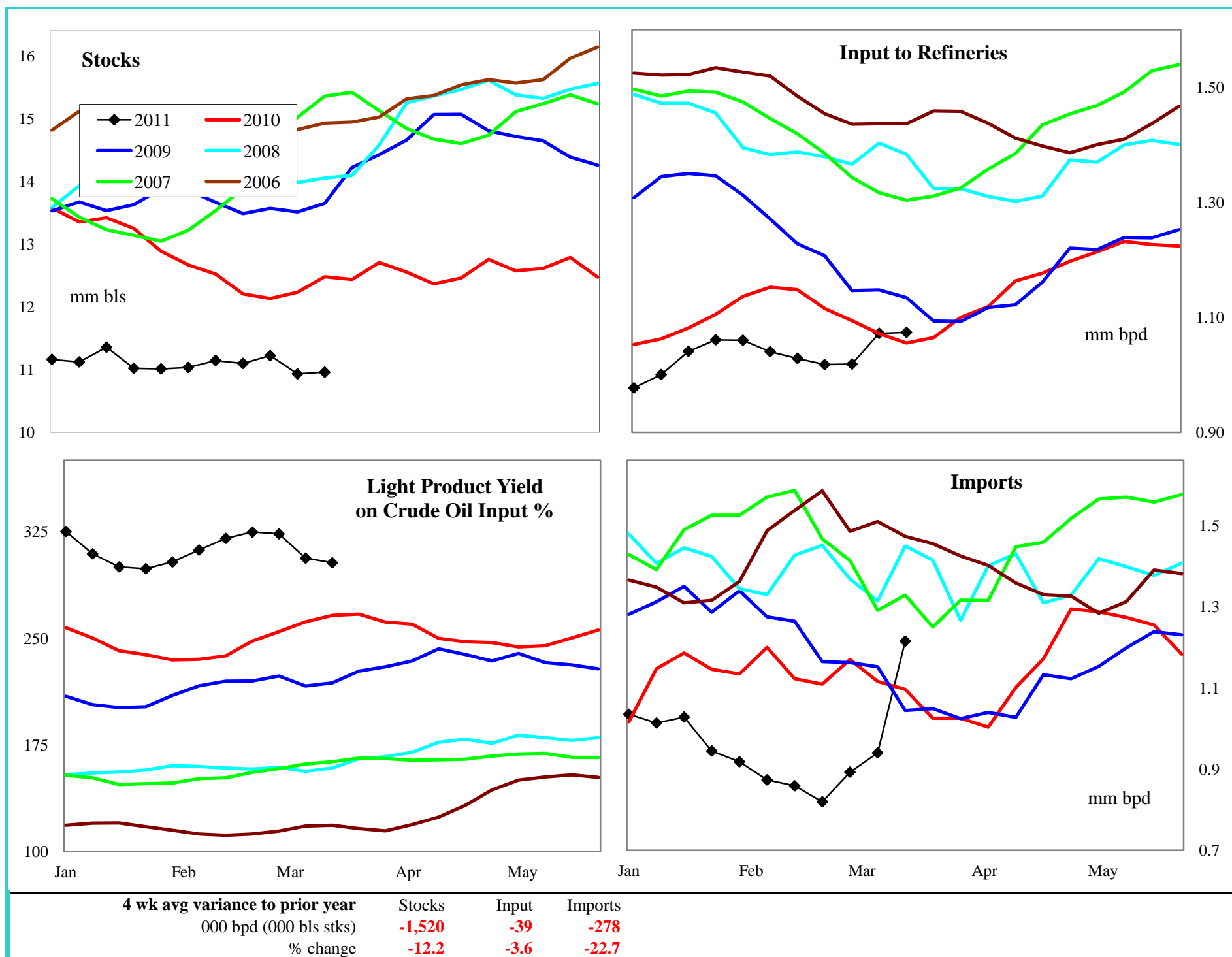
United States Jet Fuel Supply and Demand Balance



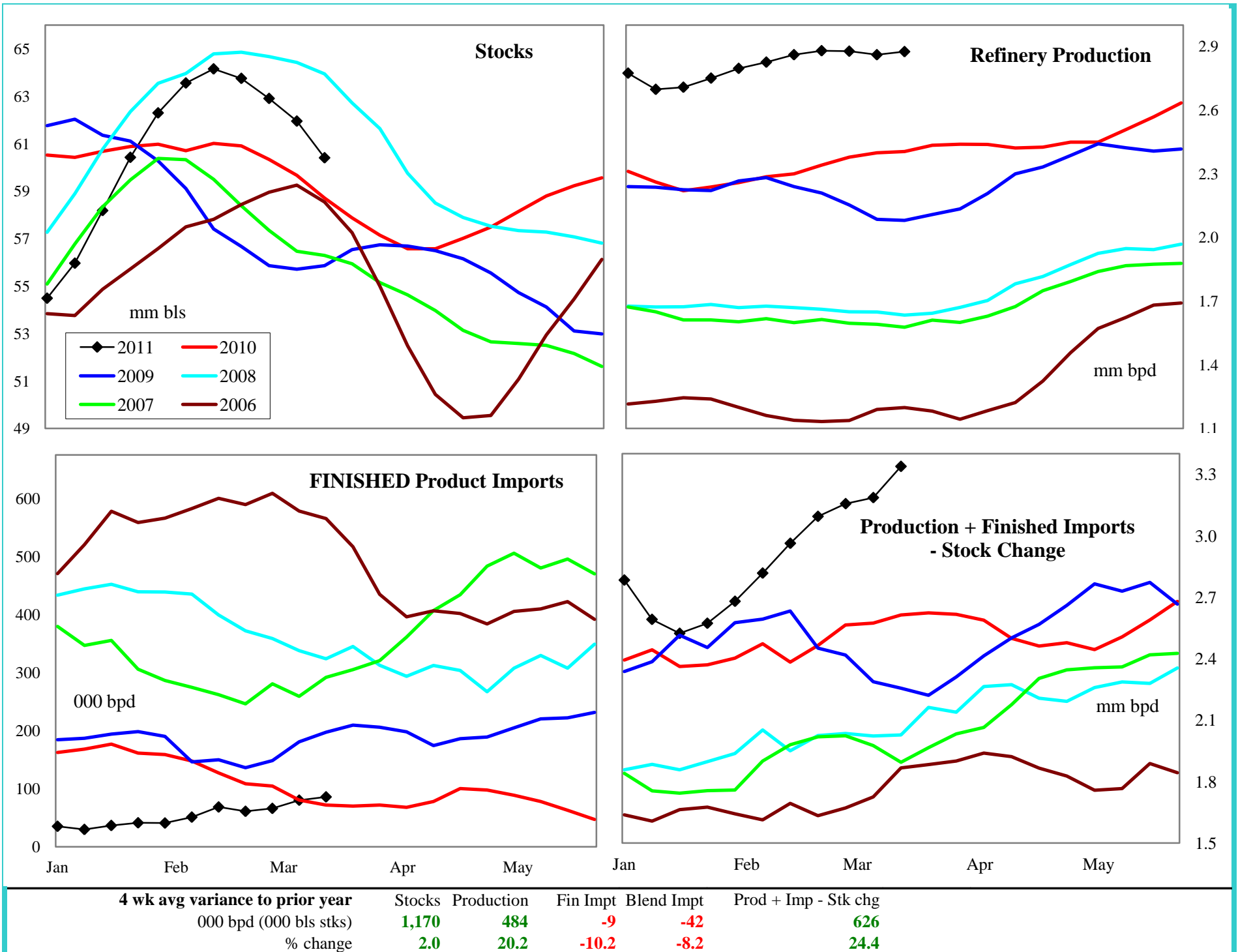
United States Residual Fuel Oil Supply and Demand Balance



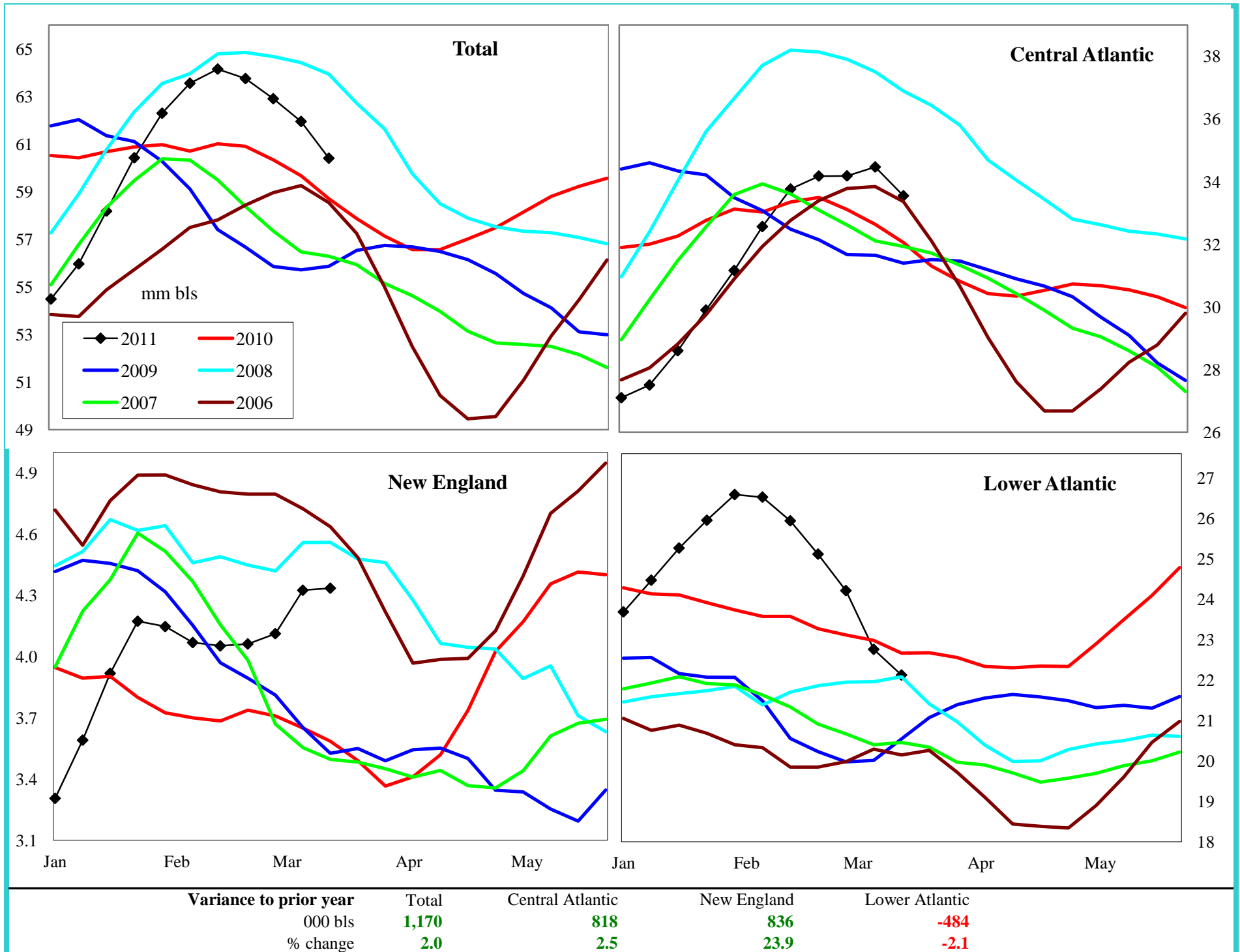
PADD 1 Crude Oil Supply and Refining



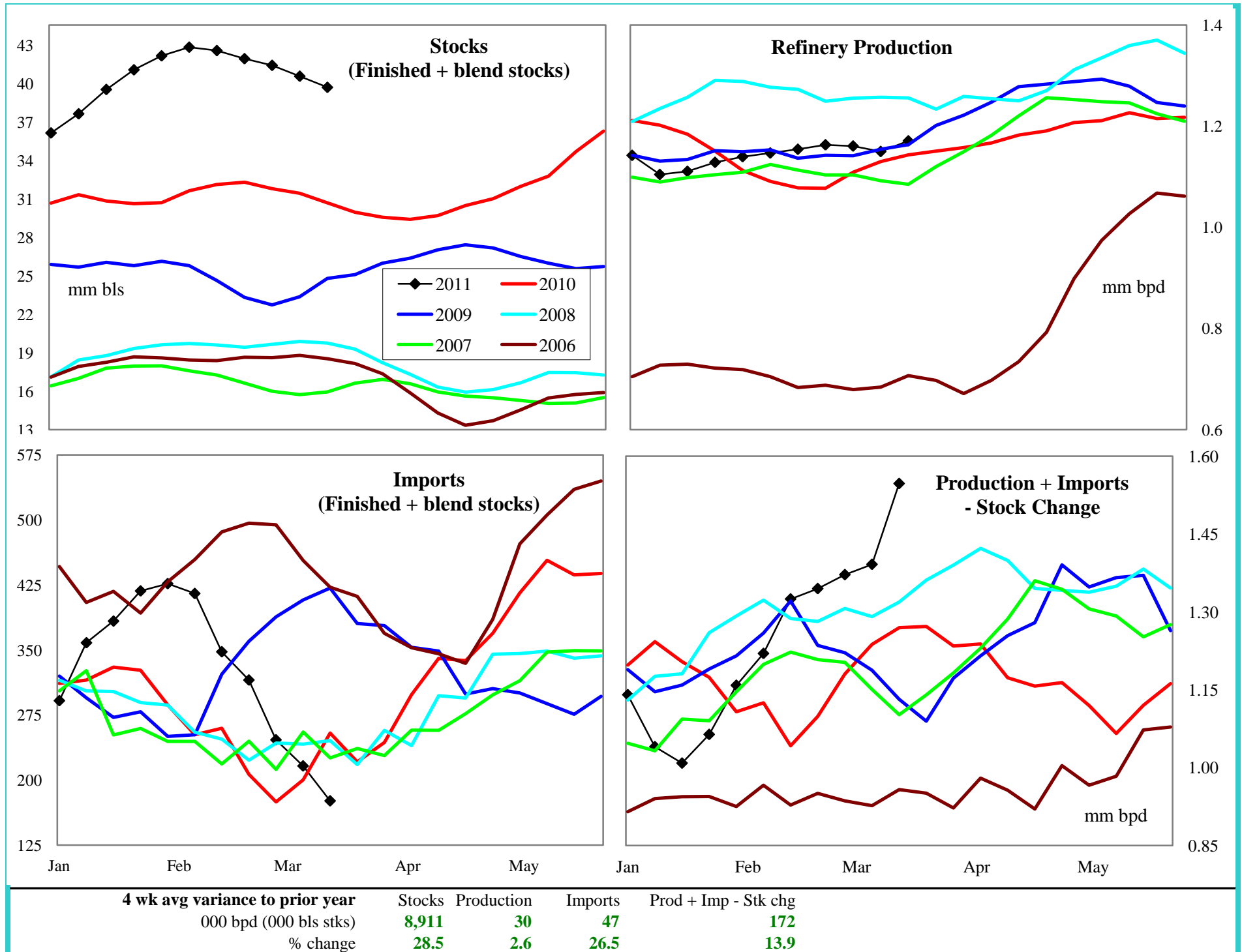
PADD 1 Gasoline Supply



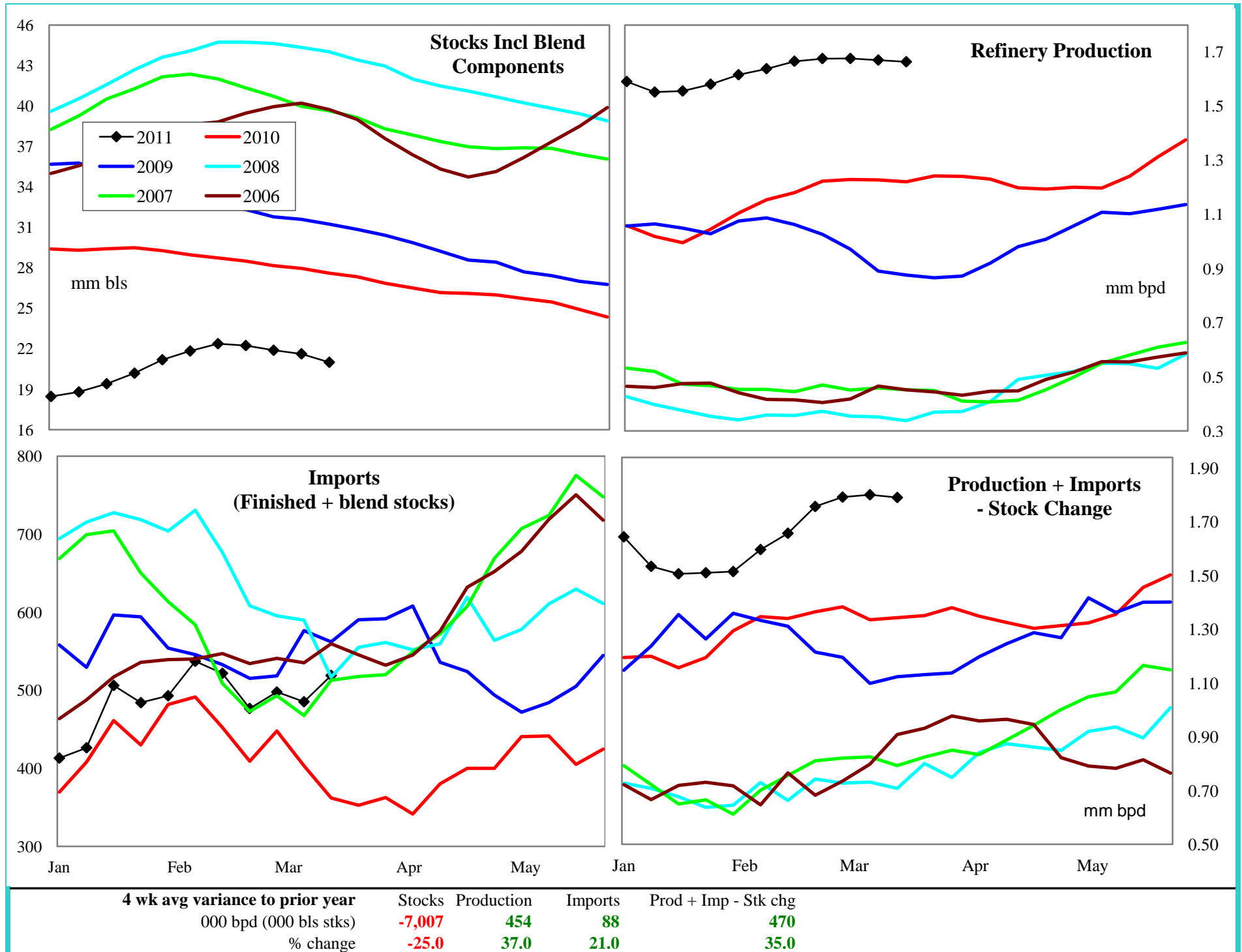
PADD 1 Gasoline Stocks by Region



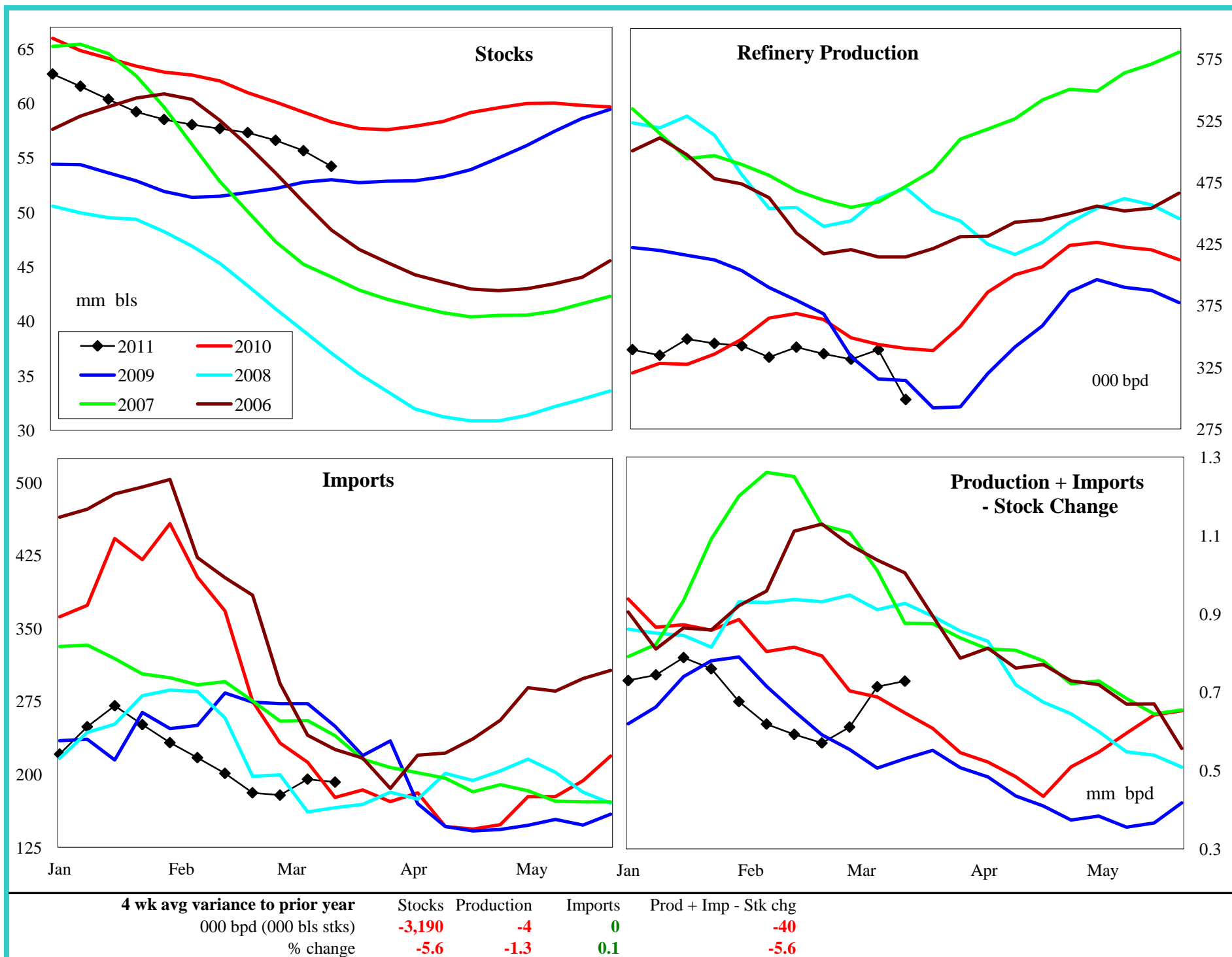
PADD 1 Reformulated Gasoline Supply



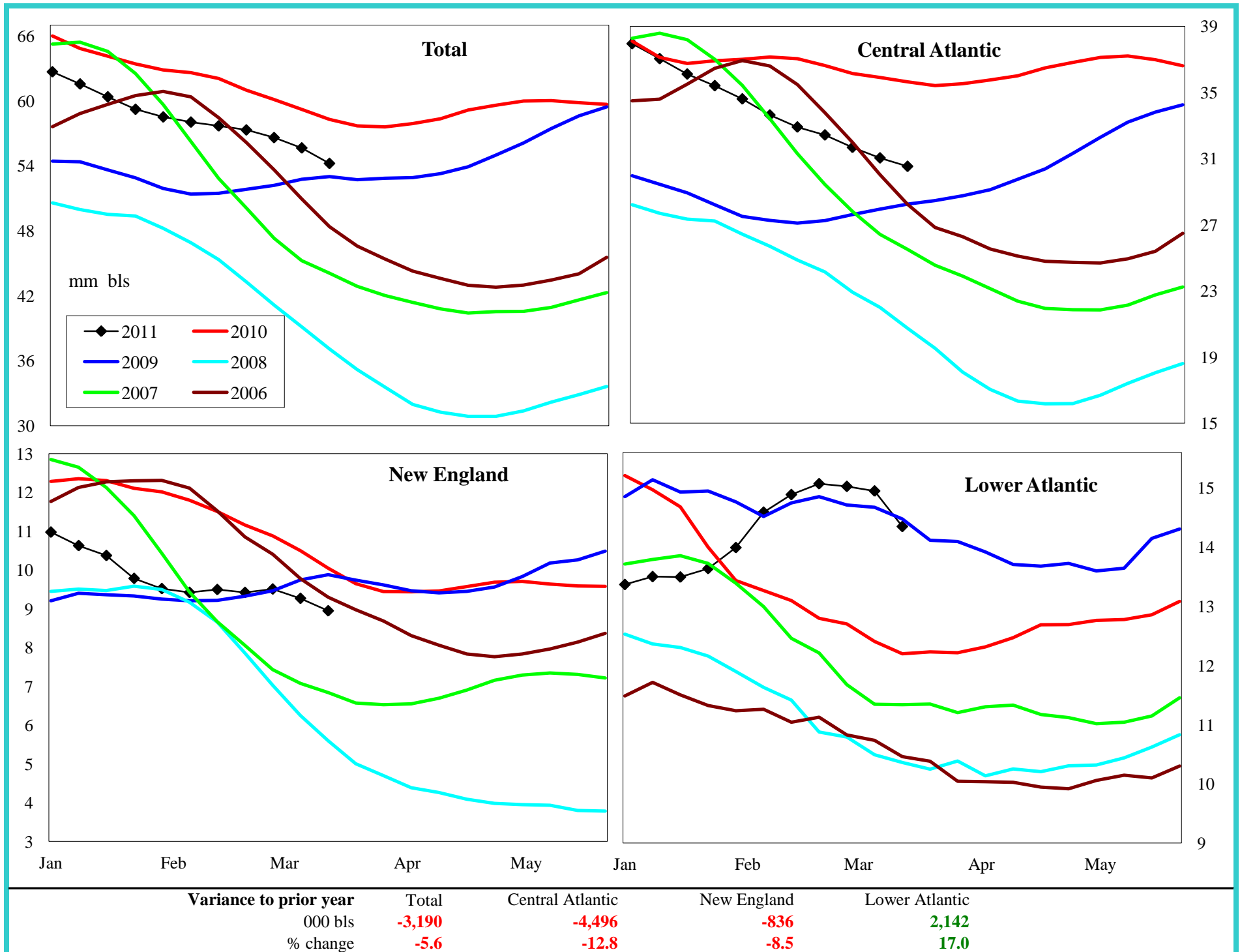
PADD 1 Conventional Gasoline Supply



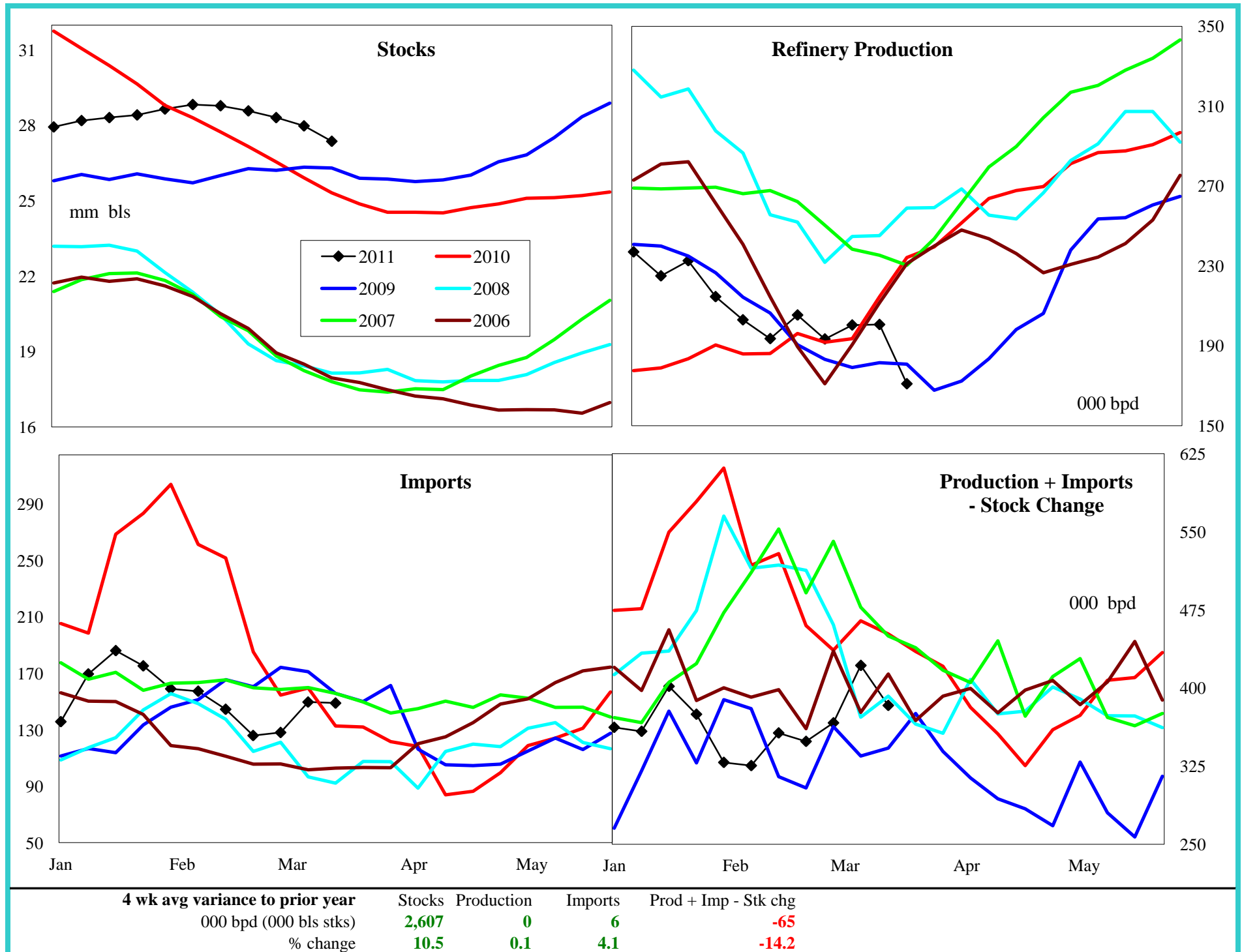
PADD 1 Distillate Supply



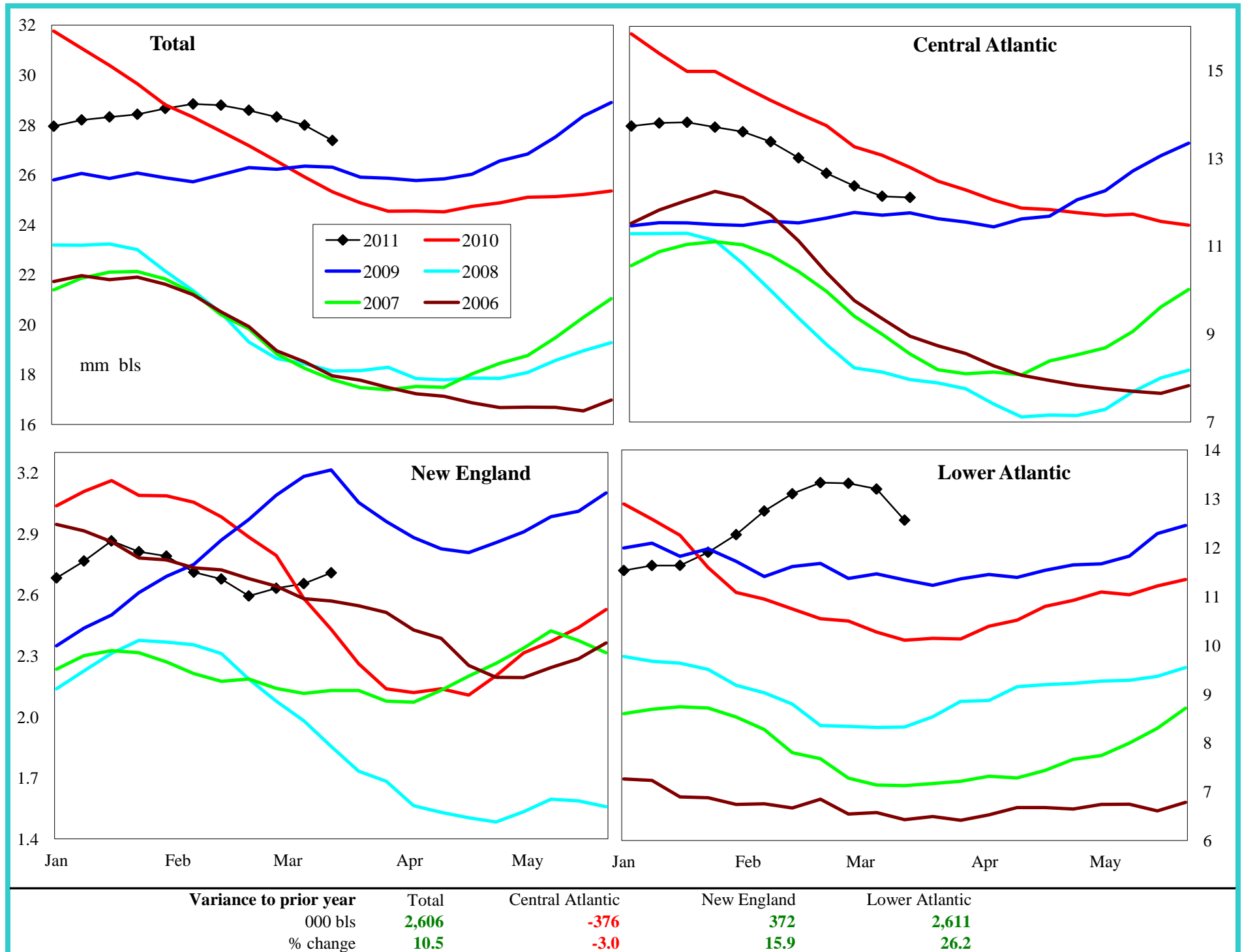
PADD 1 Distillate Stocks by Region



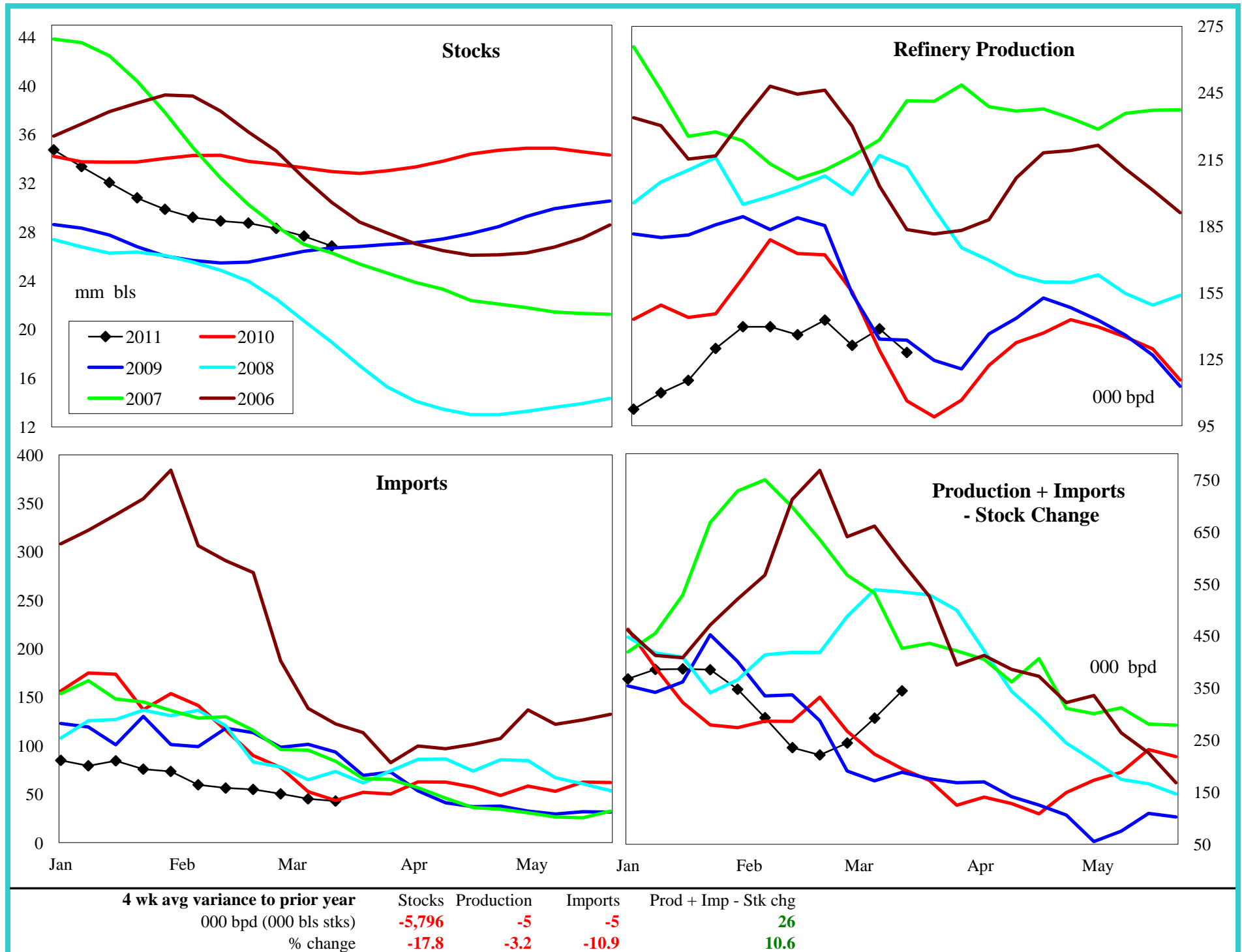
PADD 1 Low Sulfur Distillate Supply



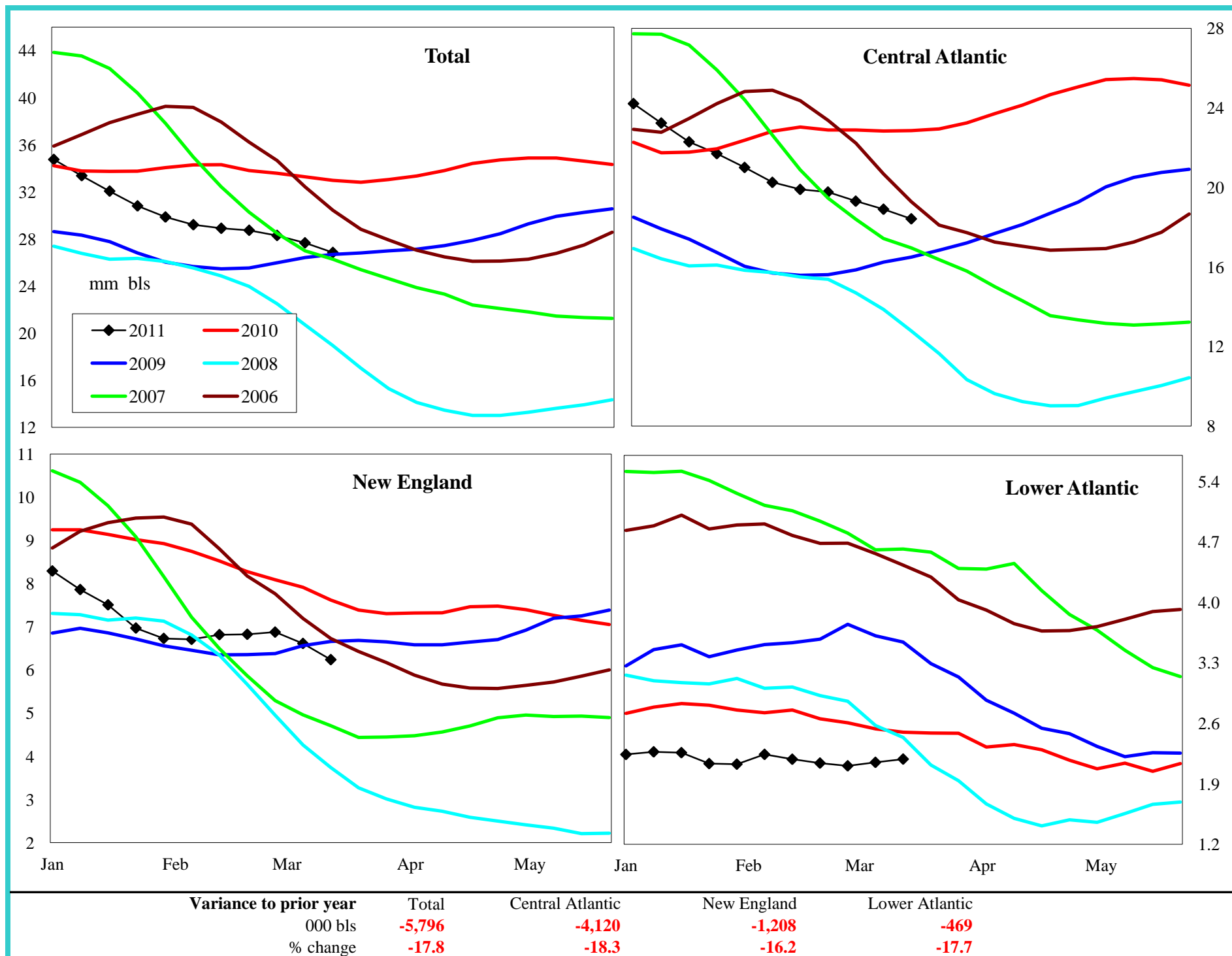
PADD 1 Low Sulfur Distillate Stocks by Region



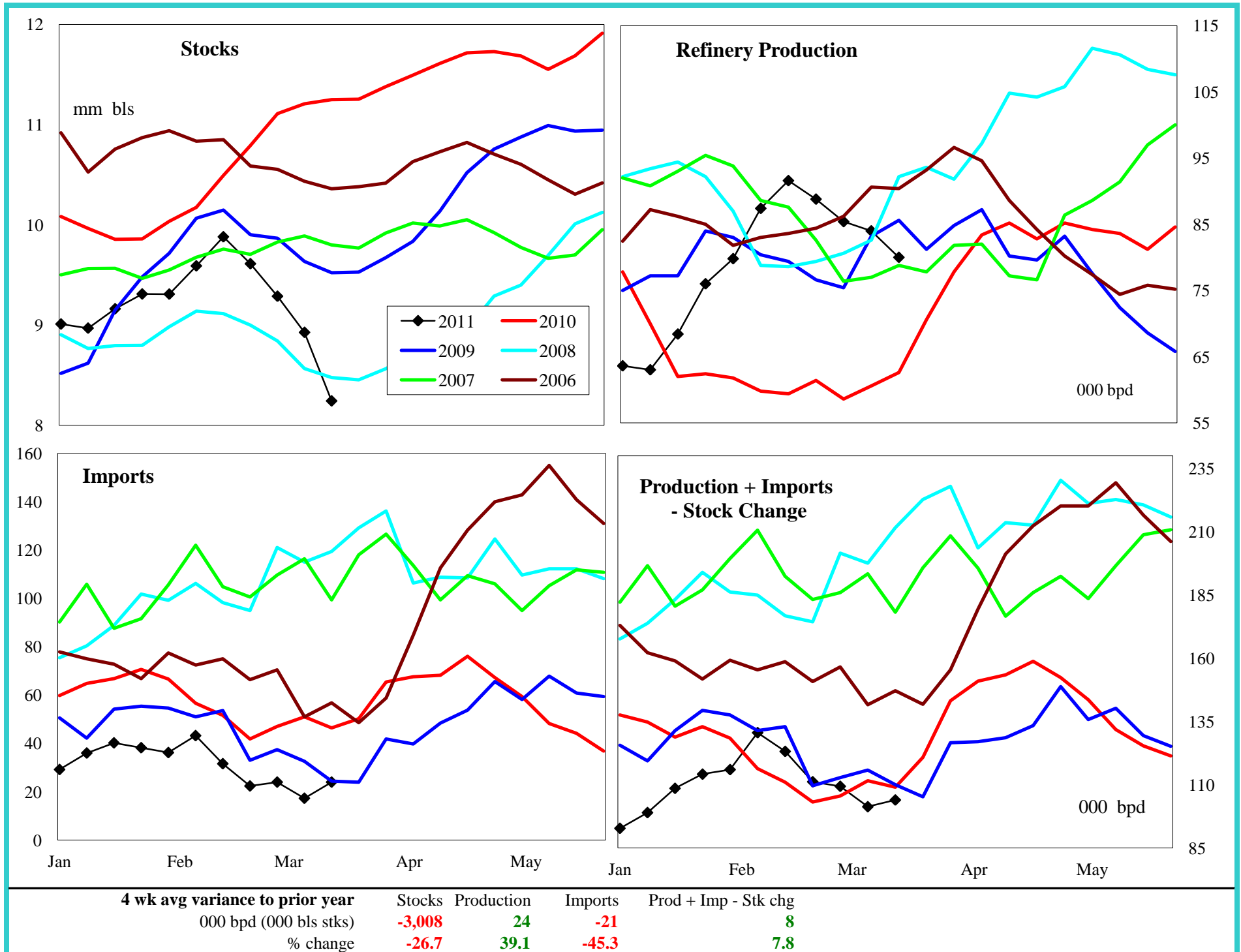
PADD 1 High Sulfur Distillate Supply



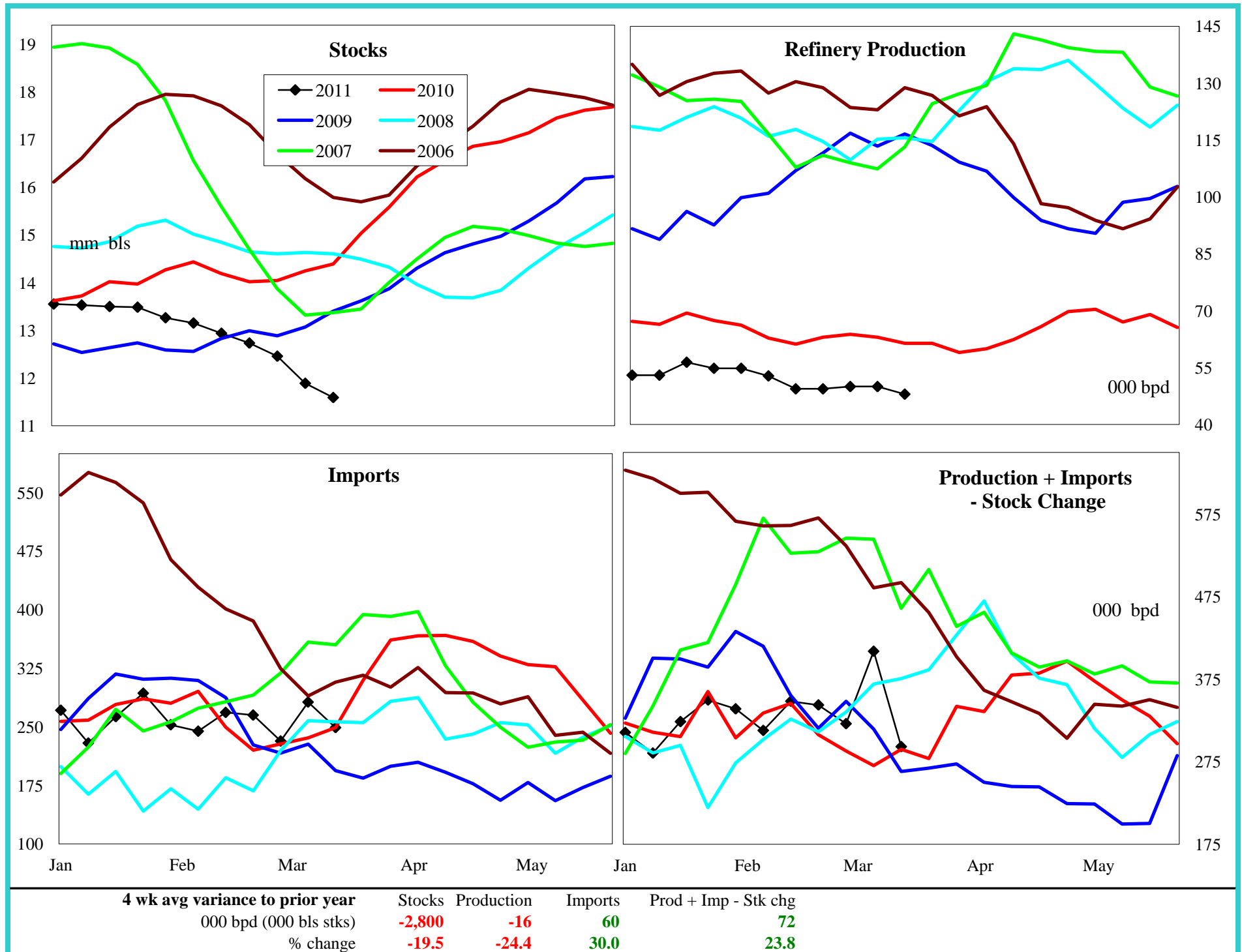
PADD 1 High Sulfur Distillate Stocks by Region



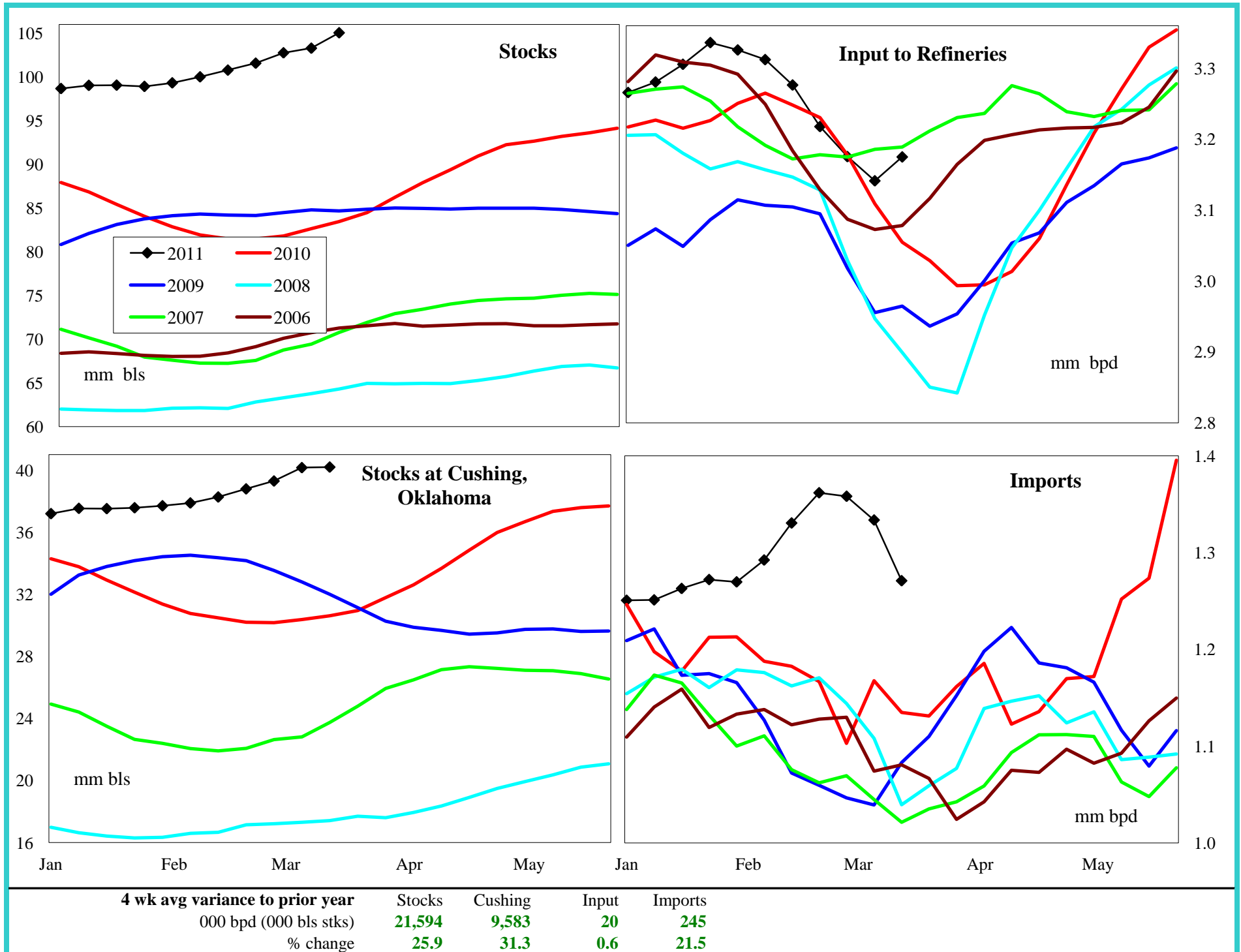
PADD 1 Jet Fuel Supply



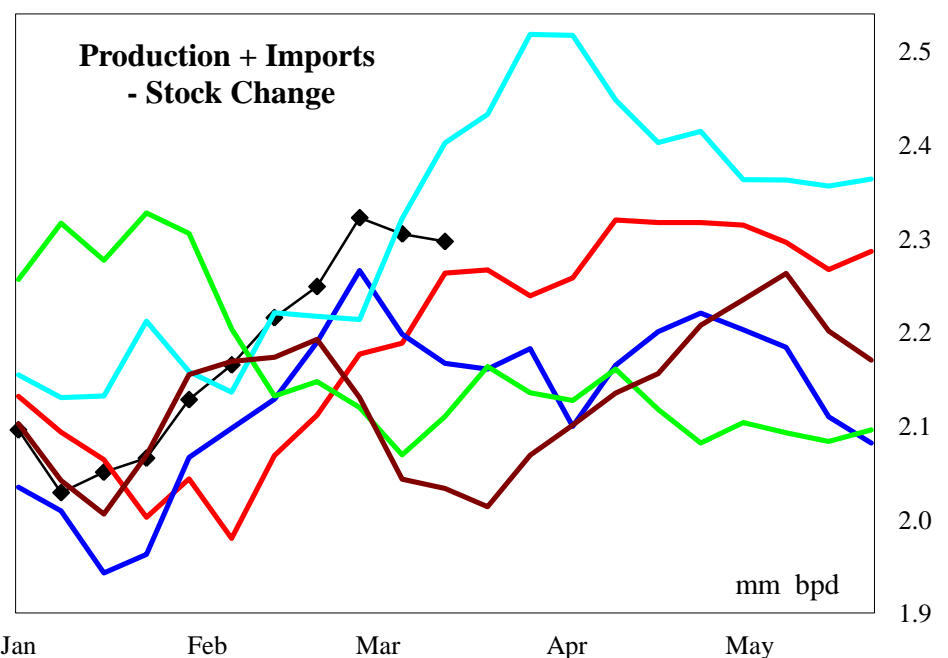
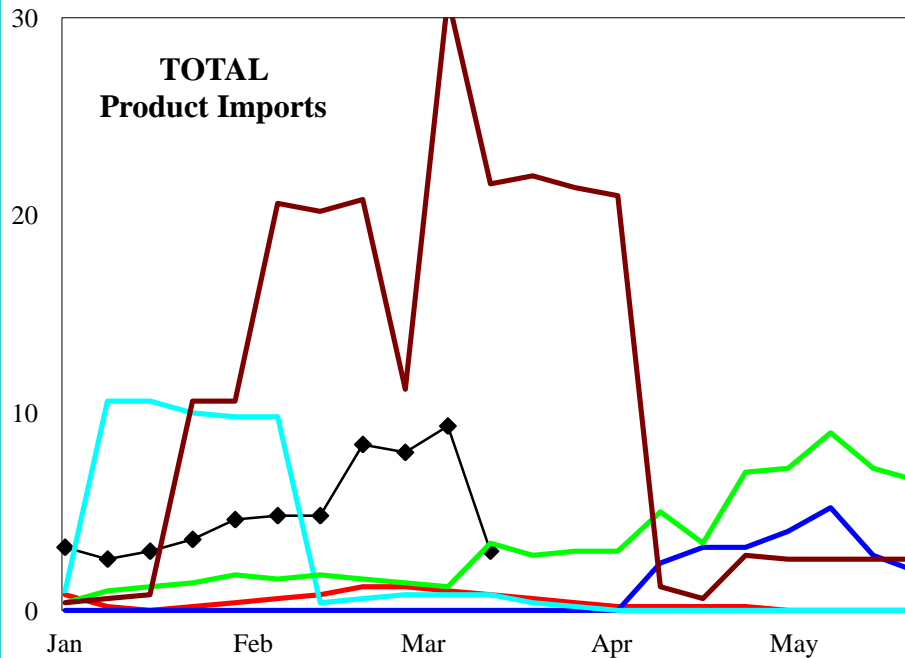
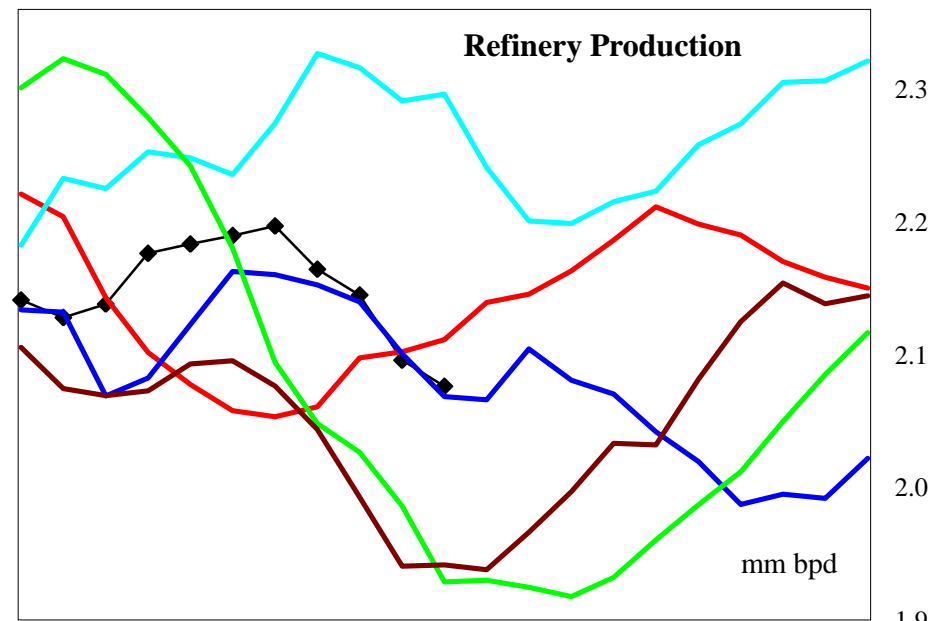
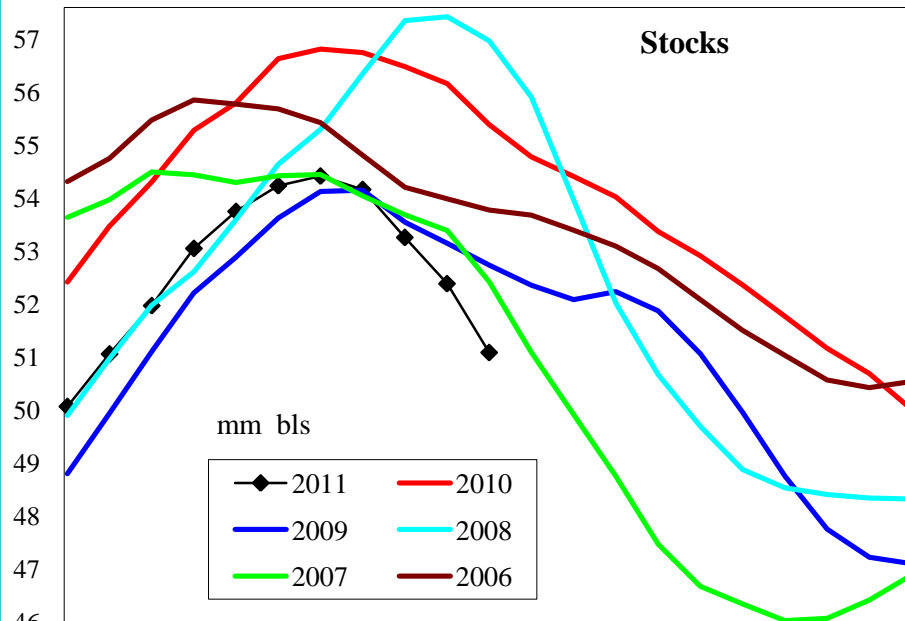
PADD 1 Residual Fuel Oil Supply



PADD 2 Crude Oil Supply and Refining



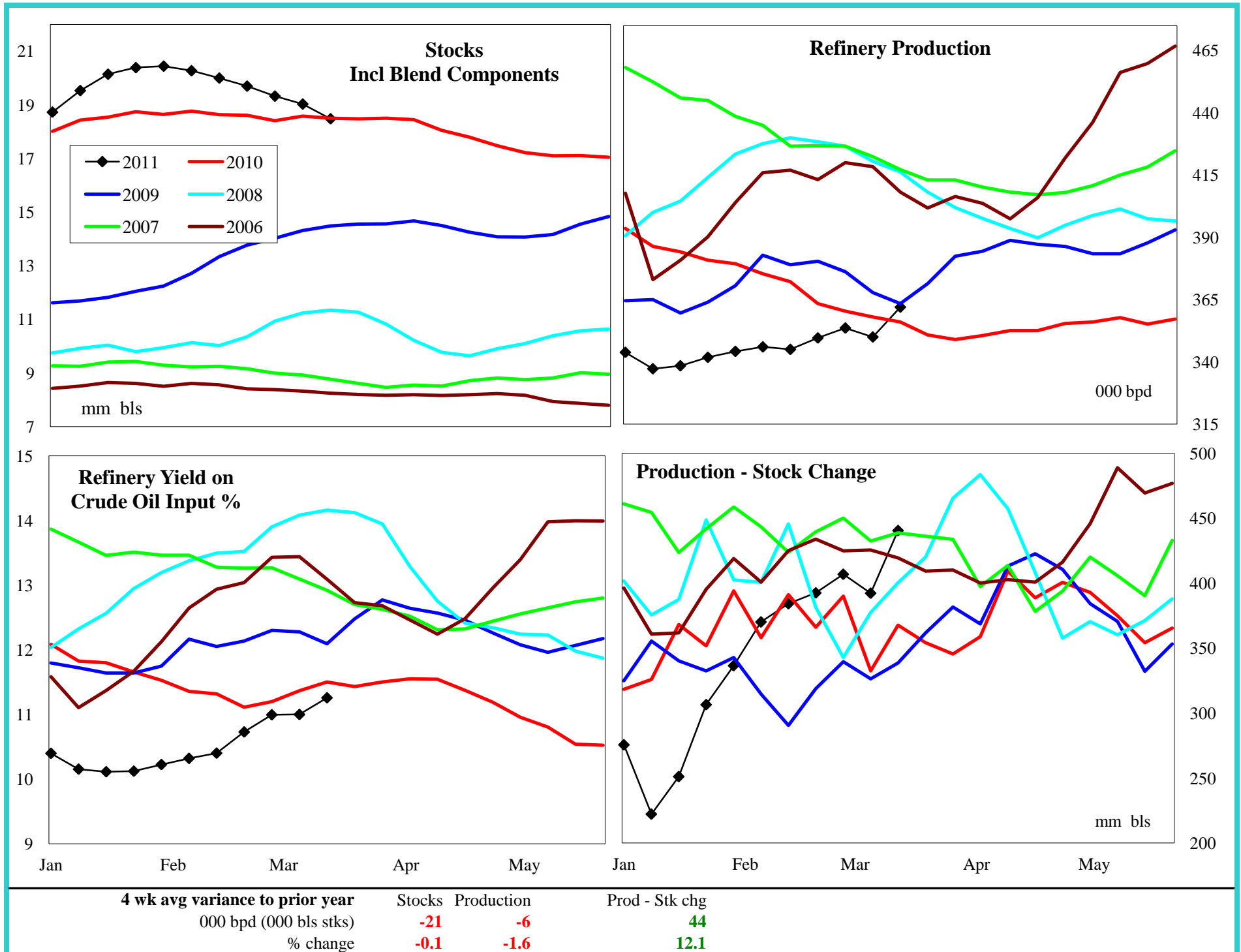
PADD 2 Gasoline Supply



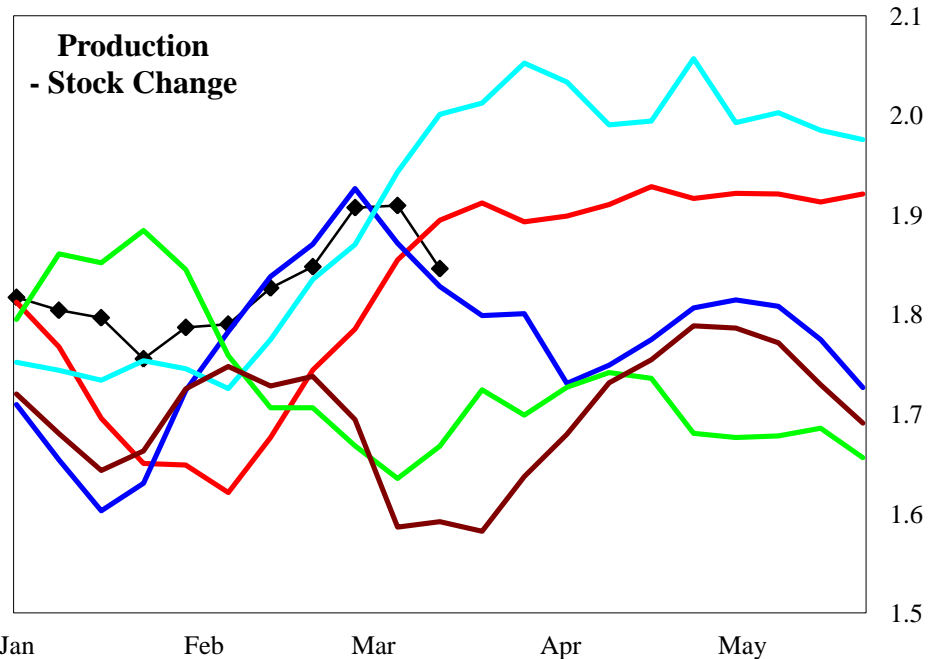
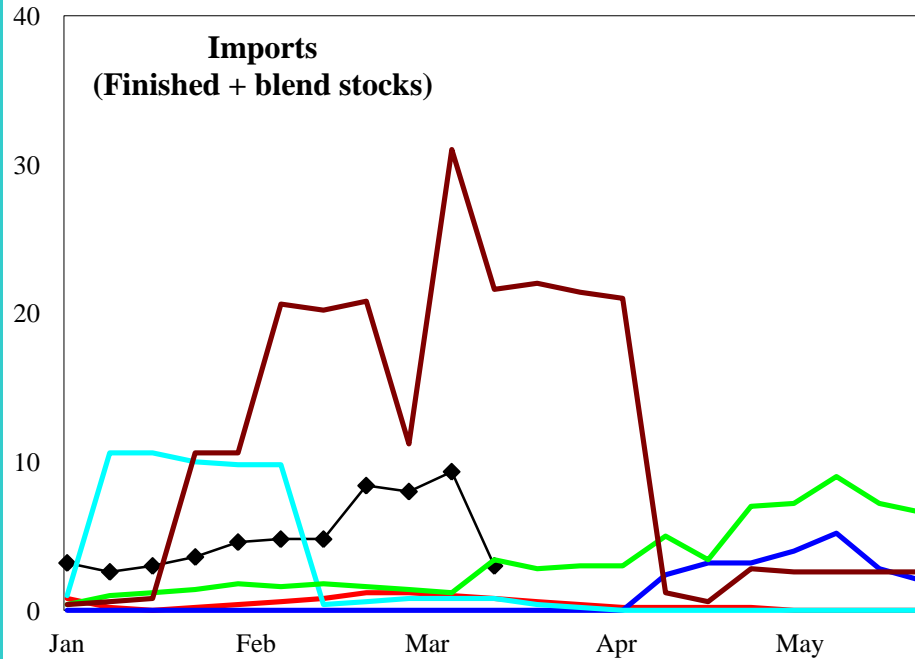
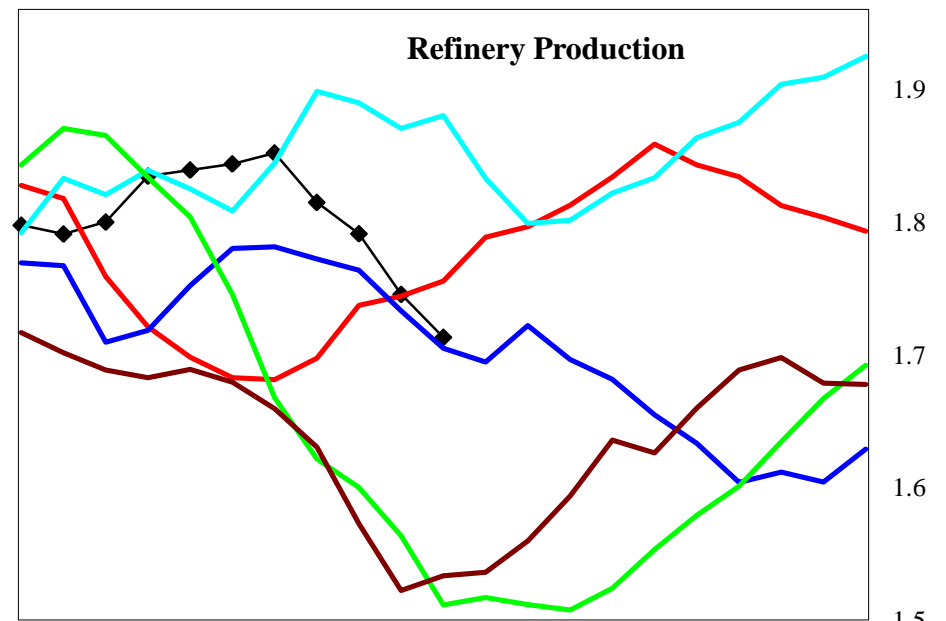
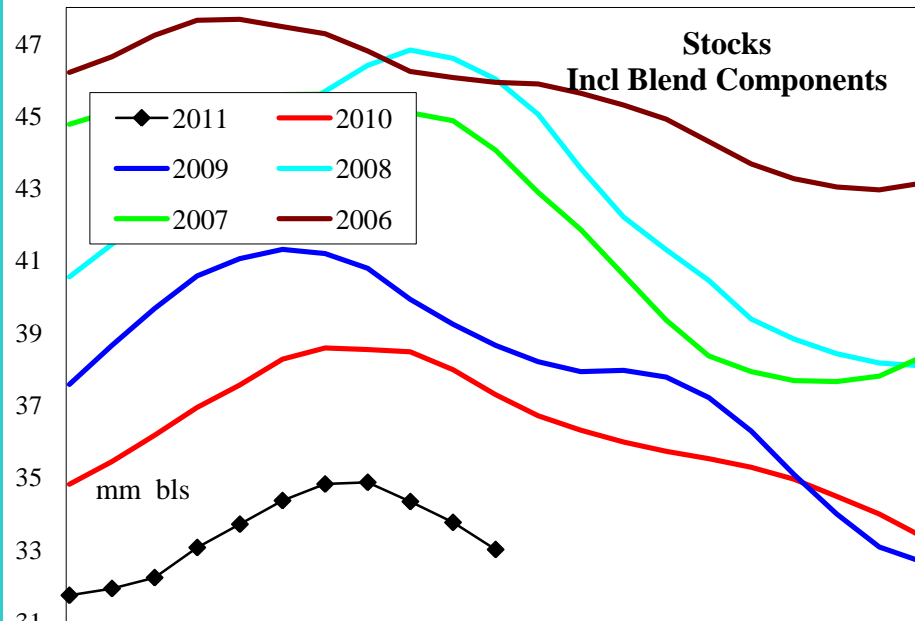
4 wk avg variance to prior year
000 bpd (000 bbls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
-4,302	19	7	97
-7.7	0.9	540.0	4.4

PADD 2 Reformulated Gasoline Supply



PADD 2 Conventional Gasoline Supply



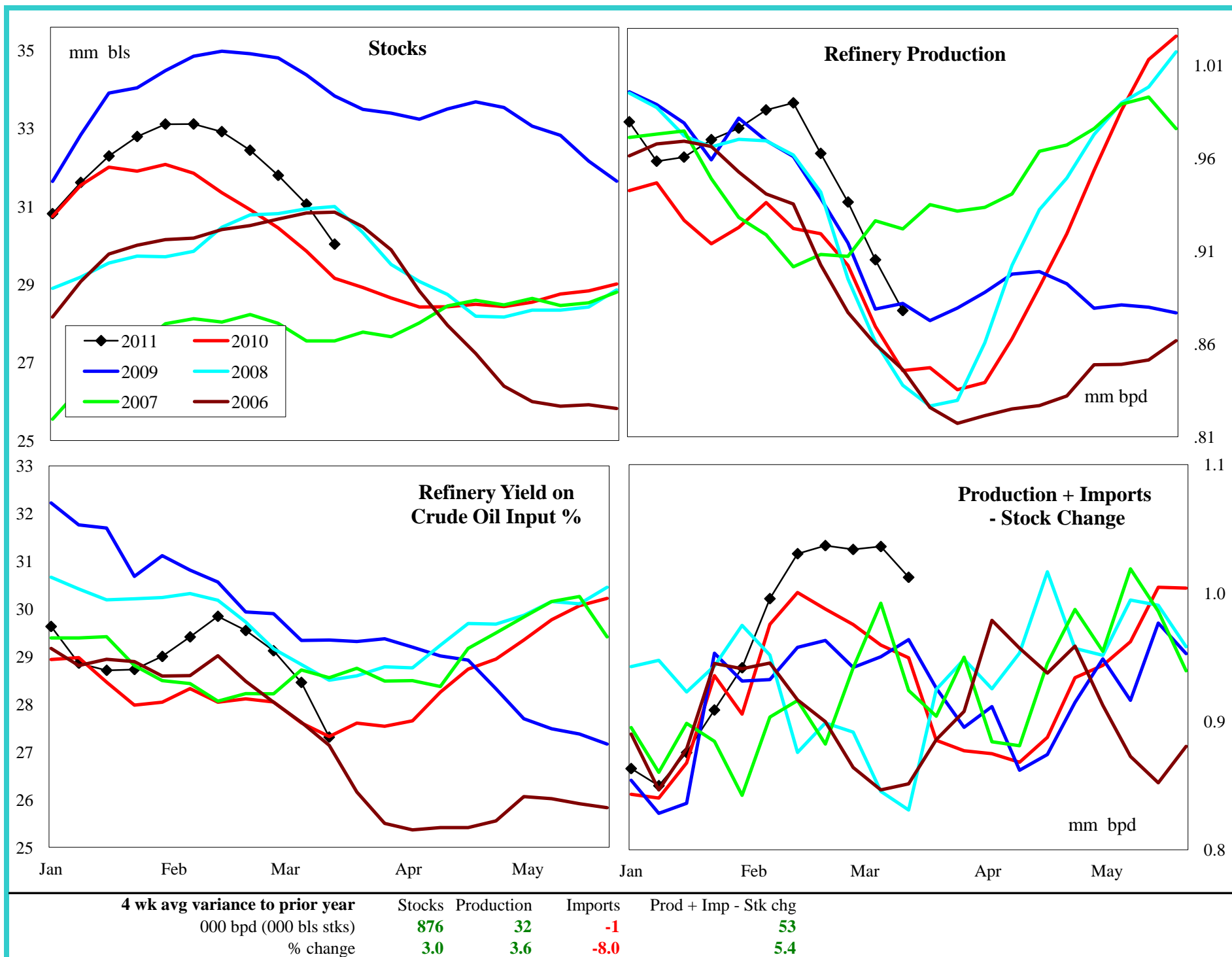
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks
-4,464
-11.9

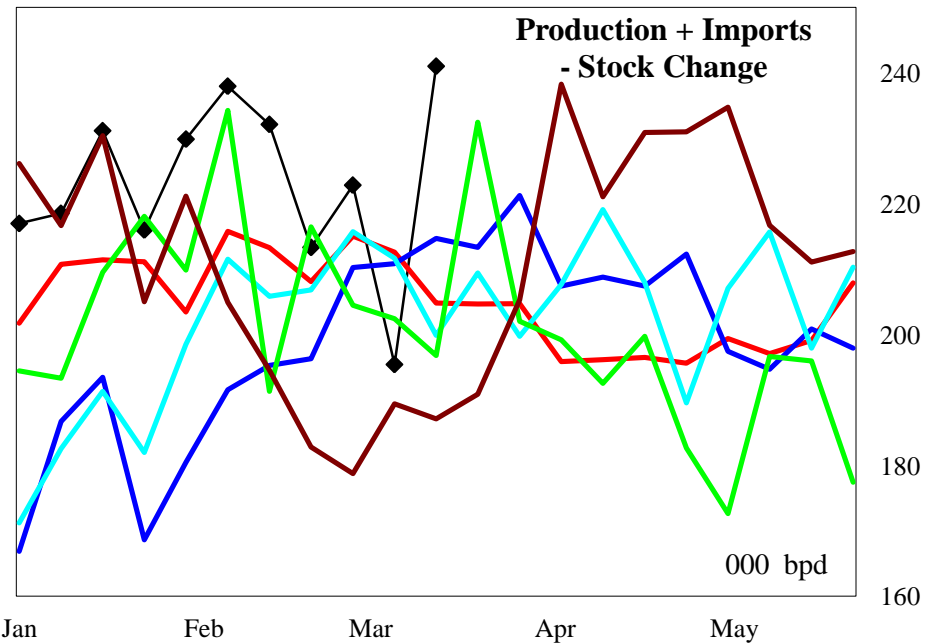
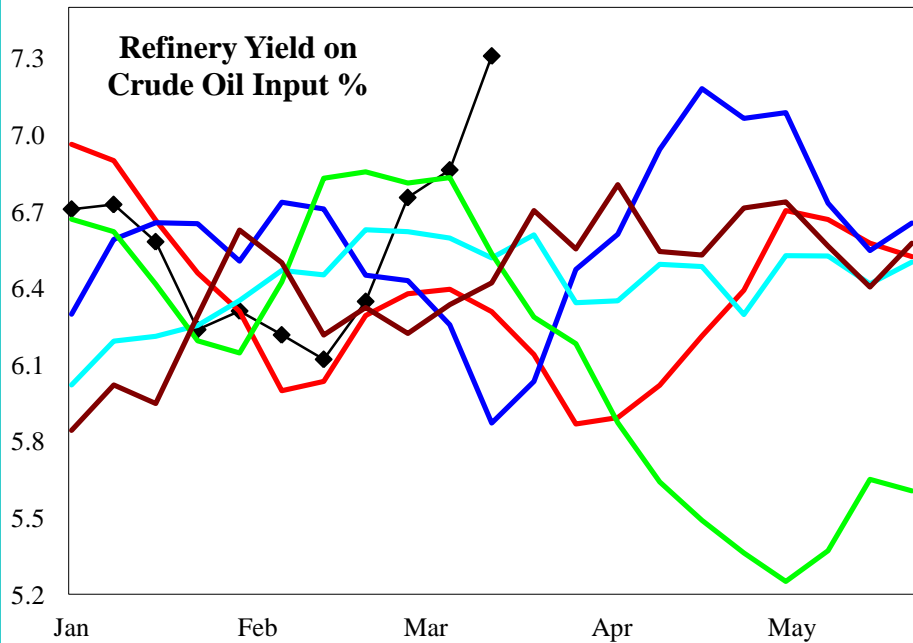
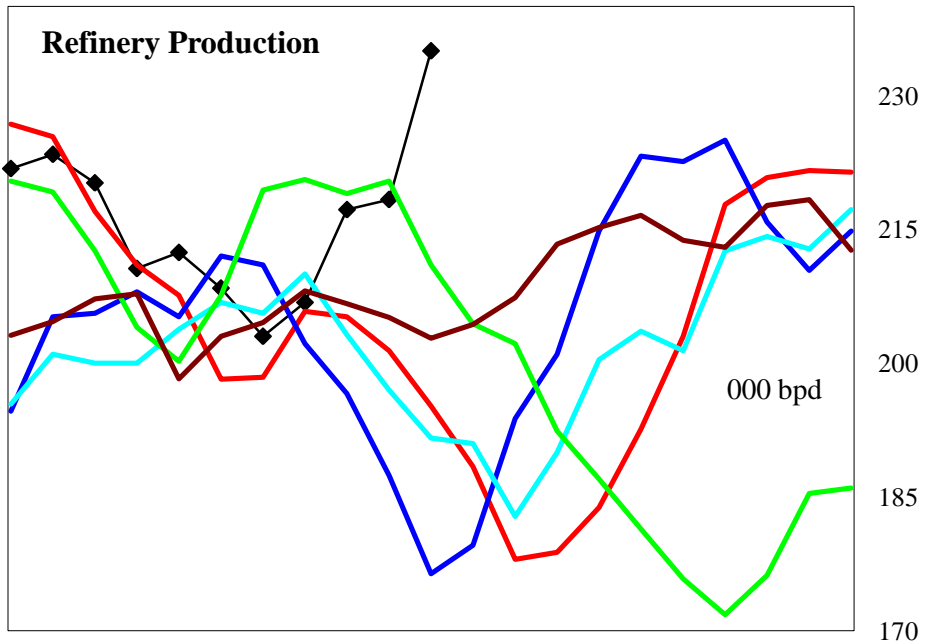
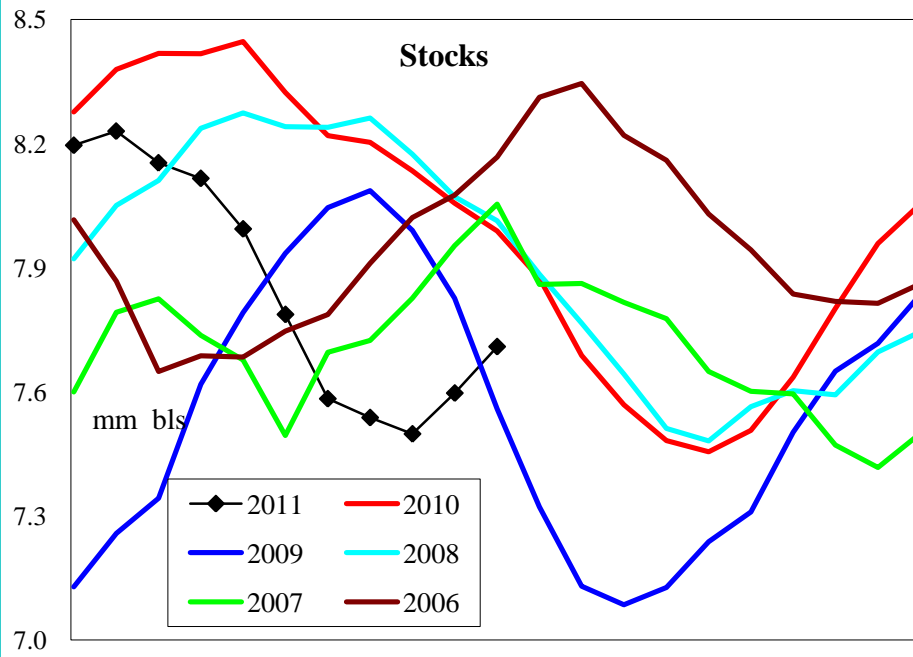
Production
26
1.4

Prod - Stk chg
42
2.3

PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-280

-3.5

Production

11

5.2

Imports

0

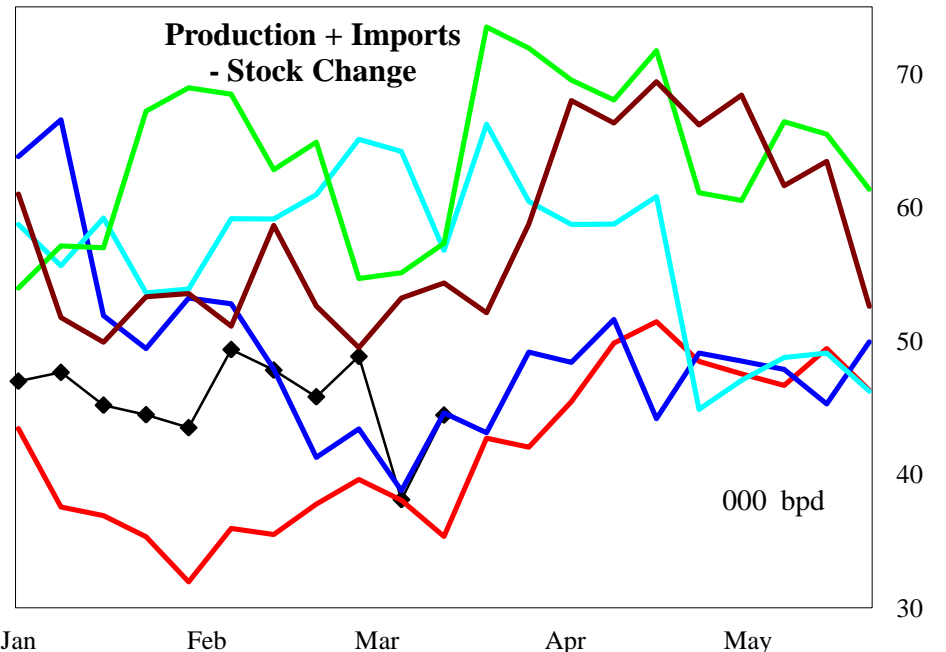
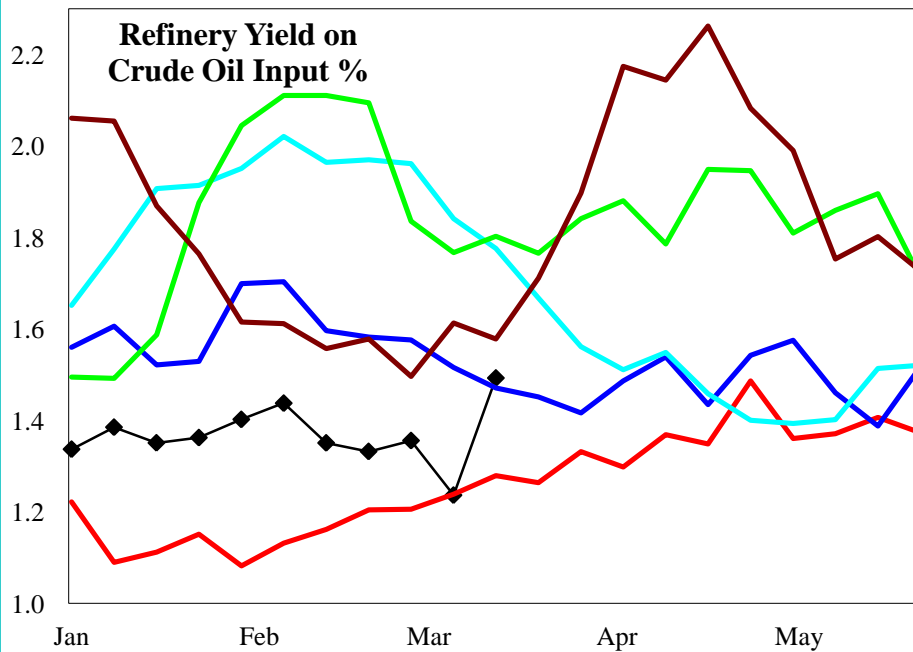
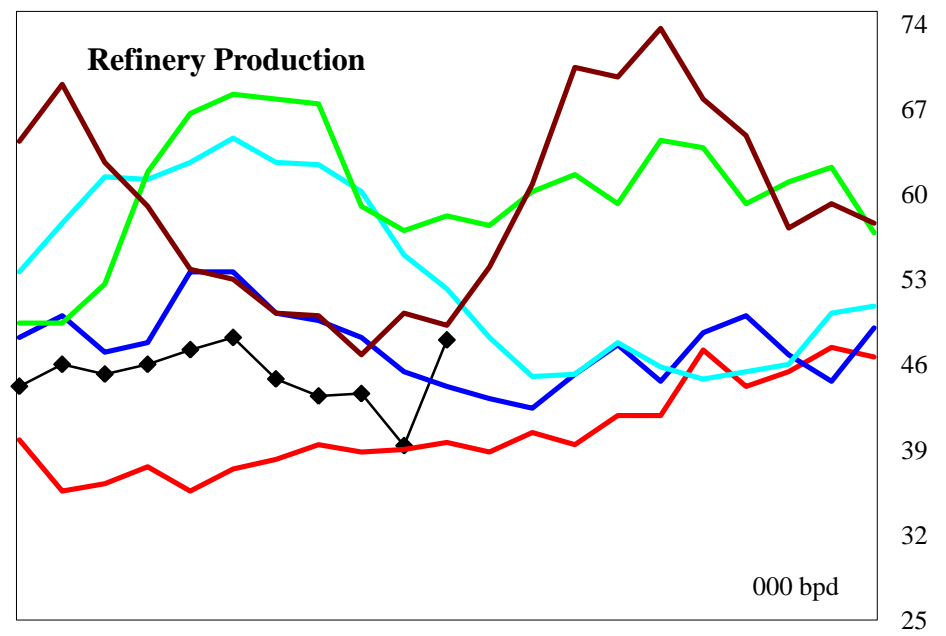
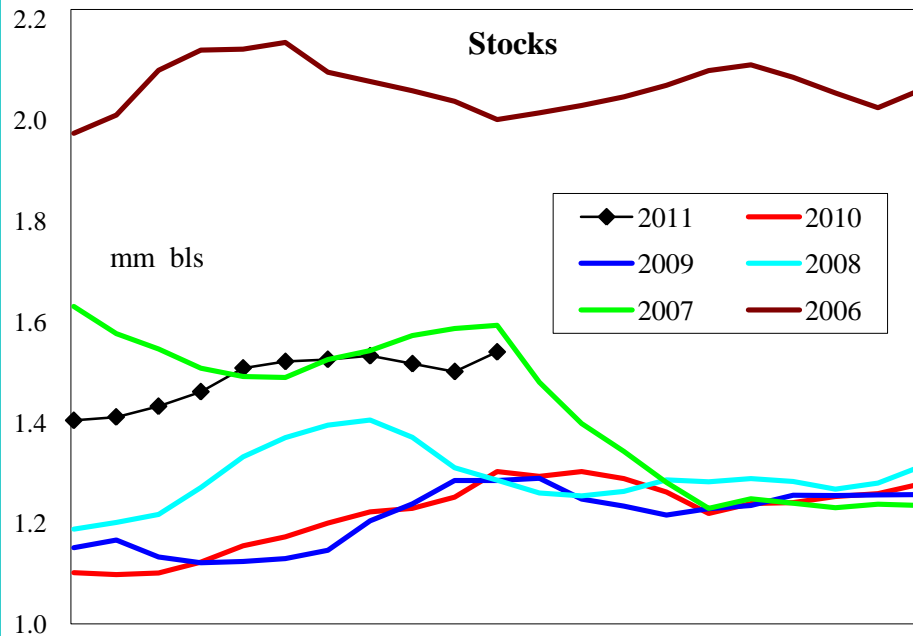
#DIV/0!

Prod + Imp - Stk chg

-12

-5.5

PADD 2 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

238

3

1

8

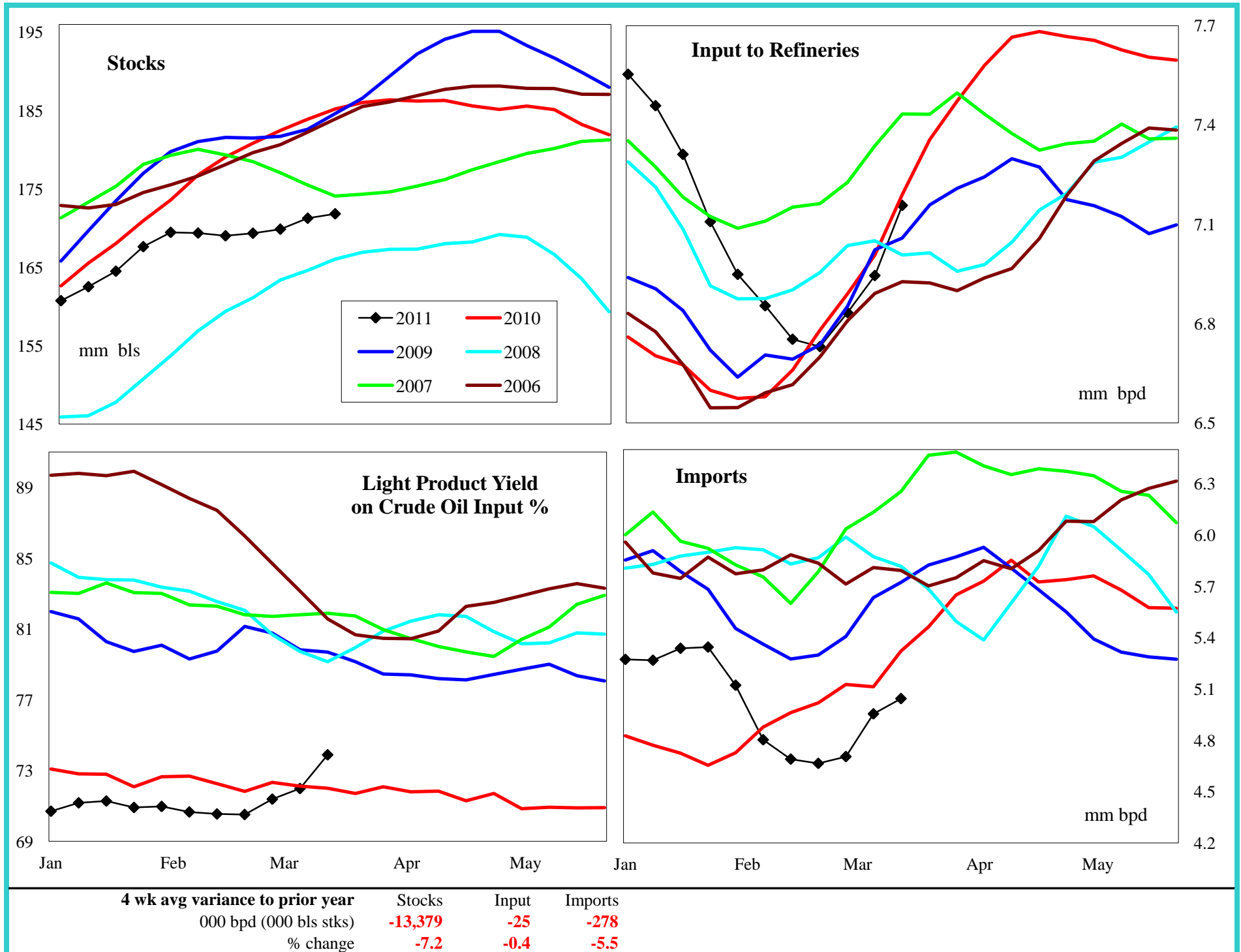
18.0

7.3

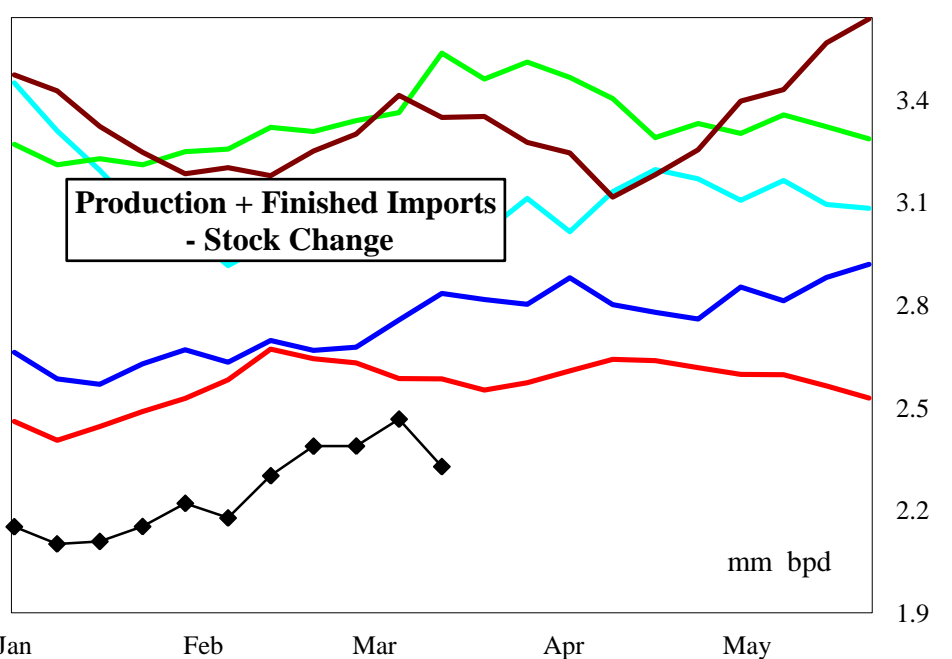
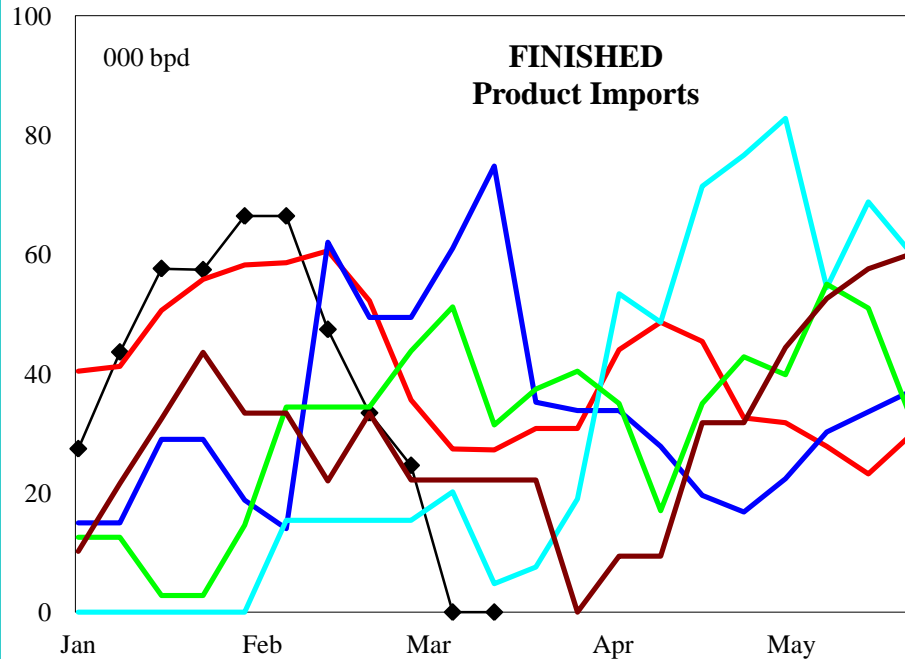
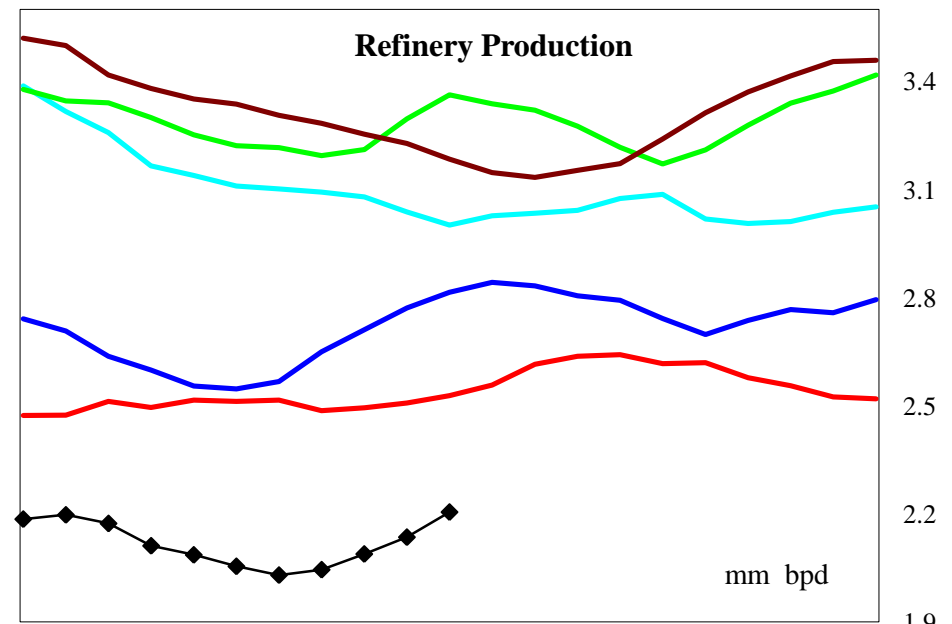
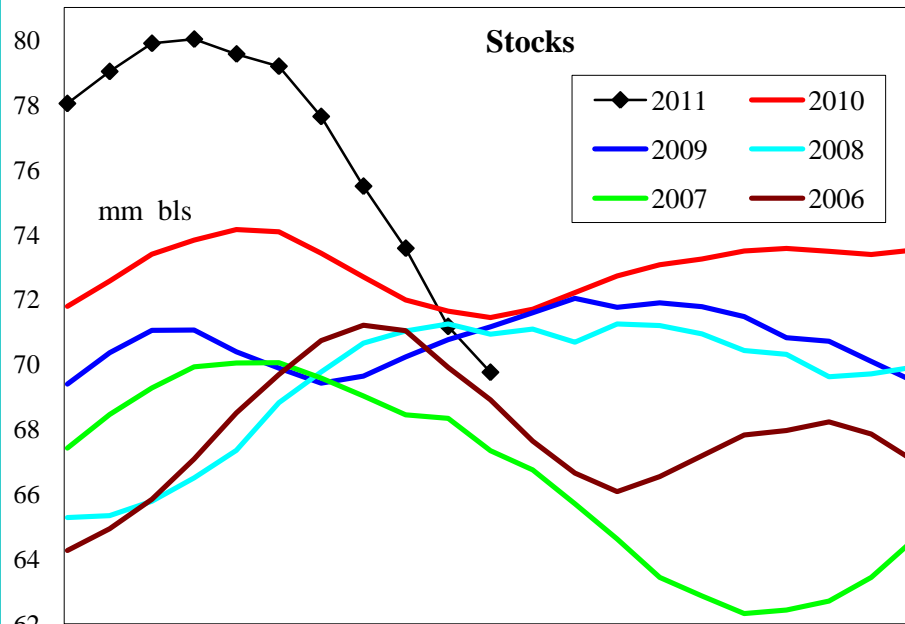
42.9

18.7

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

-974

-1.4

Production

-372

-15.0

Fin Impt

-25

-71.5

Blend Impt

102

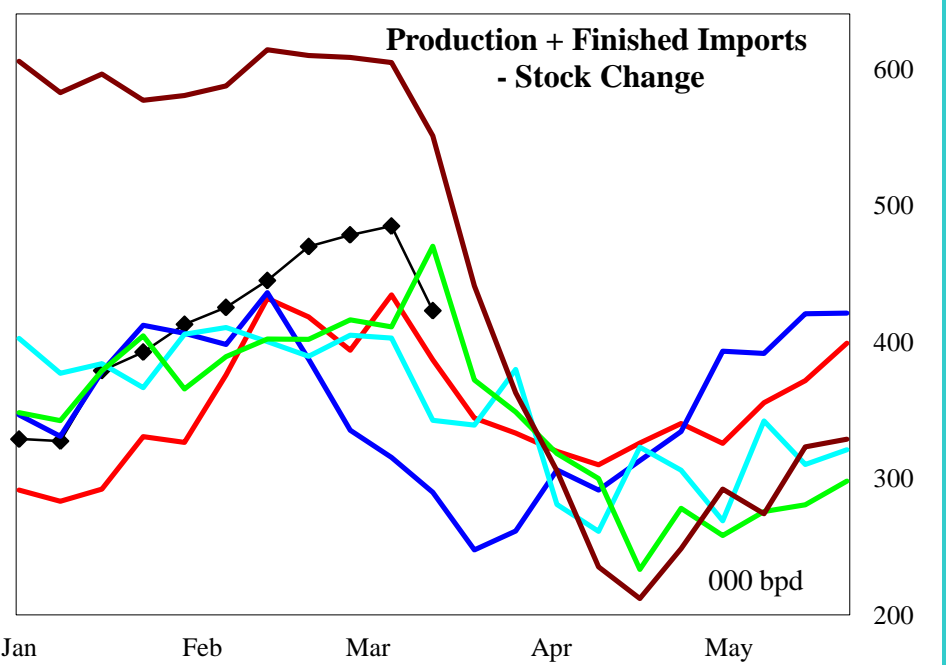
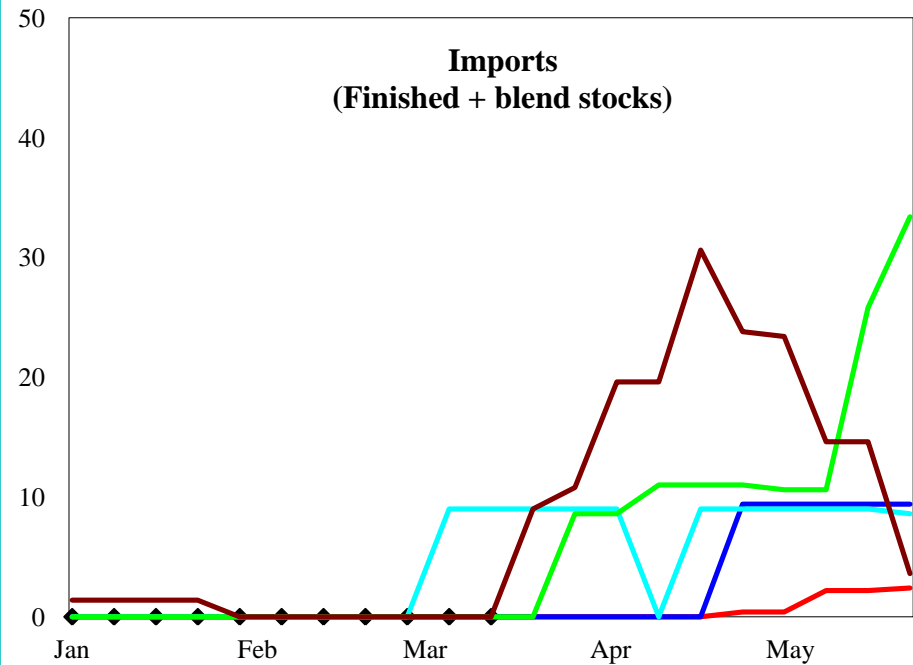
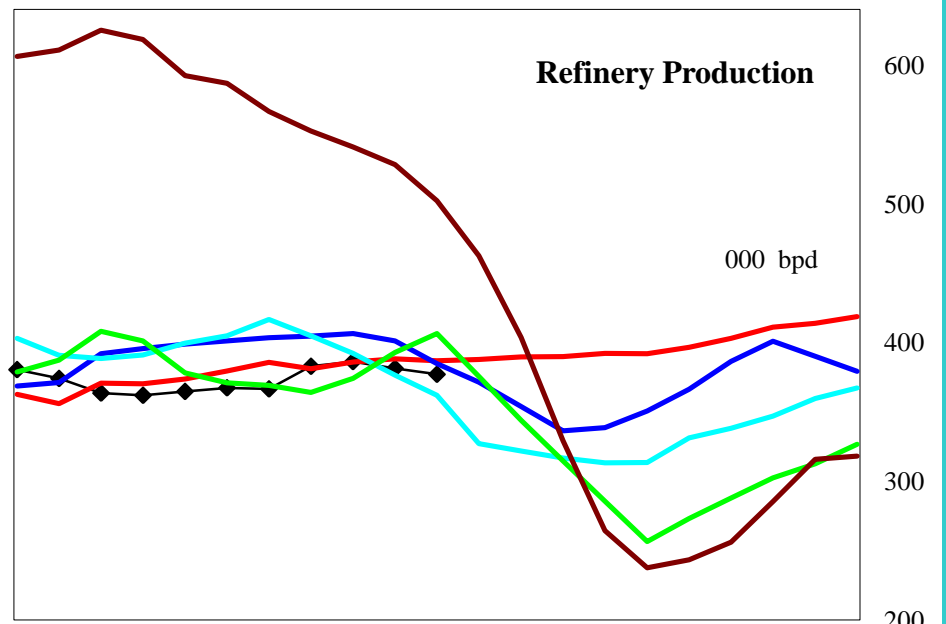
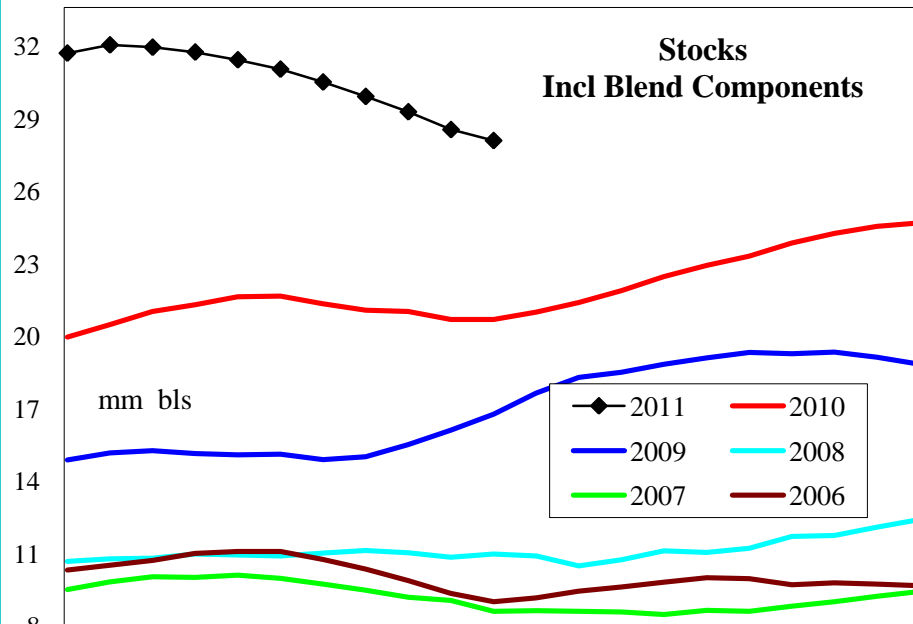
255.6

Prod + Imp - Stk chg

-228

-8.7

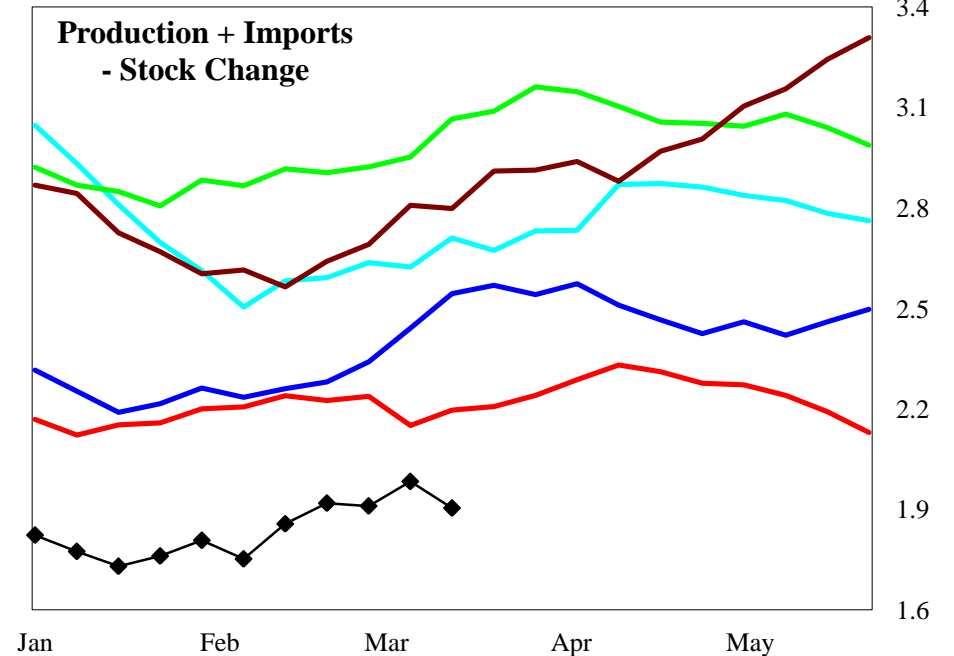
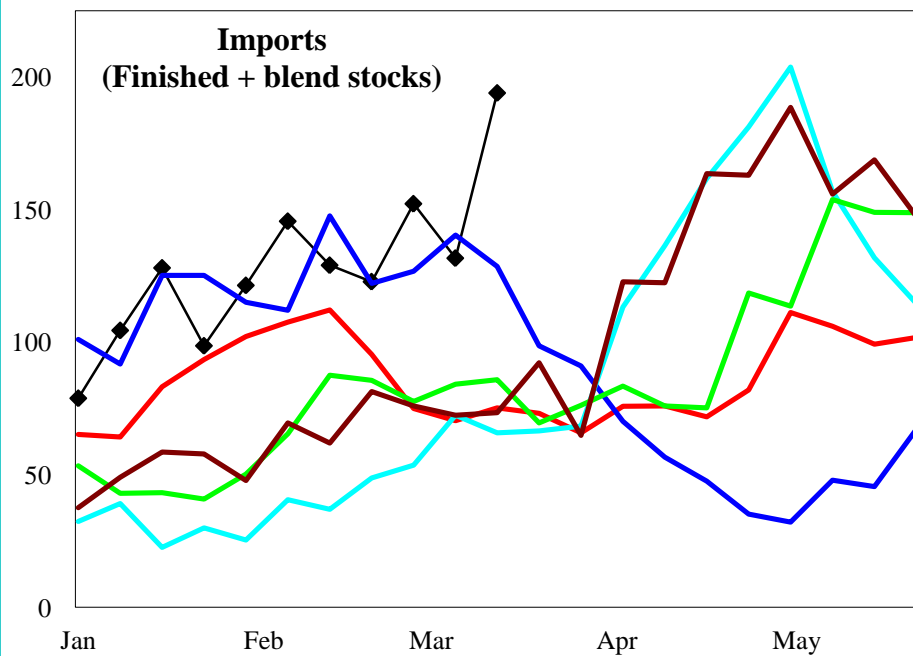
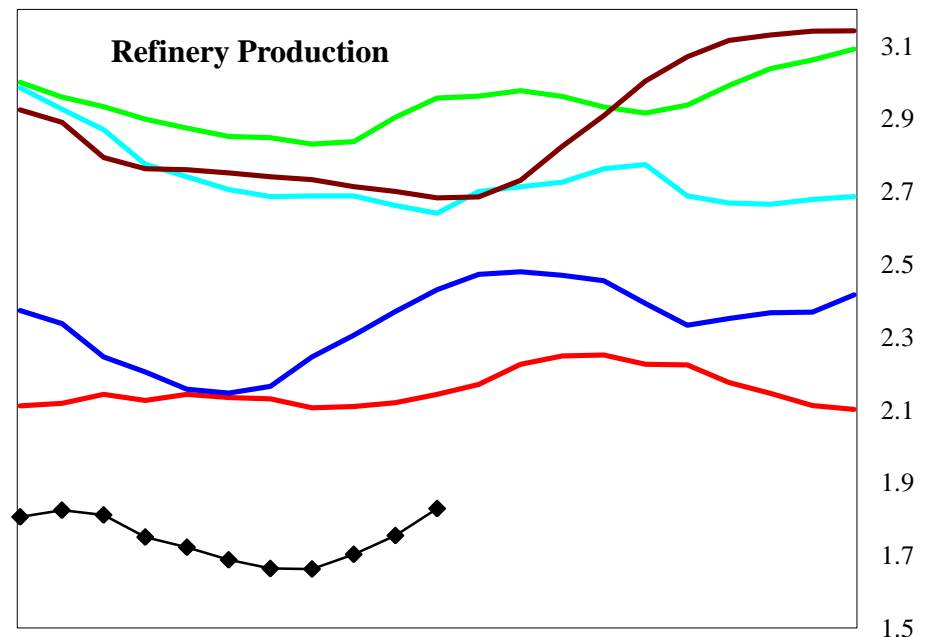
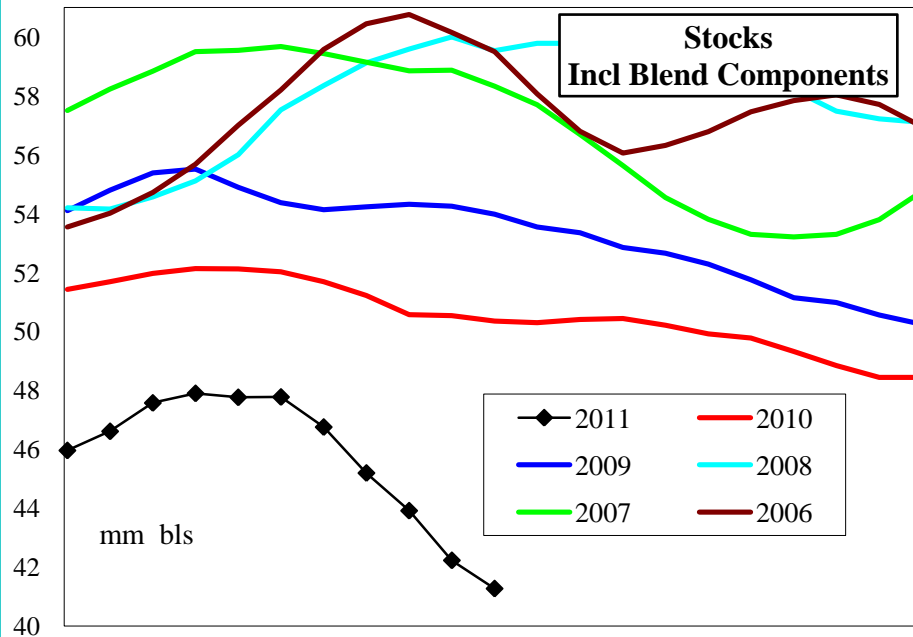
PADD 3 Reformulated Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
7,220	-4	0	30
33.9	-1.1	#DIV/0!	6.7

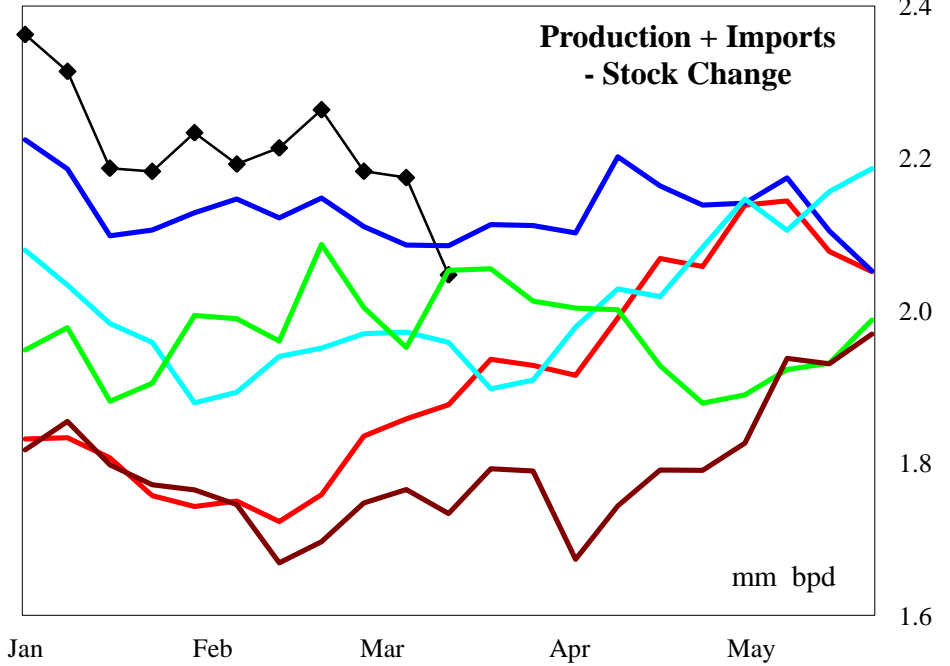
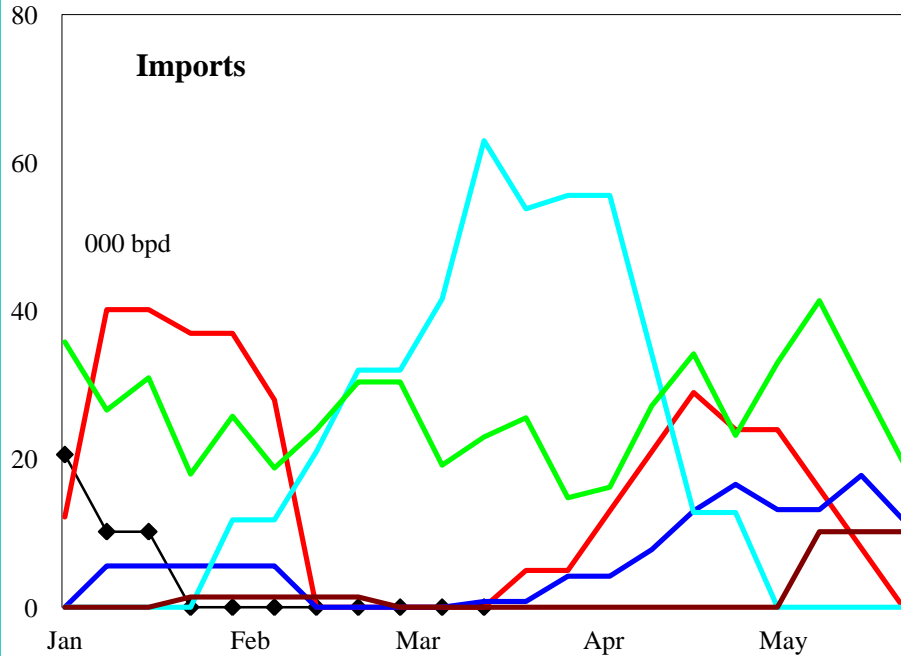
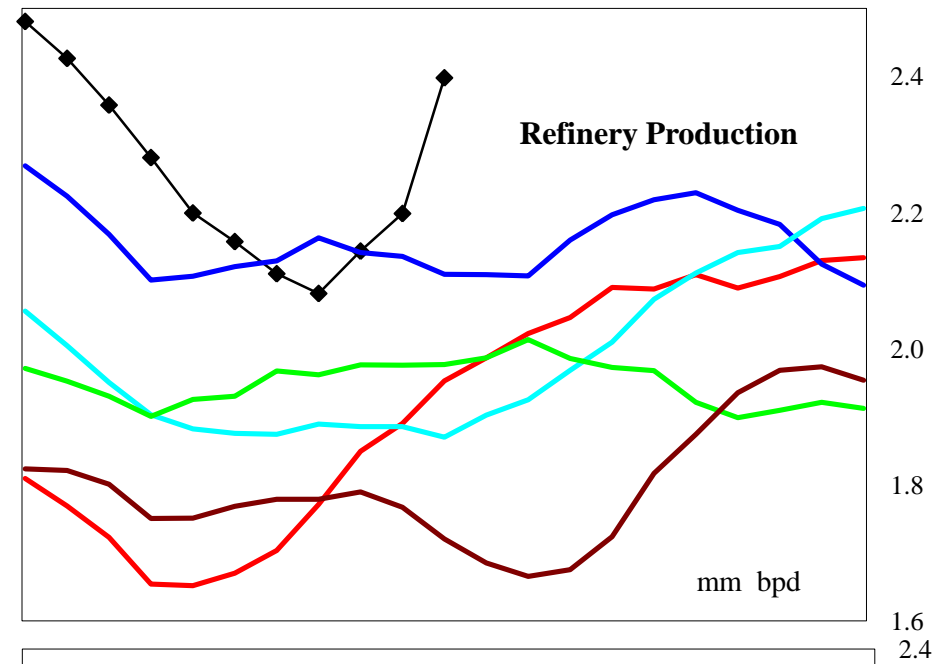
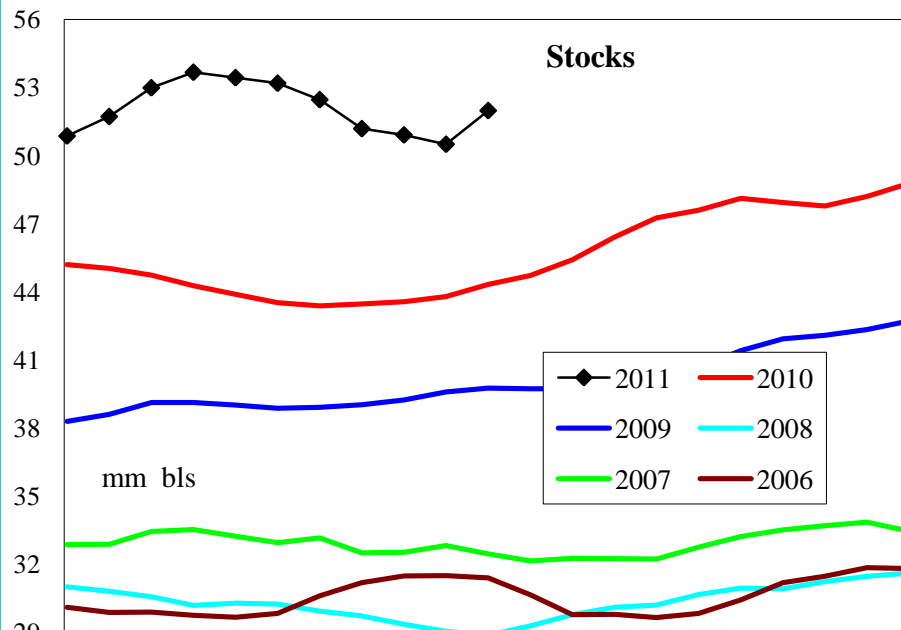
PADD 3 Conventional Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-8,177	-368	78	-257
-16.5	-17.6	104.7	-11.7

PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

7,637

17.2

Production

273

14.4

Imports

0

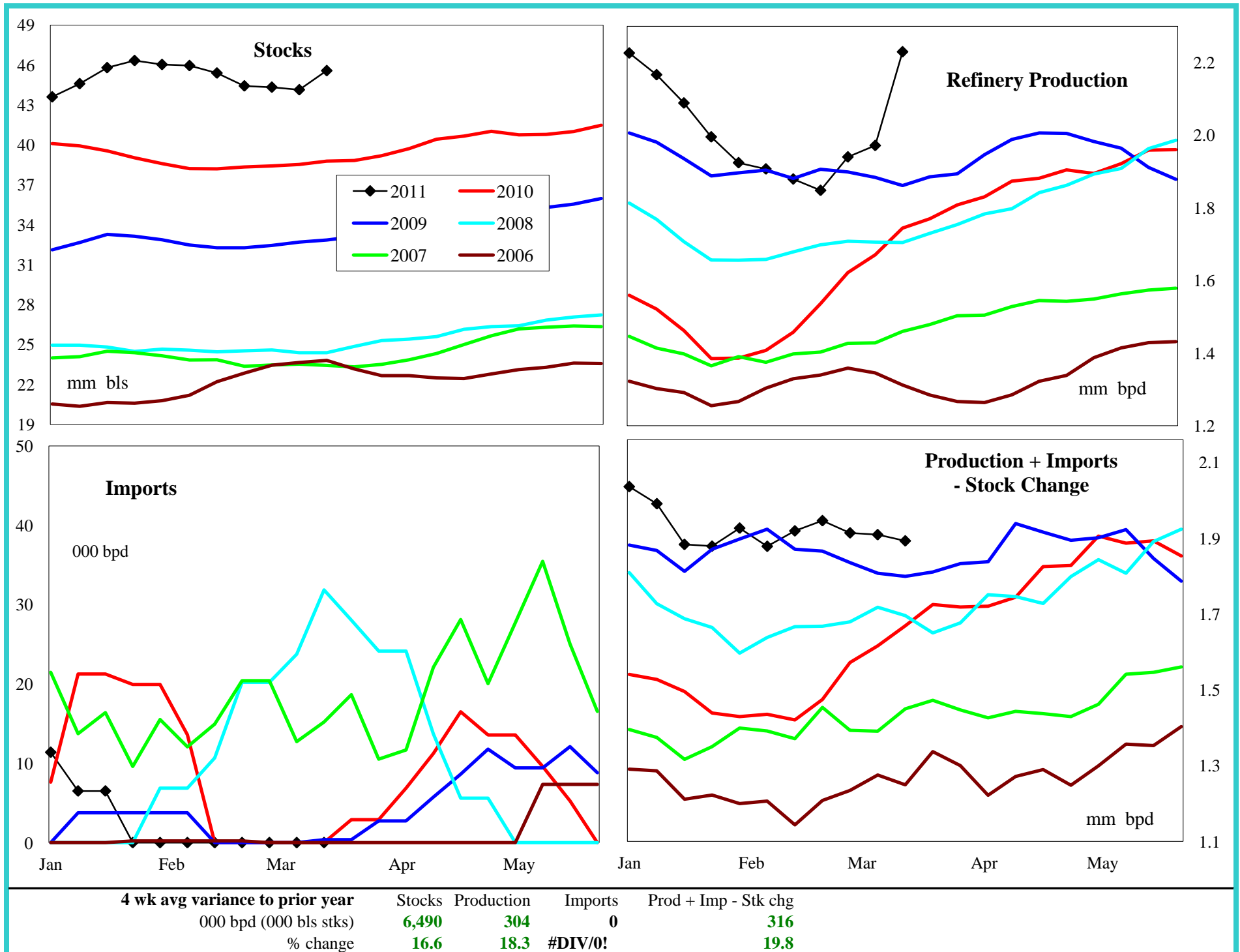
#DIV/0!

Prod + Imp - Stk chg

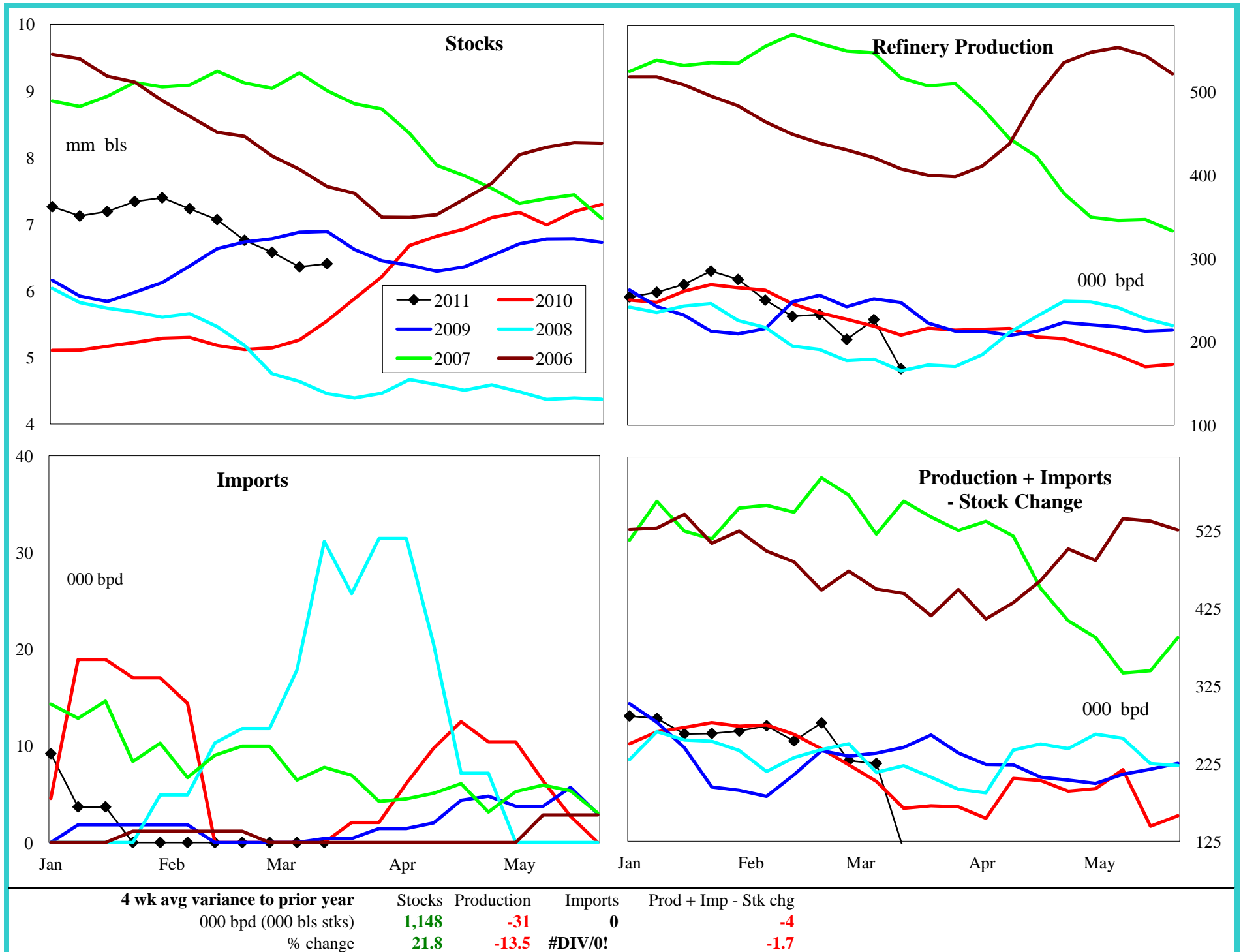
312

17.0

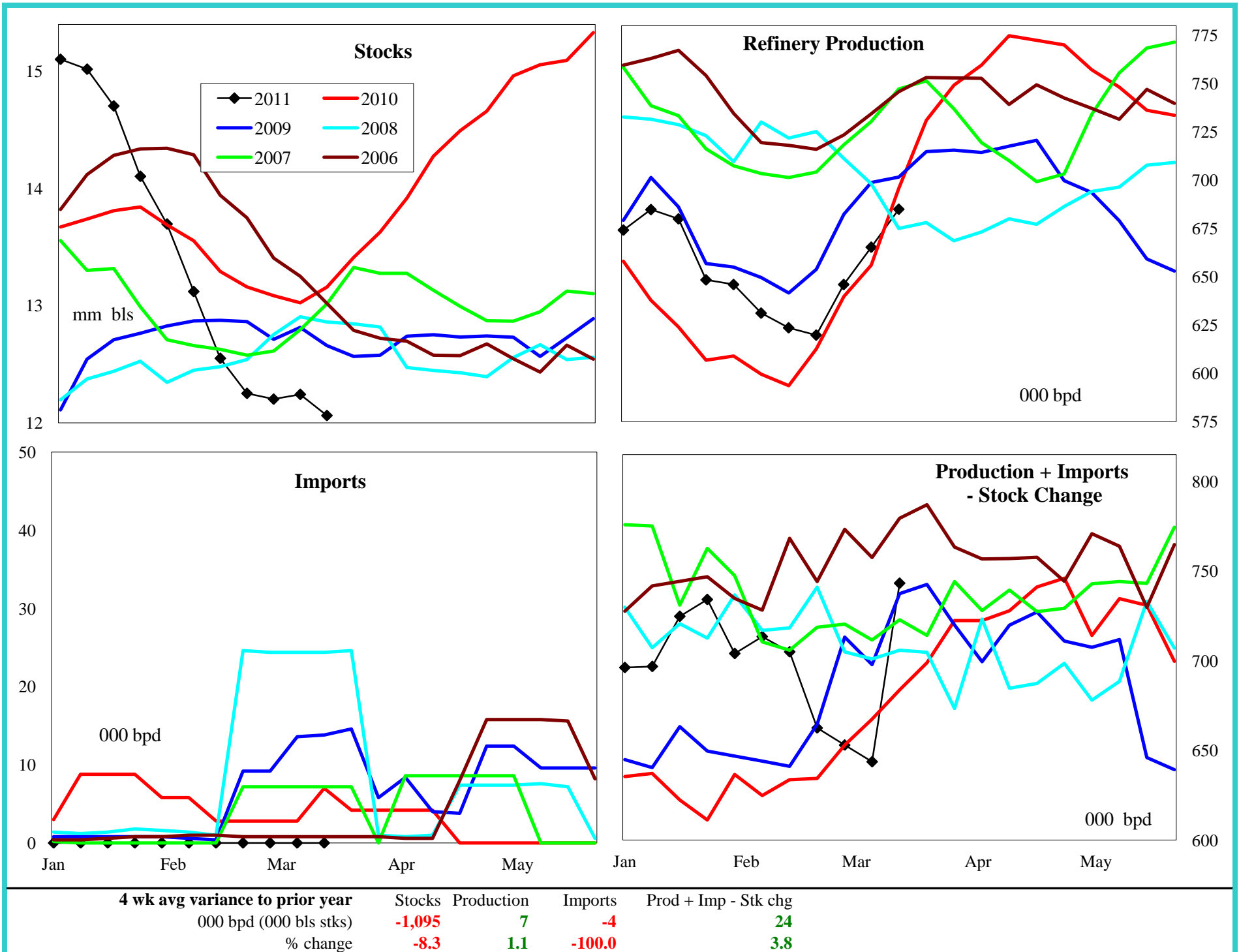
PADD 3 Low Sulfur Distillate Supply



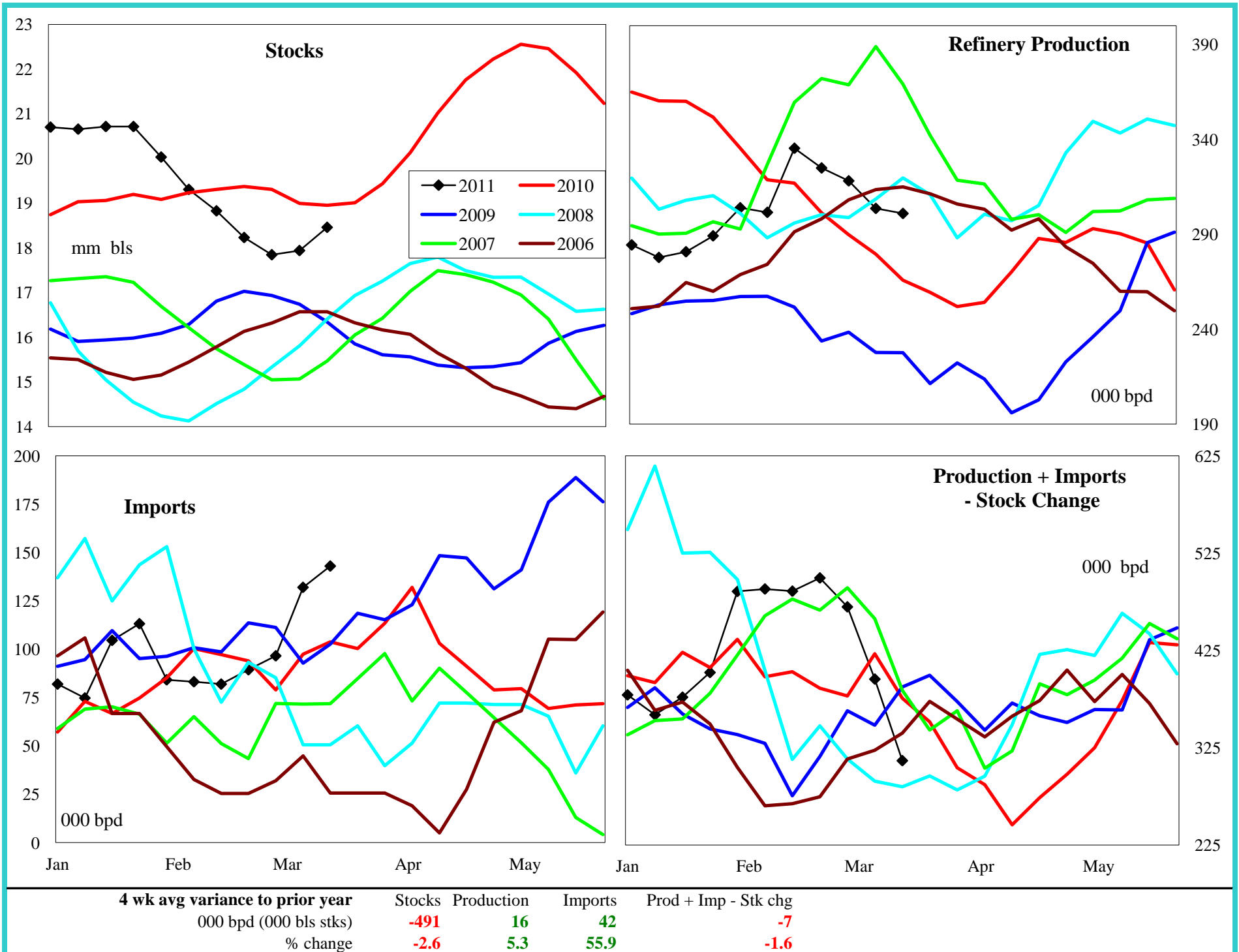
PADD 3 High Sulfur Distillate Supply



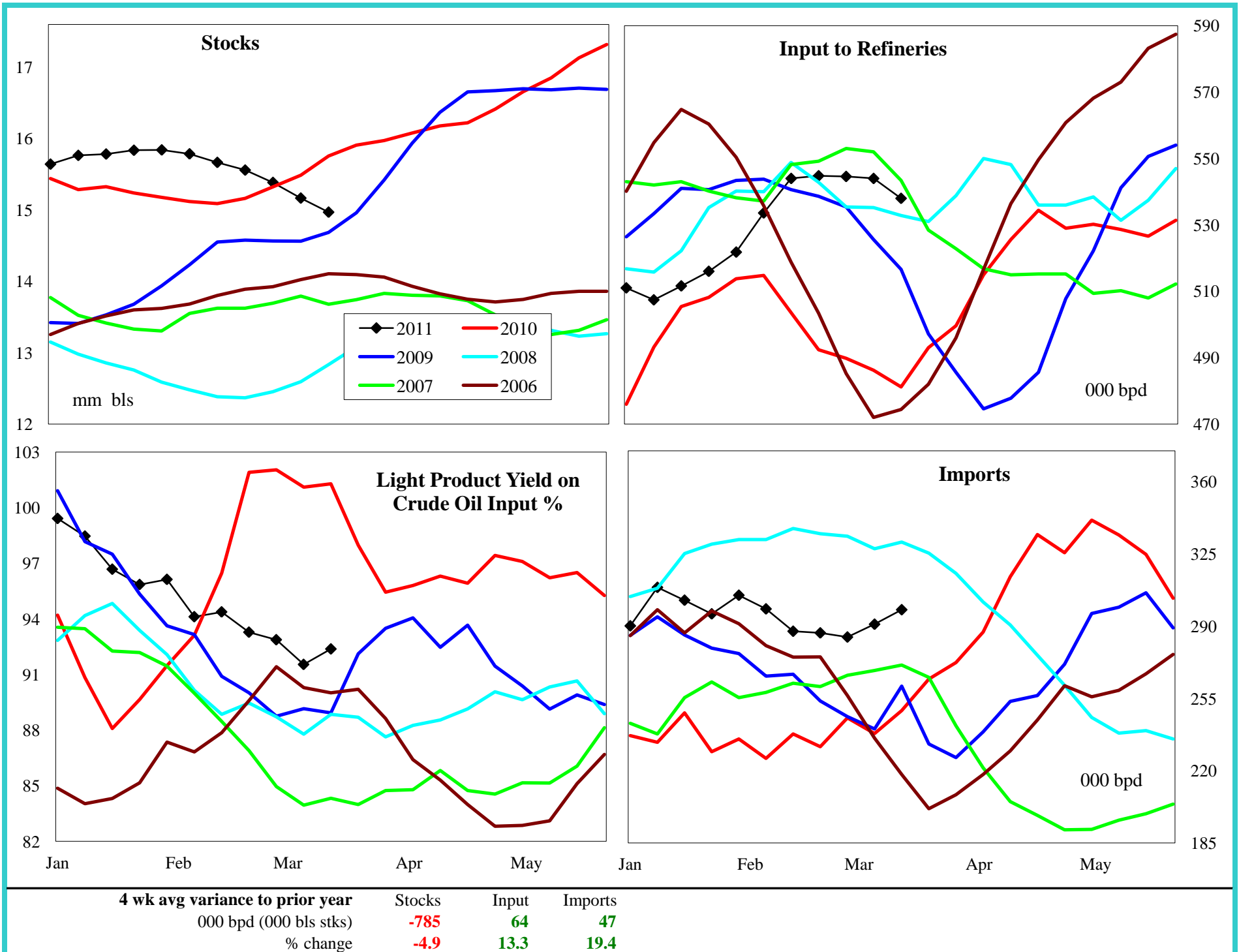
PADD 3 Jet Fuel Supply



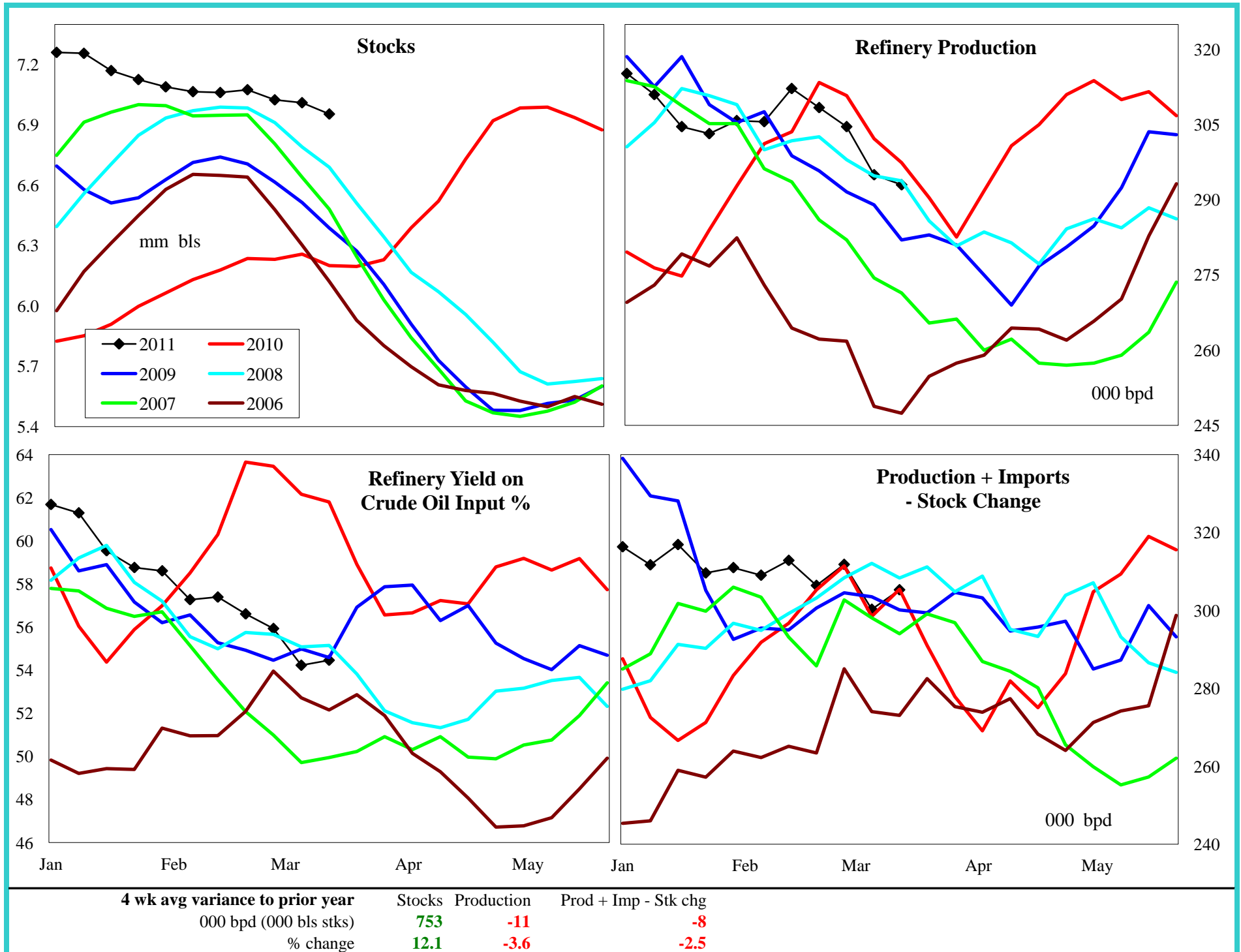
PADD 3 Residual Fuel Oil Supply



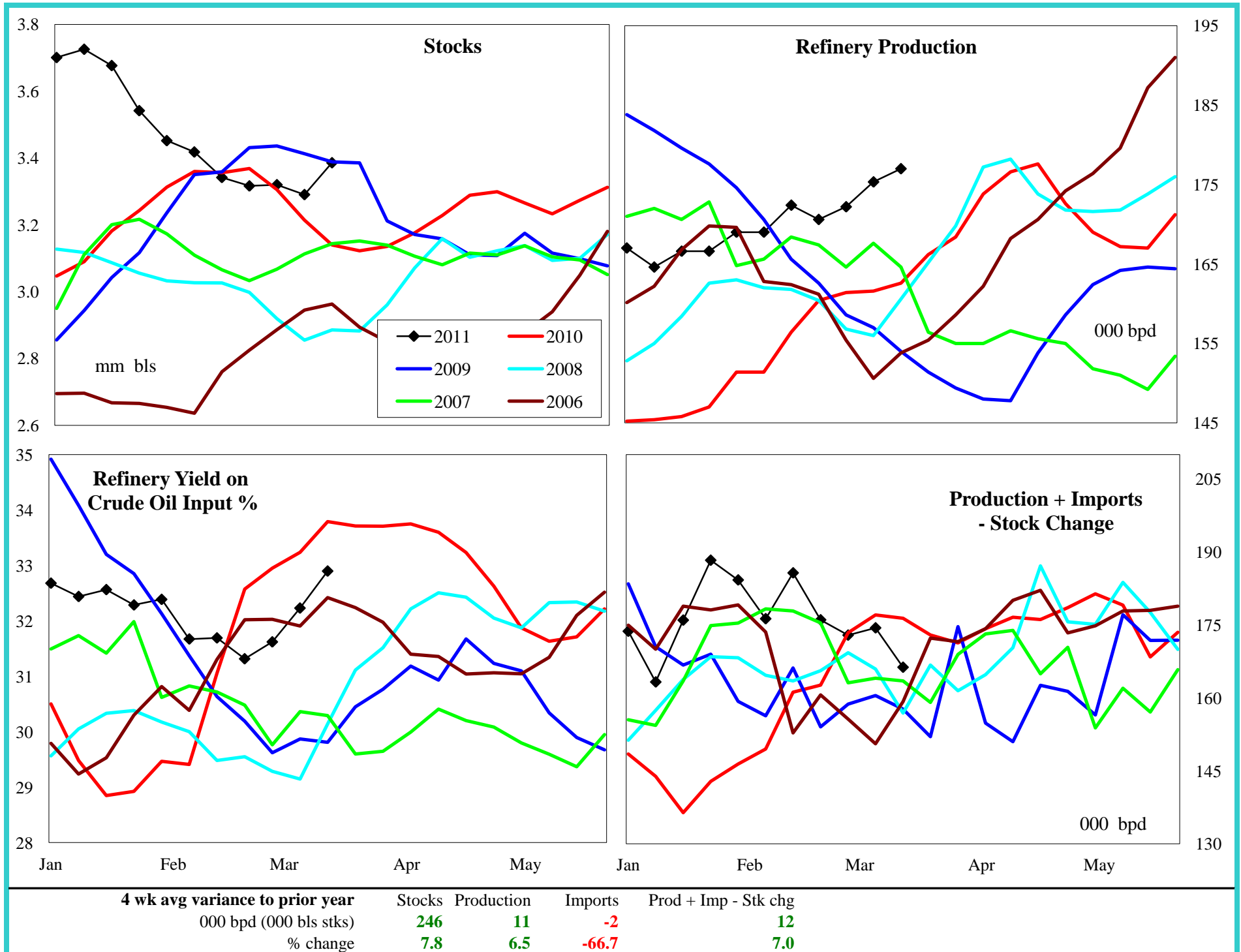
PADD 4 Crude Oil Supply and Refining



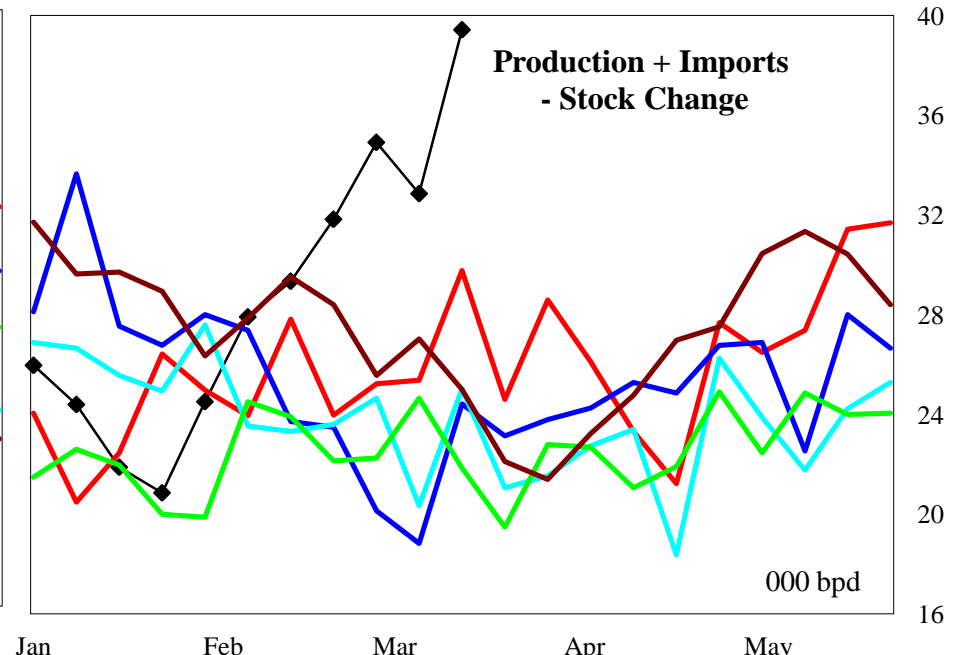
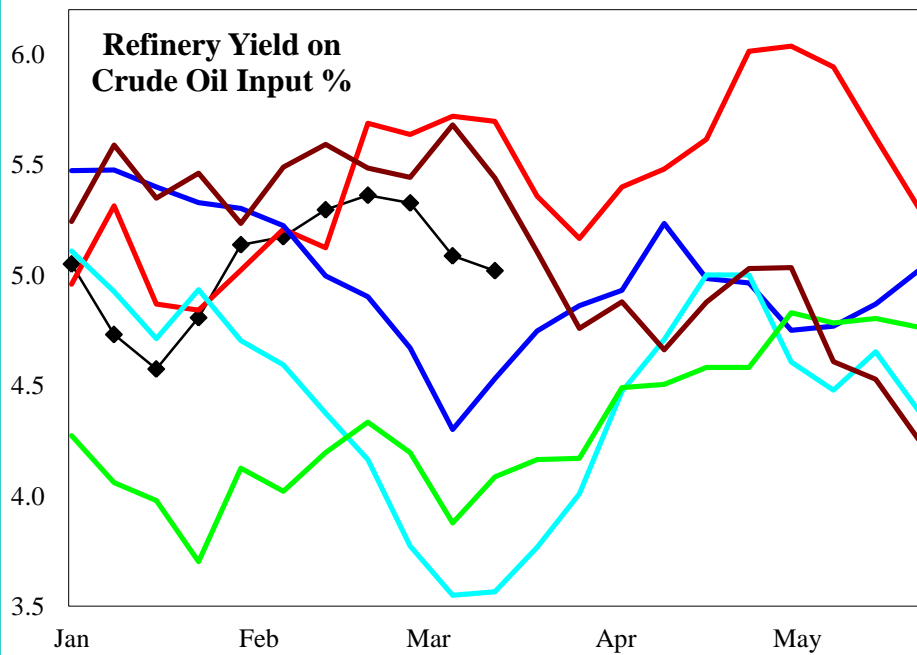
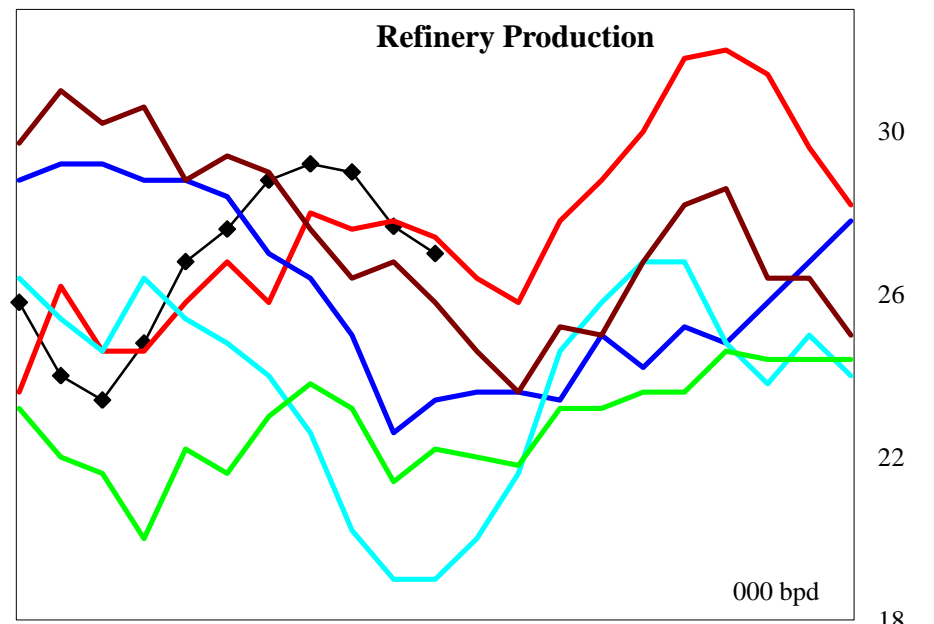
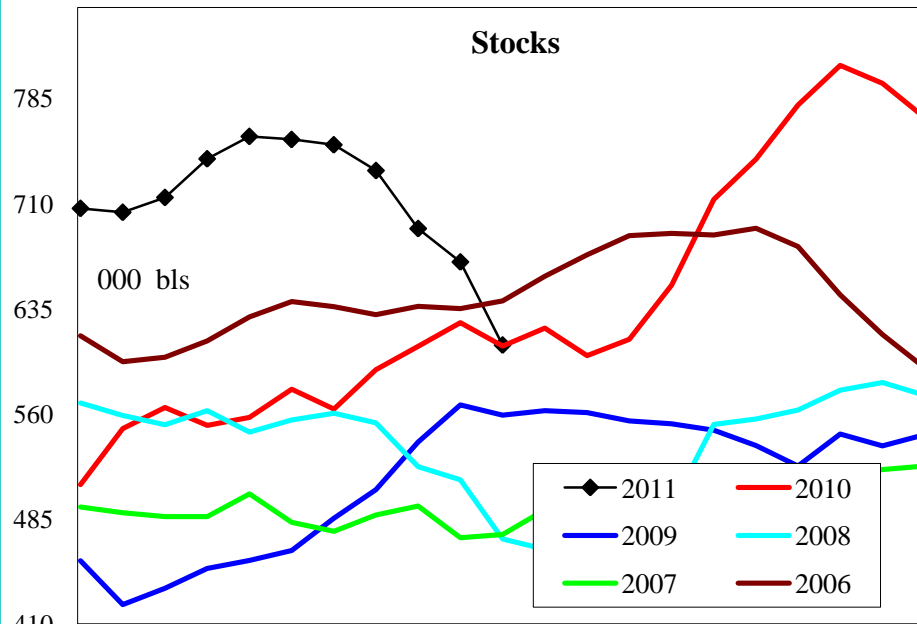
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply



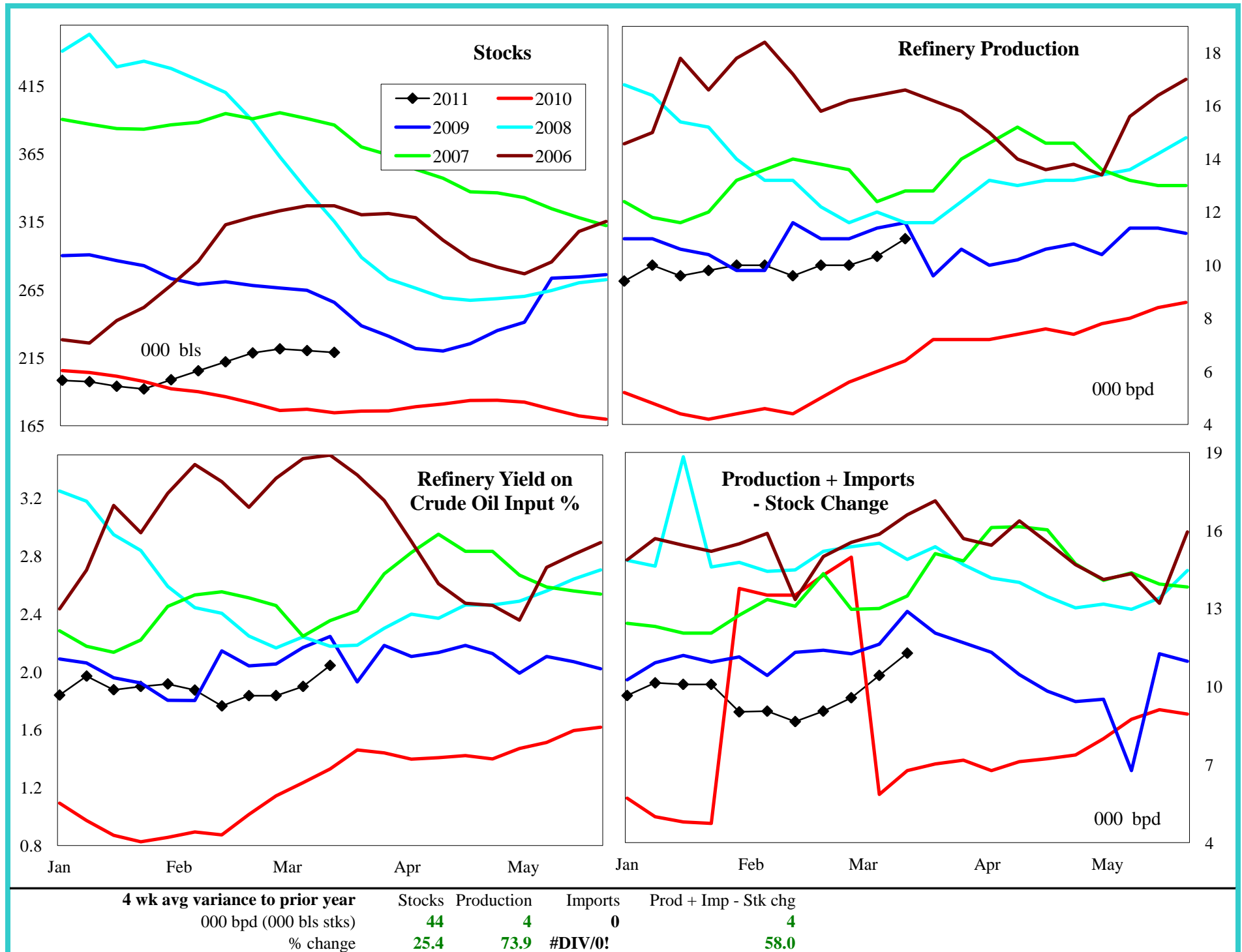
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks
1
0.1

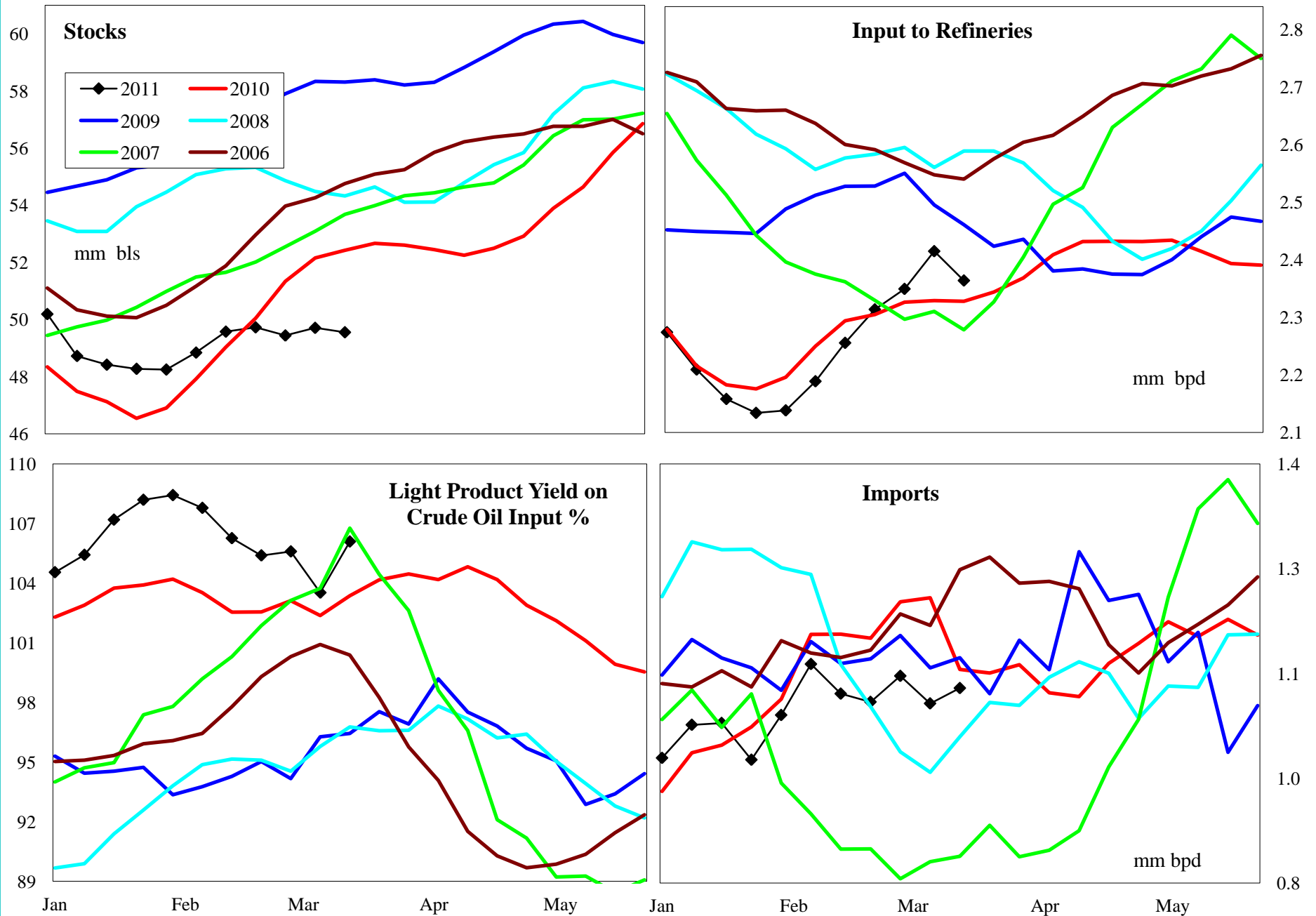
Production
2
6.5

Prod + Imp - Stk chg
8
32.7

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

-2,868

-5.5

Input

52

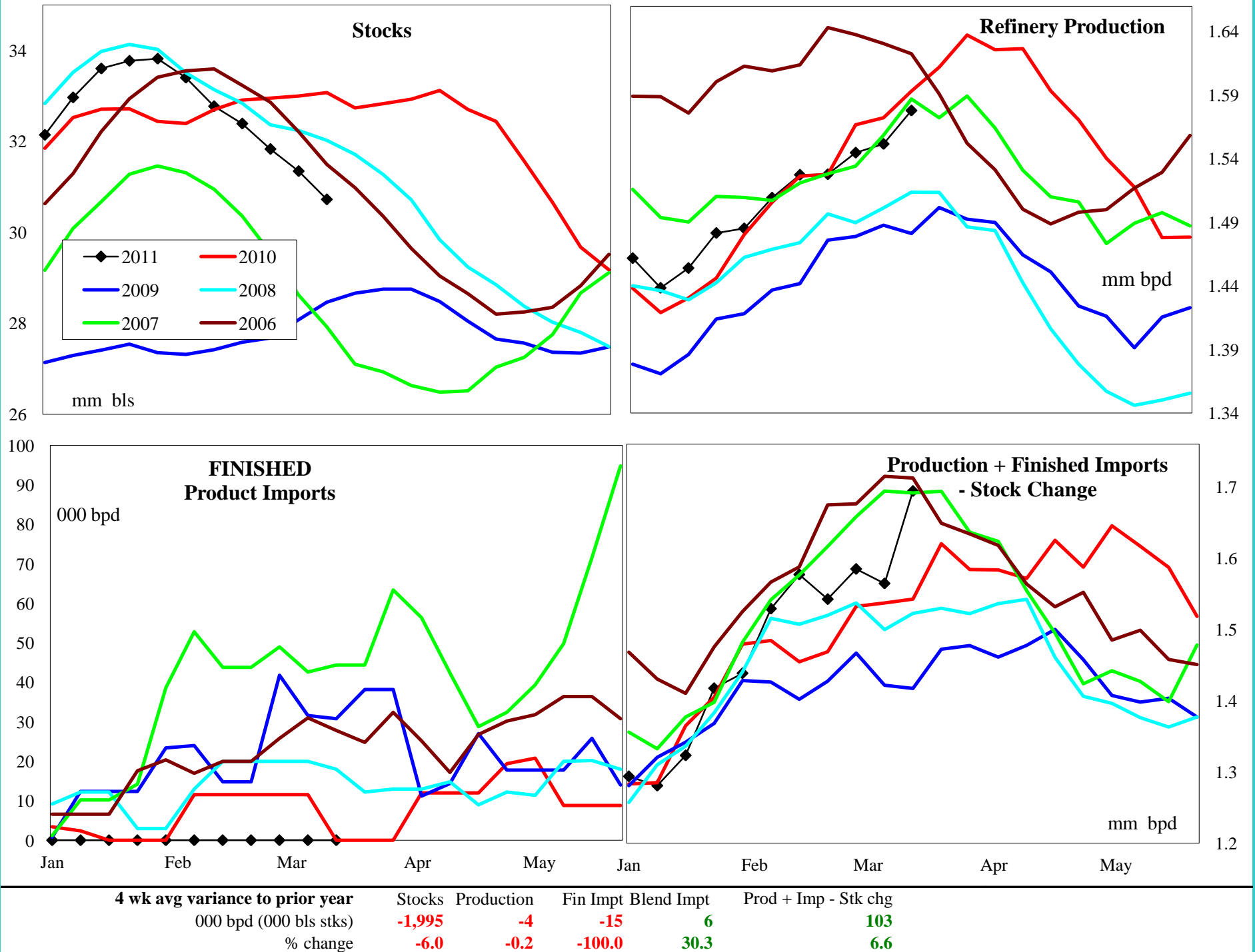
2.2

Imports

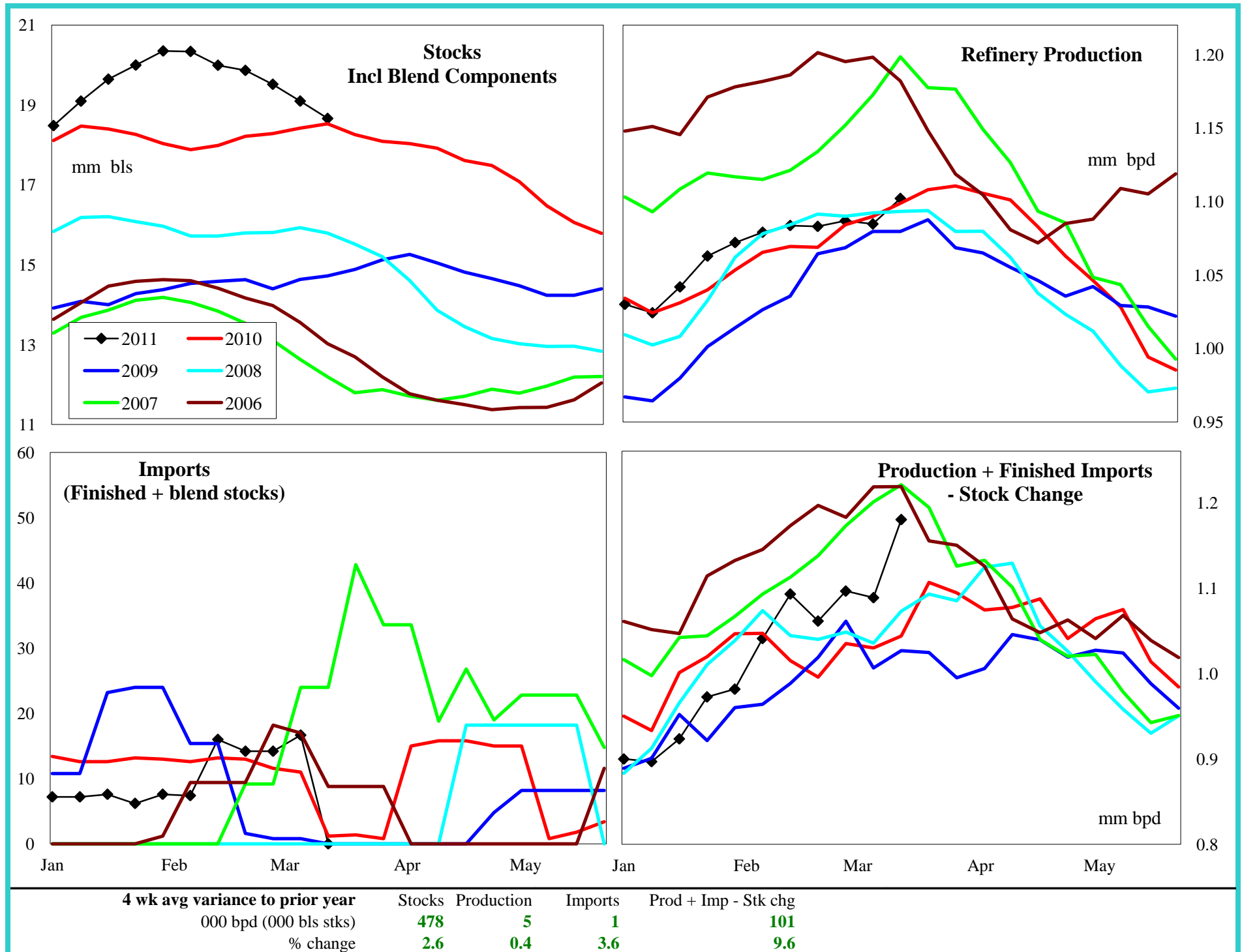
-130

-10.9

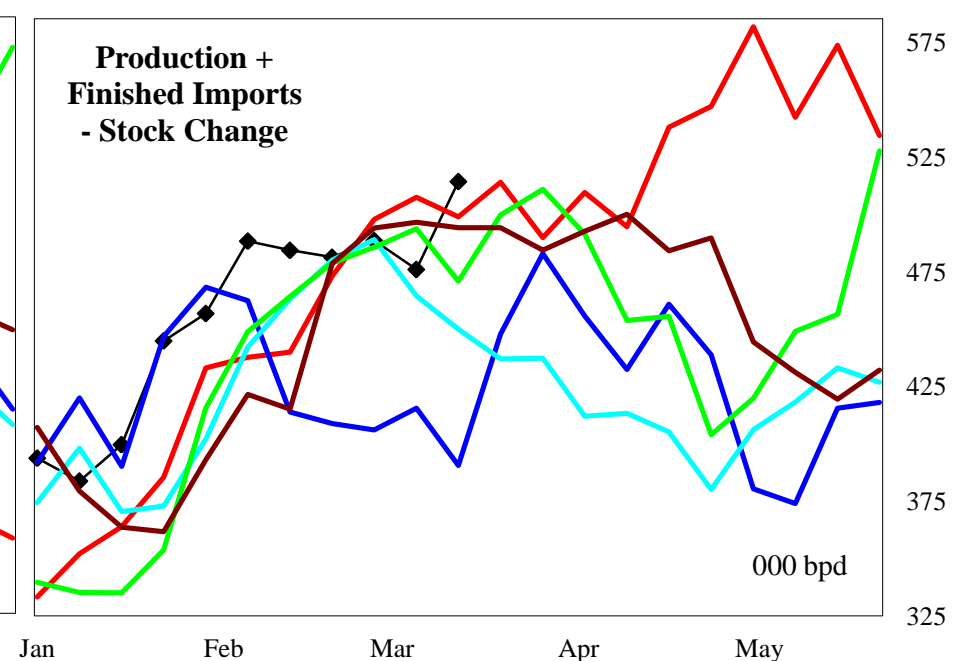
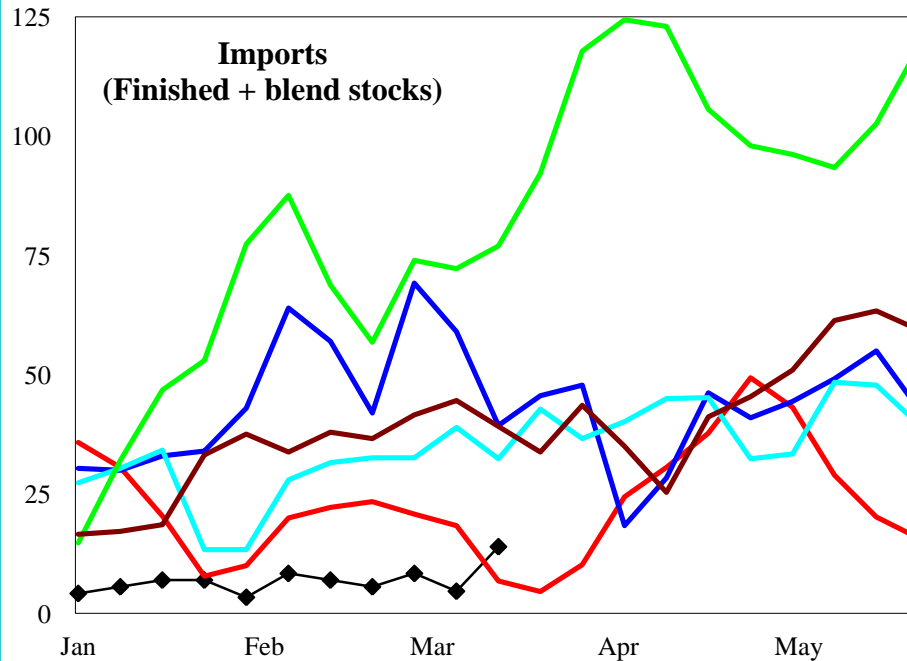
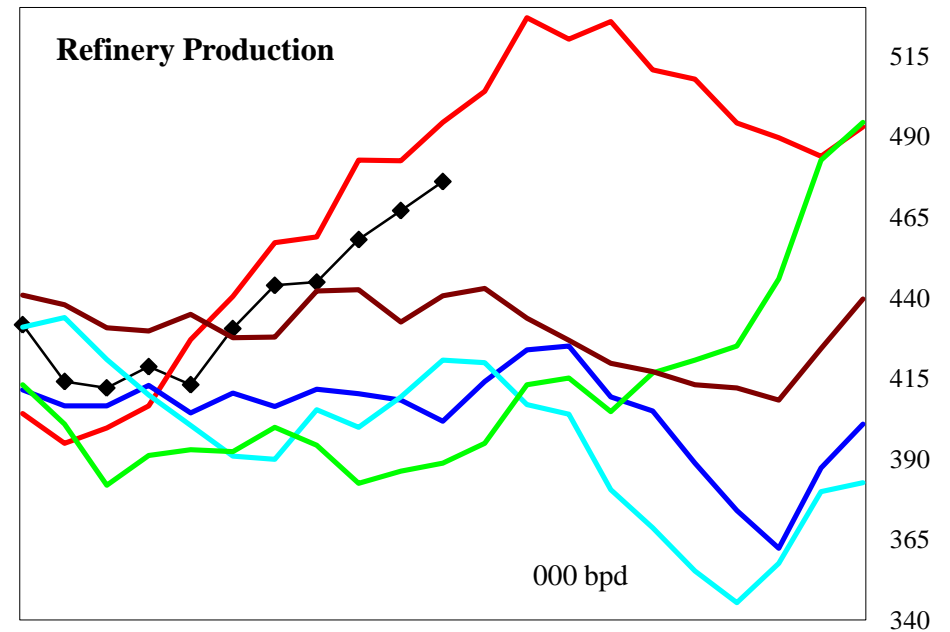
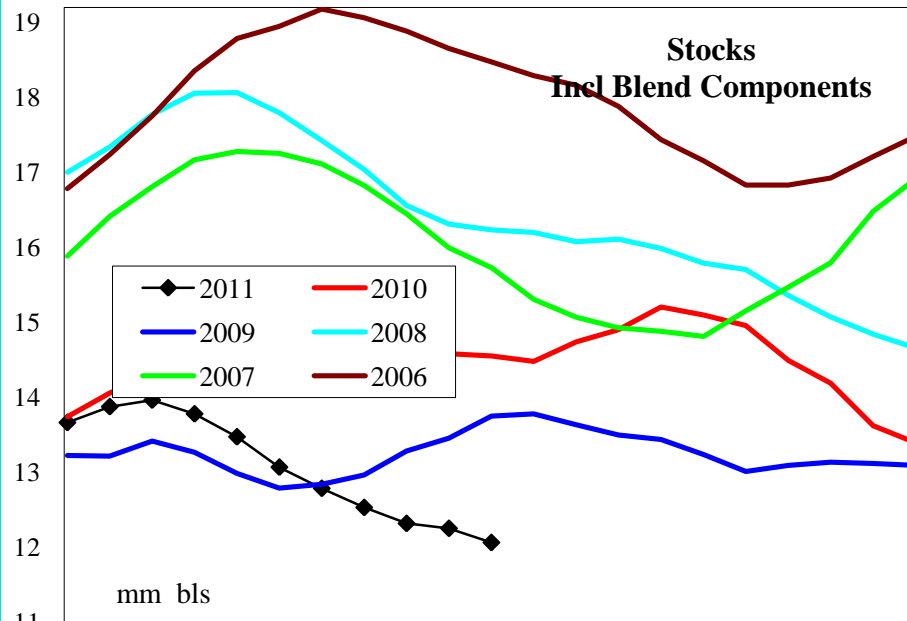
PADD 5 Gasoline Supply



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

-2,473

-8

-9

1

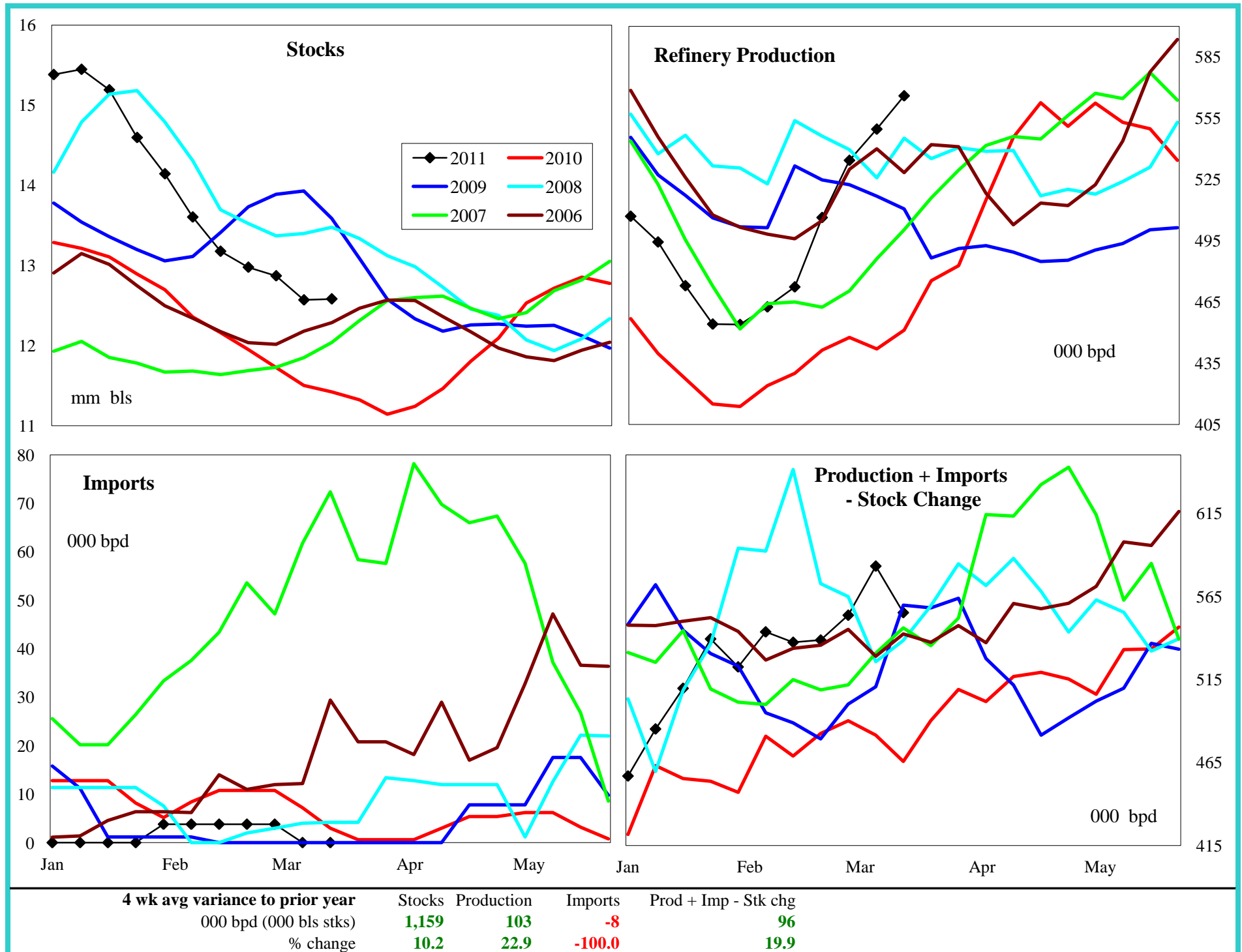
-17.0

-1.7

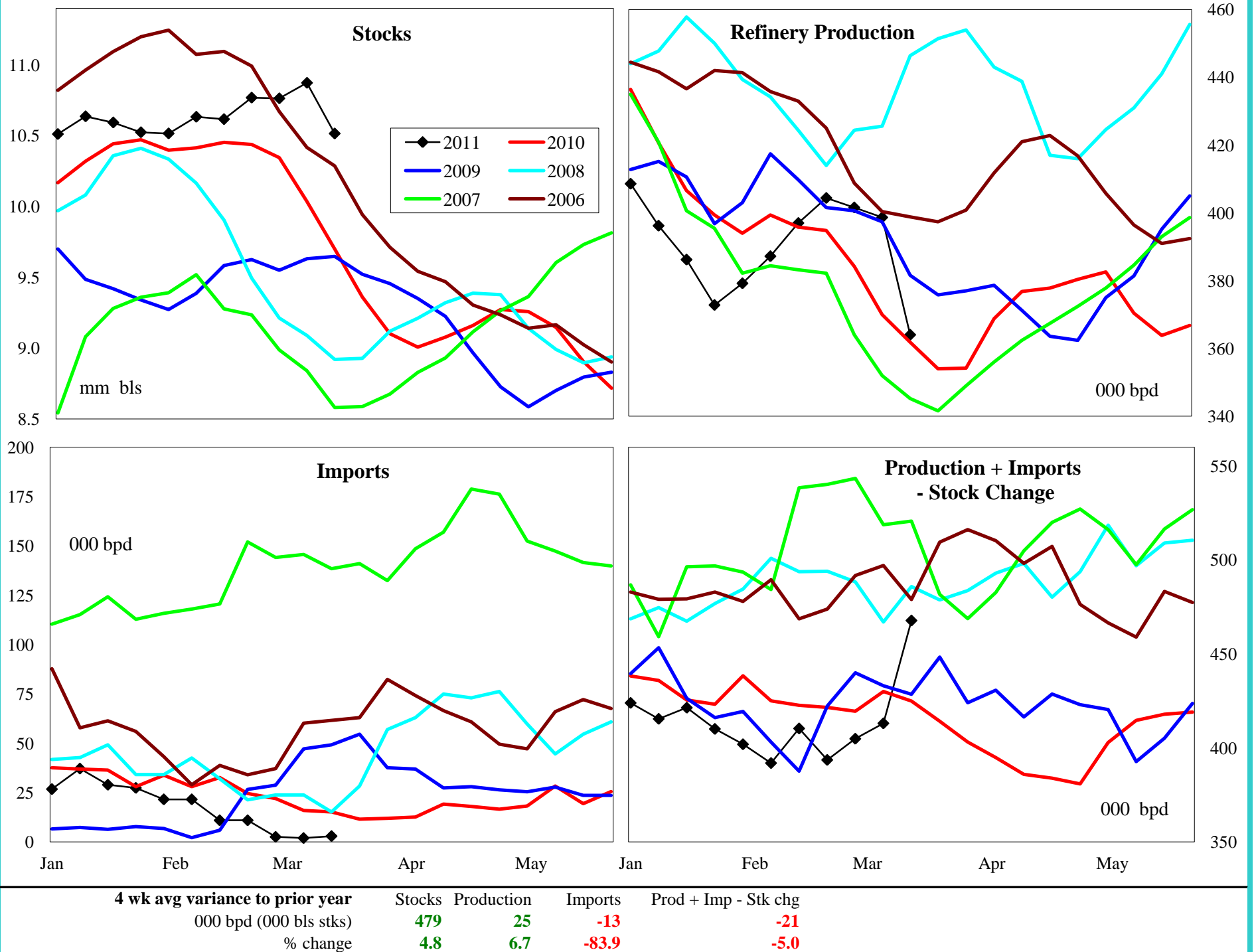
-46.8

0.2

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

