



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

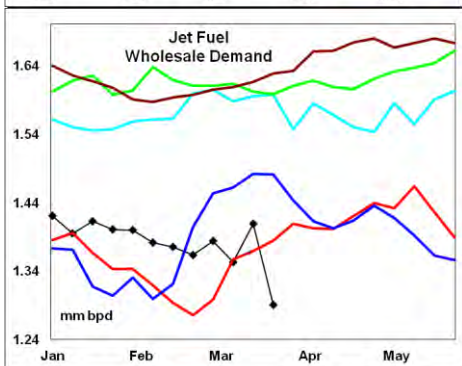
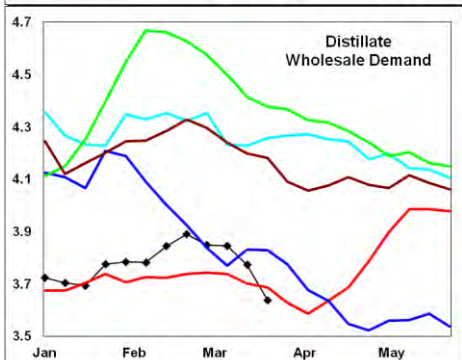
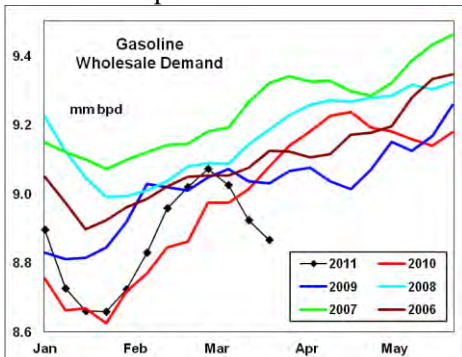
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, March 30, 2011



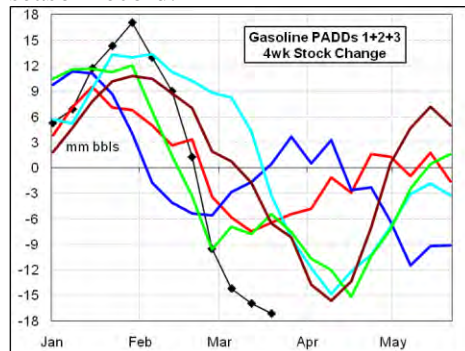
Major Fundamental Trends¹

Wholesale demand for the combined transport fuels fell -0.6 million bpd last week, with gasoline, distillate and jet fuel all down sharply. Recent declines in consumer confidence are evidence of very modest year-over-year growth rates in transport fuel demand.



Refiners are maximizing output of middle distillates at the expense of gasoline on very favorable refining economics. Distillate and jet production were each above the 5-year range last week while gasoline output fell to the low end of the historic range. Distillate stocks have begun an earlier

than normal spring build, while the gasoline draw in markets East of the Rockies was -17.1 million barrels, a season record.



Gasoline stocks were below the 5-year range and the Gulf has witnessed a record stock draw with the level now below the mid range. These trends point to the risk of tight gasoline supplies in markets East of the Rockies during the 2nd quarter. By contrast, middle distillate markets should be well supplied.

Crude oil supplies continue to build in the midwest with stocks rising +1.2 million barrels on the week, including a +1.7 million barrel build in Cushing. This over supply points to eventual downward pressure on the front end of the WTI crude oil price curve during the 2nd quarter.

Demand for transport fuels fell -581,000 bpd last week, with all down sharply.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -0.1%; distillate up +4.5%; jet fuel up +0.6% while residual fuel oil decreased -4.6%.

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 decreased on a -17,000 bpd decline in crude oil runs. Runs for the latest 4-wk period were +166,000 bpd above a year ago.

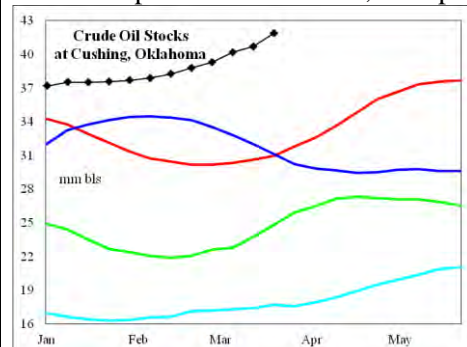
Gasoline yield % on crude oil runs fell on a -330,000 bpd drop in production versus the -17,000 bpd decline in crude oil runs. The yield % on crude oil runs fell to the lowest level of the last 3-years.

Distillate yield % on crude oil runs decreased on a -85,000 bpd drop in output compared to the small decrease in crude oil runs. Yield % remains extremely high for this time of year.

Jet fuel yield % on crude oil runs surged on a +93,000 bpd increase in output, compared to the decrease in crude oil runs. The yield % on crude oil runs jumped to a 5-year high.

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

During the latest 4-wk period crude oil imports decreased -70,000 bpd below last year; distillate imports increased +17,000 bpd; finished gasoline imports decreased -13,000 bpd, gasoline blend stock imports increased +73,000 bpd; jet fuel imports were -33,000 bpd lower, while residual fuel oil imports increased +64,000 bpd.



Crude Oil stocks increased +2.9 million barrels on the week, with builds in all major regions. Stocks increased +1.7 million barrels in Cushing, to a new record high, up +35% from the prior record high. U.S. imports matched 5-year lows last week on record domestic output and relatively low refinery runs.

¹ Source is latest EIA Weekly Statistics



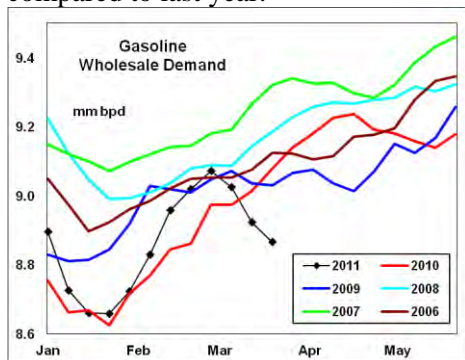
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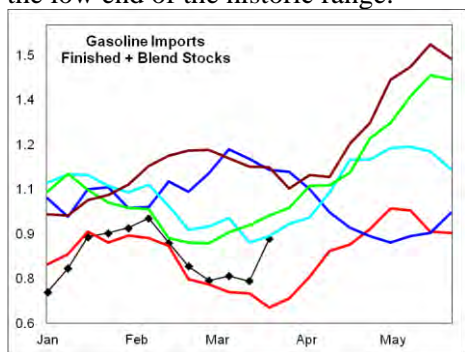
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Product Supply-Demand Trends

Gasoline demand fell -208,000 bpd on the week. The latest 4-wk average demand was down -7,000 bpd compared to last year.



Production fell -330,000 bpd on the week, with output -72,000 bpd below last year. Imports increased +189,000 bpd on the week, although the level at the low end of the historic range.



Stocks fell -2.7 million barrels on the week. Stock levels now match the 5-year mid range.

Both imports and production are relatively low compared to the 5-year range. Even with weak demand, the latest 4-wk stock draw in markets East of the Rockies were -17.1 million barrels, a record large draw for the spring season.

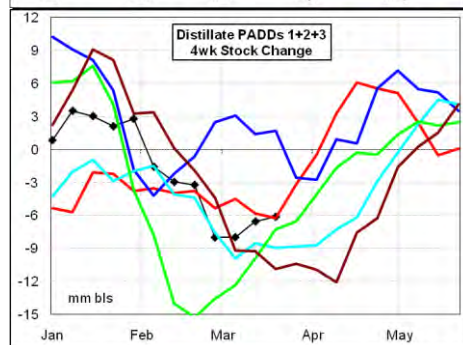
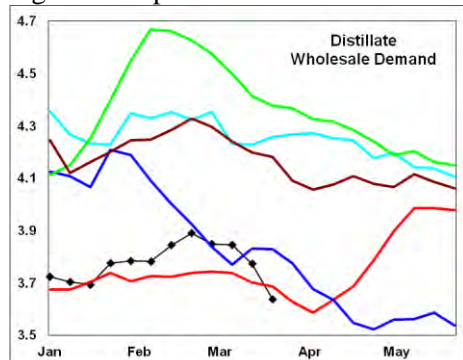
Stock levels are unusually low in the Midwest, with a record draw in the Gulf region. These trends point to a meaningful tightening of supply East of the Rockies during the 2nd quarter.

Distillate demand fell -134,000 bpd on the week, the 3rd consecutive weekly decline. The latest 4-wk average demand was +166,000 bpd above last year.

Supply decreased -34,000 bpd on lower production, partially offset by

higher imports. Production levels remain well above the 5-year range.

Stocks increased +0.7 million barrels on the week, with the level +8.7 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 -6.2 million barrels, less than the 5-year mid range.

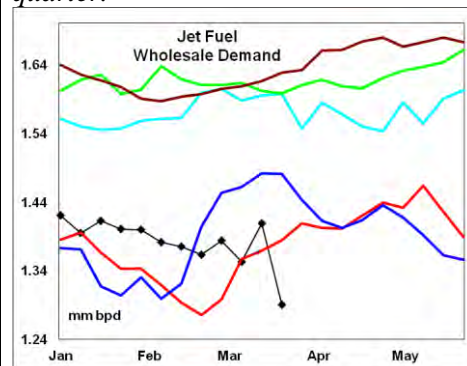
Production during the latest 4-wk period was +0.5 million bpd above a year ago, compared to the +166,000 bpd increase in demand. These trends should lead to an earlier than normal spring stock build. While the market should remain well supplied, robust exports from both the West and Gulf Coast refining centers should support distillate prices.

Jet Fuel demand fell -239,000 bpd on the week. The latest 4-wk average demand was +8,000 bpd above last years' record low level.

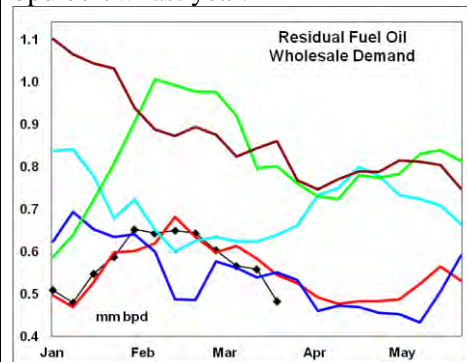
Supply surged +167,000 bpd, on higher production and imports. Stocks increased +1.4 million barrels, with the level above the mid range.

Supplies are improving on sharply higher imports to the East Coast and record production on the Gulf. Highly favorable jet fuel economics compared

to distillate should lead to further improvements in supply during the 2nd quarter.



Residual fuel oil demand, including exports, increased +26,000 bpd last week, with the 4-wk average -27,000 bpd below last year.



Supply (production + imports) increased +76,000 bpd on higher production. The latest 4-wk average supply was +78,000 bpd above a year ago, due to higher imports and production. Stocks increased +1 million barrels to a level that was near historic lows.

Demand remains comparable to the last 2-years, which was well below years prior to the recession. With exports accounting for nearly 2/3rds of total demand, a sharp reduction in residual output underlies the drop in demand. The industry has reduced stock levels in regional markets to be in line with lower supply and demand.

Stock levels do remain extremely high in the Gulf Region on record imports and production. In the near term a spike in Asian demand has not materialized as evidenced by record imports to the U.S. Gulf where the market is again over supplied.



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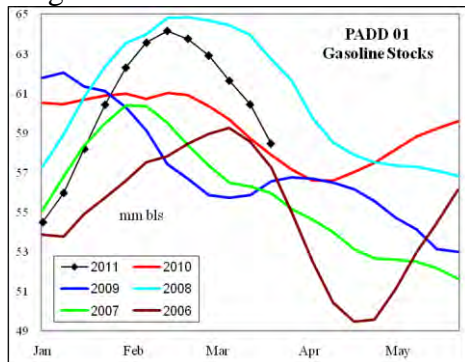
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PADD Supply Trends

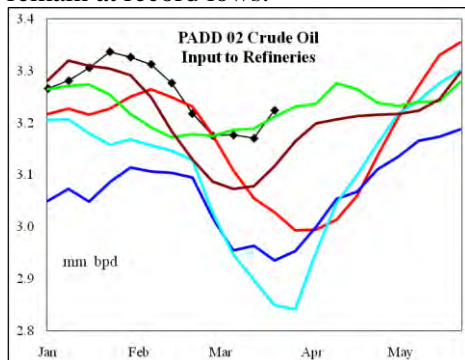
PADD 1 refinery crude oil runs fell -135,000 bpd last week, to a new record low for this time of year. Imports also fell -275,000 bpd, with the 4-wk average -150,000 bpd below prior record lows.

Gasoline production declined -111,000 bpd on the week, while imports jumped +219,000 bpd. Import levels were near the mid range. Stocks fell -1.9 million barrels to a level just above the mid range.



Distillate supply increased +45,000 bpd on the week, due to higher imports. Weekly imports were above the 5-year range, and at the highest level since mid January.

Jet fuel stocks increased +0.3 million barrels last week, on a +59,000 bpd jump in imports. Stock levels remain at record lows.



PADD 2 crude oil refinery runs increased +49,000 bpd on the week, with the level matching historic highs for the period. Stocks increased +1.2 million barrels on the week, including a +1.7 million barrel build in Cushing. Imports were above the historic range.

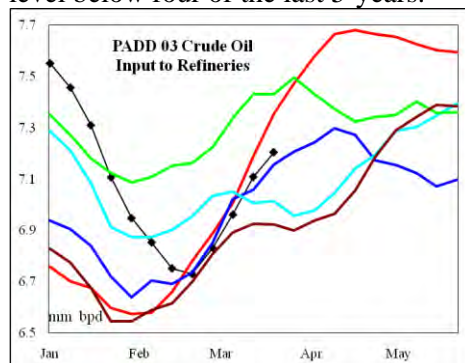
Gasoline production decreased -

16,000 bpd last week, a level that matched the historic mid range. Stocks decreased -0.3 million barrels, to a level matching the 5-year low.

Distillate production jumped +95,000 bpd, with the level at a record high for the period. Stocks increased +0.5 million barrels on the week, to a level at the mid range.

Jet fuel production decreased -10,000 bpd on the week, although the level remains above the 5-year range. Stock levels remain at the low end of the historic range.

PADD 3 crude oil runs increased +49,000 bpd last week. The latest 4-wk average runs were -67,000 bpd below last year. Crude imports increased +0.4 million bpd, with the level matching 5-year lows. Stocks increased +0.7 million barrels, with the level below four of the last 5-years.



Gasoline production was nearly unchanged on the week, with imports down -42,000 bpd. Stocks fell -1.1 million barrels, with the level well below the last 3-years.

Distillate production fell -141,000 bpd on the week, with the level above the historic range. Stocks fell -1.3 million barrels last week to a level +15% above the prior historic high.

Jet fuel production surged +86,000 bpd on the week, to a level above the 5-year range. Stocks increased +0.9 million barrels, to a level above the mid range.

Residual fuel oil supply increased +92,000 bpd on the week, on higher production and imports. Stocks jumped +1.9 million barrels to a level above the historic range.

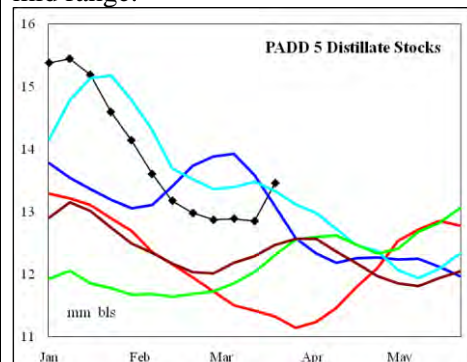
PADD 4 refinery crude runs decreased -23,000 bpd on the week, to a level above the mid range. Crude oil imports increased to a new record high for this time of year. Stock levels were unchanged at a level comparable to the last 2-years.

Gasoline production fell -25,000 bpd on the week, to a level near the low end of the historic range. Stock levels were nearly unchanged with the level a record high for this time of year.

Distillate production decreased -16,000 bpd, with the level above the mid range. Stock levels were a record high for this time of year.

PADD 5 crude oil refinery runs increased +45,000 bpd on the week, with the latest 4-wk average +98,000 bpd above last year. Crude oil imports matched the historic mid range. Stocks increased +0.3 million barrels, with the level -5% below the 5-year range.

Gasoline production fell -91,000 bpd on the week, a level matching the historic lows. Stocks increased +0.7 million barrels, to a level above the mid range.



Distillate production decreased -21,000 bpd last week, although the level remains above the historic range. Stocks increased +0.9 million barrels to a level above the historic range.

Jet fuel supply increased +40,000 bpd on the week, to a level near the mid range. Stocks increased +0.4 million barrels last week, with the level at a record high for this time of year.

Very high West Coast jet fuel prices underlie record stocks as airlines fuel in other regional markets.


**FUNDAMENTAL
PETROLEUM
TRENDS**


PETROLEUM: Graph Link and Weekly Summary

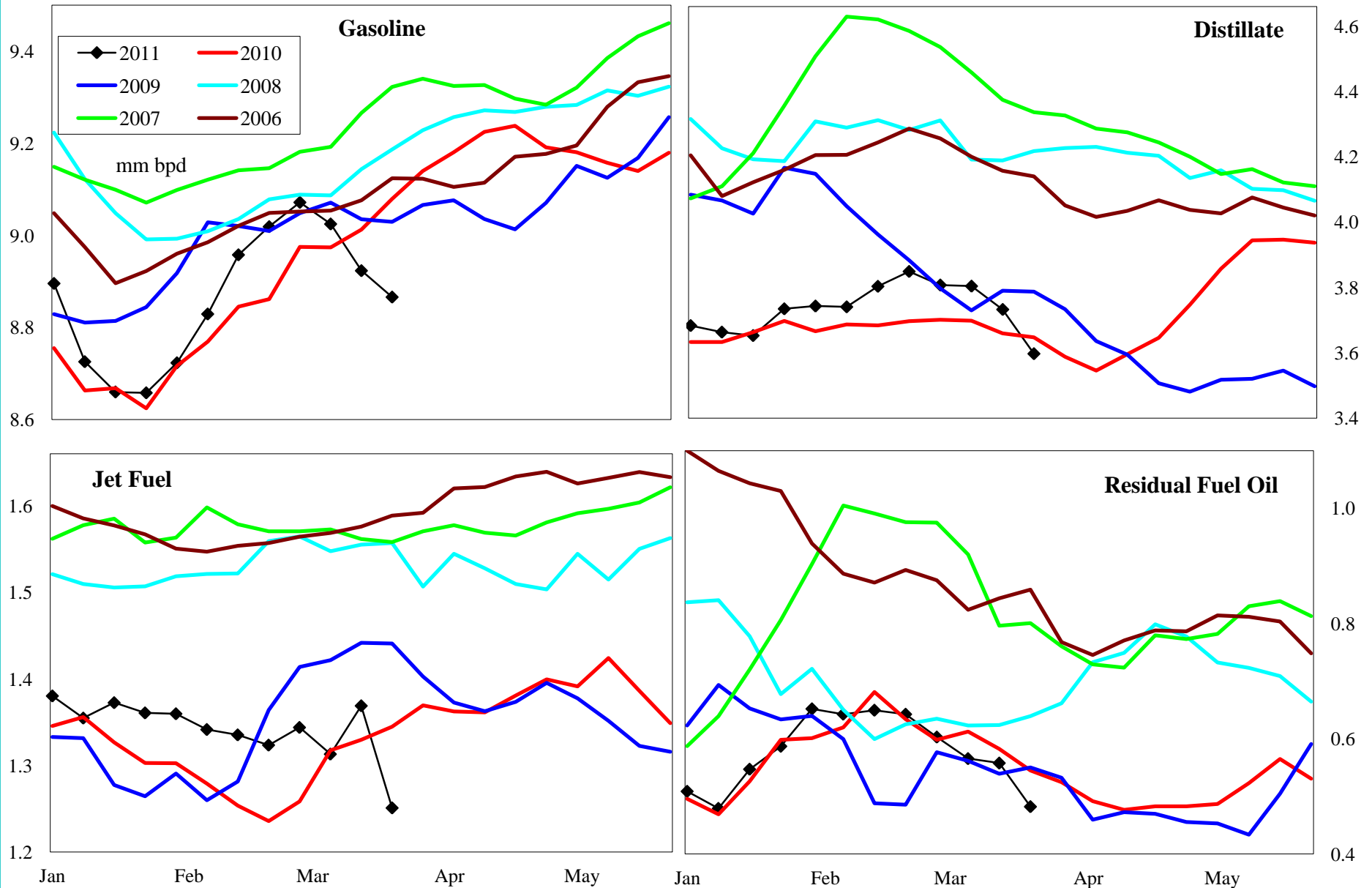
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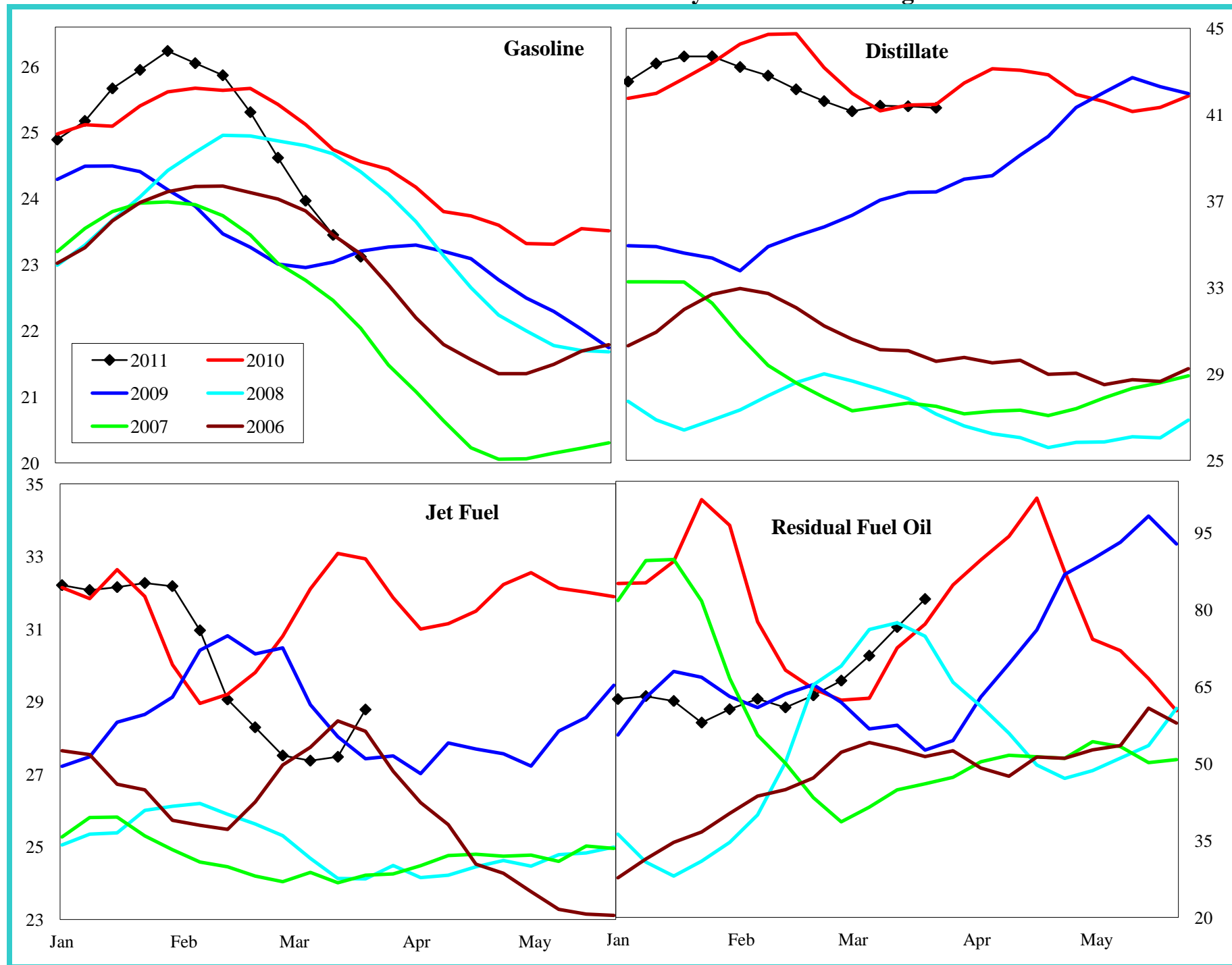
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	25-Mar-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	2,945	819	1,154	712	-43	303
	Imports	141	-275	-40	406	32	18
	Input	-17	-135	49	49	-23	45
	% Utilization	0.00					
Gasoline	Stocks	-2,684	-1,948	-312	-1,101	-58	736
	Production	-330	-111	-16	-3	-25	-91
	Imports	189	219	-3	-42	0	15
	Supplied	-208					
Distillate	Stocks	710	624	468	-1,318	59	877
	Production	-85	-3	95	-141	-16	-21
	Imports	51	48	0	0	3	0
	Supplied	-134					
Jet Fuel	Stocks	1,439	290	-138	880	11	397
	Production	93	-6	-10	86	-1	25
	Imports	74	59	0	0	0	15
	Supplied	-239					
Residual Fuel Oil	Stocks	1,005	-795	-1	1,900	-18	-82
	Production	70	5	6	40	-2	20
	Imports	6	-32	1	52	0	-16
	Supplied	26					

United States Wholesale Petroleum Demand

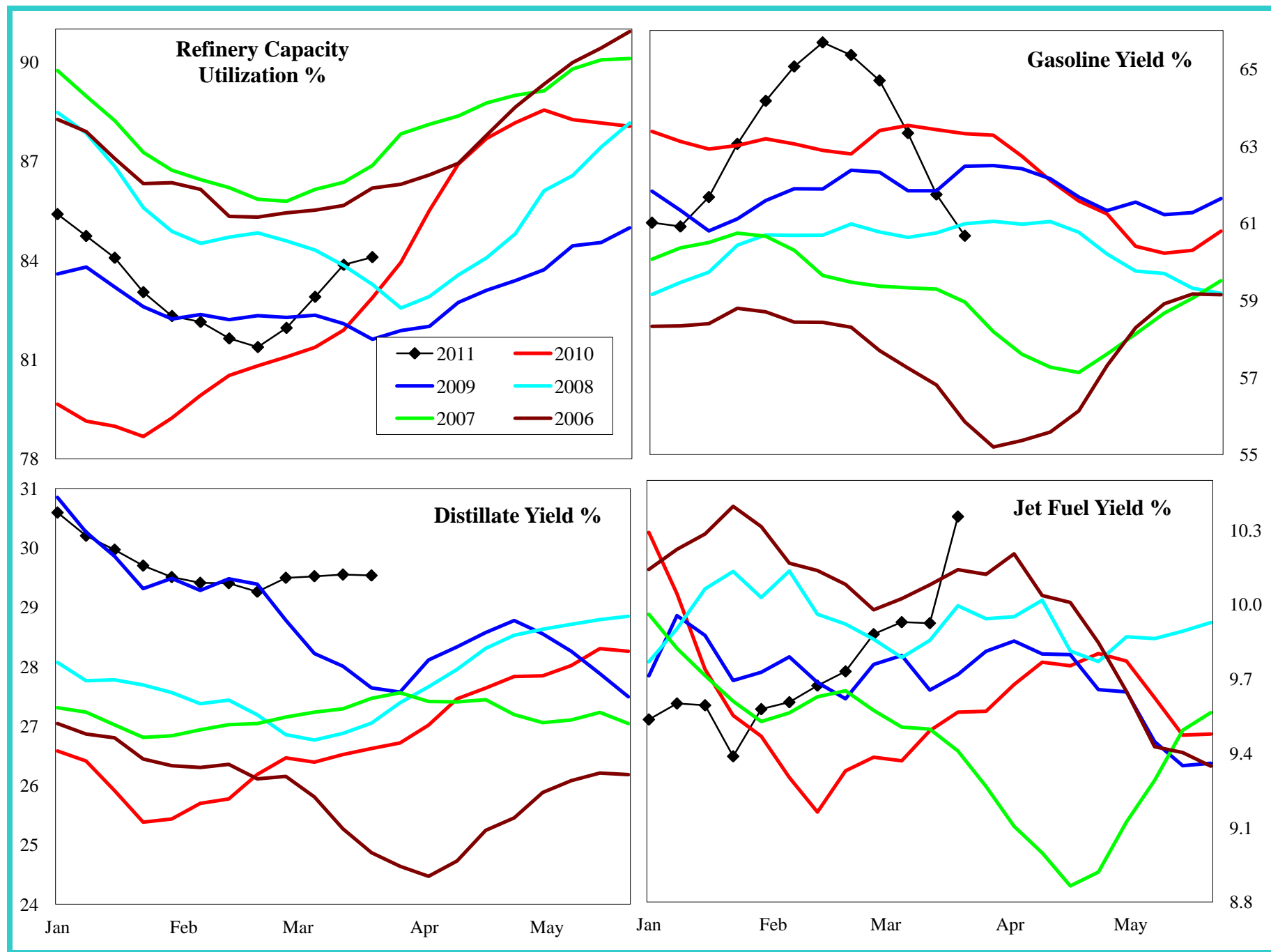


	000 bpd change from prior year				% change from prior year			
	4wk avg	Feb	Jan	Dec	4wk avg	Feb	Jan	Dec
Gasoline	-7	355	169	273	-0.1	4.1	2.0	3.1
Distillate	166	18	39	26	4.5	0.5	1.1	0.7
Jet Fuel	8	11	35	90	0.6	0.8	2.6	6.6
Resid	-27	106	-131	-56	-4.6	20.7	-21.1	-9.6

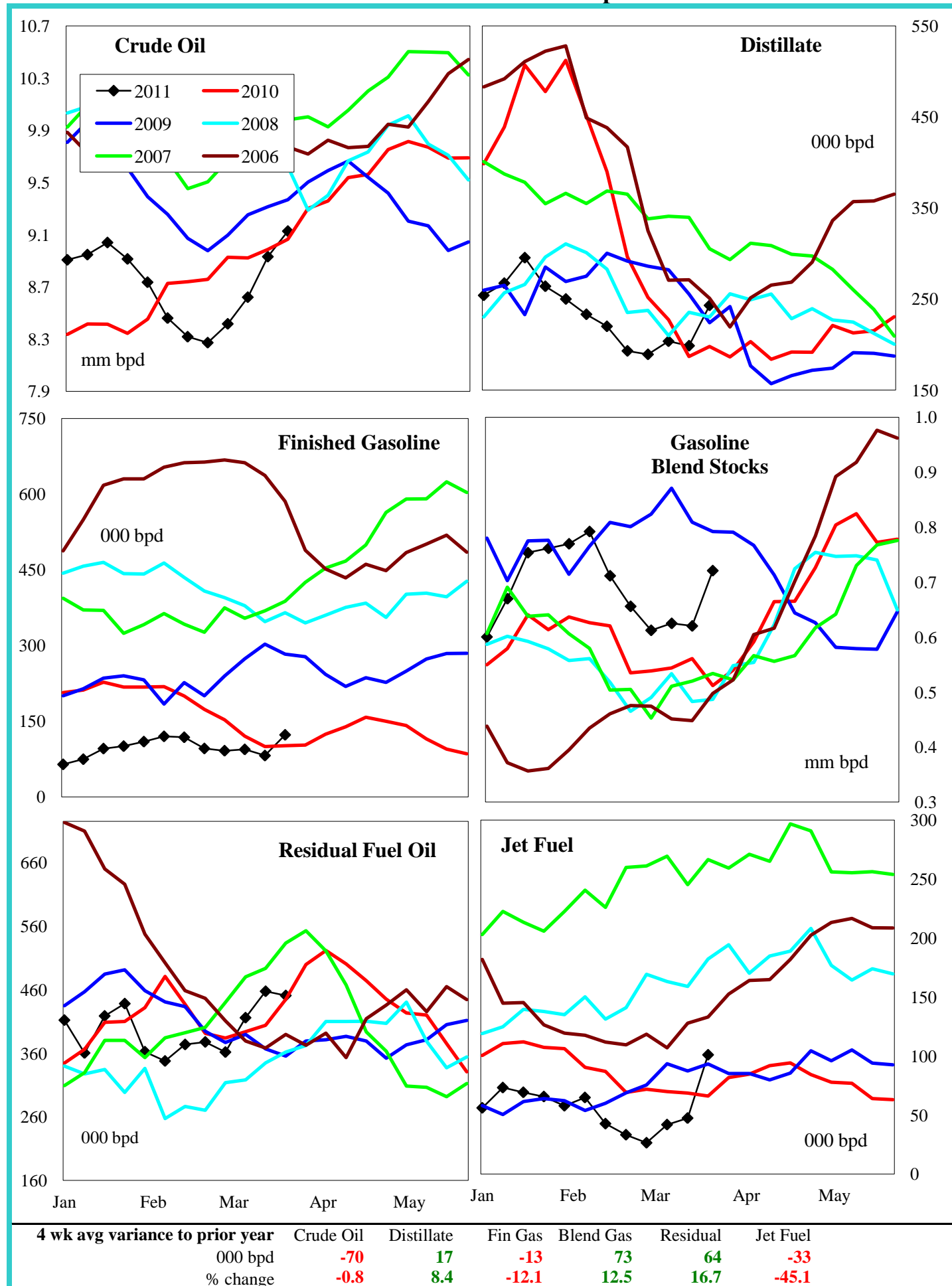


United States Product Stocks: Days Forward Coverage

United States Refinery Percent Utilization Rate and Product Yields



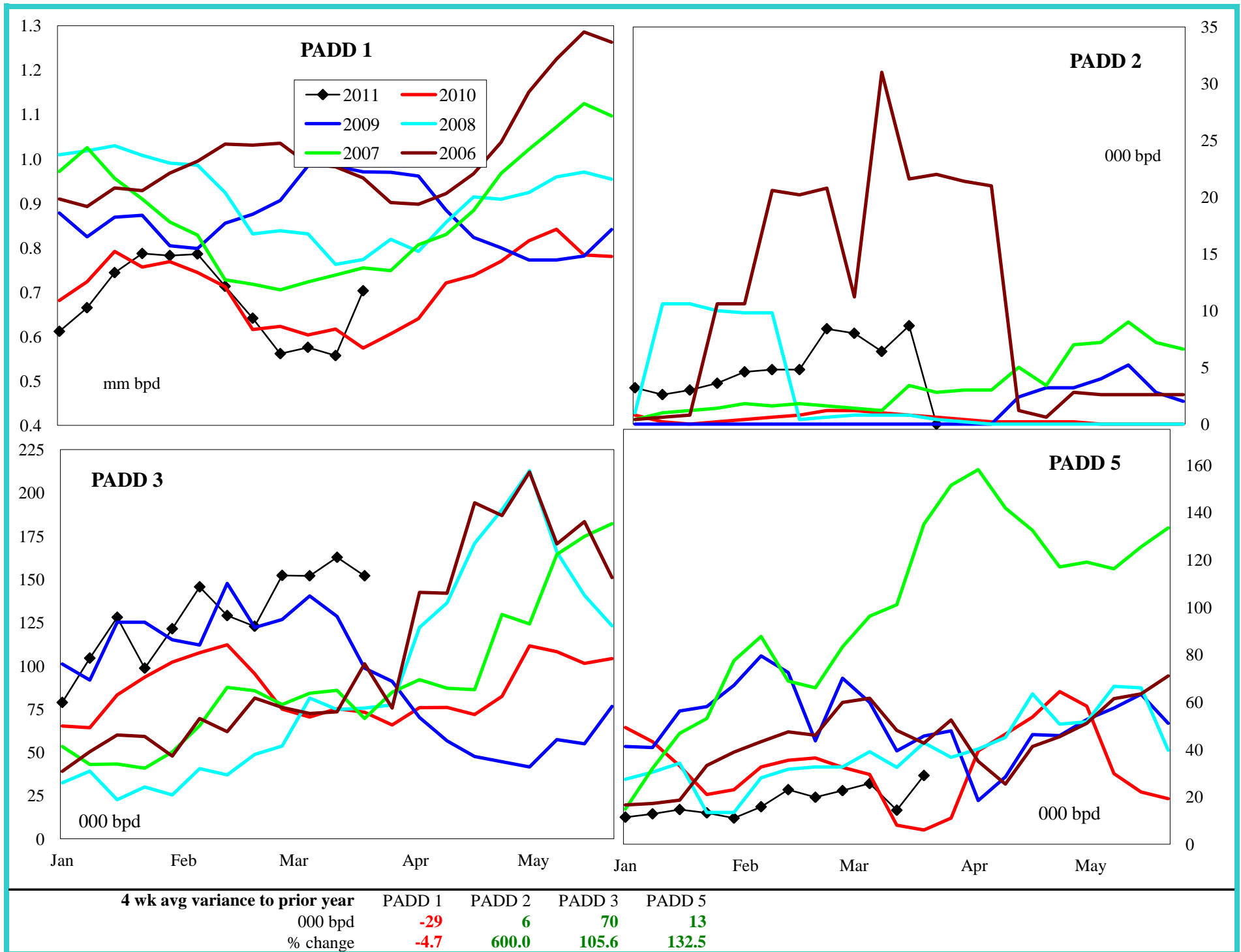
United States Petroleum Imports



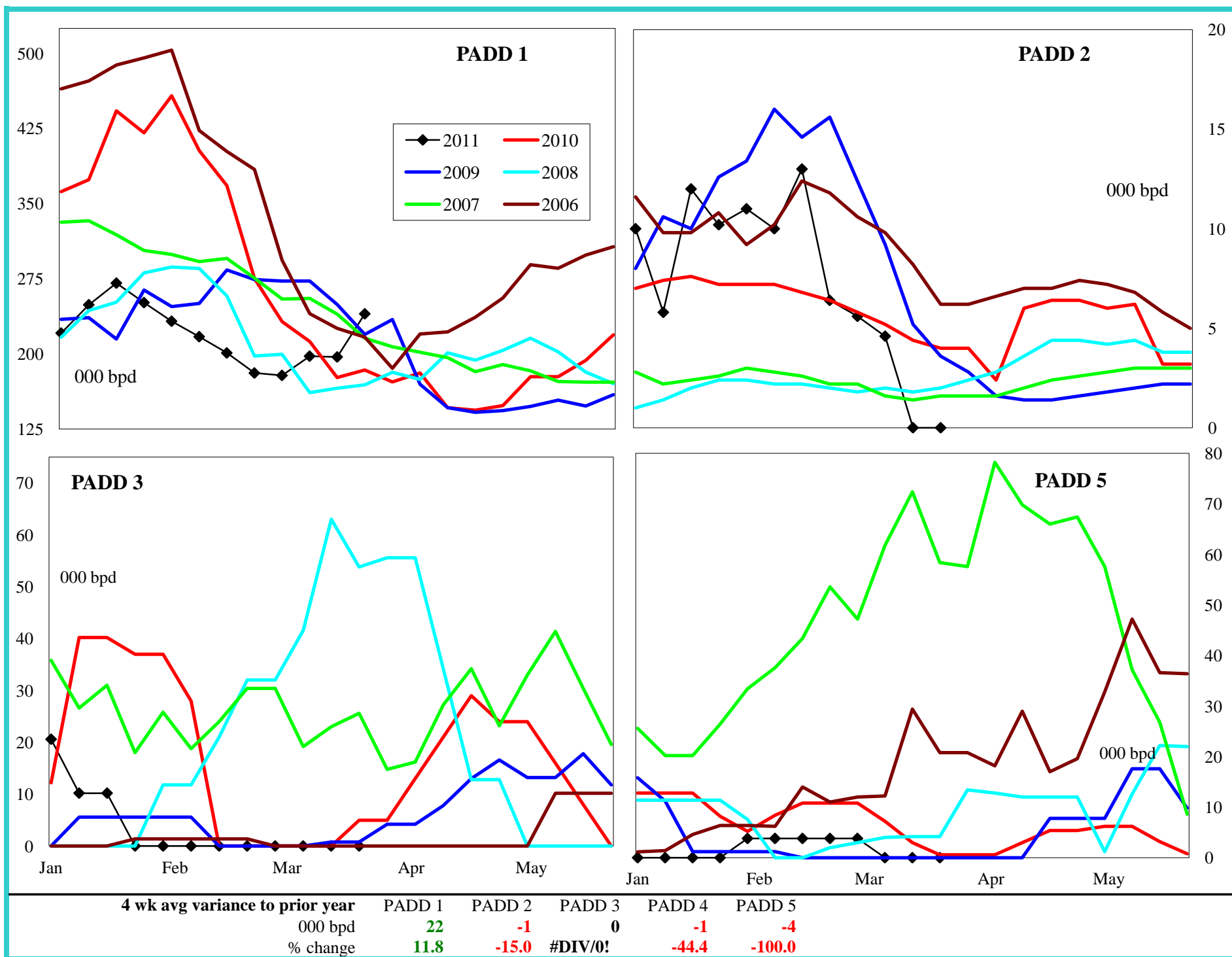
Crude Oil Imports by PADD



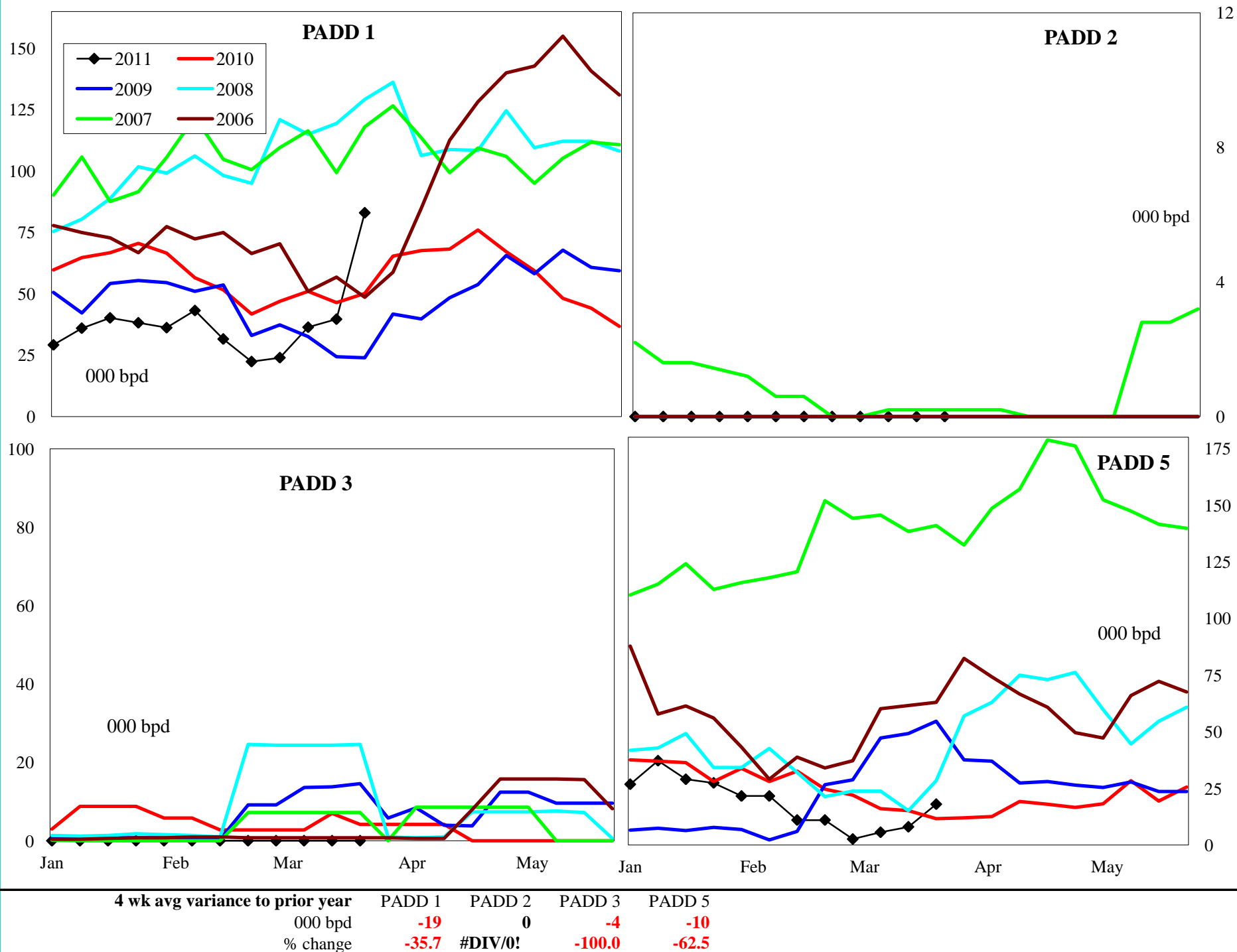
Gasoline Imports by PADD (Finished + Blend Stocks)



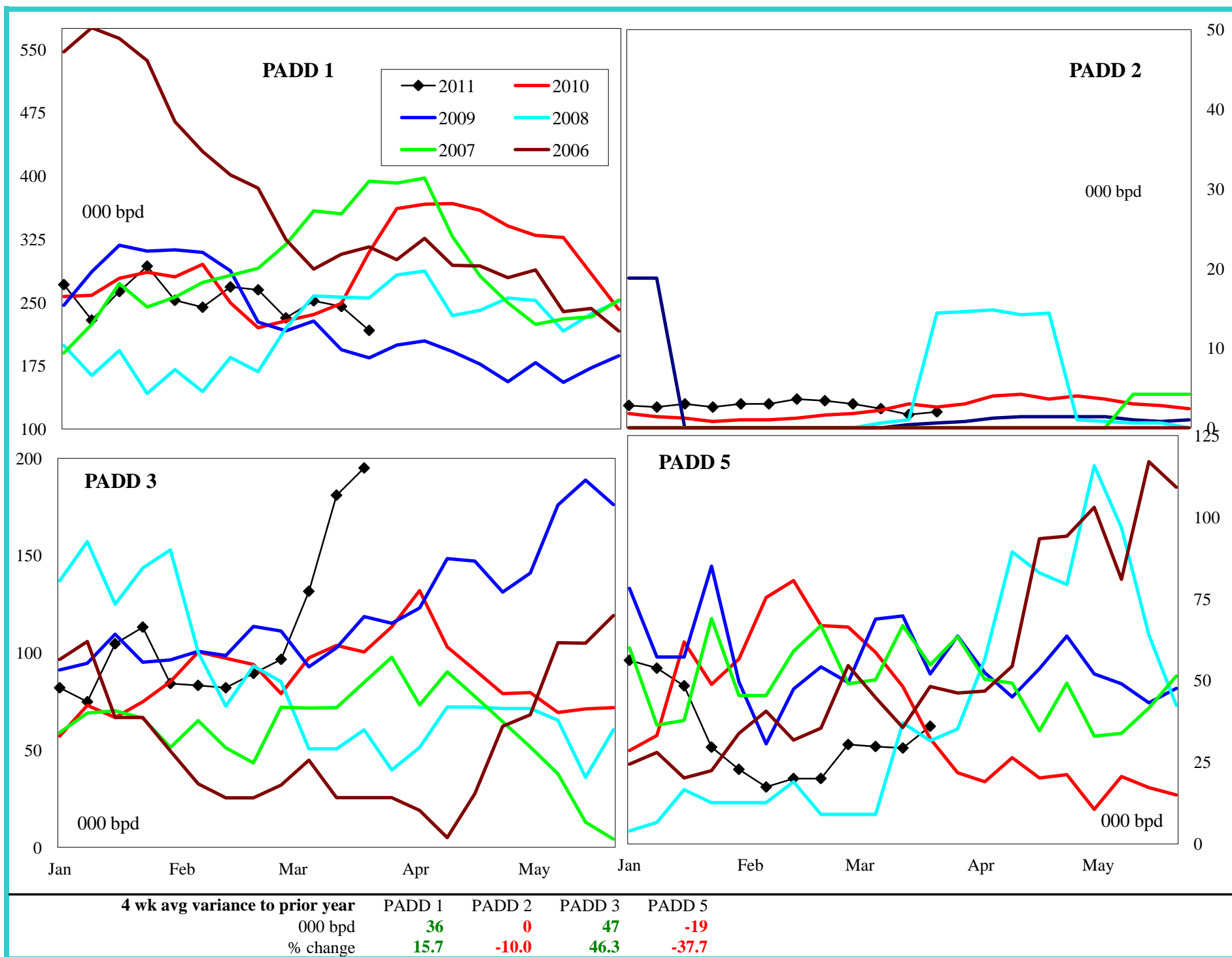
Distillate Imports by PADD



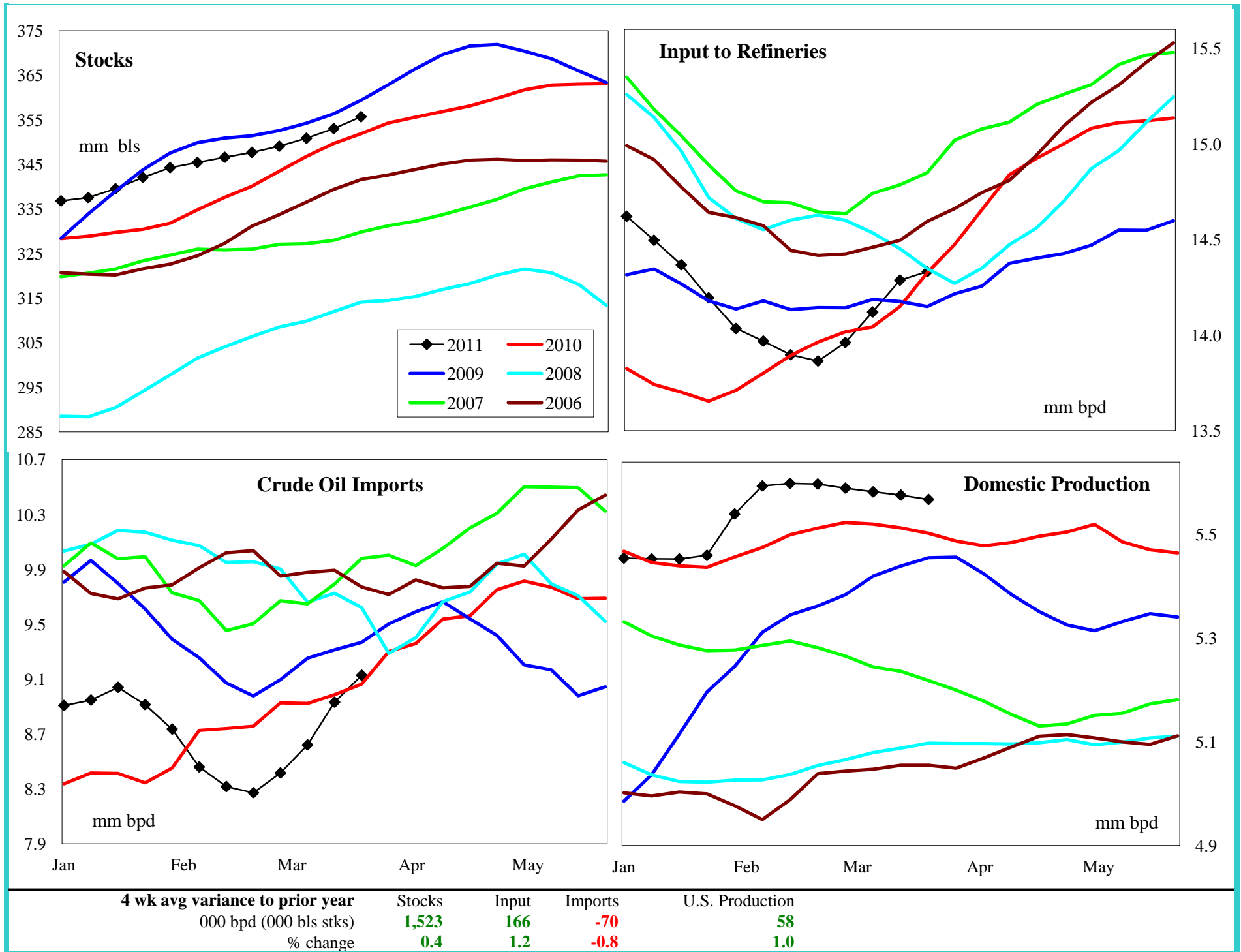
Jet Fuel Imports by PADD



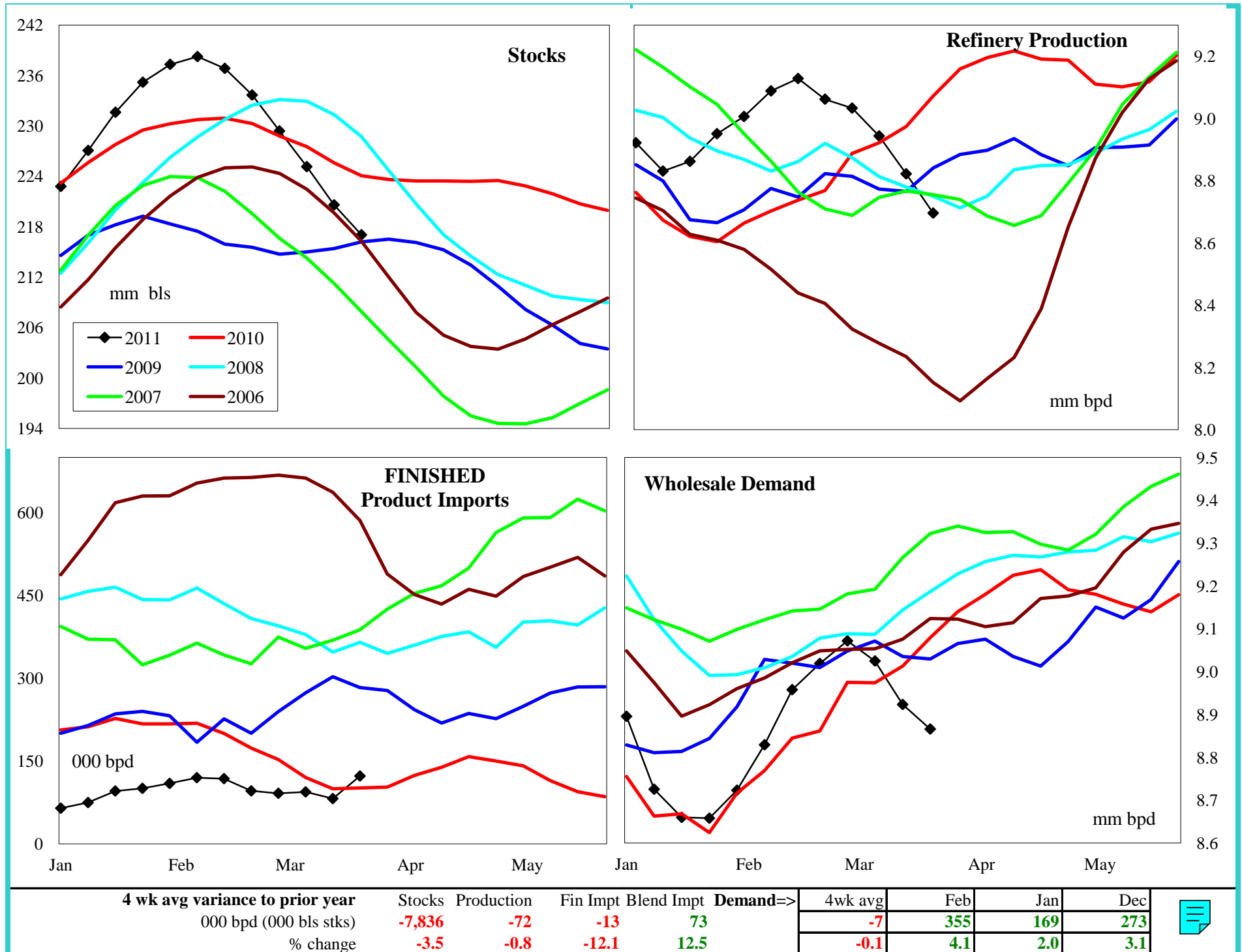
Residual Fuel Oil Imports by PADD



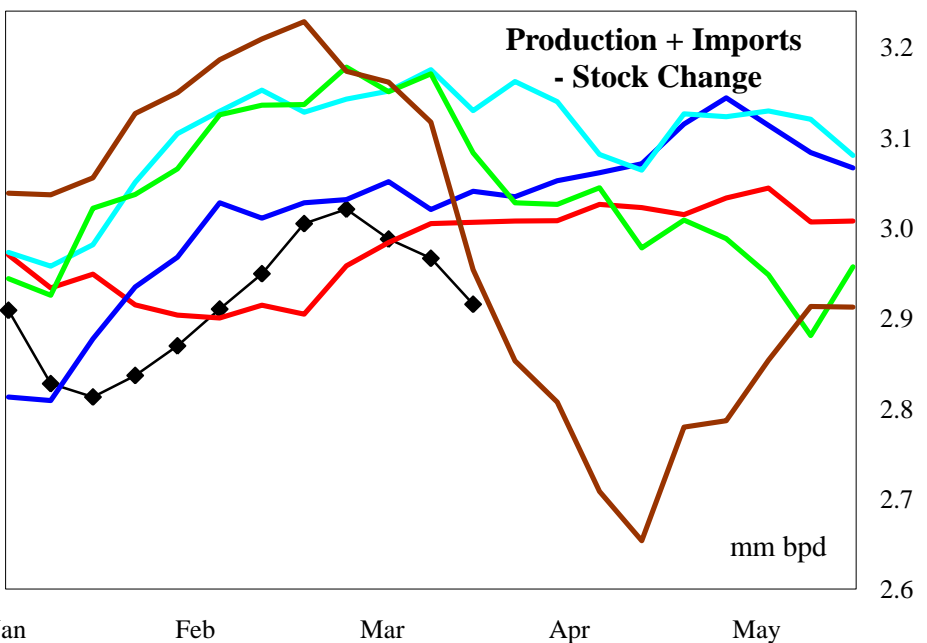
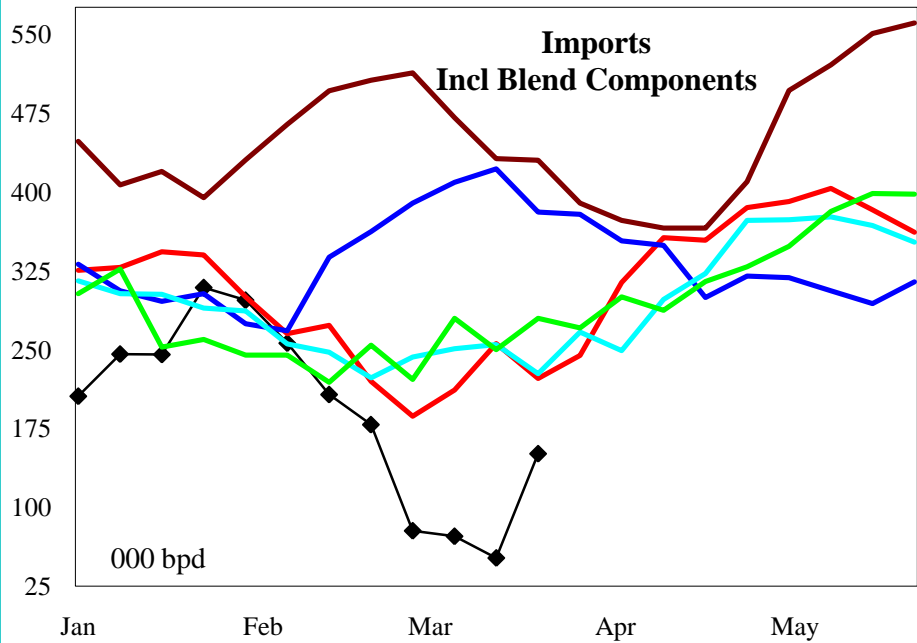
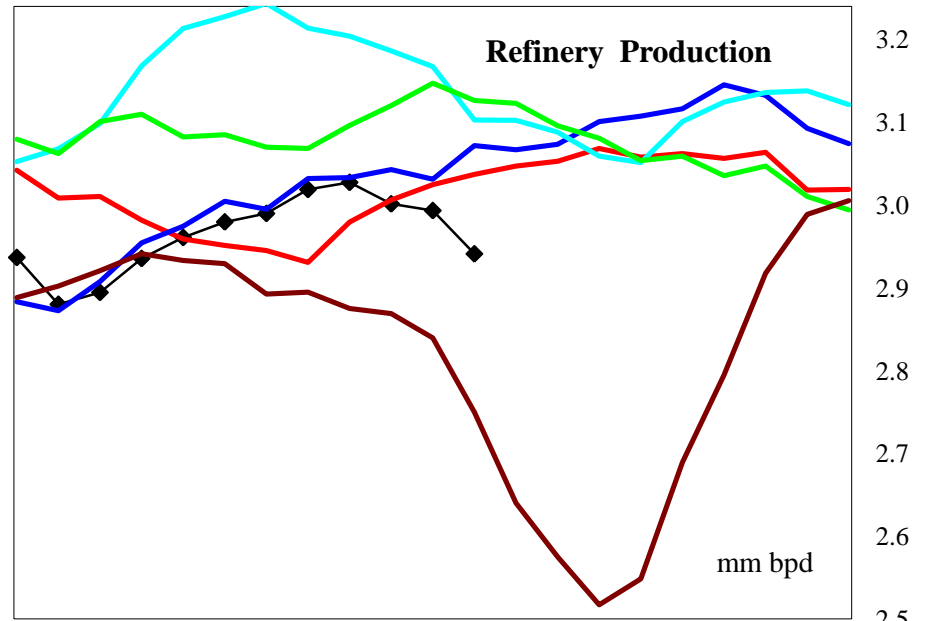
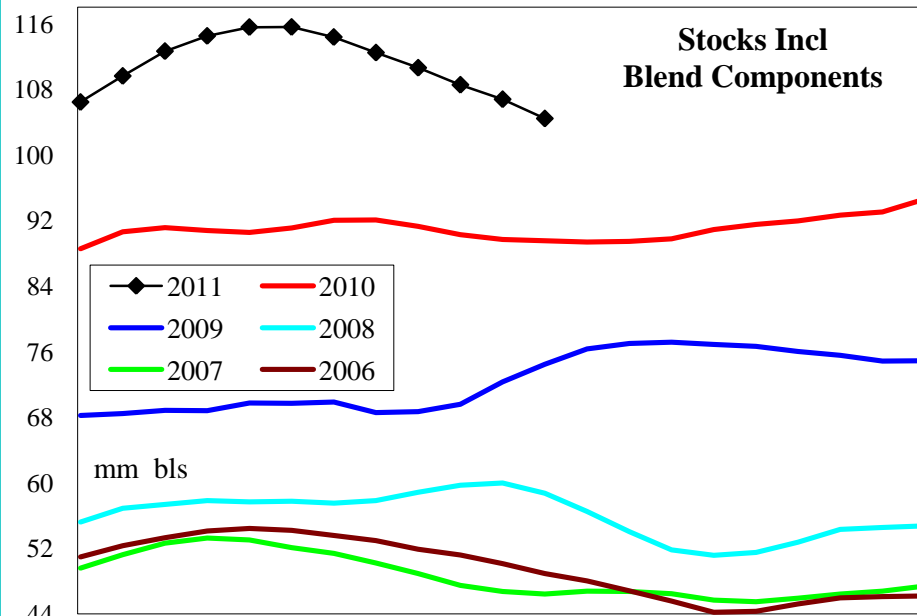
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



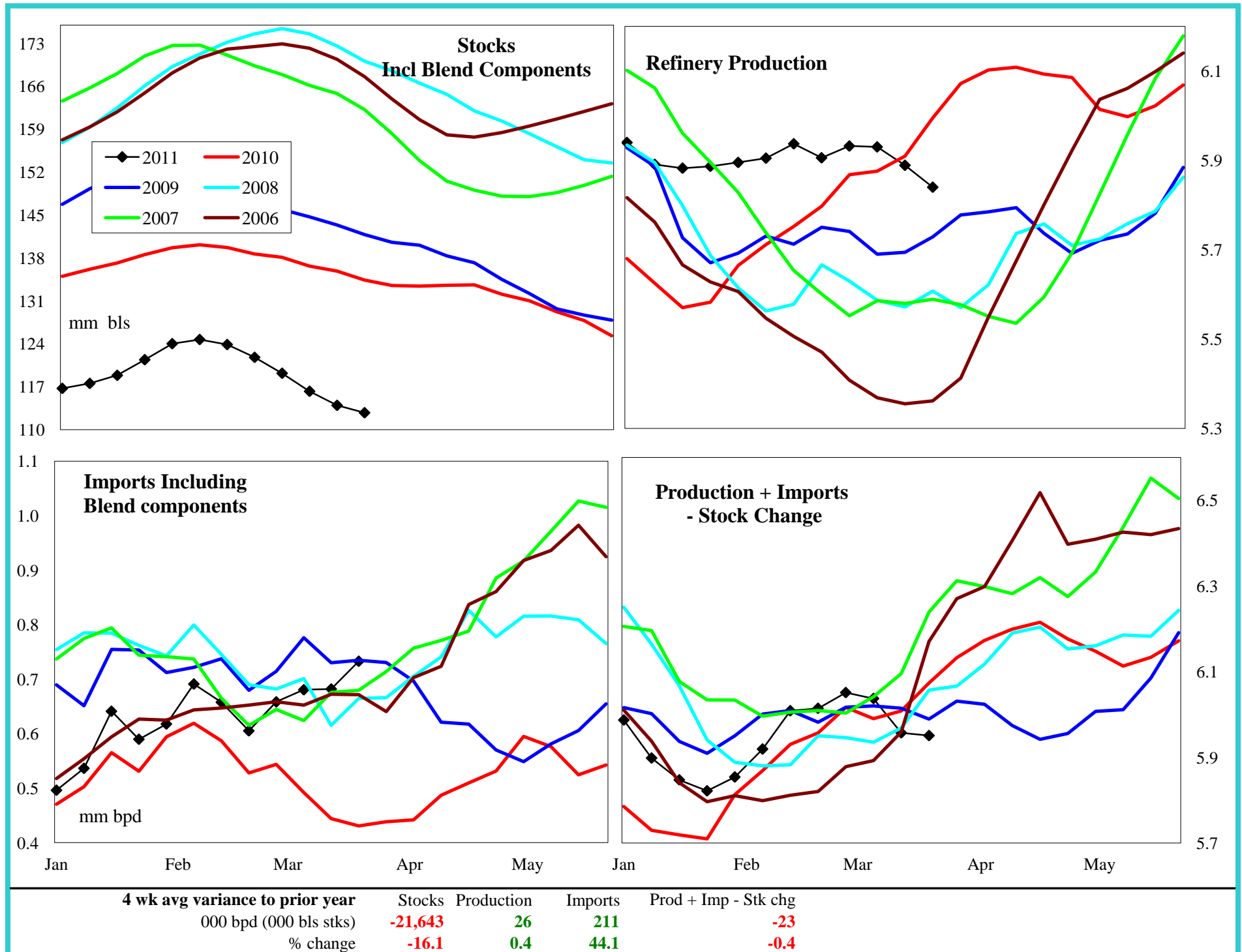
United States Reformulated Gasoline Supply



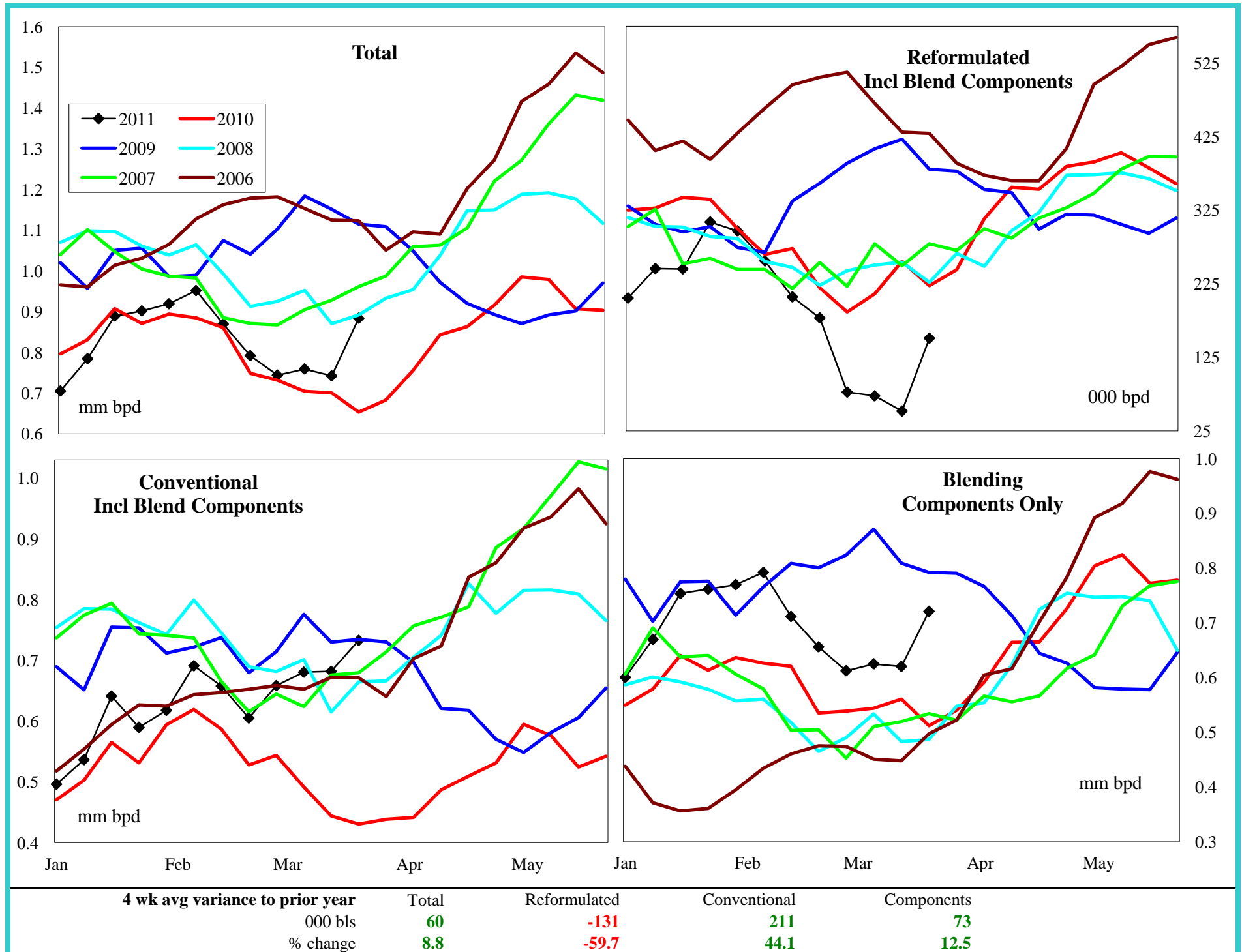
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
14,915	-32	-131	-16
16.7	-1.1	-59.7	-0.5

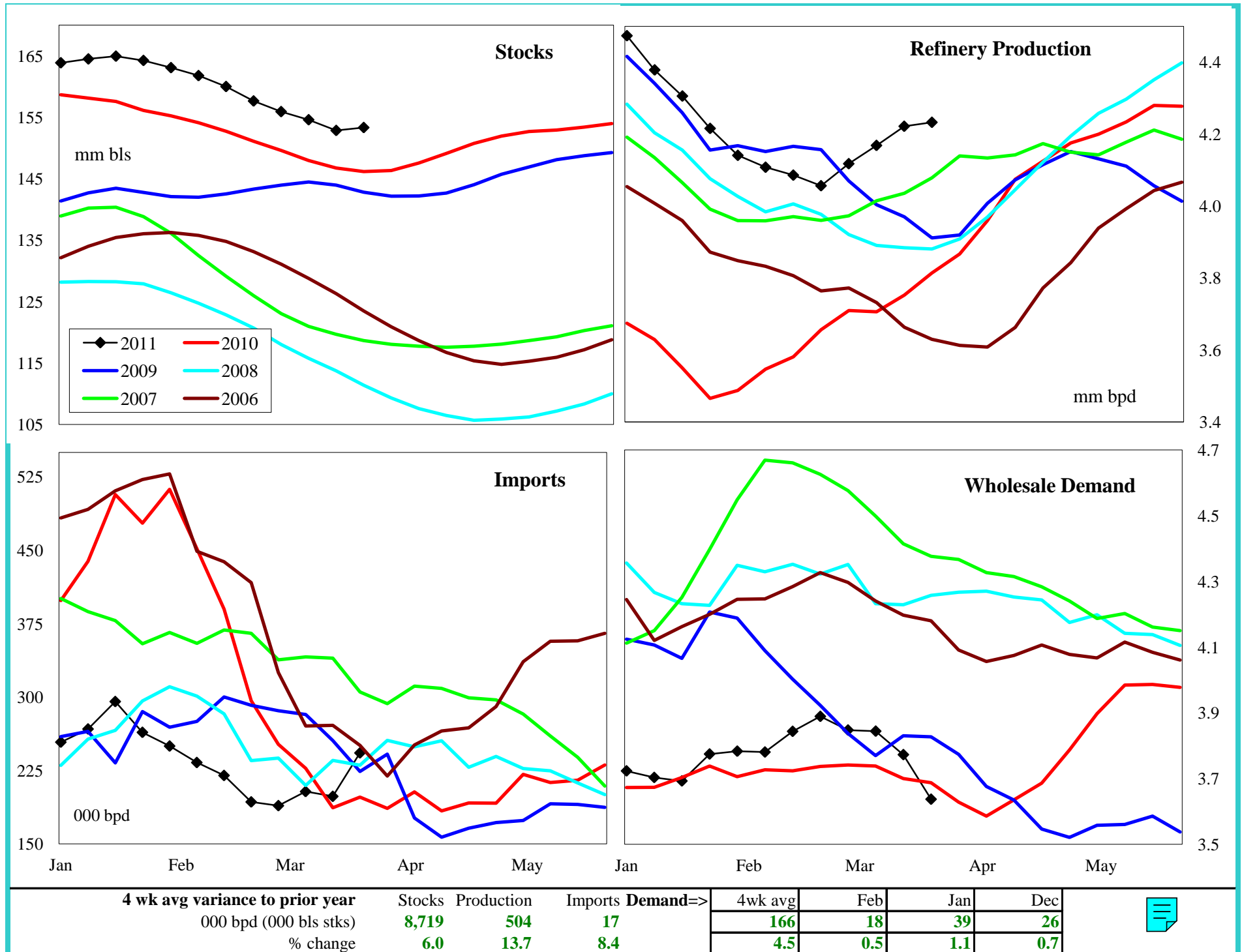
United States Conventional Gasoline Supply



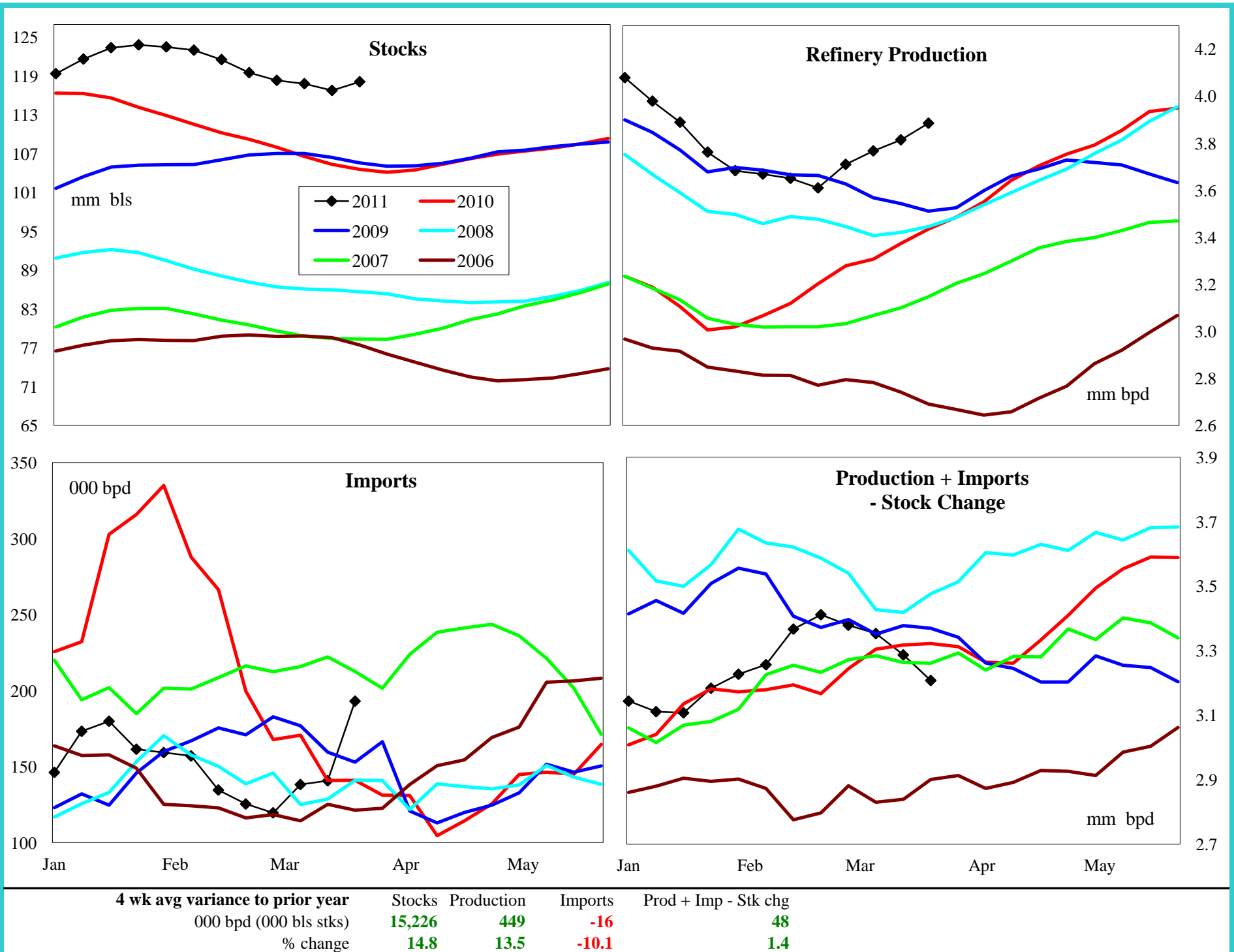
United States Gasoline Imports by Type



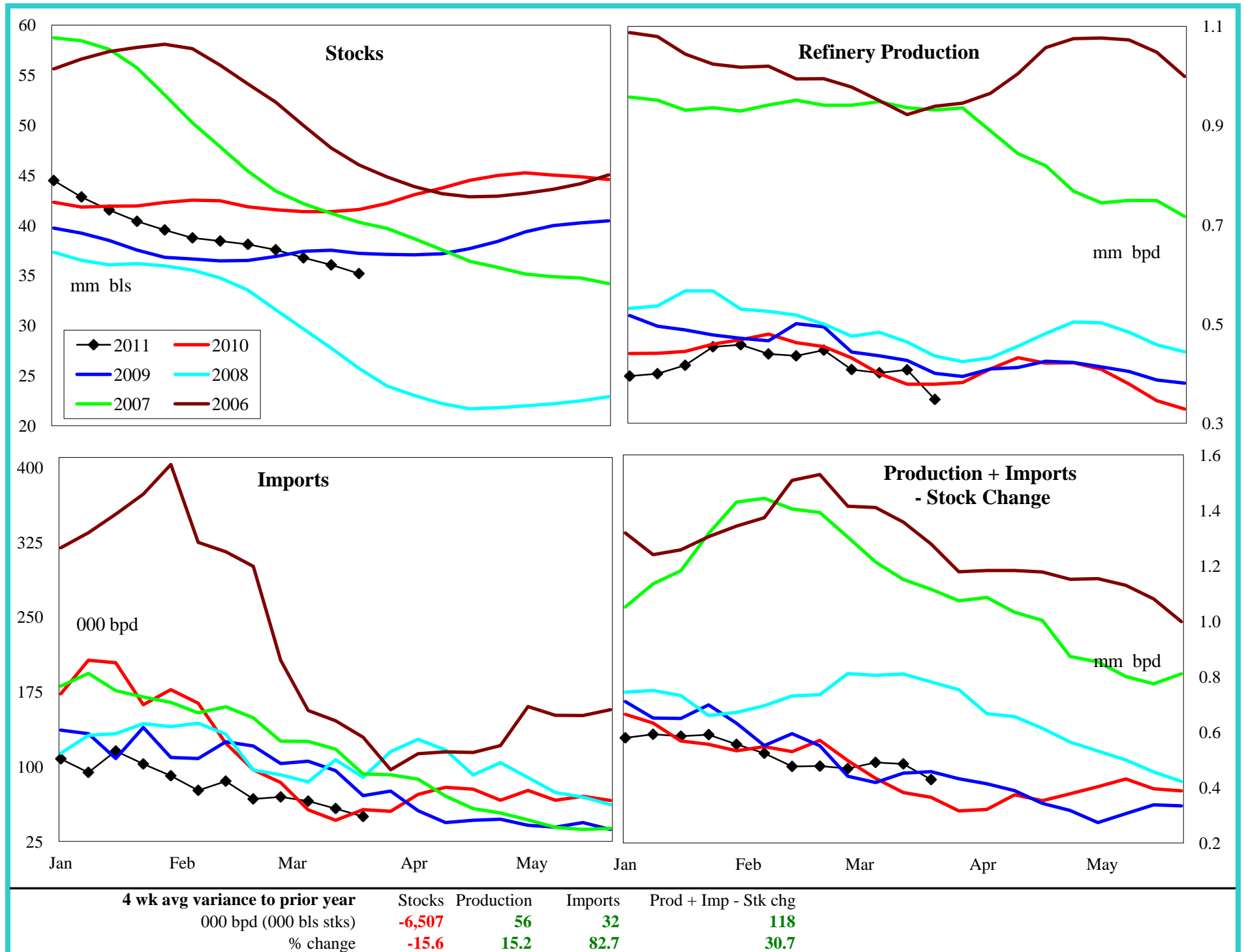
United States Distillate Supply and Demand Balance



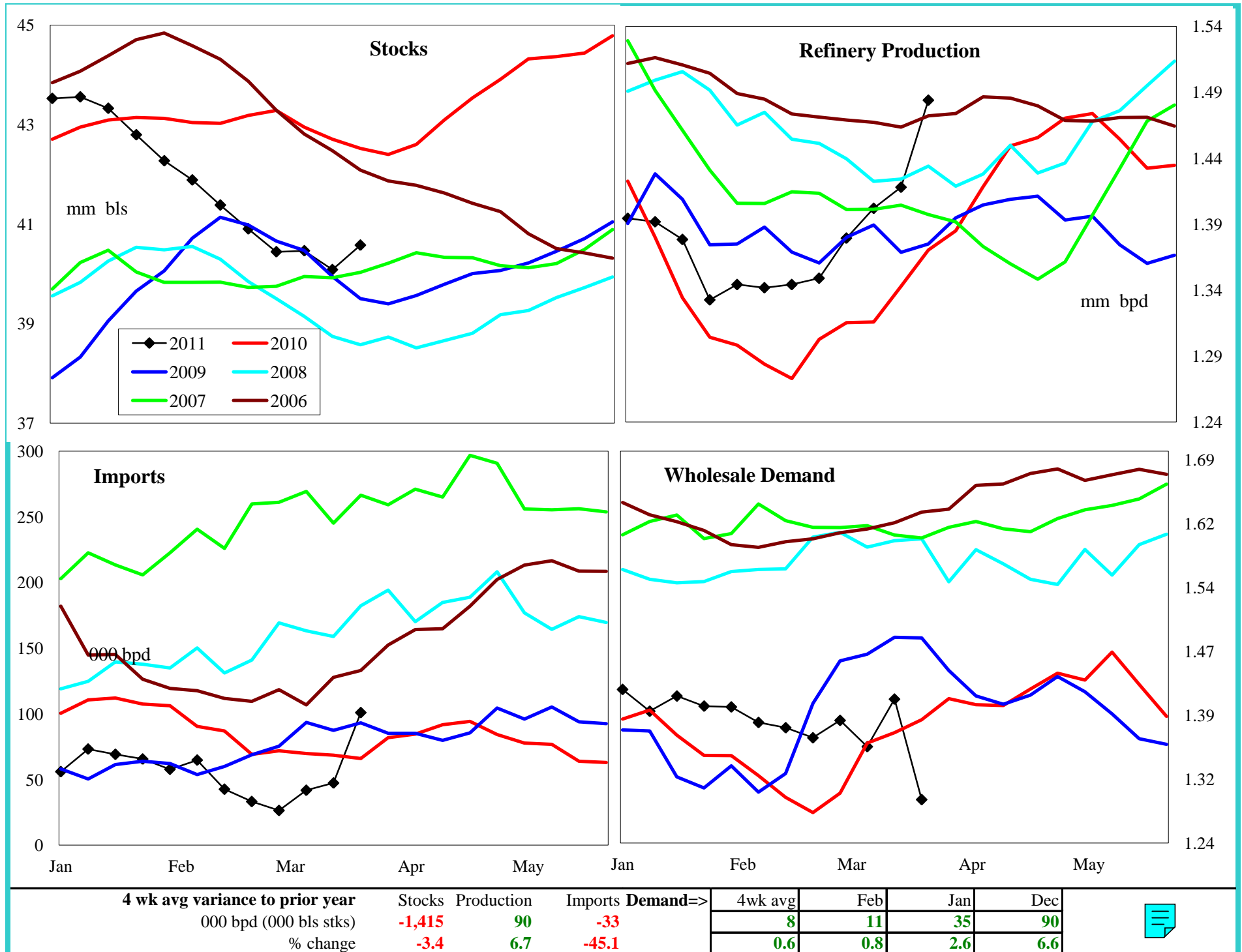
United States Low Sulfur Distillate Supply



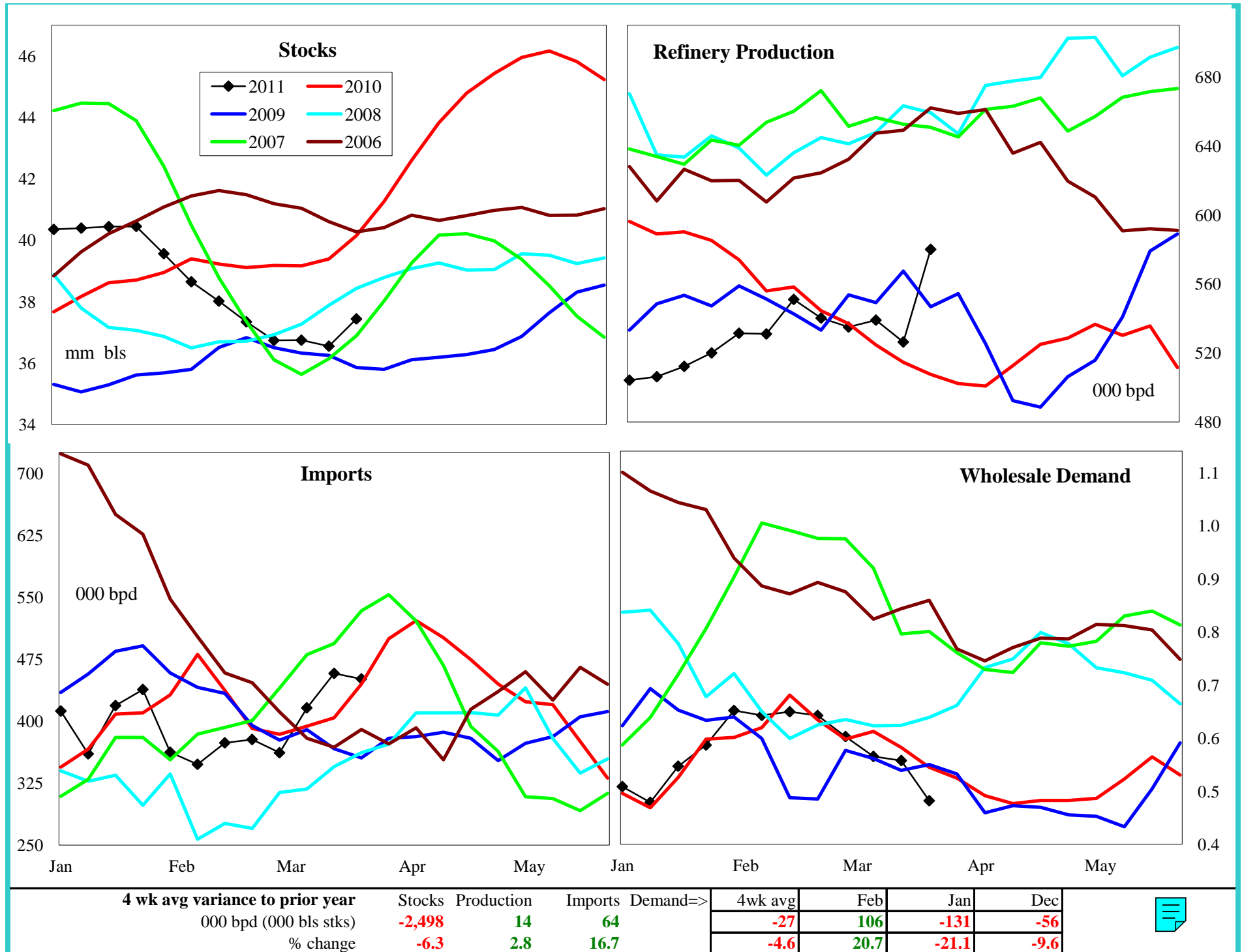
United States High Sulfur Distillate Supply



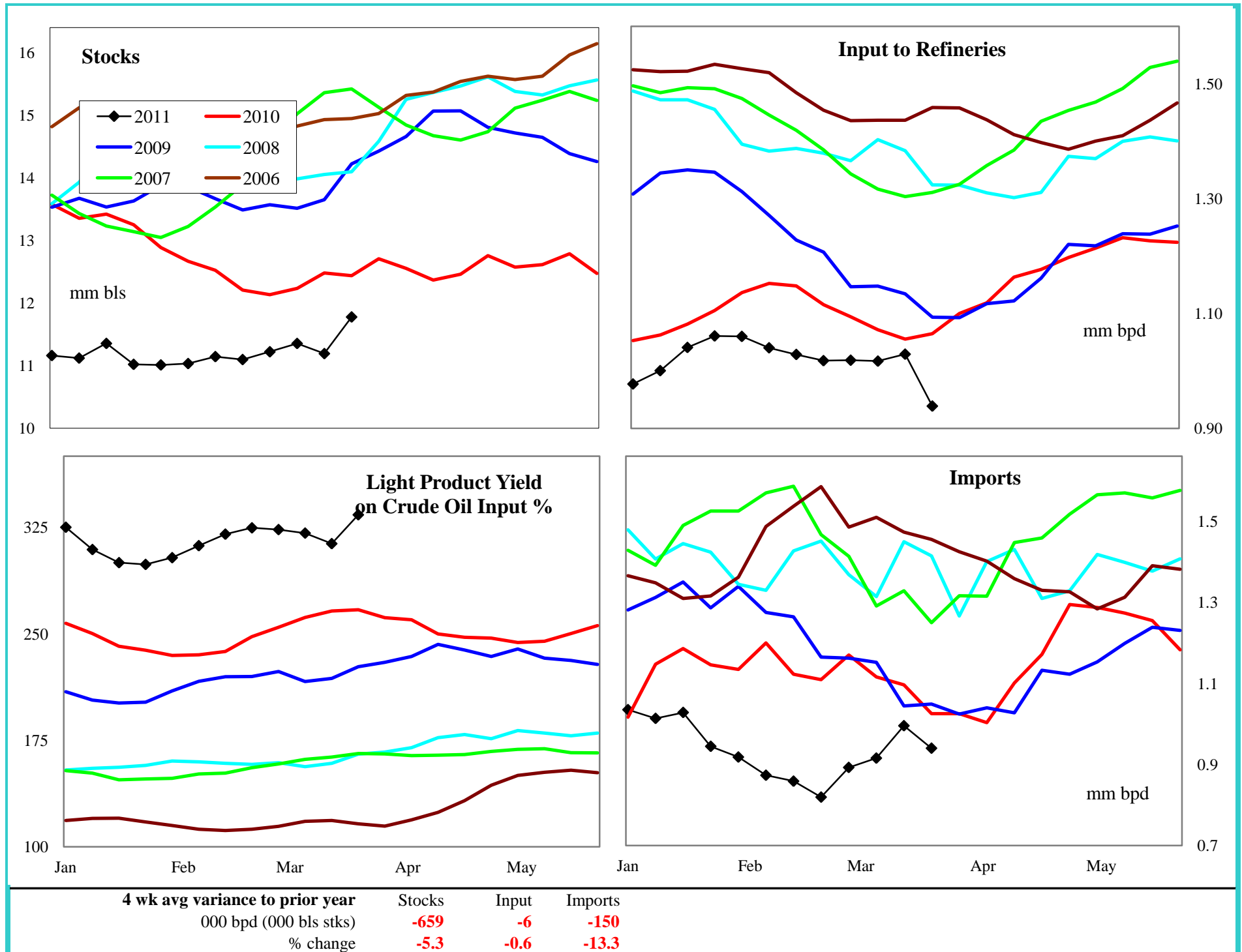
United States Jet Fuel Supply and Demand Balance



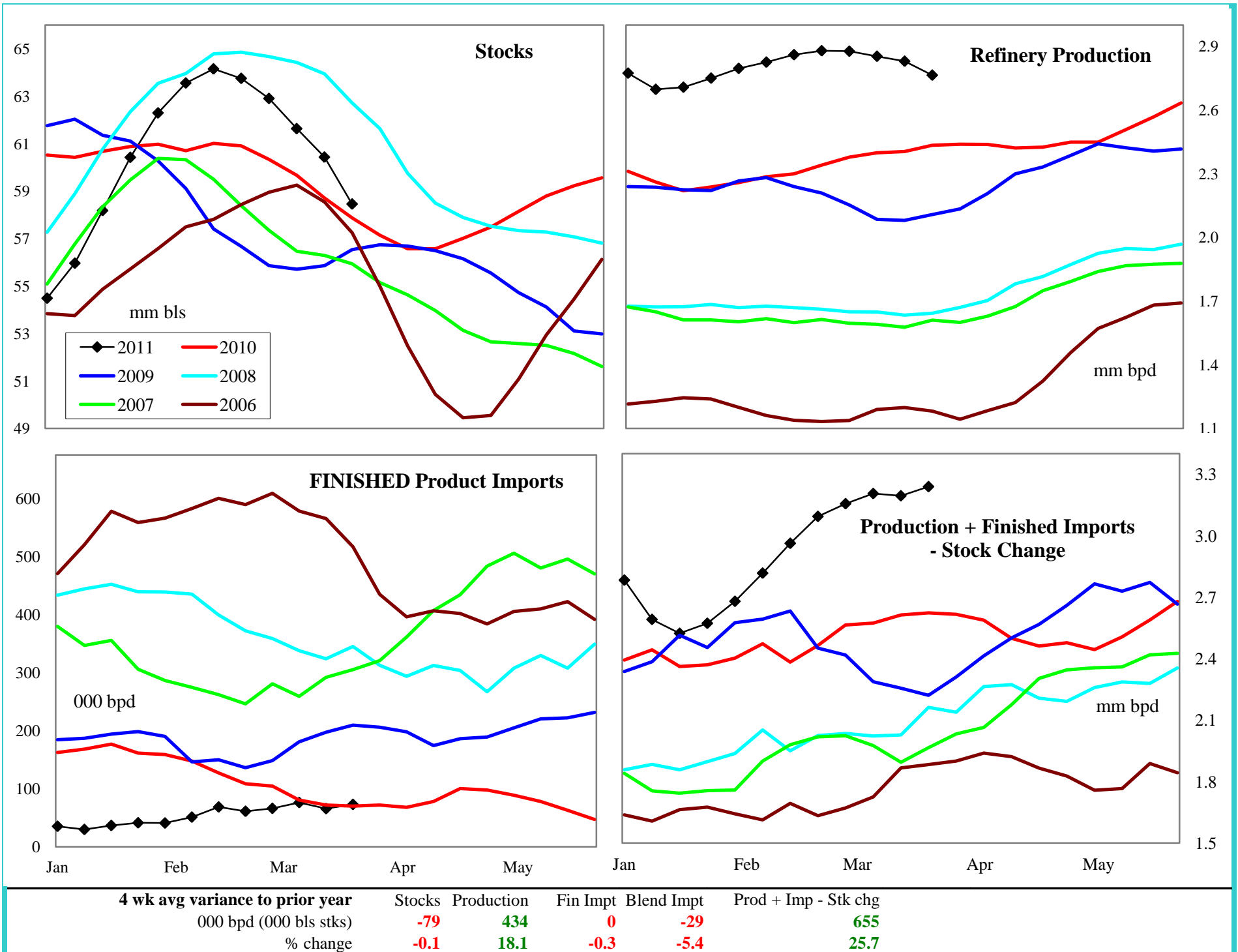
United States Residual Fuel Oil Supply and Demand Balance



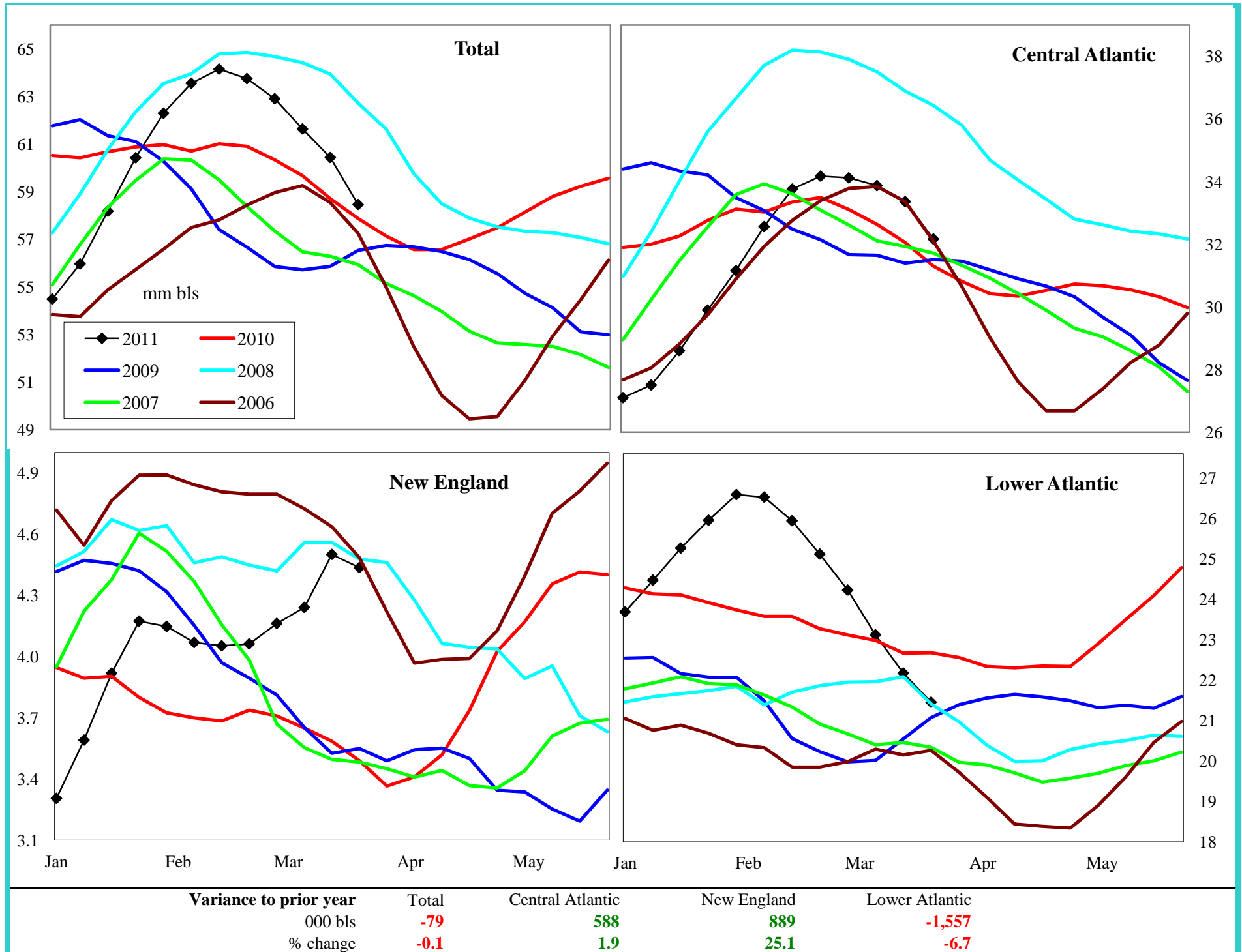
PADD 1 Crude Oil Supply and Refining



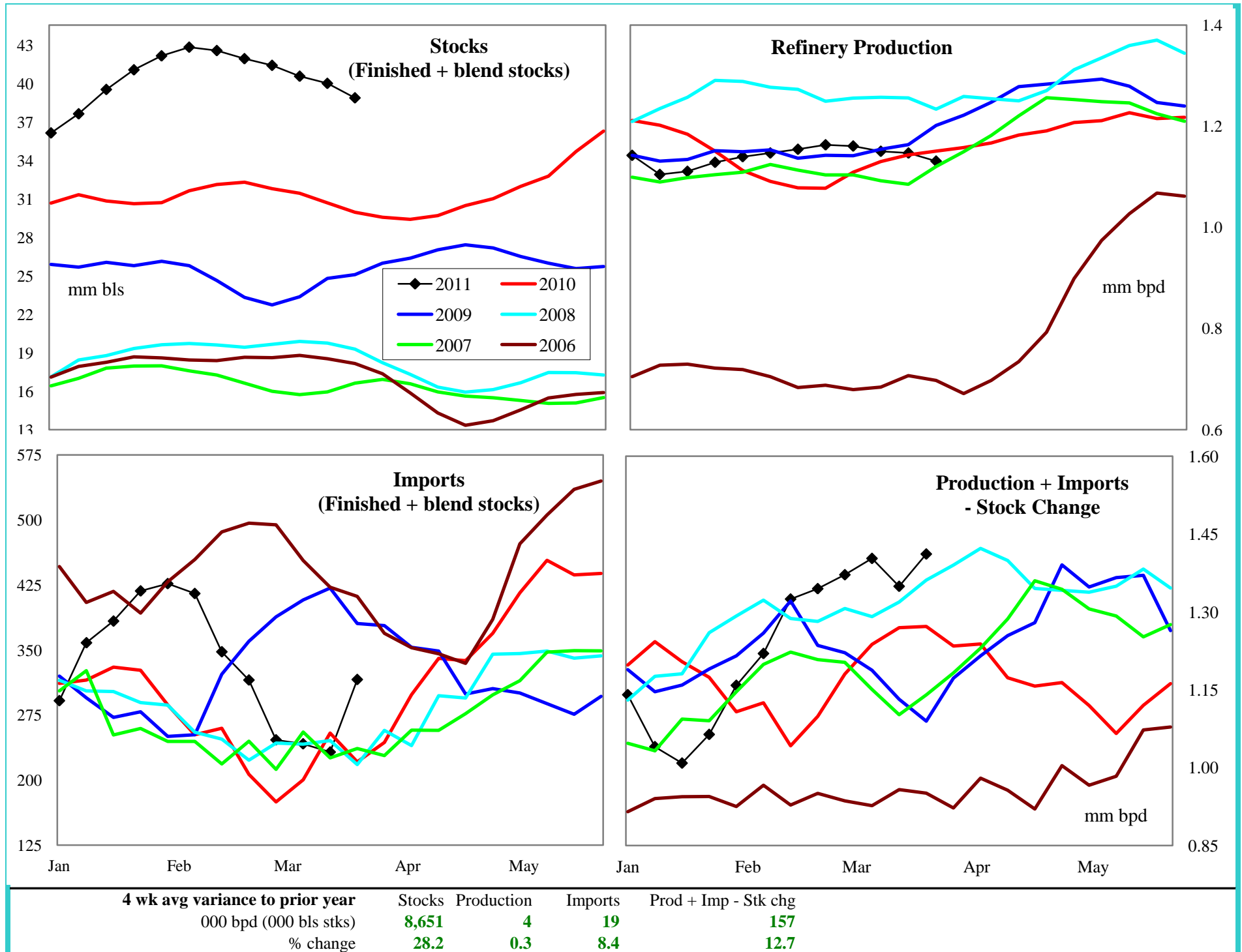
PADD 1 Gasoline Supply



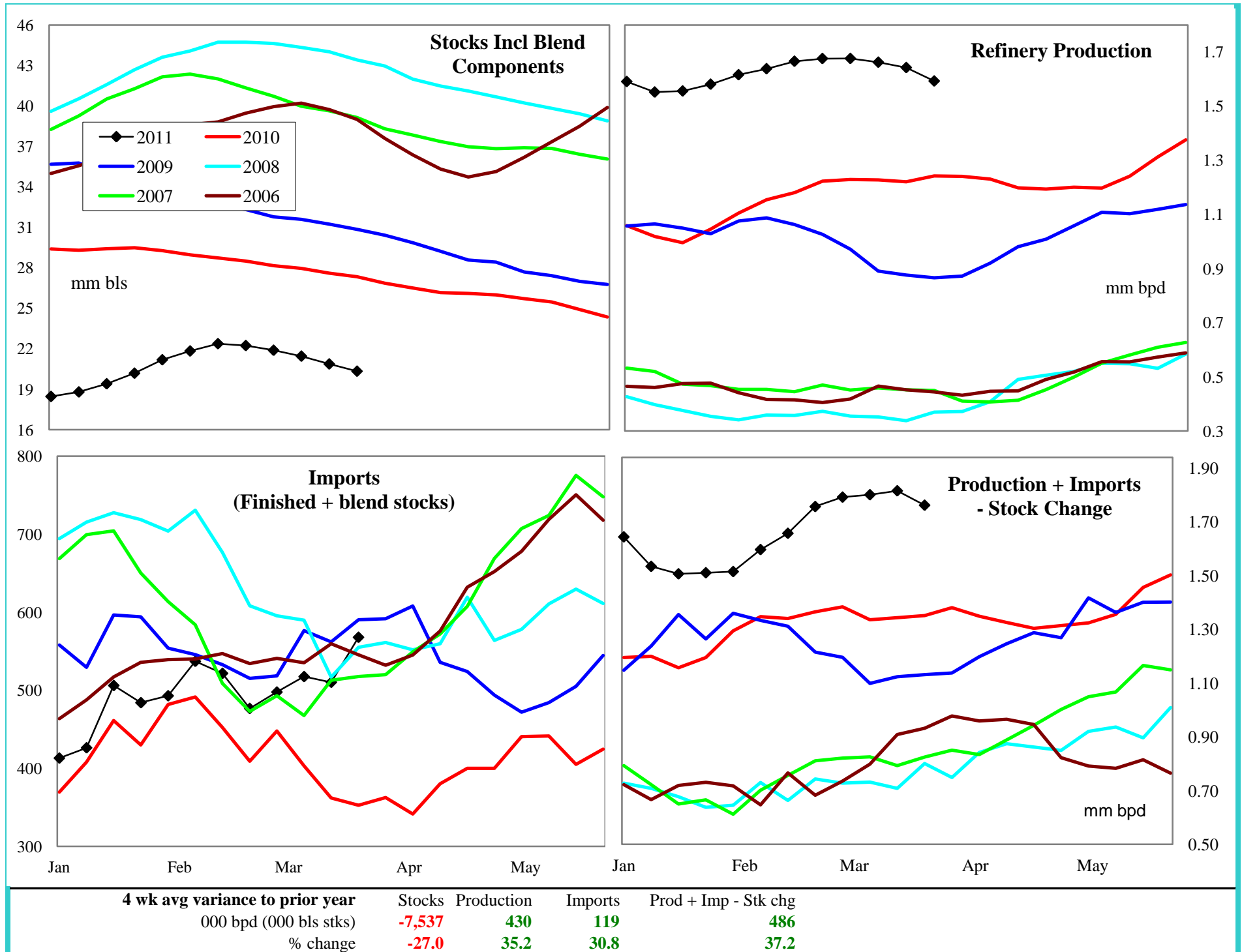
PADD 1 Gasoline Stocks by Region



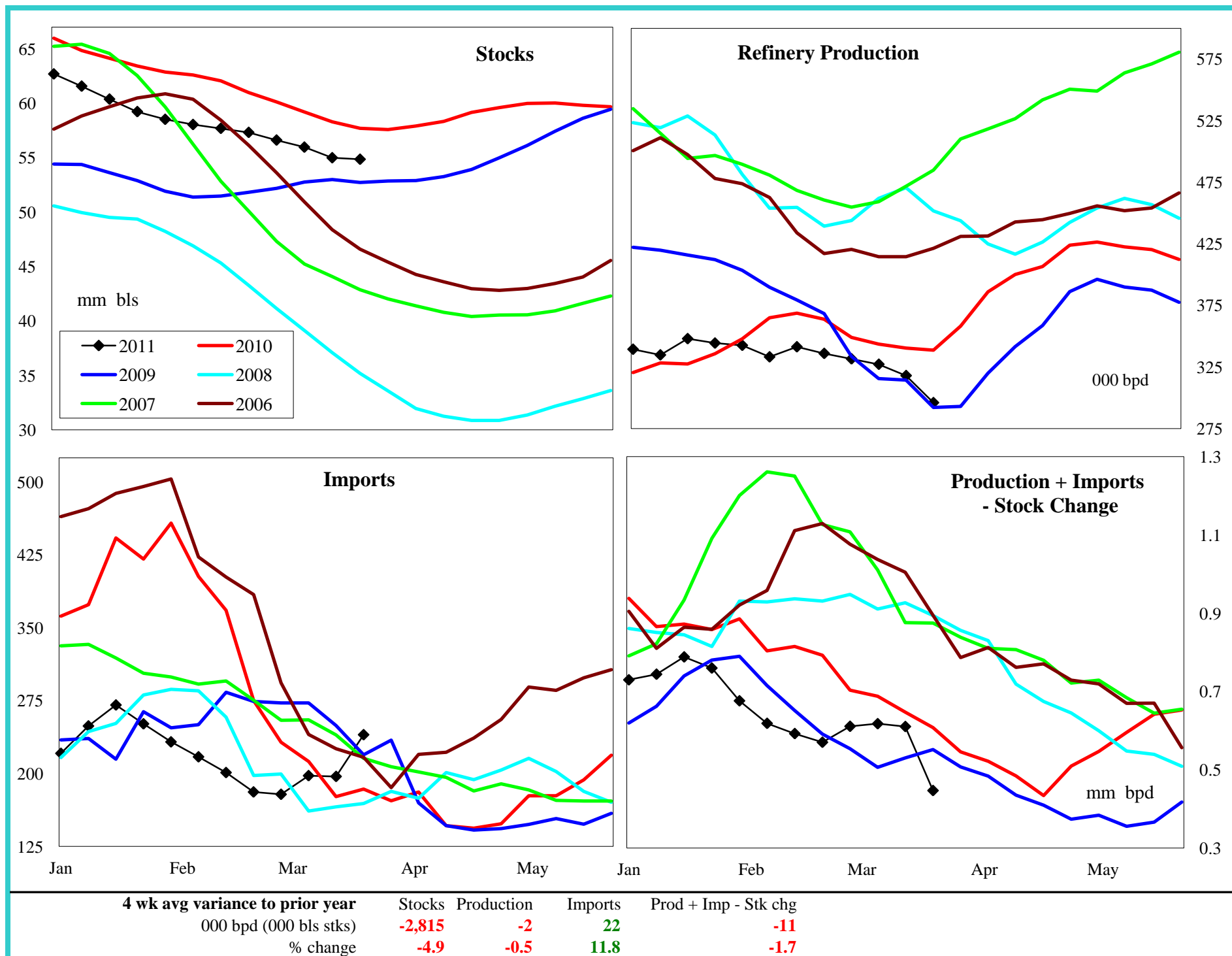
PADD 1 Reformulated Gasoline Supply



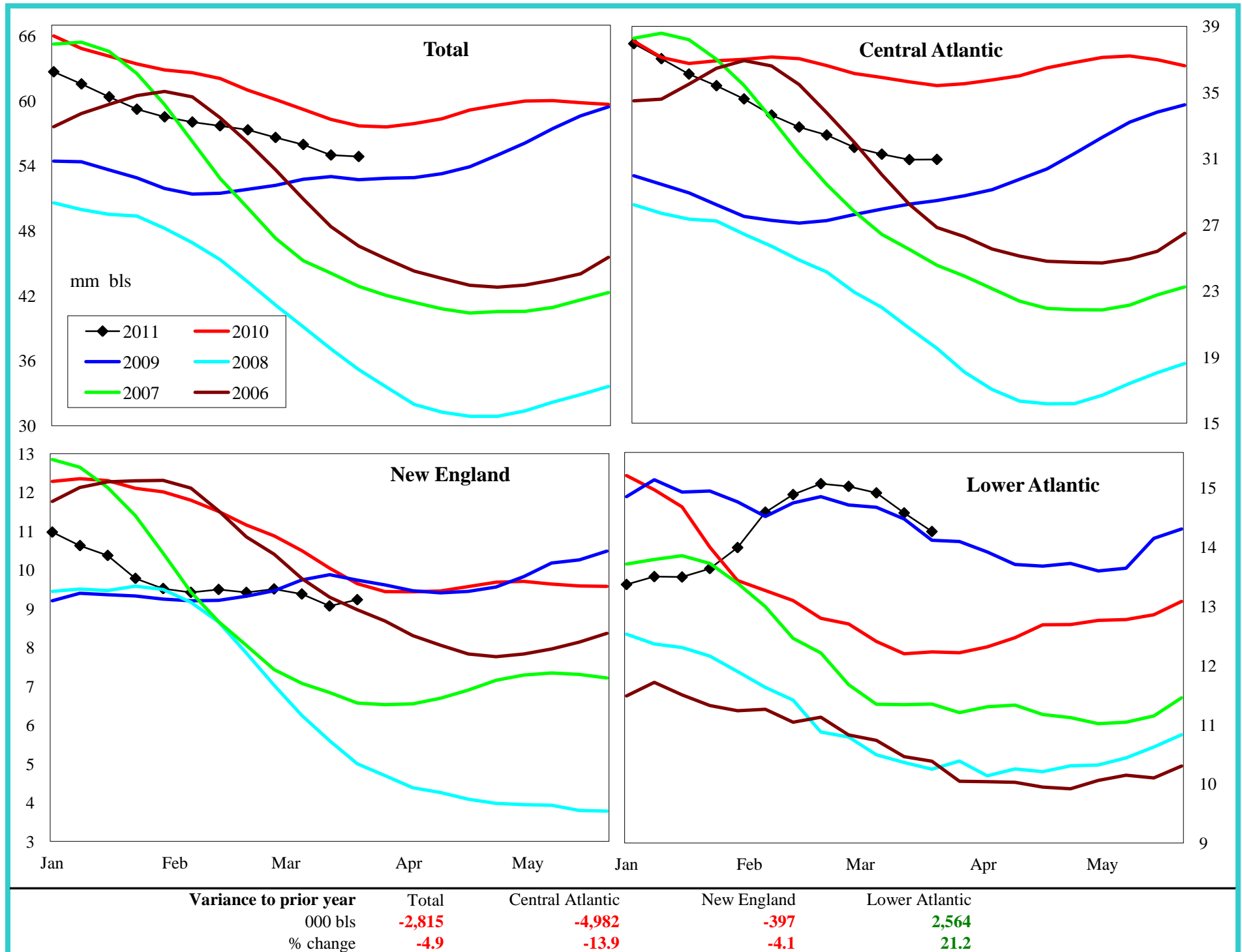
PADD 1 Conventional Gasoline Supply



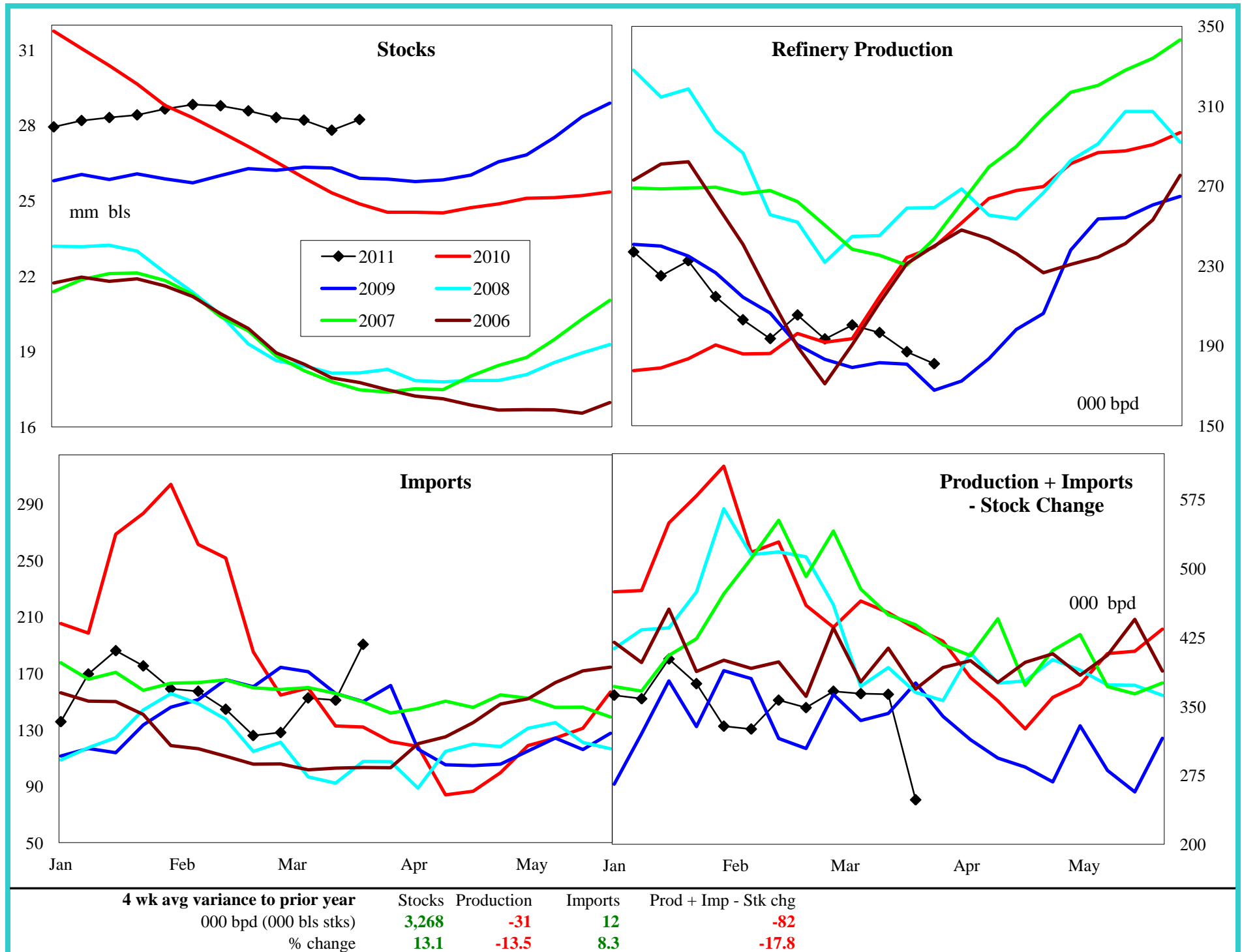
PADD 1 Distillate Supply



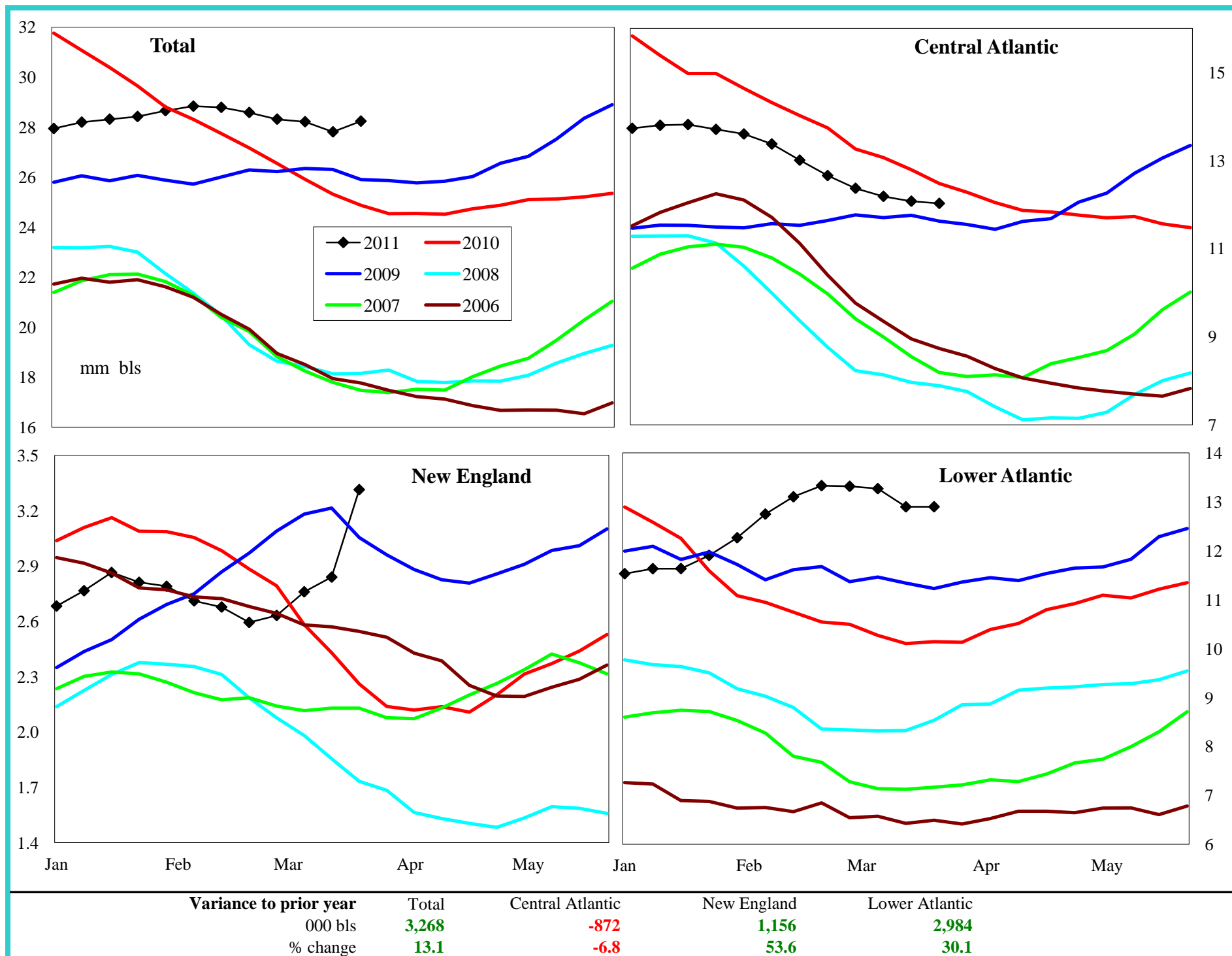
PADD 1 Distillate Stocks by Region



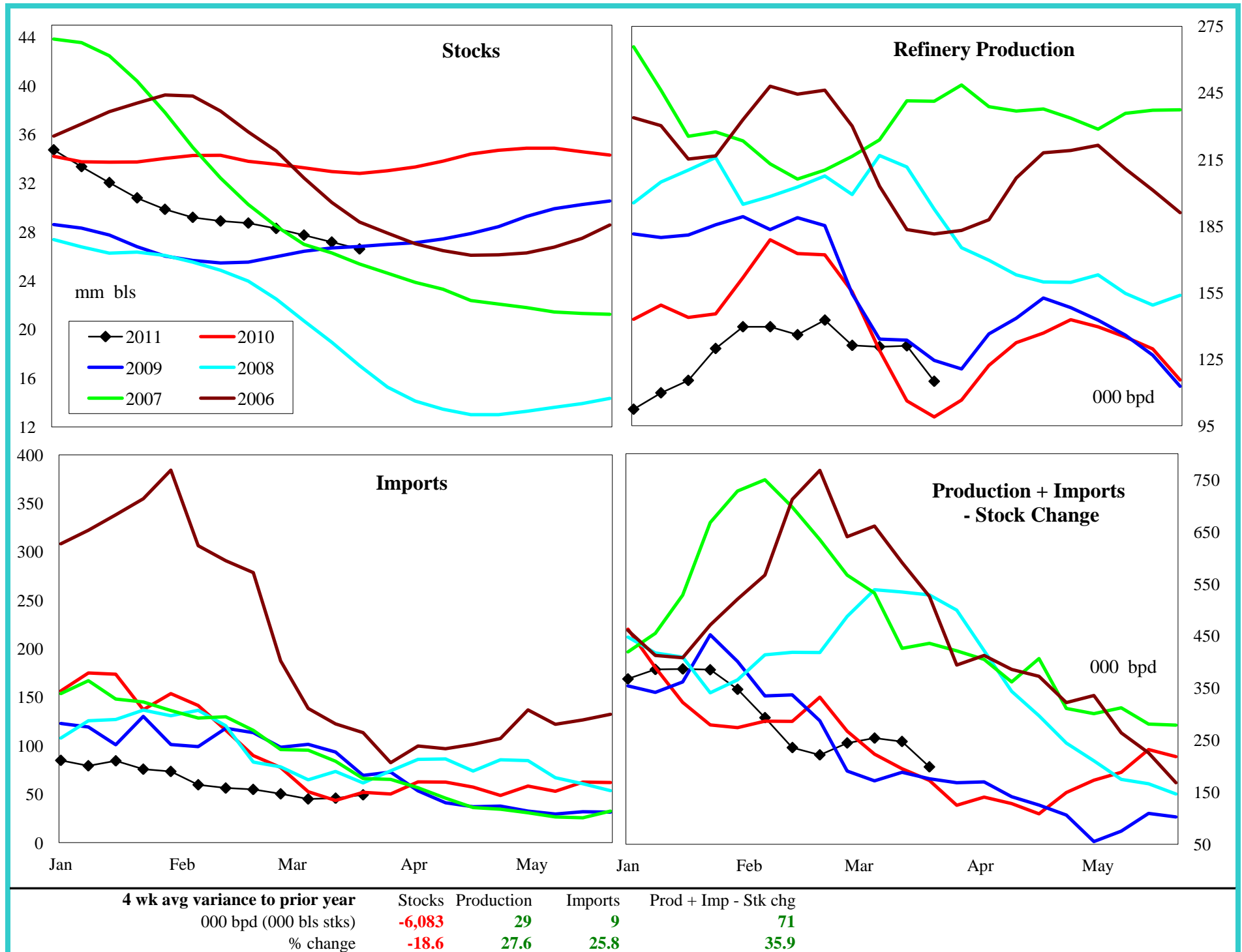
PADD 1 Low Sulfur Distillate Supply



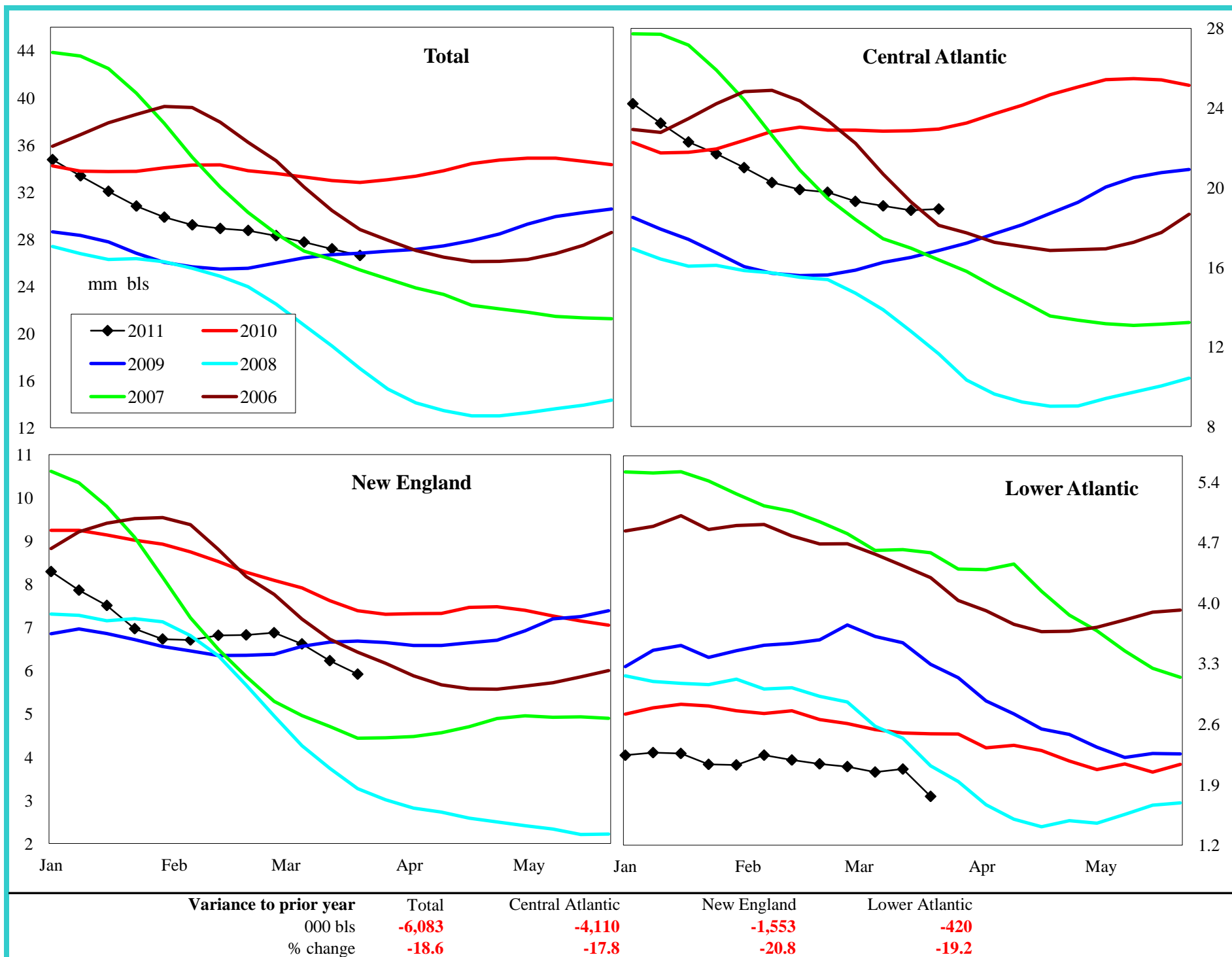
PADD 1 Low Sulfur Distillate Stocks by Region



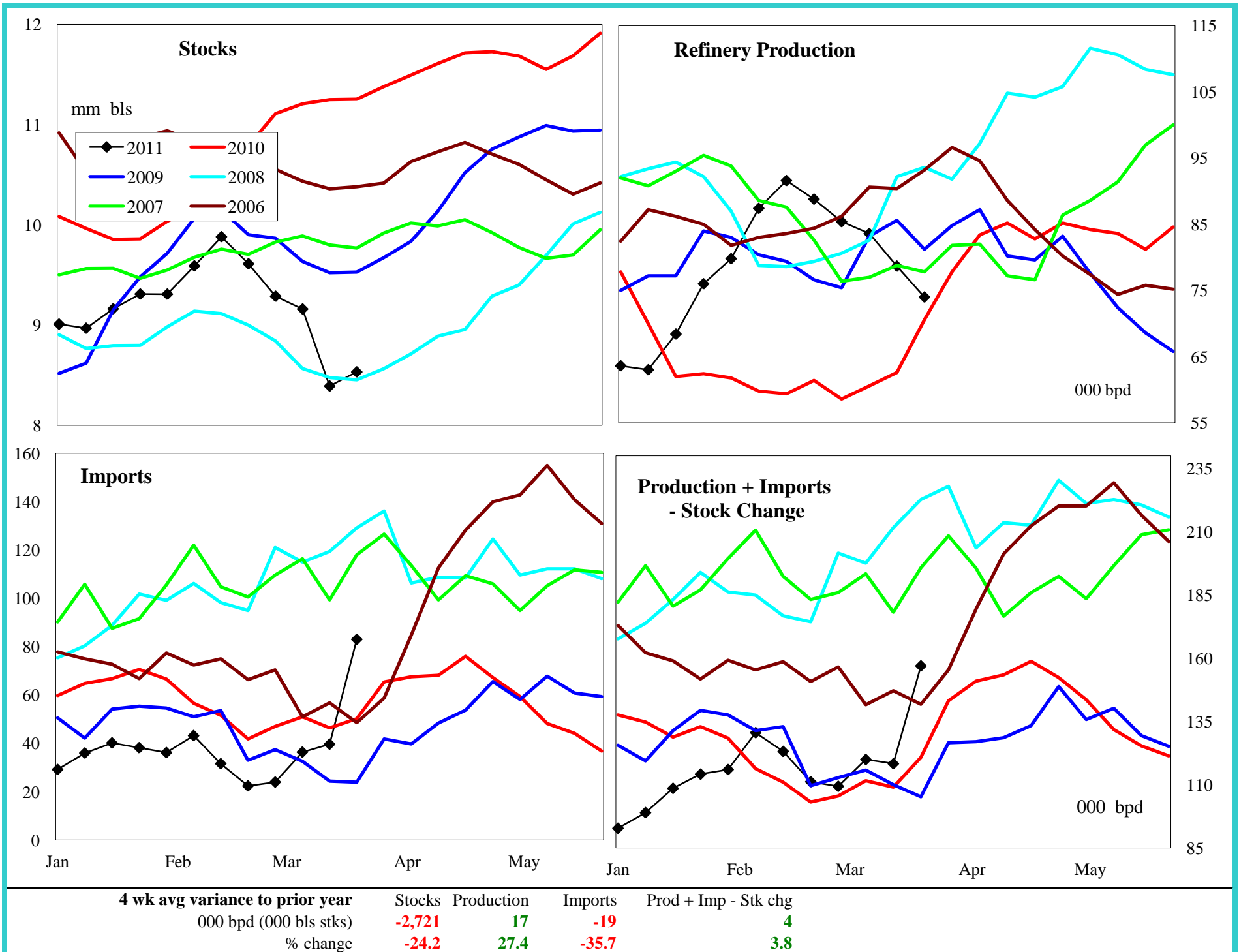
PADD 1 High Sulfur Distillate Supply



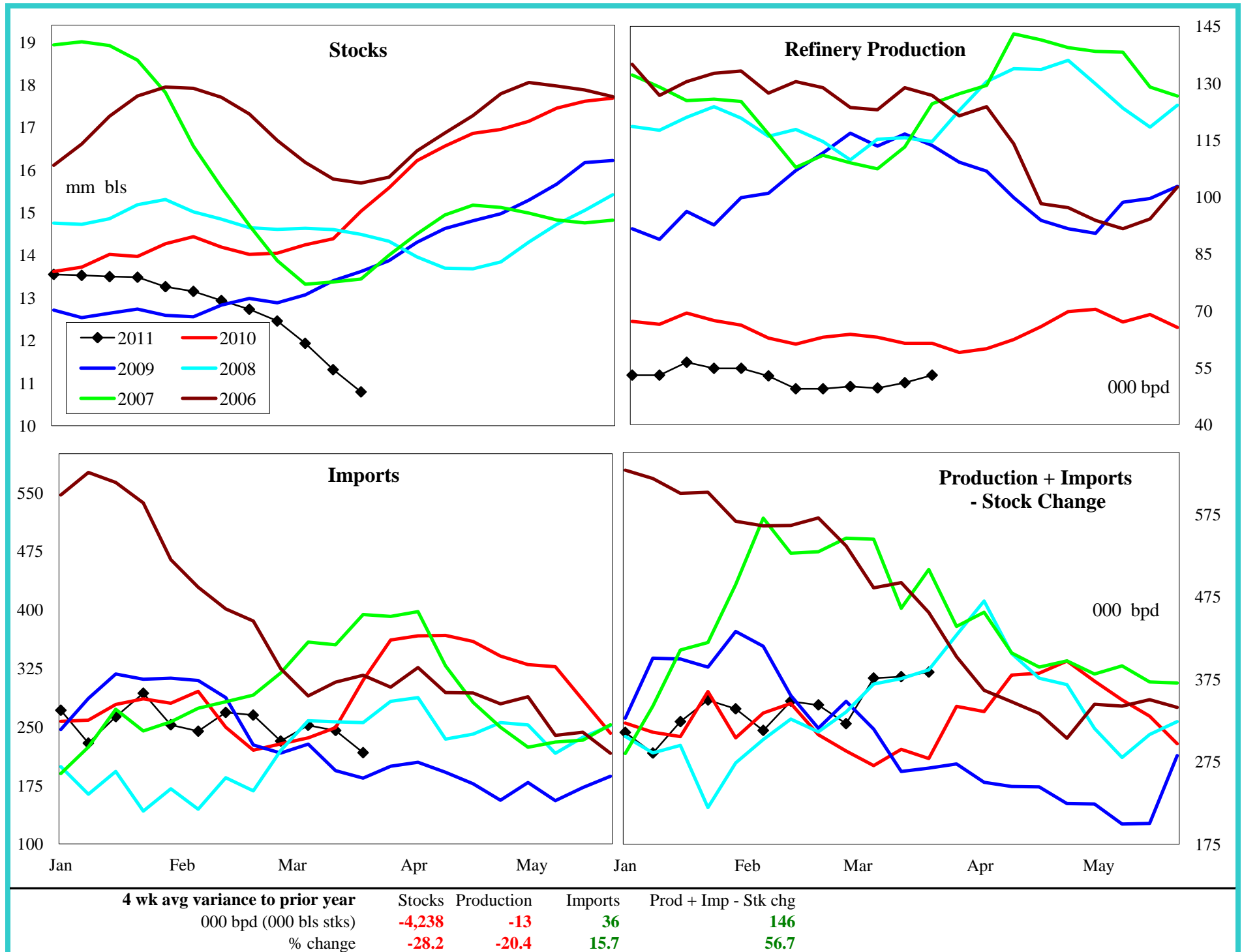
PADD 1 High Sulfur Distillate Stocks by Region



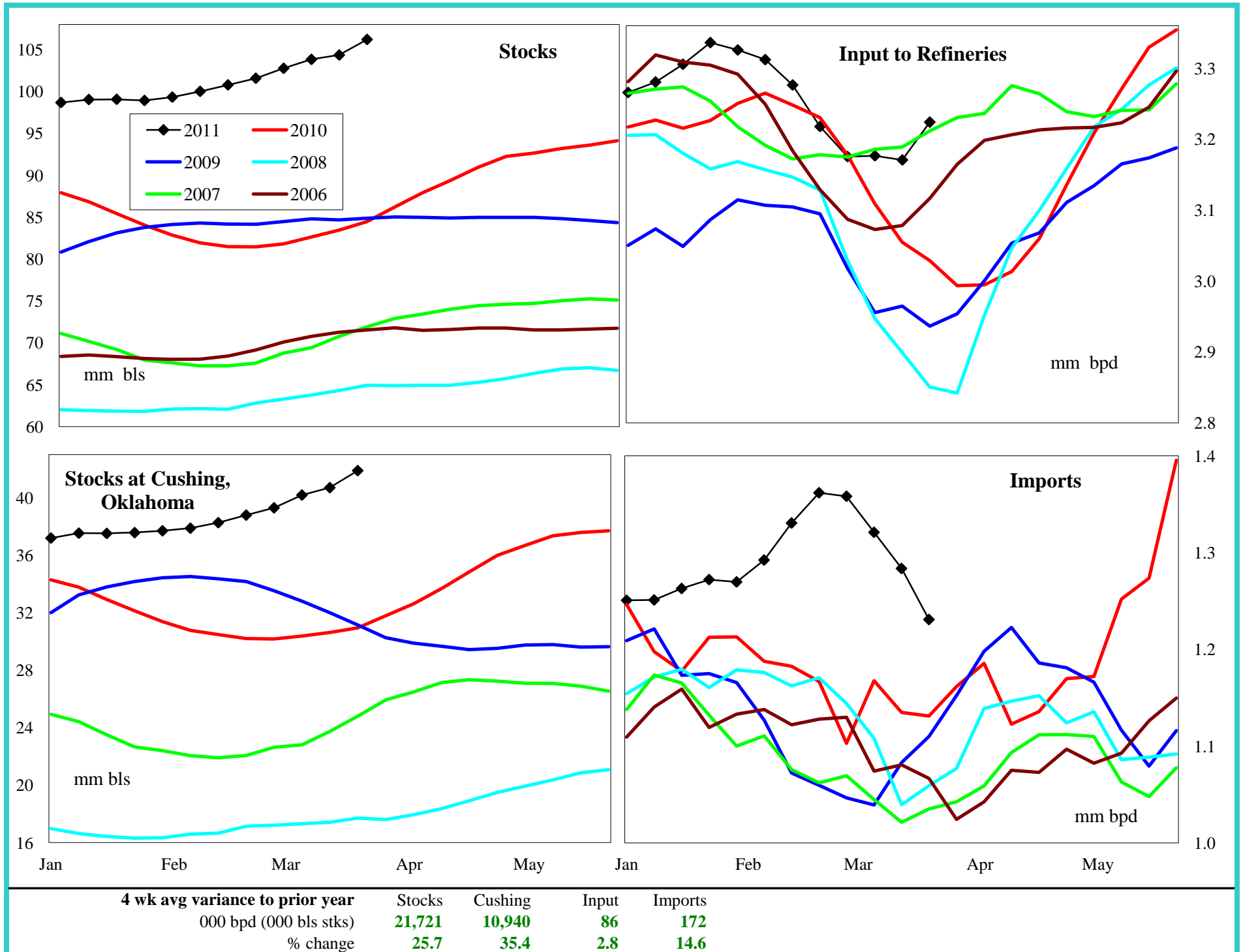
PADD 1 Jet Fuel Supply



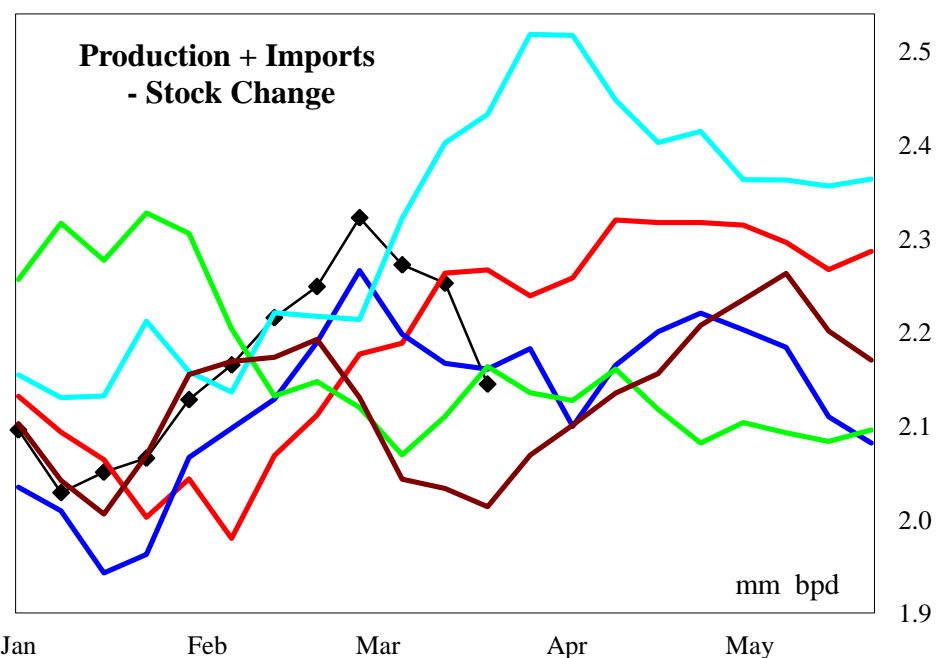
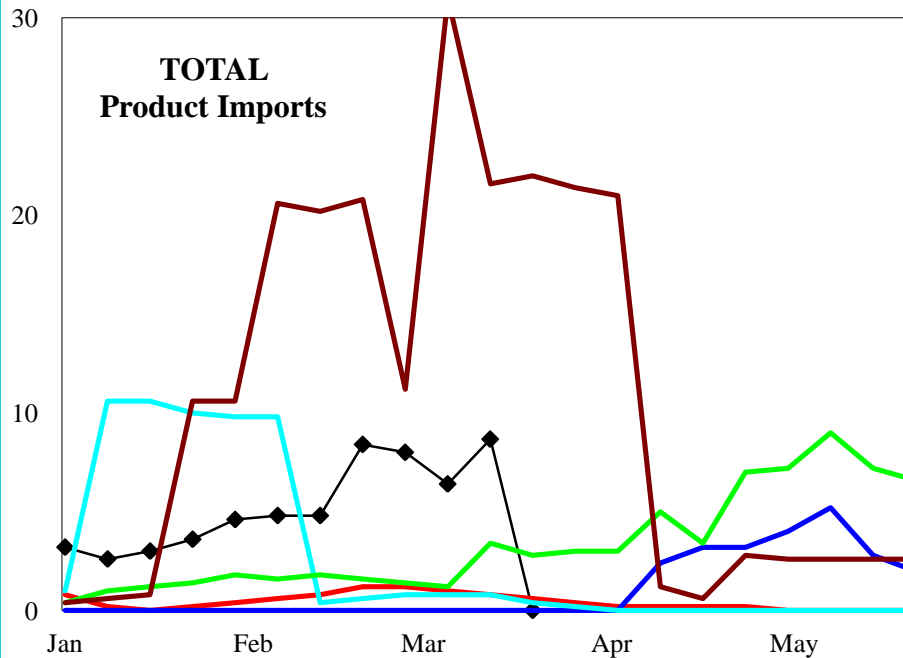
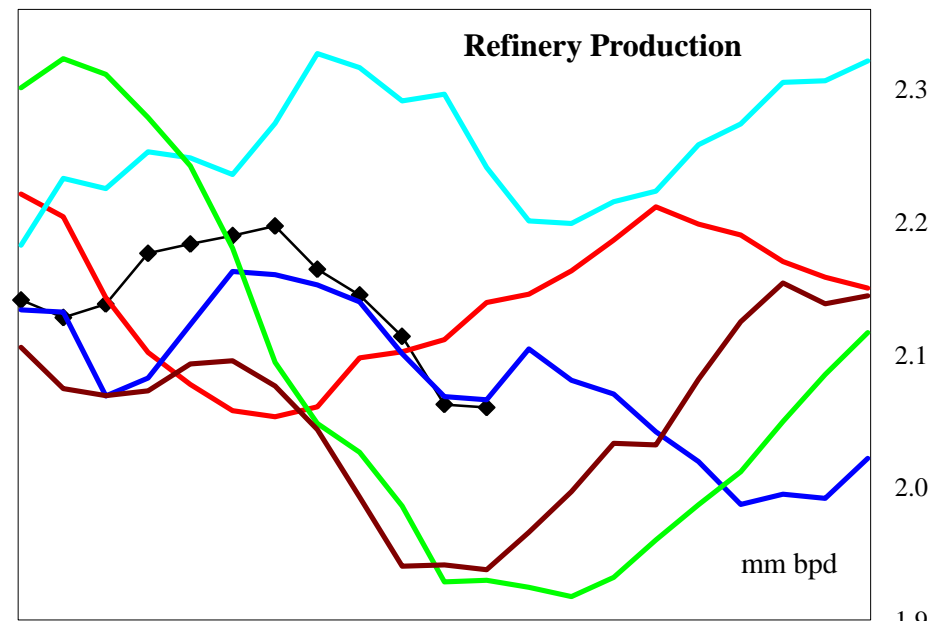
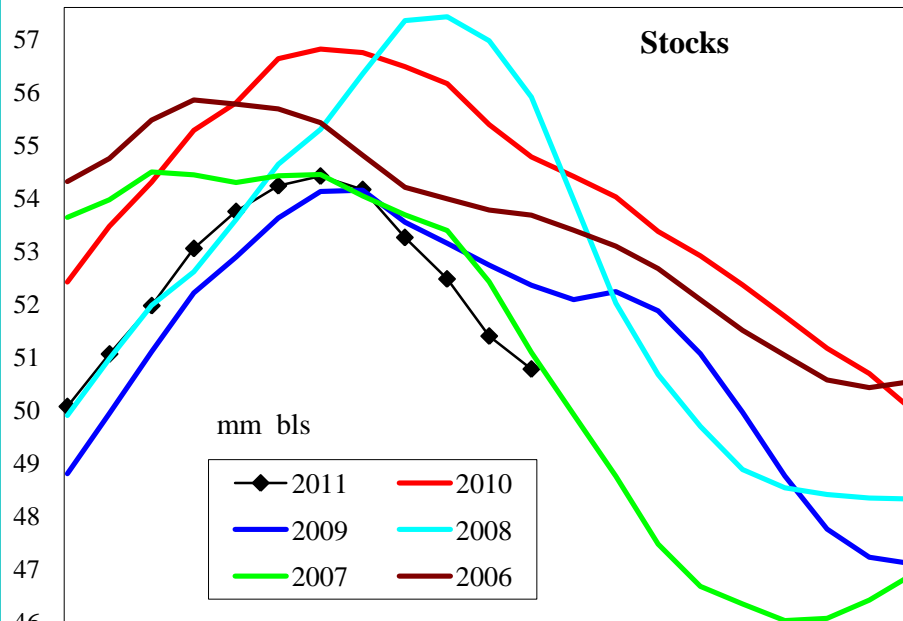
PADD 1 Residual Fuel Oil Supply



PADD 2 Crude Oil Supply and Refining



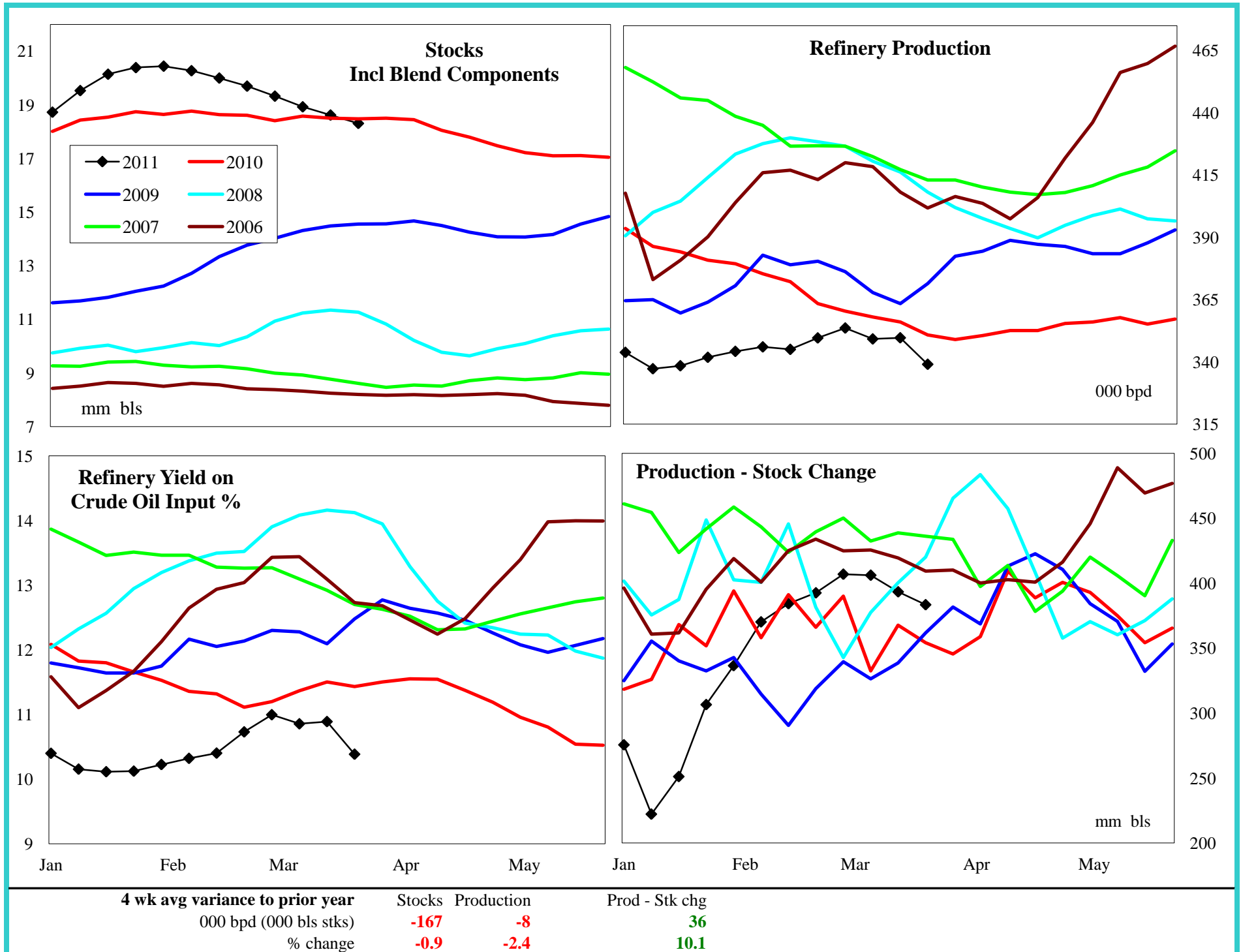
PADD 2 Gasoline Supply



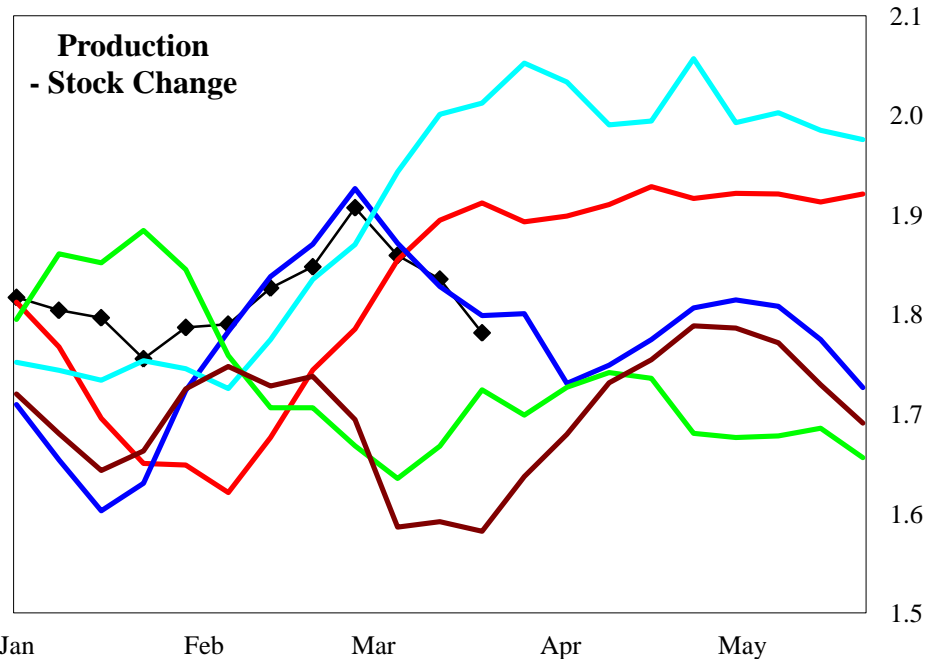
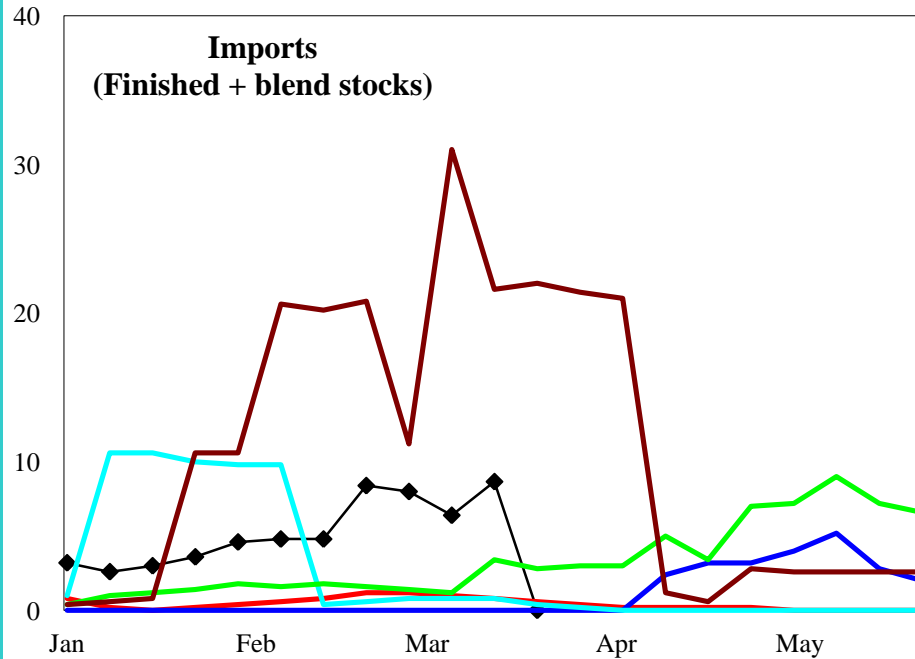
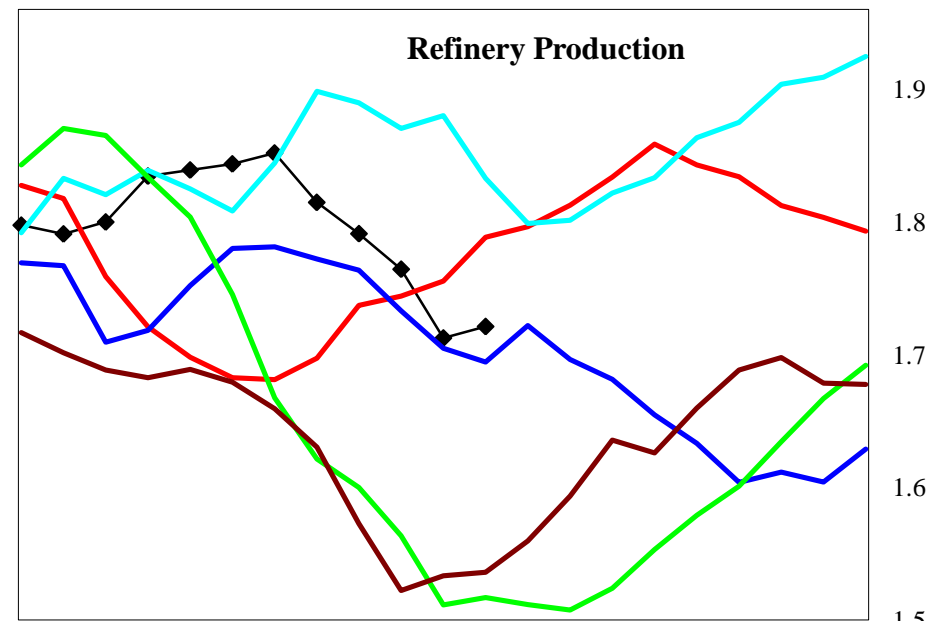
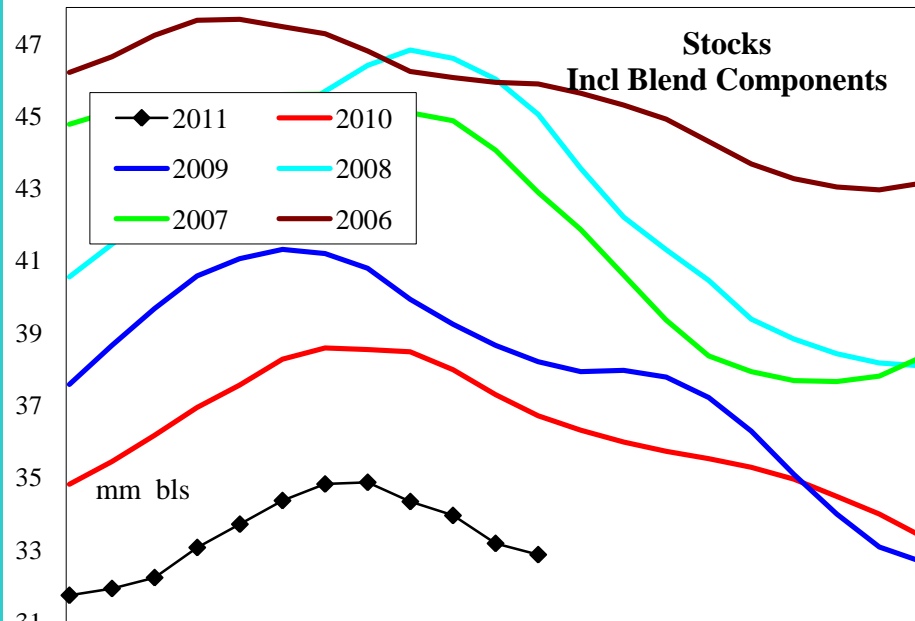
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
-4,006	-34	6	-24
-7.3	-1.6	600.0	-1.1

PADD 2 Reformulated Gasoline Supply



PADD 2 Conventional Gasoline Supply

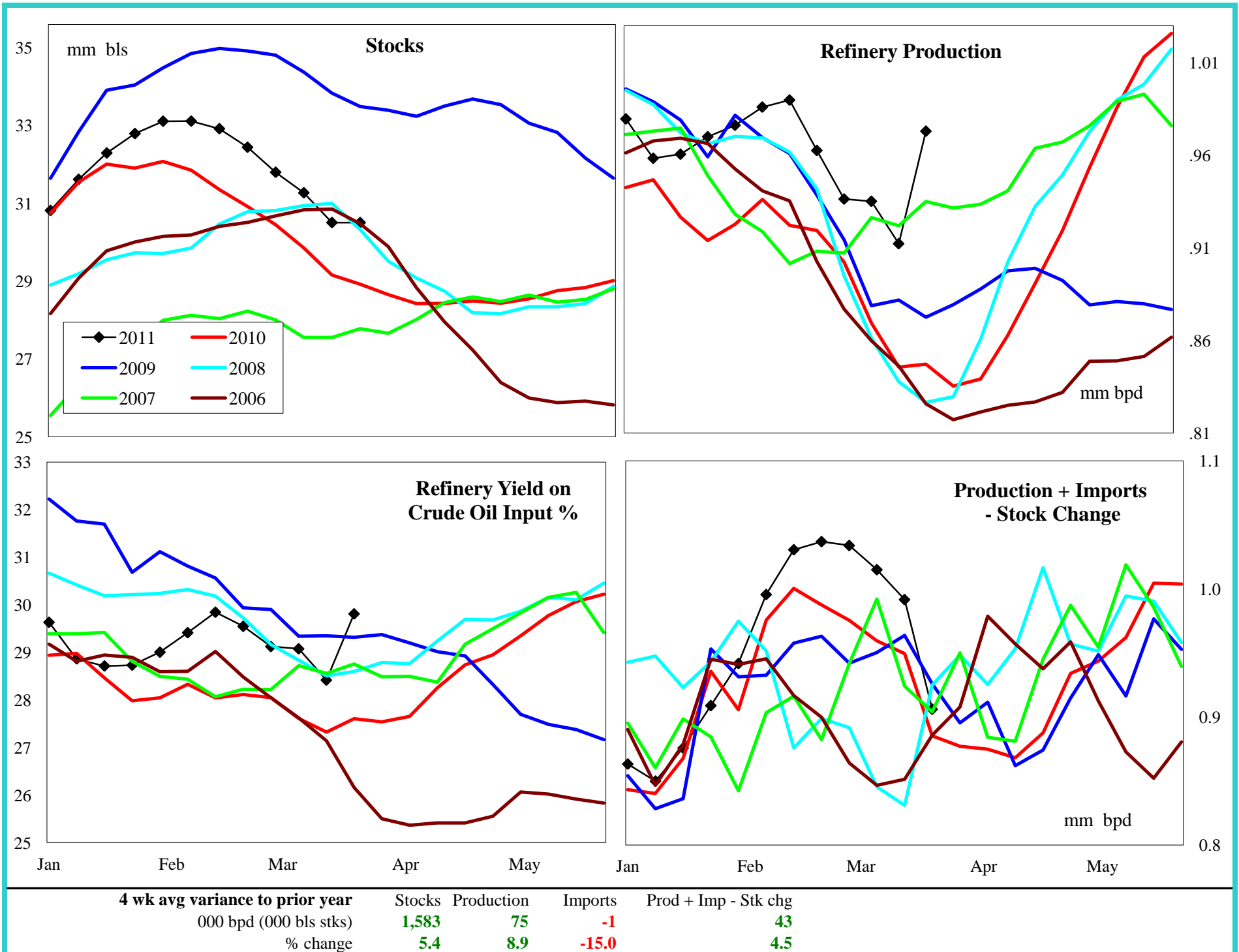


4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

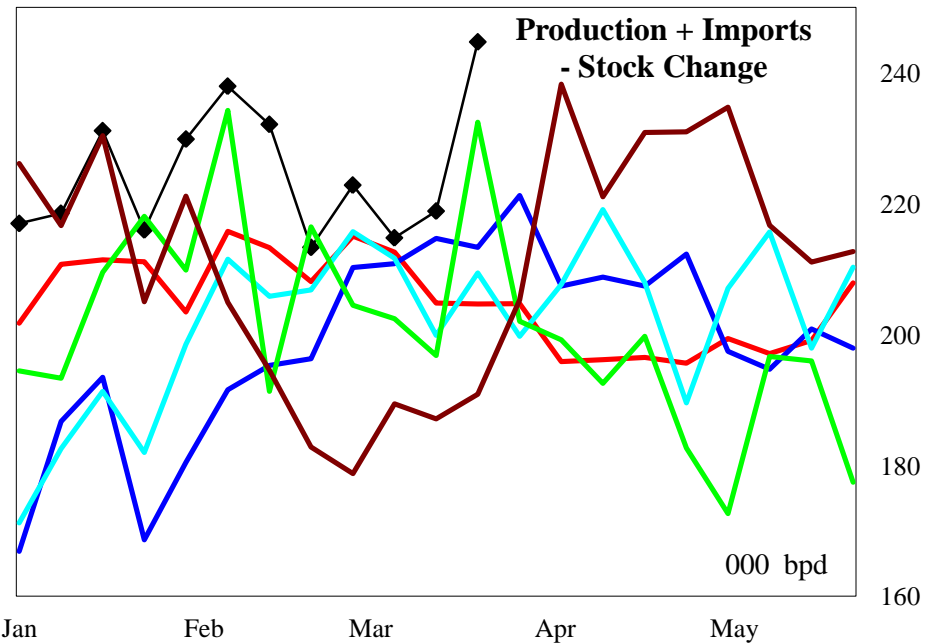
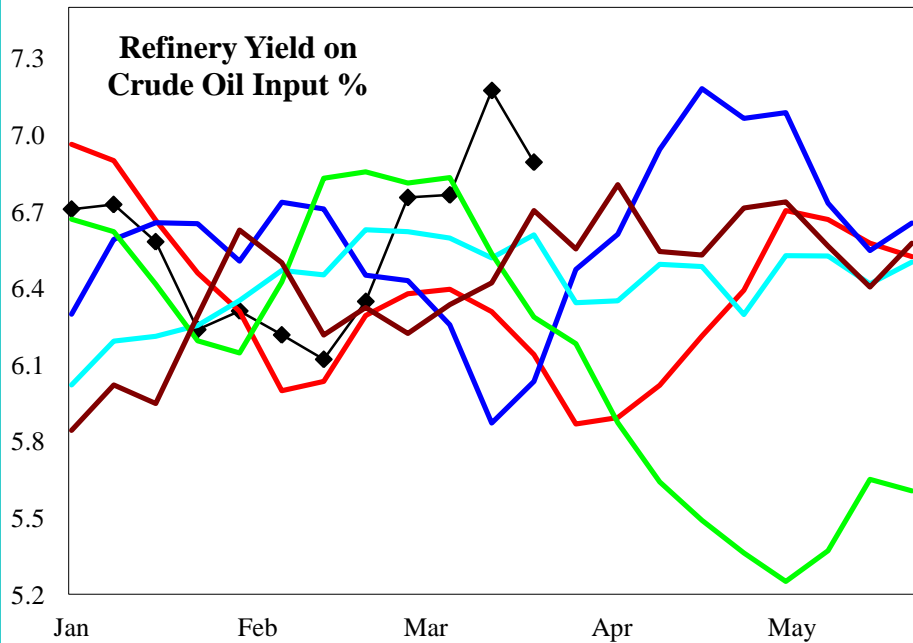
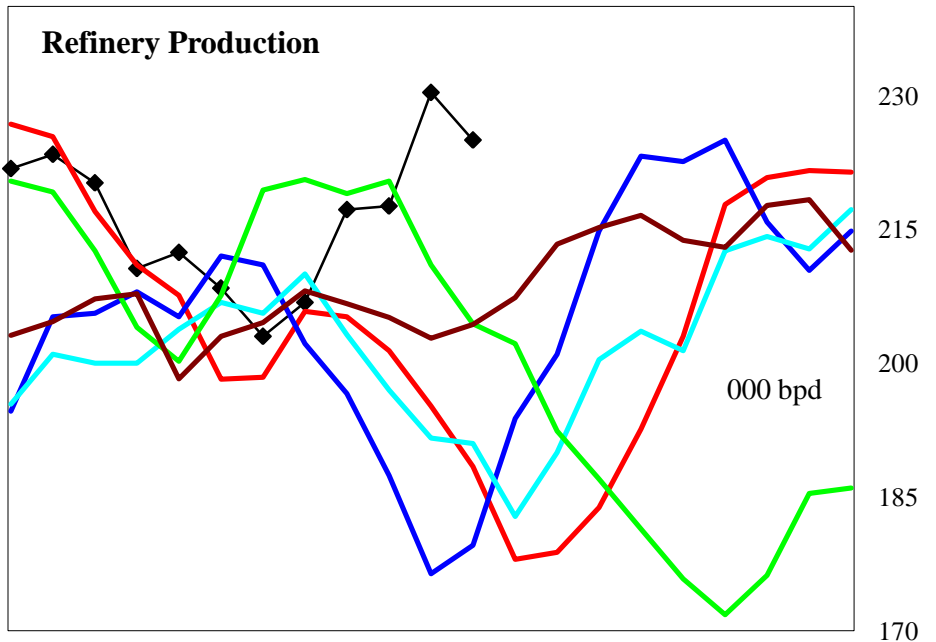
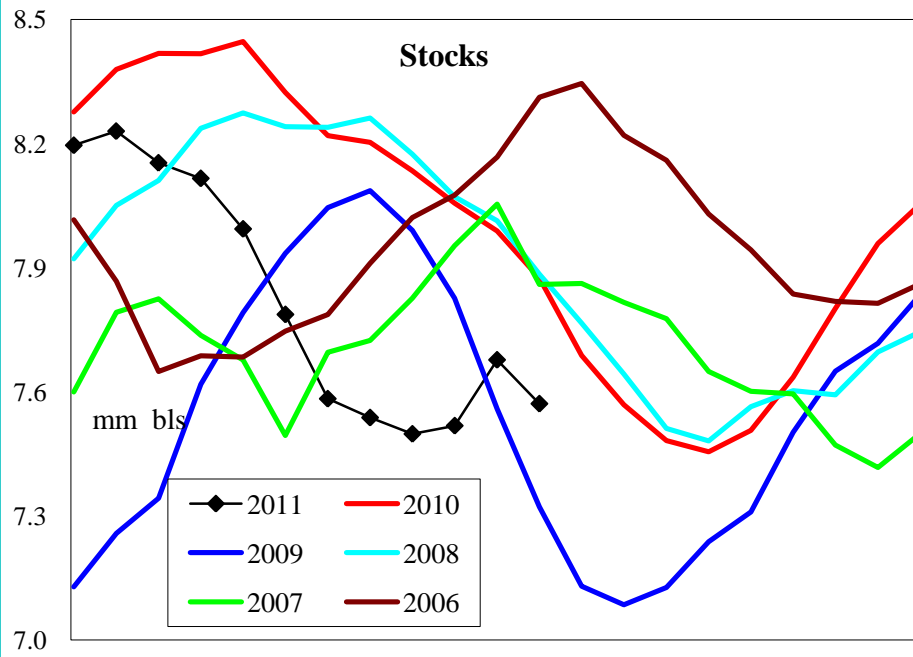
Stocks Production
-3,454 **-21**
-9.5 **-1.2**

Prod - Stk chg
-39
-2.0

PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-304

-3.9

Production

21

10.4

Imports

0

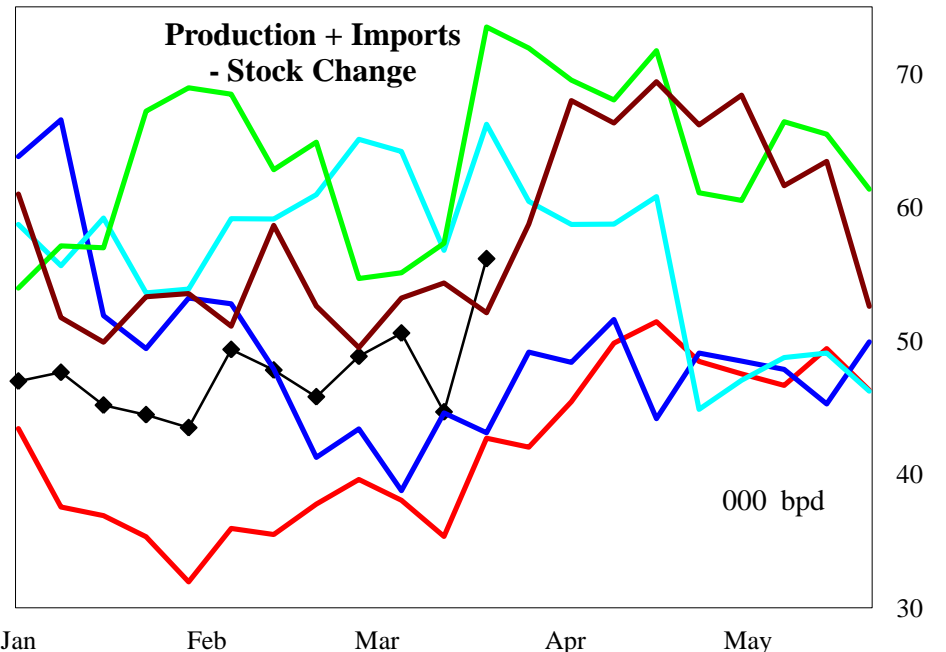
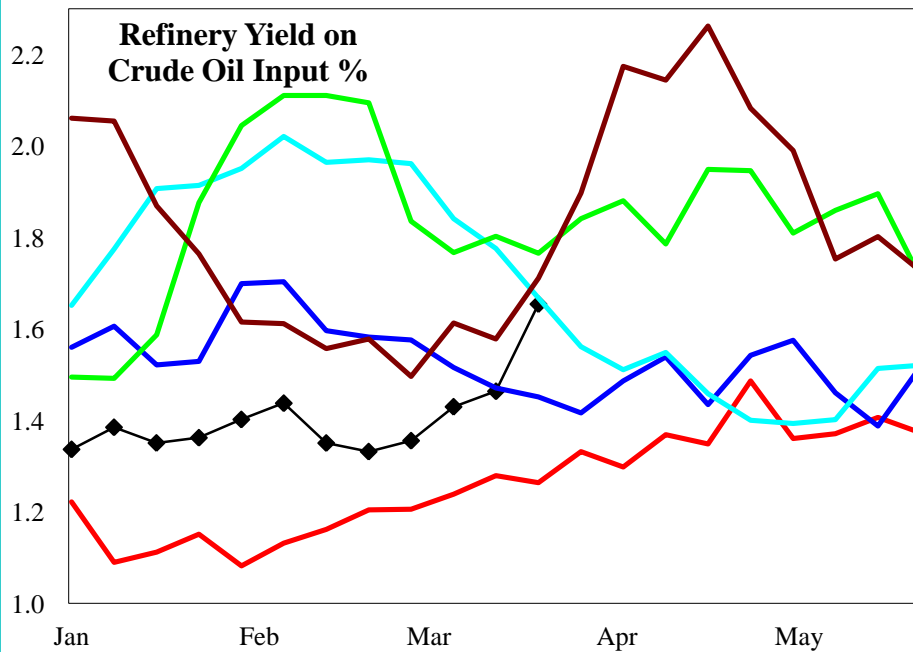
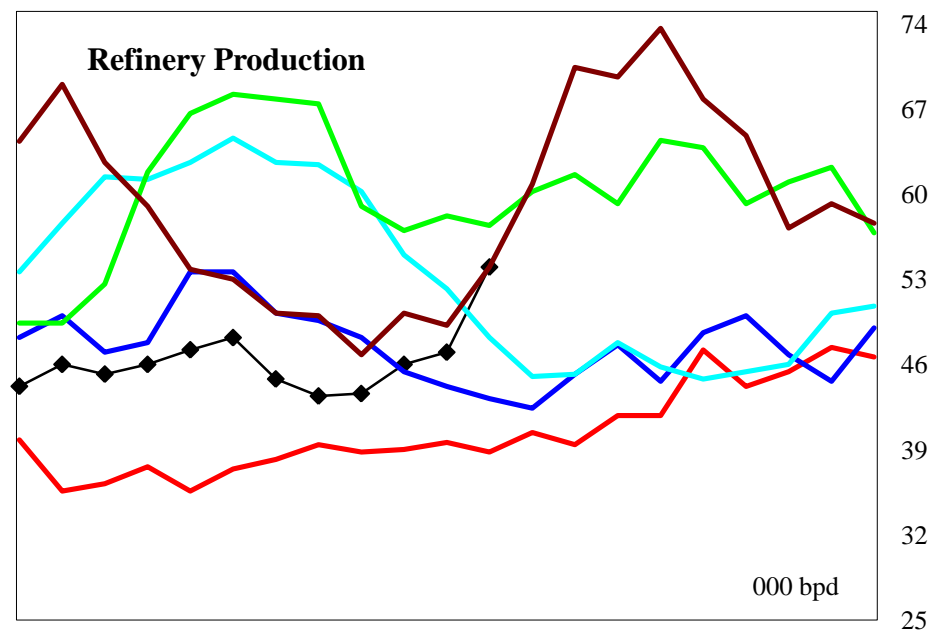
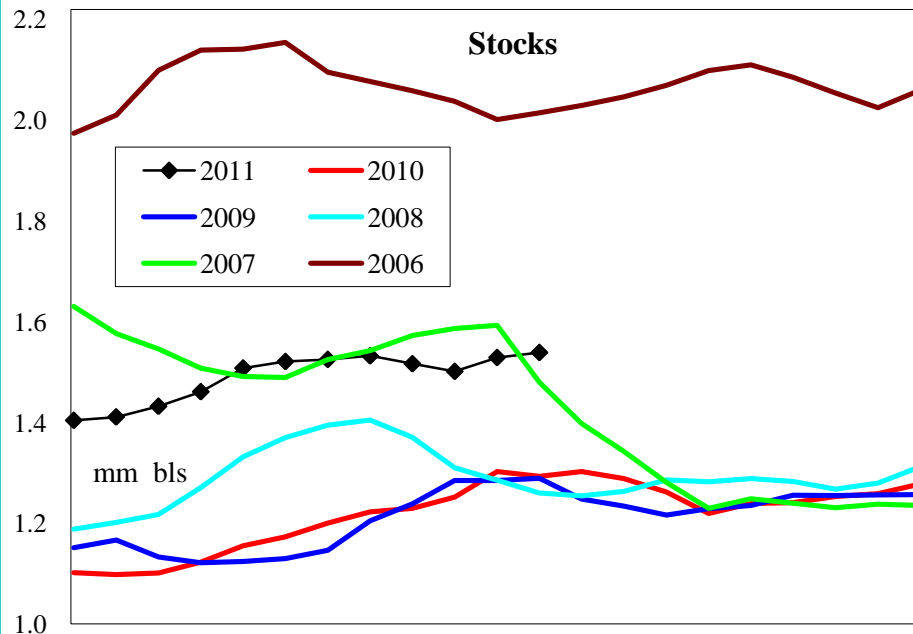
#DIV/0!

Prod + Imp - Stk chg

4

1.9

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

246

6

0

10

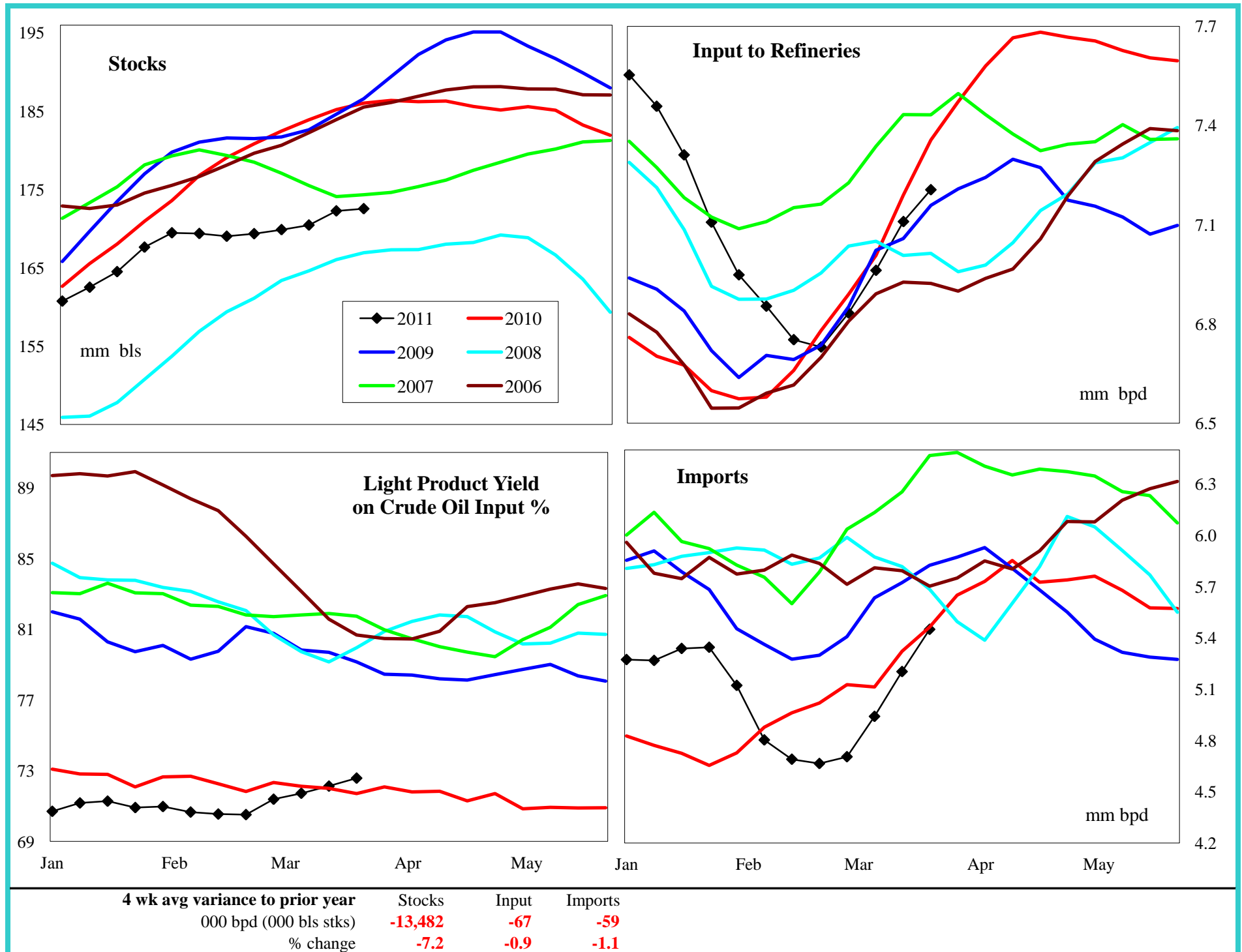
18.7

16.2

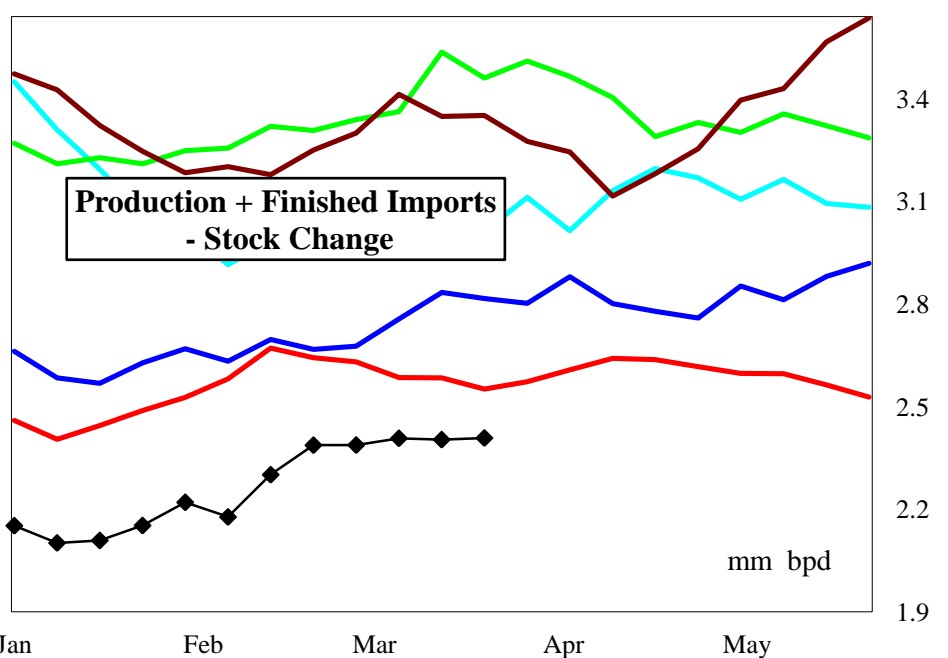
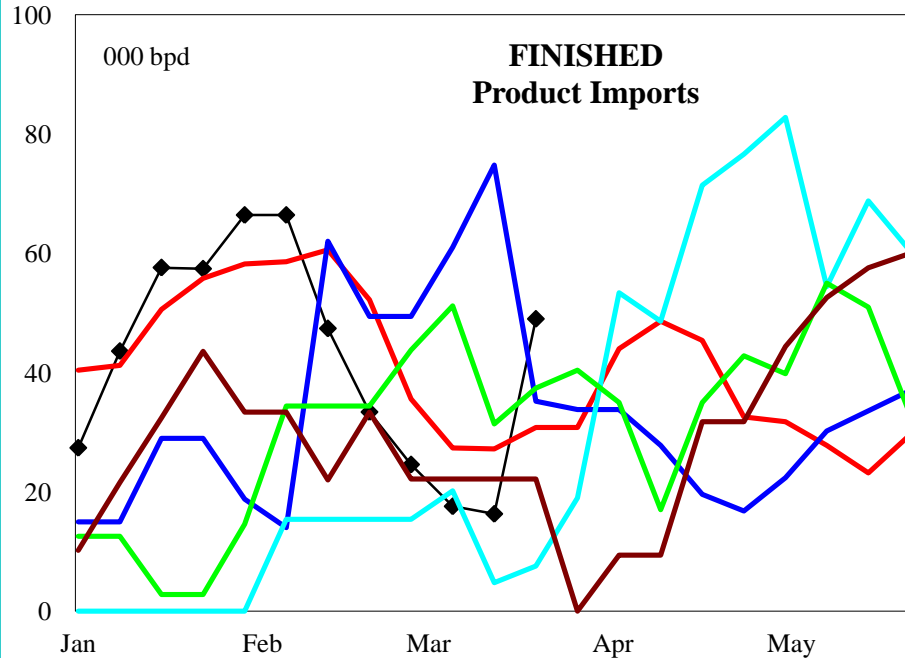
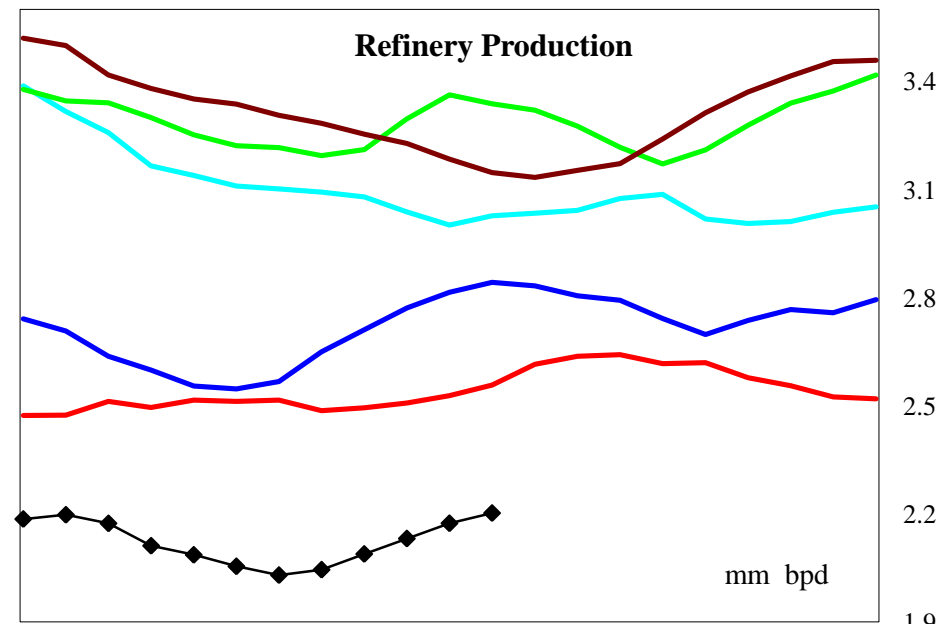
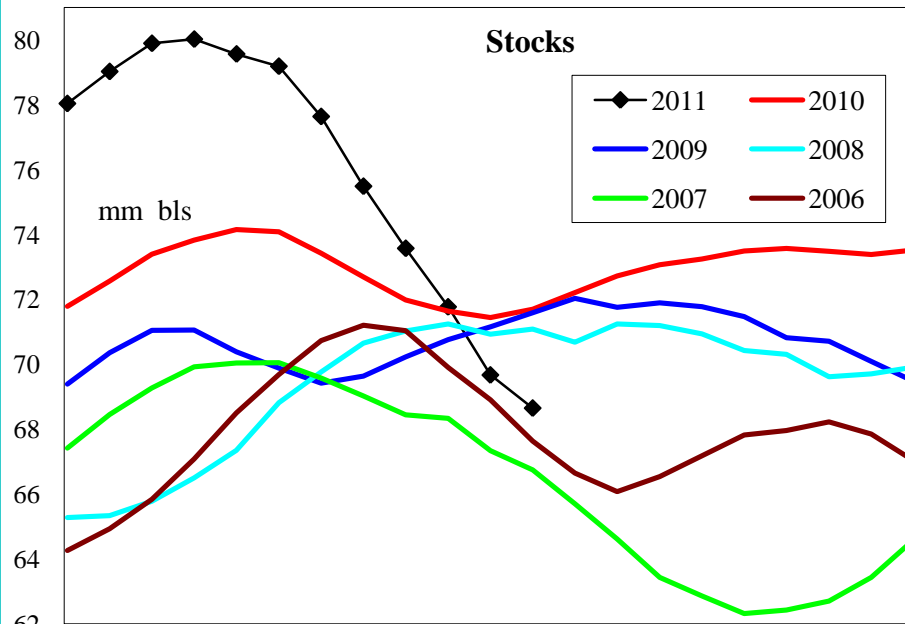
-10.0

30.2

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

-3,552

-4.9

Production

-352

-14.1

Fin Impt

-11

-47.9

Blend Impt

82

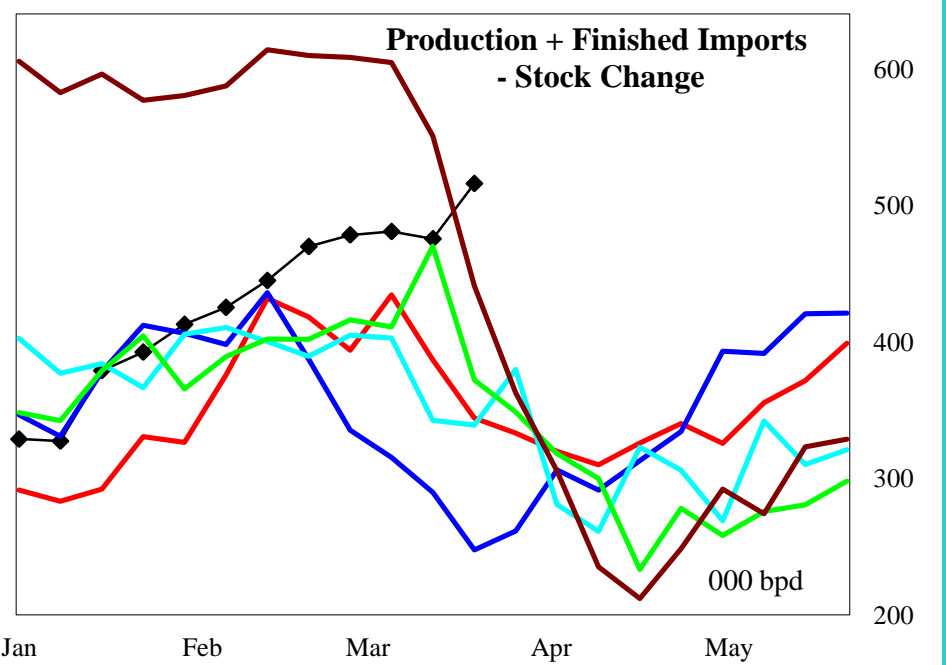
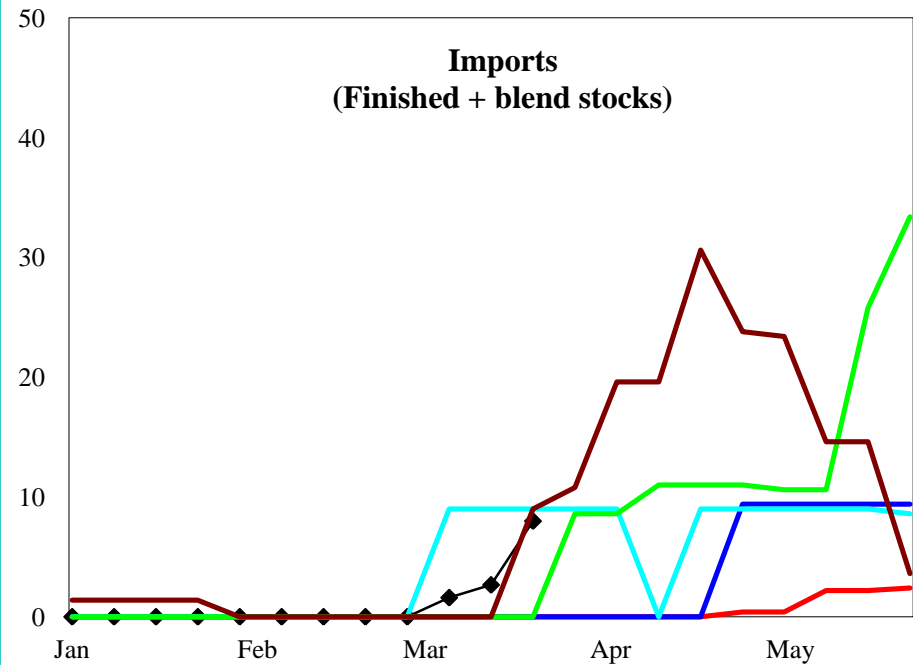
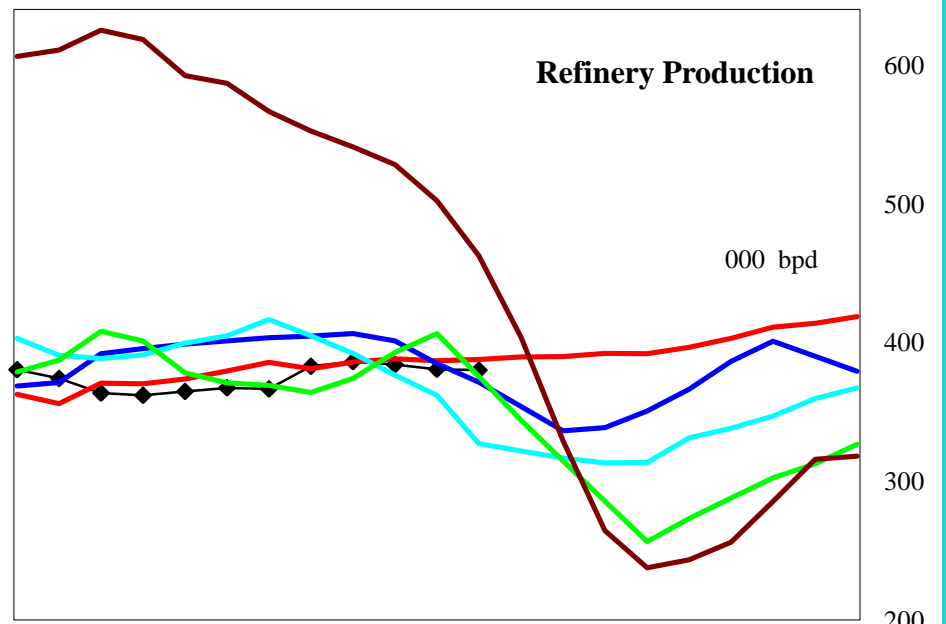
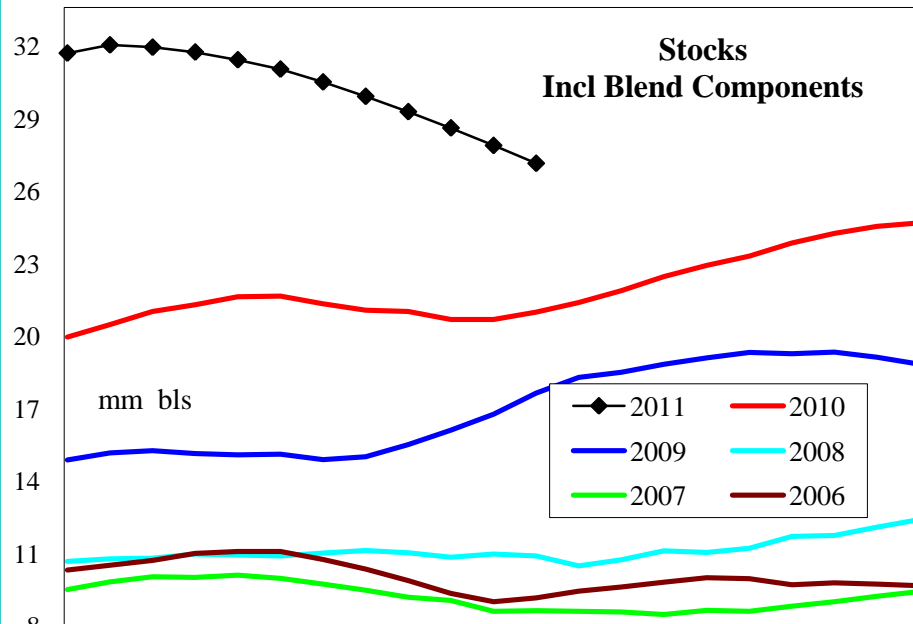
189.5

Prod + Imp - Stk chg

-116

-4.5

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

6,397

30.2

Production

-6

-1.4

Imports

2

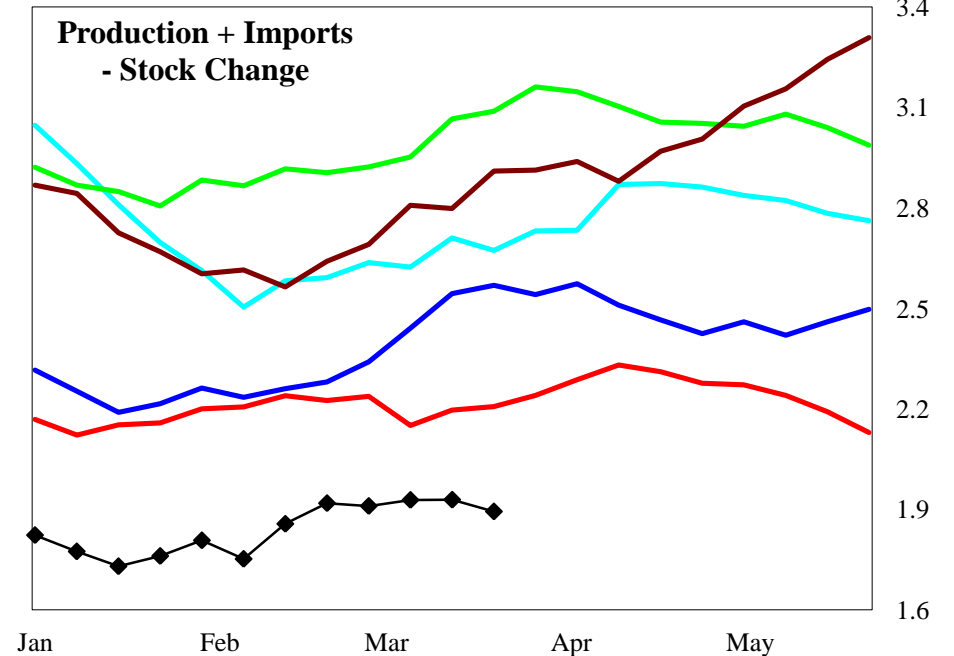
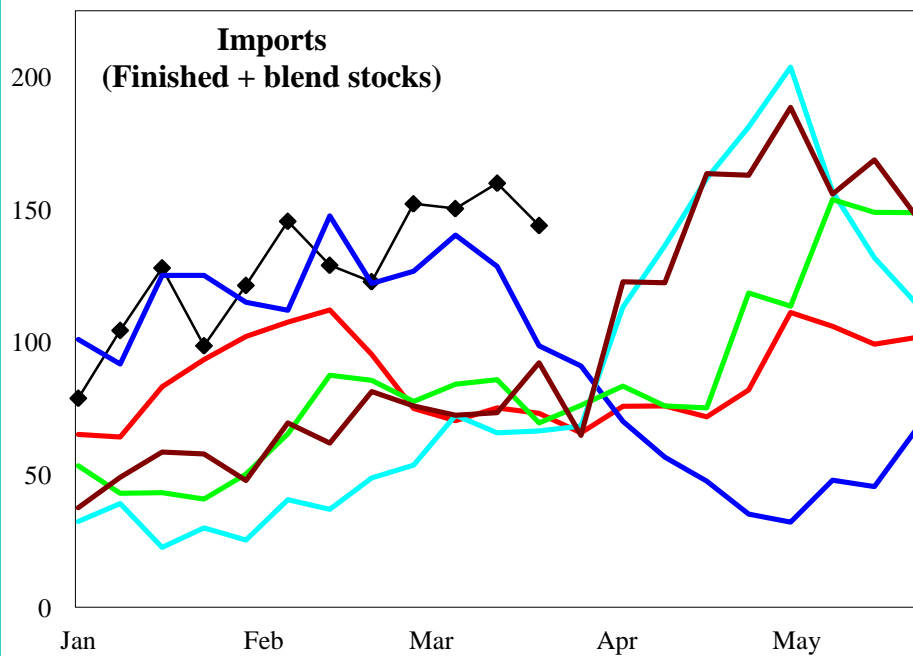
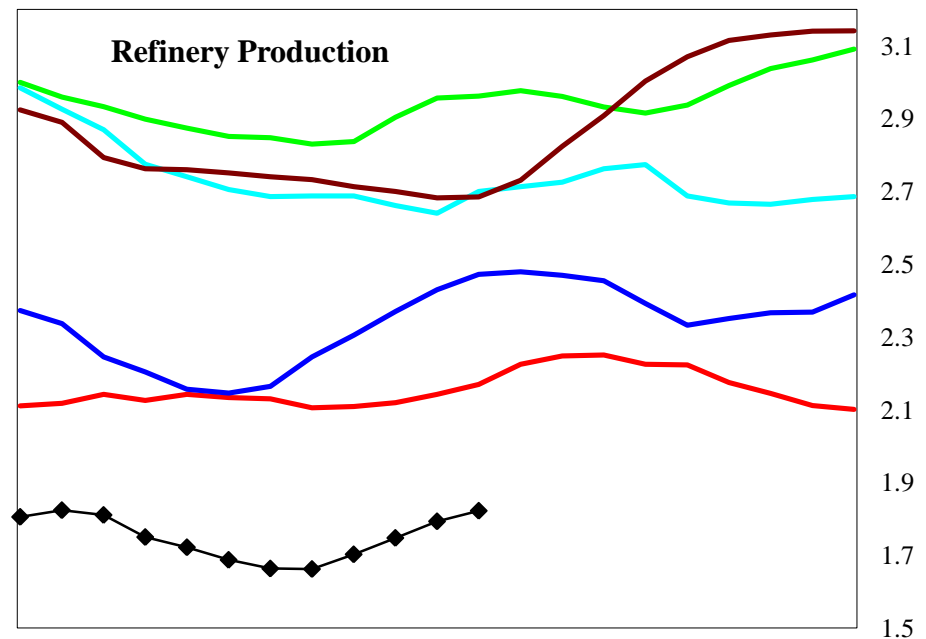
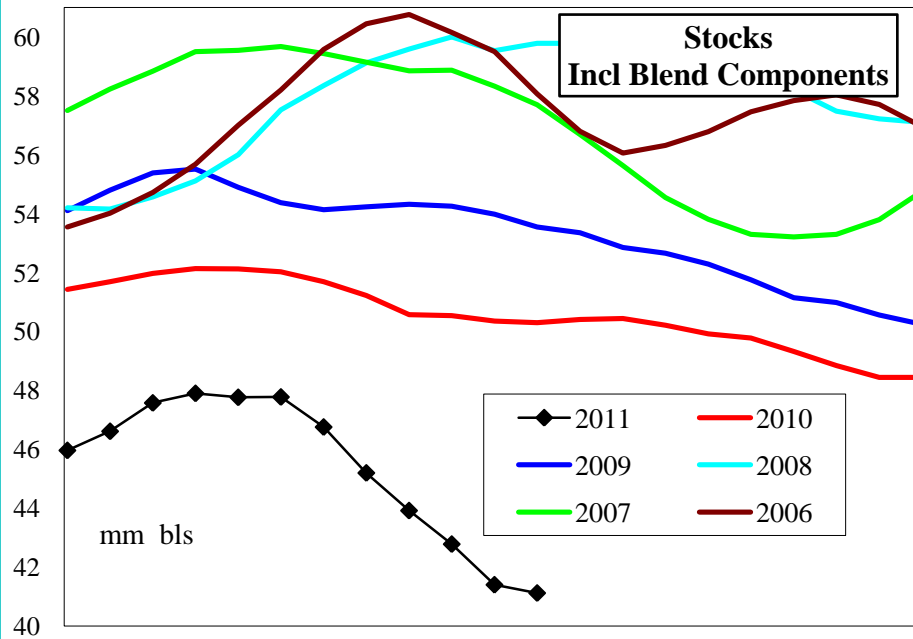
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Prod + Imp - Stk chg

76

18.2

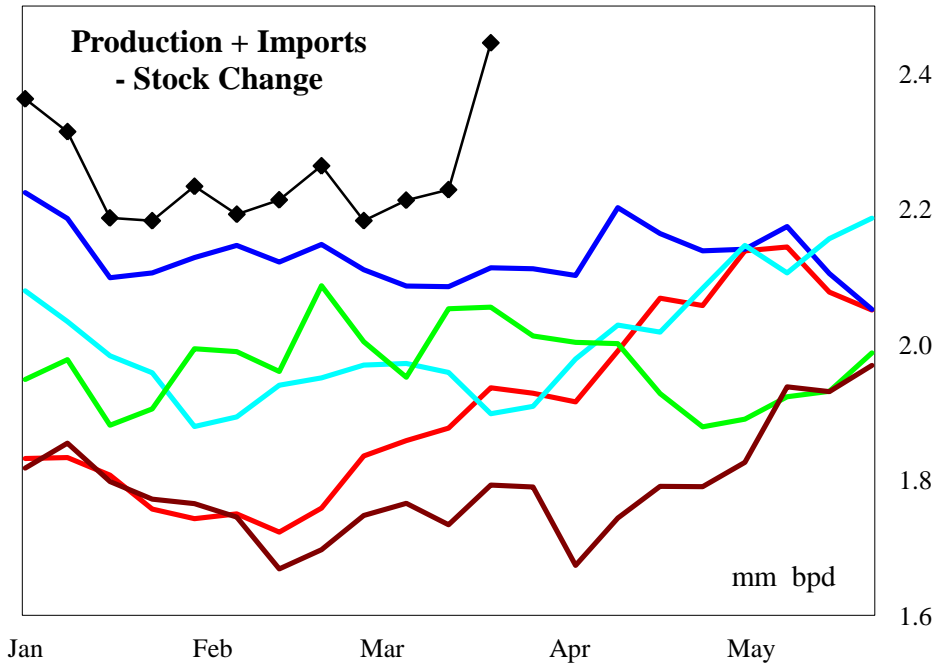
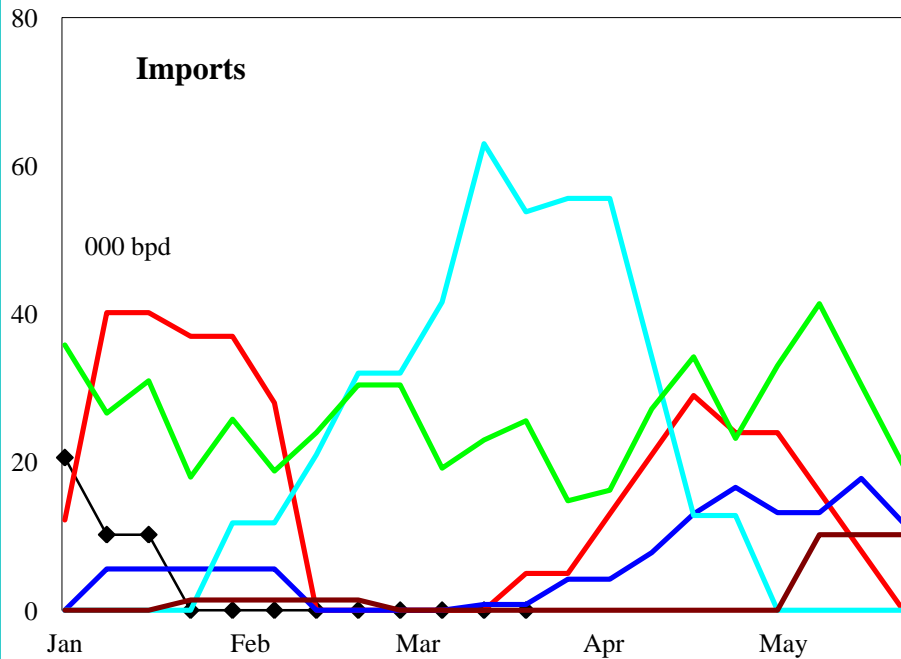
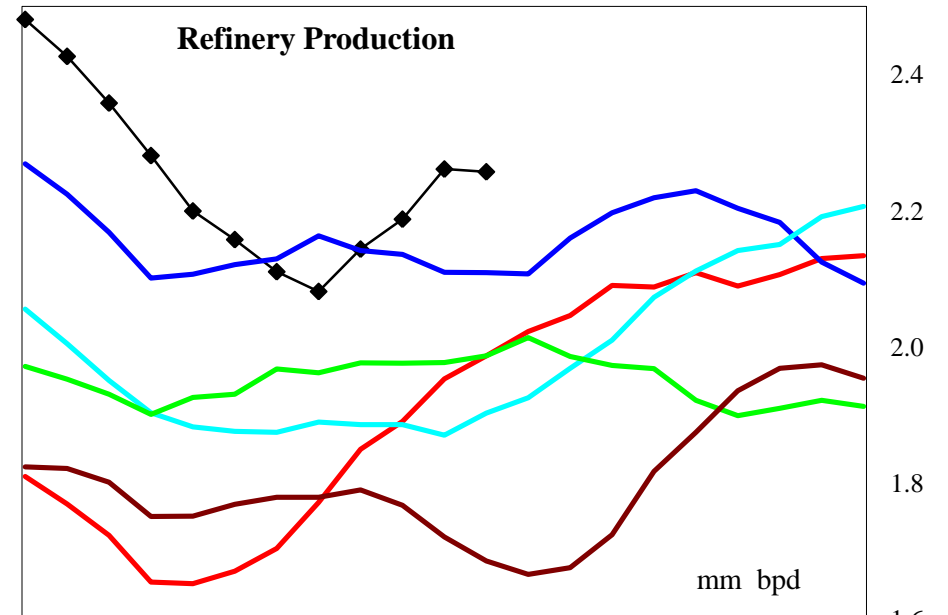
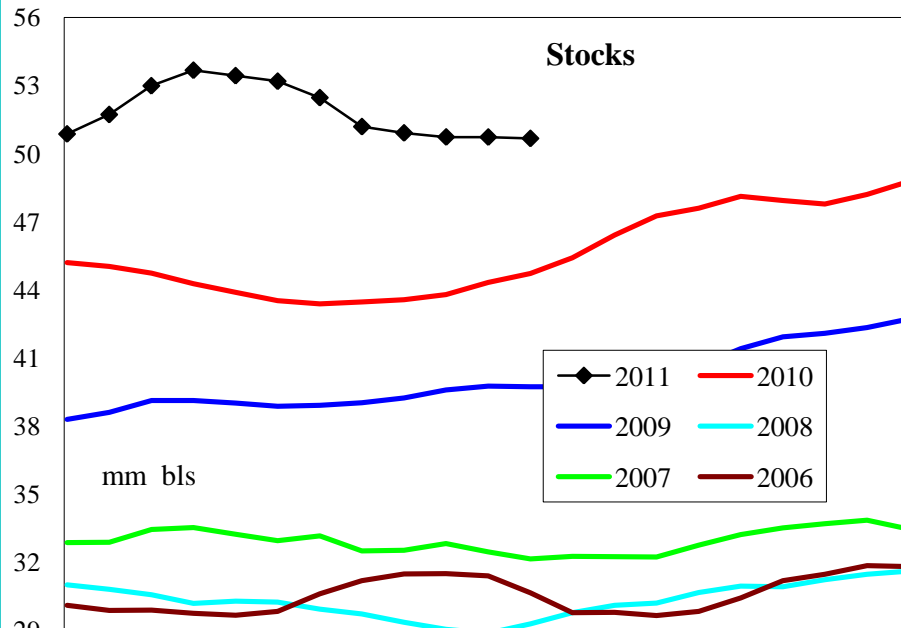
PADD 3 Conventional Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-9,939	-347	68	-191
-19.5	-16.4	102.6	-8.9

PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

6,735

15.3

Production

312

16.4

Imports

0

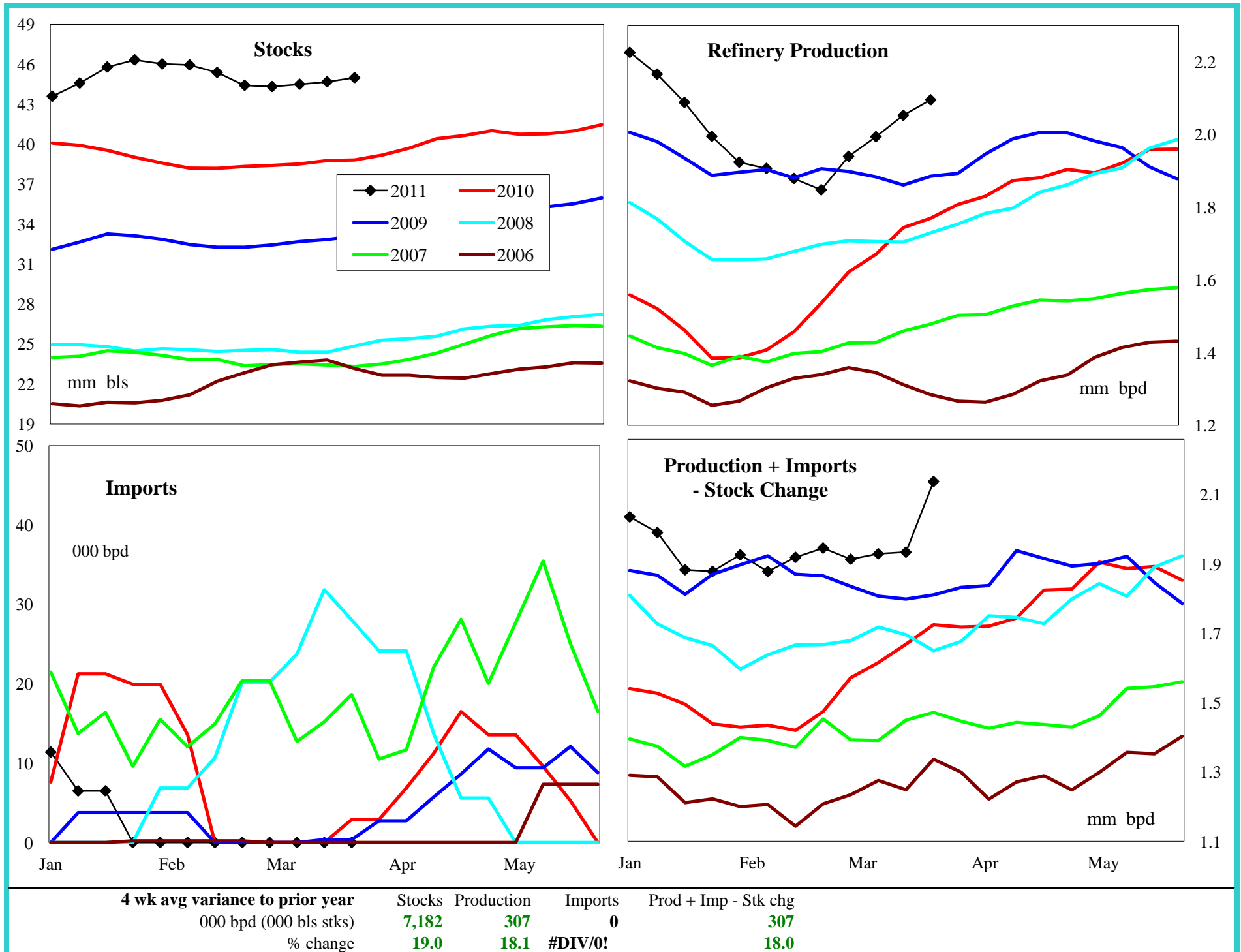
#DIV/0!

Prod + Imp - Stk chg

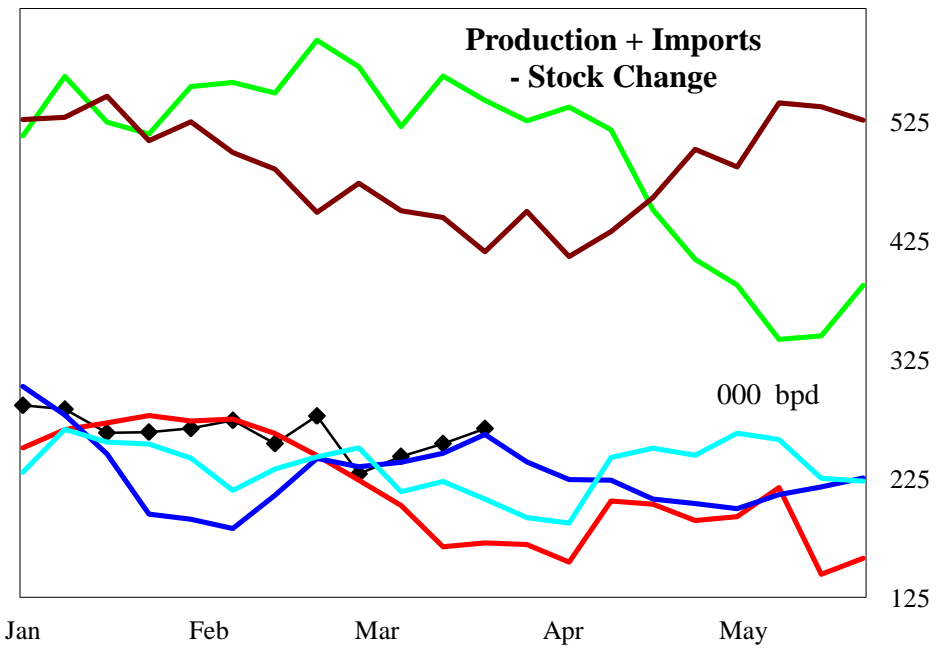
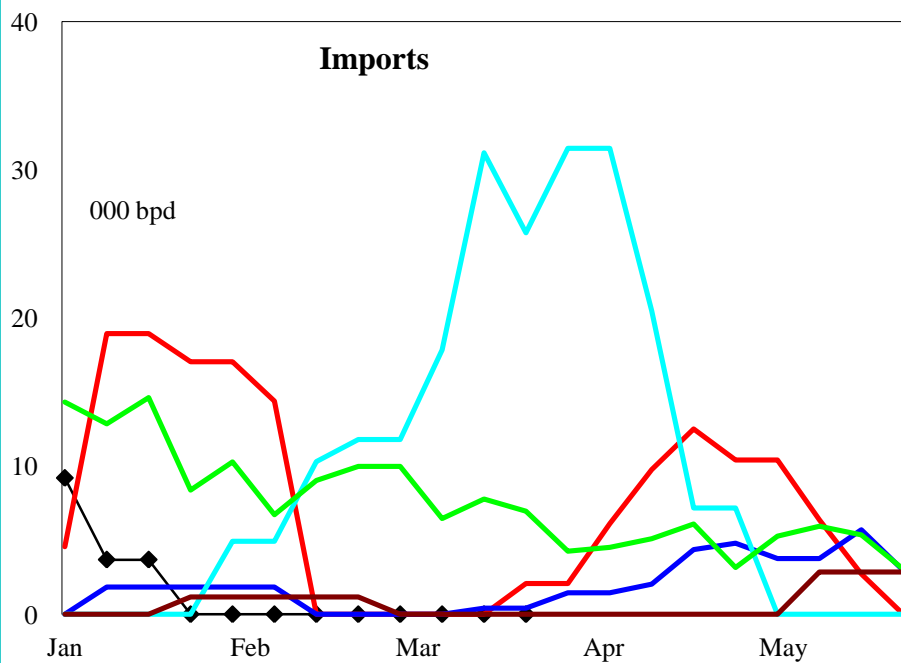
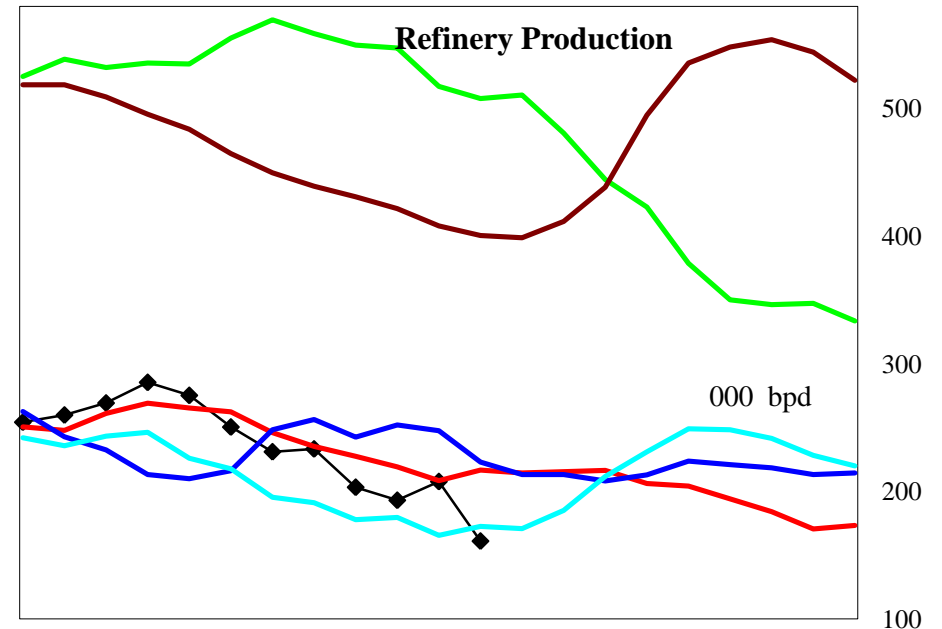
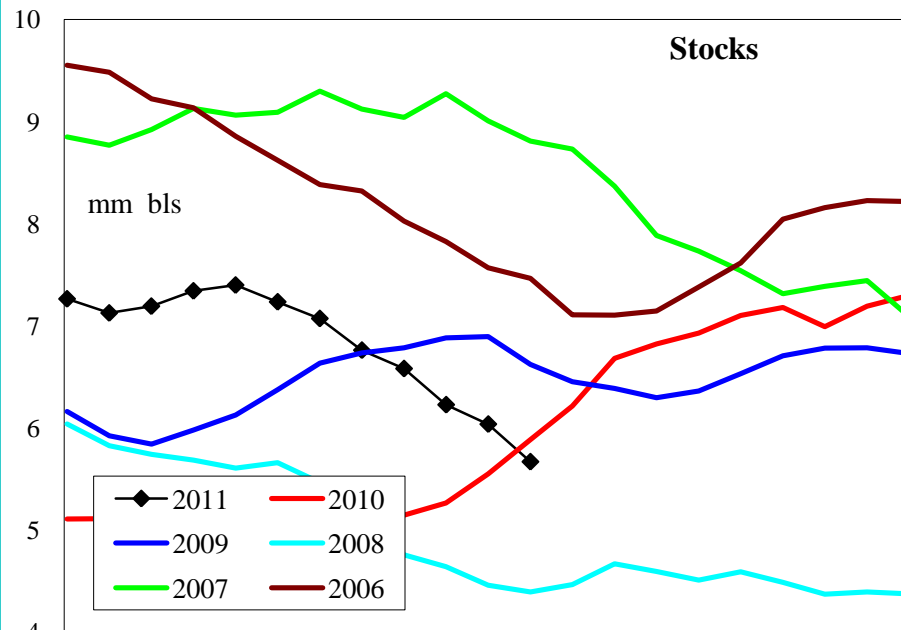
371

19.8

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

-447

-7.3

Production

5

2.4

Imports

0

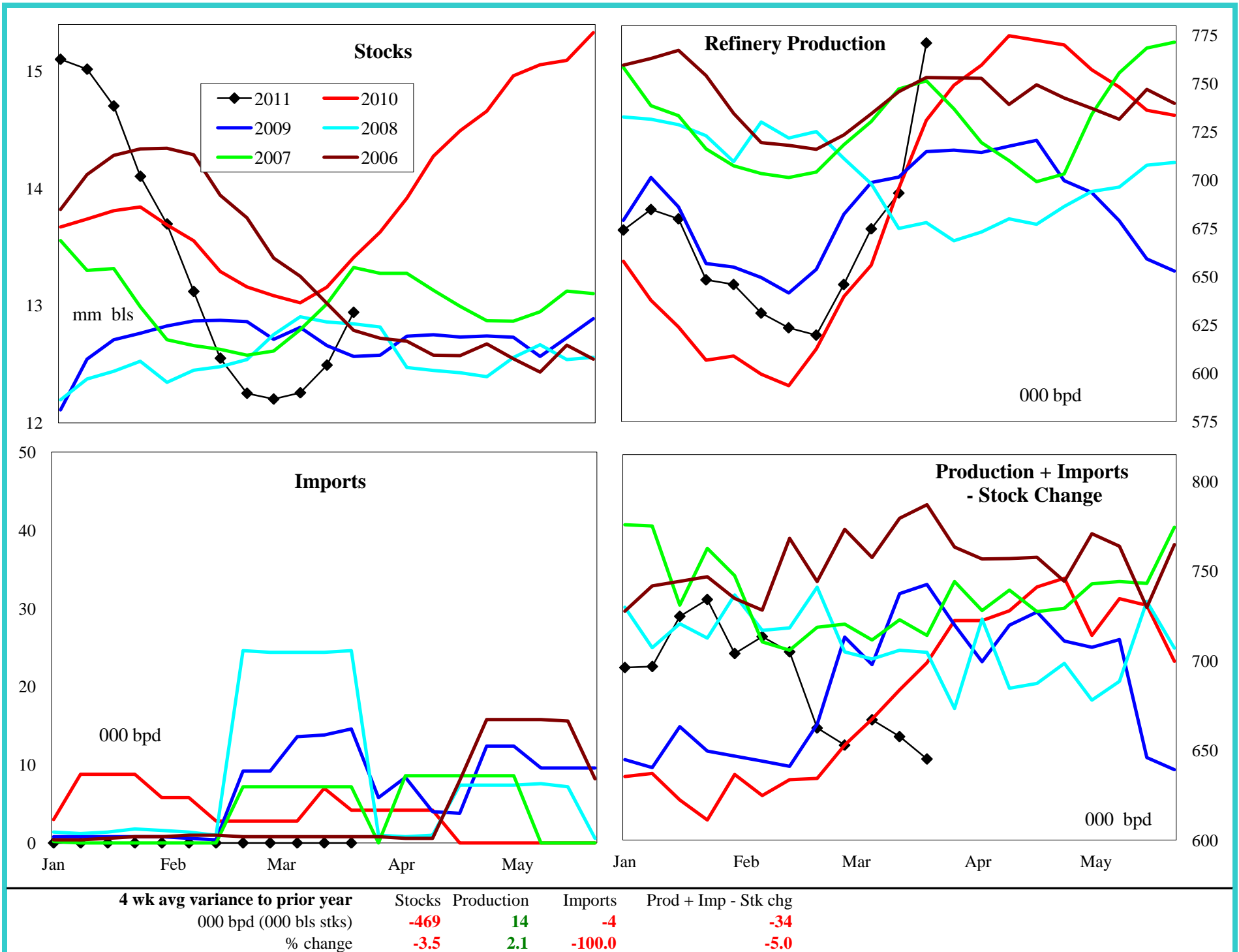
#DIV/0!

Prod + Imp - Stk chg

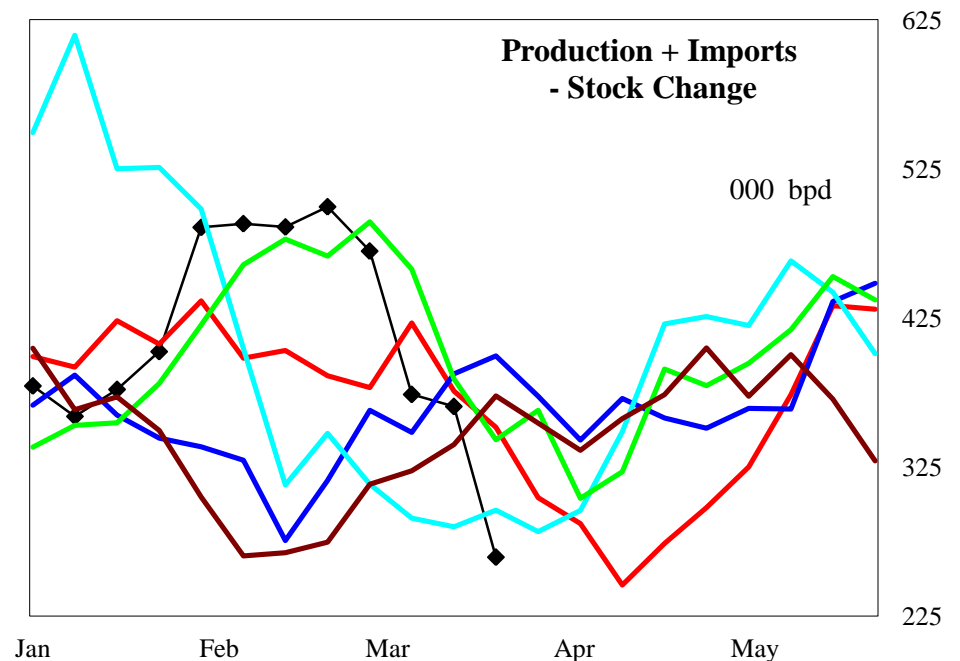
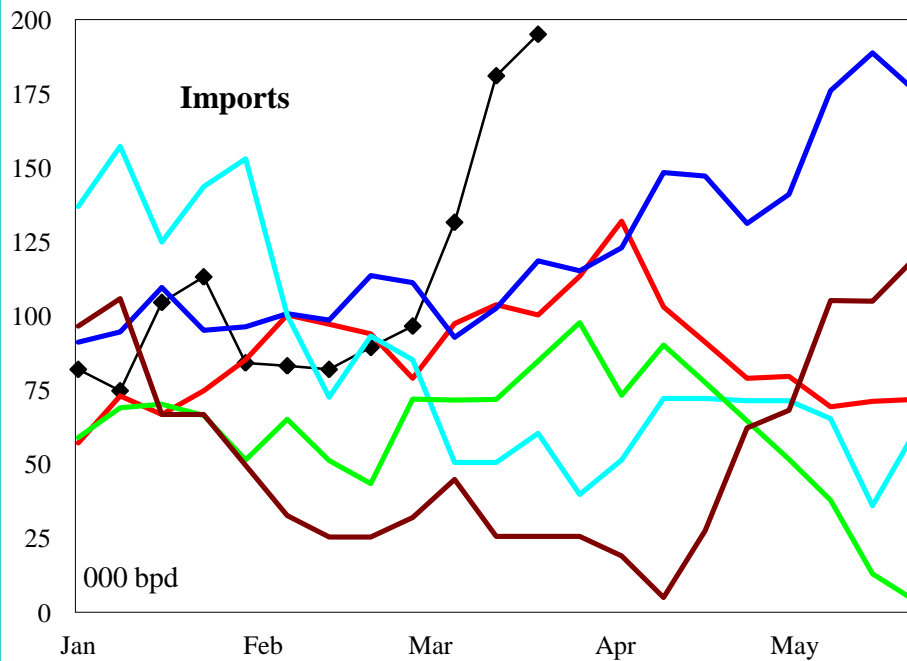
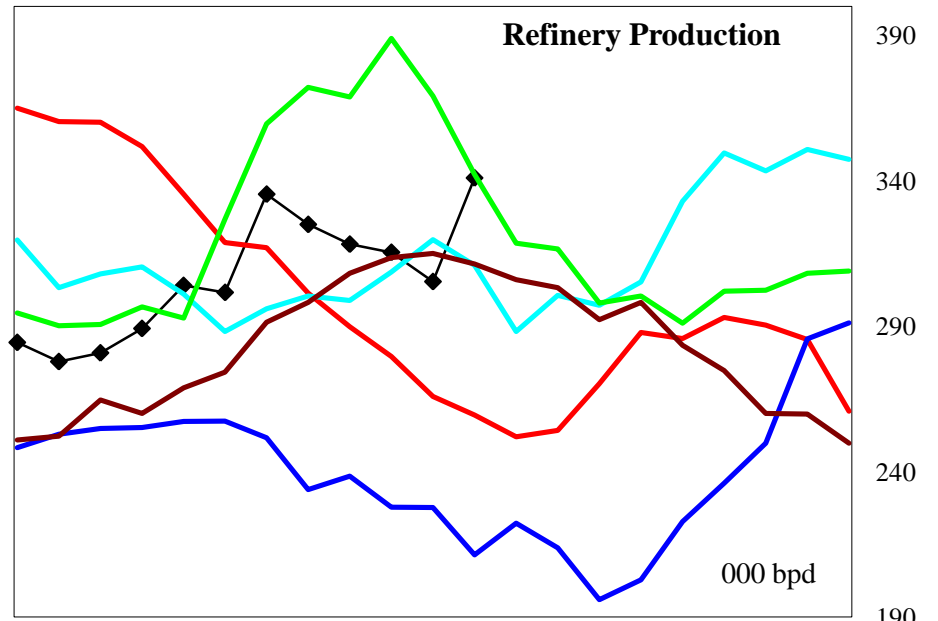
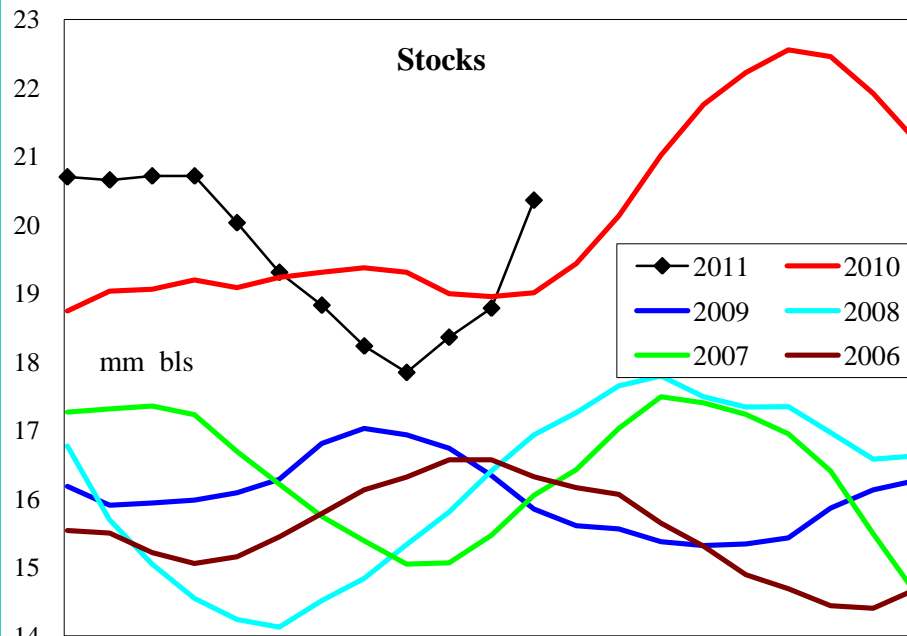
64

37.1

PADD 3 Jet Fuel Supply



PADD 3 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,351

7.1

Production

48

17.9

Imports

47

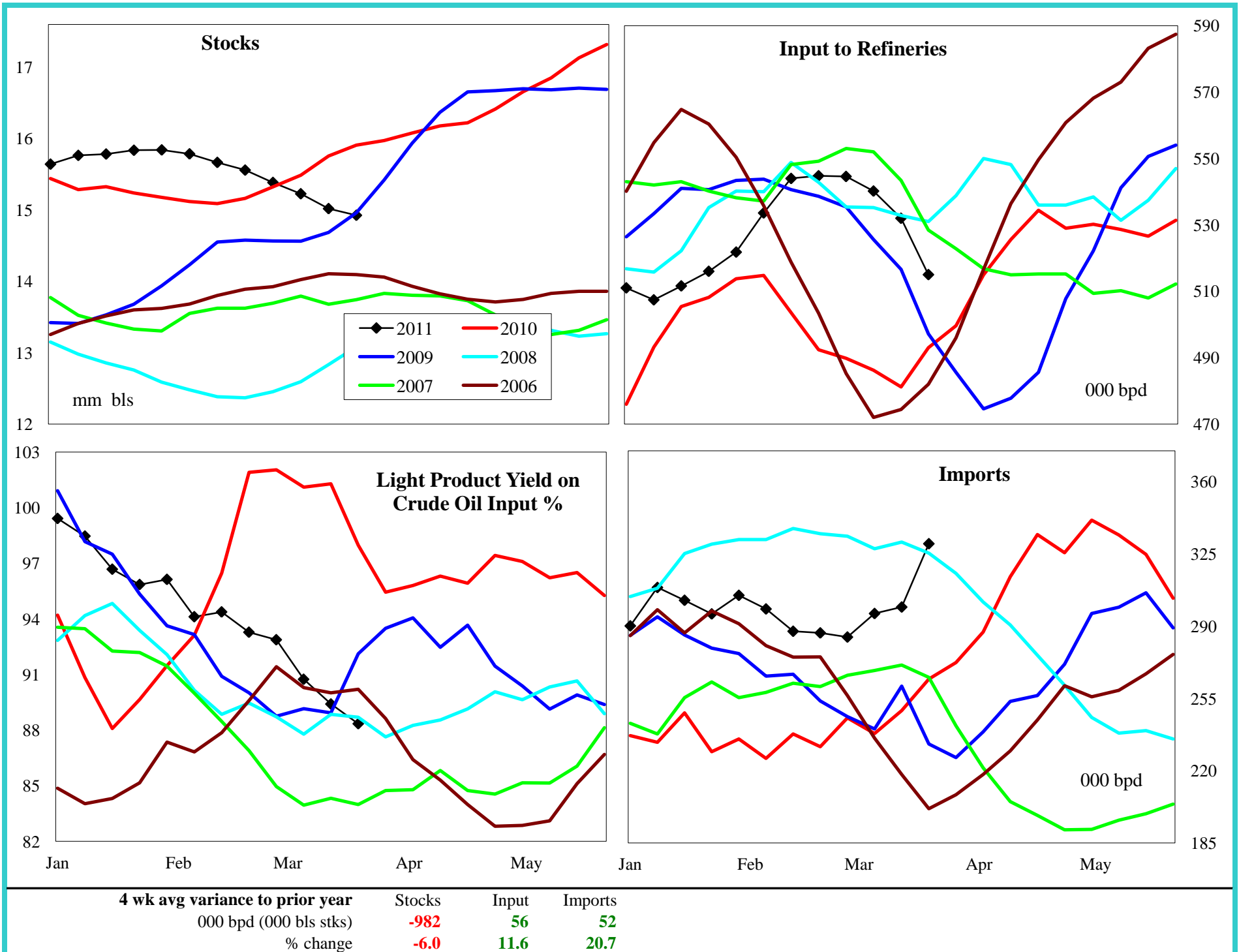
46.3

Prod + Imp - Stk chg

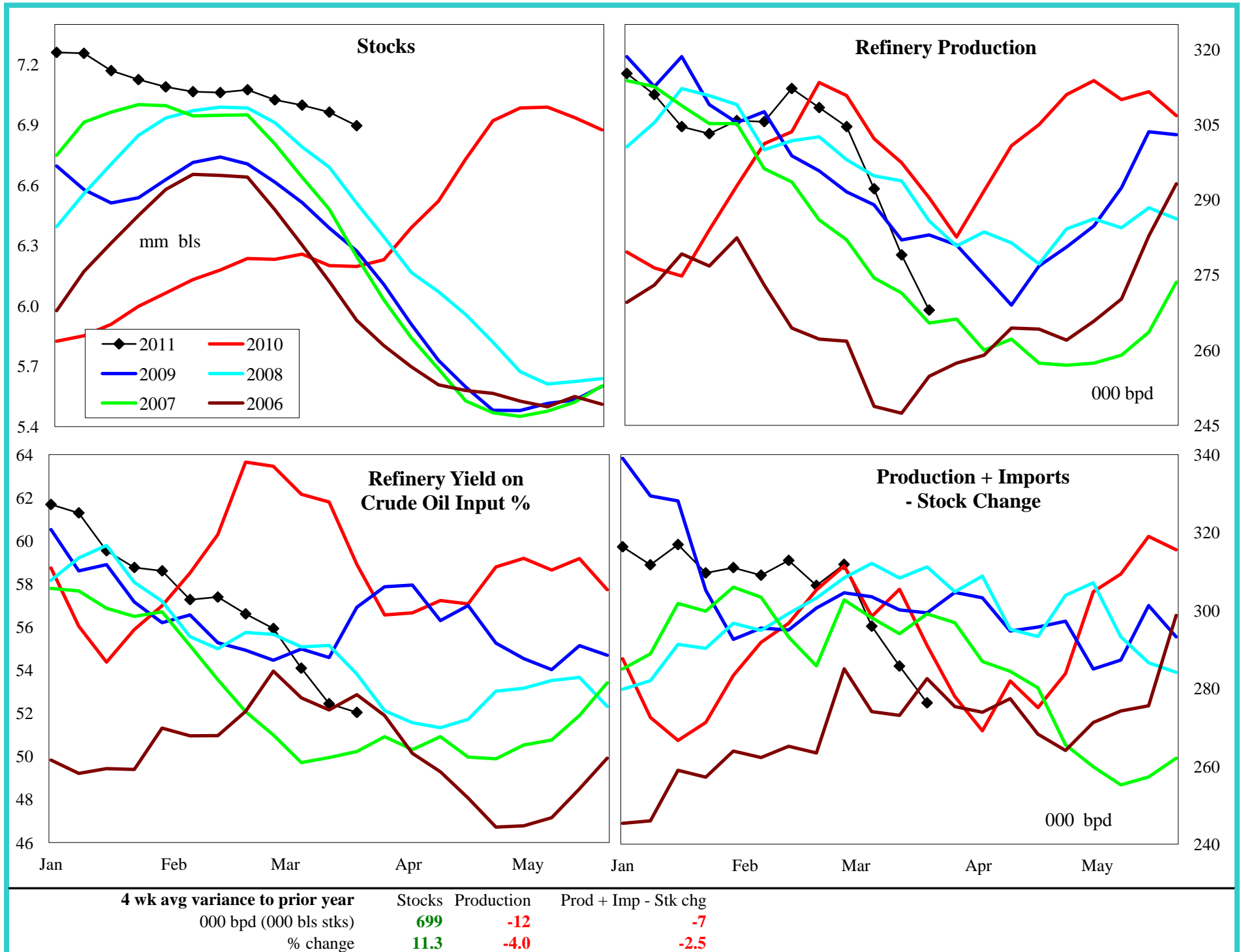
-55

-13.1

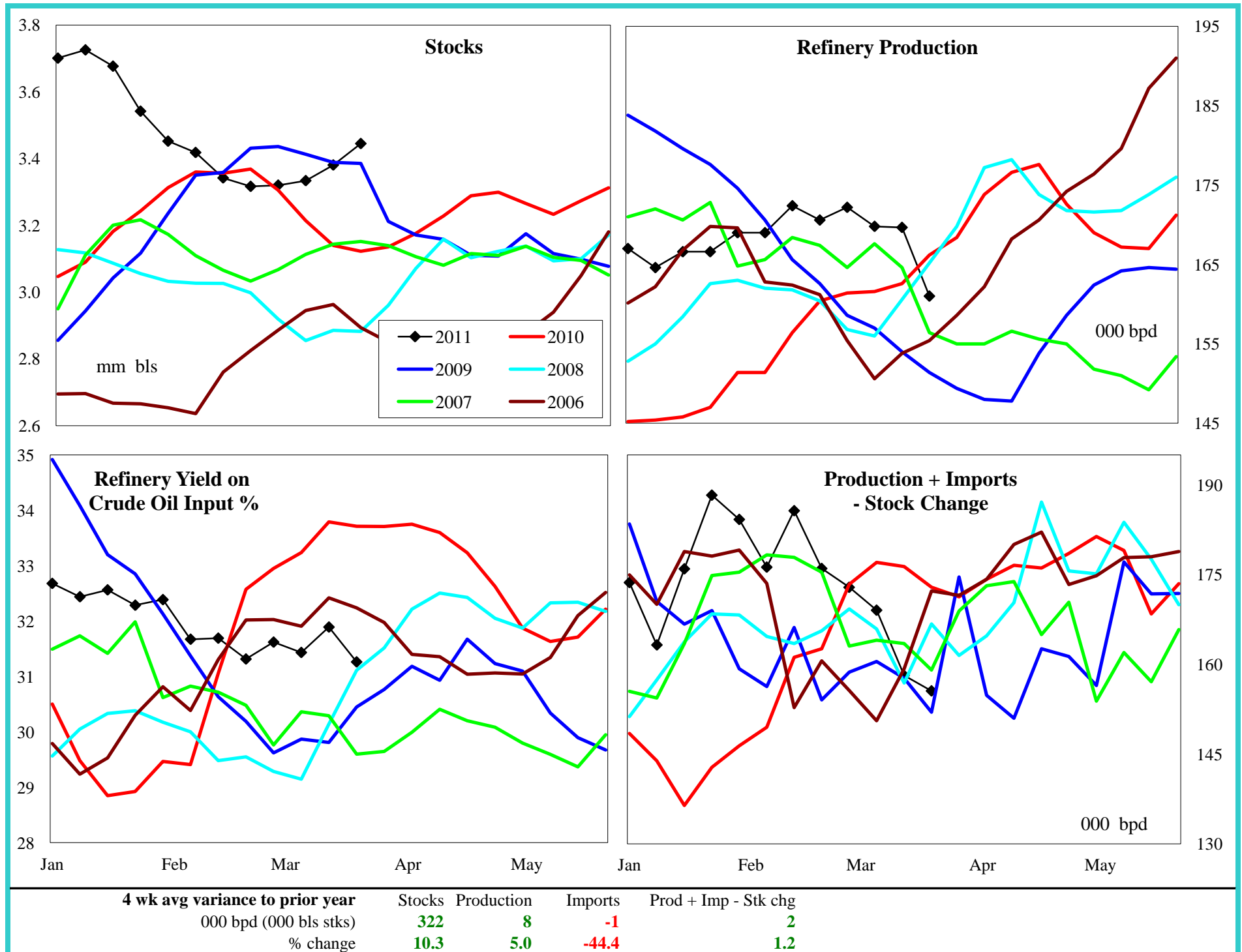
PADD 4 Crude Oil Supply and Refining



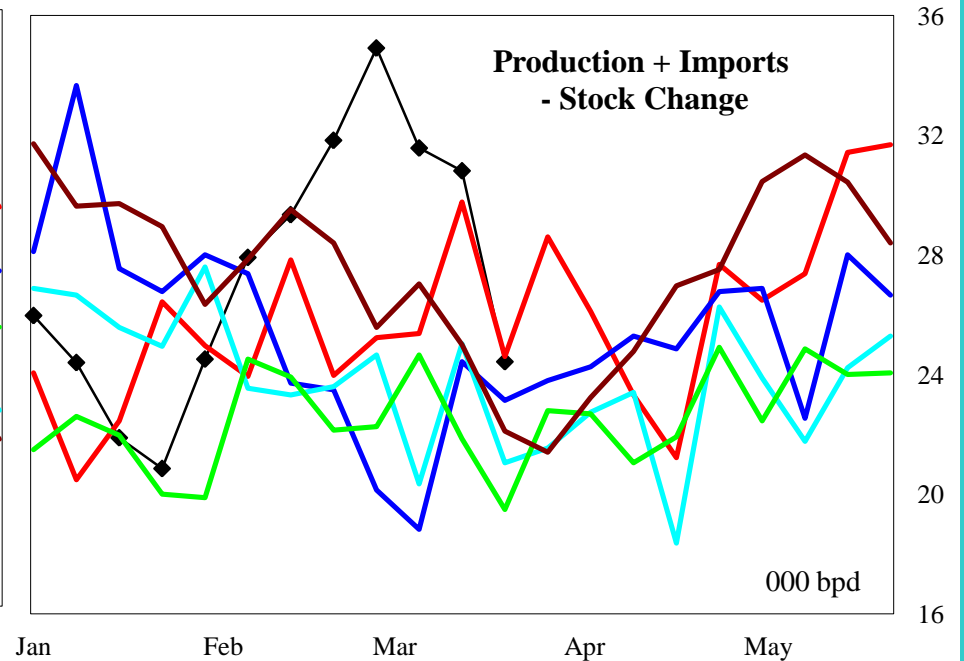
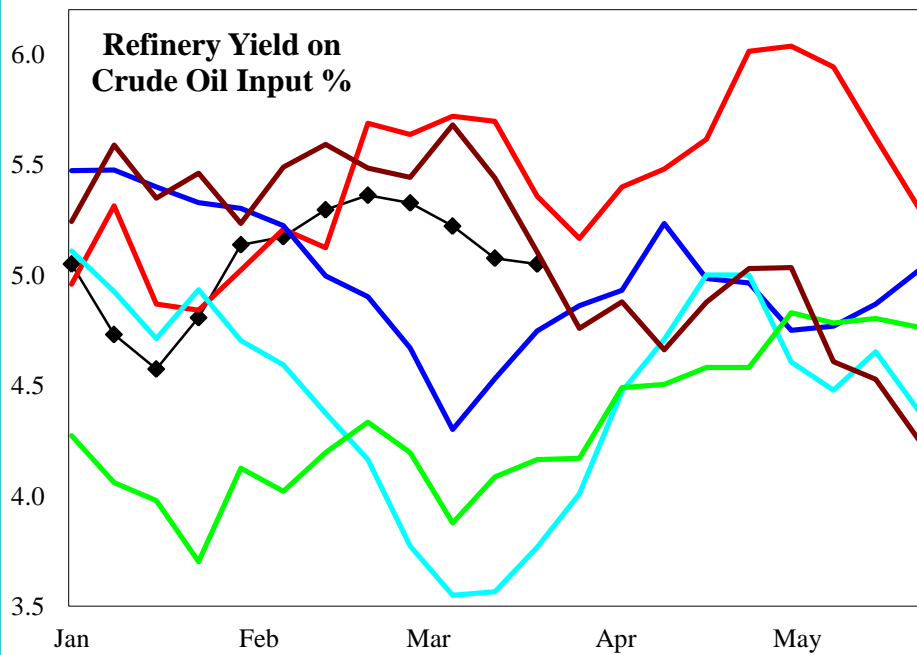
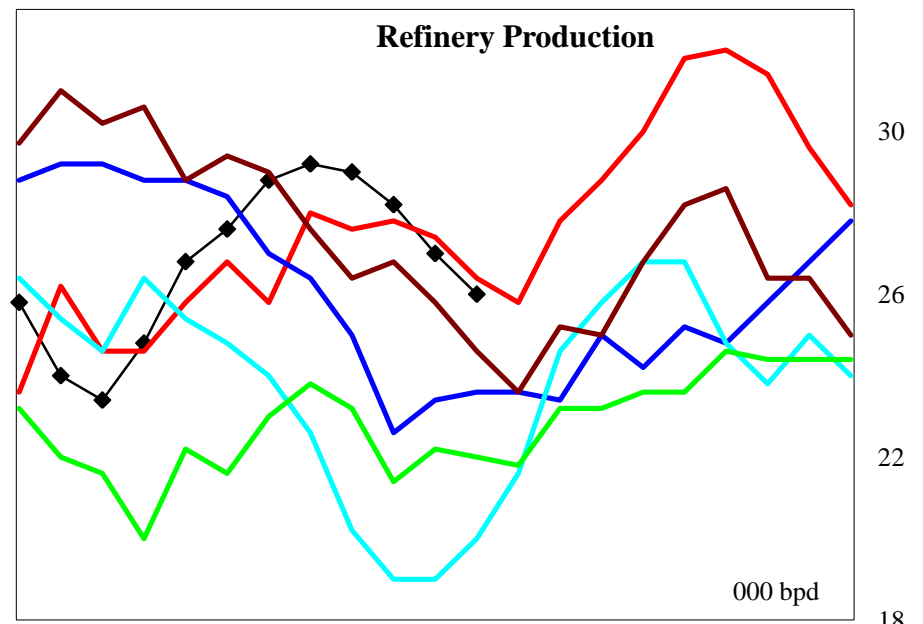
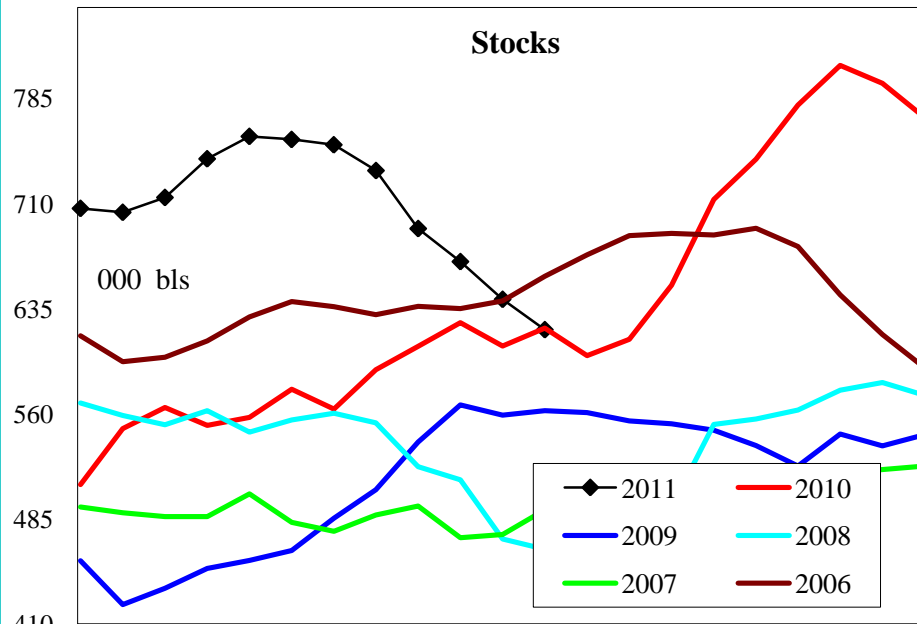
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks Production

-1

0

-0.2

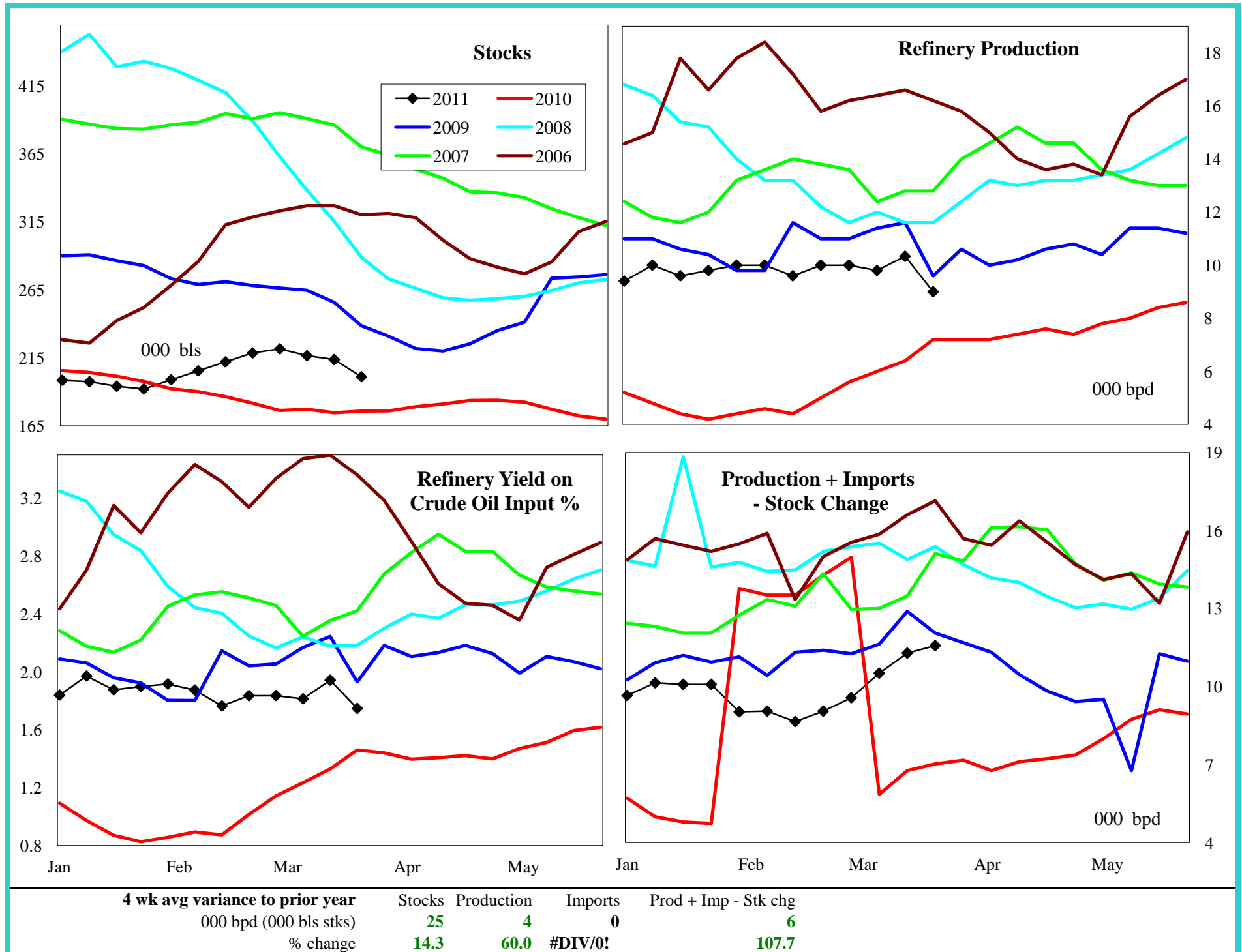
0.0

Prod + Imp - Stk chg

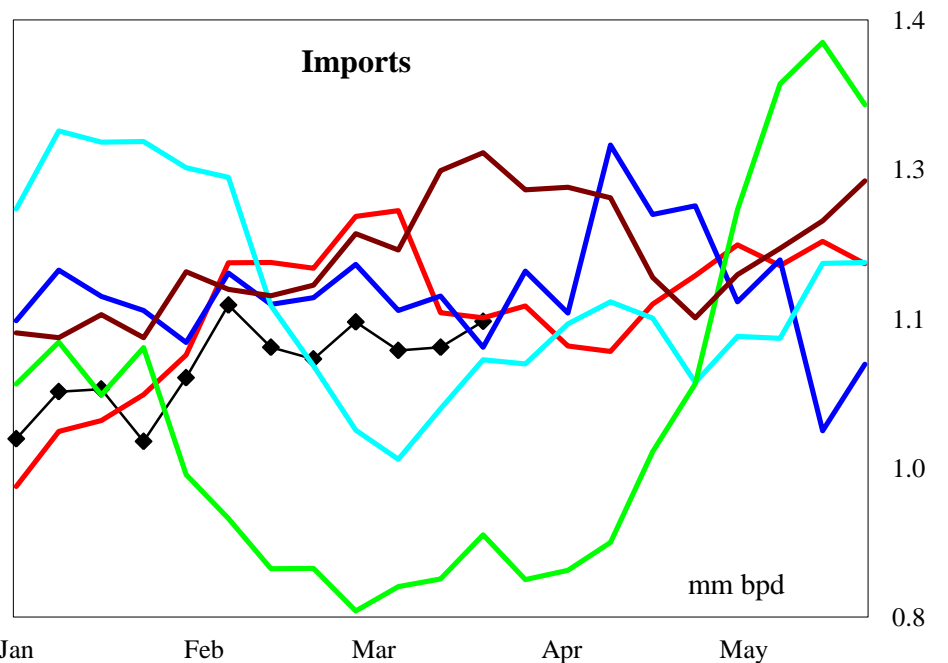
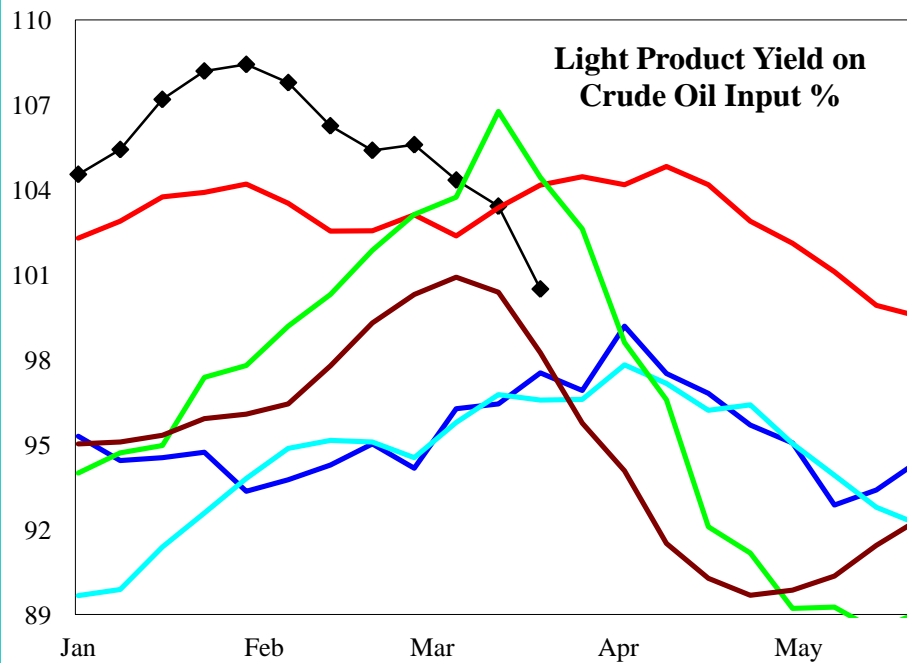
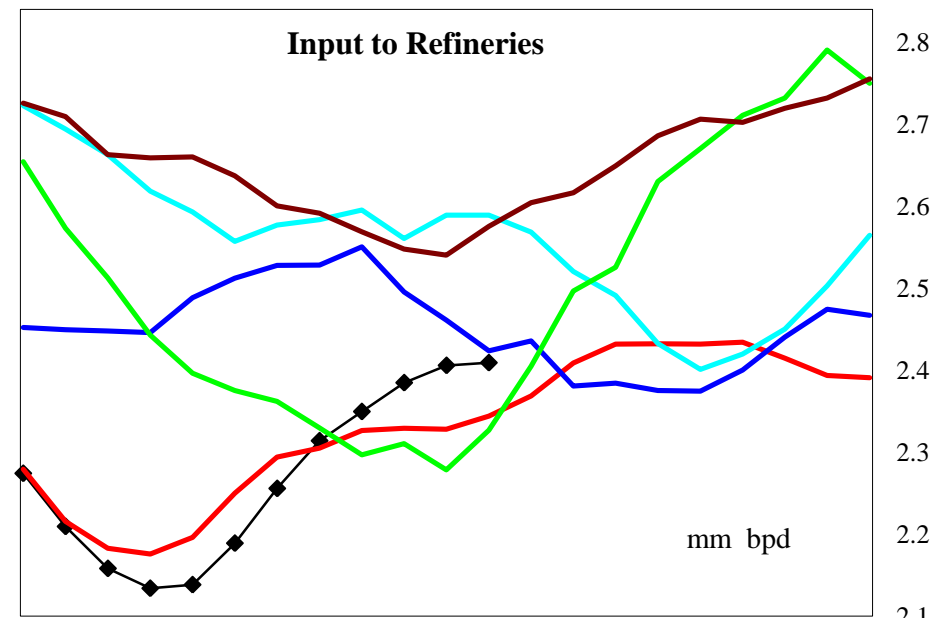
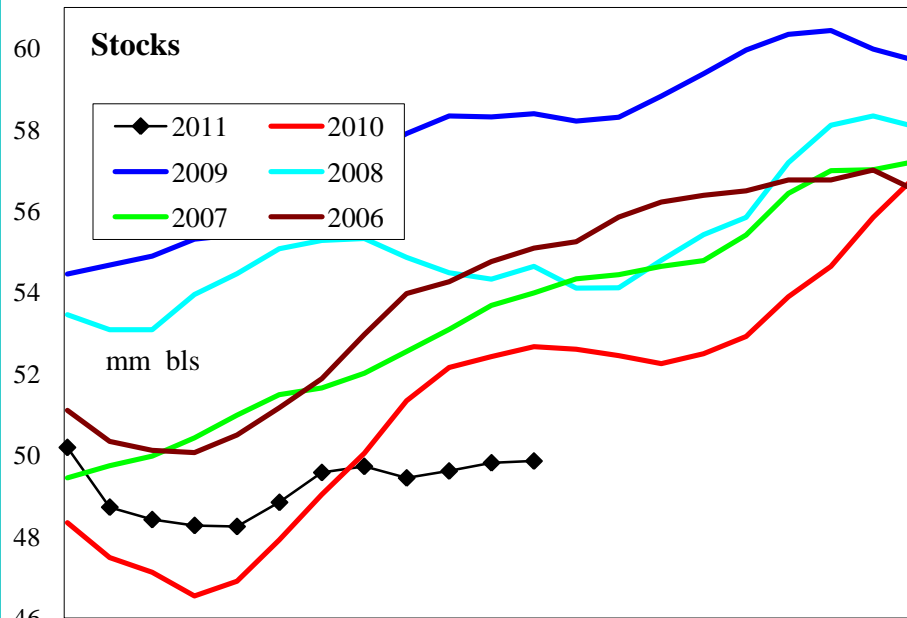
3

10.1

PADD 4 Residual Fuel Oil Supply



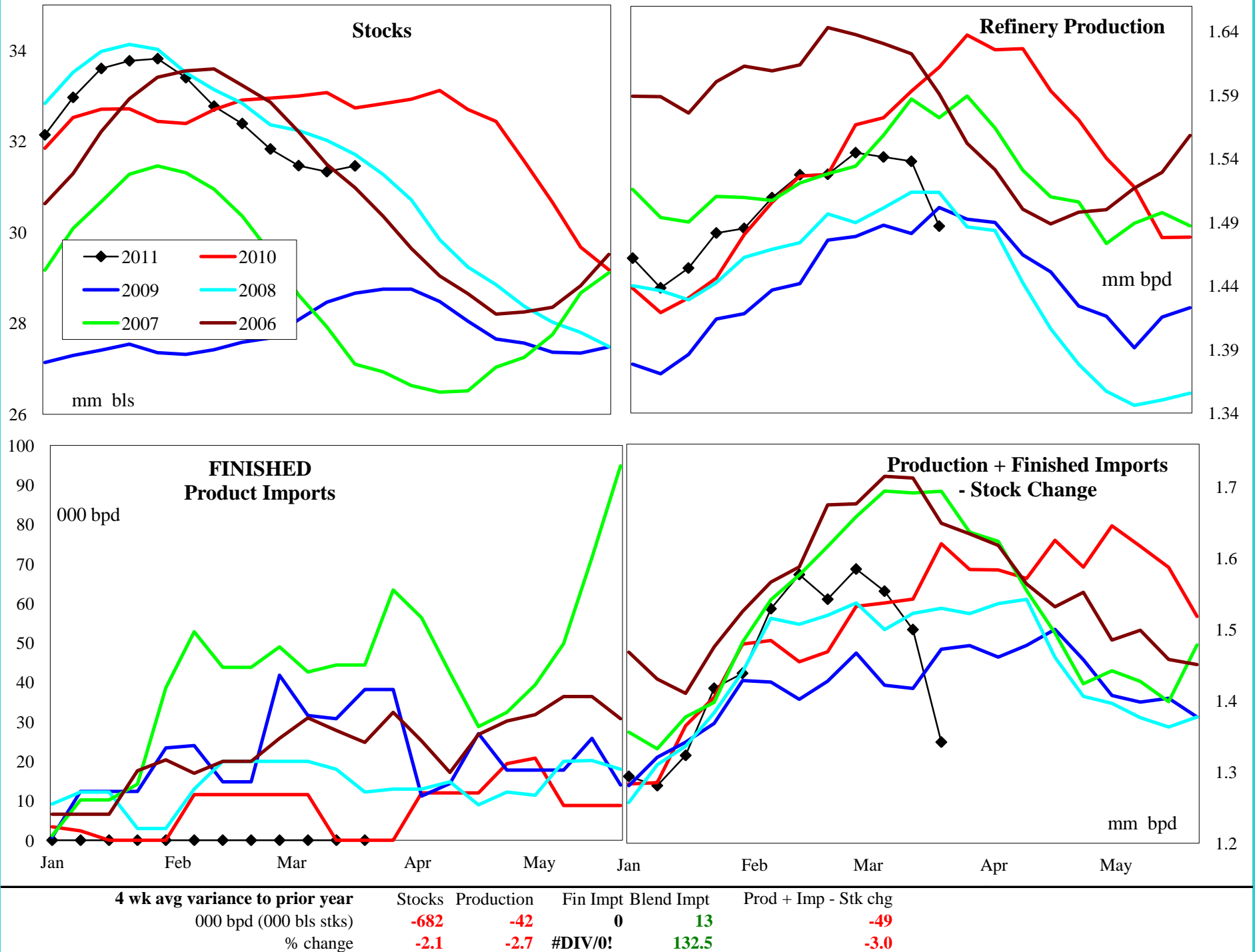
PADD 5 Crude Oil Supply and Refining



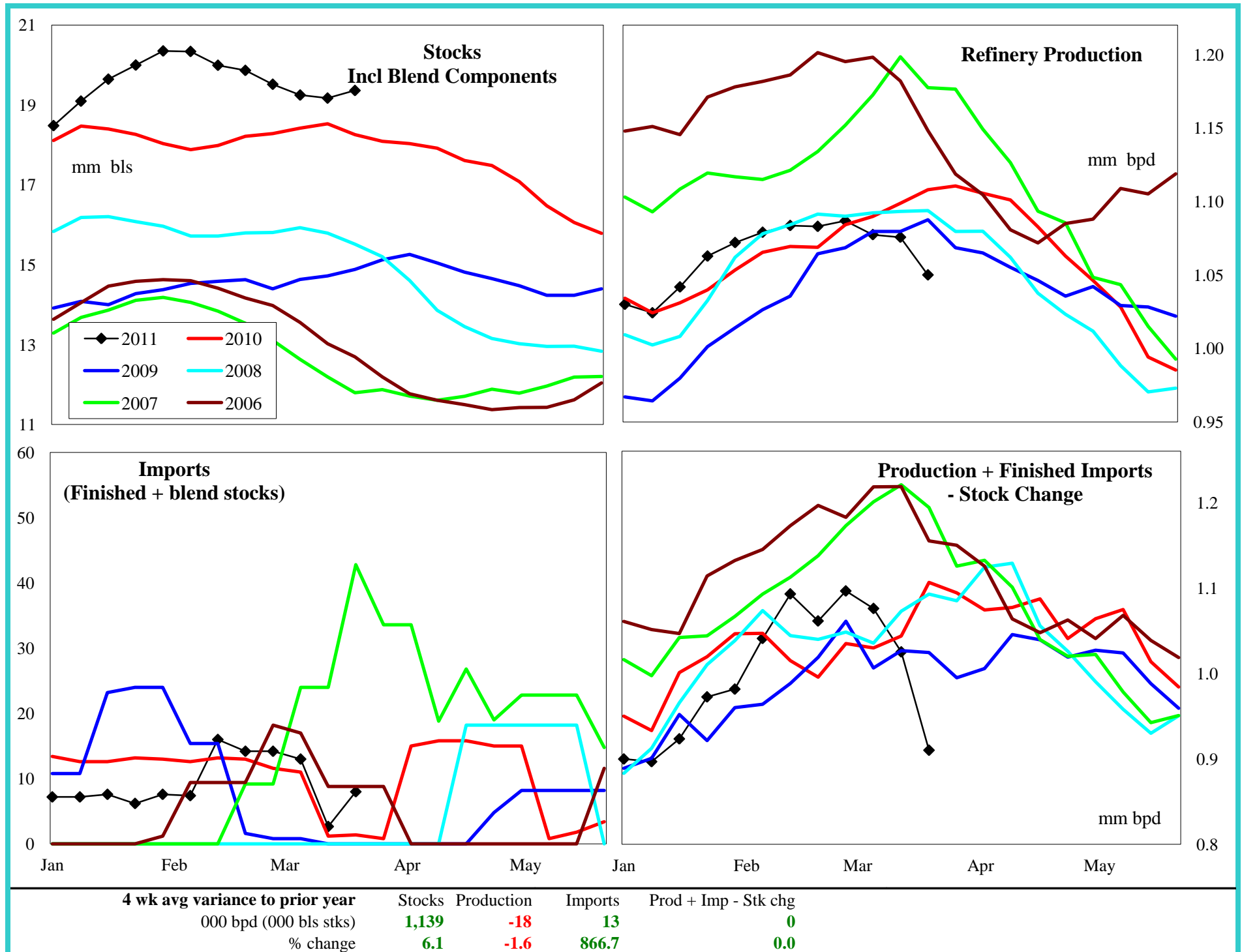
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Input	Imports
000 bpd (000 bls stks)	-2,804	98	-84
% change	-5.3	4.2	-7.3

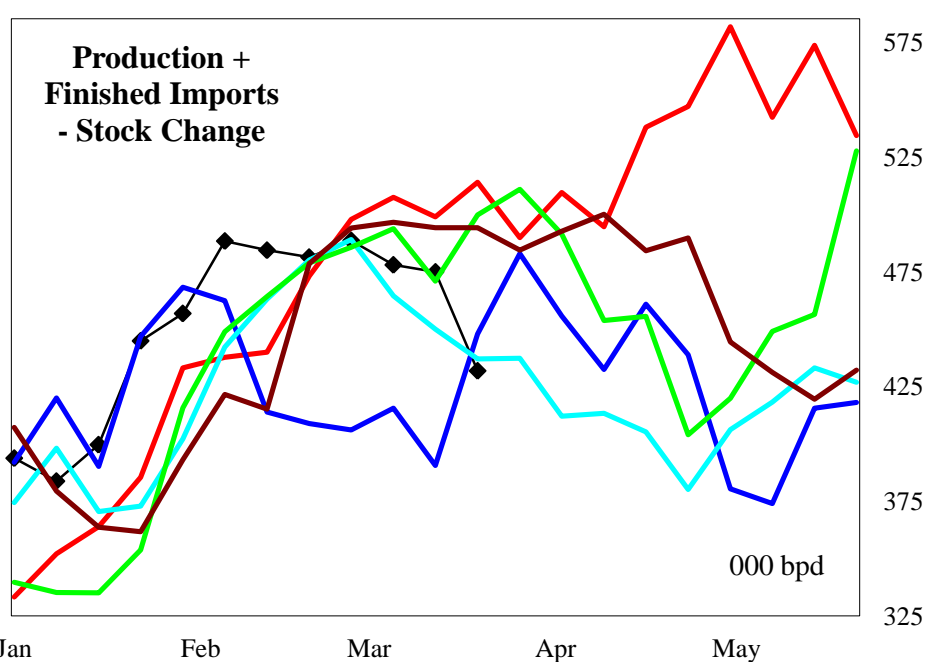
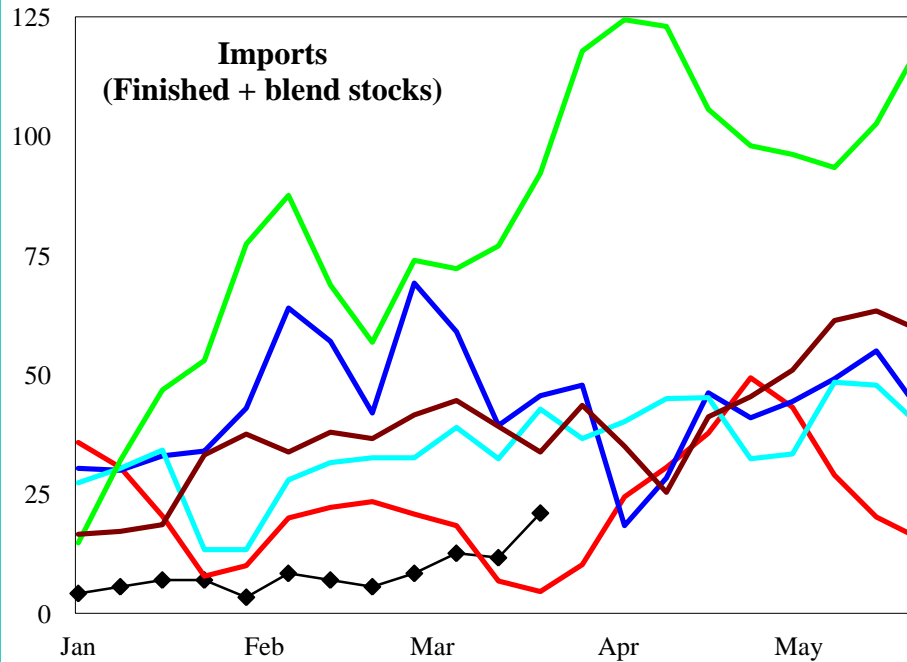
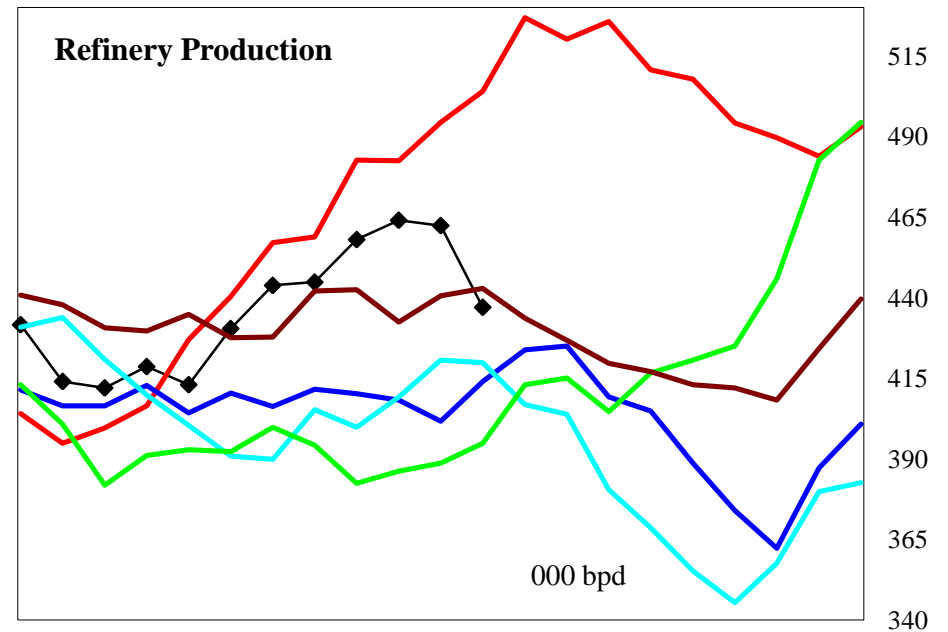
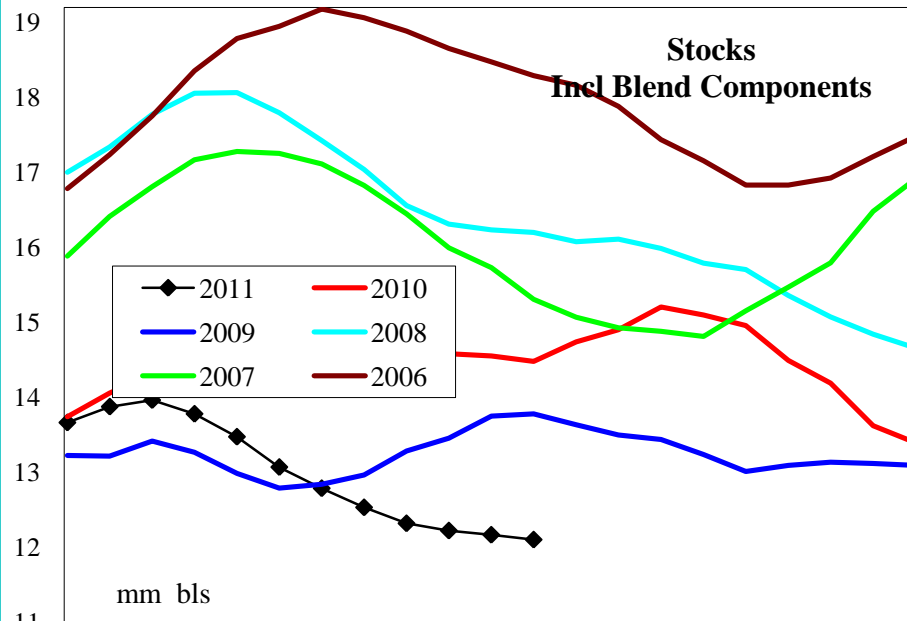
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-1,821

-24

0

-49

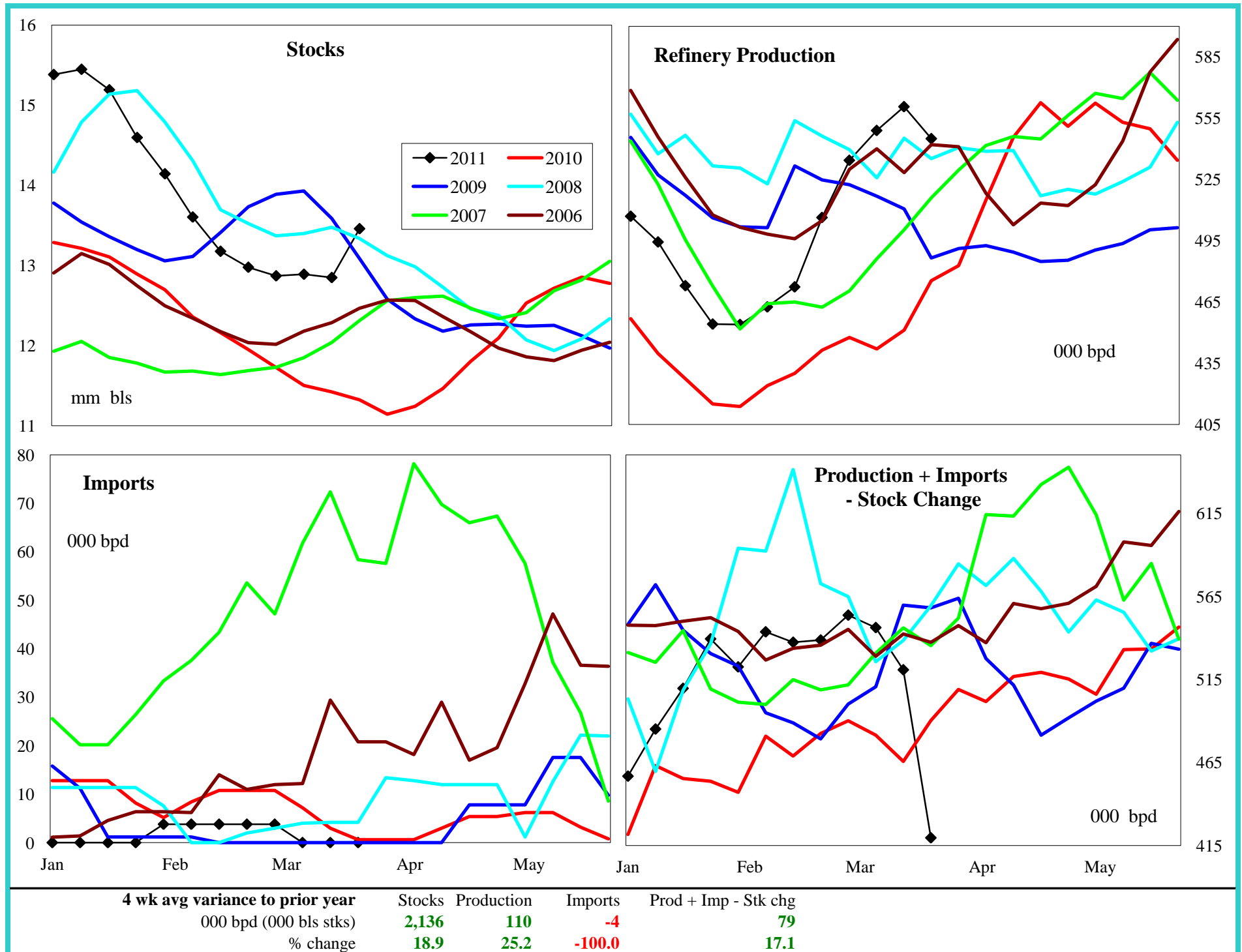
-13.1

-5.0

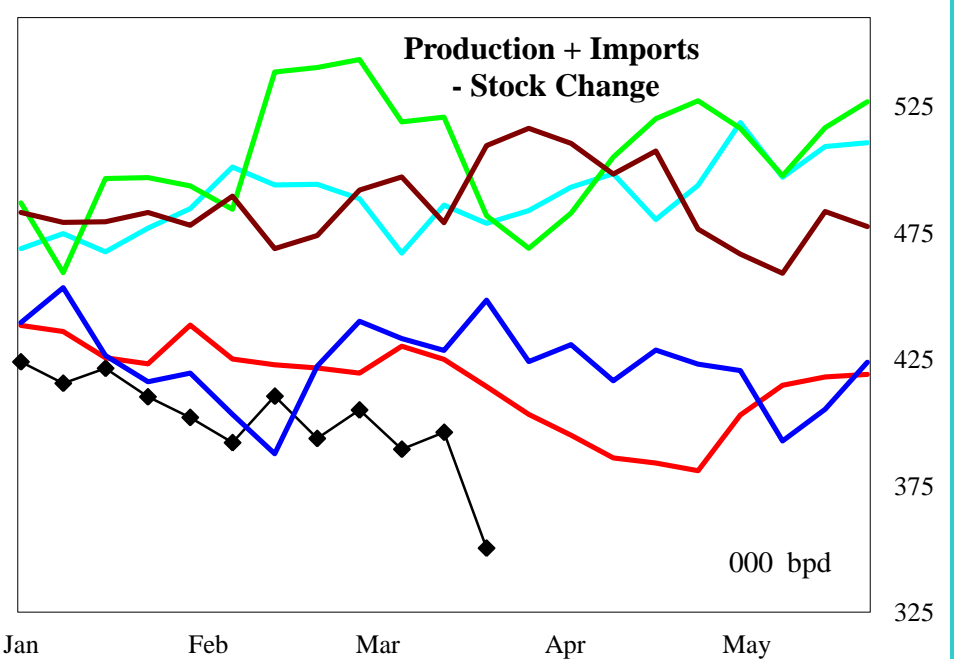
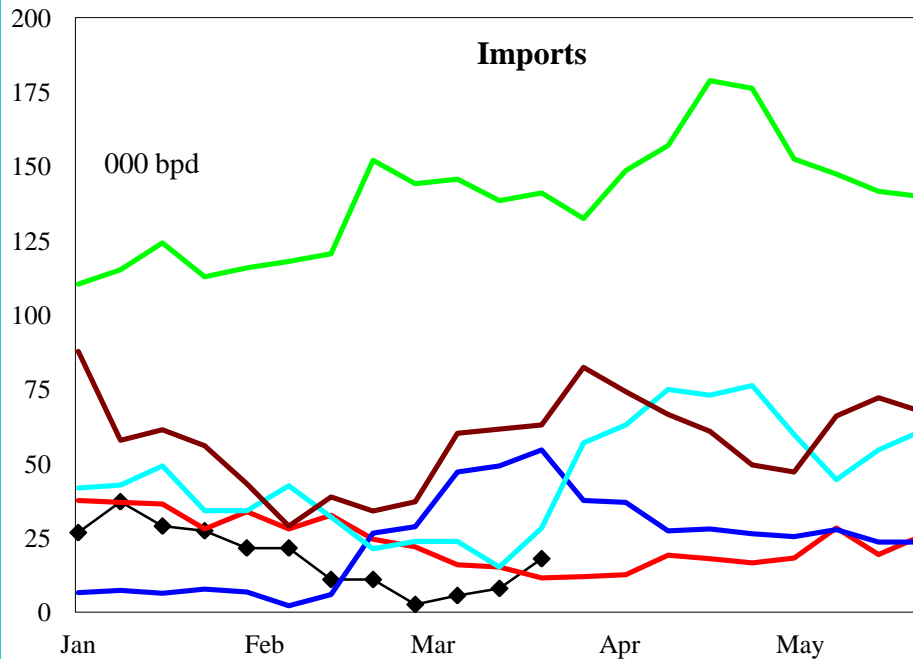
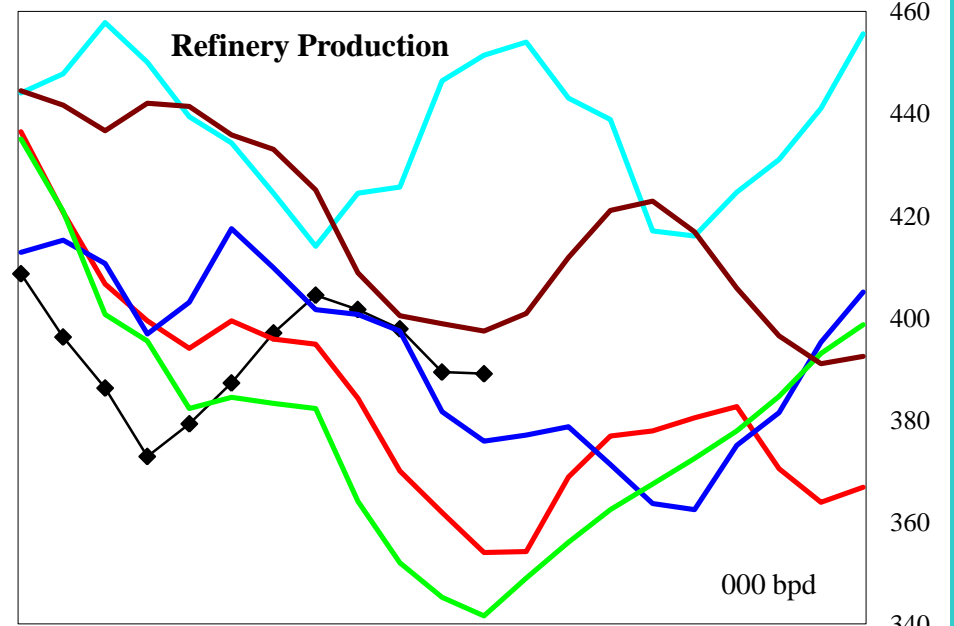
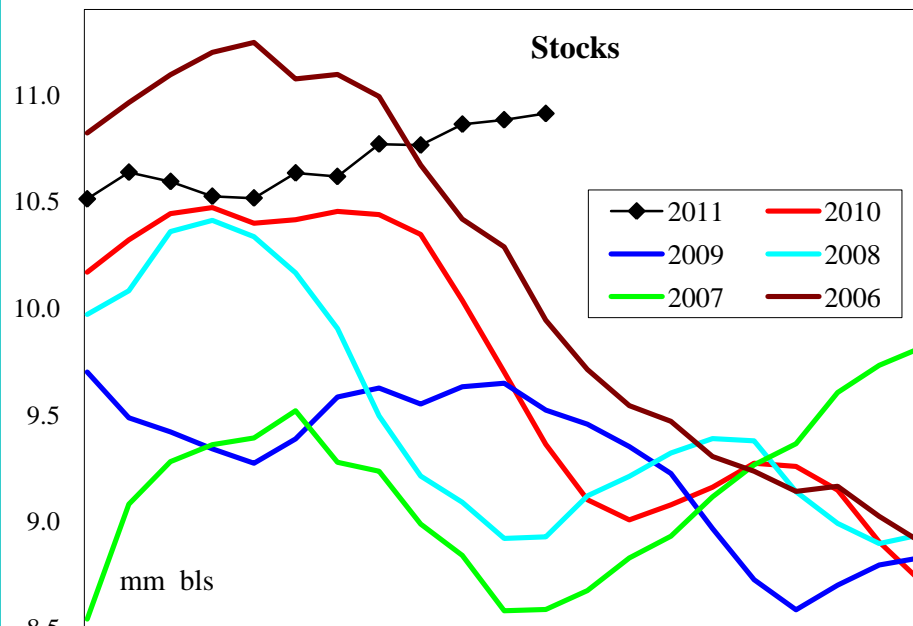
2.9

-9.5

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

1,211

32

-10

-41

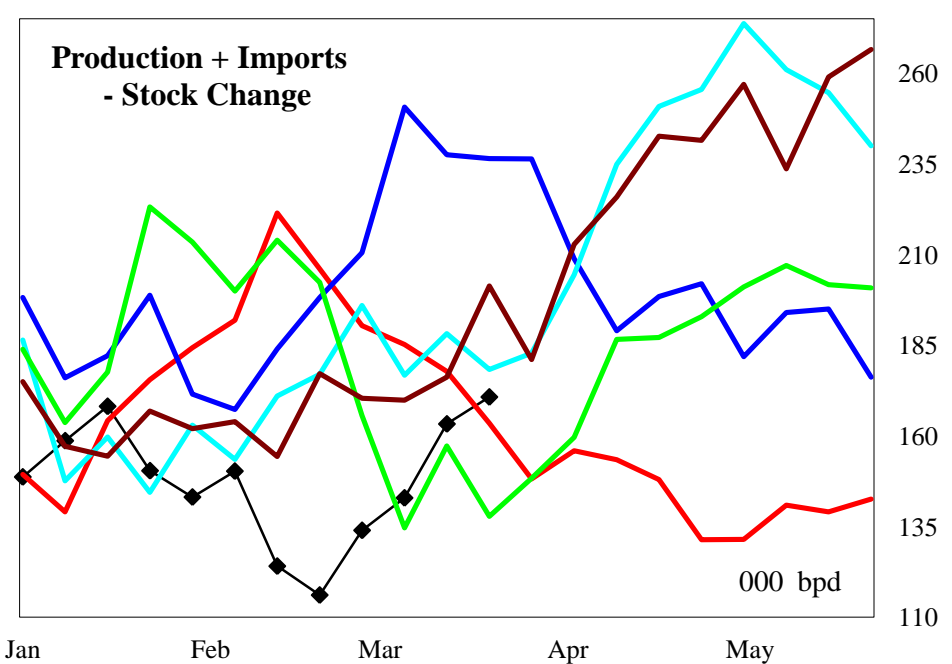
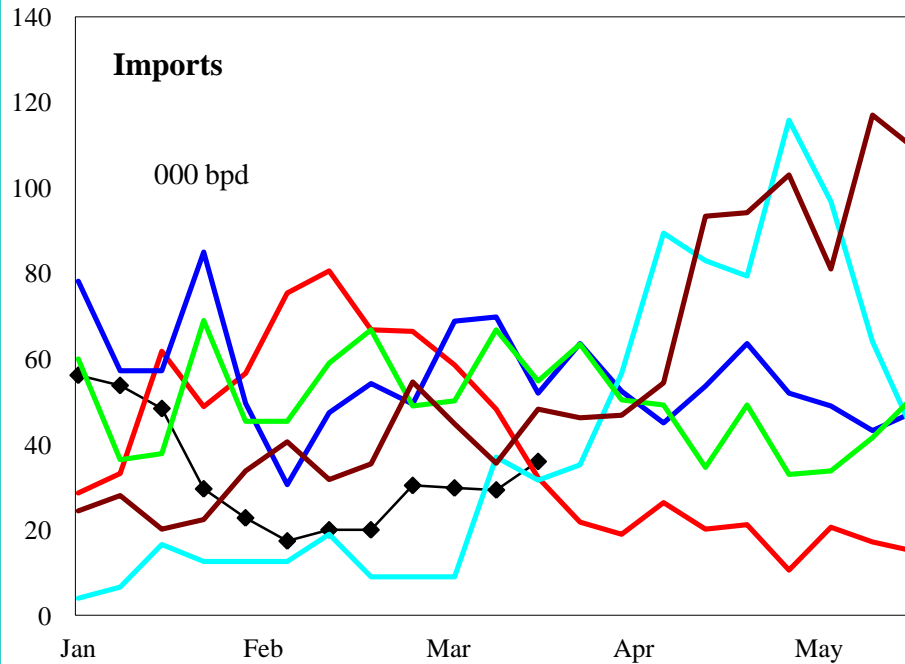
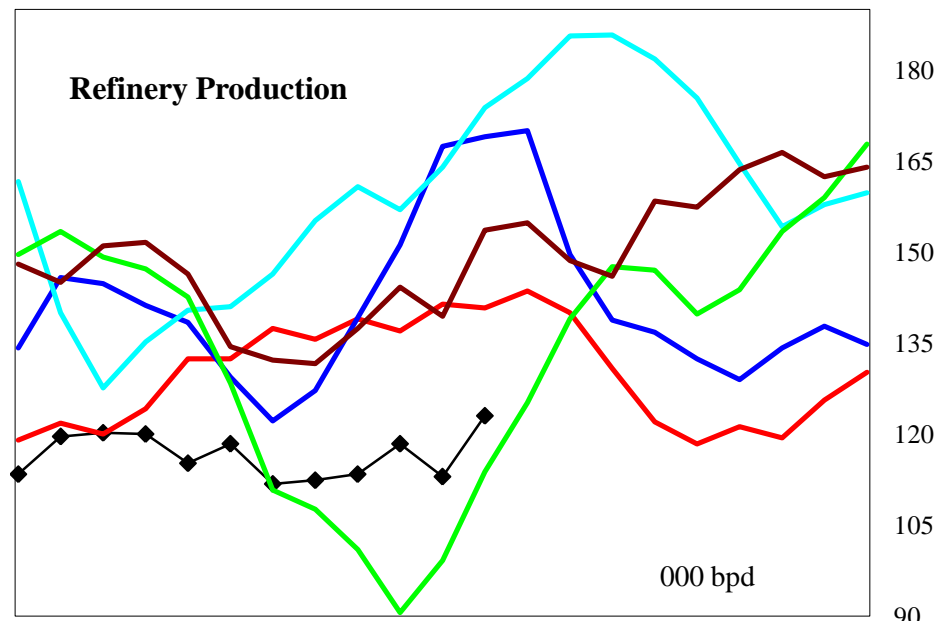
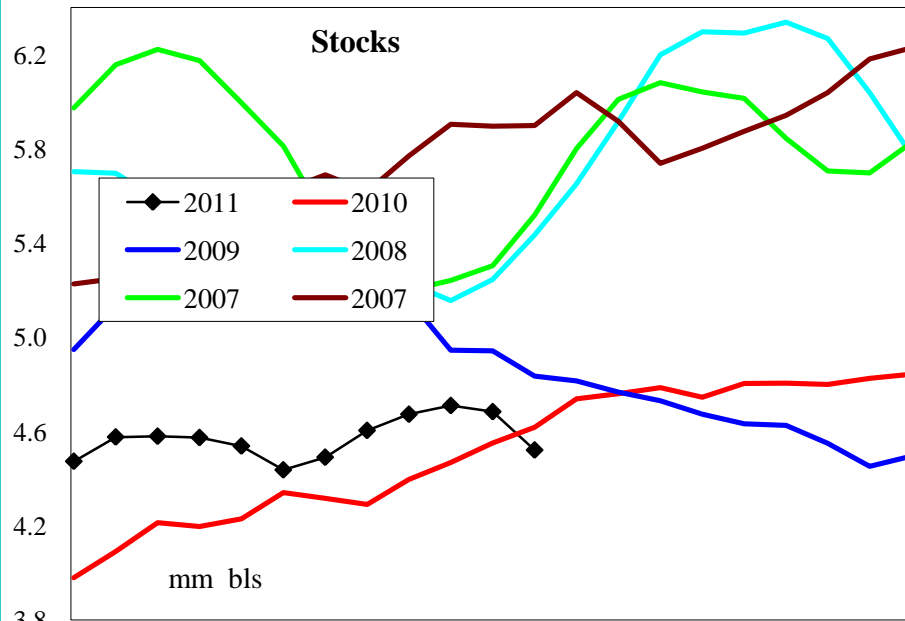
12.5

8.8

-62.5

-9.3

PADD 5 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-96

-30

-19

-43

-2.1

-21.2

-37.7

-23.0