



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

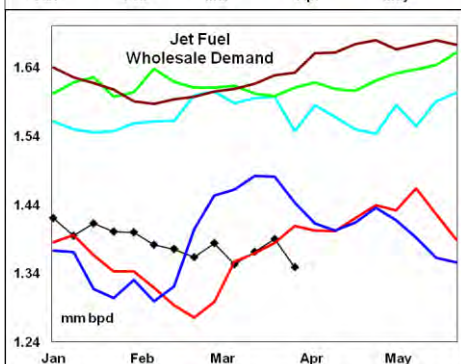
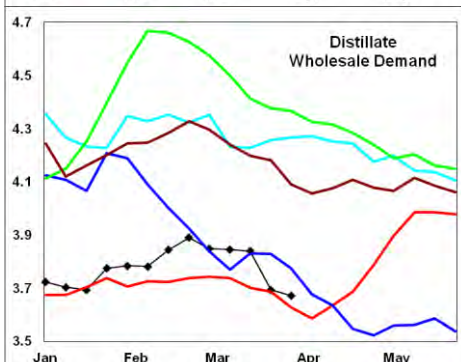
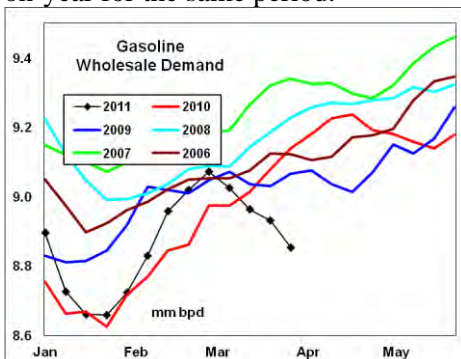
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, April 06, 2011



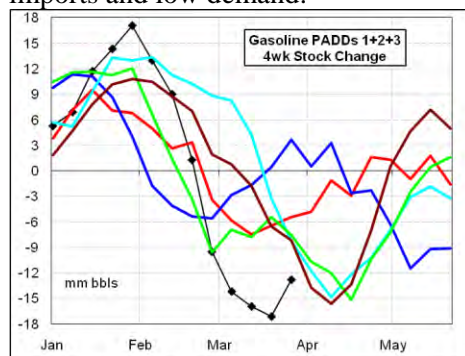
Major Fundamental Trends¹

Wholesale demand for the combined transport fuels increased just +80,000 bpd last week, an unusually low bounce after the -0.6 million bpd collapse in the previous week. Gasoline demand actually decreased -13,000 bpd on the week, with the 4-wk average falling to -112,000 bpd below a year ago. Both distillate and jet fuel demand were up less than +1% year-on-year for the same period.



Even with very lackluster gasoline demand, stocks in markets East of the Rockies saw the 5th consecutive record 4-wk draw. While imports have

recently increased to the East Coast, refiners maximizing middle distillate output has reduced gasoline production, offsetting the higher imports and low demand.



Record production of distillate, combined with lackluster demand, has led to an earlier than normal start to the seasonal stock build.

However, strong exports from the Gulf and very low production/imports into PADD 1 has led to a significant draw down in stocks for that region. Stock levels have dropped below each of the last 2-years; compared to stock levels in all other regional markets which are at or near 5-year highs.

Crude oil stocks in PADD 2 increased +1 million barrels on the week, lifting the level to +21 million barrels above the prior record high.

Demand for gasoline was marginally lower last week while middle distillates increased slightly; unusually small changes following the sharp drop the previous week.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -1.2%; distillate up +0.9%; jet fuel up +0.5% while residual fuel oil decreased -0.5%.

Stocks forward coverage: Gasoline demand coverage decreased on a -0.4 million barrel draw in stocks. Coverage levels were at the mid range.

Distillate coverage increased on low demand and a +0.2 million barrel increase in inventories. Coverage levels were near 5-year highs.

Jet fuel coverage increased on a +0.4 million barrel stock build.

Coverage levels were above four of the last 5-years.

Refinery utilization rates increased on a +39,000 bpd rise in crude oil runs. Runs for the latest 4-wk period were +104,000 bpd above a year ago.

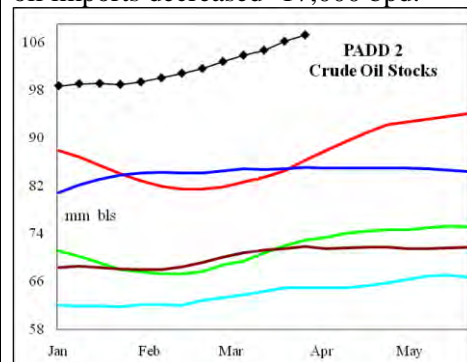
Gasoline yield % on crude oil runs increased on a +114,000 bpd rise in production versus the +39,000 bpd increase in crude oil runs. The yield % on crude oil runs was below the last 2-years.

Distillate yield % on crude oil runs increased on a +74,000 bpd rise in output compared to the small increase in crude oil runs. Yield % remains extremely high for this time of year.

Jet fuel yield % on crude oil runs fell on a -60,000 bpd drop in output, compared to the increase in crude oil runs. The yield % on crude oil runs was above the mid range.

Petroleum Imports increased last week for gasoline, while decreasing for other fuels and crude oil.

During the latest 4-wk period crude oil imports decreased -175,000 bpd below last year; distillate imports decreased -20,000 bpd; finished gasoline imports decreased -9,000 bpd, gasoline blend stock imports increased +160,000 bpd; jet fuel imports were -10,000 bpd lower, while residual fuel oil imports decreased -17,000 bpd.



Crude Oil stocks increased +2 million barrels on the week, with builds concentrated in PADDs 2 and 5. Stocks increased 1 million barrels in PADD 2, reaching a level +24% above the prior 5-year high. Estimated domestic production reached a new high of 5.64 million bpd.

¹ Source is latest EIA Weekly Statistics



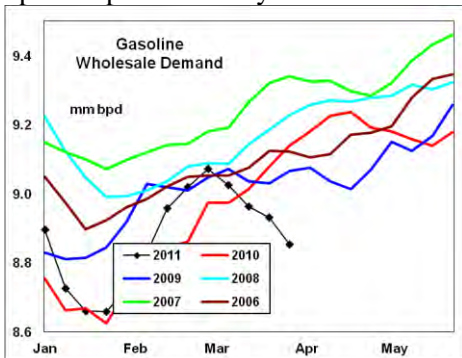
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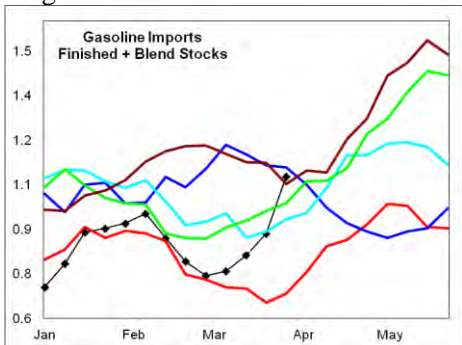
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Product Supply-Demand Trends

Gasoline demand decreased -13,000 bpd on the week. The latest 4-wk average demand was down -112,000 bpd compared to last year.



Production increased +114,000 bpd on the week, with output -209,000 bpd below last year. Imports increased +193,000 bpd on the week, lifting the level to the upper end of the historic range.



Stocks decreased -0.4 million barrels on the week. Stock levels now match the 5-year mid range.

Wholesale demand dipped below year ago levels, measured on a 4-wk average, in the face of high retail prices and high unemployment.

Refiners have maximized middle distillate output at the expense of gasoline, so that output is also lower. The recent increase in imports has been offset by very robust exports, leading to continued high stock draws.

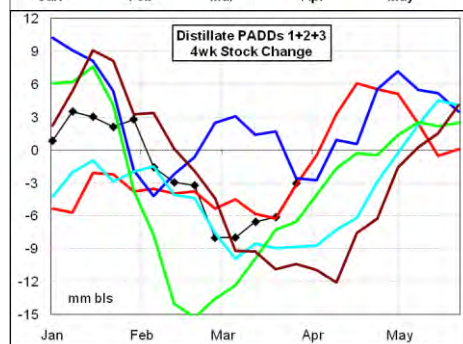
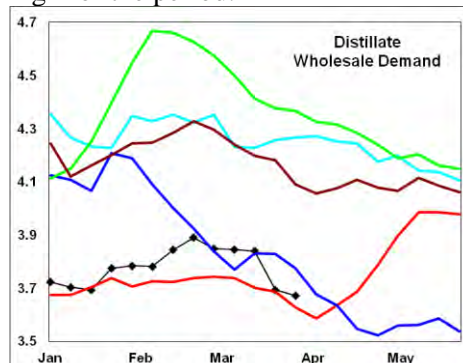
The latest 4-wk stock draw in markets East of the Rockies were -12.8 million barrels, a record large draw for the 5th consecutive week. Stock levels East of the Rockies are now well below each of the last 3-years. These trends point to risk of a supply squeeze in markets East of the Rockies during

the 2nd quarter.

Distillate demand increased +35,000 bpd on the week, to a level near last years' record lows. The latest 4-wk average demand was +34,000 bpd above last year.

Supply decreased -38,000 bpd on lower imports, partially offset by higher production. Production levels remain well above the 5-year range.

Stocks increased +0.2 million barrels on the week, with the level +7.8 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 -3 million barrels, comparable to the lowest draw of the last 5-years for the period.

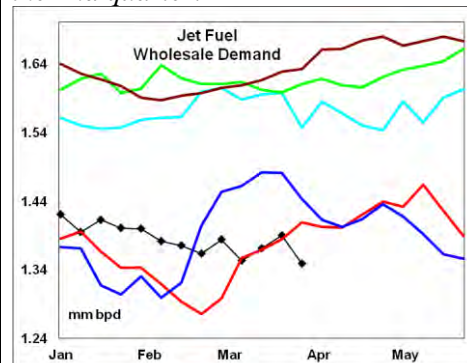
Year-on-year growth in demand has slowed significantly in recent weeks, while monthly data were revised lower. Combined with production rates +0.5 million bpd above a year ago, stocks have began an earlier than normal seasonal stock build. While the market should remain well supplied, global growth in gas oil demand and robust exports from the U.S. should support prices in the 2nd quarter.

Jet Fuel demand increased +58,000

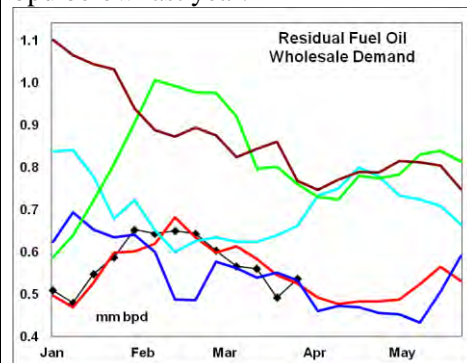
bpd on the week. The latest 4-wk average demand was +8,000 bpd above last years' record low level.

Supply fell -106,000 bpd, on lower production and imports. Stocks increased +0.4 million barrels, with the level above the mid range.

The supply - demand balance is gradually improving on higher production and continued lackluster demand. 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 +54,000 bpd last week, with the 4-wk average -3,000 bpd below last year.



Supply (production + imports) fell -217,000 bpd on lower imports and production. The latest 4-wk average supply was +5,000 bpd above a year ago. Stocks decreased -0.9 million barrels to a level that was near historic lows.

Stock levels in the PADD 1 market have dropped to all time record lows; driven by reduced receipts from the Gulf, record low production and reduced imports. This regional market faces risk of a supply squeeze.



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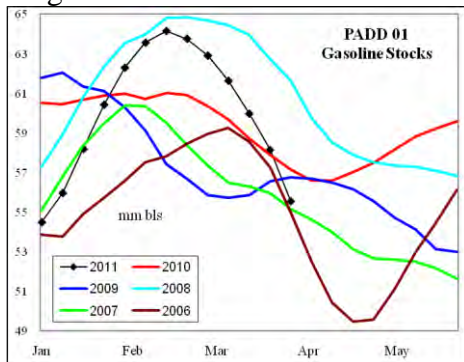
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PADD Supply Trends

PADD 1 refinery crude oil runs fell -75,000 bpd last week, to a new record low for this time of year. Imports also fell -209,000 bpd, with the 4-wk average -168,000 bpd below prior record lows.

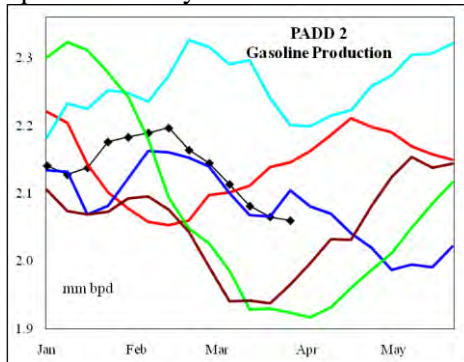
Gasoline production increased +121,000 bpd on the week, while imports climbed +147,000 bpd. Import levels were above the mid range. Stocks fell -2.9 million barrels to a level below the mid range.



Distillate supply fell -174,000 bpd on the week, on lower imports and production. Stocks fell -3.2 million barrels to level below the last 2-years.

Jet fuel stocks increased +1.2 million barrels last week, to a level near the mid range; driven by receipts from the Gulf and increased imports.

PADD 2 crude oil refinery runs fell -128,000 bpd on the week, with the level well above the last 3-years. Stocks increased +1 million barrels on the week; stocks in Cushing were unchanged. Imports were +130,000 bpd above last year.



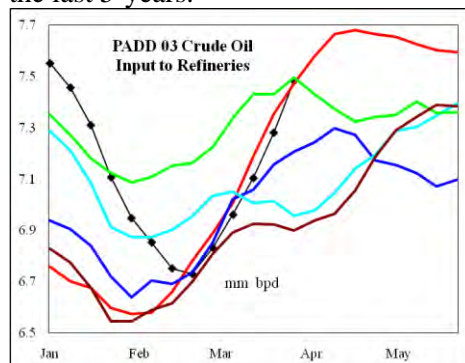
Gasoline production was unchanged on

the week, at a level below each of the last 3-years. Low output led to a -0.8 million barrel stock draw, with the level at 5-year lows for the period.

Distillate production declined -64,000 bpd on the week to a level above four of the last 5-years. Stocks increased +0.3 million barrels on the week, to a level above the mid range.

Jet fuel production decreased -13,000 bpd on the week, although the level remains above the 5-year range. Stocks fell -0.4 million barrels on the week, to a level near 5-year lows.

PADD 3 crude oil runs increased +278,000 bpd last week. The latest 4-wk average runs were -65,000 bpd below last year. Crude imports declined -0.4 million bpd, with the level -241,000 bpd below the historic range. Stock levels were below four of the last 5-years.



Gasoline production was nearly unchanged on the week, with imports up +35,000 bpd. Stocks jumped +2.9 million barrels, with the level at the mid range of the last 3-years.

Distillate supply increased +214,000 bpd, driven by higher production and imports. Stocks jumped +2.9 million barrels last week to a level +17% above the prior historic high.

Jet fuel production decreased -19,000 bpd on the week, to a level that matched 5-year highs. Stocks increased +0.1 million barrels, to a level above the mid range.

Residual fuel oil supply fell -173,000 bpd on the week, on lower production and imports. Stocks decreased -0.6 million barrels to a level

that matched 5-year highs.

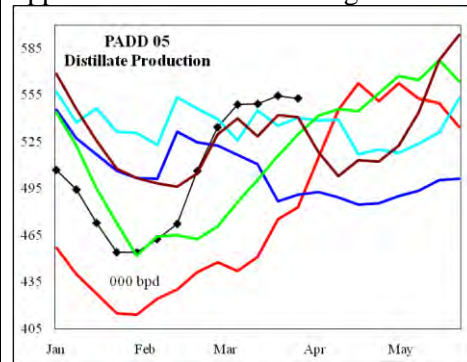
PADD 4 refinery crude runs decreased -27,000 bpd on the week, to a level at the mid range. Crude oil imports decreased -97,000 bpd to a level at the 5-year mid range. Stocks extended a counter seasonal downturn, to a level below the last 2-years.

Gasoline production fell -13,000 bpd on the week, to a level that matched 5-year lows. Stock levels were nearly unchanged with the level a record high for this time of year.

Distillate production decreased -20,000 bpd, to a level below the historic range. Stock levels matched 5-year highs for the period.

PADD 5 crude oil refinery runs decreased -9,000 bpd on the week, with the latest 4-wk average +72,000 bpd above last year. Crude oil imports spiked +0.5 million bpd, pointing to anticipated increased runs. Stocks increased +1.3 million barrels, with the level -3% below the 5-year range.

Gasoline production declined -29,000 bpd on the week, a level below the historic range. Stocks increased +0.4 million barrels, to a level at the upper end of the historic range.



Distillate production increased +8,000 bpd last week, with the level above the historic range for the 4th consecutive week. Stocks increased +0.5 million barrels a new record high level for this time of year.

Jet fuel supply declined -39,000 bpd on the week, with both production and imports lower. Stocks fell -0.6 million barrels last week, with the level above the 5-year high for the period.


**FUNDAMENTAL
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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

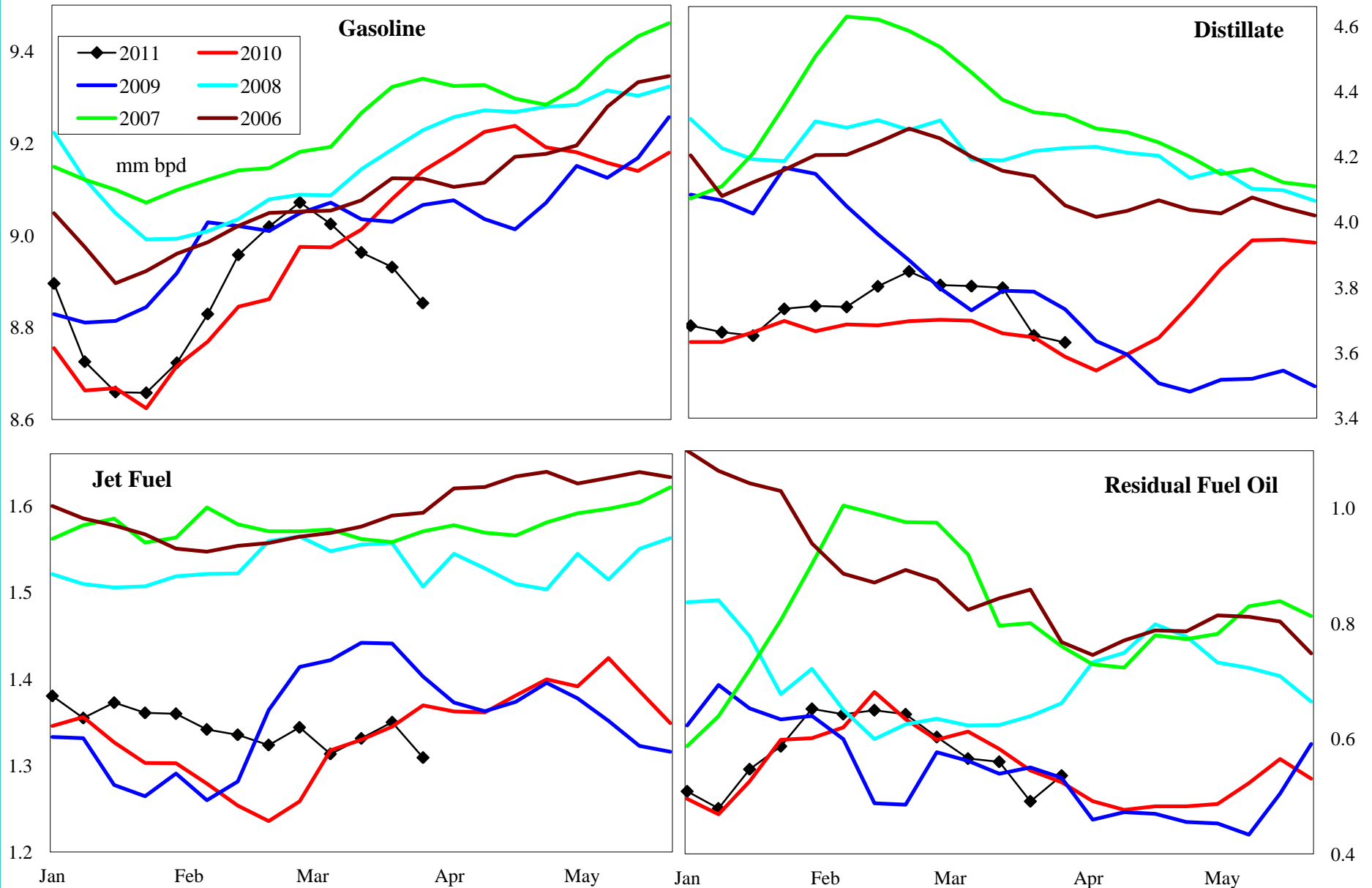
April 6, 2011

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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	1-Apr-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	1,952	79	1,018	-195	-243	1,294
	Imports	-178	-209	60	-435	-97	504
	Input	39	-75	-128	278	-27	-9
	% Utilization	0.30					
<u>Gasoline</u>	Stocks	-357	-2,909	-770	2,886	2	432
	Production	114	121	0	-9	-13	-29
	Imports	193	147	0	35	0	12
	Supplied	-13					
<u>Distillate</u>	Stocks	195	-3,223	277	2,900	-212	453
	Production	74	-29	-64	179	-20	8
	Imports	-112	-145	0	35	-2	0
	Supplied	35					
<u>Jet Fuel</u>	Stocks	358	1,243	-350	109	-59	-587
	Production	-60	-2	-13	-19	-5	-21
	Imports	-37	-19	0	0	0	-18
	Supplied	58					
<u>Residual Fuel Oil</u>	Stocks	-888	-678	28	-608	8	362
	Production	-68	-26	-5	-63	3	23
	Imports	-149	-58	4	-110	0	16
	Supplied	54					

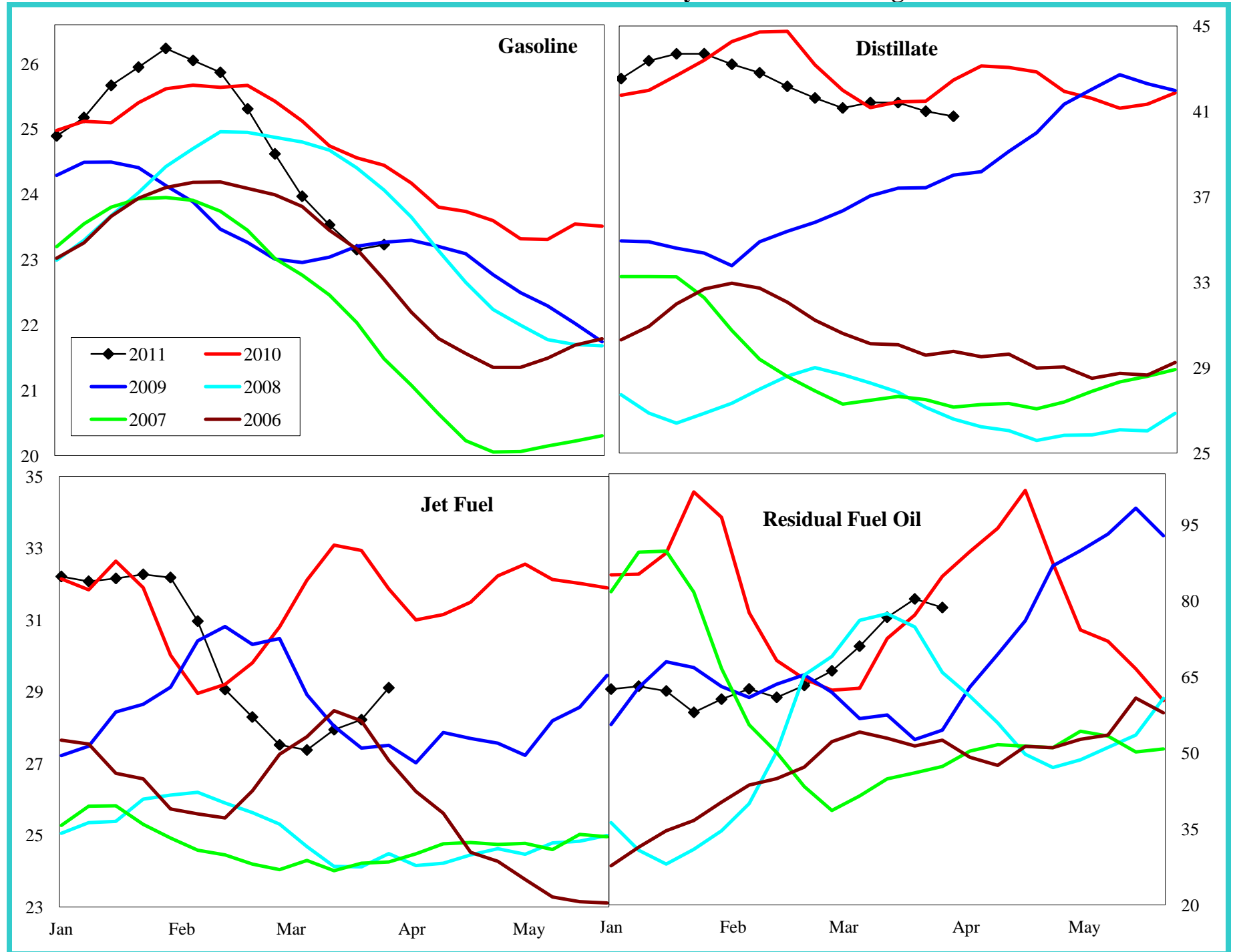
United States Wholesale Petroleum Demand



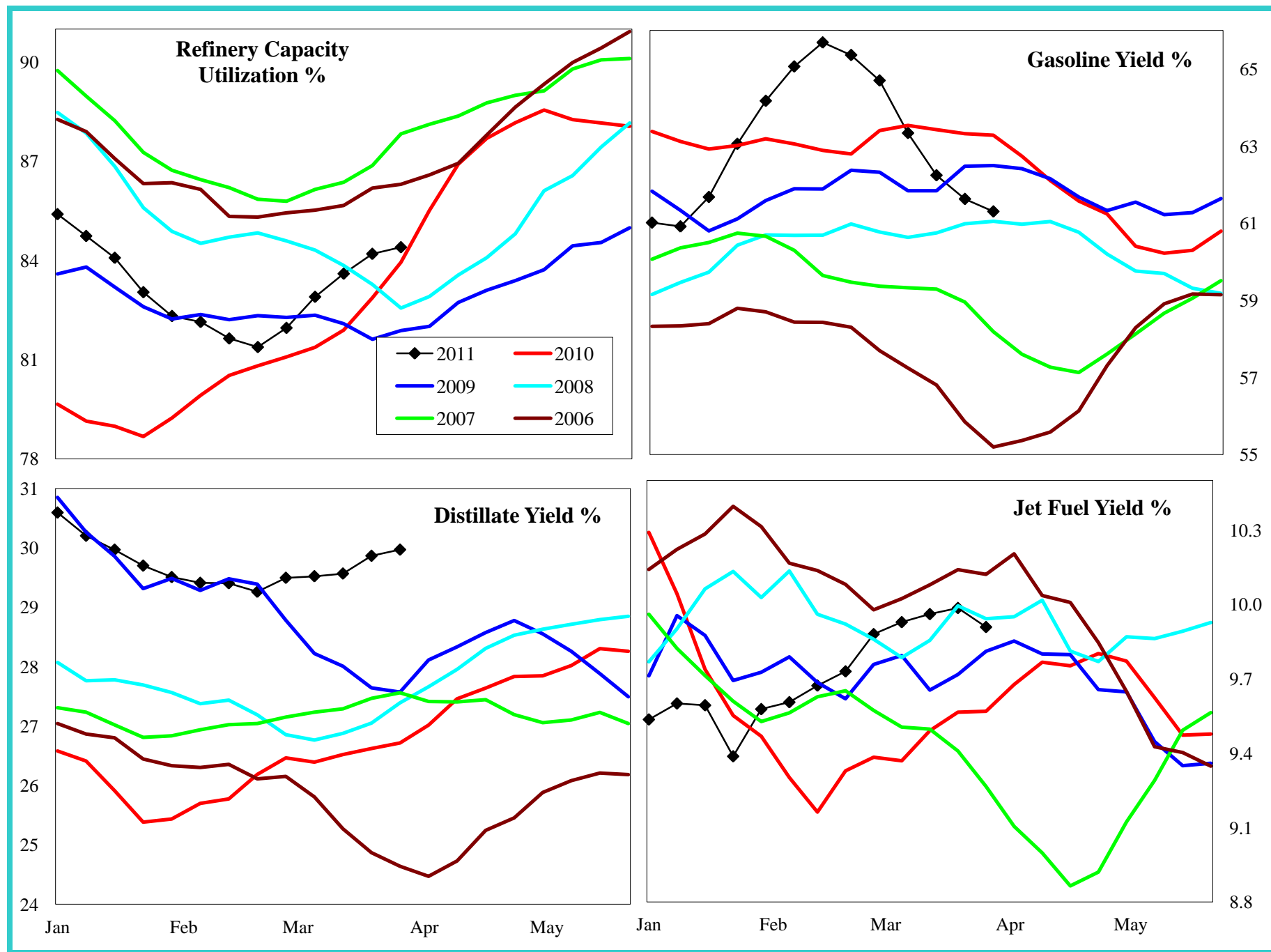
	000 bpd change from prior year				% change from prior year			
	4wk avg	Mar	Feb	Jan	4wk avg	Mar	Feb	Jan
Gasoline	-112	204	415	-113	-1.2	2.3	4.8	-1.3
Distillate	34	39	18	39	0.9	1.0	0.5	1.1
Jet Fuel	8	-69	11	-10	0.5	-4.8	0.8	-0.7
Resid	-3	21	106	1	-0.5	3.9	20.7	0.2



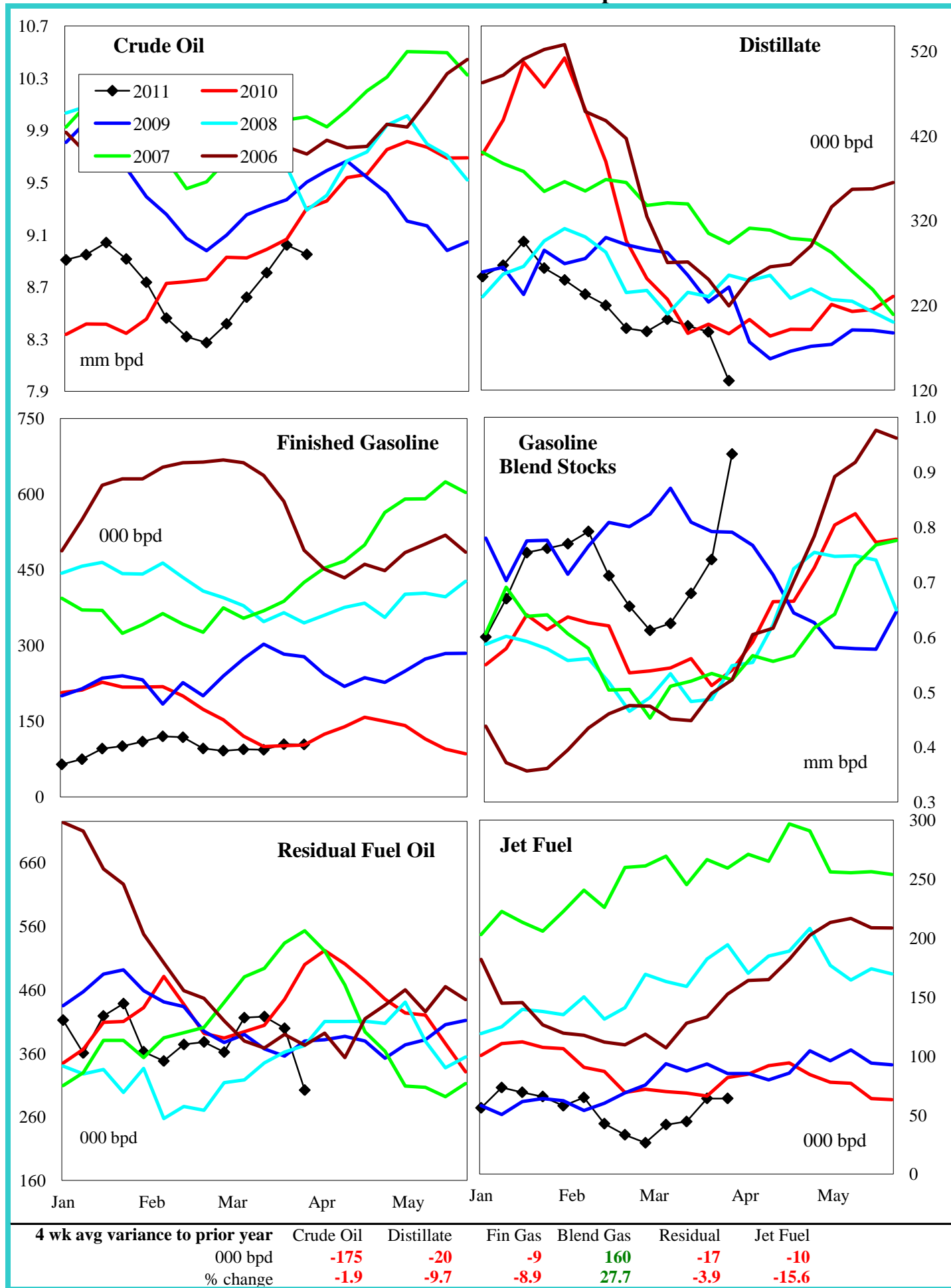
United States Product Stocks: Days Forward Coverage



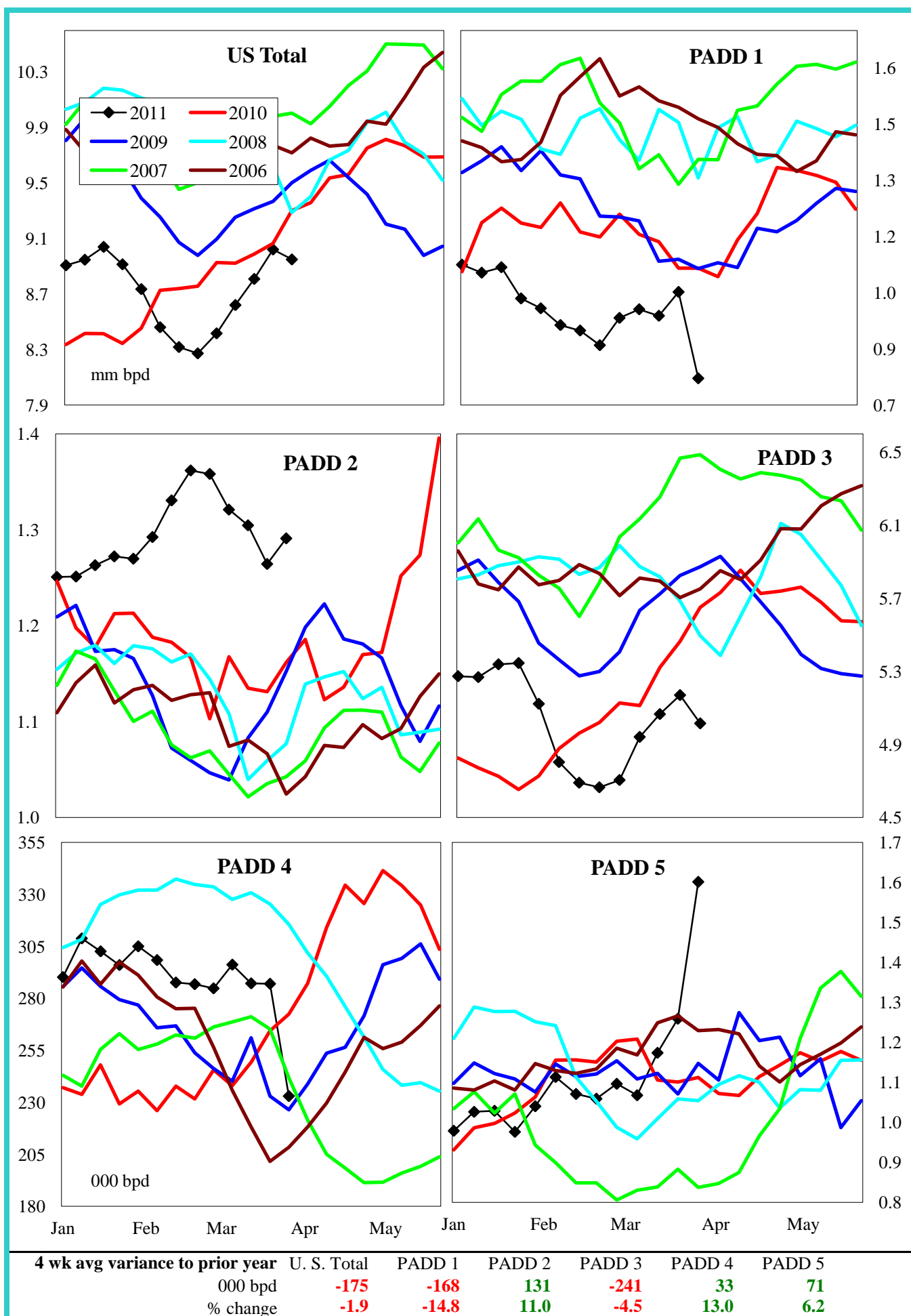
United States Refinery Percent Utilization Rate and Product Yields



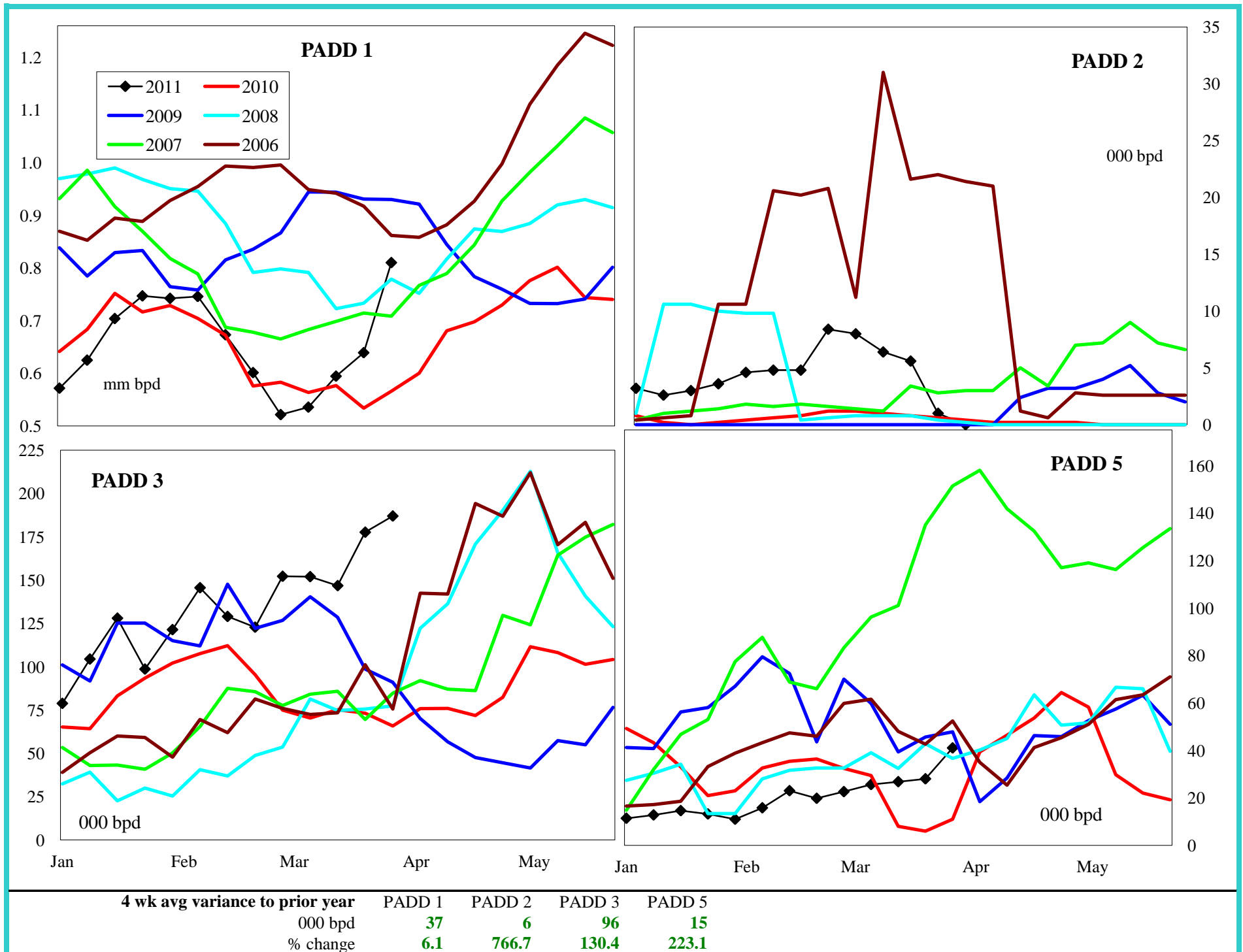
United States Petroleum Imports



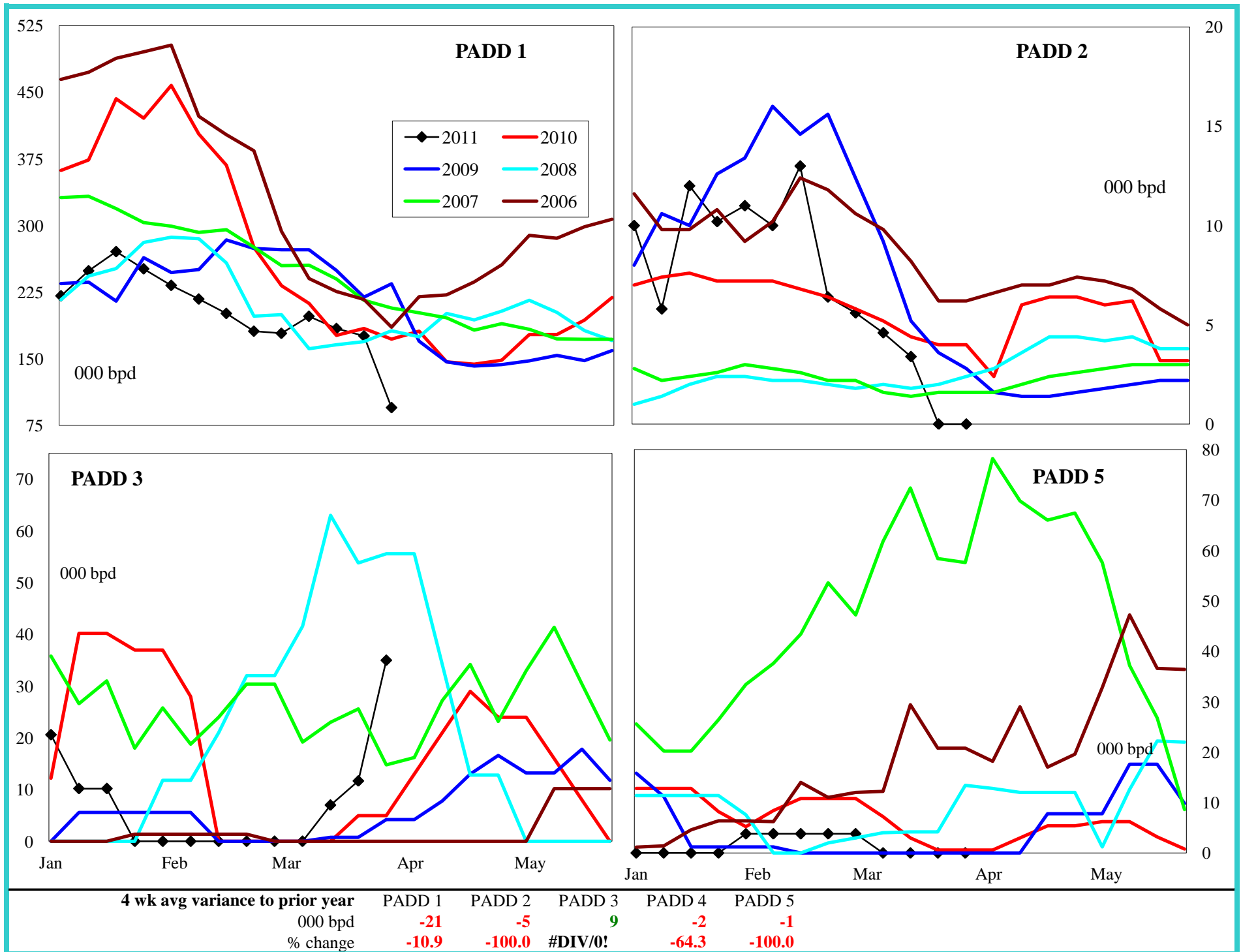
Crude Oil Imports by PADD



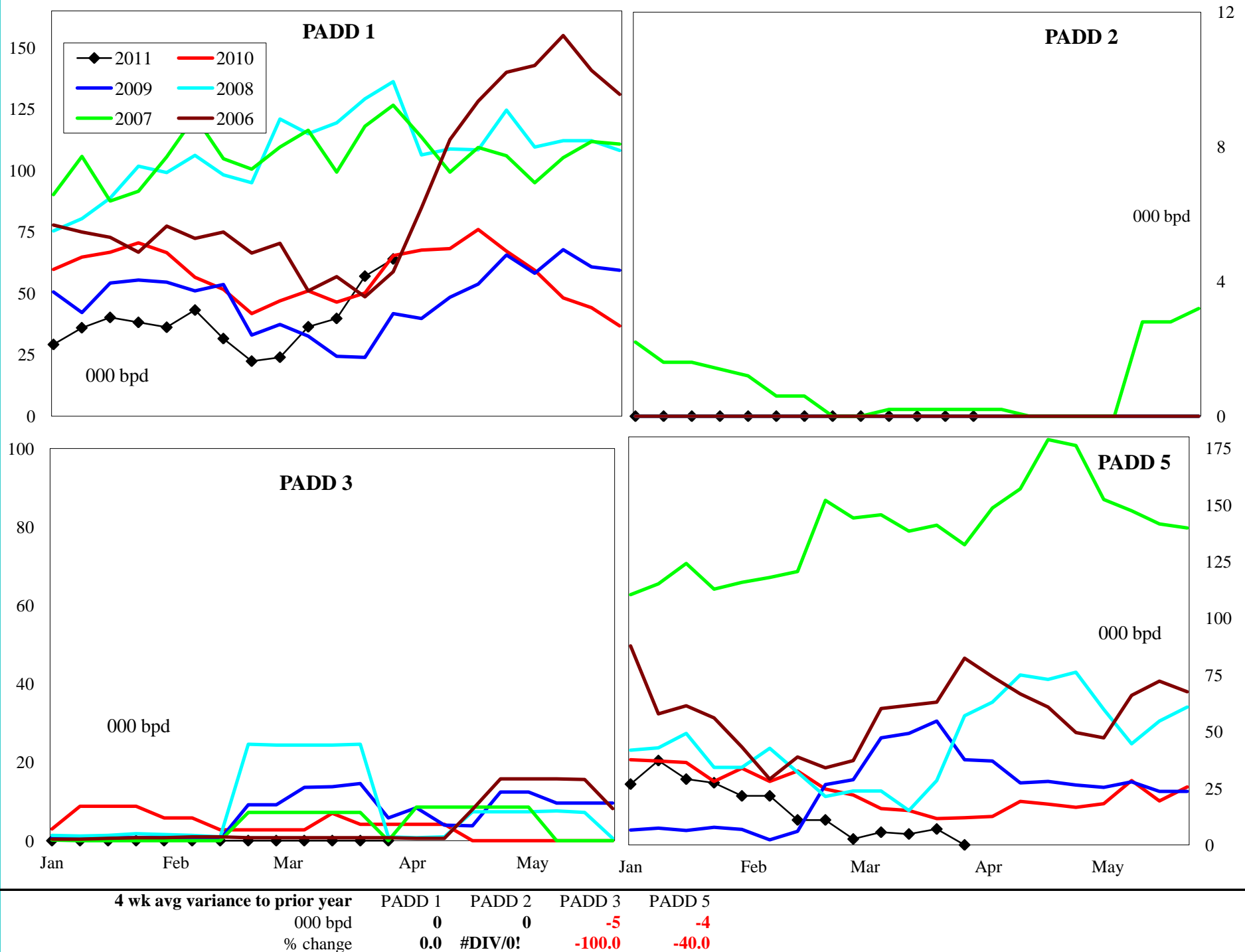
Gasoline Imports by PADD (Finished + Blend Stocks)



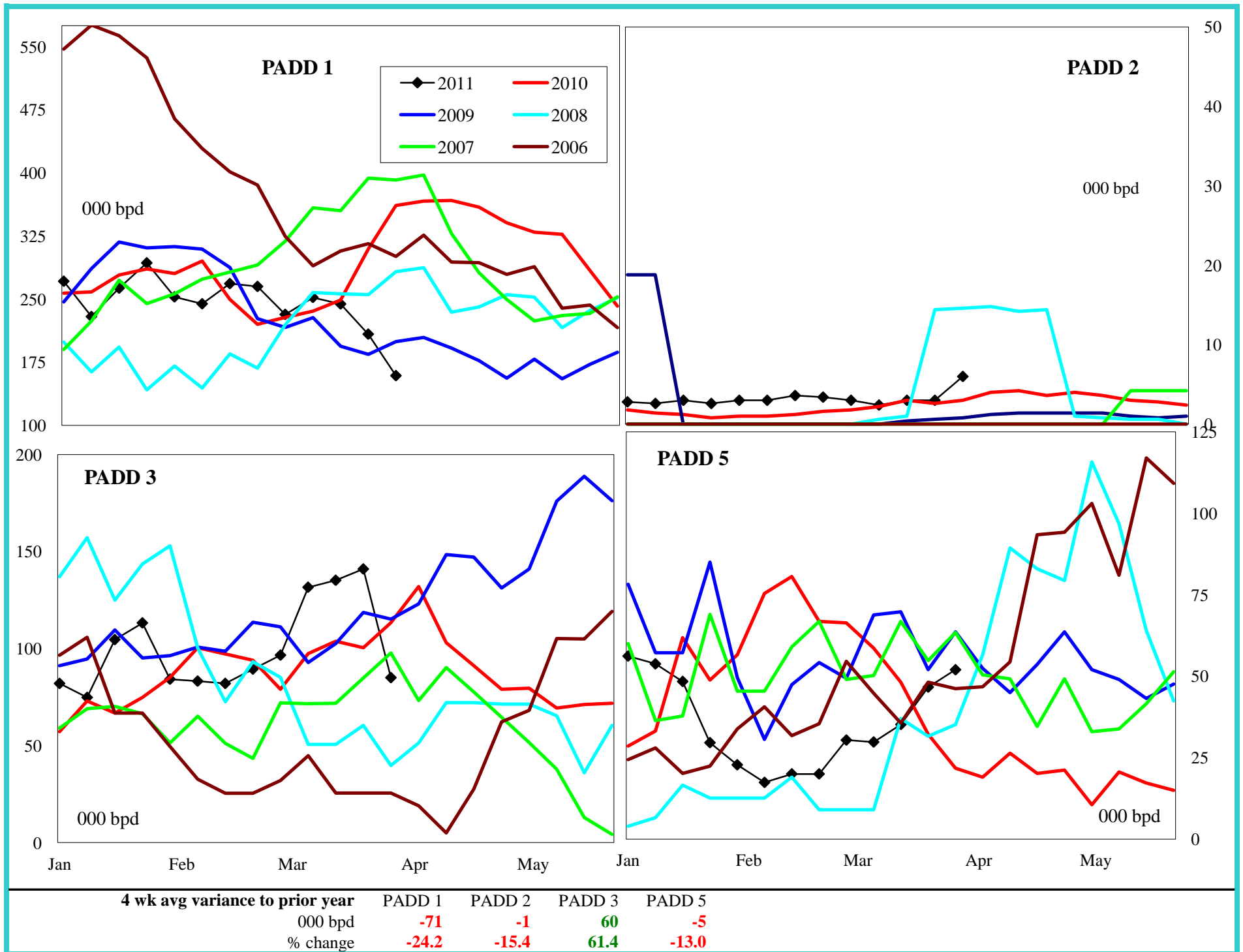
Distillate Imports by PADD



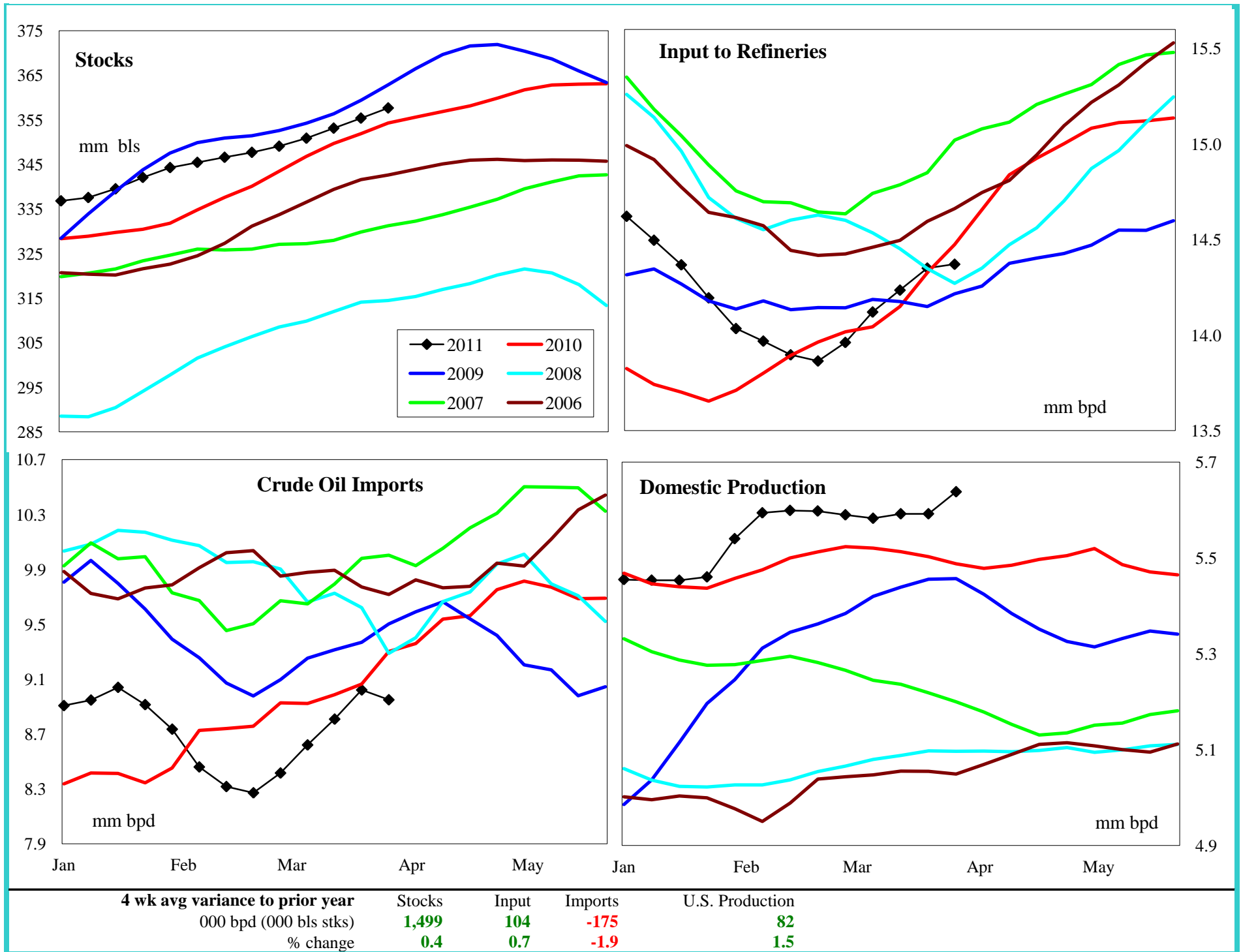
Jet Fuel Imports by PADD



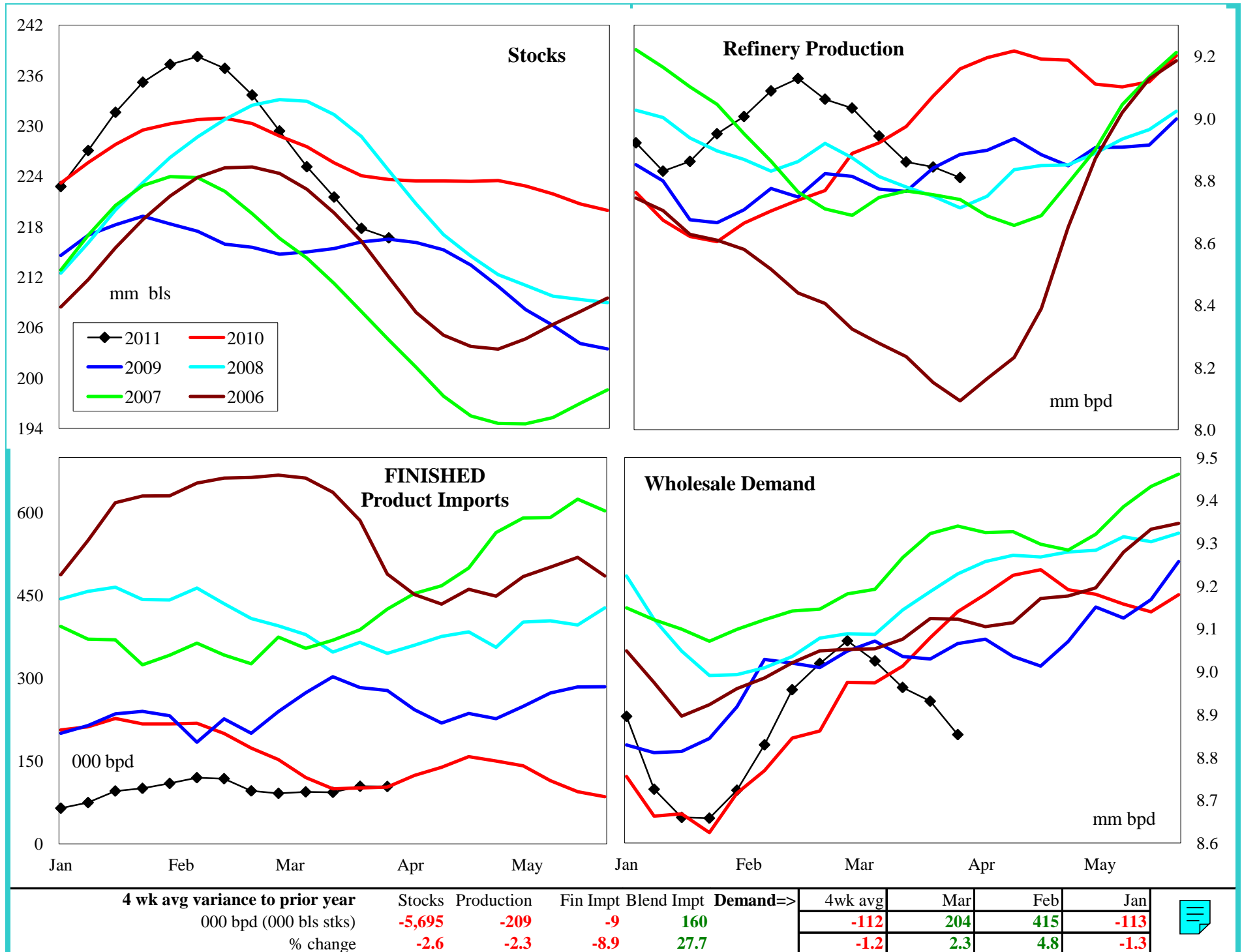
Residual Fuel Oil Imports by PADD



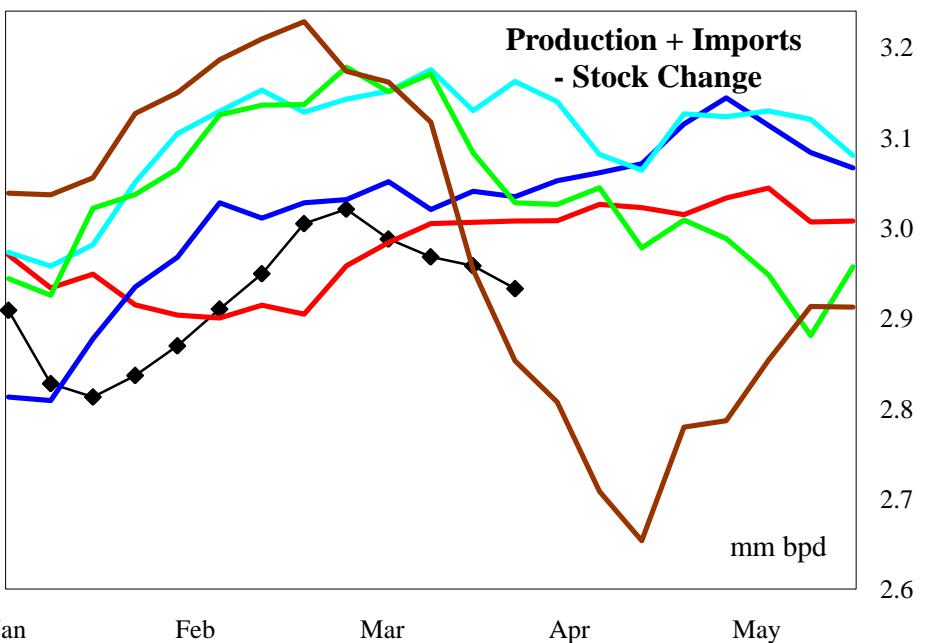
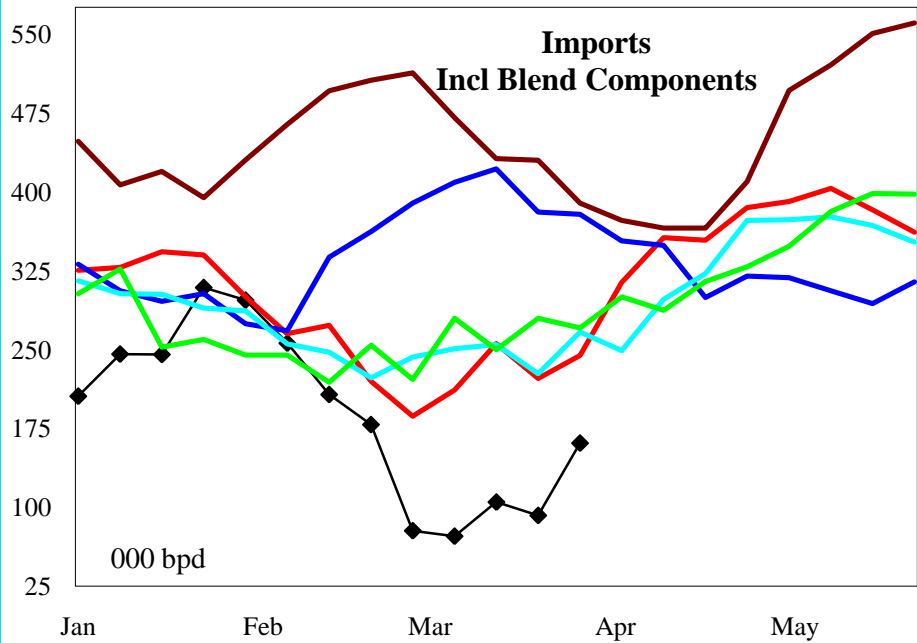
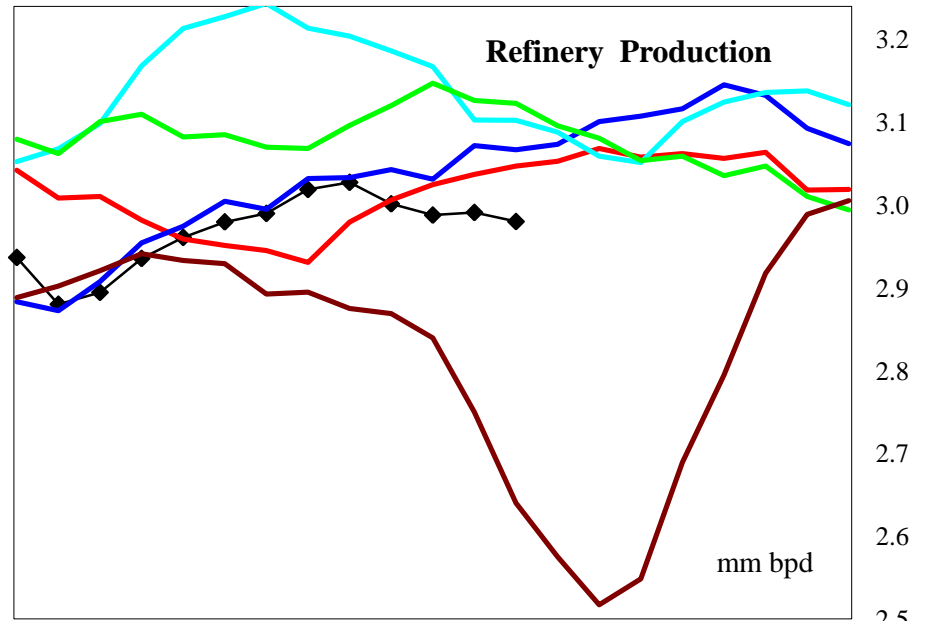
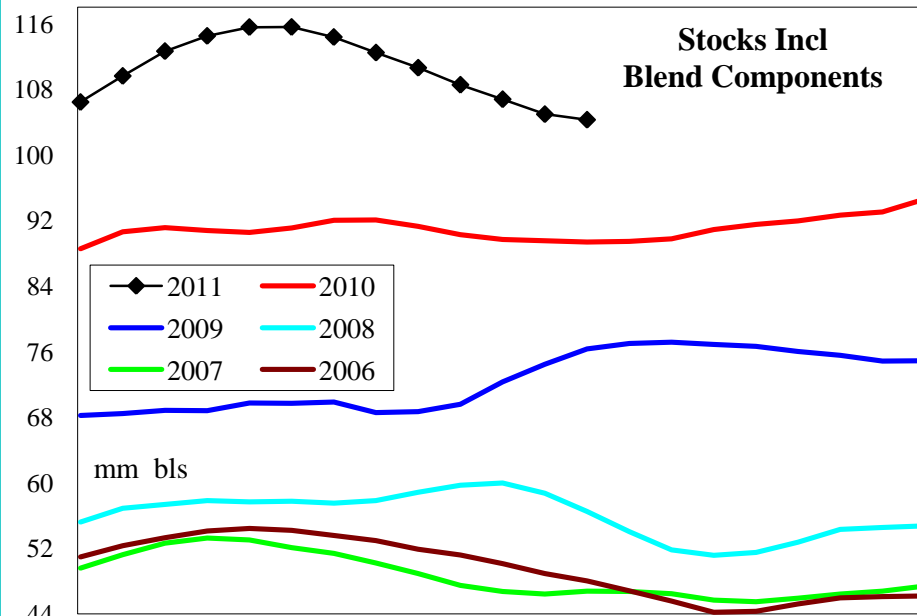
United States Crude Oil Supply and Demand Balance



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

14,935

-44

-126

-39

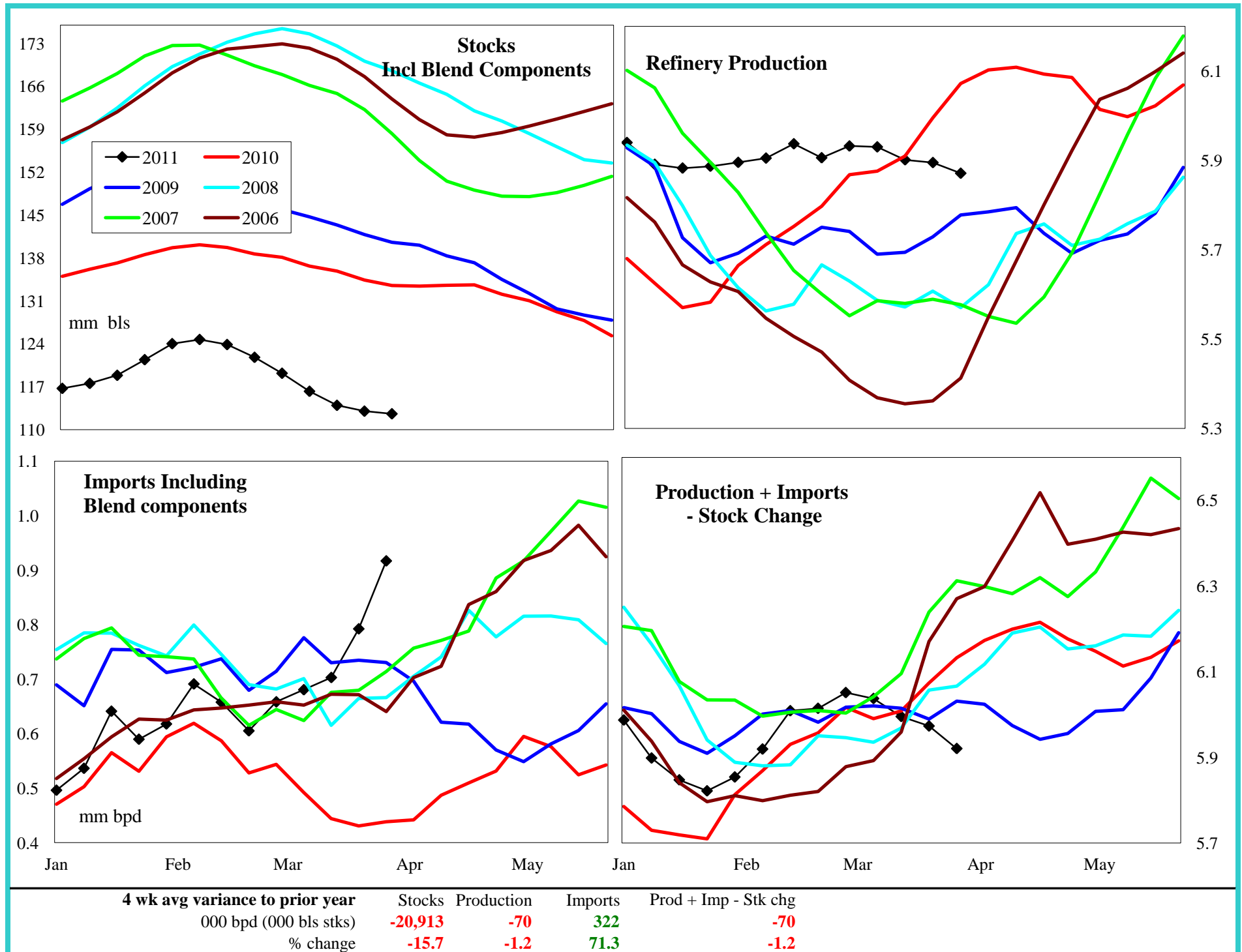
16.7

-1.5

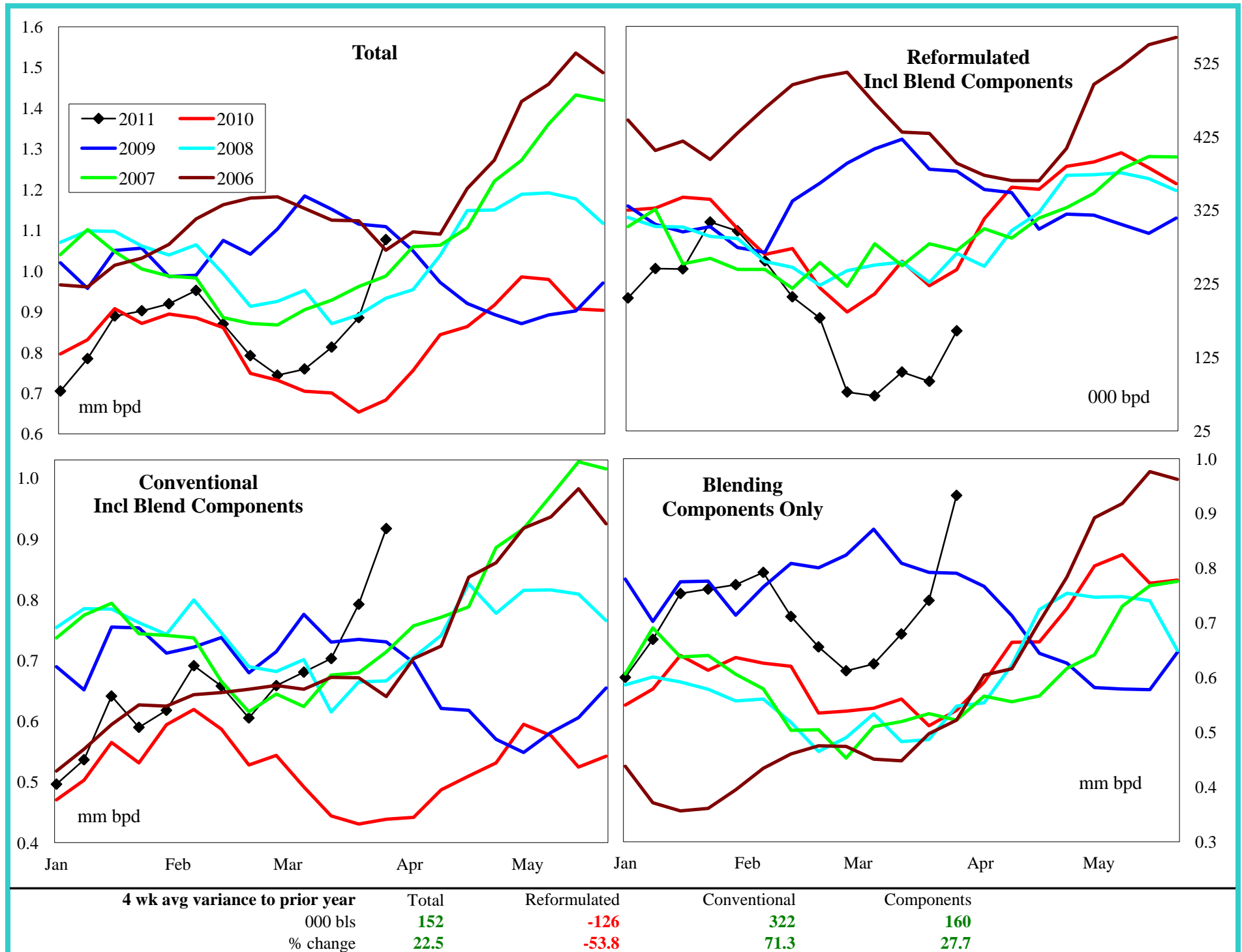
-53.8

-1.3

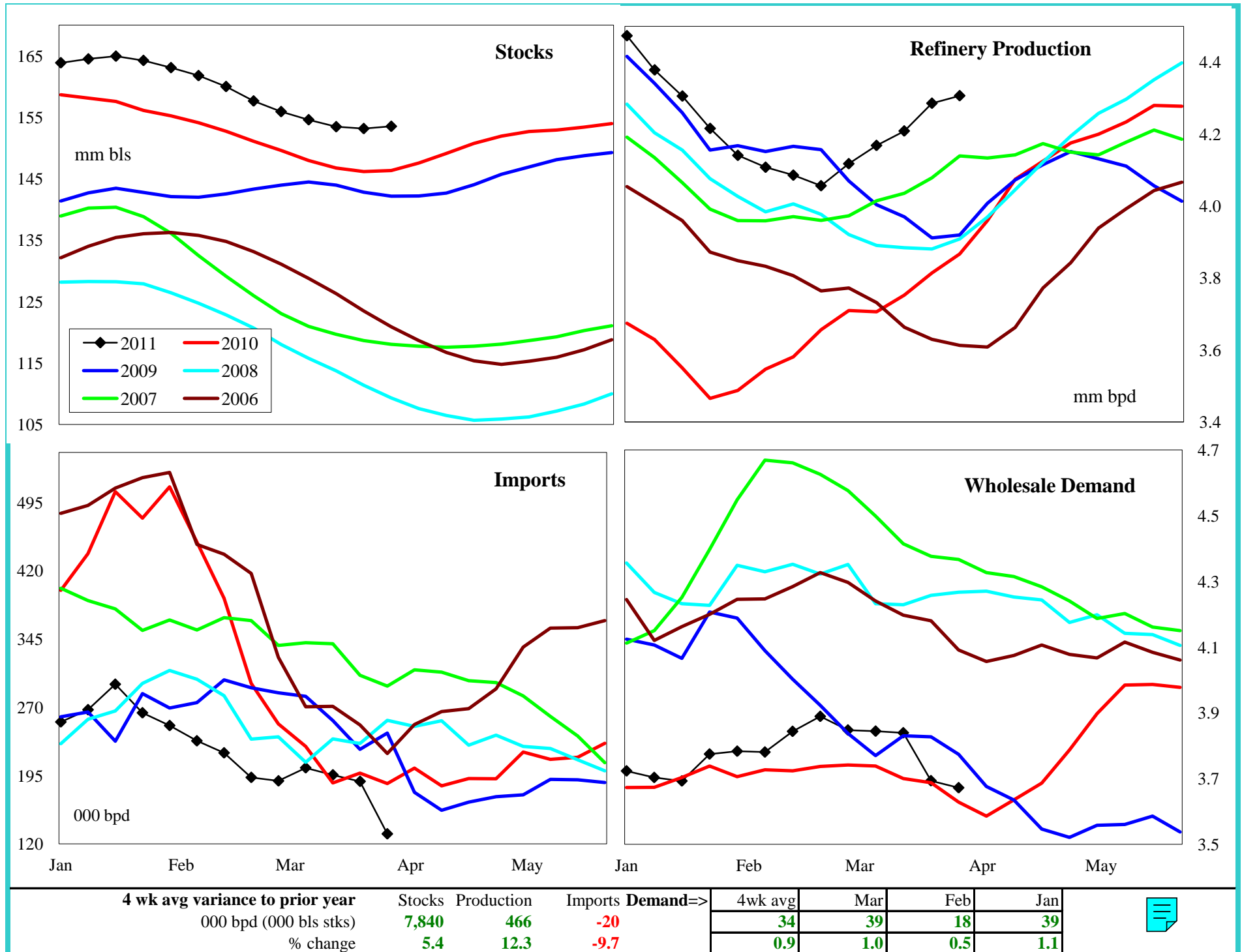
United States Conventional Gasoline Supply



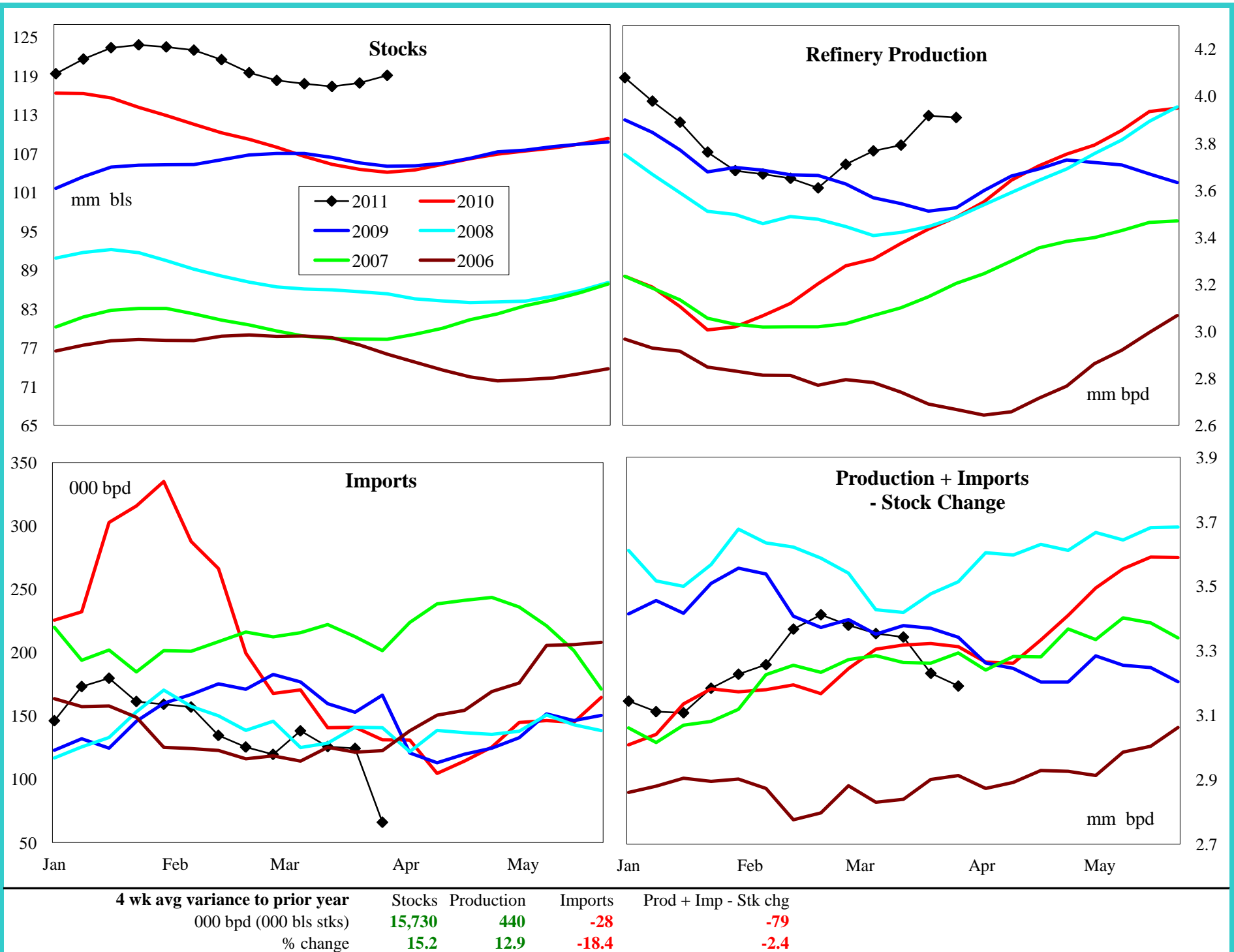
United States Gasoline Imports by Type



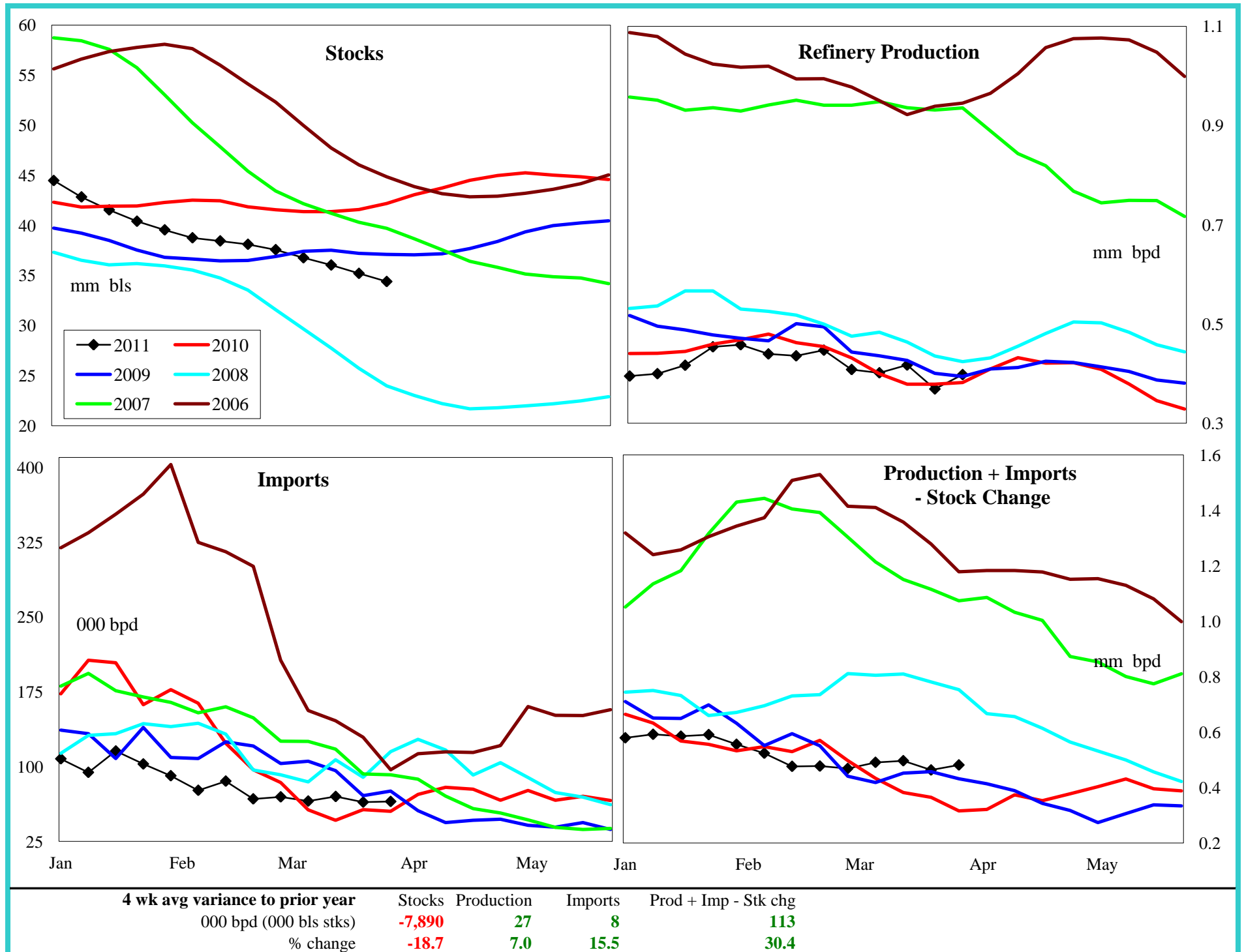
United States Distillate Supply and Demand Balance



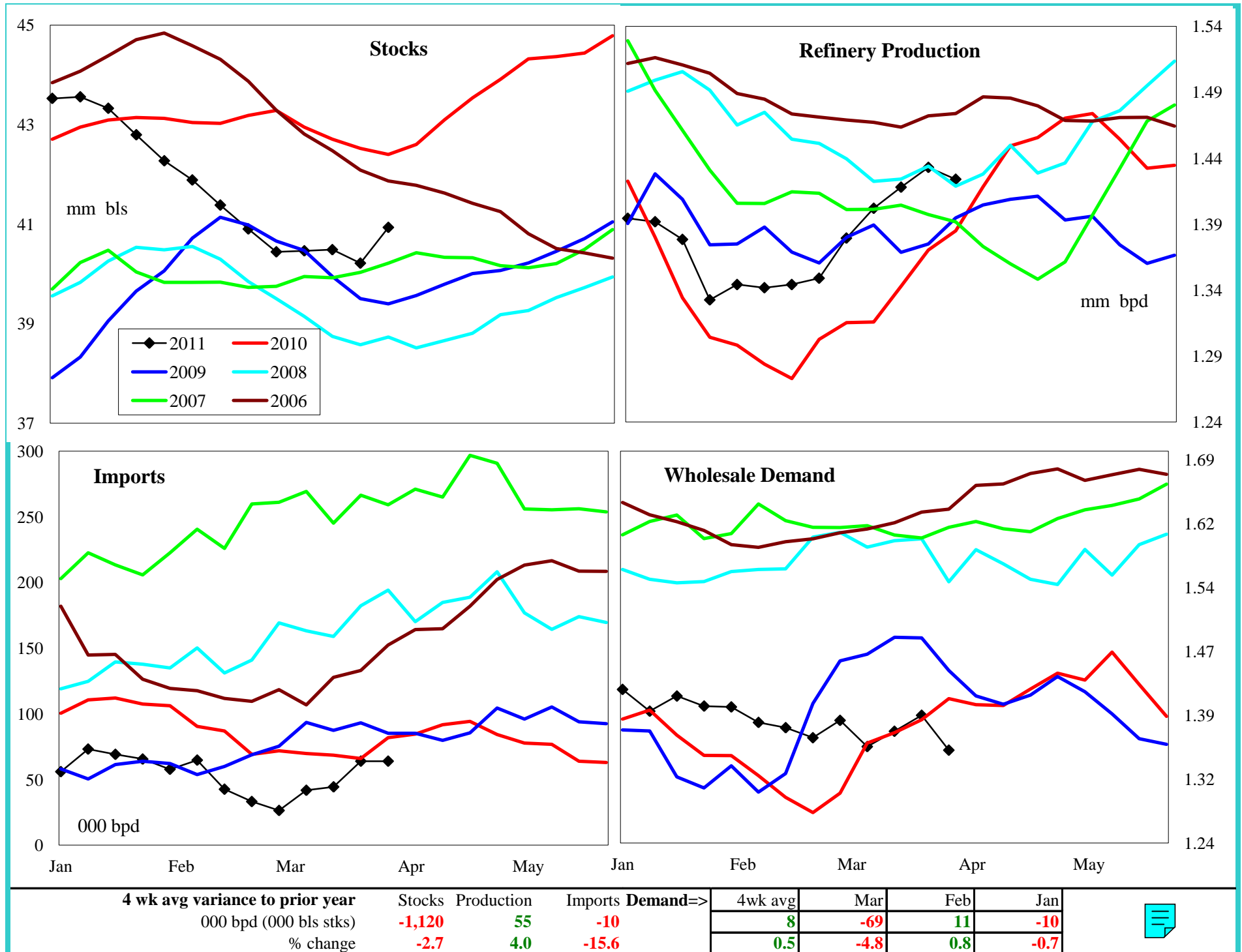
United States Low Sulfur Distillate Supply



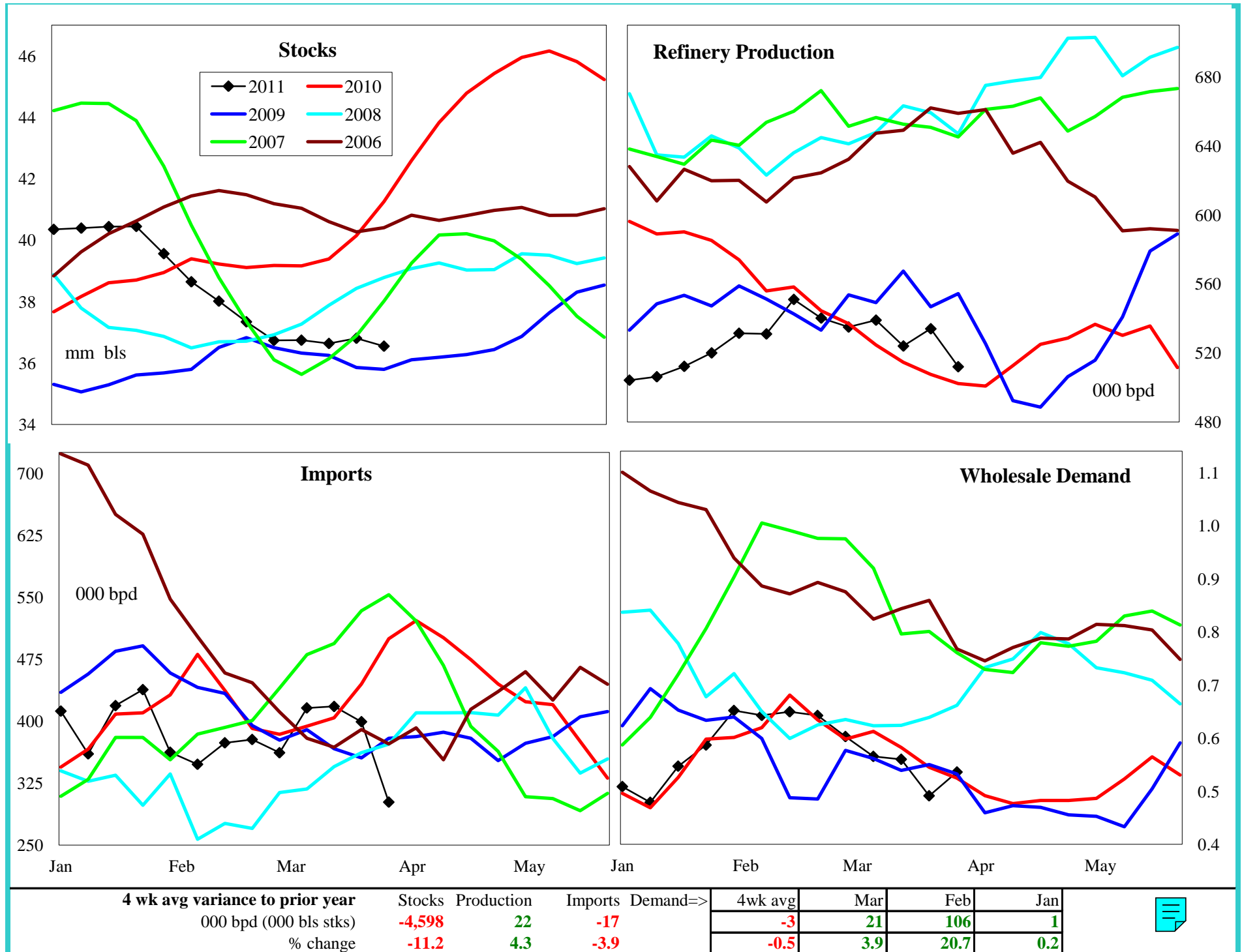
United States High Sulfur Distillate Supply



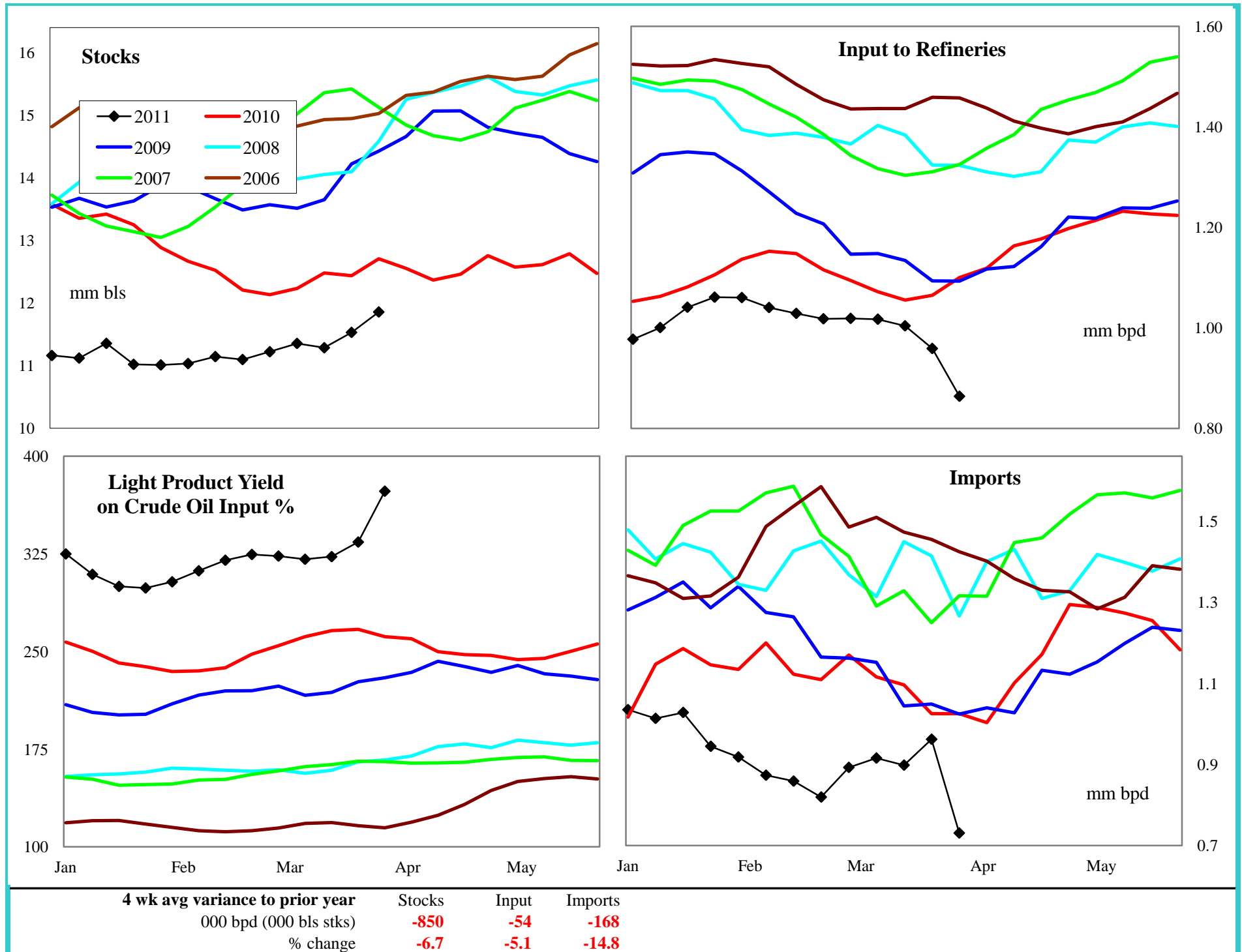
United States Jet Fuel Supply and Demand Balance



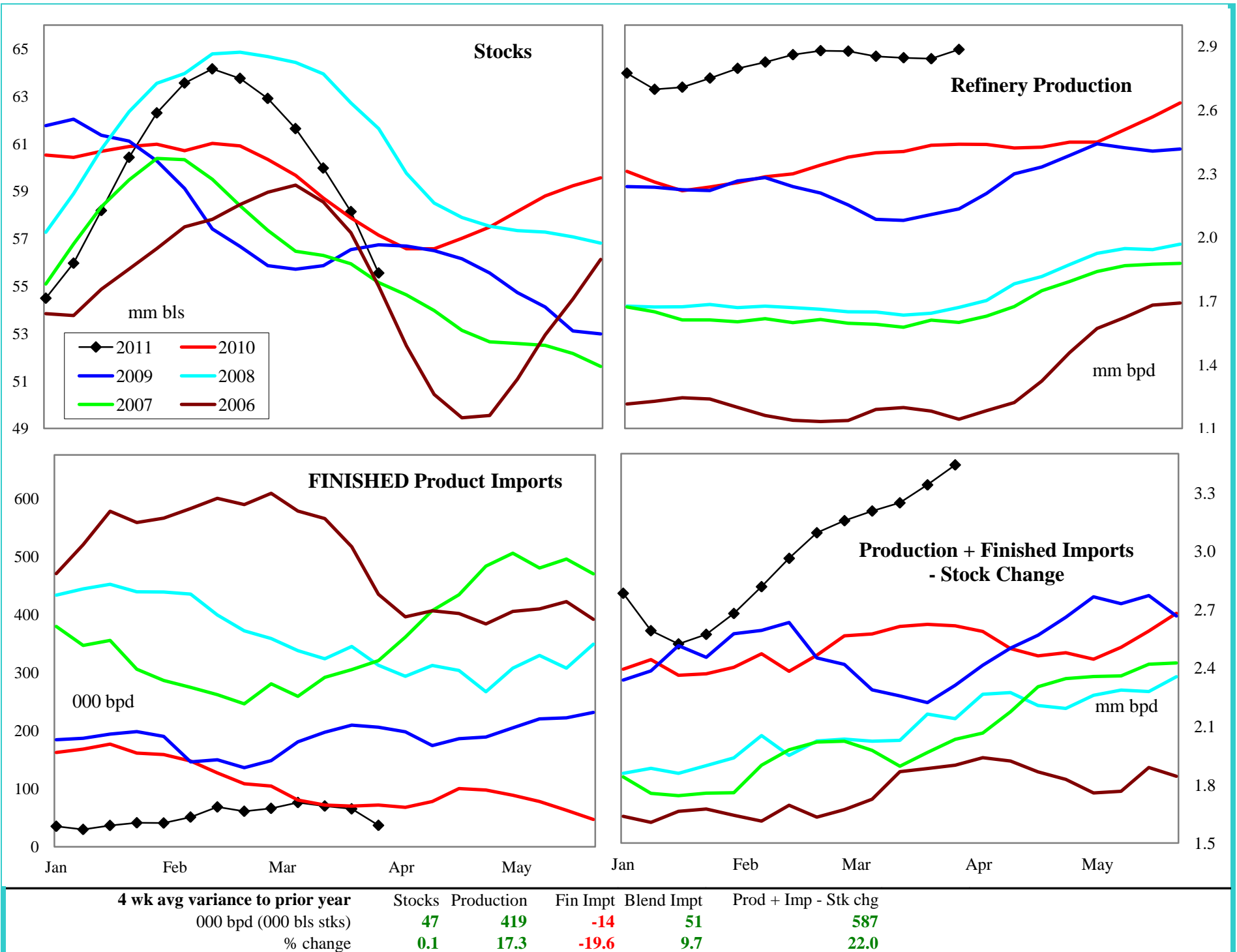
United States Residual Fuel Oil Supply and Demand Balance



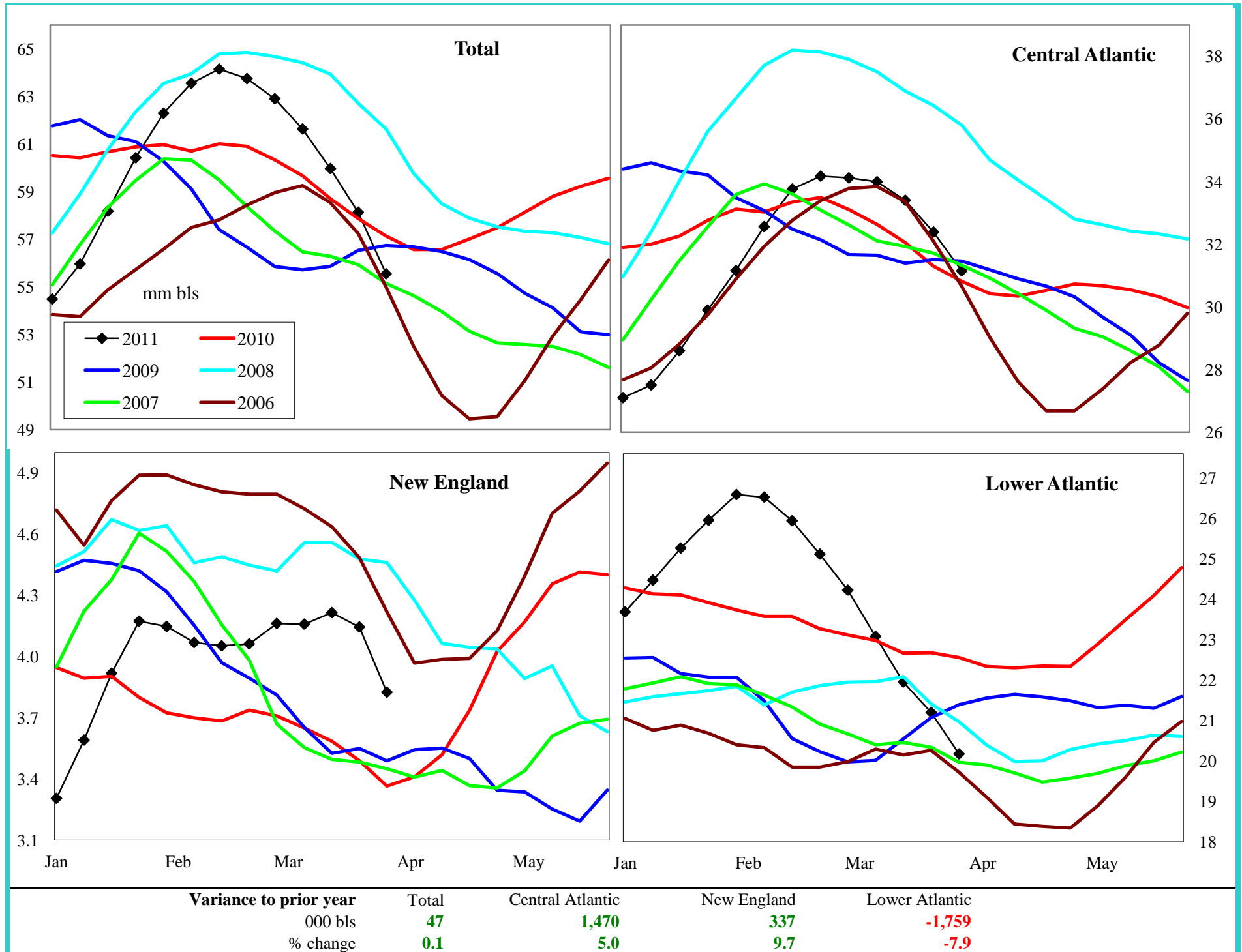
PADD 1 Crude Oil Supply and Refining



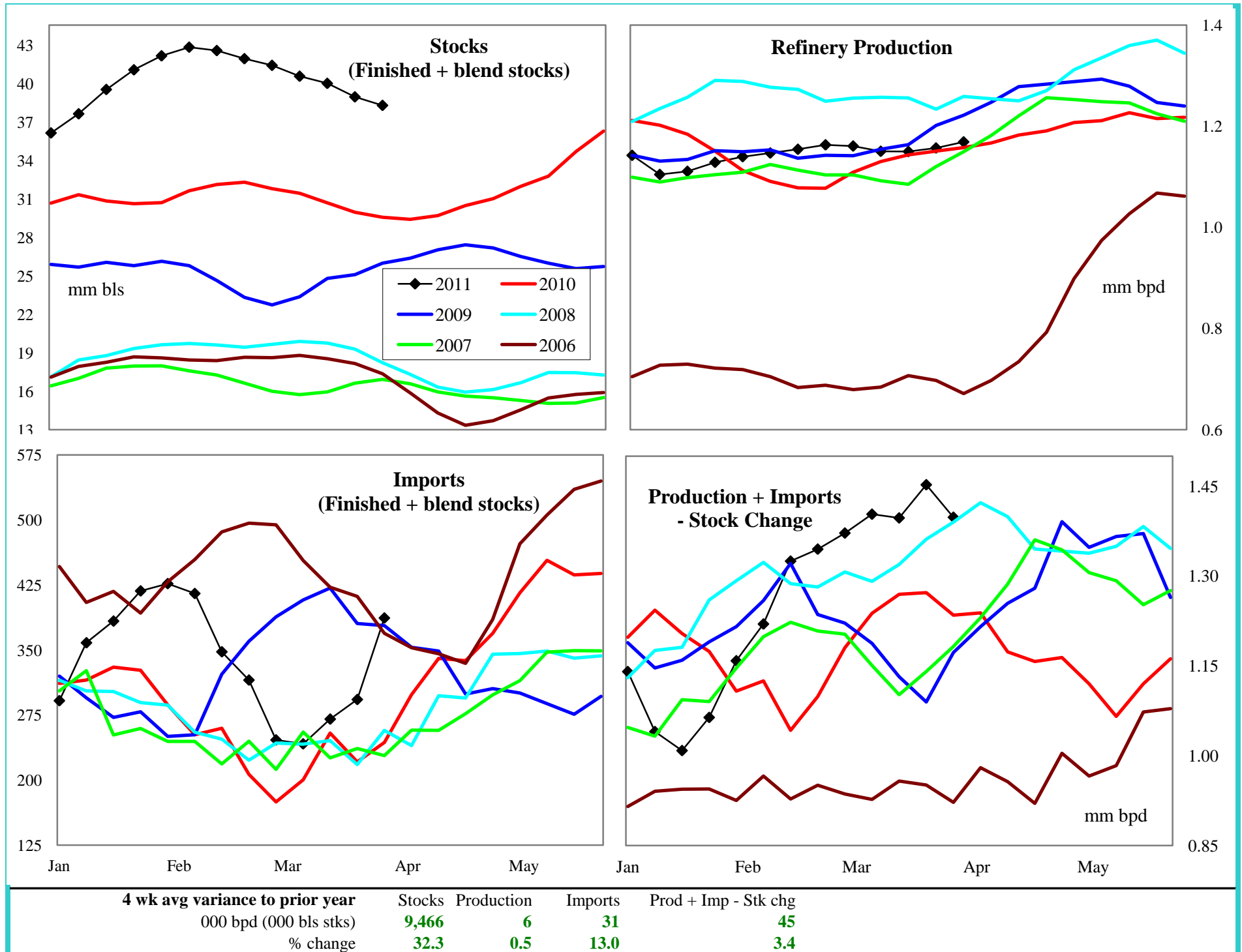
PADD 1 Gasoline Supply



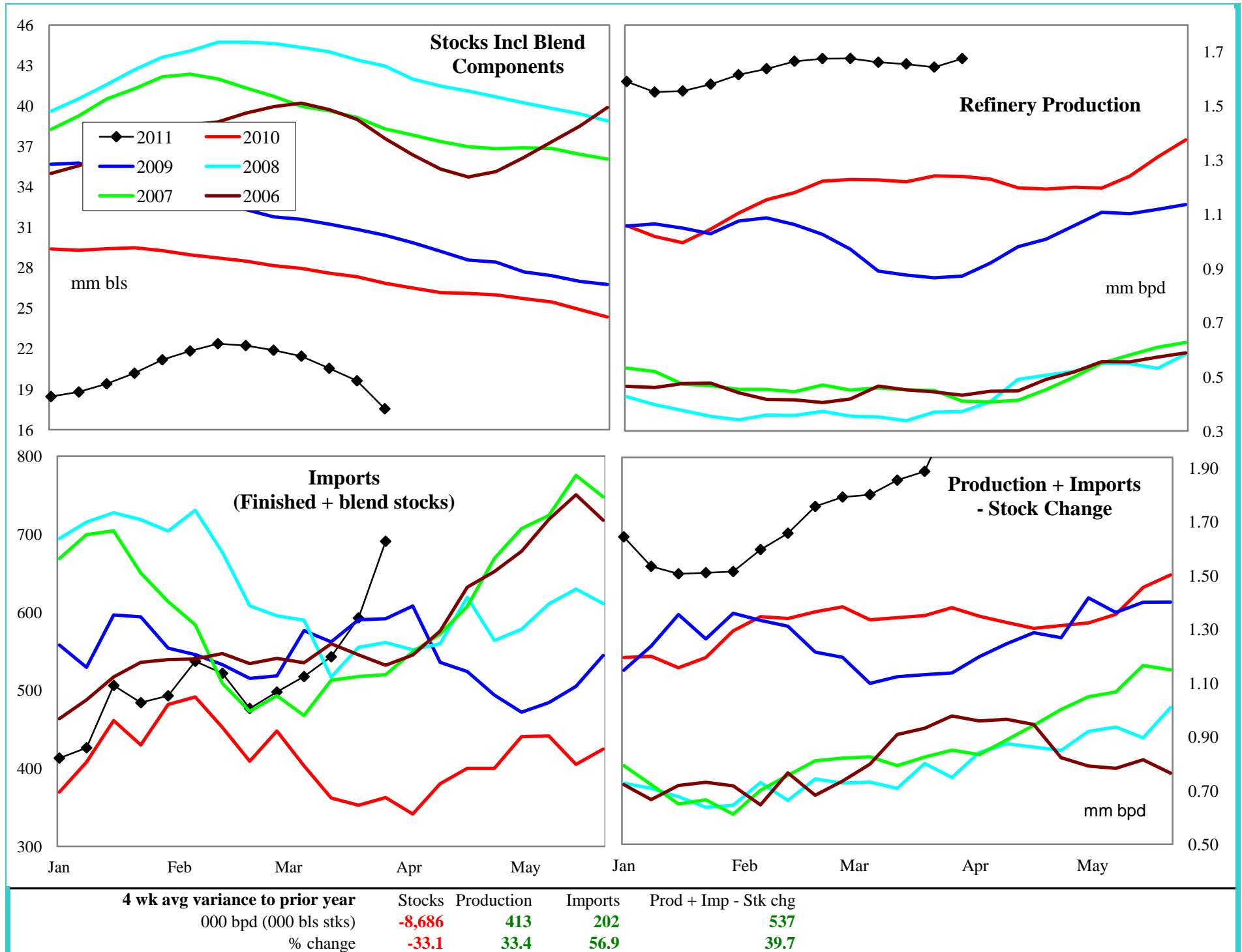
PADD 1 Gasoline Stocks by Region



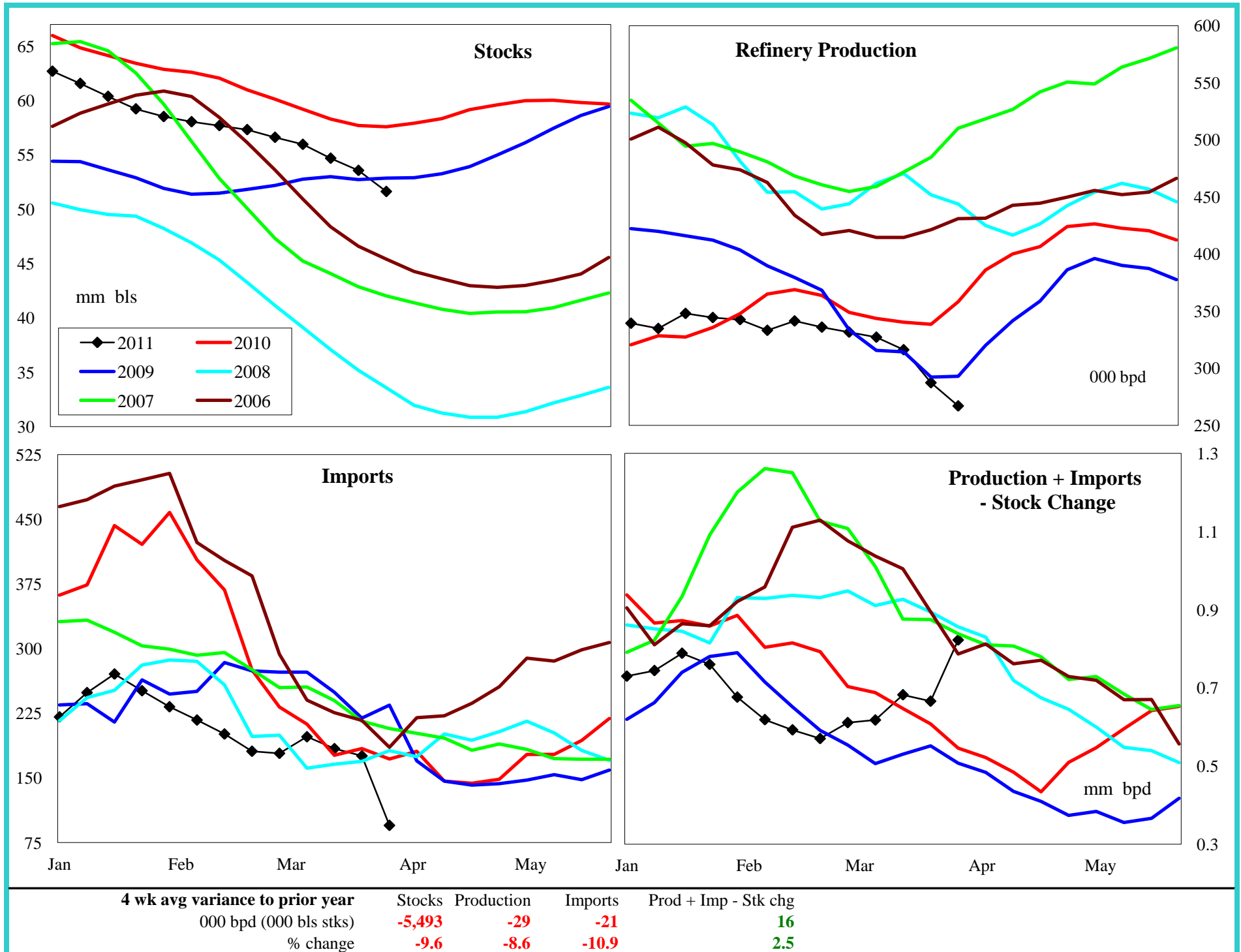
PADD 1 Reformulated Gasoline Supply



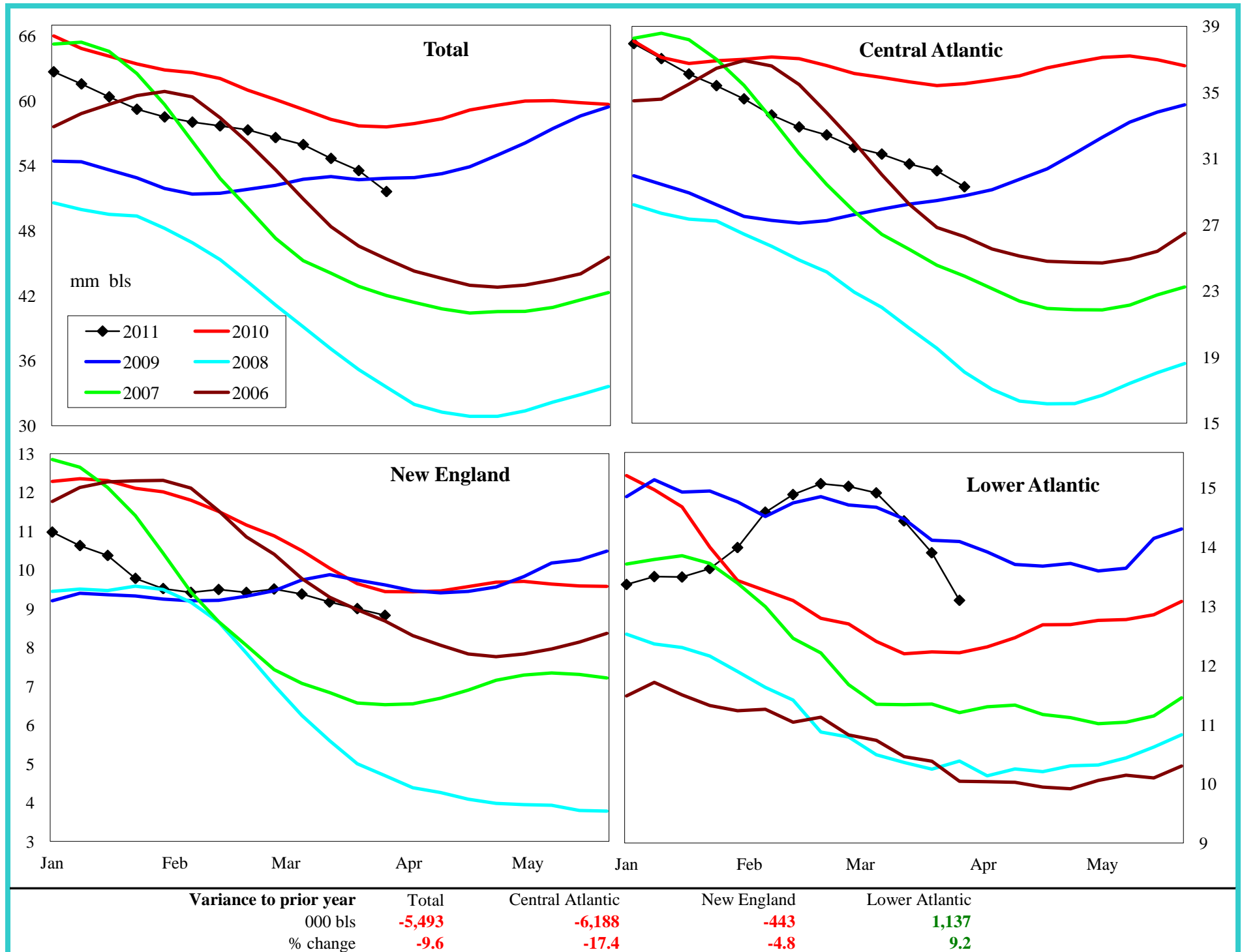
PADD 1 Conventional Gasoline Supply



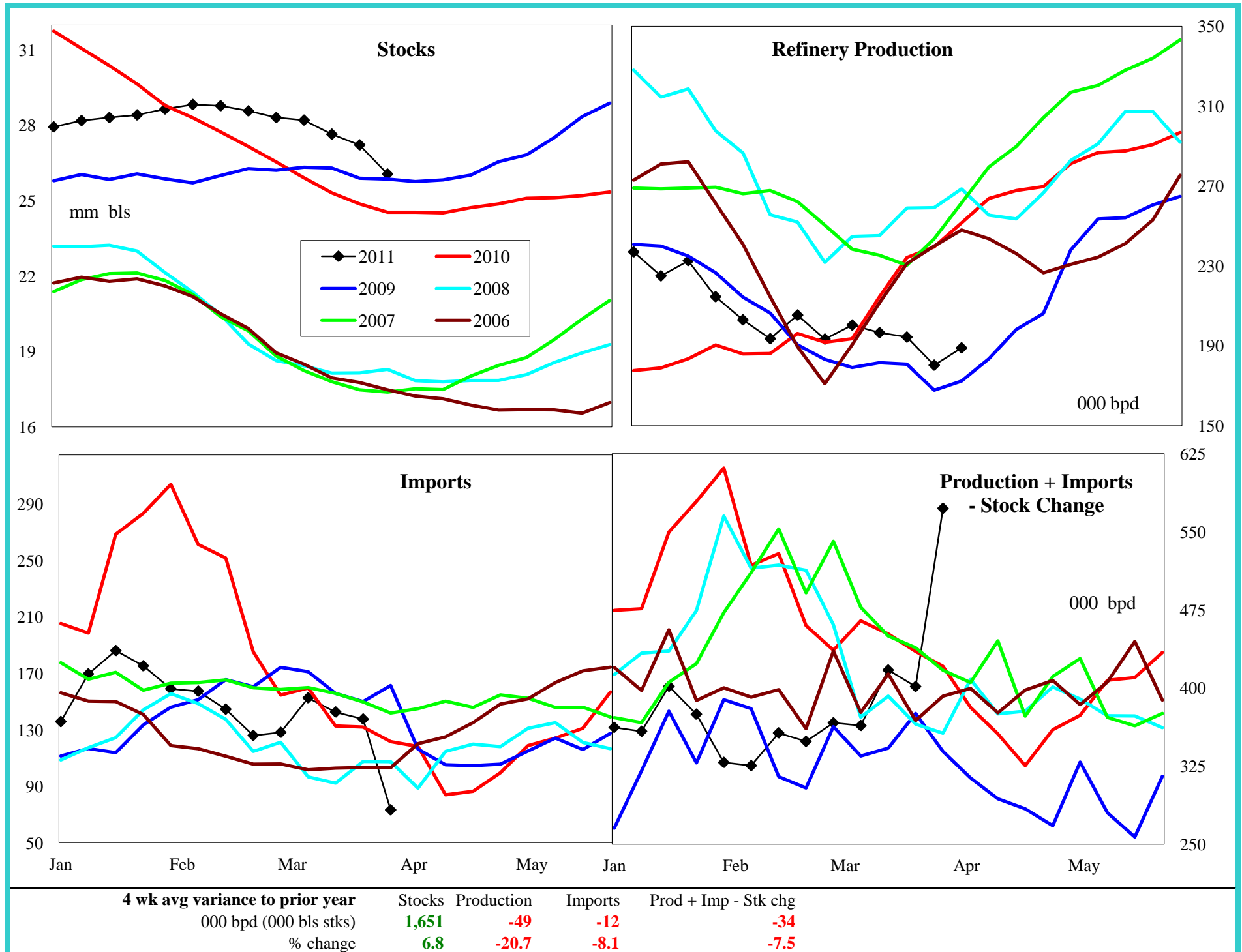
PADD 1 Distillate Supply



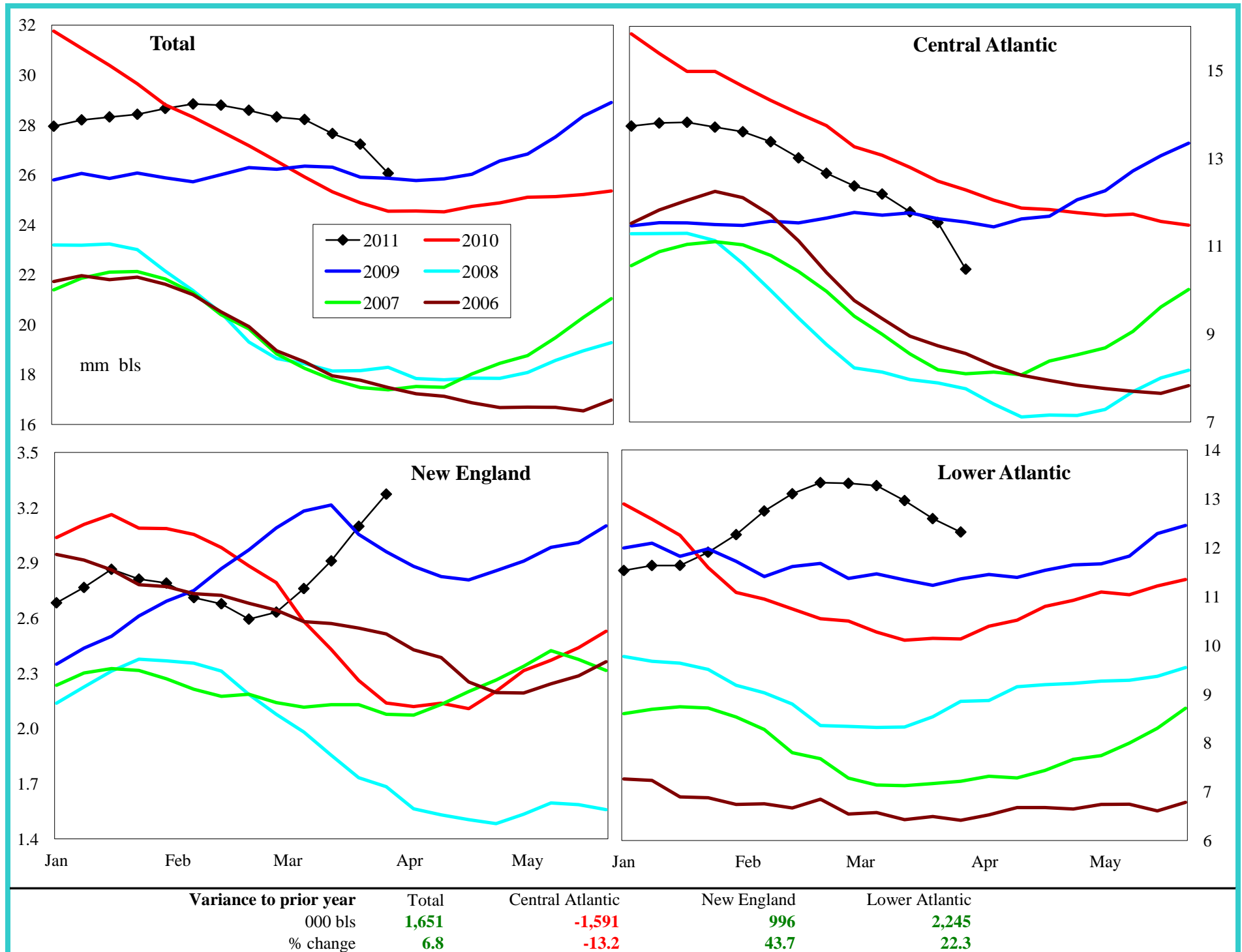
PADD 1 Distillate Stocks by Region



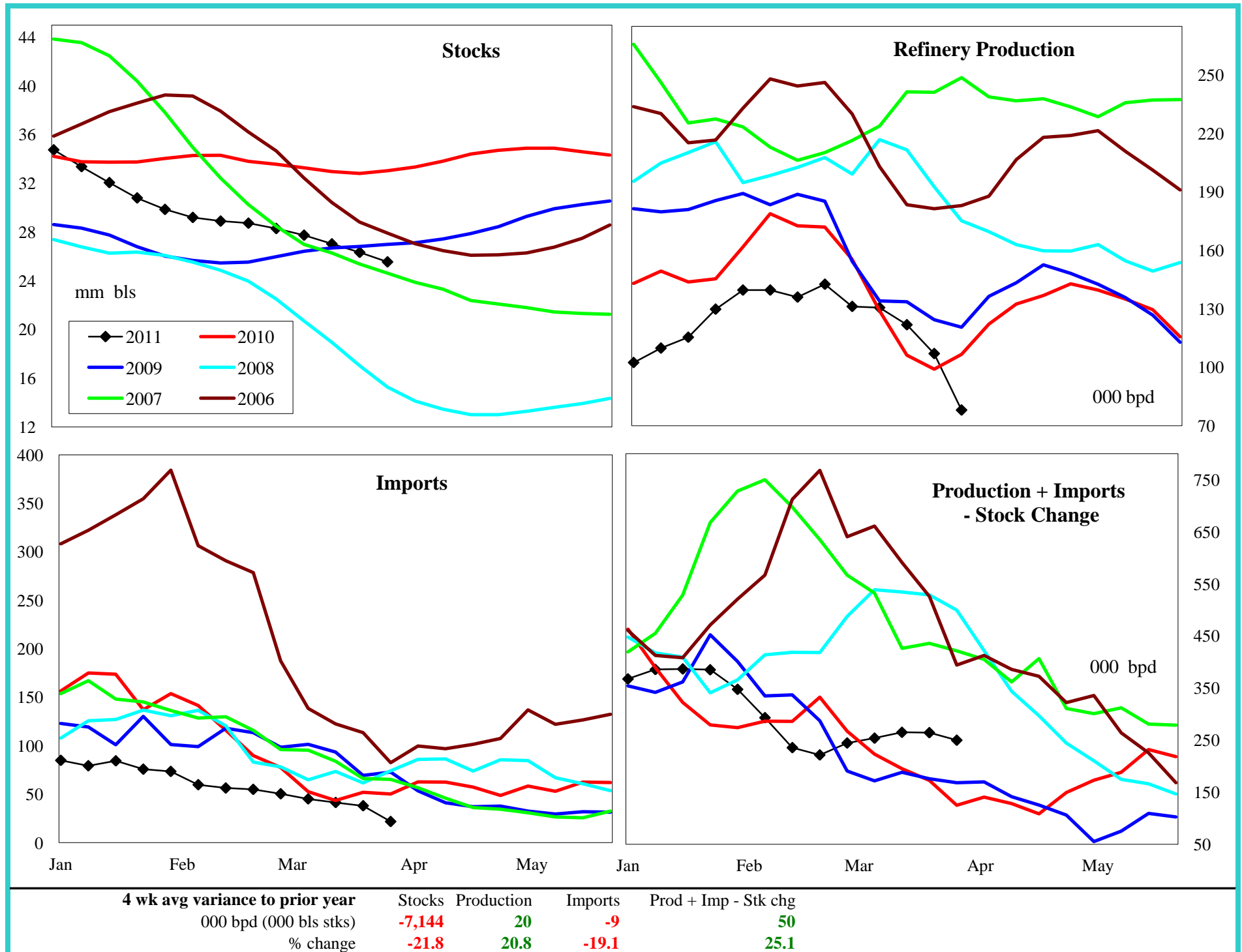
PADD 1 Low Sulfur Distillate Supply



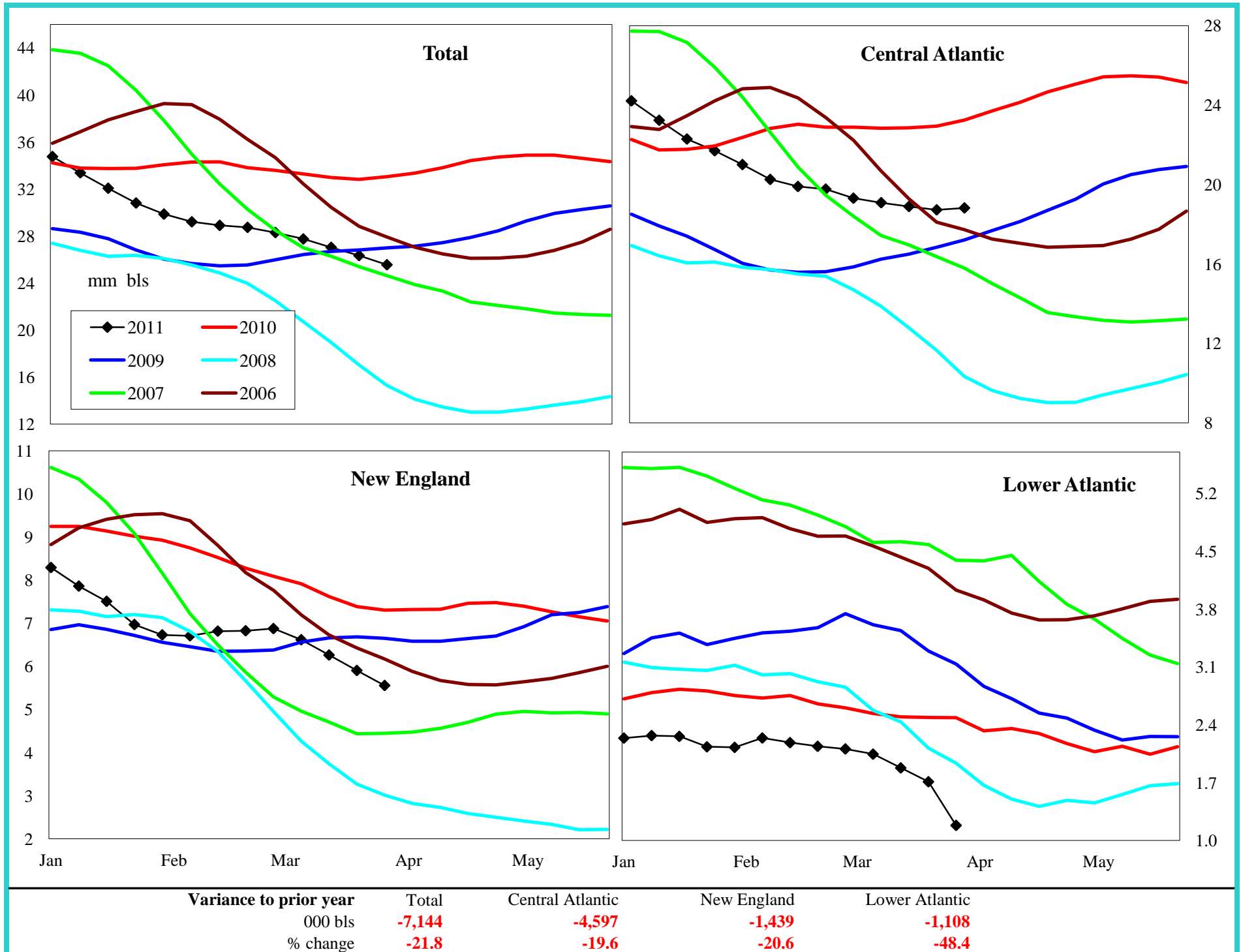
PADD 1 Low Sulfur Distillate Stocks by Region



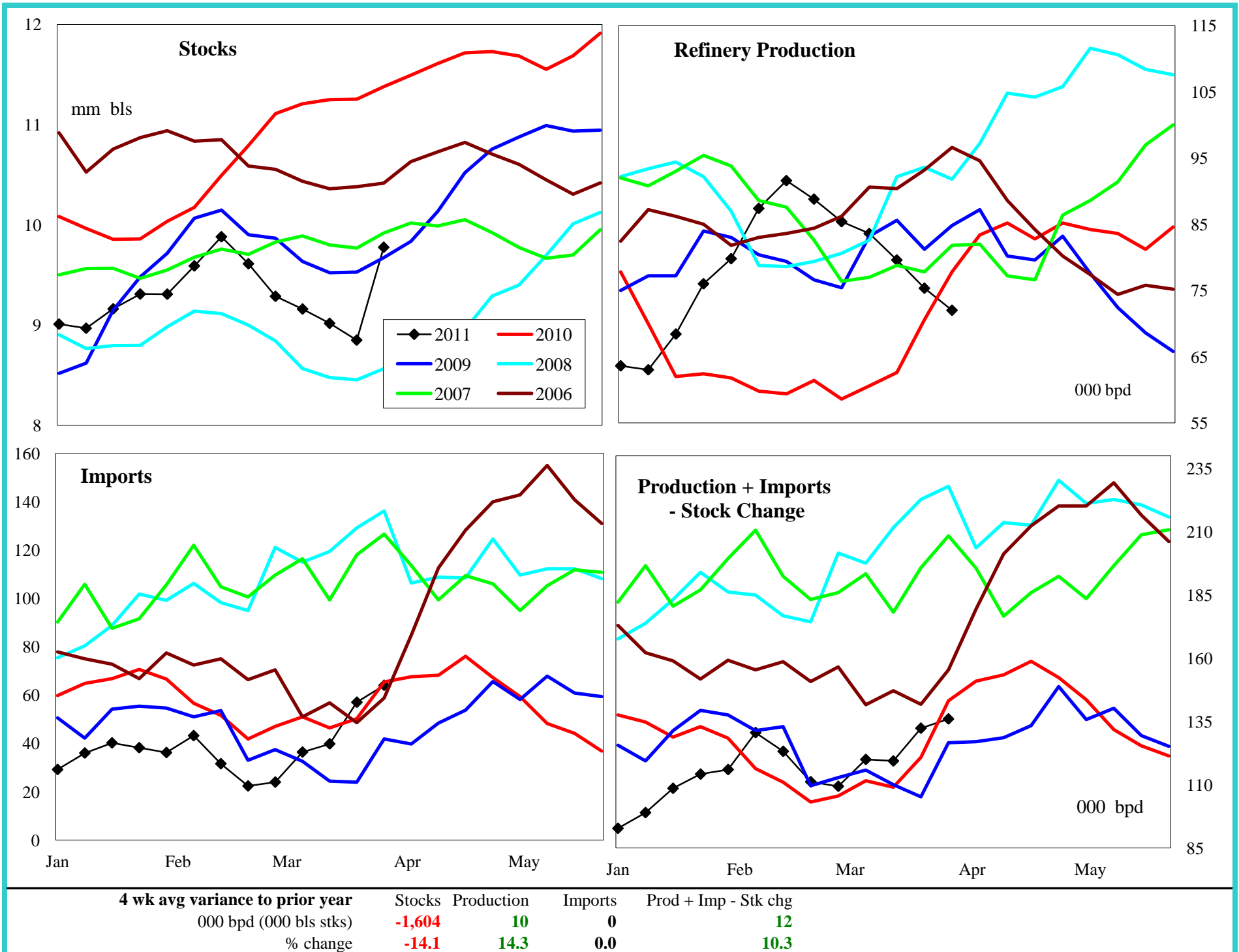
PADD 1 High Sulfur Distillate Supply



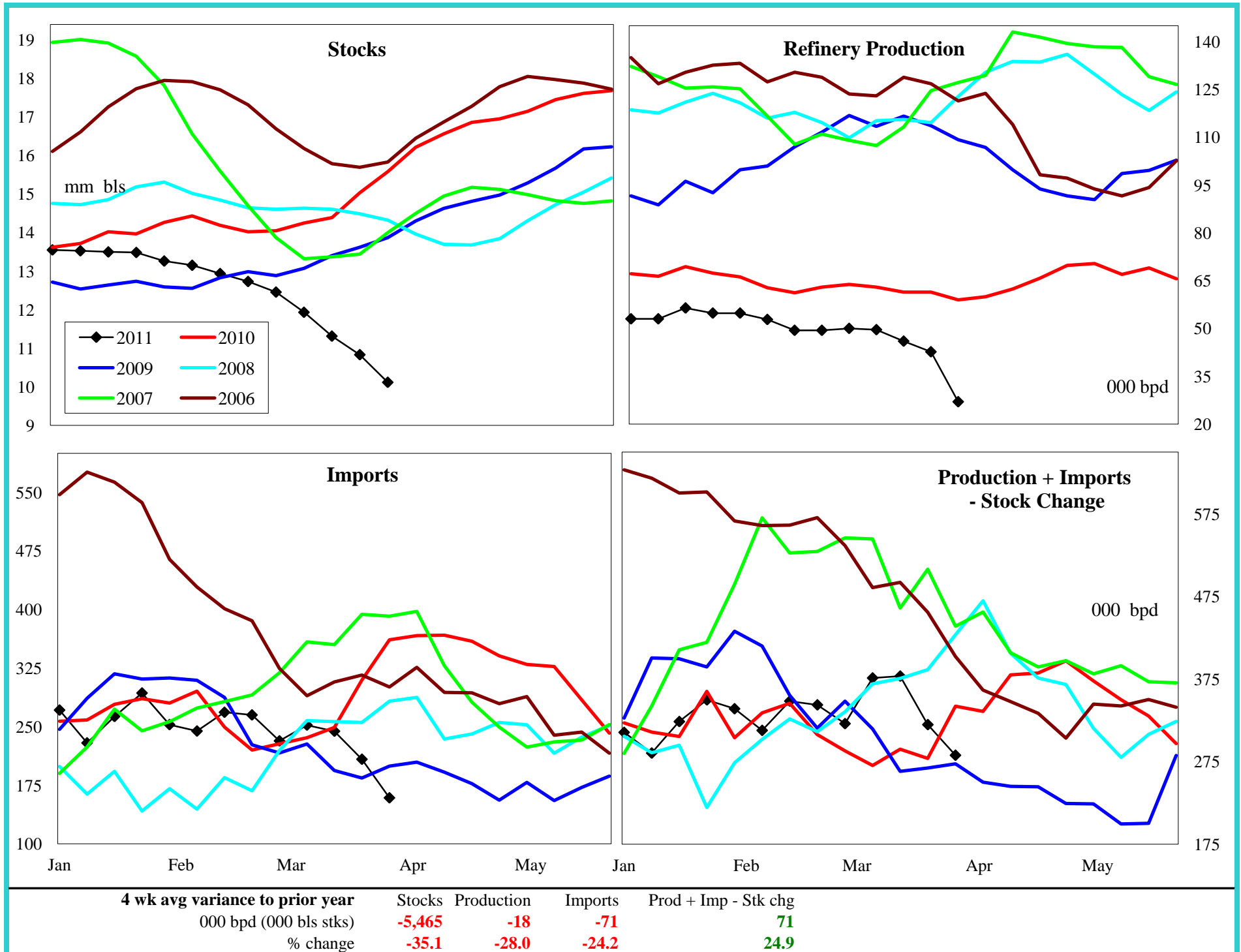
PADD 1 High Sulfur Distillate Stocks by Region



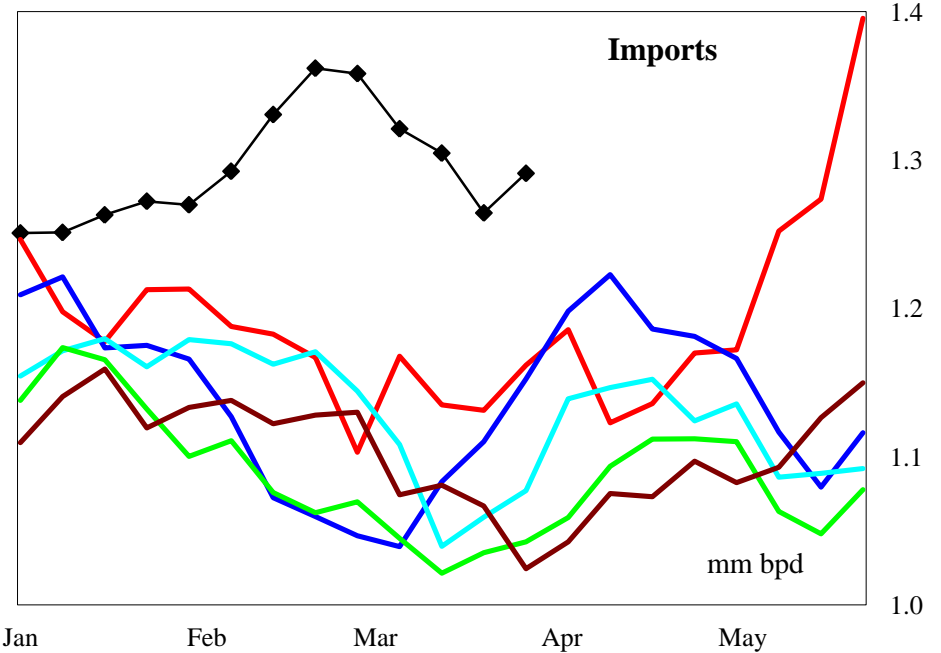
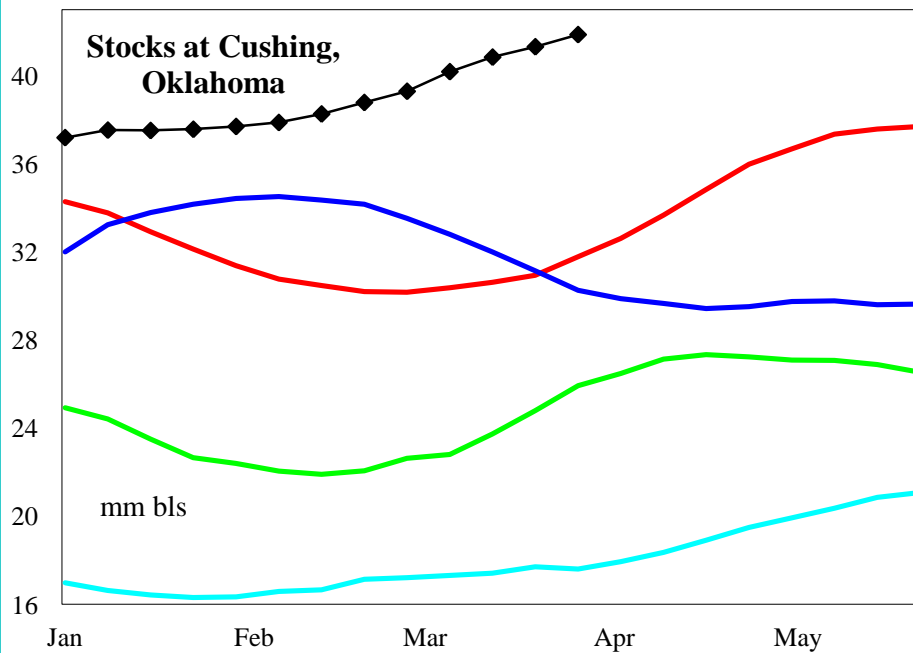
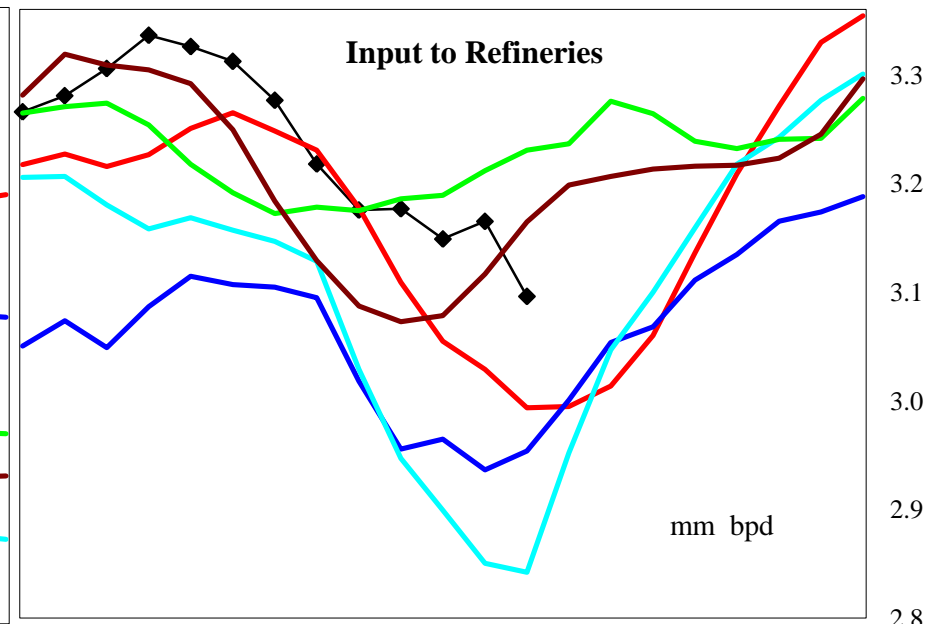
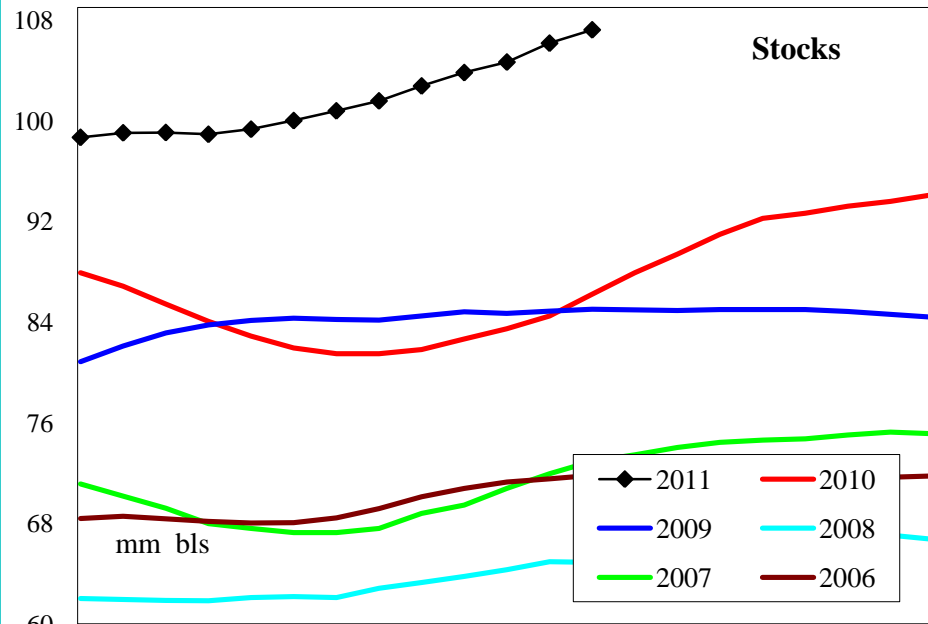
PADD 1 Jet Fuel Supply



PADD 1 Residual Fuel Oil Supply



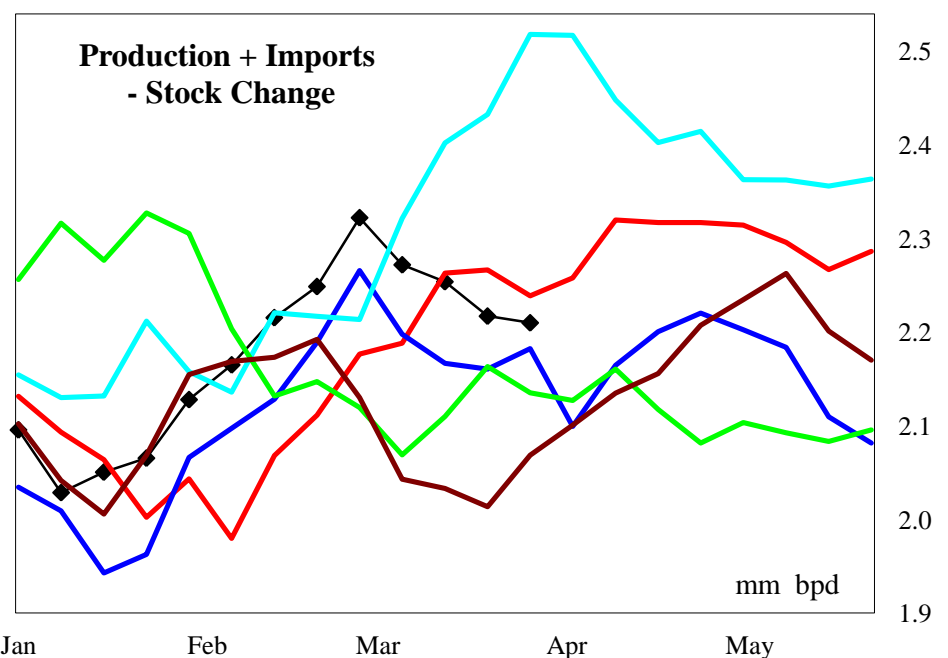
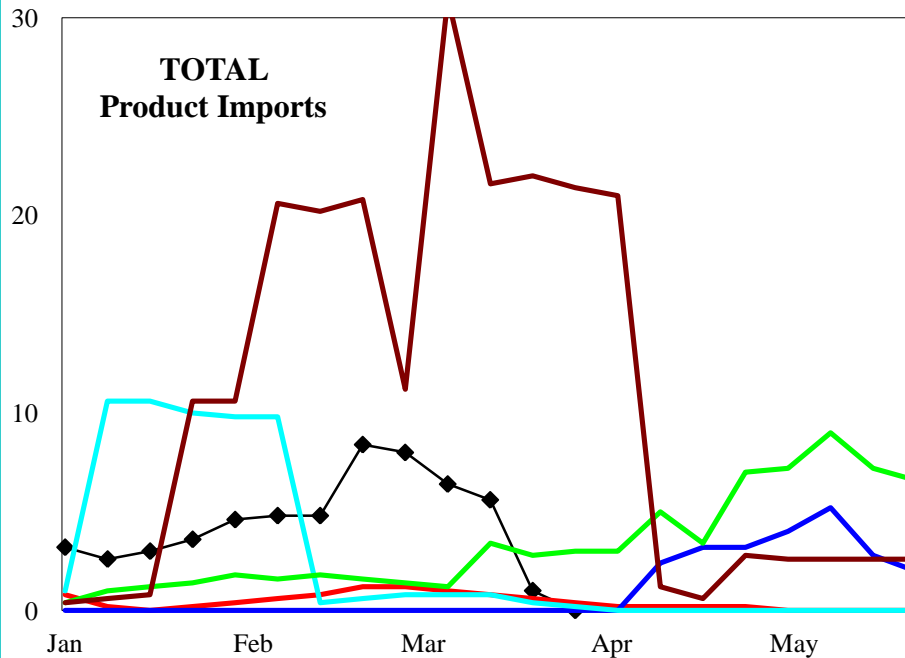
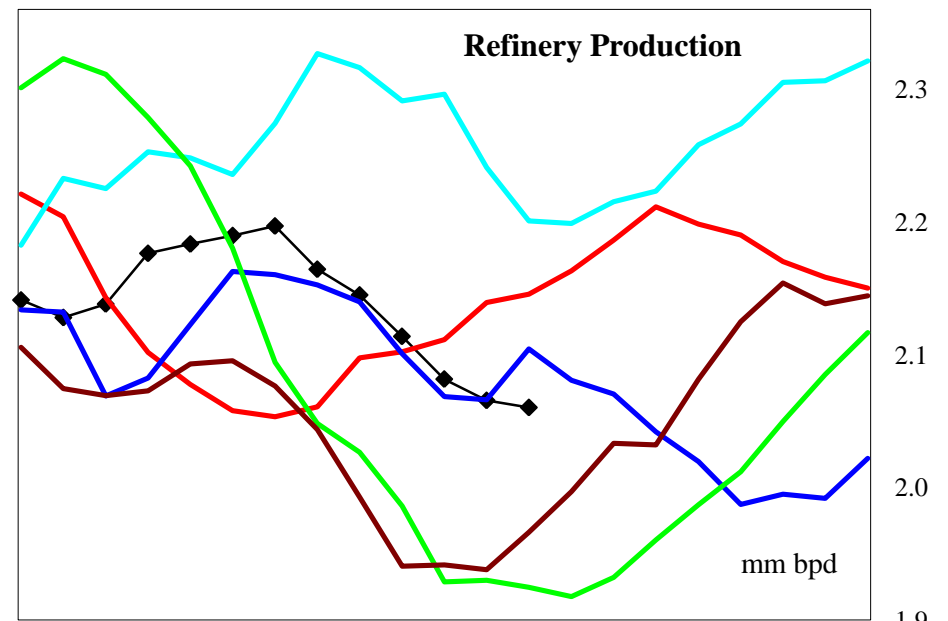
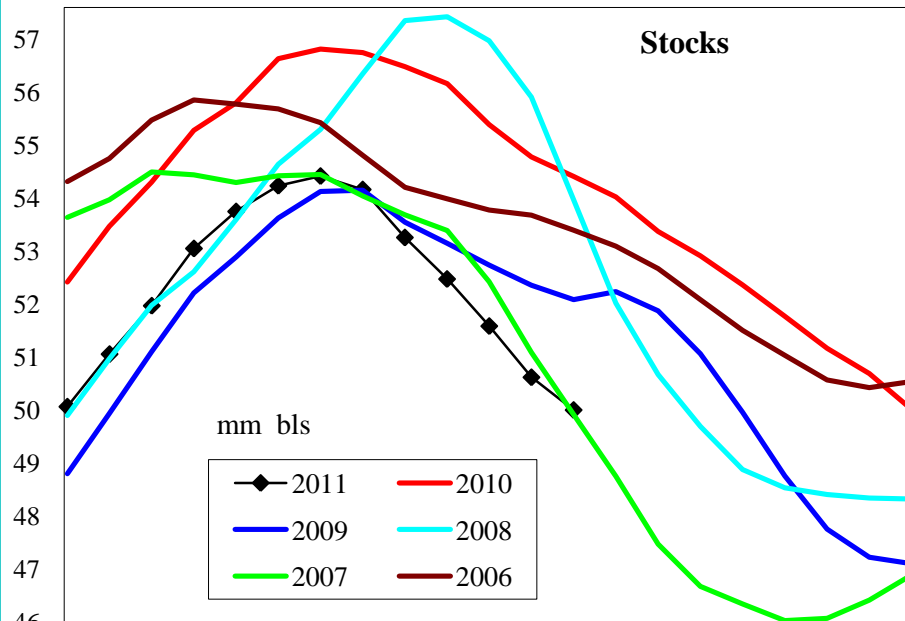
PADD 2 Crude Oil Supply and Refining



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

	Stocks	Cushing	Input	Imports
000 bpd (000 bbls stks)	21,008	10,086	114	131
% change	24.4	31.7	3.7	11.0

PADD 2 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-4,405

-8.0

Production

-57

-2.6

Imports

6

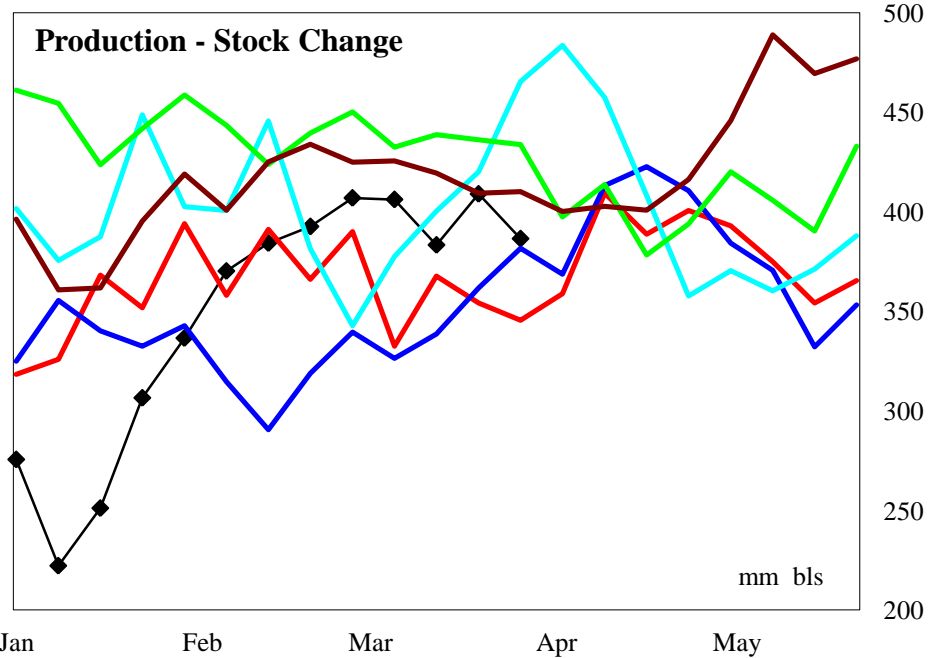
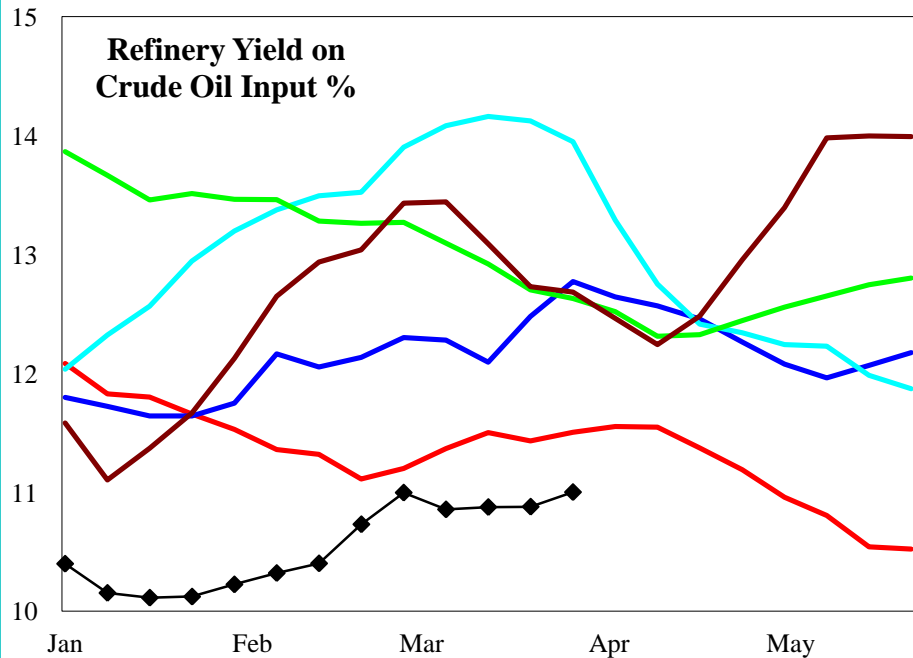
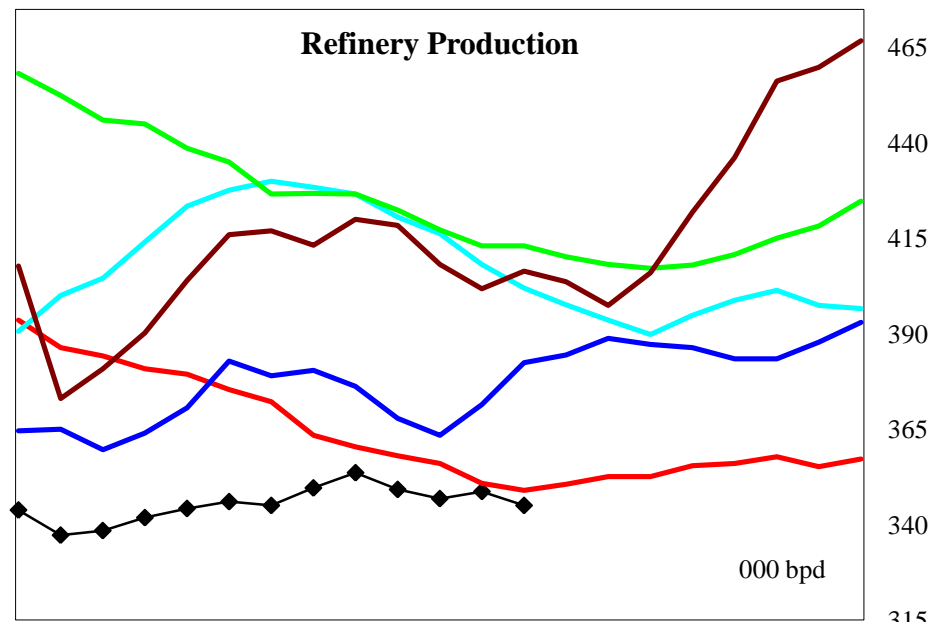
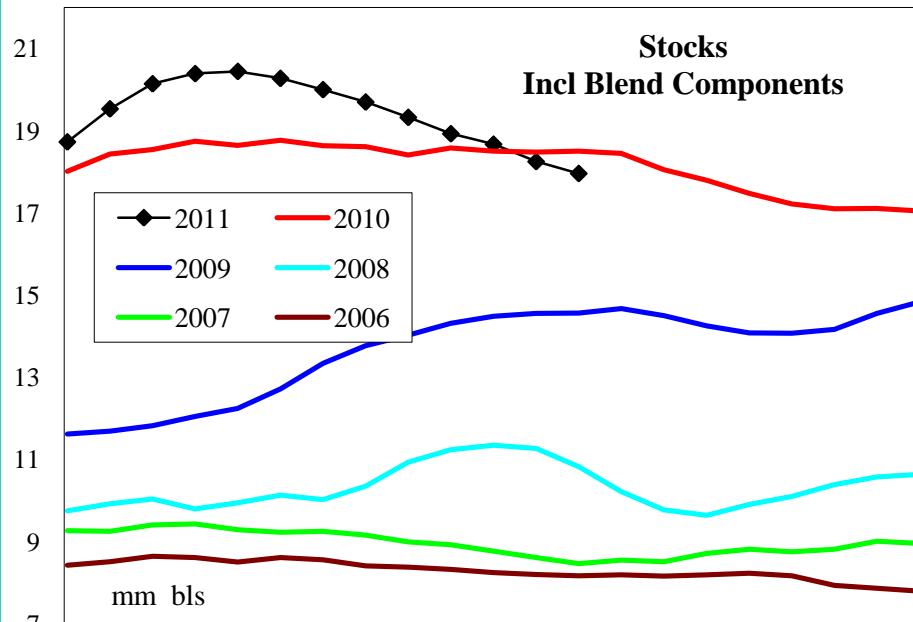
766.7

Prod + Imp - Stk chg

16

0.7

PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod - Stk chg

-542

-6

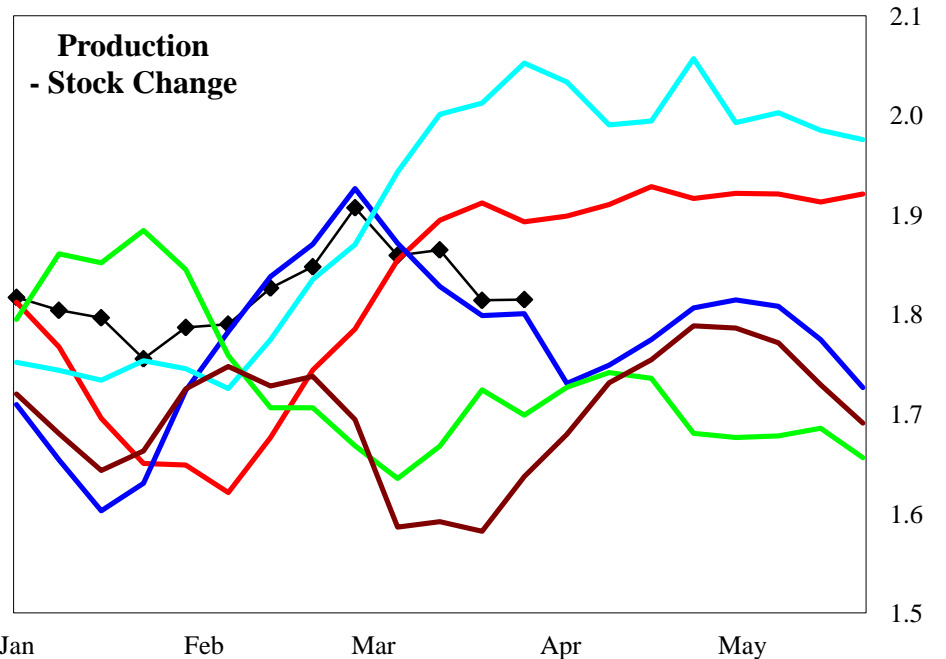
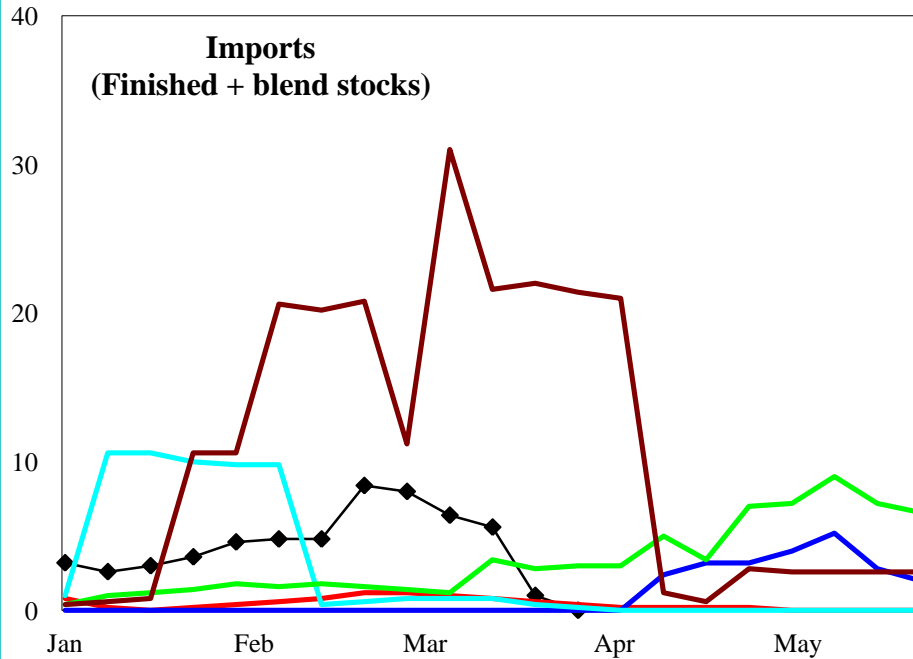
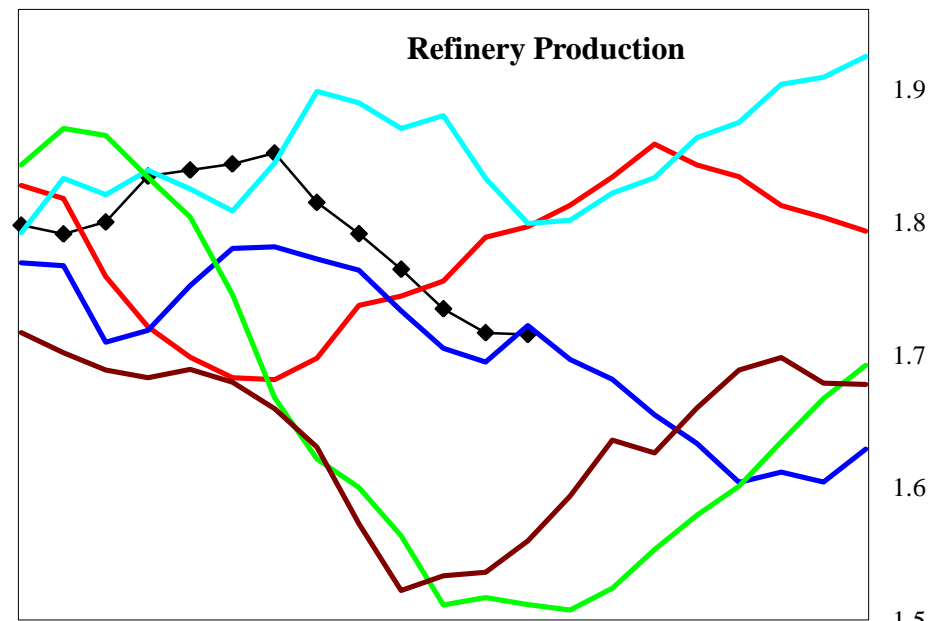
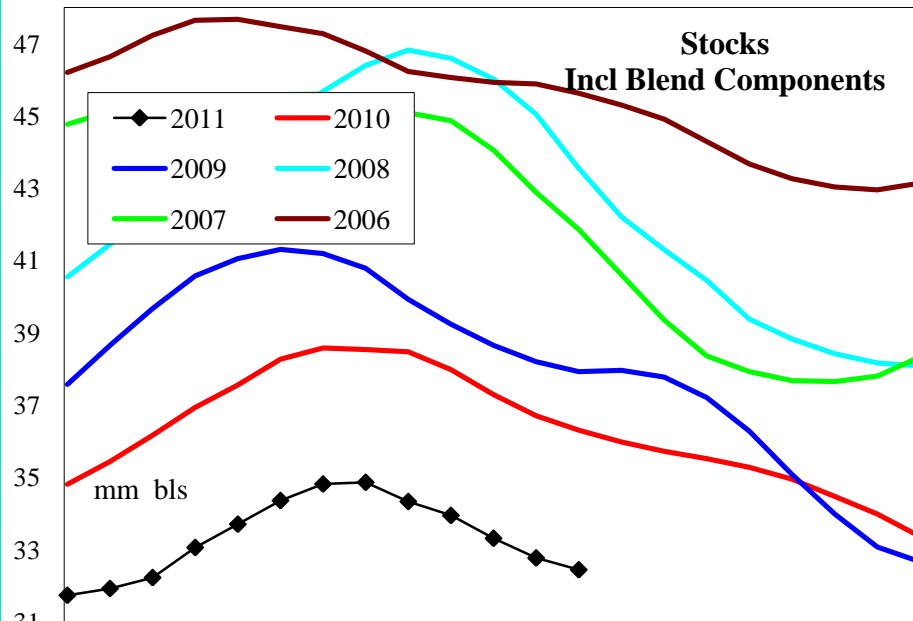
46

-2.9

-1.7

13.2

PADD 2 Conventional Gasoline Supply

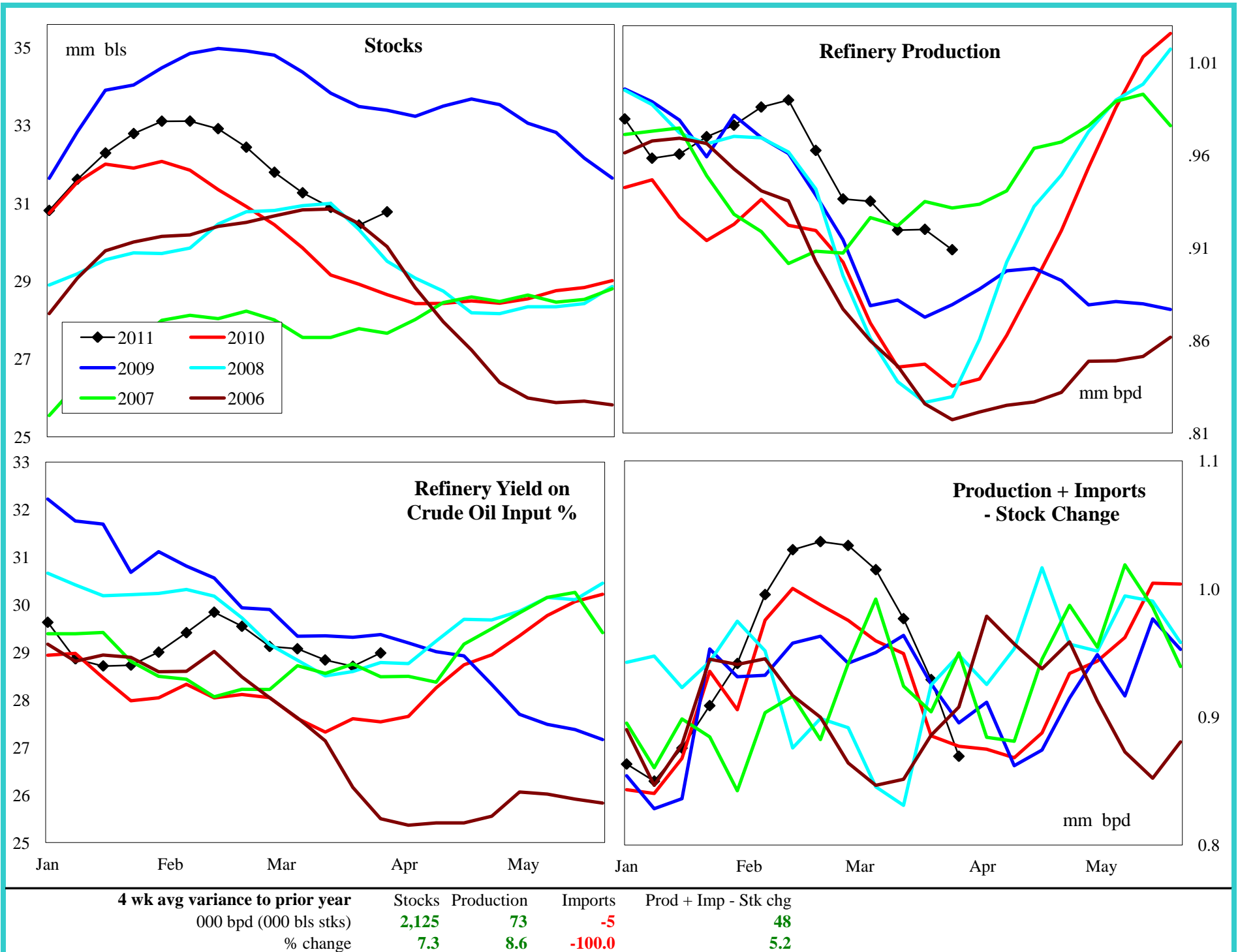


4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

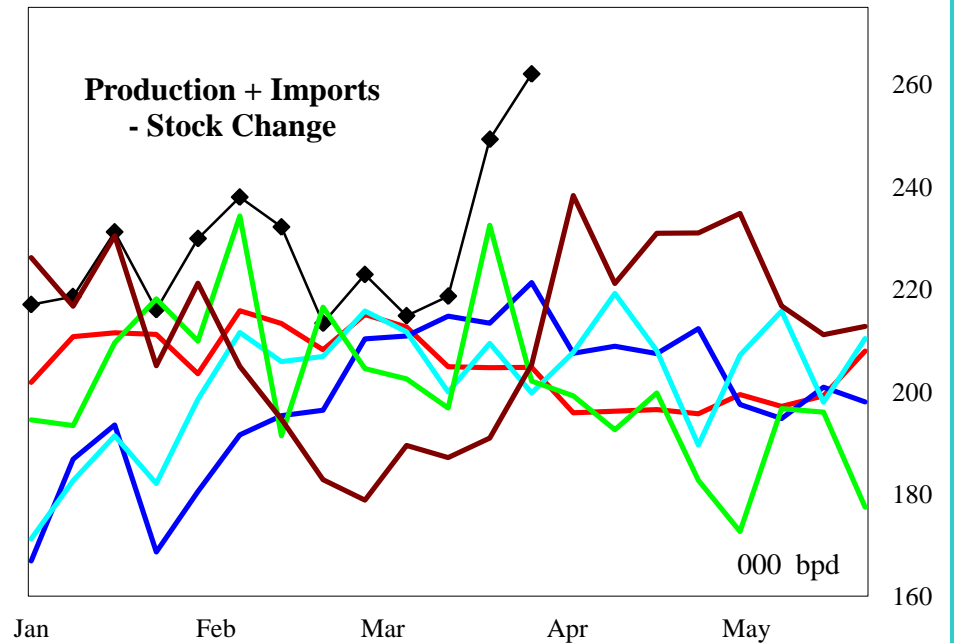
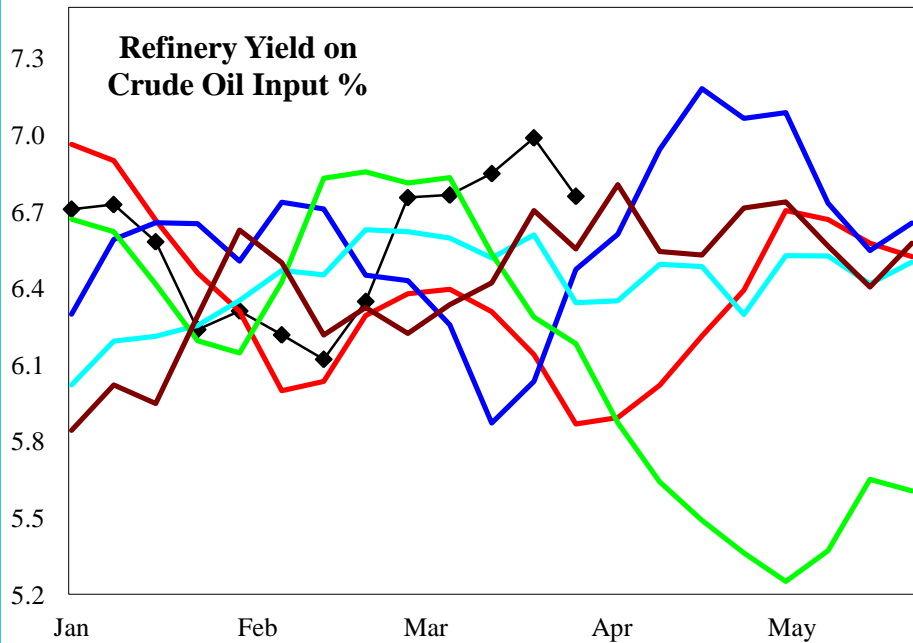
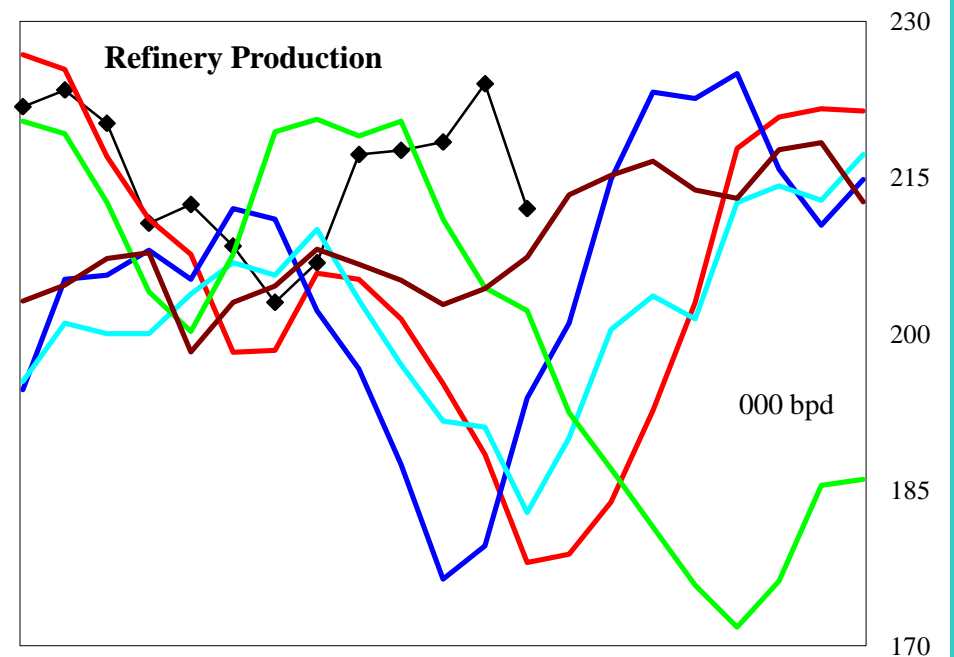
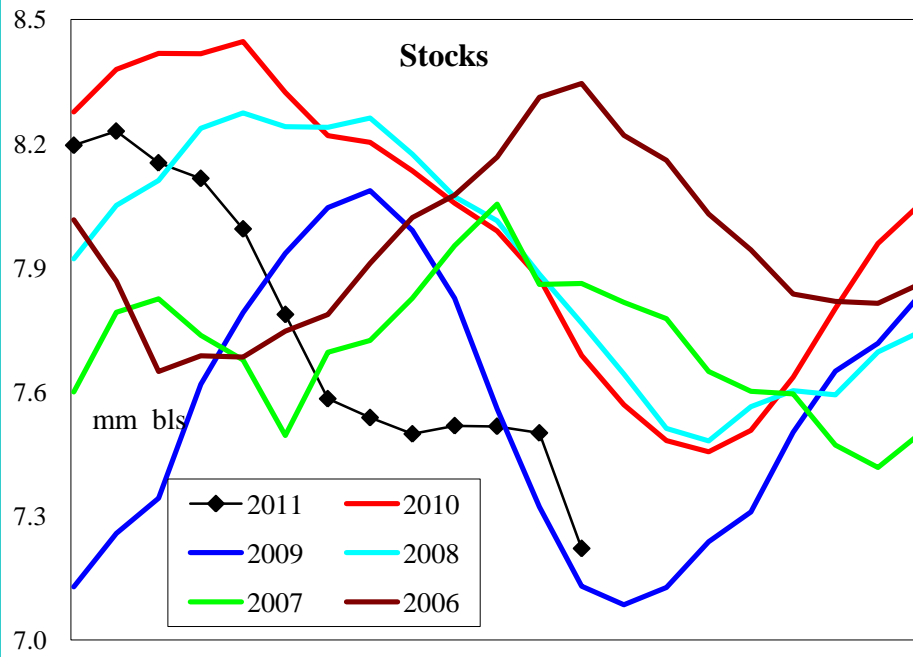
Stocks Production
-3,637 **-53**
-10.1 **-2.9**

Prod - Stk chg
-62
-3.3

PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-467

-6.1

Production

32

16.4

Imports

0

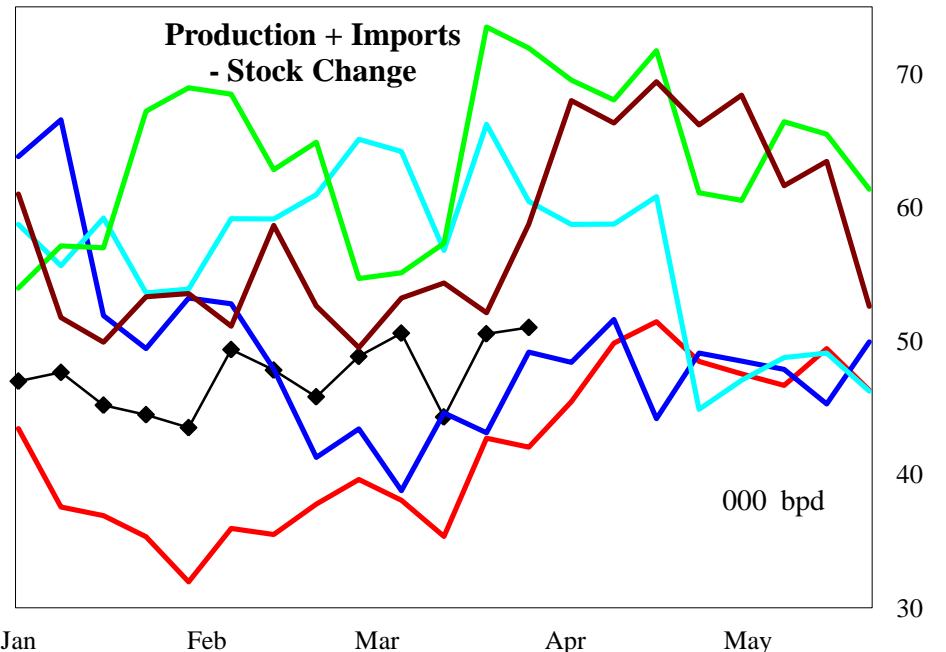
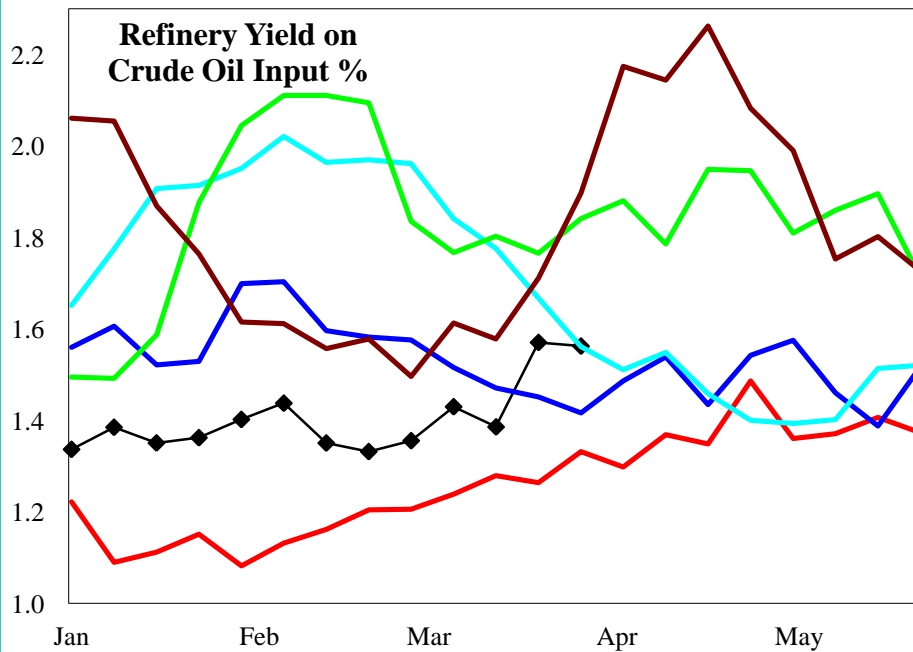
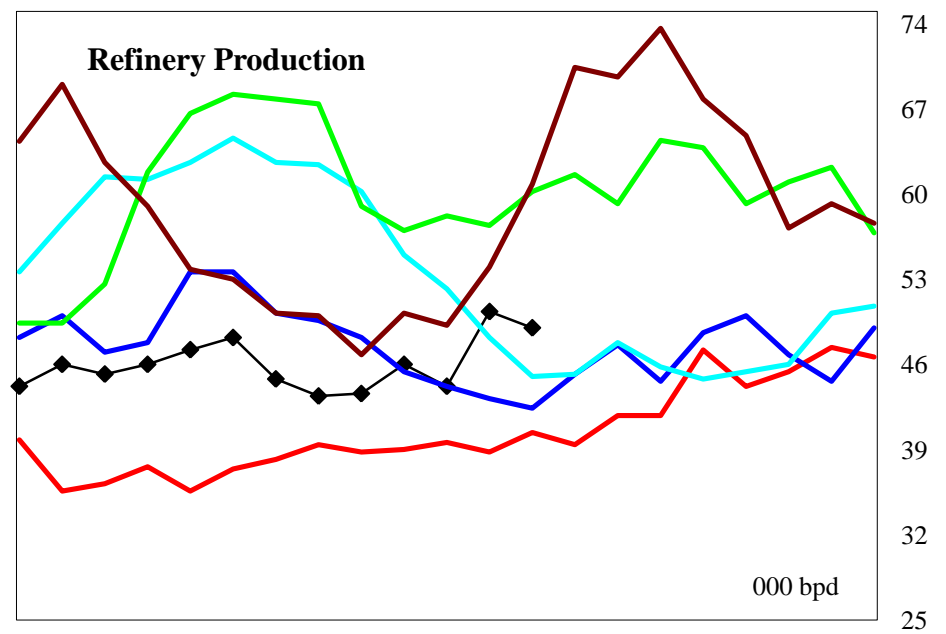
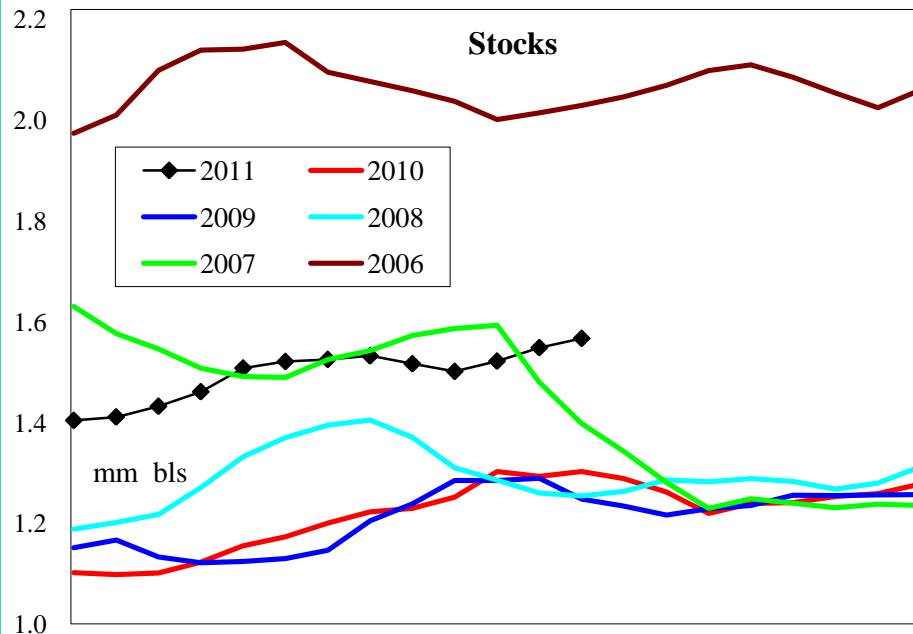
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Prod + Imp - Stk chg

33

16.5

PADD 2 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

264

7

-1

8

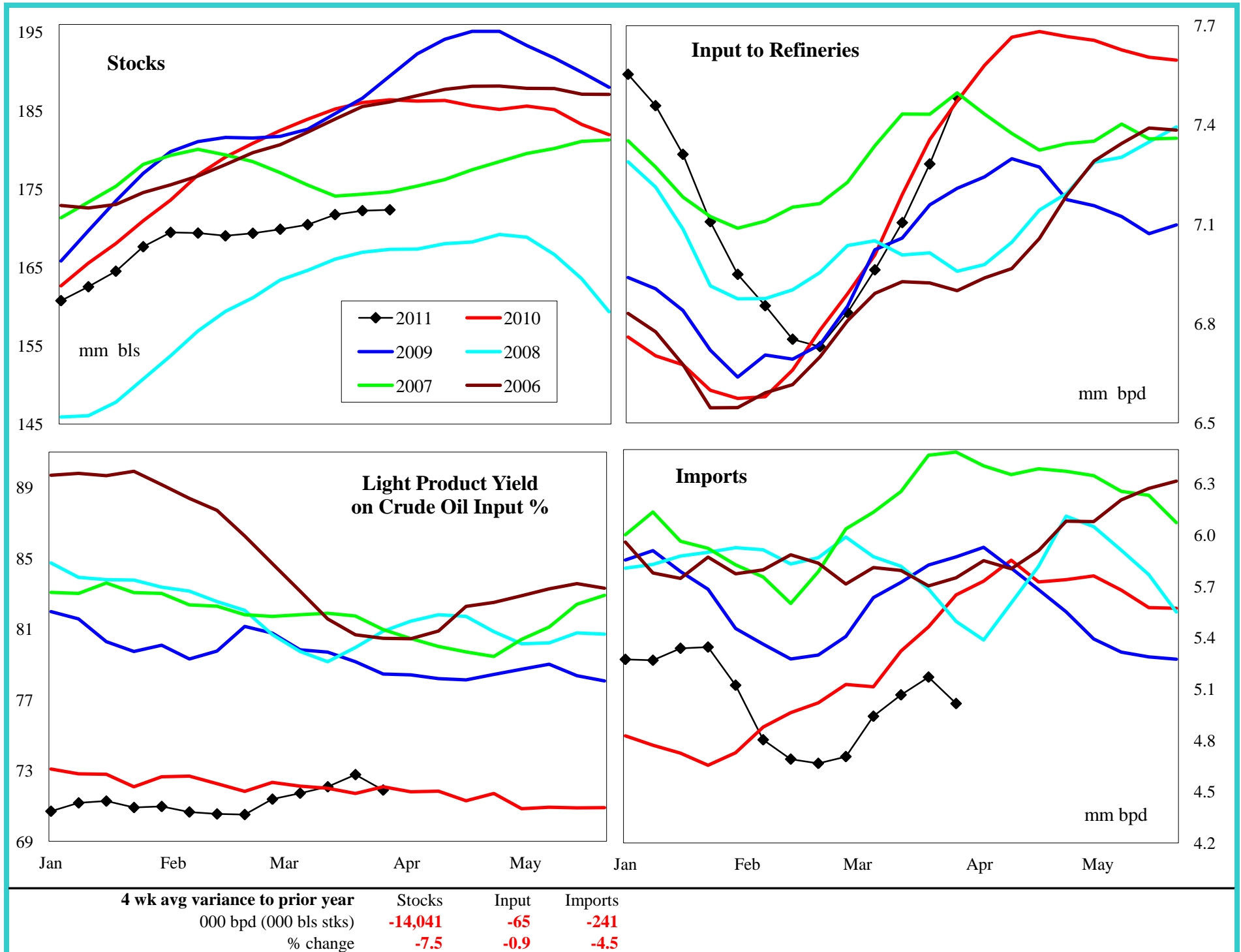
20.0

17.3

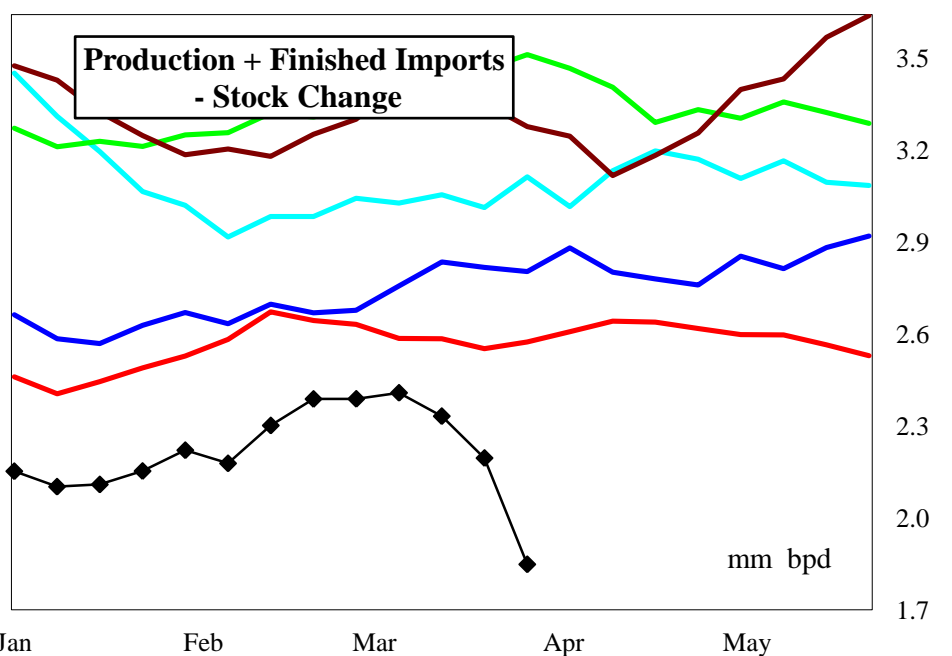
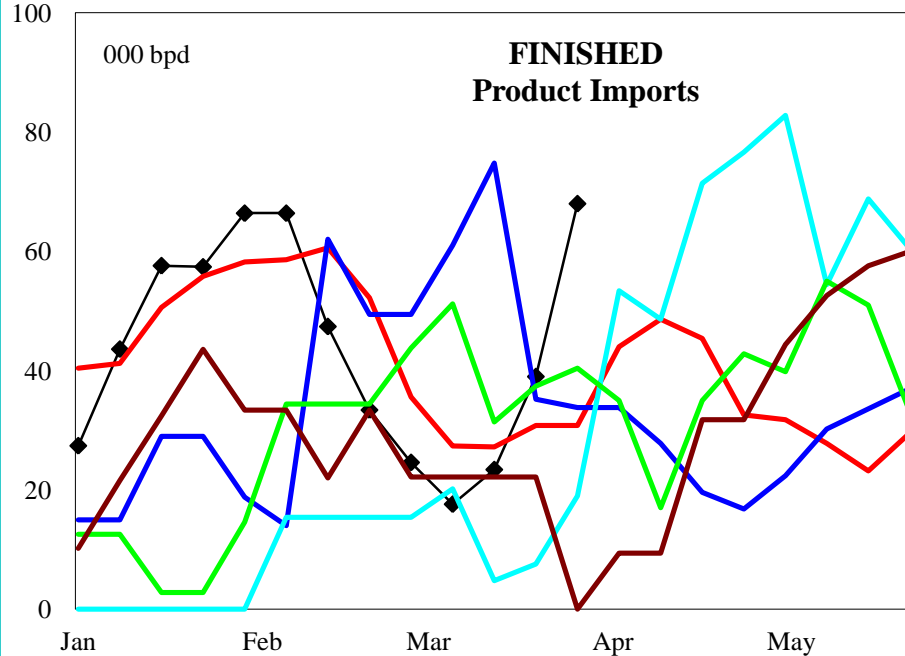
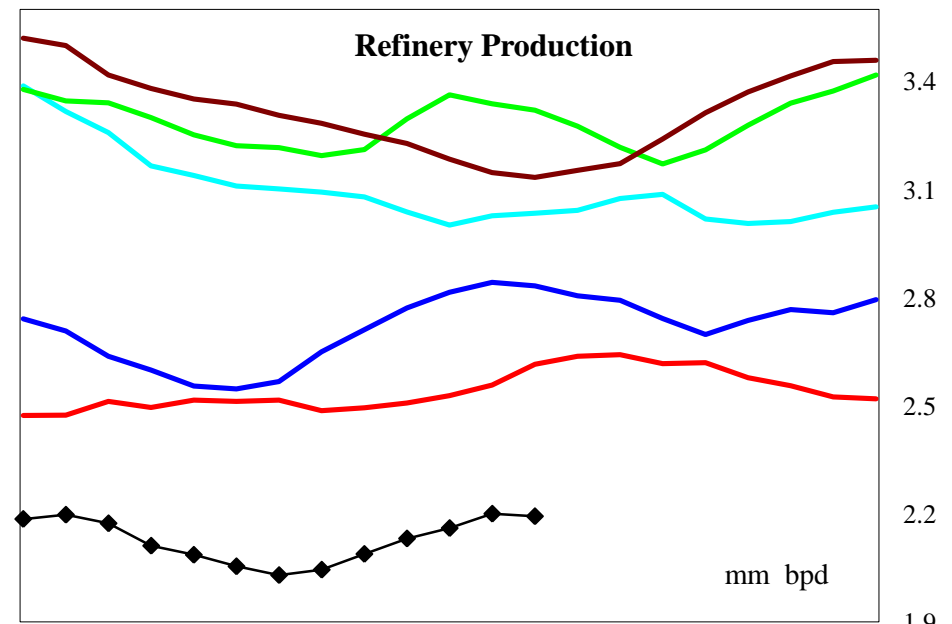
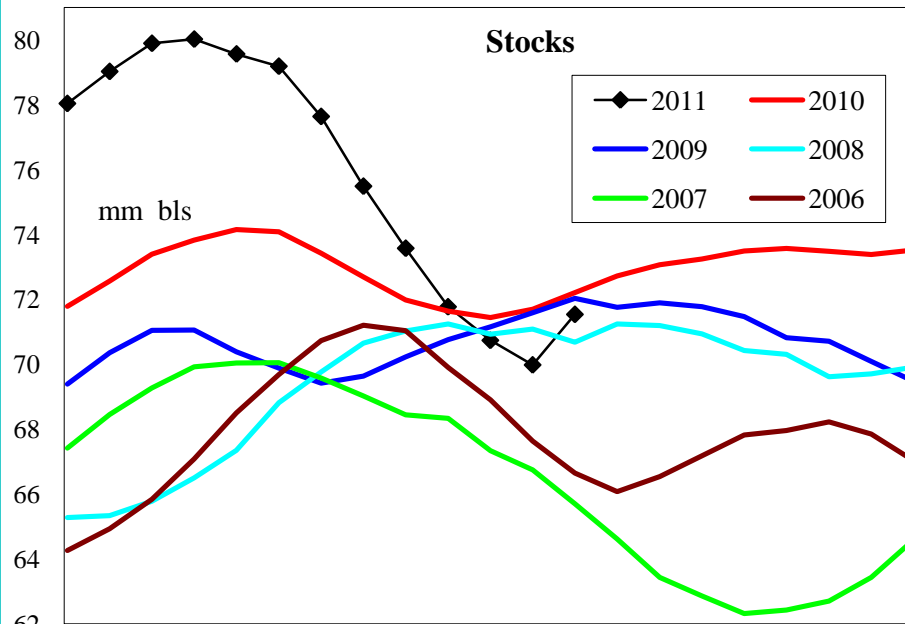
-15.4

21.8

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

-813

-1.1

Production

-370

-14.5

Fin Impt

7

30.0

Blend Impt

89

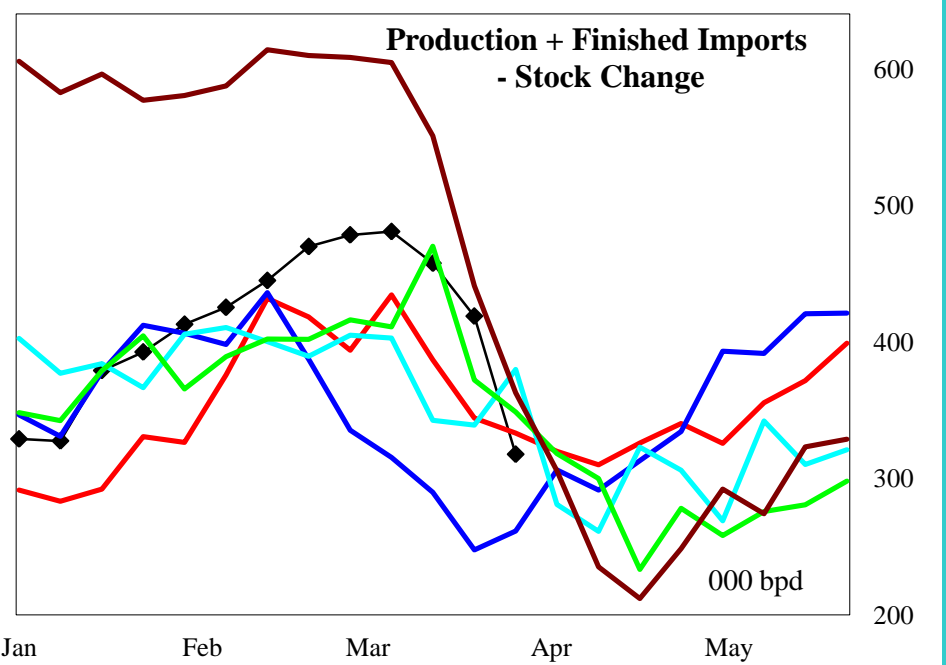
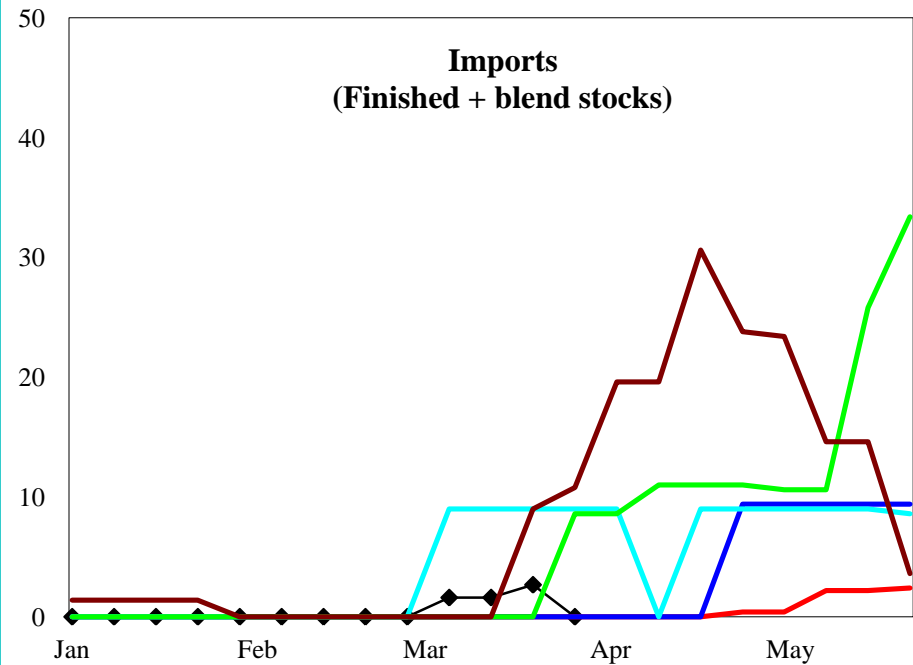
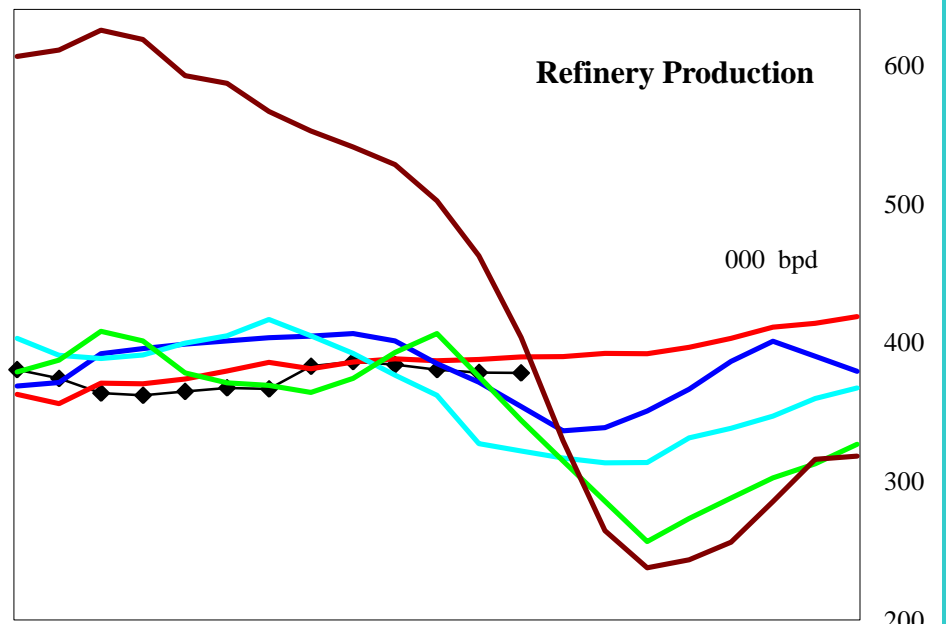
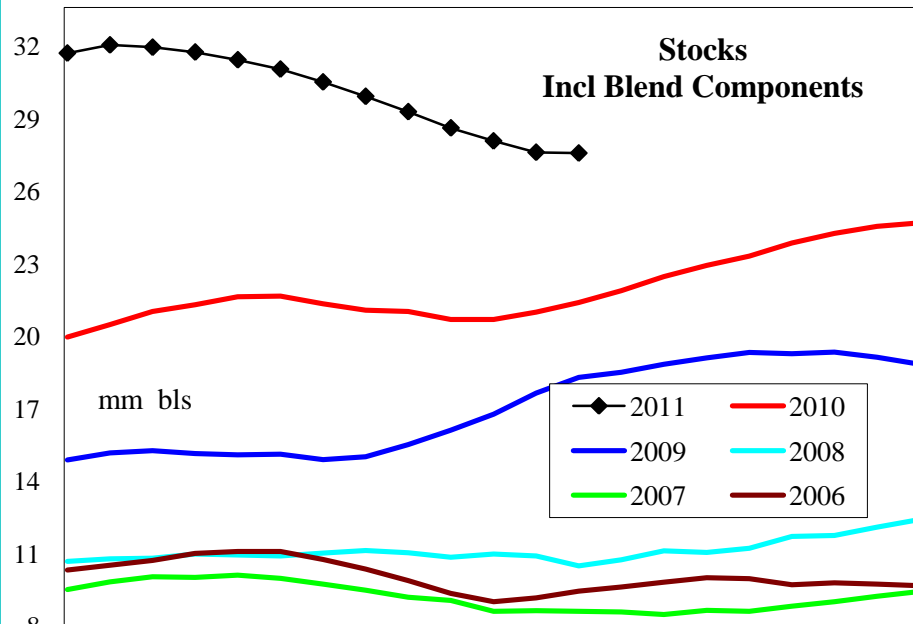
174.9

Prod + Imp - Stk chg

-262

-10.4

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

5,984

27.2

Production

-6

-1.4

Imports

2

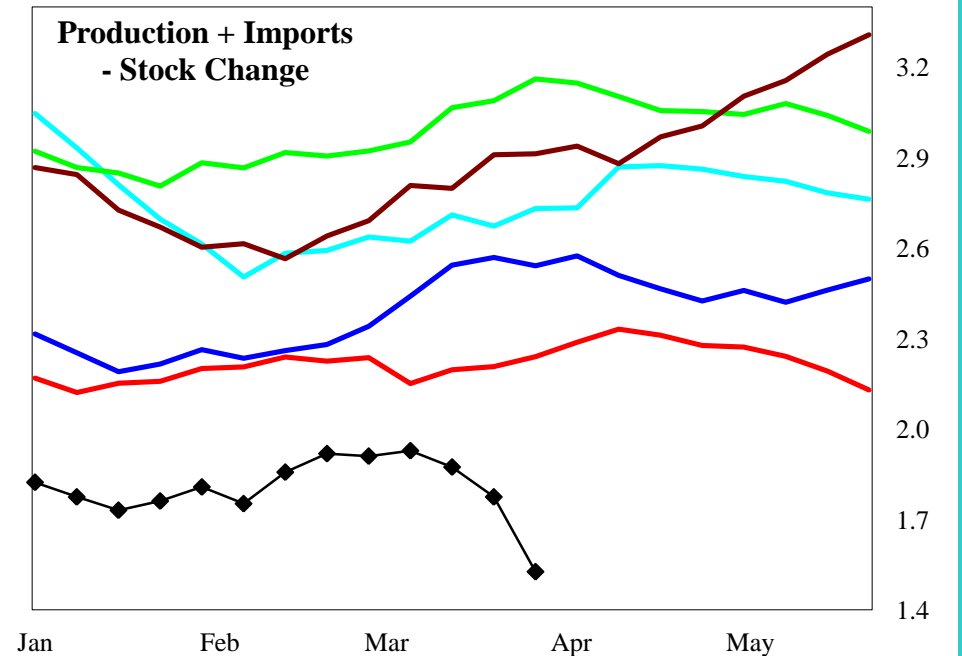
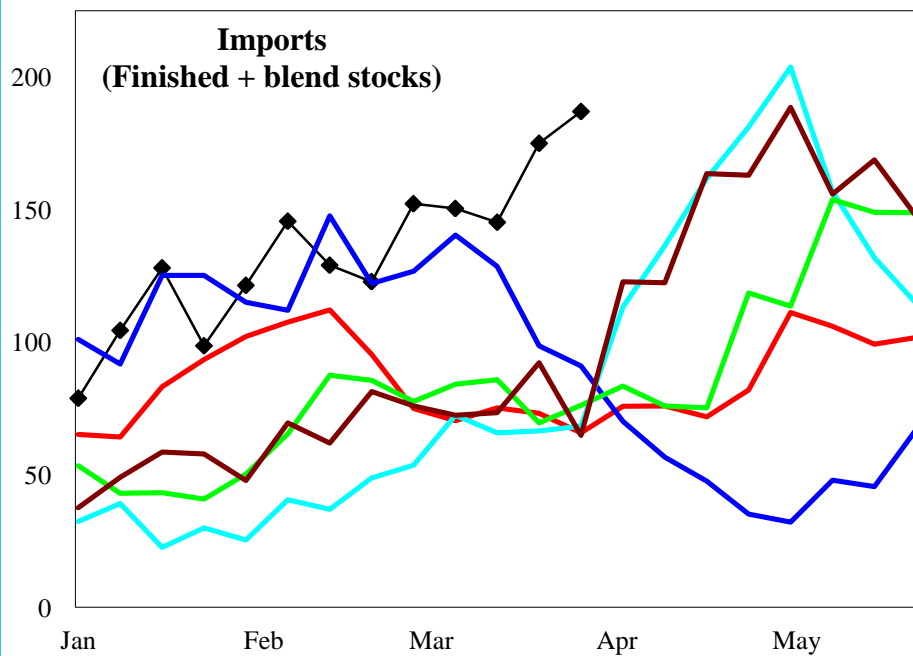
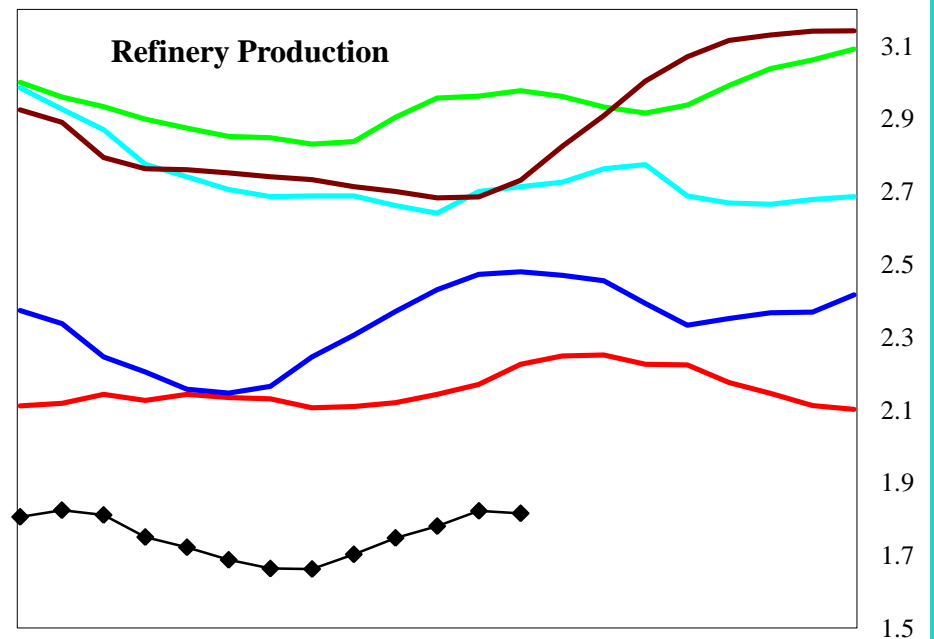
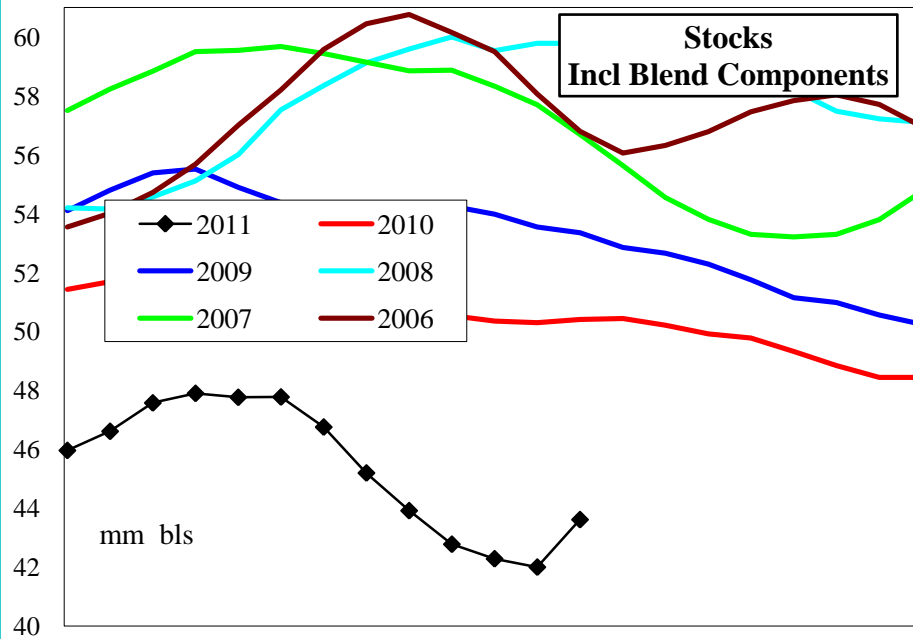
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Prod + Imp - Stk chg

101

30.1

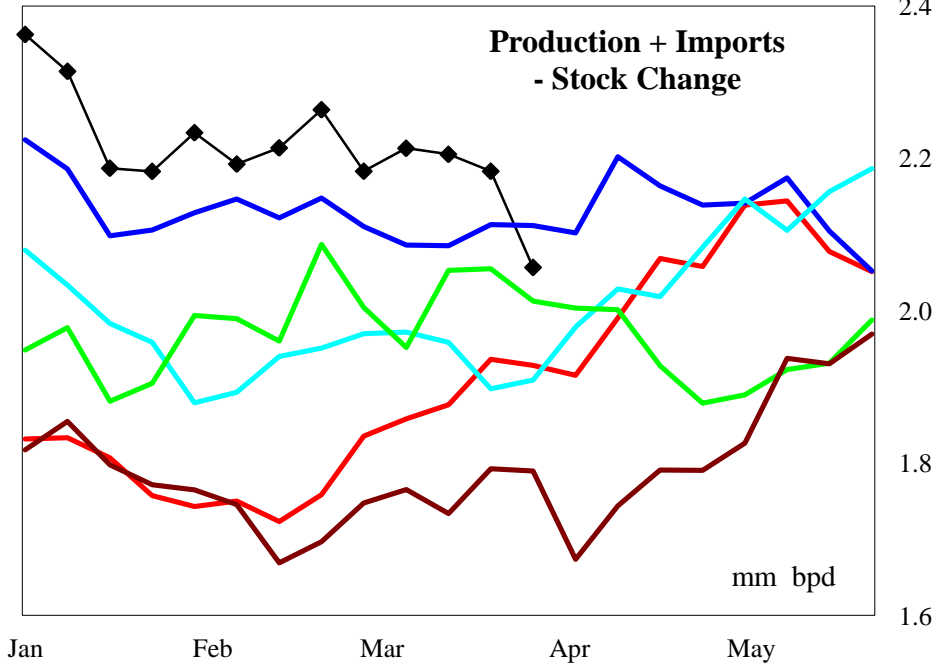
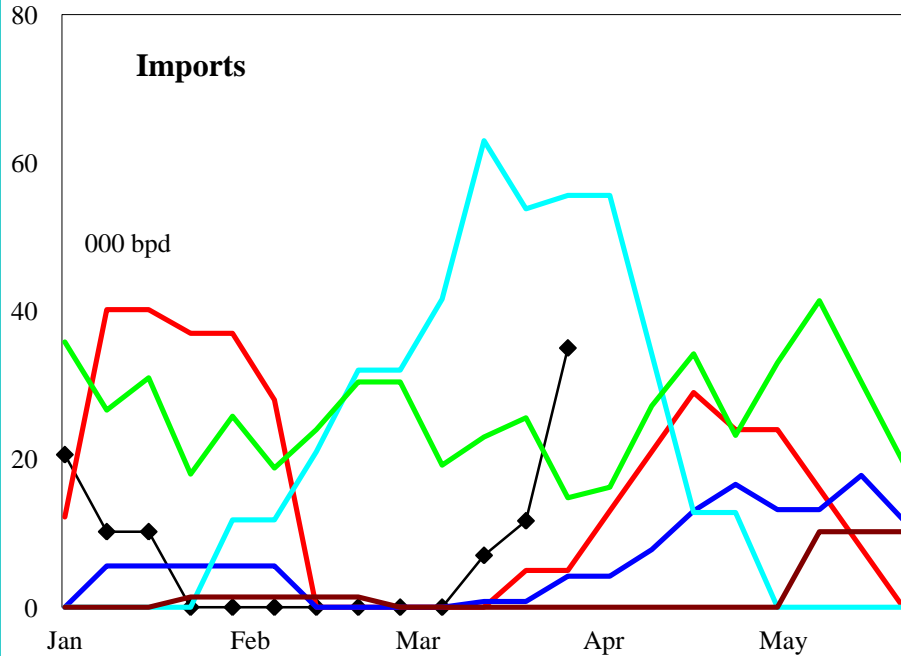
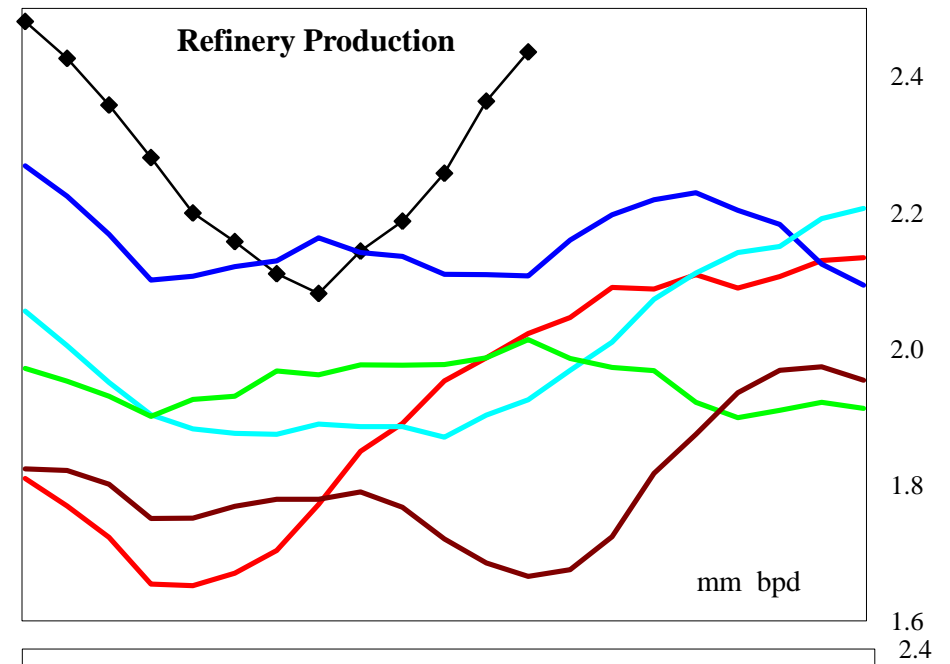
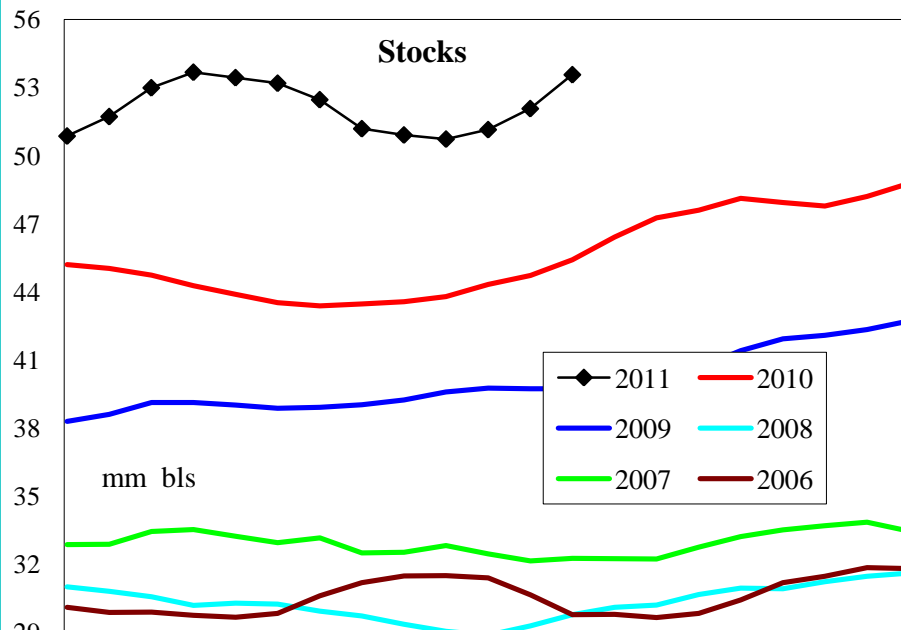
PADD 3 Conventional Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-6,751	-365	94	-363
-13.4	-16.9	127.6	-16.6

PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

7,786

17.0

Production

317

15.9

Imports

9

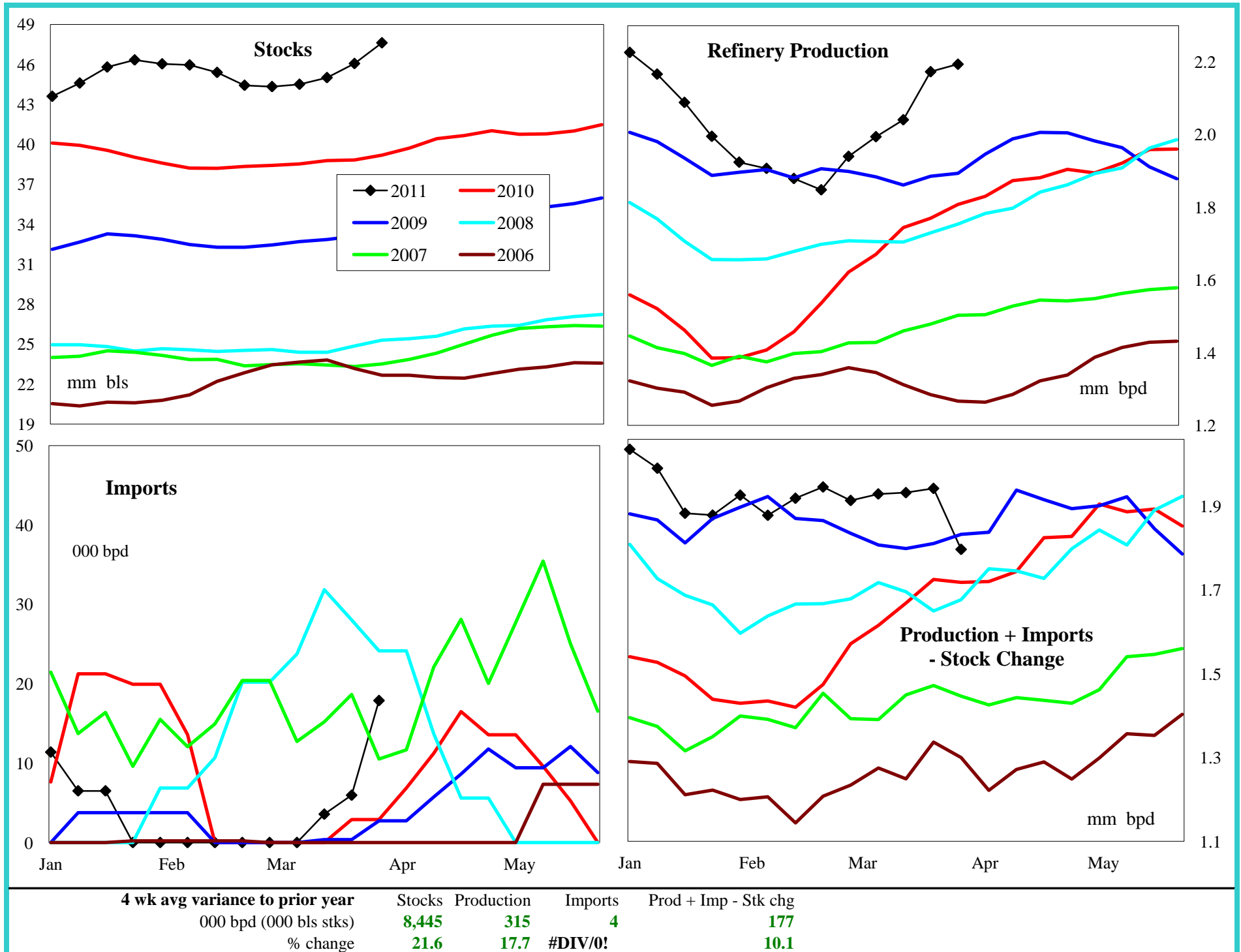
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Prod + Imp - Stk chg

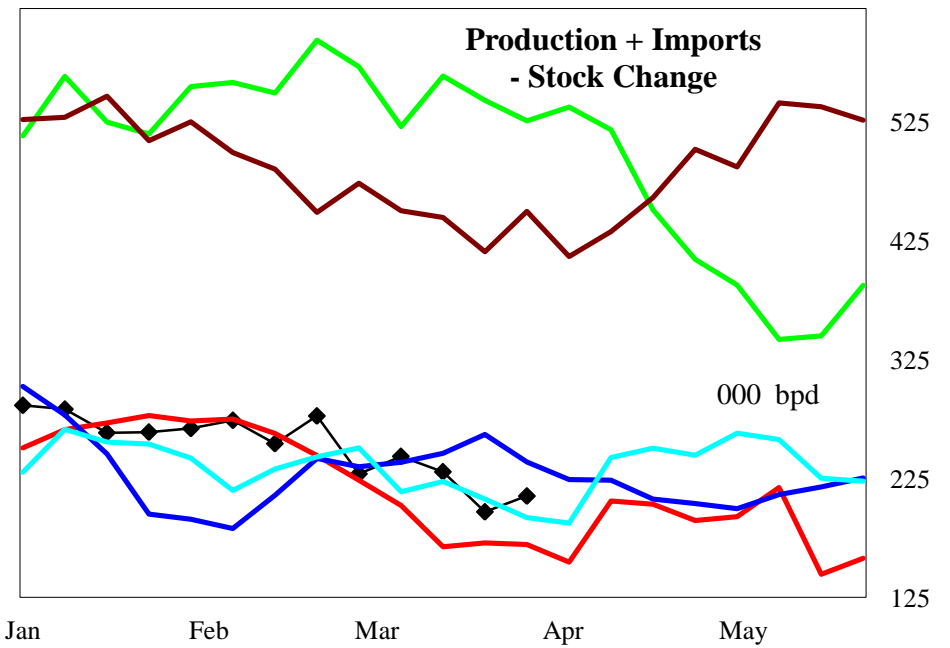
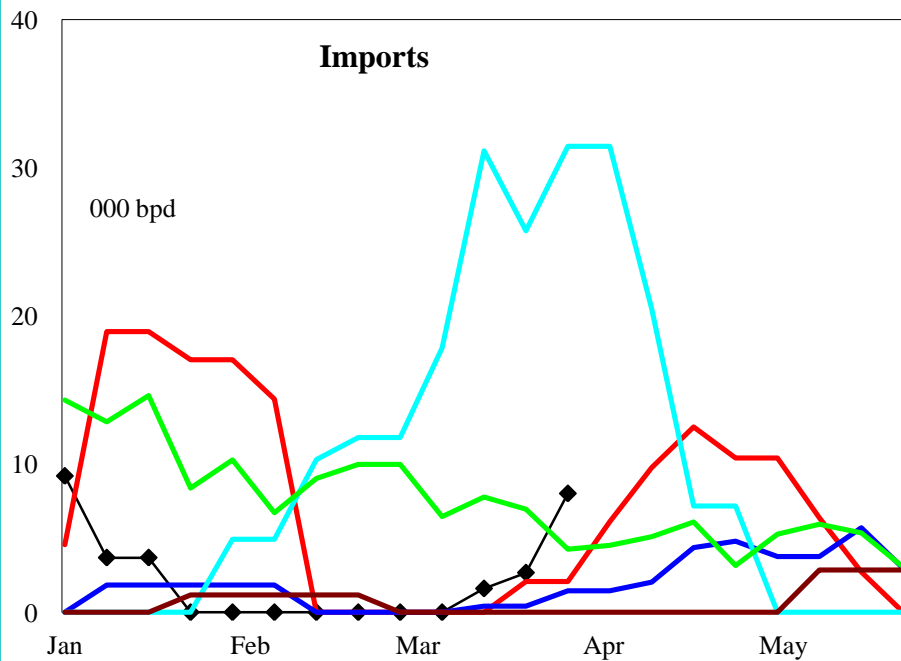
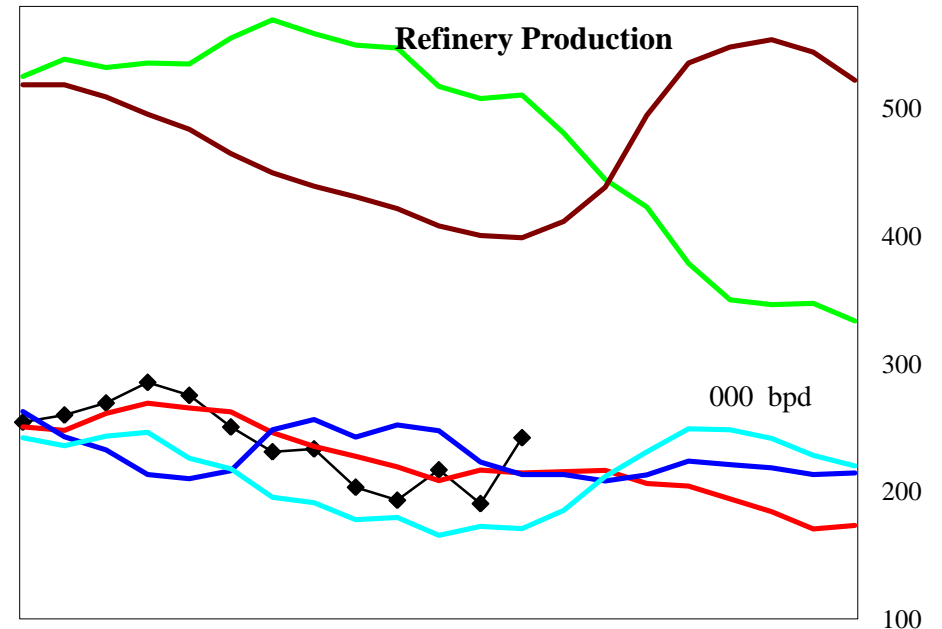
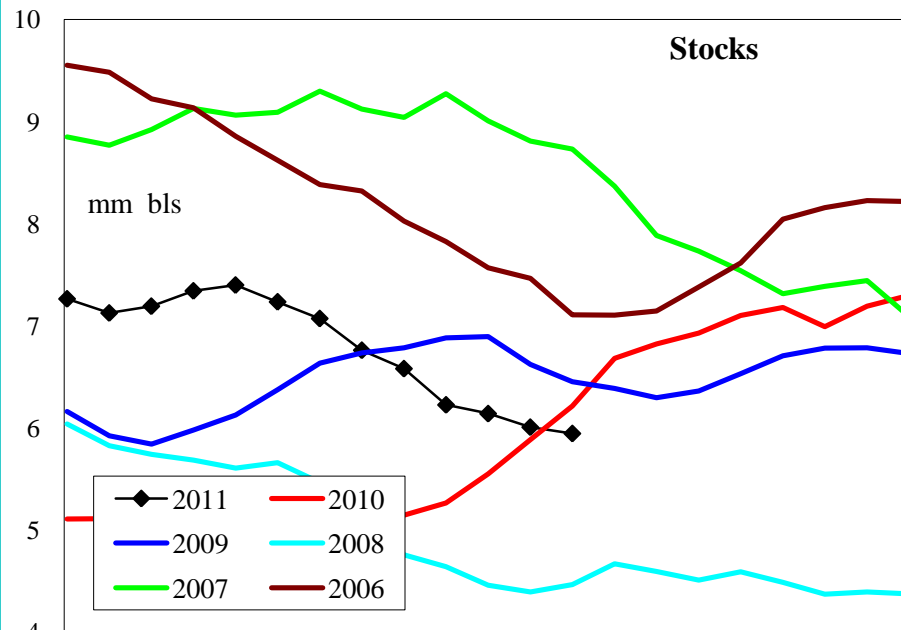
275

14.4

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

-658

-10.0

Production

3

1.2

Imports

2

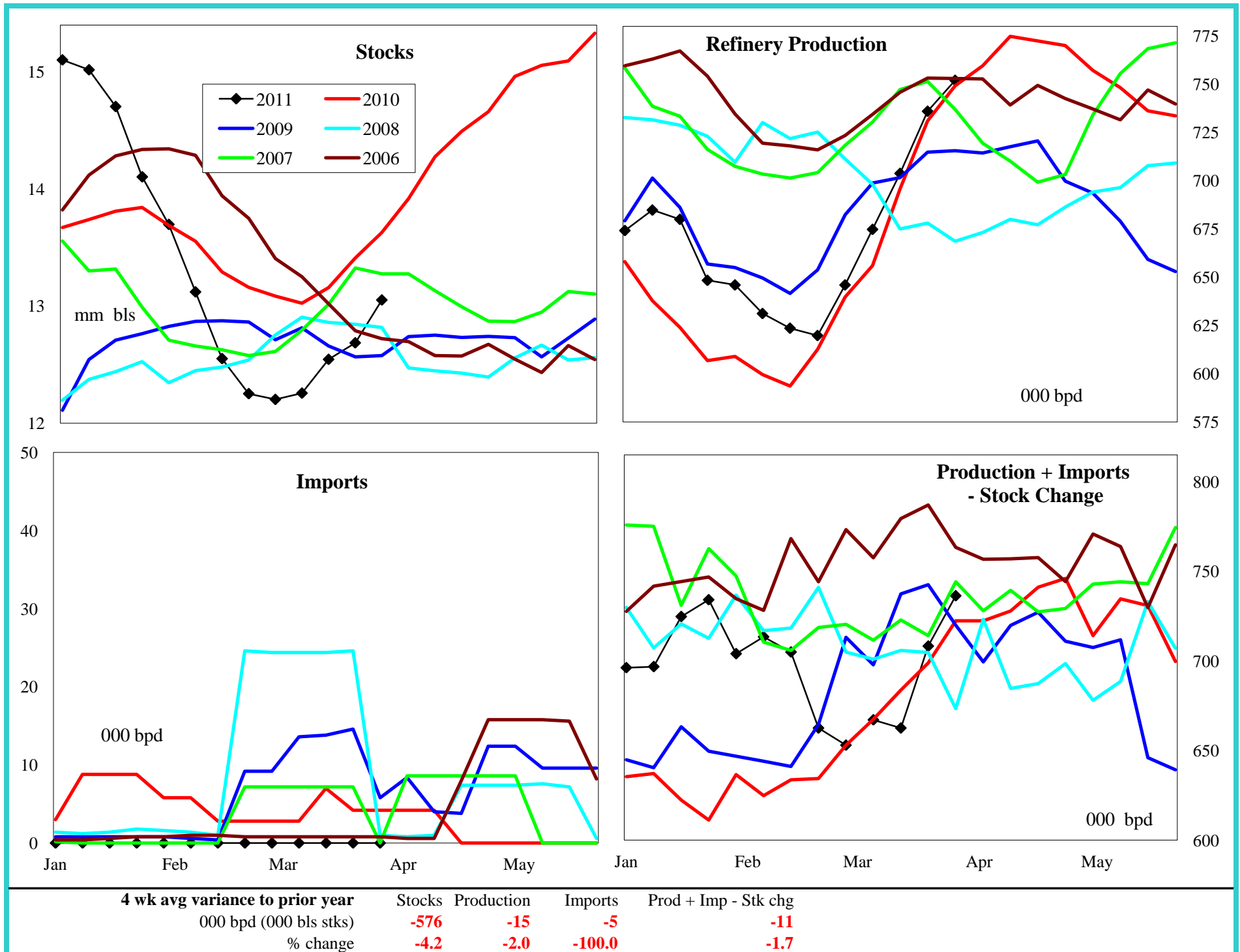
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Prod + Imp - Stk chg

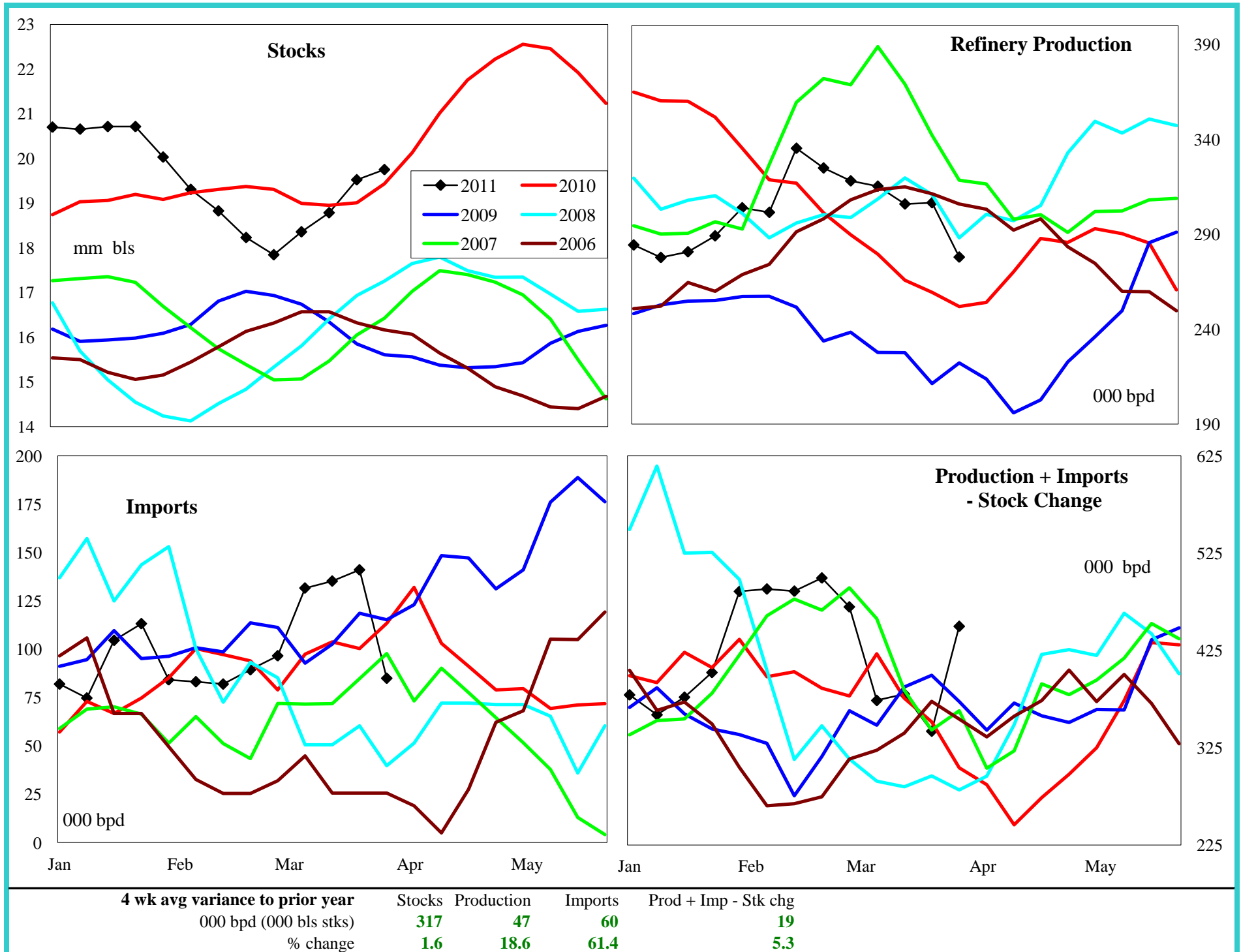
96

64.8

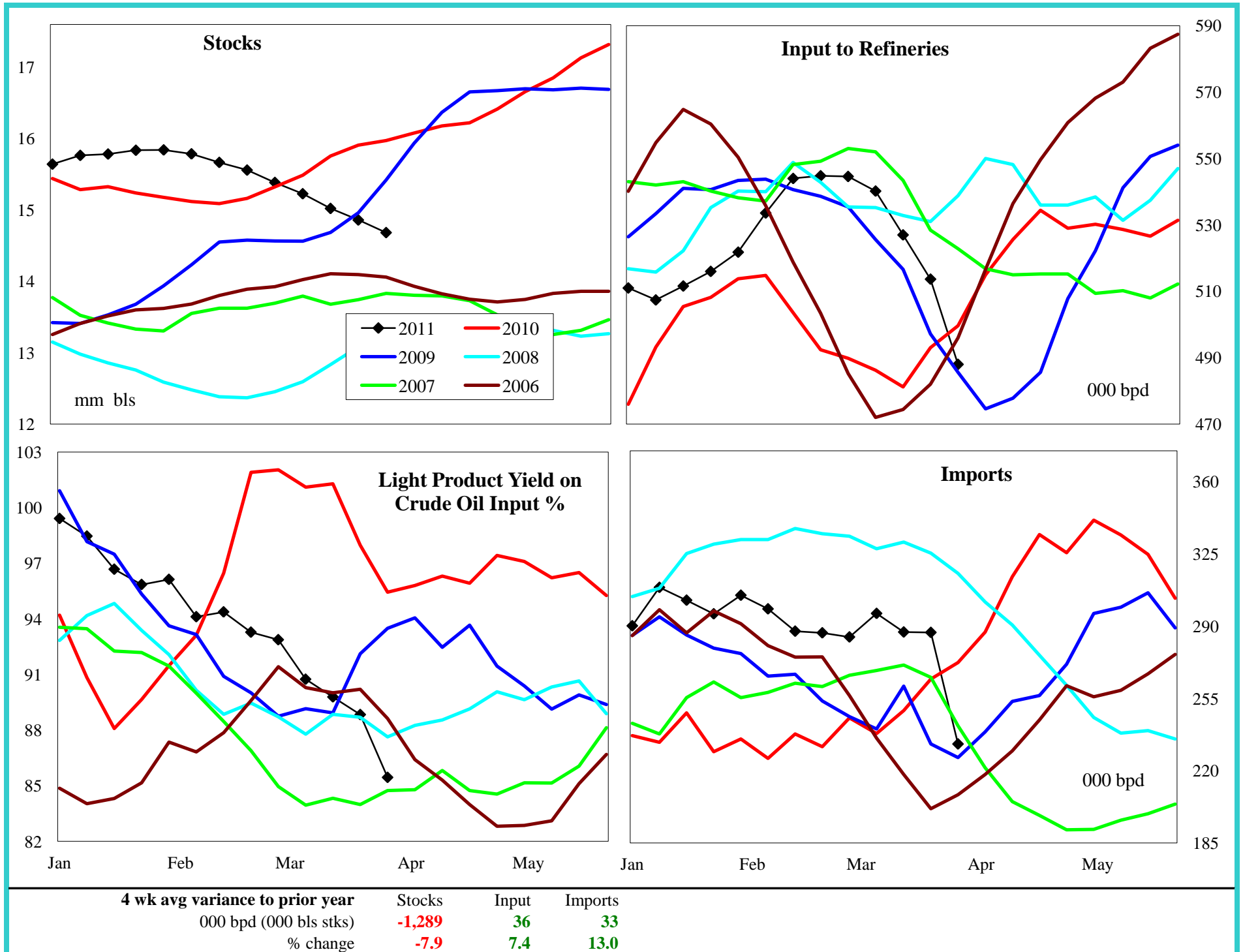
PADD 3 Jet Fuel Supply



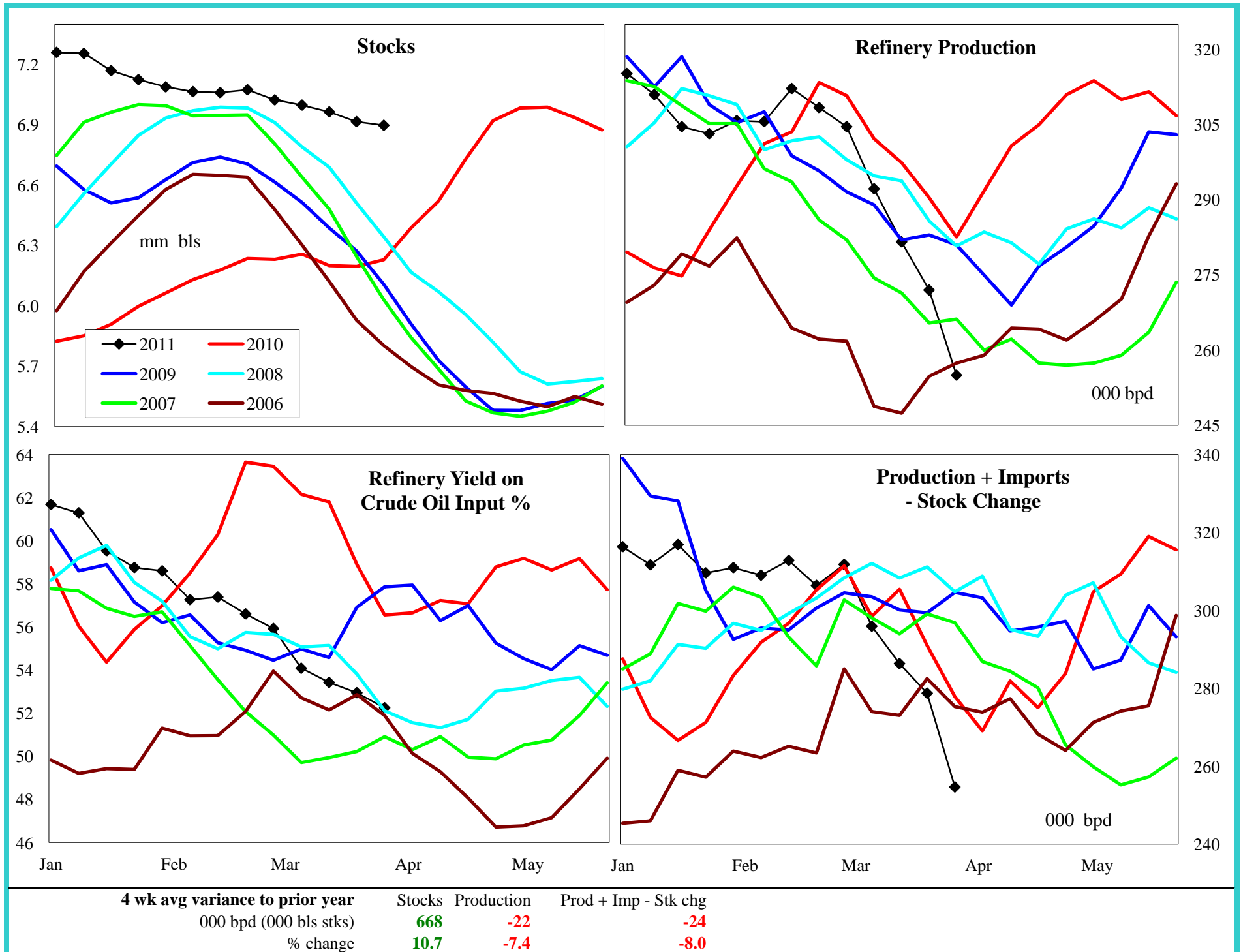
PADD 3 Residual Fuel Oil Supply



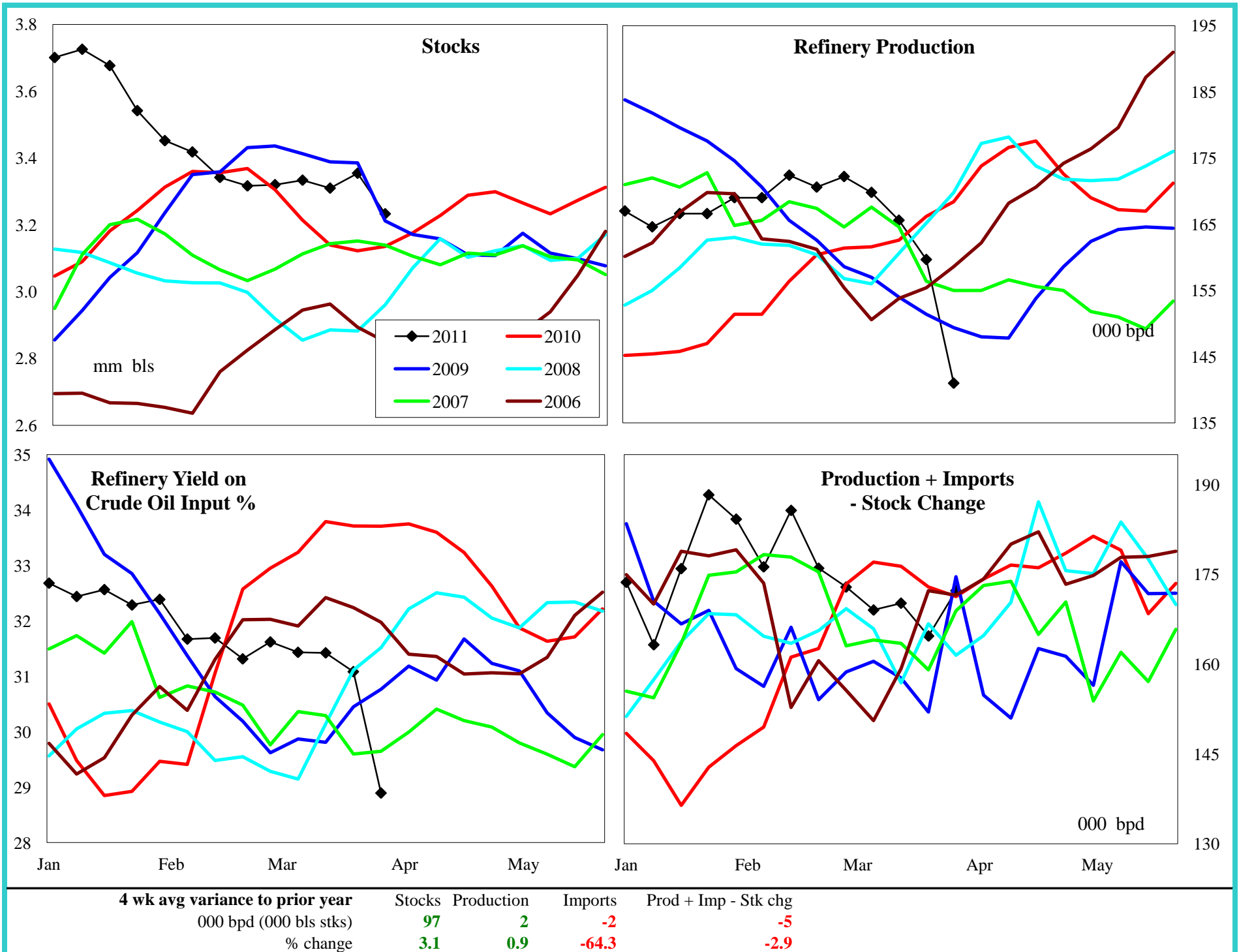
PADD 4 Crude Oil Supply and Refining



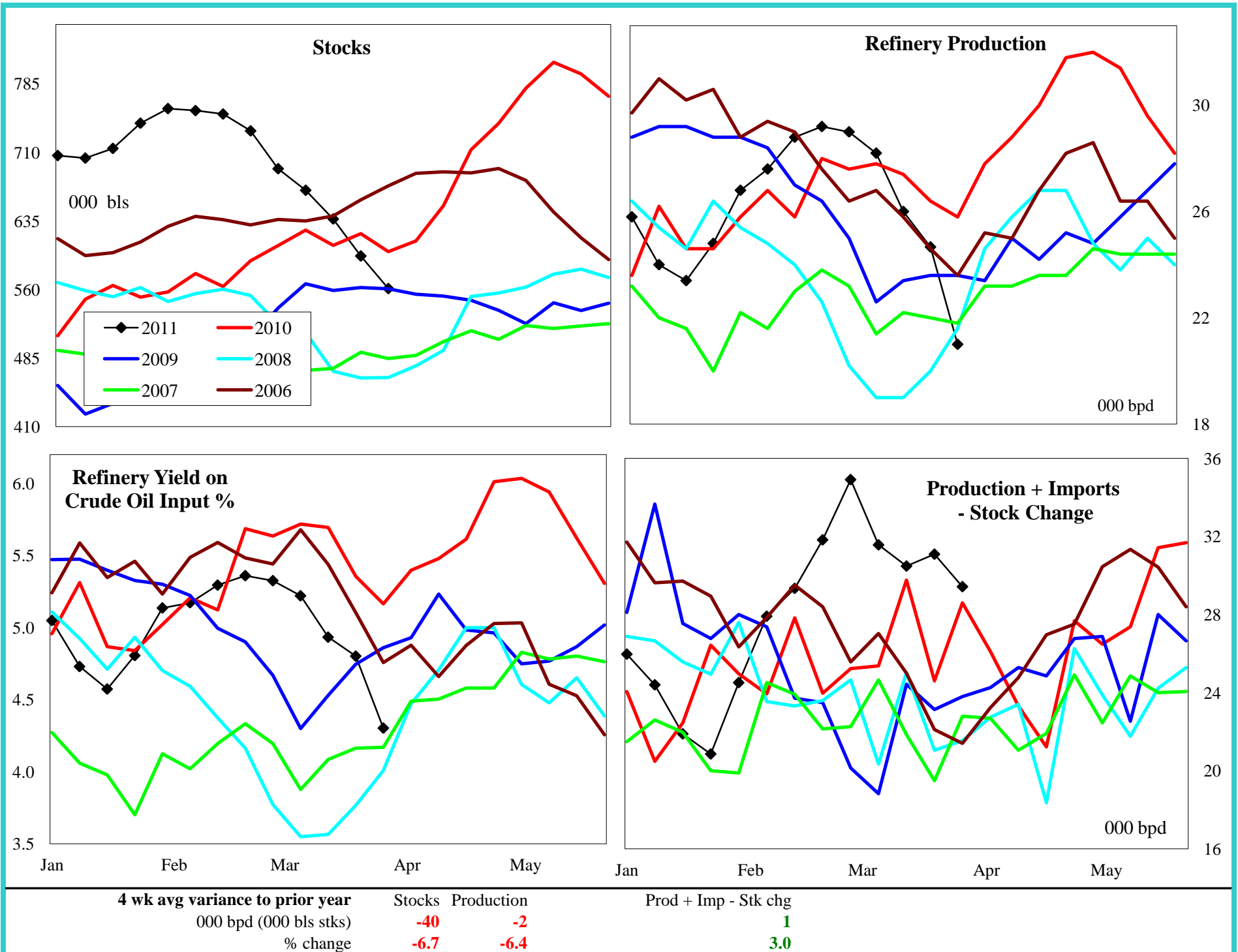
PADD 4 Gasoline Supply



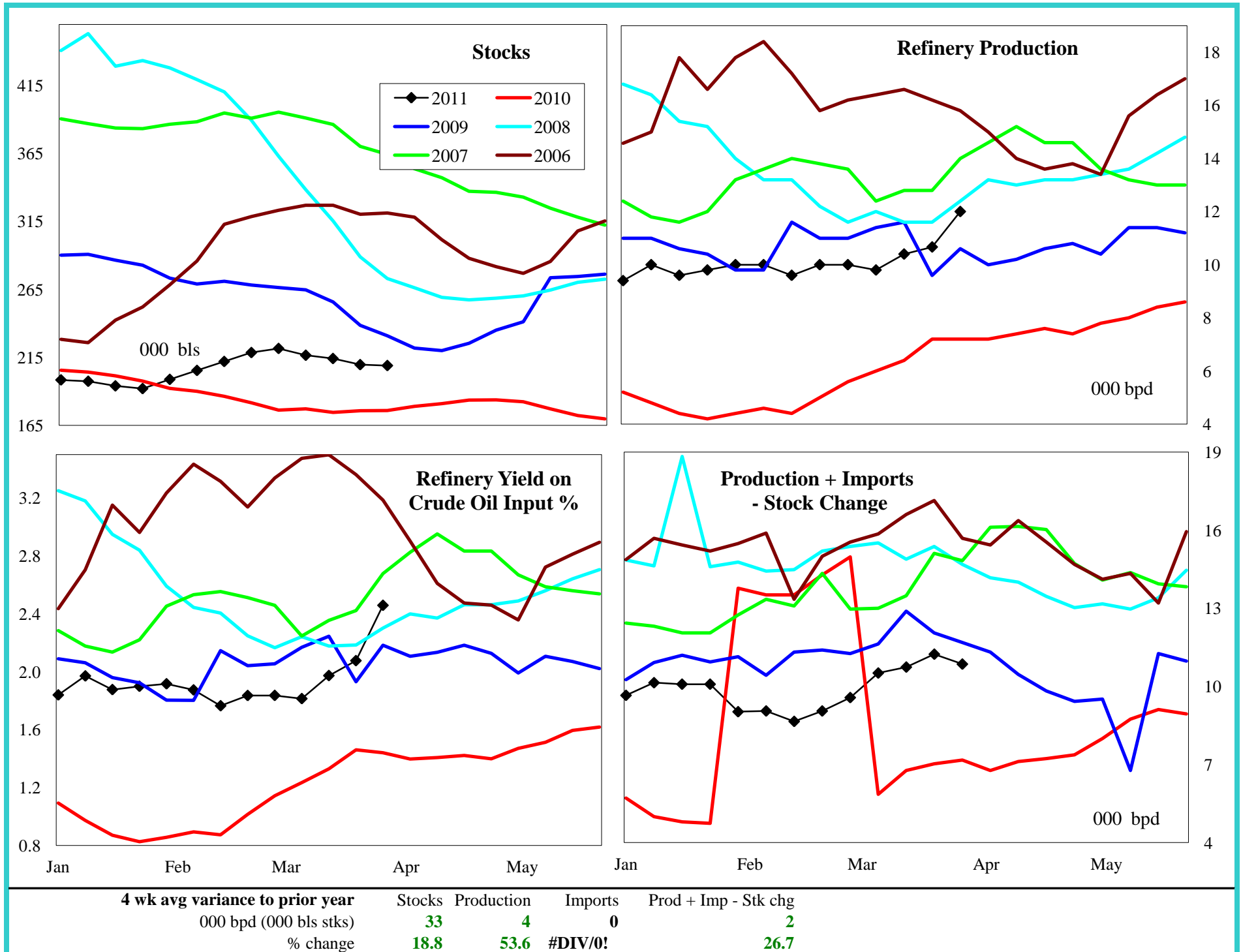
PADD 4 Distillate Supply



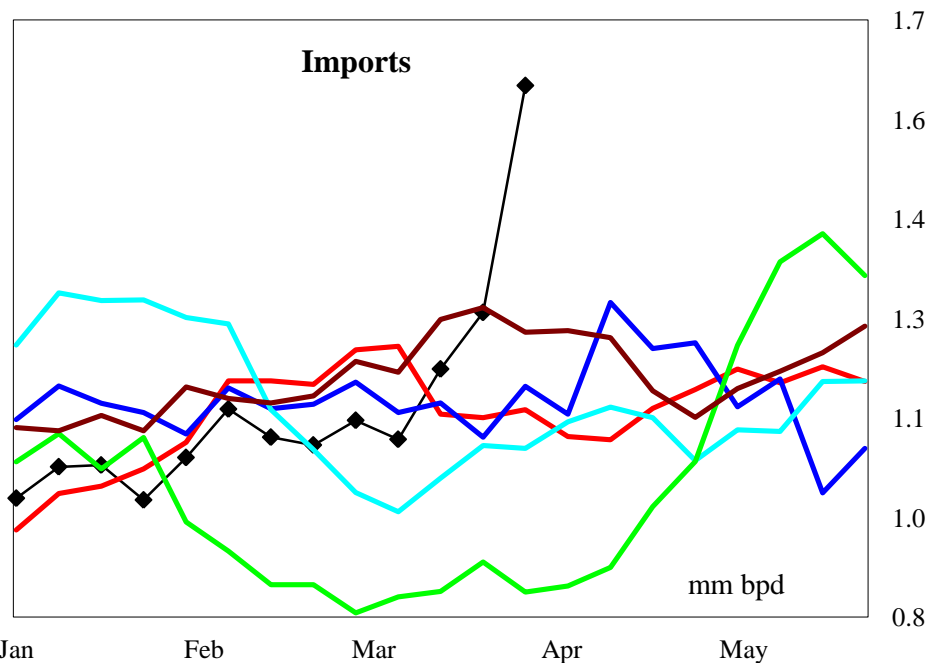
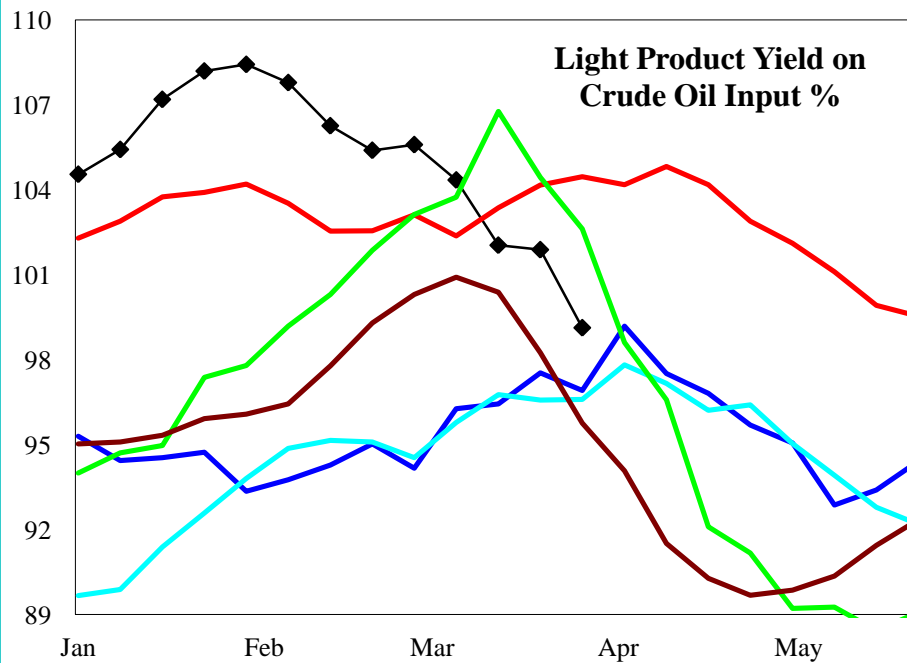
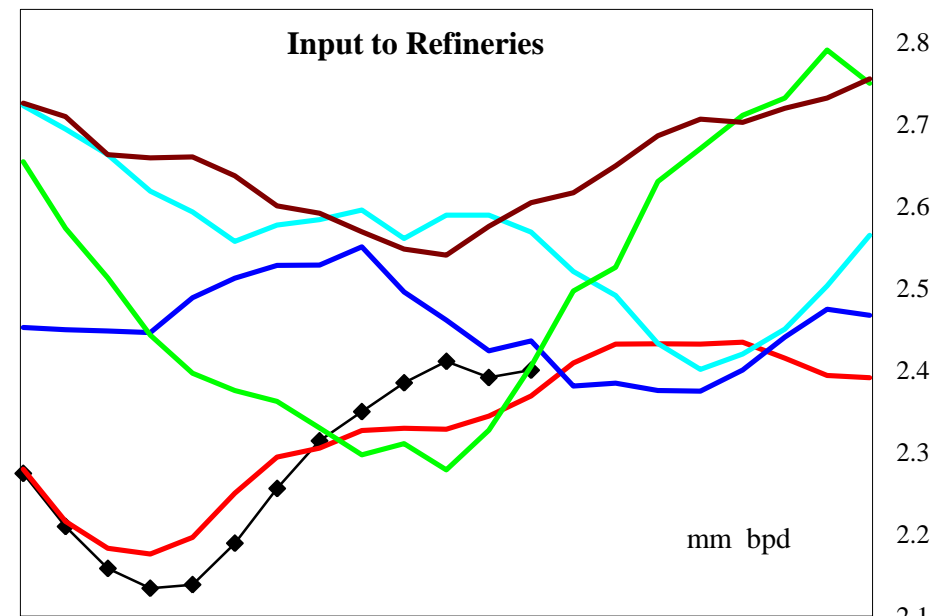
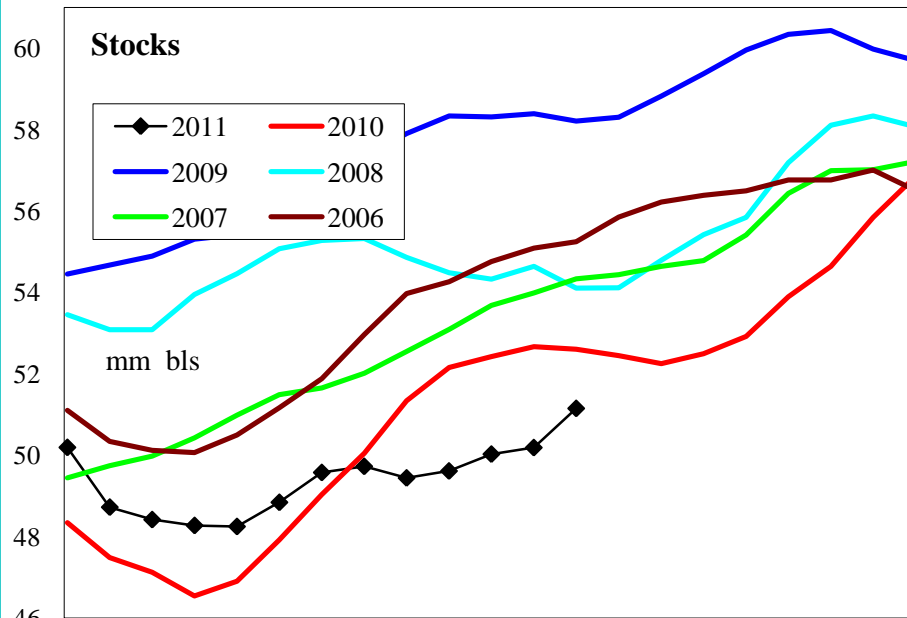
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



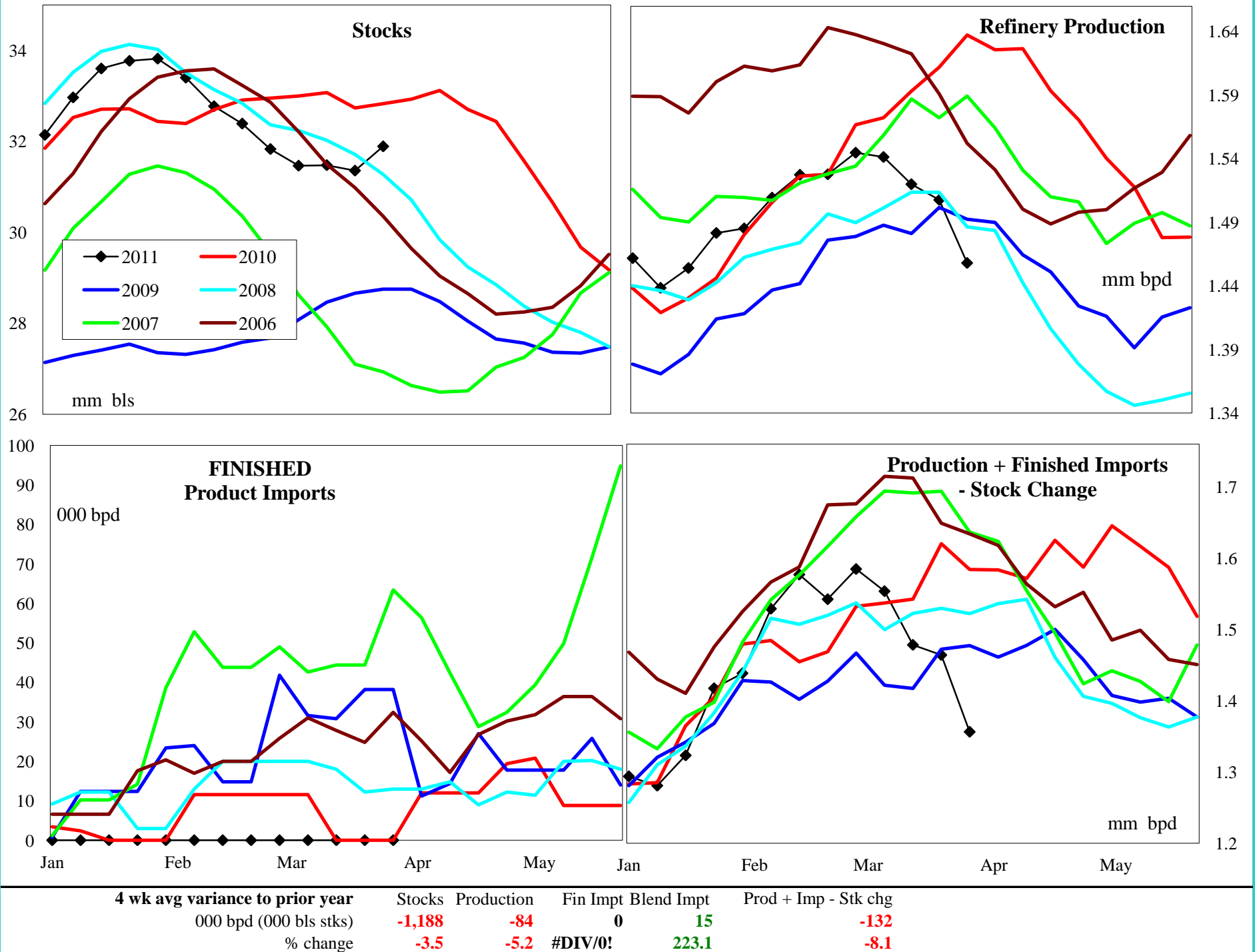
PADD 5 Crude Oil Supply and Refining



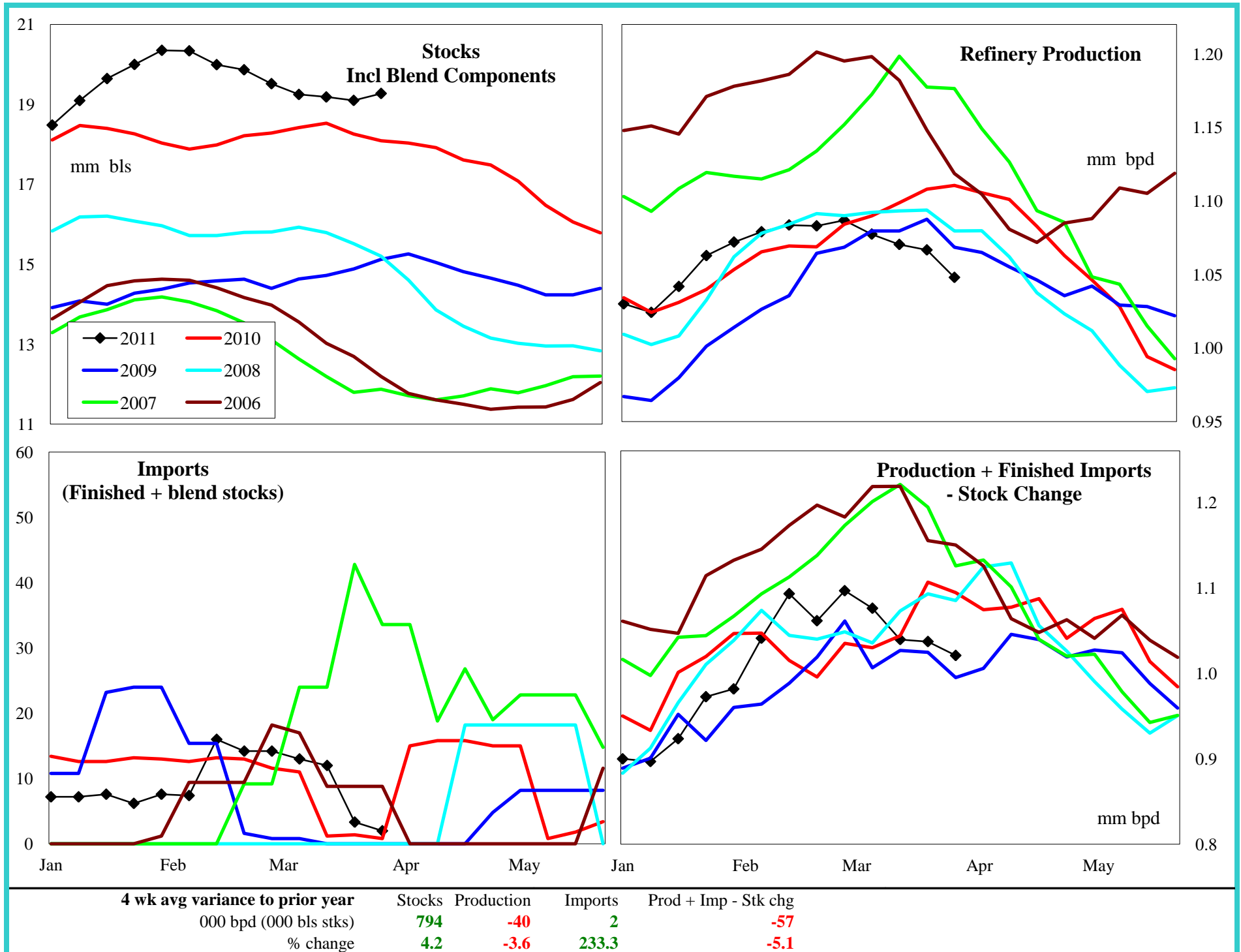
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

	Stocks	Input	Imports
000 bpd (000 bls stks)	-1,450	72	71
% change	-2.8	3.1	6.2

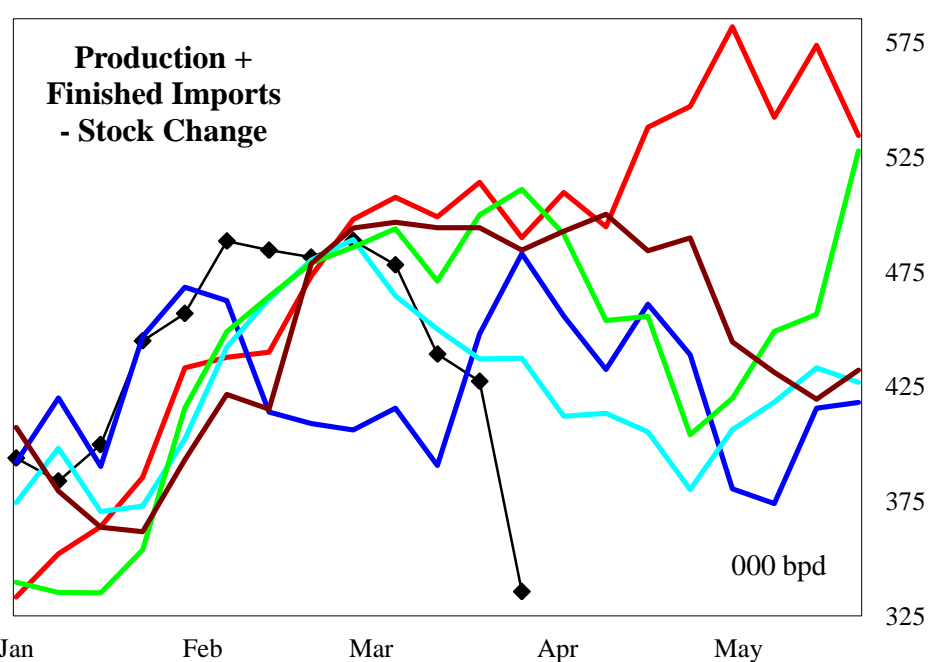
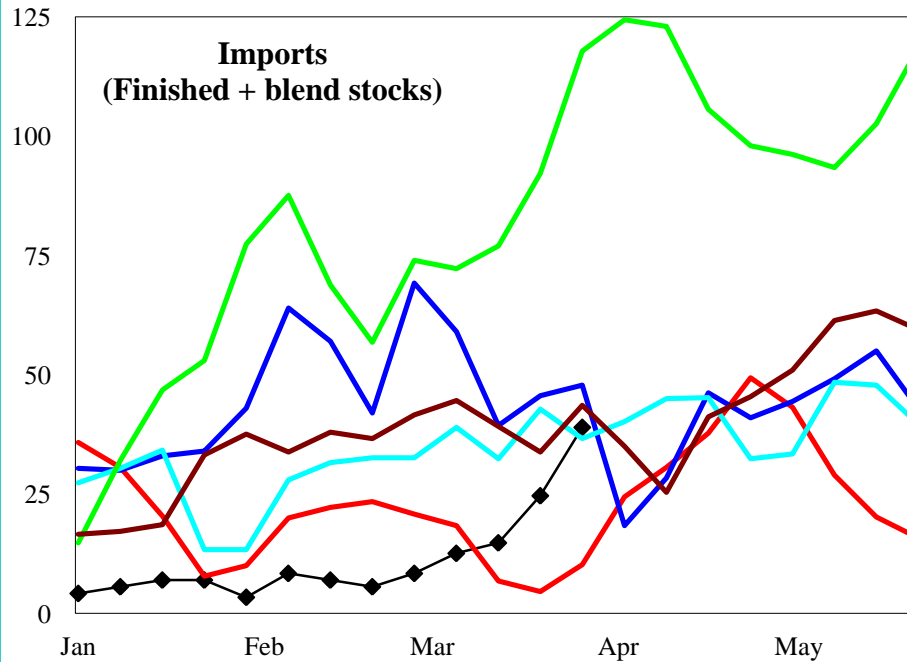
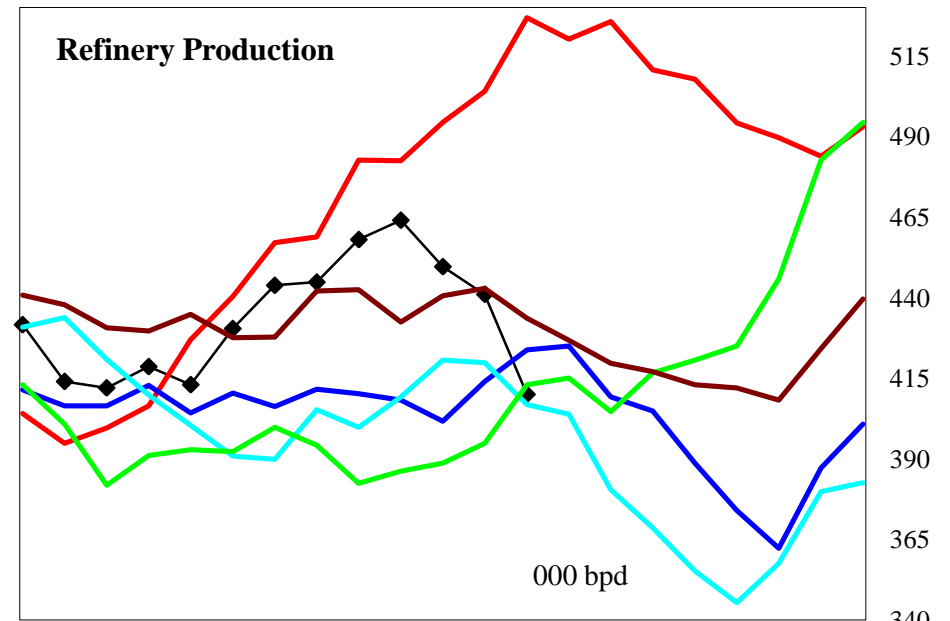
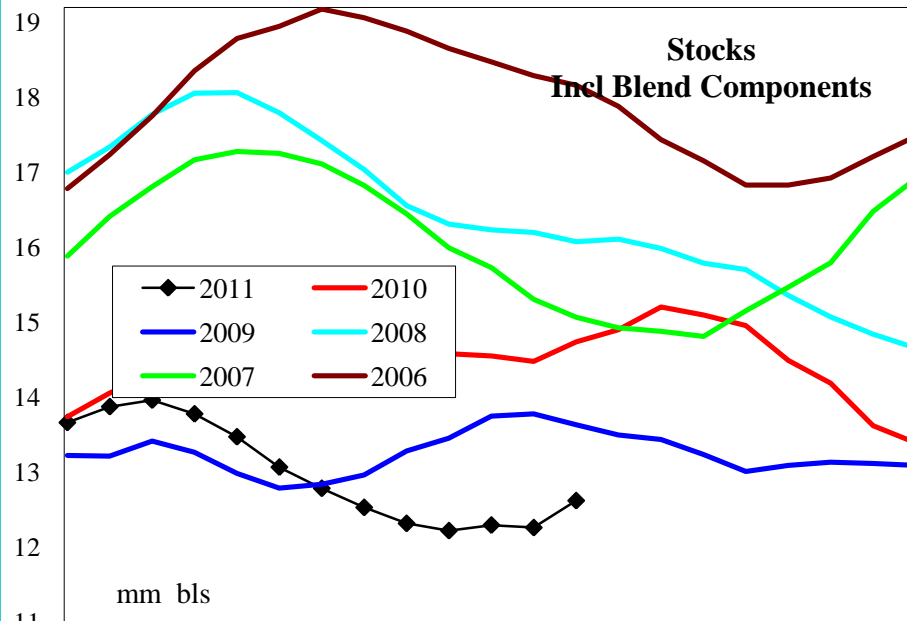
PADD 5 Gasoline Supply



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

-1,982

-44

13

-75

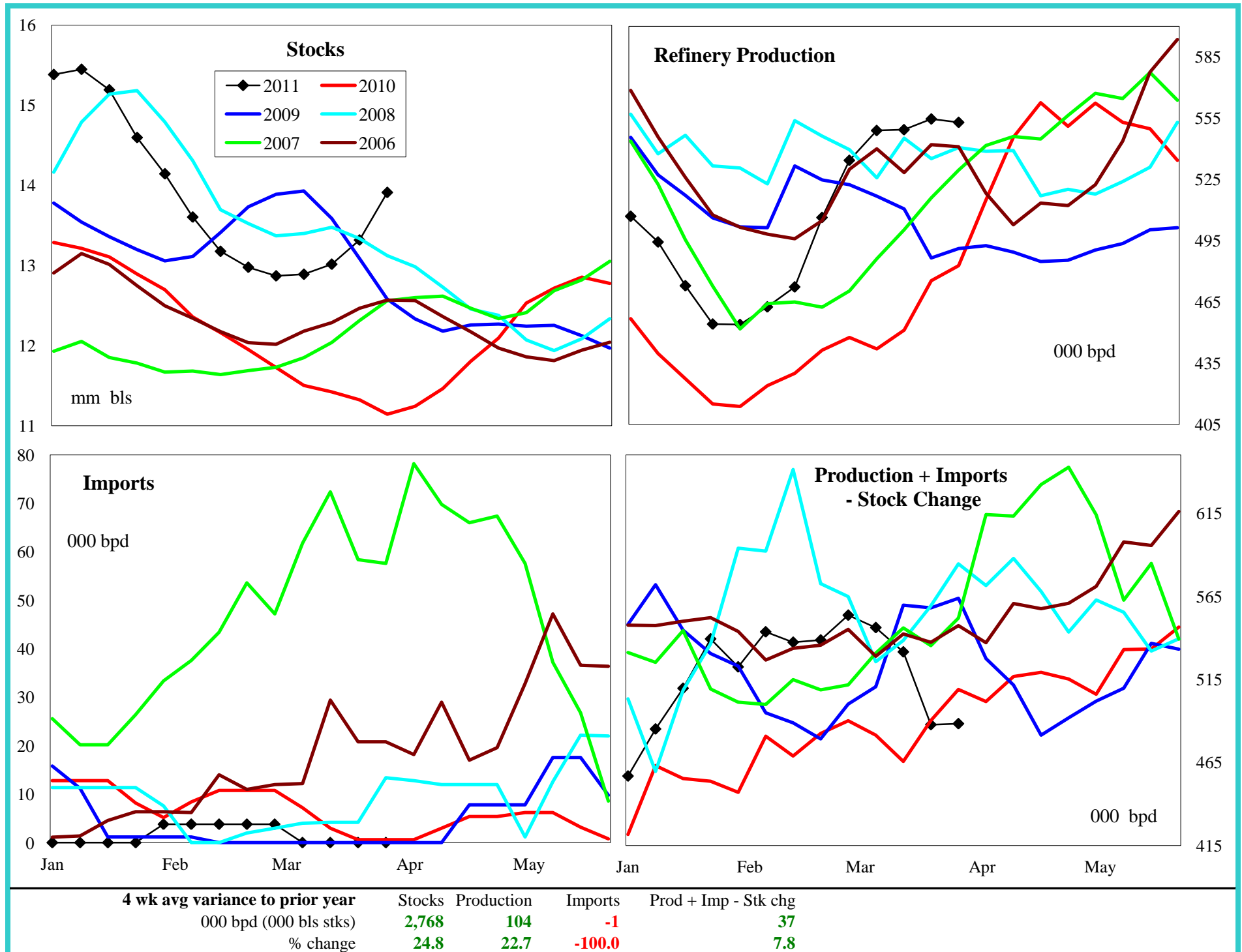
-13.6

-8.8

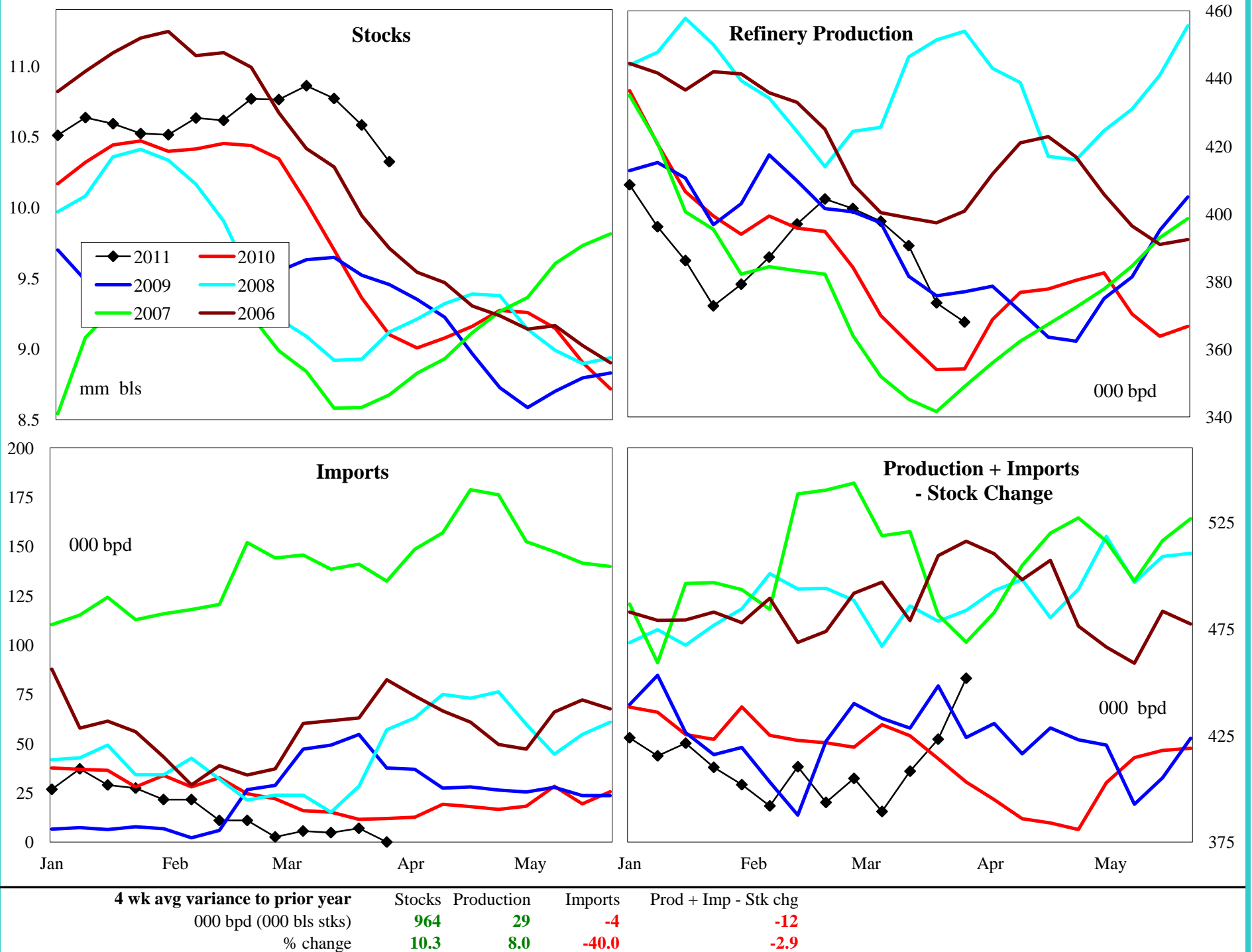
221.7

-14.6

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

