



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

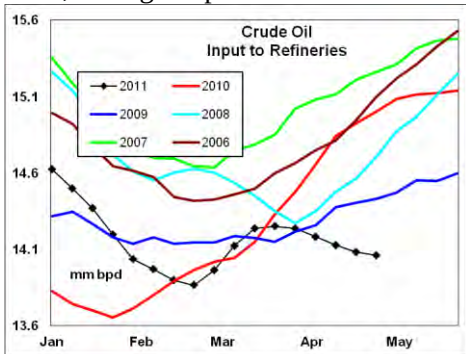
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 04, 2011

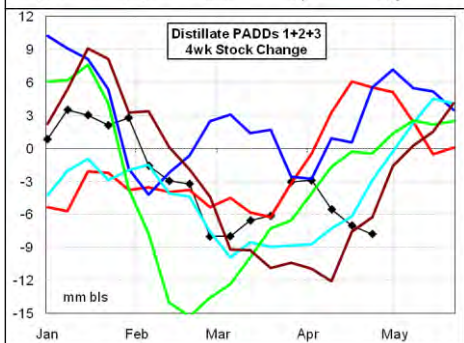
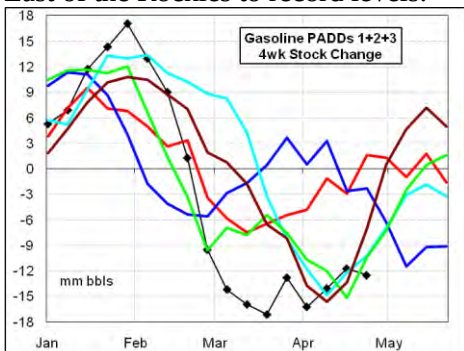


Major Fundamental Trends¹

Crude oil runs were nearly unchanged last week as maintenance increased in the Gulf, offsetting higher runs in all other regions. Runs were -1 million bpd below last year and -0.5 million bpd below the record low level set in 2009, during the peak of the recession.



Exceptionally low crude oil runs continue to limit output of transport fuels (gasoline, distillate, jet fuel), leading to a combined stock draw of -2.6 million barrels last week. These draws have driven the latest 4-wk gasoline/distillate draws in markets East of the Rockies to record levels.

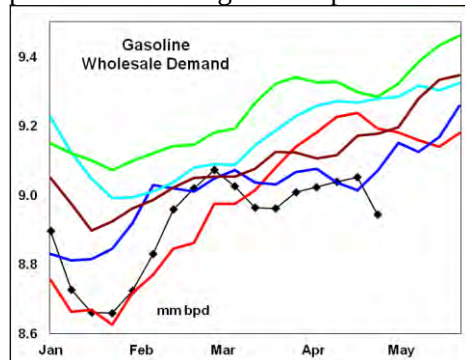


Expect crude oil runs to increase significantly during the next 30-days,

¹ Source is latest EIA Weekly Statistics

increasing the supplies of transport fuels in all major markets.

Gasoline demand fell -205,000 bpd last week, with recent 4-wk averages below the 5-year range. High unemployment and near record retail prices are reducing consumption.



Gasoline imports reached the highest level of 2011, last week. Even with the increase stocks in PADD 1 fell to fresh 5-year lows. Even with the weakness in demand, there remains a significant risk of a further supply squeeze in markets East of the Rockies during the next 45-days.

Demand for distillate increased +156,000 bpd on the week, while gasoline saw a -205,000 counter seasonal decline.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -1.9%; distillate up +6.9%; jet fuel up +3.8% while residual fuel oil increased +6.9%.

Stocks forward coverage: Gasoline demand coverage decreased on a -1 million barrel draw in stocks. Coverage levels were at the mid range.

Distillate coverage fell on a -1.4 million barrel stock draw. Coverage levels were below the last 2-years.

Jet fuel coverage decreased on a -0.2 million barrel stock draw. Coverage levels were below the last 2-years.

Refinery utilization rates remain extremely low with crude oil runs -0.5 million bpd below the prior 5-year low for the period, which was at the depth of the last recession.

Gasoline yield % on crude oil runs

was nearly unchanged on a -15,000 bpd decline in output compared to the -18,000 bpd decline in crude oil runs. The yield % on crude oil runs was above the 5-year range, driven by blend stock imports.

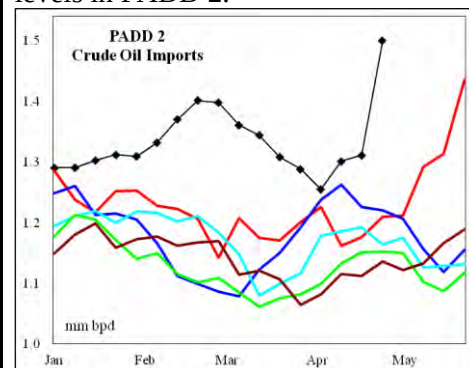
Distillate yield % on crude oil runs increased on a +138,000 bpd rise in output compared to the small decrease in crude oil runs. Yield % was a new 5-year high for this time of year.

Jet fuel yield % on crude oil runs spiked on a +127,000 bpd rise in output, compared to the small decrease in crude oil runs. The yield % on crude oil runs was a record high.

Petroleum Imports of crude oil, jet and residual fuel oil decreased last week, while gasoline and distillate were modestly higher.

During the latest 4-wk period crude oil imports decreased -840,000 bpd below last year; distillate imports decreased -14,000 bpd; finished gasoline imports increased +11,000 bpd, gasoline blend stock imports increased +99,000 bpd; jet fuel imports were -19,000 bpd lower, while residual fuel oil imports decreased -52,000 bpd.

Crude Oil stocks climbed +3.4 million barrels on the week, concentrated in PADD 3. Imports fell -0.4 million bpd last week, including a surge to record levels in PADD 2.



A significant surge in Gulf refinery runs during the next 30-days should lead to limit the seasonal stock build in this major region for the balance of the current quarter. Combined with the renewed surge in PADD 2 imports, WTI prices are likely to remain weak compared to other global grades.



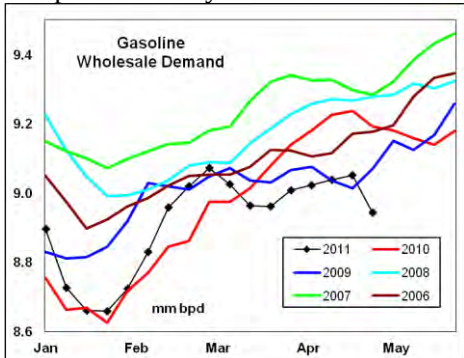
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

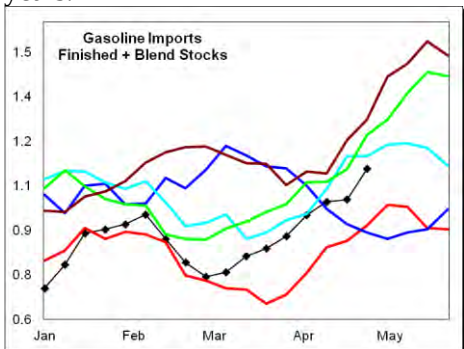
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 04, 2011

Product Supply-Demand Trends

Gasoline demand fell -205,000 bpd on the week. The latest 4-wk average demand was down -179,000 bpd compared to last year.



Production decreased -15,000 bpd on the week, with output just below the 5-year mid range. Imports increased +56,000 bpd to a level above the last 2-years.



Stocks decreased -1 million barrels on the week. The latest 4-wk stock draw East of the Rockies a record draw for this time of year.

Very weak wholesale demand has been offset by reduced production and relatively low imports. The result has been unusually high stock draws for the past 2-months.

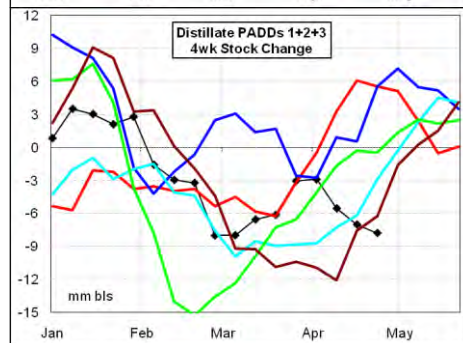
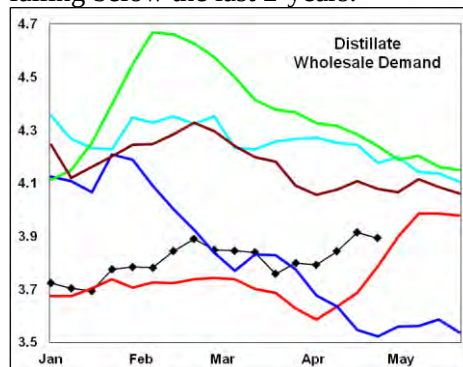
A slow restart of refiners in key regions East of the Rockies and record low stocks in PADD 1, risk a supply squeeze in the near term. Late in the current quarter, expect a return to operation of refiners and higher imports to significantly improve the supply balance.

Distillate demand increased +156,000 bpd last week. The latest 4-wk average demand was +250,000 bpd above last year.

Supply increased +214,000 bpd on

the week, with both production and imports higher. Supply levels were comparable to the last three years.

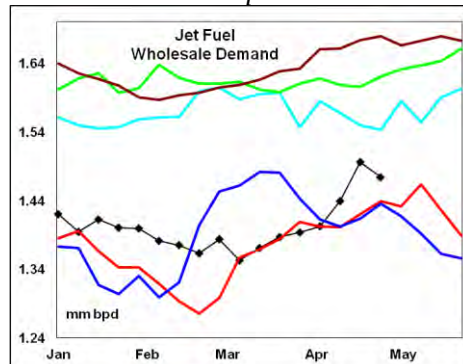
Stocks decreased -1.4 million barrels on the week, with the level falling below the last 2-years.



The latest 4-wk stock change in PADDs 1+2+3 was a draw of -7.8 million barrels, a record high draw for this time of year.

The high level of refinery maintenance, which has driven crude oil runs sharply below the 5-year range, has delayed start of seasonal distillate stock building.

Expect an increase in output in the near term and moderating demand growth to lead to seasonal stock builds later in the current quarter.



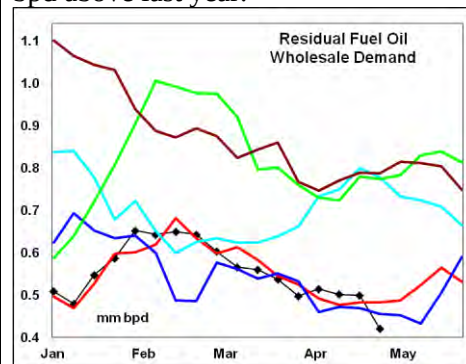
Jet Fuel demand decreased -101,000 bpd on the week, a level above the last

2-years. The latest 4-wk average demand was +54,000 bpd above last year.

Supply increased +53,000 bpd, on a surge in production. Stocks decreased -0.2 million barrels, with the level at the low end of the 5-year range.

The +127,000 bpd rise in production, and additional increase as refiners return from maintenance should drive a seasonal stock build for the balance of the quarter. Expect an improvement in the supply balance with a pull back in local market cash basis for most major markets.

Residual fuel oil demand, including exports, decreased -120,000 bpd last week, with the 4-wk average +32,000 bpd above last year.



Supply (production + imports) decreased -81,000 bpd on higher production. The latest 4-wk average supply was -48,000 bpd below a year ago. Stocks increased +1.4 million barrels, to a level at the low end of the historic range.

Residual fuel oil imports were 450,000 bpd last week, marginally below production of 575,000 bpd. The residual oil market is composed of high sulfur domestic output, largely exported; and low sulfur product consumption which depends on imports. Each product grade has tightened as indicated by low stock levels and a high level of imports.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

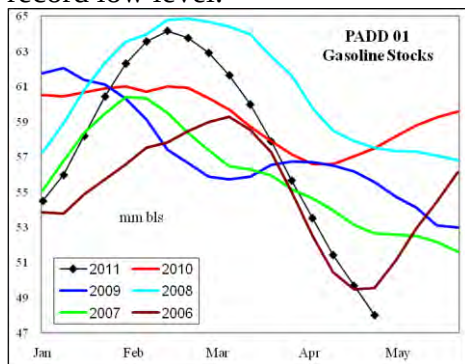
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 04, 2011

PADD Supply Trends

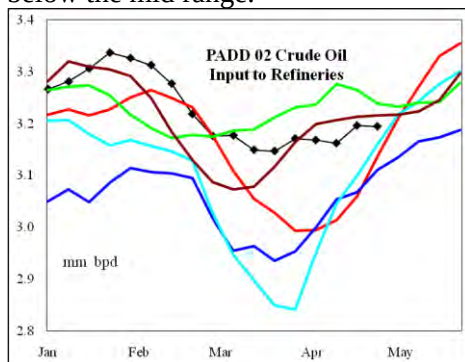
PADD 1 refinery crude oil runs increased +60,000 bpd last week, with the level -303,000 bpd below last year.

Gasoline production increased +193,000 bpd on the week, while imports were +16,000 bpd higher. Import levels were above the last 2-years for the week, and at the highest level of this year. Stocks declined -1.7 million barrels, to a record low level.



Distillate supply increased +81,000 bpd on increased production and imports. Stocks declined -0.6 million barrels to level well below each of the last 2-years.

Jet fuel stocks increased +0.6 million barrels last week, to a level below the mid range.



PADD 2 crude oil refinery runs increased +34,000 bpd last week, to a level above the last 3-years. Crude oil stocks were unchanged, including a +0.1 million barrel build in Cushing. Imports spiked +0.4 million bpd to a new record high level.

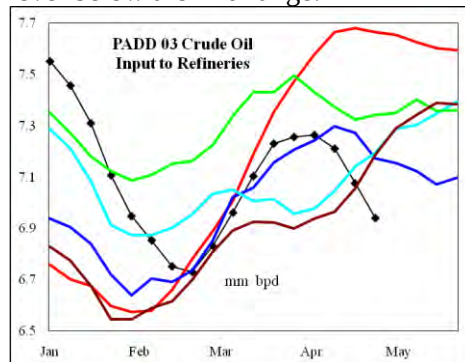
Gasoline production jumped +213,000 bpd on the week, to a level above the mid range. Stocks were nearly unchanged on the week, at a

level near historic lows.

Distillate production decreased -71,000 bpd on the week, to a level below the last 3-years. Stocks decreased -0.9 million barrels, a level still above four of the last 5-years.

Jet fuel production remains above the 5-year range. Stock levels were slightly above the last 3-years.

PADD 3 crude oil runs declined -254,000 bpd last week. The latest 4-wk average thru put was -527,000 bpd below last year, and below the historic range. Crude imports fell -0.4 million bpd on the week, with the level well below the 5-year range. Stocks increased +4 million barrels, with the level below the mid range.



Gasoline production fell -183,000 bpd on the week, to a record low level for the year. Stocks were unchanged at a level below the mid range.

Distillate production climbed +125,000 bpd to a level above the historic range. Stocks increased +0.7 million barrels on higher production.

Jet fuel production increased +67,000 bpd on the week, to a level above the mid range. Stocks fell -0.8 million barrels to a level below the historic range.

Residual fuel oil supply increased +111,000 bpd on the week, driven by high imports. Stock levels were at the upper end of the historic range.

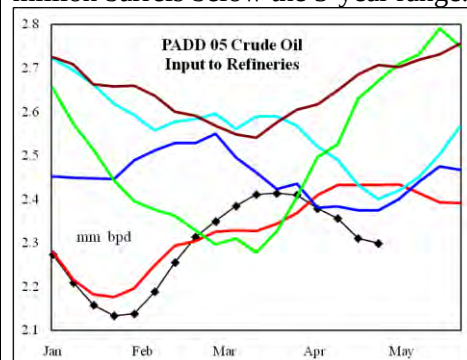
PADD 4 refinery crude runs increased +51,000 bpd on the week, with the level now above the mid range. Light product yields were near record low levels. Crude oil stock levels were near the prior 2-years.

Gasoline production increased

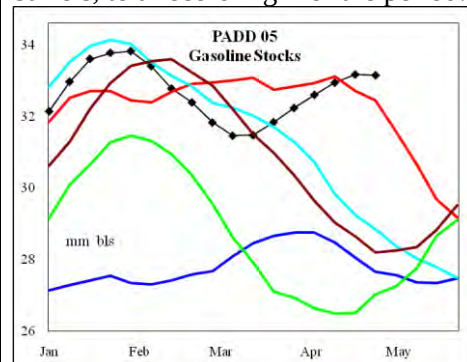
+23,000 bpd, with the level well below the 5-year range. Stock levels were above four of the last 5-years.

Distillate production increased +21,000 bpd, to a level above the 5-year range. Stock levels were slightly above 5-year highs for the period.

PADD 5 crude oil refinery runs fell increased +93,000 bpd on the week, with the level still below each of the last 3-years. The latest 4-wk average thru put was -100,000 bpd below last year. Crude oil imports fell -266,000 bpd, leading to a -0.3 million barrel stock draw. Stock levels were -0.6 million barrels below the 5-year range.



Gasoline production decreased -80,000 bpd on the week, a level below the mid range. Stocks increased +0.6 million barrels, to a record high for the period.



Distillate supply increased +57,000 bpd on the week, with both production and imports higher. Production levels were below the 5-year range, partially offset by near record imports. Stocks decreased -0.6 million barrels, although the level remains above the historic range.

Jet fuel supply matched 5-year lows, while stocks fell to near record lows.



PETROLEUM: Graph Link and Weekly Summary

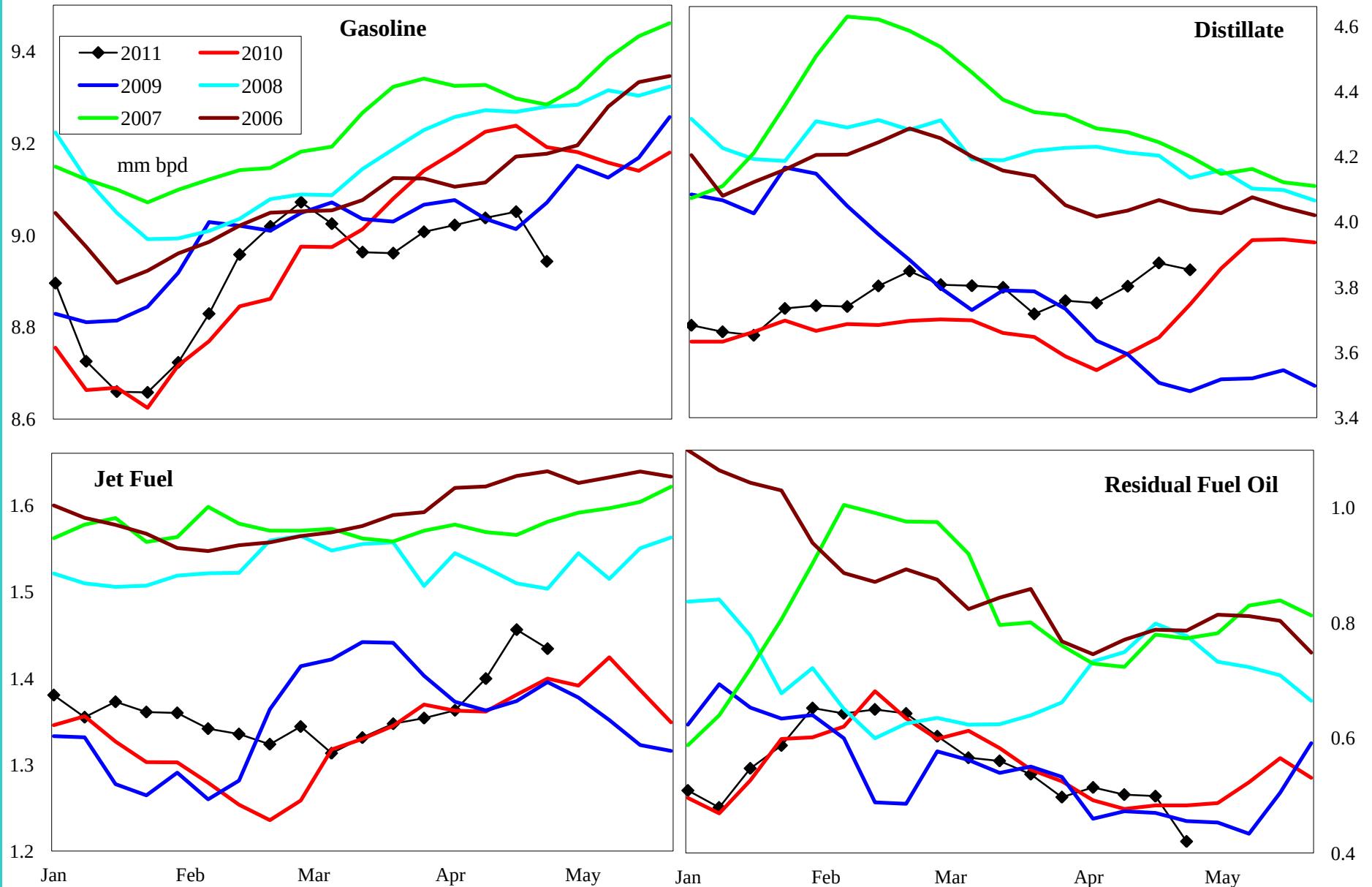
A Fundamental Petroleum Trends Weekly Report

May 4, 2011

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	29-Apr-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	3,421	-385	147	3,957	11	-310
	Imports	-389	-156	354	-397	75	-266
	Input	-18	60	34	-254	51	93
	% Utilization	0.10					
Gasoline	Stocks	-1,046	-1,675	120	-25	-64	599
	Production	-15	193	213	-183	23	-80
	Imports	56	16	2	37	0	0
	Supplied	-205					
Distillate	Stocks	-1,398	-614	-850	650	-22	-561
	Production	138	55	-71	123	21	7
	Imports	76	26	0	0	0	50
	Supplied	156					
Jet Fuel	Stocks	-168	626	165	-759	86	-287
	Production	127	29	-9	67	3	36
	Imports	-74	-37	0	0	0	-37
	Supplied	-101					
Residual Fuel Oil	Stocks	1,374	837	-68	347	-1	261
	Production	96	9	-13	44	4	54
	Imports	-15	20	1	67	0	-102
	Supplied	-120					

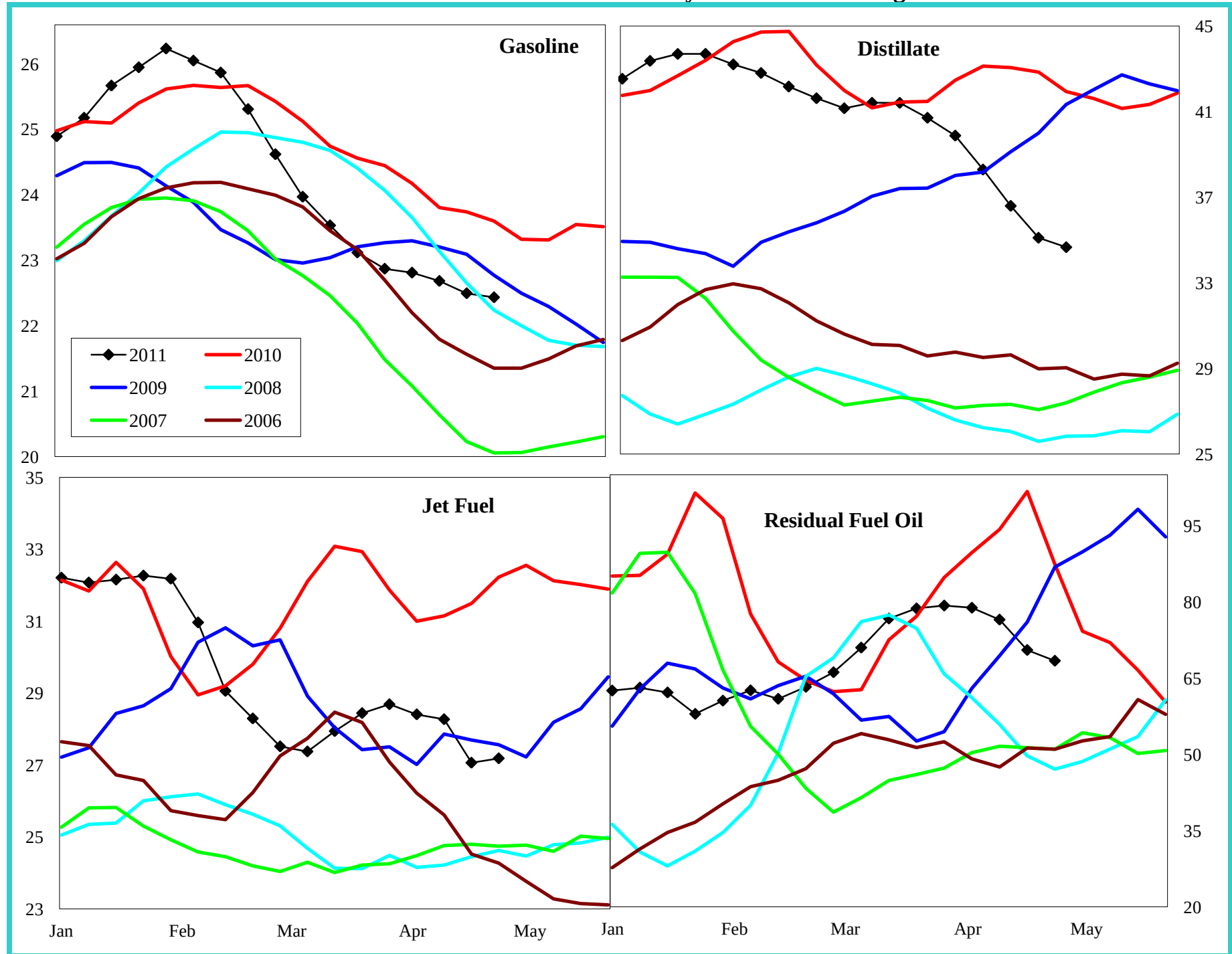
United States Wholesale Petroleum Demand



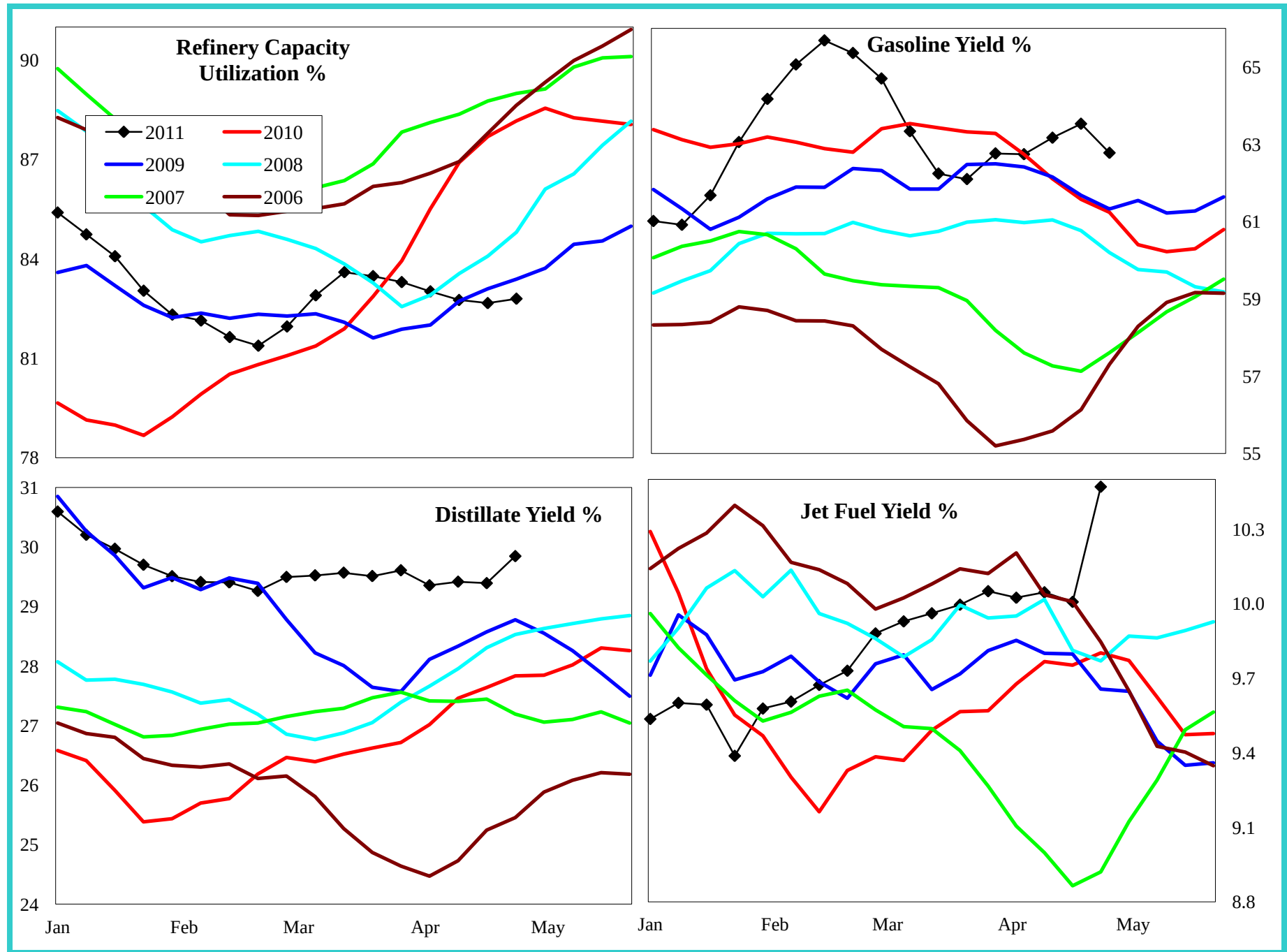
	000 bpd change from prior year				% change from prior year			
	4wk avg	Mar	Feb	Jan	4wk avg	Mar	Feb	Jan
Gasoline	-179	204	415	-113	-1.9	2.3	4.8	-1.3
Distillate	250	39	18	39	6.9	1.0	0.5	1.1
Jet Fuel	54	-69	11	-10	3.8	-4.8	0.8	-0.7
Resid	32	21	106	1	6.9	3.9	20.7	0.2



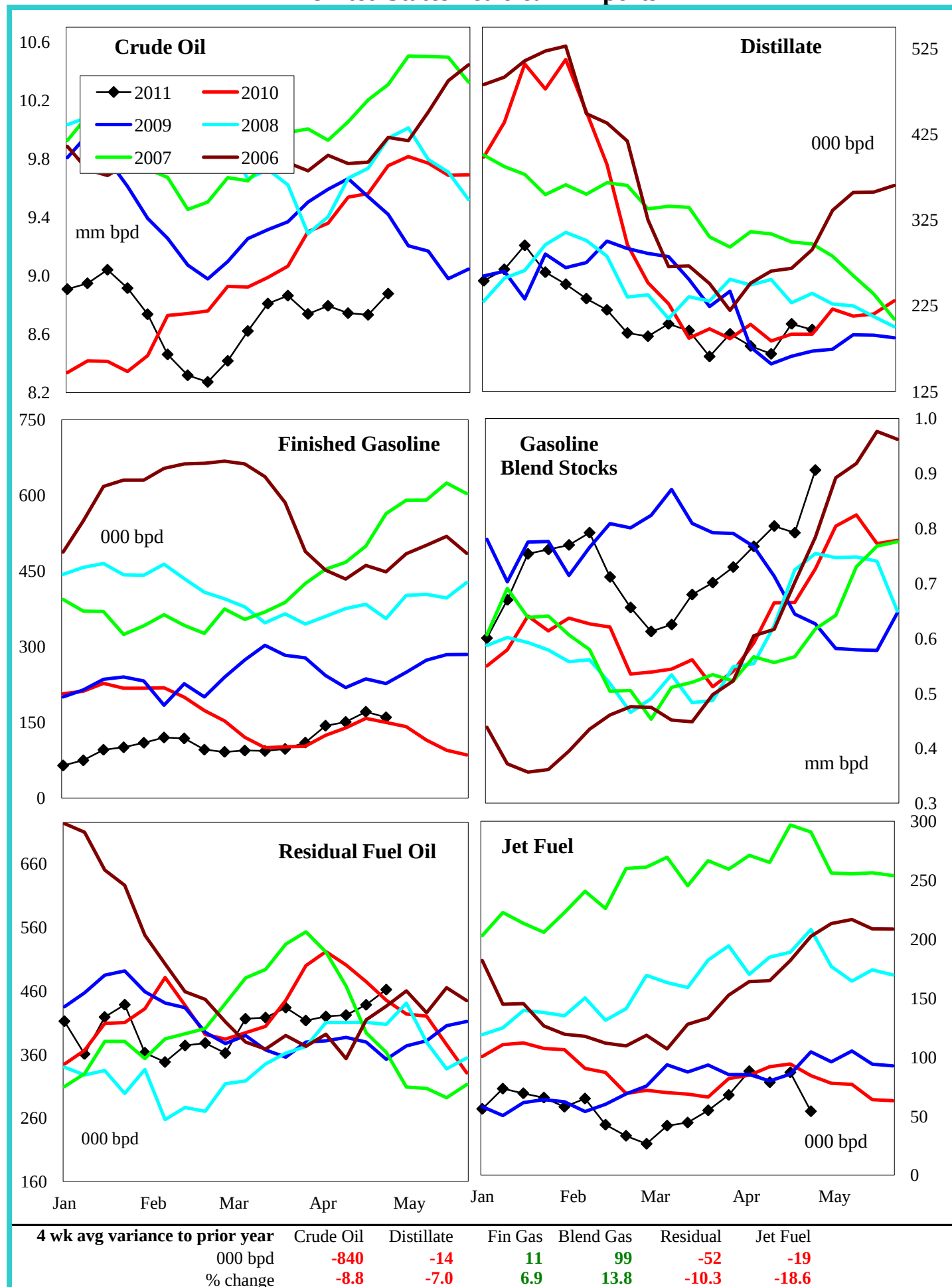
United States Product Stocks: Days Forward Coverage



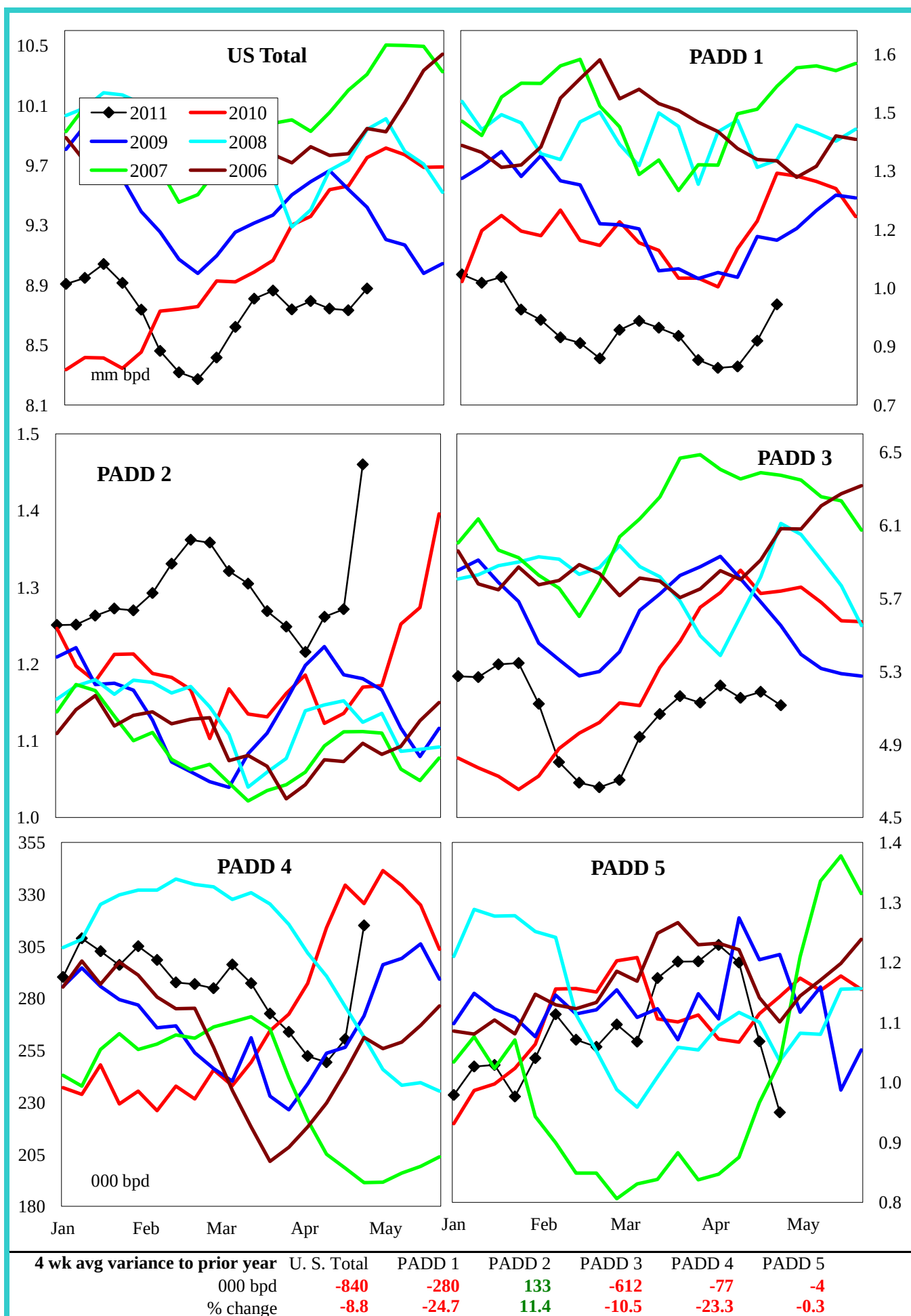
United States Refinery Percent Utilization Rate and Product Yields



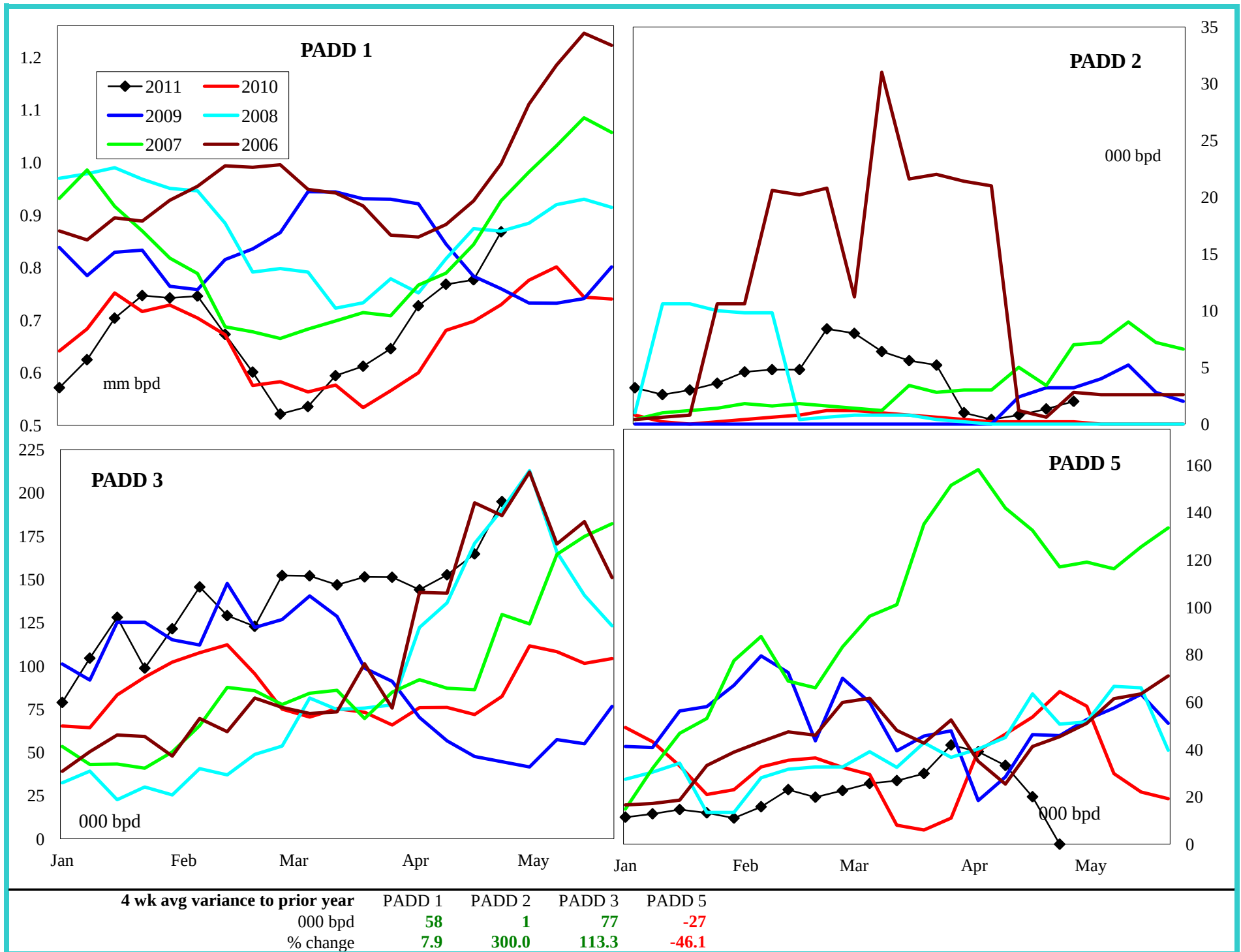
United States Petroleum Imports



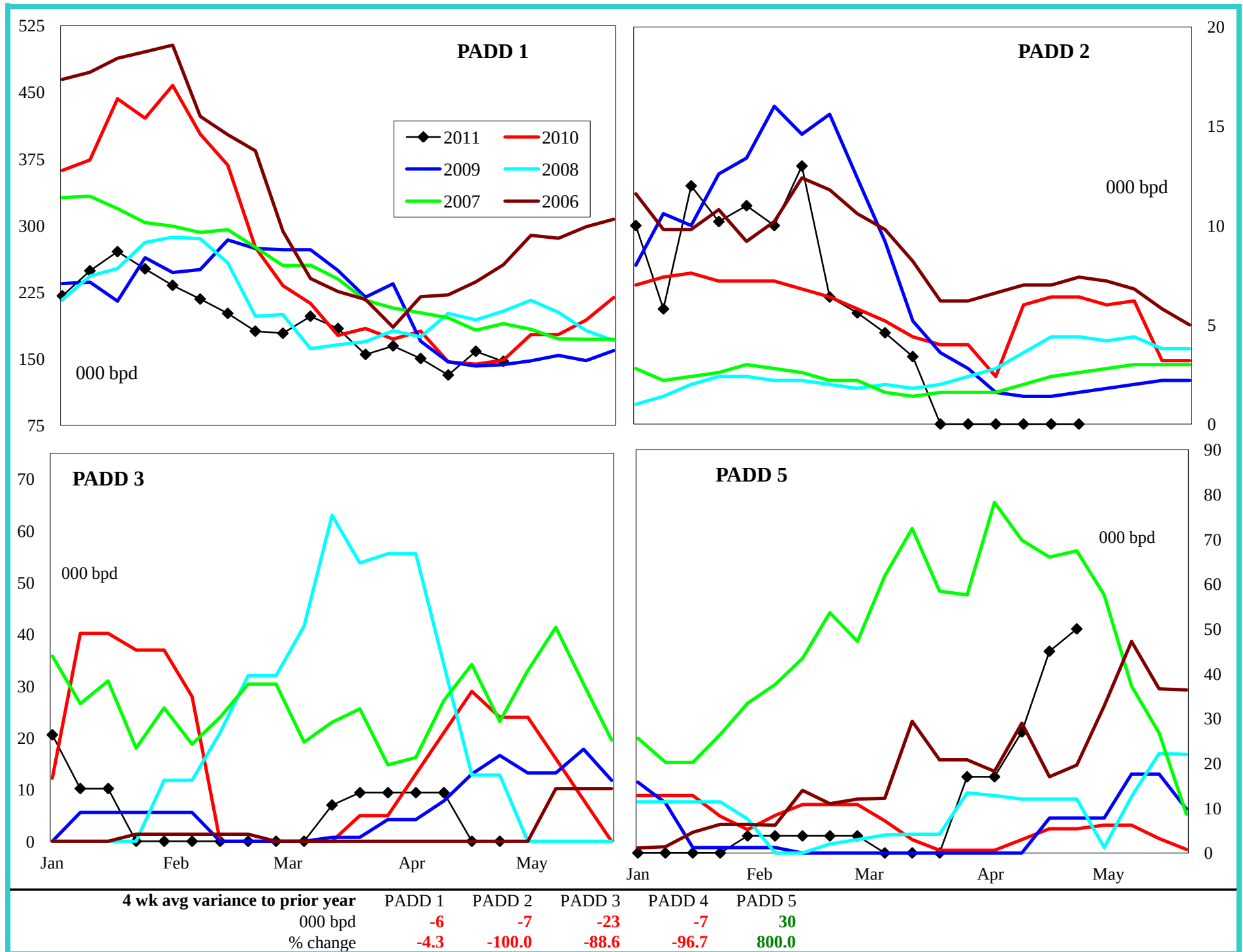
Crude Oil Imports by PADD



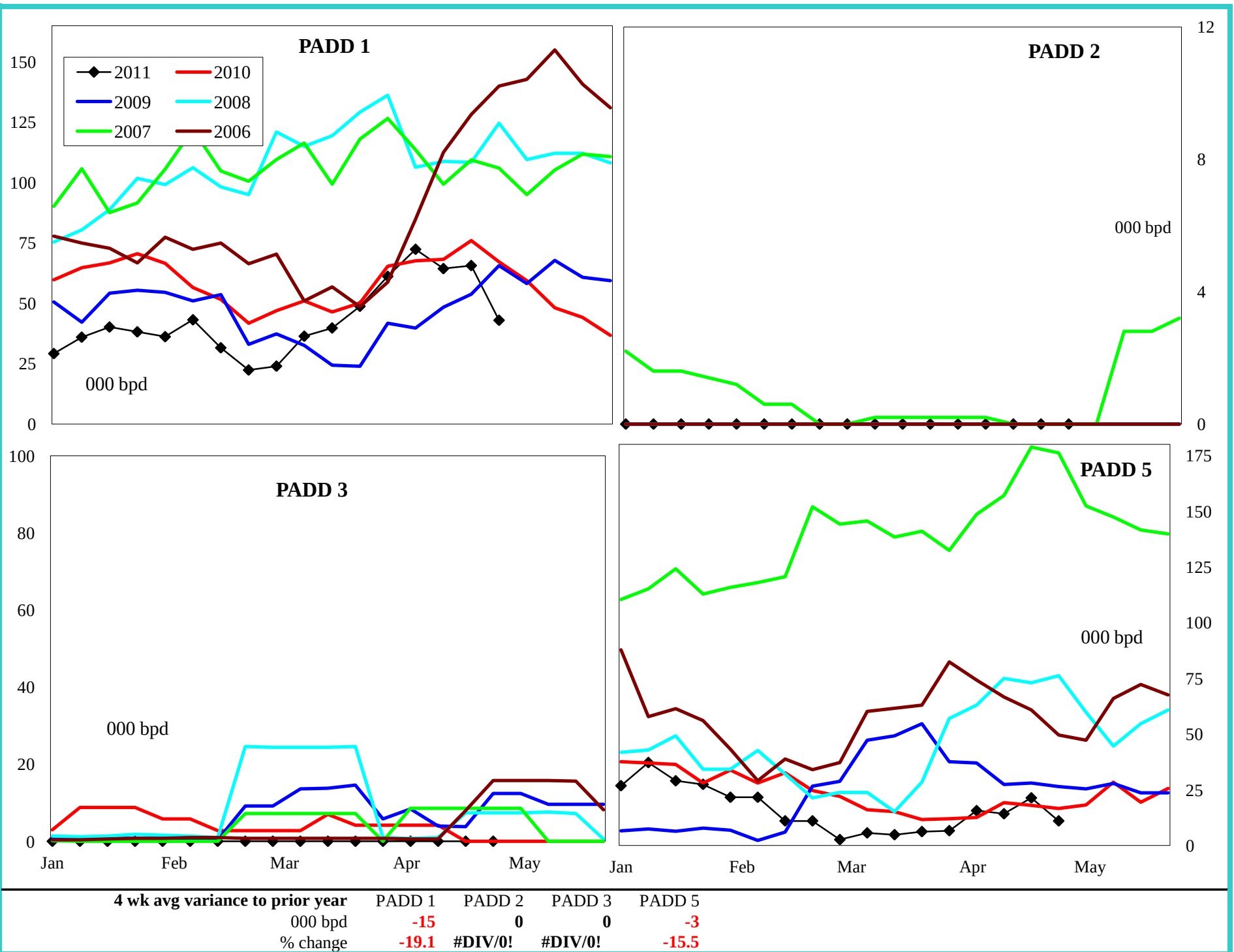
Gasoline Imports by PADD (Finished + Blend Stocks)



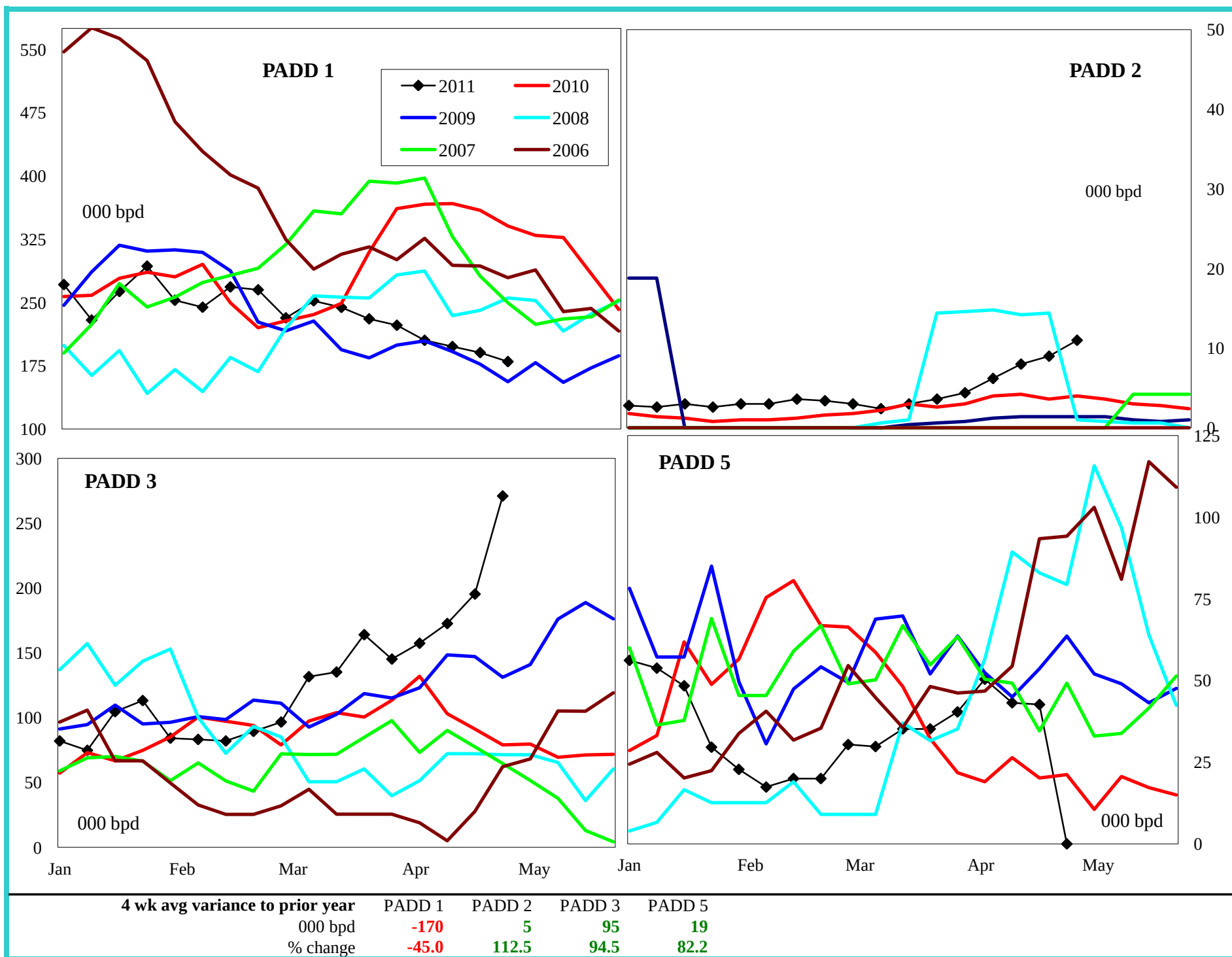
Distillate Imports by PADD



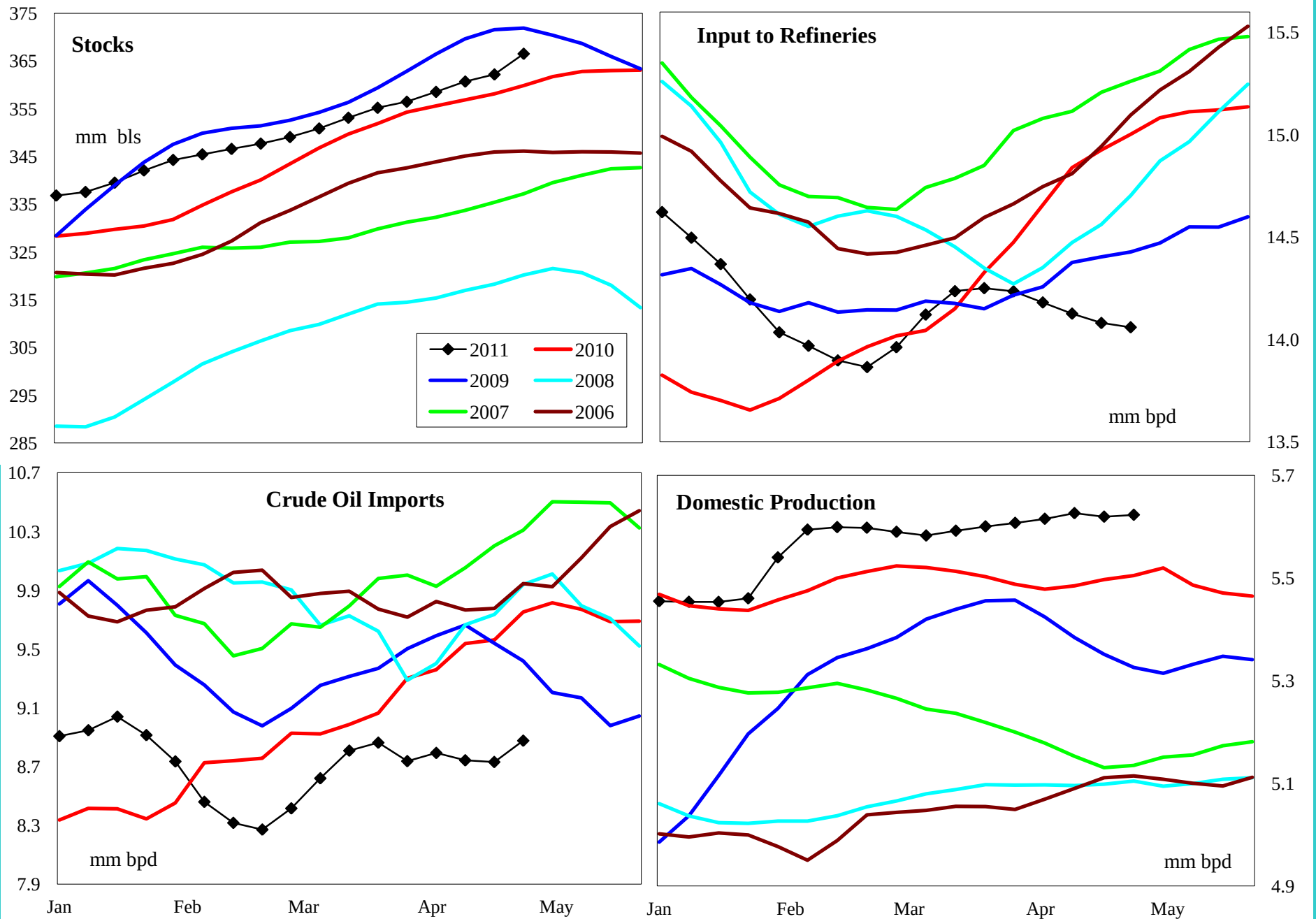
Jet Fuel Imports by PADD



Residual Fuel Oil Imports by PADD



United States Crude Oil Supply and Demand Balance



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

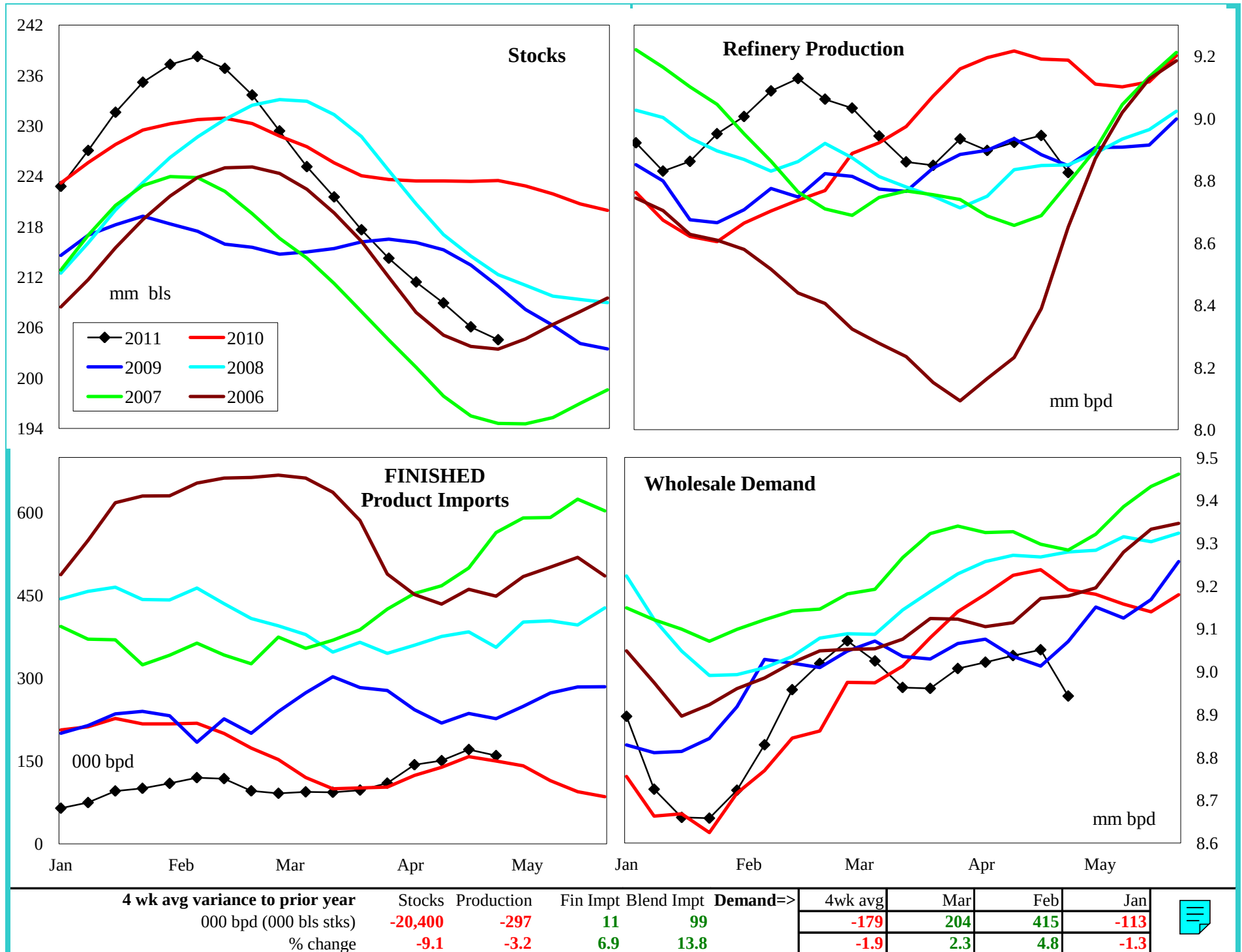
Stocks
5,971
1.7

Input
-834
-5.6

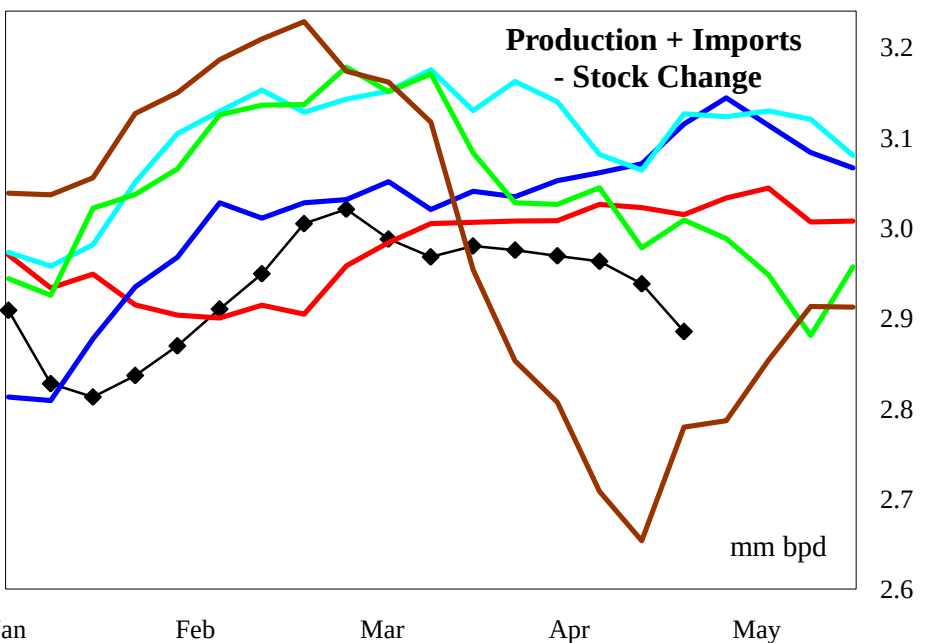
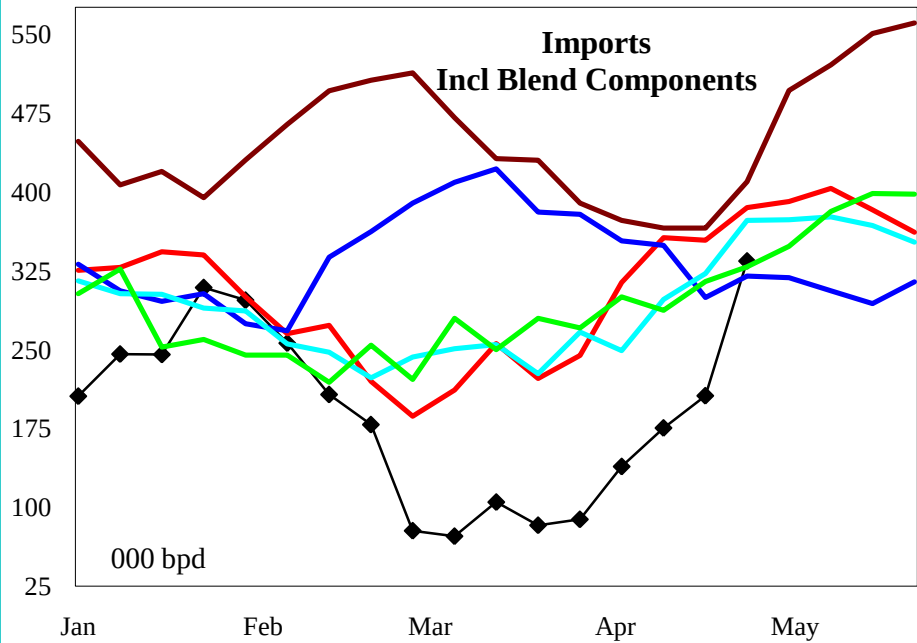
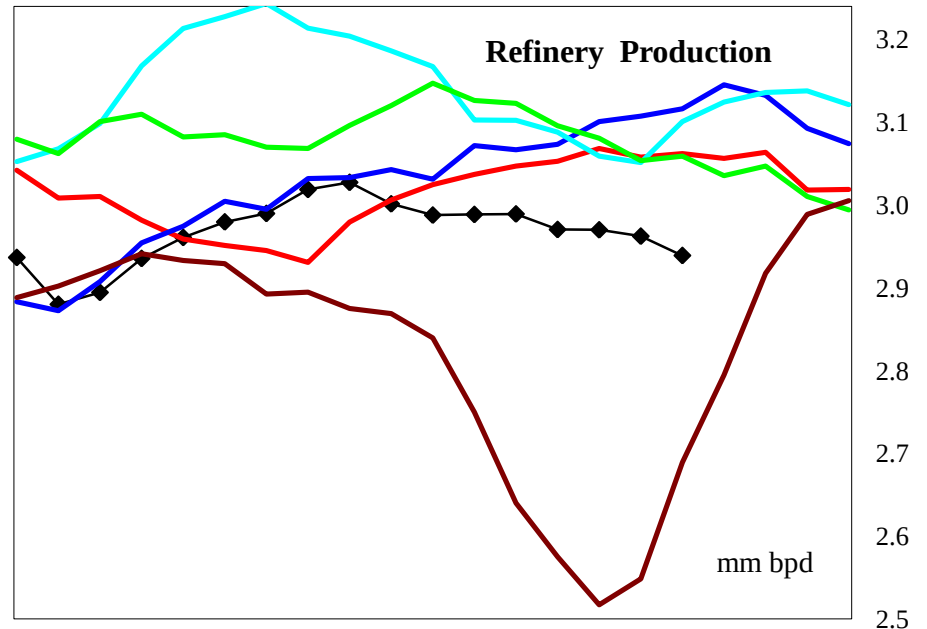
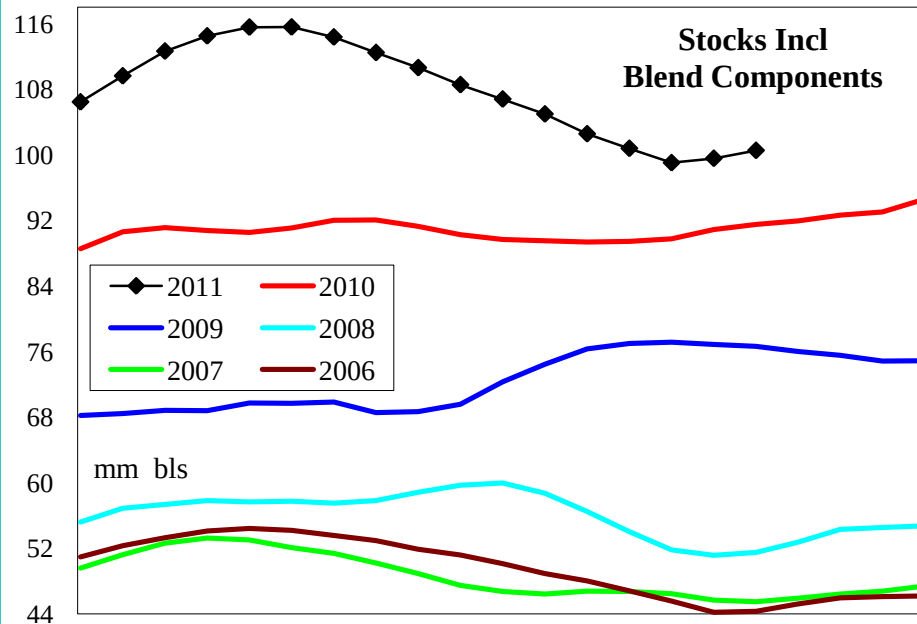
Imports
-840
-8.8

U.S. Production
136
2.5

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

9,022

-108

-139

-79

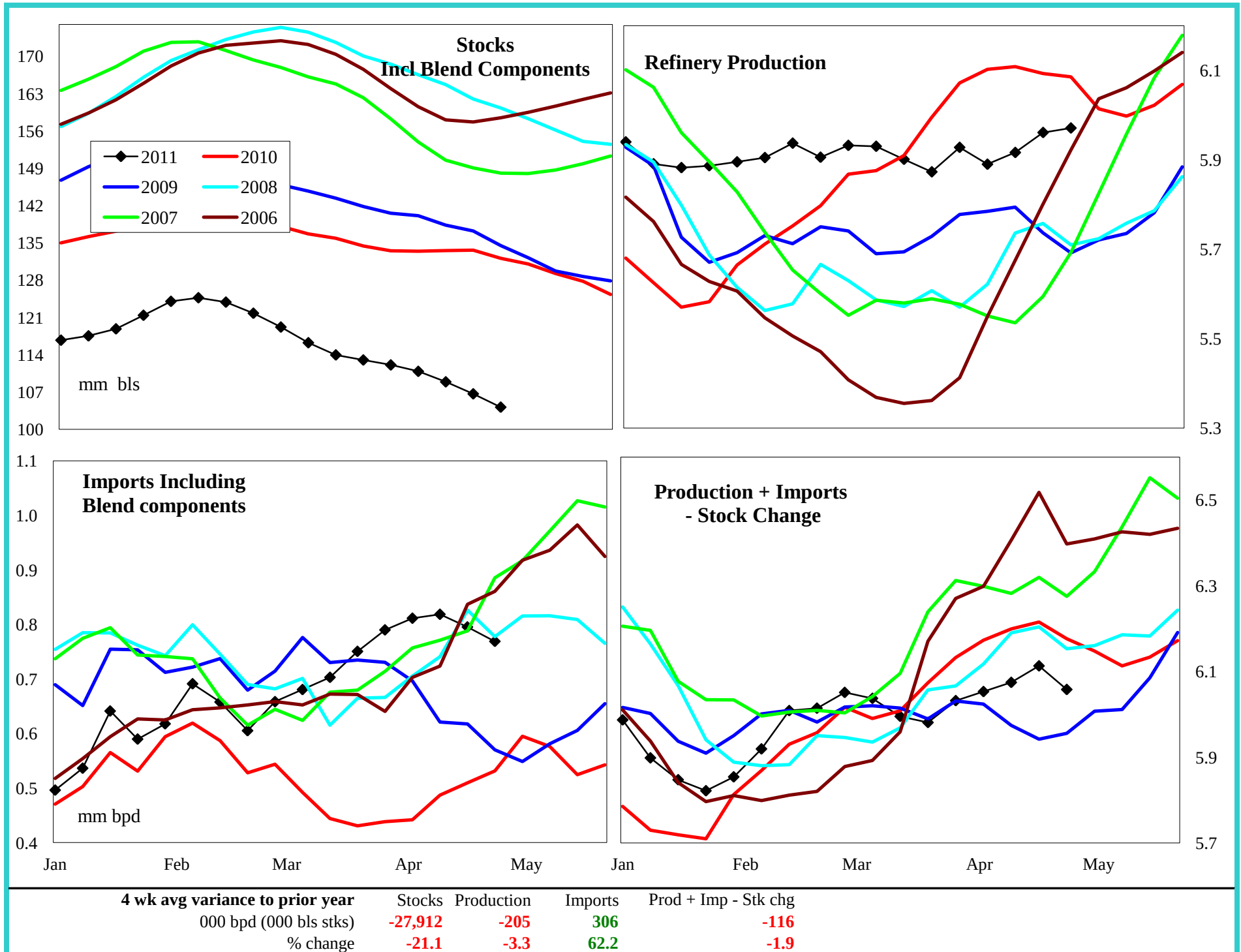
9.9

-3.5

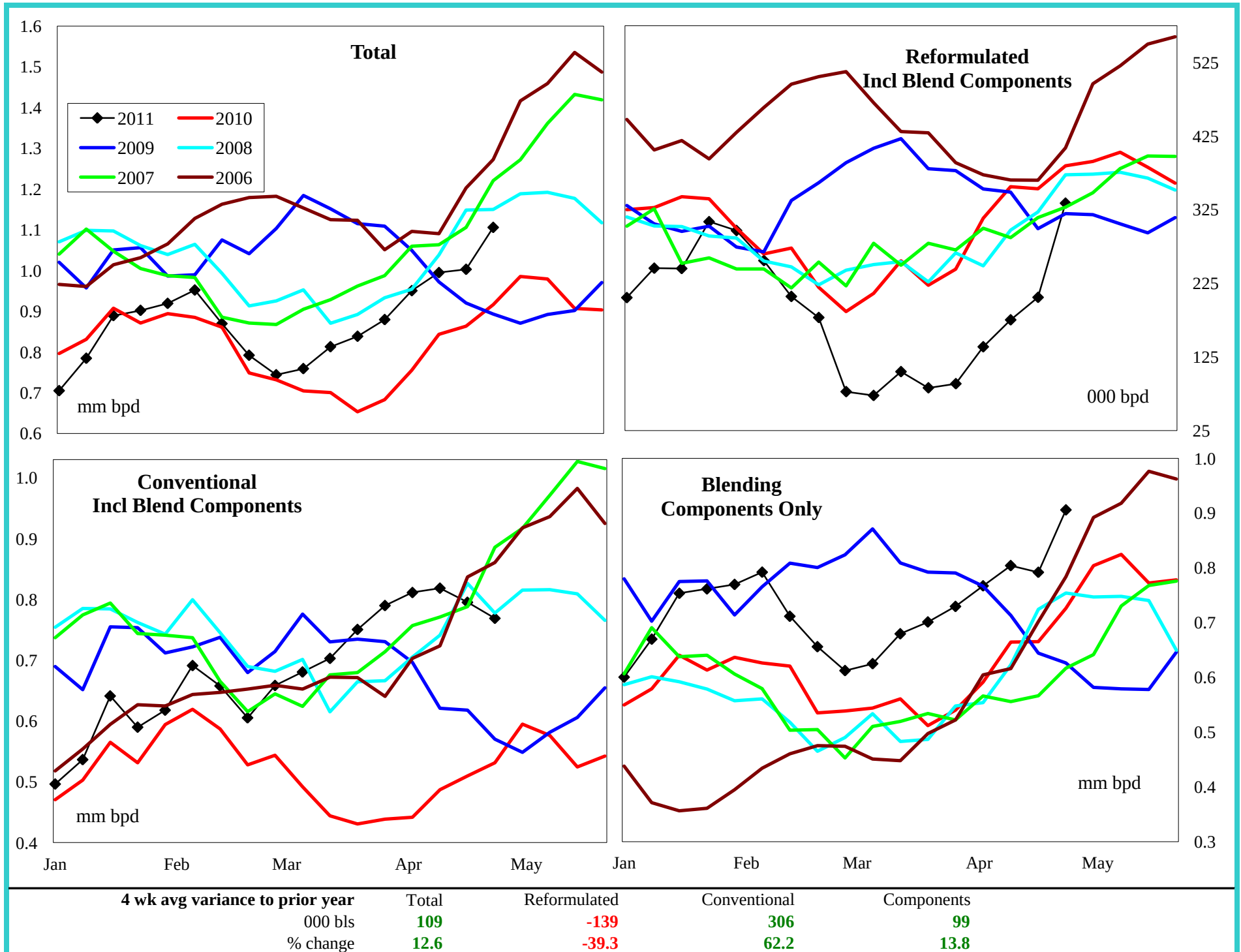
-39.3

-2.6

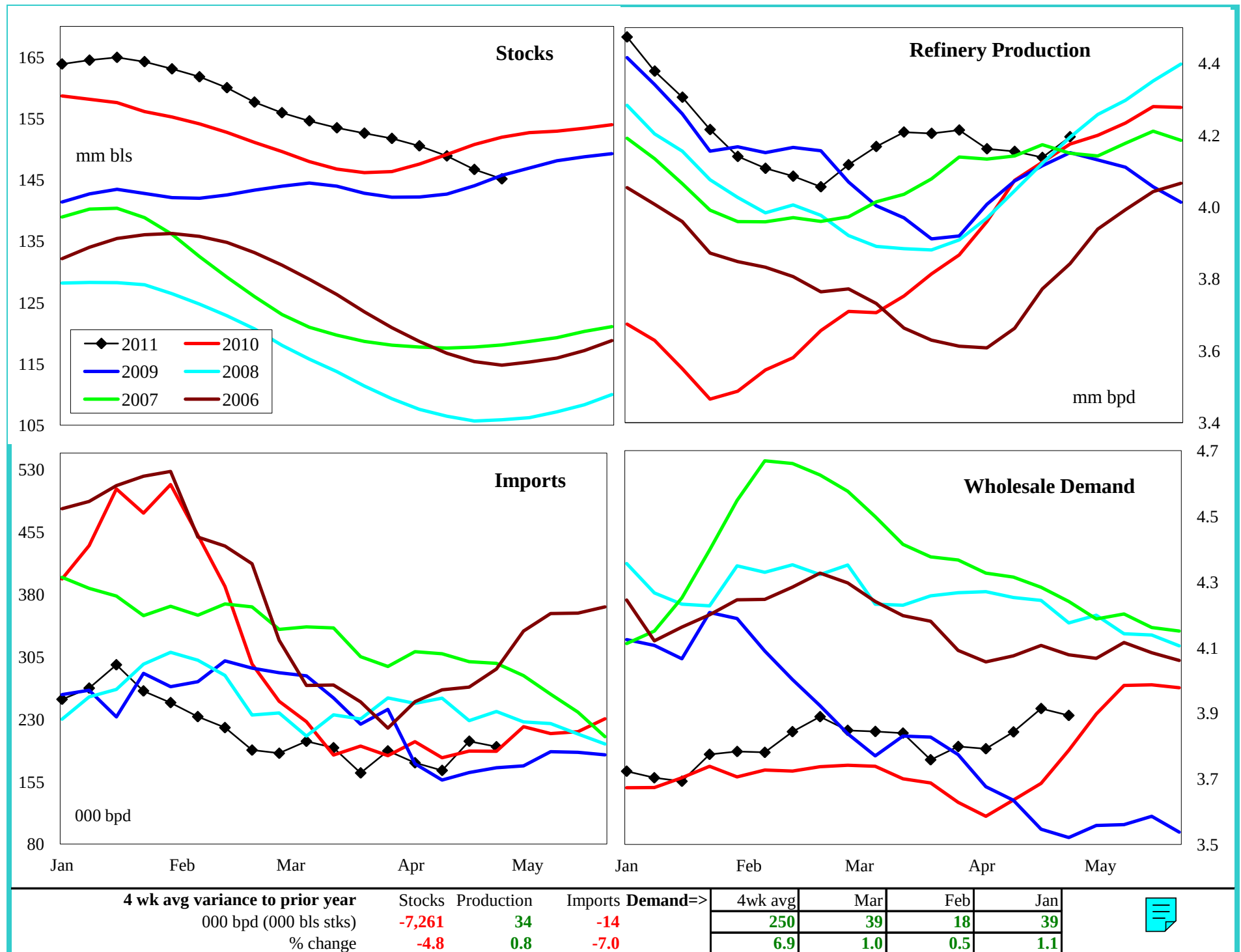
United States Conventional Gasoline Supply



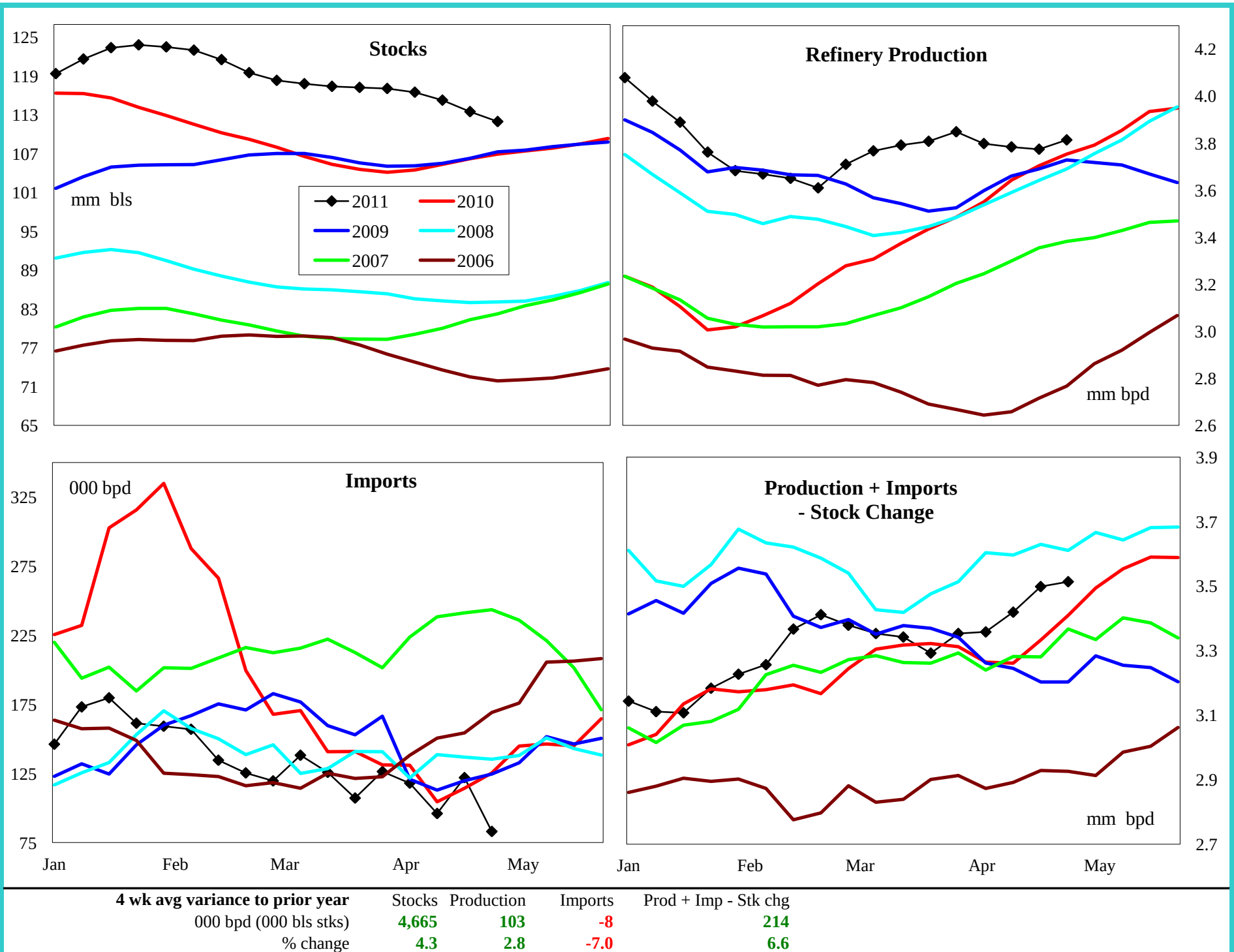
United States Gasoline Imports by Type



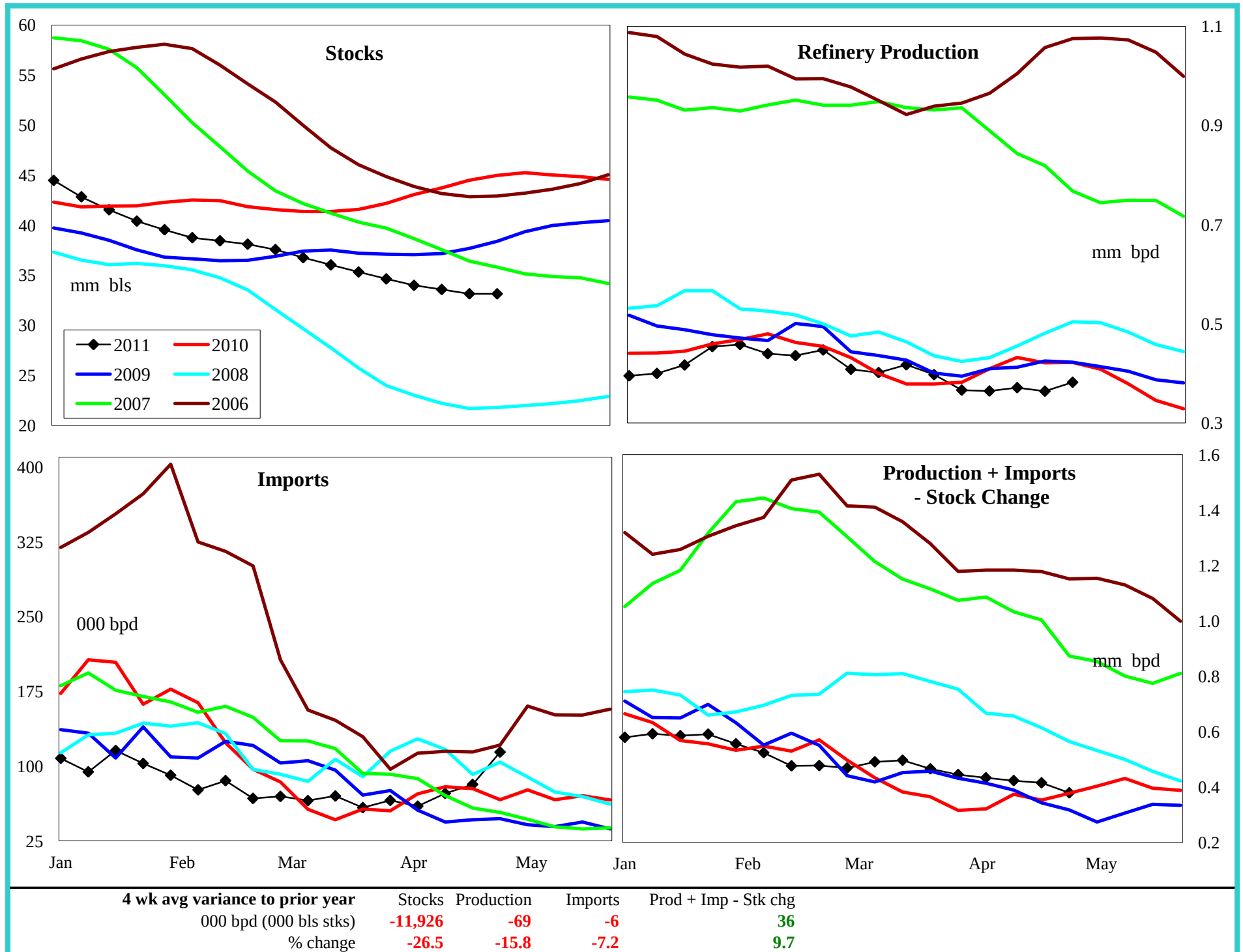
United States Distillate Supply and Demand Balance



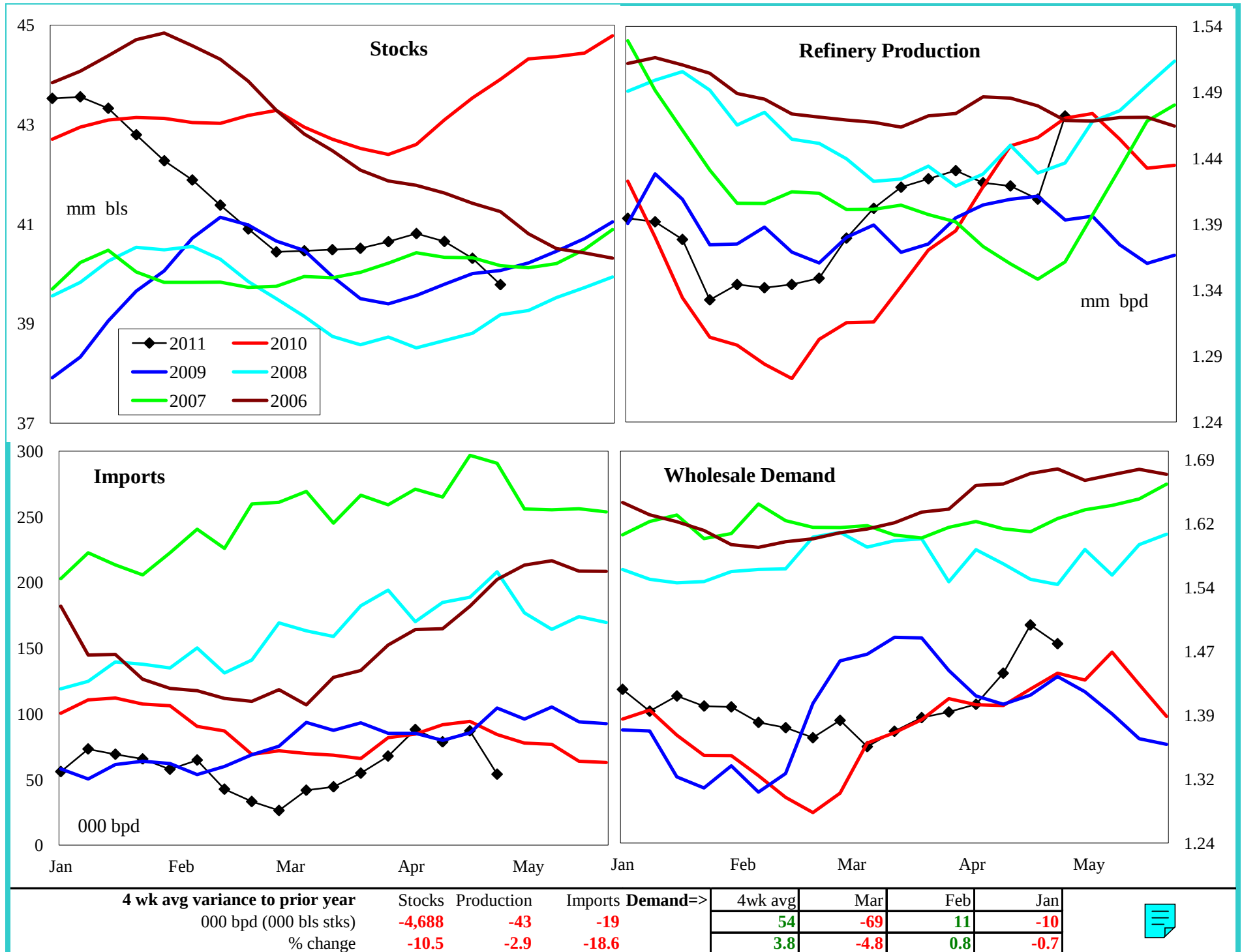
United States Low Sulfur Distillate Supply



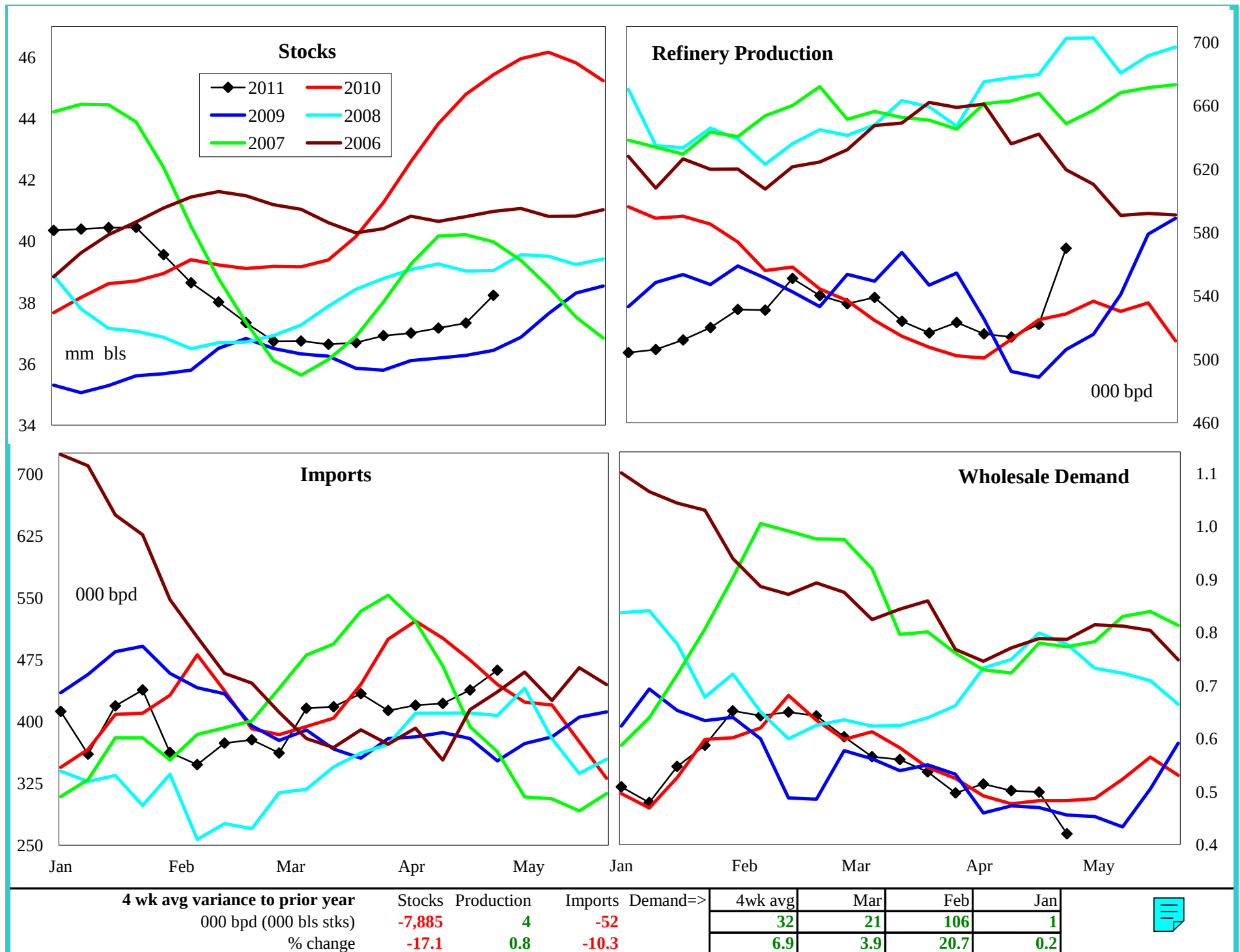
United States High Sulfur Distillate Supply



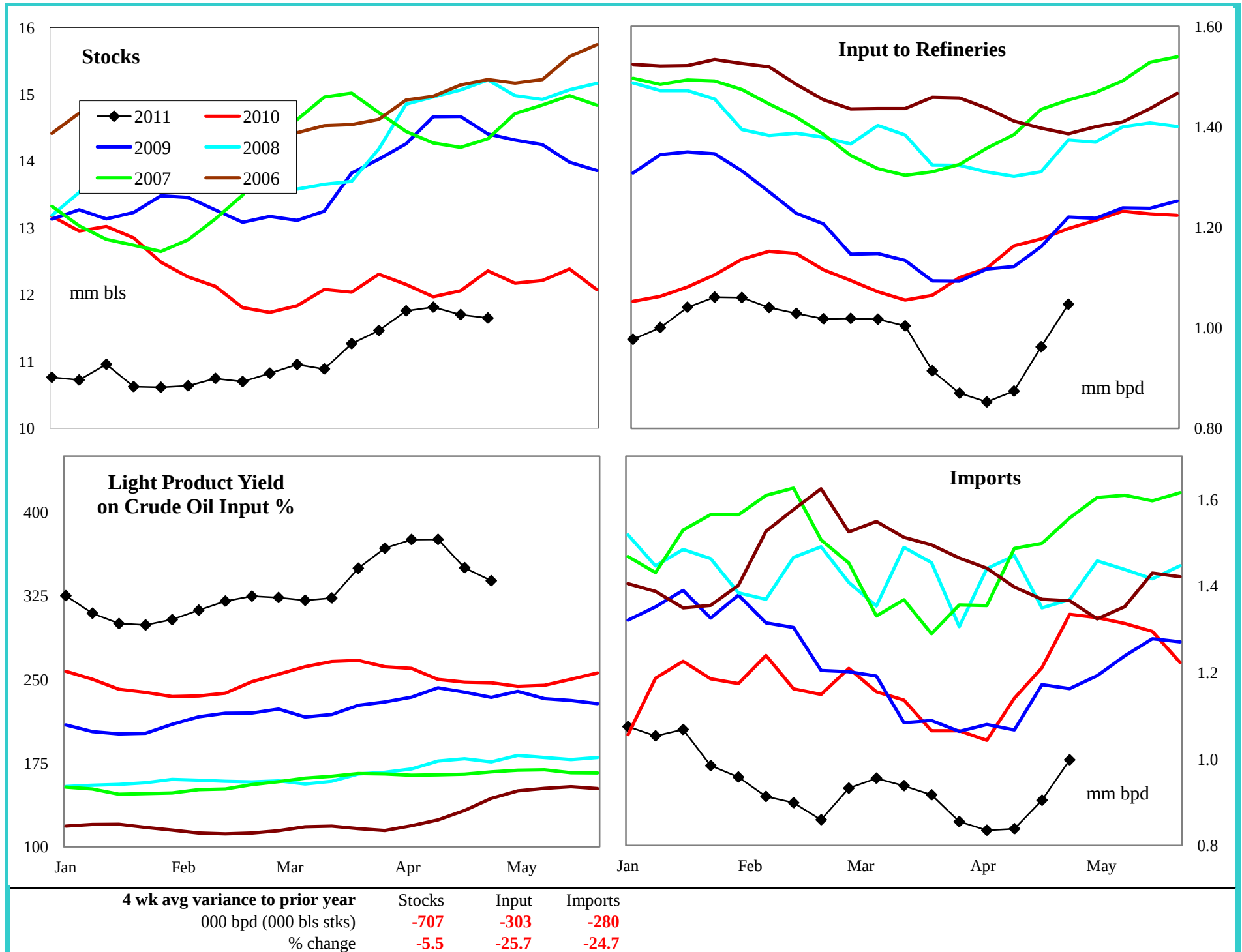
United States Jet Fuel Supply and Demand Balance



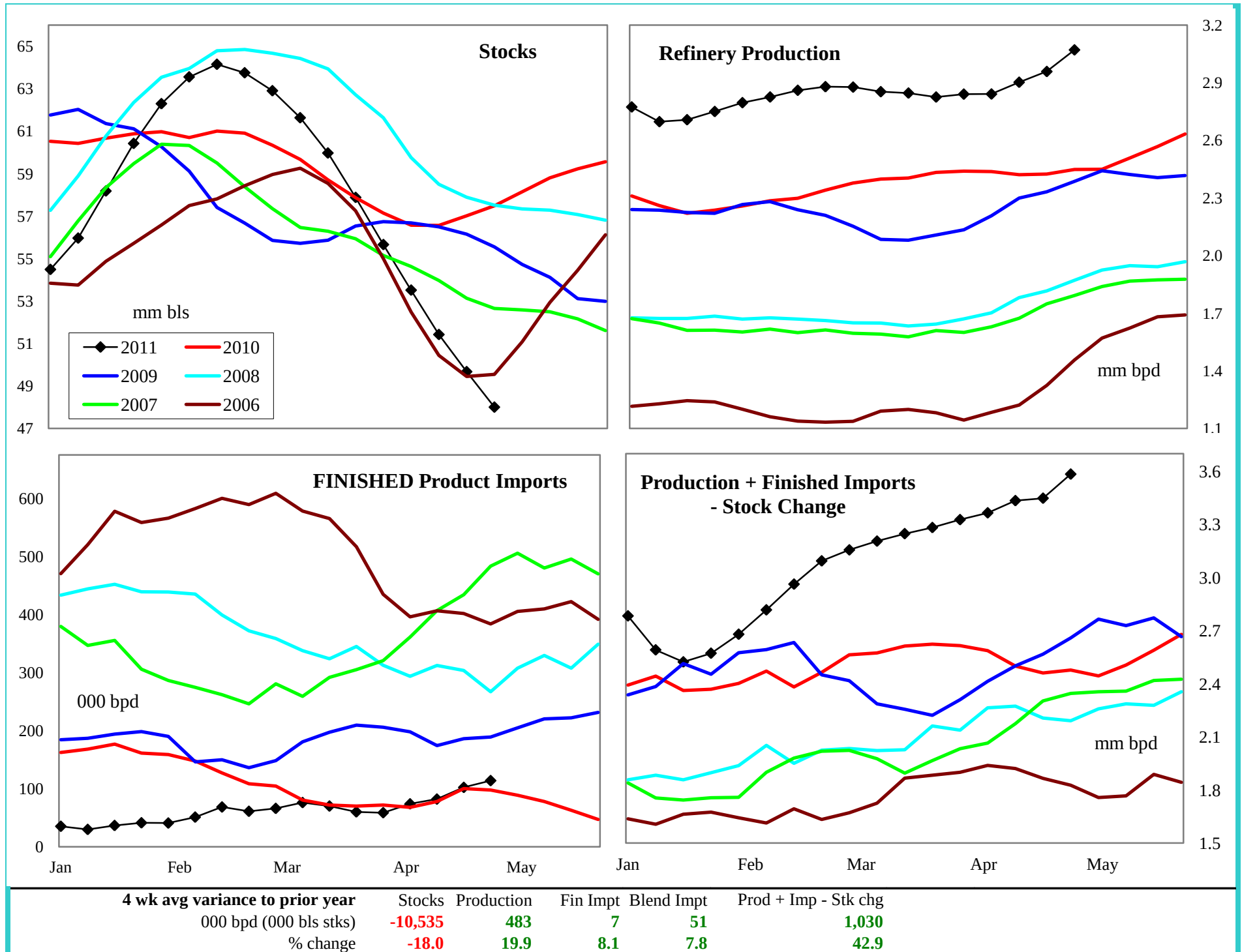
United States Residual Fuel Oil Supply and Demand Balance



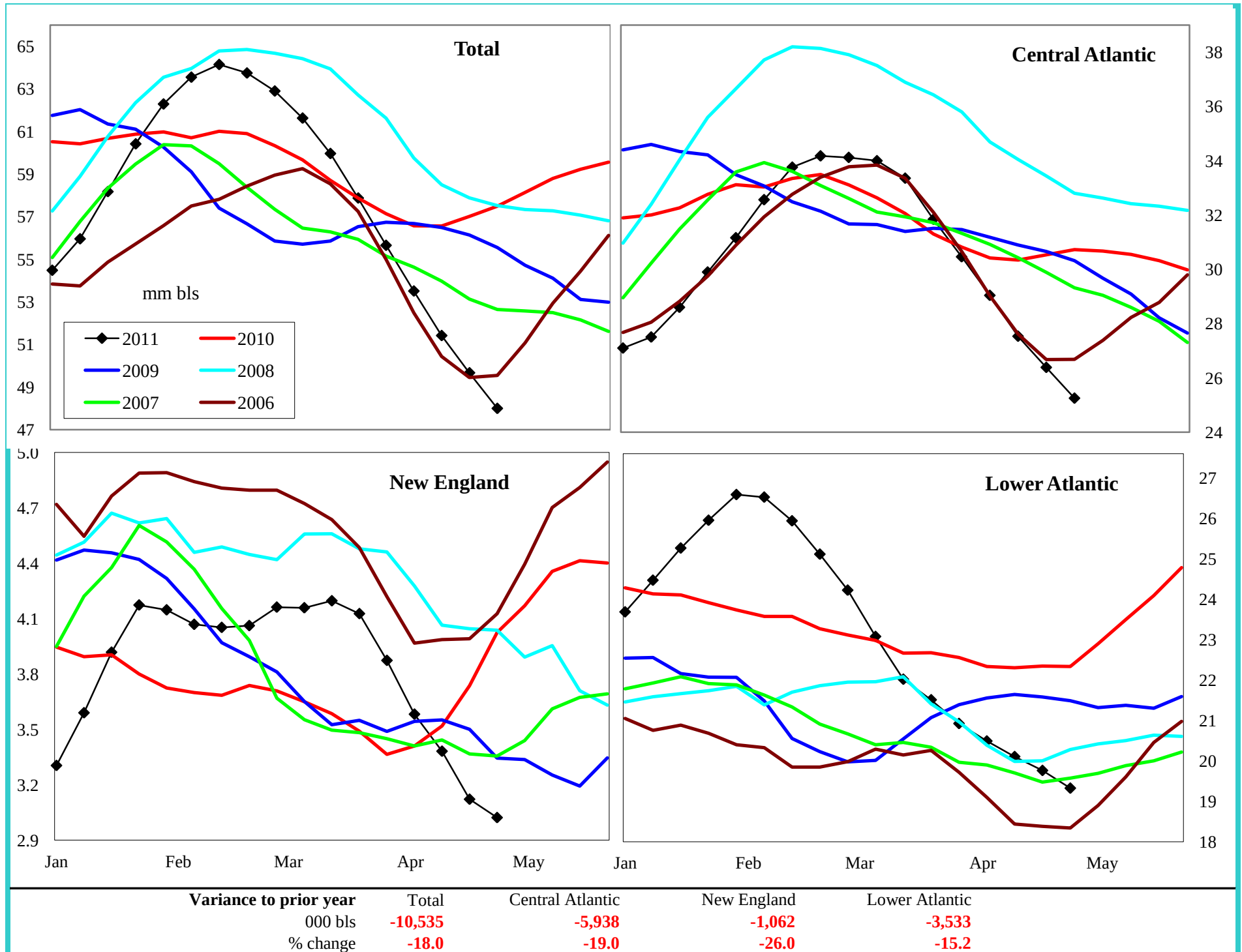
PADD 1 Crude Oil Supply and Refining



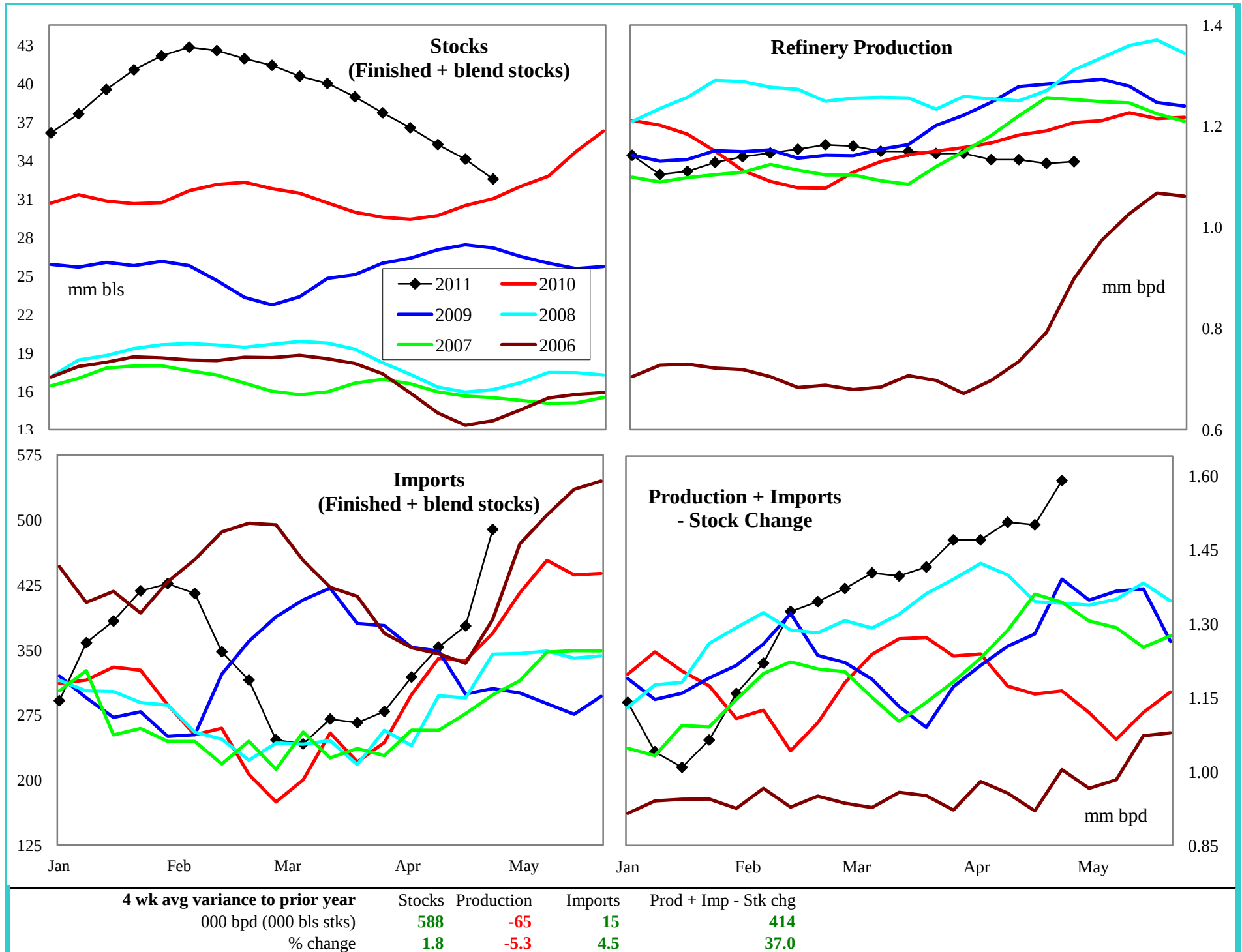
PADD 1 Gasoline Supply



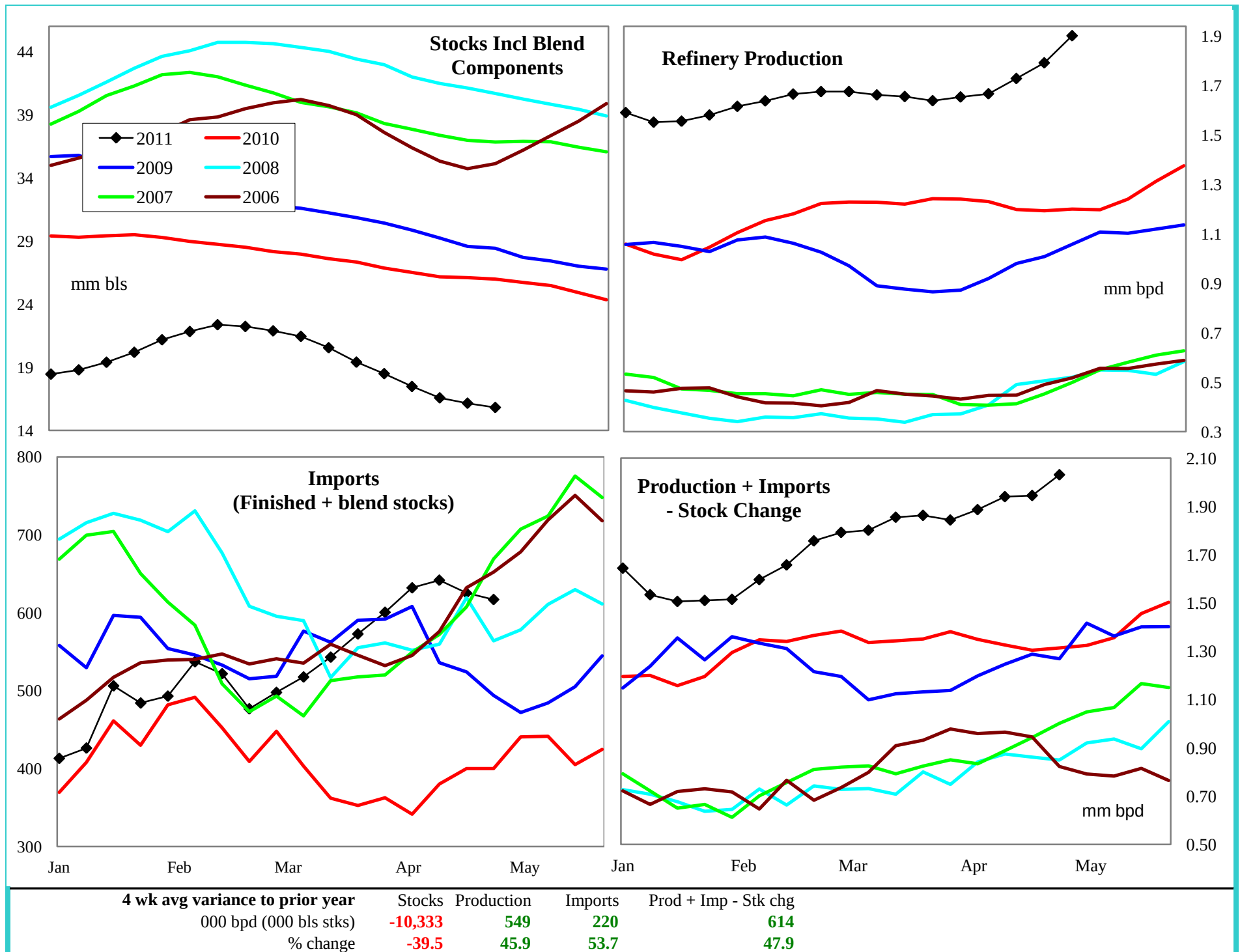
PADD 1 Gasoline Stocks by Region



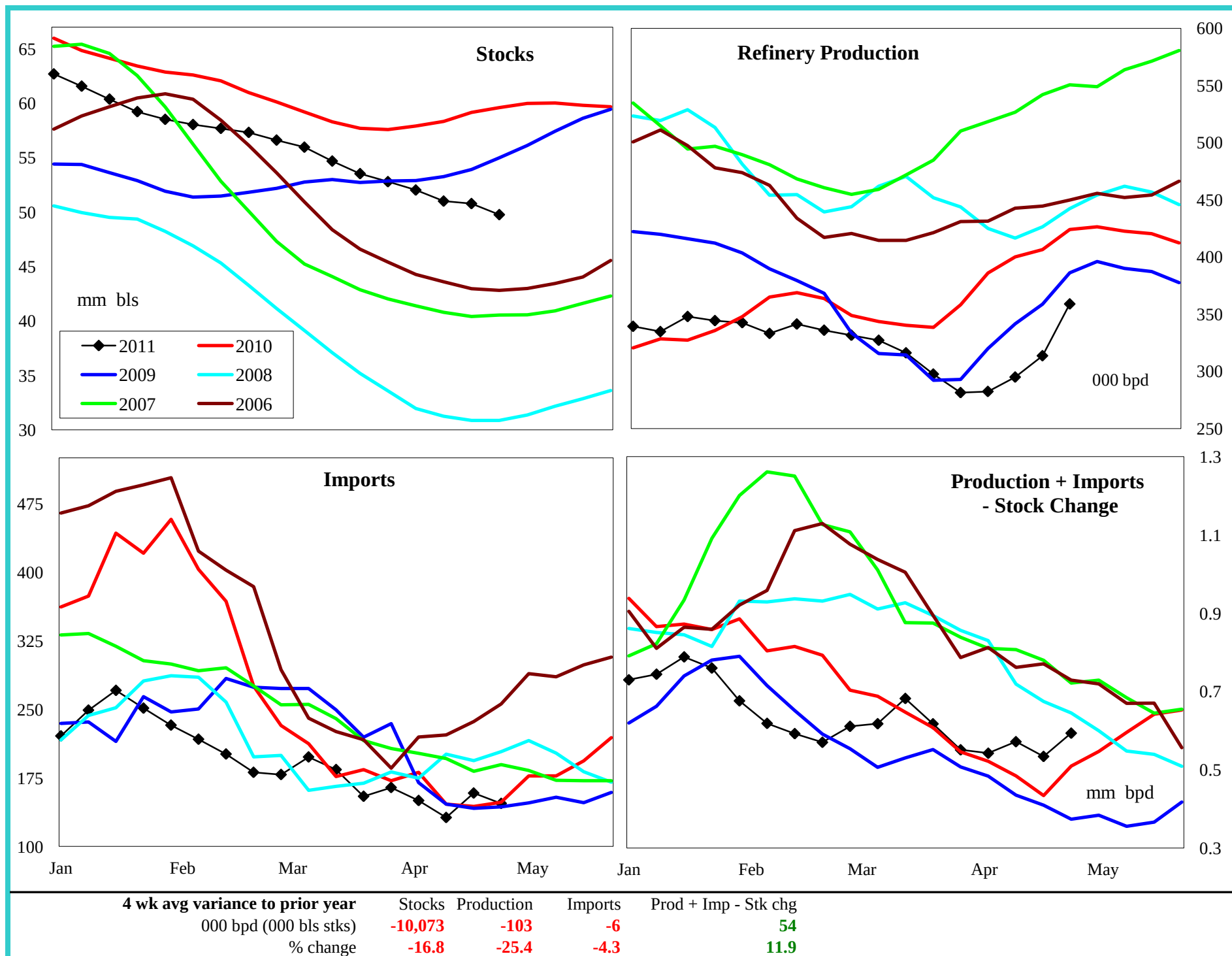
PADD 1 Reformulated Gasoline Supply



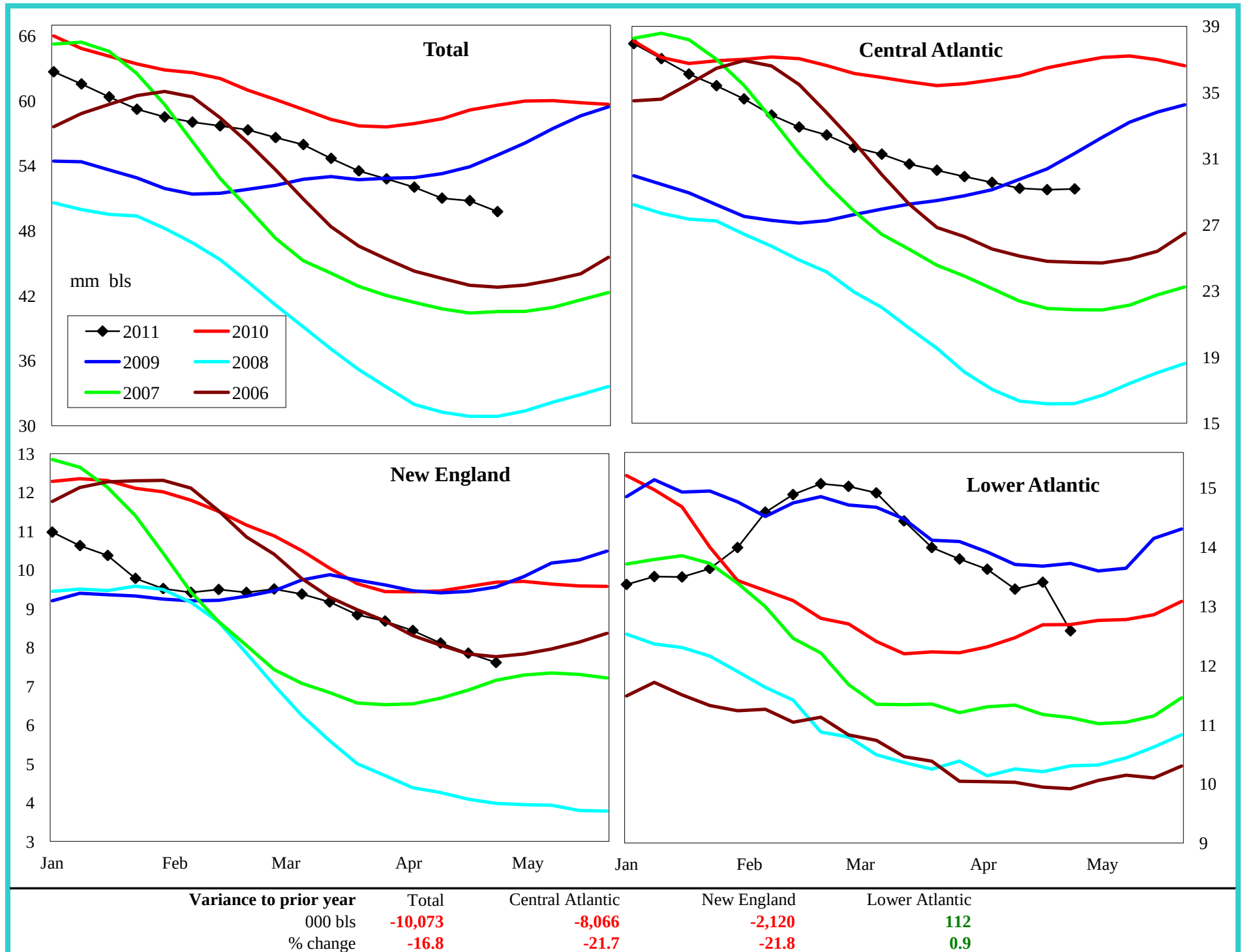
PADD 1 Conventional Gasoline Supply



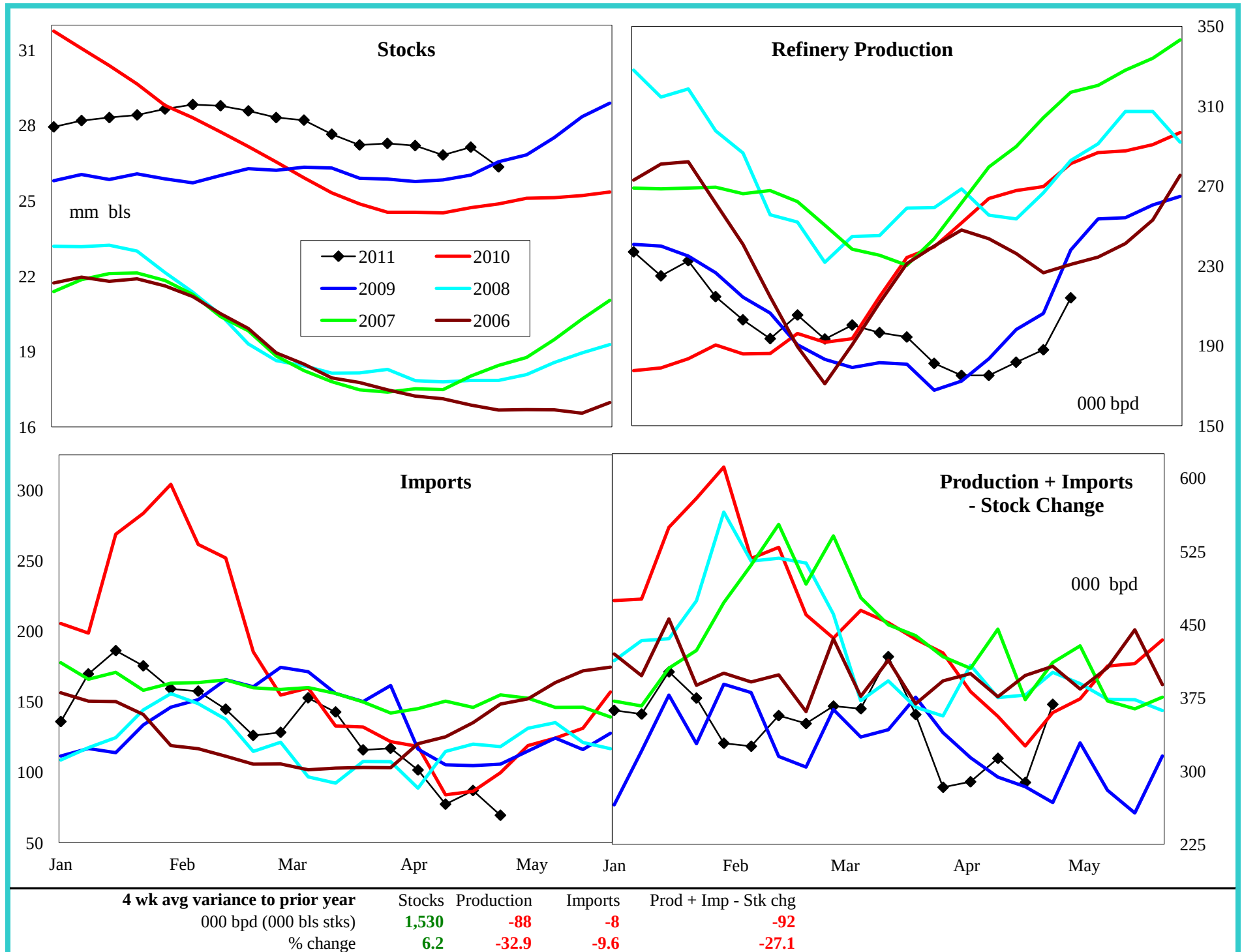
PADD 1 Distillate Supply



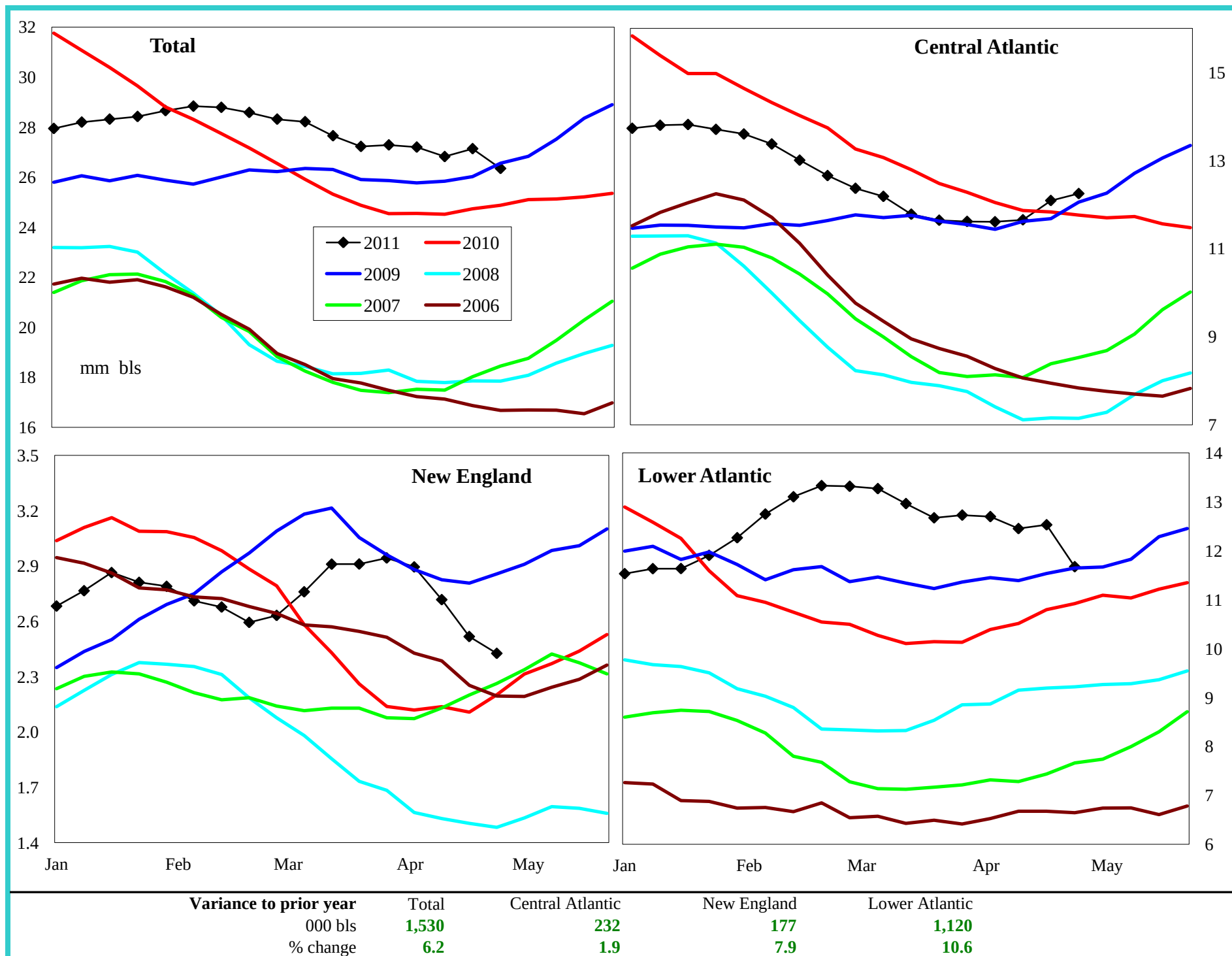
PADD 1 Distillate Stocks by Region



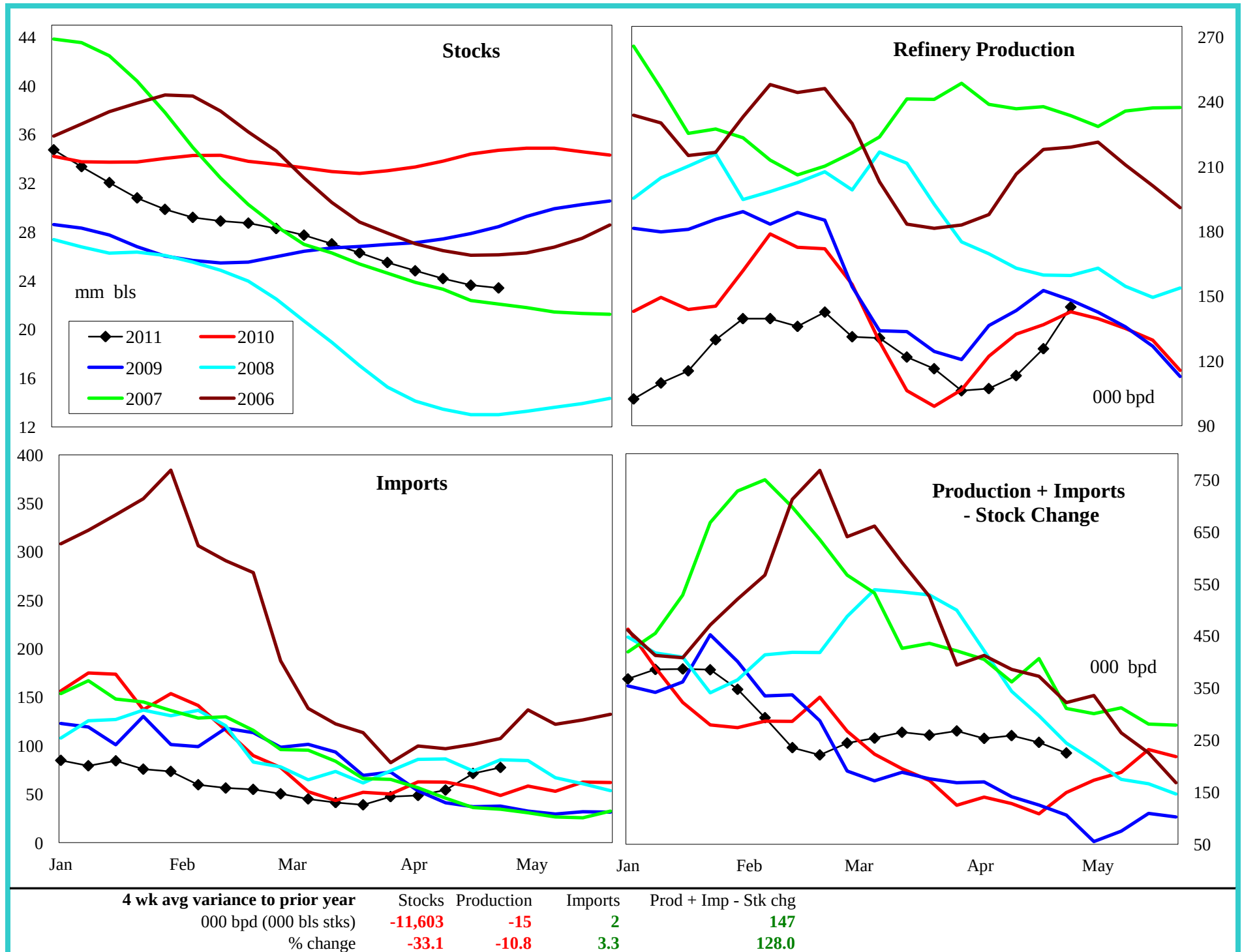
PADD 1 Low Sulfur Distillate Supply



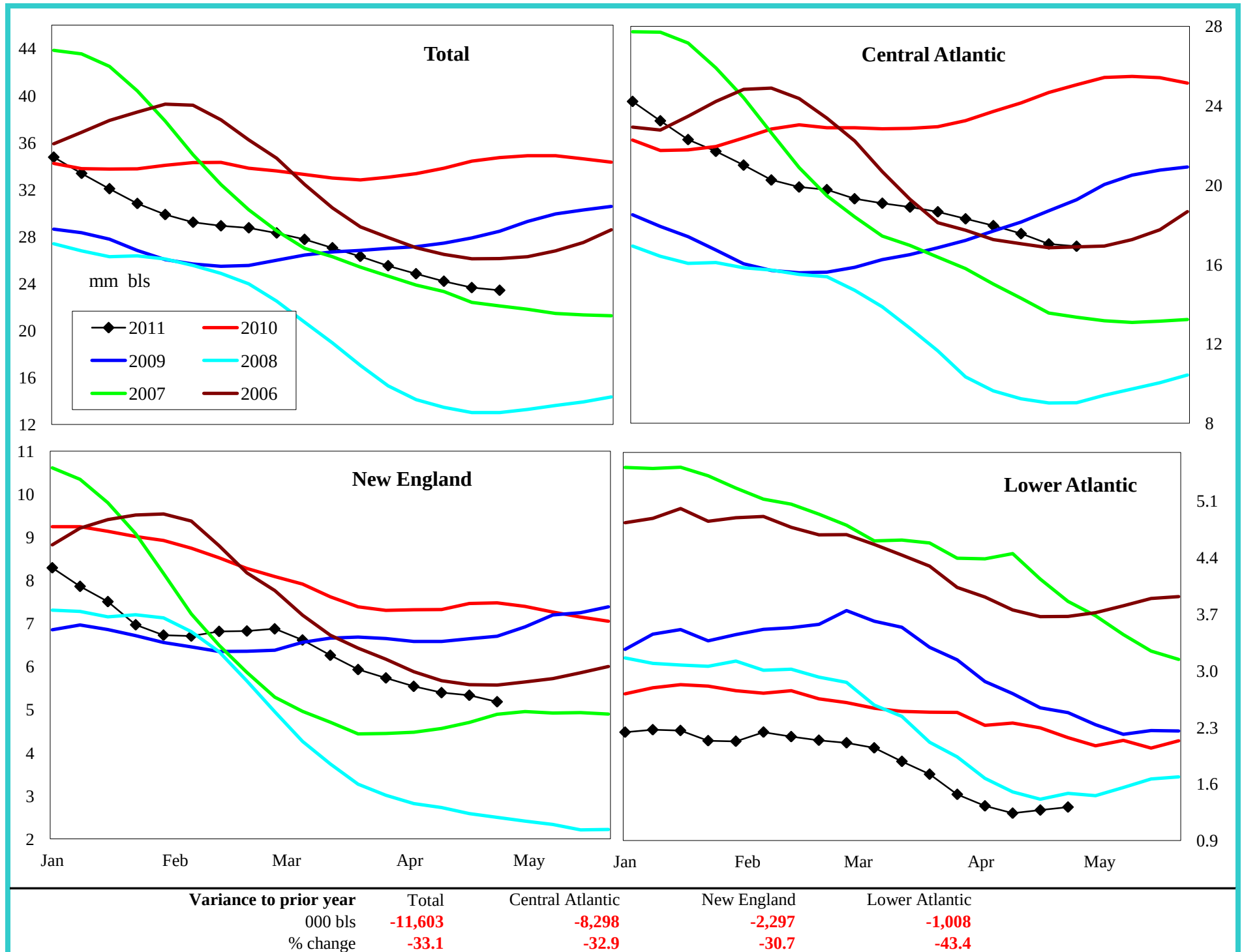
PADD 1 Low Sulfur Distillate Stocks by Region



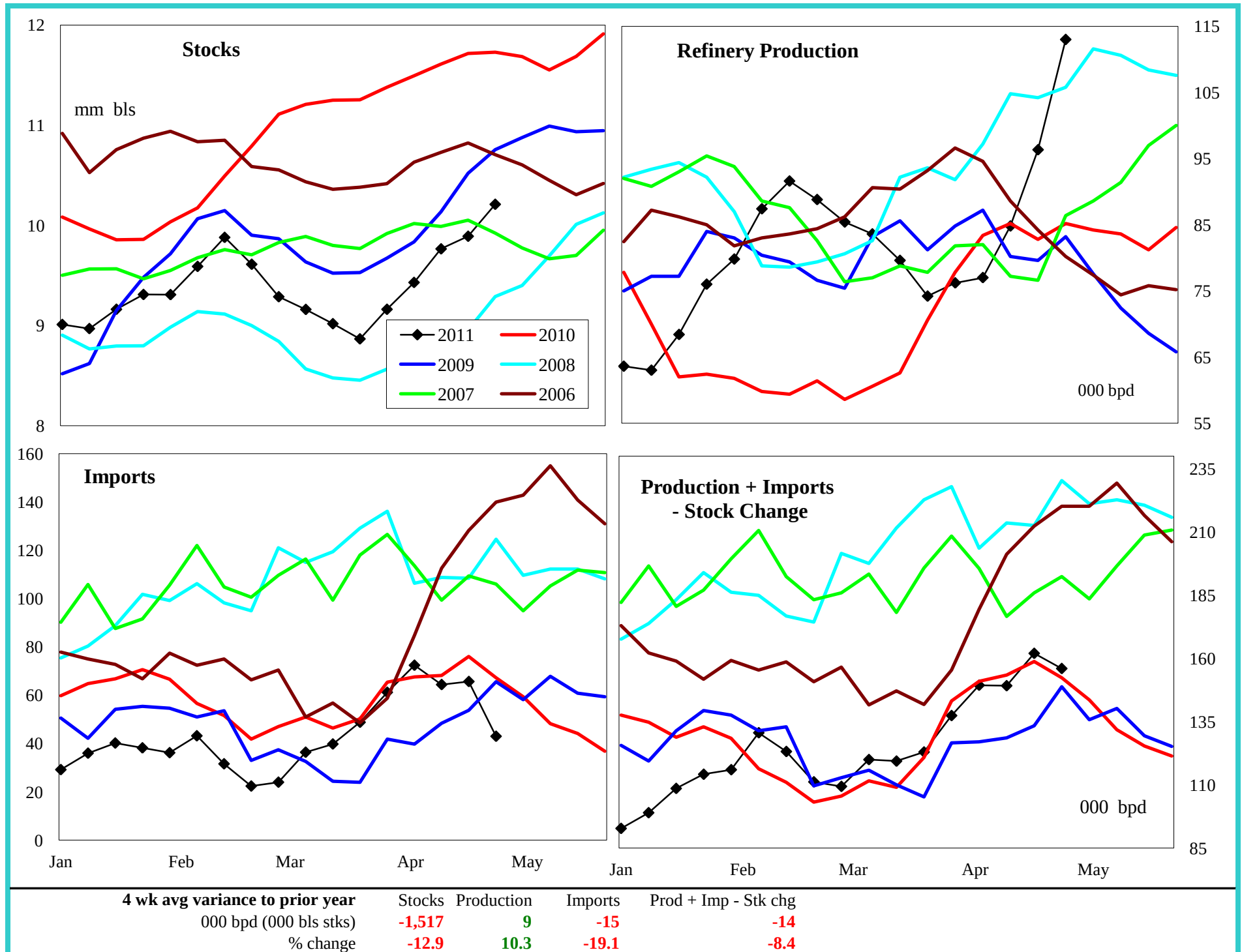
PADD 1 High Sulfur Distillate Supply



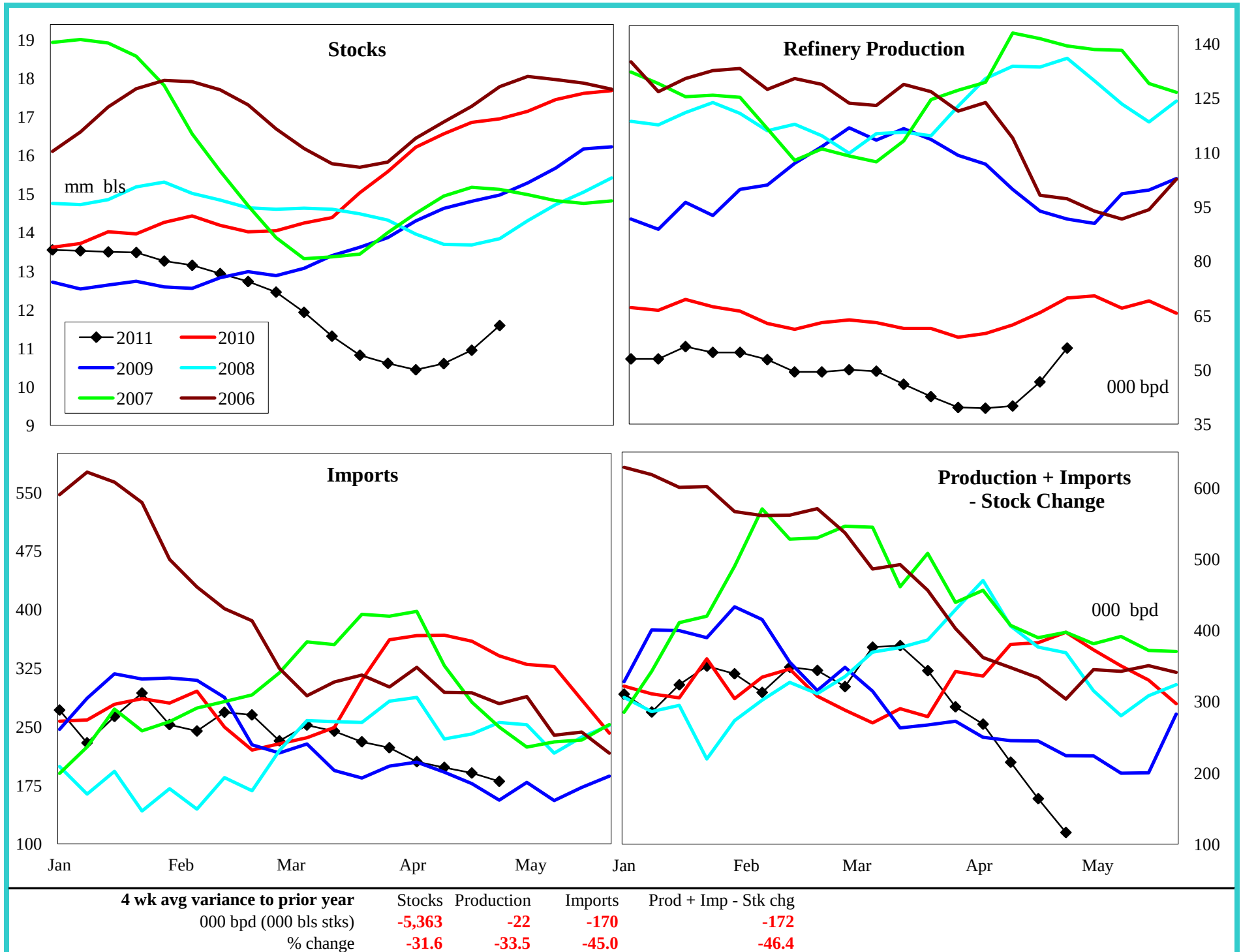
PADD 1 High Sulfur Distillate Stocks by Region



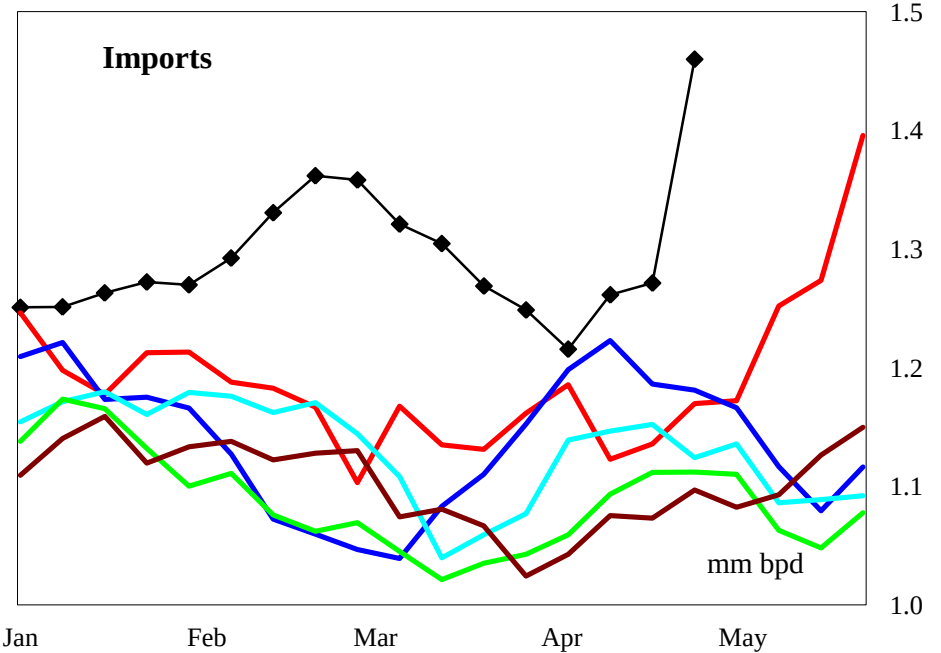
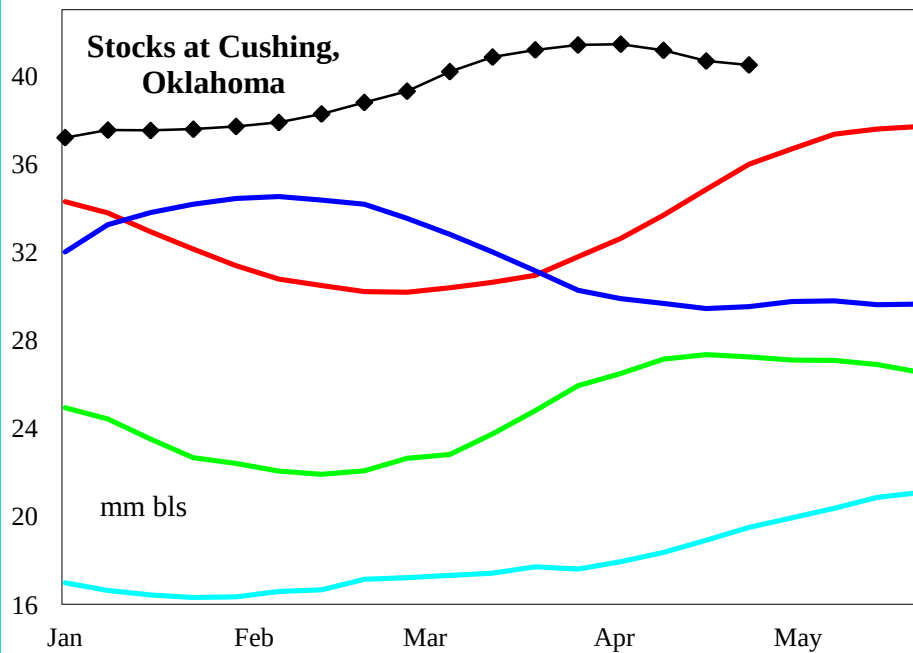
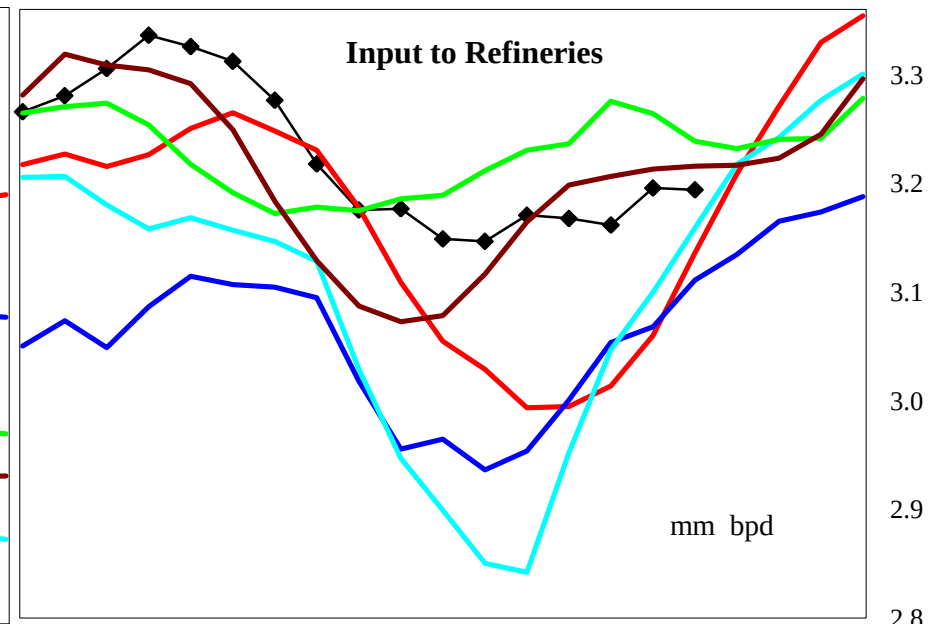
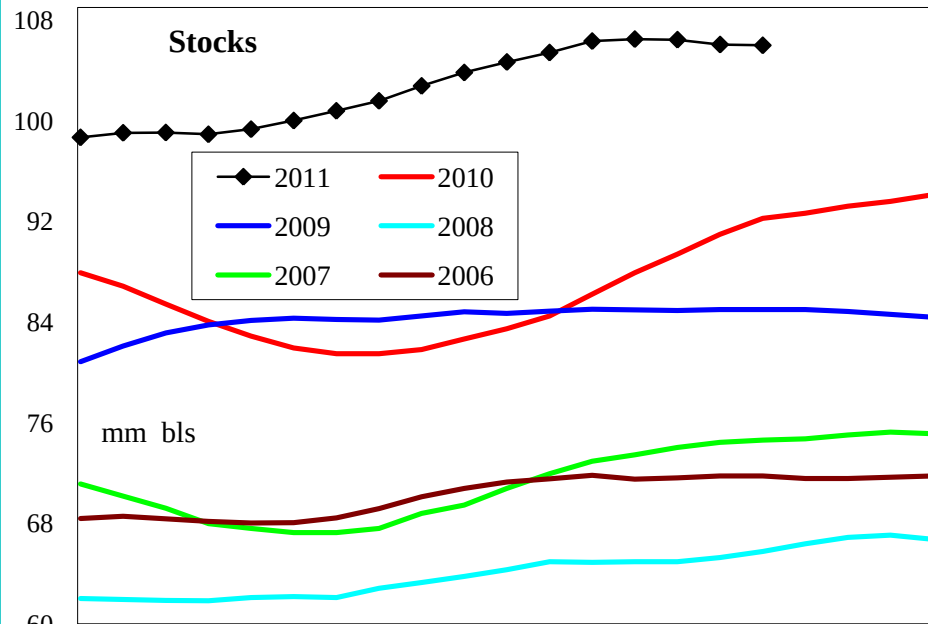
PADD 1 Jet Fuel Supply



PADD 1 Residual Fuel Oil Supply



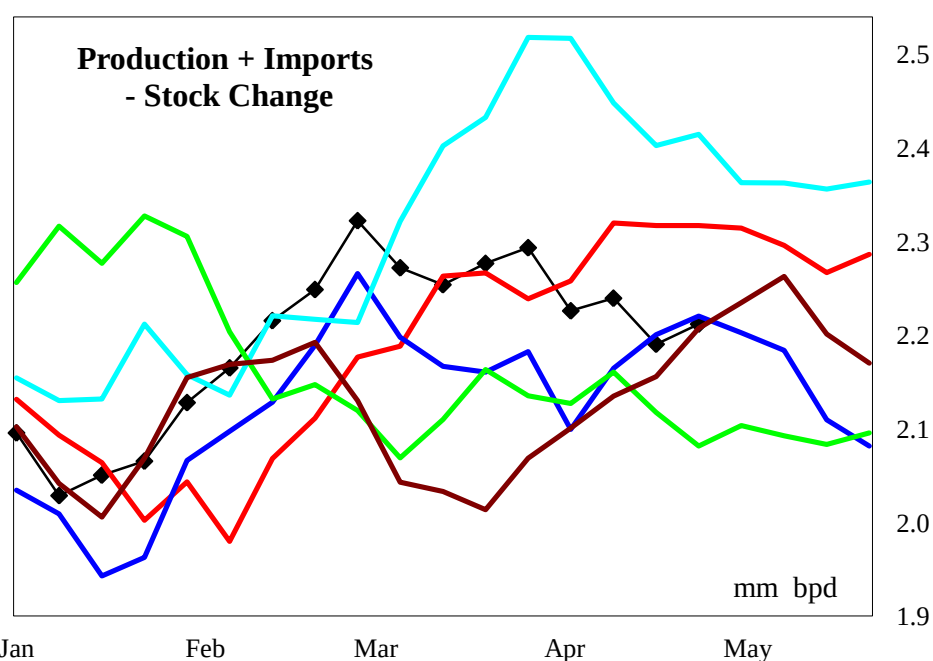
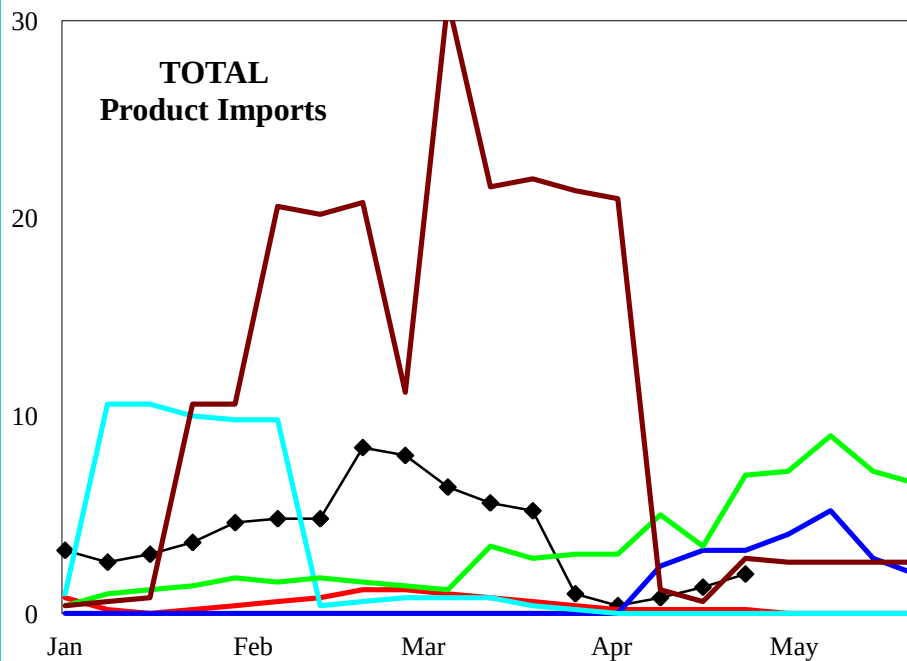
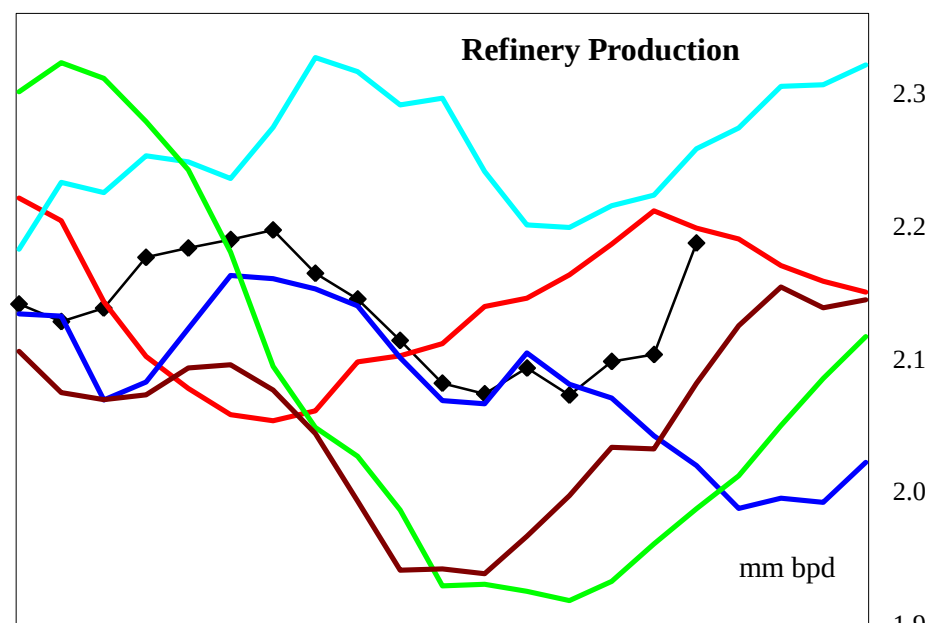
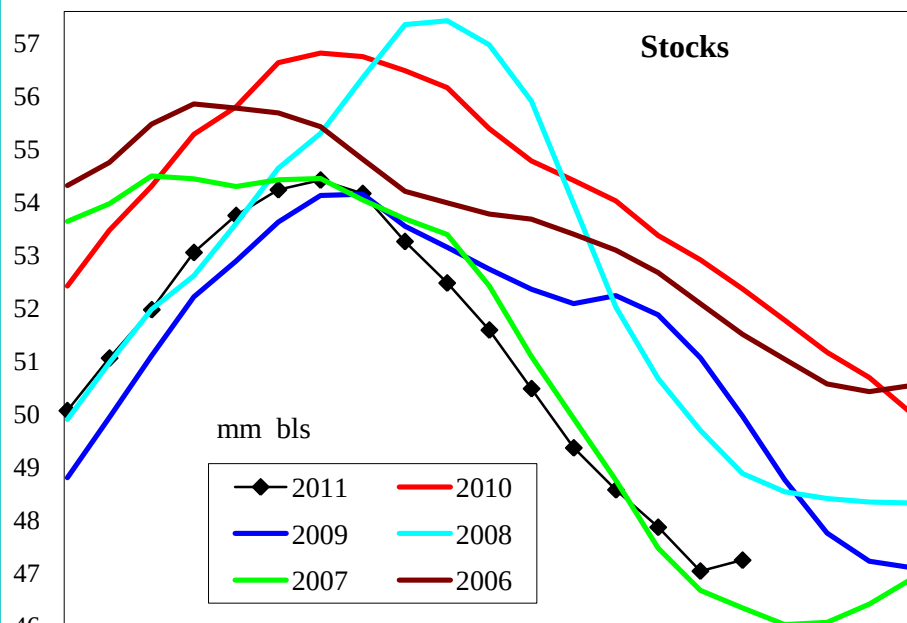
PADD 2 Crude Oil Supply and Refining



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

	Stocks	Cushing	Input	Imports
000 bpd (000 bbls stks)	13,740	4,511	153	133
% change	14.9	12.5	5.0	11.4

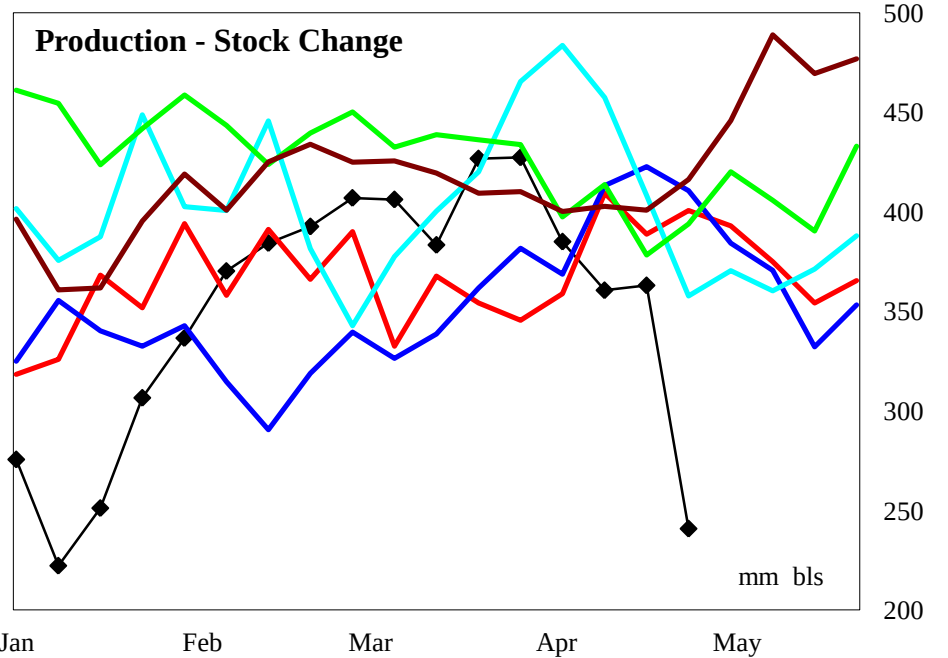
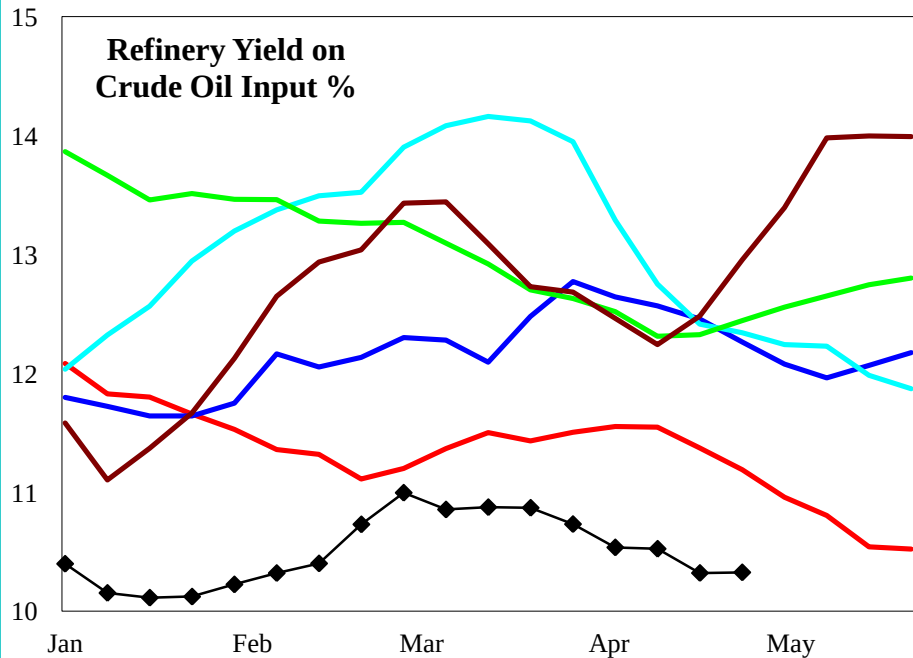
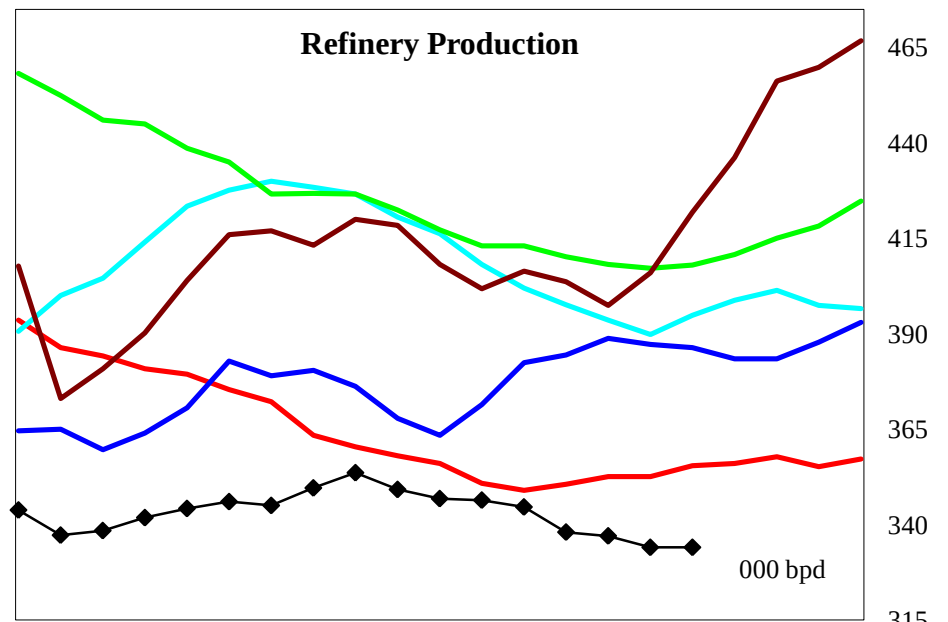
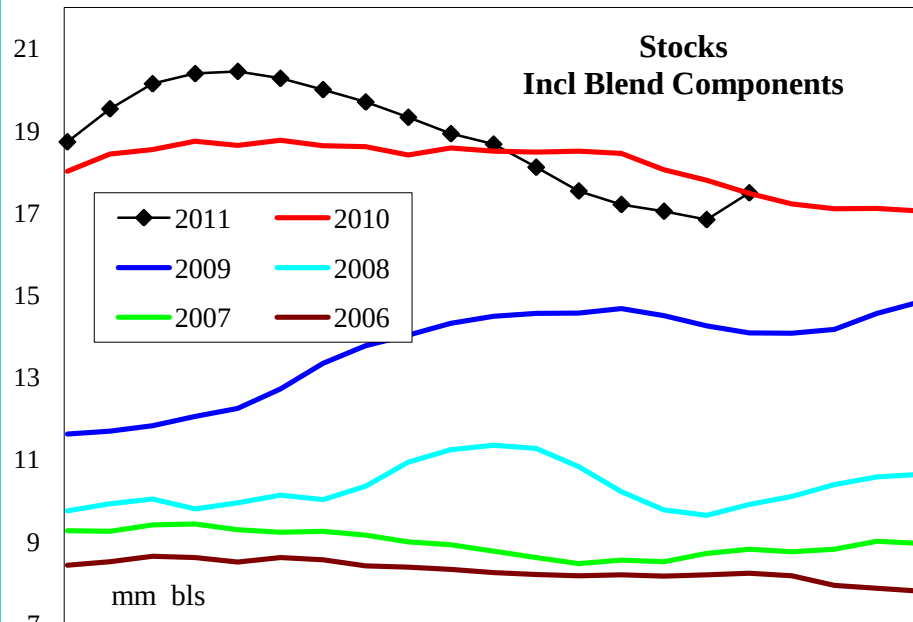
PADD 2 Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-5,116	-107	1	-113
-9.7	-4.7	300.0	-4.8

PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod - Stk chg

10

-17

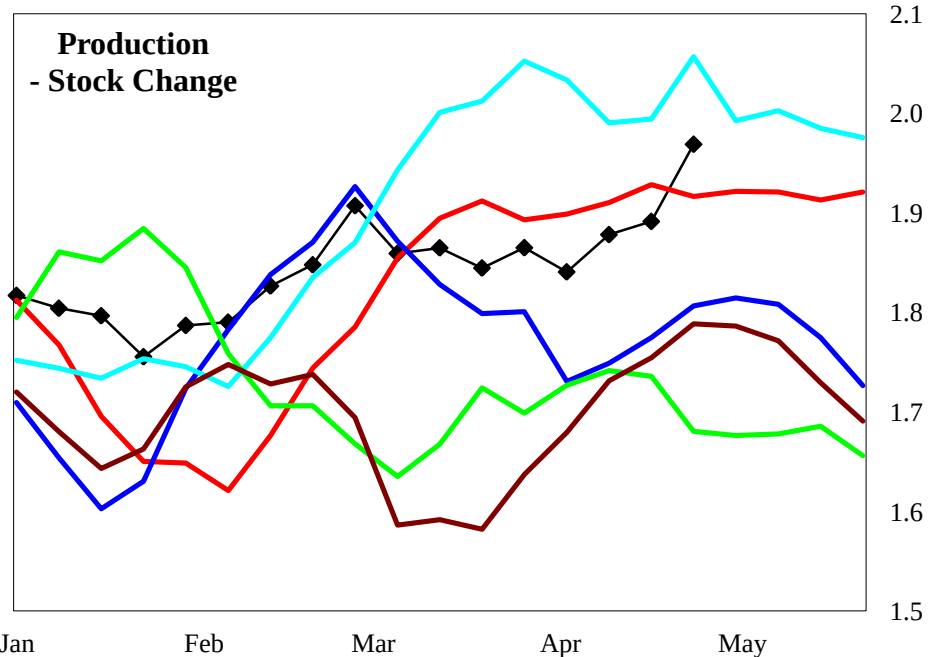
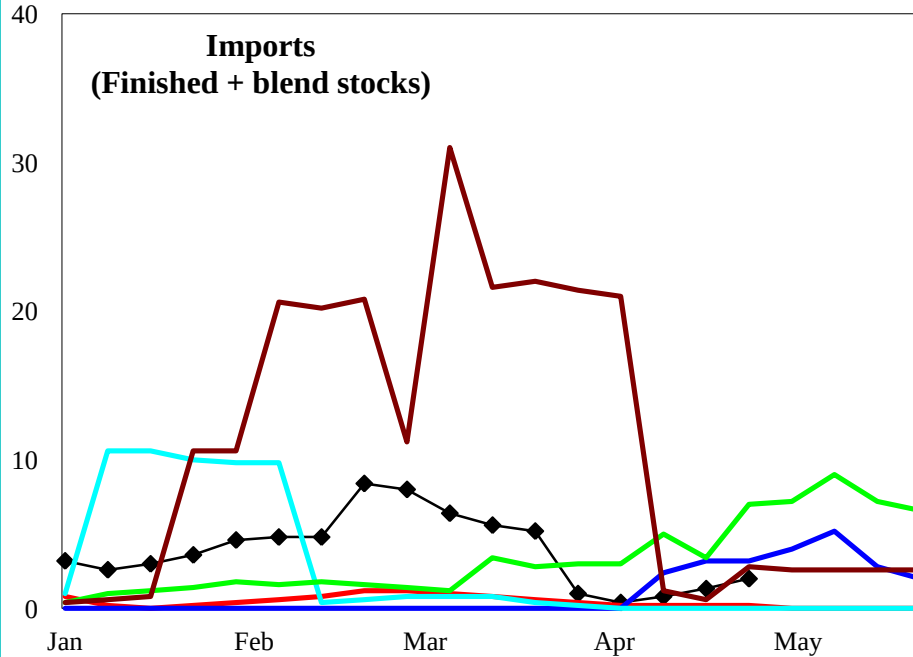
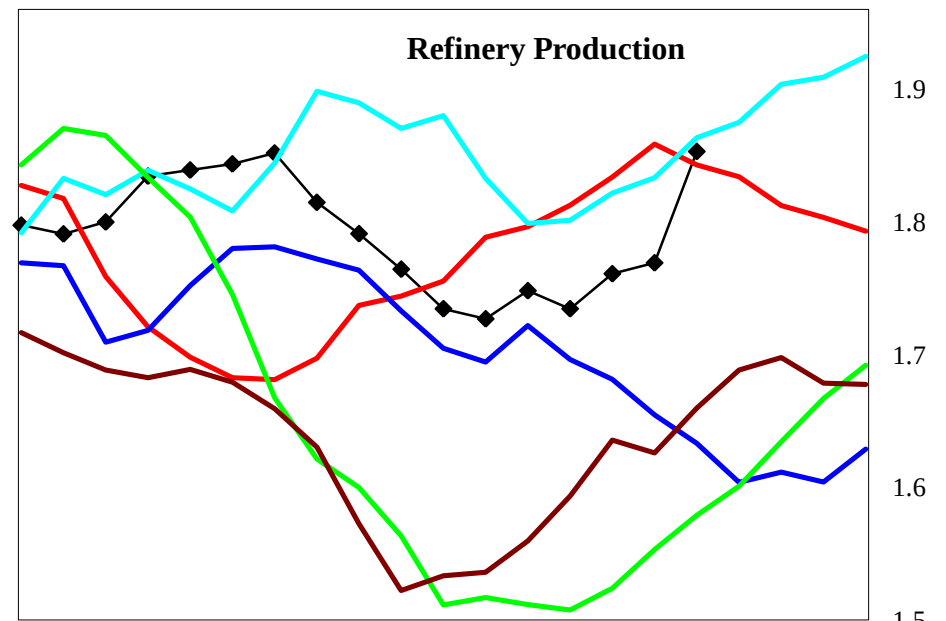
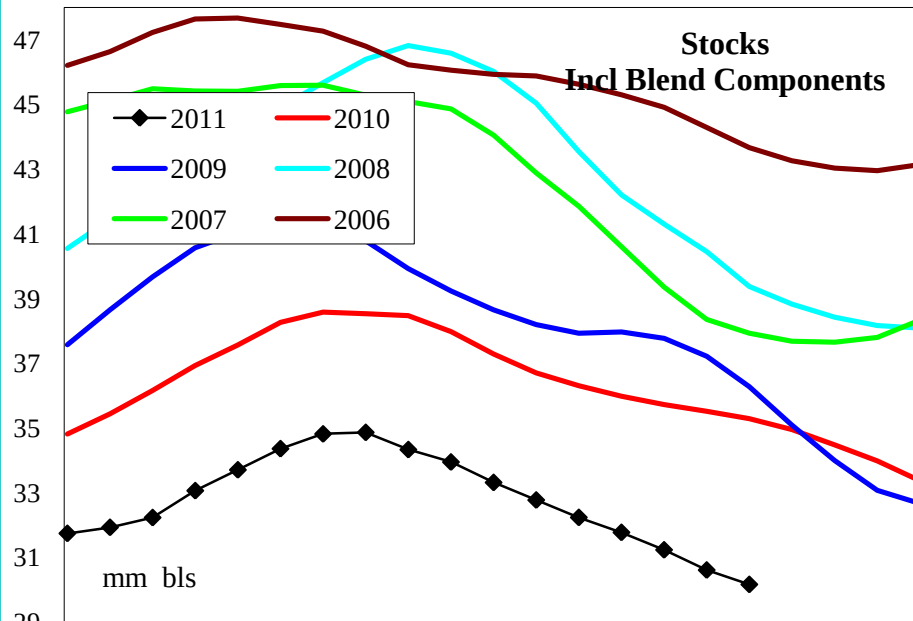
-52

0.1

-4.8

-13.4

PADD 2 Conventional Gasoline Supply

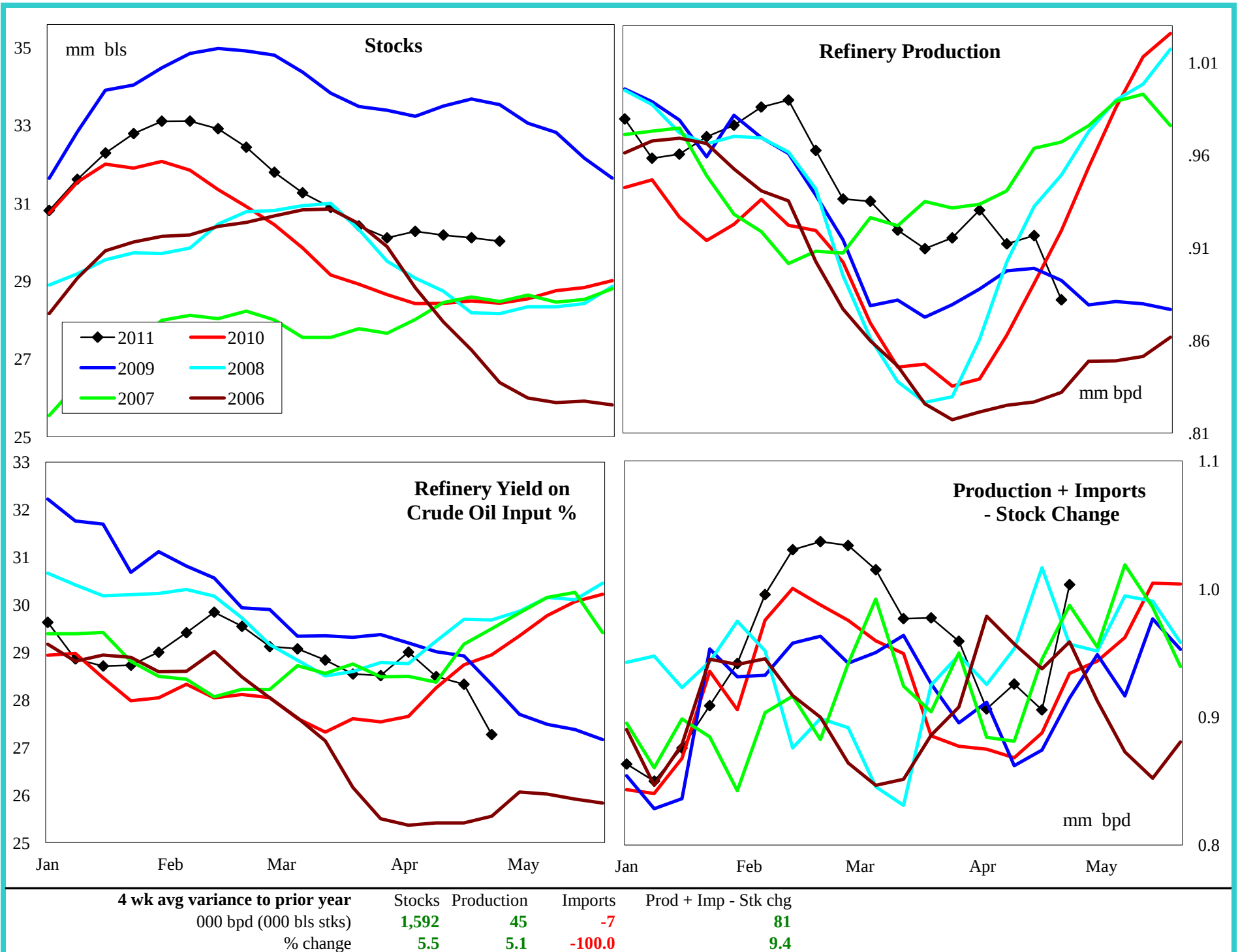


4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

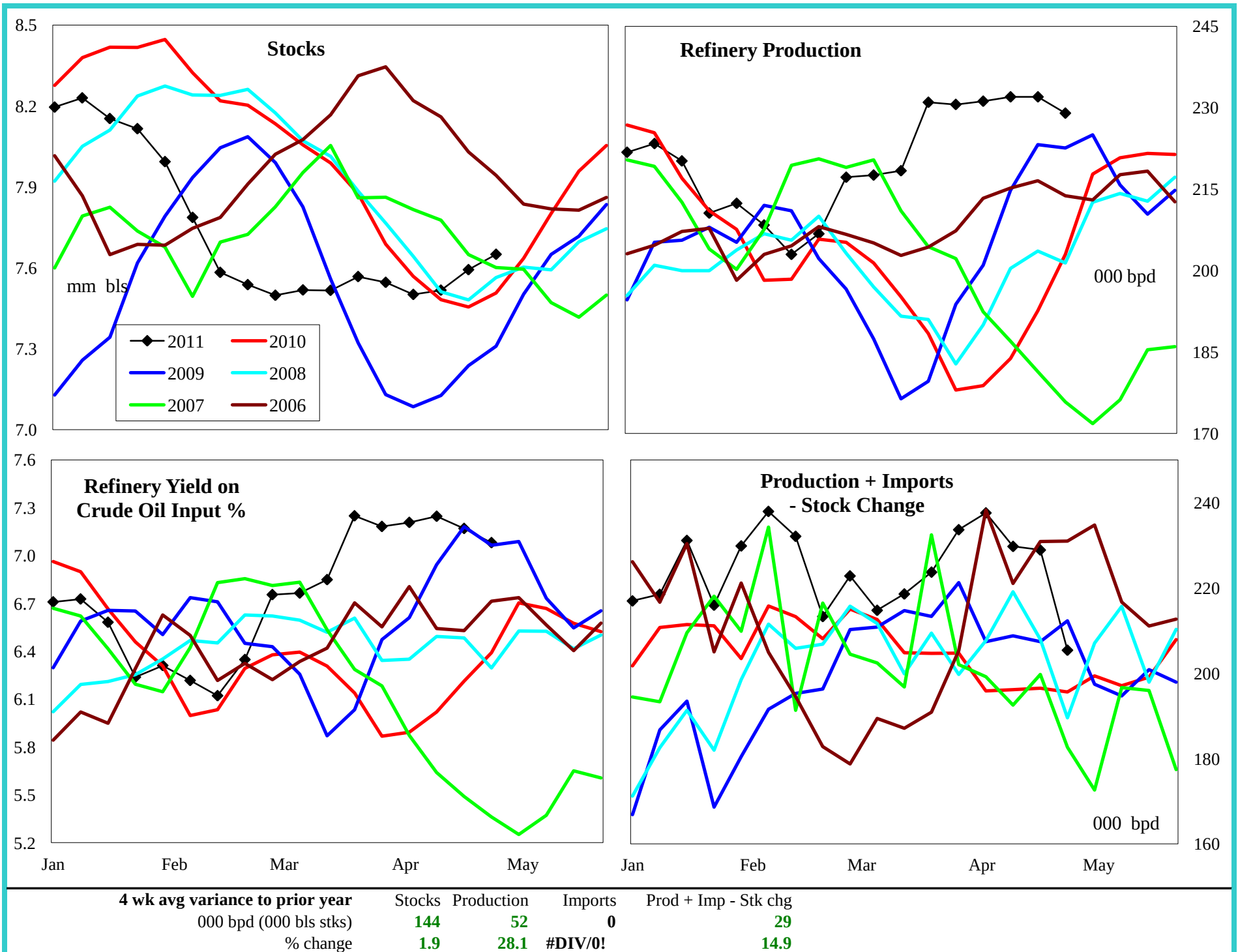
	Stocks	Production
000 bpd (000 bbls stks)	-4,879	-86
% change	-13.9	-4.5

	Prod - Stk chg
000 bpd (000 bbls stks)	-42
% change	-2.2

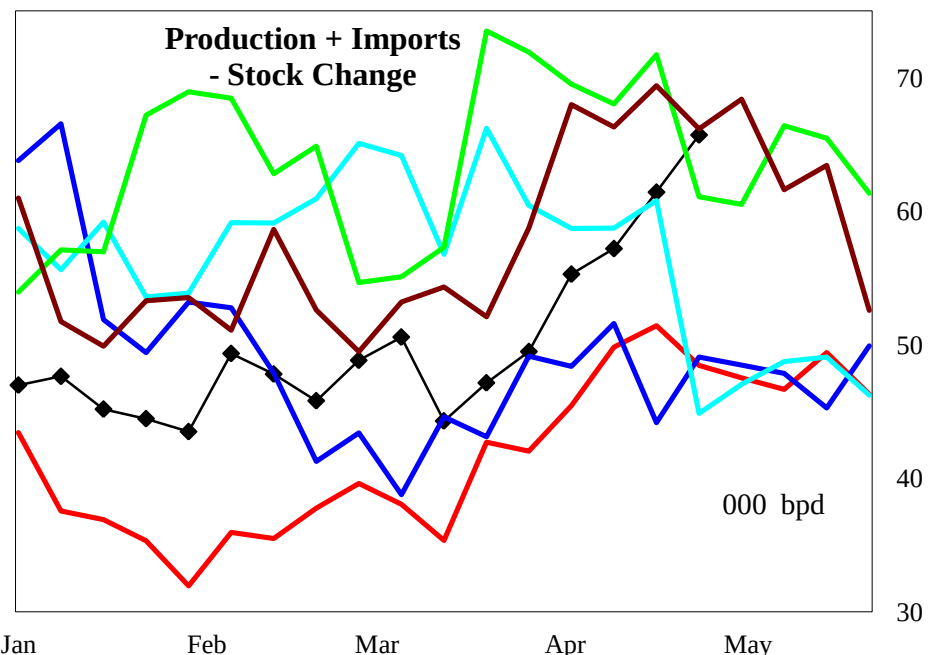
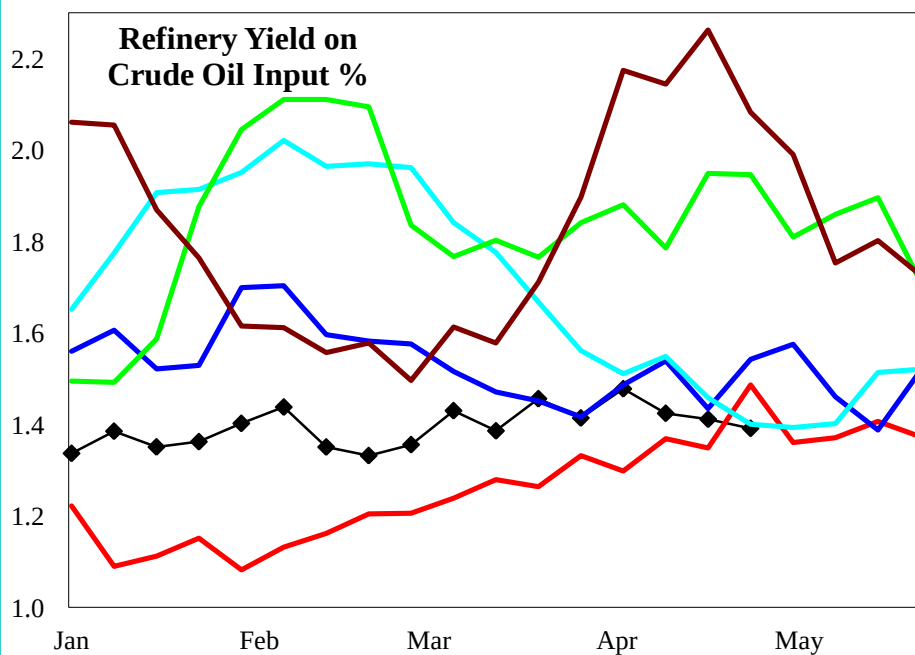
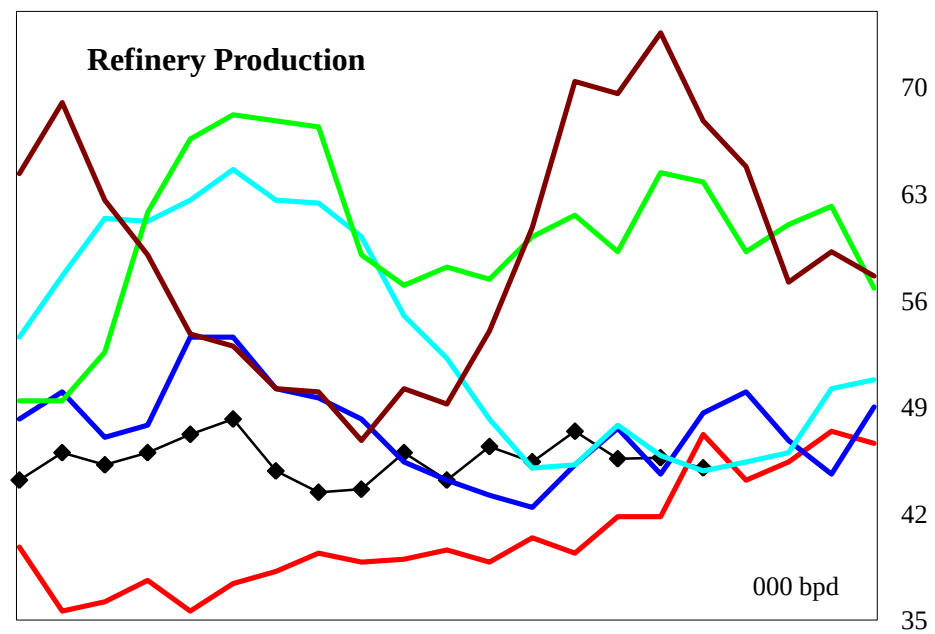
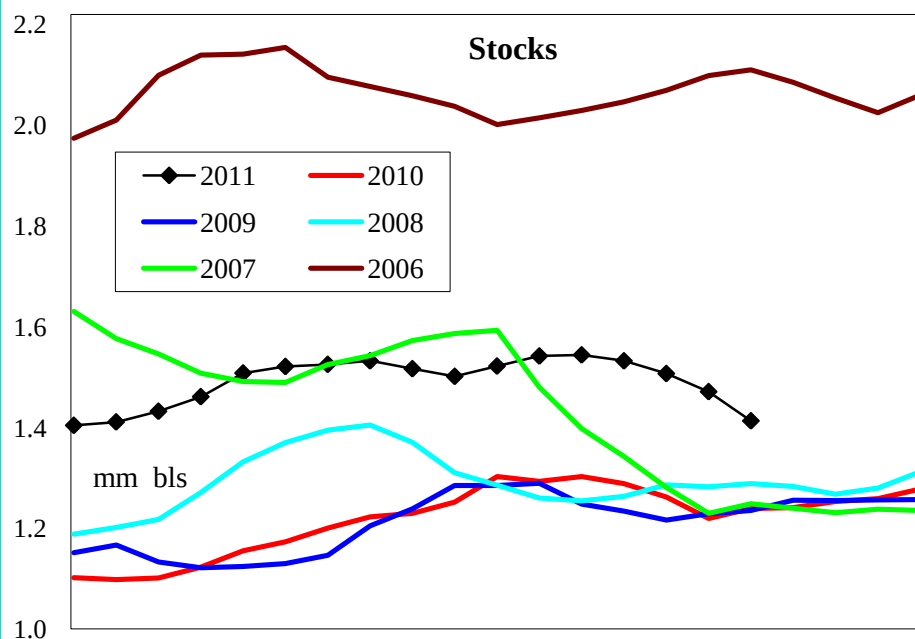
PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



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

174

5

5

8

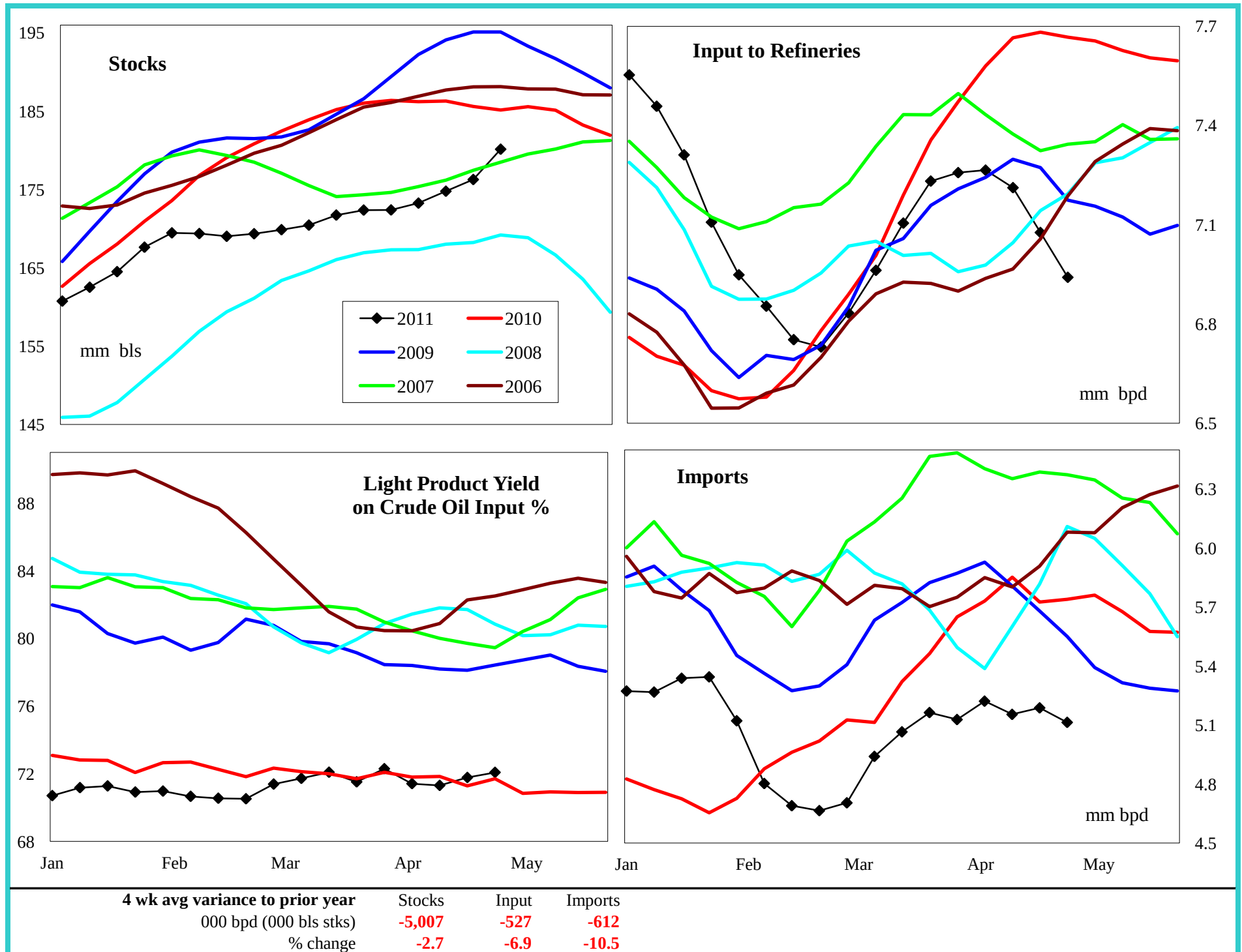
13.8

12.6

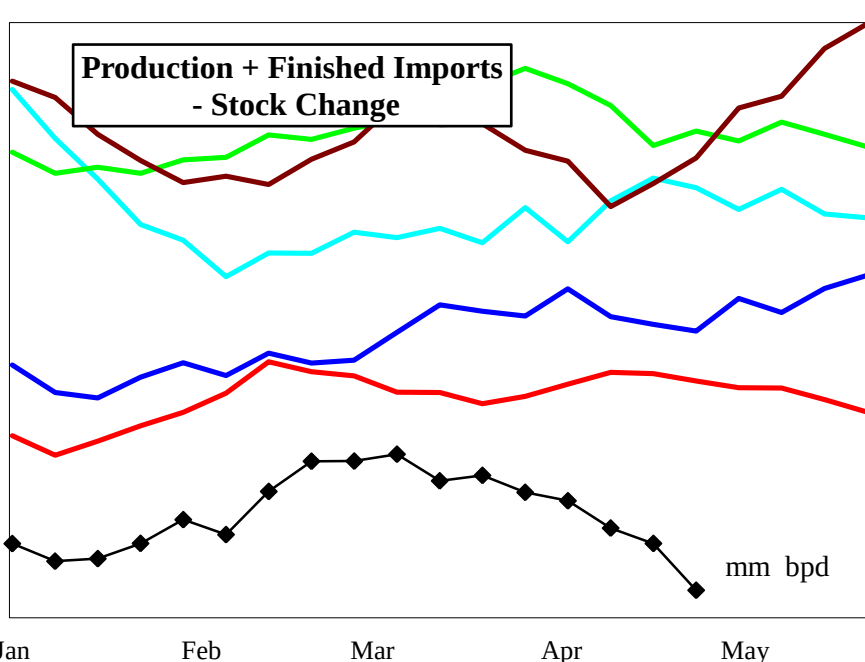
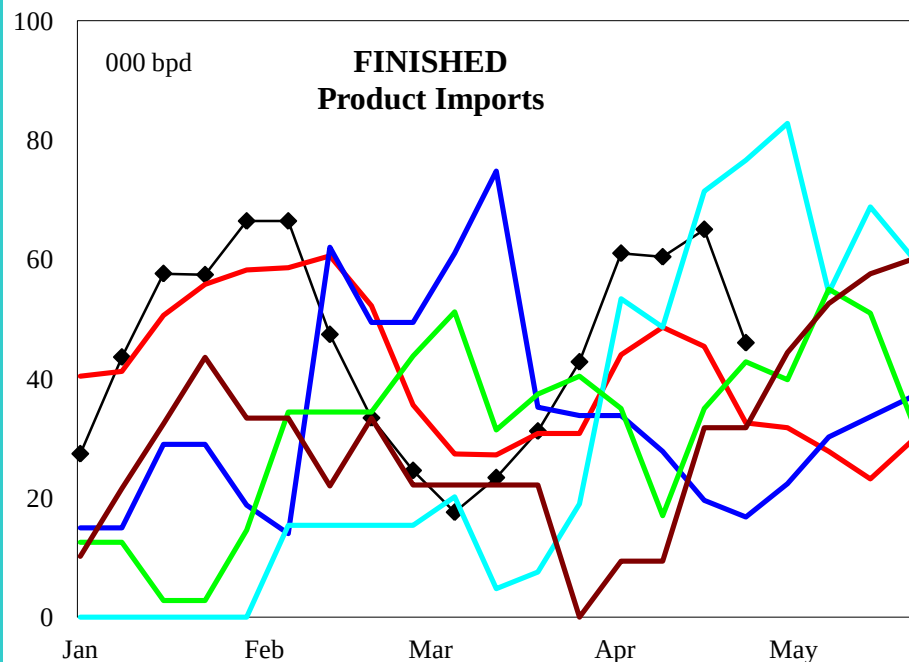
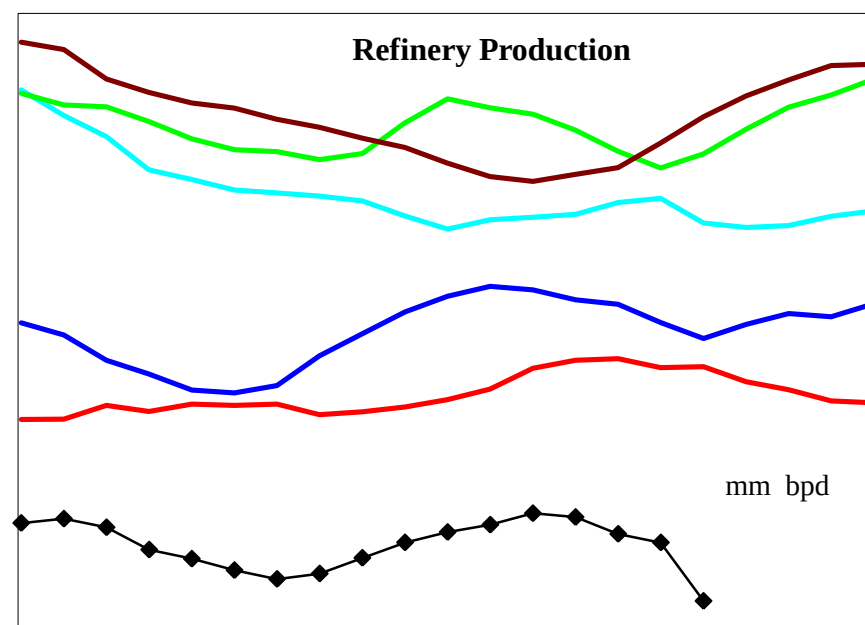
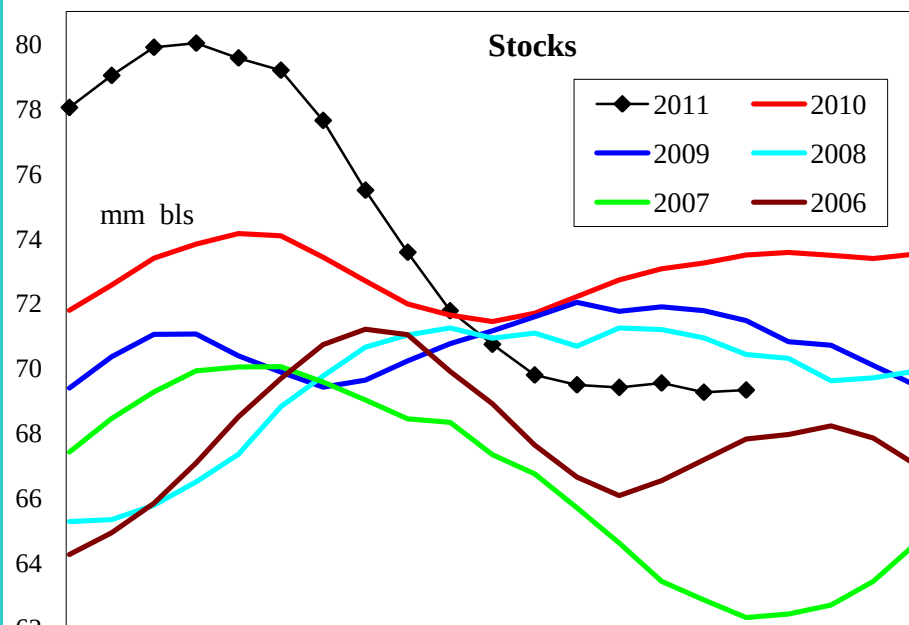
112.5

15.6

PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-4,603

-6.2

Production

-500

-18.9

Fin Impt

8

16.4

Blend Impt

68

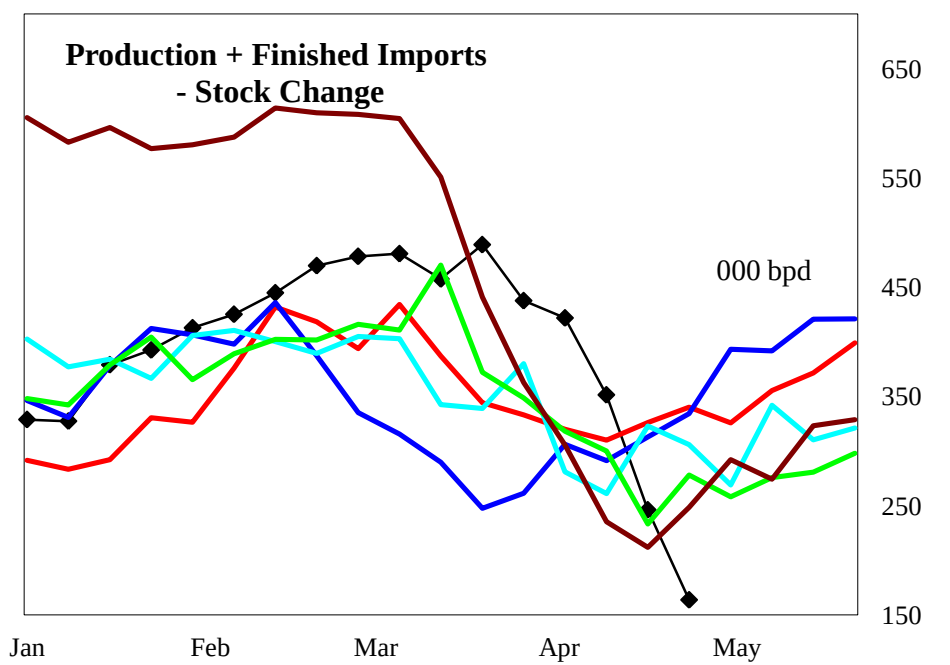
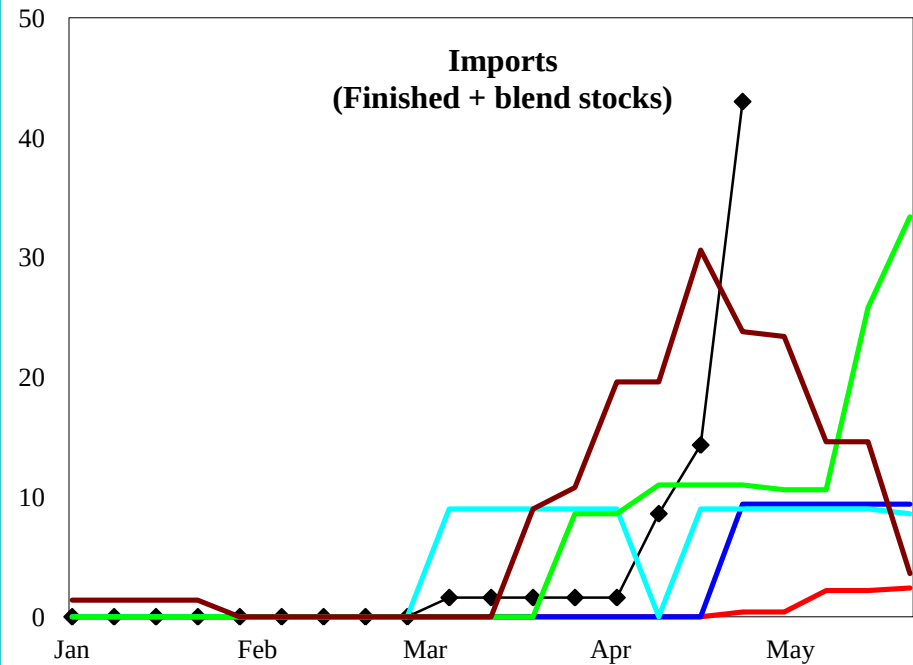
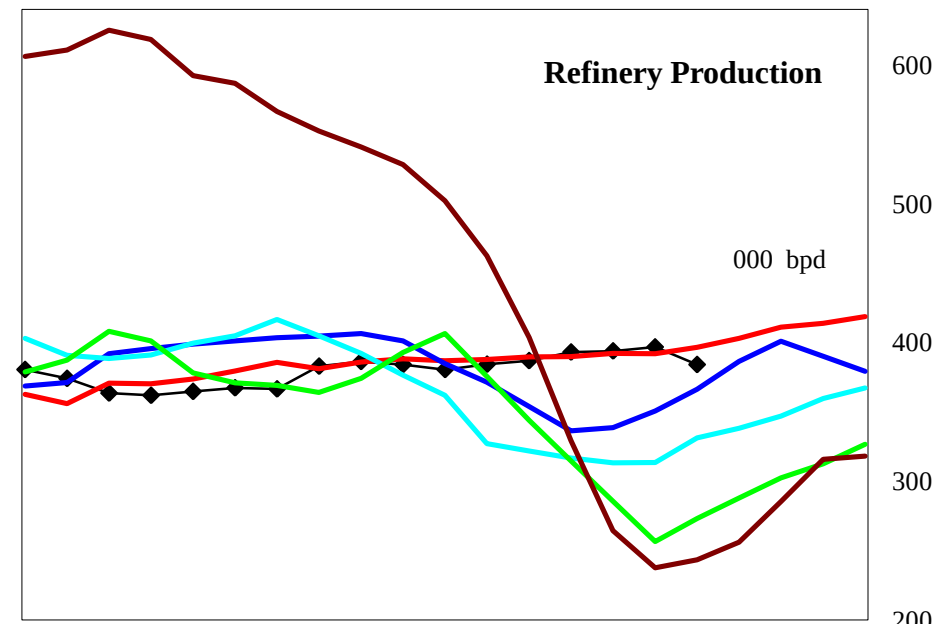
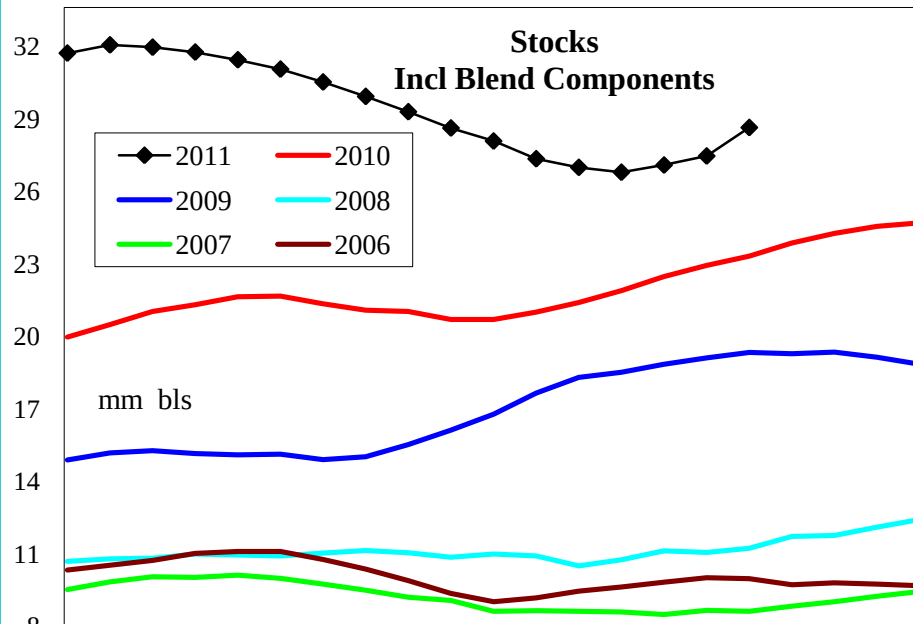
395.7

Prod + Imp - Stk chg

-357

-13.5

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

5,001

20.8

Production

5

1.1

Imports

11

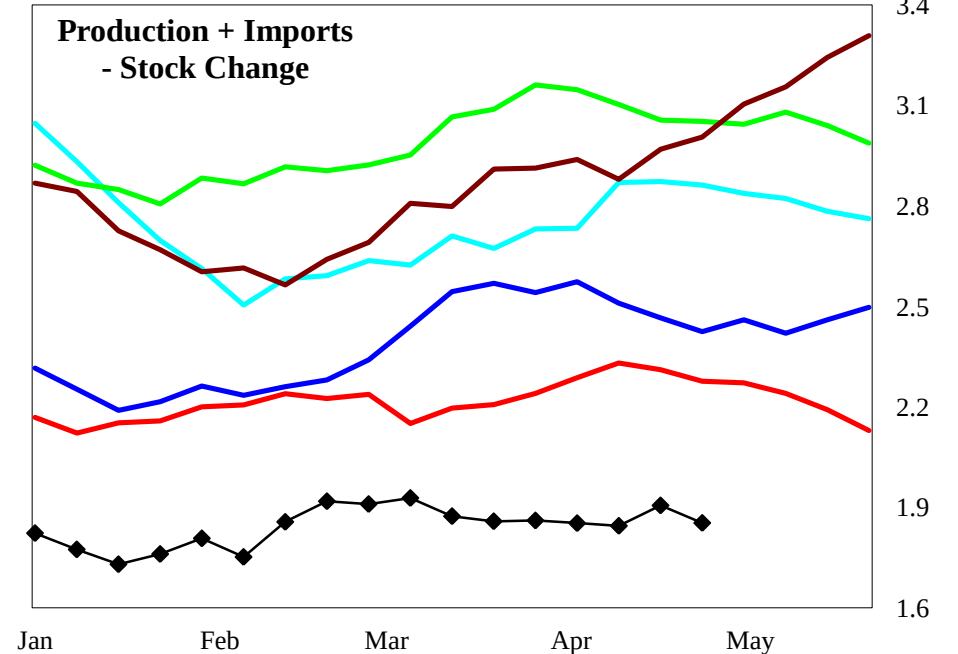
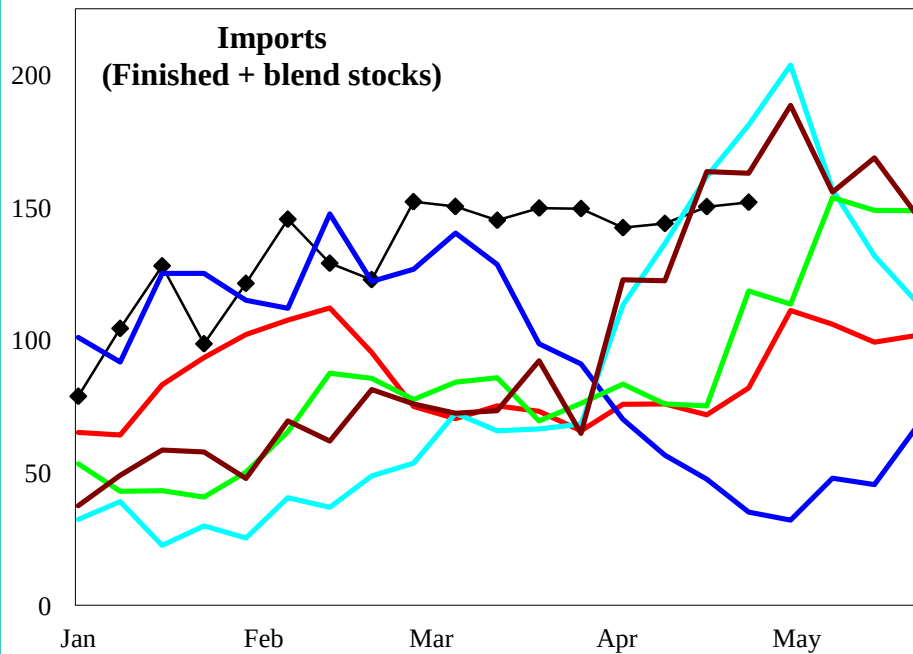
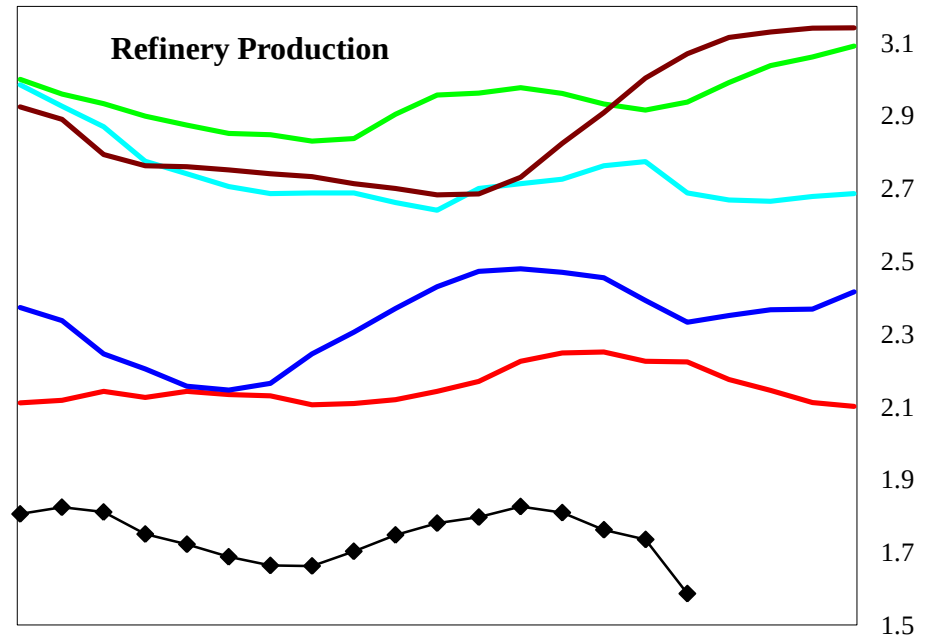
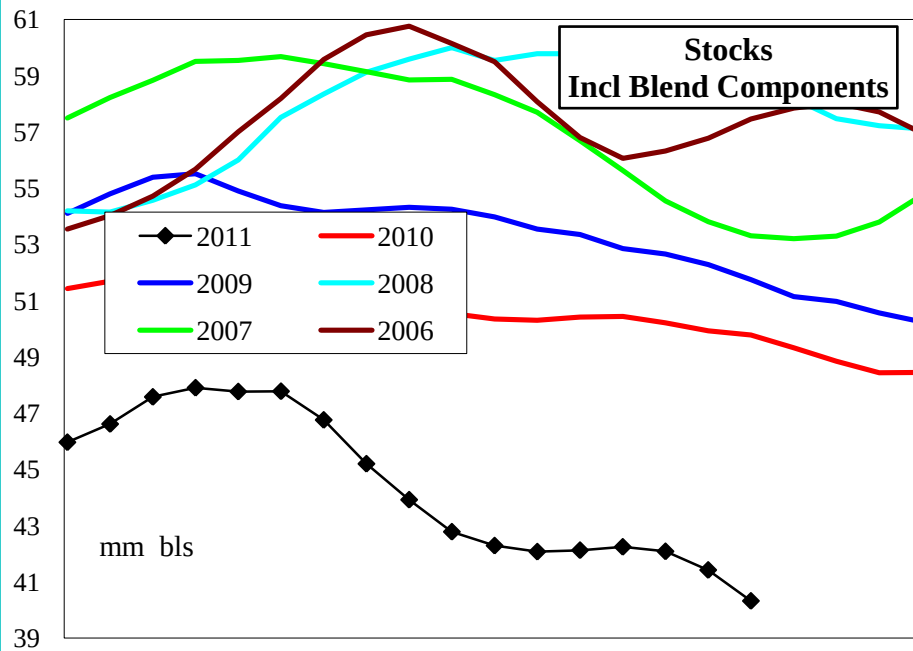
#DIV/0!

Prod + Imp - Stk chg

40

12.4

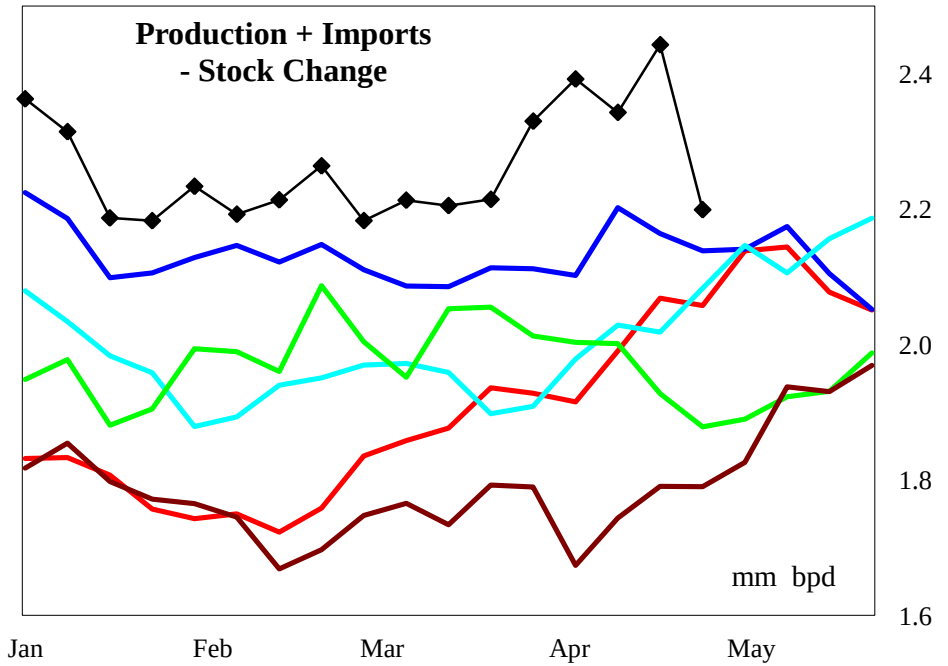
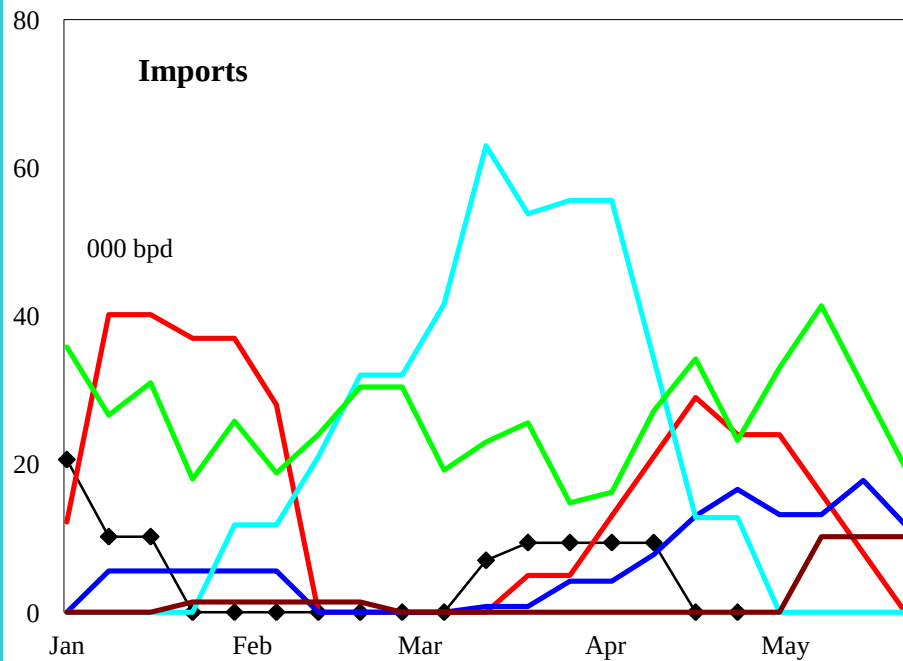
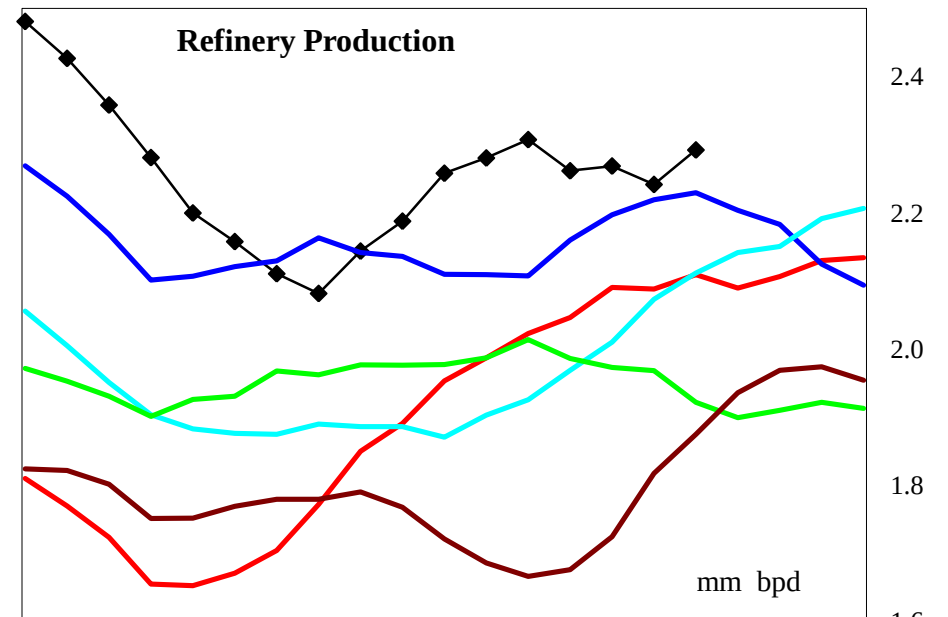
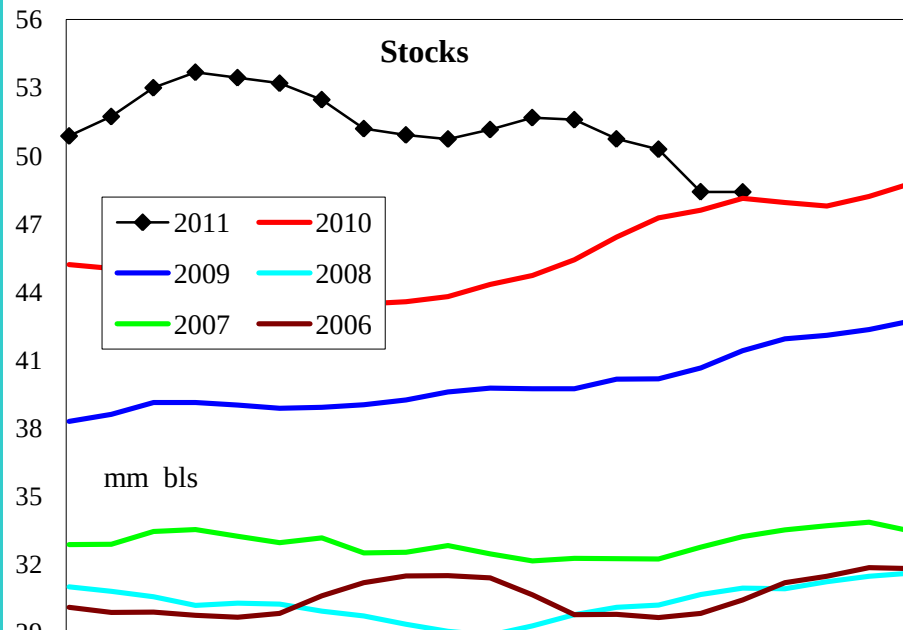
PADD 3 Conventional Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-9,584	-505	66	-395
-19.2	-22.4	97.4	-17.0

PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

249

154

-23

400

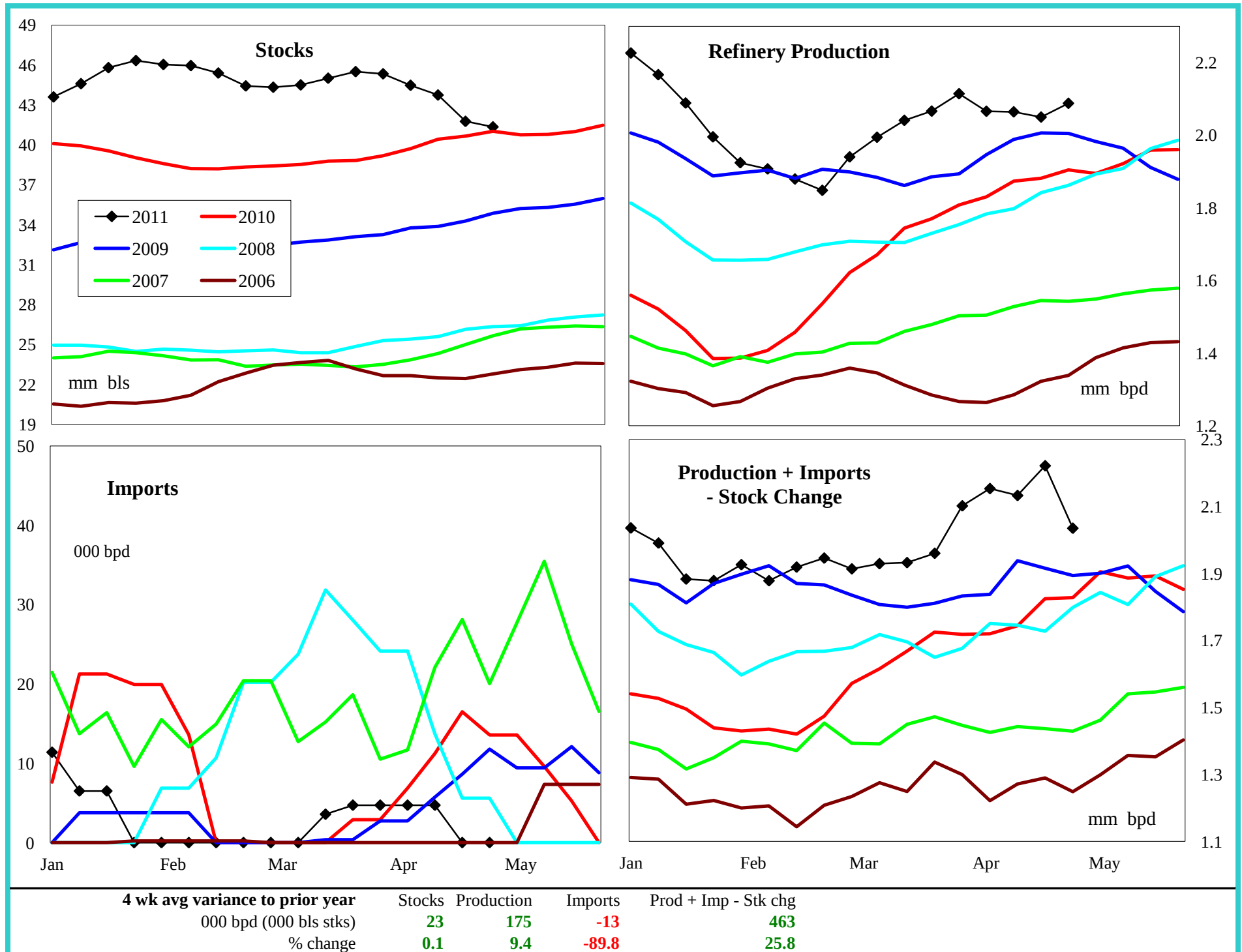
0.5

7.4

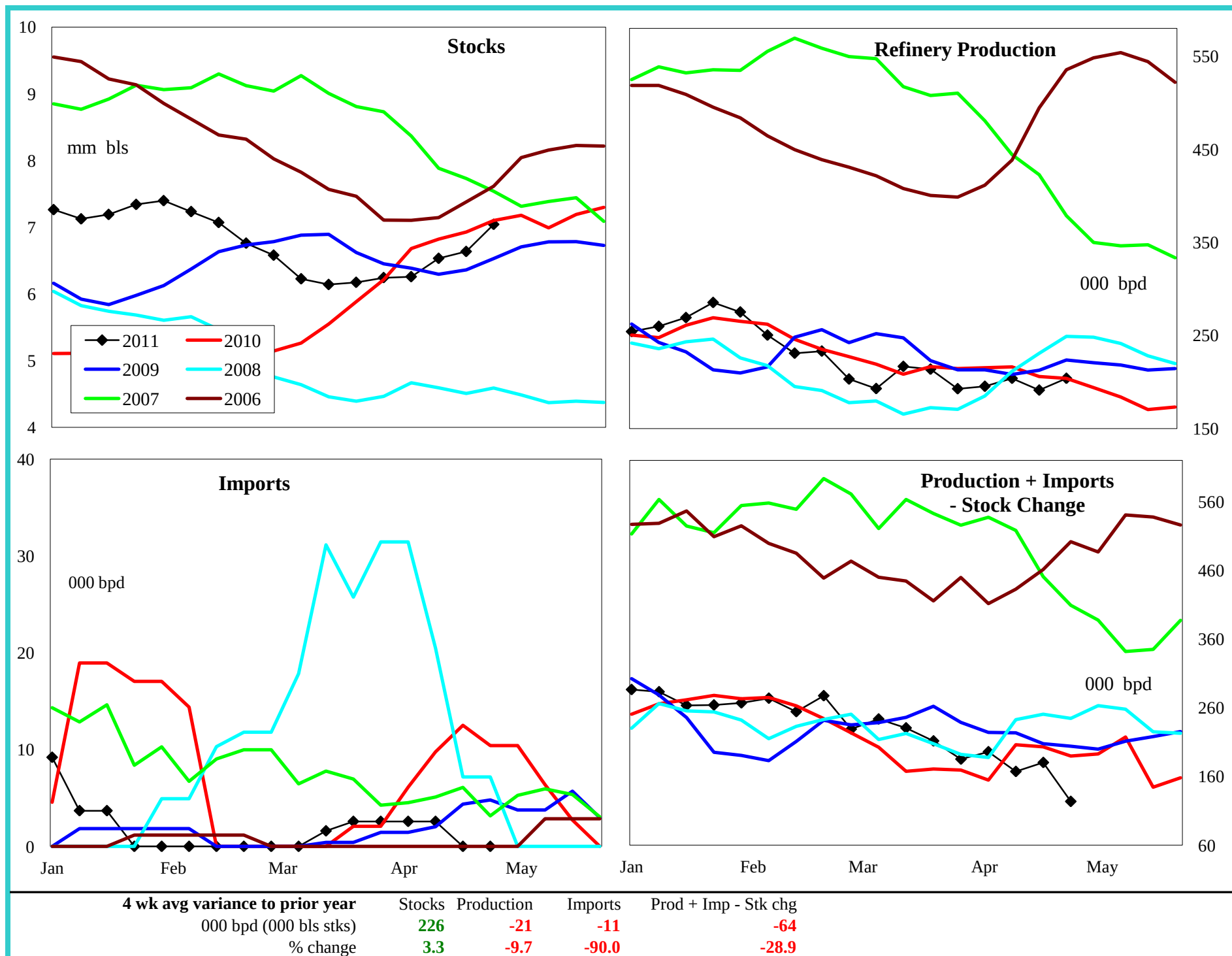
-88.6

19.9

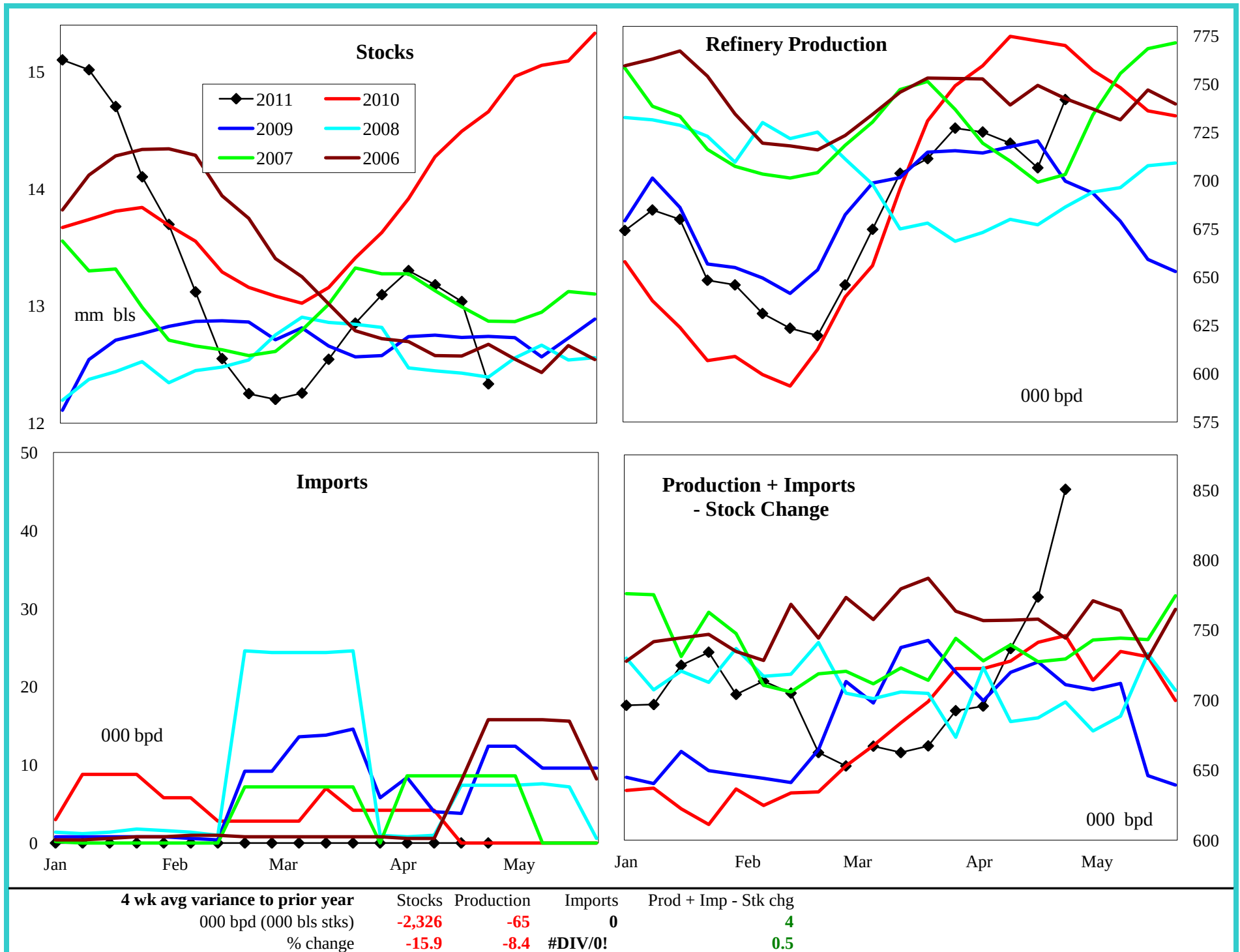
PADD 3 Low Sulfur Distillate Supply



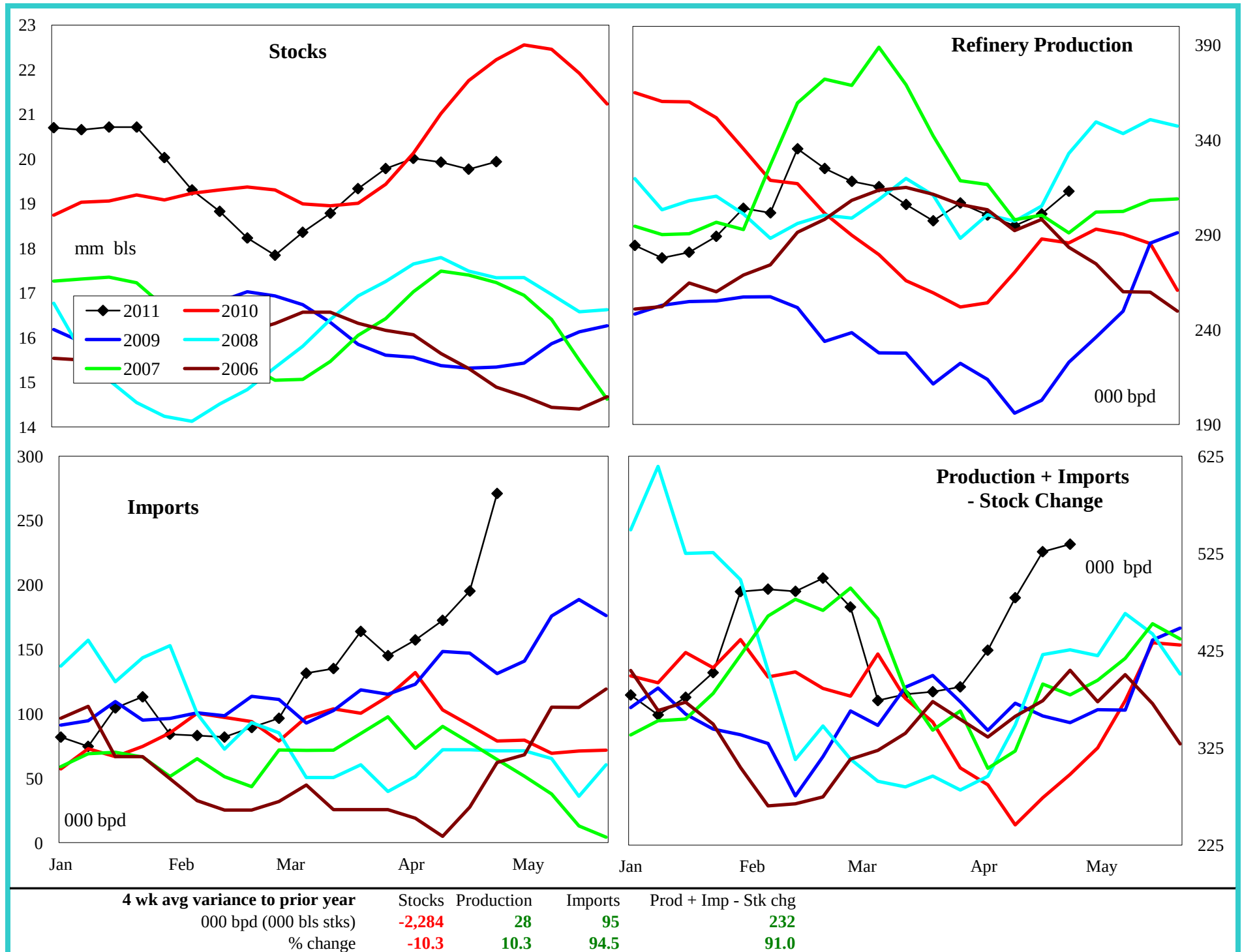
PADD 3 High Sulfur Distillate Supply



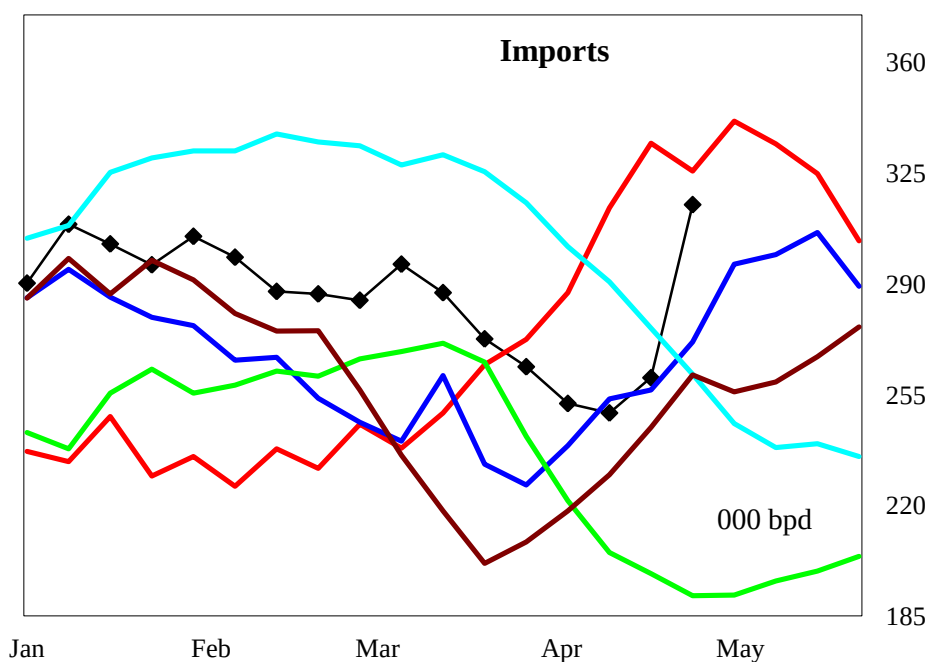
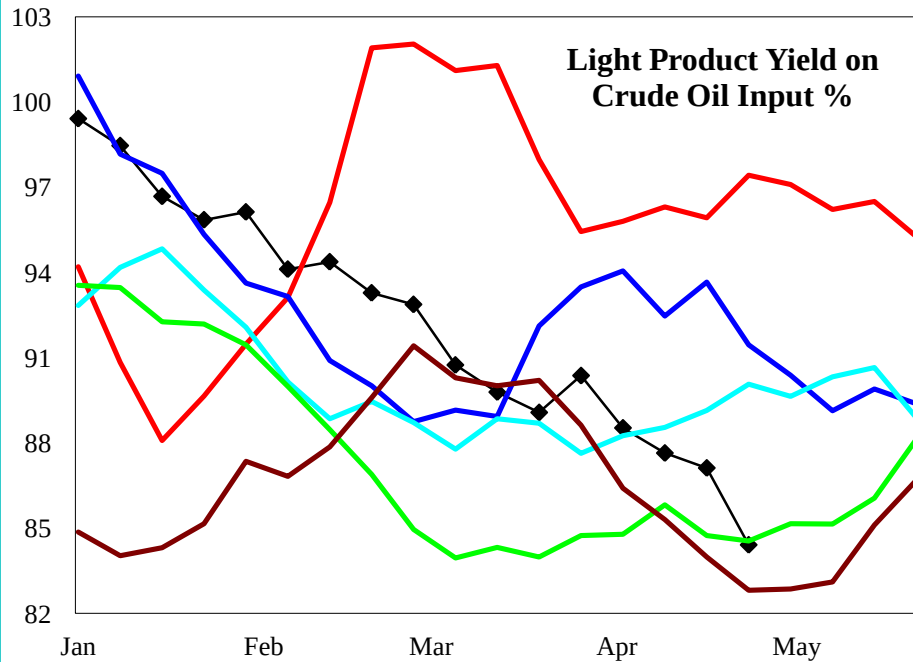
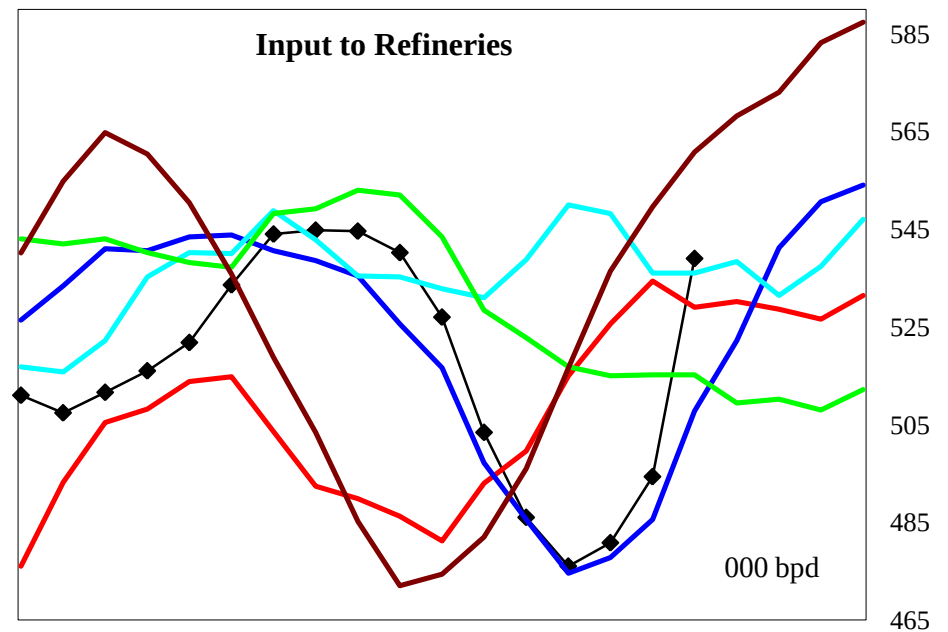
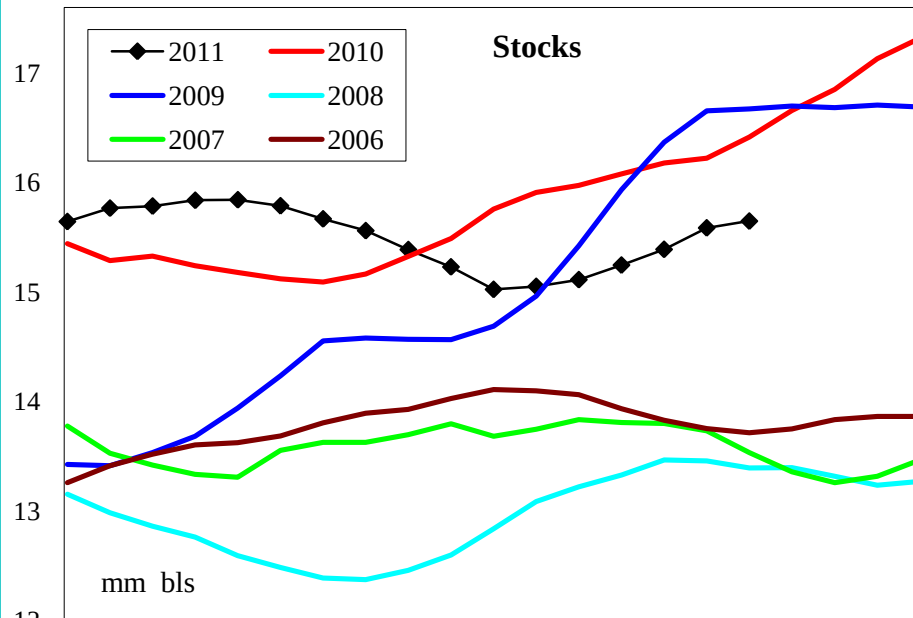
PADD 3 Jet Fuel Supply



PADD 3 Residual Fuel Oil Supply



PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-767

-4.6

Input

-58

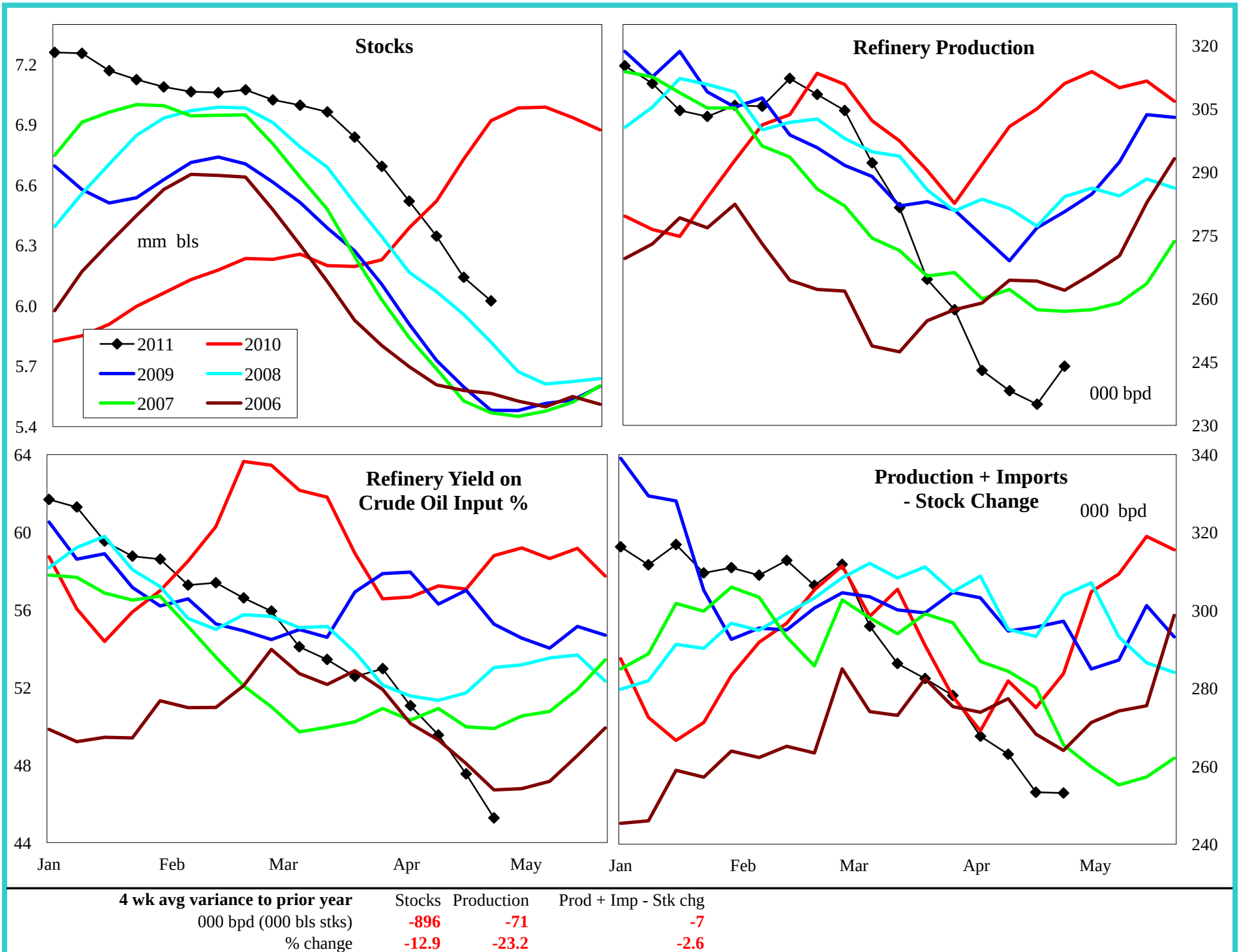
-10.7

Imports

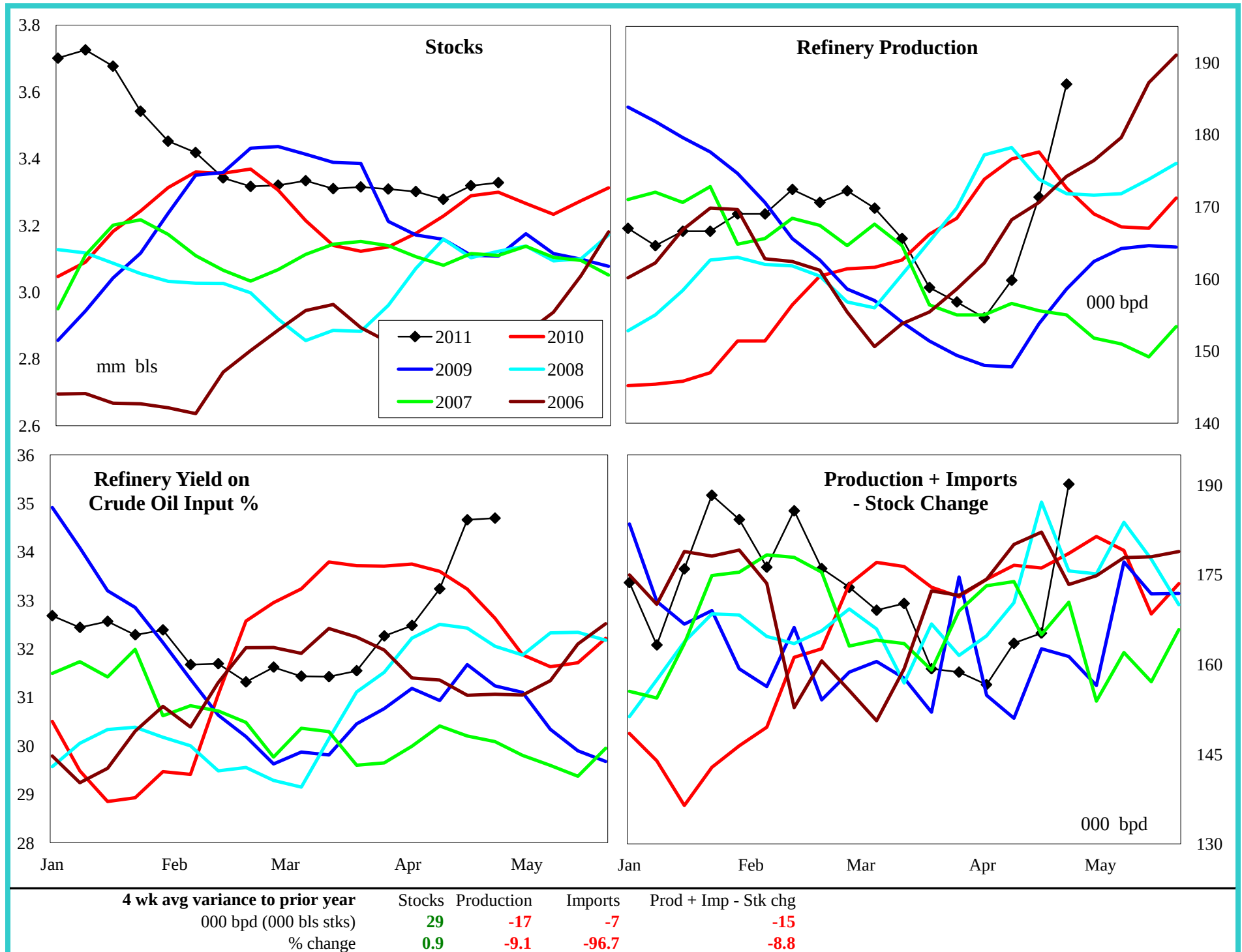
-77

-23.3

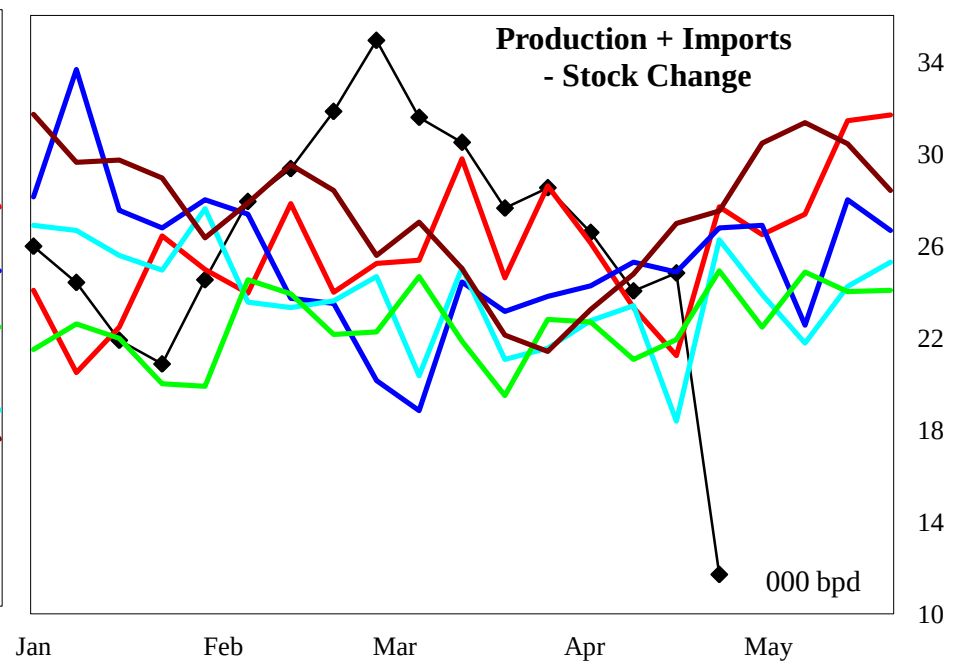
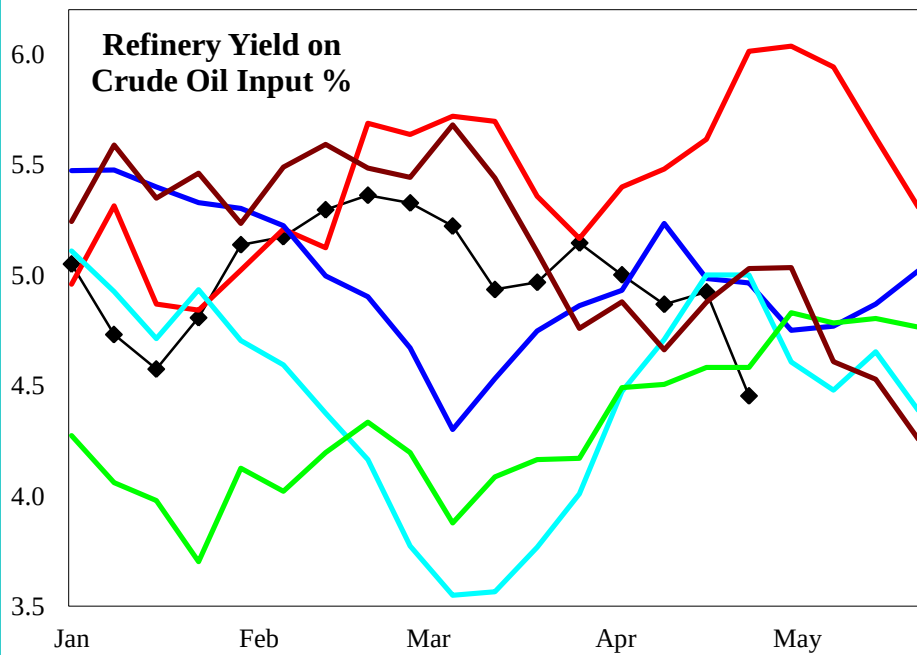
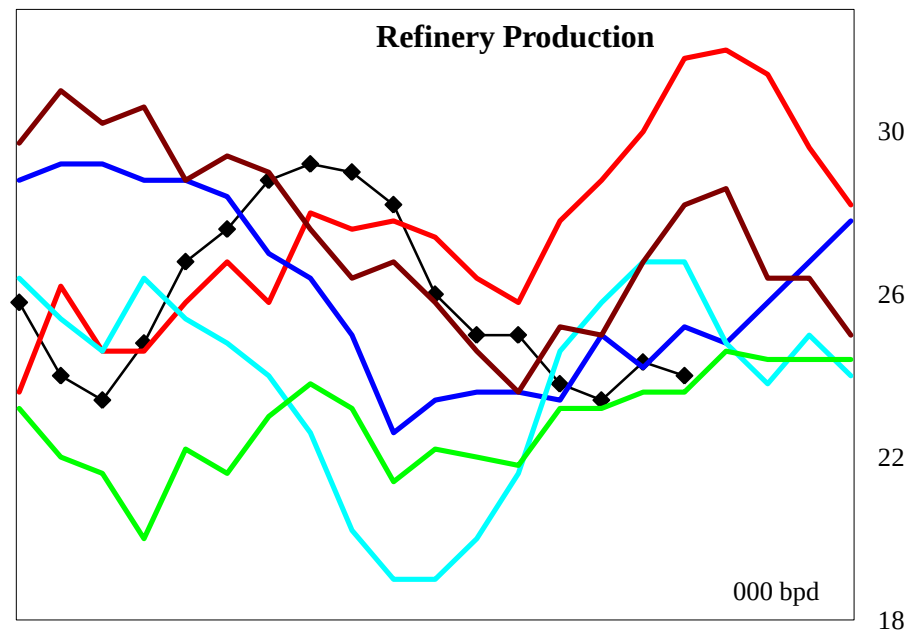
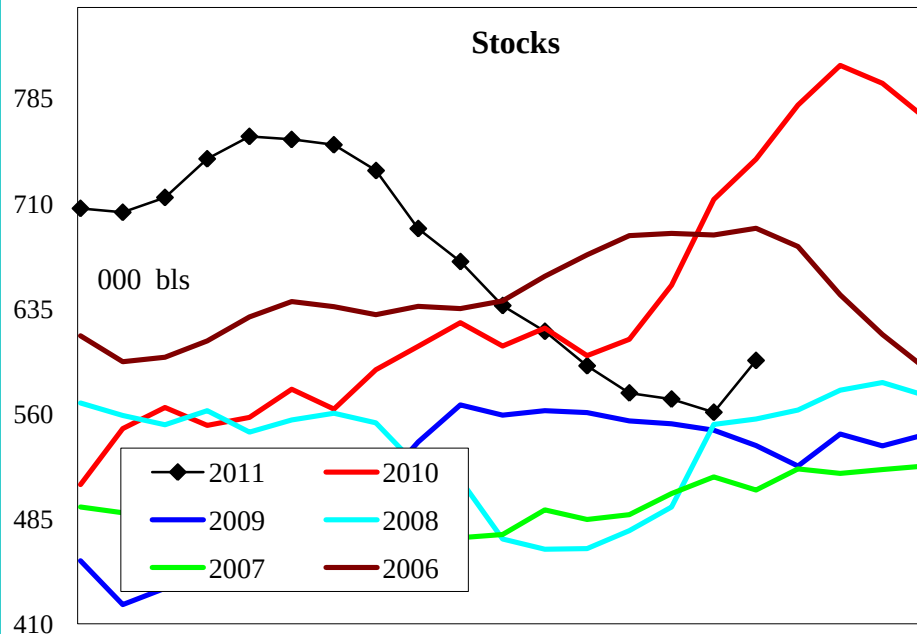
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply

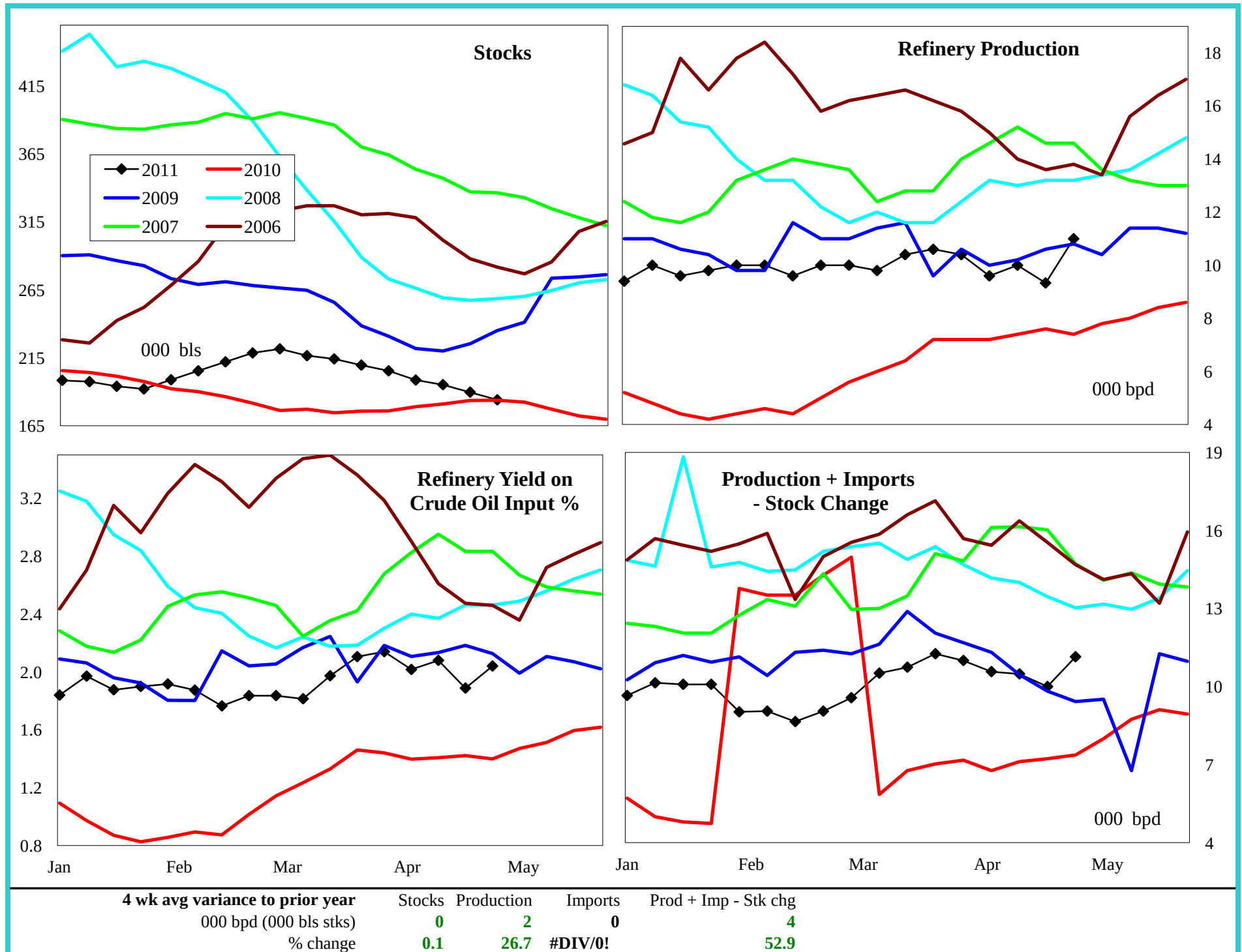


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

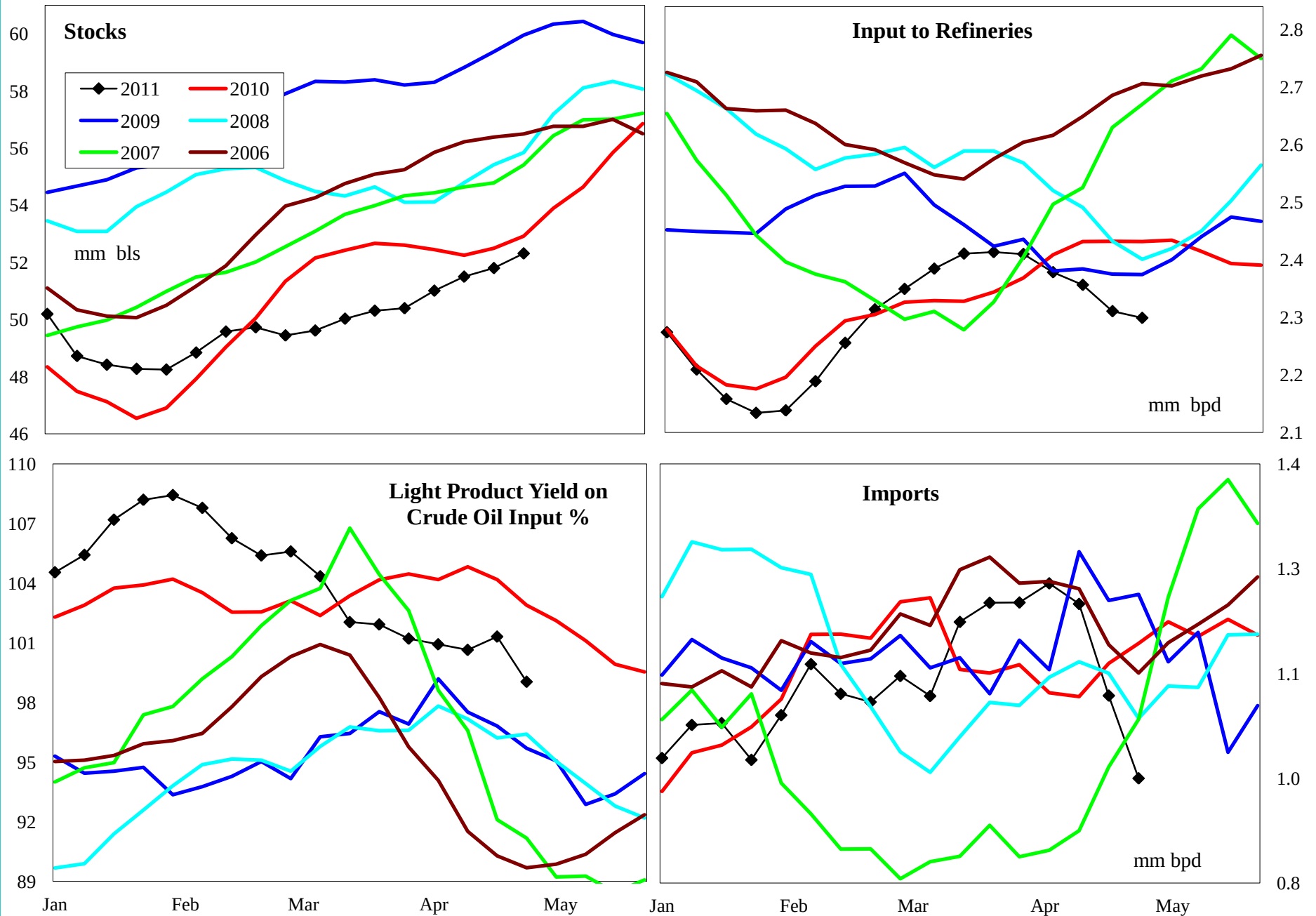
	Stocks	Production
000 bpd (000 bls stks)	-144	-5
% change	-19.4	-17.2

	Prod + Imp - Stk chg
000 bpd	3
% change	14.2

PADD 4 Residual Fuel Oil Supply



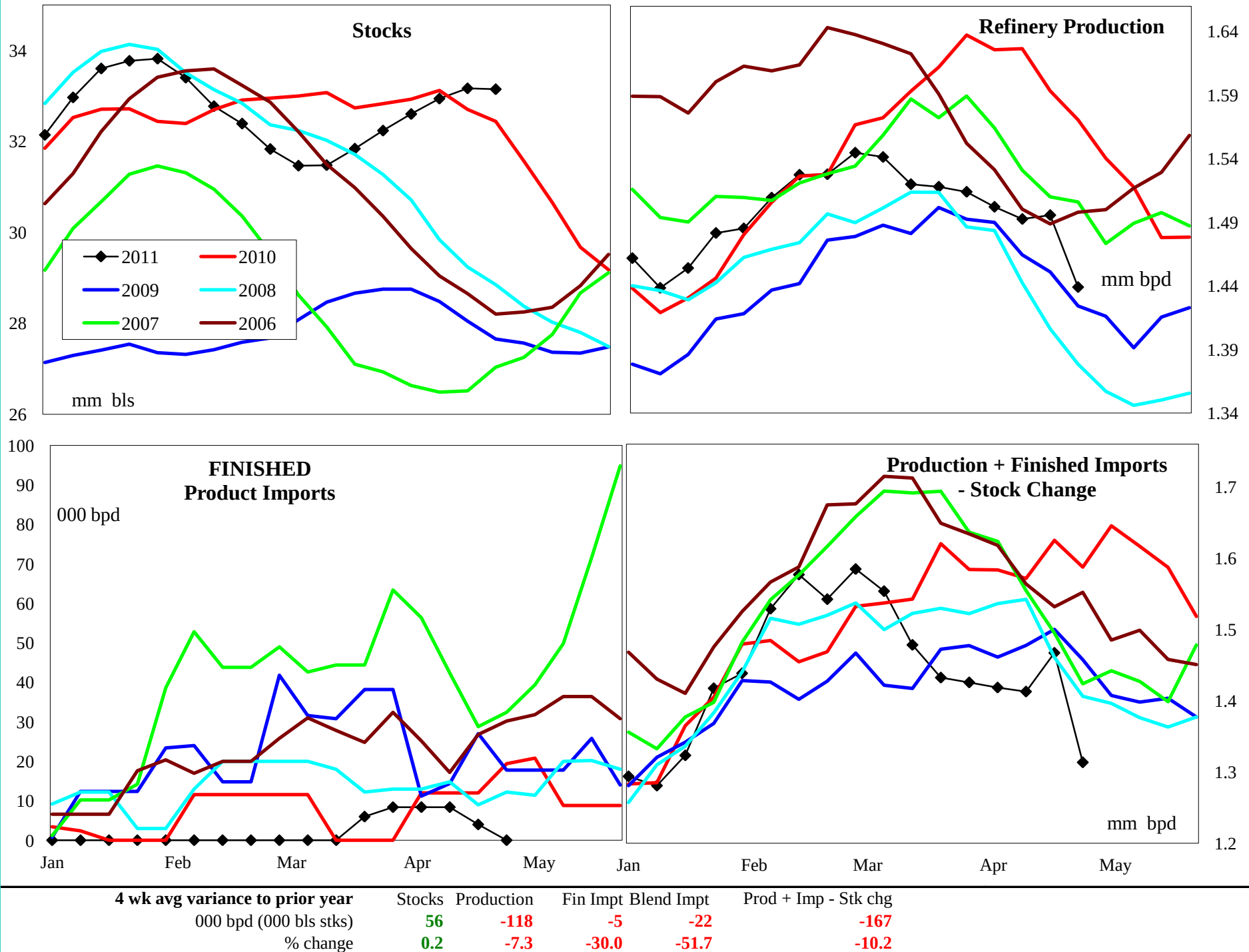
PADD 5 Crude Oil Supply and Refining



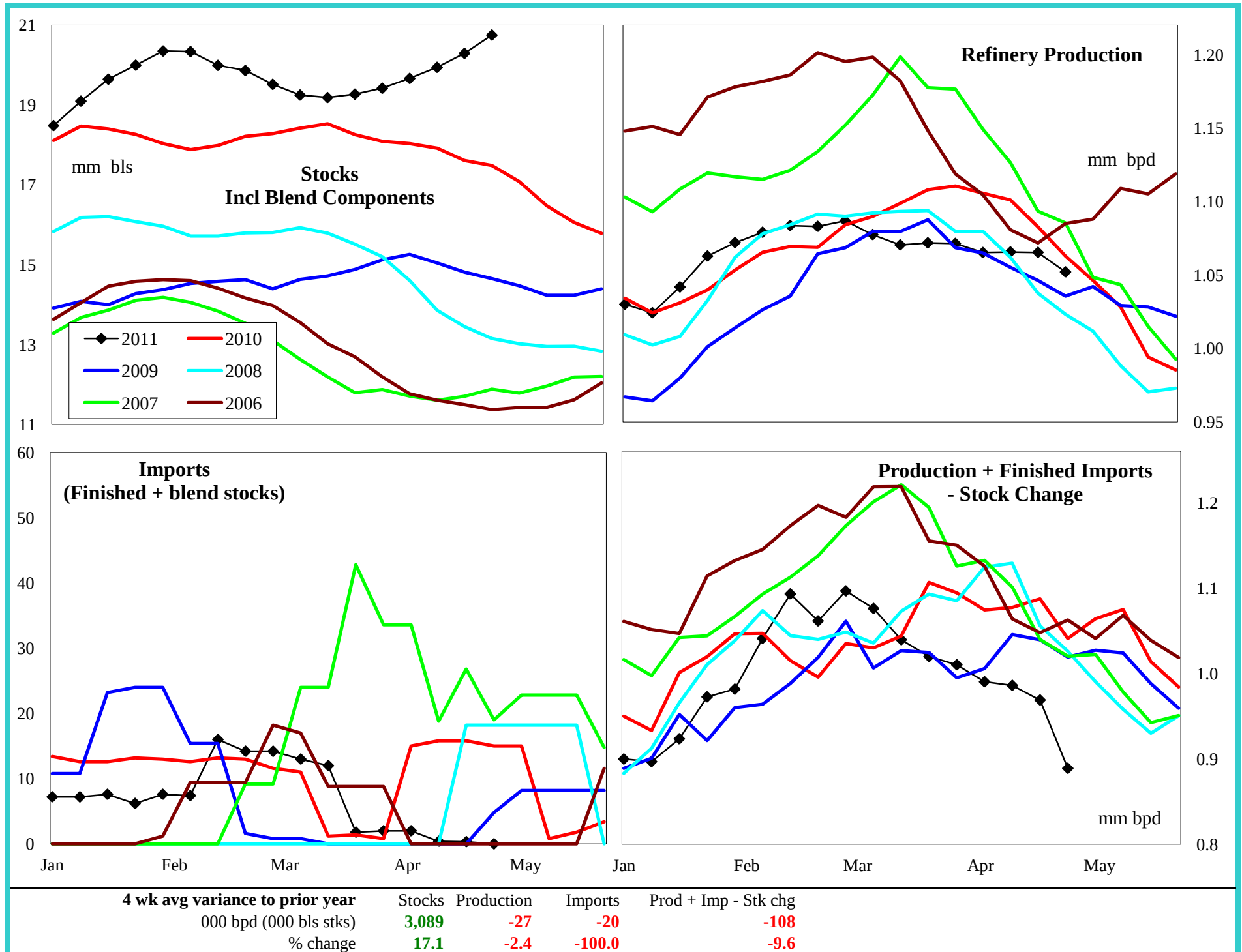
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Input	Imports
000 bpd (000 bls stks)	-607	-100	-4
% change	-1.1	-4.1	-0.3

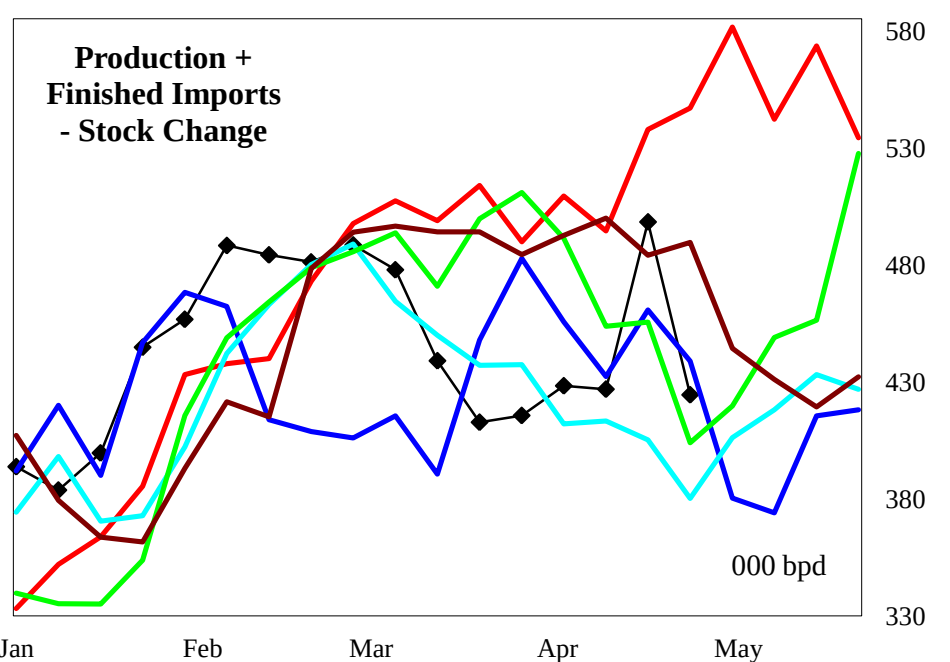
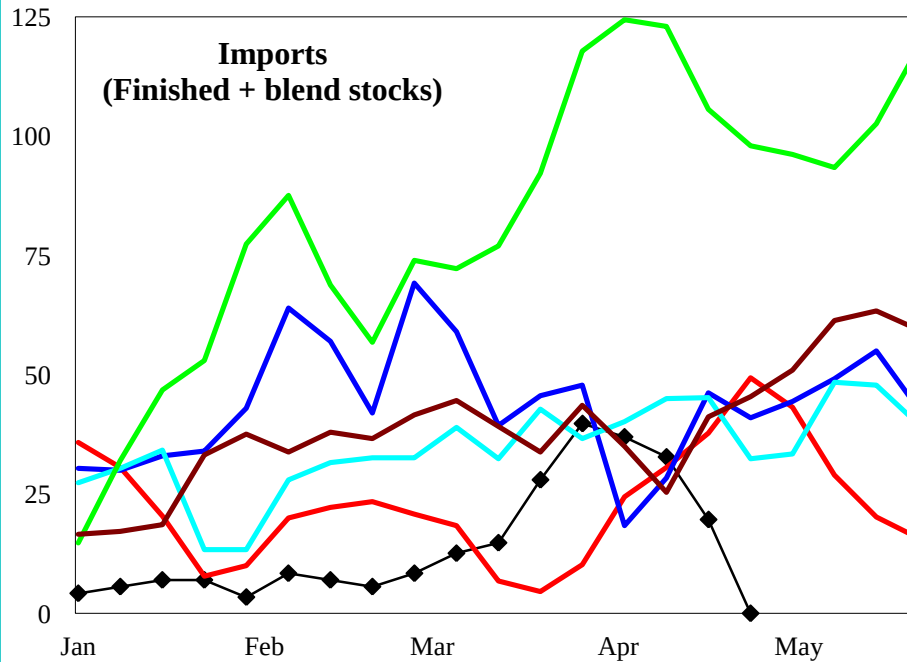
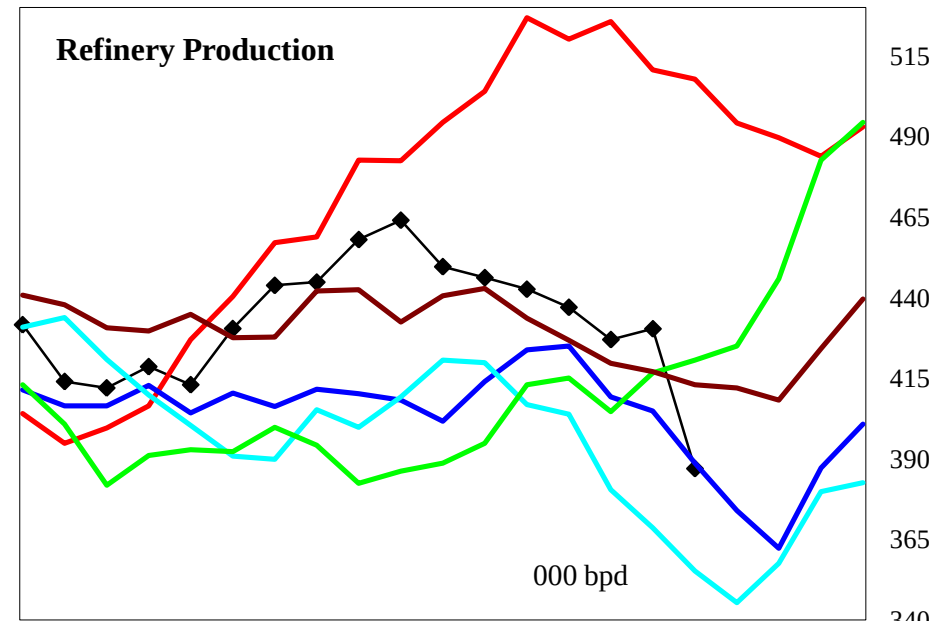
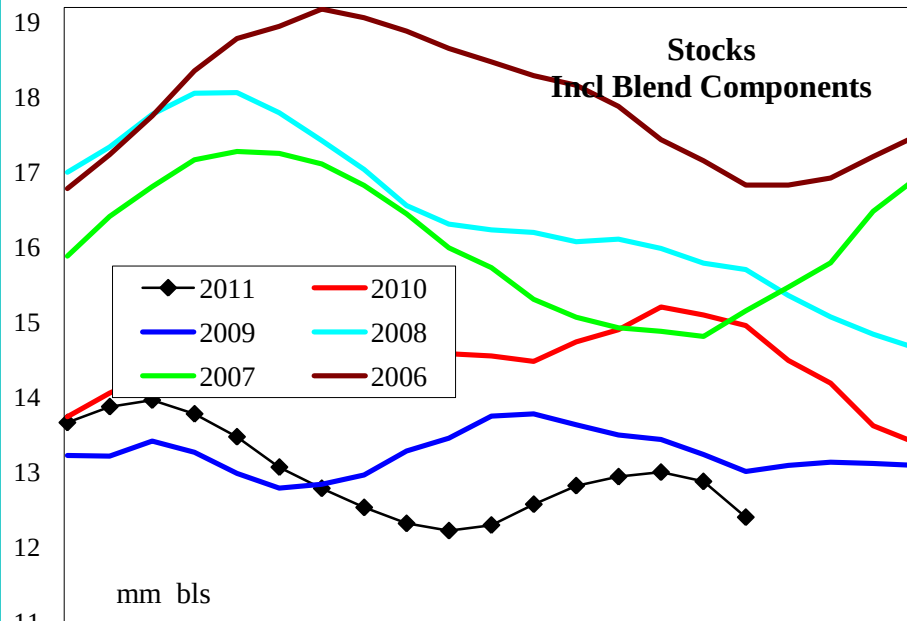
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-3,033

-92

-7

-58

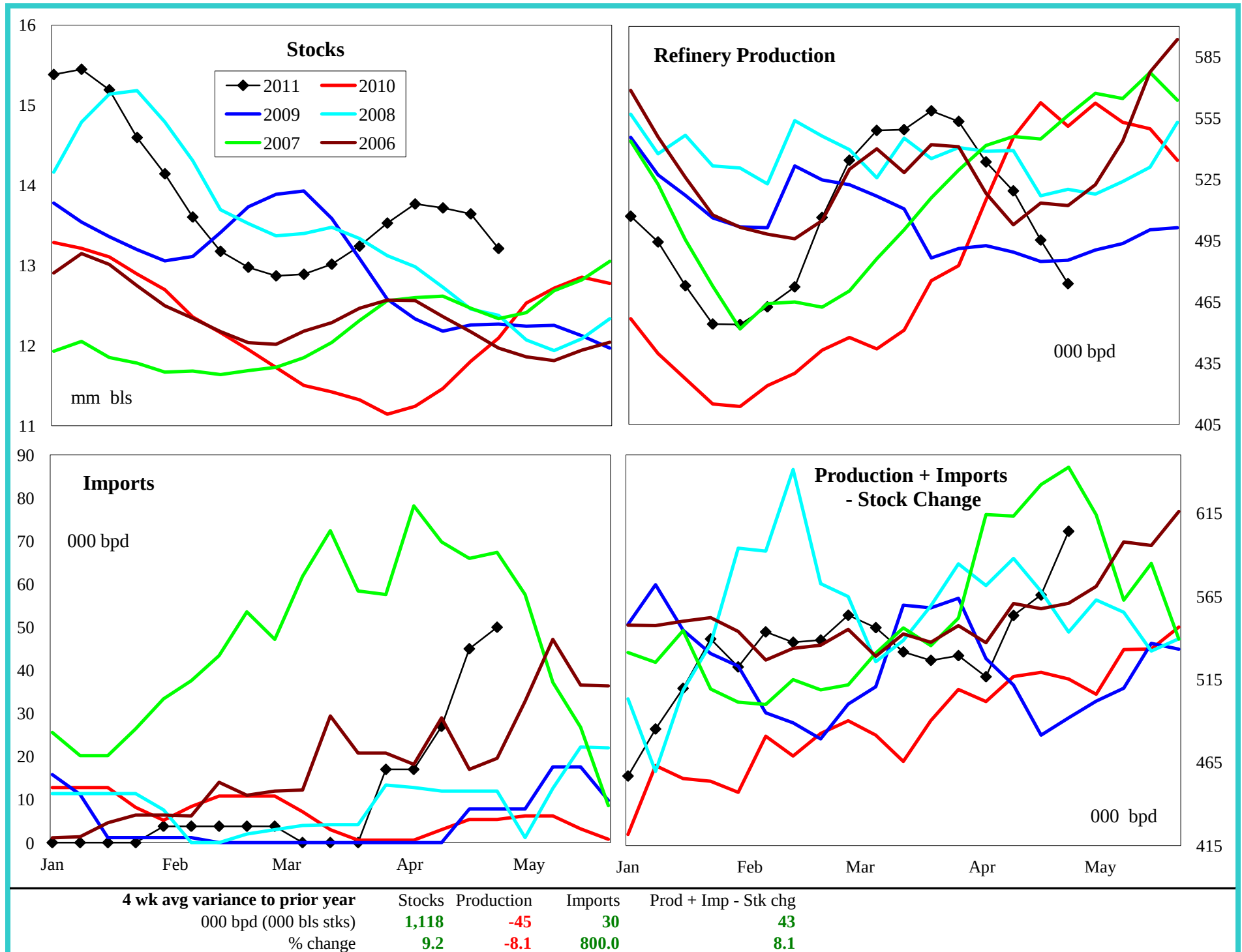
-19.7

-17.5

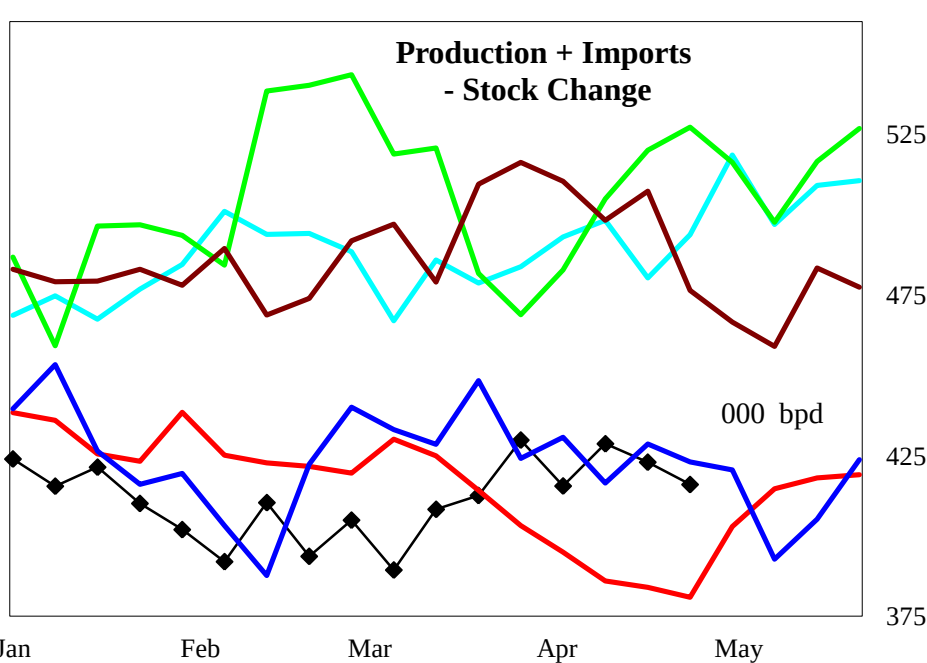
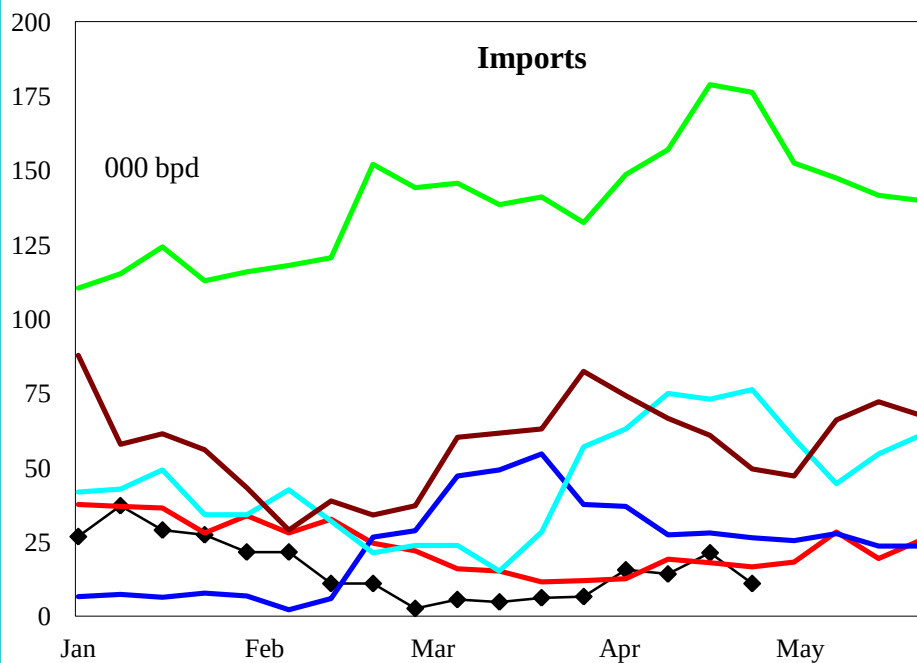
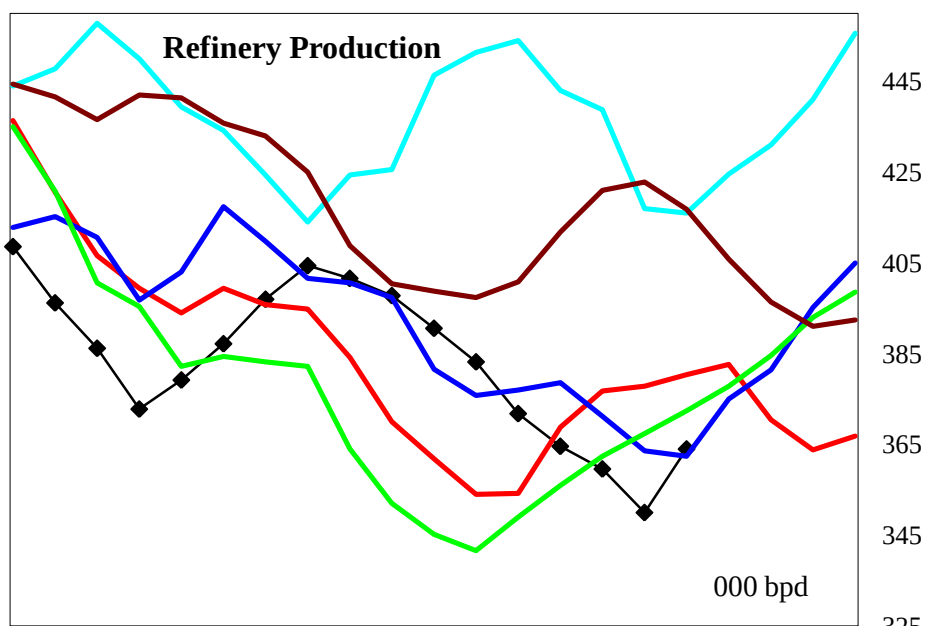
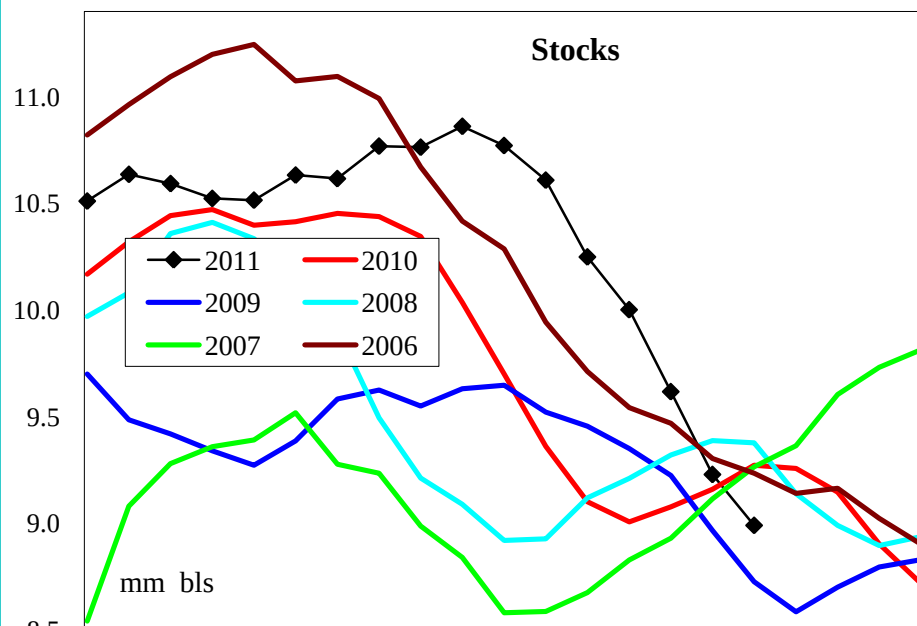
-18.3

-11.5

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

-169

-26

-3

33

-1.8

-6.7

-15.5

8.6

PADD 5 Residual Fuel Oil Supply

