



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

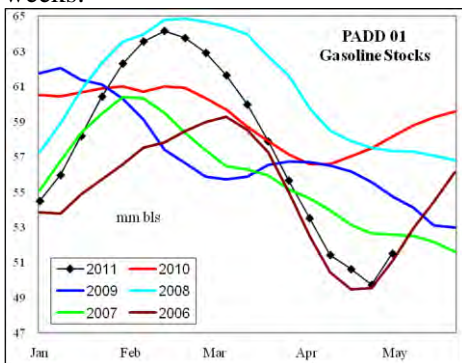
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 11, 2011

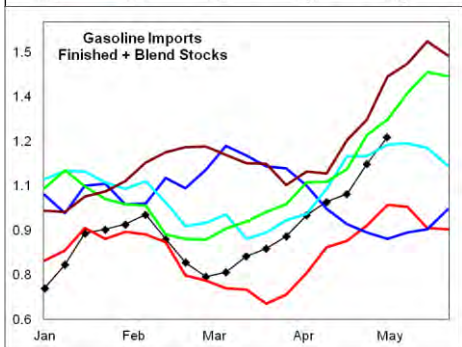
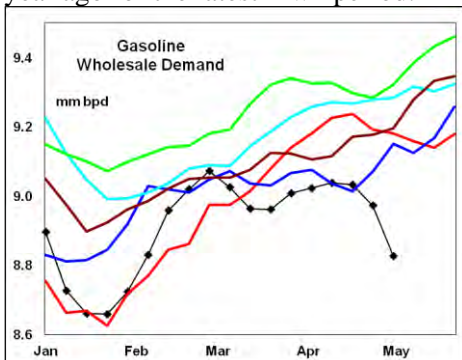


Major Fundamental Trends¹

Gasoline stocks surged +3.5 million barrels last week in PADD 1, where a significant supply squeeze had been in place. Increased imports, higher receipts from the Gulf and very weak demand each contributed to the first stock build in the region of the last 10 weeks.

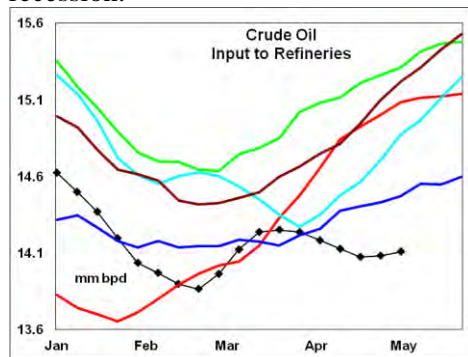


Very high retail prices and weak economic growth has pressured gasoline demand -221,000 bpd below a year ago for the latest 4-wk period.



Refiners have not yet returned from extended maintenance, with crude oil runs increasing only +49,000 bpd last week. Crude runs remain -0.6 million

bpd below the prior record low, which occurred in 2009, at the depths of the recession.



Expect crude oil runs to increase significantly during the next 30-days, increasing the supplies of transport fuels in all major markets.

Demand for transport fuels declined over -100,000 bpd for each fuel last week. Gasoline demand was exceptionally weak.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -2.4%; distillate up +4.5%; jet fuel up +1.7% while residual fuel oil increased +9.7%.

Stocks forward coverage: Gasoline demand coverage increased on a +1.3 million barrel build in stocks, and lower demand. Coverage levels were above the mid range.

Distillate coverage fell on a -0.8 million barrel stock draw. Coverage levels were sharply below the last 2-years.

Jet fuel coverage increased on a +0.2 million barrel stock build and weak demand. Coverage levels were below the last 2-years.

Refinery utilization rates remain extremely low with crude oil runs -0.6 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 +50,000 bpd increase in output compared to the +49,000 bpd increase in crude oil runs. The yield % on crude oil runs was above the 5-year range, driven by blend stock imports.

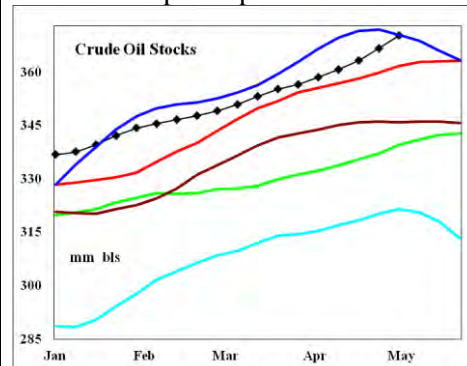
Distillate yield % on crude oil runs decreased slightly on a -13,000 bpd decrease in output compared to the small increase in crude oil runs. Yield % was well above the 5-year range.

Jet fuel yield % on crude oil runs fell on a -111,000 bpd drop in output, compared to the small increase in crude oil runs. The yield % on crude oil runs was at the mid range.

Petroleum Imports were little changed on the week, with the exception of gasoline which reached a level above each of the last 3-years; driven by highly favorable import economics and a supply squeeze on the East Coast.

During the latest 4-wk period crude oil imports decreased -0.9 million bpd below last year; distillate imports increased +1,000 bpd; finished gasoline imports decreased -11,000 bpd, gasoline blend stock imports increased +130,000 bpd; jet fuel imports were -13,000 bpd lower, while residual fuel oil imports decreased -54,000 bpd.

Crude Oil stocks climbed +3.8 million barrels on the week, with builds in all regional markets, lifting stock levels to match 5-year highs. Imports remain below the historic range, including a -0.3 million bpd drop in PADD 2.



While seasonal stock builds continue in all regions from winter lows, PADD 2 levels were +13 million barrels above last years' record highs. Expect higher runs in the Gulf region to limit further seasonal builds, pointing to continued weakness in WTI price against global grades.

¹ Source is latest EIA Weekly Statistics



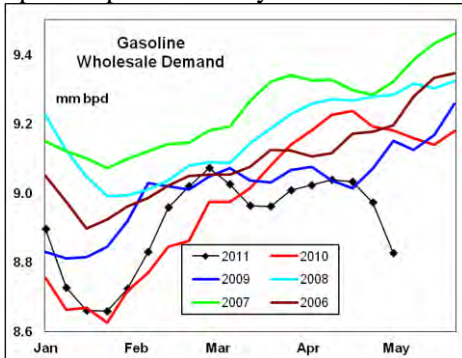
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

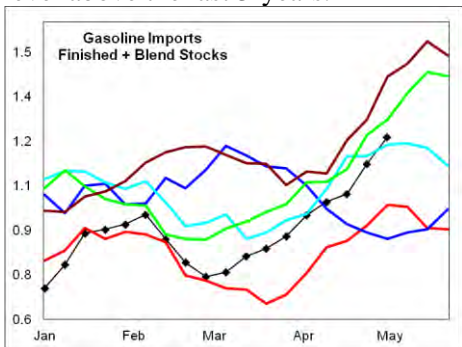
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 11, 2011

Product Supply-Demand Trends

Gasoline demand decreased -117,000 bpd on the week. The latest 4-wk average demand was down -221,000 bpd compared to last year.



Production increased +50,000 bpd on the week, with output matching the level of four of the last 5-years. Imports increased +107,000 bpd to a level above the last 3-years.



Stocks increased +1.3 million barrels on the week, the first build of the last 90-days. The latest 4-wk stock draw East of the Rockies was less than the average for the period.

Very high retail prices and weak economic growth has driven wholesale demand sharply lower during the last 2-months.

Increased imports and weak demand contributed to a +3.5 million barrel stock build in PADD 1 last week; a region which has experienced a severe supply squeeze.

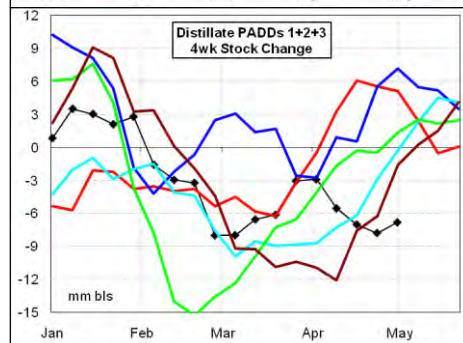
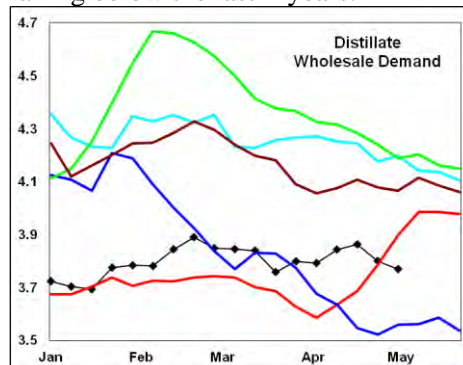
Subject to risk of Mississippi River flooding impacting supplies to the East Coast; favorable import economics and a return to operation of refiners should lead to improved supplies going forward.

Distillate demand declined -124,000 bpd last week. The latest 4-wk

average demand was +166,000 bpd above last year.

Supply declined -44,000 bpd on the week, with both production and imports lower. Supply levels were comparable to the last three years.

Stocks decreased -0.8 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 -6.8 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.

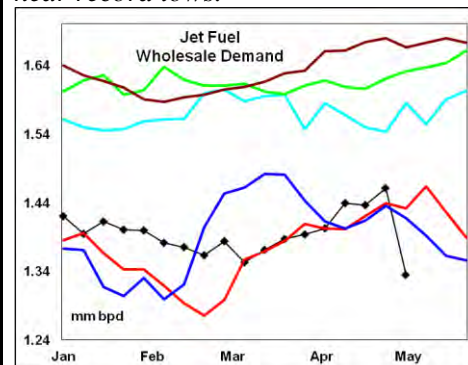
While the impact of Mississippi River flooding is uncertain, expect an increase in output in the near term and seasonal low demand to lead to stock builds later in the current quarter.

Jet Fuel demand decreased -139,000 bpd on the week, a level well below the 5-year range. The latest 4-wk average demand was +24,000 bpd above last year.

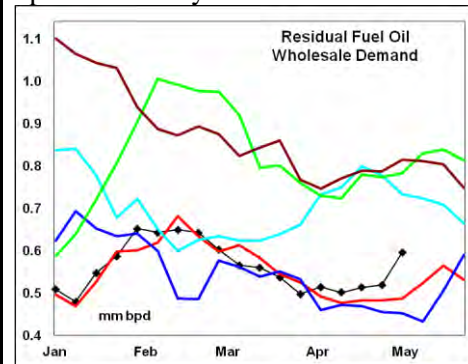
Supply fell -93,000 bpd, on a drop in production. Stocks increased +0.2 million barrels, with the level below the historic mid range.

Demand remains comparable to levels of the last 2-years. Production and imports were each below the 5-year range.

Large regional differences in the supply balance exist. PADDs 1 and 2 are very well supplied, while stock levels and production each at record lows on the West Coast. The key PADD 3 region shows stock levels near record lows.



Residual fuel oil demand, including exports, increased +176,000 bpd last week, with the 4-wk average +46,000 bpd above last year.



Supply (production + imports) decreased -122,000 bpd on lower imports. The latest 4-wk average supply was -46,000 bpd below a year ago. Stocks decreased -0.6 million barrels, to a level at the low end of the historic range.

The Gulf residual fuel oil market remains well supplied on record imports, high production and stock levels above four of the last 5-years. The Midwest market is also well supplied compared to the last 3-years. Stock levels remain extremely low in PADD 1 where the supply balance is relatively tight.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

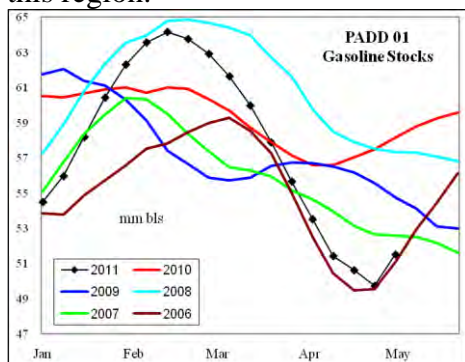
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 11, 2011

PADD Supply Trends

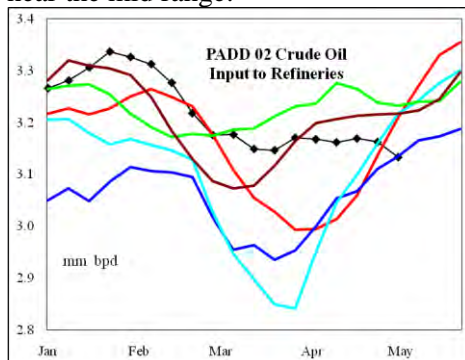
PADD 1 refinery crude oil runs increased +27,000 bpd last week, with the level -192,000 bpd below last year.

Gasoline production fell -133,000 bpd on the week, while imports also decreased -72,000 bpd. Import levels were above the last 3-years for the week, and at the highest level of this year. Stocks surged +3.5 million barrels on weak demand the high level of supply to this region.



Distillate supply increased +23,000 bpd on increased production and imports. Stocks increased +0.6 million barrels to level below each of the last 2-years.

Jet fuel stocks increased +0.2 million barrels last week, to a level near the mid range.



PADD 2 crude oil refinery runs decreased -61,000 bpd last week, to a level that matched 5-year lows for the period. Crude oil stocks were unchanged, including a +1.1 million barrel build in Cushing. Imports declined -0.3 million bpd to a level at the upper end of the historic range.

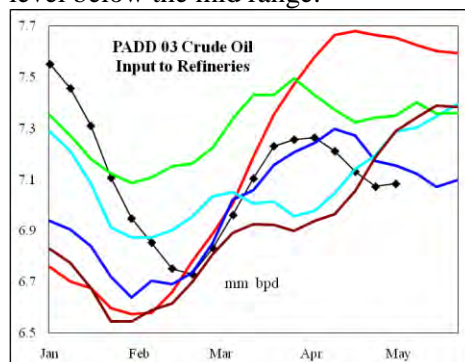
Gasoline production fell -170,000 bpd on the week, to a level at the low

end of the 5-year range. Stocks were nearly unchanged on the week, at a level near historic lows.

Distillate production was nearly unchanged on the week, at a level well below the mid range. Stocks decreased -0.9 million barrels, to a level above the mid range.

Jet fuel production declined -16,000 bpd on the week to the mid range. Stocks increased +0.5 million barrels to a record high level.

PADD 3 crude oil runs increased +143,000 bpd last week. The latest 4-wk average thru put was -0.6 bpd below last year, and below the historic range. Crude imports increased +0.2 million bpd on the week, with the level below the 5-year range. Stocks increased +1.5 million barrels, with the level below the mid range.



Gasoline production increased +241,000 bpd on the week, although the level remains extremely low. Stock levels remain below the last 3-years.

Distillate production decreased -36,000 bpd on the week, with the level slightly above the 5-year range. Stocks fell -1.2 million barrels on higher deliveries to other regions, with the level matching 5-year highs.

Jet fuel production decreased -30,000 bpd on the week, to a level below the mid range. Stock levels remain at 5-year lows.

Residual fuel oil supply decreased -70,000 bpd on the week, driven by lower imports. Stock levels remain above four of the last 5-years.

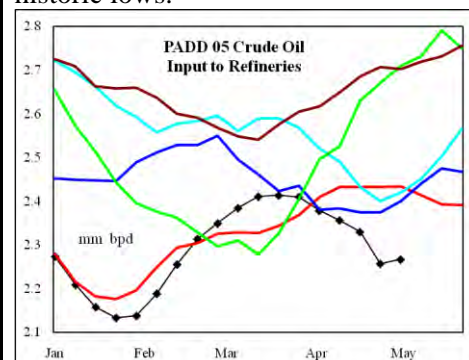
PADD 4 refinery crude runs decreased -30,000 bpd on the week, with the

level at the low end of the historic range. Crude oil stock levels were below the last 2-years.

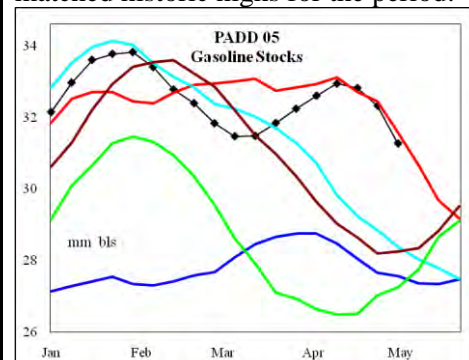
Gasoline production increased +27,000 bpd, with the level below the historic mid range. Stock levels remain above four of the last 5-years.

Distillate supplies were at record highs with both production and stock levels at new 5-year highs.


PADD 5 crude oil refinery runs decreased -32,000 bpd on the week, with the level below each of the last 5-years. The latest 4-wk average thru put was -143,000 bpd below last year. Crude oil imports increased +273,000 bpd, leading to a +1.9 million barrel stock build. Stock levels matched historic lows.



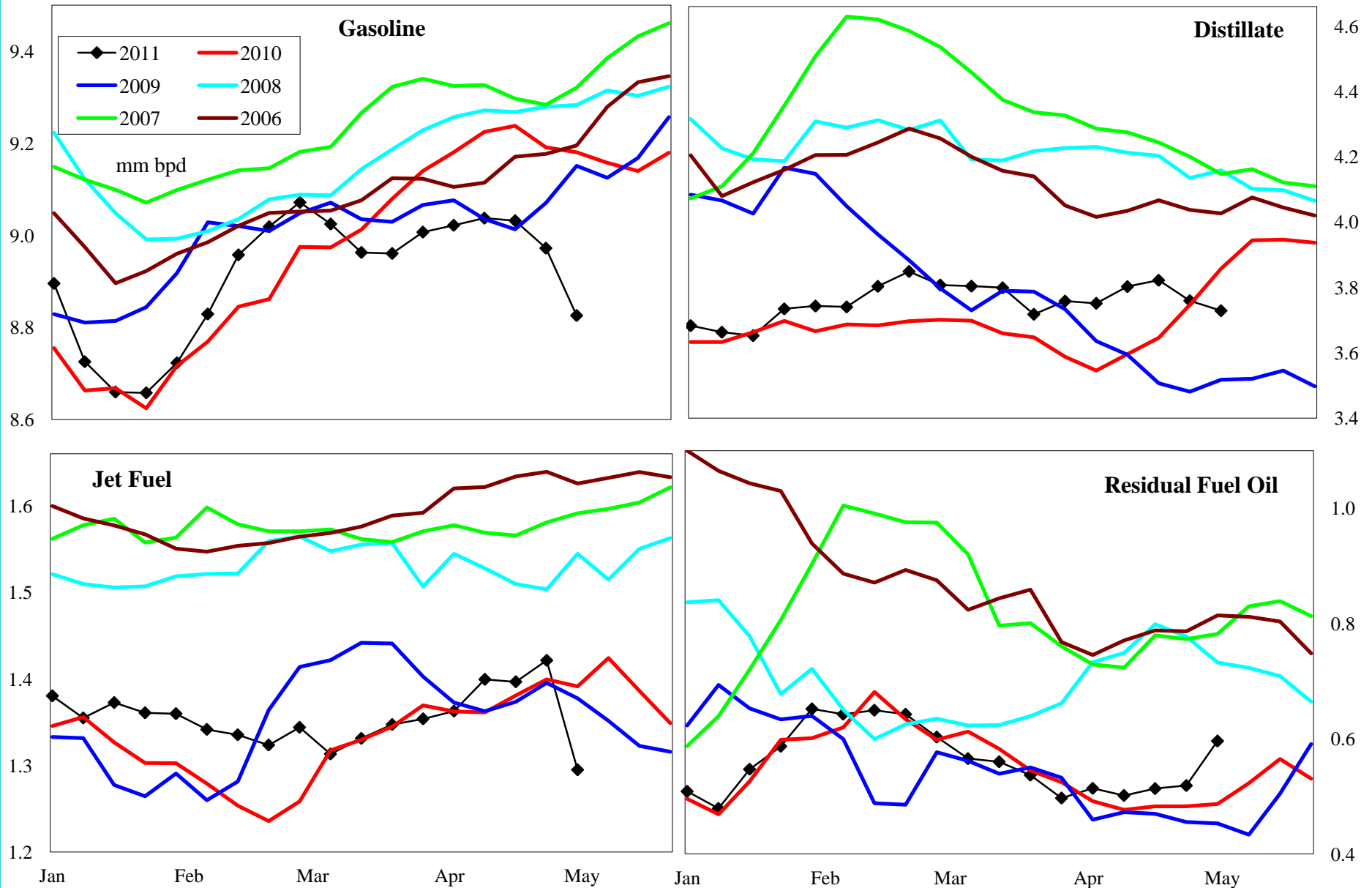
Gasoline production increased +115,000 bpd on the week, a level near historic highs. Stocks fell -1.9 million barrels on the week, to a level that matched historic highs for the period.



Distillate supply decreased -44,000 bpd on the week, the result of lower imports. Production levels remain below the 5-year range. Stocks increased +0.3 million barrels, with the level +1 million barrels above the prior 5-year high.

 FUNDAMENTAL PETROLEUM TRENDS ?		PETROLEUM: Graph Link and Weekly Summary					
		A Fundamental Petroleum Trends Weekly Report				May 11, 2011	
		Lehi German Tel: 816.505.0980				www.fundamentalpetroleumtrends.com	
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization			Imports	
Supply/Demand Trends	6-May-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	3,781	338	19	1,466	15	1,943
	Imports	87	-60	-300	194	-20	273
	Input	49	27	-61	143	-30	-32
	% Utilization	-1.10					
Gasoline	Stocks	1,275	3,508	-5	-338	-12	-1,879
	Production	50	-133	-170	152	27	115
	Imports	107	-72	44	89	0	46
	Supplied	-117					
Distillate	Stocks	-843	643	-939	-1,220	404	271
	Production	-13	4	15	-36	0	6
	Imports	-31	19	0	0	0	-50
	Supplied	-124					
Jet Fuel	Stocks	156	158	485	-10	48	-525
	Production	-111	-34	-16	-30	4	-35
	Imports	18	-42	0	0	0	60
	Supplied	-139					
Residual Fuel Oil	Stocks	-659	212	92	-527	4	-443
	Production	-12	12	0	7	-1	-30
	Imports	-102	-18	-7	-77	0	0
	Supplied	176					

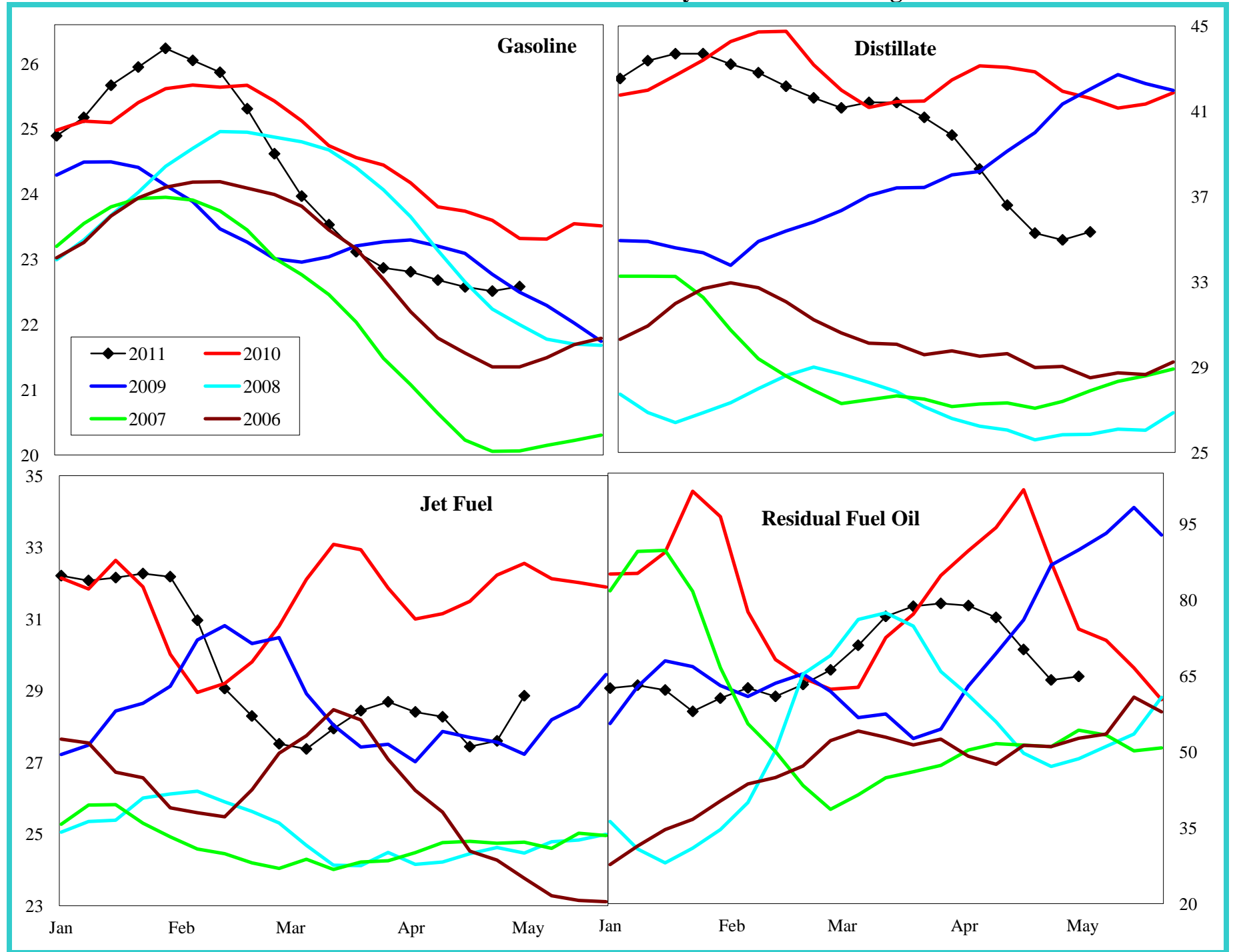
United States Wholesale Petroleum Demand



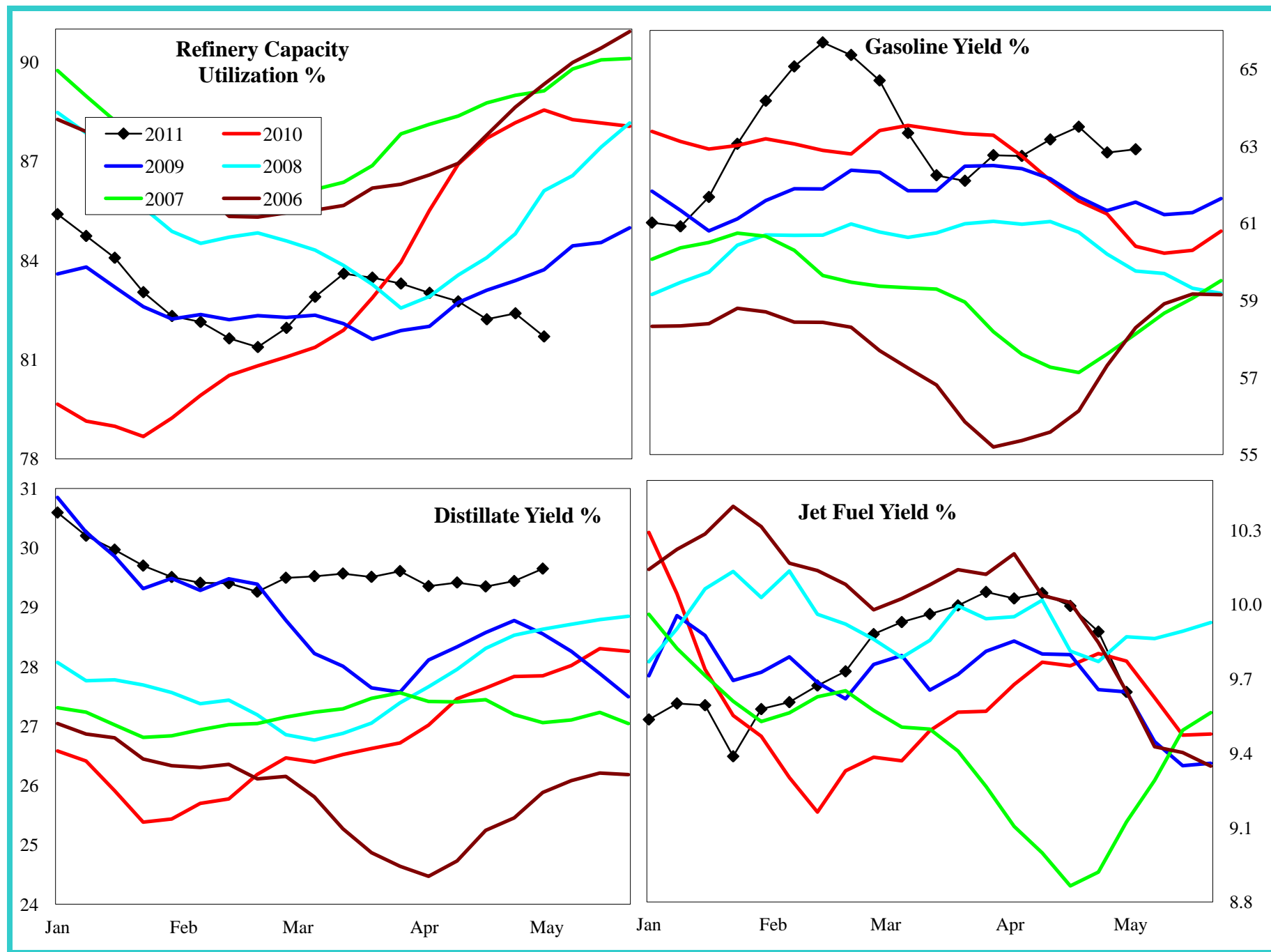
	000 bpd change from prior year				% change from prior year			
	4wk avg	Mar	Feb	Jan	4wk avg	Mar	Feb	Jan
Gasoline	-221	204	415	-113	-2.4	2.3	4.8	-1.3
Distillate	166	39	18	39	4.5	1.0	0.5	1.1
Jet Fuel	24	-69	11	-10	1.7	-4.8	0.8	-0.7
Resid	46	21	106	1	9.7	3.9	20.7	0.2



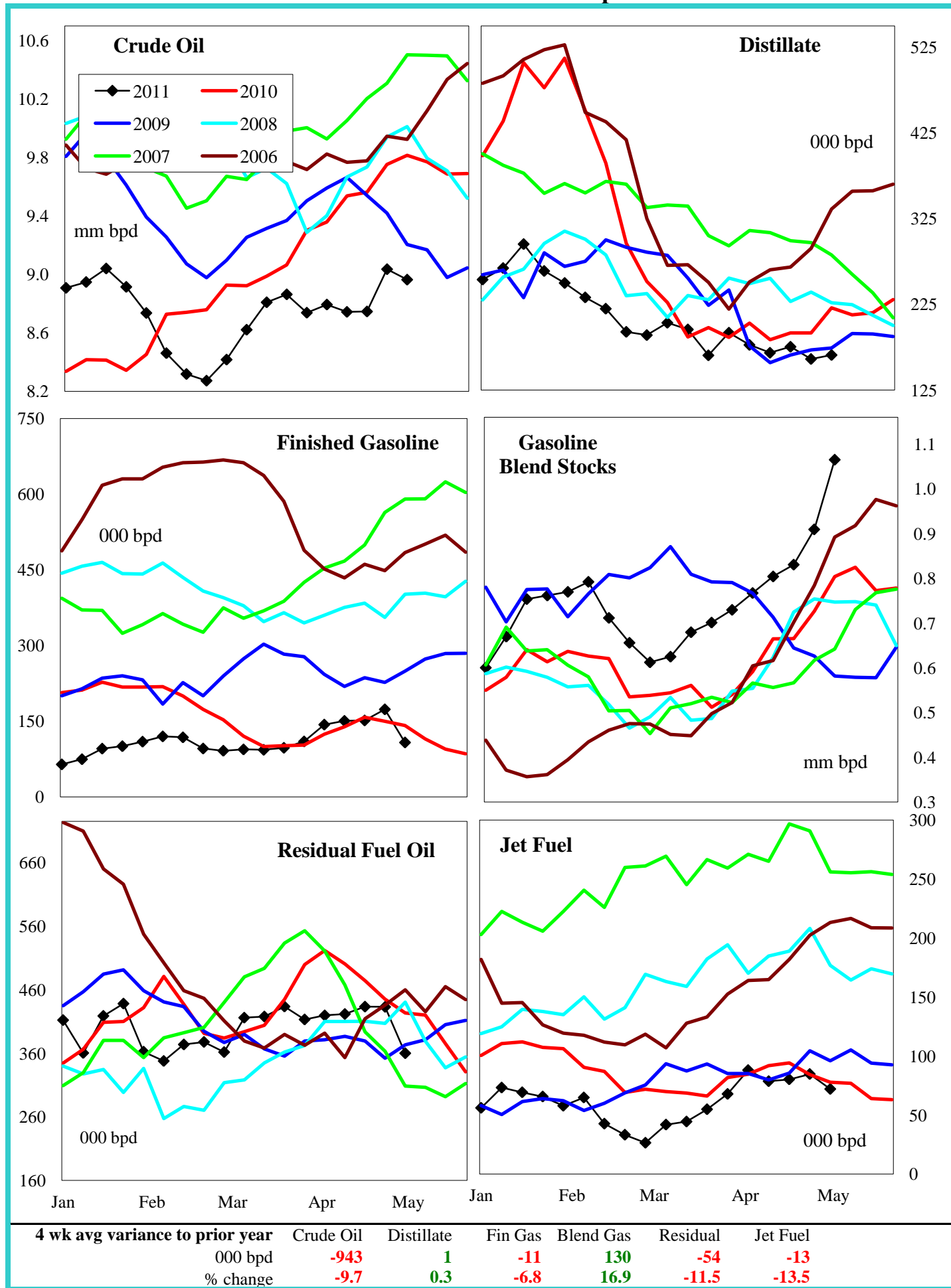
United States Product Stocks: Days Forward Coverage



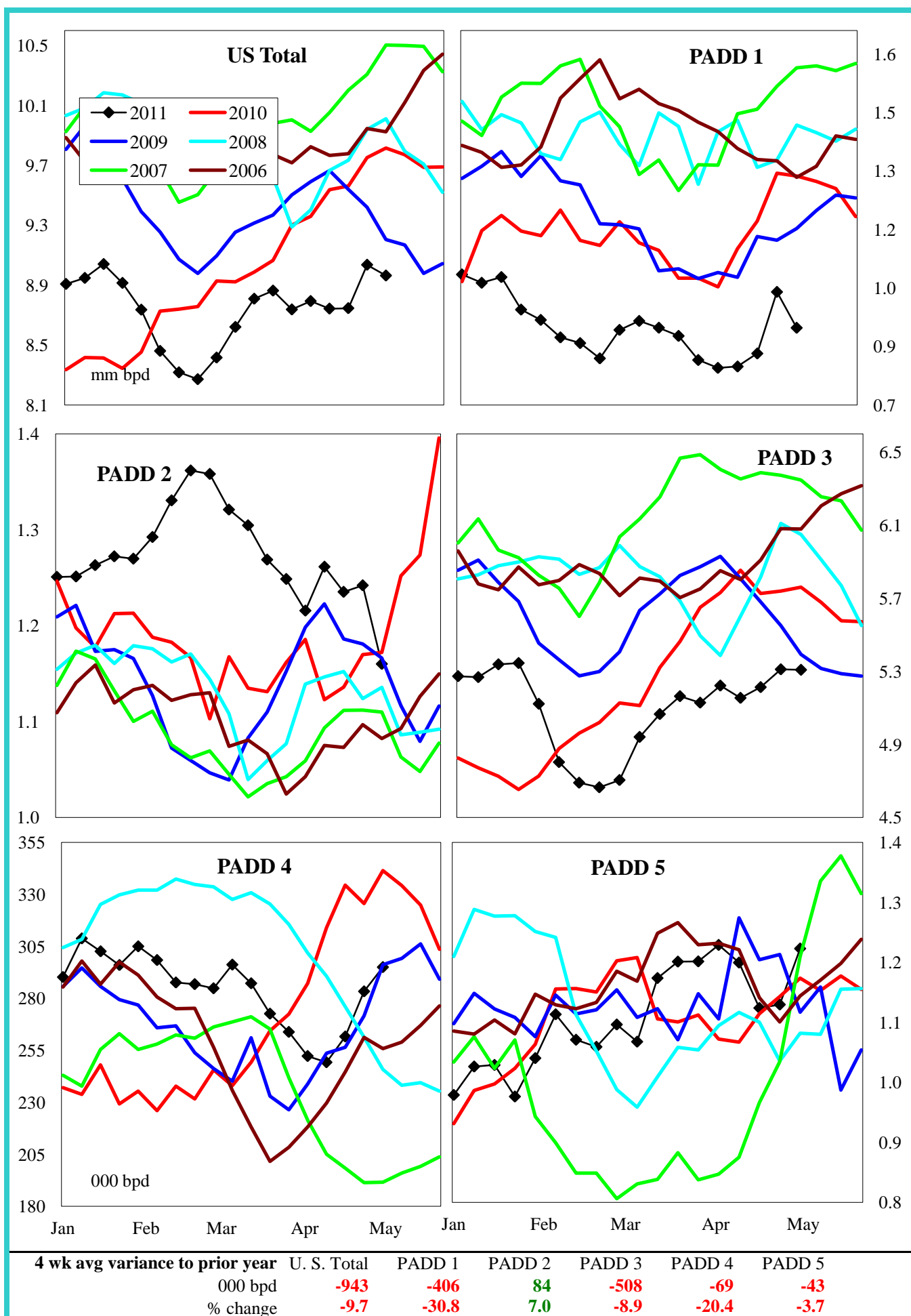
United States Refinery Percent Utilization Rate and Product Yields



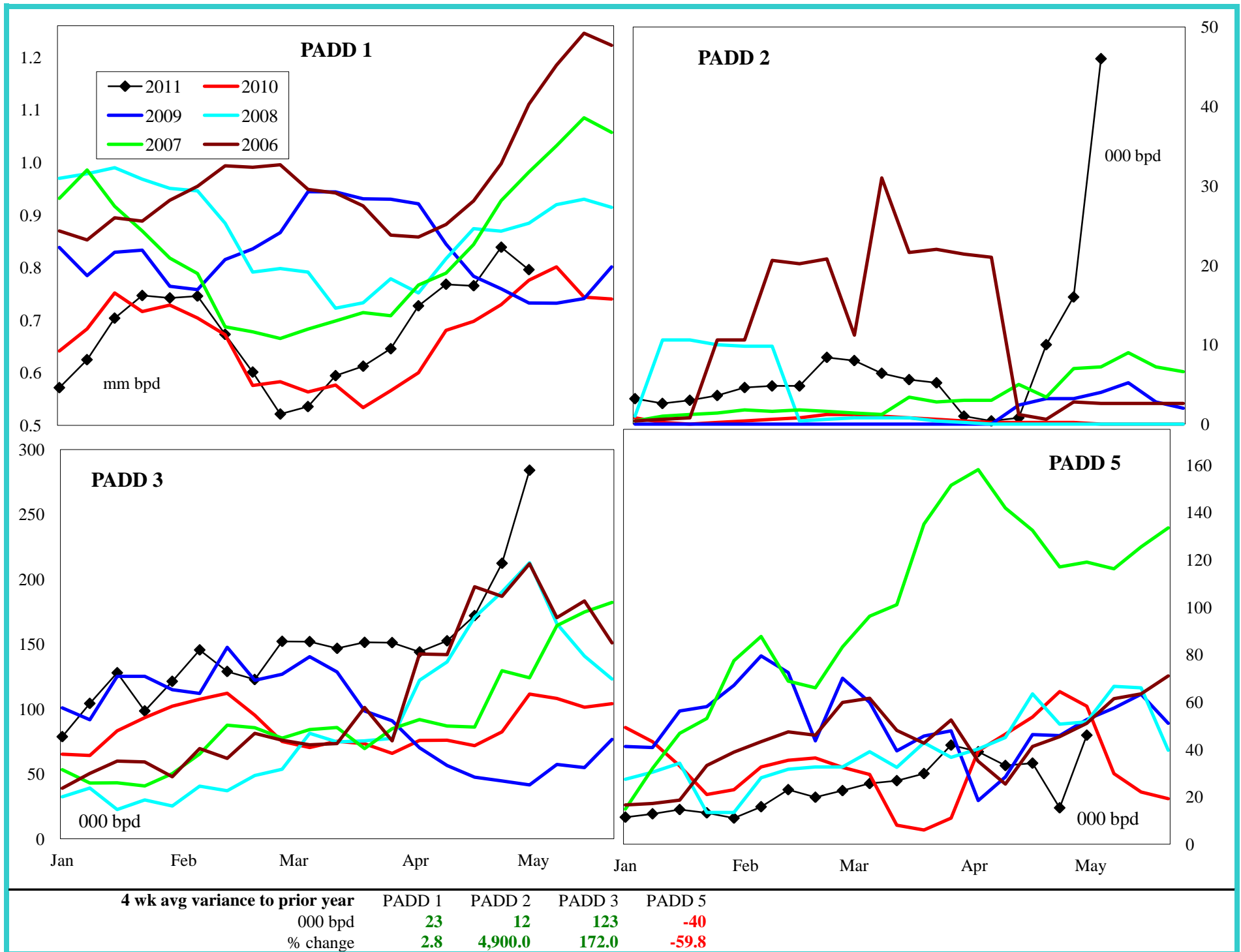
United States Petroleum Imports



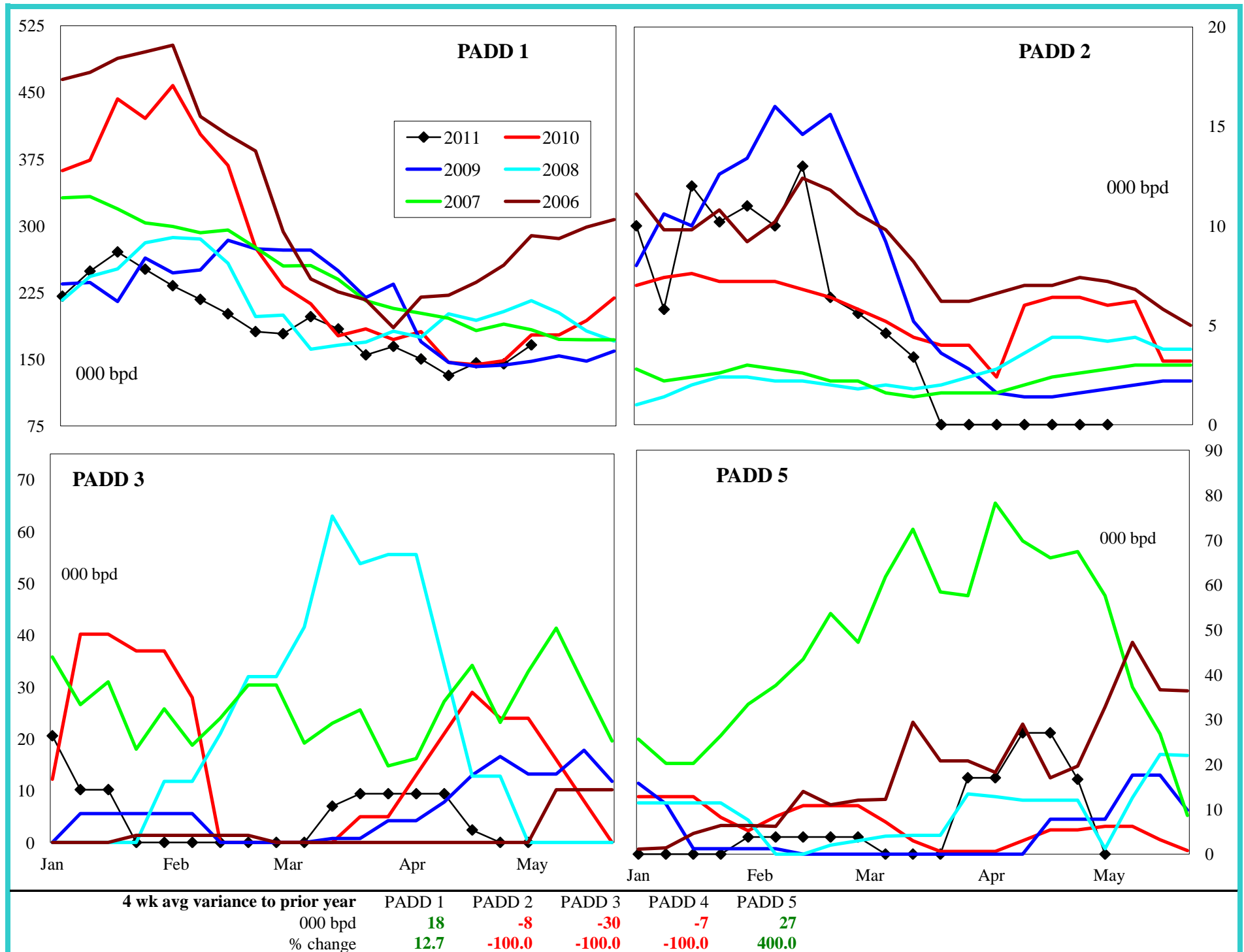
Crude Oil Imports by PADD



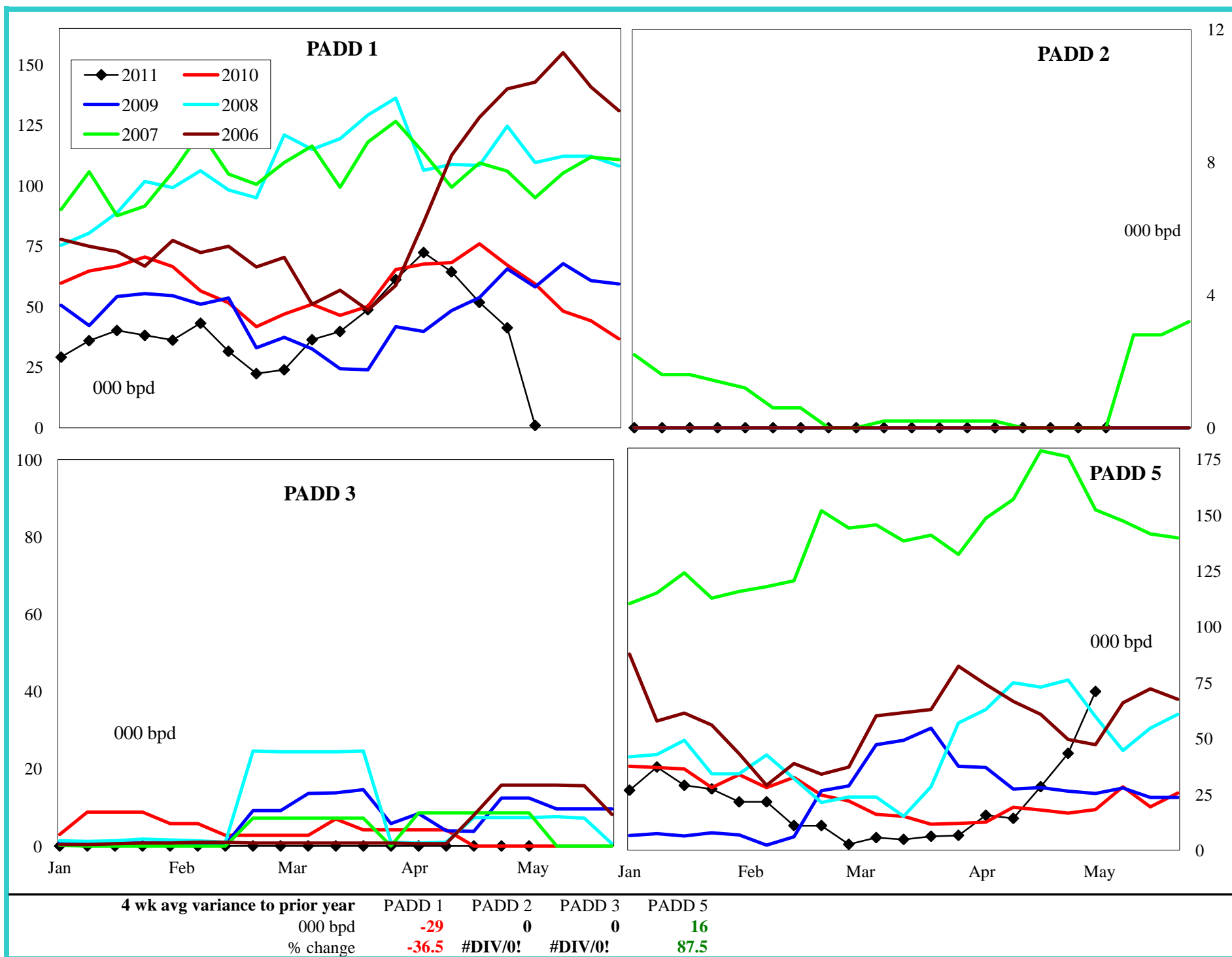
Gasoline Imports by PADD (Finished + Blend Stocks)



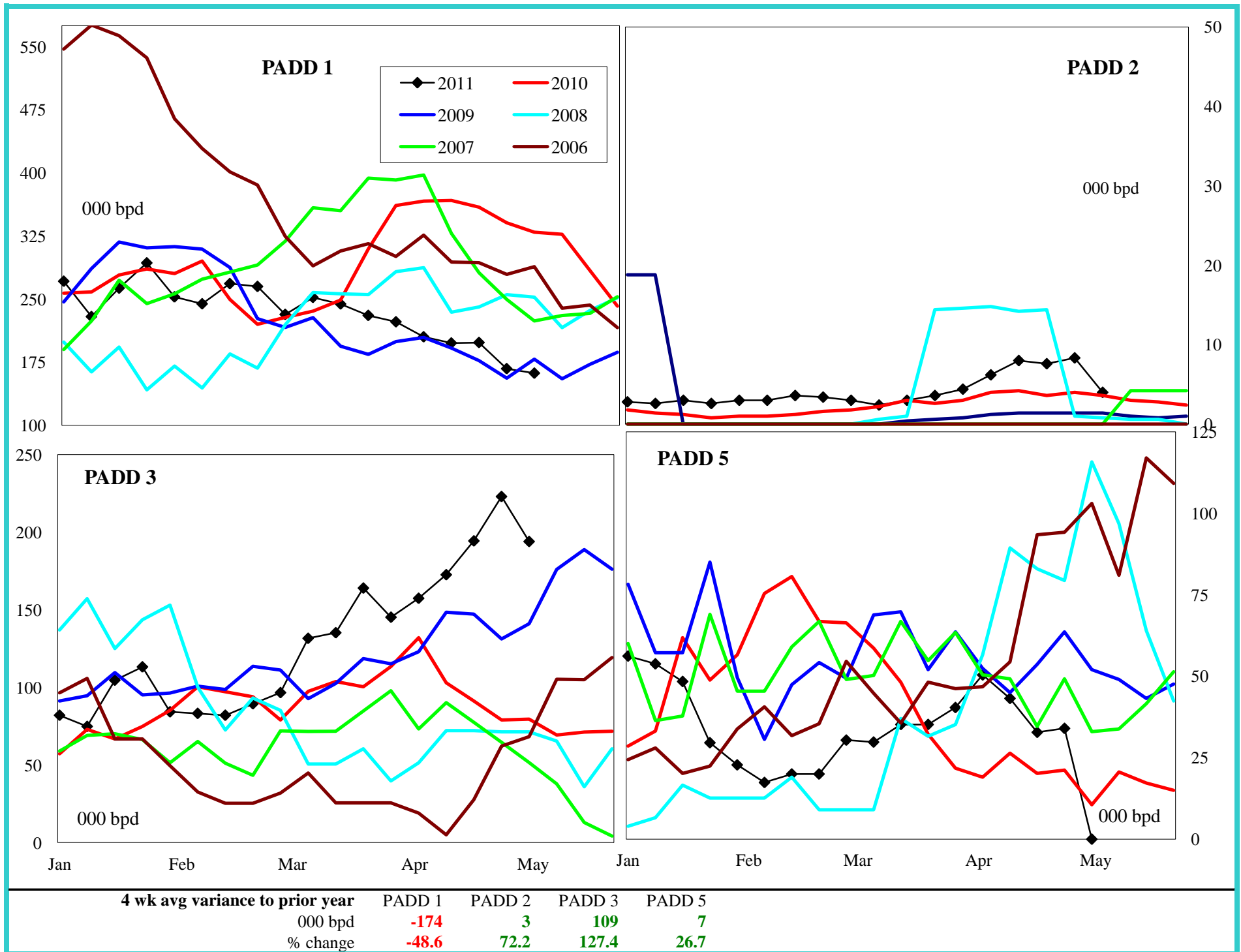
Distillate Imports by PADD



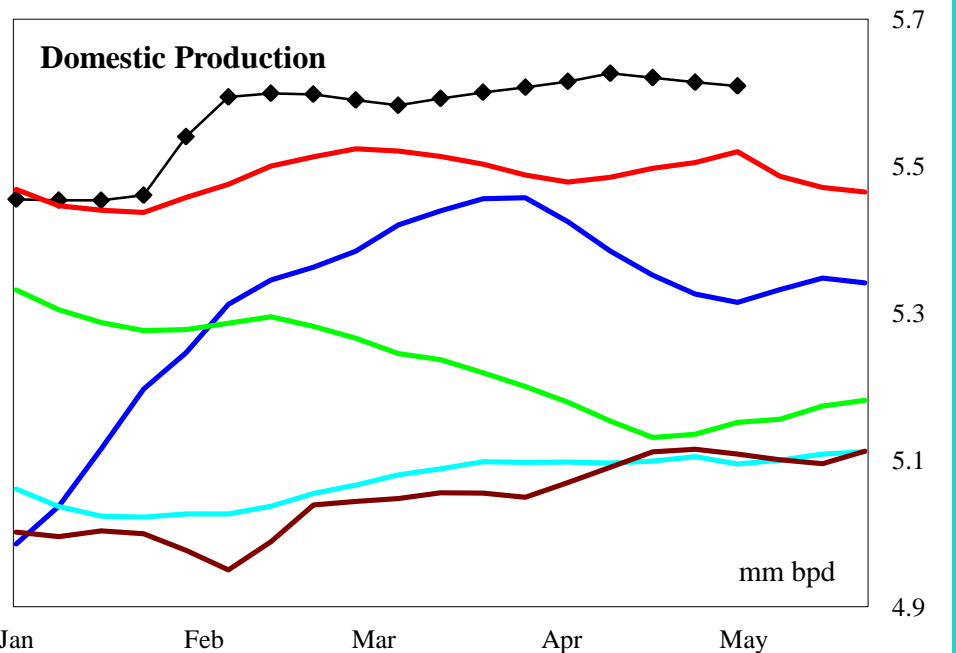
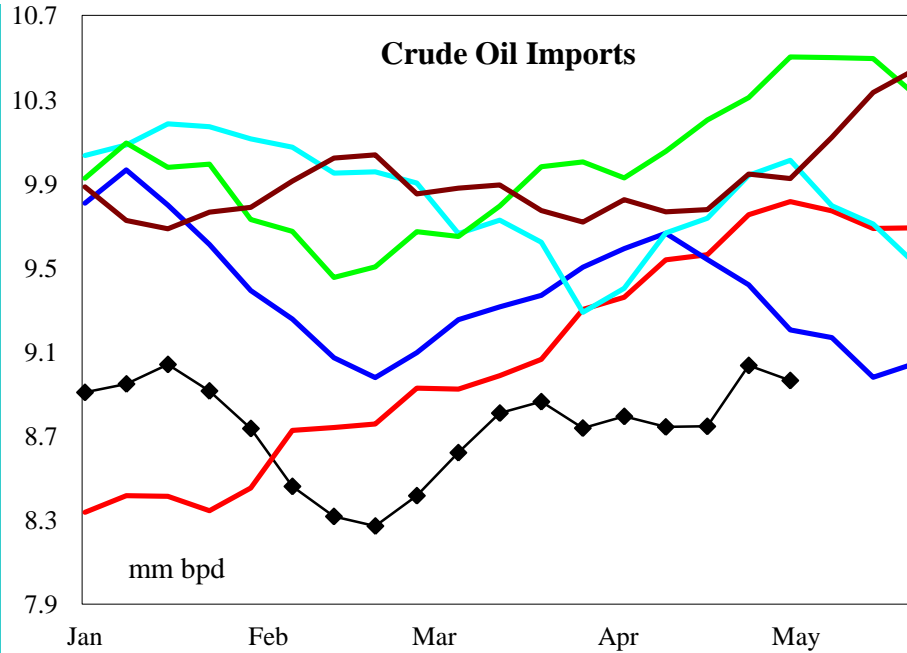
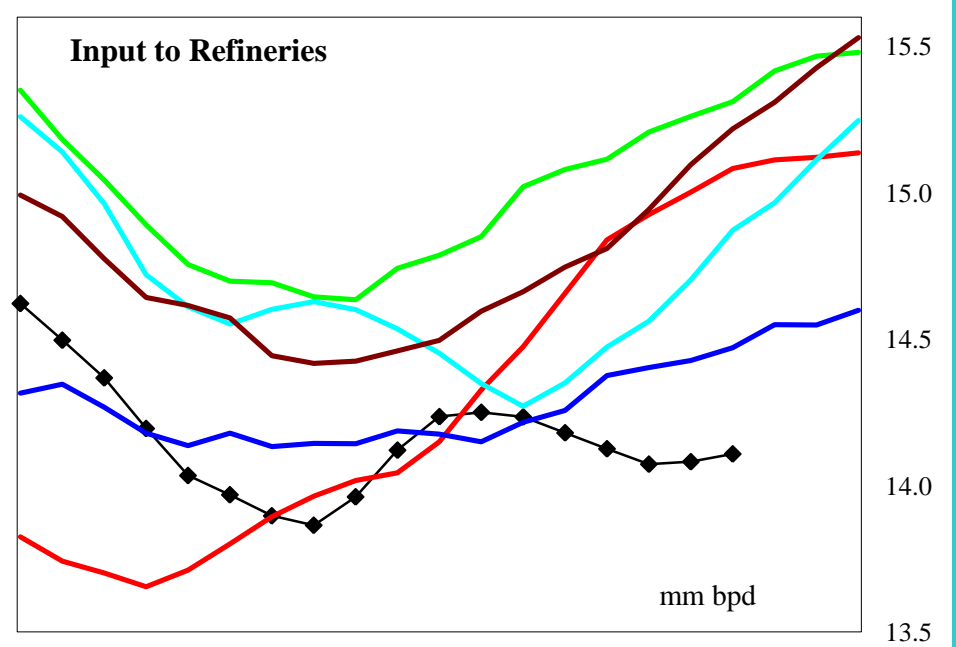
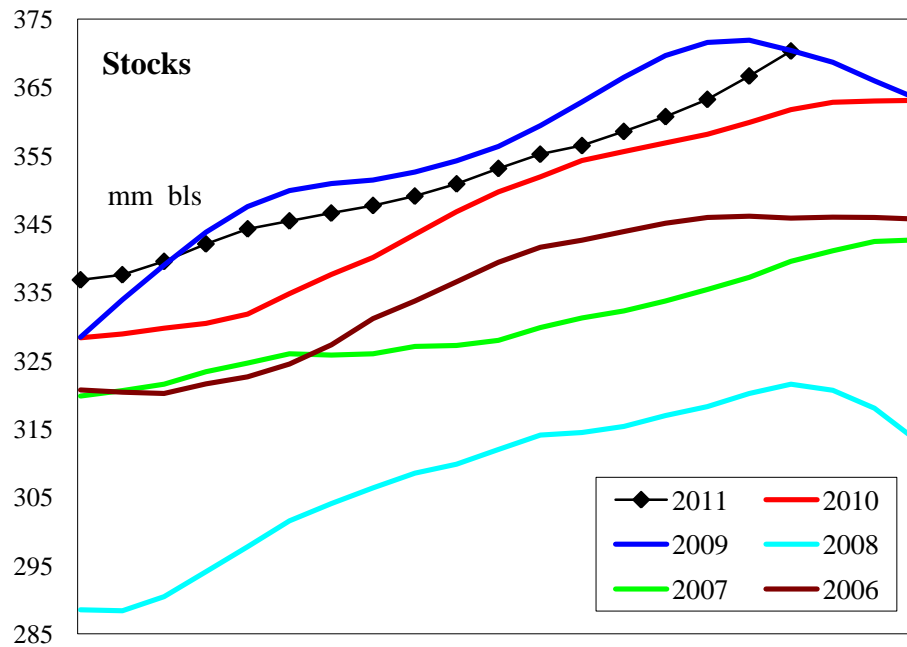
Jet Fuel Imports by PADD



Residual Fuel Oil Imports by PADD



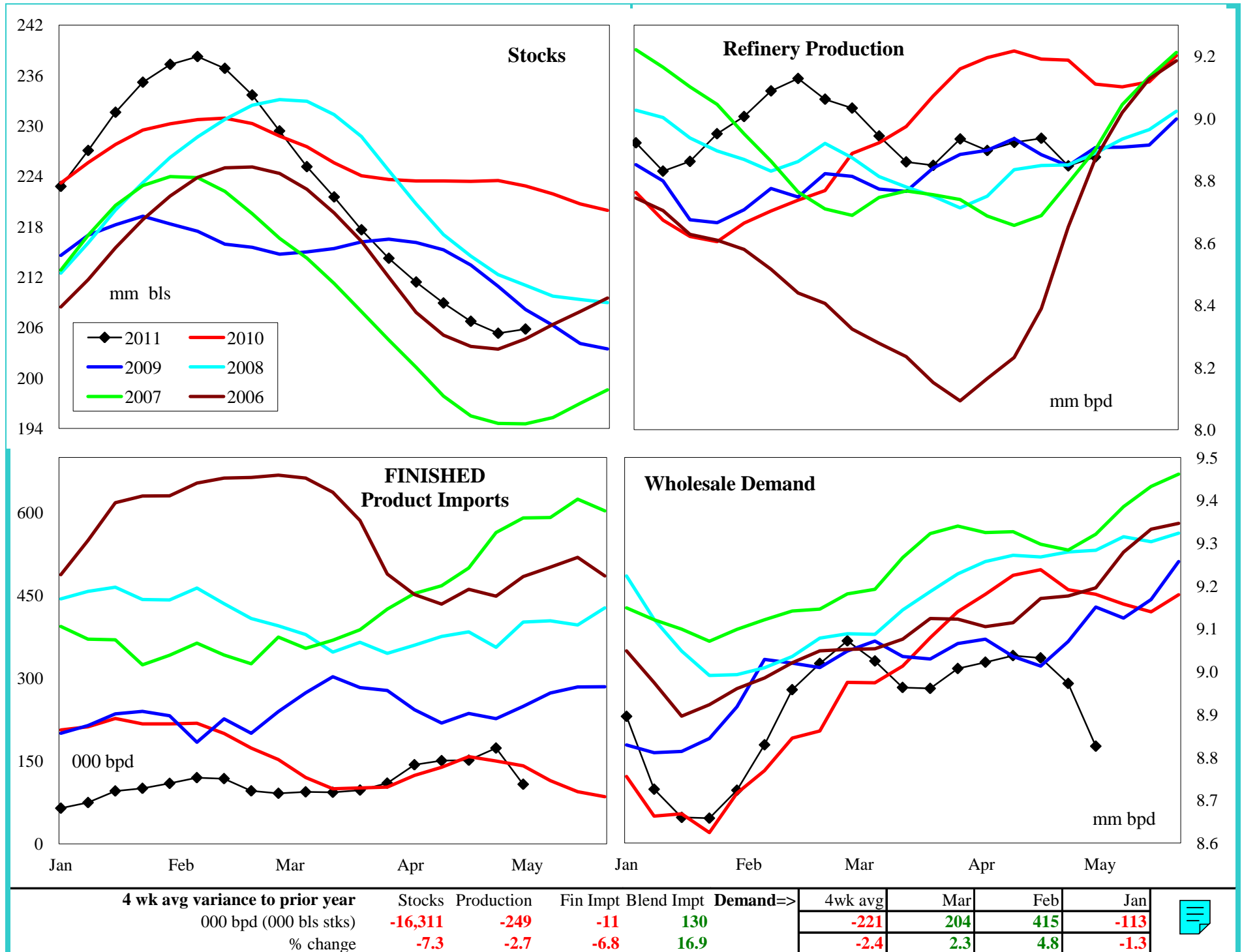
United States Crude Oil Supply and Demand Balance



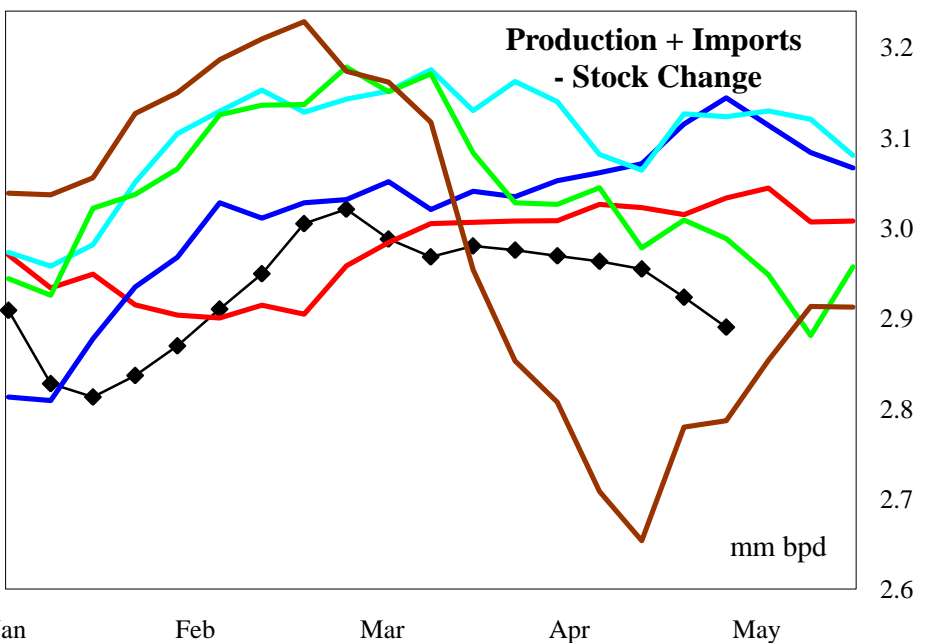
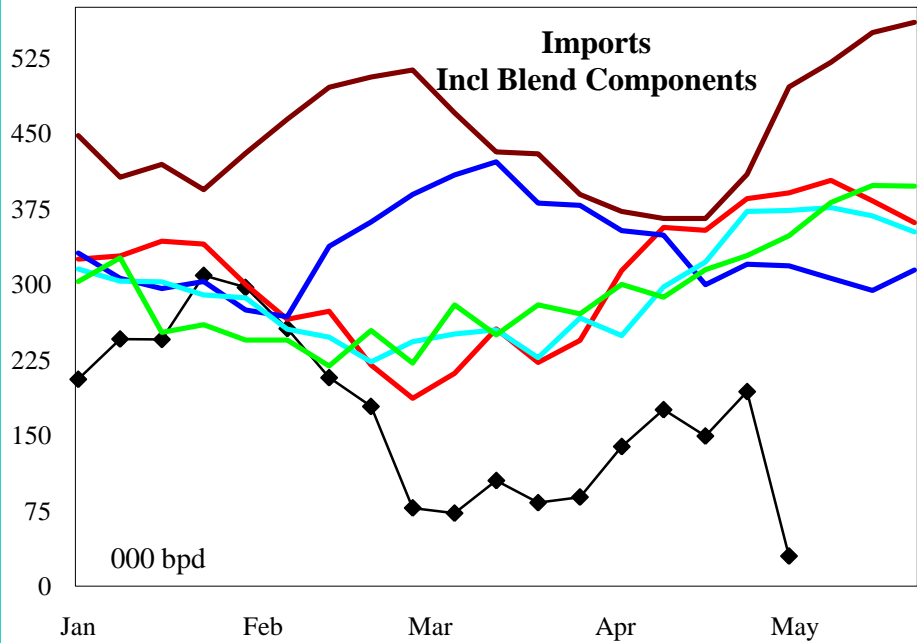
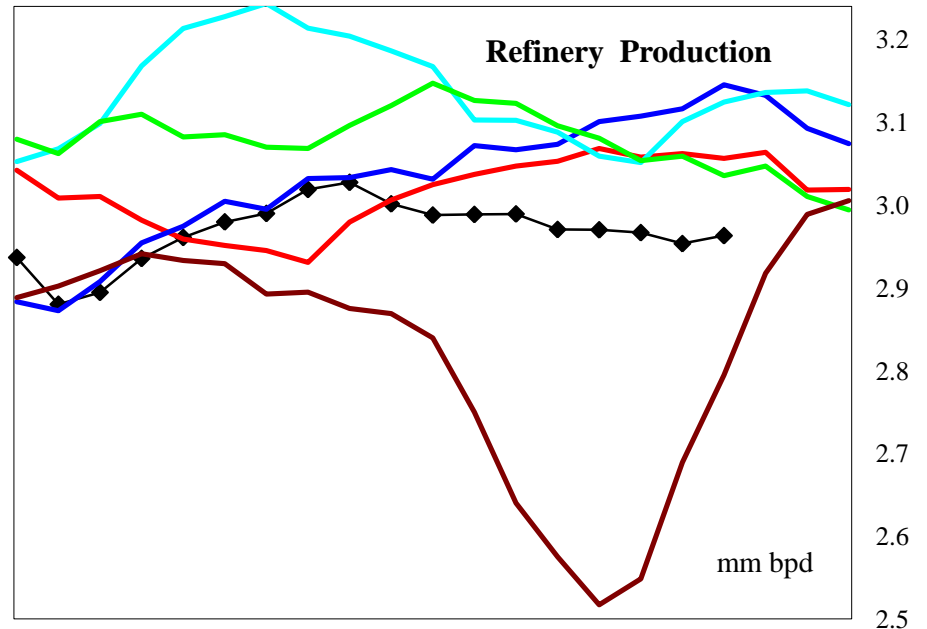
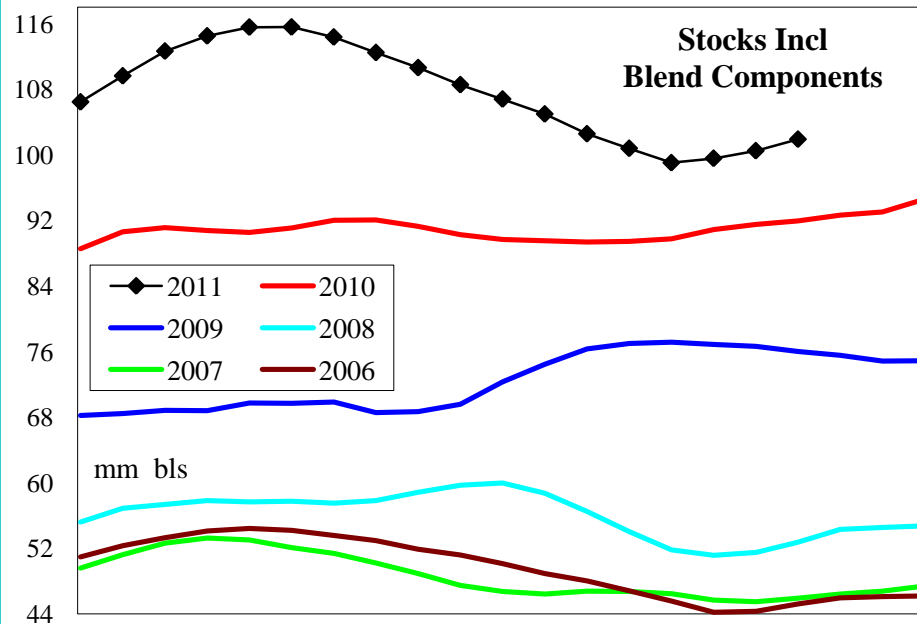
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

	Stocks	Input	Imports	U.S. Production
000 bpd (000 bls stks)	7,803	-867	-943	115
% change	2.2	-5.8	-9.7	2.1

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

9,945

10.8

Production

-98

-3.2

Imports

-234

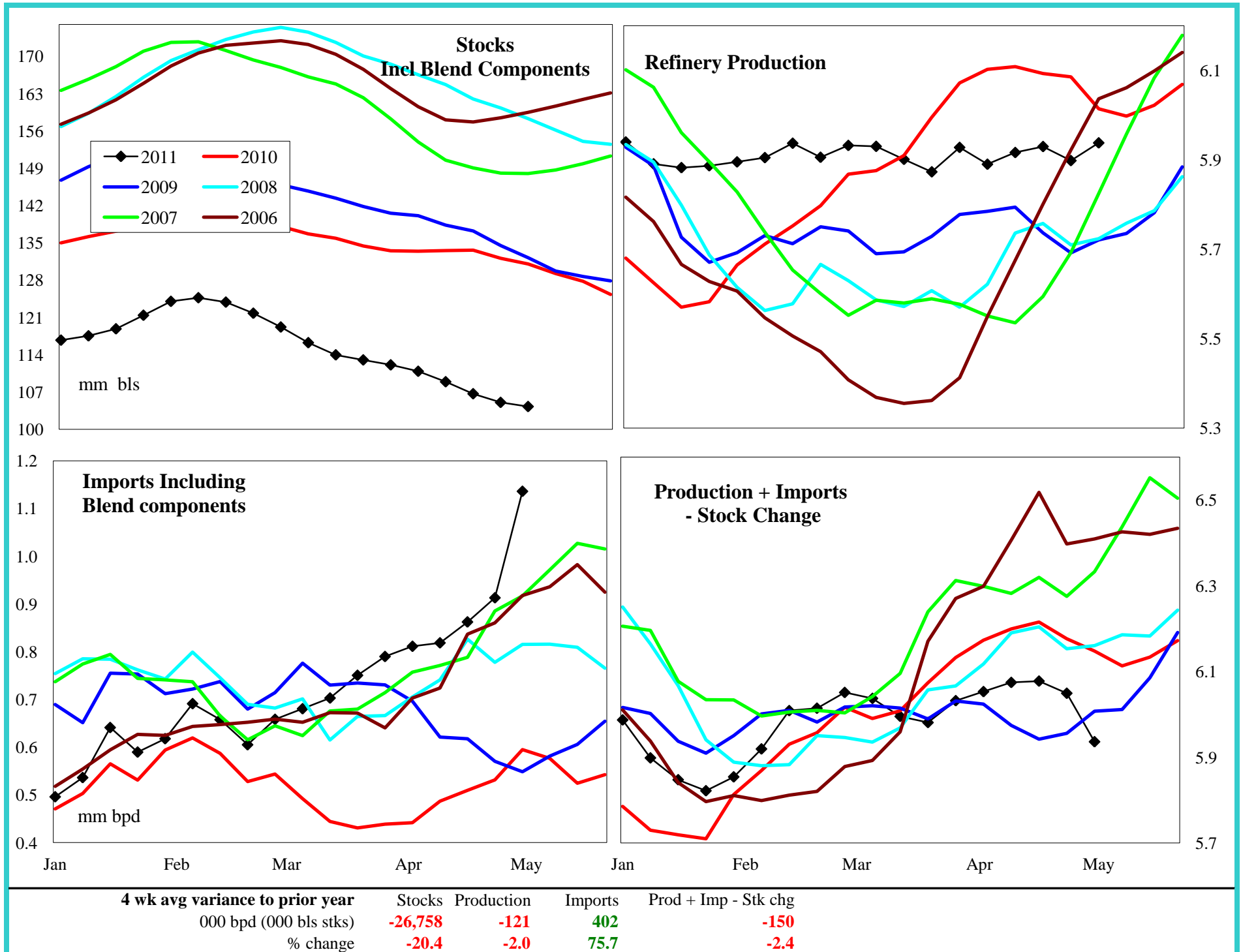
-63.1

Prod + Imp - Stk chg

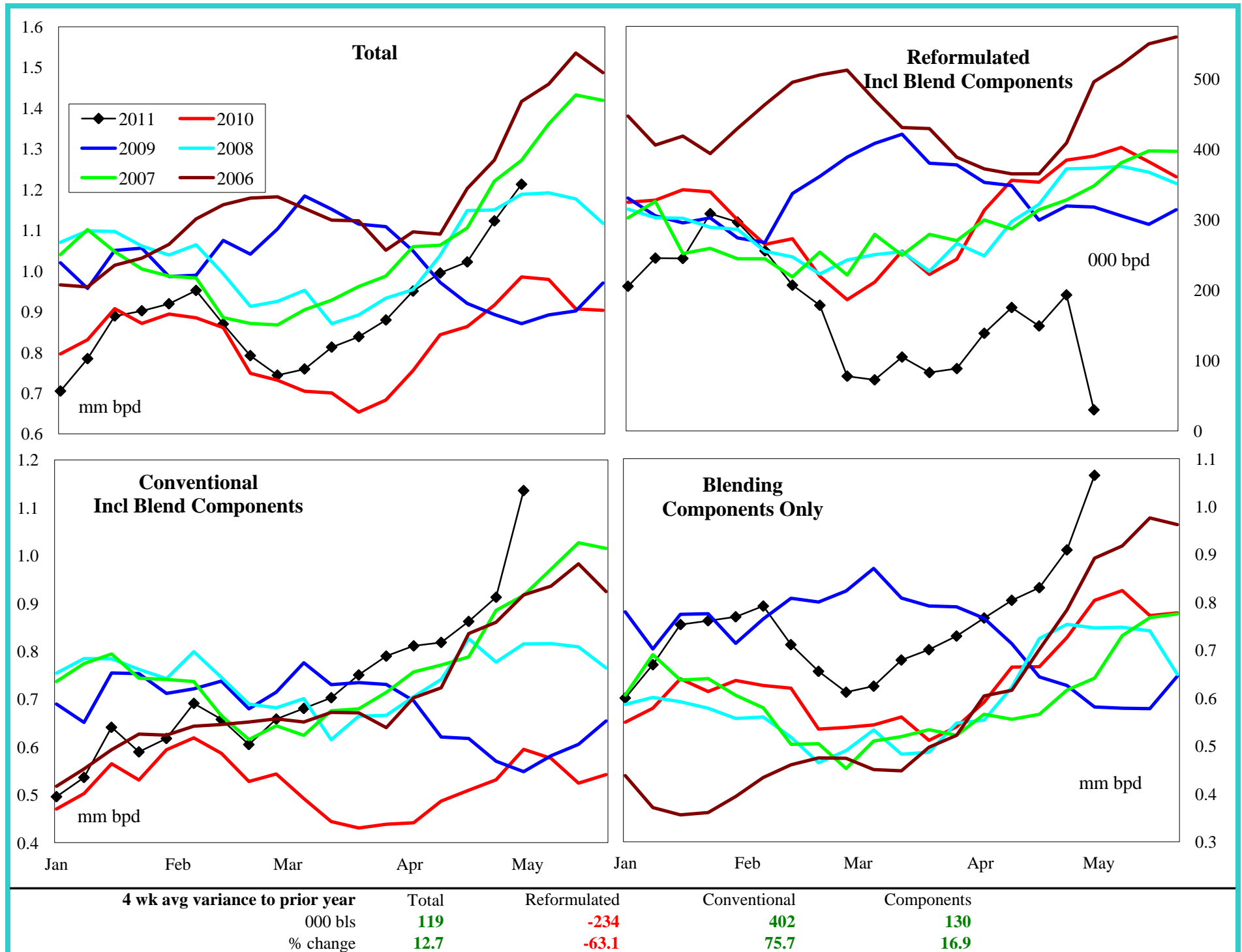
-91

-3.0

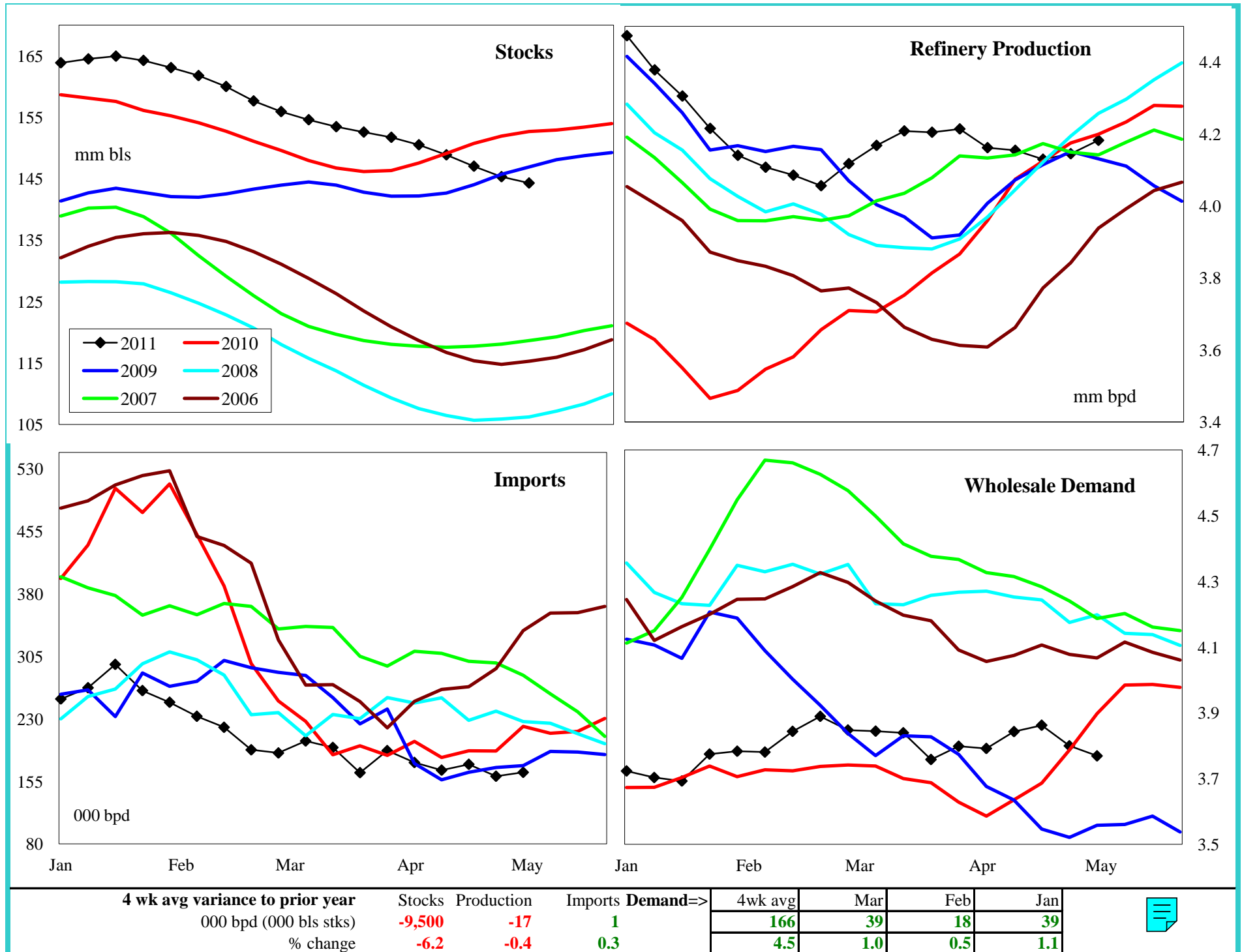
United States Conventional Gasoline Supply



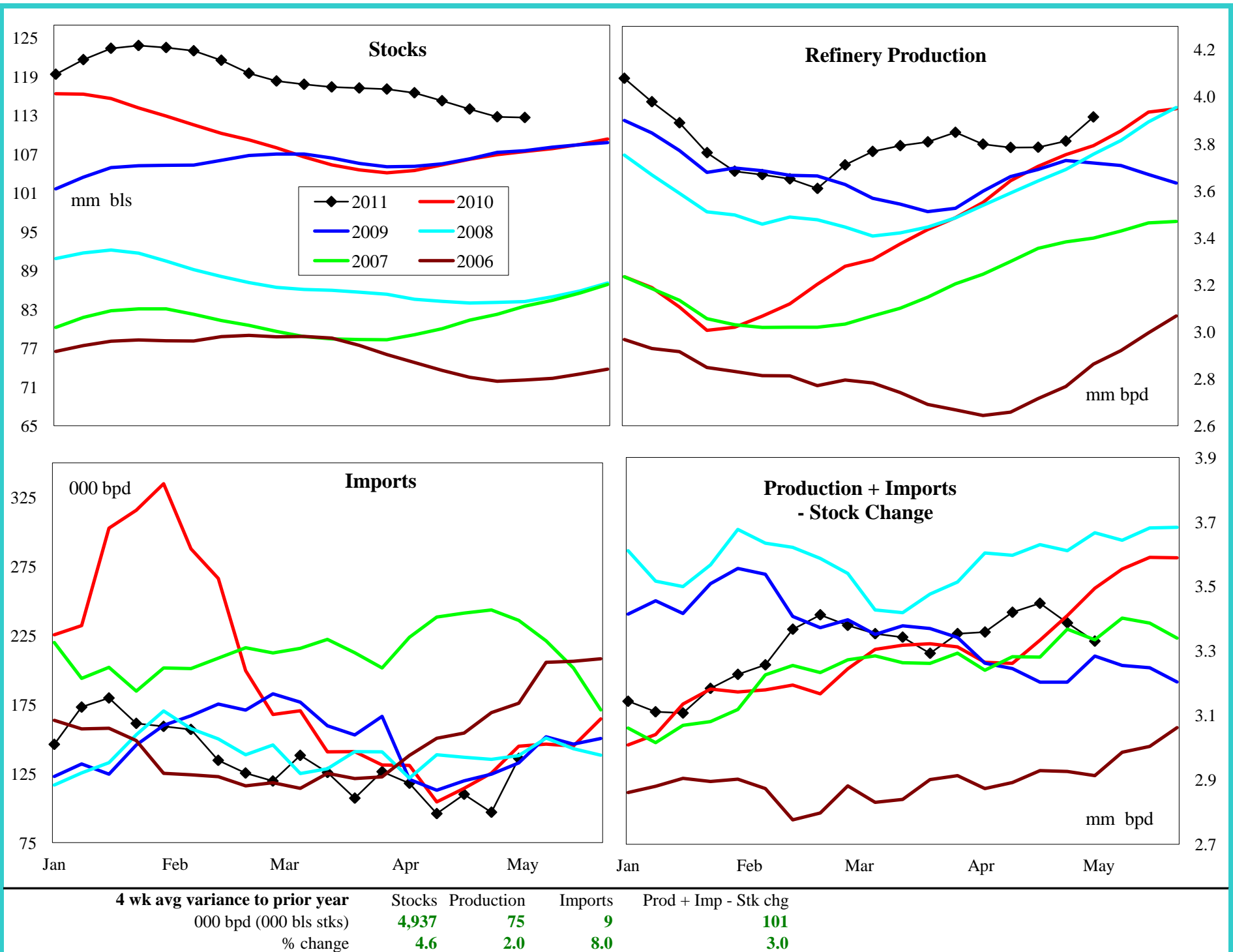
United States Gasoline Imports by Type



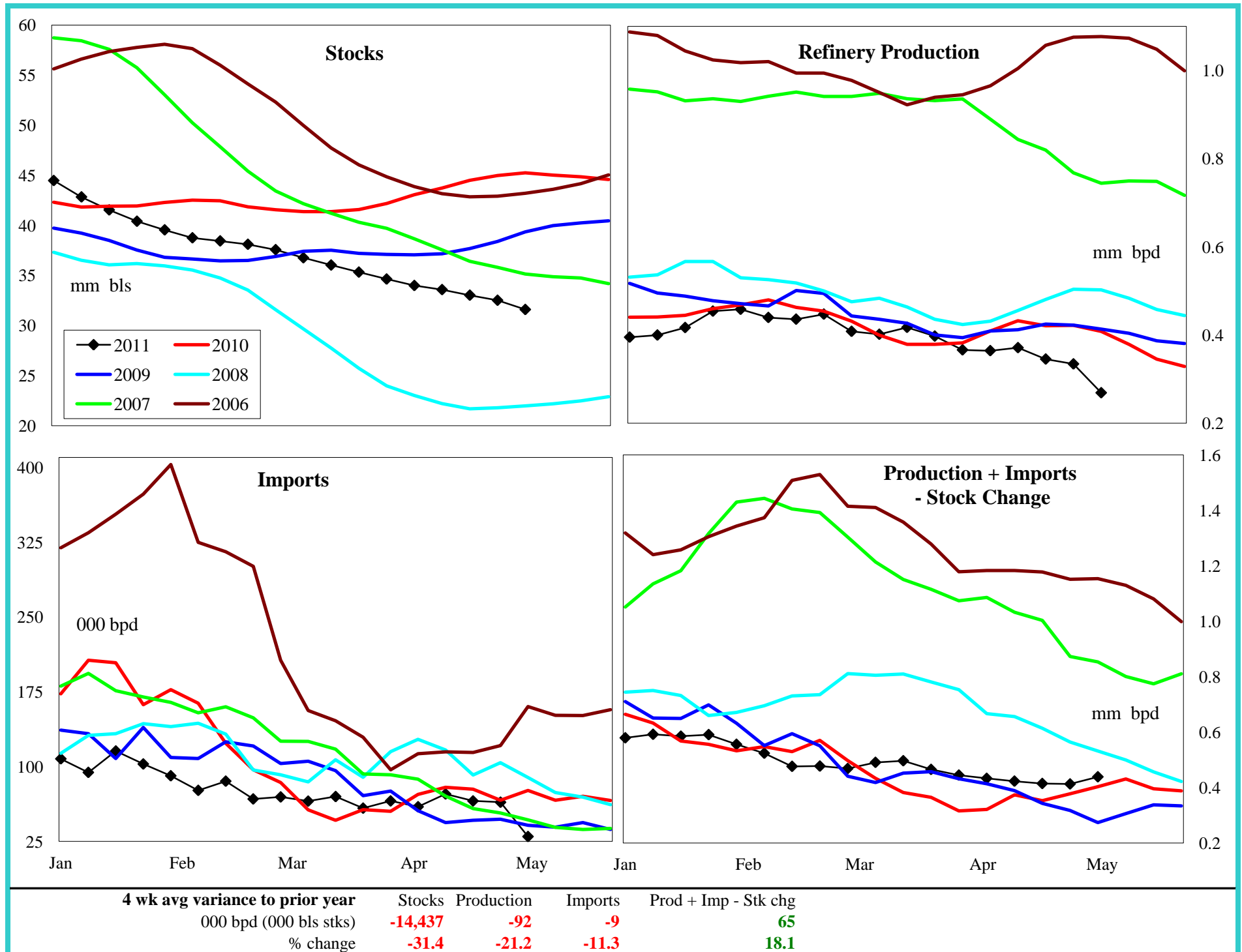
United States Distillate Supply and Demand Balance



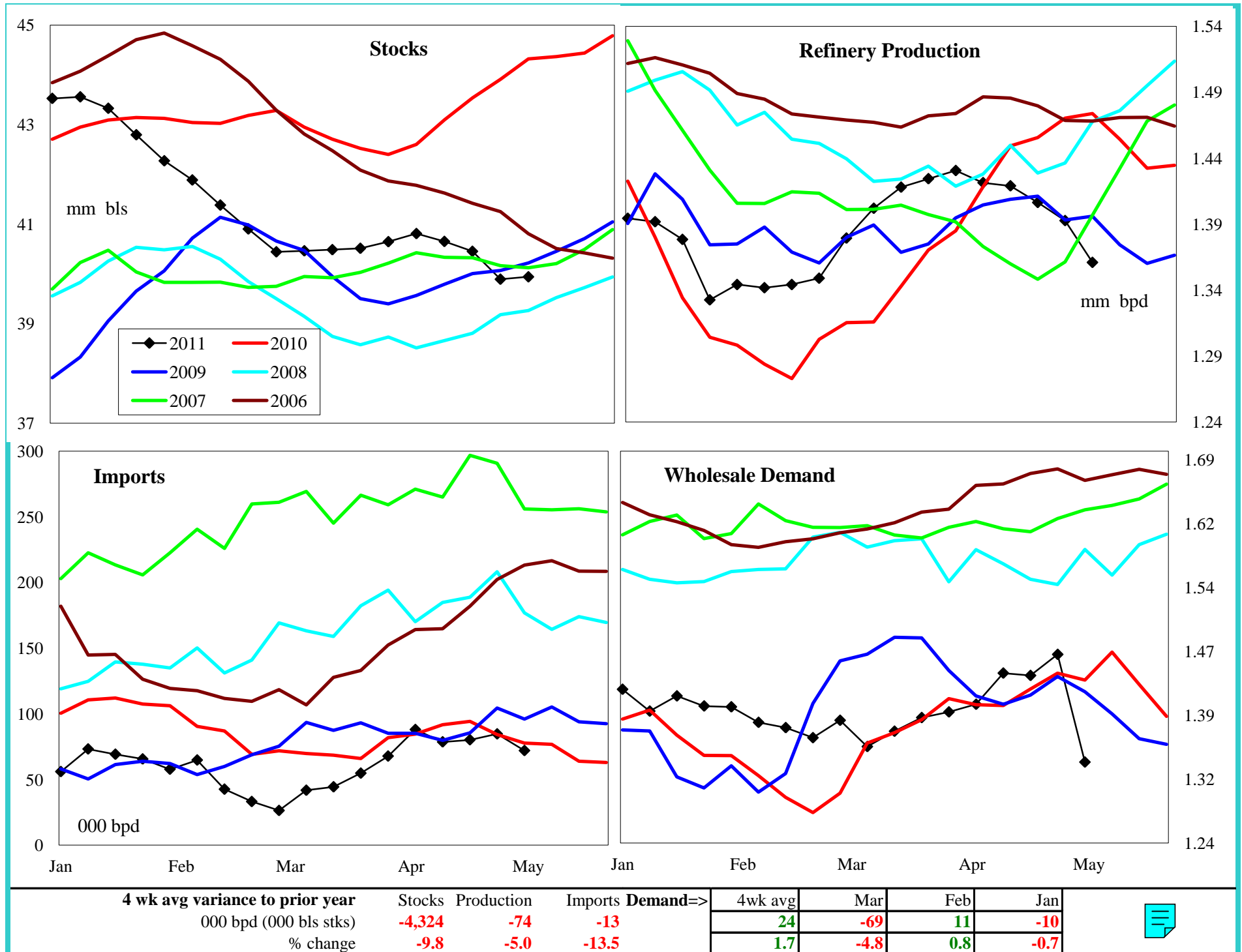
United States Low Sulfur Distillate Supply



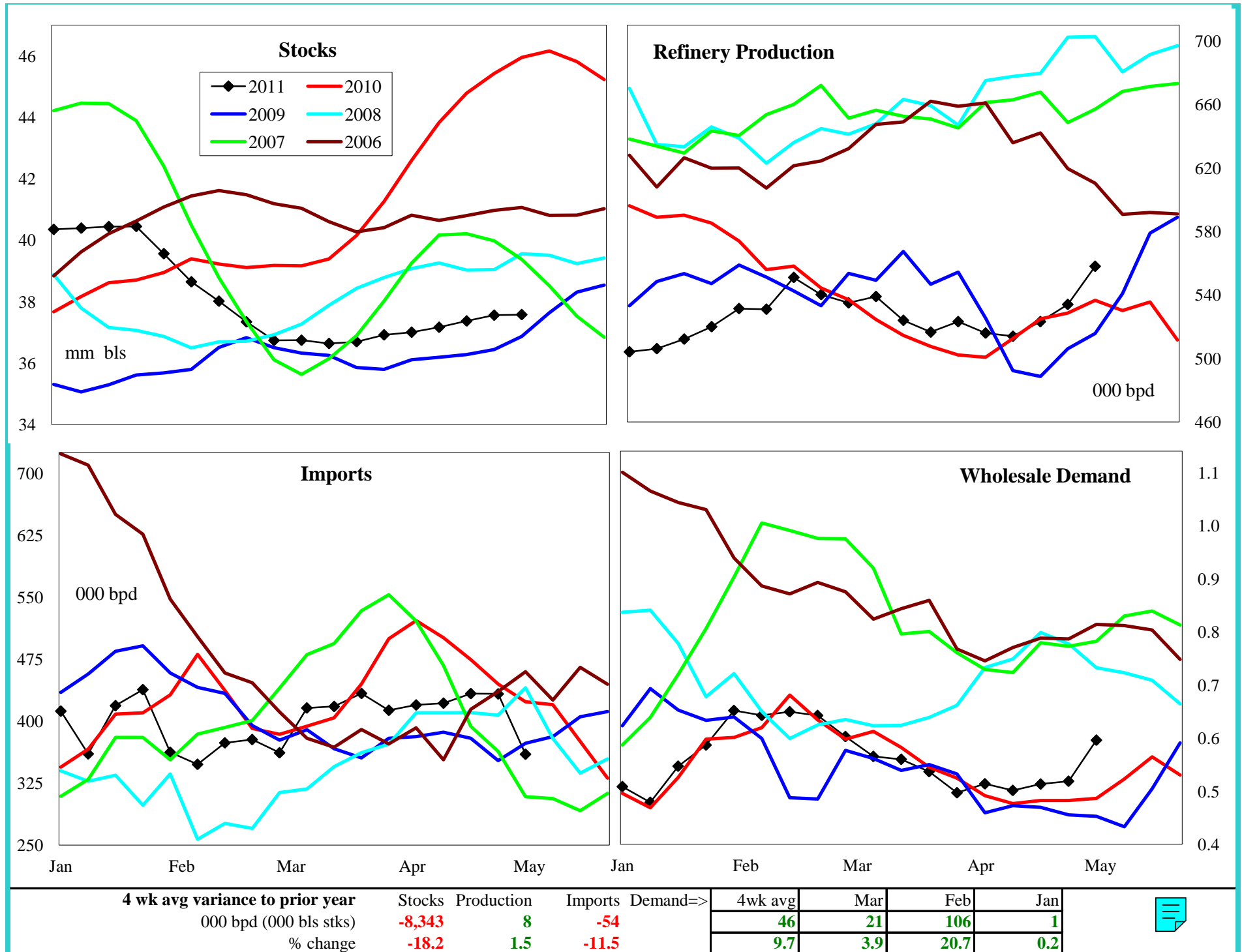
United States High Sulfur Distillate Supply



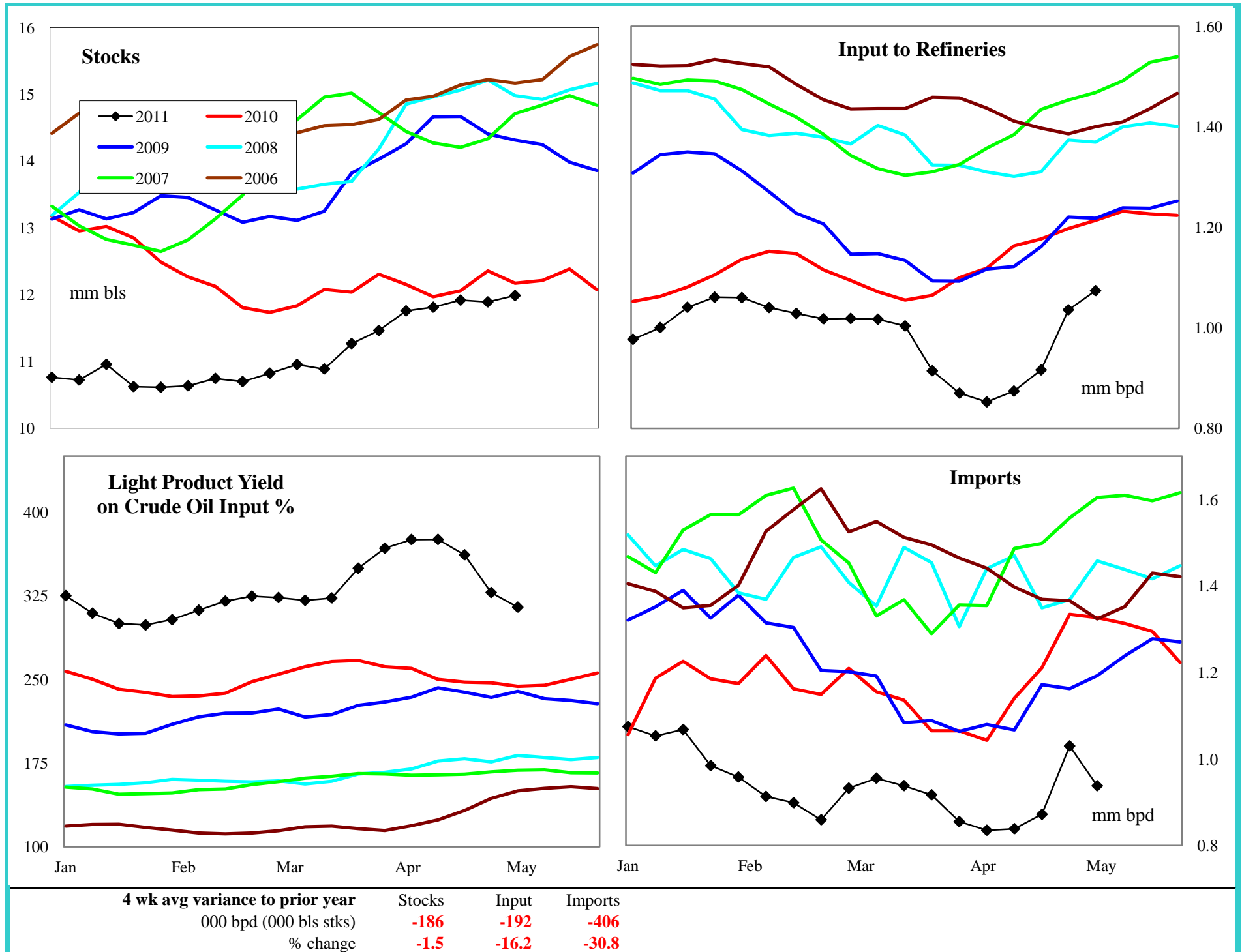
United States Jet Fuel Supply and Demand Balance



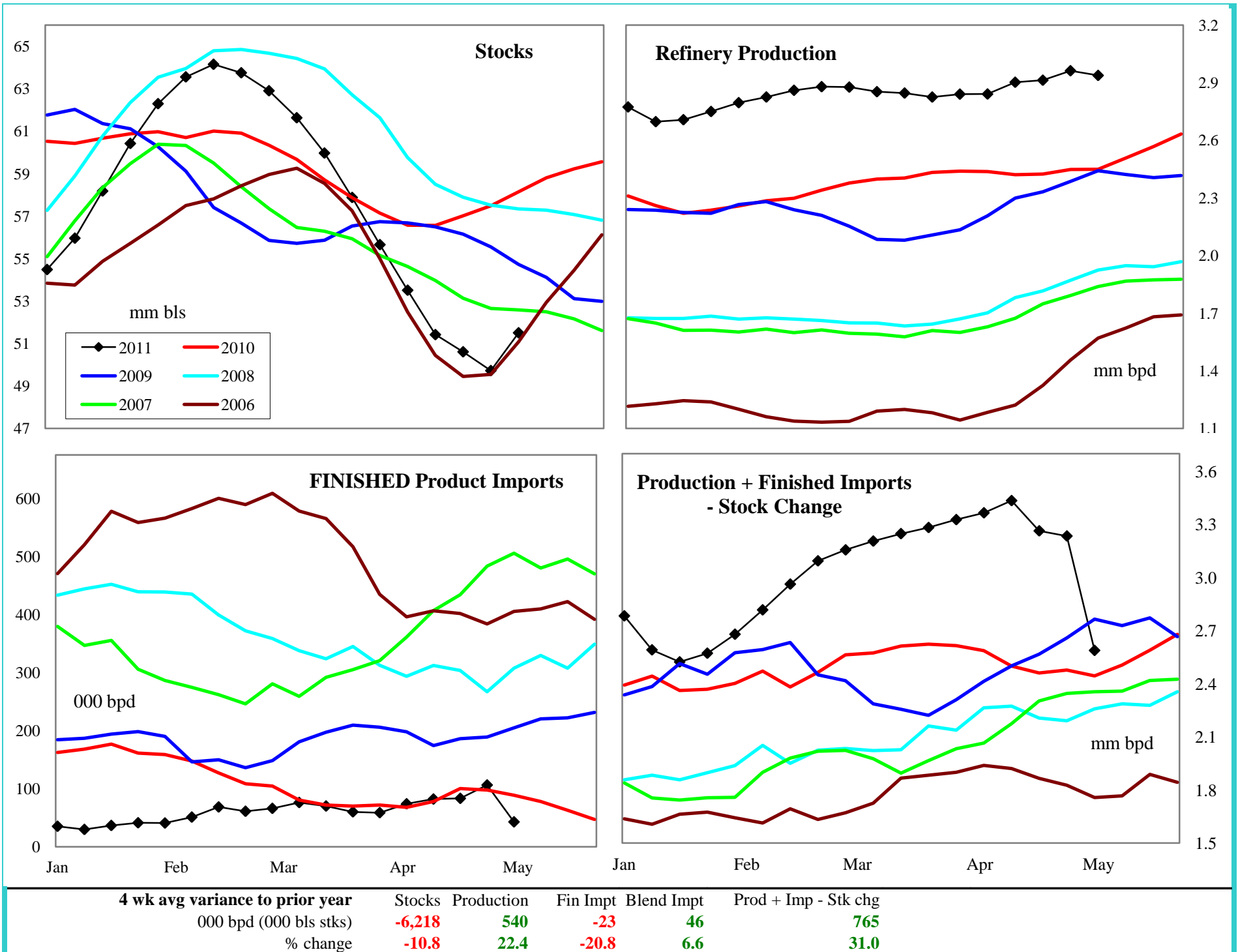
United States Residual Fuel Oil Supply and Demand Balance



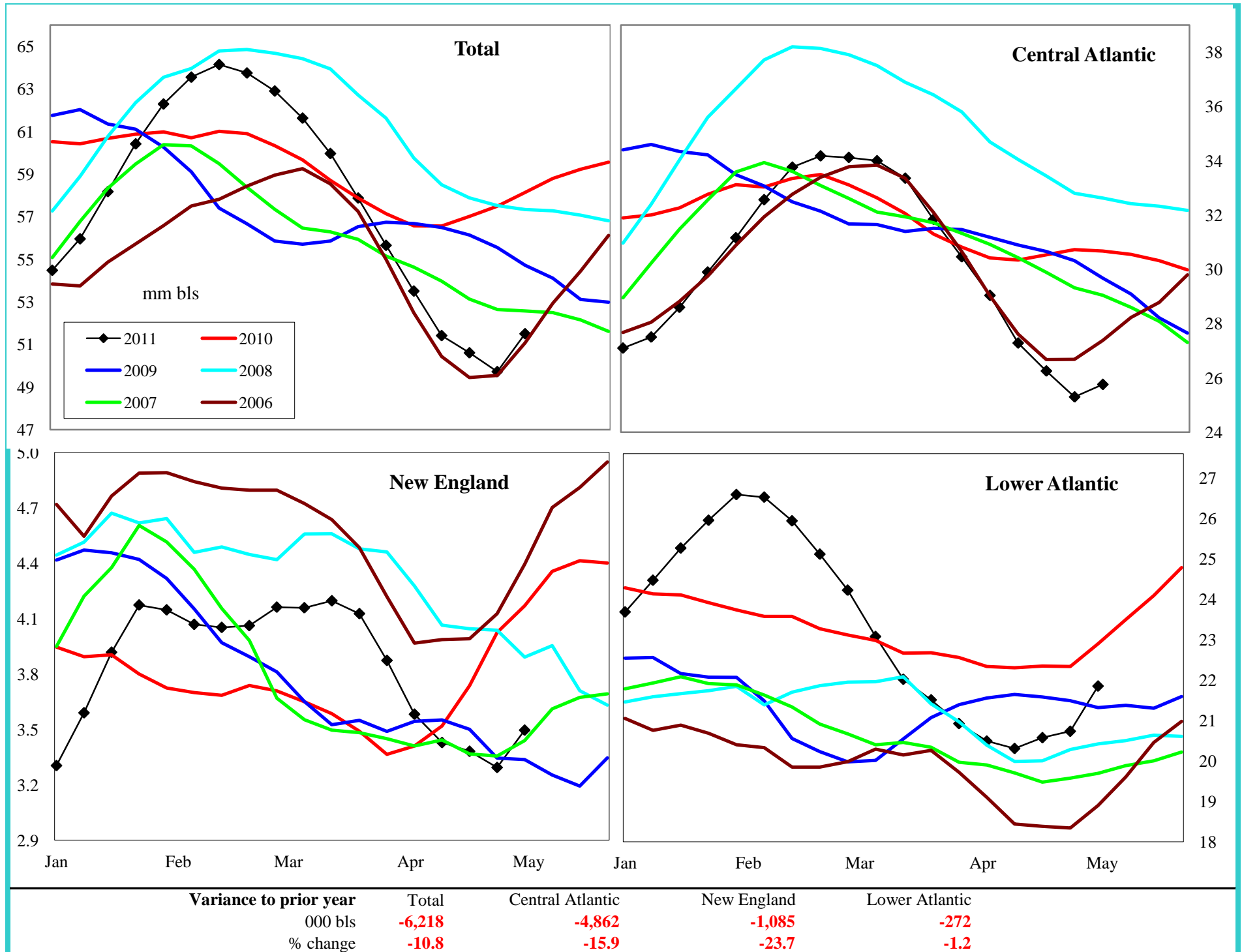
PADD 1 Crude Oil Supply and Refining



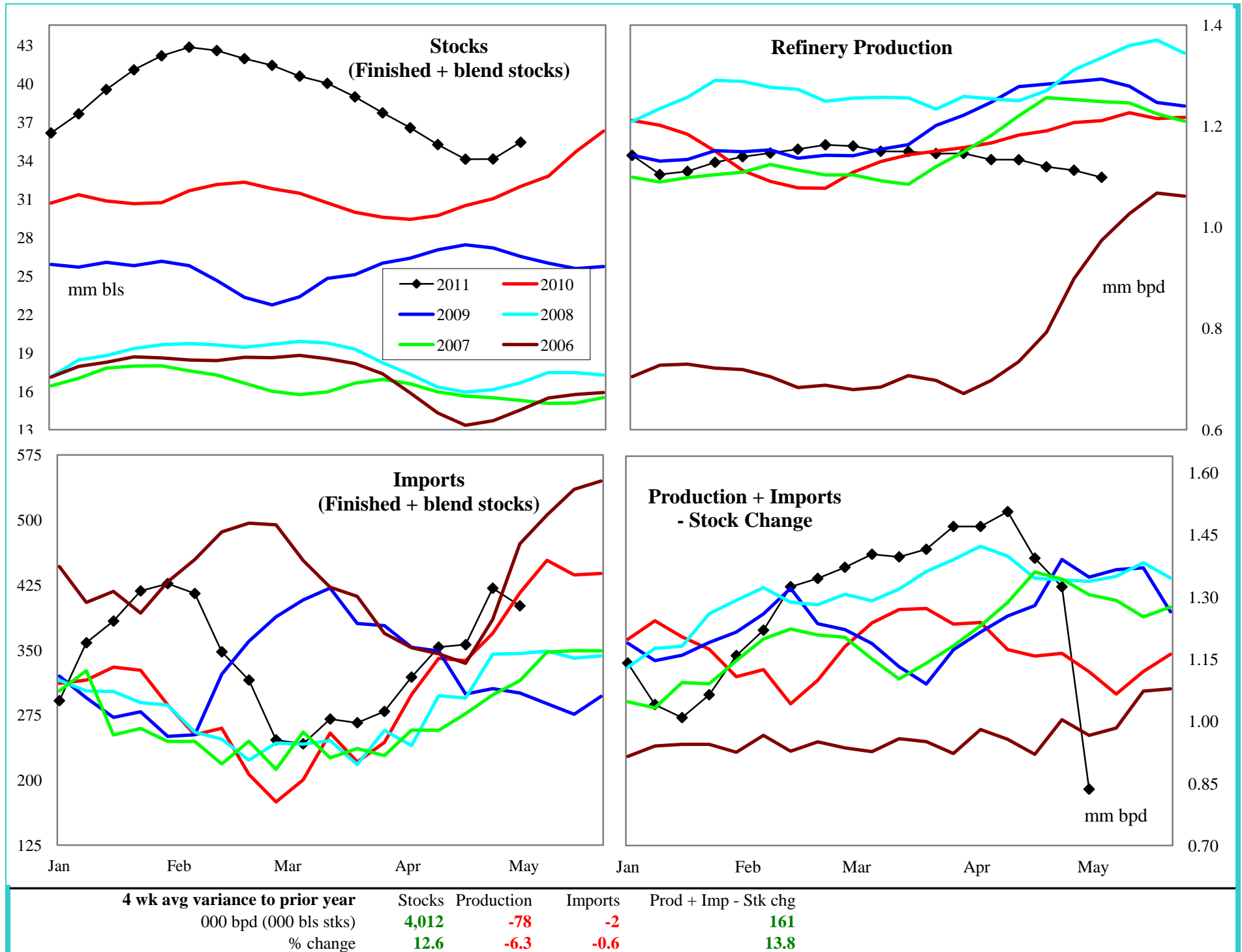
PADD 1 Gasoline Supply



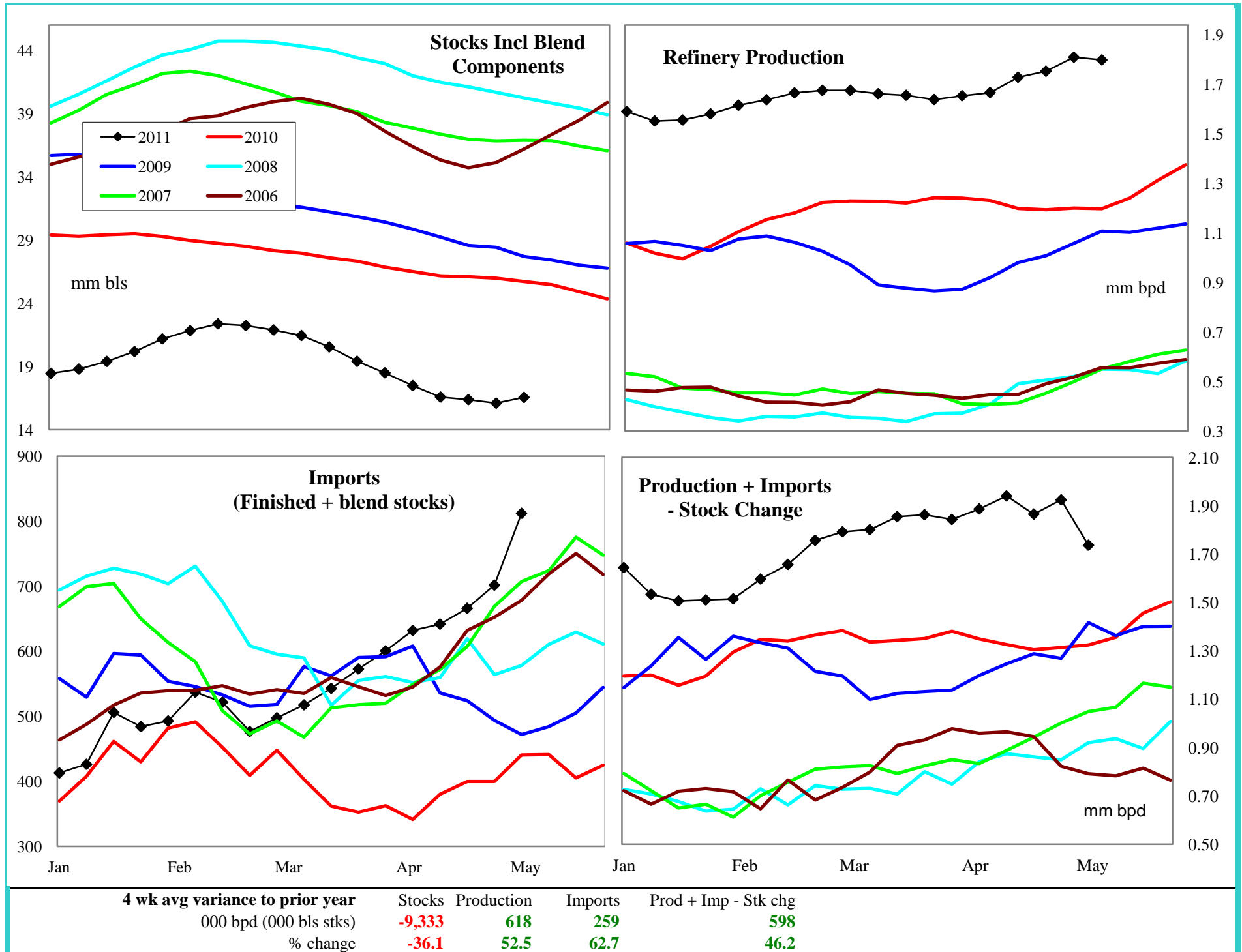
PADD 1 Gasoline Stocks by Region



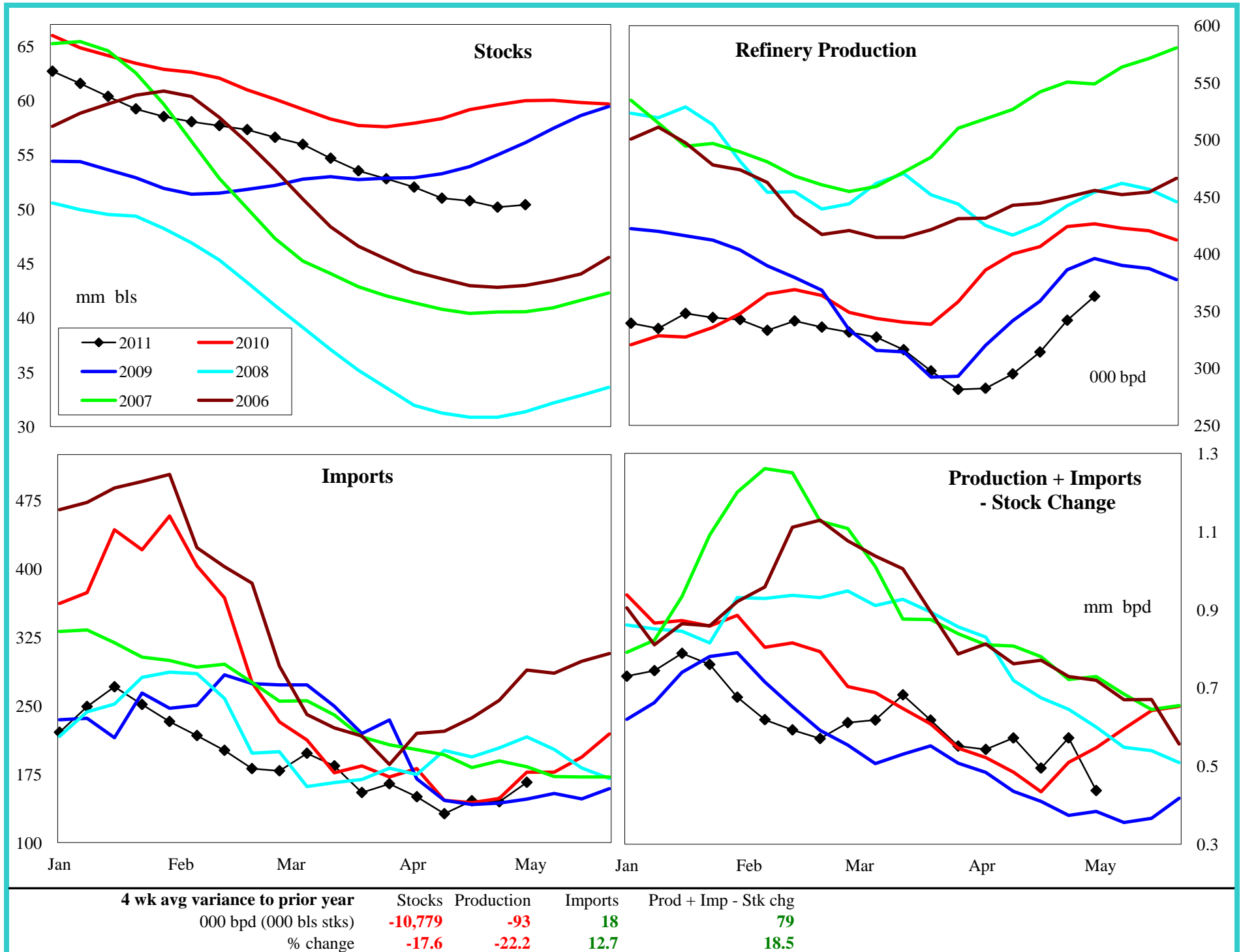
PADD 1 Reformulated Gasoline Supply



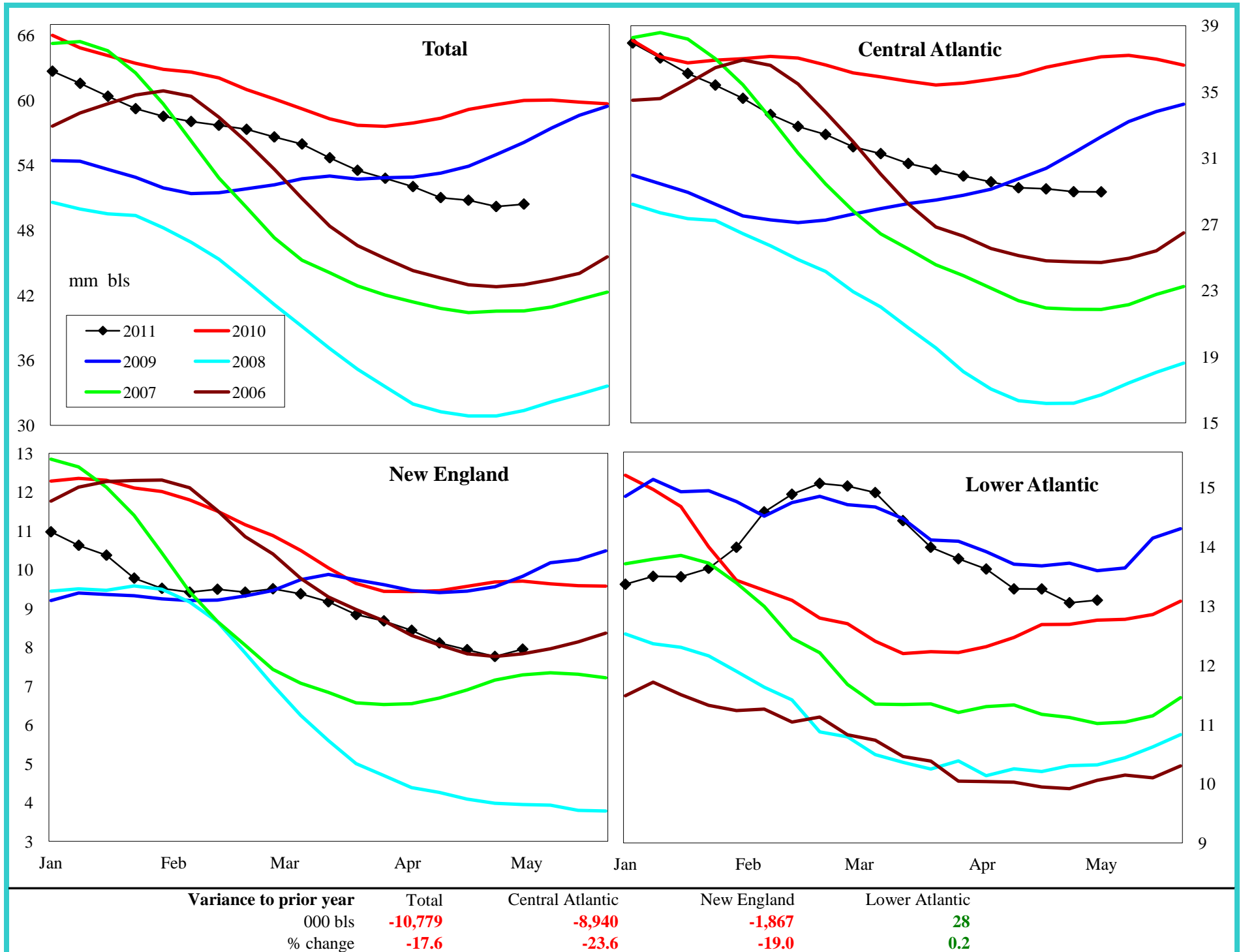
PADD 1 Conventional Gasoline Supply



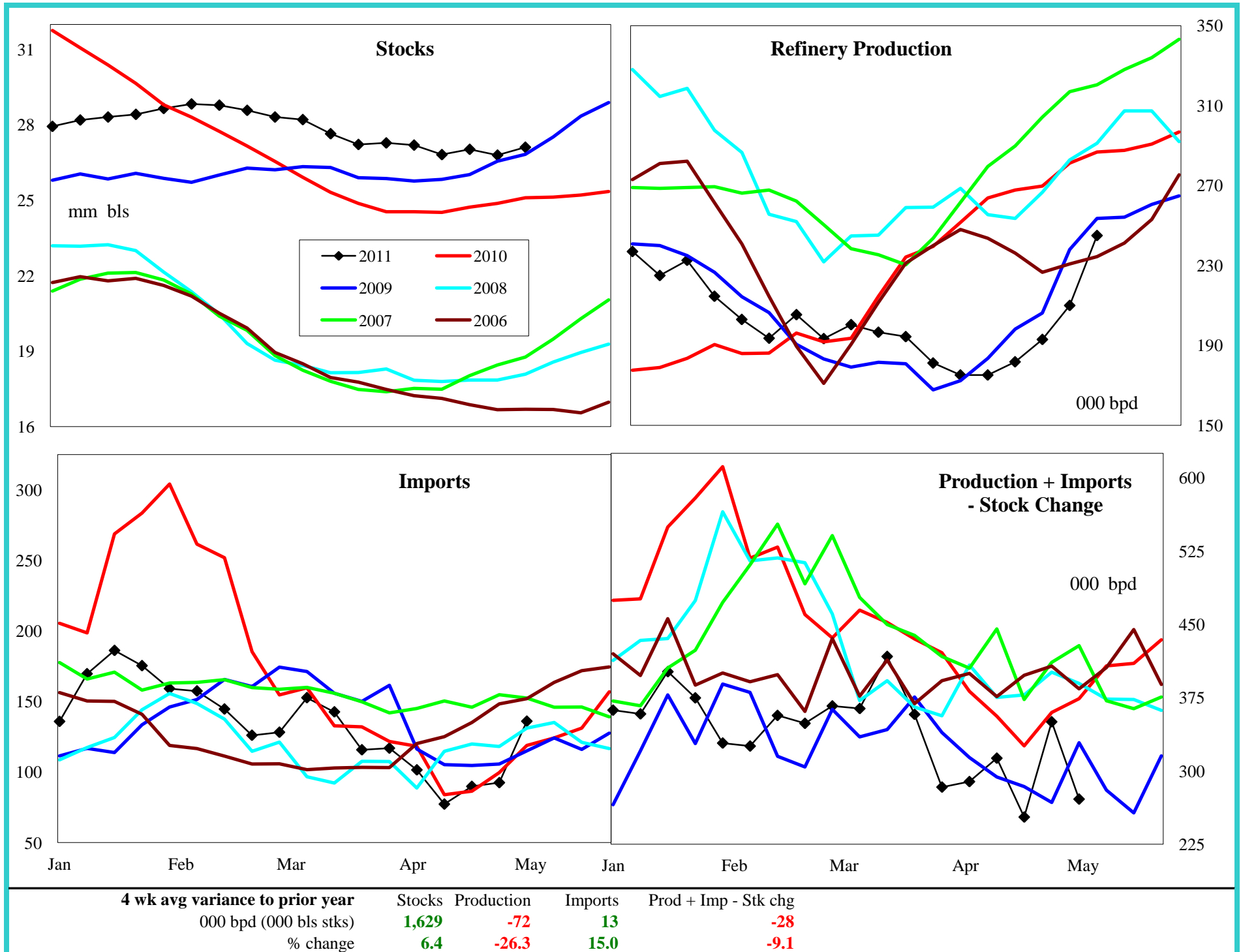
PADD 1 Distillate Supply



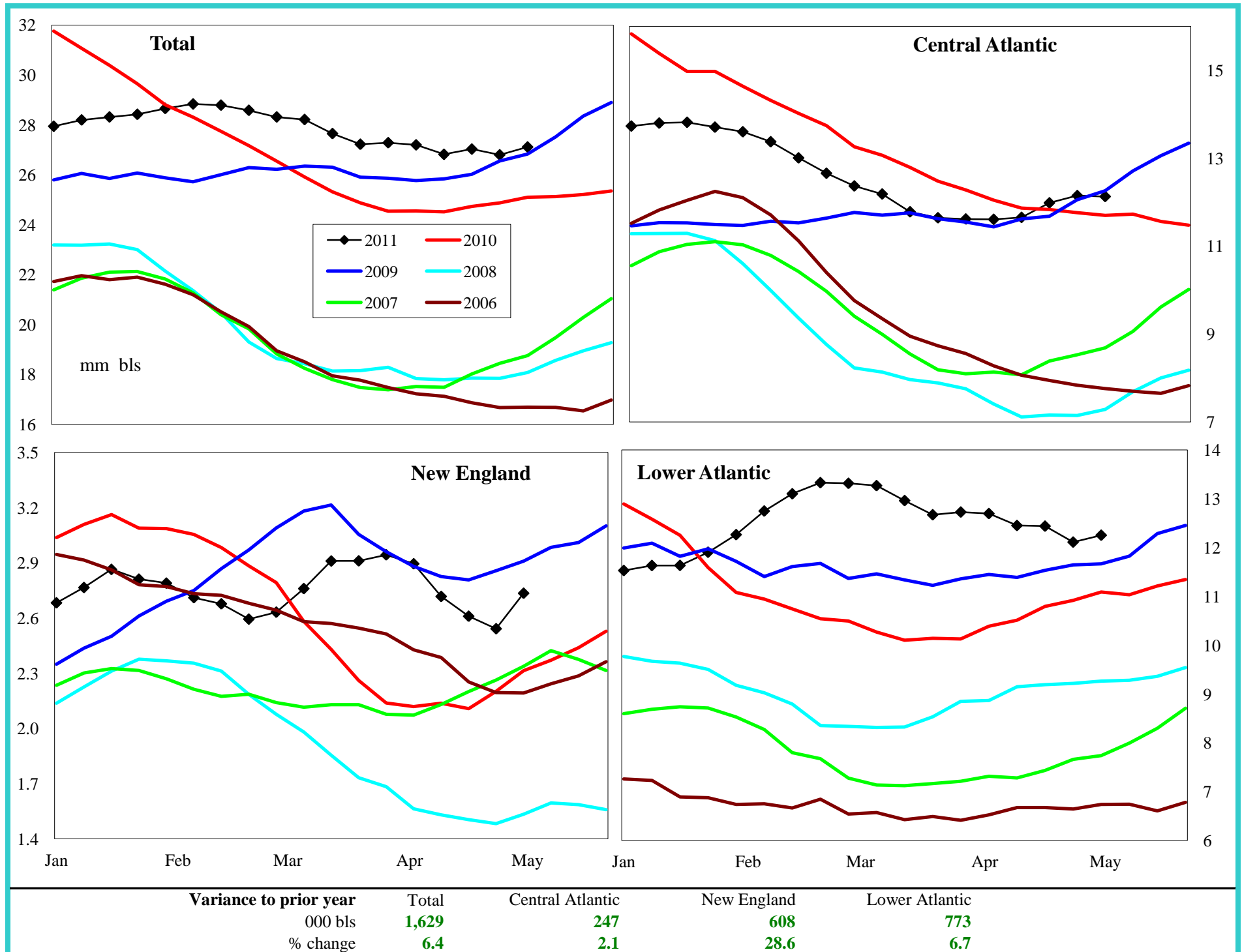
PADD 1 Distillate Stocks by Region



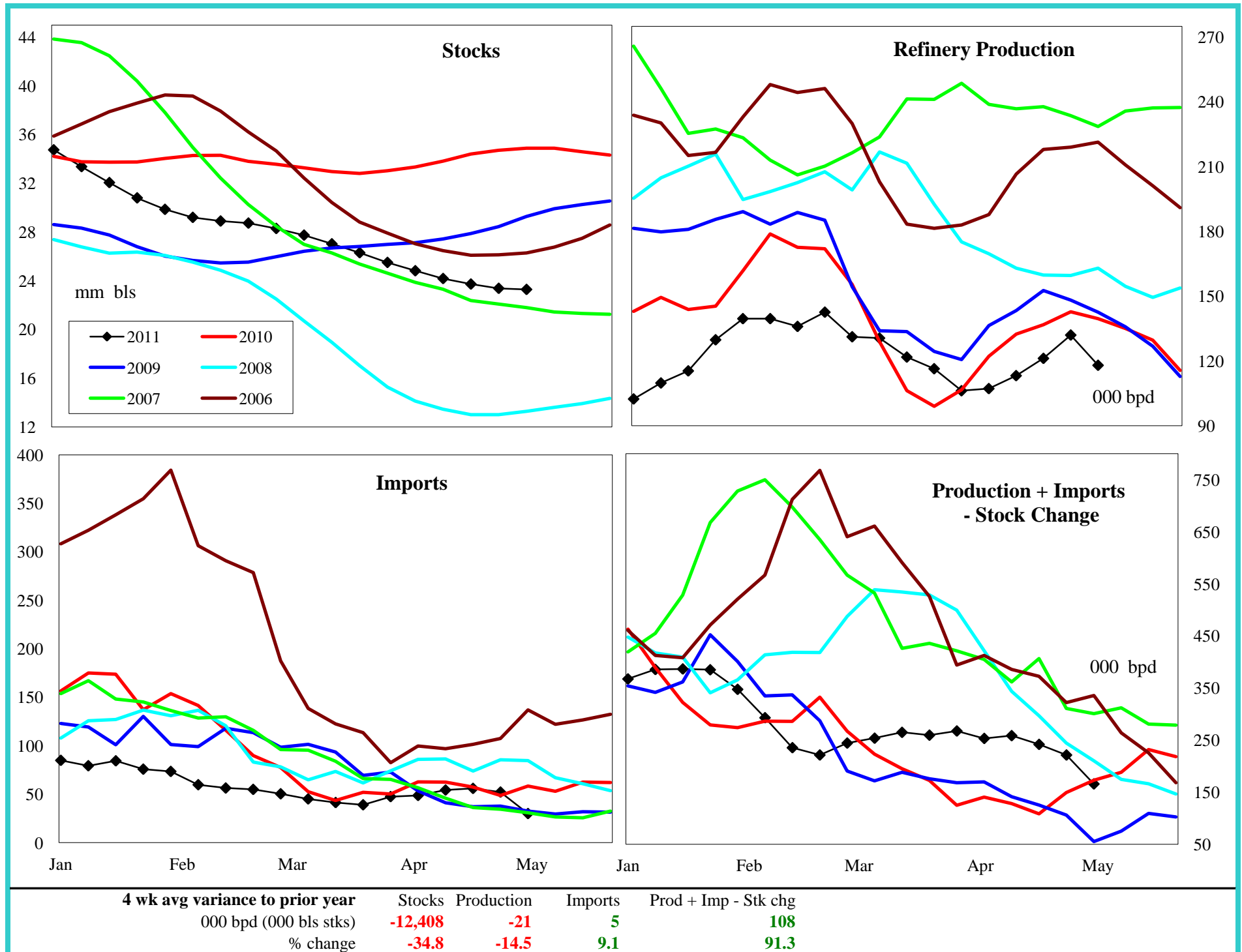
PADD 1 Low Sulfur Distillate Supply



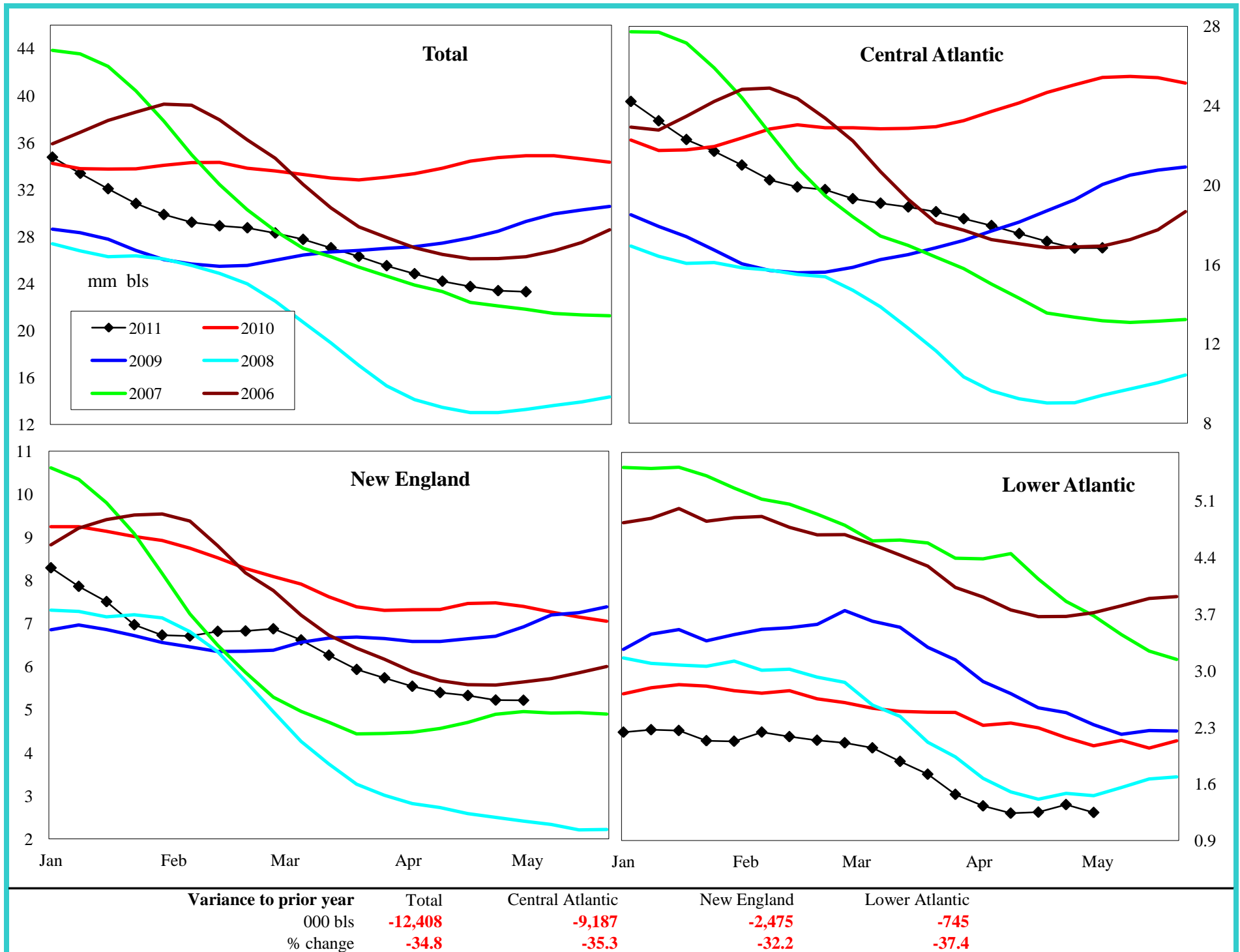
PADD 1 Low Sulfur Distillate Stocks by Region



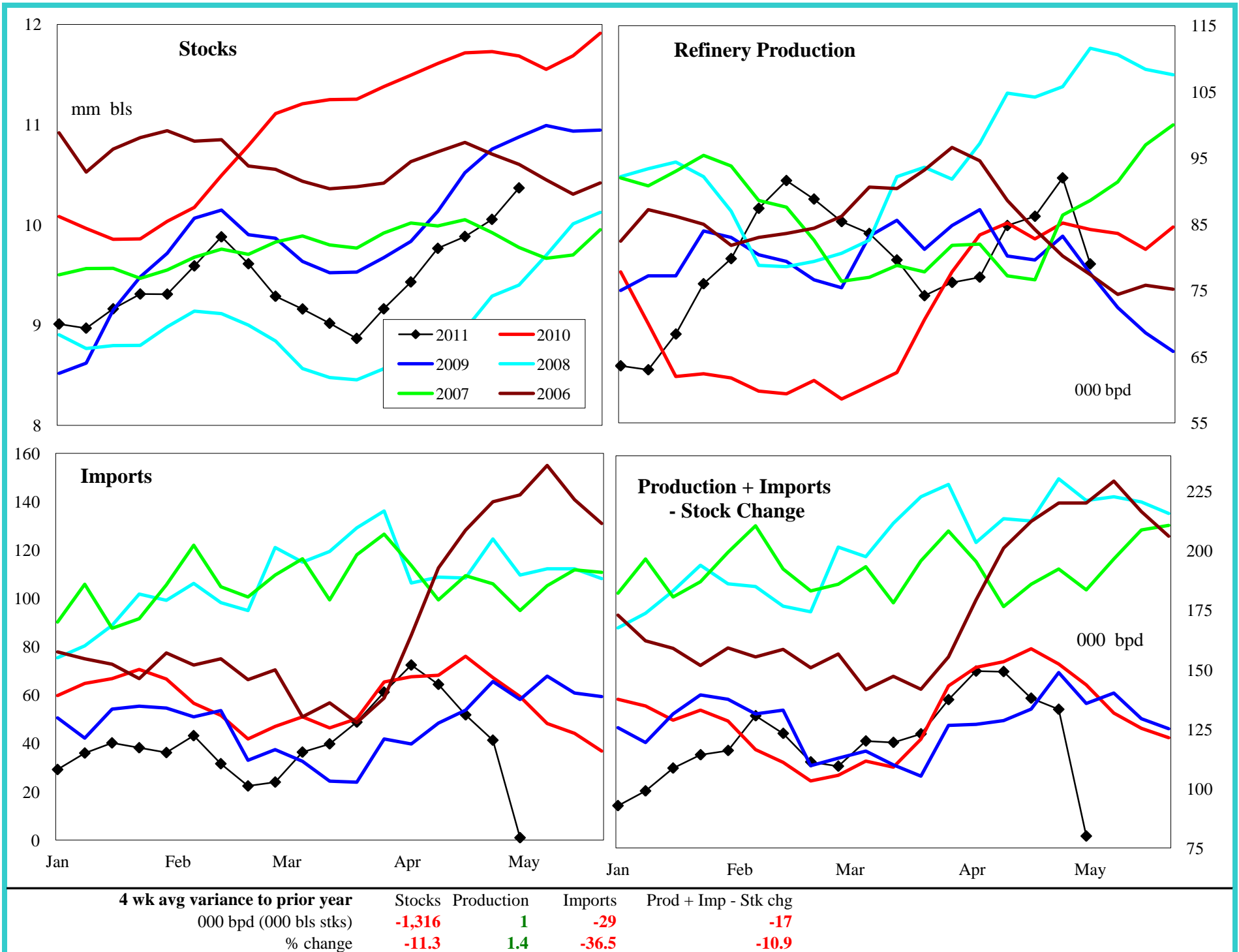
PADD 1 High Sulfur Distillate Supply



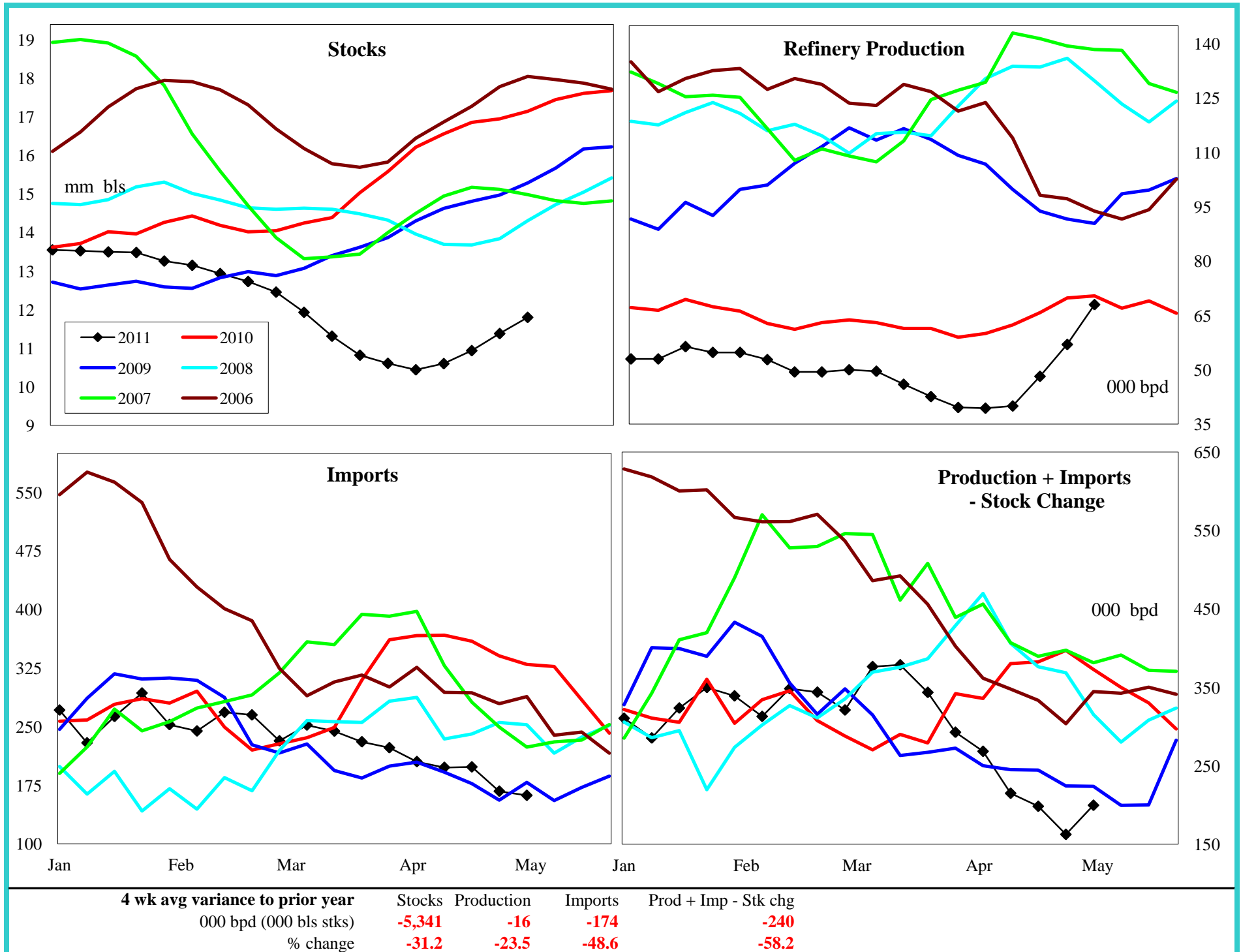
PADD 1 High Sulfur Distillate Stocks by Region



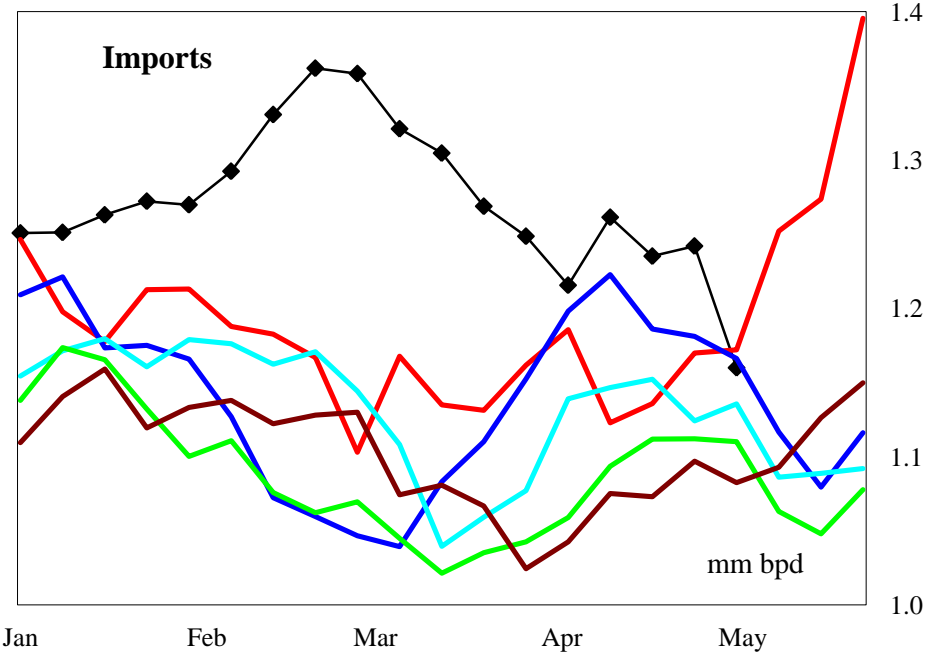
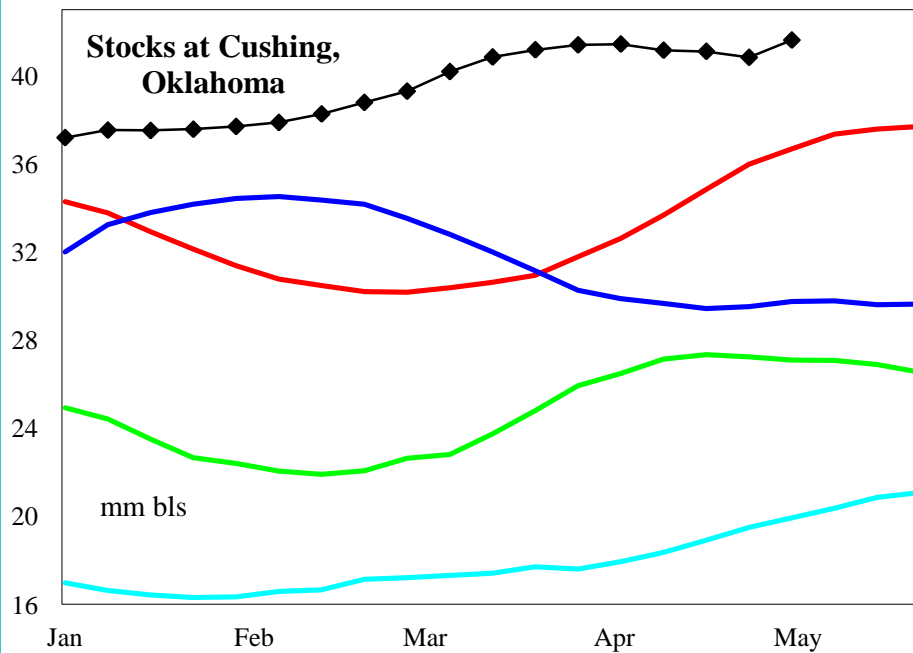
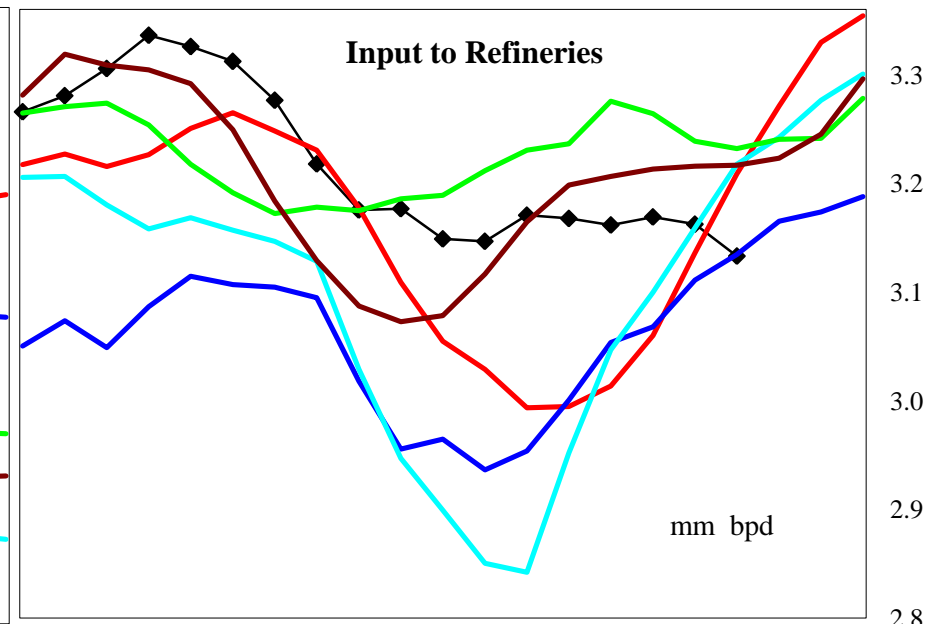
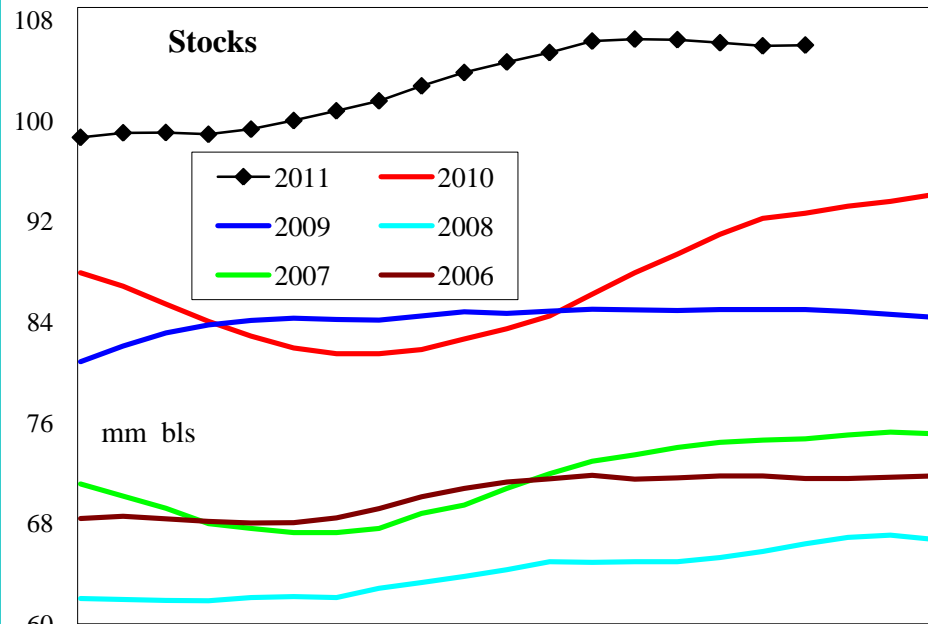
PADD 1 Jet Fuel Supply



PADD 1 Residual Fuel Oil Supply



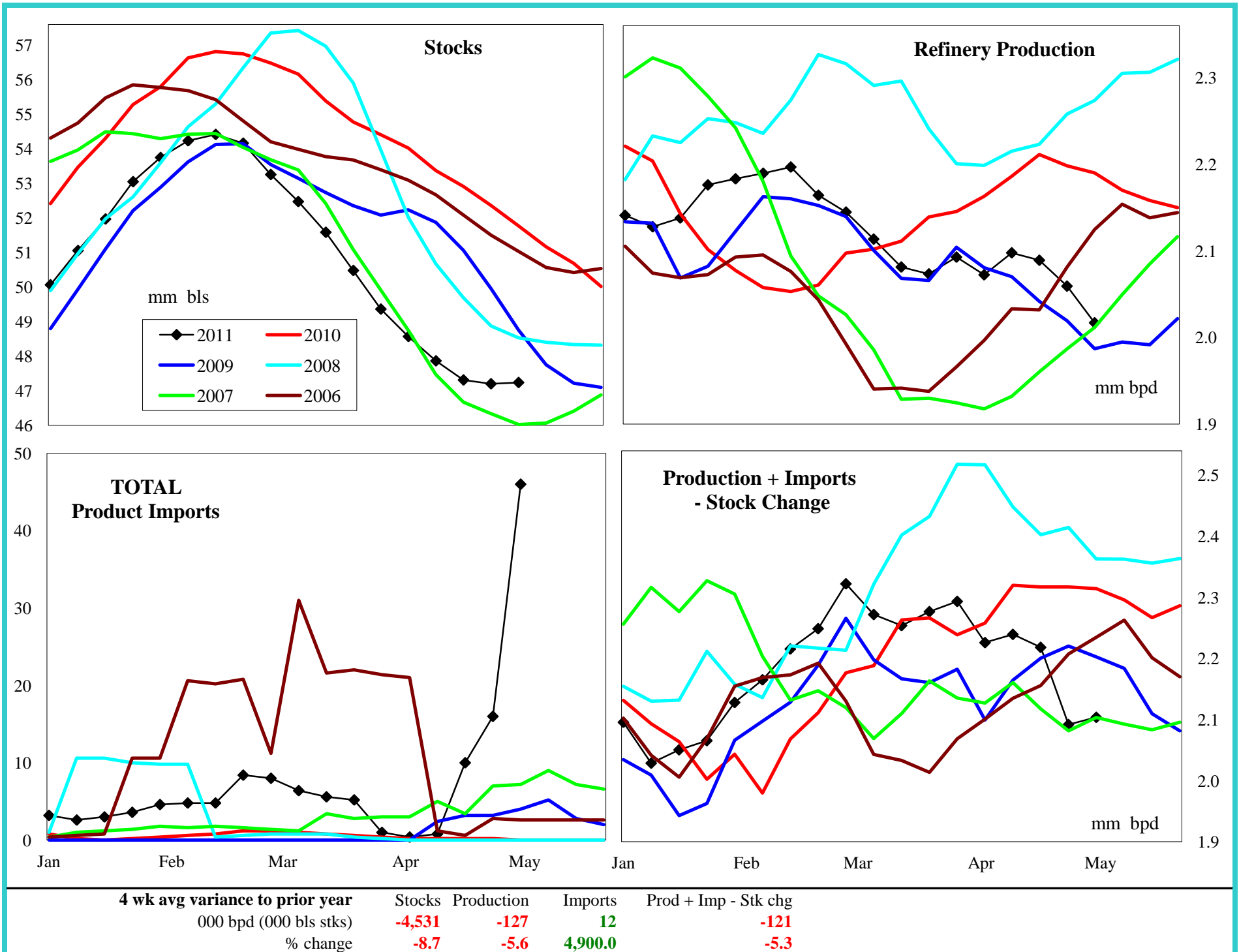
PADD 2 Crude Oil Supply and Refining



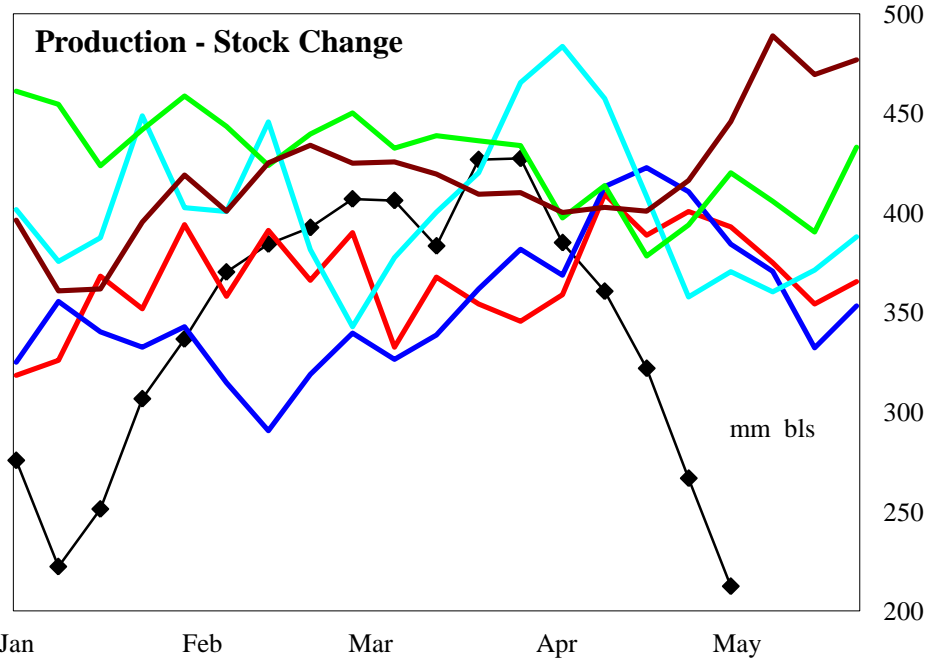
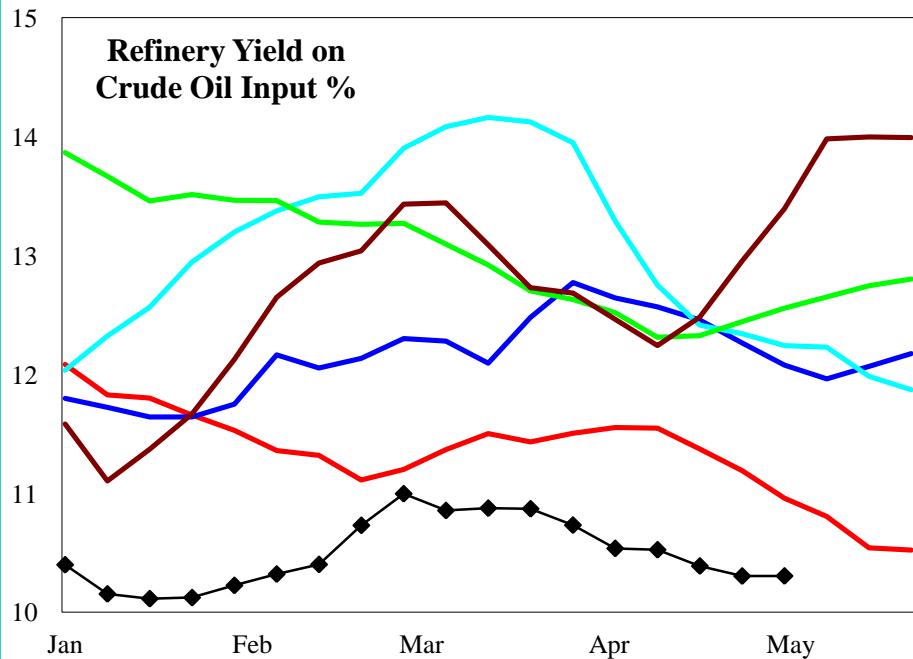
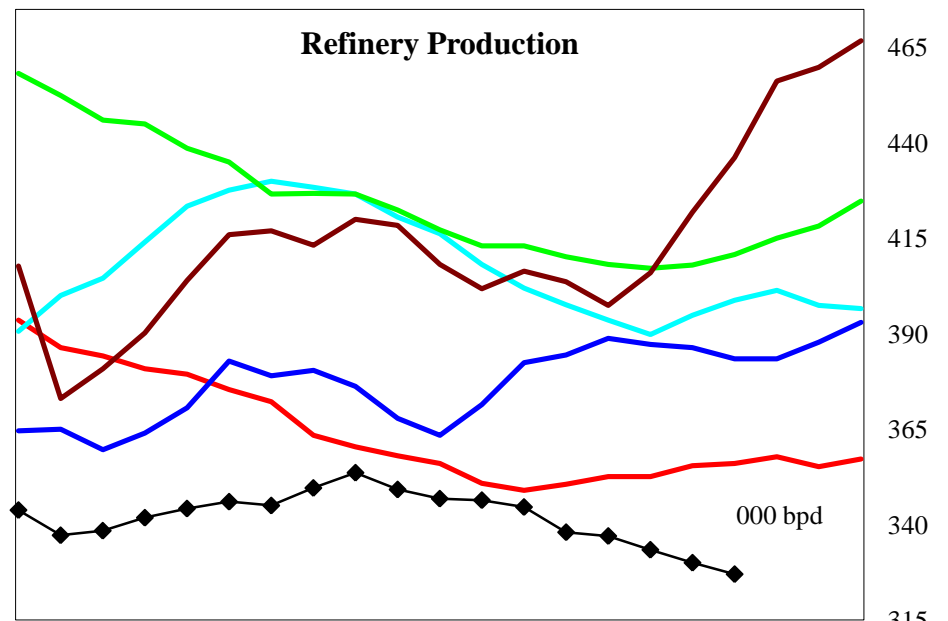
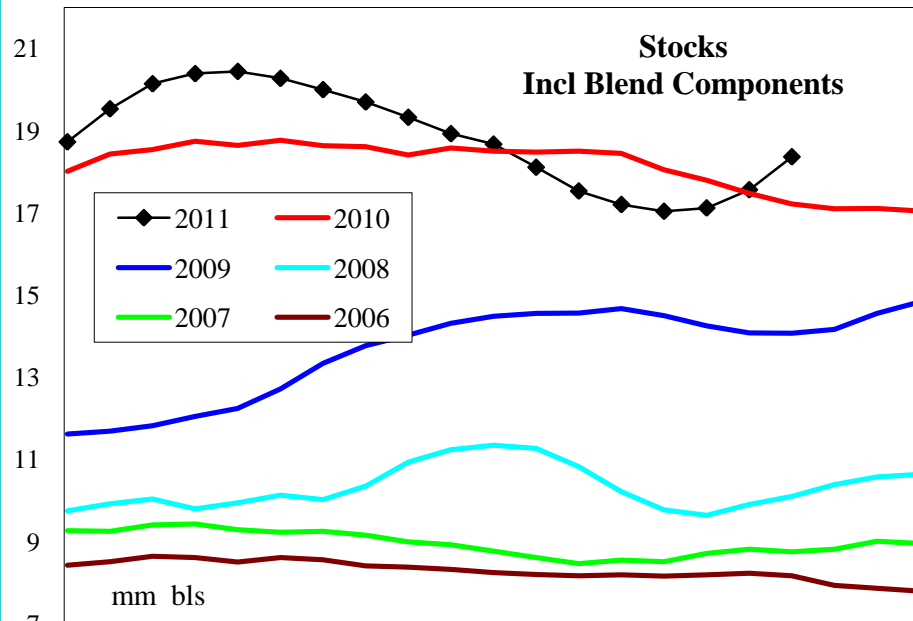
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

	Stocks	Cushing	Input	Imports
000 bpd (000 bls stks)	13,364	4,933	103	84
% change	14.4	13.4	3.3	7.0

PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod - Stk chg

1,146

-22

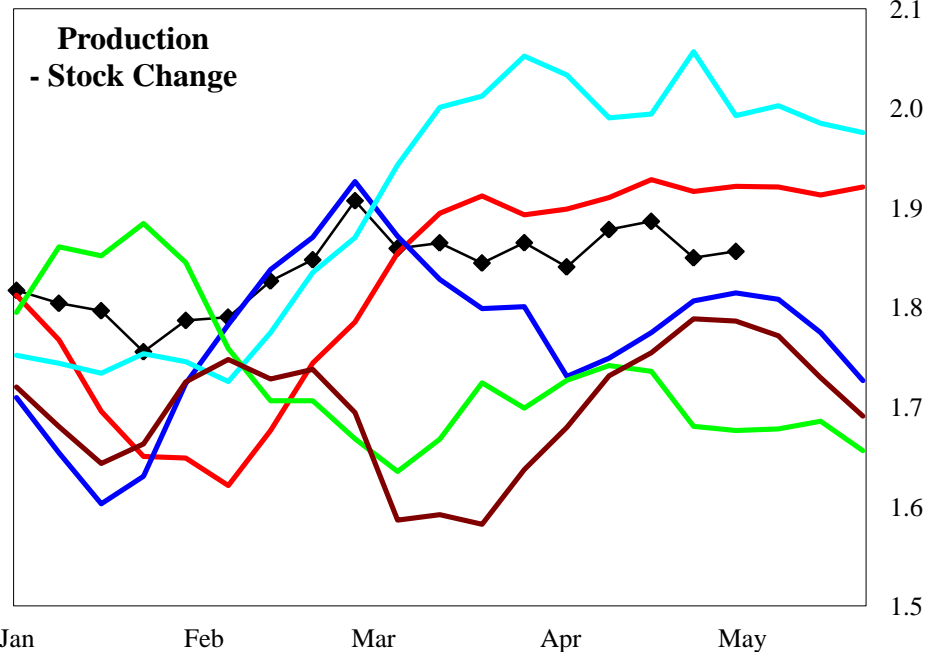
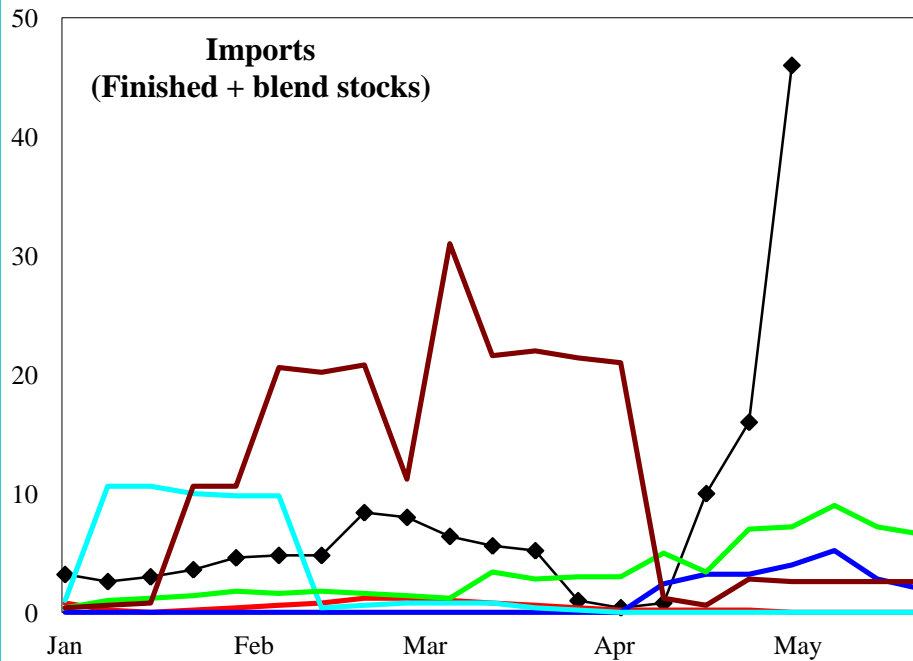
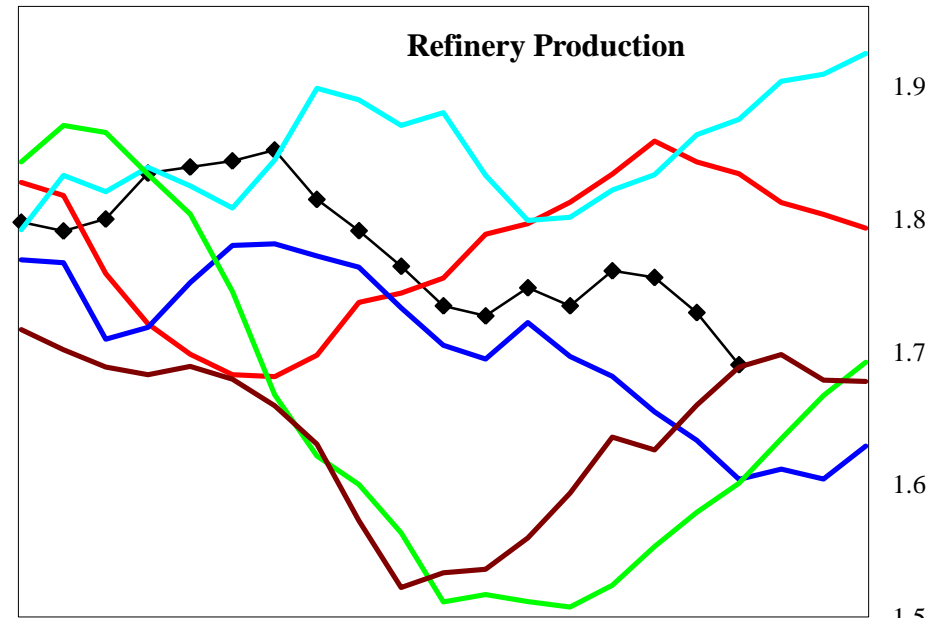
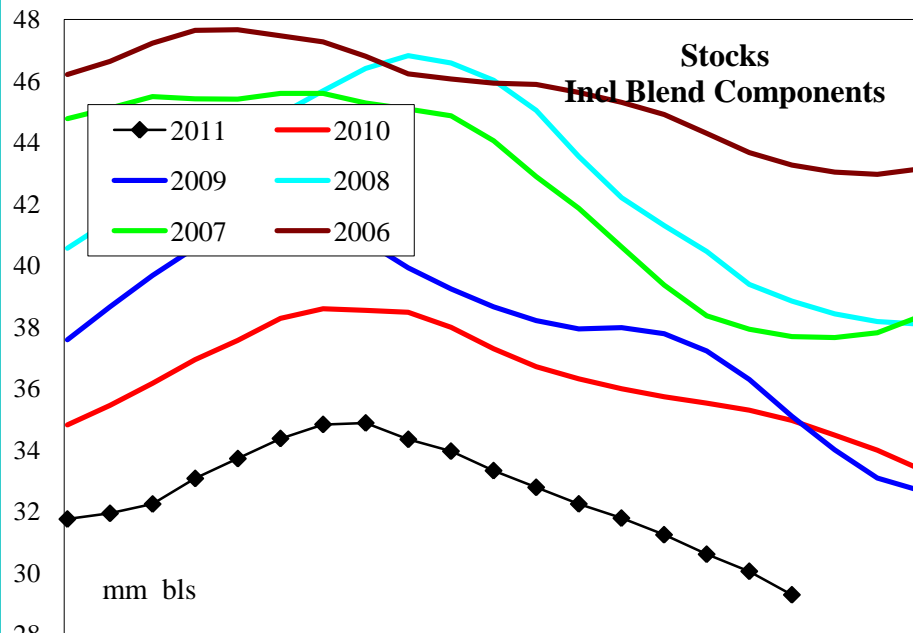
-108

6.7

-6.3

-27.0

PADD 2 Conventional Gasoline Supply

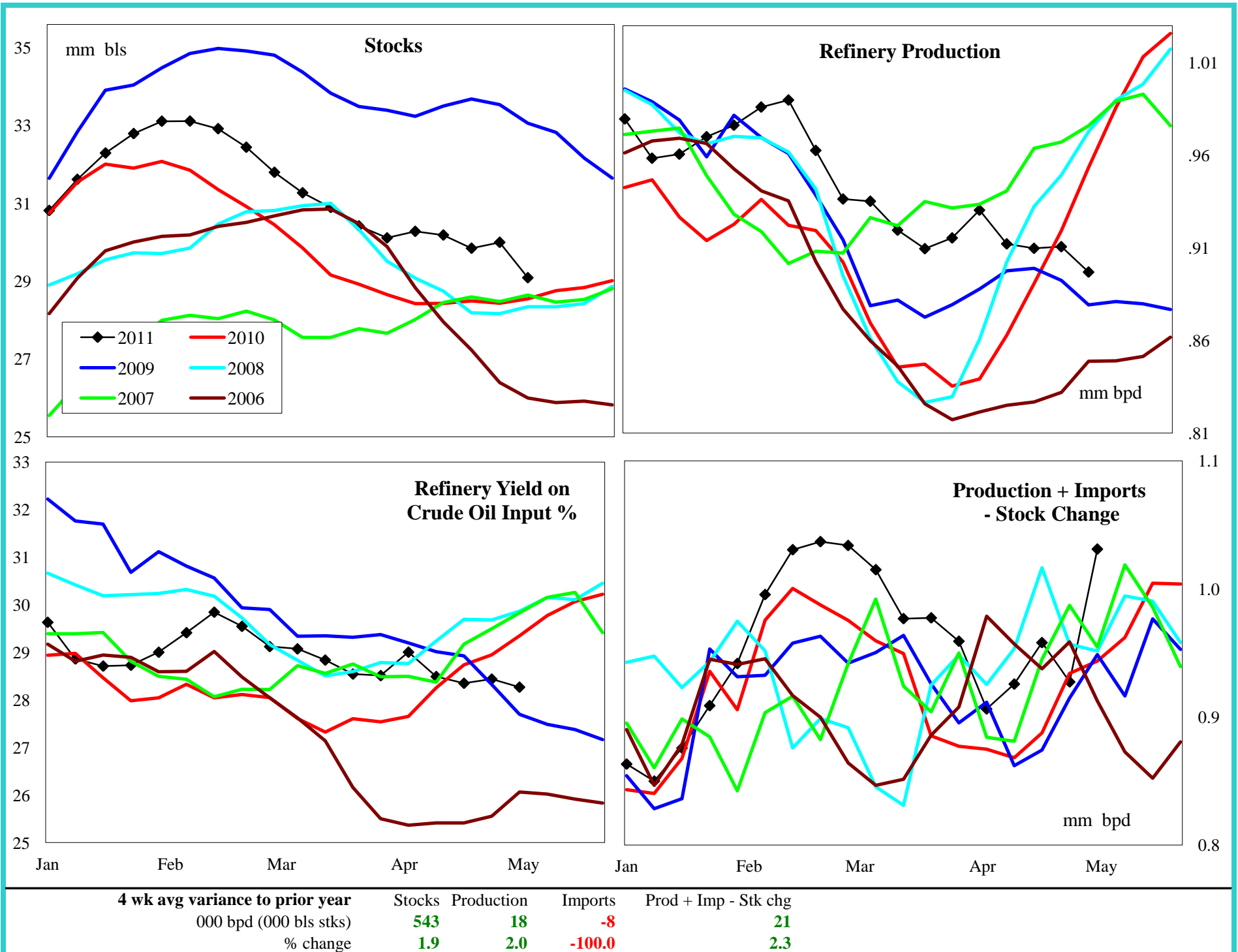


4 wk avg variance to prior year
000 bpd (000 bbls stks)
% change

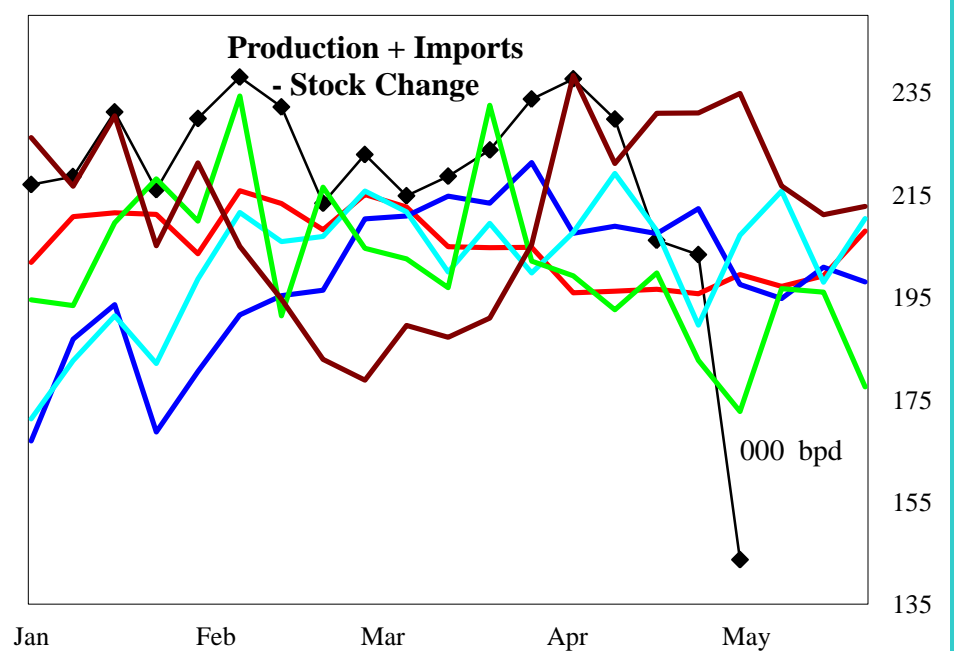
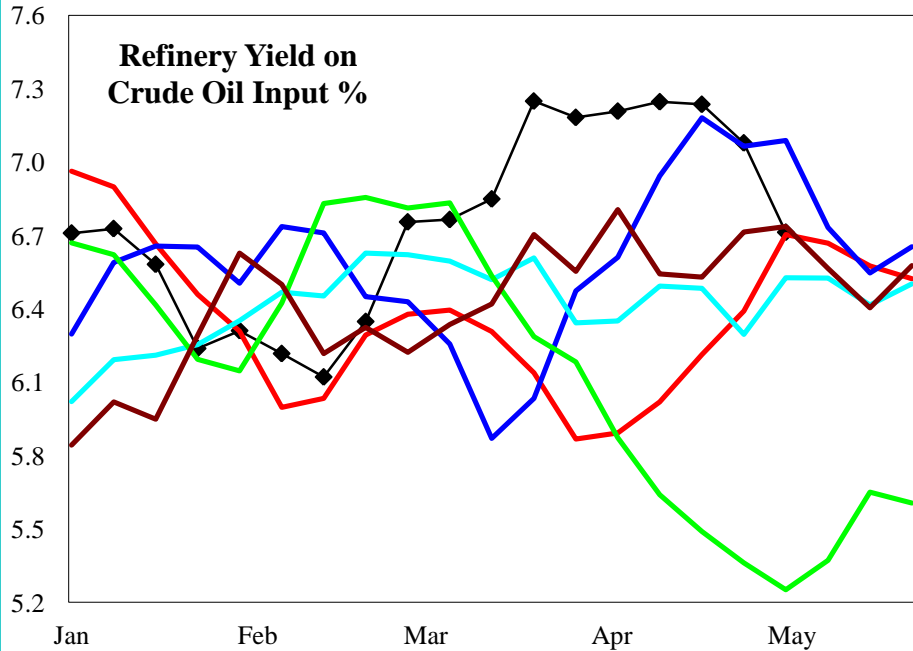
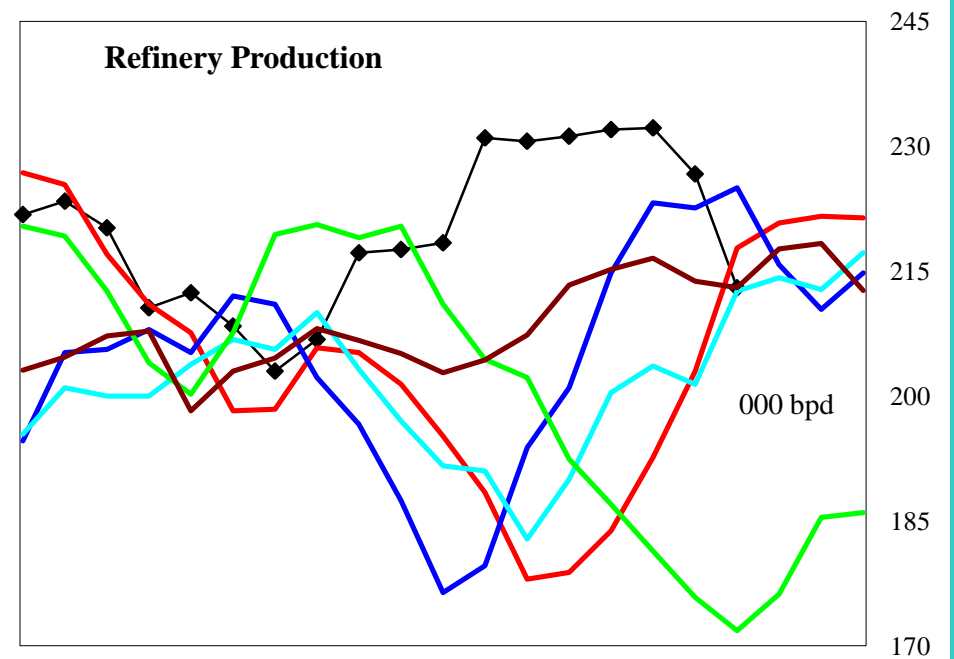
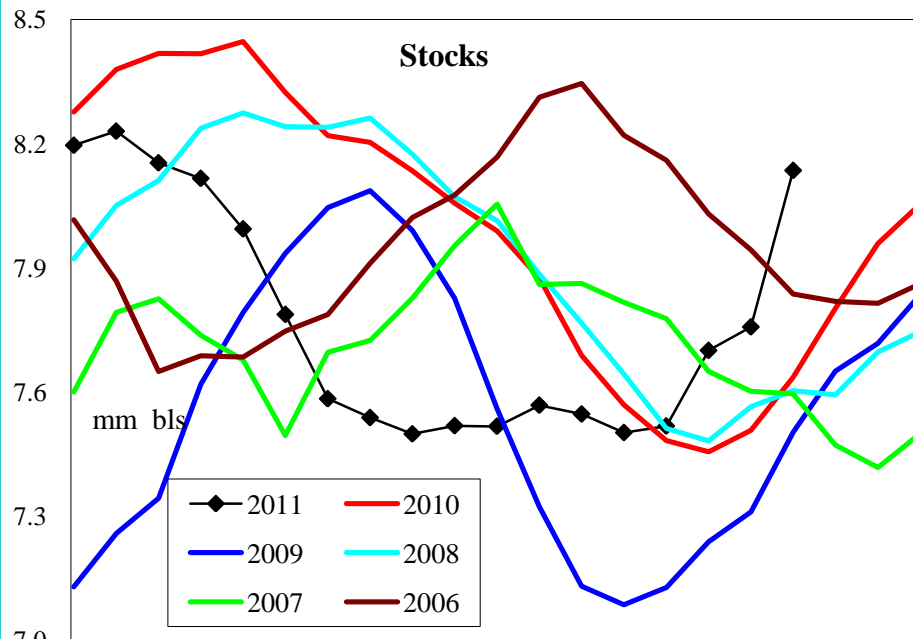
	Stocks	Production
	-5,770	-105
	-16.5	-5.5

	Prod - Stk chg
	-30
	-1.6

PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

500

6.5

Production

28

14.1

Imports

0

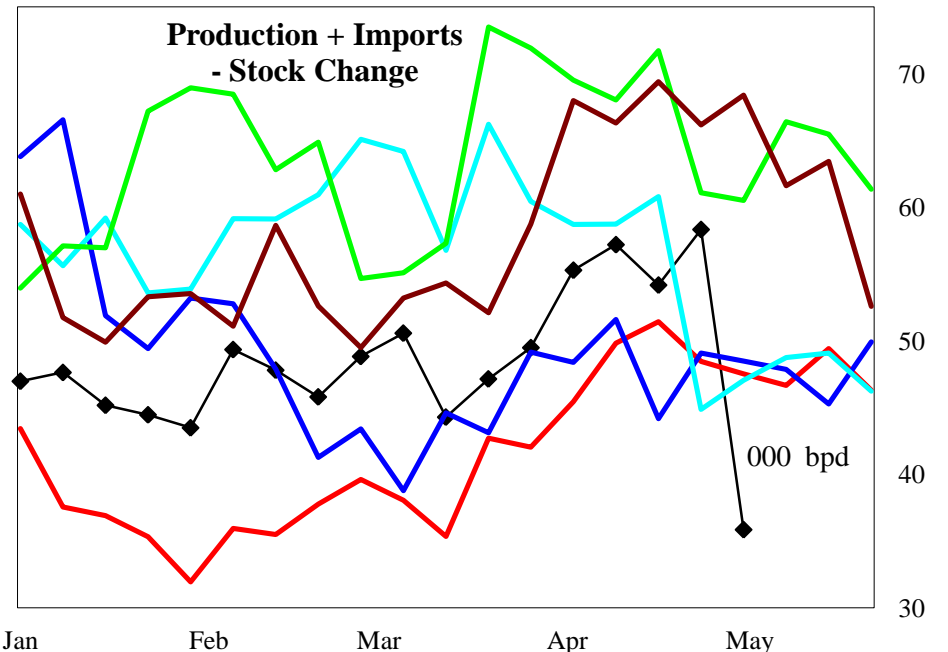
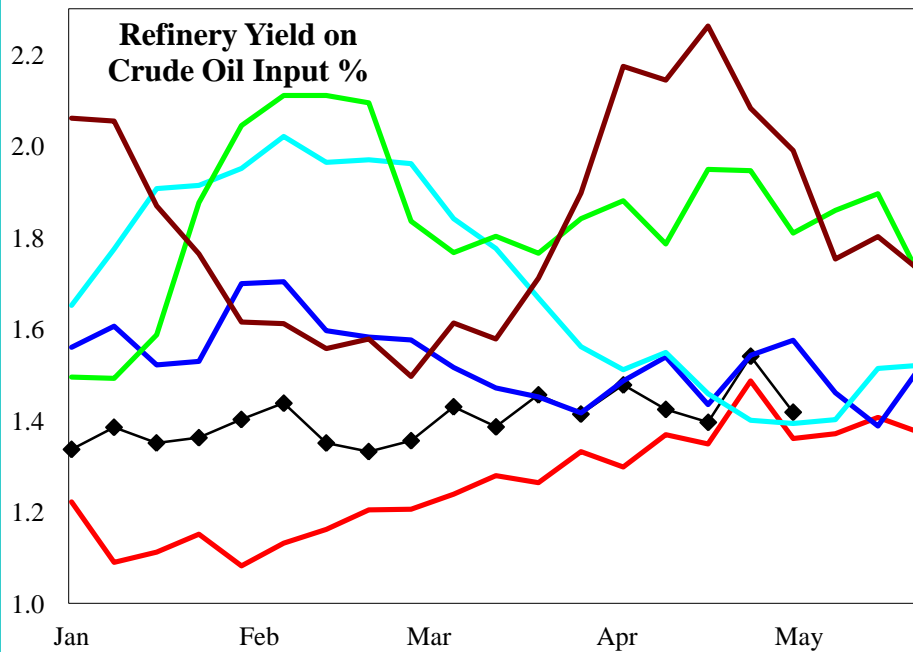
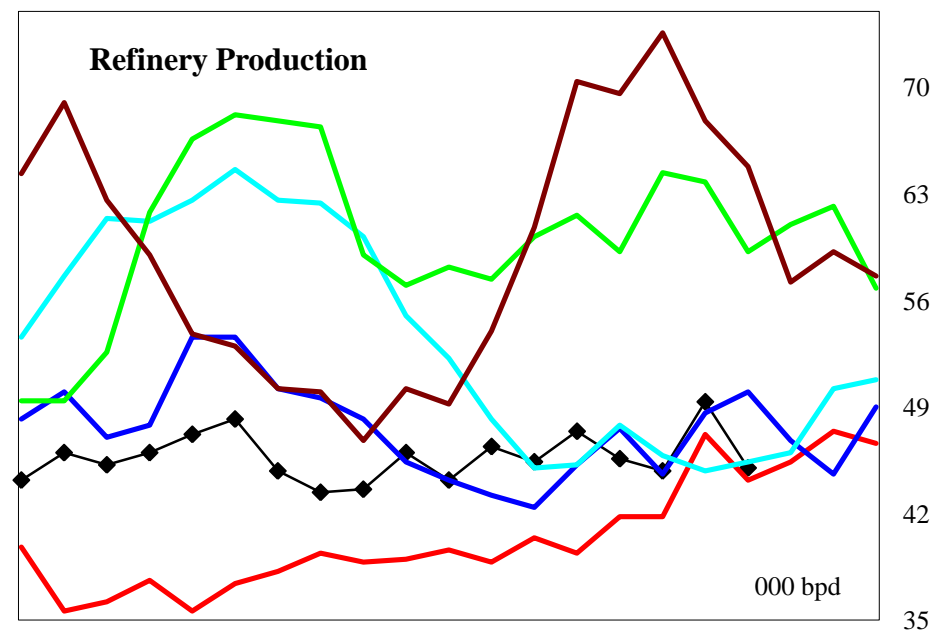
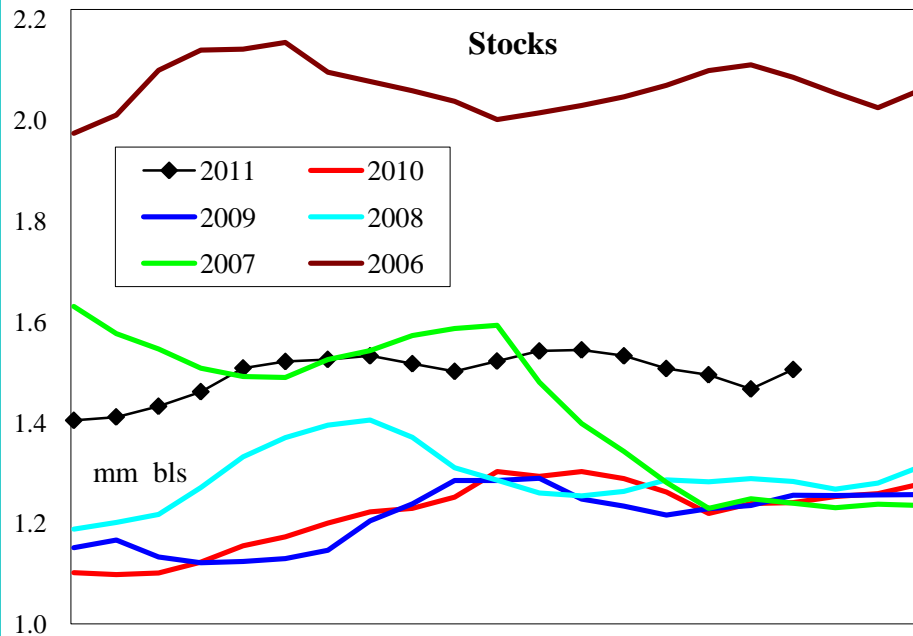
#DIV/0!

Prod + Imp - Stk chg

21

11.1

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

1

3

6

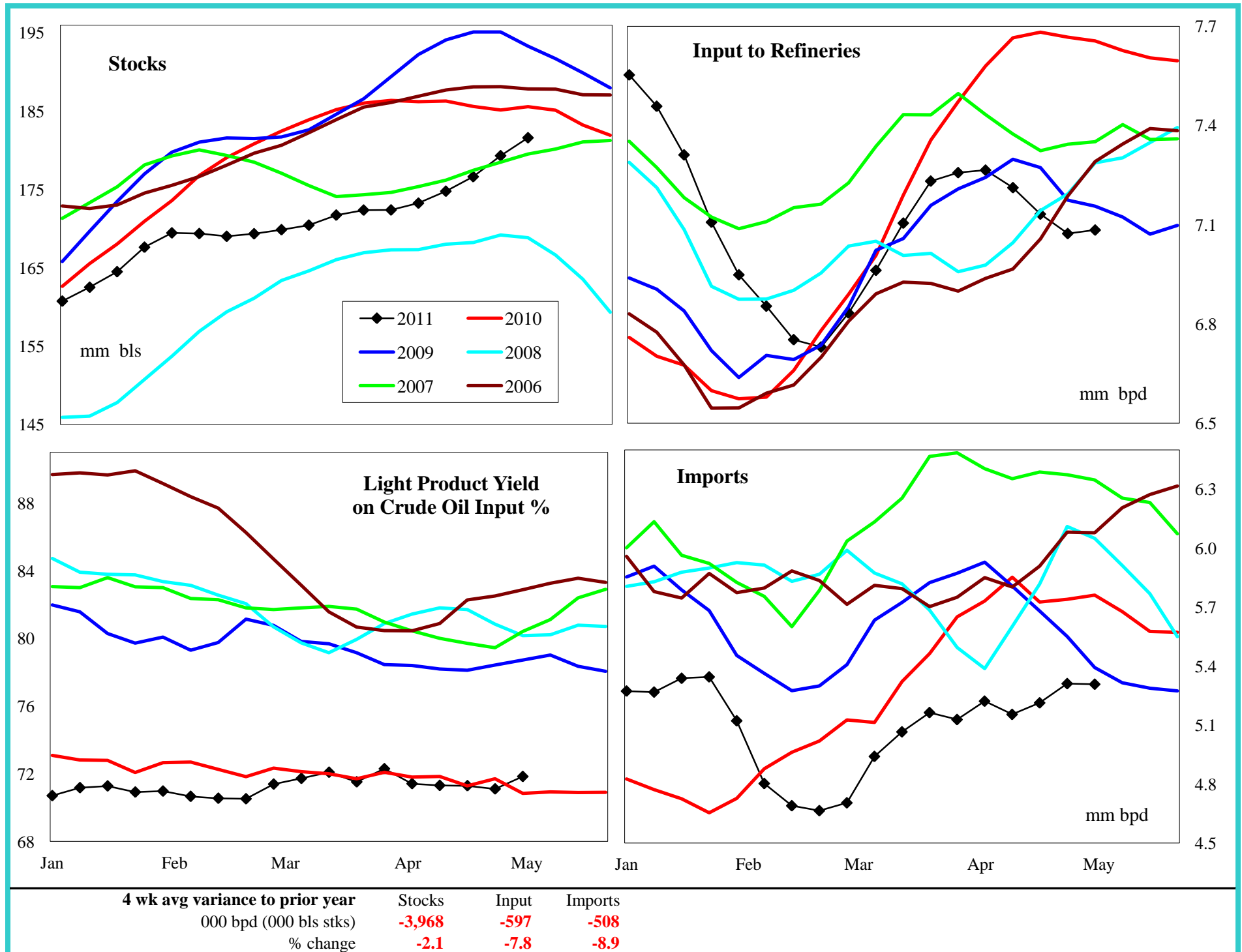
21.0

2.8

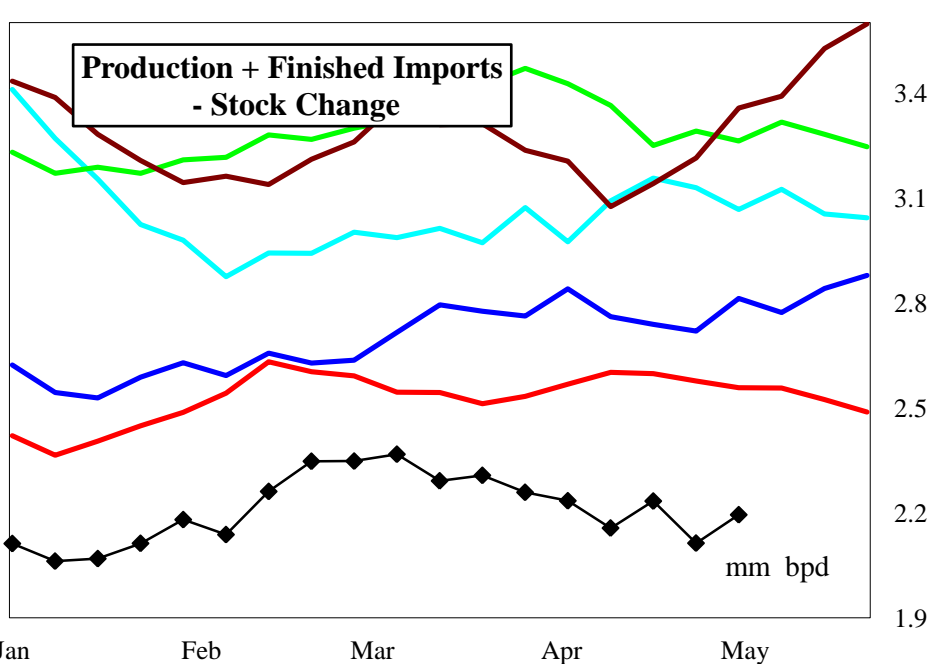
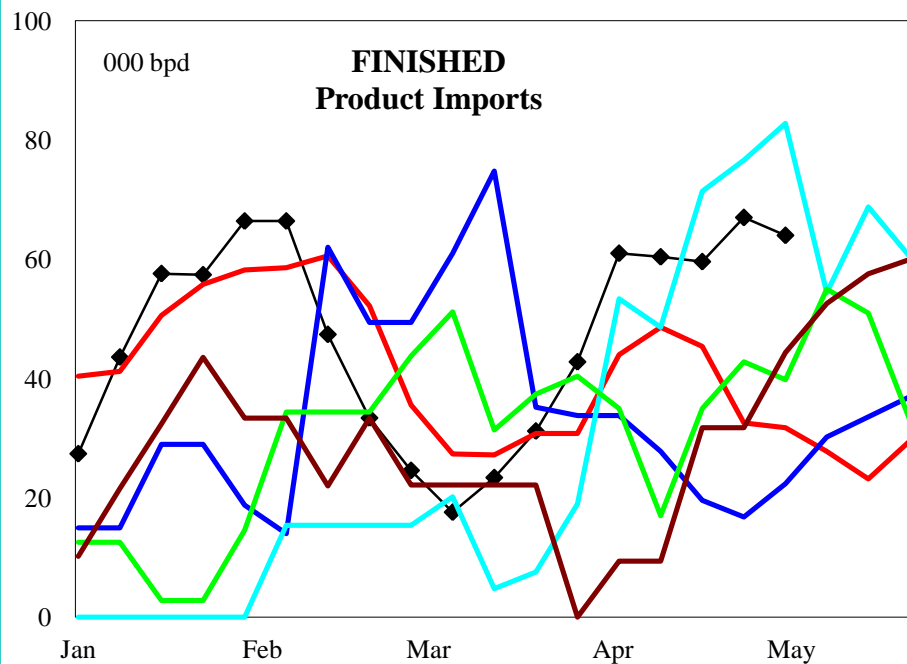
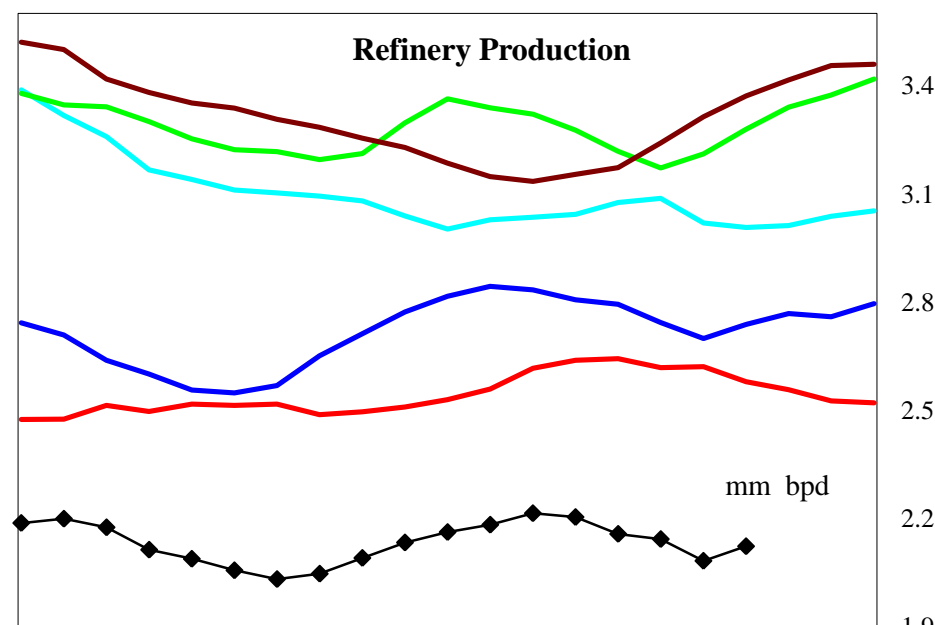
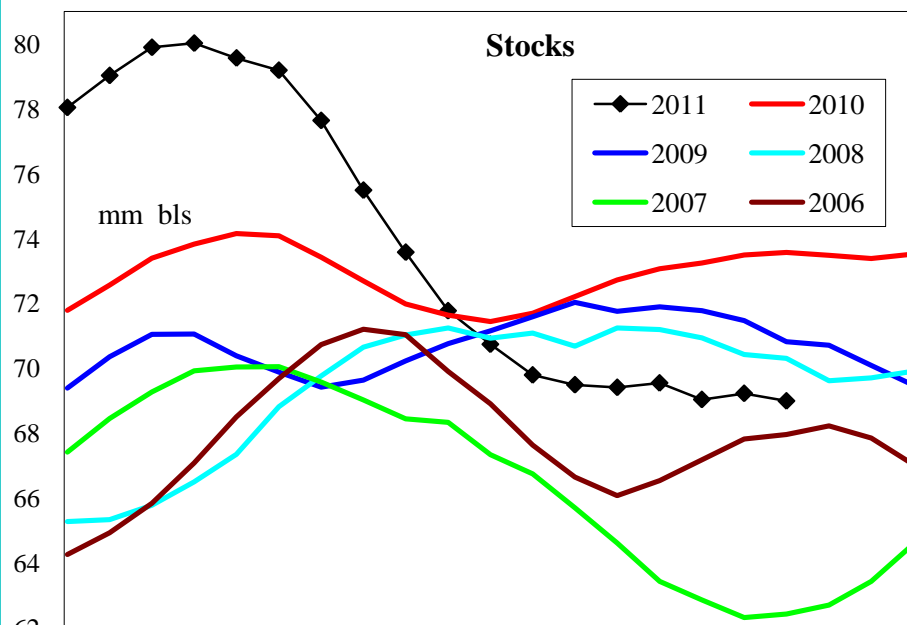
72.2

12.6

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

Production

Fin Impt

Blend Impt

Prod + Imp - Stk chg

-4,227

-494

24

99

-461

-5.8

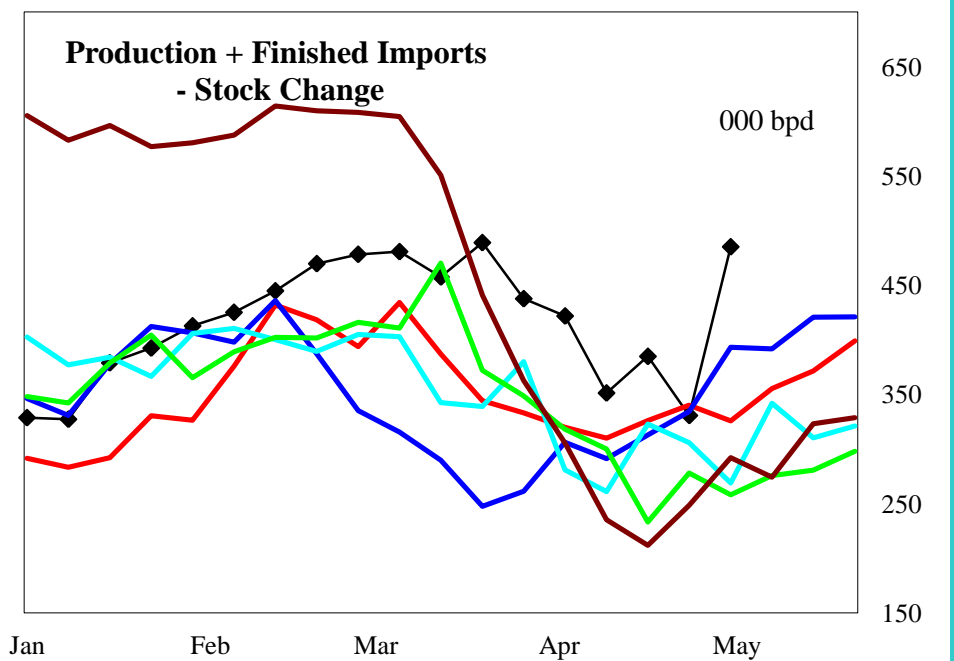
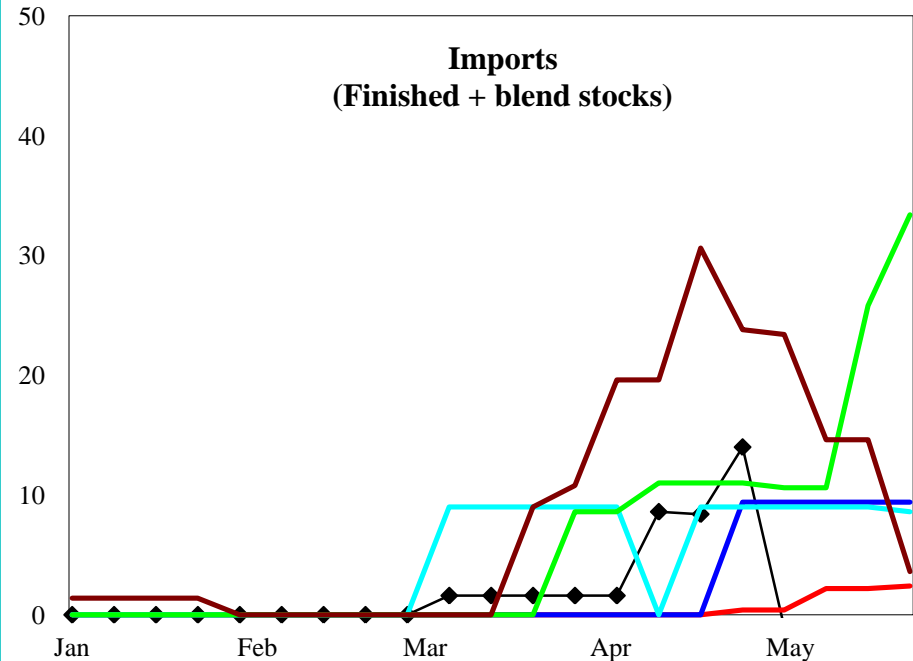
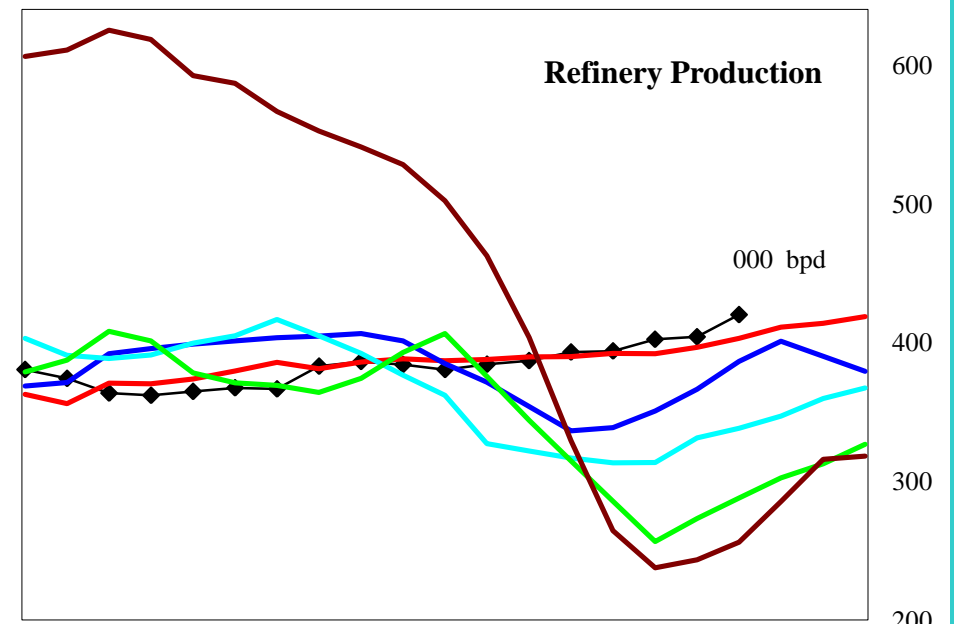
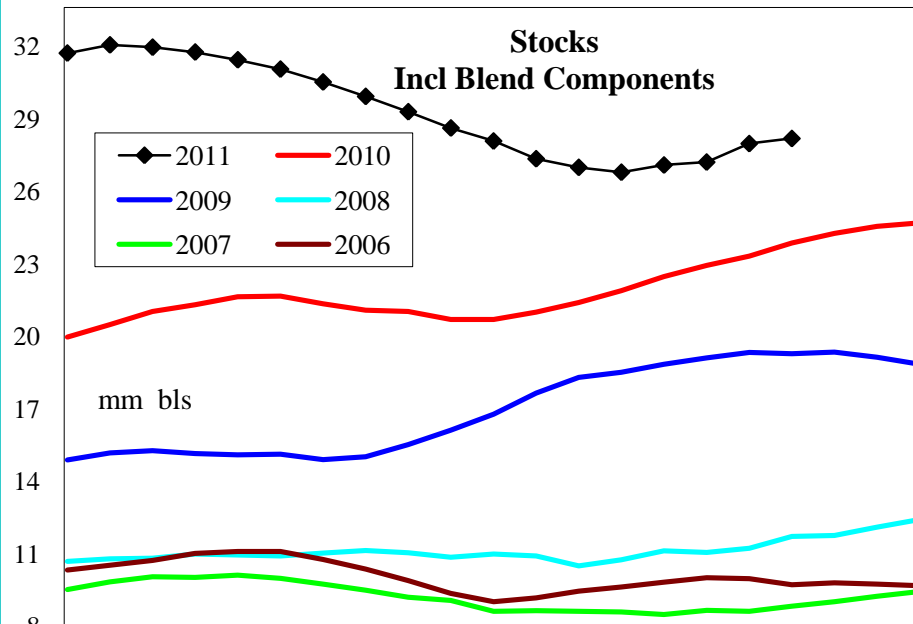
-18.8

58.9

322.0

-17.5

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

4,285

17.6

Production

12

3.1

Imports

11

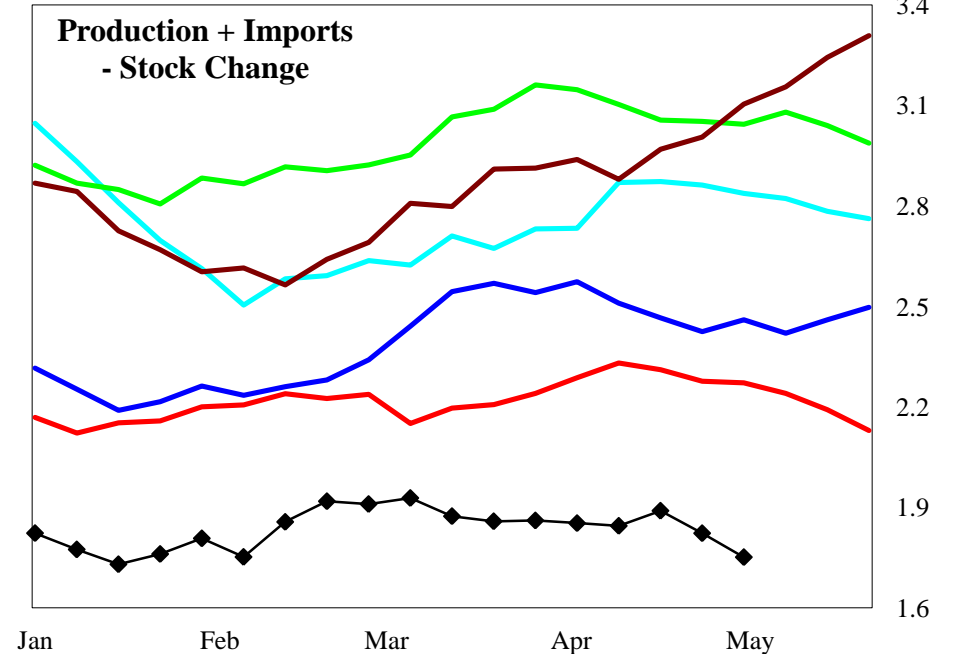
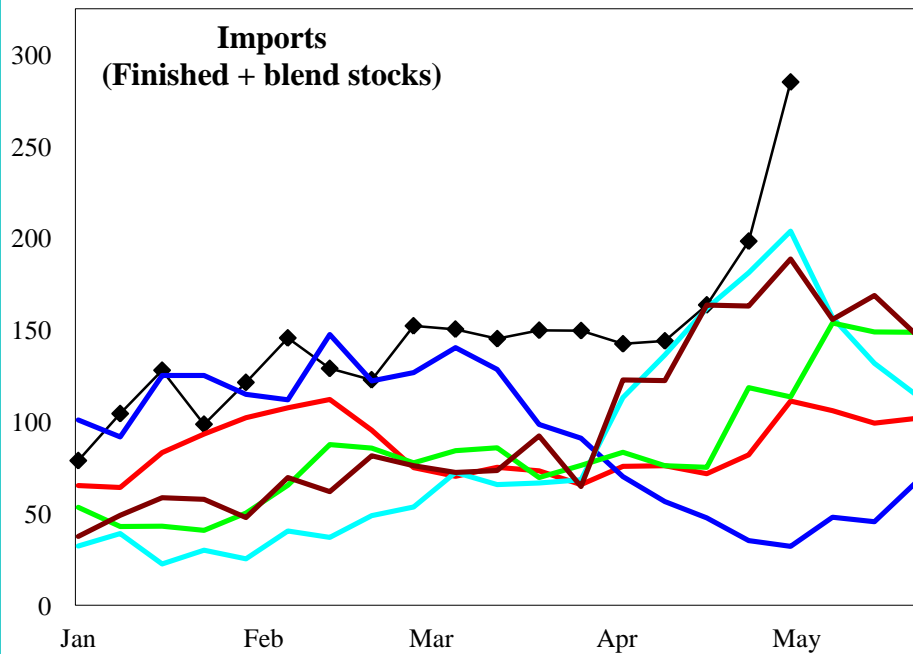
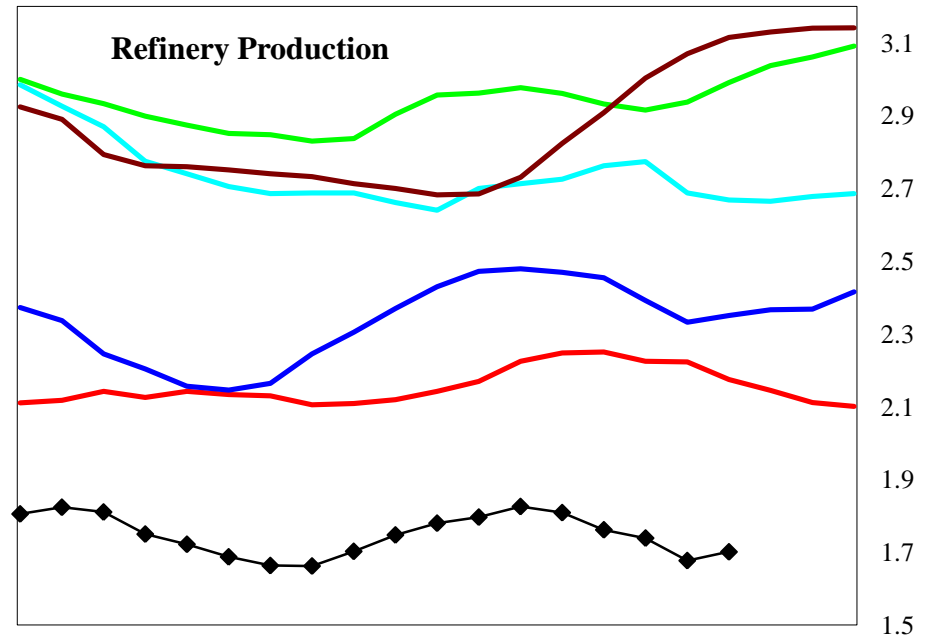
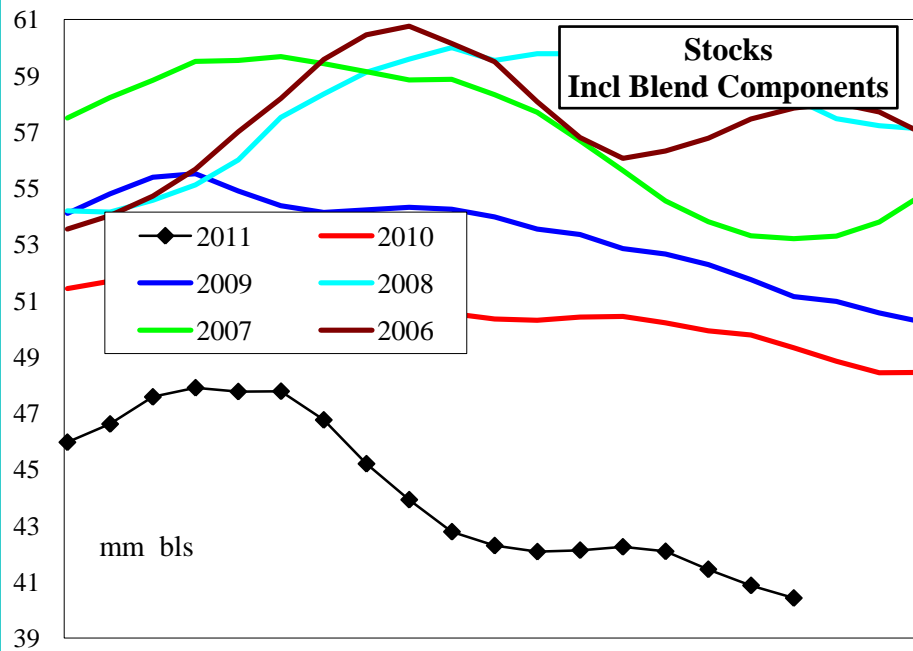
#DIV/0!

Prod + Imp - Stk chg

-6

-2.1

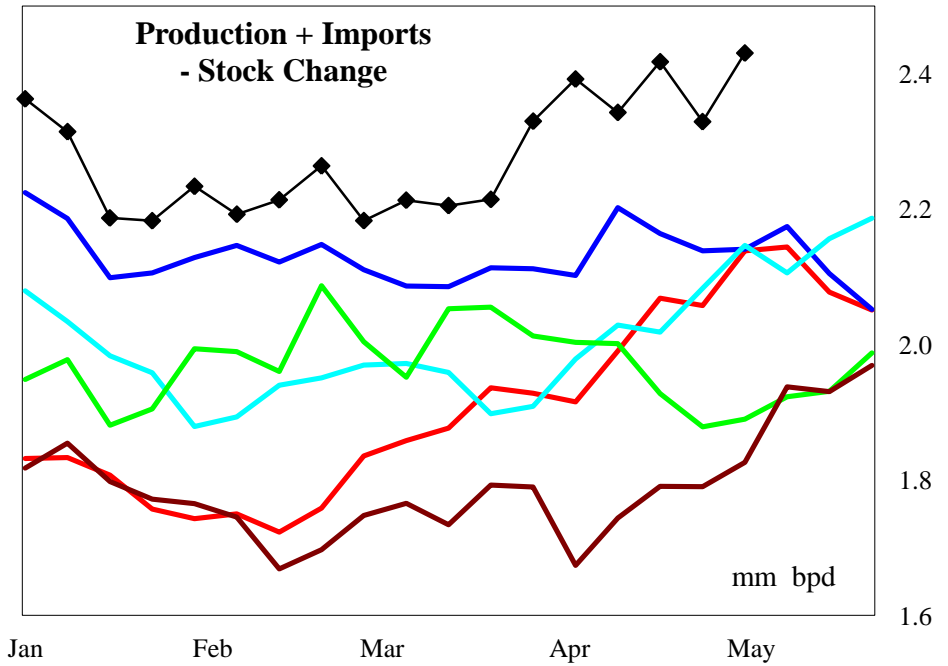
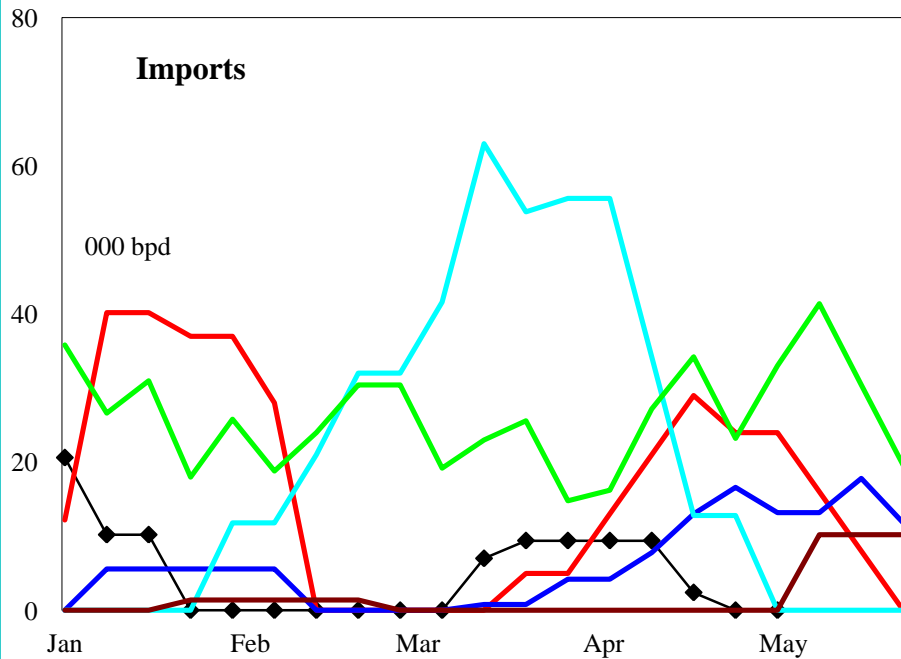
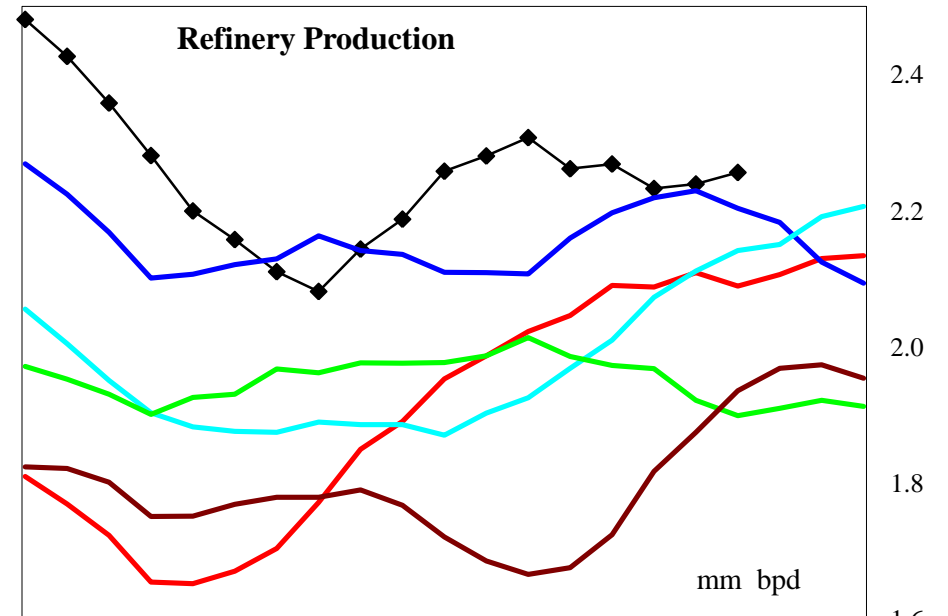
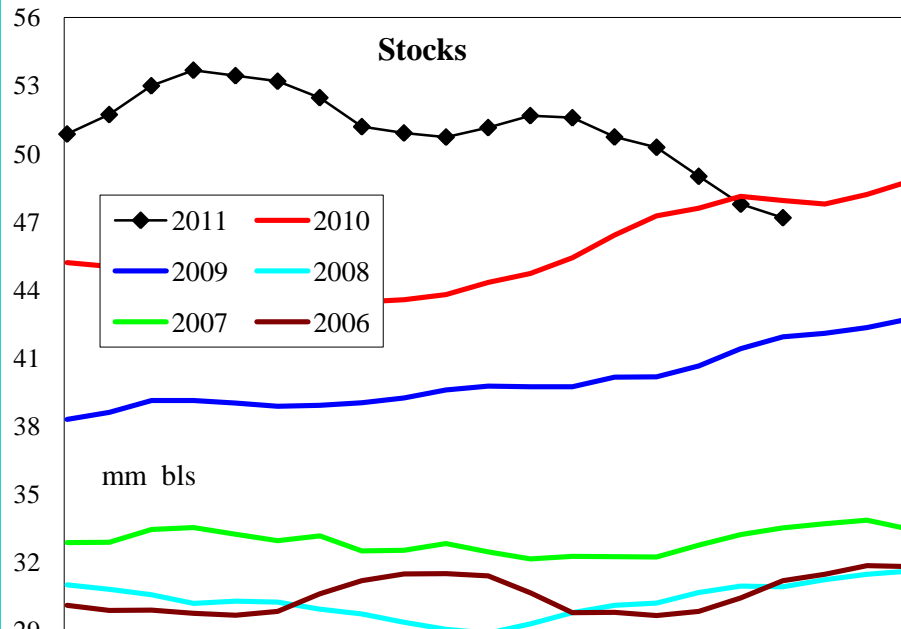
PADD 3 Conventional Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-8,507	-506	113	-454
-17.4	-22.7	157.3	-19.6

PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-297

-0.6

Production

131

6.2

Imports

-30

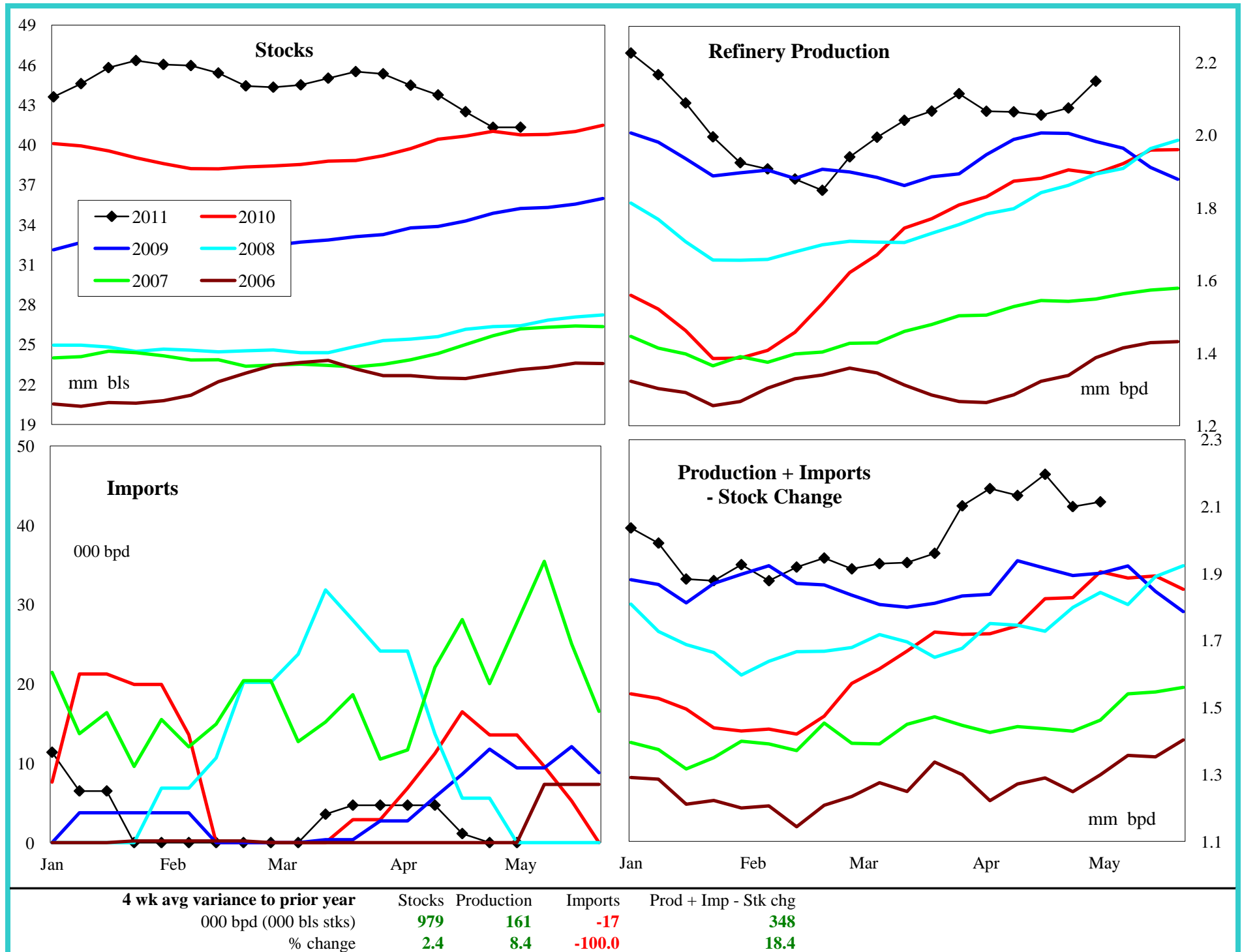
-100.0

Prod + Imp - Stk chg

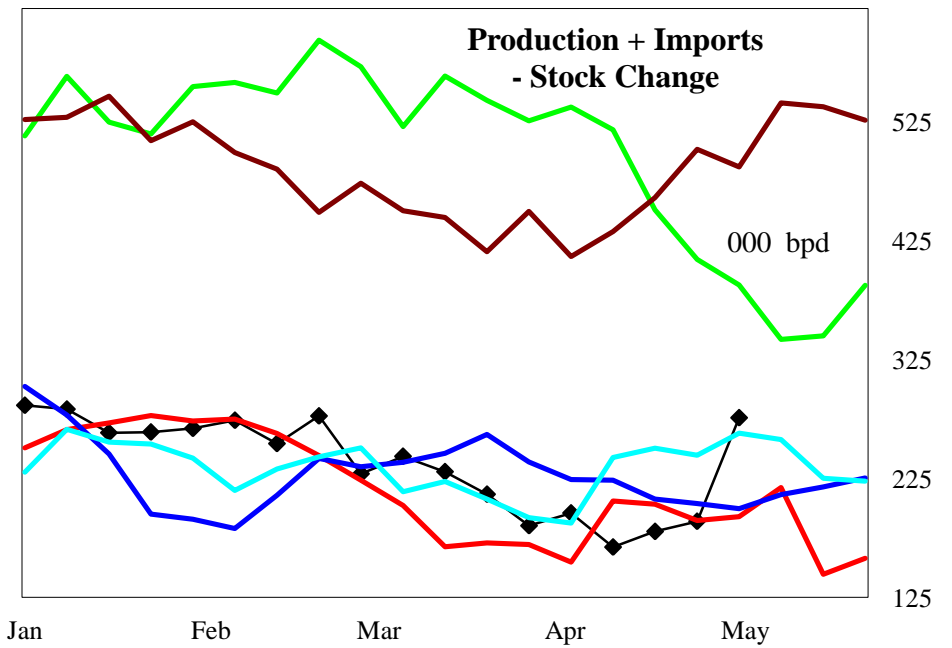
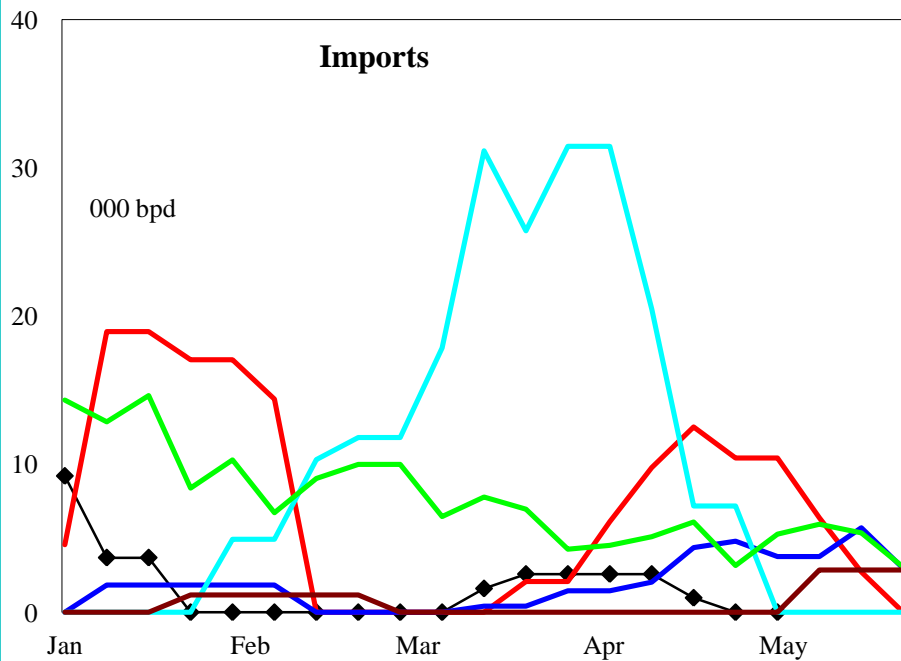
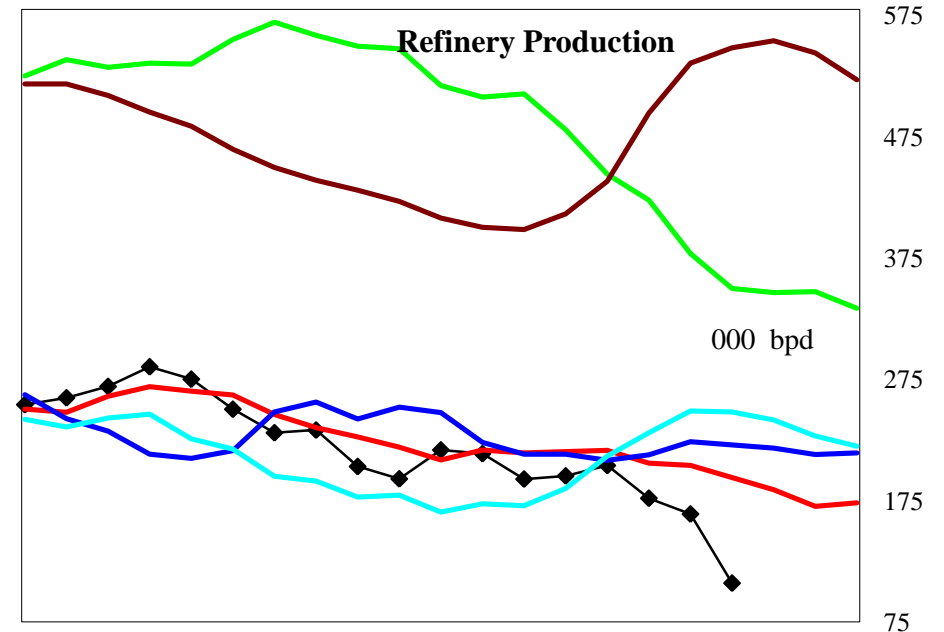
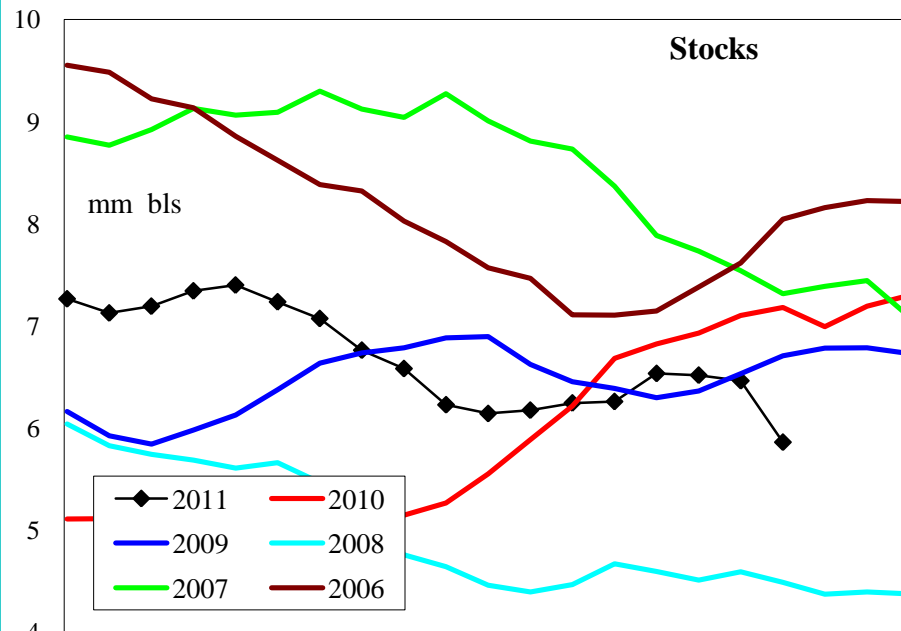
364

17.5

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

Production

Imports

Prod + Imp - Stk chg

-1,276

-30

-13

16

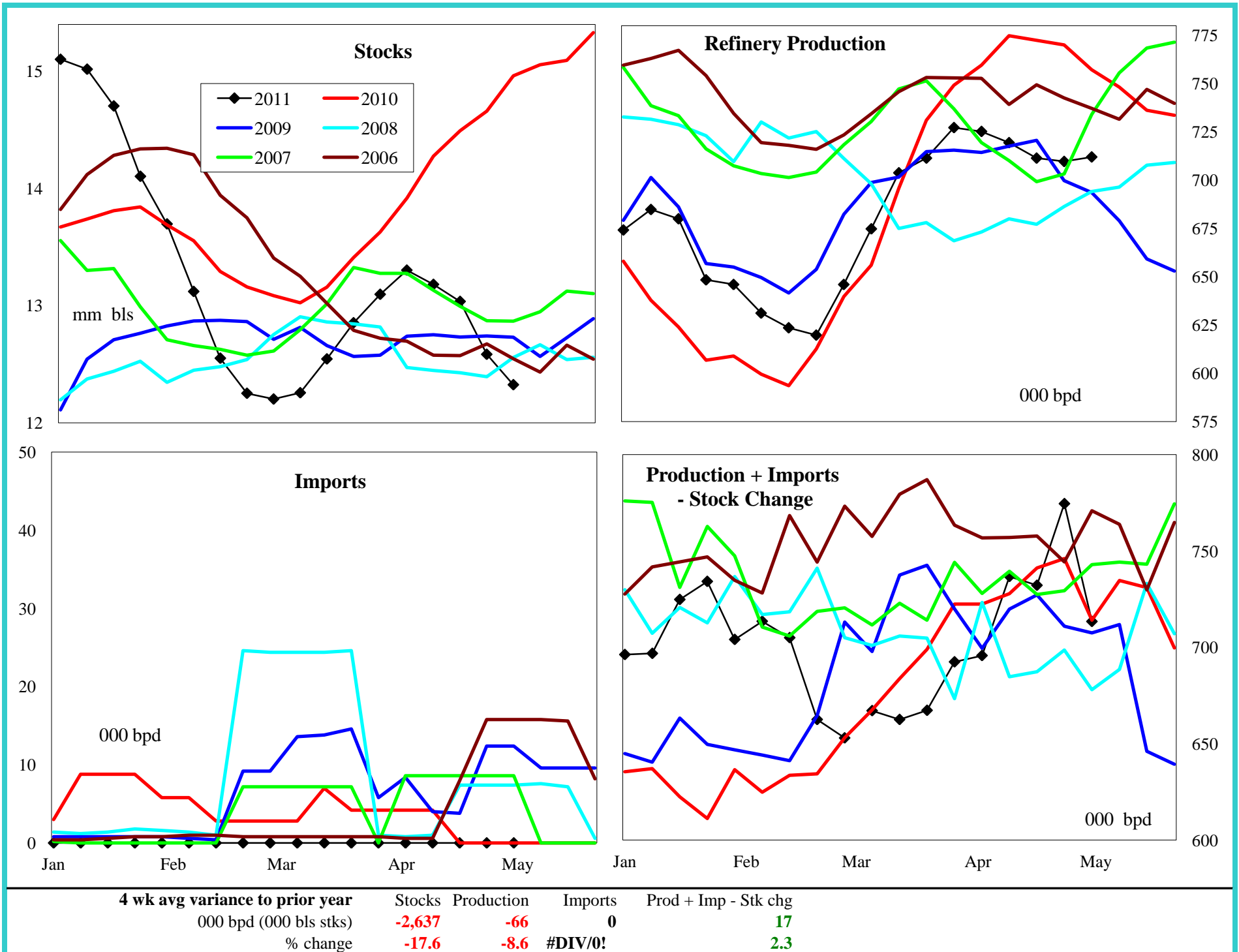
-17.9

-15.1

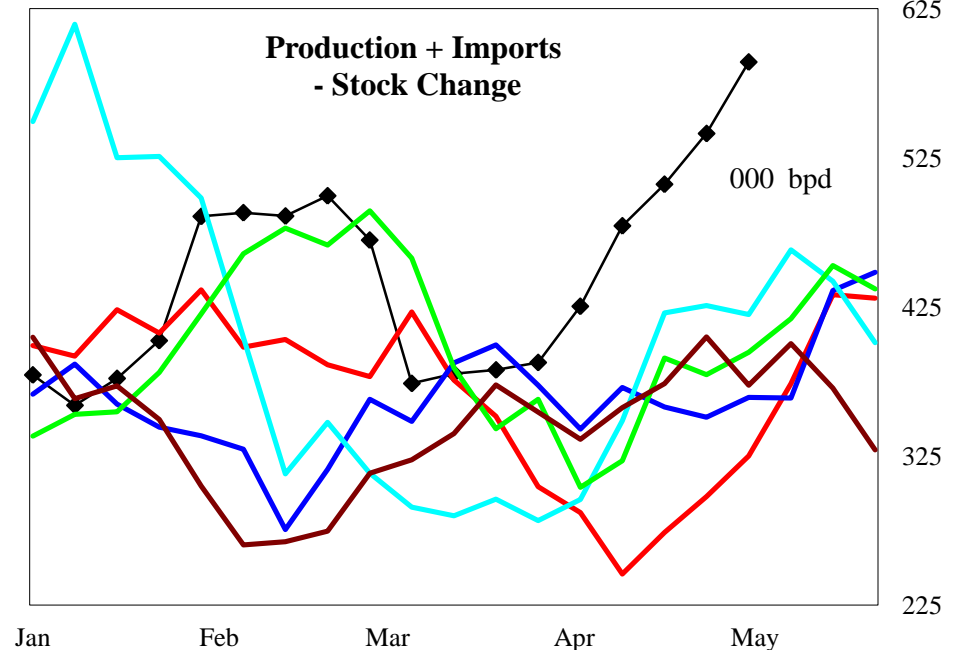
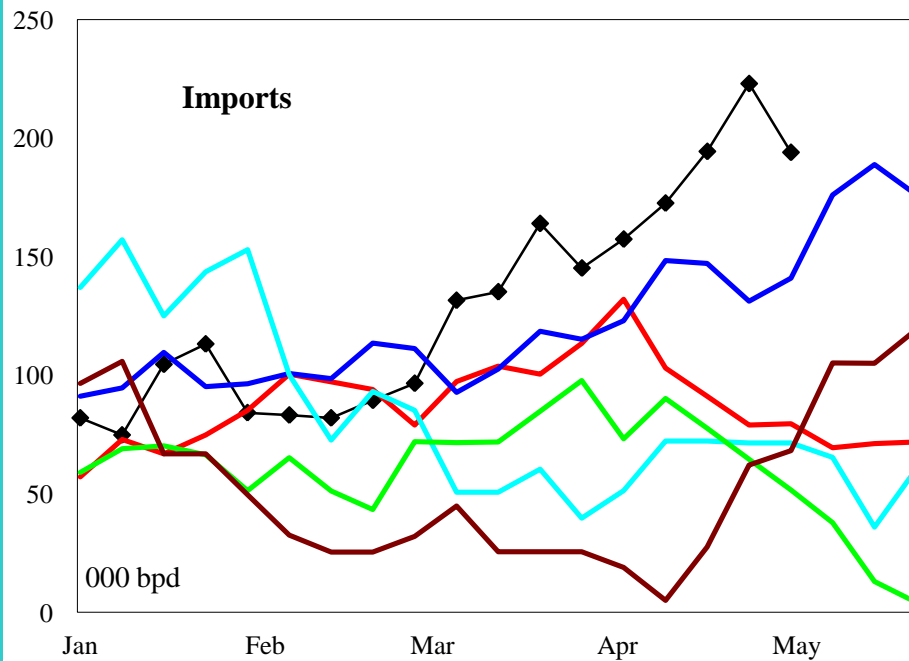
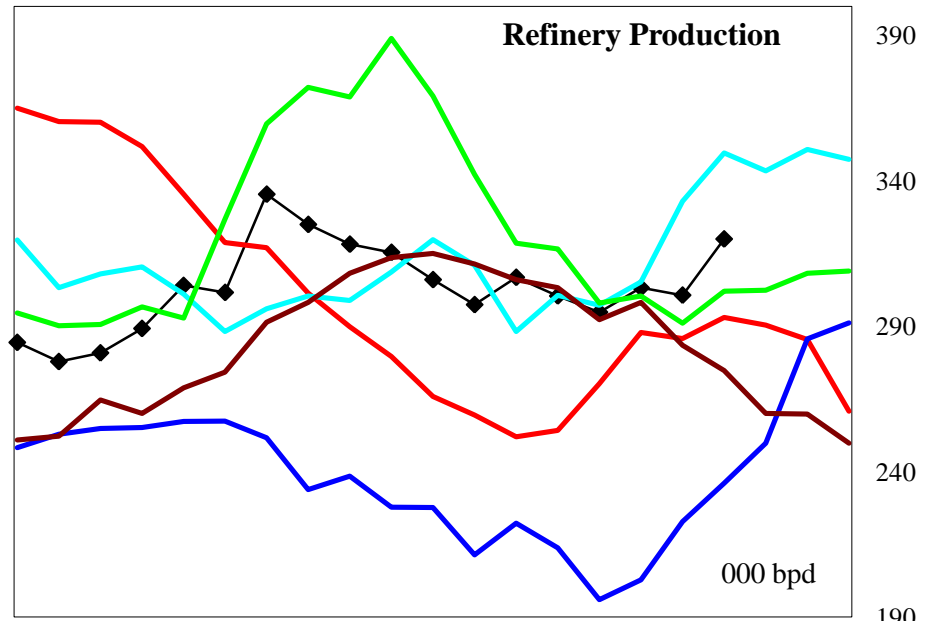
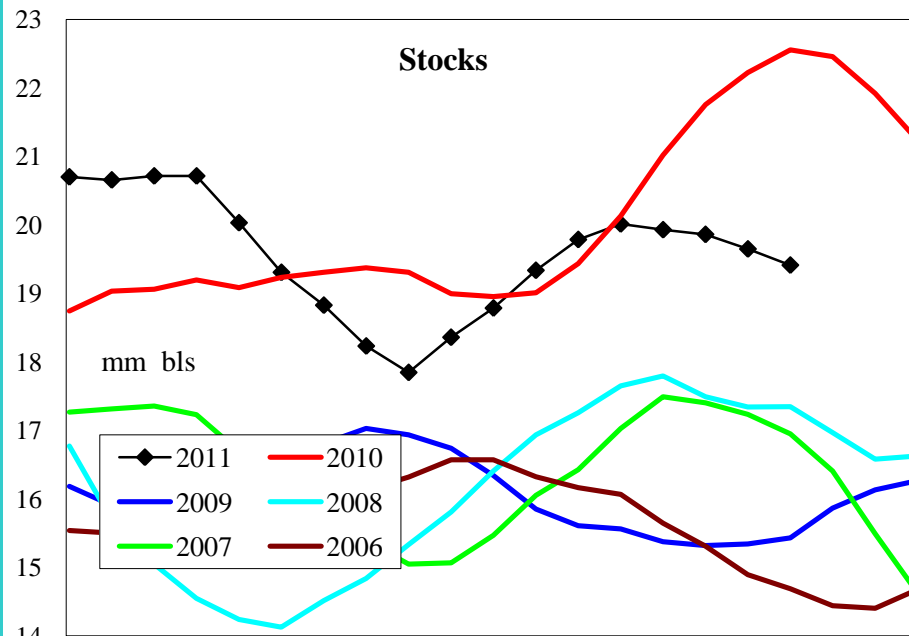
-100.0

8.6

PADD 3 Jet Fuel Supply



PADD 3 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-3,143

19

109

272

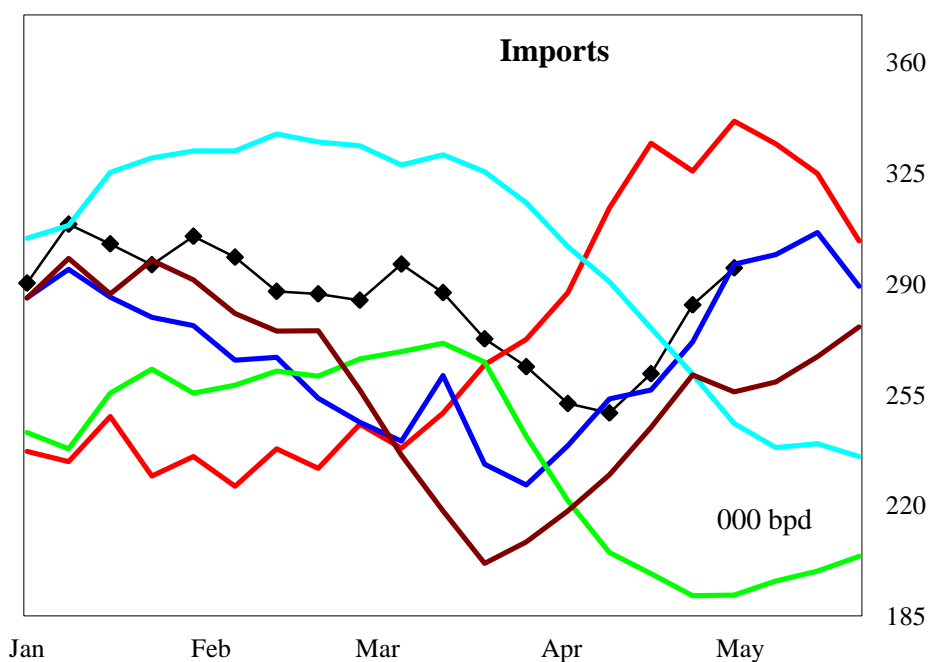
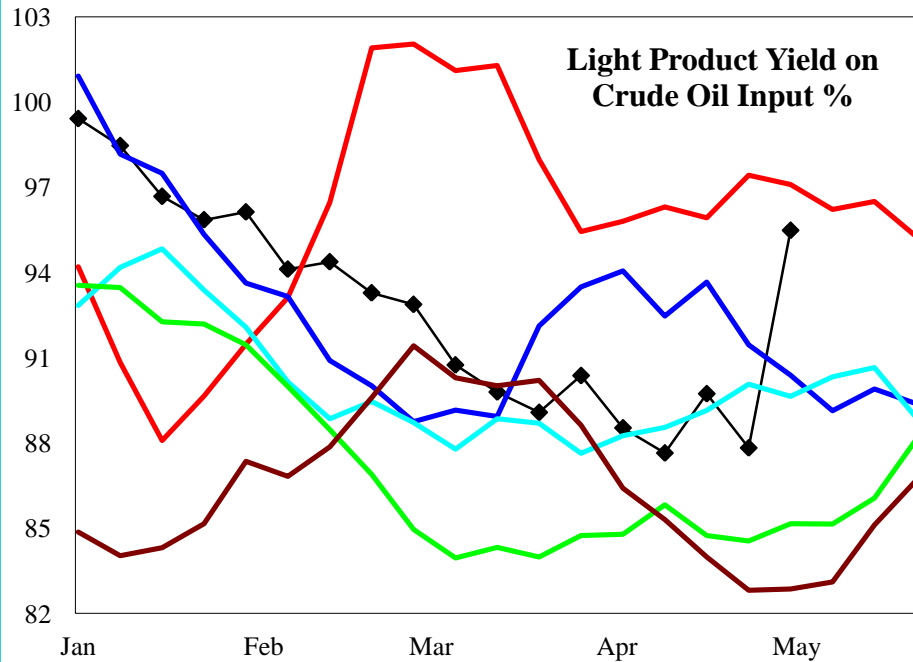
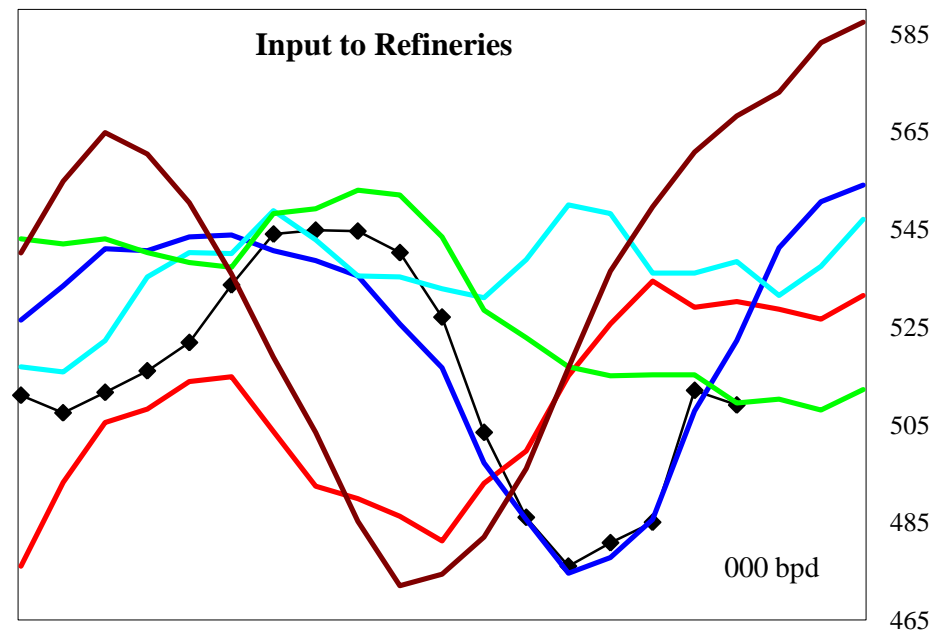
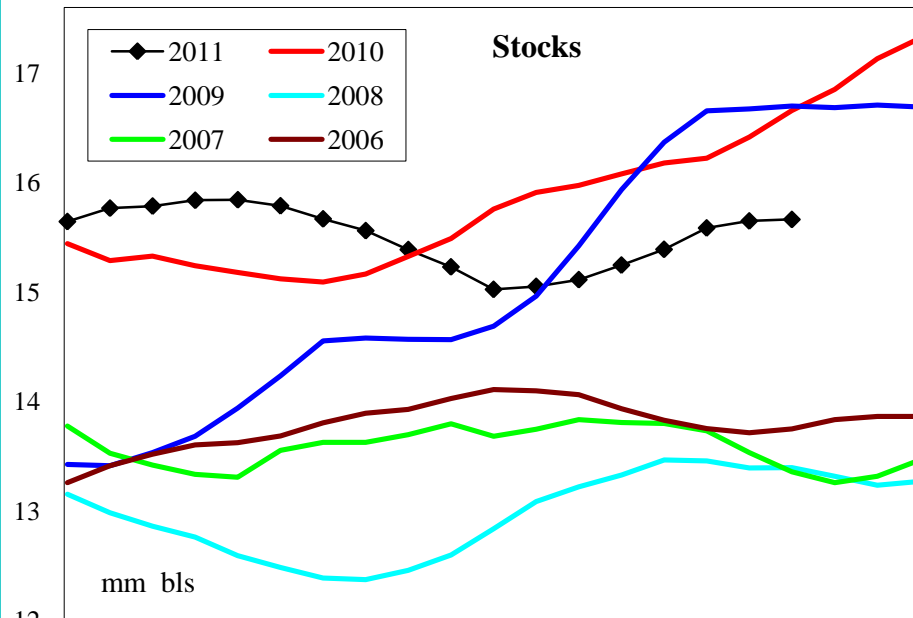
-13.9

6.4

127.4

100.9

PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-996

-5.8

Input

-39

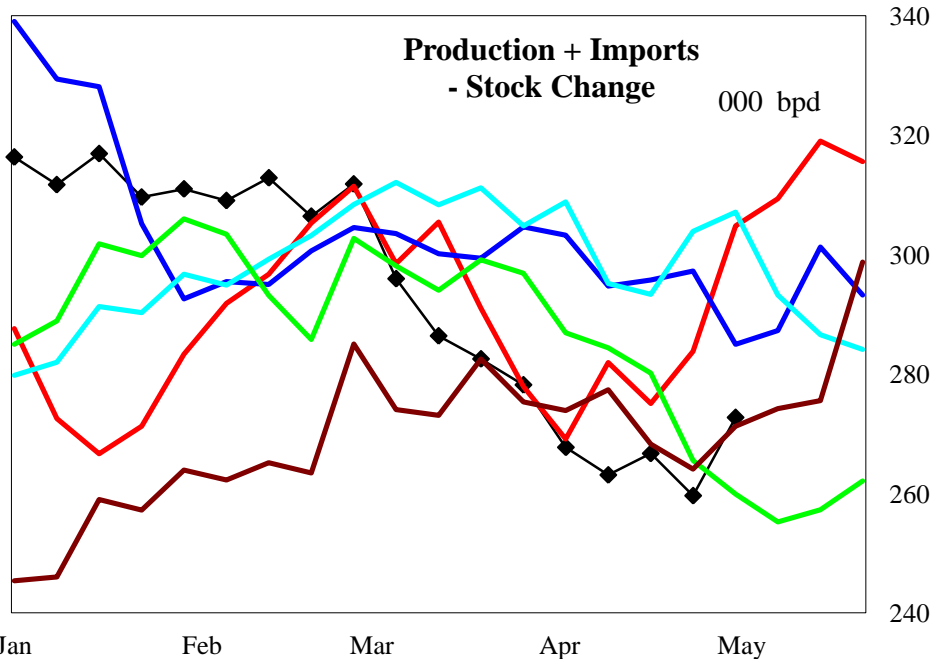
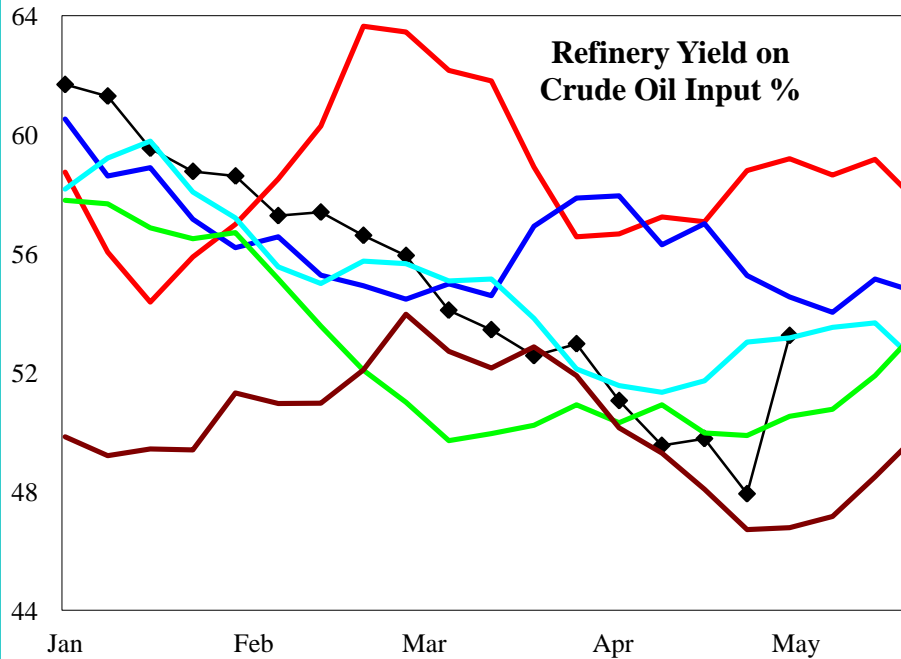
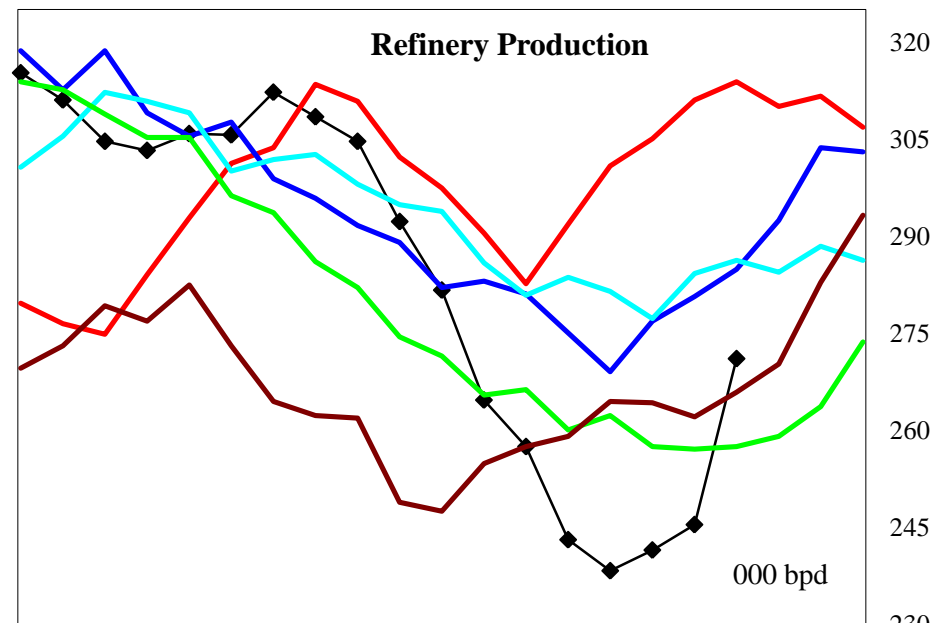
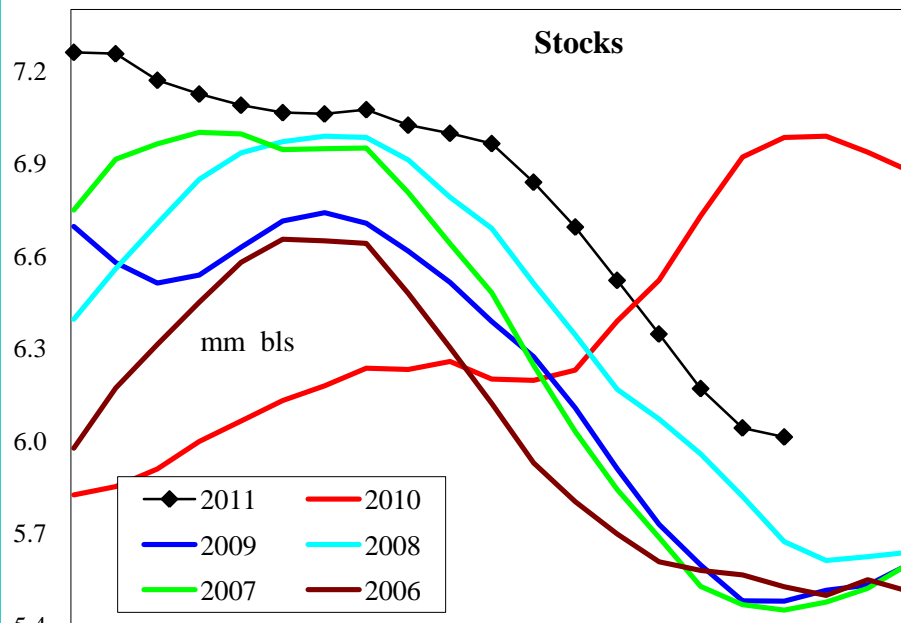
-7.2

Imports

-69

-20.4

PADD 4 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod + Imp - Stk chg

-971

-69

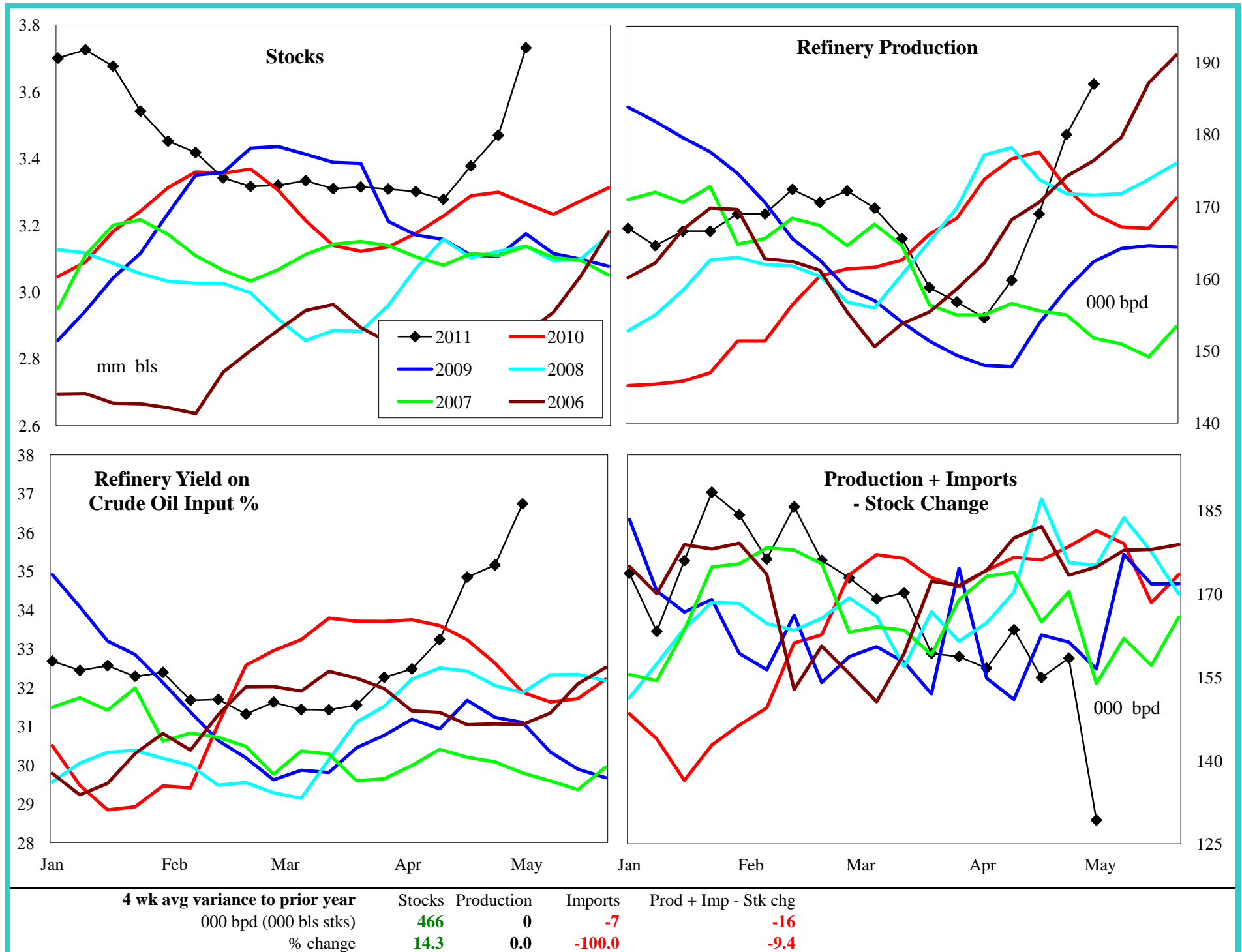
-24

-13.9

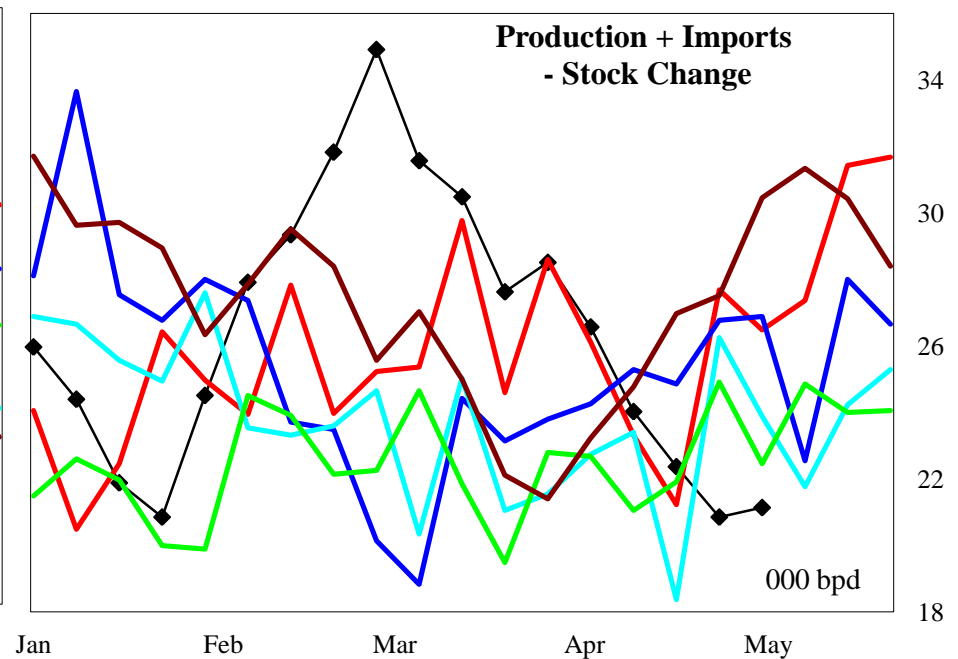
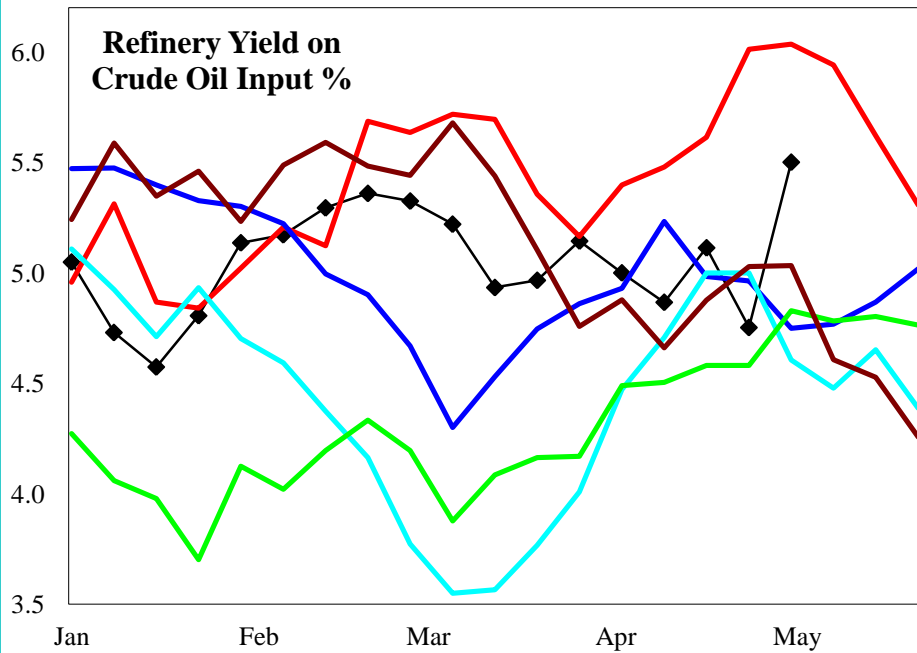
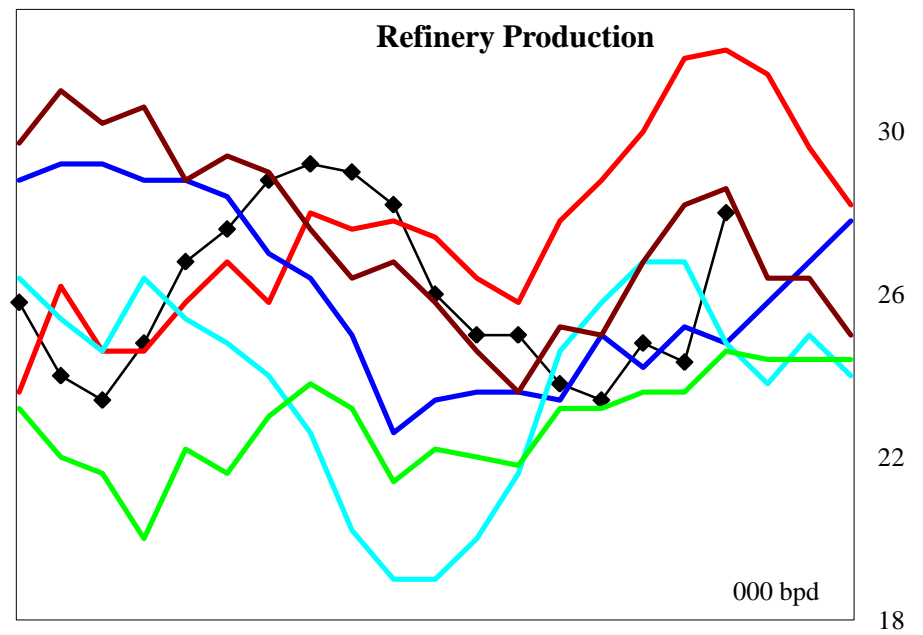
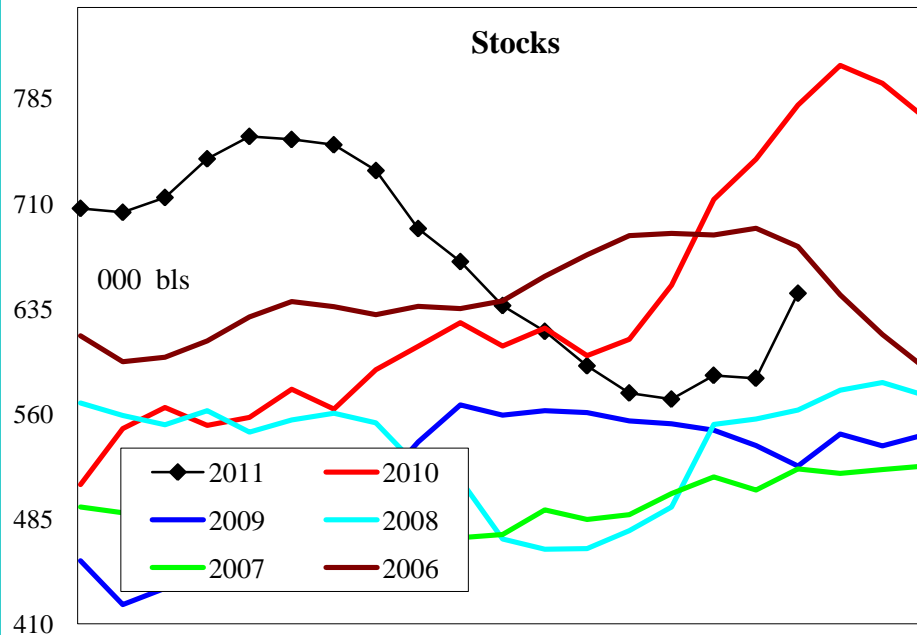
-22.0

-8.5

PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-134

-17.2

Production

-7

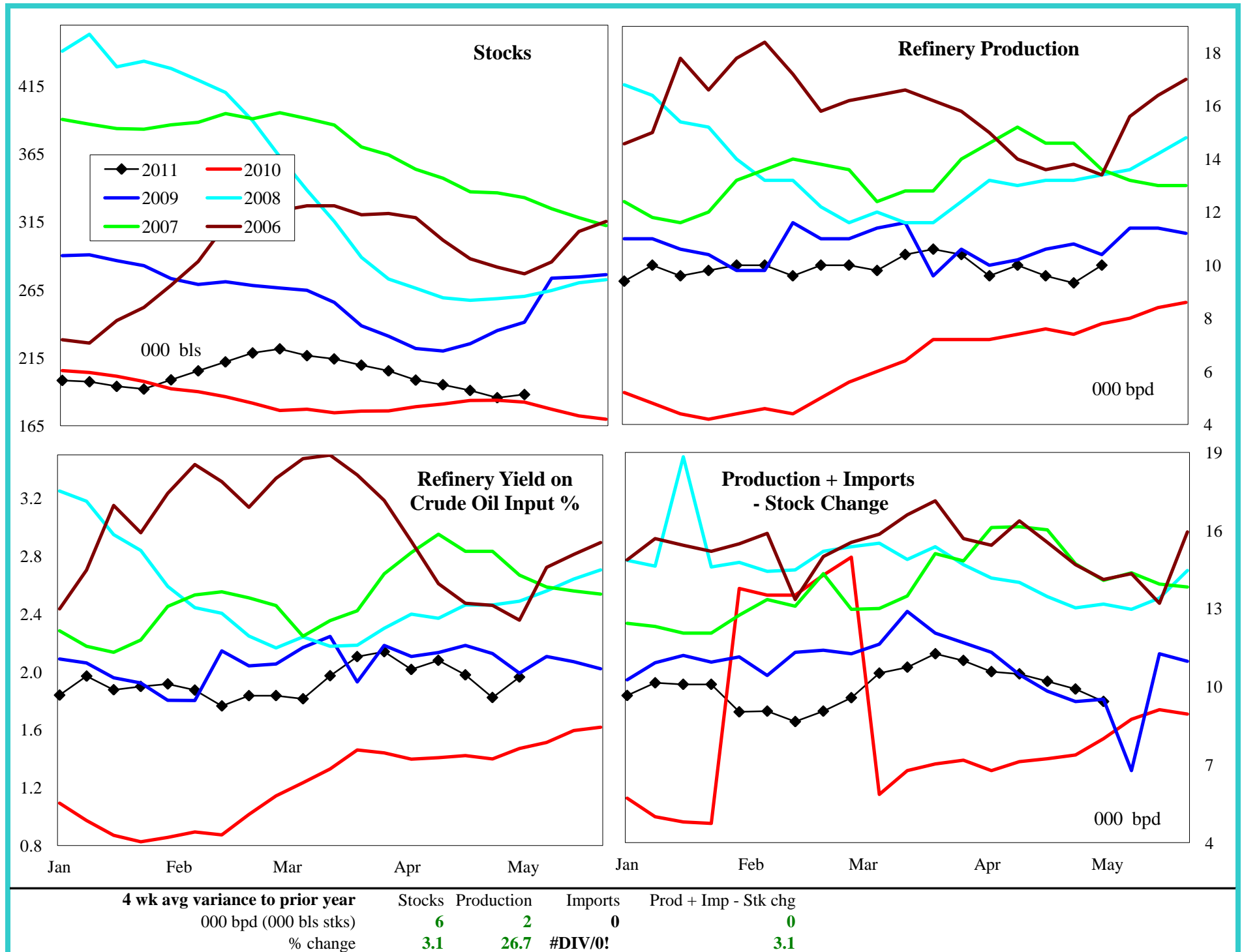
-20.5

Prod + Imp - Stk chg

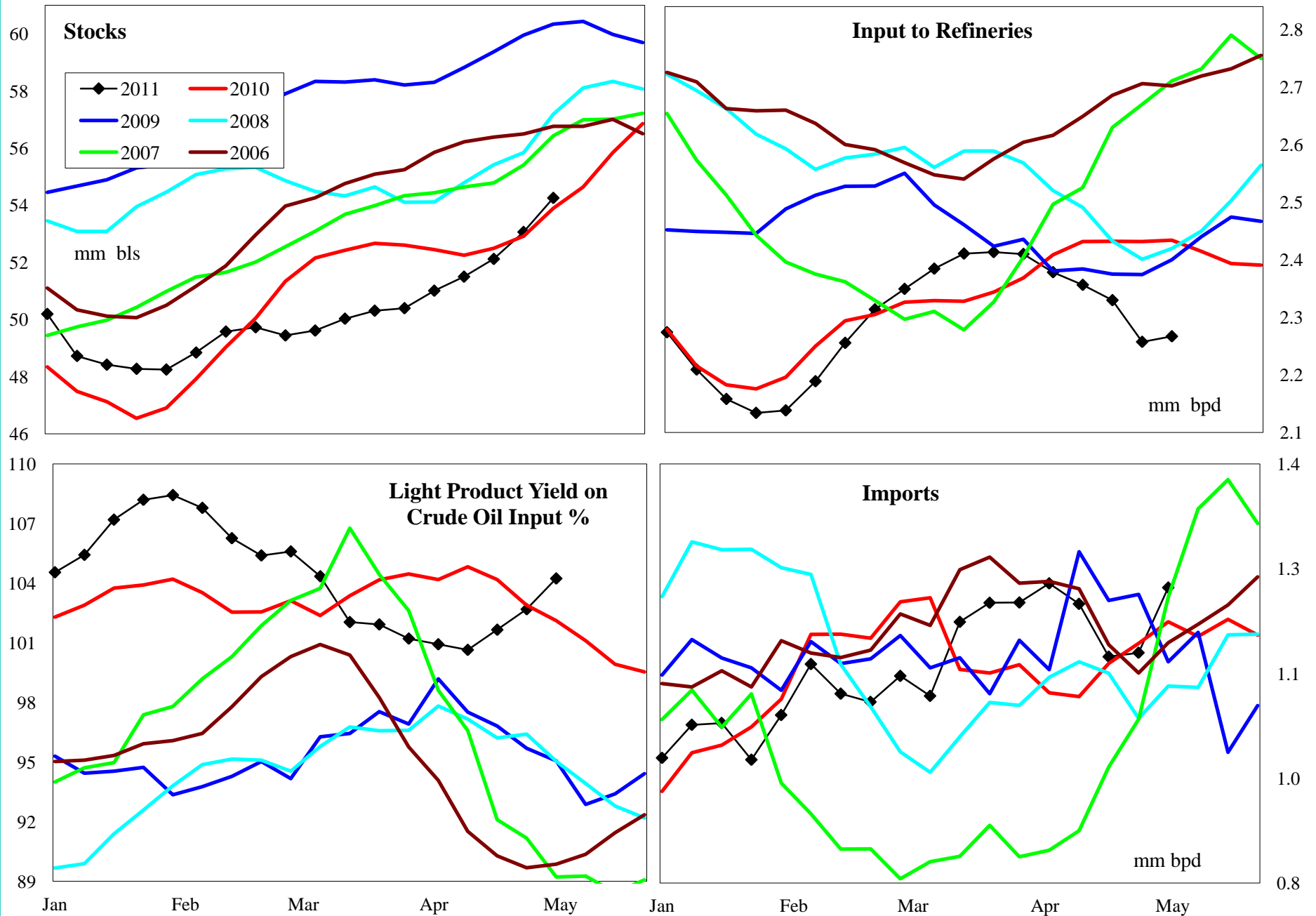
-1

-5.8

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

361

0.7

Input

-143

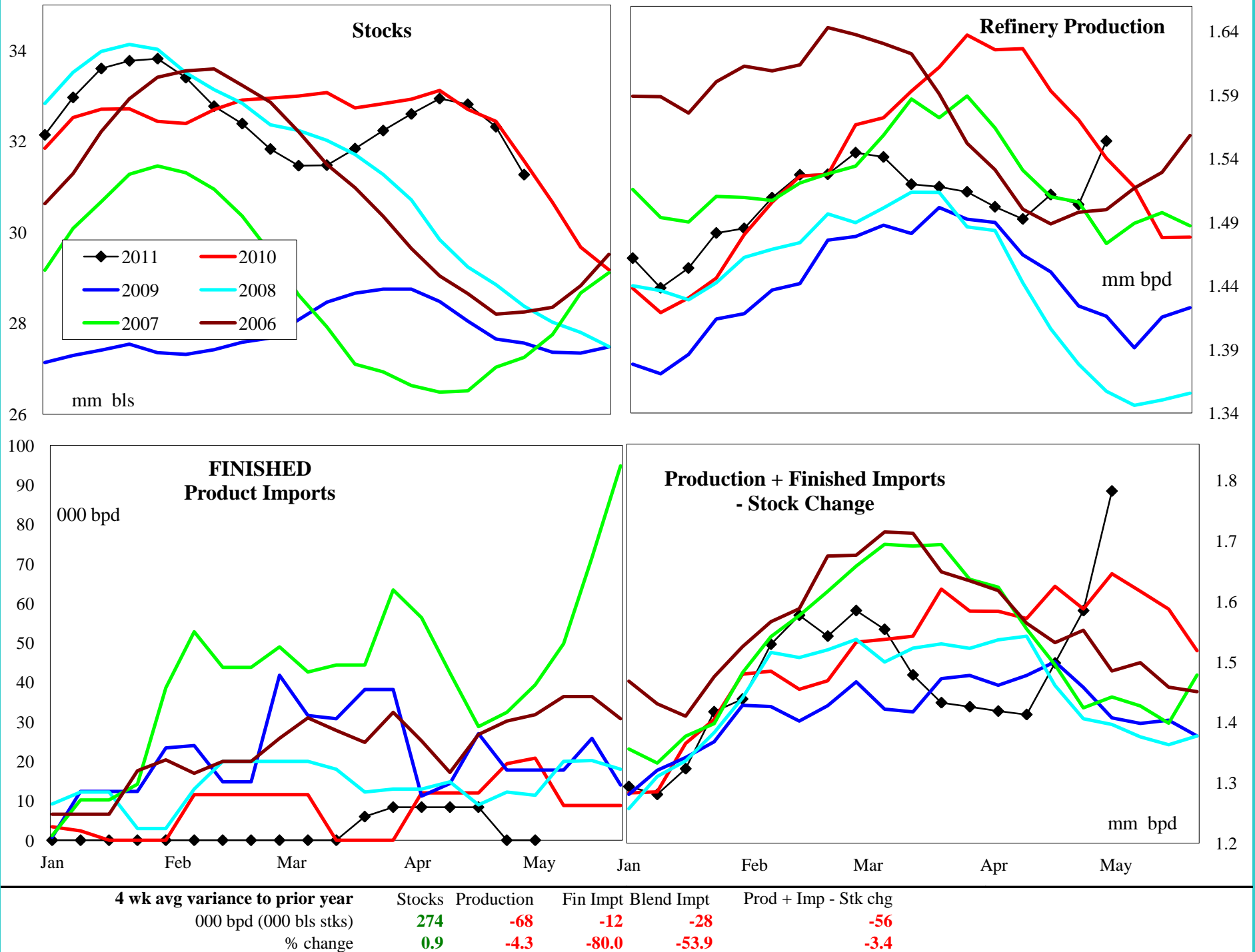
-5.9

Imports

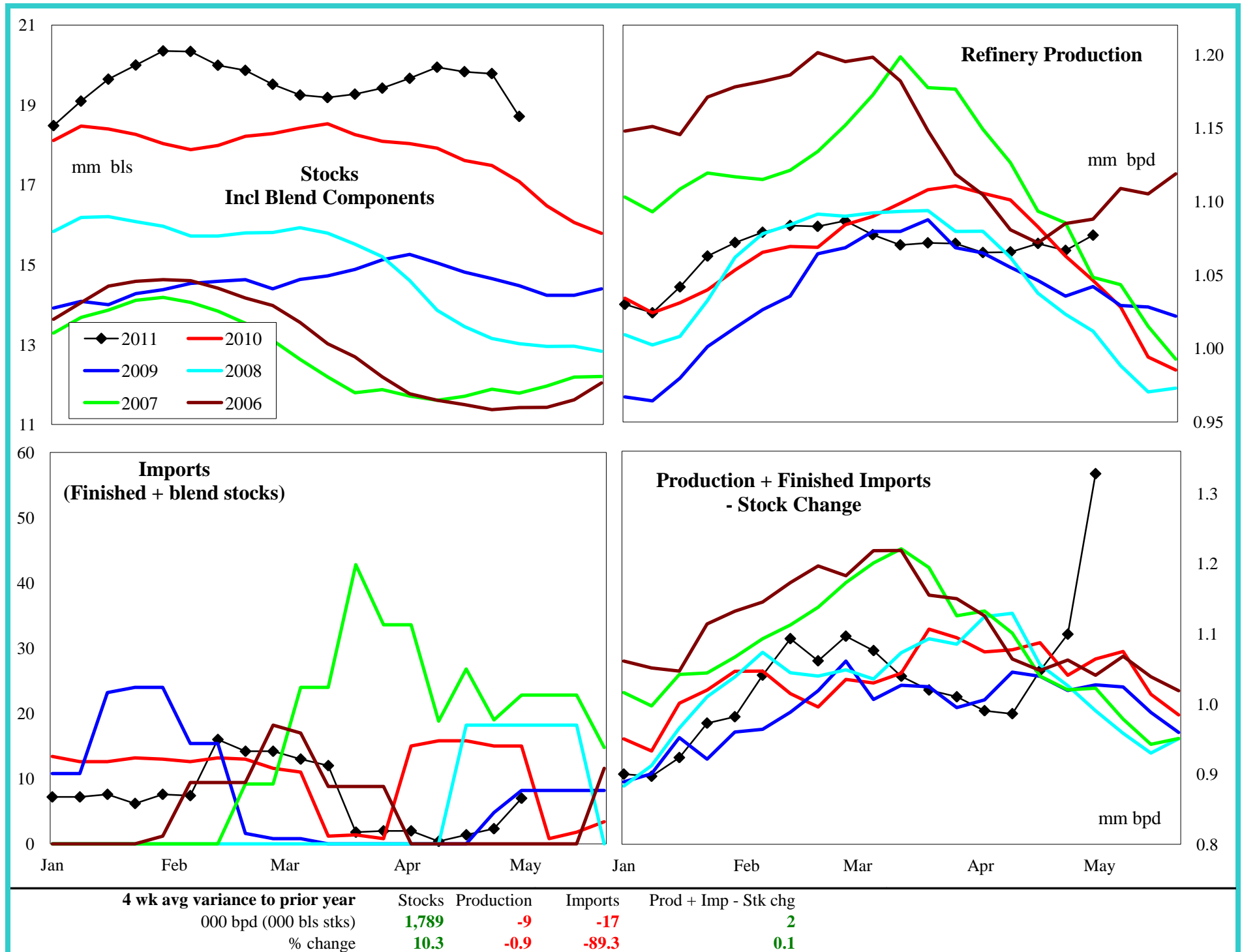
-43

-3.7

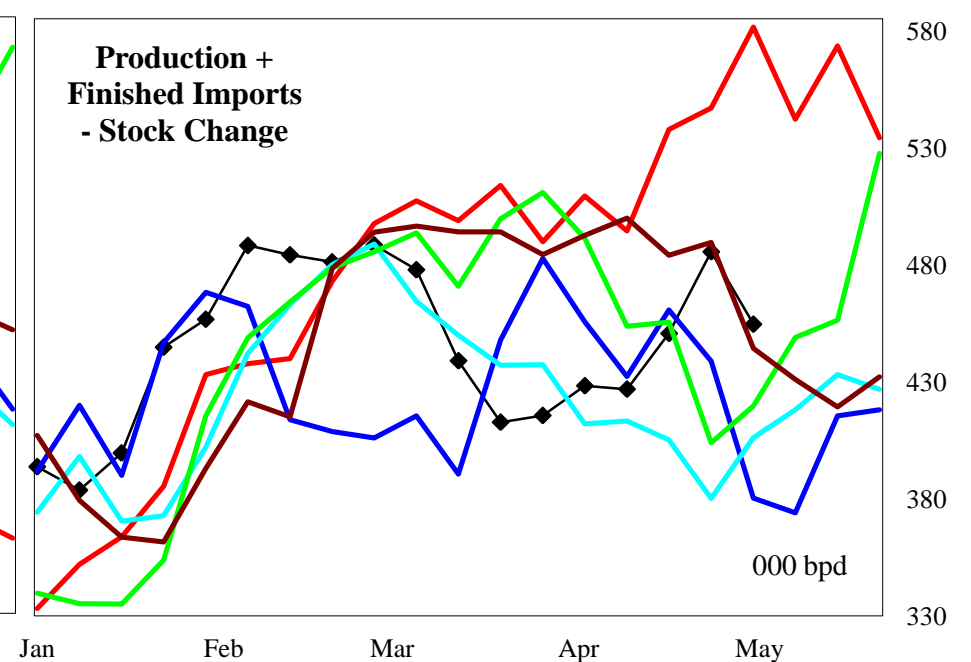
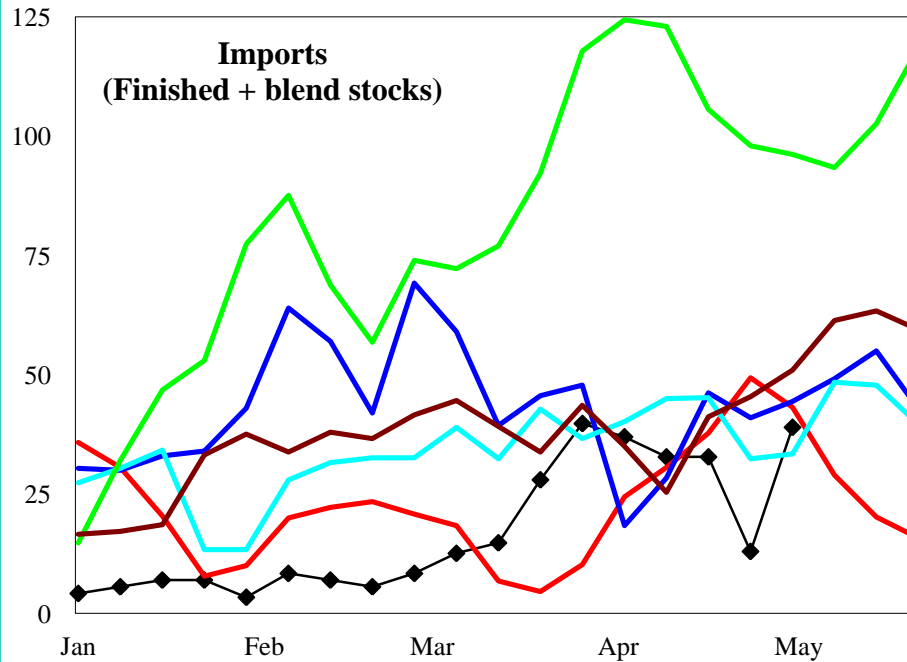
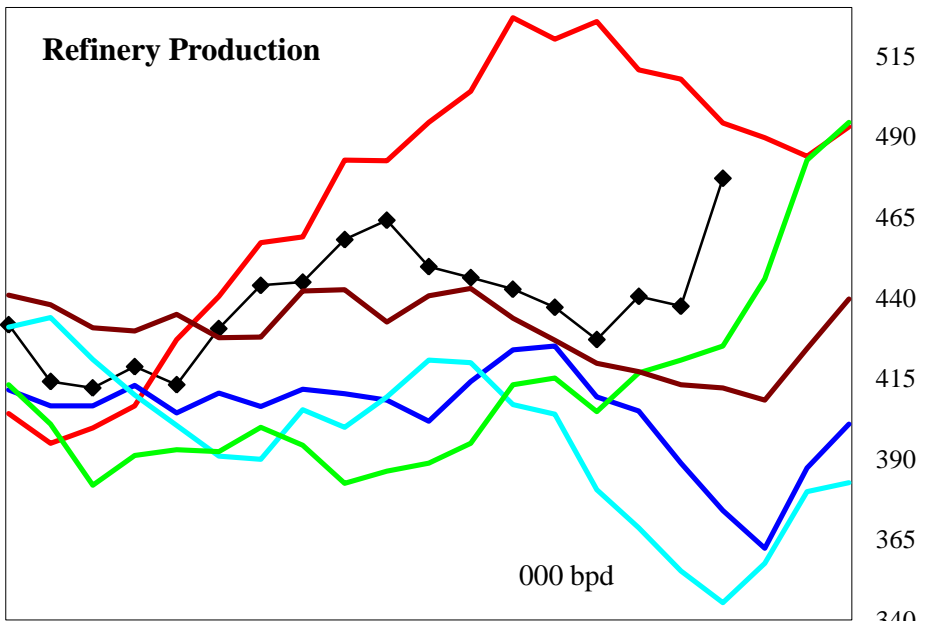
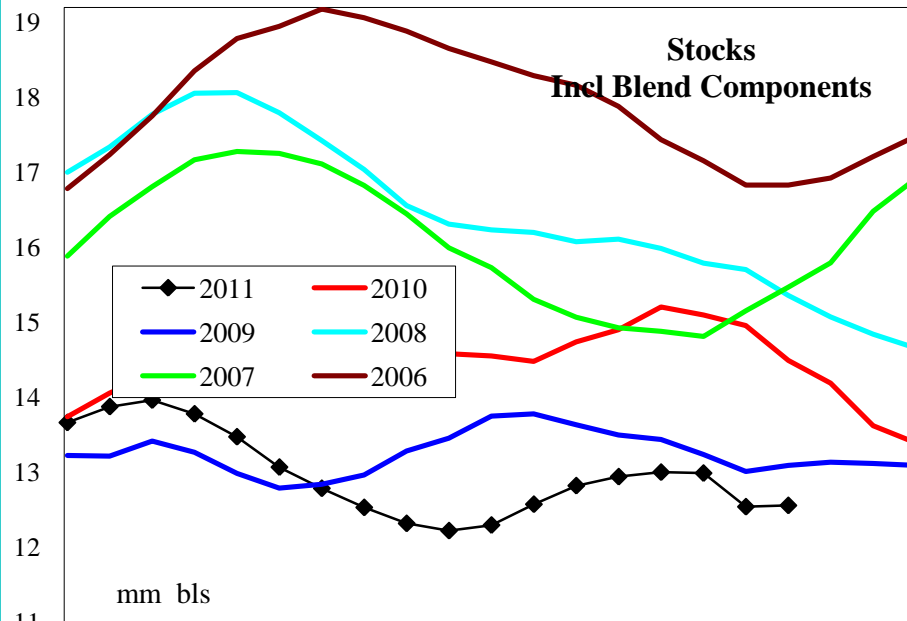
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-1,515

-10.8

Production

-59

-11.8

Imports

-23

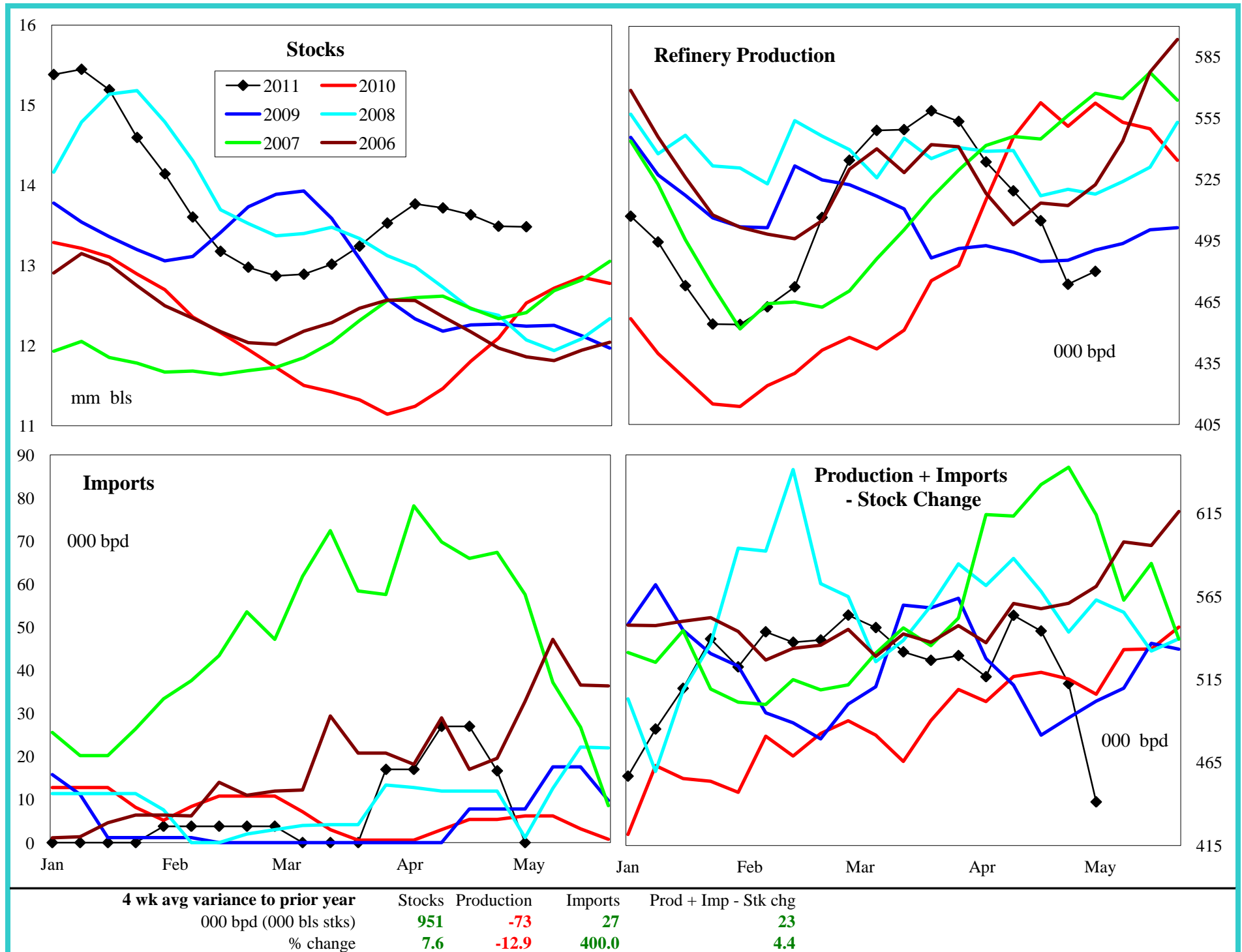
-48.1

Prod + Imp - Stk chg

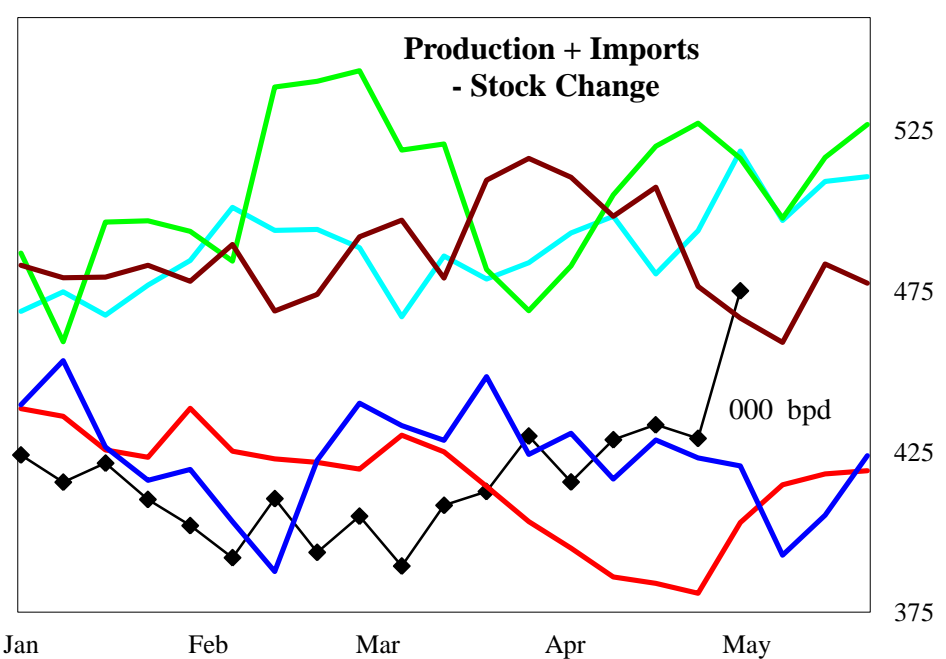
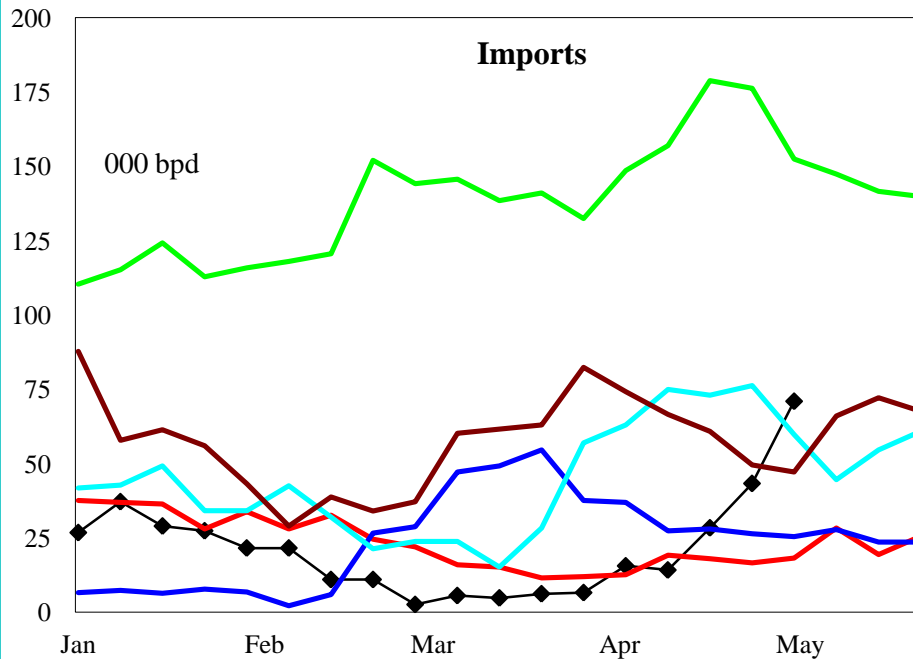
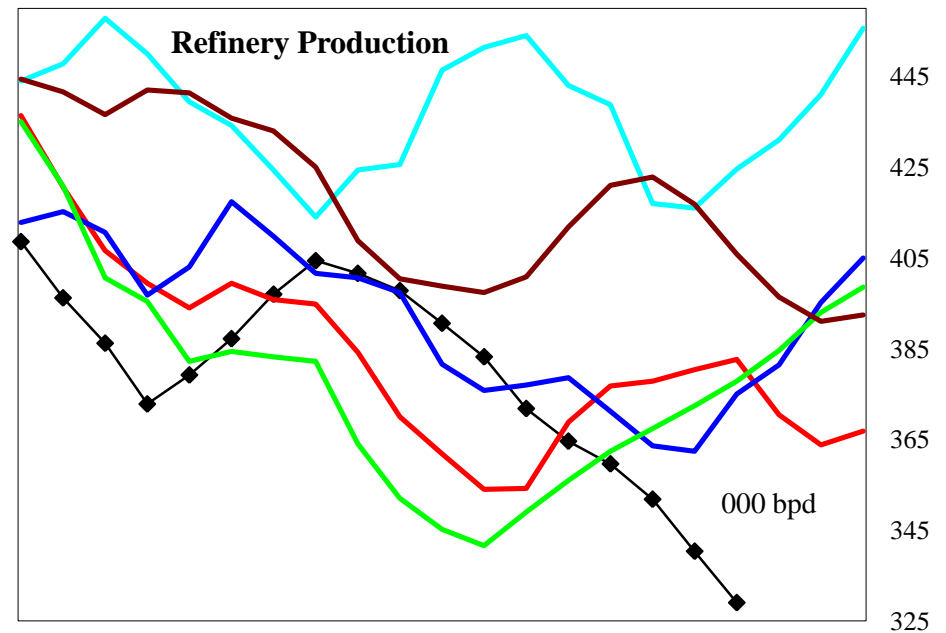
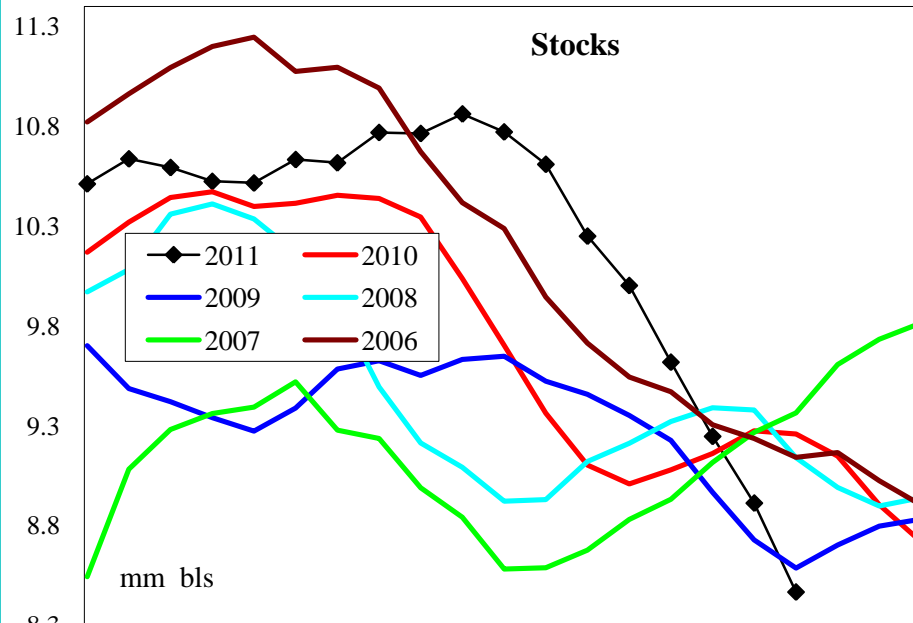
-58

-10.6

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-807

-41

16

51

-8.7

-10.5

87.5

13.3

PADD 5 Residual Fuel Oil Supply

