



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

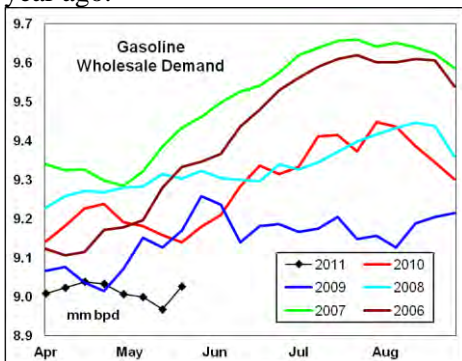
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 25, 2011

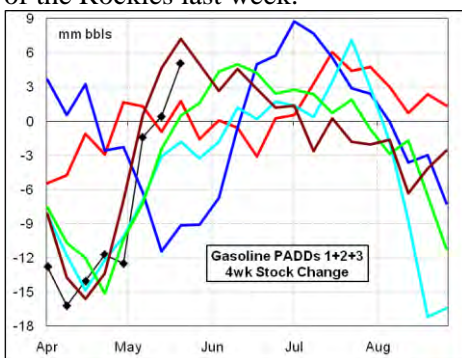


Major Fundamental Trends¹

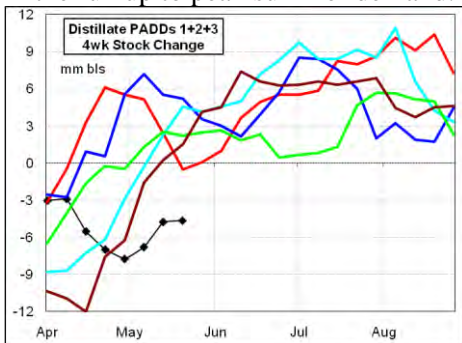
Gasoline demand continues to reflect the impact of high retail prices, high unemployment and slow economic growth. Demand during the latest 4-wk period was -193,000 bpd below a year ago.



A spike in blend stock imports, due to earlier favorable import economics and higher production lead to a near record high 4-wk stock build in markets East of the Rockies last week.



An improved gasoline supply balance should limit upward pressure on prices in the run up to peak summer demand.



Distillate stock draws continued last week with a -2 million barrel decline. A +342,000 bpd surge in demand was

driven by the late peak in midwest agriculture use and renewed exports following the Mississippi flood. Production increased +247,000 bpd on the week, to a level above the mid range. Expect stock building to begin on further increases in output and lower seasonal demand for the balance of the quarter.

Crude oil refinery runs increased +494,000 bpd last week, although the level remains at the low end of the historic range. Expect further run increases during the next 30-days as late season maintenance is completed and refiners return to full thru put following the Mississippi River flood.

Crude oil stock levels have likely reached a seasonal peak; as refiners ramp up runs expect the record high stock level to trend lower.

Demand for distillate spiked +342,000 bpd last week on peak agriculture use and renewed exports after the Mississippi River flood.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -2.1%; distillate down -3.9%; jet fuel down -0.9% while residual fuel oil increased +3.1%.

Stocks forward coverage: Gasoline demand coverage increased on a +3.8 million barrel stock build and record low demand for the period. Coverage levels were above four of the last 5-years.

Distillate coverage was below the last 2-years on a -2 million barrel stock draw, offset by weak demand.

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

Refinery utilization rates increased on a +494,000 rise in crude oil thru put, but the level remains near 5-year lows.

Gasoline yield % on crude oil runs decreased on a +128,000 bpd increase in output compared to the +494,000 bpd increase in crude oil runs. The yield % on crude oil runs remains

above the 5-year range.

Distillate yield % on crude oil runs increased slightly on a +247,000 bpd increase in output compared to the increase in crude oil runs. Yield % level matched historic highs.

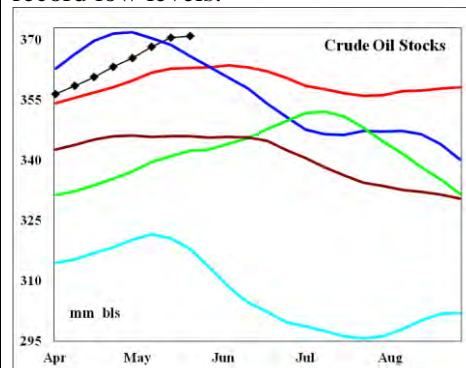
Jet fuel yield % on crude oil runs was higher on a +67,000 bpd increase in production, compared to the increase in crude oil runs. The yield % on crude oil runs was at the upper end of the historic range.

Petroleum Imports surged last week for crude oil and gasoline, with each up 0.6 million bpd. Residual fuel imports also jumped +342,000 bpd. Middle distillate imports were marginally lower.

During the latest 4-wk period crude oil imports decreased -0.9 million bpd below last year; distillate imports decreased -69,000 bpd; finished gasoline imports decreased -12,000 bpd, gasoline blend stock imports increased +183,000 bpd; jet fuel imports were up +1,000 bpd, while residual fuel oil imports decreased -24,000 bpd.

Crude Oil stocks increased +0.6 million barrels last week, including a +2.6 million build on the Gulf following disruptions by the Mississippi River flood. Stocks in Cushing were unchanged with the level +8.8 million barrels above last years' record high.

Record high stock levels should trend lower as refinery runs increase during the next 30-days. Imports remain near record low levels.



¹ Source is latest EIA Weekly Statistics



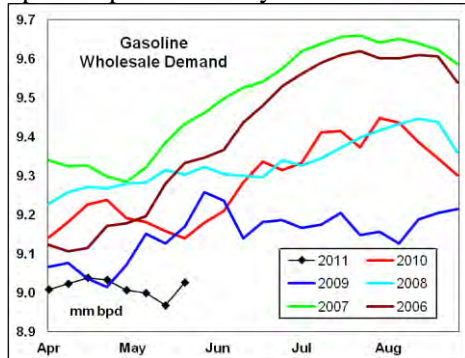
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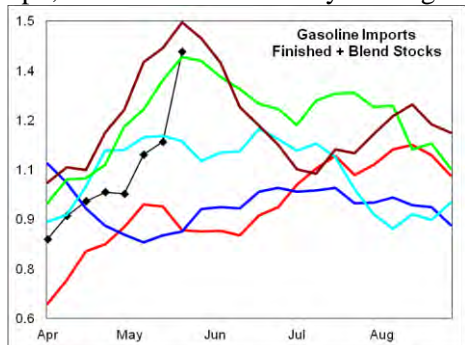
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Product Supply-Demand Trends

Gasoline demand decreased -23,000 bpd on the week. The latest 4-wk average demand was down -193,000 bpd compared to last year.



Imports spiked +585,000 bpd last week to the upper end of the historic range. Production also increased +128,000 bpd, to a level above the 5-year range.

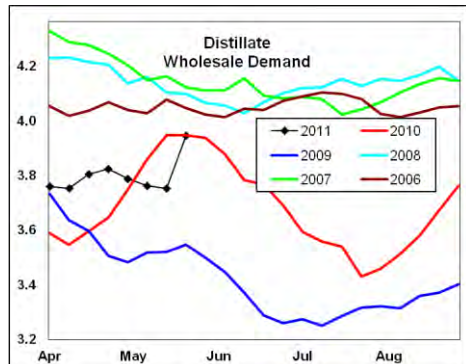


The surge in supply and very weak demand led to a +3.8 million barrel stock build on the week. The latest 4-wk stock build East of the Rockies was greater than four of the last 5-years.

High retail prices, high unemployment and slow economic growth continue to constrain demand which was -2.1% below a year ago for the latest 4-wk period.

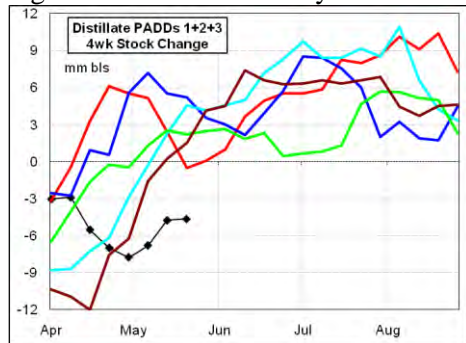
The current high level of supply and lackluster demand should extend the seasonal stock build. Expect an improving supply balance to constrain prices in the run up to peak summer travel.

Distillate demand jumped +364,000 bpd on the week; due in part to a peak in Midwest agriculture demand and higher exports following the Mississippi River floods. The latest 4-wk average demand was -157,000 bpd below a year ago.



Production reversed the prior week decline on a +247,000 bpd rise, lifting output to a level above the mid range.

Stocks decreased -2 million barrels on the week. Stock levels ended the week -11 million barrels below last years' record high. The latest 4-wk stock change in PADDs 1+2+3 was a draw of -4.7 million barrels, a record high draw for this time of year.



Last week's spike in demand was likely temporary on a seasonal peak in agriculture use and 'catch up' in exports after earlier flood disruptions.

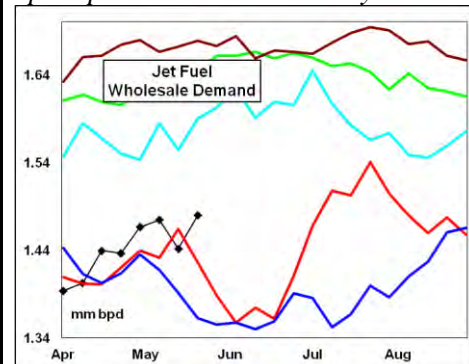
Expect further increases in output and lower seasonal demand to lead to stock builds for the balance of the quarter.

Jet Fuel demand decreased -30,000 bpd on the week, a level slightly above the last 2-years. The latest 4-wk average demand was -14,000 bpd below last year.

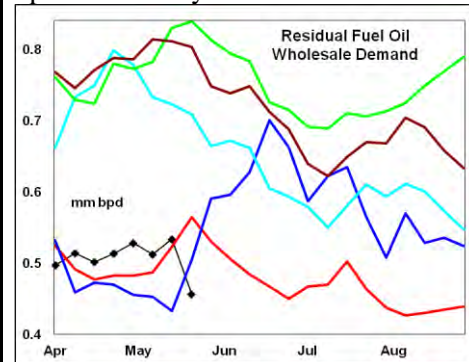
Supply increased +38,000 bpd, on higher production, with the level below the mid range. Stocks decreased -0.2 million barrels, to a new record low.

Jet fuel supplies remain extremely low in PADDs 3 and 5, with very low production levels. Supplies improved in PADDs 1 and 2 with production at record high levels.

Expect cash basis to remain high in major markets until refiners ramp up output over the next 30-days.



Residual fuel oil demand, including exports, decreased -92,000 bpd last week, with the 4-wk average +15,000 bpd above last year.



Supply (production + imports) surged +347,000 bpd on record imports. The latest 4-wk average supply was -16,000 bpd below a year ago. Stocks increased +1.8 million barrels, with the level at the low end of the historic range.

Residual fuel oil stocks increased over +0.5 million barrels in each of PADDs 1, 3 and 5 last week. Stock levels remain low in PADD 1 while PADDs 3 and 5 are at the upper end of the historic range.

Residual fuel prices should exhibit strength in PADD 1 versus the overall energy complex.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

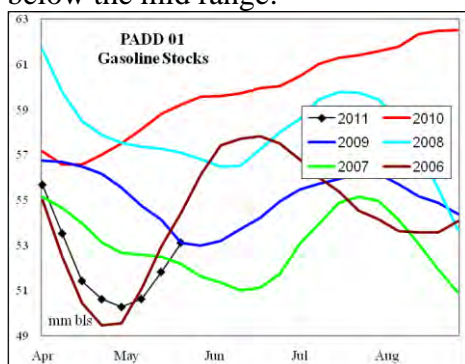
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PADD Supply Trends

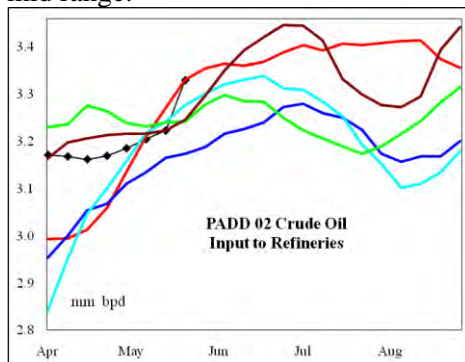
PADD 1 refinery crude oil runs were unchanged last week. The latest 4-wk average was -127,000 bpd below a year ago. Closed capacity has not yet returned to operation which should eventually lift thru put by 150,000 bpd.

Gasoline production decreased -33,000 bpd, offset by a +514,000 bpd spike in blend stock imports. Stocks increased +2.3 million barrels on the week, with the level below the mid range.



Distillate supply was nearly unchanged on the week, at a record low level. Stocks increased +0.5 million barrels to a level -15% below last years' high.

Jet fuel supply increased +17,000 bpd on the week, to a level above the mid range. Stock levels matched the mid range.



PADD 2 crude oil refinery runs increased +125,000 bpd last week, to a level that matched 5-year highs. Crude oil stocks fell -1.3 million barrels on a return to high crude oil runs. Cushing stocks were unchanged on the week, at a level +9% above the prior 5-year high.

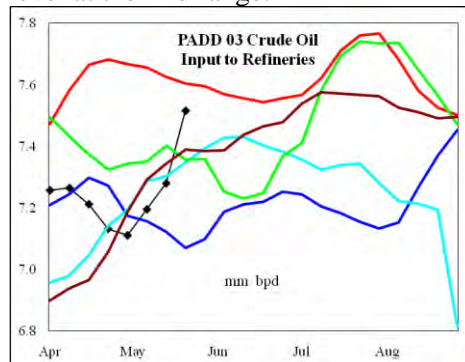
Gasoline production decreased -11,000 bpd on the week, to a level

above the mid range. Stocks increased +0.5 million barrels last week, lifting the level to the 5-year mid range.

Distillate production increased +38,000 bpd, to a level near historic lows. Stocks fell -1.6 million barrels to a level near historic lows. *PADD 2 distillate is experiencing a supply squeeze.*

Jet fuel production increased to a fresh 5-year high last week, although stock levels remain at the low end of the historic range.

PADD 3 crude oil runs increased +277,000 bpd last week to a level near 5-year highs. The latest 4-wk average thru put was -0.5 bpd below last year. Crude imports increased +0.6 million bpd on the week, with the level at the low end of the historic range. Stocks increased +2.6 million barrels to a level at the mid range.



Gasoline supply increased +147,000 bpd, with both production and imports higher. Stock levels increased +0.8 million barrels to a level at the mid range.

Distillate production increased +123,000 bpd on the week, with the level a record high for this time of year. Stocks declined -0.5 million barrels on the week, with the level near 5-year highs.

Jet fuel production increased +20,000 bpd on the week, a level at the low end of the historic range. Stocks increased +0.9 million barrels, to a level above the mid range.

Residual fuel oil supply increased +52,000 bpd on the week to a level above the mid range. Stocks increased +0.7 million barrels to a level at the

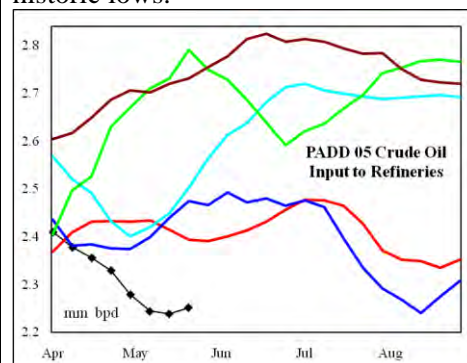
upper end of the historic range.

PADD 4 refinery crude runs increased +34,000 bpd on the week, with the level at the historic mid range. Crude oil stock levels remain below the last 2-years.

Gasoline production decreased -15,000 bpd, with the level below the 5-year range. Stocks increased +0.2 million barrels, with the level well above four of the last 5-years.

Distillate stocks increased +0.2 million barrels, on record production, to a level +25% above the prior high.


PADD 5 crude oil refinery runs increased +54,000 bpd on the week, with the level well below the 5-year range. The latest 4-wk average thru put was -154,000 bpd below last year. Crude oil imports decreased -68,000 bpd, leading to a -0.9 million barrel stock draw. Stock levels matched historic lows.



Gasoline supply was unchanged on the week with the level above the mid range. Stocks were nearly unchanged at a record high for this time of year.

Distillate supply increased +63,000 bpd on the week, although the level remains well below the 5-year range. Stocks declined -0.7 million barrels, with the level at the mid range.

Jet fuel supply was at a record low for the week, with both production and imports each below the 5-year range. Stocks fell -0.9 million barrels to a new record low, -15% below the historic range. *The West Coast is experiencing a significant jet fuel supply squeeze.*



FUNDAMENTAL

PETROLEUM TRENDS

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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

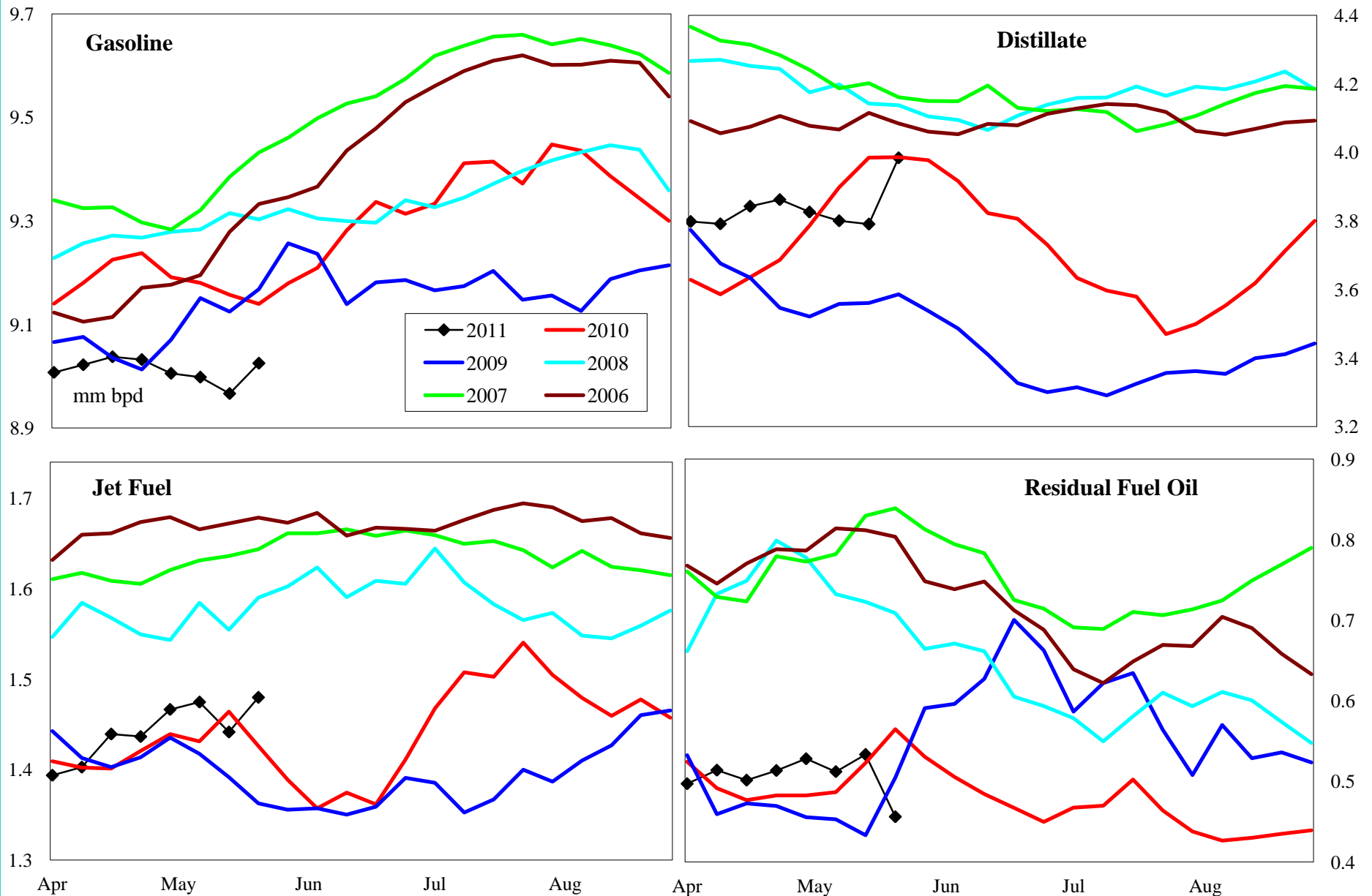
May 25, 2011

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	20-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	616	-138	-1,257	2,611	280	-879
	Imports	662	50	-6	600	87	-68
	Input	494	4	125	277	34	54
	% Utilization	3.10					
Gasoline	Stocks	3,794	2,267	543	838	231	-85
	Production	128	-33	-11	88	-15	-4
	Imports	585	514	9	59	0	3
	Supplied	-23					
Distillate	Stocks	-2,040	469	-1,551	-513	243	-687
	Production	247	11	38	123	12	63
	Imports	-9	-9	0	0	0	0
	Supplied	364					
Jet Fuel	Stocks	-202	59	-353	938	75	-921
	Production	67	26	21	20	-3	3
	Imports	-29	-9	0	0	0	-20
	Supplied	-30					
Residual Fuel Oil	Stocks	1,807	534	6	725	-9	552
	Production	5	6	14	20	0	-34
	Imports	342	239	23	32	0	48
	Supplied	-92					

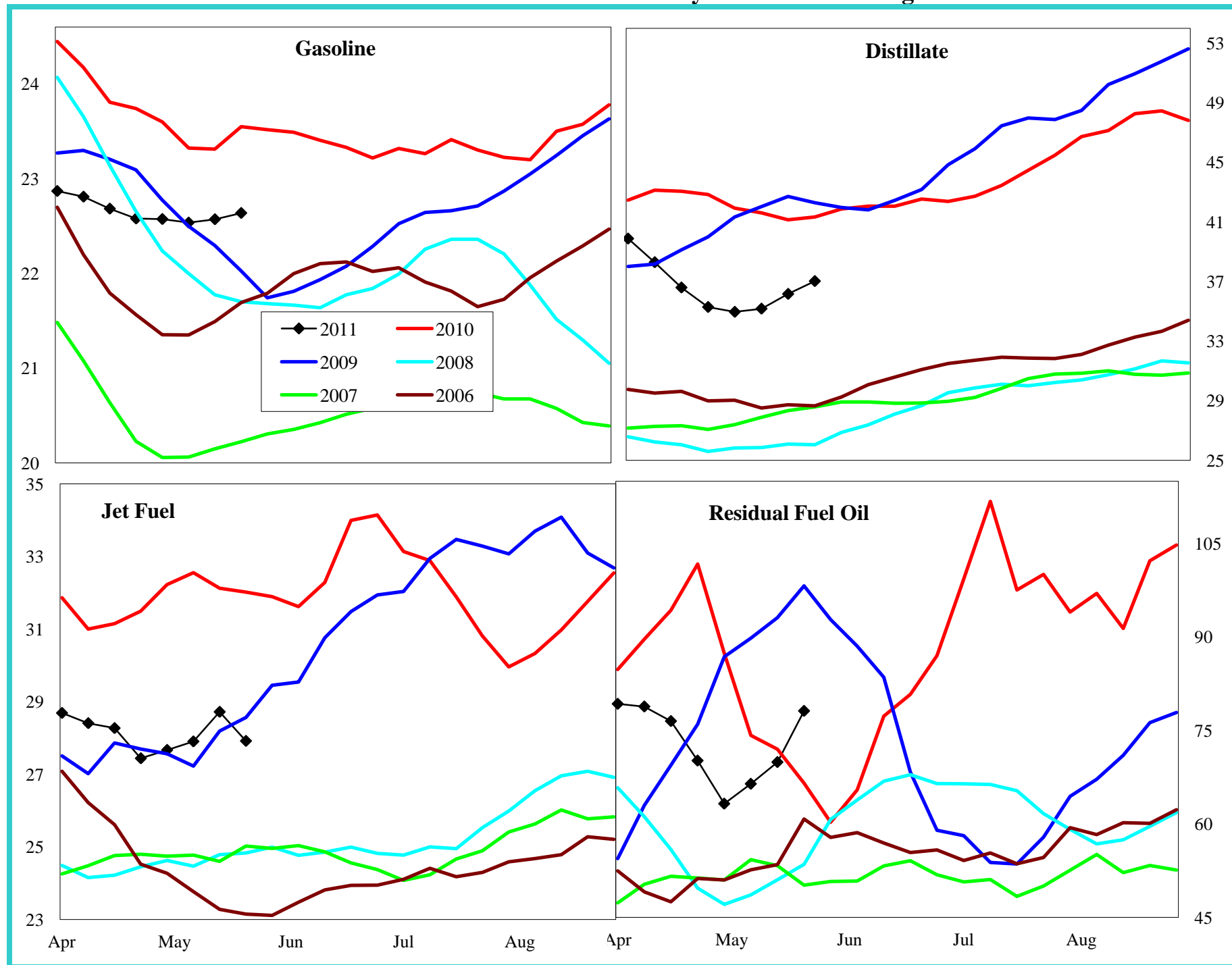
United States Wholesale Petroleum Demand



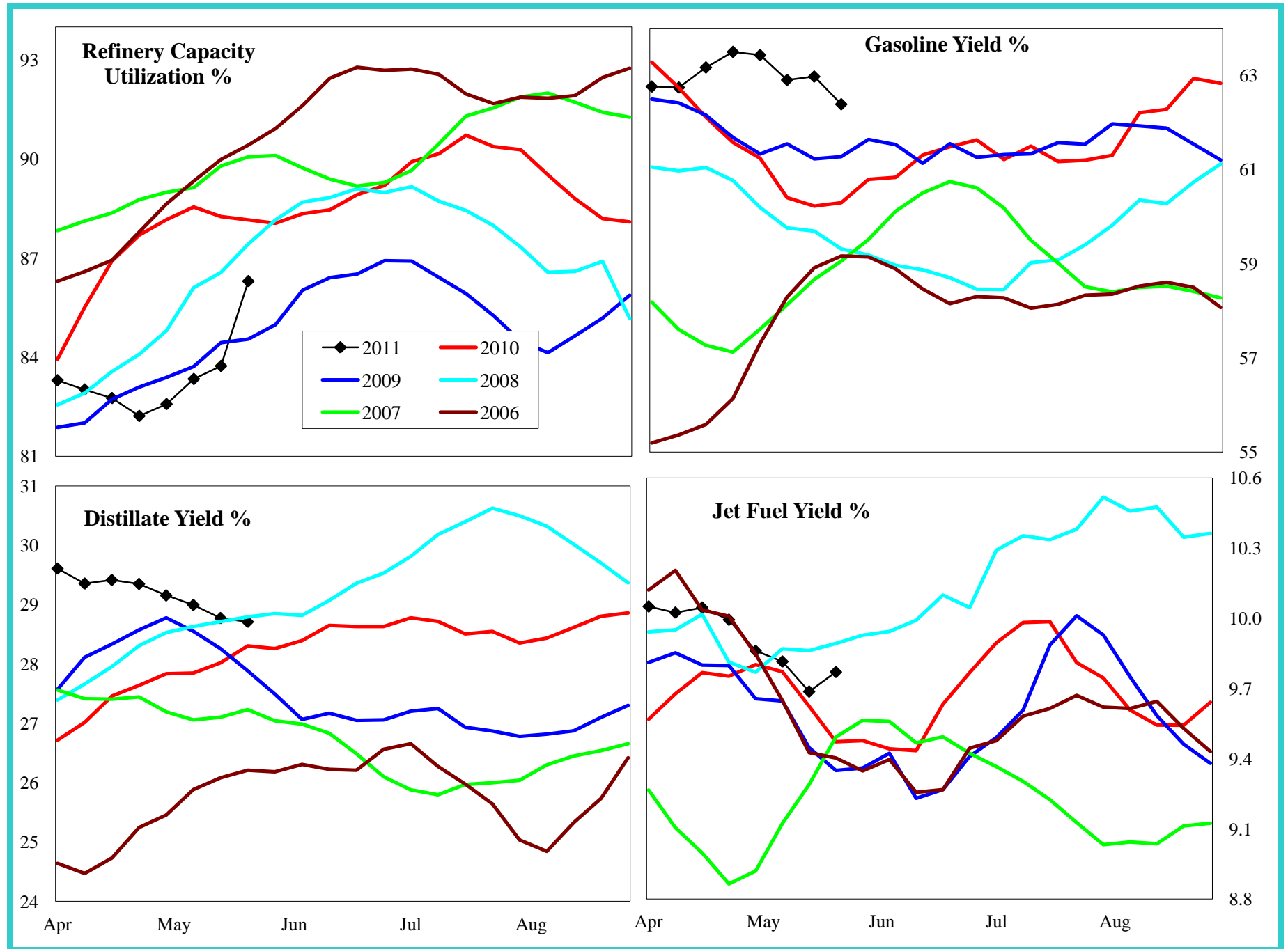
	000 bpd change from prior year				% change from prior year			
	4wk avg	Apr	Jan	Jan	4wk avg	Apr	Mar	Feb
Gasoline	-193	-19	204	415	-2.1	-0.2	2.3	4.8
Distillate	-157	179	39	18	-3.9	4.8	1.0	0.5
Jet Fuel	-14	71	-69	11	-0.9	5.1	-4.8	0.8
Resid	15	-85	21	106	3.1	-14.7	3.9	20.7



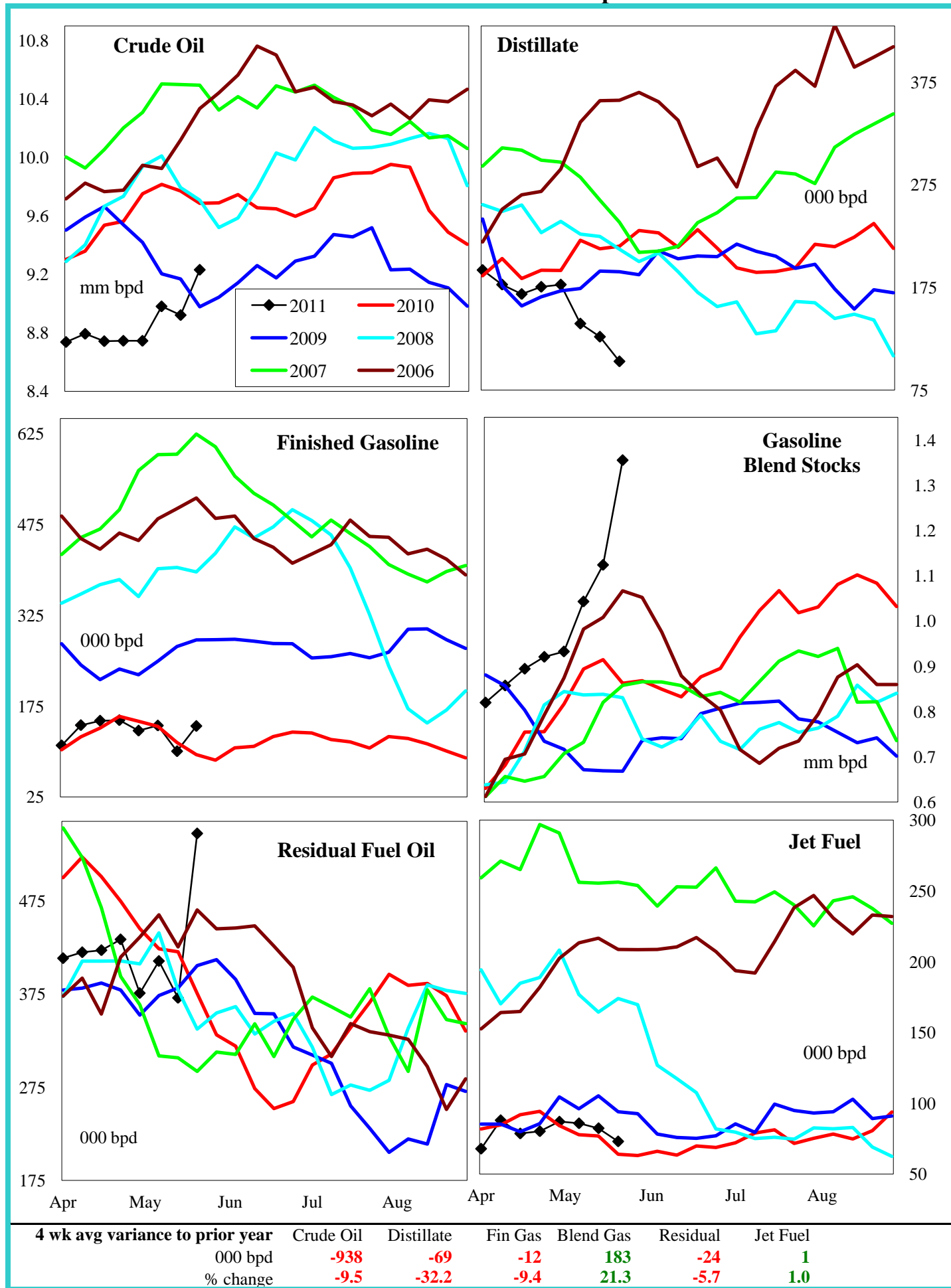
United States Product Stocks: Days Forward Coverage



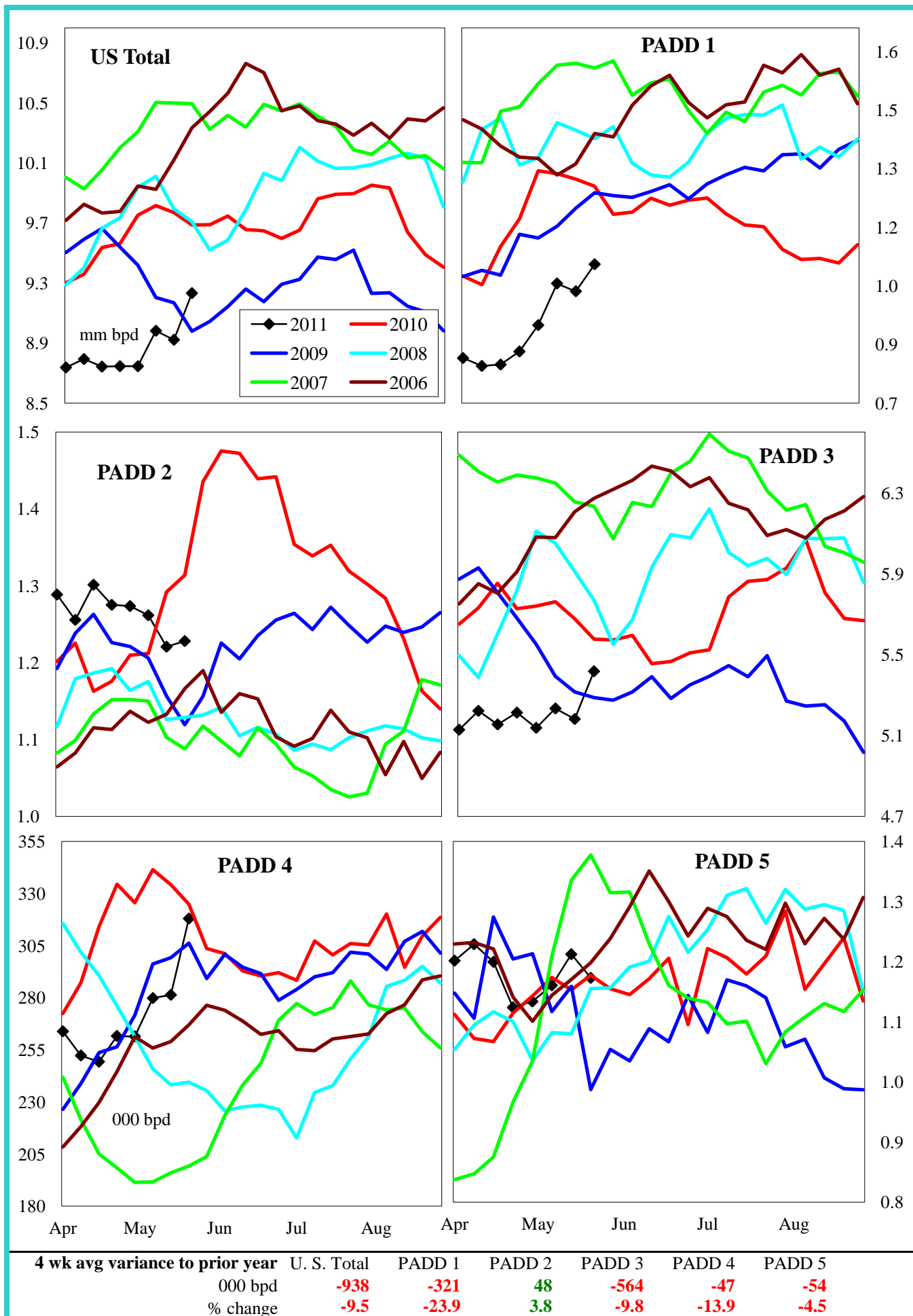
United States Refinery Percent Utilization Rate and Product Yields



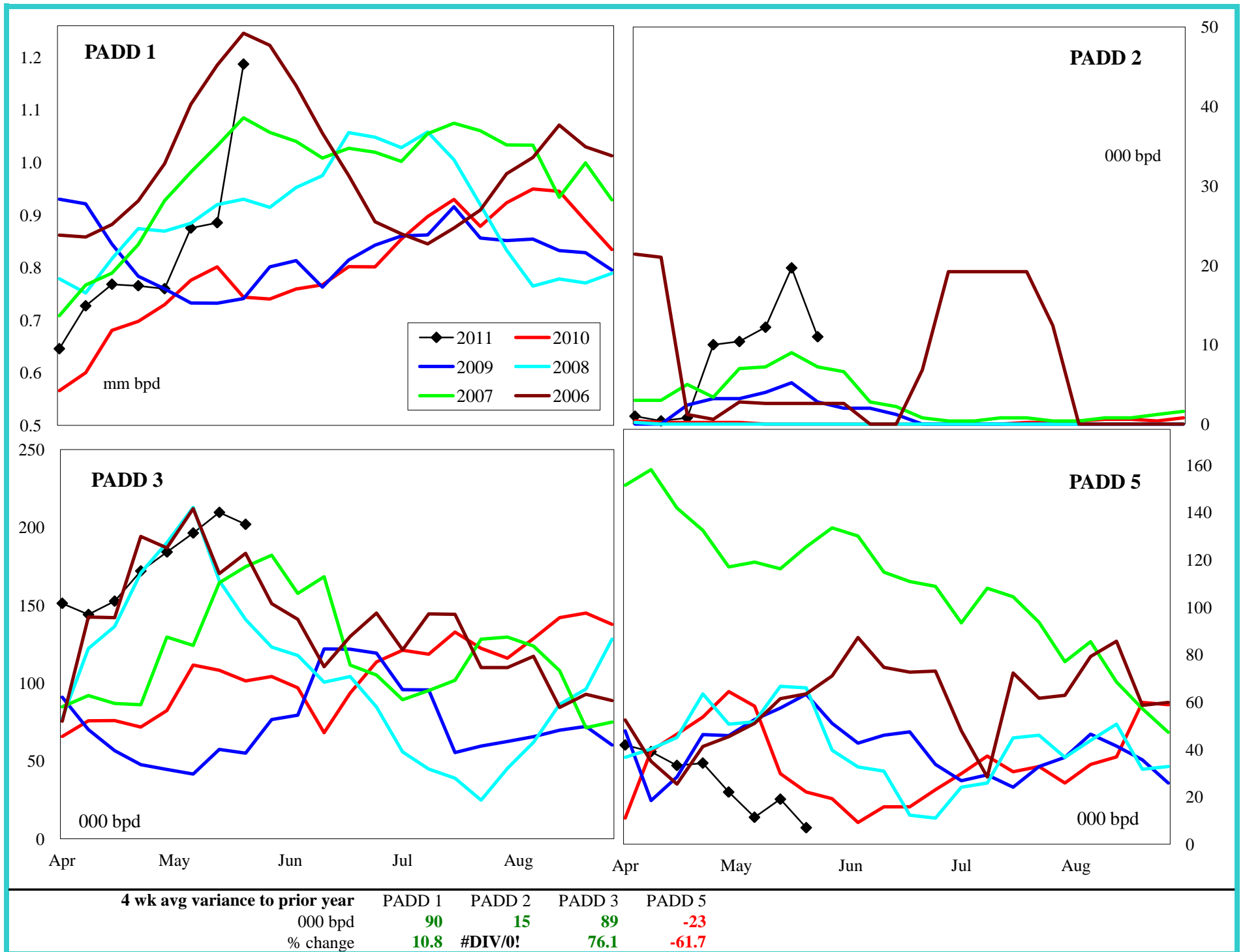
United States Petroleum Imports



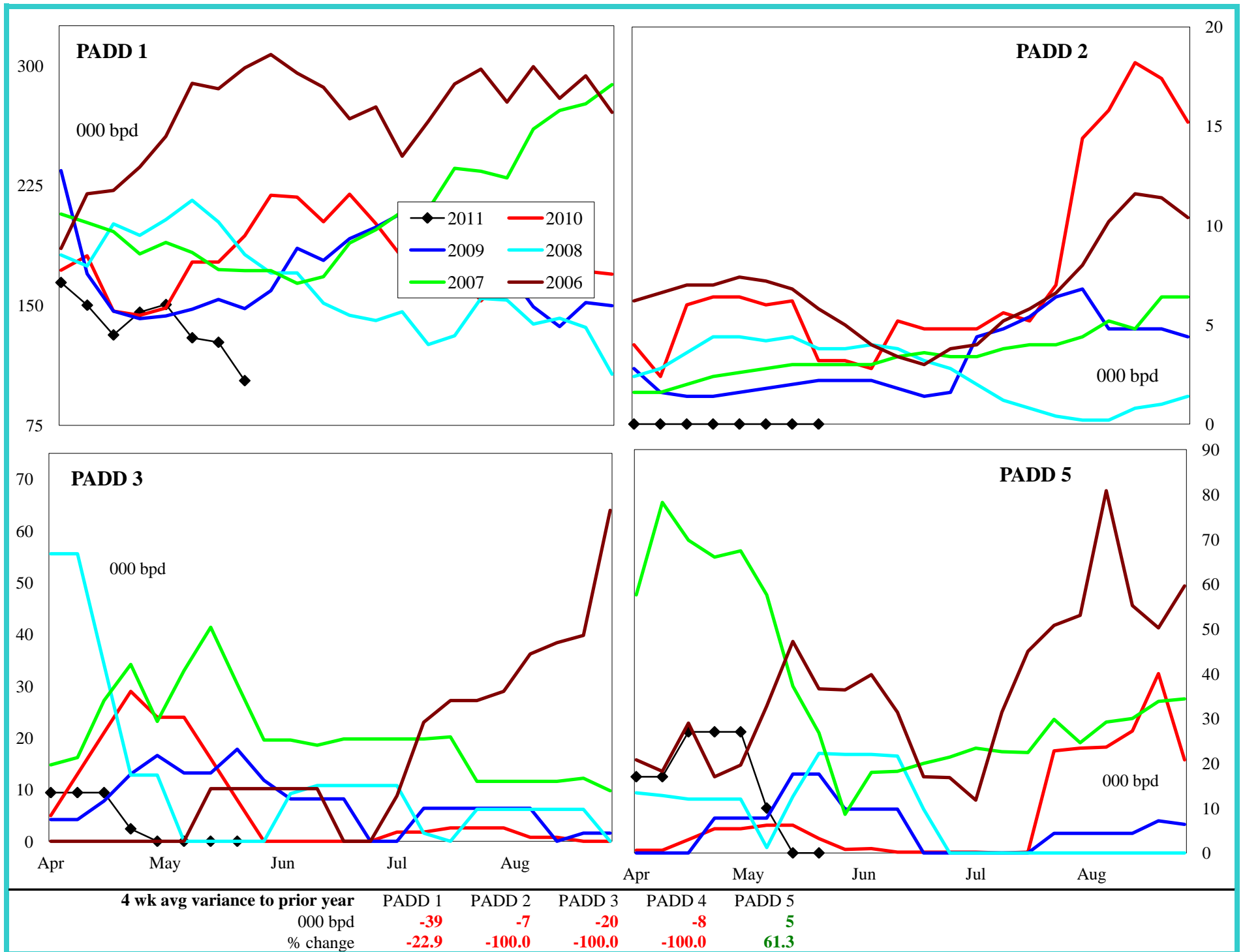
Crude Oil Imports by PADD



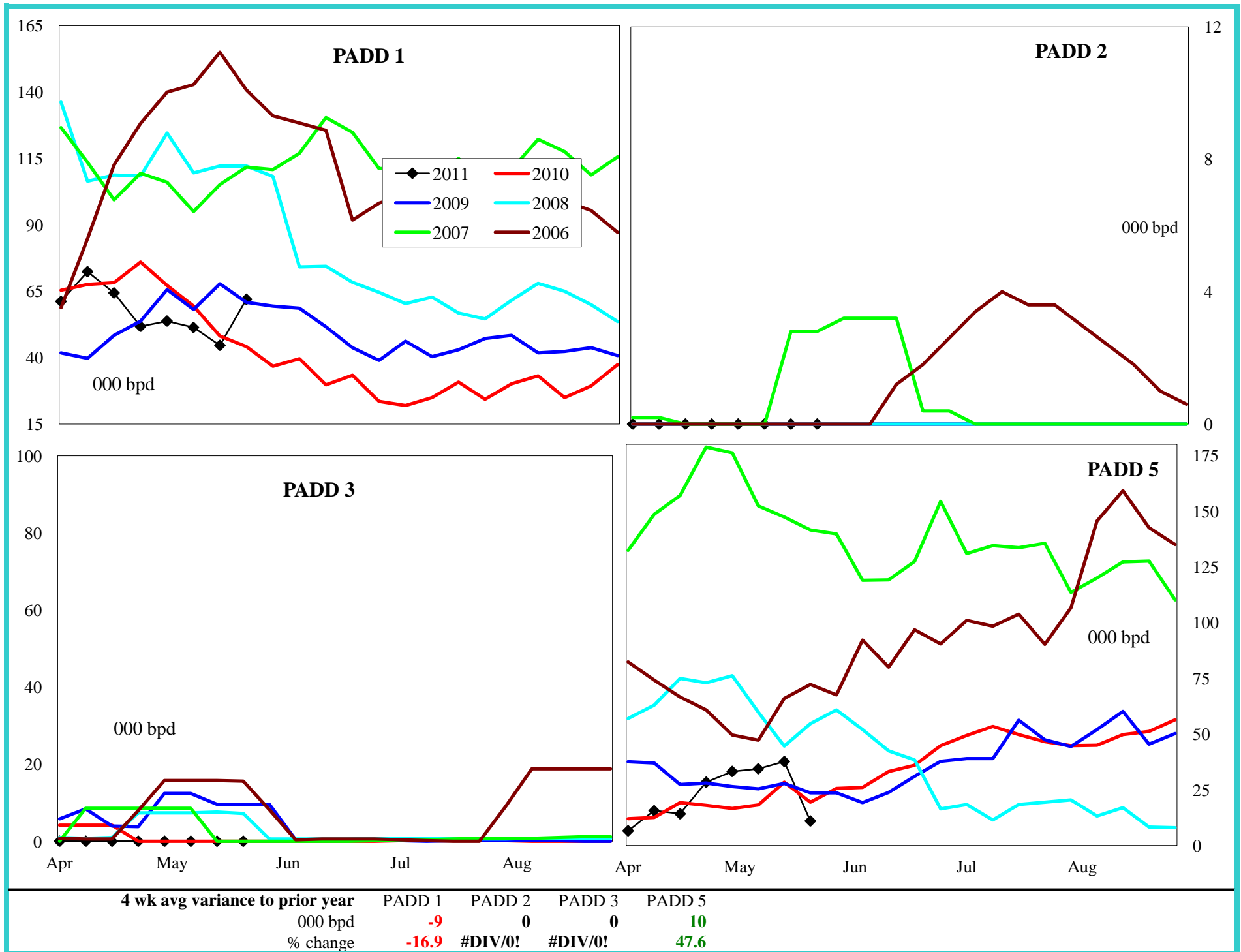
Gasoline Imports by PADD (Finished + Blend Stocks)



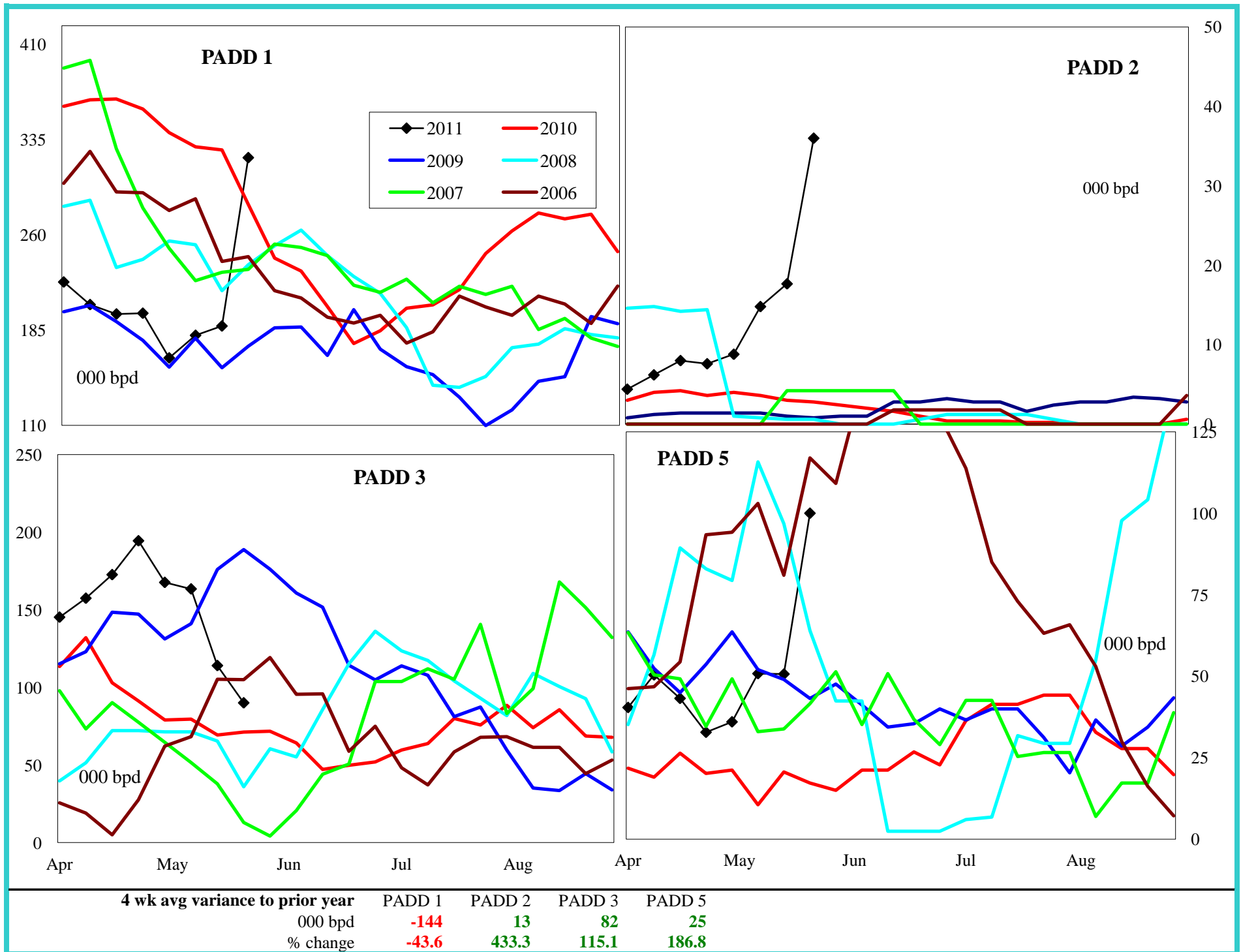
Distillate Imports by PADD



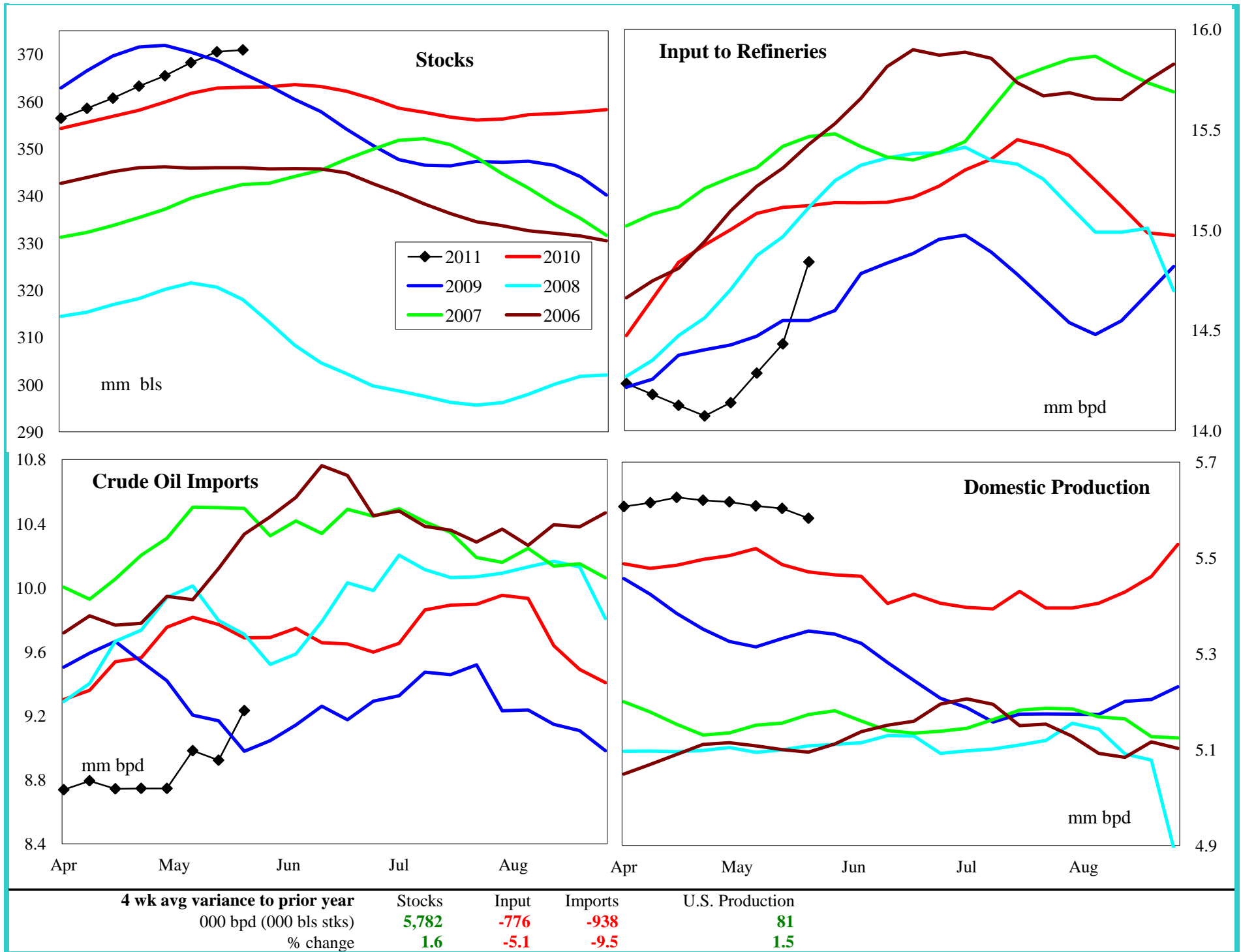
Jet Fuel Imports by PADD



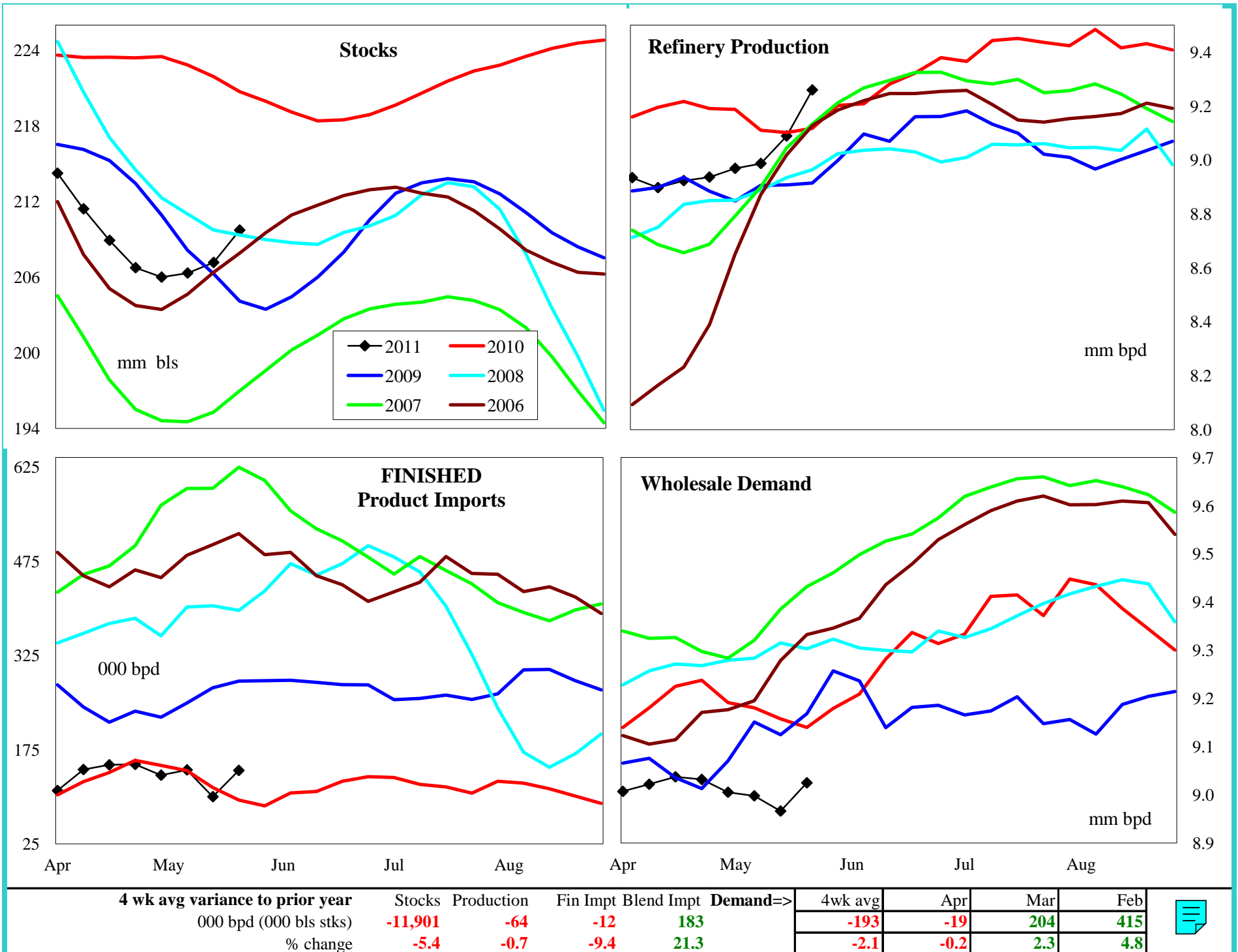
Residual Fuel Oil Imports by PADD



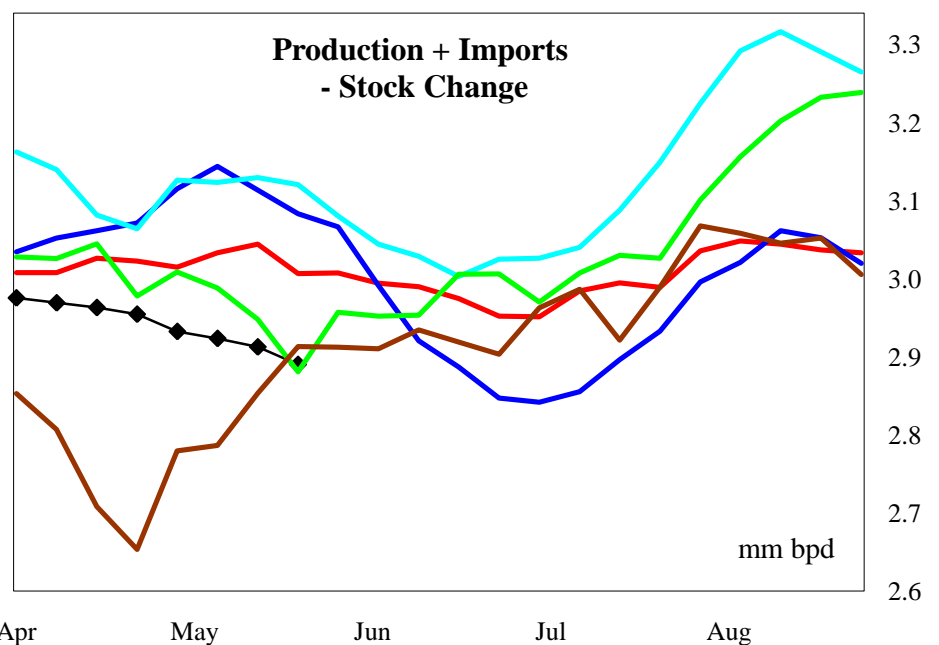
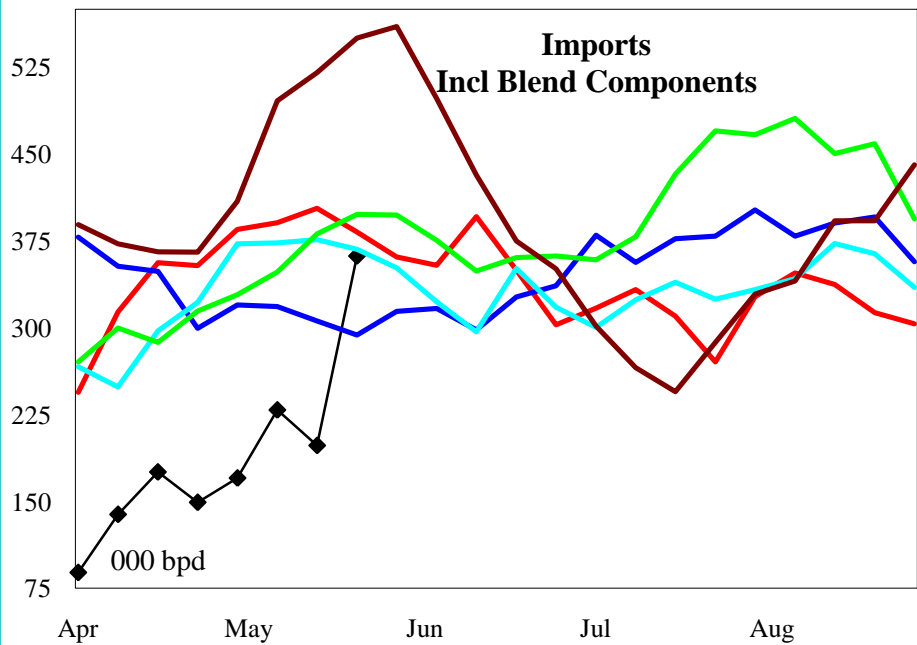
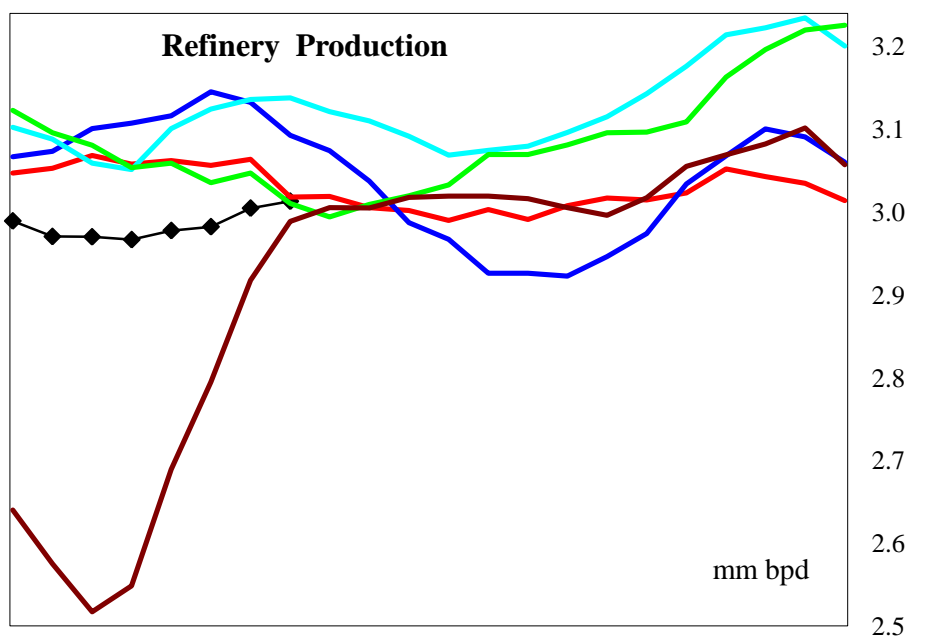
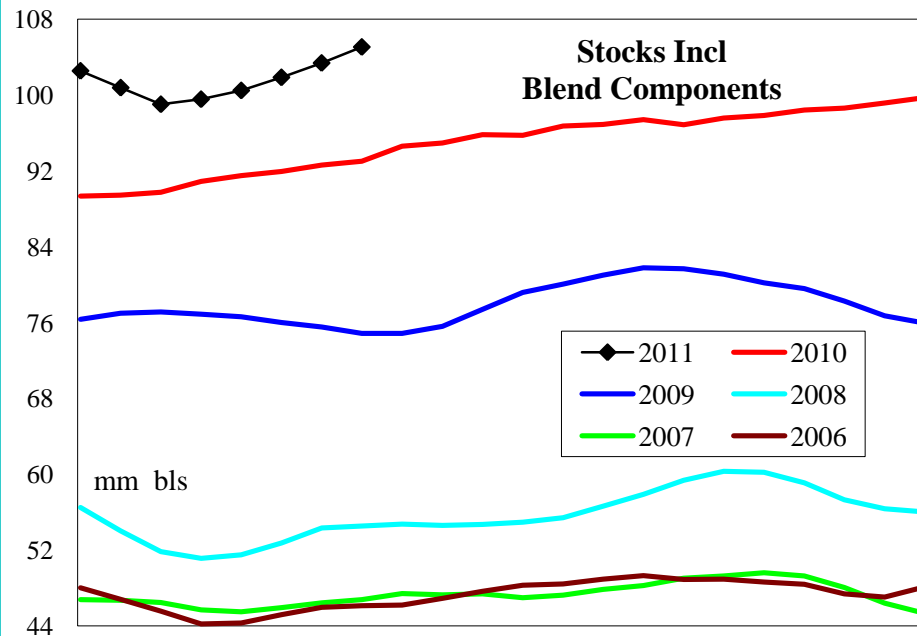
United States Crude Oil Supply and Demand Balance



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

12,049

13.0

Production

-68

-2.2

Imports

-150

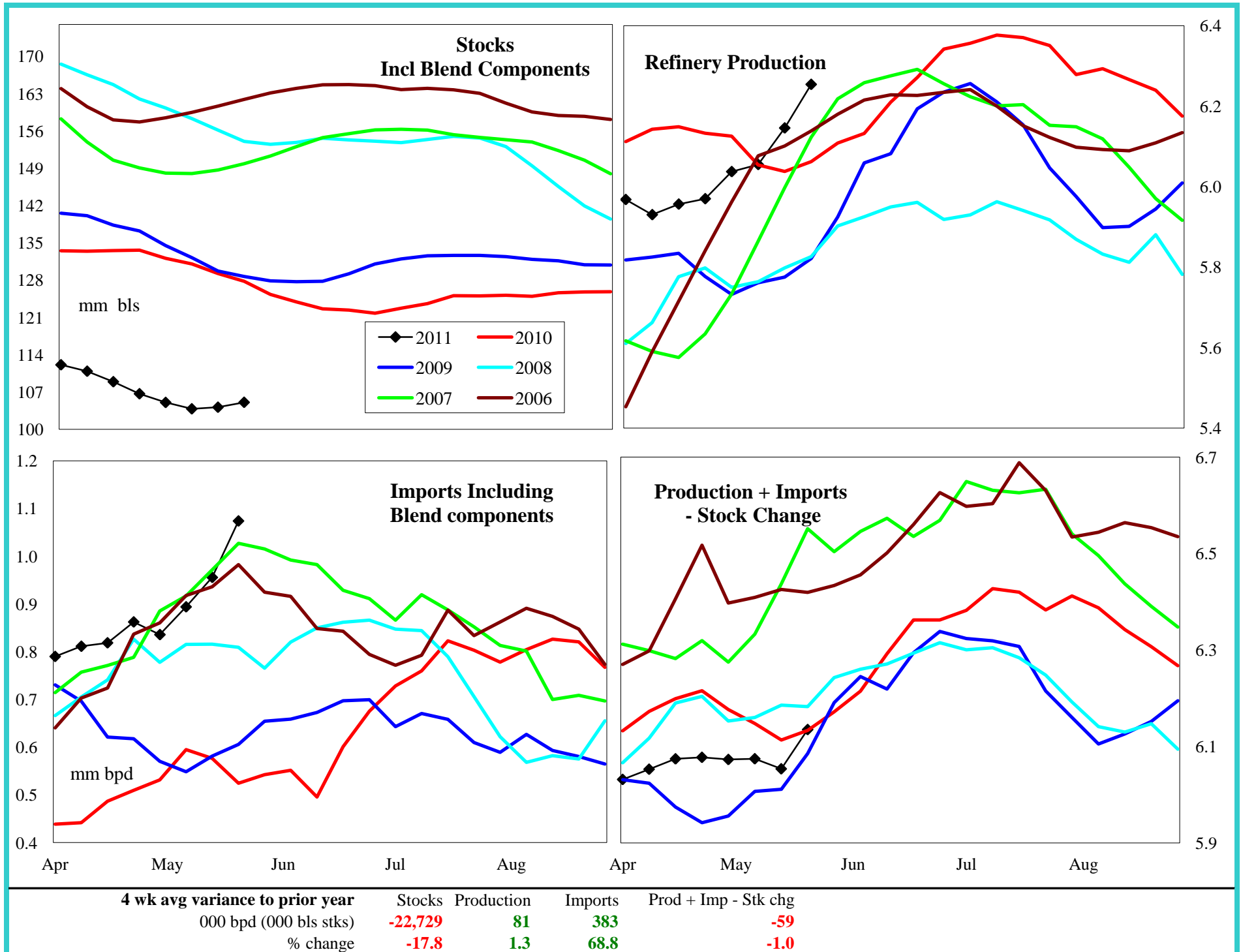
-38.5

Prod + Imp - Stk chg

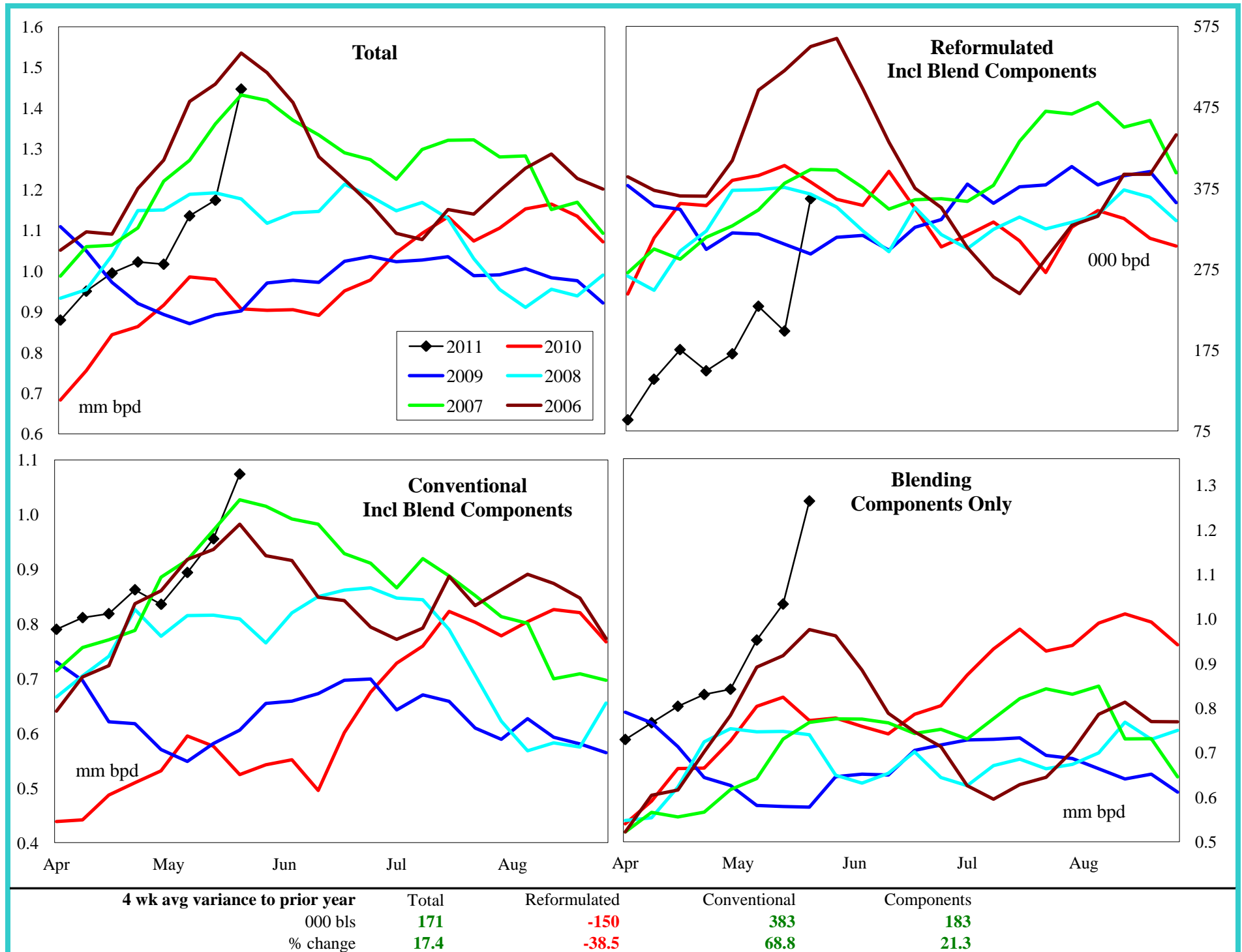
-110

-3.6

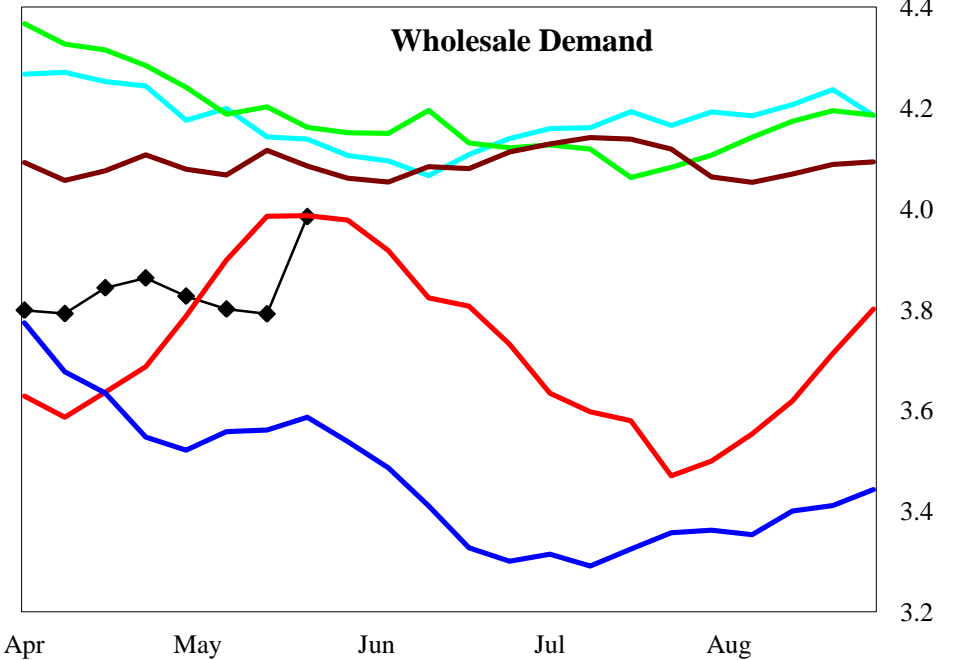
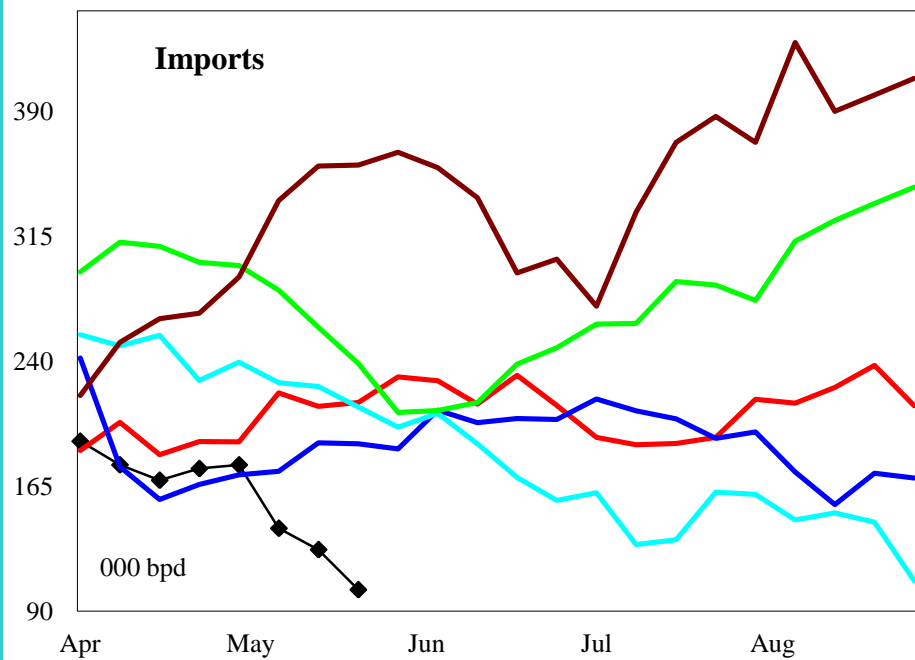
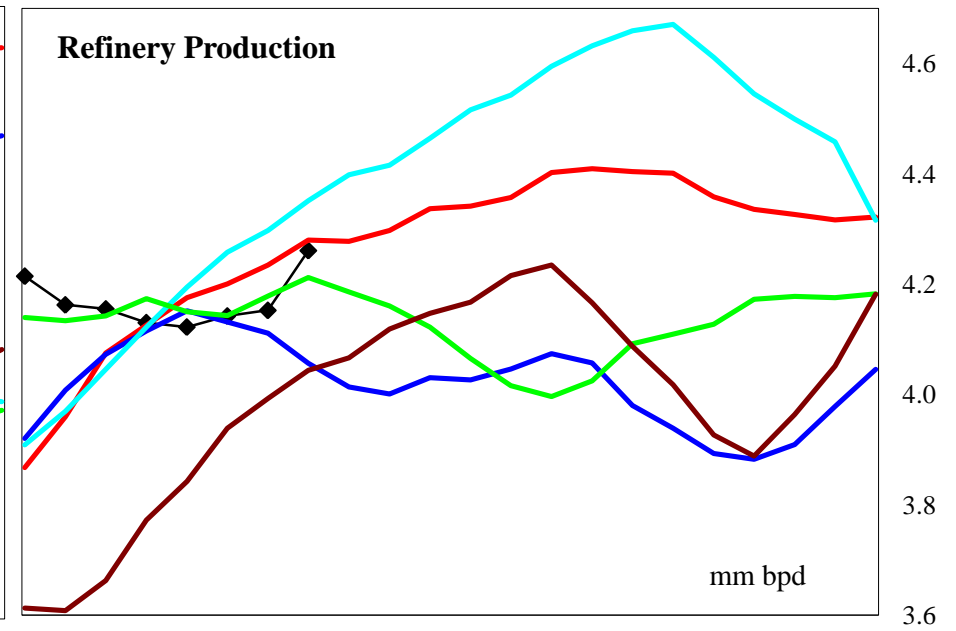
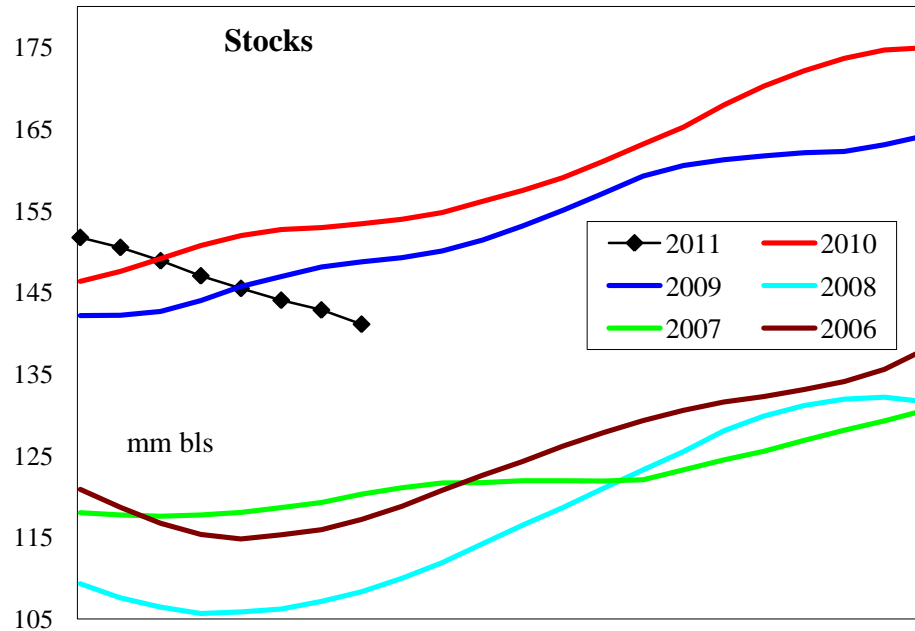
United States Conventional Gasoline Supply



United States Gasoline Imports by Type



United States Distillate Supply and Demand Balance

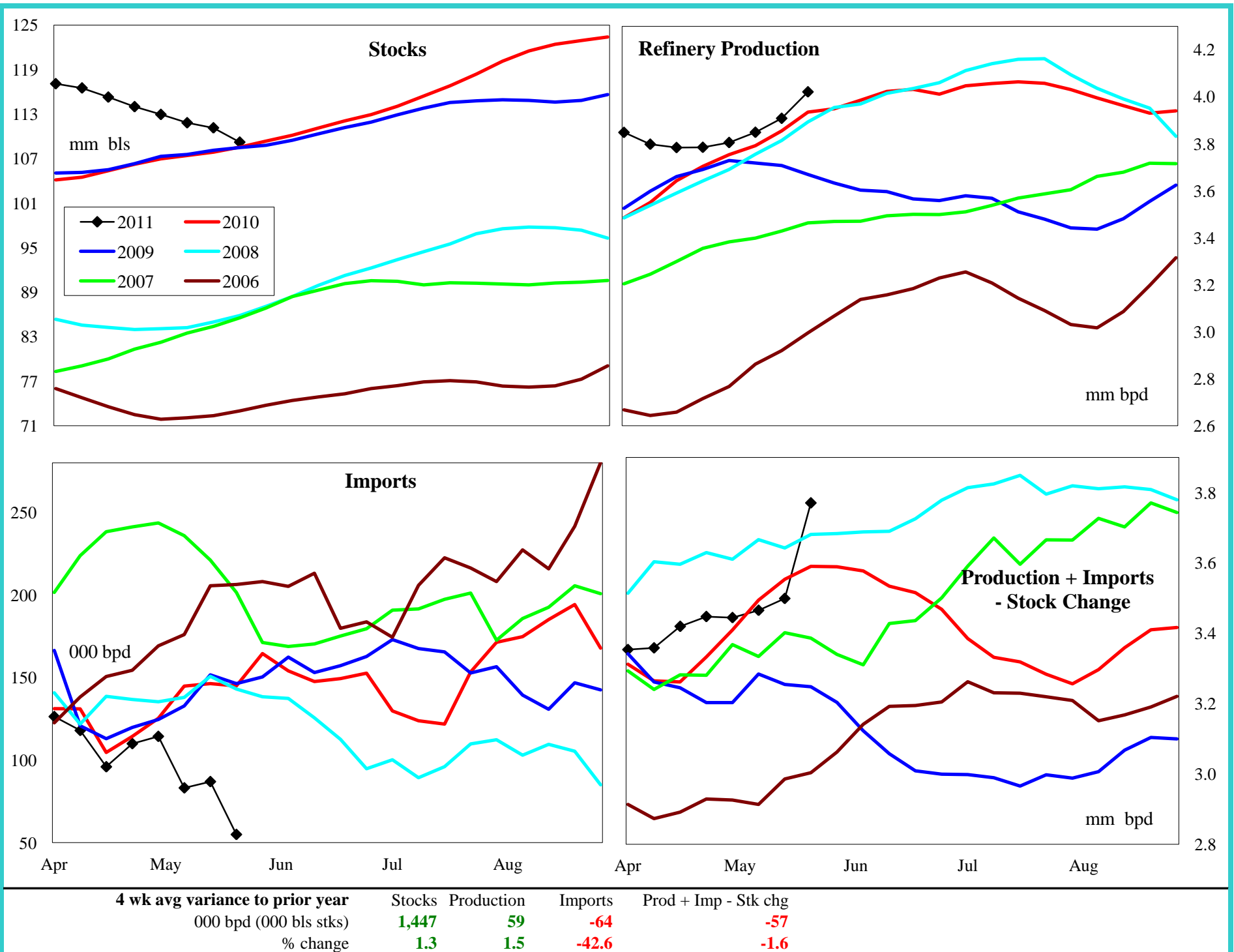

4 wk avg variance to prior year

000 bpd (000 bls stks)

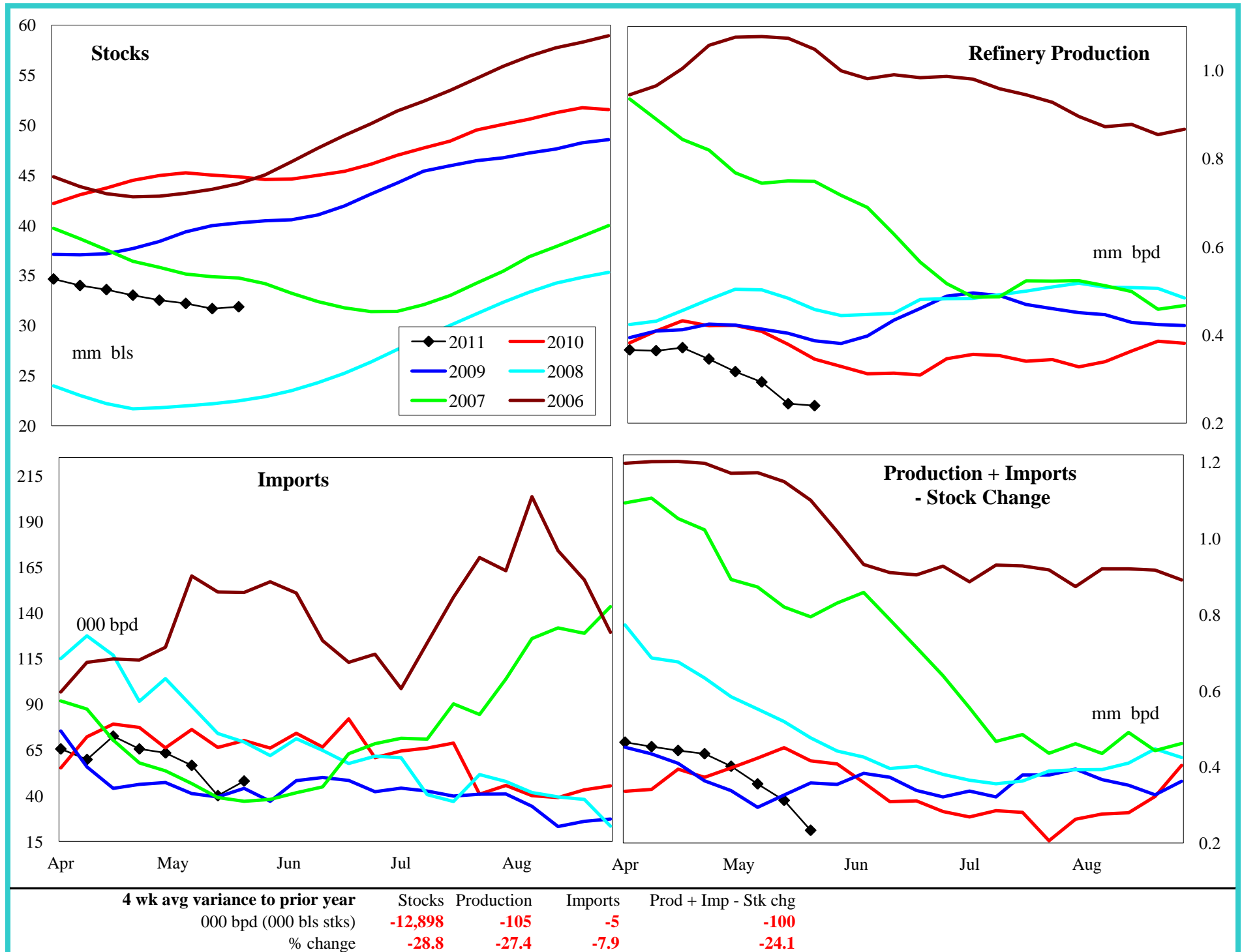
% change

Stocks
-11,451
-7.5
Production
-46
-1.1
Imports Demand=>
-69
-32.2
4wk avg
-157
-3.9
Apr
179
4.8
Mar
39
1.0
Feb
18
0.5

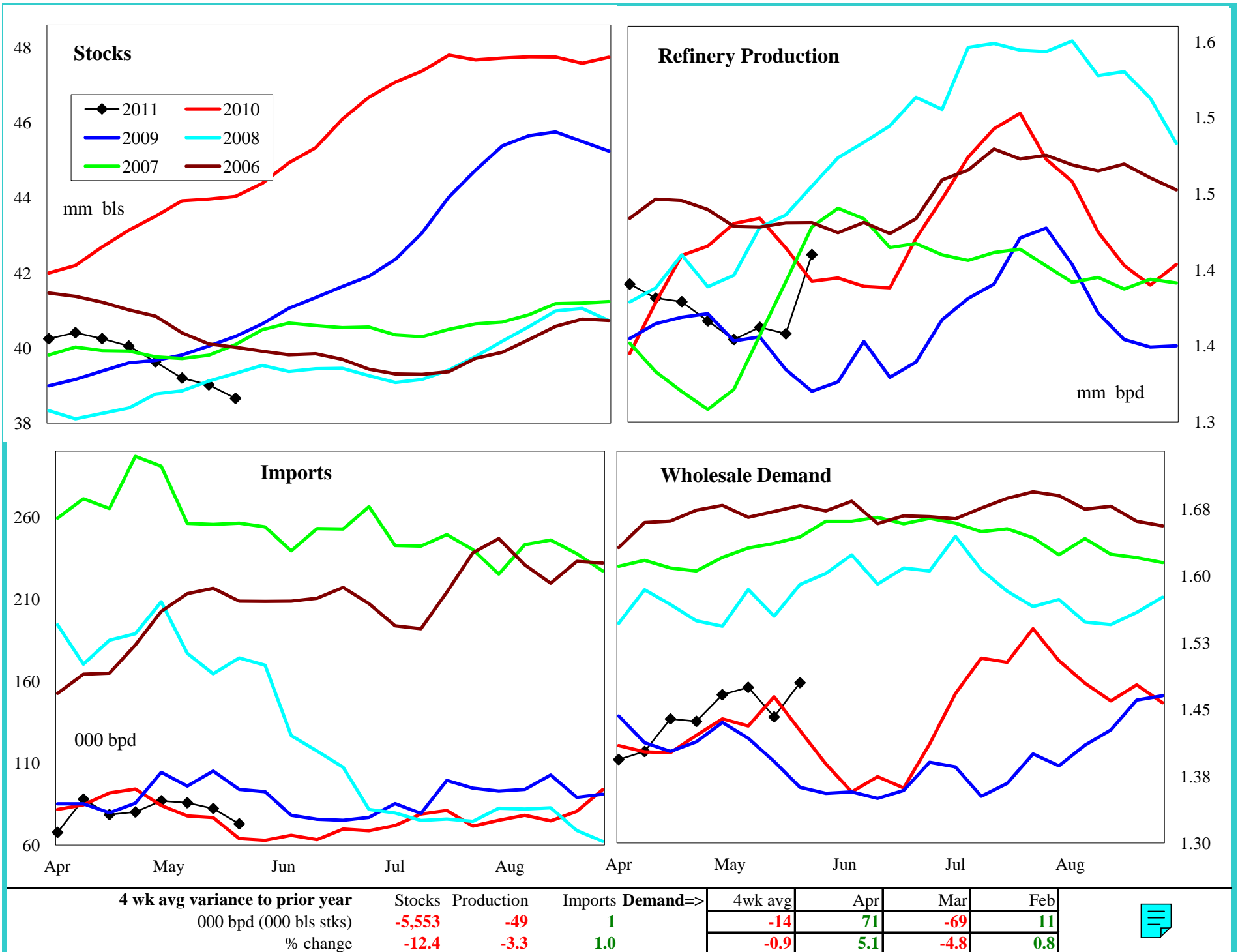

United States Low Sulfur Distillate Supply



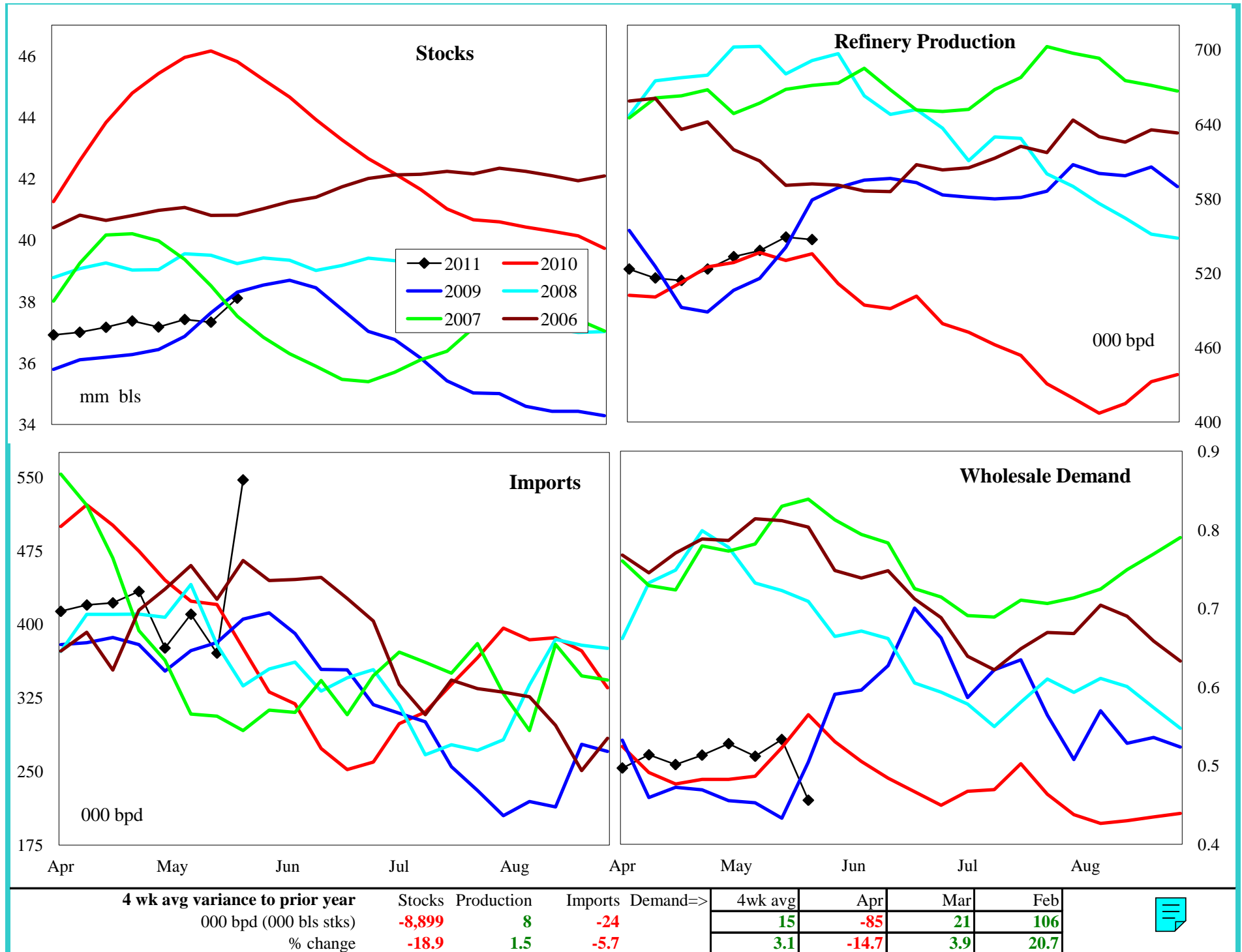
United States High Sulfur Distillate Supply



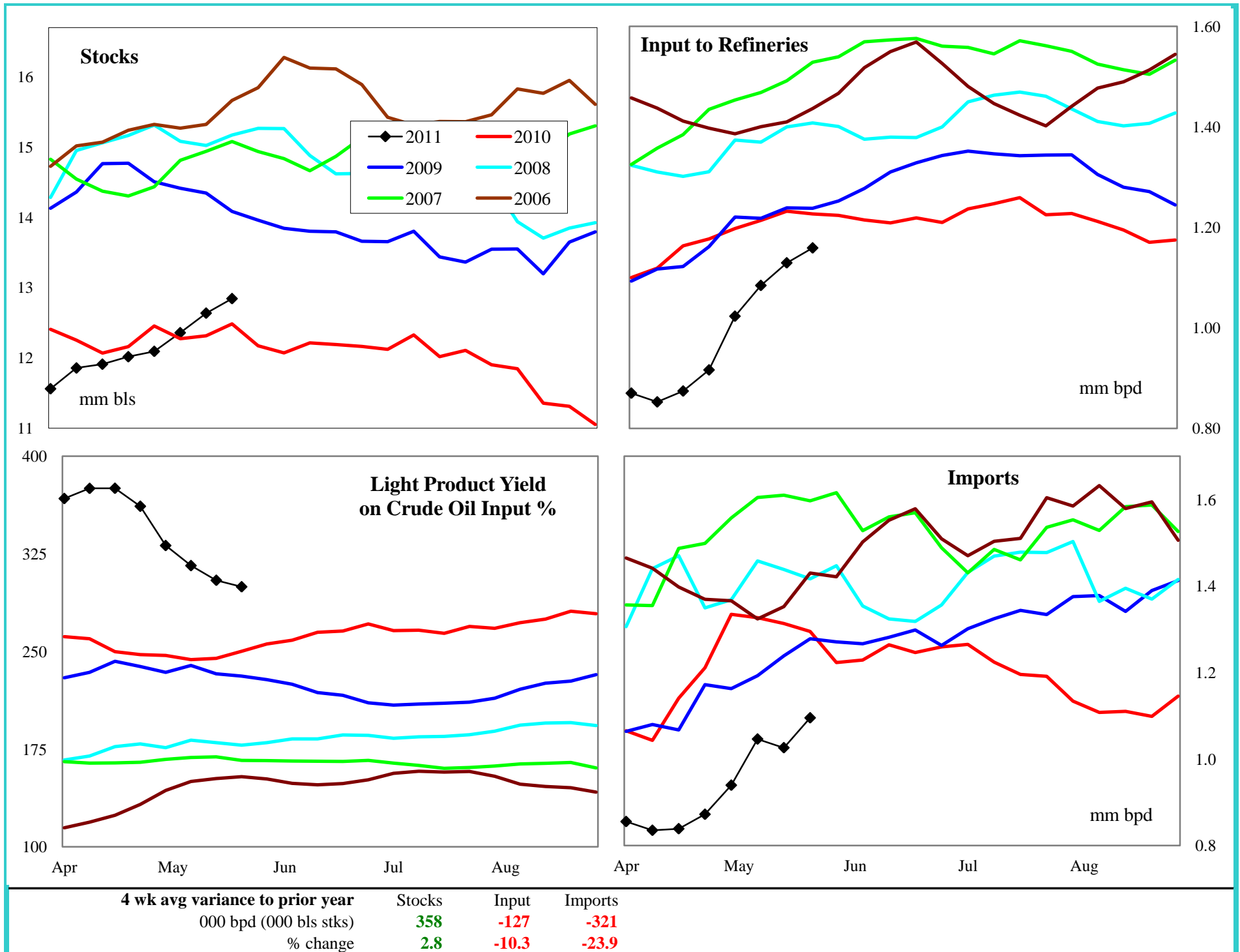
United States Jet Fuel Supply and Demand Balance



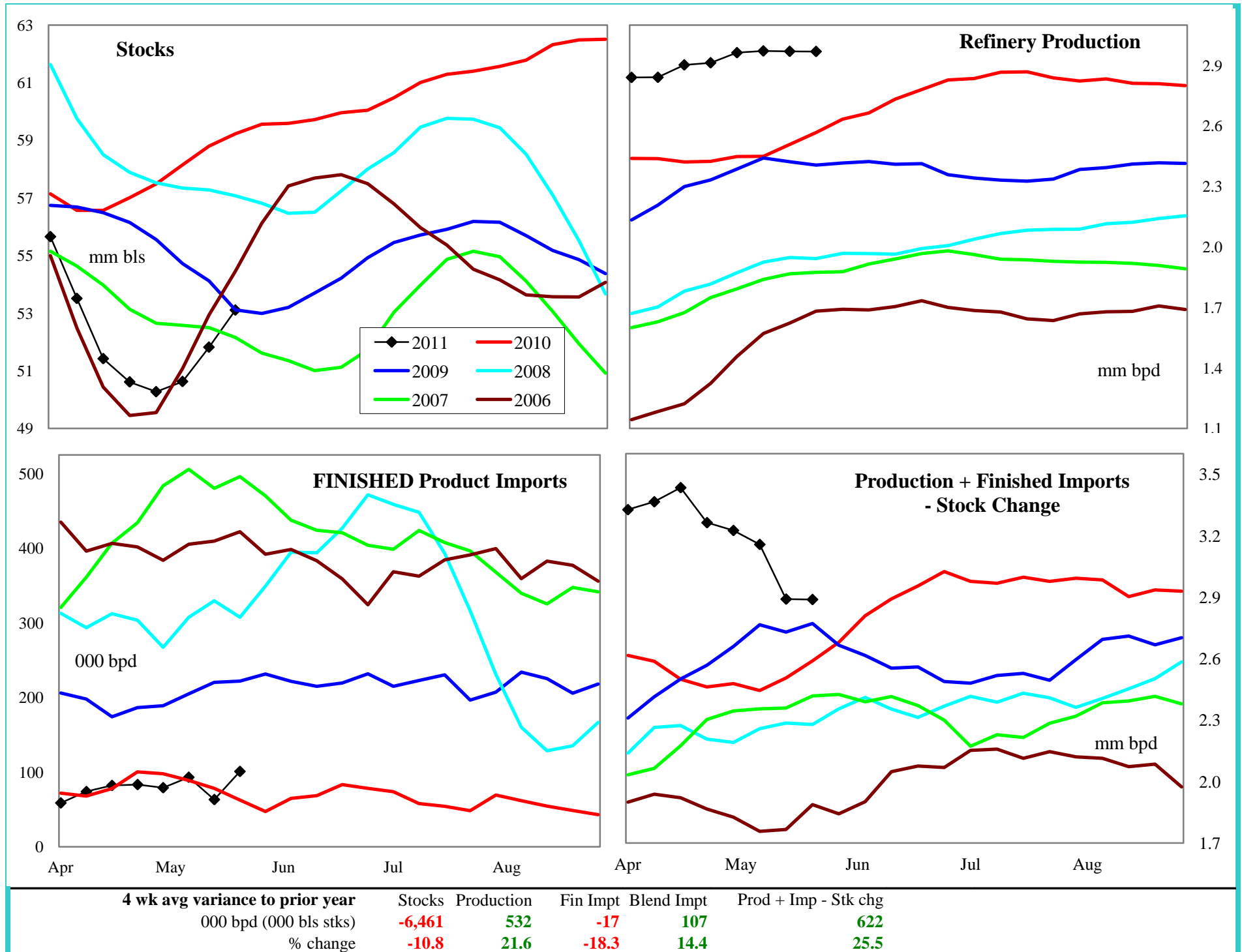
United States Residual Fuel Oil Supply and Demand Balance



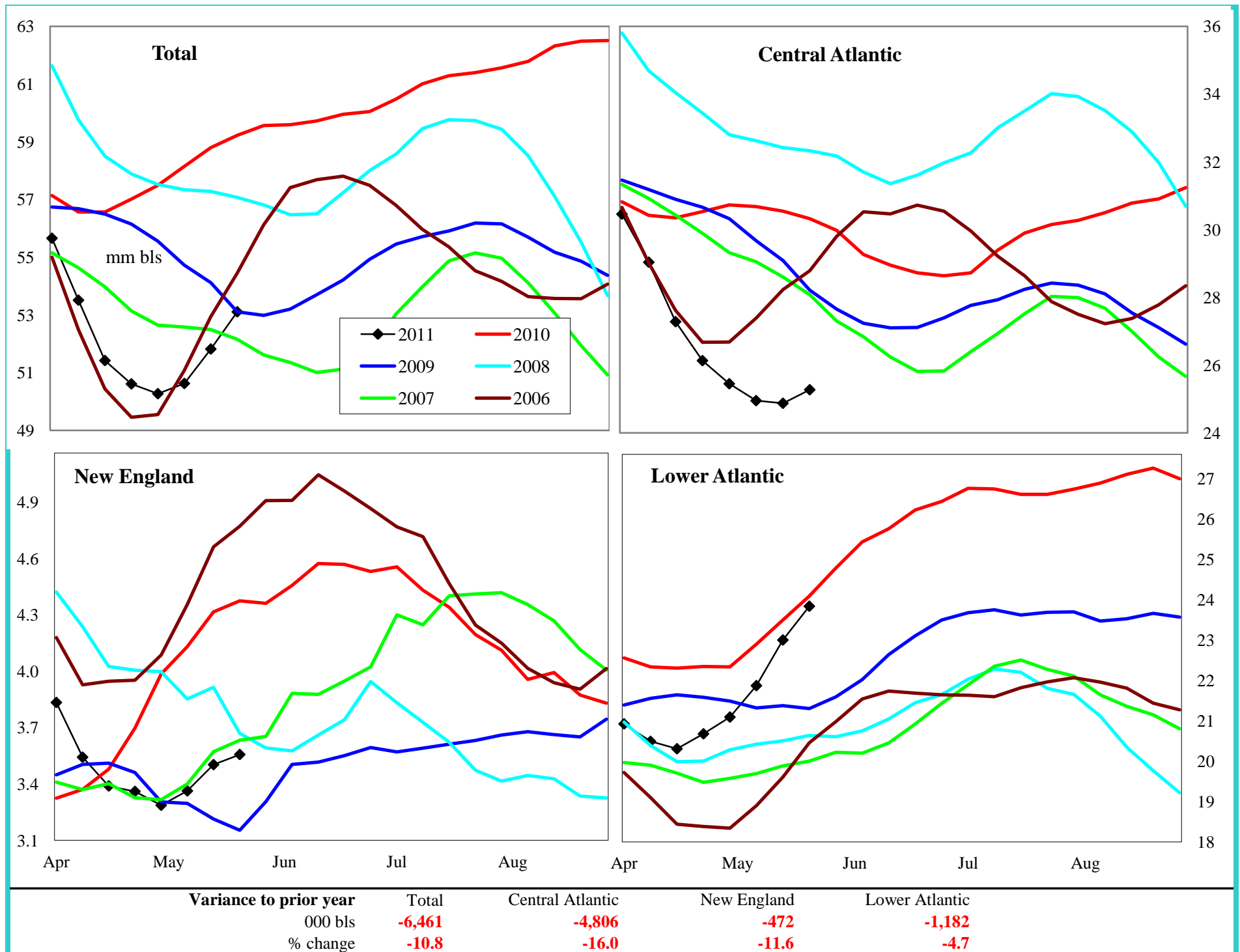
PADD 1 Crude Oil Supply and Refining



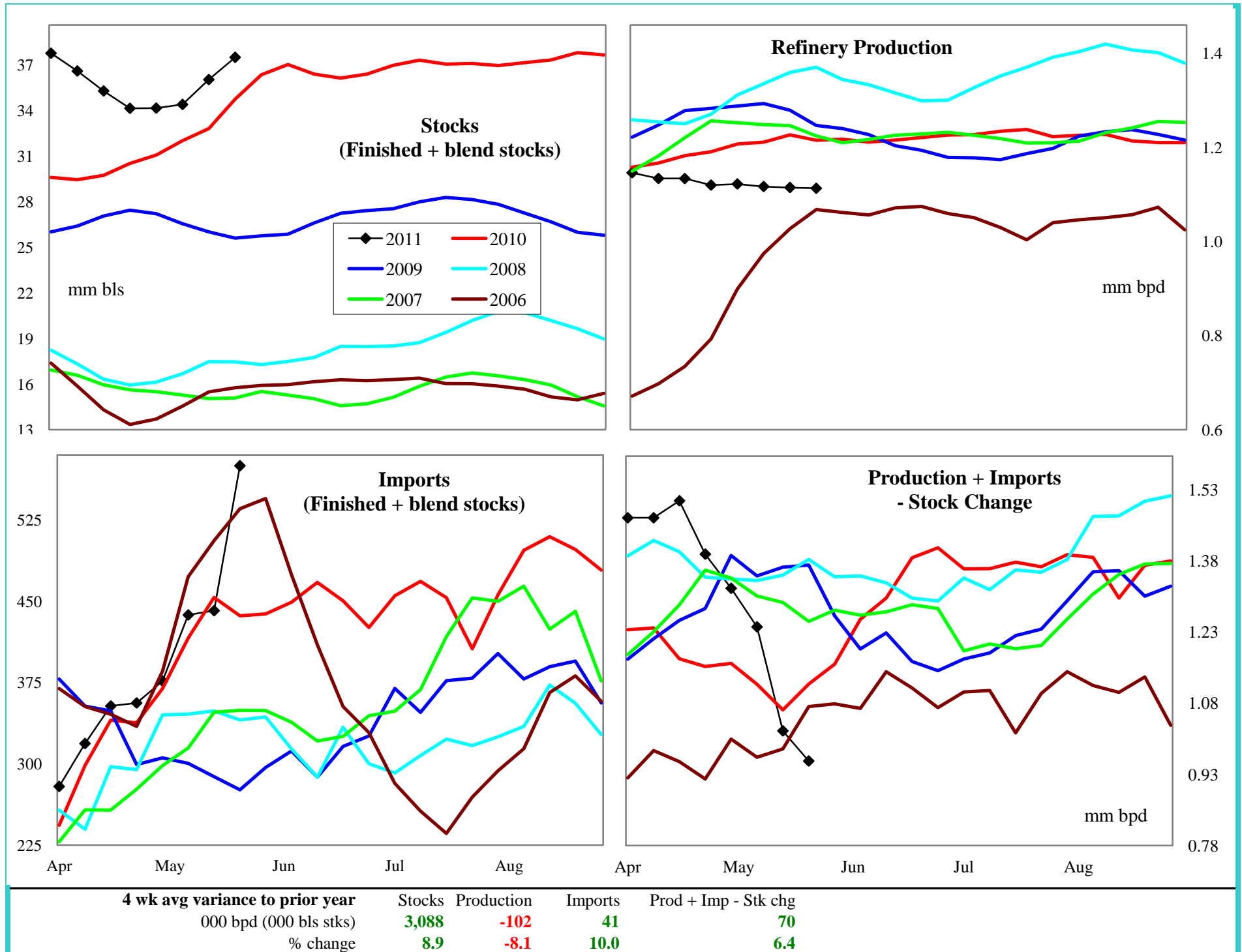
PADD 1 Gasoline Supply



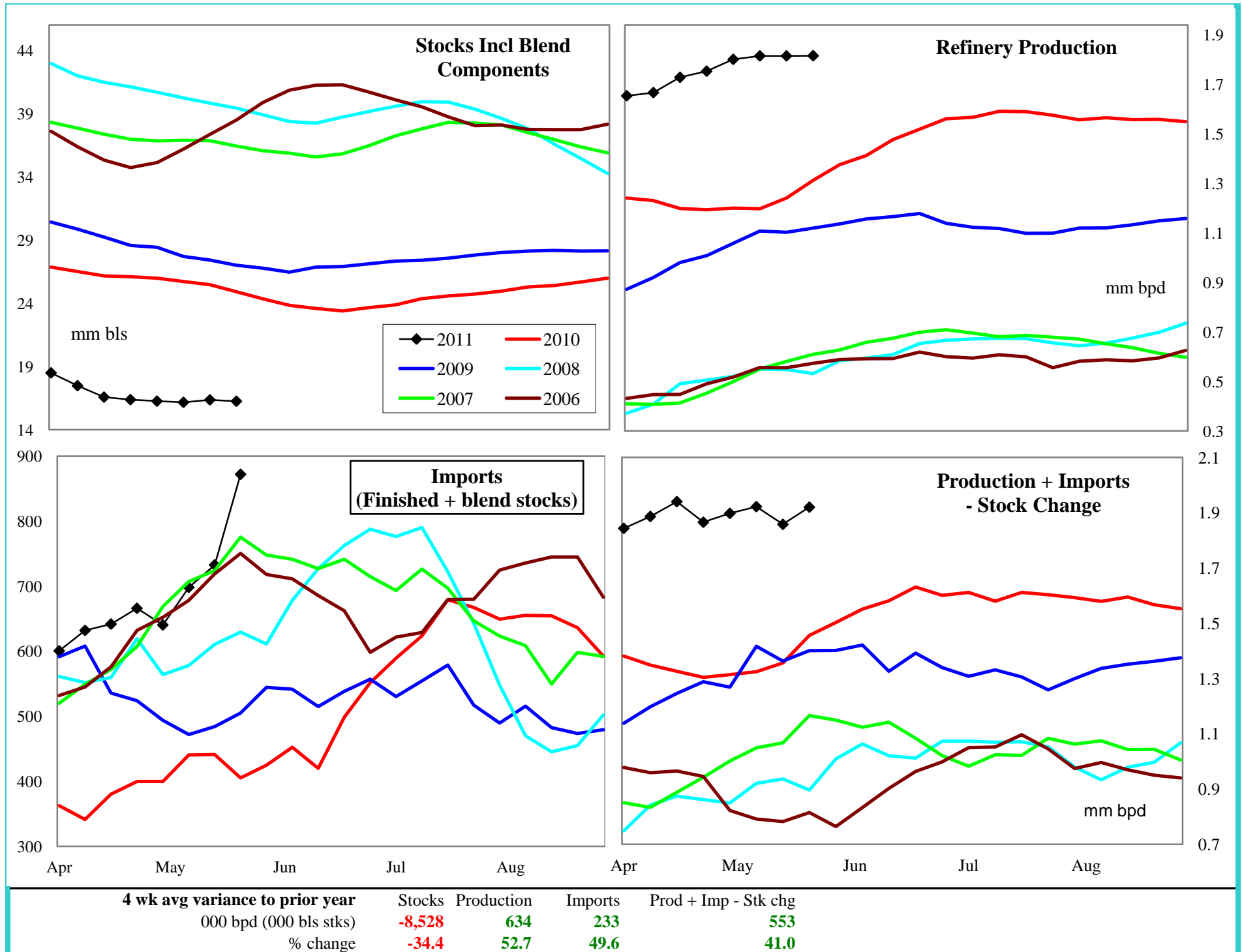
PADD 1 Gasoline Stocks by Region



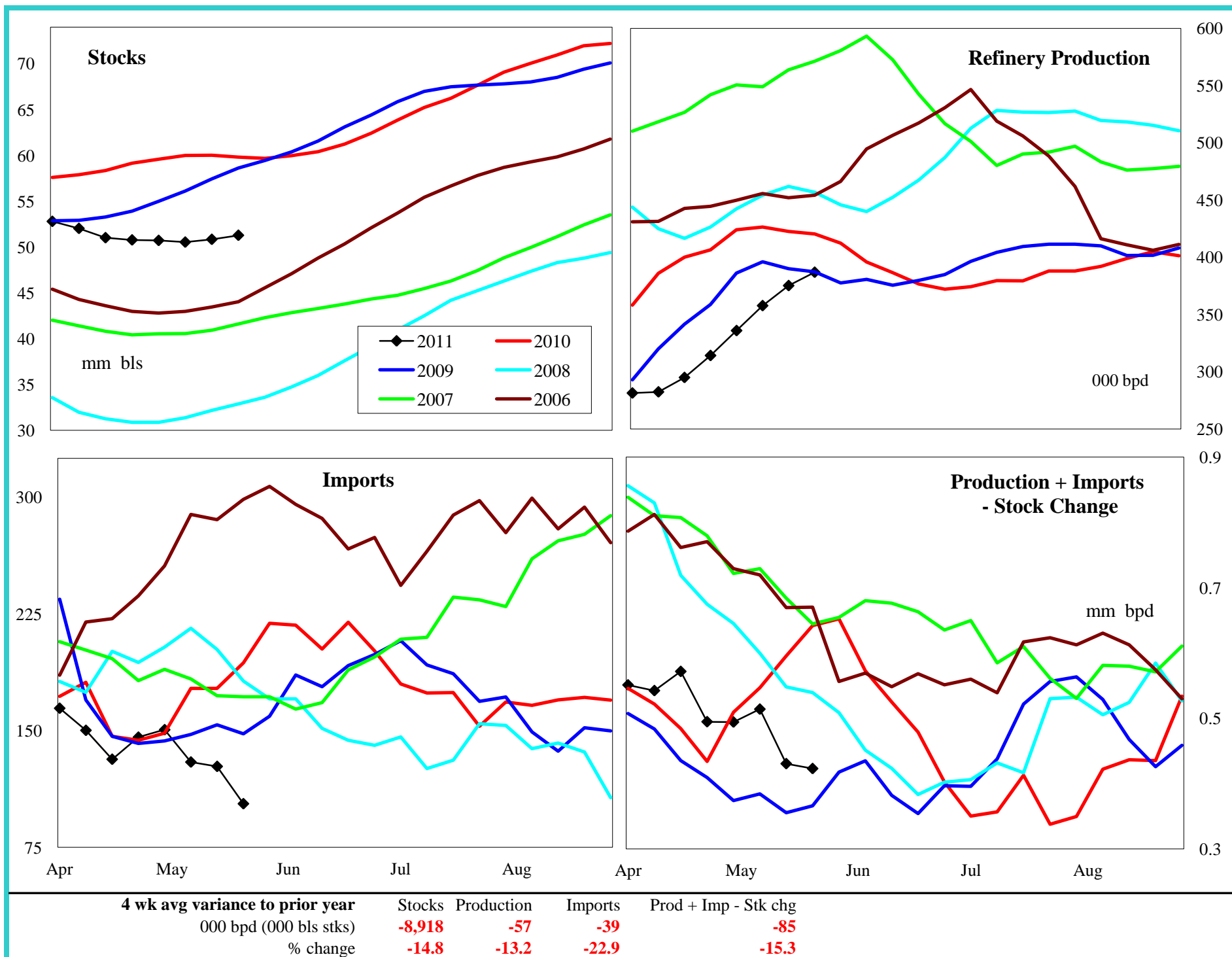
PADD 1 Reformulated Gasoline Supply



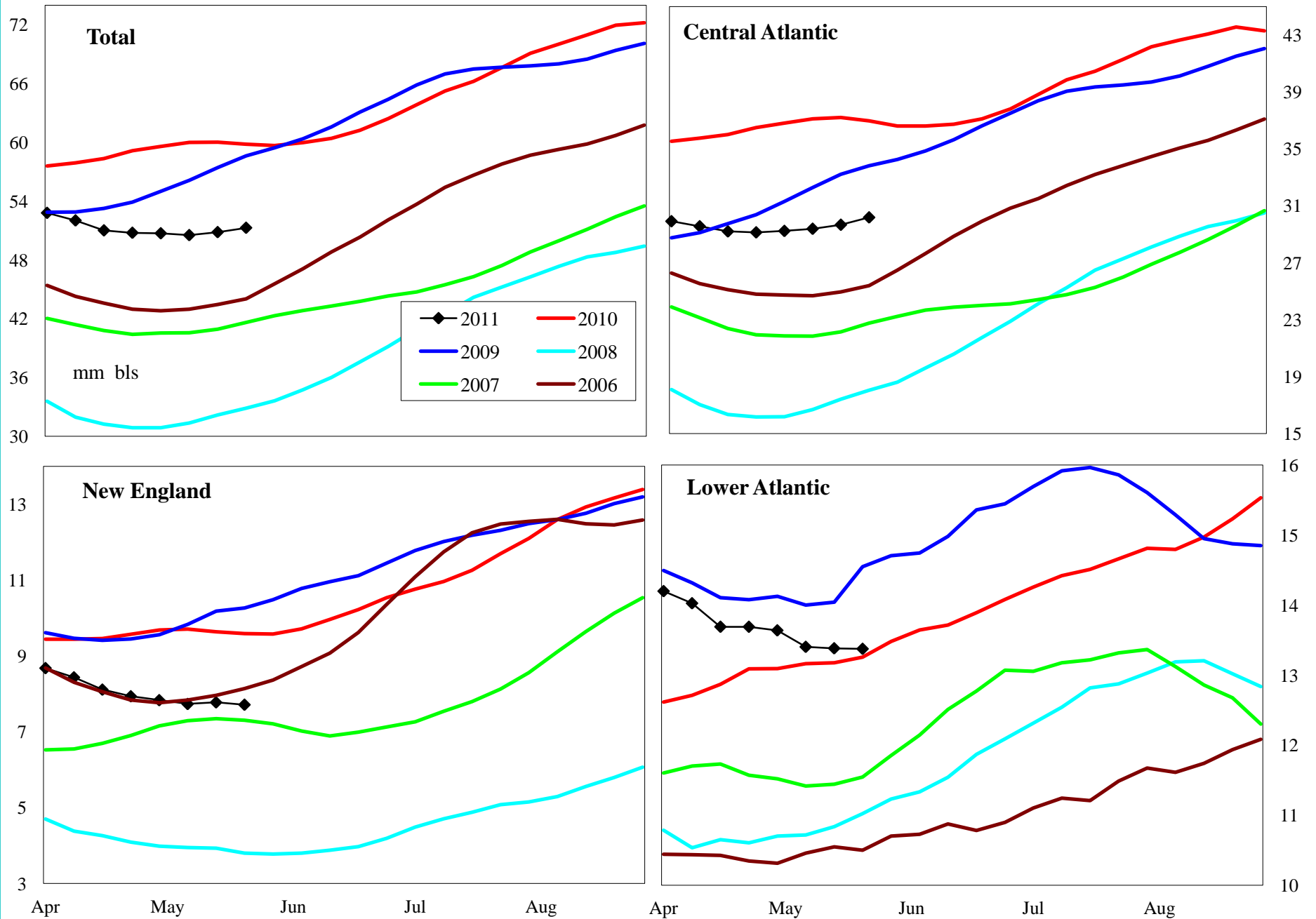
PADD 1 Conventional Gasoline Supply



PADD 1 Distillate Supply



PADD 1 Distillate Stocks by Region



Variance to prior year

000 bls

% change

Total

-8,918

-14.8

Central Atlantic

-7,146

-19.1

New England

-1,816

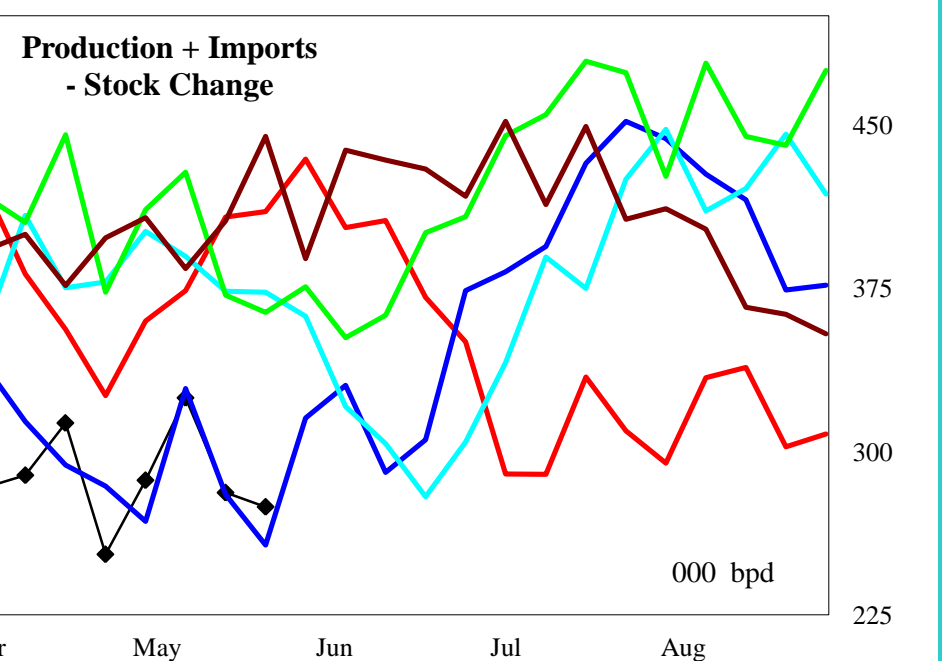
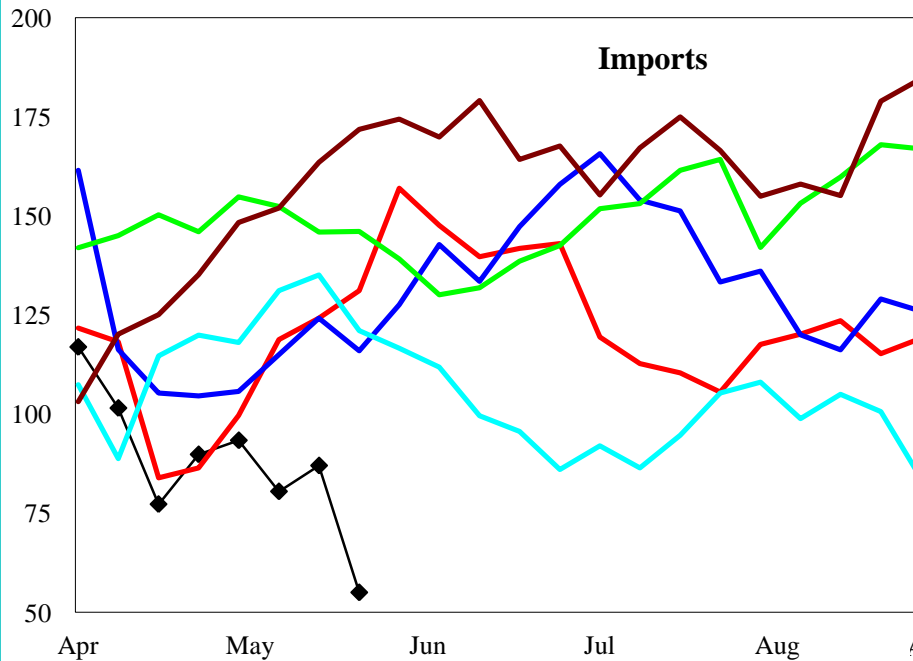
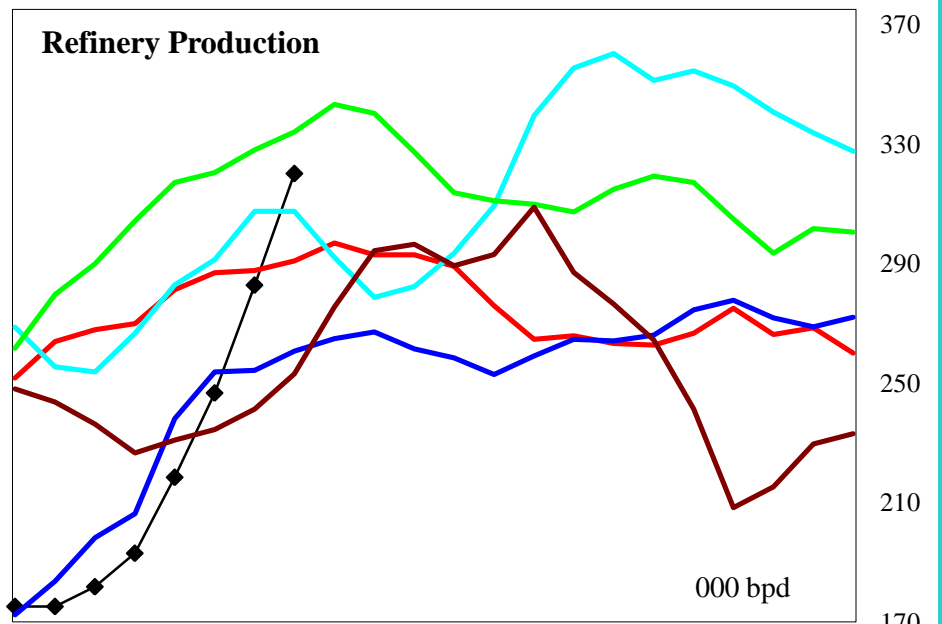
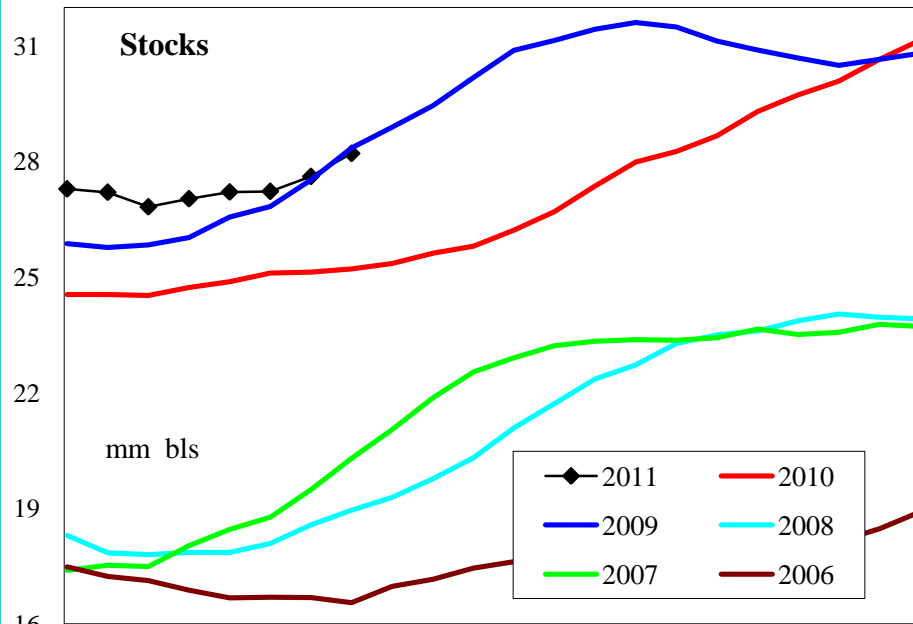
-19.1

Lower Atlantic

44

0.3

PADD 1 Low Sulfur Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

2,664

-24

-41

-83

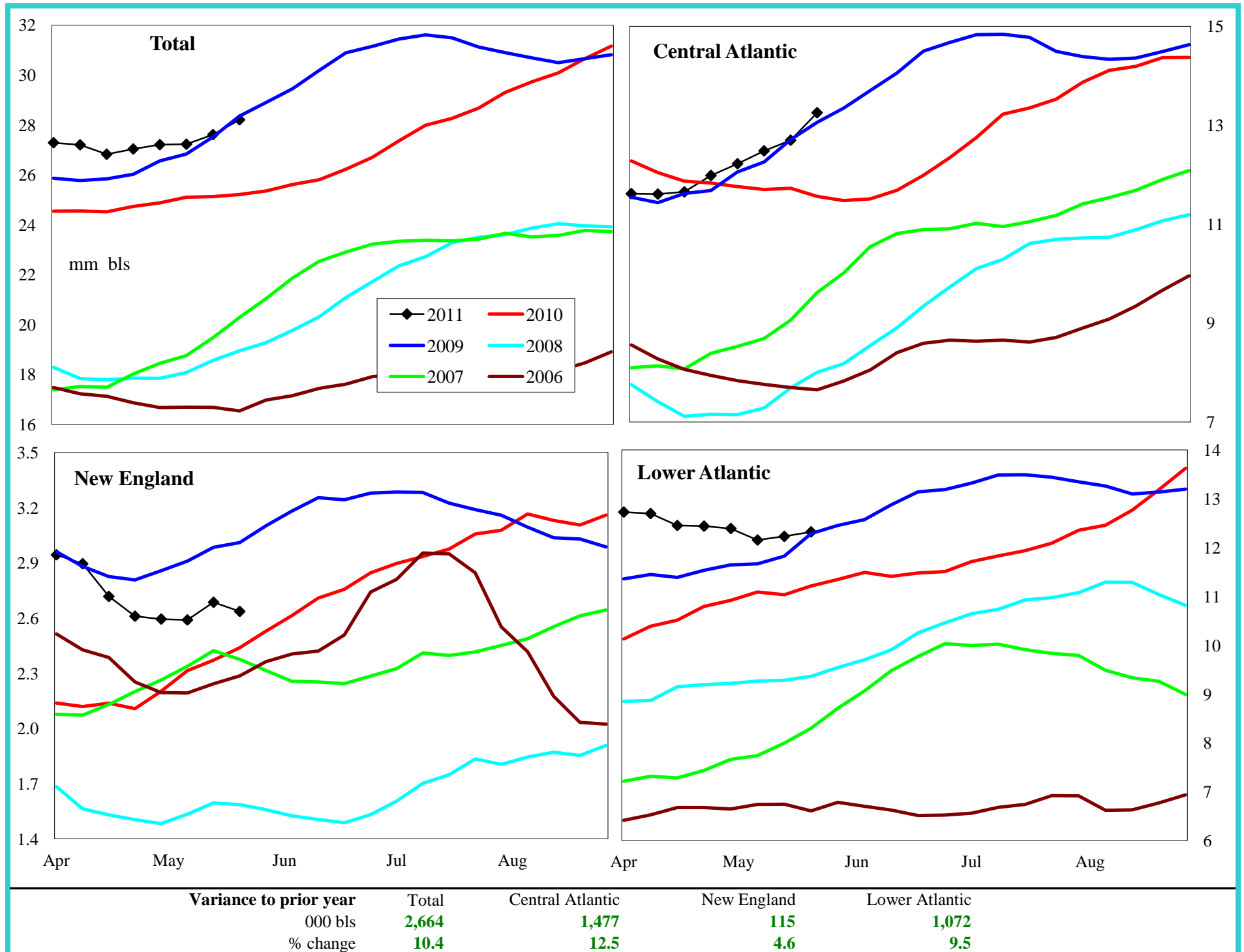
10.4

-8.2

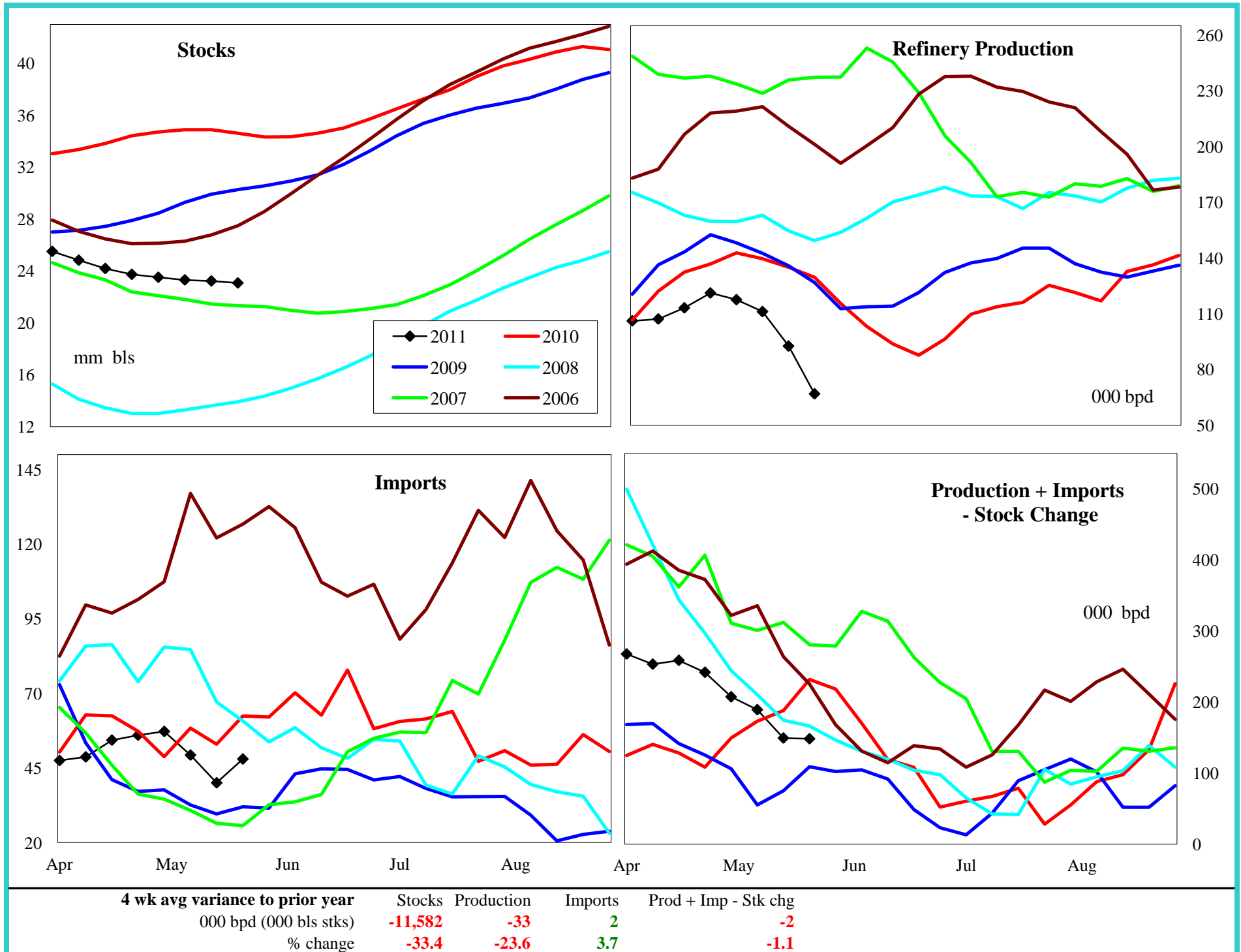
-33.2

-21.5

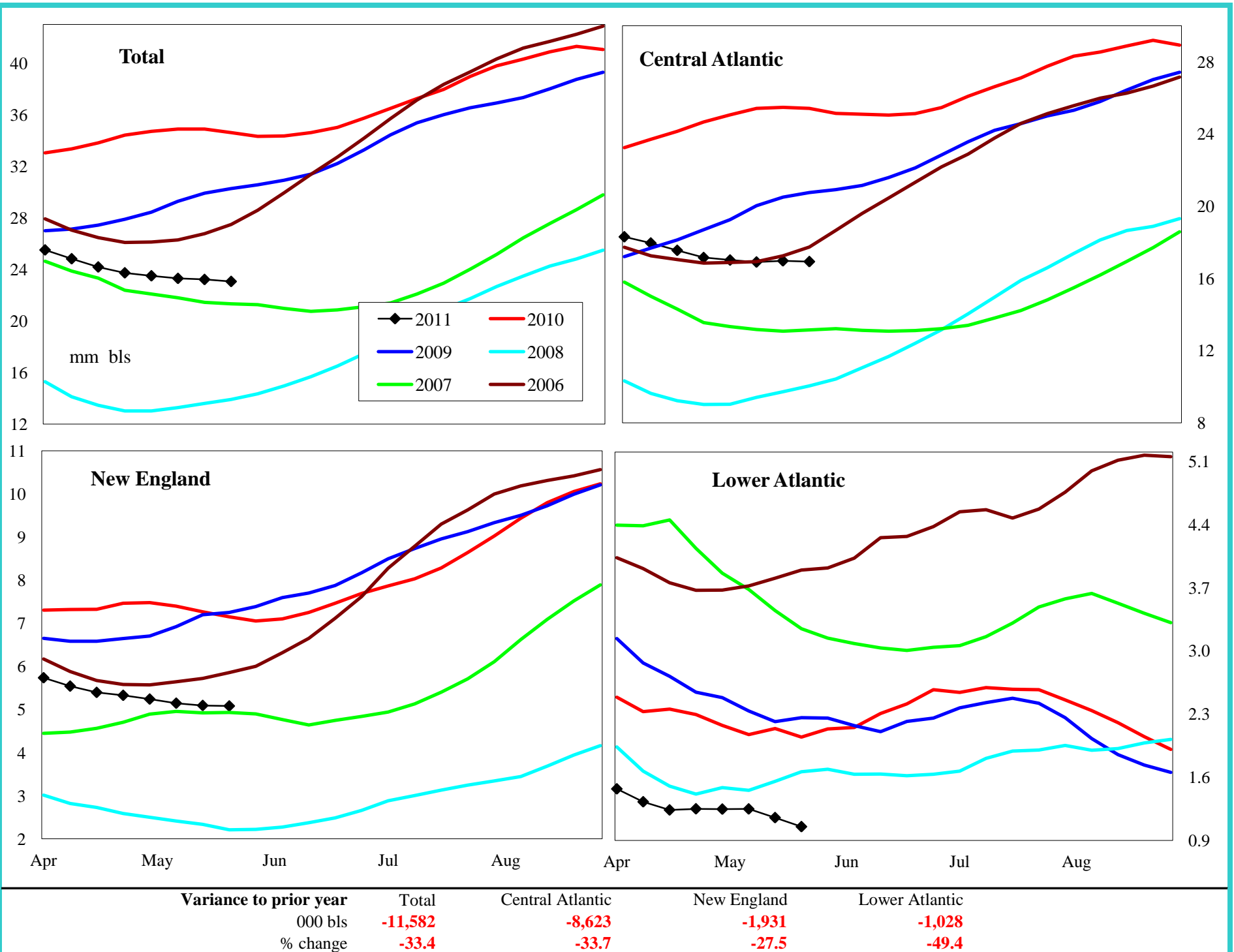
PADD 1 Low Sulfur Distillate Stocks by Region



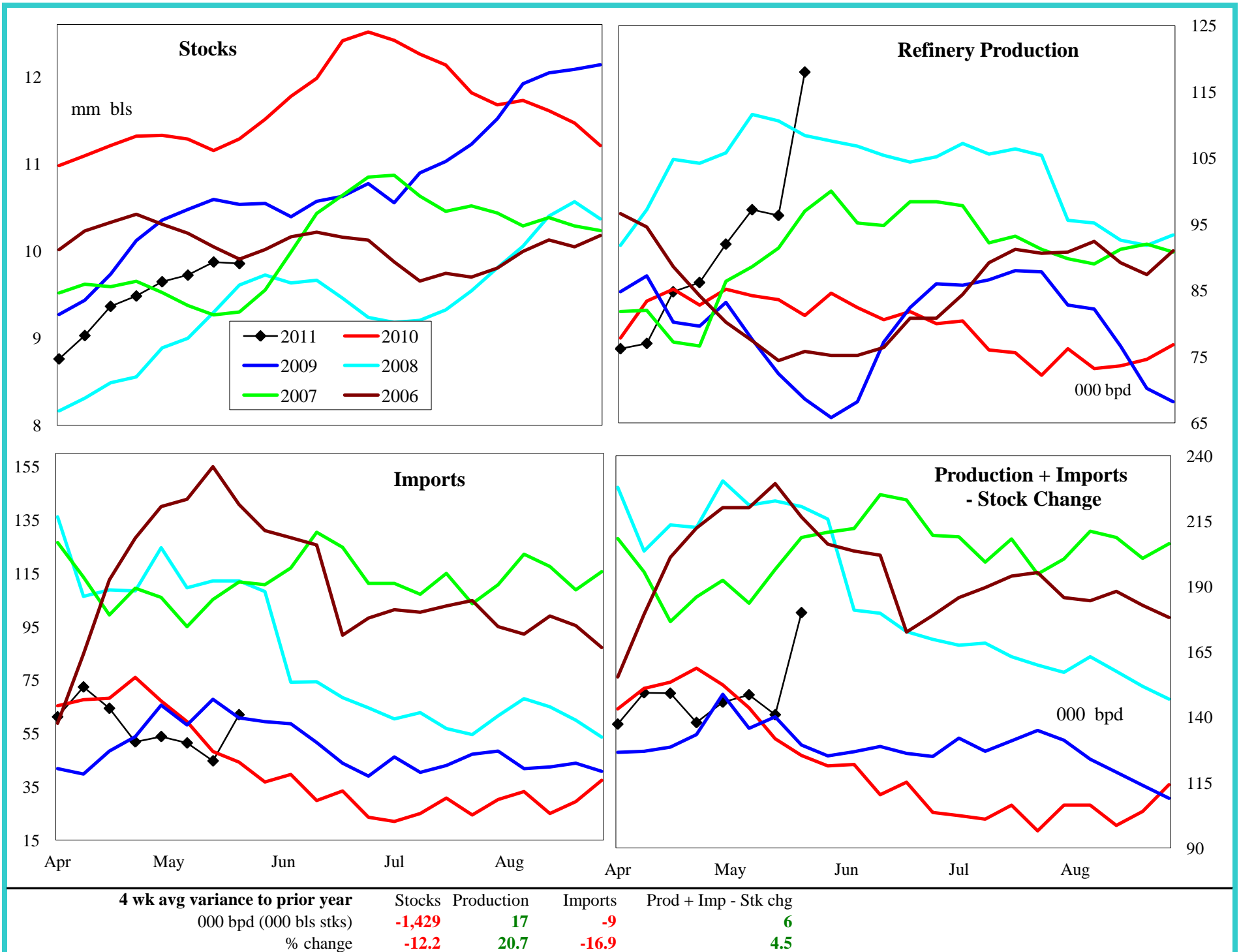
PADD 1 High Sulfur Distillate Supply



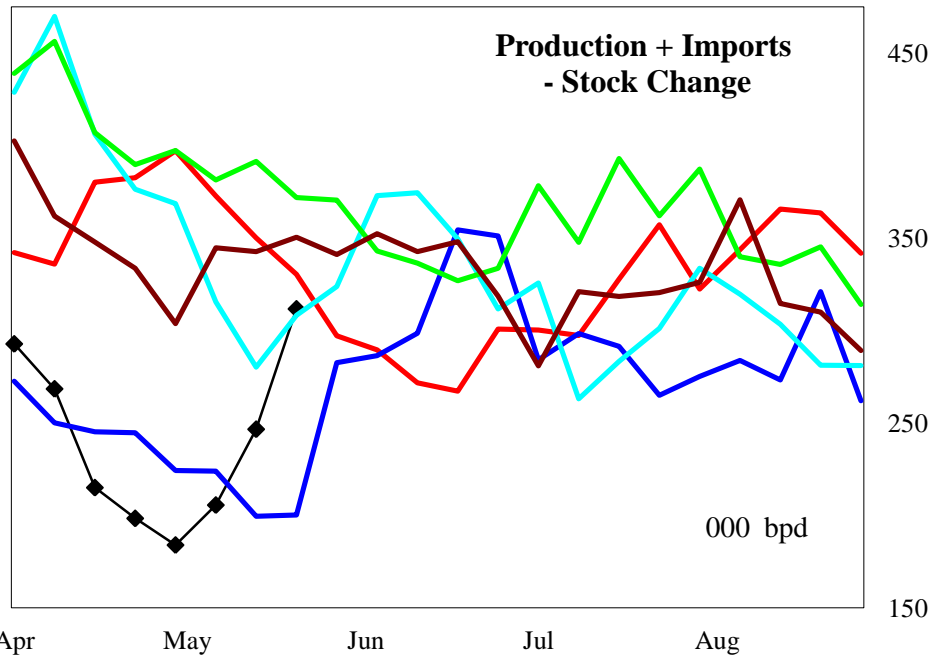
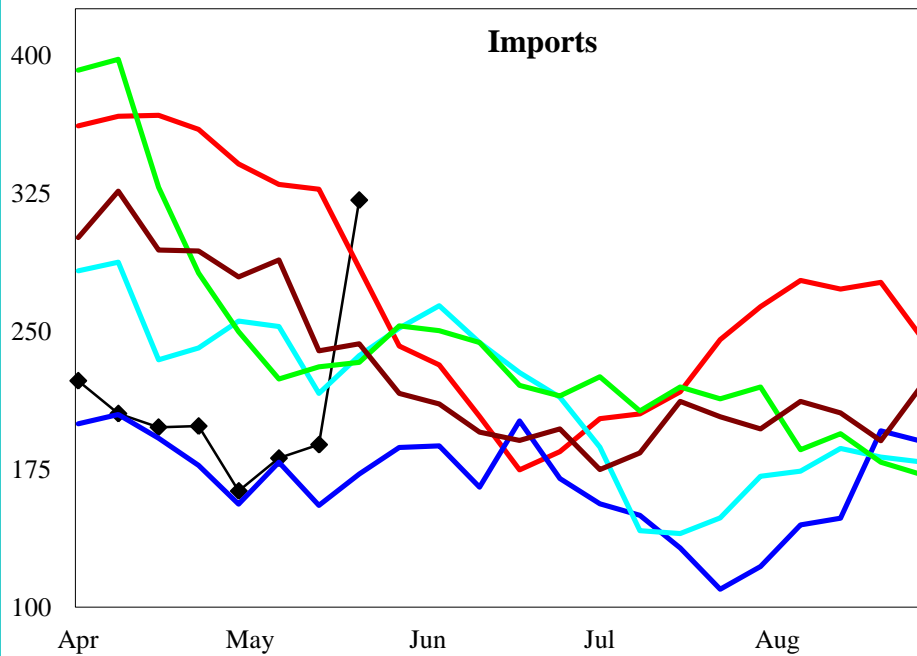
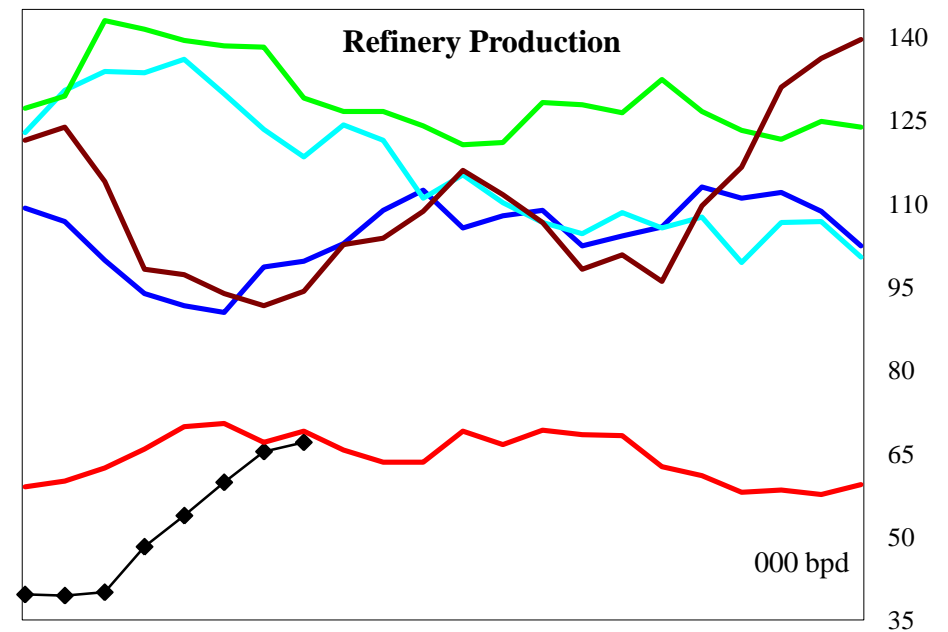
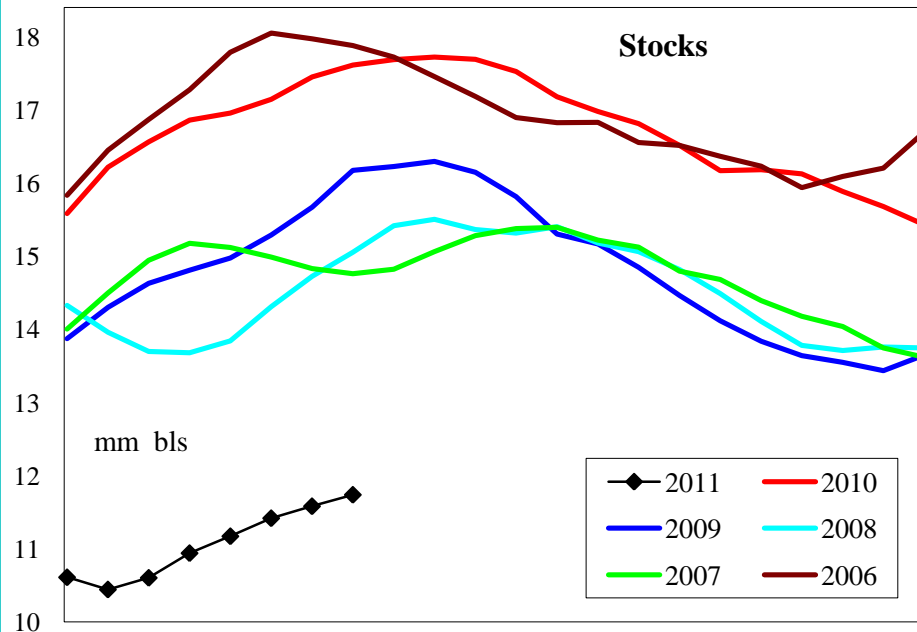
PADD 1 High Sulfur Distillate Stocks by Region



PADD 1 Jet Fuel Supply



PADD 1 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-5,874

-8

-144

-154

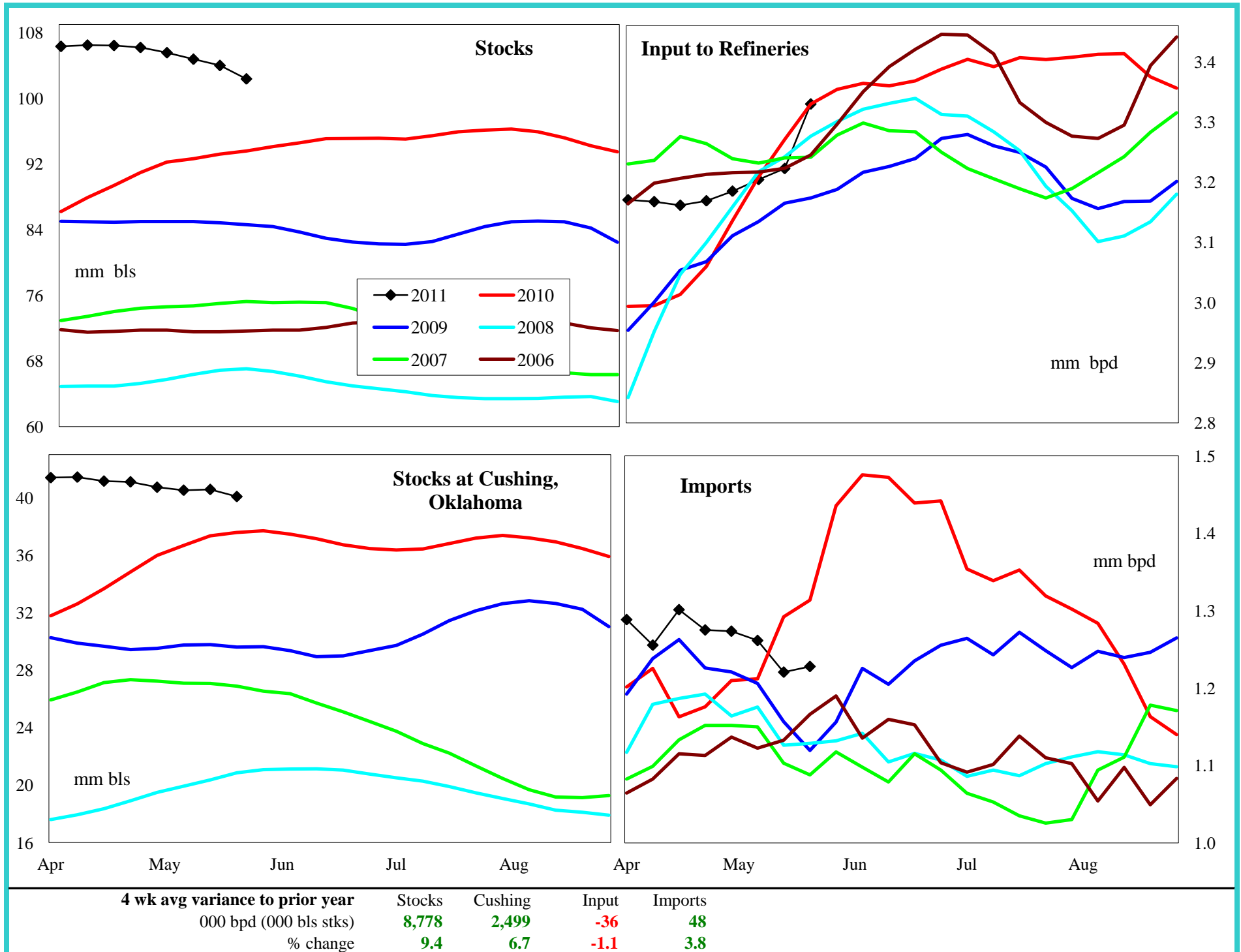
-33.3

-10.6

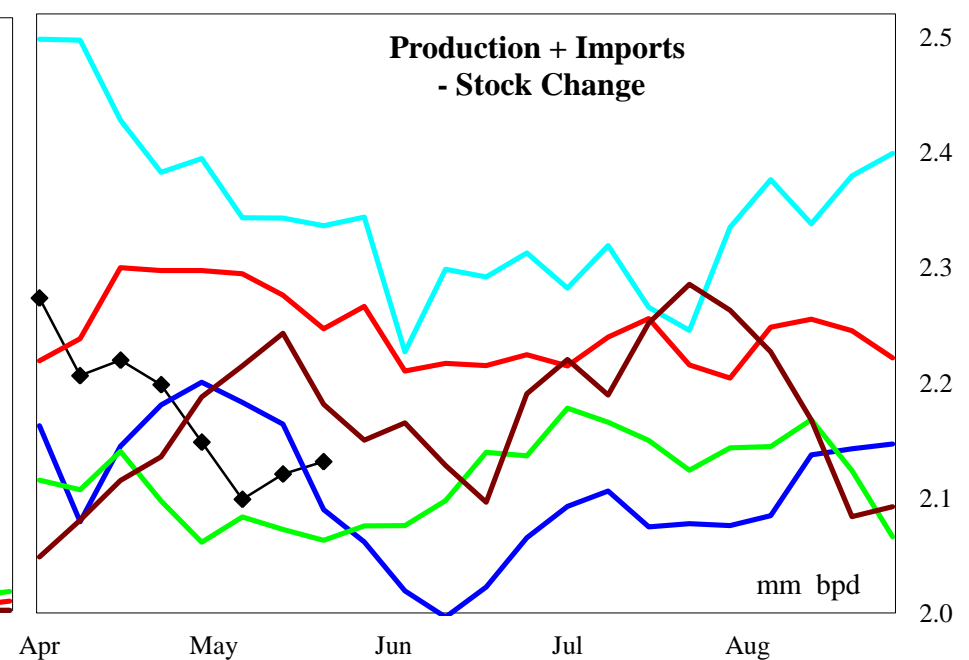
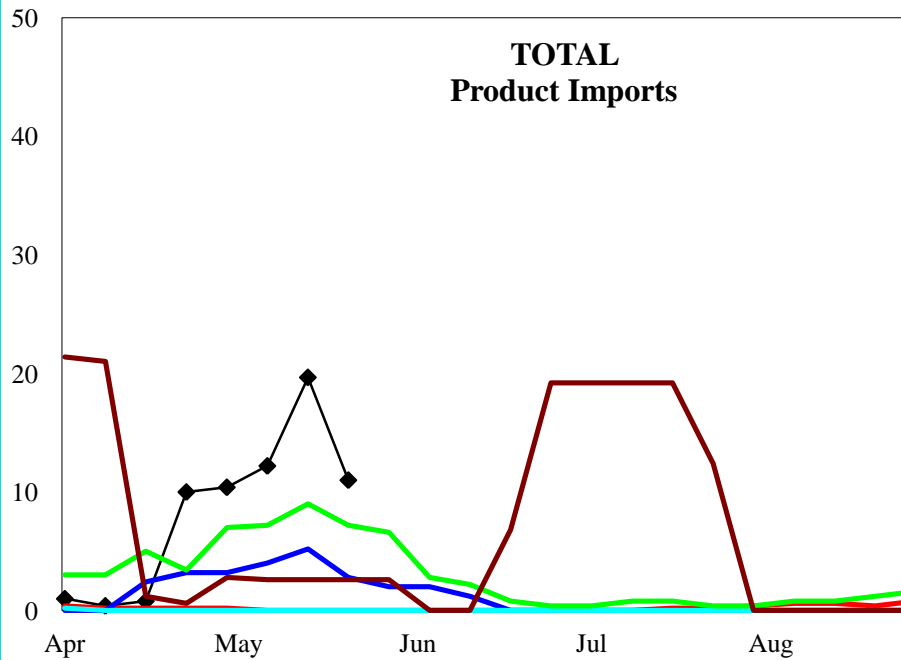
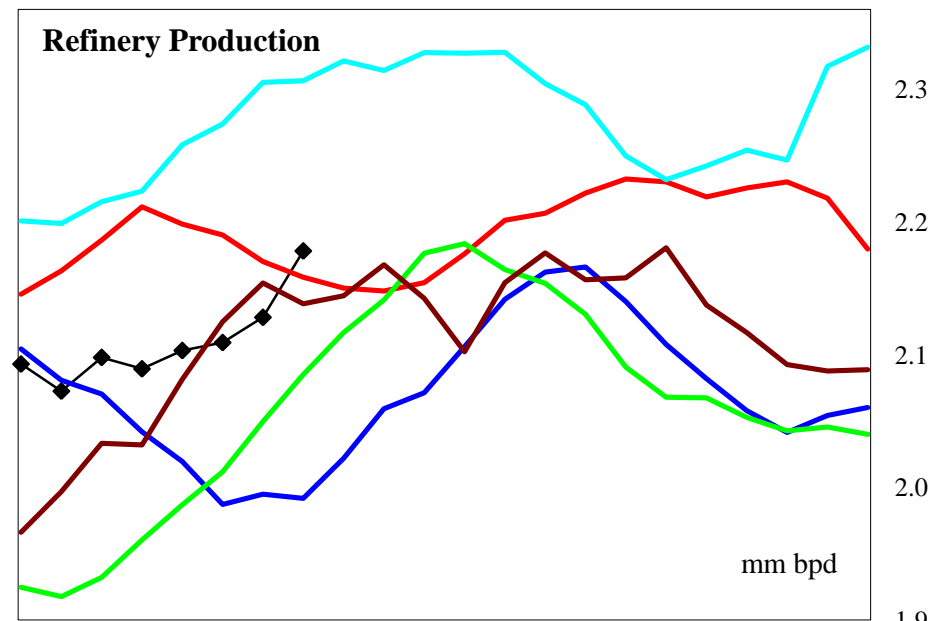
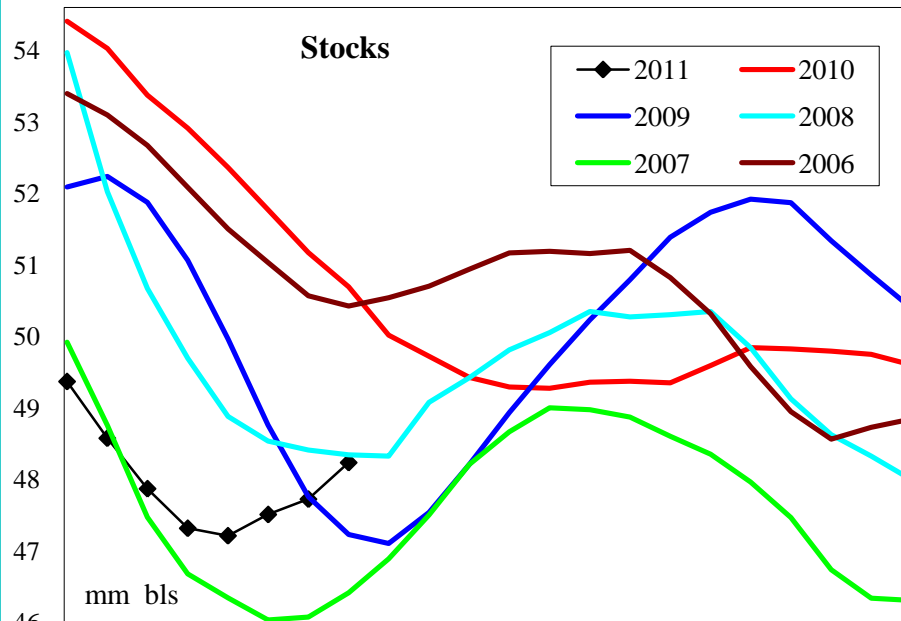
-43.6

-41.8

PADD 2 Crude Oil Supply and Refining



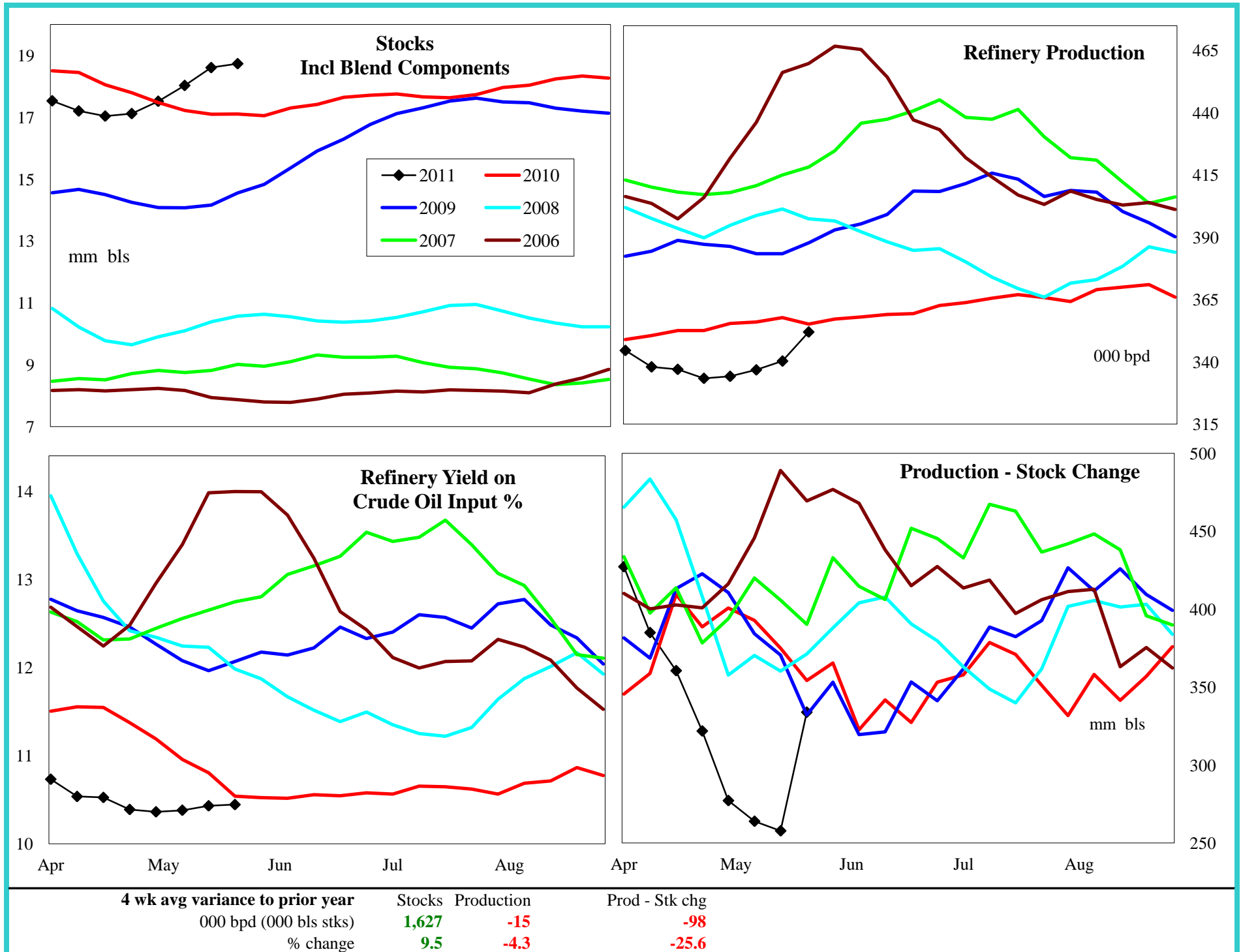
PADD 2 Gasoline Supply



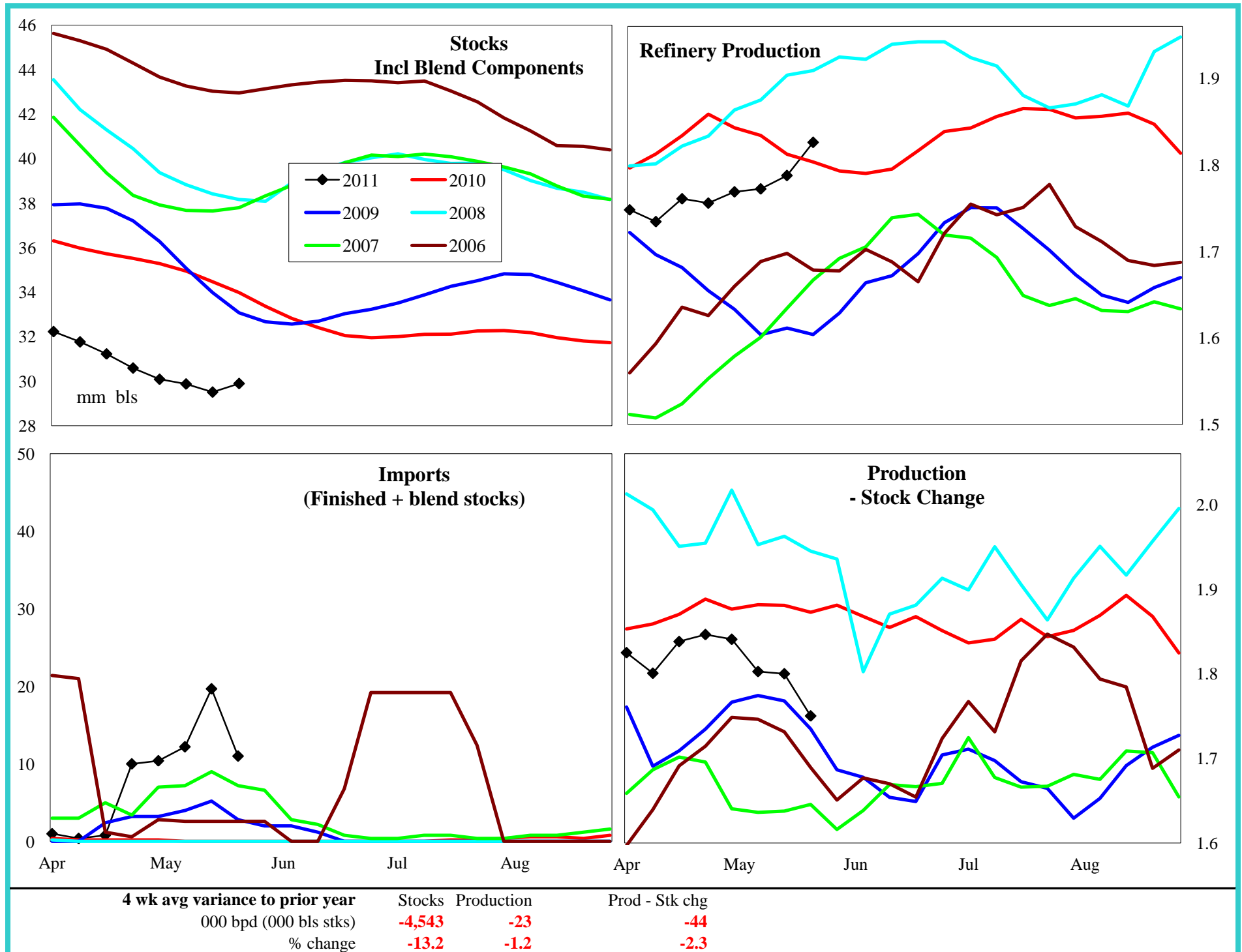
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
-2,459	-38	15	-128
-4.8	-1.7	#DIV/0!	-5.6

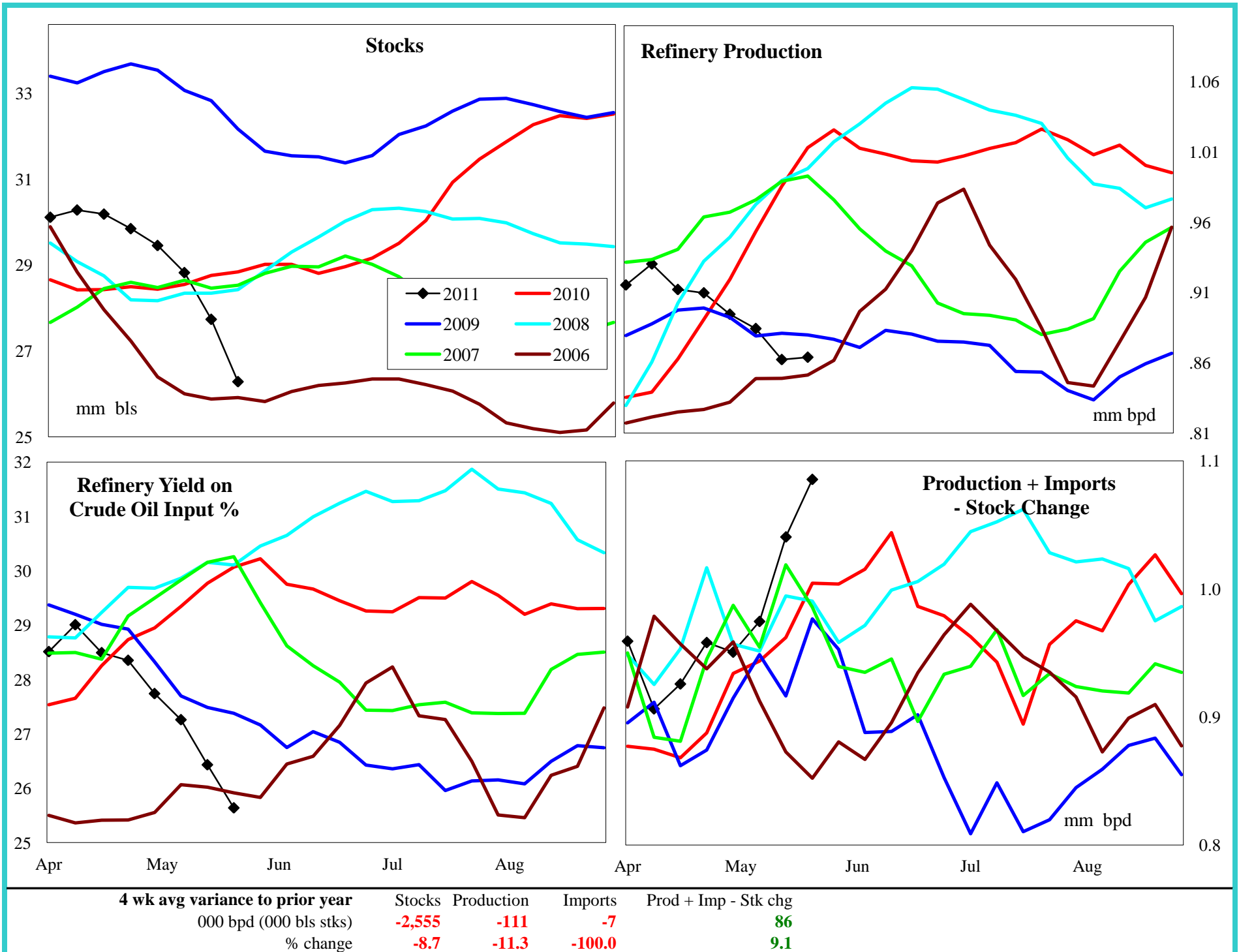
PADD 2 Reformulated Gasoline Supply



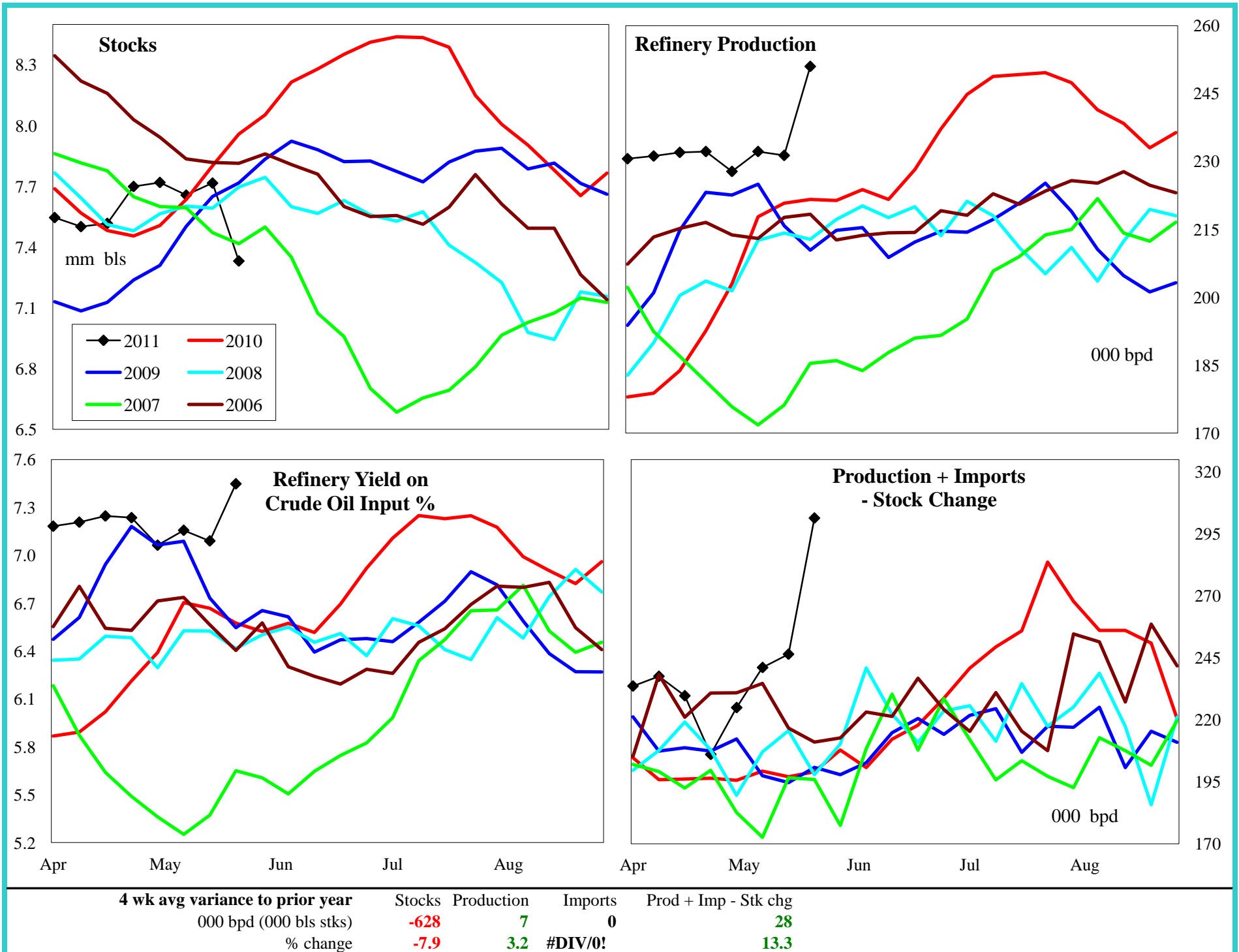
PADD 2 Conventional Gasoline Supply



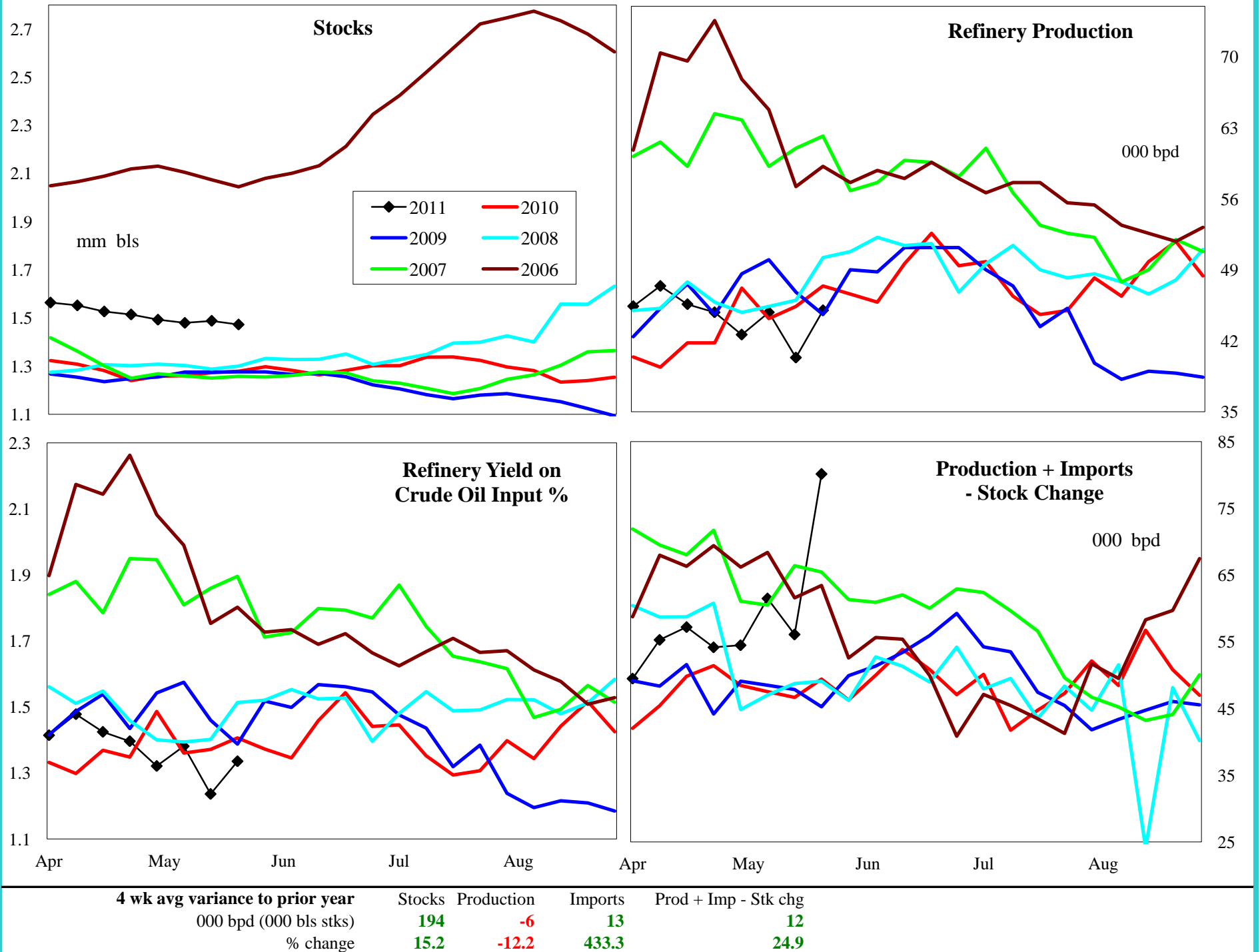
PADD 2 Distillate Supply



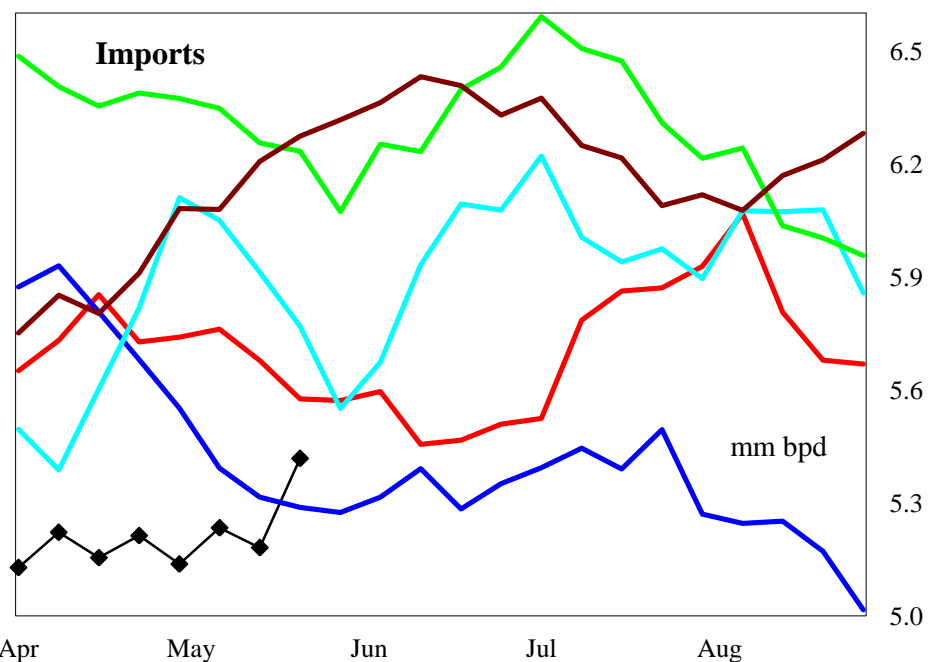
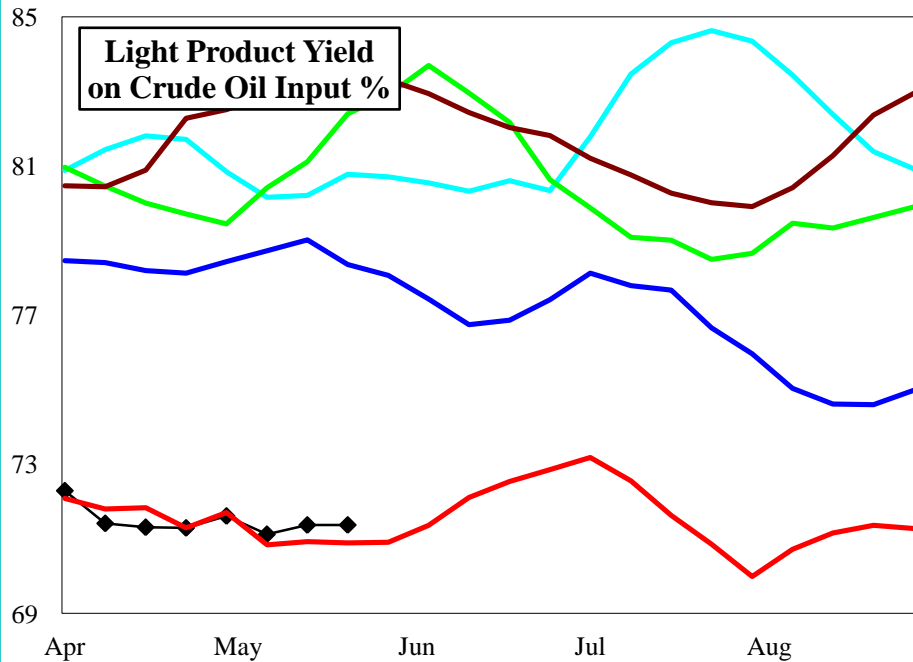
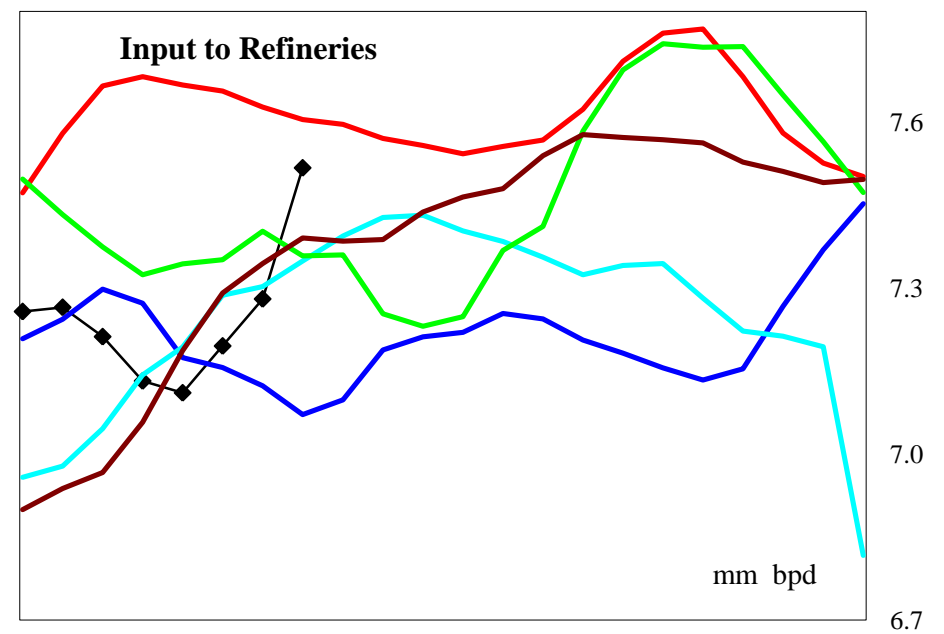
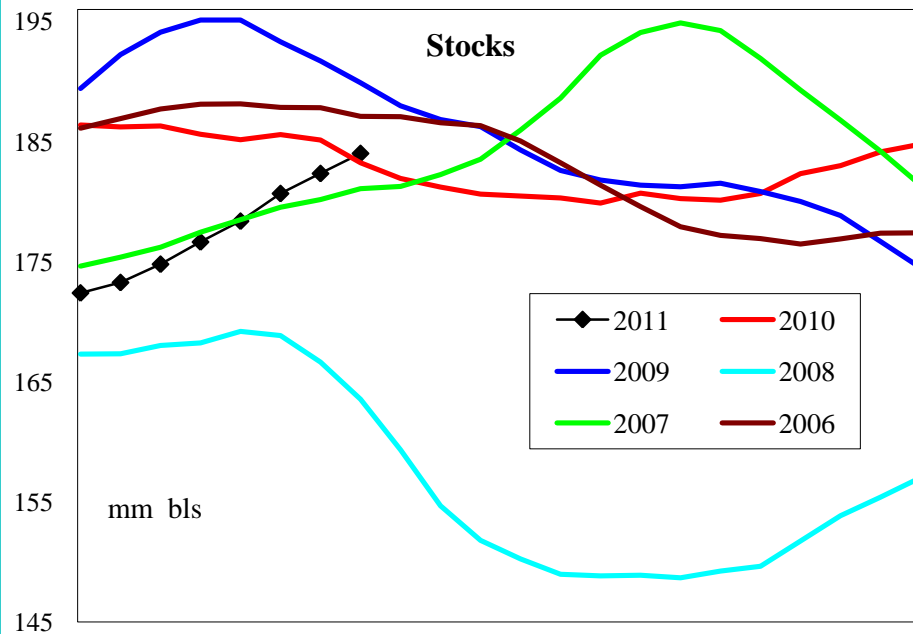
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

772

0.4

Input

-460

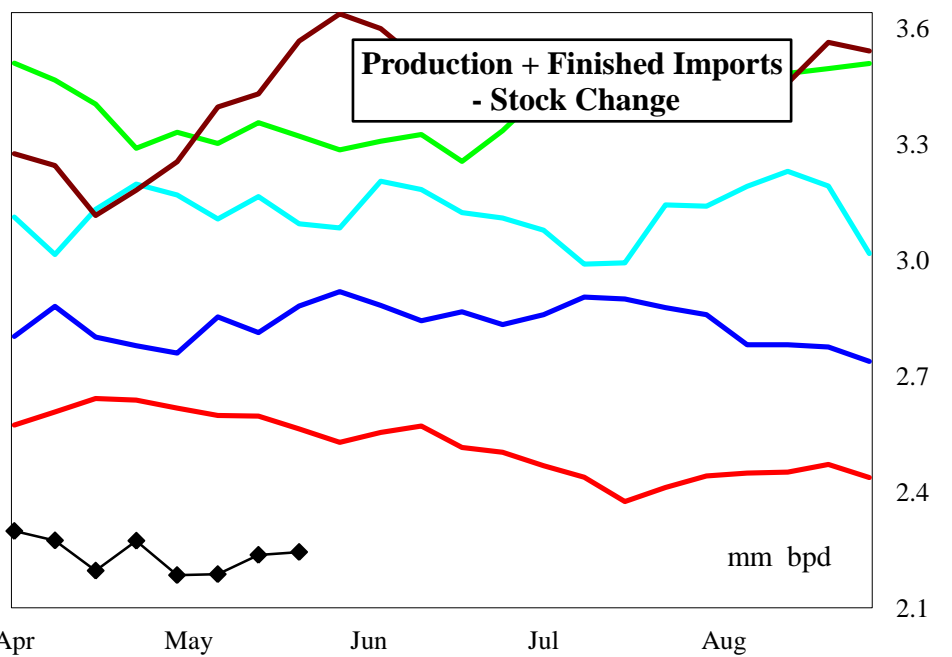
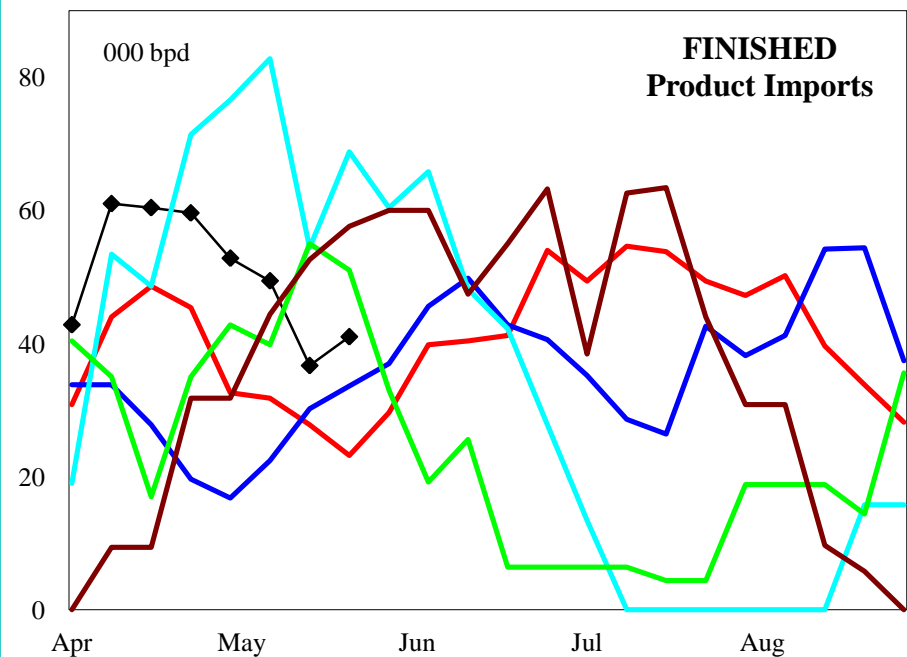
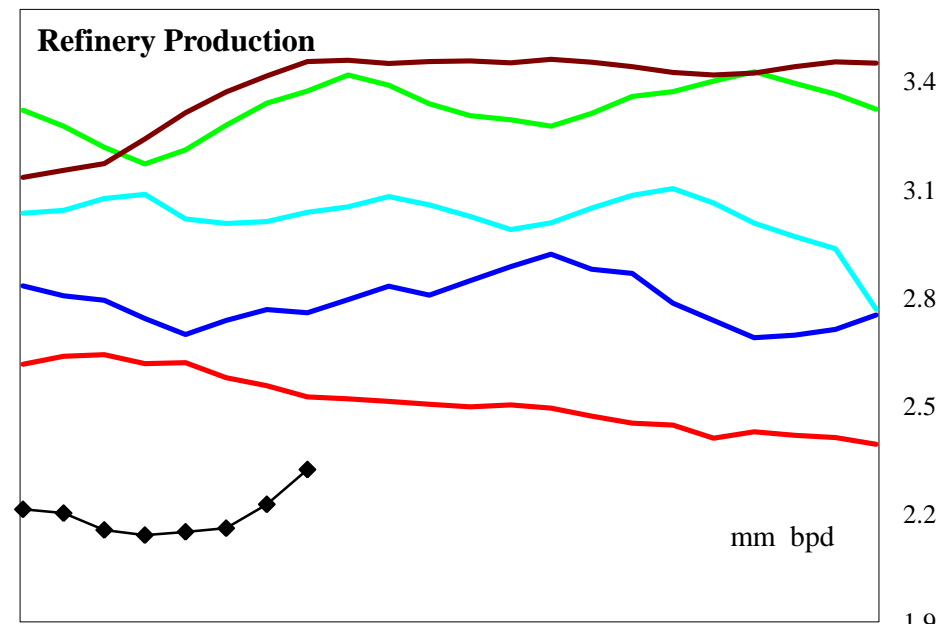
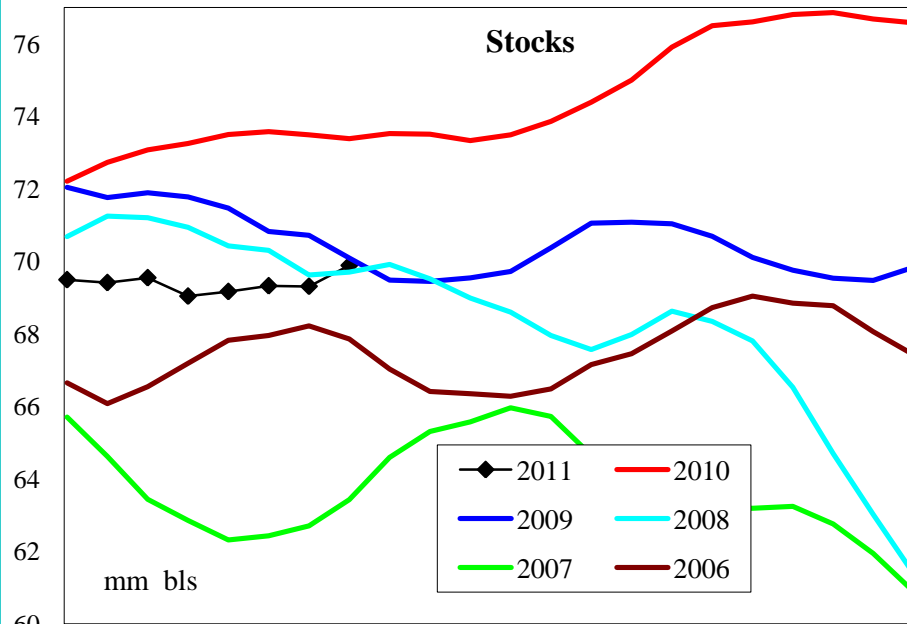
-6.0

Imports

-564

-9.8

PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-3,895

-5.3

Production

-404

-15.7

Fin Impt

16

67.7

Blend Impt

73

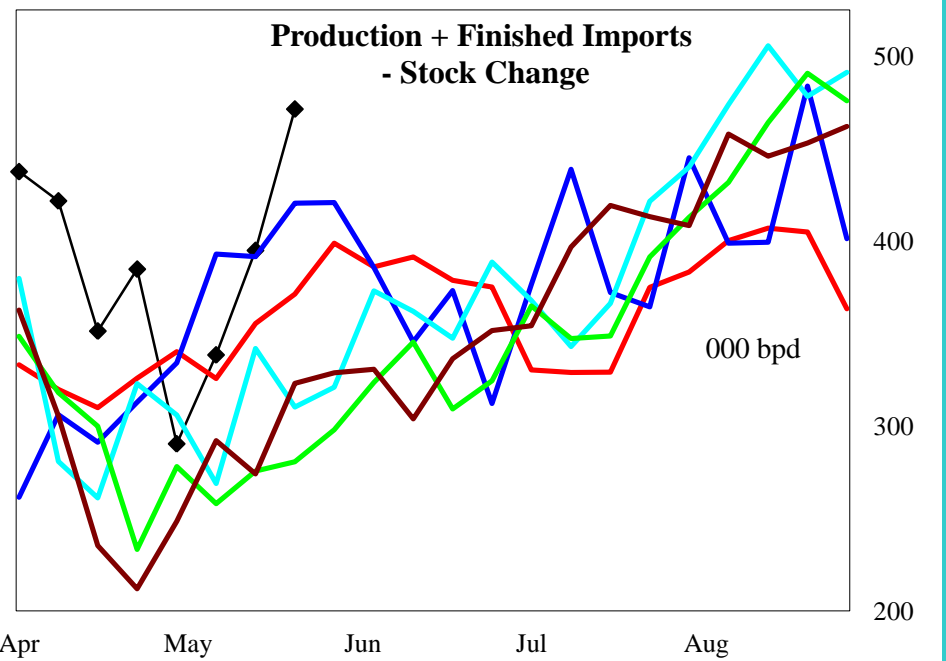
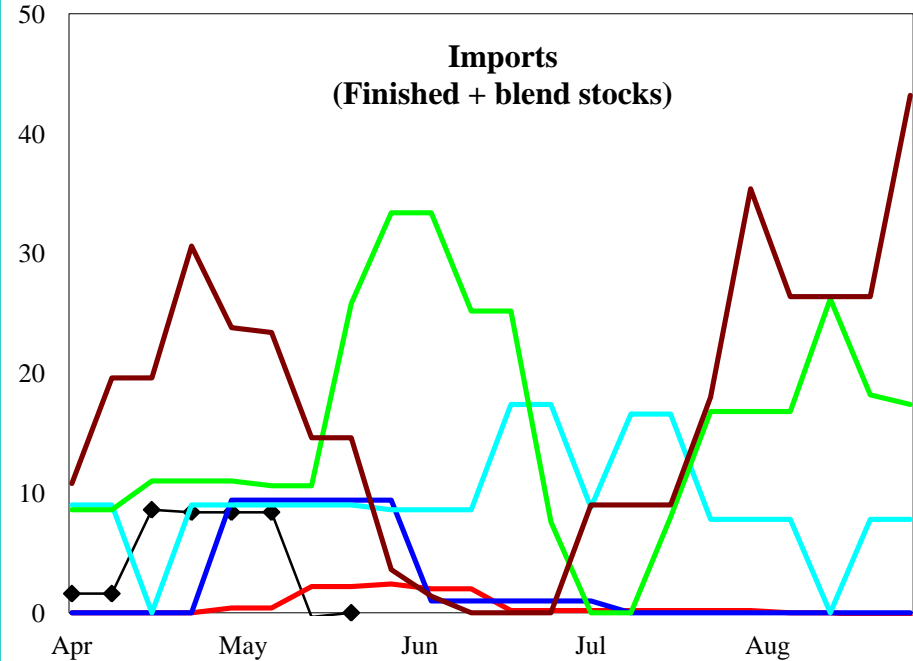
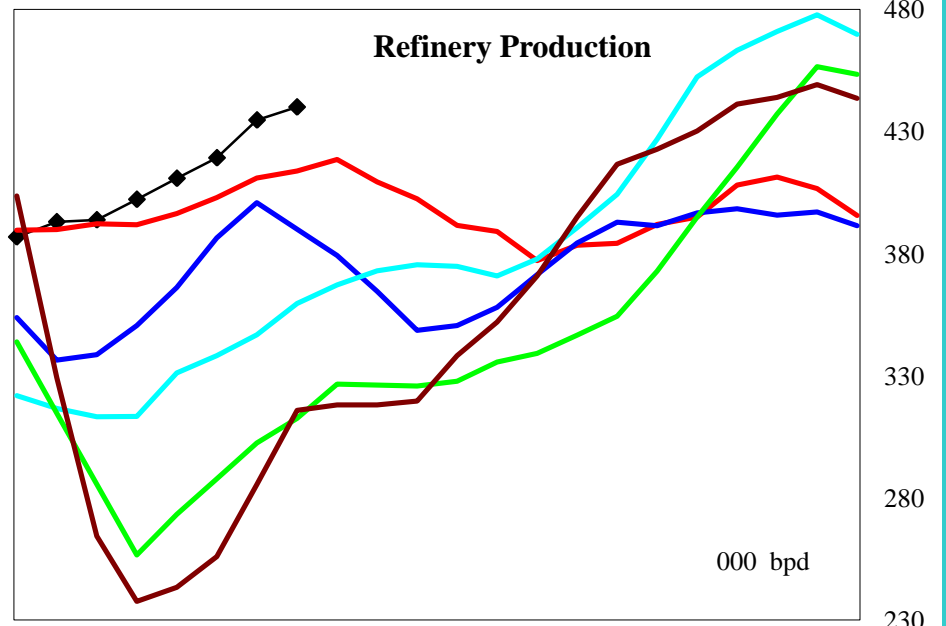
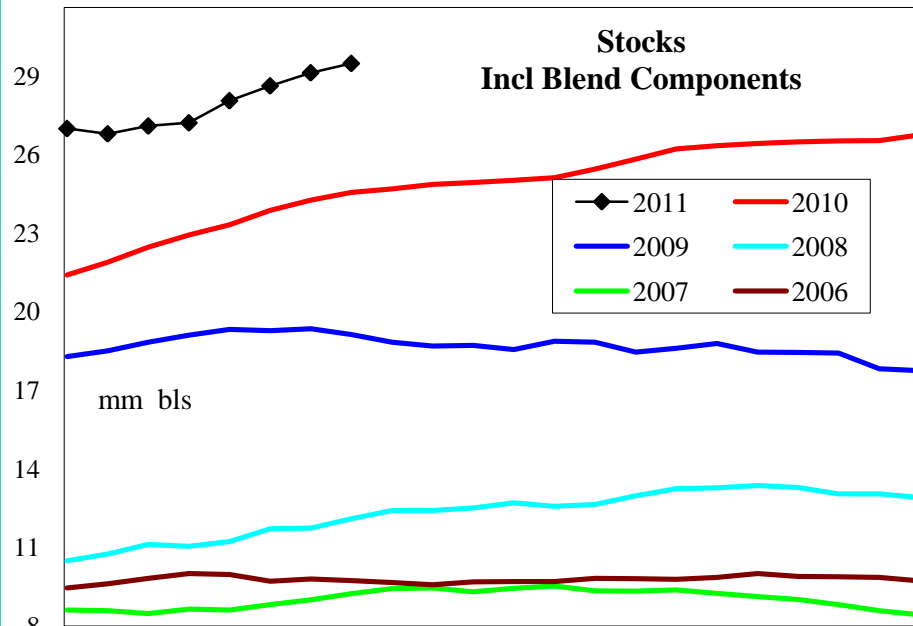
78.1

Prod + Imp - Stk chg

-391

-15.2

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

4,699

18.7

Production

15

3.7

Imports

10

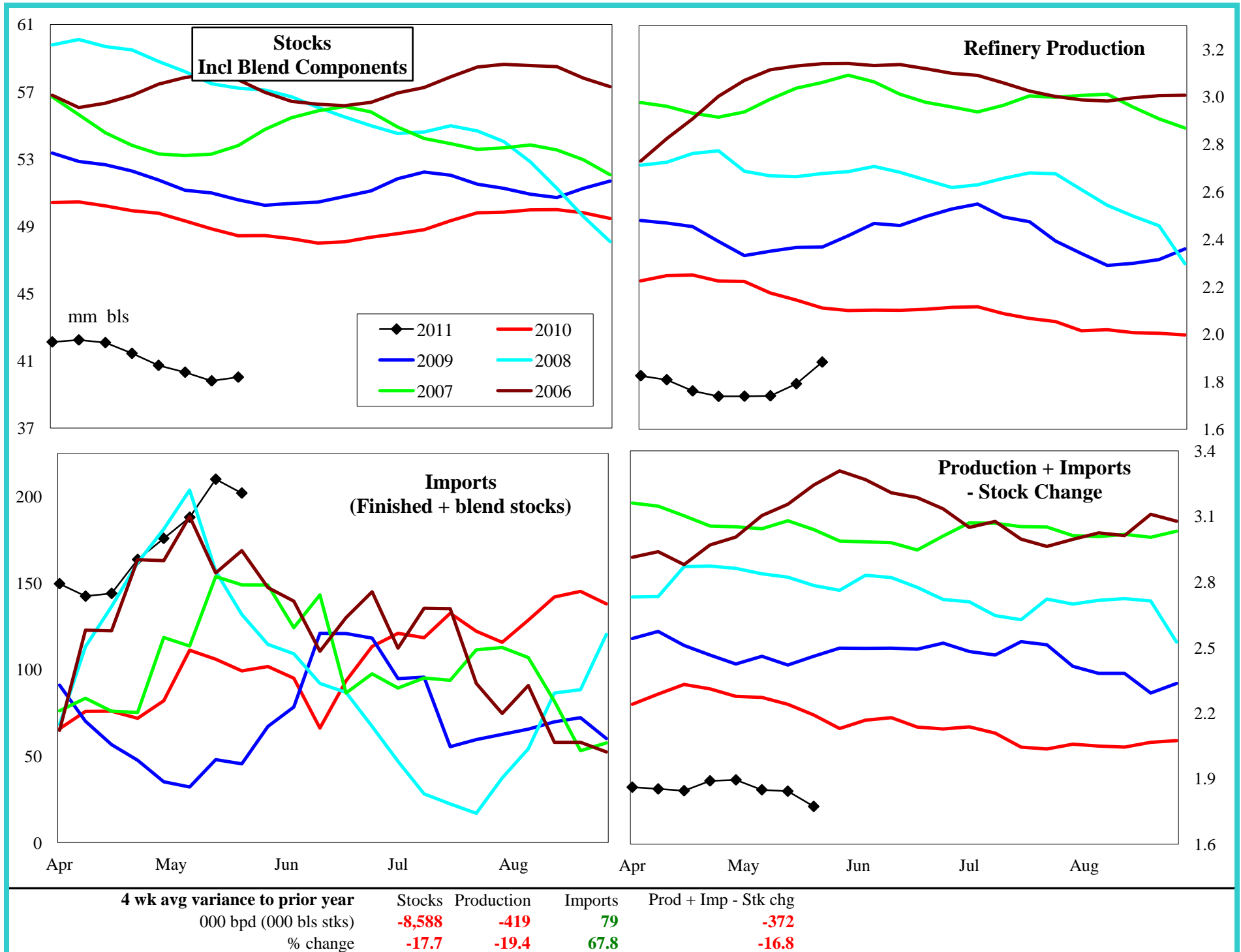
2,000.0

Prod + Imp - Stk chg

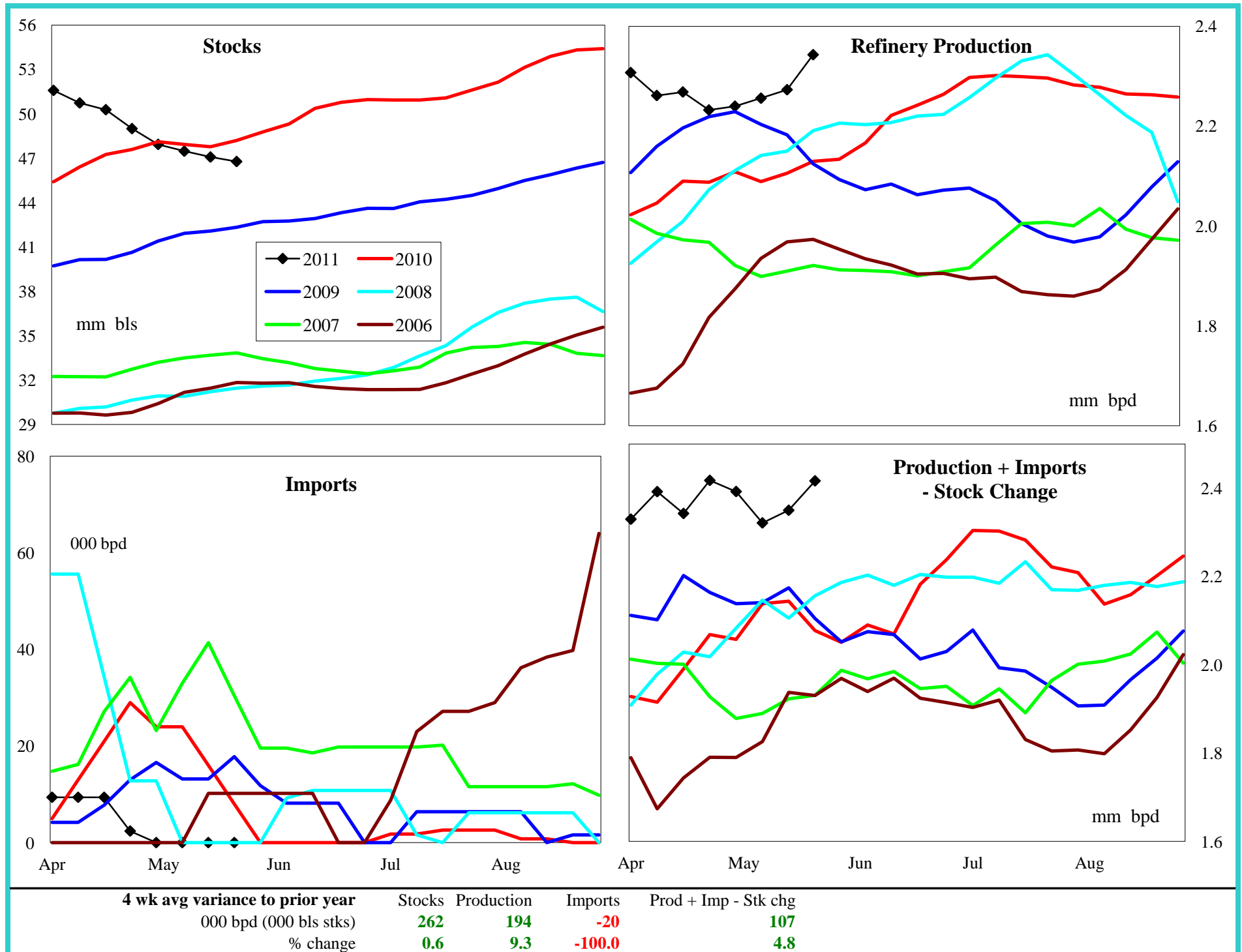
-18

-5.2

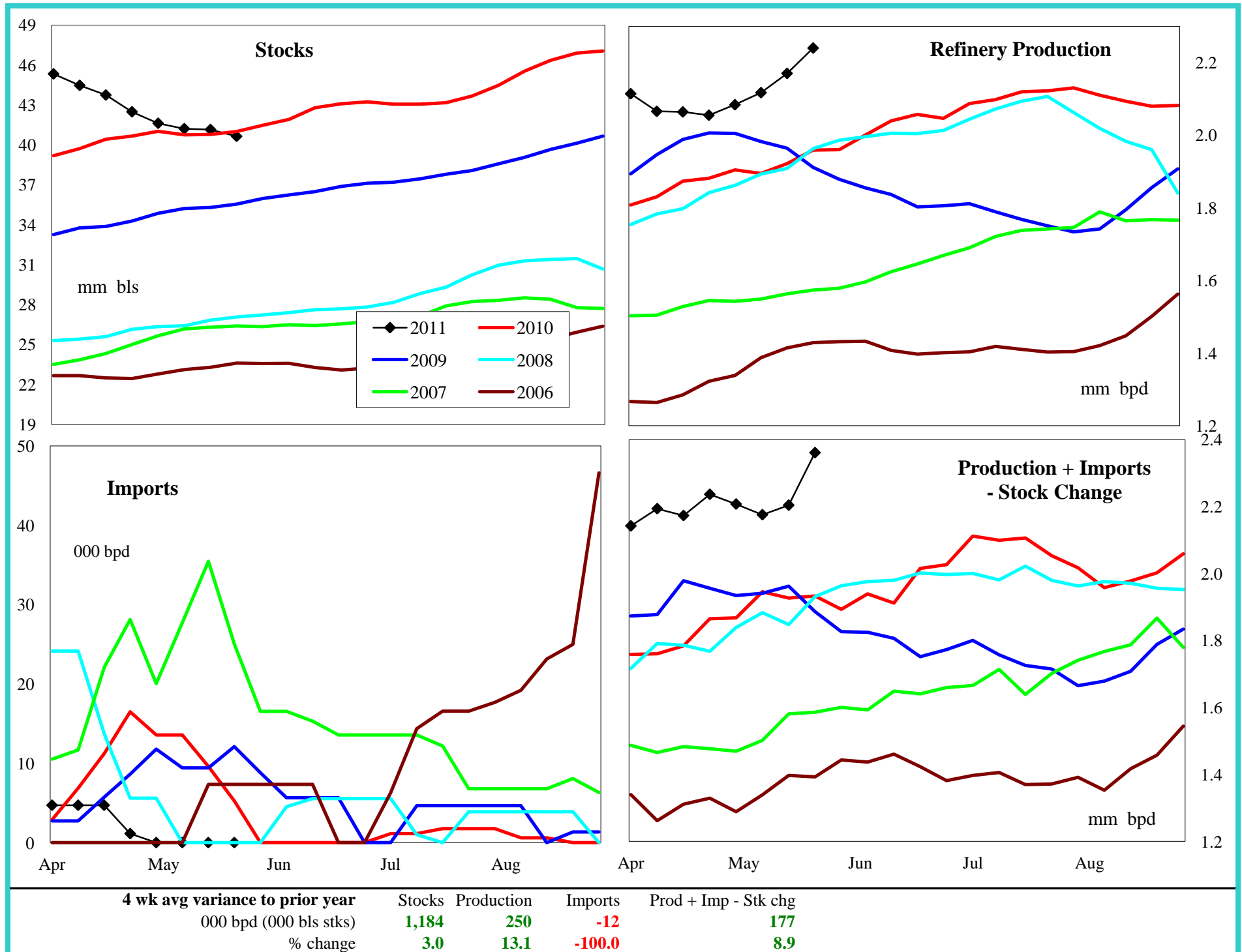
PADD 3 Conventional Gasoline Supply



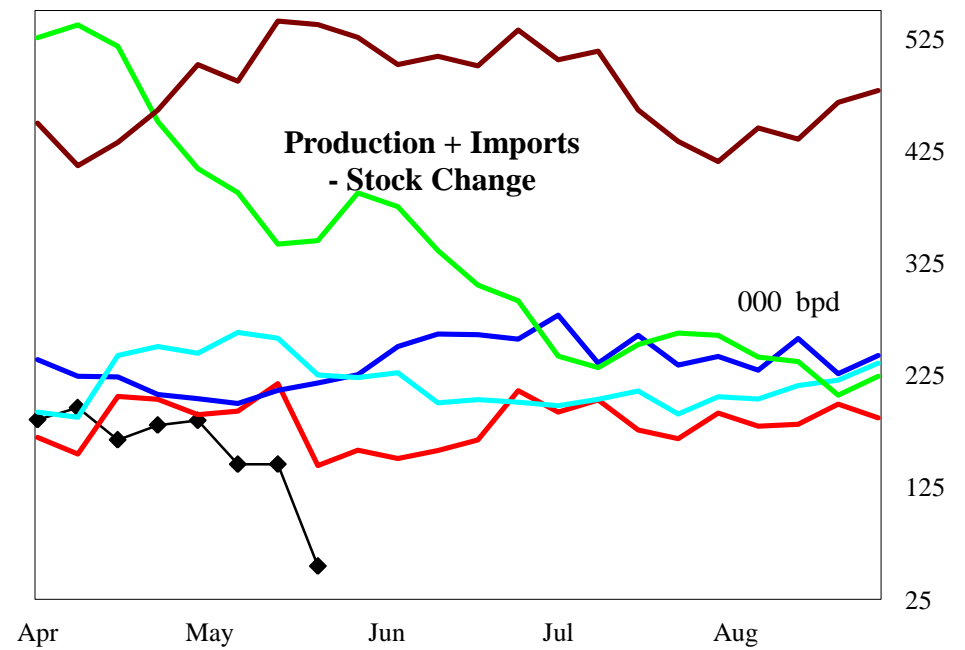
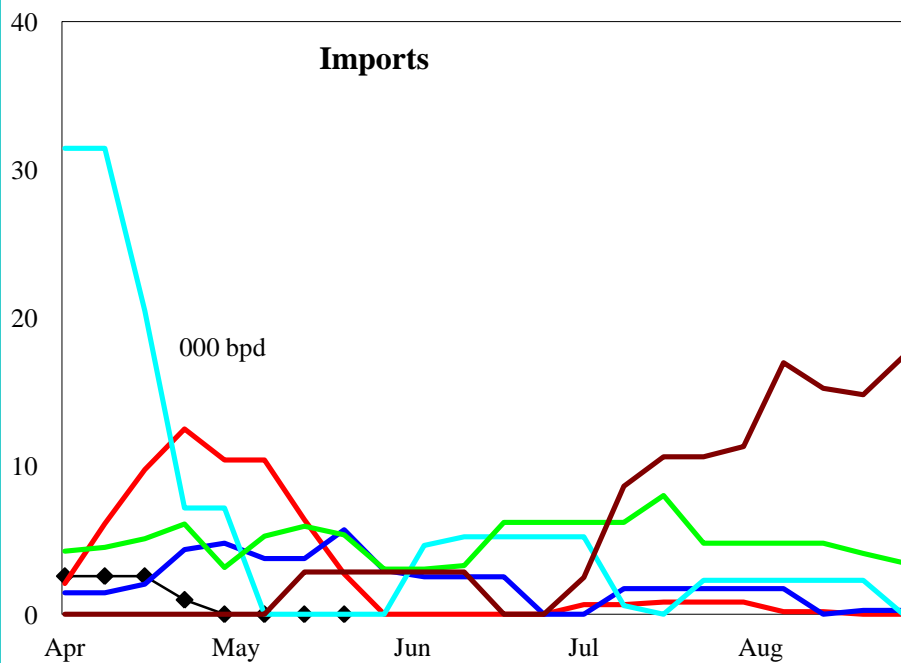
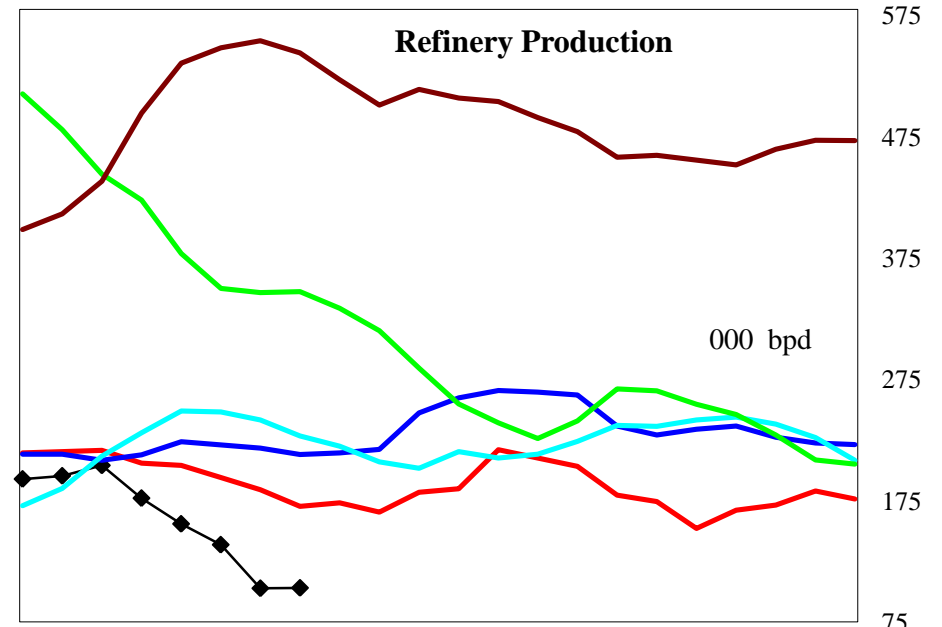
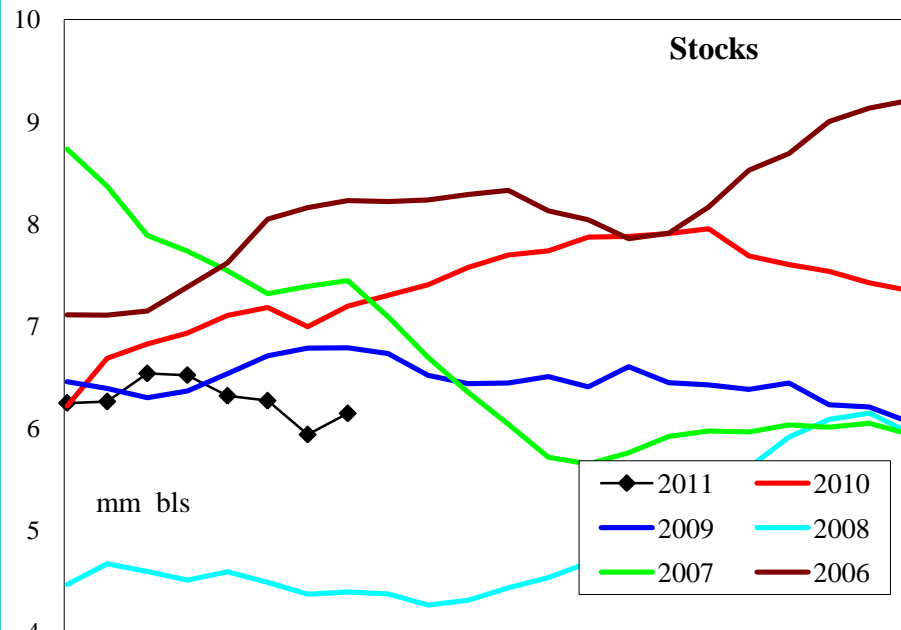
PADD 3 Distillate Supply



PADD 3 Low Sulfur Distillate Supply



PADD 3 High Sulfur Distillate Supply



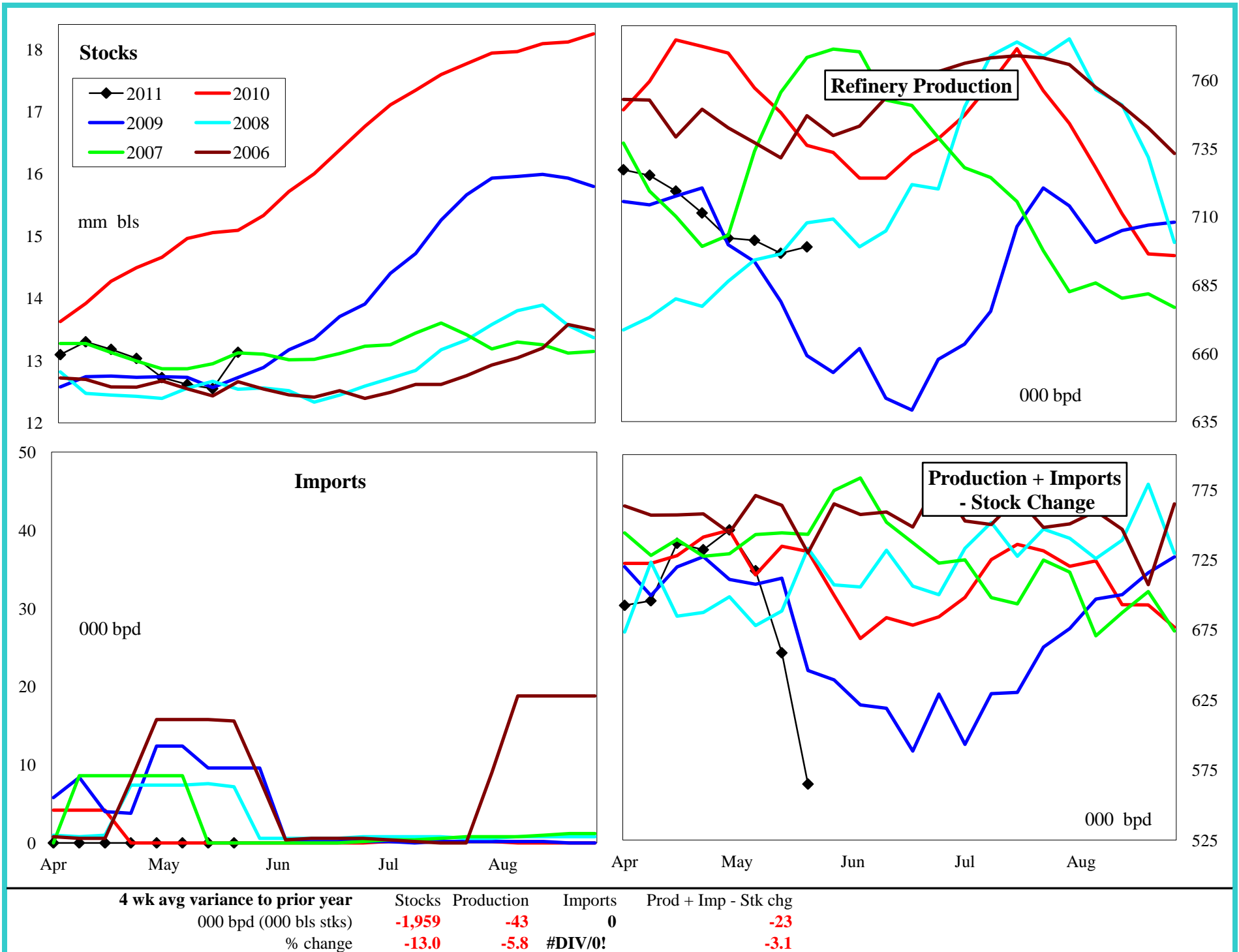
4 wk avg variance to prior year

000 bpd (000 bls stks)

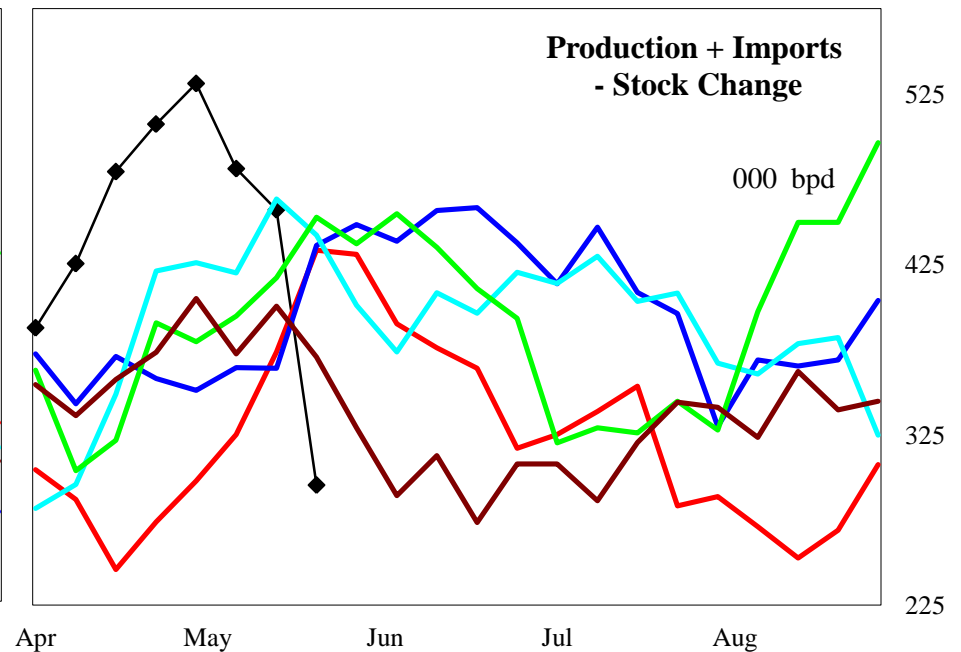
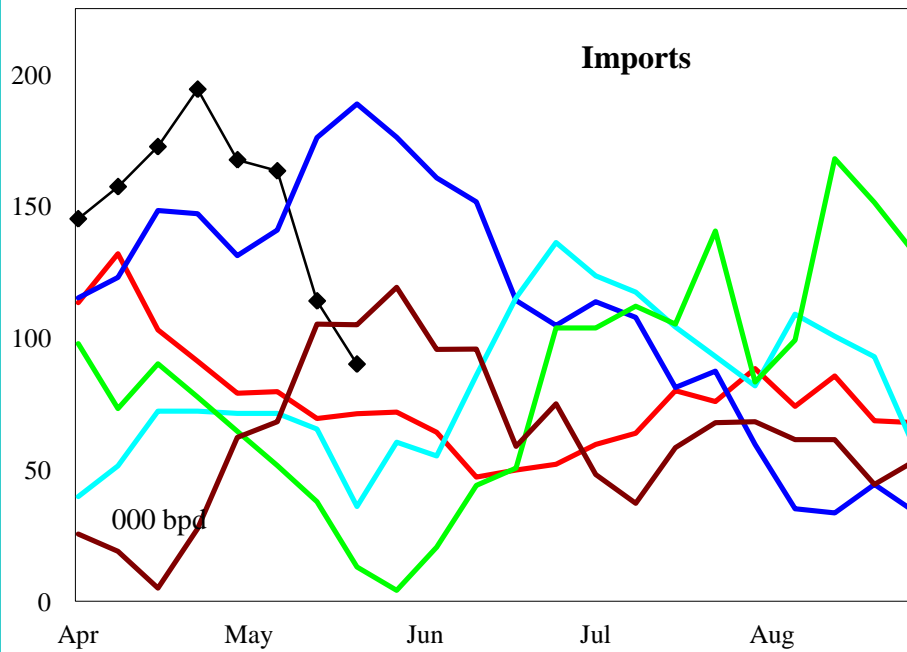
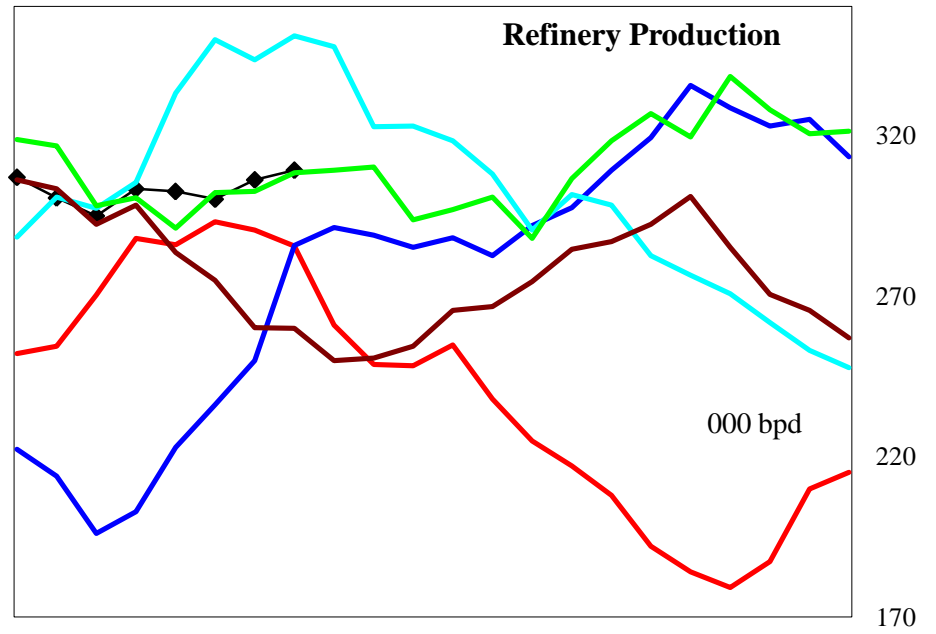
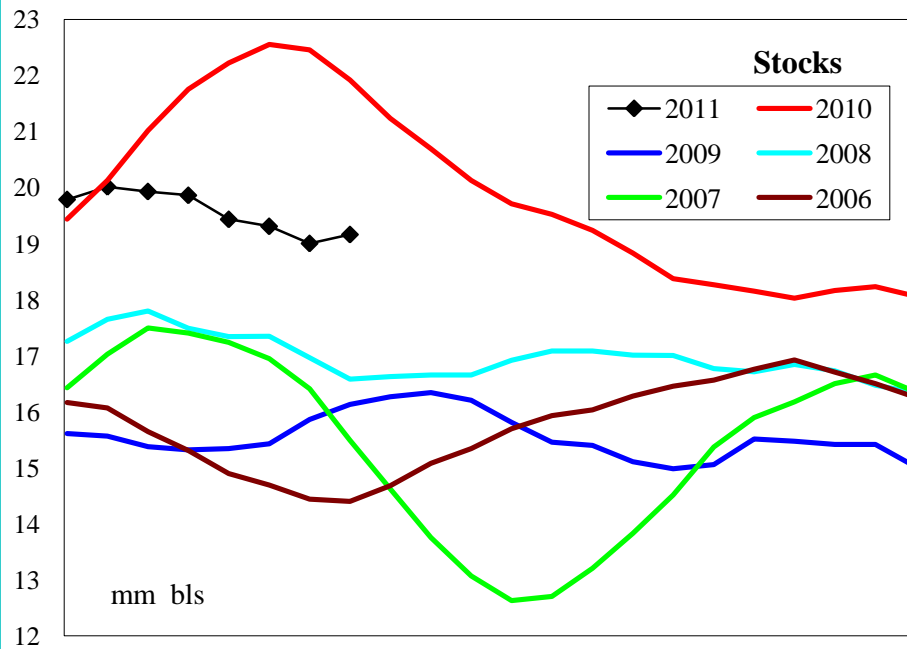
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
-922	-56	-8	-71
-13.1	-30.2	-100.0	-33.5

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

-2,759

-12.6

Production

6

2.1

Imports

82

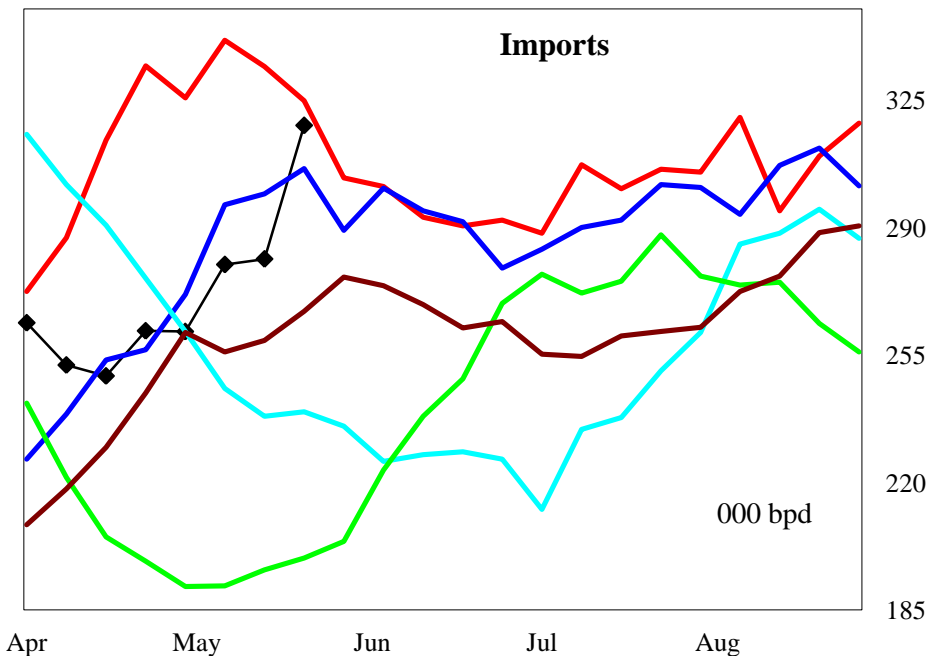
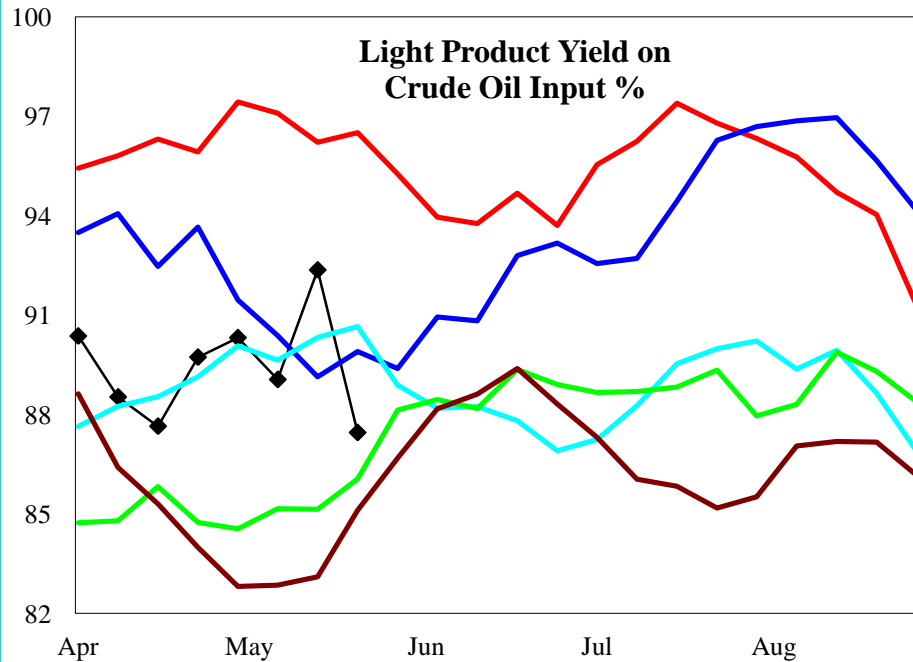
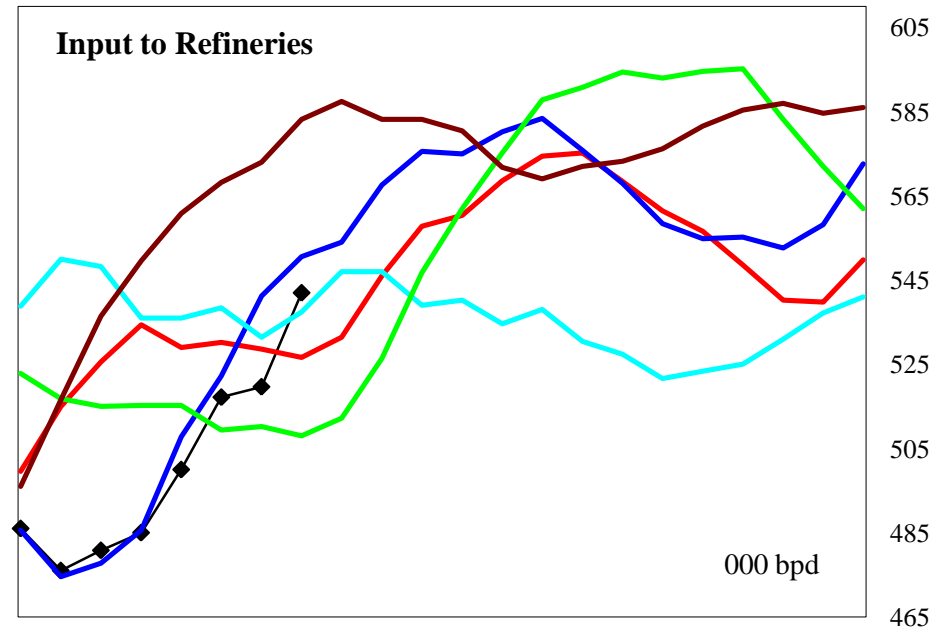
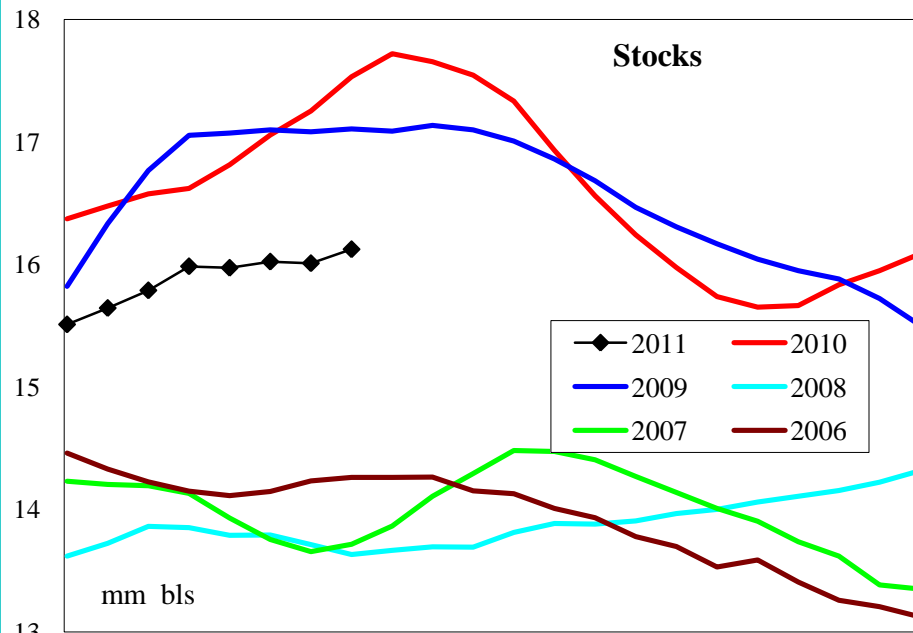
115.1

Prod + Imp - Stk chg

133

38.9

PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-1,410

-8.0

Input

1

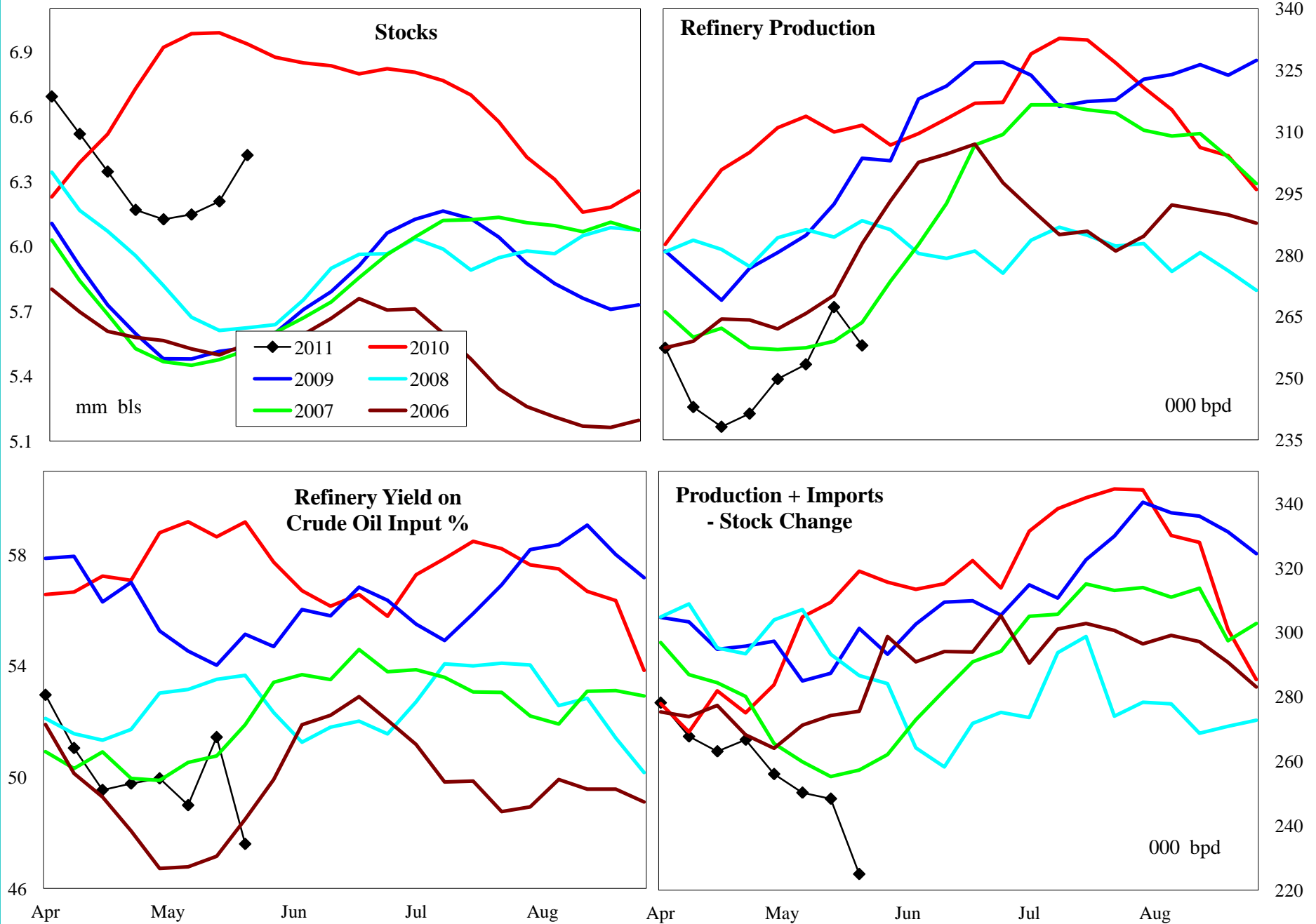
0.1

Imports

-47

-13.9

PADD 4 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod + Imp - Stk chg

-514

-45

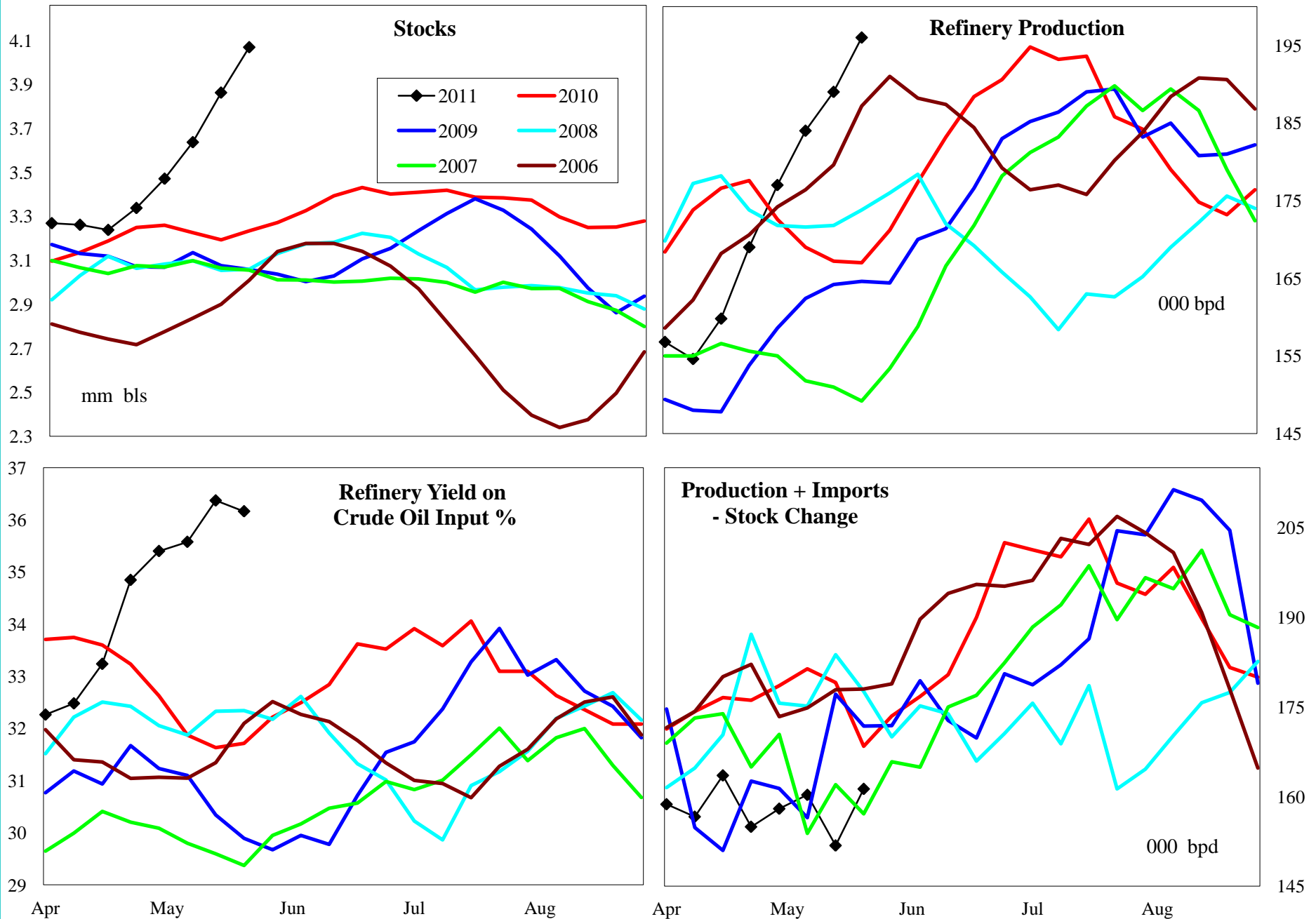
-62

-7.4

-14.8

-19.9

PADD 4 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

835

23

-8

-19

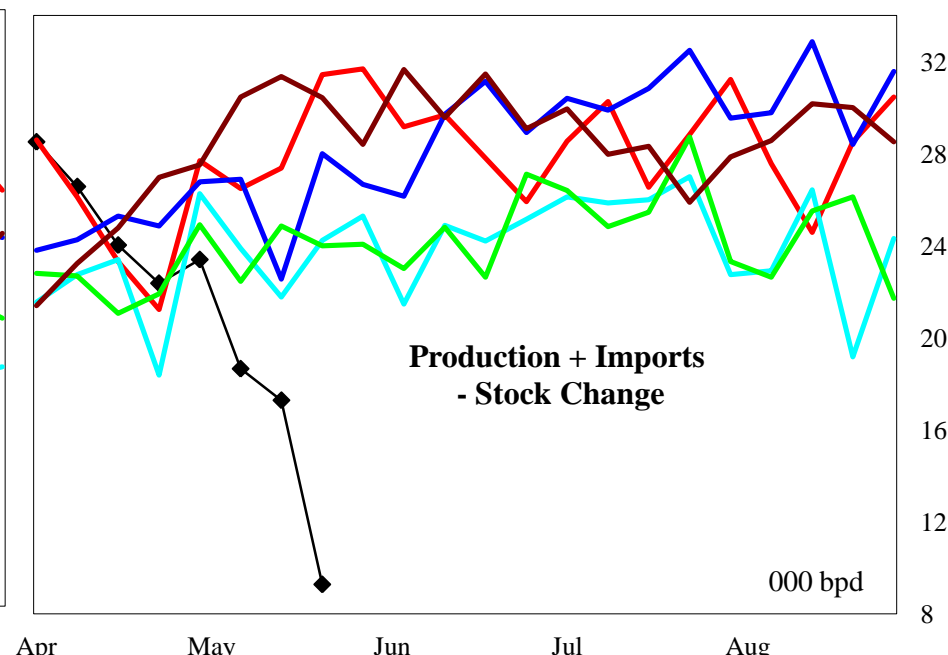
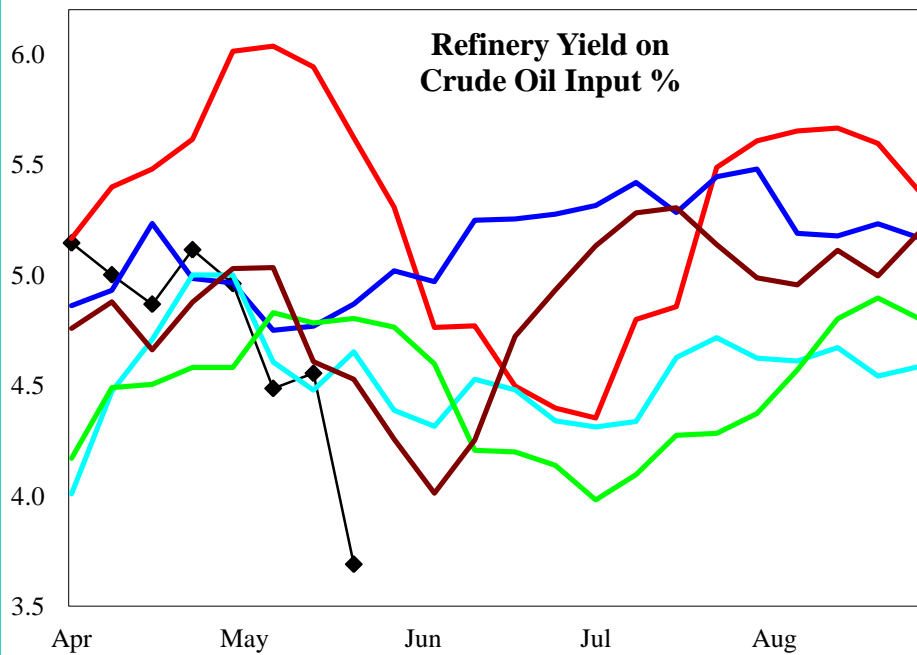
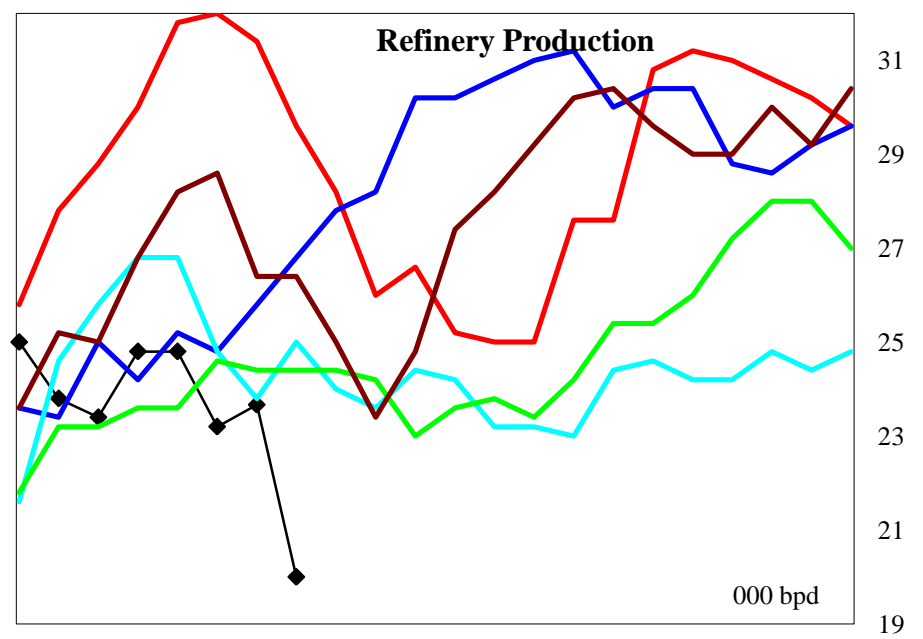
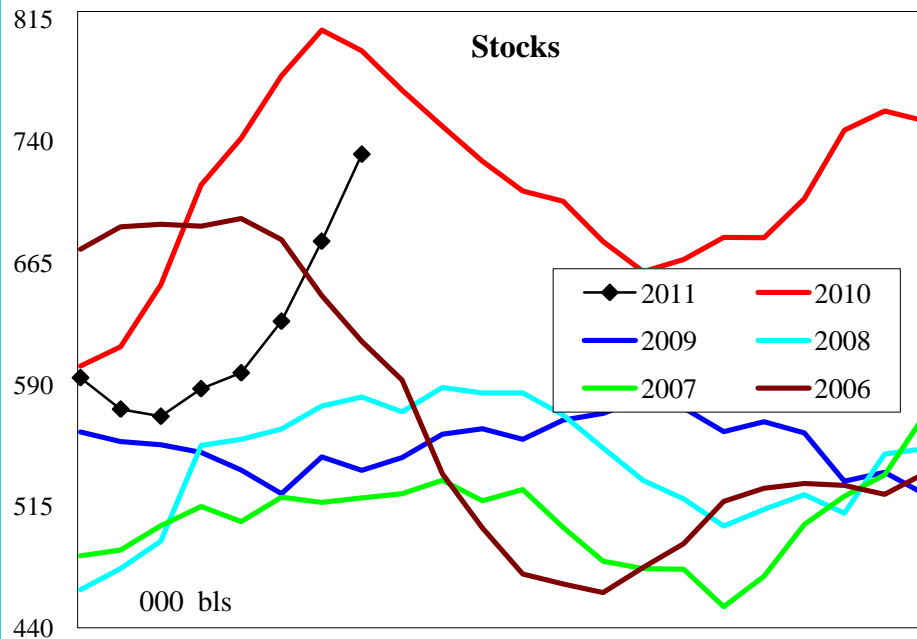
25.5

14.1

-100.0

-10.7

PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks Production

-64 -8

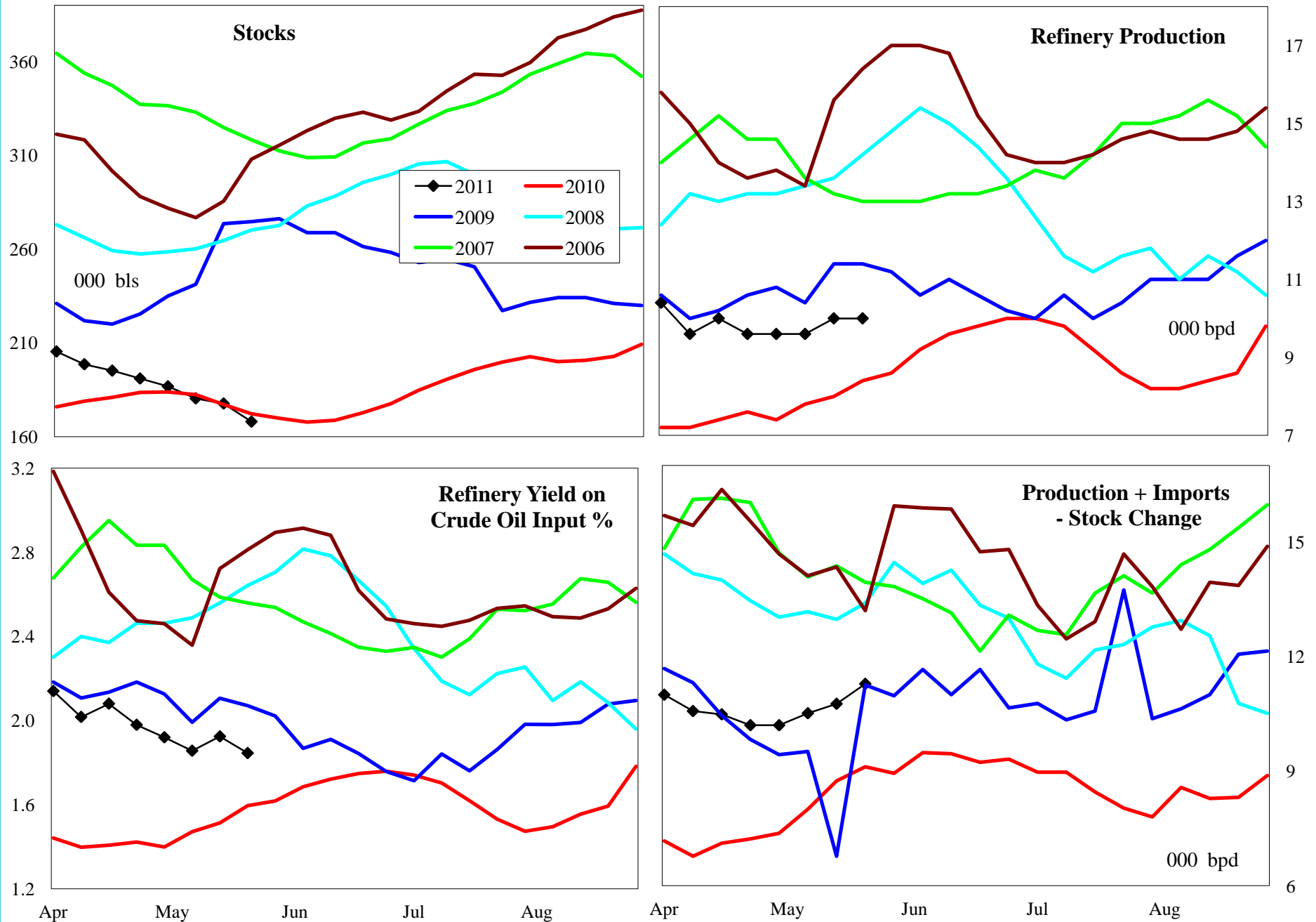
-8.0 -25.8

Prod + Imp - Stk chg

-12

-42.1

PADD 4 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-4

-2.4

Production

2

28.1

Imports

0

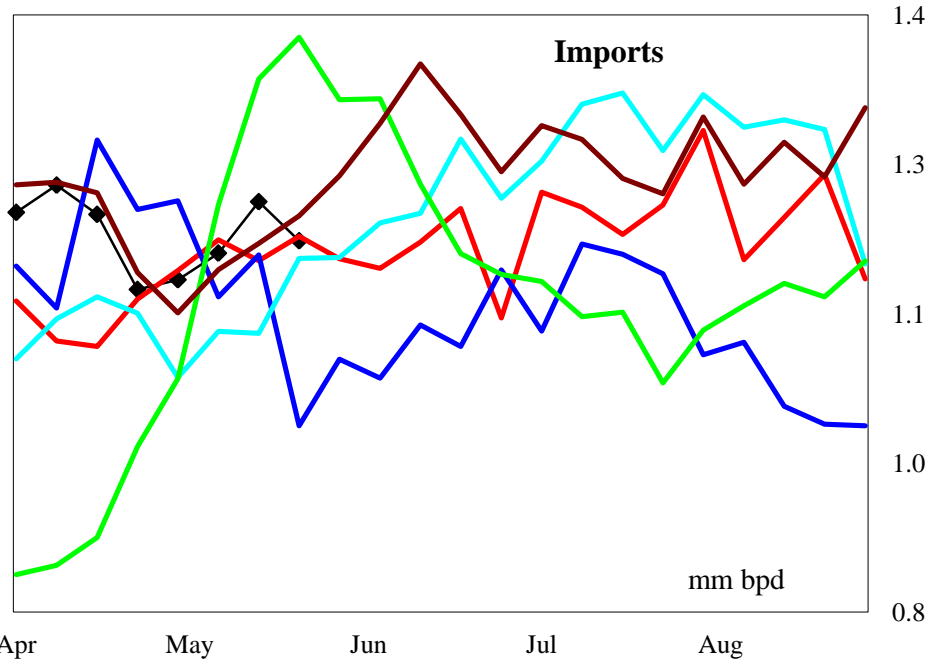
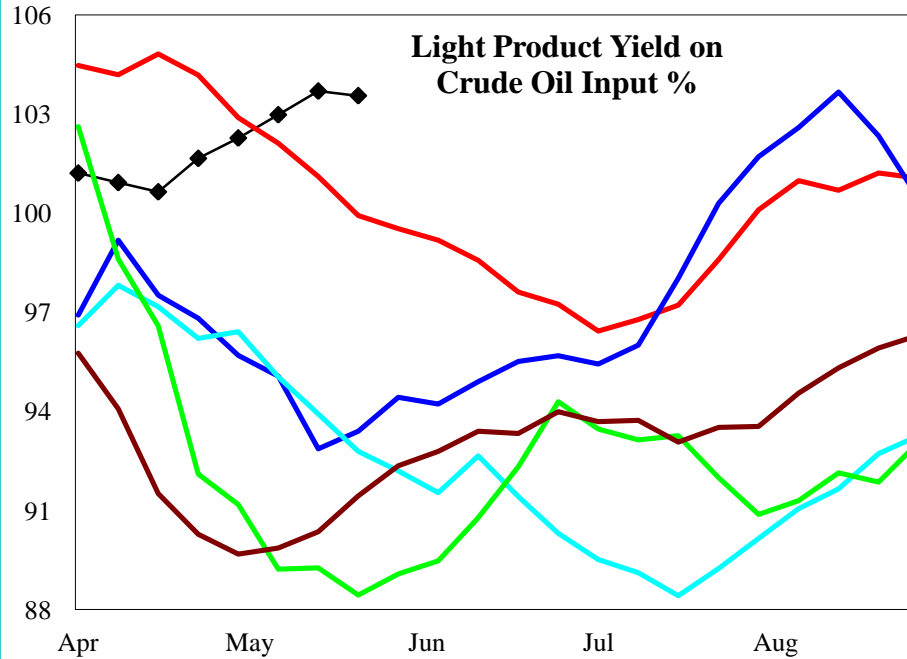
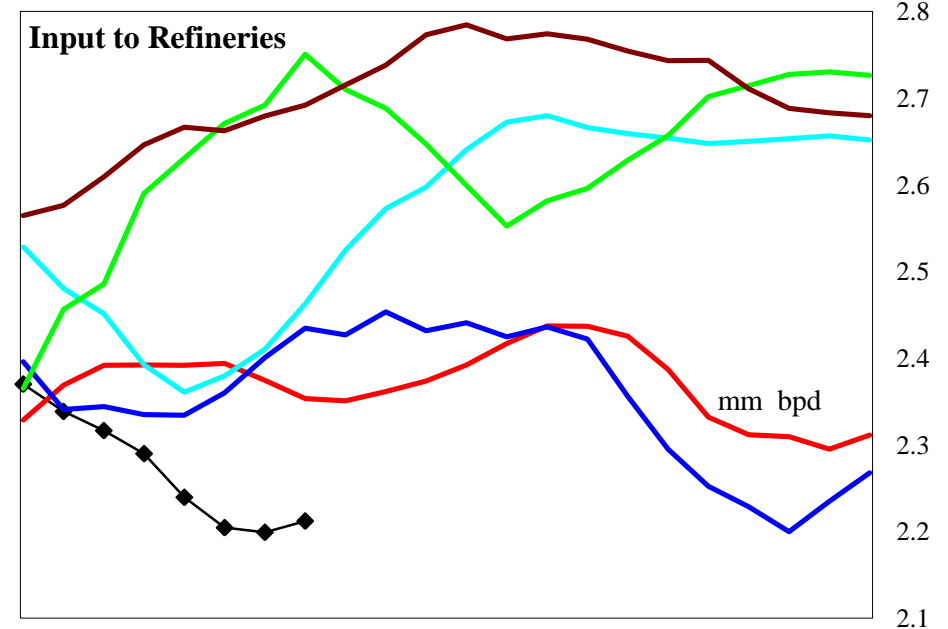
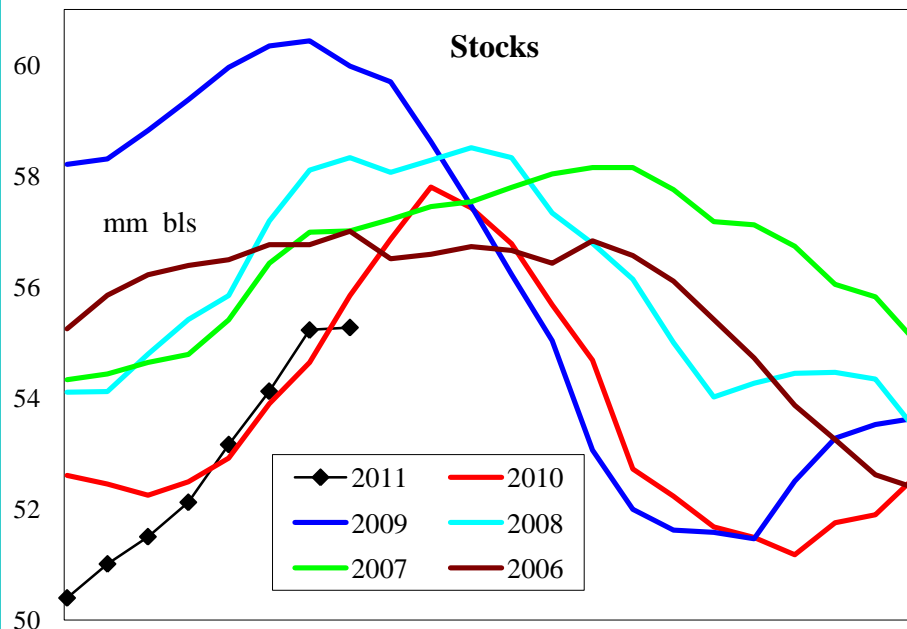
#DIV/0!

Prod + Imp - Stk chg

0

1.3

PADD 5 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-573

-1.0

Input

-154

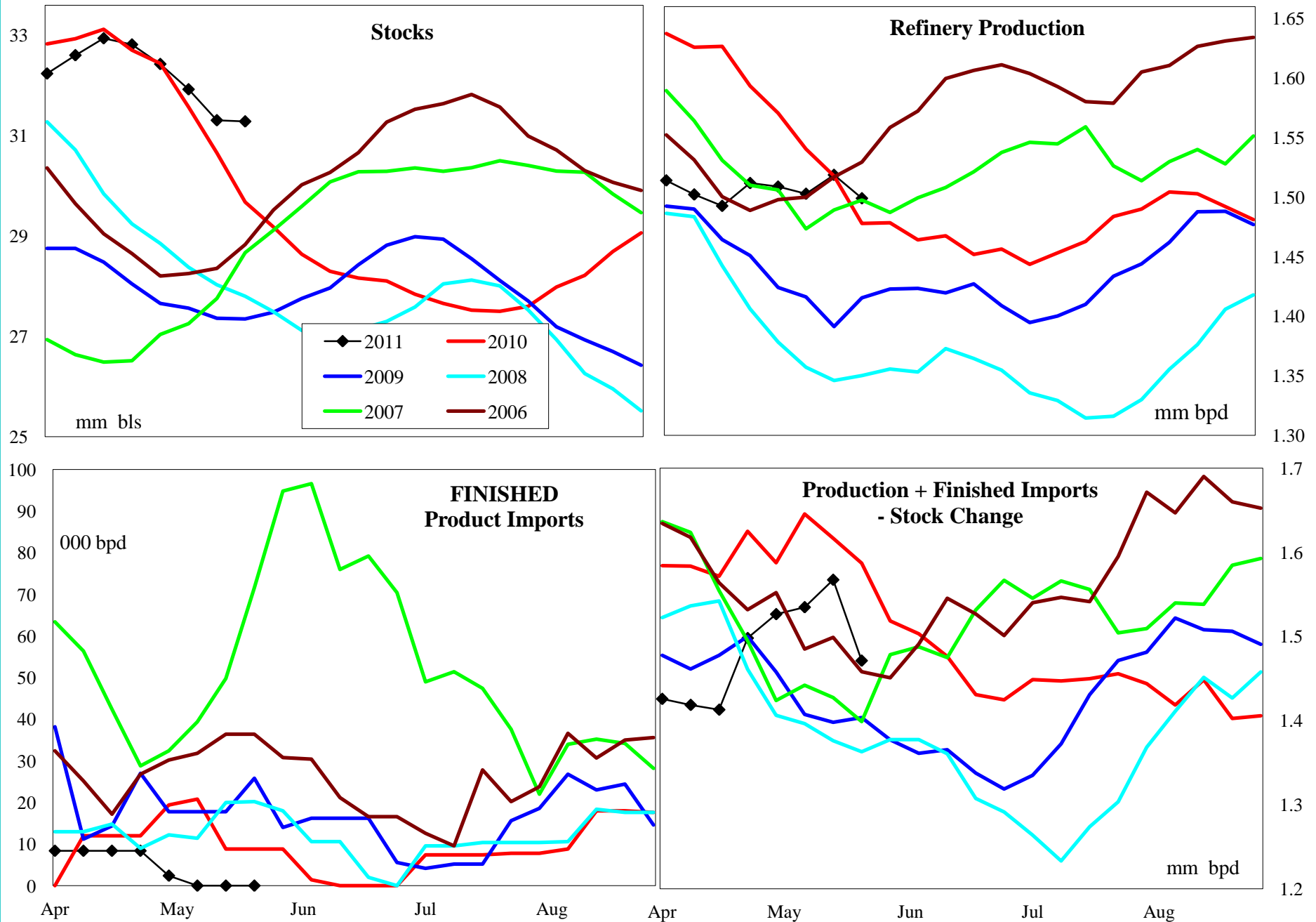
-6.4

Imports

-54

-4.5

PADD 5 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,774

5.9

Production

-32

-2.1

Fin Impt Blend Impt

-11

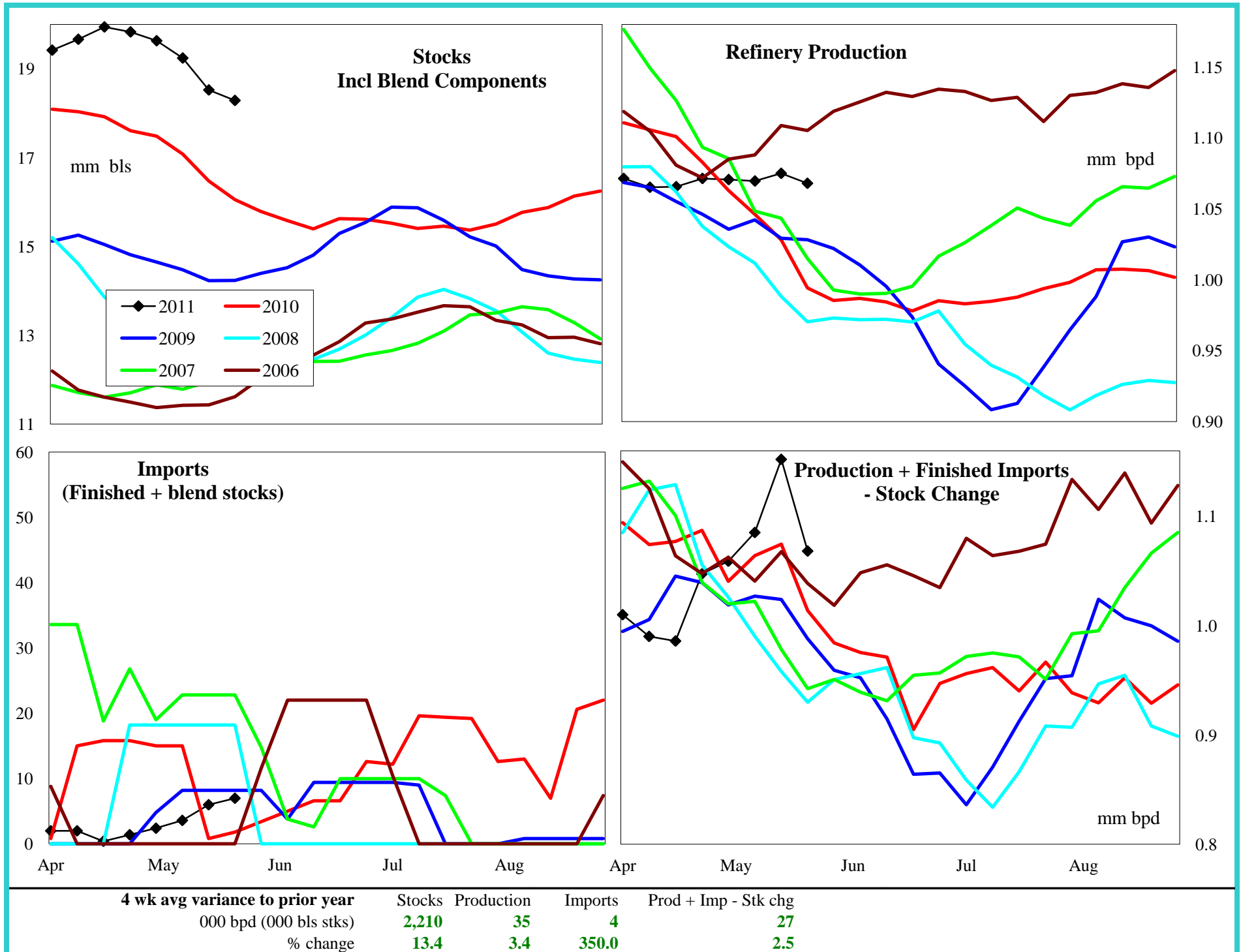
-100.0

Prod + Imp - Stk chg

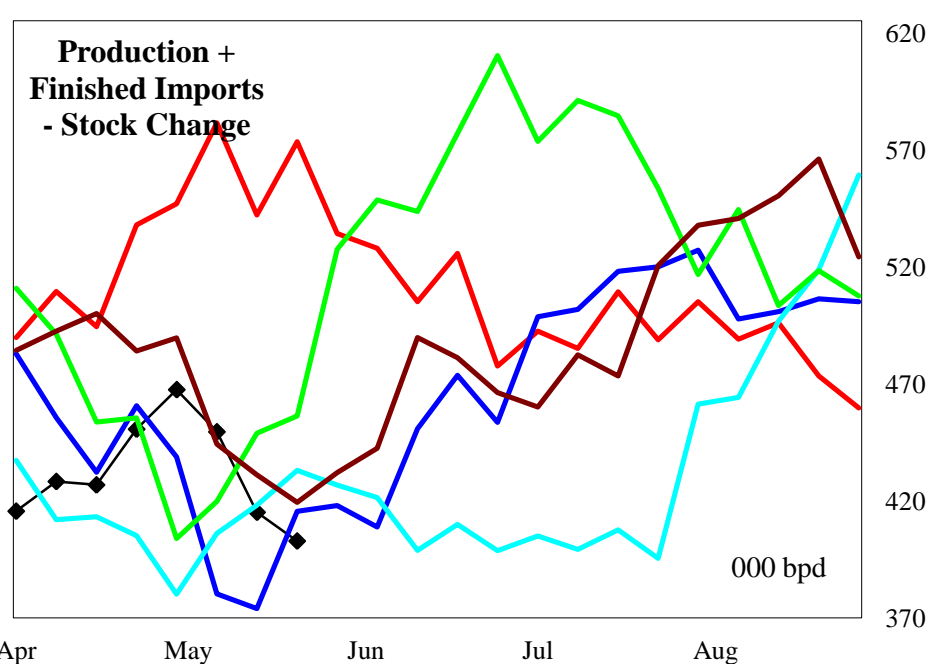
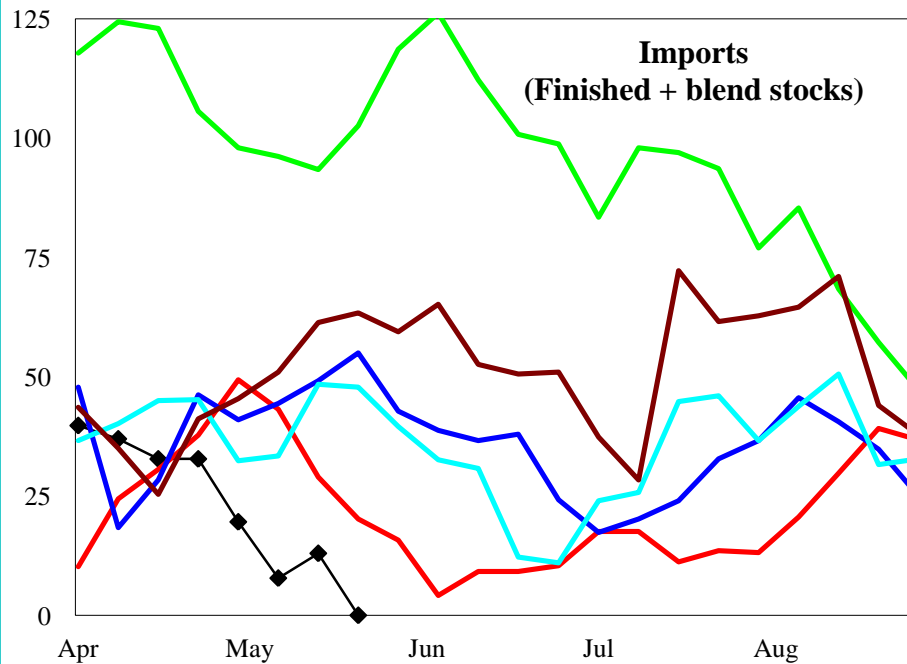
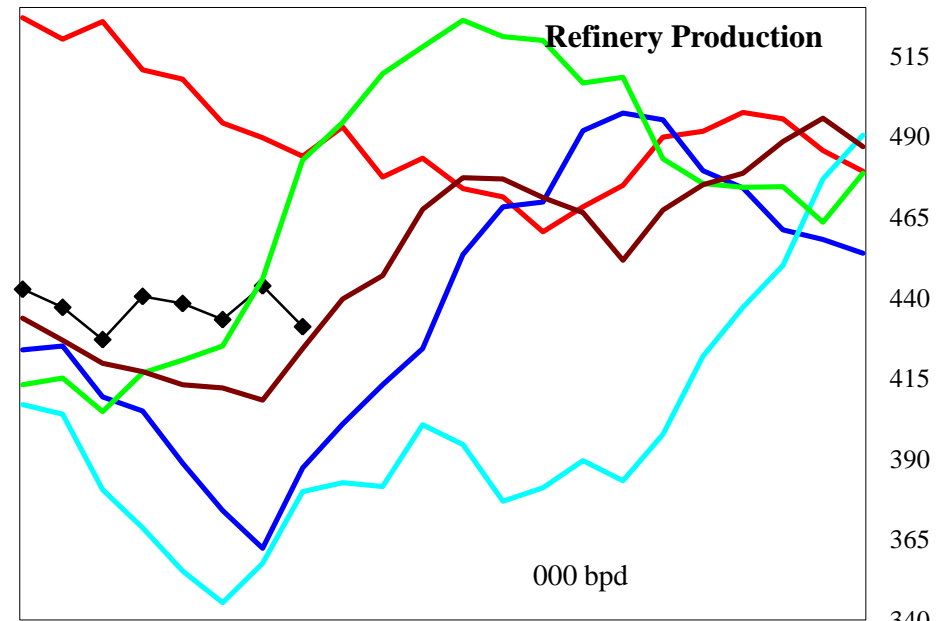
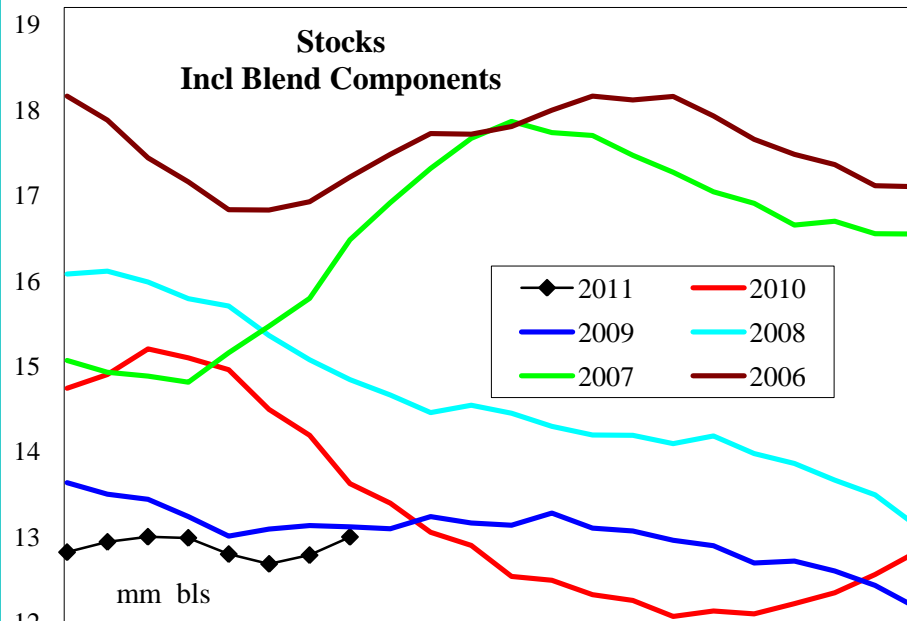
-130

-7.8

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

-436

-66

-27

-157

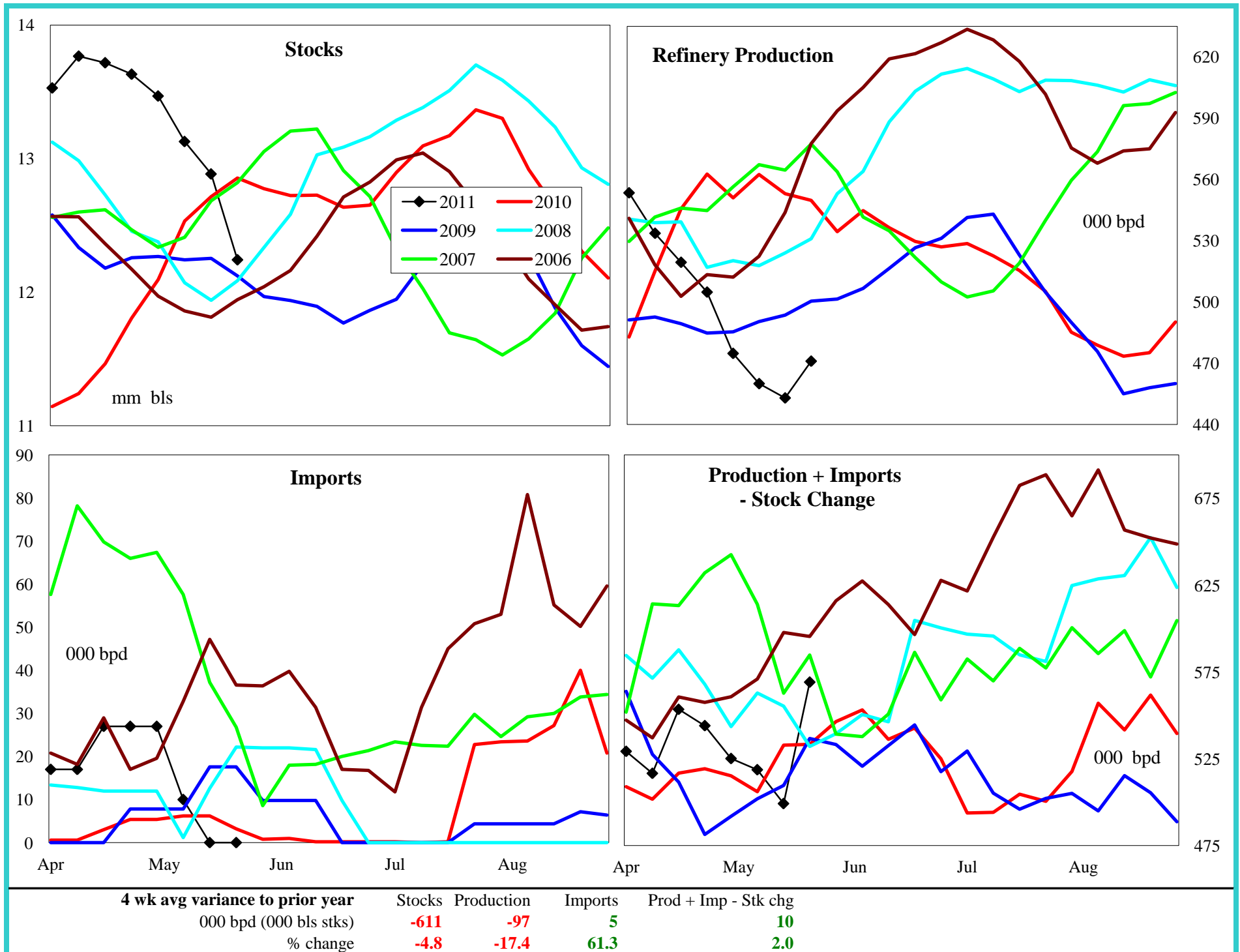
-3.2

-13.4

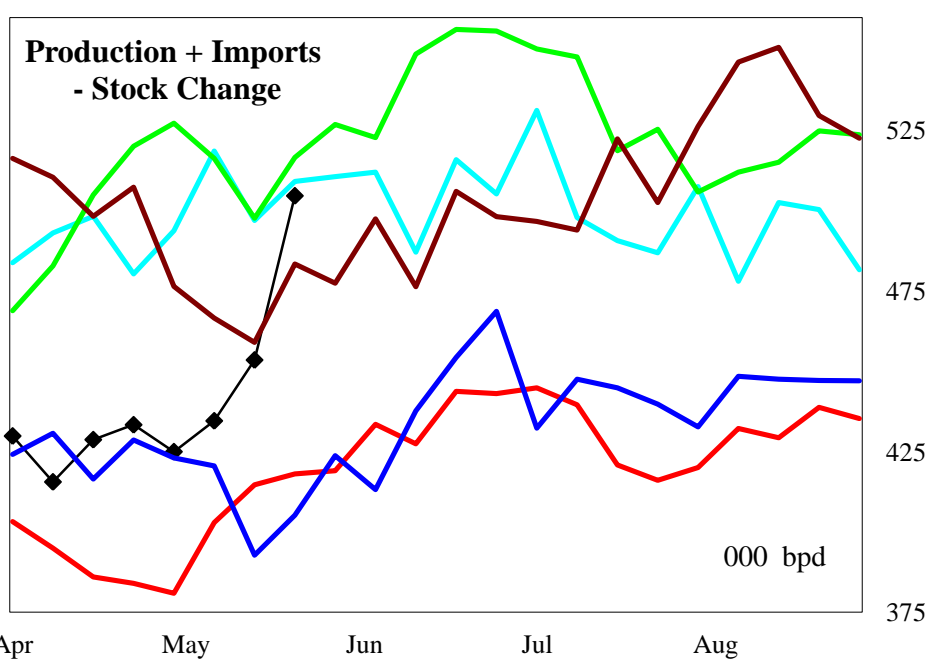
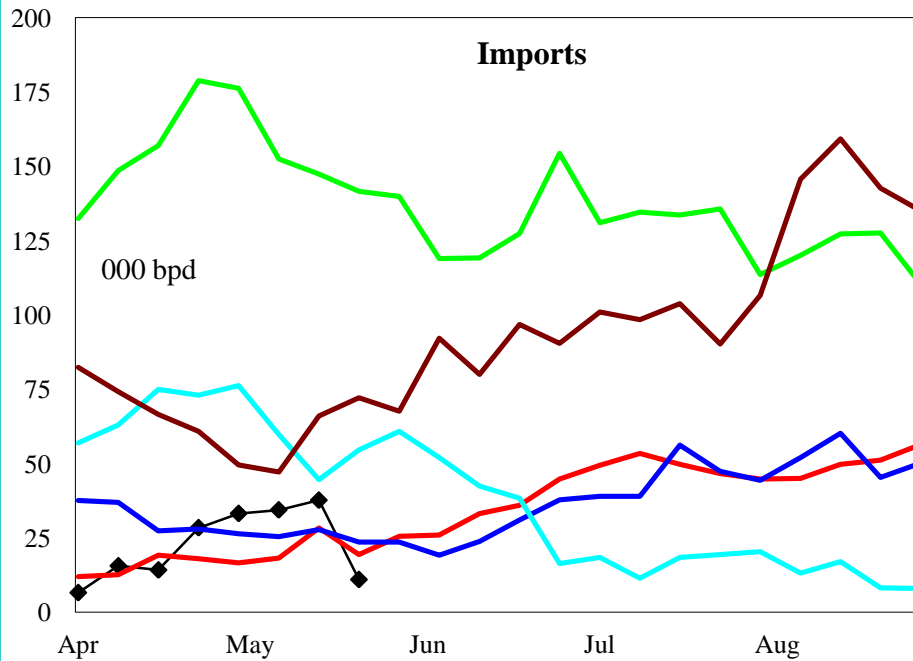
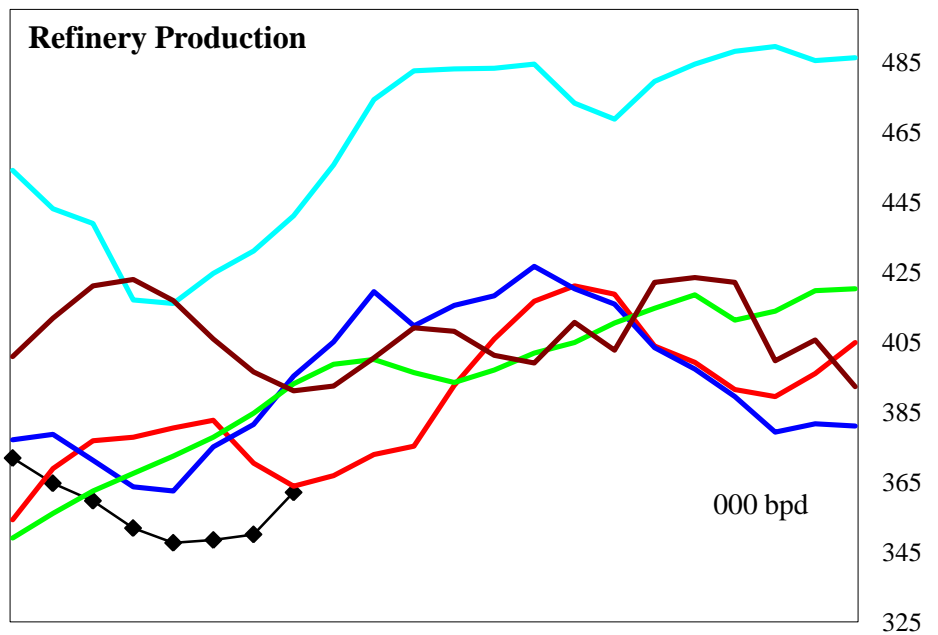
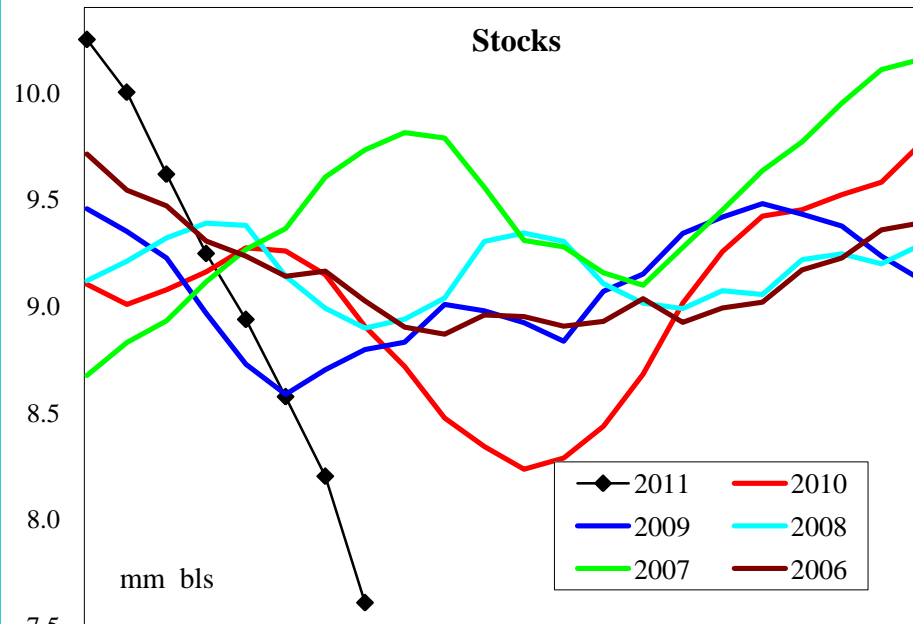
-73.1

-27.4

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-1,538

-20

10

37

-16.8

-5.4

47.6

9.1

PADD 5 Residual Fuel Oil Supply

