



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

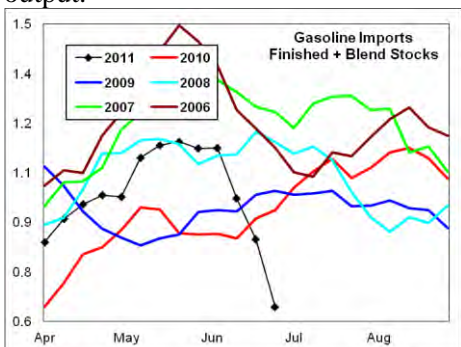
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, June 29, 2011

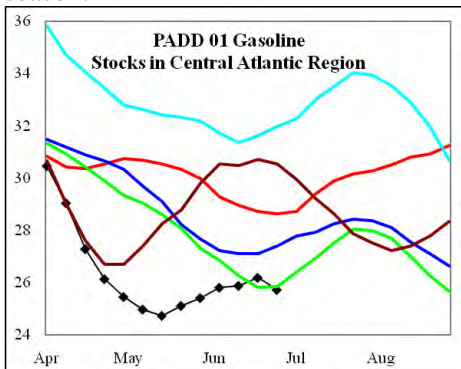


#### Major Fundamental Trends<sup>1</sup>

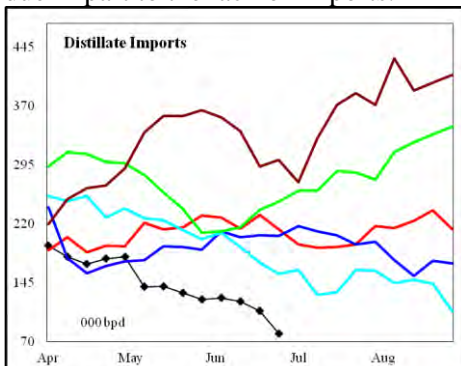
Imports of gasoline (blend stocks and finished product) have declined - 432,000 bpd during the last 2-wks with a resulting drop in finished product output.



This sharp drop in supply has been concentrated in PADD 1, placing the region at risk of a supply squeeze during the peak summer driving season.



Distillate imports have also declined to record low levels. Seasonal stock building has been at a record low level, due in part to the lack of imports.



Transport fuel demand remains lackluster with both gasoline and

distillate demand for the latest 4-wk period below year ago levels. Jet fuel demand shows a slight increase. This weakness in domestic demand has been offset by very high exports of both distillate and gasoline, limiting improvement in the supply balance.

Very low cost inland crude oil prices compared to imports continues to cause refiners to draw down domestic stock levels. Stock levels in PADD 3 have dropped below four of the last 5-years. Expect this trend to continue, although the auction of strategic reserves should add to privately held stocks during the next 60-days.

**Demand** for distillate increased +133,000 bpd from the earlier lows, while other transport fuels were lower.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -0.3%; distillate down -4.7%; jet fuel up +3.4% while residual fuel oil also increased +13%.

**Stocks forward coverage:** Gasoline demand coverage decreased on the -1.4 million barrel stock draw. Coverage levels were slightly above the mid range.

Distillate coverage increased on weak demand and a +0.3 million barrel stock build. The coverage level remains below the last 2-years on lower stock levels.

Jet fuel coverage increased on a +1.2 million barrel stock build and pull back in weekly demand. The coverage level remains below the last 2-years.

**Refinery utilization** rates decreased on a -31,000 bpd decline in crude oil thru put, with the rate matching year ago levels, and slightly below the mid range.

Gasoline yield % on crude oil runs decreased on a -444,000 bpd fall in output compared to the -31,000 bpd decline in crude oil runs. The yield % on crude oil runs fell to a level below the midrange.

Distillate yield % on crude oil runs increased on a +44,000 bpd rise in

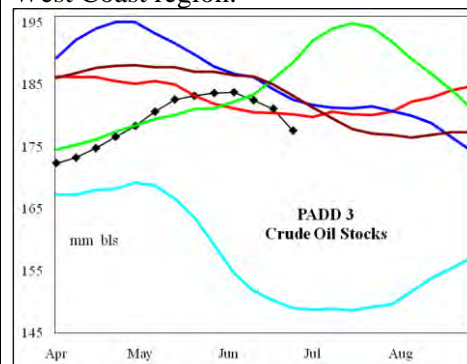
production compared to the decrease in crude oil runs. Yield % levels were comparable to last year and above the mid range.

Jet fuel yield % on crude oil runs reached a record high on a +46,000 bpd increase in output, and lower crude oil runs.

**Petroleum Imports** of crude oil and refined fuels all decreased last week, a combined total of -0.6 million bpd last week.

During the latest 4-wk period crude oil imports decreased -0.9 million bpd below last year; distillate imports decreased -95,000 bpd; finished gasoline imports increased +19,000 bpd, gasoline blend stock imports increased +61,000 bpd; jet fuel imports were up +20,000 bpd, while residual fuel oil imports increased +108,000 bpd.

**Crude Oil** stocks decreased -4.4 million barrels last week, with the draw concentrated in the Gulf region. Stock levels have slipped below four of the last 5-years in the Gulf. Stock levels remain high in the Midwest and West Coast region.



Extremely low relative cost of domestic crude oil should drive a further draw in the Gulf and Midwest.

<sup>1</sup> Source is latest EIA Weekly Statistics



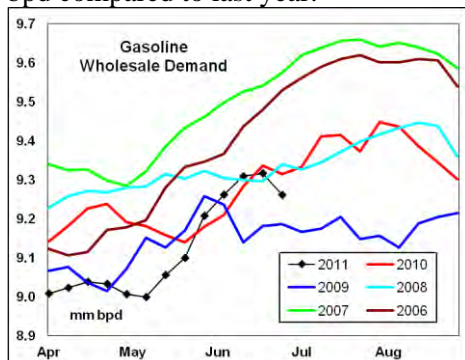
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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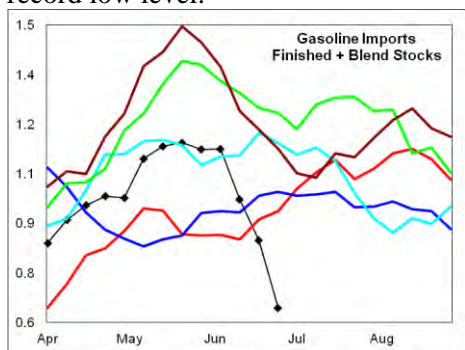
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#### Product Supply-Demand Trends

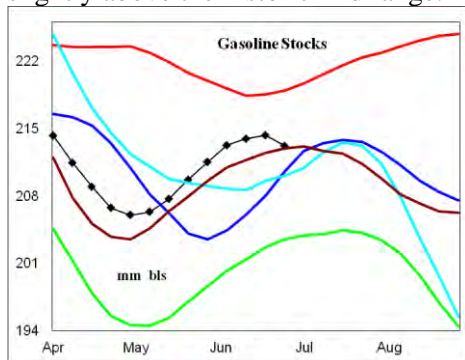
**Gasoline** demand decreased -58,000 bpd last week, with the level comparable to last year. The latest 4-wk average demand decreased -31,000 bpd compared to last year.



Production fell -444,000 bpd last week on an earlier sharp decrease in blend stock imports. Imports also fell another -184,000 bpd this week to a record low level.



The steep drop in supply last week led to a -1.4 million barrel stock draw; concentrated in PADDs 1 and 3. Stock levels ended the week at a level slightly above the historic mid range.

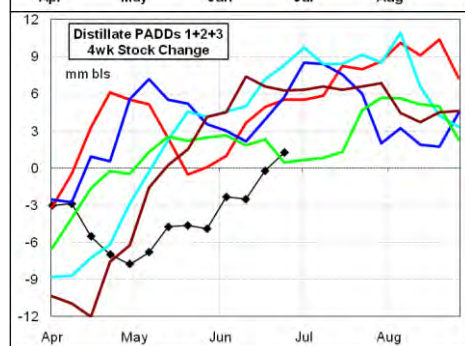
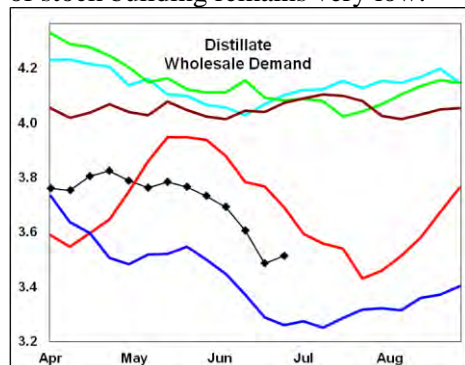


*There is a risk of a supply squeeze emerging in PADD 1, which depends heavily on imports. Recent refinery upsets in the Chicago market have potential to disrupt supplies in that*

*region. Other markets remain well supplied for the peak summer driving season.*

**Distillate** demand increased +133,000 bpd on the week, with the level at the low end of the historic range. The latest 4-wk average demand was -176,000 bpd below a year ago.

Production increased +44,000 bpd on the week, to a level comparable with last year. Imports fell -42,000 bpd to a record low level. Moderate production rates and record low imports limited the stock build to +0.3 million barrels on the week. The rate of stock building remains very low.



*The distillate supply demand balance remains on a trend for below normal stock building during the quarter. Robust exports and low imports are contributing significantly to the low rate of seasonal stock building.*

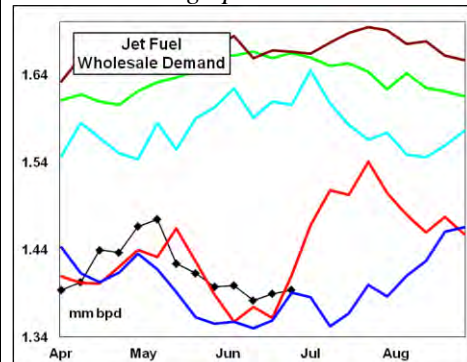
*A lack of meaningful seasonal stock building may lead to relative strength in distillate prices compared to the overall energy complex.*

**Jet Fuel** demand fell -123,000 bpd last week to a level comparable to the last 2-wks. The latest 4-wk average demand was +46,000 bpd above a year ago.

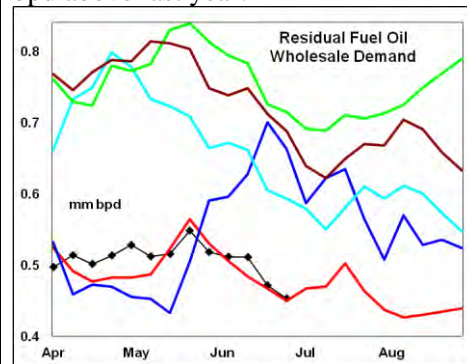
Supply increased +27,000 bpd, on

increased production. Production levels reached new 5-year highs on the week. Stocks increased +1.2 million barrels, with the level above four of the last 5-years.

*Jet fuel supply balance continues to improve on very high production and lackluster demand. Expect further seasonal stock builds ahead on weak demand and high production.*



**Residual fuel oil** demand, including exports, decreased -62,000 bpd last week, with the 4-wk average +58,000 bpd above last year.



Supply (production + imports) decreased -50,000 bpd on lower imports. The latest 4-wk average supply was +168,000 bpd above a year ago. Stocks increased +0.7 million barrels, with the level still below the mid range.

*Stock levels in PADD 1 remain -6.2 million barrels below a year ago; offset by stocks in the Gulf region that reached new 5-year highs last week. Stock levels are also approaching historic highs on the West Coast.*

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





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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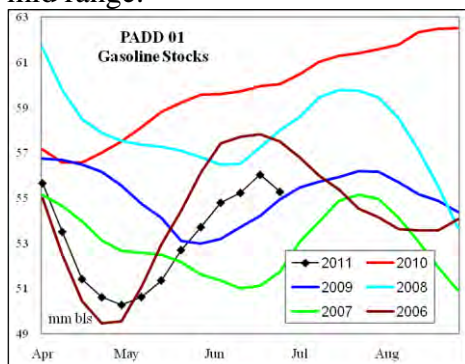
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#### PADD Supply Trends

**PADD 1** refinery crude oil runs decreased -60,000 bpd on the week, although the level remains near the highest rate of this year.

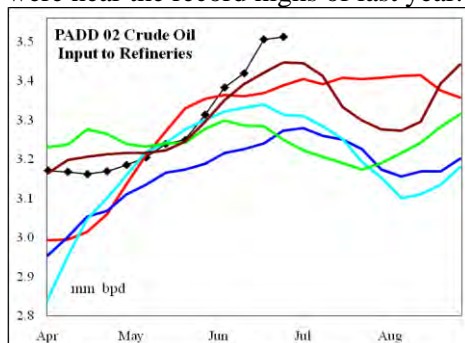
Gasoline production fell -112,000 bpd on sharply lower blend stock imports which decreased -124,000 bpd to a record low level.

Stocks decreased -1 million barrels to a level well below the mid range.



Distillate supply declined -55,000 bpd on the week, with the level at a record low. Imports fell to a new 5-year season low. Stocks fell -1.1 million barrels to a level below the 5-year mid range.

Jet fuel supplies were below the historic mid range, although increased receipts from the Gulf led to a +0.9 million barrel stock build. Stock levels were near the record highs of last year.



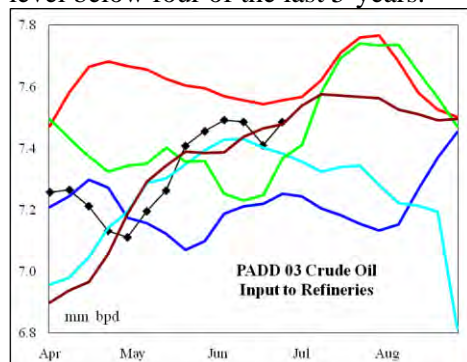
**PADD 2** crude oil refinery runs decreased -39,000 bpd on the week, although the level remains above the 5-year range. Imports remain near historic highs. Crude oil stocks decreased -1 million barrels on the record run rates, offsetting the high import levels.

Gasoline production decreased -64,000 bpd last week, although the level remains above four of the last 5-years. Stocks increased +0.7 million barrels to a level above the 5-year mid range.

Distillate production increased +38,000 bpd, to a level near historic highs. Stocks increased +0.8 million barrels on the week, although the level remains below the mid range.

Jet fuel production remains at record high levels, although stock levels remain below four of the last 5-years. A significant increase in midwest jet fueling has offset extremely high refinery output and led to a spike in West Coast stock levels.

**PADD 3** crude oil runs increased +63,000 bpd last week, to a level above the 5-year mid range. The latest 4-wk average thru put was -94,000 bpd below last year. Crude imports were -0.5 million bpd below a year ago. Stocks fell -4.4 million barrels to a level below four of the last 5-years.



Gasoline production decreased -19,000 bpd on the week. Stocks decreased -1.1 million barrels on the week, to a level at the upper end of the historic range.

Distillate production increased +76,000 bpd on the week, with the level above historic highs for the period. Stock levels are now -10.7% below last years' record highs.

Jet fuel production increased to a new record high level last week. High deliveries to other regions led to a -0.8 million barrel stock draw, so that stock levels fell to the historic mid range.

Residual fuel oil supply increased

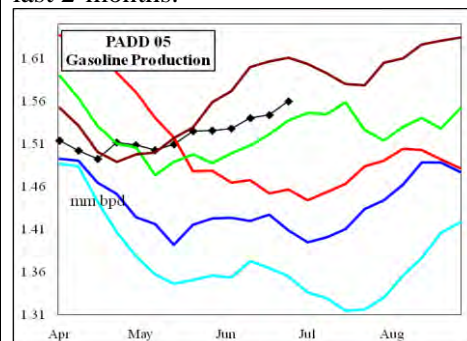
+62,000 bpd on the week, with production and imports each at 5-year highs. Stock levels reached a new 5-year high for this time of year.

**PADD 4** refinery crude runs increased +30,000 bpd on the week, to a level at the historic mid range. Crude oil stock levels and imports were at the mid range.

Gasoline production increased +20,000 bpd to a level near the 5-year mid range. Stock levels matched 5-year highs.

Distillate production decreased -10,000 bpd to a level below the historic mid range. Stock levels extended the recent downtrend, although the level remains +15% above the prior record high.


**PADD 5** crude oil refinery runs decreased -23,000 bpd on the week, with the level above the last 2-years. The latest 4-wk average thru put was +70,000 bpd above last year. Light product yield % on crude oil runs extended the record high level of the last 2-months.



Gasoline production increased +4542,000 bpd on the week, with the level +70,000 bpd above last year and above each of the last 4-years. Stock levels extended the recent downtrend, with the level above the prior 3-years.

Distillate production decreased -46,000 bpd on the week, with the level matching the historic mid range. Stock levels ended the week at a 5-year high for this time of year.

Jet fuel supply declined -7,000 bpd on the week, although production remains at the upper end of the historic range. Stocks surged +1 million barrels to a record high.



FUNDAMENTAL

PETROLEUM TRENDS

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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

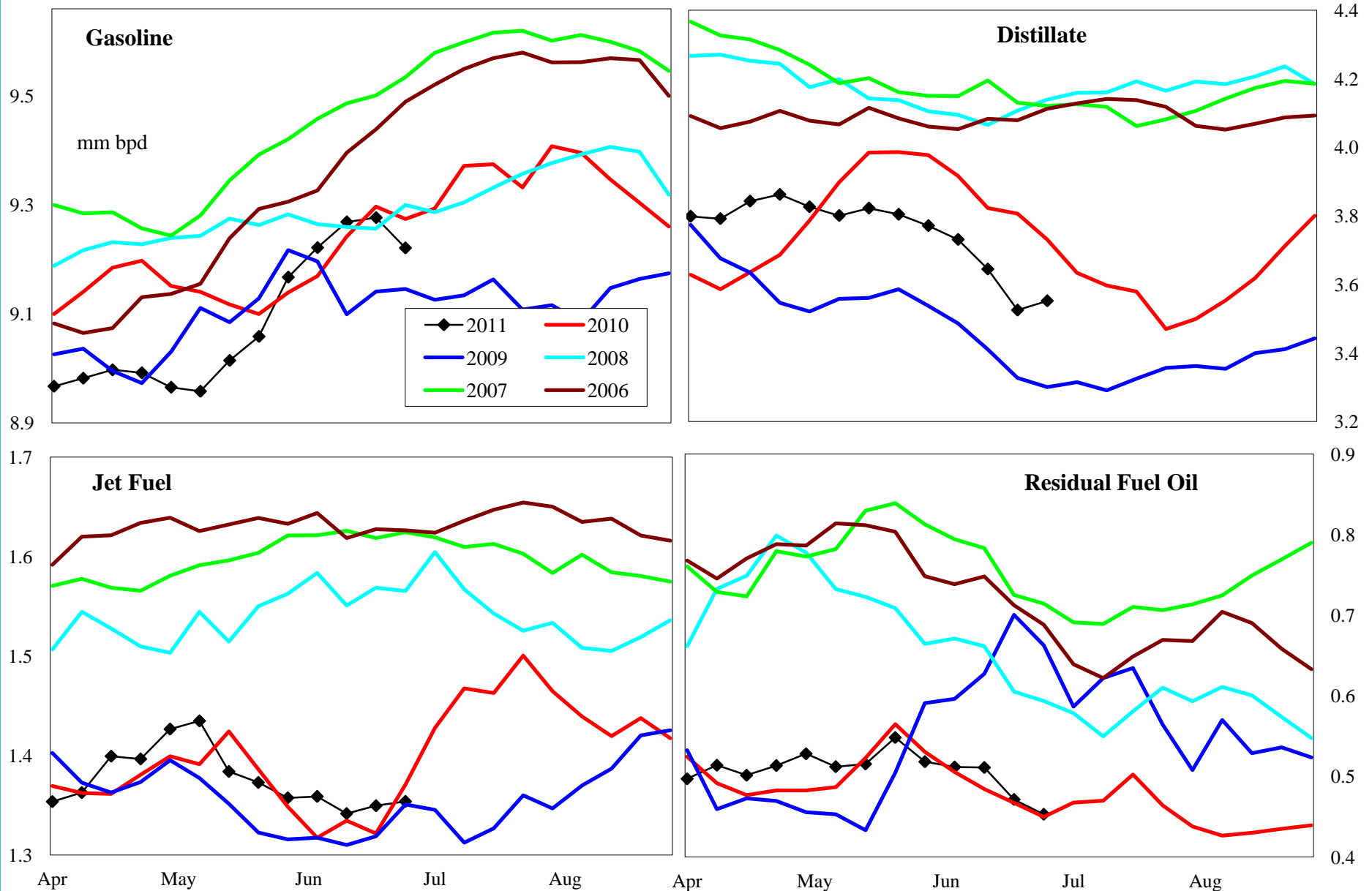
June 29, 2011

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	24-Jun-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-4,375	-442	-967	-4,381	263	1,152
	Imports	-271	-287	-37	120	-47	-20
	Input	-31	-60	-39	63	30	-23
	% Utilization	-1.10					
Gasoline	Stocks	-1,428	-972	733	-1,110	223	-302
	Production	-444	-112	-64	-19	20	45
	Imports	-184	-124	-2	-19	0	-40
	Supplied	-58					
Distillate	Stocks	258	-1,065	827	652	-135	-20
	Production	44	-13	38	76	-10	-46
	Imports	-42	-42	0	0	0	0
	Supplied	133					
Jet Fuel	Stocks	1,152	940	94	-797	-45	960
	Production	46	2	-6	49	6	-4
	Imports	-19	-16	0	0	0	-3
	Supplied	-123					
Residual Fuel Oil	Stocks	728	291	23	200	-1	215
	Production	6	10	0	4	1	-11
	Imports	-56	-92	-1	58	0	-22
	Supplied	-62					

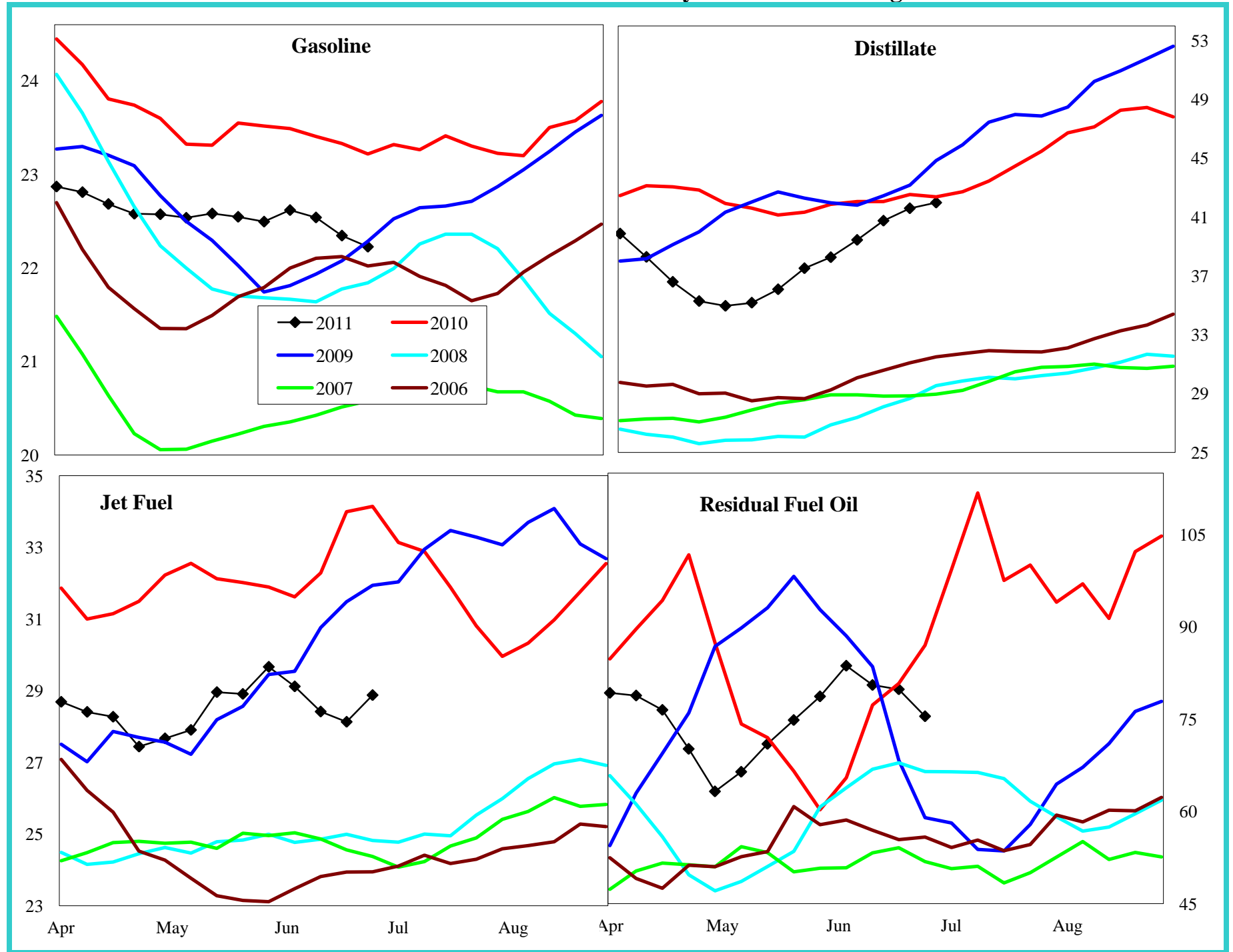
# United States Wholesale Petroleum Demand



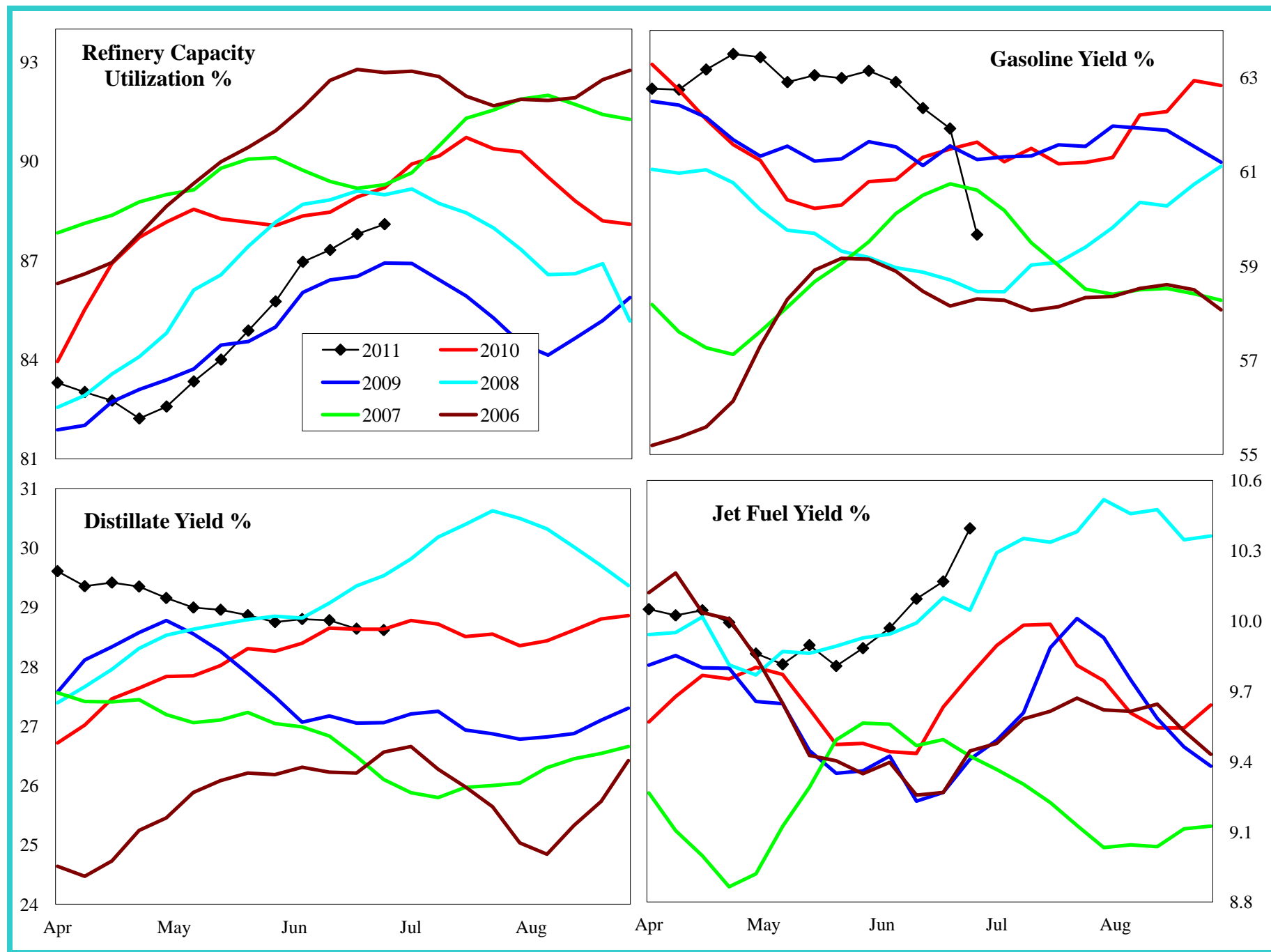
	000 bpd change from prior year				% change from prior year			
	4wk avg	May	Apr	Mar	4wk avg	May	Apr	Mar
<b>Gasoline</b>	-31	-134	-19	204	-0.3	-1.5	-0.2	2.3
<b>Distillate</b>	-176	170	179	39	-4.7	4.7	4.8	1.0
<b>Jet Fuel</b>	46	-10	71	-69	3.4	-0.7	5.1	-4.8
<b>Resid</b>	58	25	-85	21	13.1	4.9	-14.7	3.9



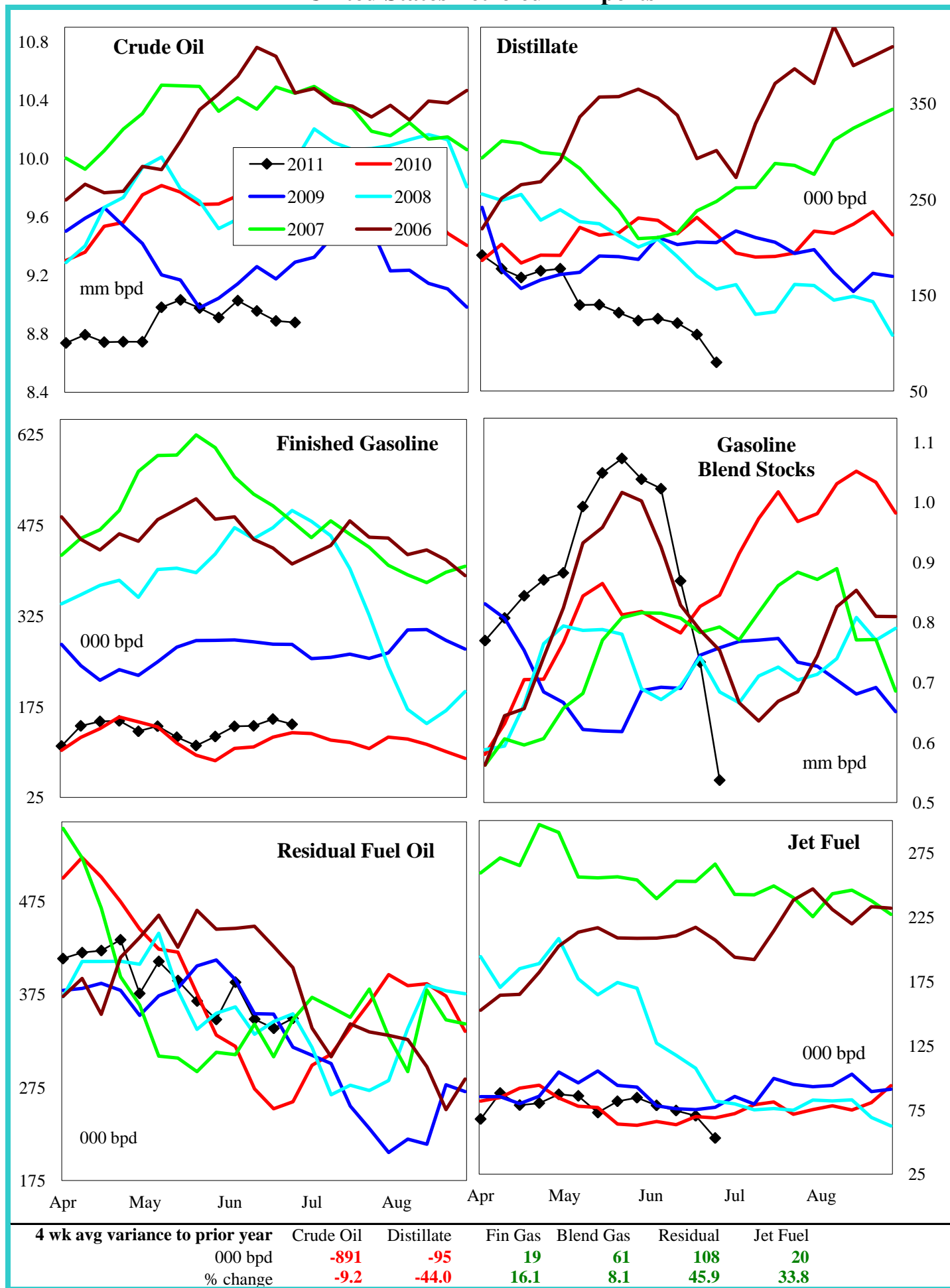
# United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

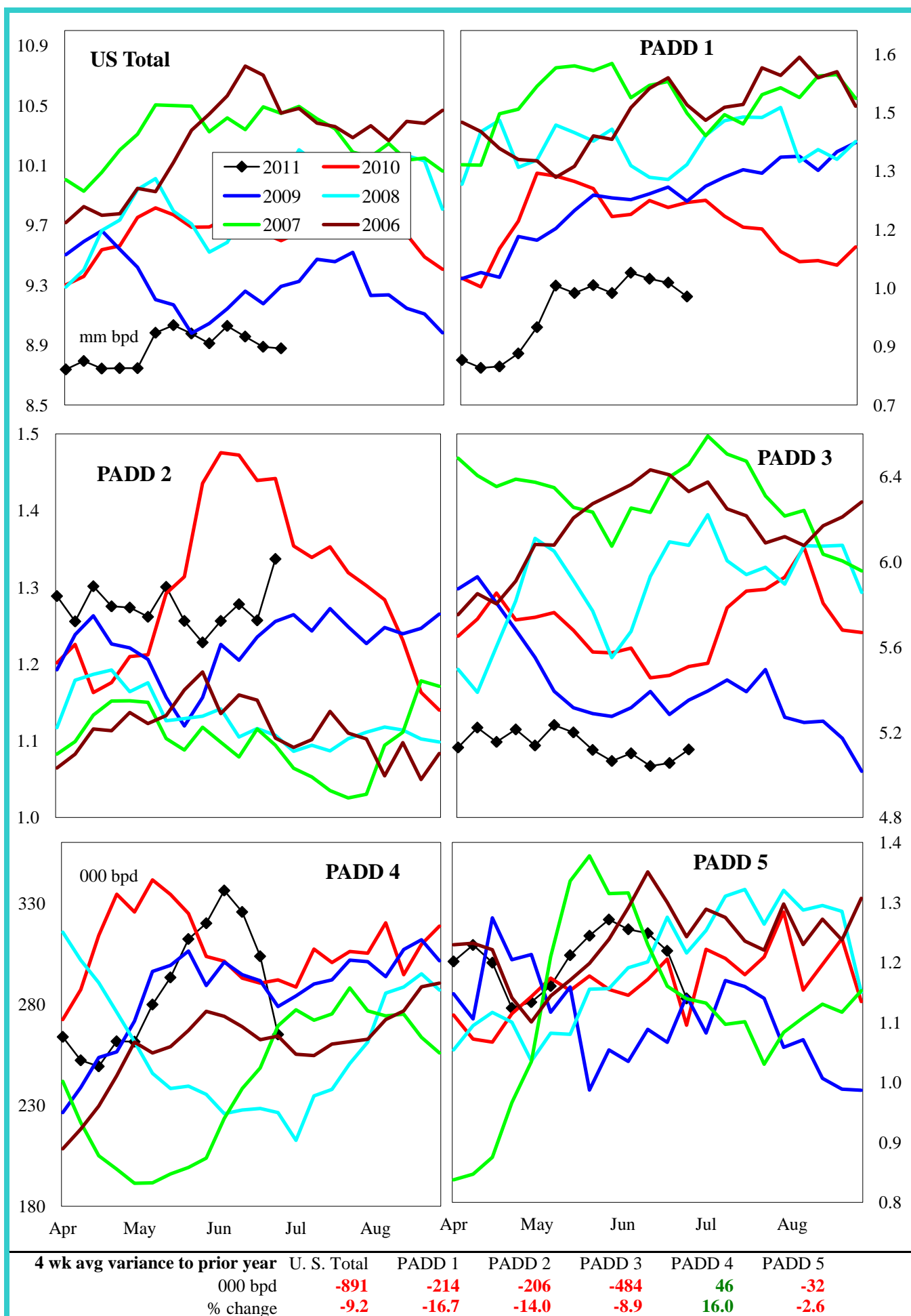


# United States Petroleum Imports

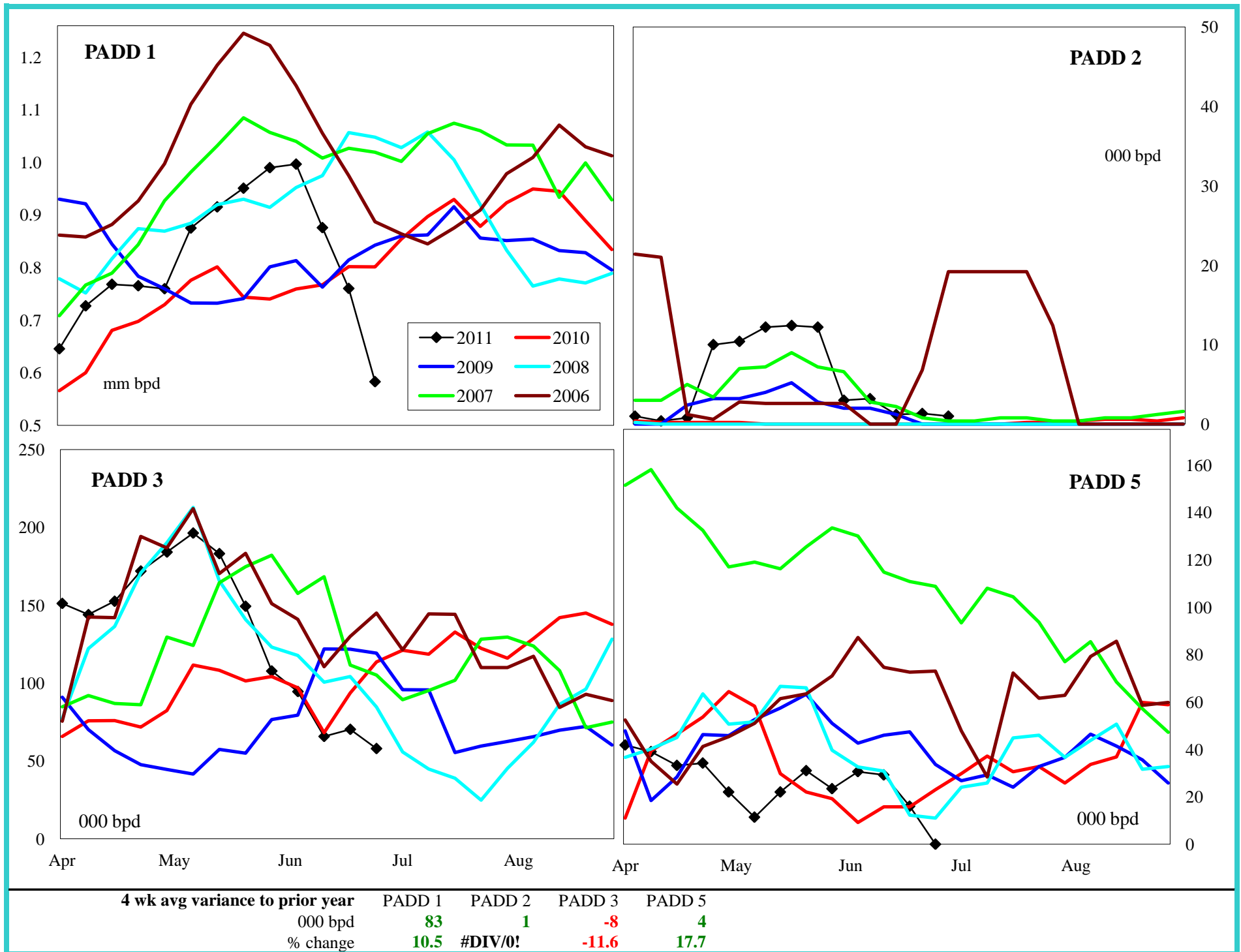




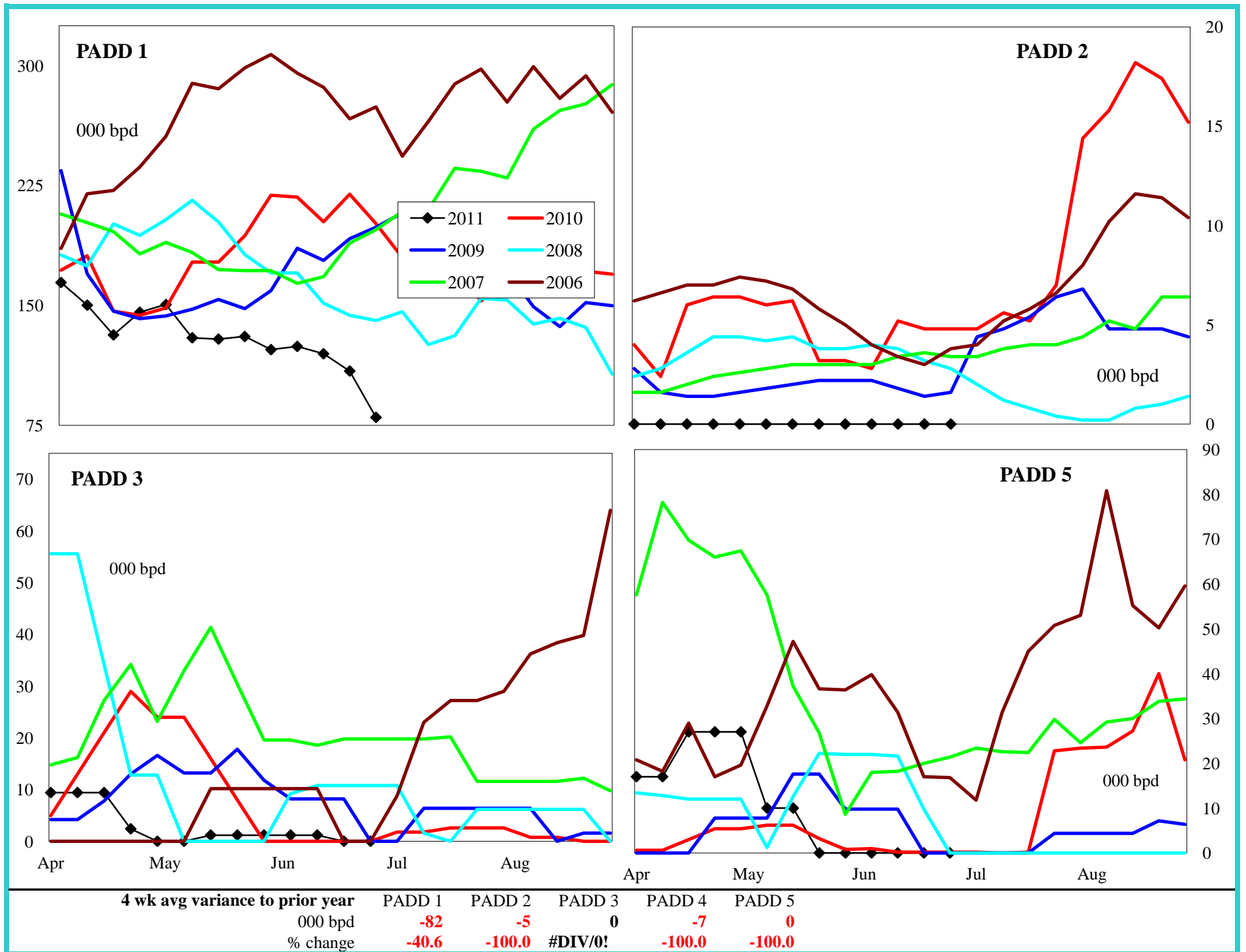
## Crude Oil Imports by PADD



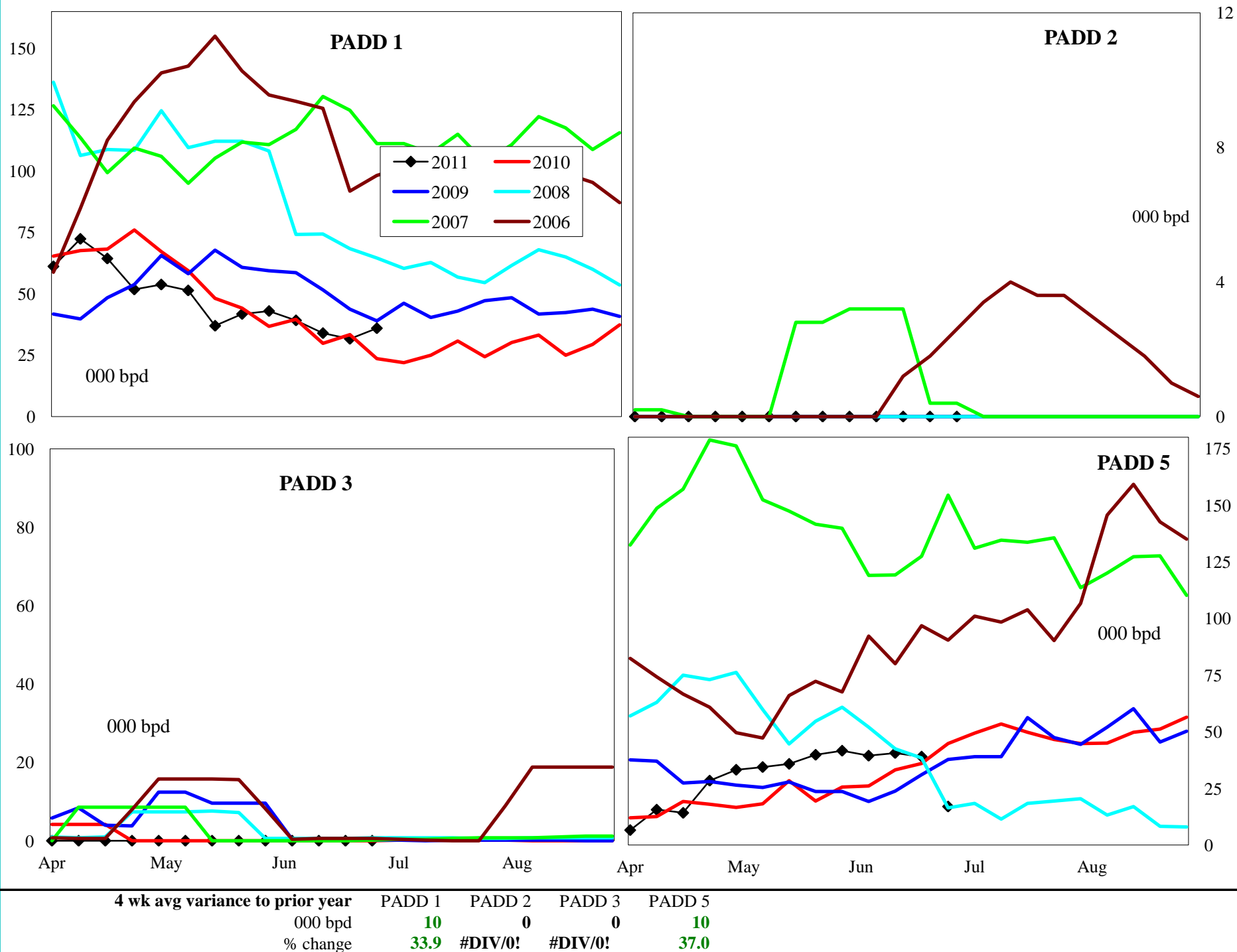
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

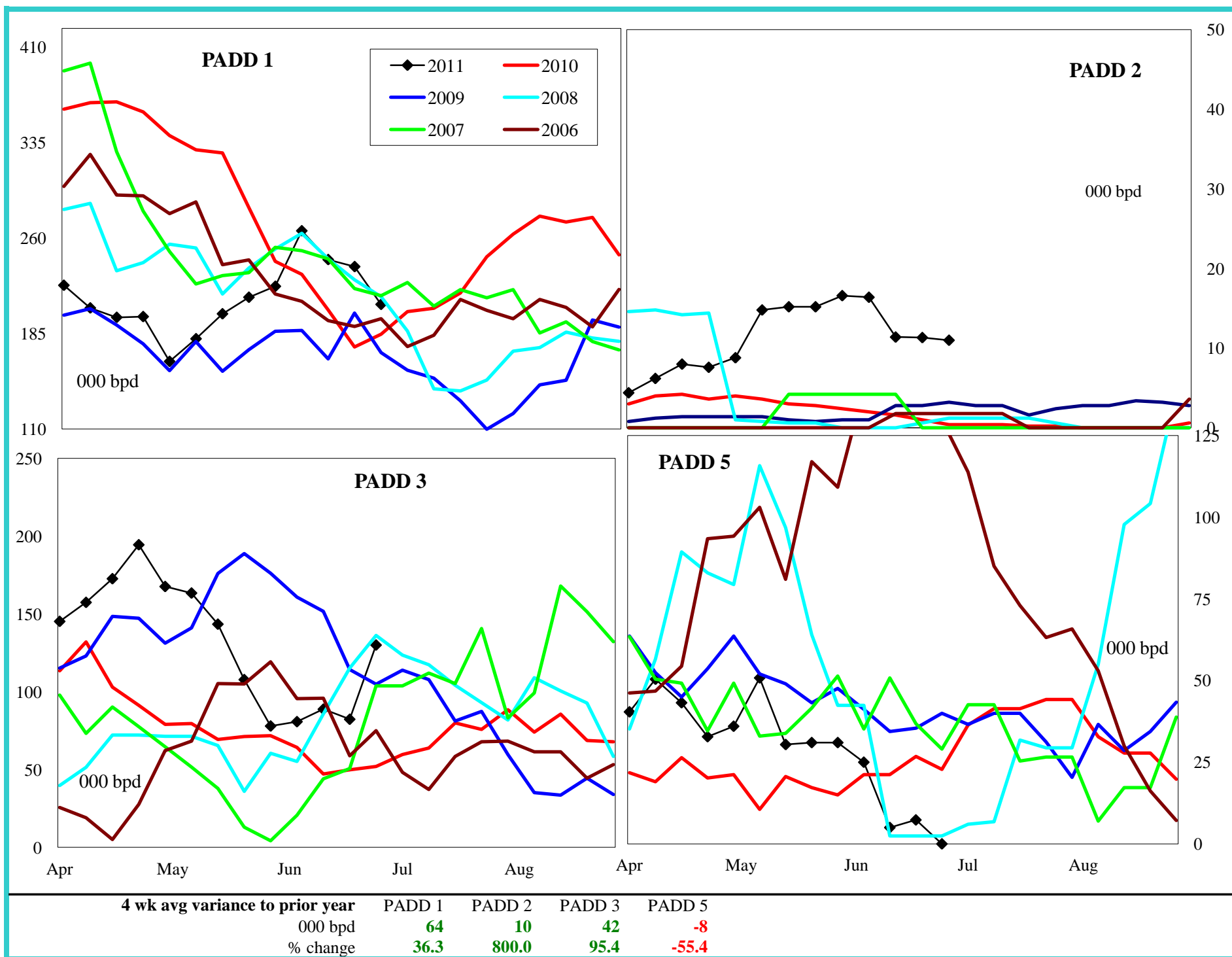


# Jet Fuel Imports by PADD

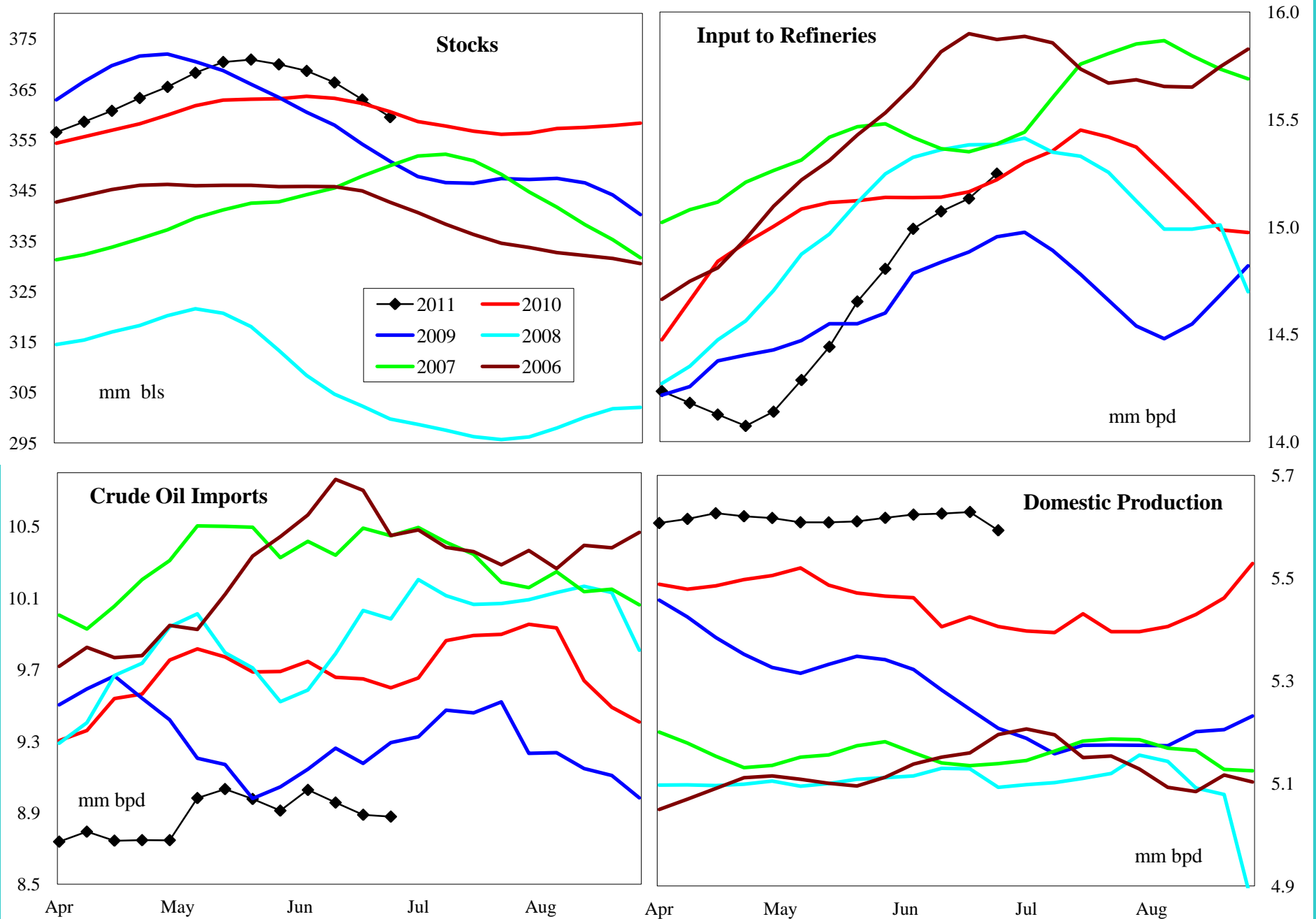




## Residual Fuel Oil Imports by PADD



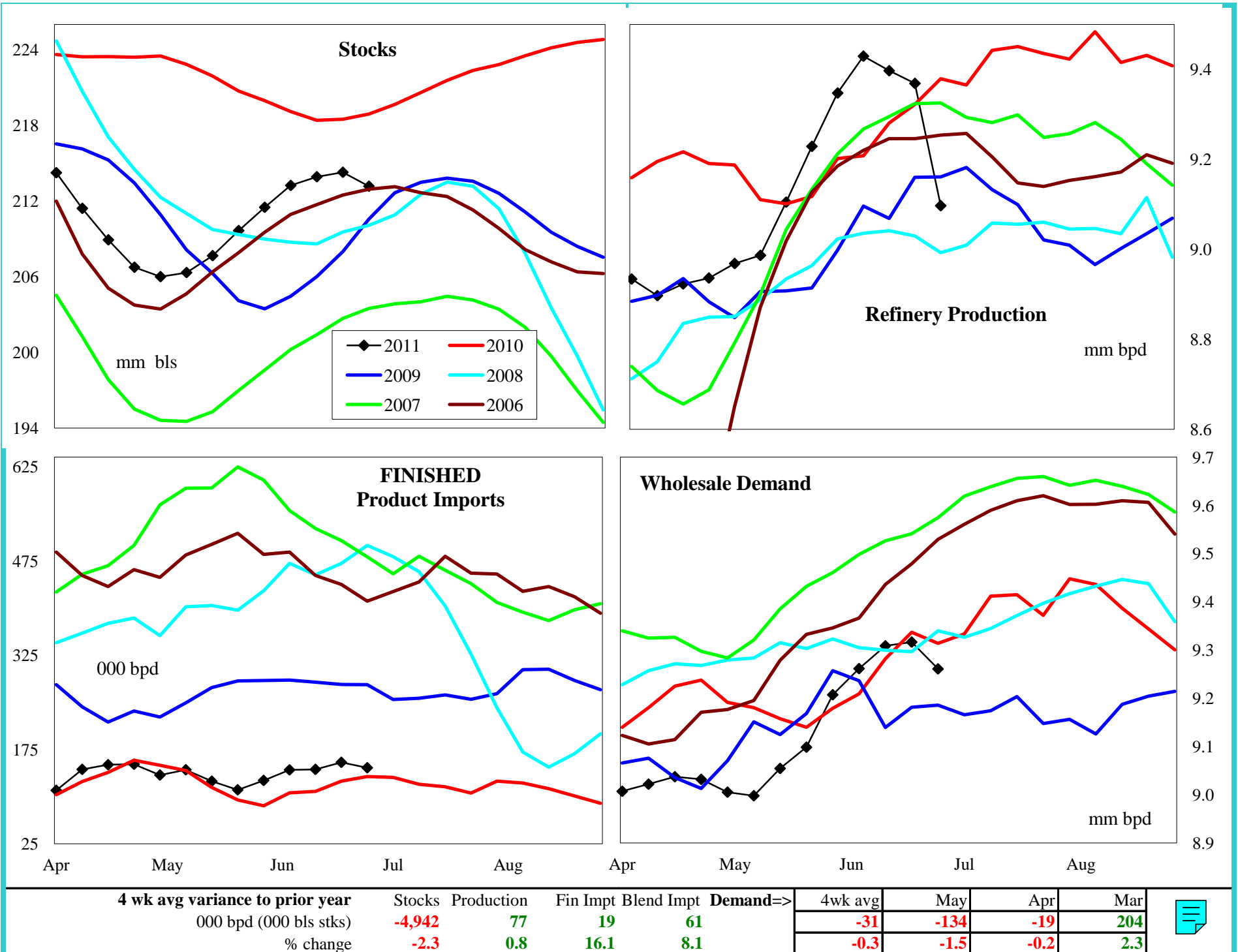
# United States Crude Oil Supply and Demand Balance



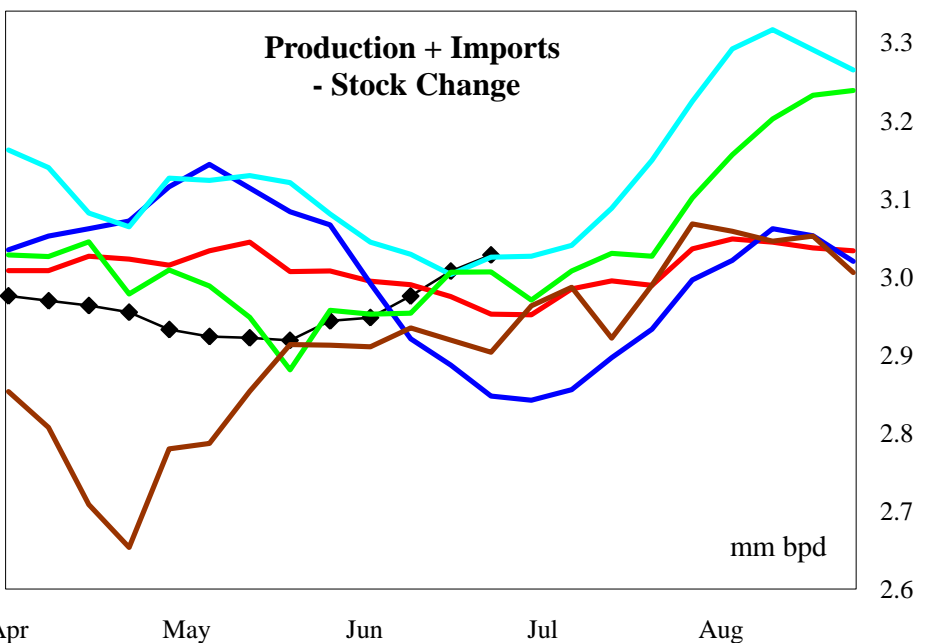
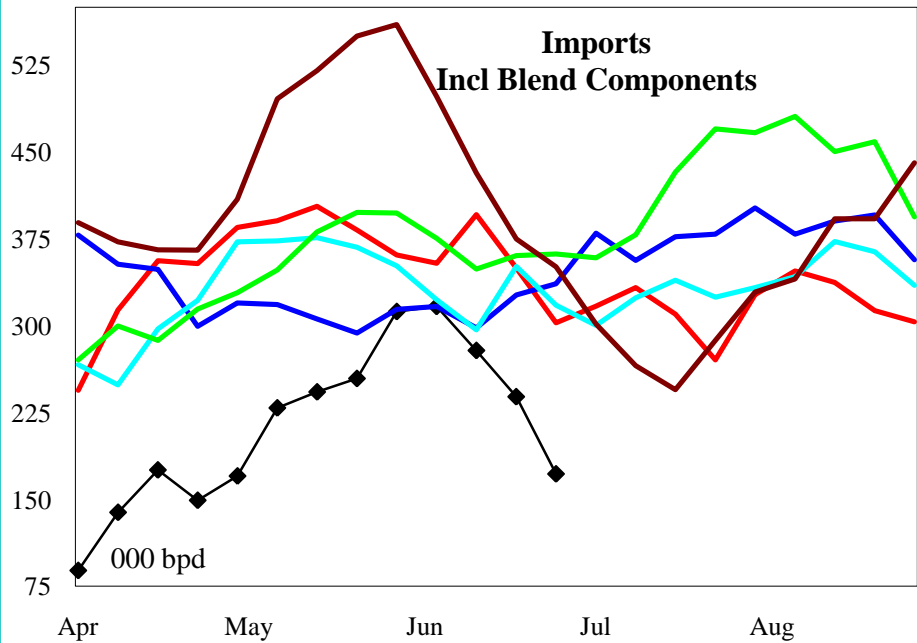
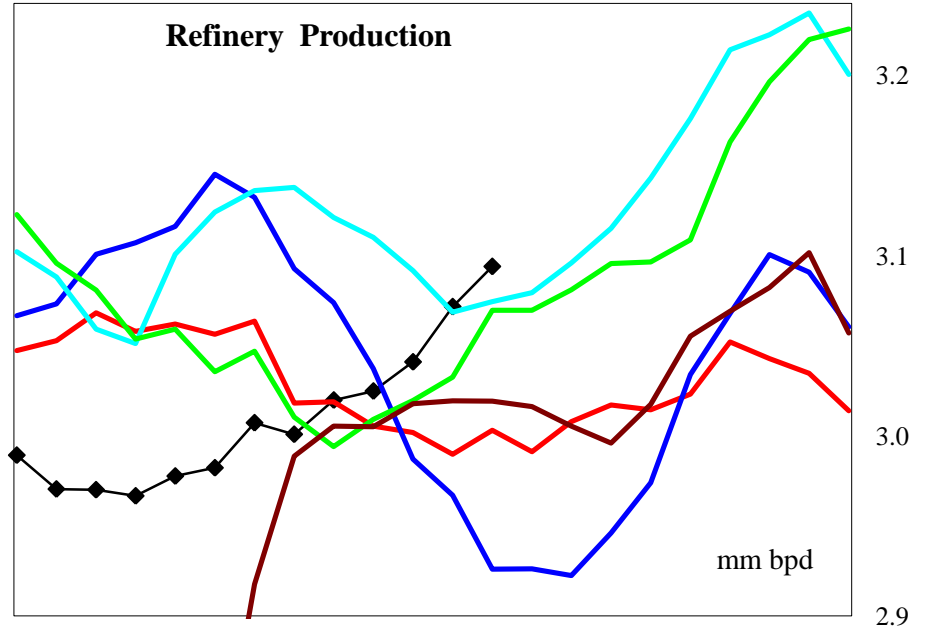
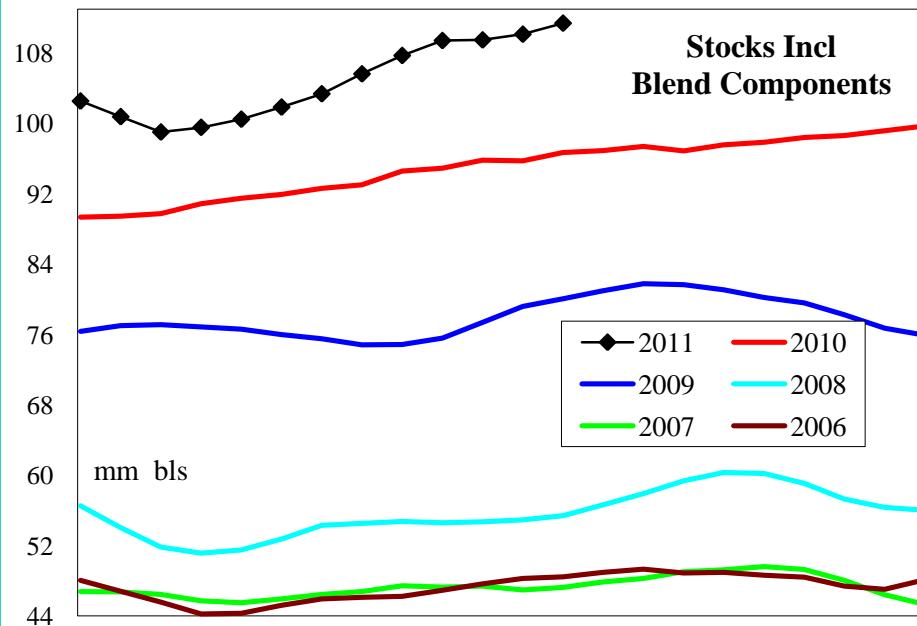
**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

	Stocks	Input	Imports	U.S. Production
000 bpd (000 bls stks)	-3,646	-20	-891	203
% change	-1.0	-0.1	-9.2	3.7

# 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

14,702

15.2

Production

52

1.7

Imports

-99

-28.2

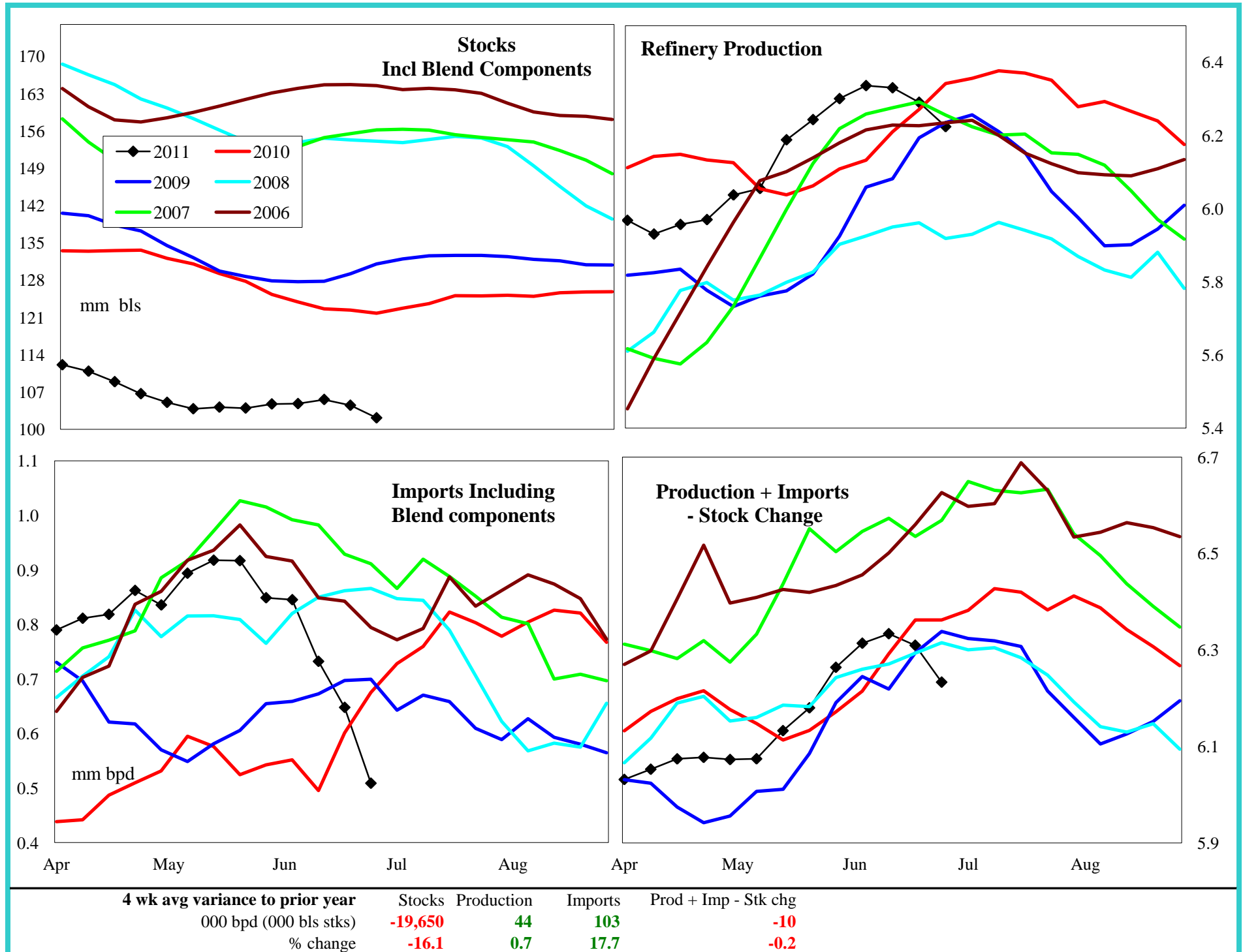
Prod + Imp - Stk chg

12

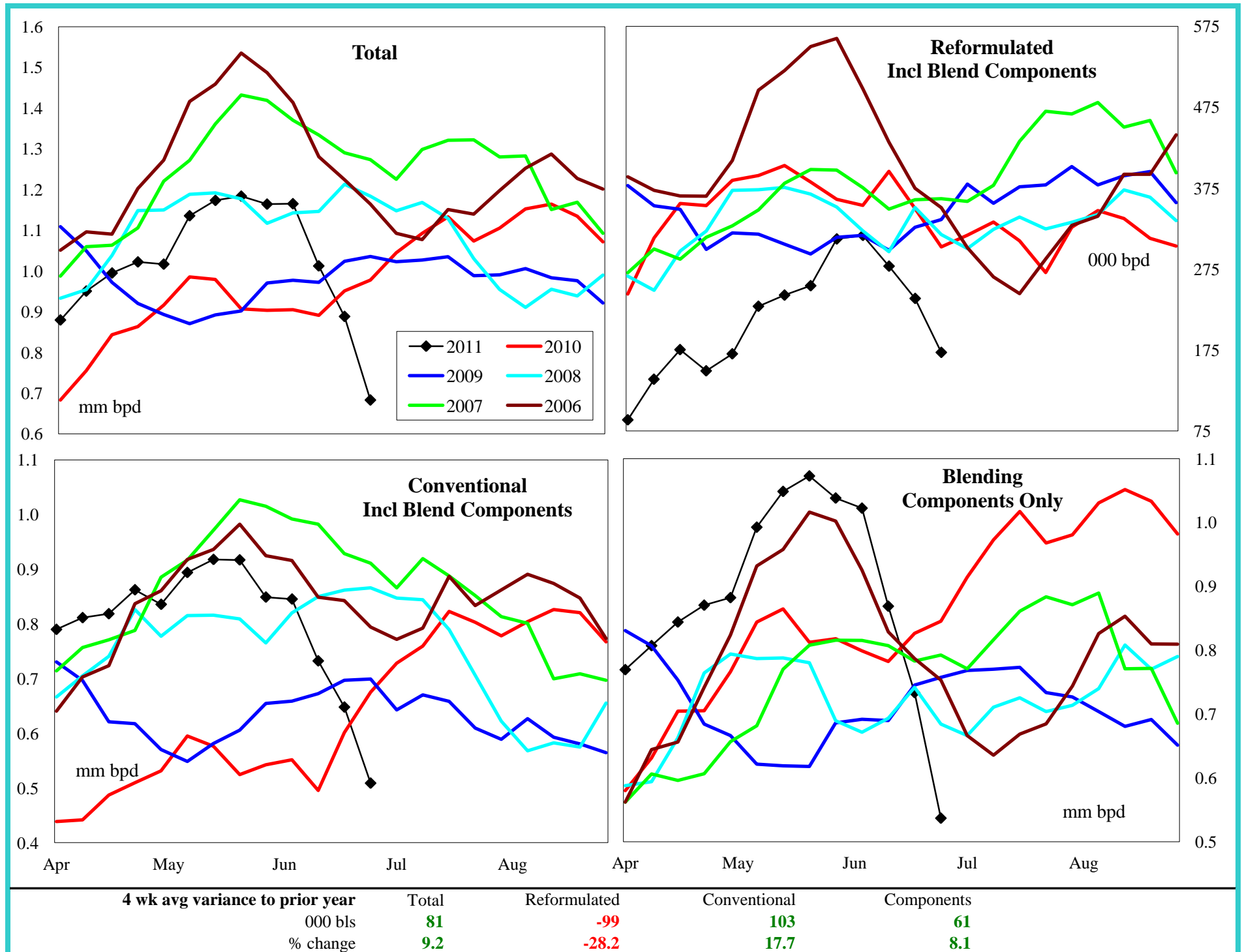
0.4



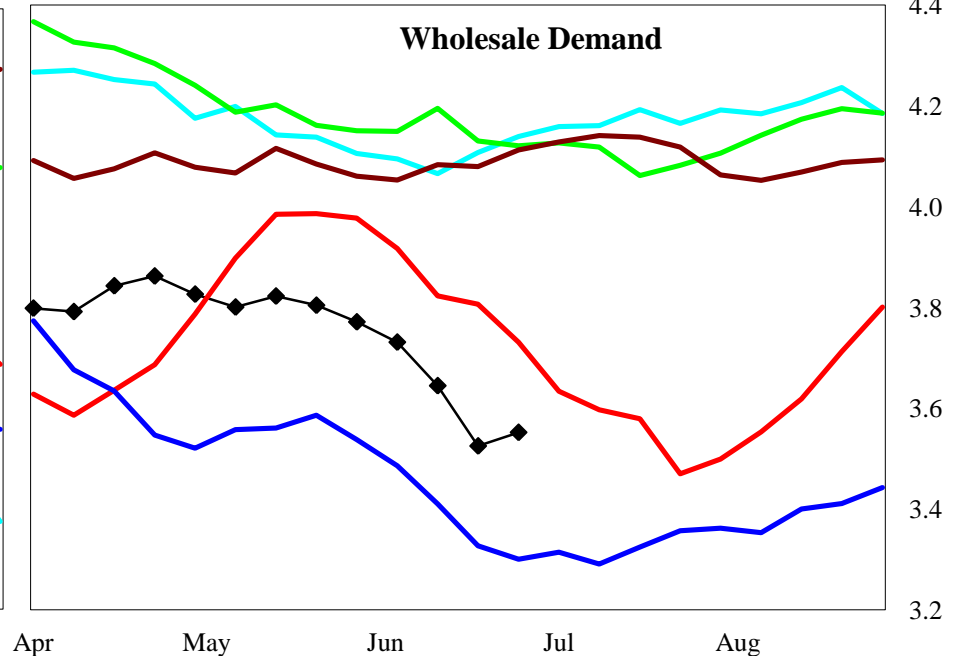
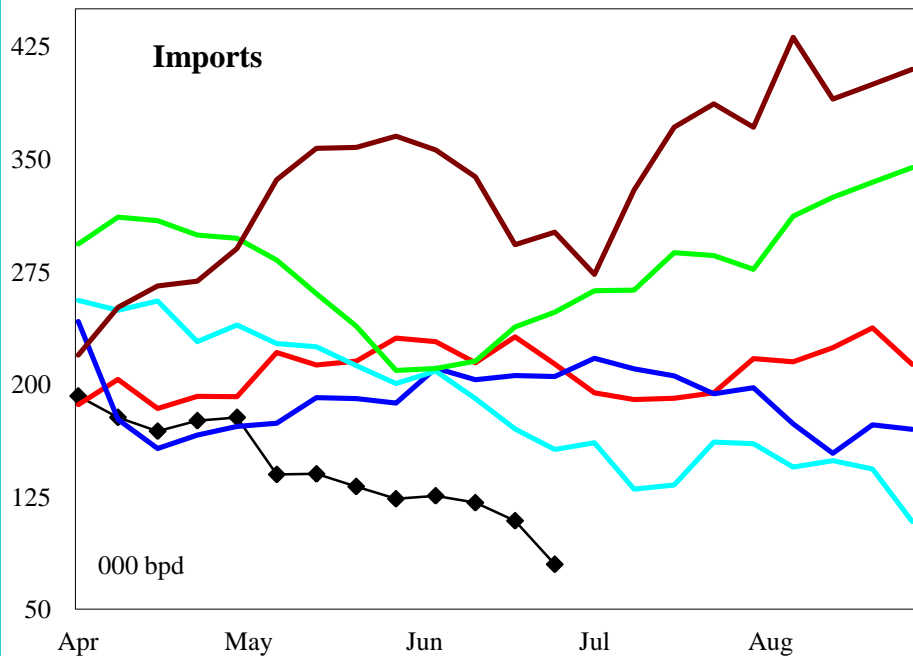
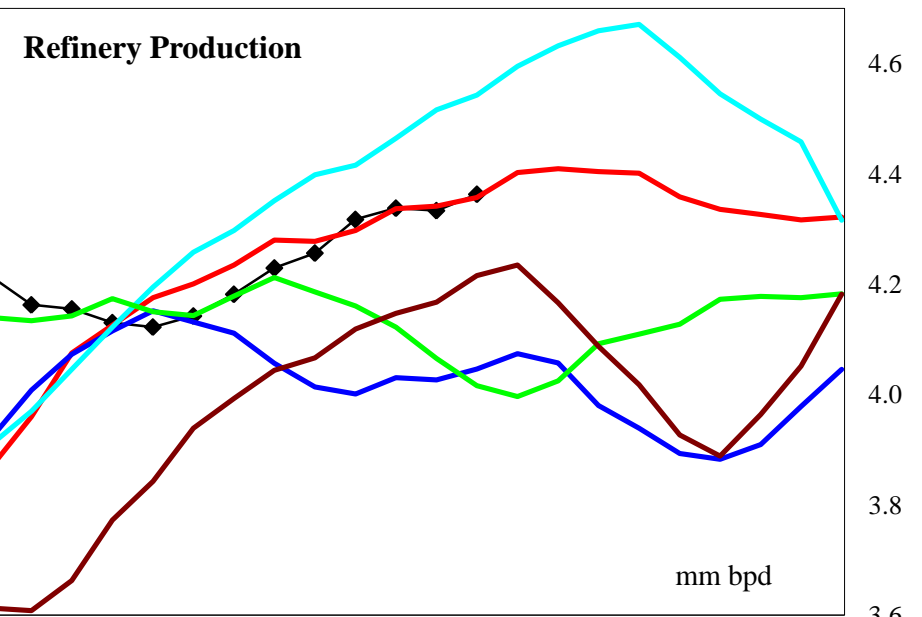
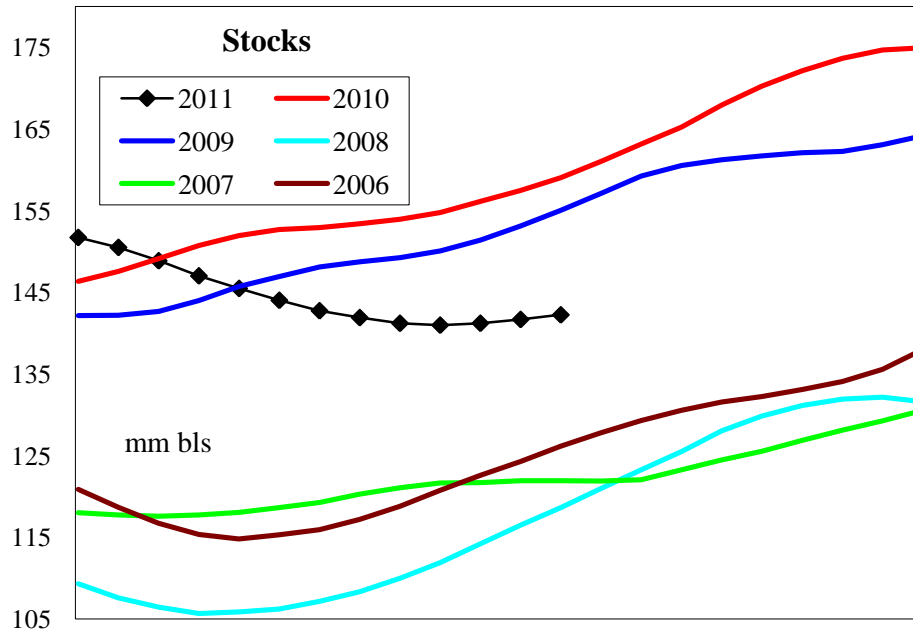
# United States Conventional Gasoline Supply



# 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

Production

Imports

Demand=>

-17,124

21

-95

4wk avg

May

Apr

Mar

-10.7

0.5

-44.0

-176

170

179

39

-4.7

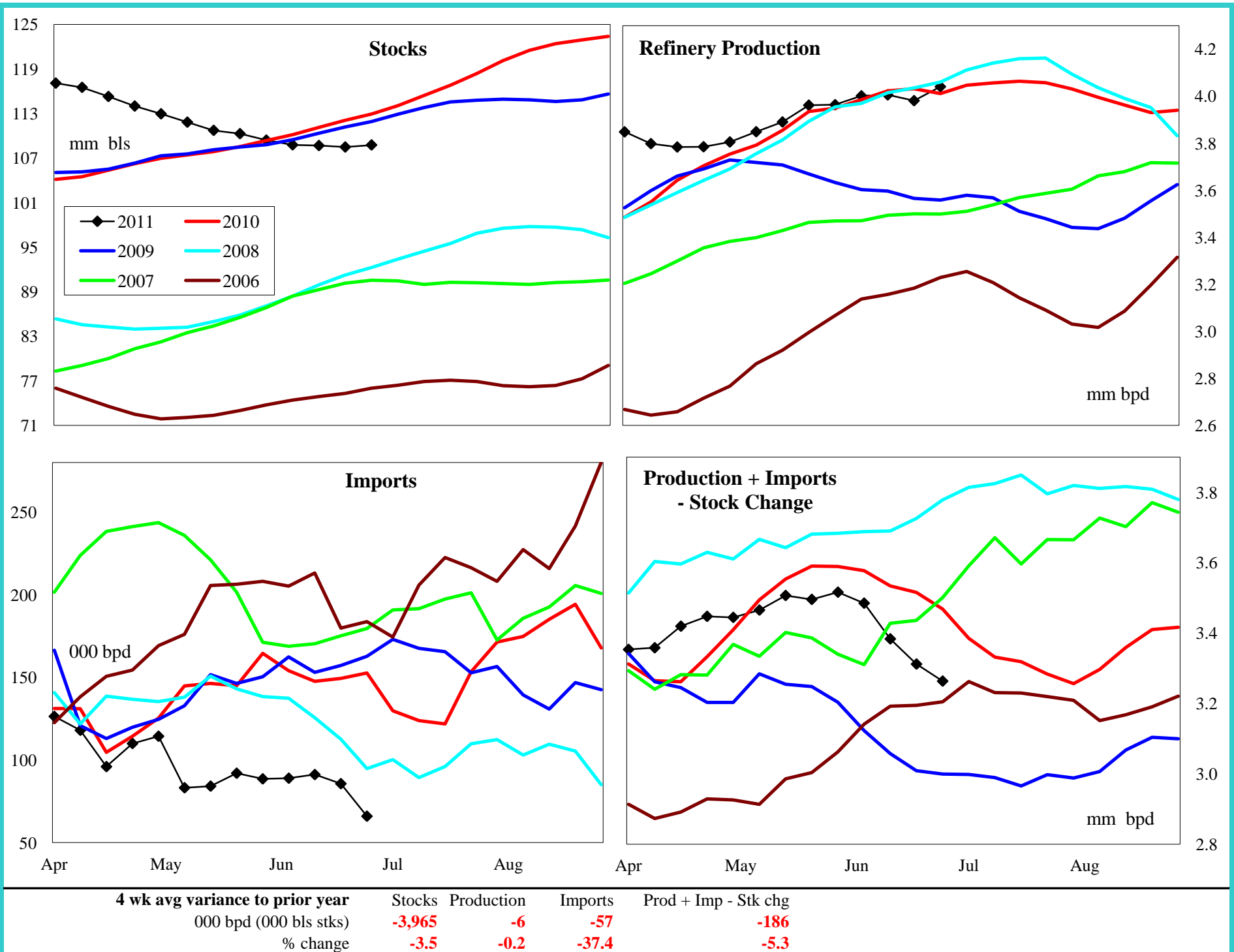
4.7

4.8

1.0

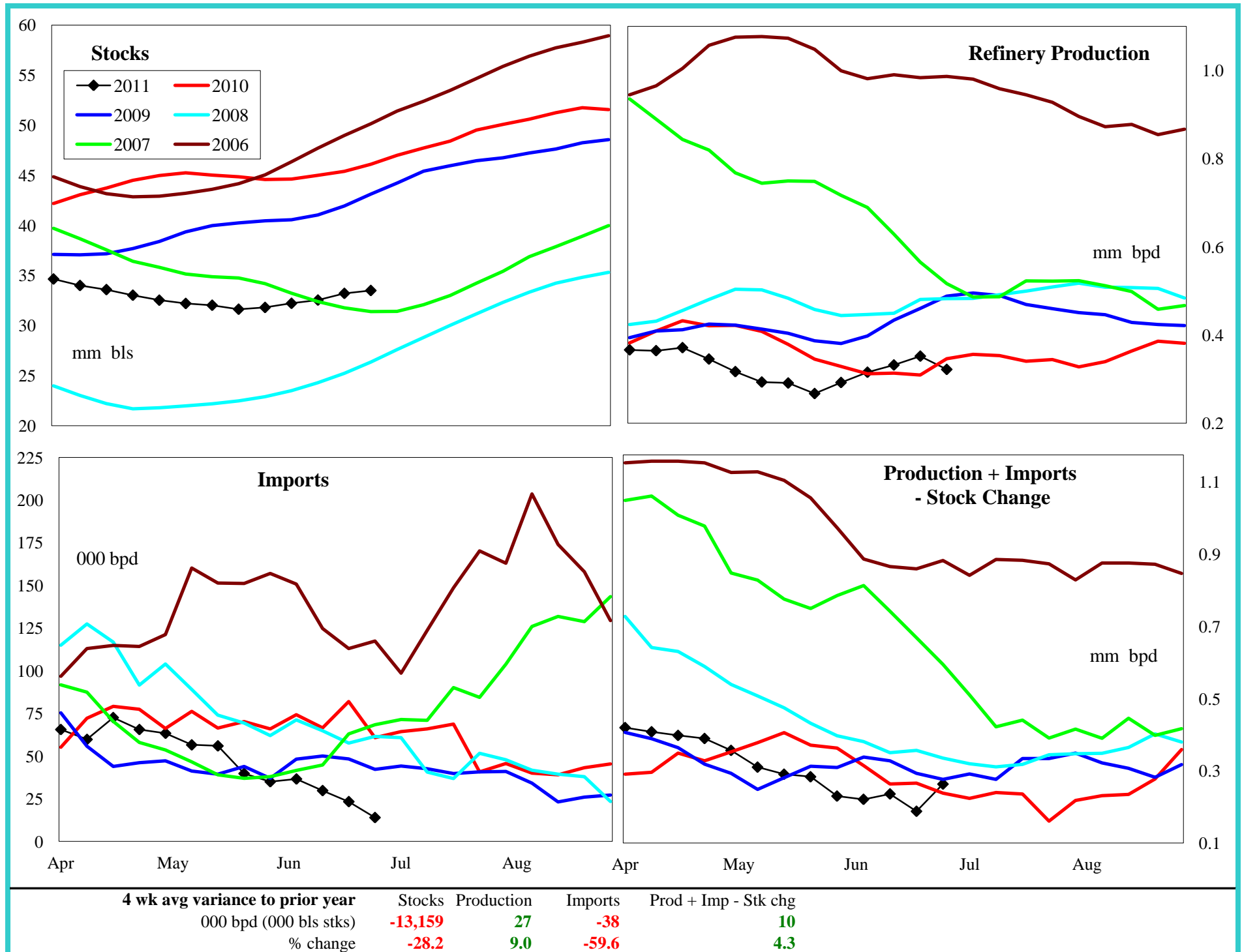


# United States Low Sulfur Distillate Supply

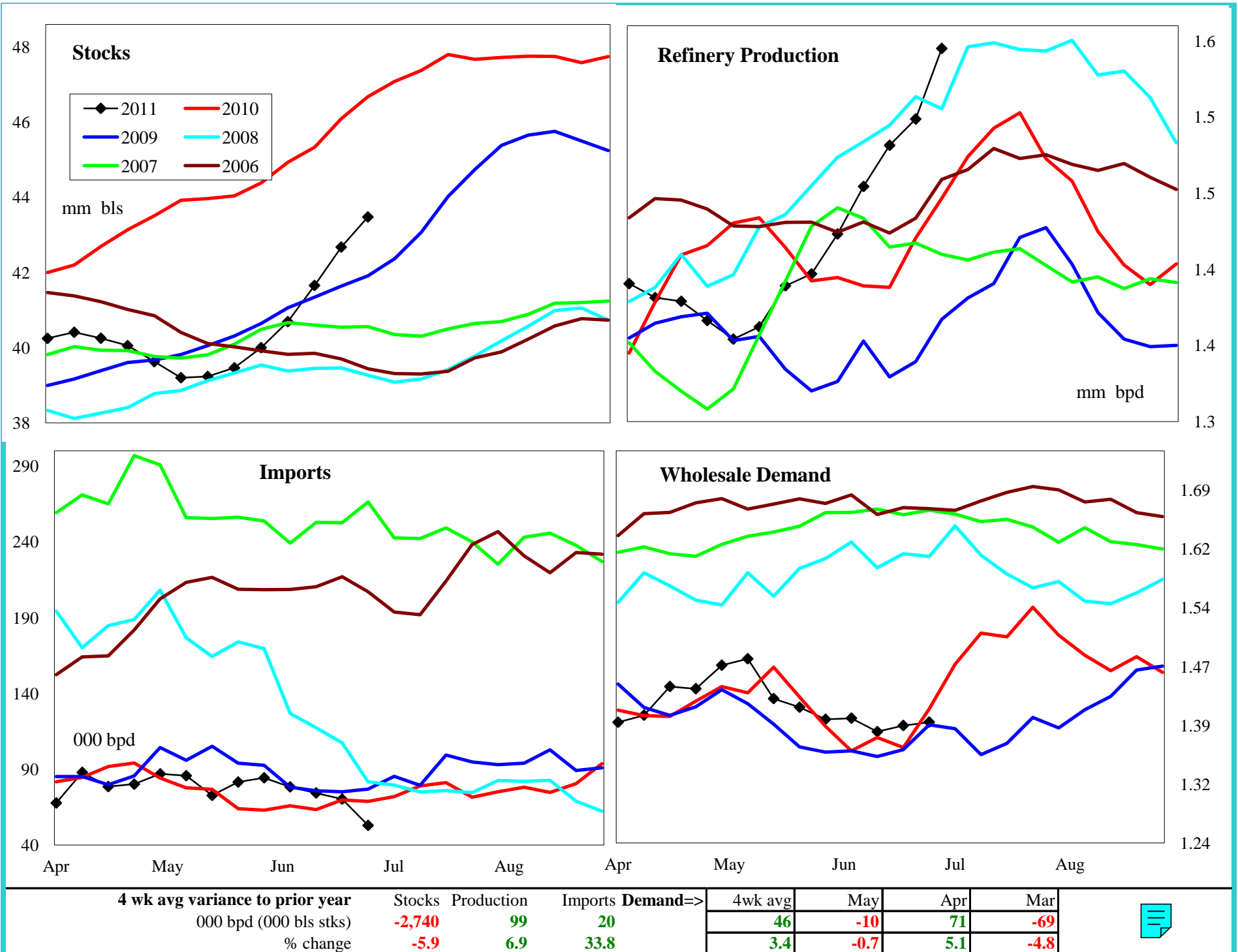




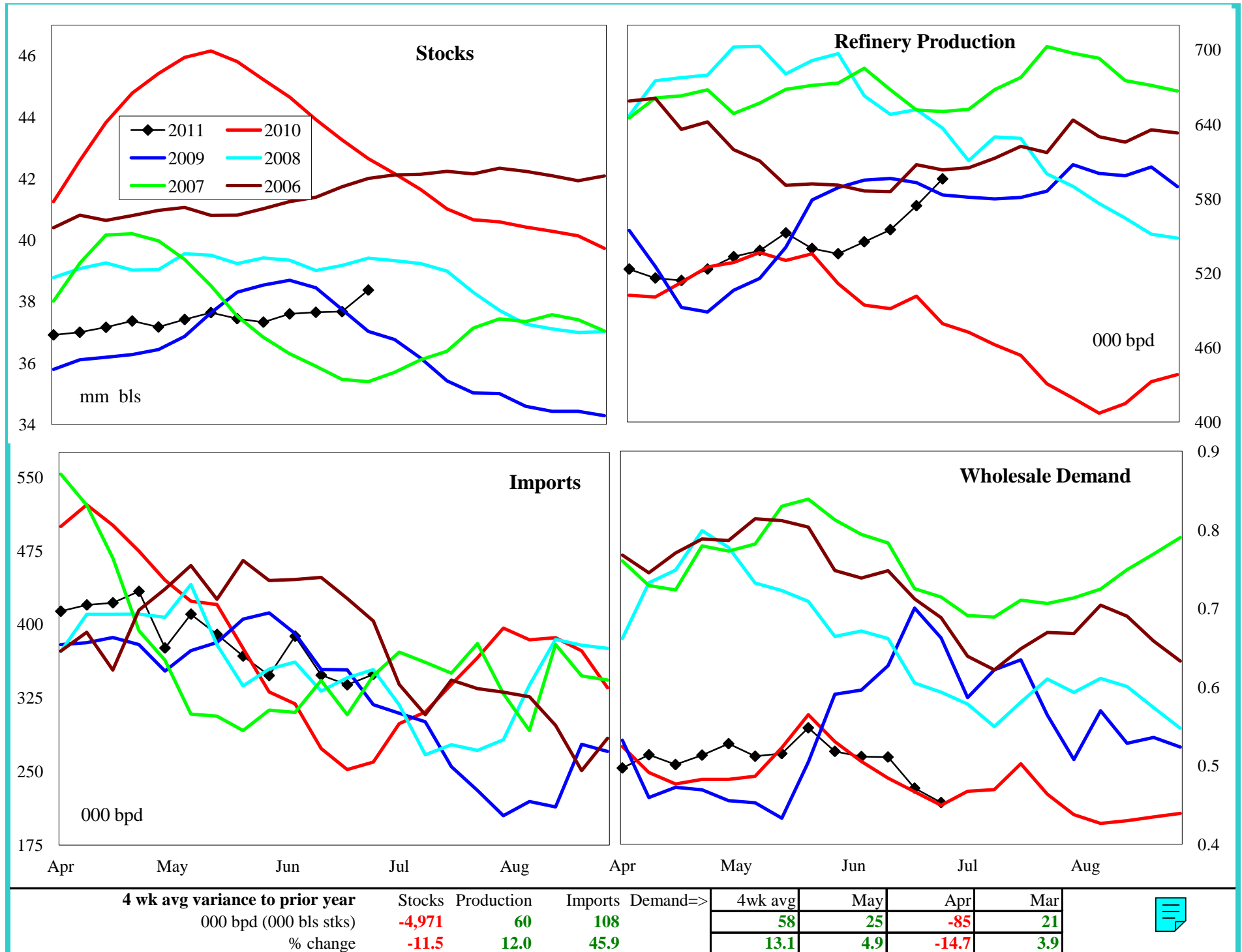
# United States High Sulfur Distillate Supply



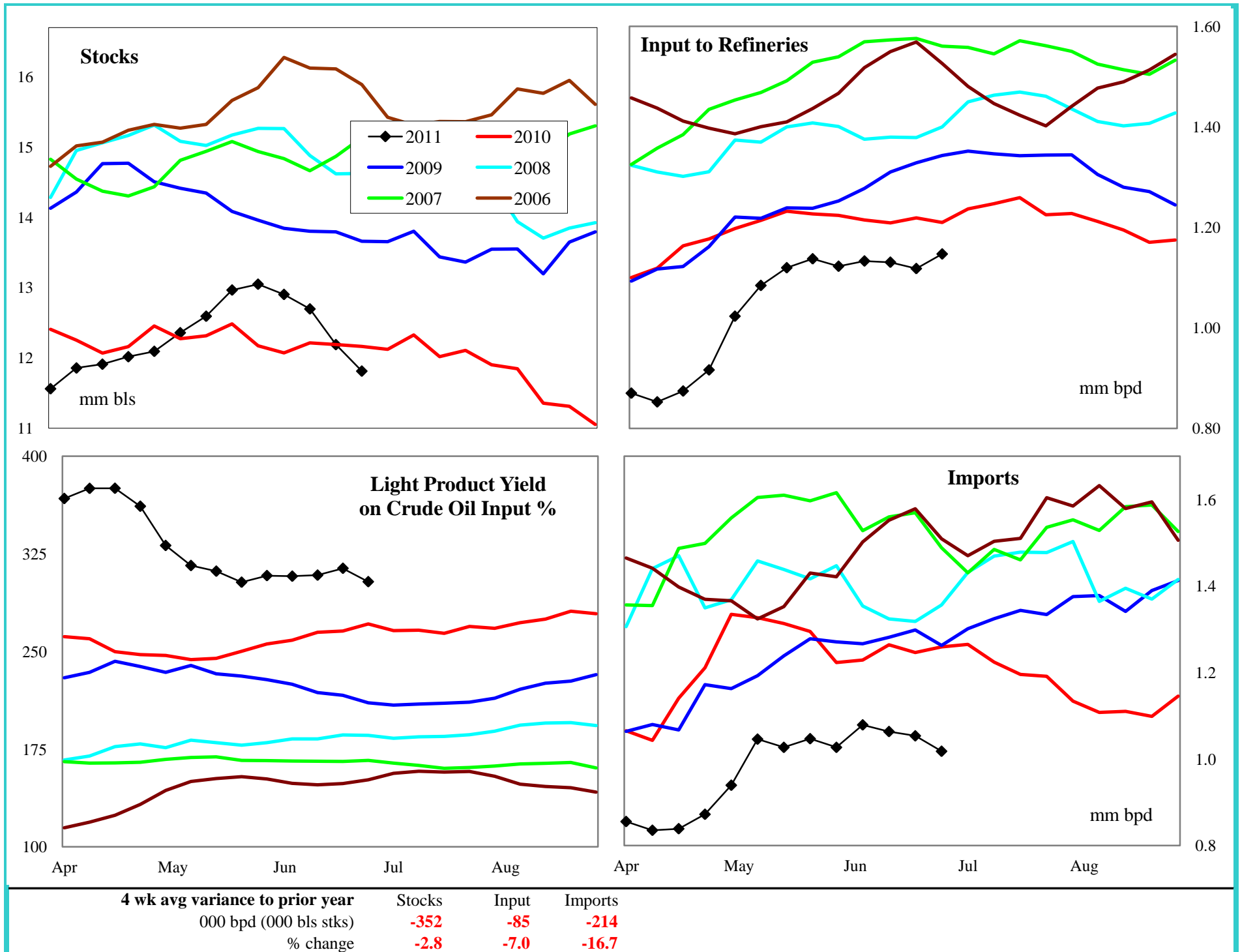
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

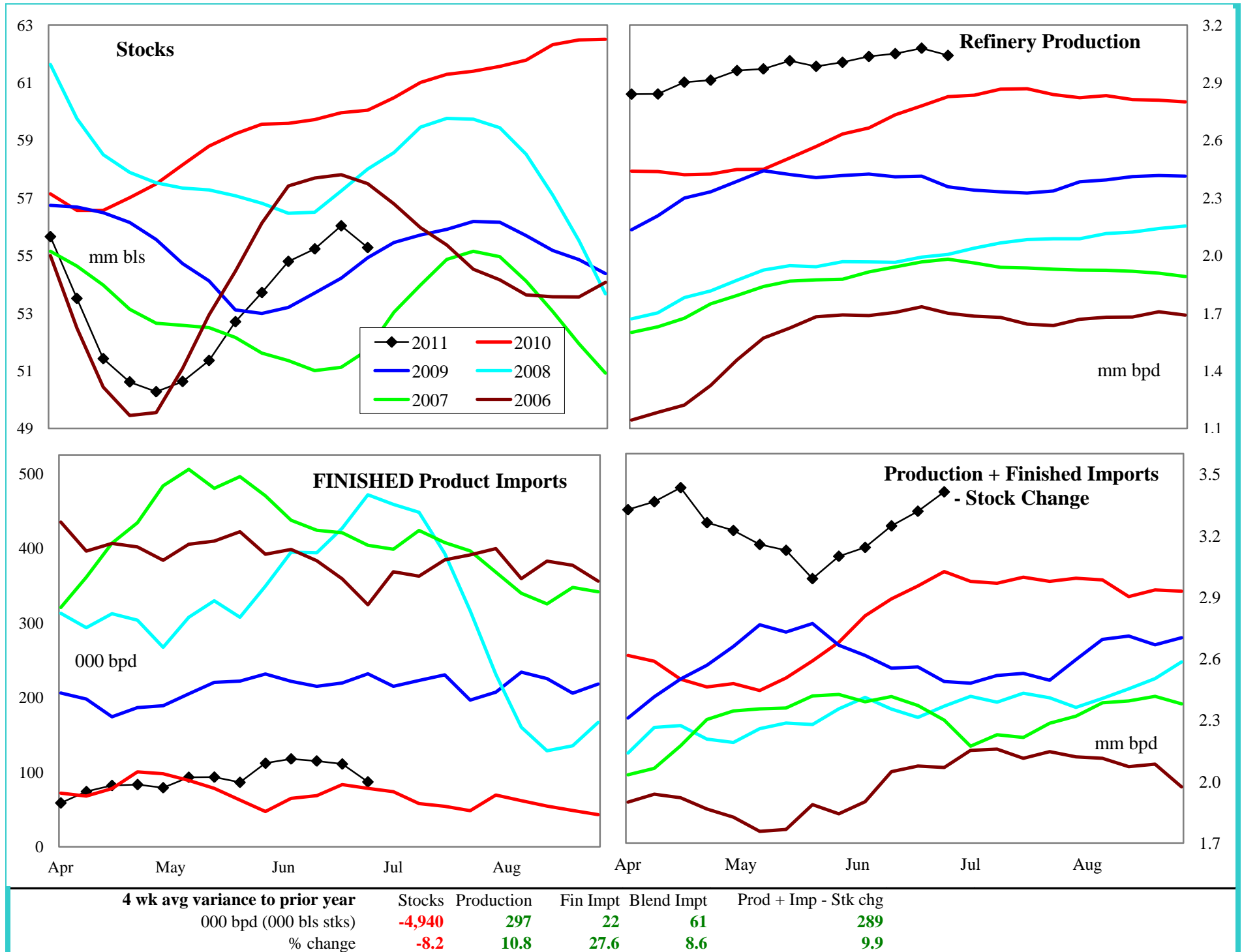


# PADD 1 Crude Oil Supply and Refining

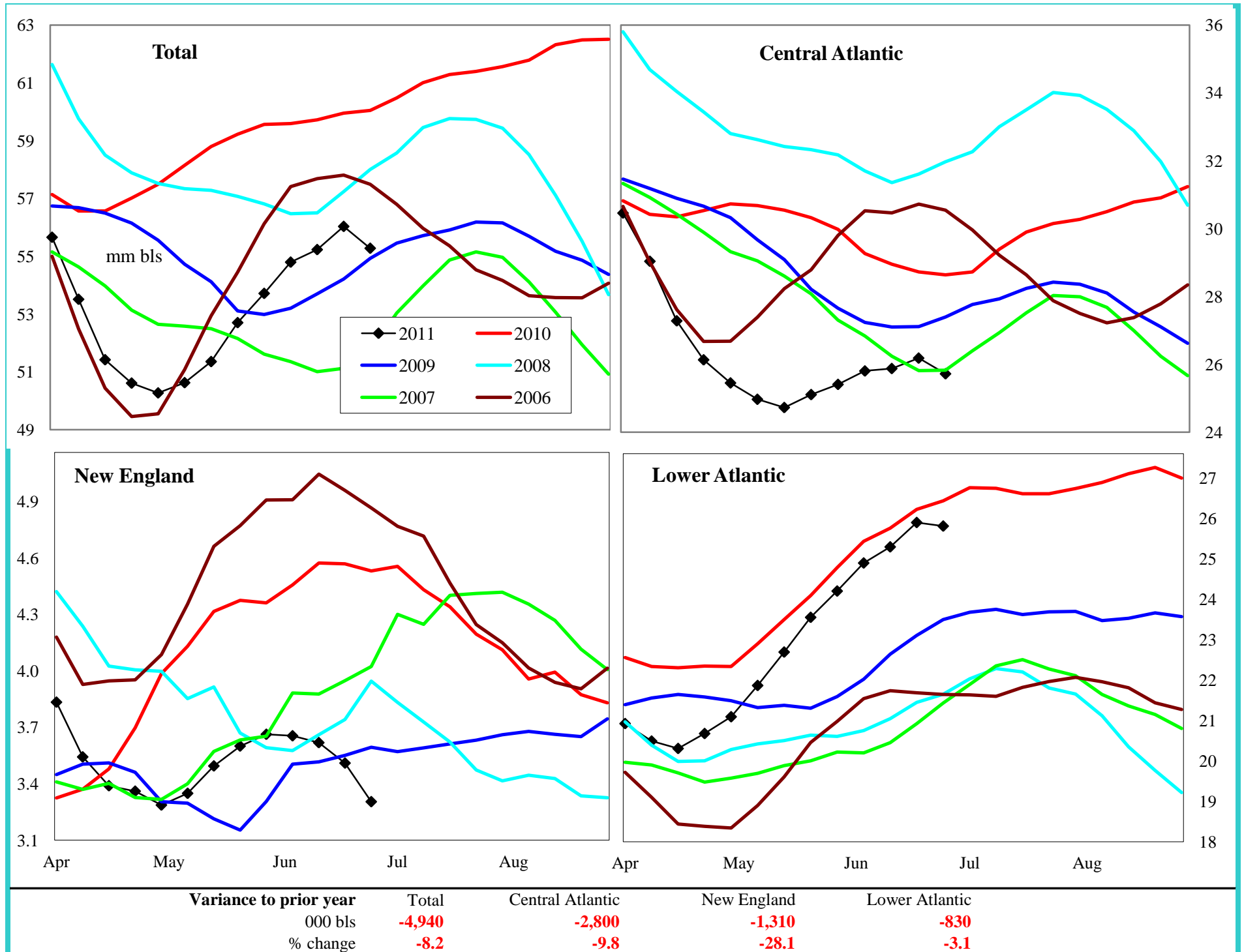




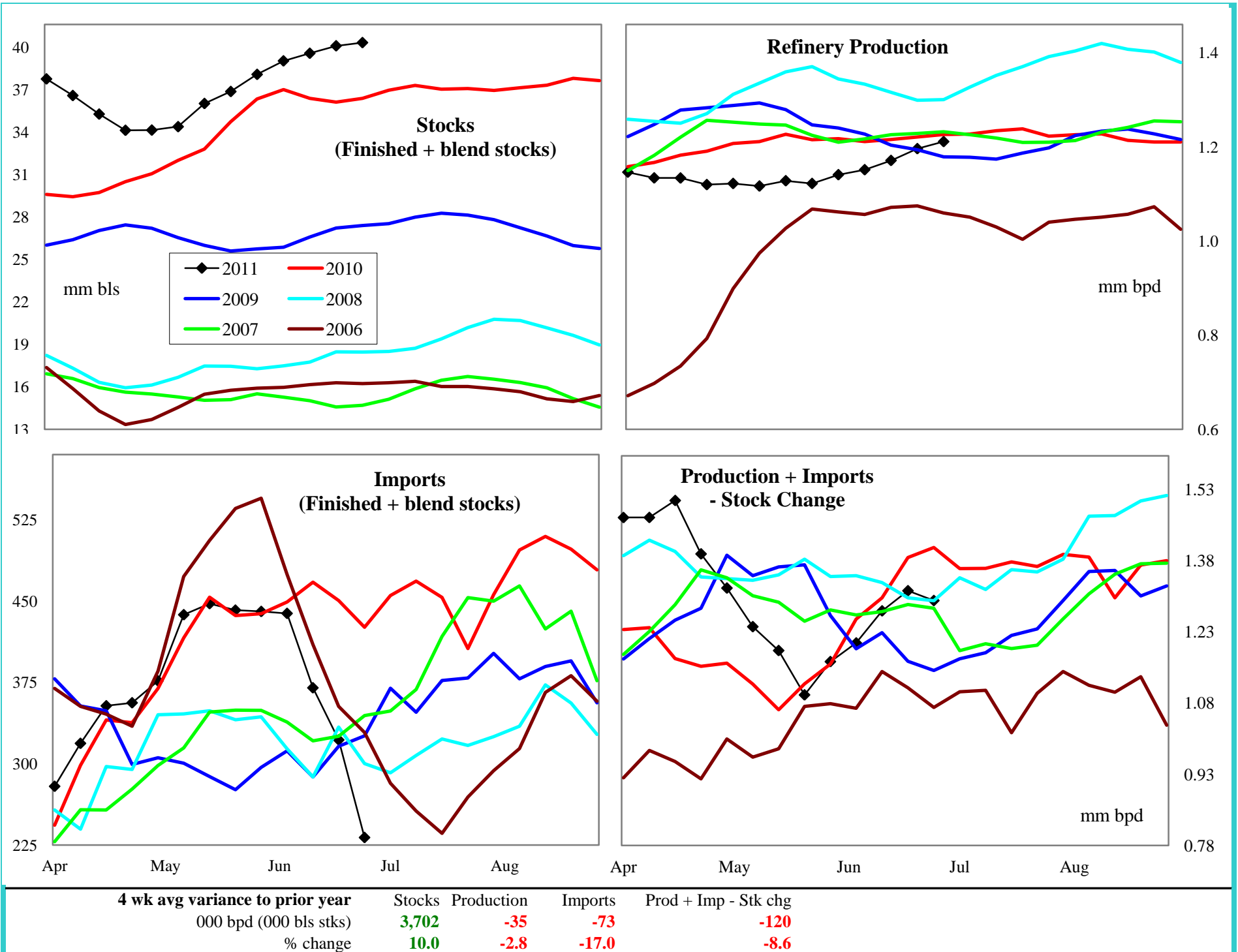
# PADD 1 Gasoline Supply



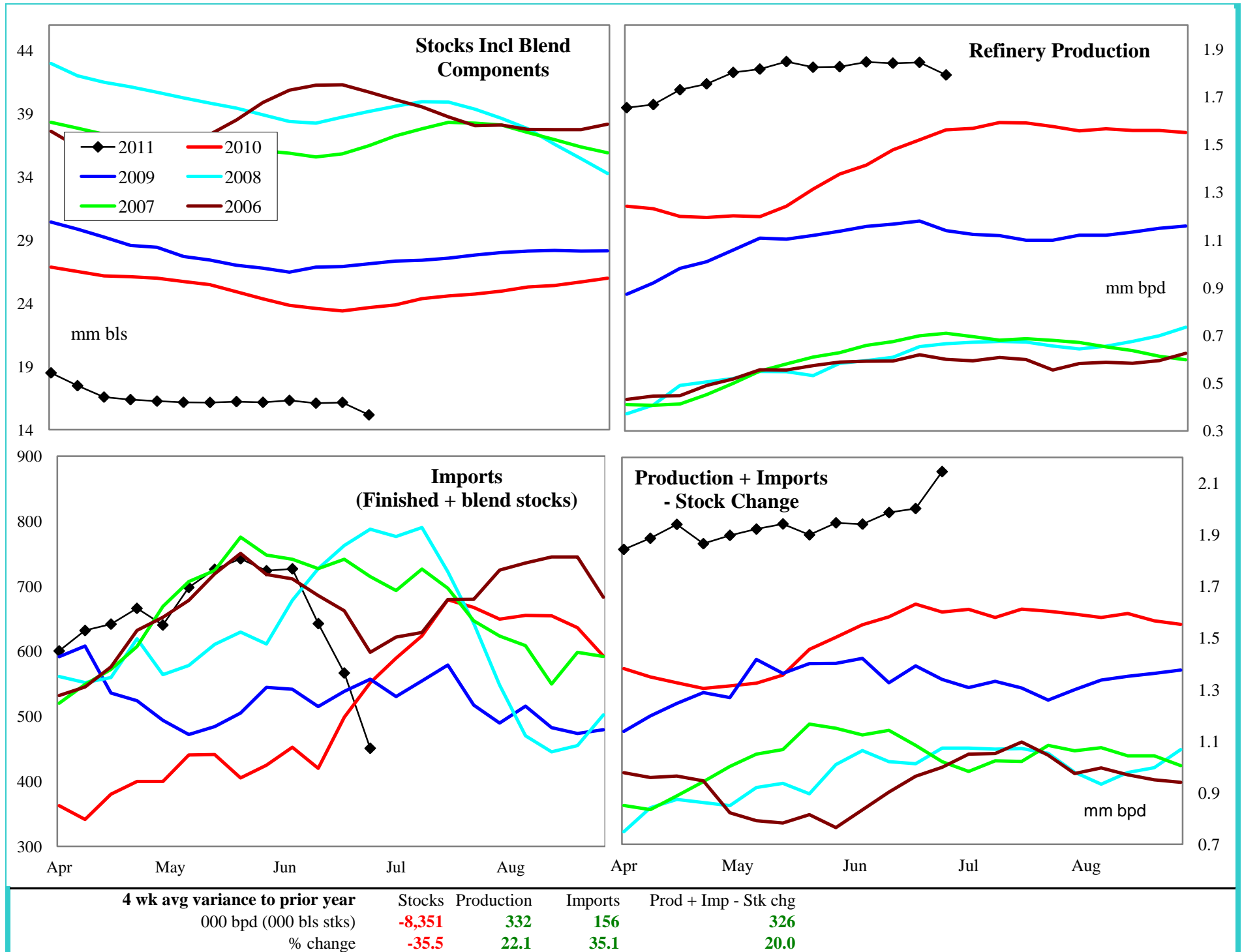
# PADD 1 Gasoline Stocks by Region



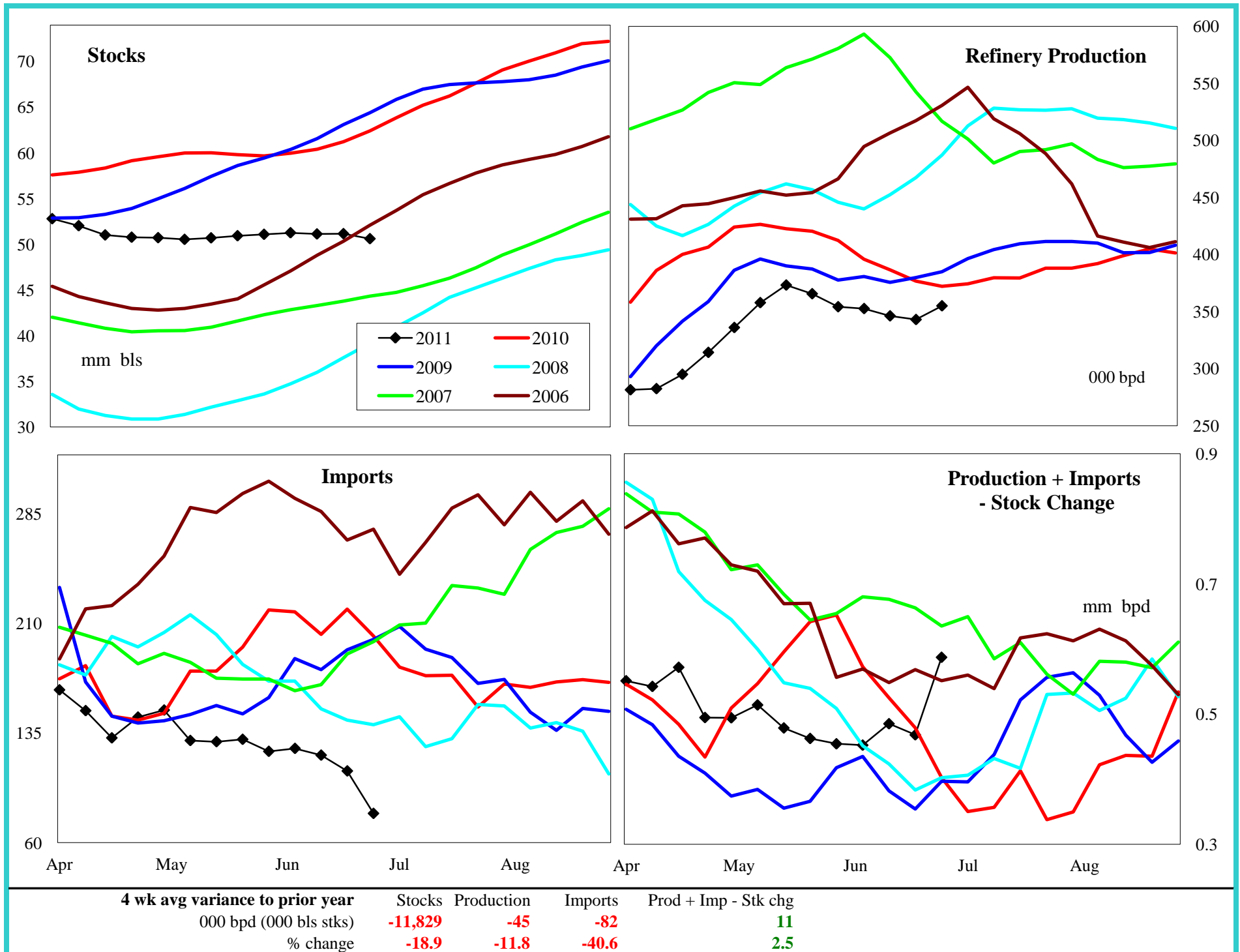
# PADD 1 Reformulated Gasoline Supply



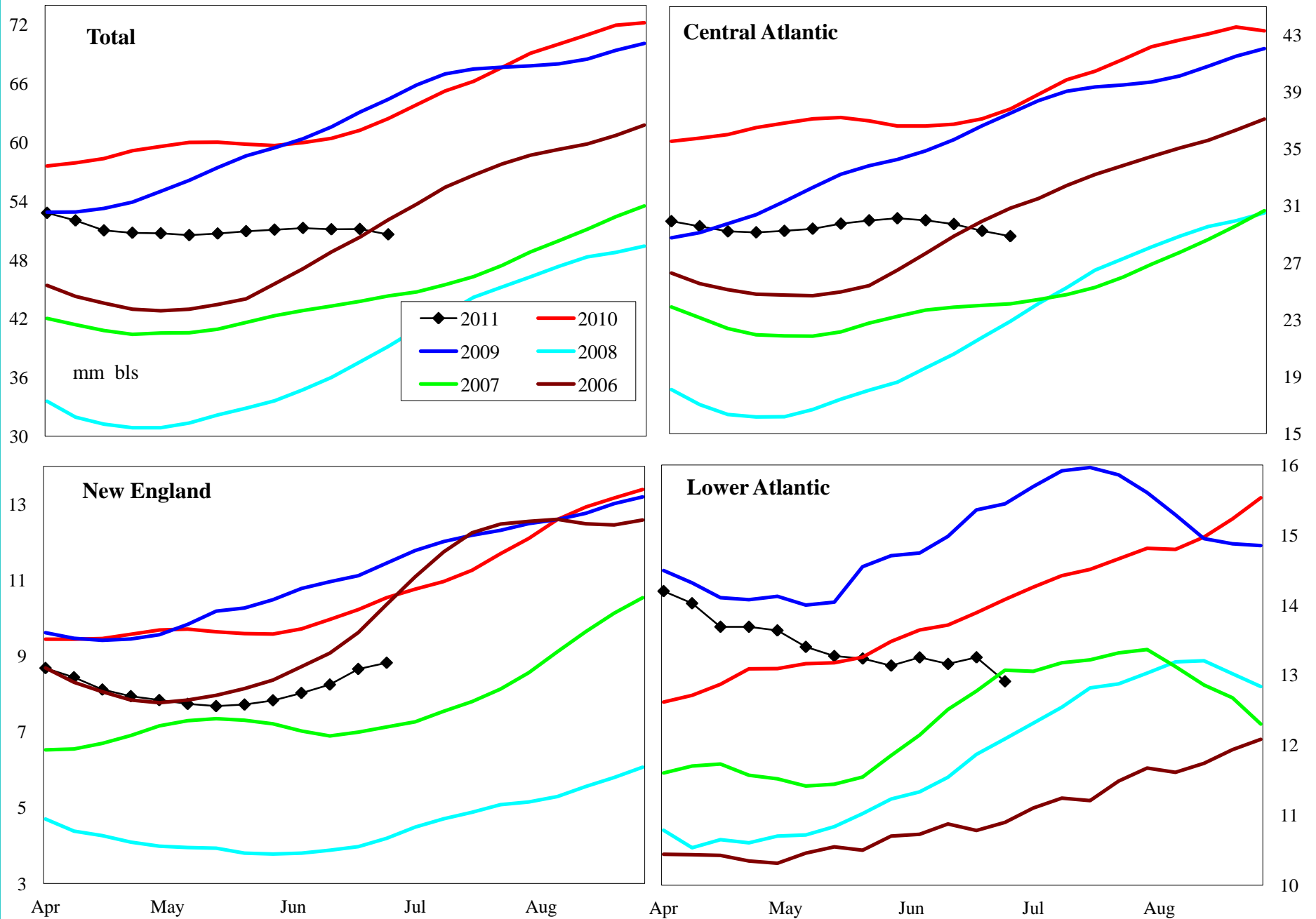
# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply



## PADD 1 Distillate Stocks by Region



**Variance to prior year**

000 bls

% change

**Total**

**-11,829**

**-18.9**

**Central Atlantic**

**-9,131**

**-24.0**

**New England**

**-1,935**

**-18.0**

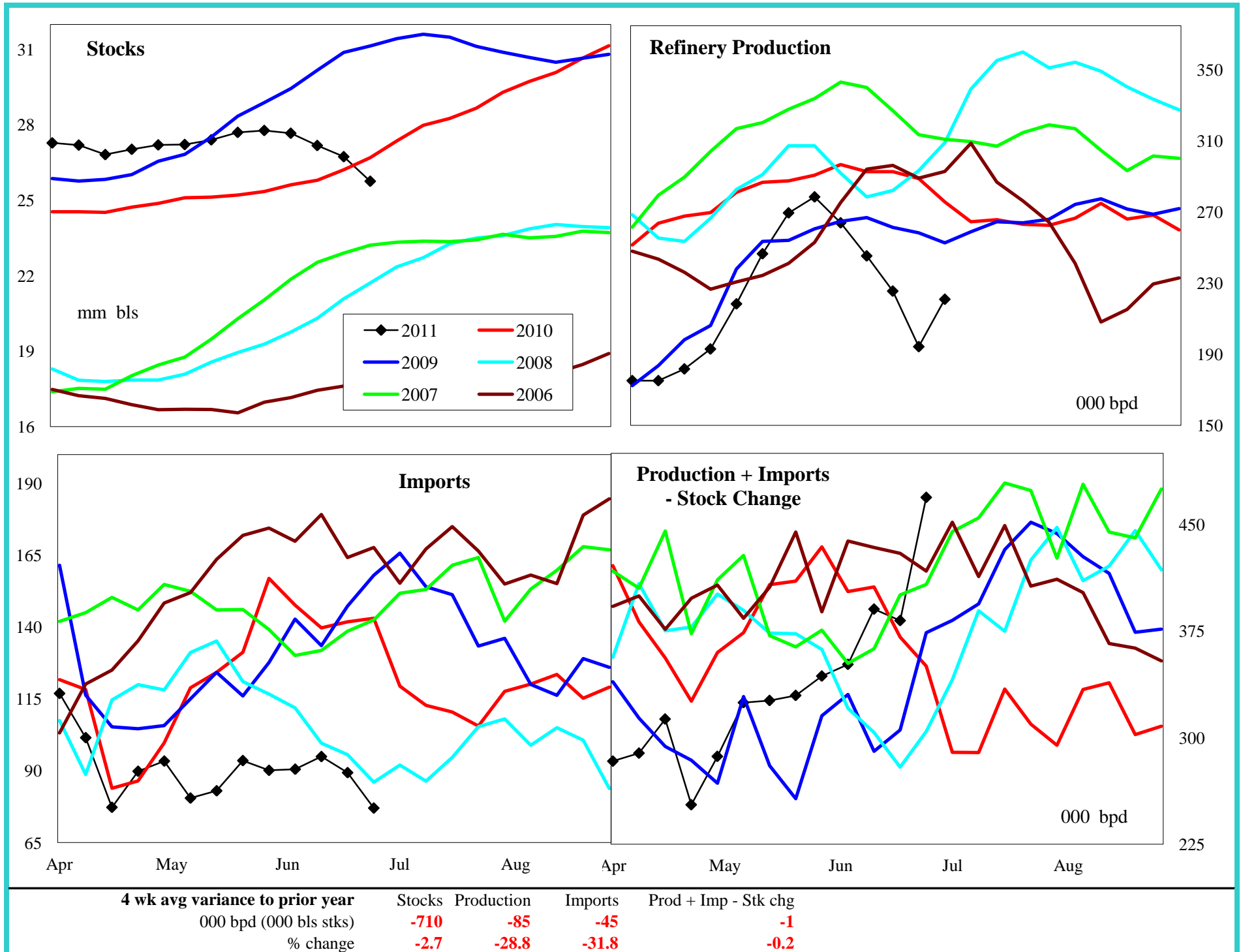
**Lower Atlantic**

**-763**

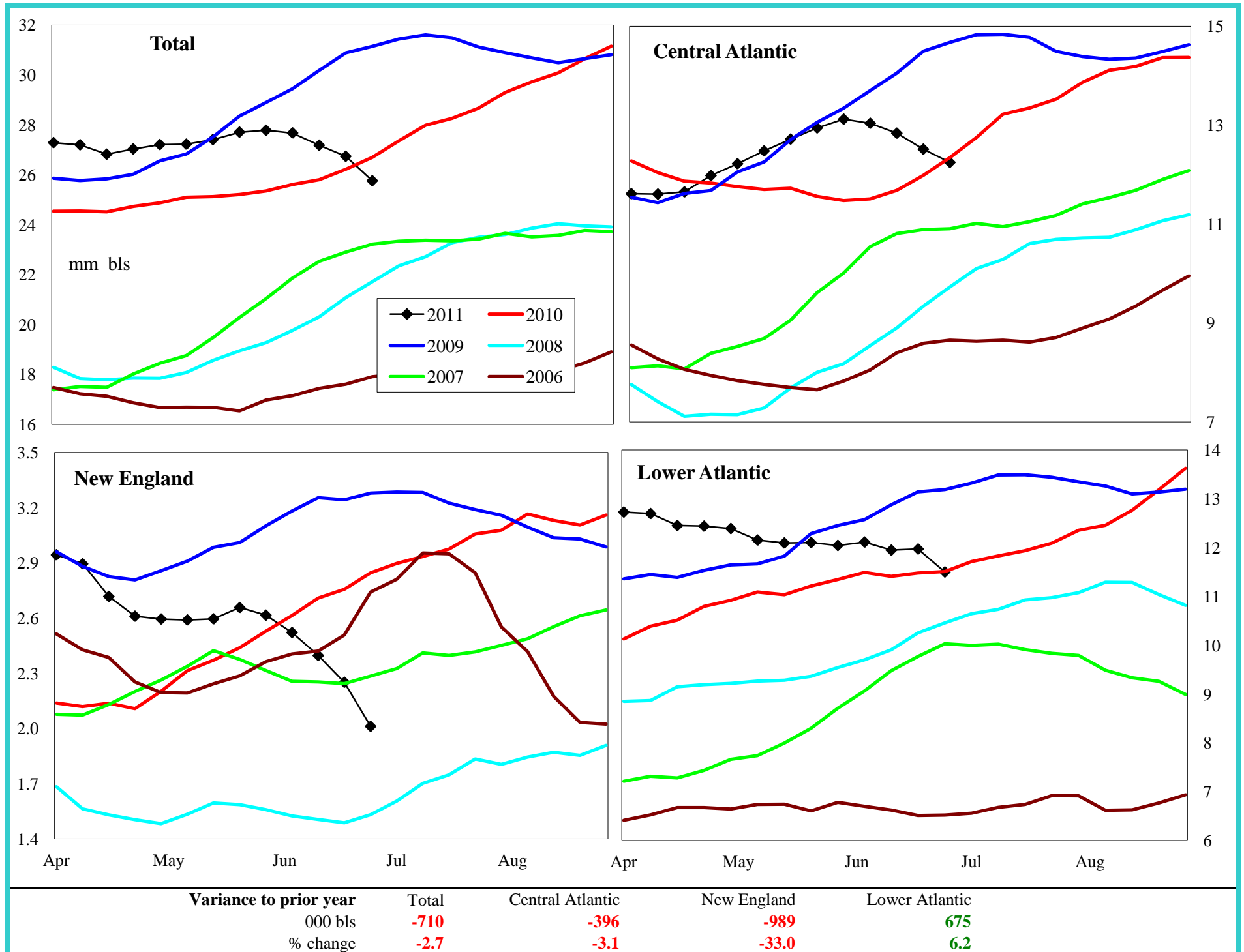
**-5.6**



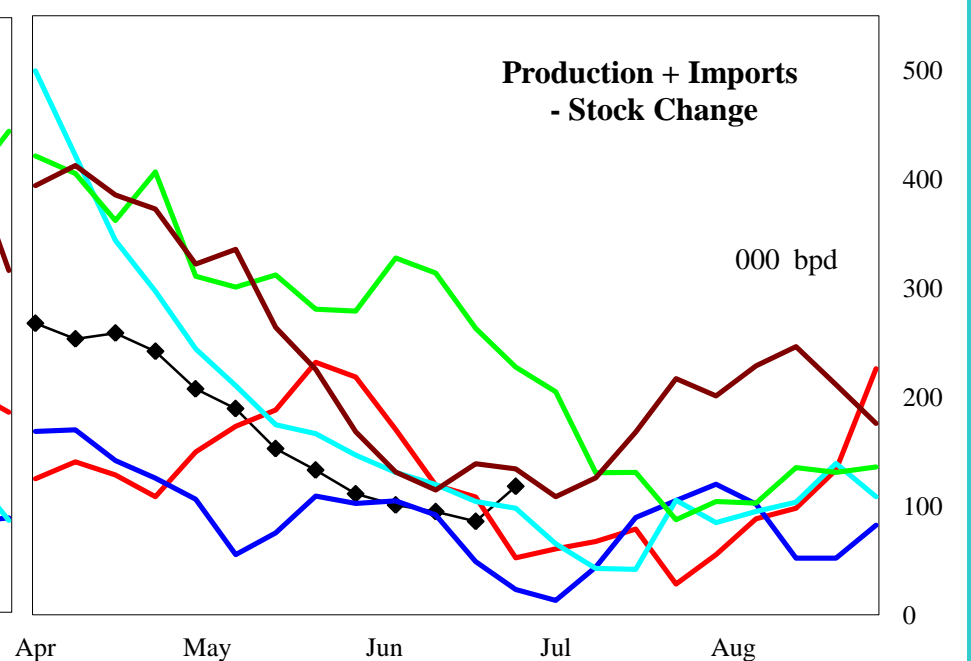
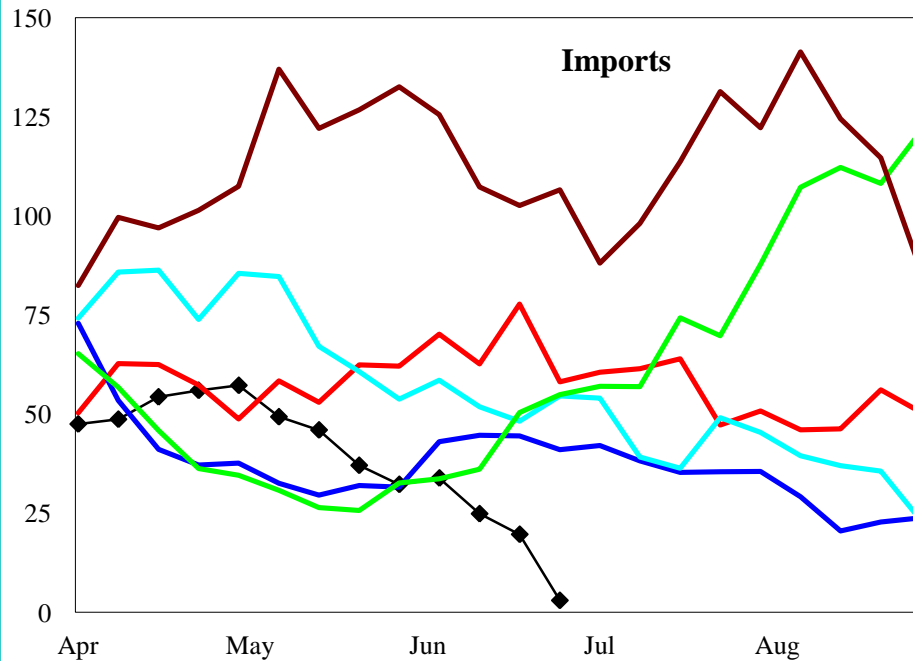
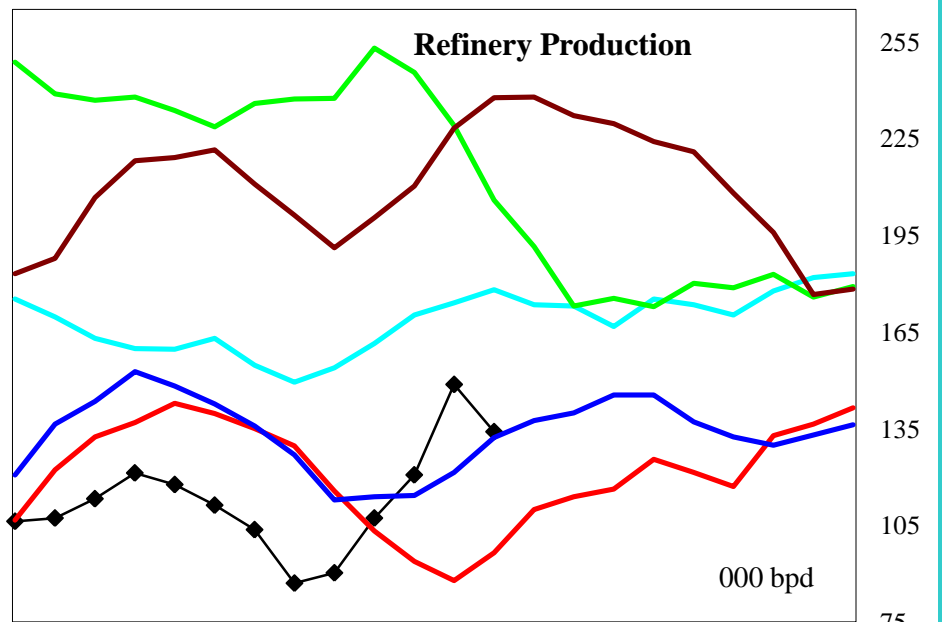
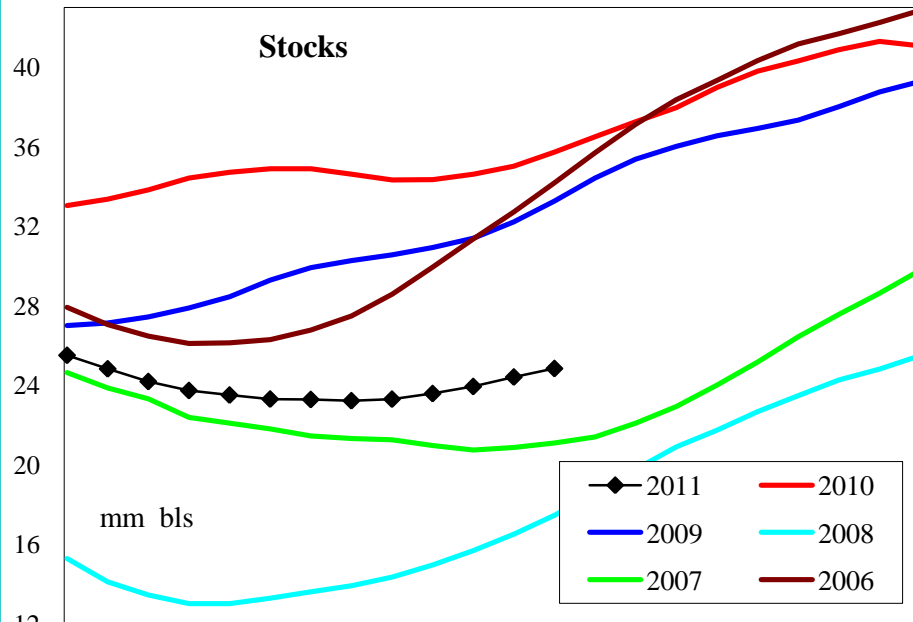
# PADD 1 Low Sulfur Distillate Supply



# PADD 1 Low Sulfur Distillate Stocks by Region



# PADD 1 High Sulfur Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-11,119

-30.9

Production

40

46.0

Imports

-37

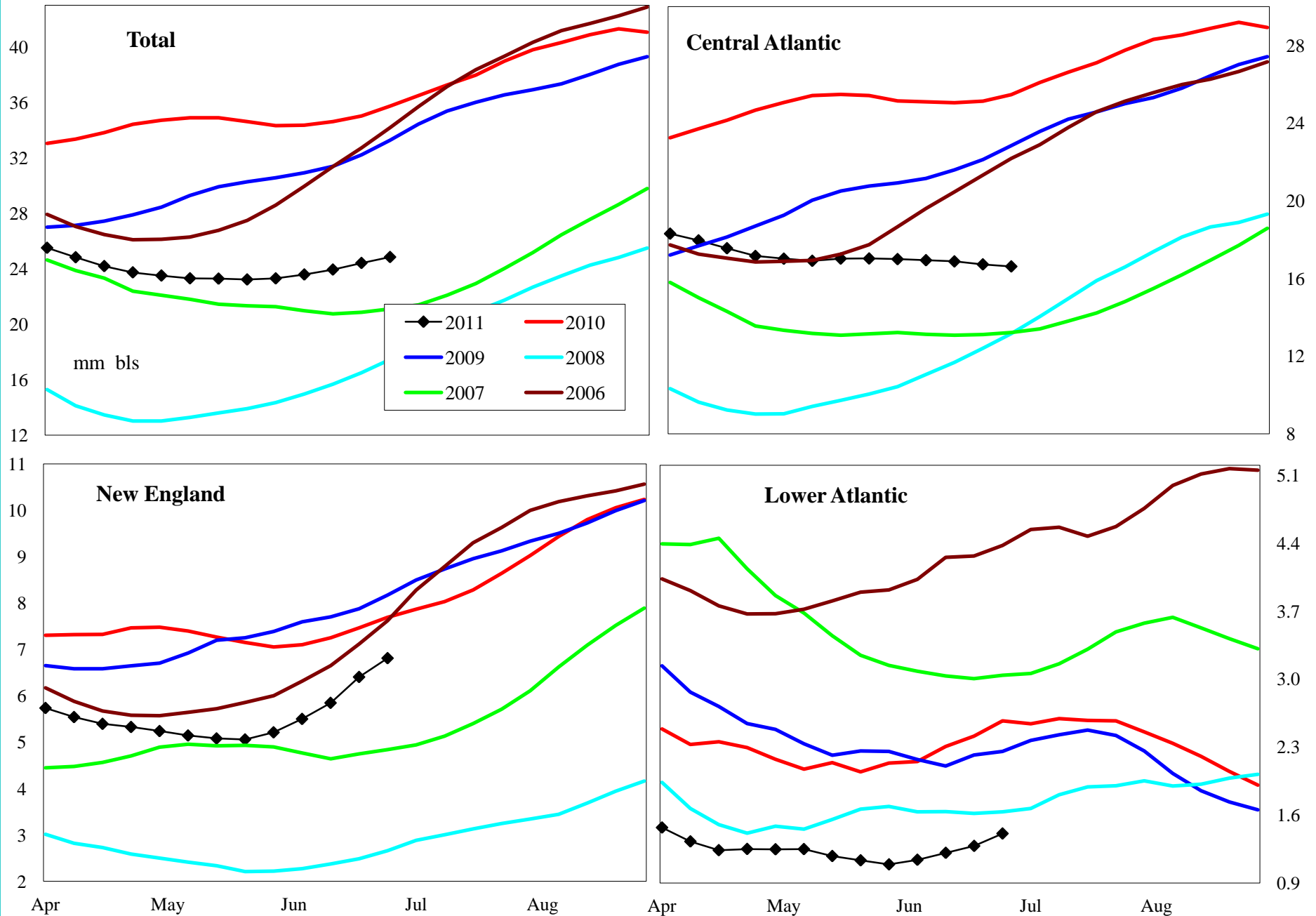
-61.5

Prod + Imp - Stk chg

12

14.5

## PADD 1 High Sulfur Distillate Stocks by Region



**Variance to prior year**

000 bls

% change

**Total**

**-11,119**

**-30.9**

**Central Atlantic**

**-8,735**

**-34.4**

**New England**

**-946**

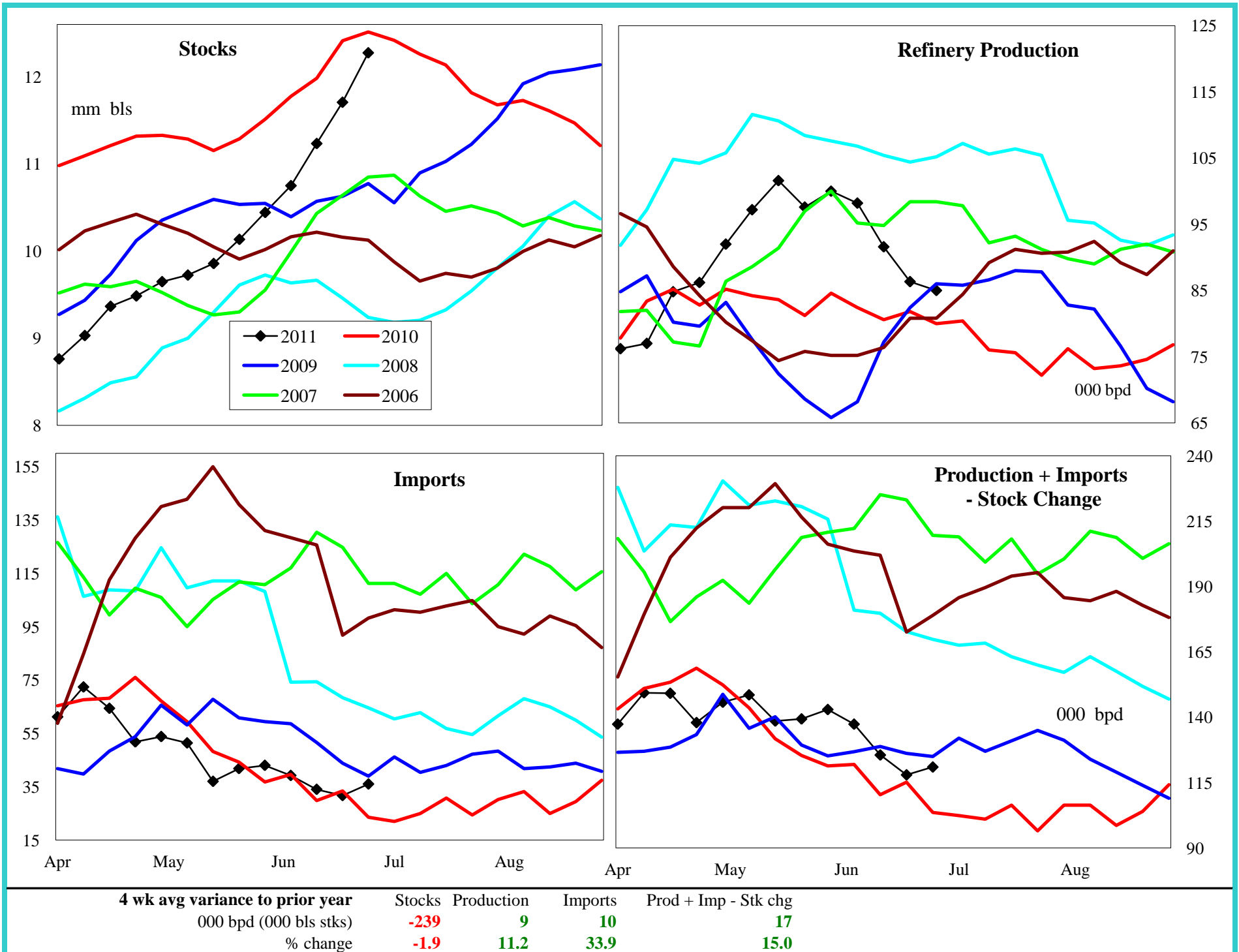
**-12.2**

**Lower Atlantic**

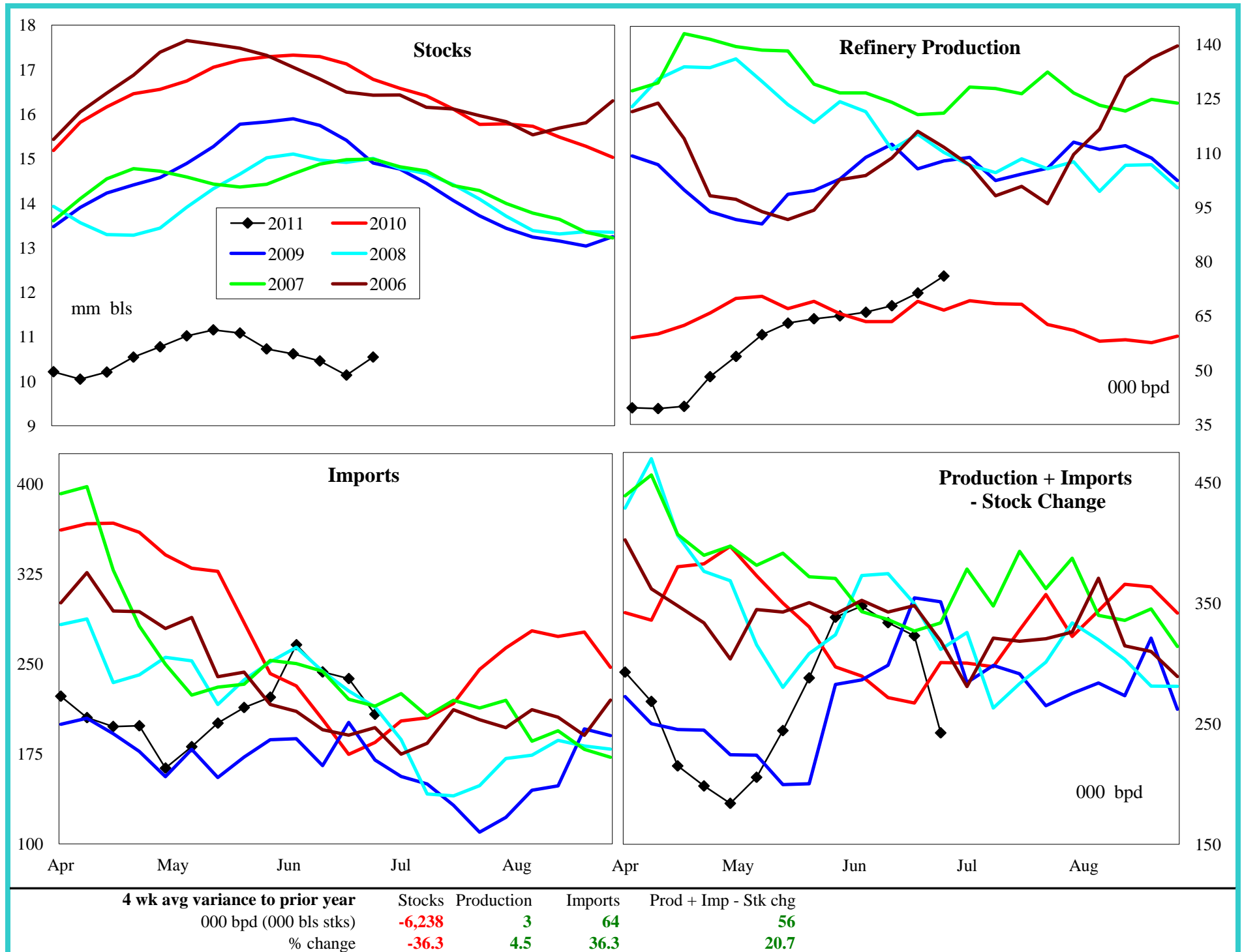
**-1,438**

**-50.5**

# PADD 1 Jet Fuel Supply

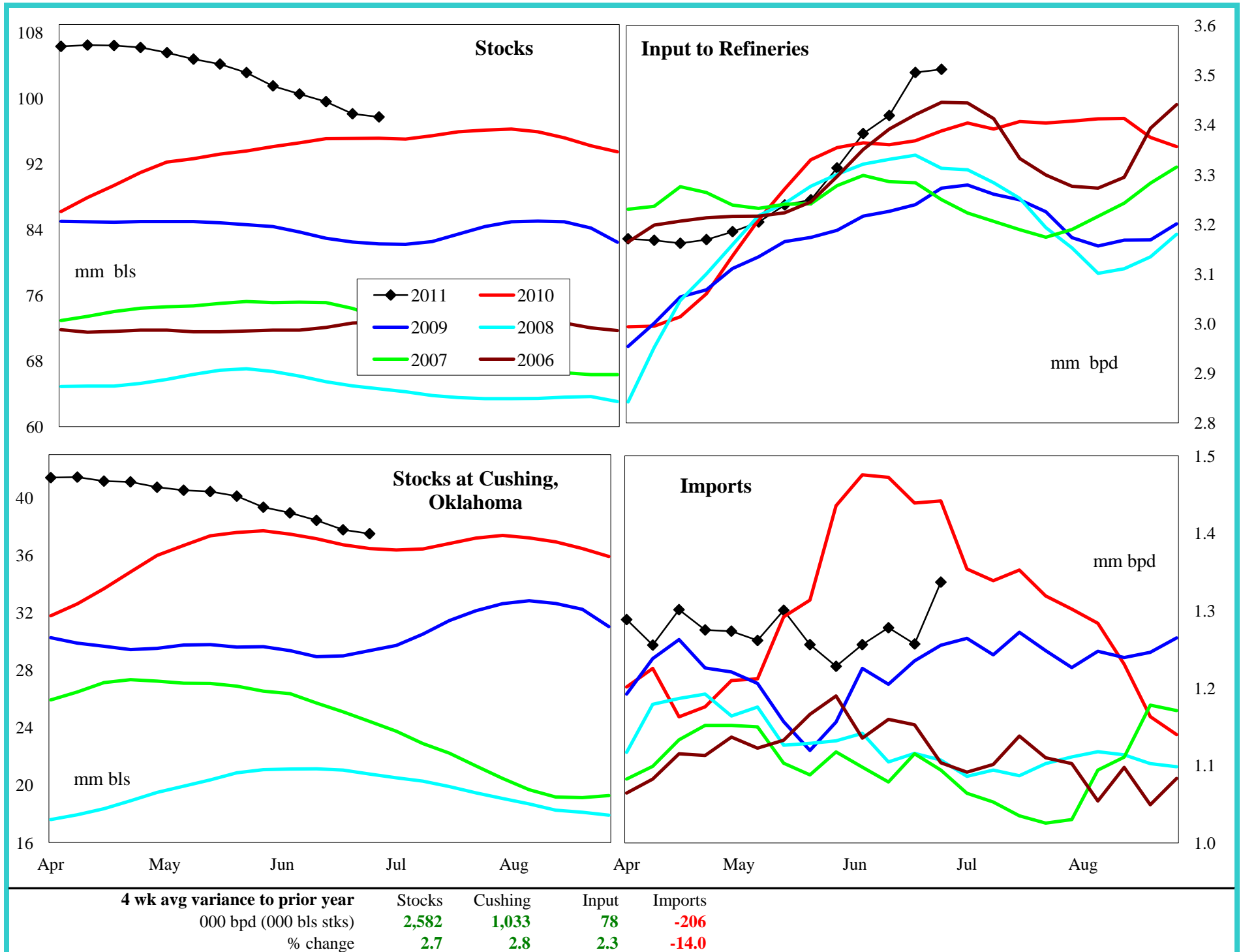


# PADD 1 Residual Fuel Oil Supply

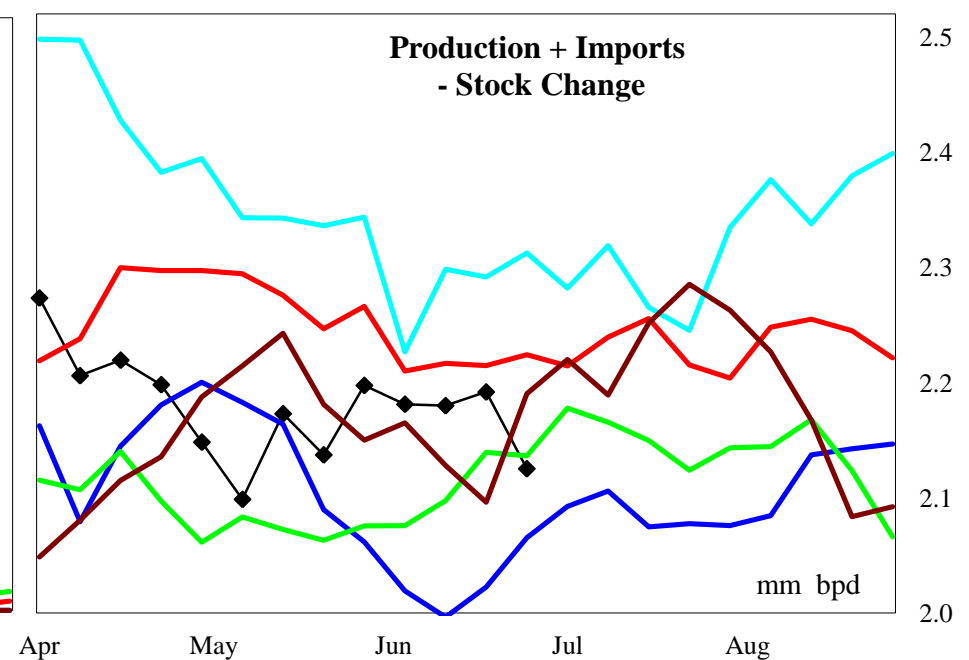
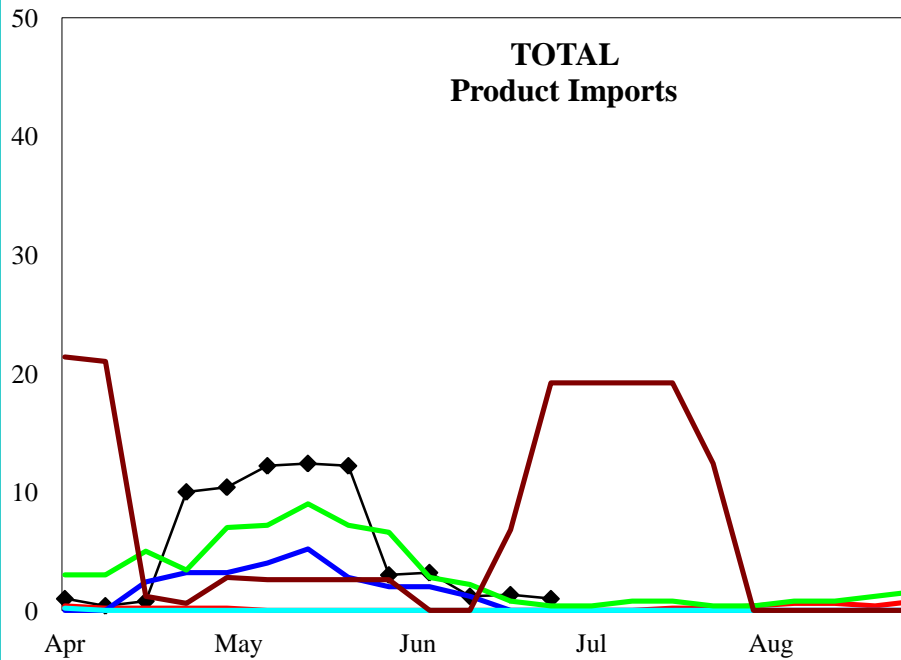
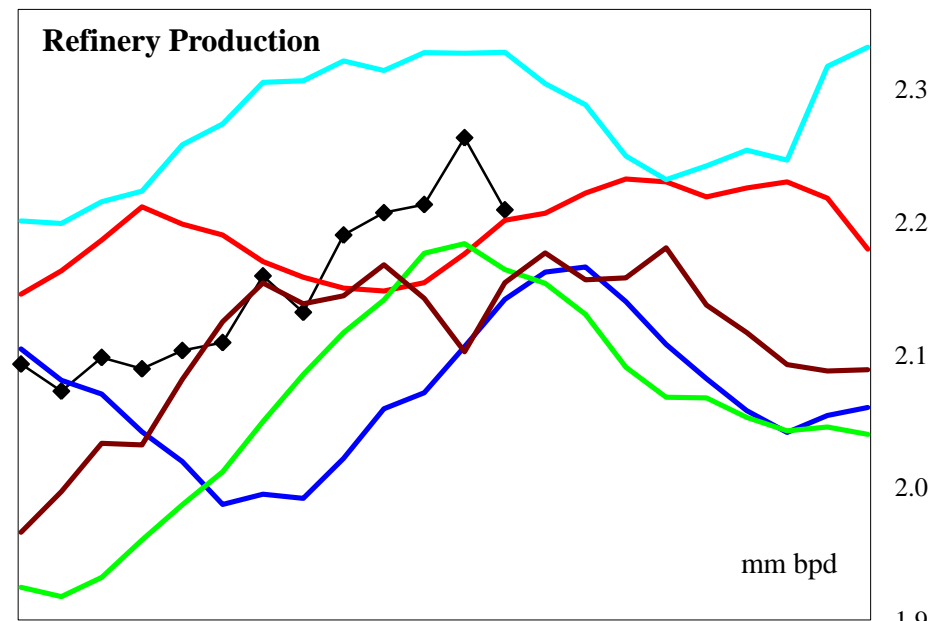
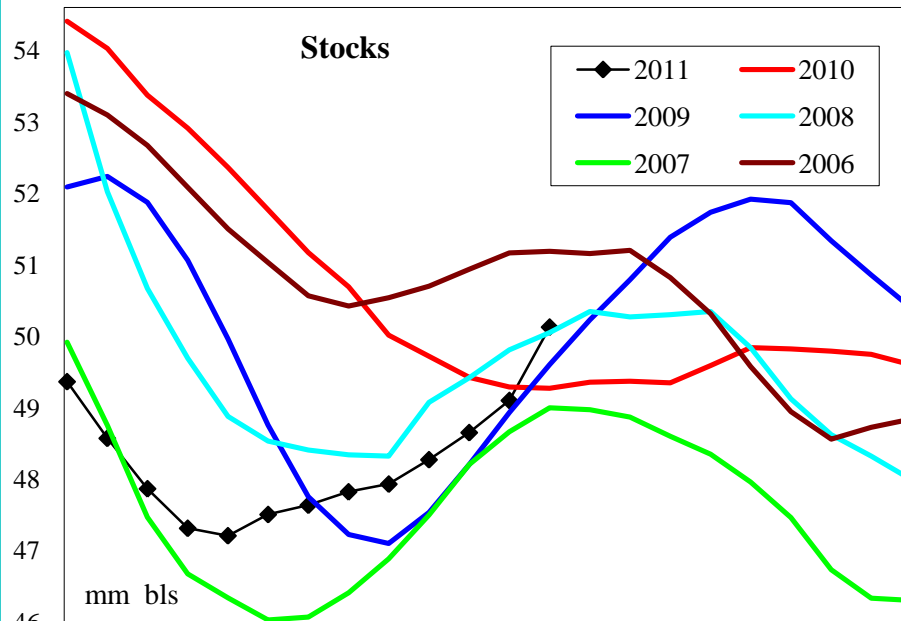




# PADD 2 Crude Oil Supply and Refining



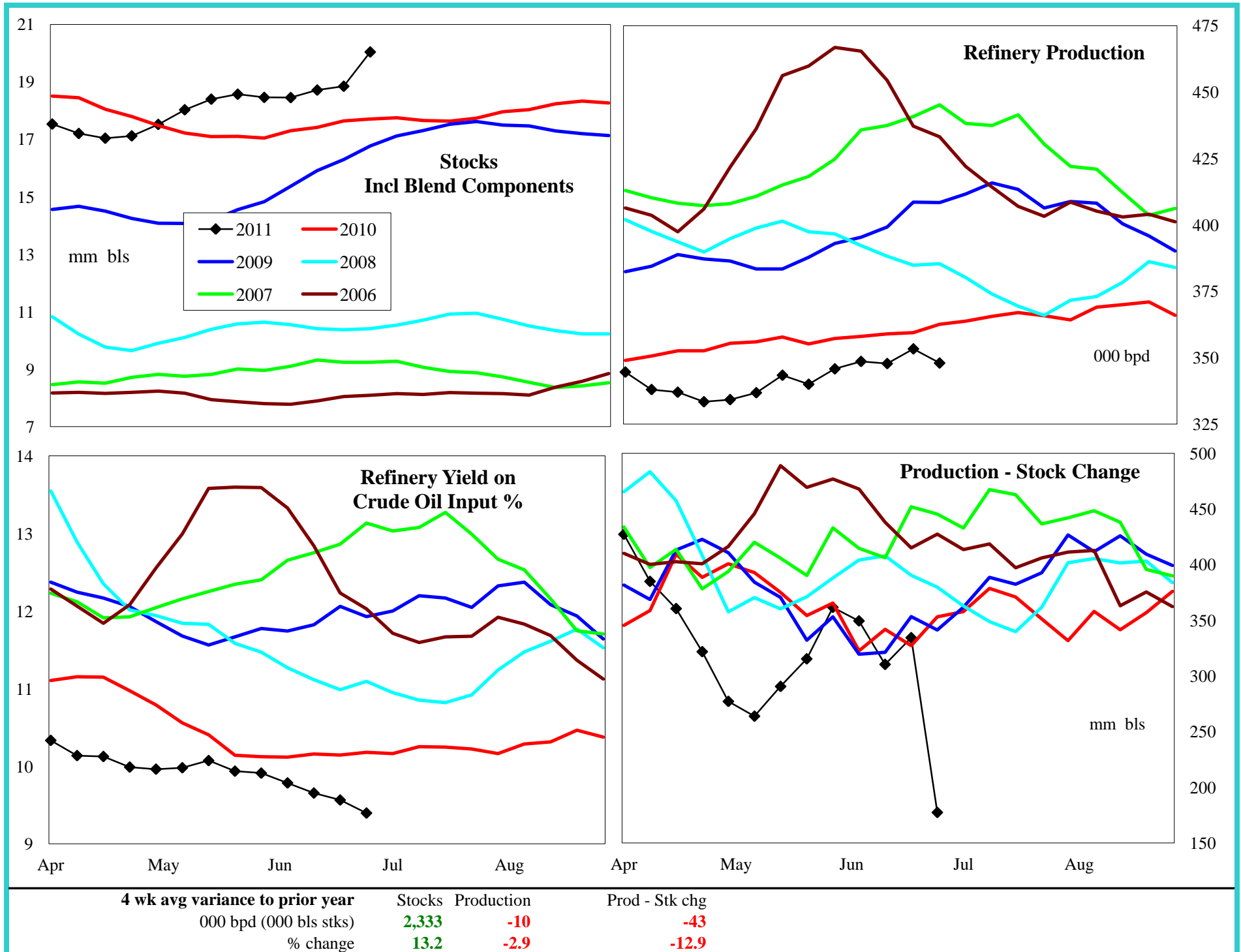
# PADD 2 Gasoline Supply



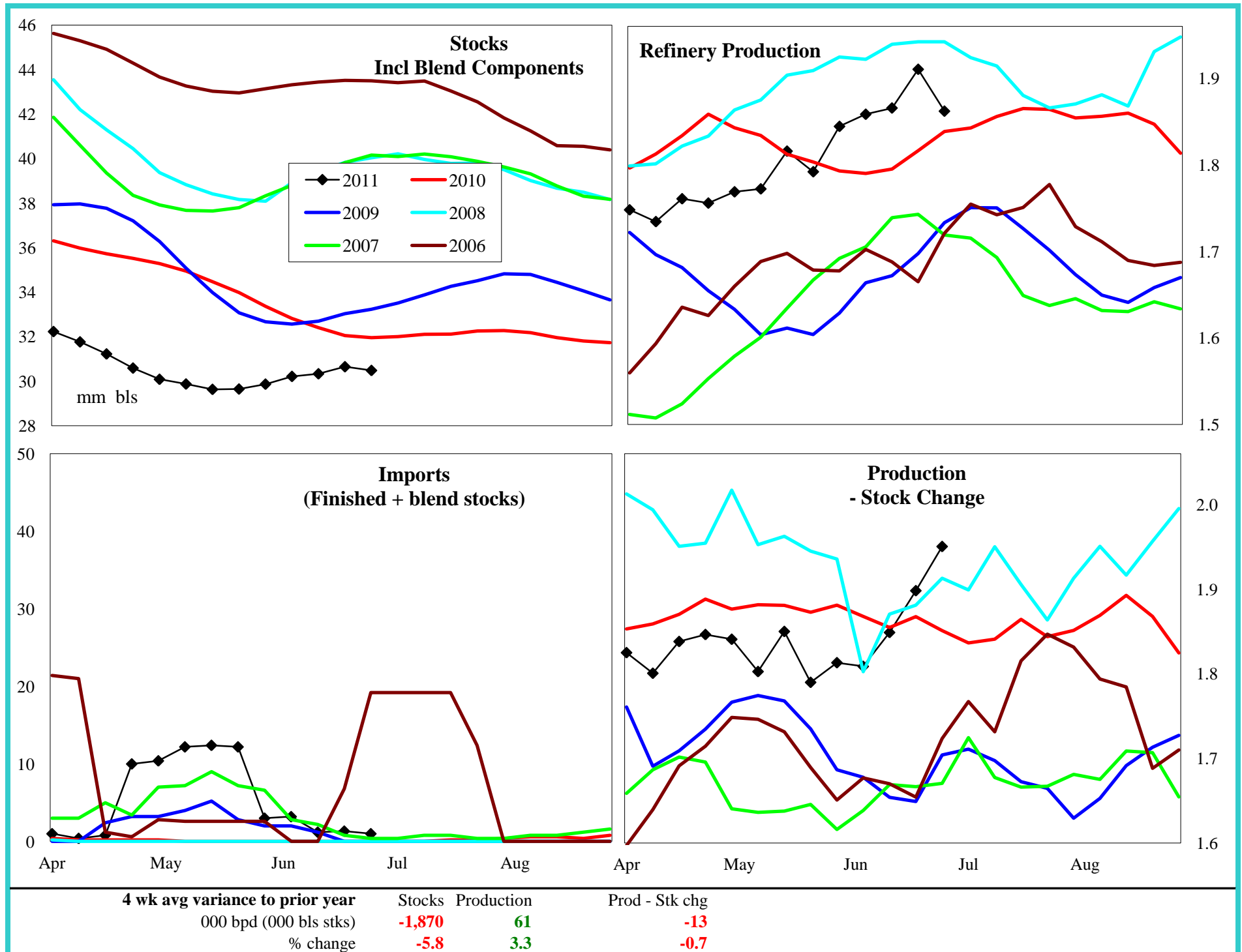
**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
858	49	1	-46
1.7	2.2	#DIV/0!	-2.1

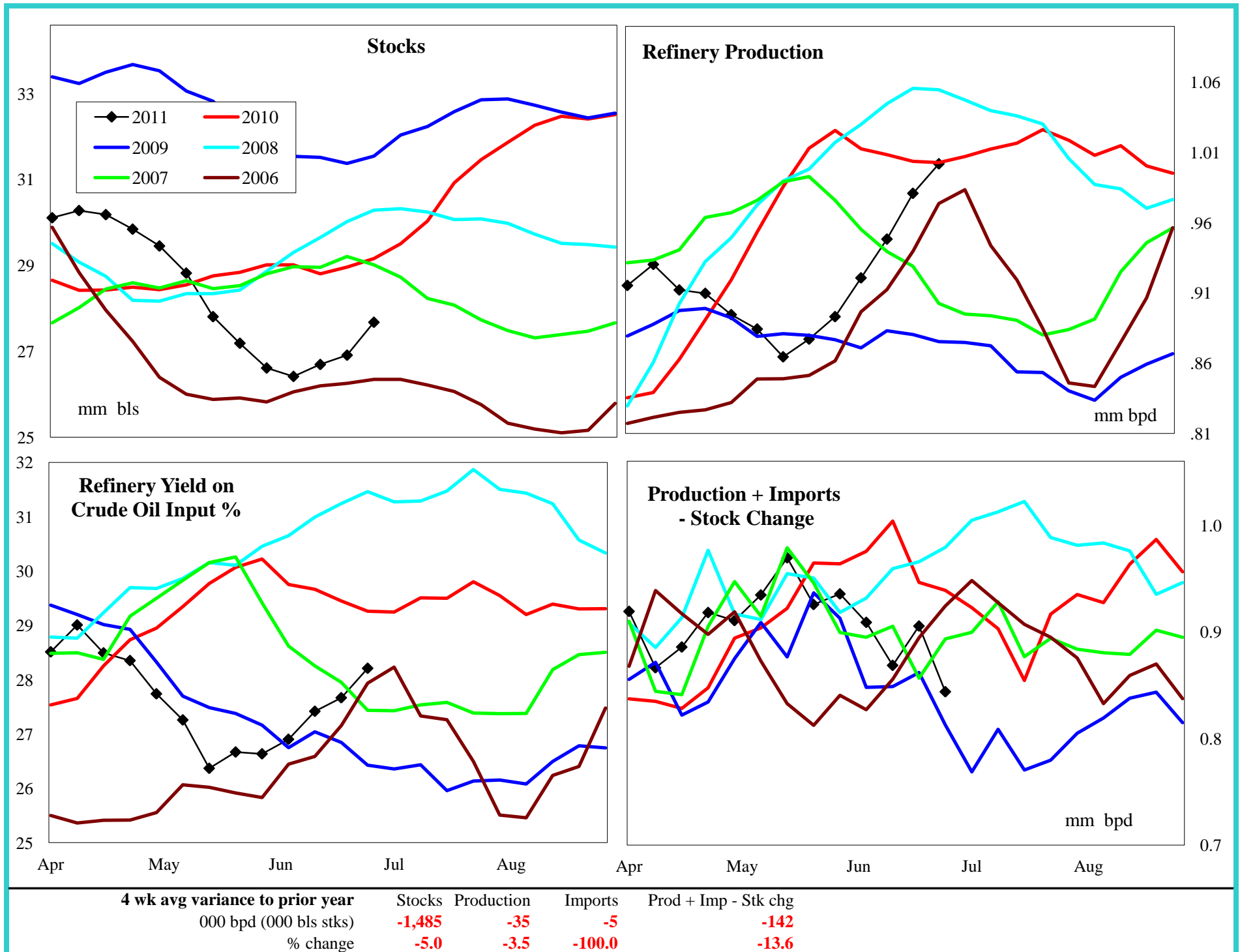
# PADD 2 Reformulated Gasoline Supply



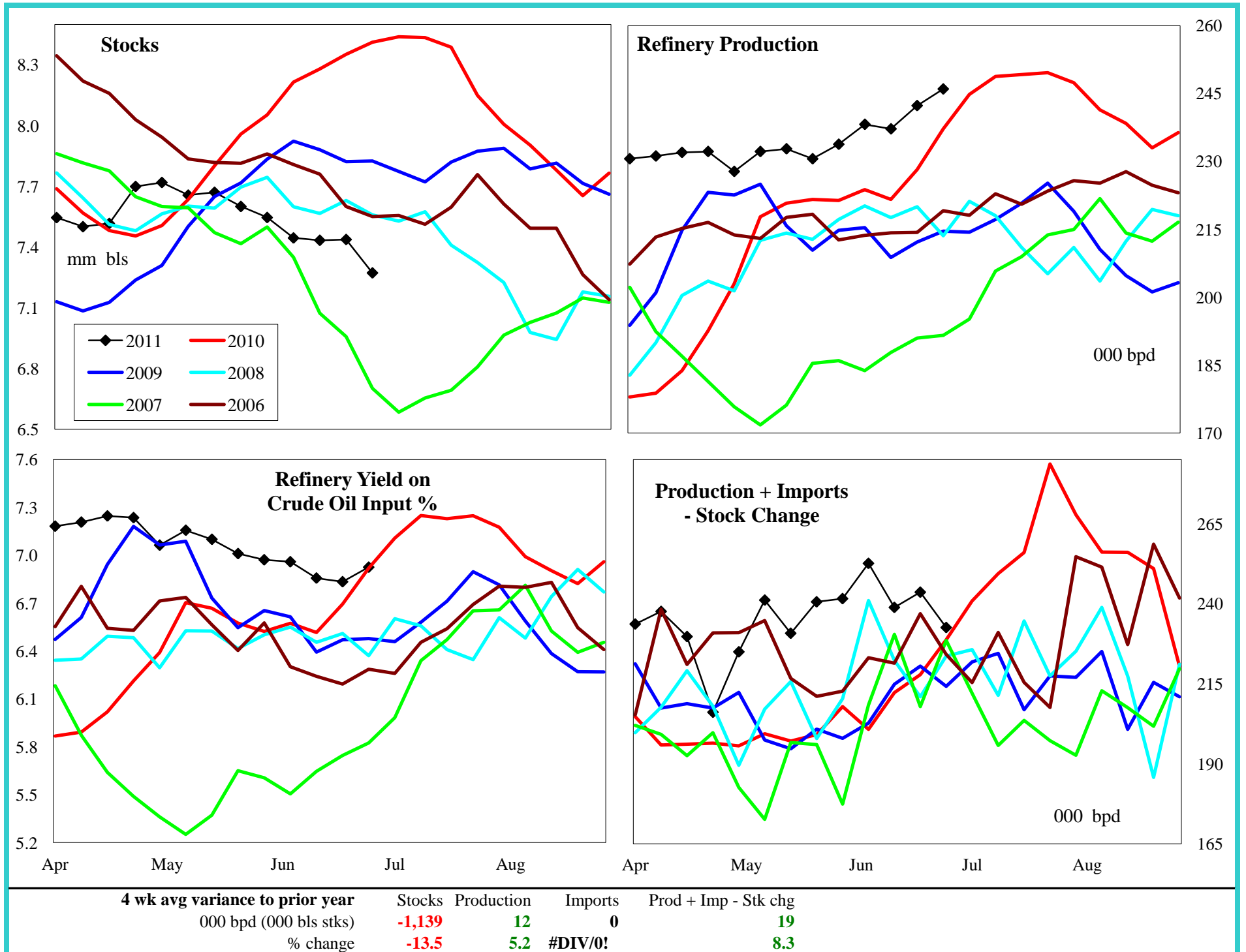
# PADD 2 Conventional Gasoline Supply



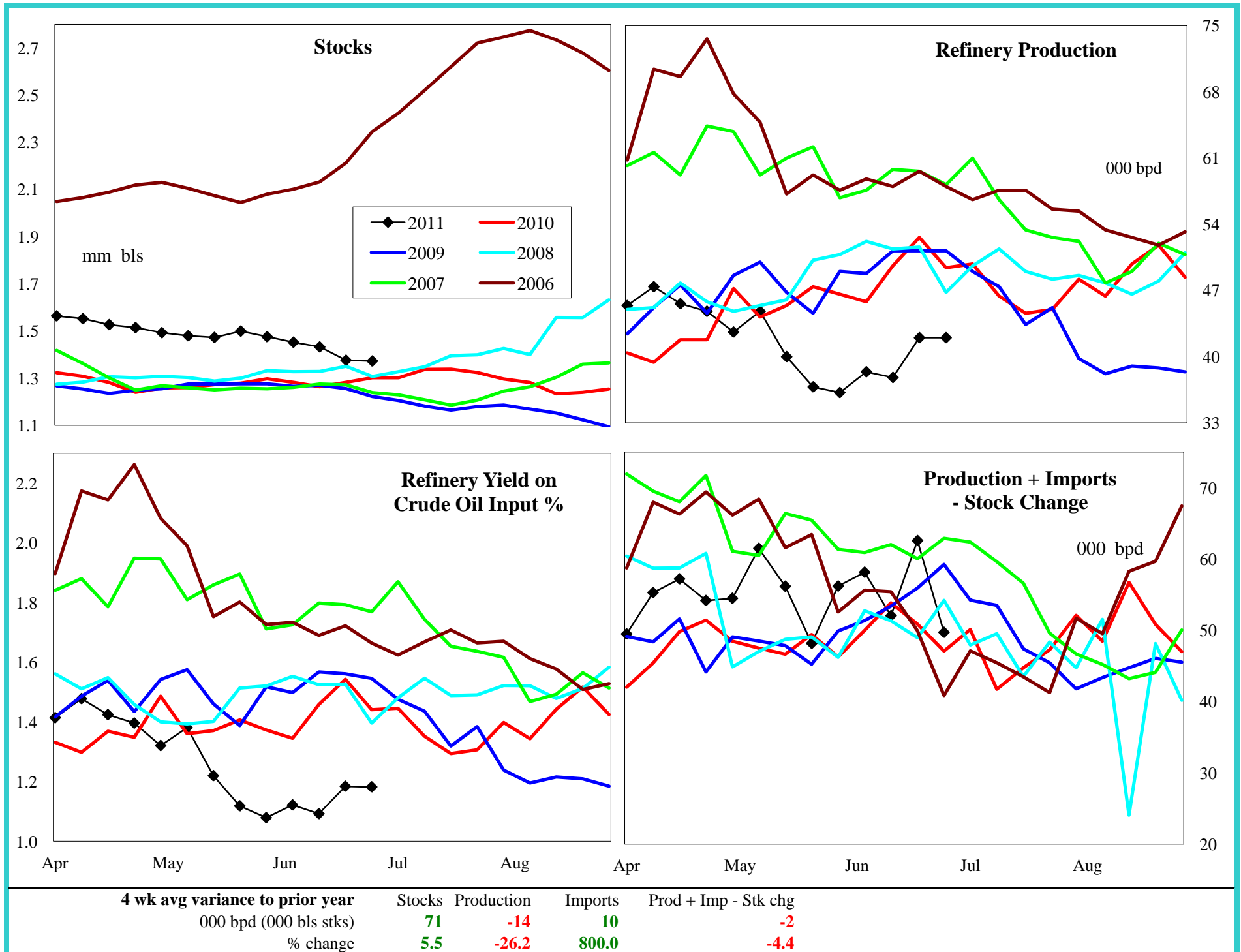
# PADD 2 Distillate Supply



# PADD 2 Jet Fuel Supply

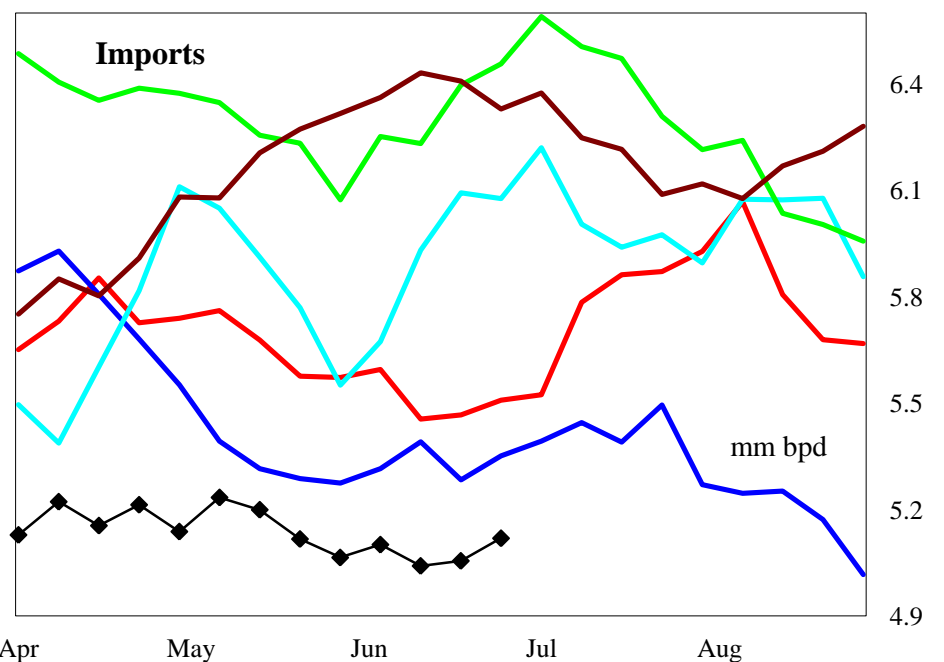
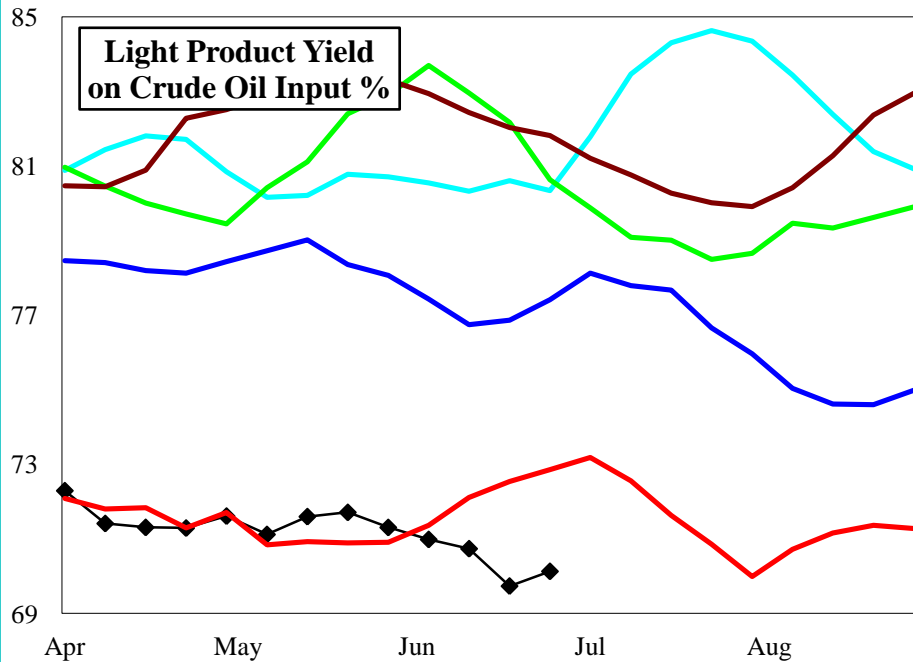
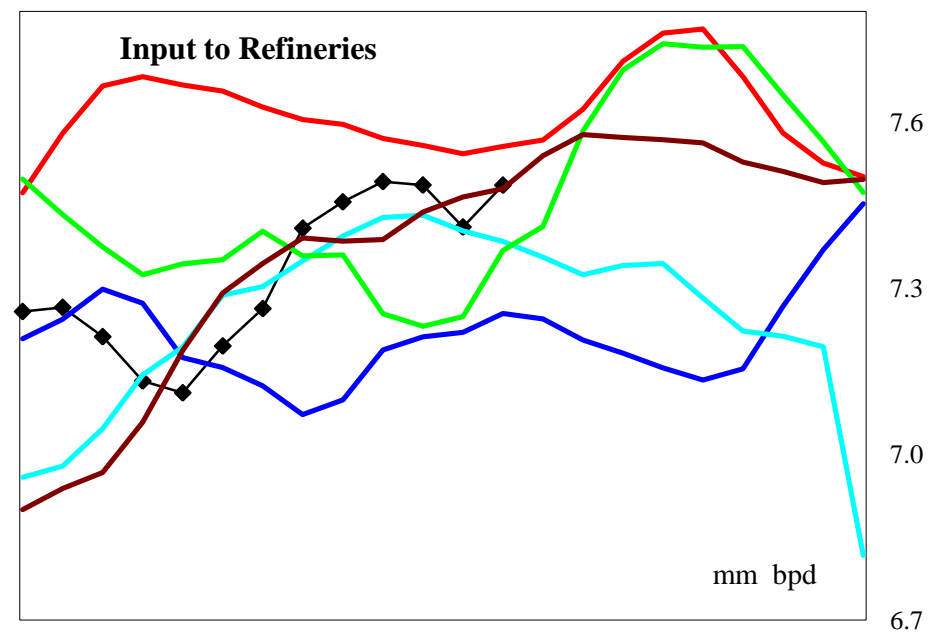
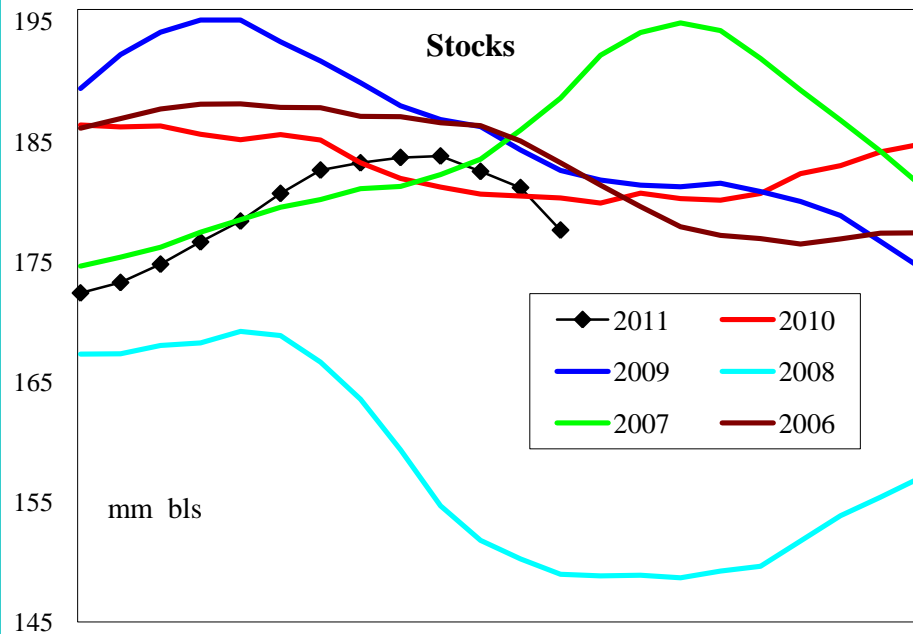


# PADD 2 Residual Fuel Oil Supply





# PADD 3 Crude Oil Supply and Refining



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**-2,681**

**-1.5**

Input

**-94**

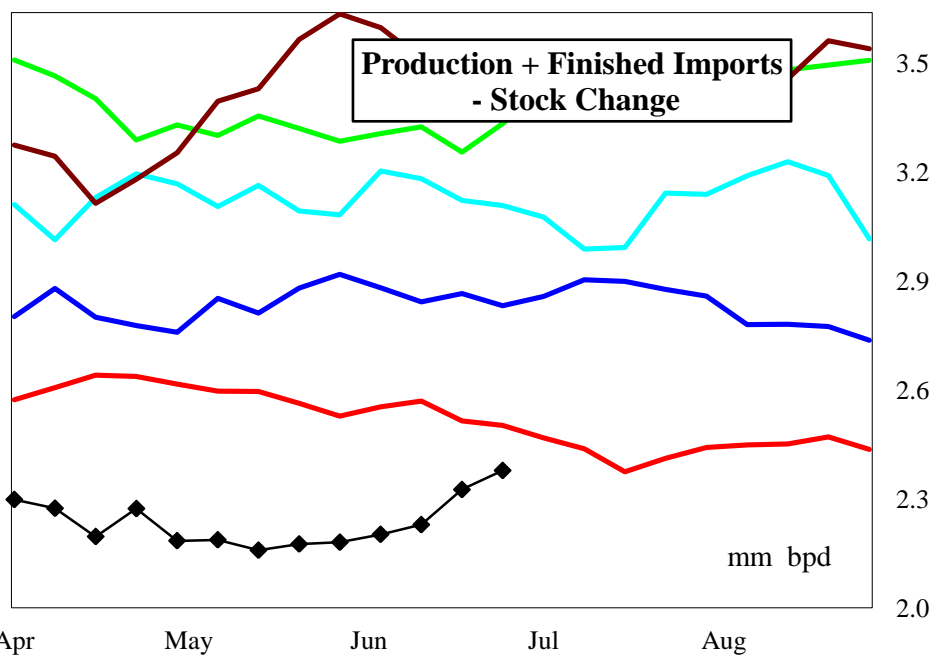
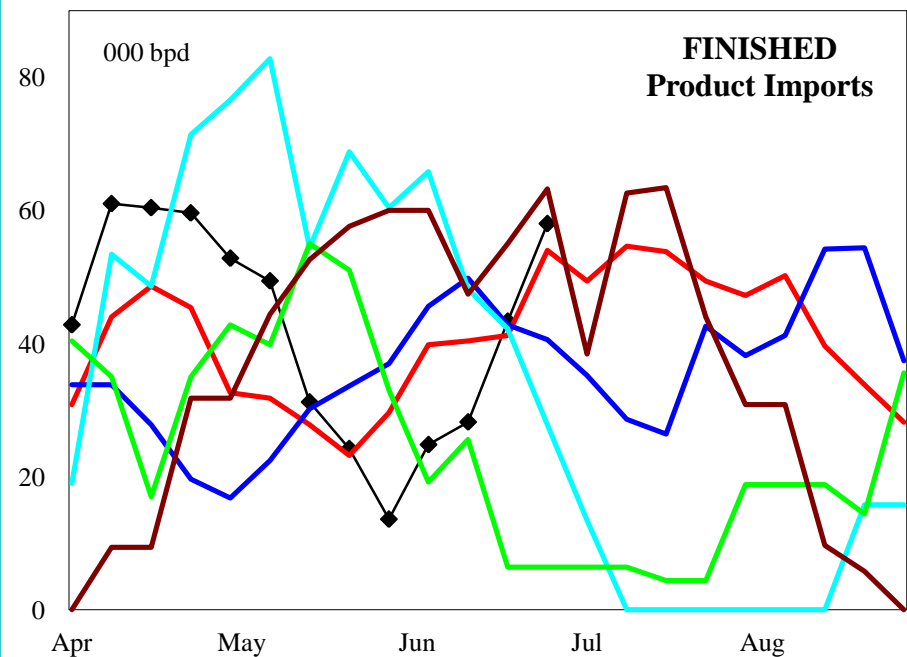
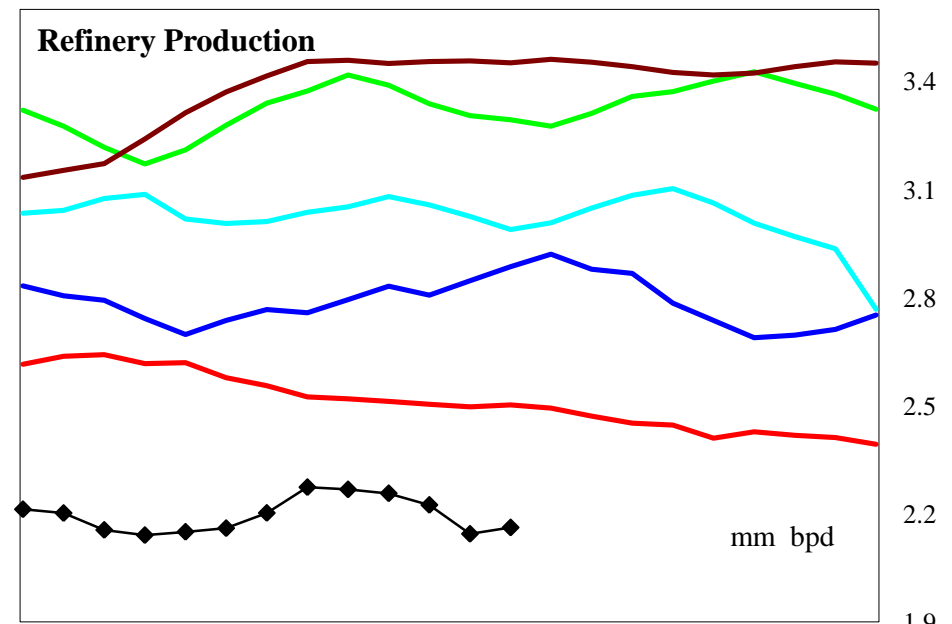
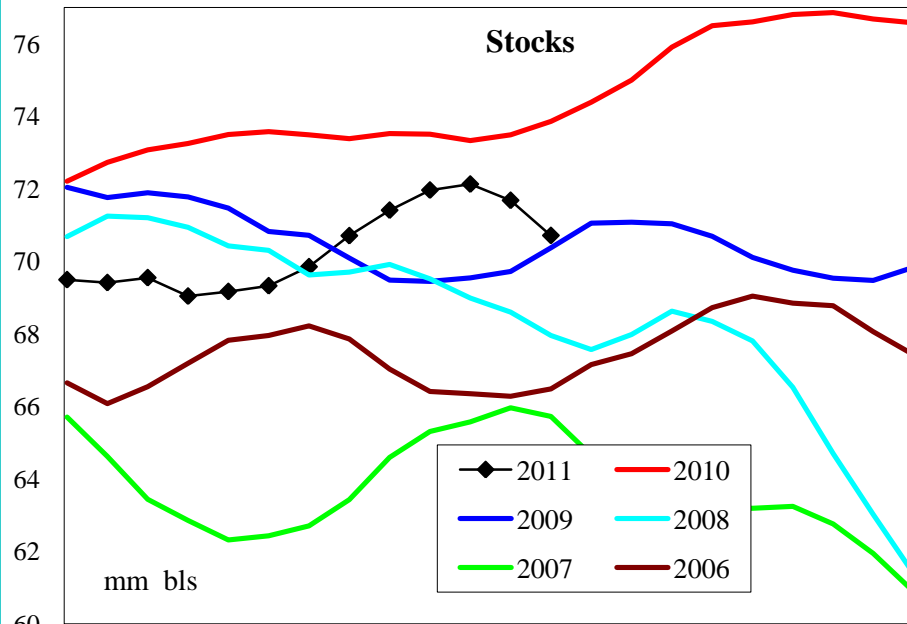
**-1.2**

Imports

**-484**

**-8.9**

# 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

-2,160

-312

-4

-4

-270

-3.0

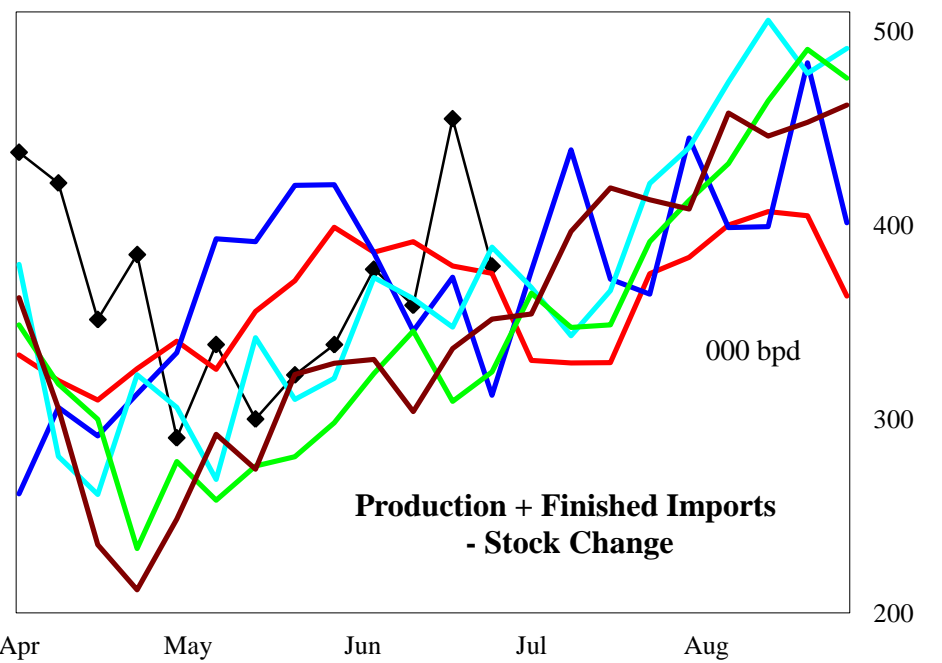
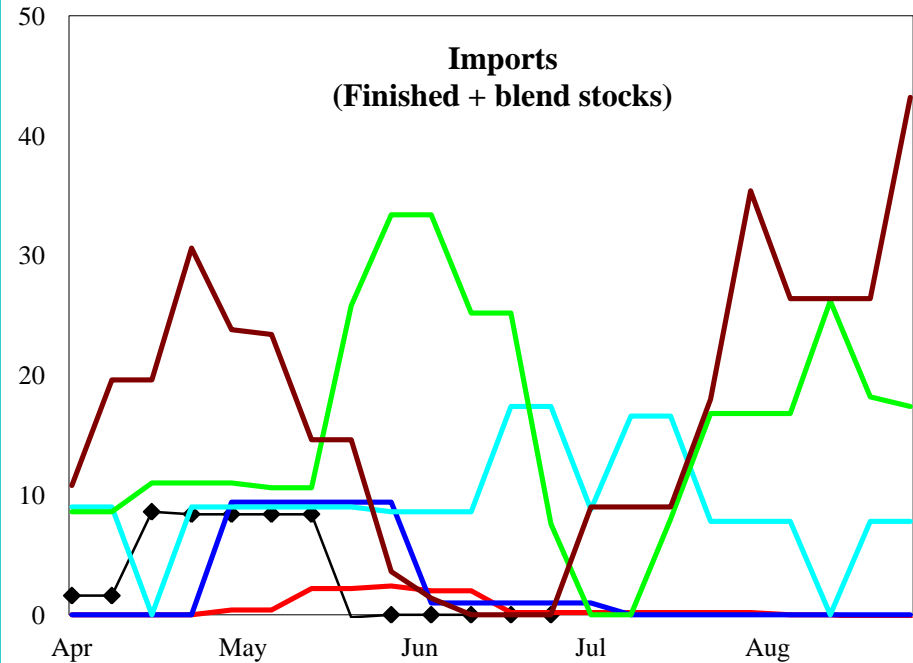
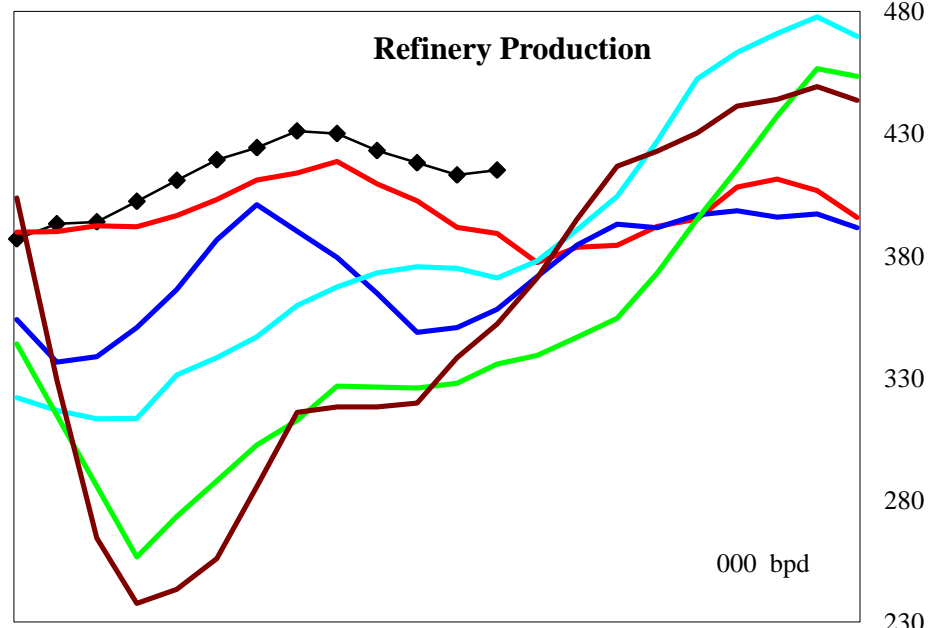
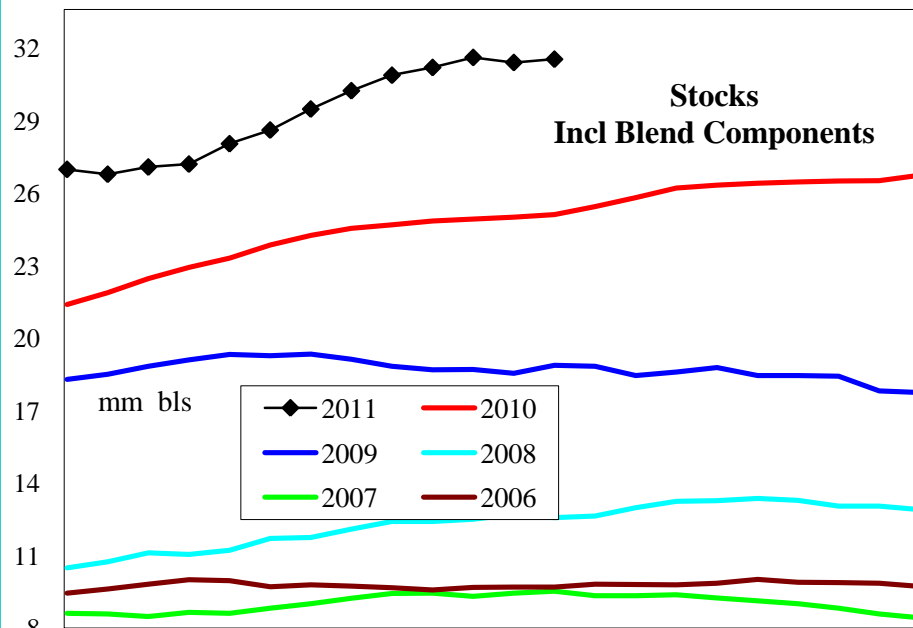
-12.5

-9.6

-14.3

-10.6

# PADD 3 Reformulated Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

6,389

25.0

Production

18

4.5

Imports

0

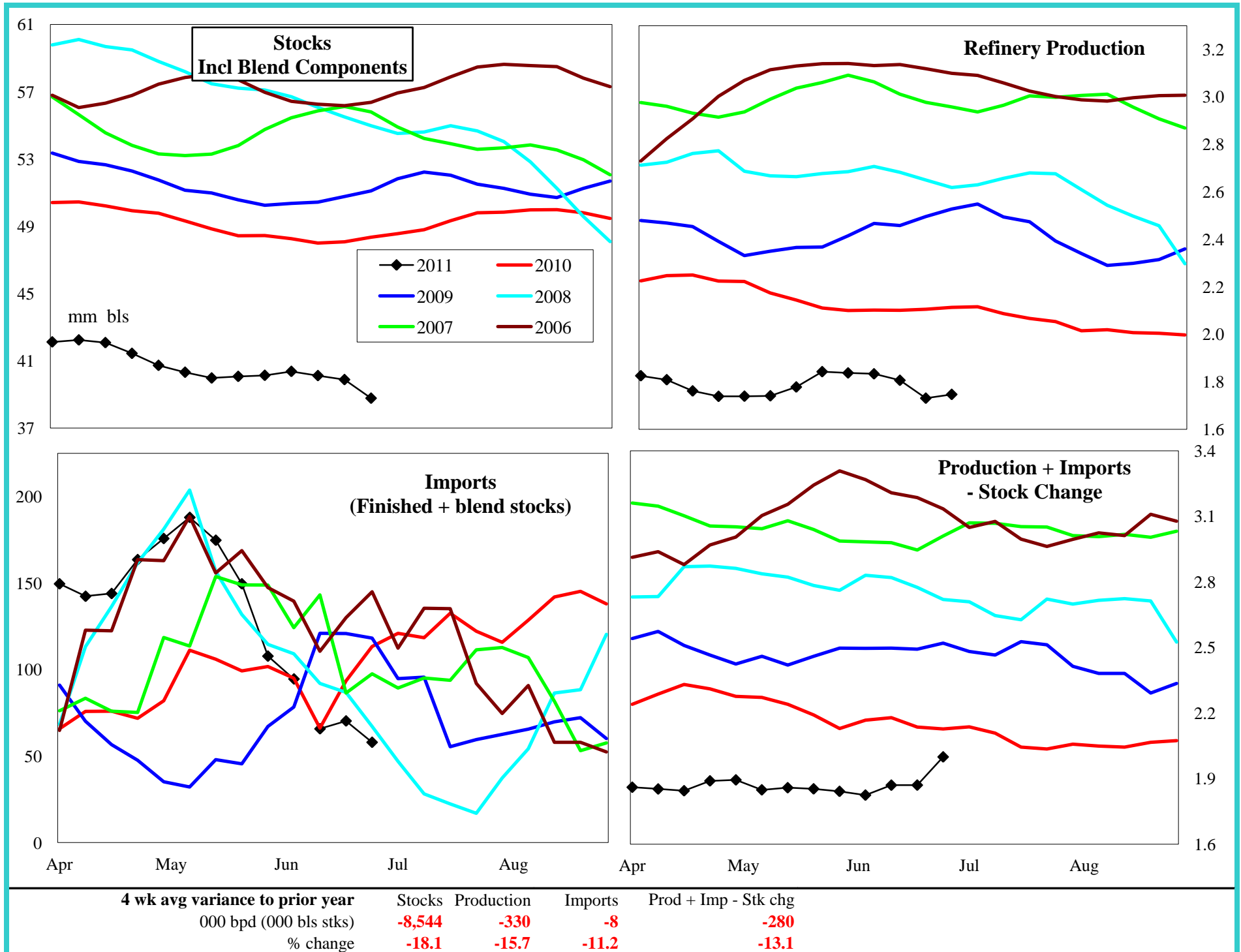
-100.0

Prod + Imp - Stk chg

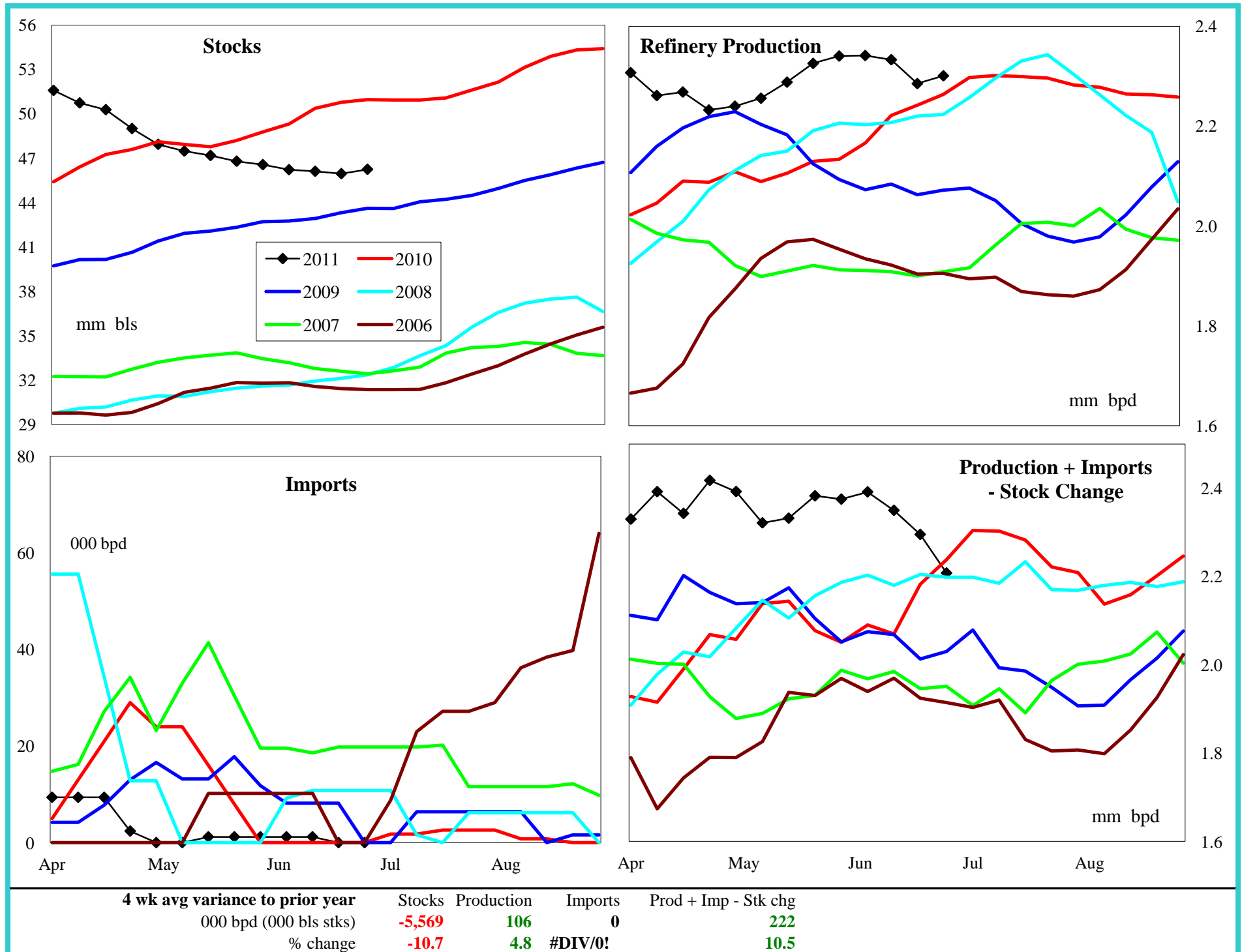
10

2.5

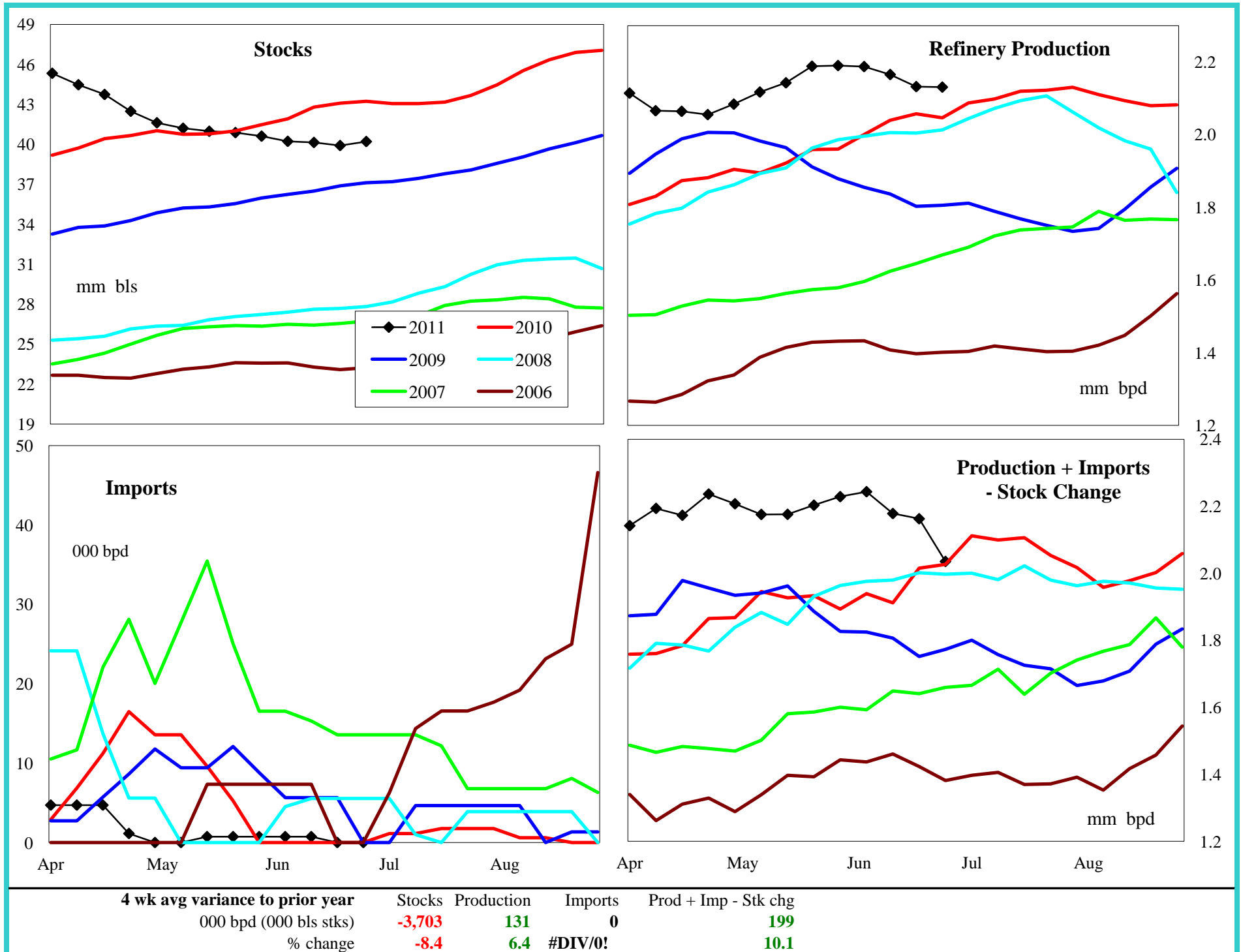
# PADD 3 Conventional Gasoline Supply



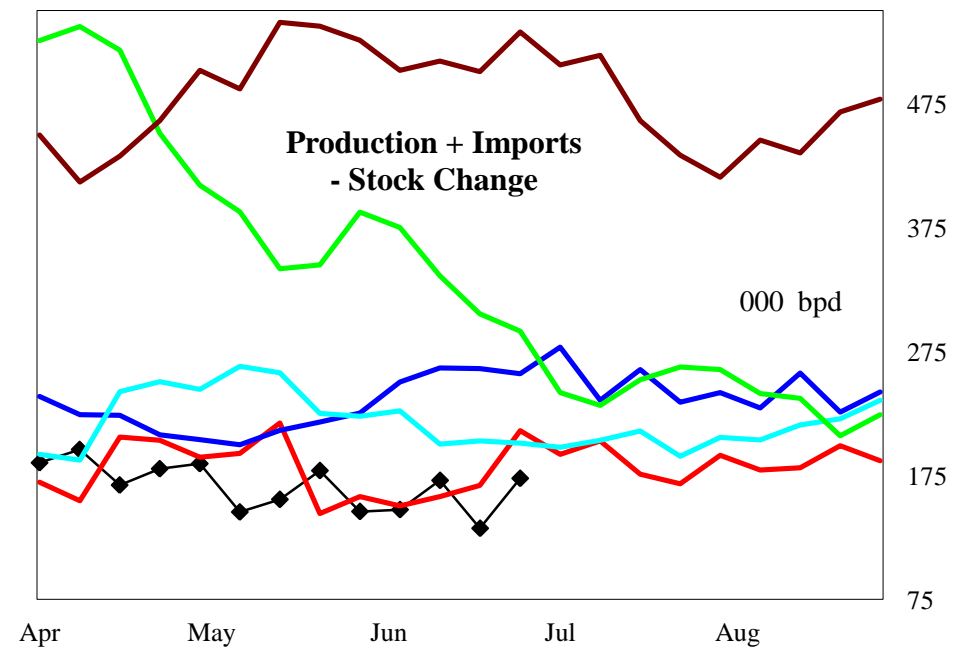
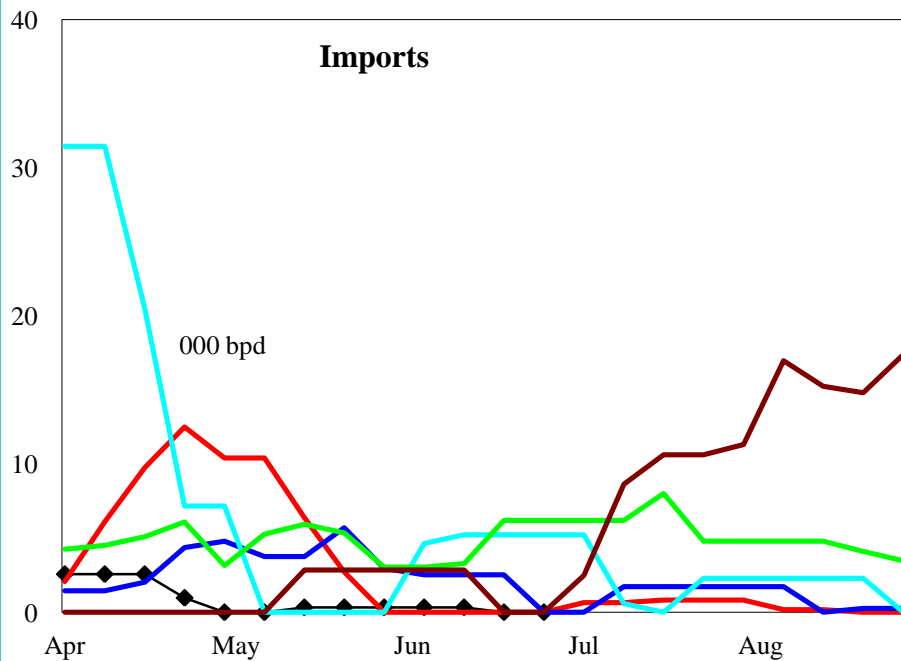
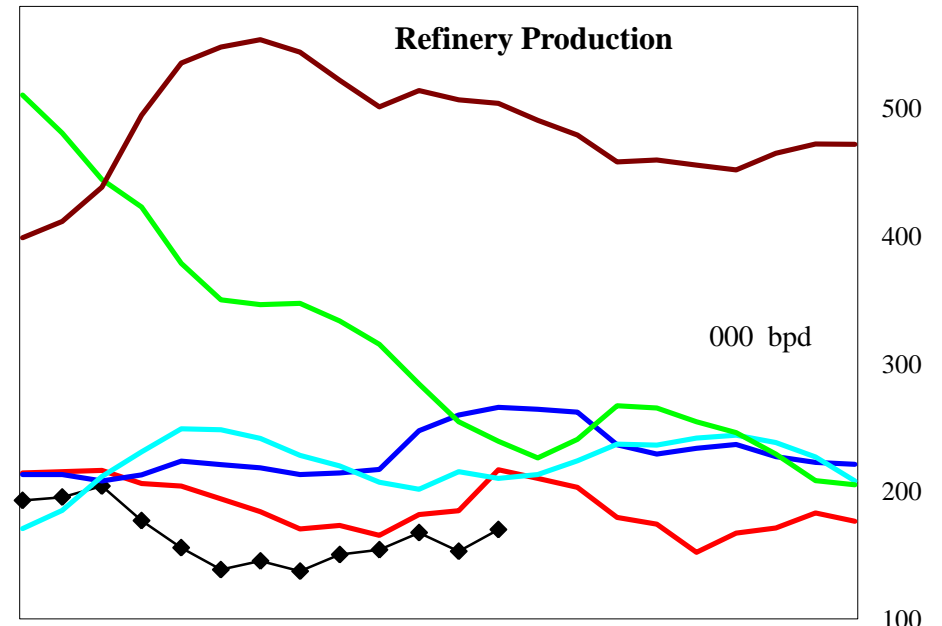
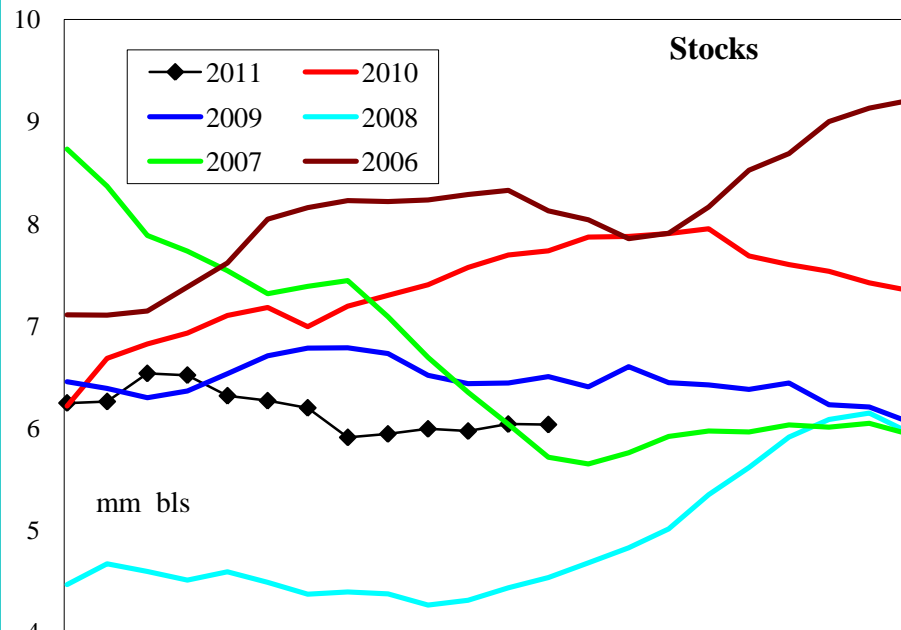
# PADD 3 Distillate Supply



# 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

-1,867

-23.6

Production

-25

-13.8

Imports

0

#DIV/0!

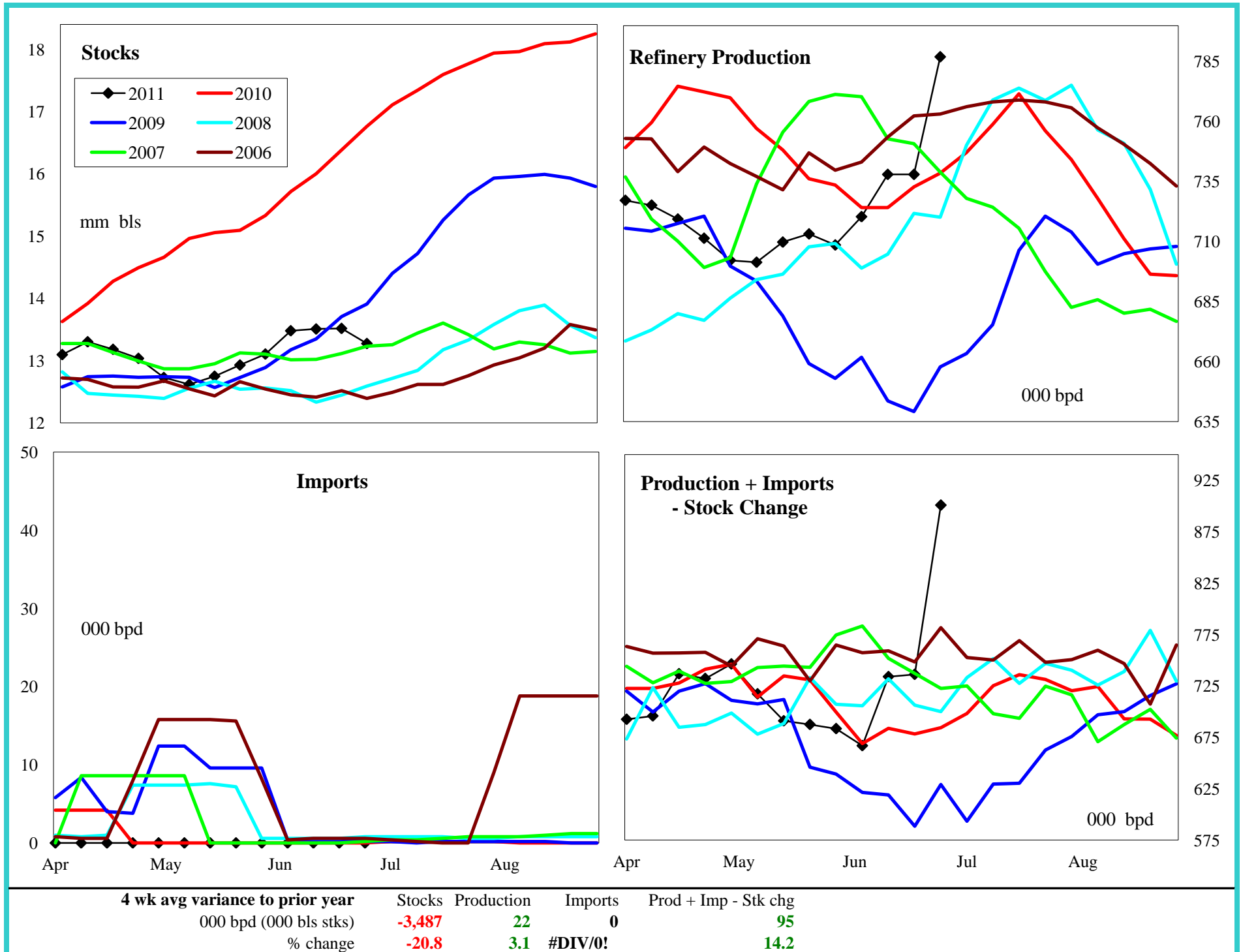
Prod + Imp - Stk chg

23

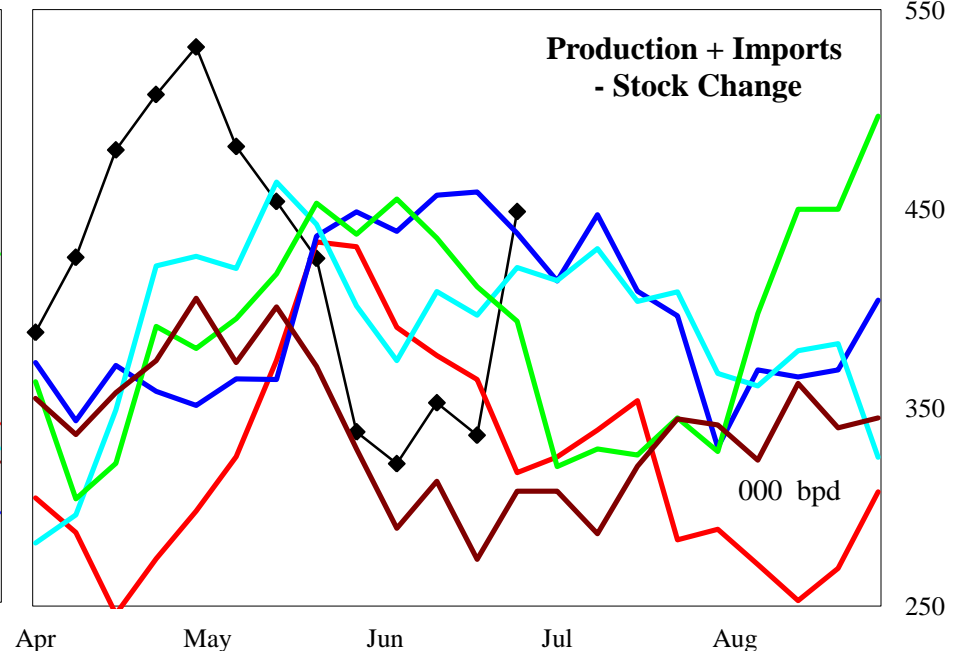
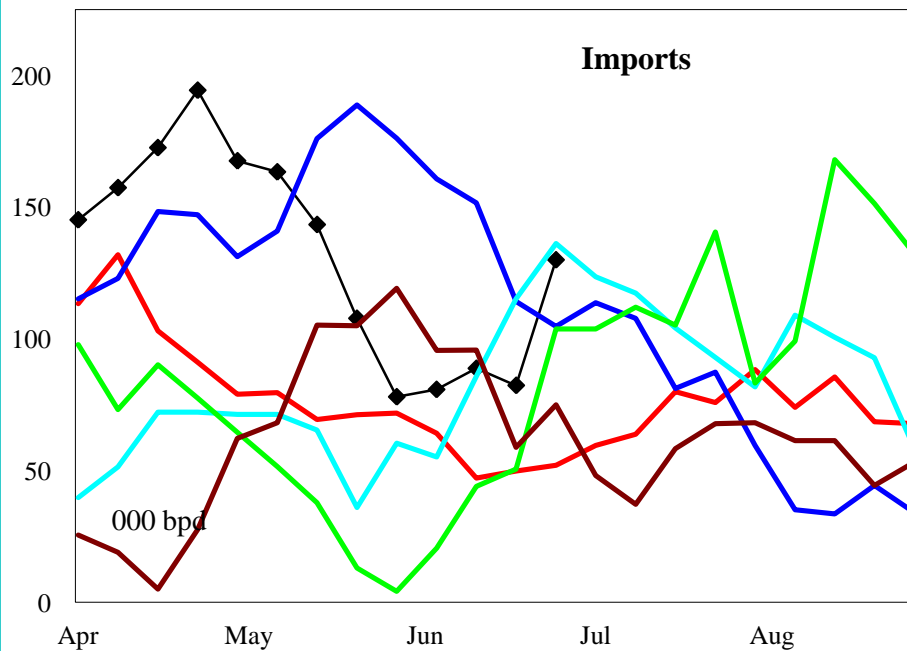
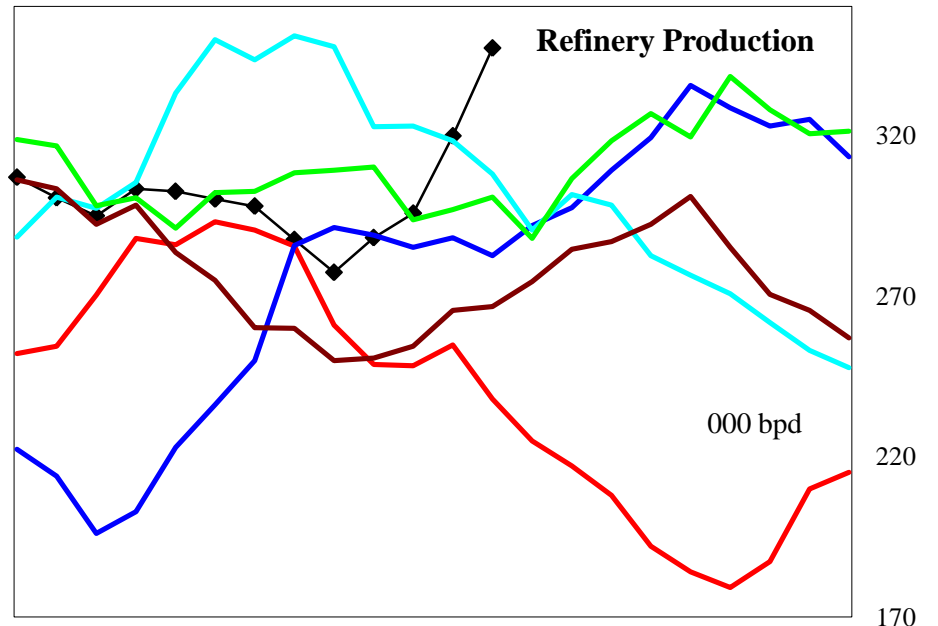
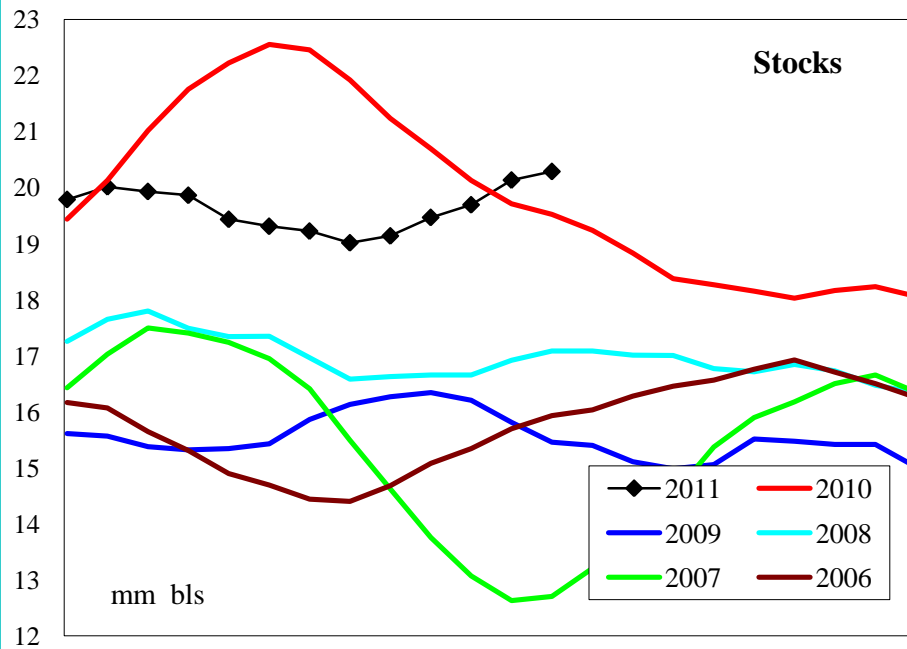
16.8



# 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

766

56

42

4

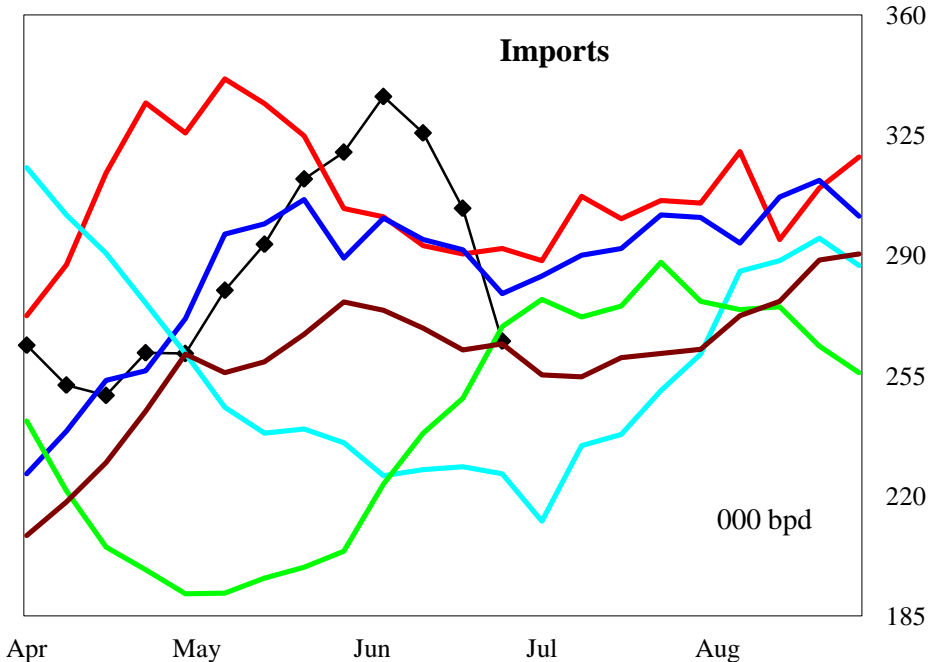
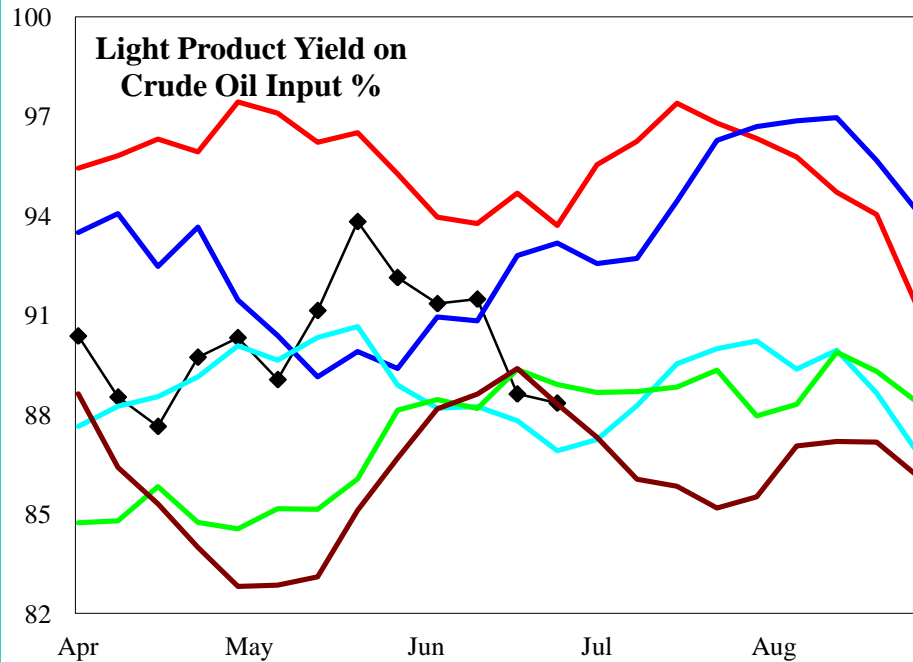
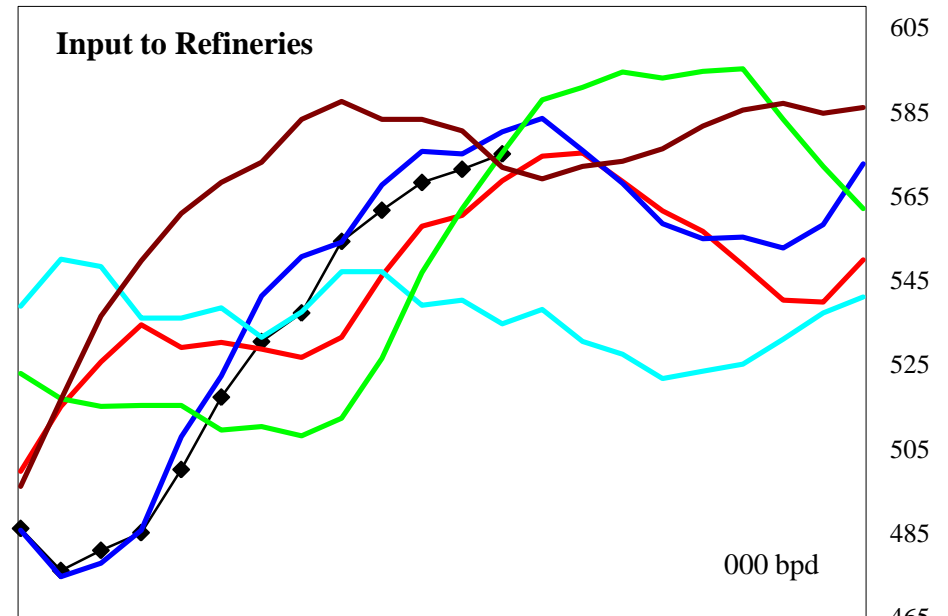
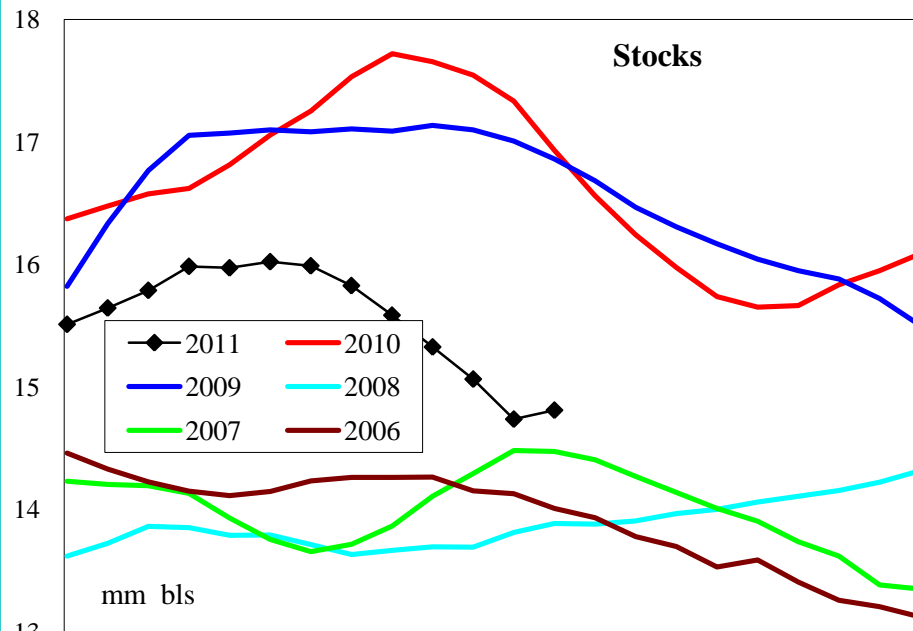
3.9

22.6

95.4

1.1

# PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-2,119

-12.5

Input

12

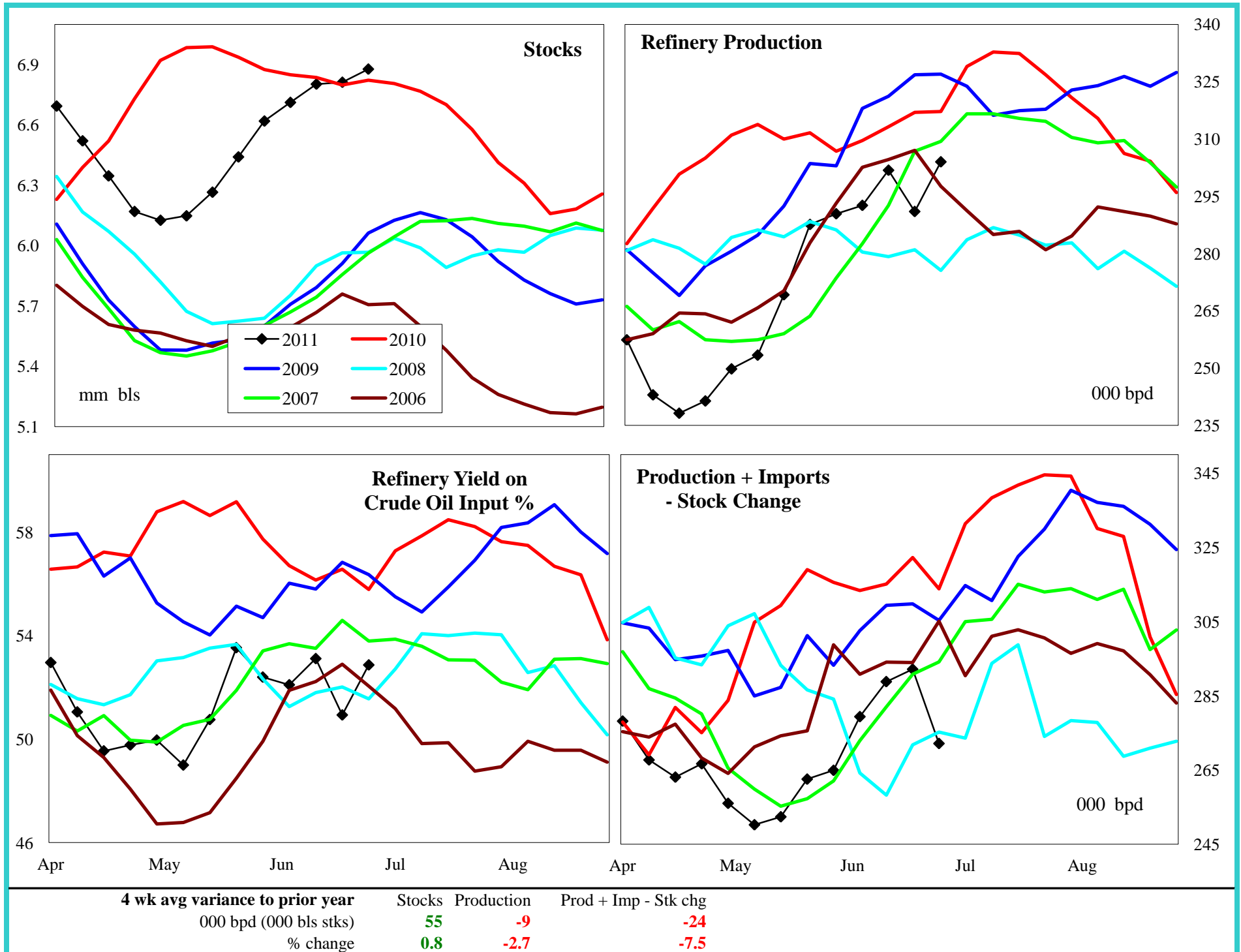
2.1

Imports

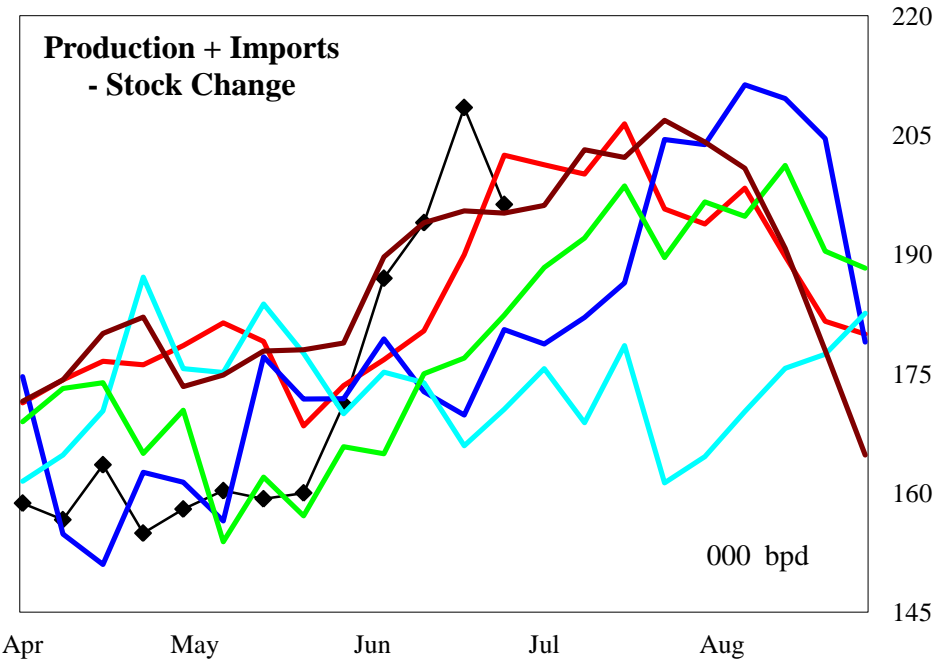
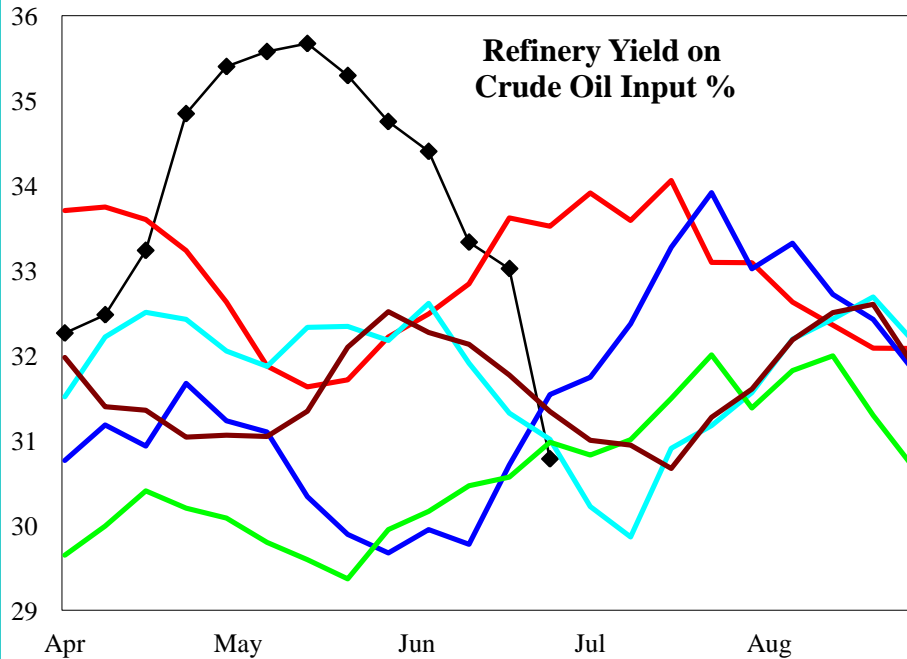
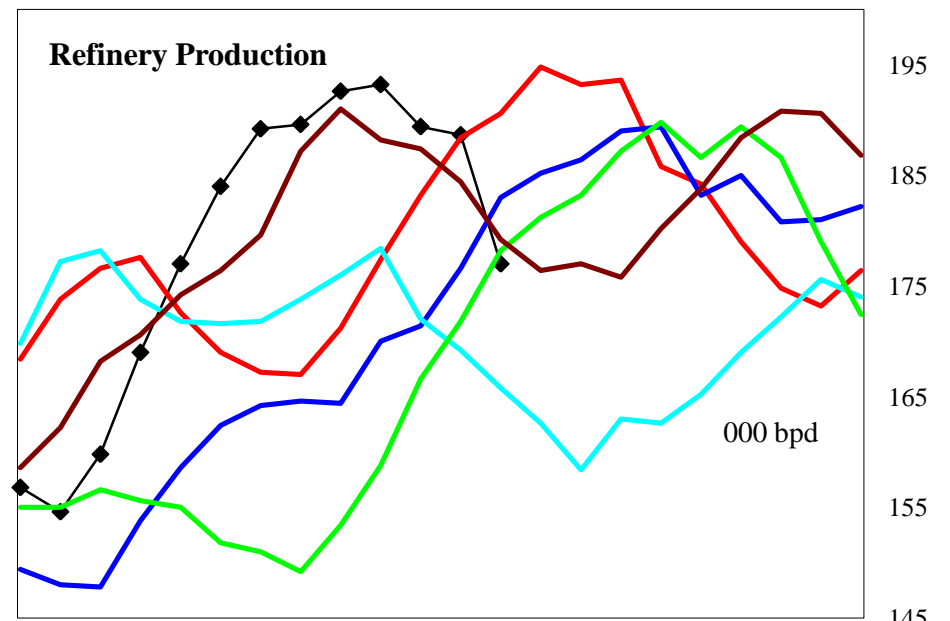
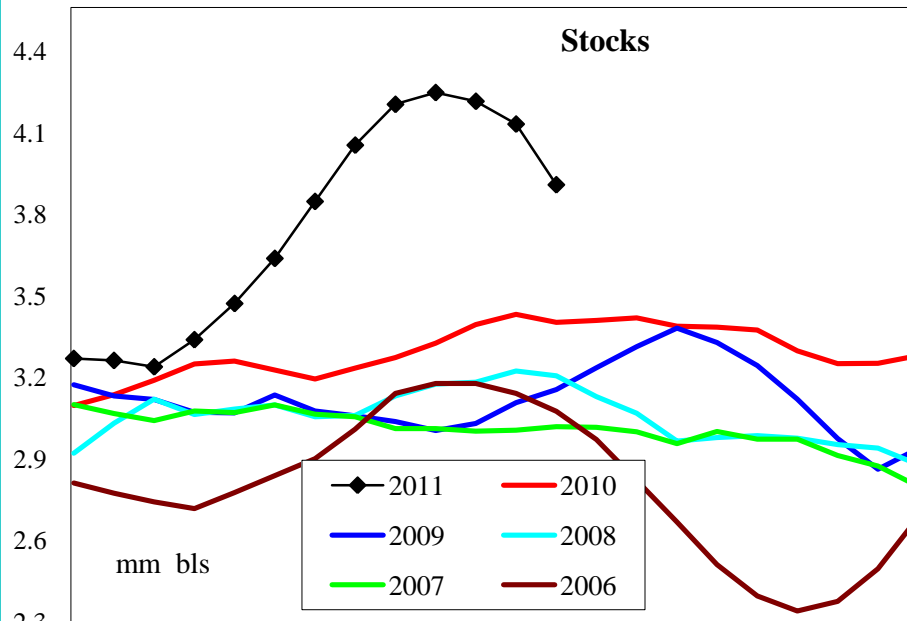
46

16.0

# PADD 4 Gasoline Supply



# PADD 4 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

507

4

-7

11

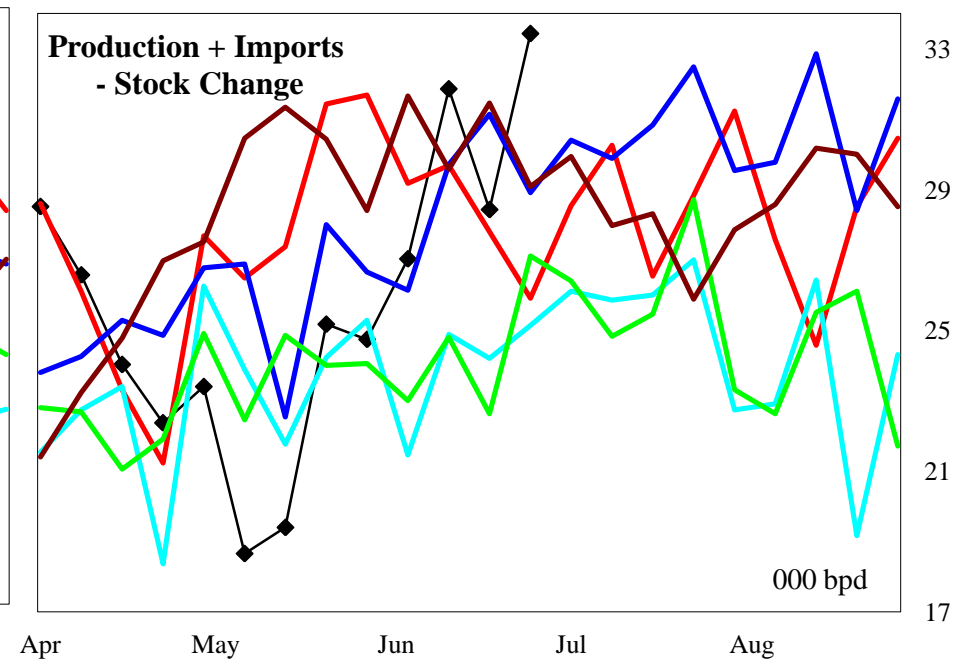
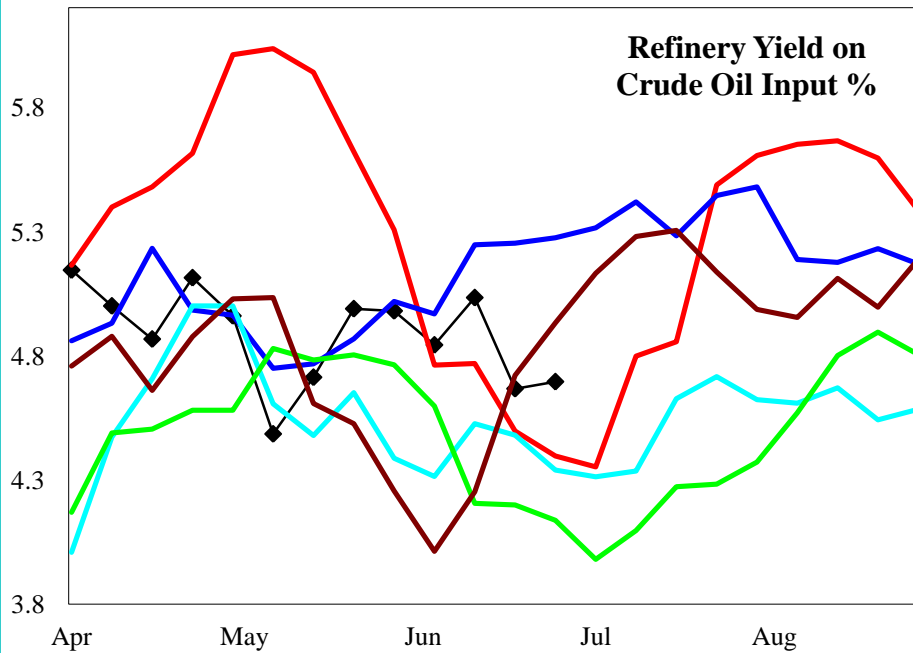
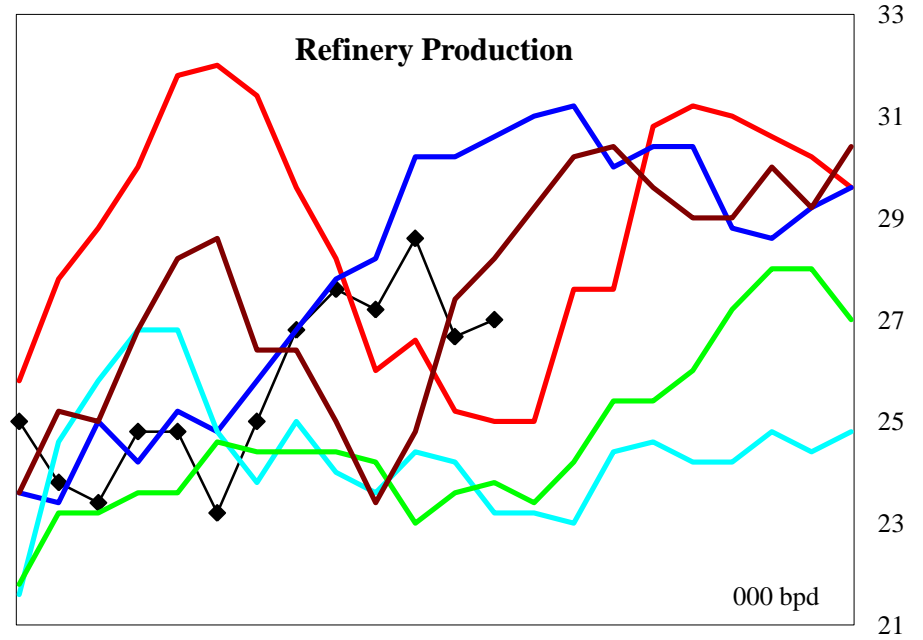
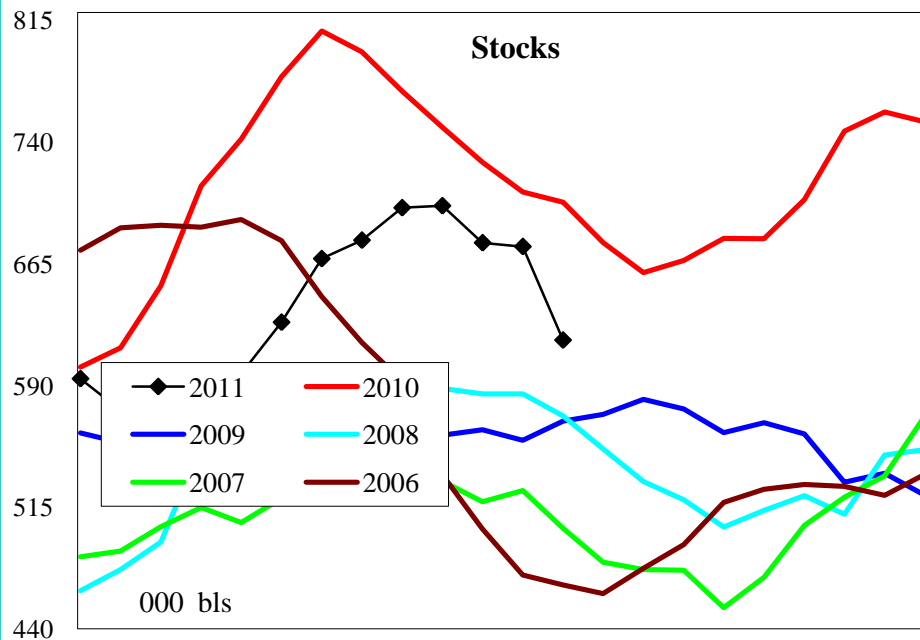
14.7

1.9

-100.0

6.2

# PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

-85

2

-12.1

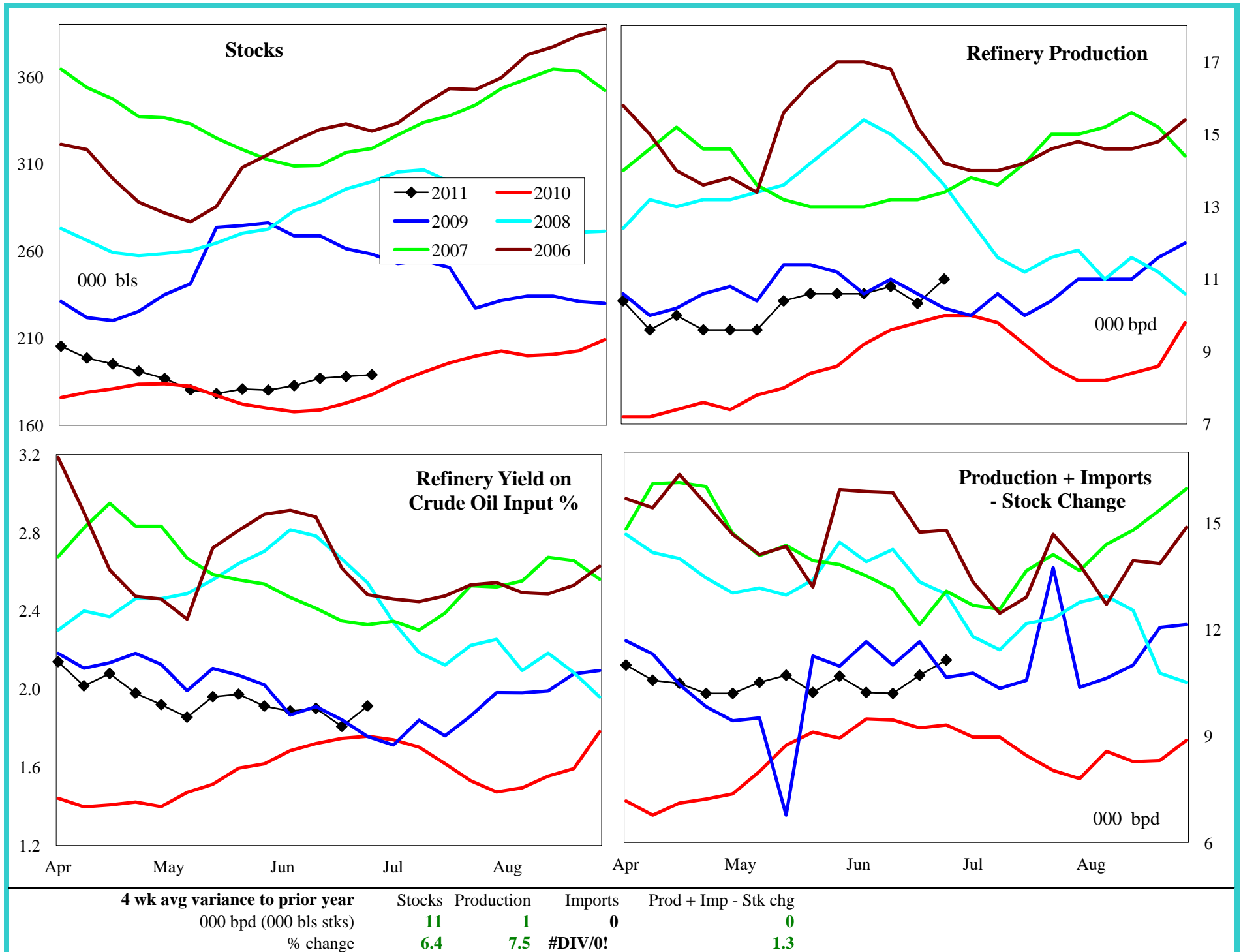
8.7

Prod + Imp - Stk chg

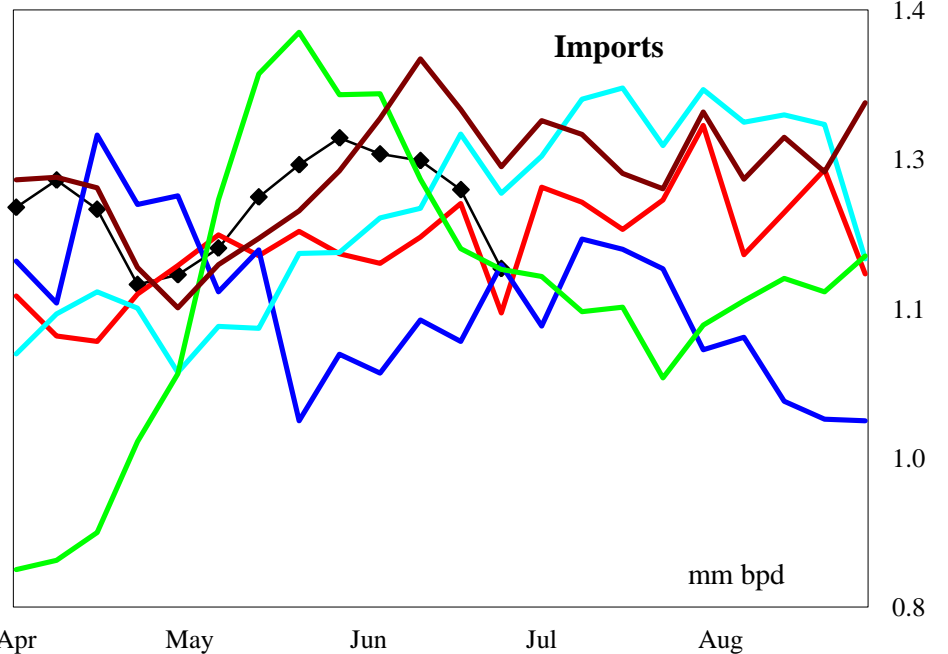
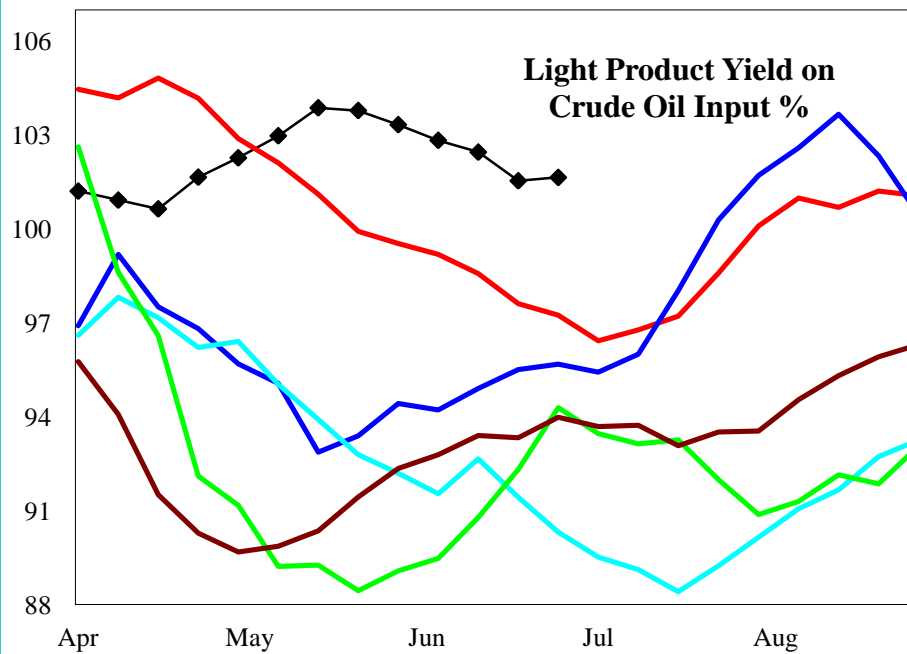
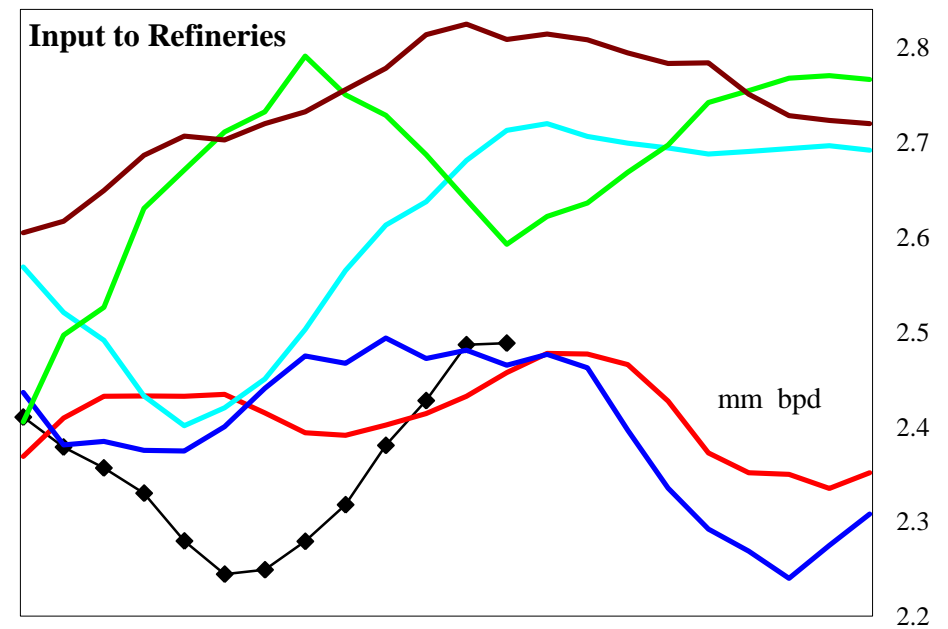
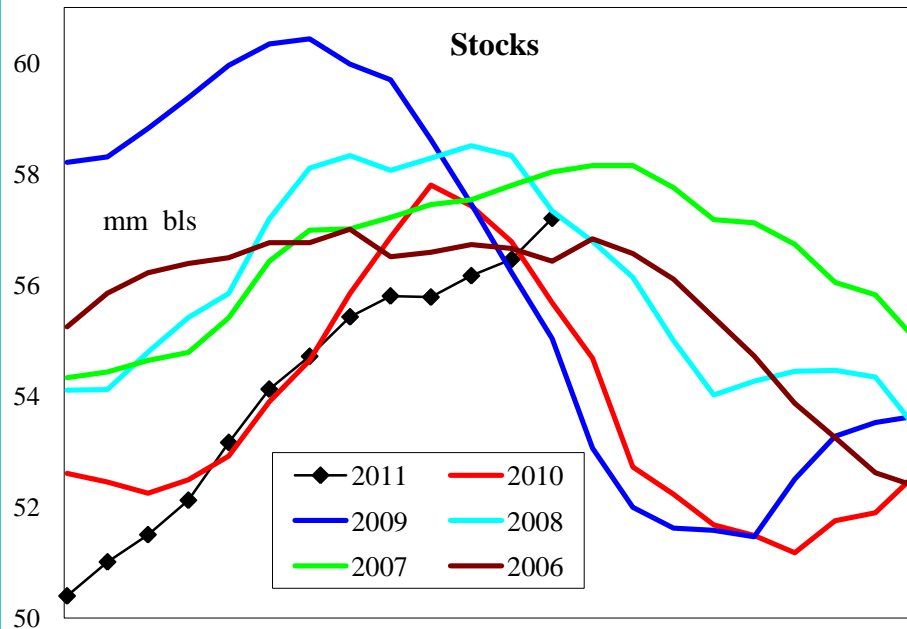
1

3.6

# 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

**1,521**

**2.7**

Input

**70**

**2.9**

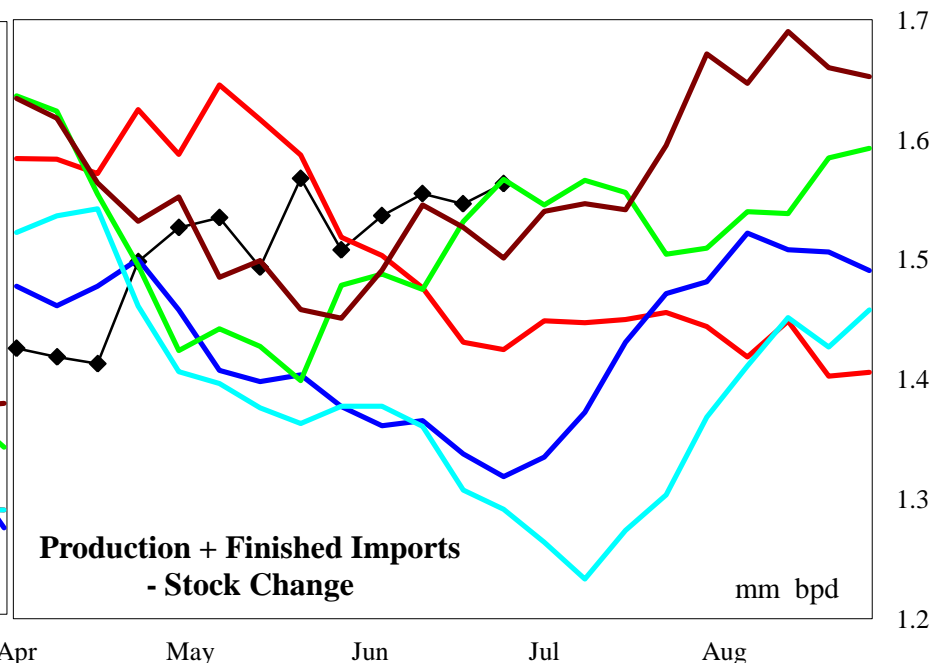
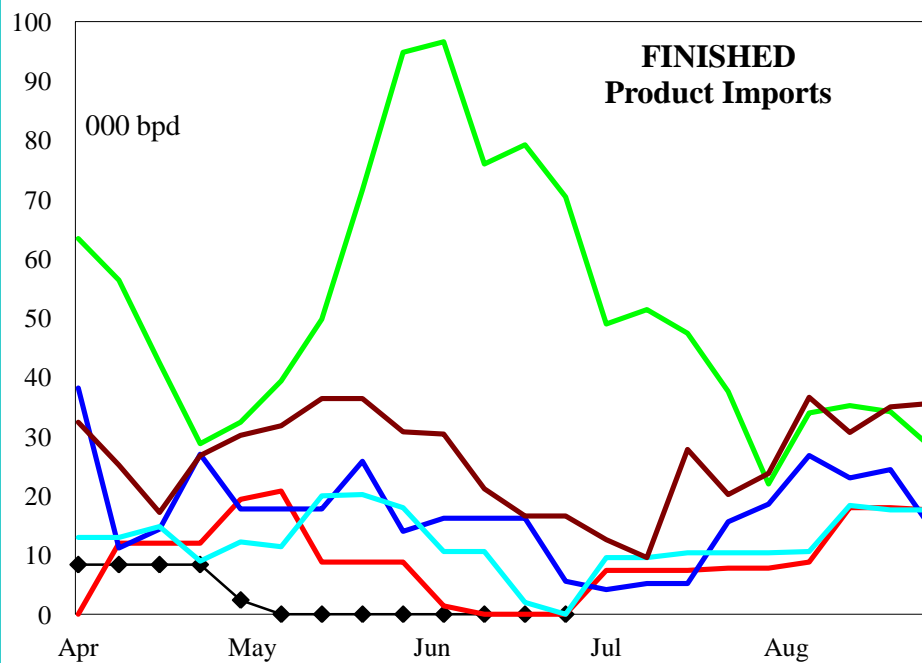
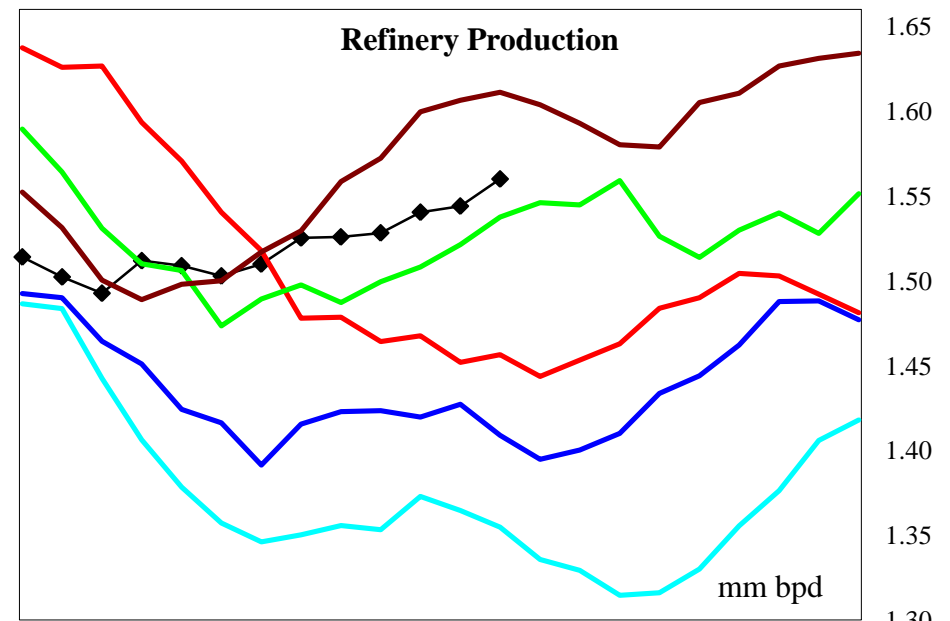
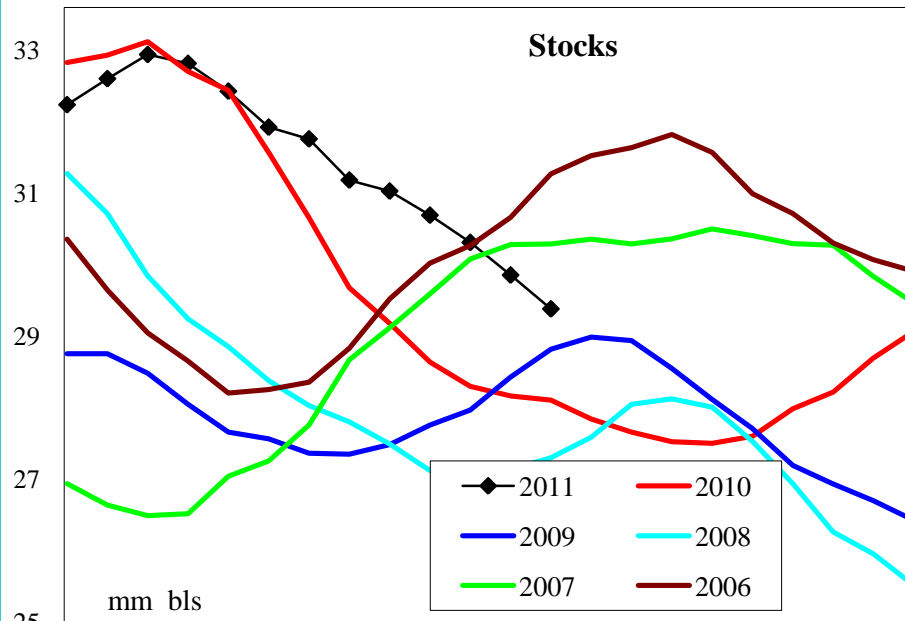
Imports

**-32**

**-2.6**



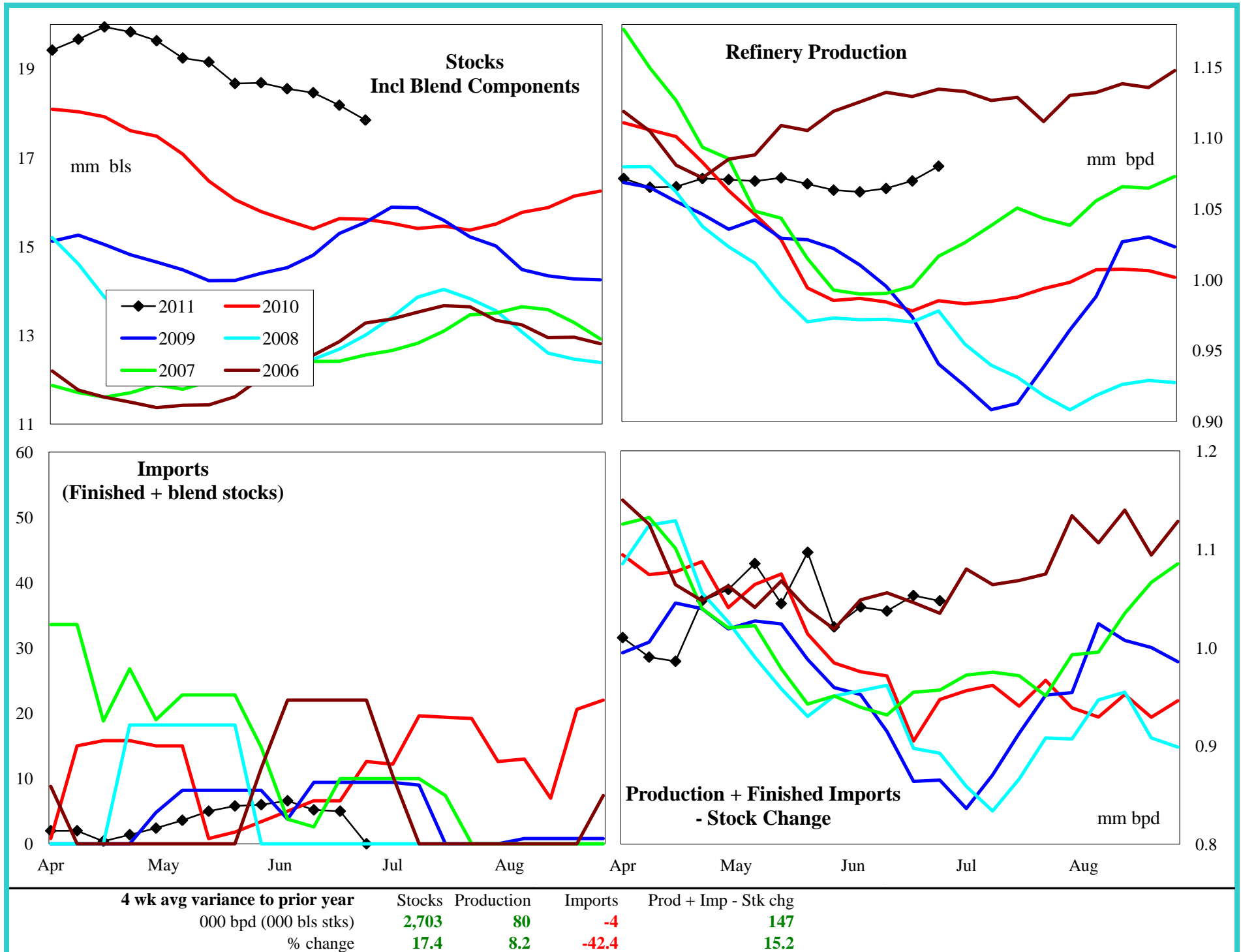
# PADD 5 Gasoline Supply



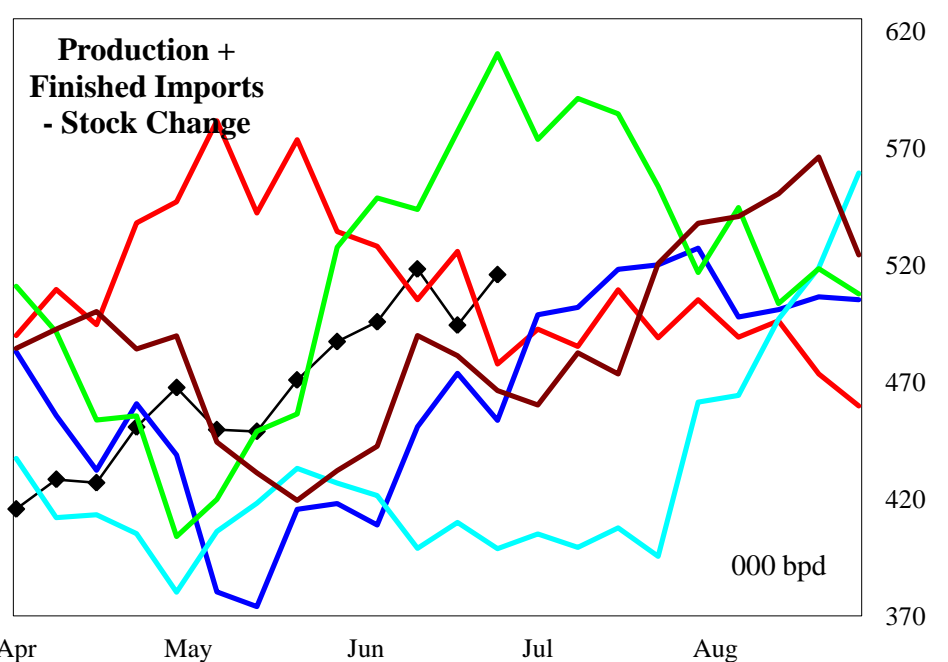
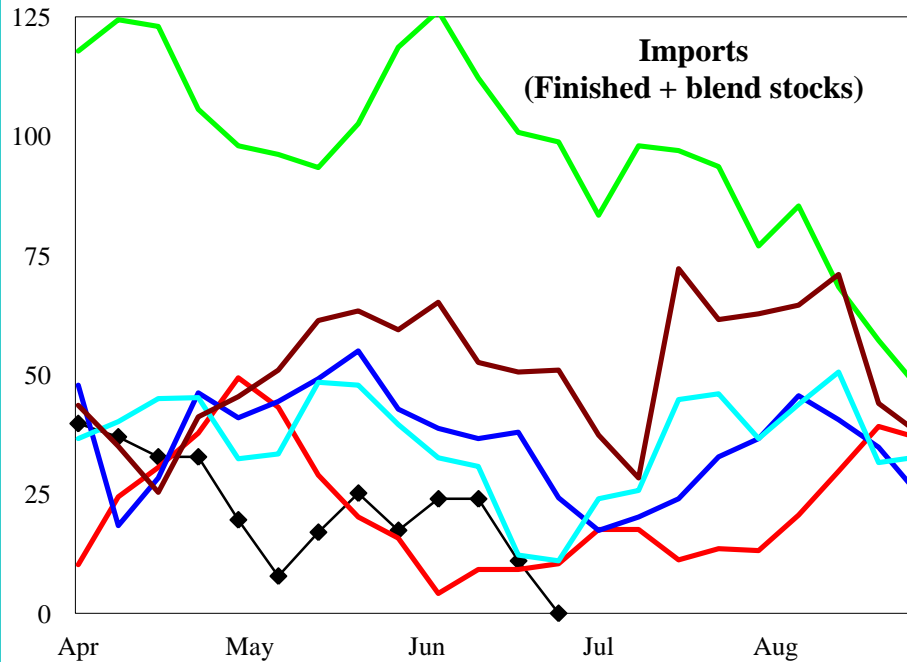
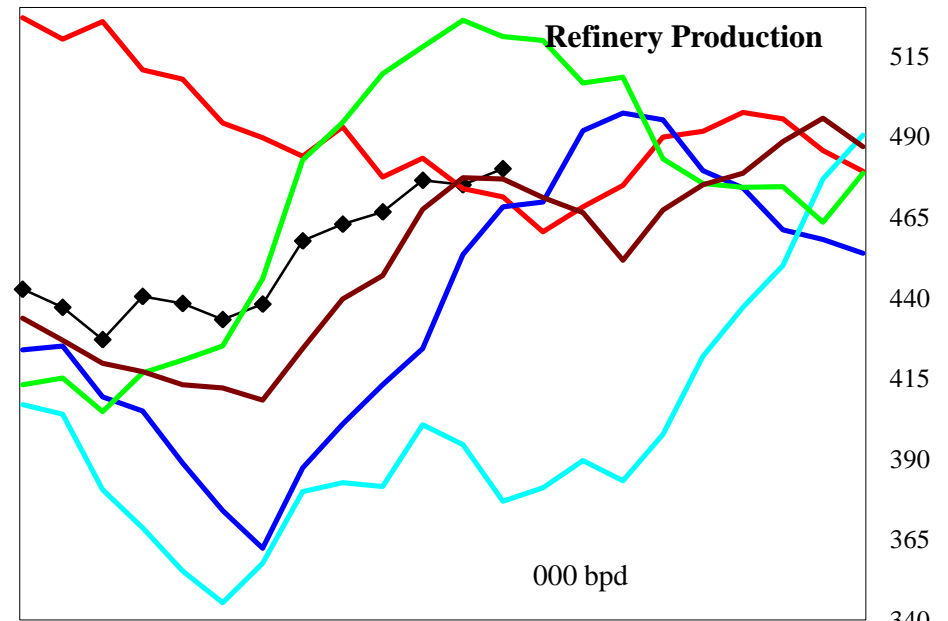
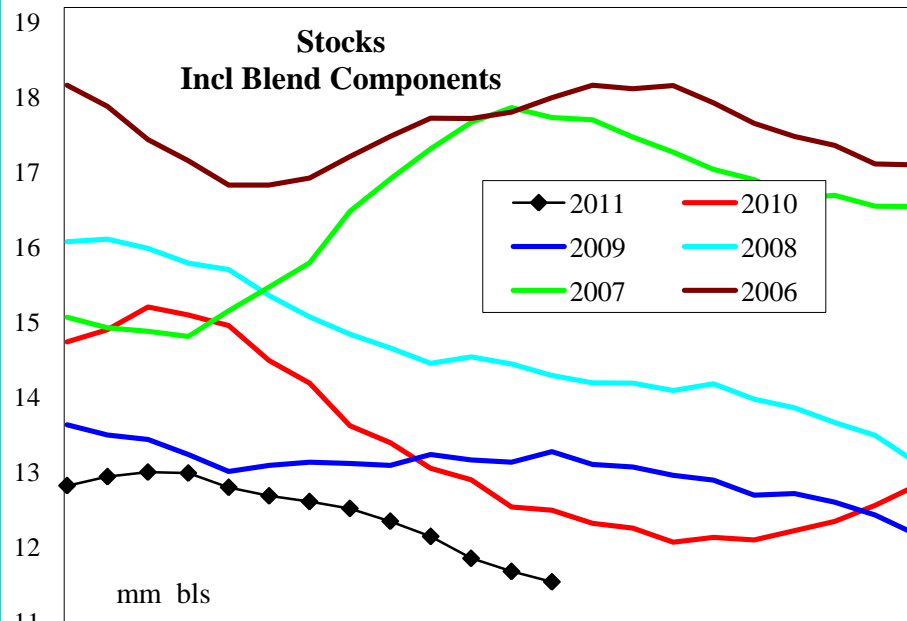
**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
1,573	70	0	4	123
5.6	4.7	#DIV/0!	17.7	8.2

# PADD 5 Reformulated Gasoline Supply



# PADD 5 Conventional Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-1,130

-10

7

-24

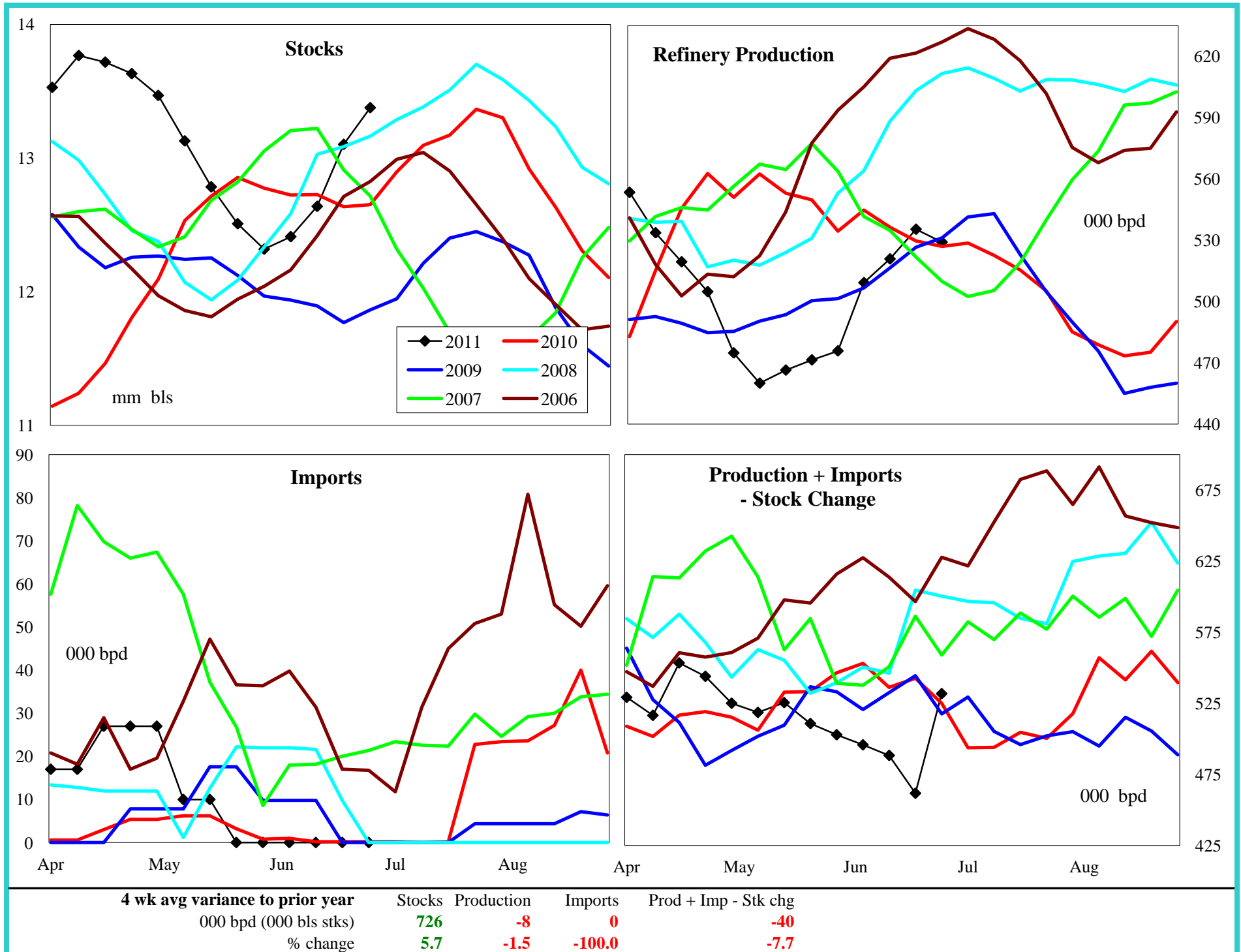
-8.9

-2.1

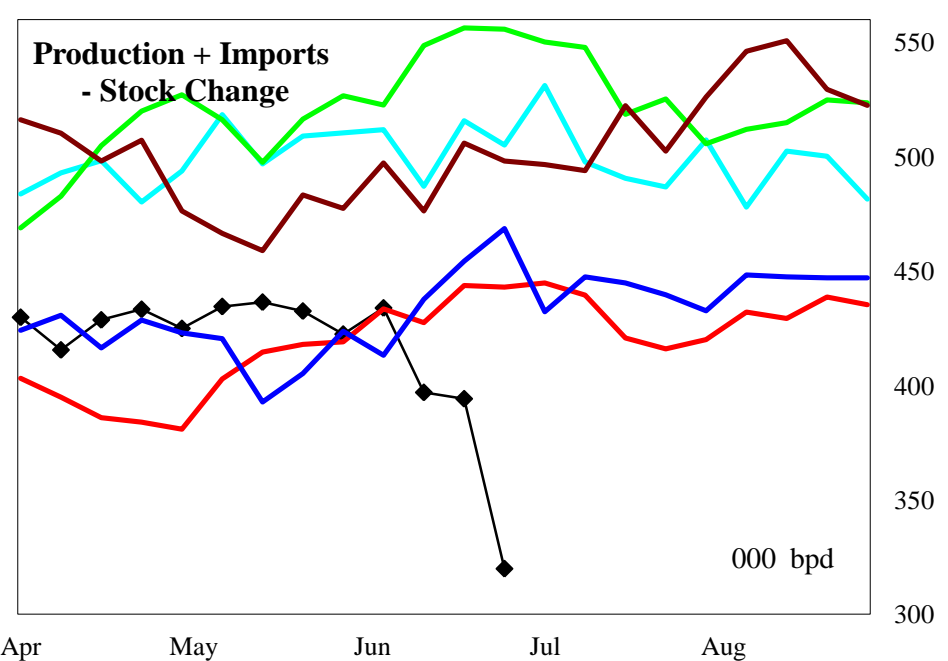
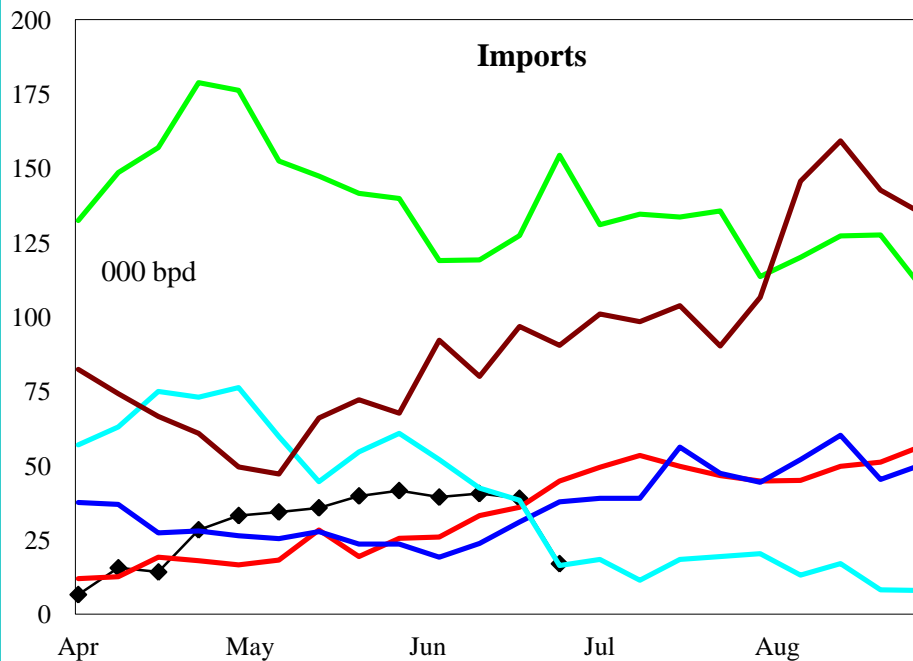
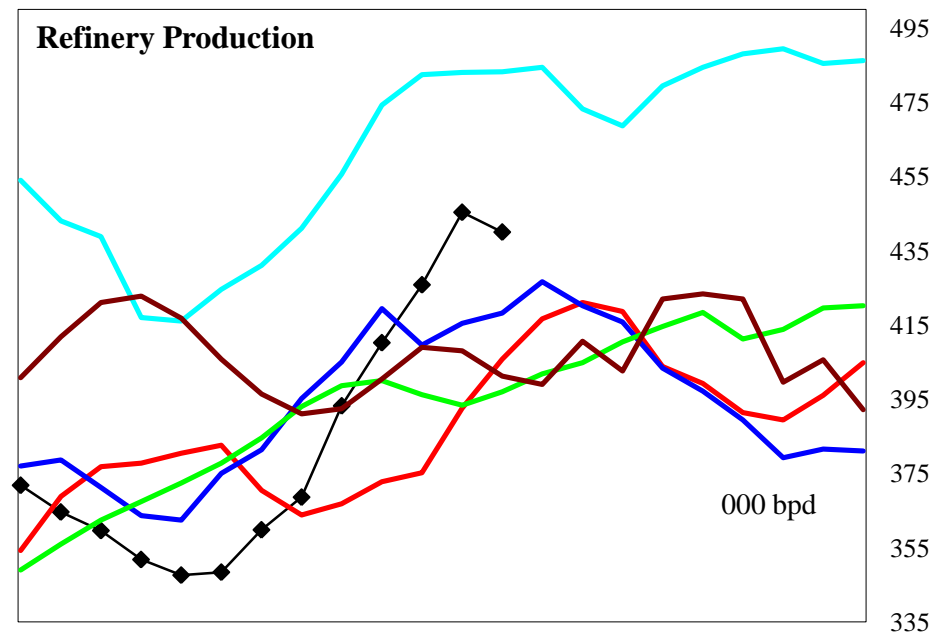
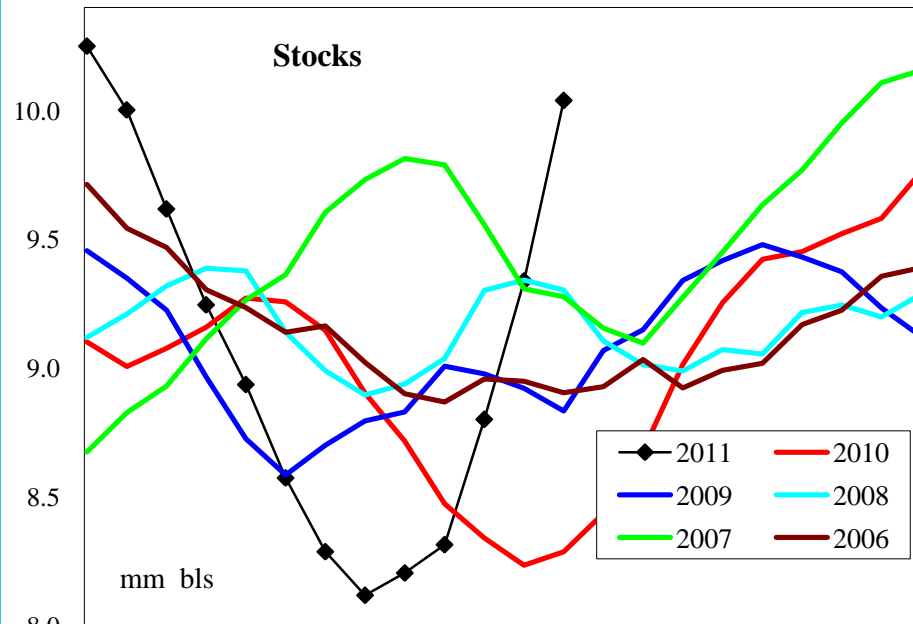
60.9

-4.6

# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**1,804**

**21.9**

Production

**57**

**14.9**

Imports

**10**

**37.0**

Prod + Imp - Stk chg

**-28**

**-6.7**

# PADD 5 Residual Fuel Oil Supply

