



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

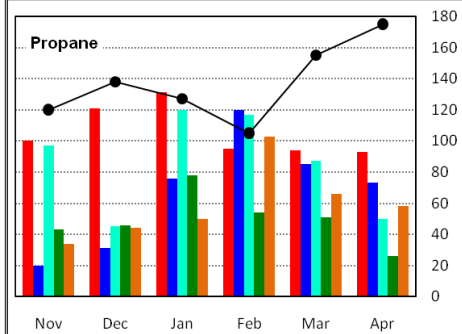
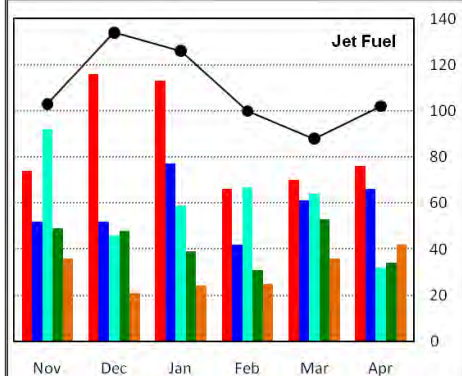
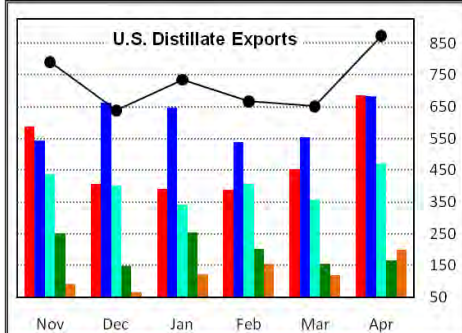
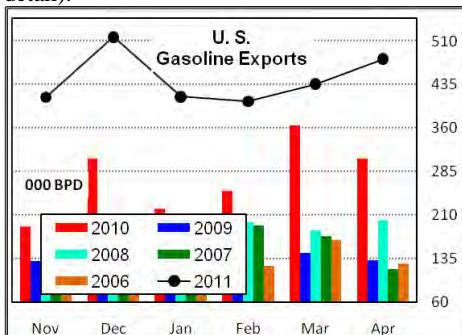
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Thursday, July 07, 2011



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

Record high exports of refined transport fuels and propane are changing the seasonal supply balance in key U.S. markets. (See the Demand and Export report on the website for additional detail).



Gasoline exports during April (the latest month of EIA data) were nearly 0.5 million bpd; distillate, 0.9 million bpd; jet, 0.1 million bpd and propane, 0.2 million bpd. Exports of these combined four fuels during April totaled 1.6 million bpd. This represented an increase of +40% over a year ago, and a 2.2X increase in 3-years.

The rate of exports underlies the lack of a seasonal stock build for distillates and propane; which in turn is likely to drive significant tightness in these markets during the fall and winter seasons.

Record gasoline exports, combined with record low imports underlies the tightness in supply for the key Central Atlantic Region of PADD 1.

Seasonal jet fuel stock building has also dropped below levels of the last 2-years, again due in part to record exports.

This export growth is driven by a combination of rapid economic growth in the Atlantic Basin, and lost production in Japan that caused European refiners to redirect exports to Asian markets and away from Atlantic Basin customers.

**Demand** for all major refined fuels increased last week, in part due to the uptrend in wholesale prices.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -0.6%; distillate down -5.4%; jet fuel up +4.5% while residual fuel oil also increased +21%.

**Stocks forward coverage:** Gasoline demand coverage decreased on the -0.6 million barrel stock draw. Coverage levels were slightly above the mid range.

Distillate coverage decreased on higher demand and a -0.2 million barrel stock draw. The coverage level remains below the last 2-years on lower stock levels.

Jet fuel coverage decreased on a -0.5 million barrel stock draw and higher seasonal demand. The coverage

level remains well below the last 2-years.

**Refinery utilization** rates increased on a +68,000 bpd rise in crude oil throughput, with the rate comparable to year ago levels, and slightly below the mid range.

Gasoline yield % on crude oil runs jumped on a +432,000 bpd rise in output compared to the +68,000 bpd increase in crude oil runs. The yield % on crude oil runs increased to a level above the historic range.

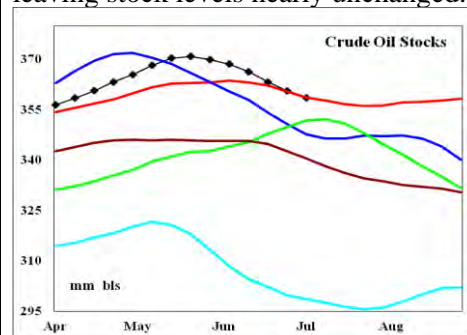
Distillate yield % on crude oil runs increased on a +84,000 bpd rise in production compared to the small increase in crude oil runs. Yield % levels were comparable to last year and above the mid range.

Jet fuel yield % on crude oil runs fell sharply on a -86,000 bpd drop in output, and higher crude oil runs.

**Petroleum Imports** of crude oil surged +1 million bpd last week, while refined fuels were marginally higher.

During the latest 4-wk period crude oil imports decreased -0.5 million bpd below last year; distillate imports decreased -118,000 bpd; finished gasoline imports decreased -10,000 bpd, gasoline blend stock imports fell -141,000 bpd; jet fuel imports were down -5,000 bpd, while residual fuel oil imports increased +97,000 bpd.

**Crude Oil** stocks decreased -0.9 million barrels last week, with the draw concentrated on the West Coast. The Gulf Region witnessed a surge in imports of nearly +0.7 million bpd to the highest level this year. Record high refinery runs offset the surge, leaving stock levels nearly unchanged.



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



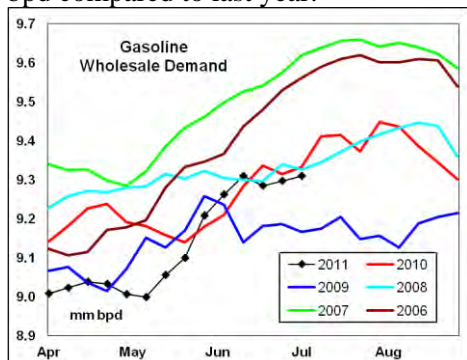
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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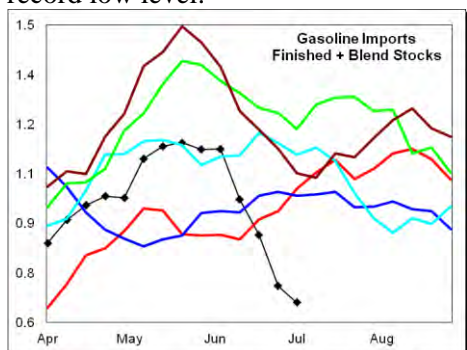
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#### Product Supply-Demand Trends

**Gasoline** demand increased +48,000 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.



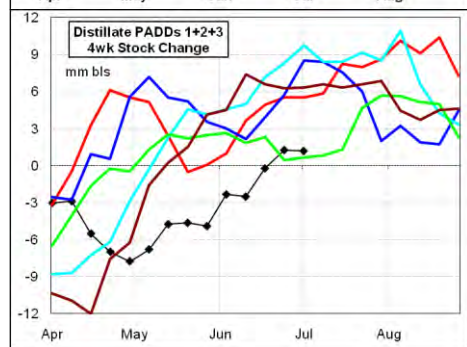
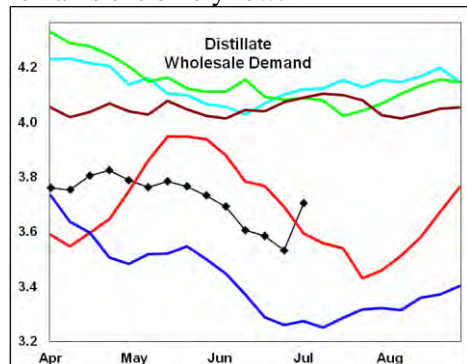
The steep drop in supply last week led to a -1.4 million barrel stock draw; concentrated in PADDs 1 and 3. Stock levels ended the week at a level slightly above the historic mid range.

*Risk of a supply squeeze in the Central Atlantic and New England Regions of PADD 1 continues, with stock levels in each of these markets at 5-year lows. The record low import levels continued last week, although refiners returning to operation in eastern Canada and on the East Coast should partially offset the low level of imports. The Chicago market has experienced supply disruptions on unplanned refinery maintenance.*

**Distillate** demand increased +191,000 bpd on the week, with the level above a year ago. The latest 4-wk average demand was -203,000 bpd below a

year ago.

Production increased +84,000 bpd on the week, to a level above a year ago. Imports increased +43,000 bpd on the week, although the level remains below the historic range. Stocks fell -0.2 million barrels, with large declines in all regions except PADD 1. The rate of stock building remains extremely low.



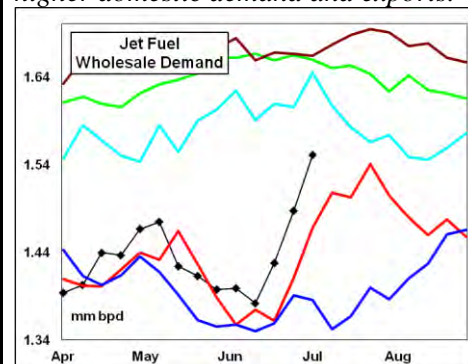
*The distillate supply demand balance remains on a trend for below normal stock building during the quarter. Robust exports and low imports are contributing significantly to the low rate of seasonal stock building.*

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

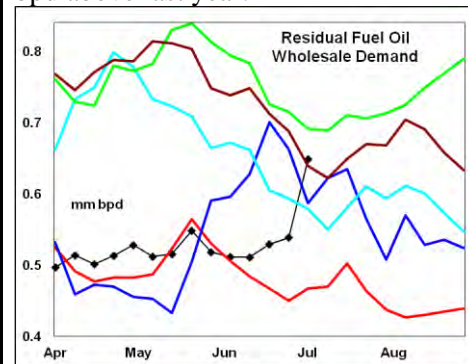
**Jet Fuel** demand increased +157,000 bpd last week to a level above the last 2-years. The latest 4-wk average demand was +61,000 bpd above a year ago.

Supply fell -86,000 bpd on a sharp drop in production. Production levels were at the 5-year mid range, while imports were below the historic range. Stocks declined -0.5 million barrels, with the level above four of the last 5-years.

*The jet fuel supply balance tightened last week on the drop in production and higher demand. Expect production to peak during the next 45-days, partially offset by higher seasonal demand. Stock levels are likely to drop below the last 2-years on higher domestic demand and exports.*



**Residual fuel oil** demand, including exports, increased +195,000 bpd last week, with the 4-wk average +89,000 bpd above last year.



Supply (production + imports) increased +10,000 bpd on higher imports. The latest 4-wk average supply was +181,000 bpd above a year ago. Stocks fell -0.6 million barrels, to a level well below the mid range.

*Stock levels in PADD 1 trended higher last week on a surge in imports, although the stock level remains below the historic range. Gulf Region stocks fell nearly -2 million barrels on the week, but remain at near record highs.*

*Supplies in the Gulf remain very ample with the East Coast improving.*





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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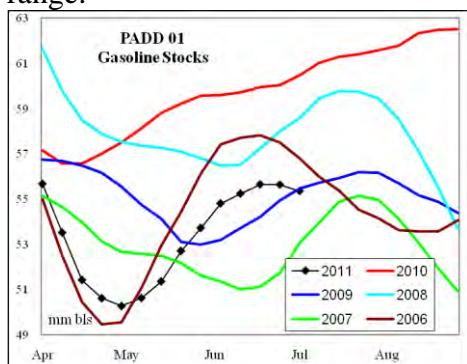
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#### PADD Supply Trends

**PADD 1** refinery crude oil runs increased +59,000 bpd on the week, with the level matching the highest level of 2011.

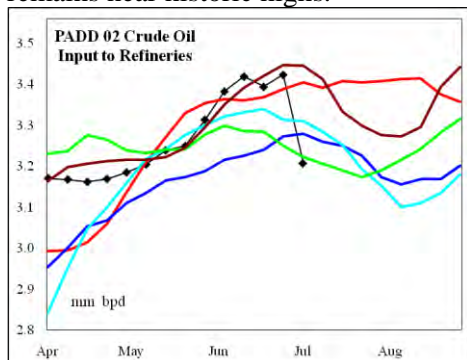
Gasoline production increased +11,000 bpd last week, with imports also marginally higher. However, import levels remain extremely low.

Stocks were unchanged on the week at levels well below the mid range.



Distillate supply increased +64,000 bpd on higher production and imports. Stocks surged +2 million barrels to a level that matched the mid range.

Jet fuel supplies were unchanged on the week, with production above the mid range. Stocks decreased -0.4 million barrels, although the level remains near historic highs.



**PADD 2** crude oil refinery runs fell -305,000 bpd on the week, to a level near 5-year lows for the period. Crude oil imports reached a record high for this time of year. Crude oil stocks increased +1.6 million barrels on record imports and lower refinery runs.

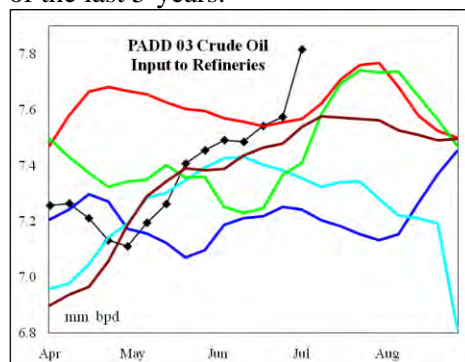
Gasoline production increased +31,000 bpd last week, with the level

above four of the last 5-years. Stocks fell -0.9 million barrels to a level at the low end of the historic range.

Distillate production decreased -41,000 bpd, to a level near the mid range. Stocks fell -0.8 million barrels on the week, with the level near 5-year lows.

Jet fuel production fell -49,000 bpd on the week, to a level near historic lows. Stocks extended the longer term downtrend, ending the week at the low end of the historic range.

**PADD 3** crude oil runs increased +332,000 bpd last week, to a record high weekly level. The latest 4-wk average thru put was -5,000 bpd below last year. Crude imports surged +0.7 million bpd on the week to the highest level of the year. Higher imports largely offset the surge in runs, limiting the stock draw to -0.4 million barrels. Stock levels were below four of the last 5-years.



Gasoline production increased +120,000 bpd on the week. Stocks increased +0.5 million barrels on the week, to a level at the upper end of the historic range.

Distillate production increased +67,000 bpd on the week, with the level at a 5-year high for this time of year. Stock levels are now -9.2% below last years' record highs.

Jet fuel production decreased -34,000 bpd on the week, with the level above the mid range. Stocks increased +0.5 million barrels, with the level above the mid range.

Residual fuel oil supply fell -153,000 bpd last week, leading to a stock draw of -1.8 million barrels.

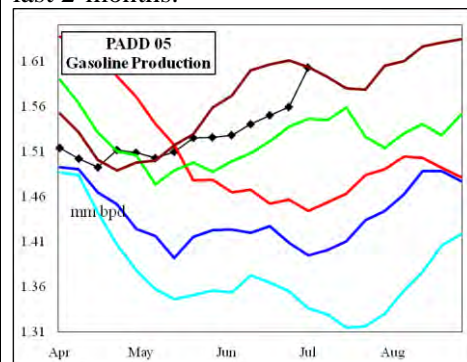
Stock levels ended the week slightly below last years' record high.

**PADD 4** refinery crude runs increased +8,000 bpd on the week, to a level above the mid range. Crude oil imports were above the 5-year range for the 6th consecutive week. Stock levels remain well below the last 2-years on high deliveries to other regional markets.

Gasoline production increased +10,000 bpd to a level that matched the 5-year mid range. Stock levels increased to new 5-year highs.

Distillate production increased +15,000 bpd to a level near record highs. Stock levels extended the recent downtrend, although the level remains +11% above the prior record high.


**PADD 5** crude oil refinery runs decreased -27,000 bpd on the week, with the level comparable to the last 2-years. The latest 4-wk average thru put was +27,000 bpd above last year. Light product yield % on crude oil runs extended the record high level of the last 2-months.



Gasoline production increased +43,000 bpd on the week, with the level +102,000 bpd above last year and matching 5-year highs. Stock levels extended the recent downtrend, with the level above the prior 3-years.

Distillate production increased +20,000 bpd on the week, with the level above the historic mid range. Stocks fell -1.1 million barrels on the week to a level well below the mid range.

Jet fuel supply was unchanged on the week, with stock level well above the historic range for the period.



FUNDAMENTAL

PETROLEUM TRENDS

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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

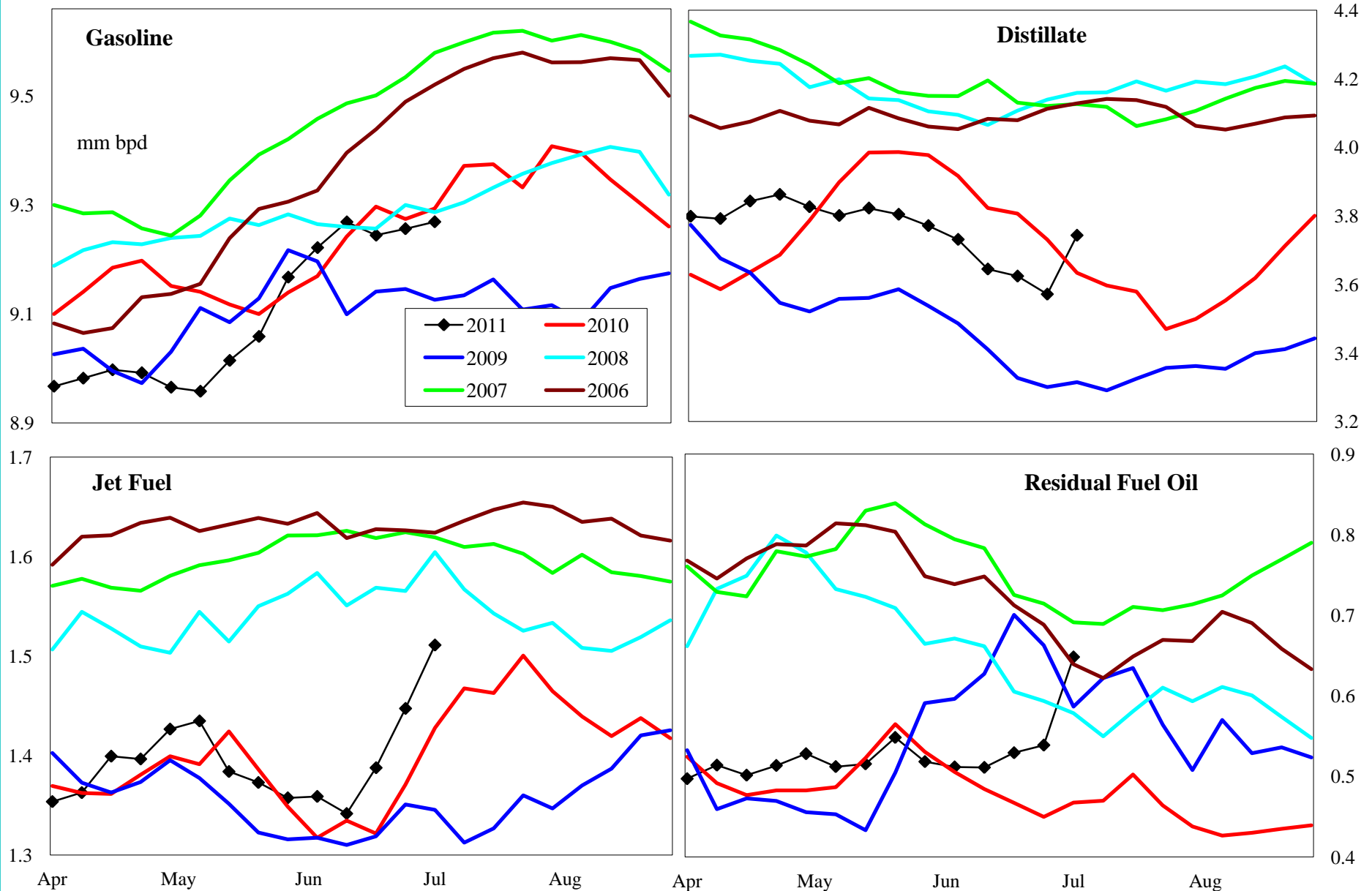
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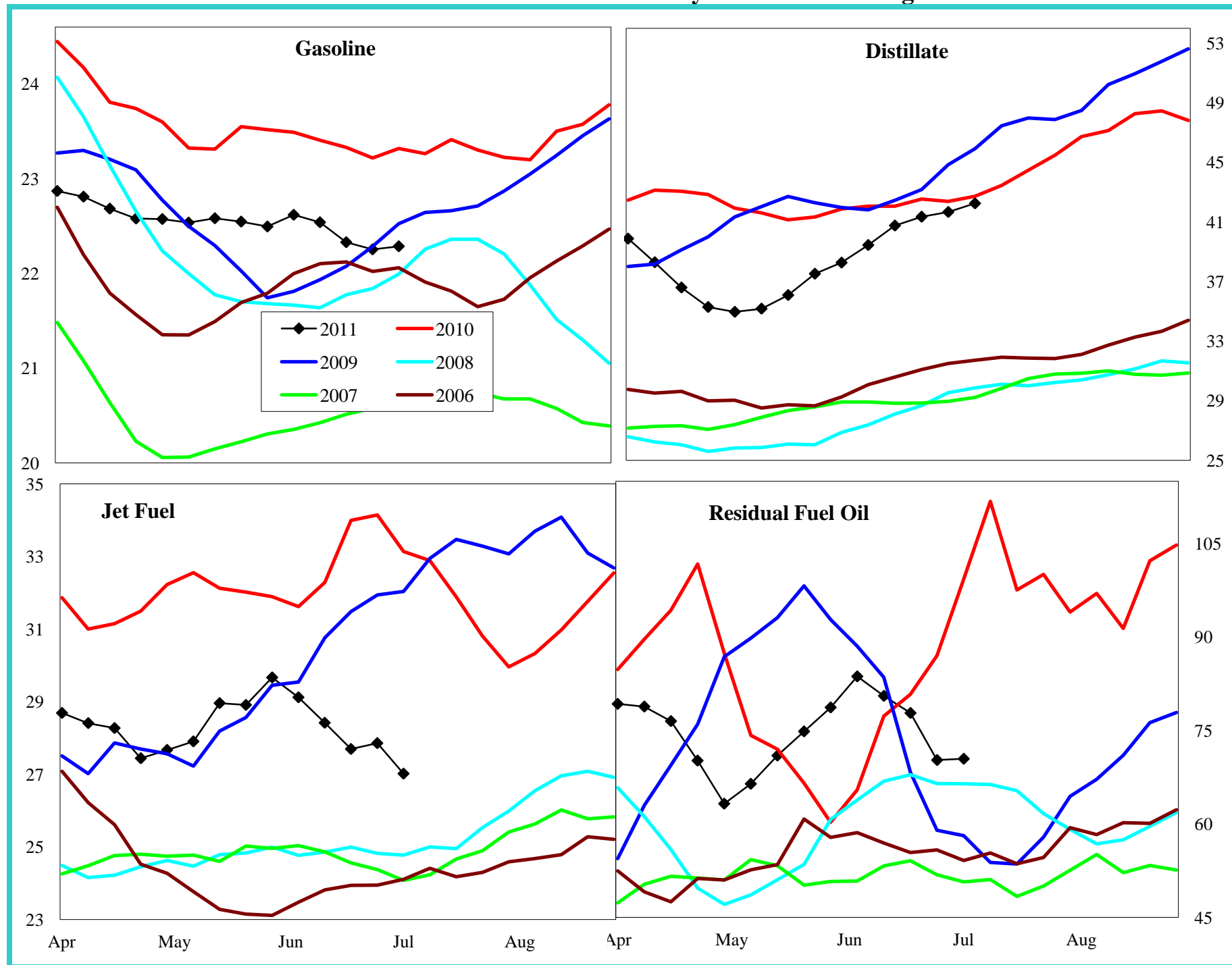
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	1-Jul-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-889	-603	1,633	-373	66	-1,613
	Imports	976	52	79	693	76	76
	Input	68	59	-305	332	8	-27
	% Utilization	0.30					
Gasoline	Stocks	-634	68	-935	475	37	-279
	Production	432	11	31	120	10	43
	Imports	17	22	0	-44	0	39
	Supplied	48					
Distillate	Stocks	-191	1,984	-773	-221	-107	-1,074
	Production	84	21	-41	67	15	20
	Imports	43	43	0	0	0	0
	Supplied	191					
Jet Fuel	Stocks	-546	-361	-231	469	-38	-386
	Production	-86	9	-49	-34	1	-12
	Imports	0	-12	0	0	0	12
	Supplied	157					
Residual Fuel Oil	Stocks	-569	856	-37	-1,778	-10	400
	Production	-30	-14	10	-48	-2	24
	Imports	40	146	0	-105	0	0
	Supplied	195					

# United States Wholesale Petroleum Demand

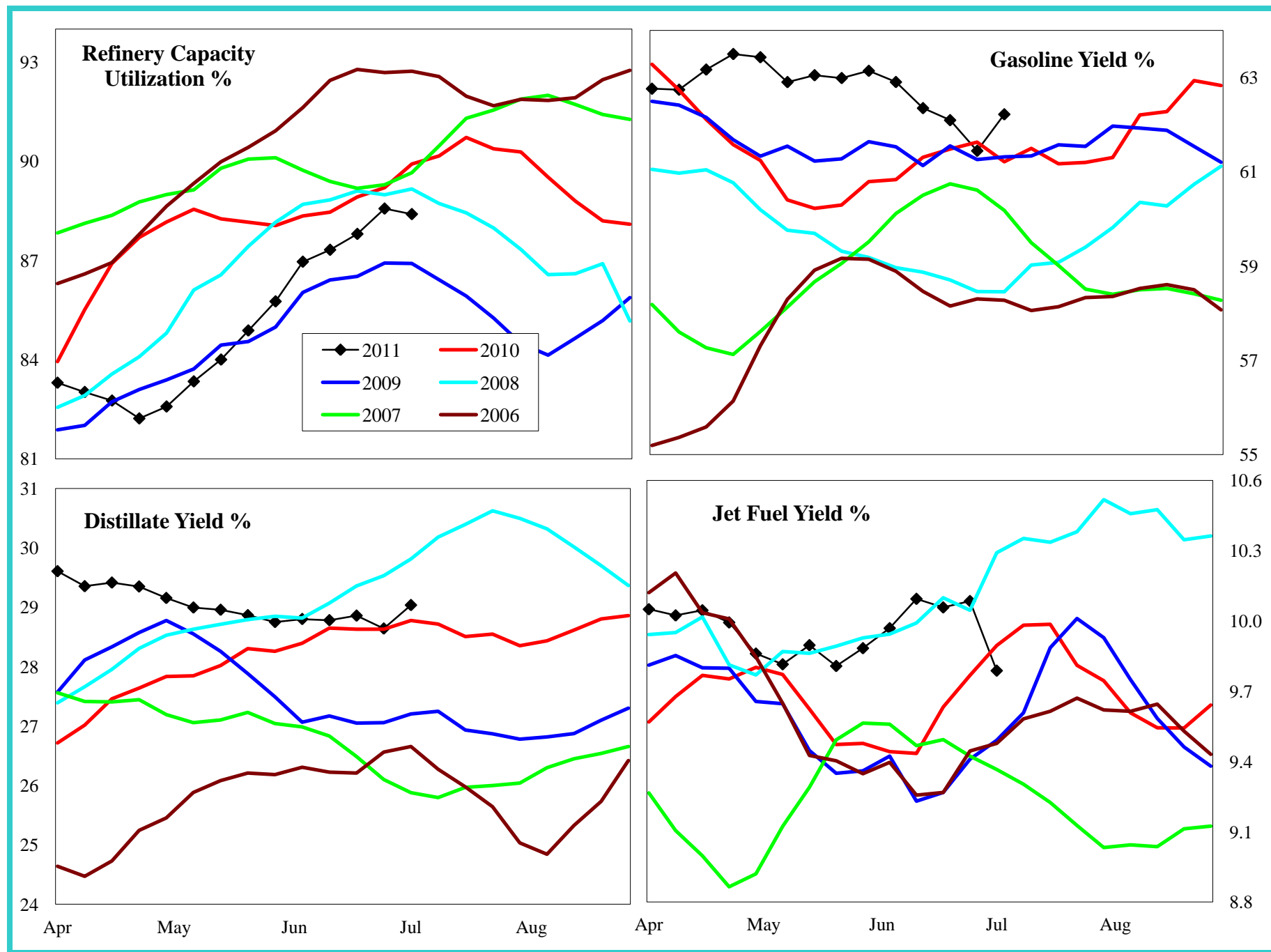


	000 bpd change from prior year				% change from prior year			
	4wk avg	May	Apr	Mar	4wk avg	May	Apr	Mar
Gasoline	-58	-134	-19	204	-0.6	-1.5	-0.2	2.3
Distillate	-203	170	179	39	-5.4	4.7	4.8	1.0
Jet Fuel	61	-10	71	-69	4.5	-0.7	5.1	-4.8
Resid	89	25	-85	21	20.7	4.9	-14.7	3.9

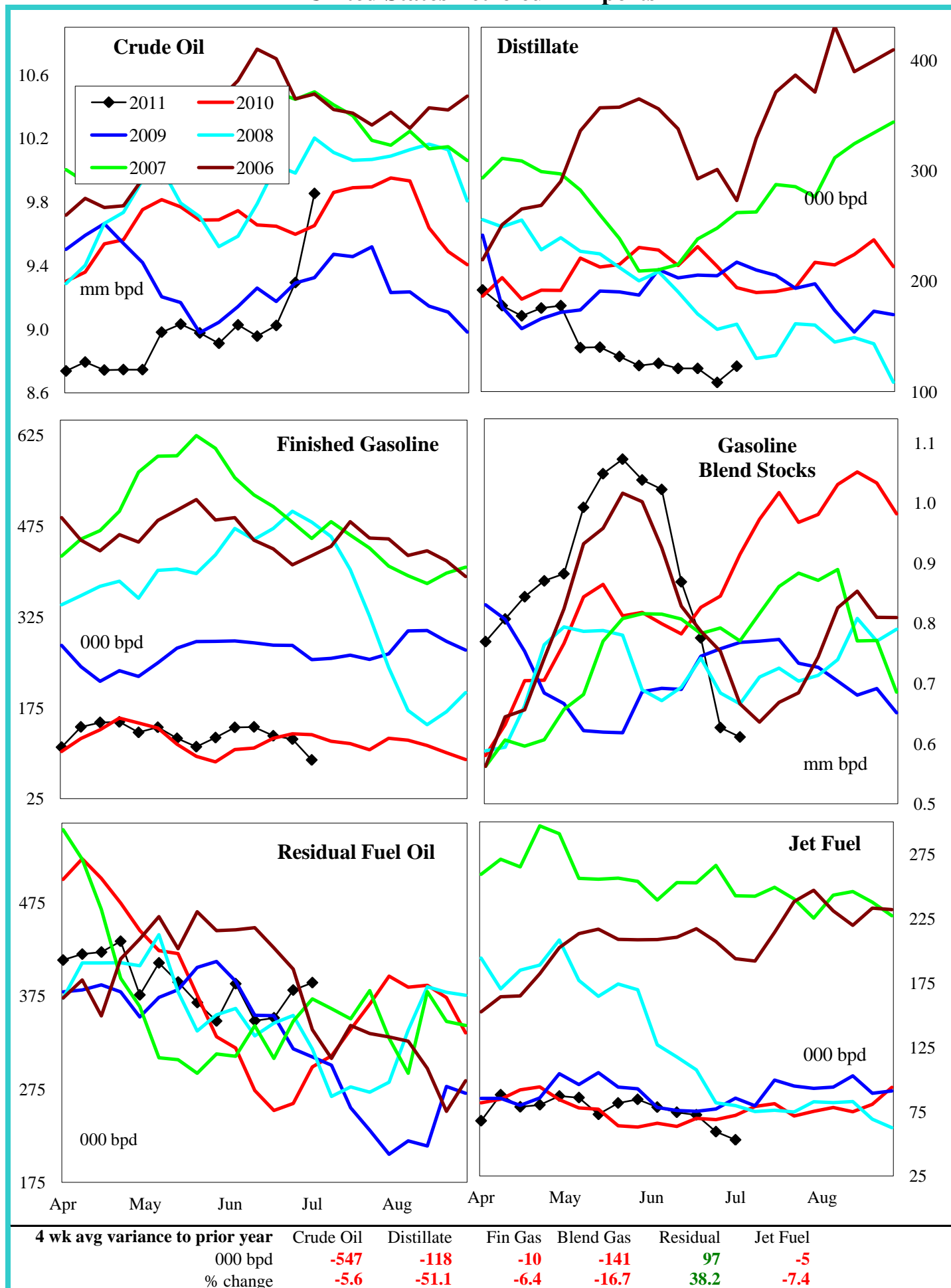


**United States Product Stocks: Days Forward Coverage**

## United States Refinery Percent Utilization Rate and Product Yields

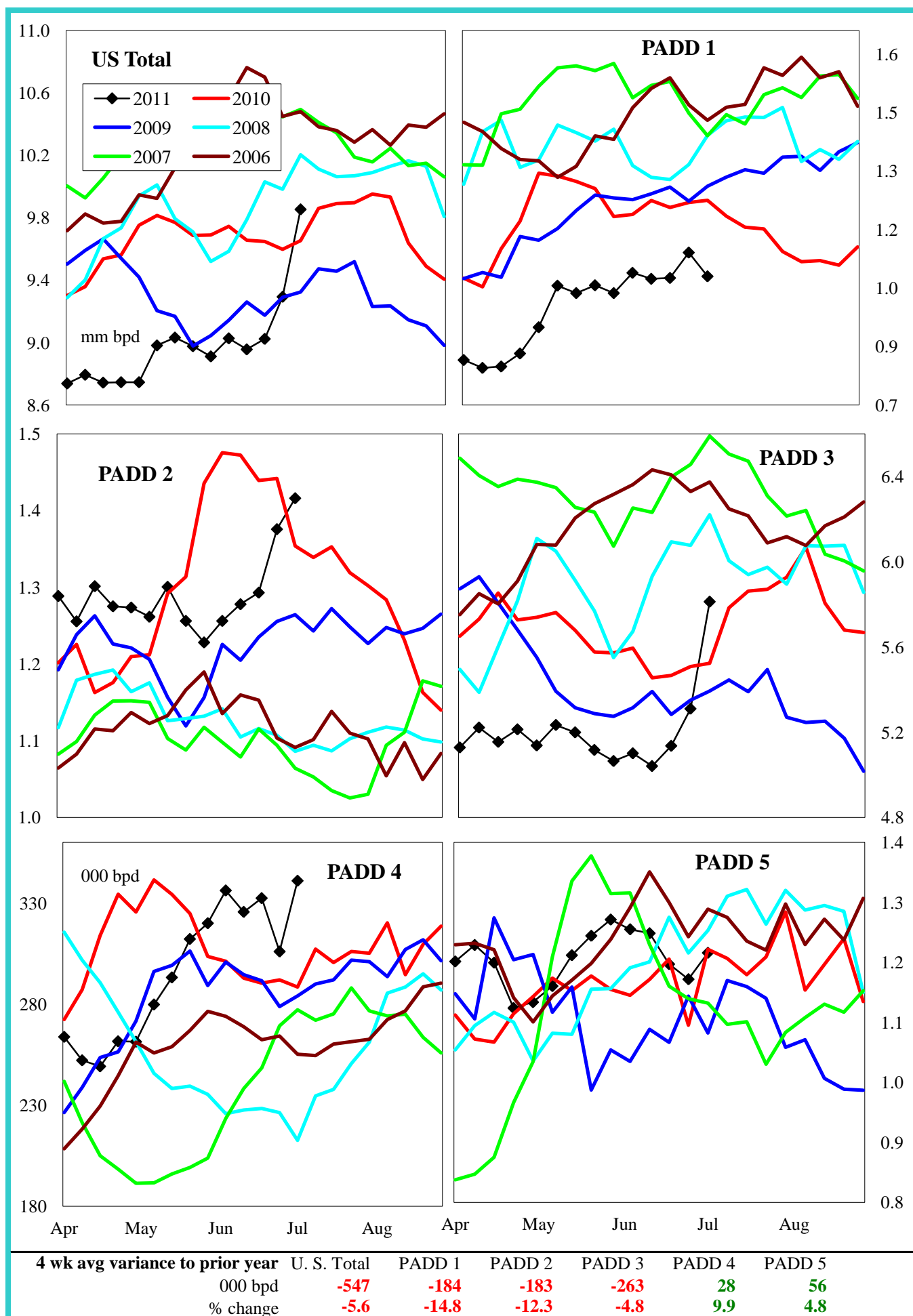


# United States Petroleum Imports

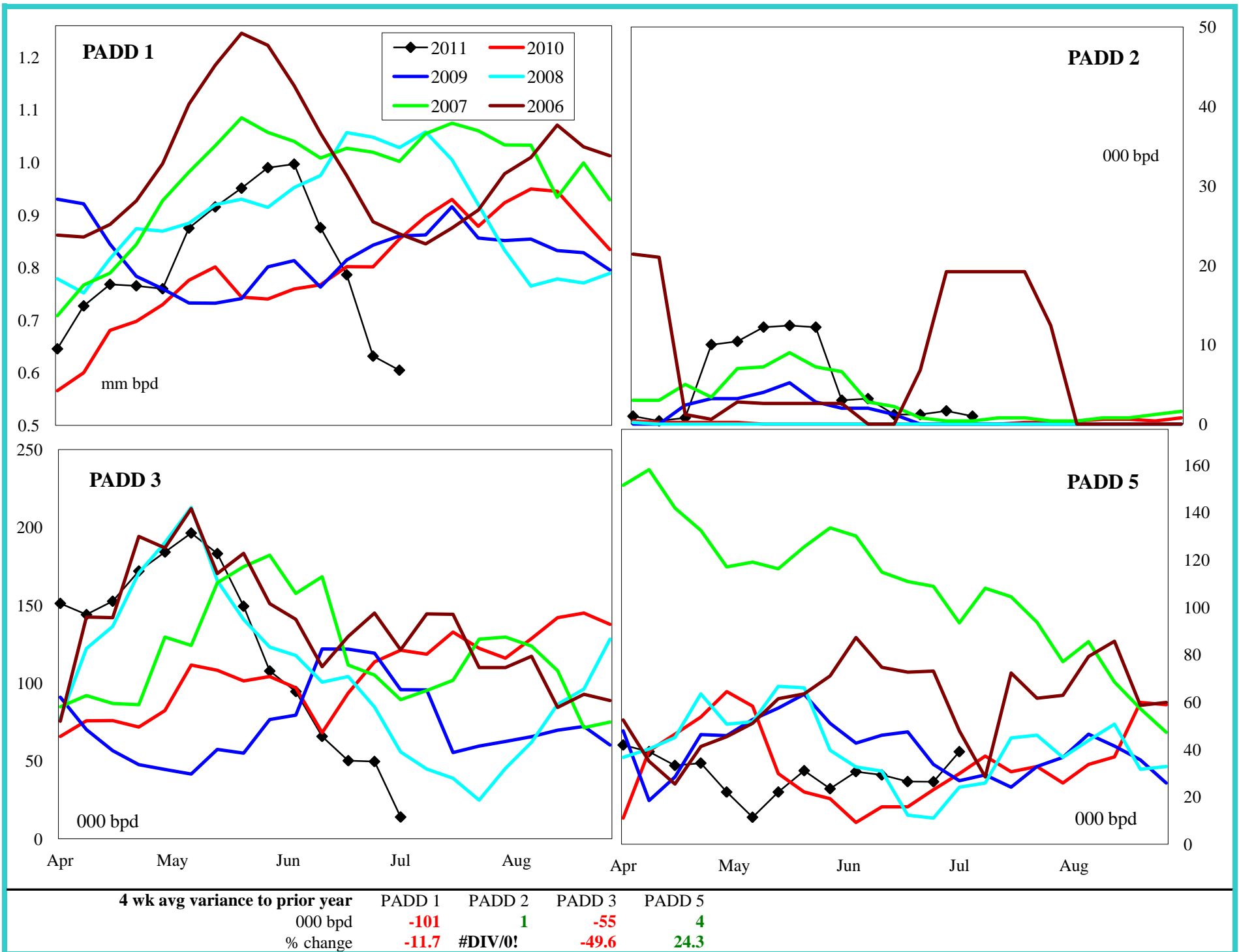




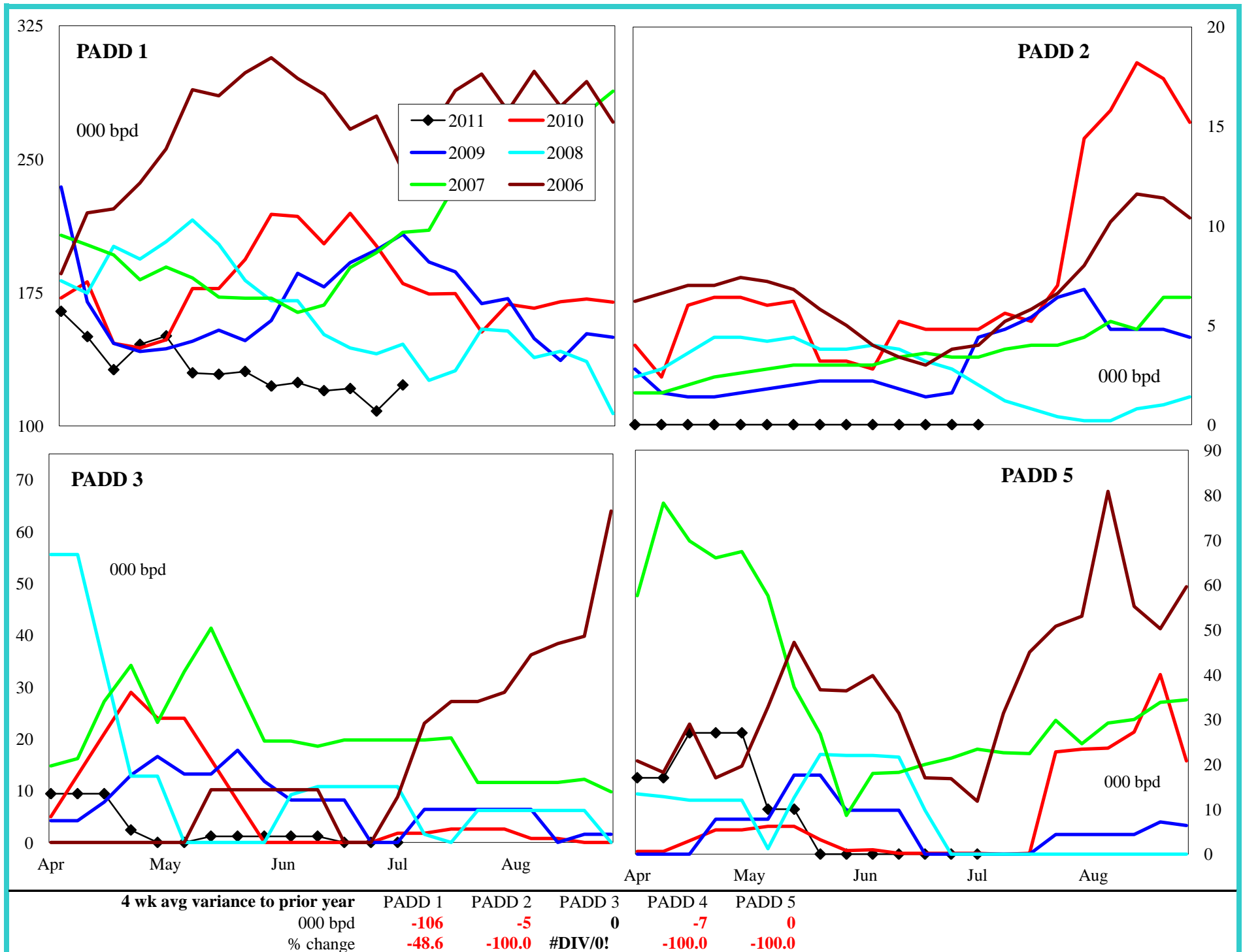
## Crude Oil Imports by PADD



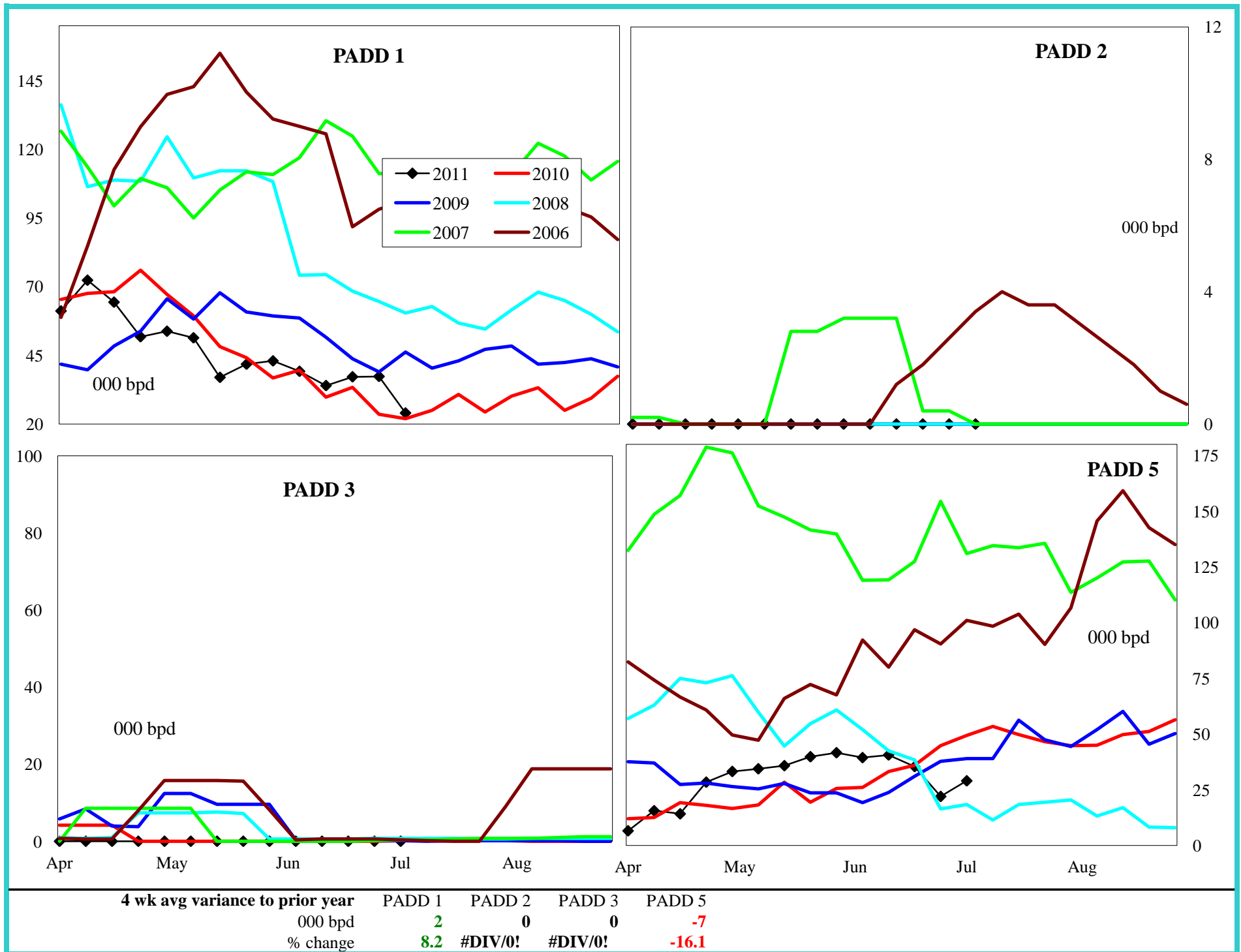
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

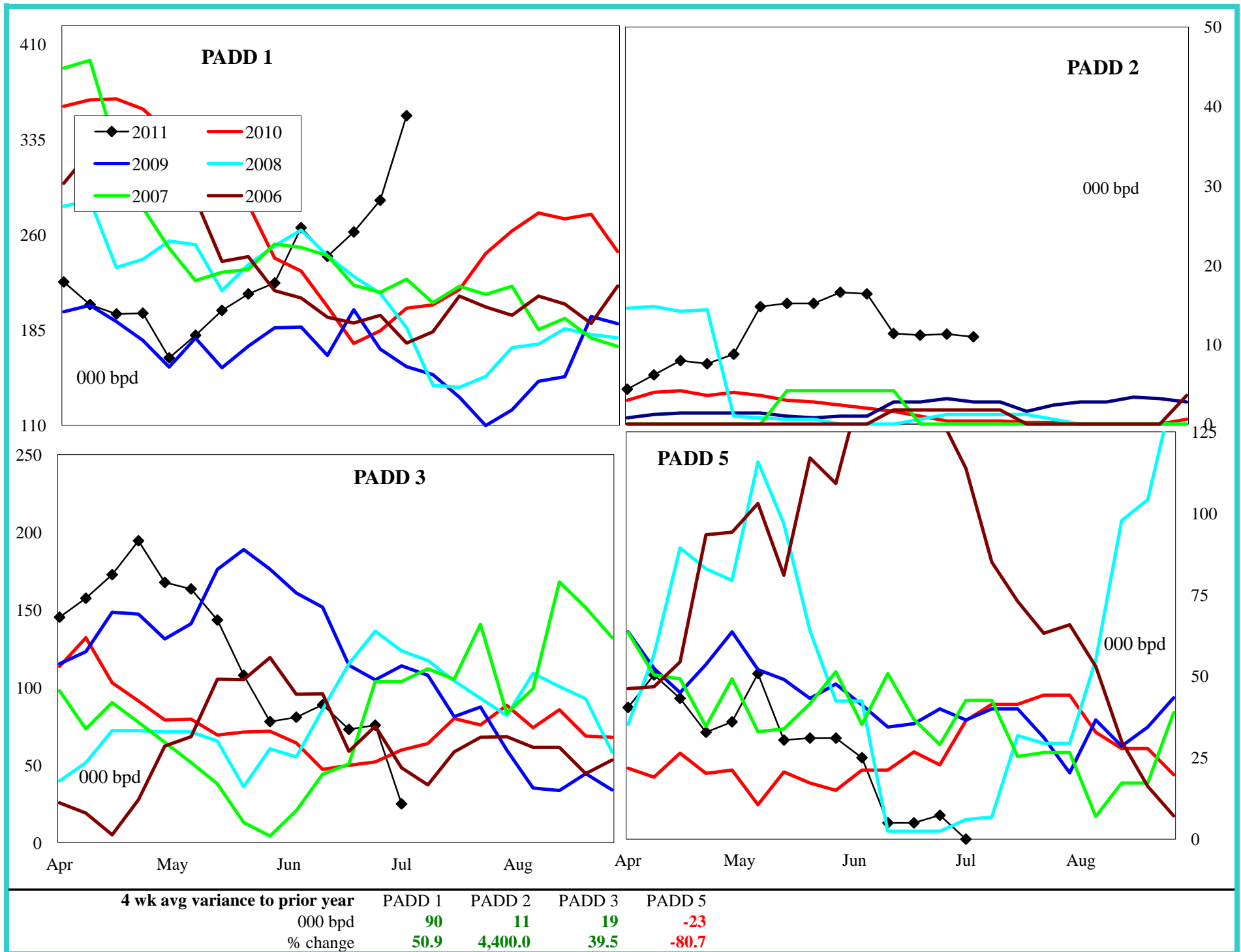


# Jet Fuel Imports by PADD

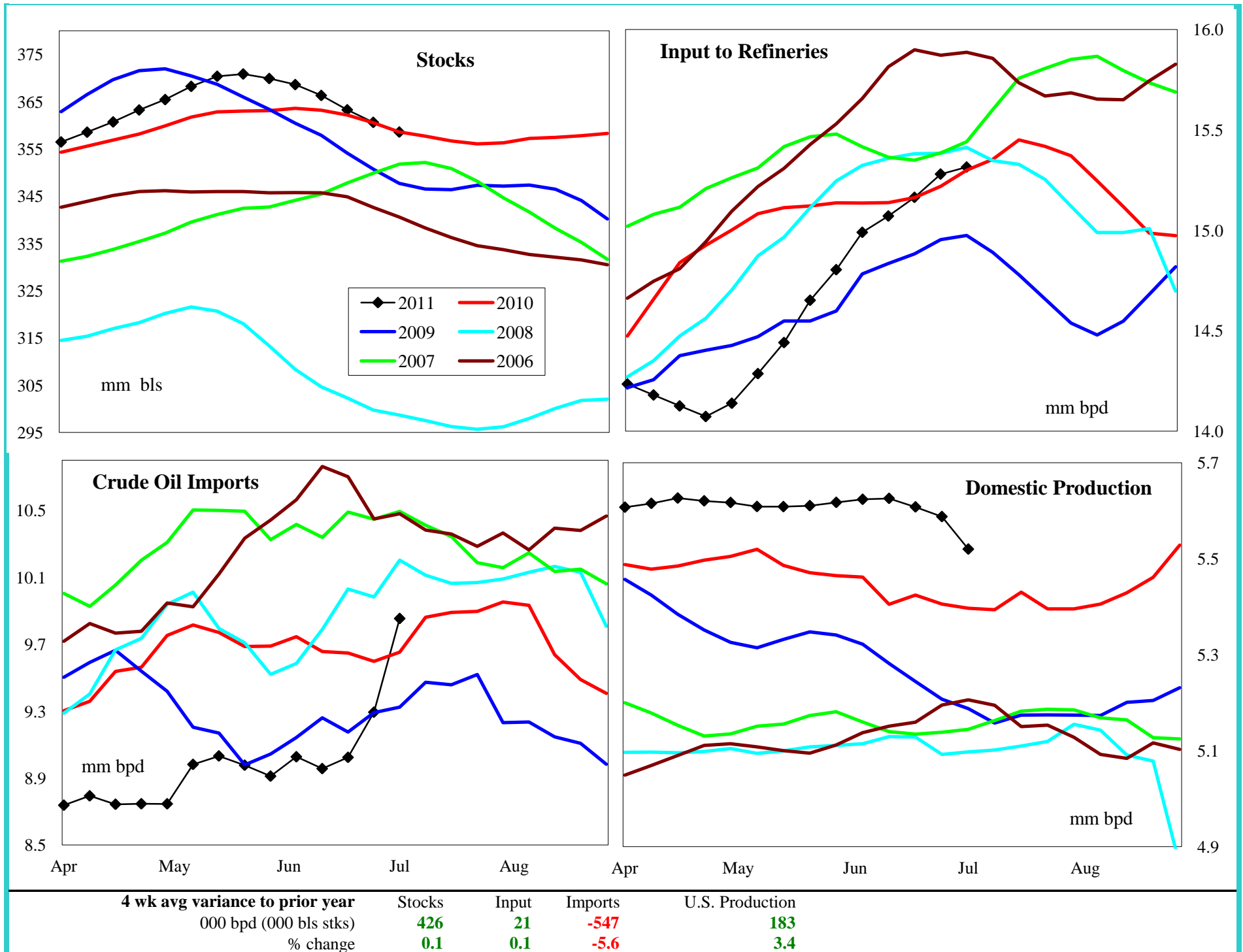




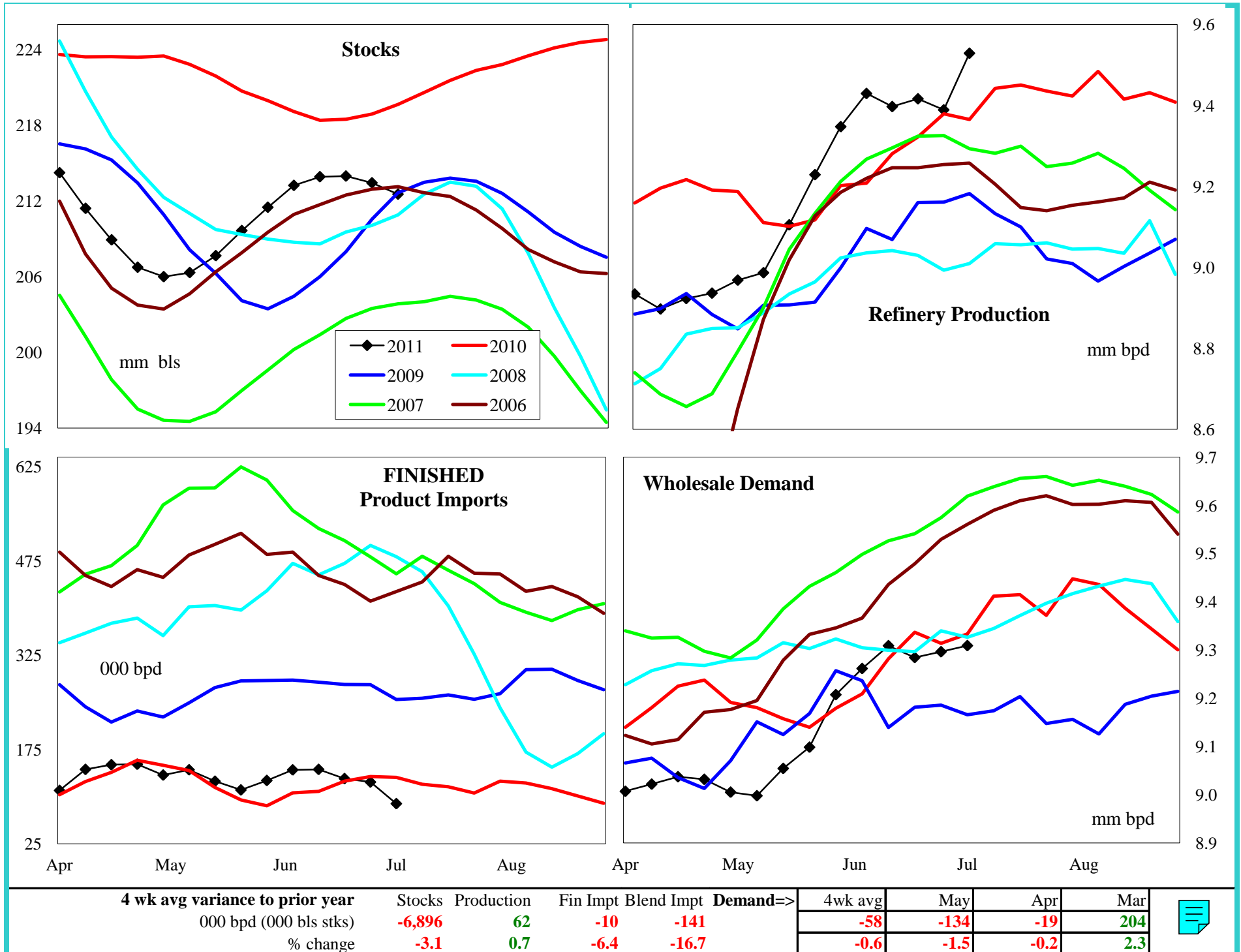
## Residual Fuel Oil Imports by PADD



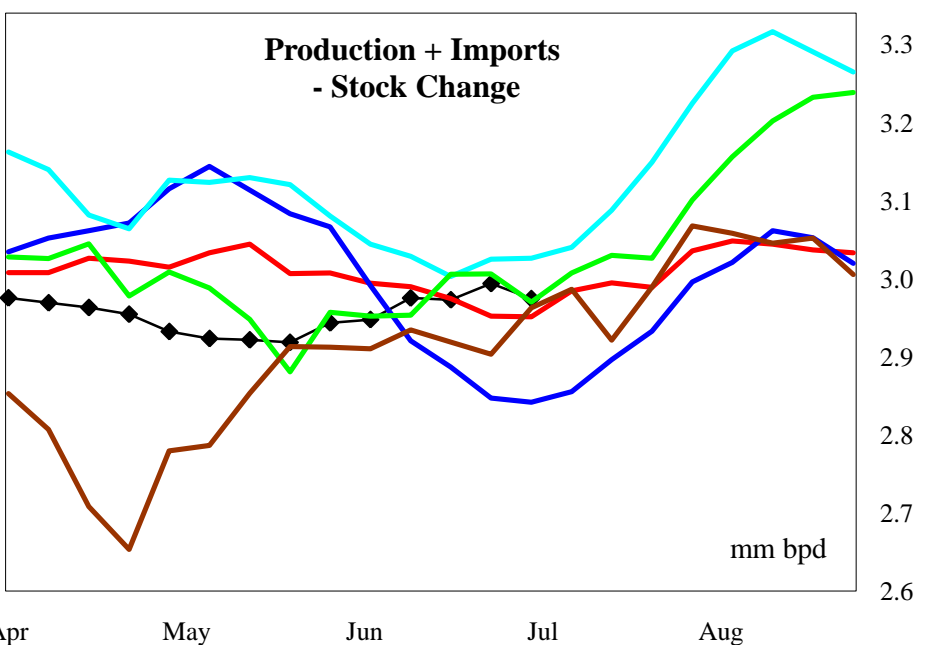
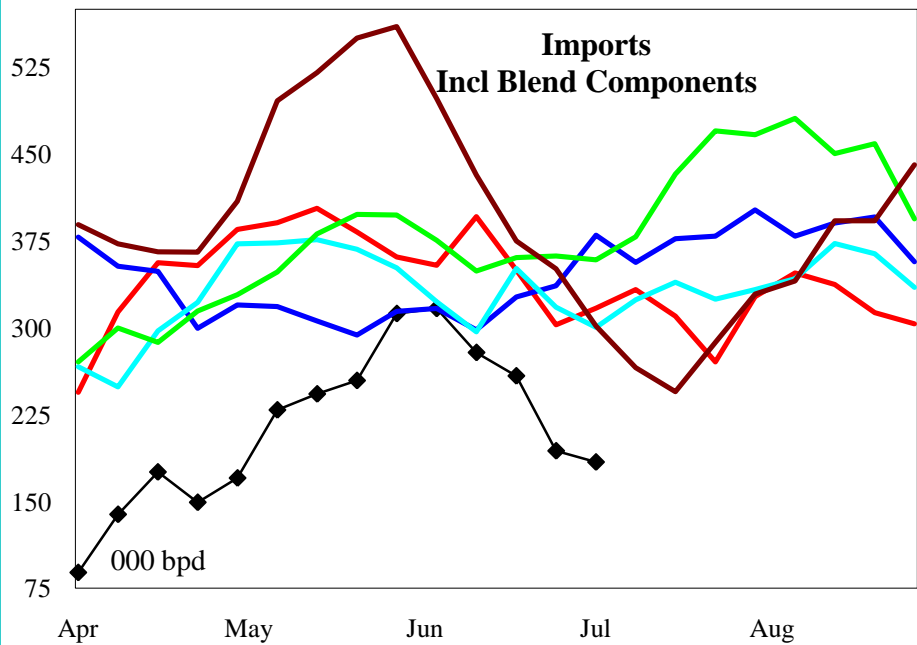
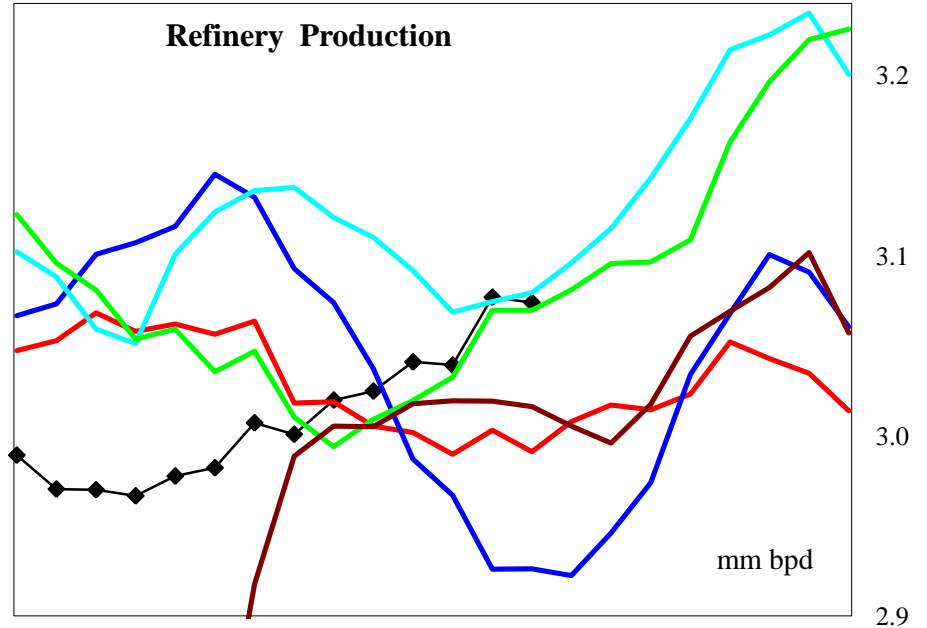
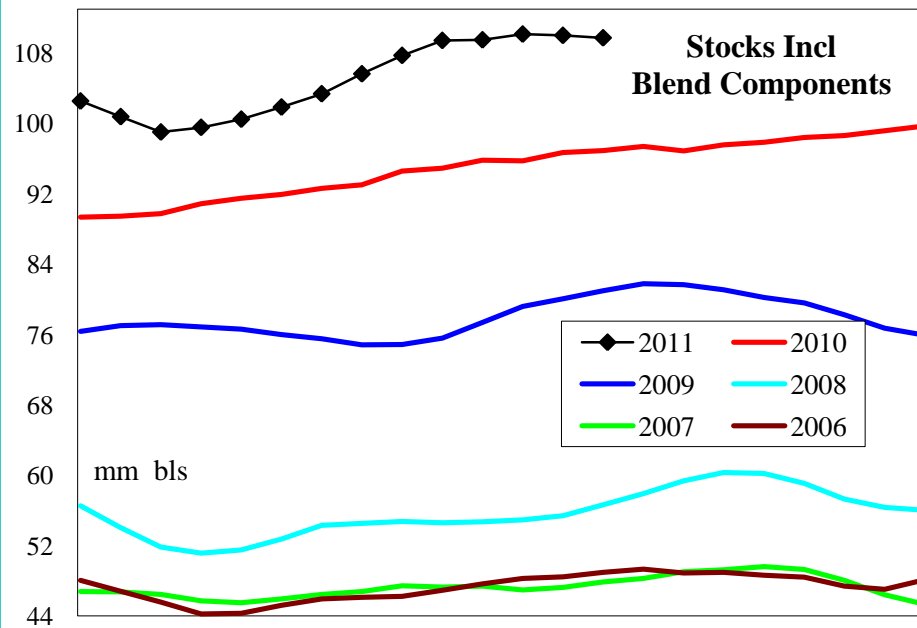
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance



# United States Reformulated Gasoline Supply

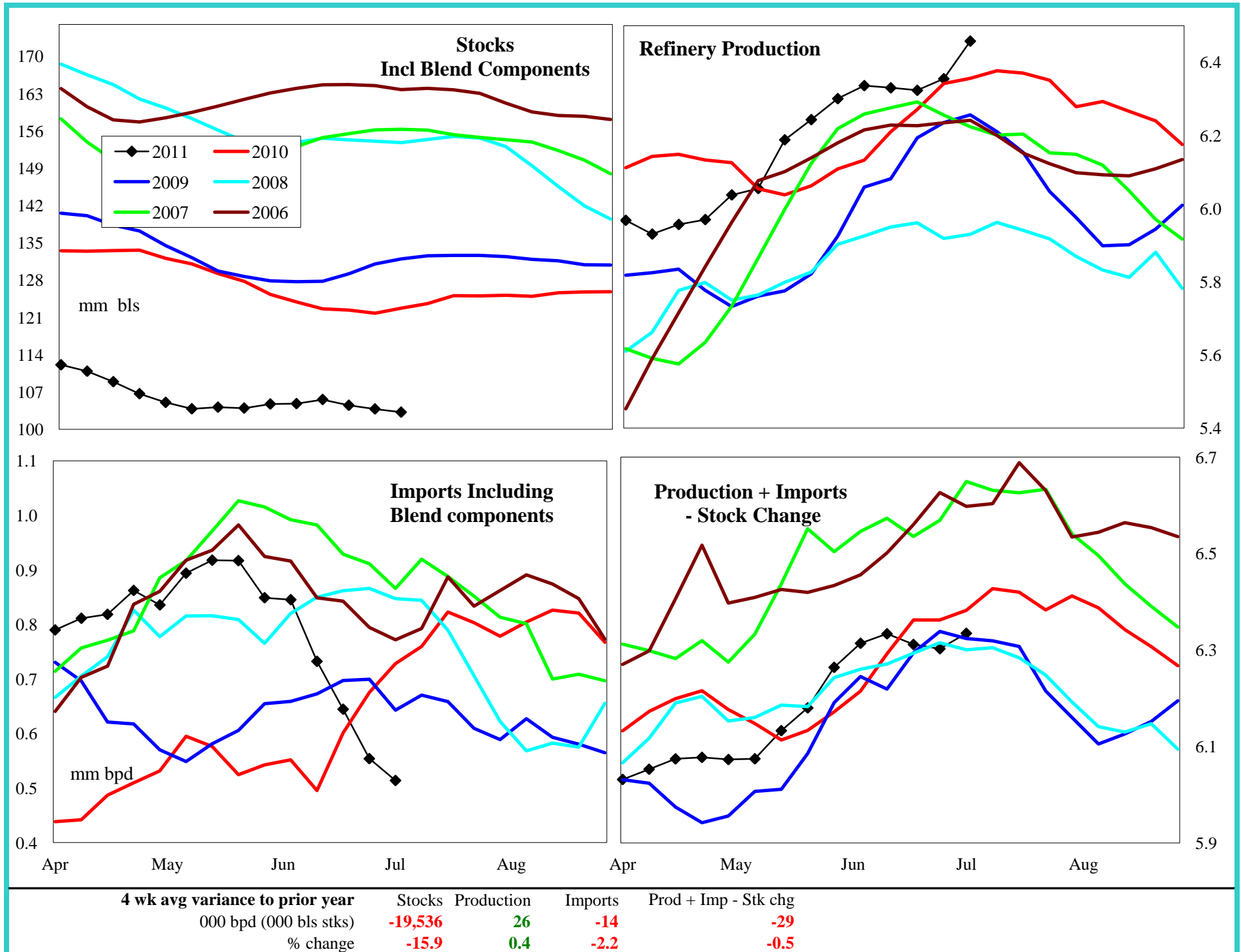


**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

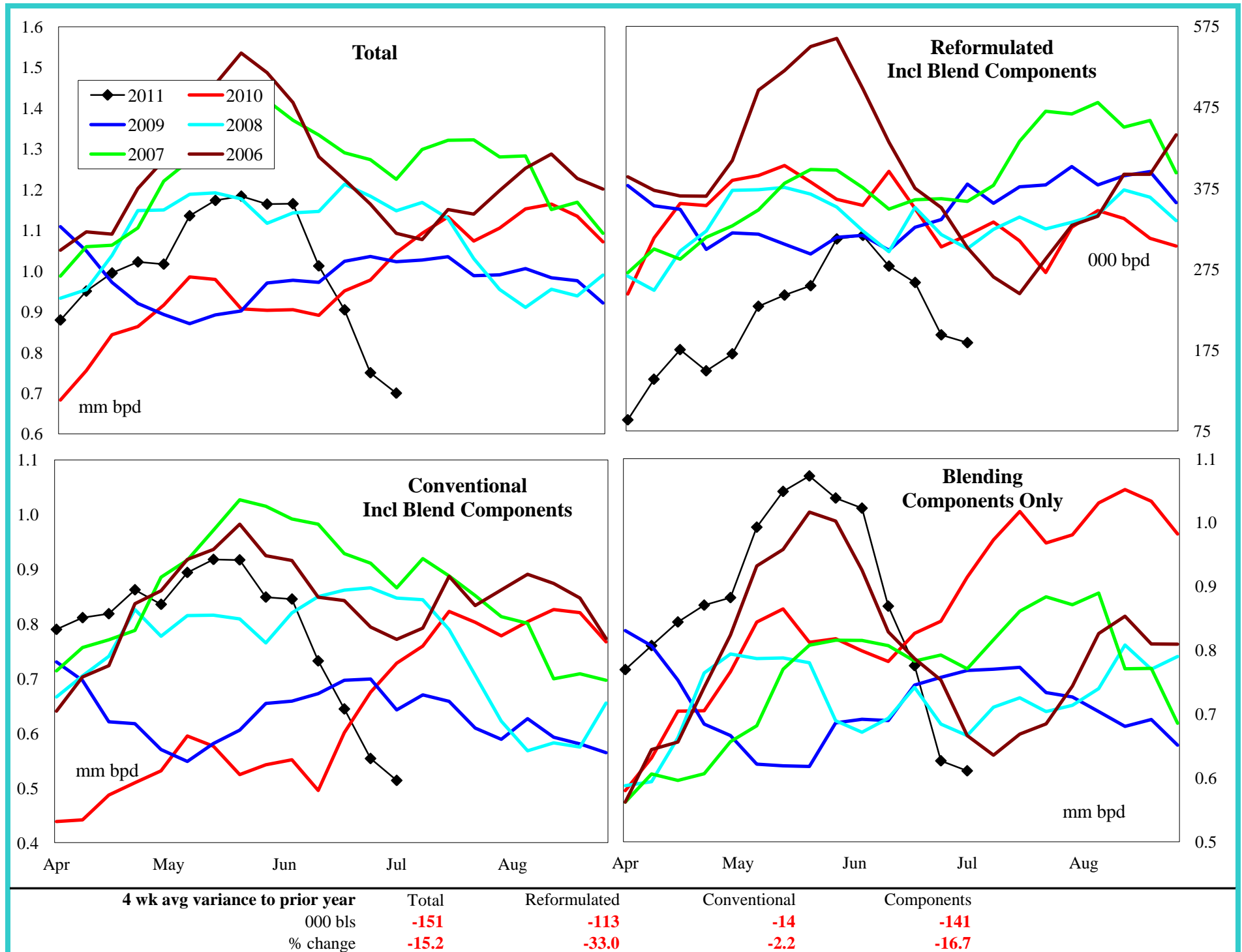
Stocks	Production	Imports	Prod + Imp - Stk chg
12,833	62	-113	12
13.2	2.1	-33.0	0.4



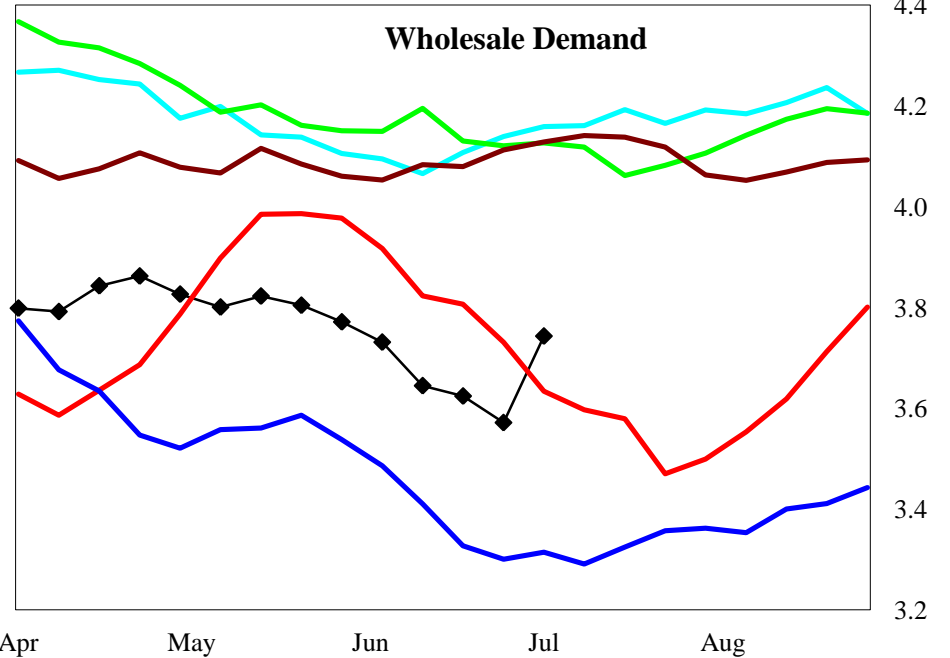
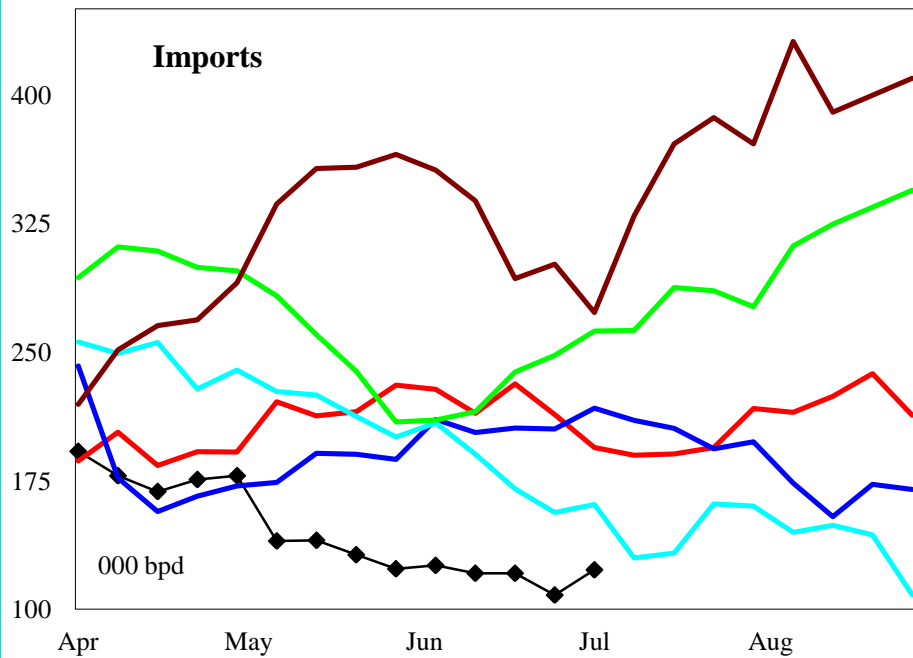
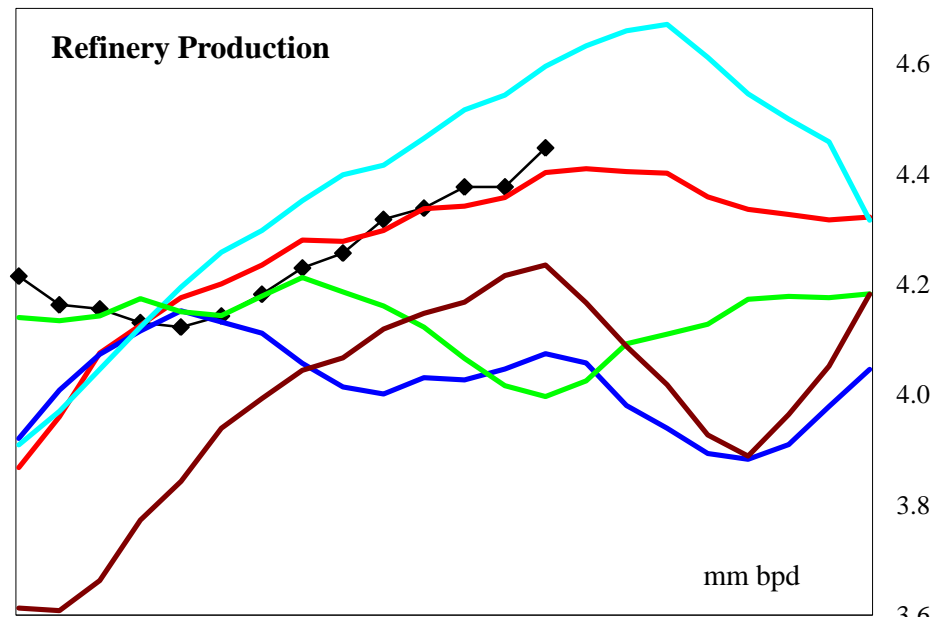
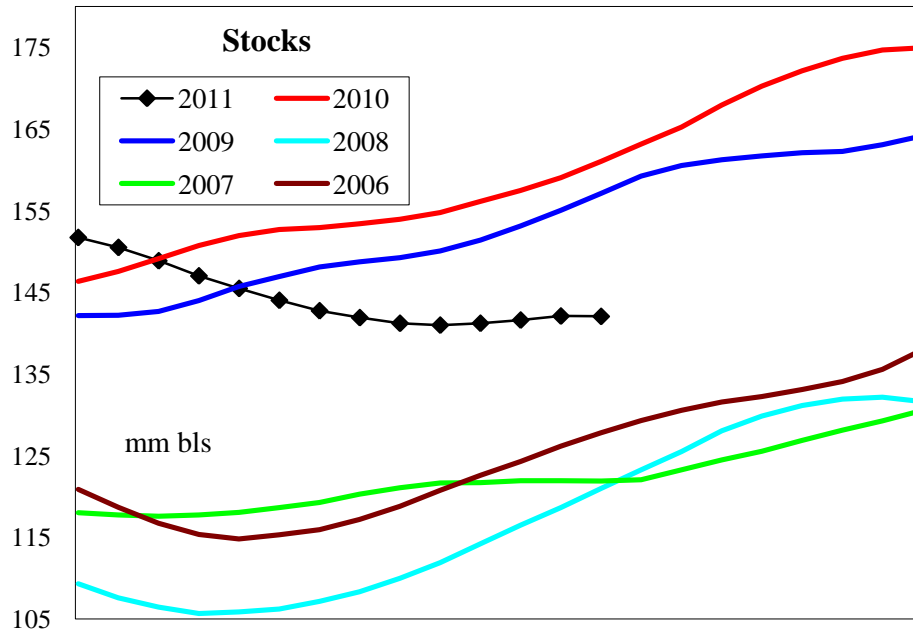
# United States Conventional Gasoline Supply



# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Demand=>

-17,636

30

-118

4wk avg

May

Apr

Mar

-11.0

0.7

-51.1

-203

170

179

39

-5.4

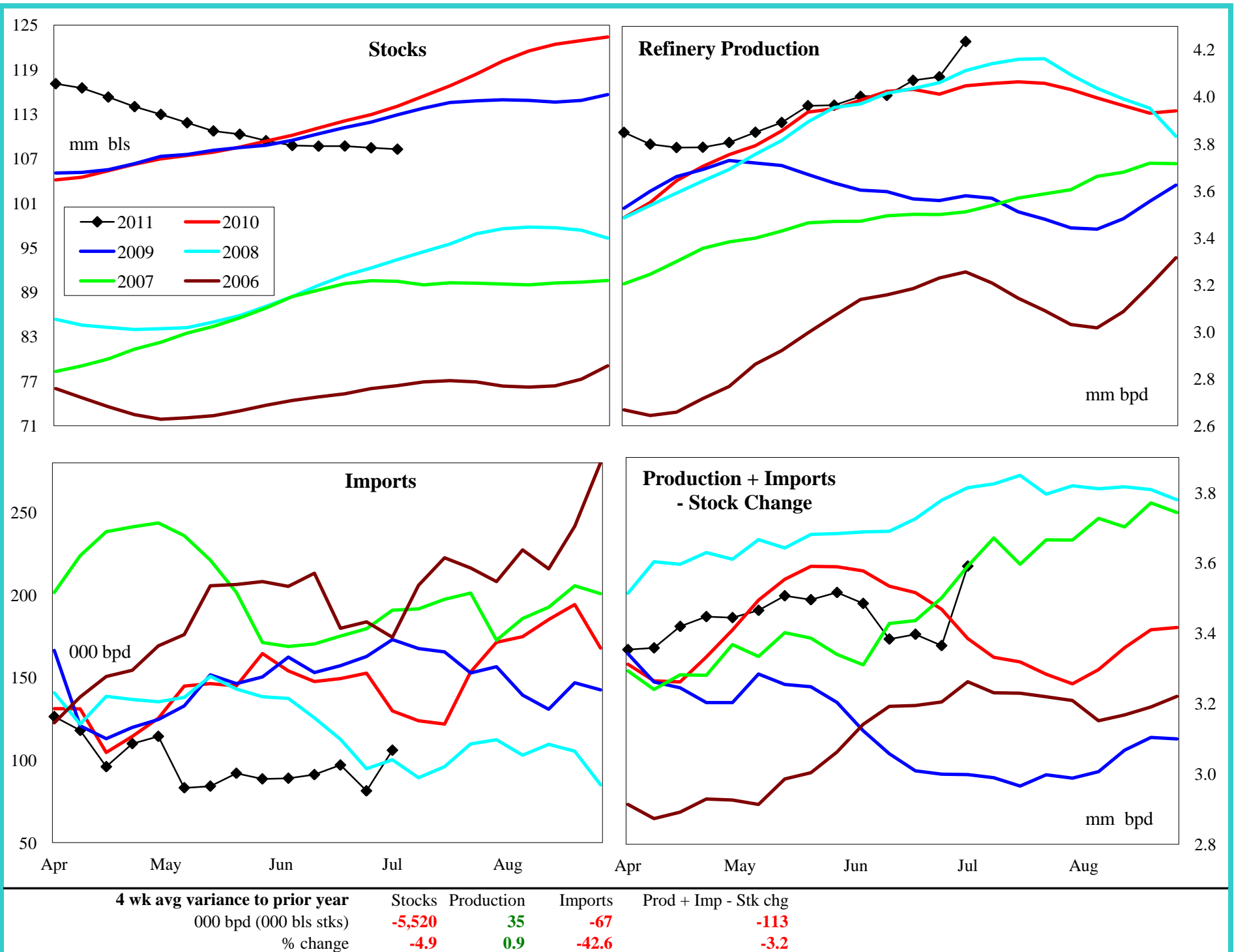
4.7

4.8

1.0

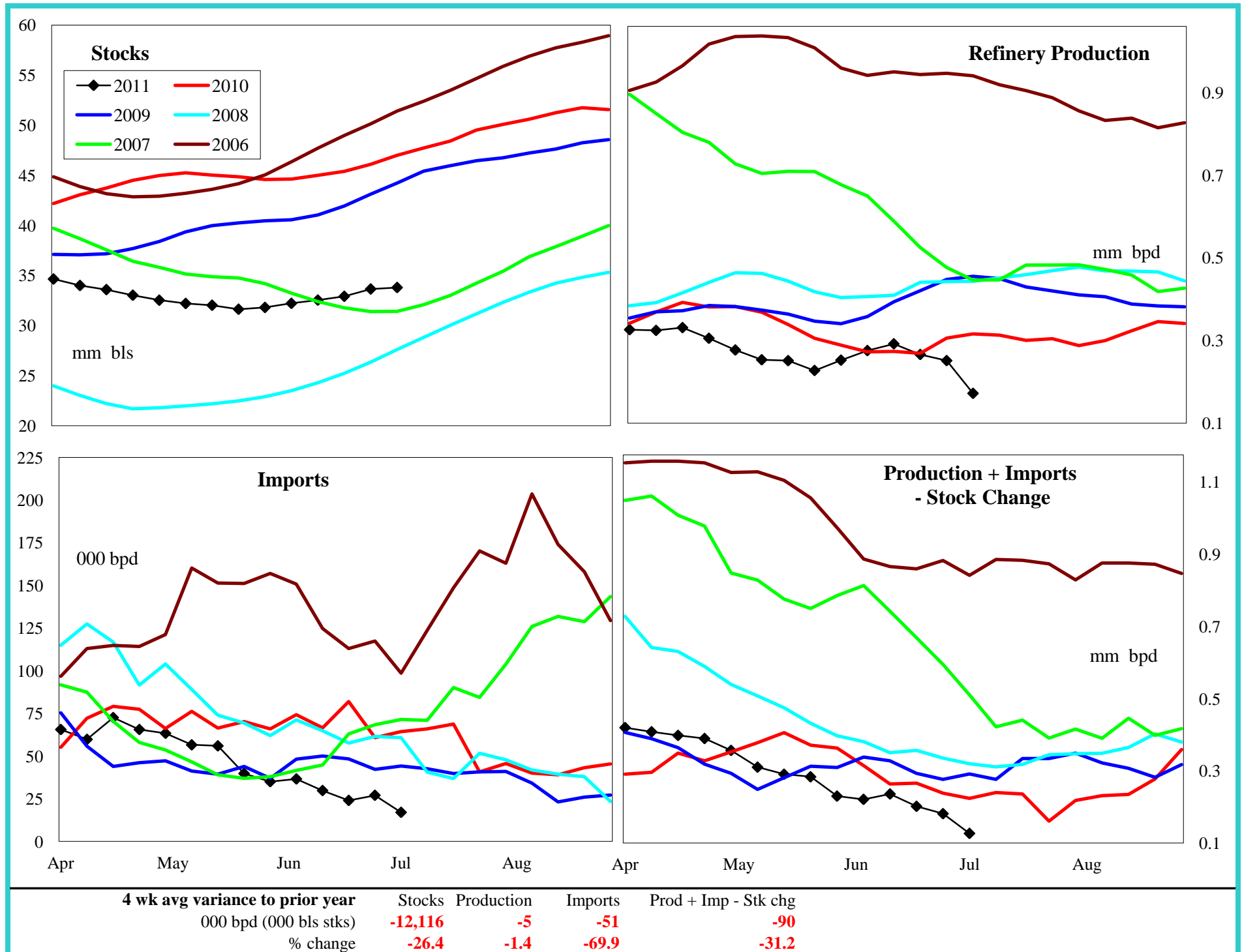


# United States Low Sulfur Distillate Supply

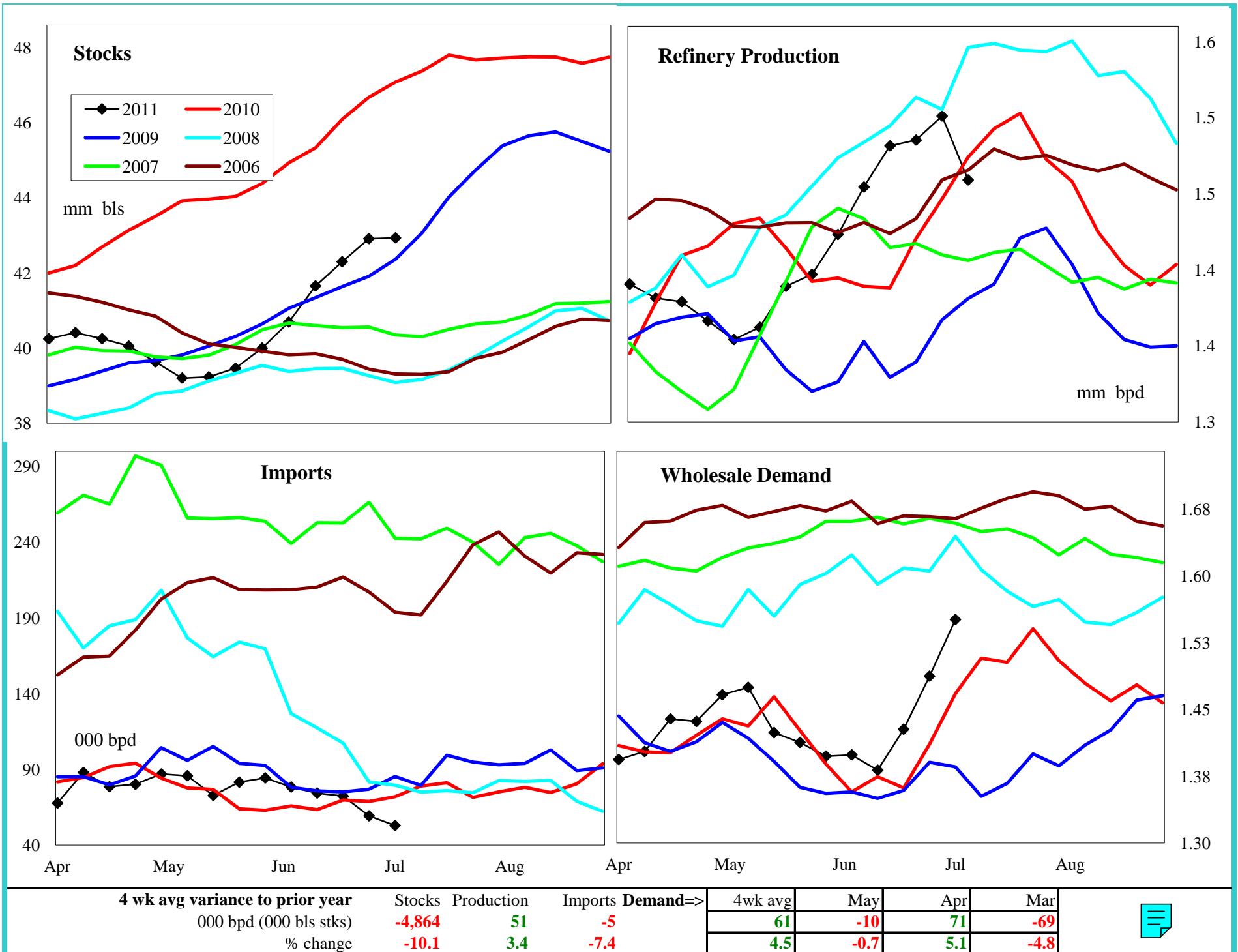




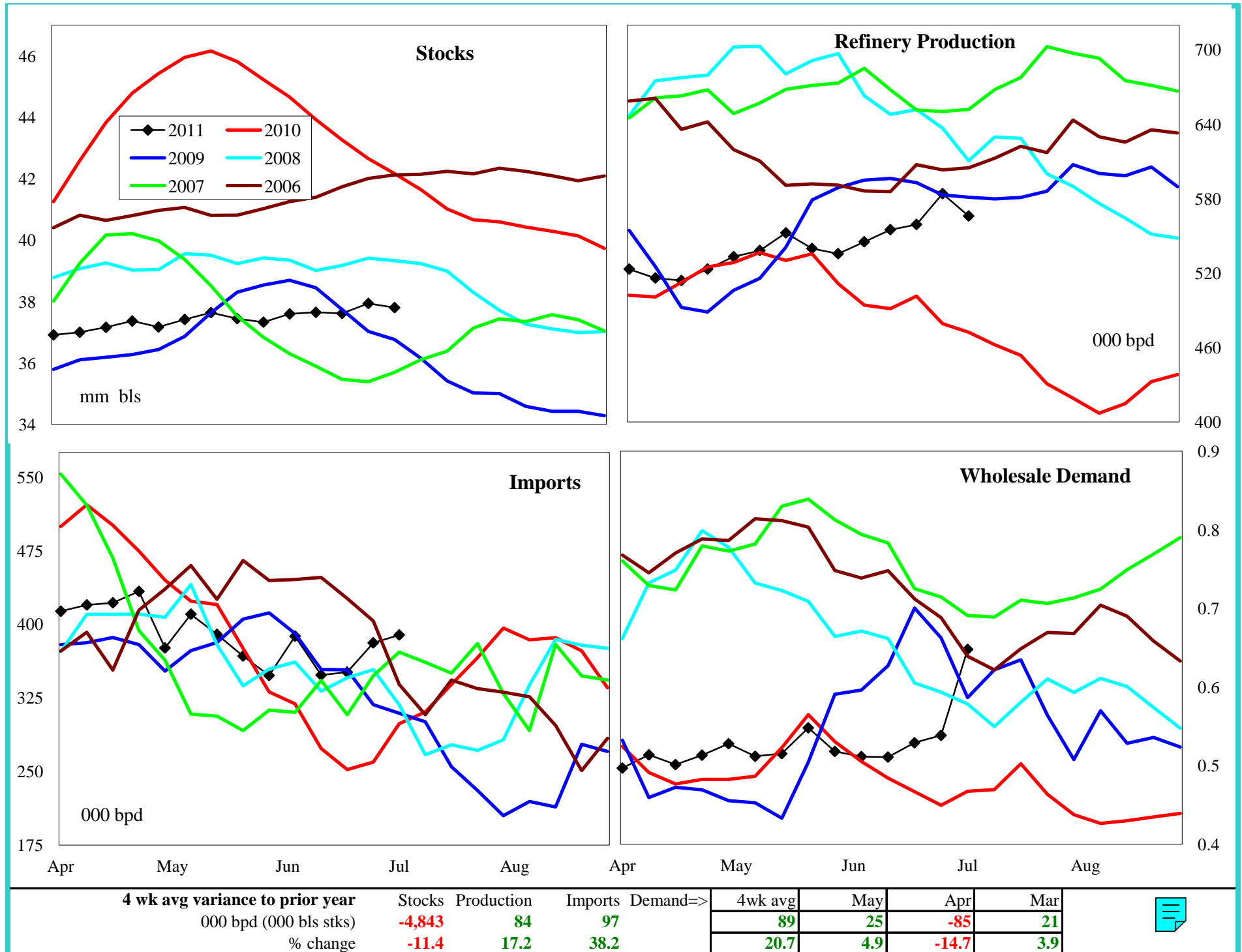
# United States High Sulfur Distillate Supply



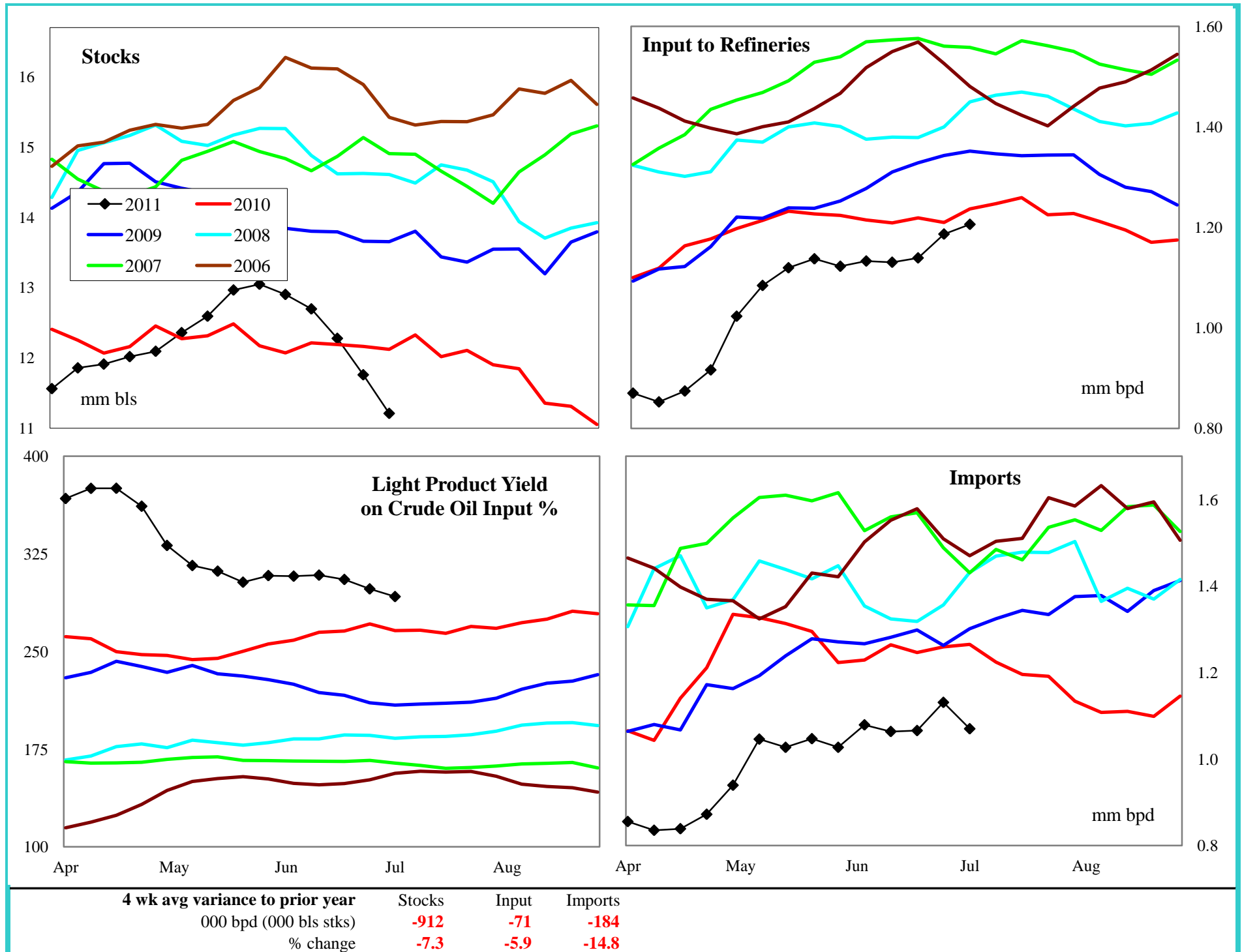
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

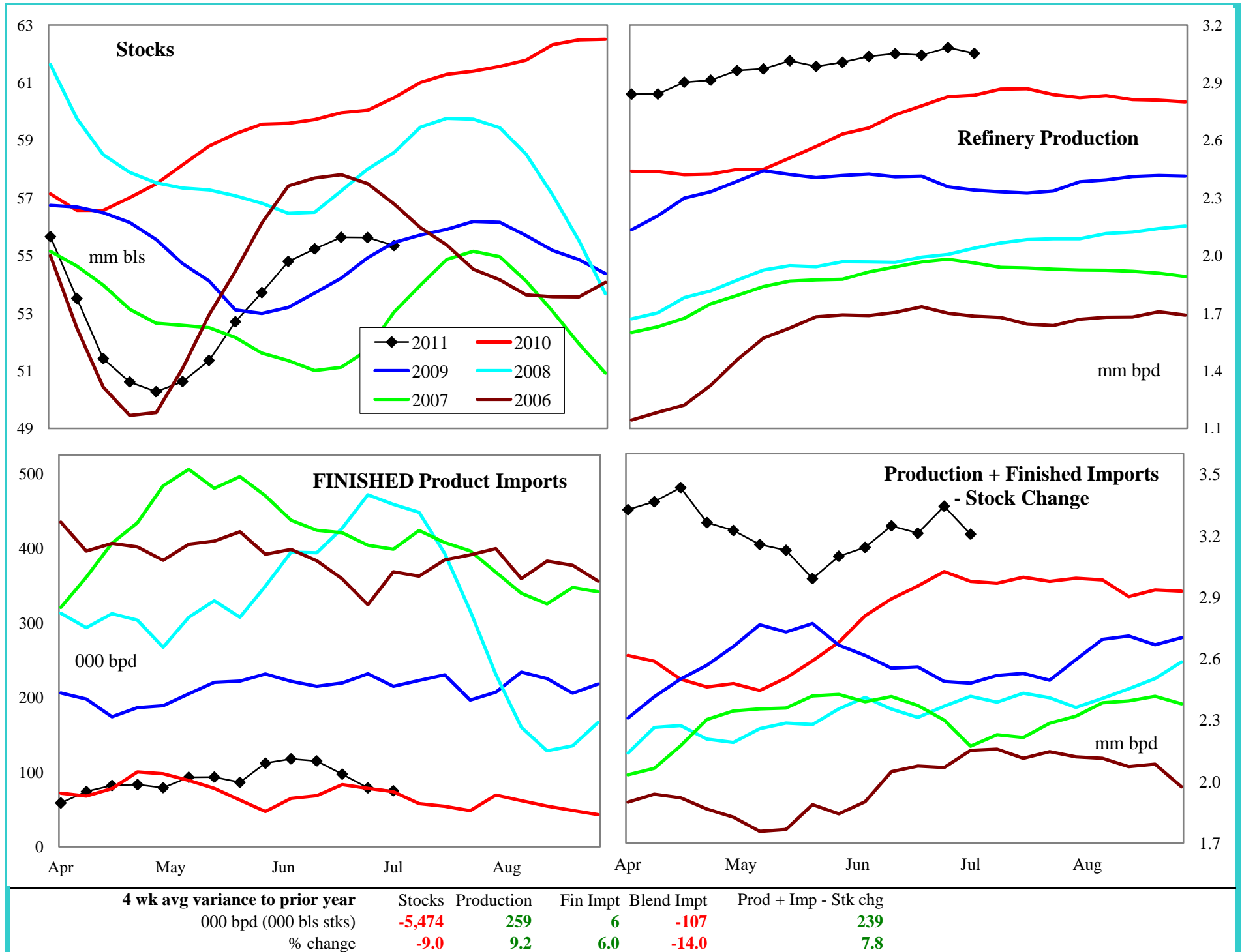


# PADD 1 Crude Oil Supply and Refining

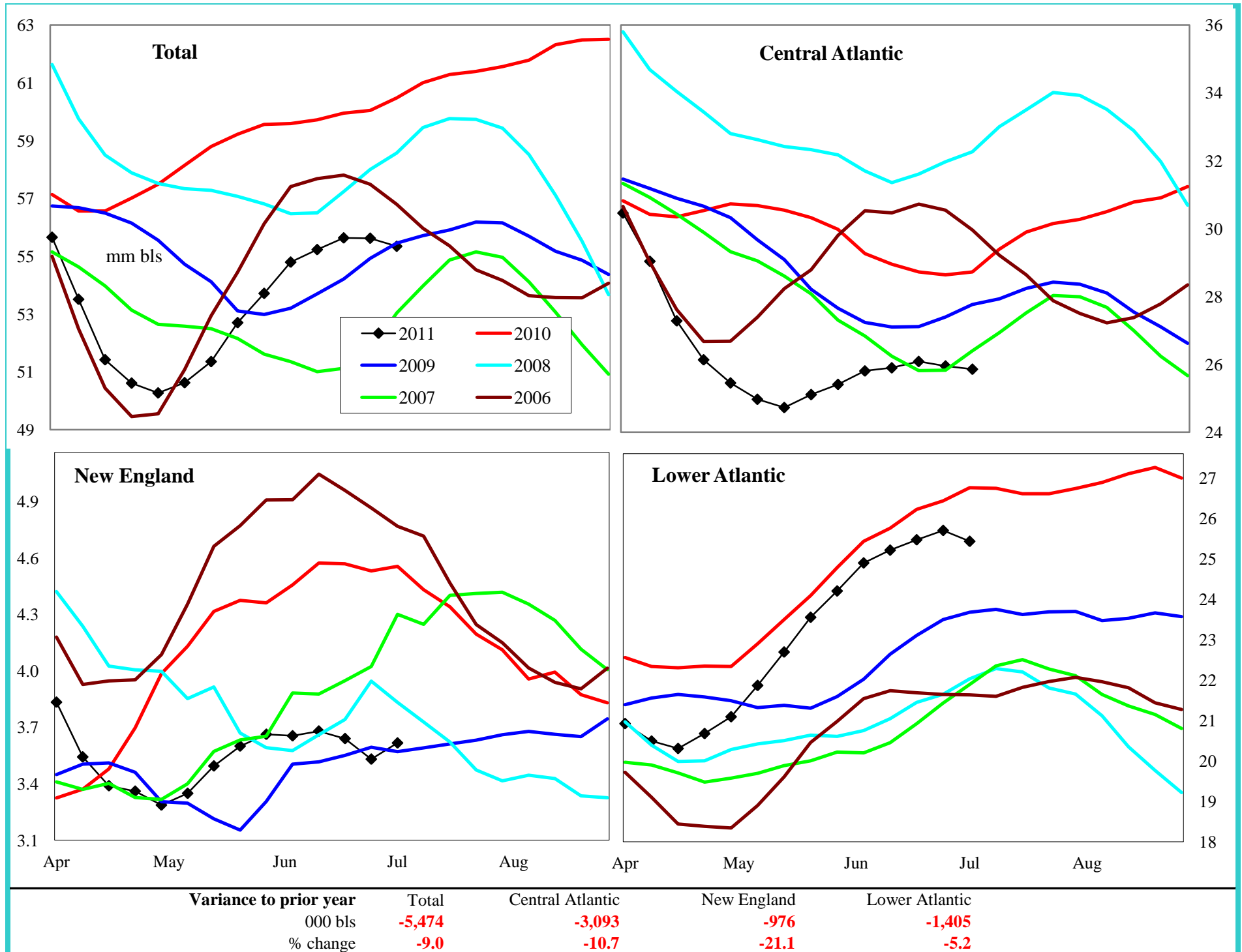




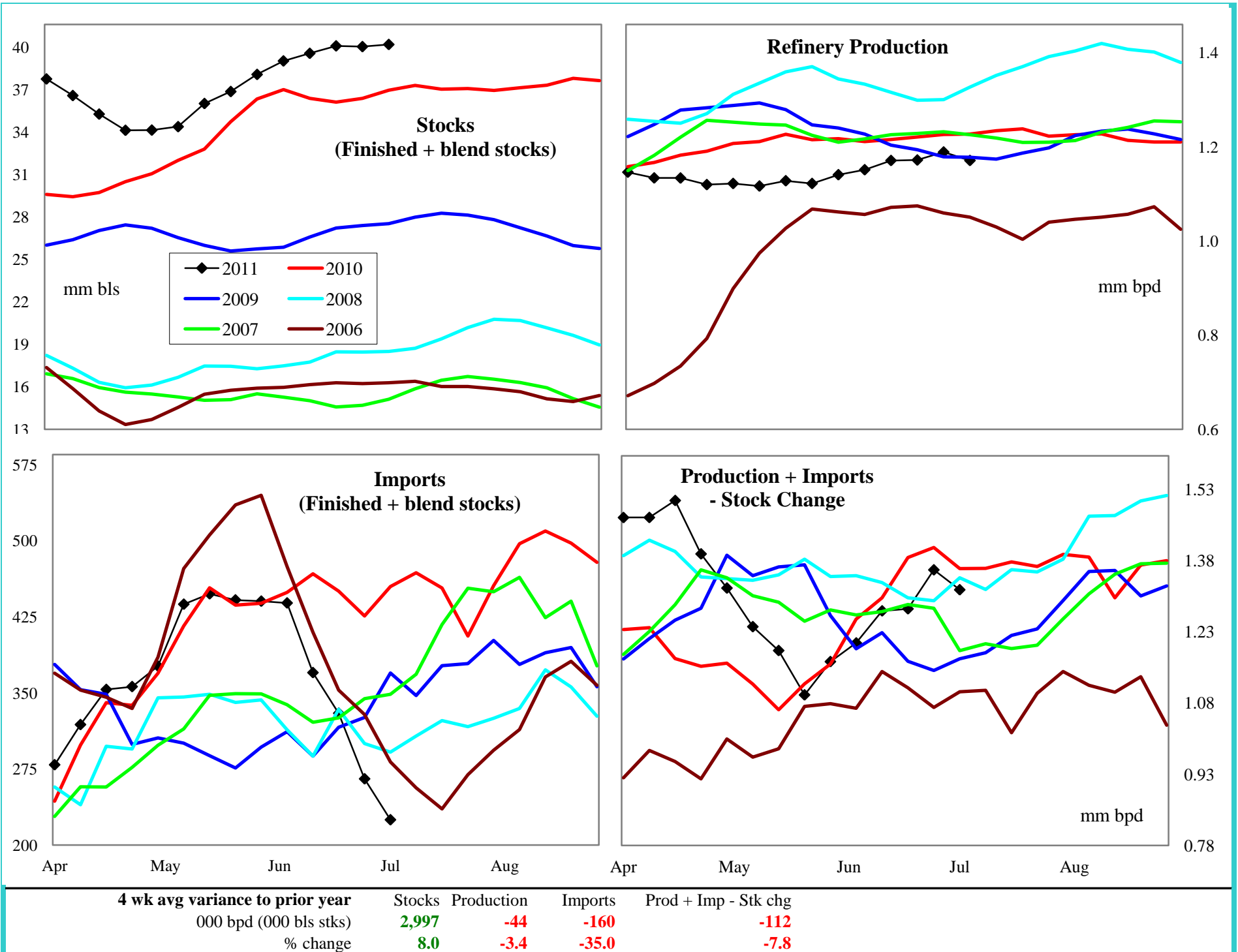
# PADD 1 Gasoline Supply



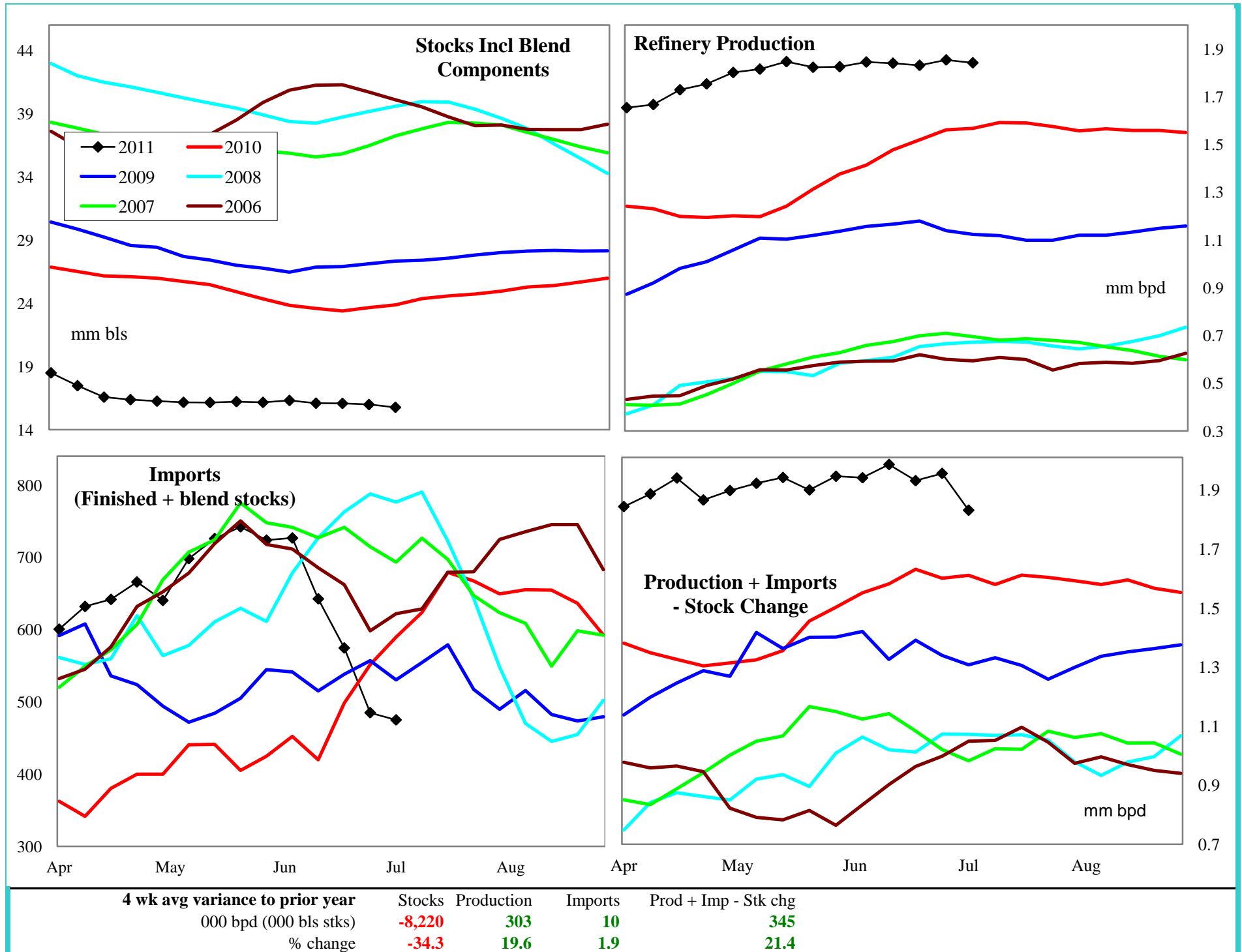
# PADD 1 Gasoline Stocks by Region



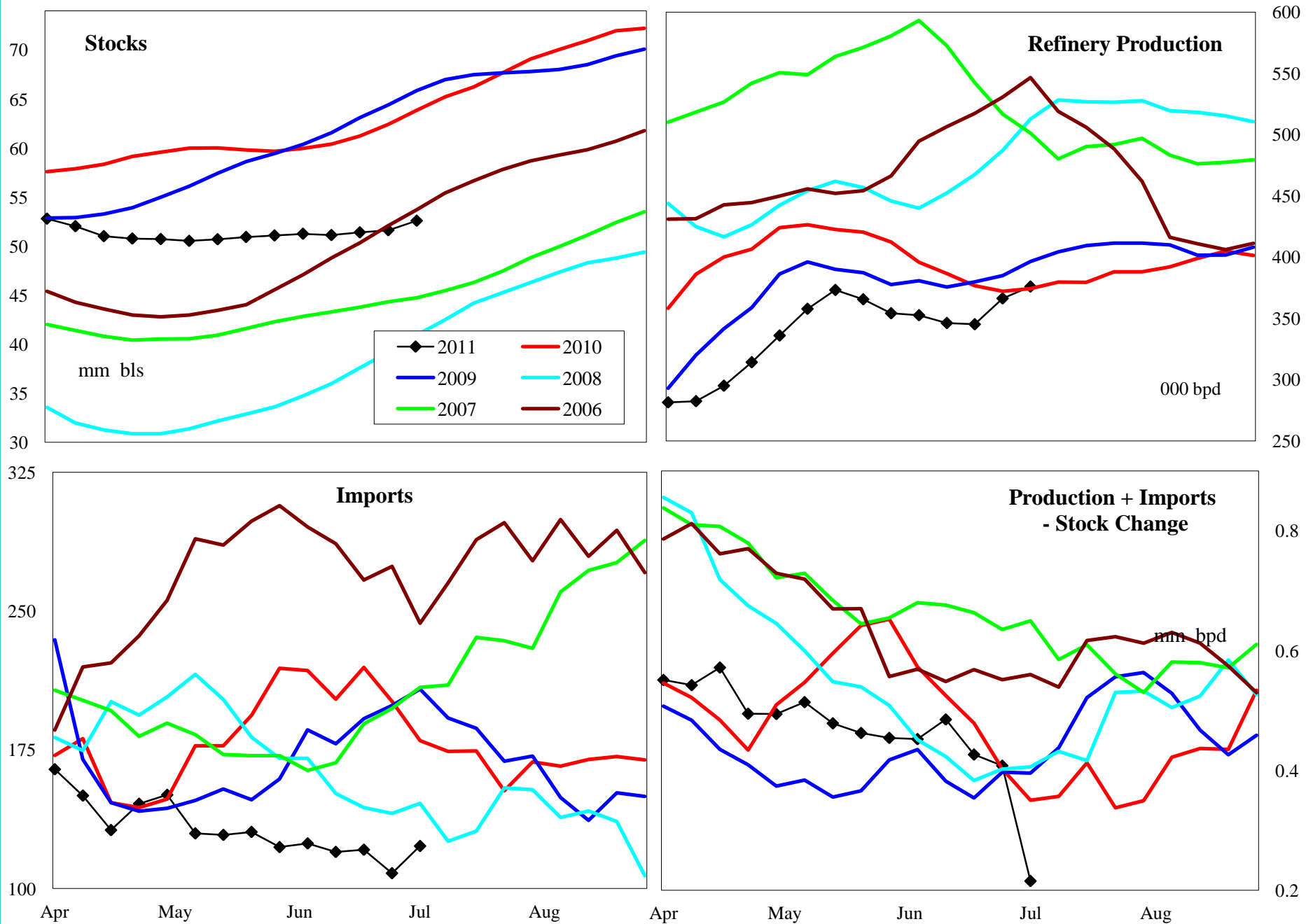
# PADD 1 Reformulated Gasoline Supply



# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-10,662

-15

-106

-23

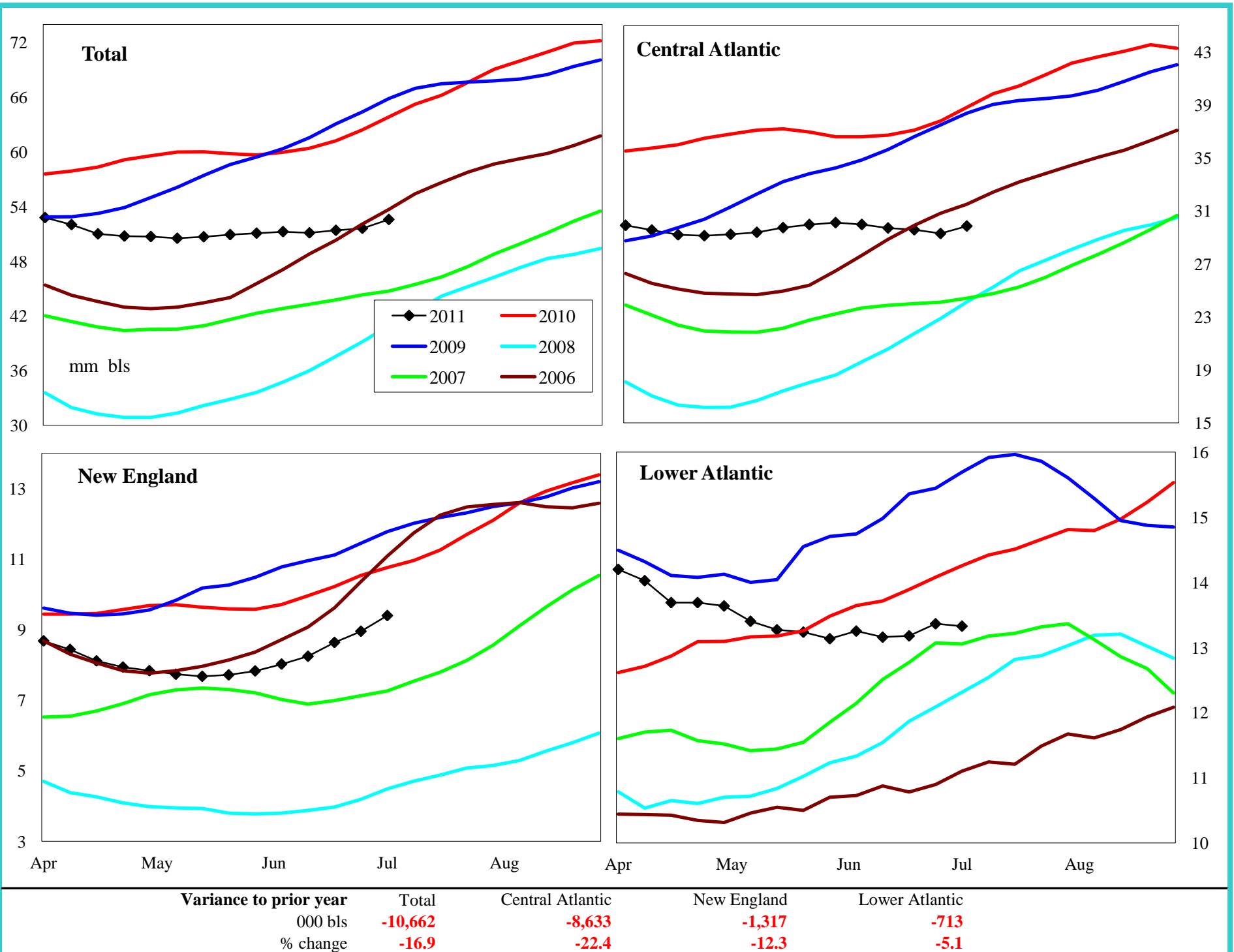
-16.9

-4.0

-48.6

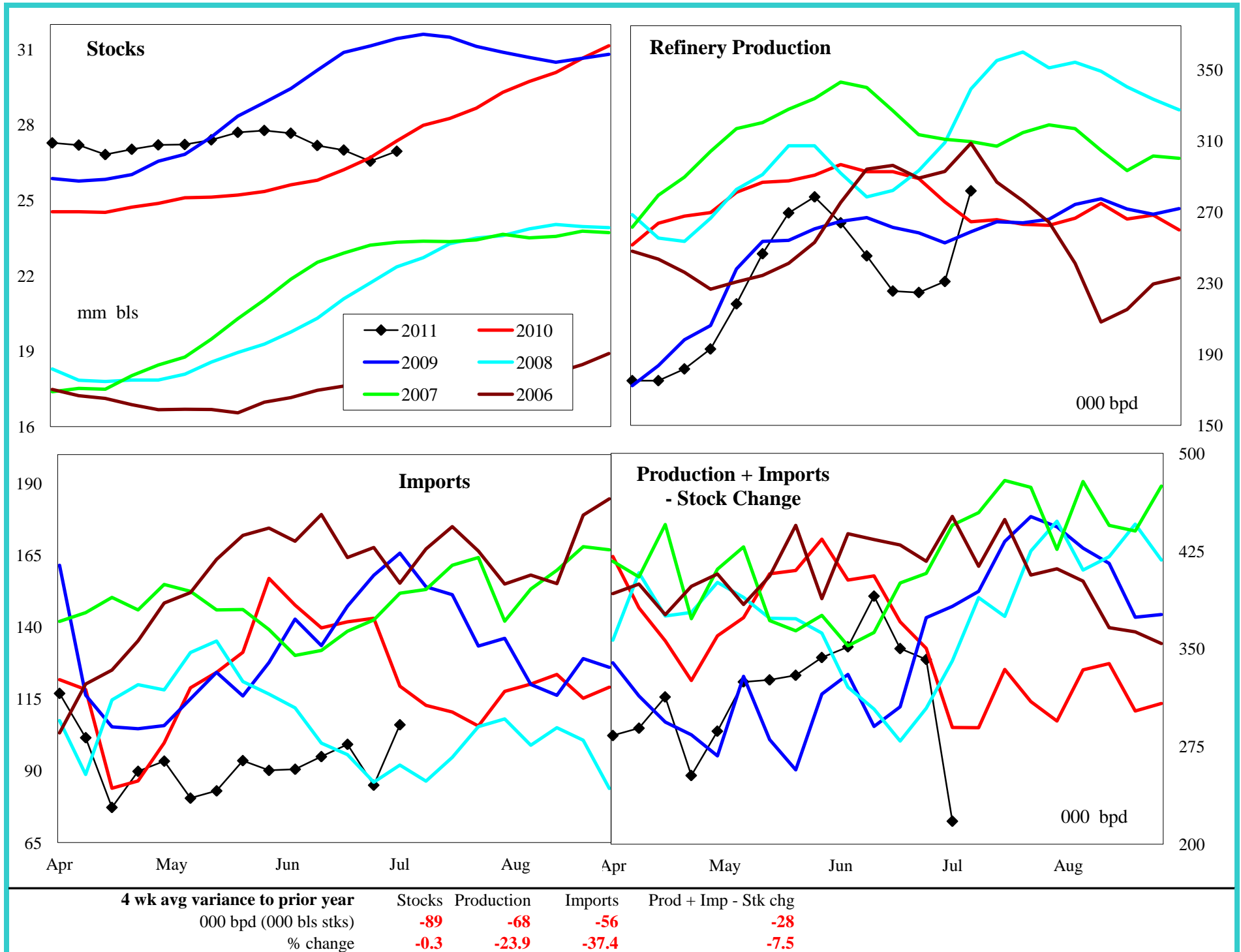
-5.3

# PADD 1 Distillate Stocks by Region

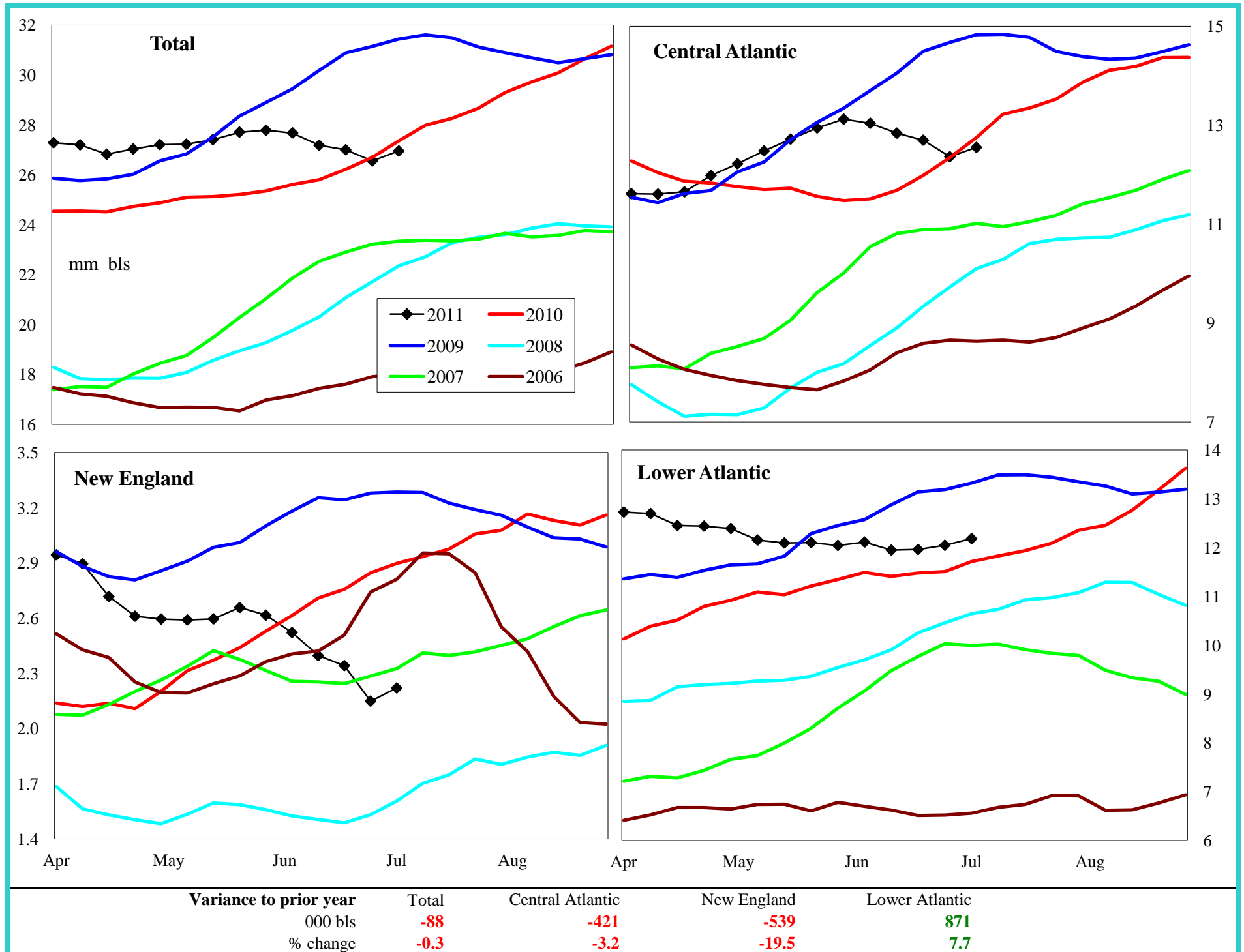




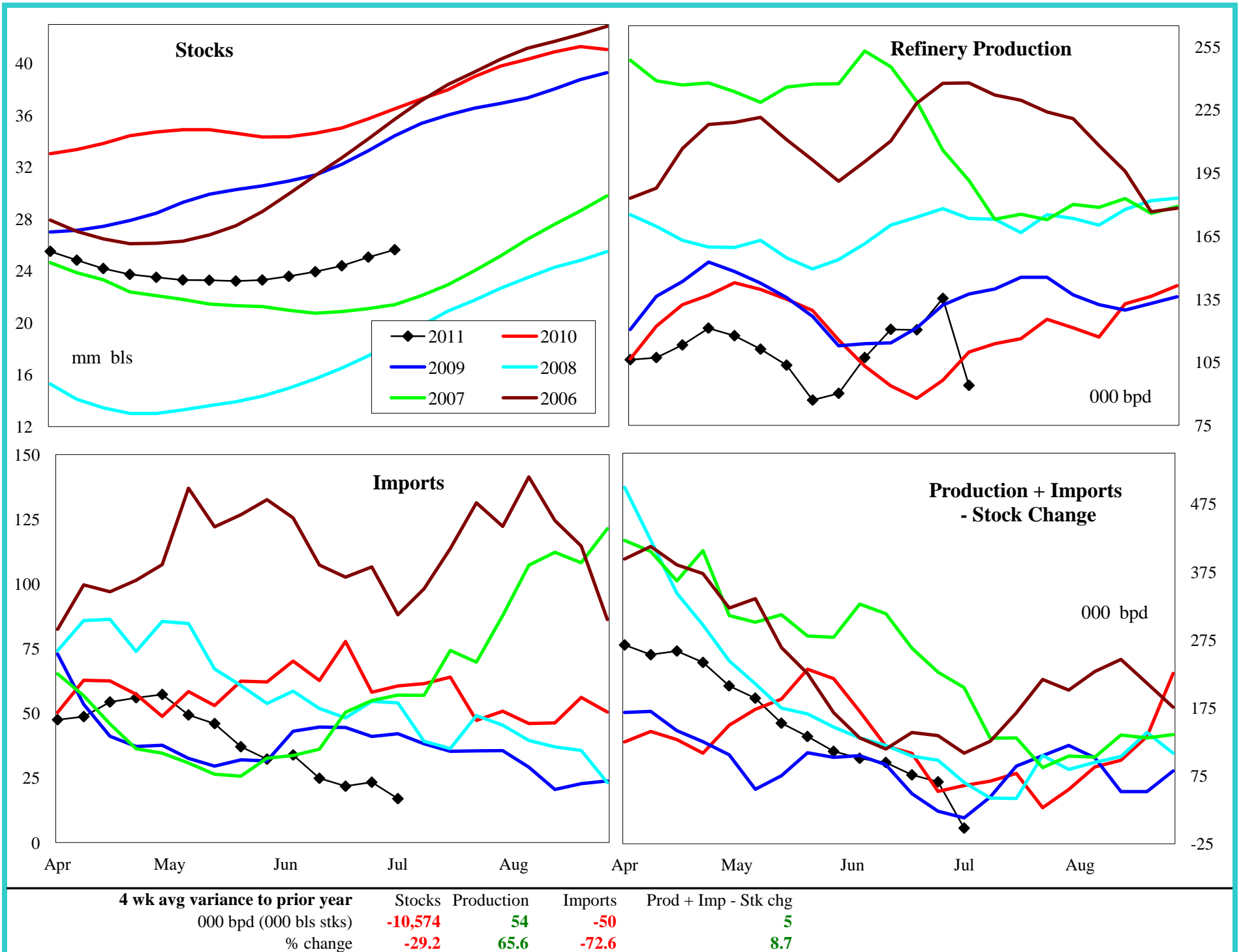
# PADD 1 Low Sulfur Distillate Supply



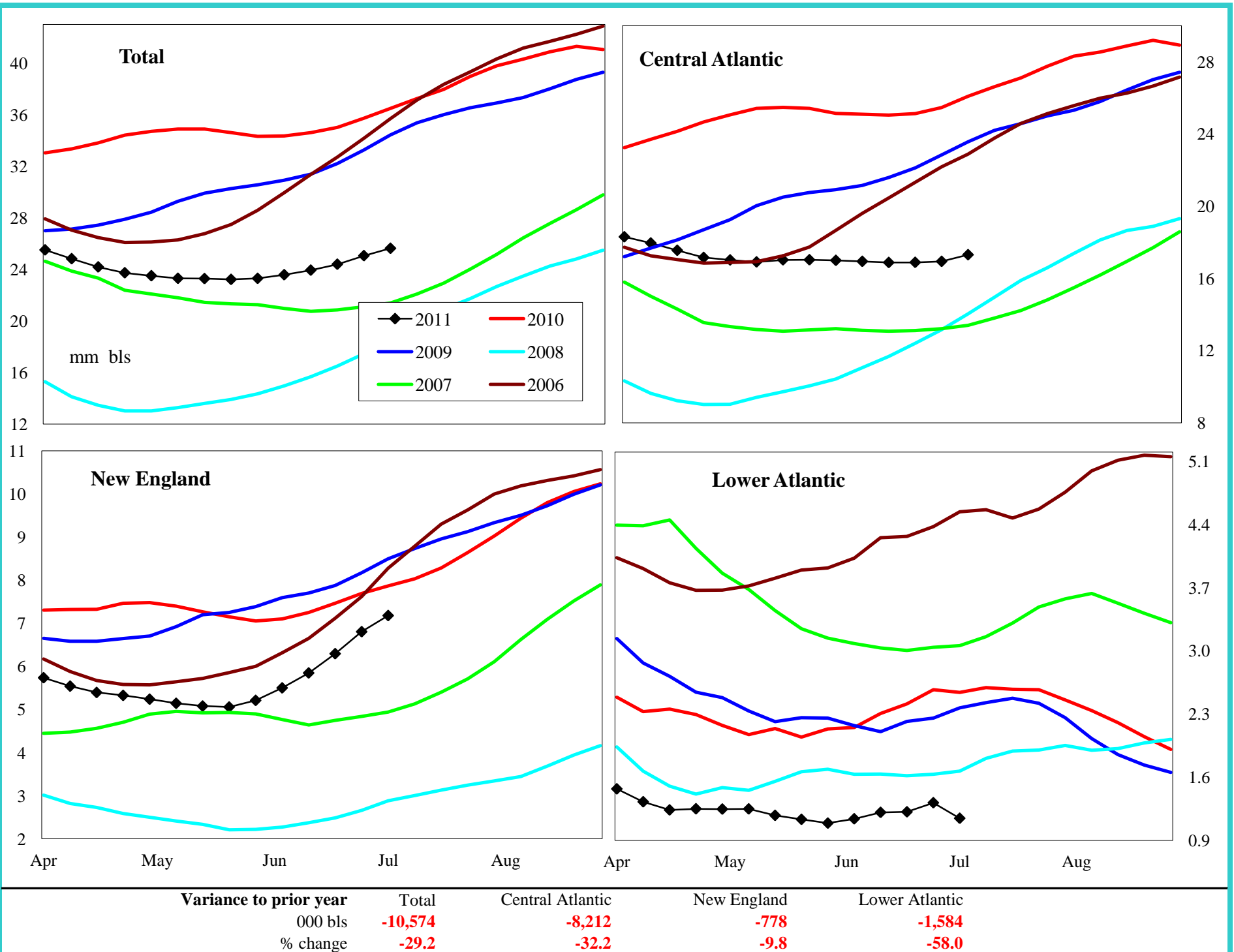
# PADD 1 Low Sulfur Distillate Stocks by Region



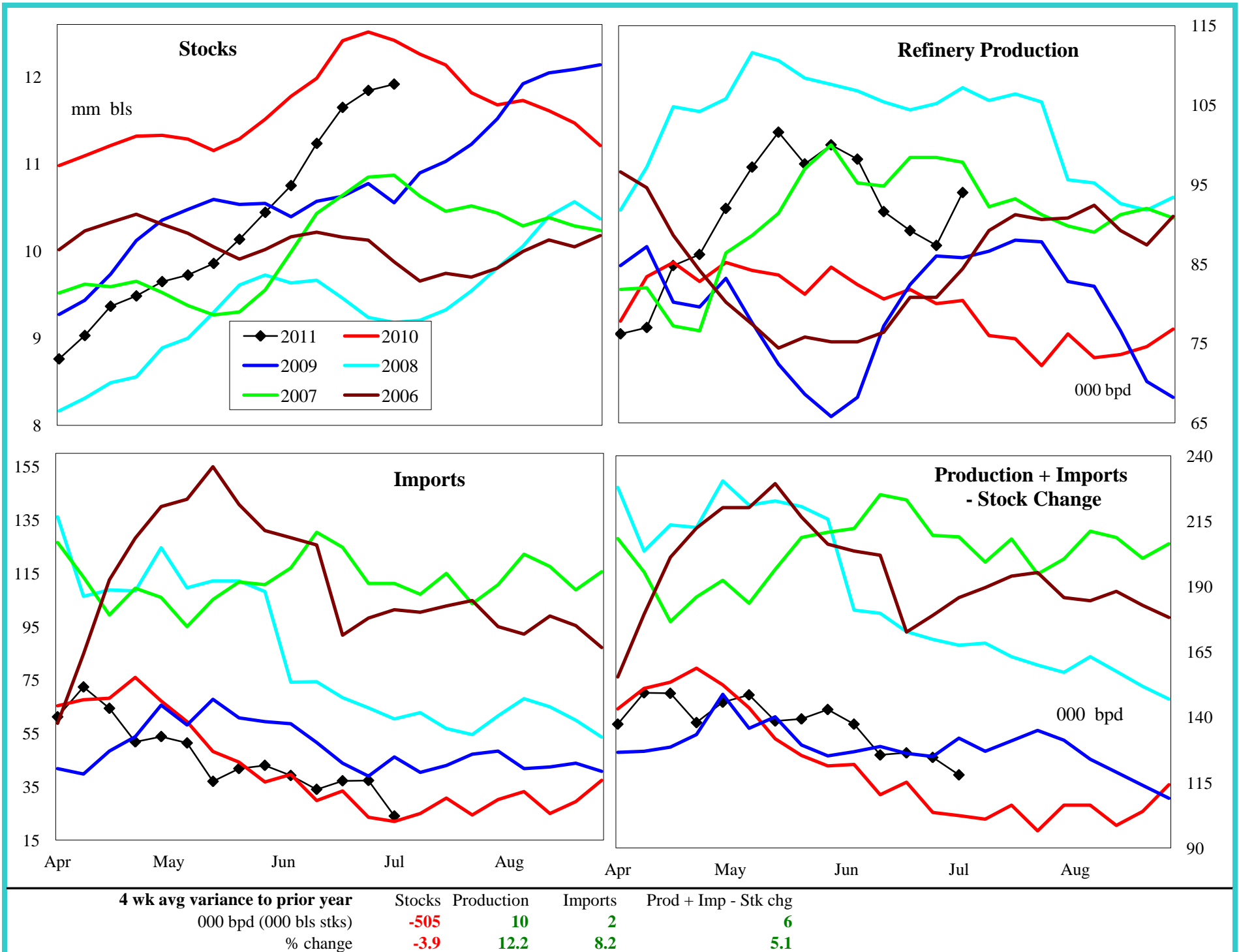
# PADD 1 High Sulfur Distillate Supply



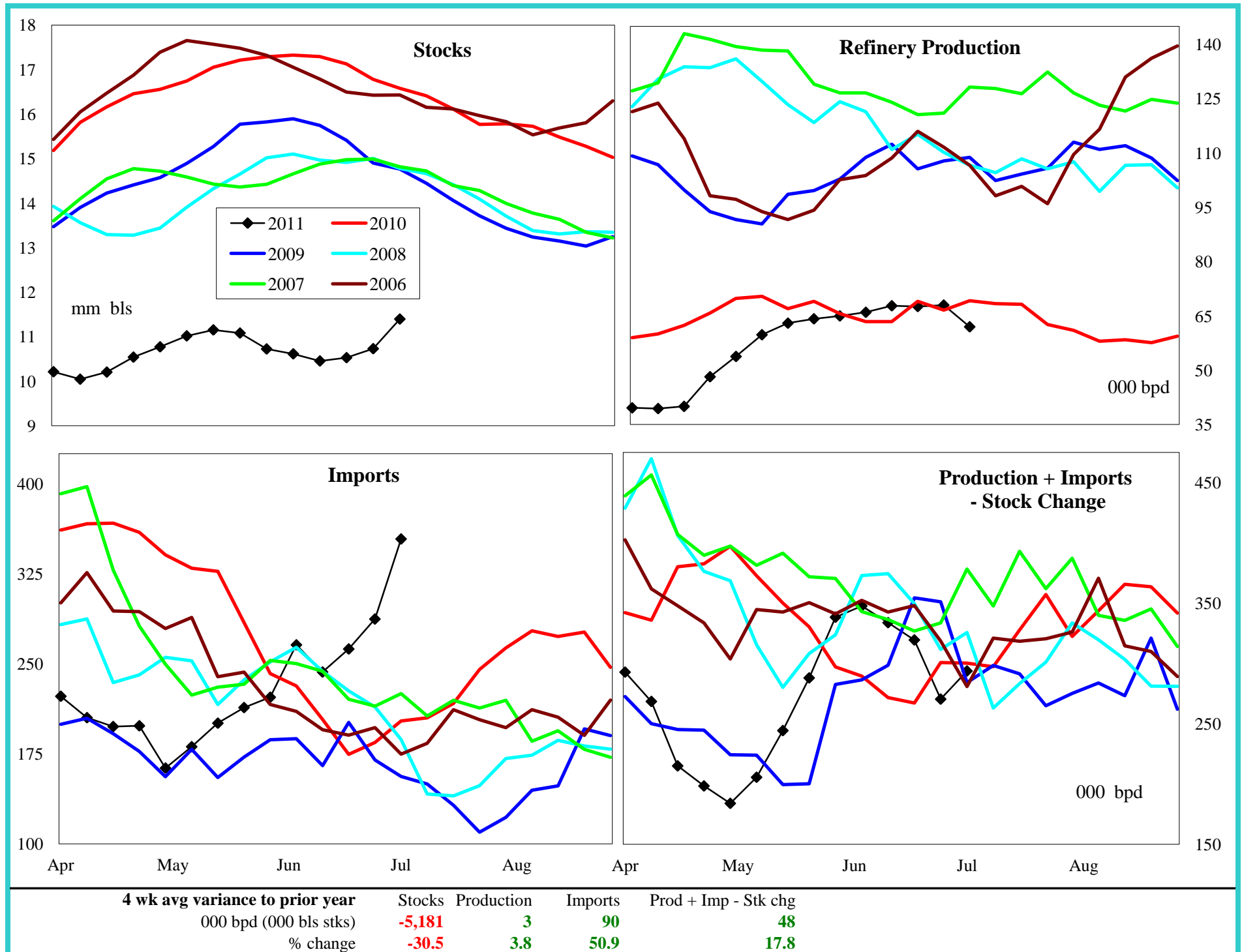
## PADD 1 High Sulfur Distillate Stocks by Region



# PADD 1 Jet Fuel Supply

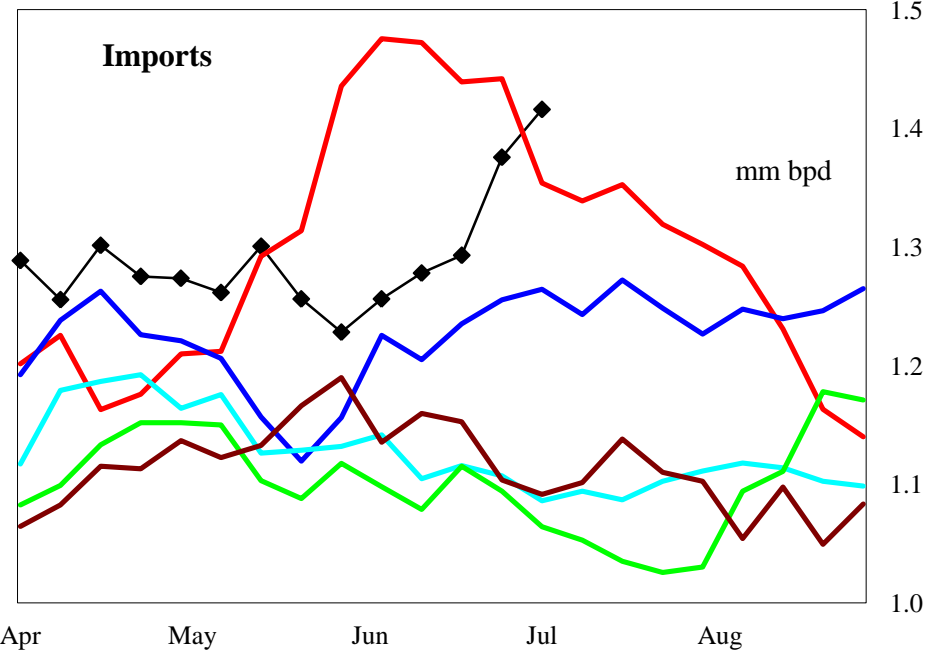
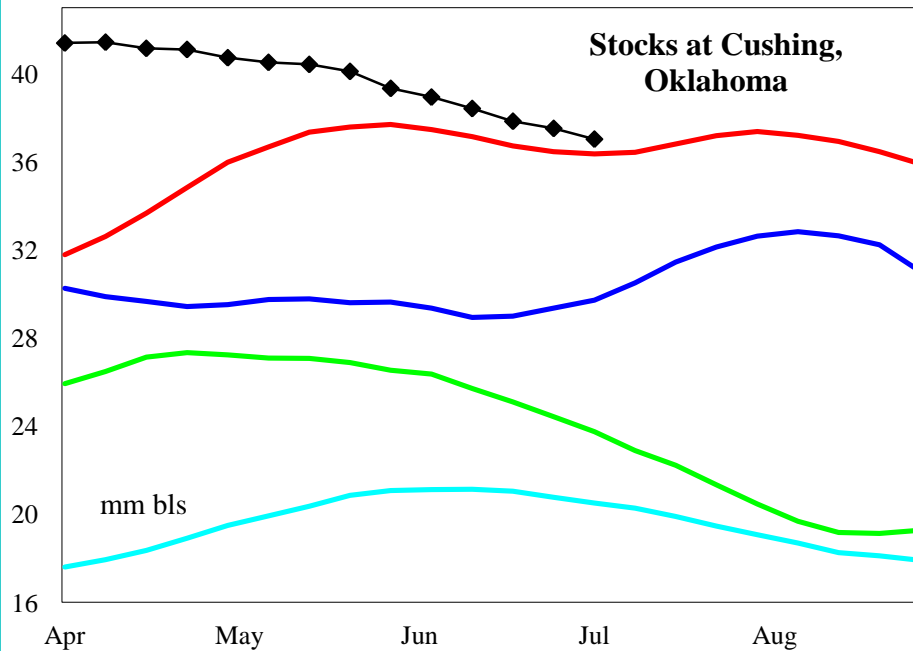
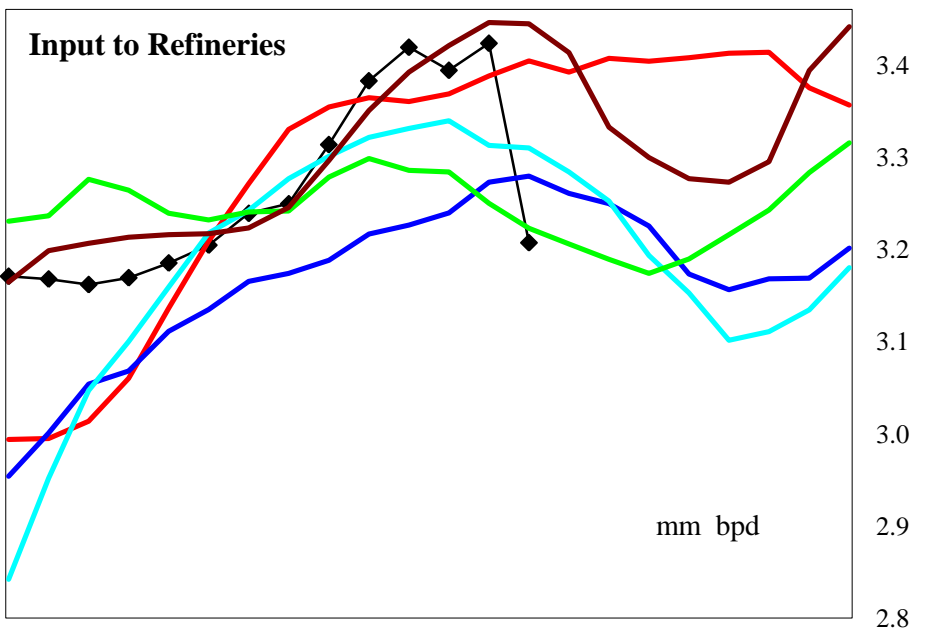
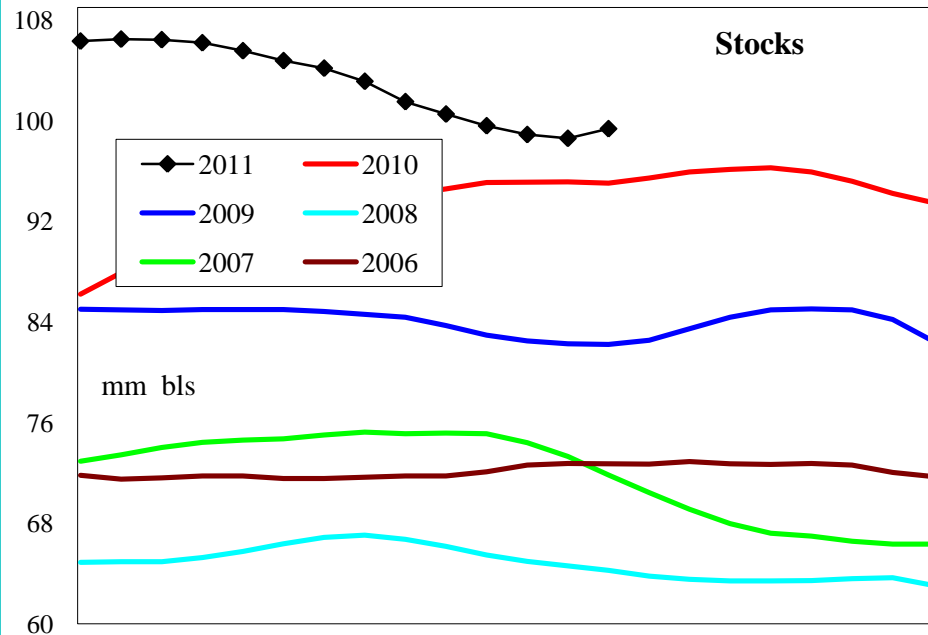


# PADD 1 Residual Fuel Oil Supply





# PADD 2 Crude Oil Supply and Refining



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Cushing

Input

Imports

**4,319**

**674**

**60**

**-183**

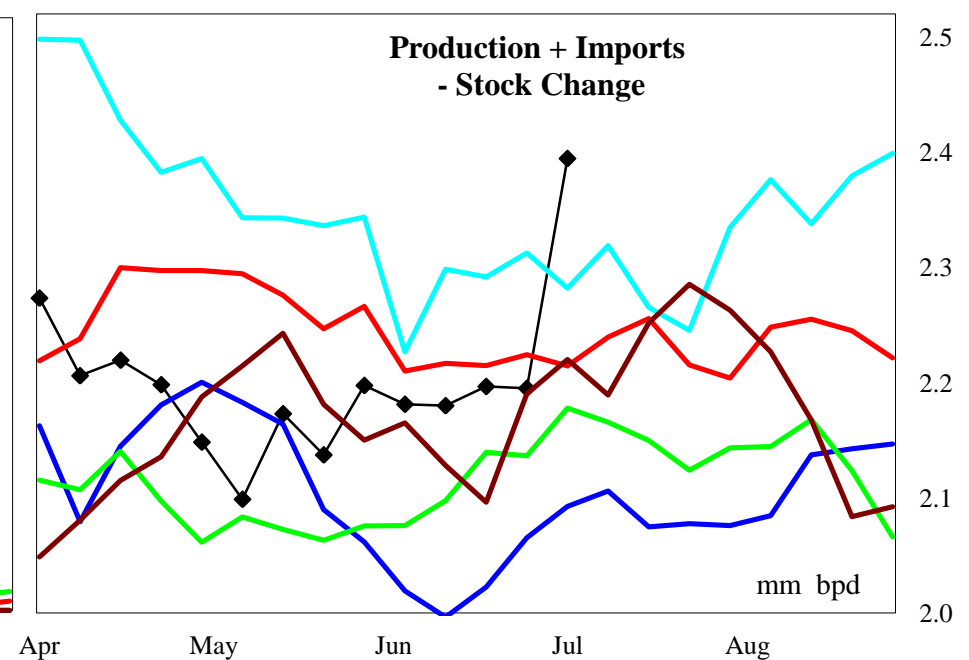
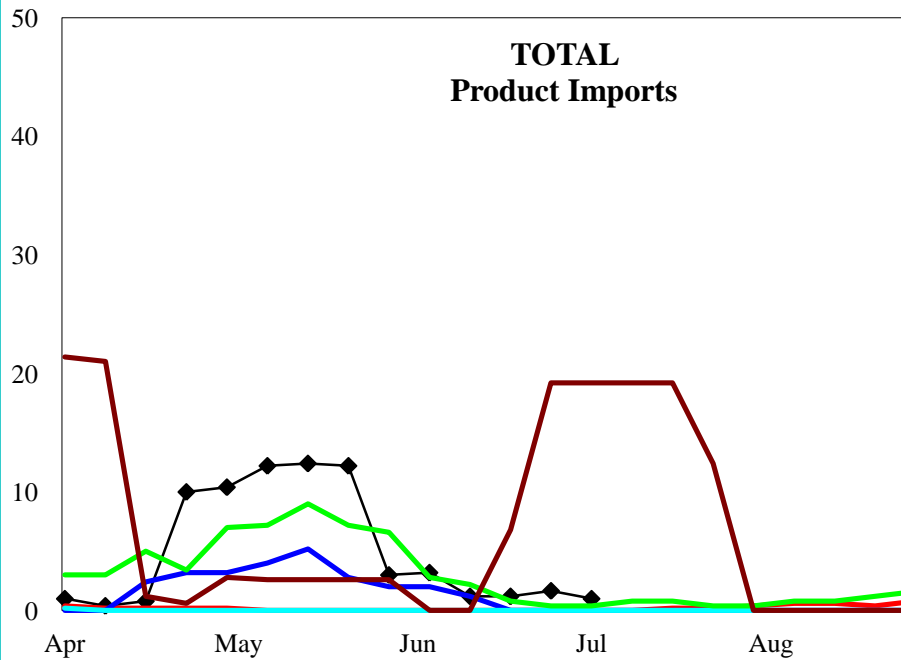
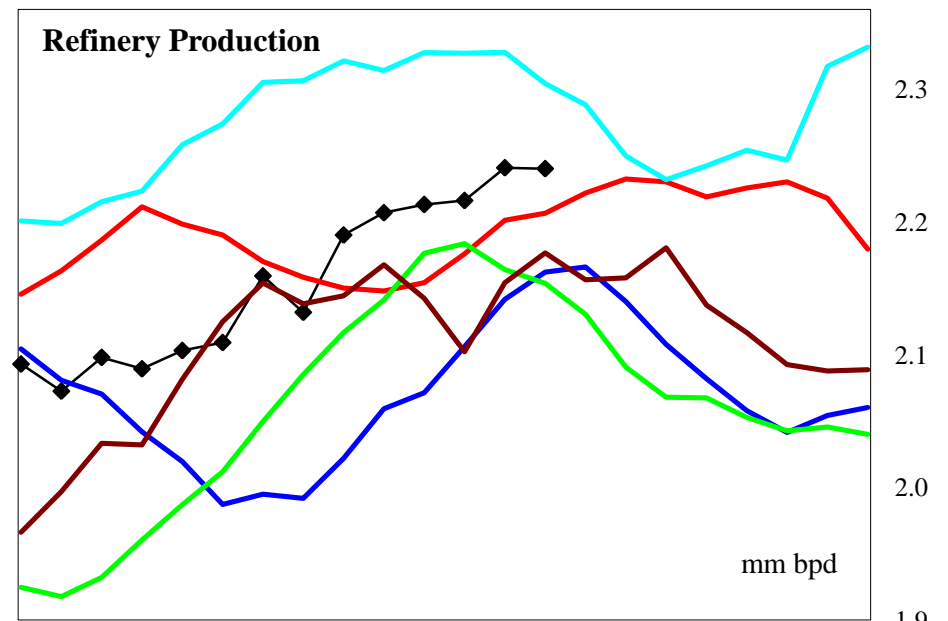
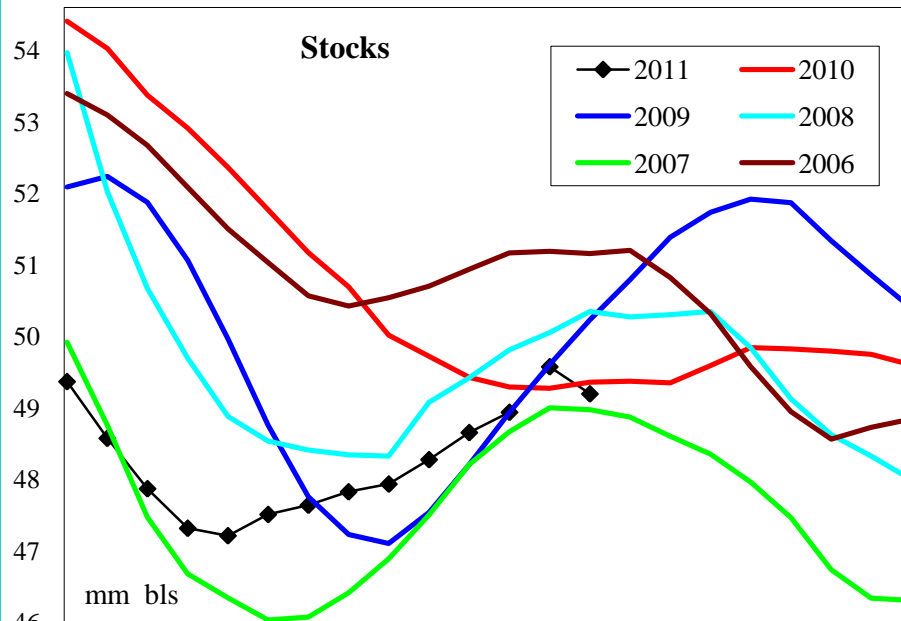
**4.5**

**1.9**

**1.7**

**-12.3**

# PADD 2 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-161

-0.3

Production

71

3.2

Imports

1

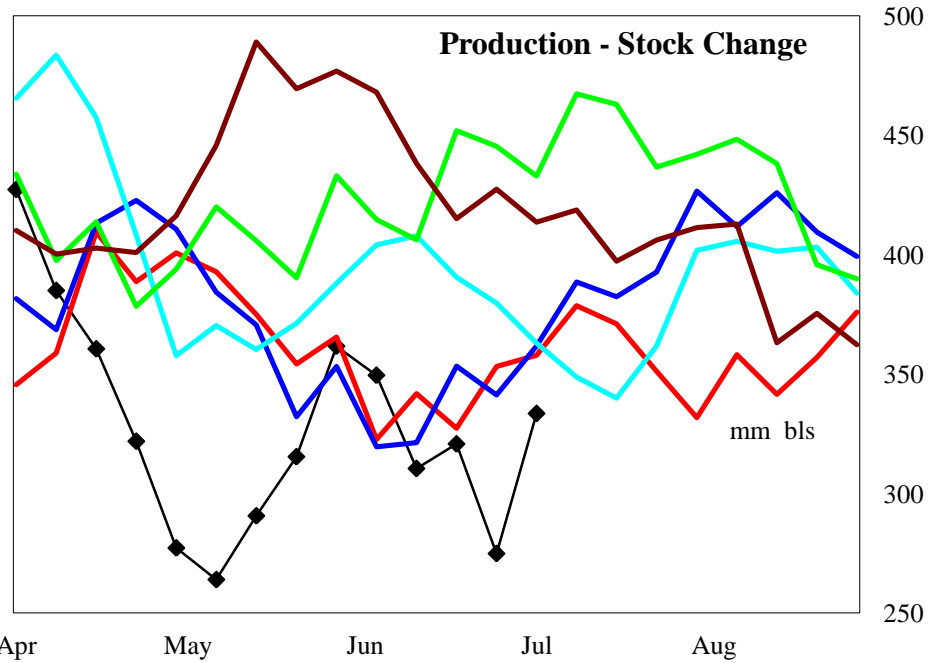
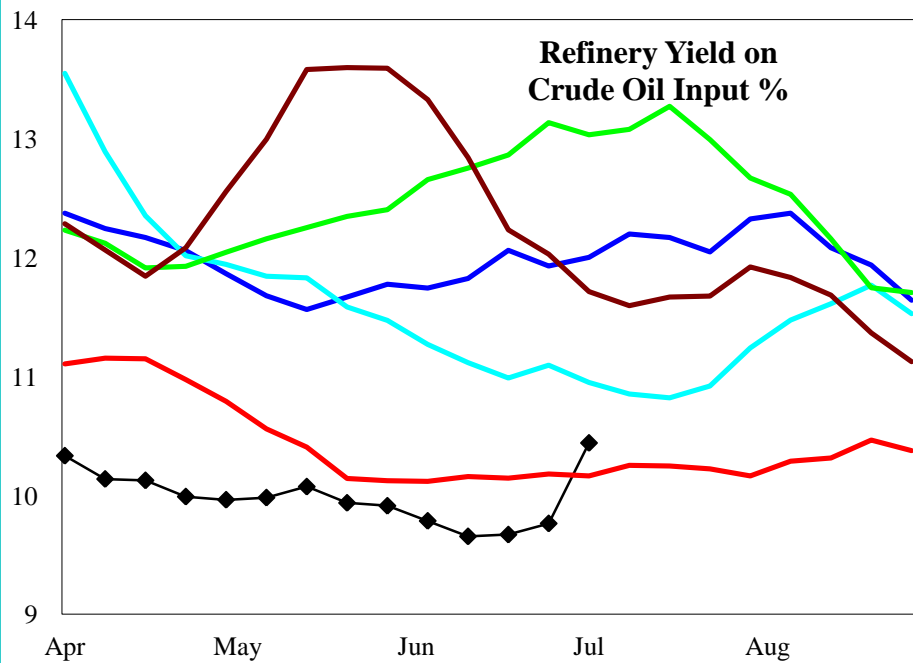
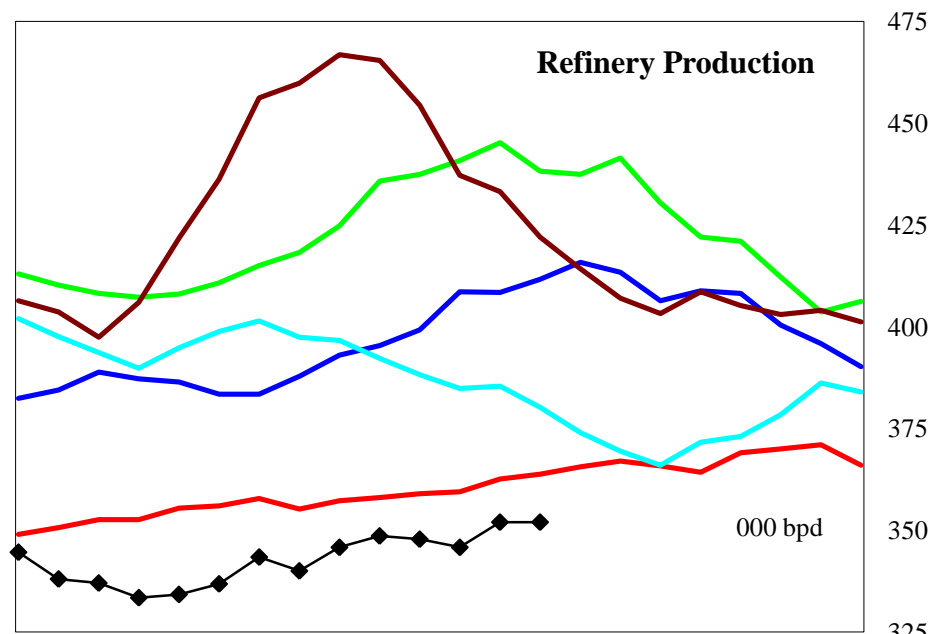
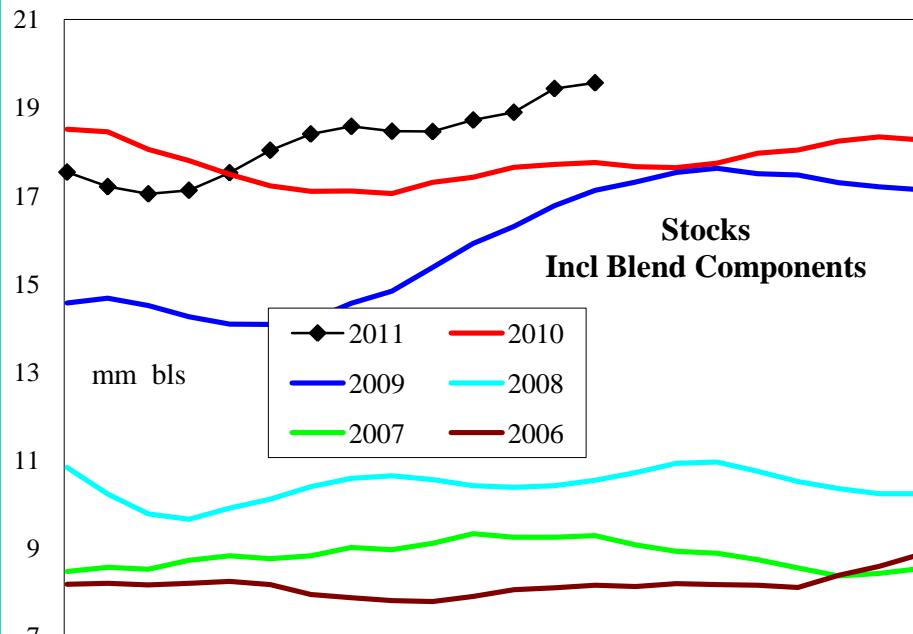
#DIV/0!

Prod + Imp - Stk chg

39

1.7

# PADD 2 Reformulated Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

**1,811**

**-12**

**10.2**

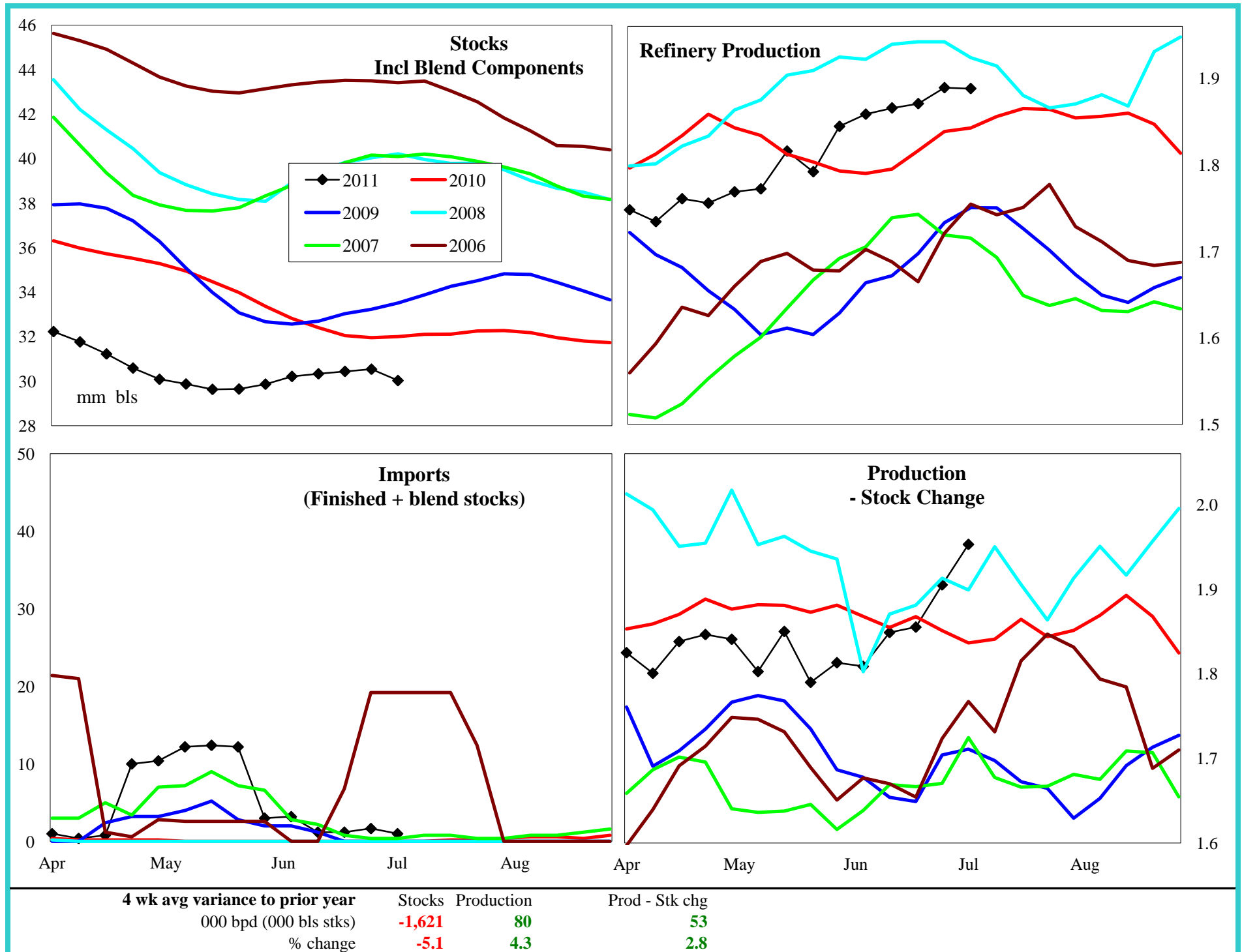
**-3.3**

Prod - Stk chg

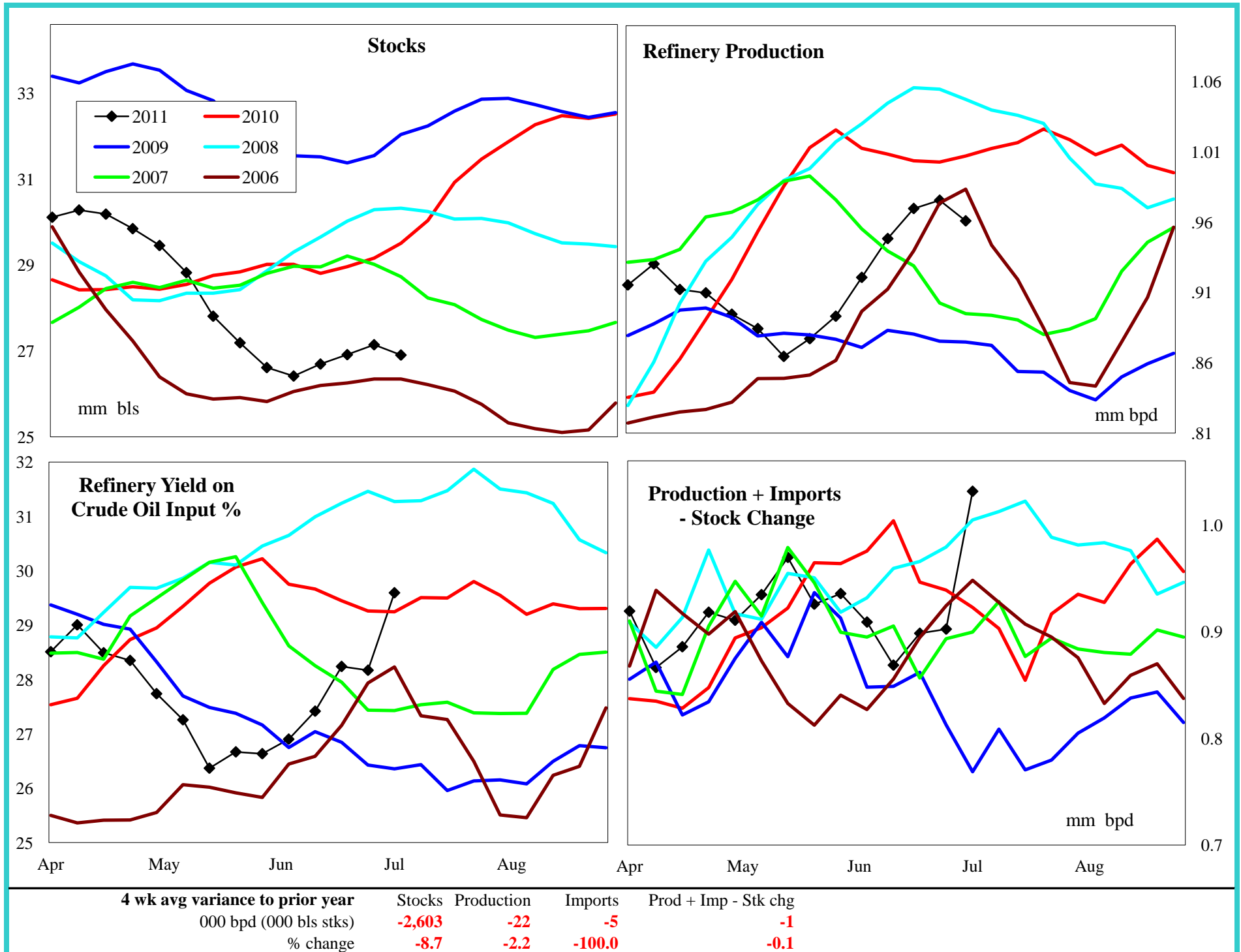
**-35**

**-10.2**

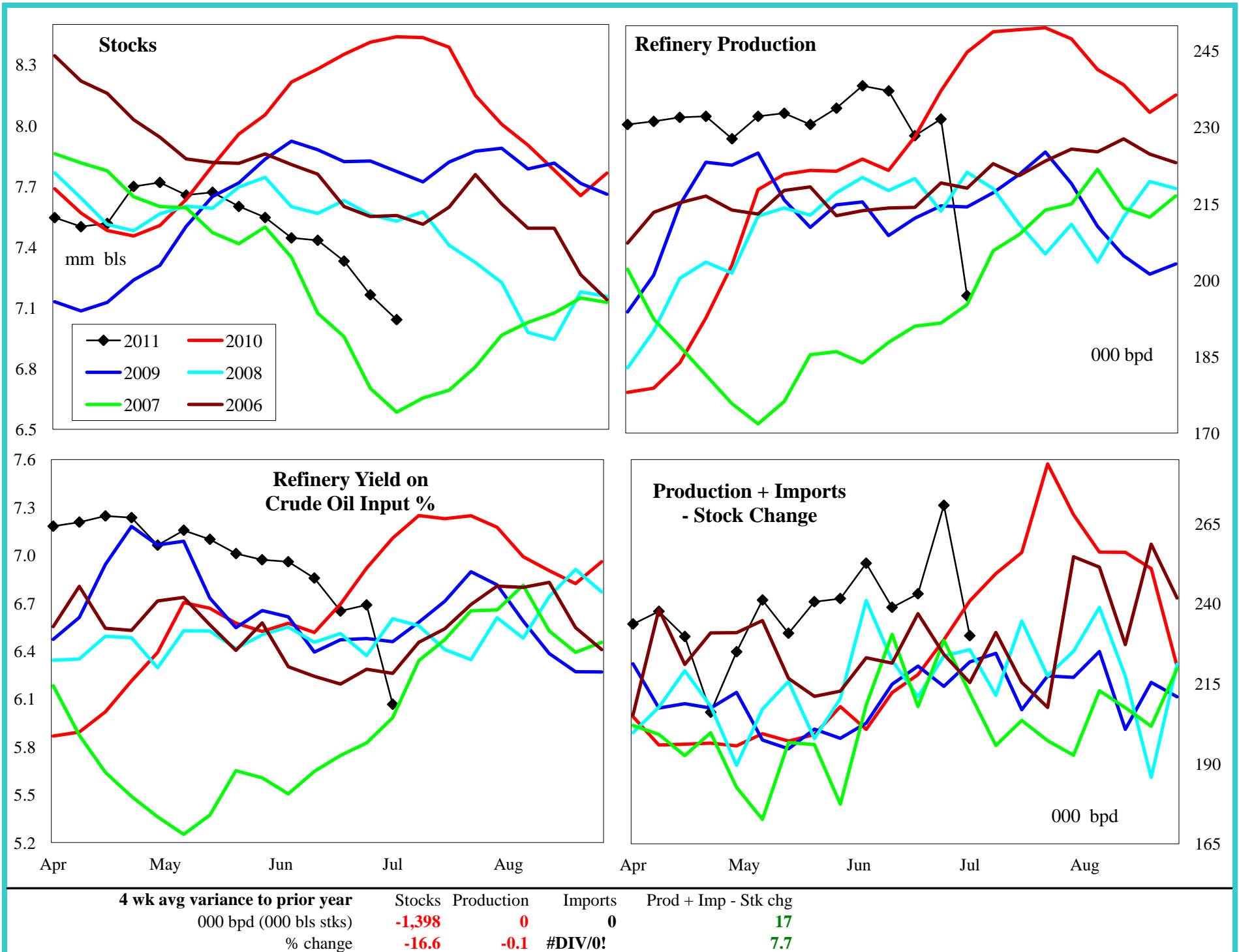
# PADD 2 Conventional Gasoline Supply



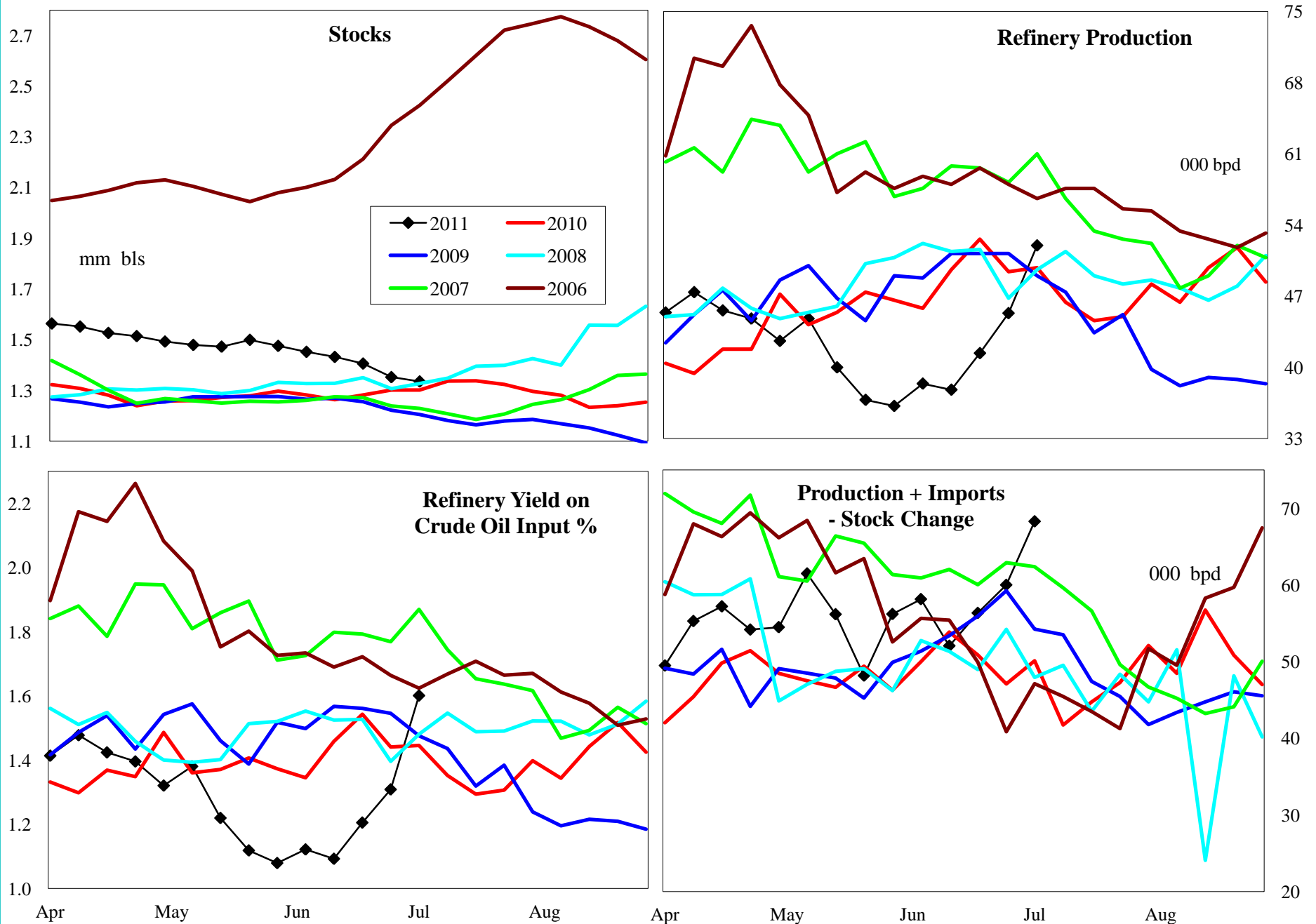
# PADD 2 Distillate Supply



# PADD 2 Jet Fuel Supply



# PADD 2 Residual Fuel Oil Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

34

Production

-8

Imports

11

Prod + Imp - Stk chg

16

2.6

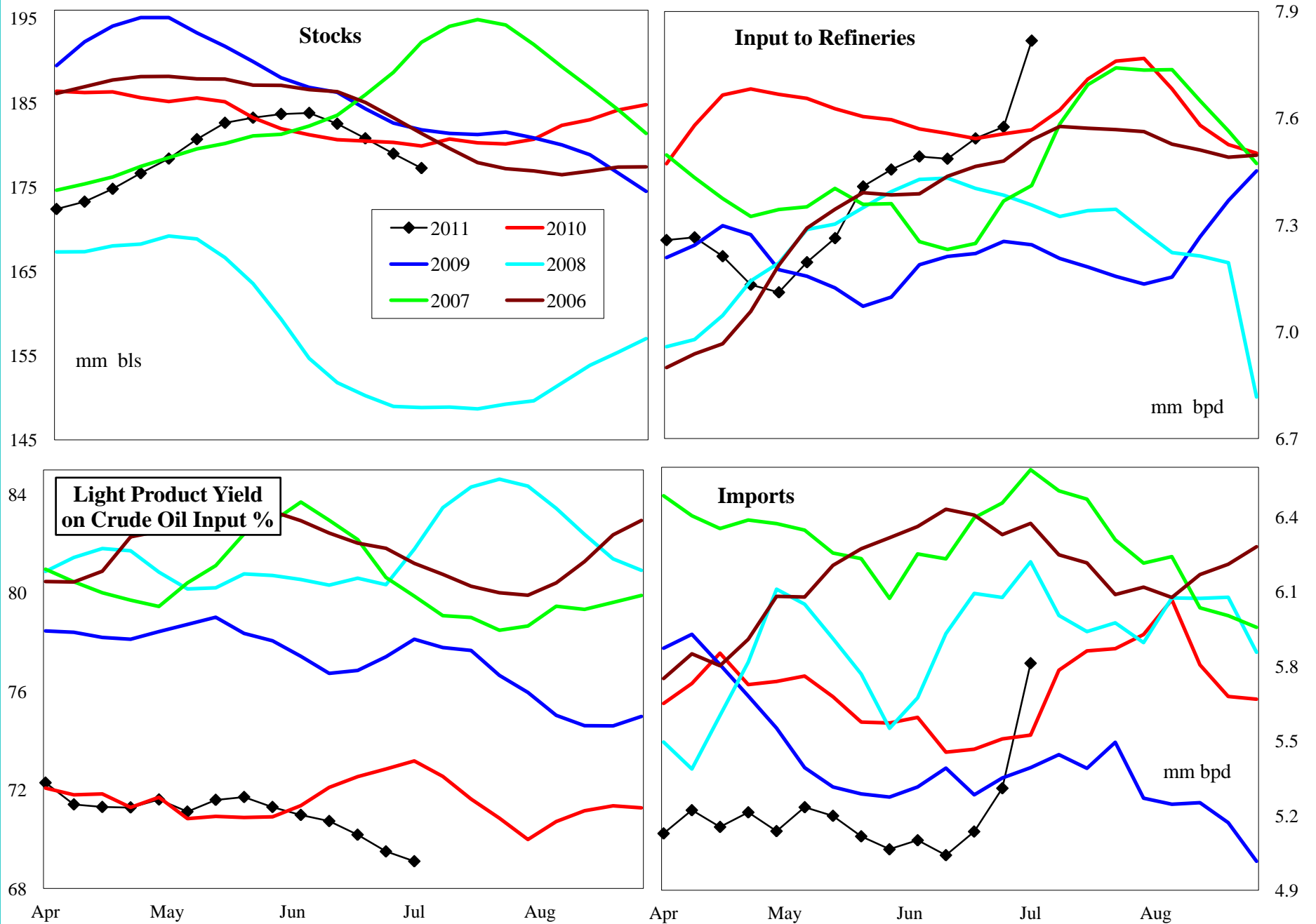
-15.2

4,400.0

32.0



# PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-2,641

-1.5

Input

-5

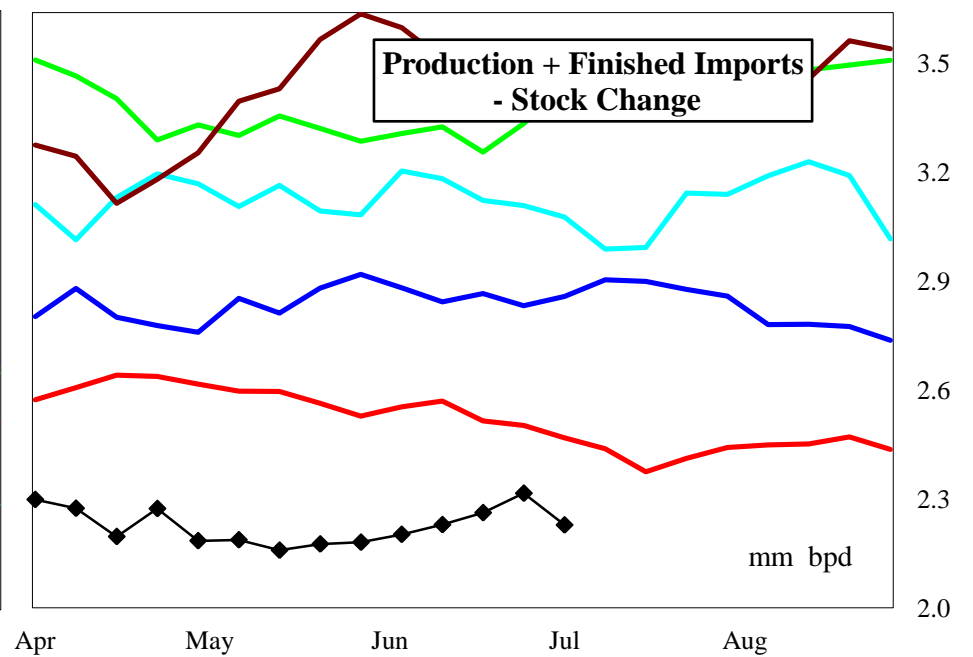
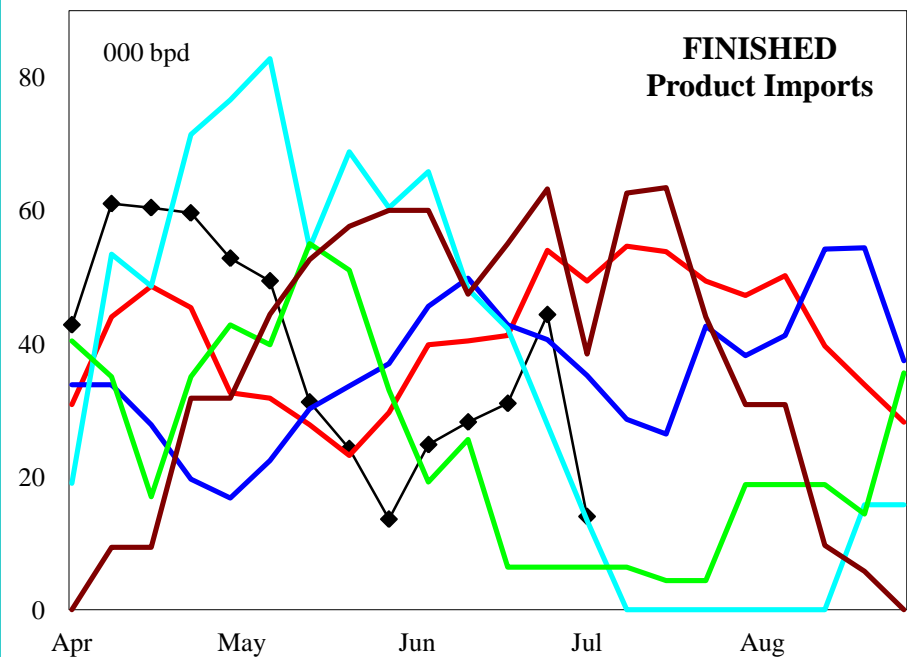
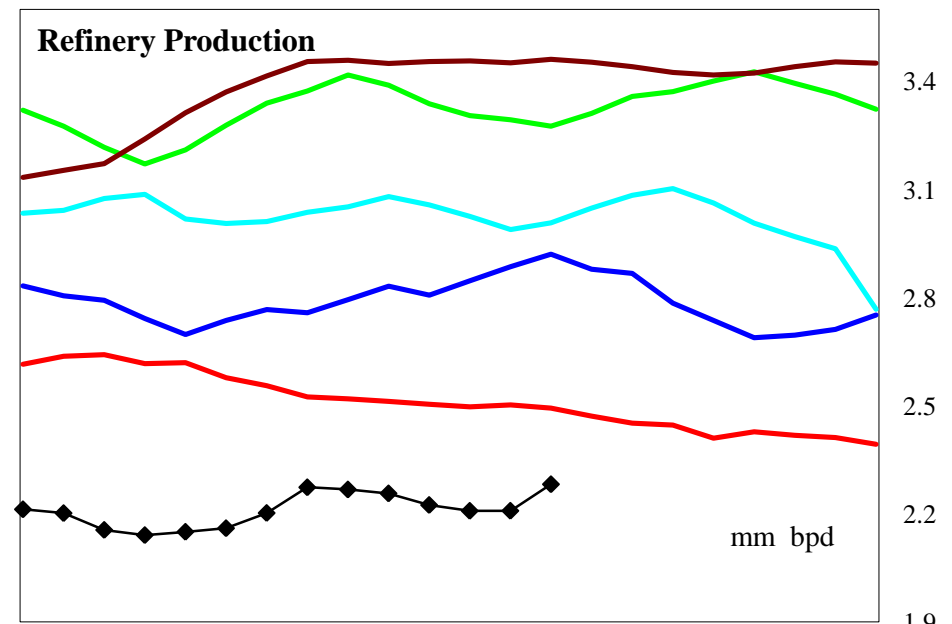
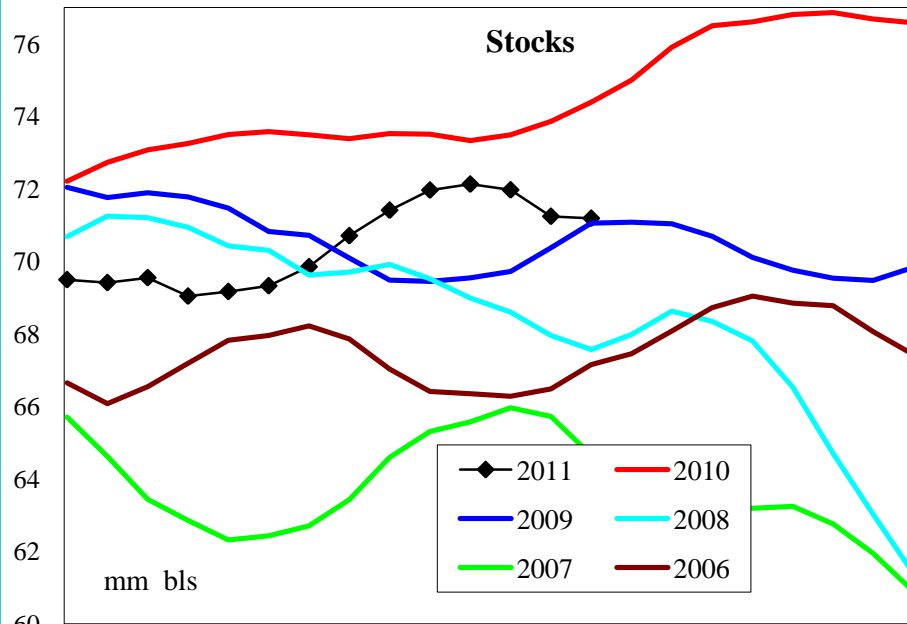
-0.1

Imports

-263

-4.8

# PADD 3 Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

-2,497

-3.4

Production

-327

-13.0

Fin Impt

-16

-30.1

Blend Impt

-40

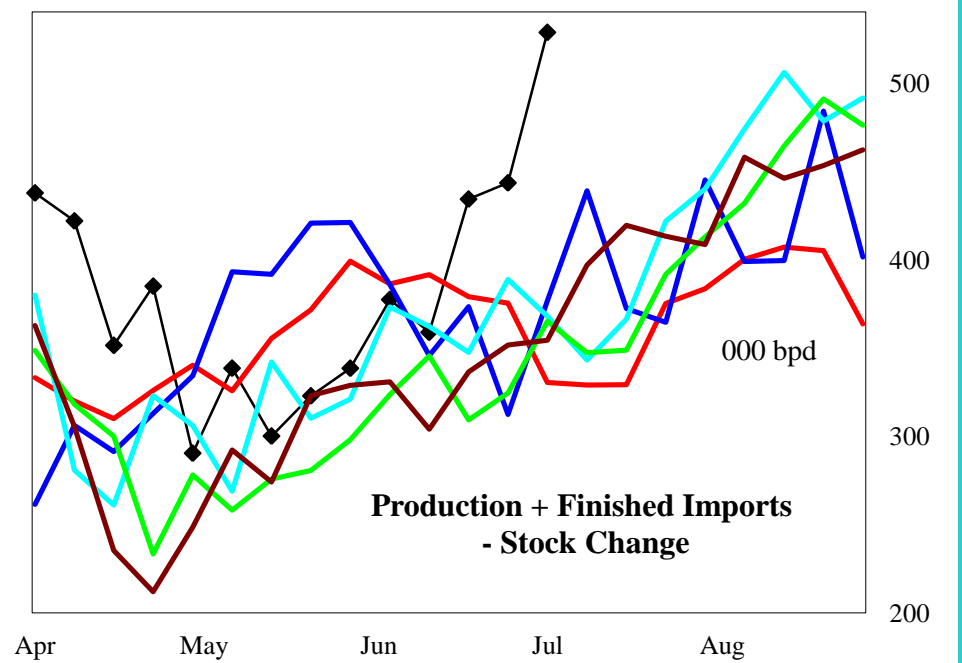
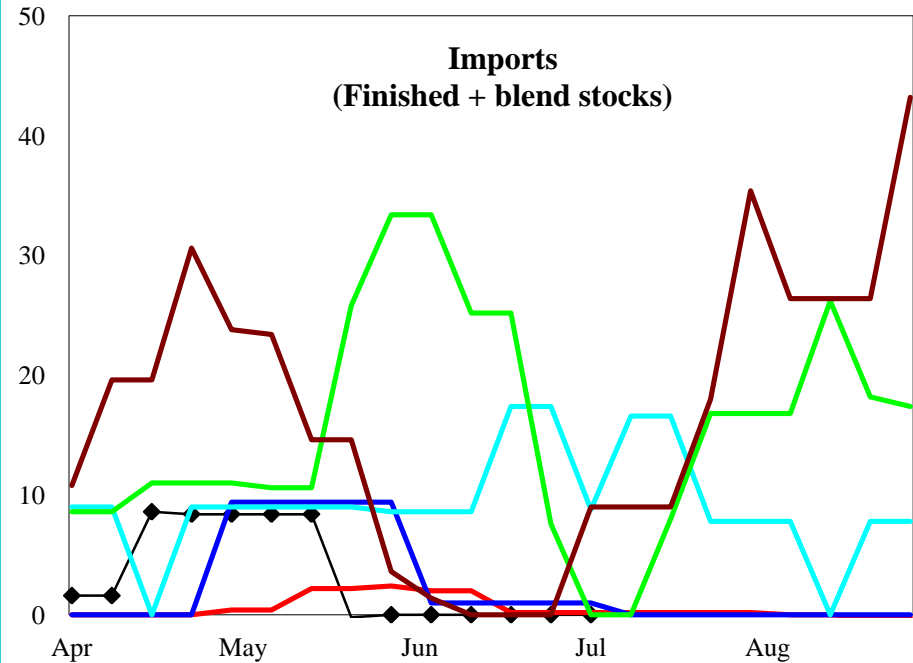
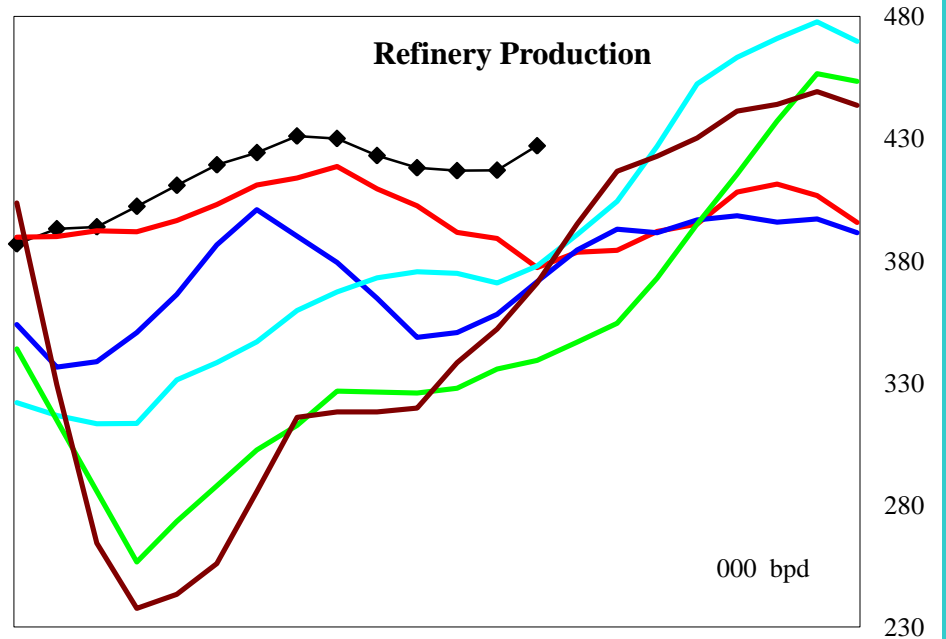
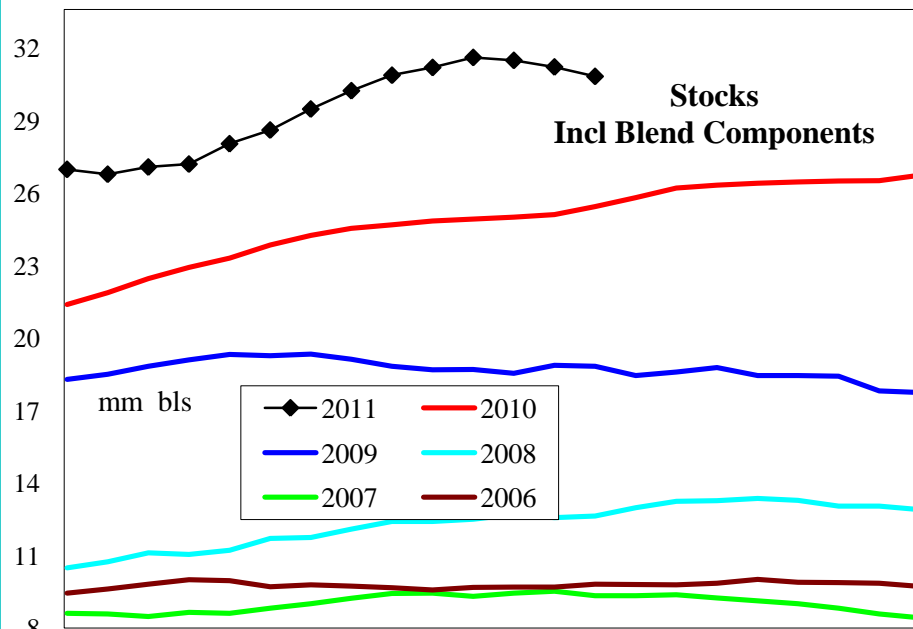
-66.3

Prod + Imp - Stk chg

-245

-9.6

# PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

5,113

19.6

Production

30

7.6

Imports

0

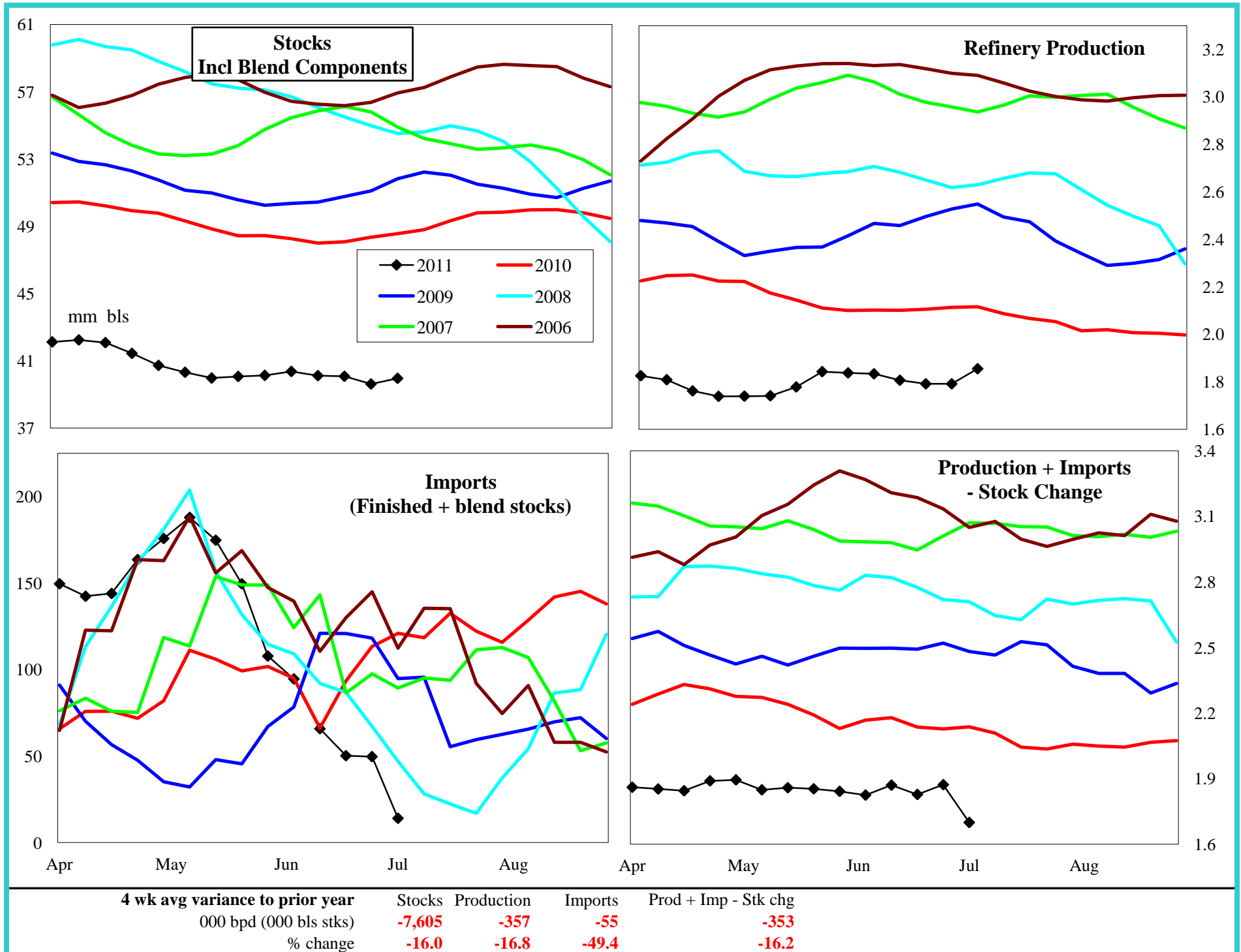
-100.0

Prod + Imp - Stk chg

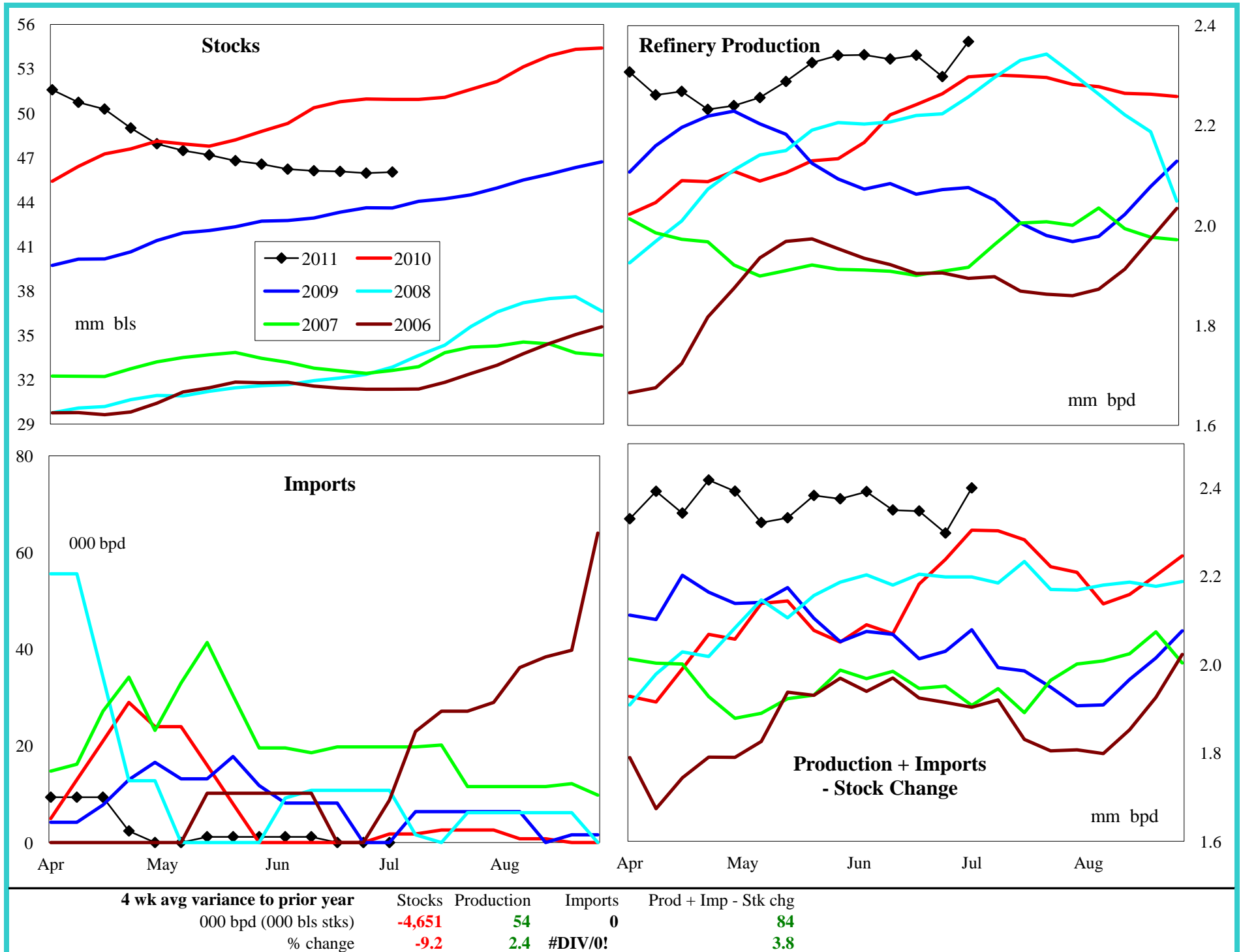
108

29.5

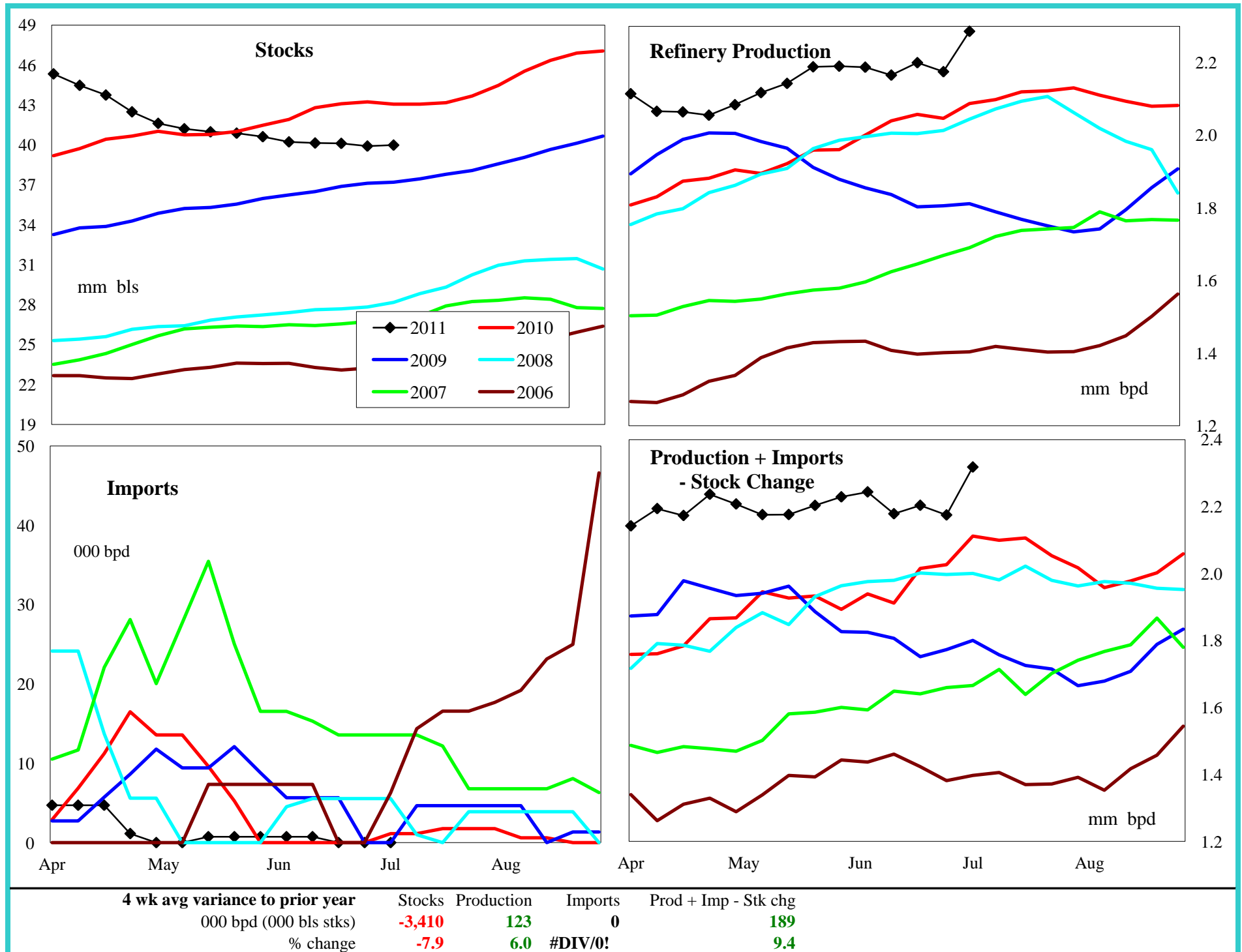
# PADD 3 Conventional Gasoline Supply



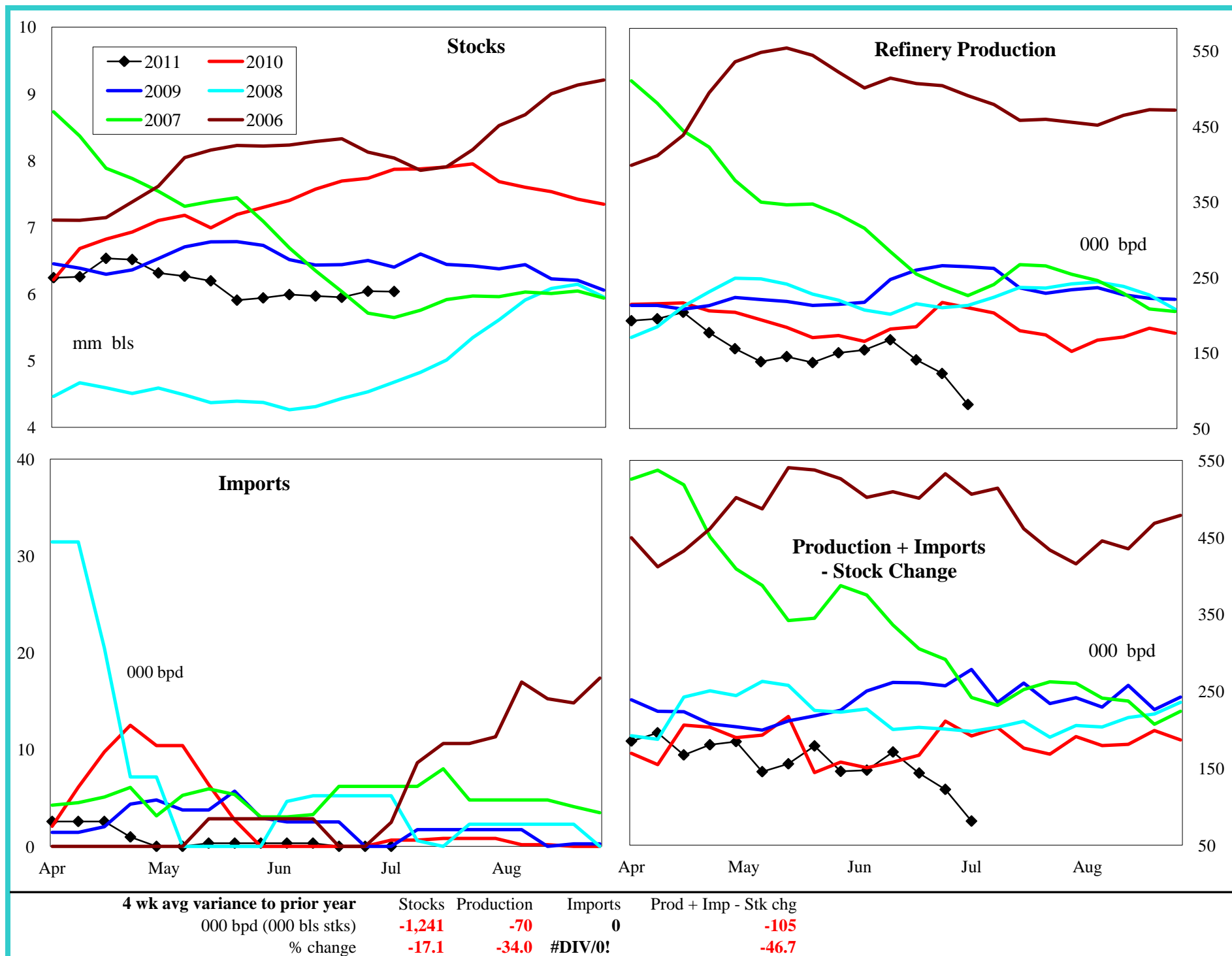
# PADD 3 Distillate Supply



# PADD 3 Low Sulfur Distillate Supply

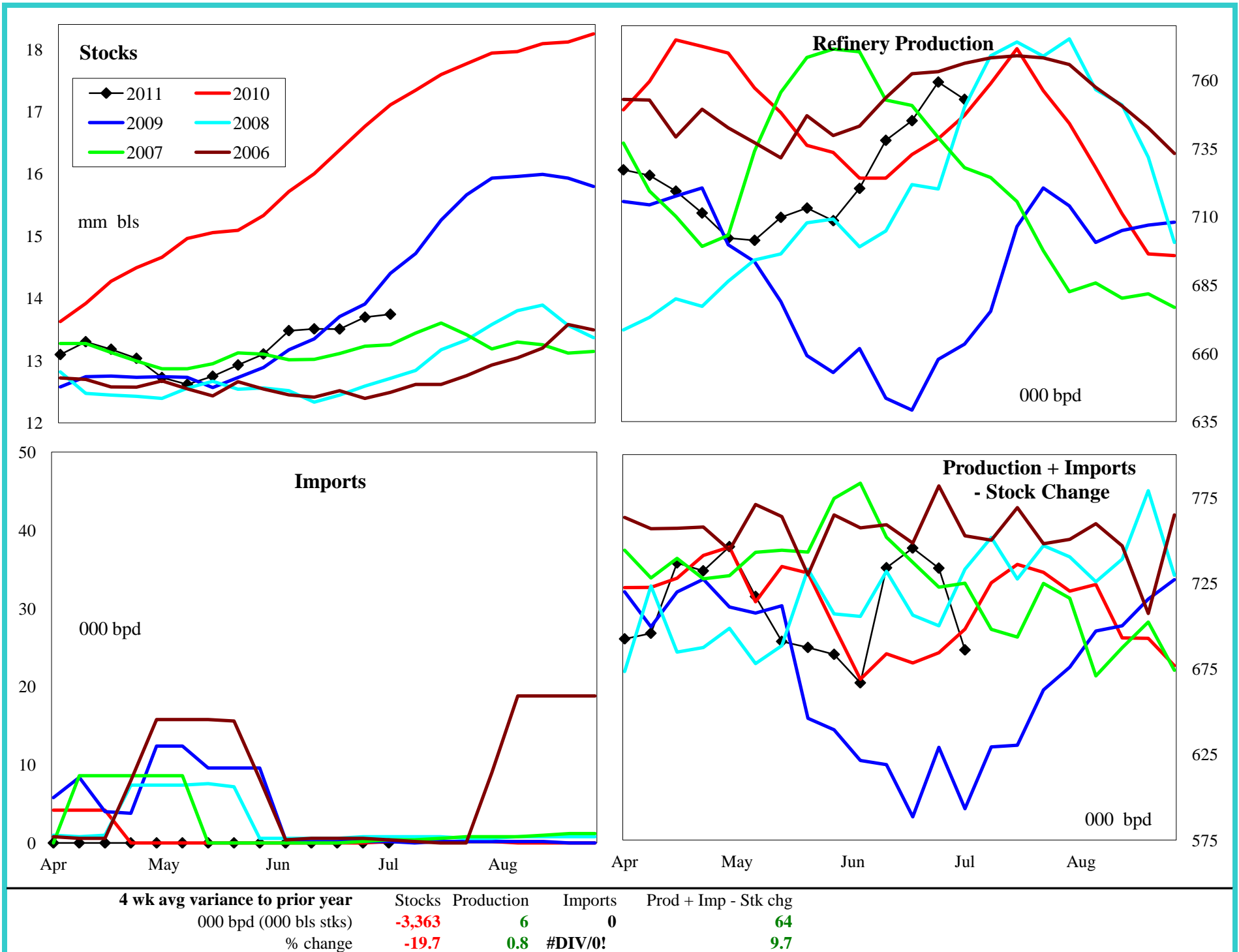


# PADD 3 High Sulfur Distillate Supply

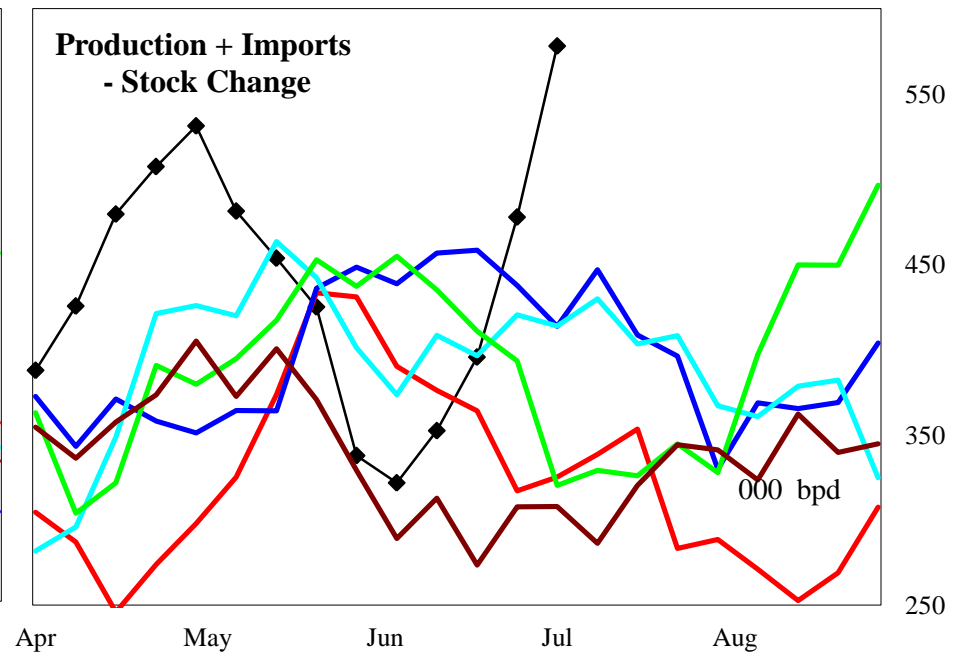
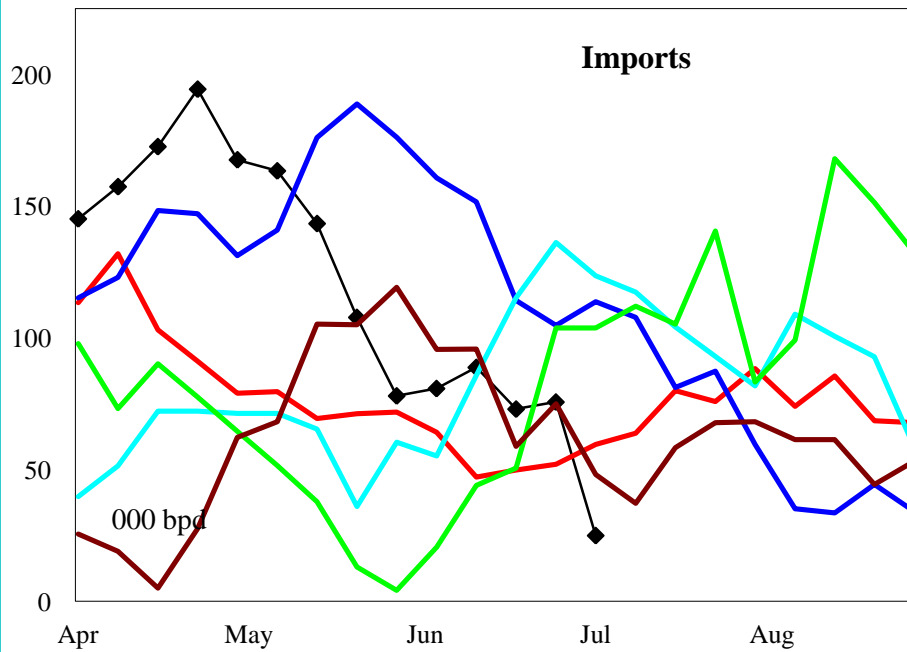
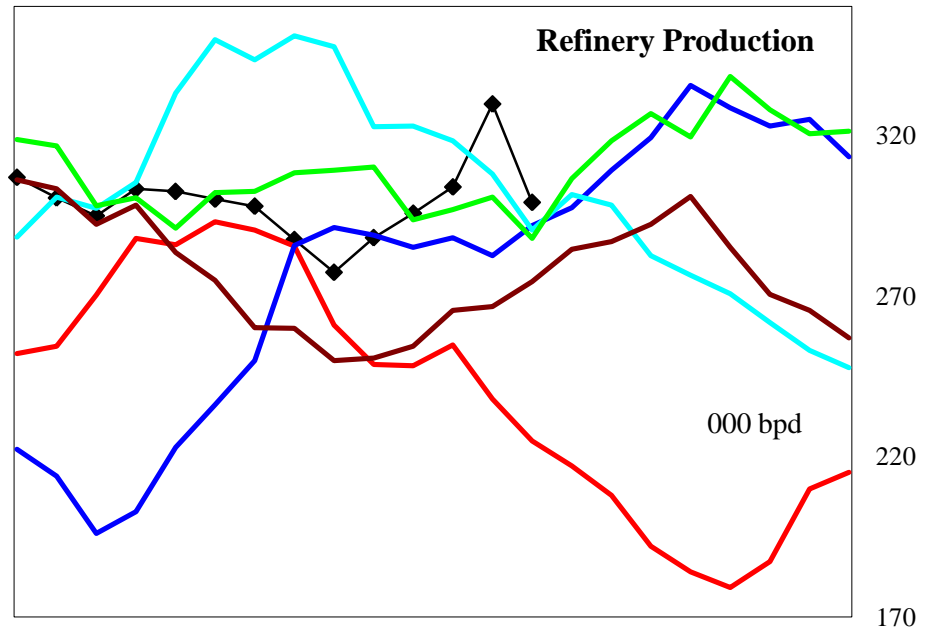
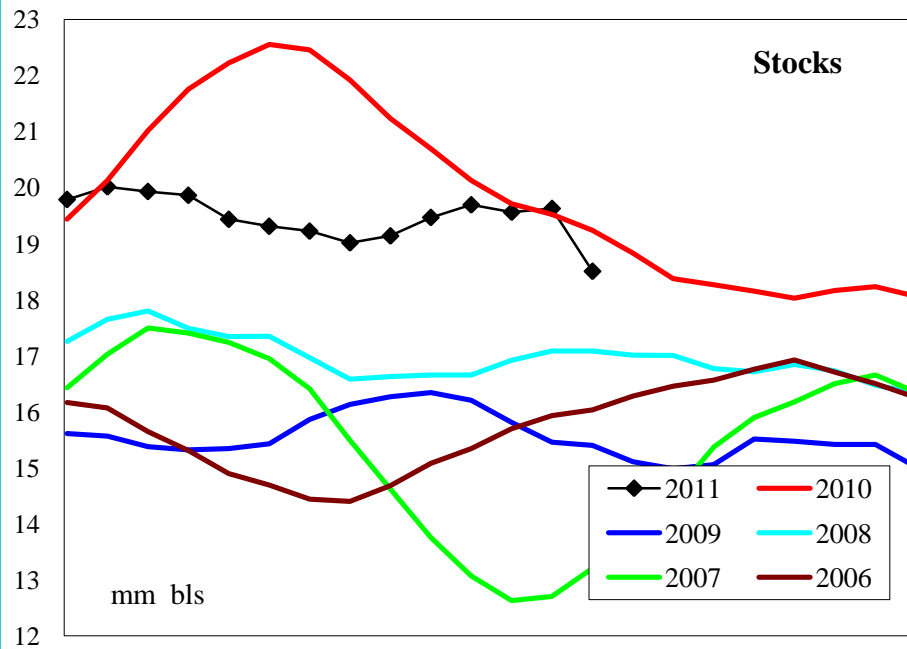




# PADD 3 Jet Fuel Supply



# PADD 3 Residual Fuel Oil Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

-727

-3.8

Production

66

26.6

Imports

19

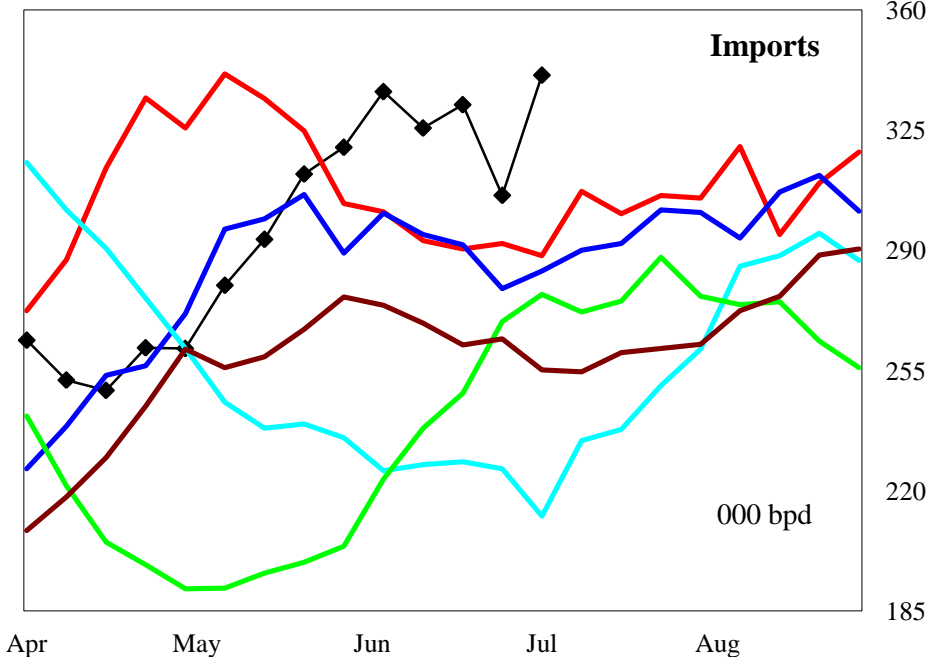
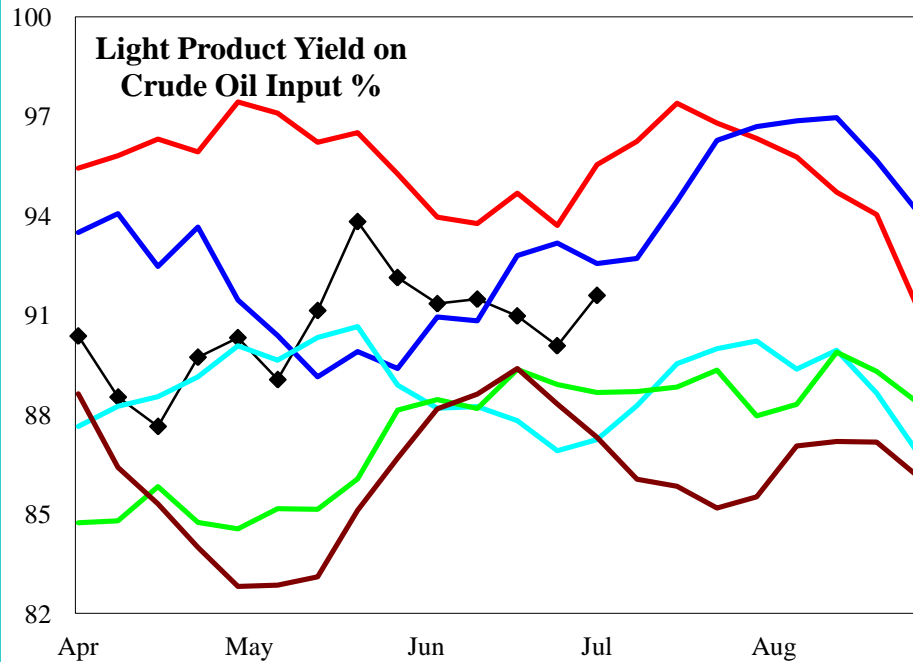
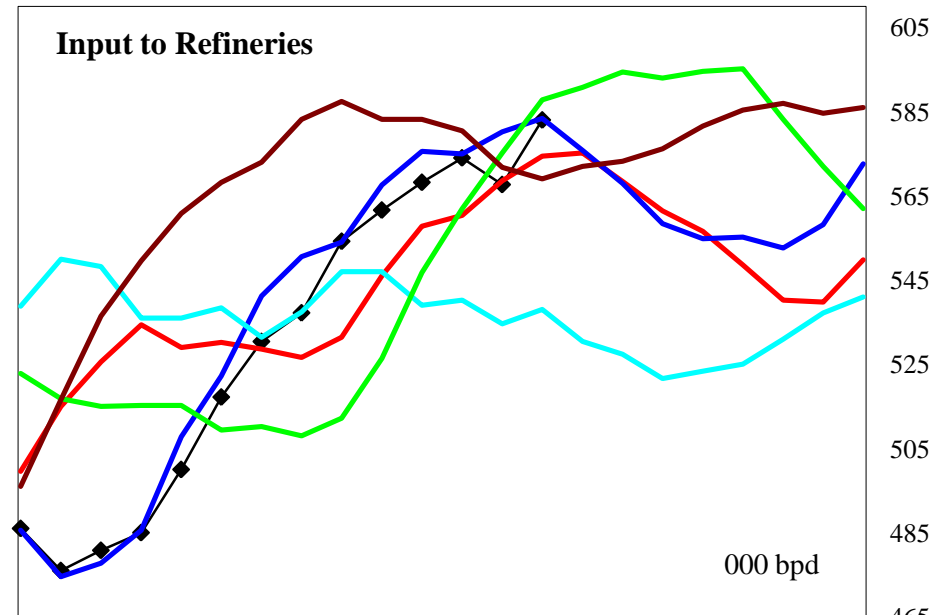
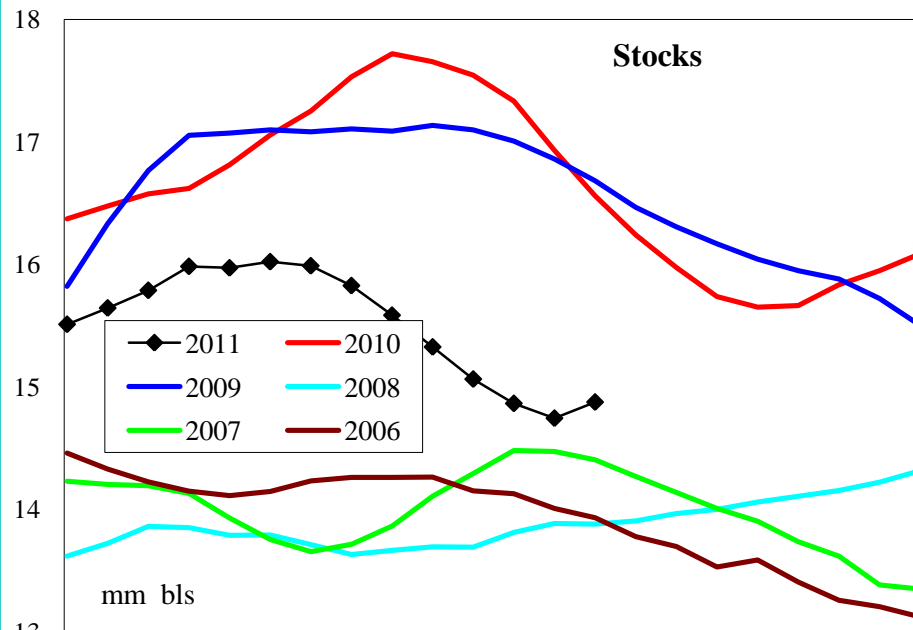
39.5

Prod + Imp - Stk chg

84

26.9

# PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-1,683

-10.2

Input

10

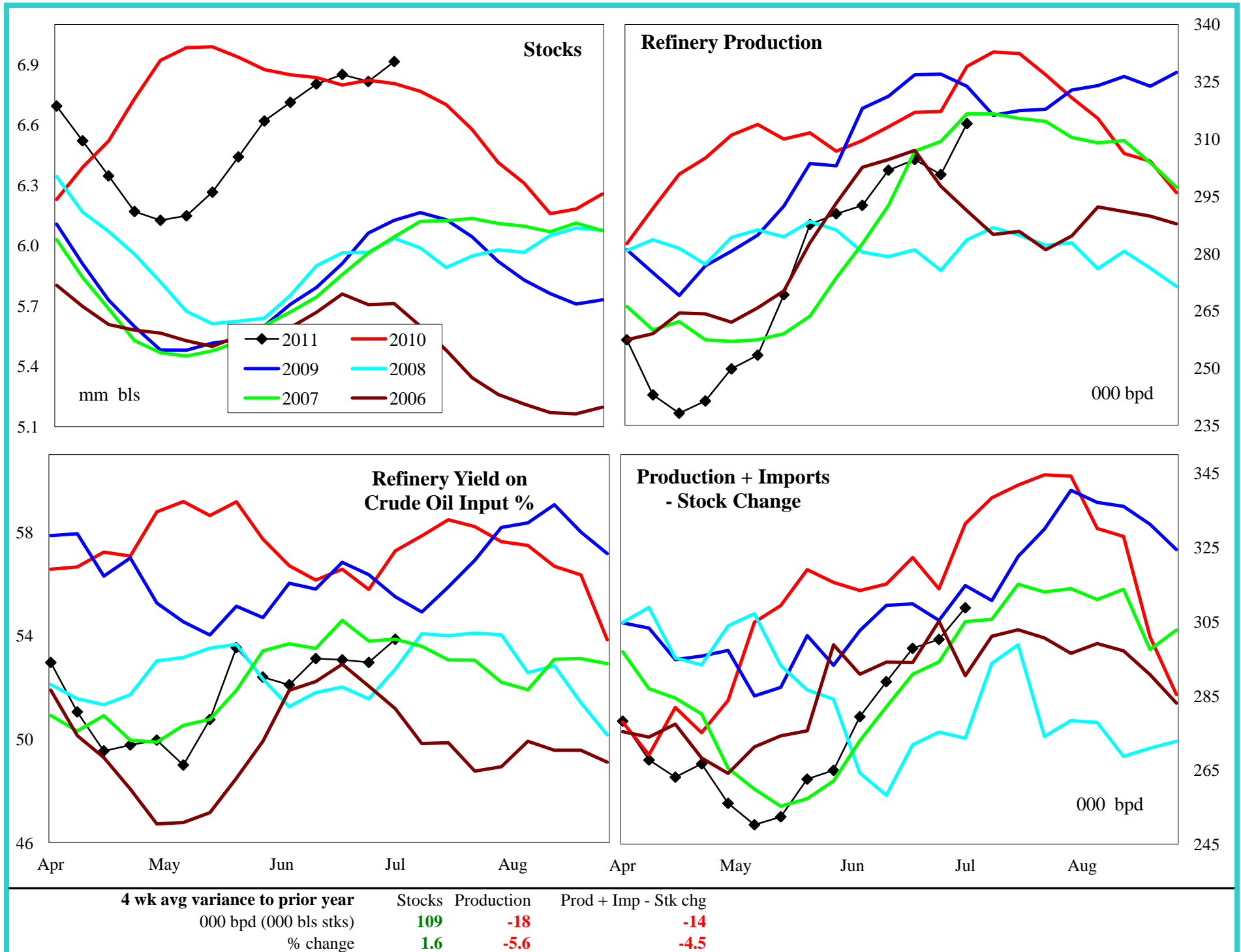
1.8

Imports

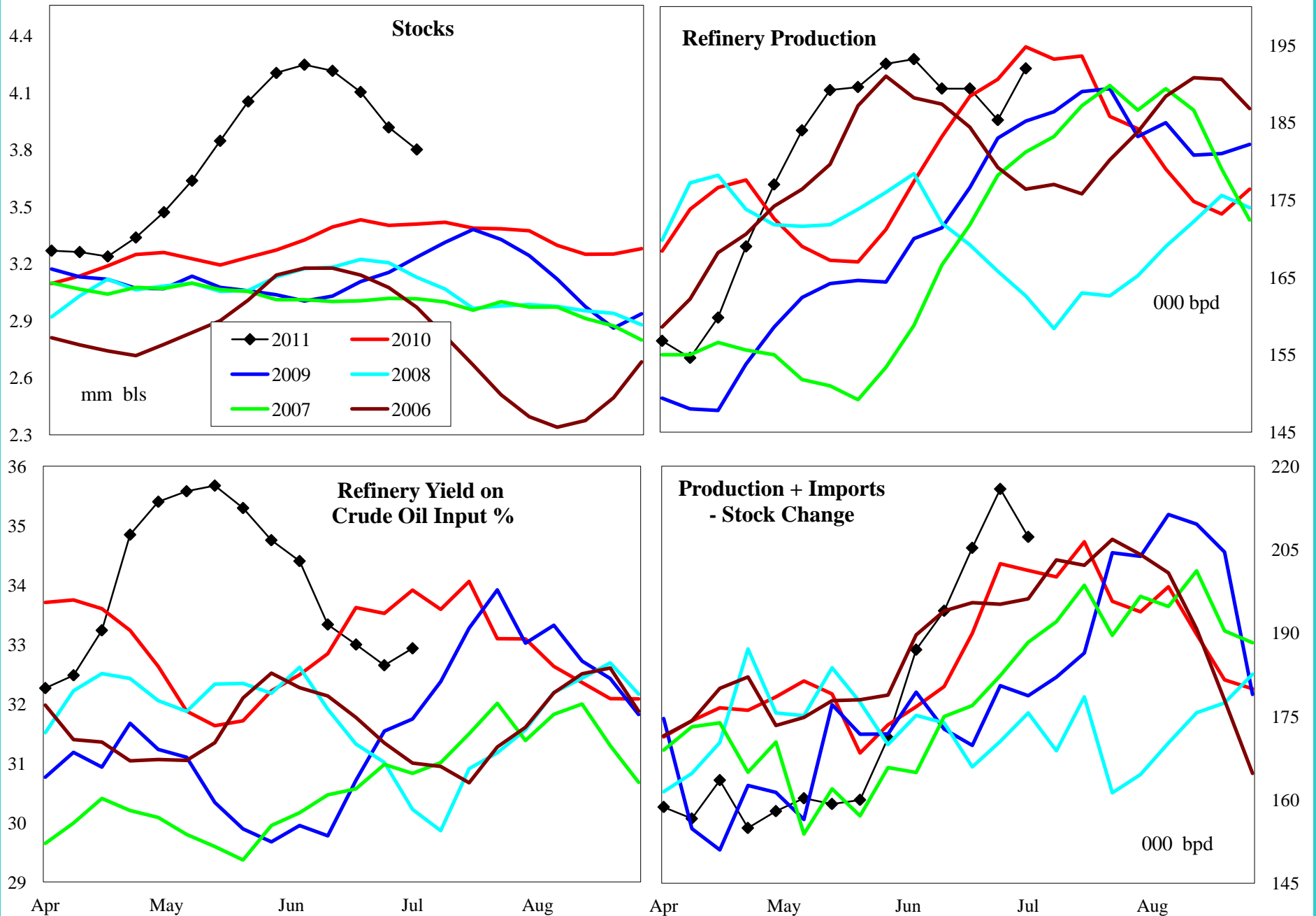
28

9.9

# 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

392

-2

-7

12

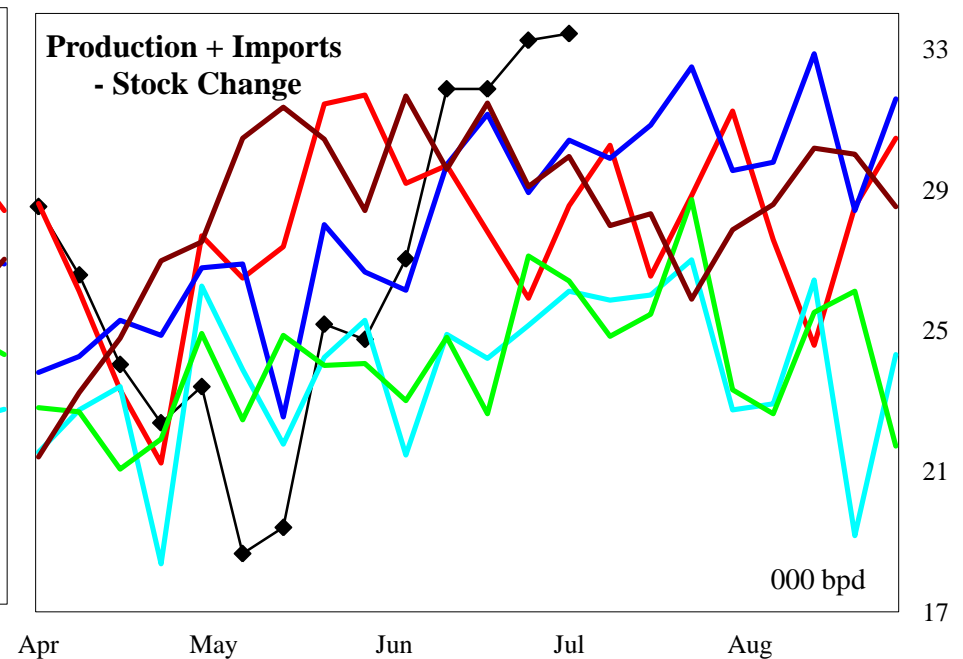
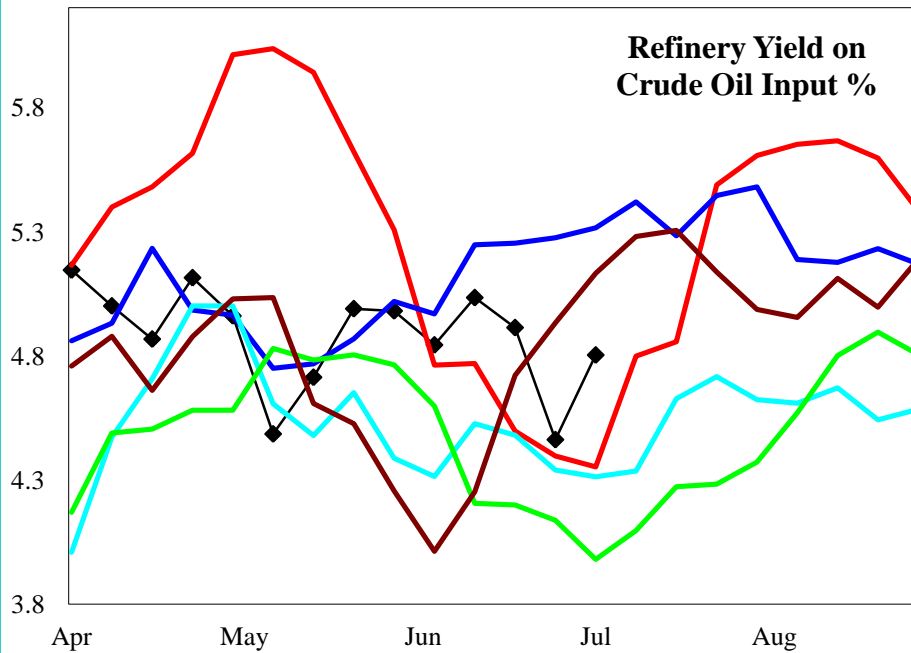
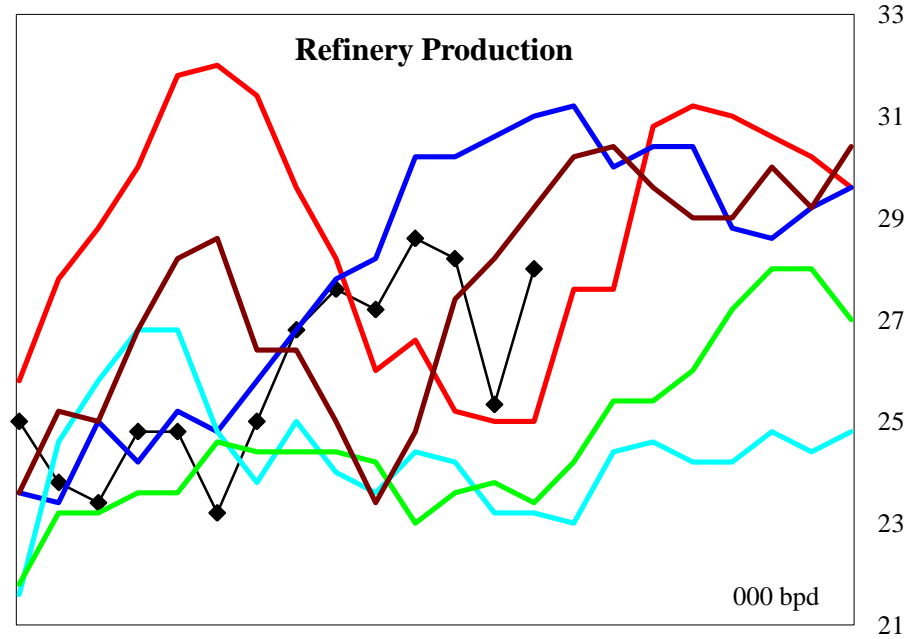
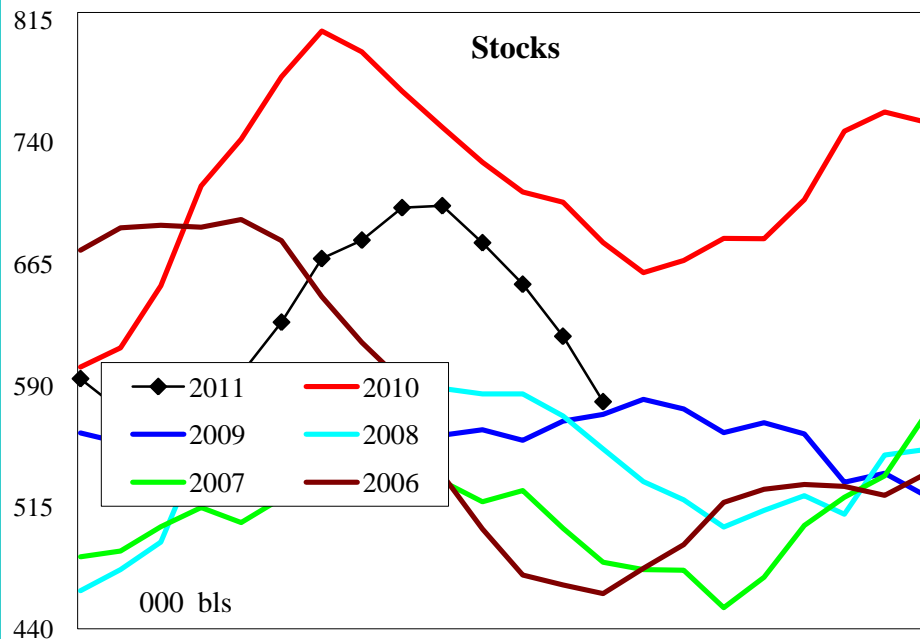
11.4

-1.2

-100.0

6.6

# PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Prod + Imp - Stk chg

-98

2

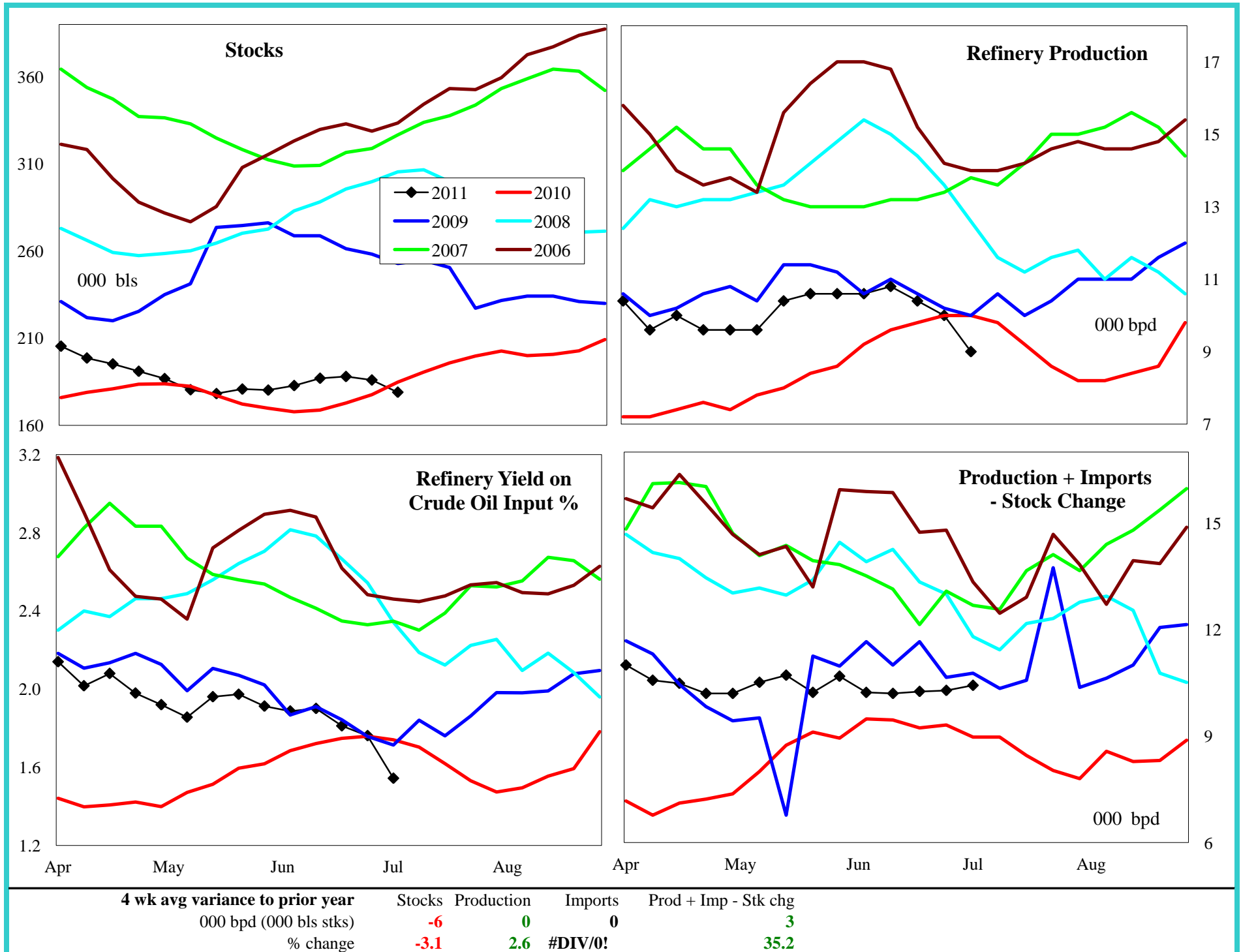
3

-14.5

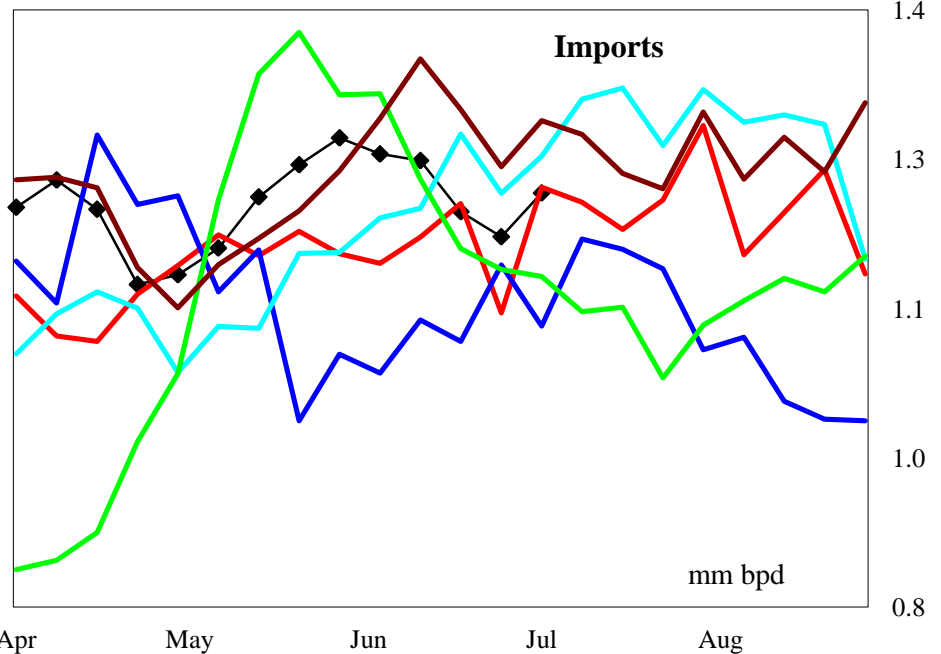
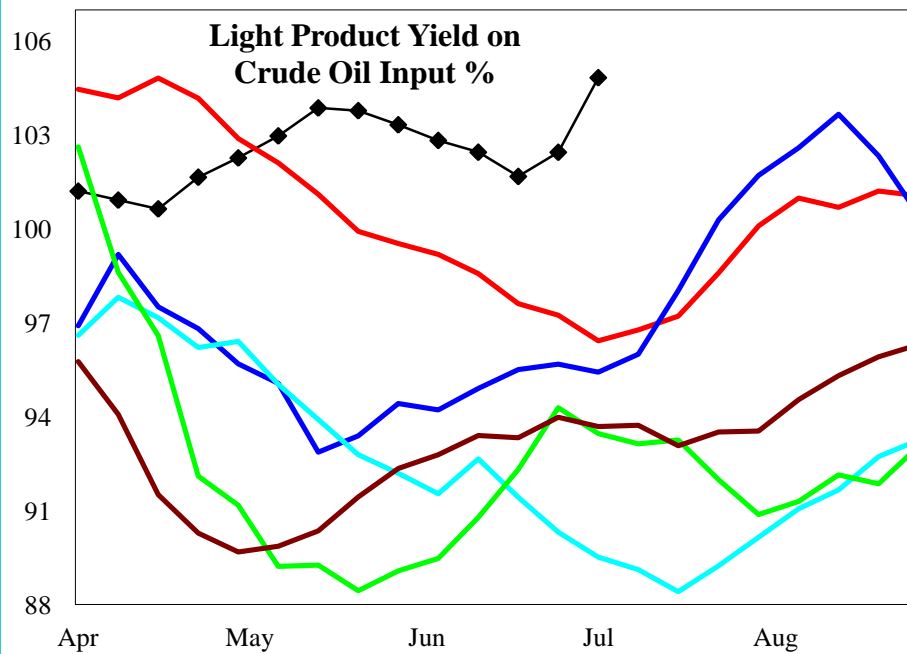
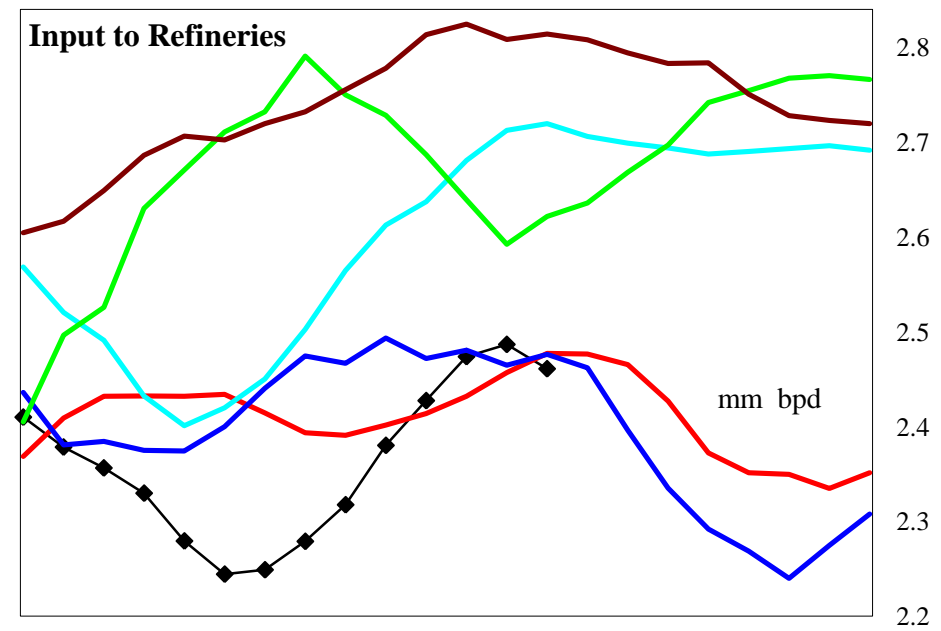
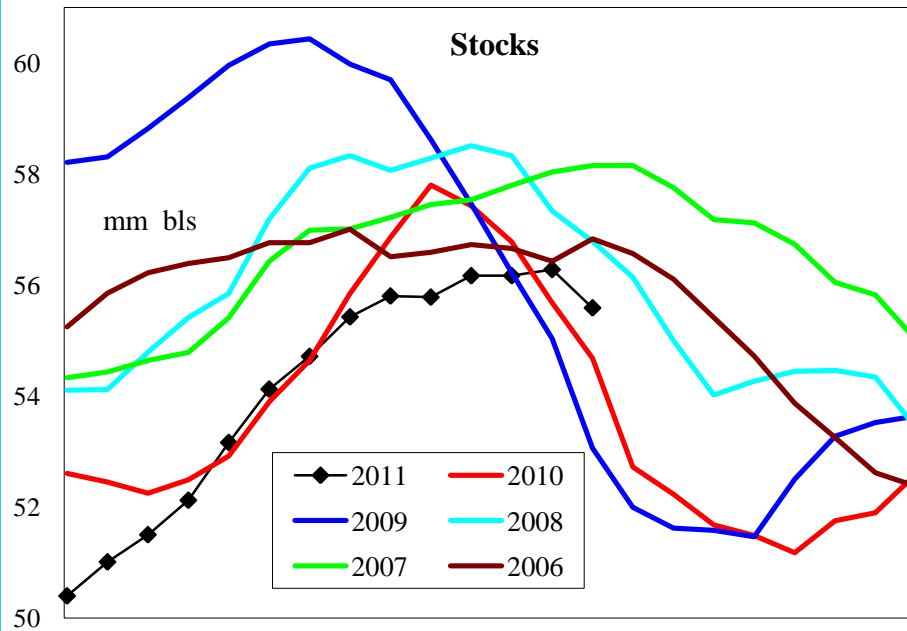
9.1

11.5

# 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

**907**

**1.7**

Input

**27**

**1.1**

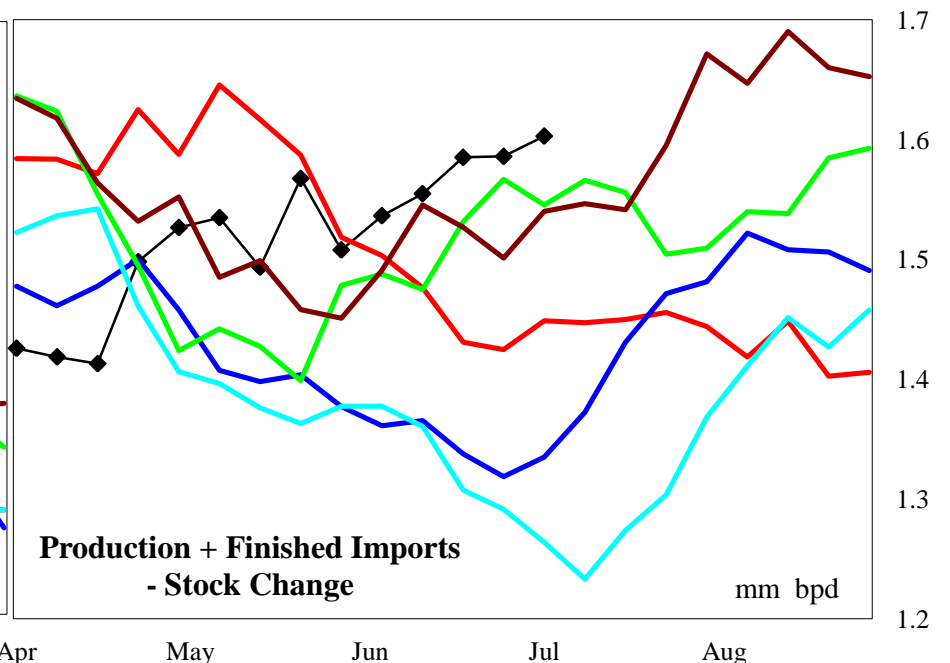
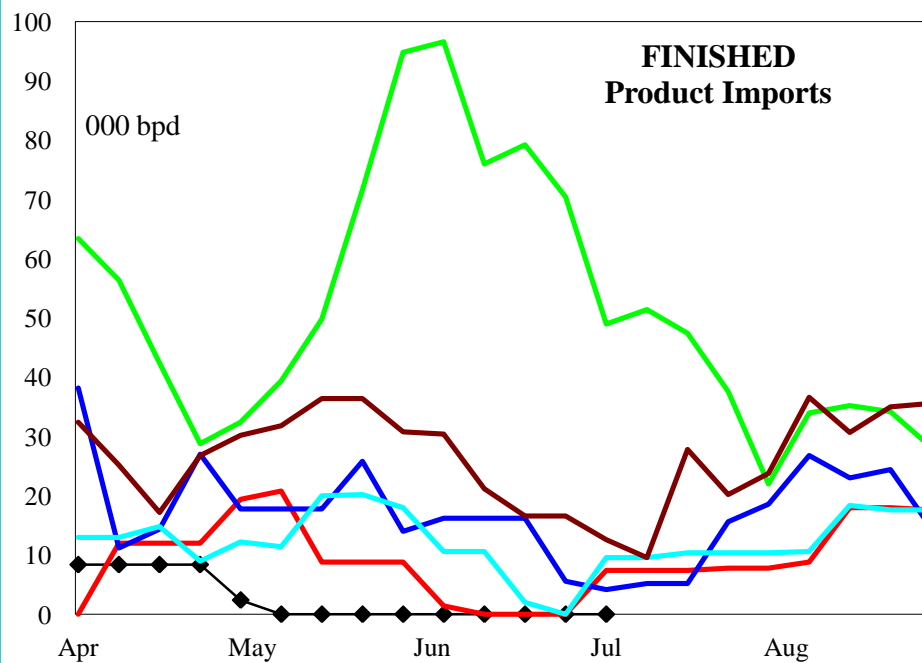
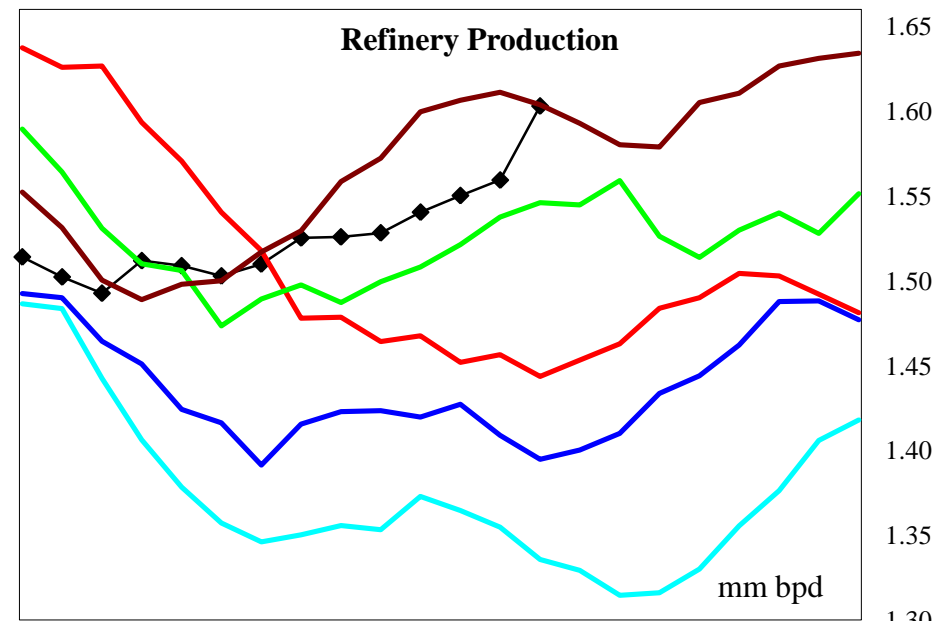
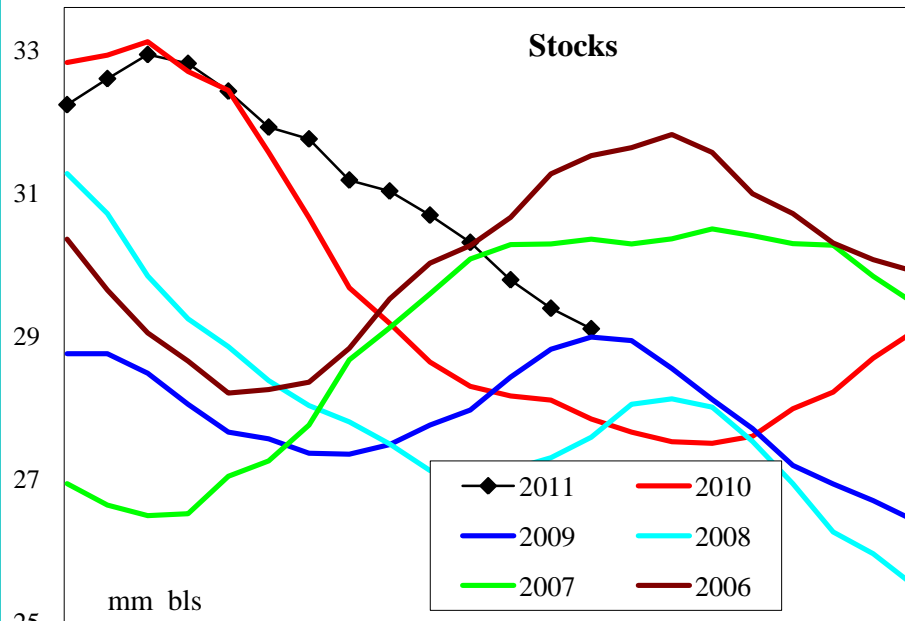
Imports

**56**

**4.8**



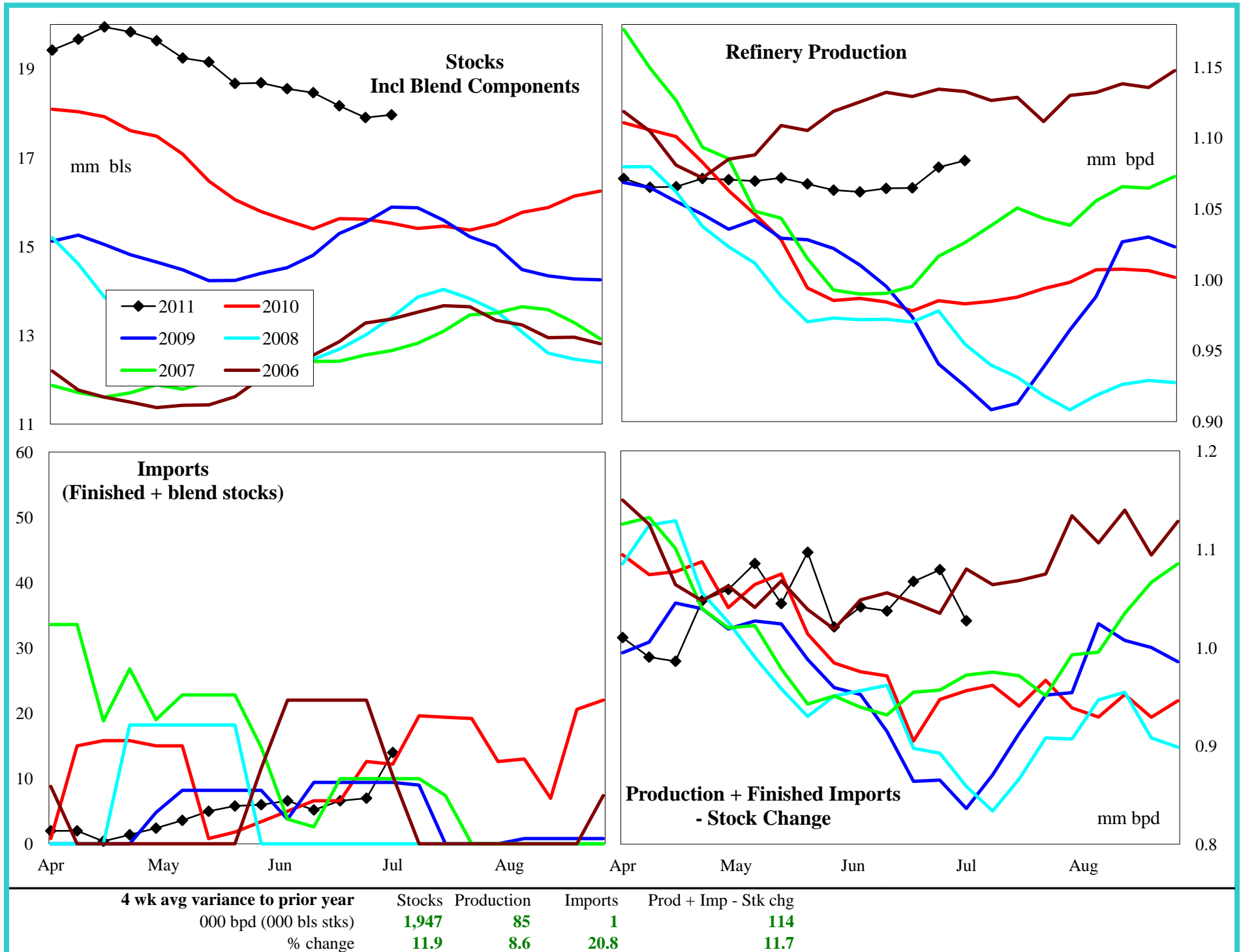
# PADD 5 Gasoline Supply



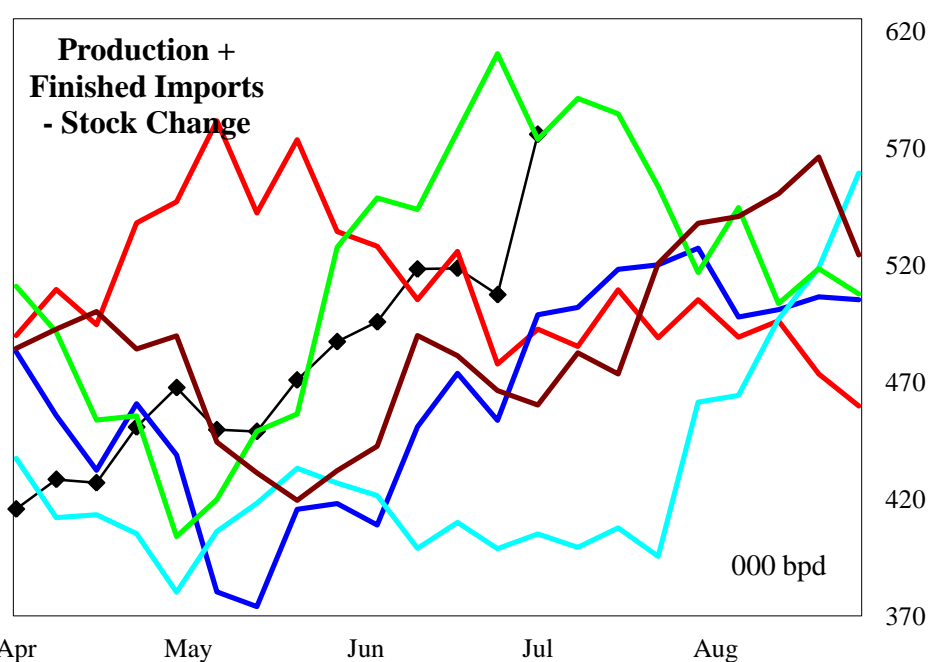
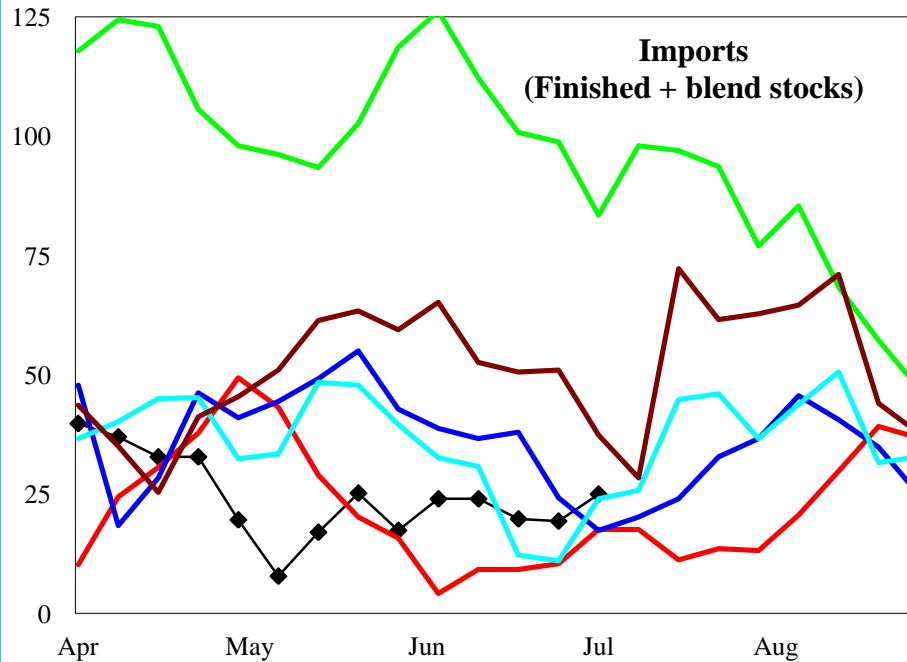
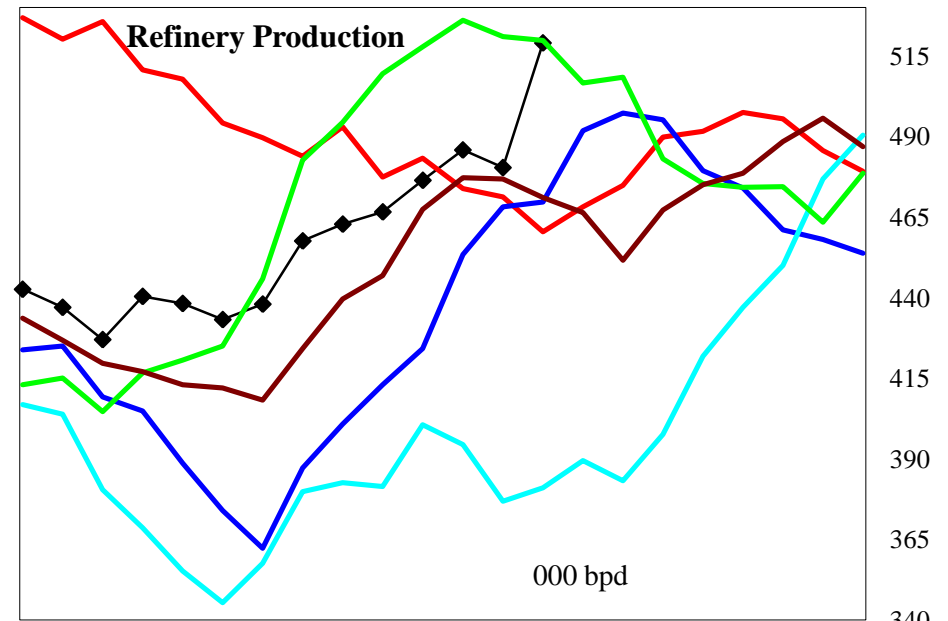
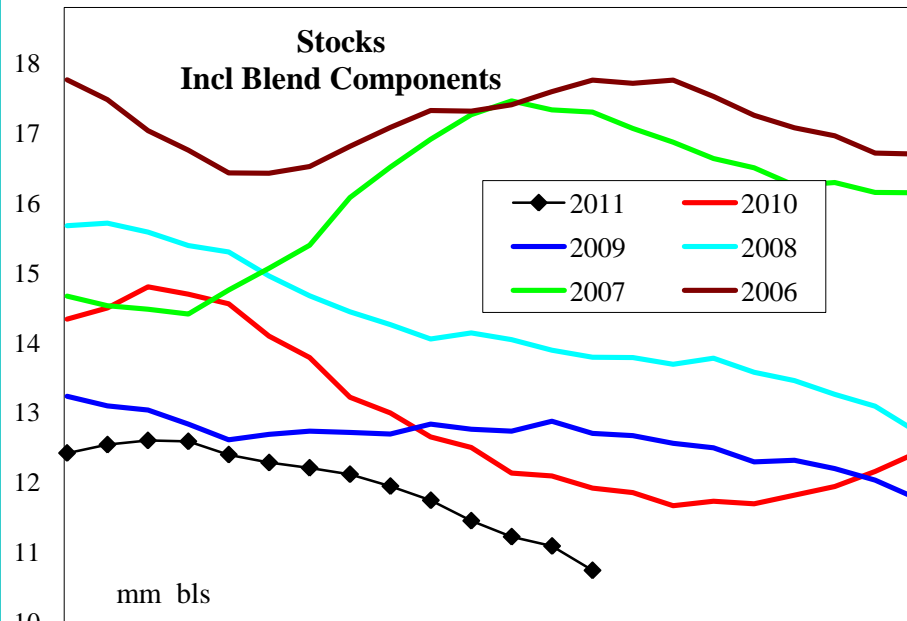
**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
1,099	102	0	4	137
3.9	7.0	#DIV/0!	24.3	9.4

# PADD 5 Reformulated Gasoline Supply



# PADD 5 Conventional Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

-848

-7.1

Production

17

3.7

Imports

3

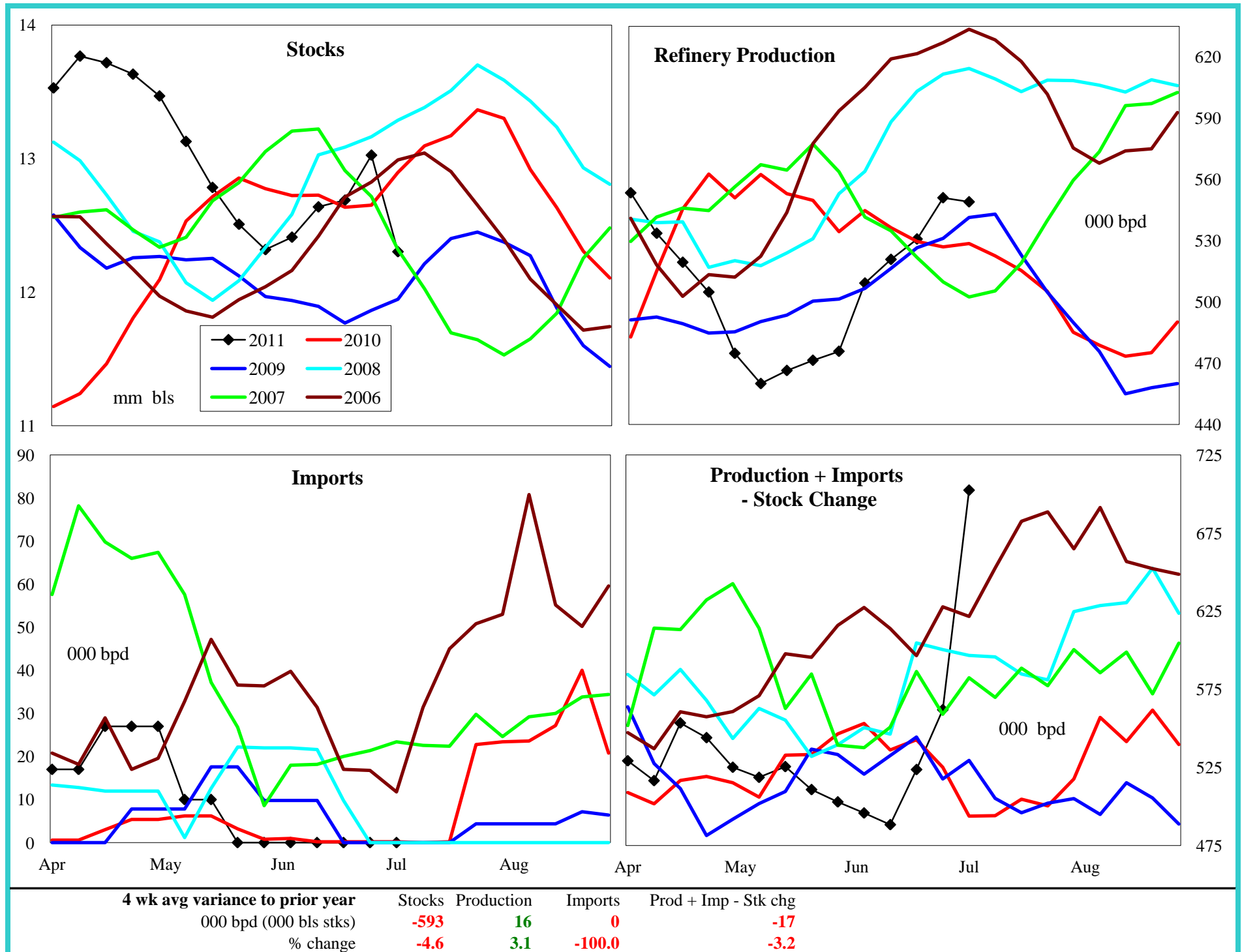
26.1

Prod + Imp - Stk chg

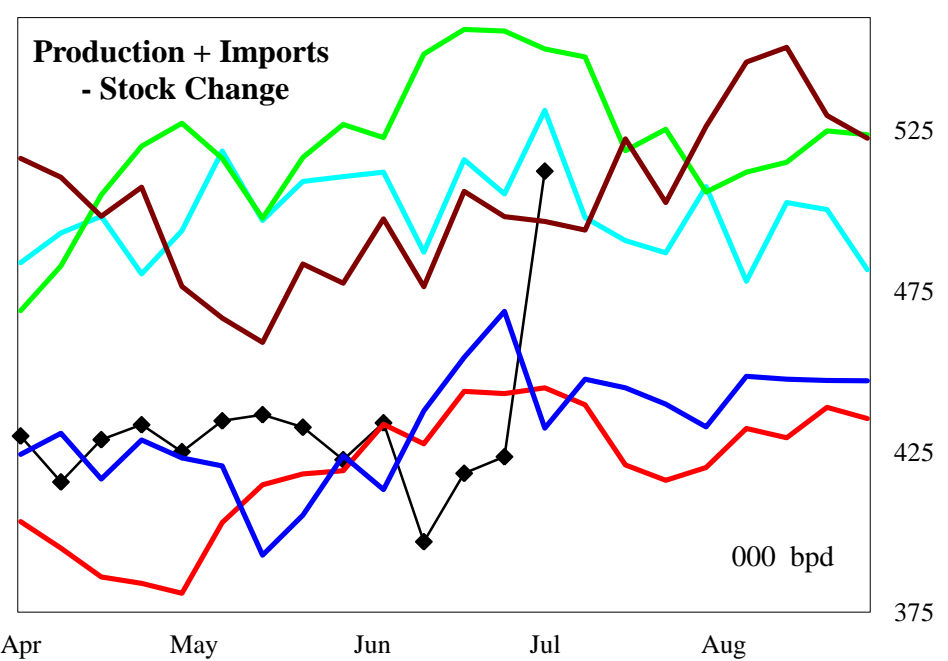
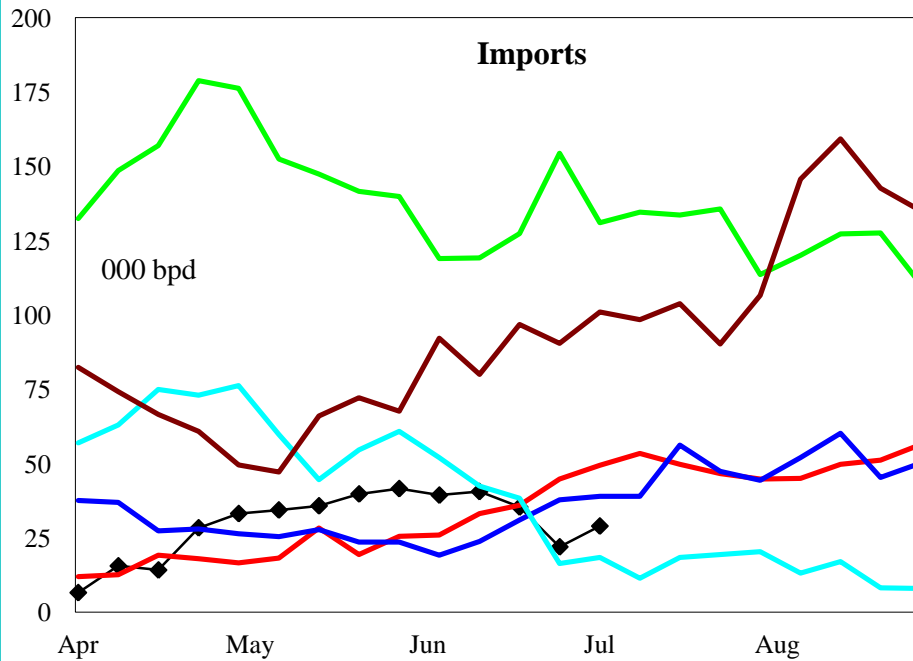
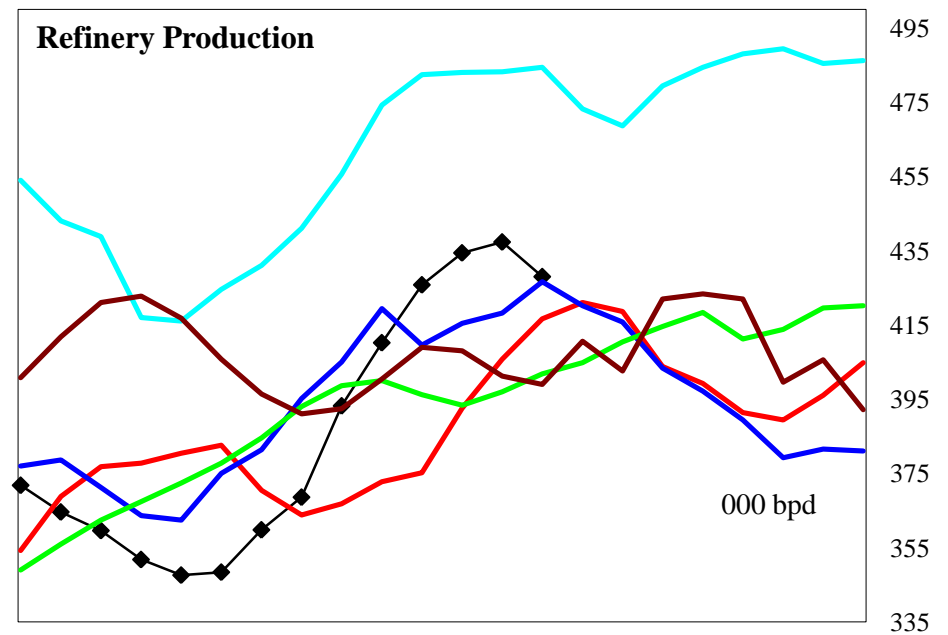
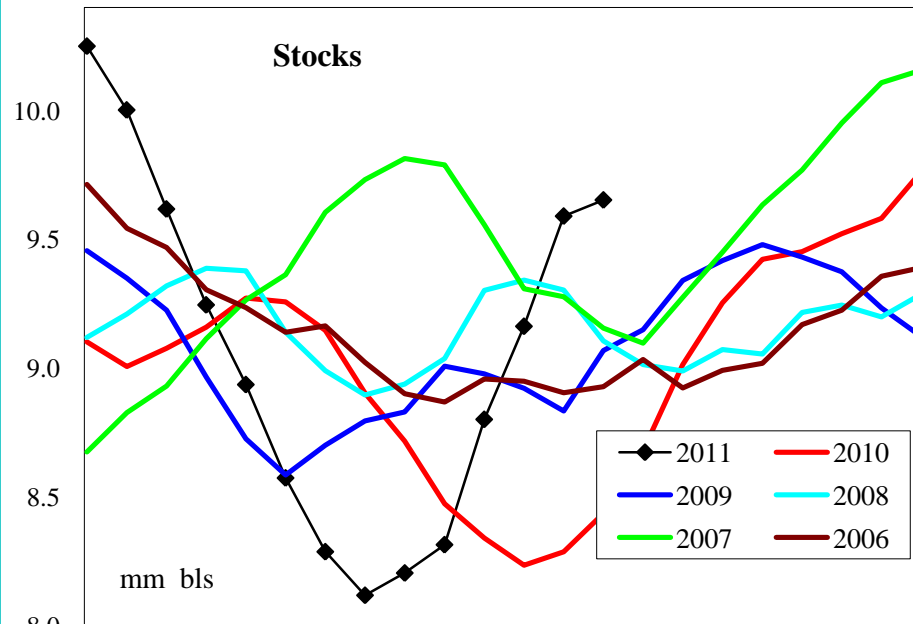
24

4.9

# 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

**1,365**

**40**

**-7**

**-21**

**16.5**

**9.8**

**-16.1**

**-4.6**

# PADD 5 Residual Fuel Oil Supply

