



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

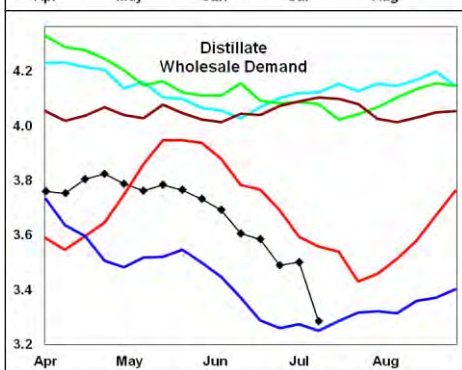
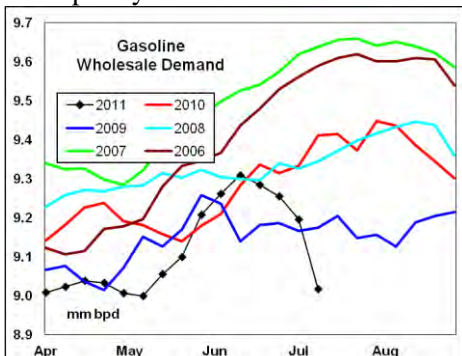
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 13, 2011

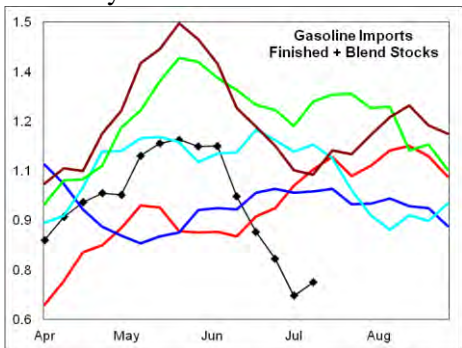


Major Fundamental Trends¹

Wholesale demand for major transport fuels (gasoline, distillate & jet fuel) fell a combined -0.9 million bpd last week, due in part to the 4th of July holiday week that reduced transport loadings at terminals. The 4-wk average demand remains lackluster with both gasoline and distillate below last year, and jet fuel up only +1.4%.



Gasoline production fell in all five regions last week, more than offsetting the sharp drop in wholesale demand. Blend stock imports also remain extremely low.



Variation in regional gasoline supply balances are unusually large. Stock

levels remain at 5-year lows in the key Central Atlantic Region of PAD 1 and in PADD 2. Weak demand and high production on the West Coast has depressed the spread between wholesale prices in the region compared to NYMEX RBOB gasoline futures.

Distillate stocks increased +3 million barrels last week on an extremely large decline in wholesale demand of -419,000 bpd. Even with the large stock build, the level of stocks in markets East of the Rockies remains -17 million barrels below a year ago.

Regional supply balances vary significantly with the Midwest relatively tight while high output on the West Coast and weak demand has depressed the spread between wholesale prices in the region compared to NYMEX heating oil futures.

High production of all major transport fuels on the West Coast has led to significant over supply in that regional market. Demand also appears to be particularly weak, due in part to the slowdown in imports of goods from Asia for redistribution to across U.S. markets.

Demand for all major refined fuels fell sharply last week, due in part to low truck lifting's at terminals during the 4th of July holiday week.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -0.9%; distillate down -5.2%; jet fuel up +1.4% while residual fuel oil also increased +9.2%.

Stocks forward coverage: Gasoline demand coverage decreased on the -0.8 million barrel stock draw. Coverage levels were at the mid range.

Distillate coverage increased on lower demand and a +3 million barrel stock build. Coverage levels were comparable to the last 2-years.

Jet fuel coverage increased on a +1.1 million barrel stock build and lower demand. The coverage level

remains well below the last 2-years.

Refinery utilization rates decreased on a -97,000 bpd drop in crude oil throughput, with the rate below the mid range.

Gasoline yield % on crude oil runs fell sharply on a -631,000 bpd drop in production, driven by extremely low blend stock imports, compared to the -97,000 bpd decrease in crude oil runs. The yield % on crude oil runs fell to a level at the low end of the historic range.

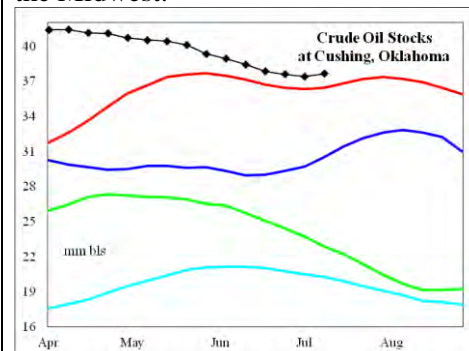
Distillate yield % on crude oil runs increased on a +46,000 bpd rise in production compared to the decline in crude oil runs. Yield % levels were near historic highs.

Jet fuel yield % on crude oil runs increased on a +52,000 bpd rise in output, and lower crude oil runs. Yield % levels were near record highs.

Petroleum Imports of crude oil fell -0.9 million bpd with declines in all regions except the West Coast.

During the latest 4-wk period crude oil imports decreased -0.4 million bpd below last year; distillate imports decreased -91,000 bpd; finished gasoline imports decreased -28,000 bpd, gasoline blend stock imports fell -235,000 bpd; jet fuel imports were down -8,000 bpd, while residual fuel oil imports increased +54,000 bpd.

Crude Oil stocks decreased -3.1 million barrels last week, with the draw concentrated in the Gulf region. Stock levels remain near 5-year highs, largely the result of excess supplies in the Midwest.



¹ Source is latest EIA Weekly Statistics



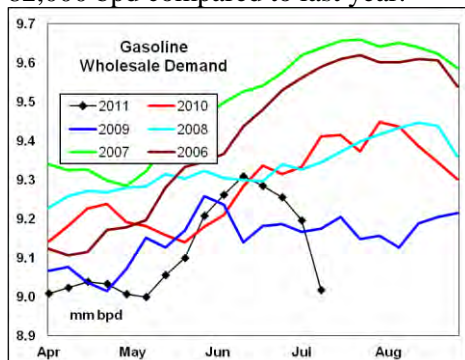
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

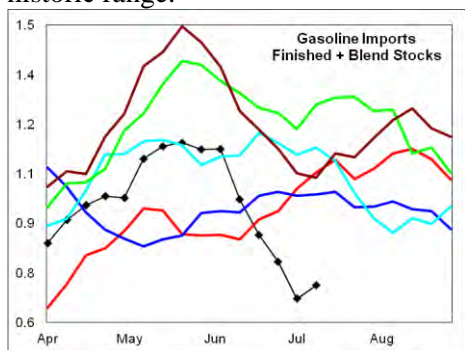
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 13, 2011

Product Supply-Demand Trends

Gasoline demand fell -293,000 bpd last week, with the level well below the historic range for the week. The latest 4-wk average demand decreased -82,000 bpd compared to last year.



Production fell -631,000 bpd last week with declines in all regional markets. Although imports increased +52,000 bpd, the level remains well below the historic range.



Sharply lower supply offset the drop in weekly demand, leading to a -0.8 million barrel stock draw. Stock levels ended the week at 5-year lows in the key Central Atlantic Region of PADD 1 and PADD 2.

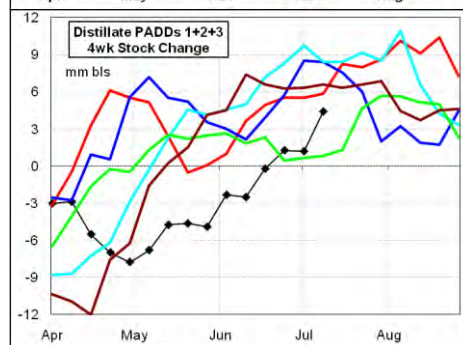
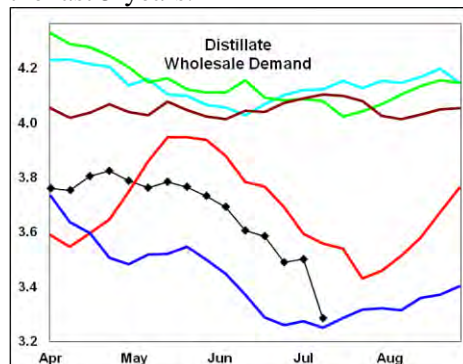
Supplies remain very tight in the Central Atlantic Region of PADD 1 on record low blend stock imports. Midwest markets continue to exhibit tightness, concentrated in the Chicago area.

Strength in Atlantic Basin gasoline demand outside the U.S. has driven Gulf exports to record highs, and imports to record low levels. These trends should extend the tight supplies in the key East Coast Central Atlantic Region.

Distillate demand fell -419,000 bpd last week, on lower exports and a lack

of stock rebuilding by the downstream supply chain. The latest 4-wk average demand was -193,000 bpd below a year ago.

Production increased +46,000 bpd on the week, to a level above four of the last 5-years. Imports remain at record low levels. The sharp drop in demand led to a +3 million barrel stock build. The latest 4-wk stock build in markets East of the Rockies was +4.4 million barrels, a level below four of the last 5-years.



The +3 million barrel stock build last week reversed the earlier trend of a counter seasonal tightening in the supply balance. However, even with the recent build, stocks remain -18 million barrels below a year ago.

Disillillate stock levels remain significantly below the last 2-years, which should provide strength to prices compared to the overall energy complex.

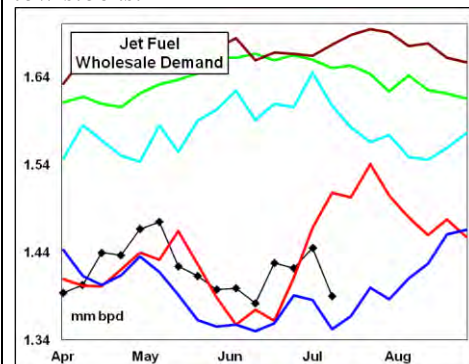
Jet Fuel demand fell -161,000 bpd last week to a level near 5-year lows for the period. The latest 4-wk average demand was +20,000 bpd above a year ago, showing very lackluster growth.

Supply increased +72,000 bpd on higher production and imports. Production levels increased to near 5-

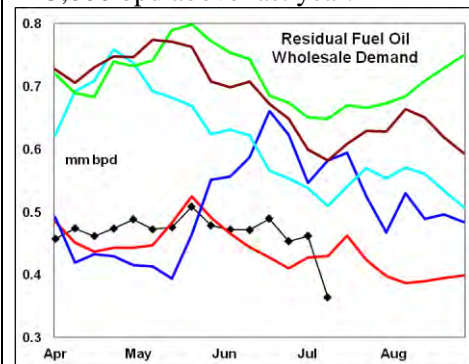
year highs. Stocks jumped +1.1 million barrels to a level above four of the last 5-years

The jet fuel supply balance improved significantly last week on lower demand and higher production that underlie a strong seasonal stock build.

Regional demand balances vary significantly; East and West Coast markets are very oversupplied while the Midwest has experienced record low stocks.



Residual fuel oil demand, fell -244,000 bpd last week, with the 4-wk average +43,000 bpd above last year.



Supply (production + imports) fell -137,000 bpd on lower imports. The latest 4-wk average supply was +155,000 bpd above a year ago. Stocks were nearly unchanged on the week, at a level below the historic mid range.

Stock levels in PADDs 3 and 5 were each particularly high, while PADD 1 remains at record low levels.

The key Gulf regional market remains very well supplied.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

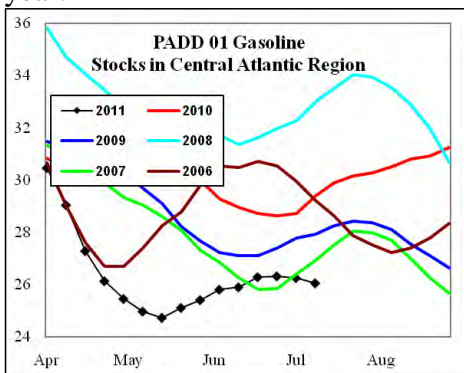
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 13, 2011

PADD Supply Trends

PADD 1 refinery crude oil runs increased +14,000 bpd on the week, with the level at the highest rate of 2011, and above last year.

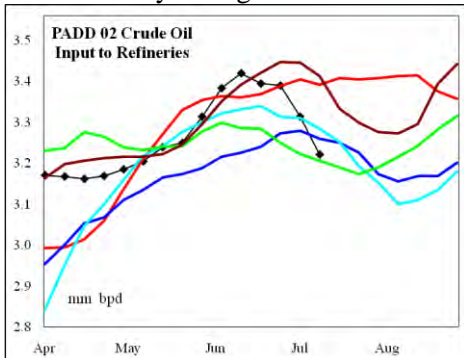
Gasoline production fell -110,000 bpd last week, partially offset by a +43,000 bpd rise in imports. Import levels remain extremely low.

While gasoline stock levels are at the historic mid range, stocks in the key Central Atlantic Region remain record lows for this time of year.



Distillate supply decreased -16,000 bpd on lower production. Stocks increased +0.9 million barrels, significant in light of the prior week +2 million barrel build.

Jet fuel supply increased +30,000 bpd on the week, to a level well above the last 2-years. Stock levels ended the week near 5-year highs.



PADD 2 crude oil refinery runs increased +14,000 bpd on the week, to a level at the low end of the historic range. Crude oil imports decreased -243,000 bpd to a level below the last 2-years. Crude oil stocks increased +0.5

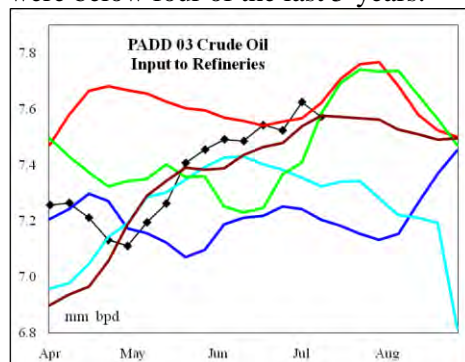
million barrels on lower refinery runs, with the level above the 5-year range.

Gasoline production decreased -64,000 bpd last week, with the level at the mid range. Stocks decreased -0.5 million barrels to a level that matched historic lows for this time of year.

Distillate production increased +10,000 bpd, to a level near the mid range. Stocks increased +0.5 million barrels on the week, with the level below four of the last 5-years.

Jet fuel production increased +26,000 bpd on the week, to a level above the mid range. Stocks extended the longer term downtrend, ending the week at a level below the historic range.

PADD 3 crude oil runs decreased -245,000 bpd last week, with the level at the mid range. The latest 4-wk average thru put was +51,000 bpd above last year. Crude imports fell -0.5 million bpd to a level below the historic range. Lower imports led to a -4.4 million barrel stock draw. Stock were below four of the last 5-years.



Gasoline production declined -148,000 bpd on the week. Stocks increased +0.5 million barrels on the week, to a level well above the mid range.

Distillate production was unchanged on the week, at a level above the historic range. Stocks increased +0.9 million barrels, at a level well above four of the last 5-years.

Jet fuel production decreased -3,000 bpd on the week, with the level at the mid range. Stocks increased +0.5 million barrels, with the level well above the mid range.

Residual fuel oil supply increased +26,000 bpd last week to a level above the 5-year range. Stocks increased +0.7 million barrels to a level above the 5-year range.

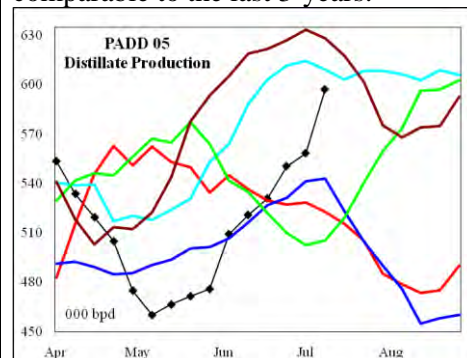
PADD 4 refinery crude runs decreased -16,000 bpd on the week, to a level at the low end of the 5-year range. Crude oil imports have declined nearly -100,000p bpd during the last month to a level below the mid range.

Gasoline production fell -51,000 bpd to a record low level for this time of year. The sharp drop in production led to a -0.5 million barrel stock draw. Stock levels remain near historic highs.

Distillate production decreased -2,000 bpd to a level below the midrange. Stock levels extended the recent downtrend, although the level remains +4% above the prior record high.

PADD 5 crude oil refinery runs increased +91,000 bpd on the week, with the level above the last 2-years. The latest 4-wk average thru put was +23,000 bpd above last year. Light product yield % on crude oil runs well above the historic range.

Gasoline production declined -48,000 bpd on the week, with the level +111,000 bpd above last year and at the upper end of the historic range. Stocks extended the counter seasonal downtrend, ending the week at levels comparable to the last 3-years.



Distillate production extended a 2-month uptrend, with the level near historic highs for this time of year. Stocks reversed last weeks' decline, rising +0.9 million barrels to a level near 5-years.

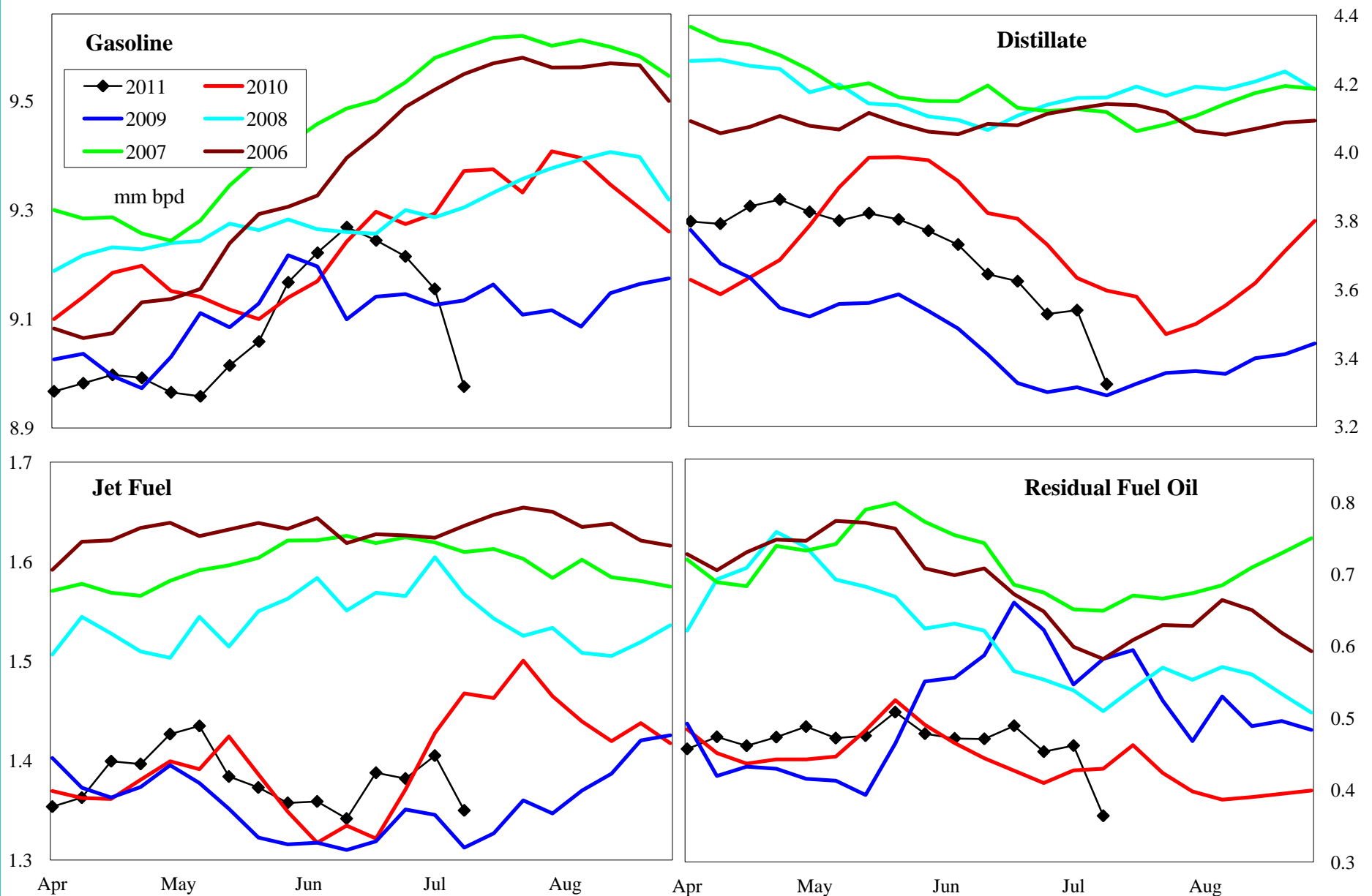


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report July 13, 2011
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

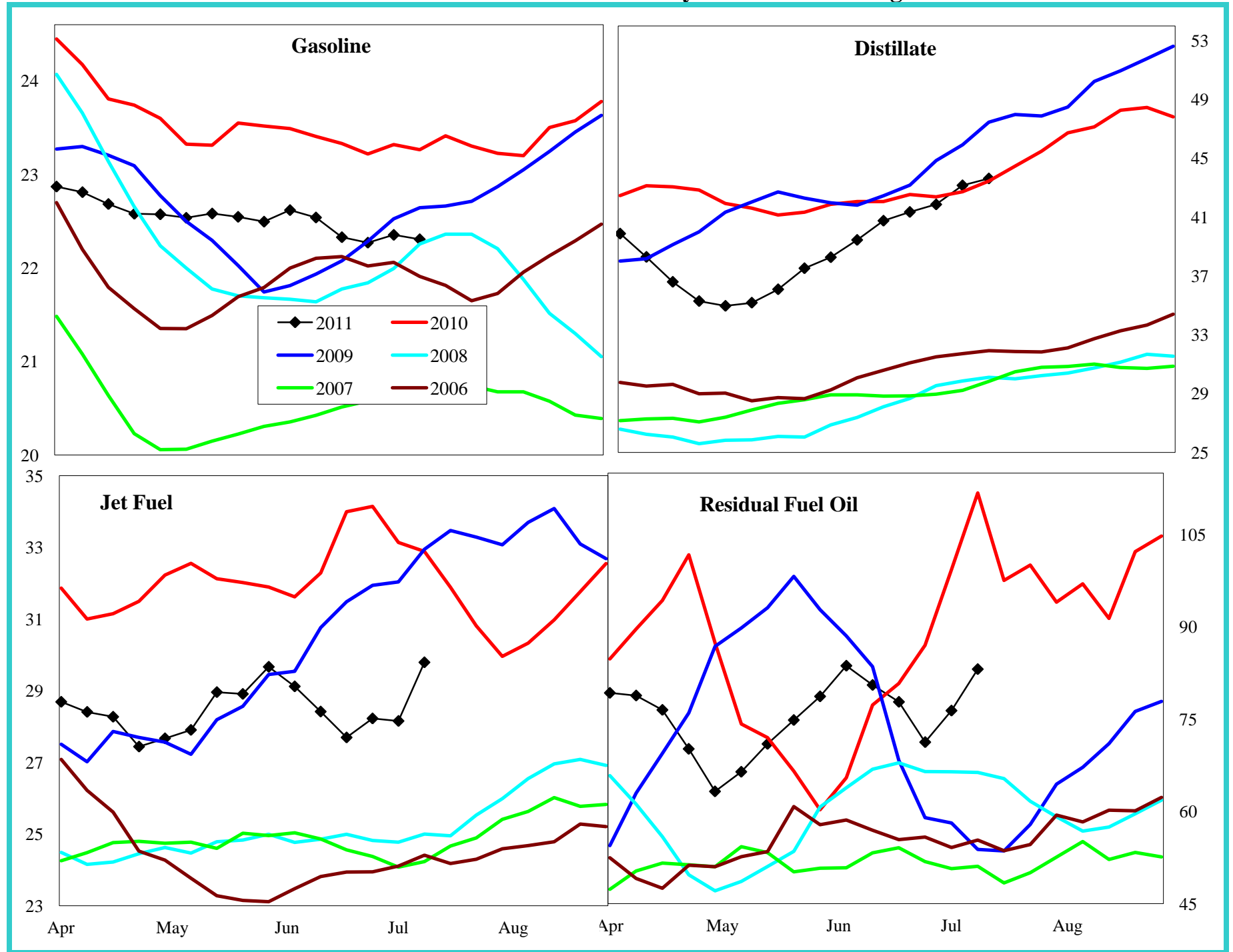
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	8-Jul-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-3,124	434	505	-4,436	-50	423
	Imports	-854	-115	-243	-545	-84	132
	Input	-97	89	14	-245	-46	91
	% Utilization	-0.40					
Gasoline	Stocks	-840	454	-455	467	-459	-846
	Production	-631	-110	-64	-148	-51	-48
	Imports	52	43	0	46	0	-35
	Supplied	-293					
Distillate	Stocks	2,967	862	503	934	-240	907
	Production	46	-1	10	1	-11	48
	Imports	-14	-15	0	0	0	0
	Supplied	-419					
Jet Fuel	Stocks	1,082	189	-476	519	74	777
	Production	52	3	26	-3	10	15
	Imports	20	27	0	0	0	-6
	Supplied	-161					
Residual Fuel Oil	Stocks	179	-354	-7	727	-4	-182
	Production	17	1	6	25	1	-16
	Imports	-154	-173	-6	1	0	24
	Supplied	-244					

United States Wholesale Petroleum Demand

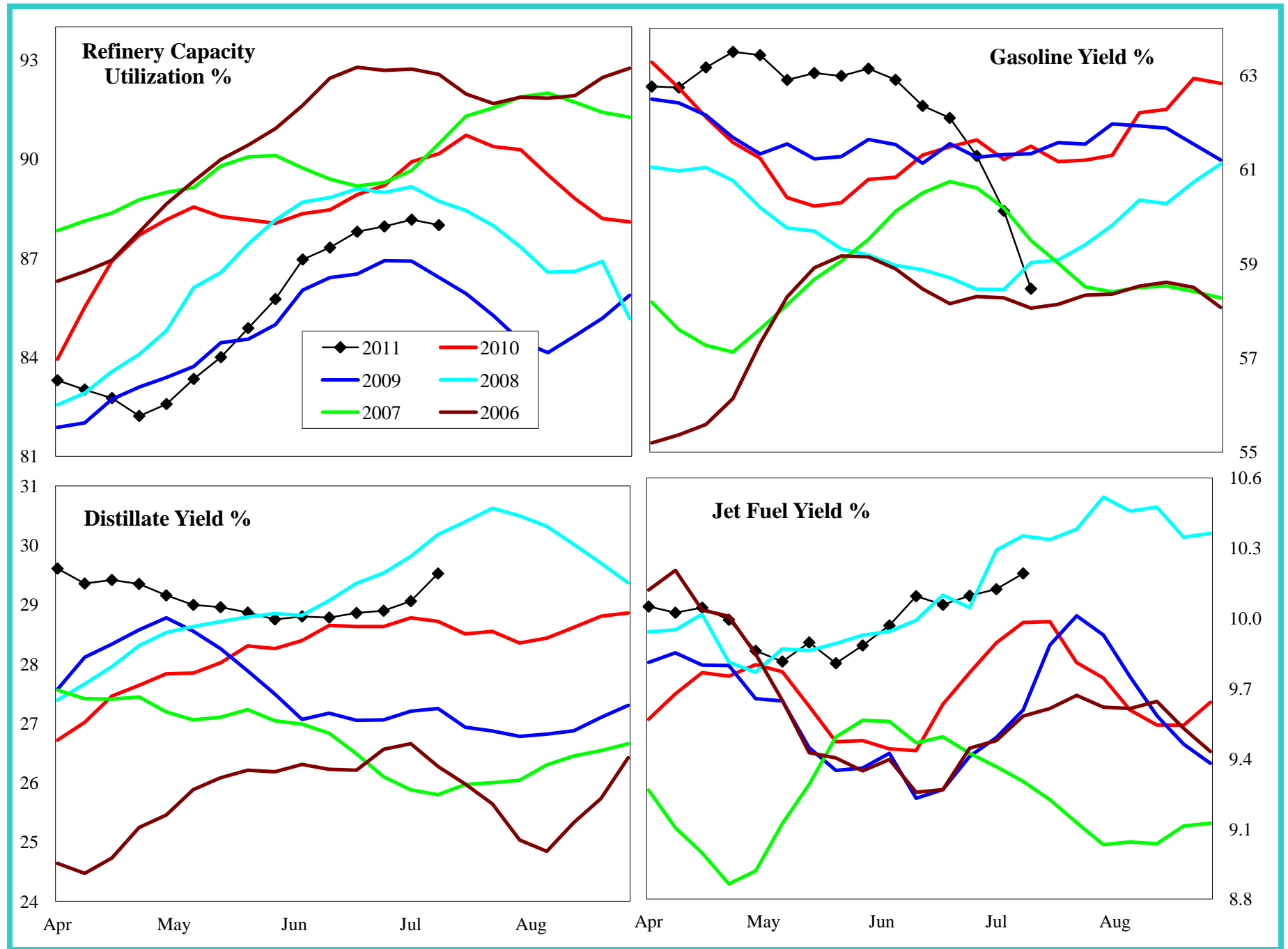


	000 bpd change from prior year				% change from prior year			
	4wk avg	Jun	May	Apr	4wk avg	Jun	May	Apr
Gasoline	-82	31	-134	-19	-0.9	0.3	-1.5	-0.2
Distillate	-193	-1,179	170	179	-5.2	-31.4	4.7	4.8
Jet Fuel	20	-77	-10	71	1.4	-5.1	-0.7	5.1
Resid	43	11	25	-85	9.2	2.2	4.9	-14.7

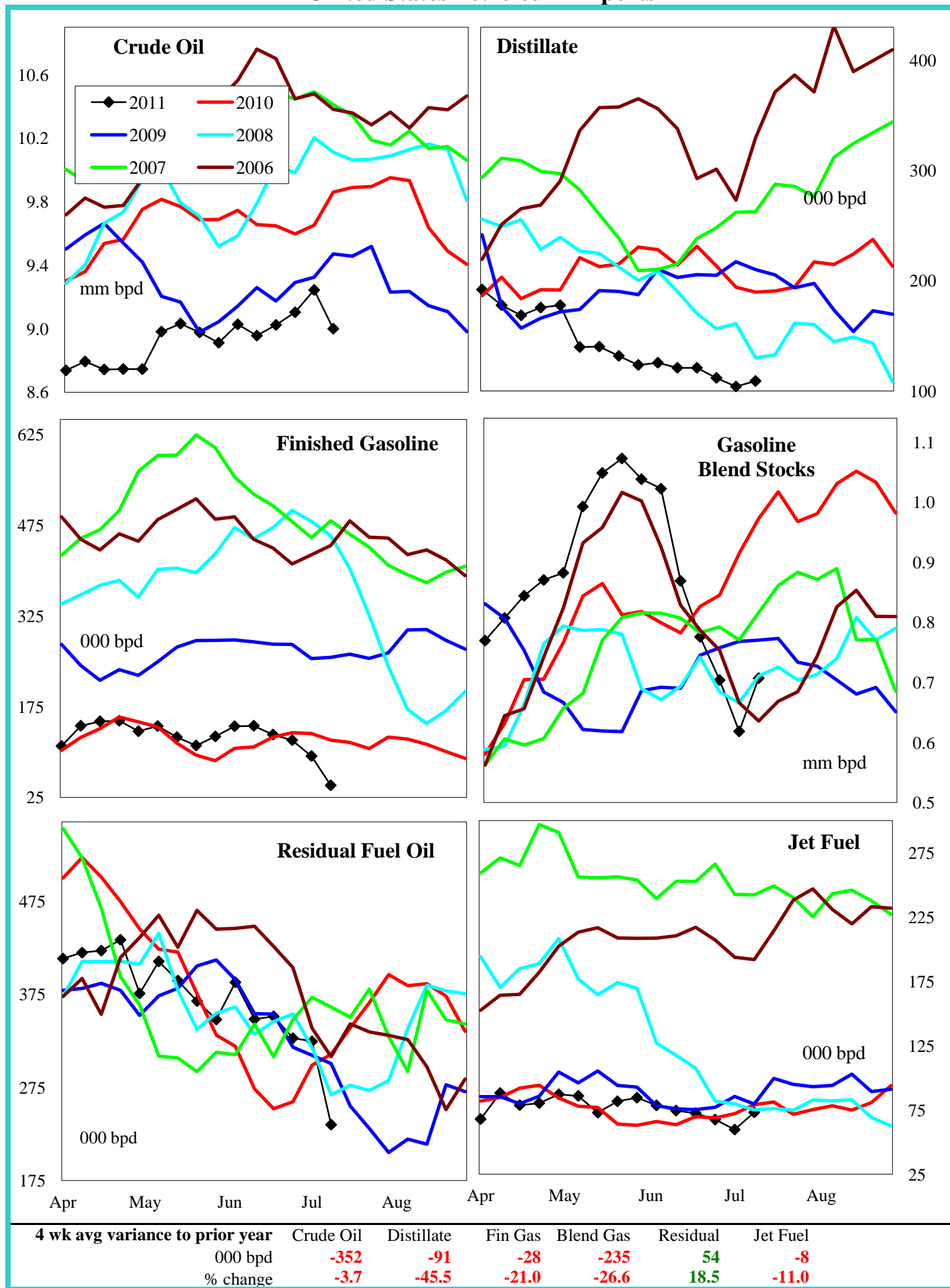


United States Product Stocks: Days Forward Coverage

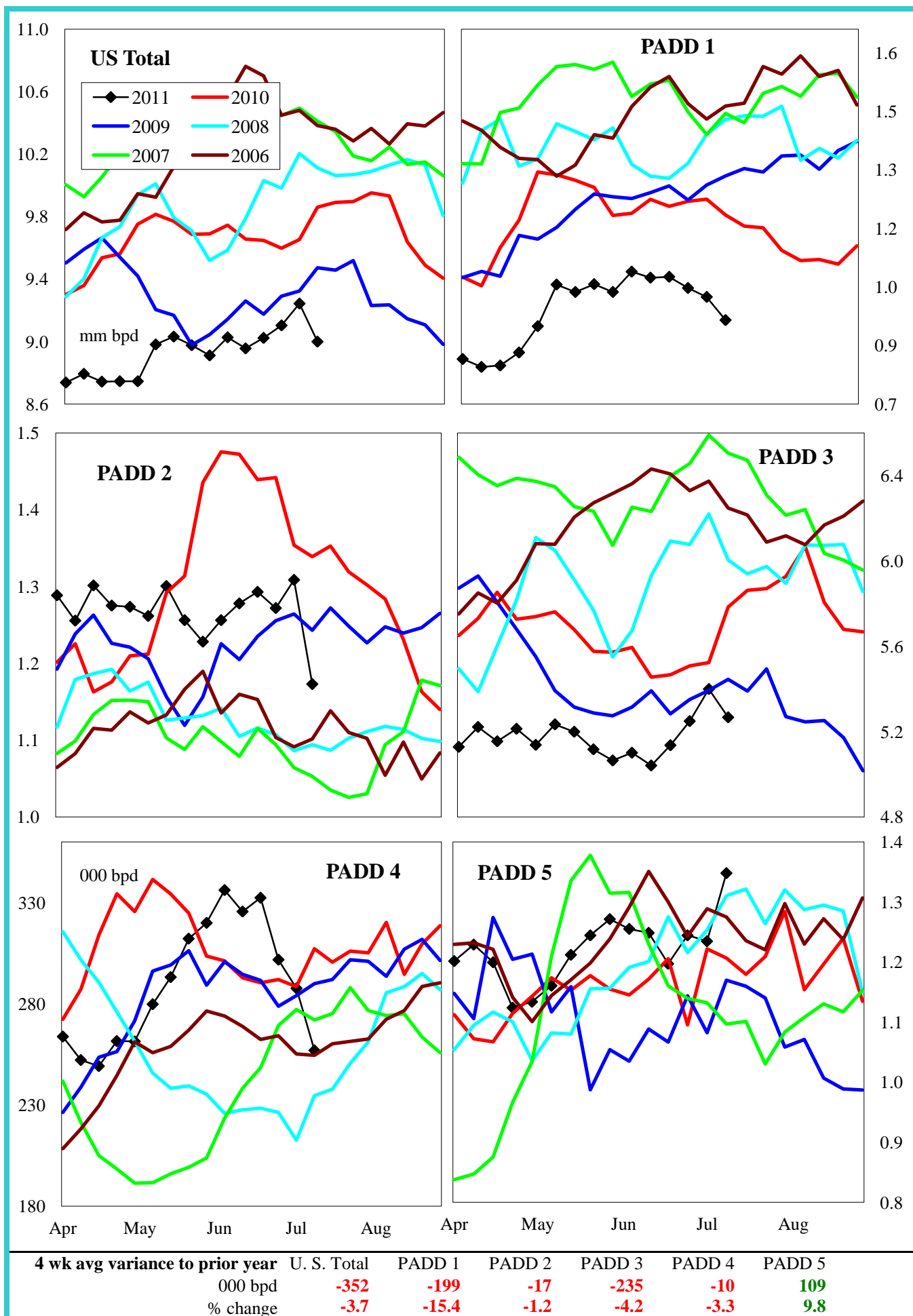
United States Refinery Percent Utilization Rate and Product Yields



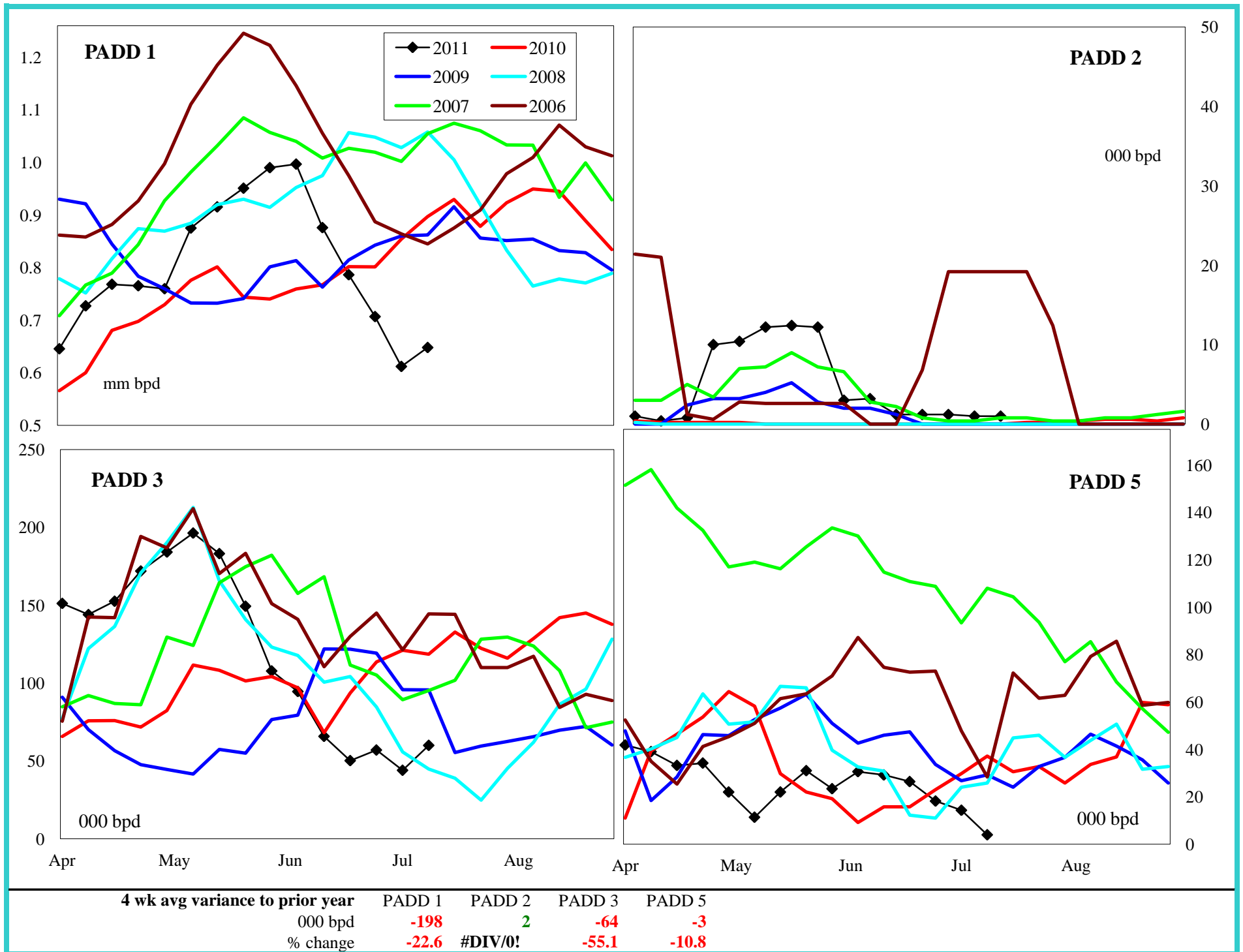
United States Petroleum Imports



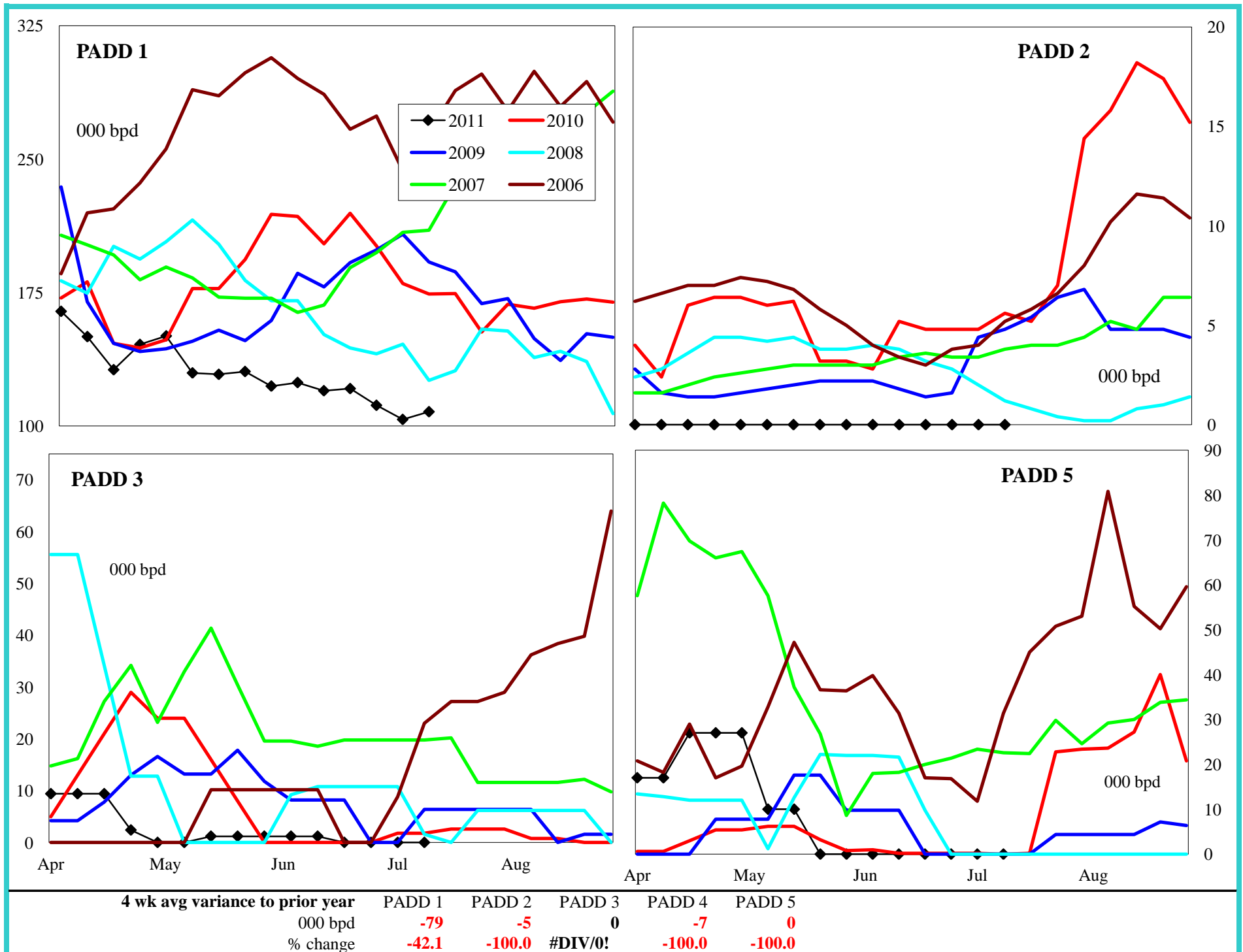
Crude Oil Imports by PADD



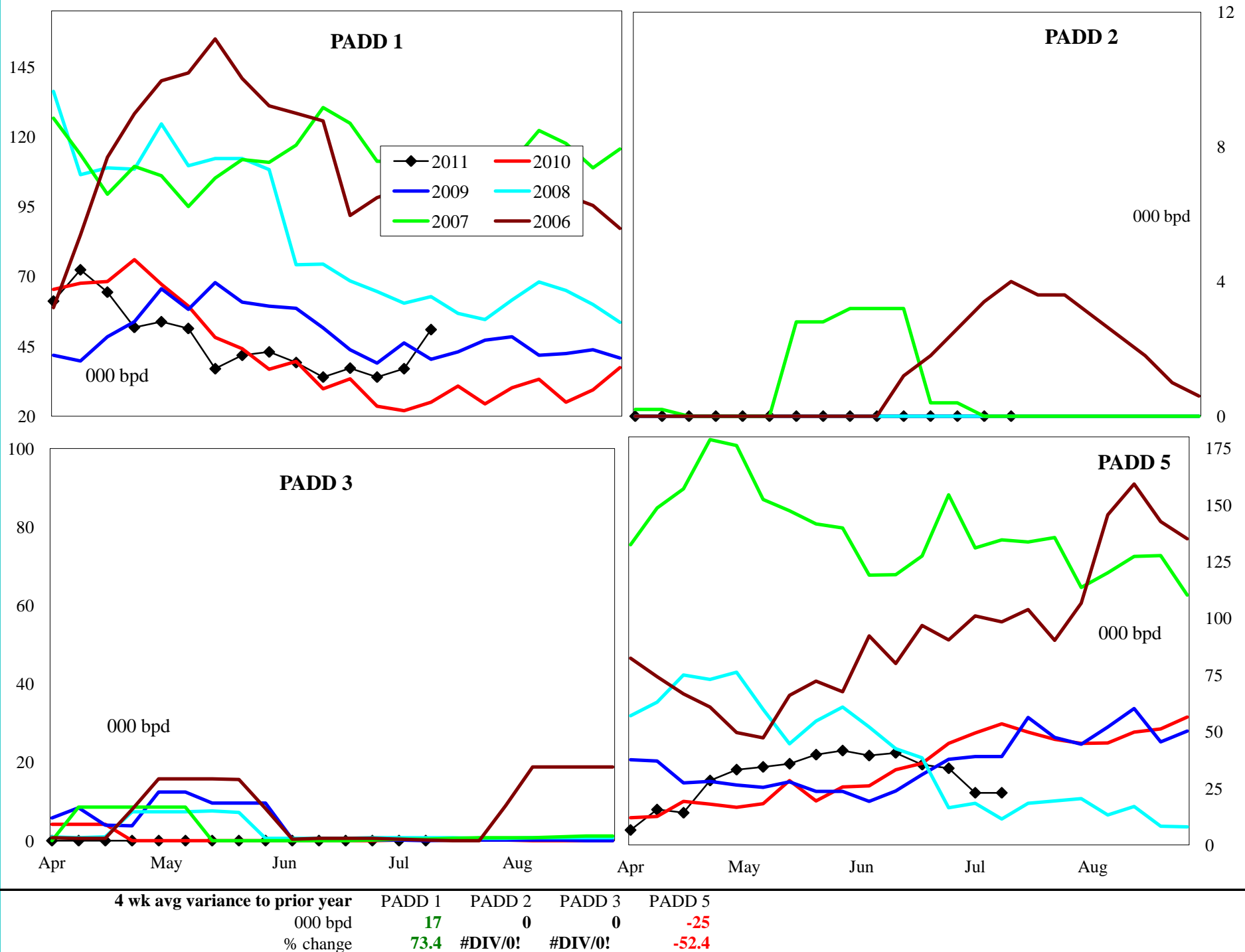
Gasoline Imports by PADD (Finished + Blend Stocks)



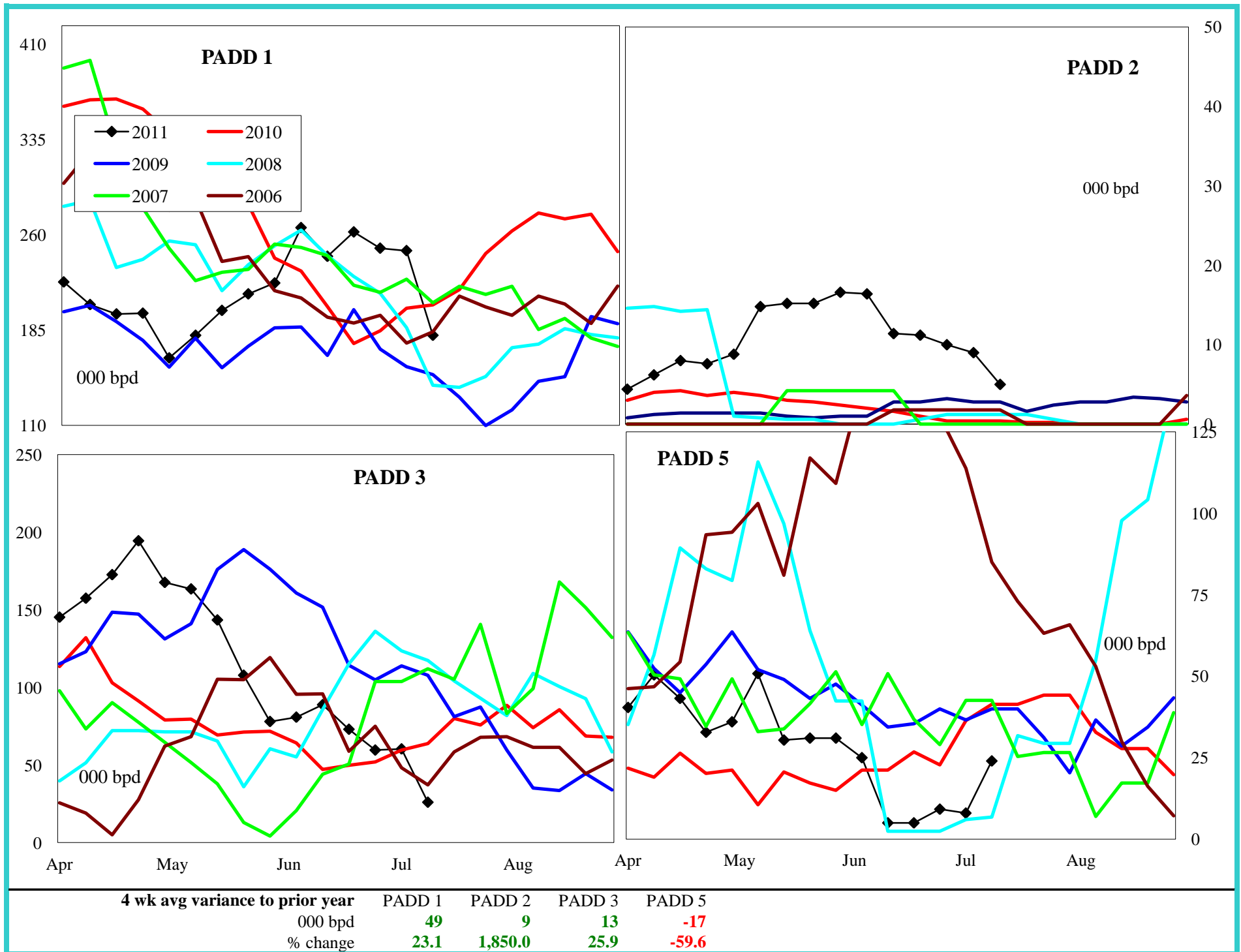
Distillate Imports by PADD



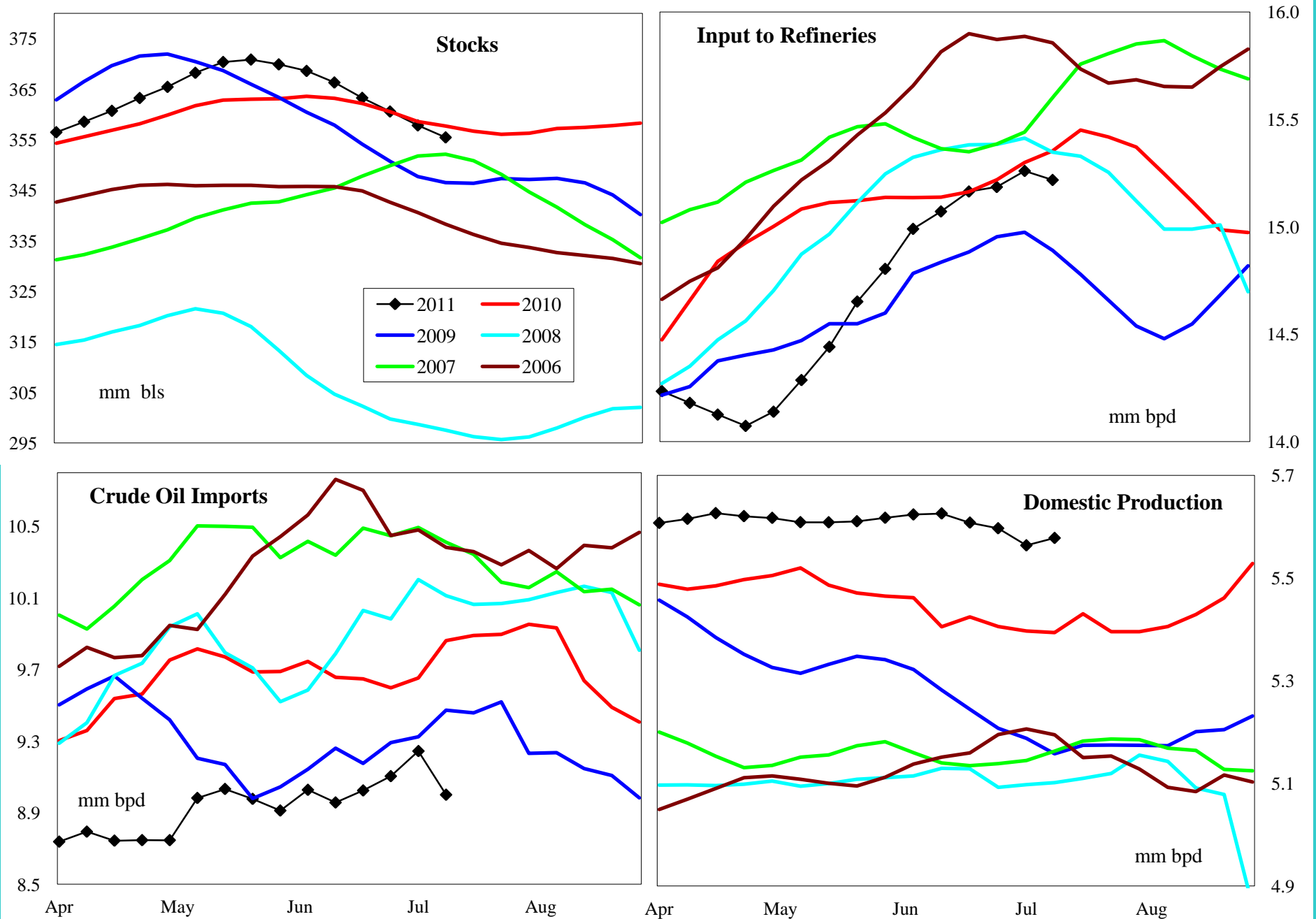
Jet Fuel Imports by PADD



Residual Fuel Oil Imports by PADD



United States Crude Oil Supply and Demand Balance



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

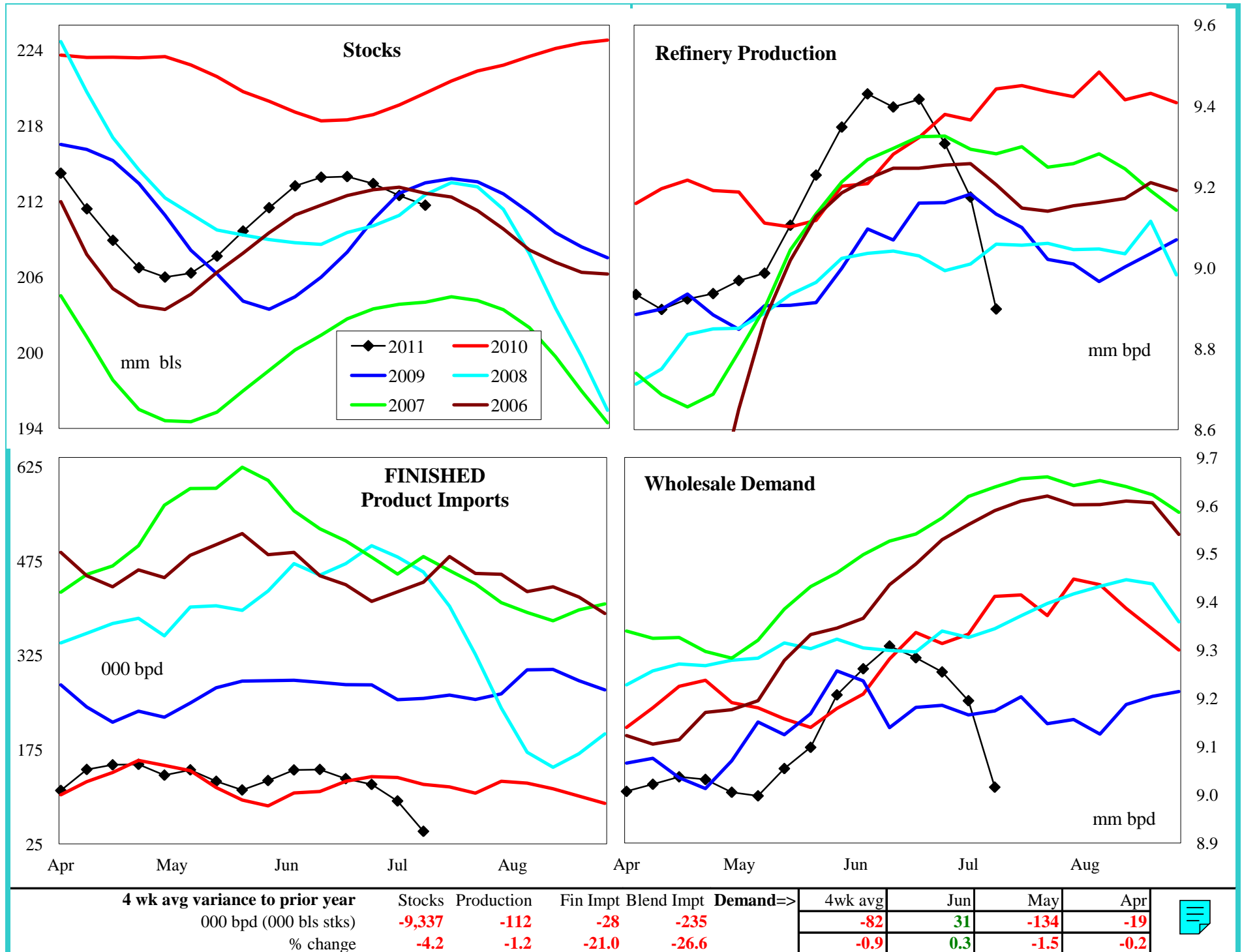
Stocks
2,360
0.7

Input
19
0.1

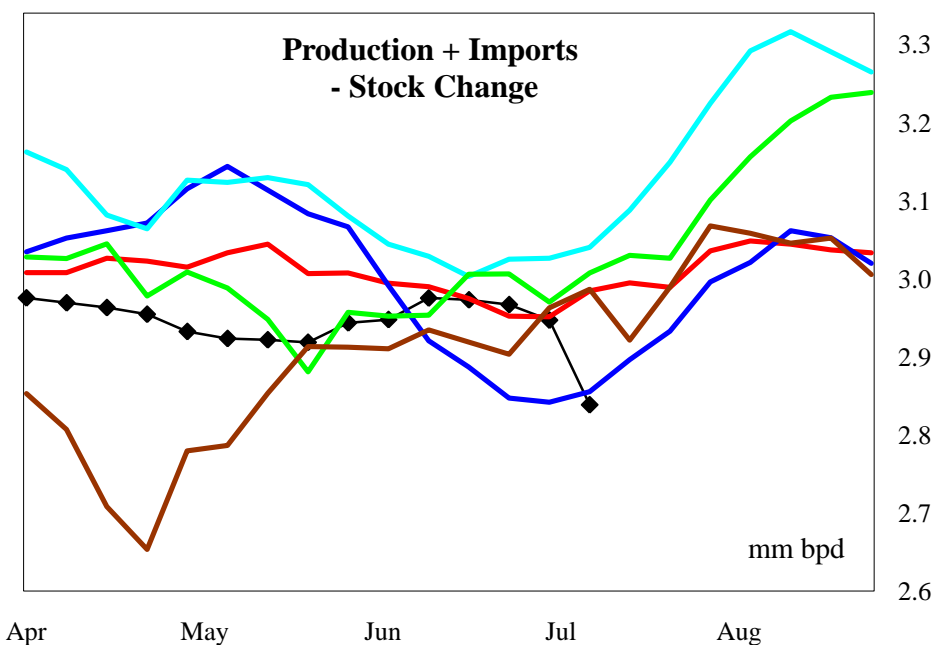
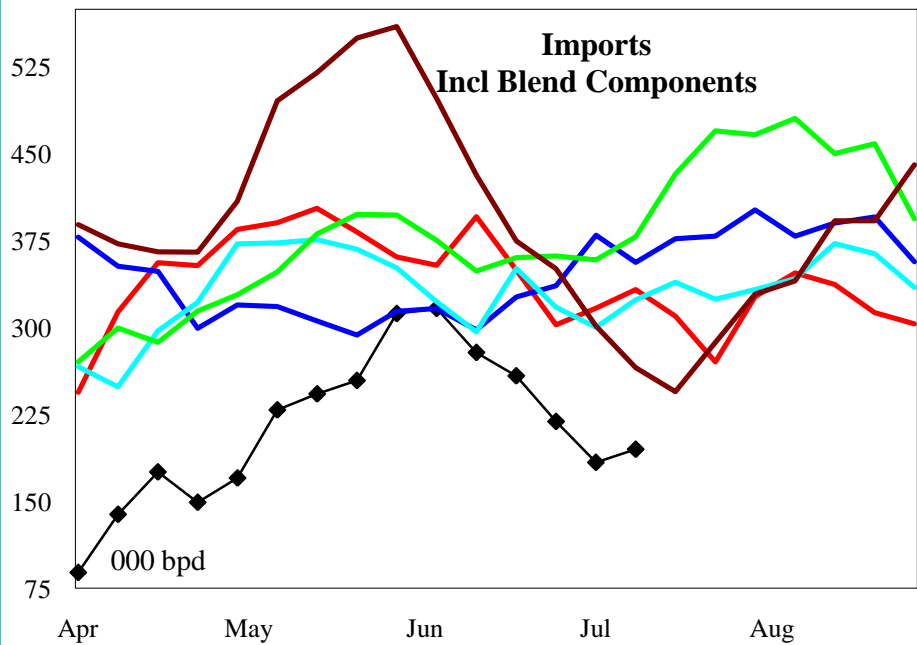
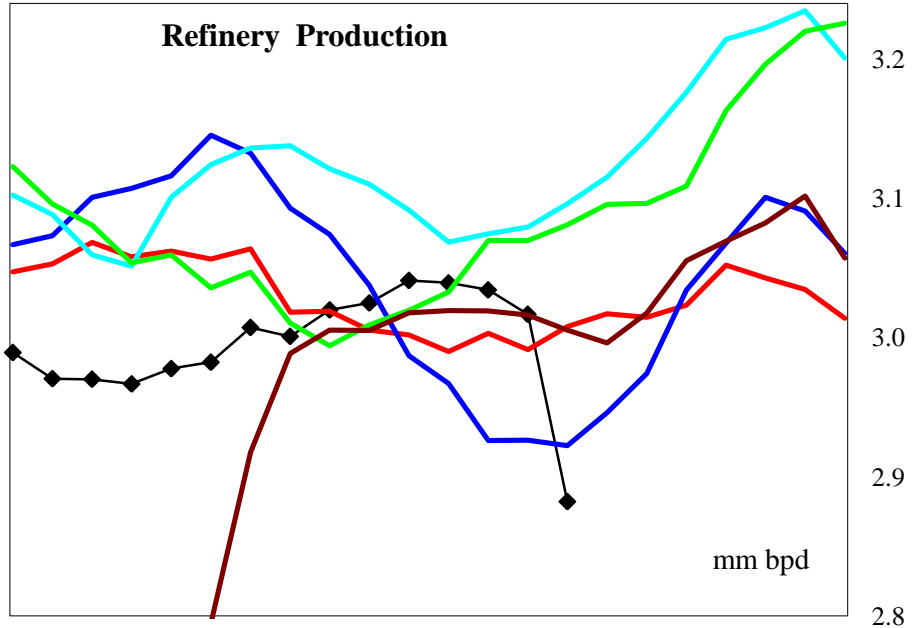
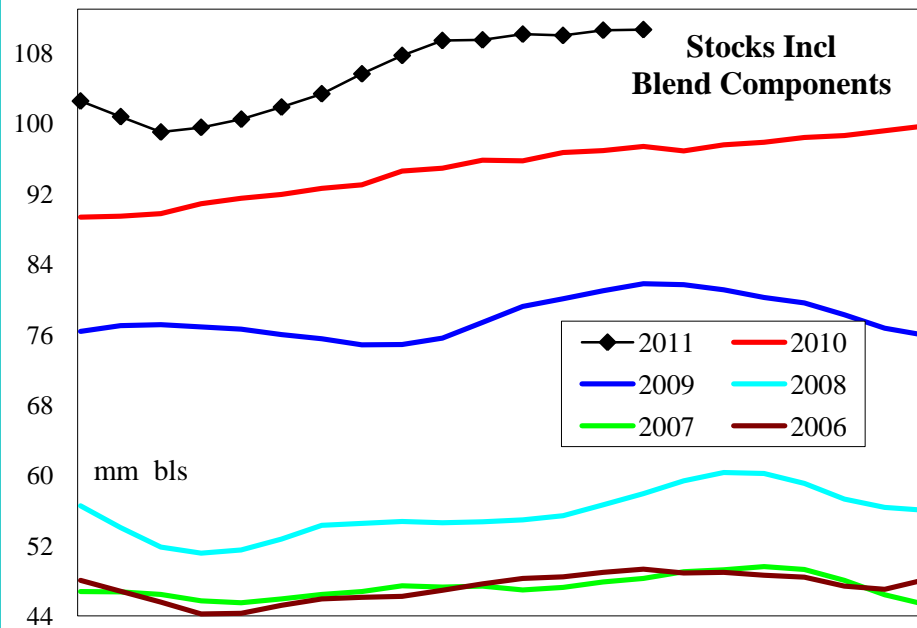
Imports
-352
-3.7

U.S. Production
204
3.8

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

13,283

22

-112

-34

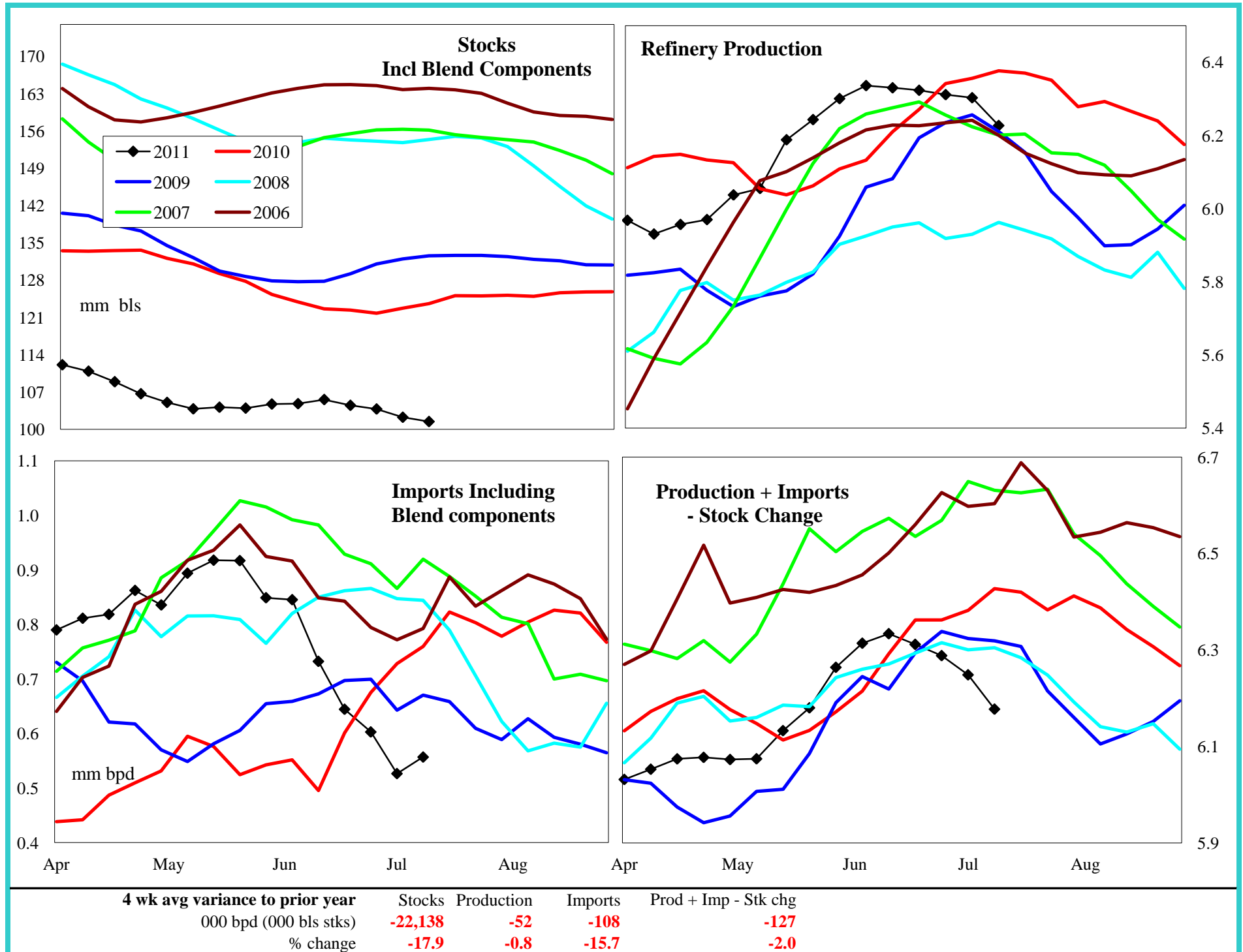
13.6

0.7

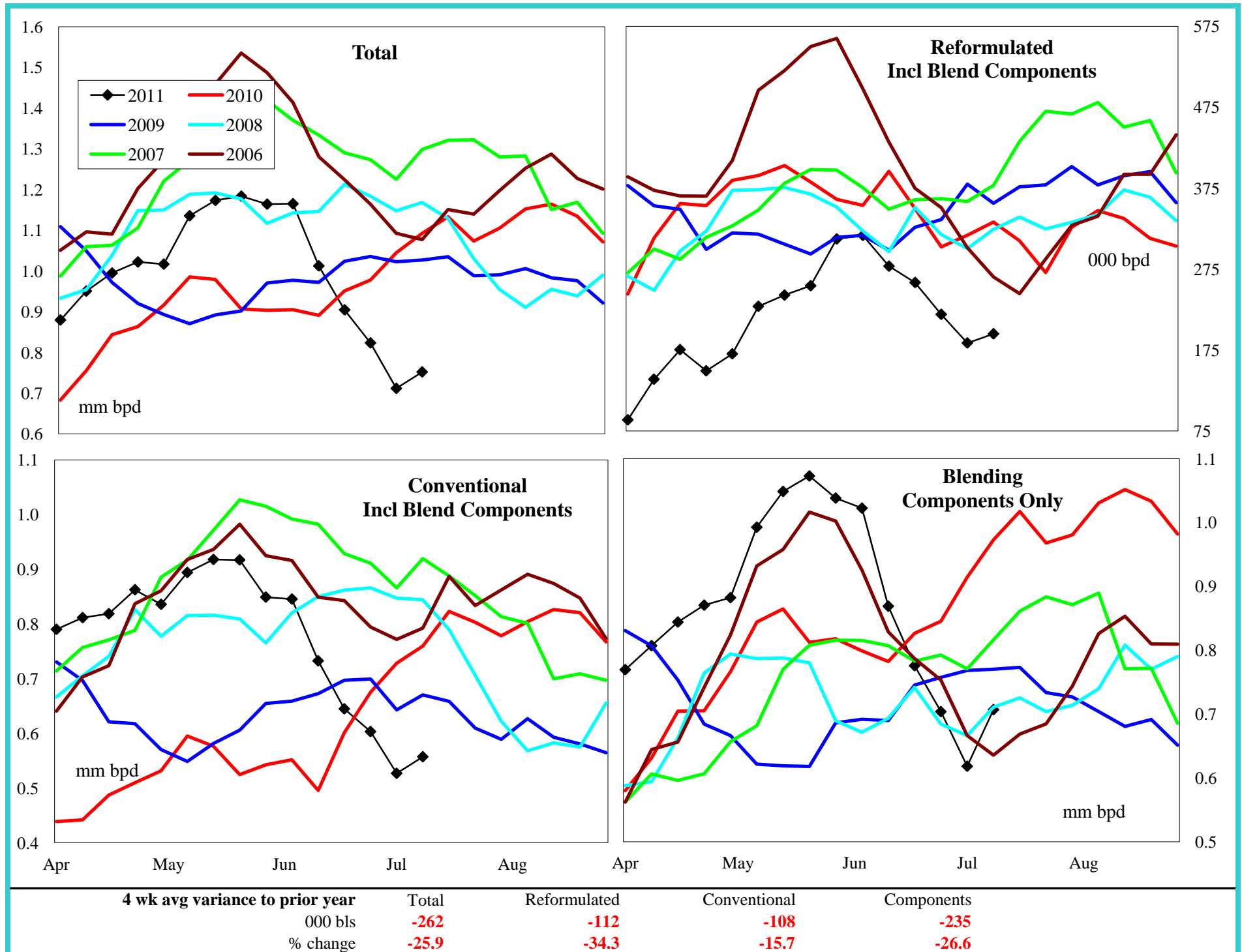
-34.3

-1.2

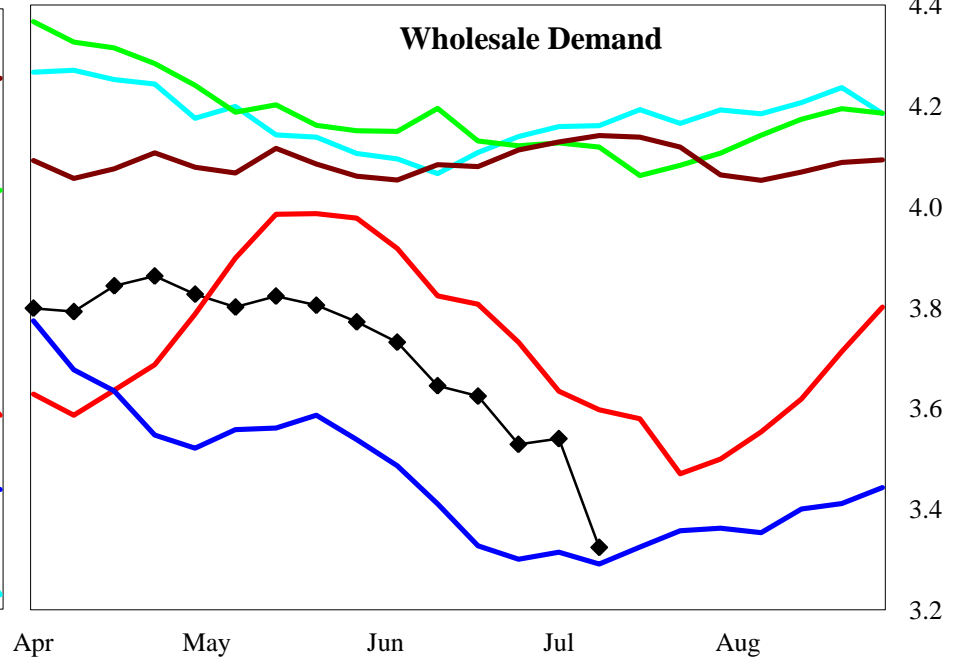
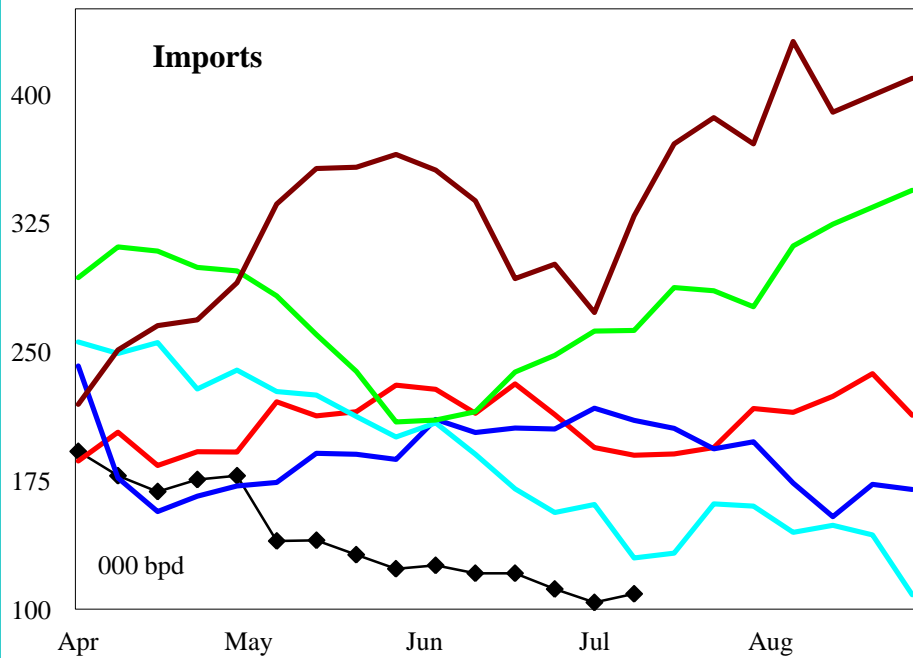
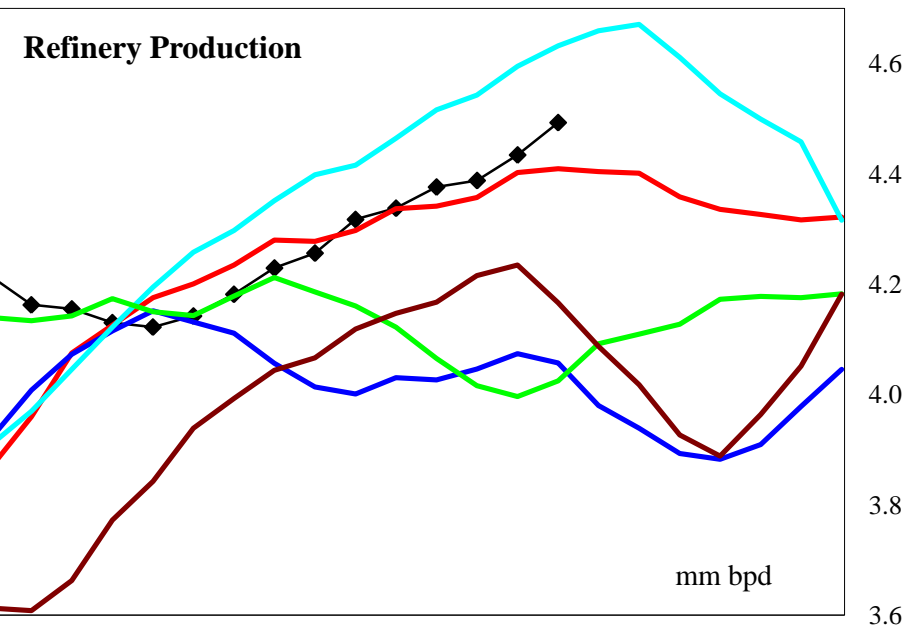
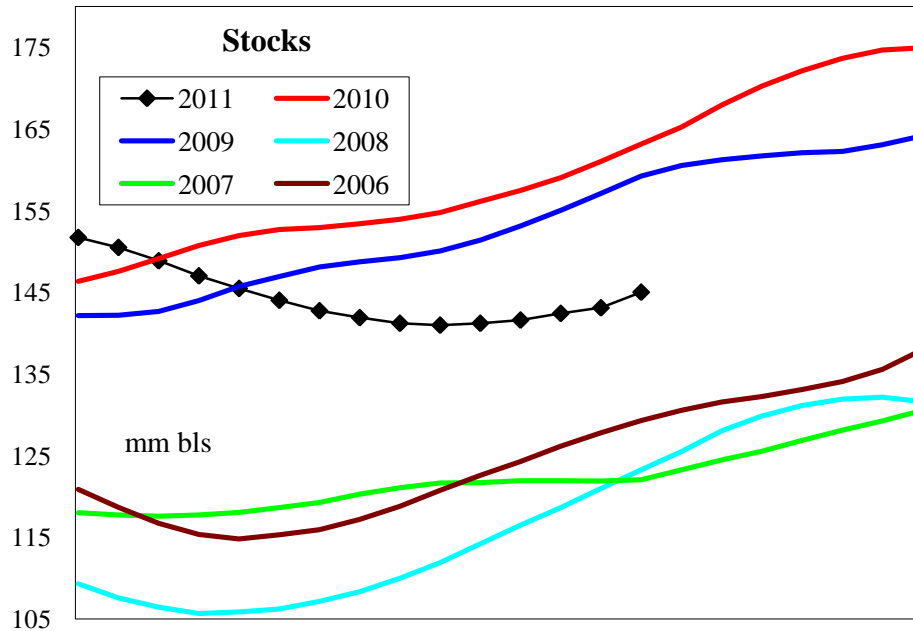
United States Conventional Gasoline Supply



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=>

4wk avg

Jun

May

Apr

-17,612

30

-91

-193

-1,179

170

179

-10.8

0.7

-45.5

-5.2

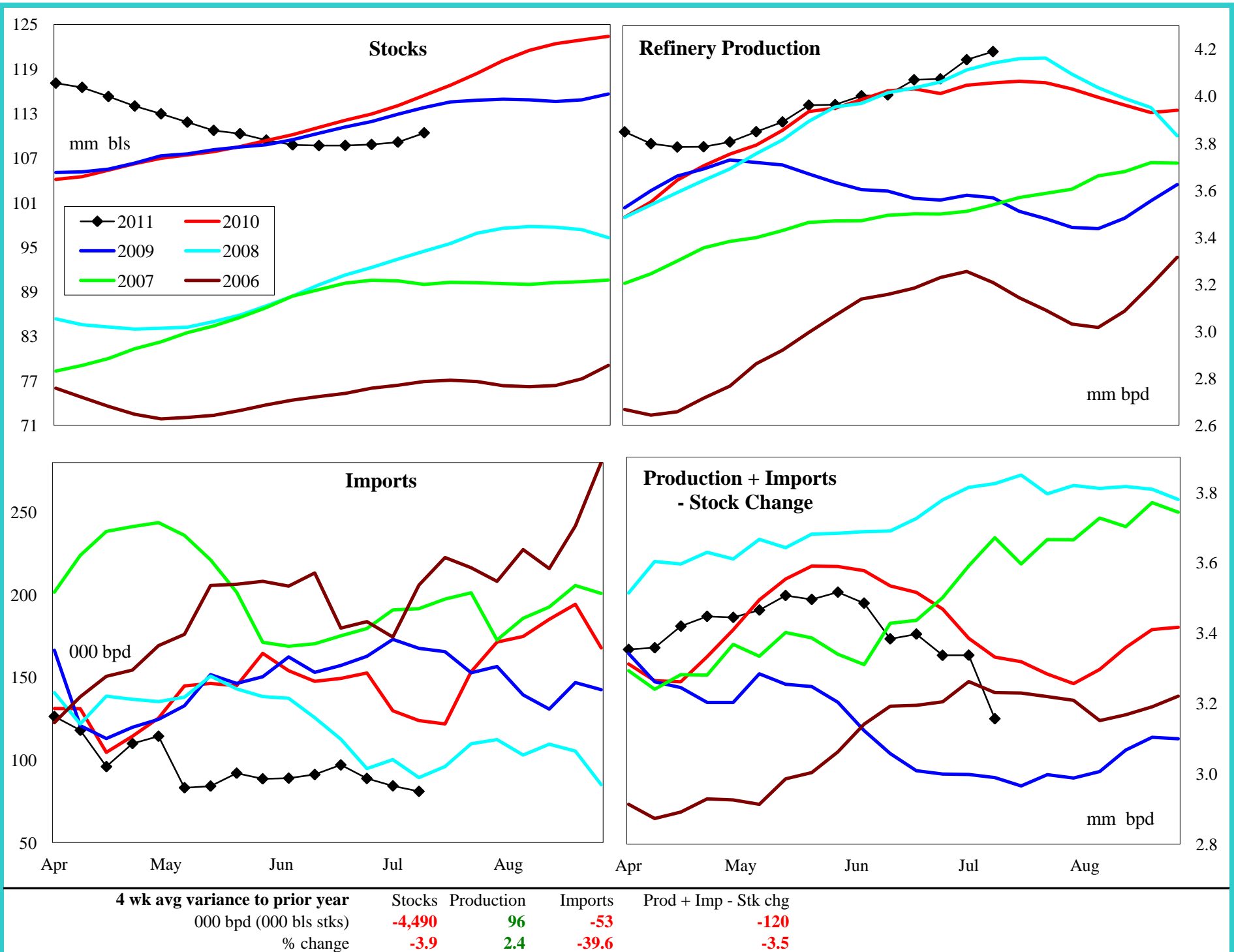
-31.4

4.7

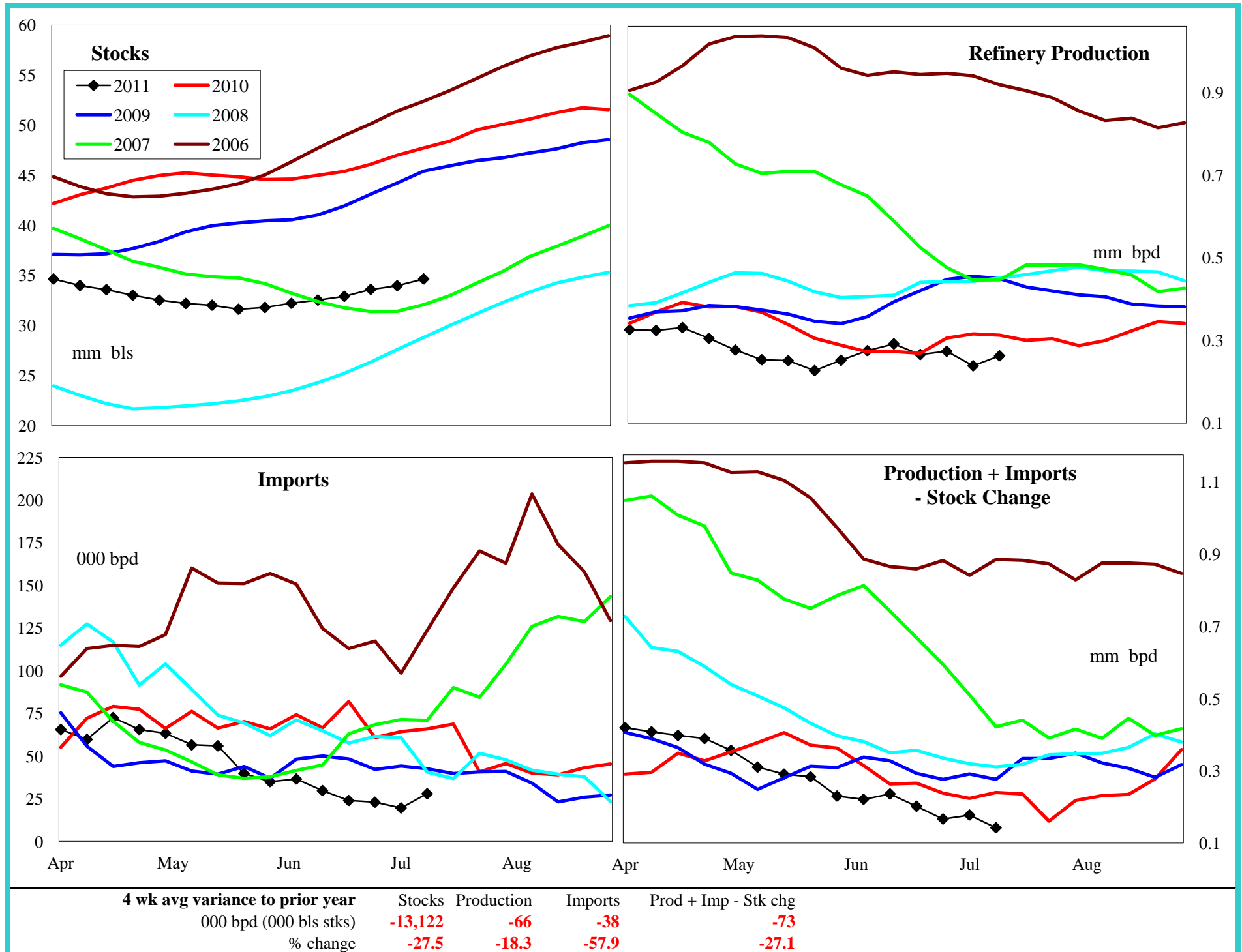
4.8



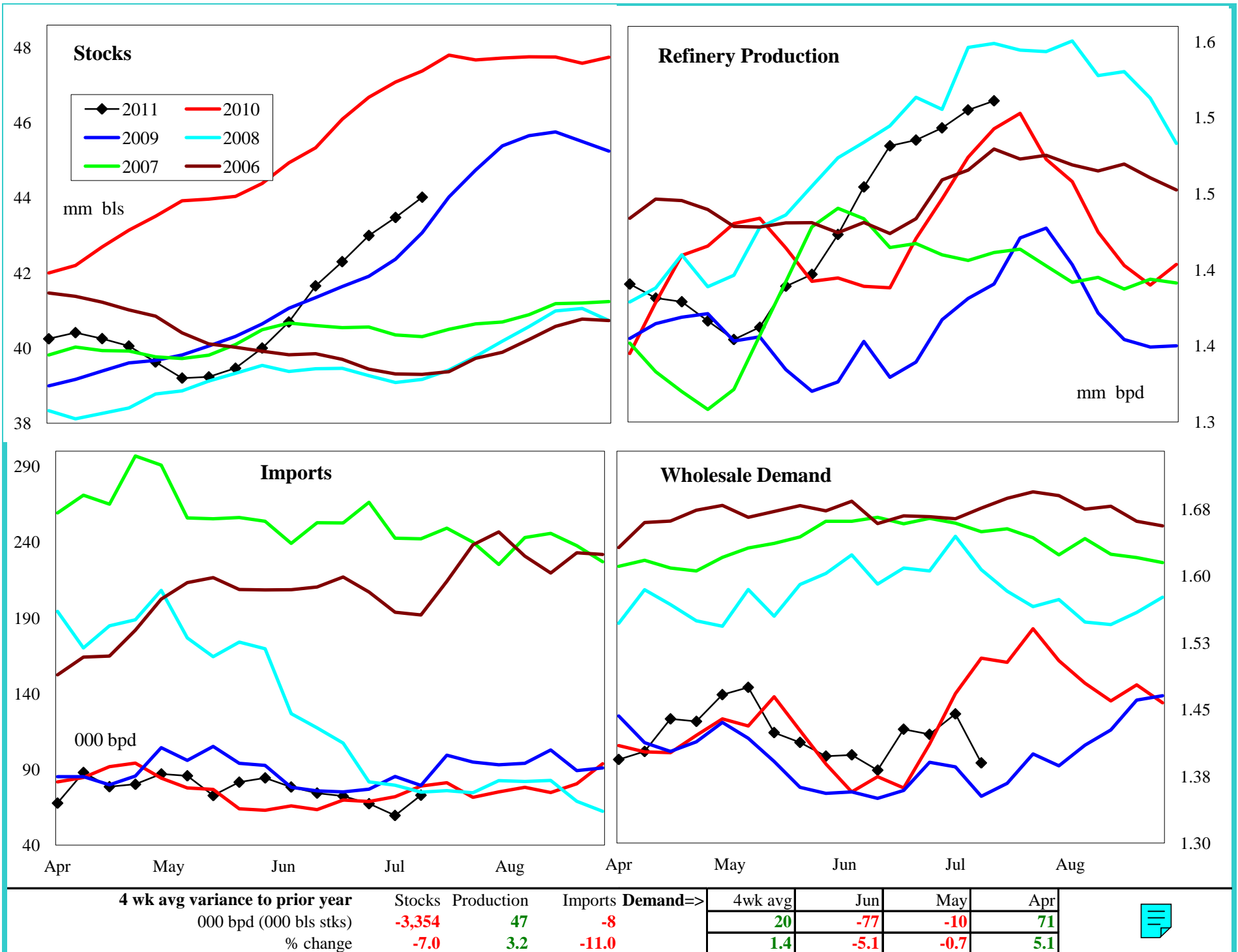
United States Low Sulfur Distillate Supply



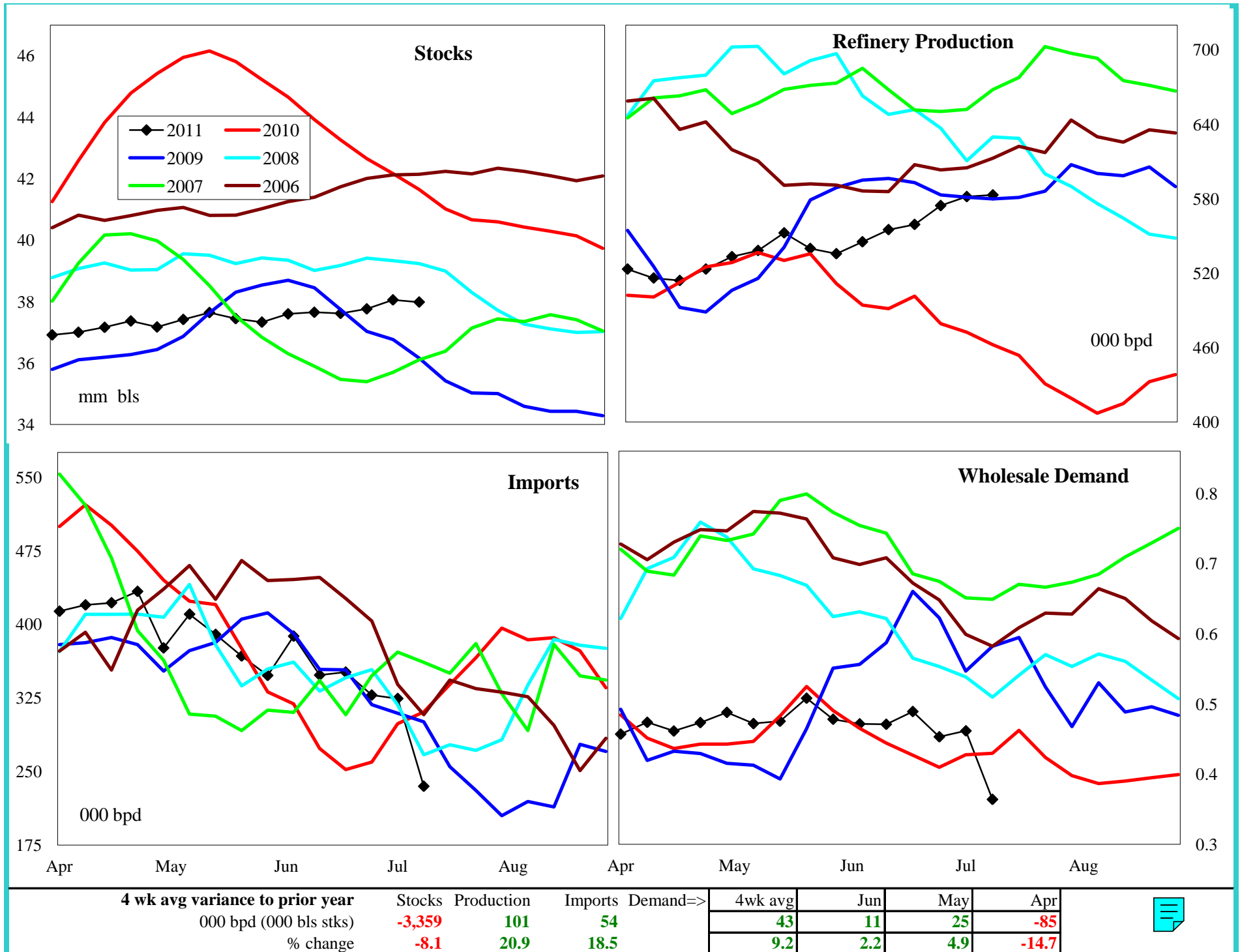
United States High Sulfur Distillate Supply



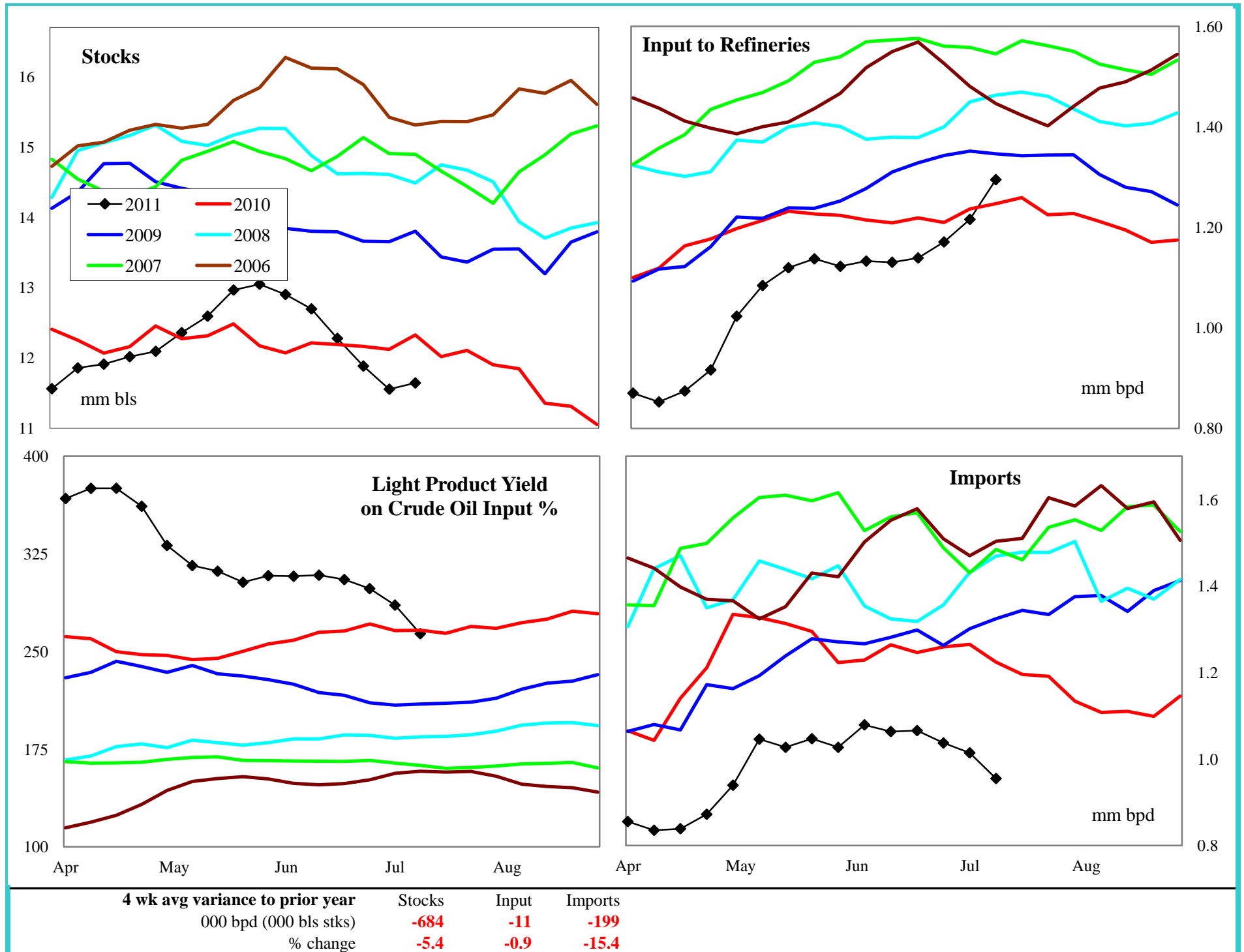
United States Jet Fuel Supply and Demand Balance



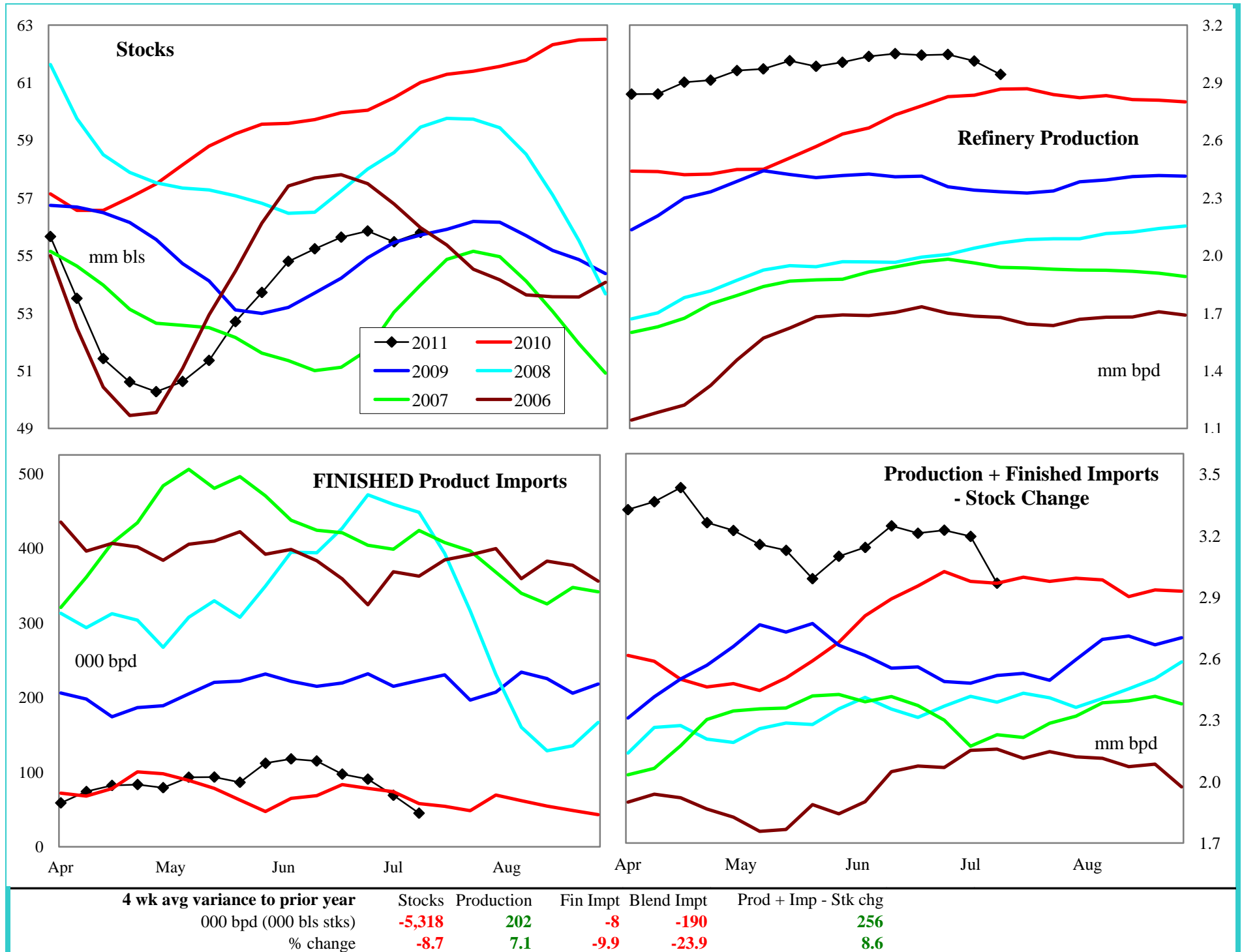
United States Residual Fuel Oil Supply and Demand Balance



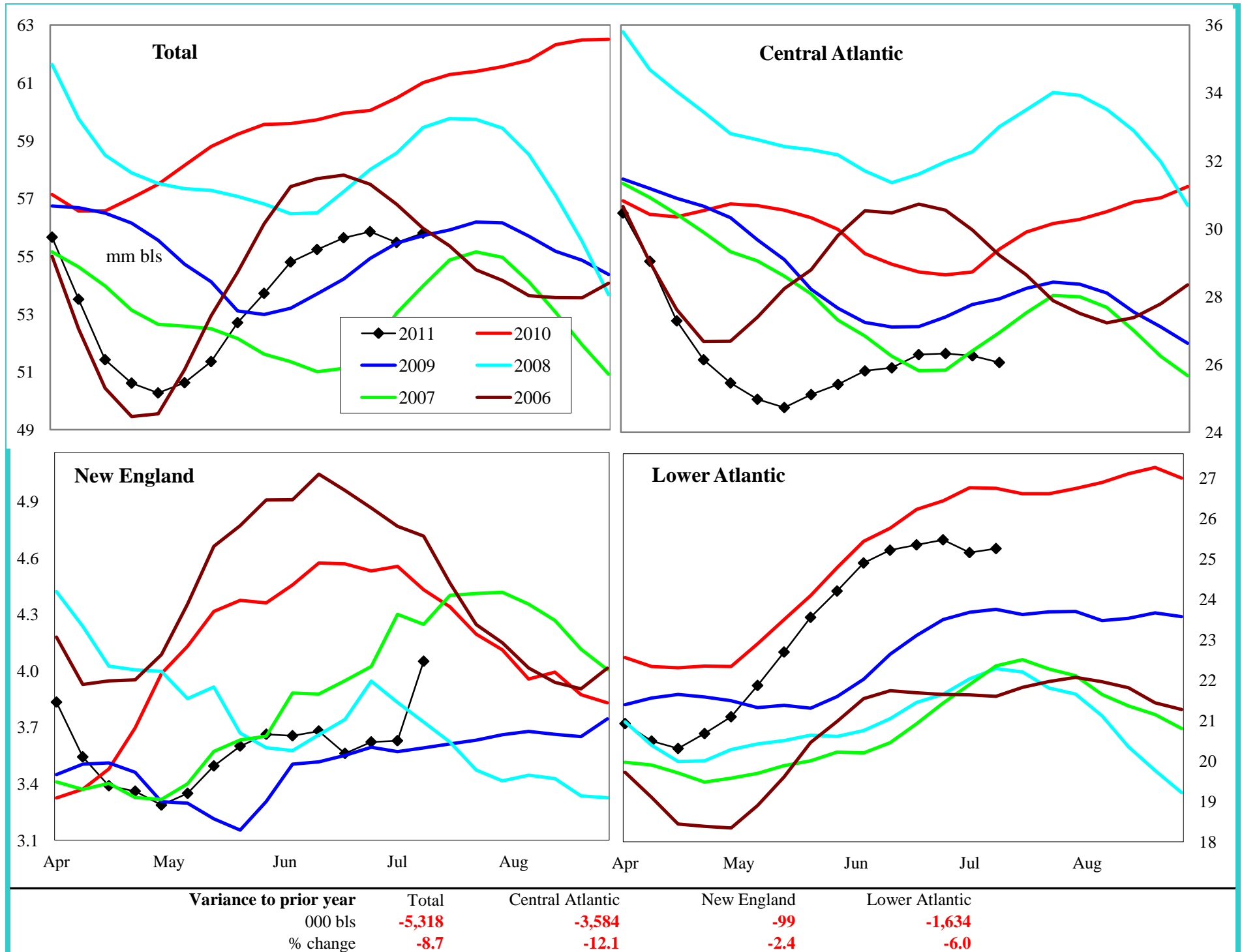
PADD 1 Crude Oil Supply and Refining



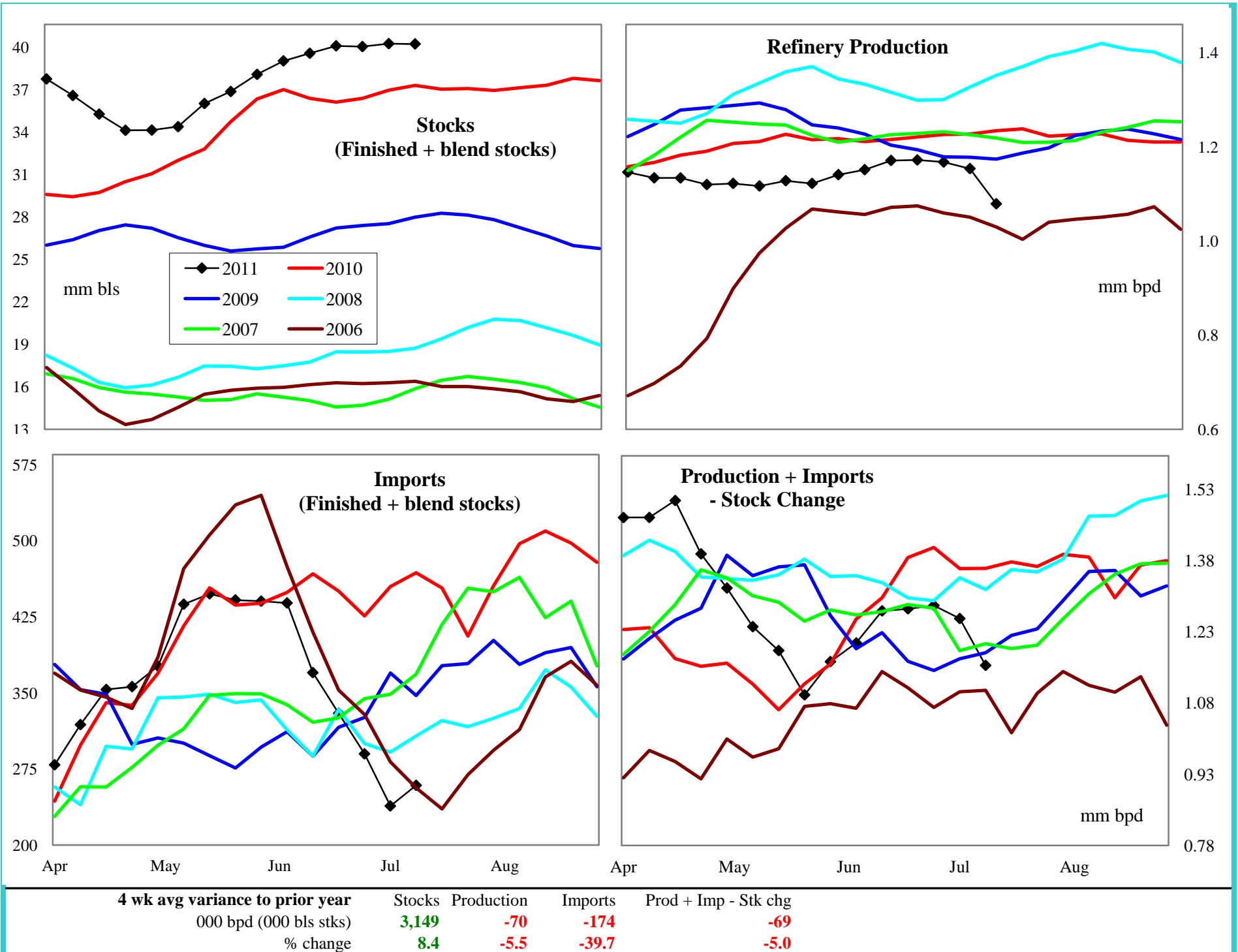
PADD 1 Gasoline Supply



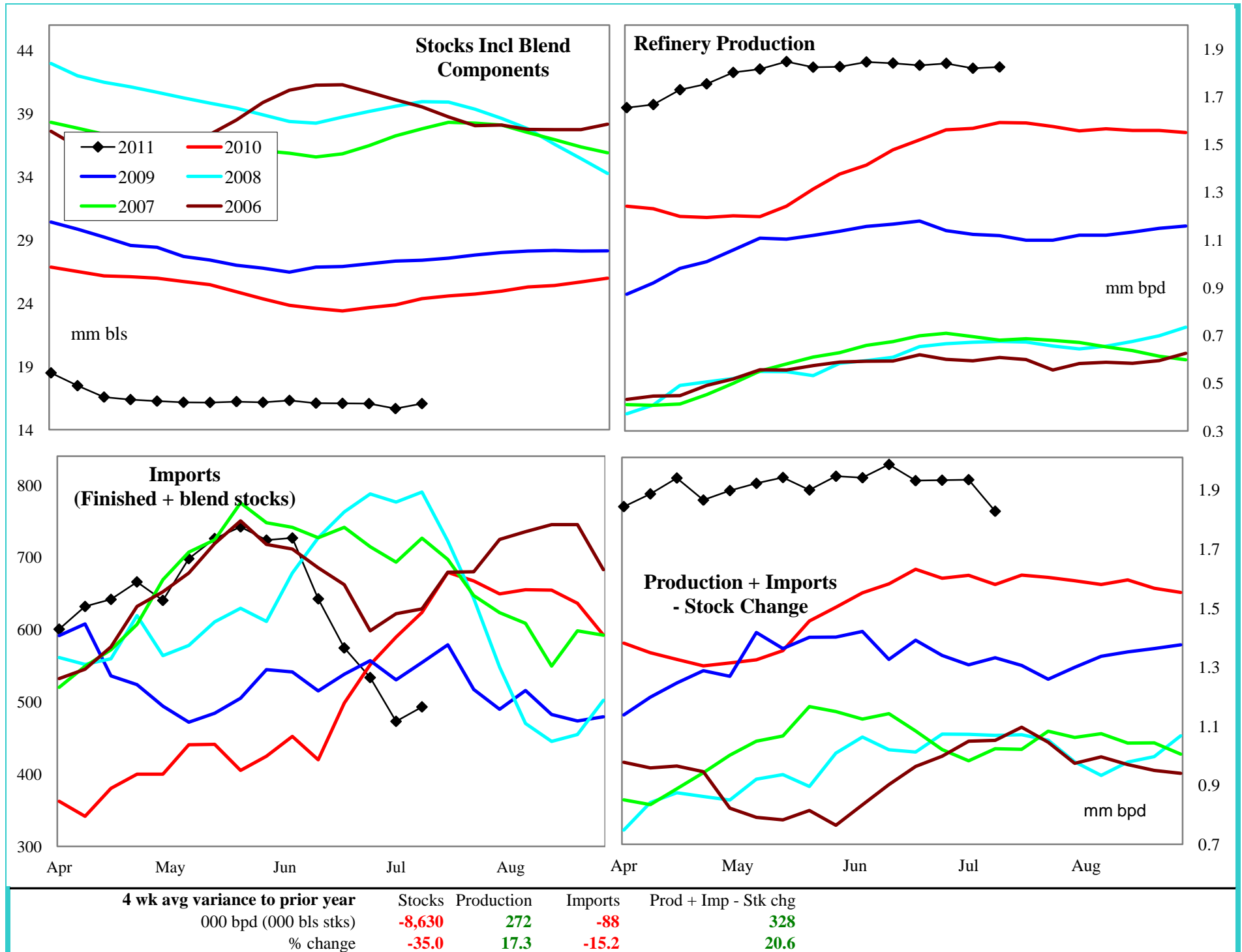
PADD 1 Gasoline Stocks by Region



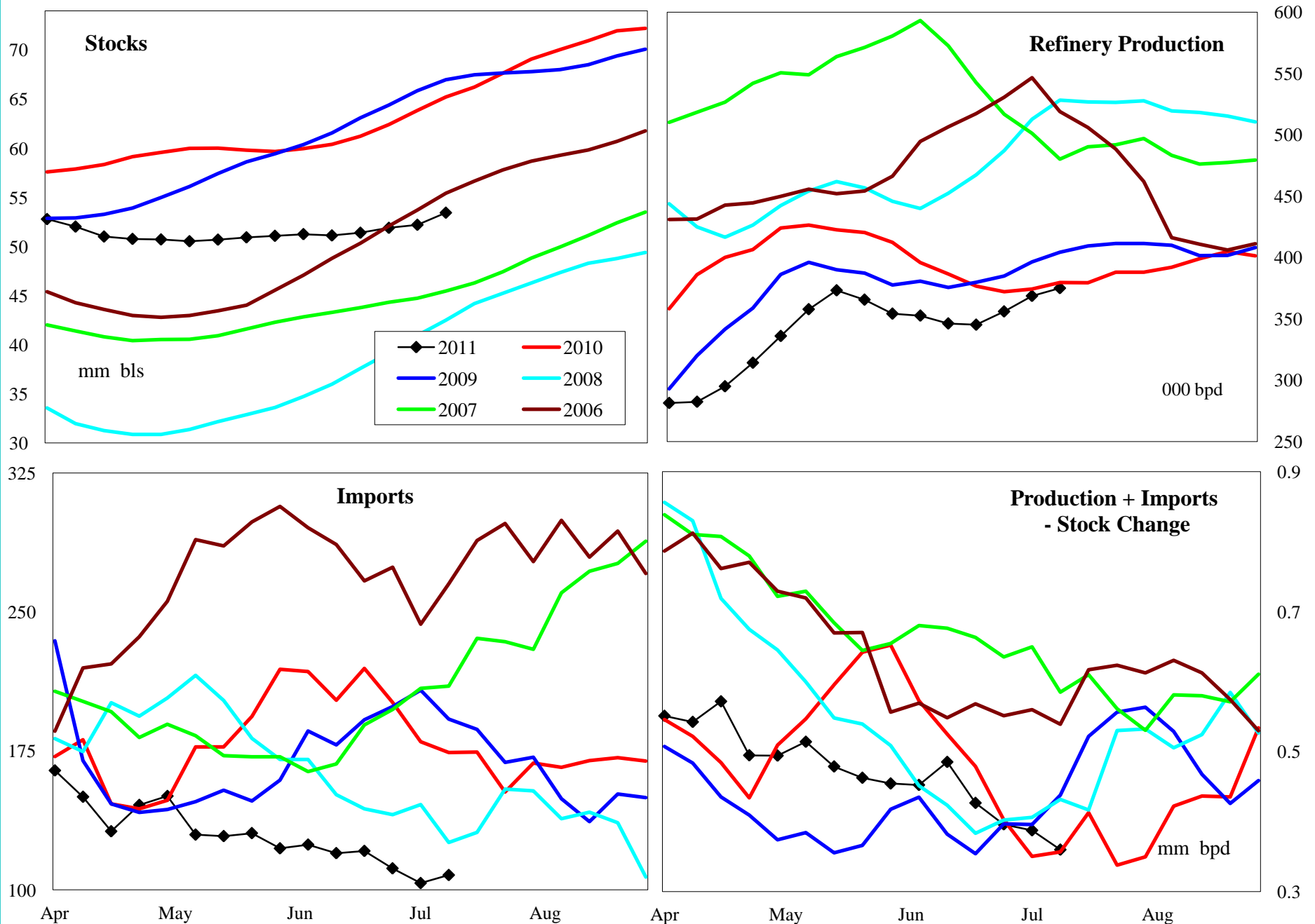
PADD 1 Reformulated Gasoline Supply



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

-11,386

-4

-79

-7

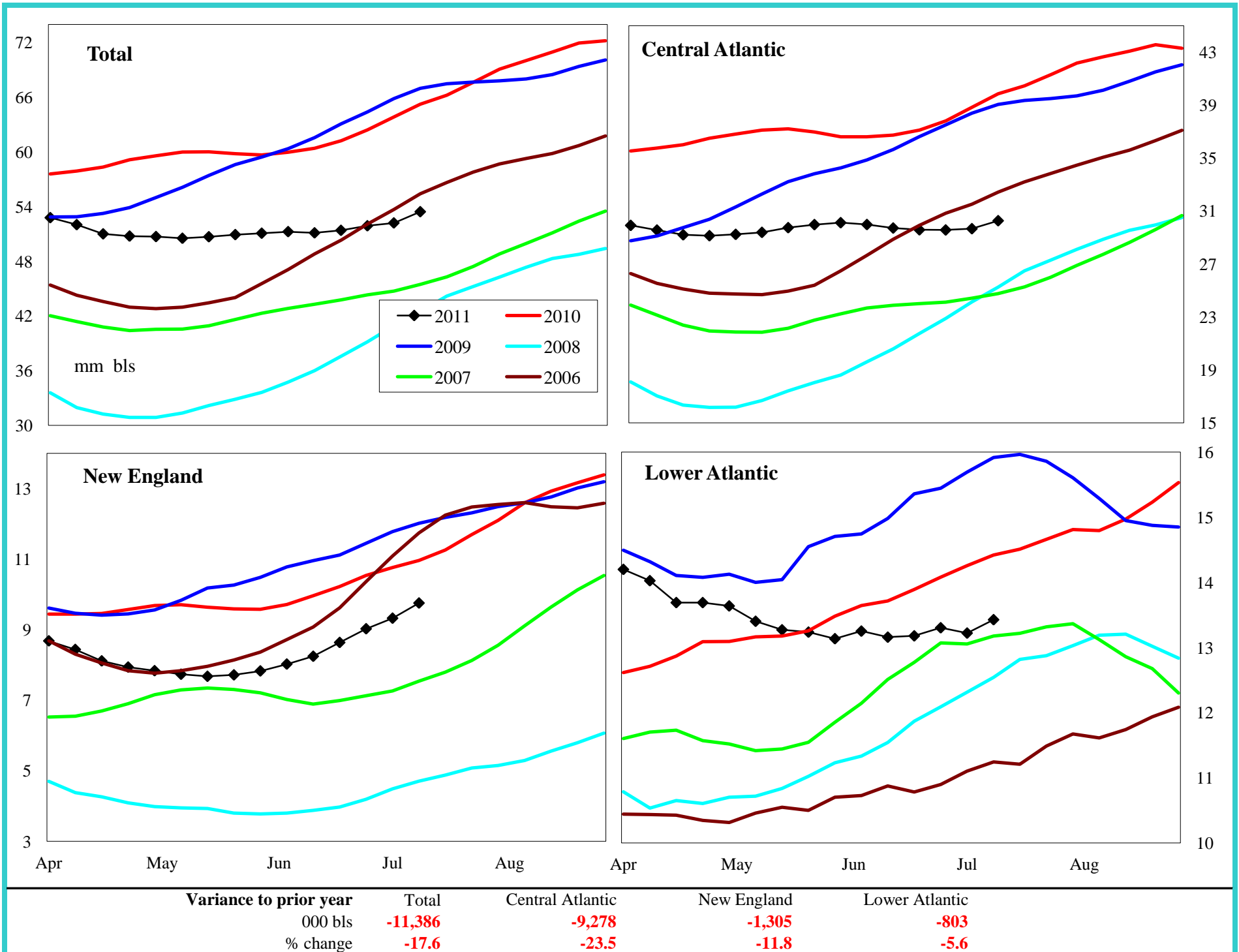
-17.6

-0.9

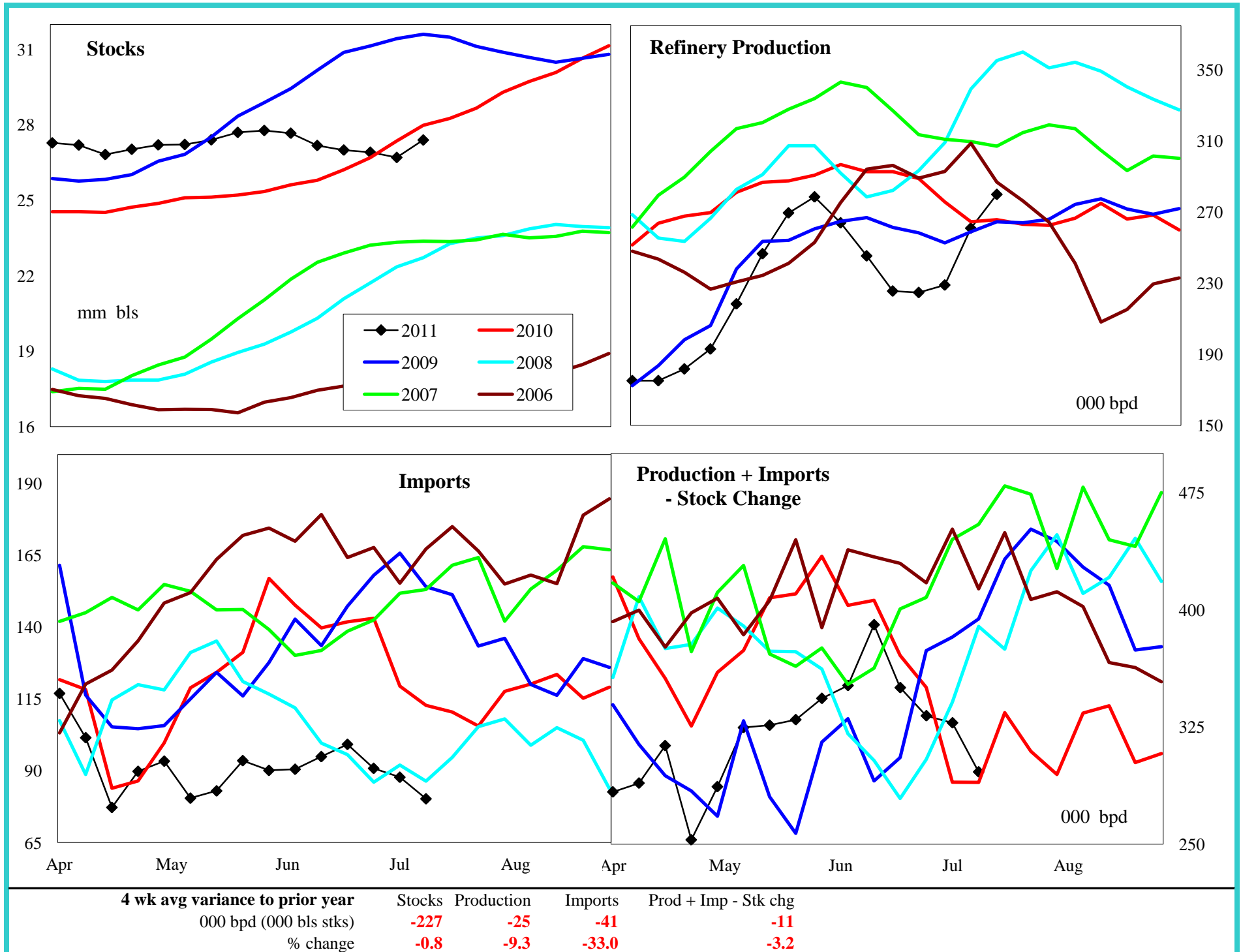
-42.1

-1.6

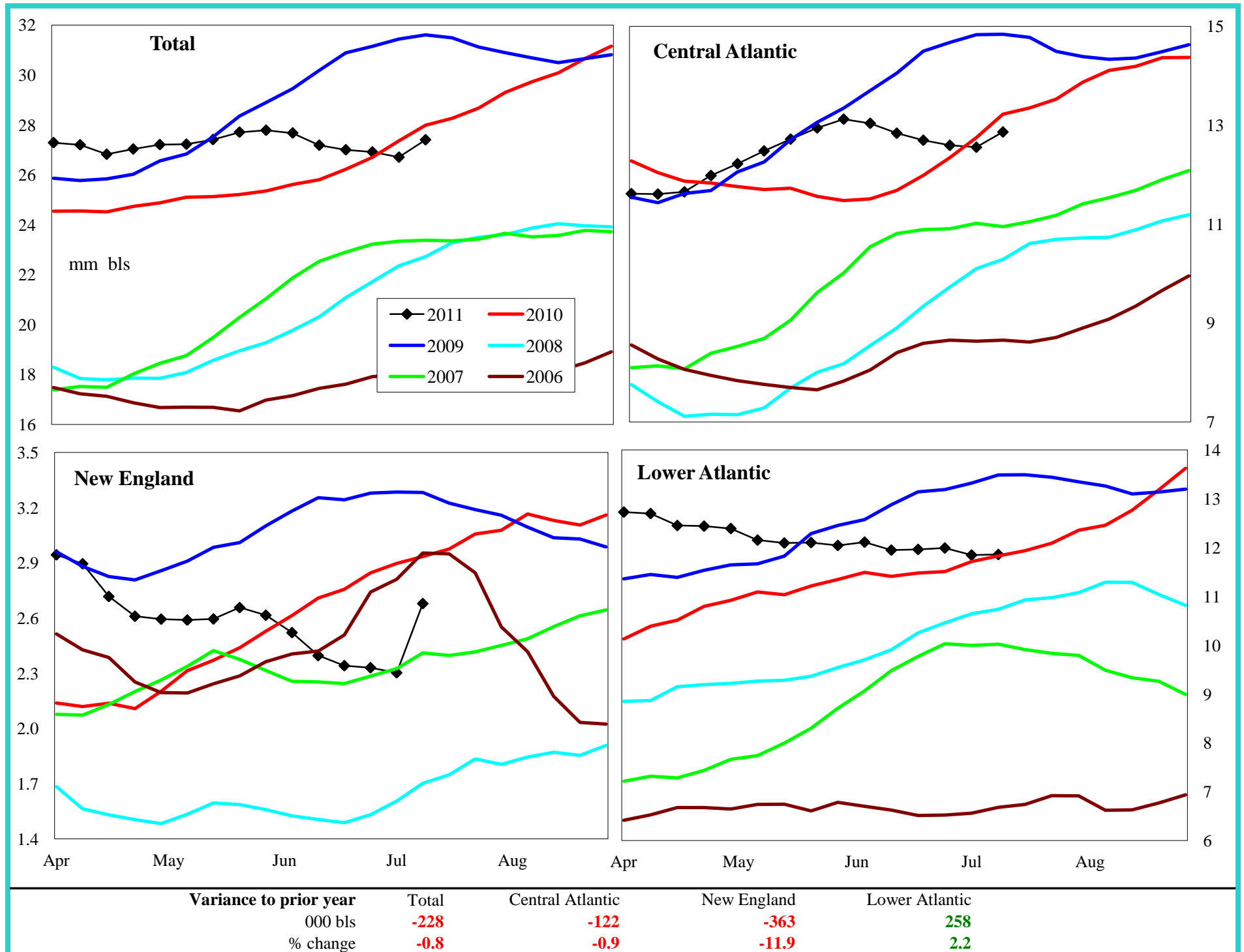
PADD 1 Distillate Stocks by Region



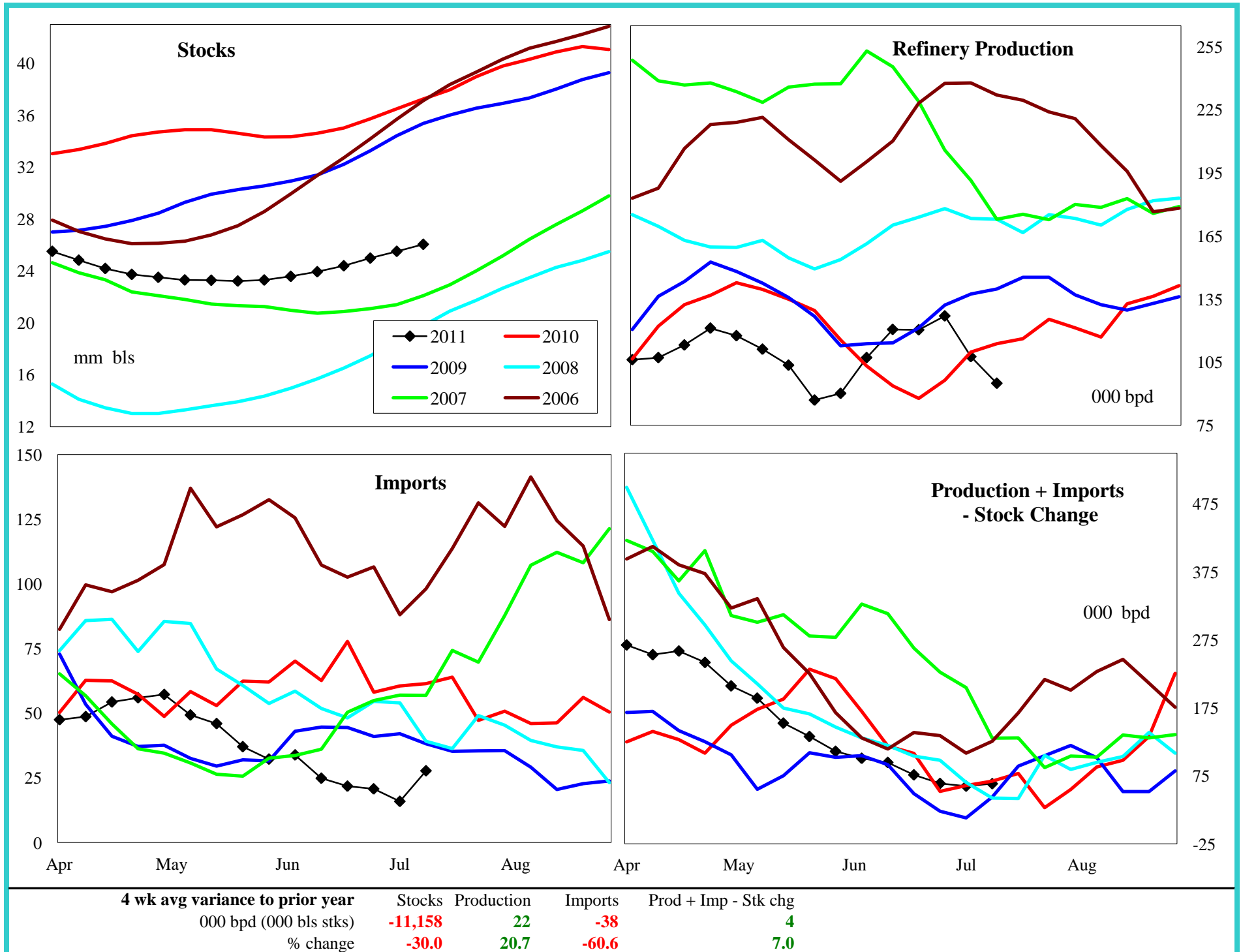
PADD 1 Low Sulfur Distillate Supply



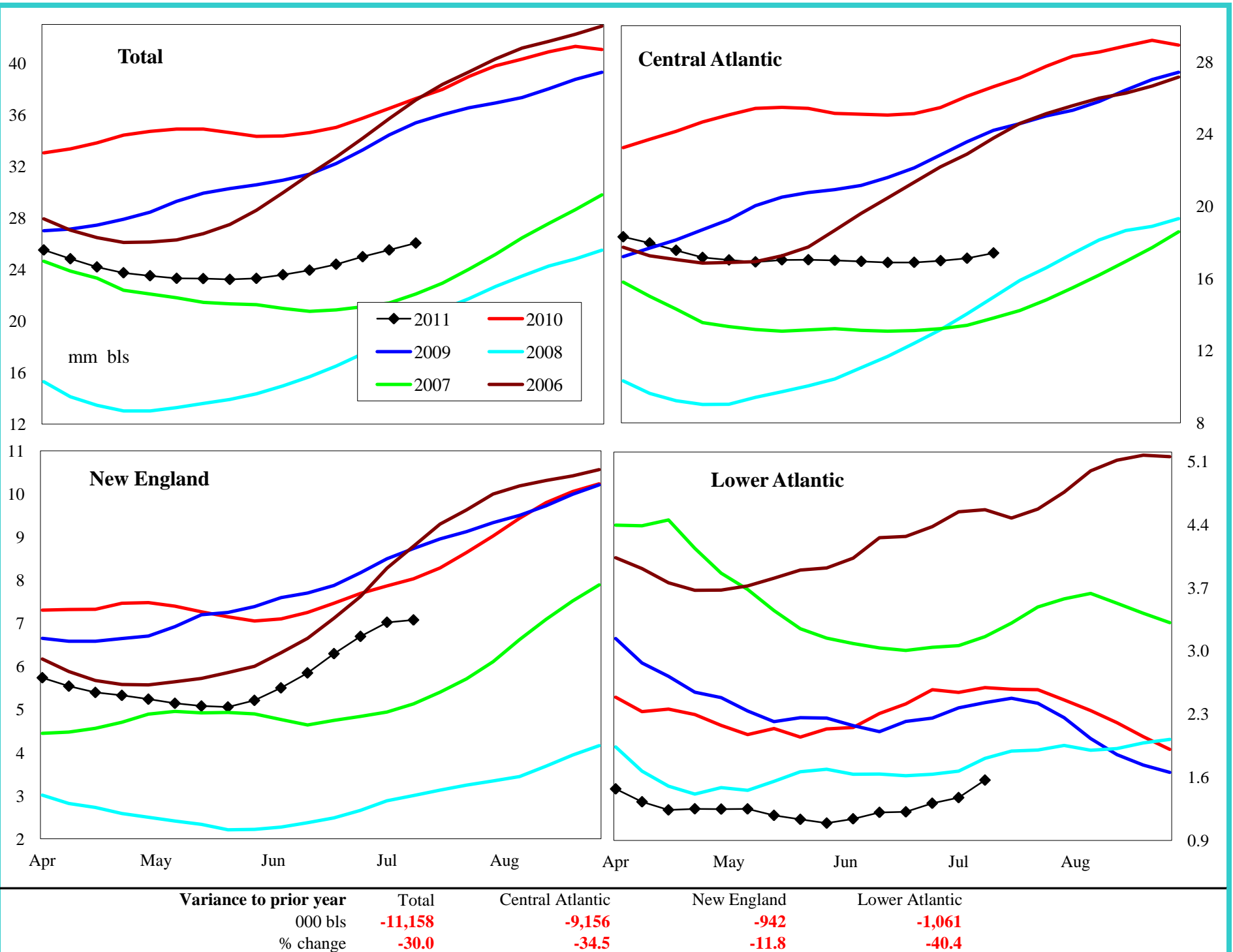
PADD 1 Low Sulfur Distillate Stocks by Region



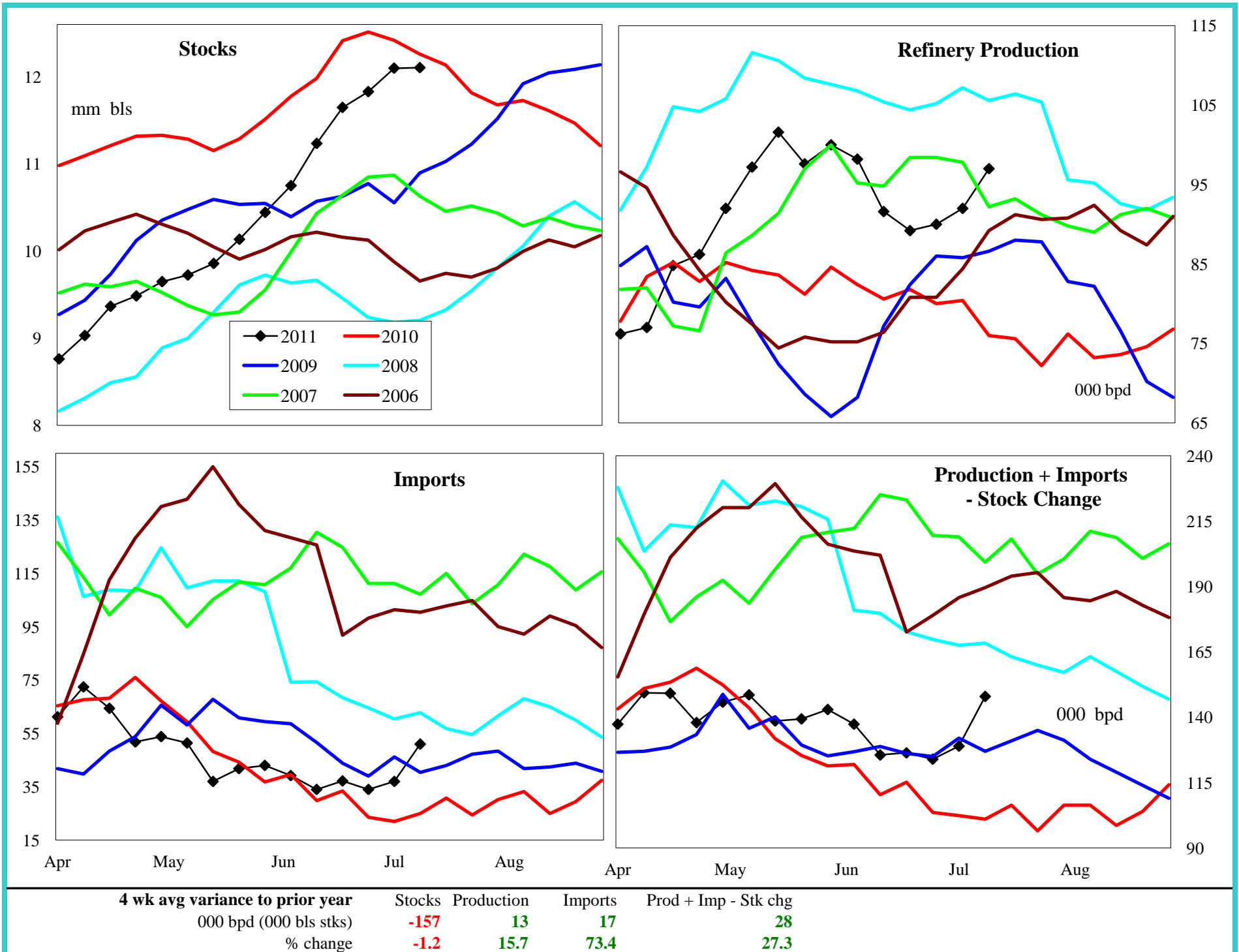
PADD 1 High Sulfur Distillate Supply



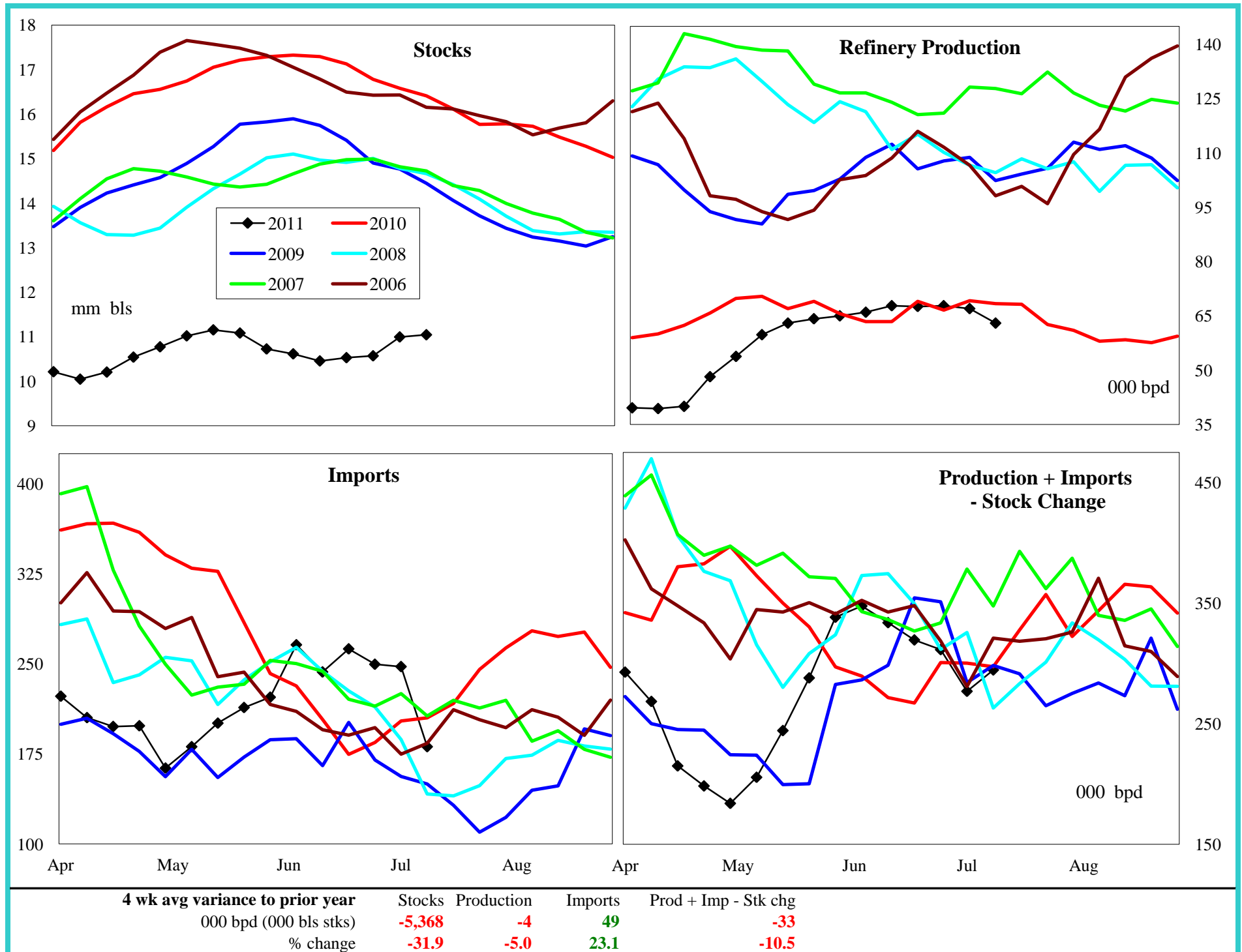
PADD 1 High Sulfur Distillate Stocks by Region



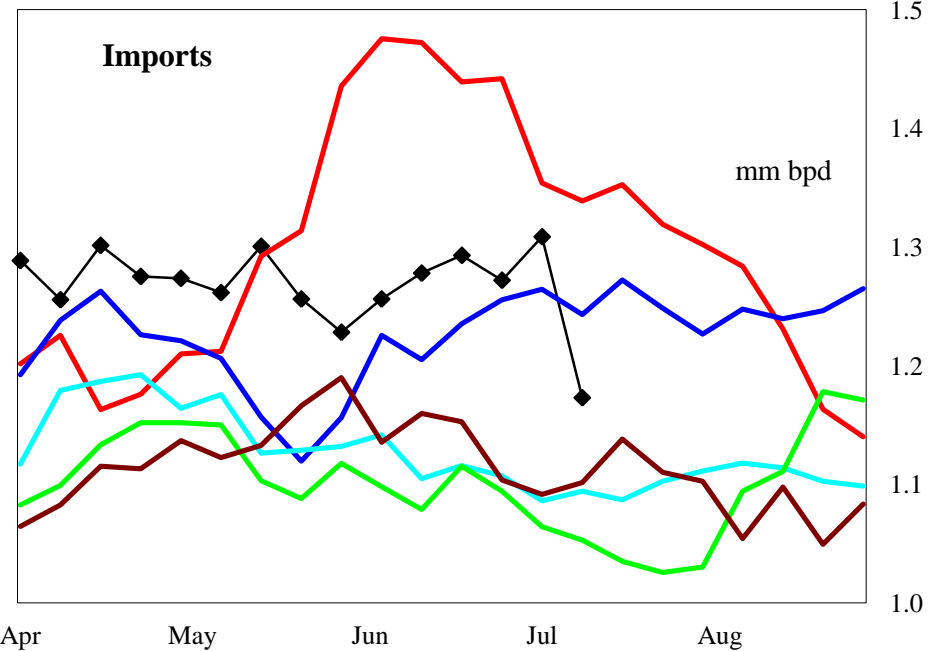
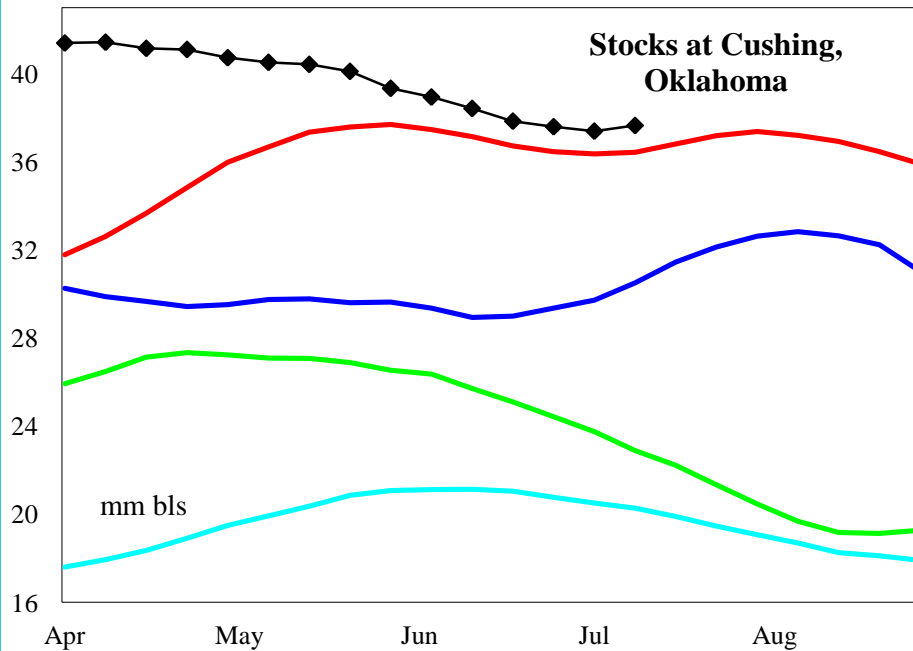
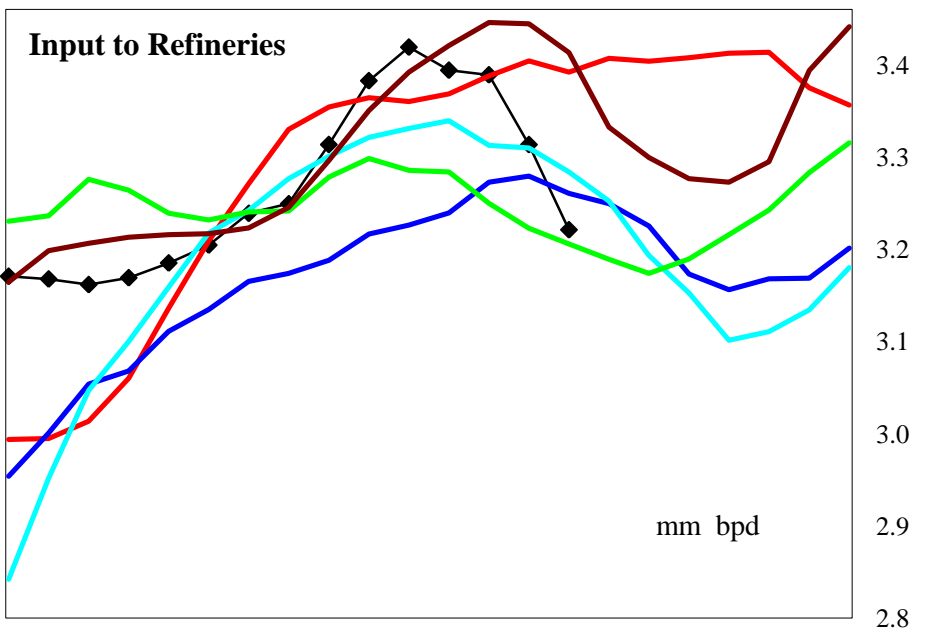
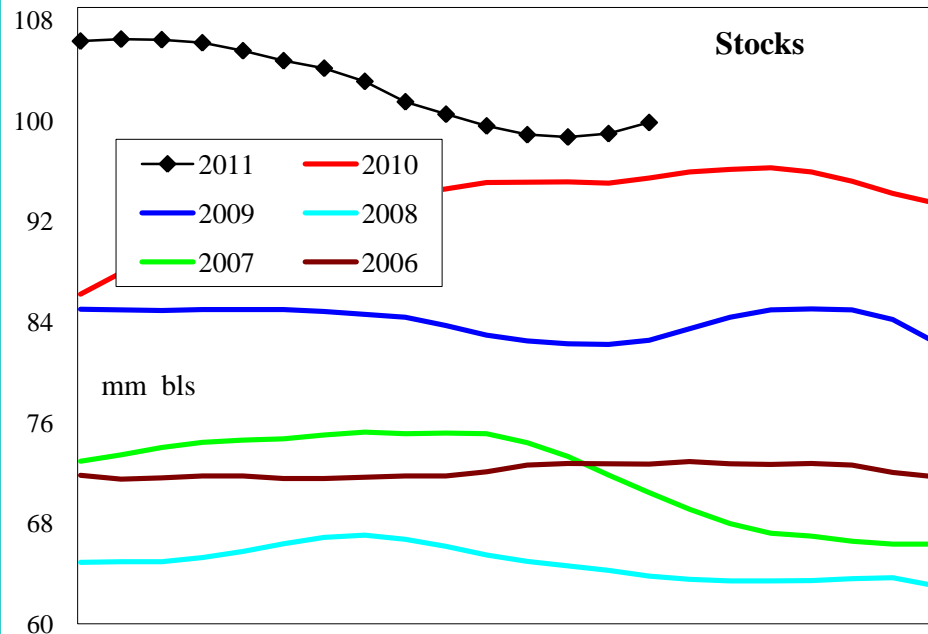
PADD 1 Jet Fuel Supply



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

4,428

4.6

Cushing

1,212

3.3

Input

-31

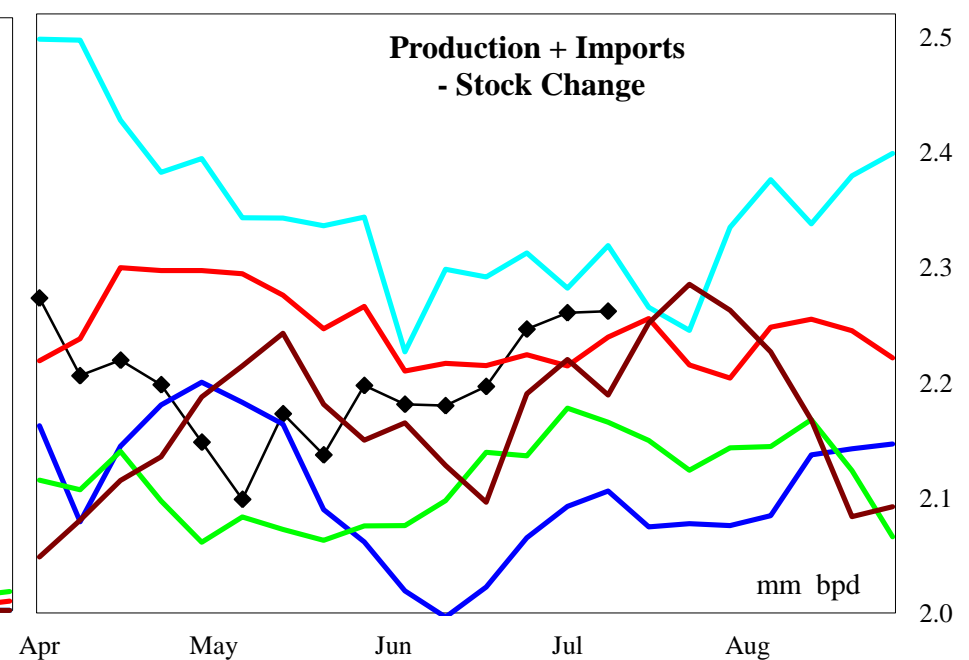
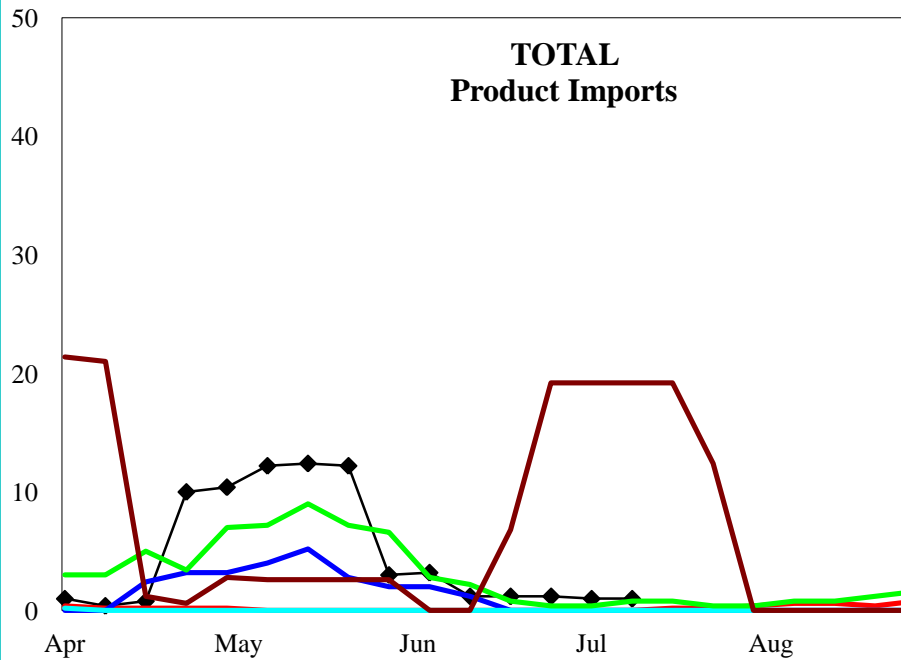
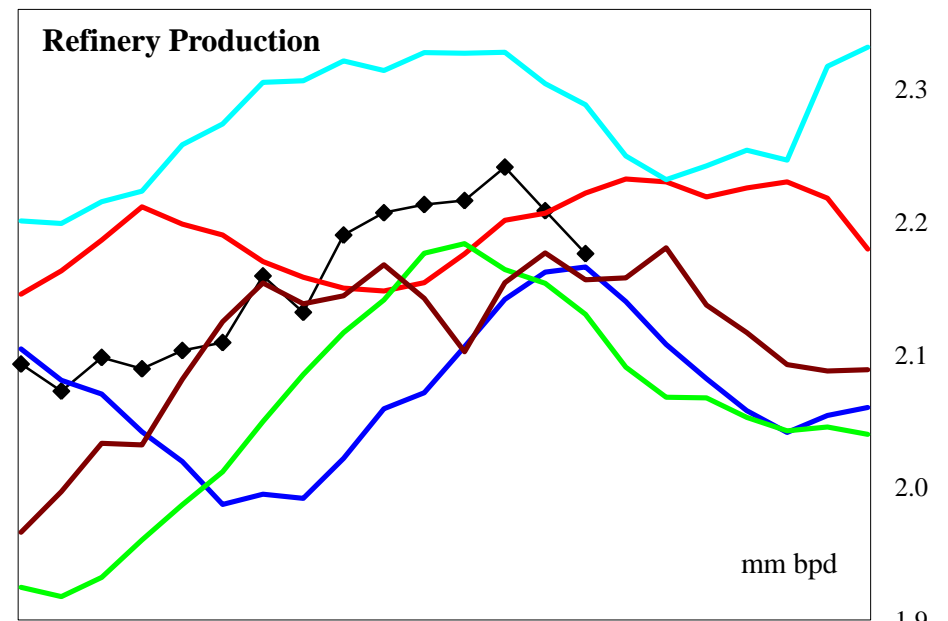
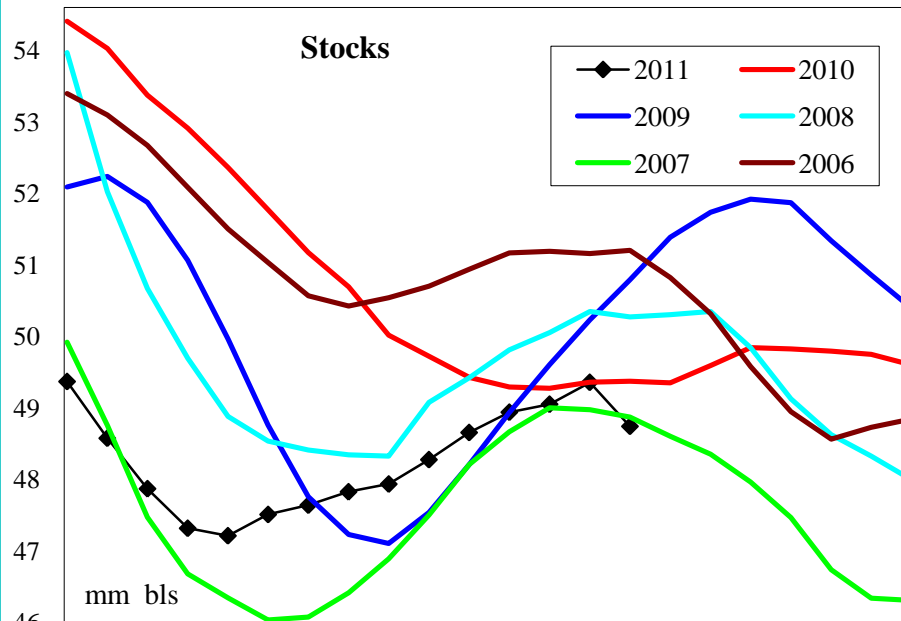
-0.9

Imports

-17

-1.2

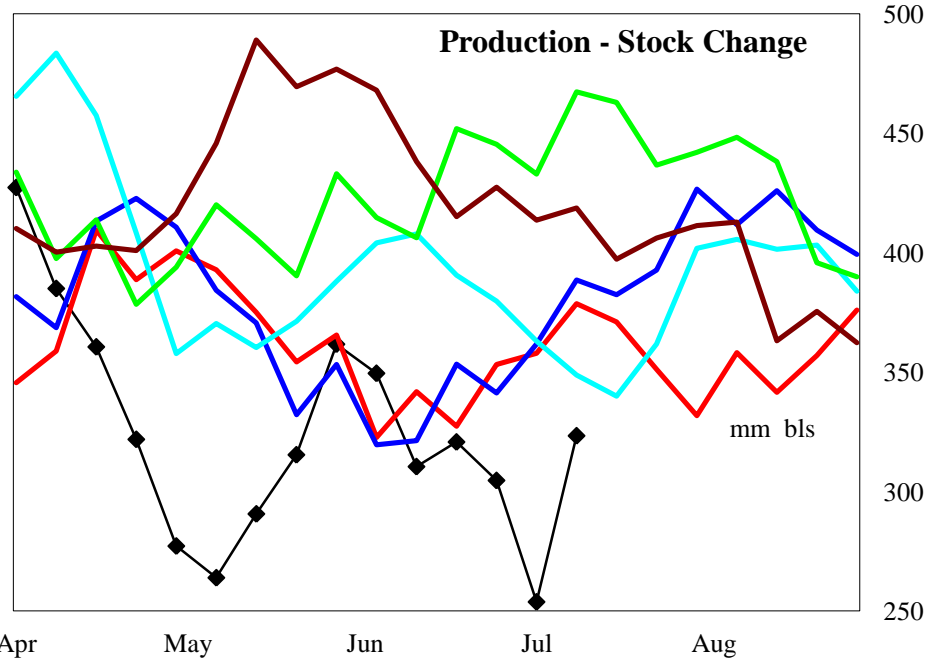
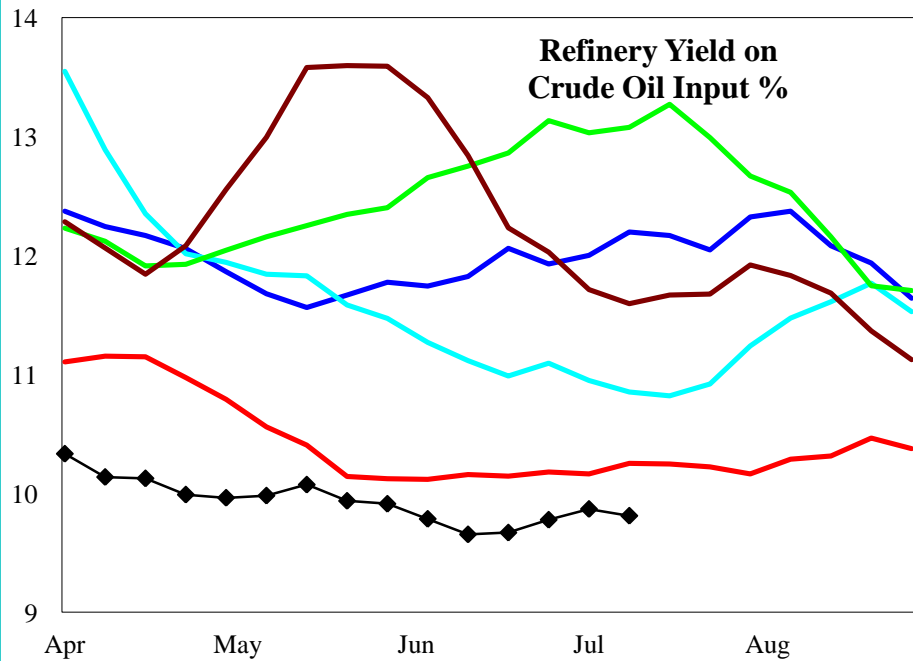
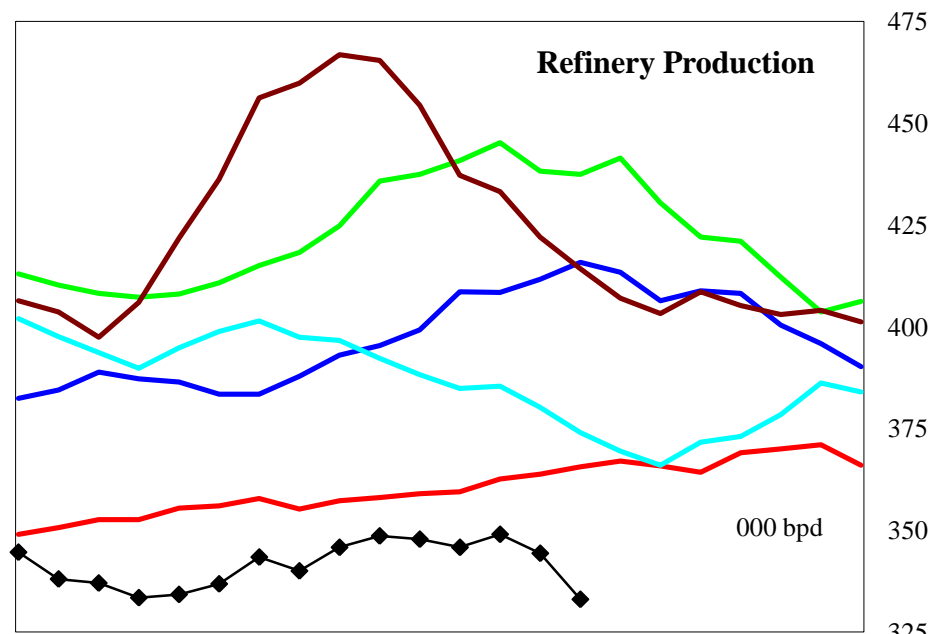
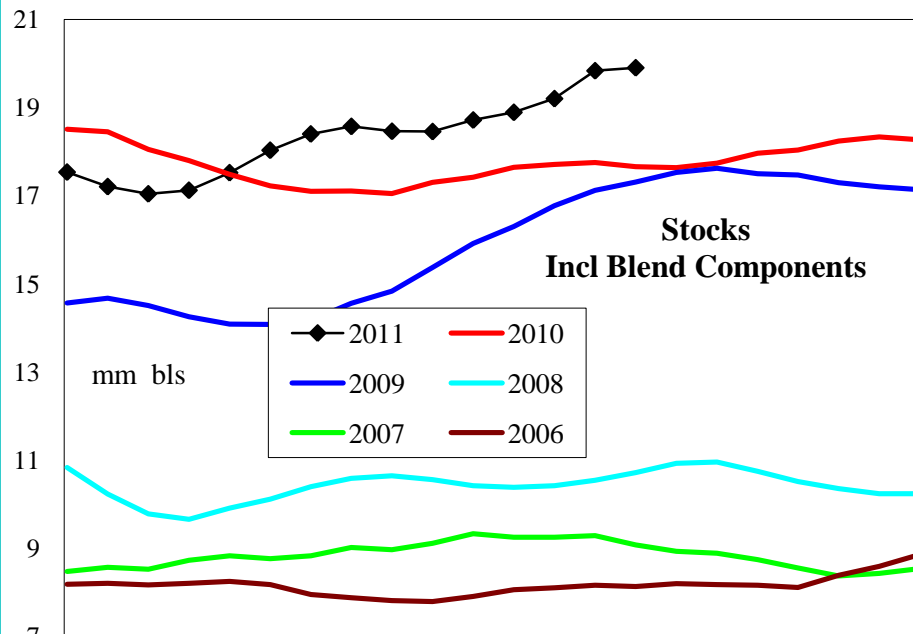
PADD 2 Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-631	13	2	-13
-1.3	0.6	#DIV/0!	-0.6

PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

2,244

12.7

Production

-20

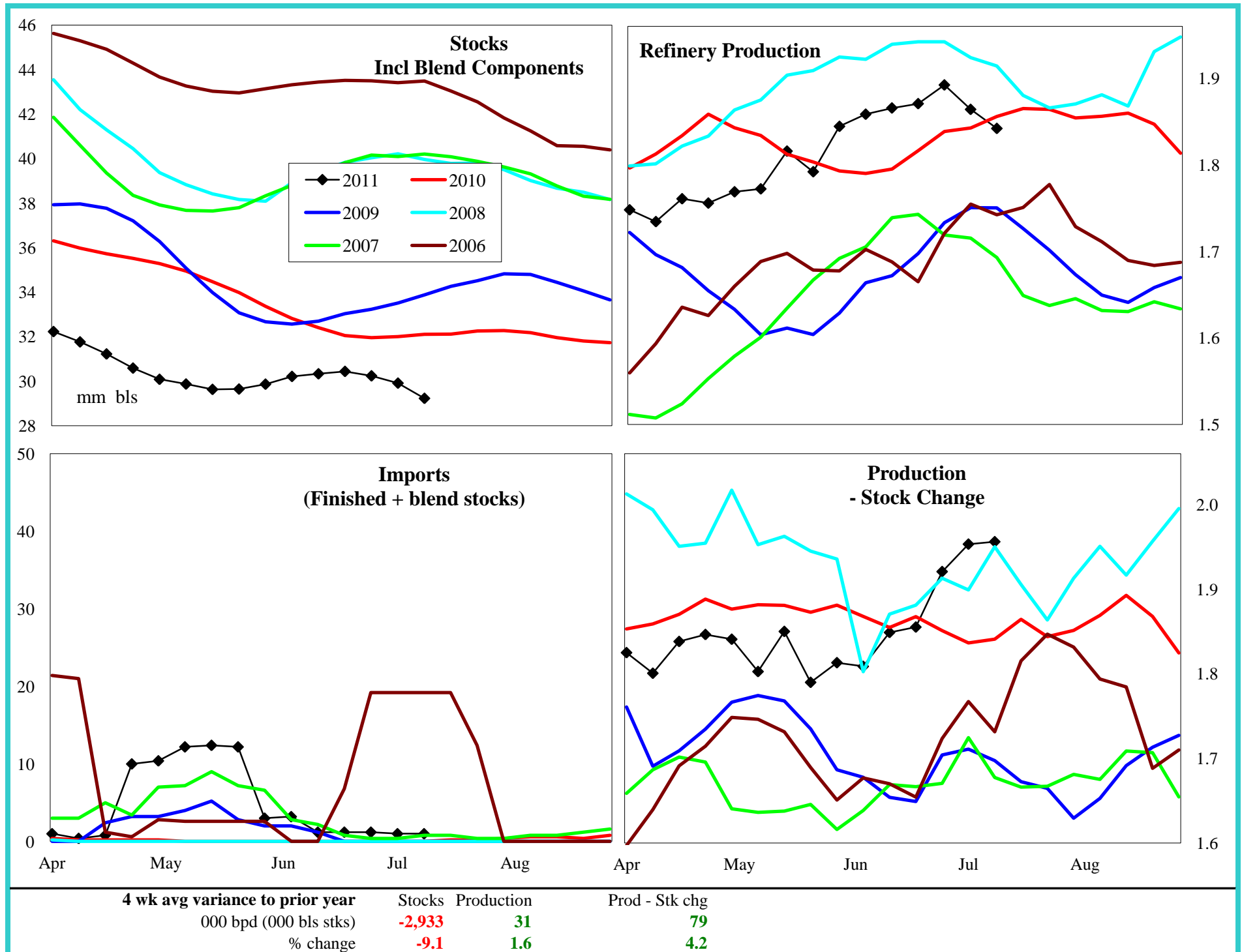
-5.5

Prod - Stk chg

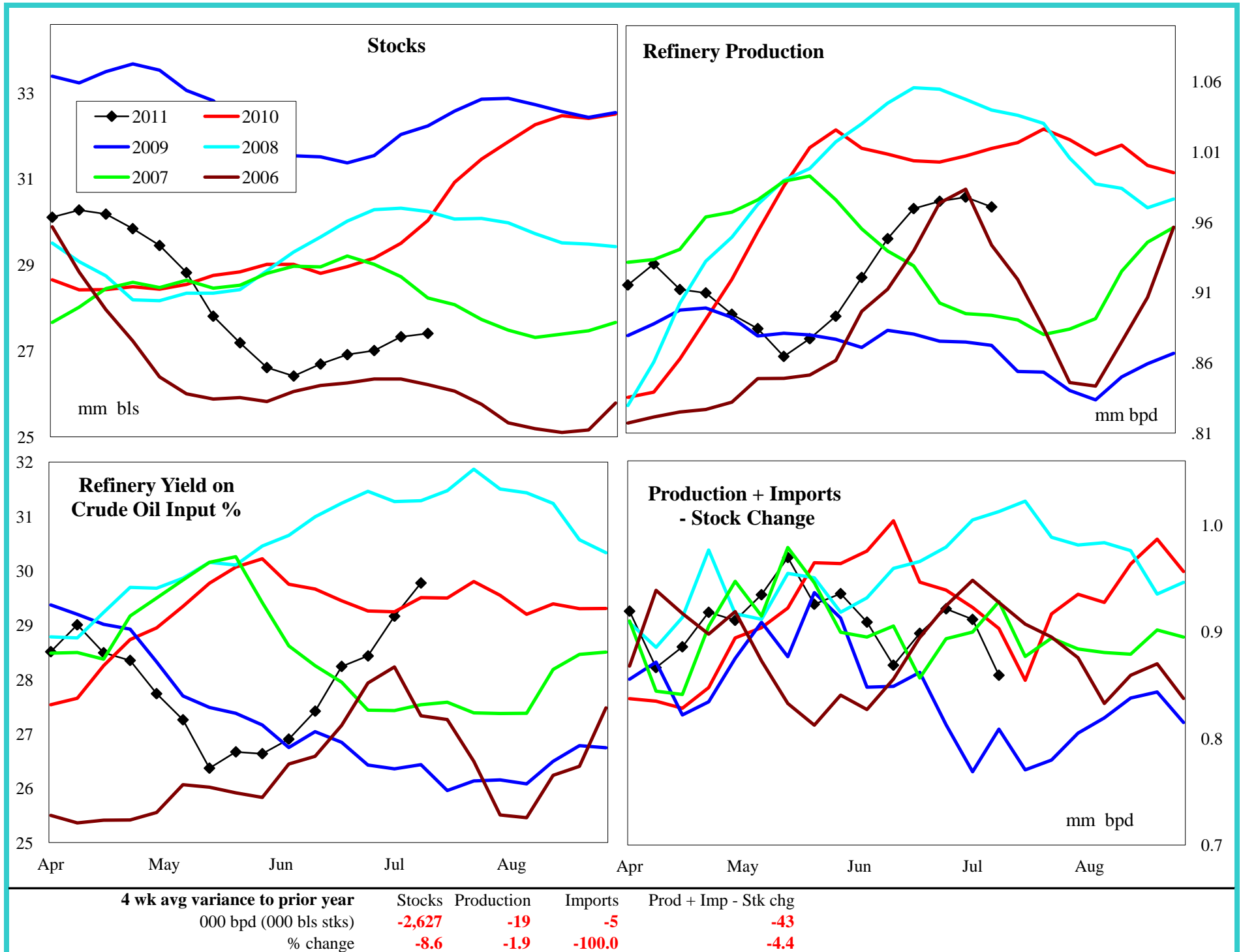
-54

-15.1

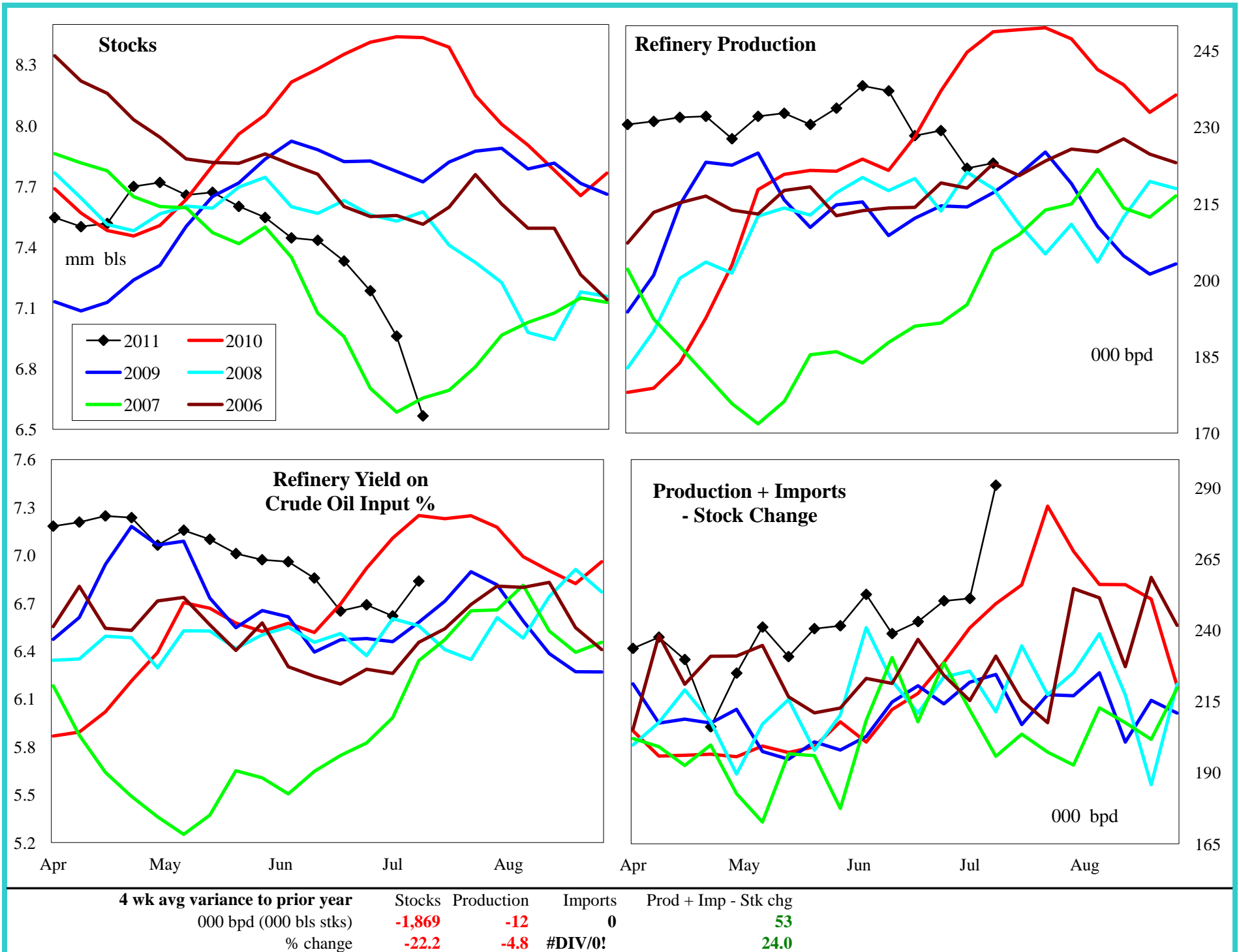
PADD 2 Conventional Gasoline Supply



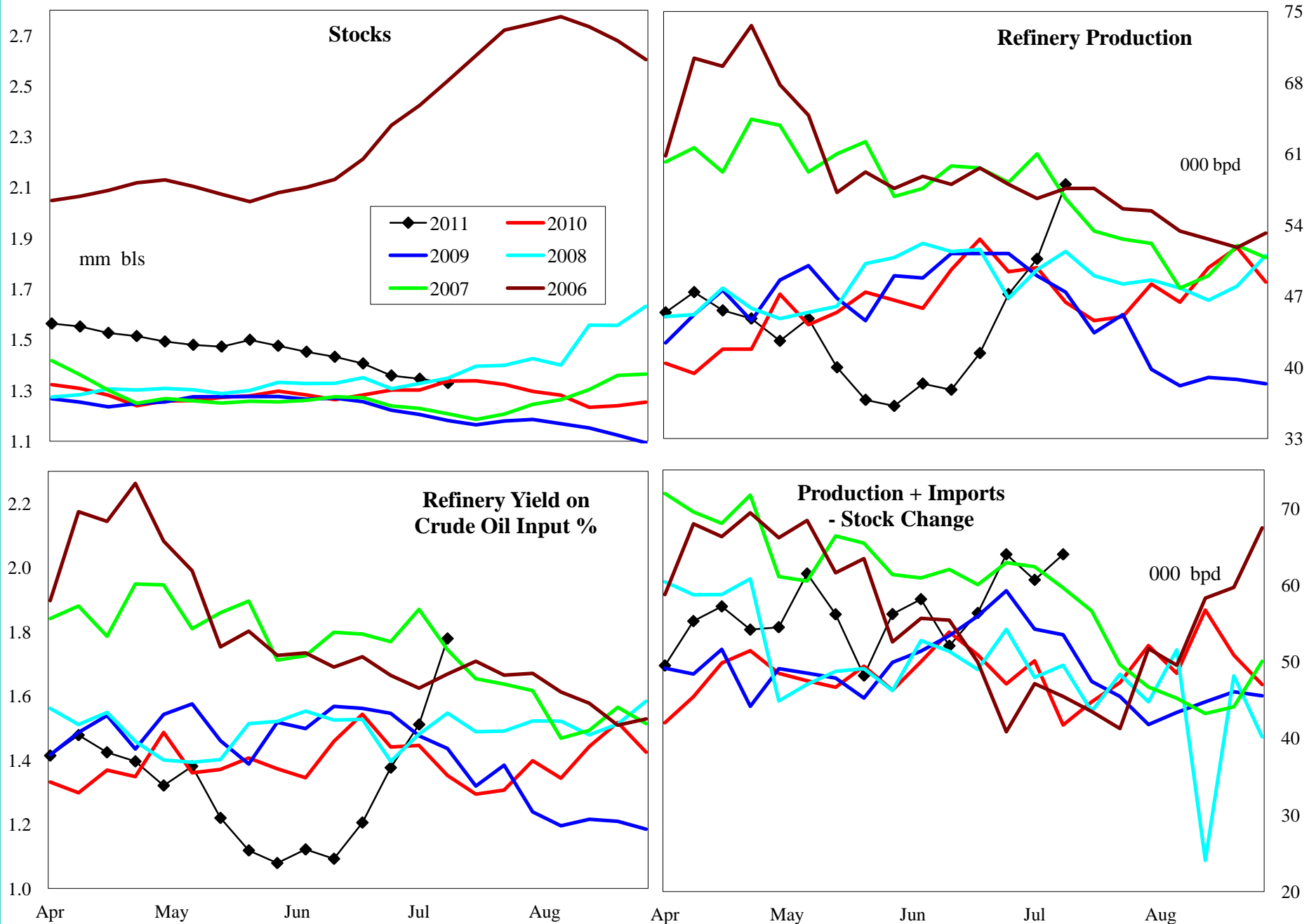
PADD 2 Distillate Supply



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

Production

Imports

Prod + Imp - Stk chg

-9

-2

9

12

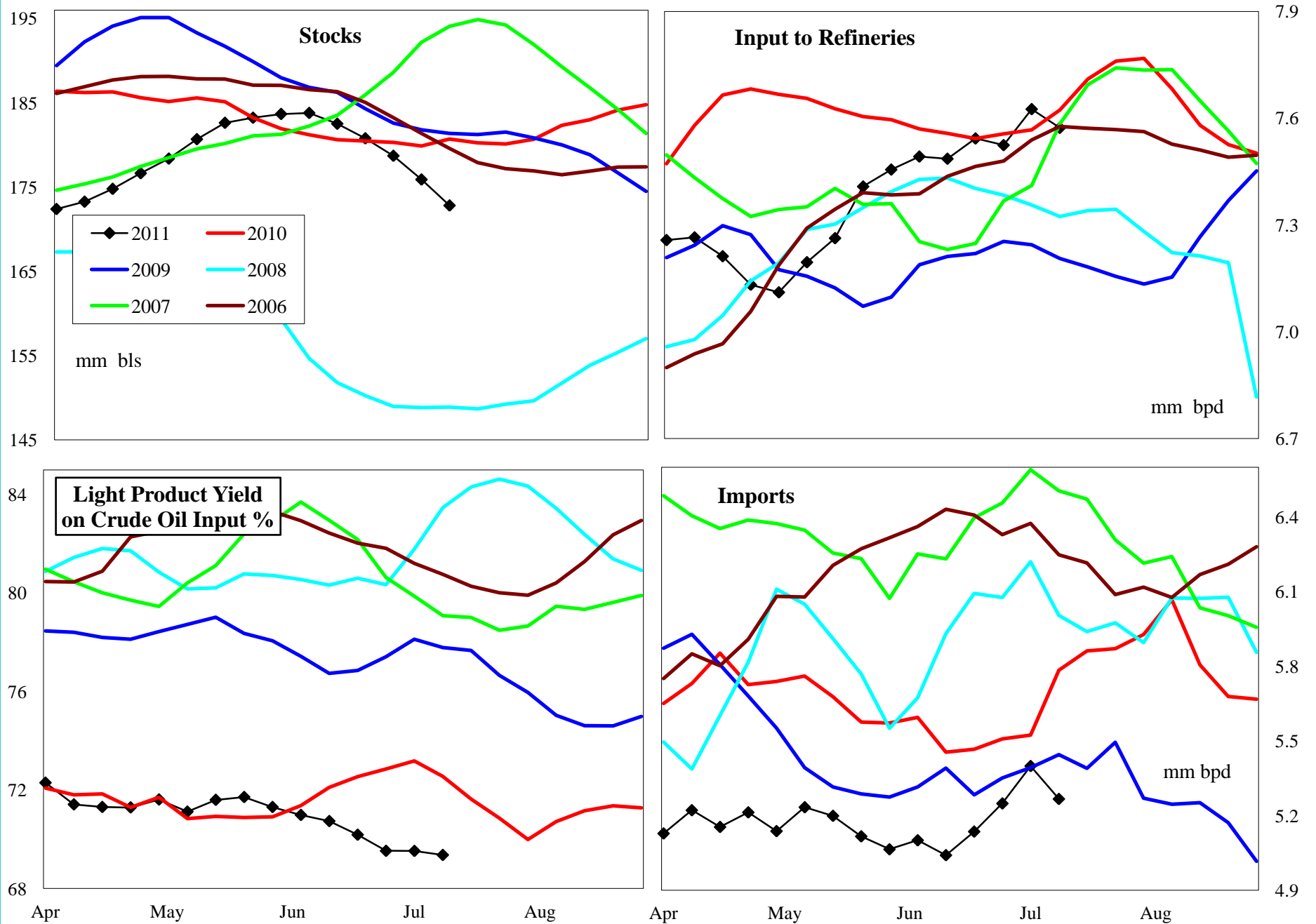
-0.7

-3.5

1,850.0

23.8

PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-7,880

-4.4

Input

51

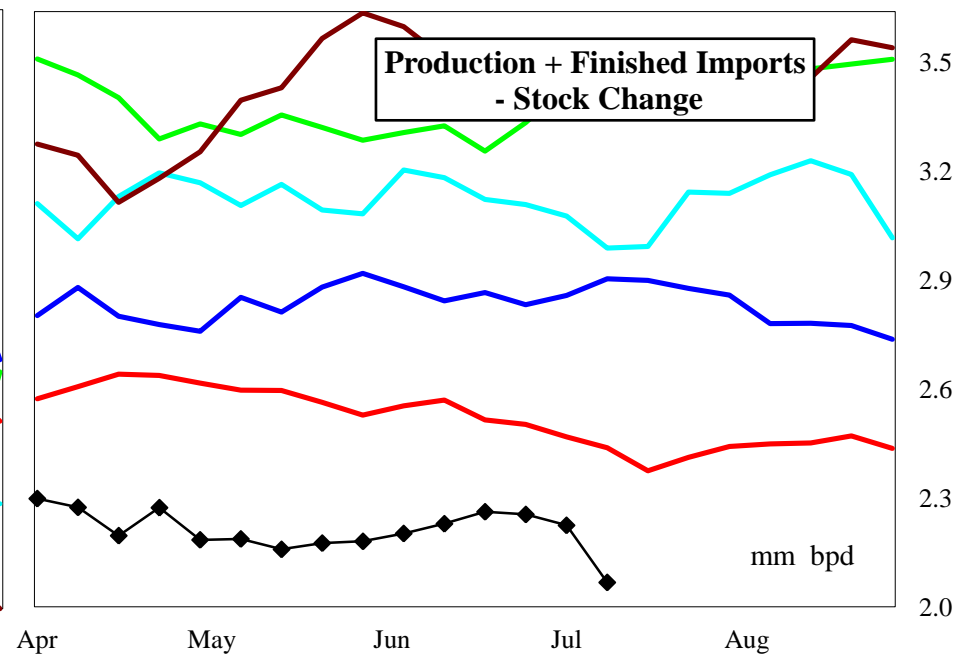
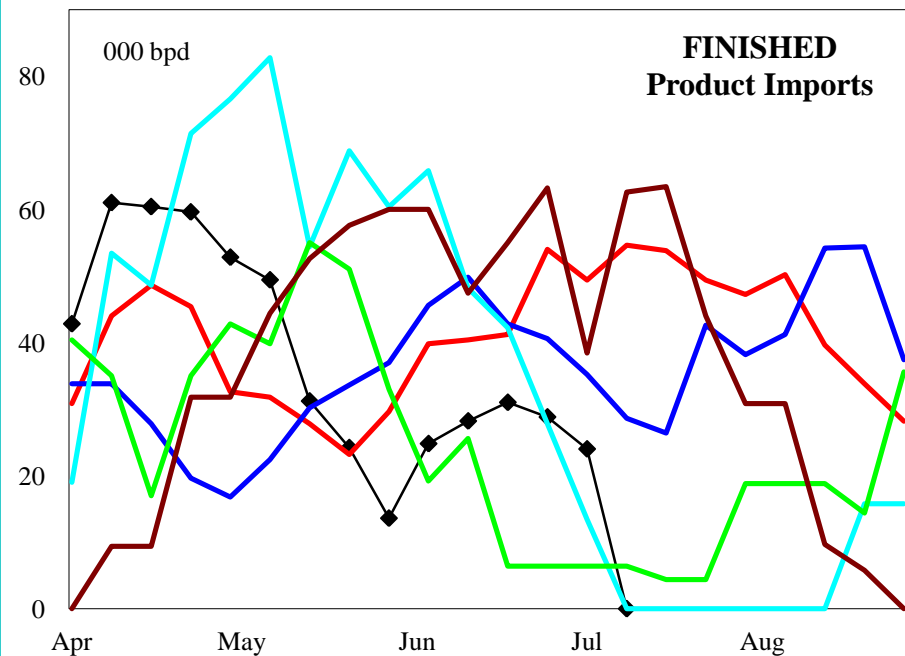
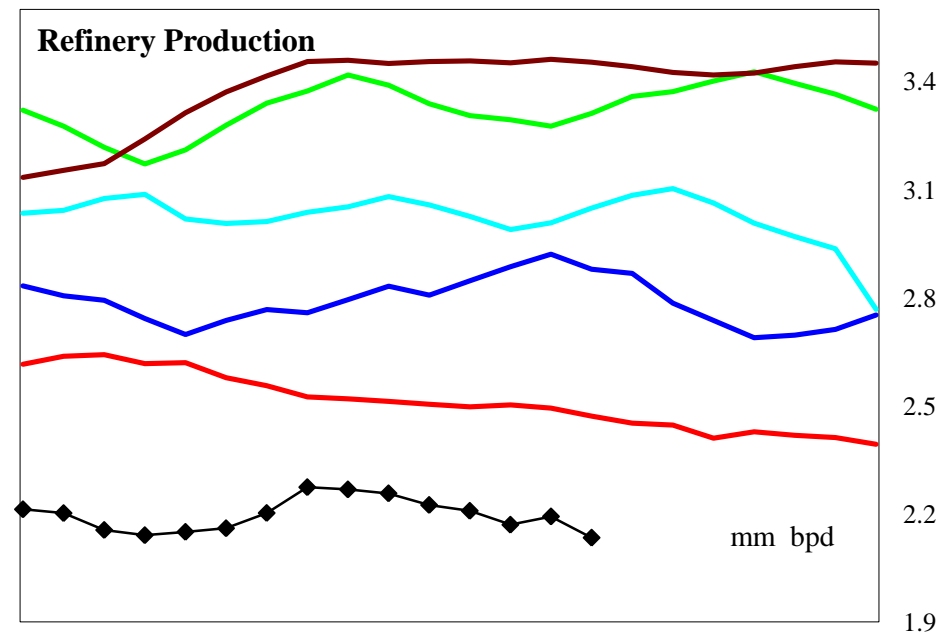
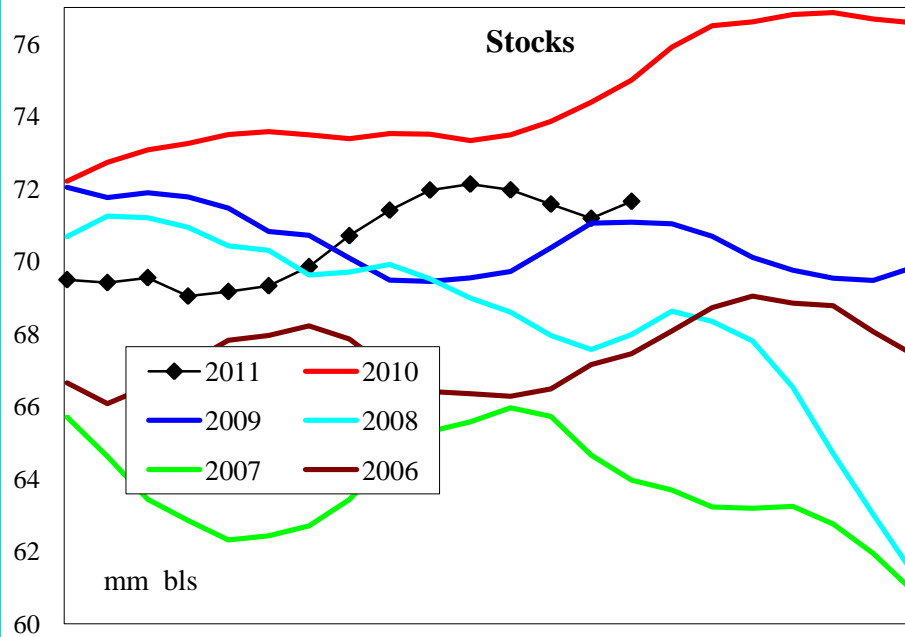
0.7

Imports

-235

-4.2

PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-3,633

-4.8

Production

-321

-12.8

Fin Impt

-20

-37.3

Blend Impt

-44

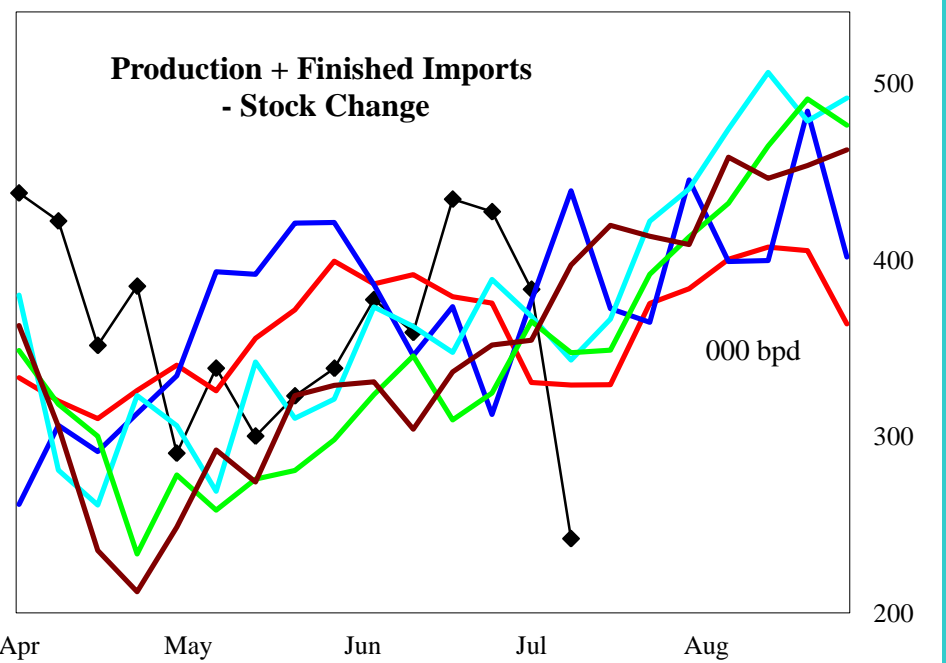
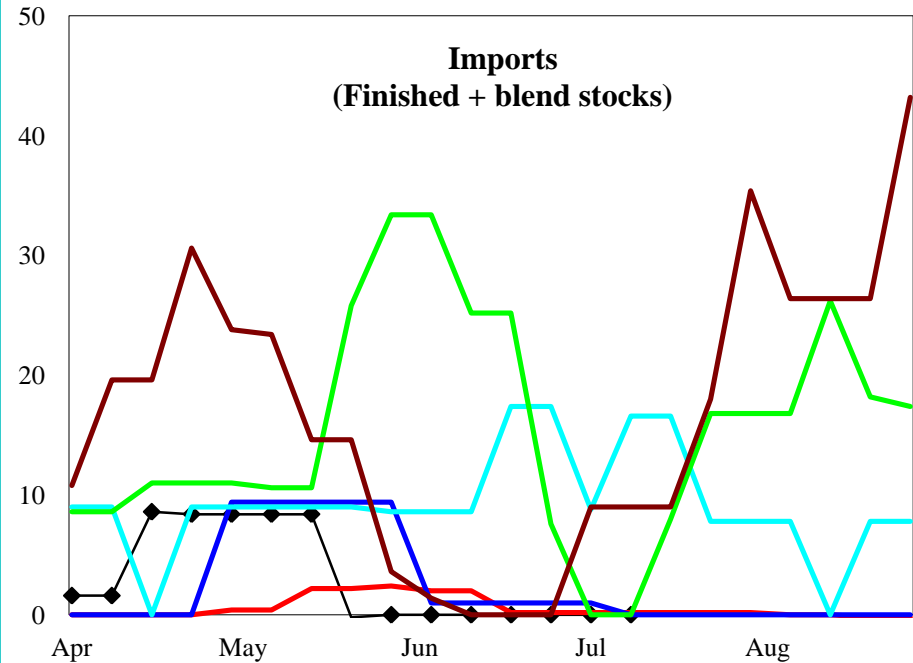
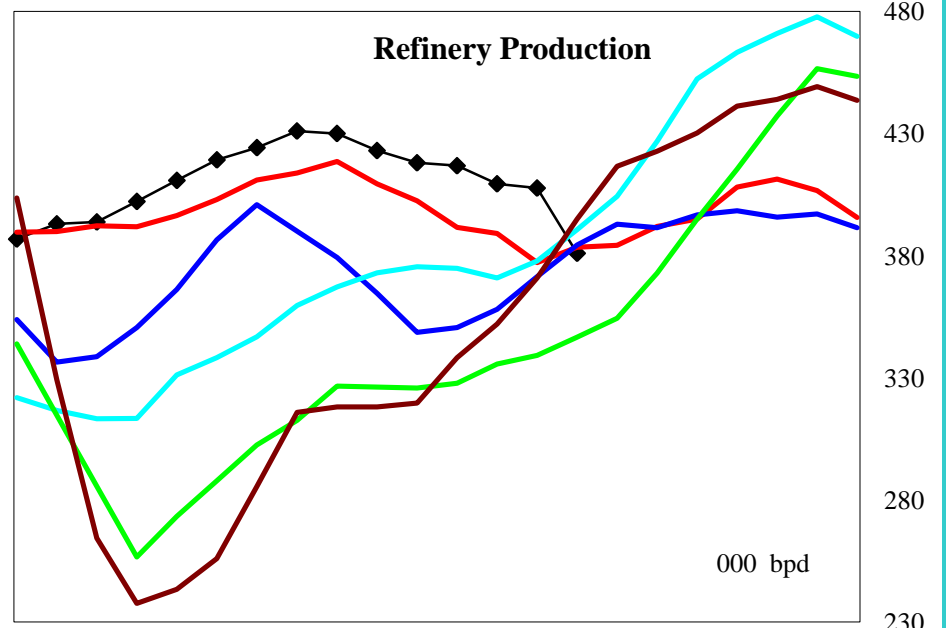
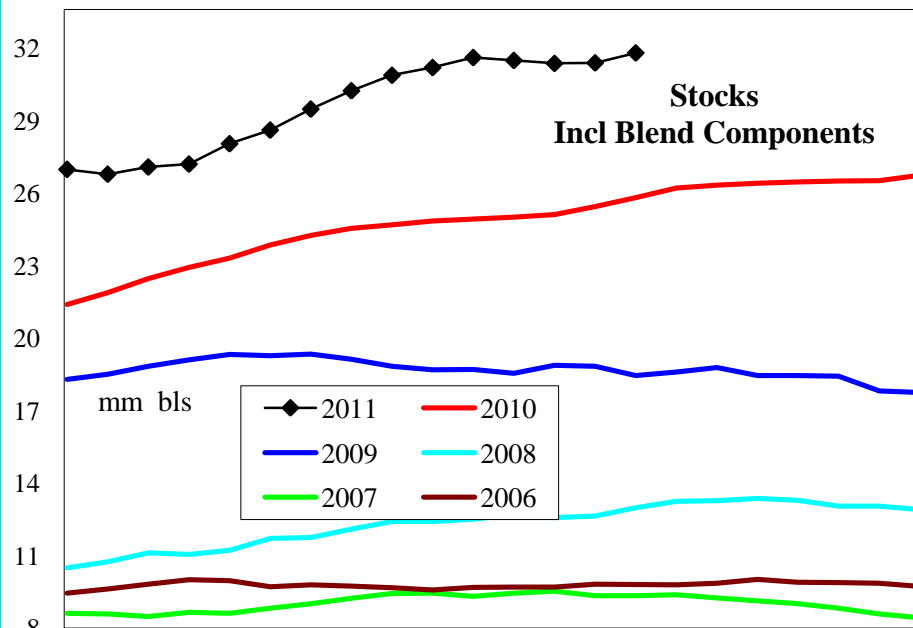
-70.0

Prod + Imp - Stk chg

-261

-10.4

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

6,205

23.9

Production

24

6.3

Imports

0

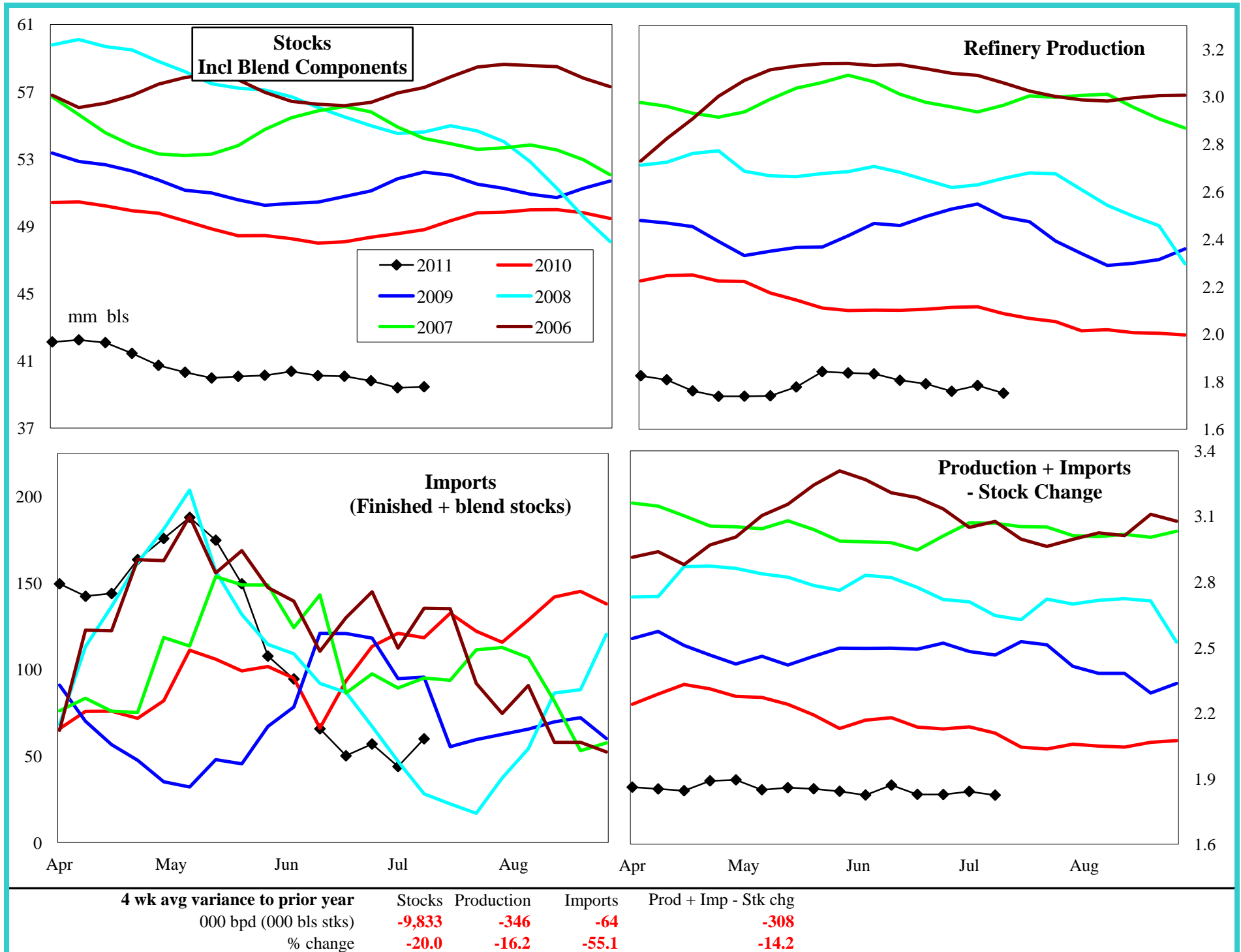
#DIV/0!

Prod + Imp - Stk chg

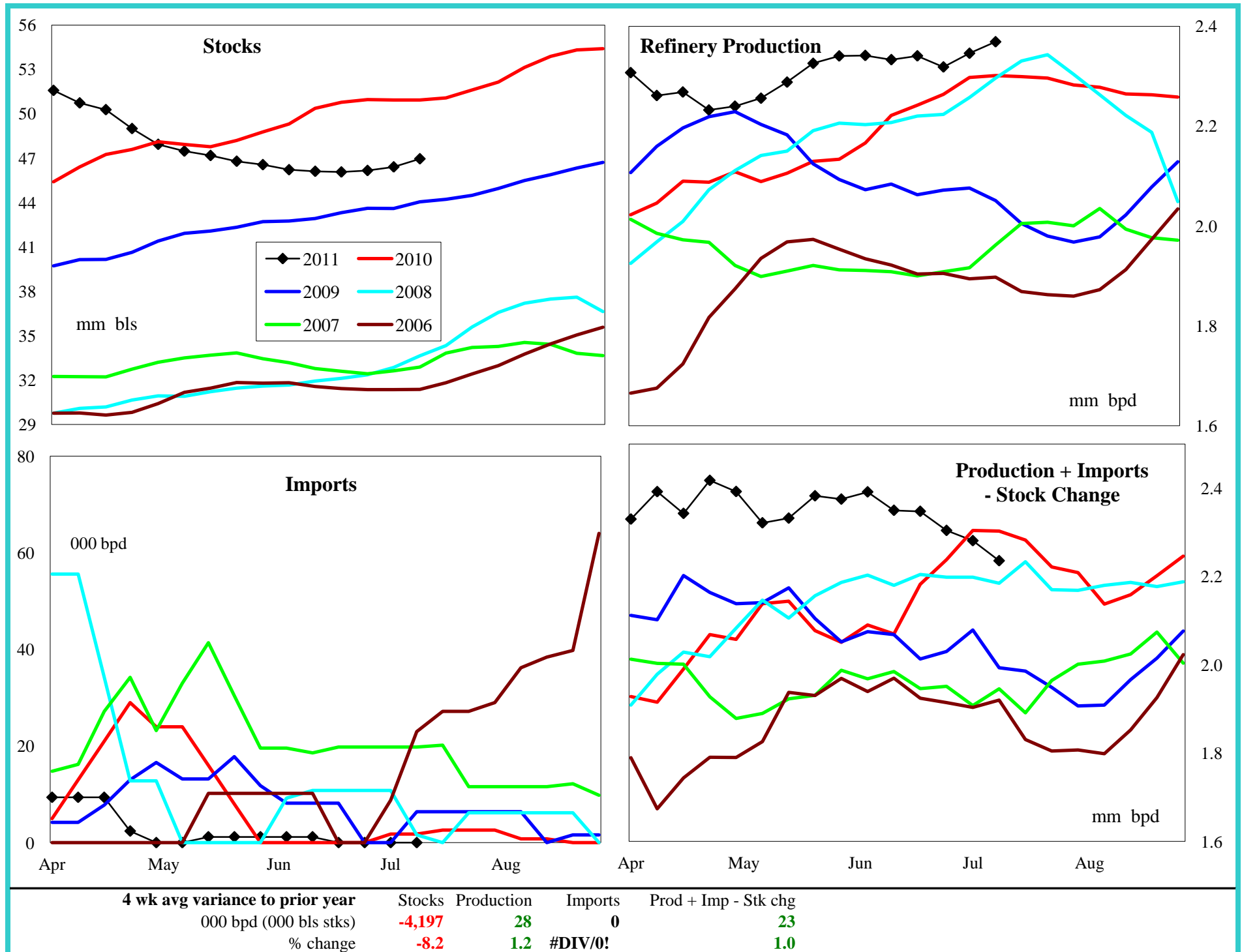
46

13.1

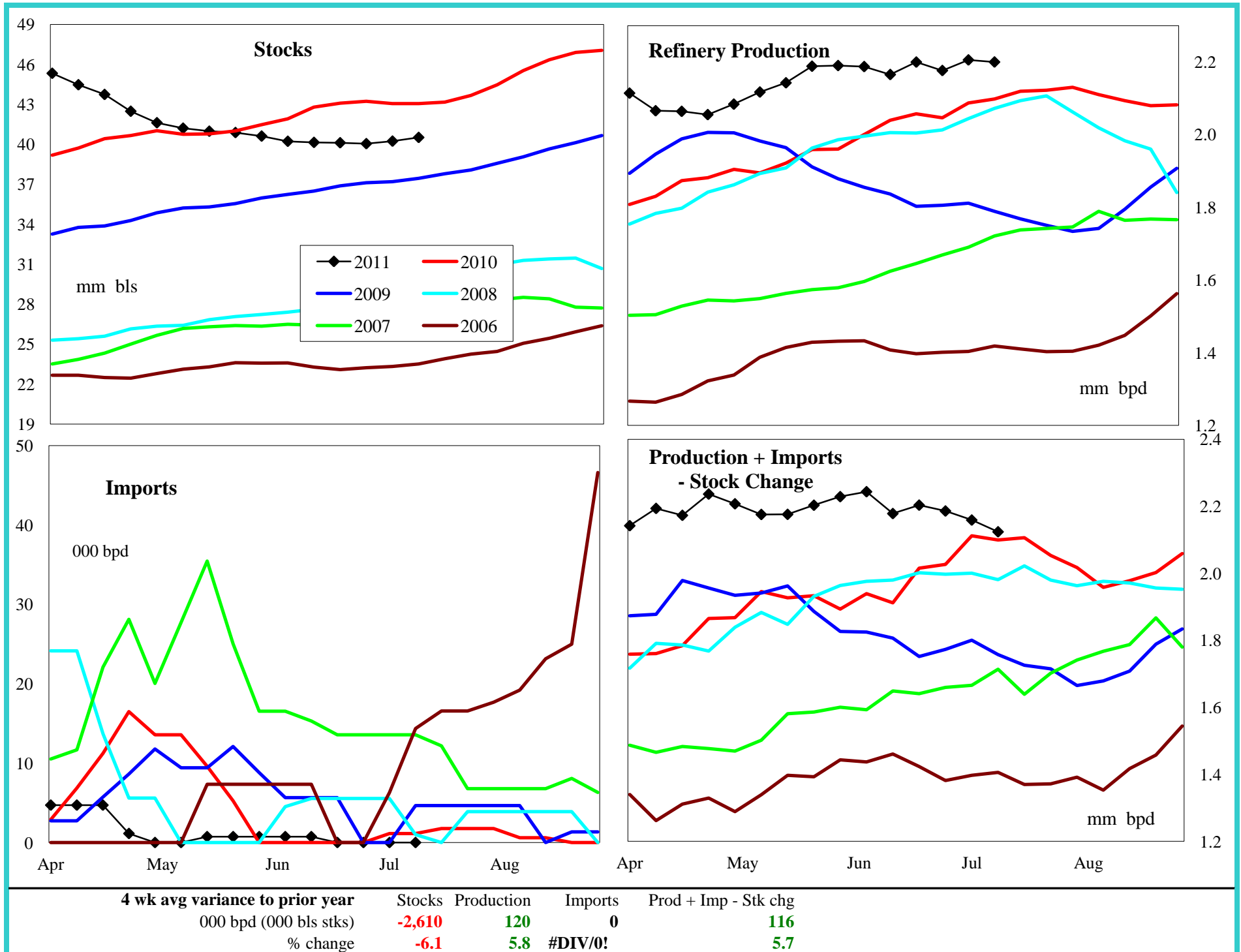
PADD 3 Conventional Gasoline Supply



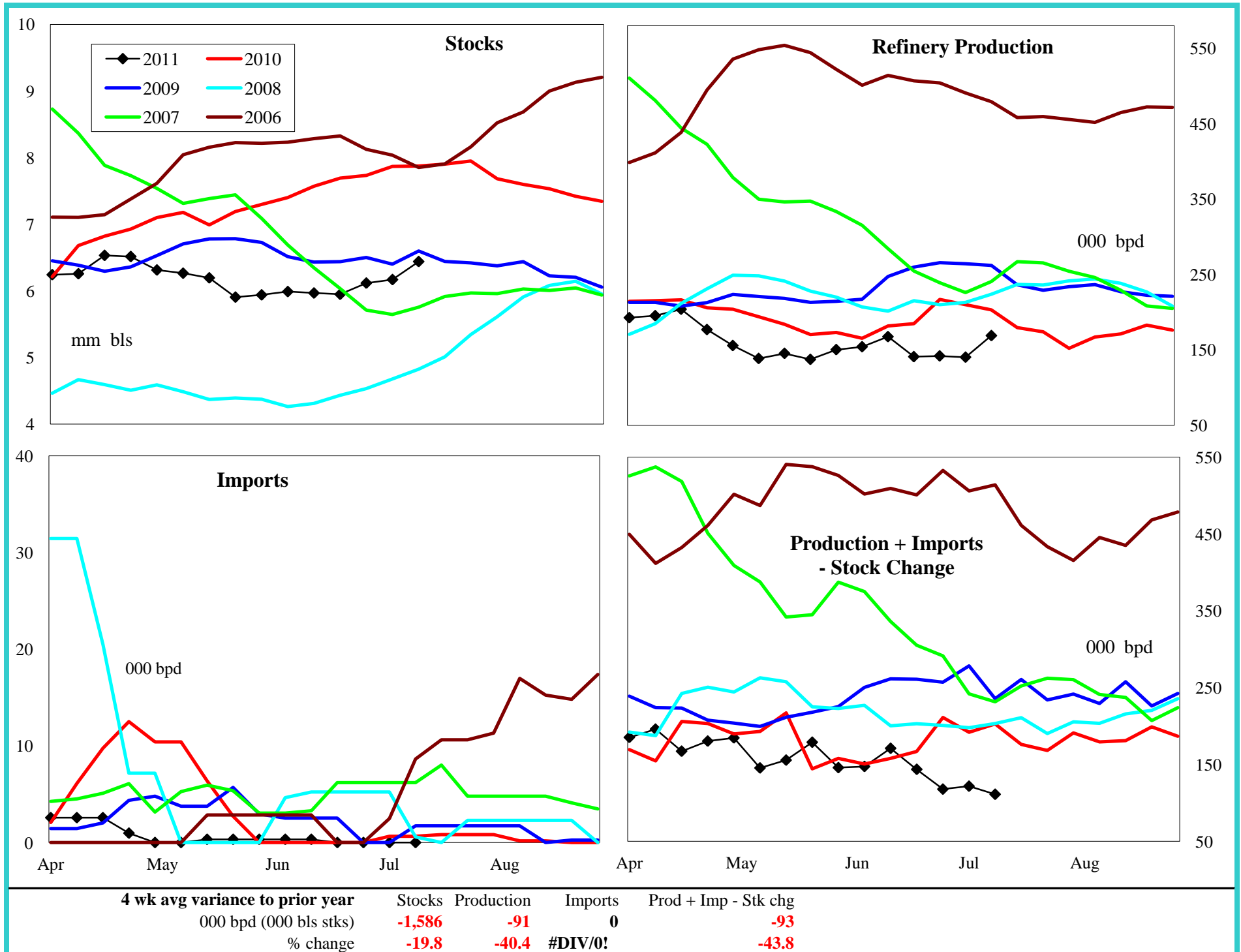
PADD 3 Distillate Supply



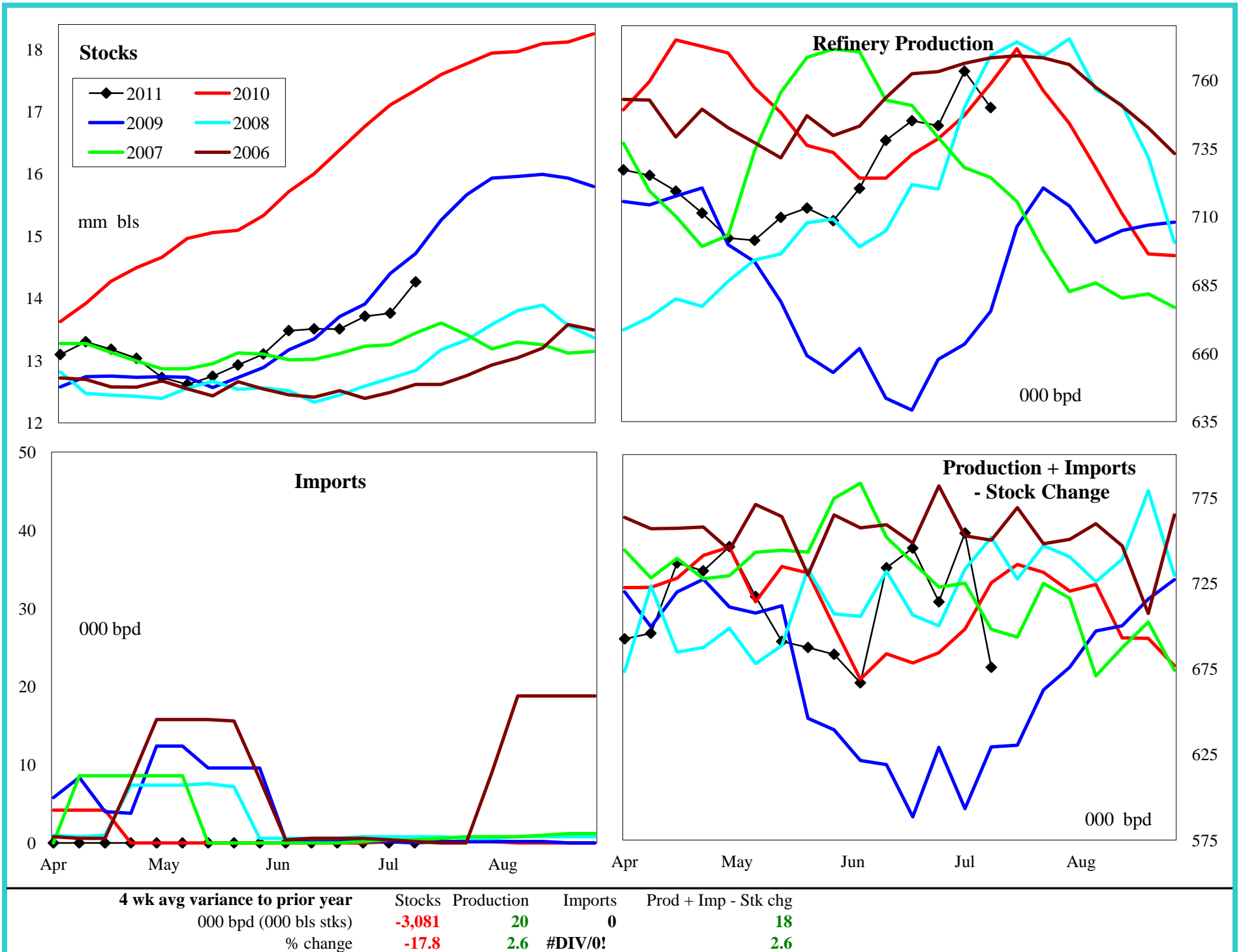
PADD 3 Low Sulfur Distillate Supply



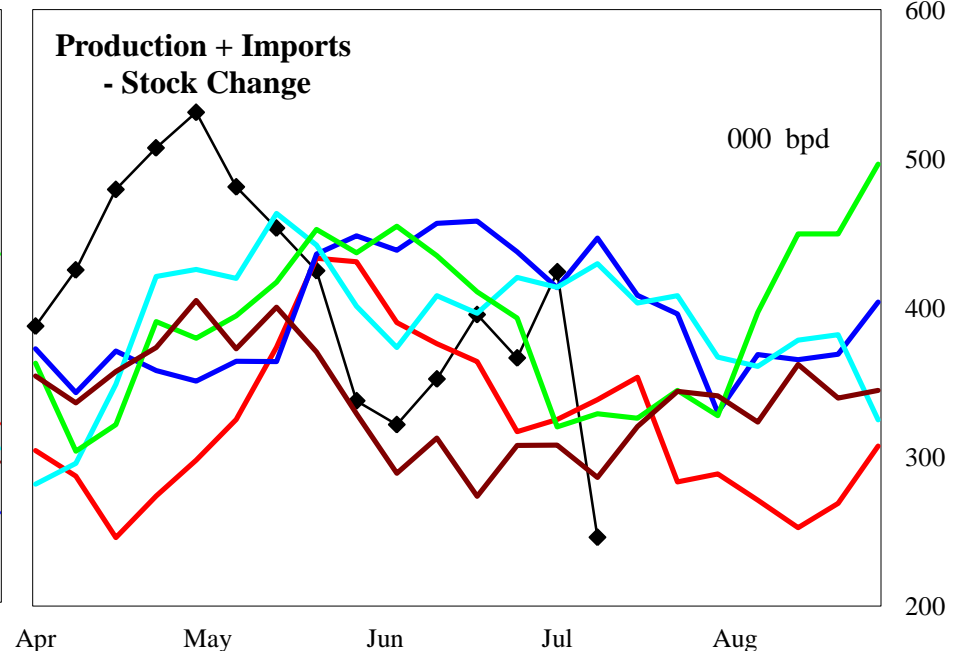
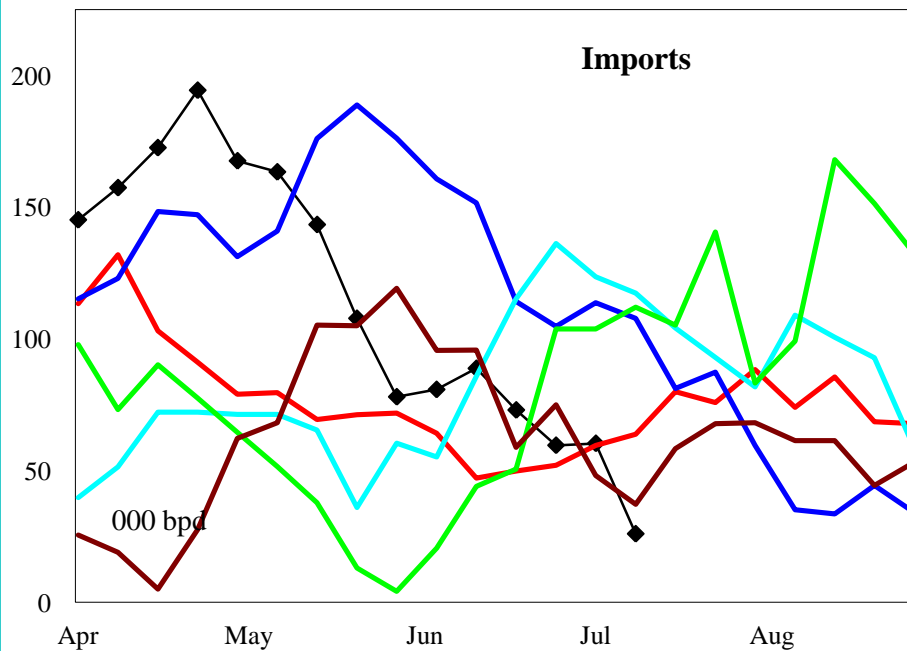
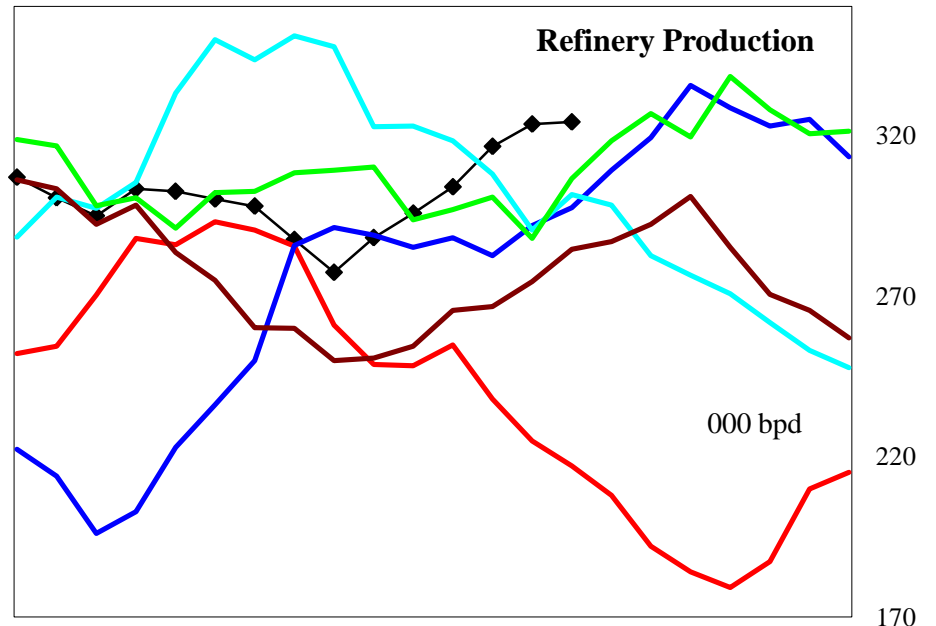
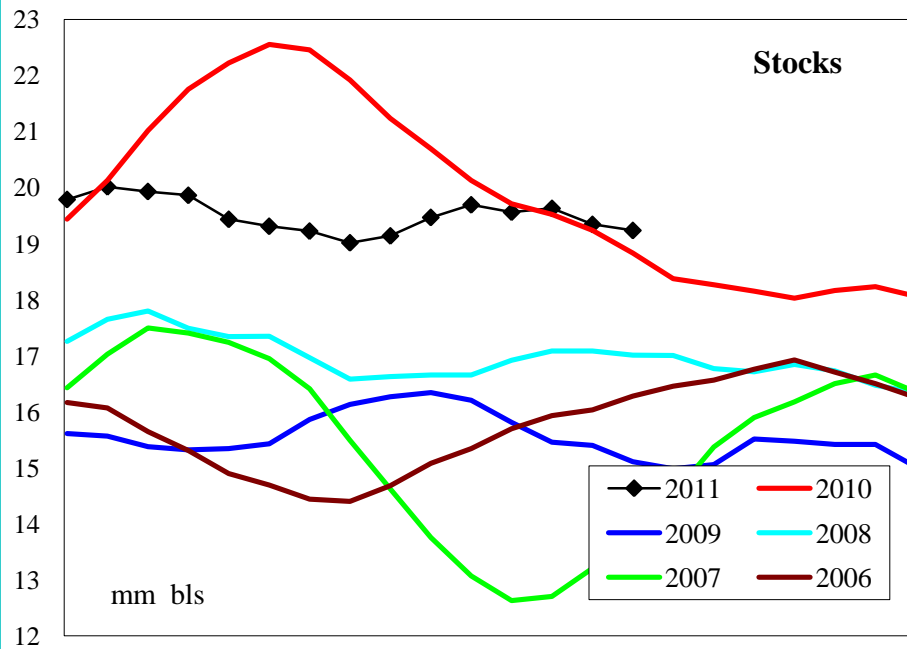
PADD 3 High Sulfur Distillate Supply



PADD 3 Jet Fuel Supply



PADD 3 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

404

89

13

108

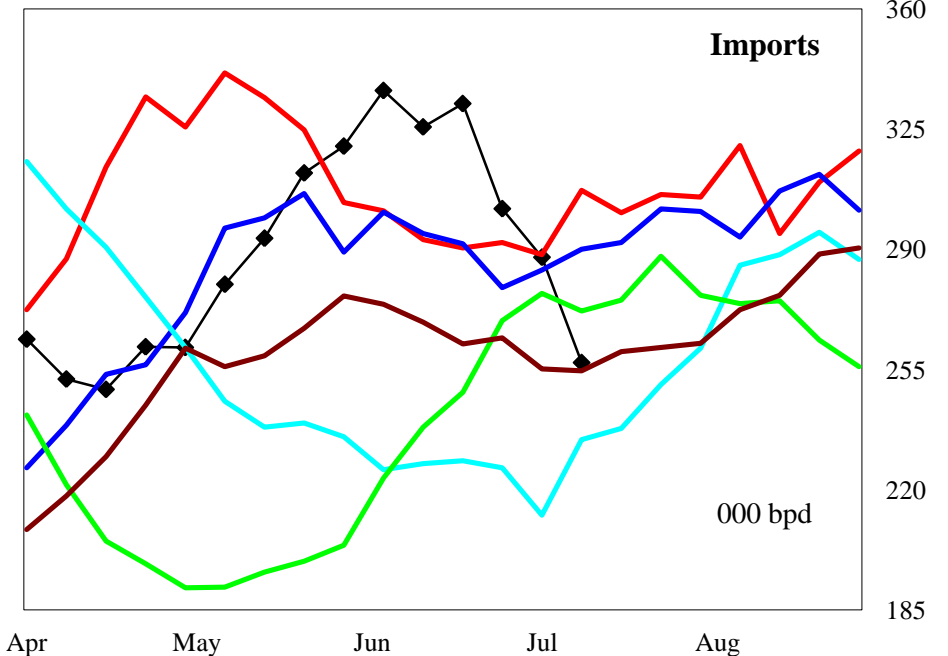
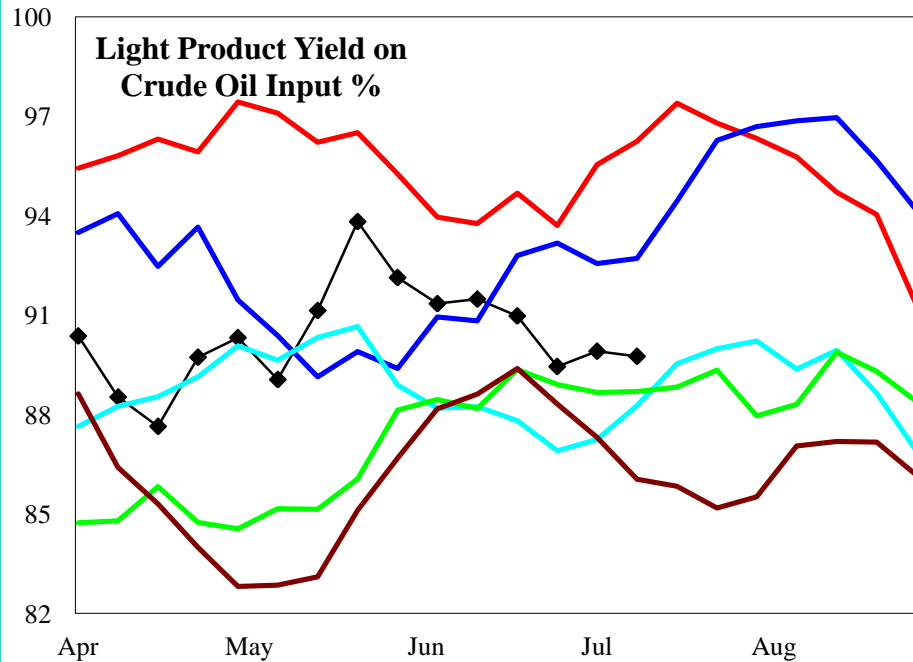
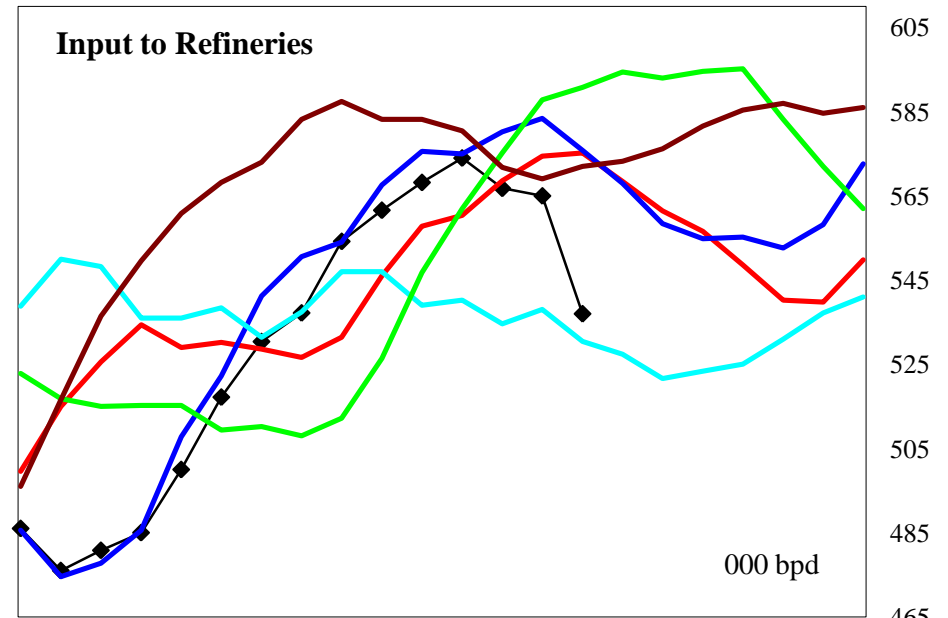
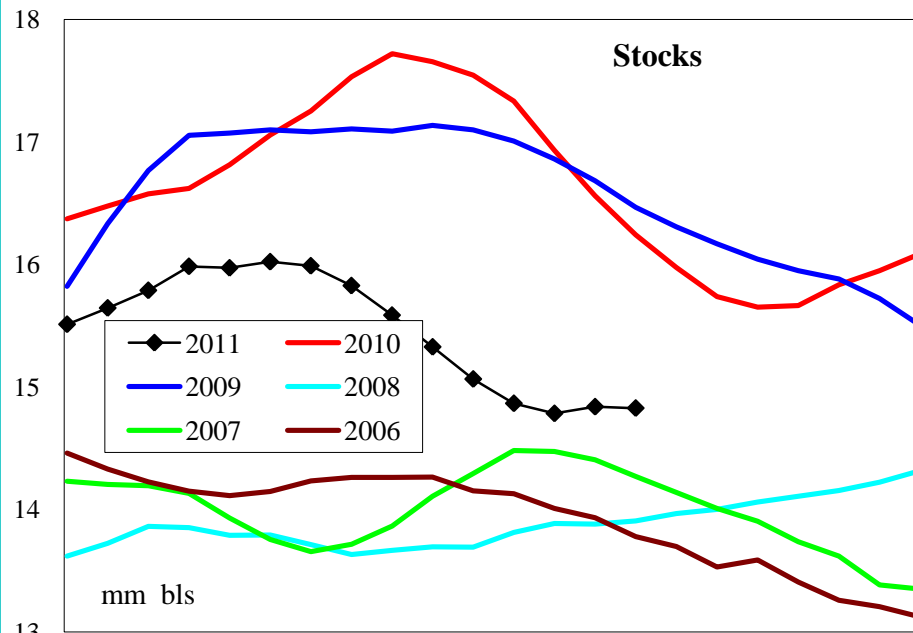
2.1

37.2

25.9

34.6

PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-1,416

-8.7

Input

-13

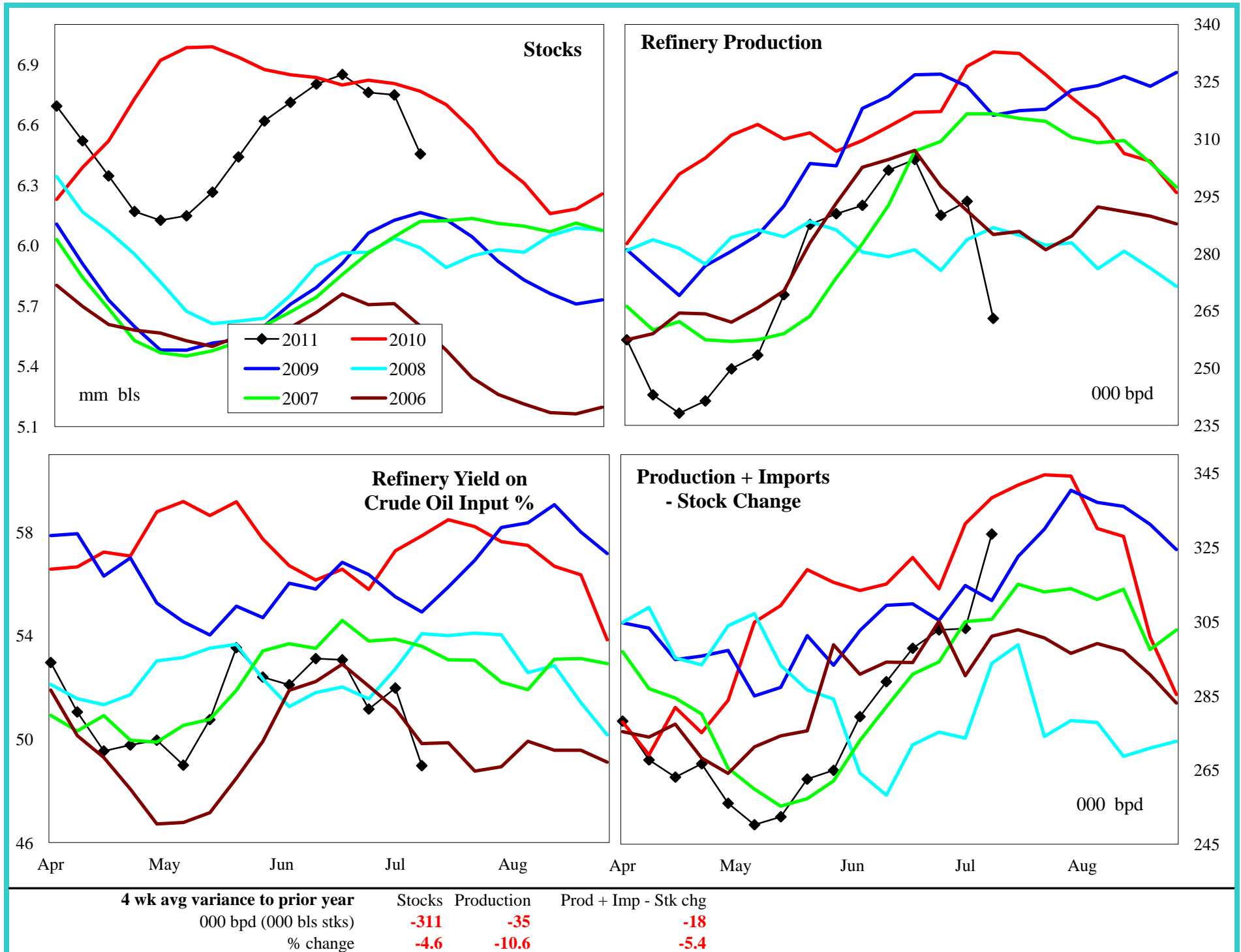
-2.3

Imports

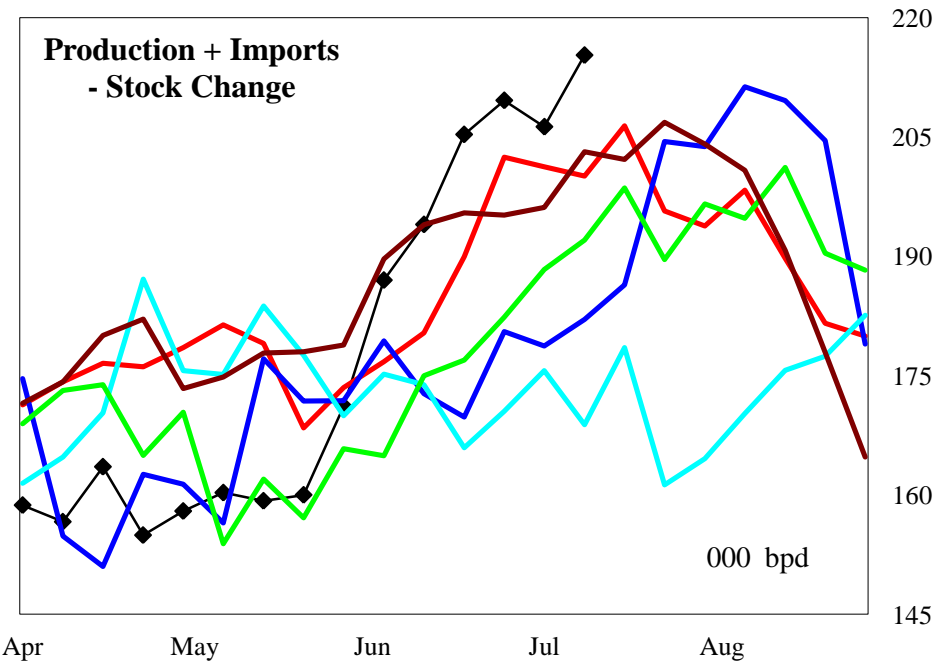
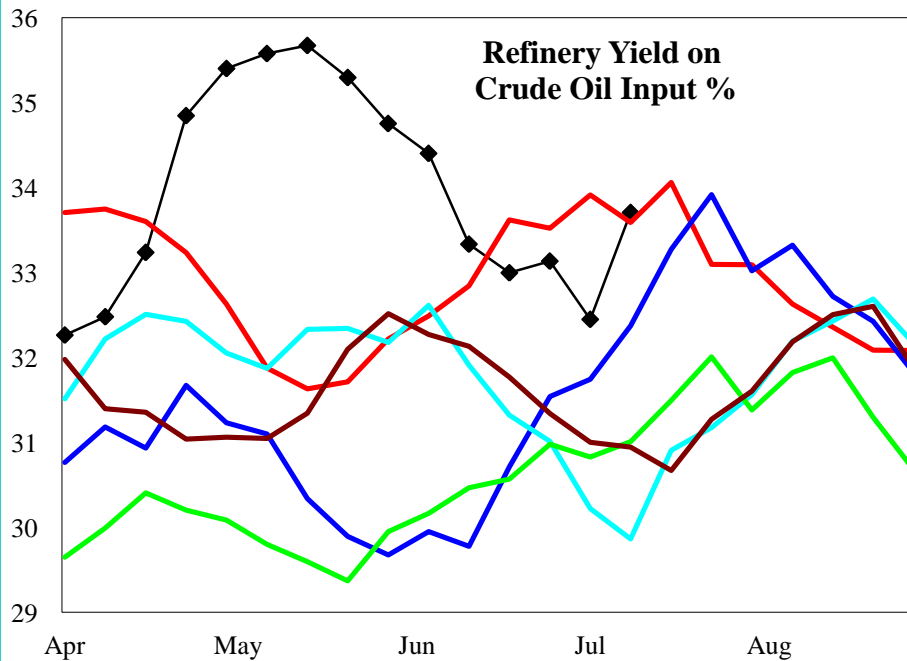
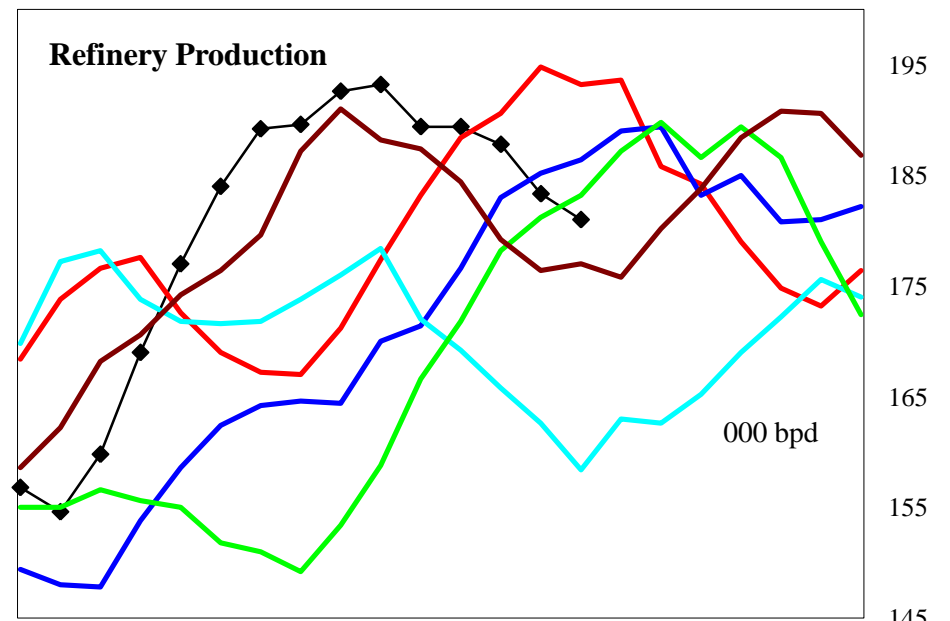
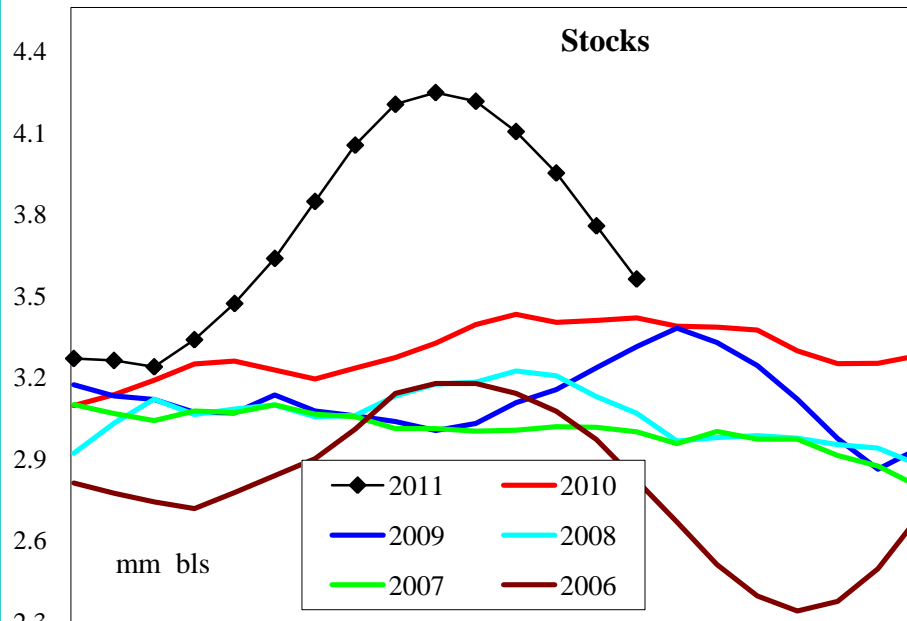
-10

-3.3

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

143

-8

-7

14

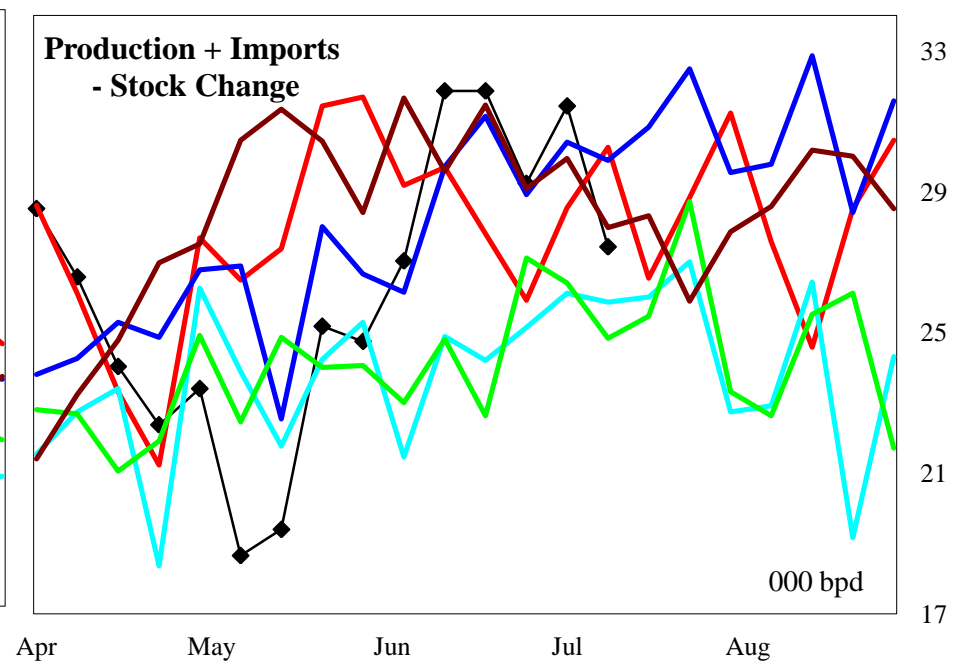
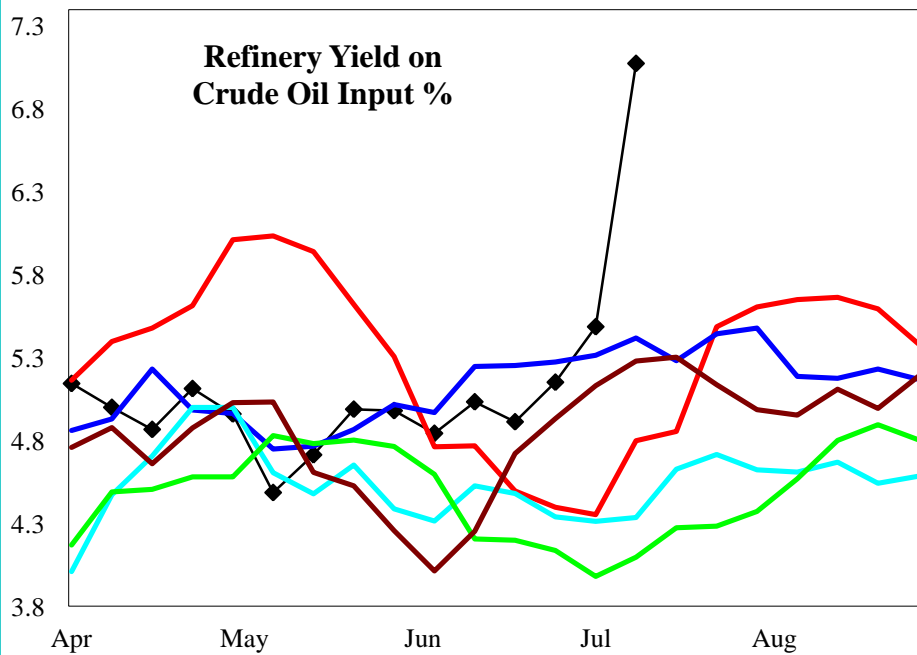
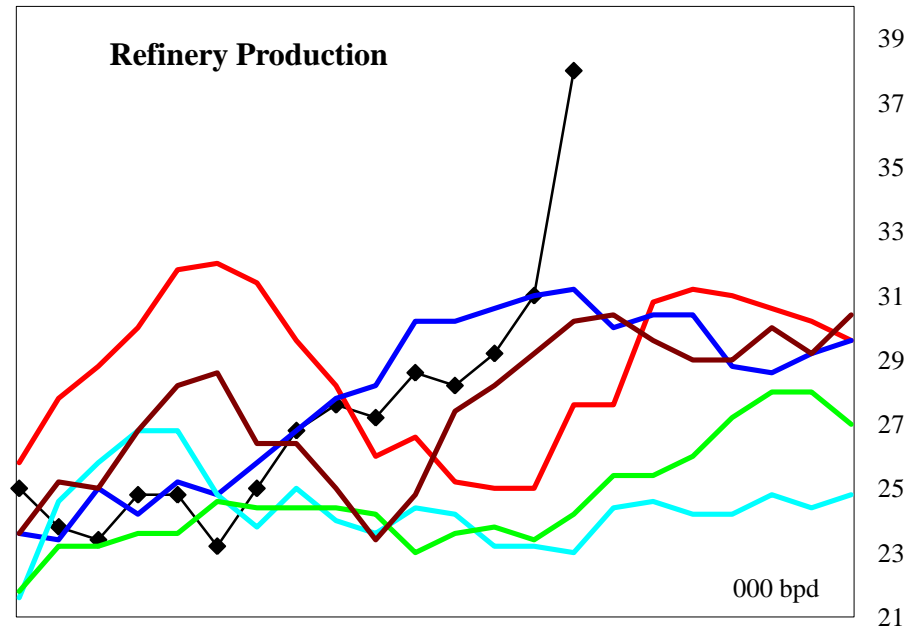
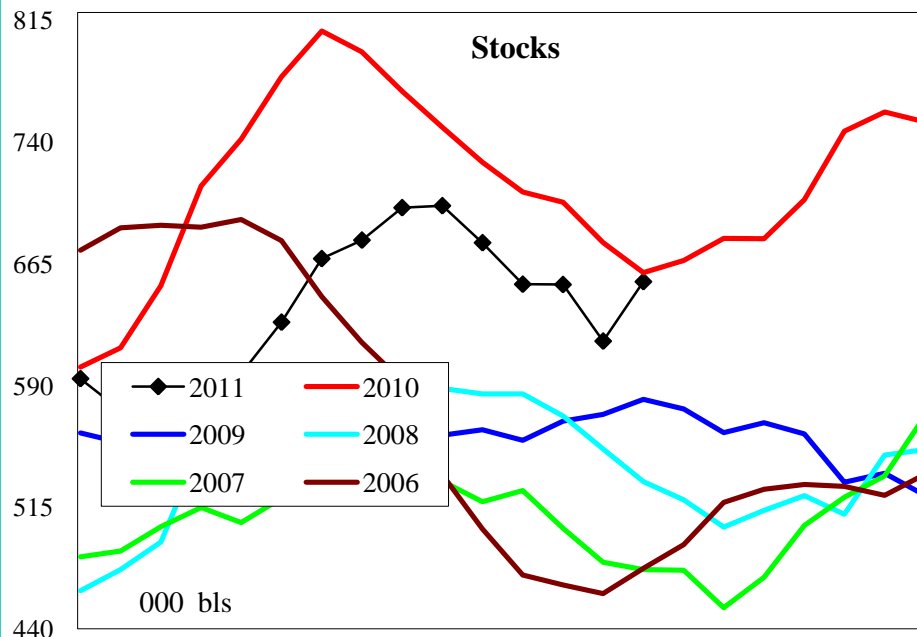
4.1

-4.0

-100.0

7.1

PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

-6

4

-0.8

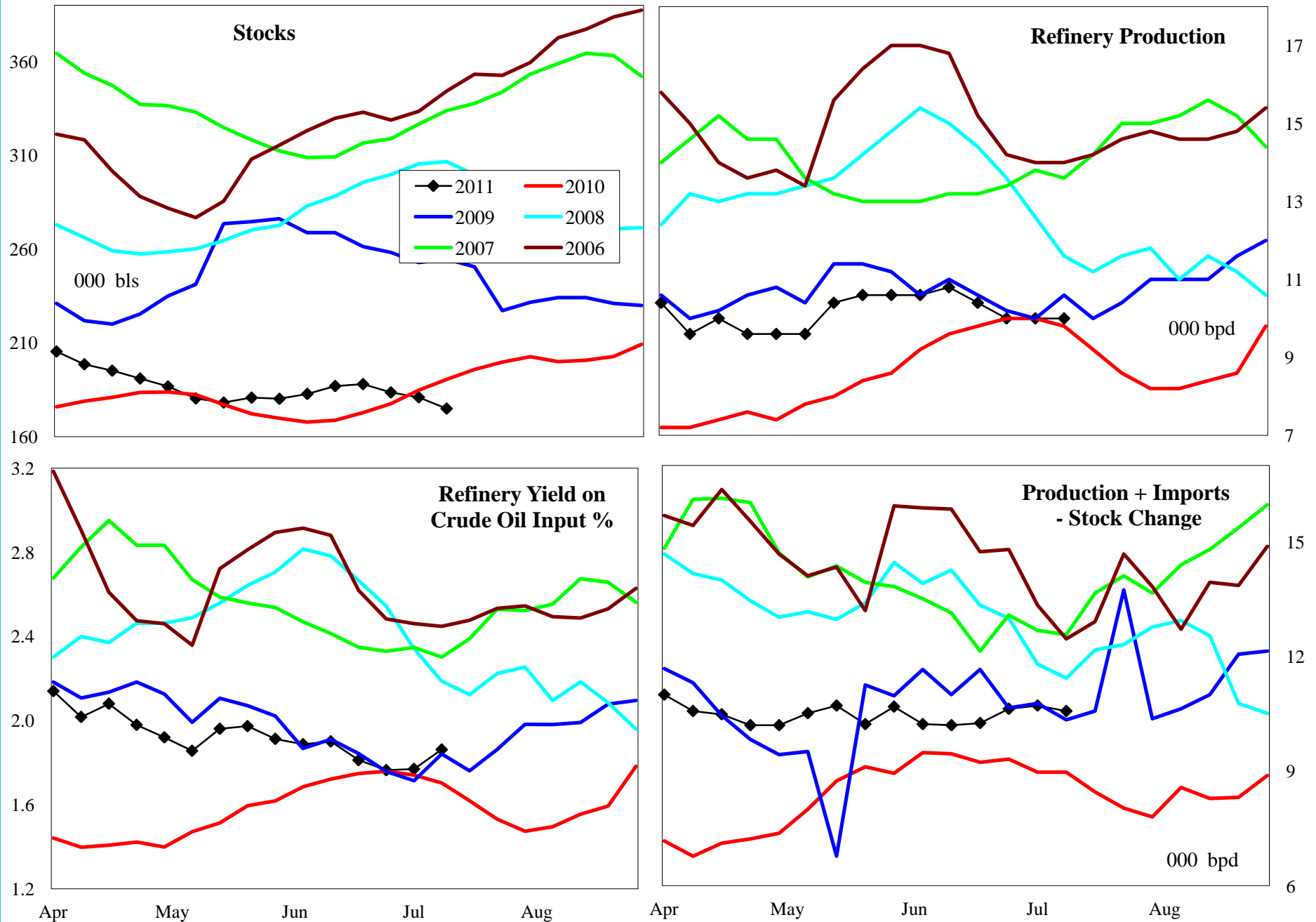
16.3

Prod + Imp - Stk chg

6

25.2

PADD 4 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-16

-8.2

Production

0

-2.4

Imports

0

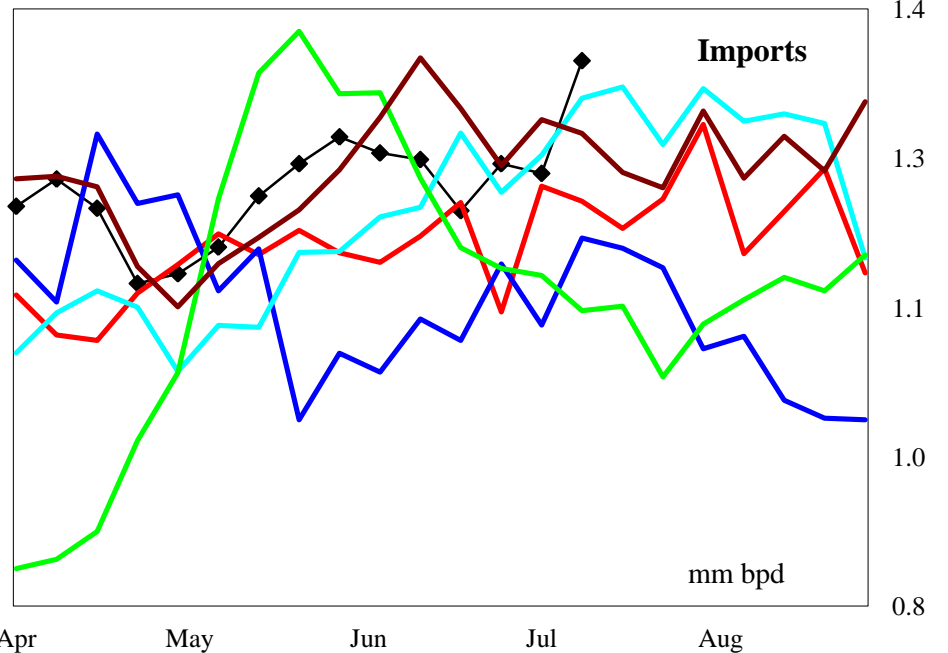
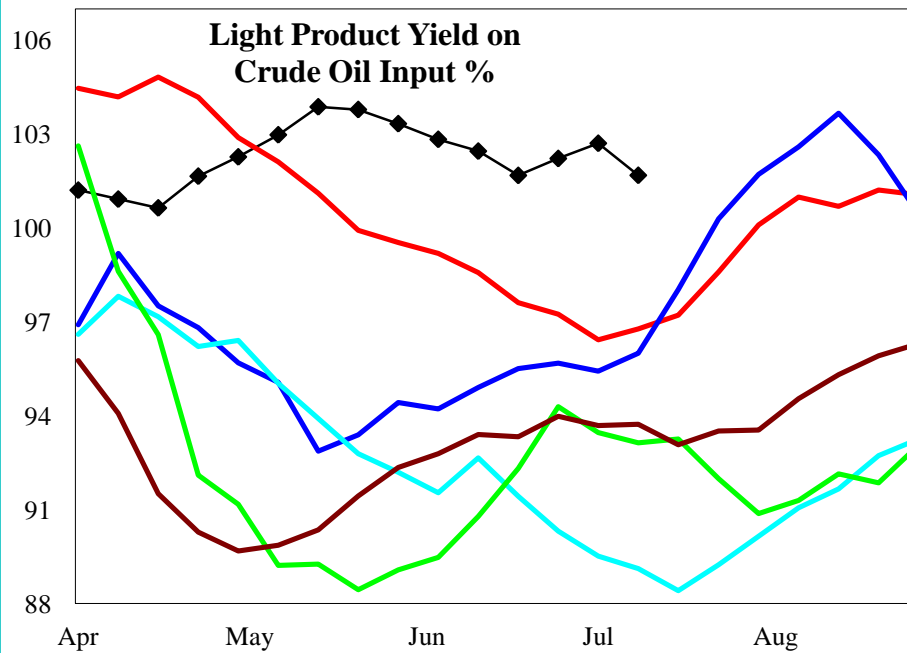
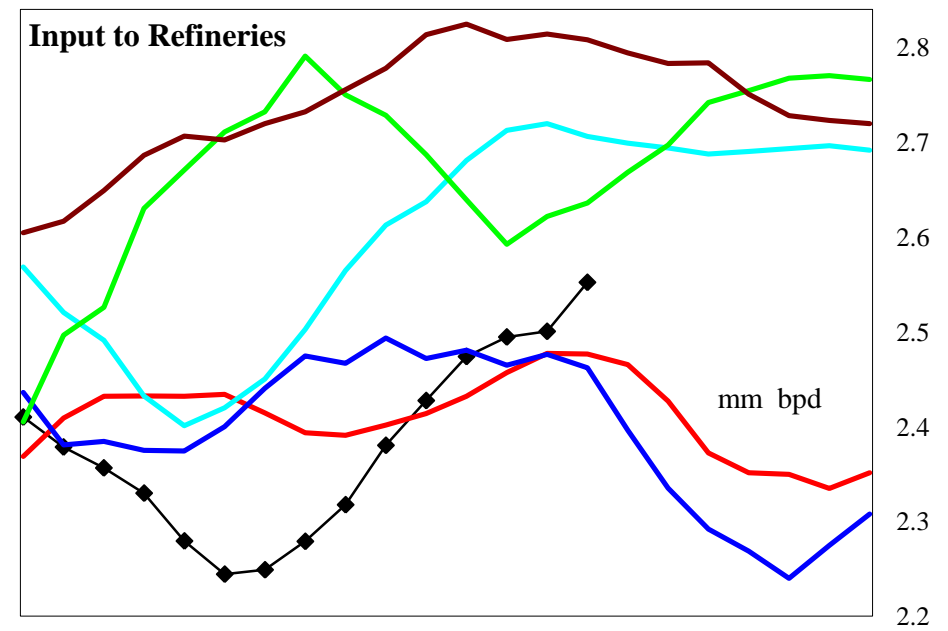
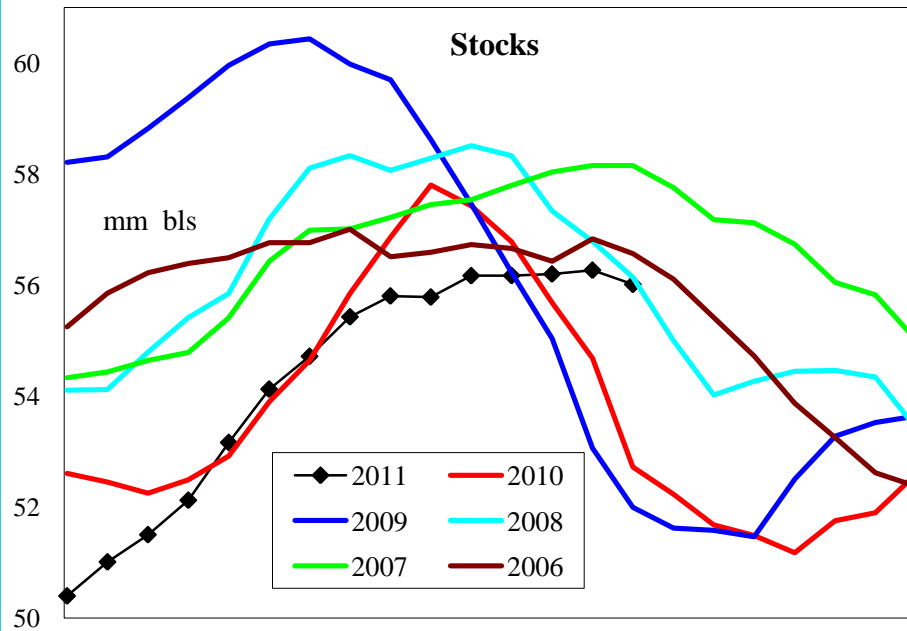
#DIV/0!

Prod + Imp - Stk chg

1

10.4

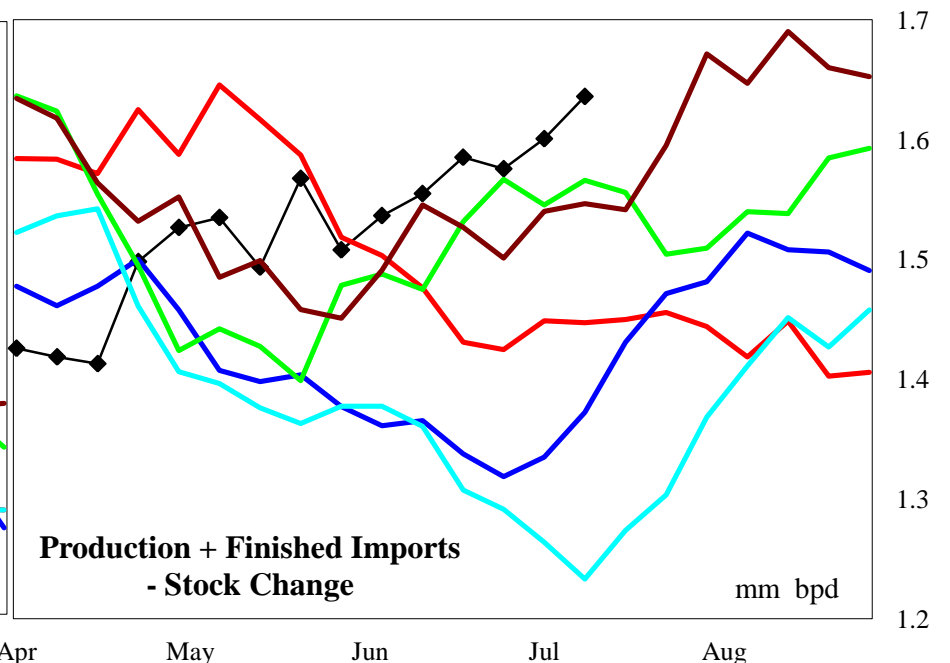
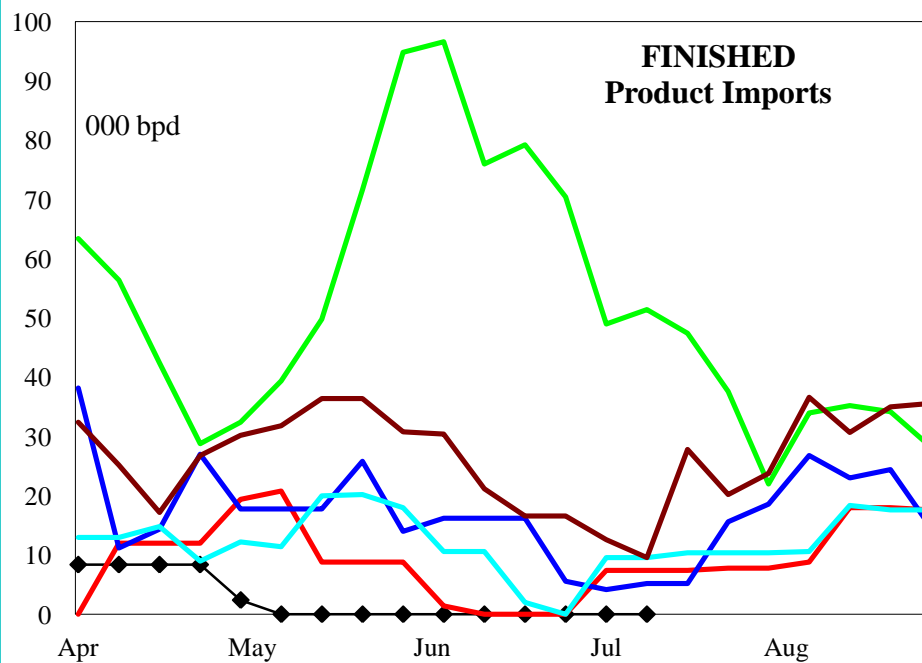
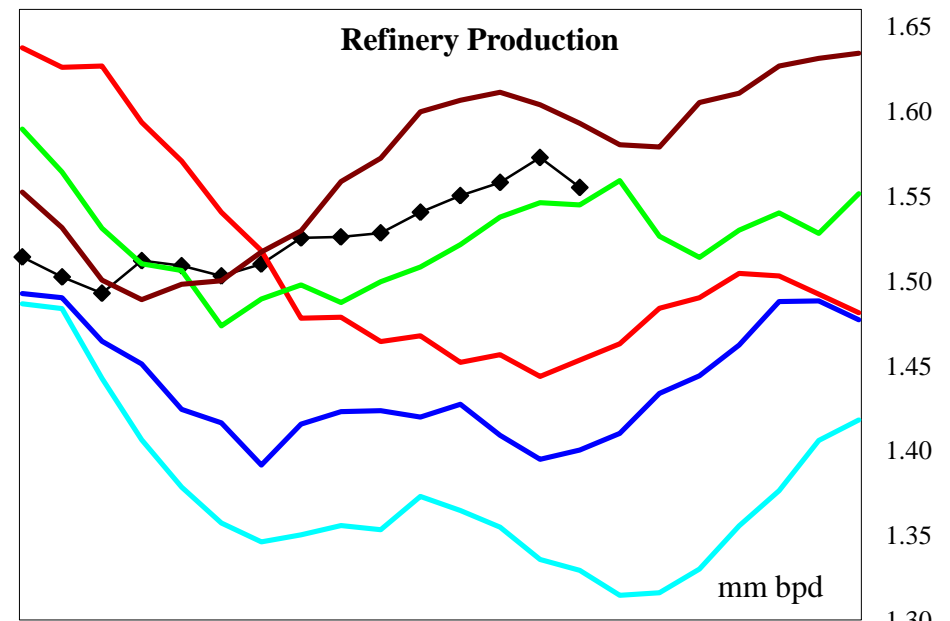
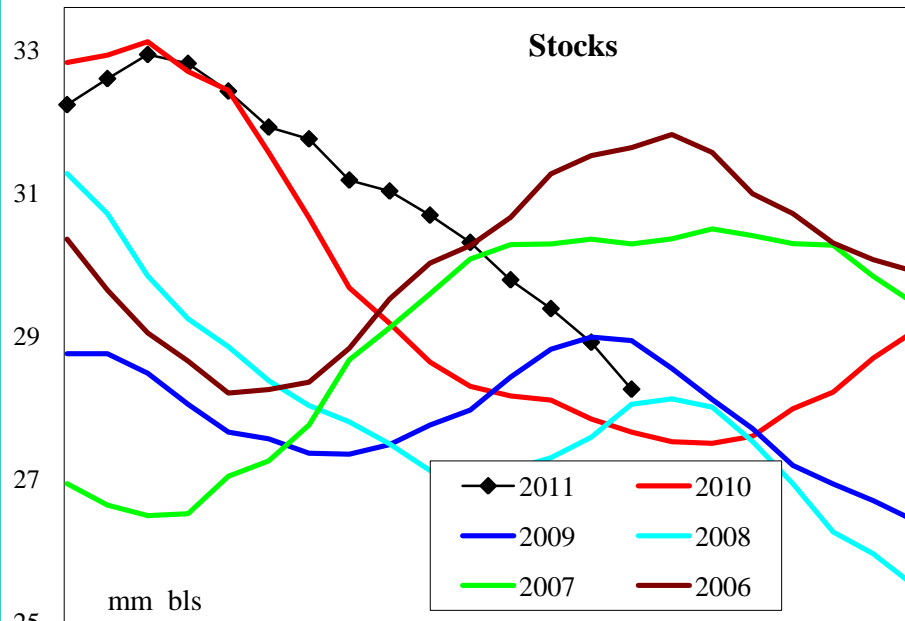
PADD 5 Crude Oil Supply and Refining



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

	Stocks	Input	Imports
000 bpd (000 bls stks)	3,289	23	109
% change	6.2	0.9	9.8

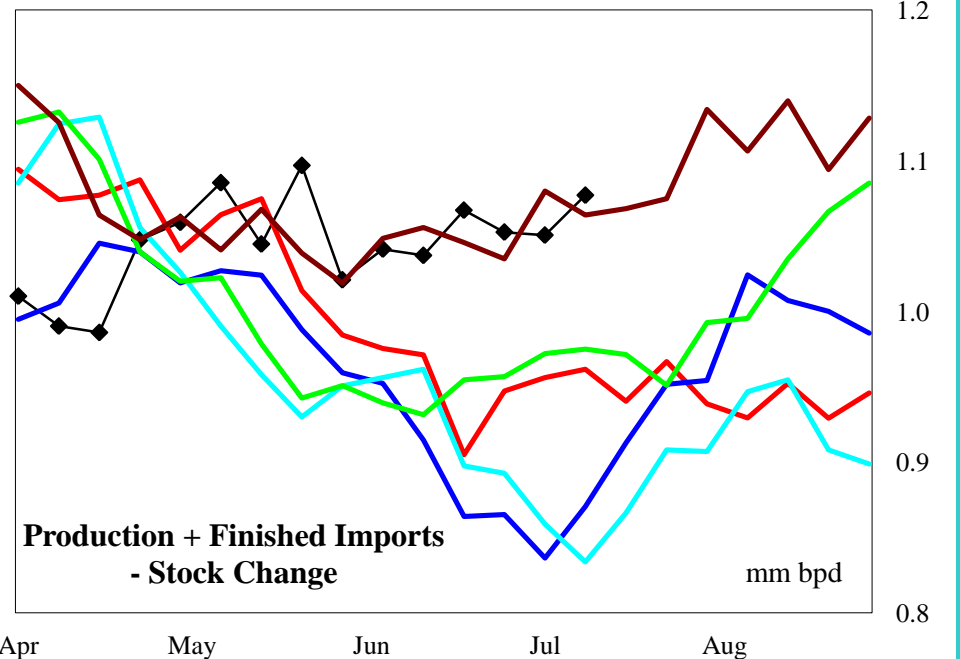
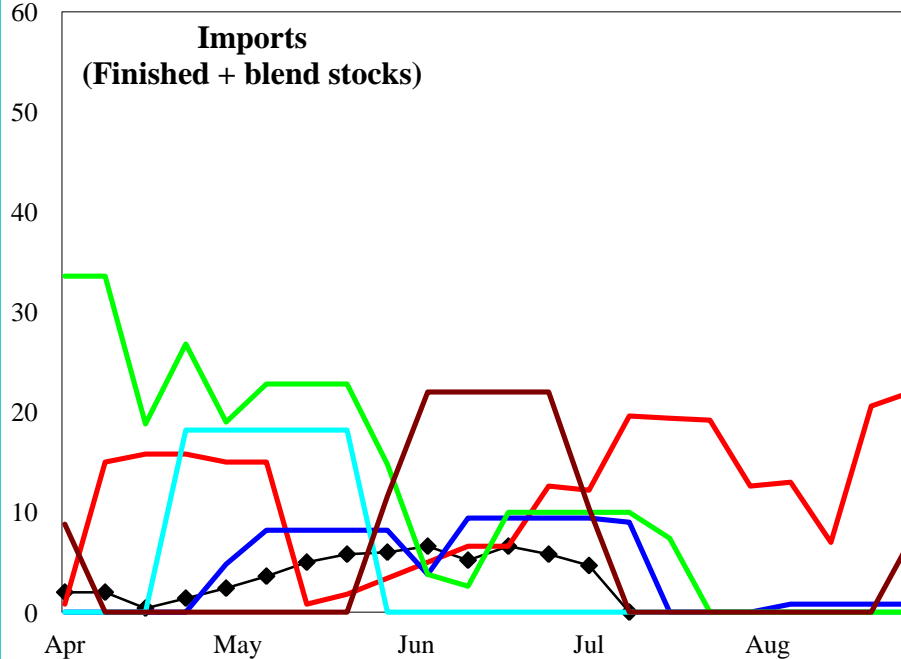
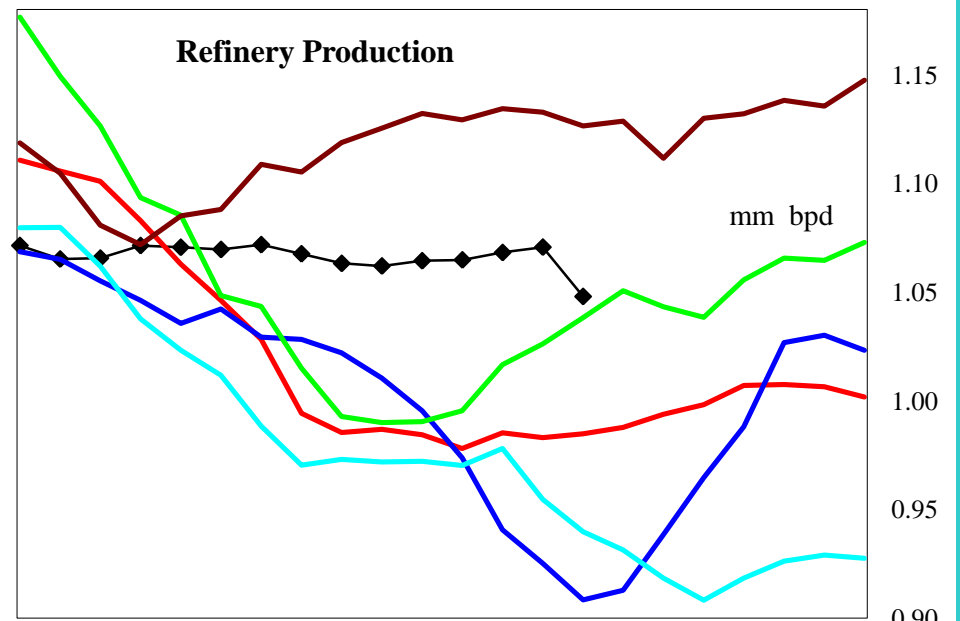
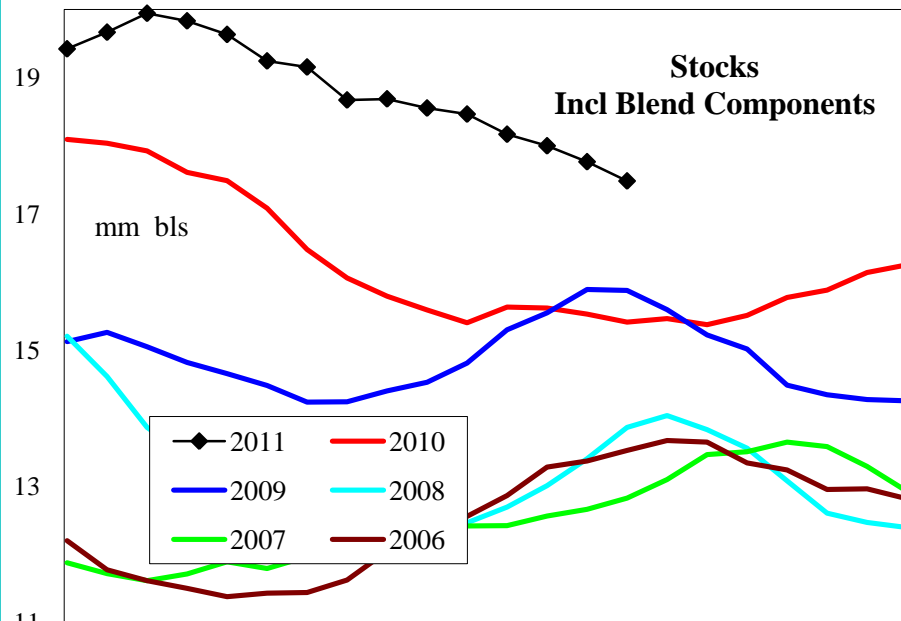
PADD 5 Gasoline Supply



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

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
368	111	0	-3	169
1.3	7.7	#DIV/0!	-10.8	11.5

PADD 5 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,970

12.4

Production

86

8.7

Imports

-9

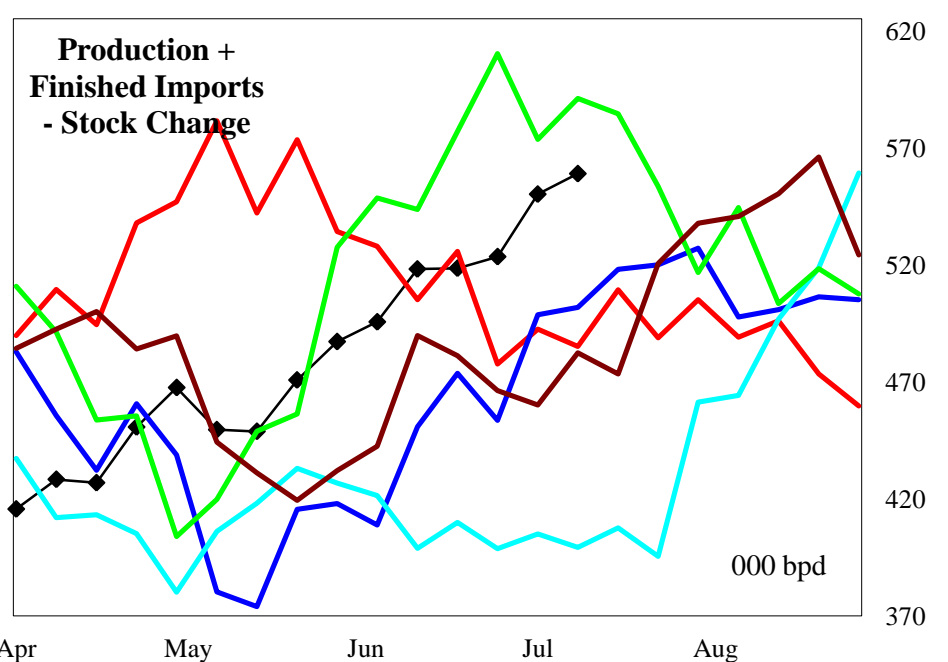
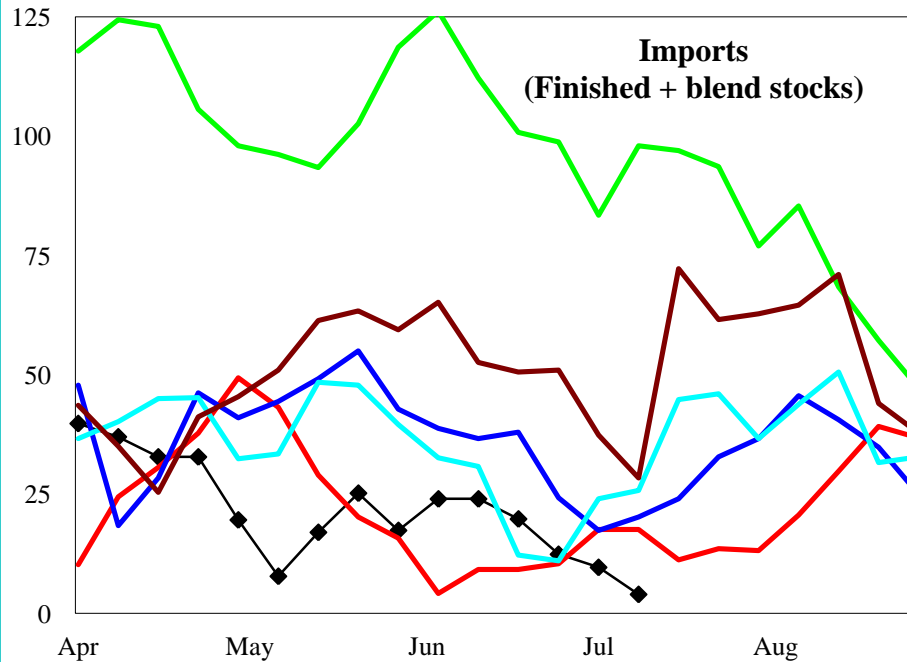
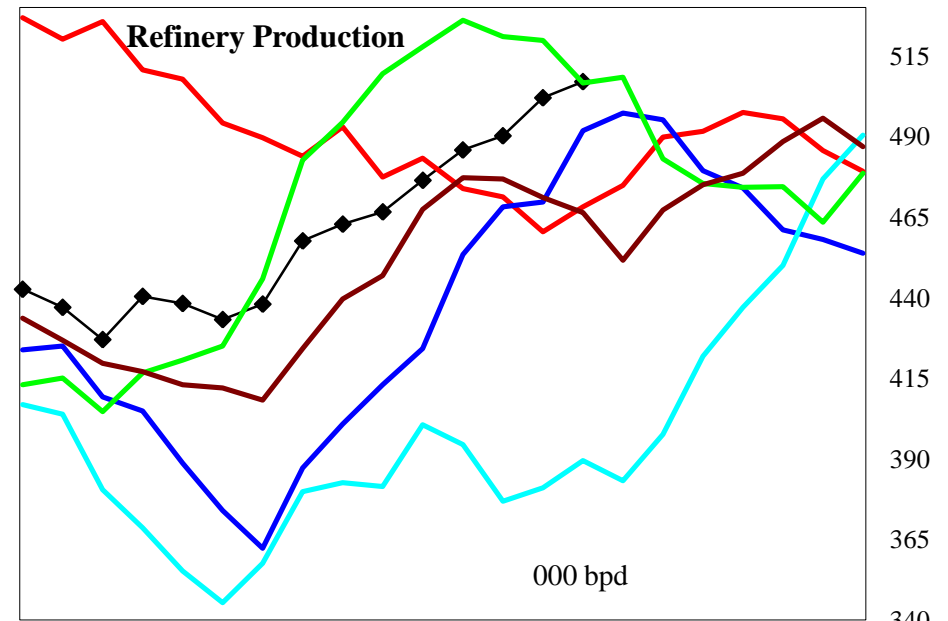
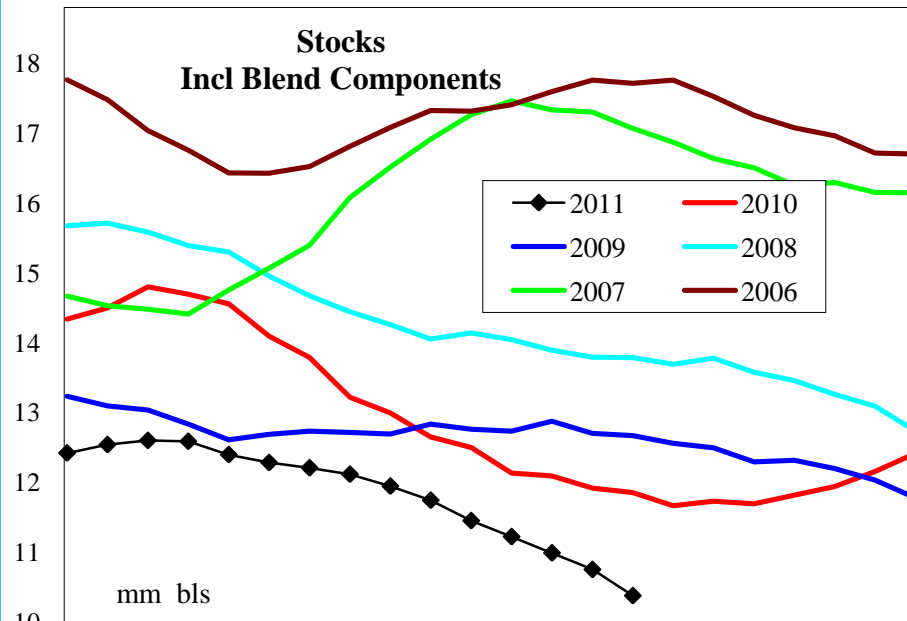
-61.8

Prod + Imp - Stk chg

131

13.3

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

-1,602

25

6

38

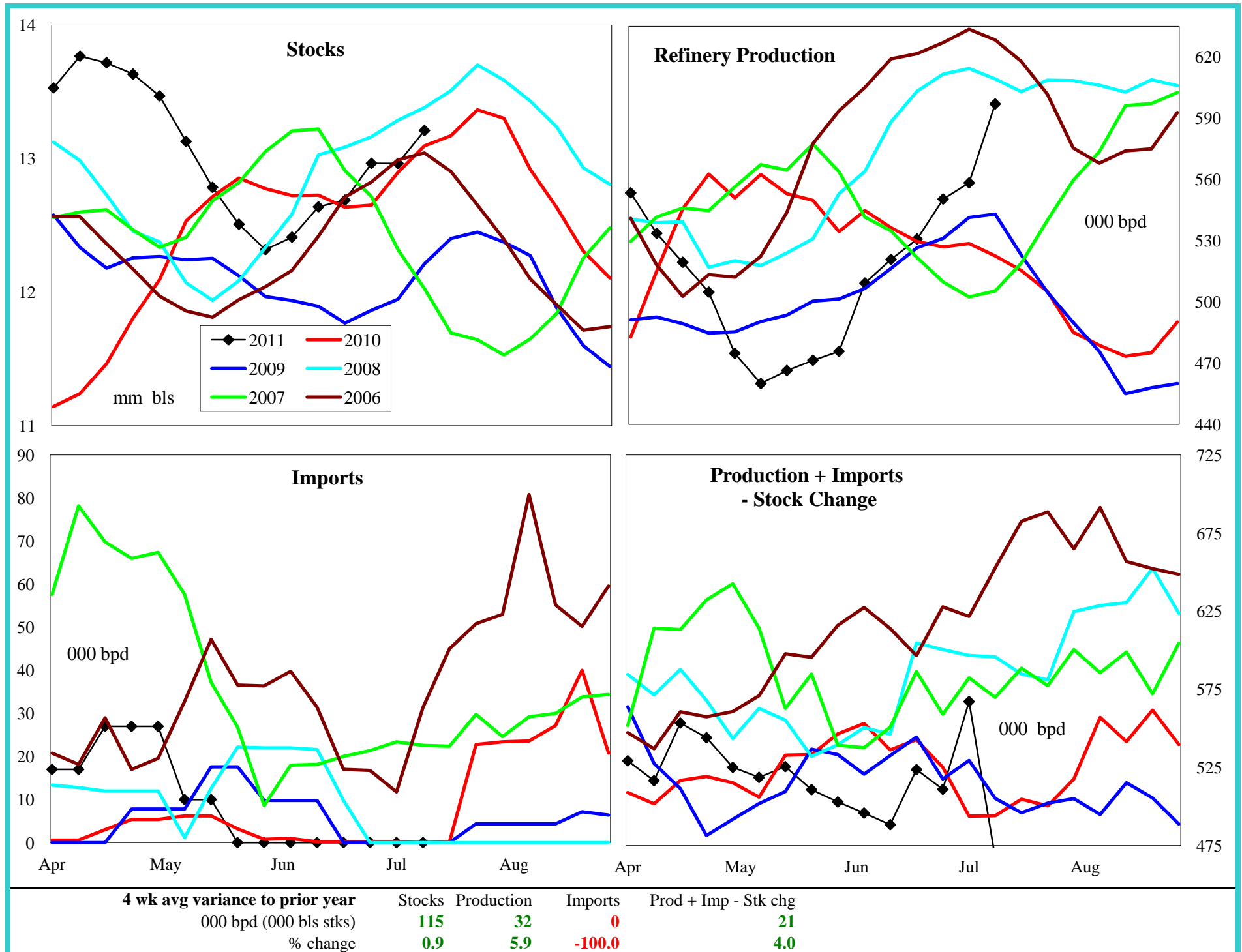
-12.9

5.4

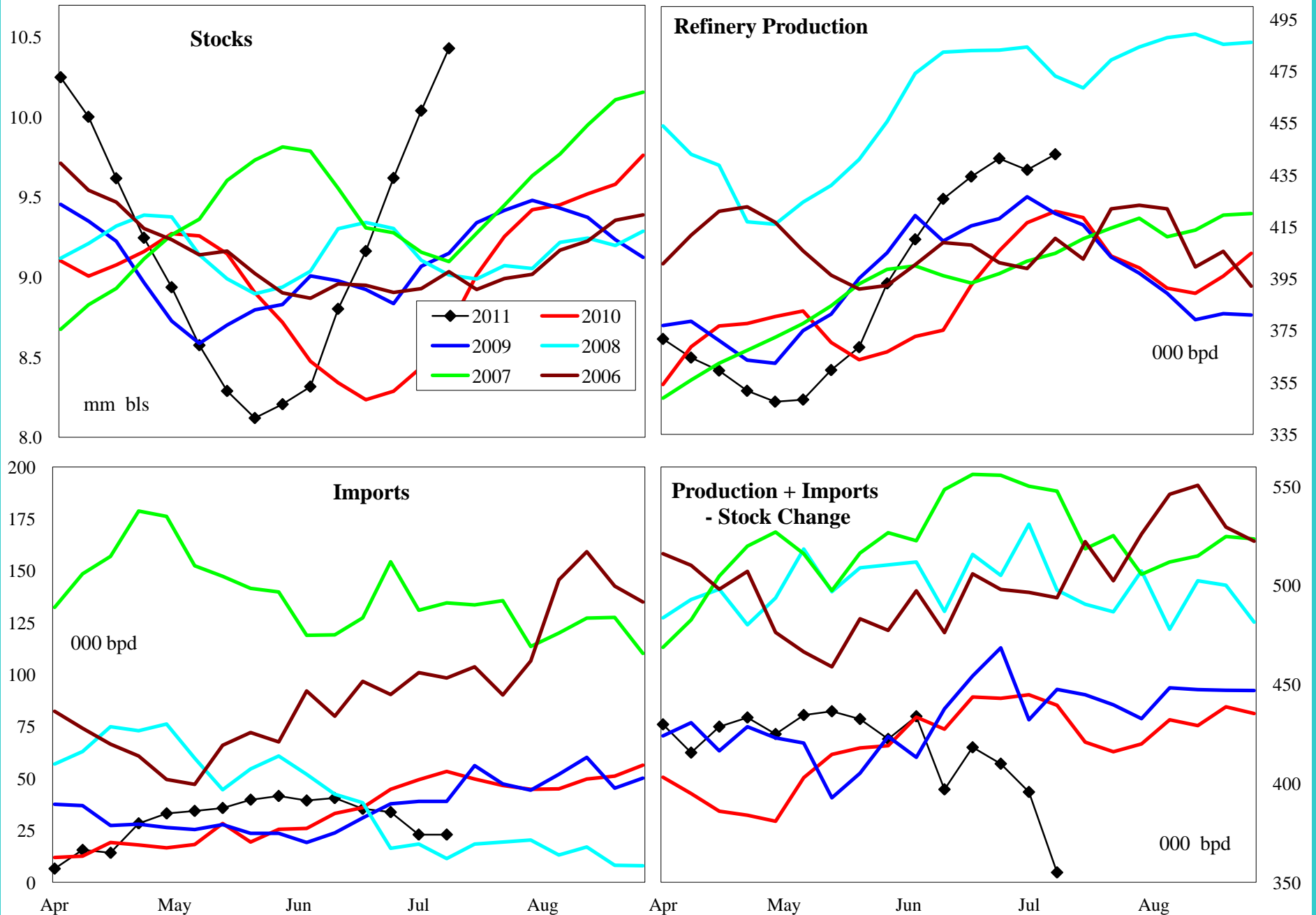
63.2

7.9

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,993

23.6

Production

25

5.9

Imports

-25

-52.4

Prod + Imp - Stk chg

-56

-12.1

PADD 5 Residual Fuel Oil Supply

