



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

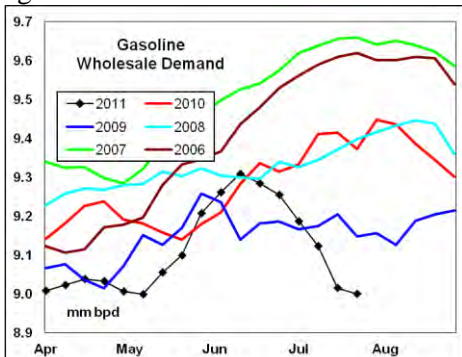
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 27, 2011

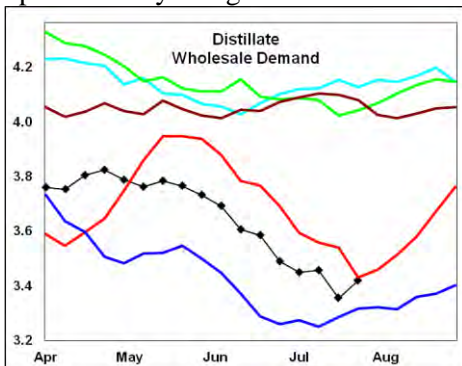


Major Fundamental Trends¹

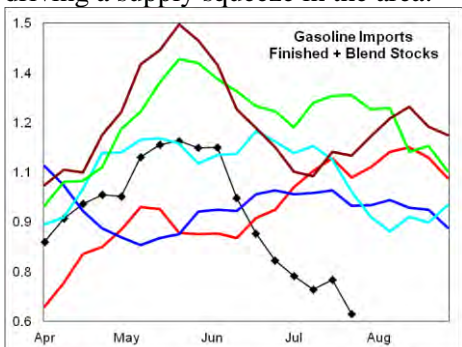
Gasoline wholesale demand extended a counter seasonal downtrend last week, falling to fresh 5-year lows for the period. Demand for the latest 4-wk period was -311,000 bpd below a year ago.



Distillate demand remains very weak, with the latest 4-wk average -127,000 bpd below a year ago.



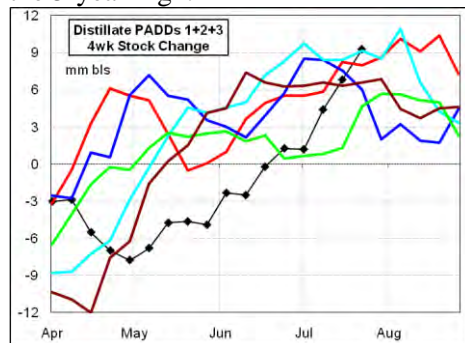
Regional gasoline supply balances exhibit unusually large variances. Record low imports to the East Coast have kept the key Central Atlantic Region stock levels at 5-year lows, driving a supply squeeze in the area.



Concurrently, high production on the

West Coast and especially weak demand has led to an exceptionally over supplied market on the West Coast.

Weak distillate demand and near record production has led to a nearly +10 million barrel stock build during the last 3-wks. Although the level of stocks remains -16 million barrels below a year ago, the rate of build in markets East of the Rockies matched the 5-year high.



Crude oil stocks increased +5.5 million barrels on the Gulf last week, reversing a longer term seasonal draw down. A weekly drop in refinery runs and lower deliveries into the midwest led to the stock build.

Demand for gasoline extended a significant counter seasonal downtrend, with the level at record lows.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -3.3%; distillate down -3.5%; jet fuel up +0.3% while residual fuel oil also decreased -6.8%.

Stocks forward coverage: Gasoline demand coverage increased on a +1 million barrel stock build. Coverage levels were near historic highs.

Distillate coverage increased on +3.4 million barrel stock build. Coverage levels were near the last 2-years.

Jet fuel coverage increased slightly on a drop in demand, while stocks were unchanged. The coverage level was slightly below the last 2-years.

Refinery utilization rates decreased on a -261,000 bpd decline in crude oil thru put, with the rate at the 5-year mid

range.

Gasoline yield % on crude oil runs improved on a -52,000 bpd decline in production, compared to the -261,000 bpd drop in crude oil runs. The yield % on crude oil runs remains well below the last 2-years.

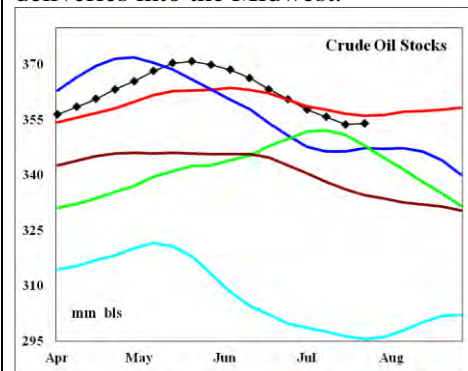
Distillate yield % on crude oil runs increased on a -19,000 bpd decline in production compared to the drop in crude oil runs. Yield % levels were above four of the last 5-years.

Jet fuel yield % on crude oil runs fell sharply on a -79,000 bpd drop in output. Yield % levels were above the historic mid range.

Petroleum Imports decreased for crude oil, gasoline and jet fuel last week. Gasoline import levels remain extremely low.

During the latest 4-wk period crude oil imports decreased -0.4 million bpd compared to last year; distillate imports decreased -70,000 bpd; finished gasoline imports decreased -28,000 bpd, gasoline blend stock imports fell -331,000 bpd; jet fuel imports were down -5,000 bpd, while residual fuel oil imports decreased -42,000 bpd.

Crude Oil stocks increased +2.3 million barrels last week, due to a +5.5 million barrel stock build in the Gulf. The Gulf build was driven by lower weekly runs in the region and reduced deliveries into the Midwest.



¹ Source is latest EIA Weekly Statistics



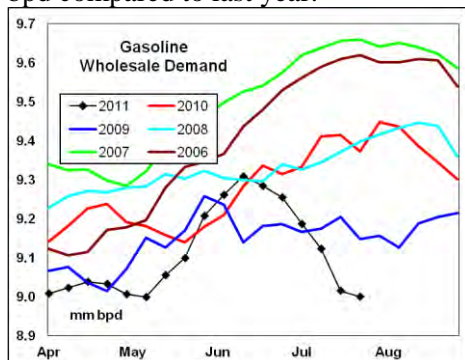
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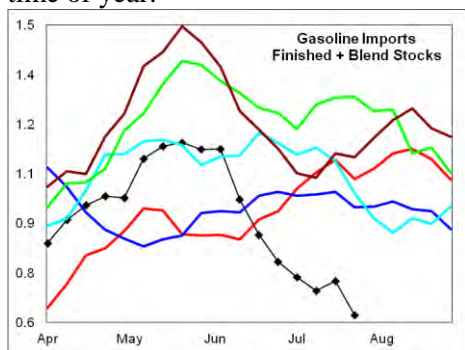
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Product Supply-Demand Trends

Gasoline demand decreased -29,000 bpd last week, at a record low level for this time of year. The latest 4-wk average demand decreased -311,000 bpd compared to last year.



Production decreased -52,000 bpd last week, to a level near the 5-year mid range. Imports fell -219,000 bpd on the week, to a record low level for this time of year.



The counter seasonal decline in demand led to a +1 million barrel stock build last week. Stock levels ended the week at the historic mid range.

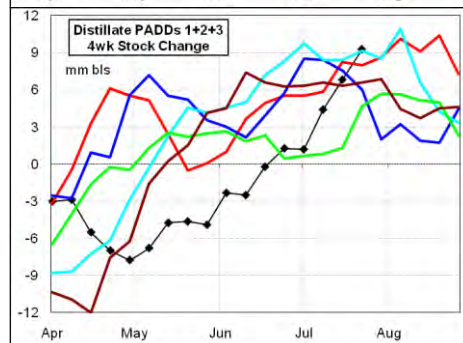
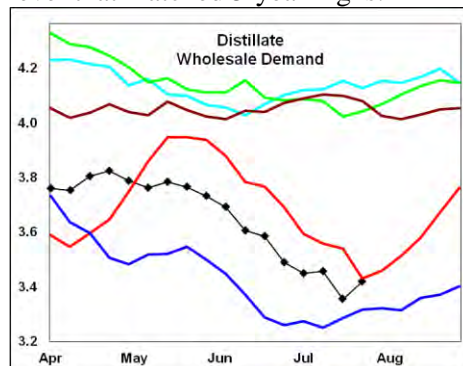
Supply balances vary sharply between regions. The West Coast is over supplied on high production and above average inventories. The Central Atlantic Region of PADD 1 faces a continued supply squeeze on record low stock levels, driven by extremely low imports.

Favorable import economics should lead to increased imports during the next 30-days, improving the supply balance in the Central Atlantic Region. The supply balance in the Midwest should continue to improve on record production.

Distillate demand increased +56,000 bpd last week, to a level between that

of the last 2-years. The latest 4-wk average demand was -127,000 bpd below a year ago.

Supply increased +50,000 bpd on higher imports. Production levels remain near 5-year highs. High supplies and weak demand led to a +3.4 million barrel stock build, the 3rd consecutive robust build. The latest 4-wk stock build in markets East of the Rockies was +9.2 million barrels, a level that matched 5-year highs.



The near +10 million barrel stock build during the last 3-wks confirms very weak domestic demand, and likely a pause in export growth. Even with the recent build, stocks remain -15.7 million barrels below a year ago.

Very high production and low seasonal demand should support continued stock building during the next 60-days; in the absence of hurricane disruptions.

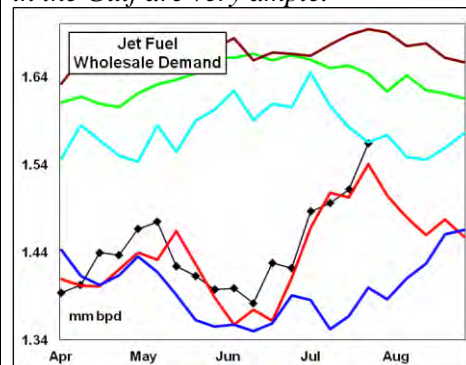
Jet Fuel demand decreased -17,000 bpd last week to a level comparable with a year ago. The latest 4-wk average demand was +5,000 bpd above a year ago, showing continued lackluster demand growth.

Supply fell -113,000 bpd on lower production and imports. Production levels are near 5-year highs, with

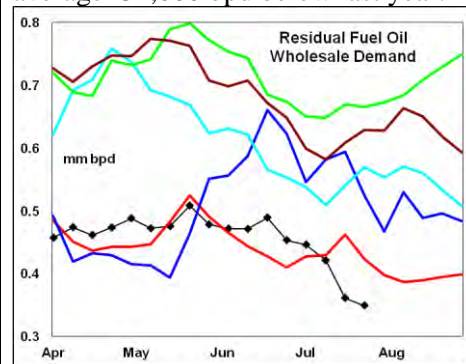
imports comparable to the last 3-years. Stocks were unchanged on the week, at a level that was well above the historic mid range.

The jet fuel supply balance continues to improve on high supply levels. Stock levels are +6 million barrels above years before 2009.

East and West Coast markets are extremely over supplied, while supplies in the Gulf are very ample.



Residual fuel oil demand decreased -21,000 bpd last week, with the 4-wk average -34,000 bpd below last year.



Supply (production + imports) increased +120,000 bpd on higher production and imports. The latest 4-wk average supply was +60,000 bpd above a year ago. Stocks increased +0.2 million barrels, with the level matching the historic mid range.

Gulf Coast supplies remain very ample on record high stock levels. Stock levels in other regions have declined to levels in line with generally reduced output.



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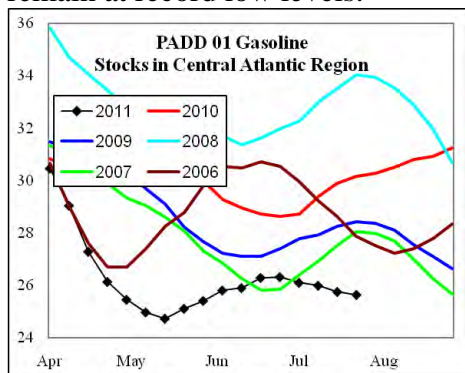
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -31,000 bpd on the week, with the level near the highest rate of 2011, and above last year. Crude oil imports jumped +0.4 million bpd last week, to a level above each of the last 3-years.

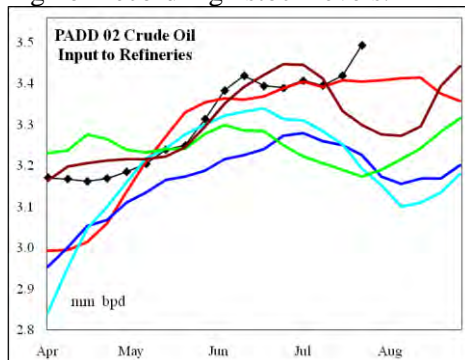
Gasoline production increased +30,000 bpd last week, but was more than offset by a -178,000 bpd drop in imports.

Gasoline stocks increased +0.2 million barrels on the week, although the level remains at the historic mid range. Stock levels in the key Central Atlantic Region remain at record low levels.



Distillate supply increased +70,000 bpd last week to a level comparable to a year ago. Stocks increased +2.7 million barrels on increased receipts from the Gulf, to a level at the mid range.

Jet fuel supplies remain extremely high on record high stock levels.



PADD 2 crude oil refinery runs decreased -50,000 bpd on the week, at a level above the 5-year range. The very high run rate and a drop in weekly

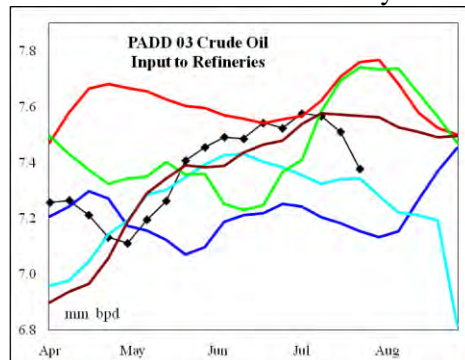
imports led to a -1.8 million barrel stock draw. Stock levels remain above the 5-year range.

Gasoline production increased +64,000 bpd last week, with the level above the historic range for the period. Stocks jumped +1.2 million barrels on record production and weak demand; lifting the stock level to the 5-year mid range for the period.

Distillate production decreased -23,000 bpd, to a level at the upper end of the historic range. Stocks were nearly unchanged on the week, with the level well below the mid range.

Jet fuel production increased +3,000 bpd on the week, to a level near 5-year highs. Stocks increased +0.2 million barrels last week, although the level remains at record lows.

PADD 3 refinery runs decreased -205,000 bpd last week, to a level below the mid range. The latest 4-wk average thru put was -81,000 bpd below last year. Lower crude oil runs and an increase in imports led to a +5.5 million barrel stock build. Stock levels remain below four of the last 5-years.



Gasoline production declined -74,000 bpd on the week. Stocks fell -0.9 million barrels on the week, a level above the historic mid range.

Distillate production decreased -14,000 bpd, with the level above the 5-year range. Stocks increased +0.3 million barrels, to a level well above four of the last 5-years.

Jet fuel production fell -76,000 bpd on the week, to a level below the mid range. Stocks were unchanged on the week, at a level well above the mid range.

Residual fuel oil supply decreased -27,000 bpd last week to a level at the low end of the historic range. Stocks were nearly unchanged, at a level above 5-year highs.

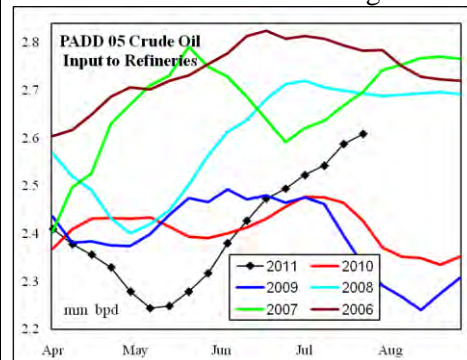
PADD 4 refinery crude runs increased +17,000 bpd last week, to a level slightly below the last 2-years. High imports have lifted stocks to a level slightly below the last 2-years.

Gasoline production declined -8,000 bpd to a level that matched historic lows for this time of year. Stocks decreased -0.1 million barrels to a level near 5-year highs for the period.

Distillate production increased +10,000 bpd to a level that matched 5-year highs. Stocks decreased -0.1 million barrels to a level that matched the last 2-years, and historic highs for the period.


Jet fuel stock levels remain near last years' record highs.

PADD 5 crude oil refinery runs increased +7,000 bpd on the week, with the level well above the last 2-years. The latest 4-wk average thru put was +79,000 bpd above last year. Light product yield % on crude oil runs remains above the historic range.



Gasoline production decreased -49,000 bpd on the week, with the latest 4-wk average +152,000 bpd above last year and at a 5-year high. Stocks increased +0.6 million barrels on the week, with the level above the last 3-years.

Distillate production increased +6,000 bpd on the week, with the level at 5-year highs for the period. Stocks increased +0.6 million barrels, to a new record high.



FUNDAMENTAL

PETROLEUM TRENDS

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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

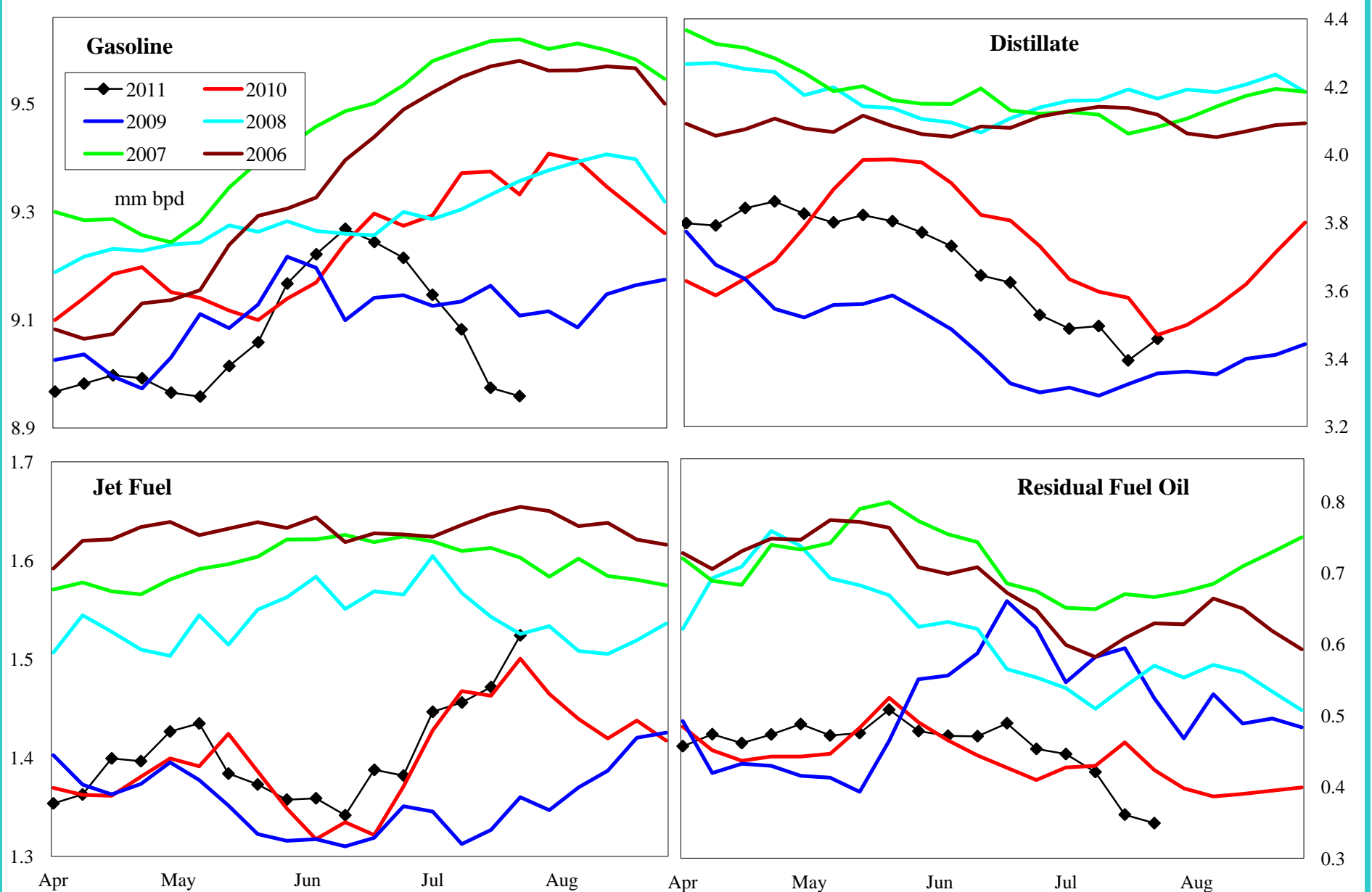
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July 27, 2011

Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	22-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	2,296	-418	-1,819	5,499	-14	-953
	Imports	497	395	-111	96	-39	156
	Input	-261	-31	-50	-205	17	7
	% Utilization	-2.00					
Gasoline	Stocks	1,022	184	1,232	-928	-106	639
	Production	-52	30	64	-74	-8	-49
	Imports	-219	-178	-1	-62	0	22
	Supplied	-29					
Distillate	Stocks	3,385	2,712	-152	320	-126	633
	Production	-19	3	-23	-14	10	6
	Imports	69	67	1	0	1	-1
	Supplied	56					
Jet Fuel	Stocks	-29	-370	163	-8	-29	215
	Production	-79	0	3	-76	0	-6
	Imports	-34	62	0	0	0	-96
	Supplied	-17					
Residual Fuel Oil	Stocks	228	106	-71	100	-11	102
	Production	49	-6	-1	7	1	47
	Imports	71	104	2	-34	0	0
	Supplied	-21					

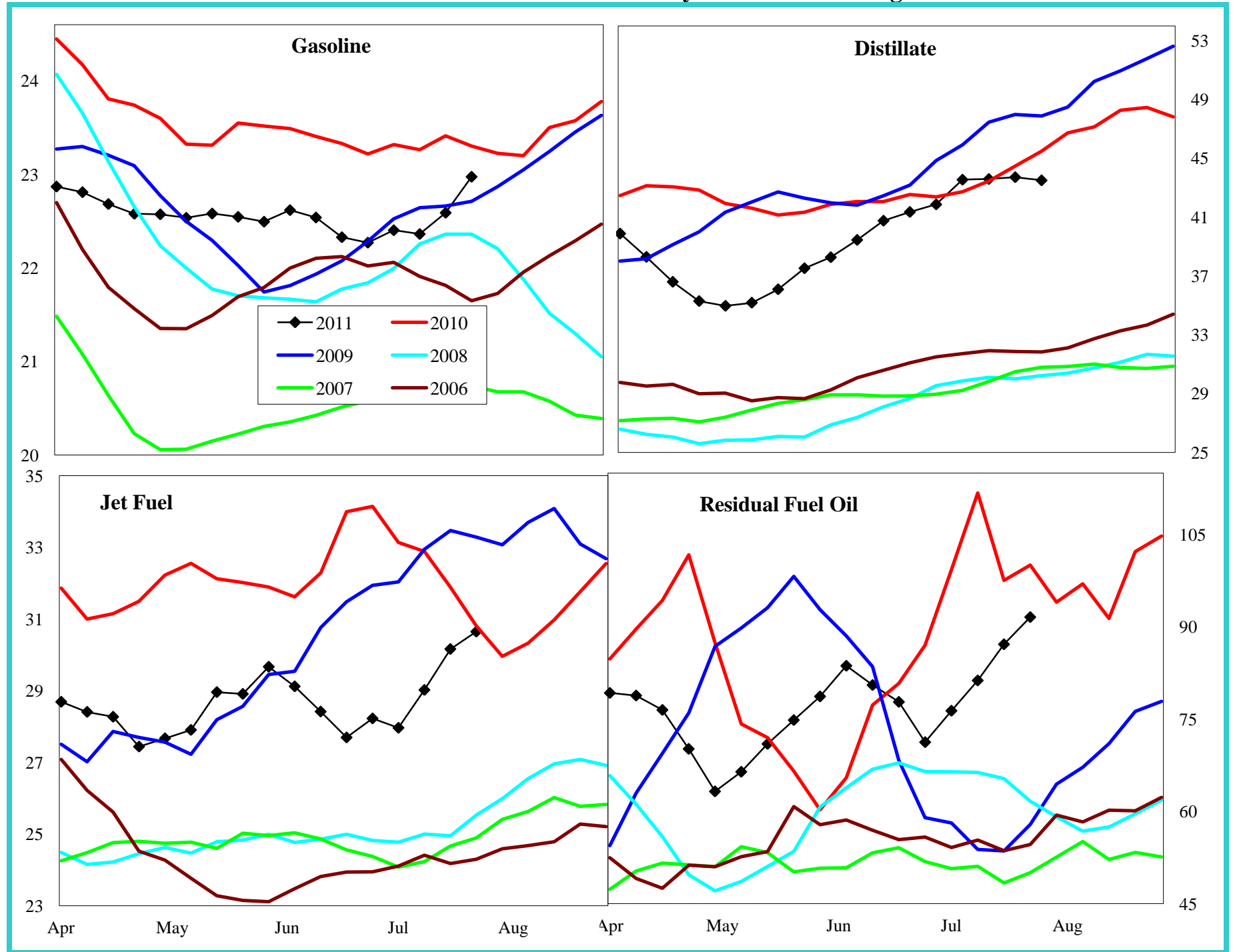
United States Wholesale Petroleum Demand



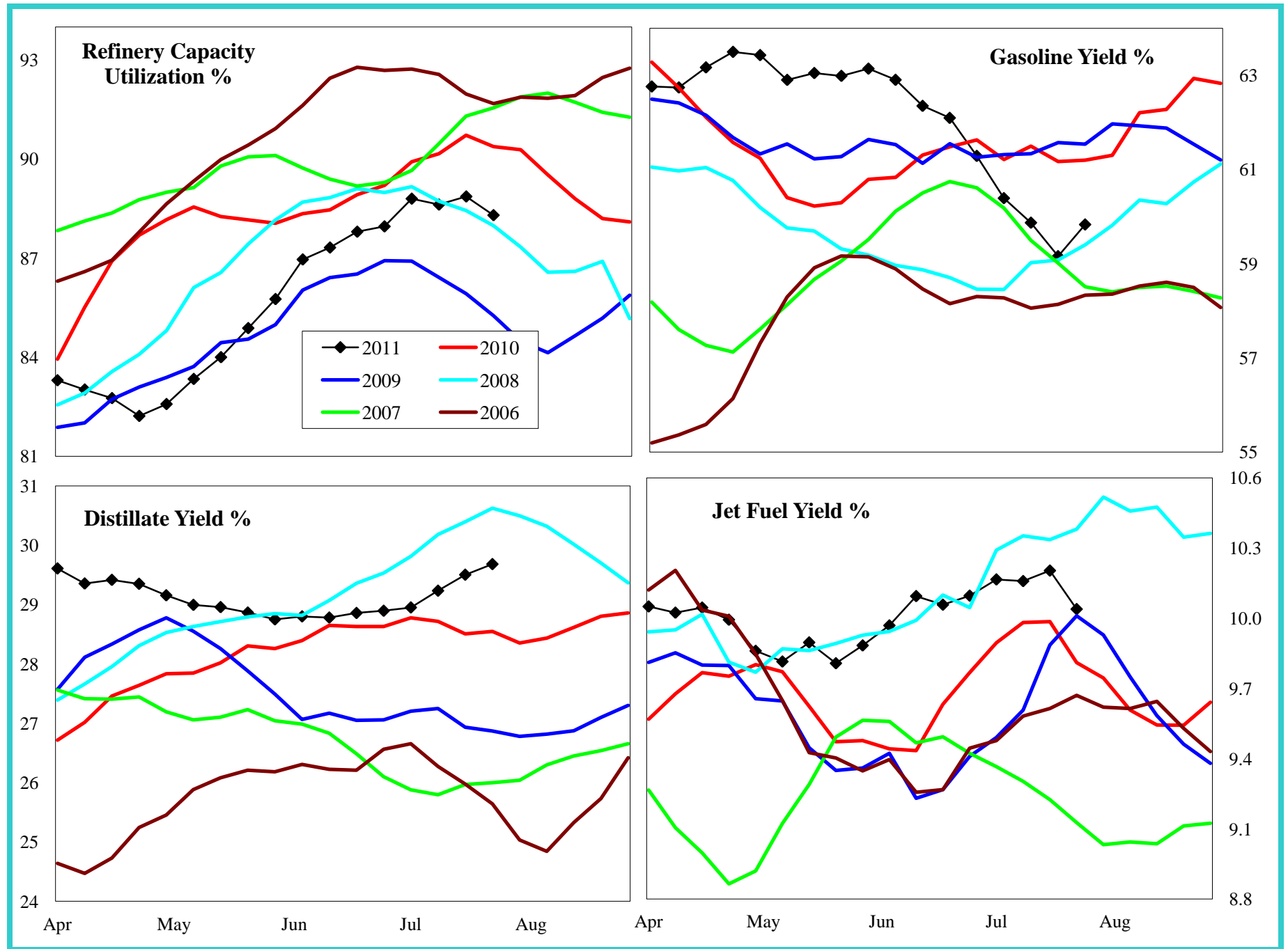
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jun	May	Apr	4wk avg	Jun	May	Apr
Gasoline	-311	31	-134	-19	-3.3	0.3	-1.5	-0.2
Distillate	-127	-1,179	170	179	-3.5	-31.4	4.7	4.8
Jet Fuel	5	-77	-10	71	0.3	-5.1	-0.7	5.1
Resid	-34	11	25	-85	-6.8	2.2	4.9	-14.7



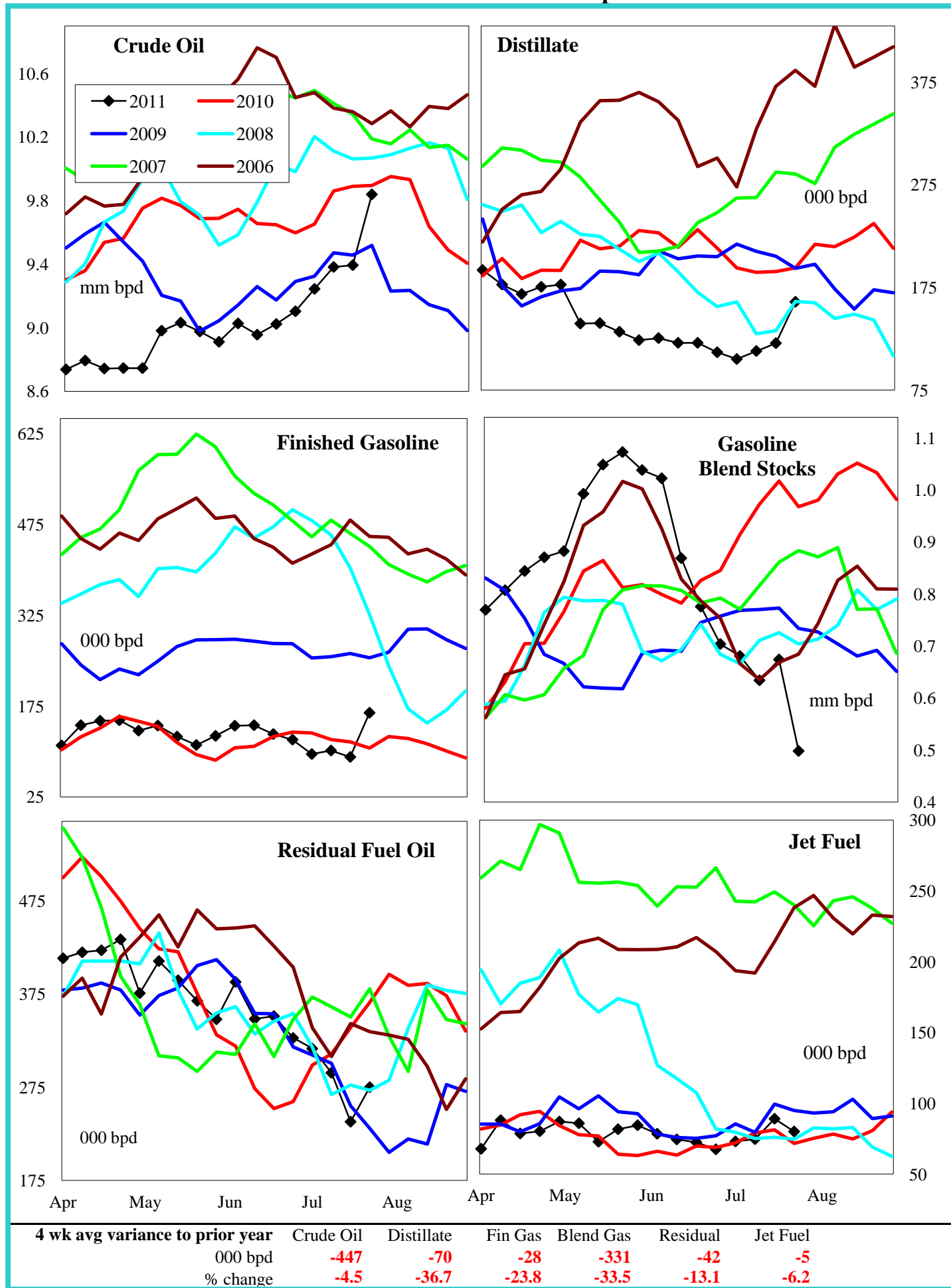
United States Product Stocks: Days Forward Coverage



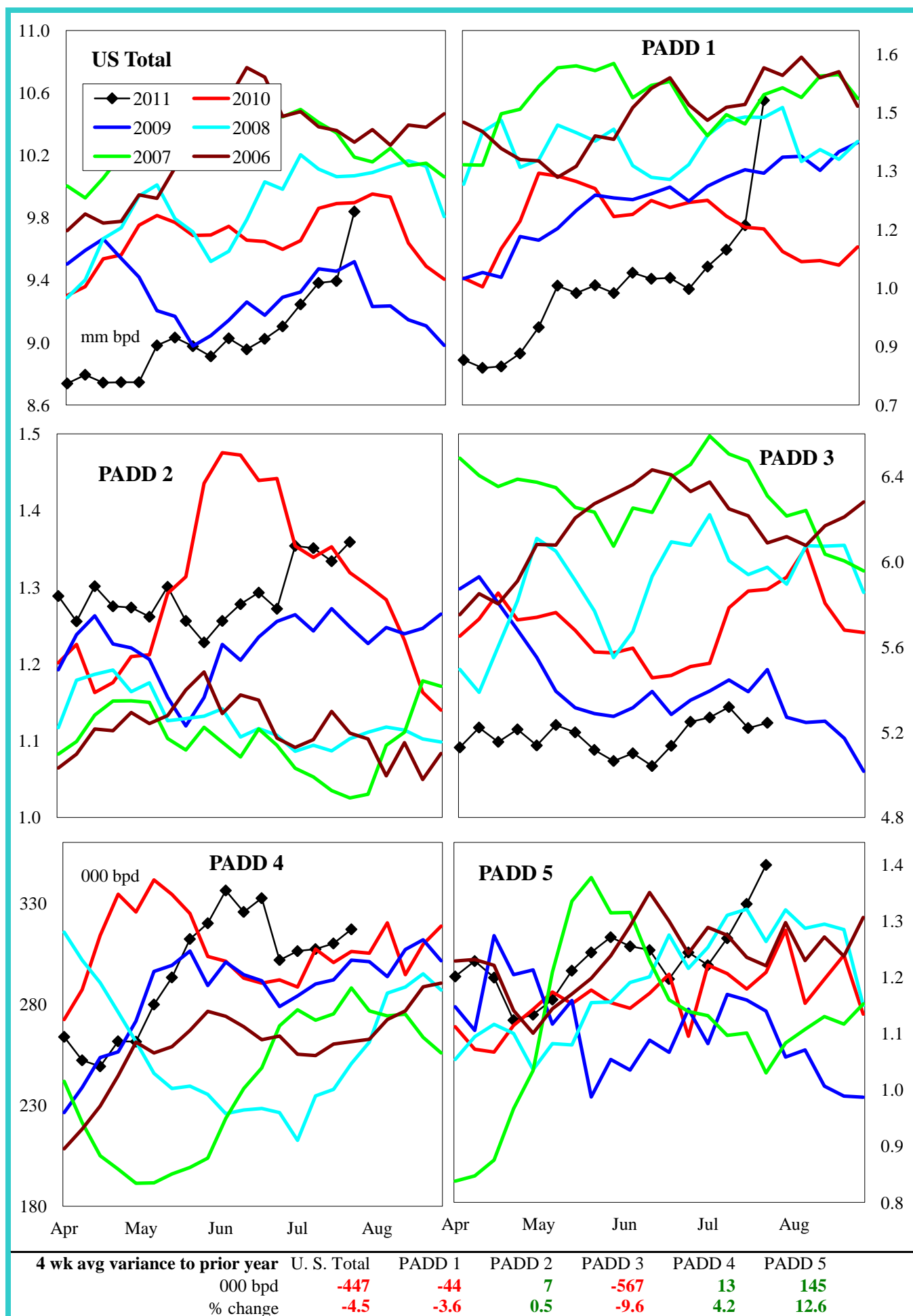
United States Refinery Percent Utilization Rate and Product Yields



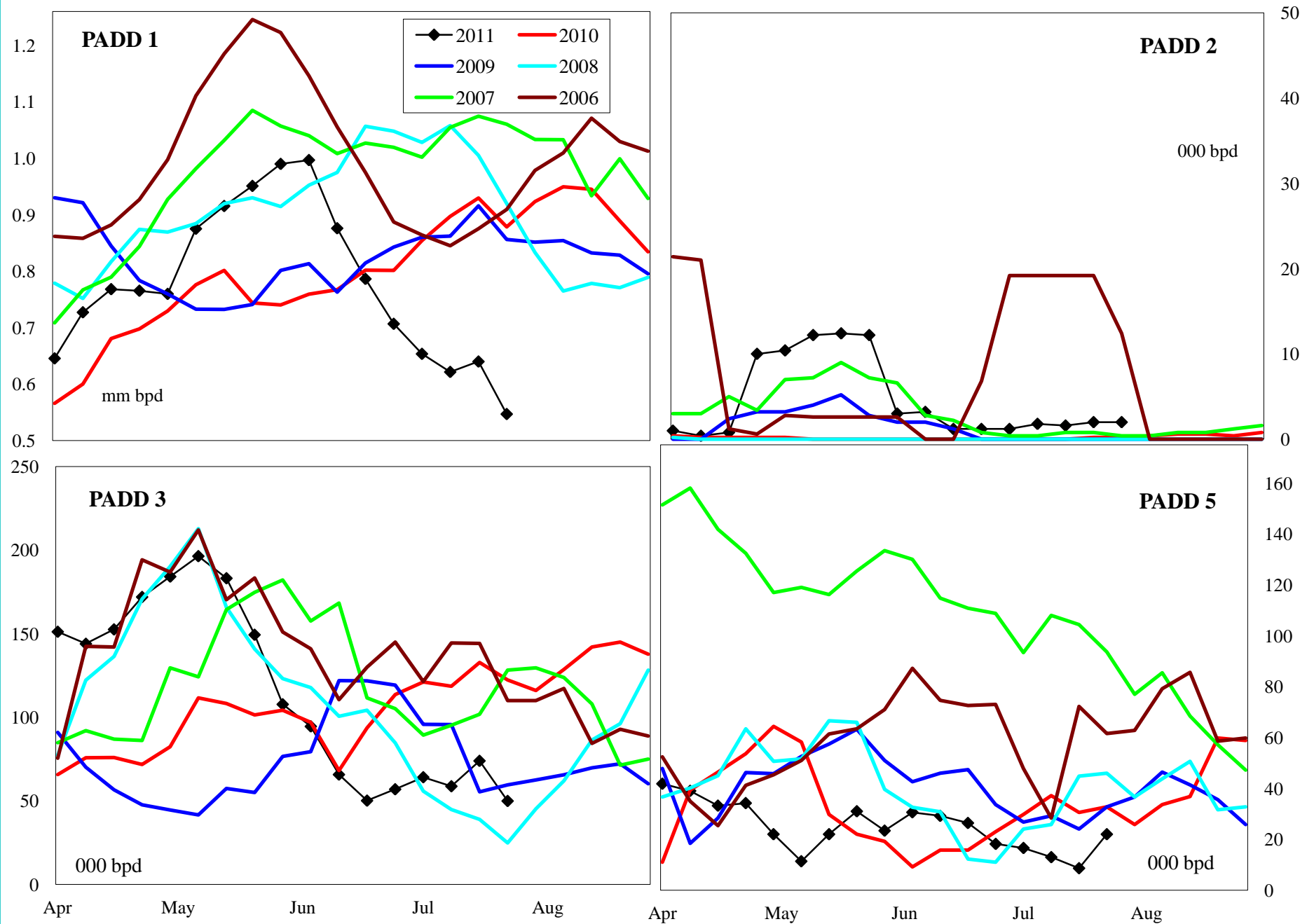
United States Petroleum Imports



Crude Oil Imports by PADD



Gasoline Imports by PADD (Finished + Blend Stocks)



4 wk avg variance to prior year

000 bpd

% change

PADD 1

PADD 2

PADD 3

PADD 5

-266

2

-76

-20

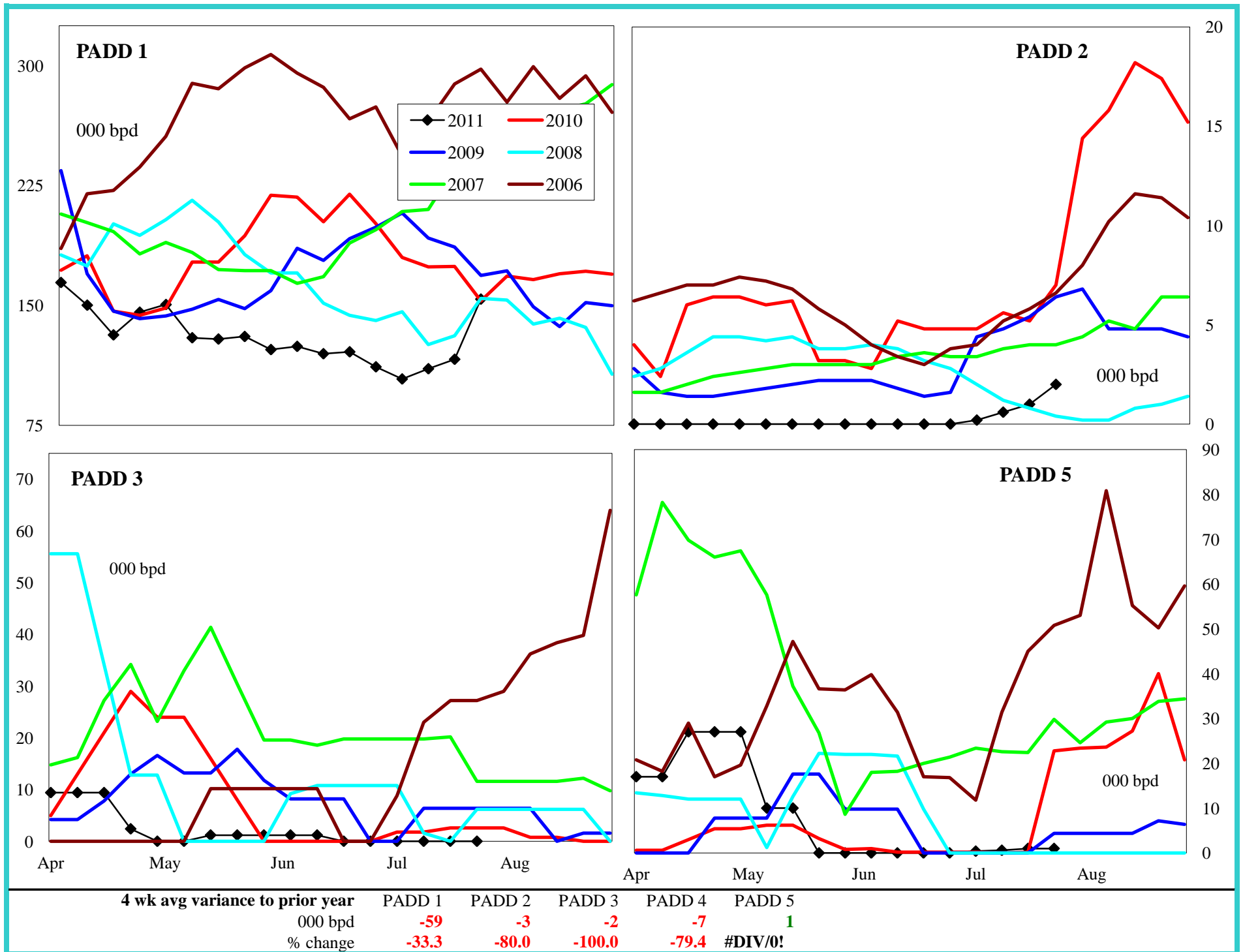
-28.3

#DIV/0!

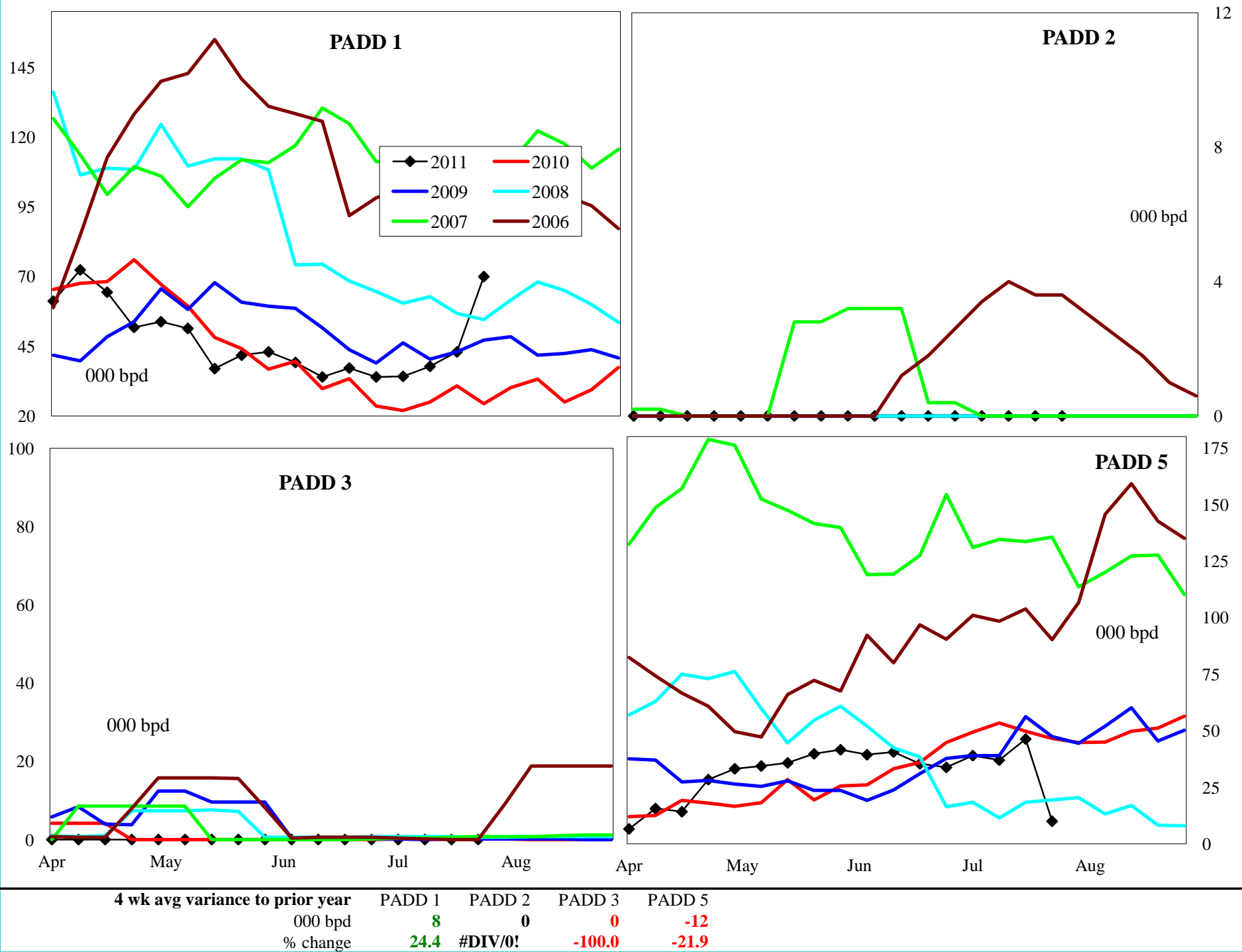
-56.3

-55.5

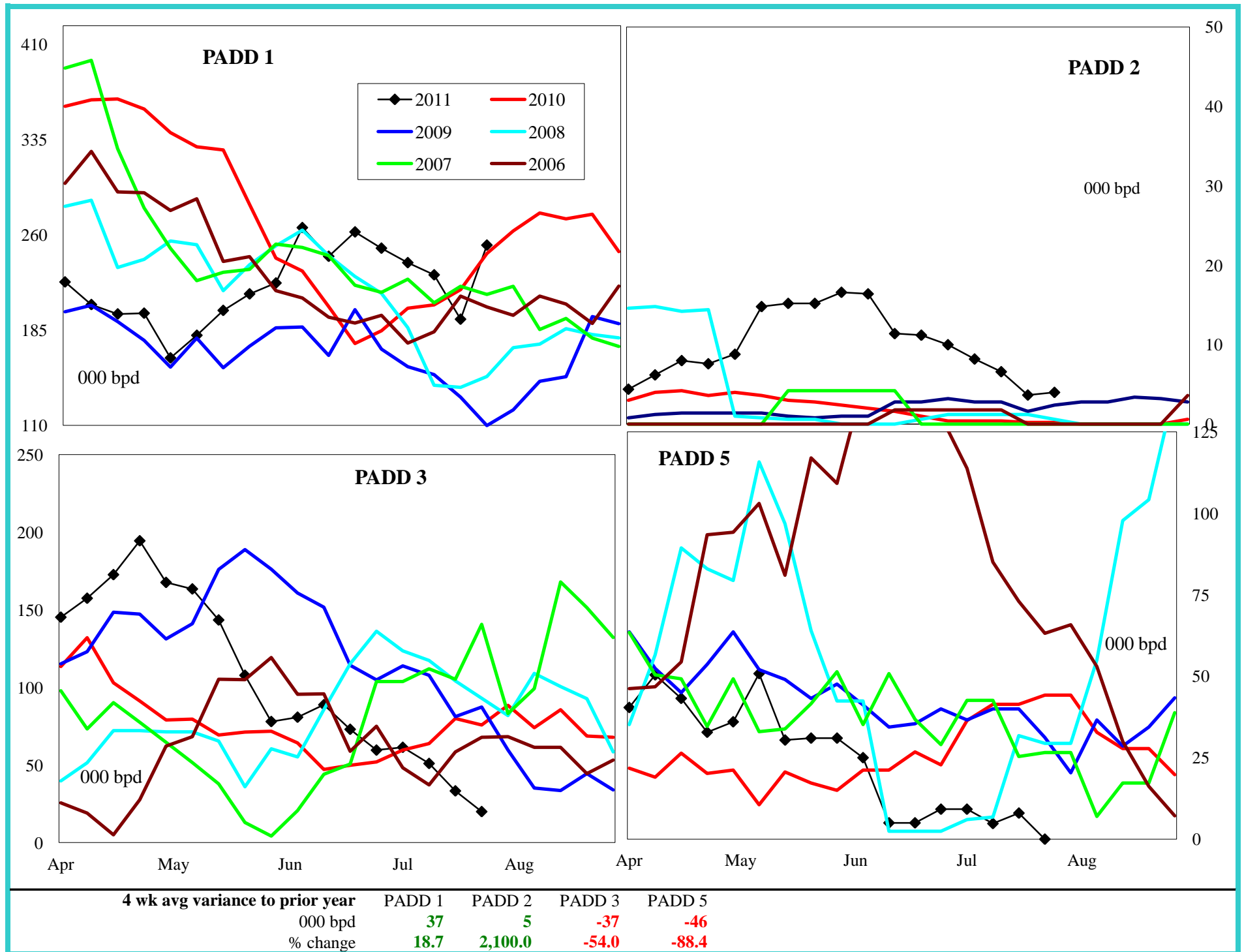
Distillate Imports by PADD



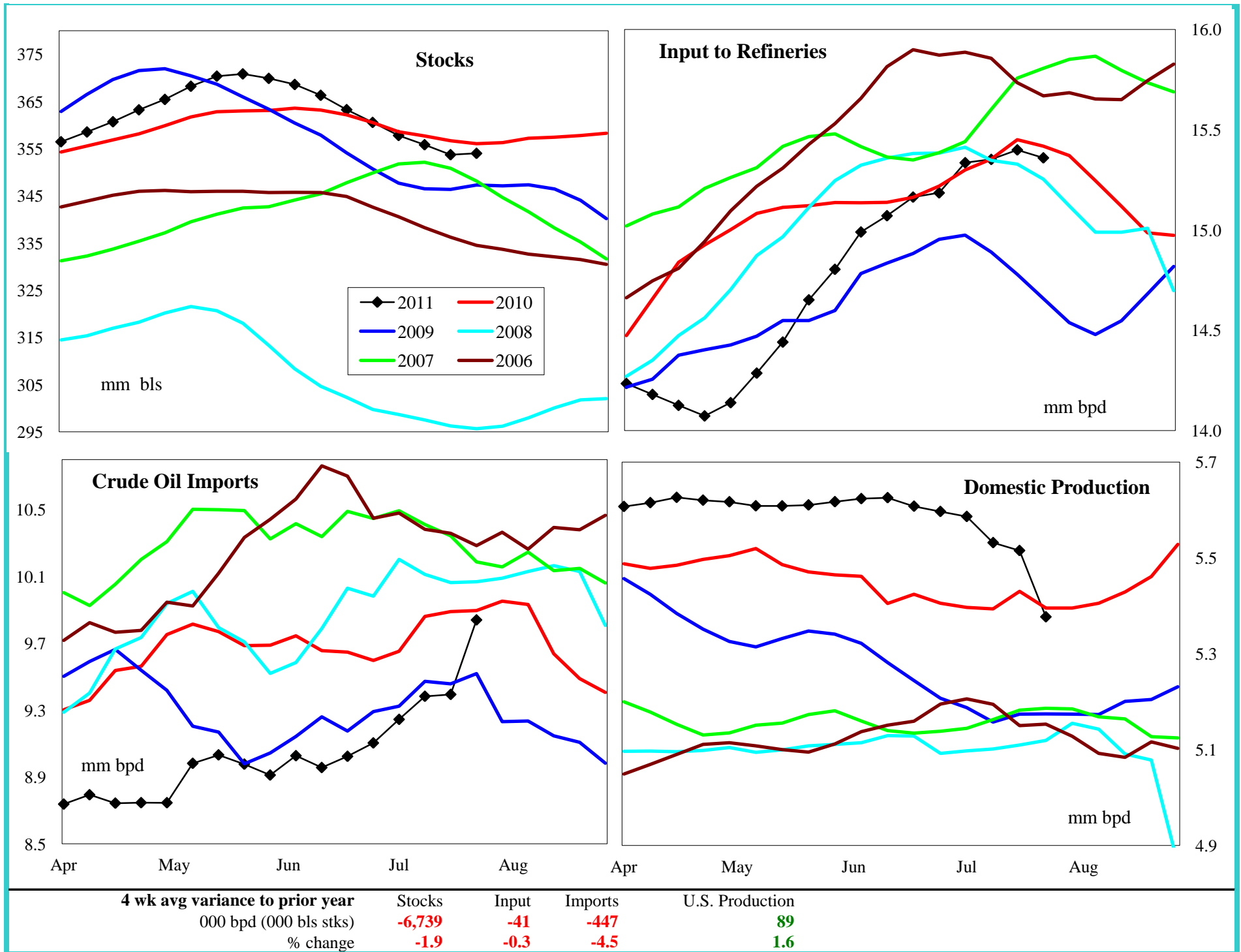
Jet Fuel Imports by PADD



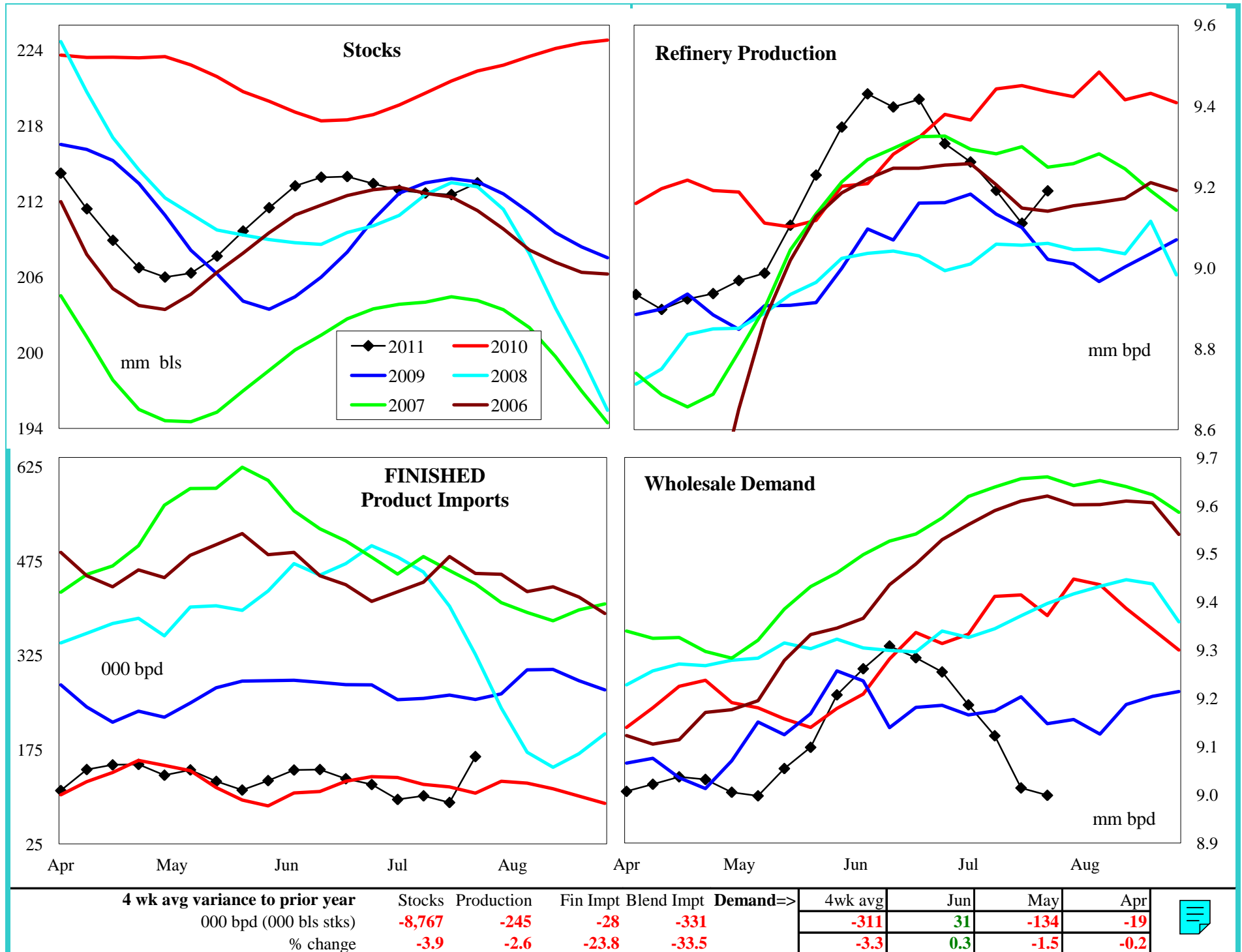
Residual Fuel Oil Imports by PADD



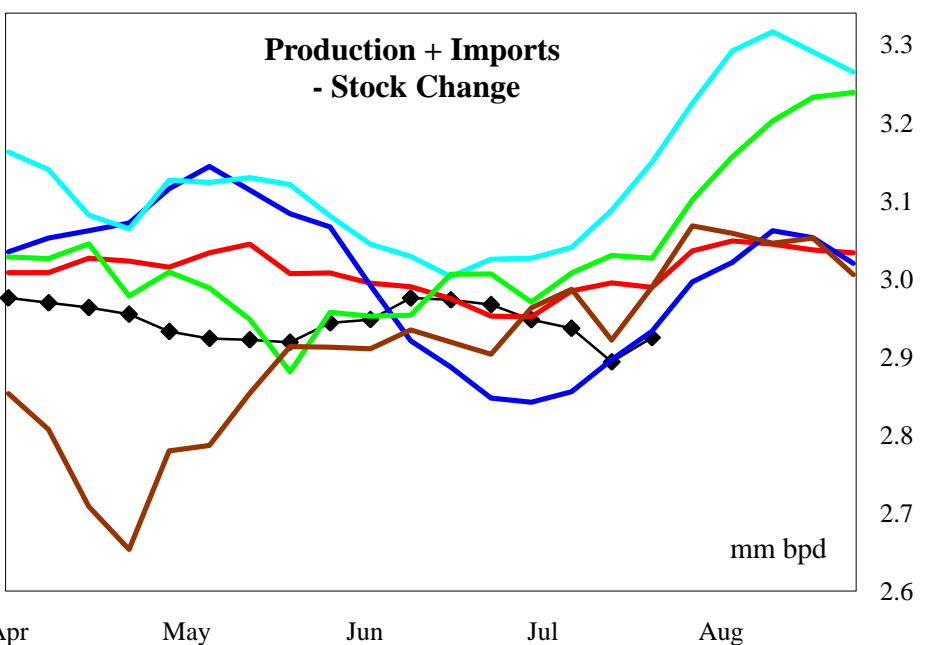
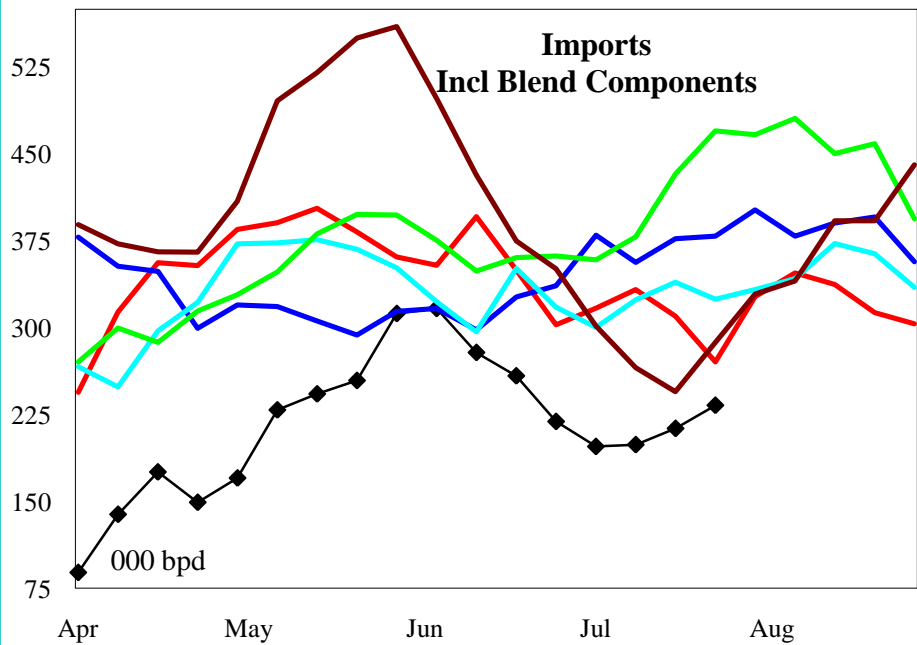
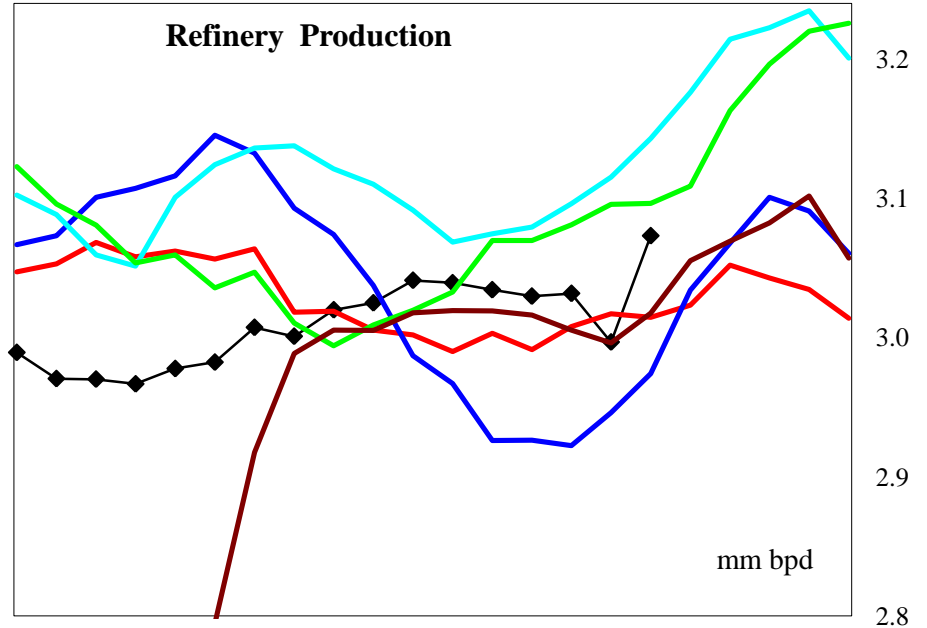
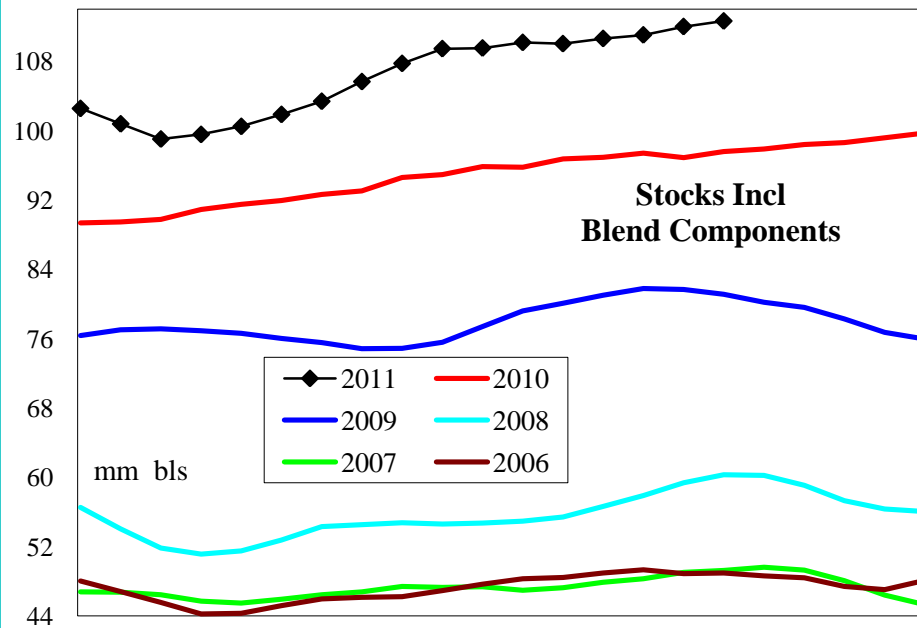
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



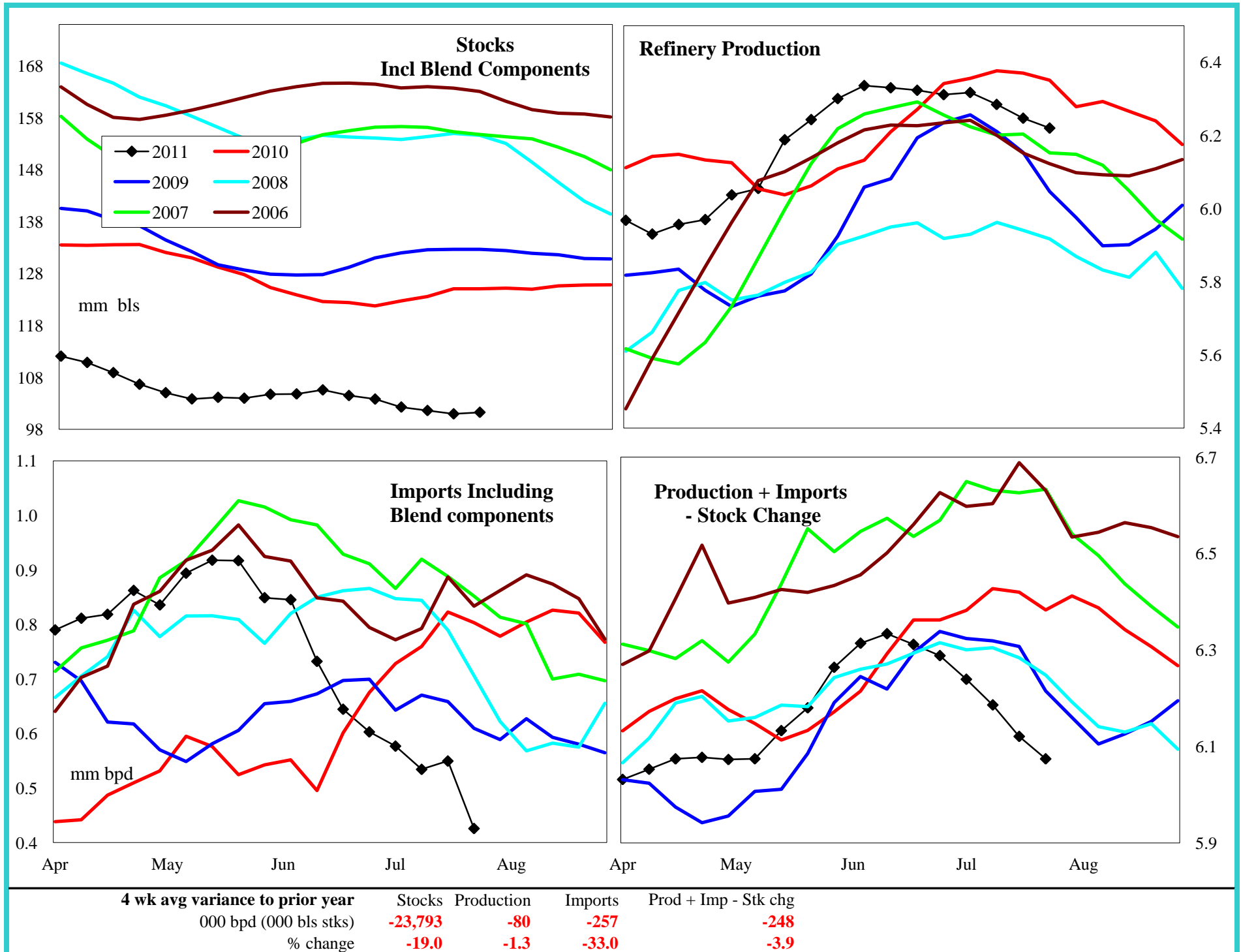
United States Reformulated Gasoline Supply



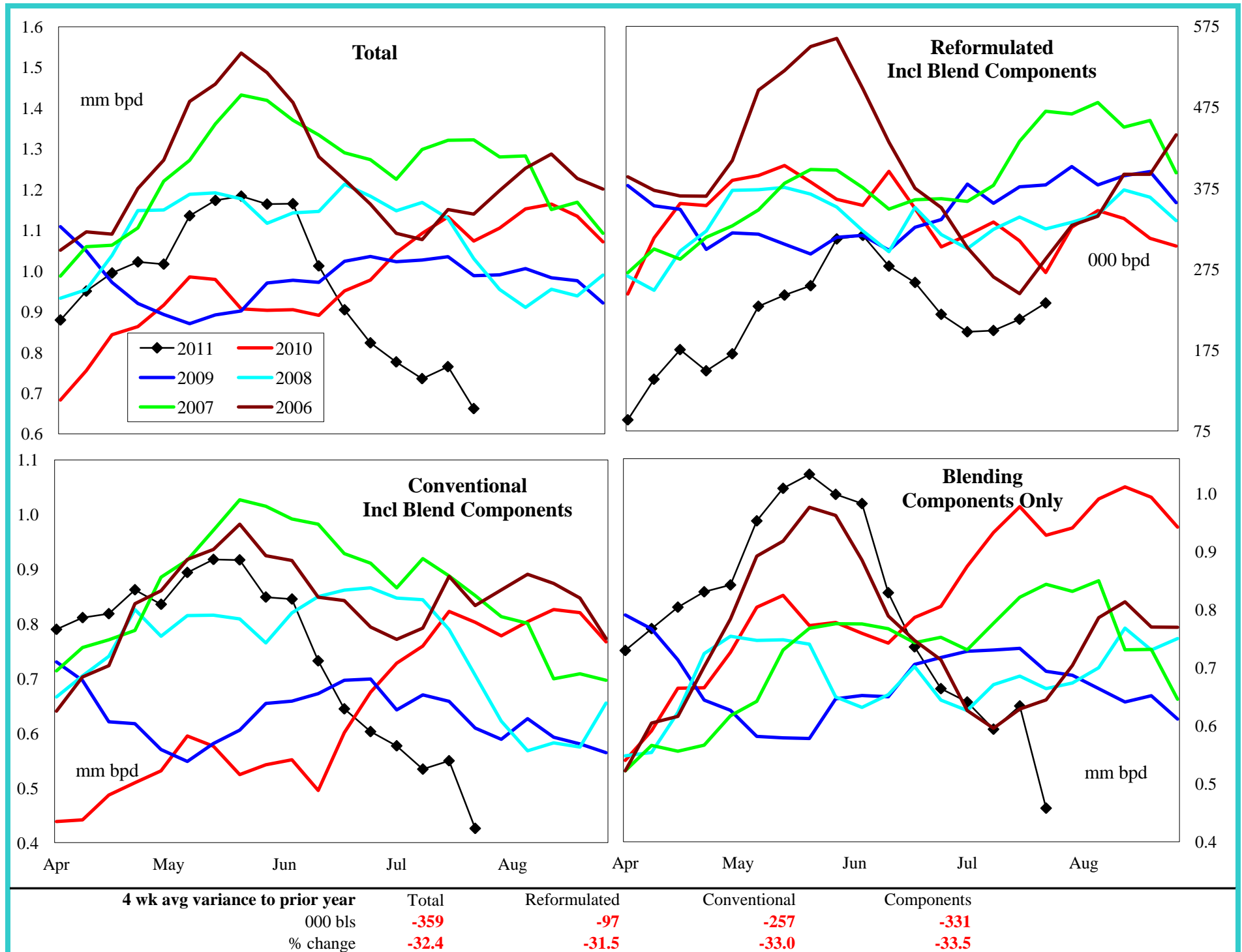
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
15,073	10	-97	-54
15.4	0.3	-31.5	-1.8

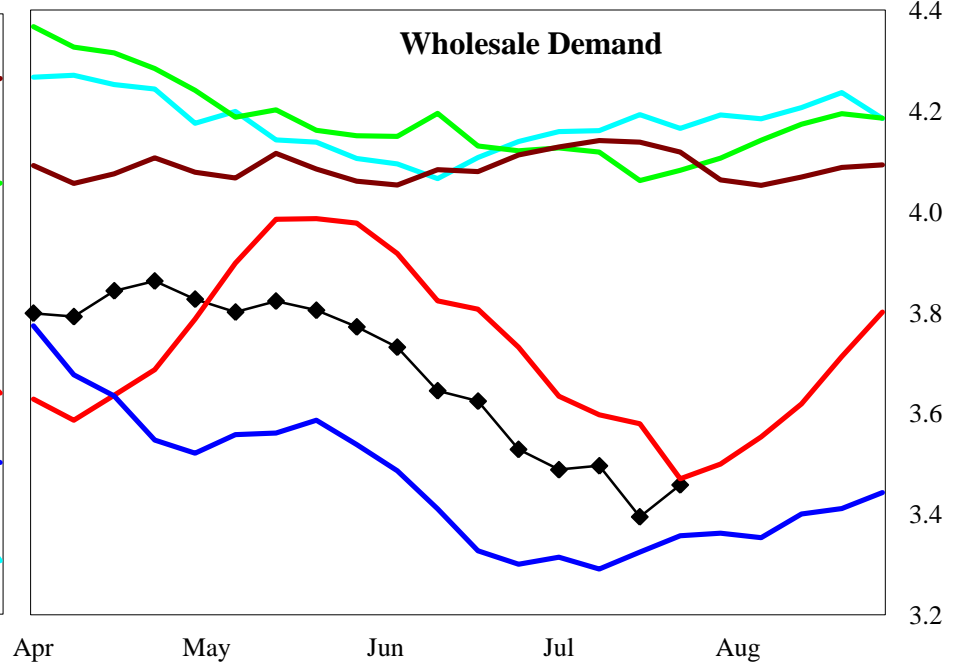
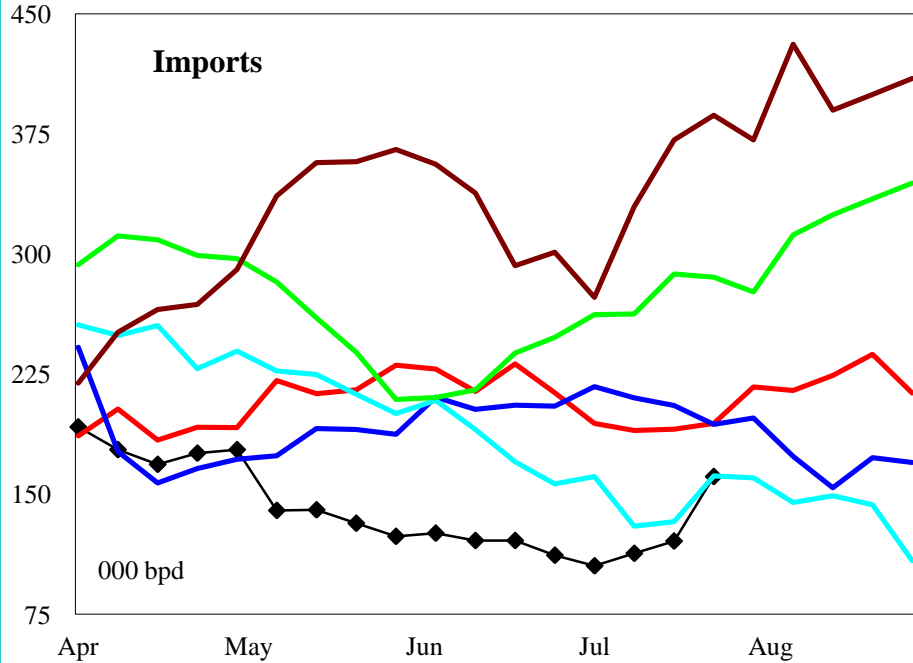
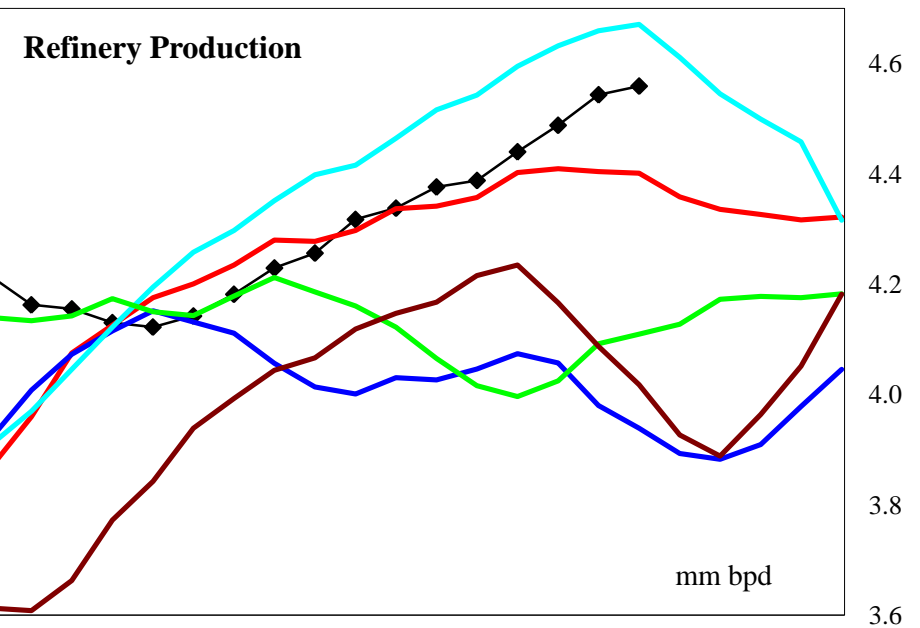
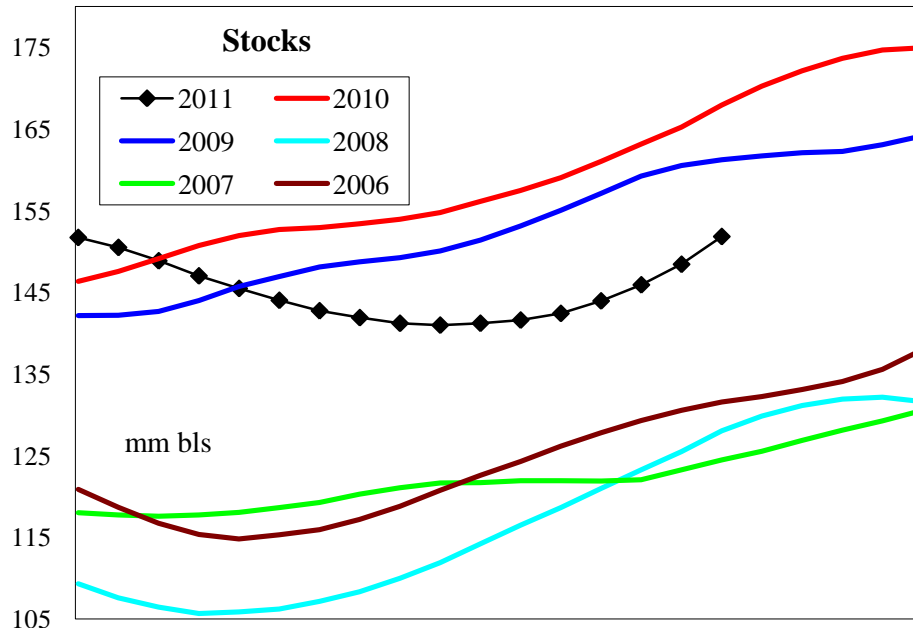
United States Conventional Gasoline Supply



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

-15,668

-9.4

Production

102

2.3

Imports

-70

-36.7

Demand=>

4wk avg

-127

-3.5

Jun

-1,179

-31.4

May

170

4.7

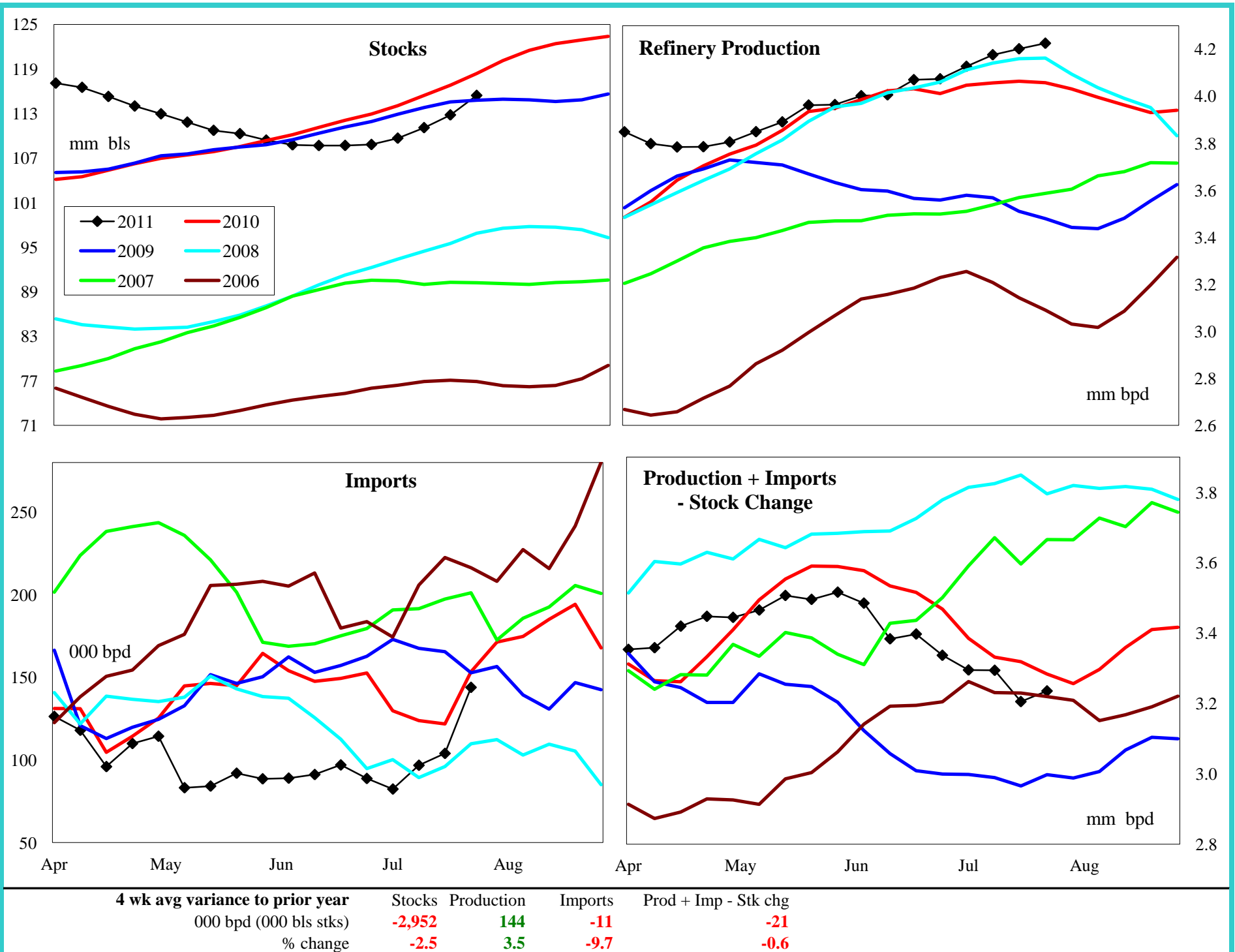
Apr

179

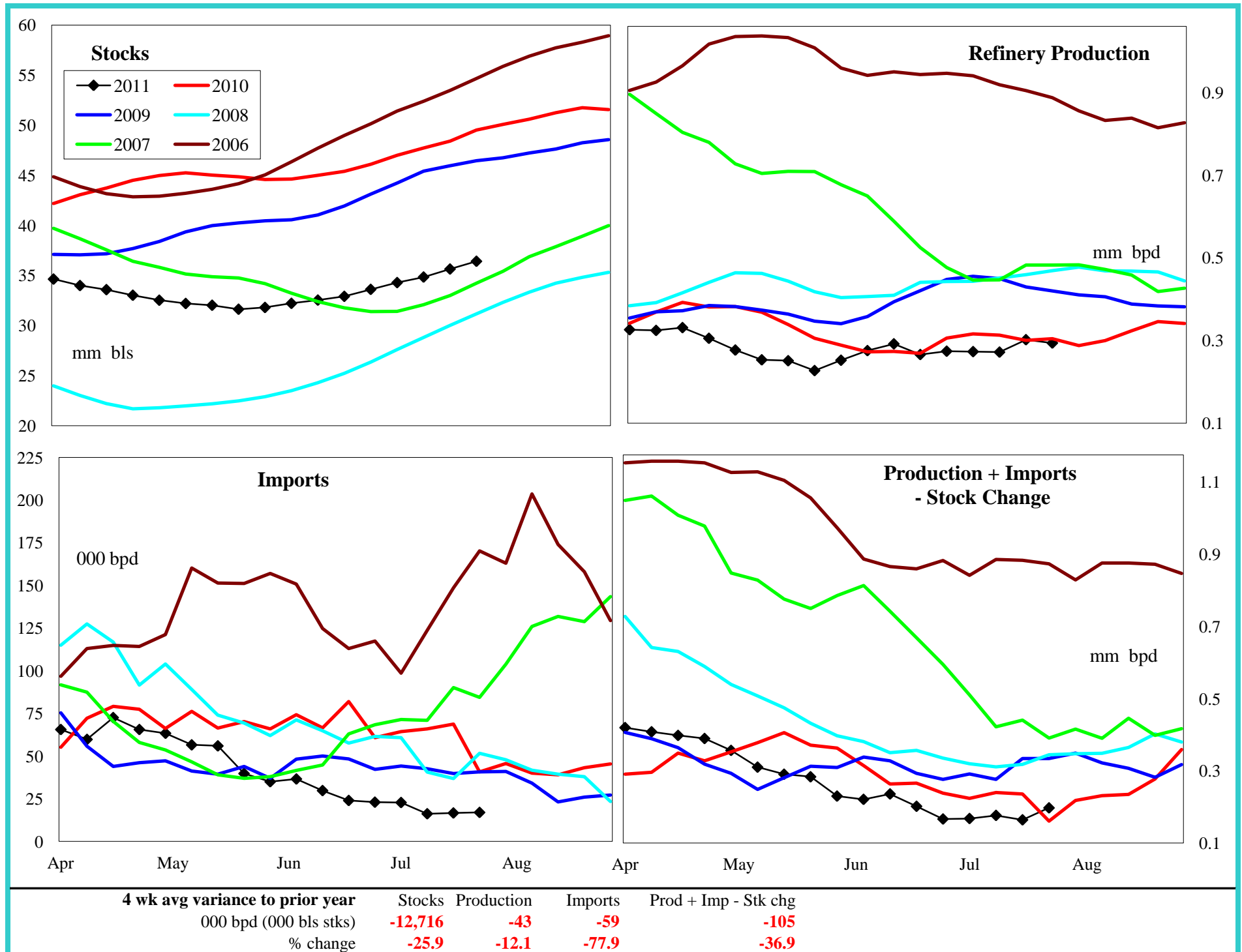
4.8



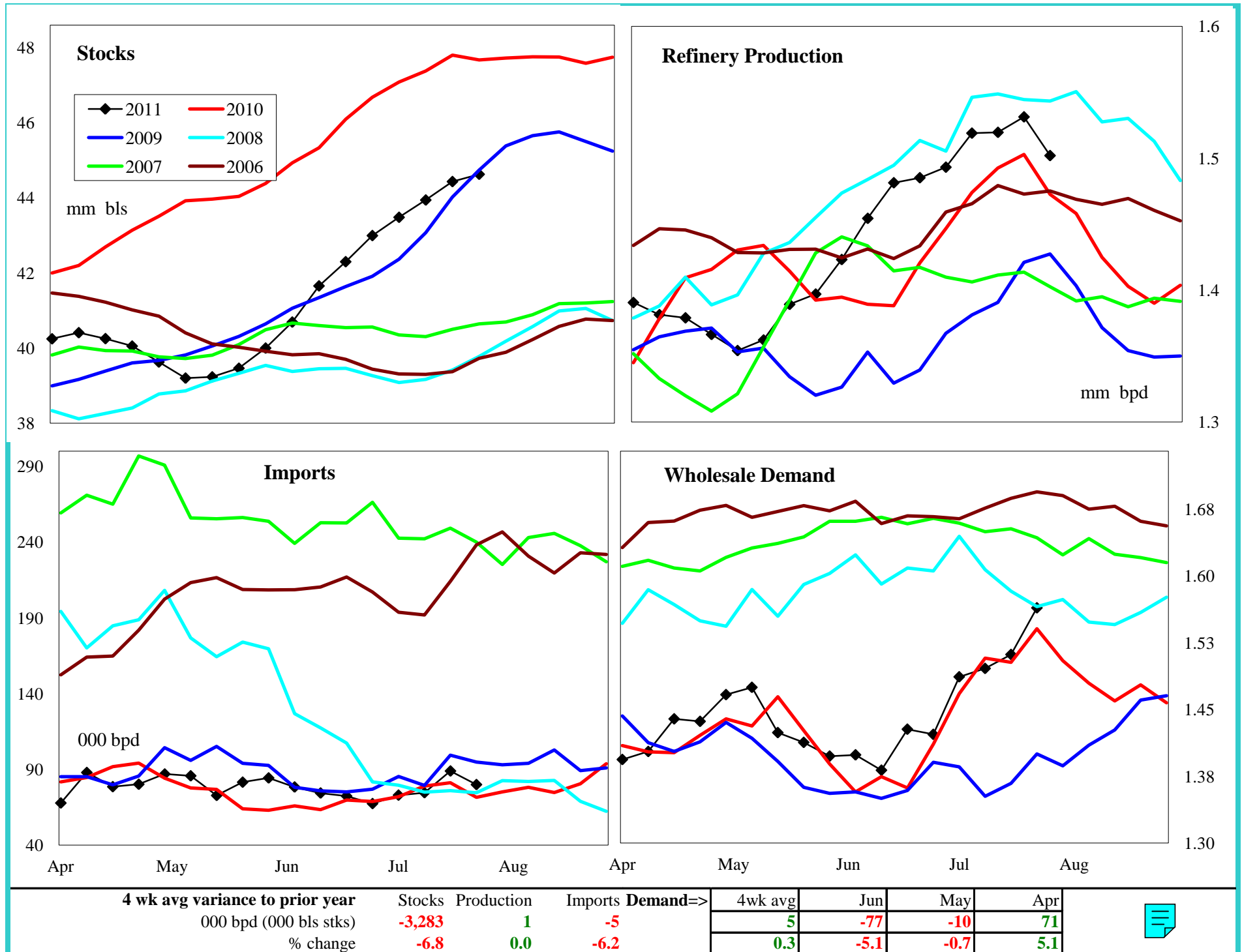
United States Low Sulfur Distillate Supply



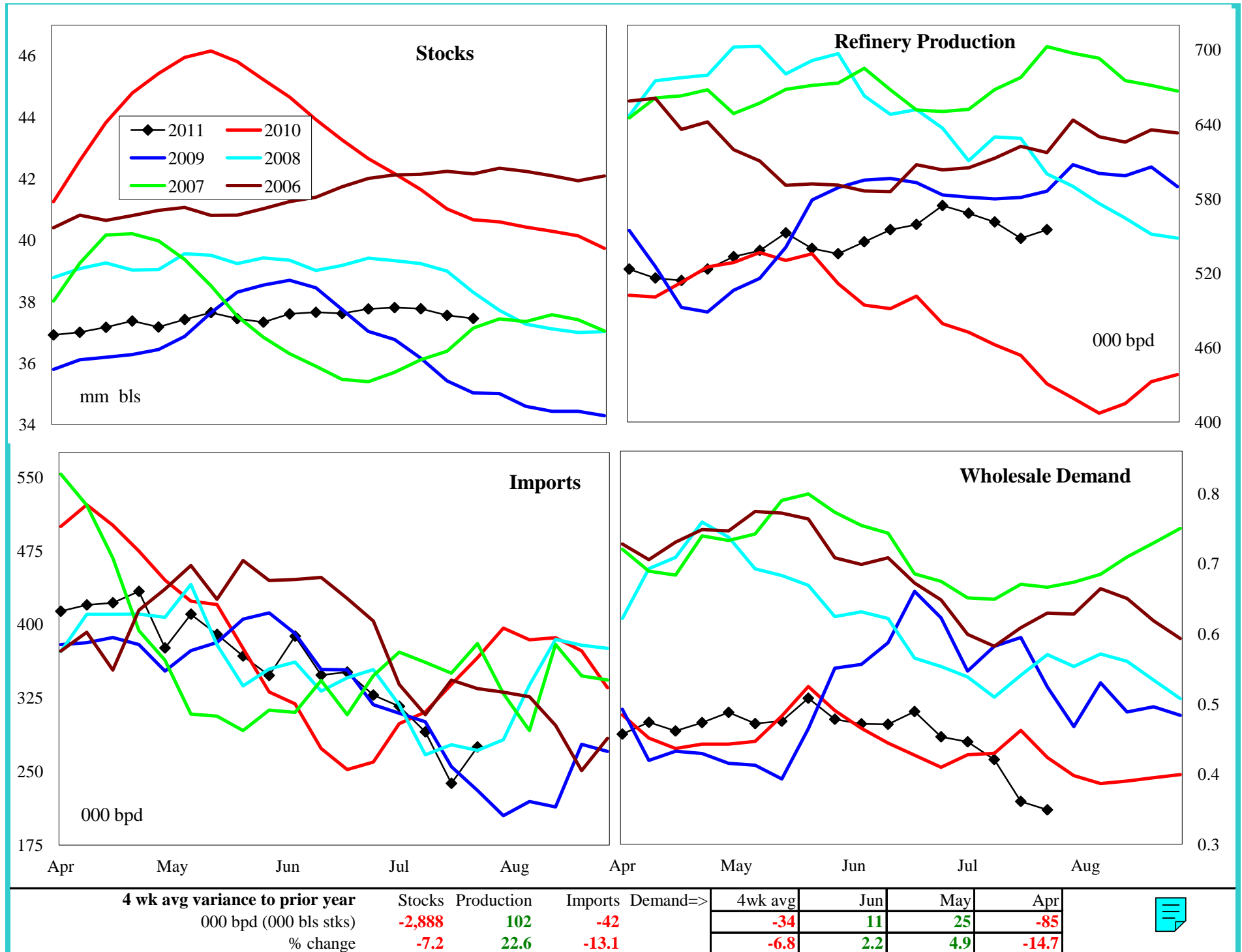
United States High Sulfur Distillate Supply



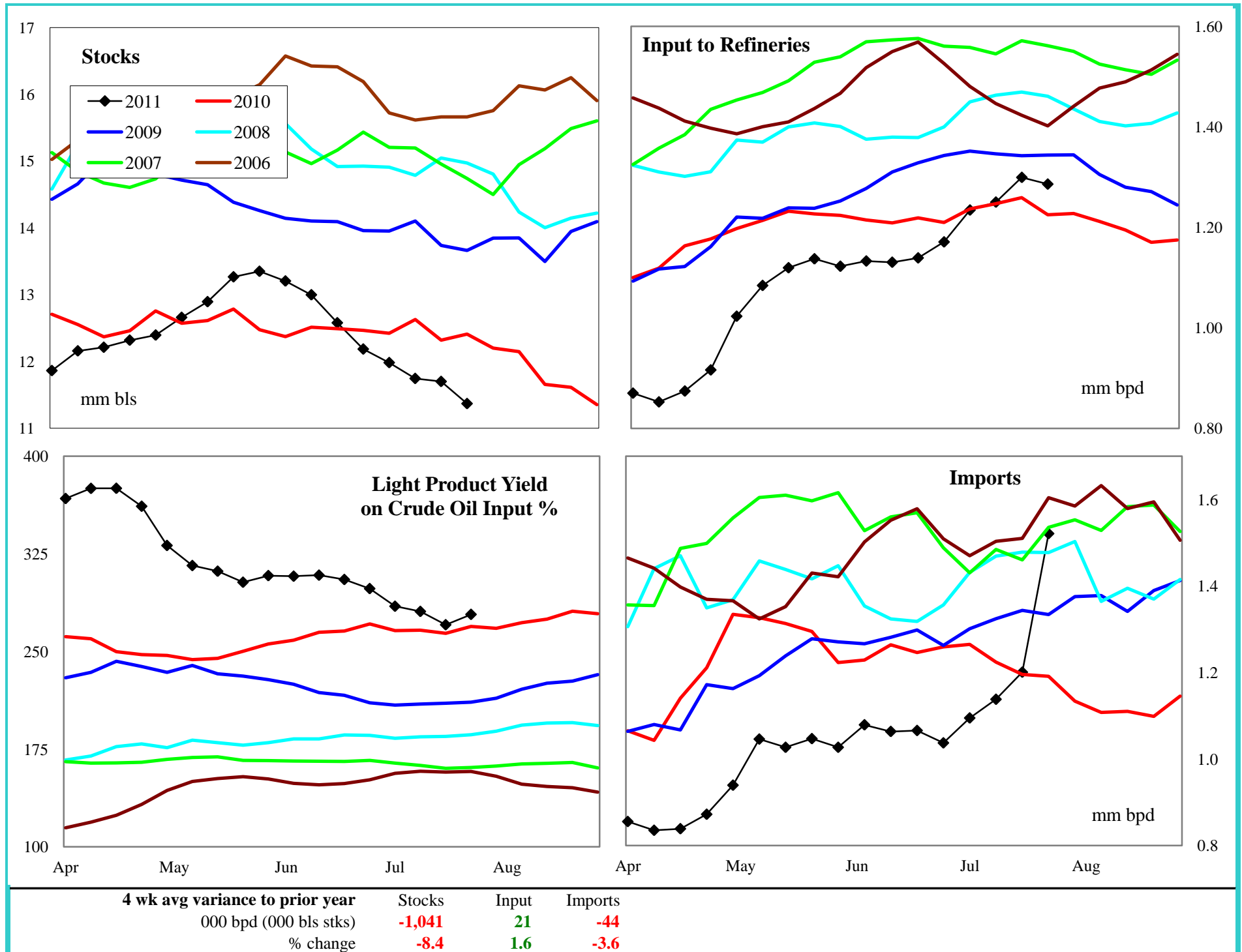
United States Jet Fuel Supply and Demand Balance



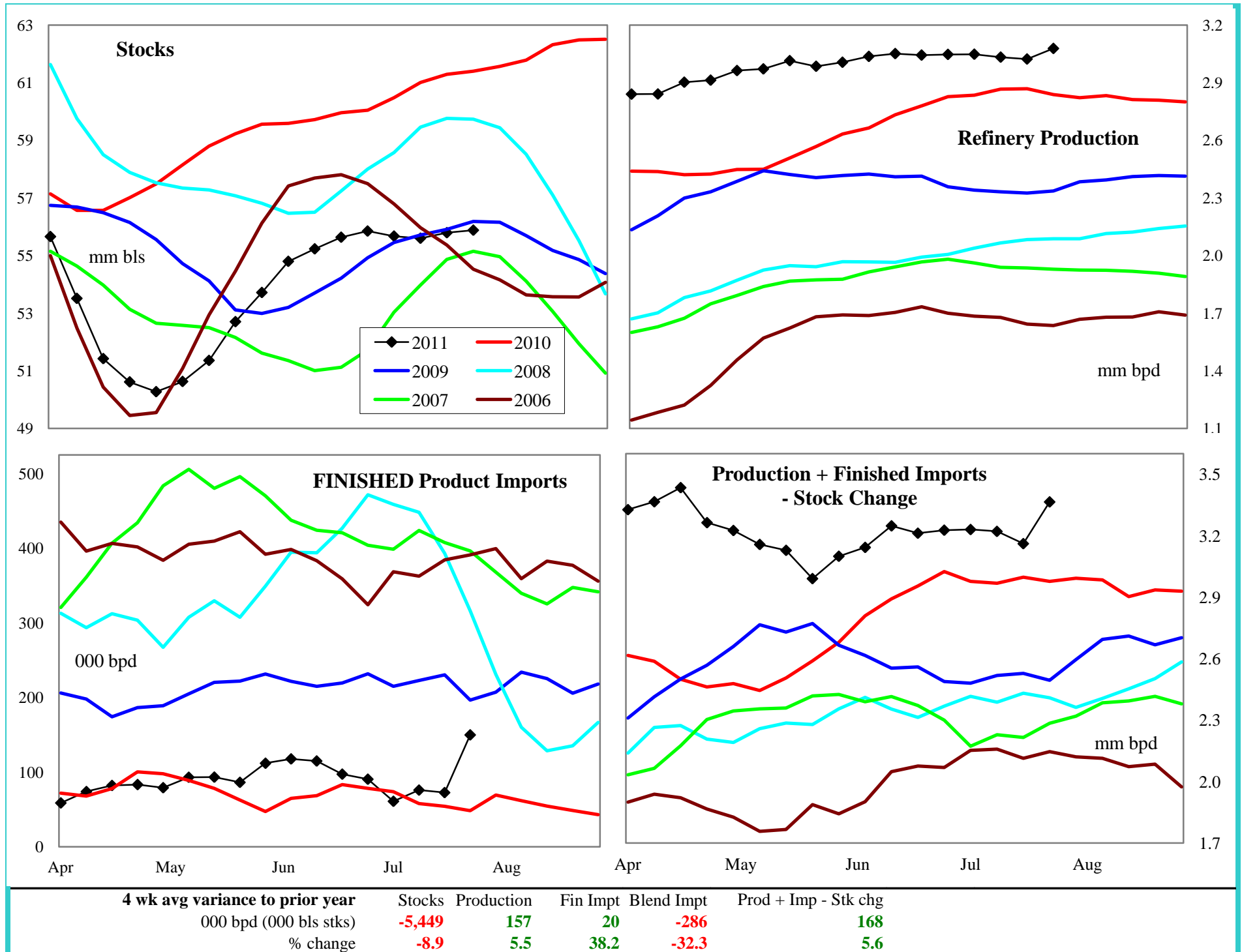
United States Residual Fuel Oil Supply and Demand Balance



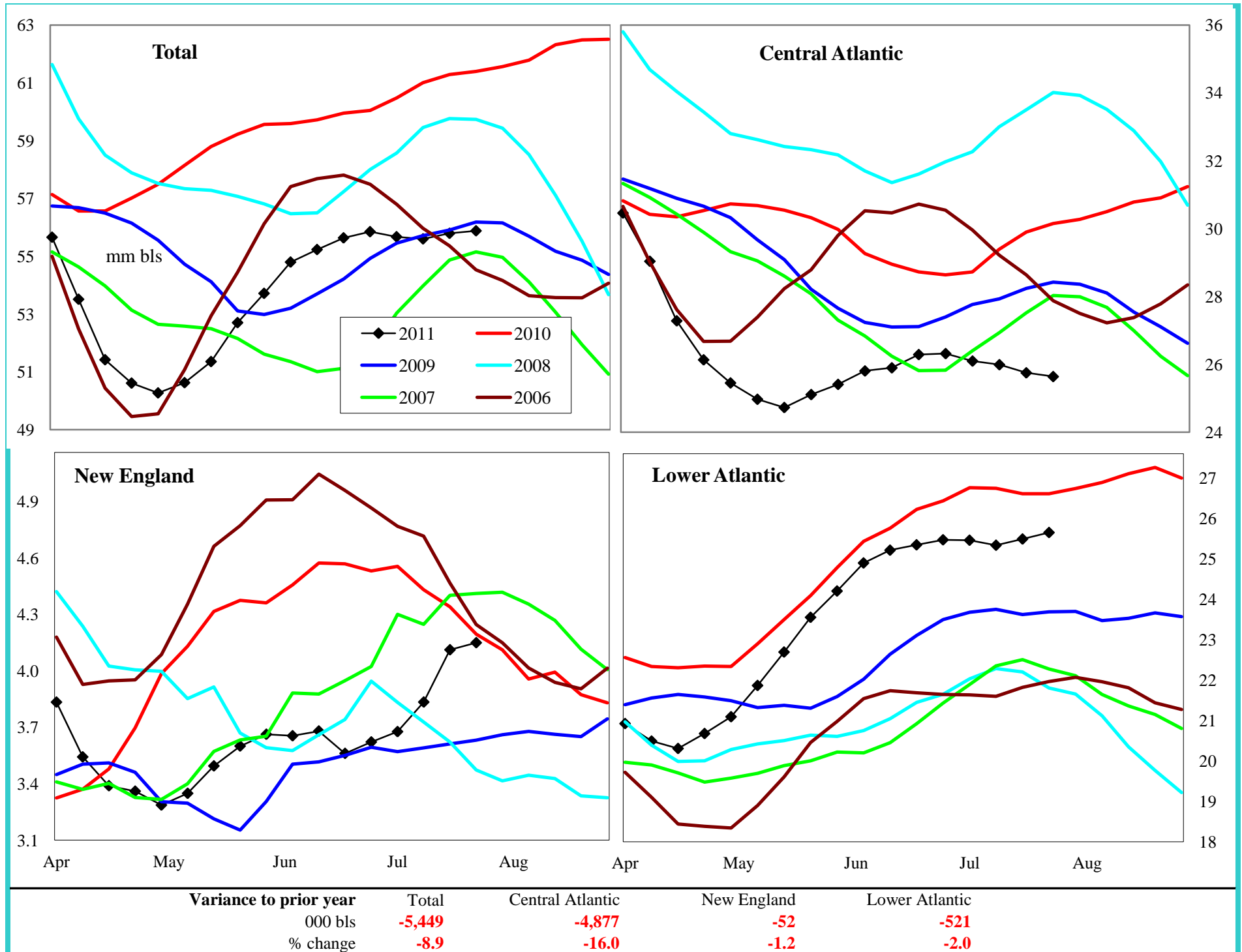
PADD 1 Crude Oil Supply and Refining



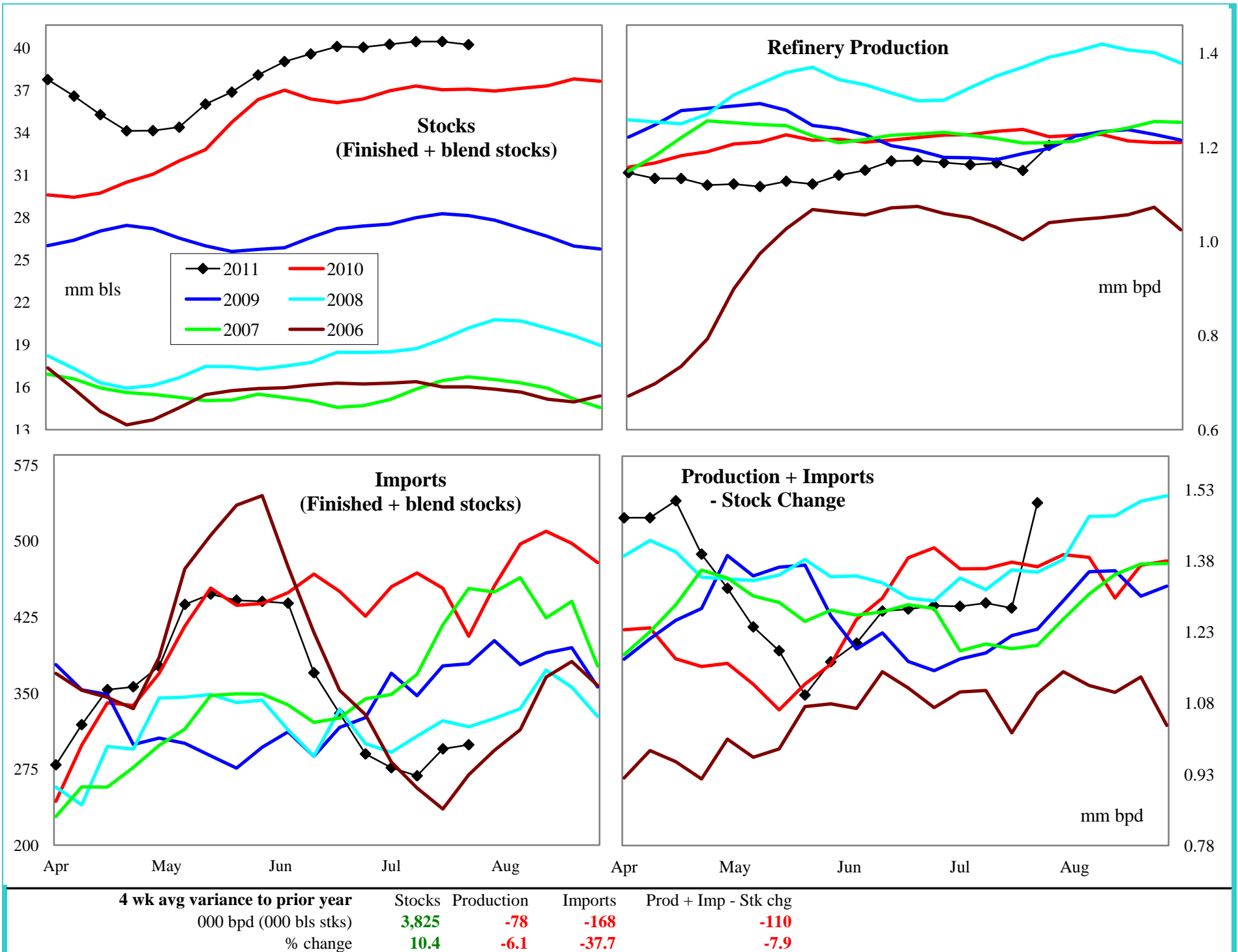
PADD 1 Gasoline Supply



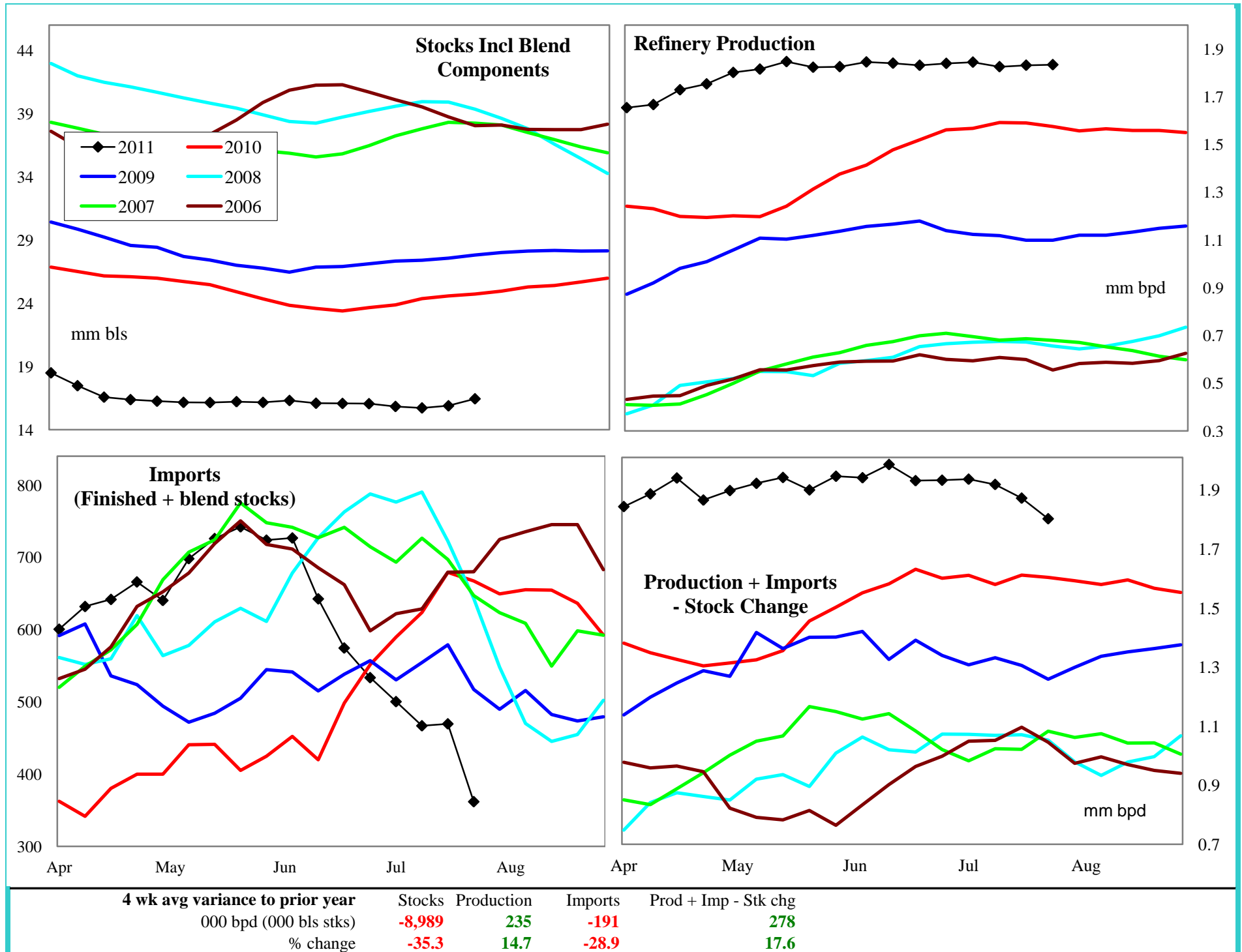
PADD 1 Gasoline Stocks by Region



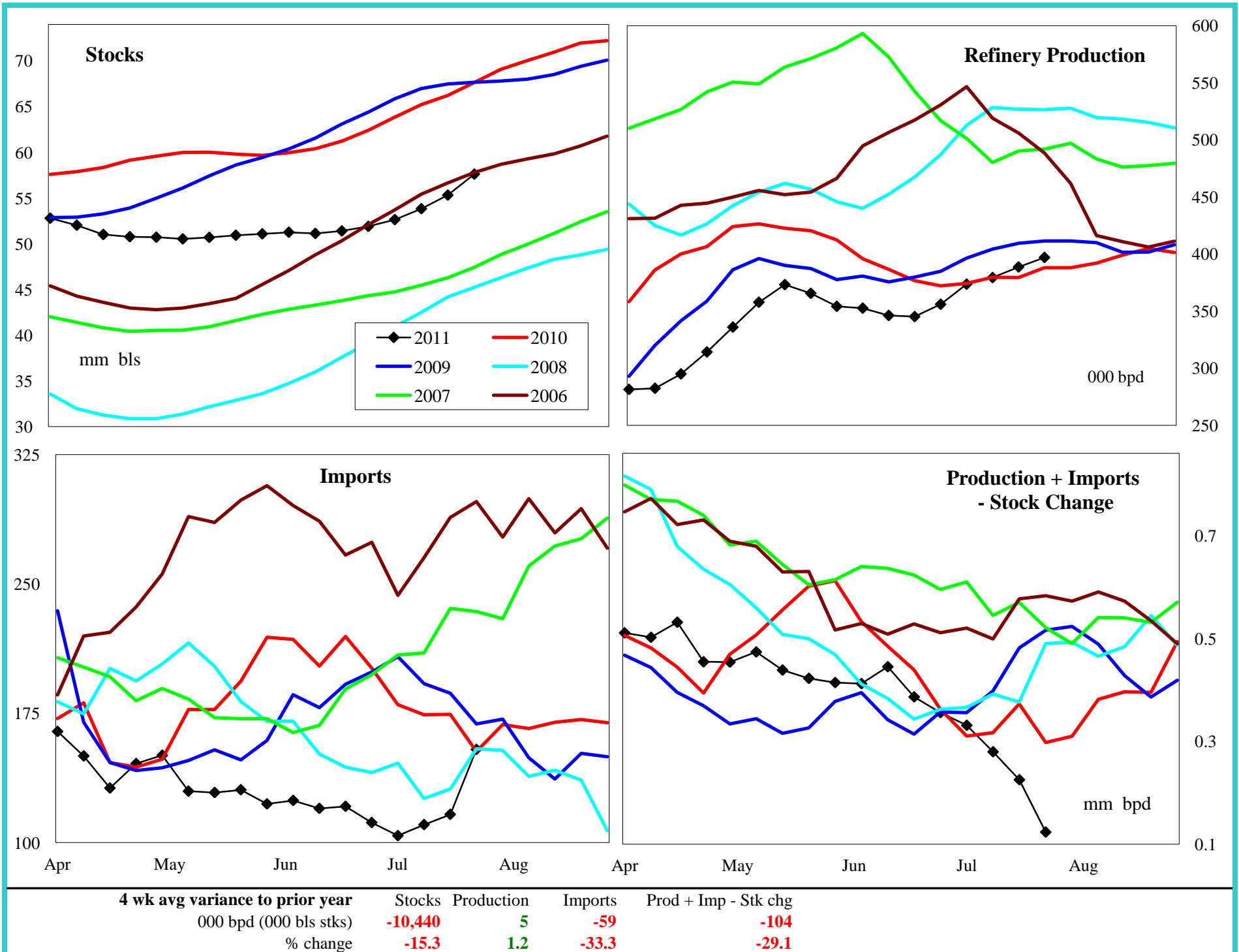
PADD 1 Reformulated Gasoline Supply



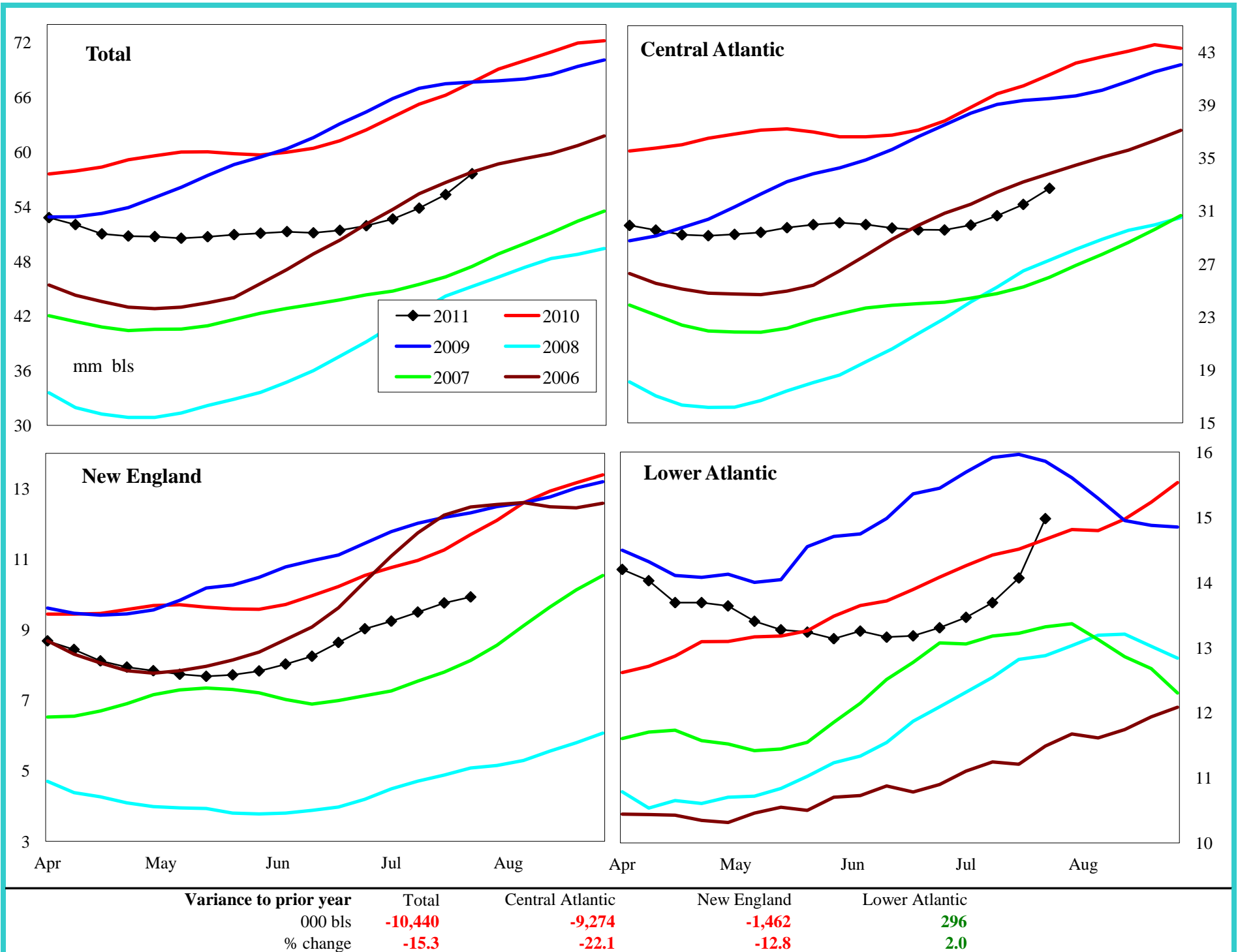
PADD 1 Conventional Gasoline Supply



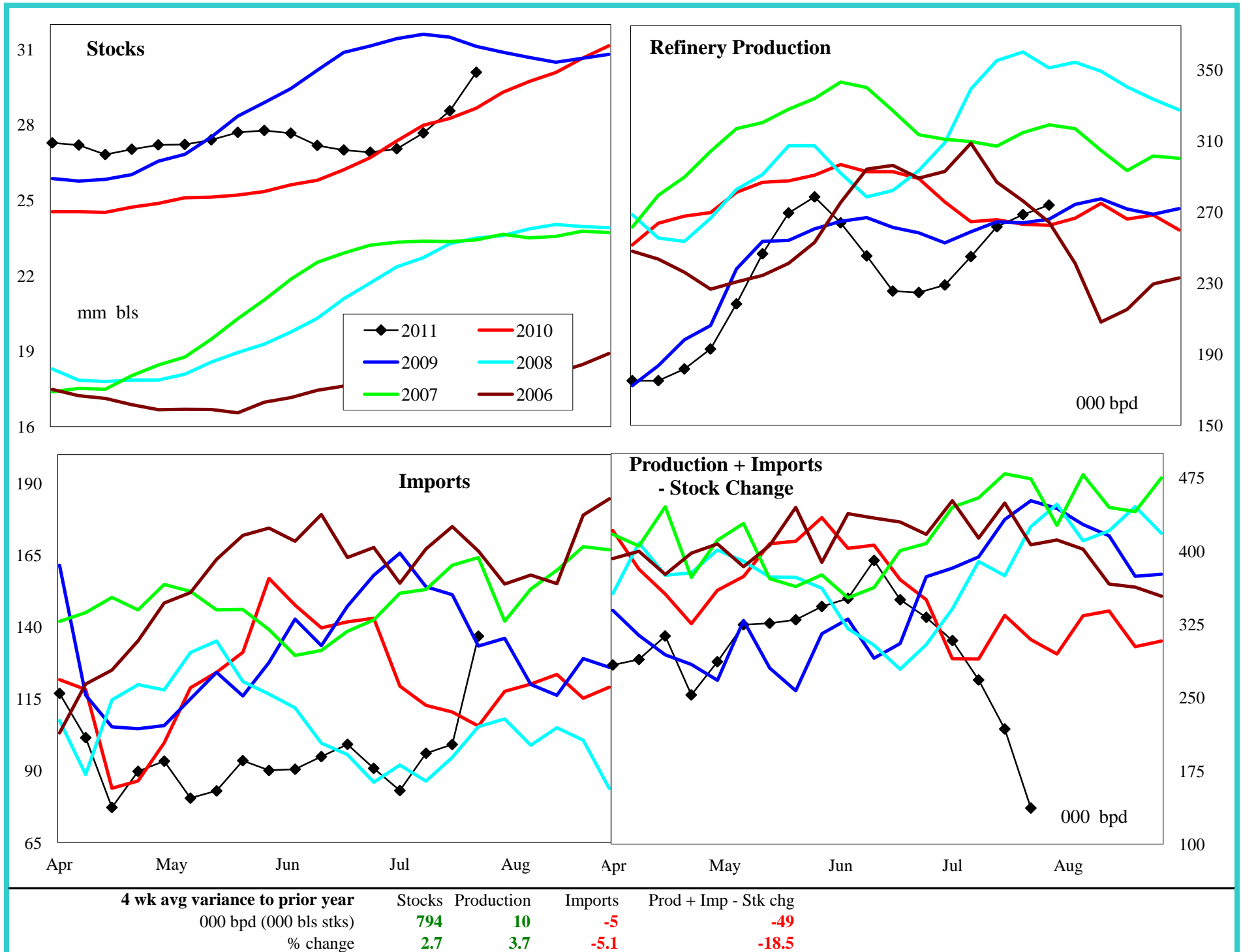
PADD 1 Distillate Supply



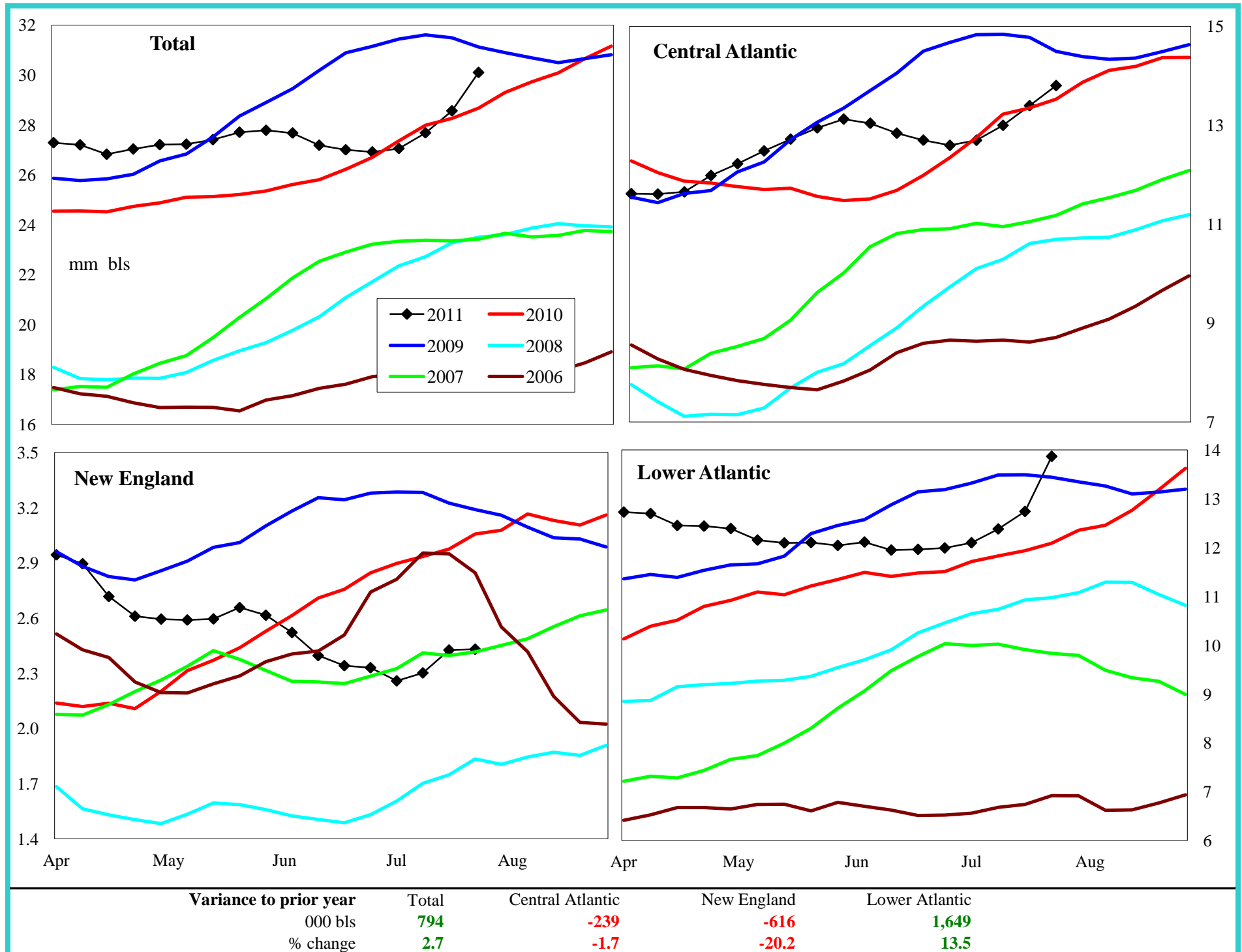
PADD 1 Distillate Stocks by Region



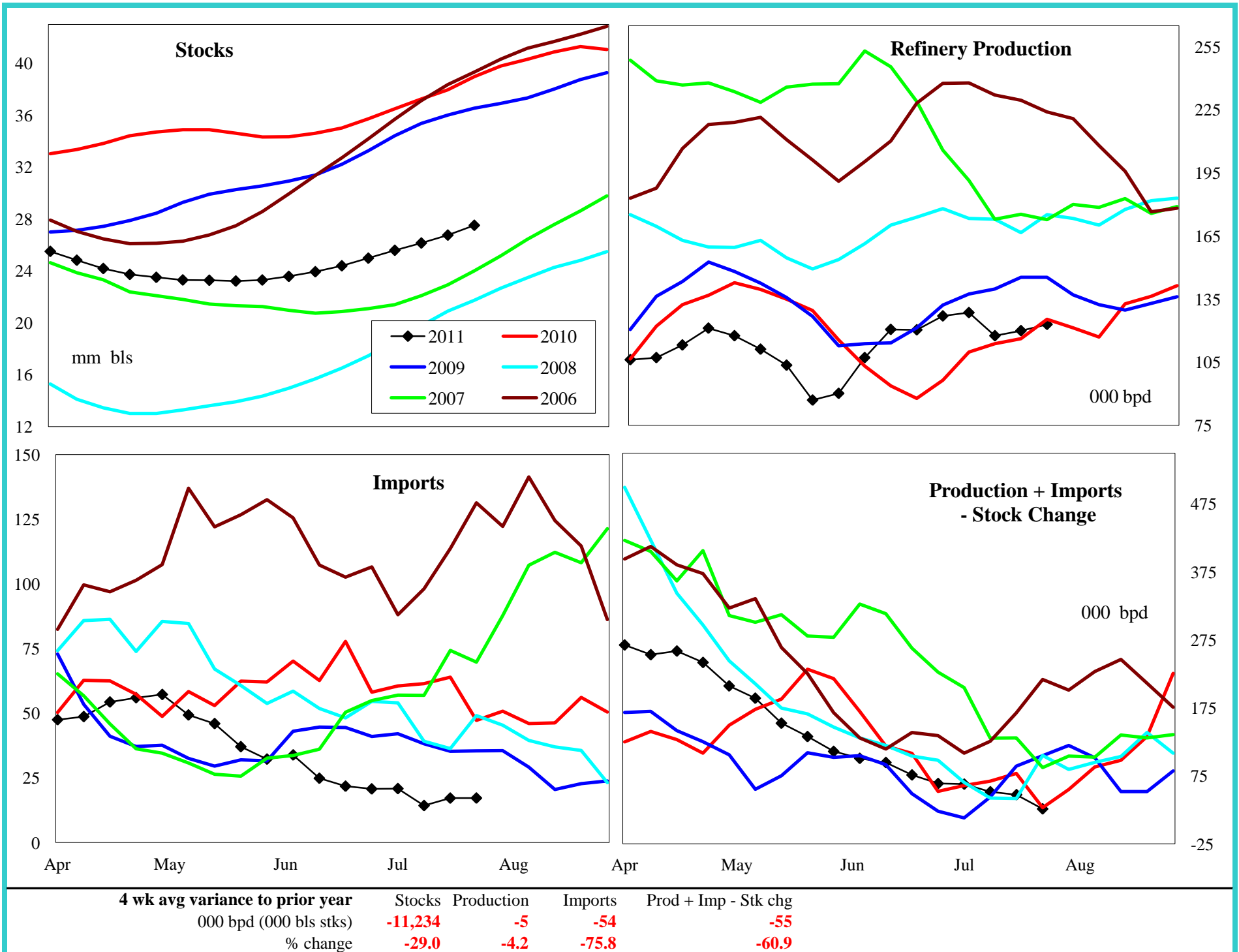
PADD 1 Low Sulfur Distillate Supply



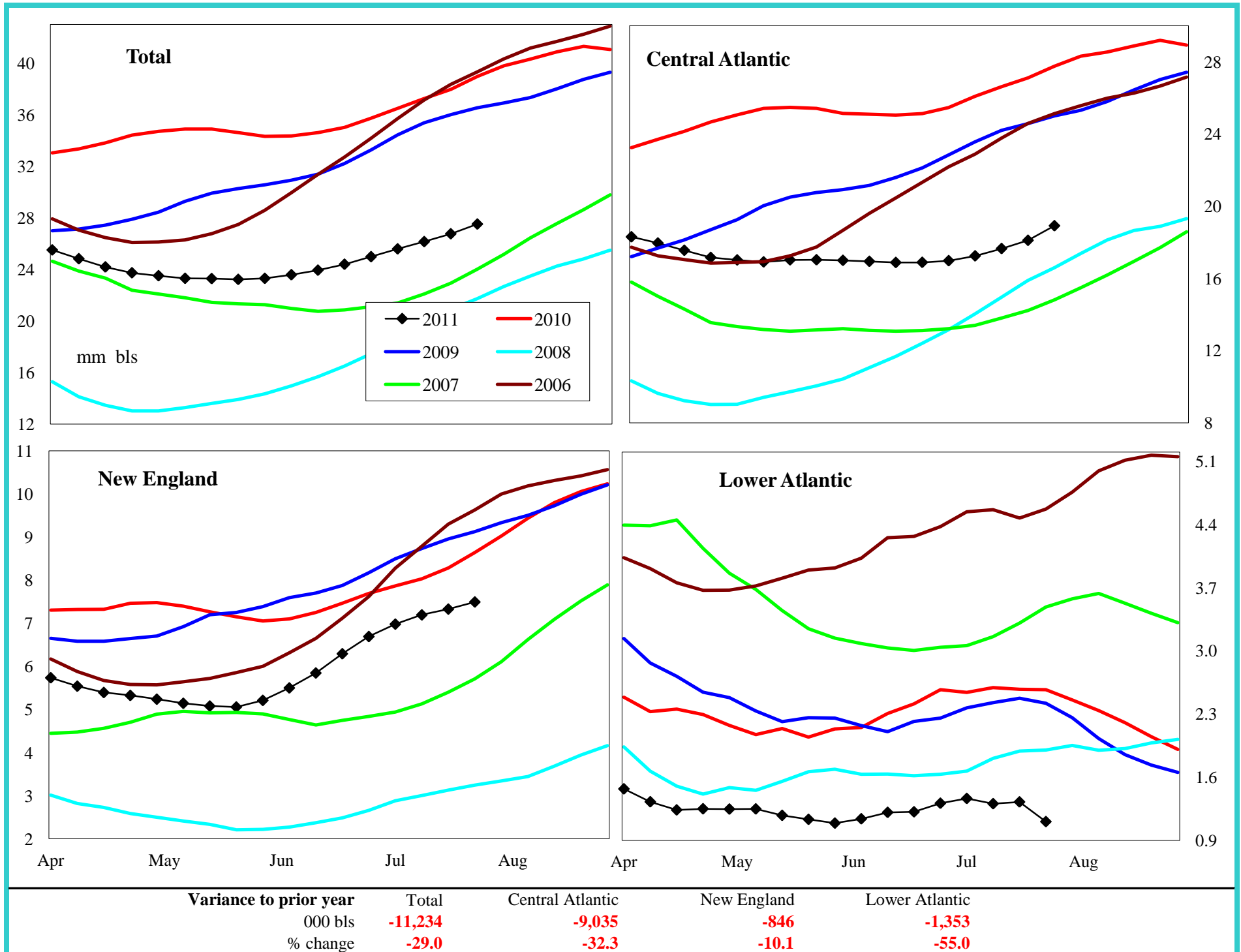
PADD 1 Low Sulfur Distillate Stocks by Region



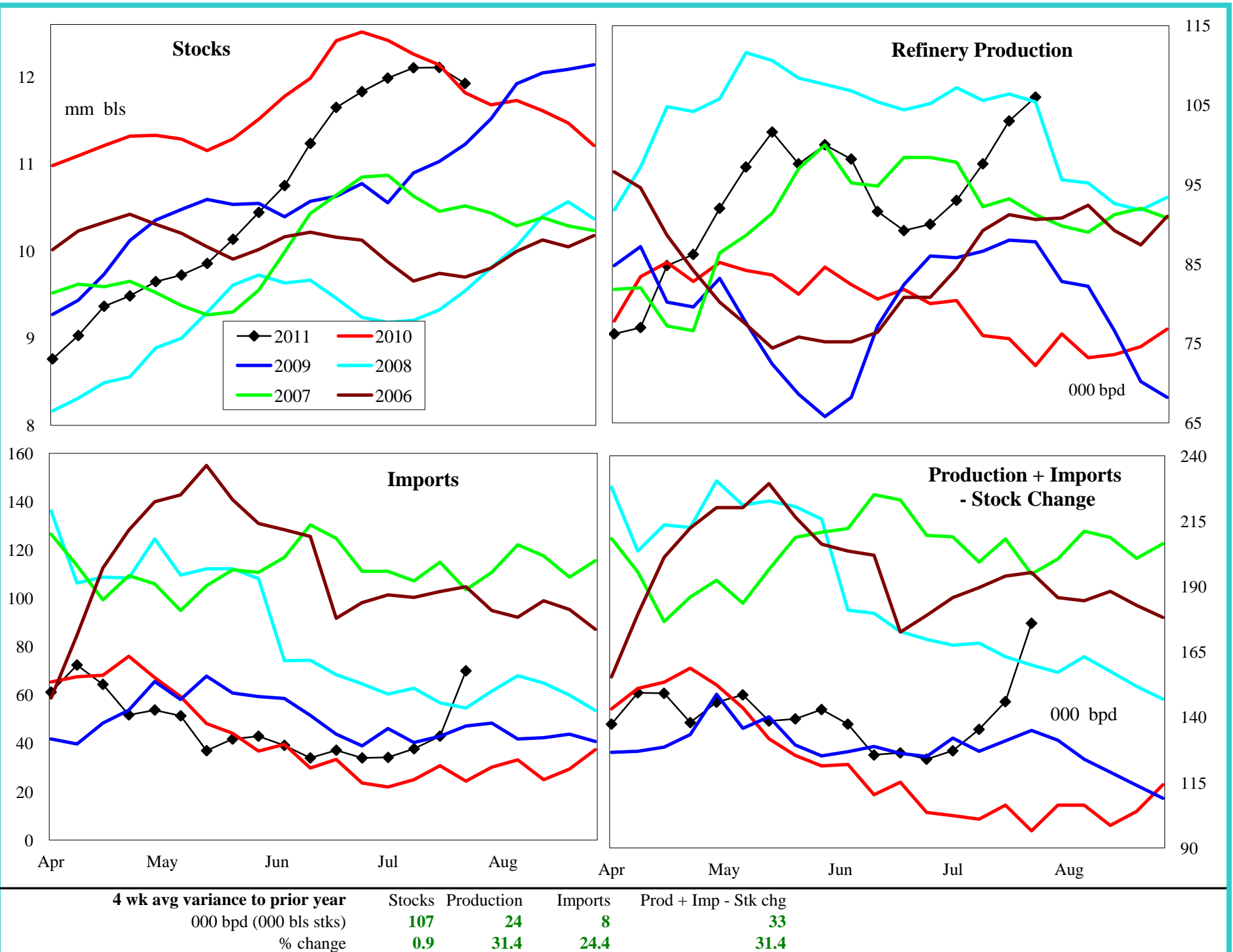
PADD 1 High Sulfur Distillate Supply



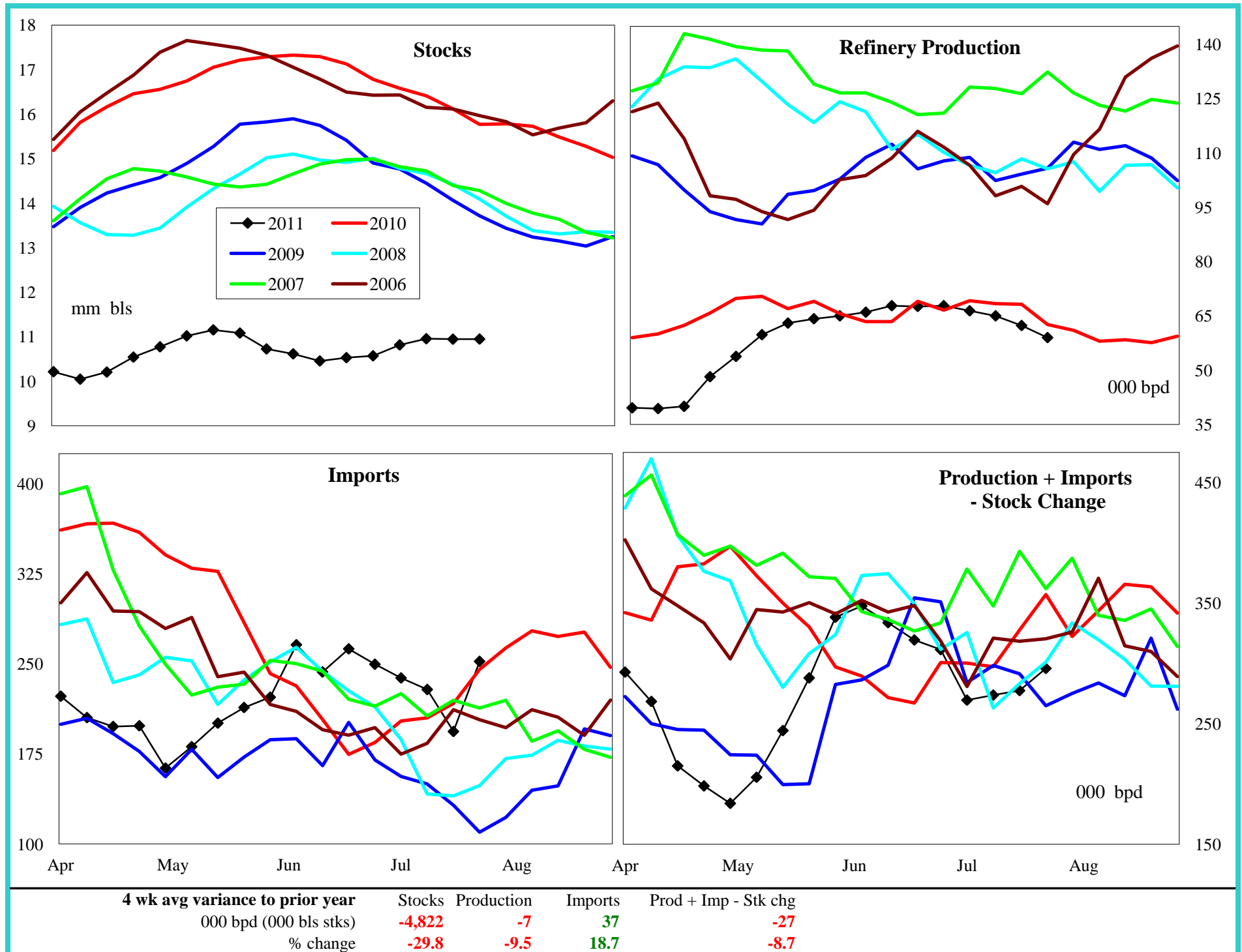
PADD 1 High Sulfur Distillate Stocks by Region



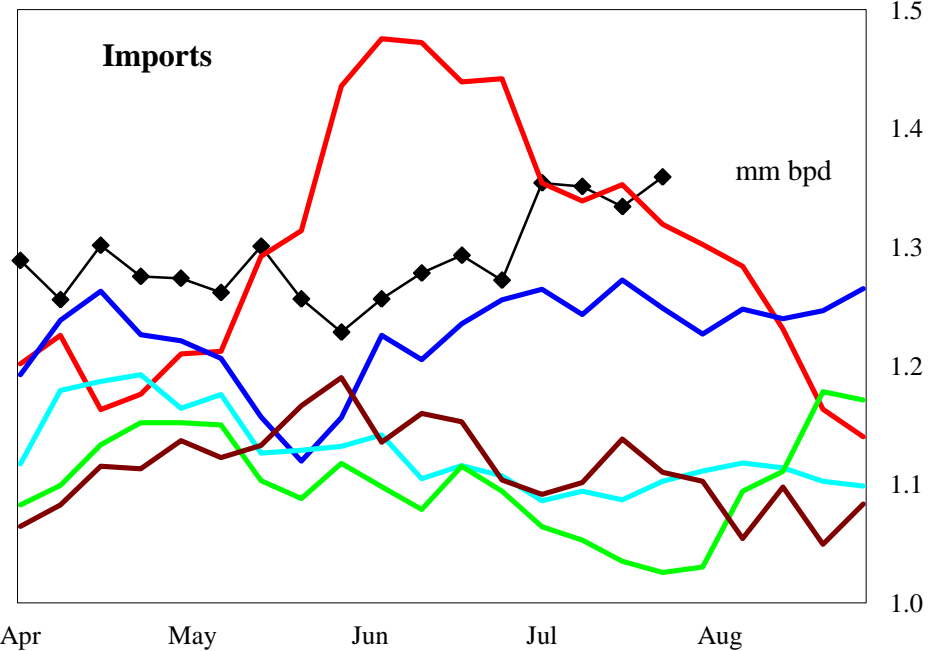
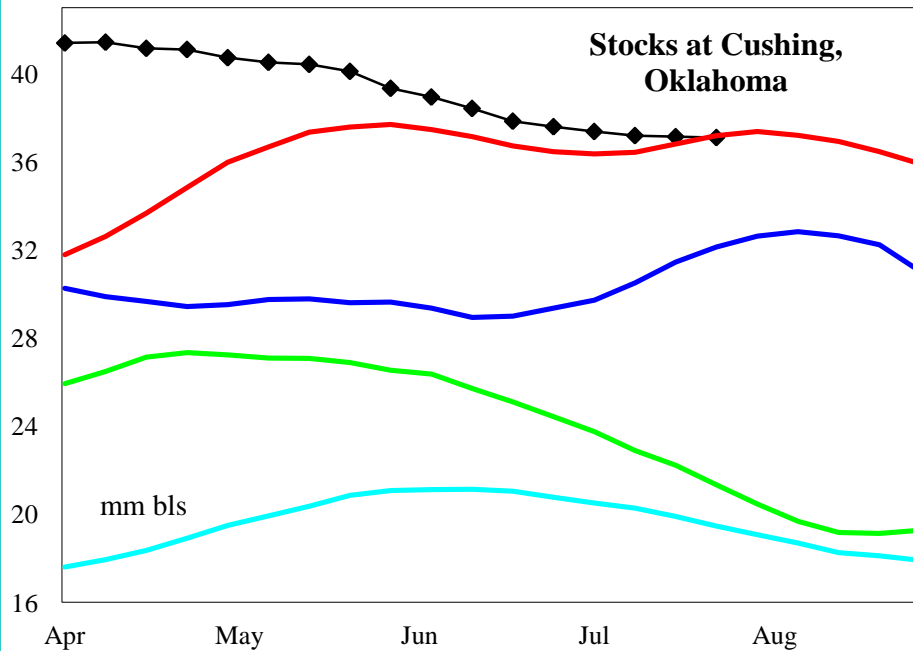
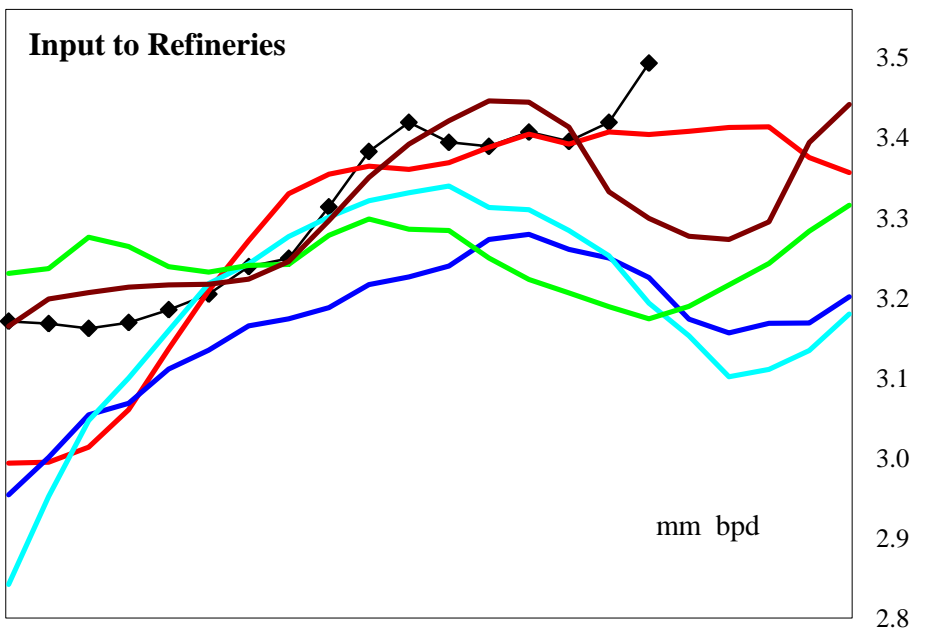
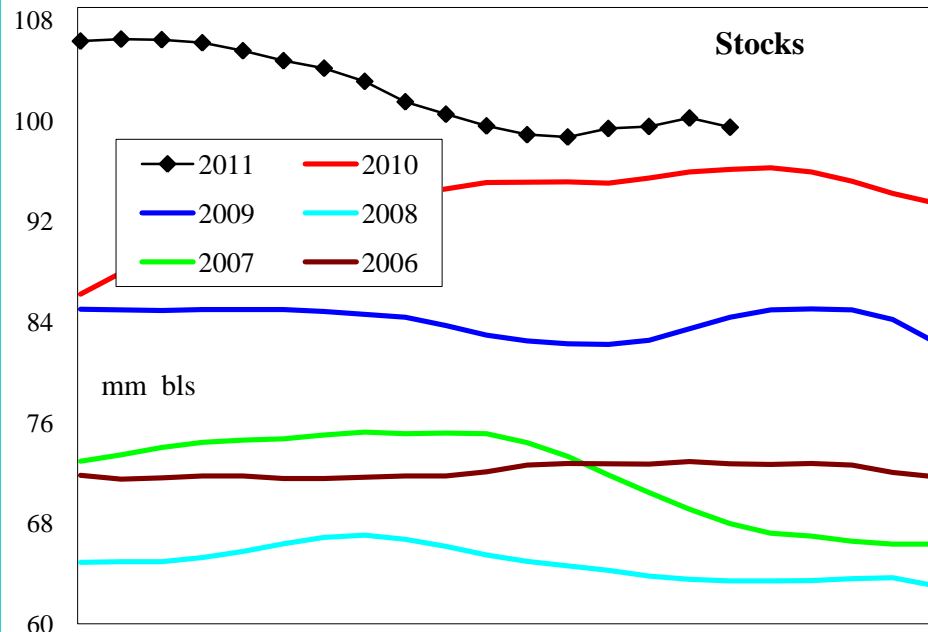
PADD 1 Jet Fuel Supply



PADD 1 Residual Fuel Oil Supply



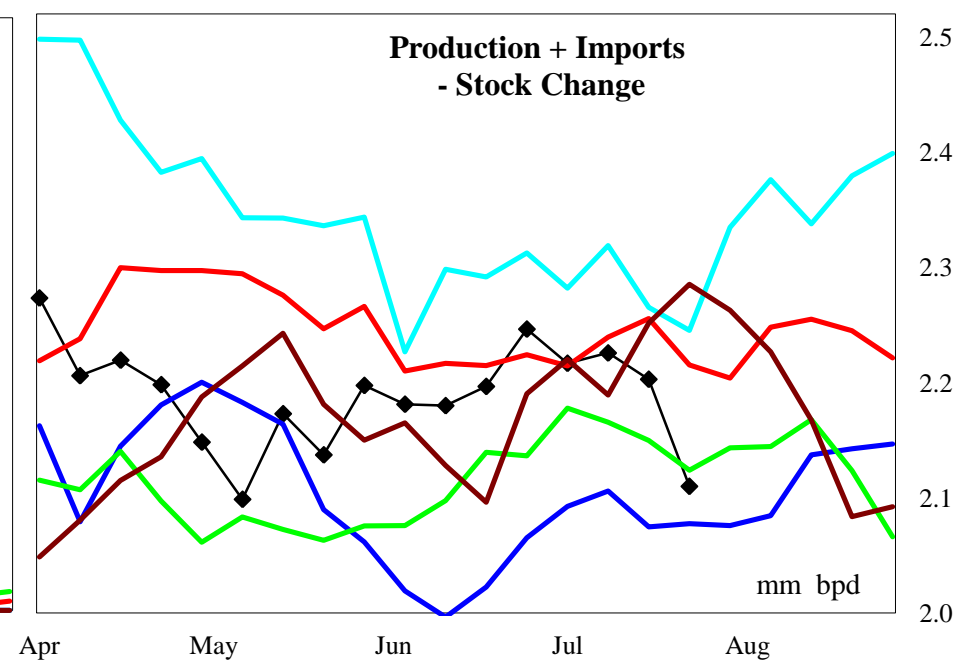
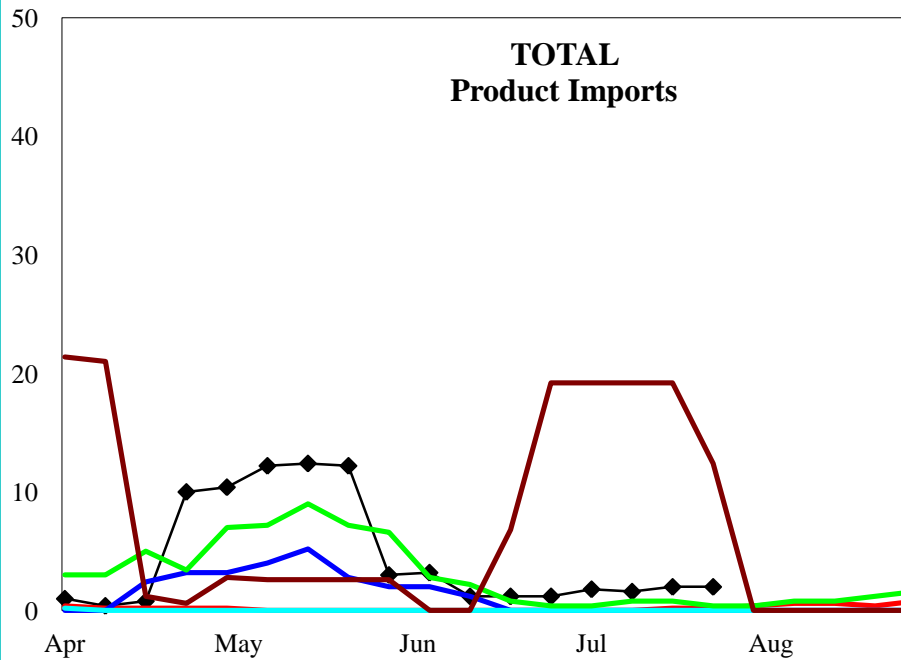
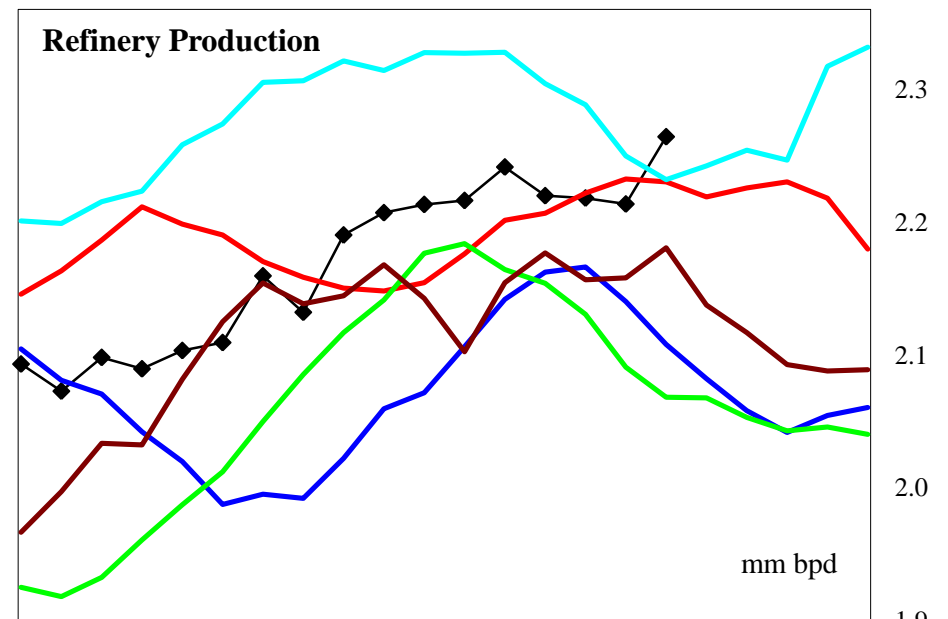
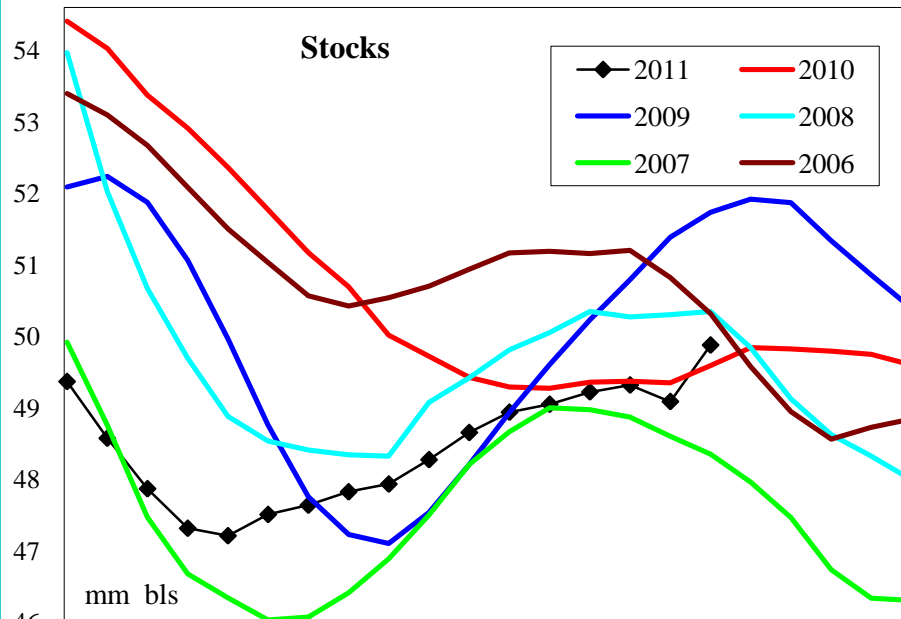
PADD 2 Crude Oil Supply and Refining



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

	Stocks	Cushing	Input	Imports
000 bpd (000 bls stks)	3,361	-88	-36	7
% change	3.5	-0.2	-1.0	0.5

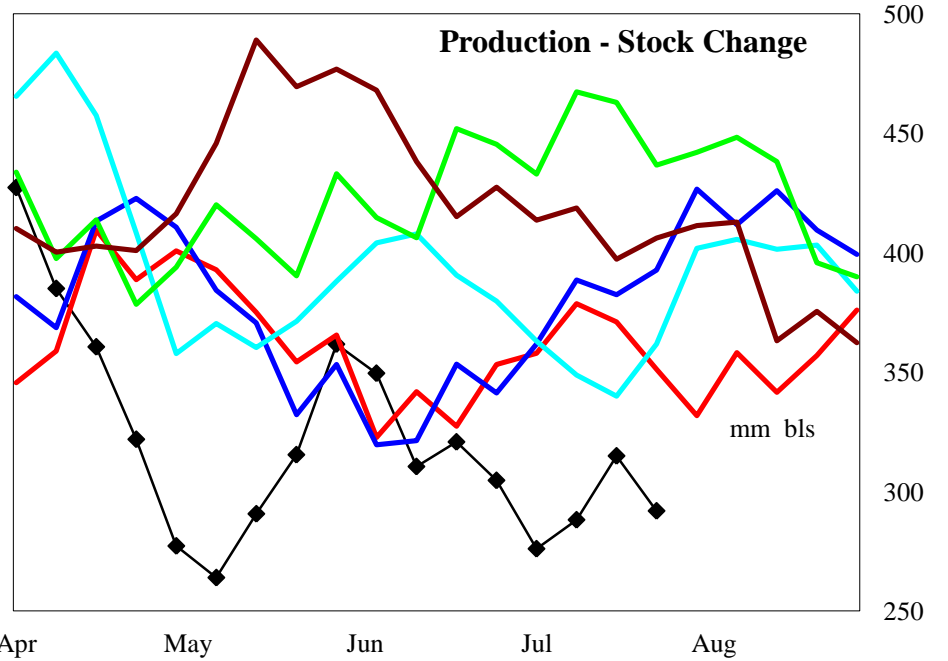
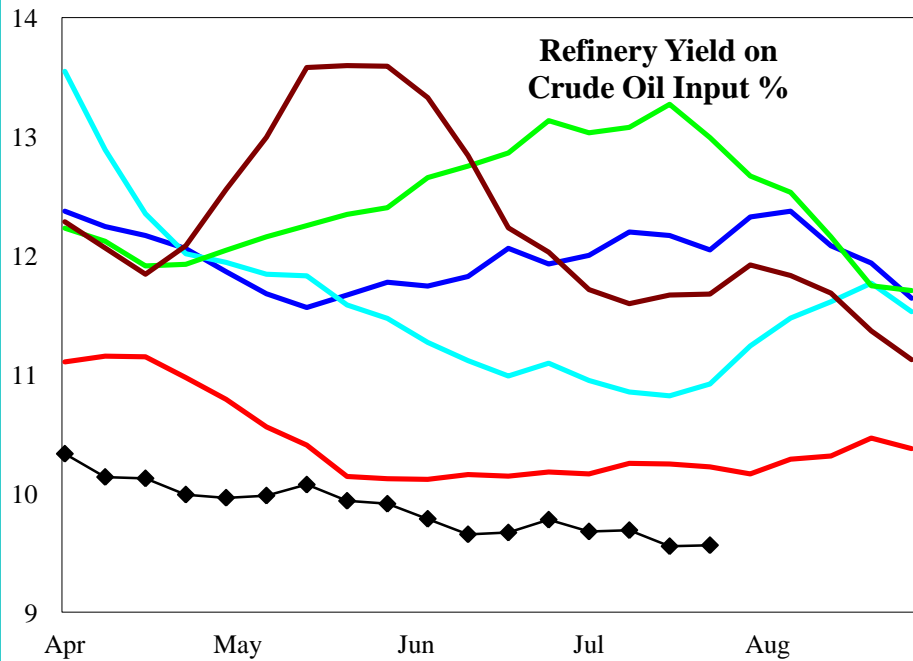
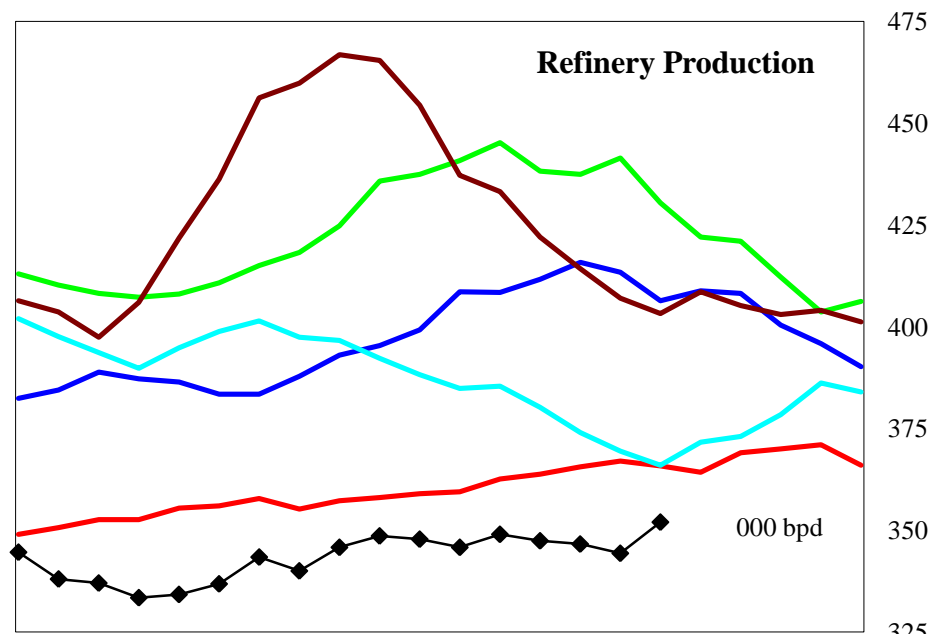
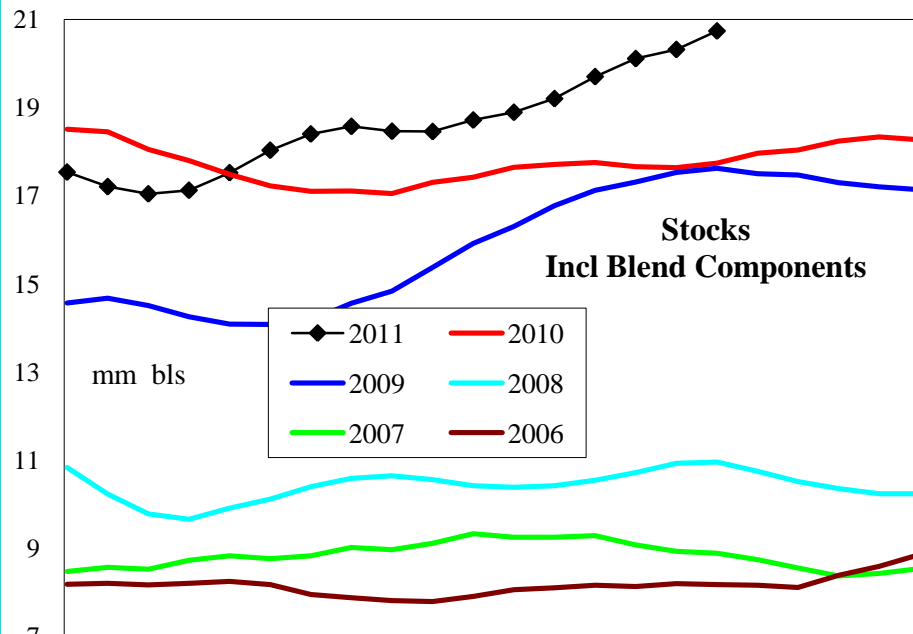
PADD 2 Gasoline Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
283	-5	2	-8
0.6	-0.2	#DIV/0!	-0.4

PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

3,005

16.9

Production

-18

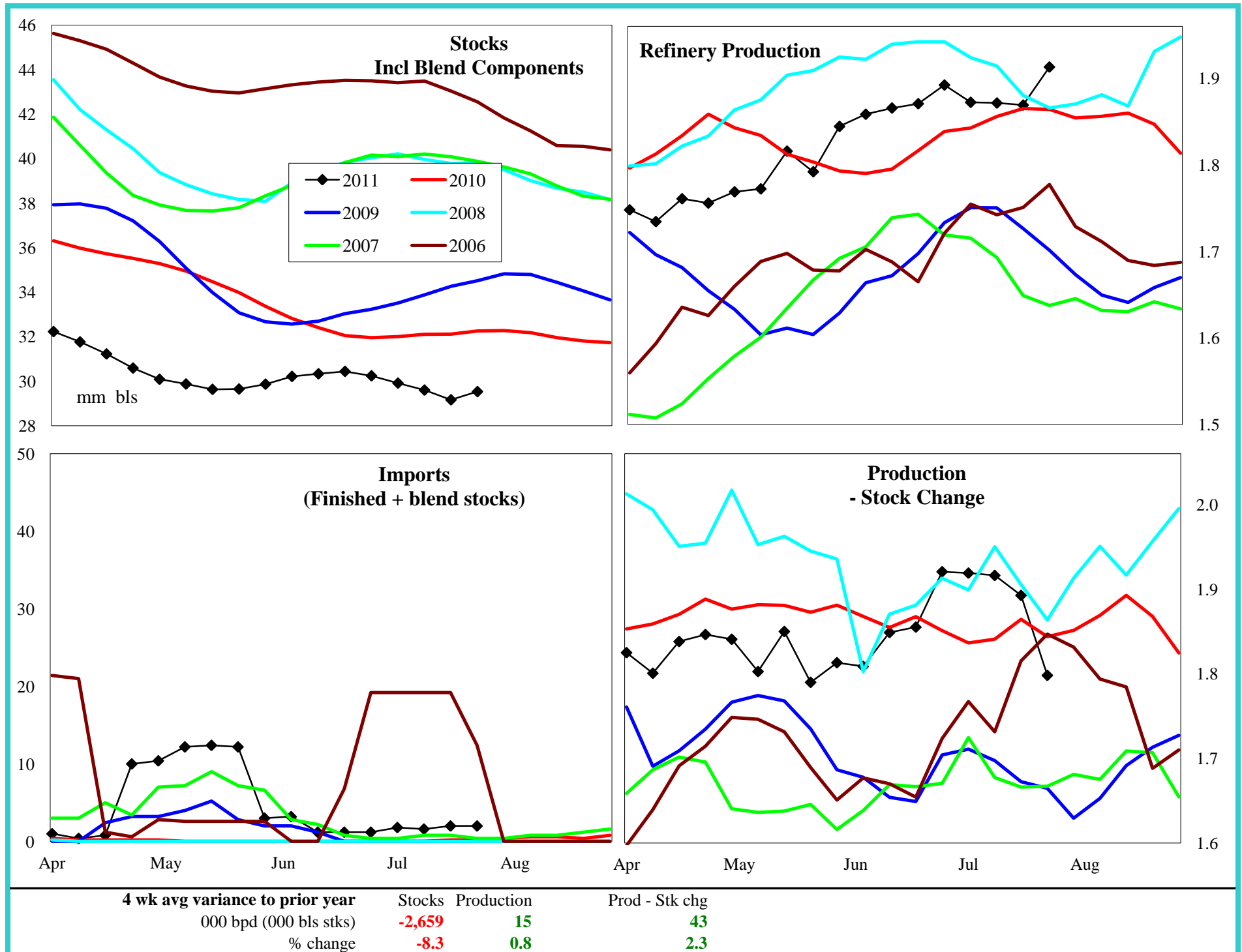
-4.9

Prod - Stk chg

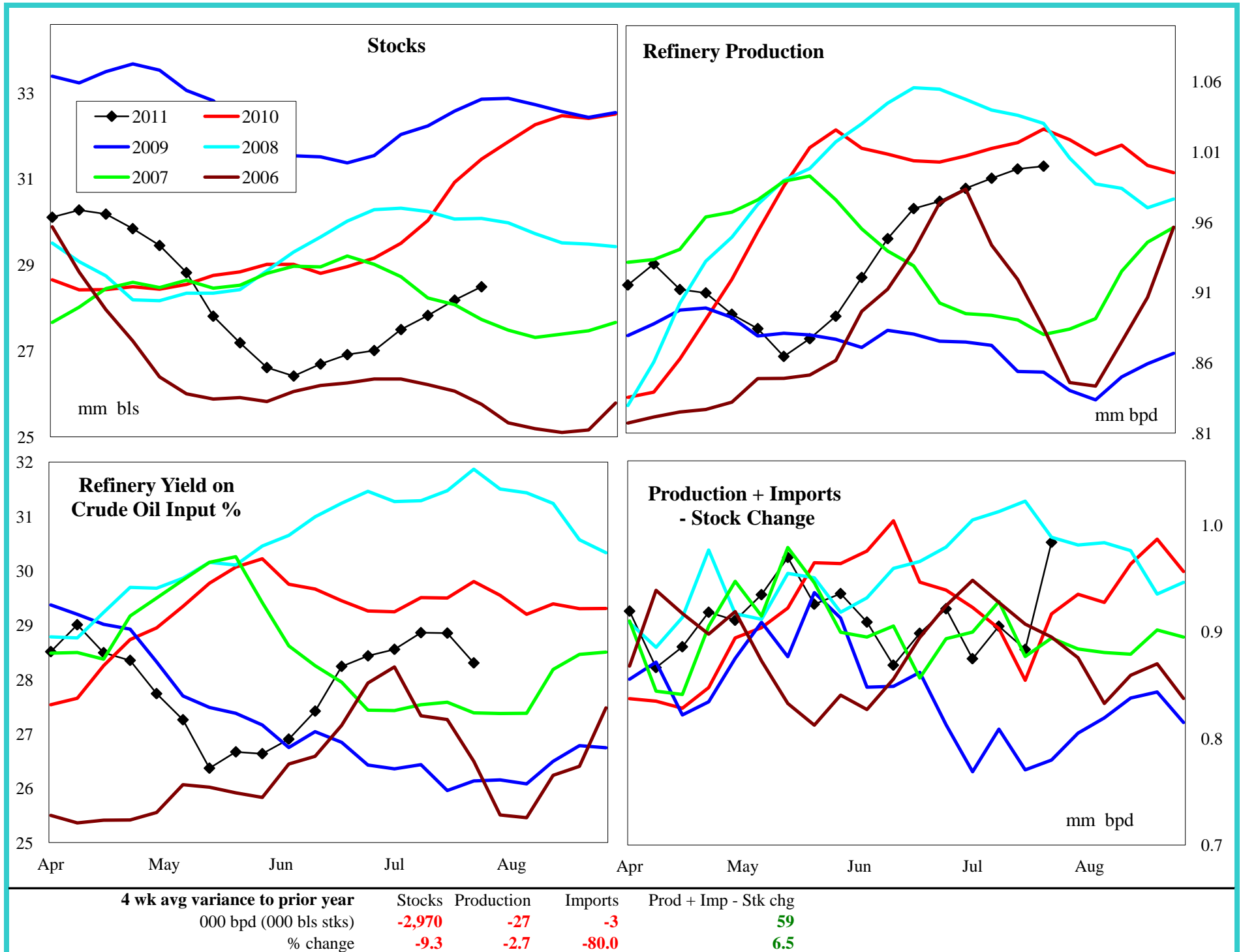
-72

-19.7

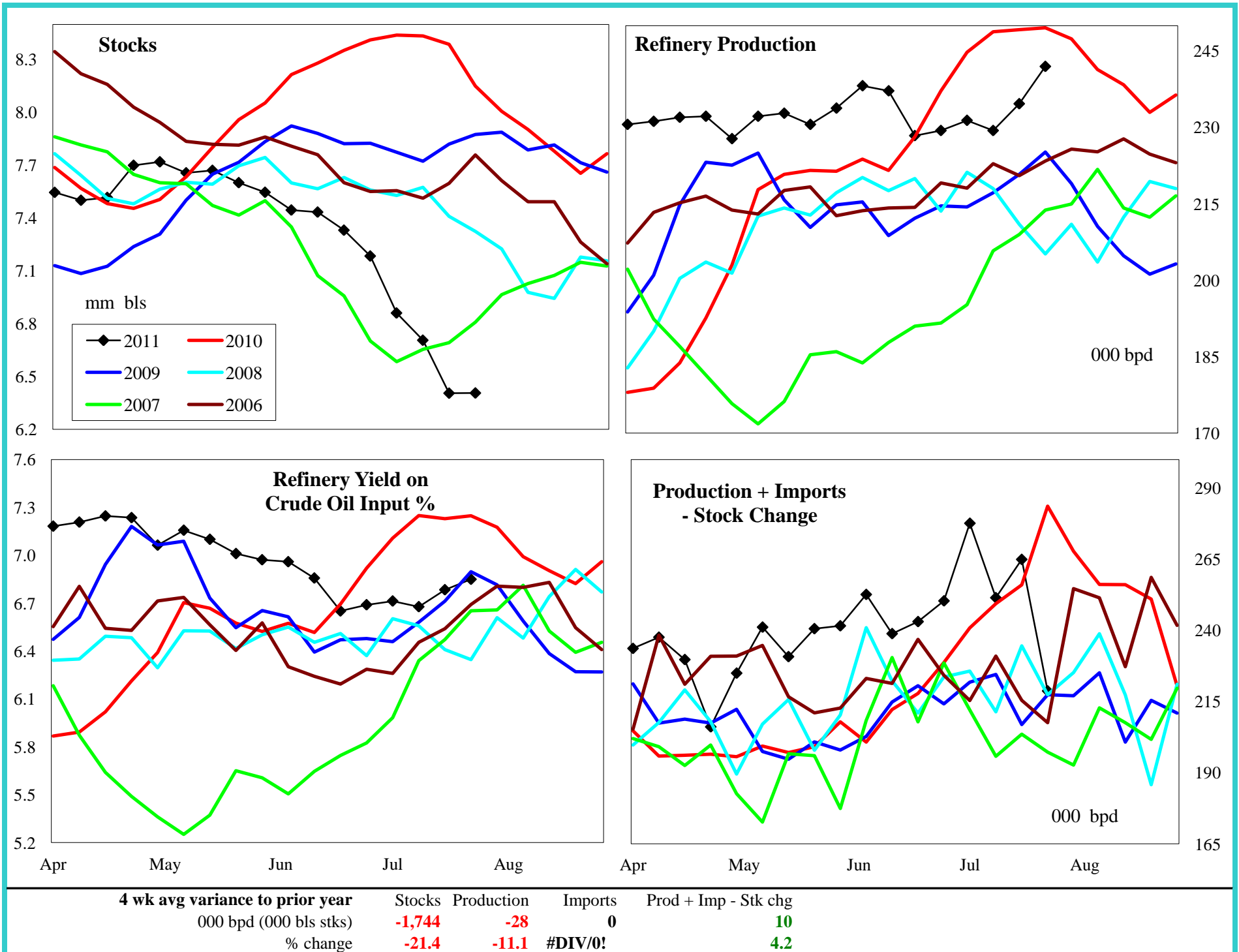
PADD 2 Conventional Gasoline Supply



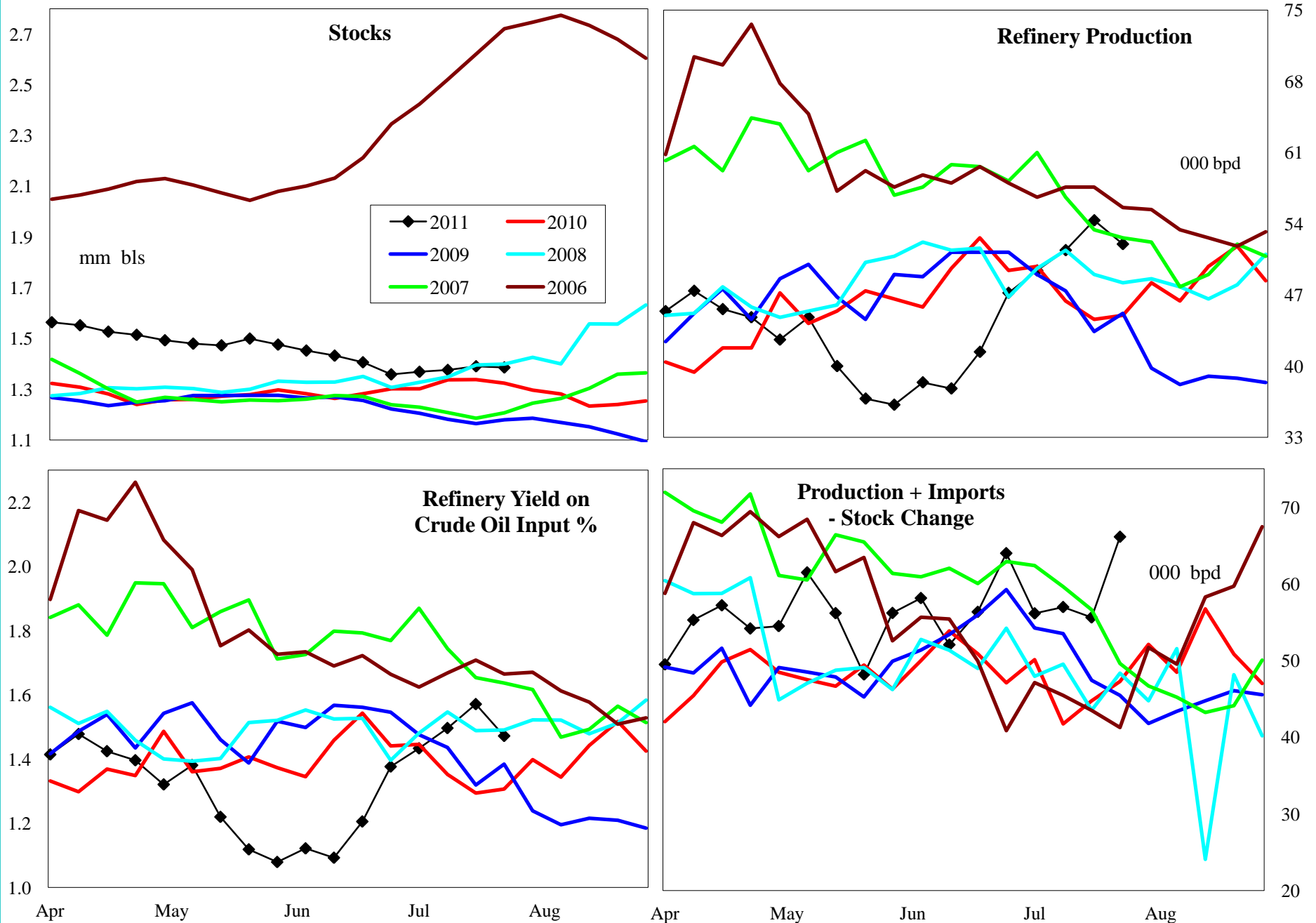
PADD 2 Distillate Supply



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

62

10

5

21

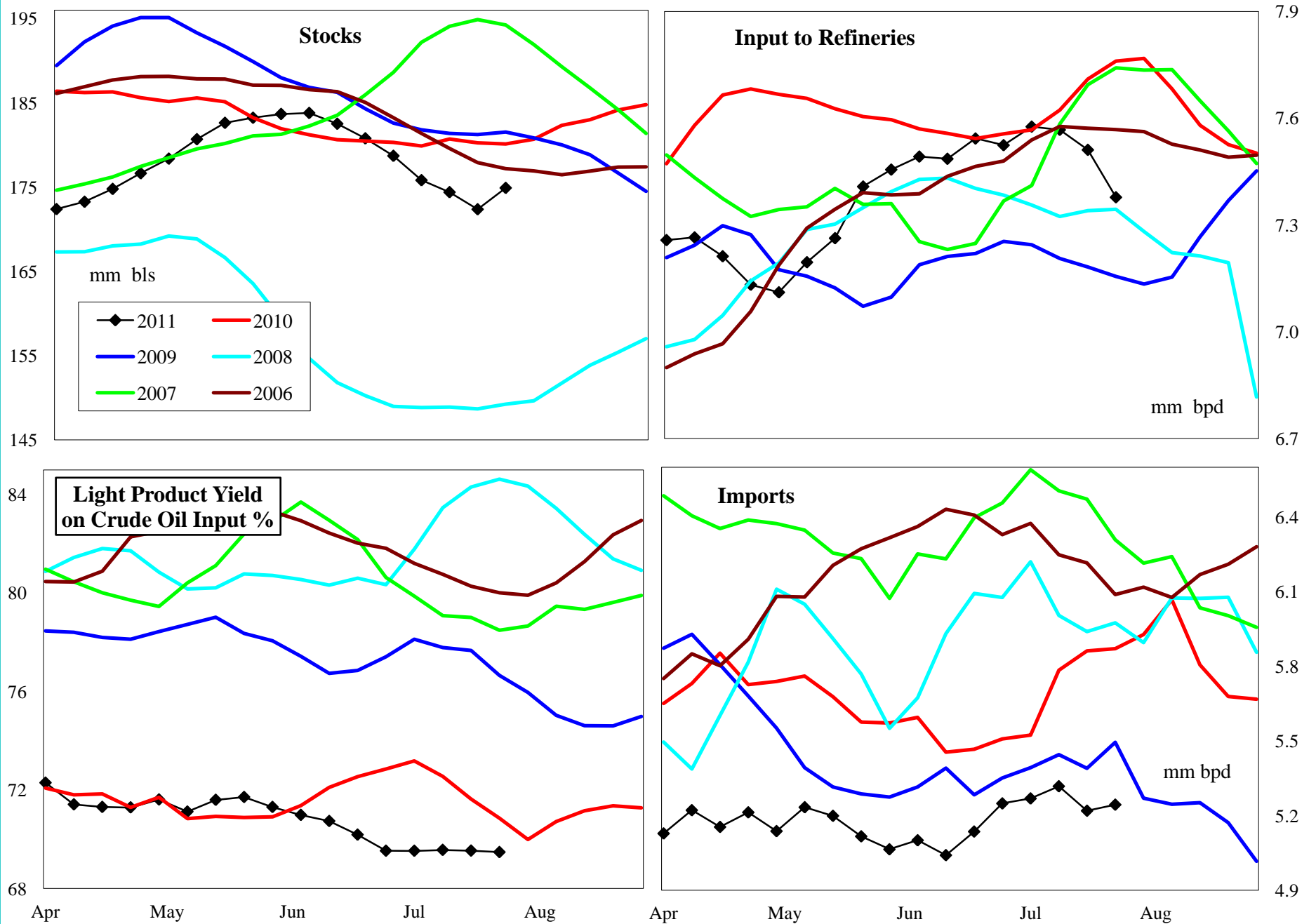
4.7

22.2

2,100.0

57.4

PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-5,204

-2.9

Input

-81

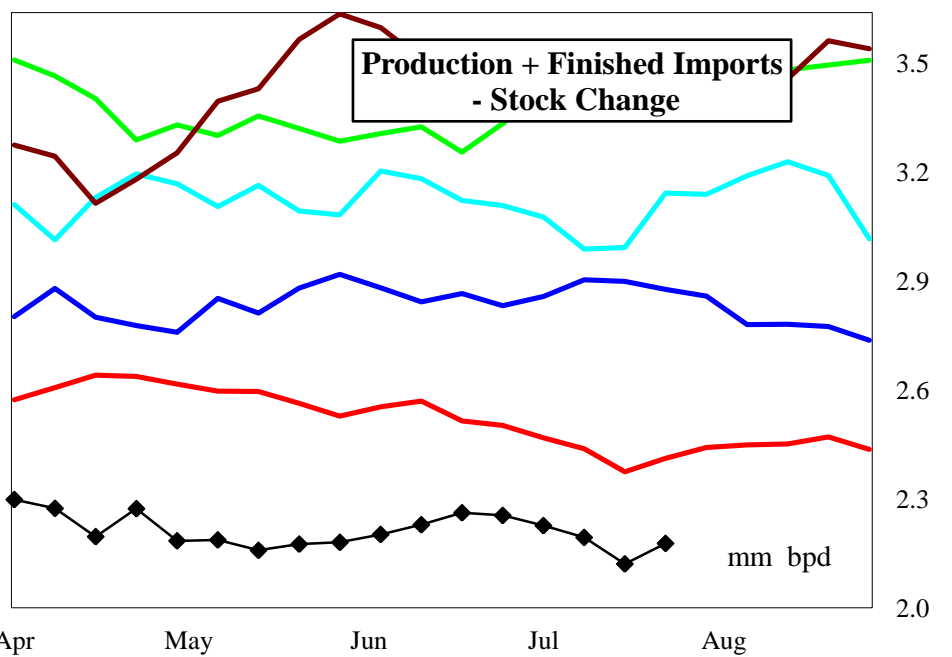
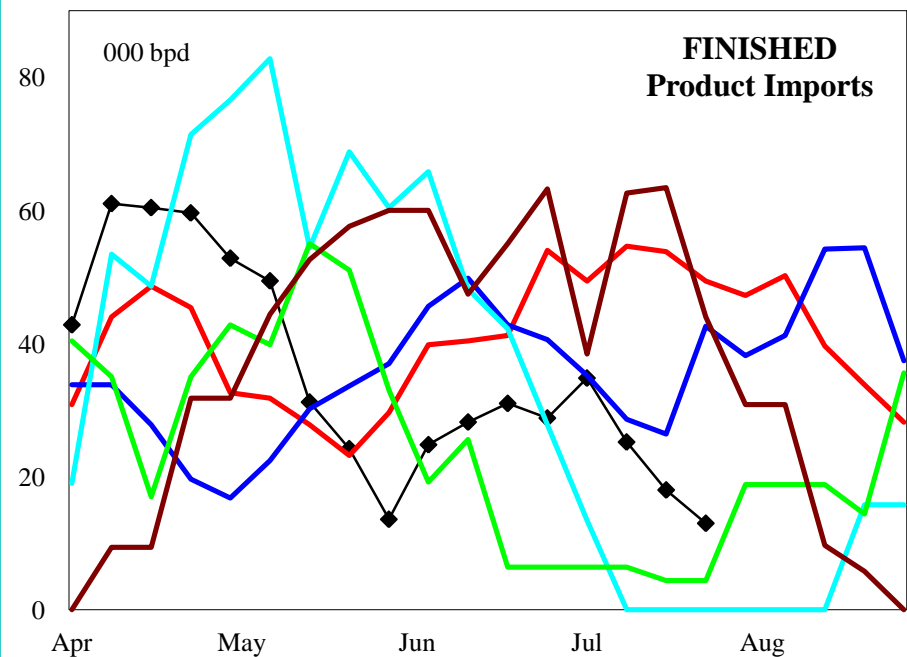
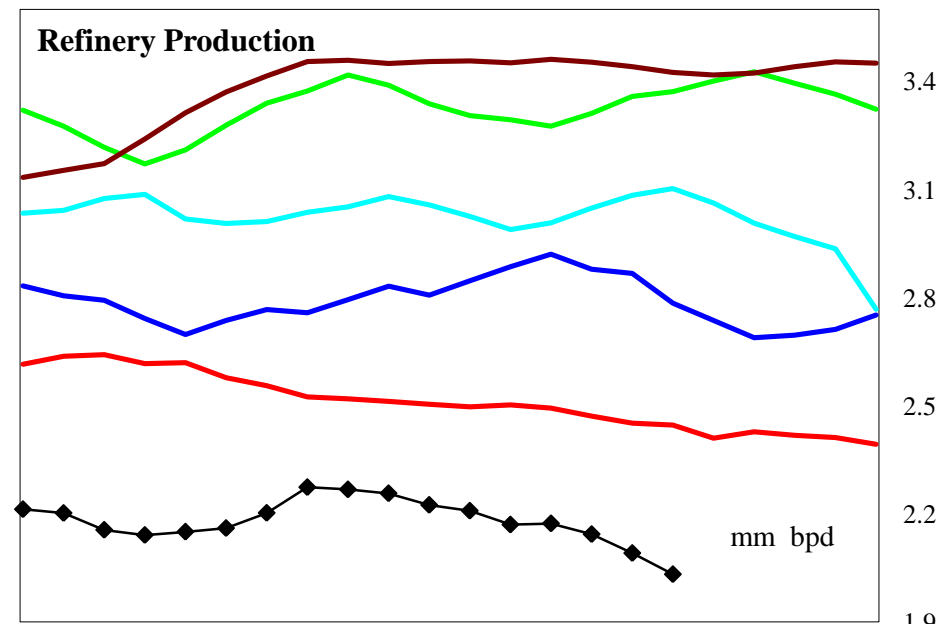
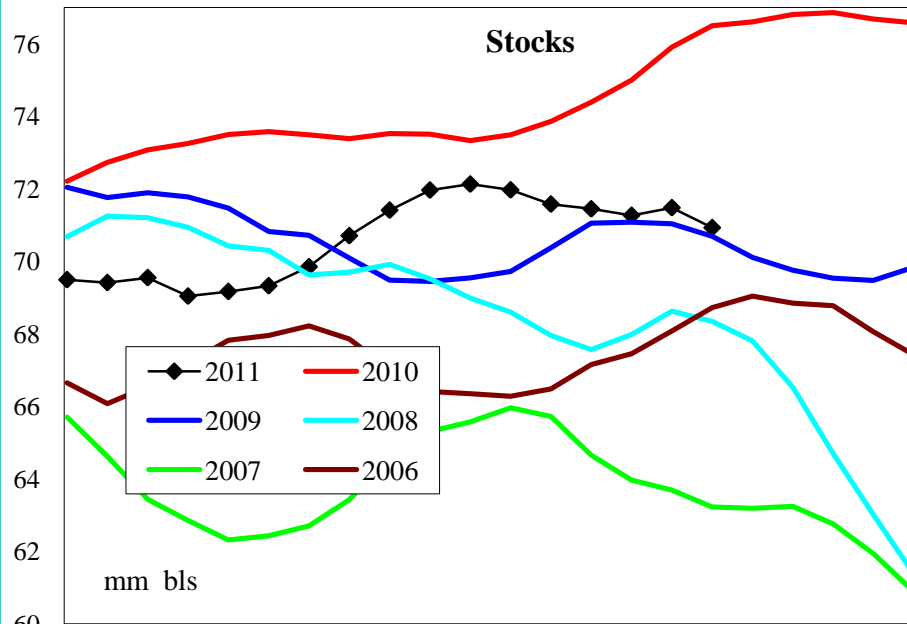
-1.1

Imports

-567

-9.6

PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-5,657

-7.4

Production

-325

-13.2

Fin Impt

-40

-69.9

Blend Impt

-37

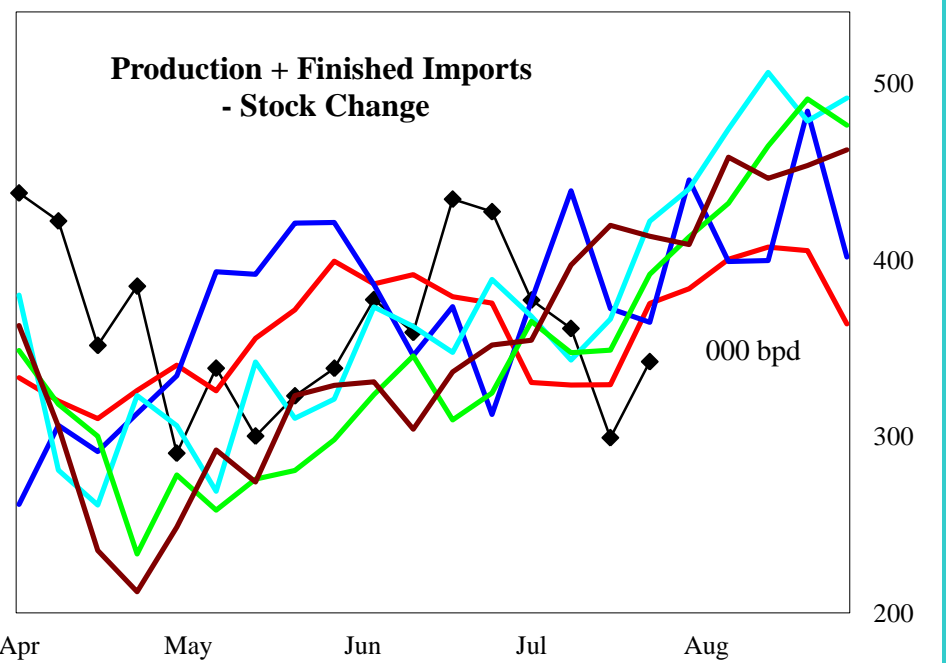
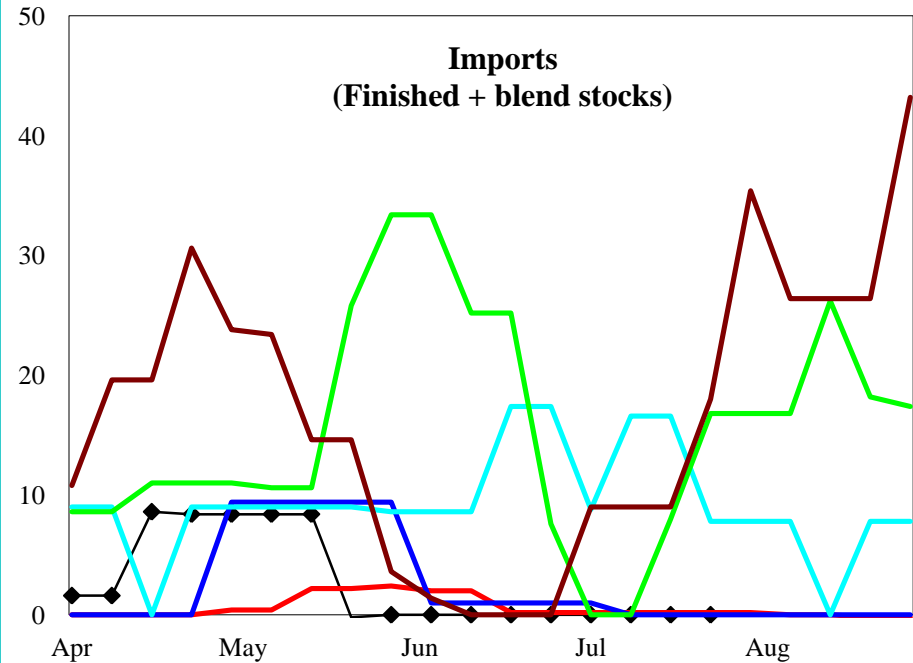
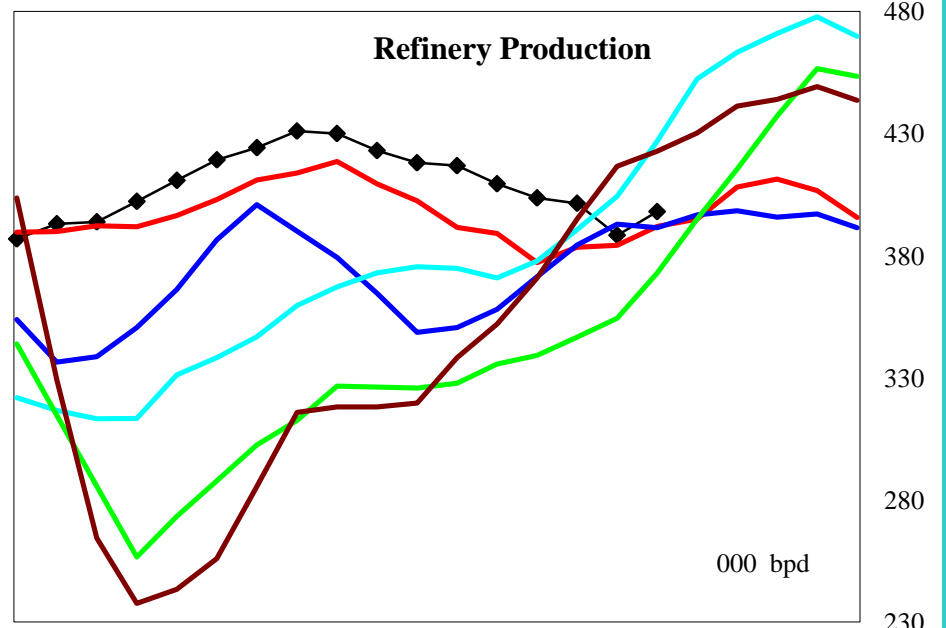
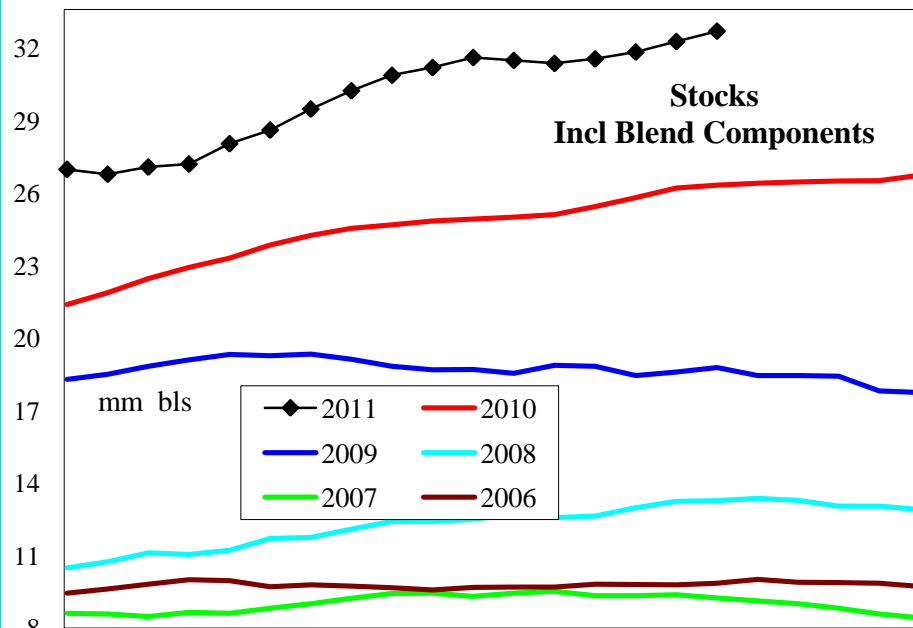
-46.5

Prod + Imp - Stk chg

-239

-10.0

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

6,311

23.6

Production

17

4.3

Imports

0

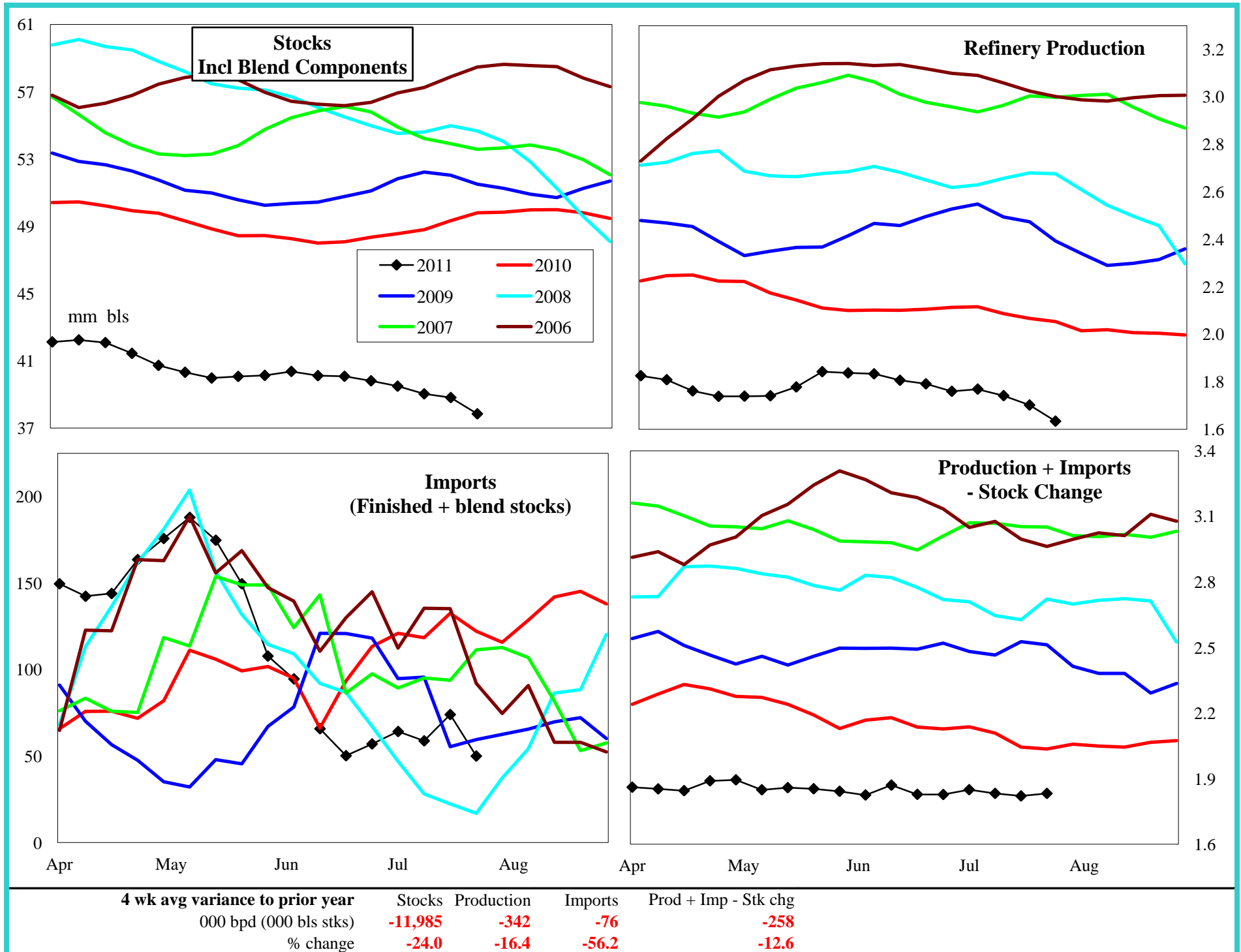
-100.0

Prod + Imp - Stk chg

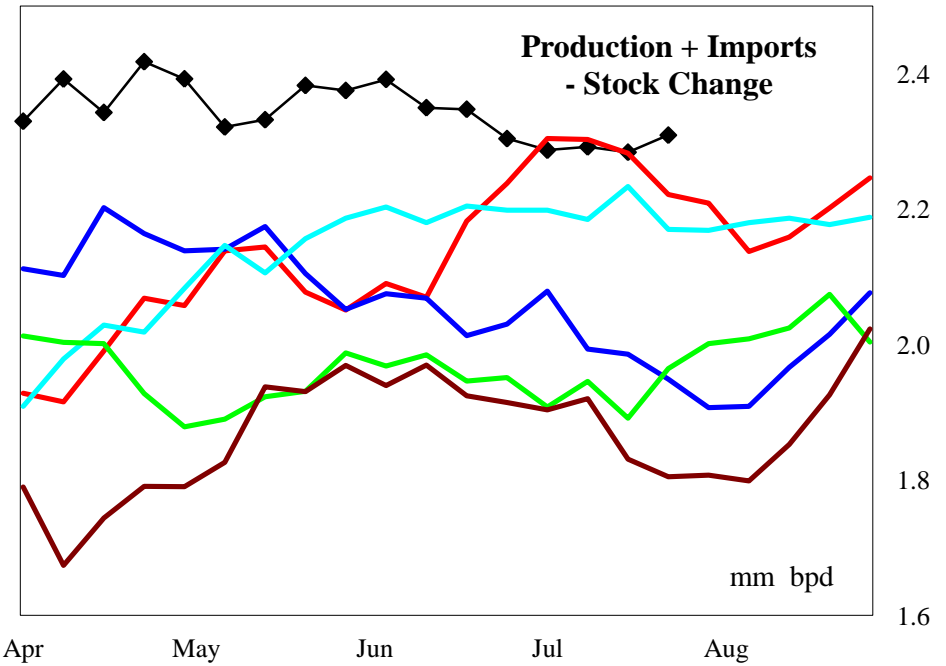
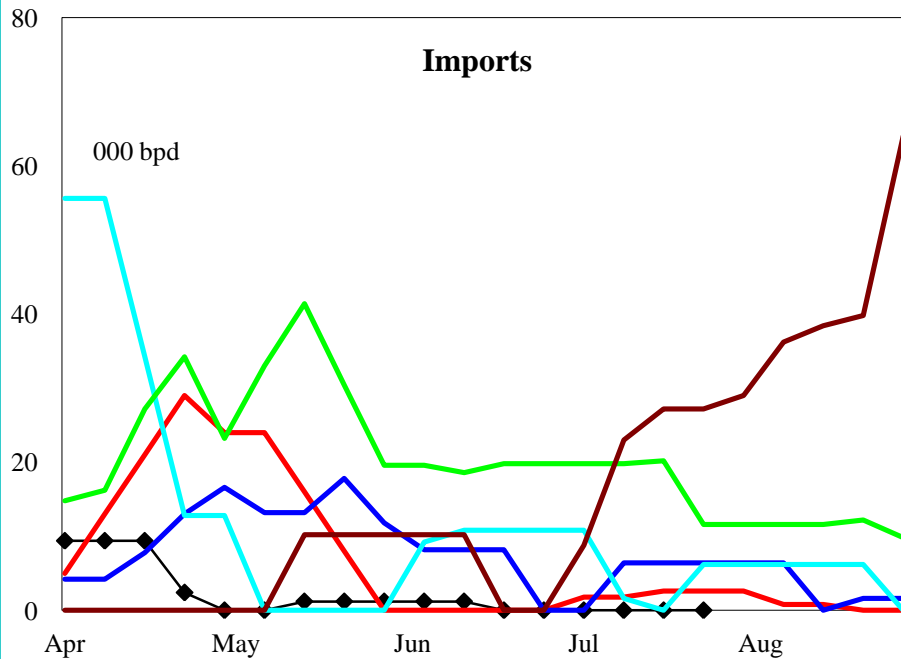
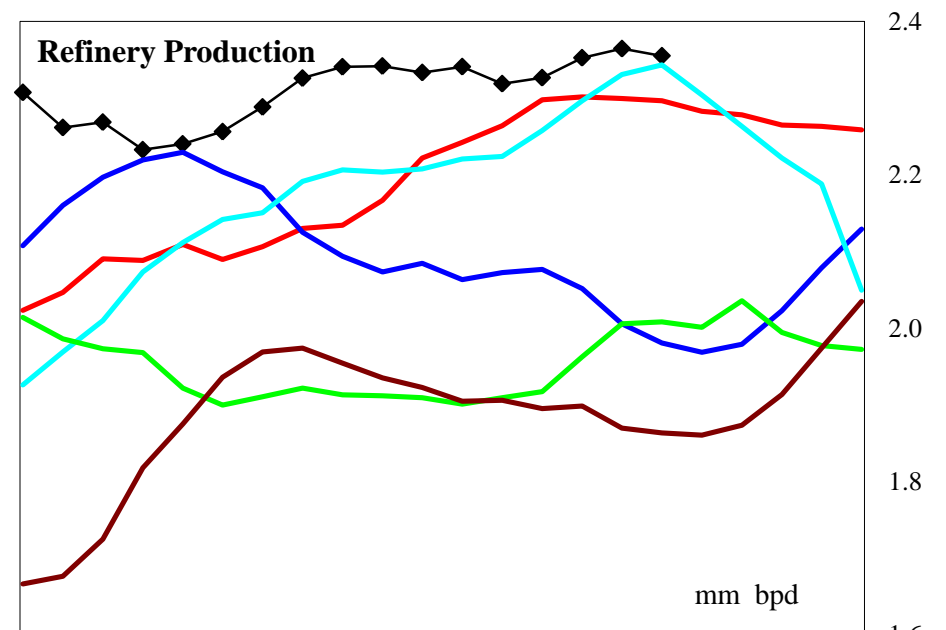
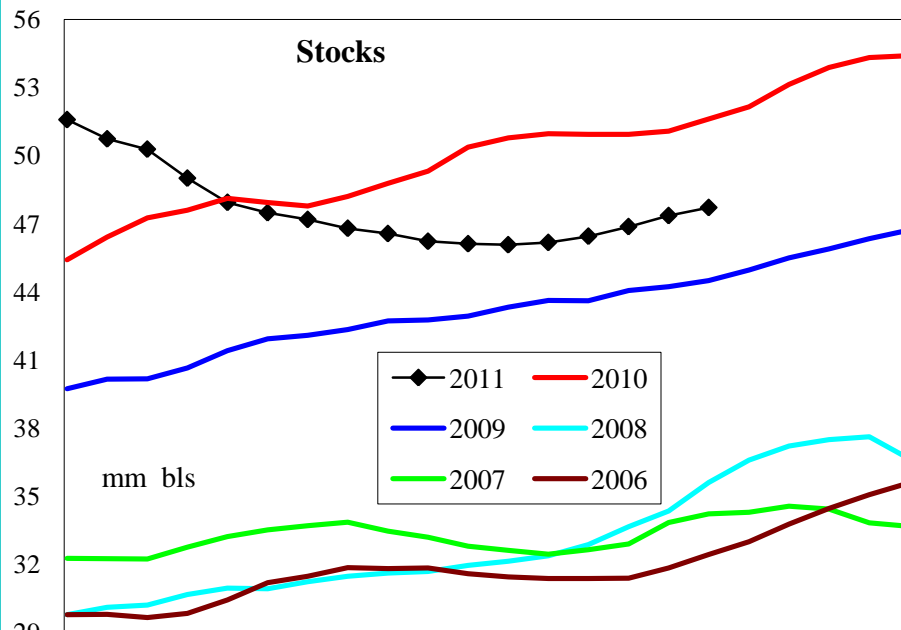
19

5.7

PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-3,148

-6.2

Production

62

2.7

Imports

-2

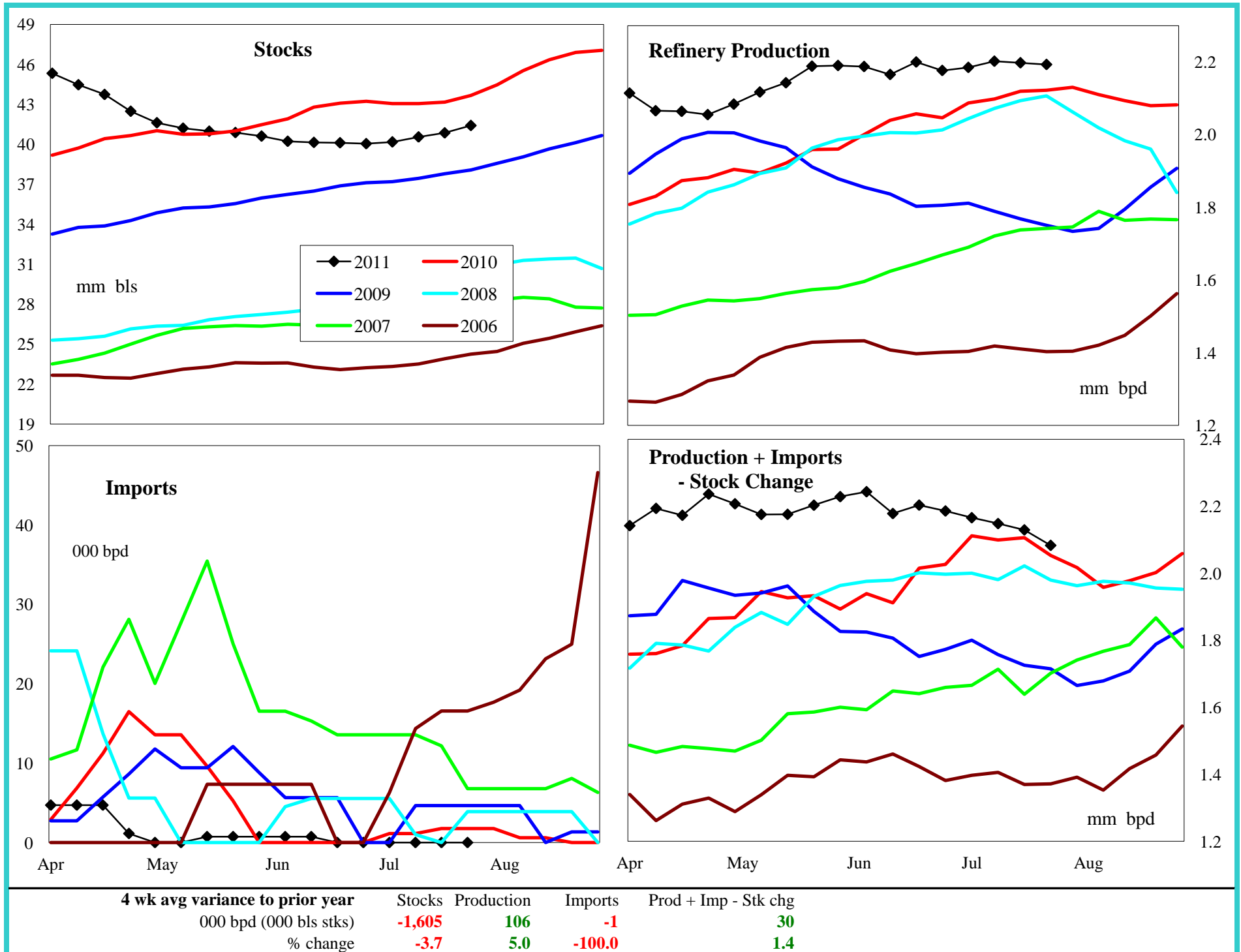
-100.0

Prod + Imp - Stk chg

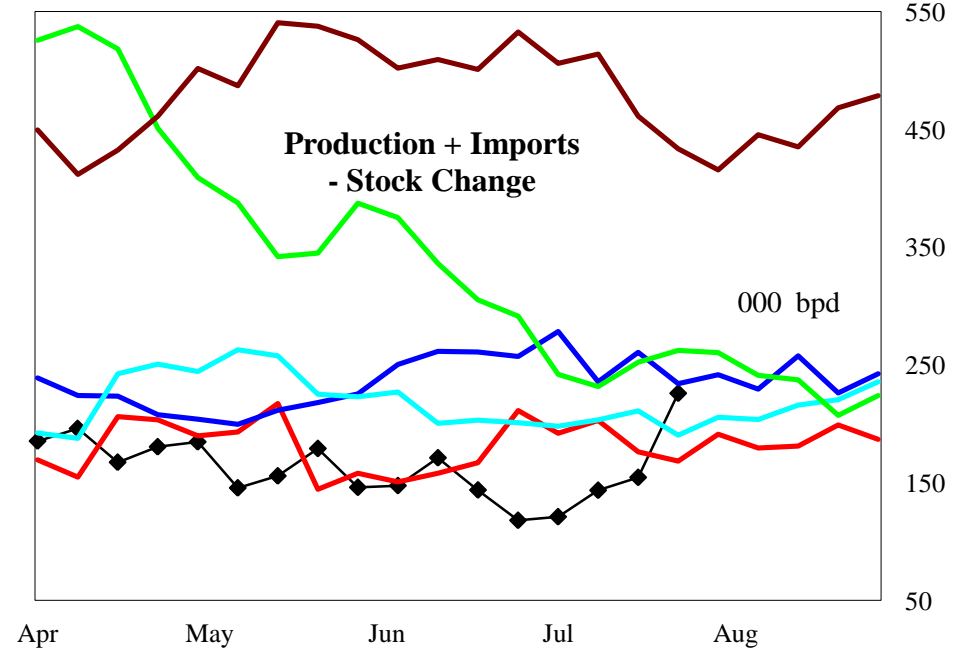
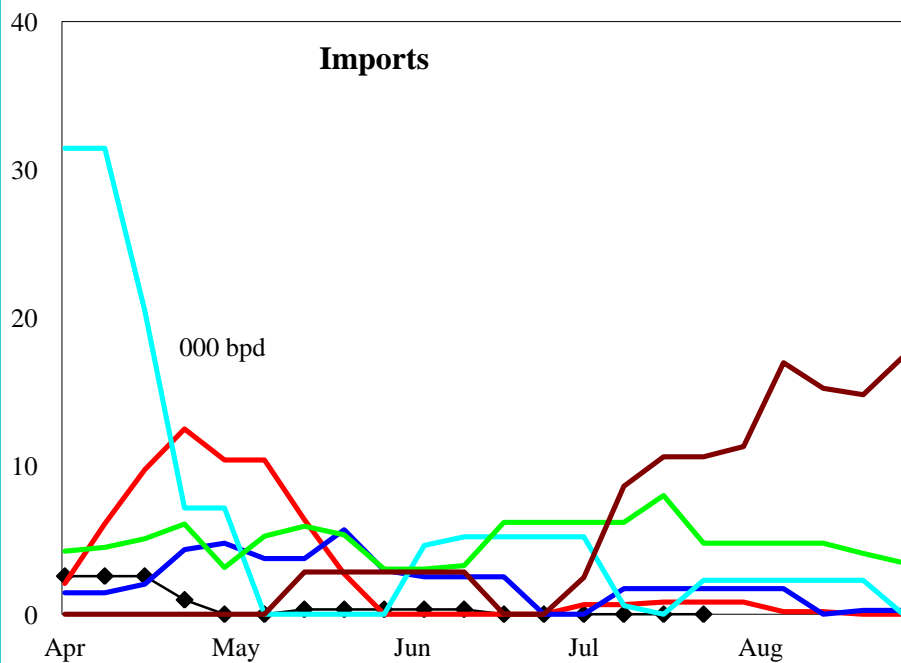
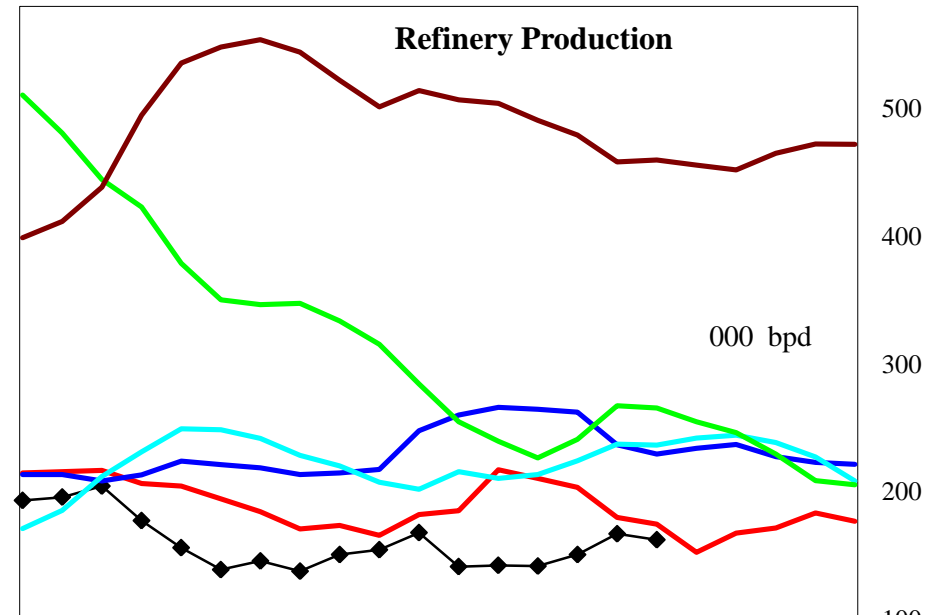
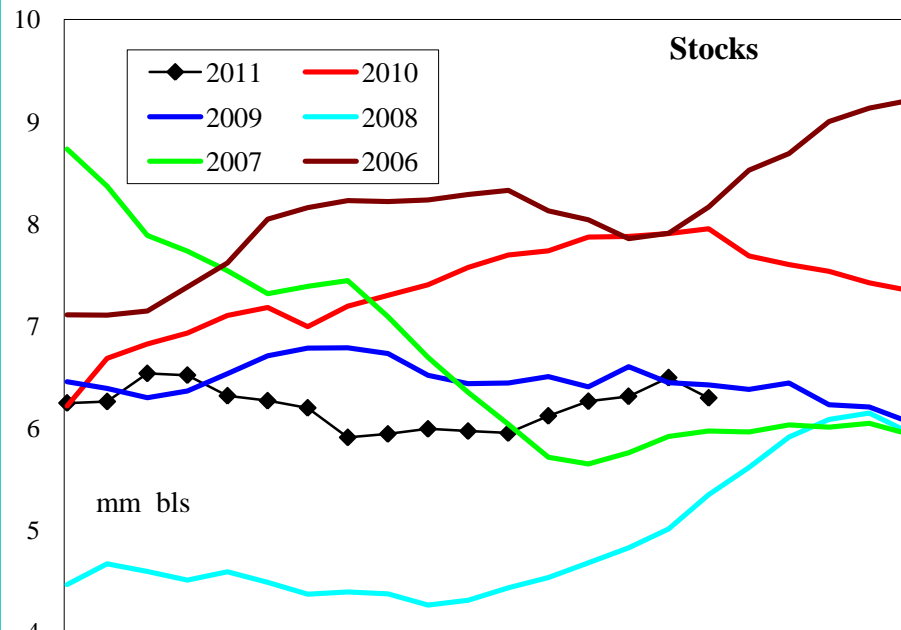
-27

-1.1

PADD 3 Low Sulfur Distillate Supply



PADD 3 High Sulfur Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-1,543

-44

-1

-56

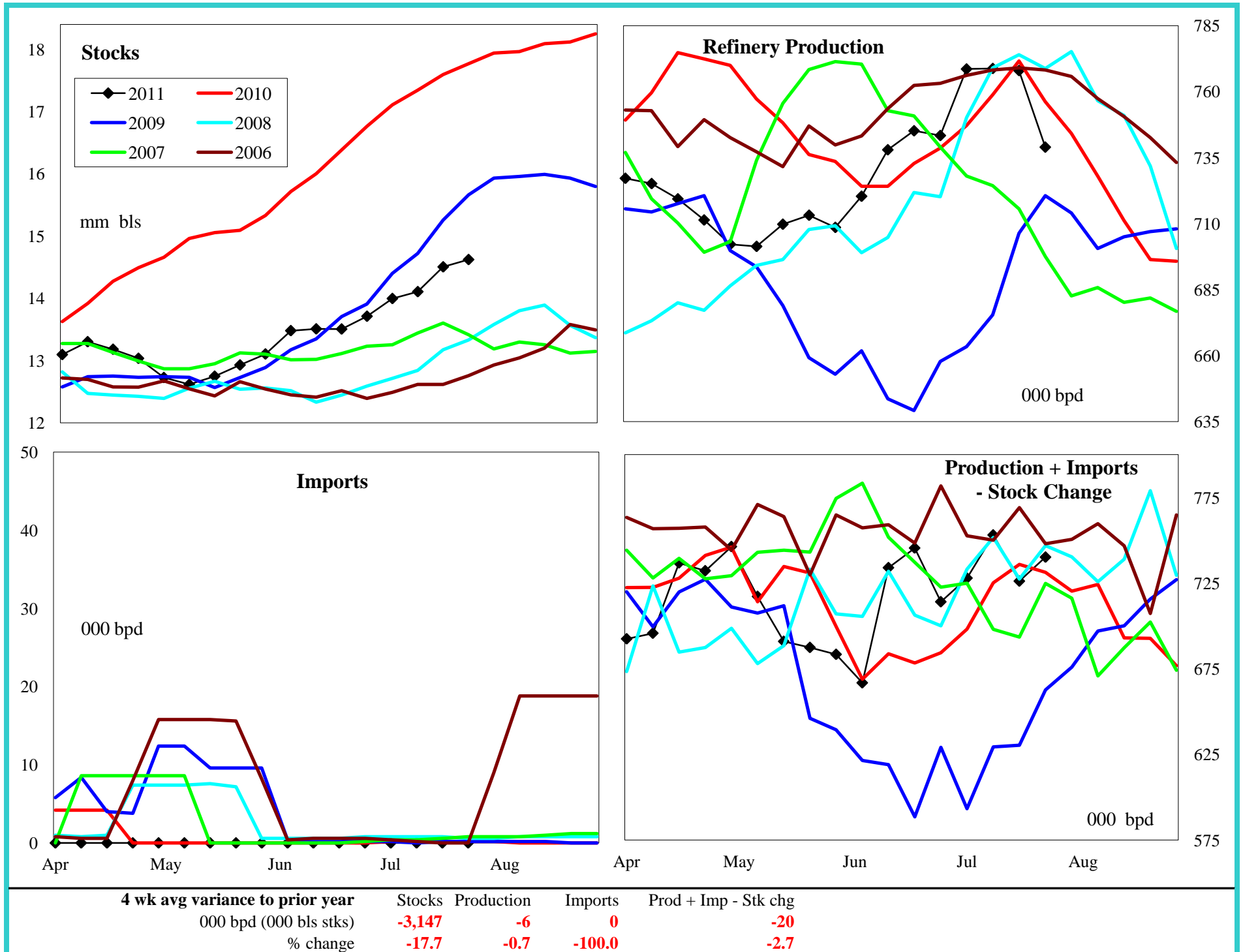
-19.7

-23.2

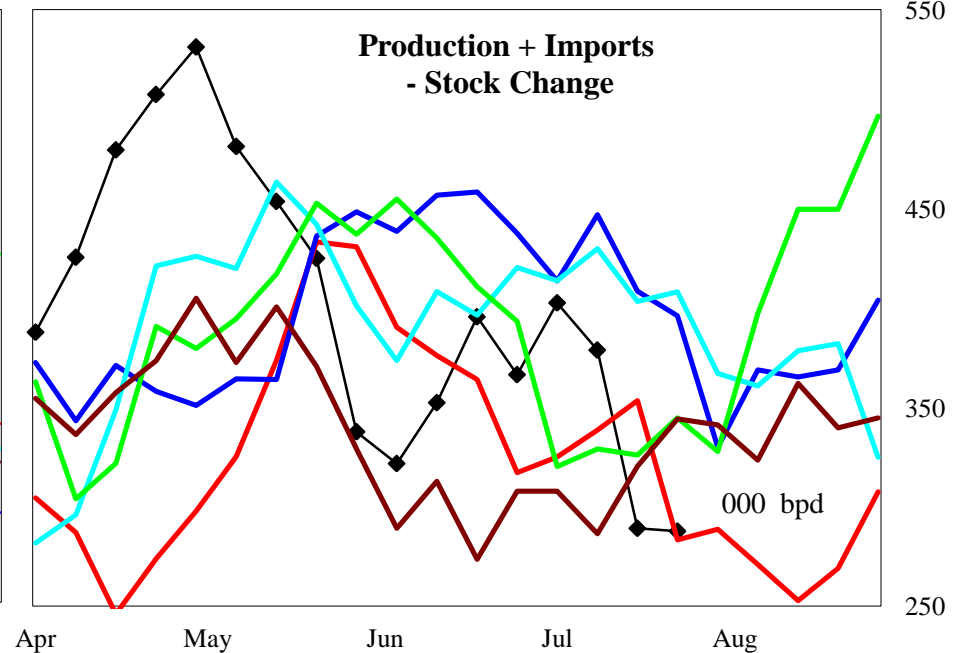
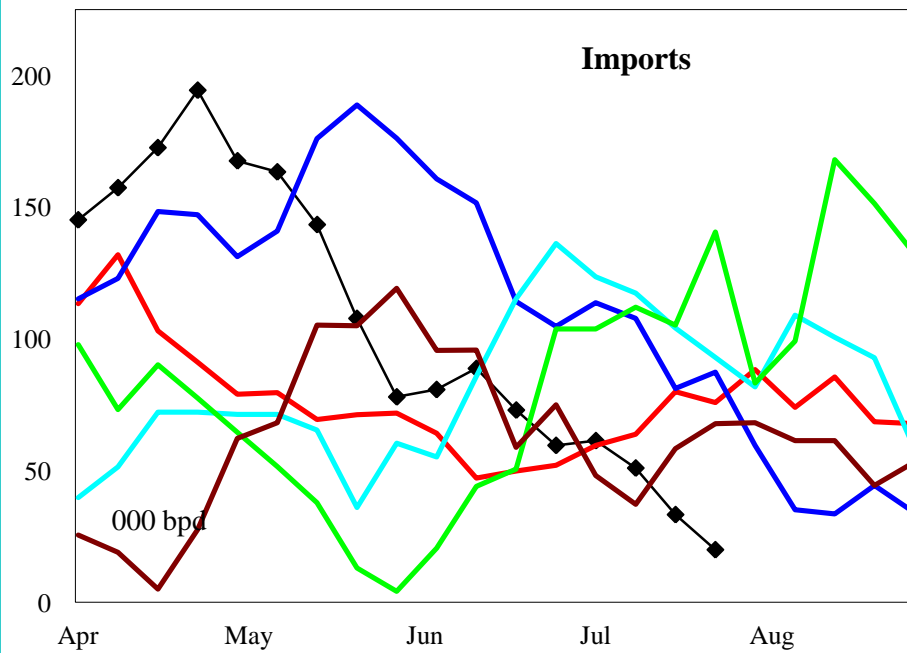
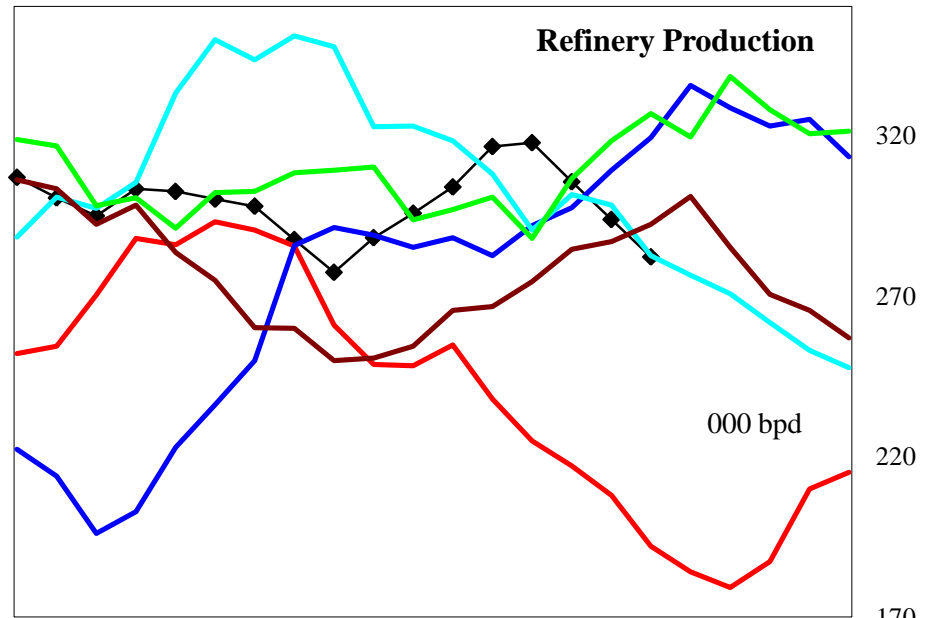
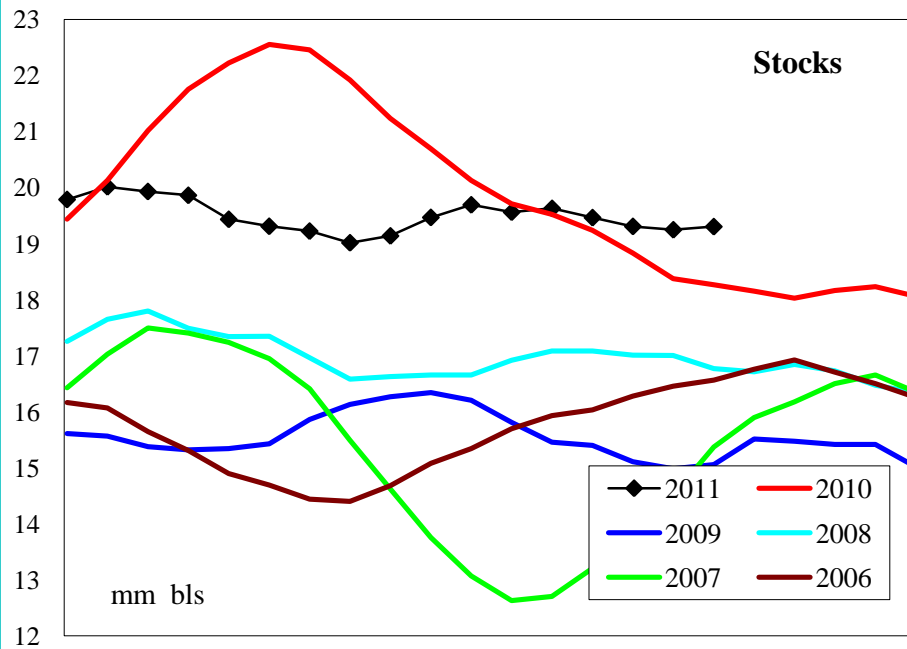
-100.0

-29.3

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

1,040

5.7

Production

90

43.9

Imports

-37

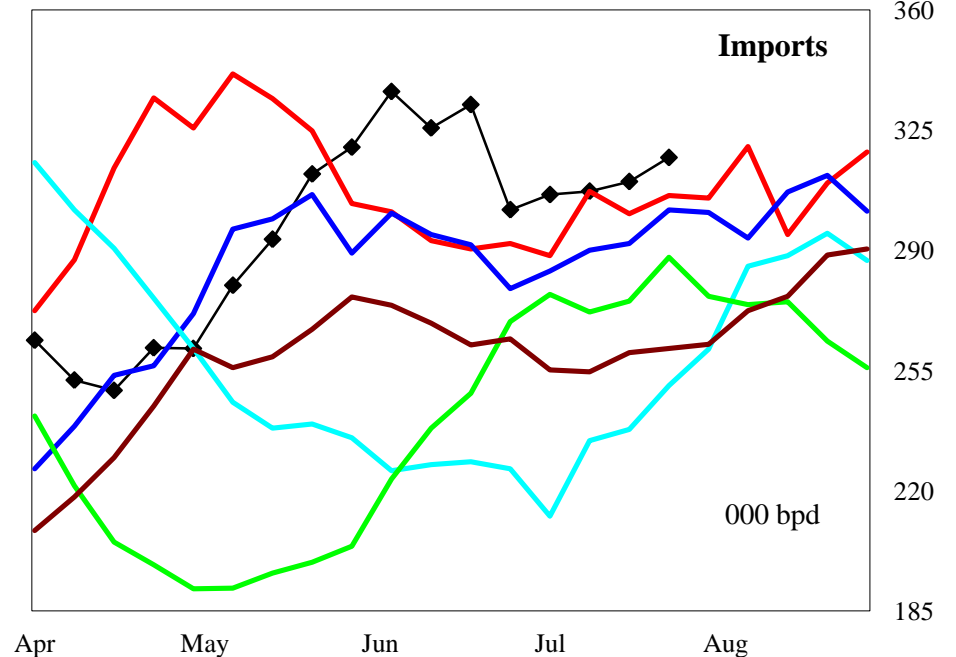
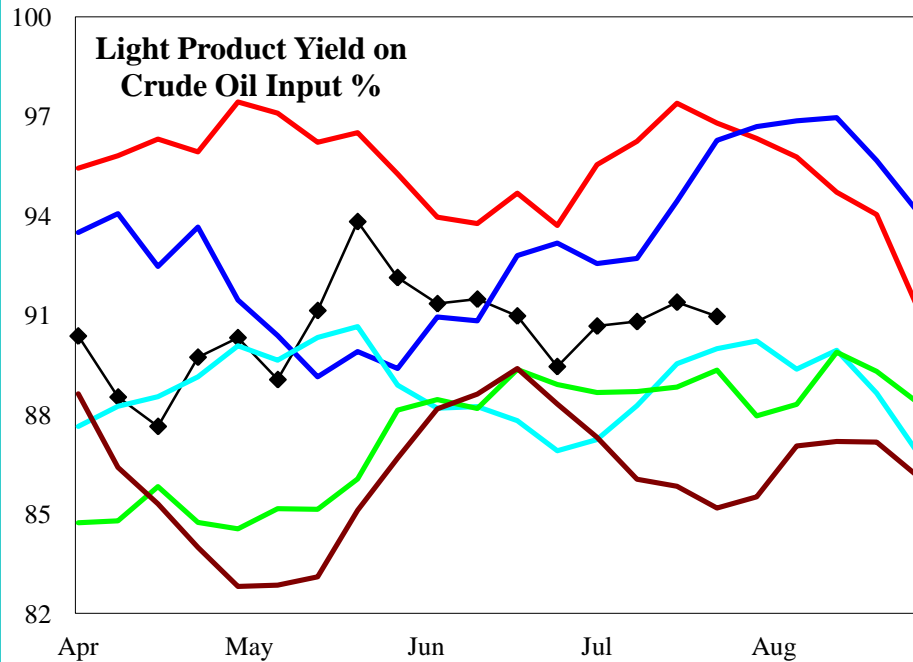
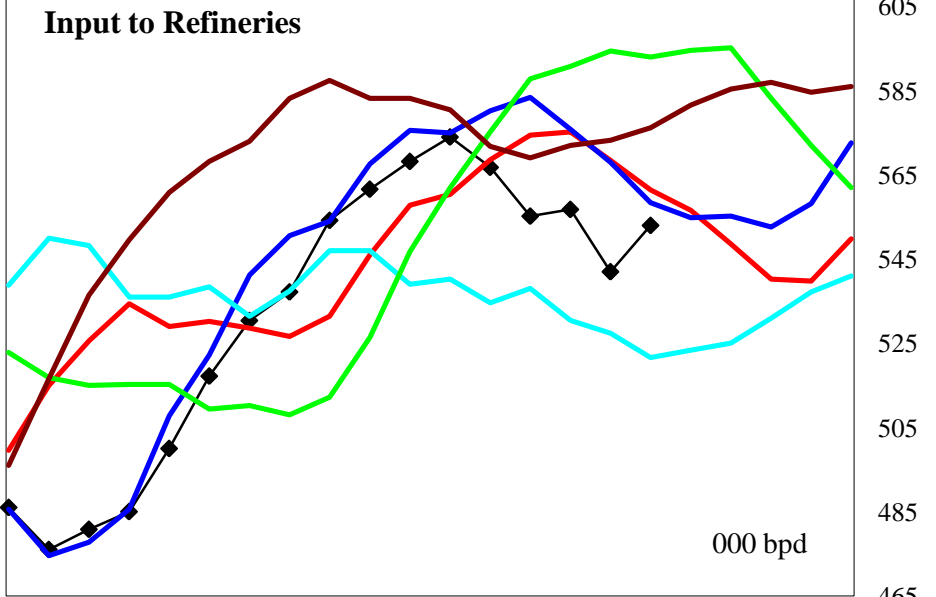
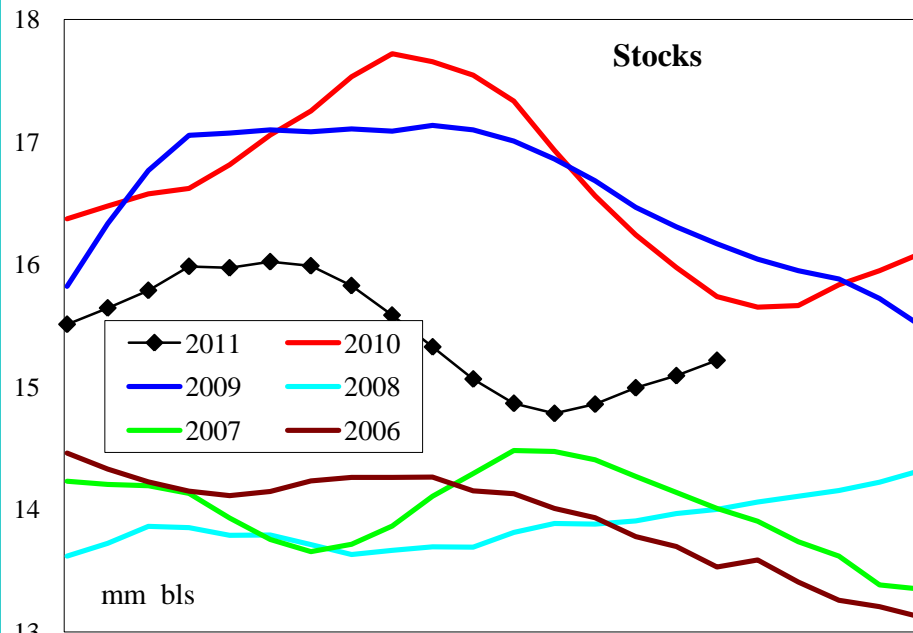
-54.0

Prod + Imp - Stk chg

6

1.6

PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-520

-3.3

Input

-23

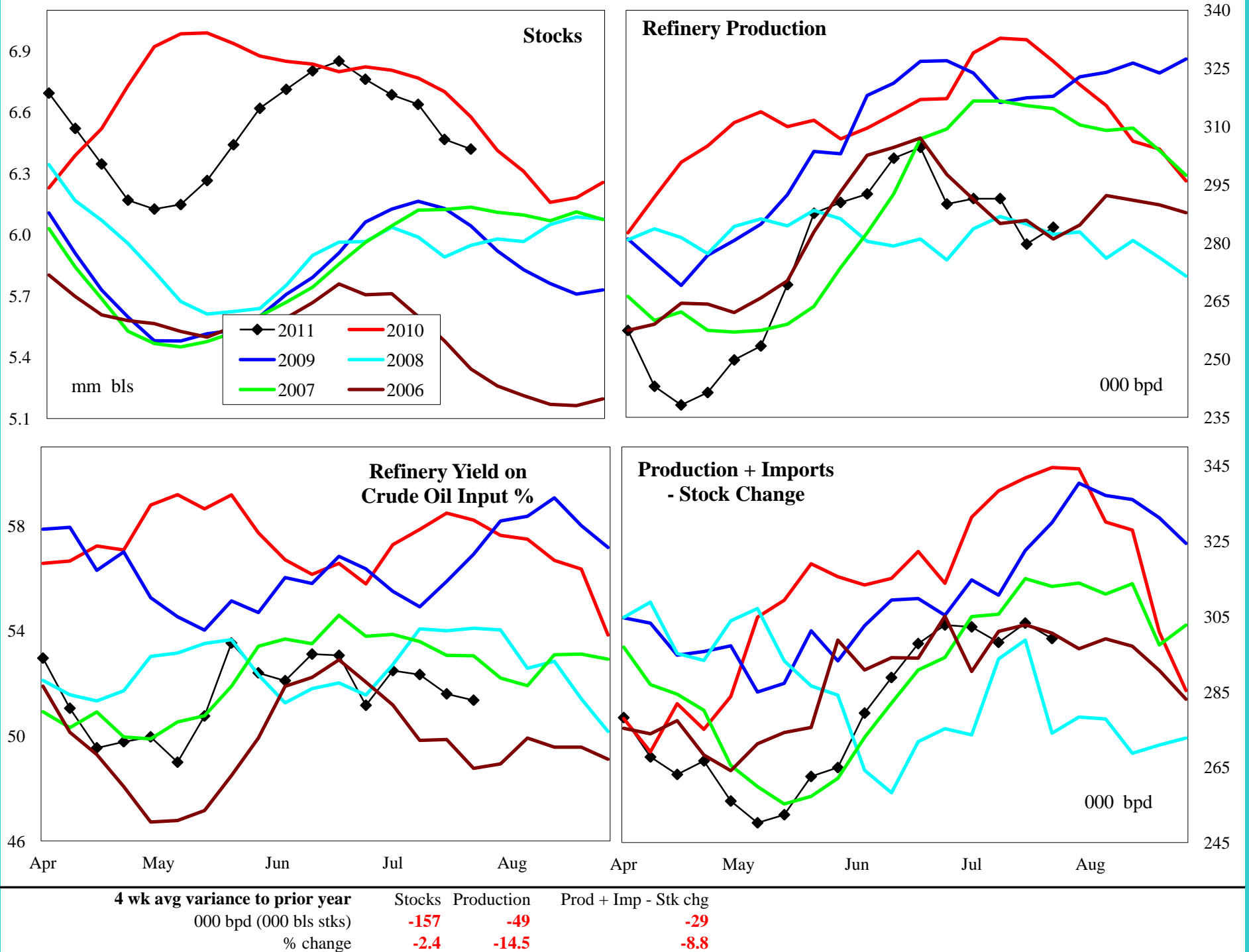
-4.0

Imports

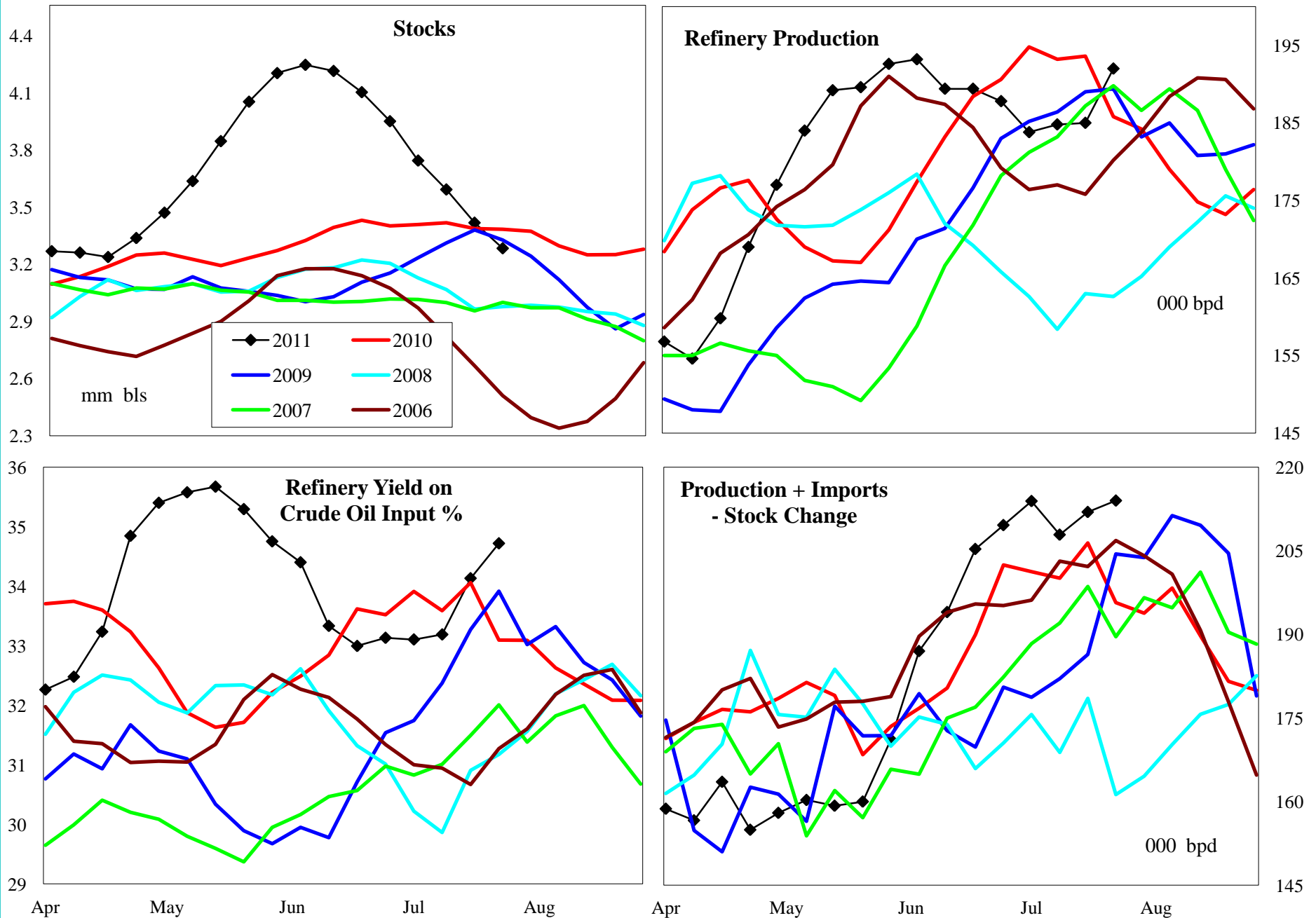
13

4.2

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

-100

-8

-7

6

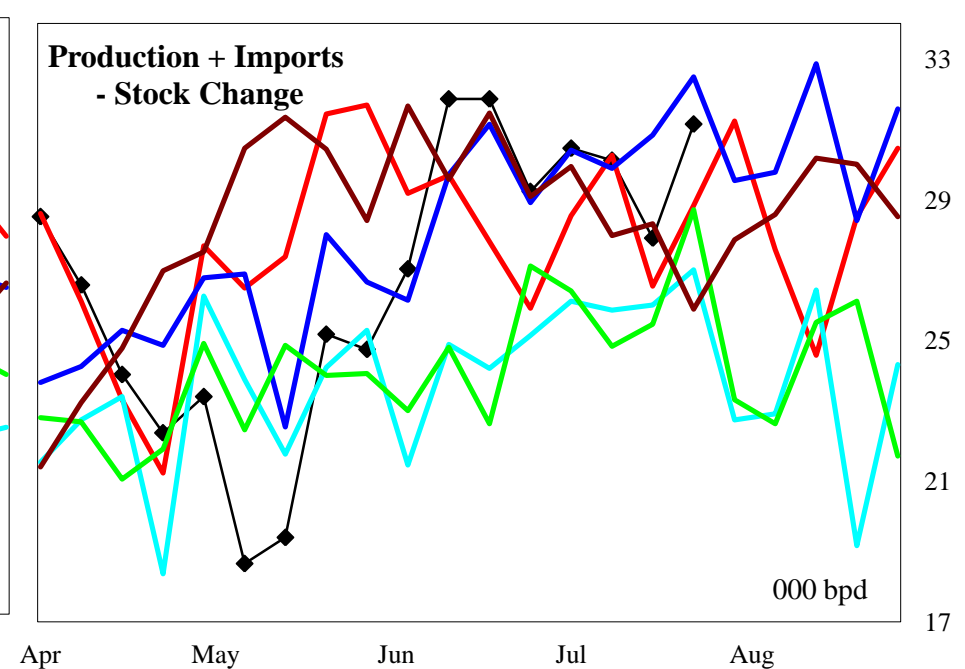
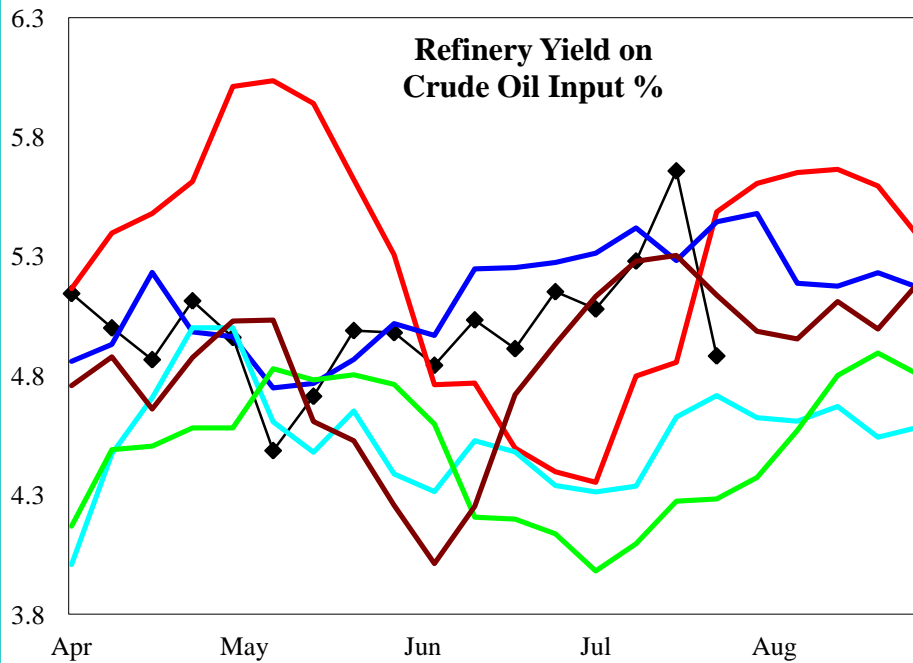
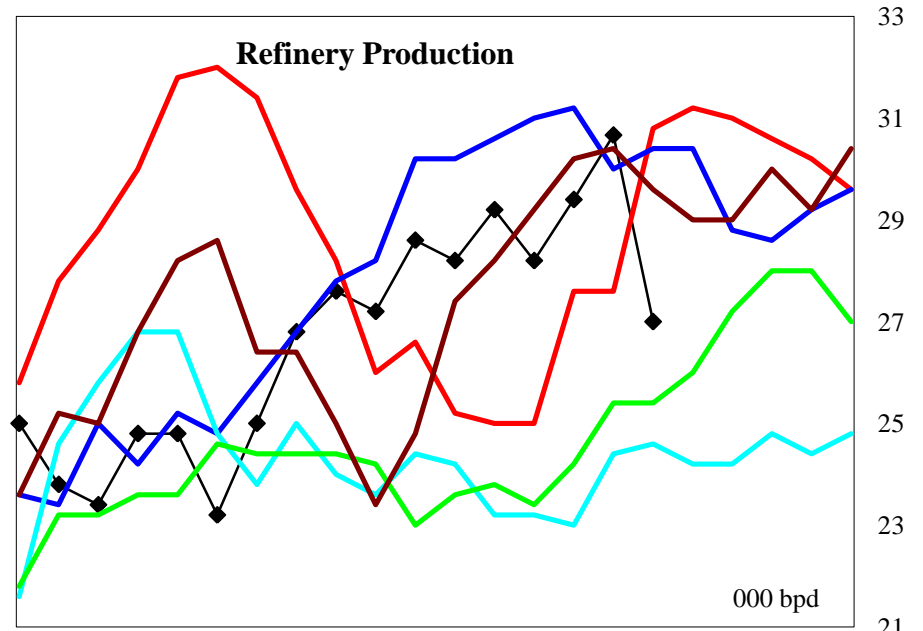
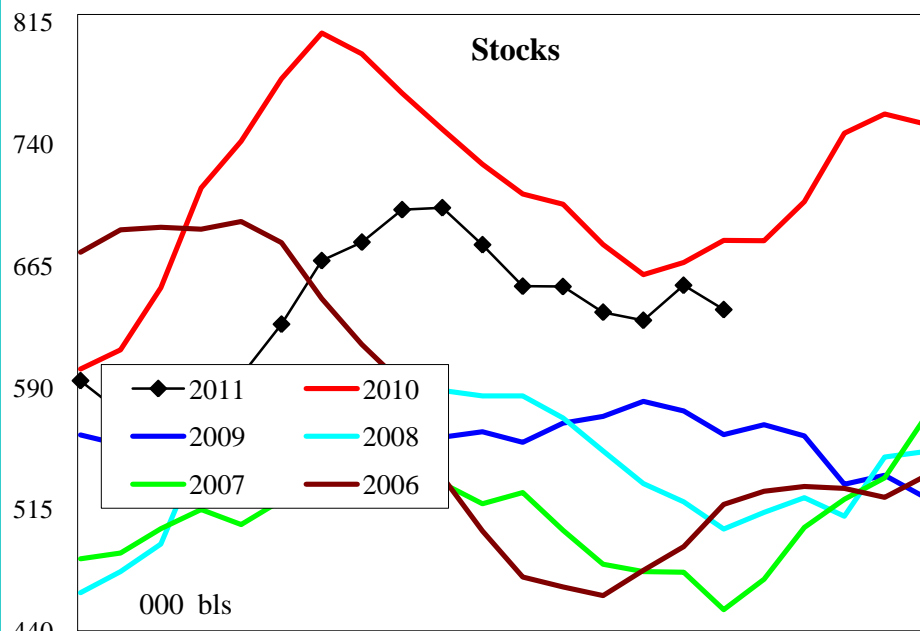
-2.9

-4.0

-79.4

3.2

PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

-43

3

-6.3

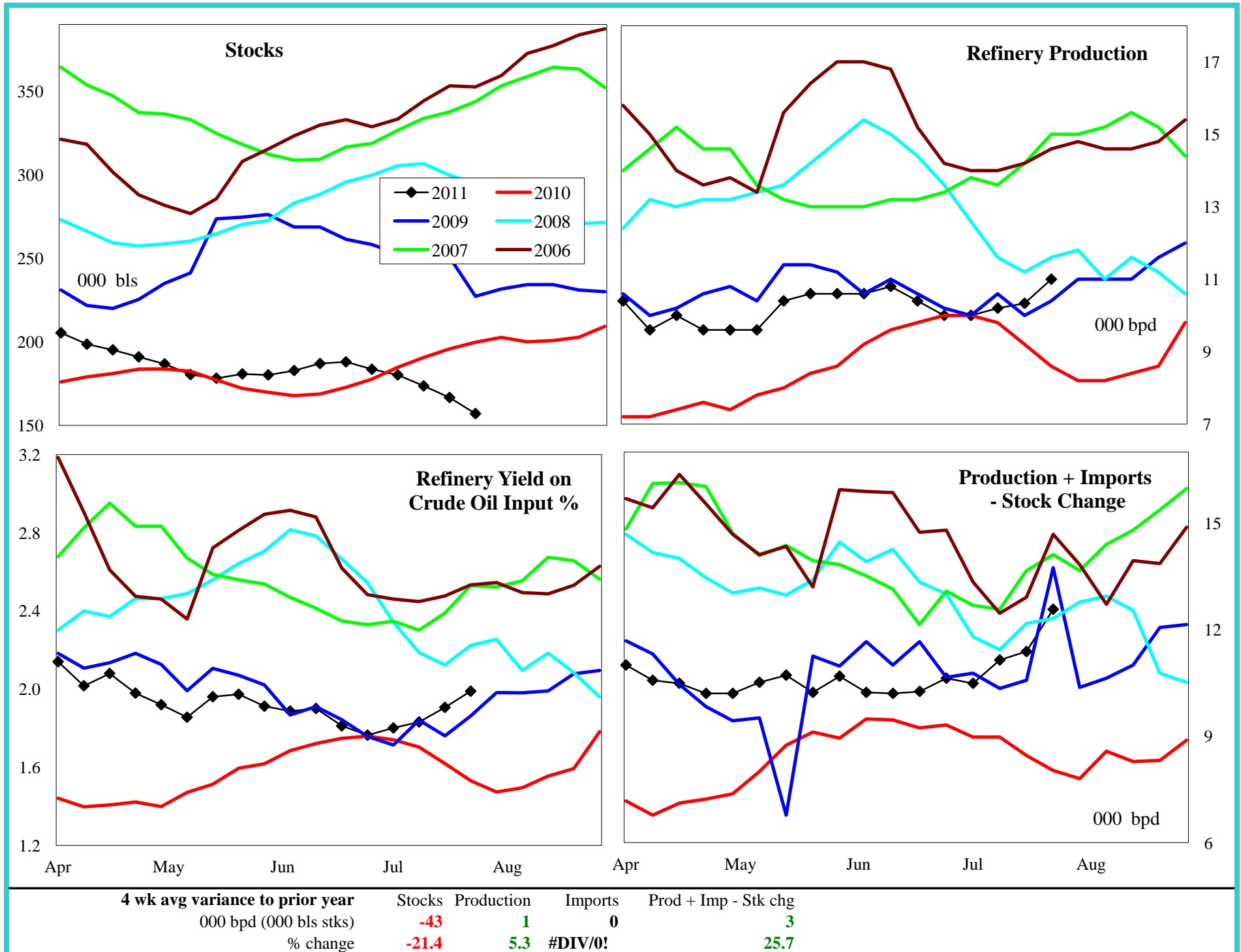
10.1

Prod + Imp - Stk chg

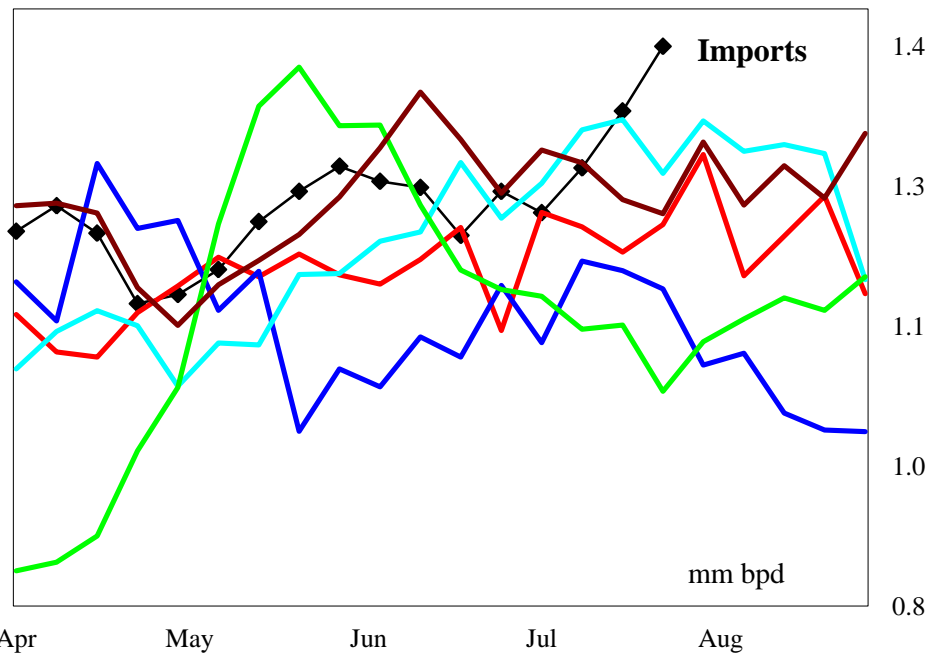
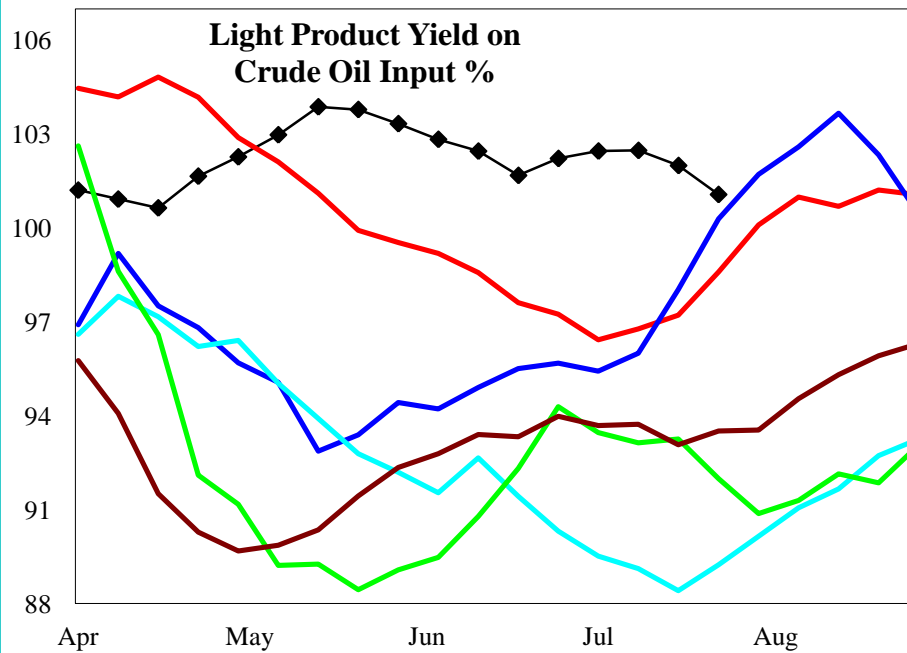
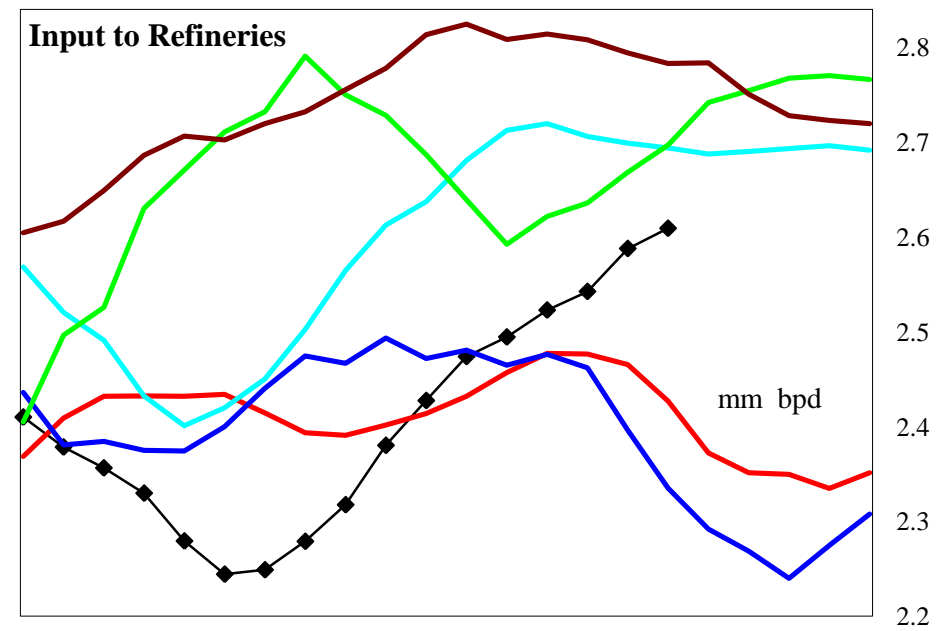
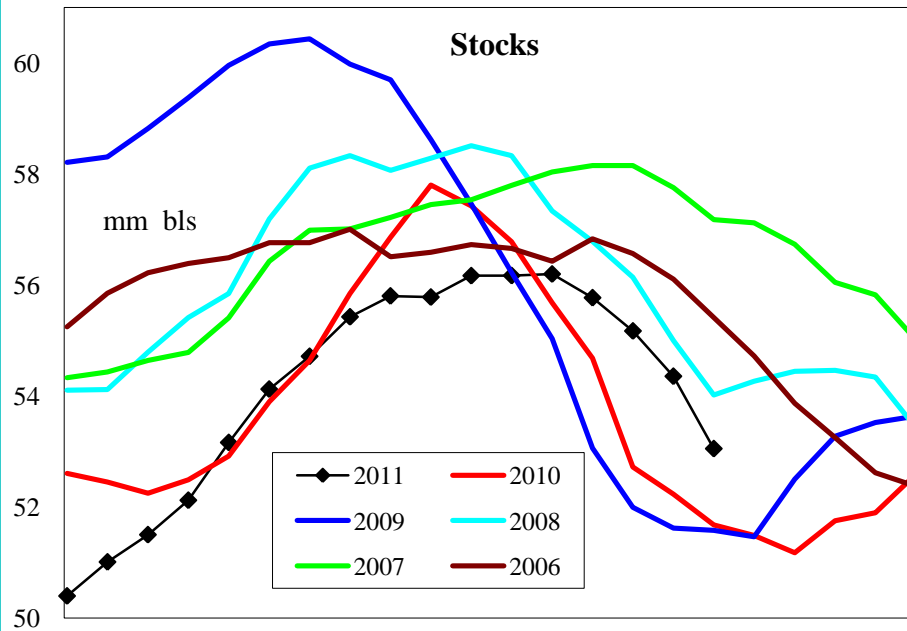
1

2.0

PADD 4 Residual Fuel Oil Supply



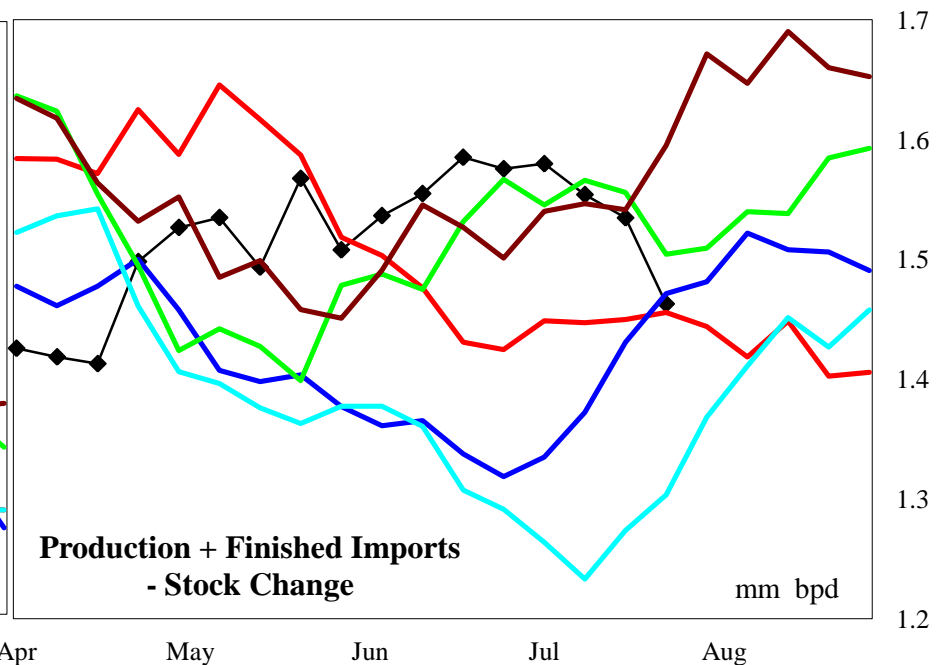
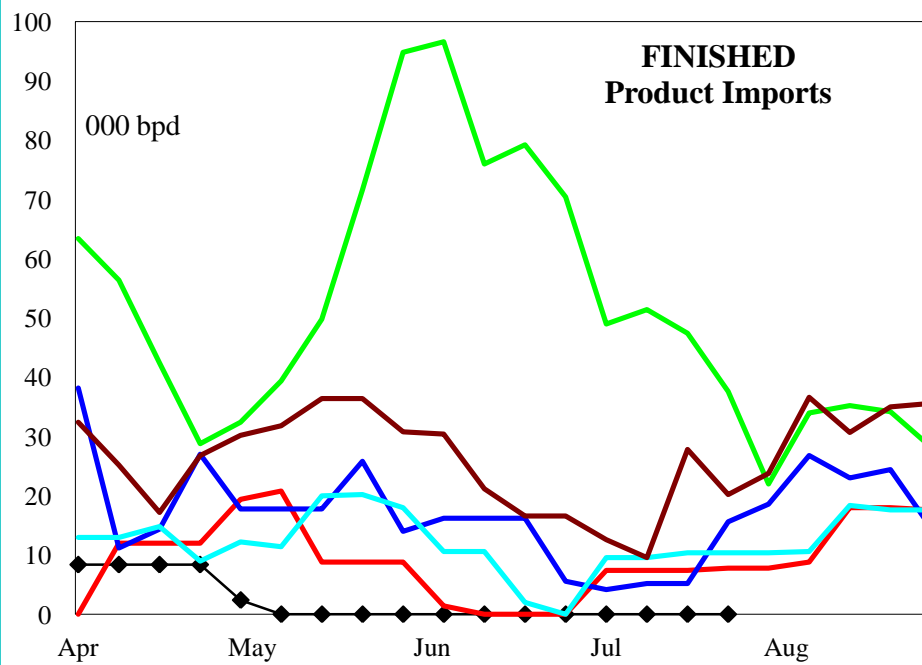
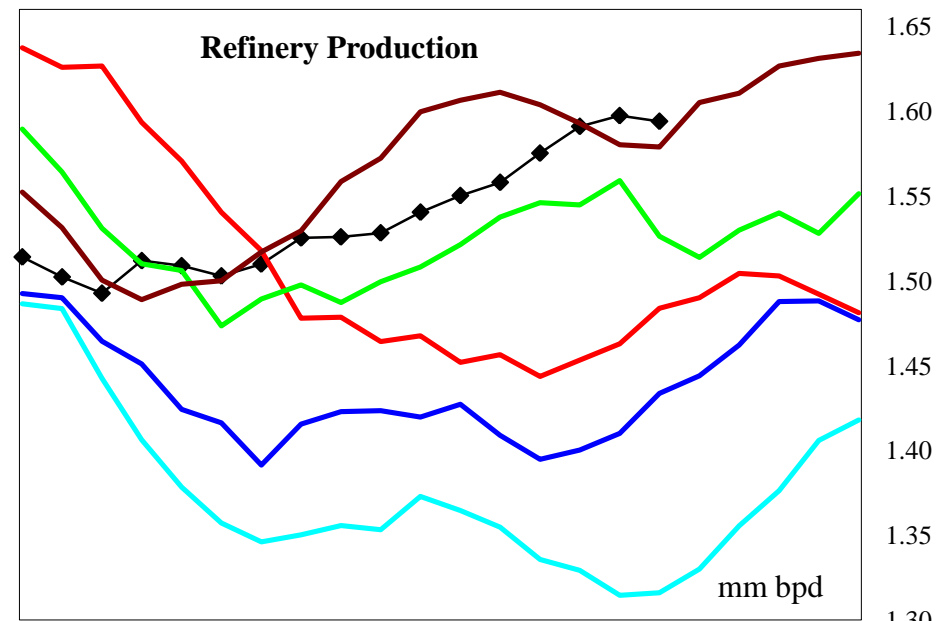
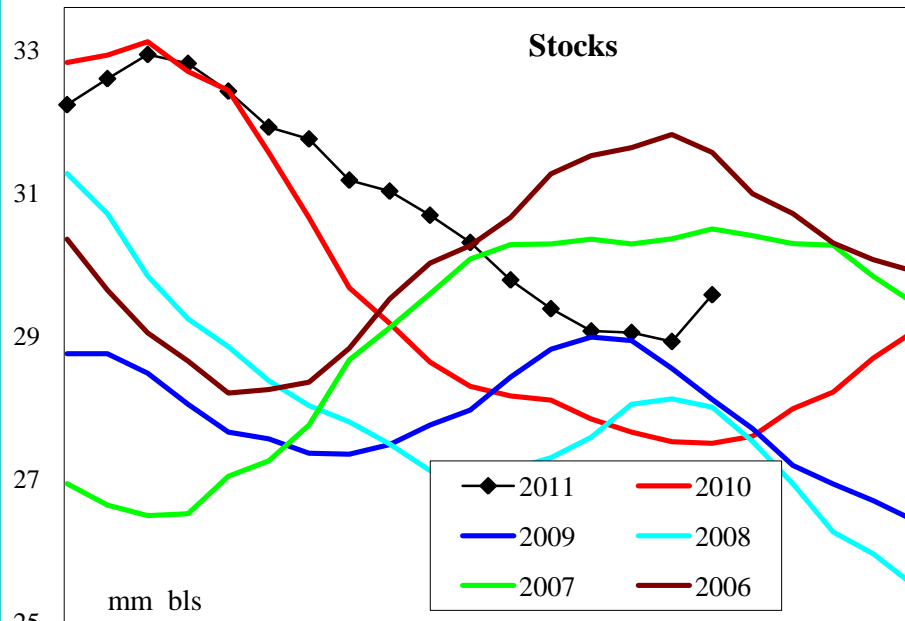
PADD 5 Crude Oil Supply and Refining



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

	Stocks	Input	Imports
000 bpd (000 bls stks)	1,370	79	145
% change	2.7	3.2	12.6

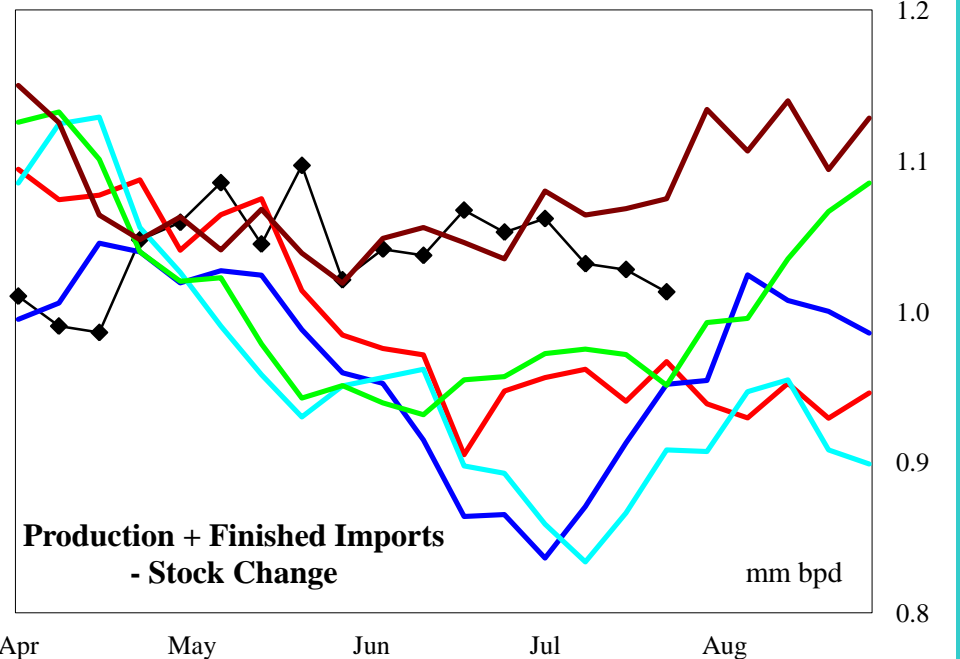
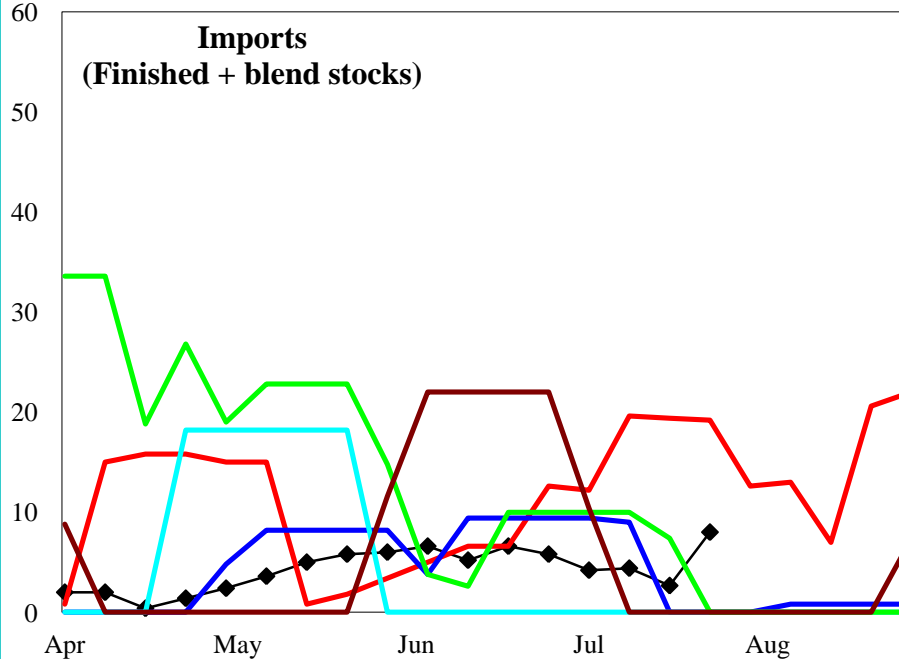
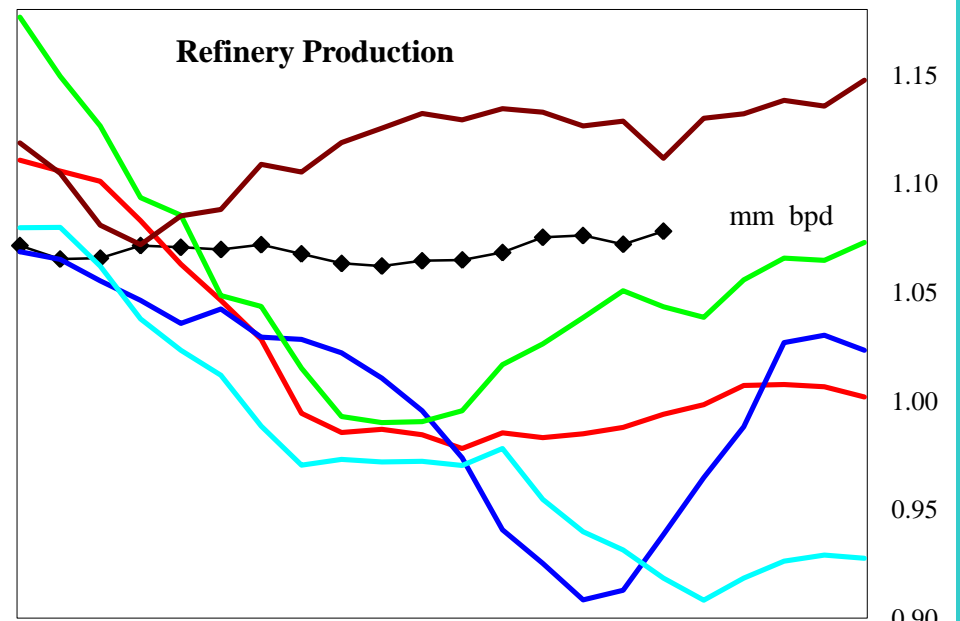
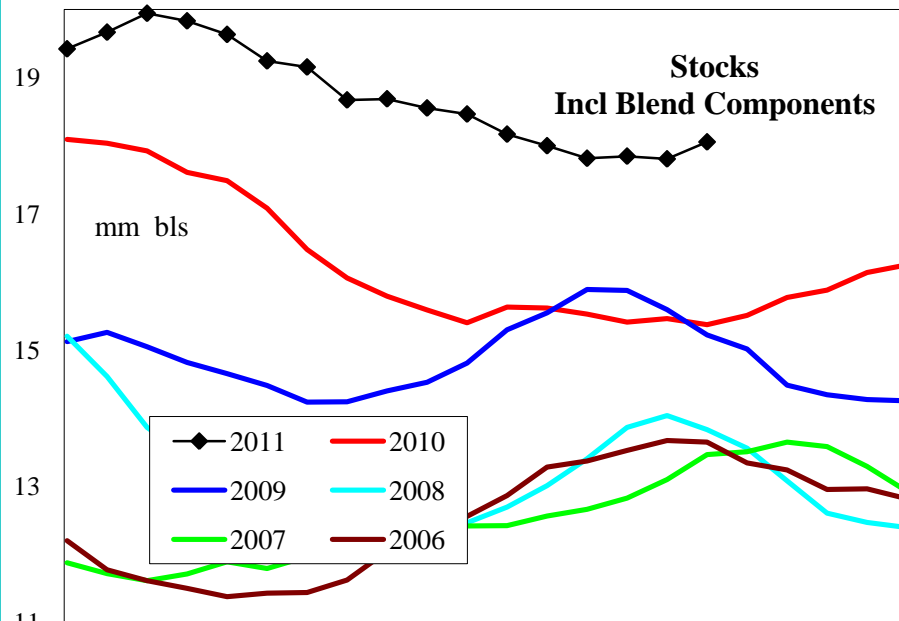
PADD 5 Gasoline Supply



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

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
2,171	152	-9	-11	121
7.8	10.5	-100.0	-40.4	8.2

PADD 5 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

2,796

17.9

Production

91

9.2

Imports

-17

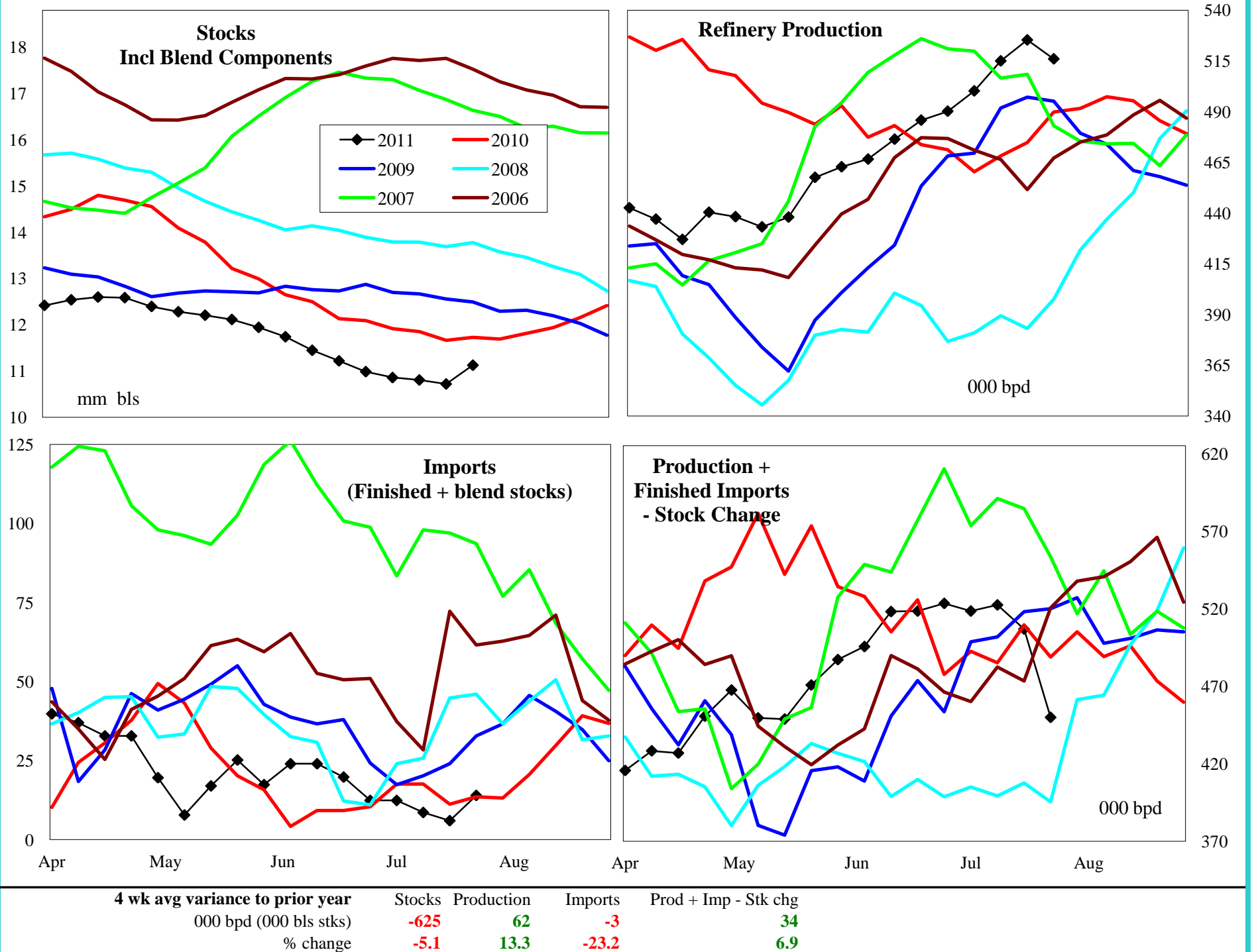
-75.6

Prod + Imp - Stk chg

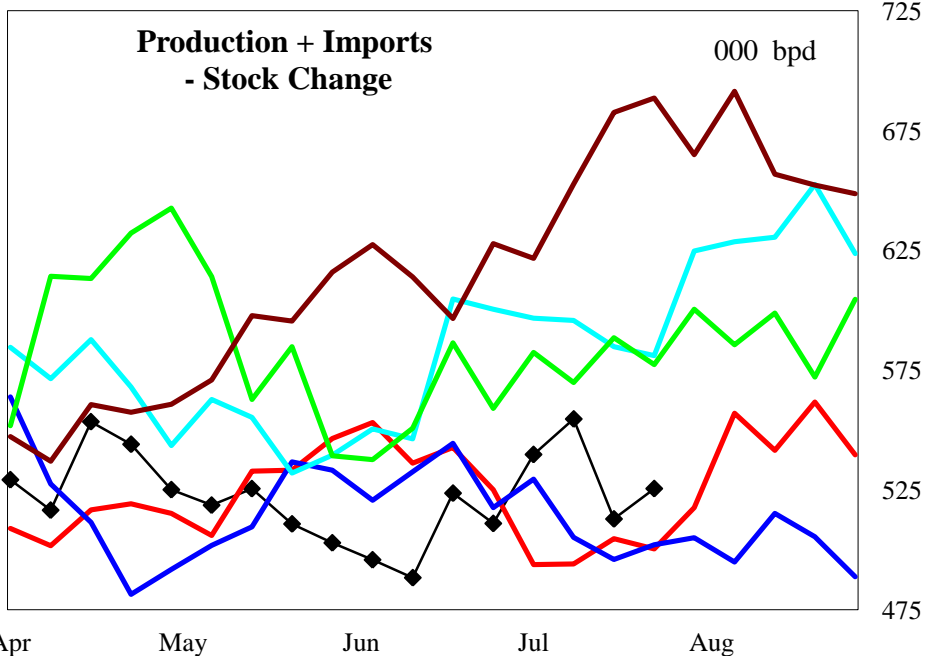
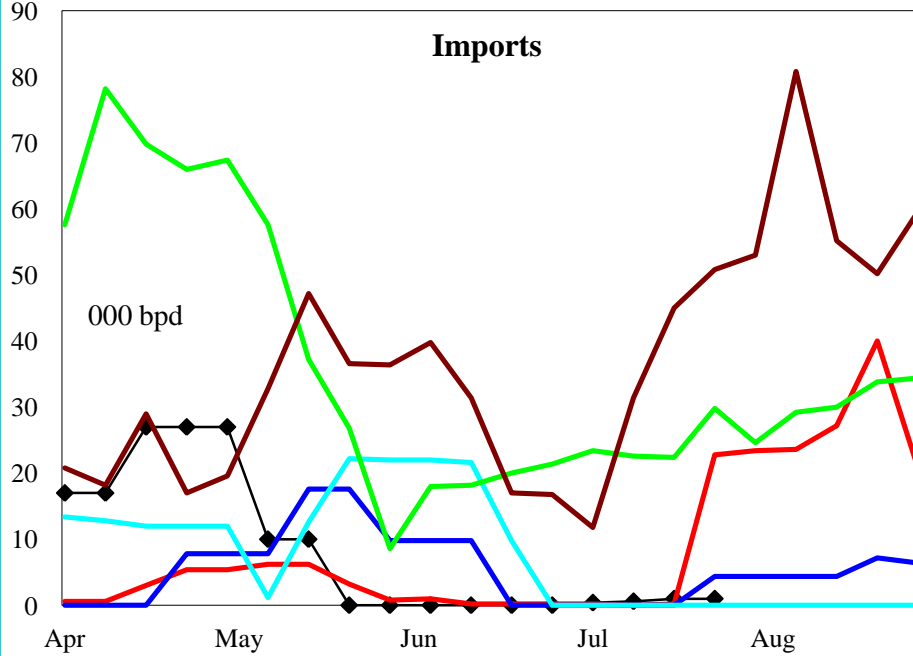
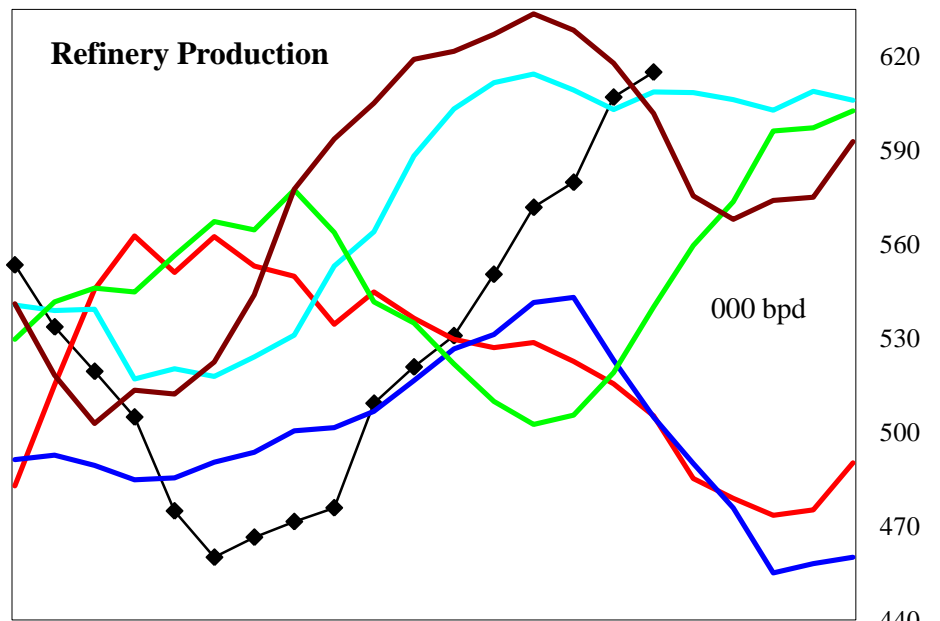
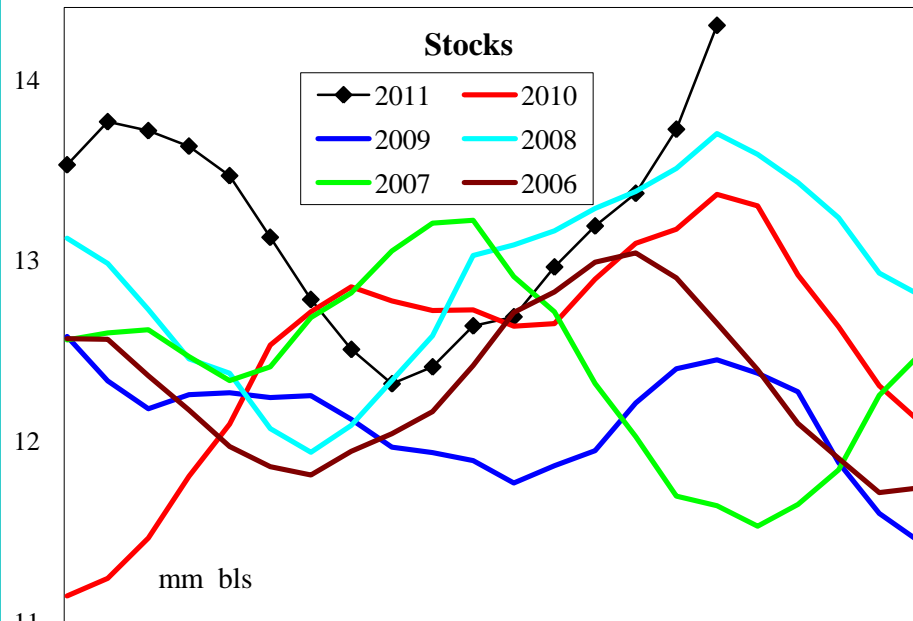
87

8.9

PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

935

69

1

44

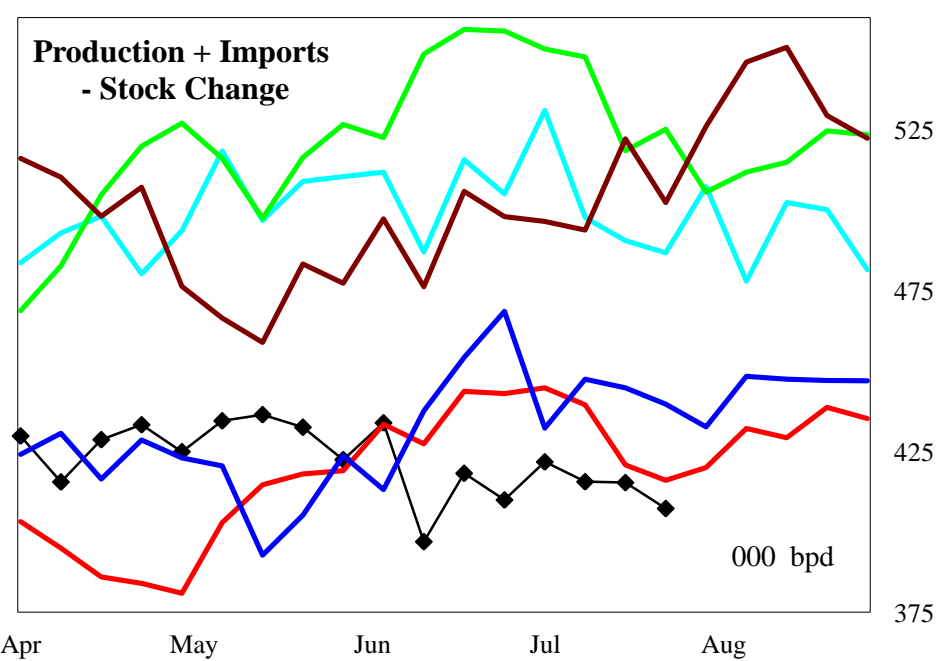
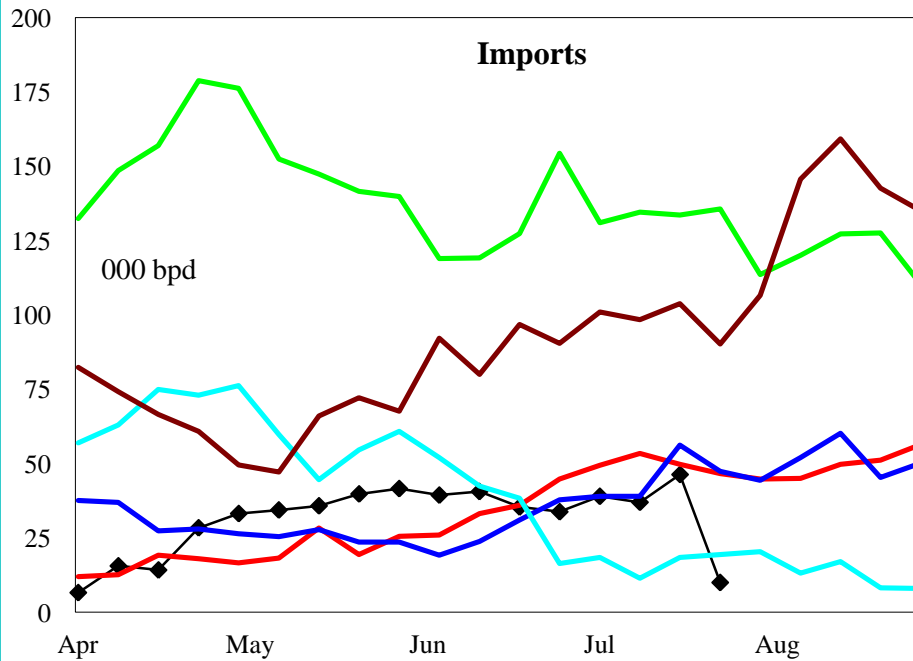
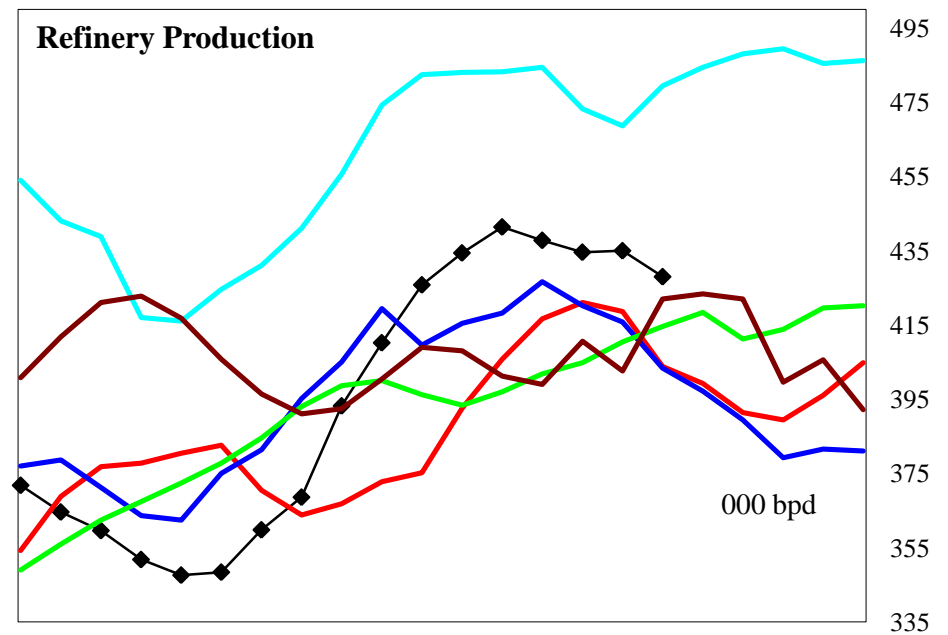
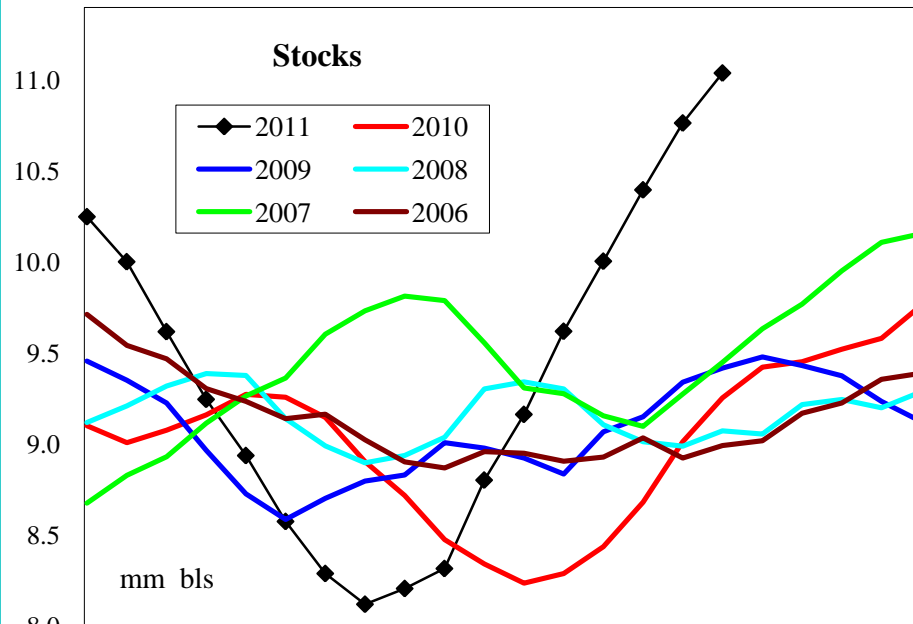
7.0

13.1

#DIV/0!

8.4

PADD 5 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

2,025

22.5

Production

7

1.5

Imports

-12

-21.9

Prod + Imp - Stk chg

2

0.3

PADD 5 Residual Fuel Oil Supply

