



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

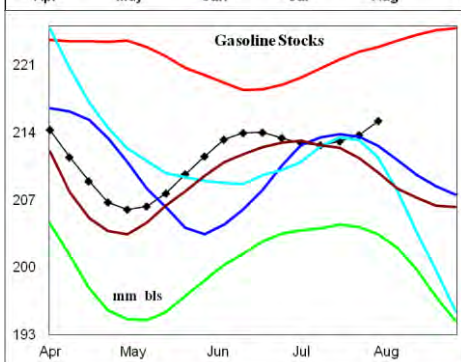
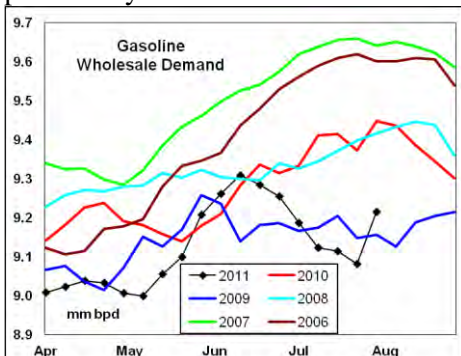
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, August 03, 2011

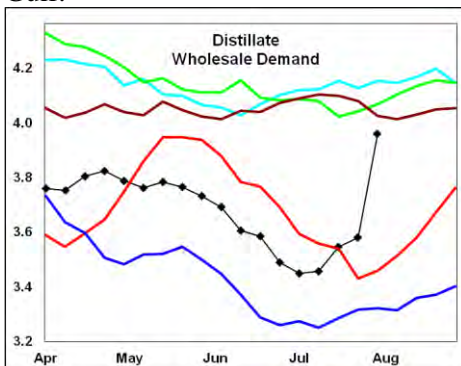


#### Major Fundamental Trends<sup>1</sup>

Gasoline markets outside of the Northeast are facing oversupply conditions during the next 60-days, absent hurricane disruptions in the Gulf. Stock levels are above average and trending counter seasonally higher in markets other than the Northeast. Wholesale demand remains particularly weak.



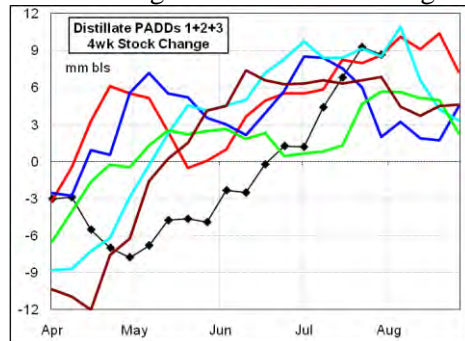
Distillate demand spiked +540,000 bpd last week, driven by a jump in exports. Evidence of higher exports was the -1.1 million barrel stock draw in the Gulf.



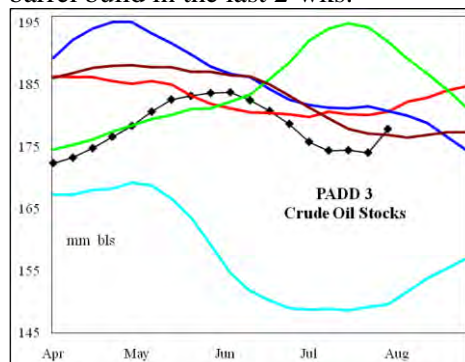
Distillate production reached 5-year highs in all regional markets last week,

with the exception of PADD 1, where refinery closures in prior years limit output.

Expect record production to continue for the next 60-days, in the absence of hurricane disruptions on the Gulf. This weeks' jump in wholesale demand should reverse in the near term. These trends point to continued above average rate of stock building.



The SPR release has began to impact commercial crude oil stocks in the Gulf Region, with an +8.5 million barrel build in the last 2-wks.



Demand for distillate spiked +540,000 bpd on higher exports last week.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -3.6%; distillate up +1.7%; jet fuel down -0.6% while residual fuel oil also decreased -11%.

**Stocks forward coverage:** Gasoline demand coverage increased on a +1.7 million barrel stock build. Coverage levels were matched historic highs.

Distillate coverage decreased on a spike in weekly demand and slight increase in stocks. Coverage levels are sharply below the last 2-years.

Jet fuel coverage matched year ago levels, which was sharply above years

prior to the recession.

**Refinery utilization** rates increased on a +129,000 bpd rise in crude oil throughput, with the rate slightly above the last 3-years.

Gasoline yield % on crude oil runs decreased on a -44,000 bpd decline in production, compared to the +129,000 bpd rise in crude oil runs. The yield % on crude oil runs fell to the low end of the historic range.

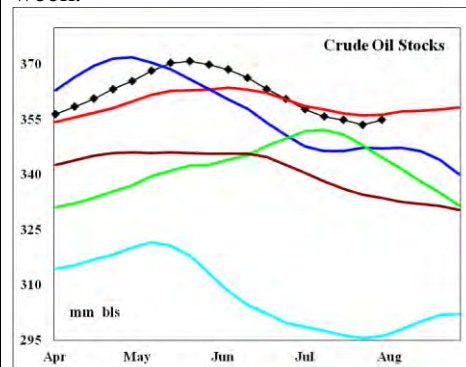
Distillate yield % on crude oil runs increased on a +70,000 bpd rise in production compared to the upturn in crude oil runs. Yield % levels were near 5-year highs.

Jet fuel yield % on crude oil runs fell sharply on a -56,000 bpd drop in output. Yield % levels were below the historic mid range.

**Petroleum Imports** of crude oil fell -0.7 million barrels on the week, while all transport fuels witnessed increases.

During the latest 4-wk period crude oil imports decreased -0.7 million bpd compared to last year; distillate imports decreased -22,000 bpd; finished gasoline imports decreased -21,000 bpd, gasoline blend stock imports fell -297,000 bpd; jet fuel imports were up +22,000 bpd, while residual fuel oil imports decreased -112,000 bpd.

**Crude Oil** stocks increased +1 million barrels last week, due to a +3 million barrel stock build in the Gulf. The Gulf build was driven in part by release of SPR barrels. A -2.1 million barrel draw in the Midwest was driven by record high crude oil runs last week.



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



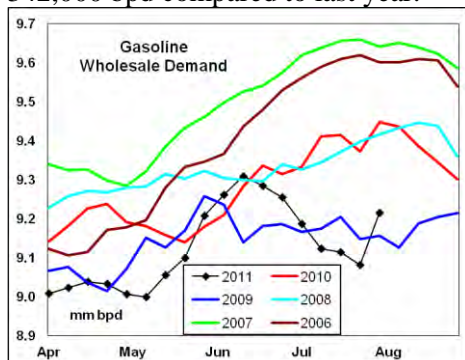
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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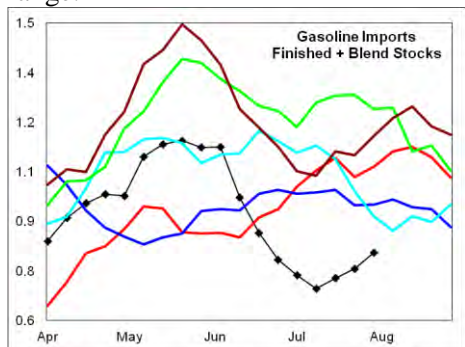
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#### Product Supply-Demand Trends

**Gasoline** demand increased +216,000 bpd last week, to a level that matched the record lows of 2009. The latest 4-wk average demand decreased -342,000 bpd compared to last year.



Production decreased -44,000 bpd last week, to a level that matched the 5-year mid range. Imports increased +183,000 bpd on the week, although the level remains below the 5-year range.



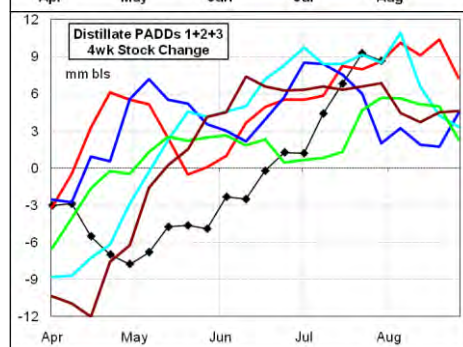
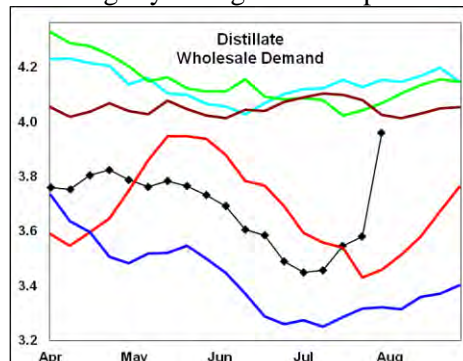
Extremely weak demand led to a +1.7 million barrel counter seasonal stock build last week. Stock levels ended the week above four of the last 5-years.

Stocks are experiencing counter seasonal builds in all major regional markets except the East Coast. Stock levels are very ample in all markets except the Central Atlantic and New England regions of PADD 1. Stock levels in these markets are low because of dependence on imports.

Risk of oversupply in most regional markets is evident by weak demand, above average stock levels, and counter seasonal stock builds.

**Distillate** demand spiked +540,000 bpd last week, driven by a surge in exports. The latest 4-wk average demand was +59,000 bpd above a year ago.

Supply increased +114,000 bpd on record high production and higher imports. The high level of production and increased imports offset the spike in demand, leading to a +0.4 million barrel stock build. The latest 4-wk stock build in markets East of the Rockies was +8.9 million barrels, matching 5-year highs for the period.



This weeks' spike in wholesale demand appears the result of higher exports, as indicated by the -1.1 million barrel stock draw in the Gulf Region.

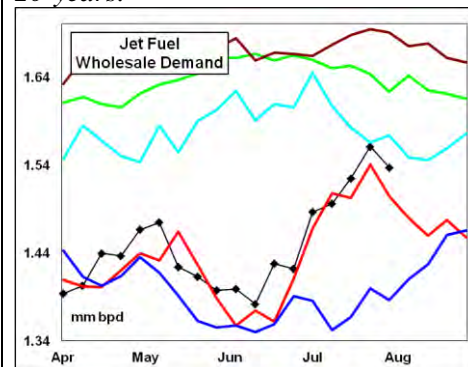
Very high production and low seasonal demand should support continued stock building during the next 60-days; in the absence of hurricane disruptions.

**Jet Fuel** demand decreased -27,000 bpd last week to a level comparable with a year ago. The latest 4-wk average demand was -10,000 bpd below a year ago, showing continued lackluster demand growth.

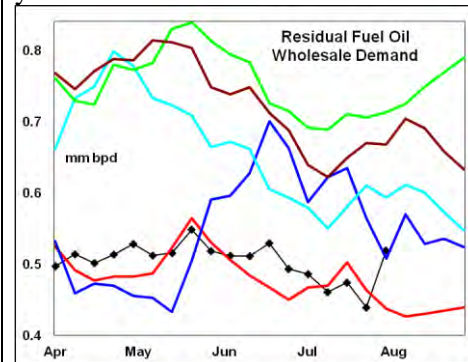
Supply declined -28,000 bpd on lower production, partially offset by higher imports. Production levels have dropped to the historic mid range. Stocks were unchanged on the week, at a level that was well above the historic mid range.

The jet fuel supply balance shows

extreme variation between regions. Record high stock levels in PADDs 1 and 5 are offset by record low stocks in PADD 2. Gulf stock levels are above the mid range, but well below the last 20-years.



**Residual fuel oil** demand increased +130,000 bpd last week, with the 4-wk average -56,000 bpd below last year.



Supply (production + imports) decreased -82,000 bpd on lower production and imports. The latest 4-wk average supply was -4,000 bpd below last year. Stocks decreased -1.3 million barrels, with the level below four of the last 5-years.

Gulf Coast supplies remain very ample on stock levels above the 5-year range. Stock levels in other regions are at levels in line with generally lower output.





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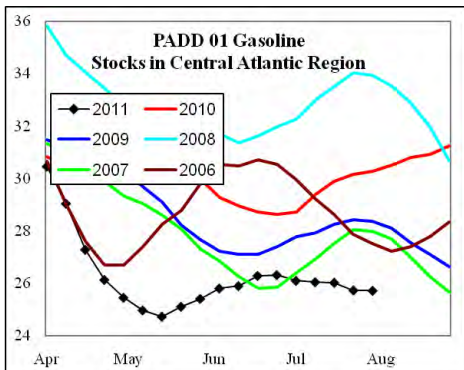
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#### PADD Supply Trends

**PADD 1** refinery crude oil runs increased +12,000 bpd on the week, with the level at the highest rate of 2011, and above last year. Crude oil imports decreased -0.4 million bpd last week, reversing the prior week jump.

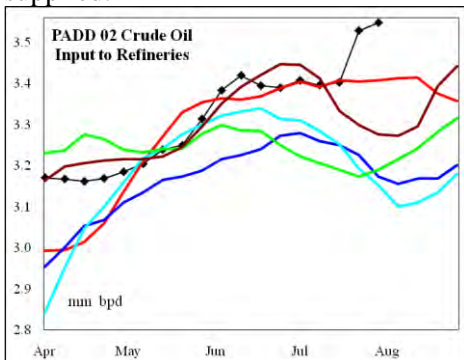
Gasoline production increased +55,000 bpd last week, and imports climbed +211,000 bpd.

Gasoline stocks decreased -0.4 million barrels on the week, pushing the level below the mid range. Stock levels in the key Central Atlantic Region remain at record low levels.



Distillate supply increased +23,000 bpd last week to a level comparable with last year. Stock levels ended the week at the mid range, -14% below last years' record high.

Jet fuel stocks jumped +1.2 million barrels, to a new all time high. The jet market has become extremely over supplied.



**PADD 2** crude oil refinery runs increased +54,000 bpd on the week, a level that is a record high for the season. The very high run rate and a drop in weekly imports led to a -2.1

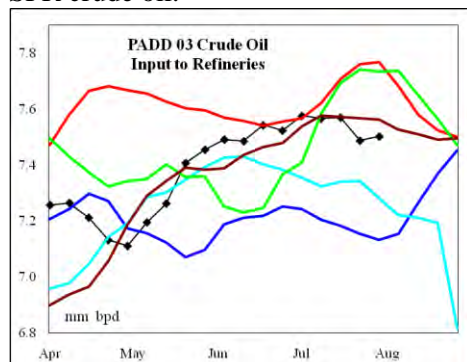
million barrel stock draw. Stock levels match 5-year highs.

Gasoline production increased +10,000 bpd last week, with the level above the historic range for the period. Stocks decreased -0.3 million barrels on the week, with the level at the 5-year mid range.

Distillate production increased +41,000 bpd, to a level above the 5-year range. Stocks jumped +1.4 million barrels to a level at the mid range.

Jet fuel production decreased -14,000 bpd on the week, to a level above four of the last 5-years. Stocks decreased -0.2 million barrels last week, to a new record low level.

**PADD 3** refinery runs increased +125,000 bpd last week, to a level below the mid range. The latest 4-wk average thru put was -269,000 bpd below last year. Stocks increased +3 million barrels on the week, to a level below the mid range. Stock builds of the last 2-wks reflect in part release of SPR crude oil.



Gasoline production declined -104,000 bpd on the week. Stocks jumped +2.1 million barrels on the week, to a level above four of the last 5-years.

Distillate production increased +53,000 bpd, with the level above the 5-year range. Stocks decreased -1.1 million barrels, to a level above four of the last 5-years.

Jet fuel production decreased -43,000 bpd on the week, to a level near 5-year lows for the period. Stocks decreased -0.8 million barrels, with the level well below the last 2-years.

Residual fuel oil supply increased

+37,000 bpd last week to a level near the mid range. Stocks decreased -0.6 million barrels, although the level remains above the 5-year range.

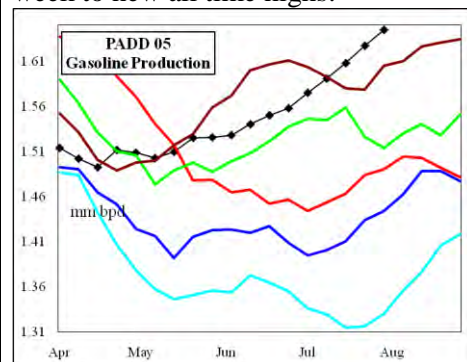
**PADD 4** refinery crude runs decreased -3,000 bpd last week, to a level slightly below the last 2-years. High imports have lifted stocks to a level slightly below the last 2-years.

Gasoline production declined -21,000 bpd to a level below the 5-year range for this time of year. Stocks decreased -0.3 million barrels to a level just below last years' record high.

Distillate production levels matched 5-year highs for this time of year. Stock levels ended the week comparable to the last 2-years.

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

**PADD 5** crude oil refinery runs fell -56,000 bpd on the week, with the level well above the last 2-years. The latest 4-wk average thru put was +130,000 bpd above last year. Light product yield % on crude oil runs spiked last week to new all time highs.



Gasoline production increased +51,000 bpd on the week, with the latest 4-wk average +128,000 bpd above last year and at a 5-year high. Stocks increased +0.6 million barrels on the week, with the level near 5-year highs.

Distillate production was unchanged on the week, with the level at 5-year highs for the period. Stock levels were at record highs.

Jet fuel stocks are at record highs, up +18% above a year ago.

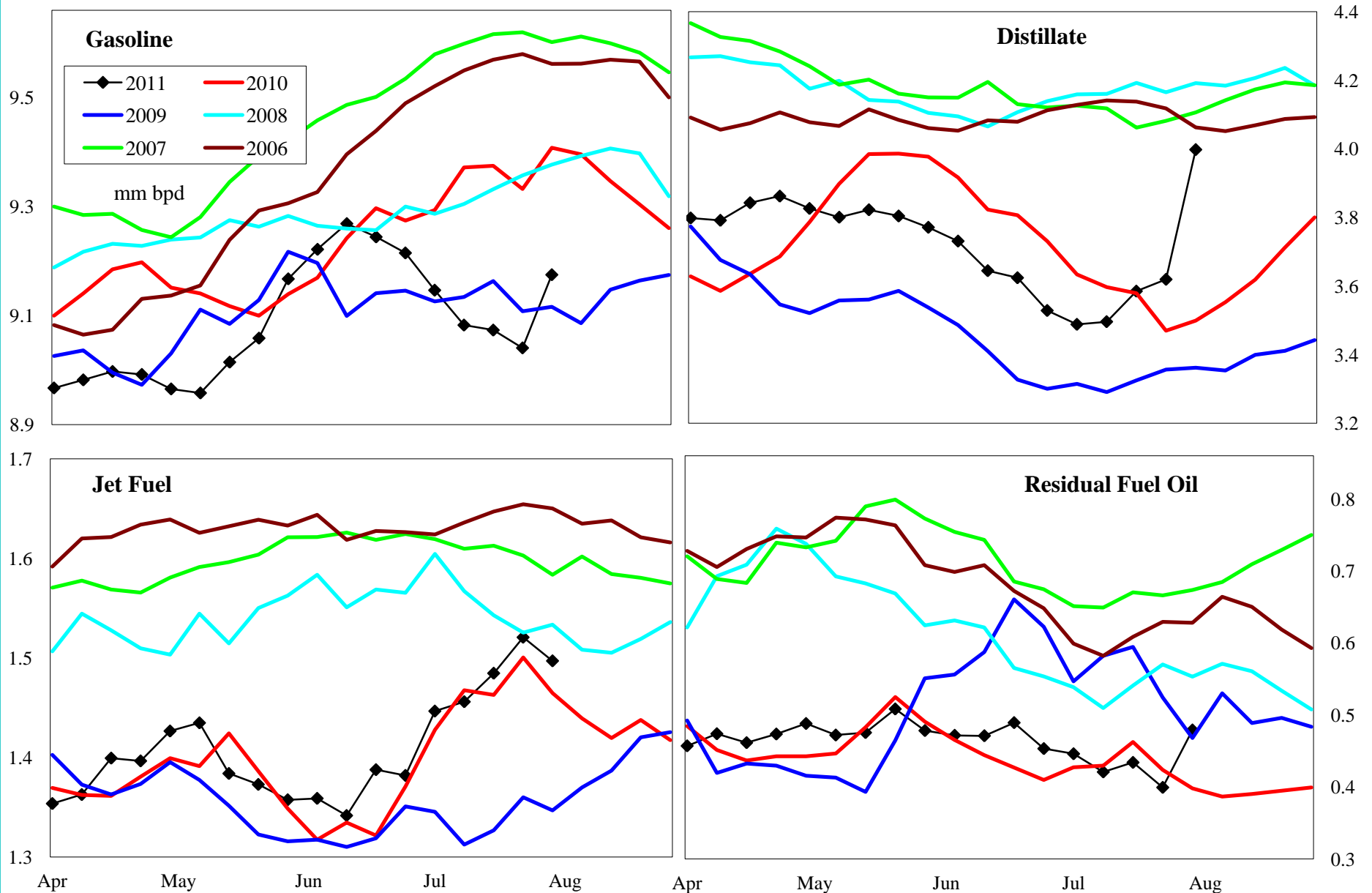


# PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report August 3, 2011  
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Fundamental Trends	<a href="#">Wholesale Demand</a>	<a href="#">Stocks Days Fwd Coverage</a>	<a href="#">Refinery Utilization</a> <a href="#">Product Yield %</a>			<a href="#">Imports</a>	
Supply/Demand Trends	29-Jul-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<a href="#">Crude Oil</a>	Stocks	950	981	-2,099	2,962	-51	-842
	Imports	-706	-356	-31	-485	1	164
	Input	129	12	54	125	-3	-56
	% Utilization	1.00					
<a href="#">Gasoline</a>	Stocks	1,701	-446	-259	2,078	-254	583
	Production	-44	55	10	-104	-21	51
	Imports	183	211	-1	-33	0	8
	Supplied	216					
<a href="#">Distillate</a>	Stocks	409	71	1,363	-1,052	-73	98
	Production	70	-19	41	53	-2	-3
	Imports	44	42	0	0	2	-1
	Supplied	540					
<a href="#">Jet Fuel</a>	Stocks	-36	1,170	-223	-845	26	-164
	Production	-56	-23	-14	-47	0	28
	Imports	28	-20	0	0	0	49
	Supplied	-27					
<a href="#">Residual Fuel Oil</a>	Stocks	-1,256	-469	-102	-607	0	-76
	Production	-16	0	-14	41	0	-42
	Imports	-66	-64	0	-4	0	0
	Supplied	130					

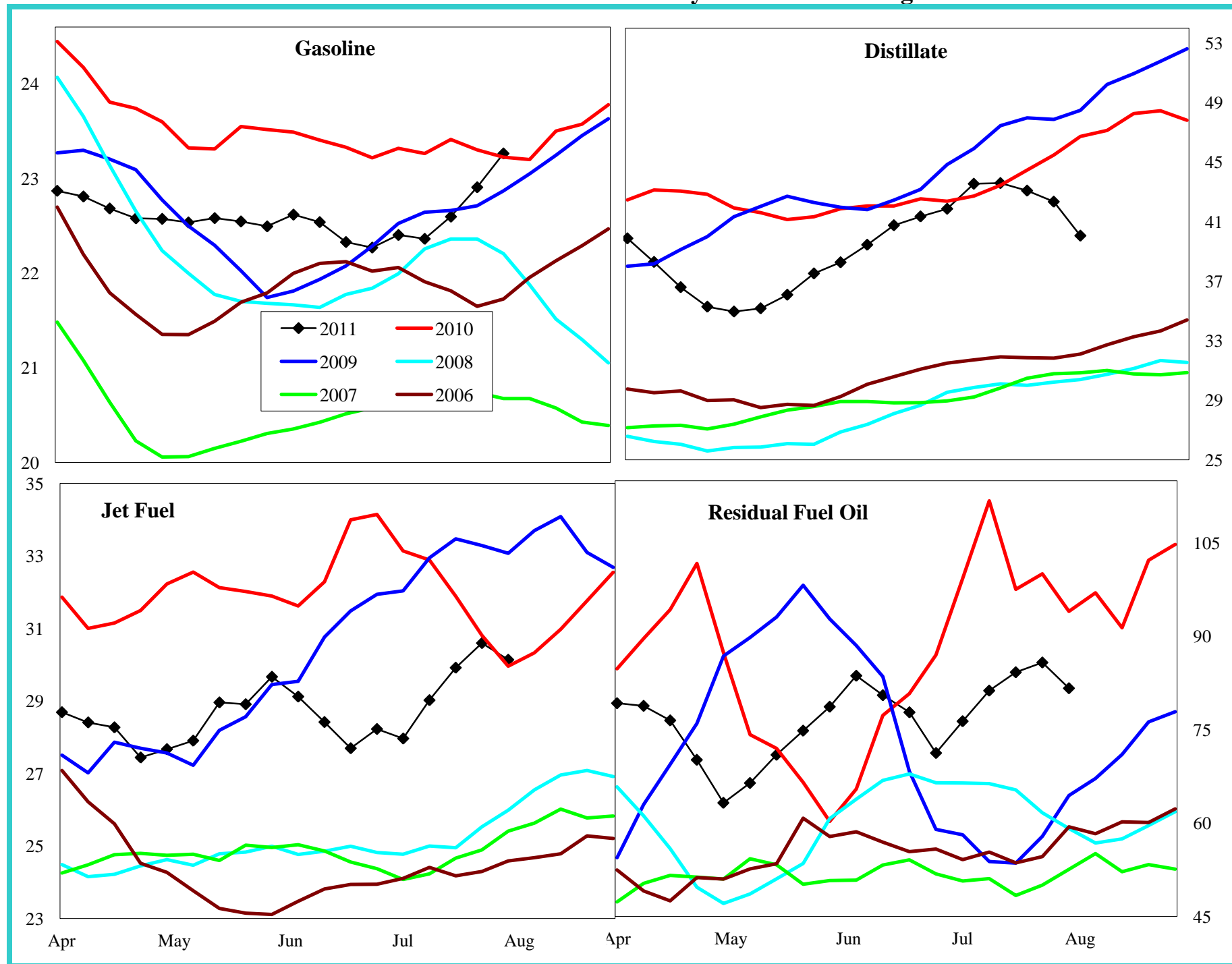
# United States Wholesale Petroleum Demand



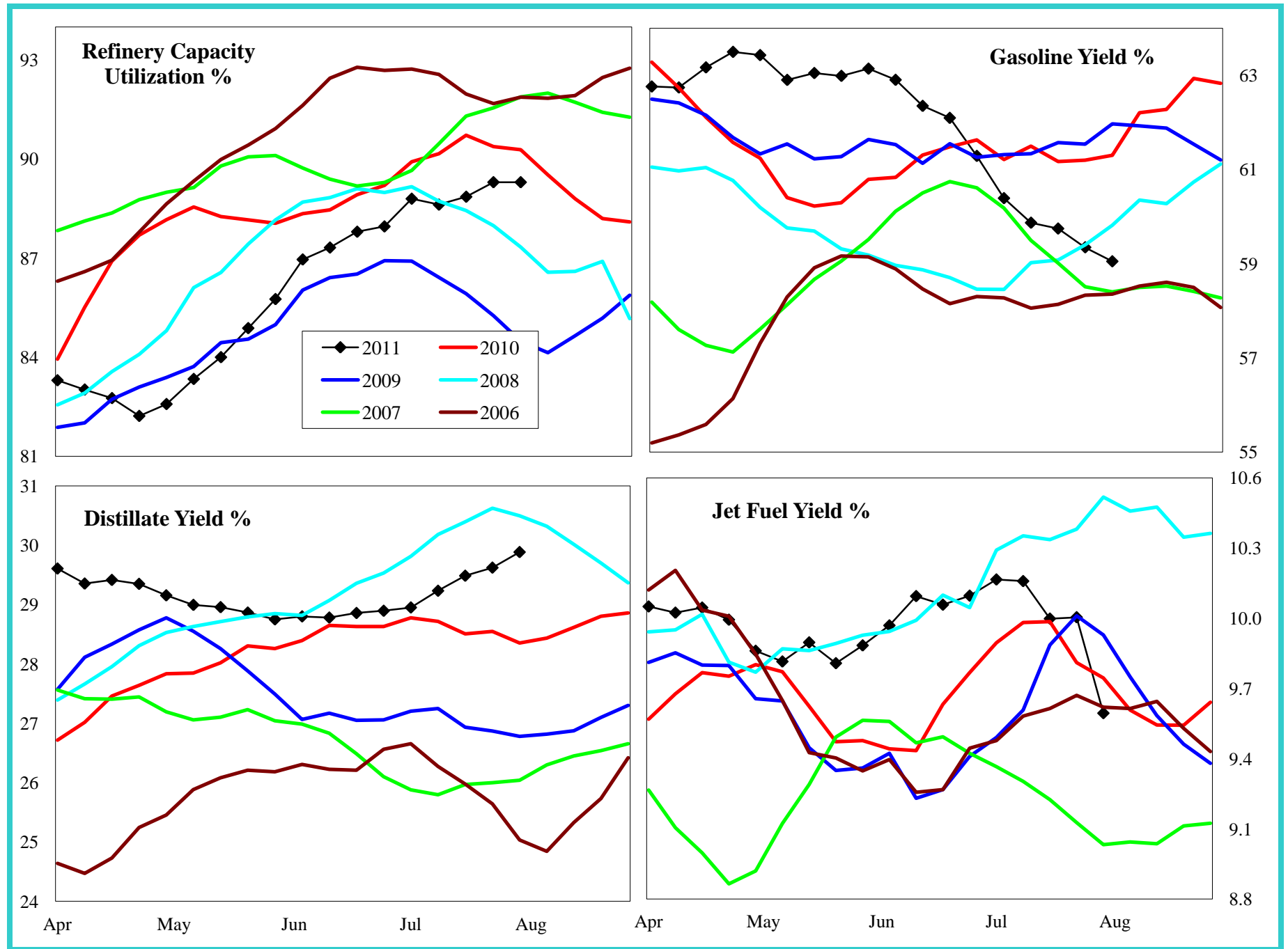
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jun	May	Apr	4wk avg	Jun	May	Apr
Gasoline	-342	31	-134	-19	-3.6	0.3	-1.5	-0.2
Distillate	59	-1,179	170	179	1.7	-31.4	4.7	4.8
Jet Fuel	-10	-77	-10	71	-0.6	-5.1	-0.7	5.1
Resid	-56	11	25	-85	-11.4	2.2	4.9	-14.7



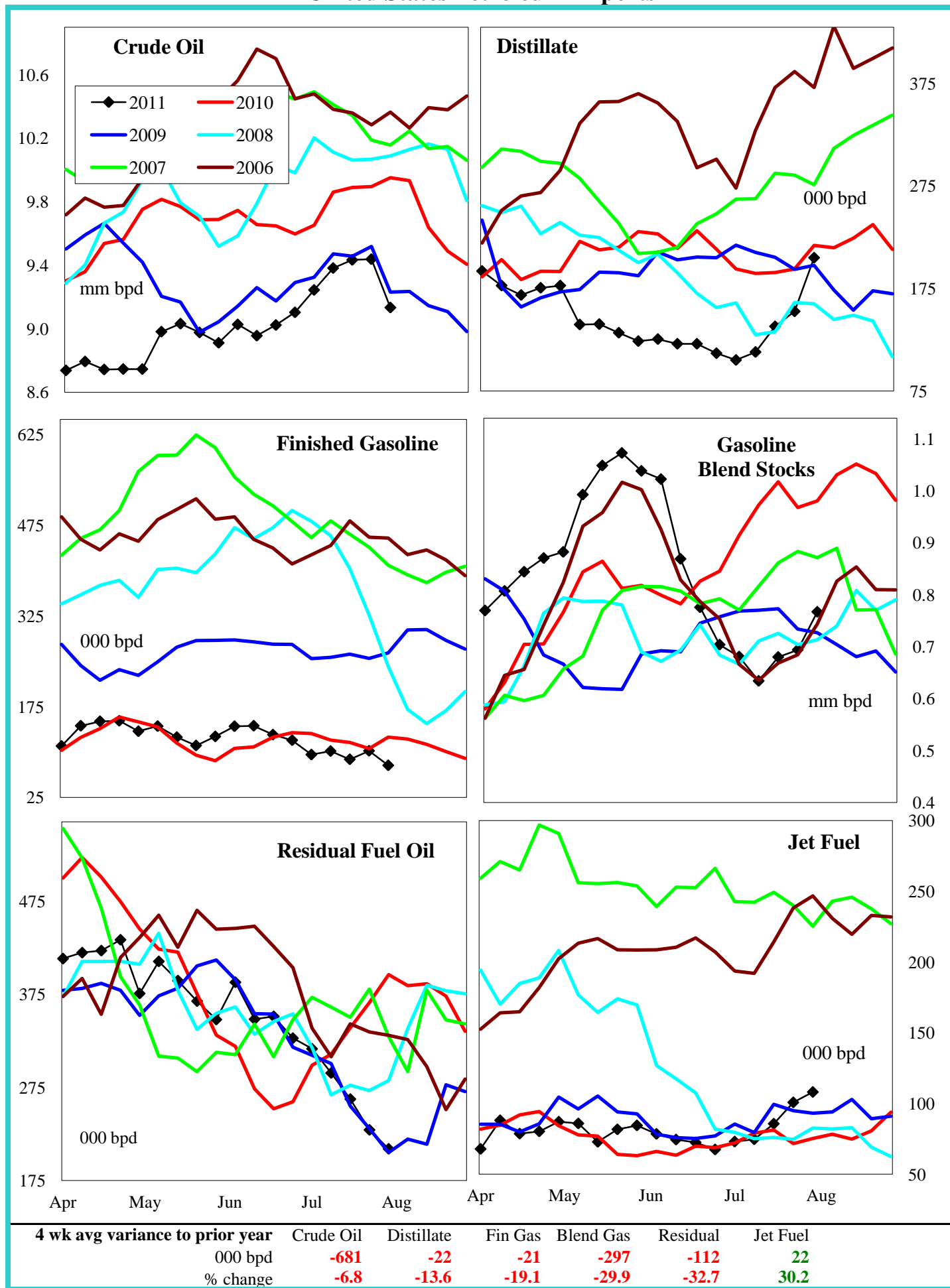
# United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

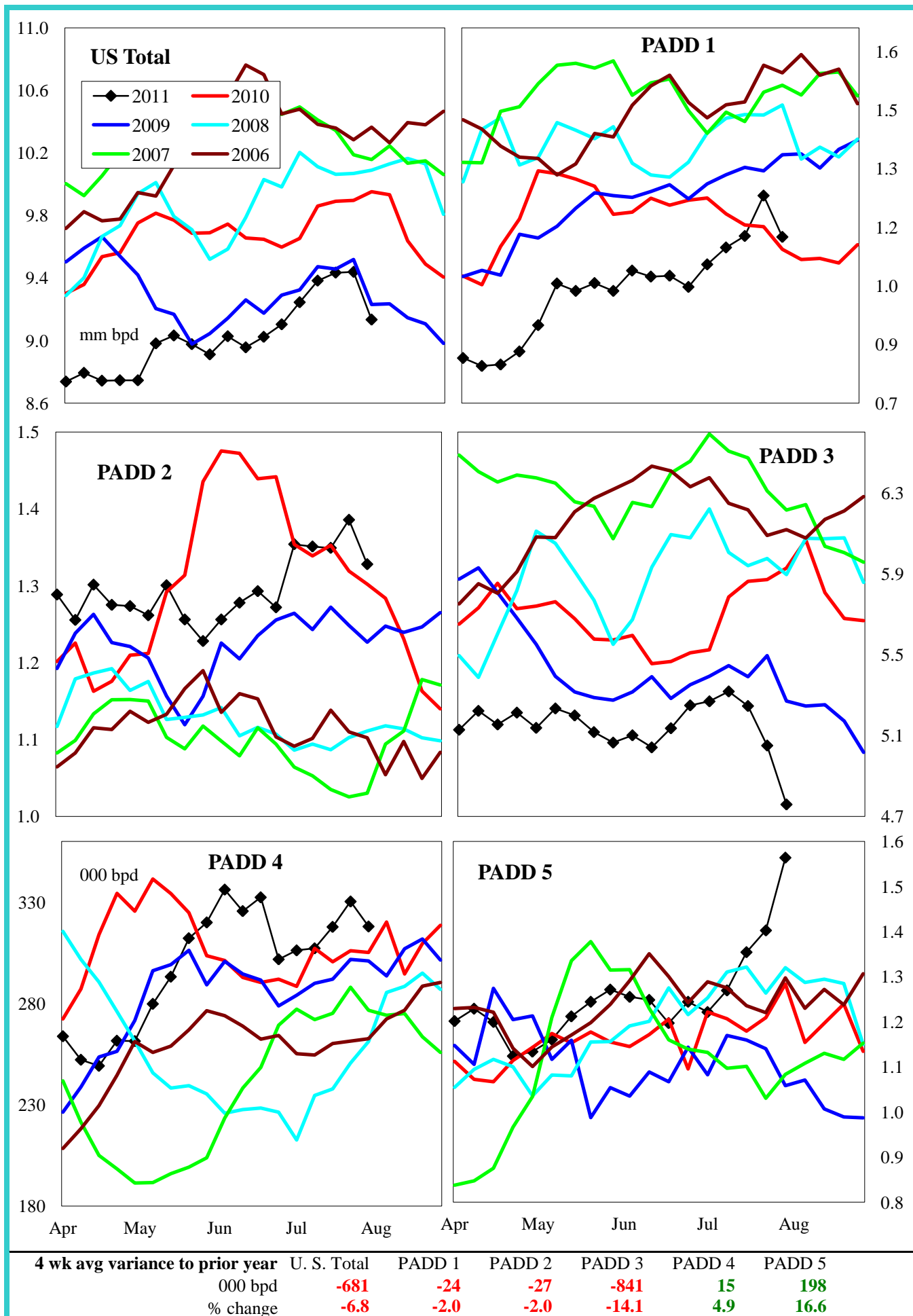


# United States Petroleum Imports

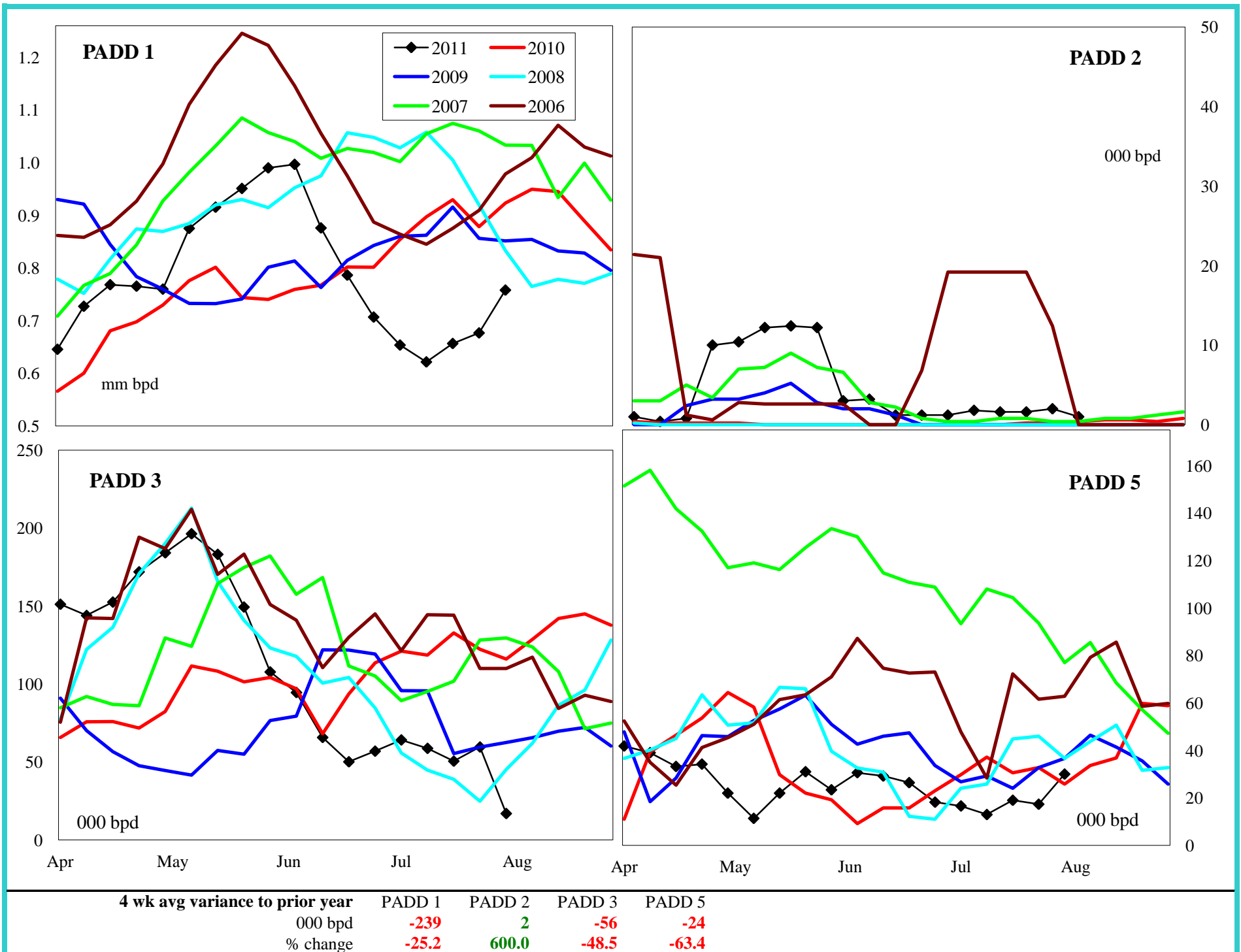




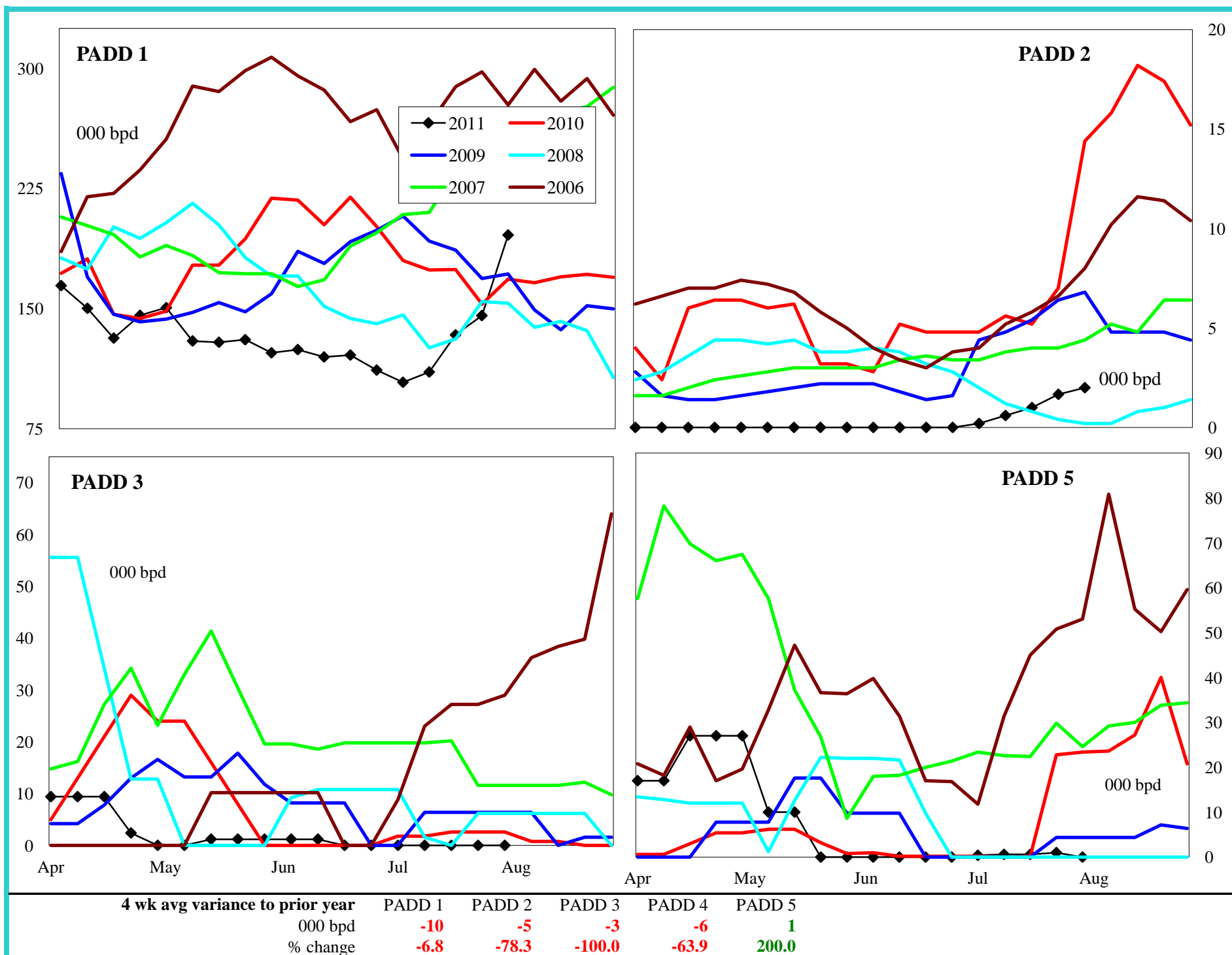
## Crude Oil Imports by PADD



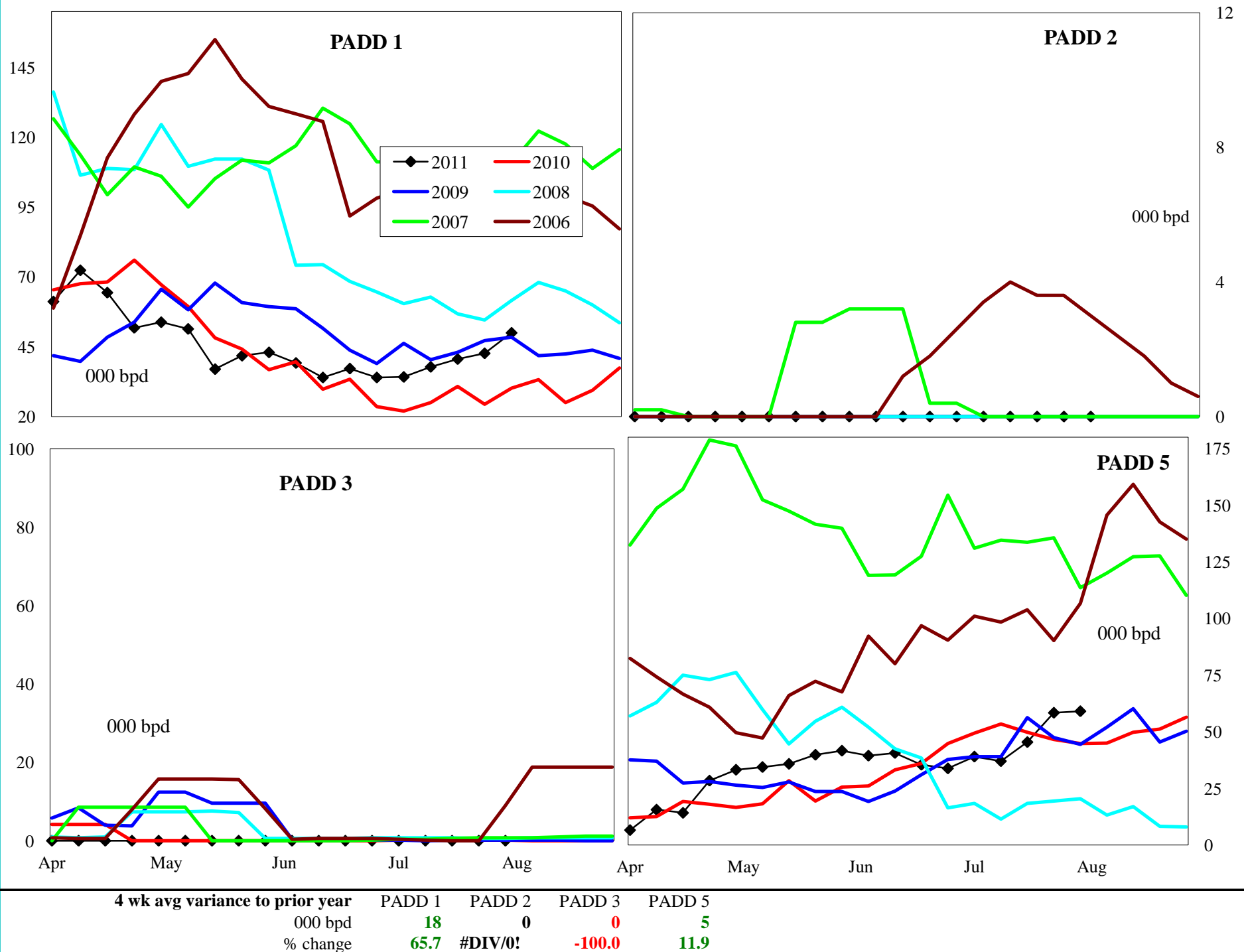
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

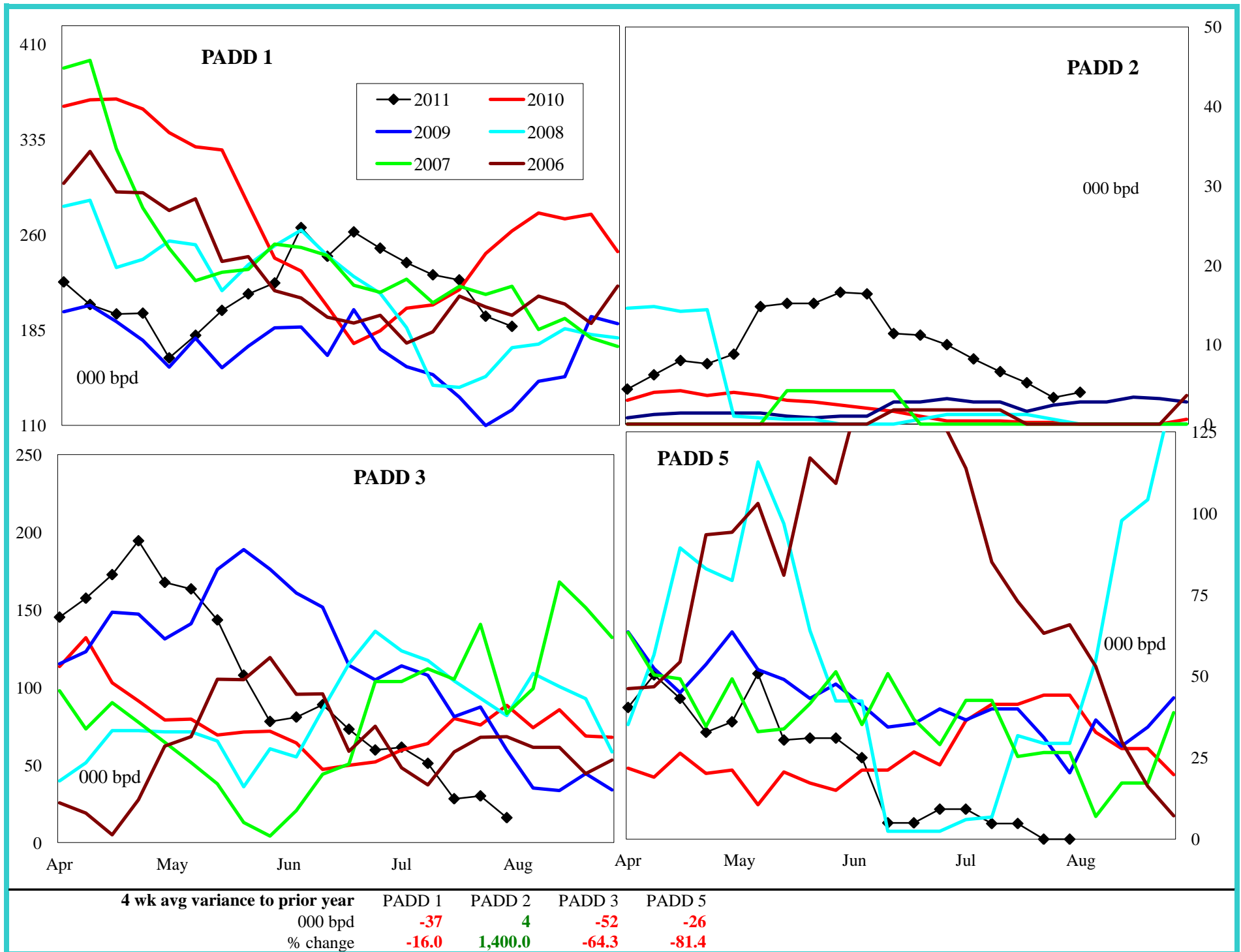


# Jet Fuel Imports by PADD

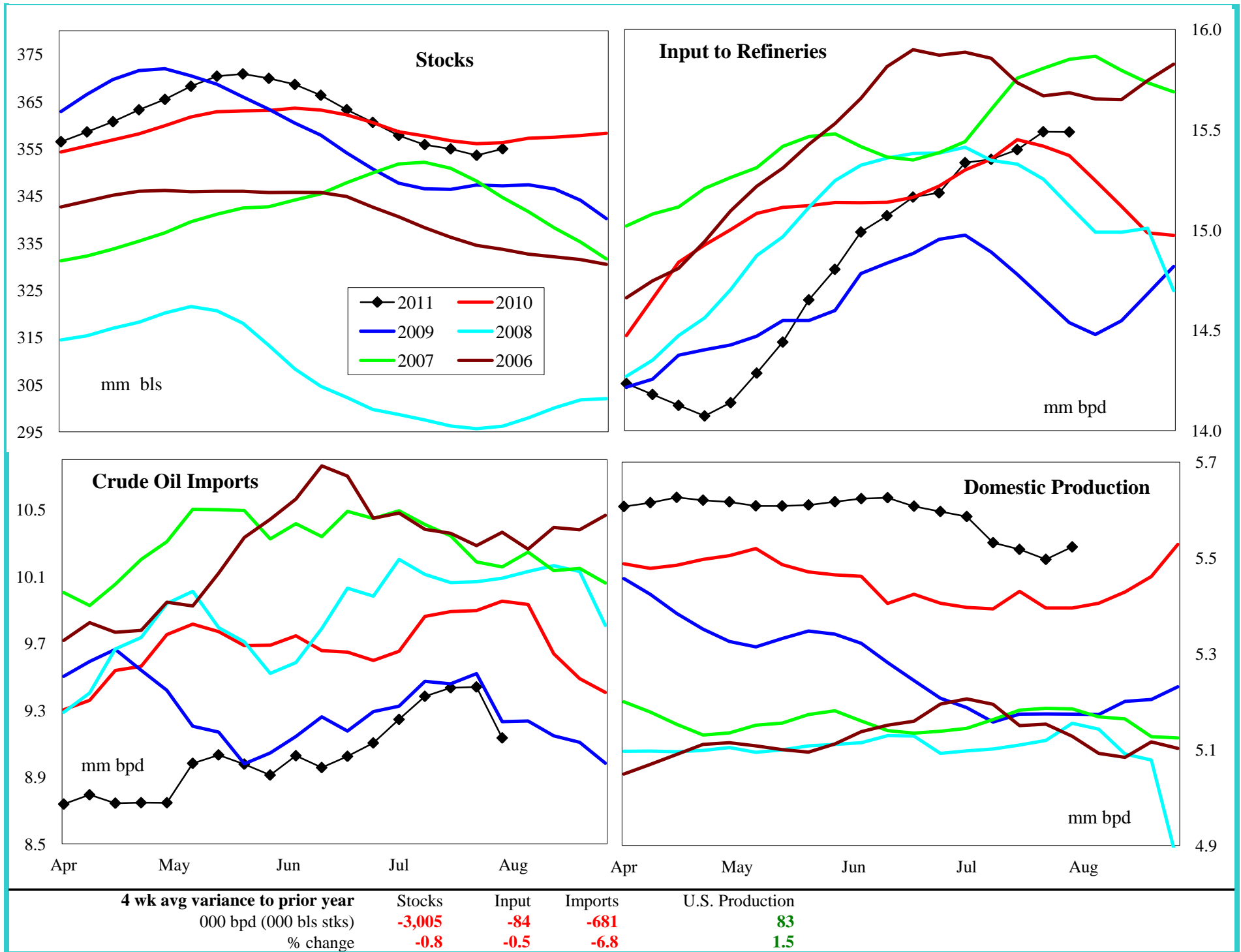




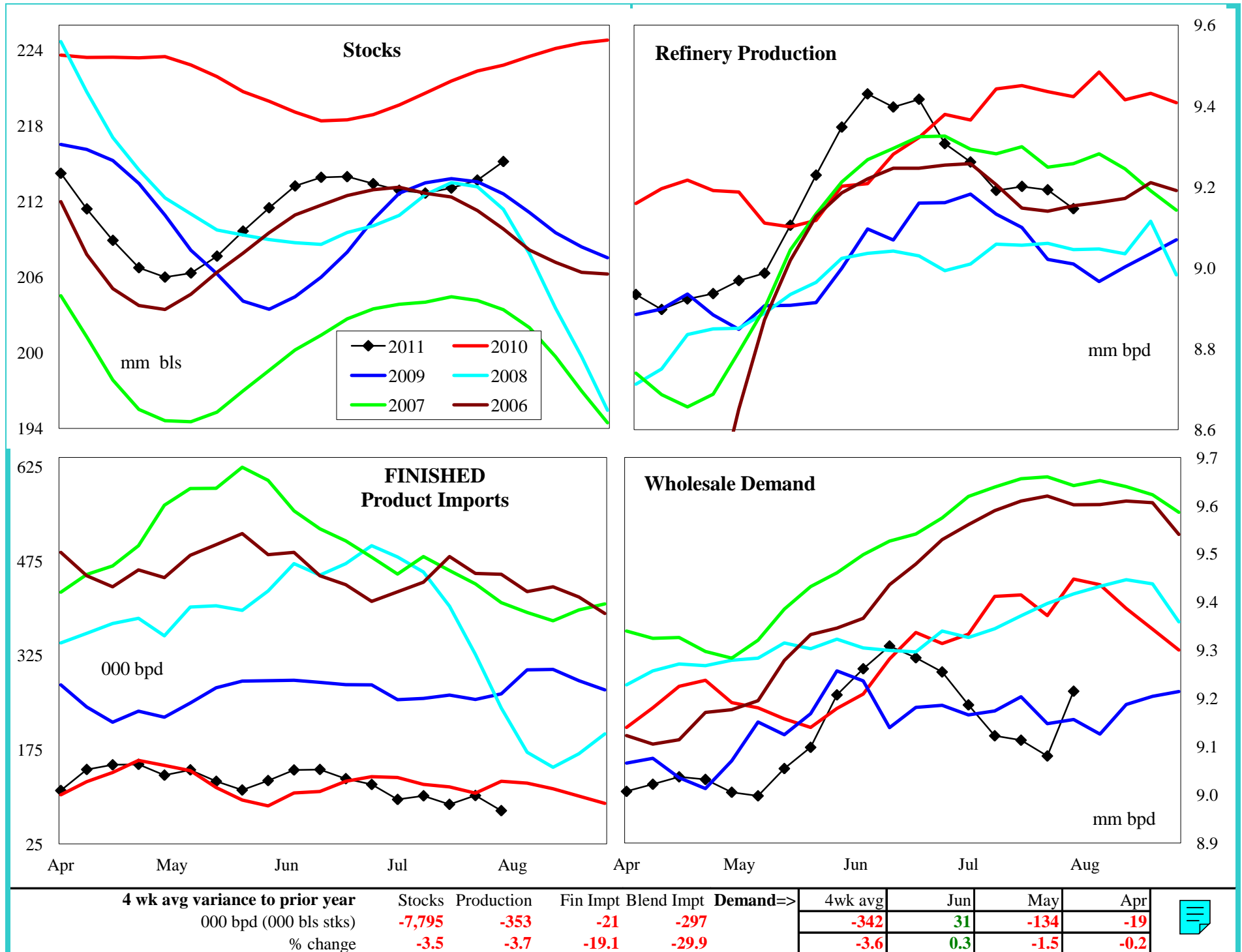
## Residual Fuel Oil Imports by PADD



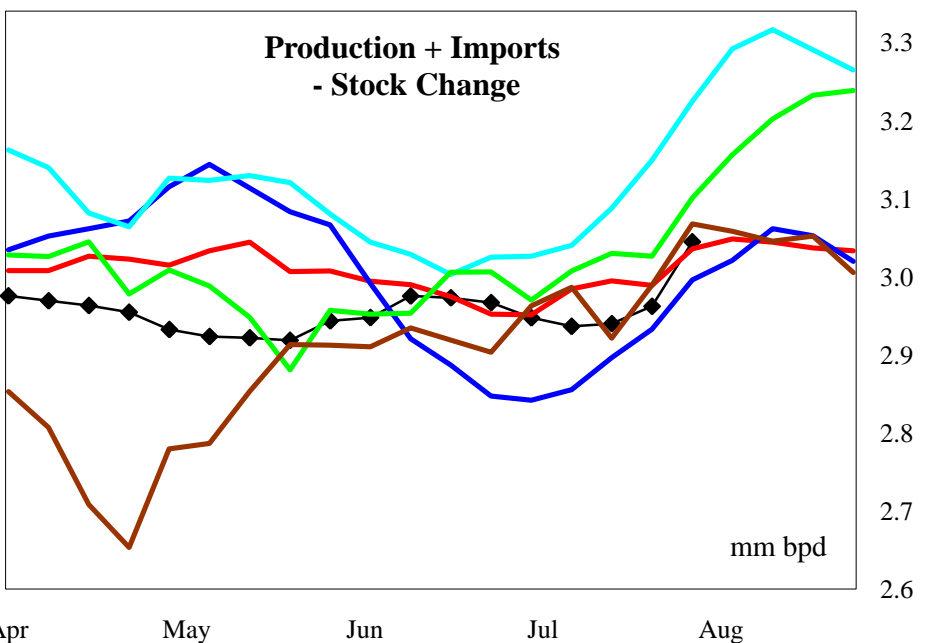
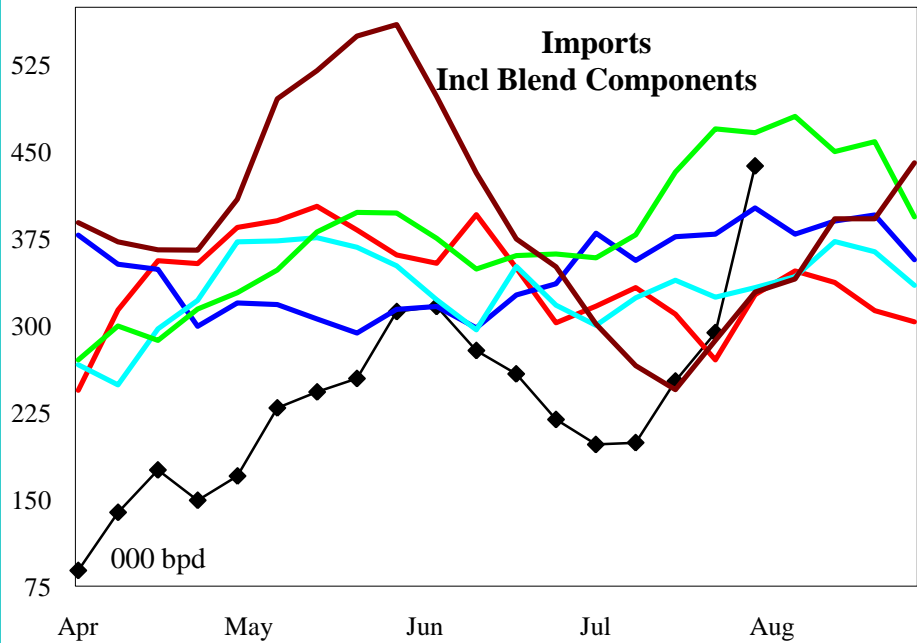
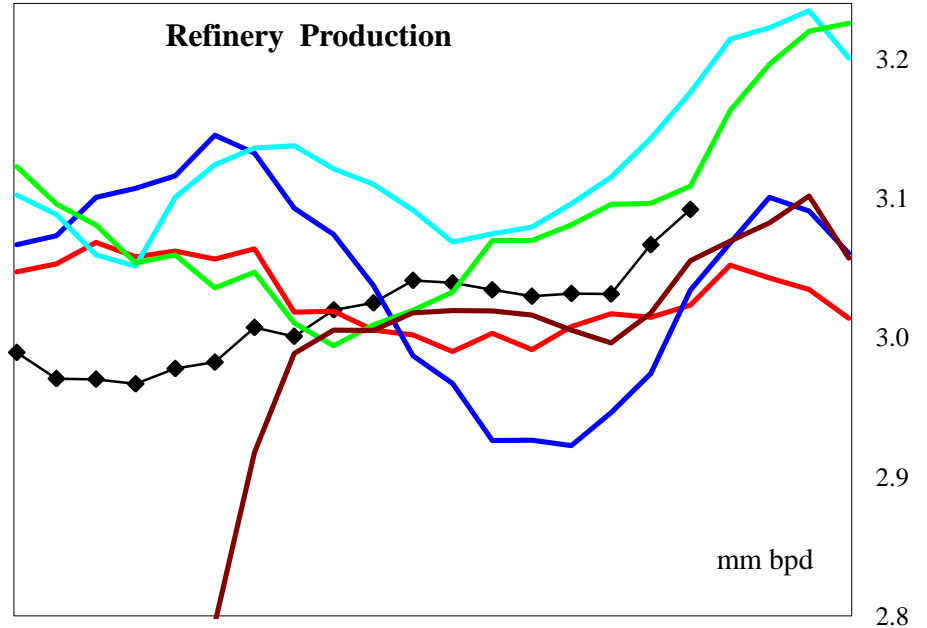
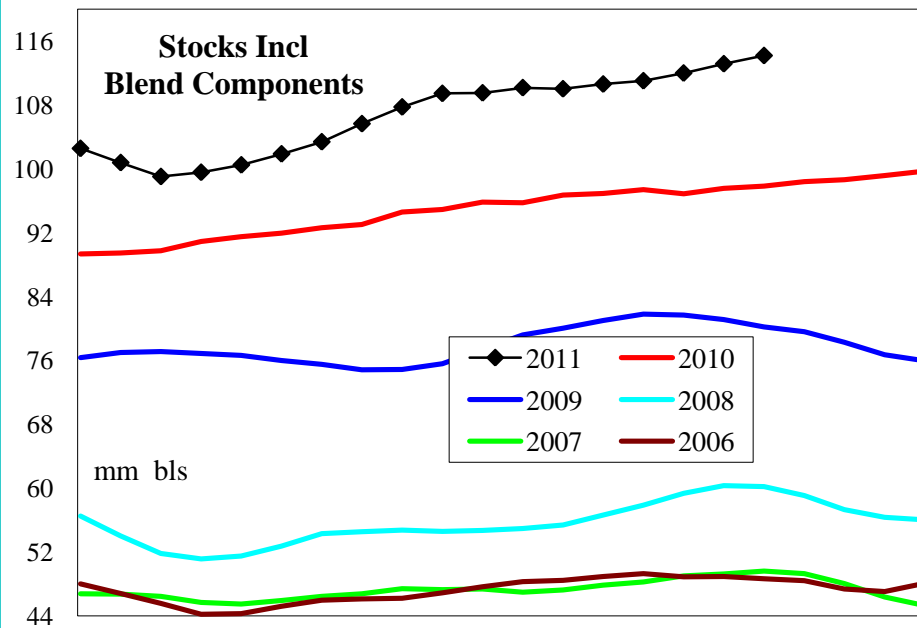
# United States Crude Oil Supply and Demand Balance



# 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  
**16,336**  
**16.7**

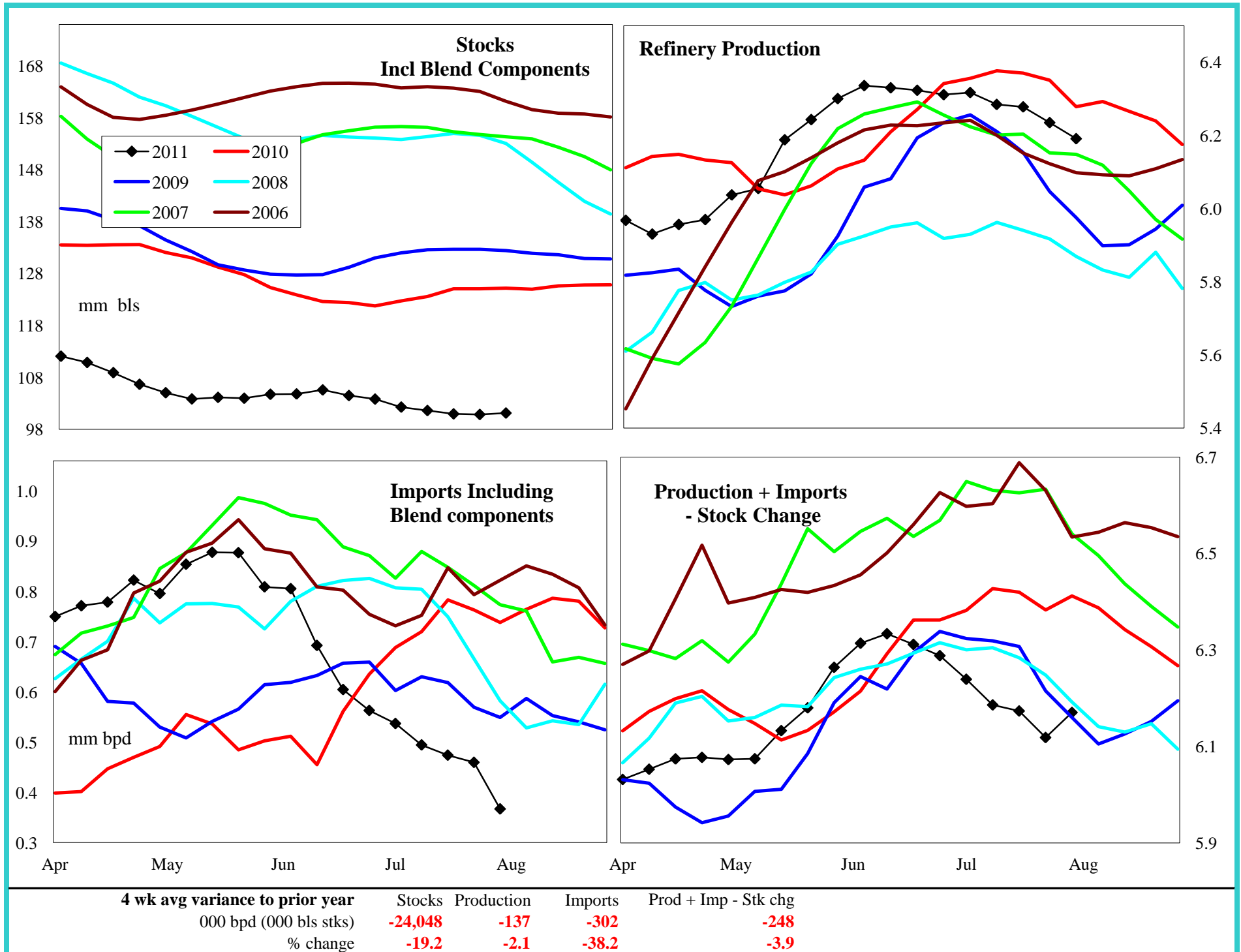
Production  
**8**  
**0.3**

Imports  
**-14**  
**-4.6**

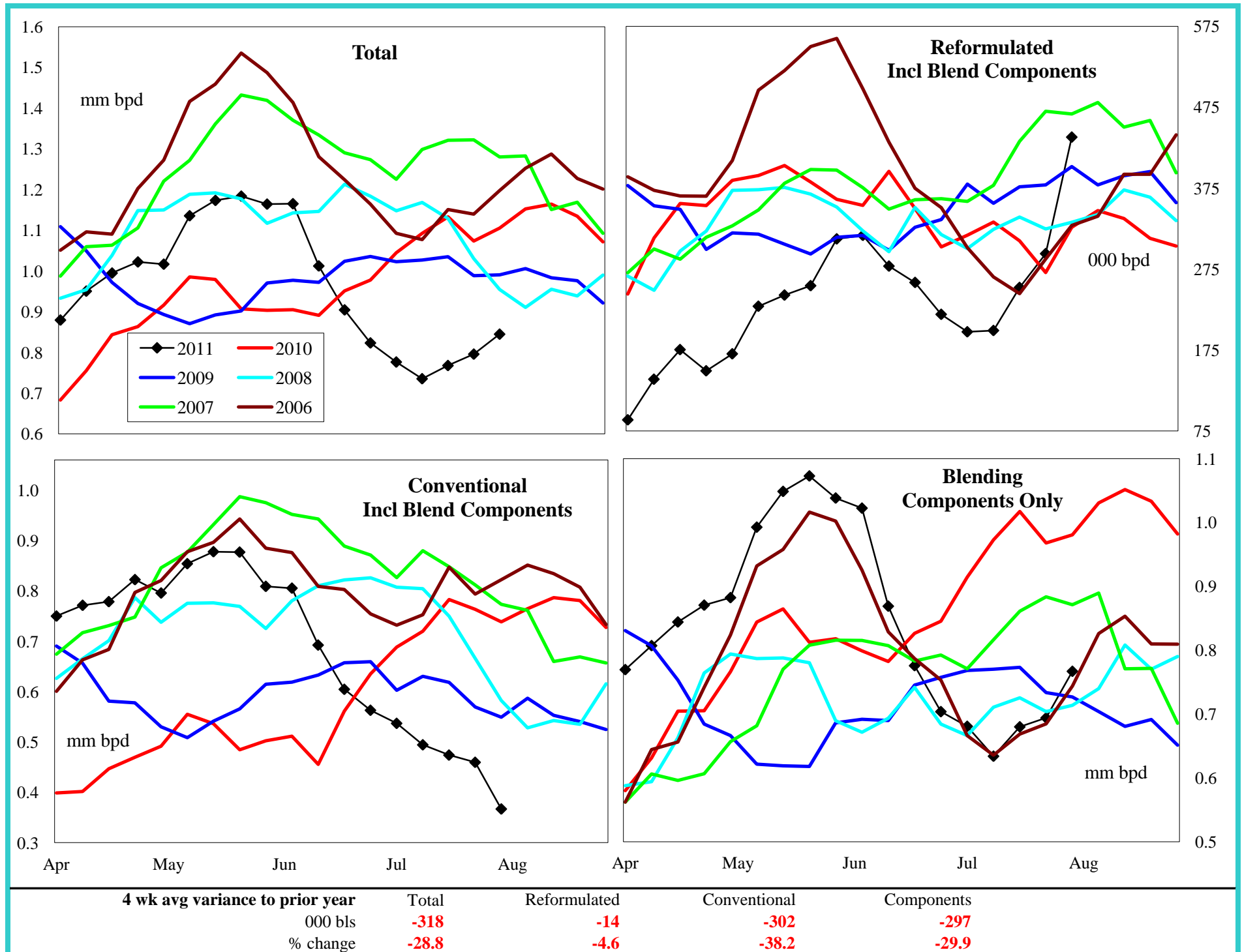
Prod + Imp - Stk chg  
**-30**  
**-1.0**



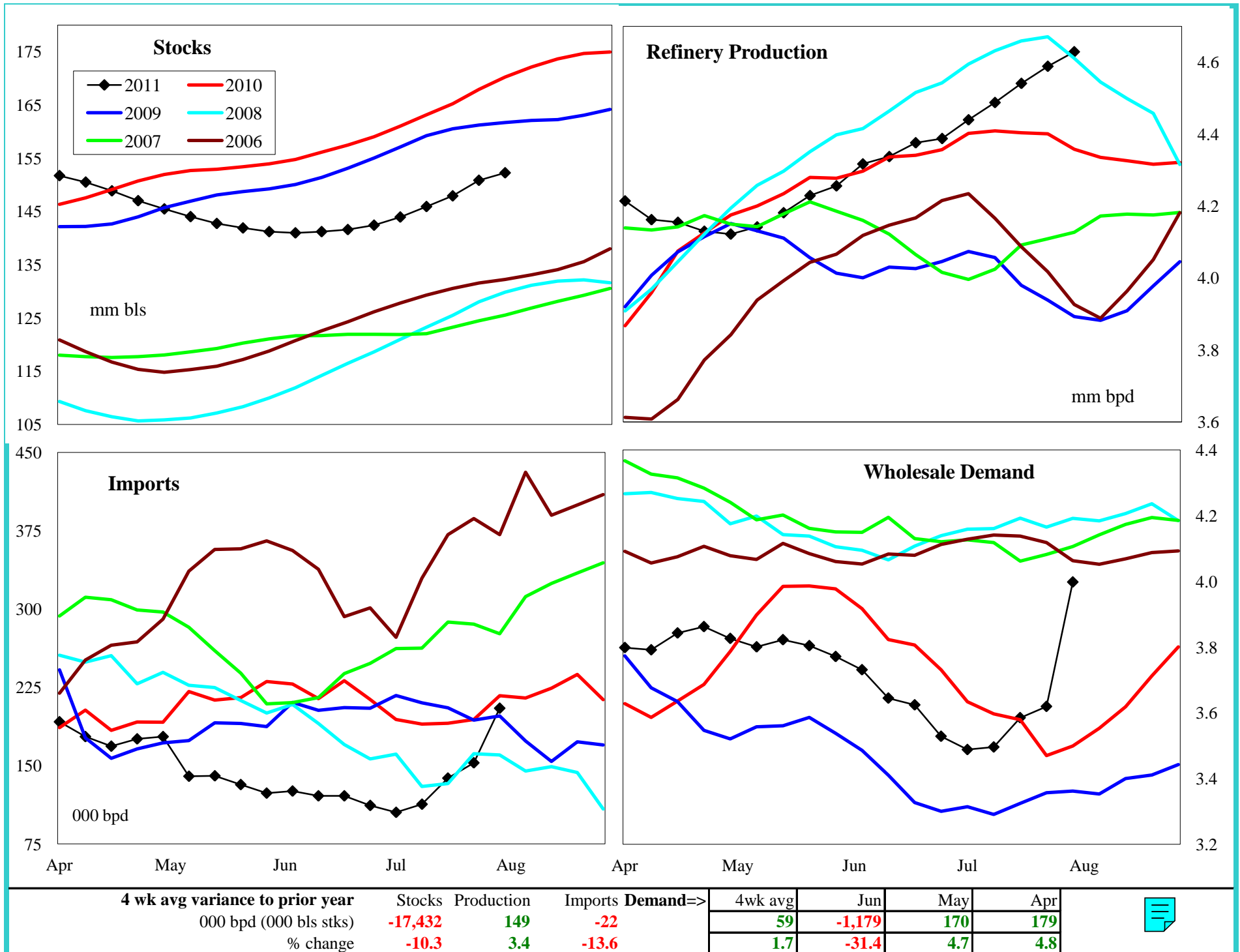
# United States Conventional Gasoline Supply



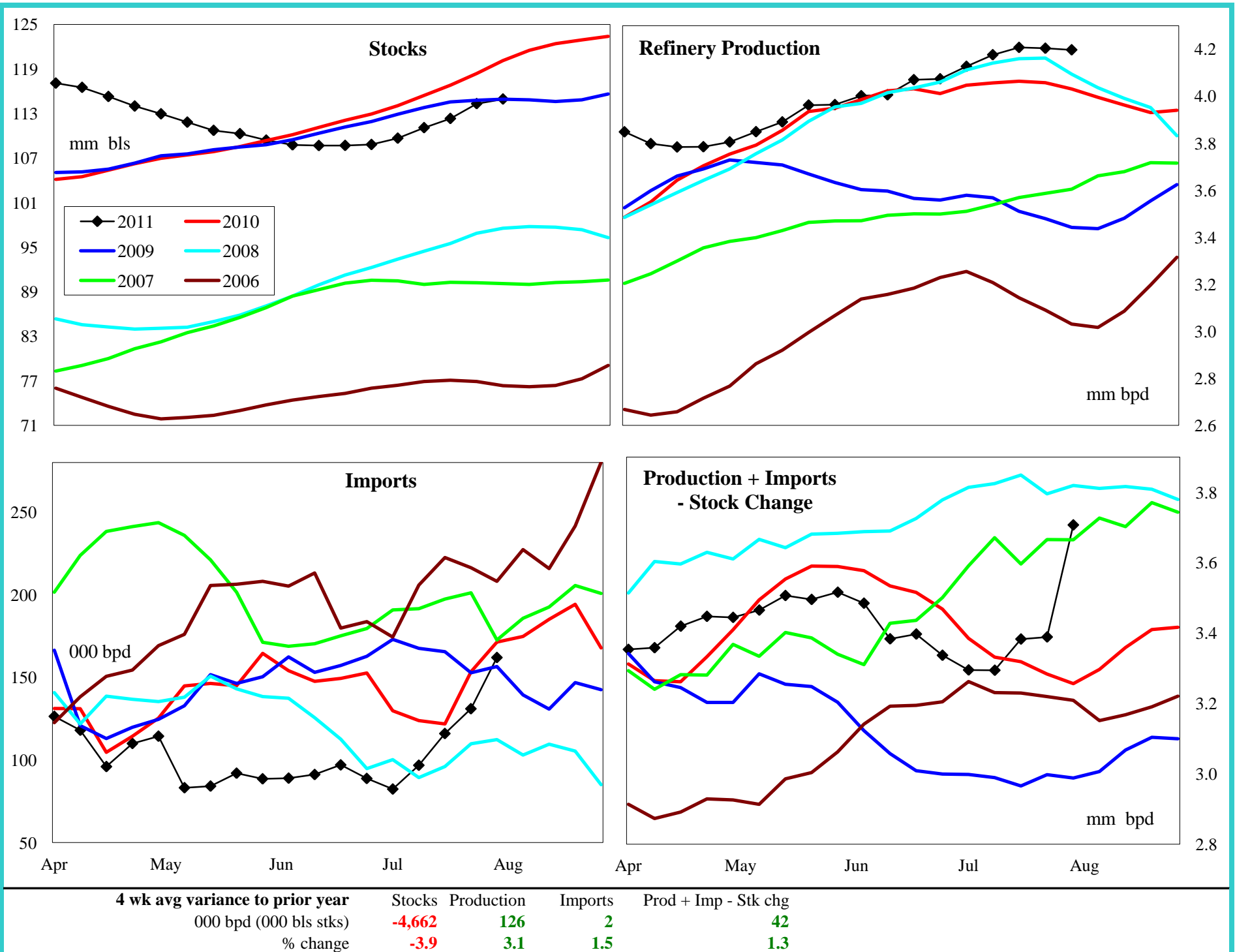
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

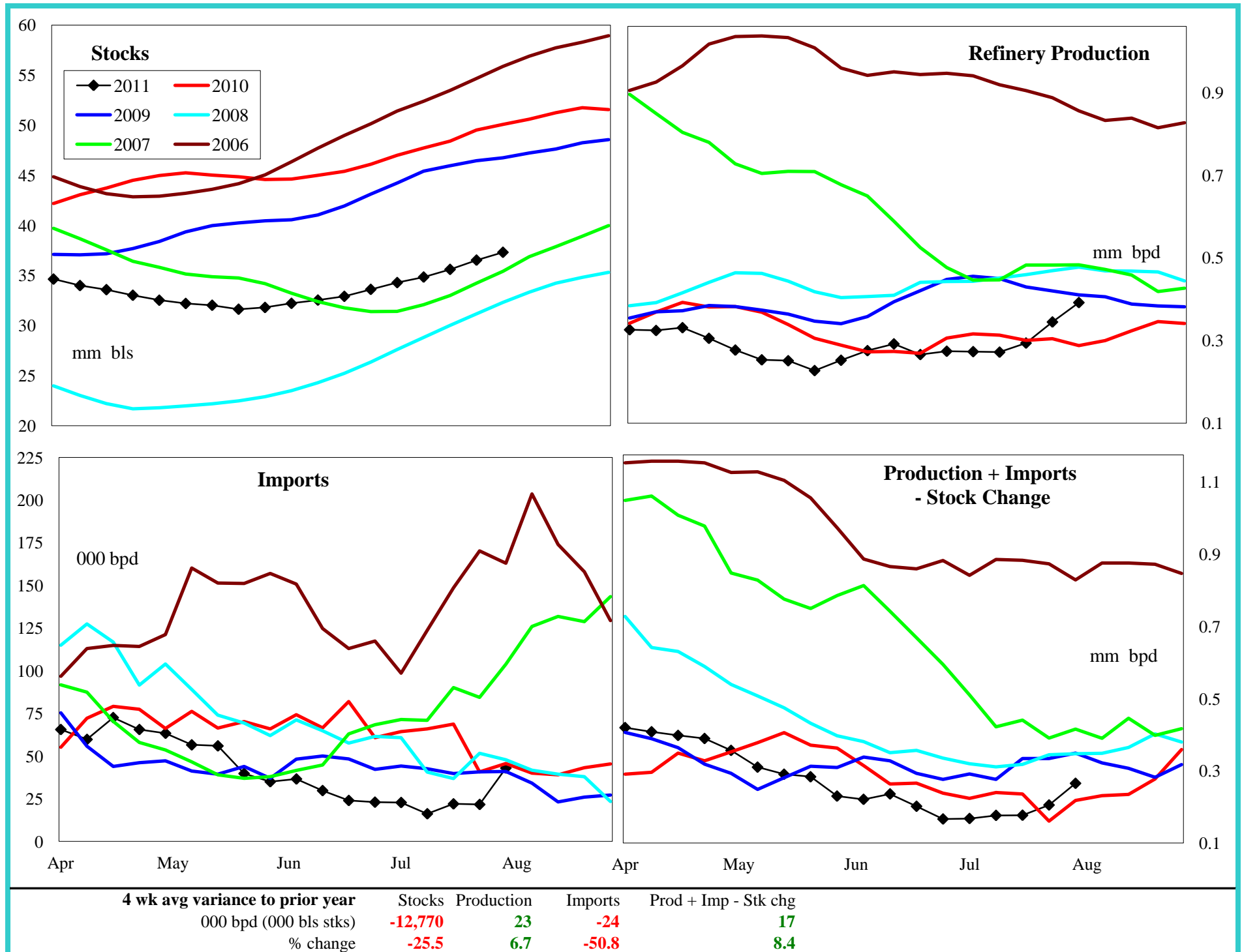


# United States Low Sulfur Distillate Supply

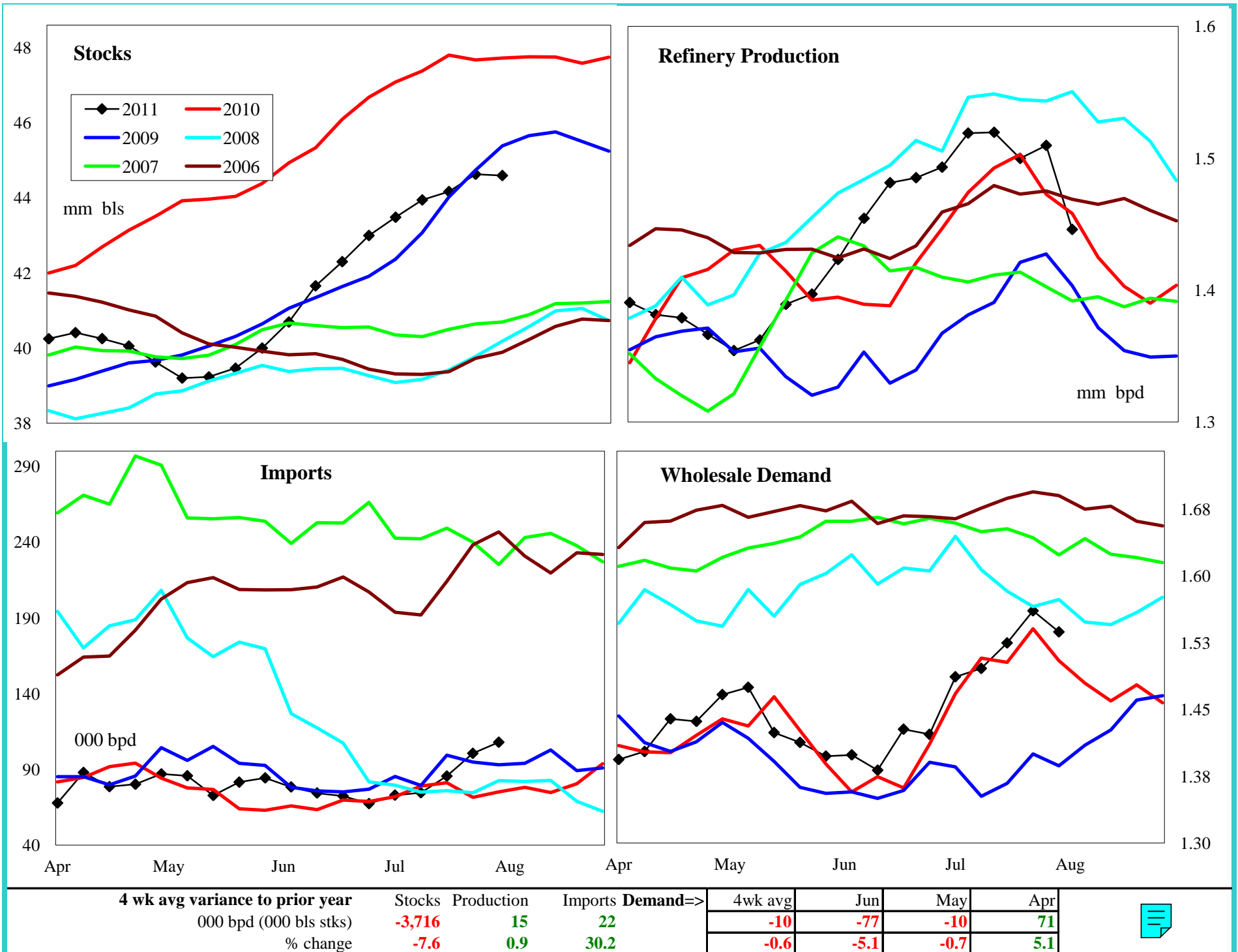




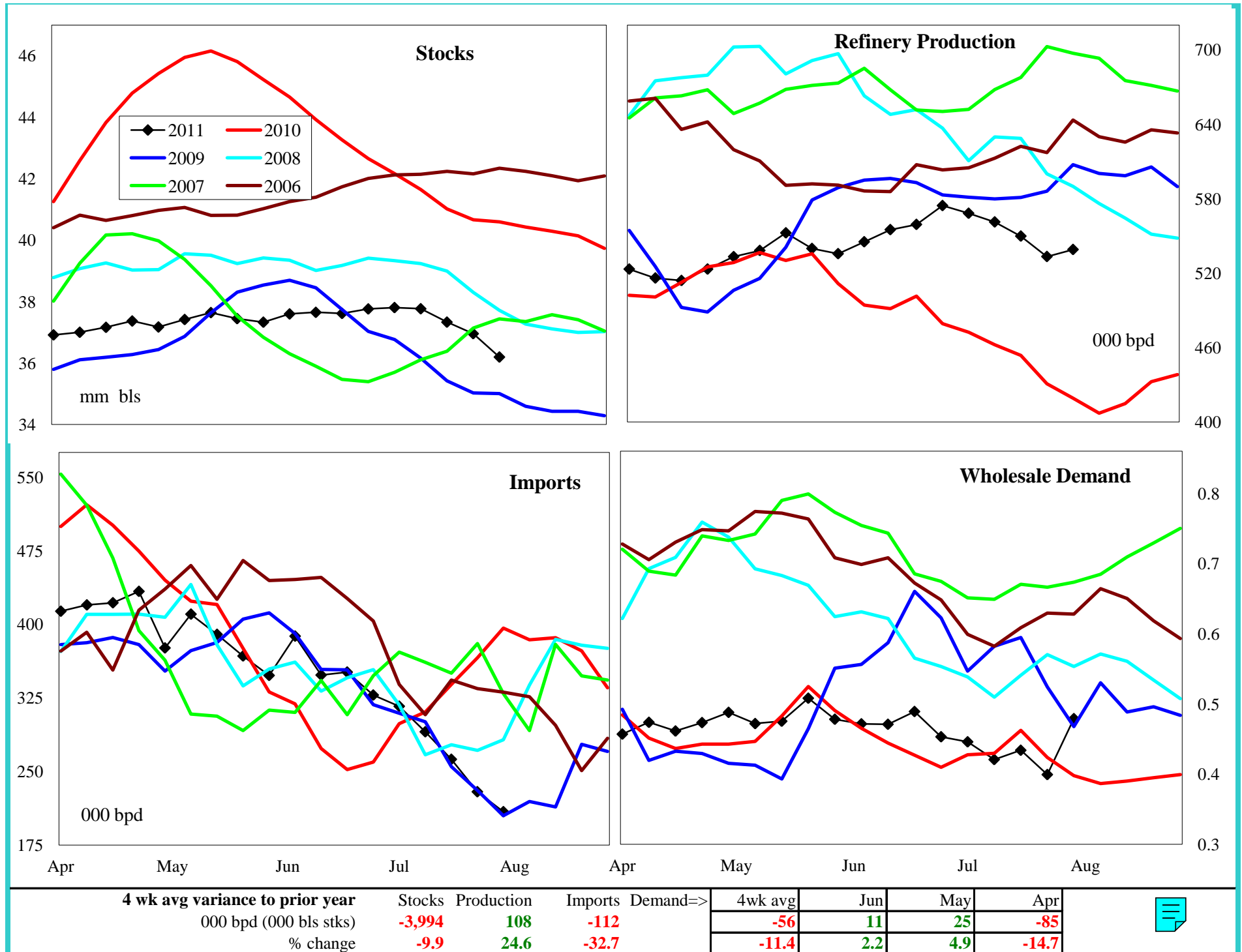
# United States High Sulfur Distillate Supply



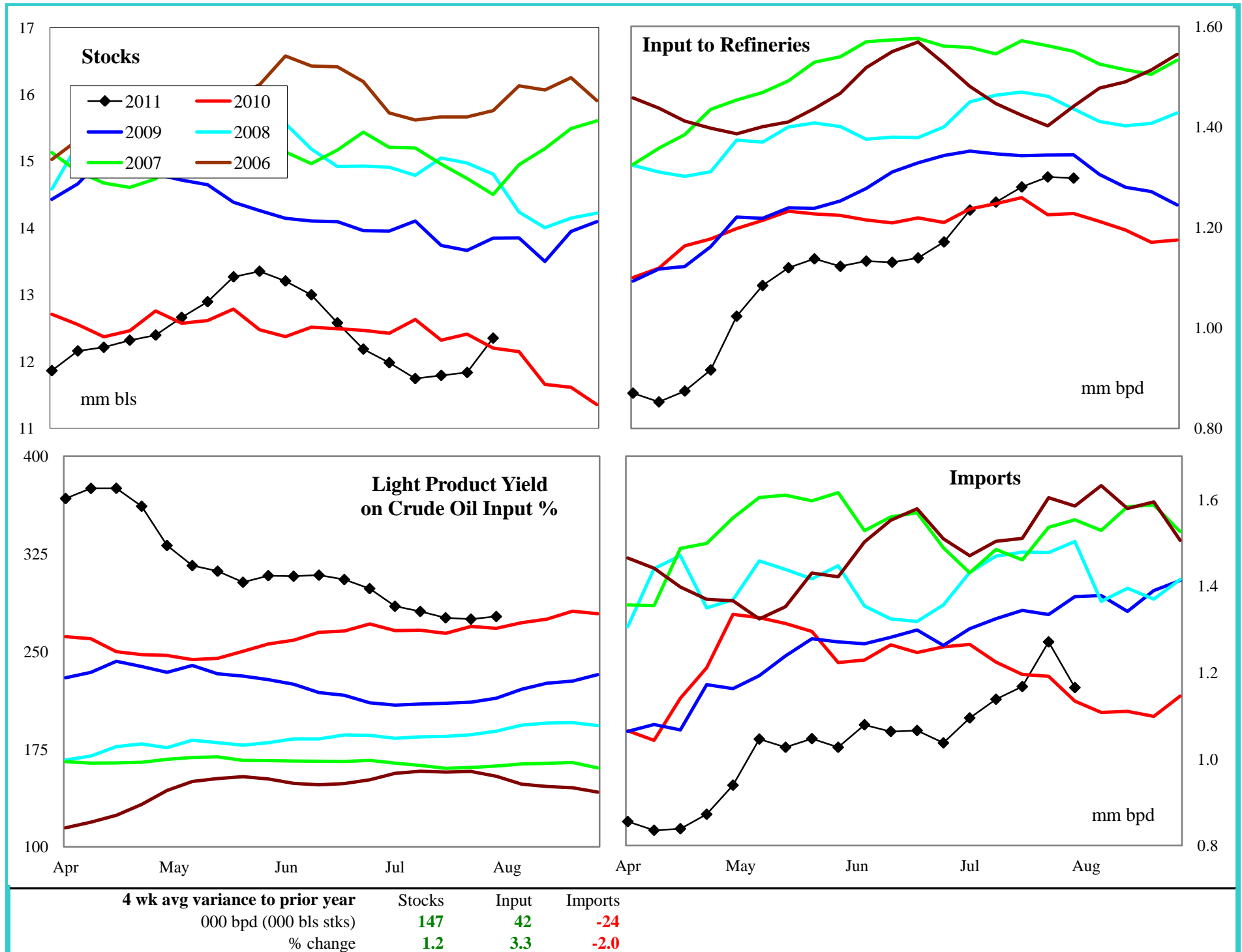
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

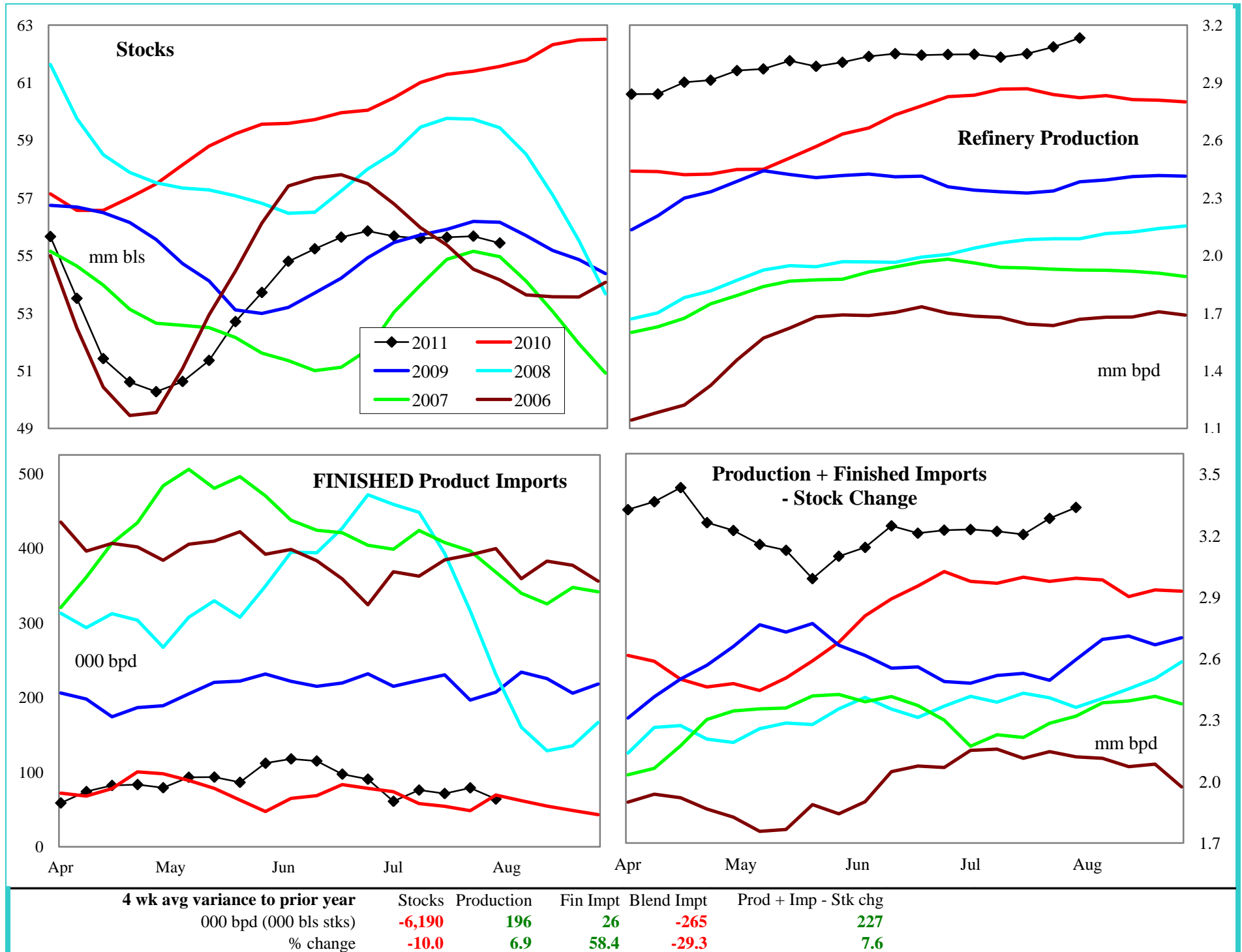


# PADD 1 Crude Oil Supply and Refining

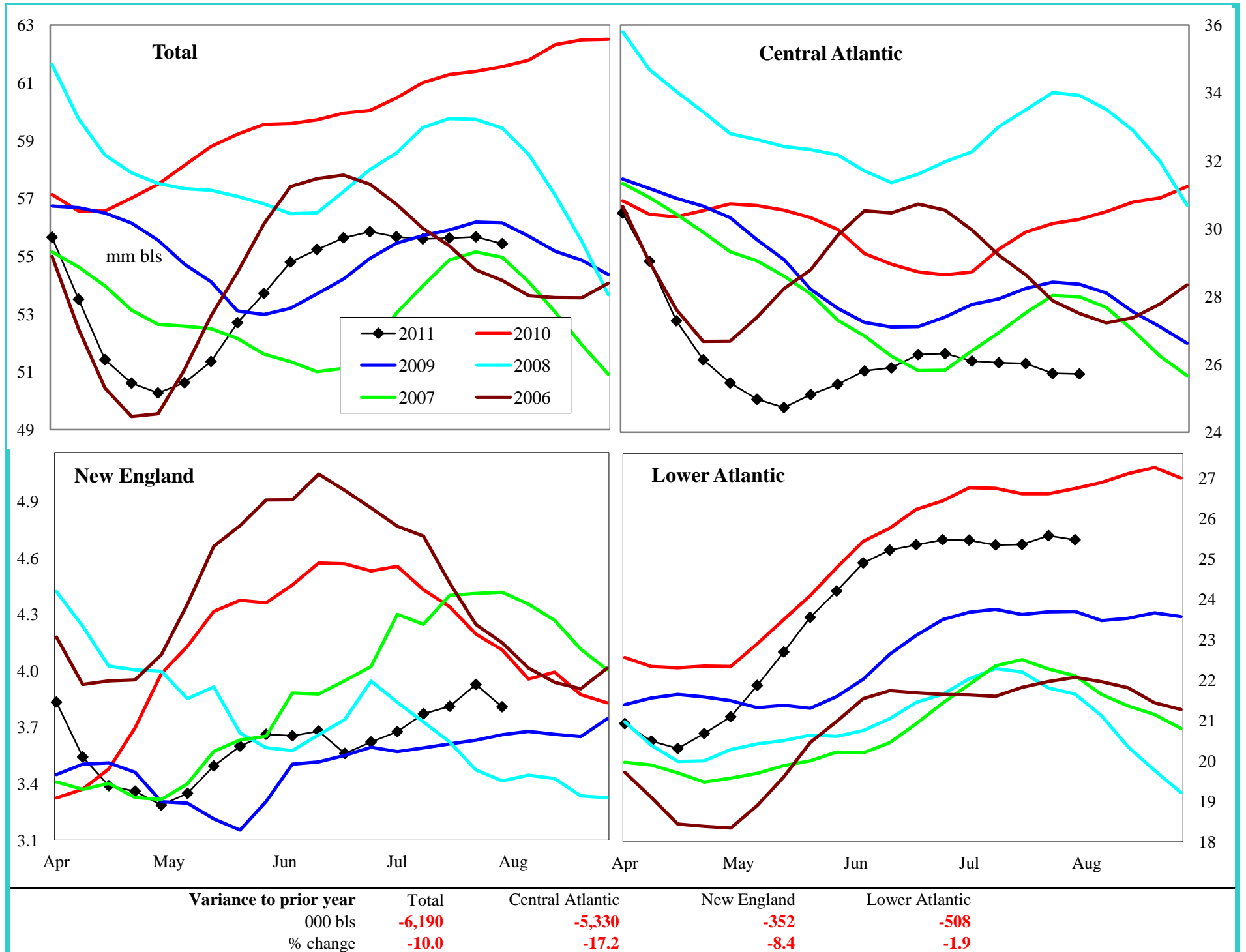




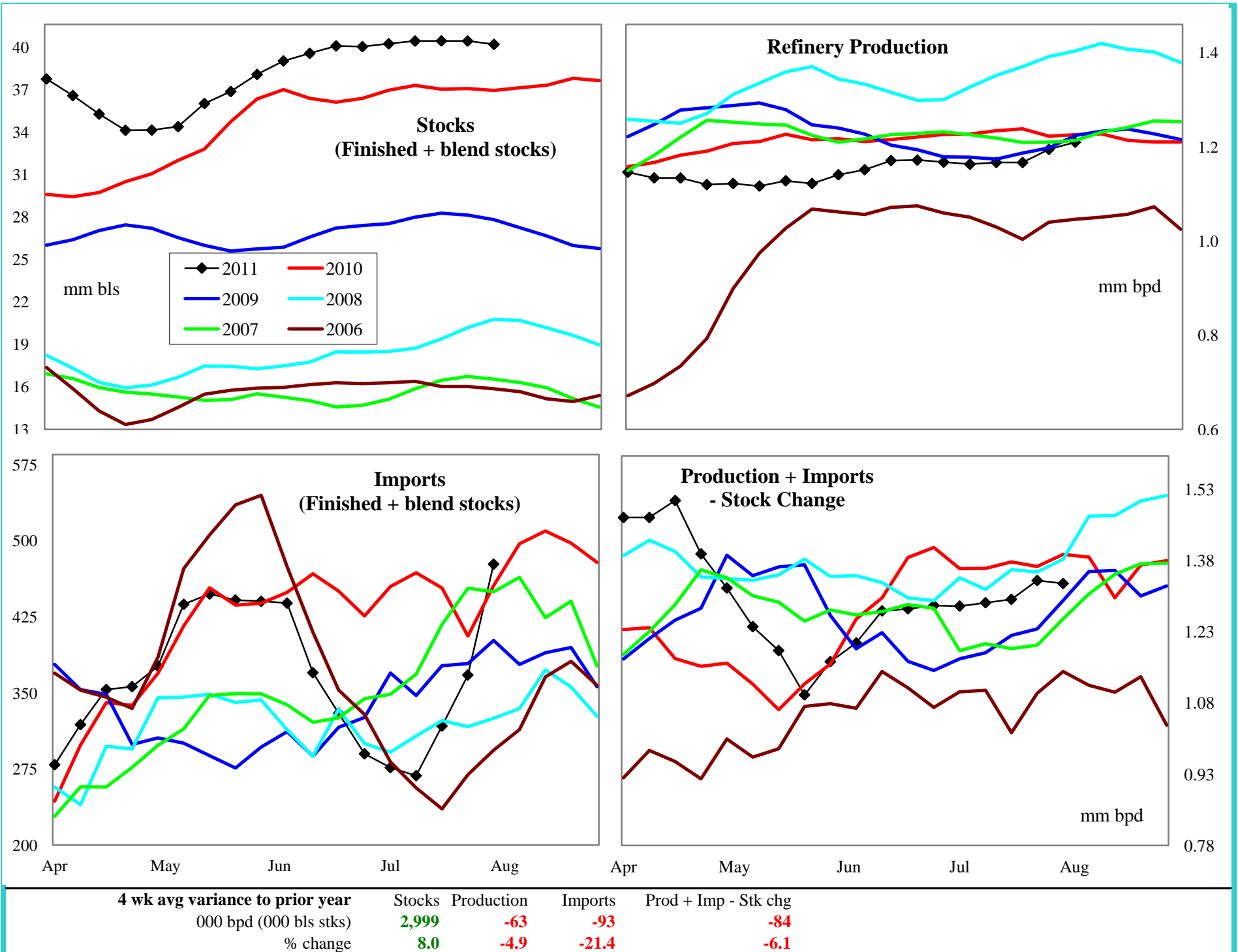
# PADD 1 Gasoline Supply



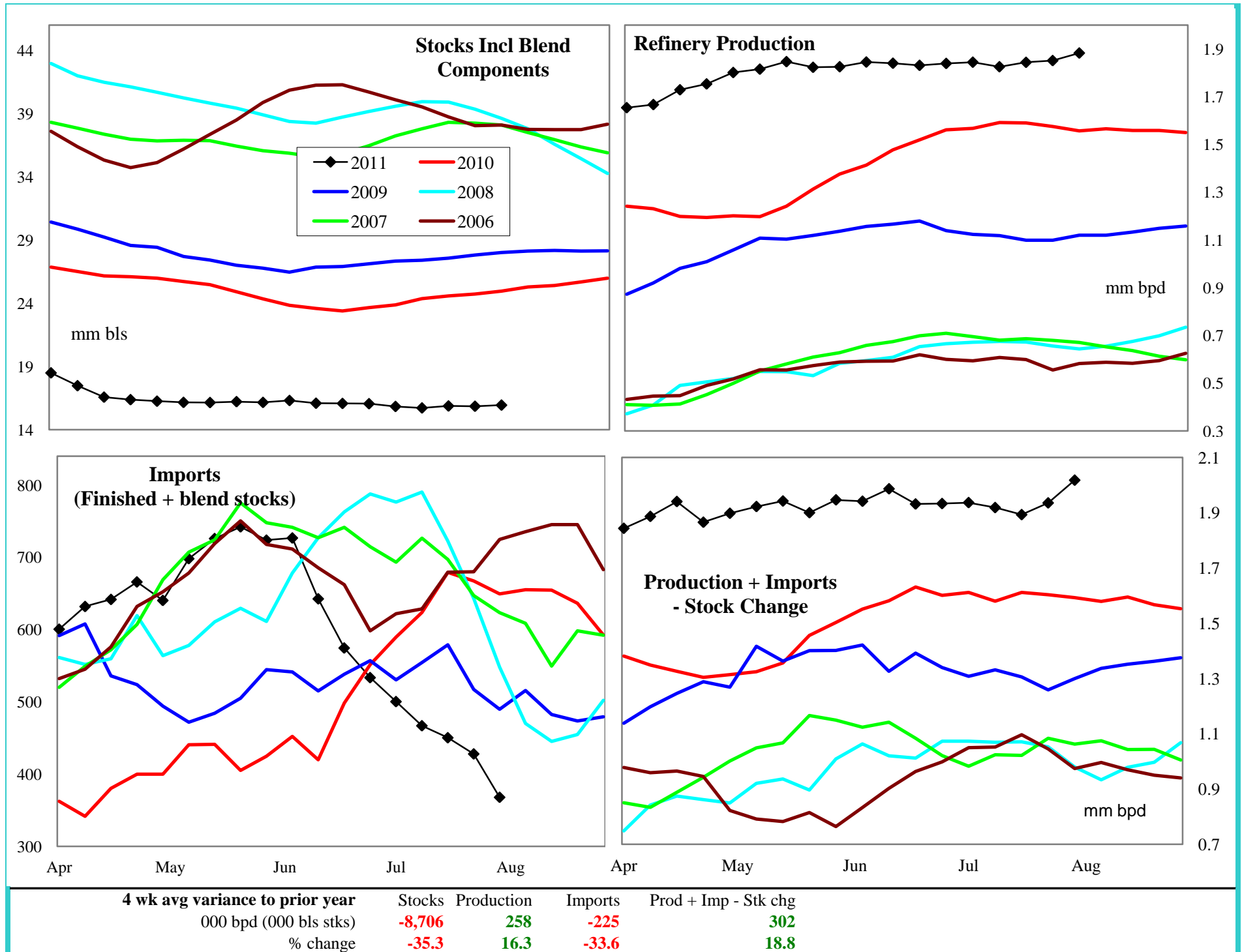
# PADD 1 Gasoline Stocks by Region



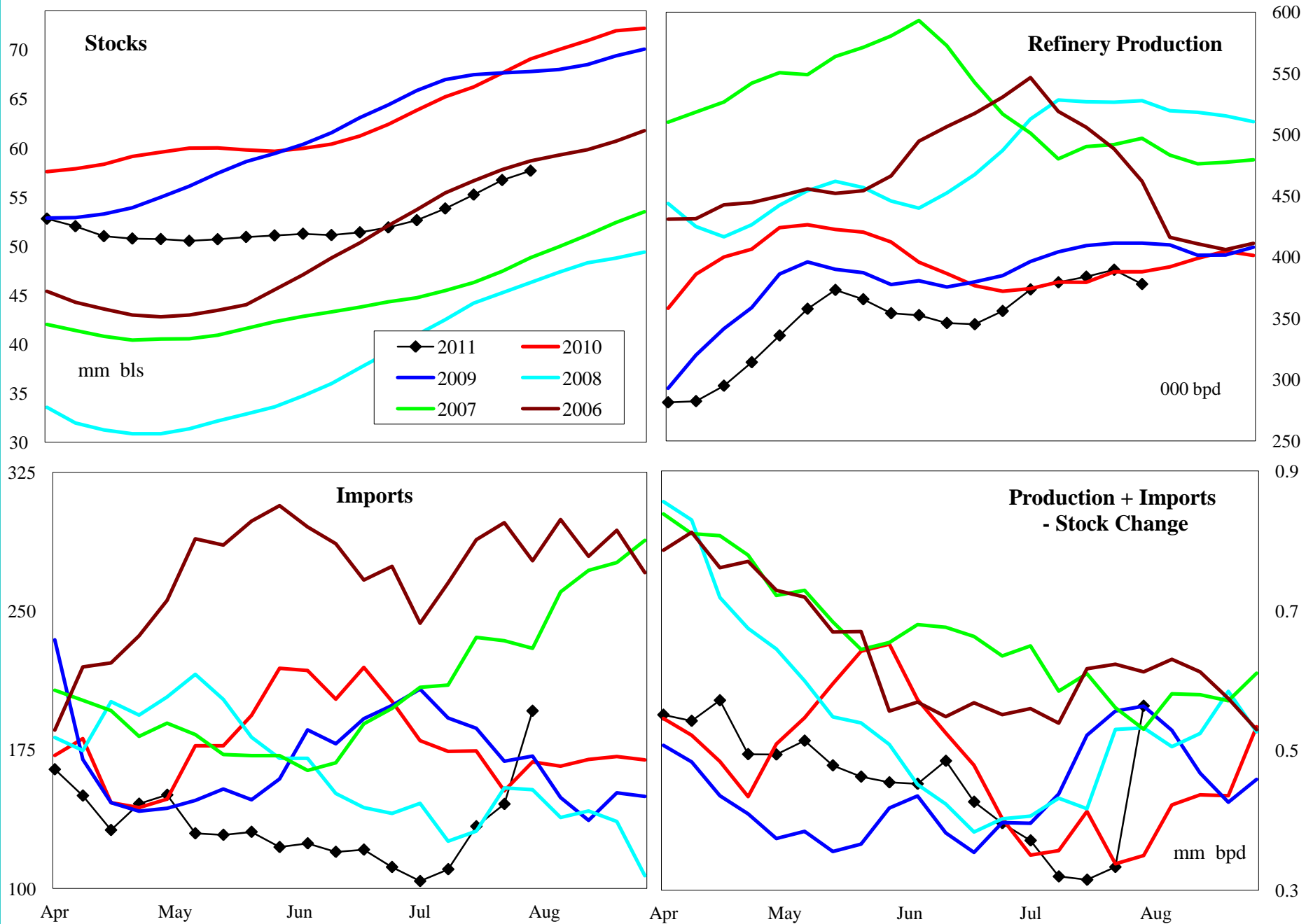
# PADD 1 Reformulated Gasoline Supply



# 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

-9,675

0

-10

-45

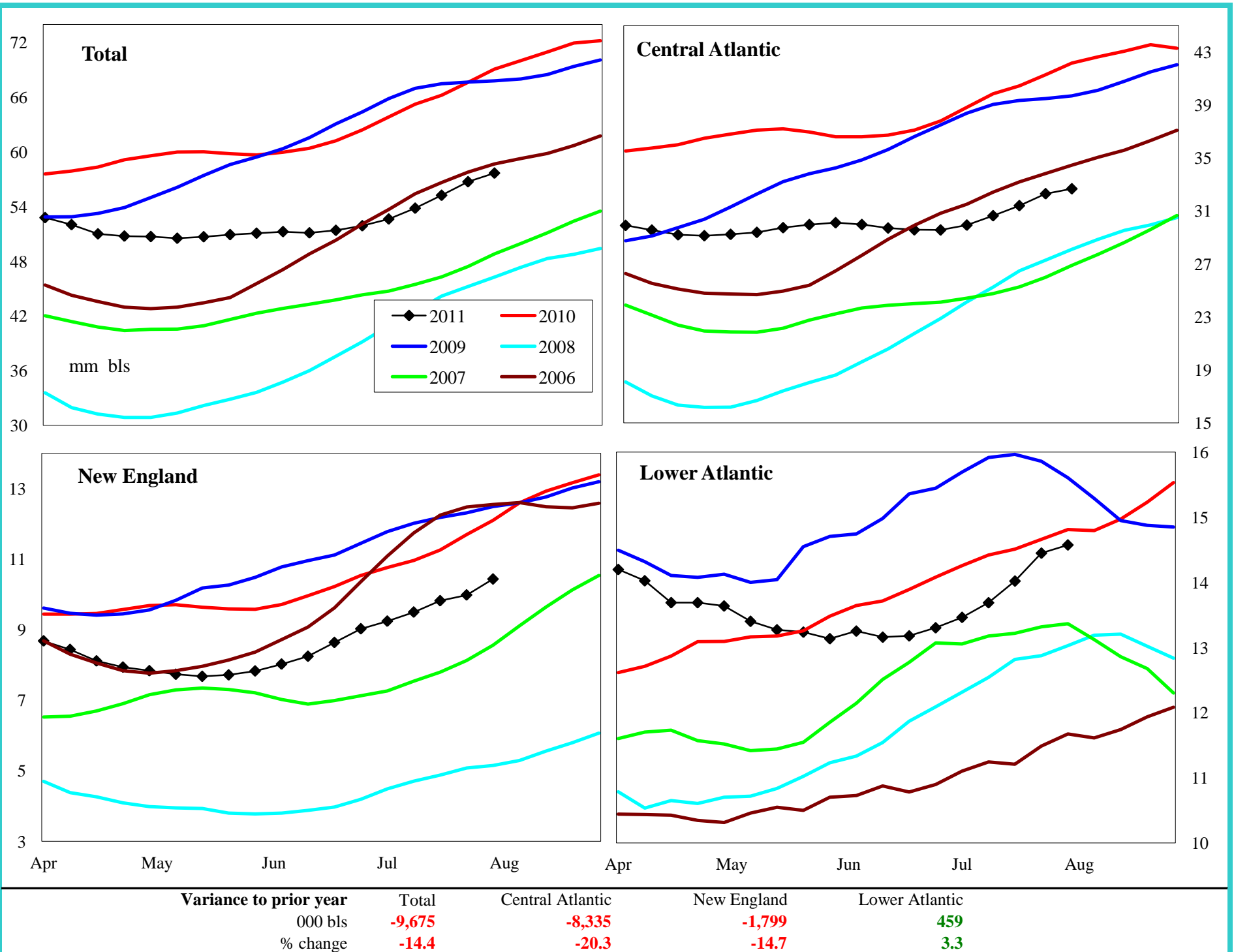
-14.4

0.0

-6.8

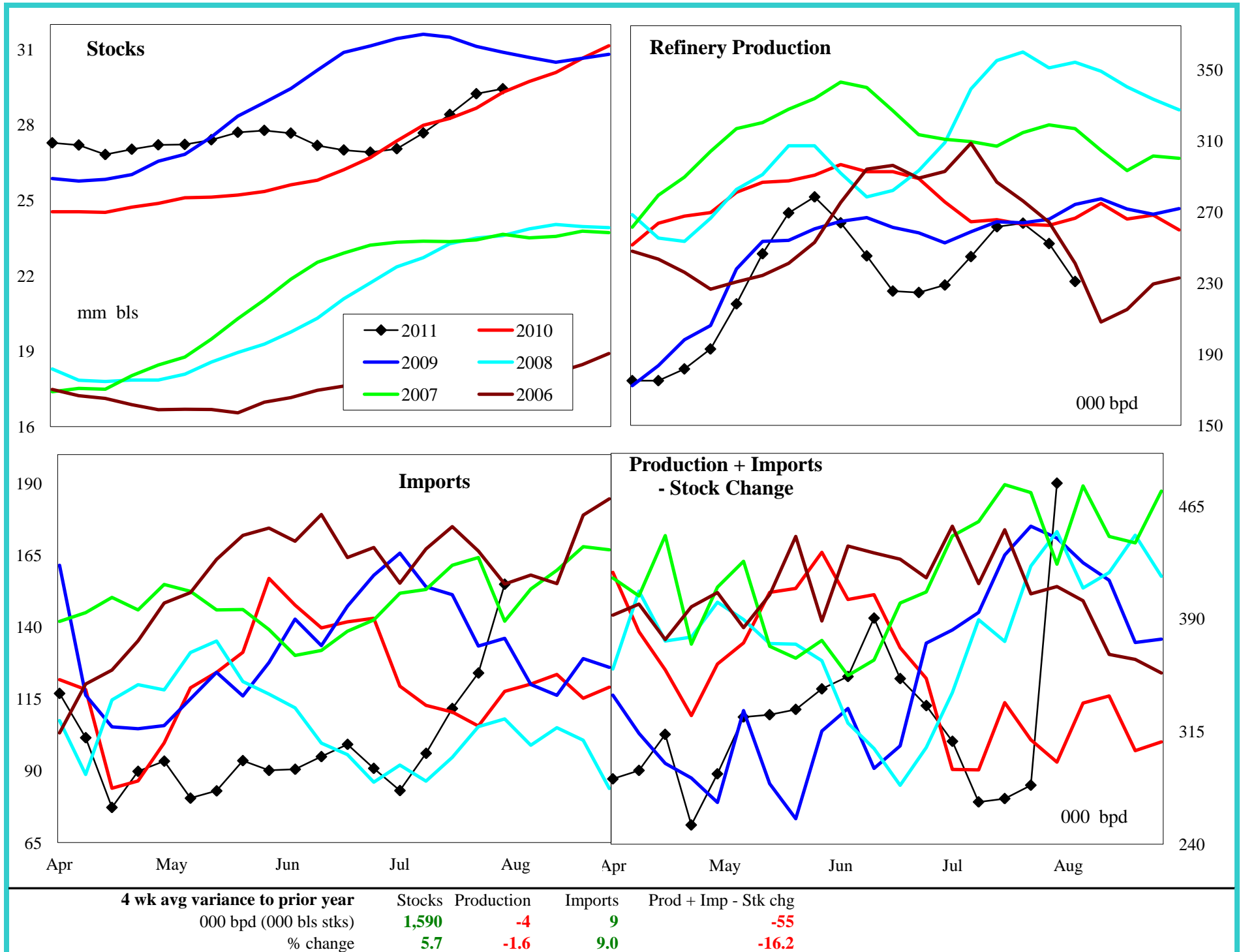
-11.7

# PADD 1 Distillate Stocks by Region

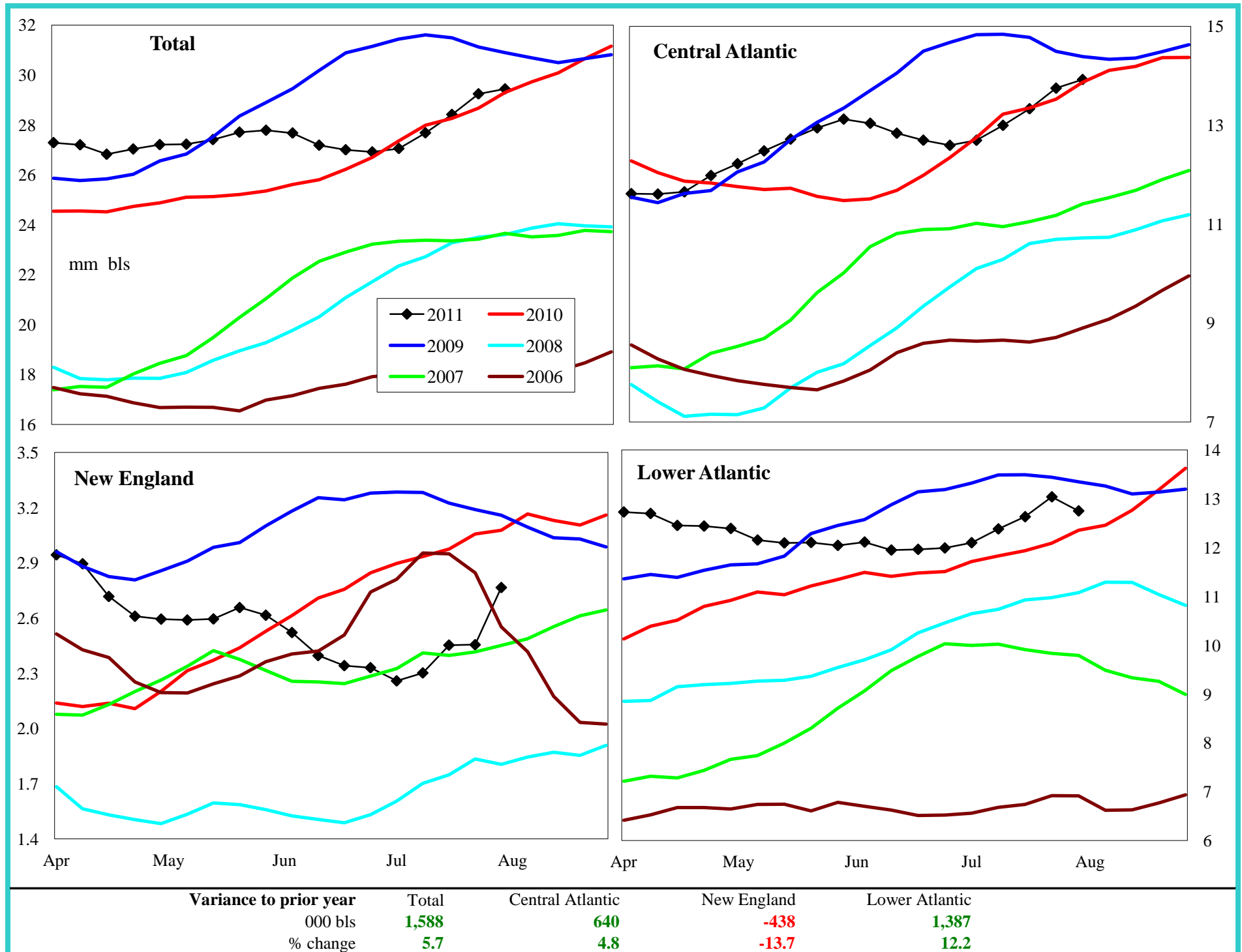




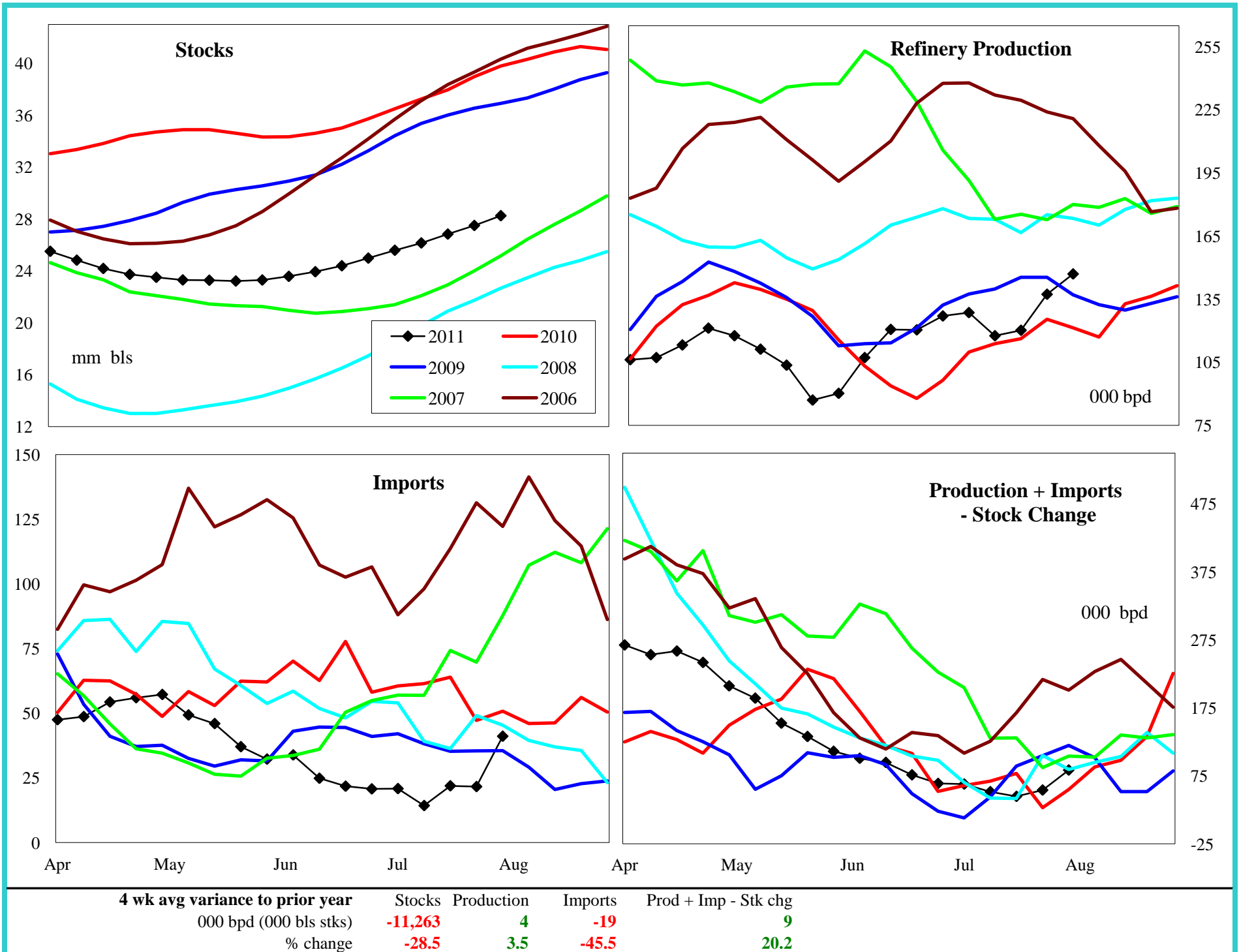
# PADD 1 Low Sulfur Distillate Supply



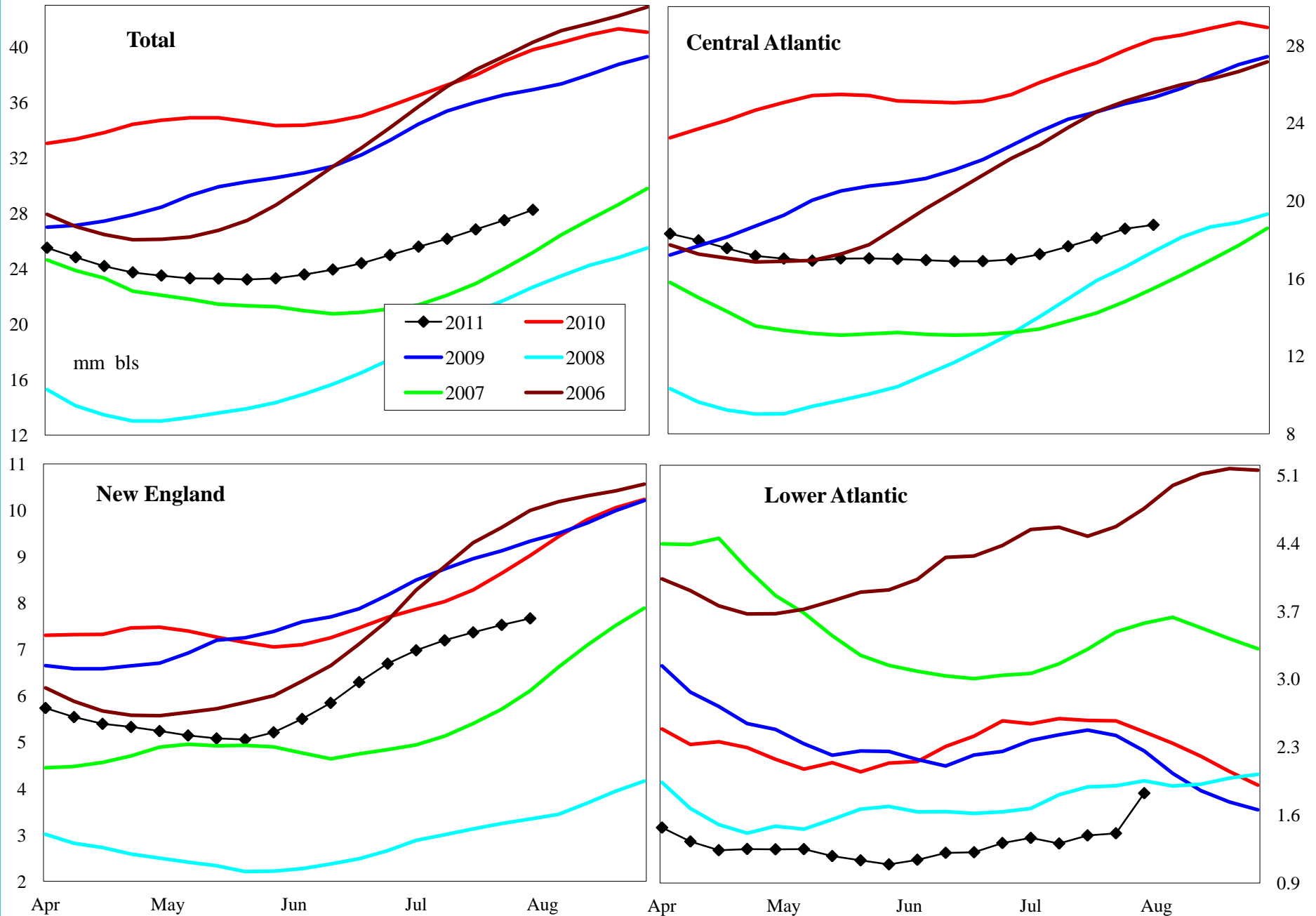
# PADD 1 Low Sulfur Distillate Stocks by Region



# PADD 1 High Sulfur Distillate Supply



# PADD 1 High Sulfur Distillate Stocks by Region



Variance to prior year

000 bls

% change

Total

-11,263

-28.5

Central Atlantic

-8,975

-32.4

New England

-1,361

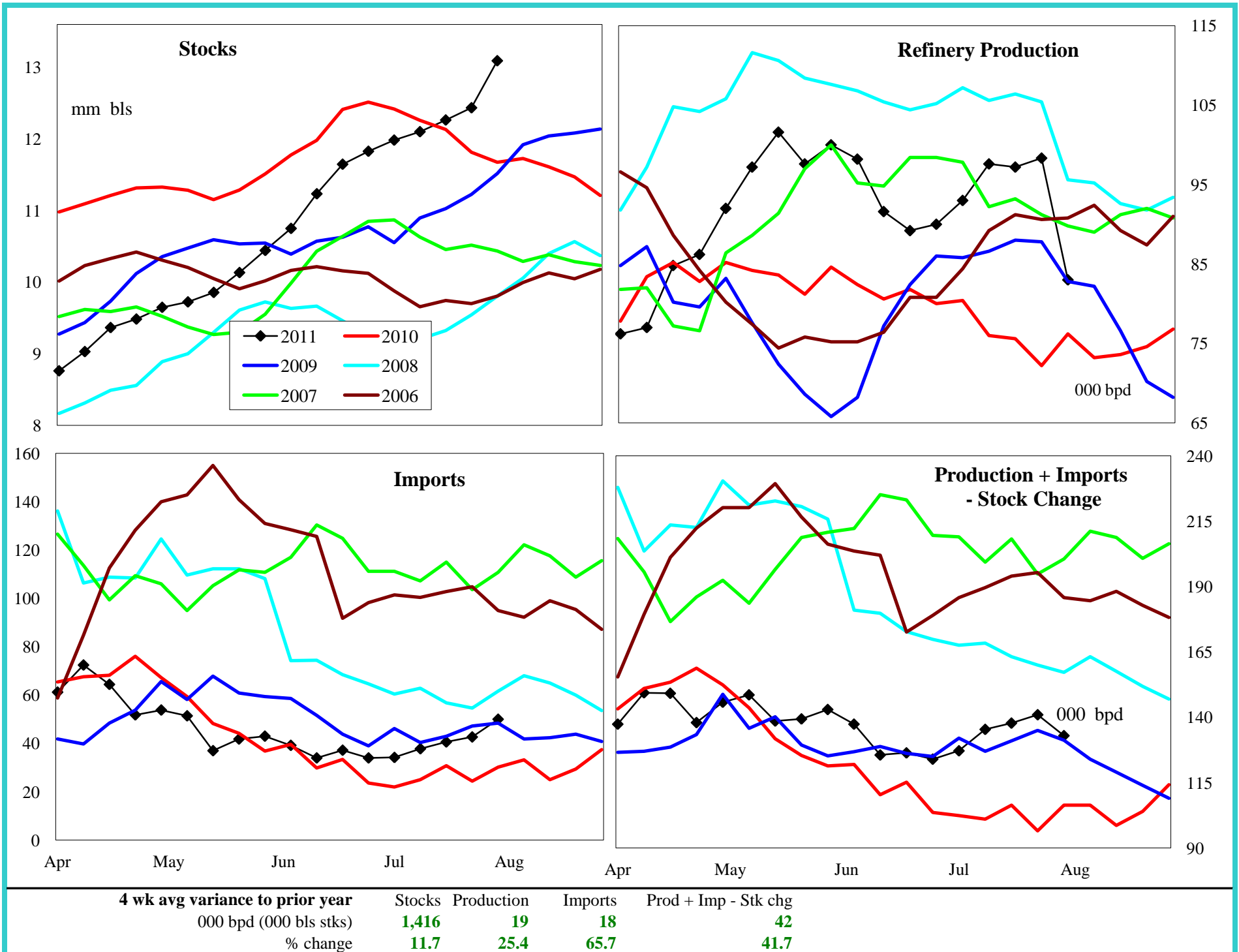
-15.1

Lower Atlantic

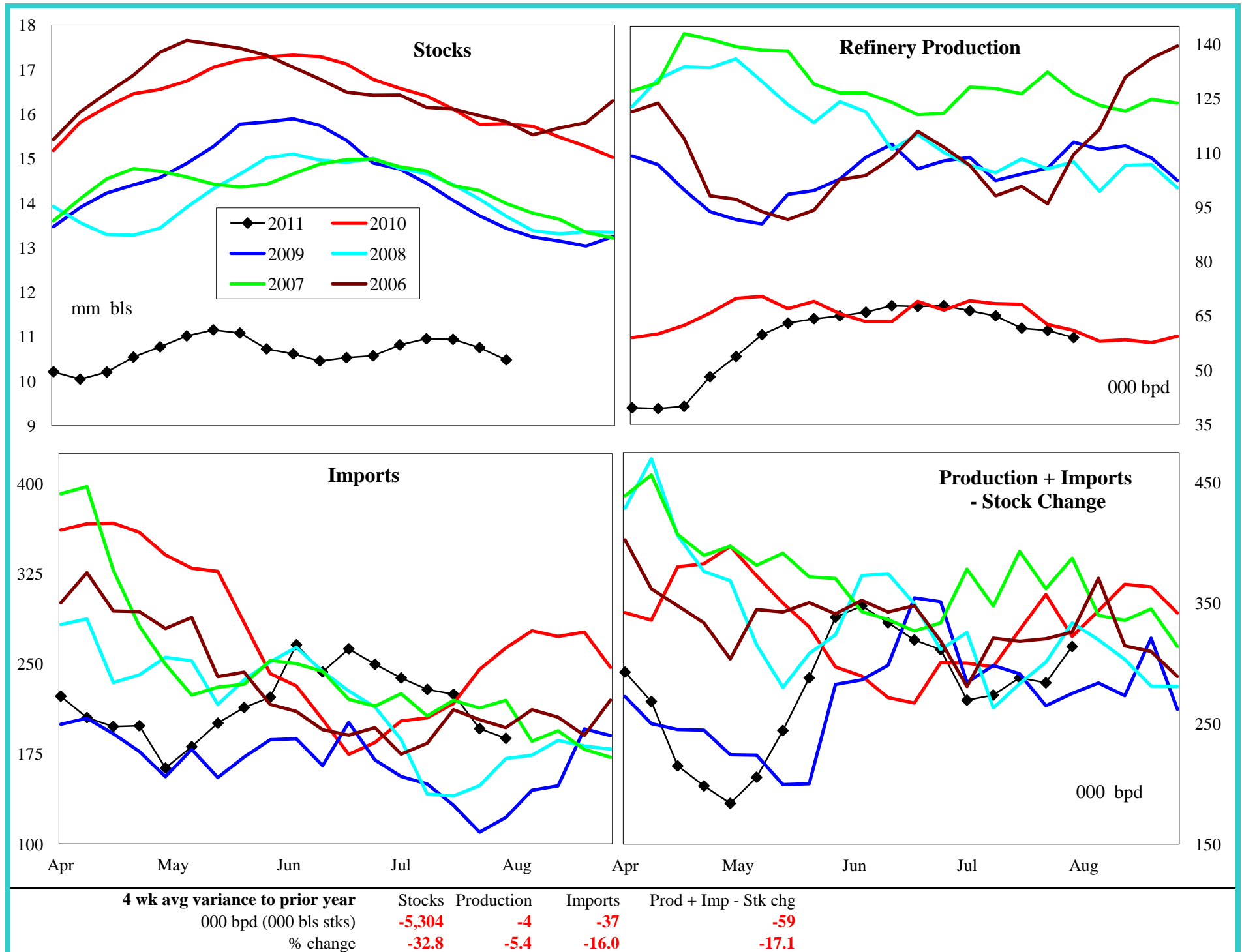
-928

-33.7

# PADD 1 Jet Fuel Supply

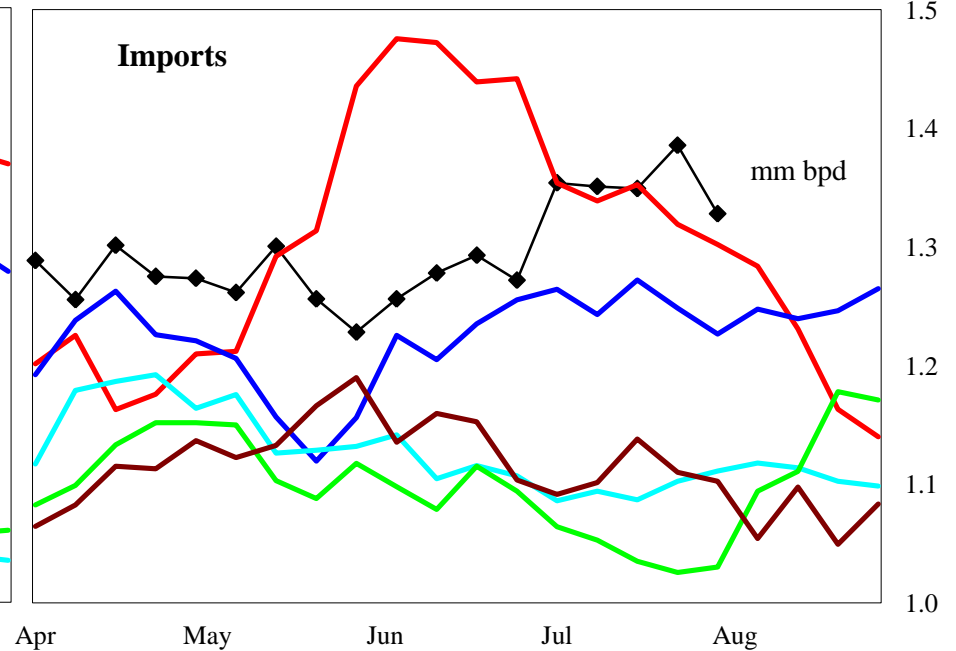
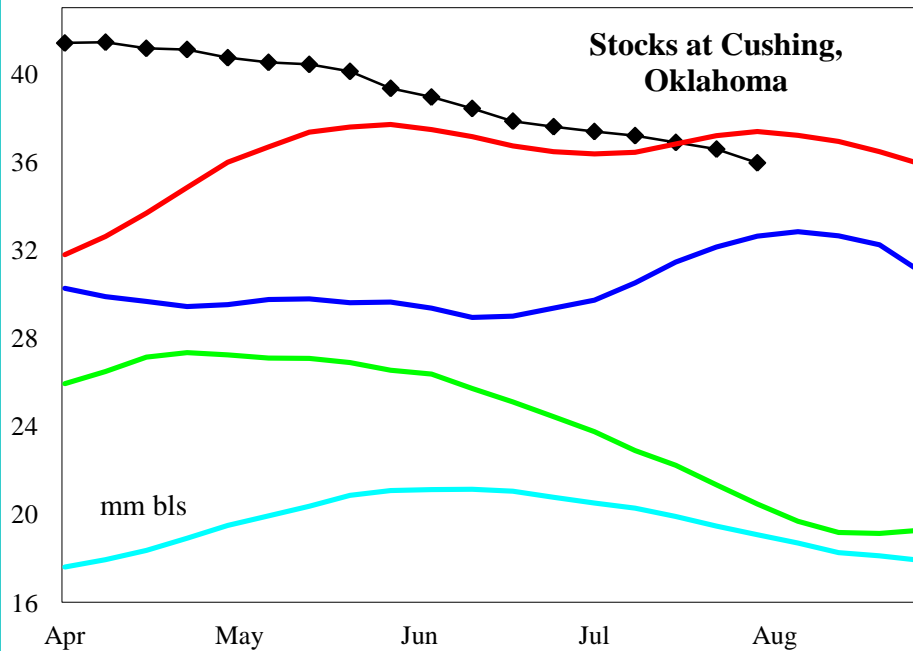
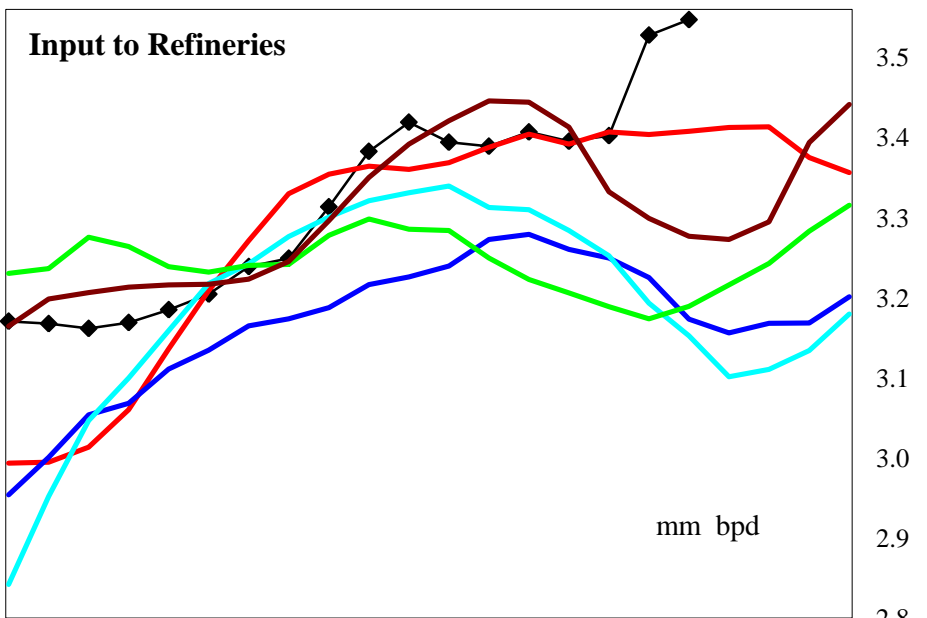
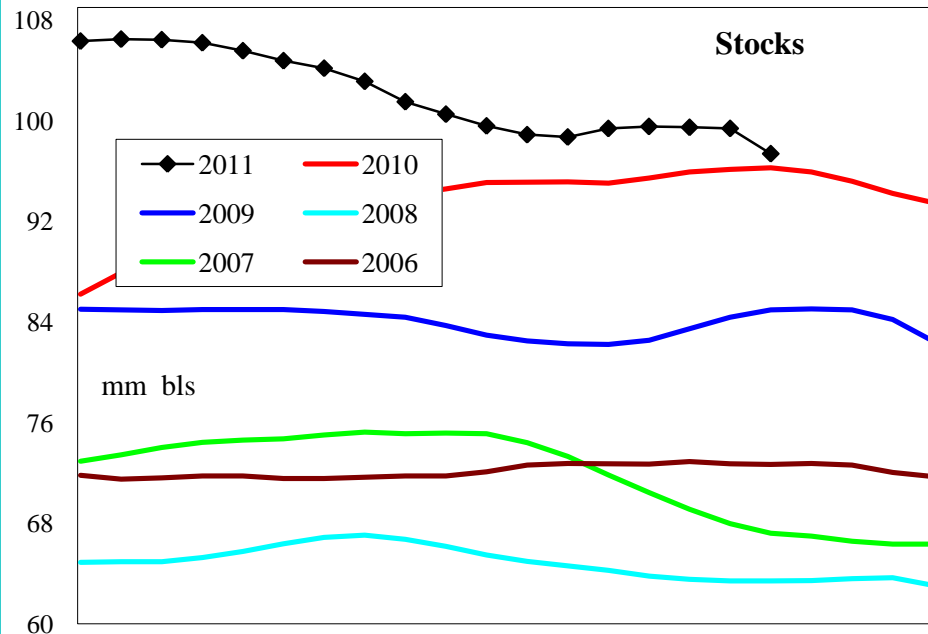


# PADD 1 Residual Fuel Oil Supply





# PADD 2 Crude Oil Supply and Refining



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**1,128**

**1.2**

Cushing

**-1,420**

**-3.8**

Input

**40**

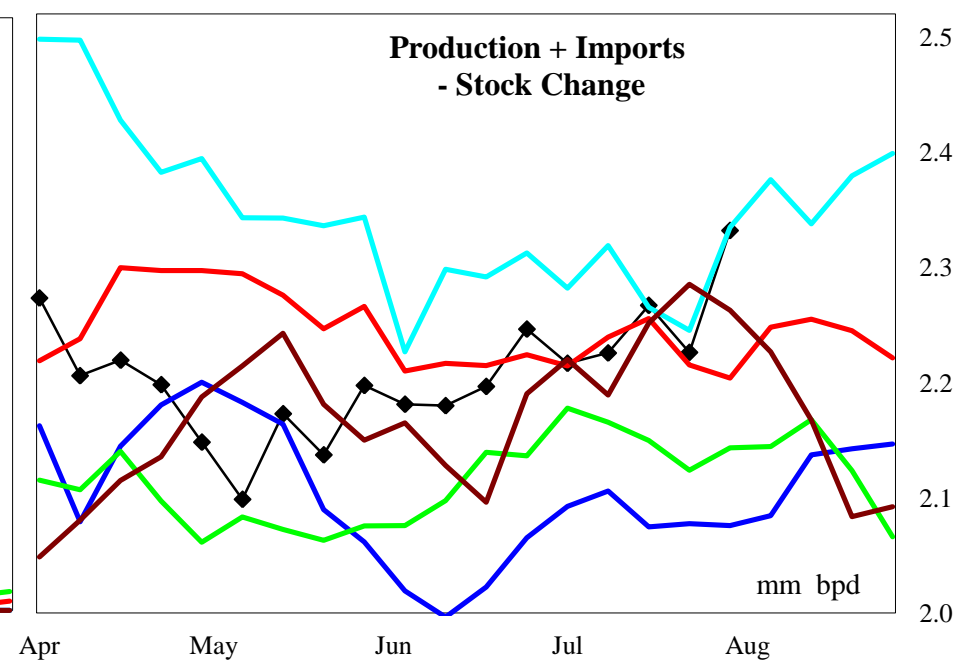
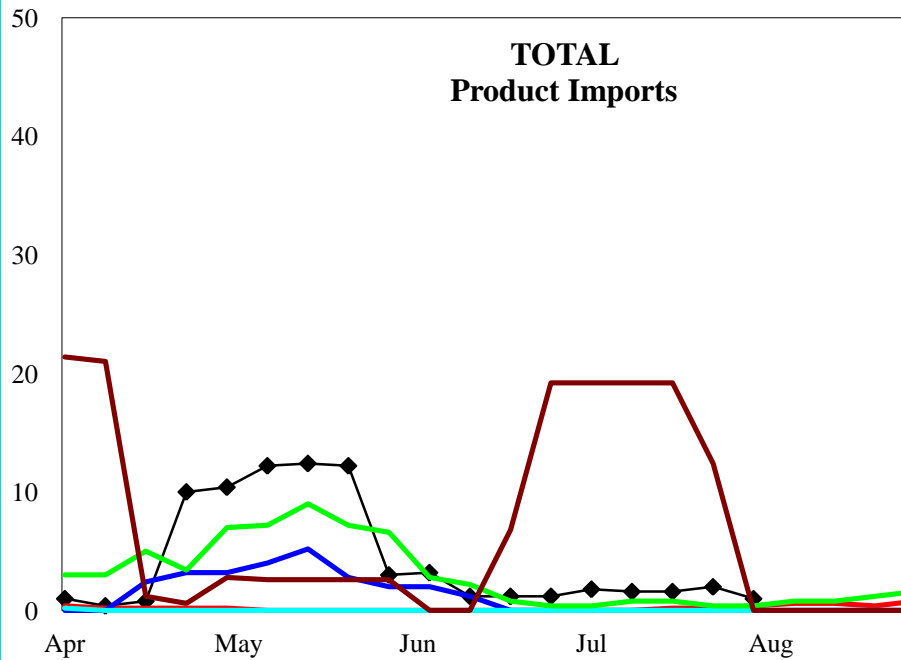
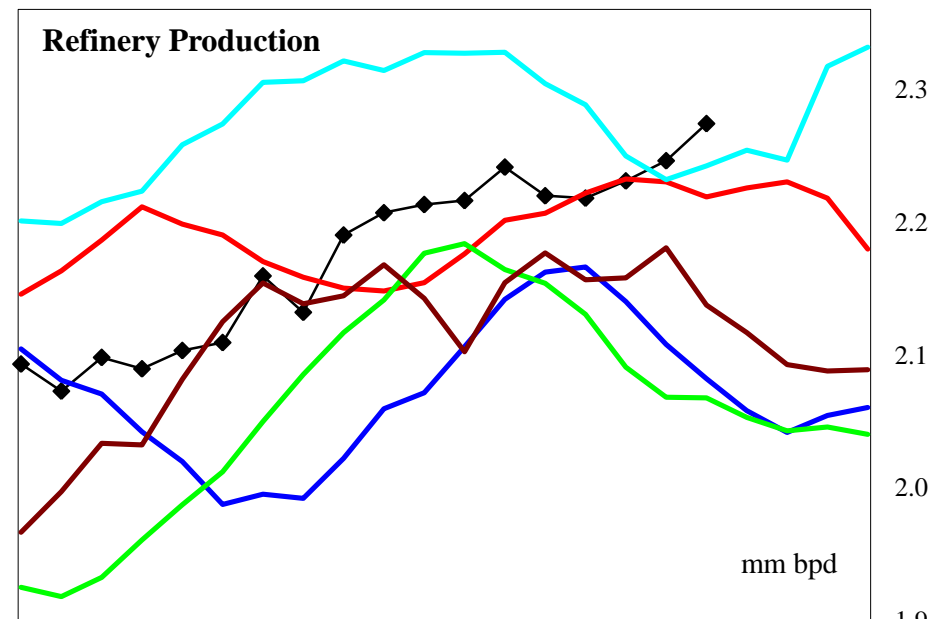
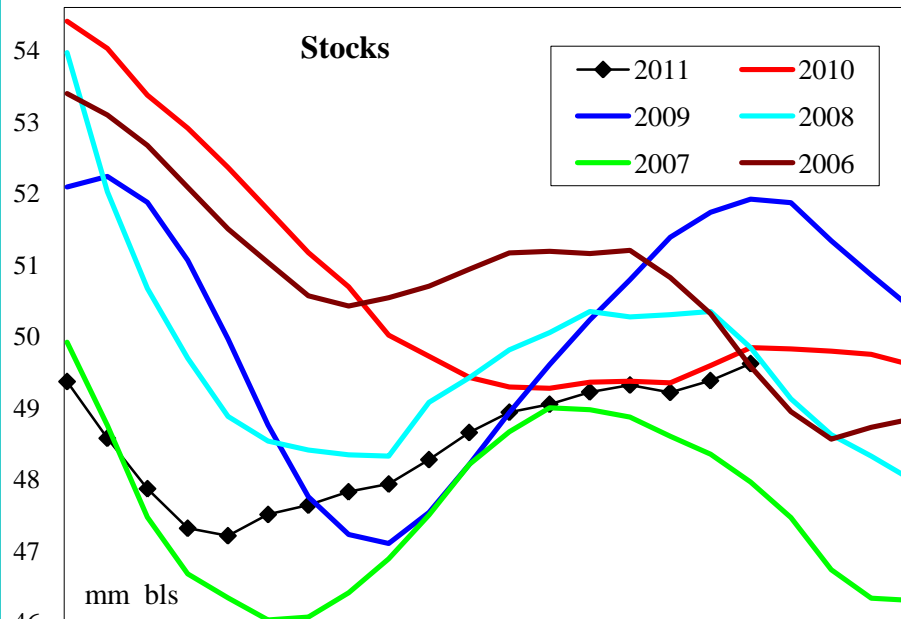
**1.2**

Imports

**-27**

**-2.0**

# PADD 2 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-223

-3

2

-8

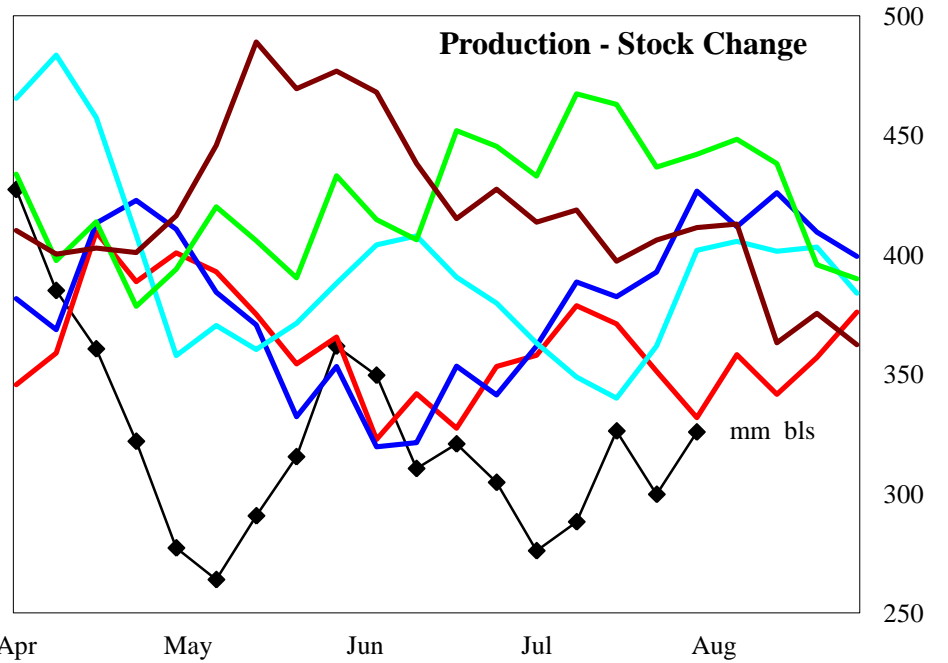
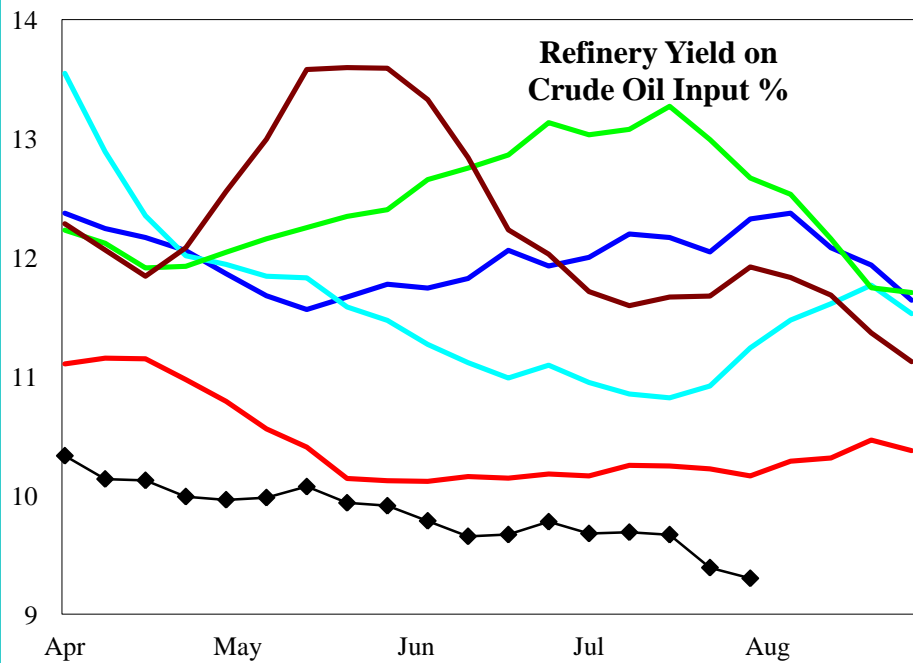
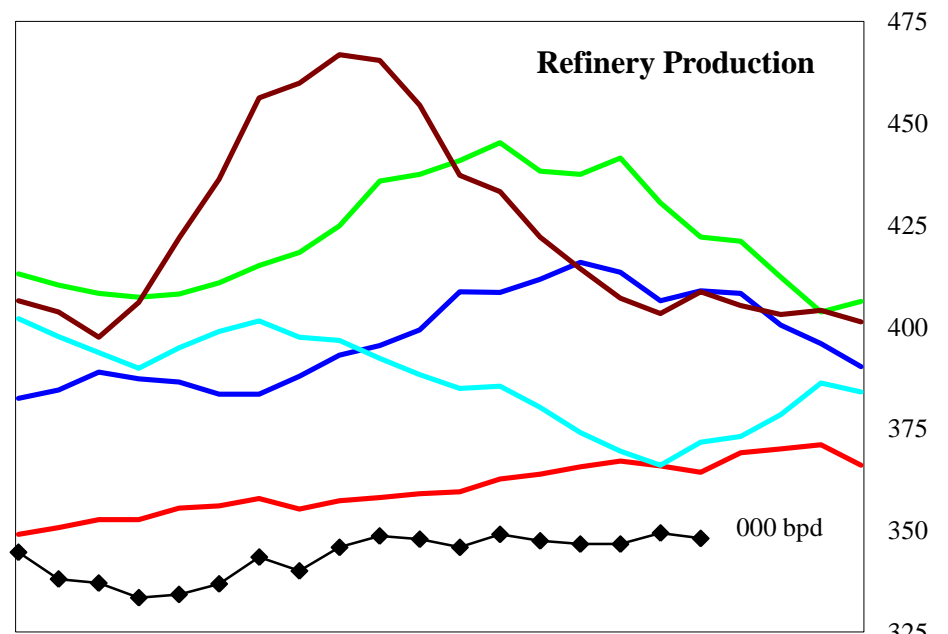
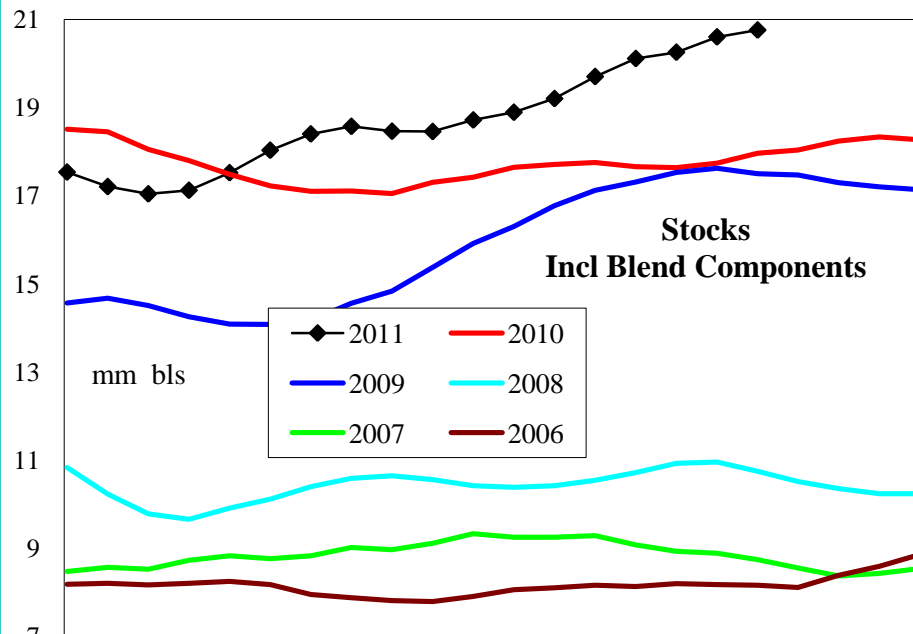
-0.4

-0.1

600.0

-0.4

## PADD 2 Reformulated Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bbls stks)

% change

Stocks

Production

**2,798**

**-18**

**15.6**

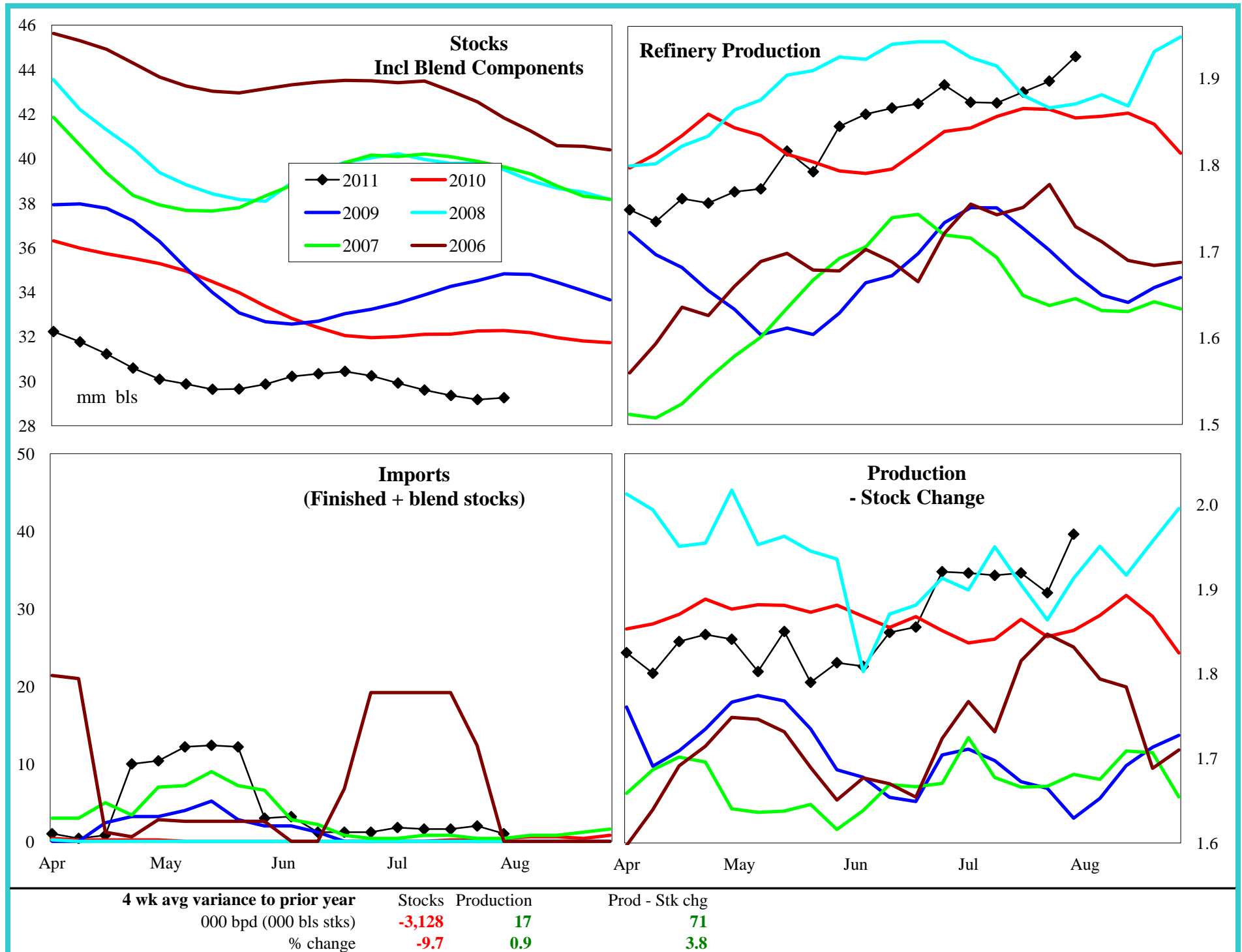
**-4.9**

Prod - Stk chg

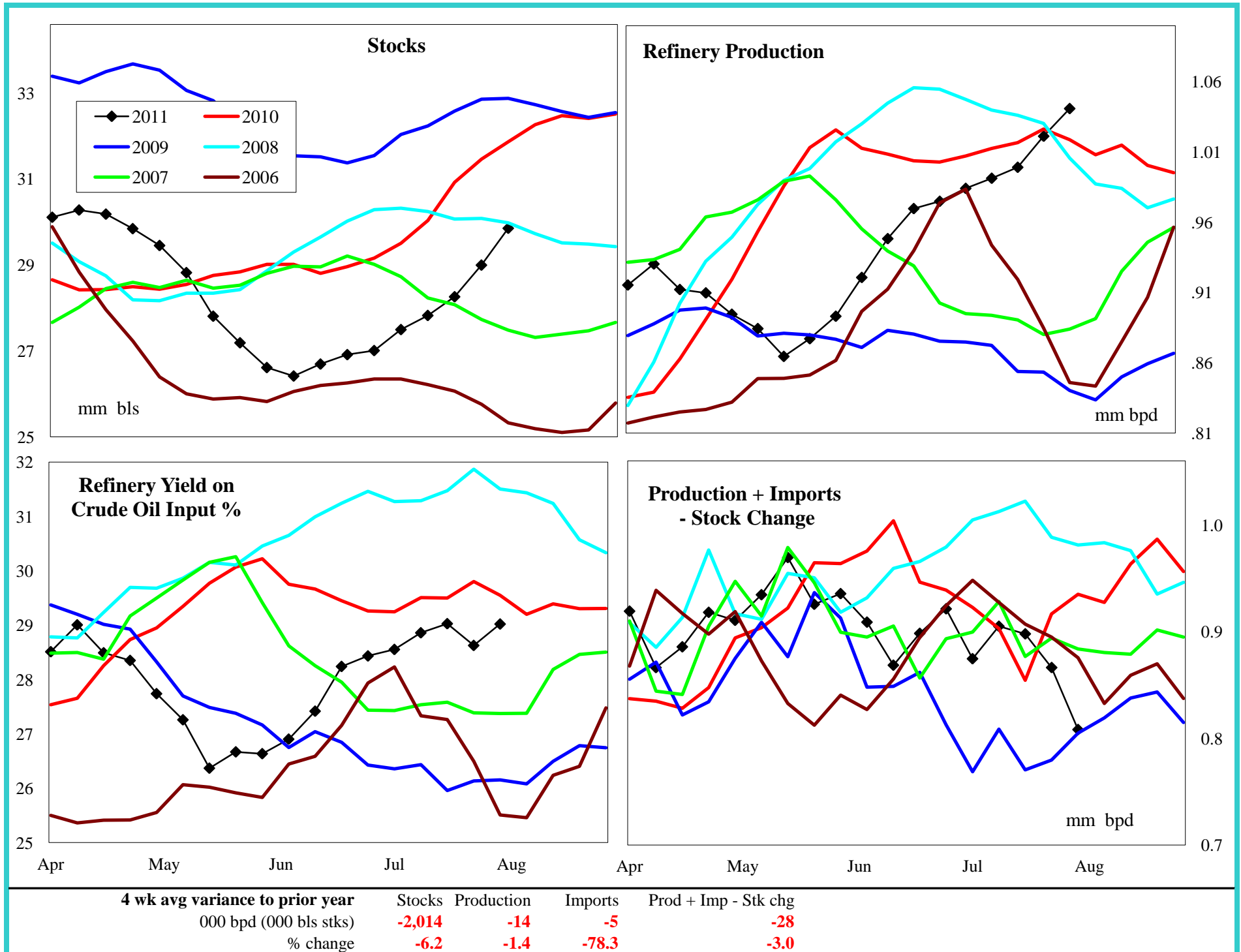
**-48**

**-13.5**

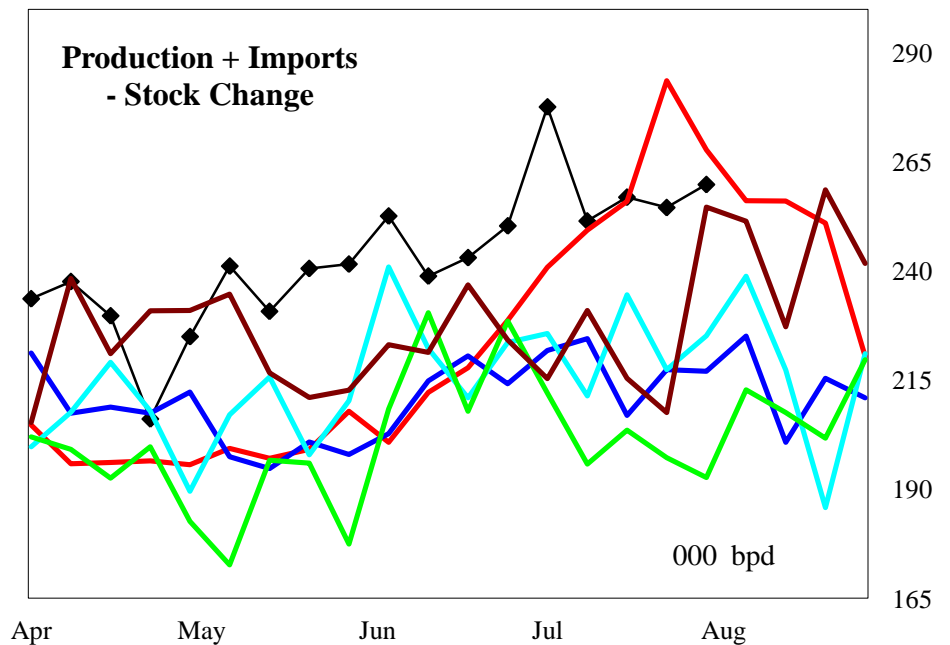
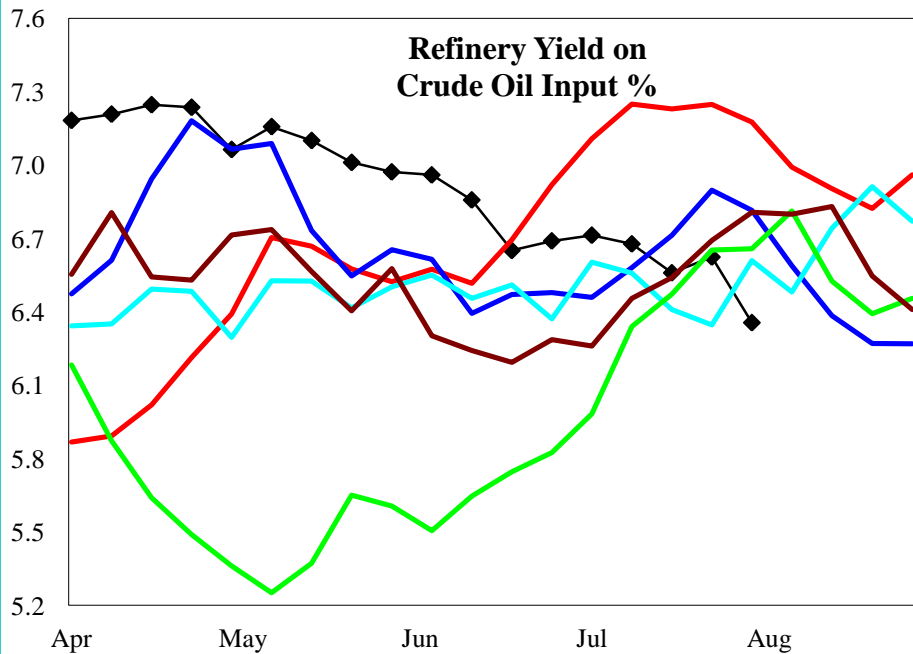
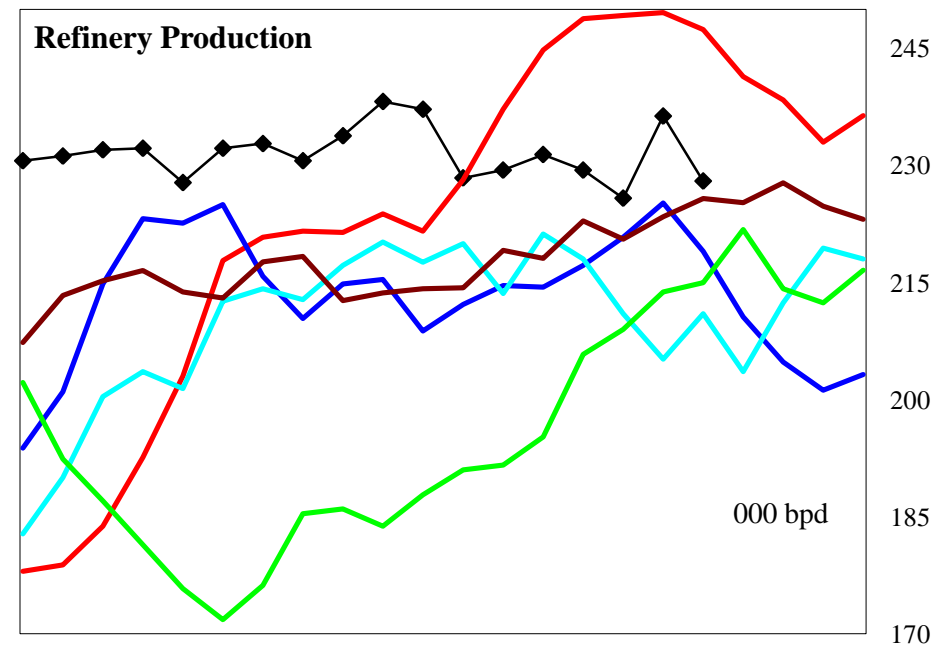
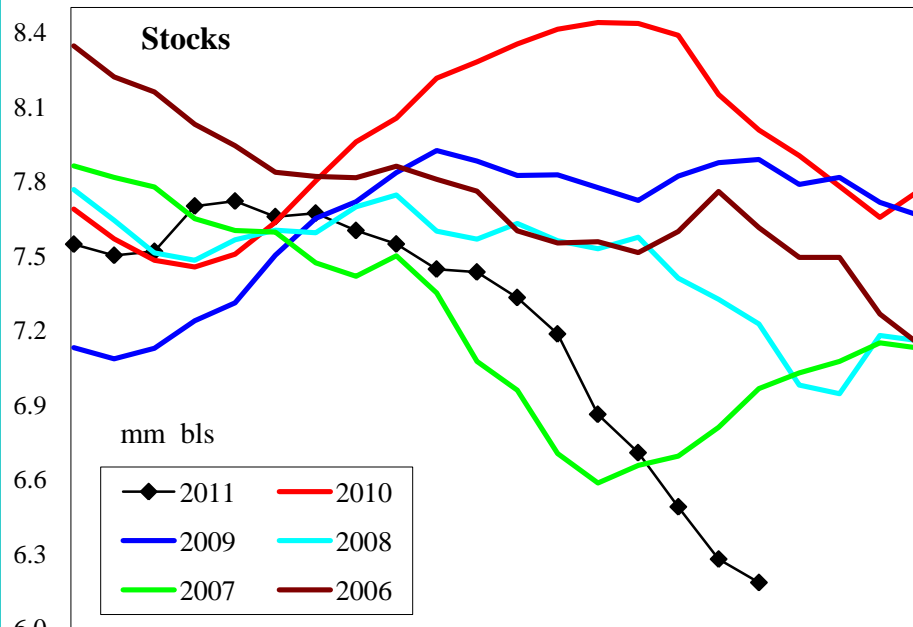
# PADD 2 Conventional Gasoline Supply



# PADD 2 Distillate Supply



# PADD 2 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bbls stks)

% change

Stocks

**-1,824**

**-22.8**

Production

**-18**

**-7.1**

Imports

**0**

**#DIV/0!**

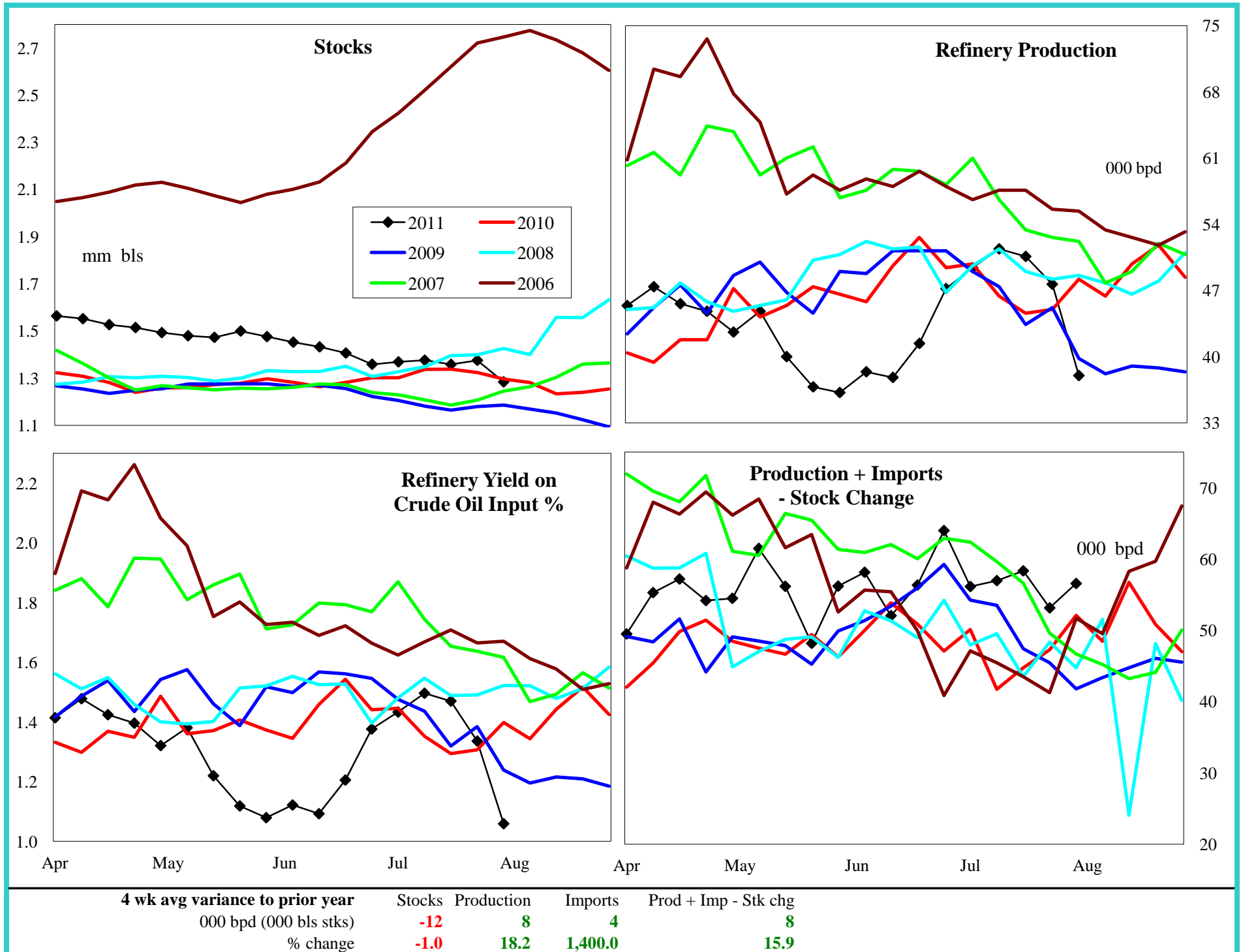
Prod + Imp - Stk chg

**-11**

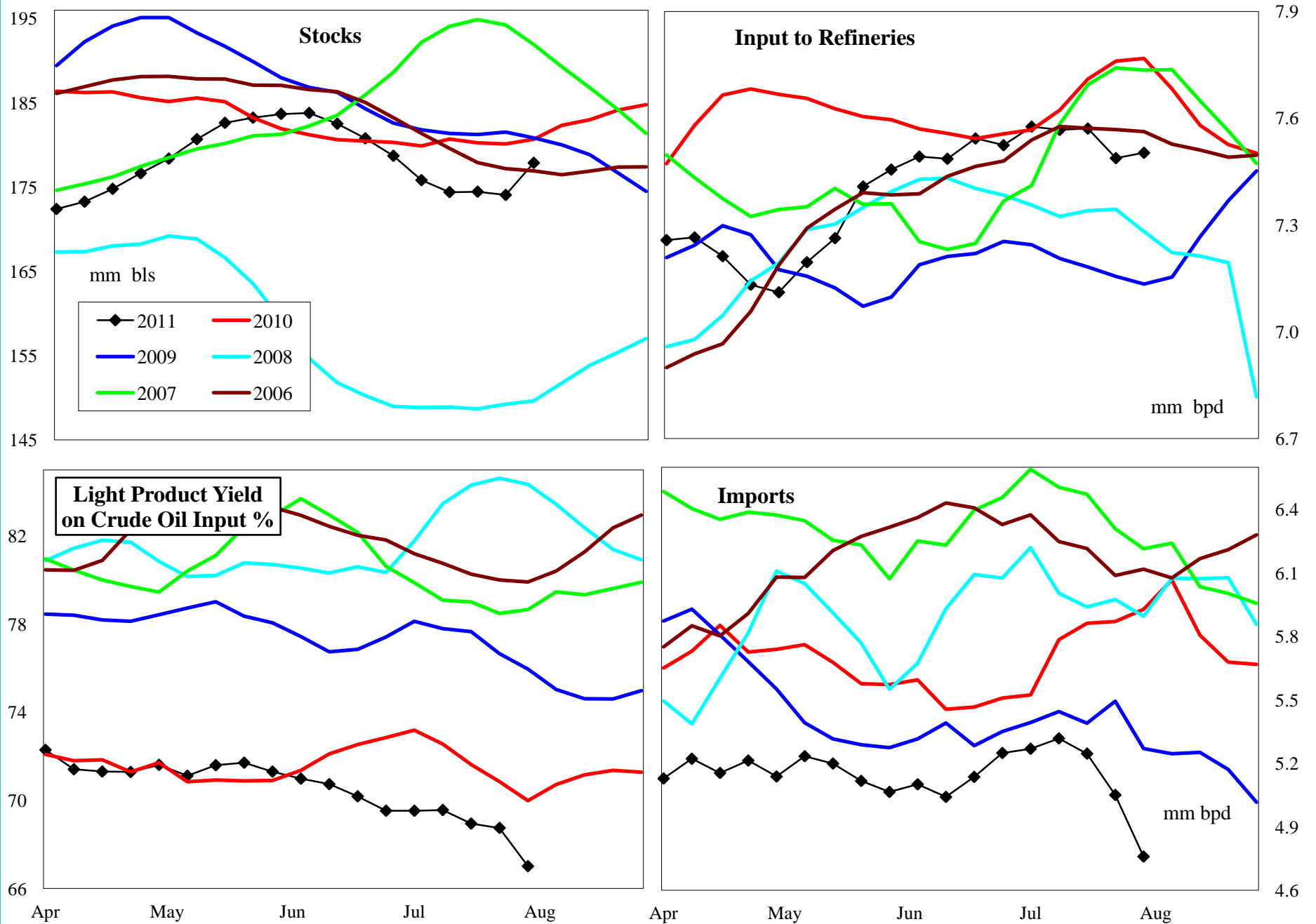
**-4.1**



# PADD 2 Residual Fuel Oil Supply



# PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-2,806

-1.6

Input

-269

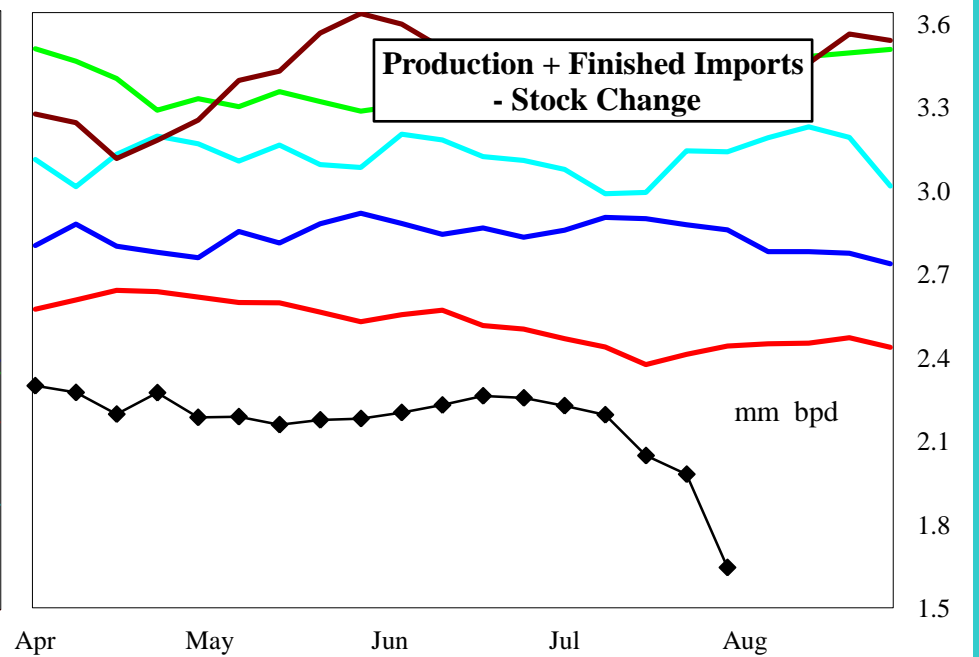
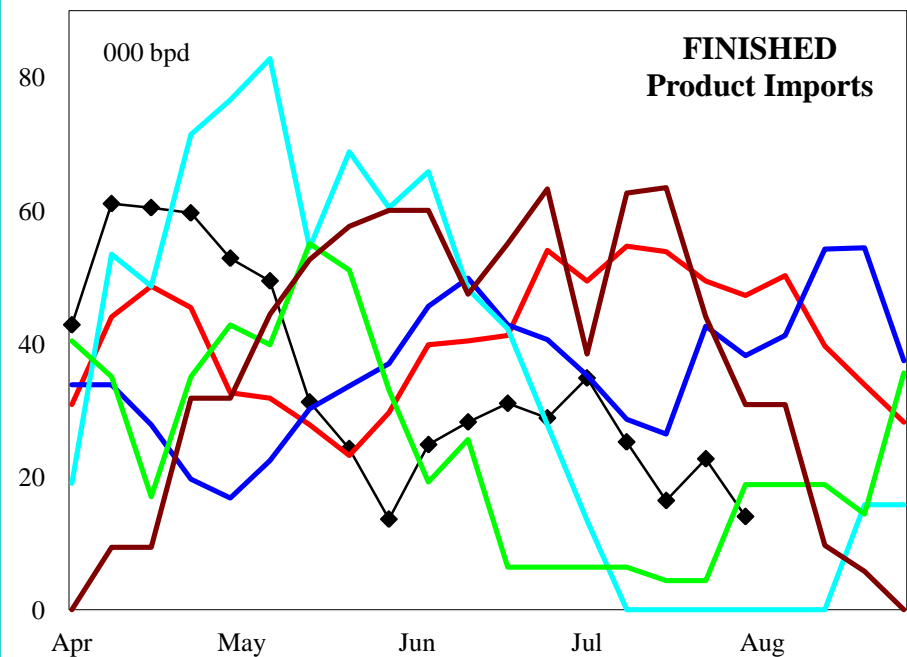
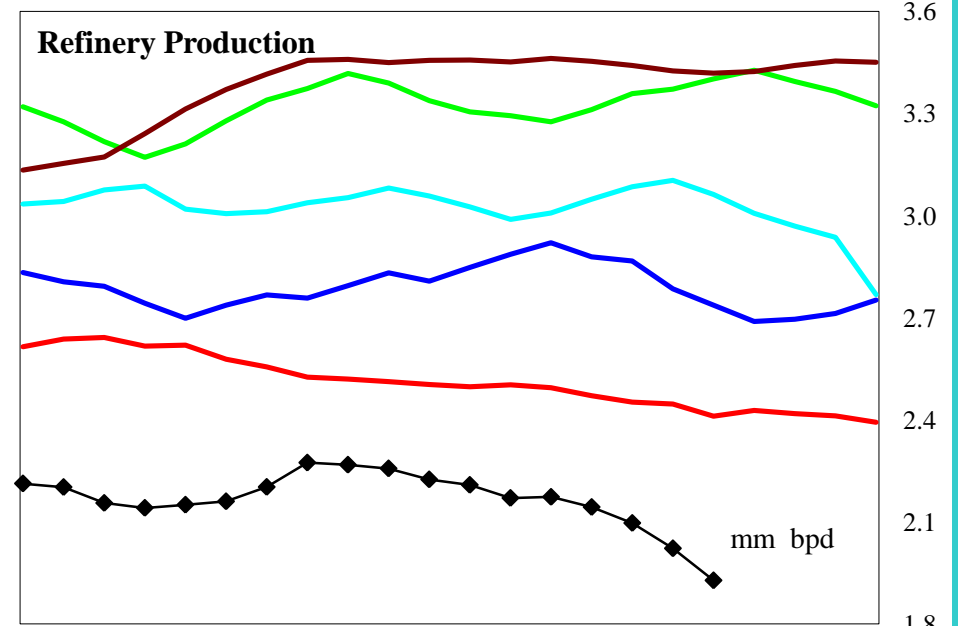
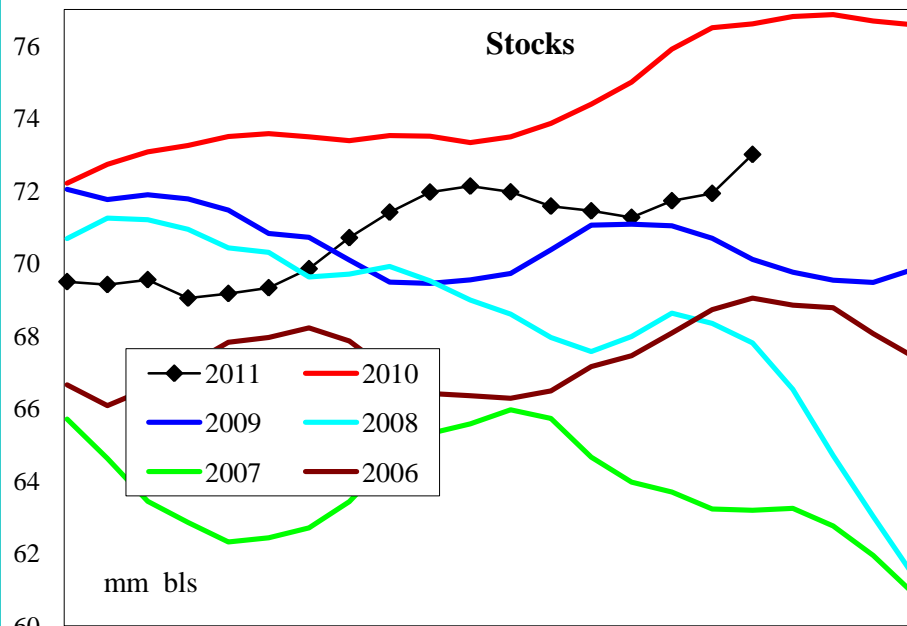
-3.5

Imports

-841

-14.1

# PADD 3 Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

-4,434

-5.7

Production

-395

-16.1

Fin Impt

-38

-68.9

Blend Impt

-19

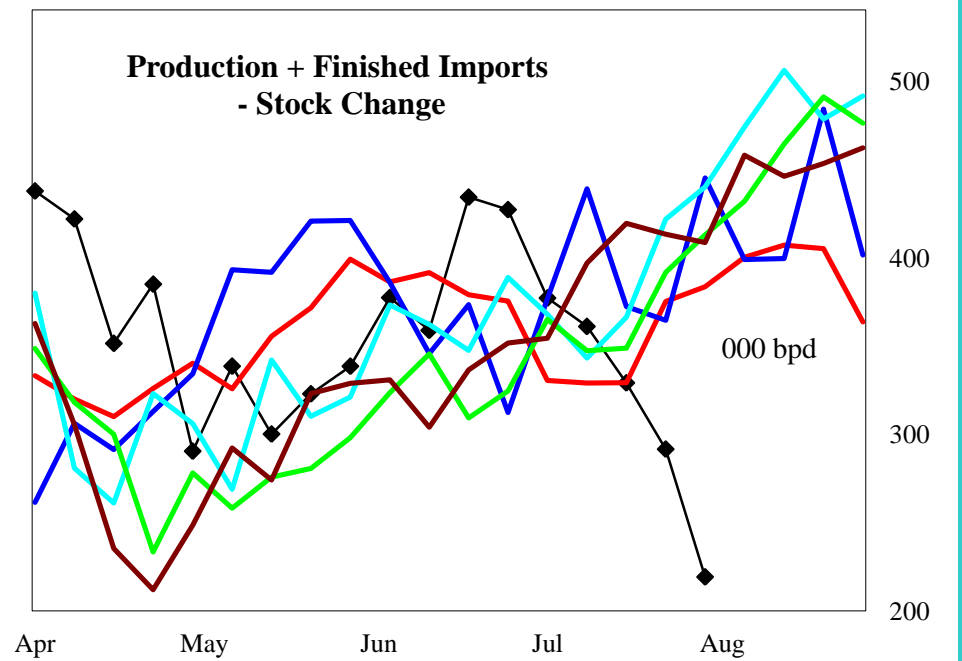
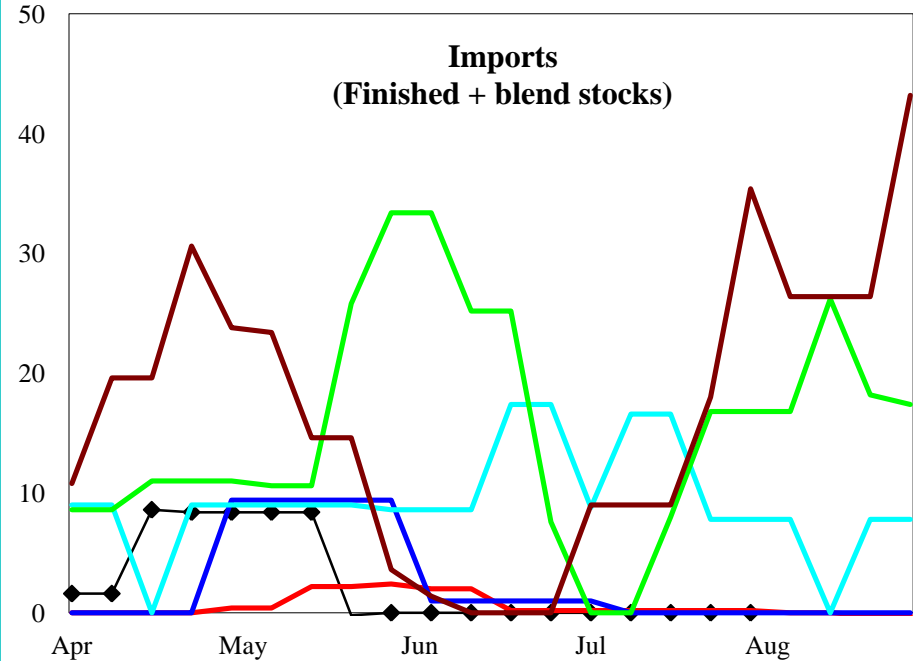
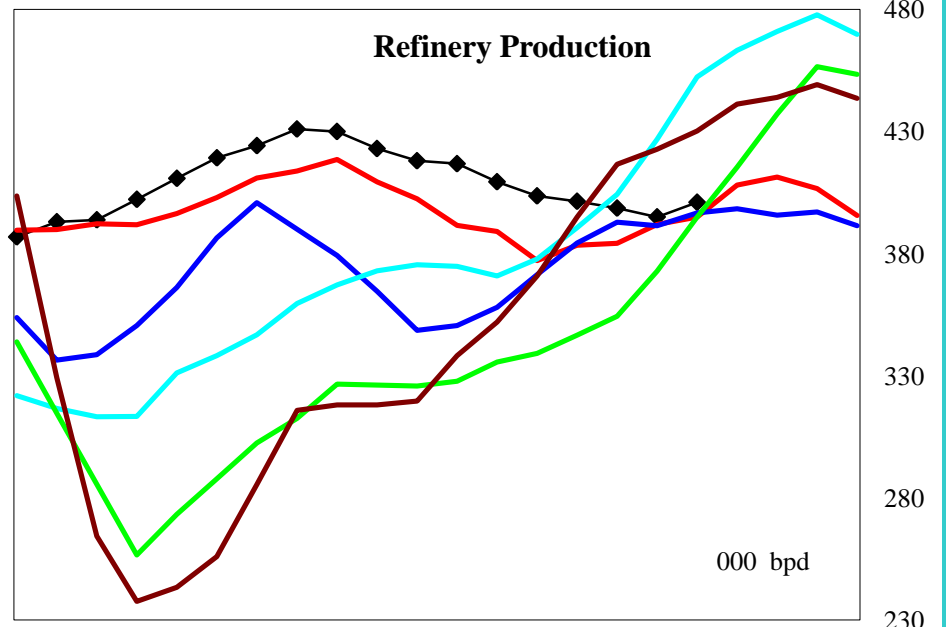
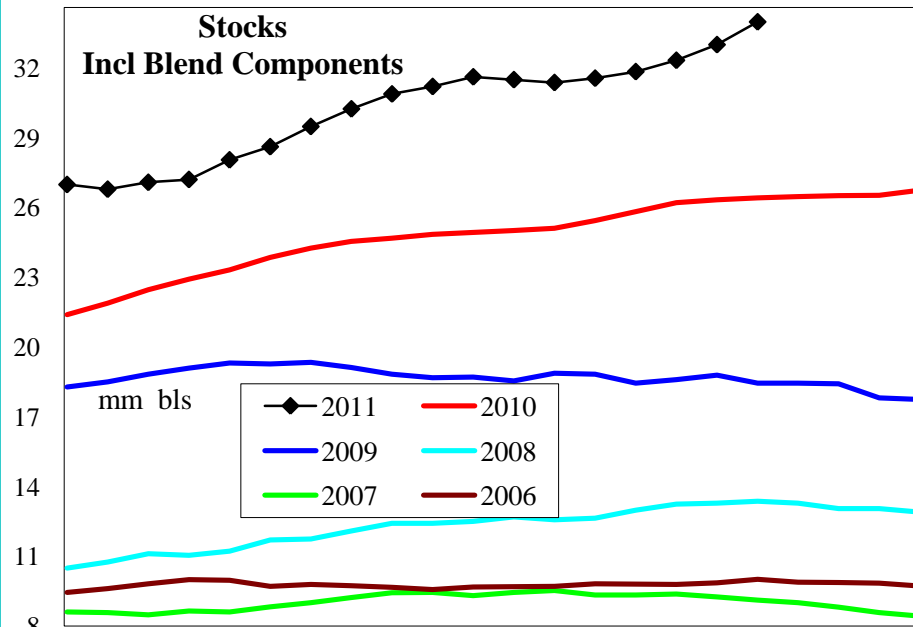
-30.2

Prod + Imp - Stk chg

-363

-15.4

# PADD 3 Reformulated Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**6,893**

**25.1**

Production

**5**

**1.2**

Imports

**0**

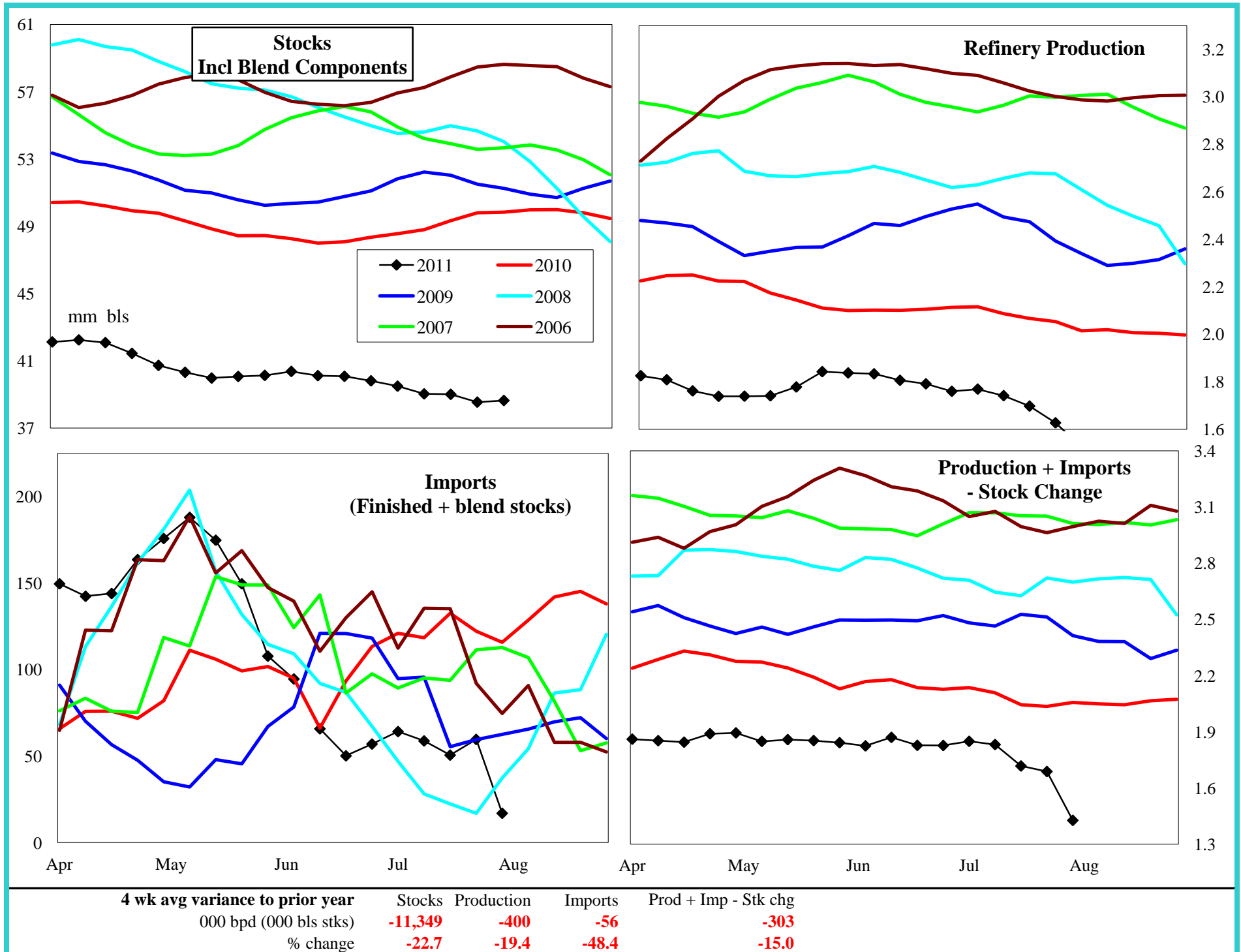
**-100.0**

Prod + Imp - Stk chg

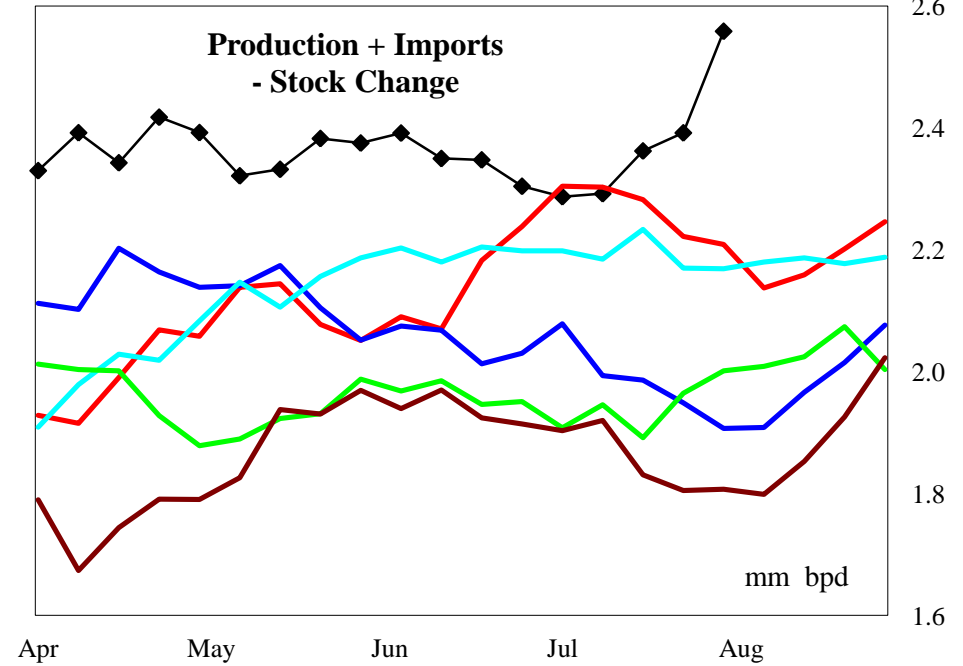
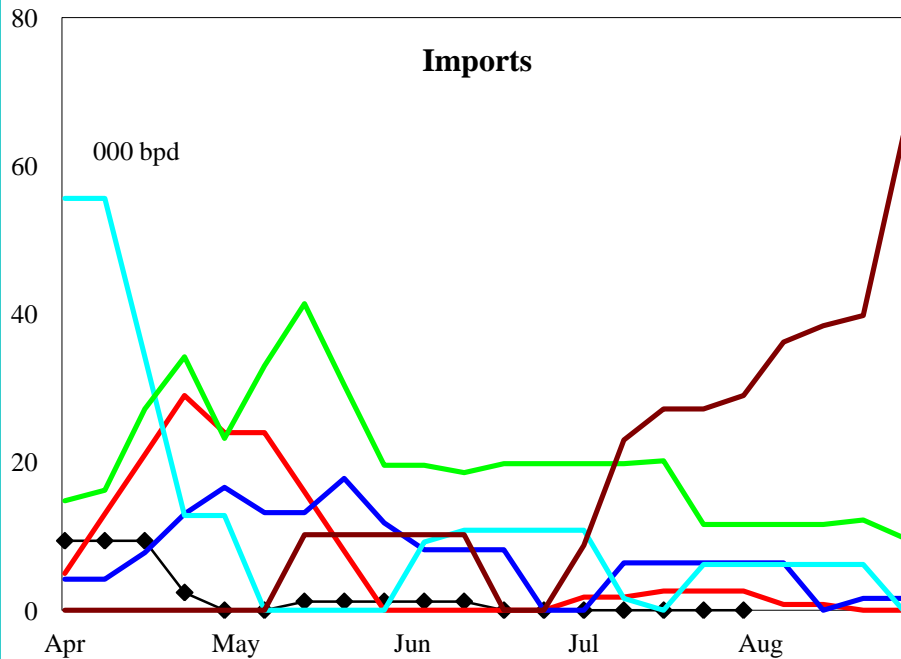
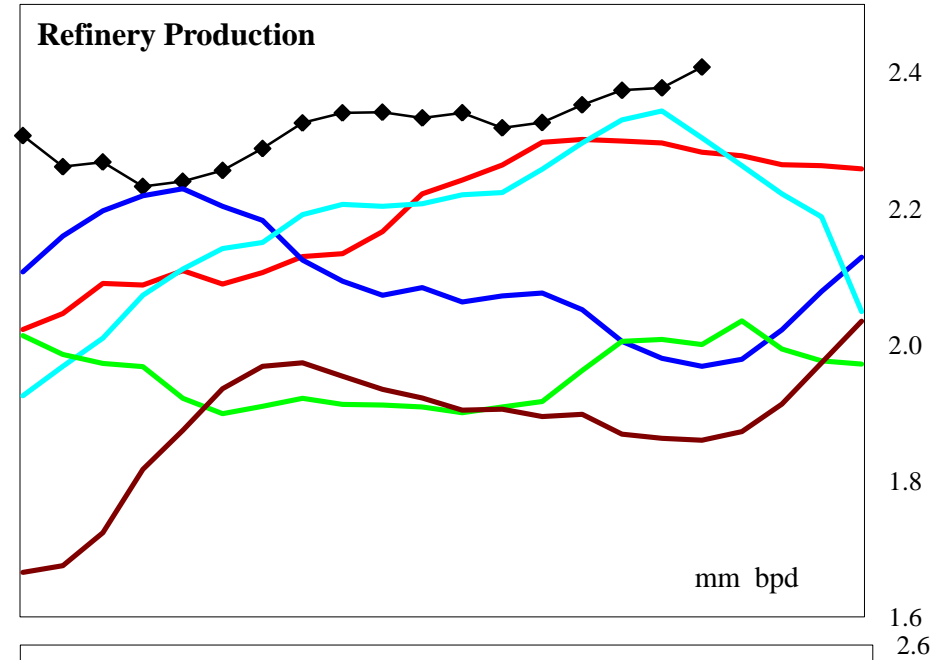
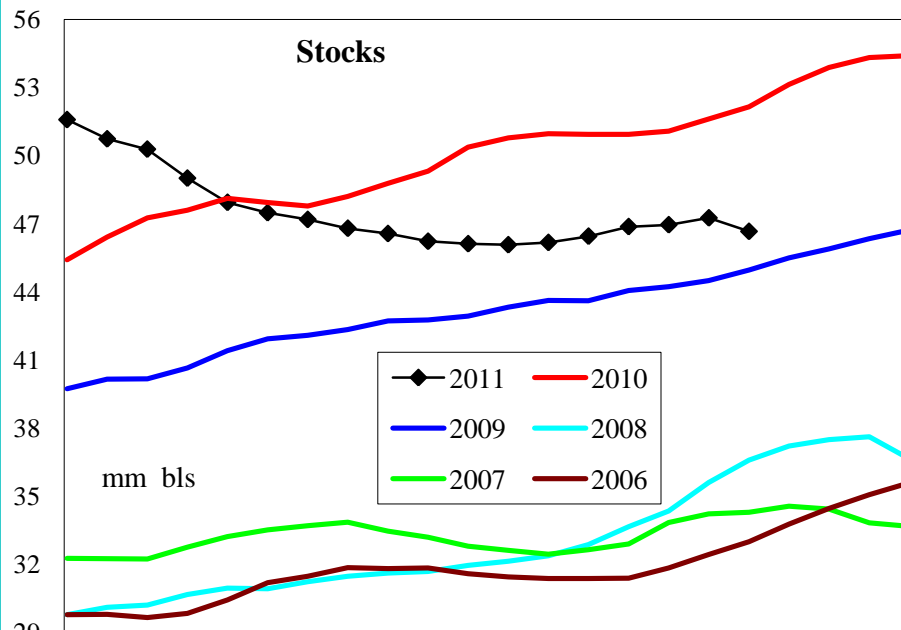
**-59**

**-17.5**

# PADD 3 Conventional Gasoline Supply



# PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-5,845

-11.1

Production

76

3.3

Imports

-3

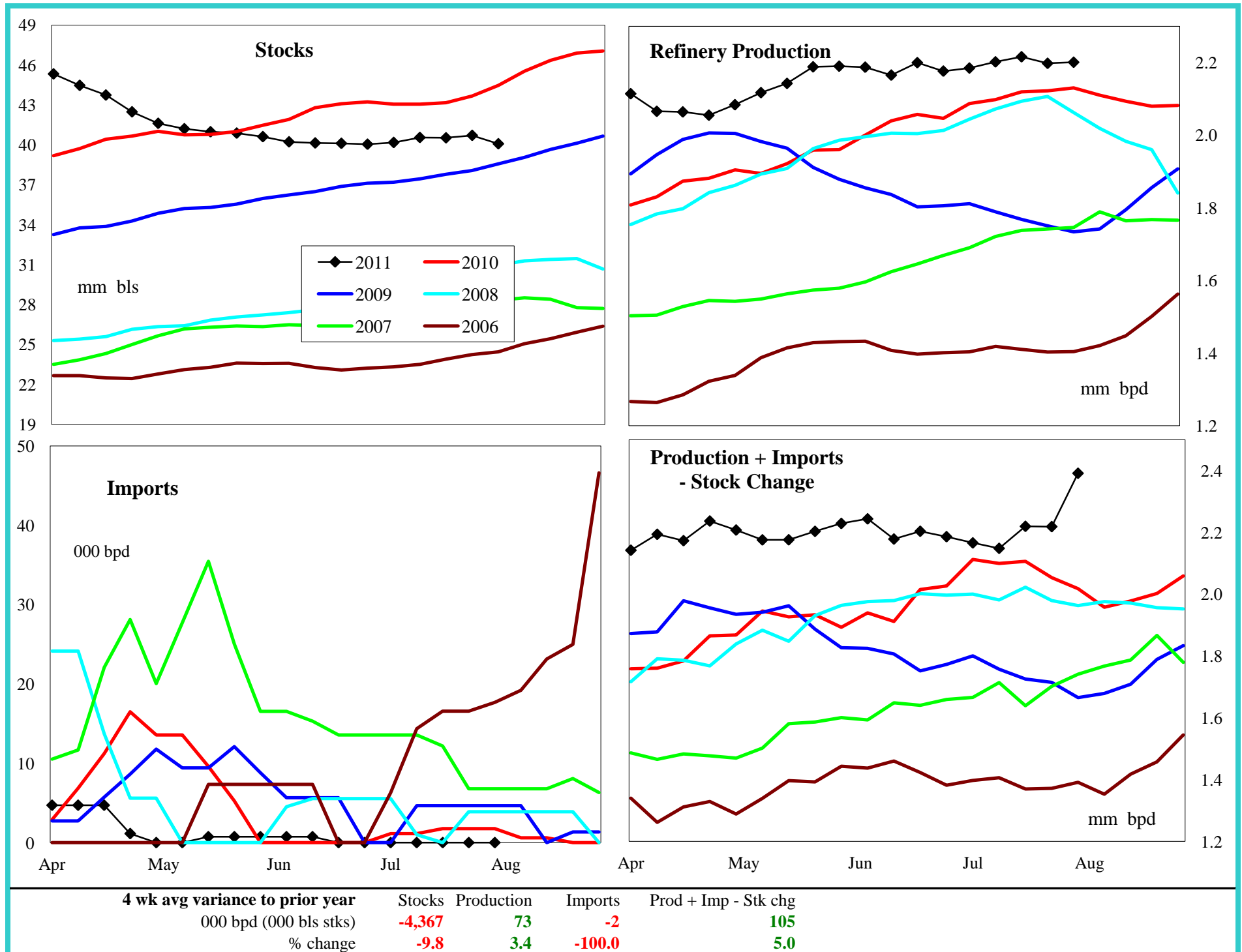
-100.0

Prod + Imp - Stk chg

115

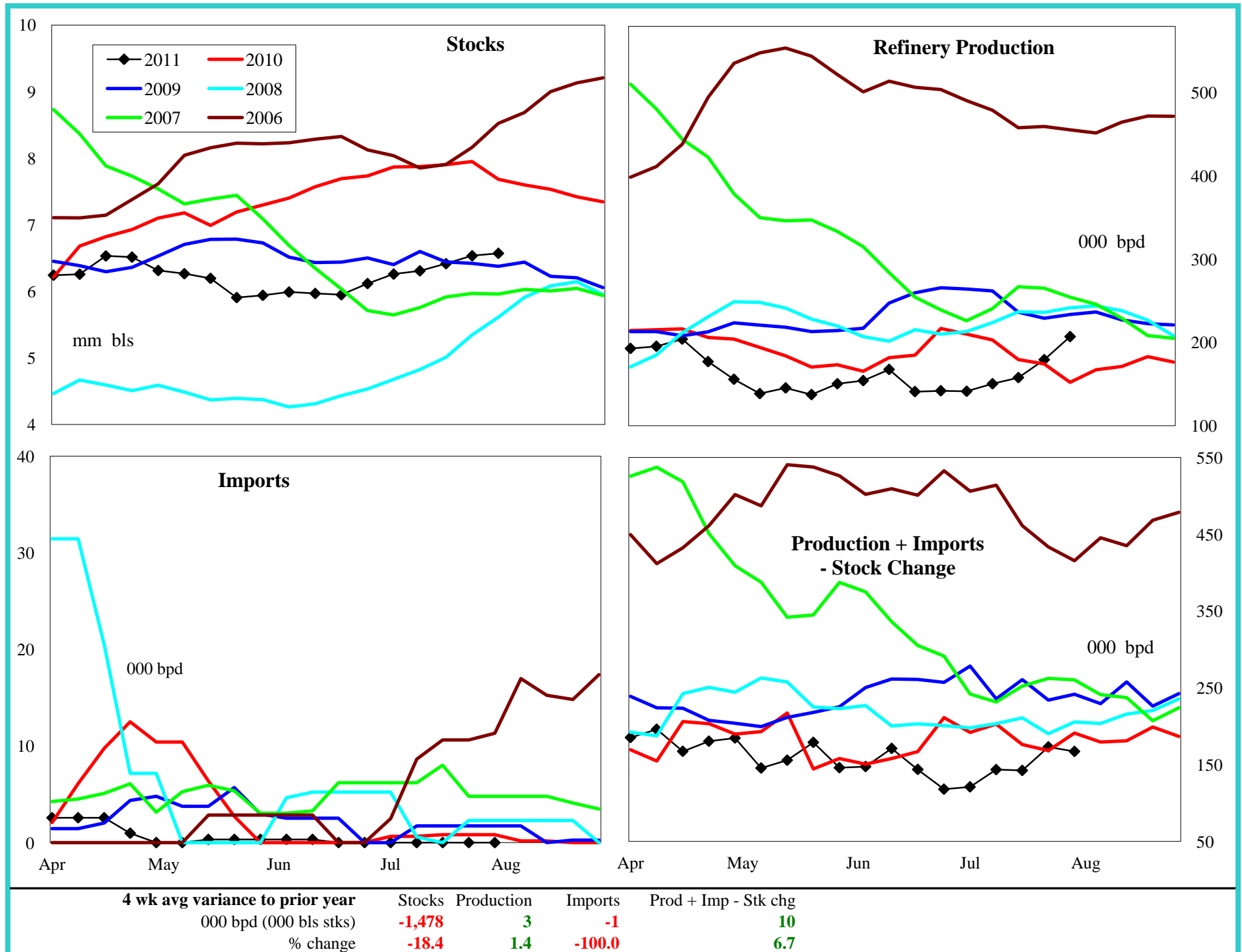
5.1

# PADD 3 Low Sulfur Distillate Supply

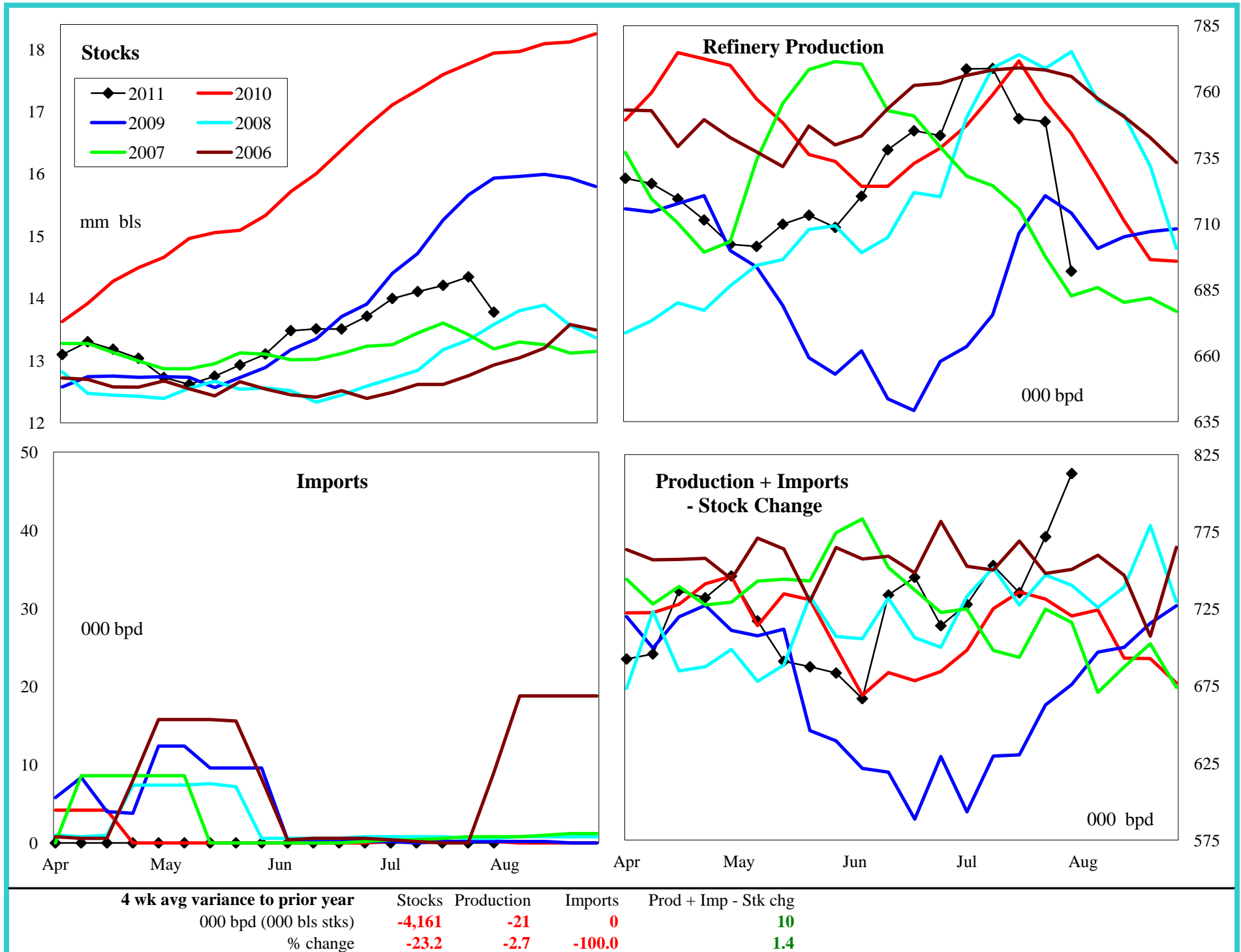




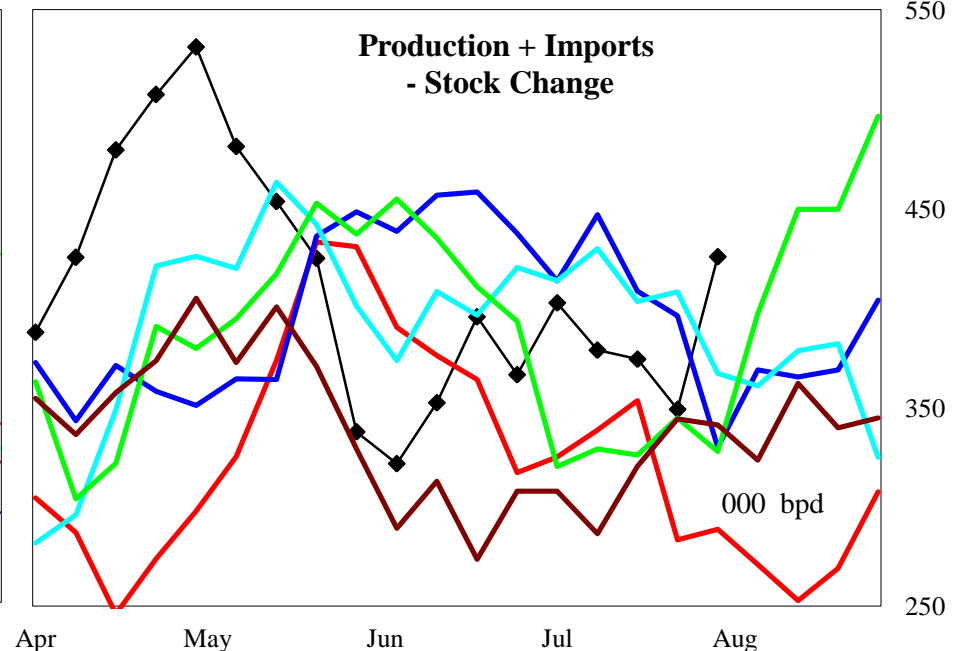
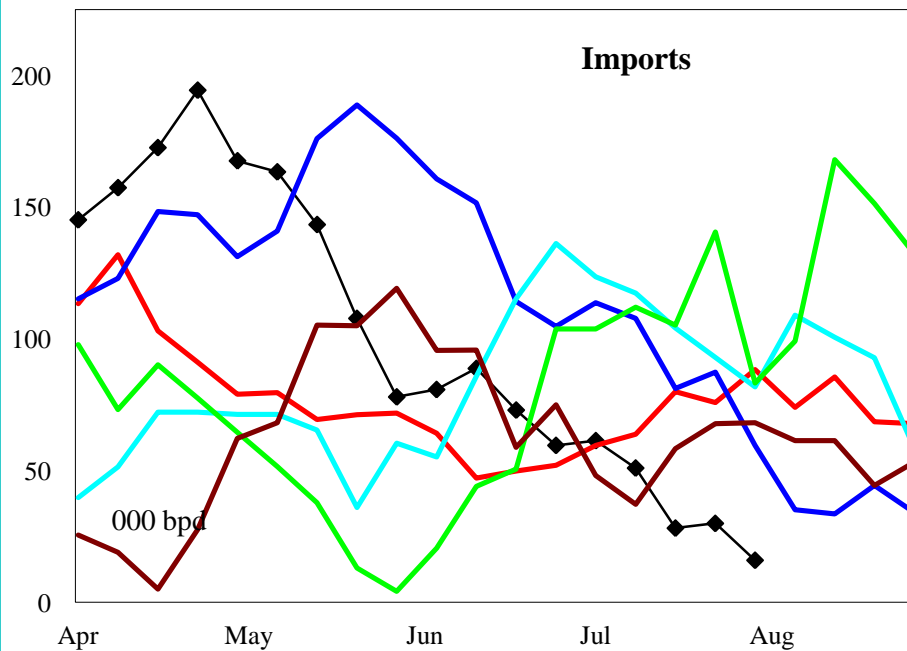
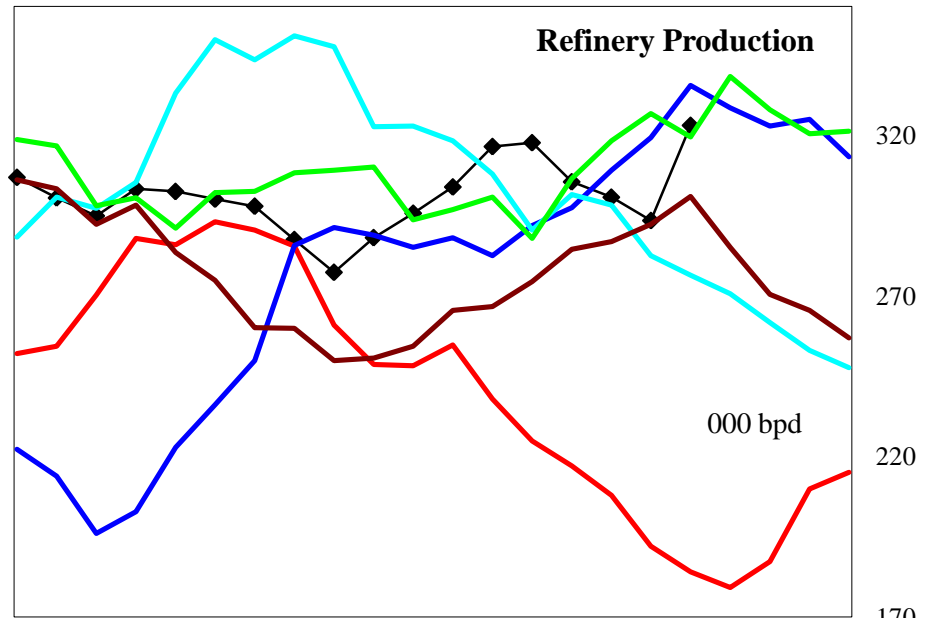
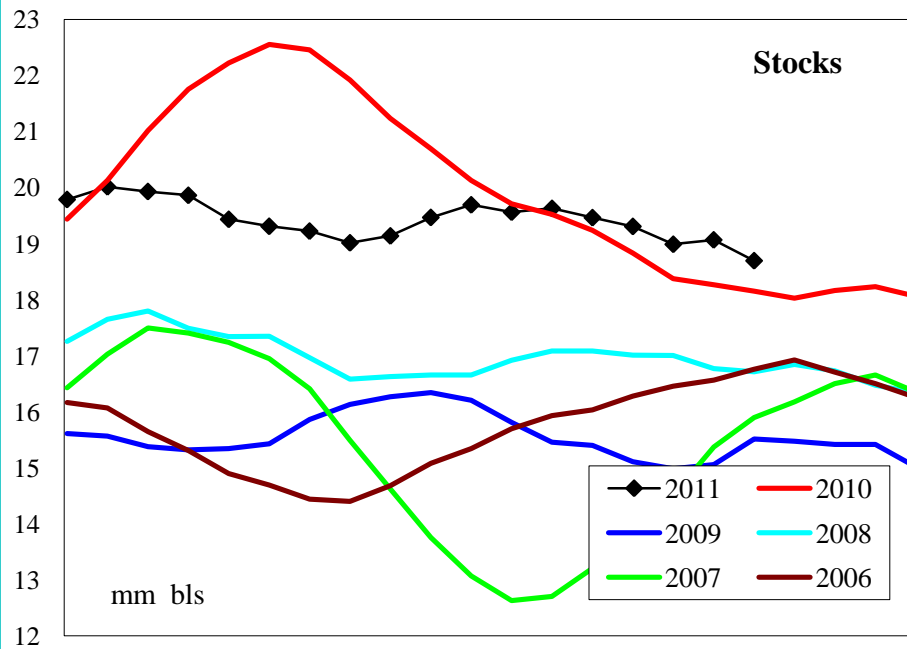
# PADD 3 High Sulfur Distillate Supply



# 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

547

111

-52

-9

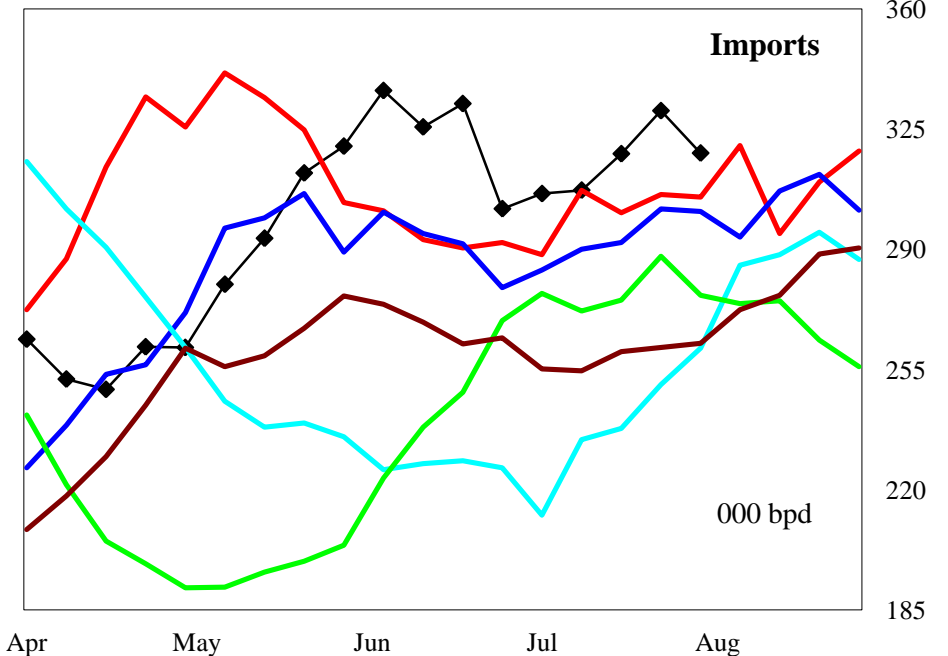
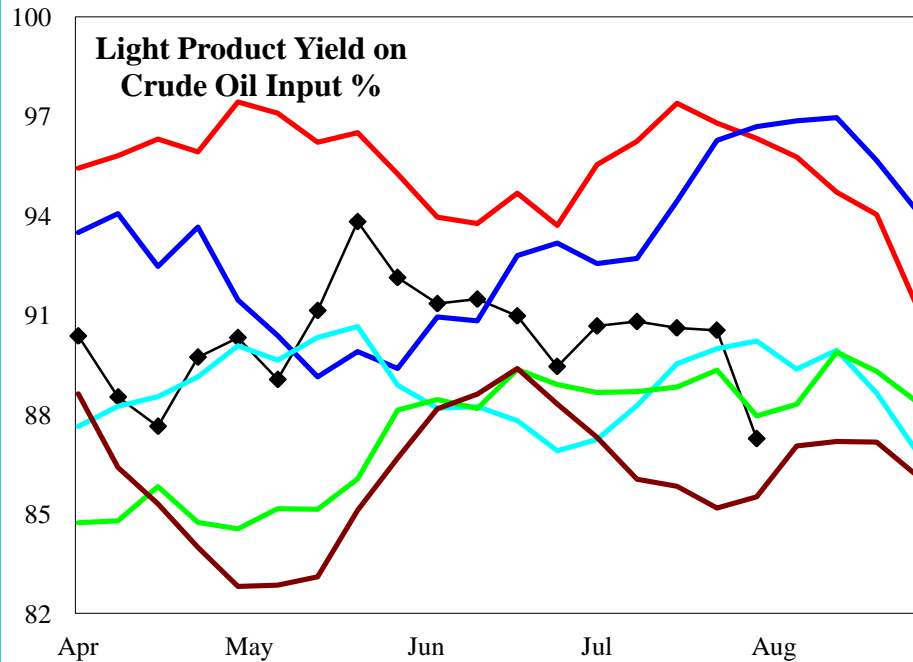
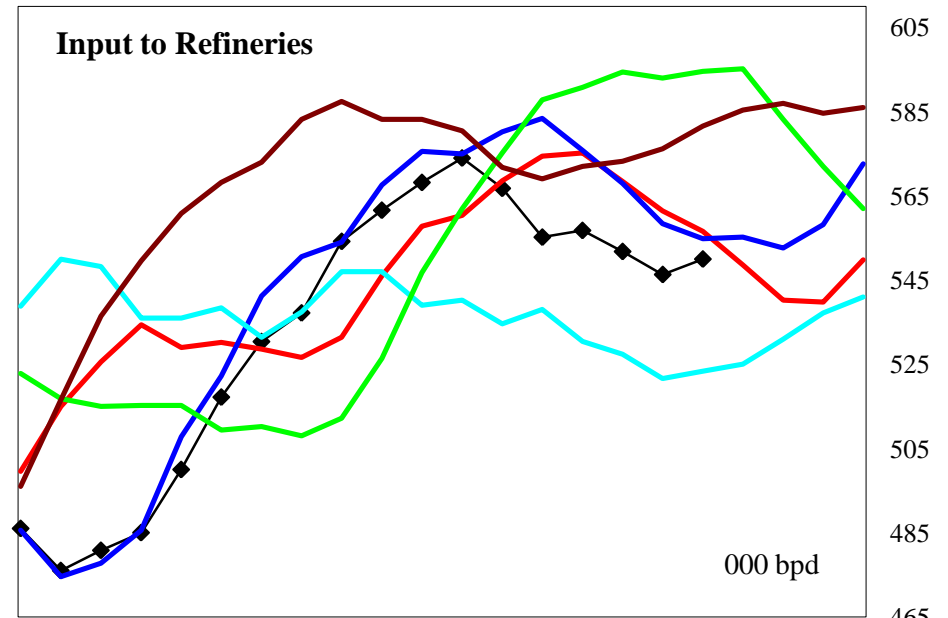
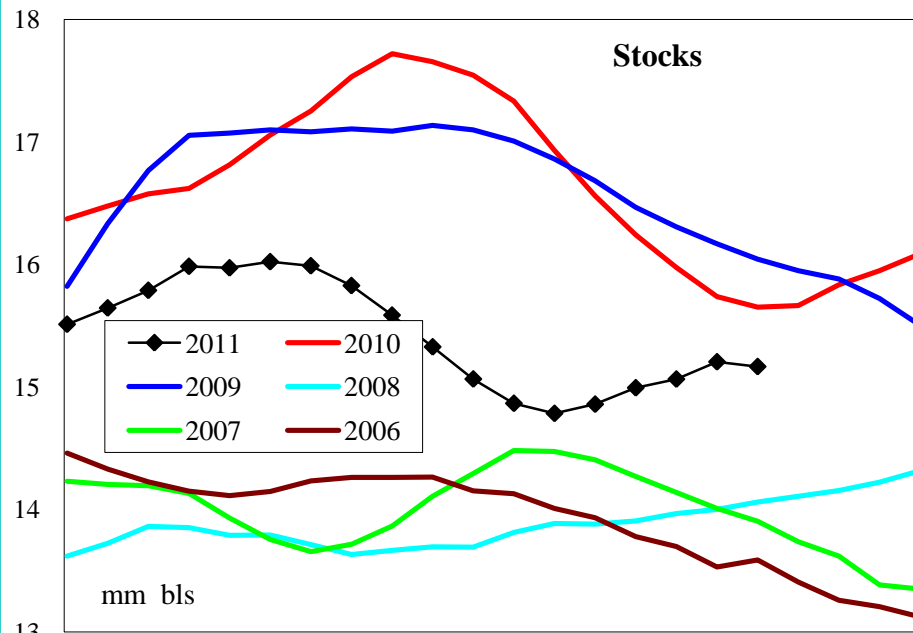
3.0

58.2

-64.3

-2.8

# PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-487

-3.1

Input

-26

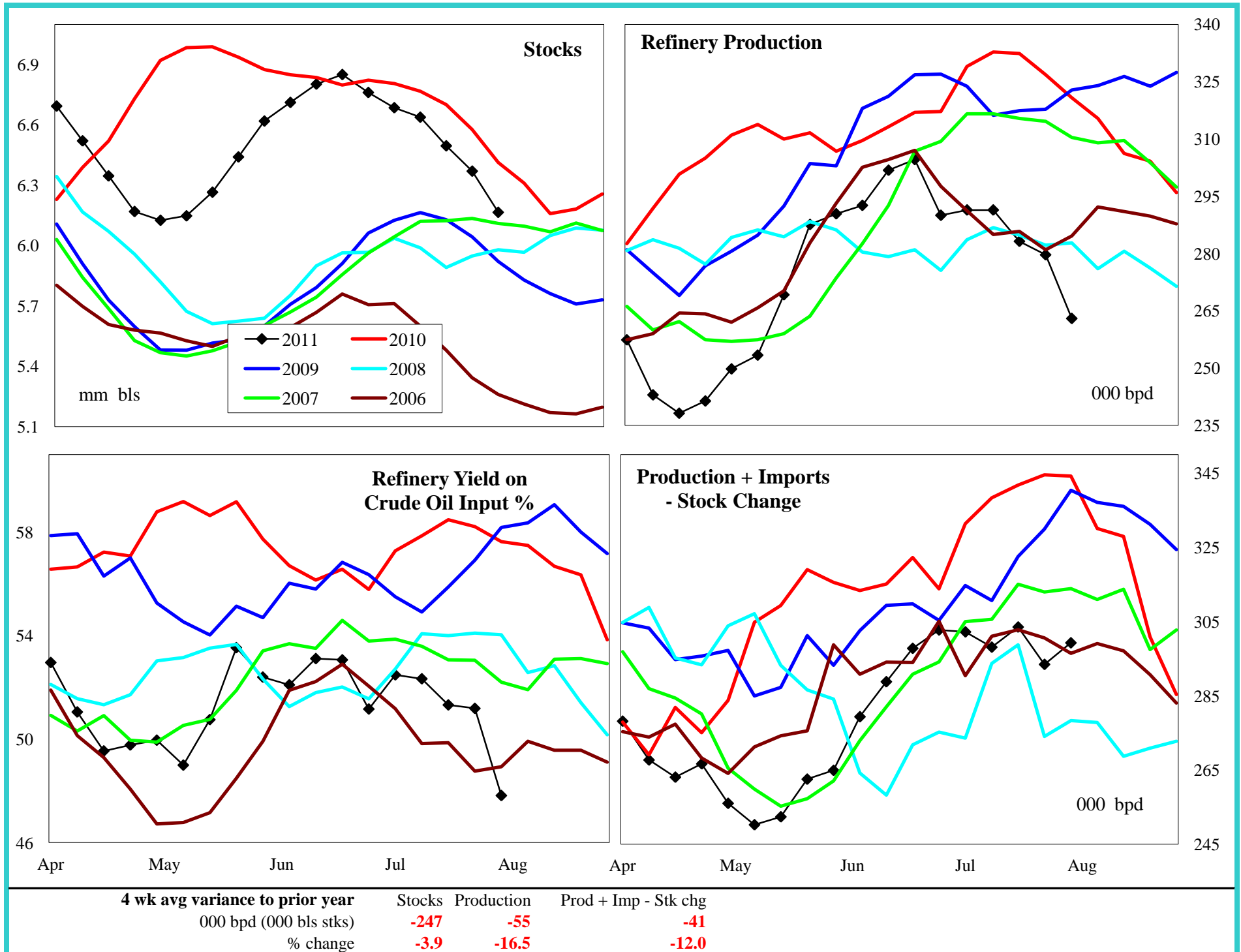
-4.6

Imports

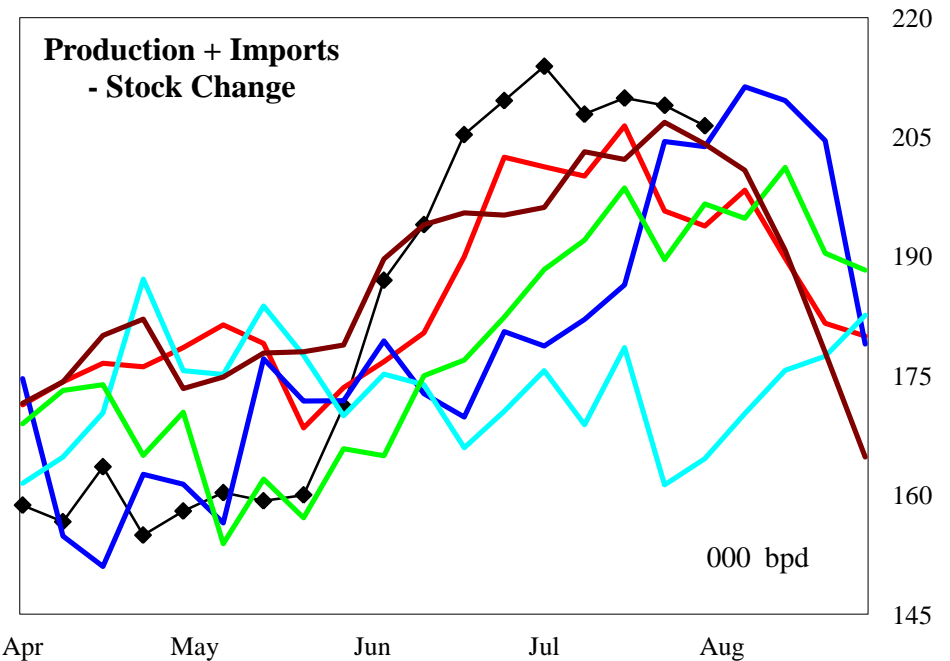
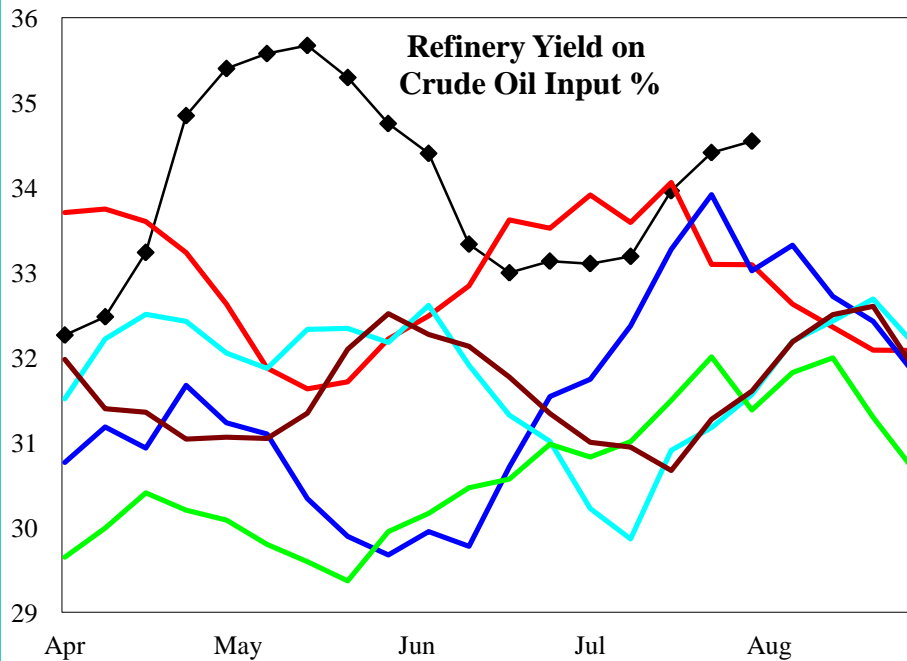
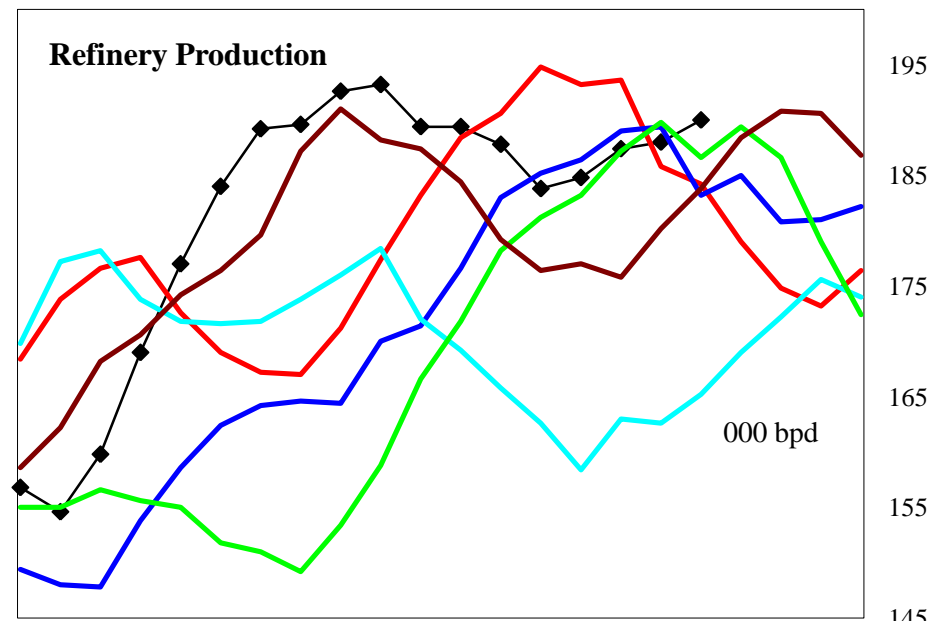
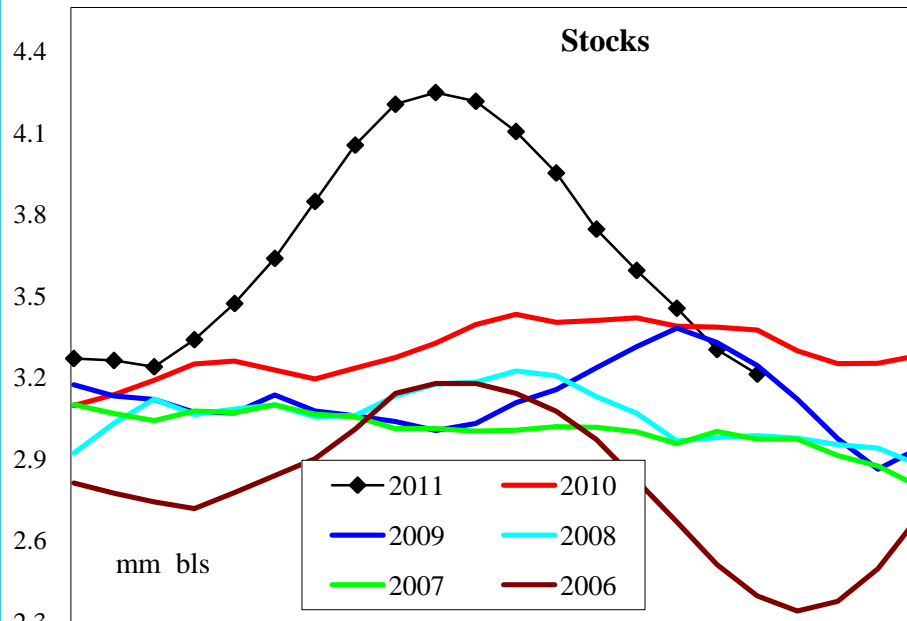
15

4.9

# 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

-163

-6

-6

9

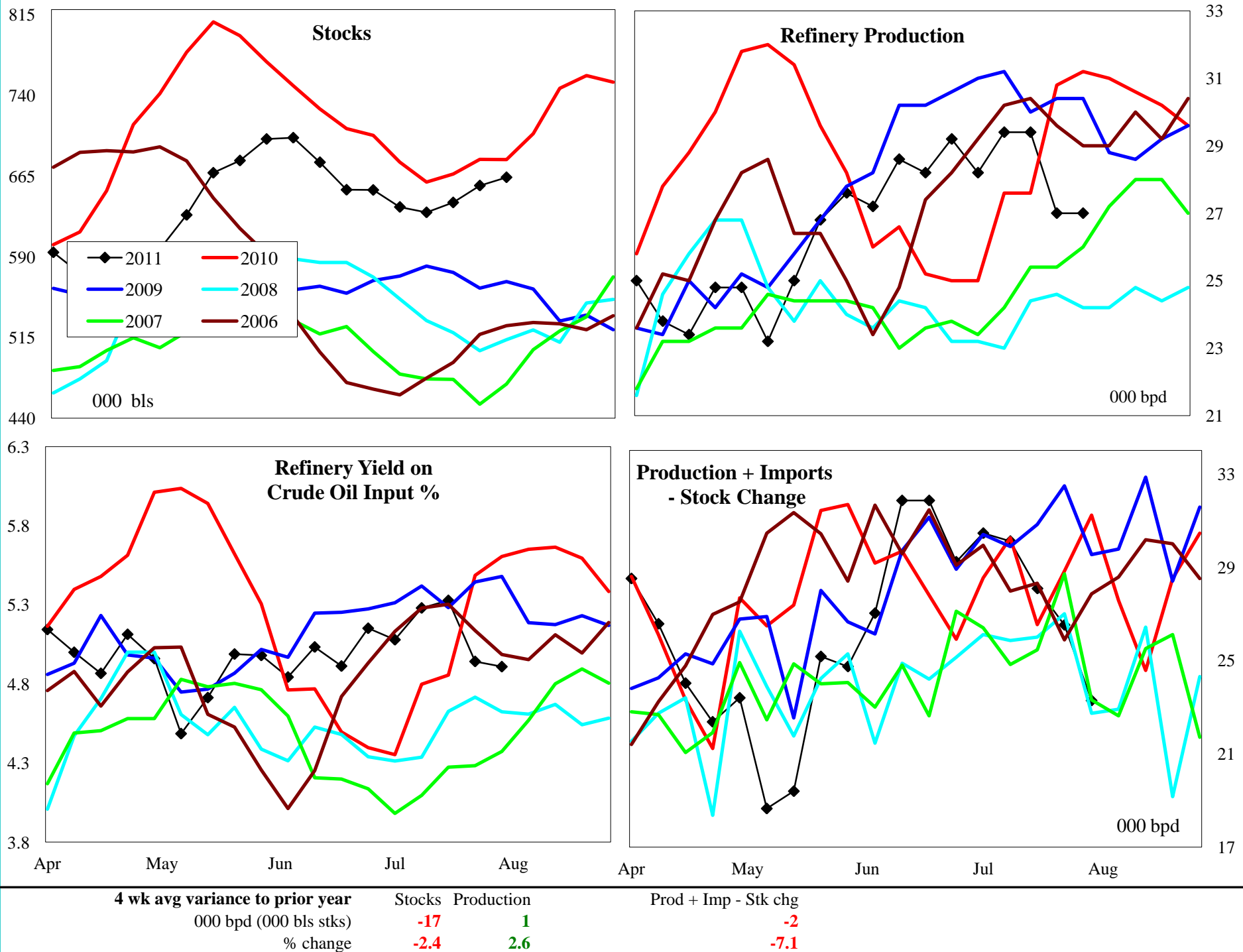
-4.8

-2.9

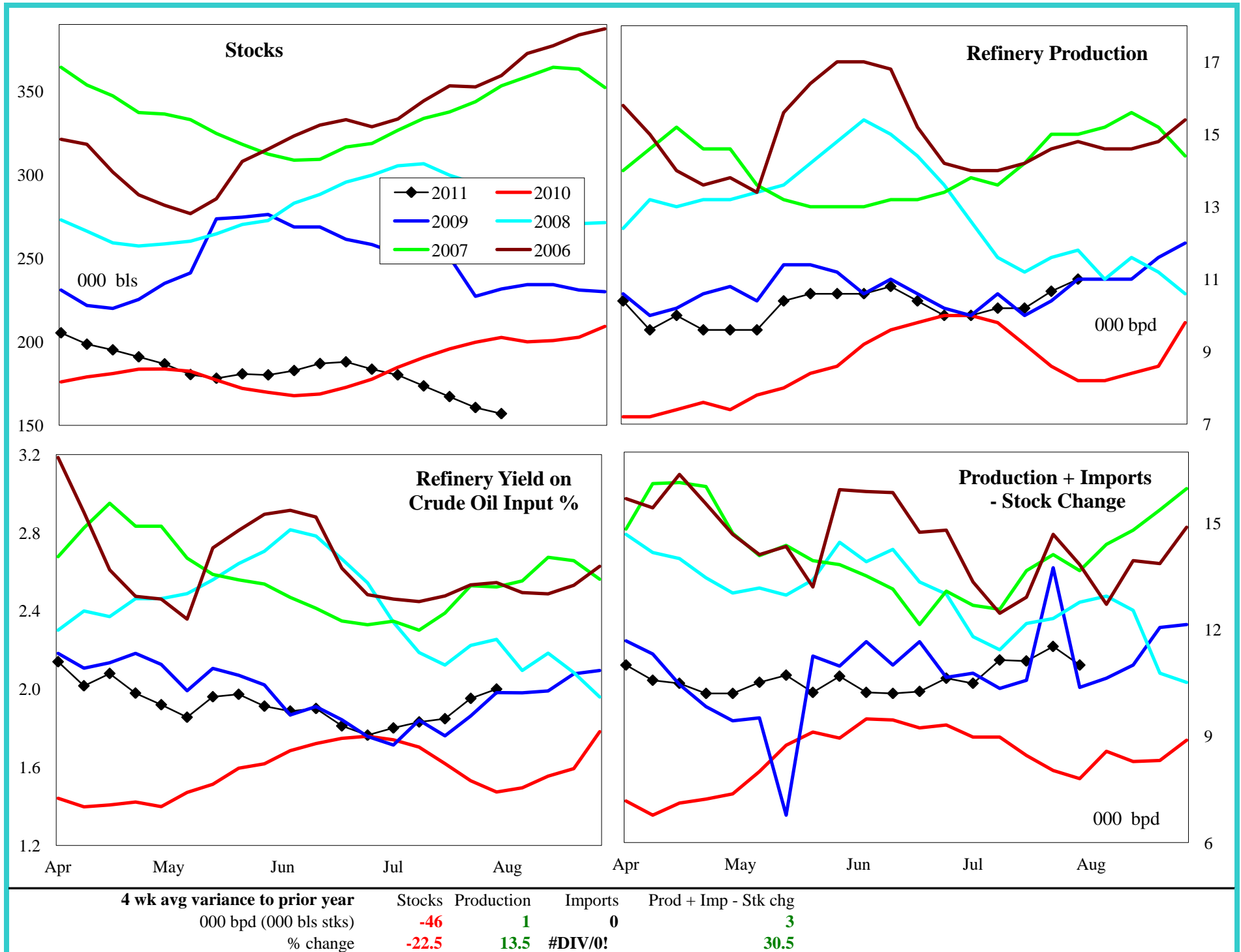
-63.9

4.4

# PADD 4 Jet Fuel Supply

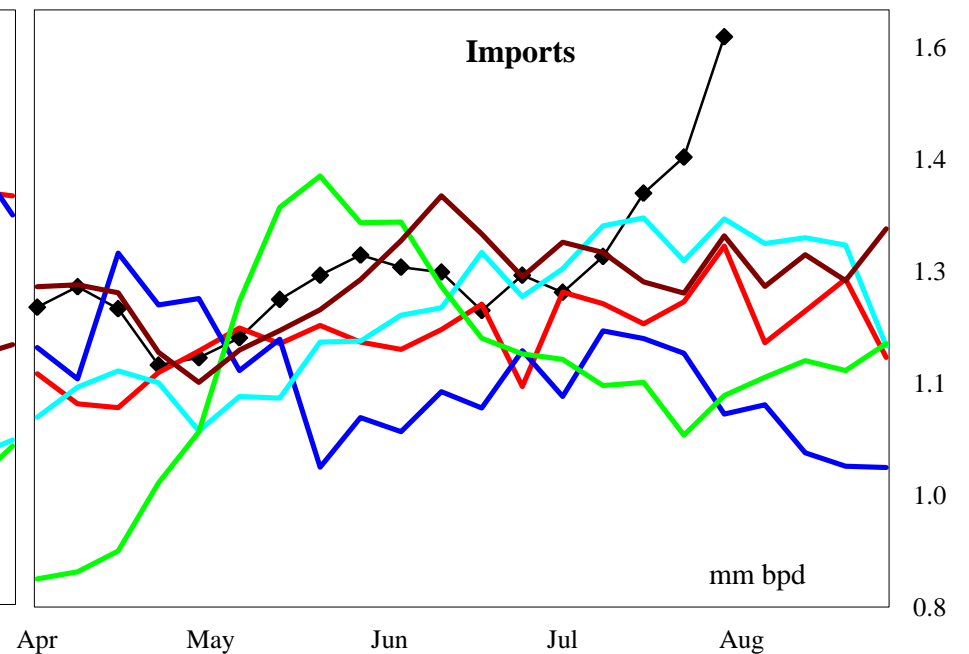
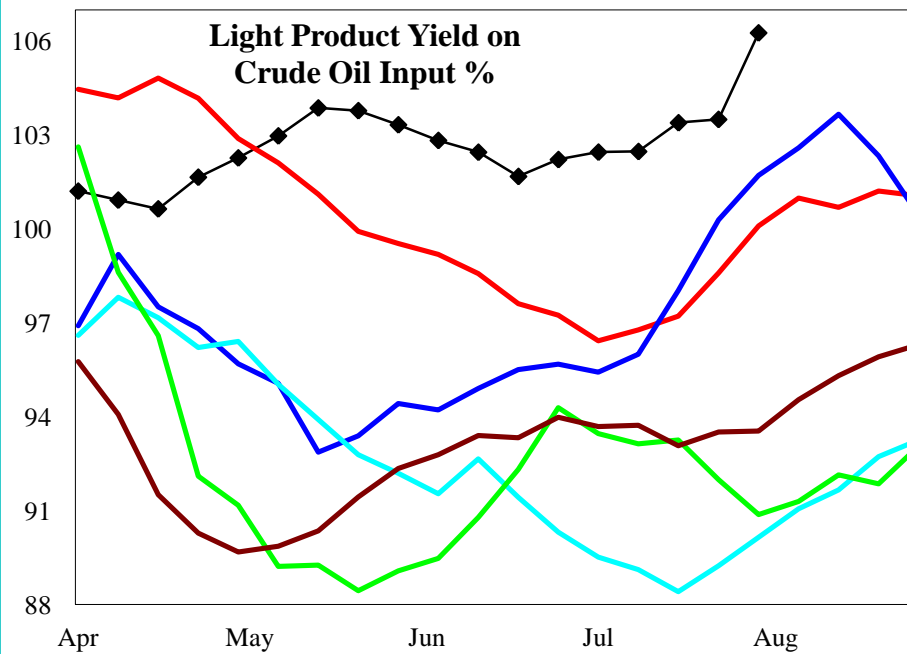
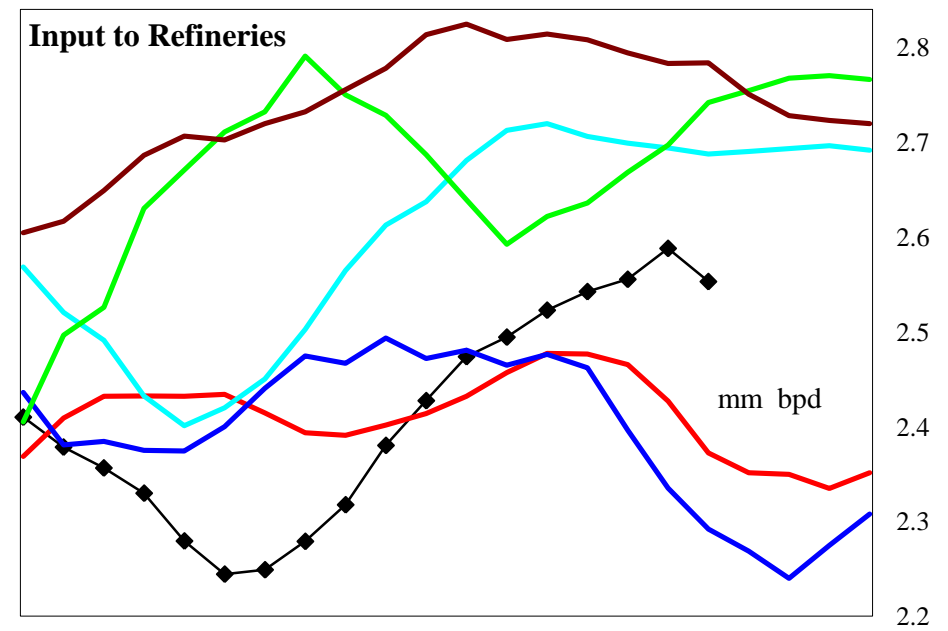
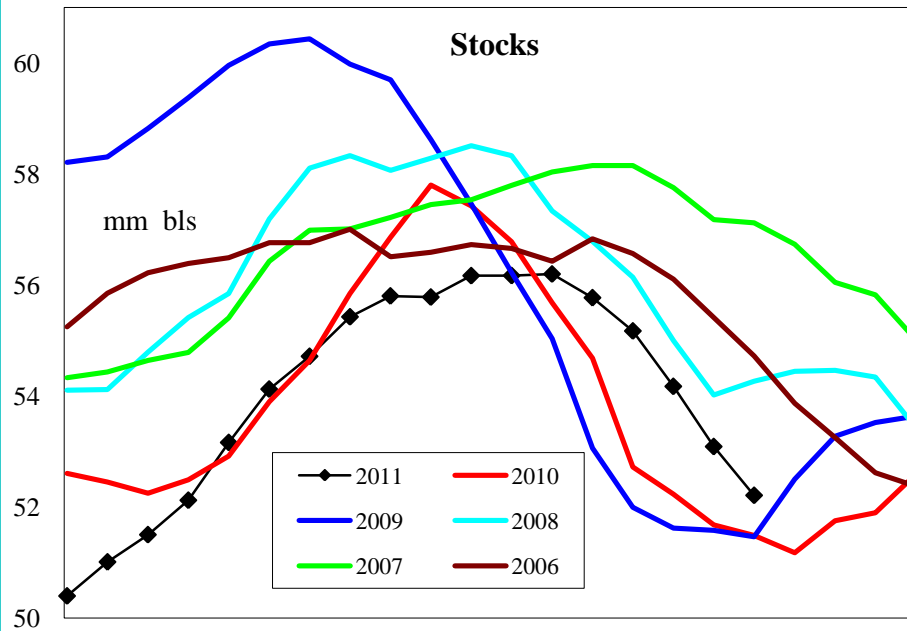


# PADD 4 Residual Fuel Oil Supply





# PADD 5 Crude Oil Supply and Refining



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**720**

**1.4**

Input

**130**

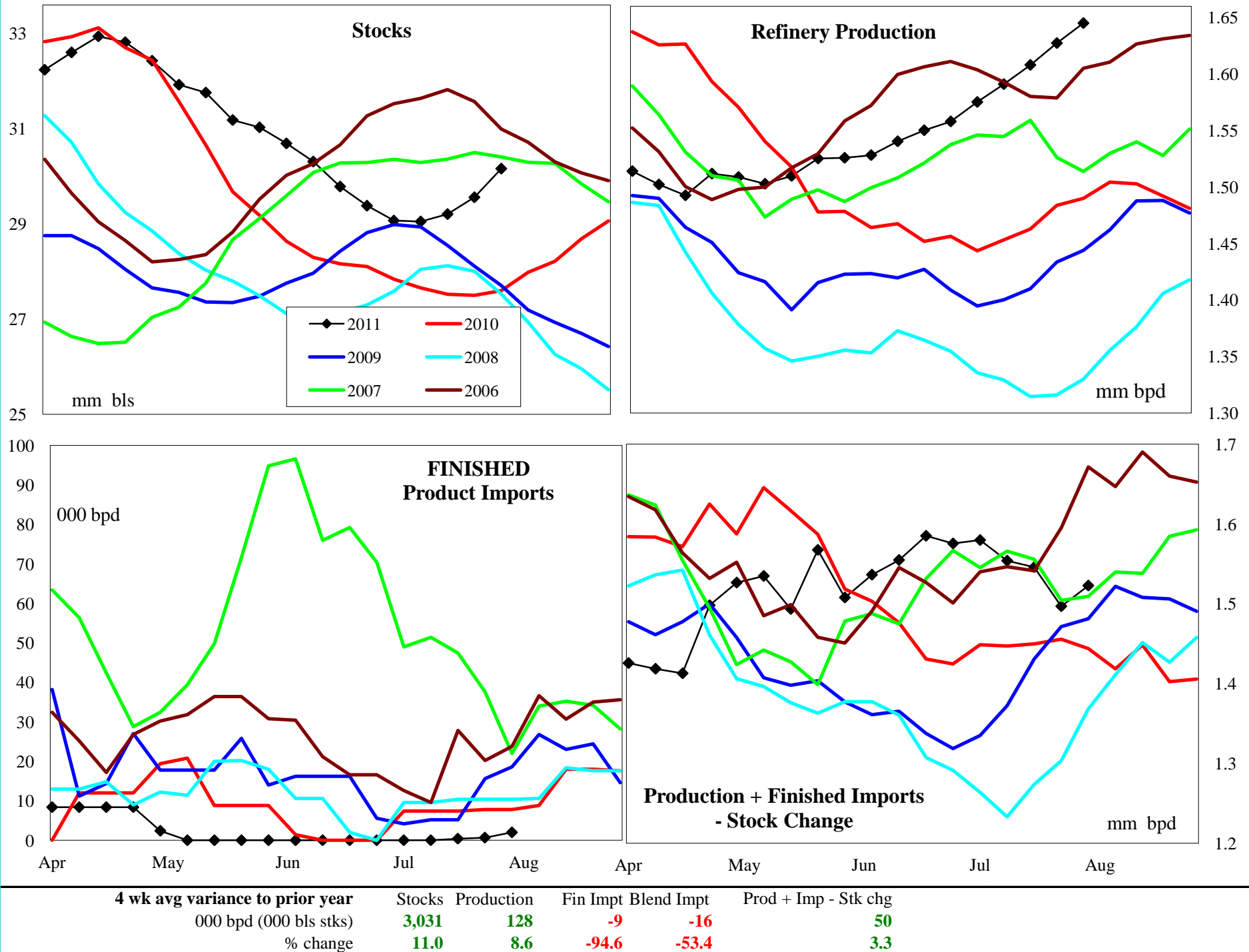
**5.3**

Imports

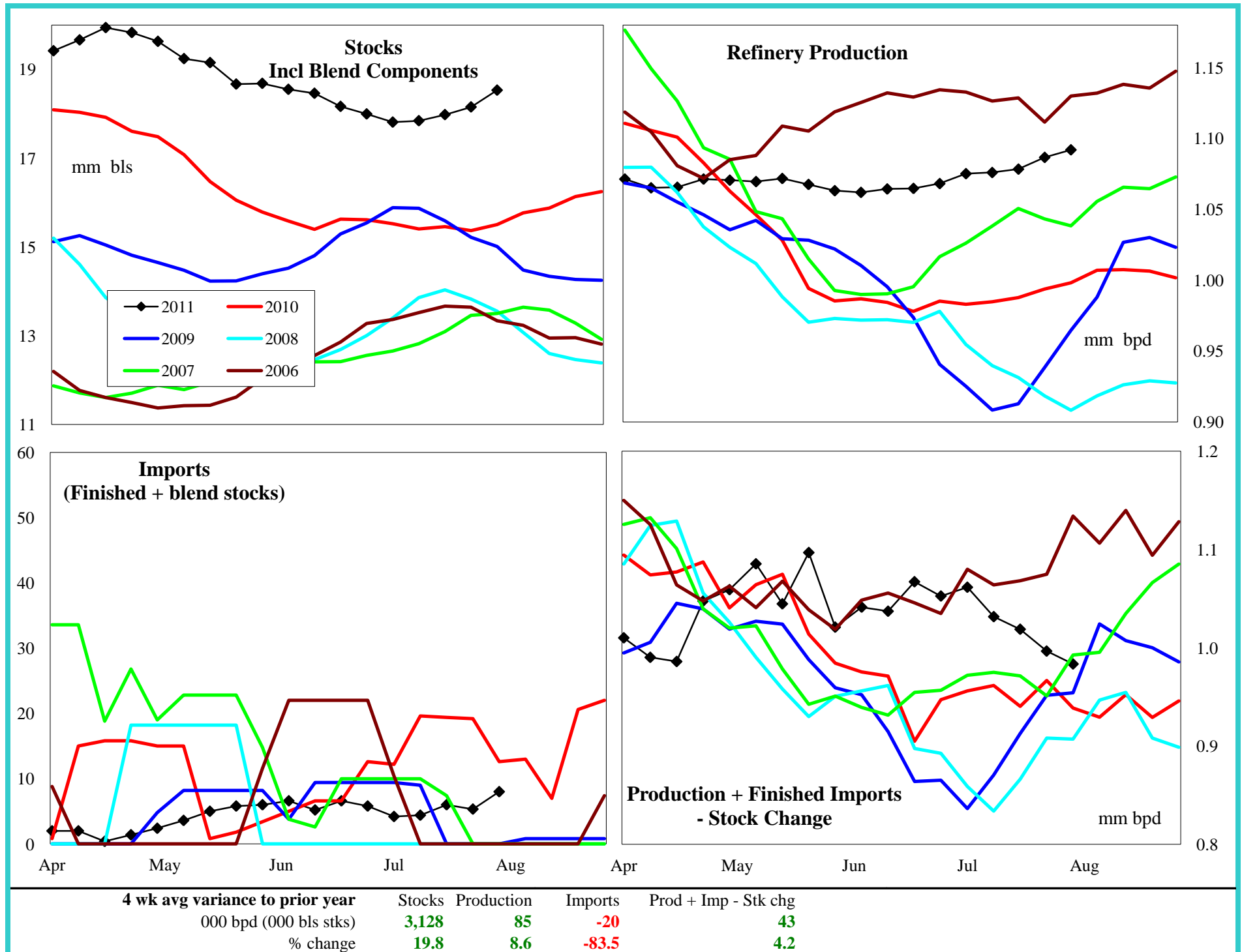
**198**

**16.6**

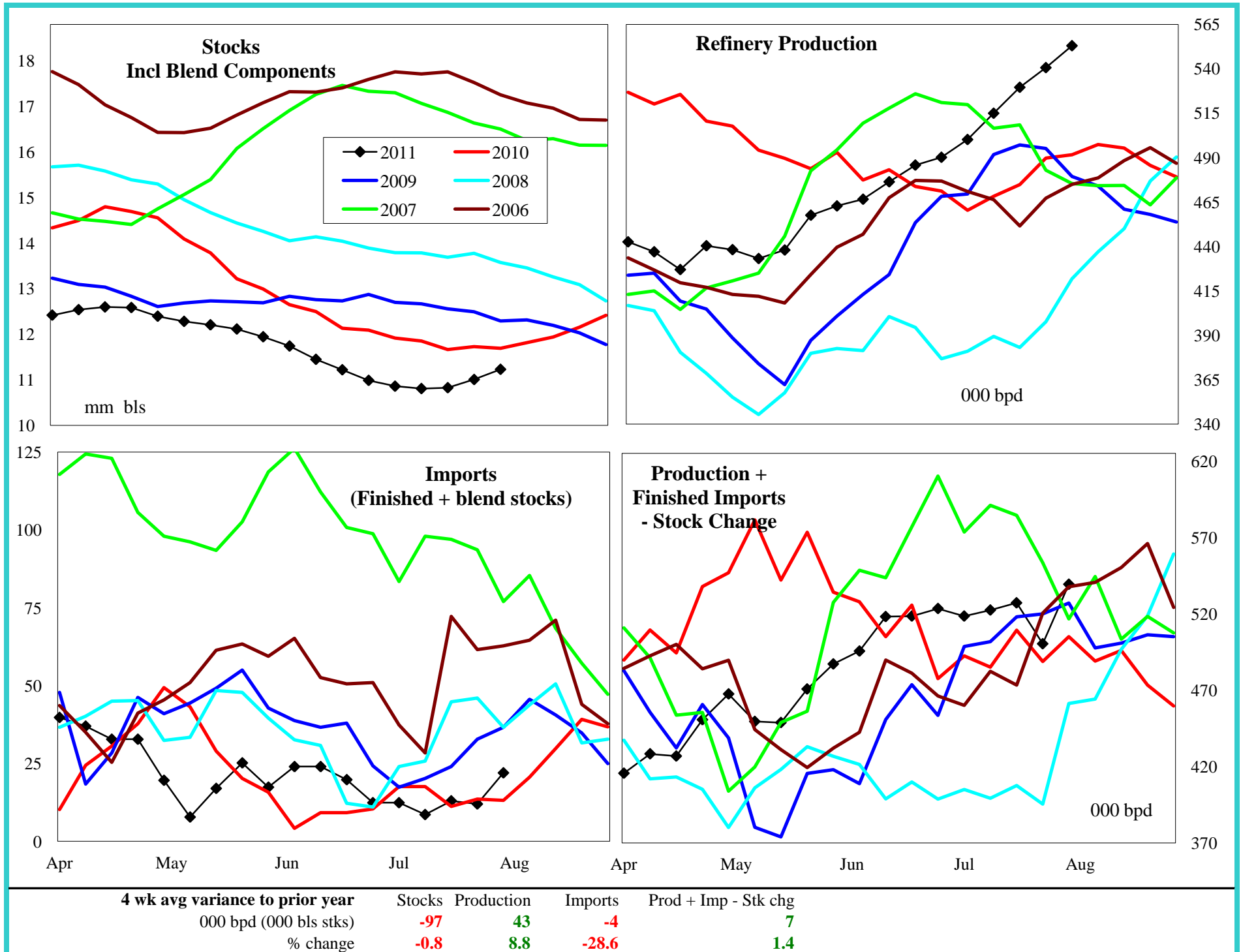
# PADD 5 Gasoline Supply



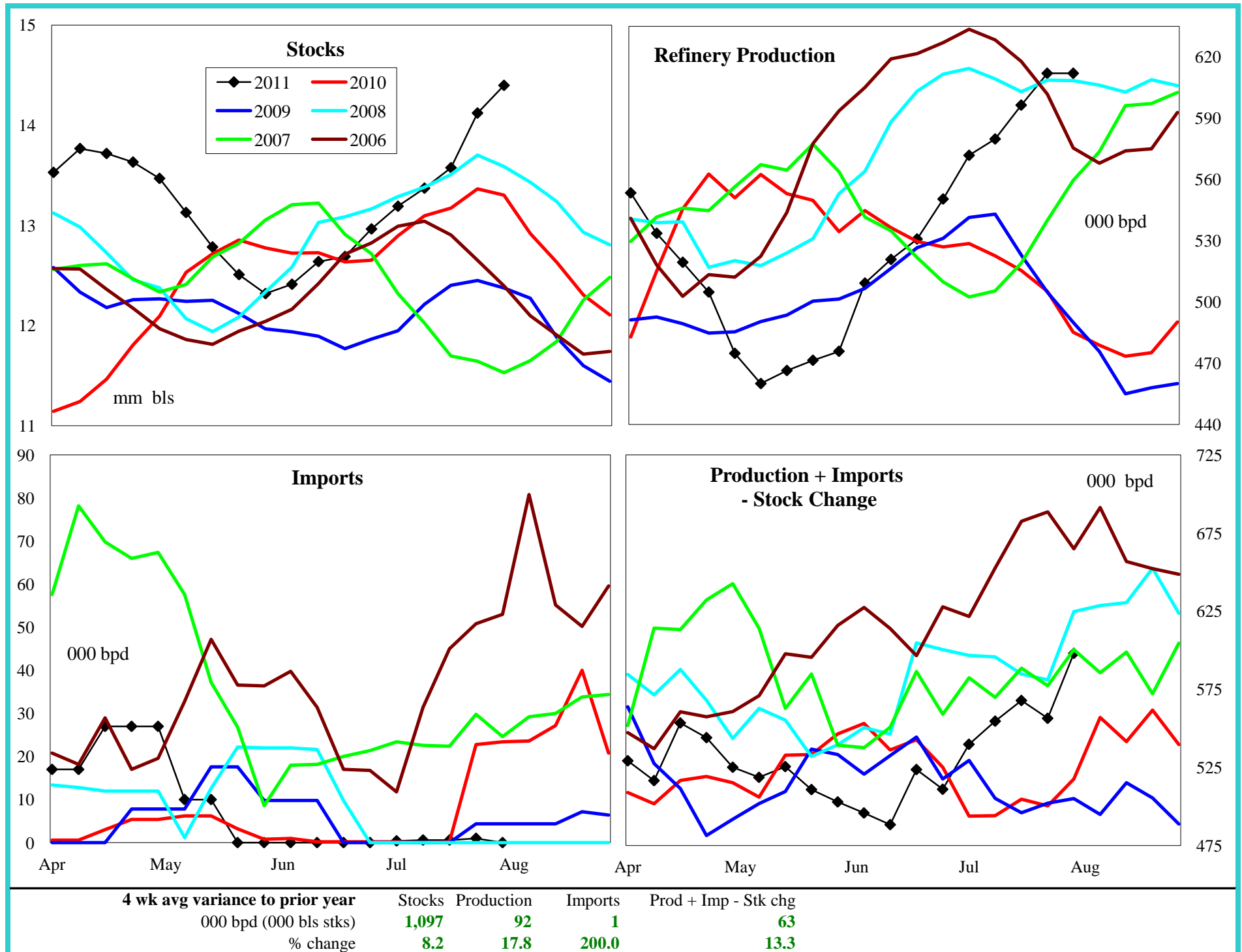
# PADD 5 Reformulated Gasoline Supply



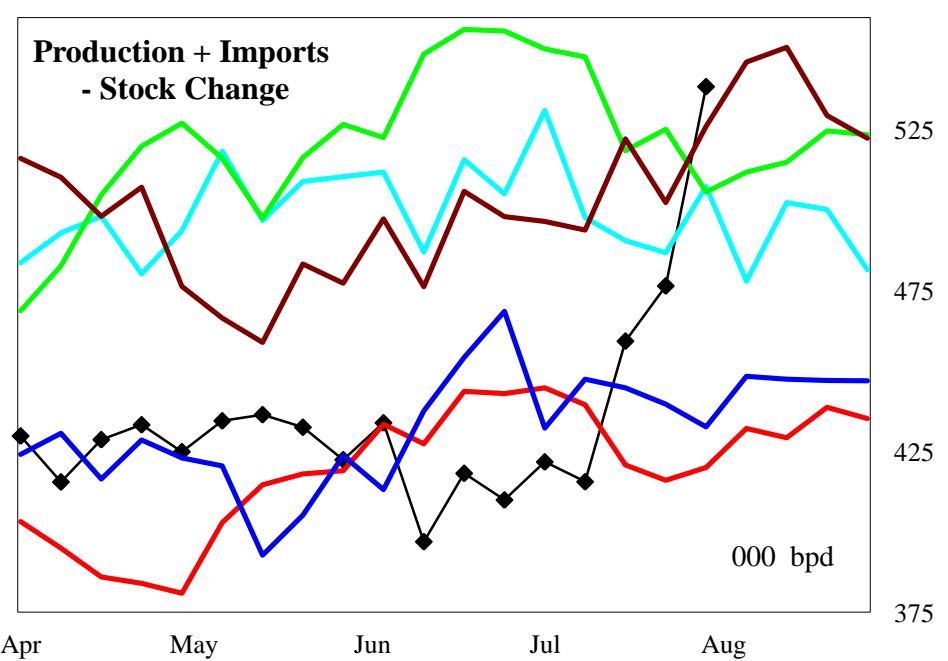
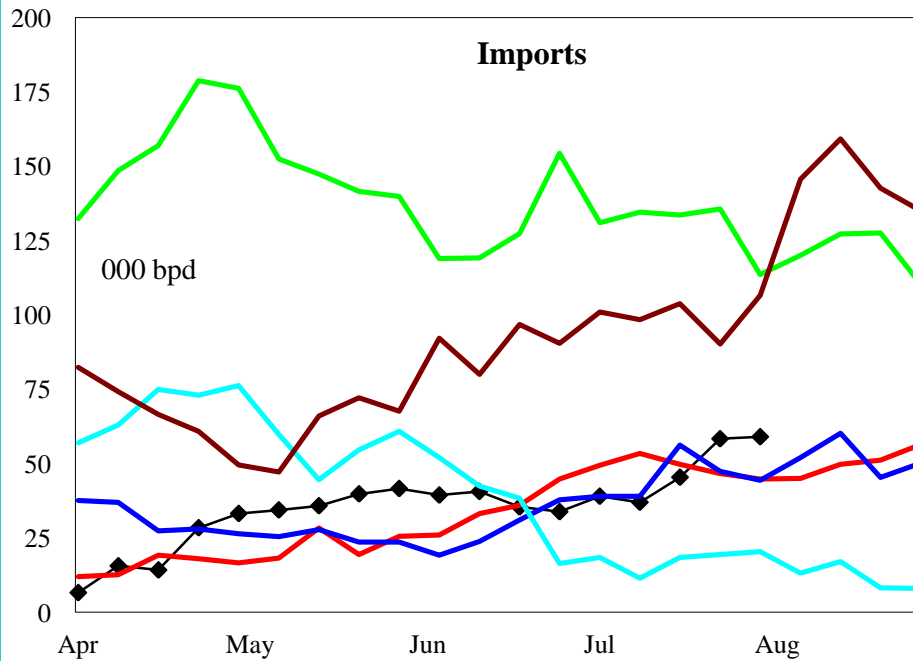
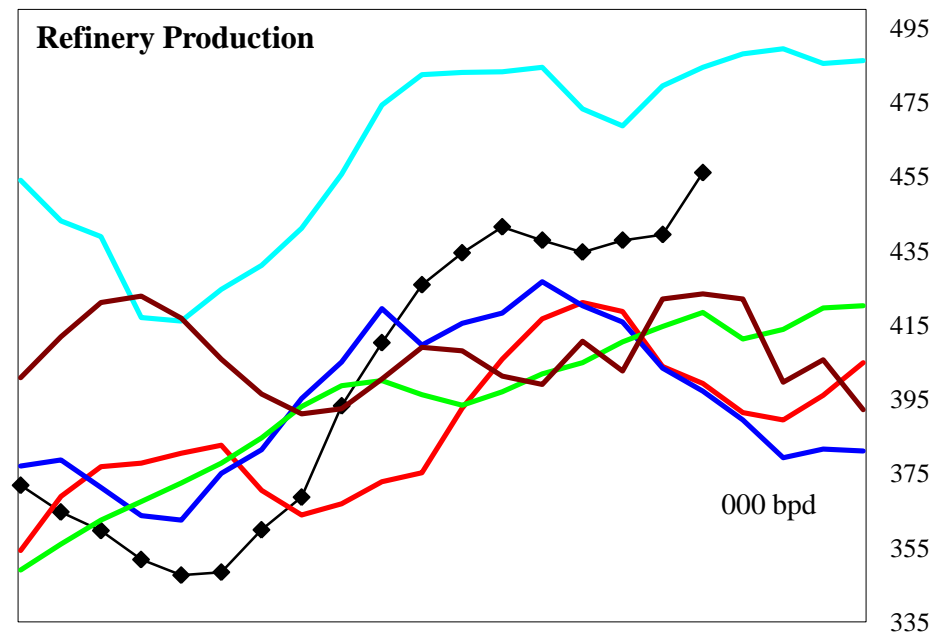
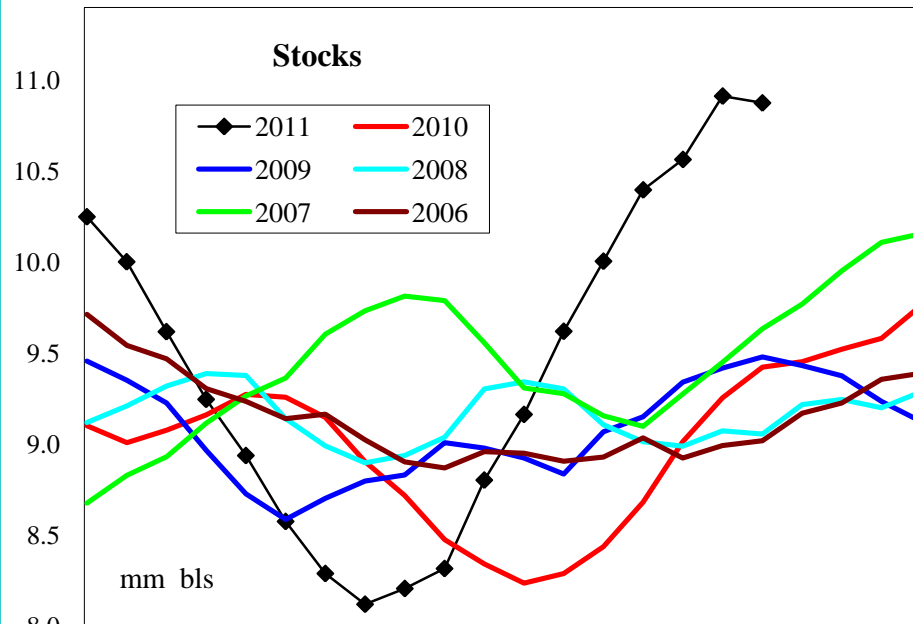
# PADD 5 Conventional Gasoline Supply



# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**1,620**

**17.5**

Production

**28**

**6.9**

Imports

**5**

**11.9**

Prod + Imp - Stk chg

**52**

**13.1**

# PADD 5 Residual Fuel Oil Supply

