



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

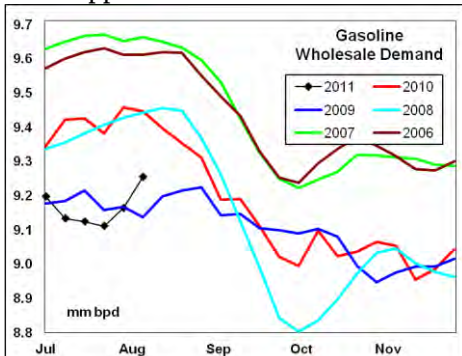
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 10, 2011



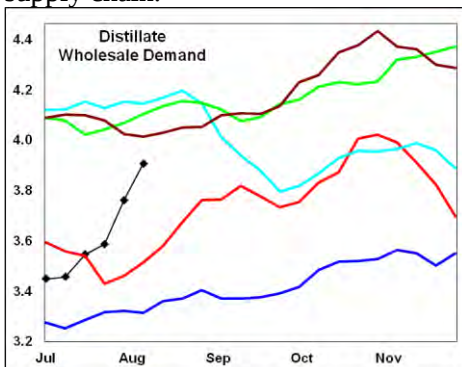
Major Fundamental Trends¹

Gasoline wholesale demand averaged -324,000 bpd below last year for the latest 4-week period; a level that matched 5-year lows set in 2009 during the peak of the recession. Combined with stock levels that are above four of the last five years and record high production, the market is well supplied.



Large regional variances in the gasoline supply balance remain. Stock levels in the key Central Atlantic Region are at record lows. Stock levels and production on the West Coast match record highs for this time of year.

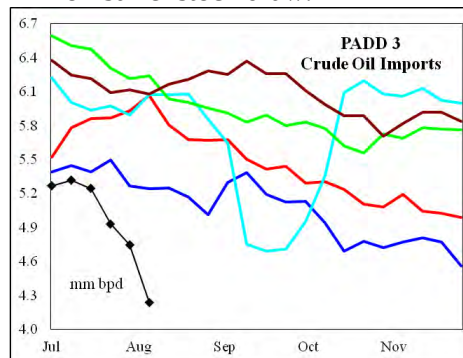
Distillate demand jumped +540,000 bpd two weeks ago, and pulled back only -52,000 bpd this week. This points to a robust mid summer surge on higher exports and stock rebuilding by the downstream supply chain.



The surge in demand has offset peak season production, leading to a counter seasonal -0.7 million barrel stock draw.

The distillate market remains very robust. Price levels are above gasoline, even during the peak gasoline season; the NYMEX forward price curve is unusually narrow for this time of year, the ICE forward price curve is inverted, and processing margins based on global crude oil grades (other than WTI) have increased significantly.

Record low crude imports into the Gulf Region last week led to a -5.3 million barrel stock draw.



Demand for distillate decreased -52,000 bpd last week, still a robust level after the prior week spike of +540,000 bpd.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -3.4%; distillate up +7.1%; jet fuel up +2.5% while residual fuel oil decreased -4%.

Stocks forward coverage: Gasoline demand coverage fell on a -1.6 million barrel stock draw. Coverage levels matched historic highs.

Distillate coverage decreased on -0.7 million barrel stock draw and robust demand. Coverage levels are significantly below the last 2-years.

Jet fuel coverage decreased on a -0.6 million barrel stock draw last week. Coverage levels dropped below the last 2-years.

Refinery utilization rates increased on a +135,000 bpd rise in crude oil throughput, with the rate above the last 3-years.

Gasoline yield % on crude oil runs jumped on a +387,000 bpd rise in production, compared to the +135,000 bpd increase in crude oil runs. The

yield % on crude oil runs increased to a level above the mid range.

Distillate yield % on crude oil runs fell on a -109,000 bpd drop in production compared to the upturn in crude oil runs. Yield % levels were above four of the last 5-years.

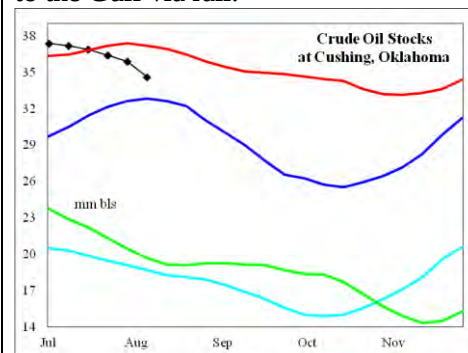
Jet fuel yield % on crude oil runs decreased on a +66,000 bpd rise in output. Yield % levels were below the historic mid range.

Petroleum Imports of gasoline and middle distillates decreased last week by a combined -351,000 bpd.

During the latest 4-wk period crude oil imports decreased -0.7 million bpd compared to last year; distillate imports decreased -67,000 bpd; finished gasoline imports decreased -9,000 bpd, gasoline blend stock imports fell -348,000 bpd; jet fuel imports were up +20,000 bpd, while residual fuel oil imports decreased -151,000 bpd.

Crude Oil stocks fell -5.2 million barrels last week, including a -5.3 million barrel draw in the Gulf. Imports into the Gulf Region last week were -1.4 million bpd below a year ago; driven by high domestic output and releases from the SPR.

Stock levels have dropped below record highs in Cushing on high seasonal runs and increased deliveries to the Gulf via rail.



¹ Source is latest EIA Weekly Statistics



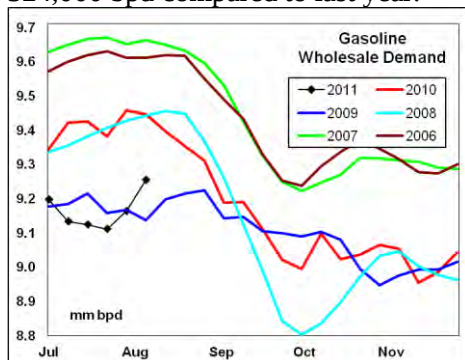
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

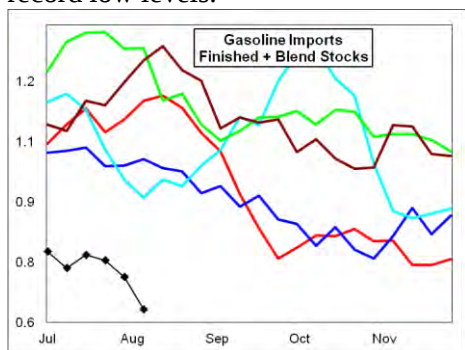
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 10, 2011

Product Supply-Demand Trends

Gasoline demand increased +29,000 bpd last week, a level comparable to the record lows of 2009. The latest 4-wk average demand decreased -324,000 bpd compared to last year.



Production jumped +387,000 bpd last week, to level that matched 5-year highs of last year. Imports fell -212,000 bpd on the week, to new record low levels.



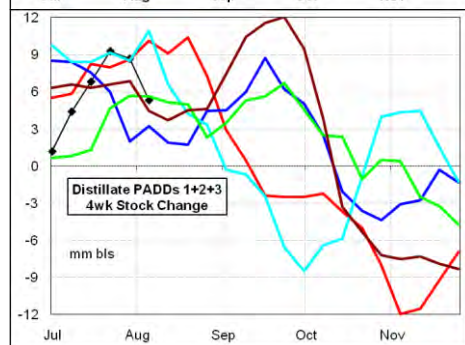
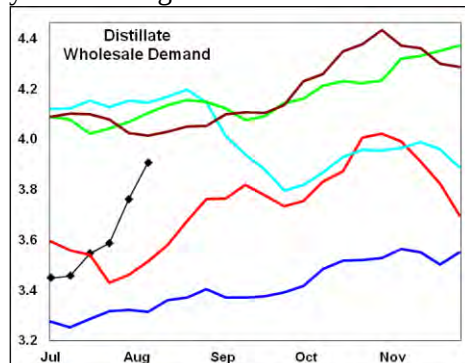
Stocks decreased -1.6 million barrels on the week, with the level above four of the last 5-years.

Wholesale demand peaks during the 1st half of August, then trends sharply lower into September. With above average stock levels and record production, the market is very well supplied in most regions. The notable exception is the key Central Atlantic Region of PADD 1 where stocks are below the historic range. Tightness in the market has supported a steeply inverted forward price curve, which is likely to continue in the near term.

Distillate demand decreased -55,000 bpd last week, still at a robust level after the previous week spike of +540,000 bpd. The latest 4-wk average demand was +246,000 bpd

above a year ago.

Supply fell -215,000 bpd last week on lower imports and production. Continued higher demand and reduced supply led to a -0.7 million barrel stock draw last week. The latest 4-wk stock build in markets East of the Rockies was +5.3 million barrels, matching 5-year mid range.



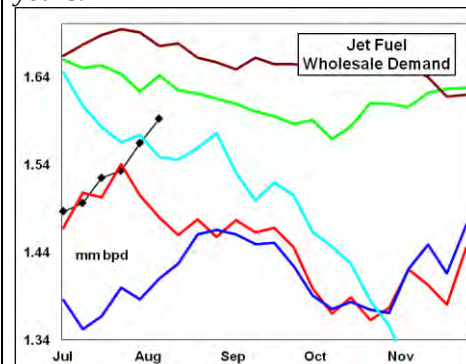
Wholesale demand remains especially strong this week; due to increased exports and marketers replenishing inventories on lower prices.

The higher demand has limited seasonal stock building during the last 2-wks. However, in the absence of hurricane disruptions on the Gulf, seasonal stock building should continue.

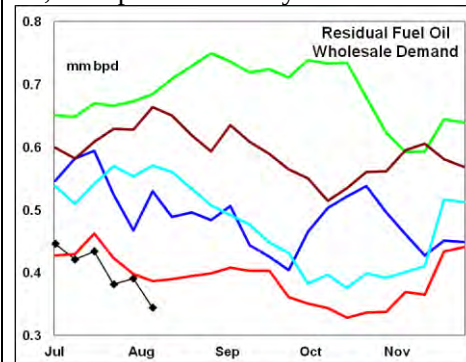
Jet Fuel demand increased +55,000 bpd last week to a level above the last 3-years for the week. The latest 4-wk average demand was +38,000 bpd above last year; exhibiting a more robust seasonal peak than in recent years.

Supply decreased -27,000 bpd on lower imports last week. Production levels were above the mid range. Stocks decreased -0.6 million barrels on the week, with the level -7% below last year and below the last 2-years.

The jet fuel supply balance shows unusually large variation between regions. The East and West Coast markets are very over supplied, while midwest stocks remain at record low levels. Gulf stock levels are above the mid range, but well below the last 2-years.



Residual fuel oil demand fell -135,000 bpd last week, with the 4-wk average -19,000 bpd below last year.



Supply (production + imports) increased +118,000 bpd on higher production and imports. The latest 4-wk average supply was -26,000 bpd below last year. Stocks increased +0.5 million barrels, with the level below four of the last 5-years.

The key Gulf Coast market has become over supplied with both stock levels and production at record highs. Supplies in other regions are at levels in line with generally lower output.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

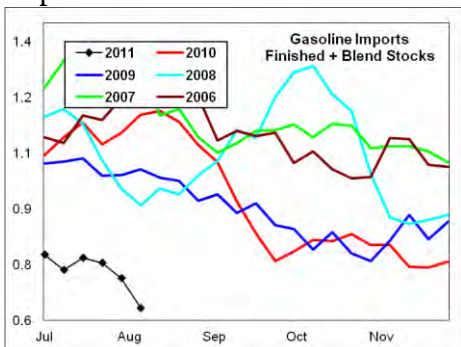
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 10, 2011

PADD Supply Trends

PADD 1 refinery crude oil runs increased +44,000 bpd on the week, with the level at the highest rate of 2011, and above the last 2-years. Crude oil imports jumped +0.5 million bpd last week, a new 5-year high.

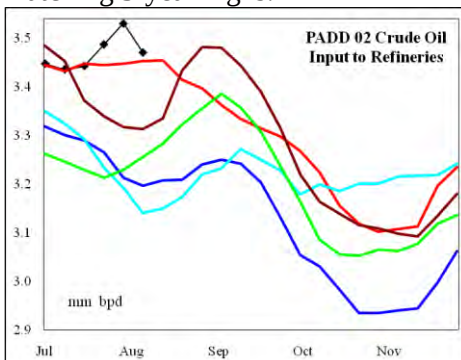
Gasoline production increased +83,000 bpd last week, offset by a -203,000 bpd drop in imports. Imports remain at record low levels.



Gasoline stocks were unchanged last week, with the level at the 5-year mid range. Stock levels in the key Central Atlantic Region remain at record low levels.

Distillate supply fell -114,000 bpd last week on a drop in imports. Stocks jumped +2 million barrels, to a level that matched the historic mid range, but -15% below last years' record high.

Jet fuel stocks decreased -1.2 million barrels last week, with the level matching 5-year highs.



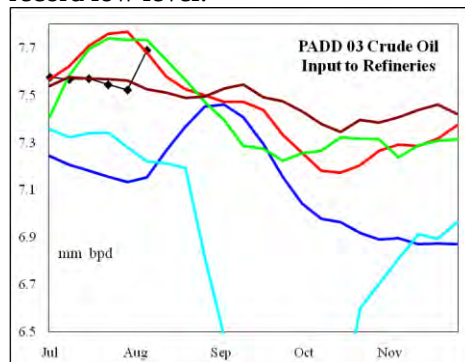
PADD 2 crude oil refinery runs declined -117,000 bpd on the week, a level still above the 5-year range. Record imports were offset by the high run rates, leading to a -0.6 million barrel stock draw. Stock levels match 5-year highs.

Gasoline production increased +6,000 bpd last week, with the level above the historic range for the period. Stocks decreased -1.3 million barrels on the week, with the level below the mid range.

Distillate production decreased -33,000 bpd, to a level that matched historic highs. Stocks fell -1.5 million barrels to a level below the mid range.

Jet fuel production remains above four of the last 5-years. Stocks increased +0.3 million barrels last week, the first stock build of the last quarter. Stock levels remain very low.

PADD 3 refinery runs increased +187,000 bpd last week, to a level that matched historic highs for the period. The latest 4-wk average thru put was -234,000 bpd below last year. Stocks declined -3.3 million barrels on the week, to a level below the mid range. The stock draw was driven by a -0.5 million barrel drop in imports, to a record low level.



Gasoline production increased +86,000 bpd on the week. Stocks declined -0.6 million barrels last week, with the level above four of the last 5-years.

Distillate production declined -62,000 bpd, with the level above the 5-year range. Stocks decreased -1.6 million barrels, to a level comparable to 2009, but -16% below last years' record high.

Jet fuel production increased +40,000 bpd on the week, to a level at the historic mid range. Stocks increased +0.5 million barrels, with the level above the historic mid range.

Residual fuel oil supply increased +59,000 bpd last week, with

production at record high levels. Stocks increased +0.2 million barrels, to a level above the historic range.

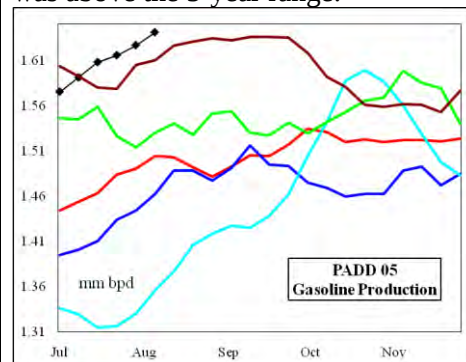
PADD 4 refinery crude runs decreased -7,000 bpd last week, to a level slightly below the last 2-years. High imports have lifted stocks to a level slightly below the last 2-years.

Gasoline production increased +29,000 bpd to a level well below the historic mid range. Stock levels match last year's 5-year high for the period.

Distillate production decreased -10,000 bpd on the week to a level at the mid range. Stock levels ended the week comparable to the last 2-years.

Jet fuel stock levels remain well above the historic mid range.

PADD 5 crude oil refinery runs increased +26,000 bpd on the week, with the level well above the last 2-years. The latest 4-wk average thru put was +170,000 bpd above last year. Light product yield % on crude oil runs was above the 5-year range.



Gasoline production decreased -4,000 bpd on the week, with the latest 4-wk average +140,000 bpd above last year and at a 5-year high. Stocks increased +0.3 million barrels on the week, with the level matching 5-year highs.

Distillate production decreased -5,000 bpd last week, with the level matching 5-year highs. Stocks increased +0.4 million barrels to a new record high level, +14% above a year ago.

Jet fuel production decreased -31,000 bpd on the week, with the level above four of the last 5-years. Stock levels remain above the 5-year range.

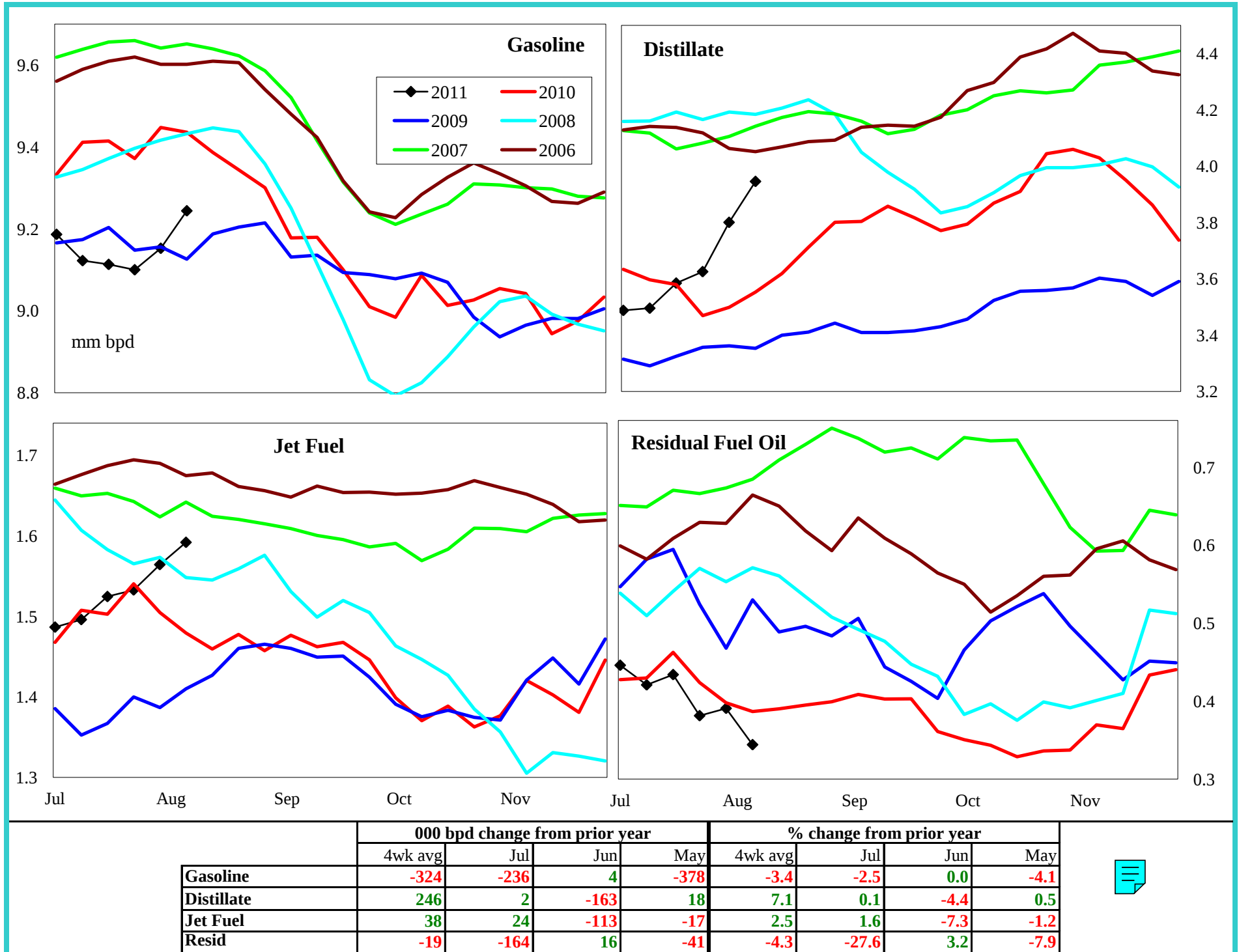


PETROLEUM: Graph Link and Weekly Summary

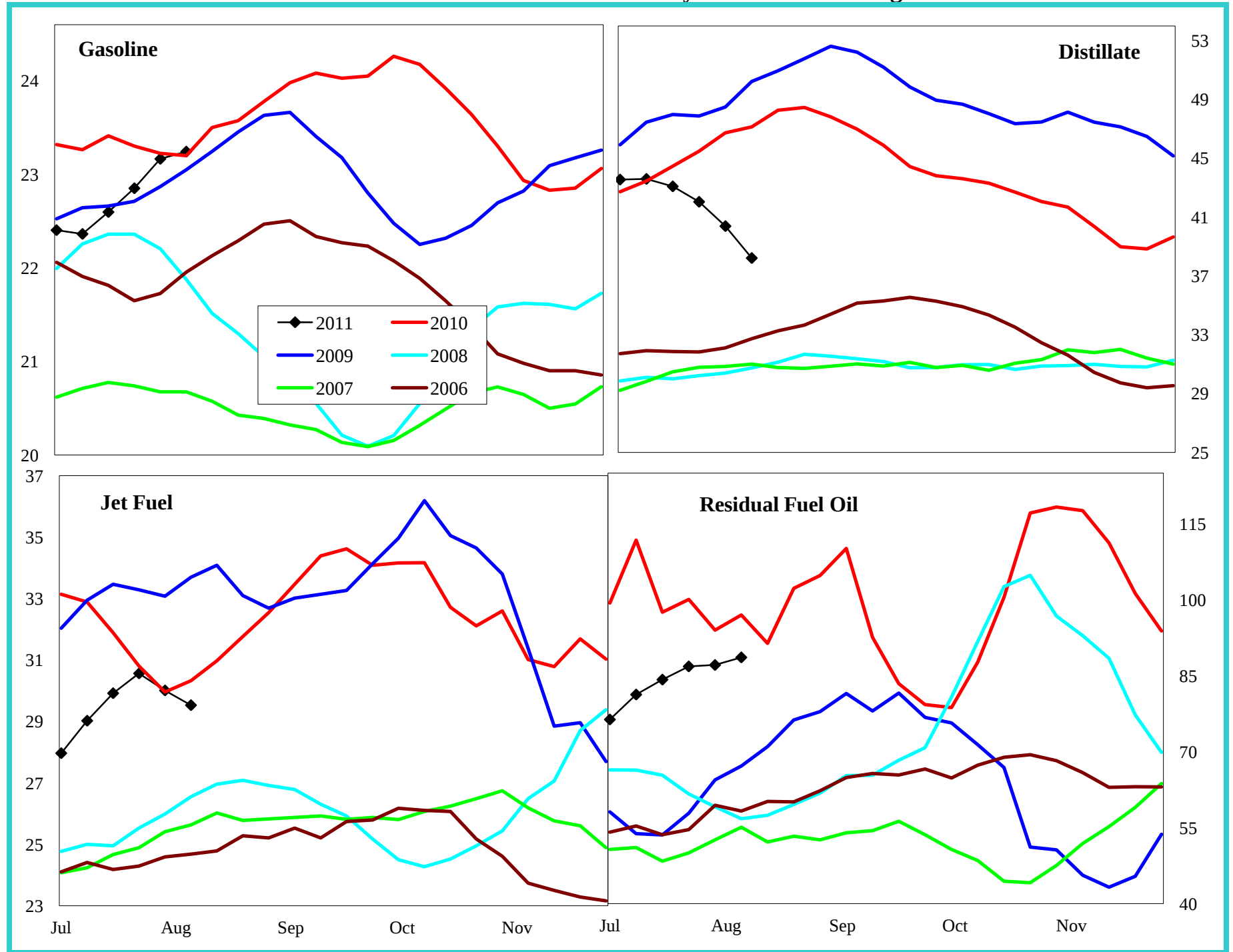
A Fundamental Petroleum Trends Weekly Report August 10, 2011
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	5-Aug-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-5,225	-190	-641	-3,283	146	-1,257
	Imports	-34	535	94	-518	8	-154
	Input	135	44	-117	187	-7	26
	% Utilization	0.70					
Gasoline	Stocks	-1,588	4	-1,339	-639	90	295
	Production	387	83	6	86	29	-4
	Imports	-212	-203	2	8	0	-20
	Supplied	29					
Distillate	Stocks	-737	1,986	-1,455	-1,587	-68	388
	Production	-109	2	-33	-62	-10	-5
	Imports	-106	-116	2	0	4	5
	Supplied	-52					
Jet Fuel	Stocks	-610	-1,210	347	539	-52	-234
	Production	6	-4	1	40	0	-31
	Imports	-33	-26	0	0	0	-8
	Supplied	55					
Residual Fuel Oil	Stocks	518	-283	81	212	5	502
	Production	71	12	9	29	0	21
	Imports	47	18	0	30	0	0
	Supplied	-135					

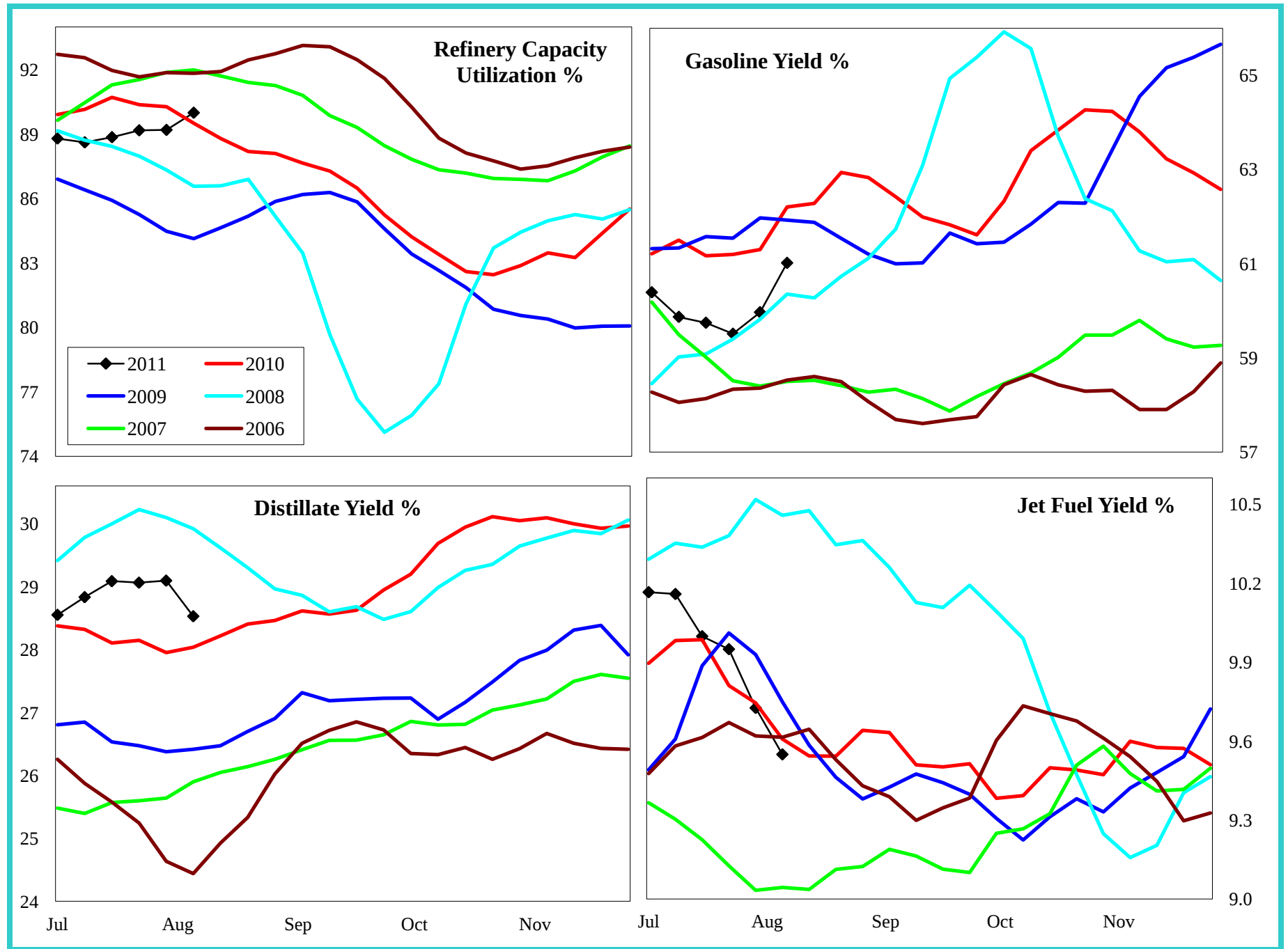
United States Wholesale Petroleum Demand



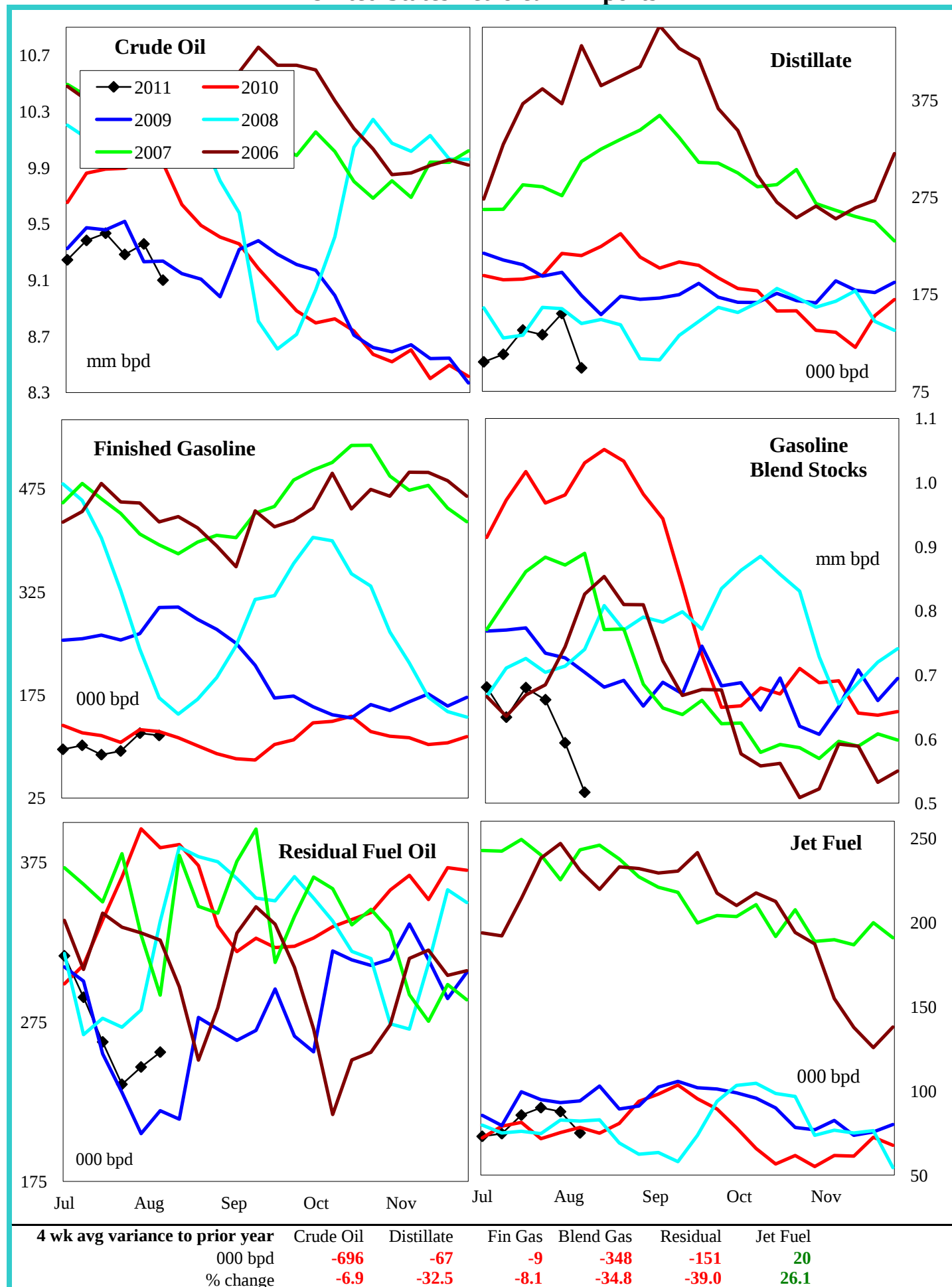
United States Product Stocks: Days Forward Coverage



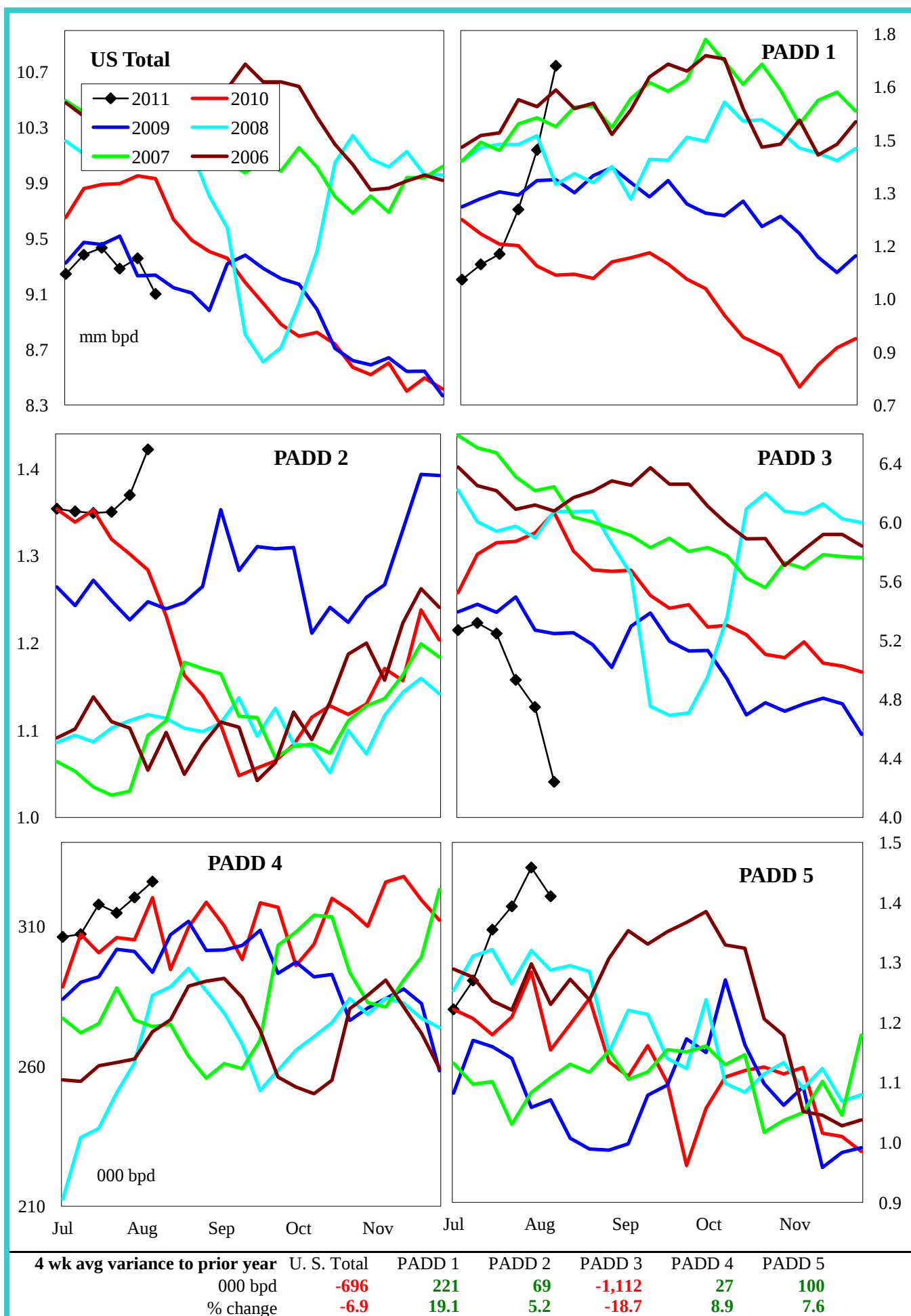
United States Refinery Percent Utilization Rate and Product Yields



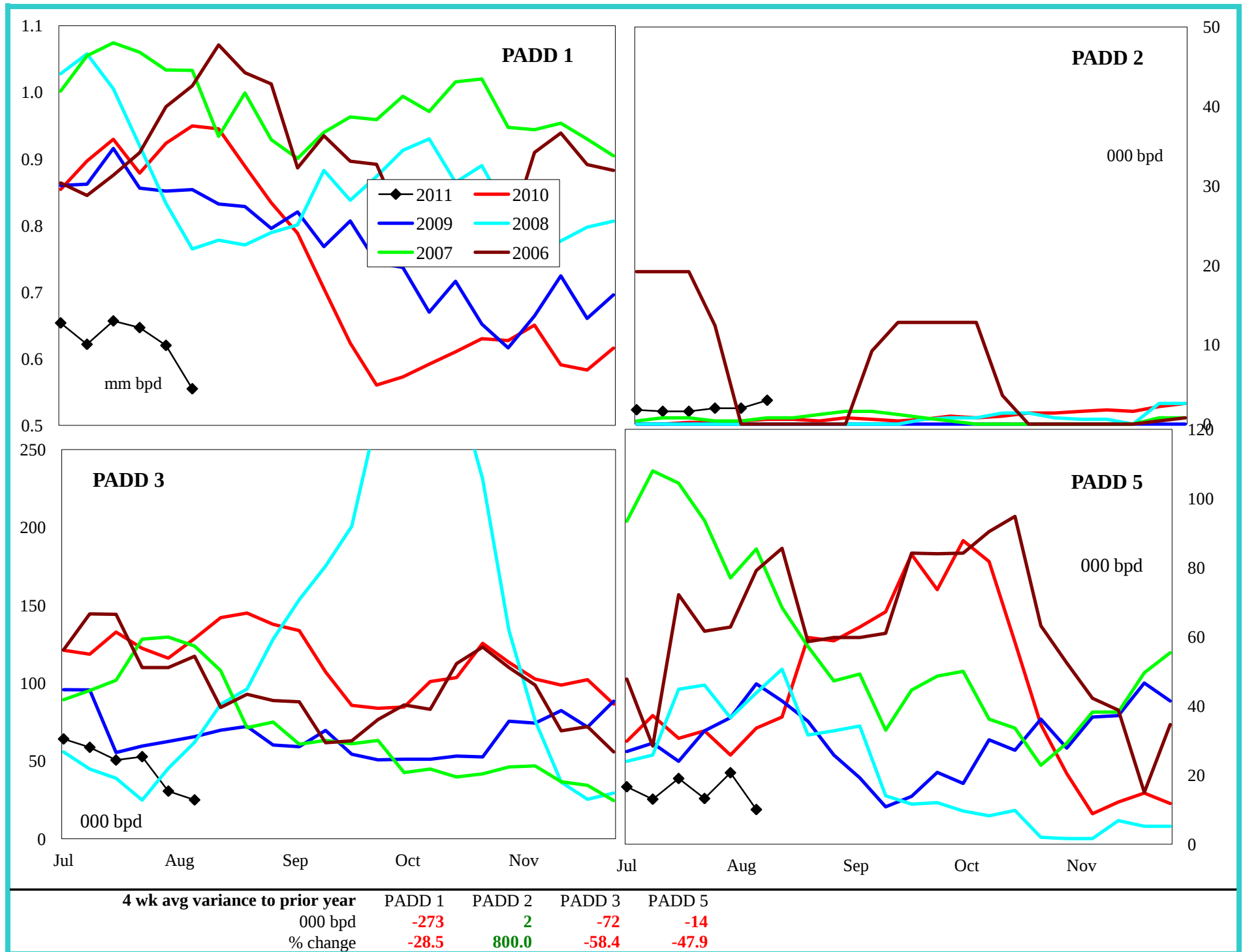
United States Petroleum Imports



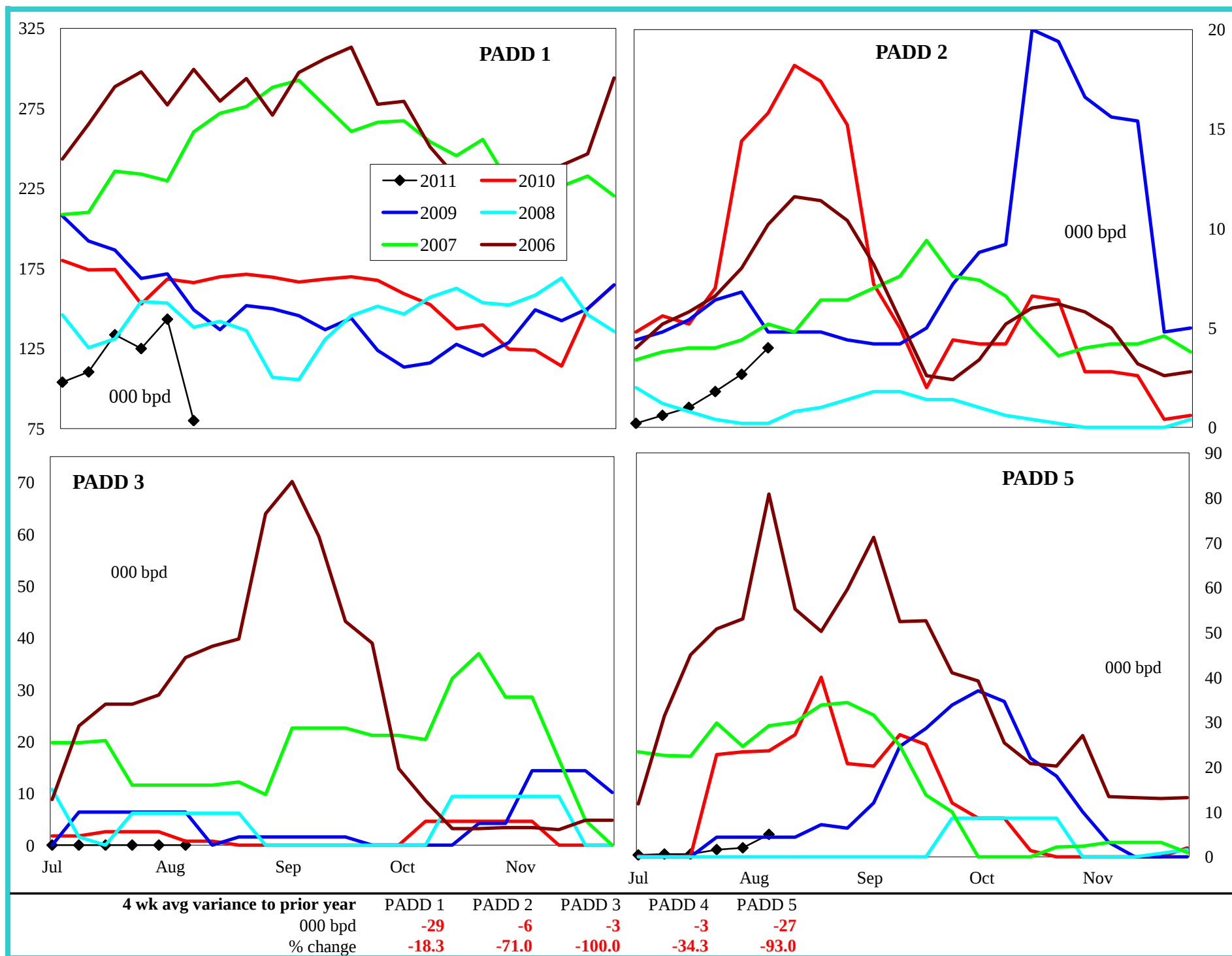
Crude Oil Imports by PADD



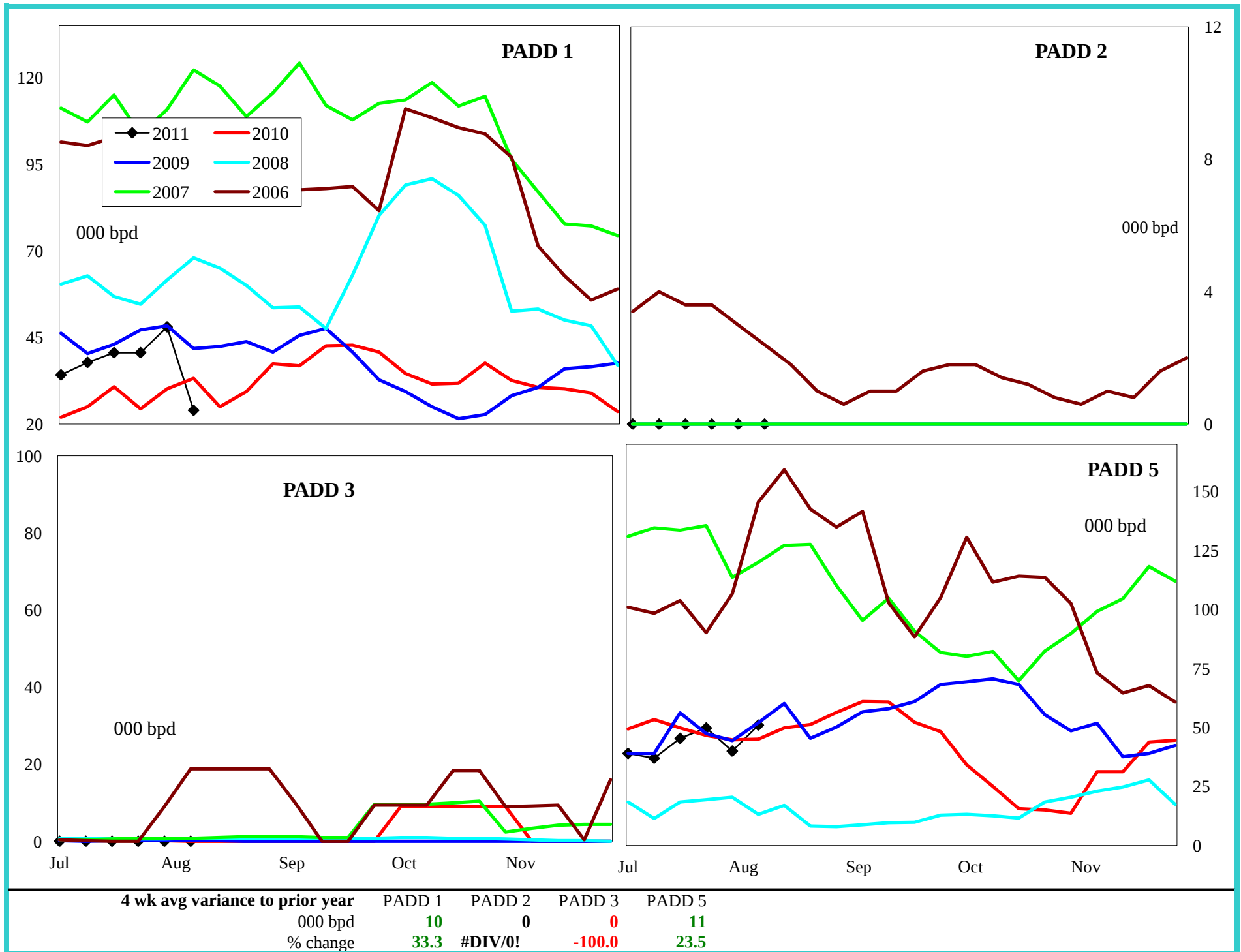
Gasoline Imports by PADD (Finished + Blend Stocks)



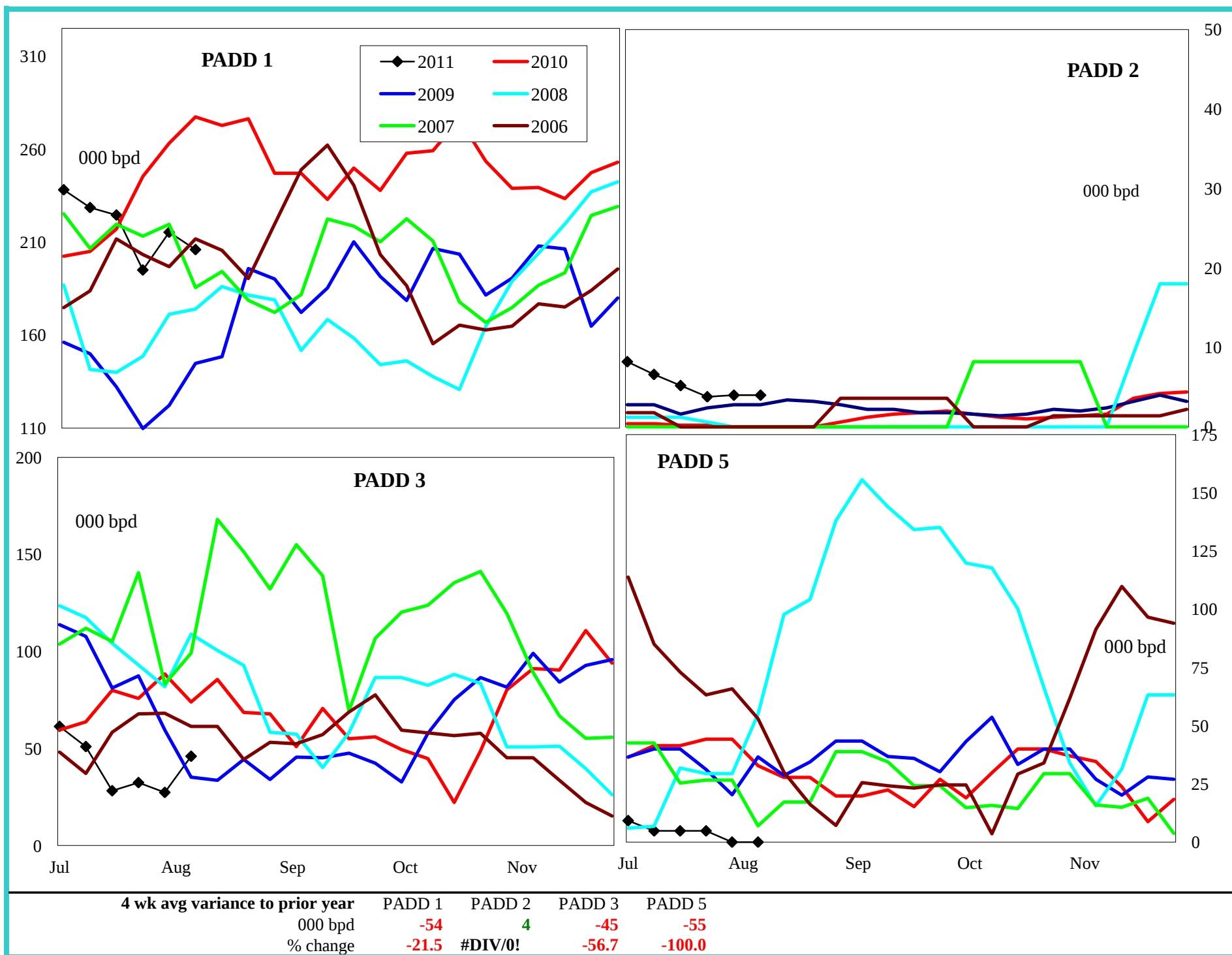
Distillate Imports by PADD



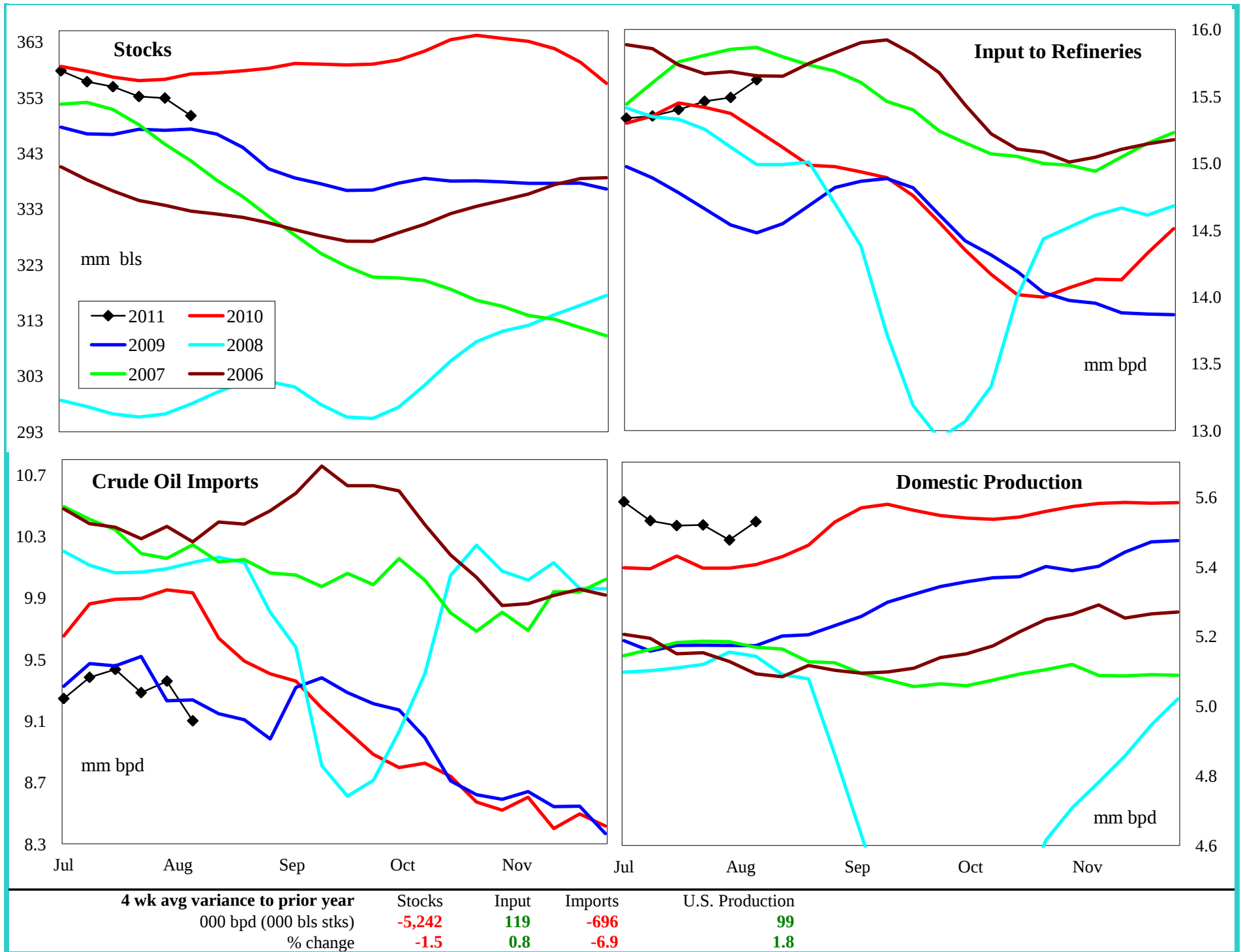
Jet Fuel Imports by PADD



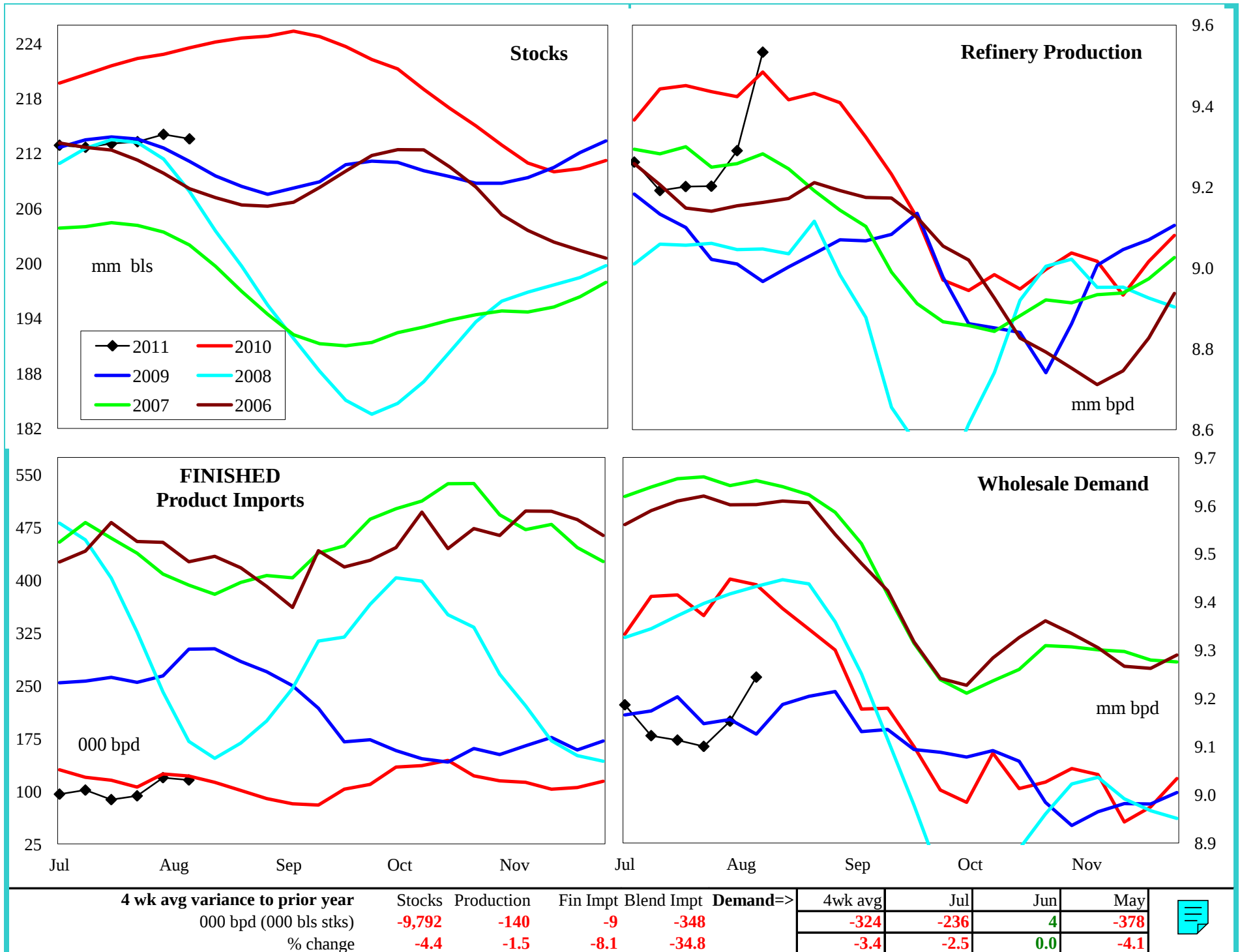
Residual Fuel Oil Imports by PADD



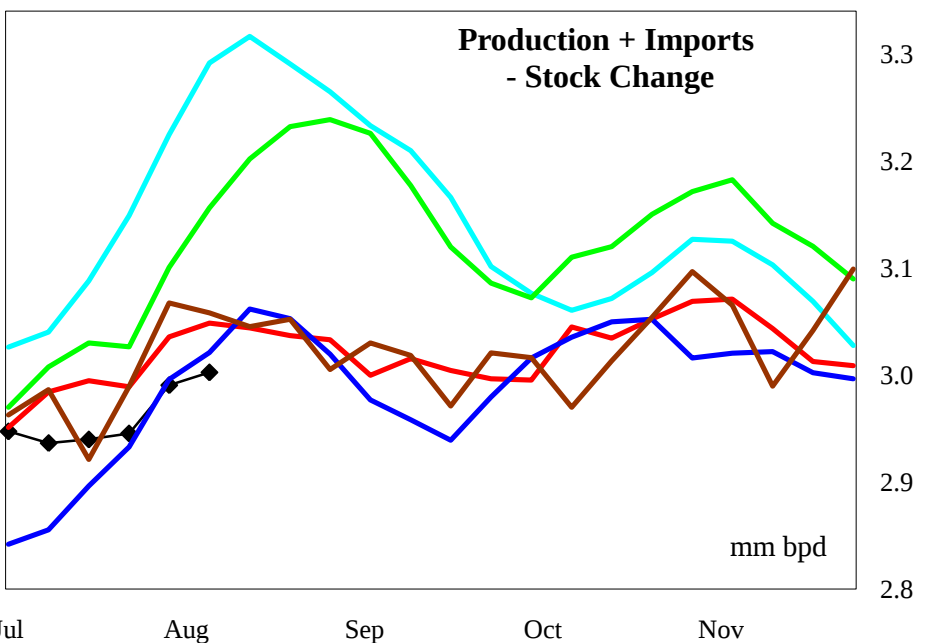
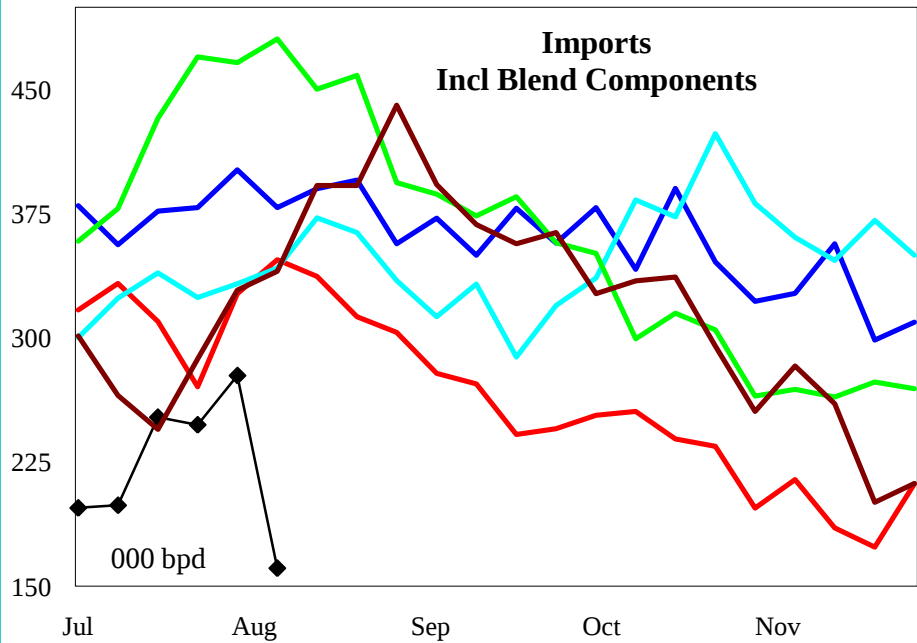
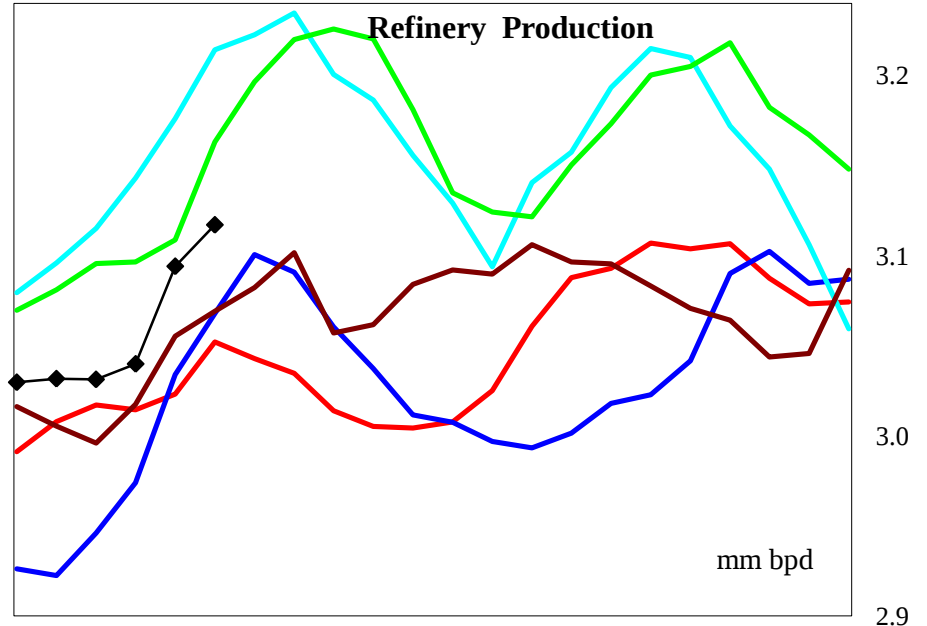
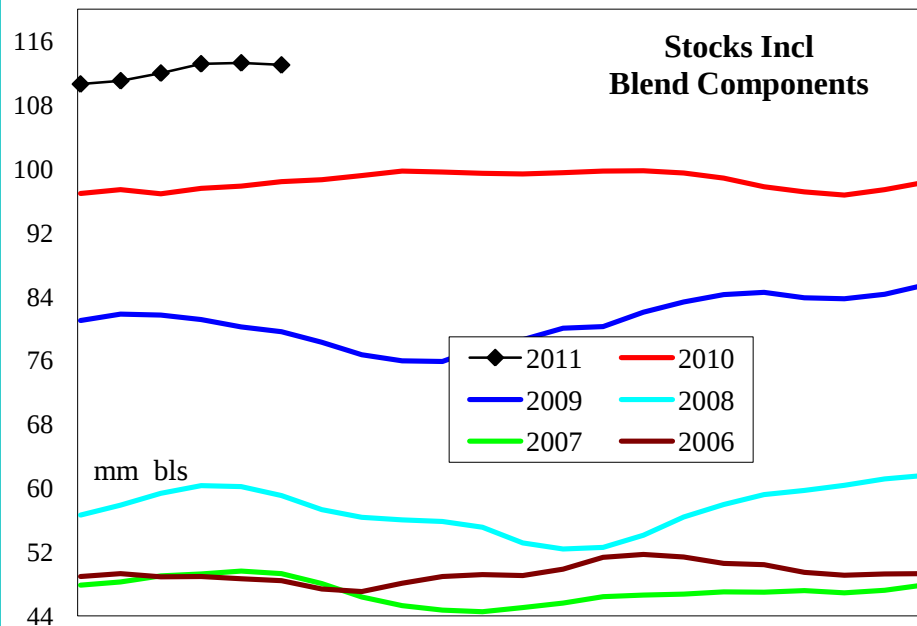
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



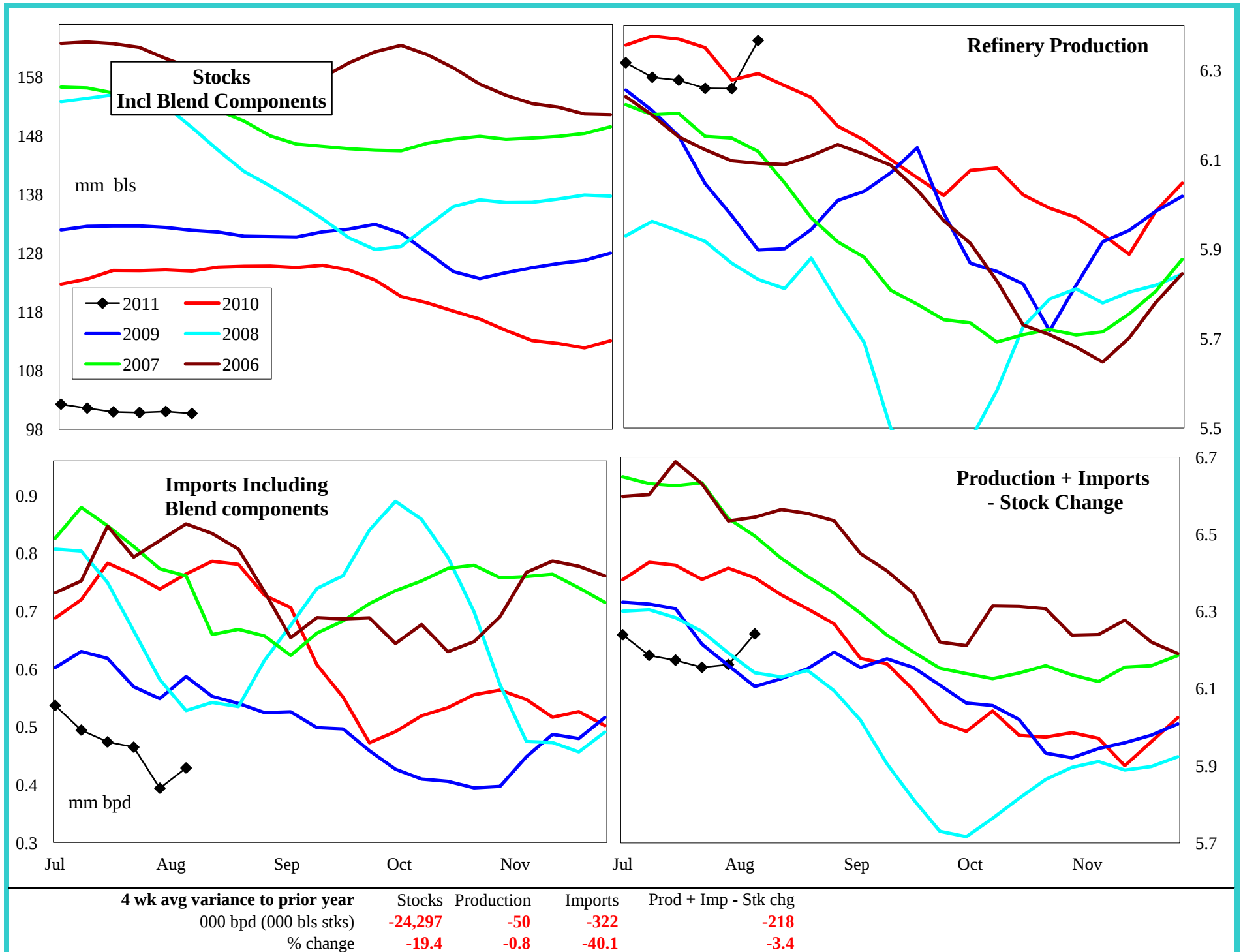
United States Reformulated Gasoline Supply



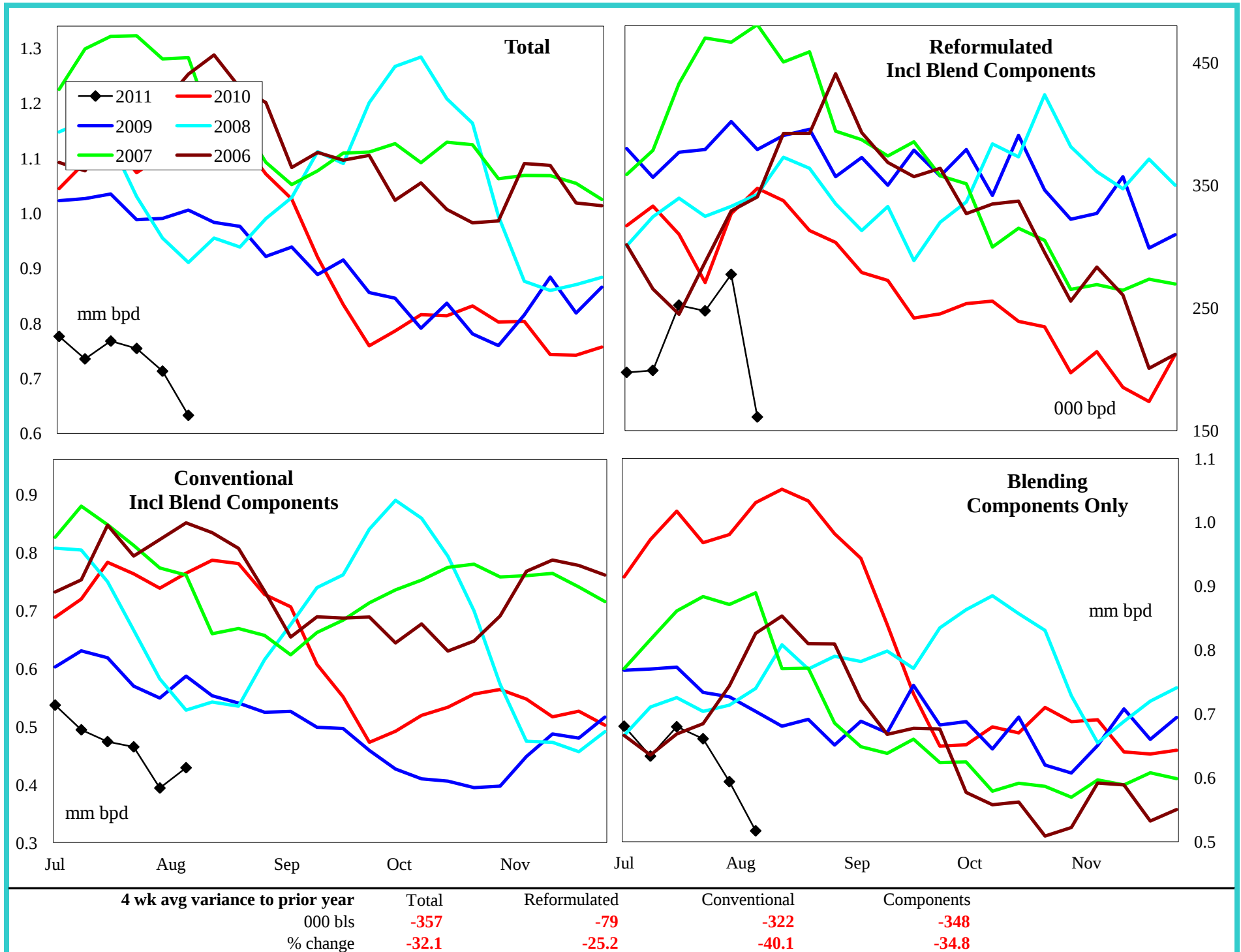
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
14,608	55	-79	-47
14.8	1.8	-25.2	-1.6

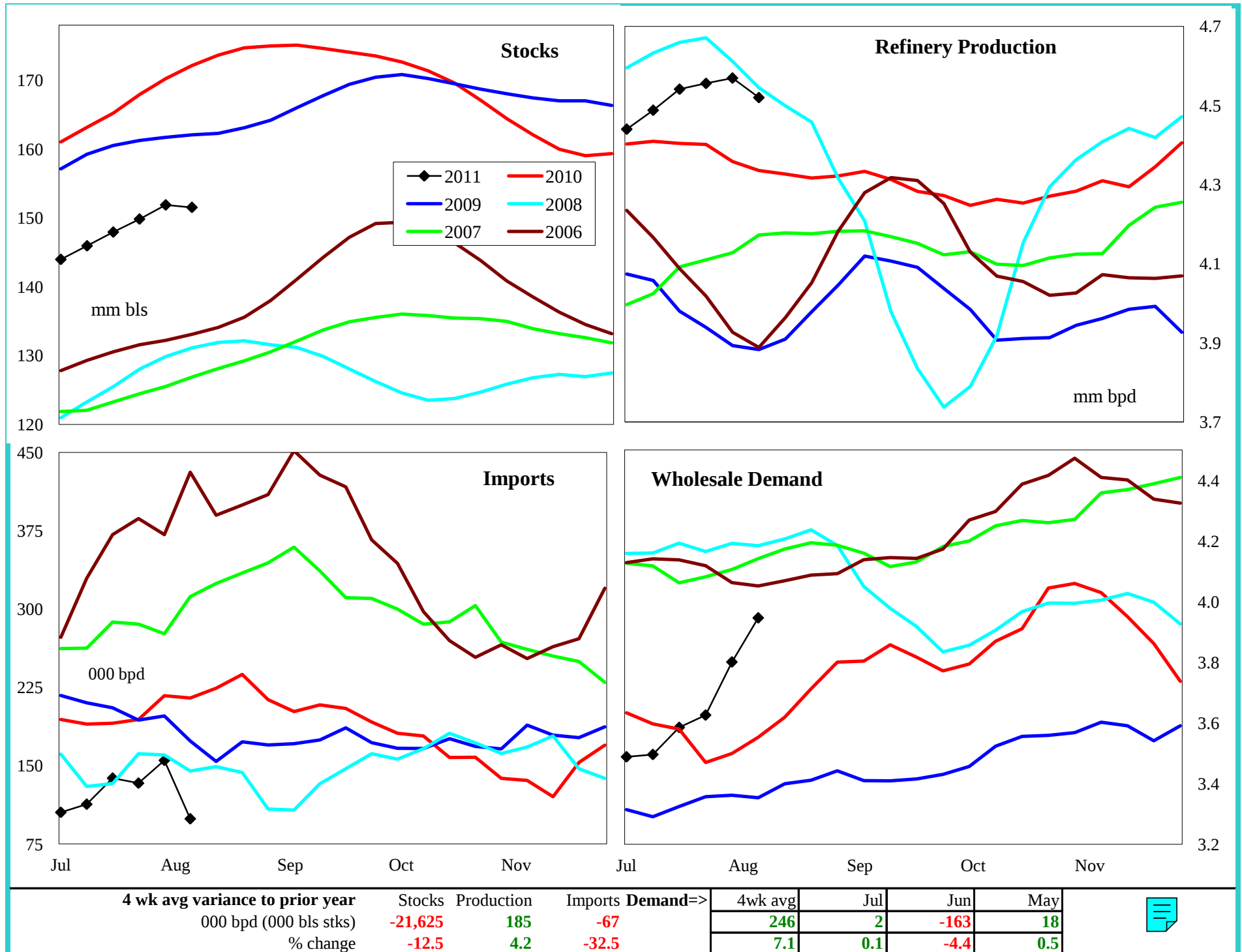
United States Conventional Gasoline Supply



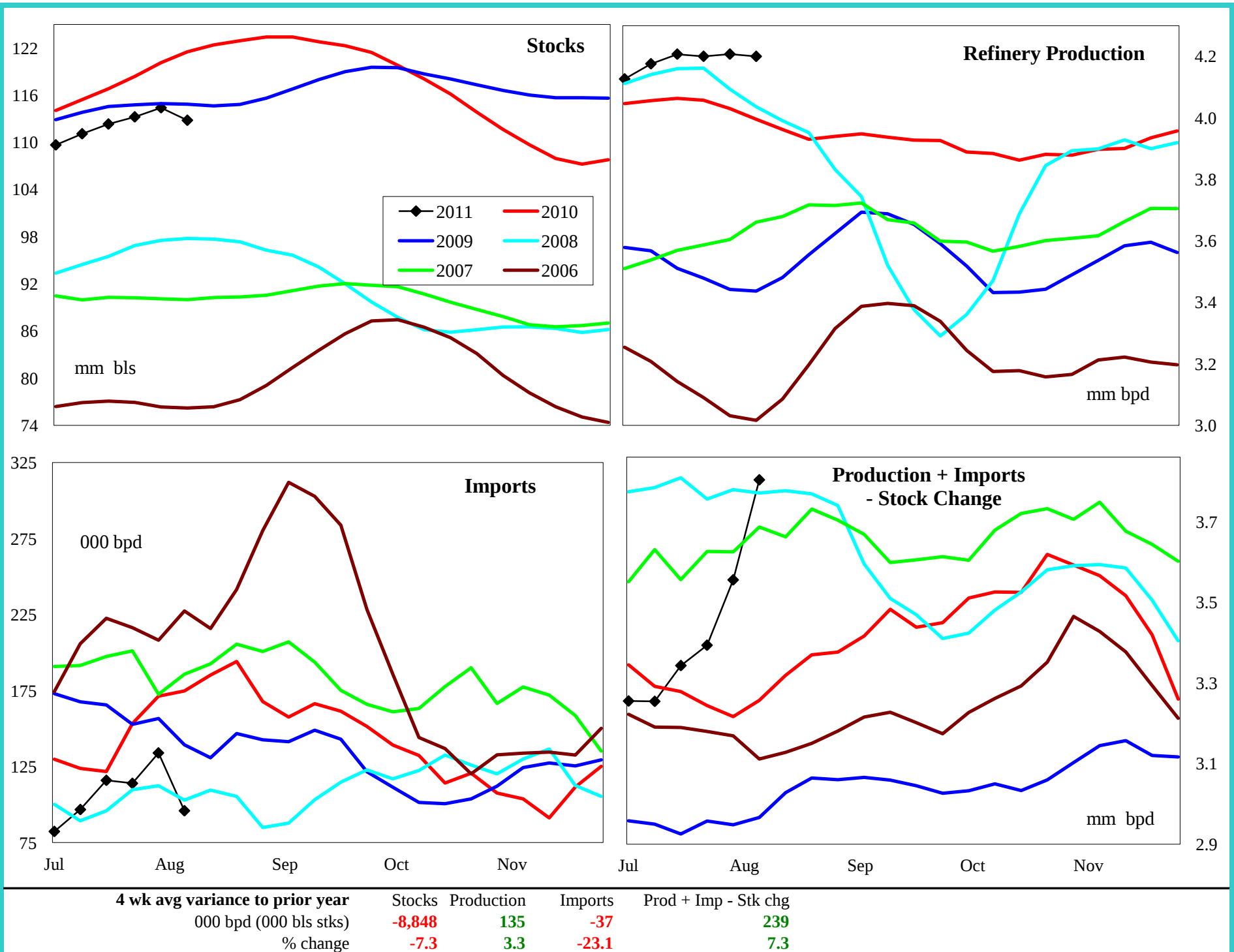
United States Gasoline Imports by Type



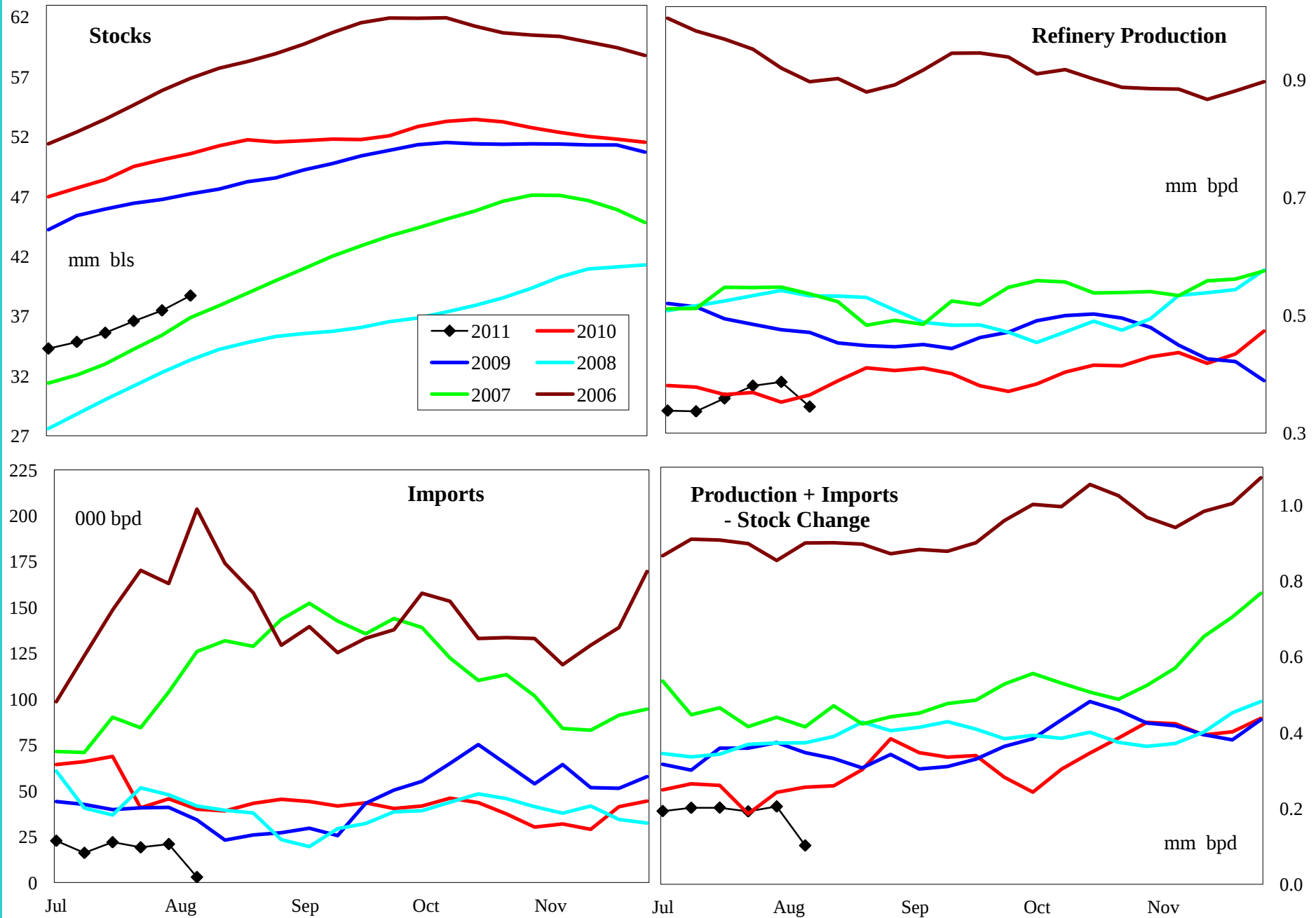
United States Distillate Supply and Demand Balance



United States Low Sulfur Distillate Supply



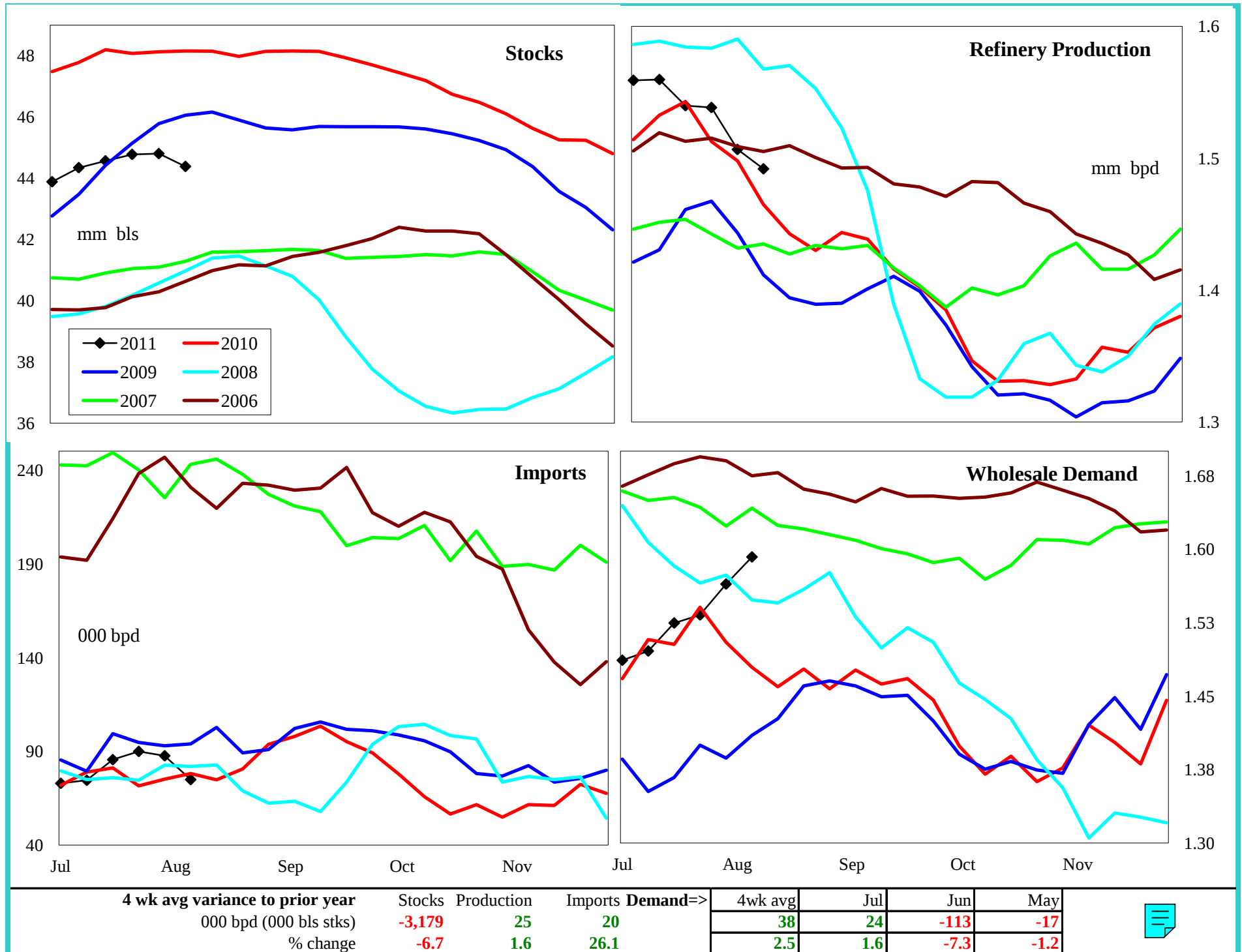
United States High Sulfur Distillate Supply



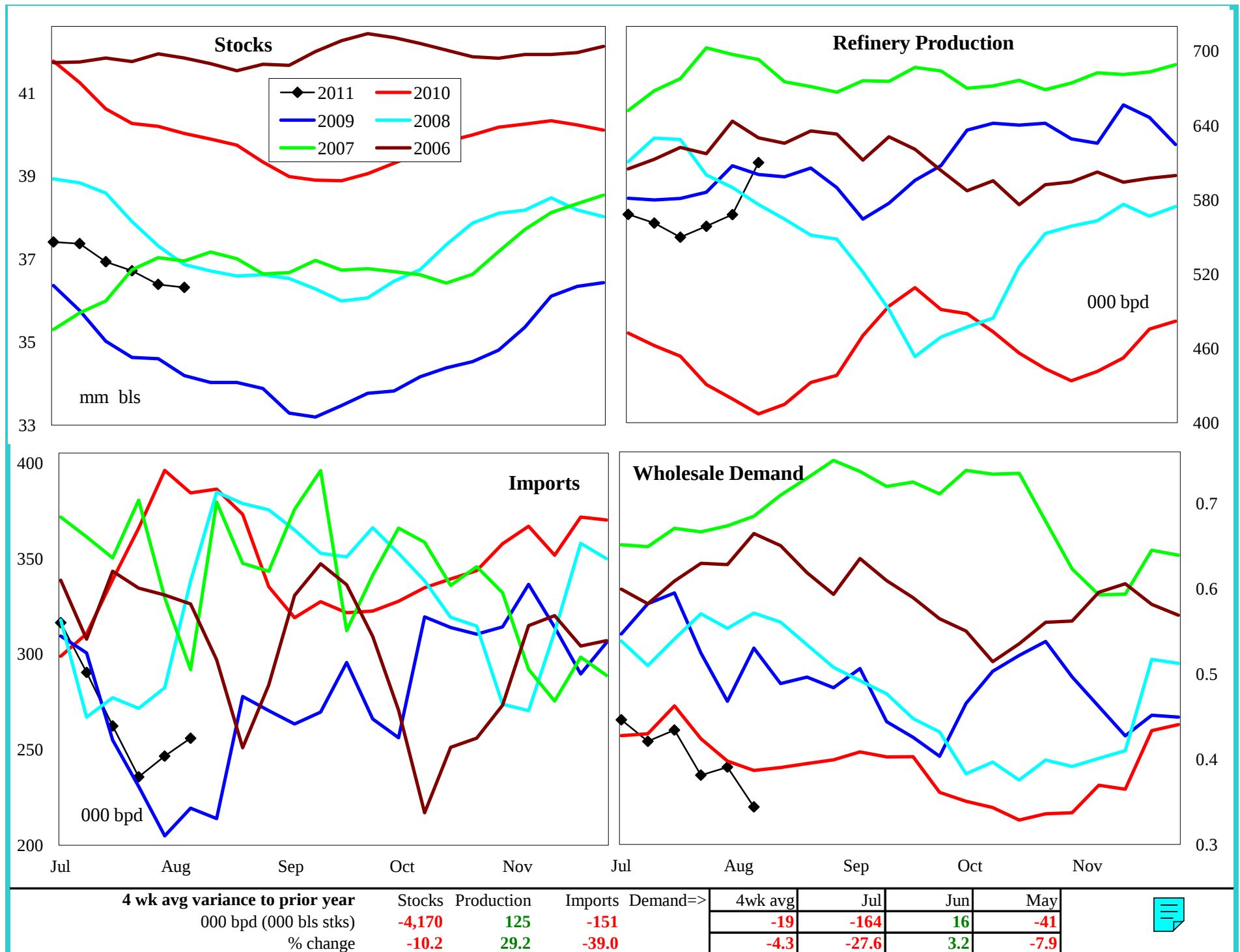
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Production	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-12,777	50	-30	7
% change	-24.8	15.6	-64.0	3.8

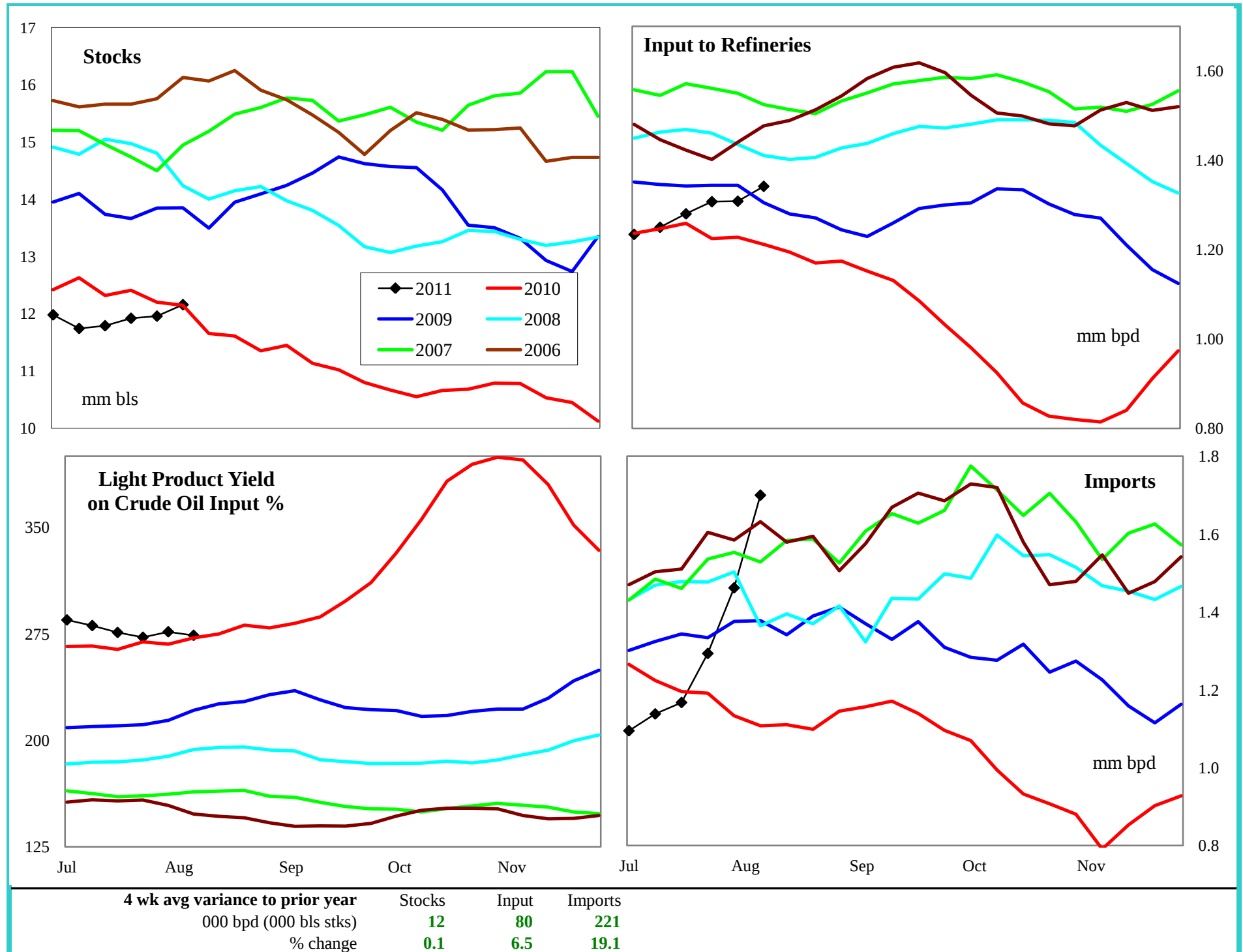
United States Jet Fuel Supply and Demand Balance



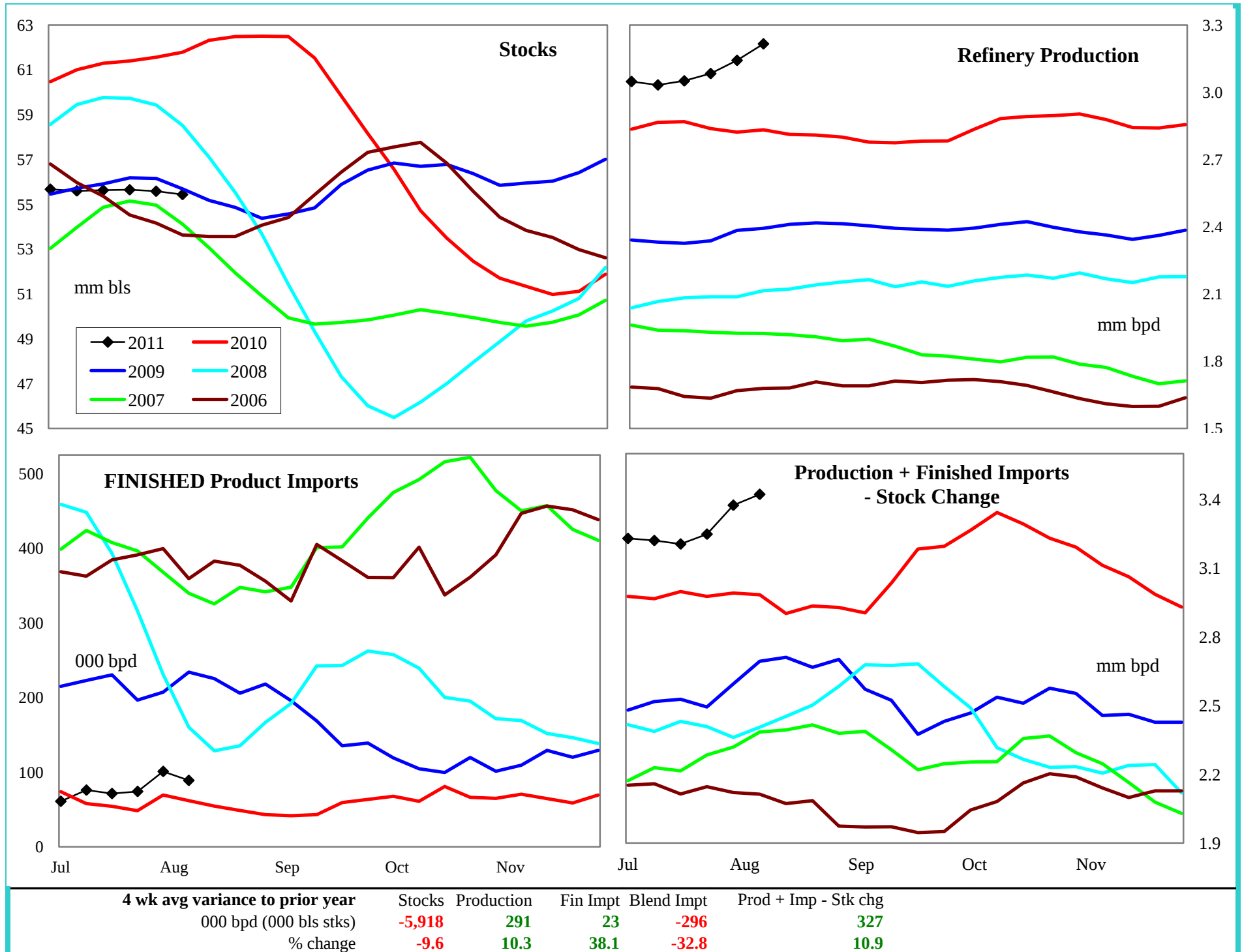
United States Residual Fuel Oil Supply and Demand Balance



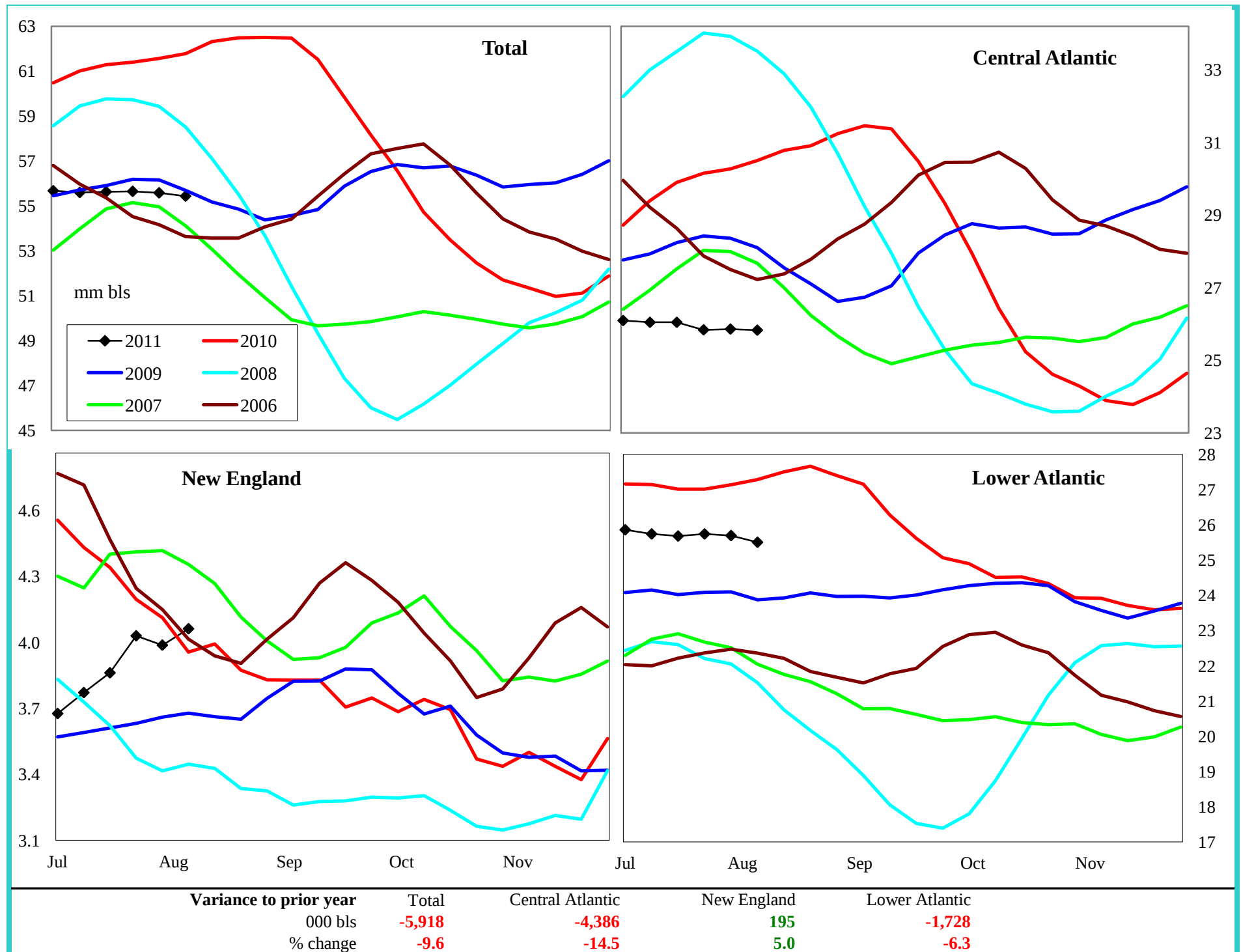
PADD 1 Crude Oil Supply and Refining



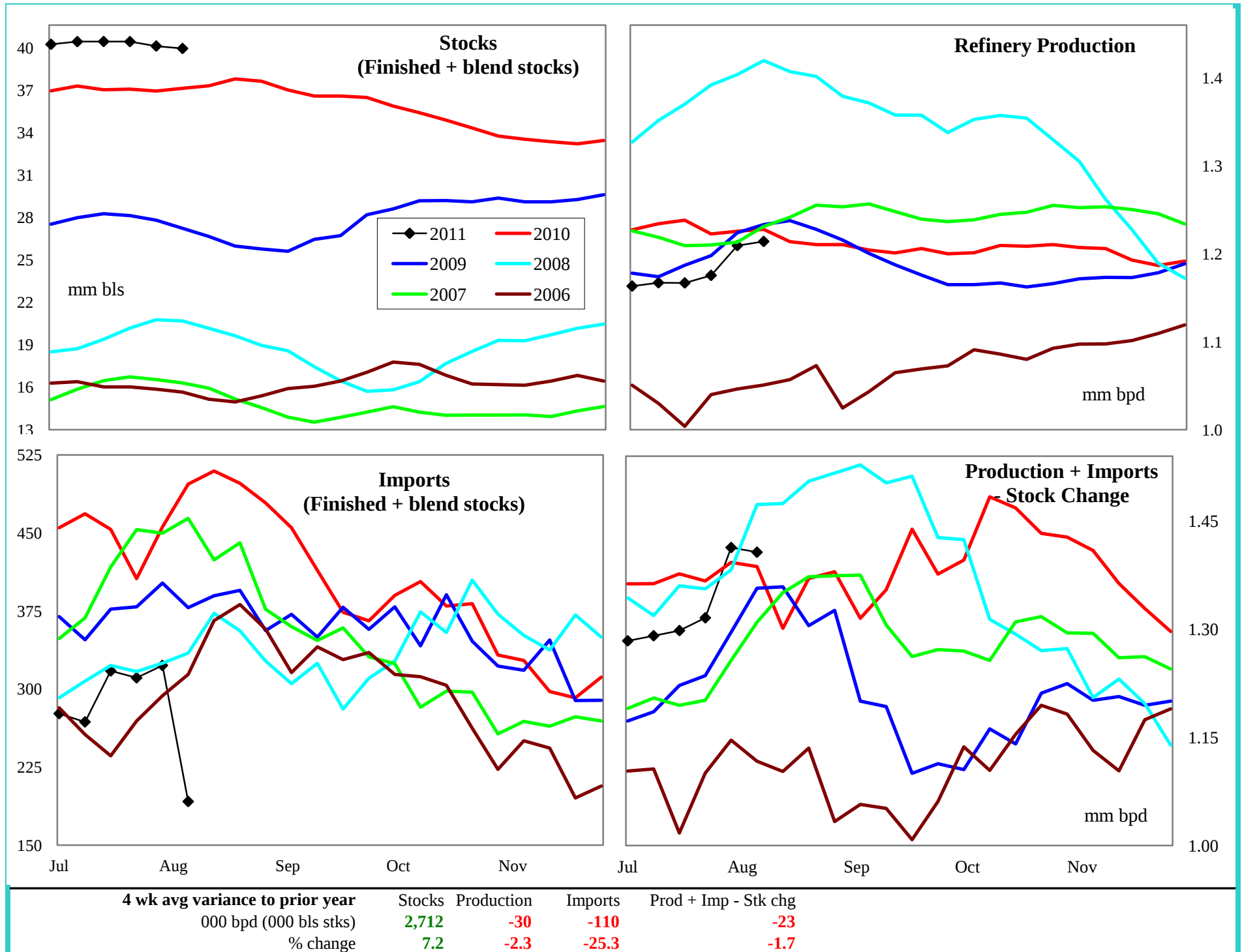
PADD 1 Gasoline Supply



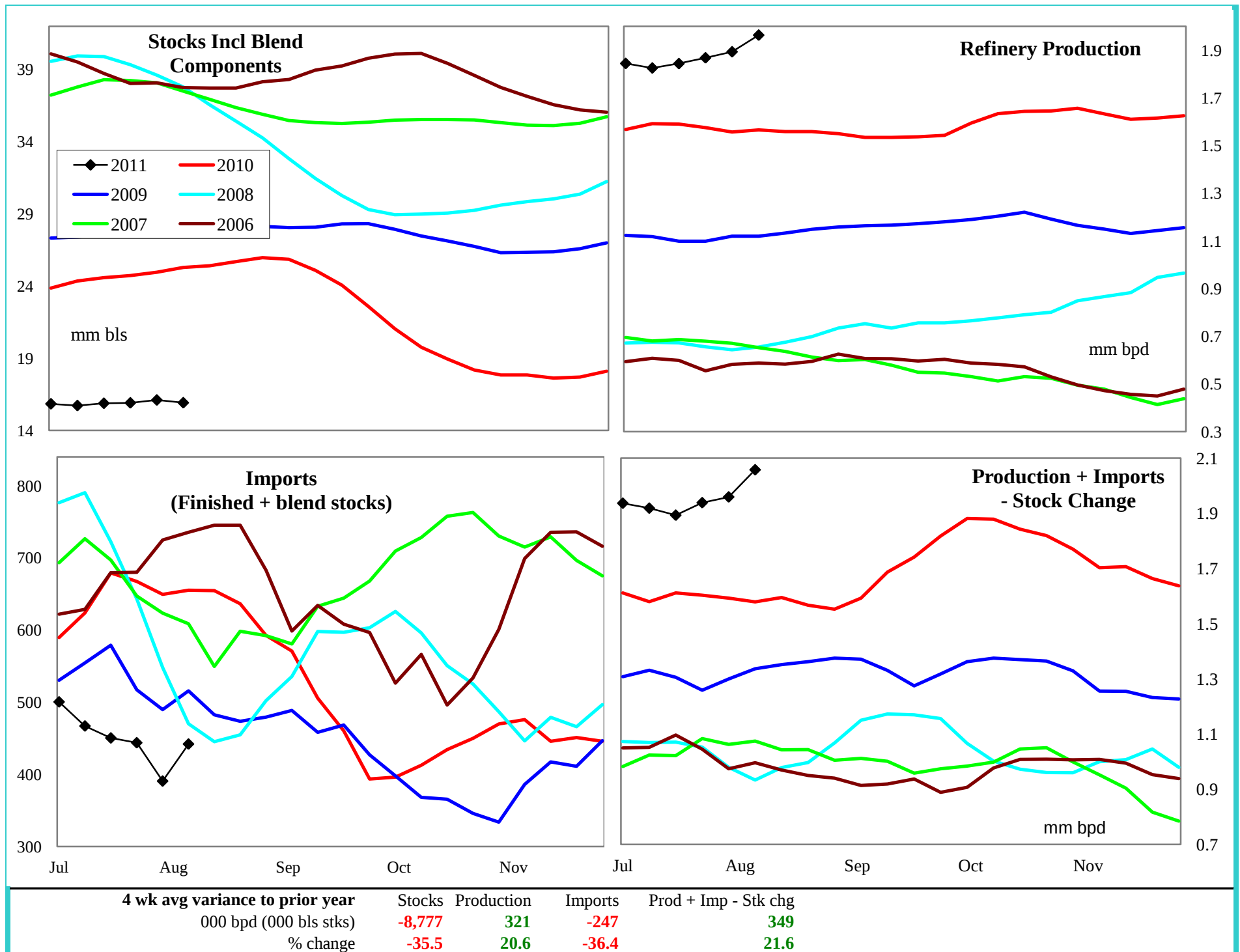
PADD 1 Gasoline Stocks by Region



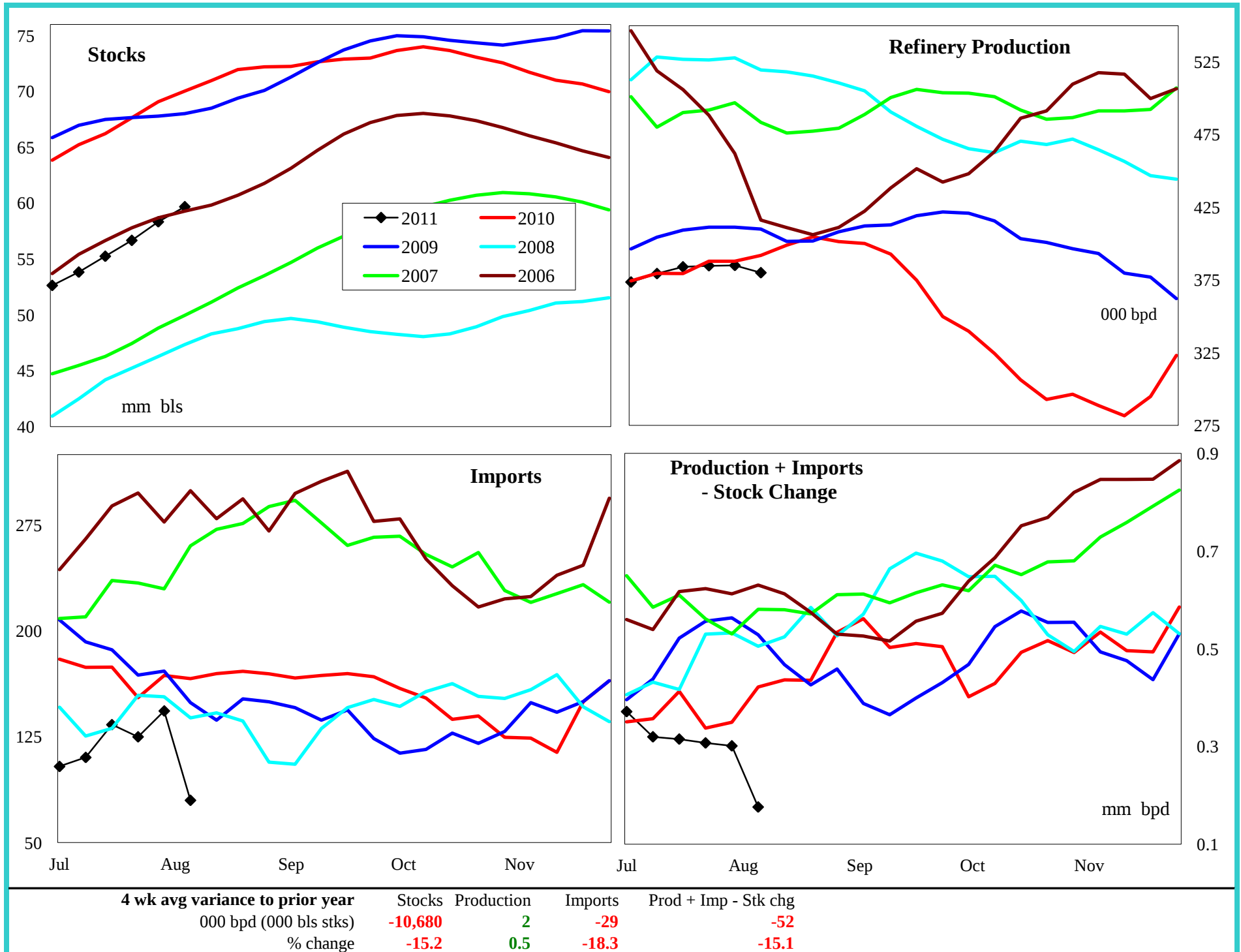
PADD 1 Reformulated Gasoline Supply



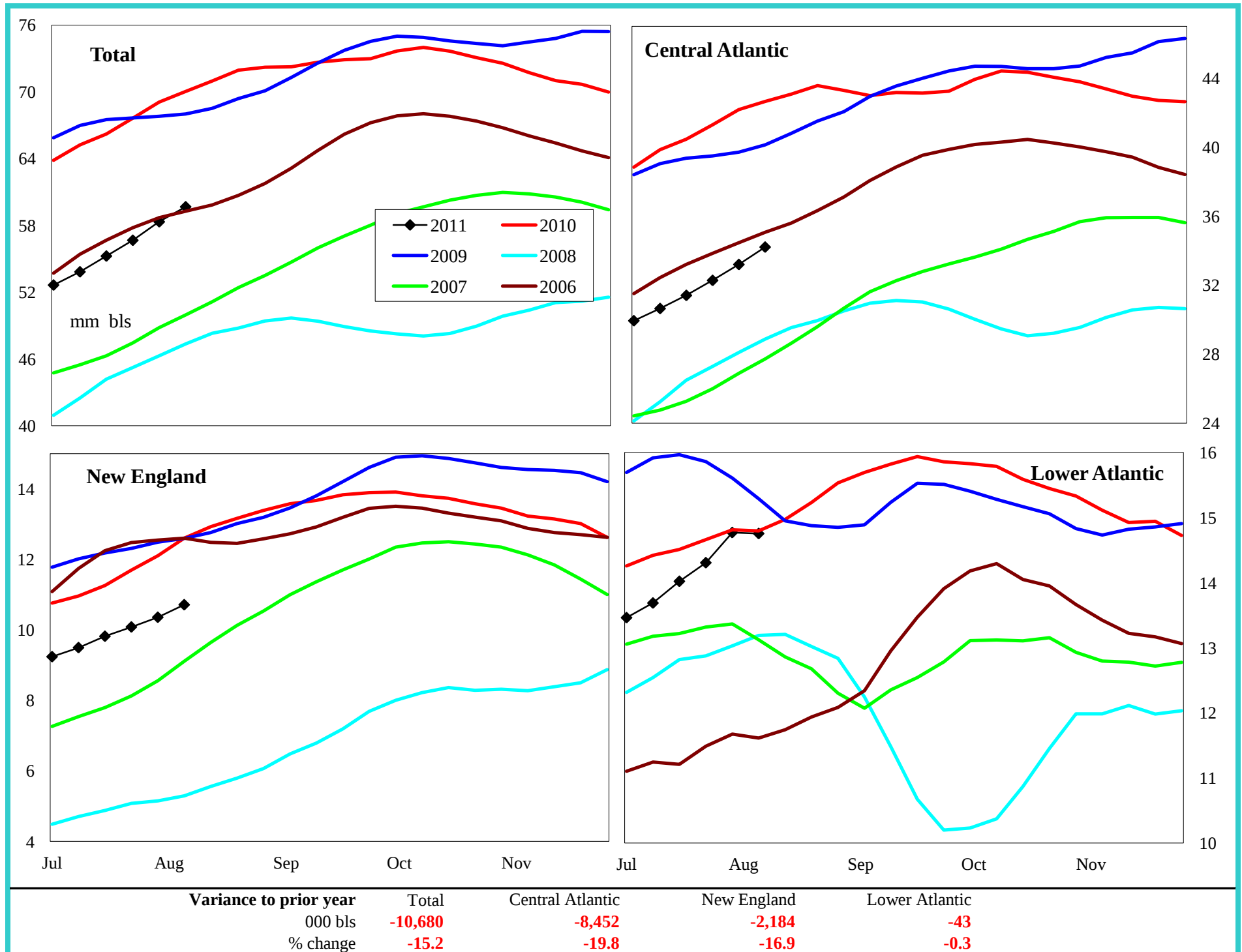
PADD 1 Conventional Gasoline Supply



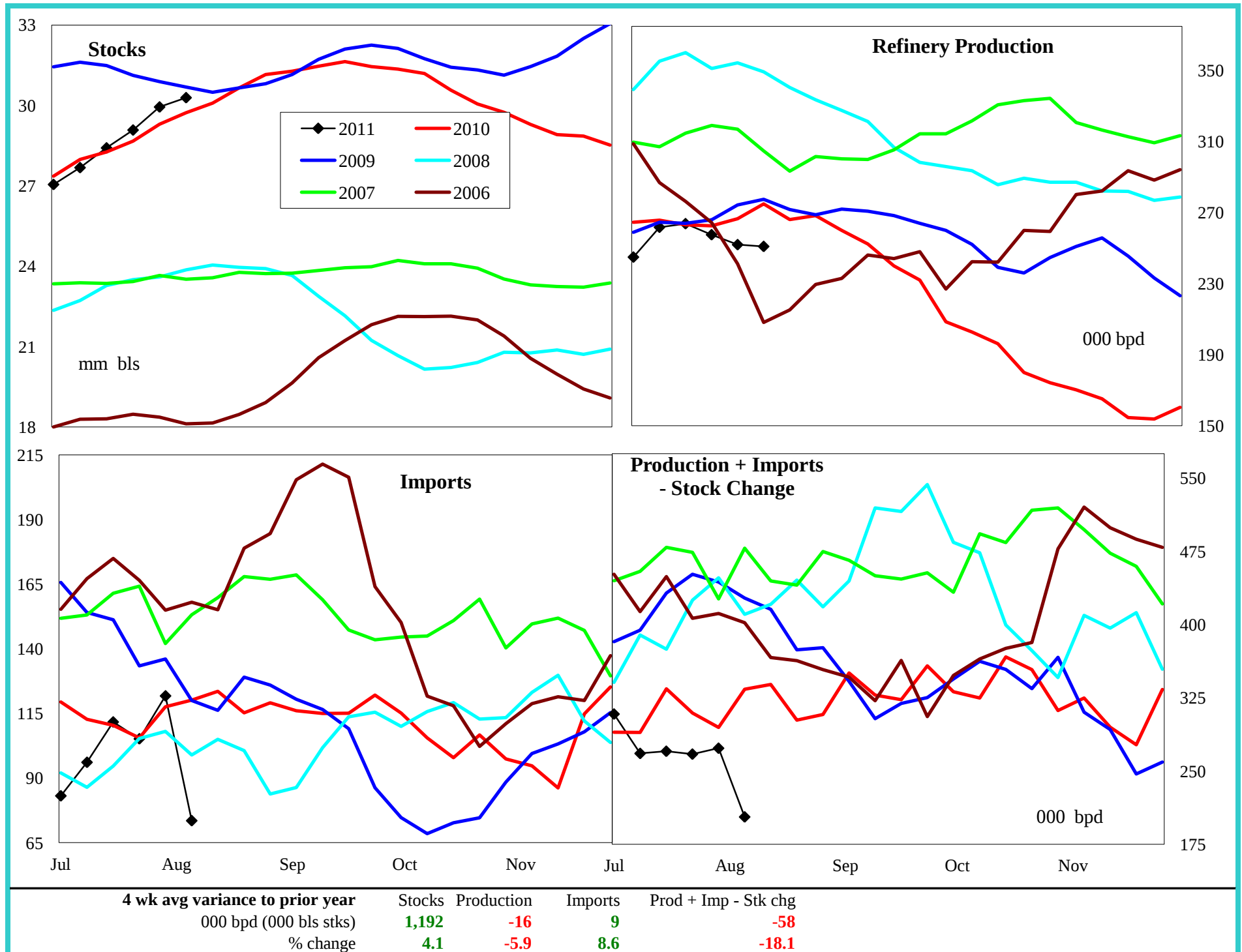
PADD 1 Distillate Supply



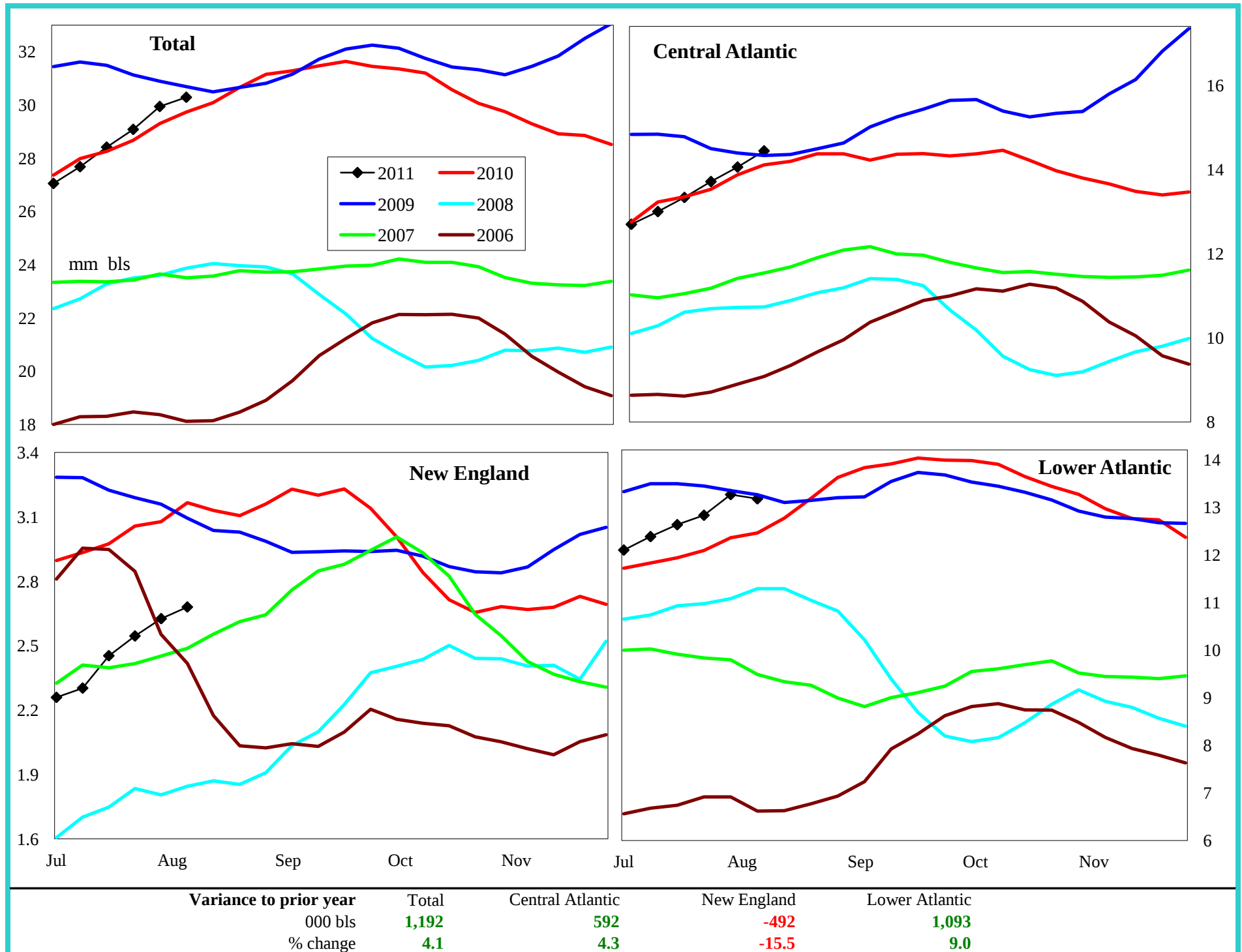
PADD 1 Distillate Stocks by Region



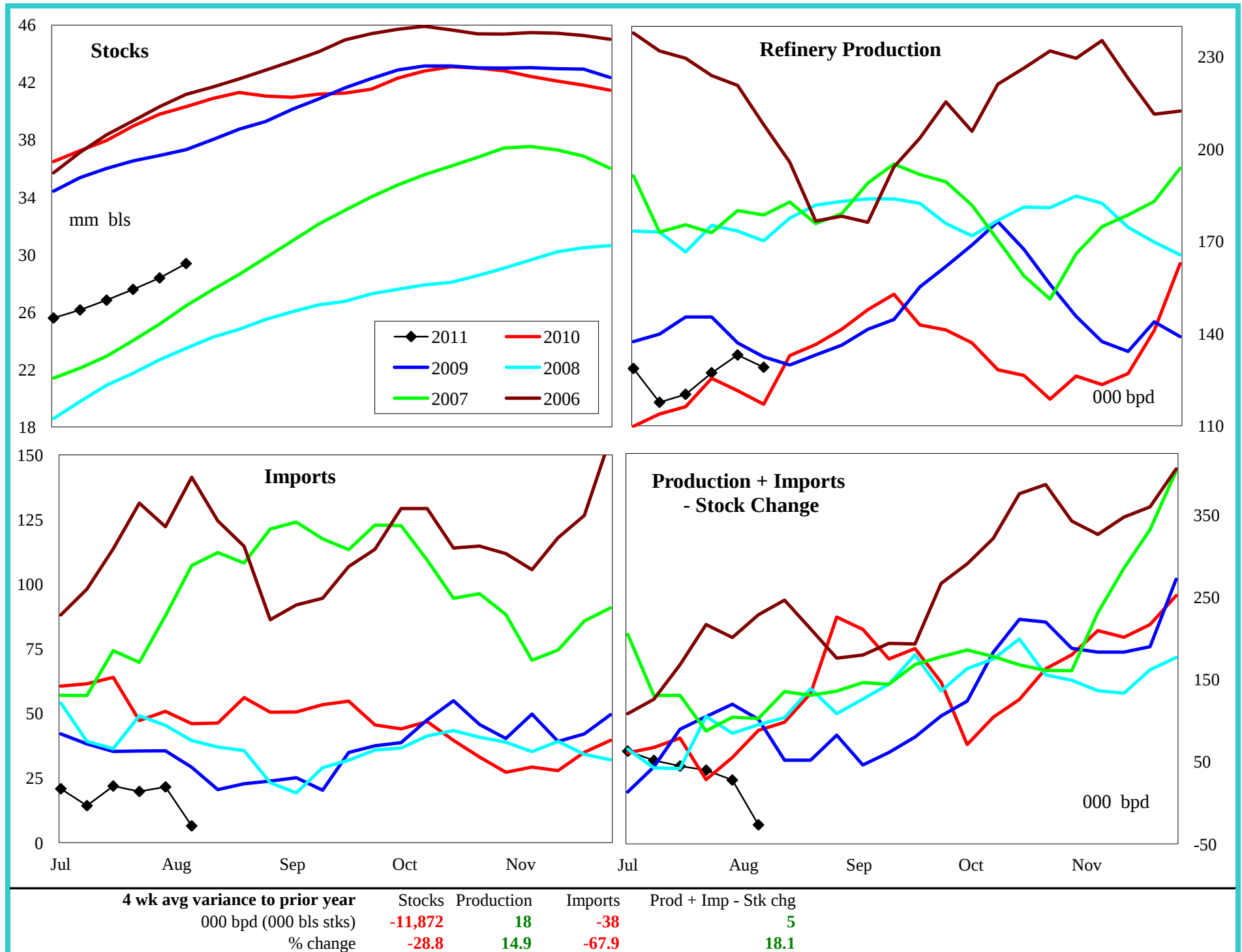
PADD 1 Low Sulfur Distillate Supply



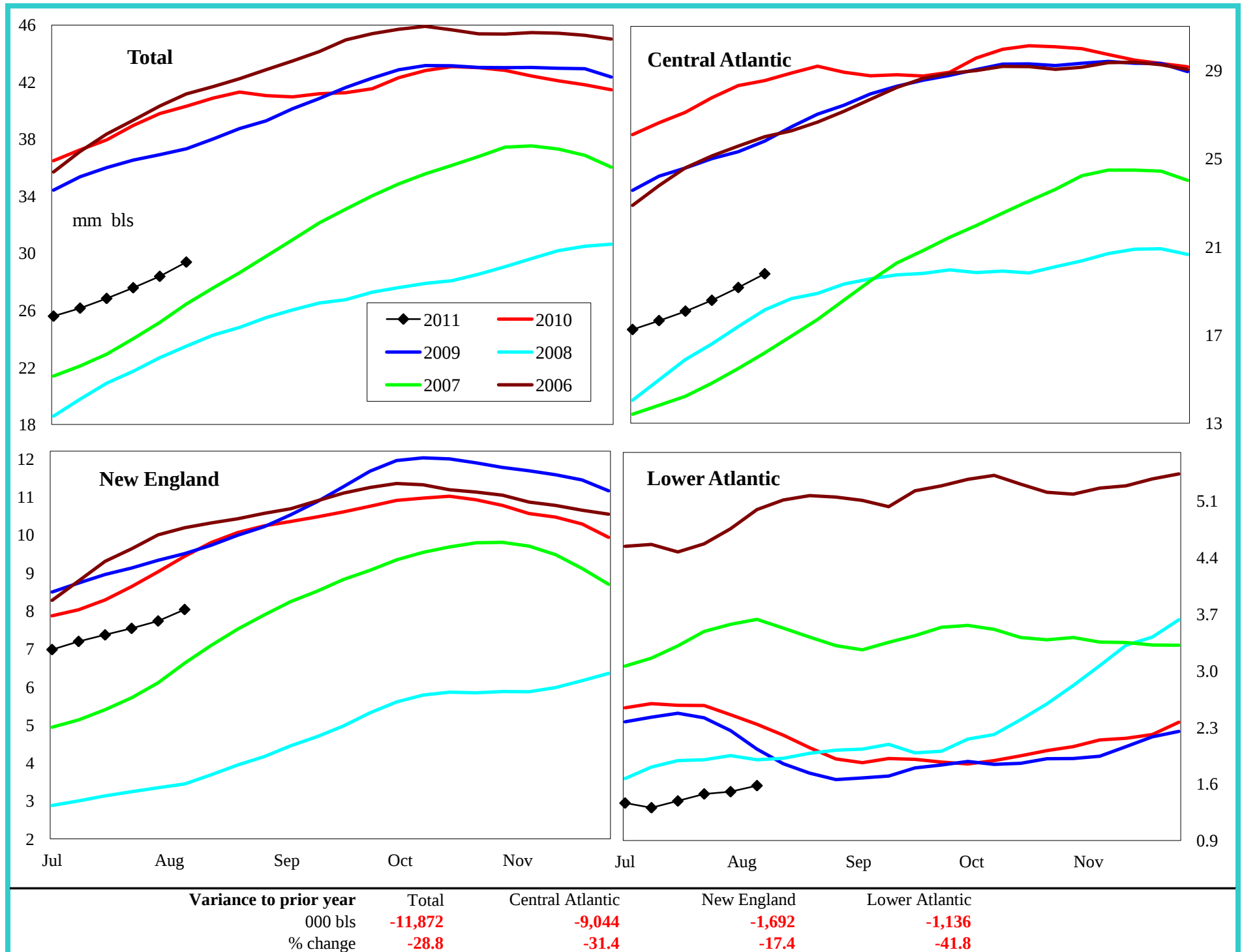
PADD 1 Low Sulfur Distillate Stocks by Region



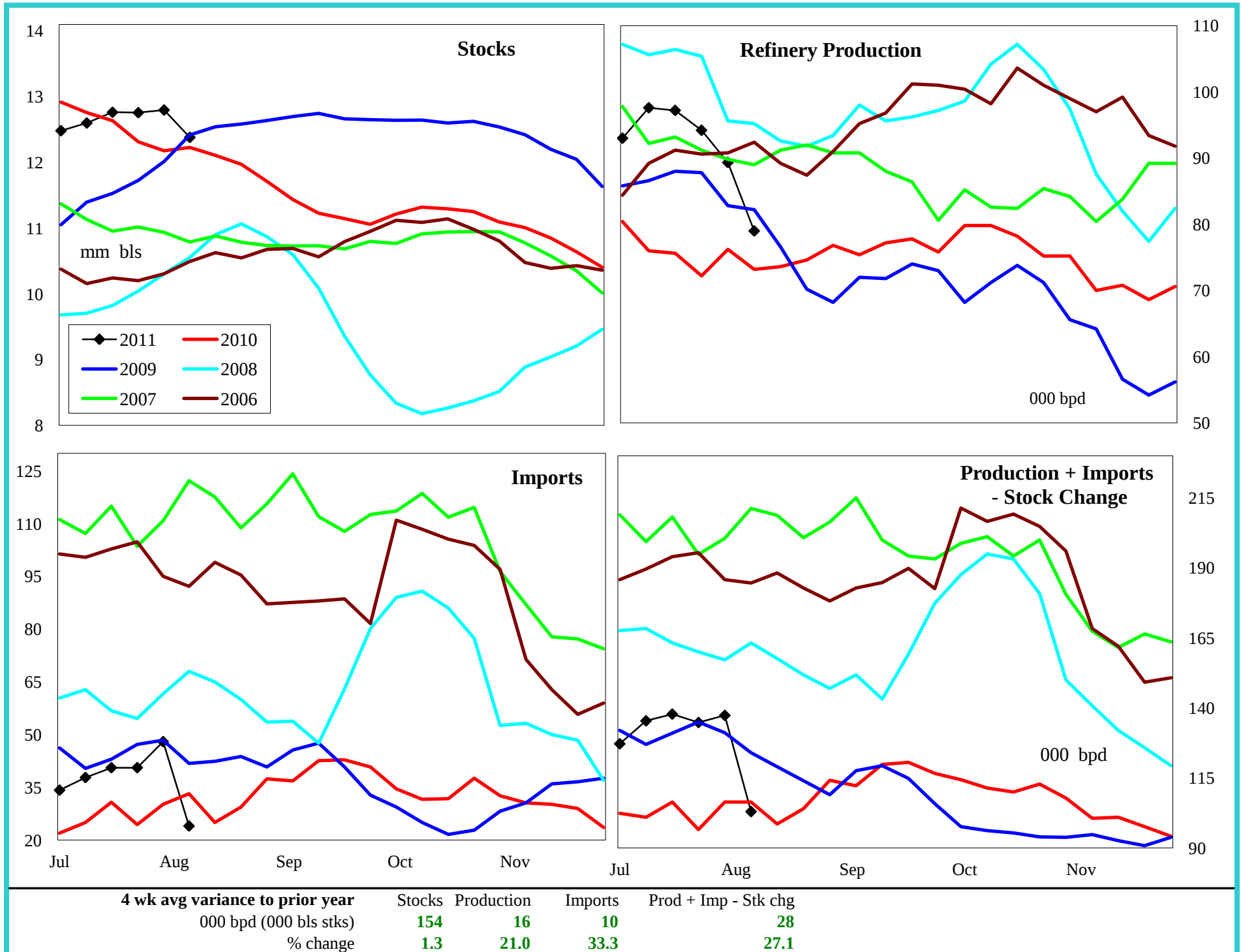
PADD 1 High Sulfur Distillate Supply



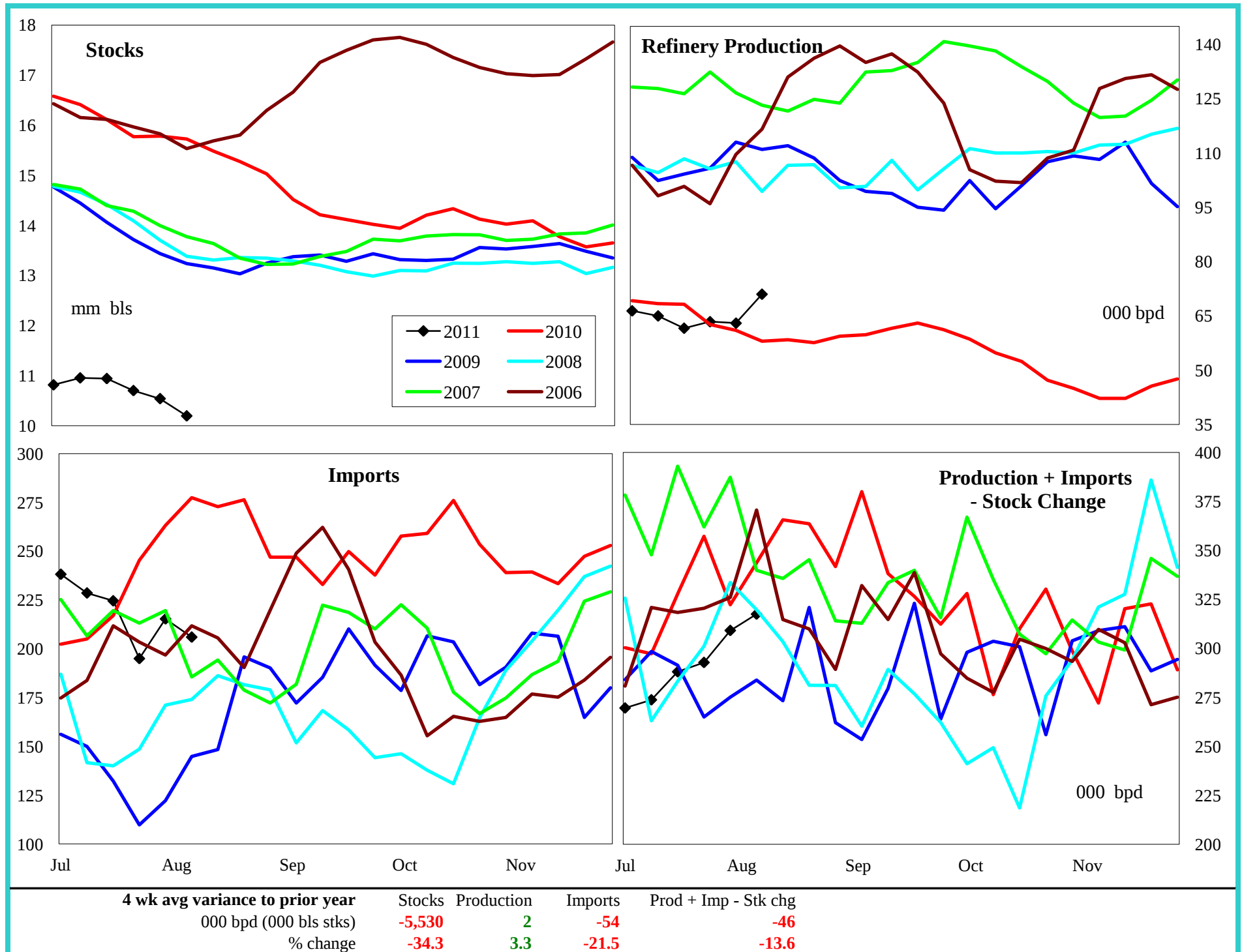
PADD 1 High Sulfur Distillate Stocks by Region



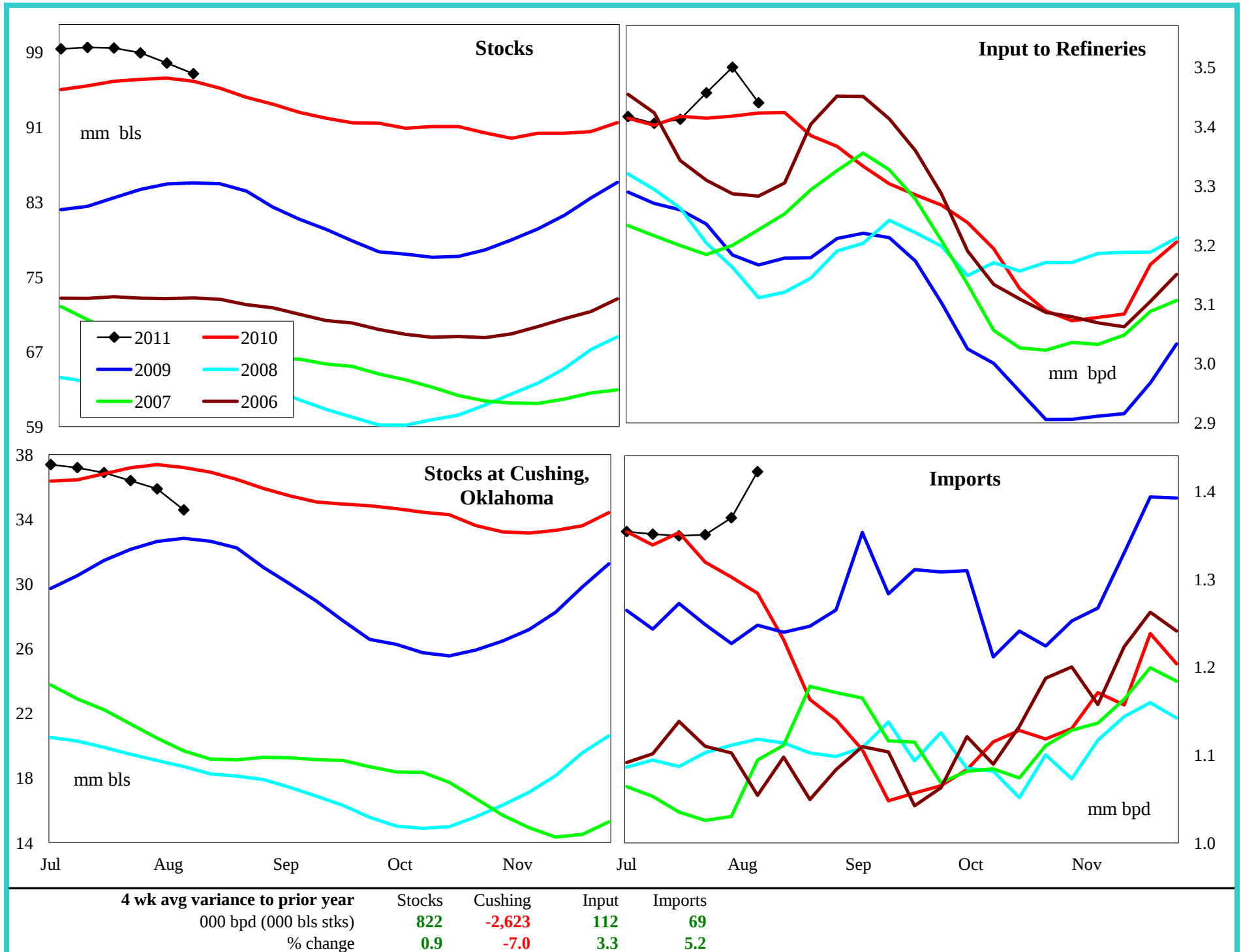
PADD 1 Jet Fuel Supply



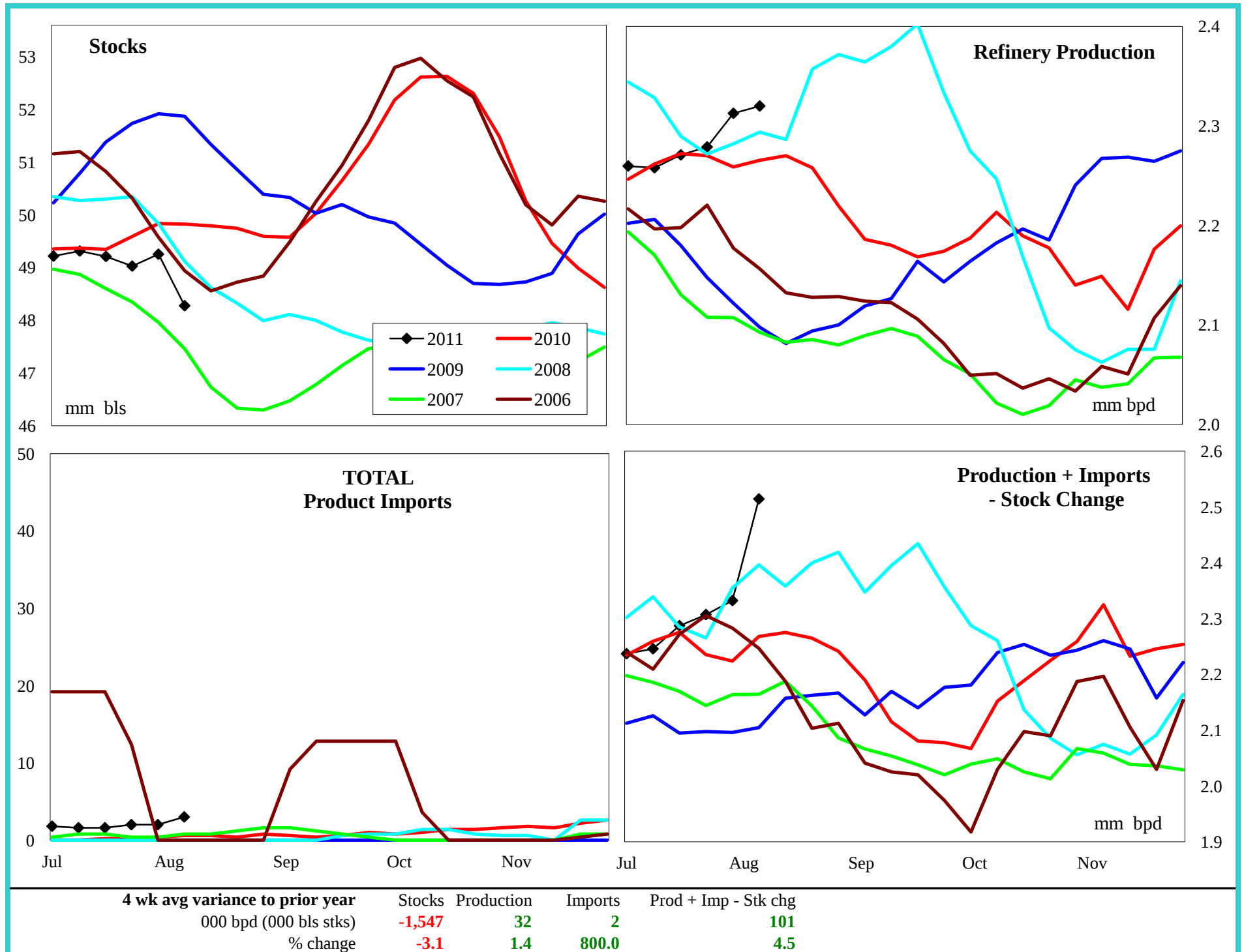
PADD 1 Residual Fuel Oil Supply



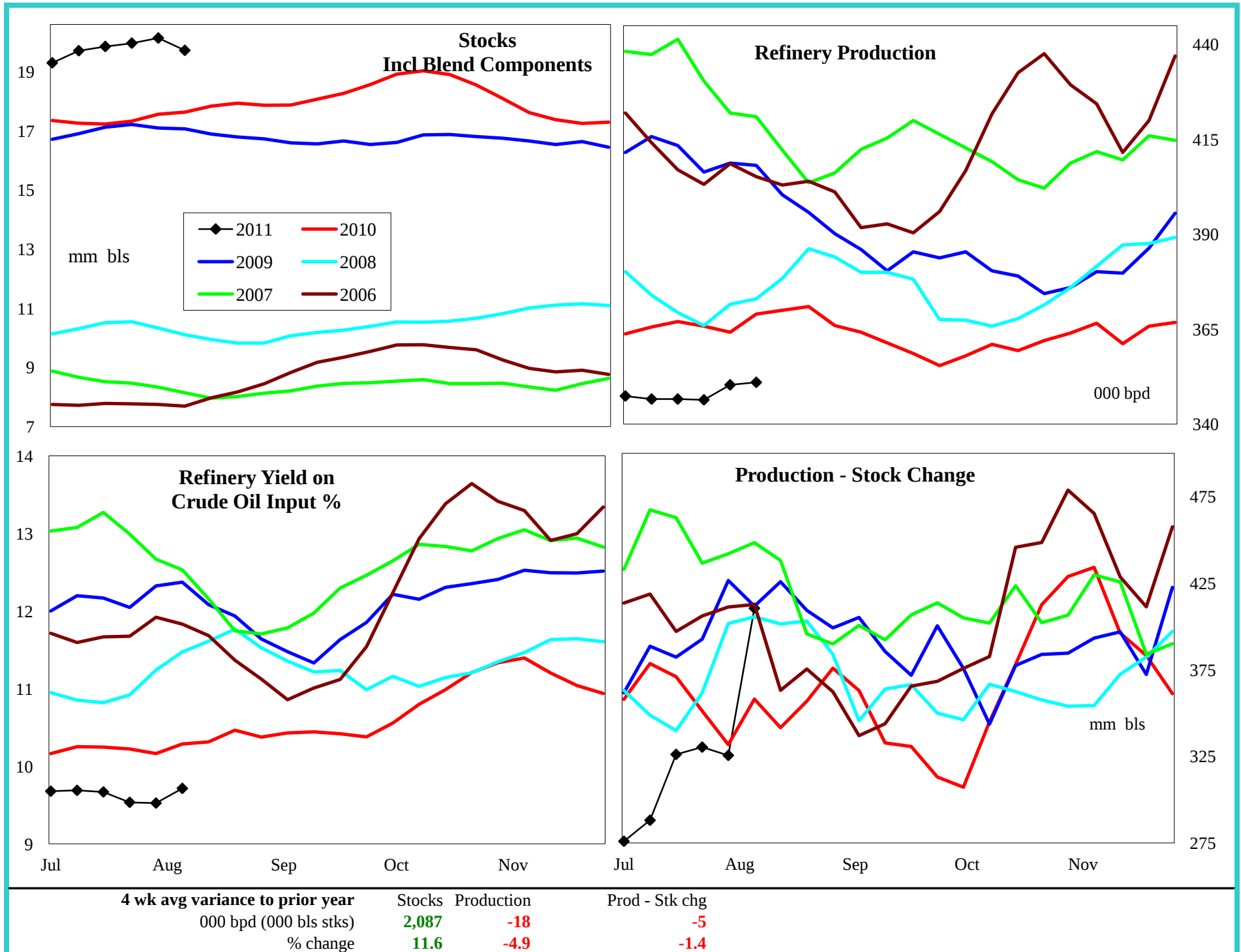
PADD 2 Crude Oil Supply and Refining



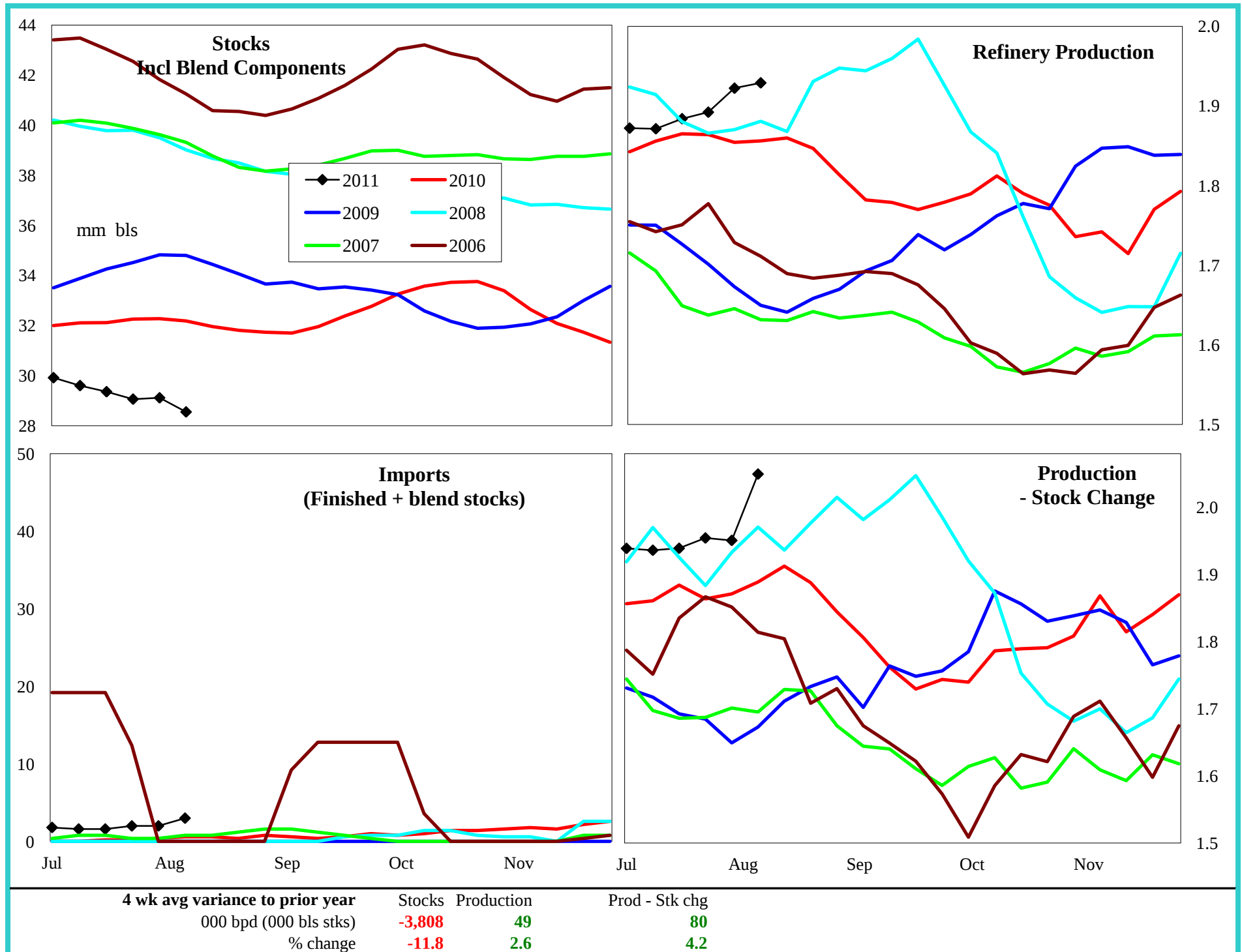
PADD 2 Gasoline Supply



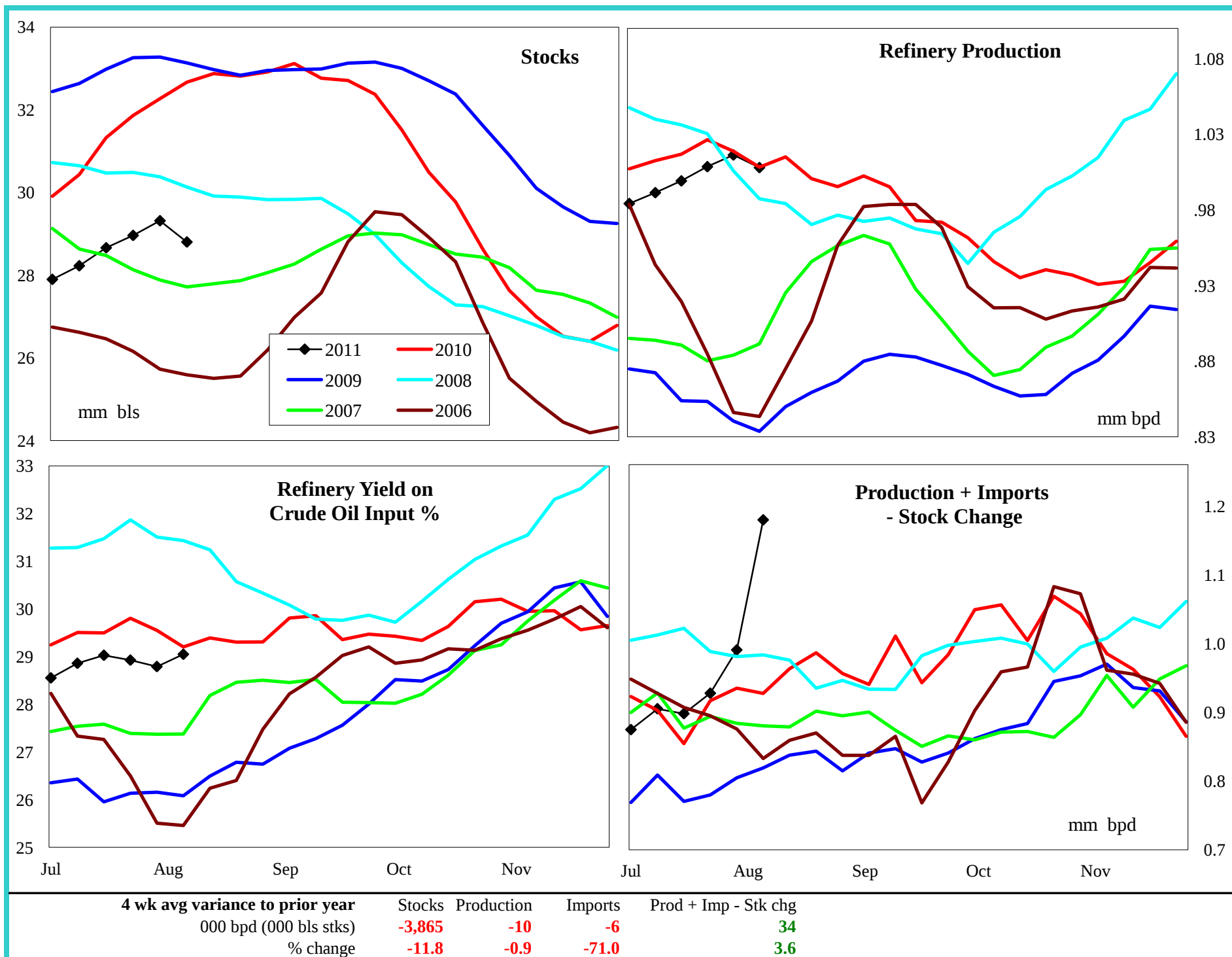
PADD 2 Reformulated Gasoline Supply



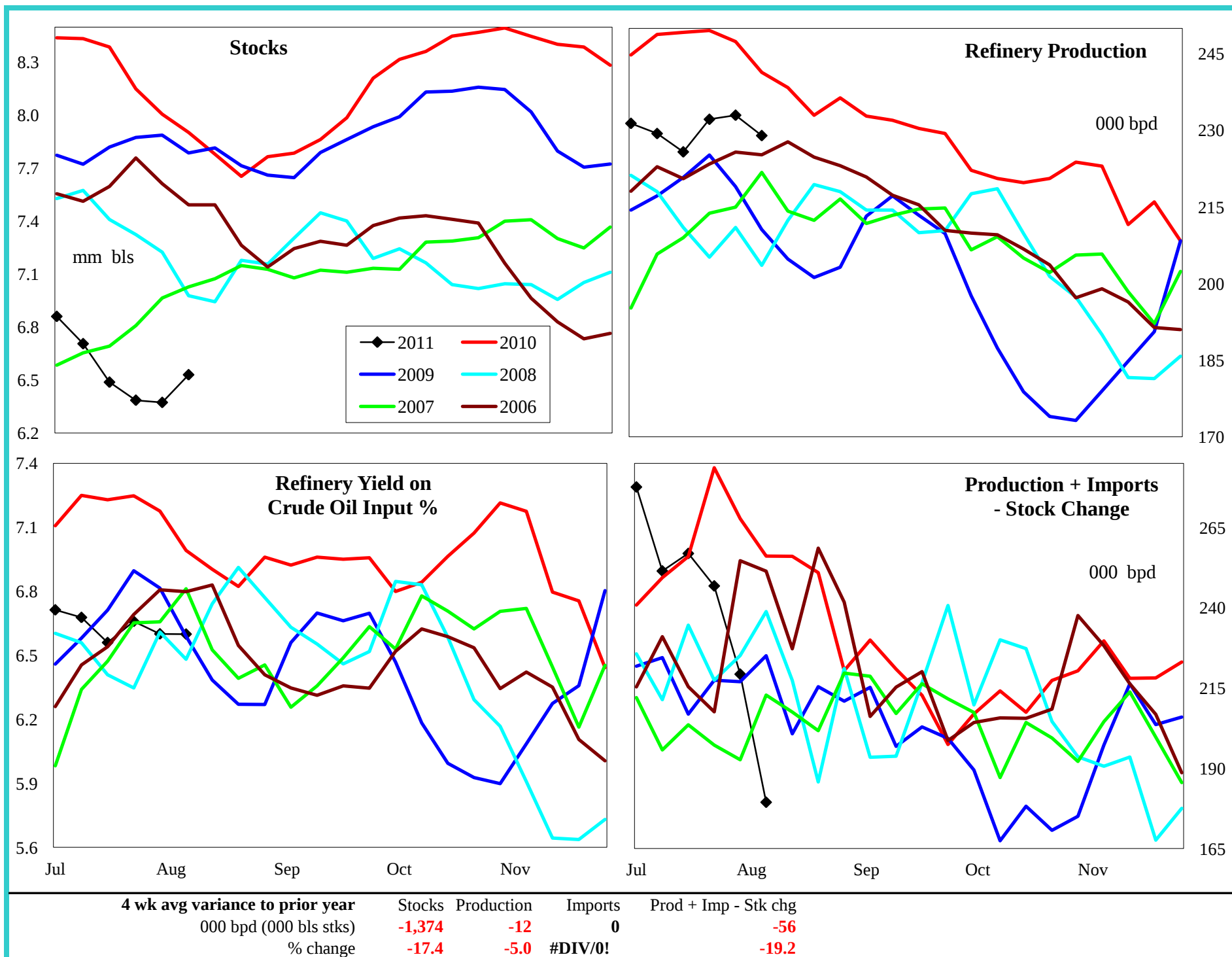
PADD 2 Conventional Gasoline Supply



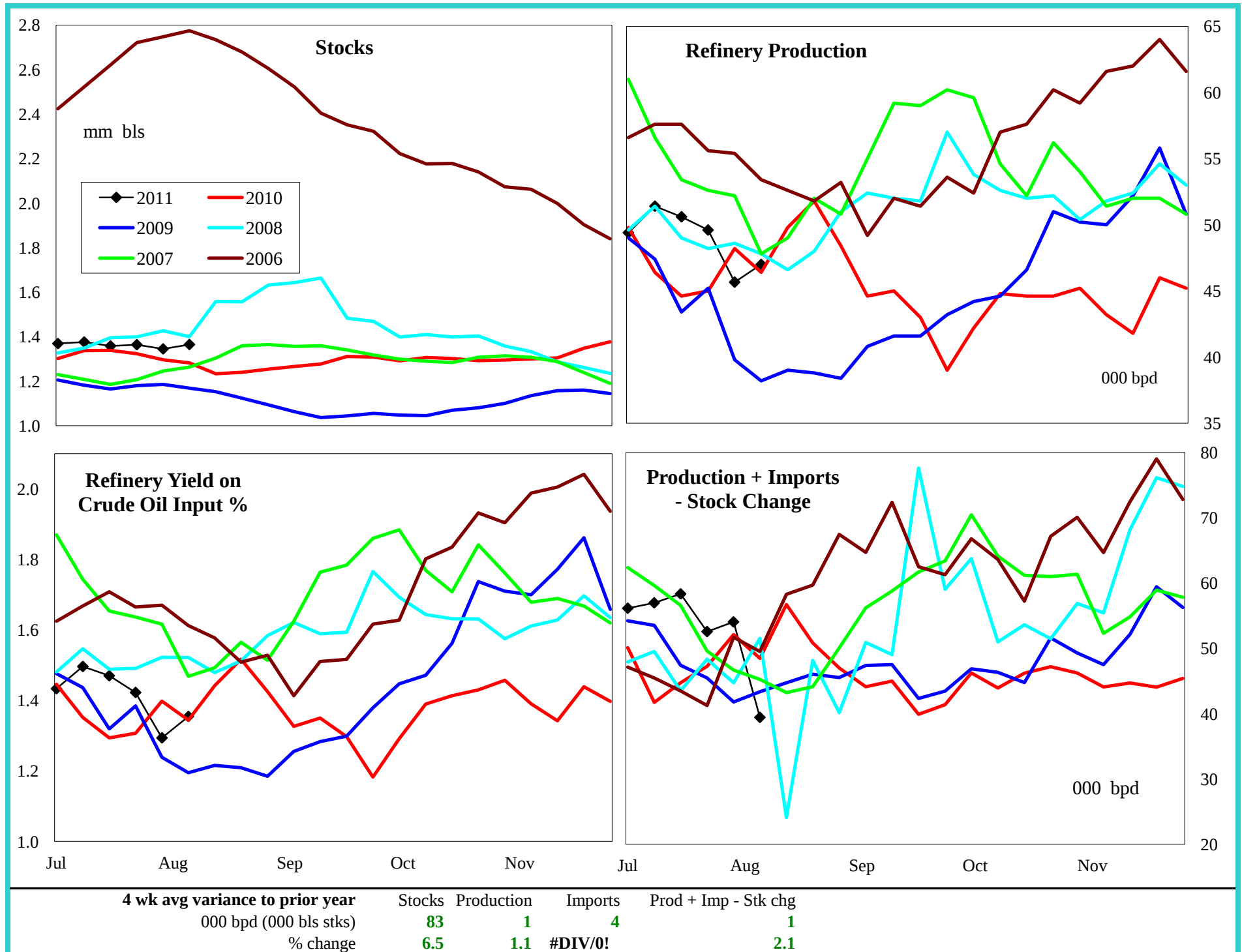
PADD 2 Distillate Supply



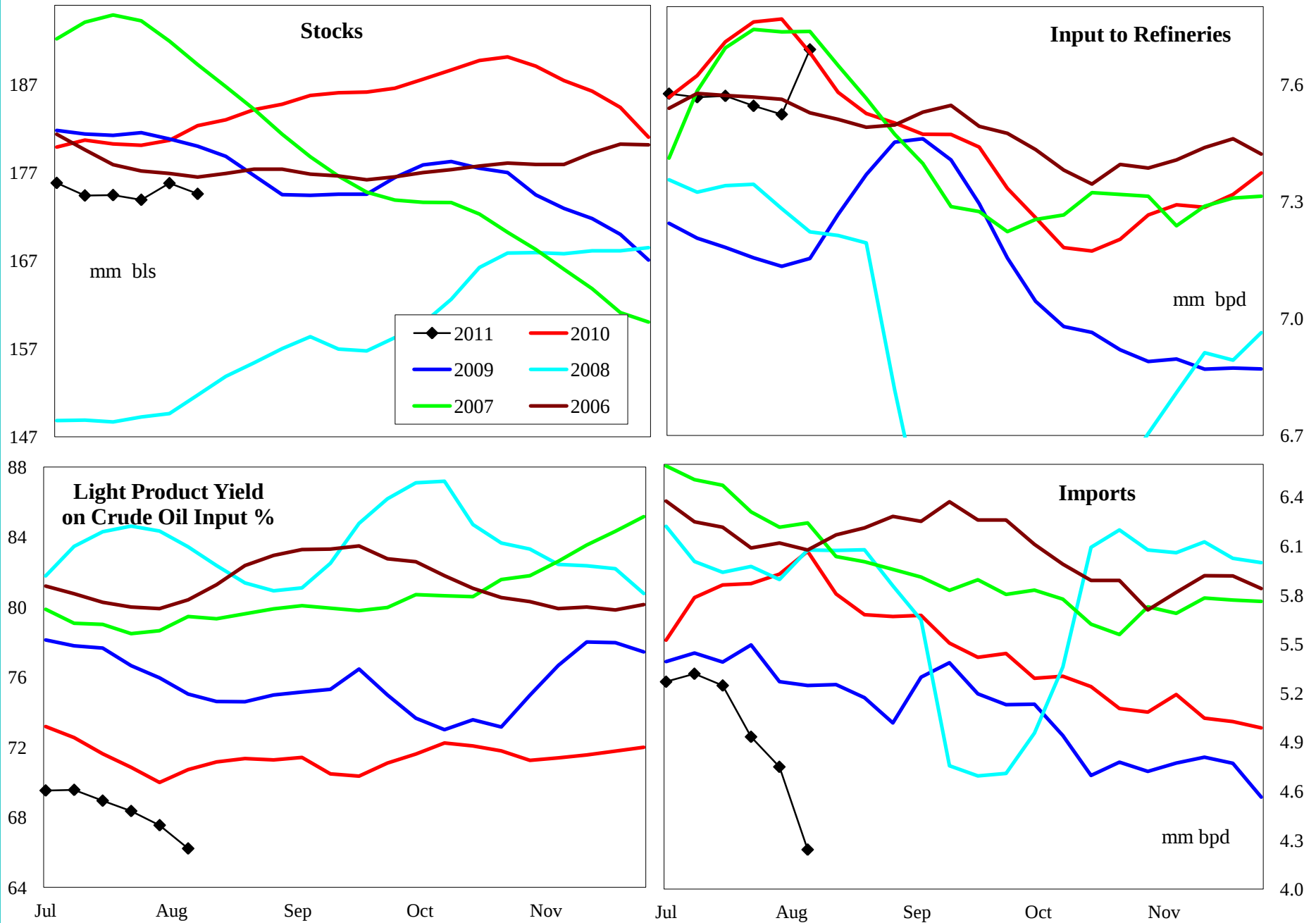
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



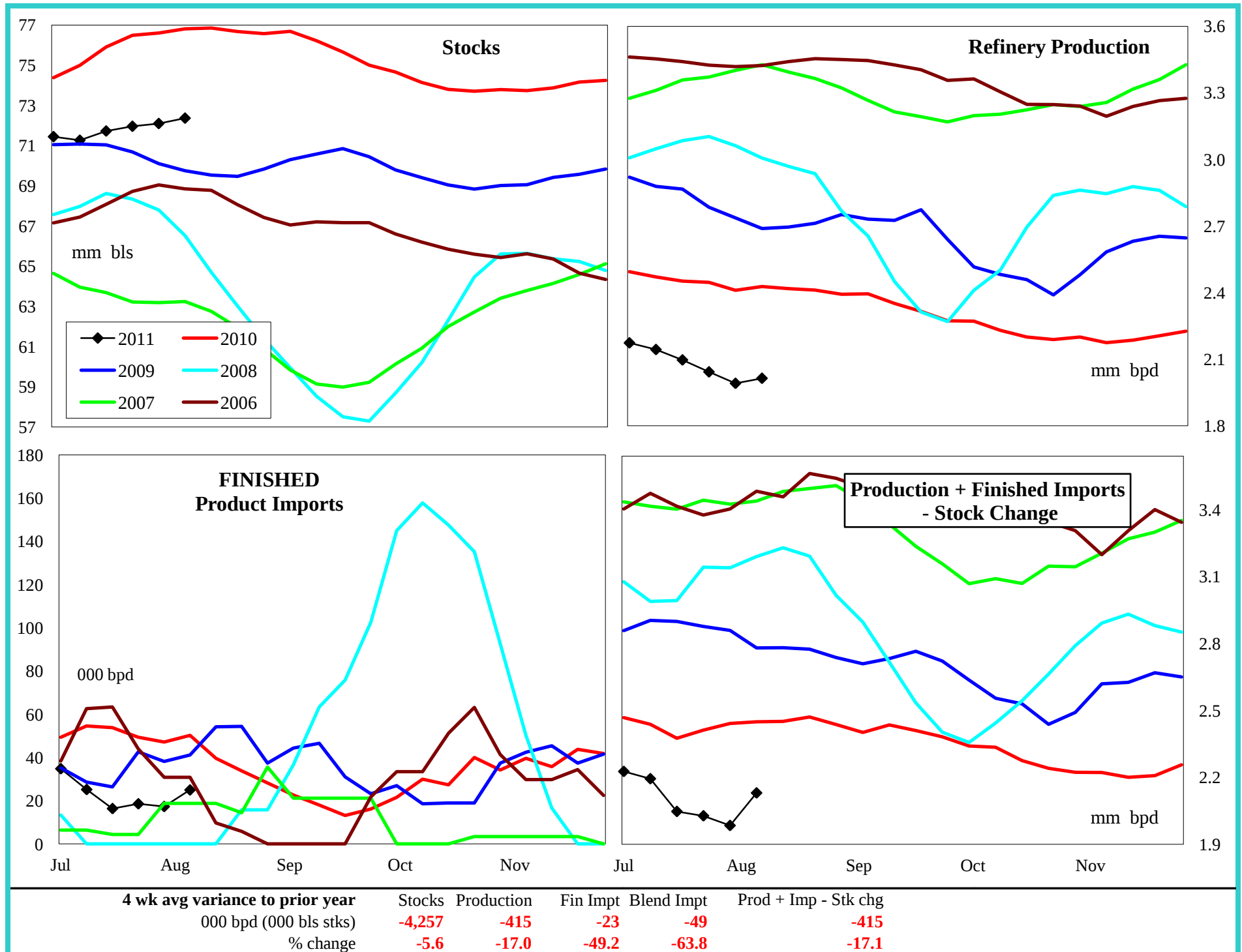
PADD 3 Crude Oil Supply and Refining



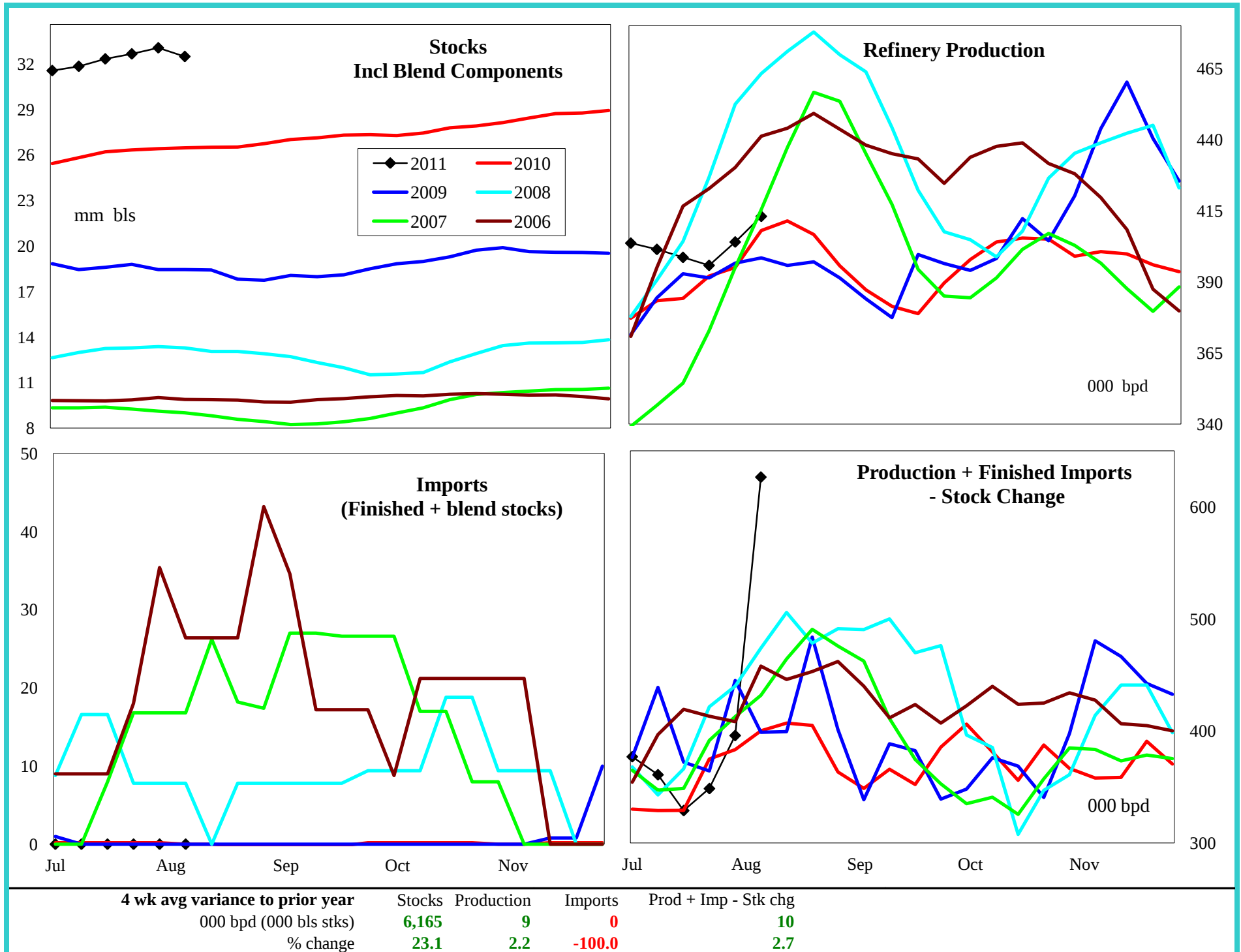
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

	Stocks	Input	Imports
000 bpd (000 bbls stks)	-7,746	-234	-1,112
% change	-4.2	-3.0	-18.7

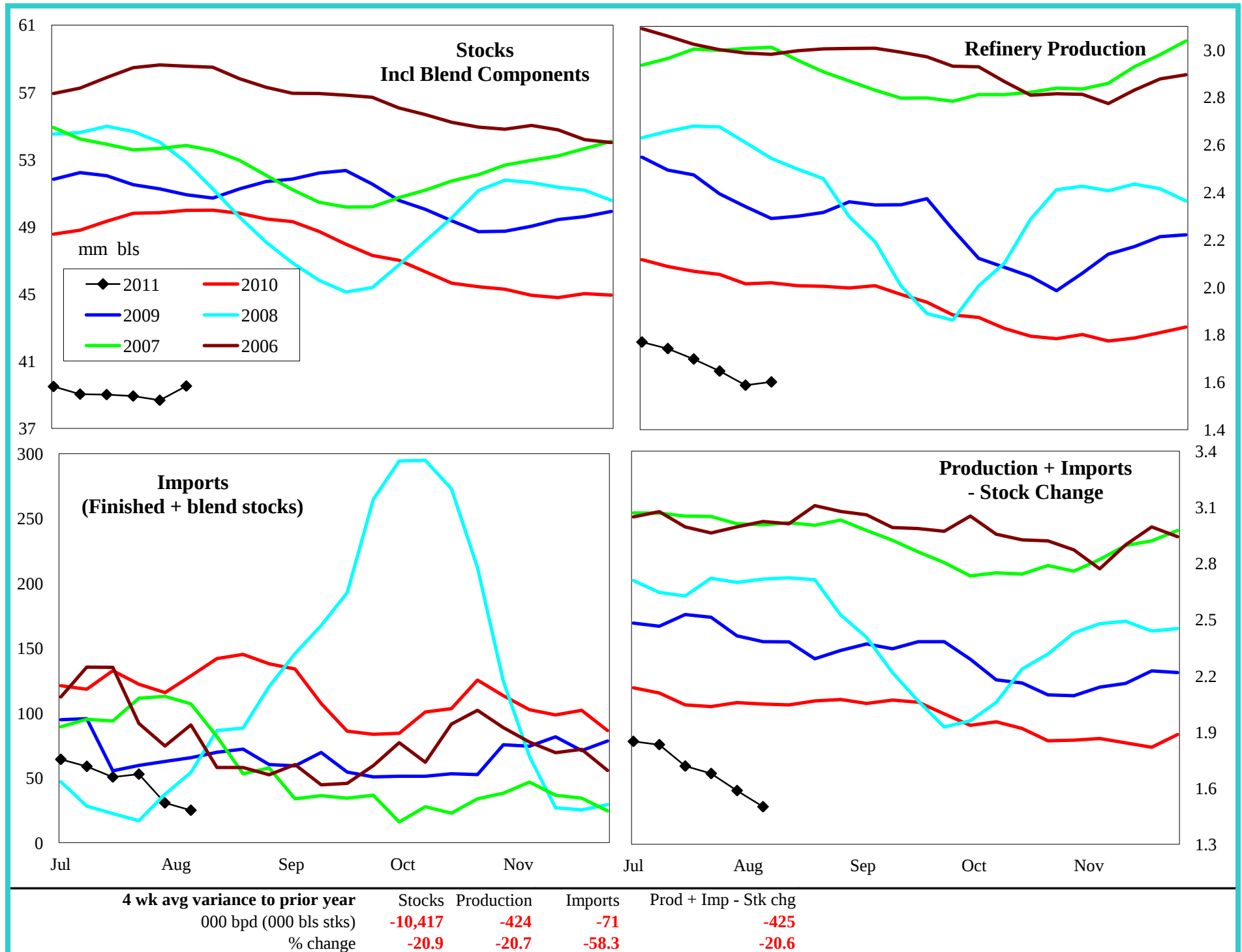
PADD 3 Gasoline Supply



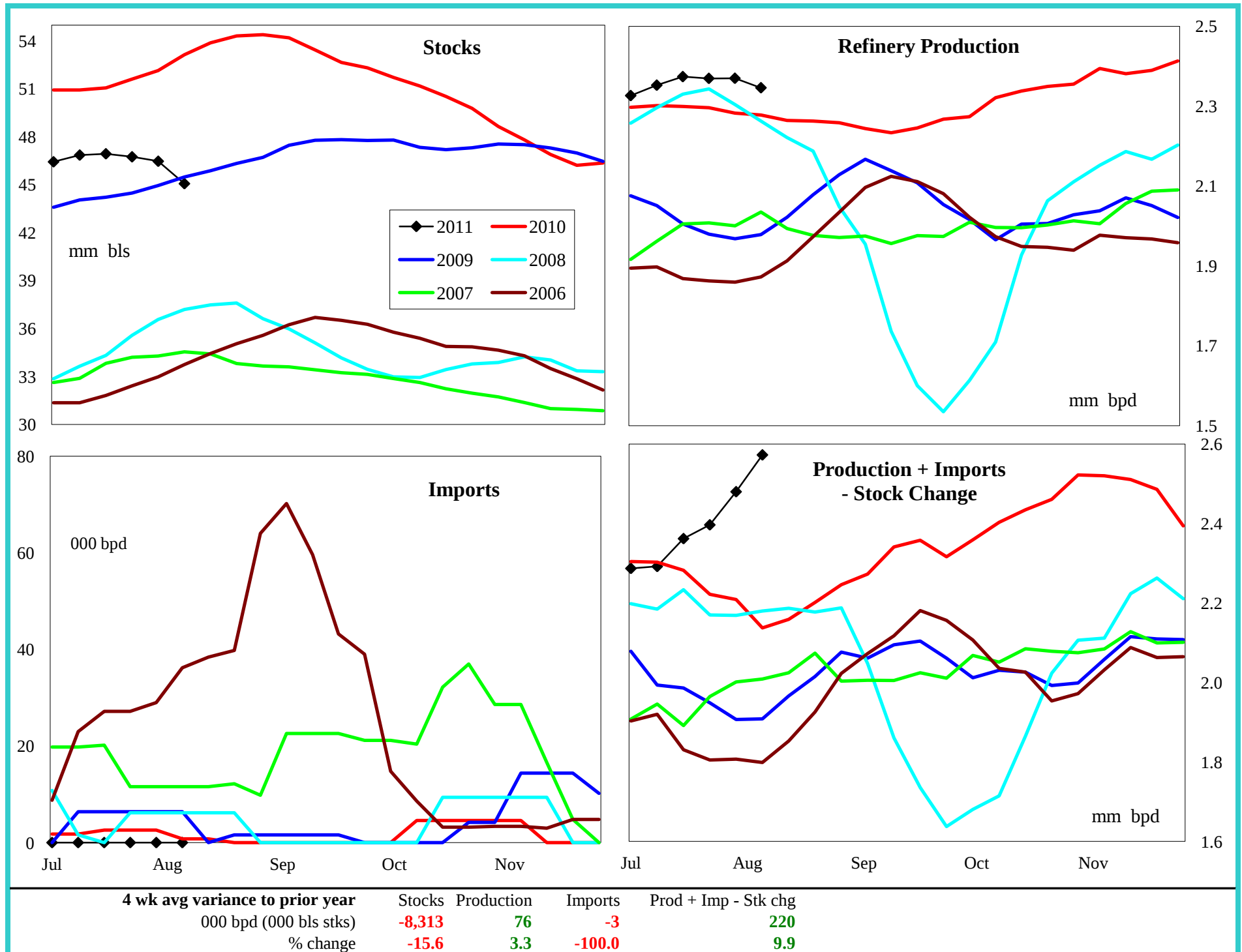
PADD 3 Reformulated Gasoline Supply



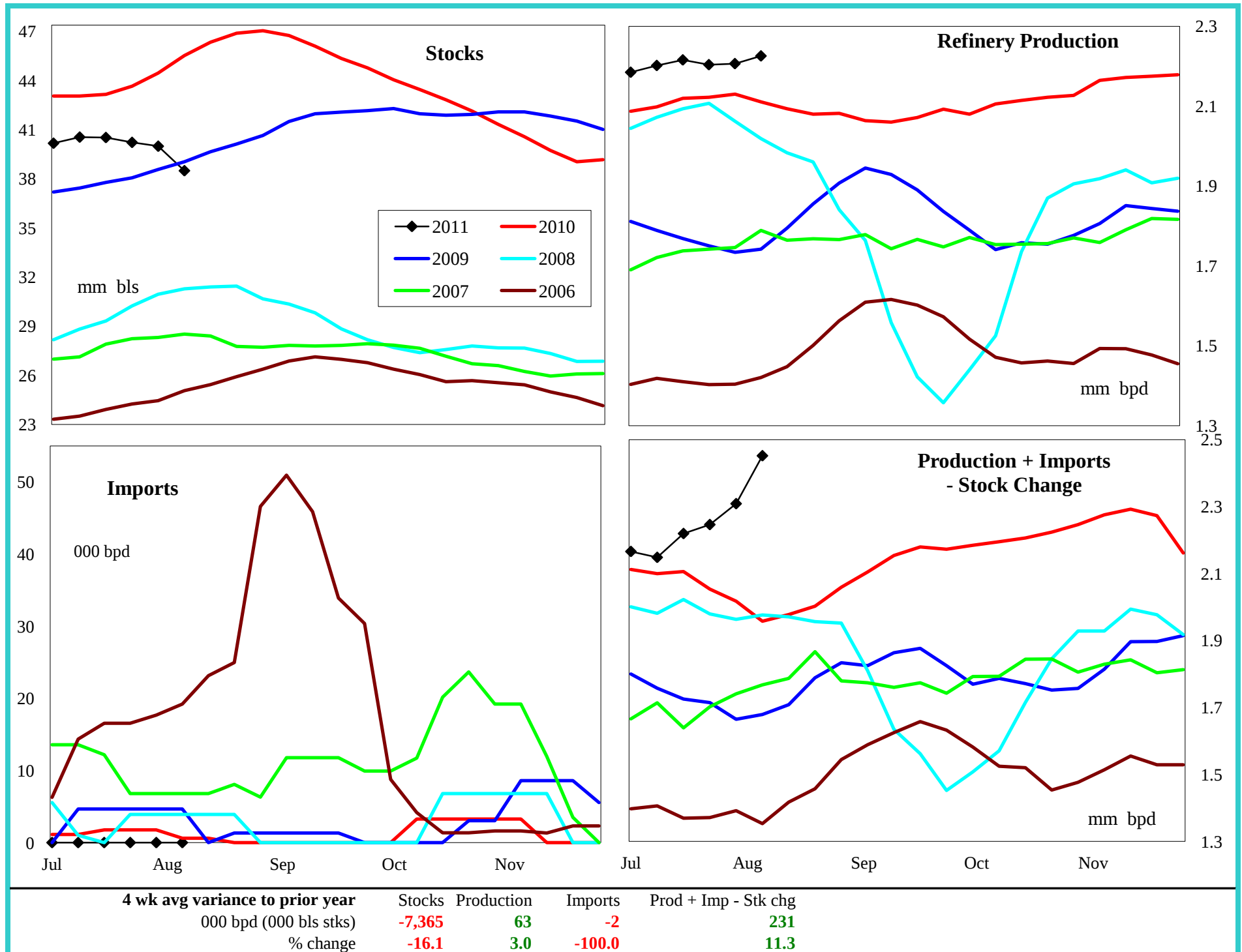
PADD 3 Conventional Gasoline Supply



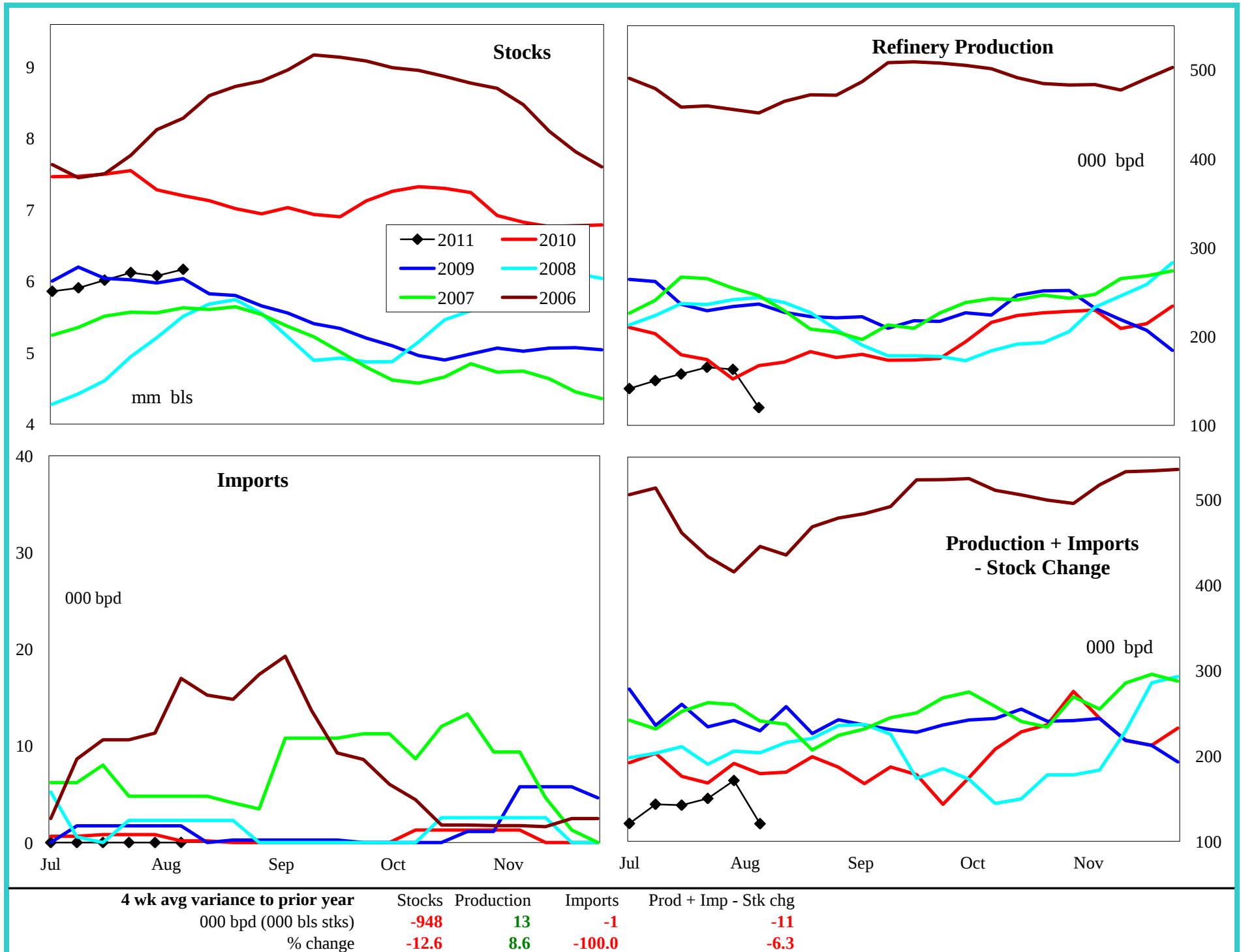
PADD 3 Distillate Supply



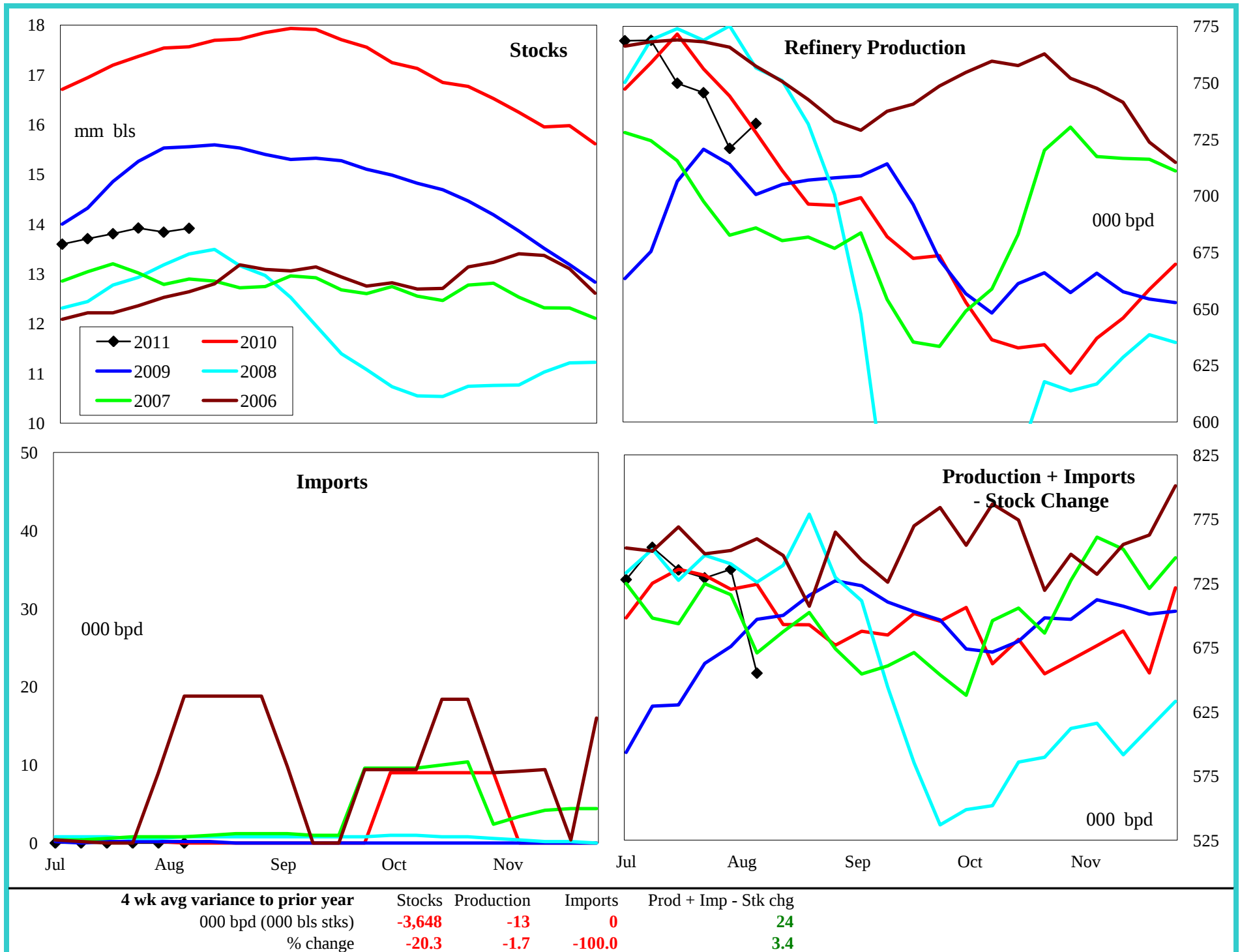
PADD 3 Low Sulfur Distillate Supply



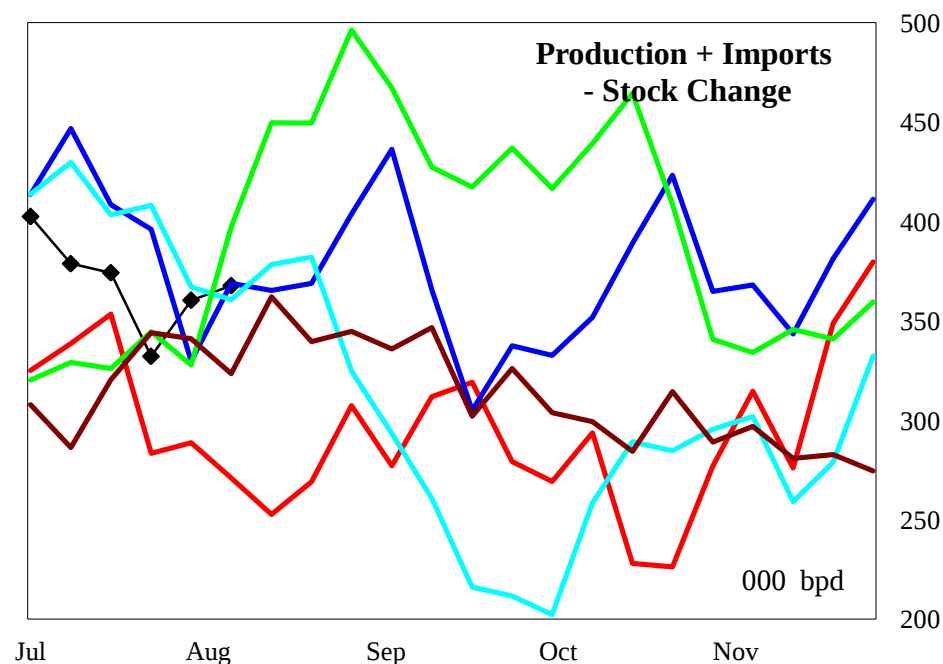
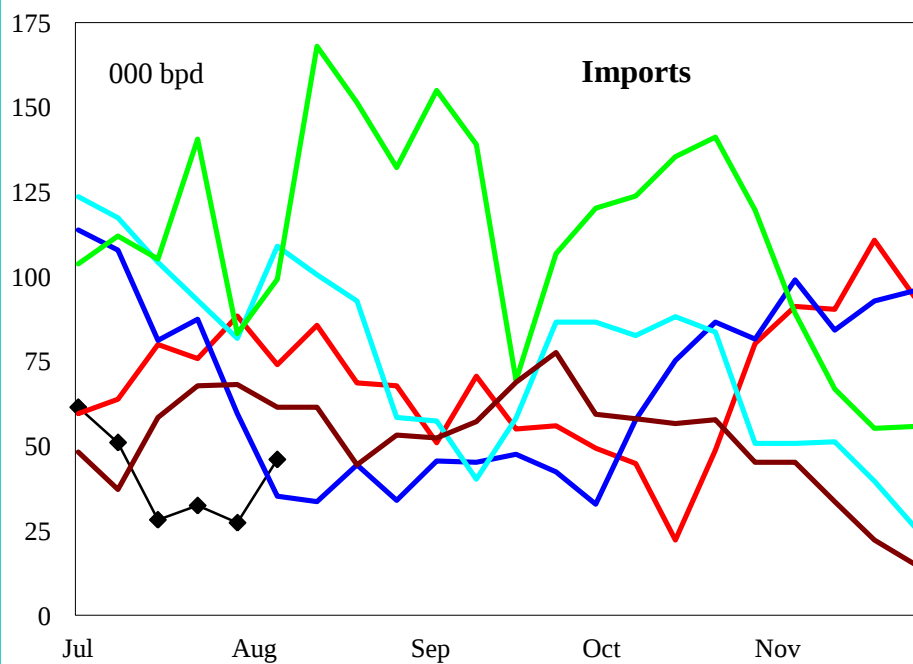
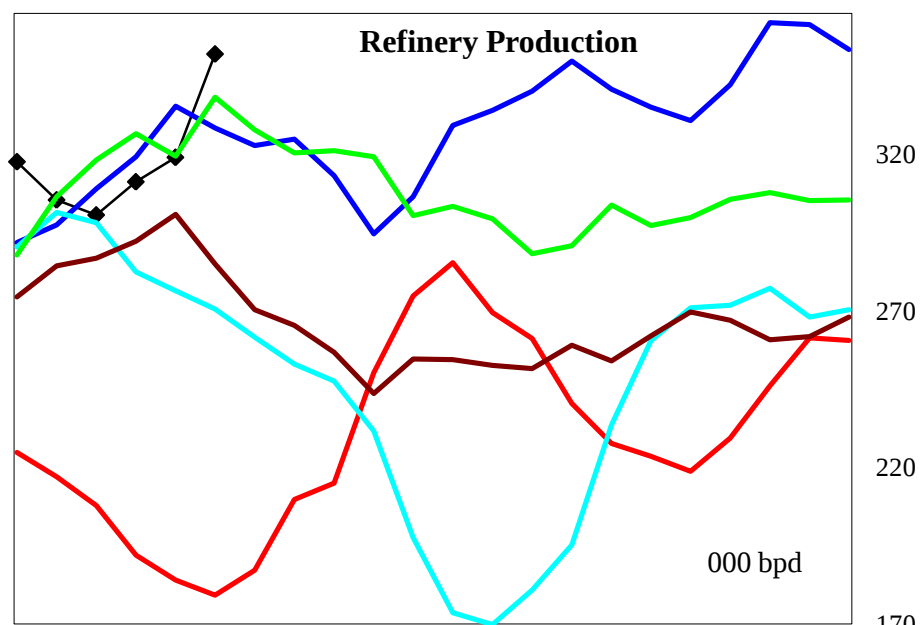
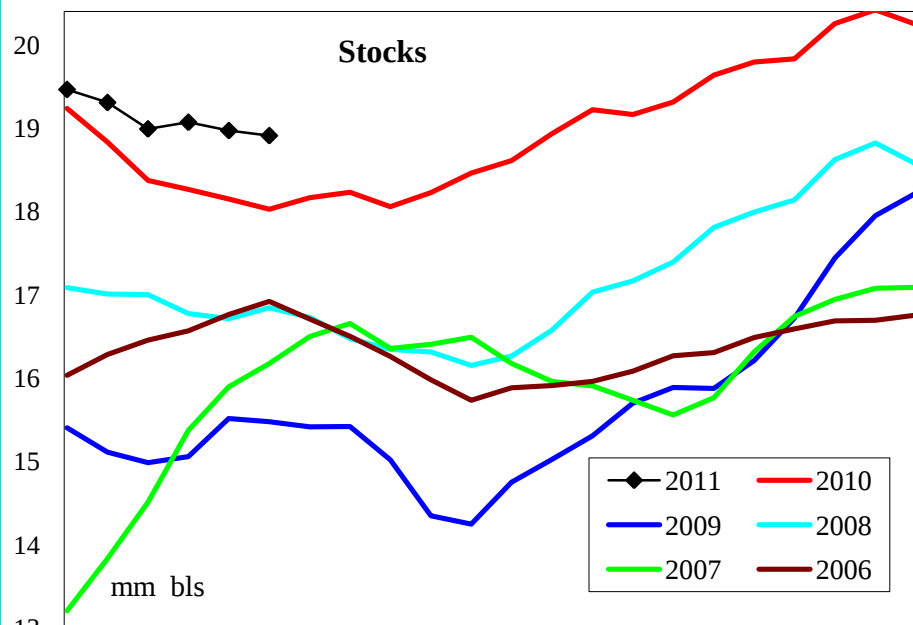
PADD 3 High Sulfur Distillate Supply



PADD 3 Jet Fuel Supply



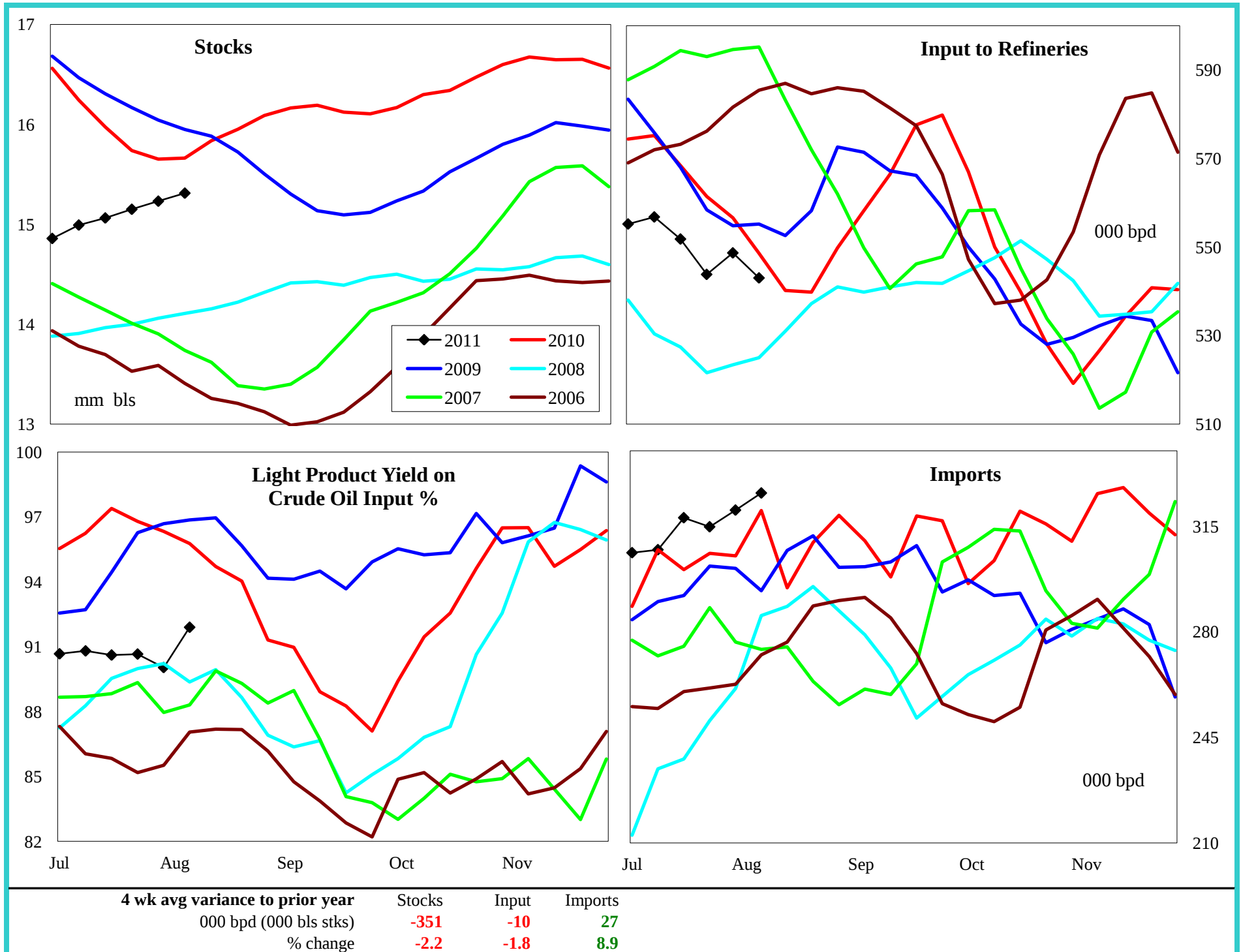
PADD 3 Residual Fuel Oil Supply



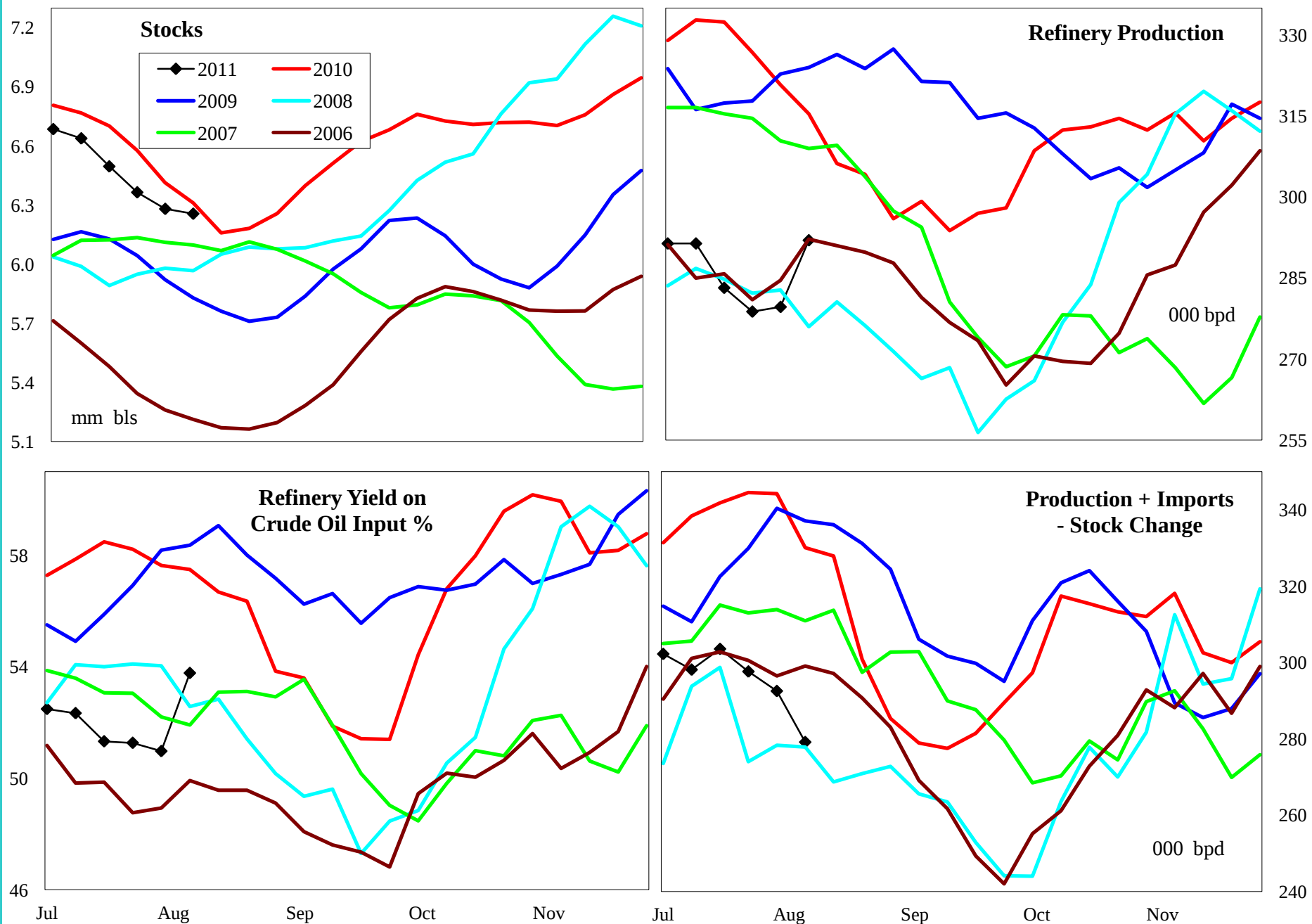
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

	Stocks	Production	Imports	Prod + Imp - Stk chg
000 bpd (000 bbls stks)	884	117	-45	83
% change	4.9	61.0	-56.7	30.8

PADD 4 Crude Oil Supply and Refining



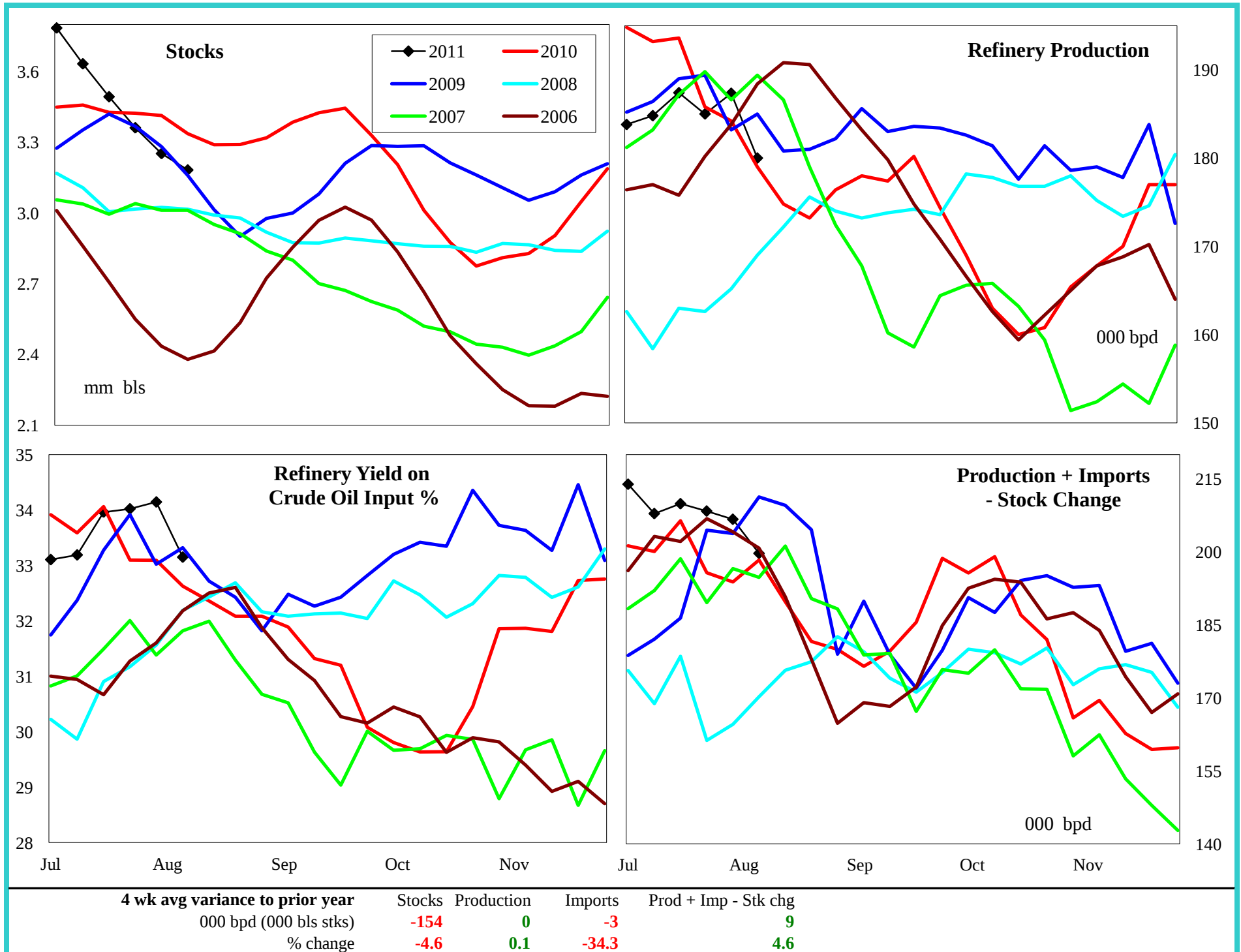
PADD 4 Gasoline Supply



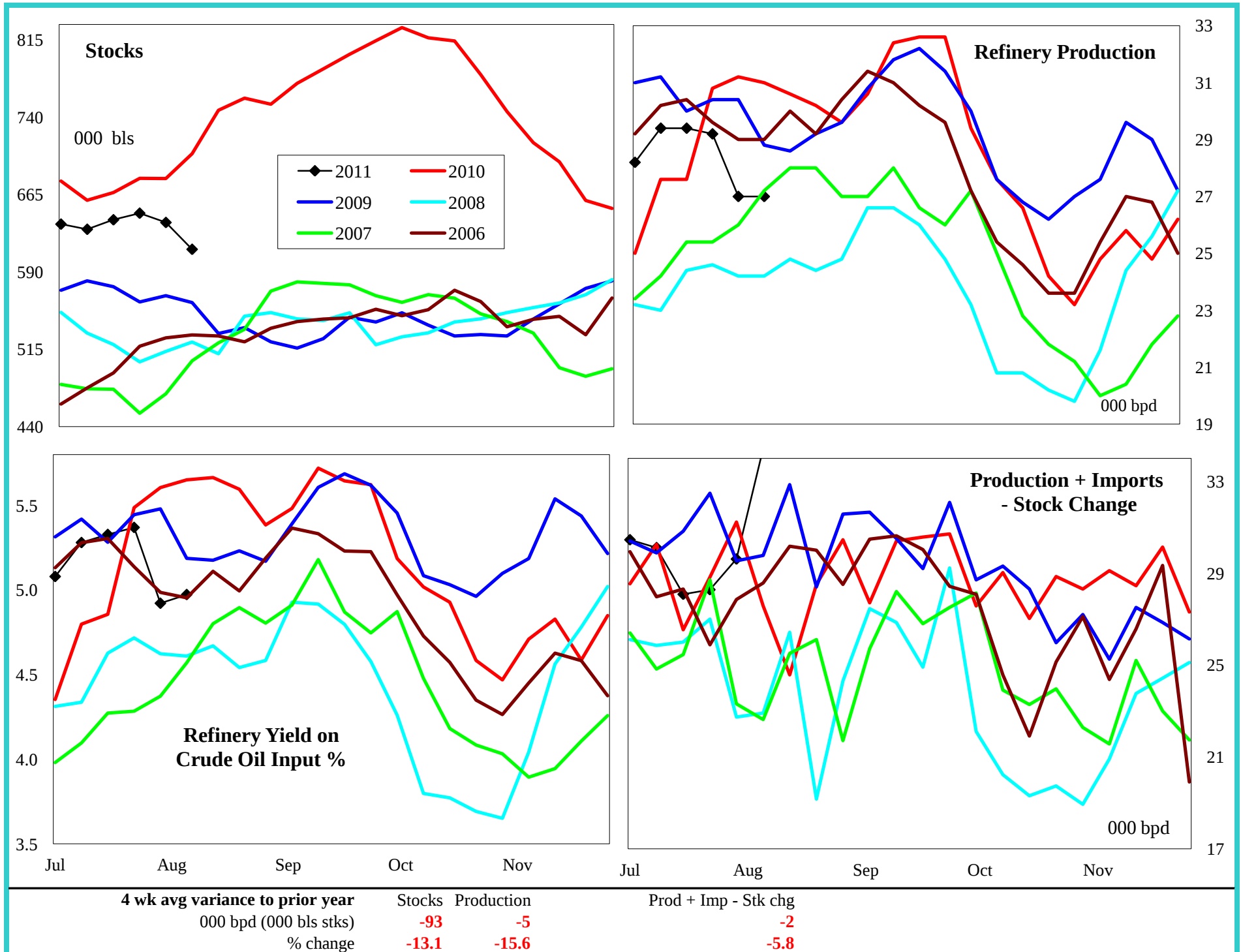
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Production	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-55	-44	-59
% change	-0.9	-13.4	-16.8

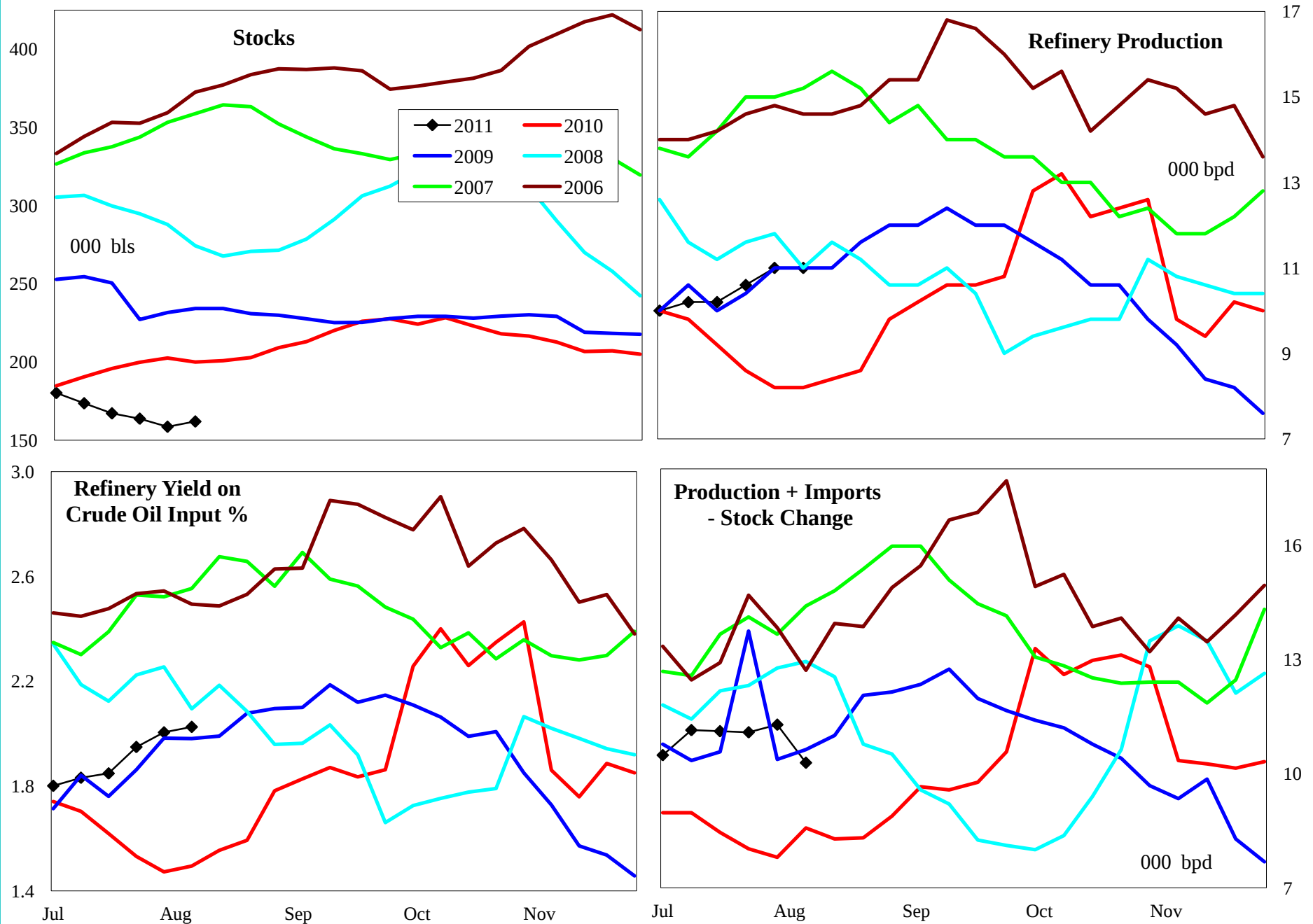
PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply



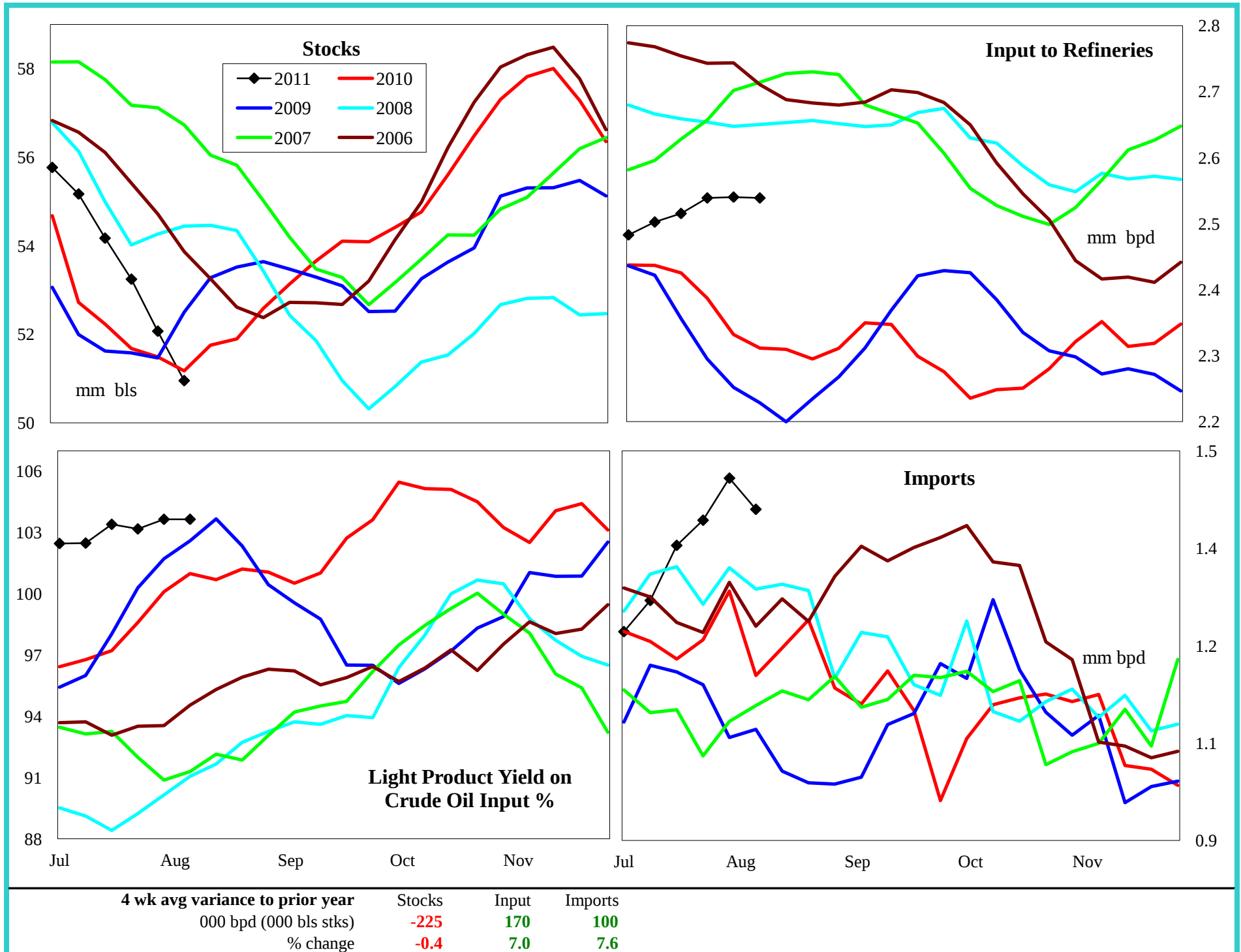
PADD 4 Residual Fuel Oil Supply



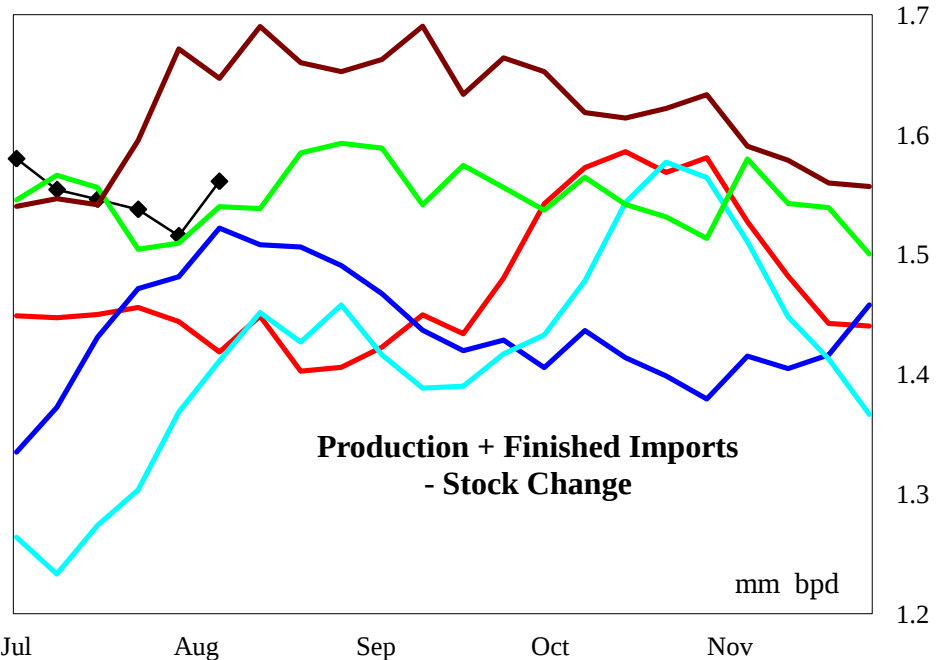
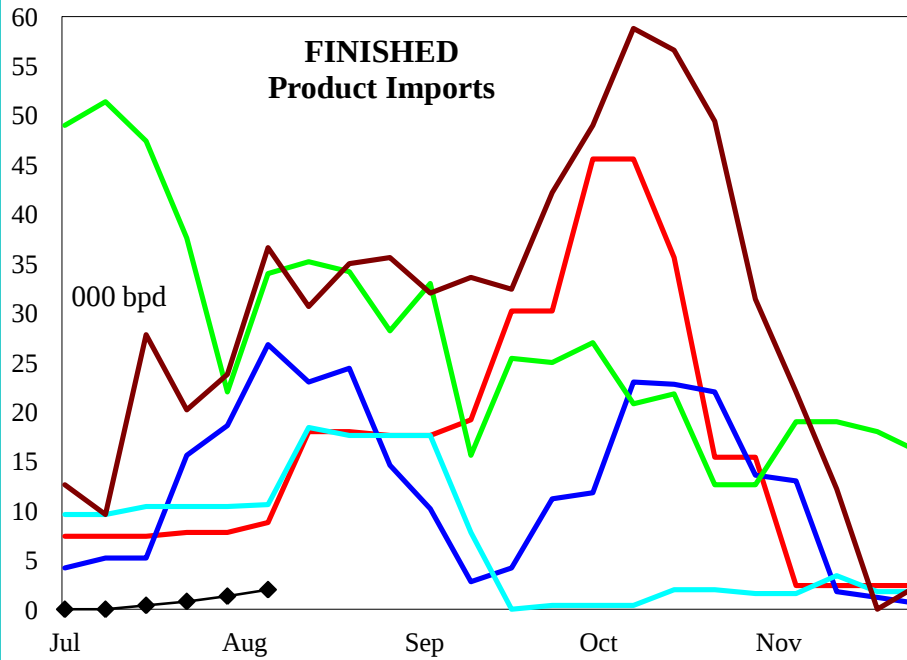
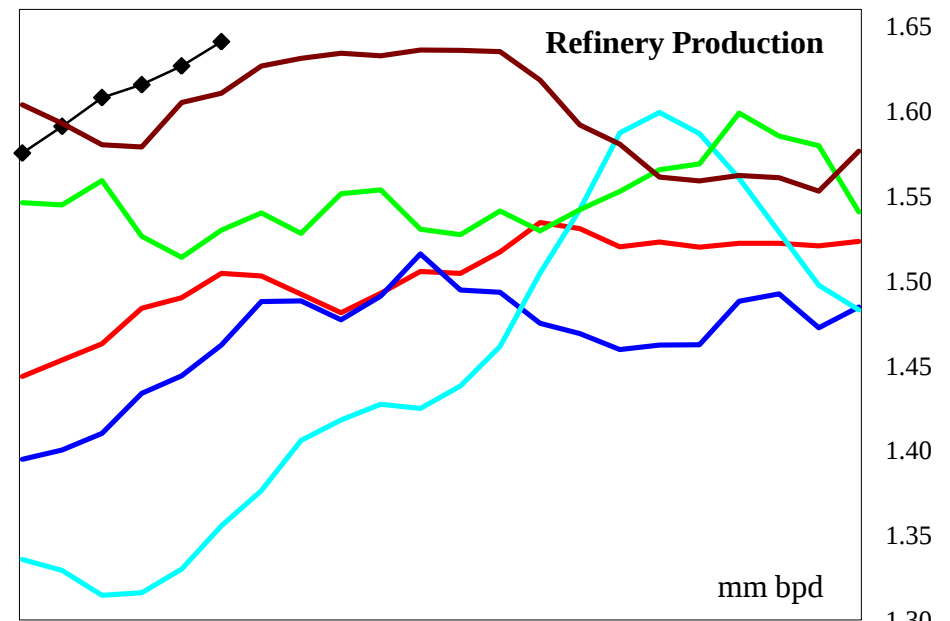
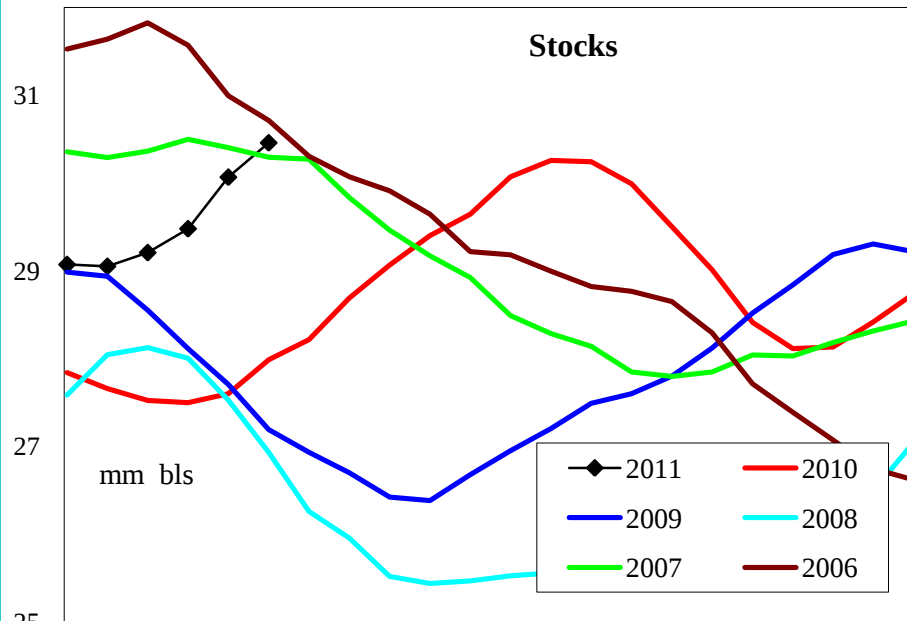
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-38	3	0	5
-19.0	34.4	#DIV/0!	84.6

PADD 5 Crude Oil Supply and Refining



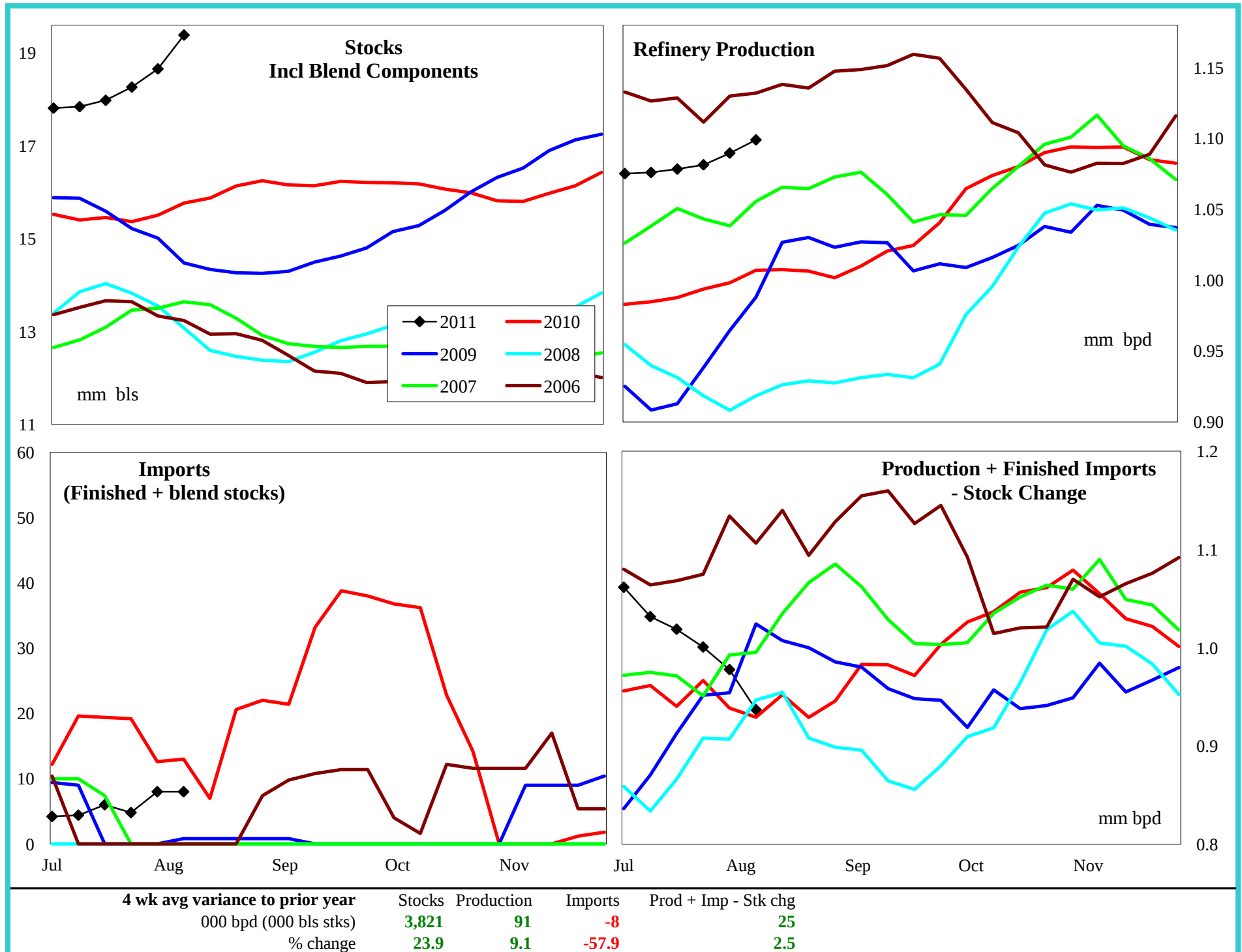
PADD 5 Gasoline Supply



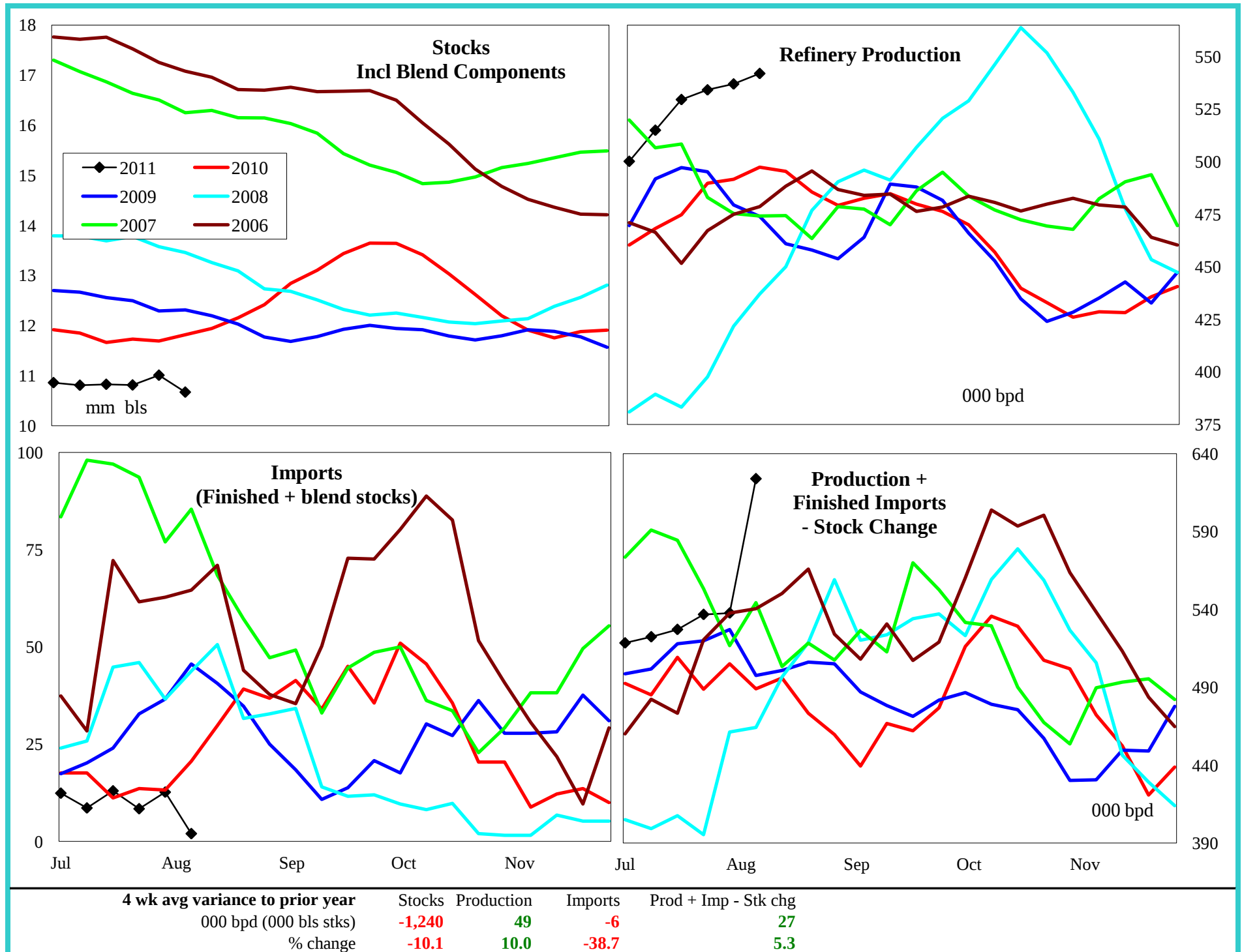
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
2,581	140	-9	-6	51
9.1	9.4	-89.7	-27.5	3.4

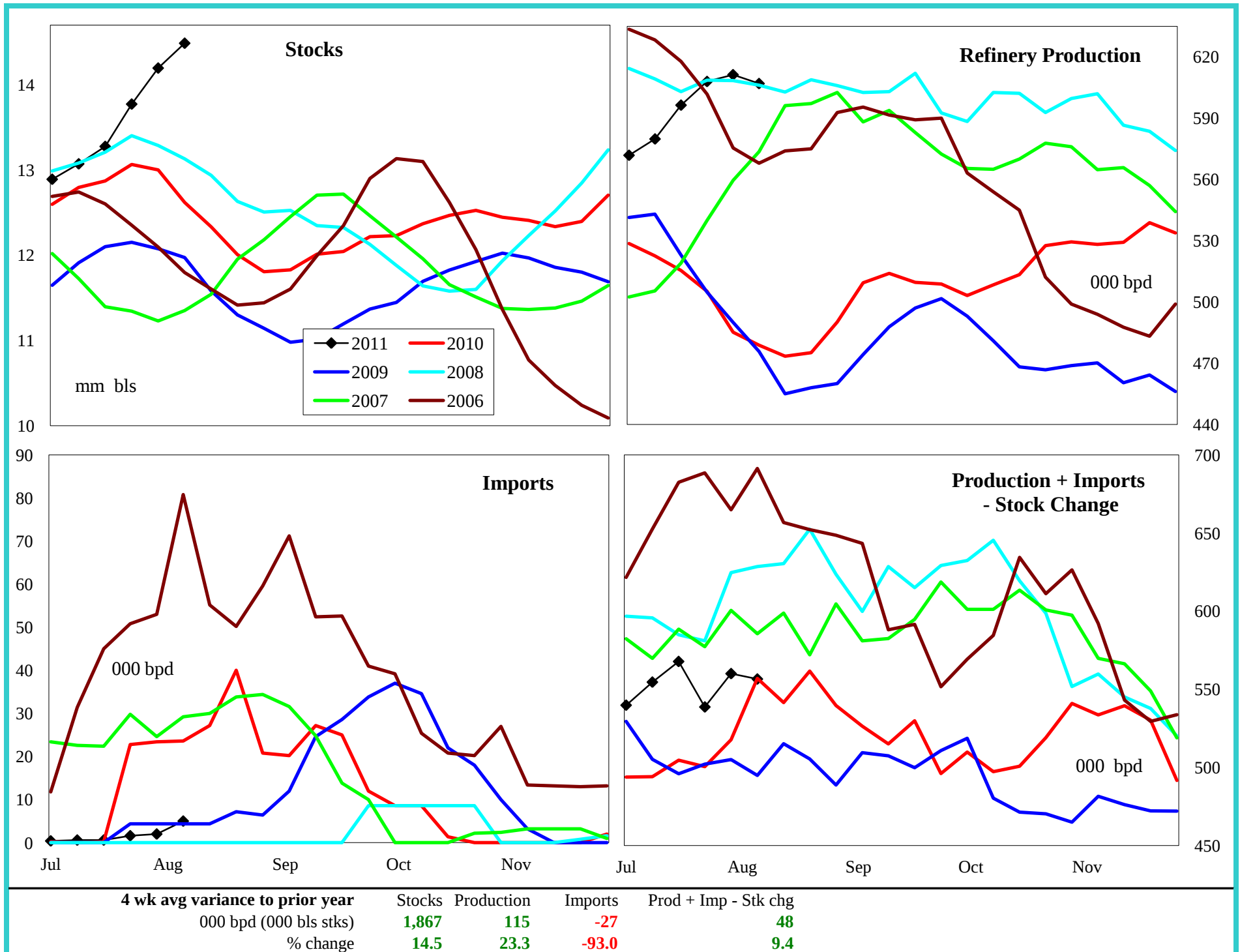
PADD 5 Reformulated Gasoline Supply



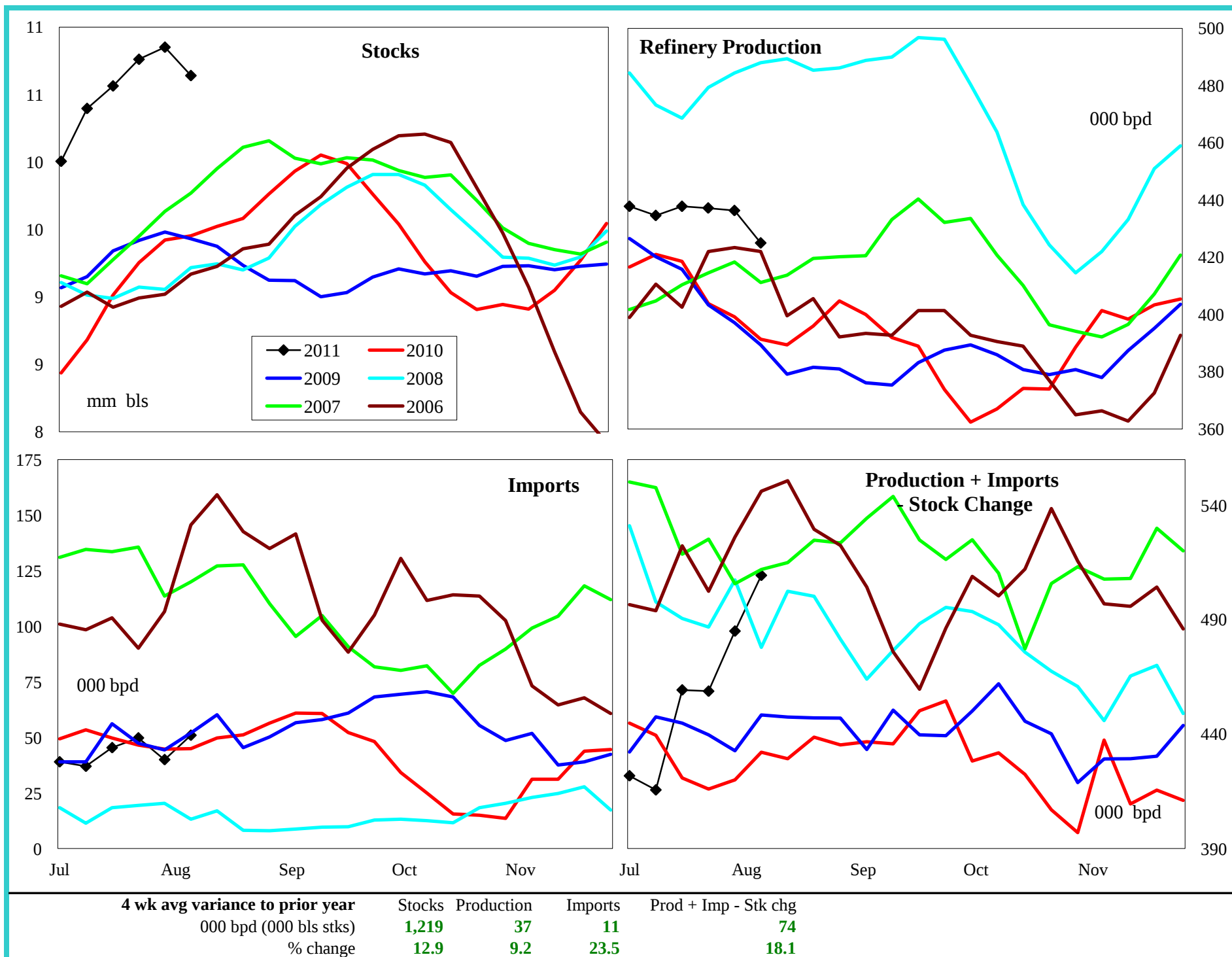
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

