



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

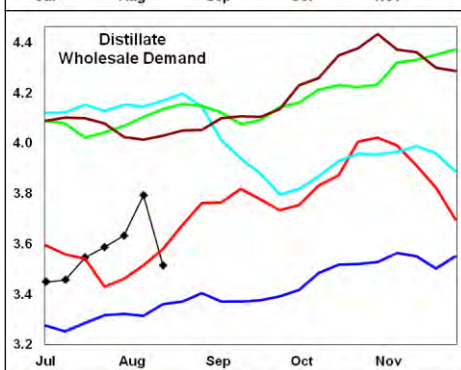
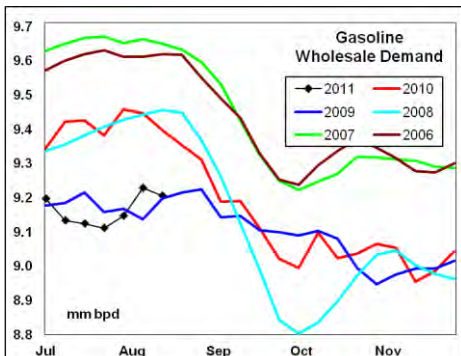
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 17, 2011

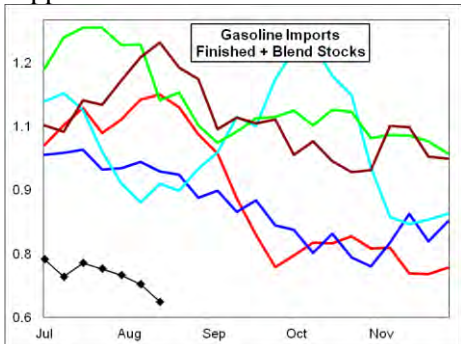


Major Fundamental Trends¹

Wholesale demand for all transport fuels fell last week; due in part to the downstream supply chain drawing down stocks as prices fell. Distillate demand was off nearly -0.4 million bpd, returning to a level seen in late July. Gasoline demand levels remain comparable to 2009, during the depth of the recession.



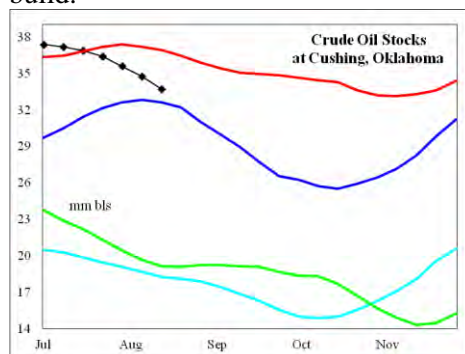
A surge in gasoline exports from the West Coast led to a -1.8 million barrel stock draw, even as refinery output reached 5-year highs. While expected, this draw down in stock levels should improve the otherwise extremely over supplied local market.



Record low imports to the East Coast continue to support a steeply inverted forward price curve in the NYMEX RBOB futures market.

The +2.4 million barrel distillate stock build last week was concentrated on the East and Gulf Coasts; indicating a temporary drop in exports.

Crude oil stocks jumped +4.2 million barrels; due to a +6.3 million barrel build in the Gulf. Gulf imports surged +0.9 million bpd last week, and deliveries of SPR underlie the stock build.



The recent drawdown in Cushing crude oil stocks has been offset by higher stocks elsewhere in PADD 2. PADD 2 stock levels match 2010 highs, even though Cushing stocks were -3.2 million barrels lower.

Demand for all transport fuels decreased last week, with distillate down nearly -0.4 million bpd.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -3%; distillate up +5.8%; jet fuel up +3.9% while residual fuel oil increased +0.7%.

Stocks forward coverage: Gasoline demand coverage fell on a -3.5 million barrel stock draw. Coverage levels were comparable to the last 2-years.

Distillate coverage increased on +2.4 million barrel stock build and lower demand. Coverage levels were sharply lower than the last 2-years.

Jet fuel coverage was nearly unchanged on a -0.1 million barrel stock draw last week. Coverage levels dropped below the last 2-years.

Refinery utilization rates decreased on

a -205,000 bpd decline in crude oil thru put, with the rate still above the last 3-years.

Gasoline yield % on crude oil runs were slightly higher on a -209,000 bpd drop in production, compared to the -205,000 bpd decline in crude oil runs. The yield % on crude oil runs remains a level well below the last 2-years.

Distillate yield % on crude oil runs increased on a +31,000 bpd rise in production compared to the decline in crude oil runs. Yield % levels were near 5-year highs.

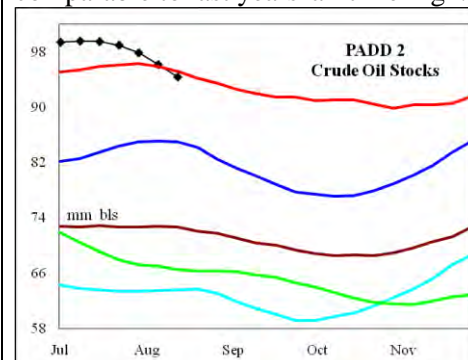
Jet fuel yield % on crude oil runs increased on a +36,000 bpd rise in output. Yield % levels were well above the historic mid range.

Petroleum Imports were mixed last week, with crude oil and gasoline marginally higher, while middle distillates declined.

During the latest 4-wk period crude oil imports decreased -0.6 million bpd compared to last year; distillate imports decreased -87,000 bpd; finished gasoline imports decreased -5,000 bpd, gasoline blend stock imports fell -379,000 bpd; jet fuel imports declined -4,000 bpd, while residual fuel oil imports decreased -152,000 bpd.

Crude Oil stocks jumped +4.2 million barrels, including a +6.3 million barrels build in the Gulf Region. The stock build in the Gulf was due to a +0.9 million bpd rise in imports and deliveries from the SPR.

Cushing stock levels are now -8.8% below last years' record high; however, PADD 2 stocks are comparable to last years' all time high.



¹ Source is latest EIA Weekly Statistics



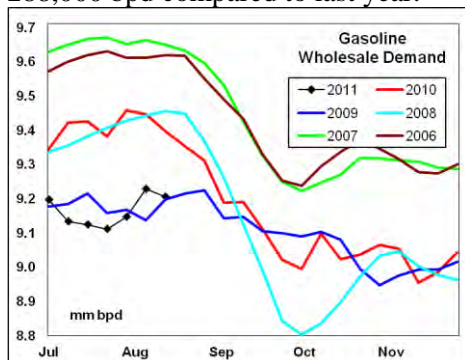
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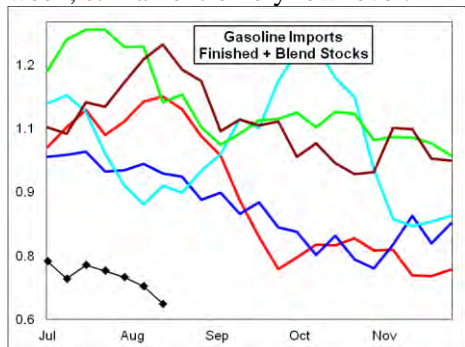
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Product Supply-Demand Trends

Gasoline demand decreased -39,000 bpd last week, to a level comparable to the record lows of 2009. The latest 4-wk average demand decreased -288,000 bpd compared to last year.



Production fell -209,000 bpd last week, to level below last years' highs. Imports increased +44,000 bpd on the week, still an extremely low level.



Stocks decreased -3.5 million barrels on the week, with the level above the historic mid range.

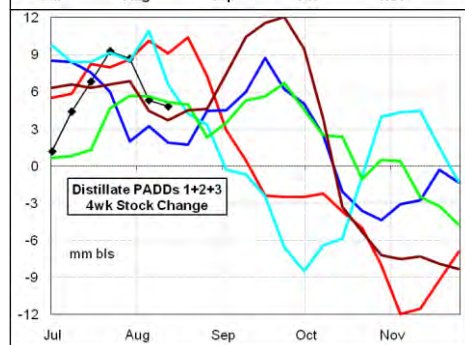
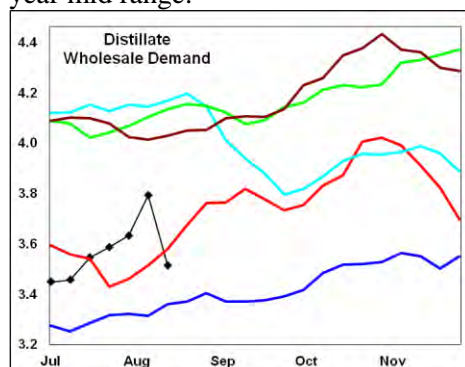
The summer driving season has not experienced the normal demand surge. Demand levels have been comparable to the levels of 2009, the depth of the recession.

Prices have been supported by a lack of imports and ongoing tightness in the key Central Atlantic Region.

A sharp drop in West Coast stocks of -1.8 million barrels, while production is at record high levels points to a spike in exports; which should bring that market into an improved supply/demand balance.

Distillate demand fell -393,000 bpd last week, a sharp pull back from the last 2-wks. The latest 4-wk average demand was +205,000 bpd above a year ago.

Supply increased +29,000 bpd last week on higher production. The drop in weekly demand and record production led to a +2.4 million barrel stock build. The latest 4-wk stock build in markets East of the Rockies was +5.1 million barrels, matching 5-year mid range.



The sharp drop in wholesale demand was due to the downstream supply chain slowing purchases as prices collapsed, and timing of export loadings.

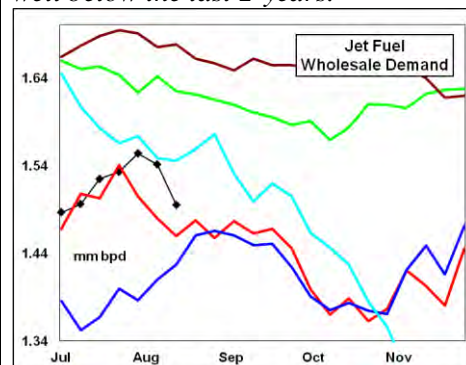
Most regional markets remain well supplied with stock levels off modestly from last years' record level. However, the Midwest has particularly low stock levels for this time of year, pointing to some risk of a fall supply squeeze.

Jet Fuel demand fell -97,000 bpd last week, to a level above the last 2-years. The latest 4-wk average demand was +58,000 bpd above last year; exhibiting a more robust seasonal peak than in recent years.

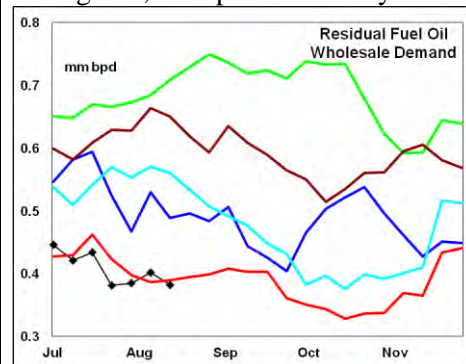
Supply decreased -21,000 bpd on record low imports last week. Production levels were at the upper end of the historic range. Stocks decreased -0.1 million barrels on the week, with the level -8% below last

year and below the last 2-years.

The jet fuel supply balance continues to exhibit large variation between regions. Stock levels in the midwest are at record lows; while the East and West Coast markets have stock levels at 5-year highs. Gulf stock levels are above the mid range, but well below the last 2-years.



Residual fuel oil demand increased +38,000 bpd last week, with the 4-wk average +3,000 bpd above last year.



Supply (production + imports) increased +52,000 bpd on higher production and imports. The latest 4-wk average supply was +12,000 bpd below last year. Stocks increased +0.7 million barrels, with the level at the mid range.

Stock levels and production in the key Gulf Coast market were each at record highs, pointing to an over supplied market in the region. West Coast markets were also very well supplied. Supplies in other regions are at levels in line with generally lower output.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

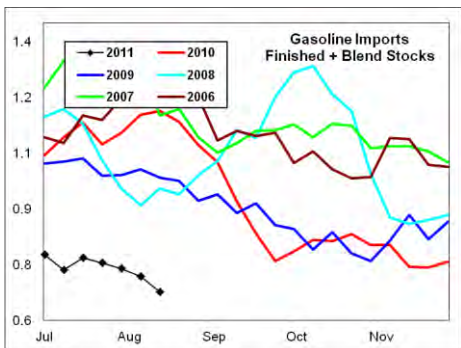
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -43,000 bpd on the week, with the level above that of the past 2-years. Crude oil stocks climbed +1.1 million barrels to 2011 highs.

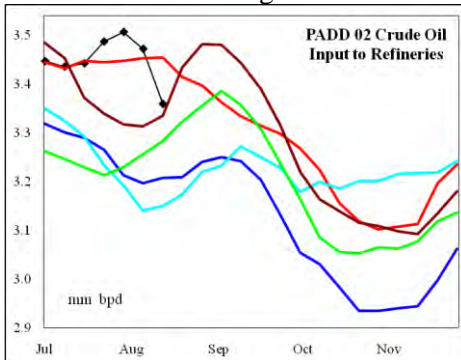
Gasoline production declined -93,000 bpd last week, with imports also down -27,000 bpd. Import levels remain at record low levels.



Gasoline stocks decreased -0.4 million barrels last week, with the level at the 5-year mid range. Stock levels in the key Central Atlantic Region remain below the 5-year range.

Distillate increased +7,000 bpd last week, but the level remains below the historic range. Stocks increased +1.4 million barrels, with the level above the mid range, but -15% below last years' record high.

Jet fuel stock levels were near 5-year highs, although supplies were below the historic range.



PADD 2 crude oil refinery runs declined -111,000 bpd on the week, a level still above the mid range. Cushing crude oil stock levels were -3.2 million barrels (-8.8%) below last years' record high. PADD 2 stocks

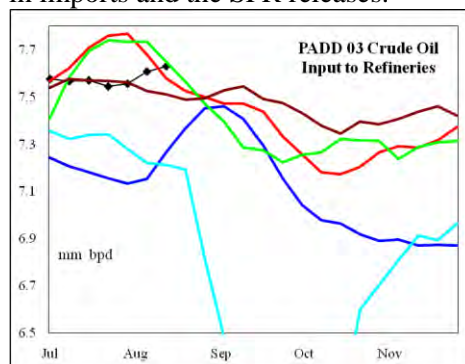
remain comparable to the record highs of a year ago.

Gasoline production decreased -87,000 bpd last week, with the level below 2 of the last 5-years. Stocks fell -1 million barrels, to a level near 5-year lows.

Distillate production decreased -46,000 bpd, to a level below 2 of the last 5-years. Stocks decreased -0.1 million barrels to a level below the last 3-years.

Jet fuel production was near 5-year highs. Stocks decreased -0.3 million barrels last week. Stock levels remain very low.

PADD 3 refinery runs decreased -60,000 bpd last week, to a level that matched historic highs for the period. The latest 4-wk average thru put was -225,000 bpd below last year. Stocks jumped +6.3 million barrels on the week, driven by a +0.9 million bpd rise in imports and the SPR releases.



Gasoline production increased +46,000 bpd on the week. Stocks declined -0.2 million barrels last week, with the level above four of the last 5-years.

Distillate production increased +47,000 bpd, with the level above the 5-year range. Stocks increased +1.4 million barrels, to a level comparable to 2009, but -14% below last years' record high.

Jet fuel production decreased -13,000 bpd on the week, to a level above the historic mid range. Stocks increased +0.6 million barrels, with the level well above the historic mid range.

Residual fuel oil supply increased +40,000 bpd last week, with production at record high levels.

Stocks increased +0.8 million barrels, to a new record high for the period.

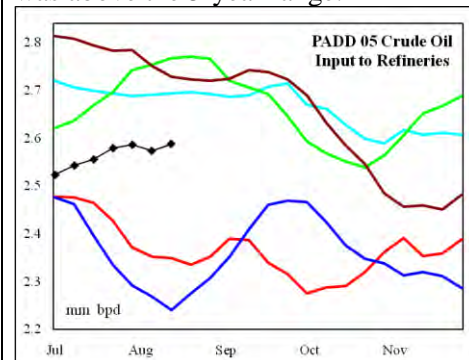
PADD 4 refinery crude runs were unchanged last week, at a level near the mid range of the previous 3-years. Light product yield % on crude oil runs matched 5-year lows - indicating poor performance of downstream process units.

Gasoline production fell -34,000 bpd to a level that matched 5-year season lows. Stock levels match last year's 5-year high for the period.

Distillate production matched historic highs for the period. Stock levels ended the week at the 5-year mid range.

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


PADD 5 crude oil refinery runs increased +9,000 bpd on the week, with the level well above the last 2-years. The latest 4-wk average thru put was +234,000 bpd above last year. Light product yield % on crude oil runs was above the 5-year range.



Gasoline production decreased -5,000 bpd on the week, with the latest 4-wk average +124,000 bpd above last year and at a 5-year high. Stocks fell -1.8 million barrels on the week - pointing to a jump in exports. Stock levels remain above that of the last 3-years.

Distillate production increased +7,000 bpd last week, with the level above 5-year highs. Stocks were nearly unchanged on the week, at a level +17% above last year and a record high.

Jet fuel production increased +46,000 bpd on the week, with the level near 5-year highs.



FUNDAMENTAL

PETROLEUM TRENDS

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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

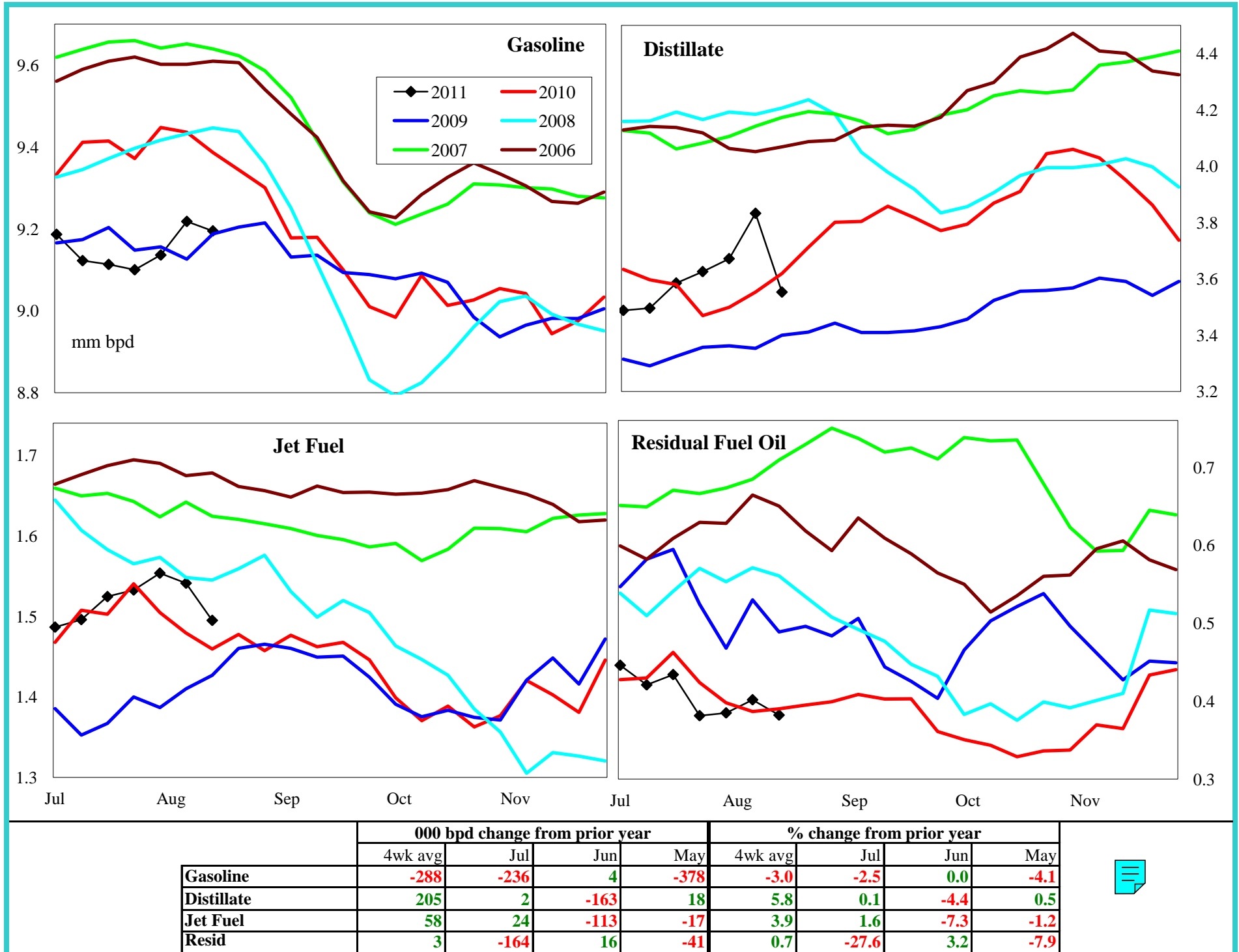
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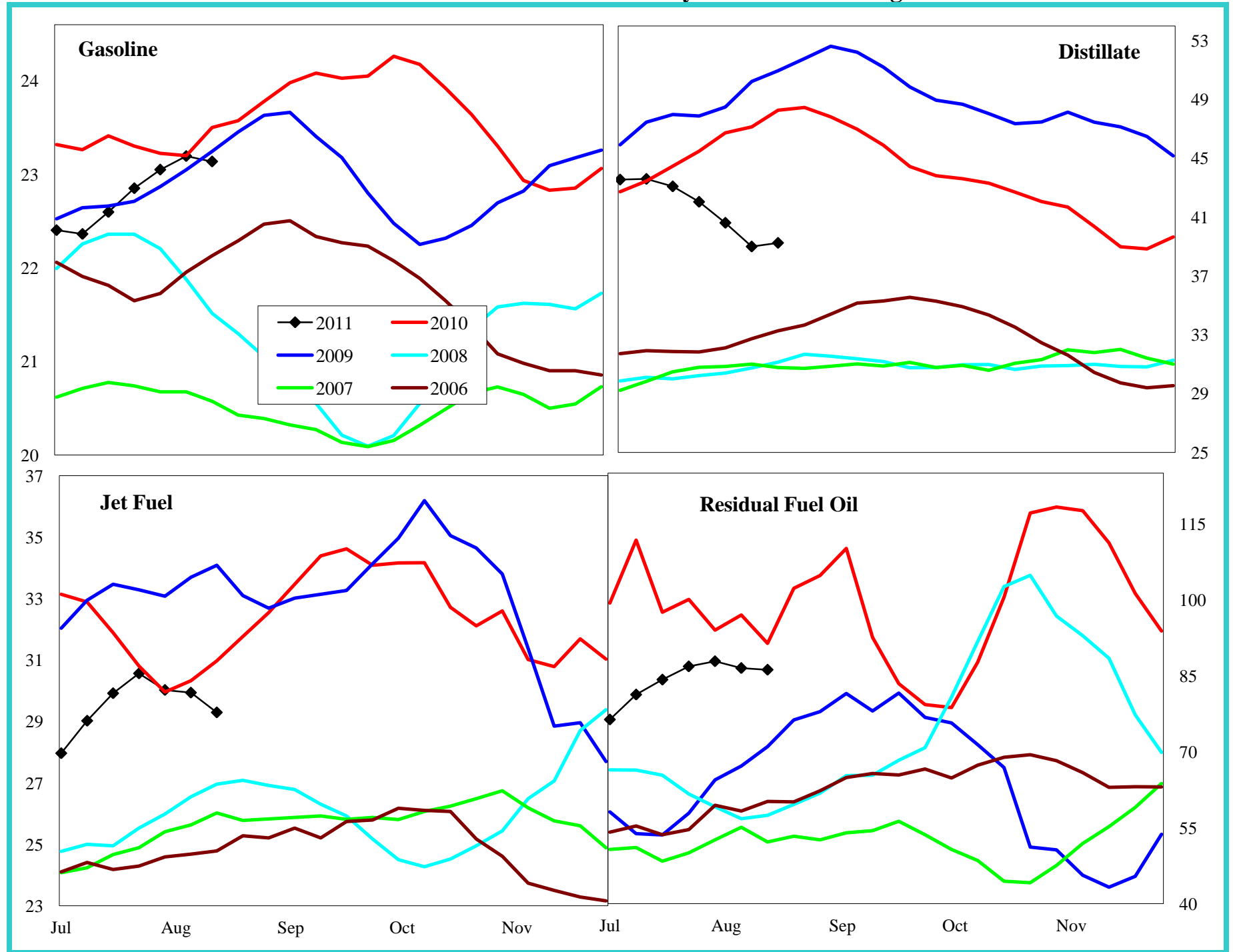
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	12-Aug-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	4,233	1,103	-2,345	6,264	46	-836
	Imports	185	-292	-172	930	-22	-257
	Input	-205	-43	-111	-60	0	9
	% Utilization	-0.90					
Gasoline	Stocks	-3,510	-394	-1,023	-190	-125	-1,777
	Production	-209	-93	-87	46	-34	-5
	Imports	44	-27	0	71	0	0
	Supplied	-49					
Distillate	Stocks	2,449	1,390	-127	1,361	-146	-30
	Production	31	14	-46	47	9	7
	Imports	-2	-7	-1	0	8	-3
	Supplied	-393					
Jet Fuel	Stocks	-113	-123	-255	552	1	-288
	Production	36	0	3	-13	-1	46
	Imports	-57	-7	0	0	0	-50
	Supplied	-97					
Residual Fuel Oil	Stocks	682	27	-74	832	-3	-100
	Production	8	-15	3	36	0	-16
	Imports	44	-38	0	4	0	78
	Supplied	38					

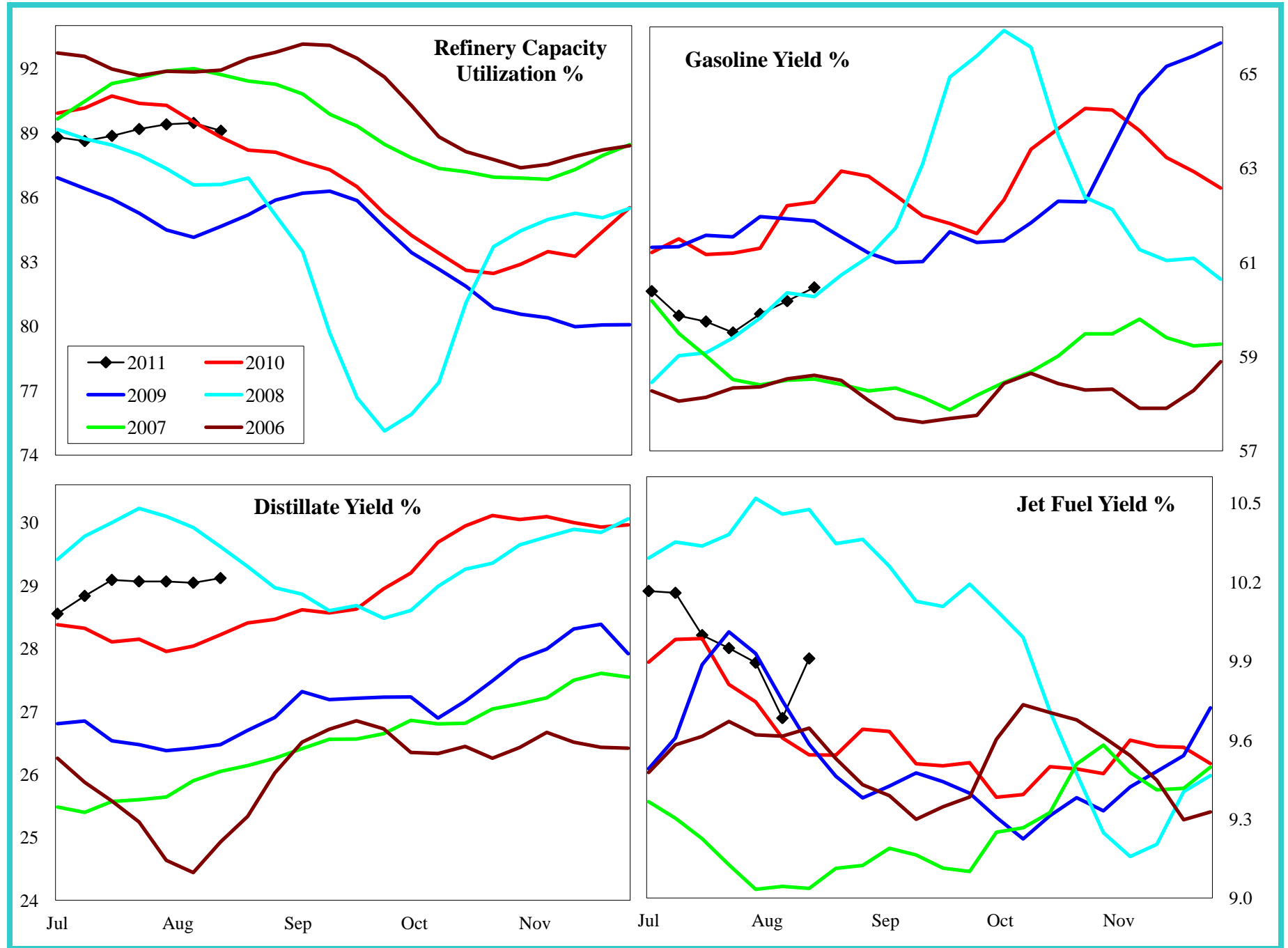
United States Wholesale Petroleum Demand



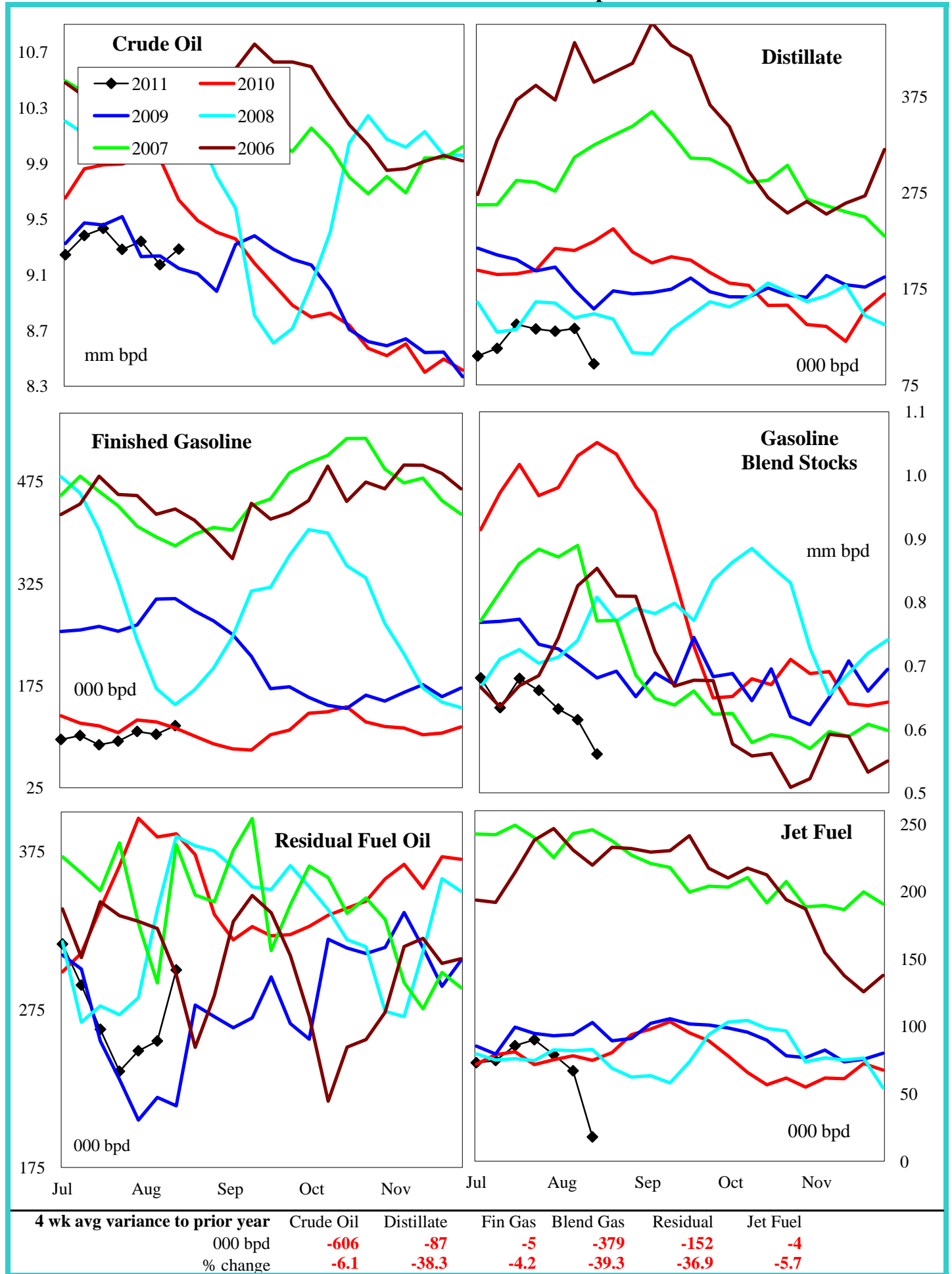
United States Product Stocks: Days Forward Coverage



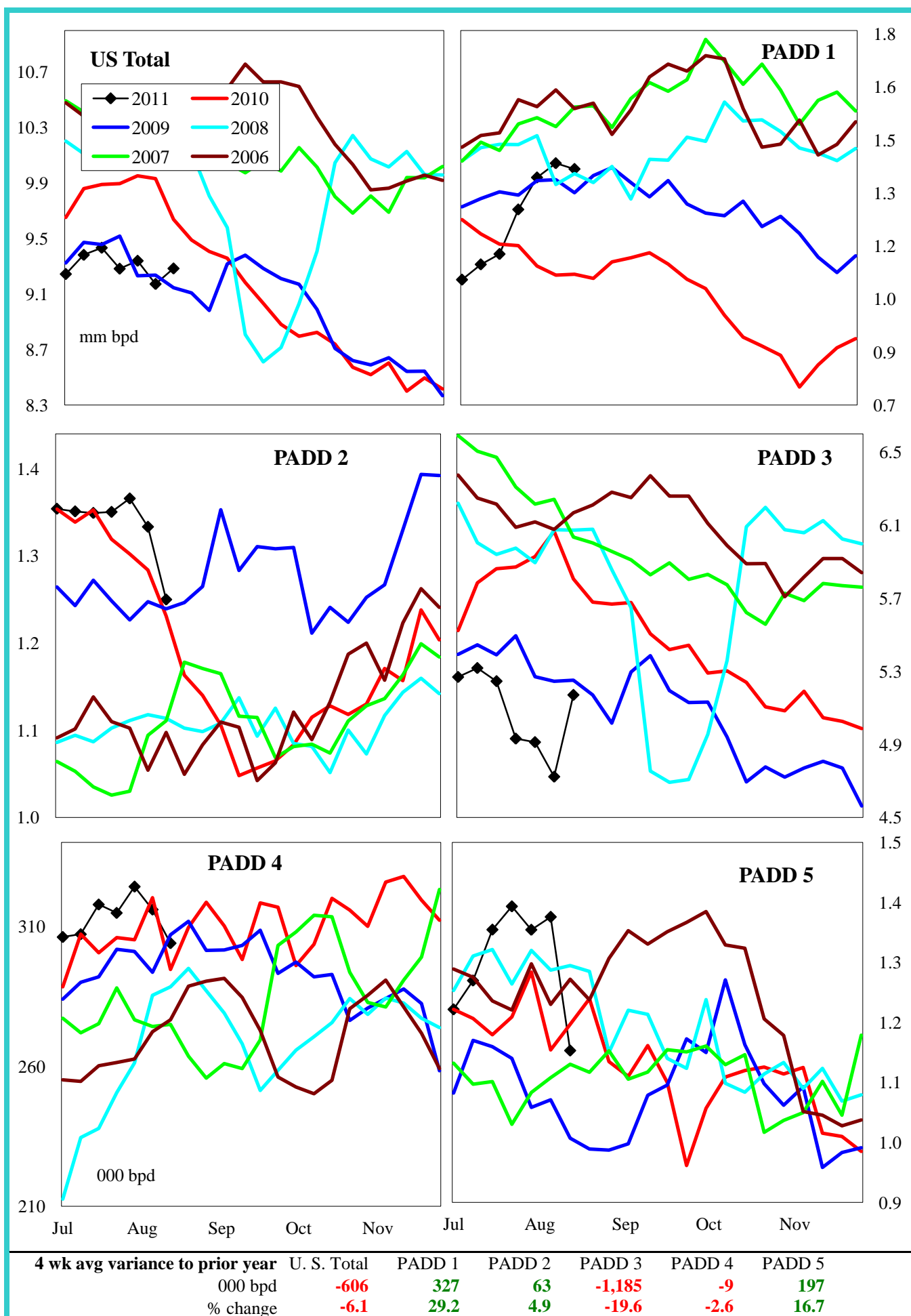
United States Refinery Percent Utilization Rate and Product Yields



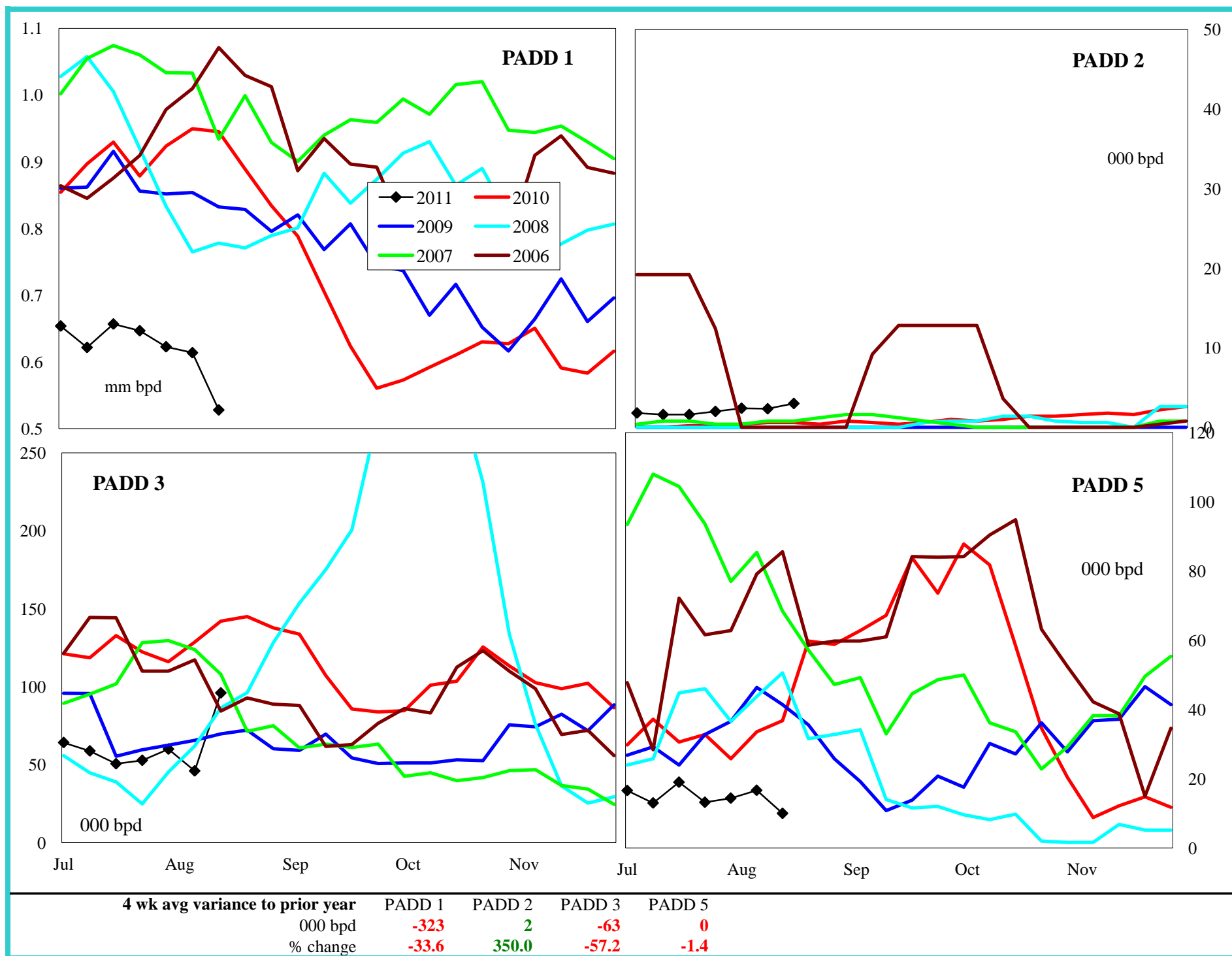
United States Petroleum Imports



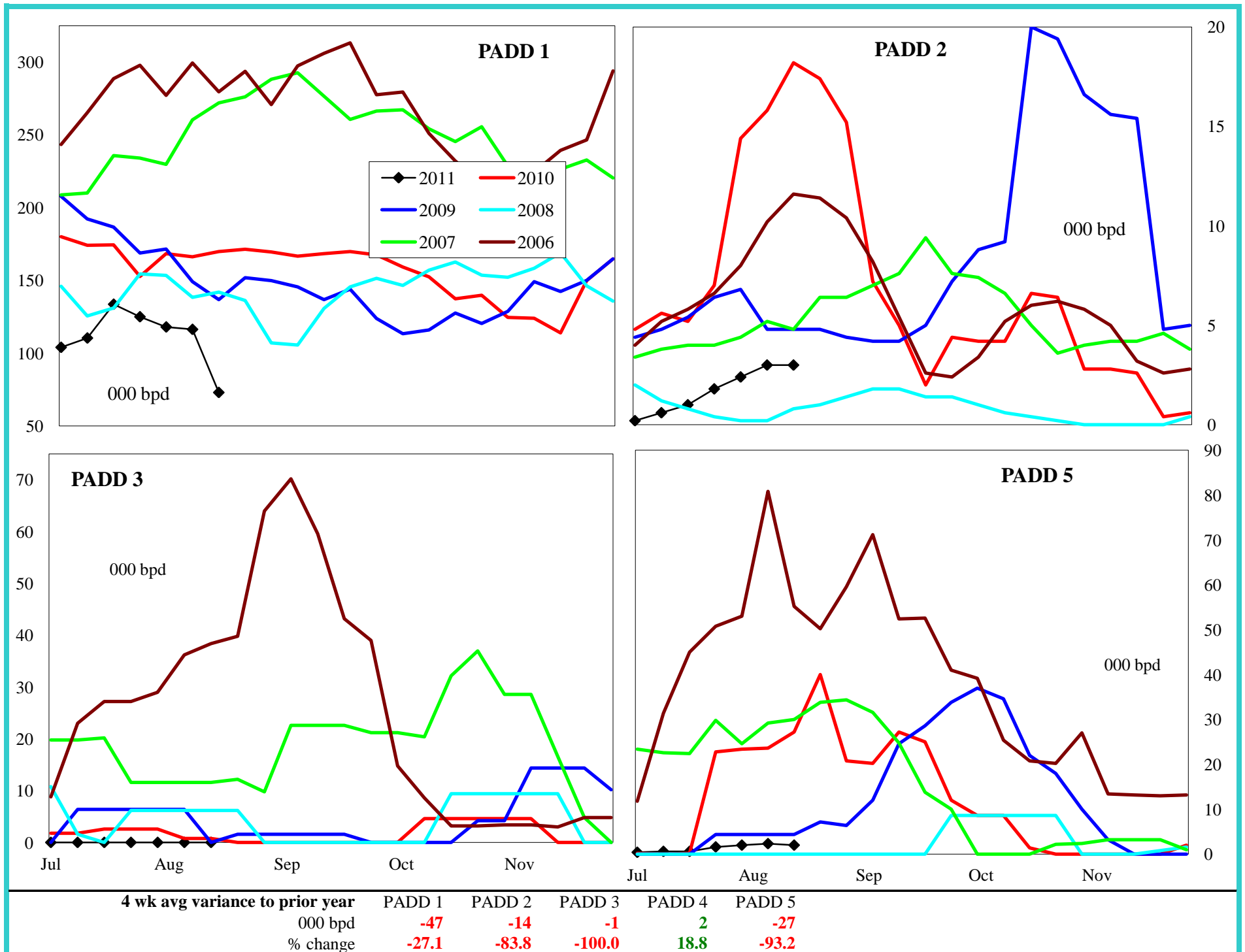
Crude Oil Imports by PADD



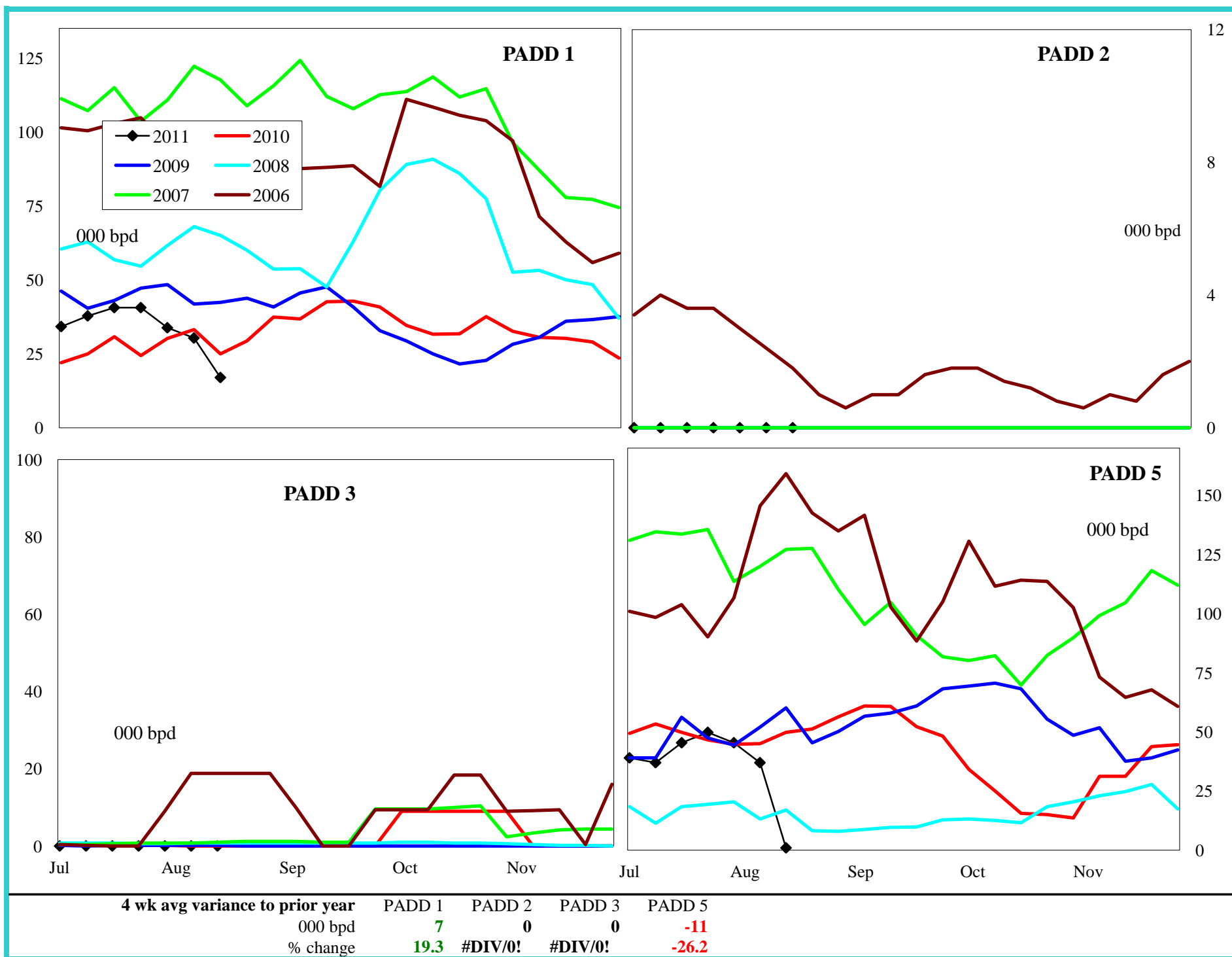
Gasoline Imports by PADD (Finished + Blend Stocks)



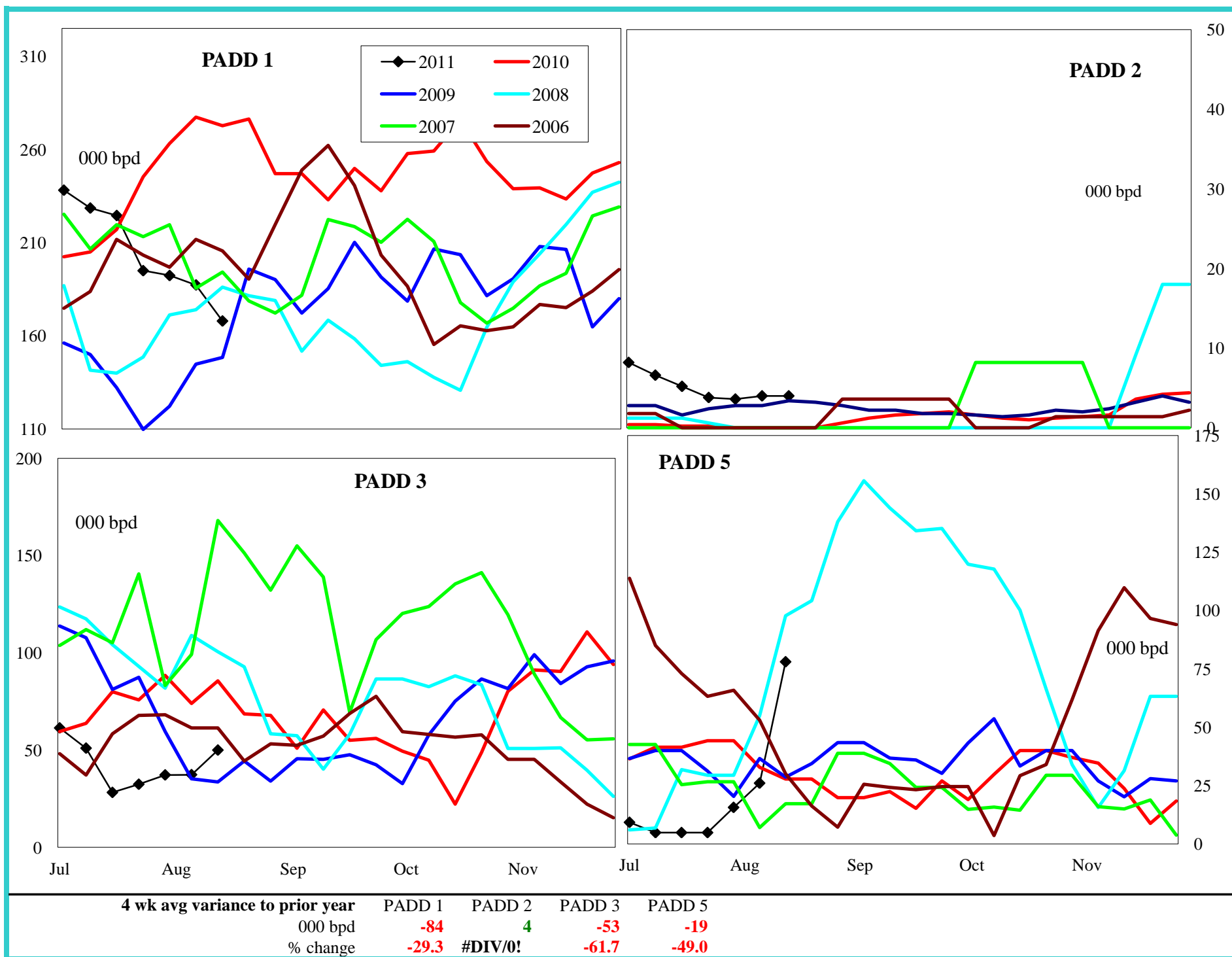
Distillate Imports by PADD



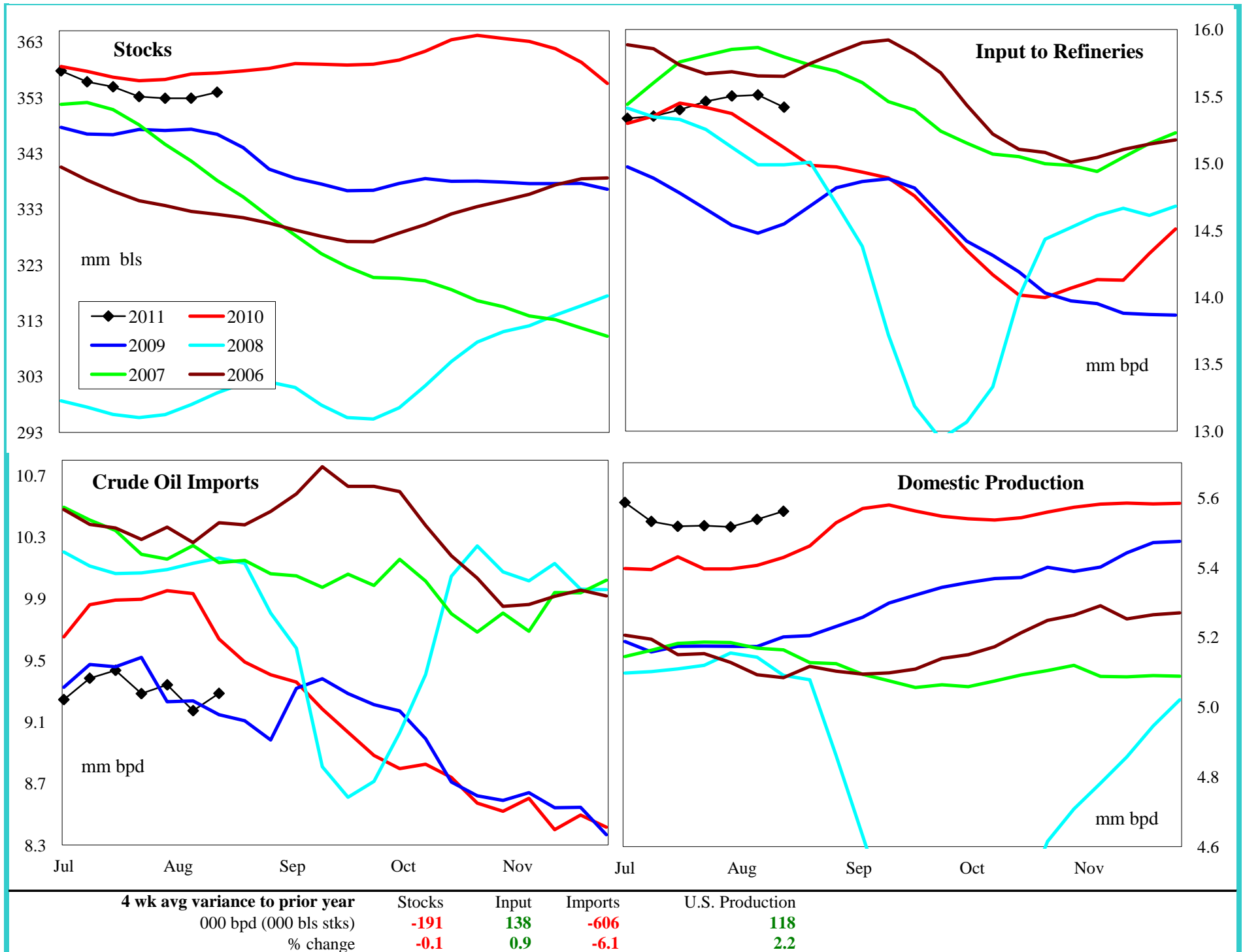
Jet Fuel Imports by PADD



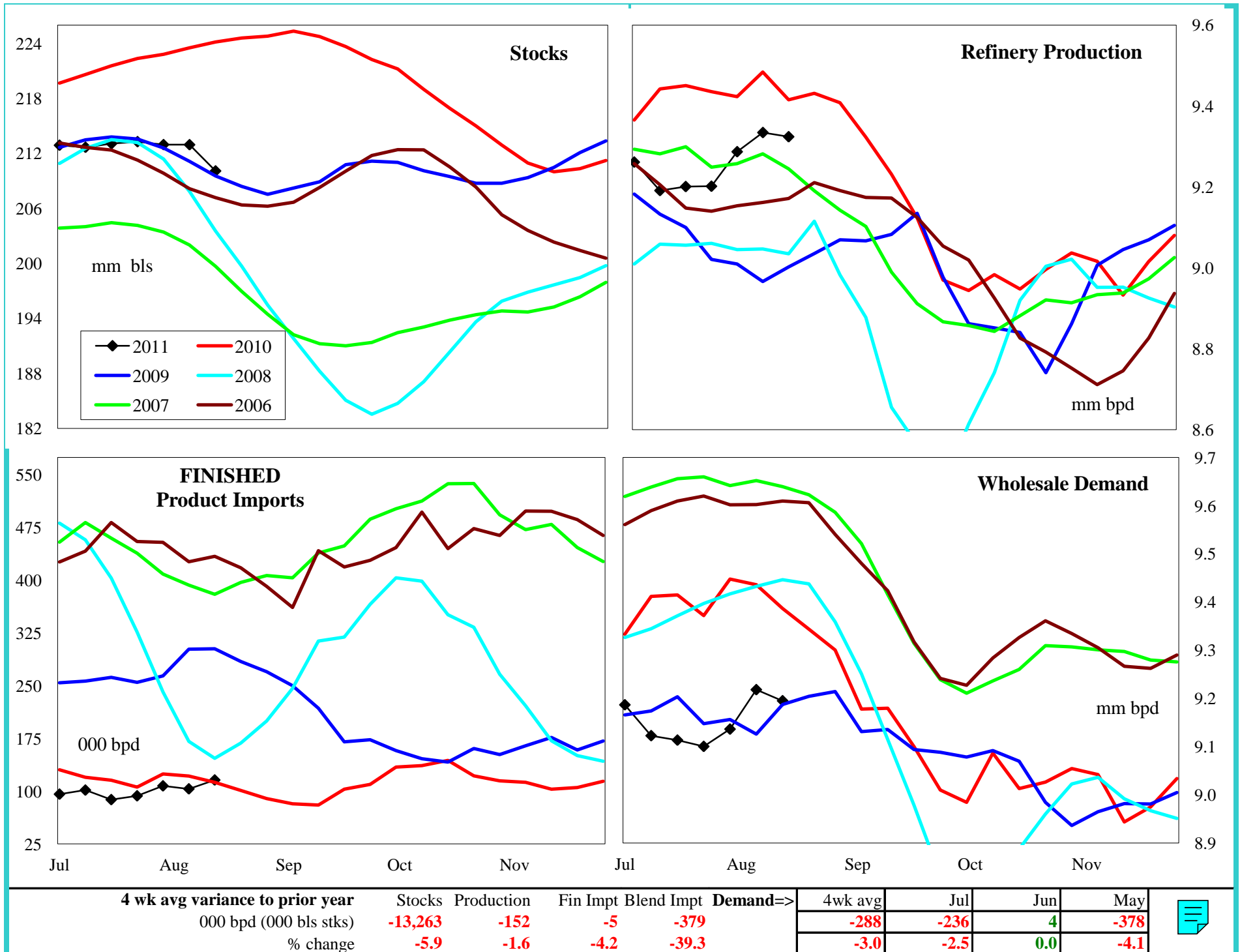
Residual Fuel Oil Imports by PADD



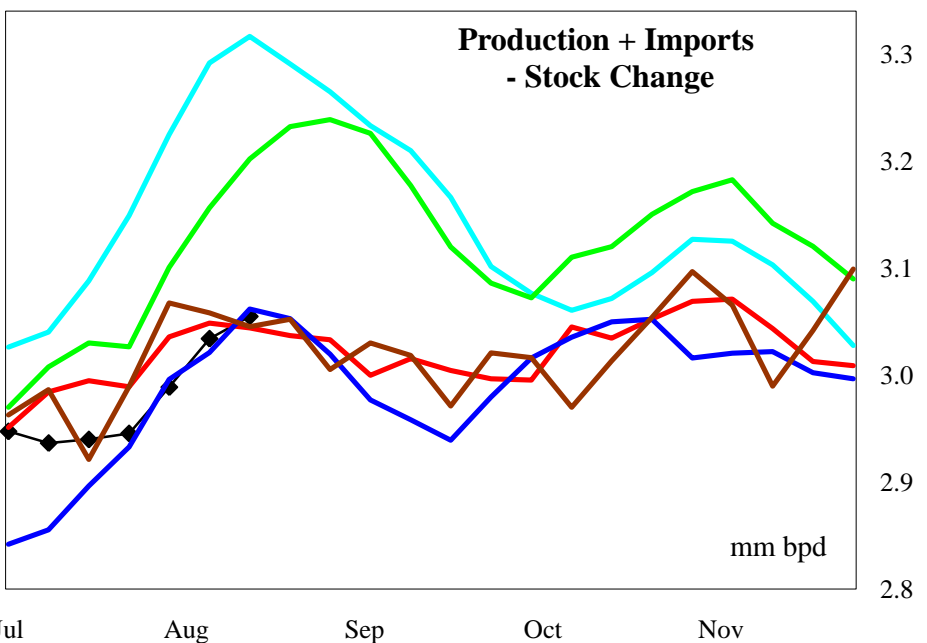
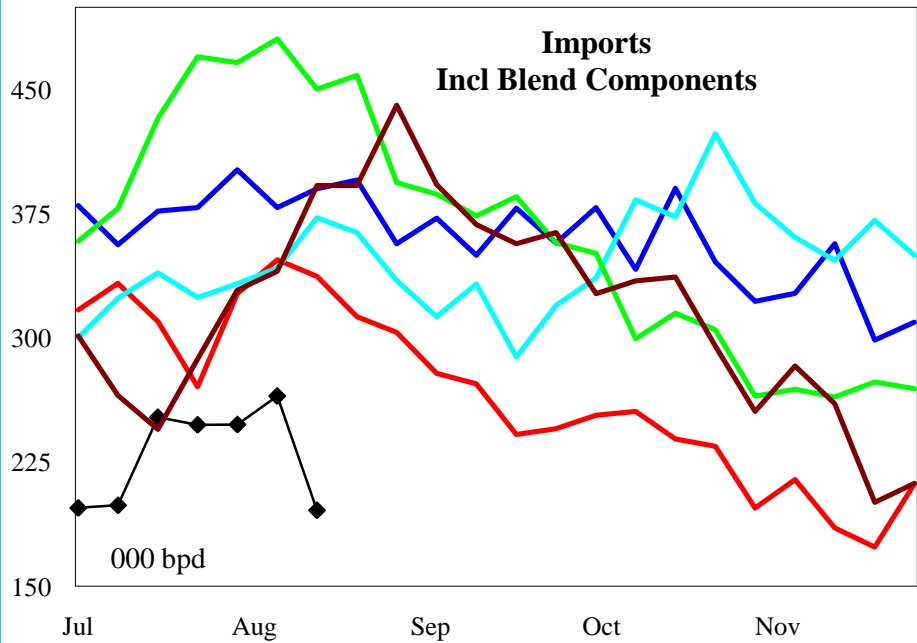
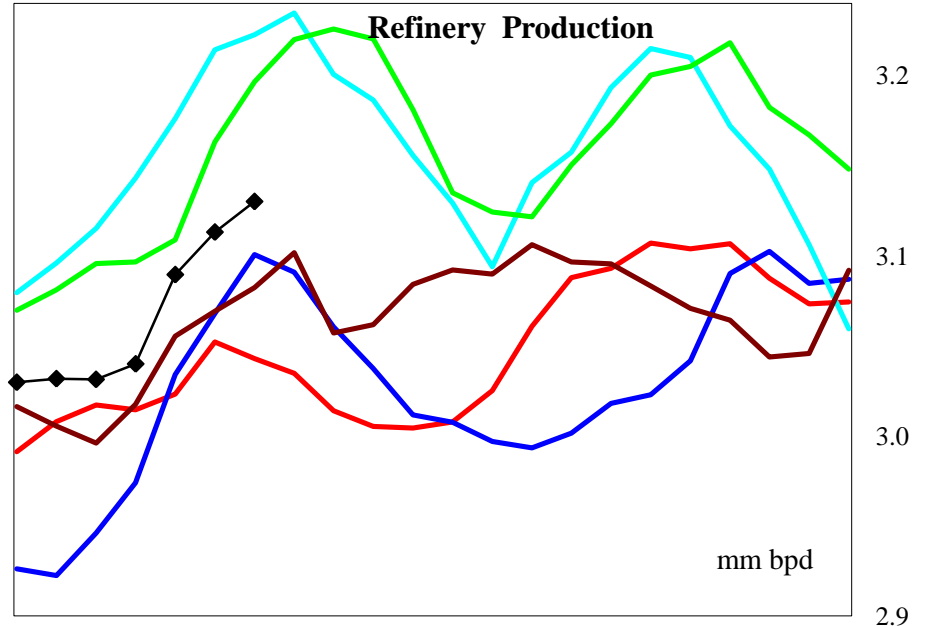
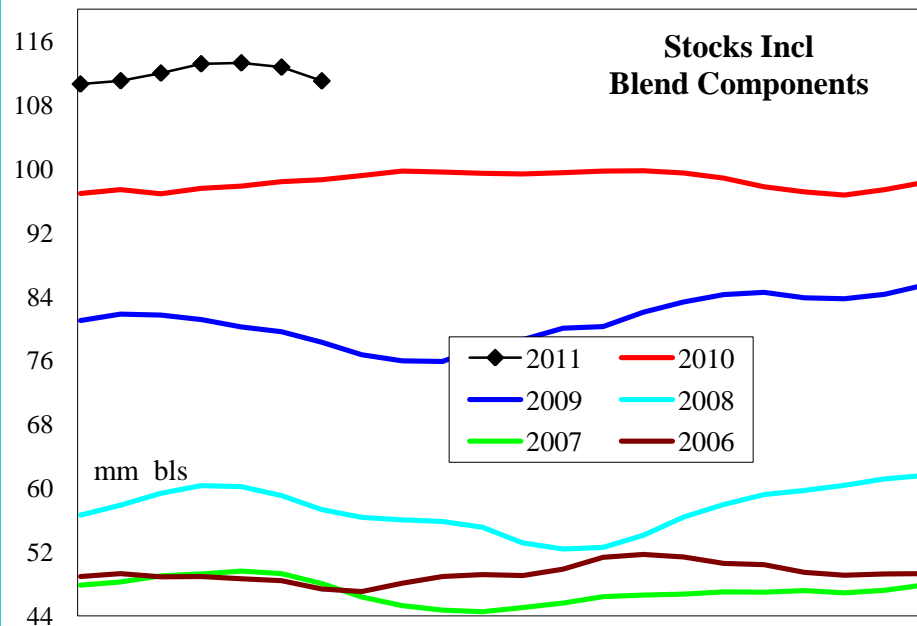
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



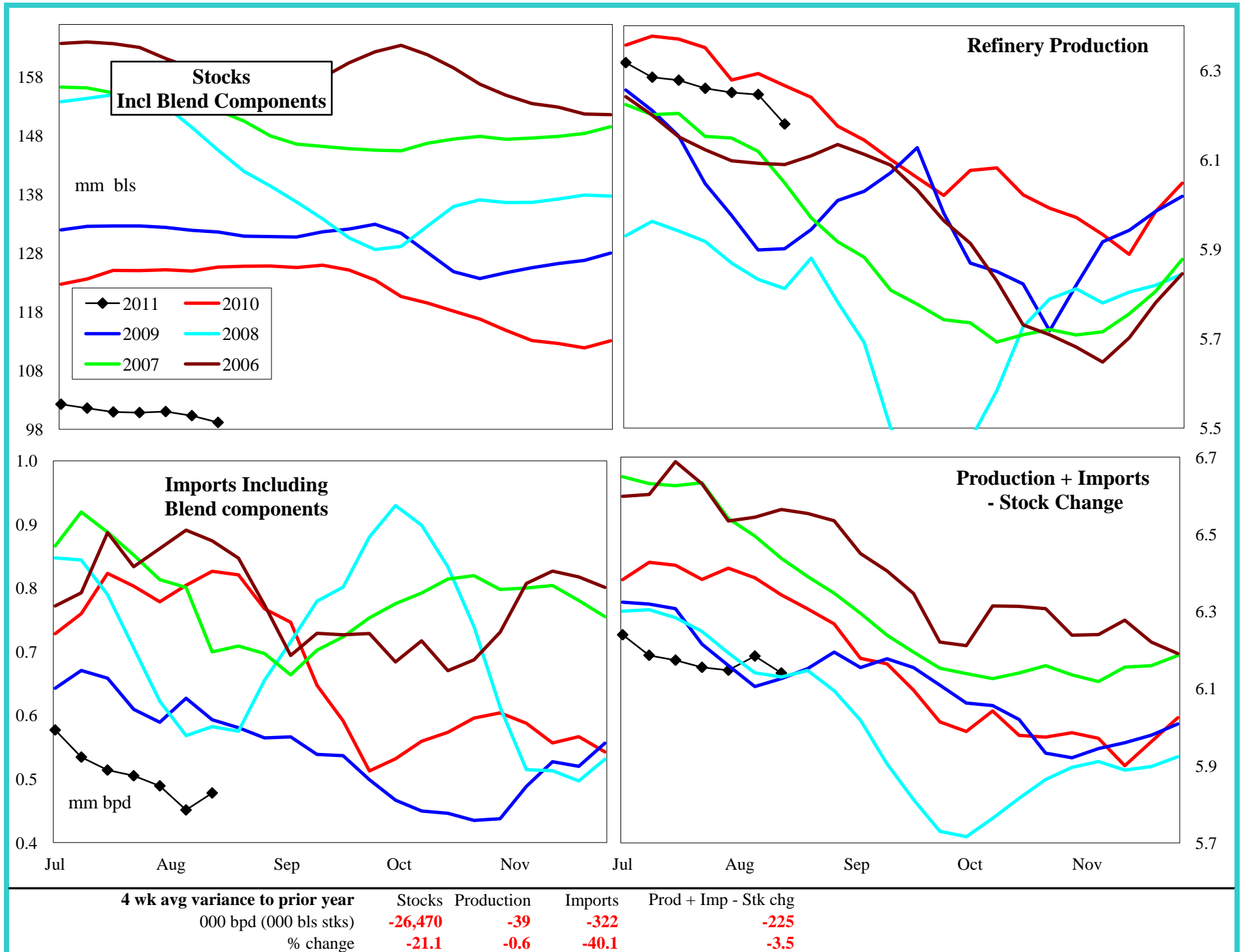
United States Reformulated Gasoline Supply



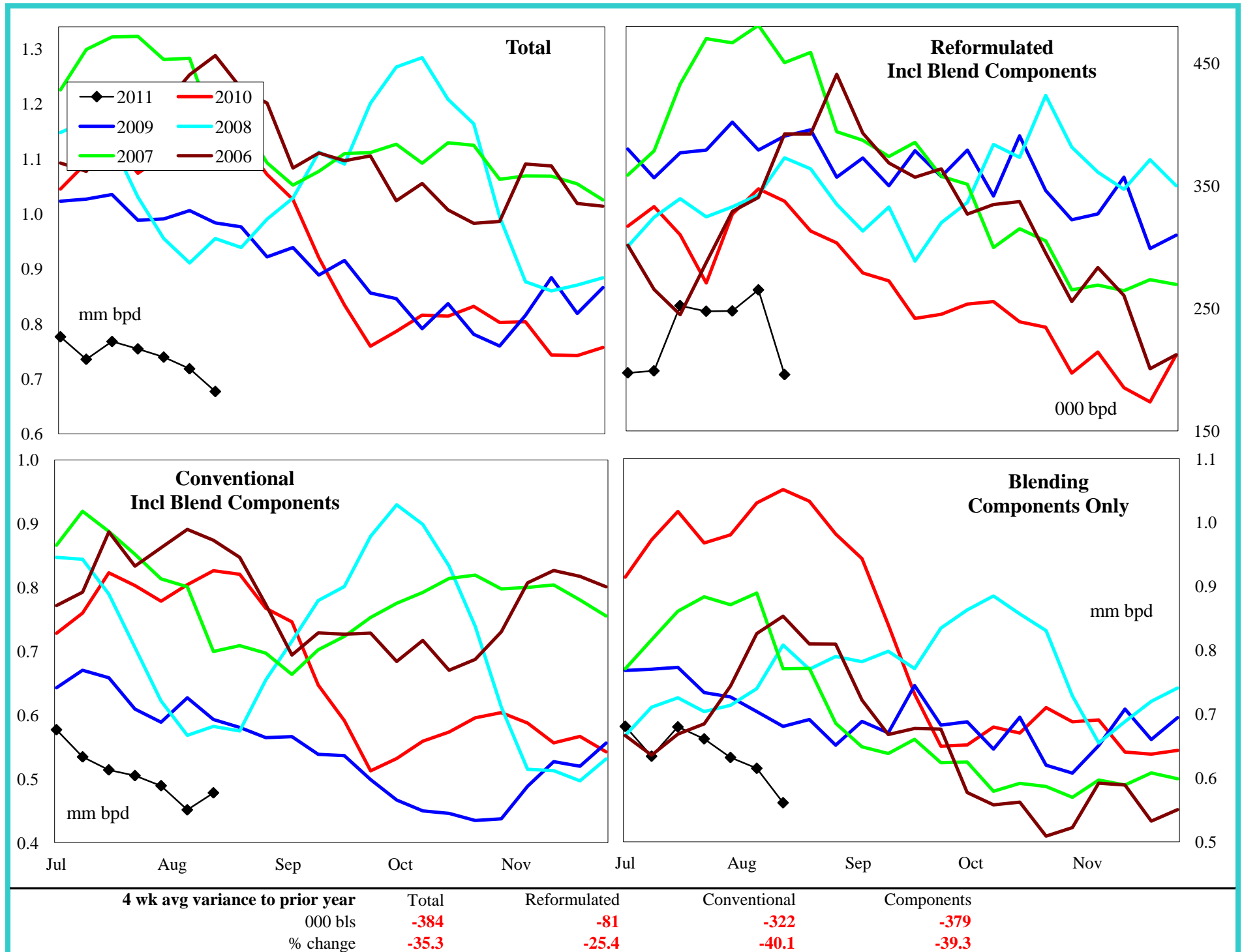
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
12,384	57	-81	-24
12.6	1.9	-25.4	-0.8

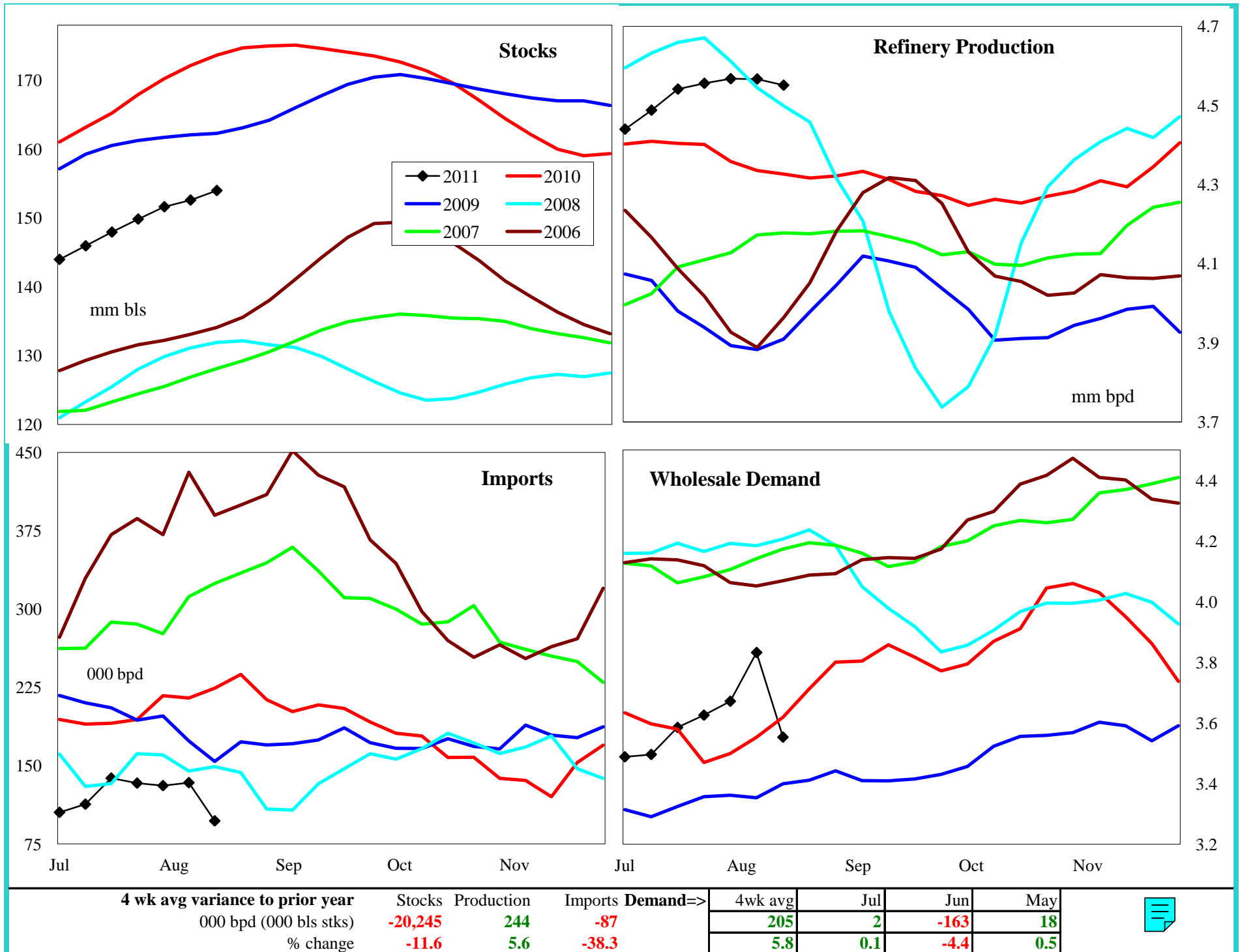
United States Conventional Gasoline Supply



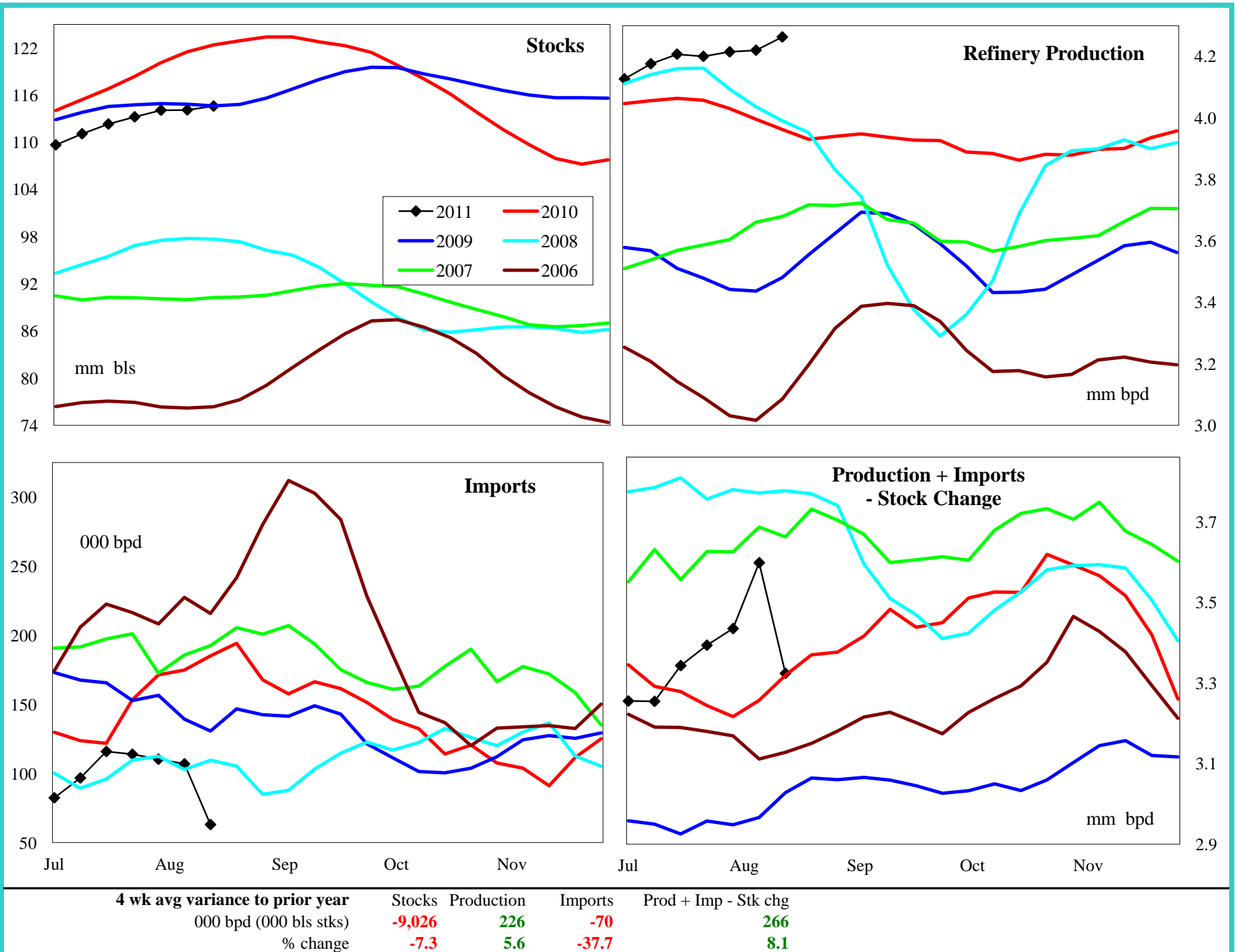
United States Gasoline Imports by Type



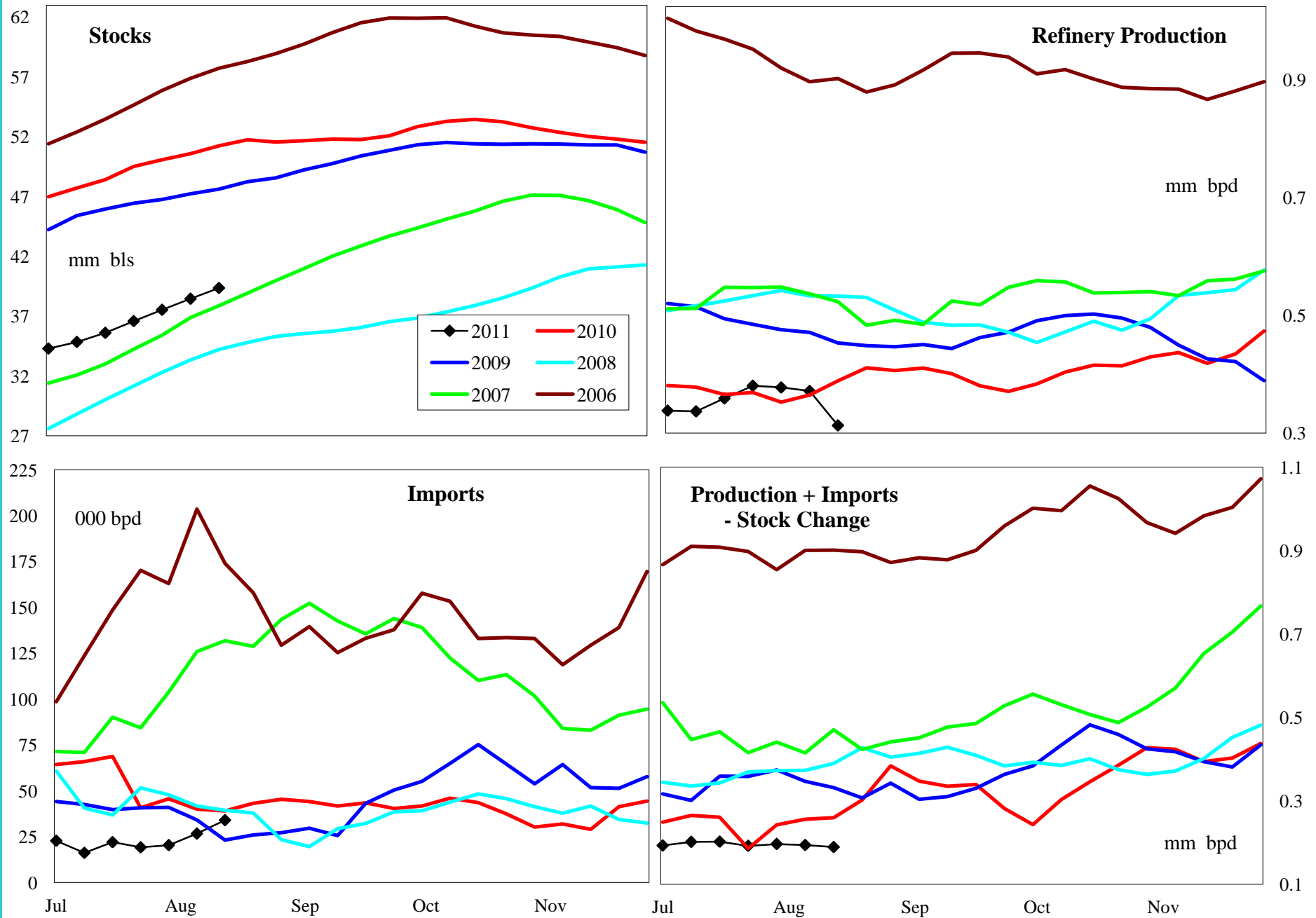
United States Distillate Supply and Demand Balance



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

-11,219

-22.2

Production

19

5.7

Imports

-17

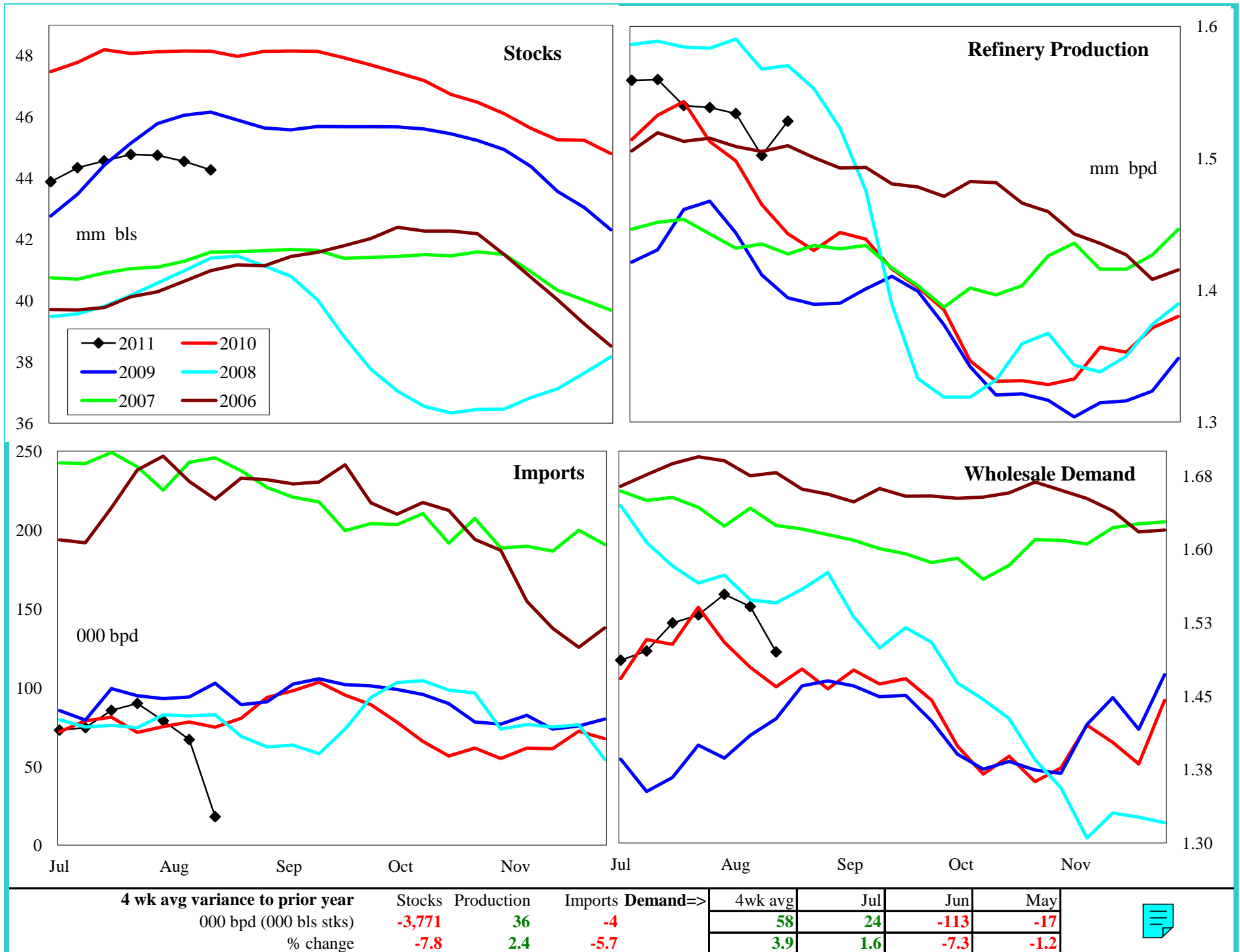
-41.2

Prod + Imp - Stk chg

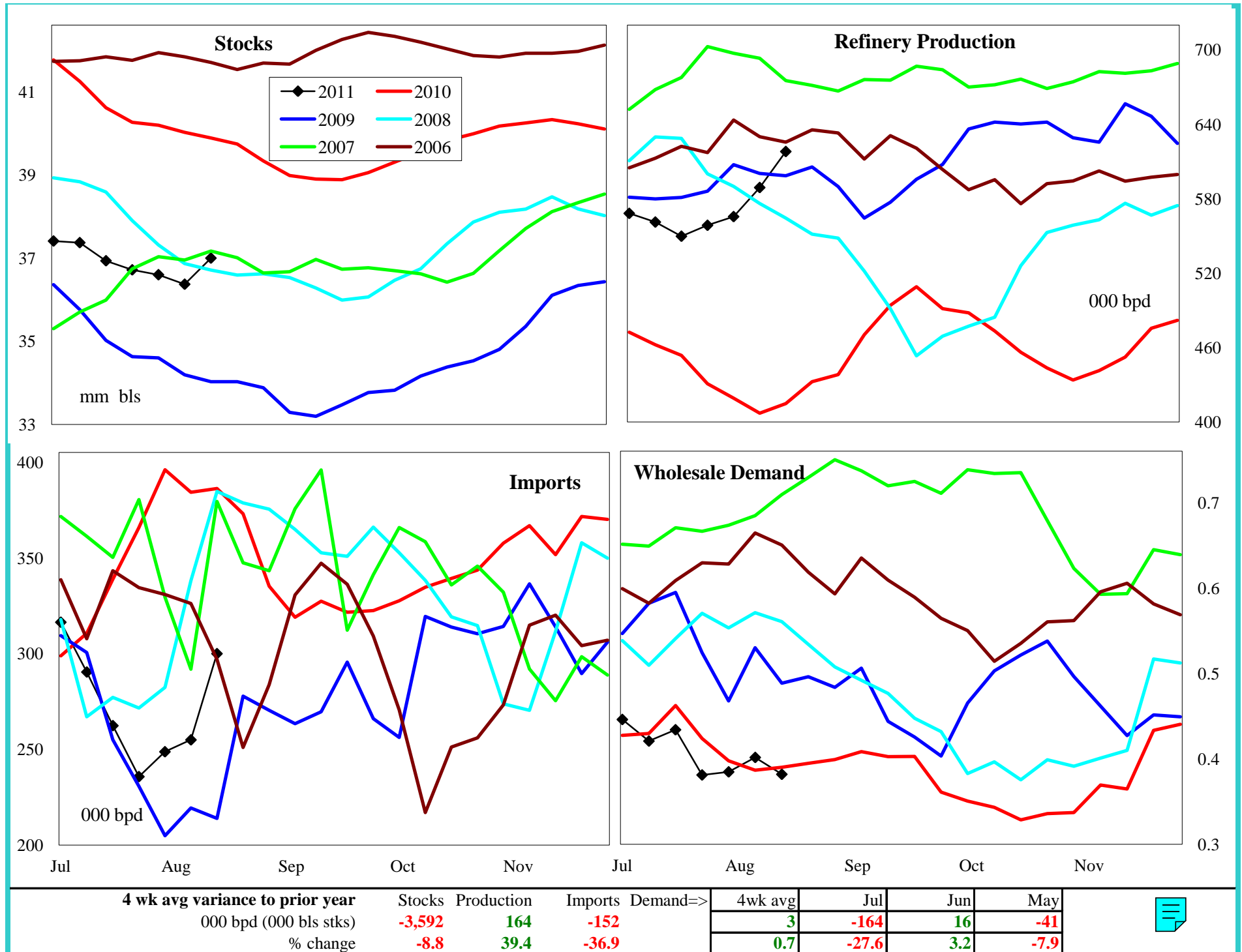
-61

-23.3

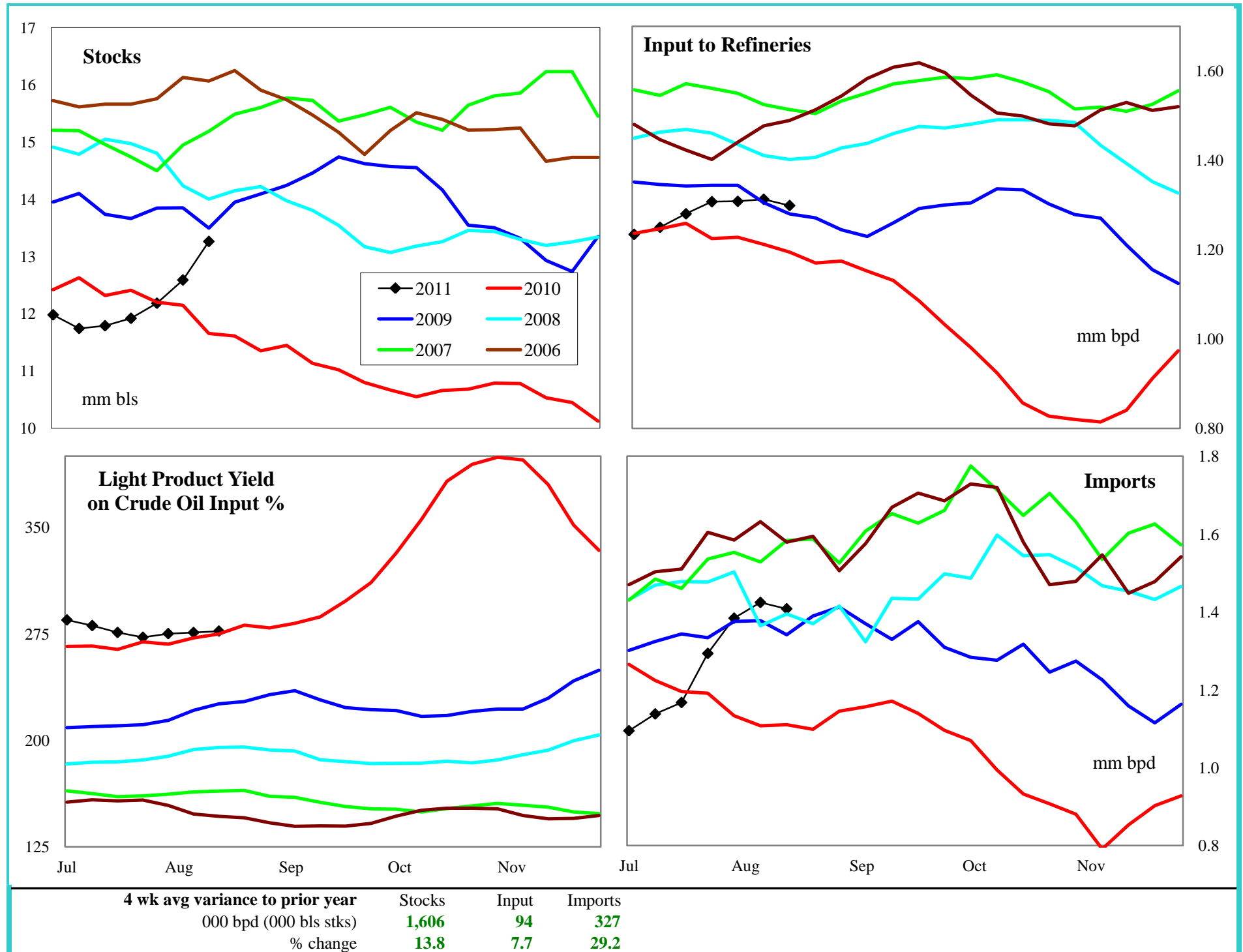
United States Jet Fuel Supply and Demand Balance



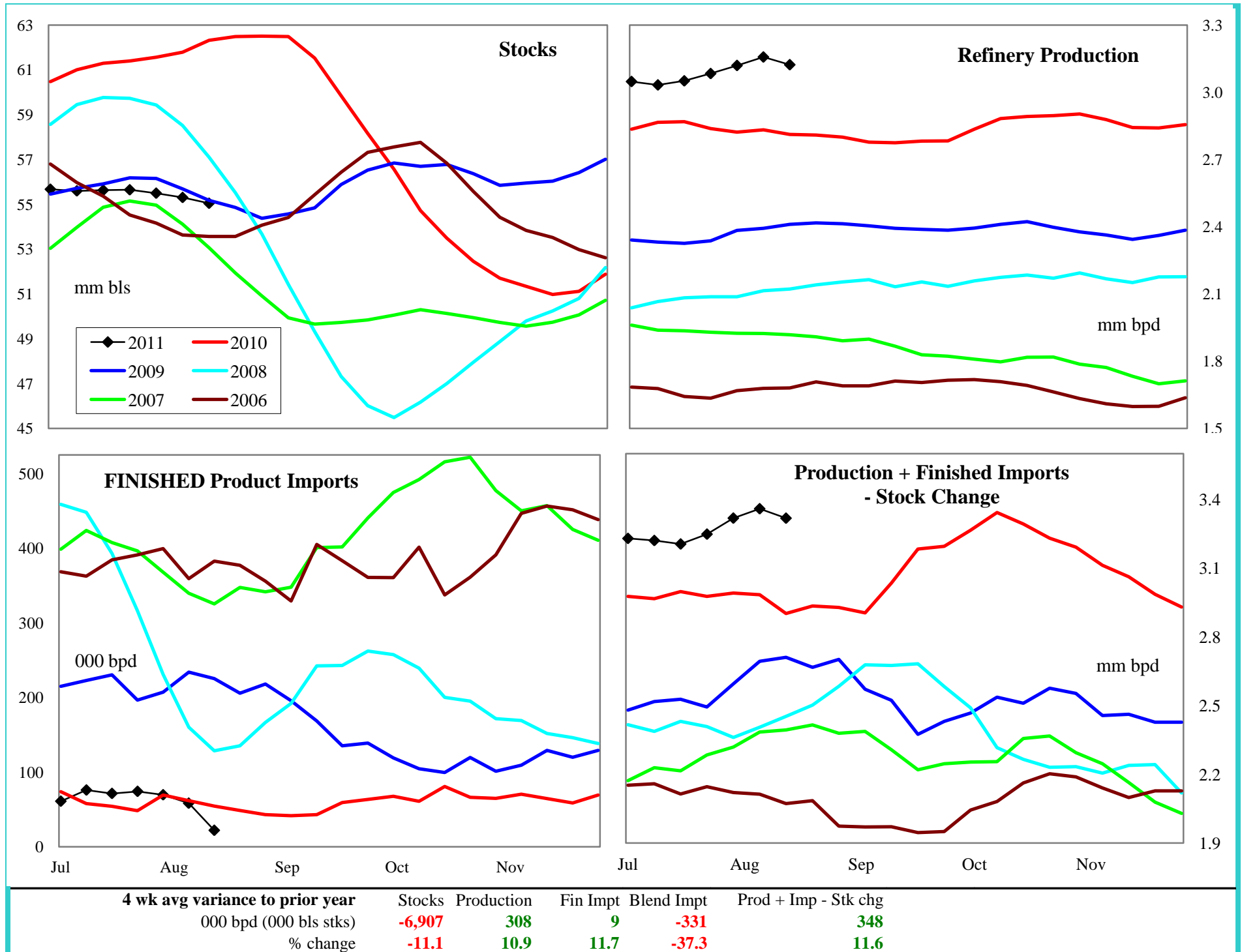
United States Residual Fuel Oil Supply and Demand Balance



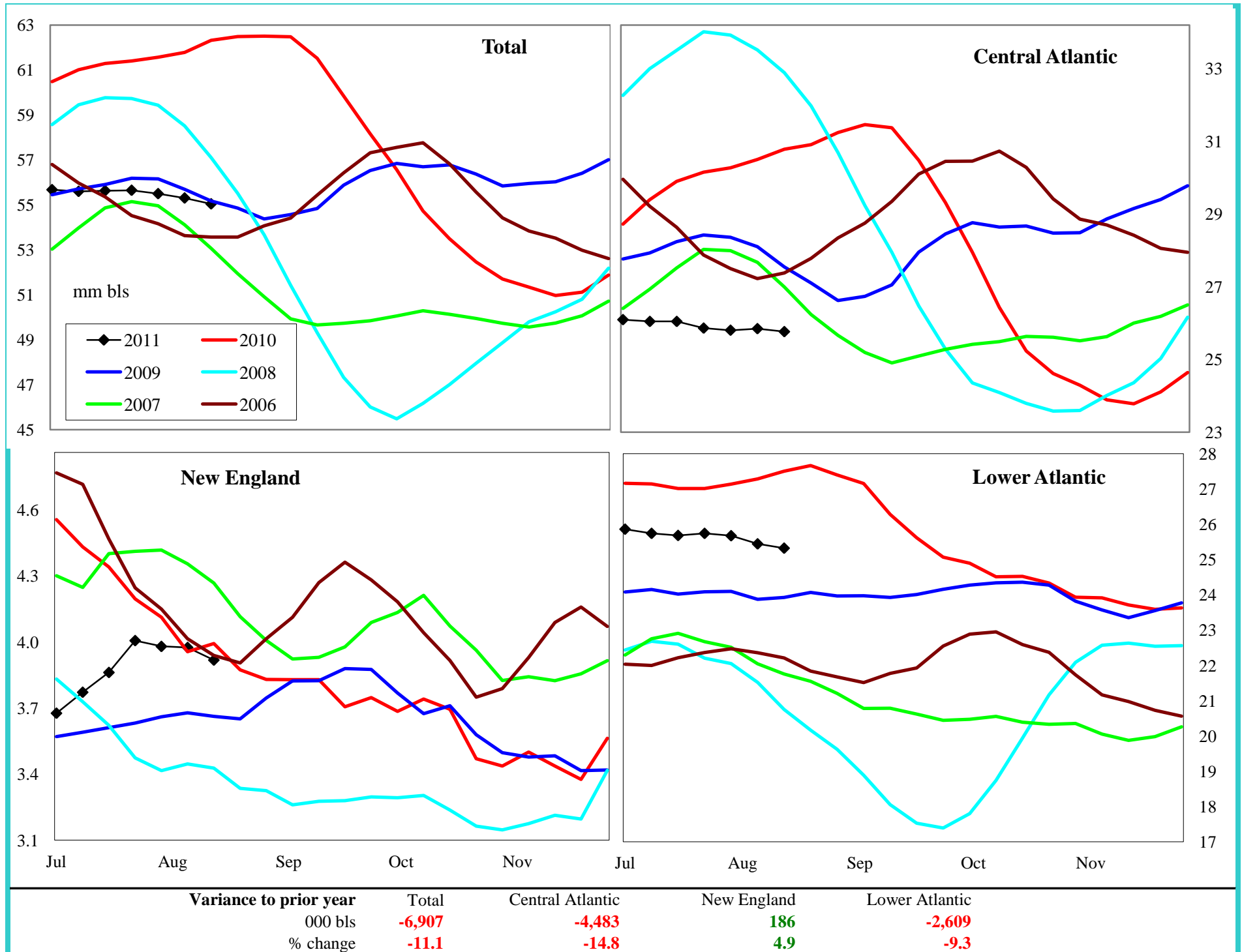
PADD 1 Crude Oil Supply and Refining



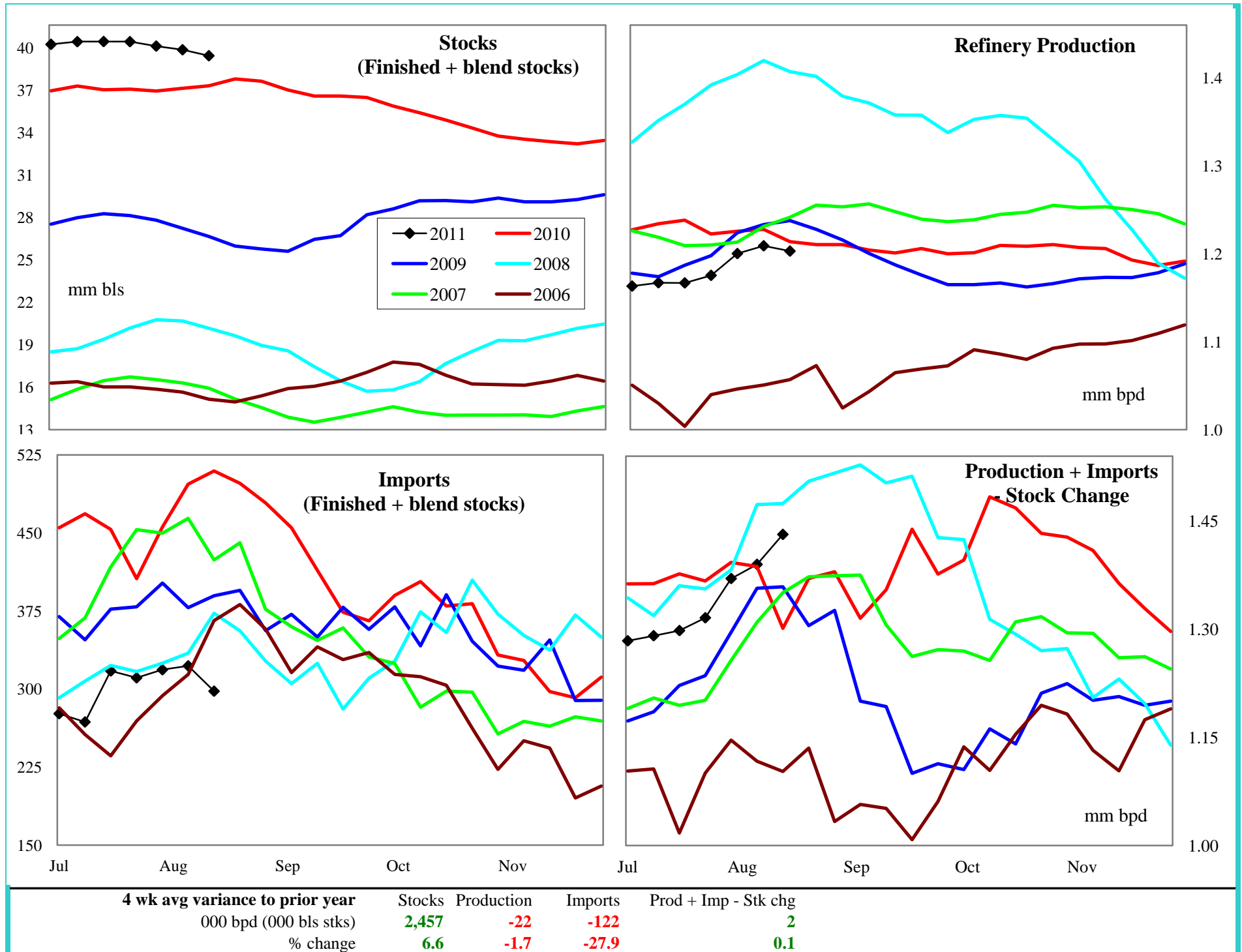
PADD 1 Gasoline Supply



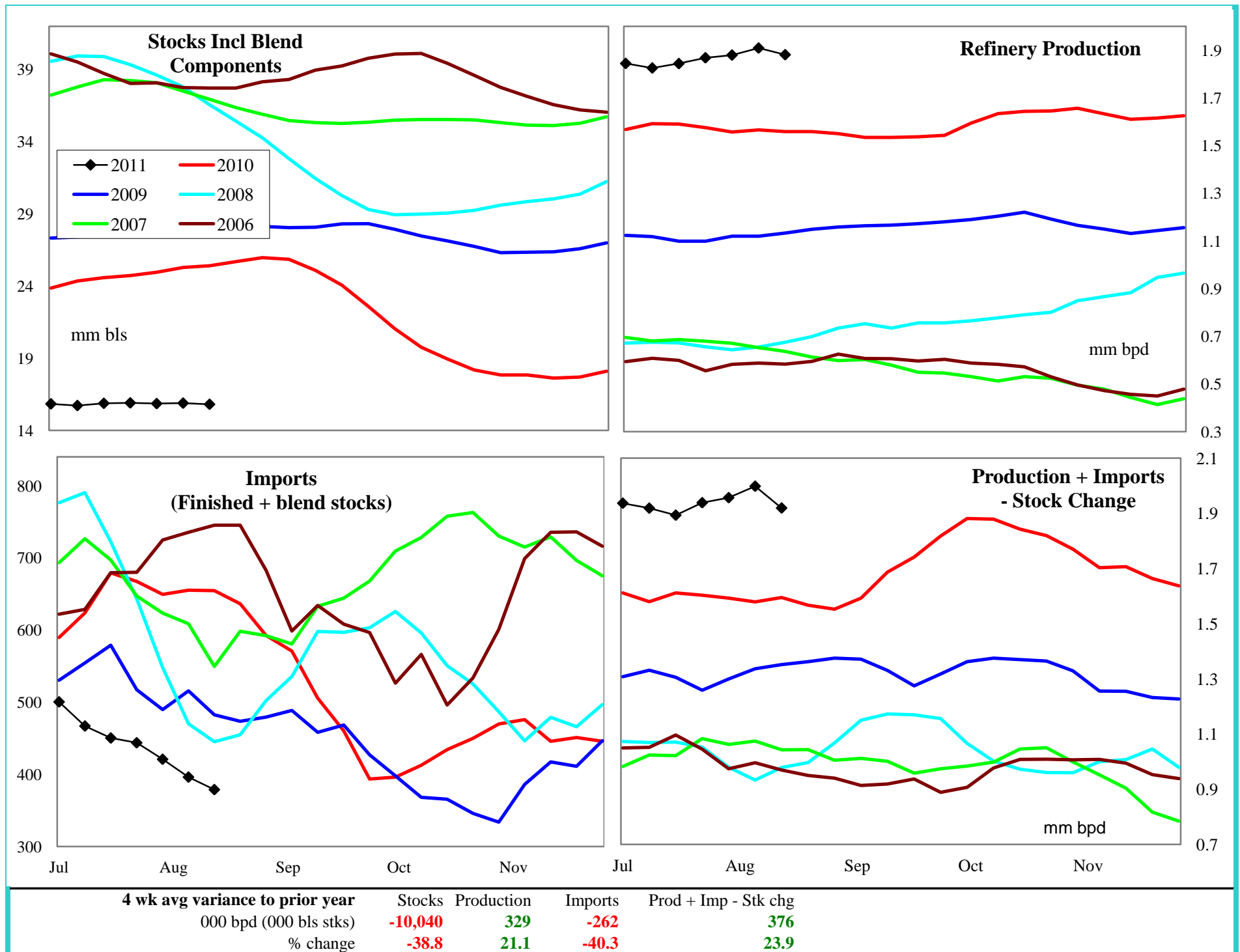
PADD 1 Gasoline Stocks by Region



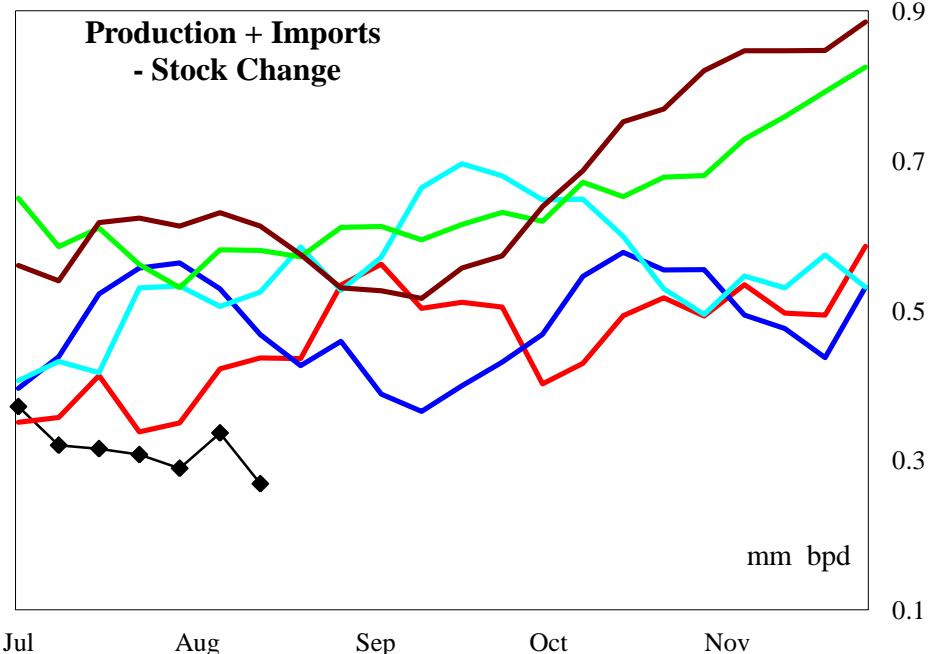
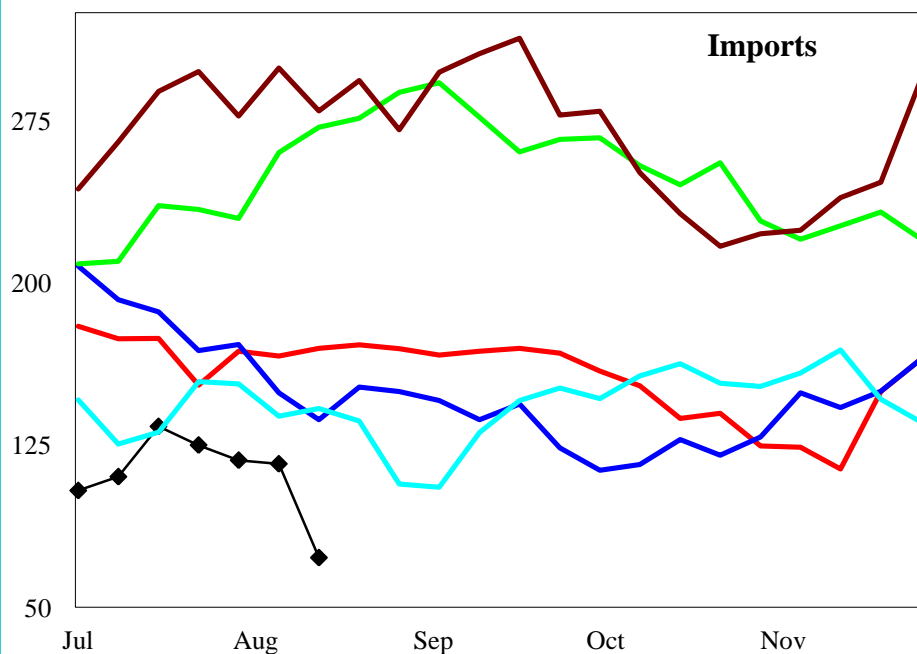
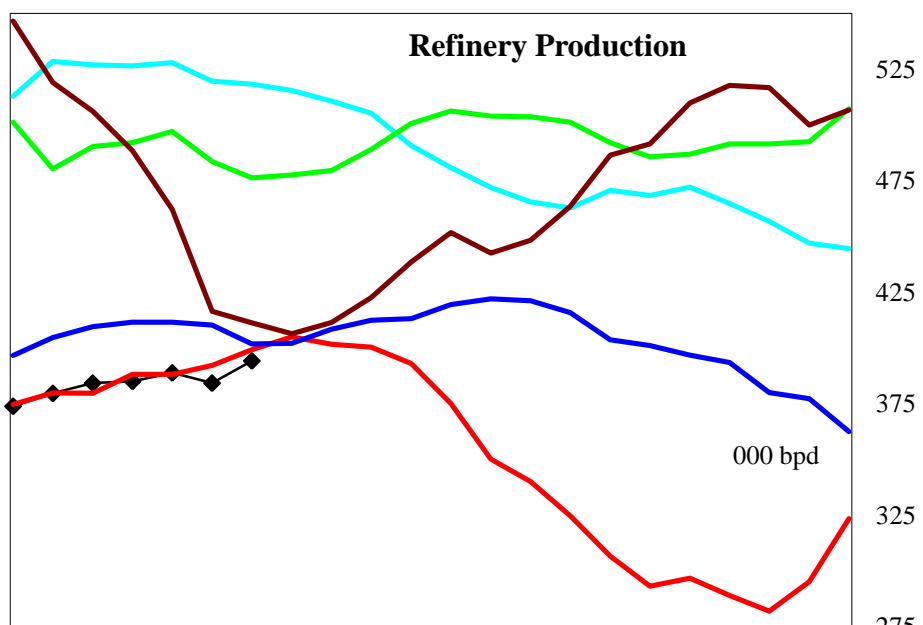
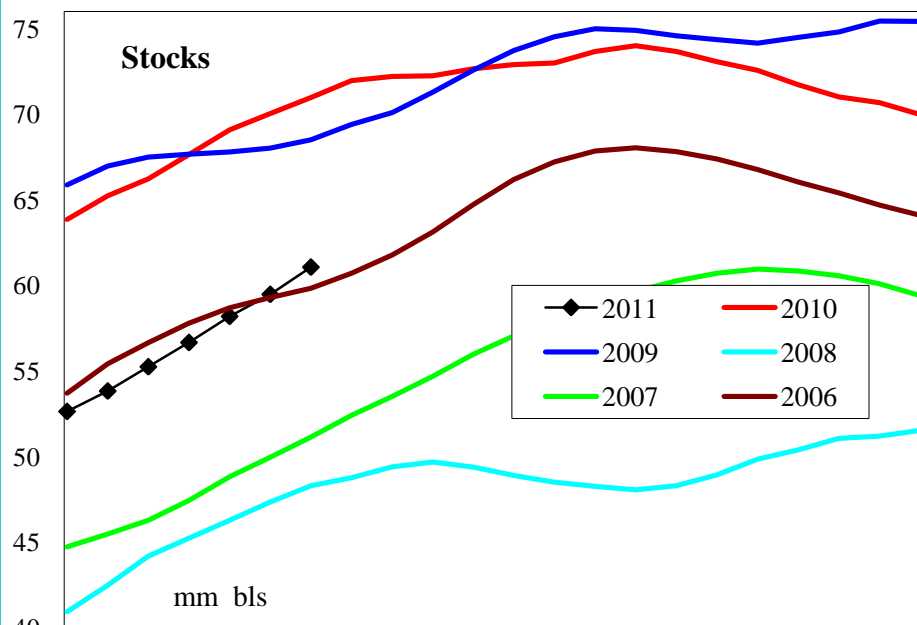
PADD 1 Reformulated Gasoline Supply



PADD 1 Conventional Gasoline Supply



PADD 1 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-11,001

-2

-47

-109

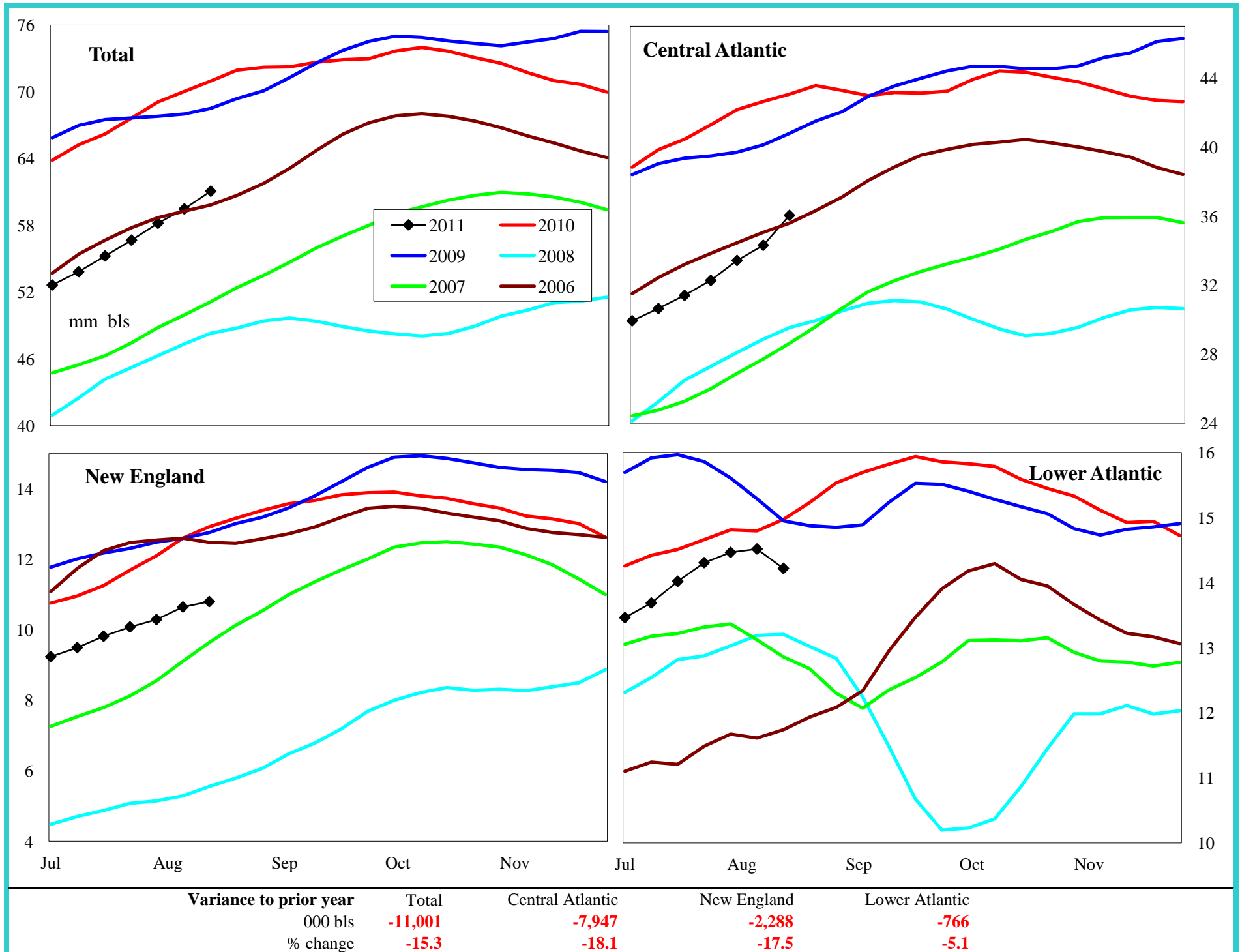
-15.3

-0.4

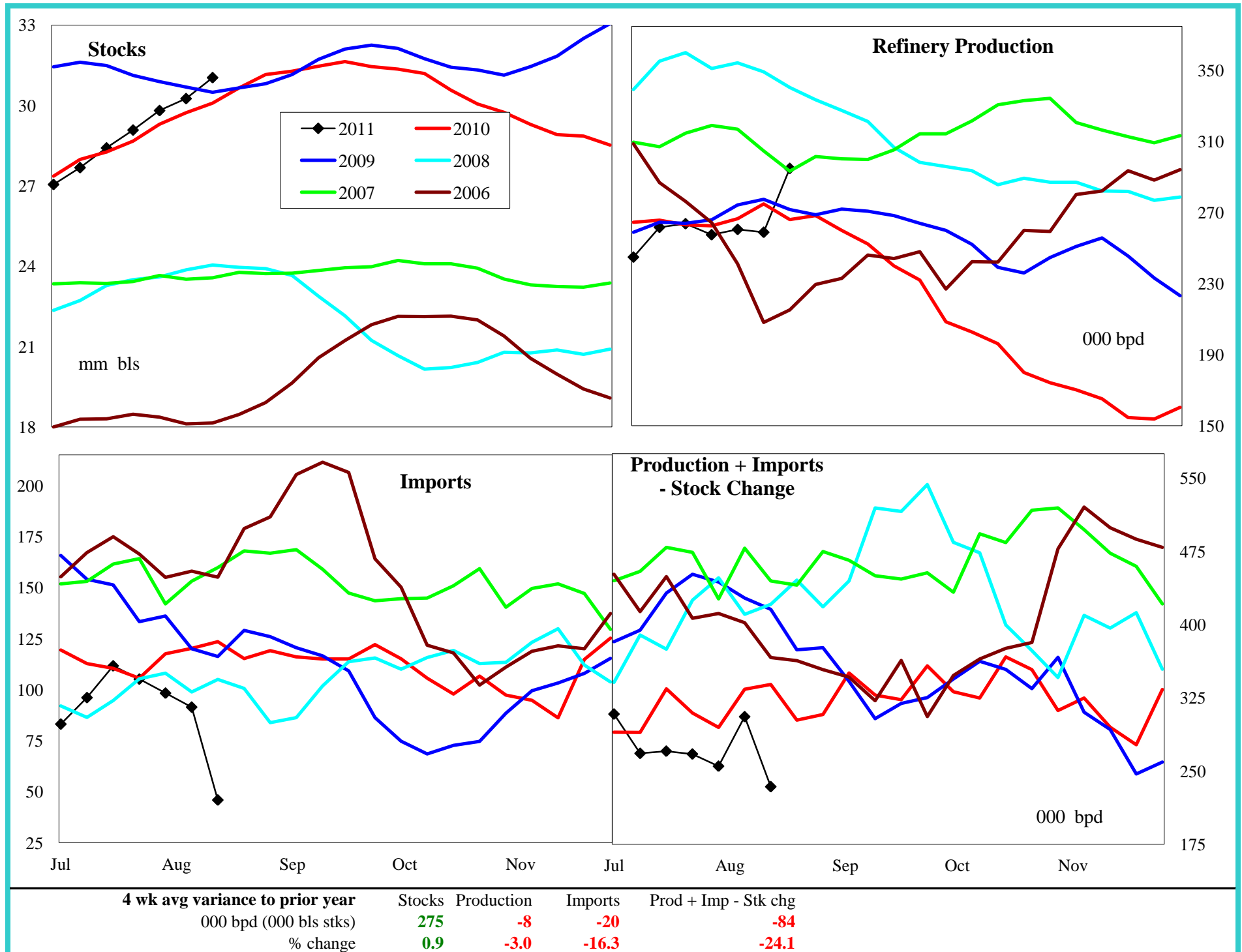
-27.1

-27.1

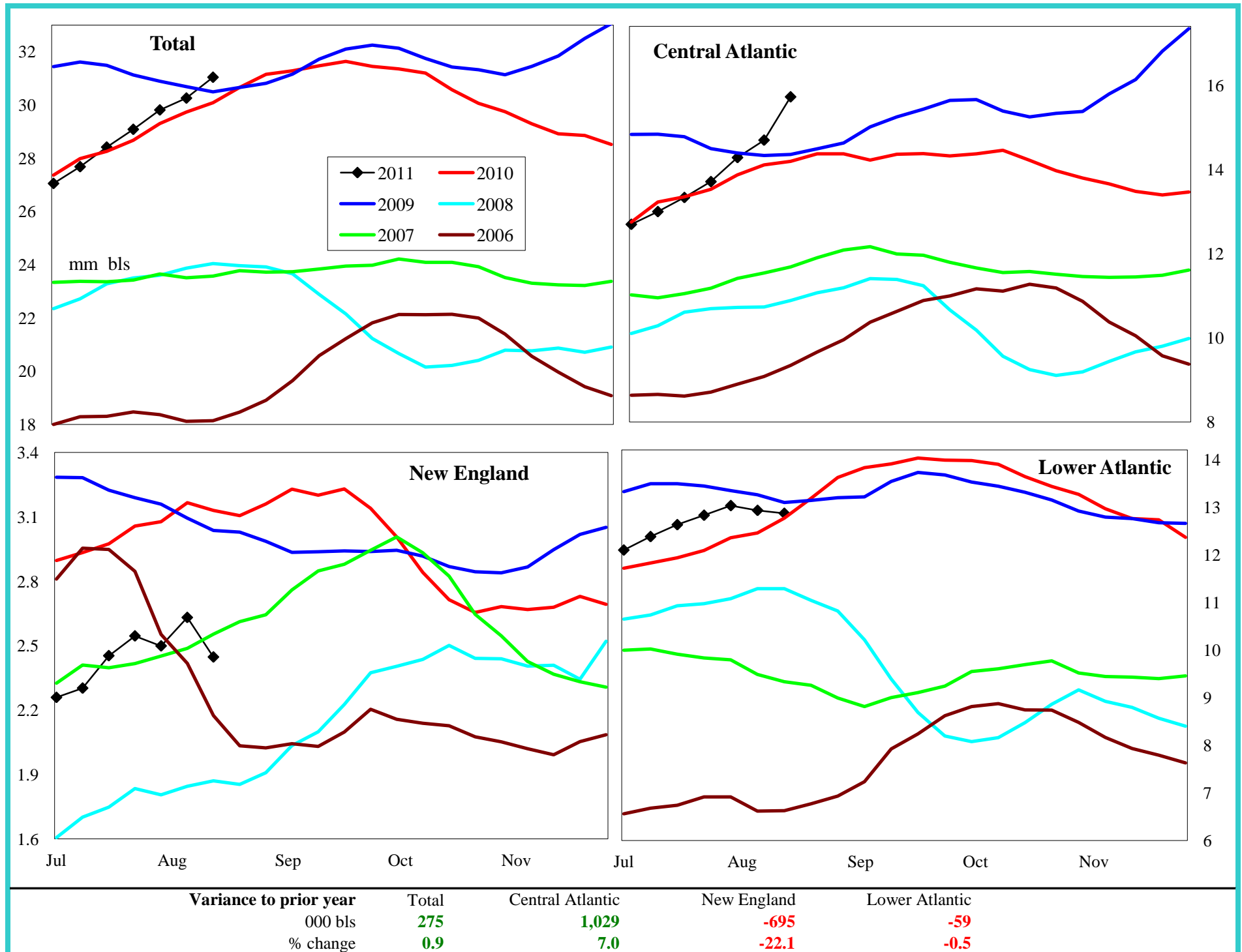
PADD 1 Distillate Stocks by Region



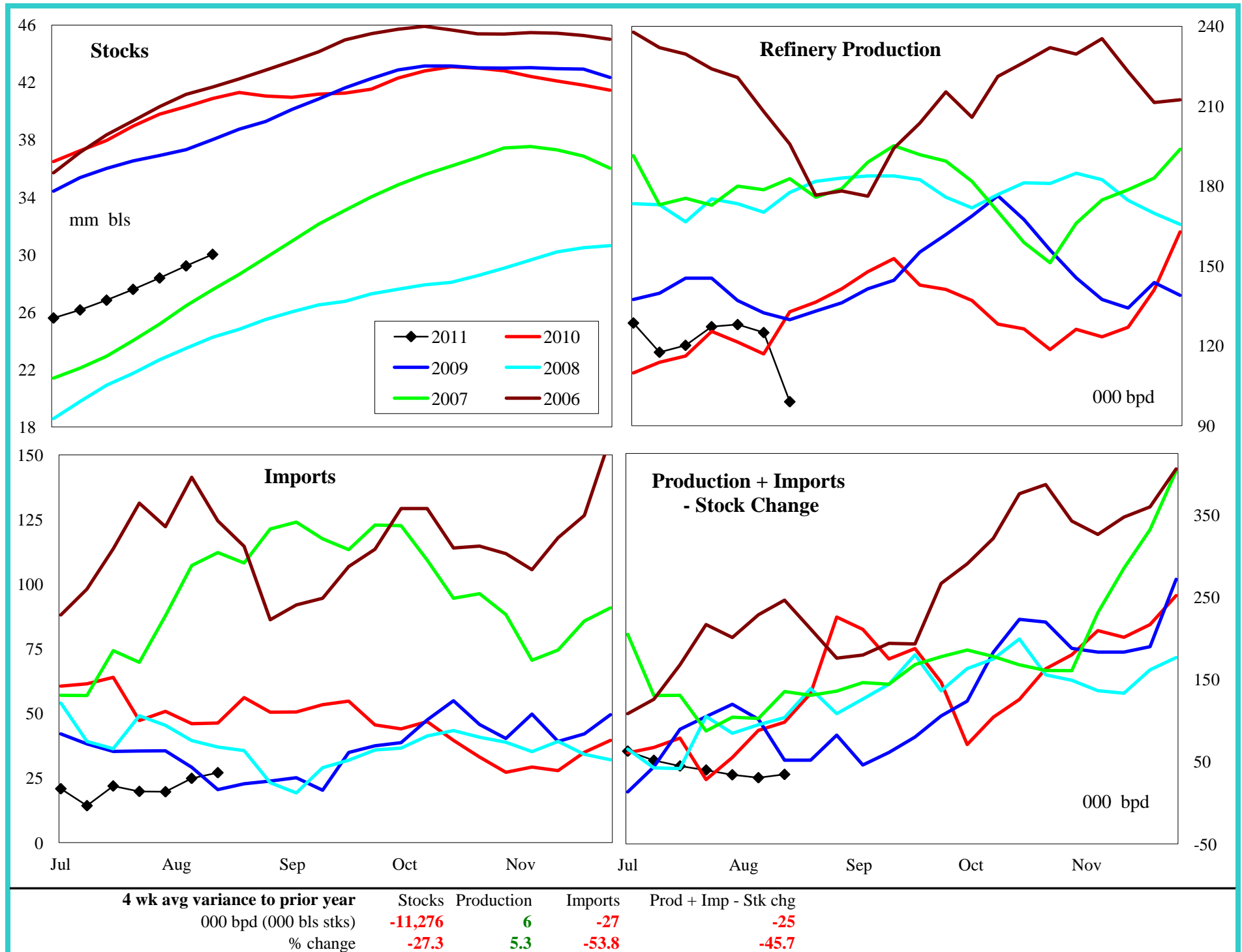
PADD 1 Low Sulfur Distillate Supply



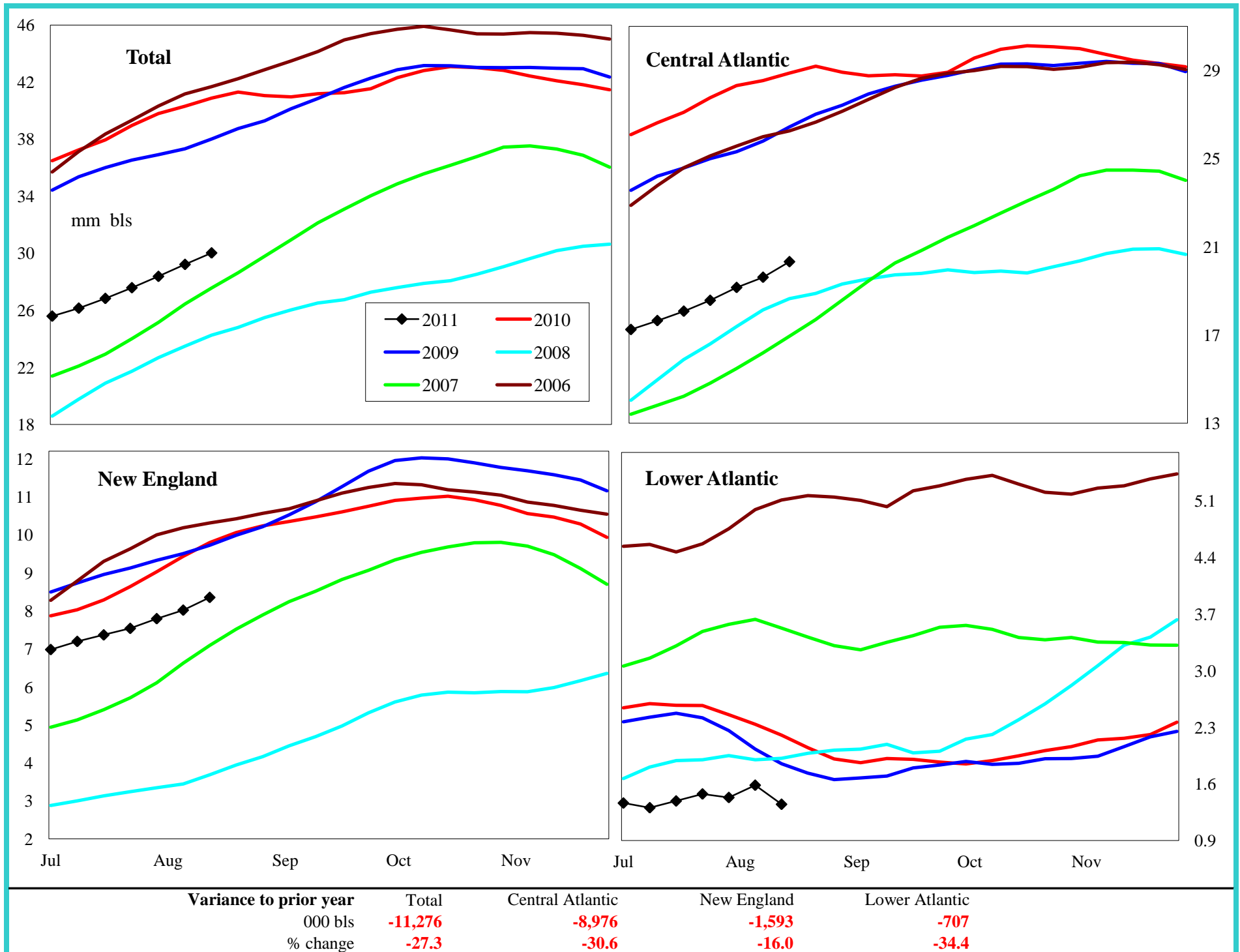
PADD 1 Low Sulfur Distillate Stocks by Region



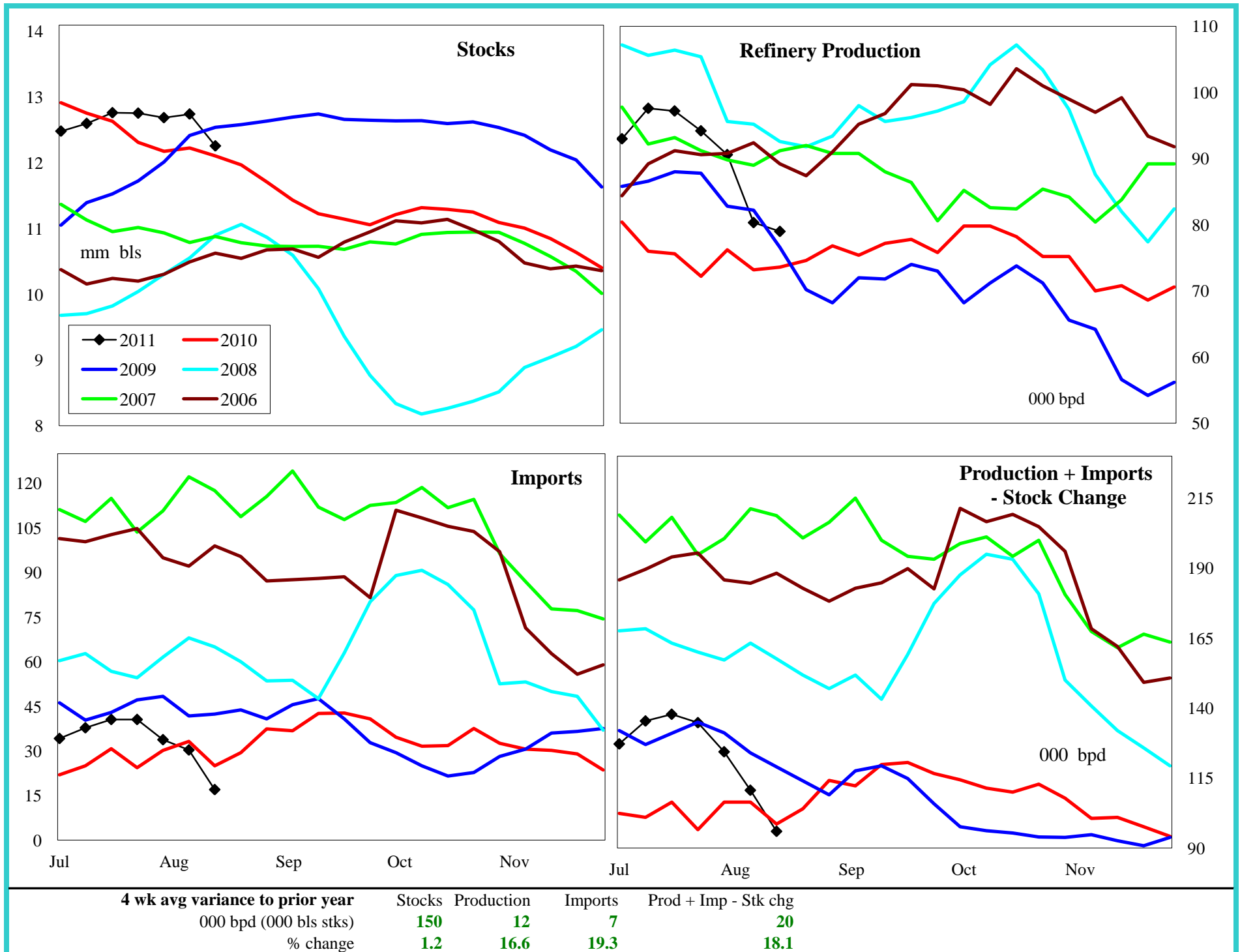
PADD 1 High Sulfur Distillate Supply



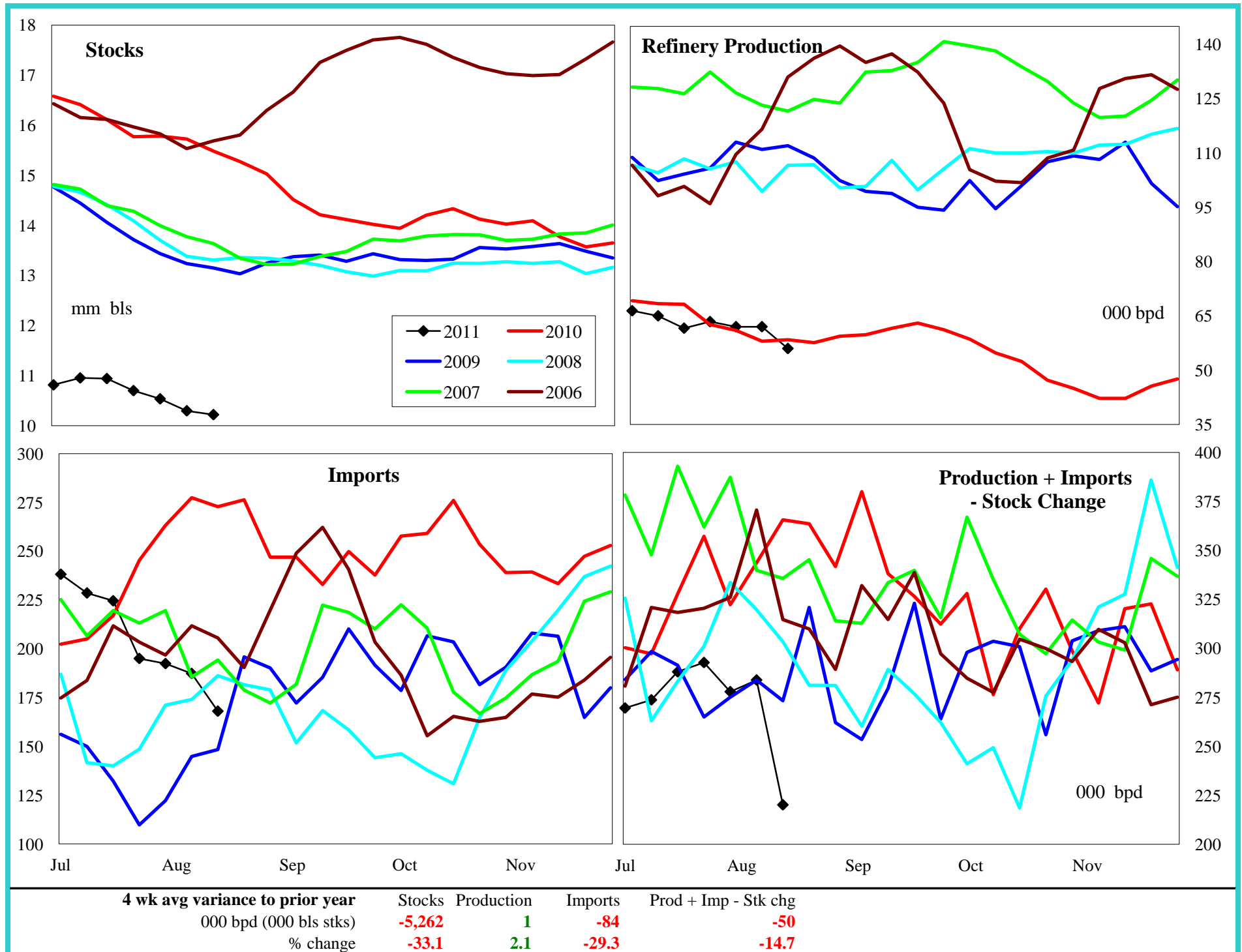
PADD 1 High Sulfur Distillate Stocks by Region



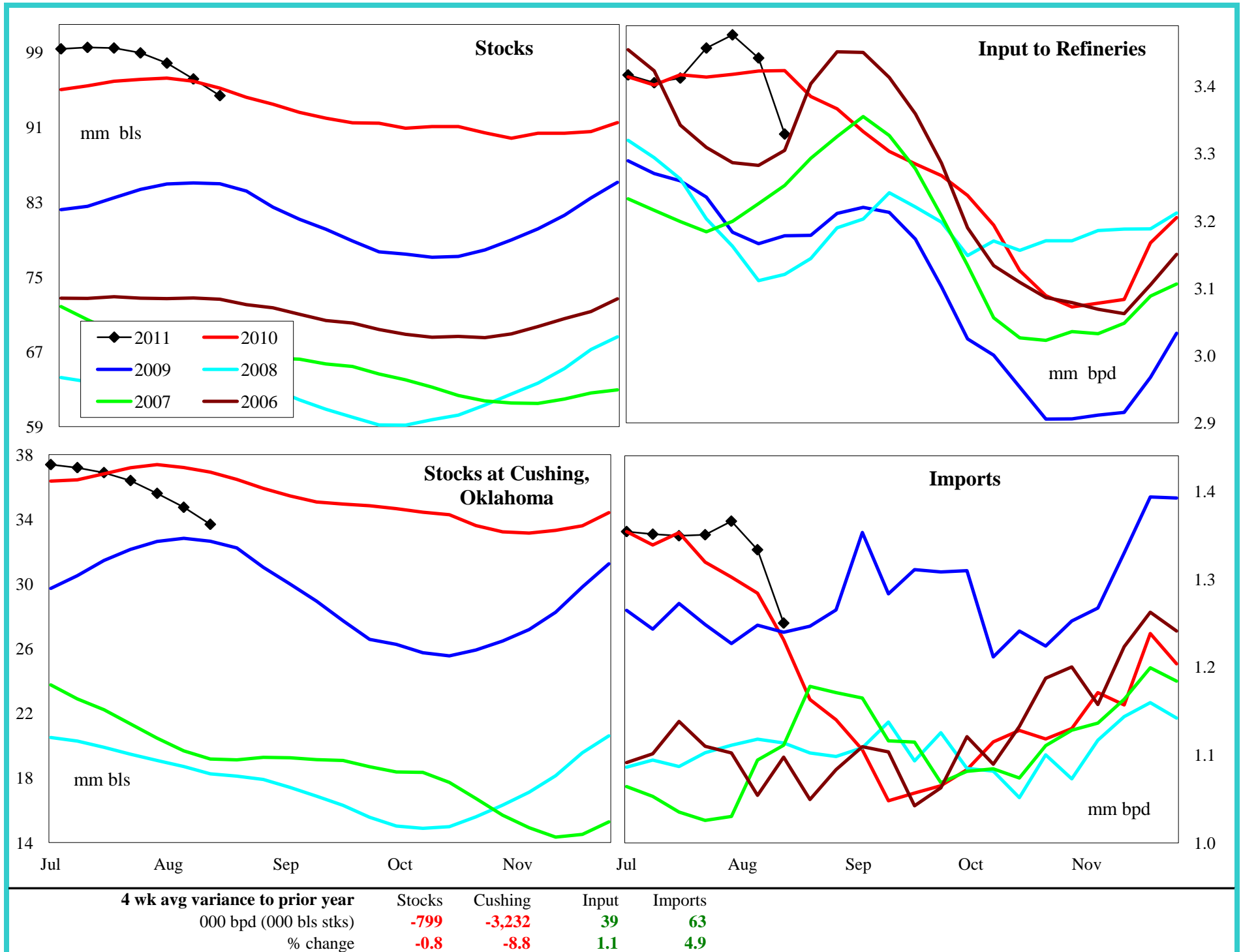
PADD 1 Jet Fuel Supply



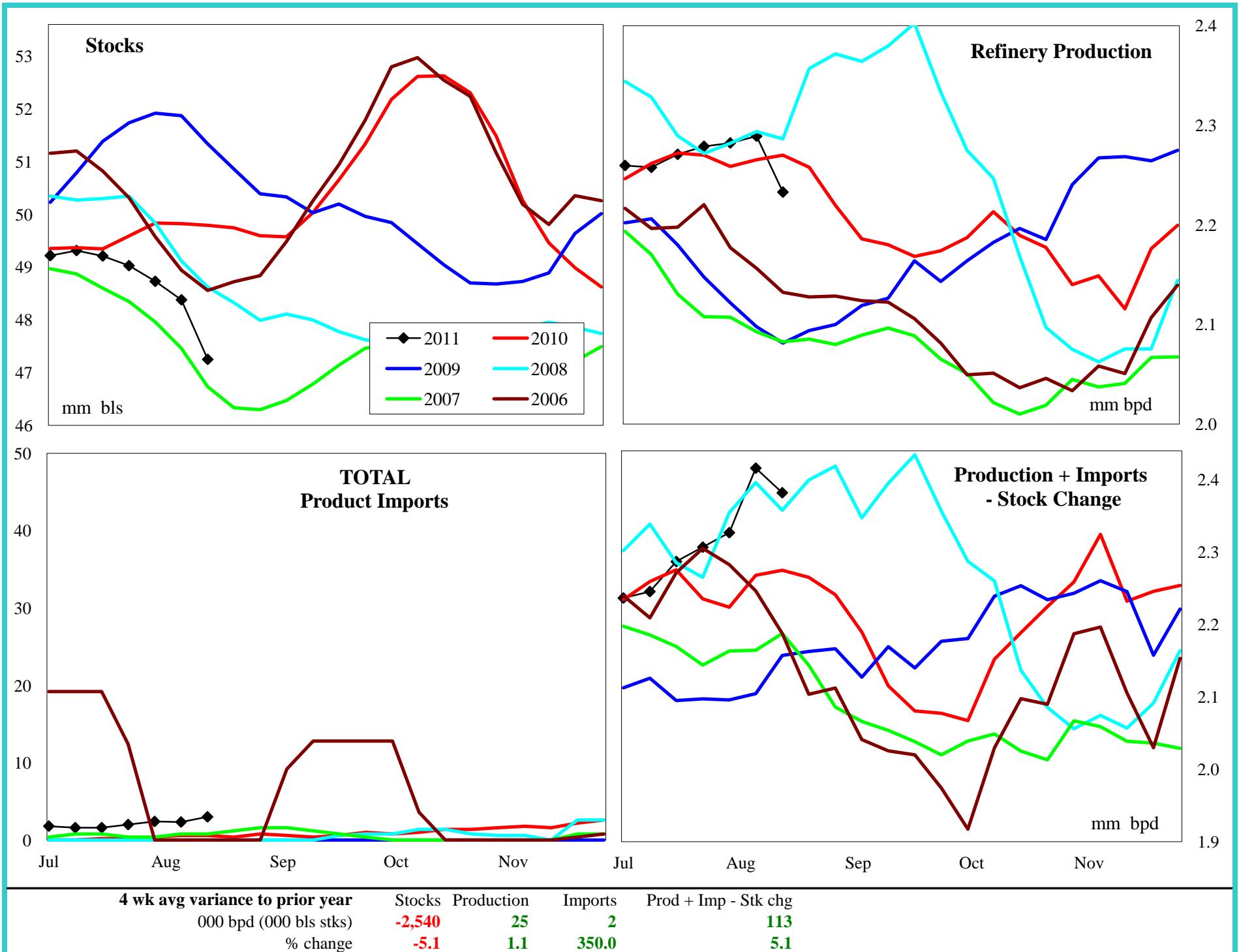
PADD 1 Residual Fuel Oil Supply



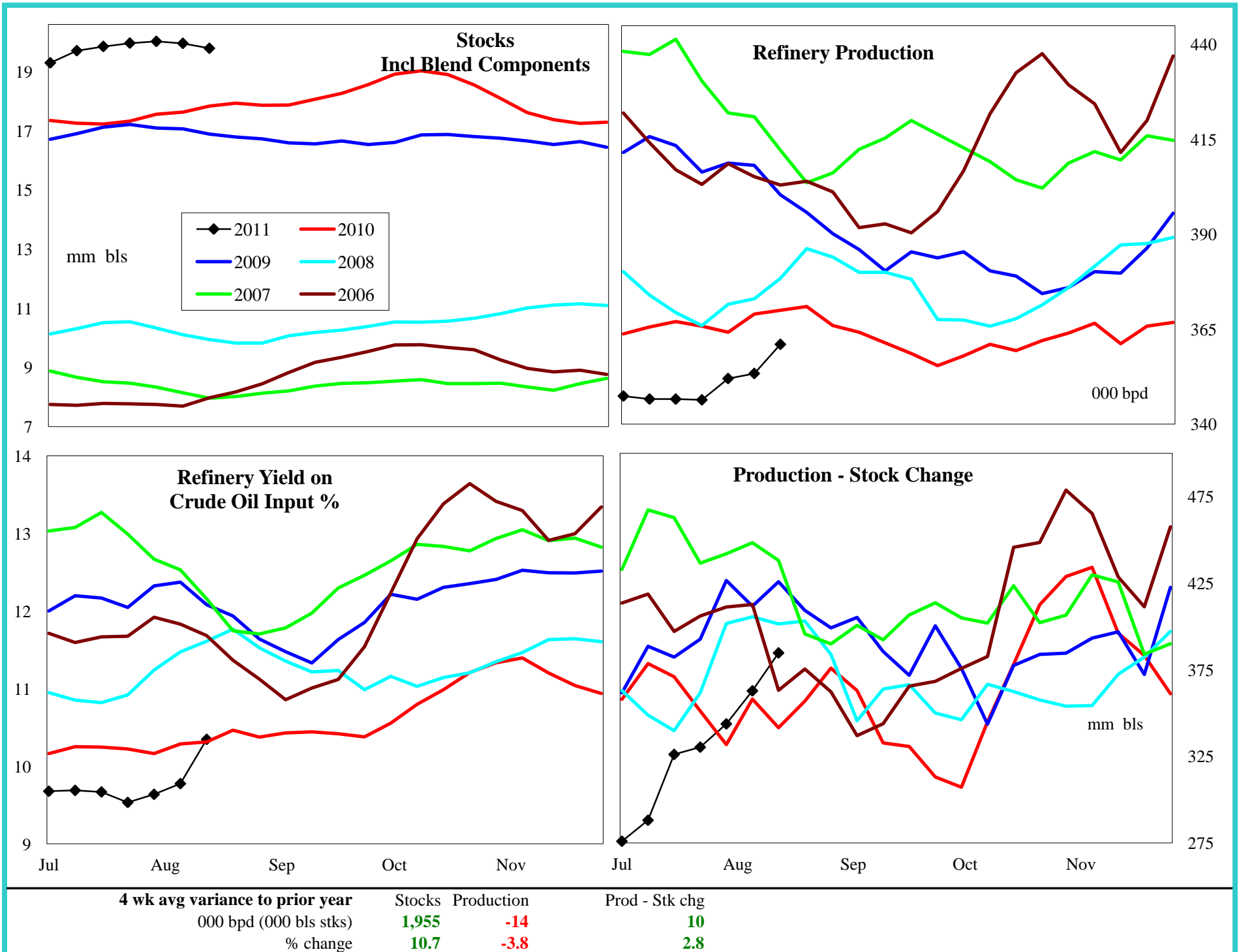
PADD 2 Crude Oil Supply and Refining



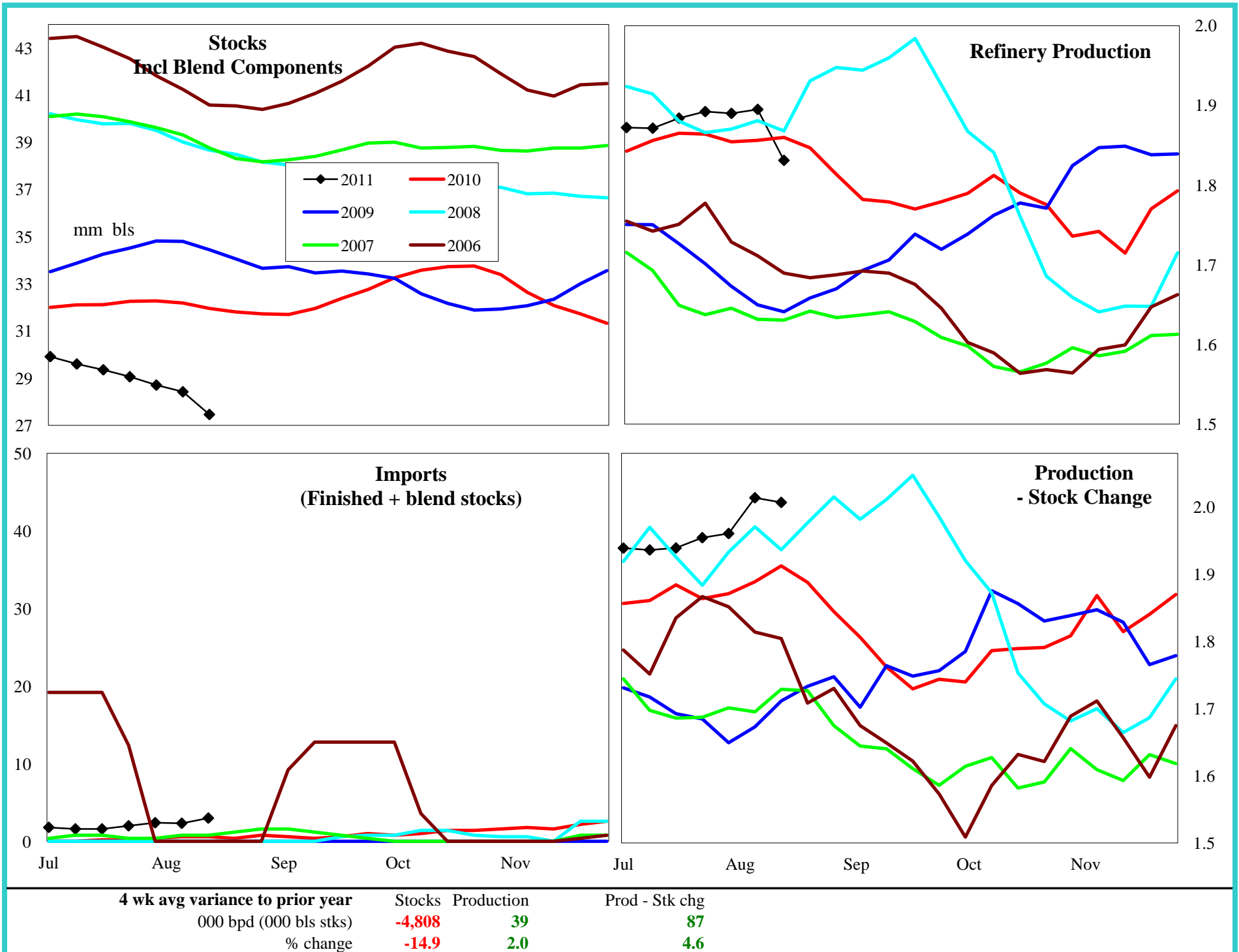
PADD 2 Gasoline Supply



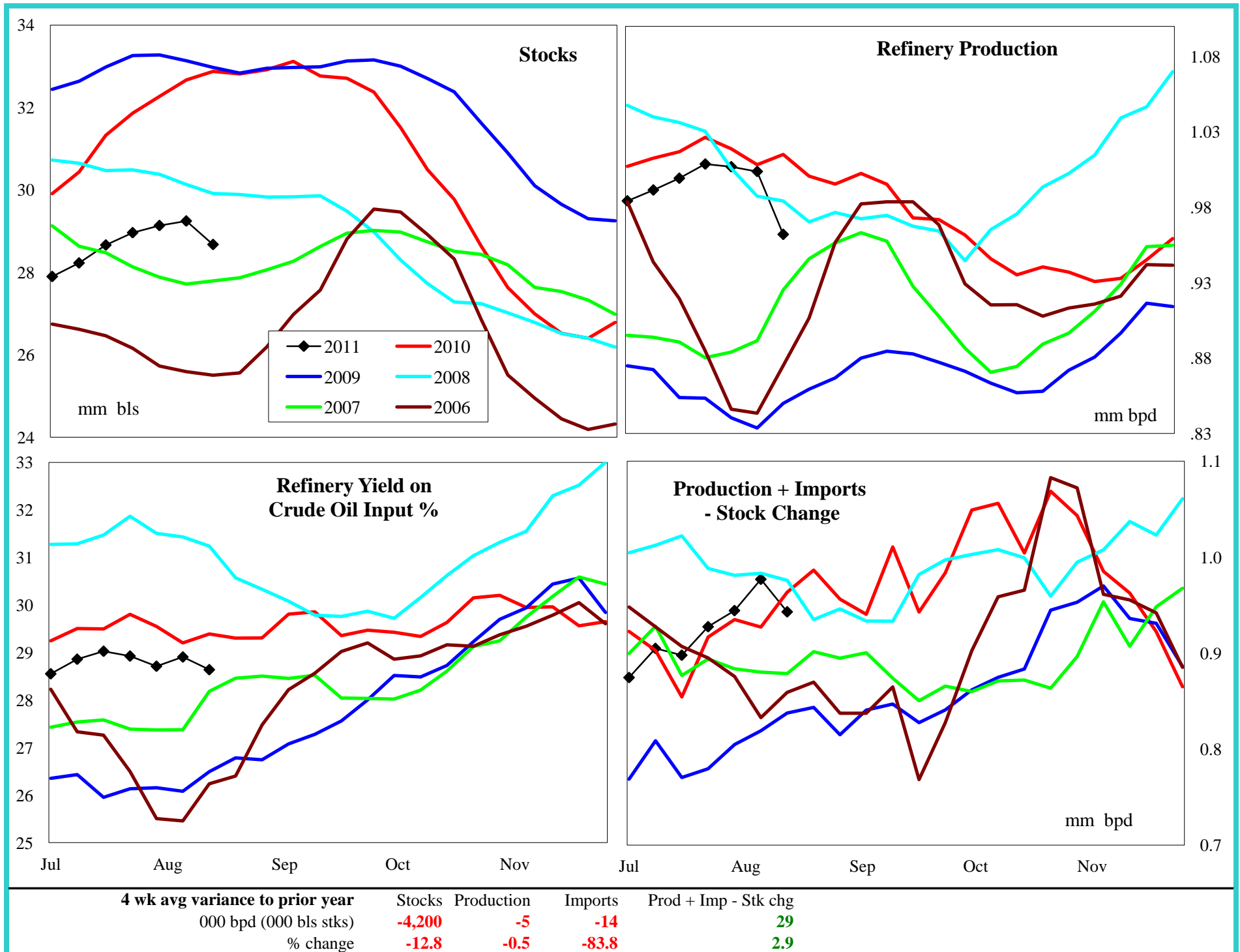
PADD 2 Reformulated Gasoline Supply



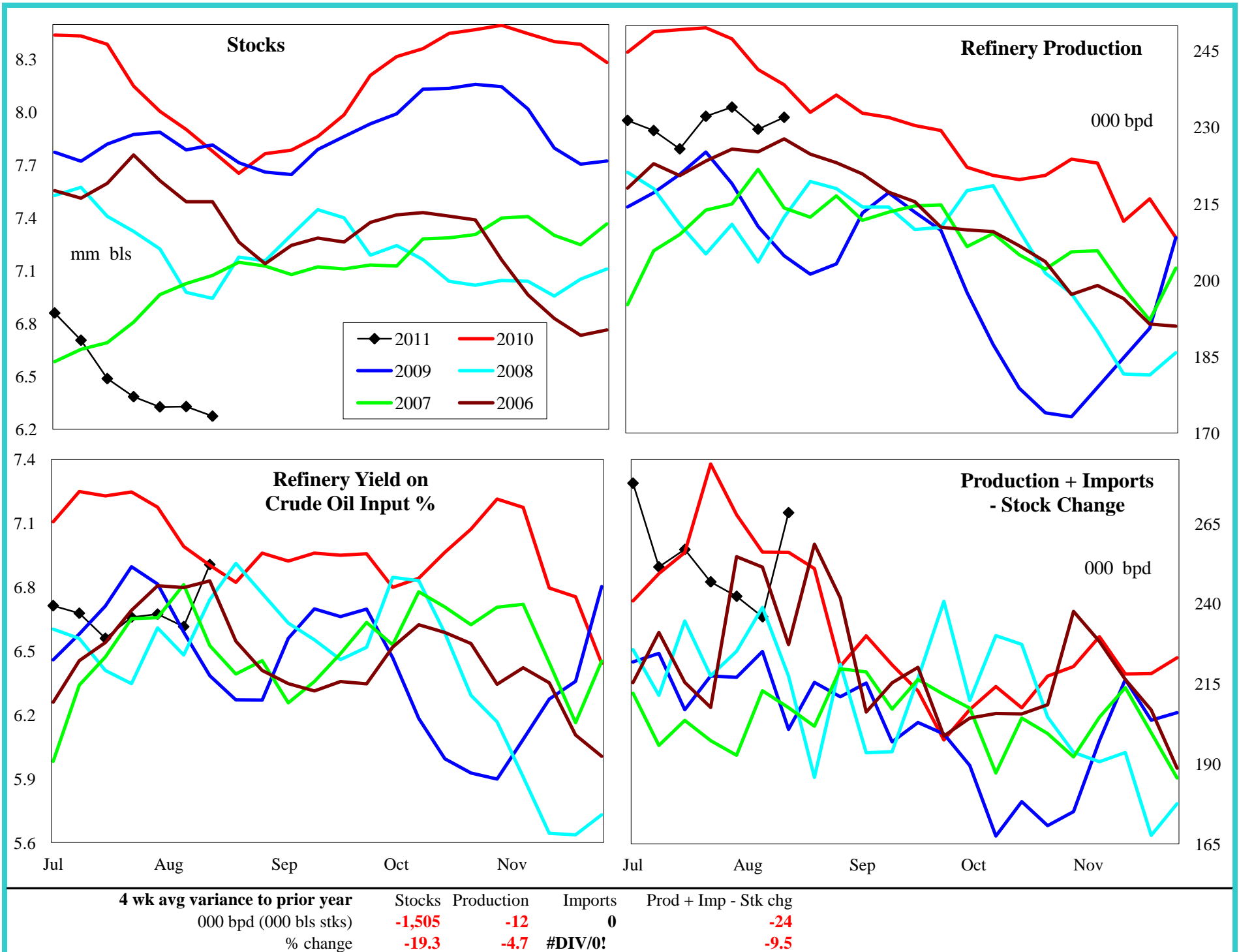
PADD 2 Conventional Gasoline Supply



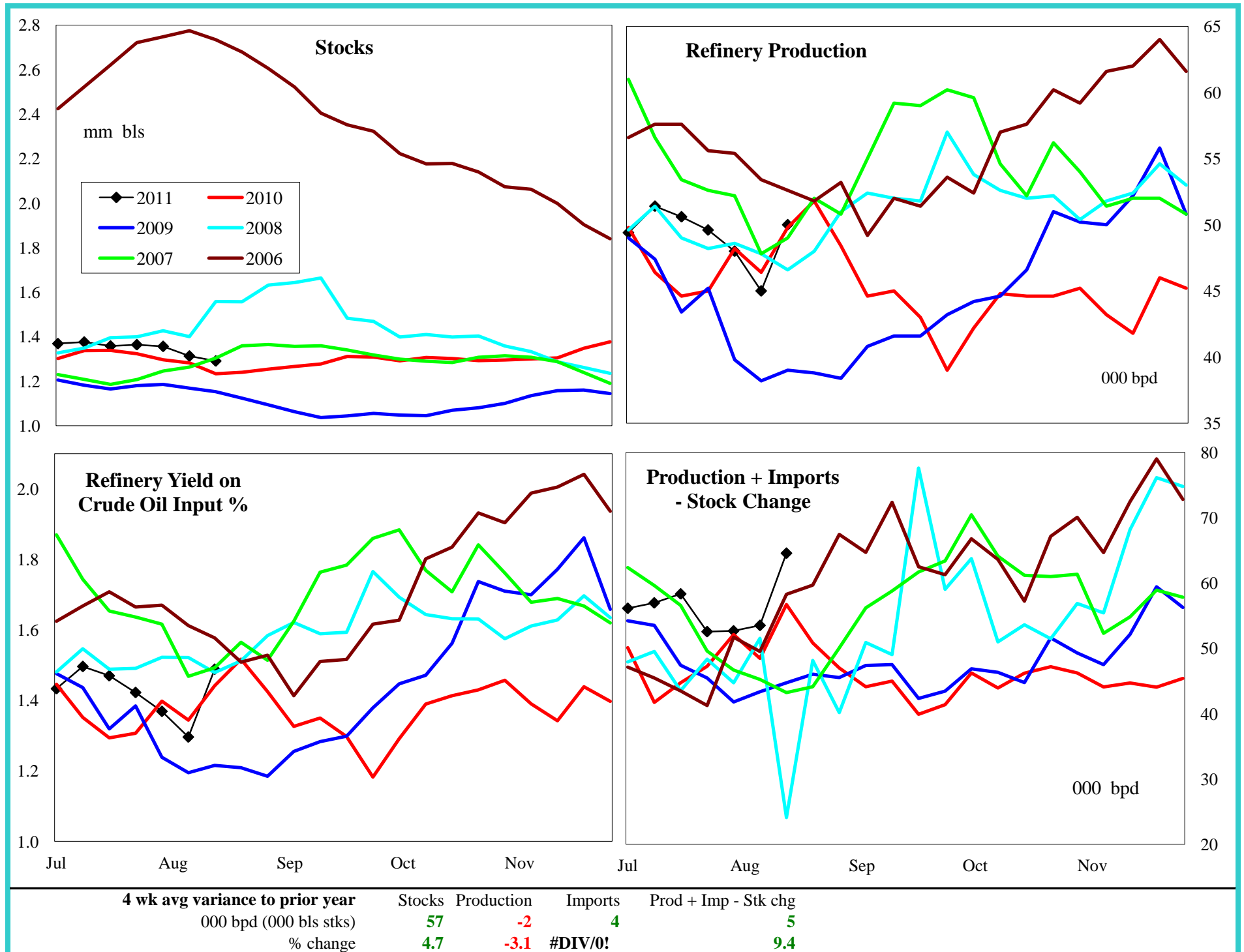
PADD 2 Distillate Supply



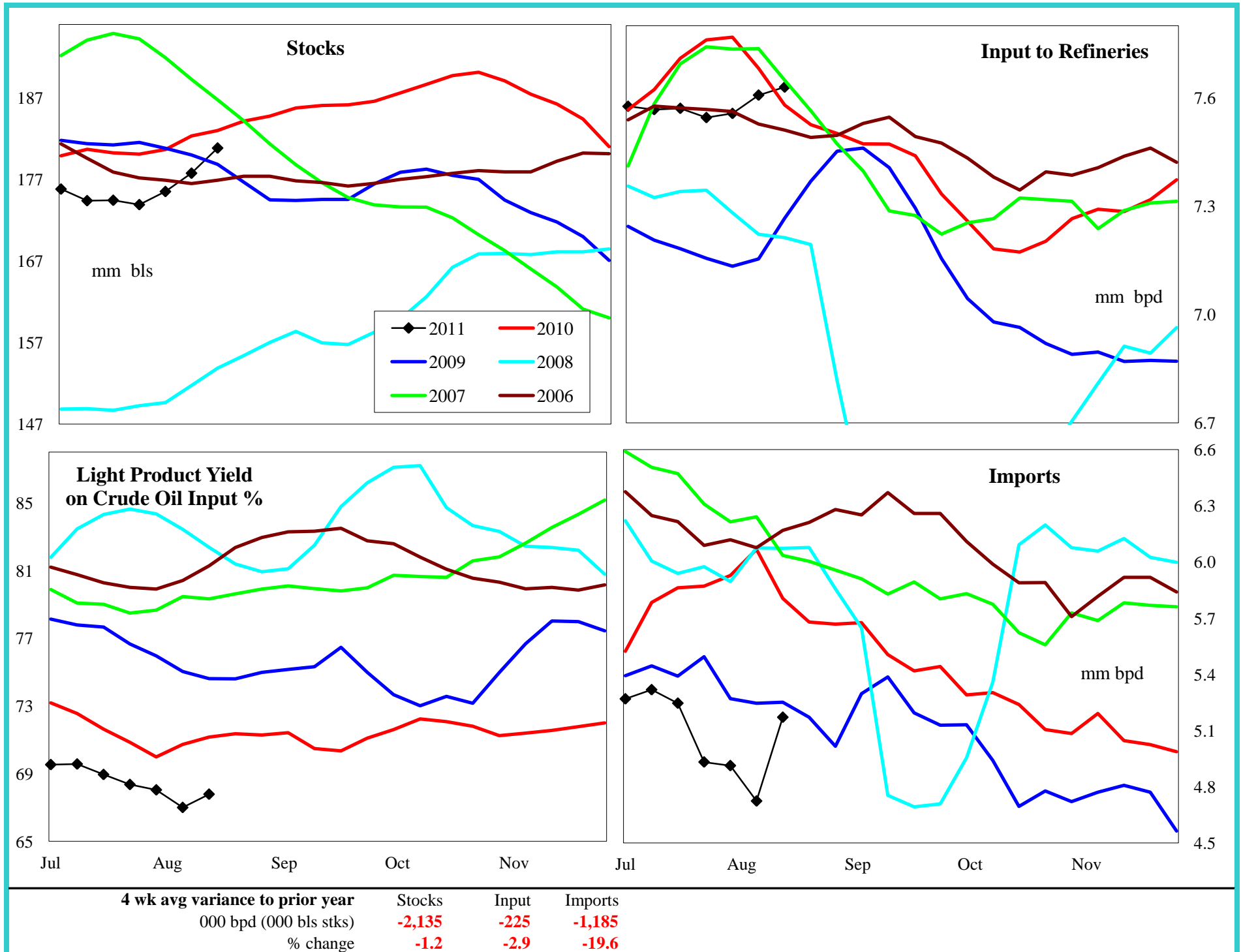
PADD 2 Jet Fuel Supply



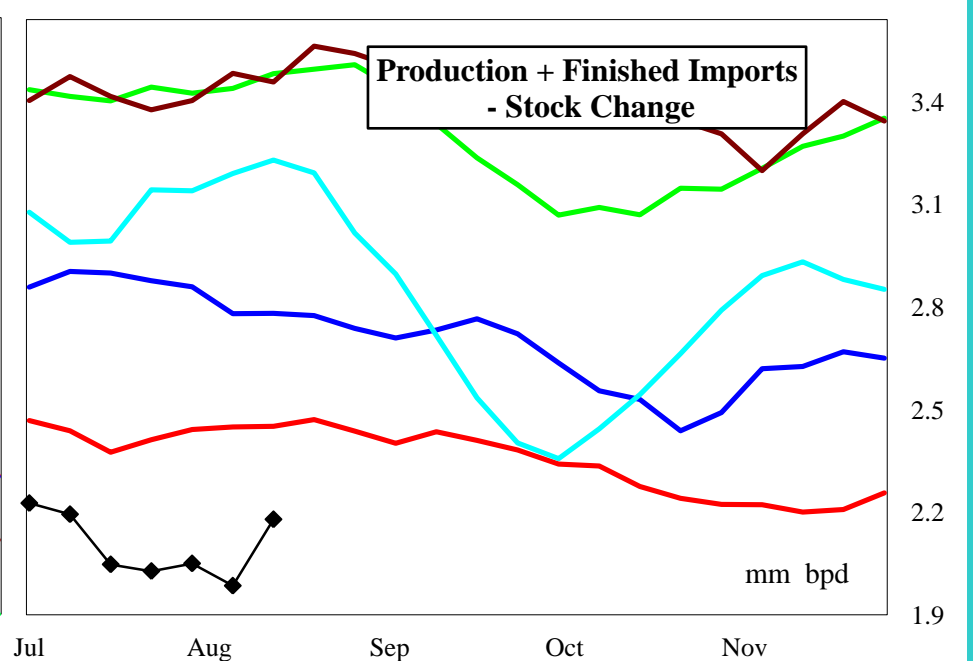
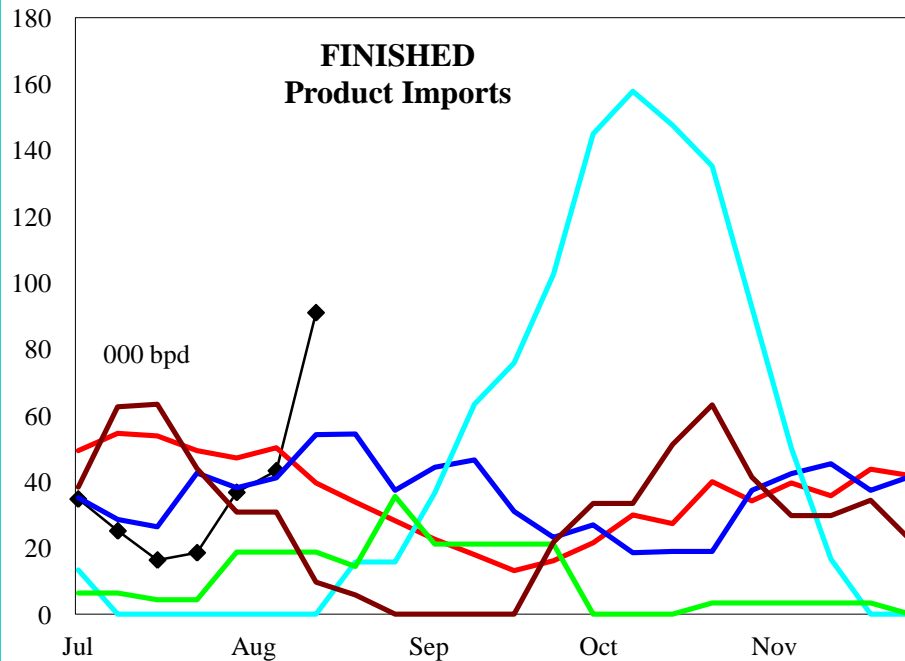
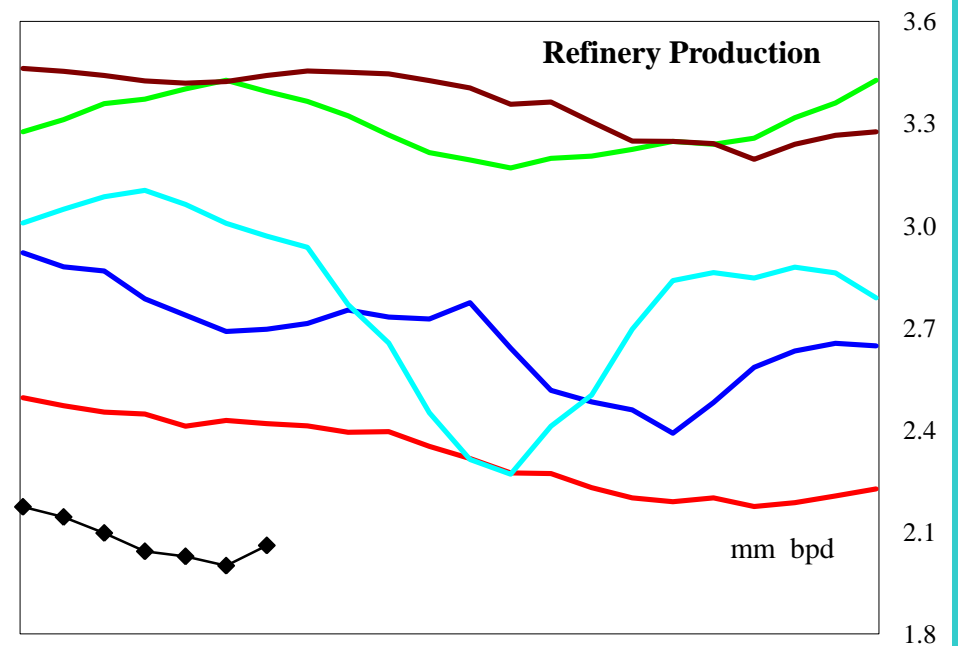
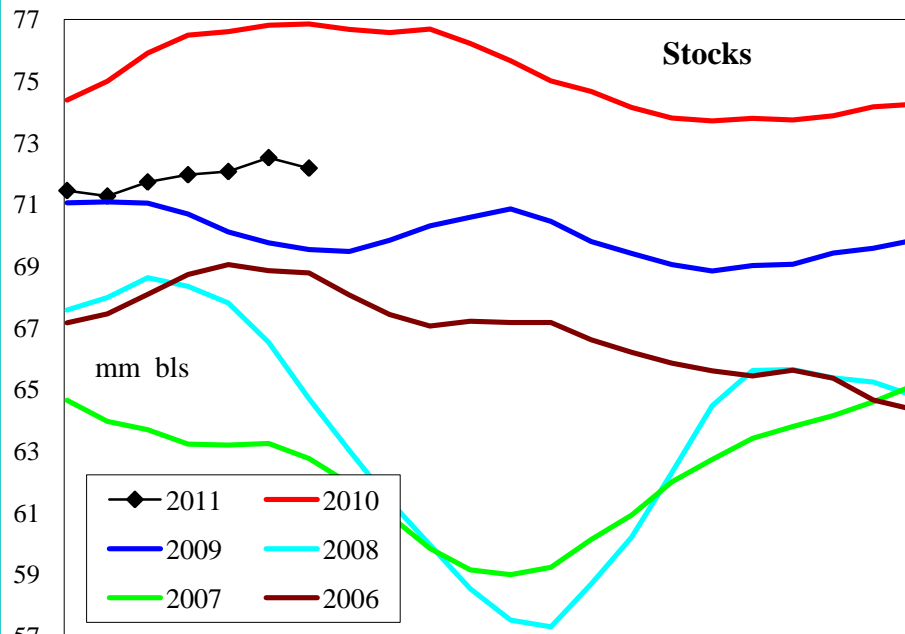
PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-3,666

-4.8

Production

-398

-16.5

Fin Impt

-15

-28.9

Blend Impt

-48

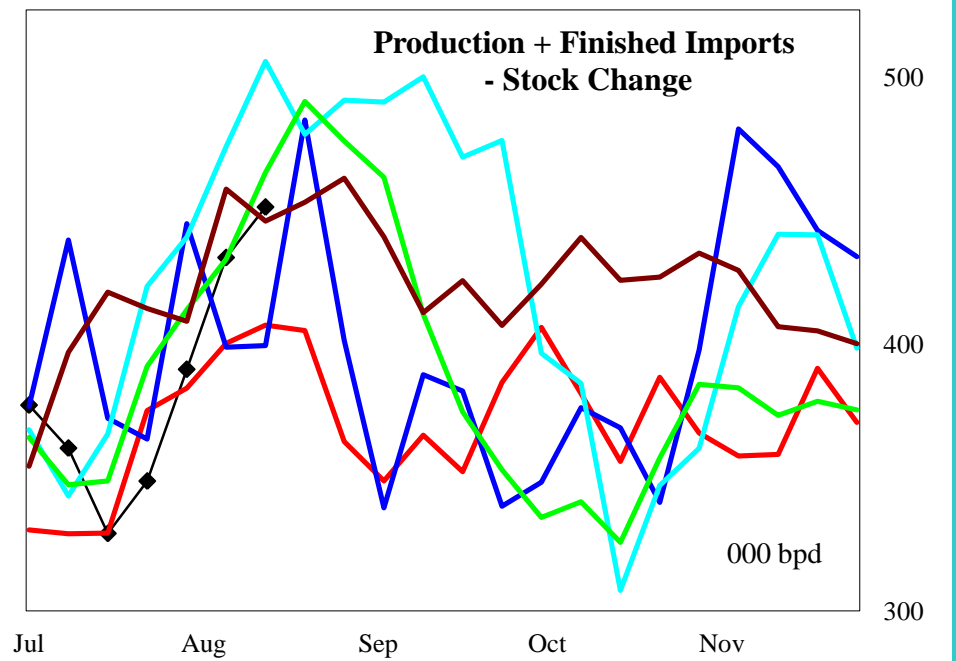
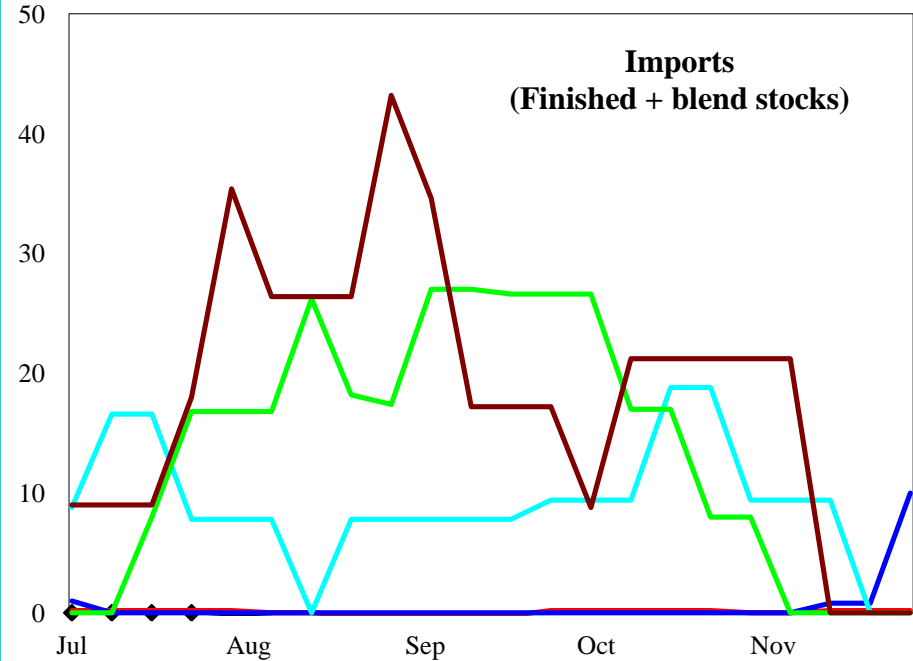
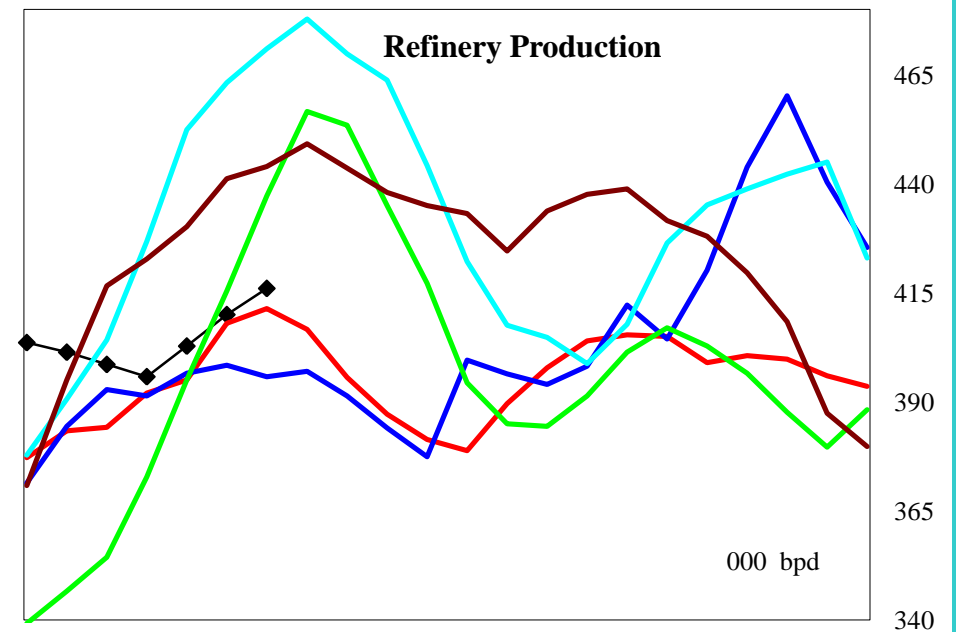
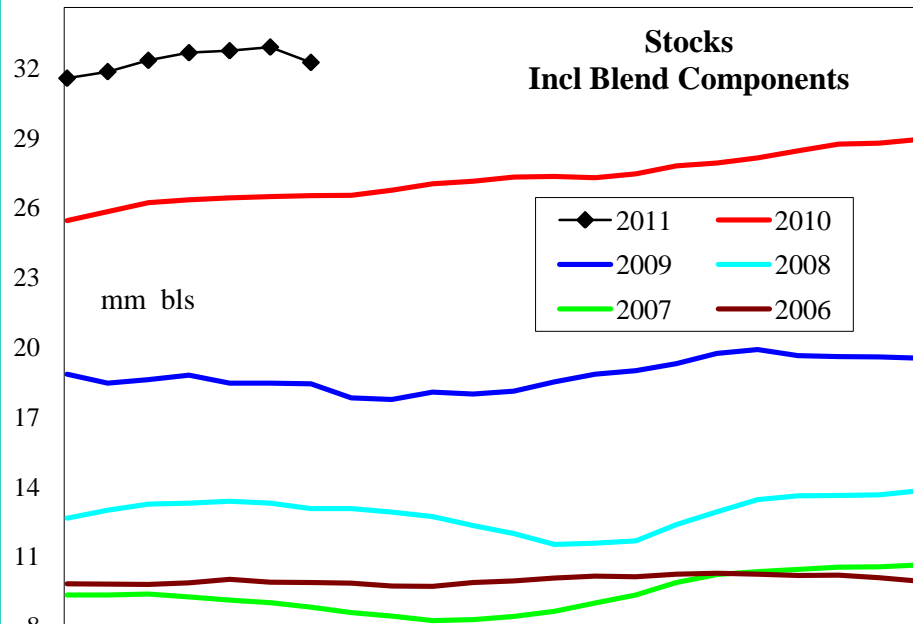
-81.1

Prod + Imp - Stk chg

-449

-18.1

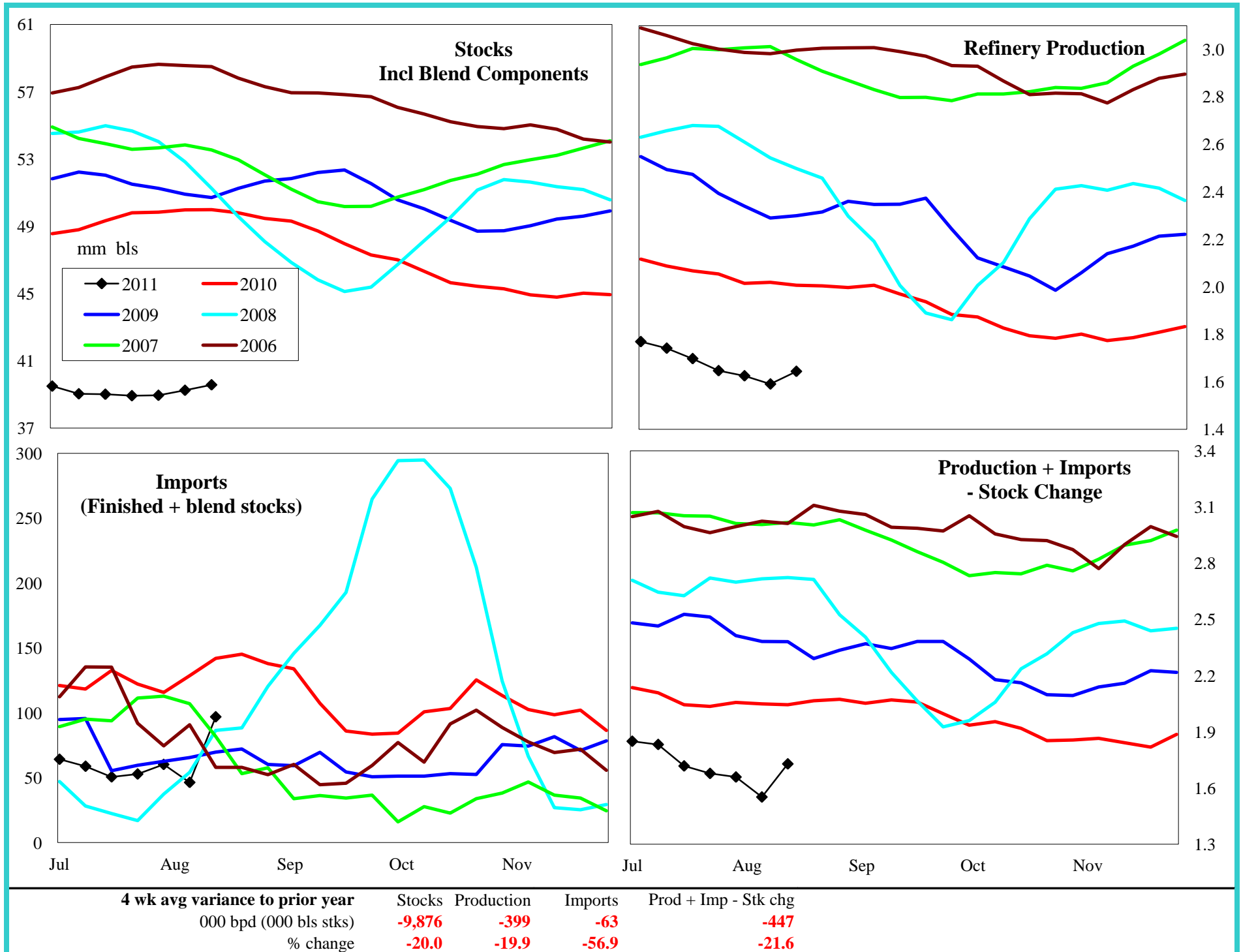
PADD 3 Reformulated Gasoline Supply



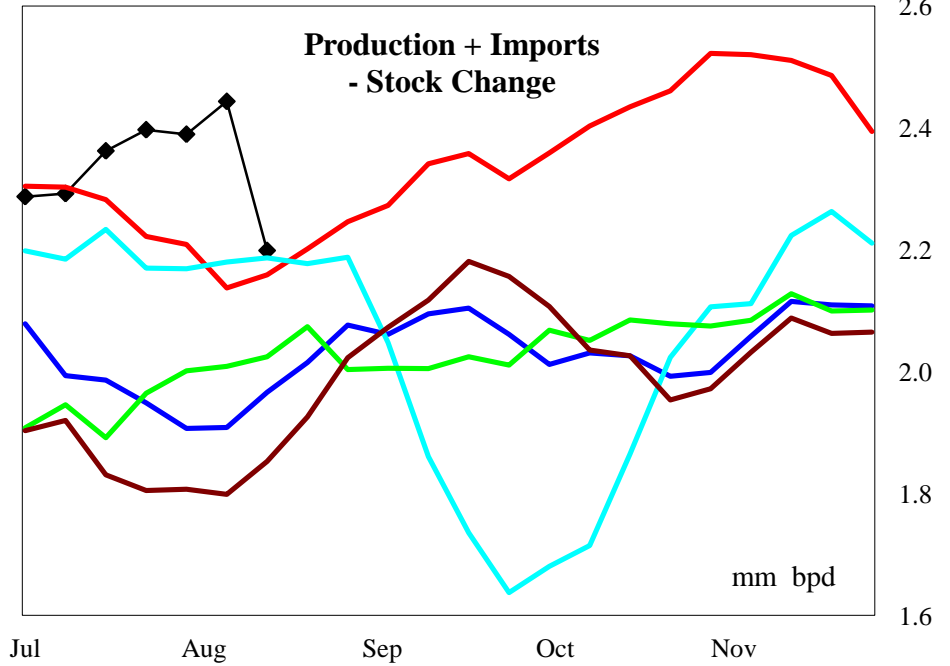
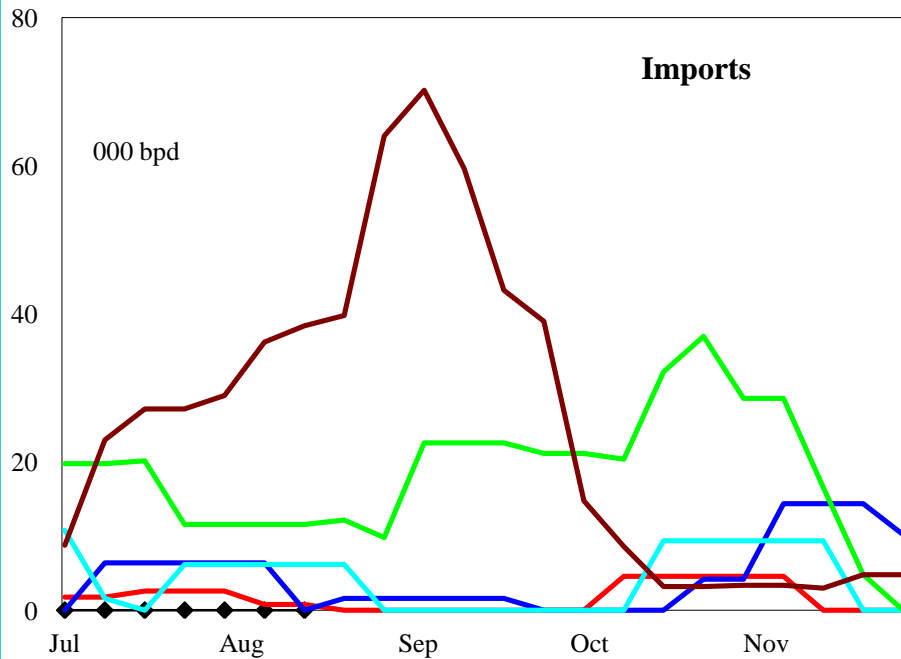
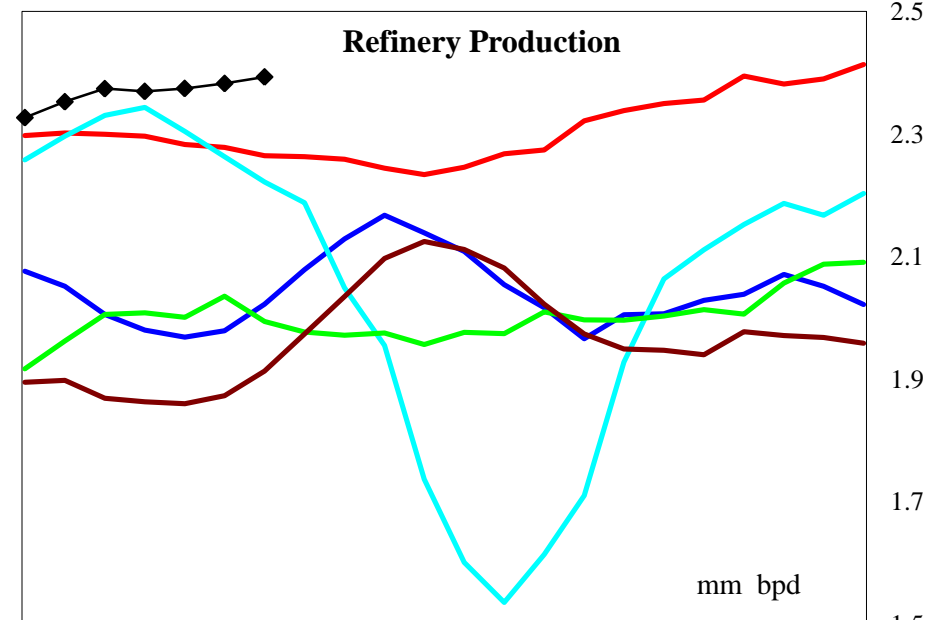
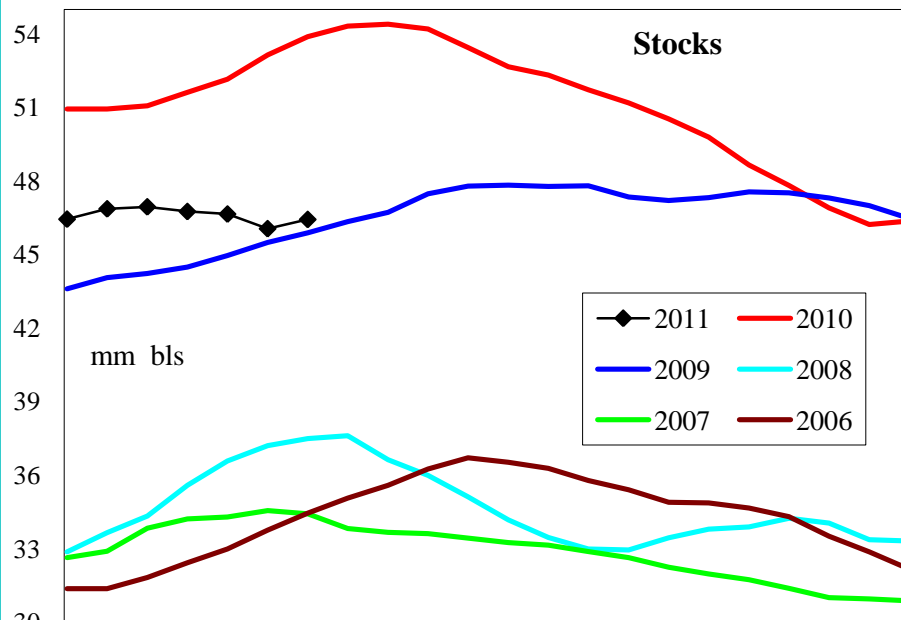
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
6,217	1	0	-4
23.5	0.2	#DIV/0!	-1.0

PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-7,400

-13.7

Production

107

4.7

Imports

-1

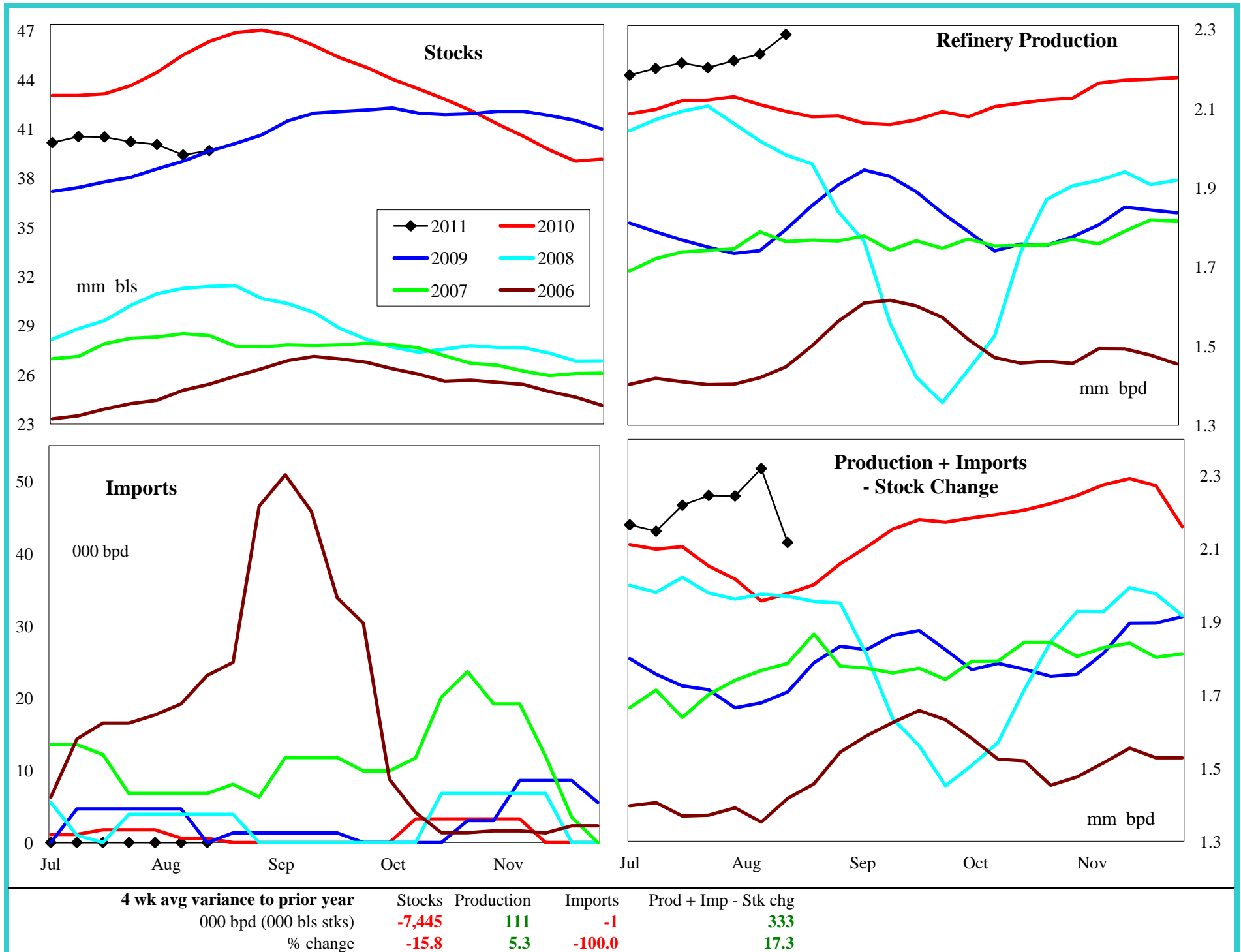
-100.0

Prod + Imp - Stk chg

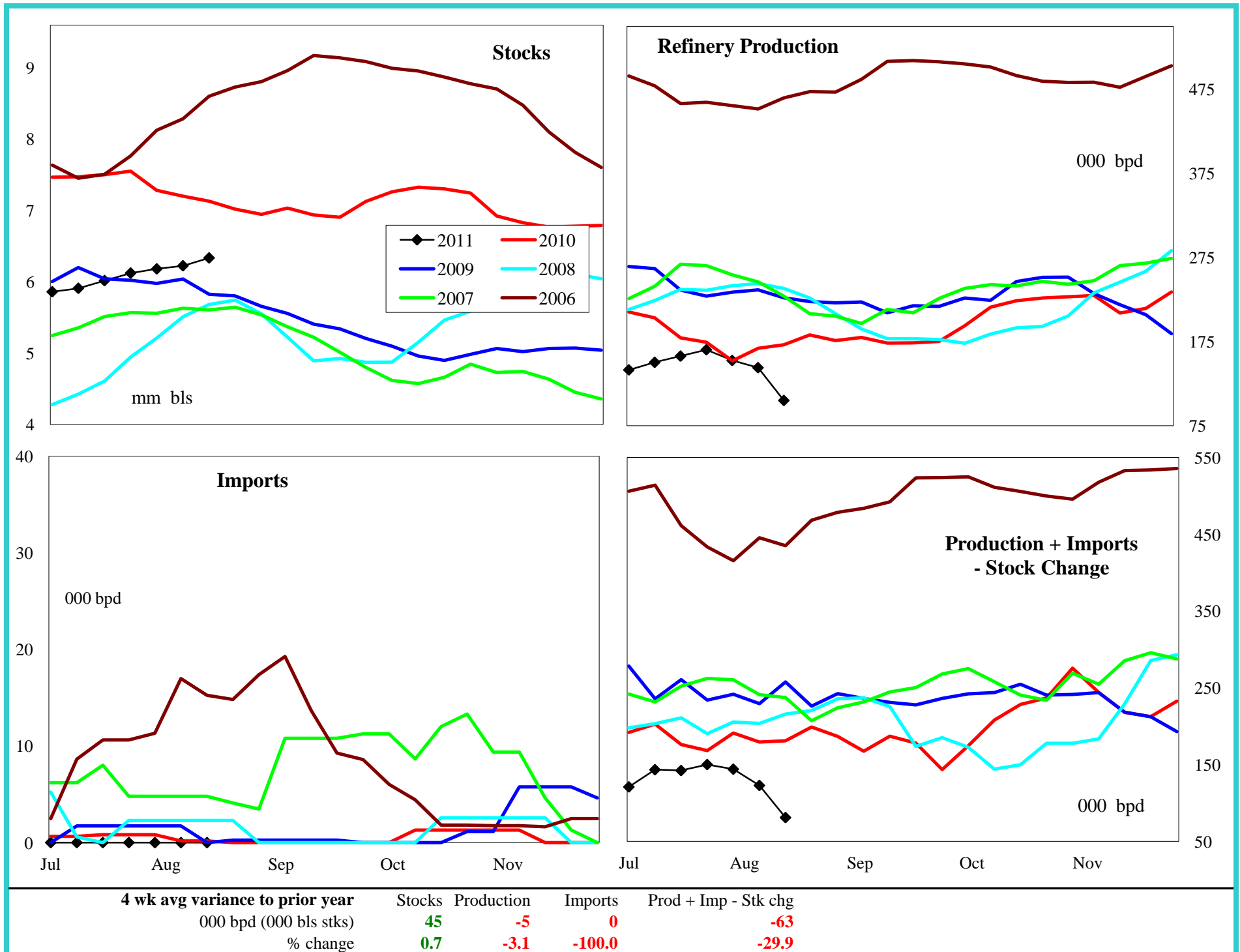
270

12.6

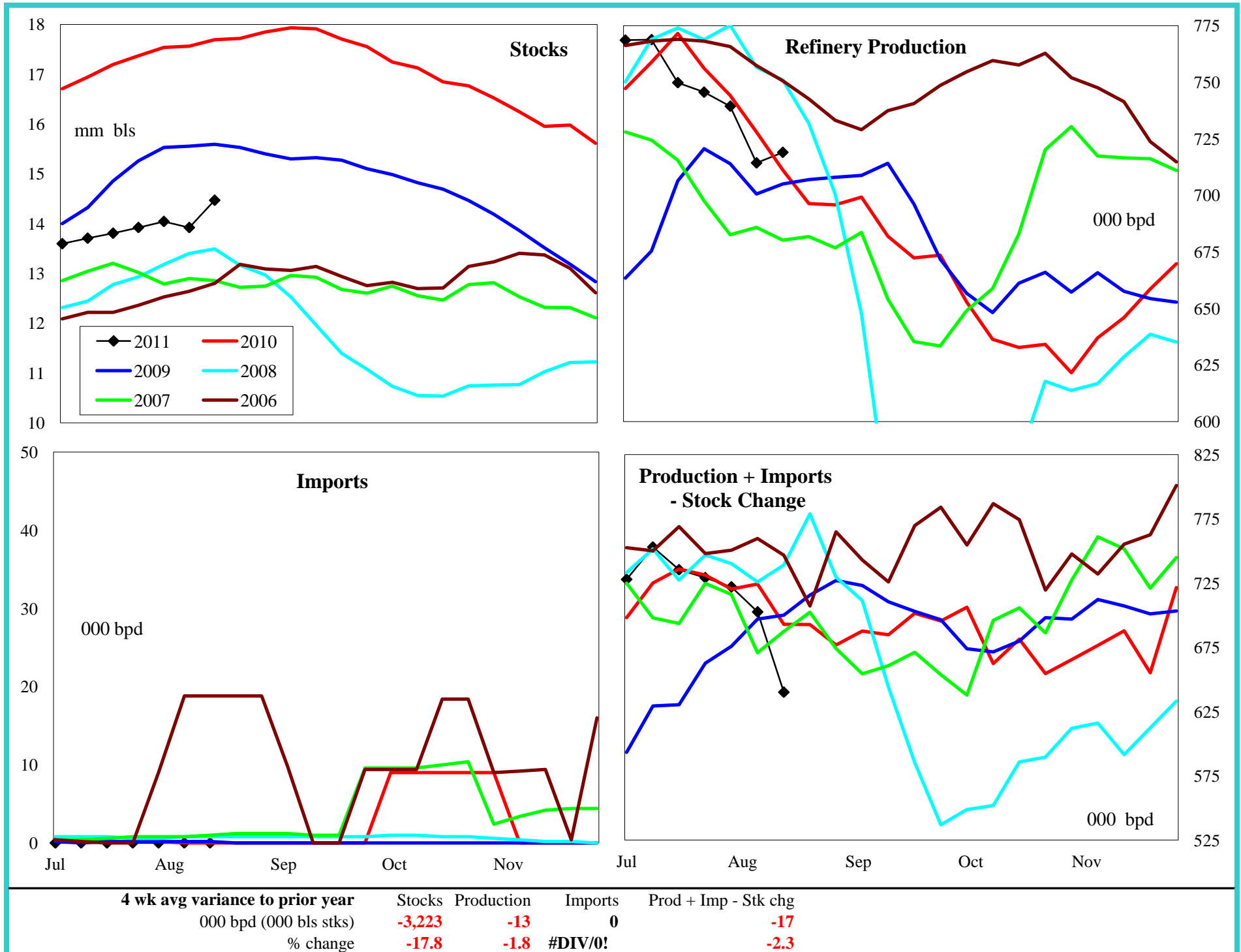
PADD 3 Low Sulfur Distillate Supply



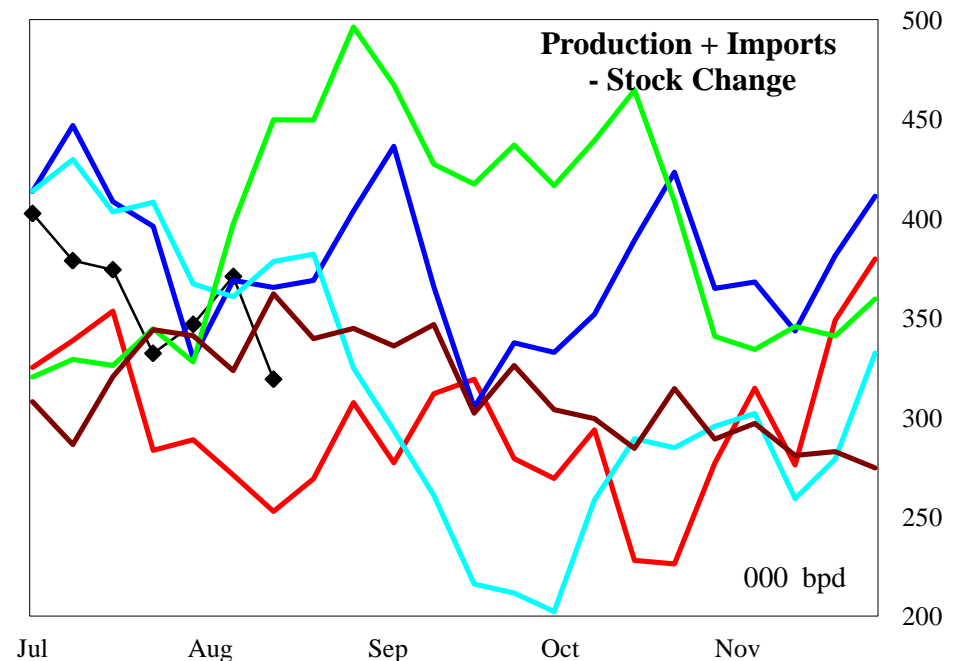
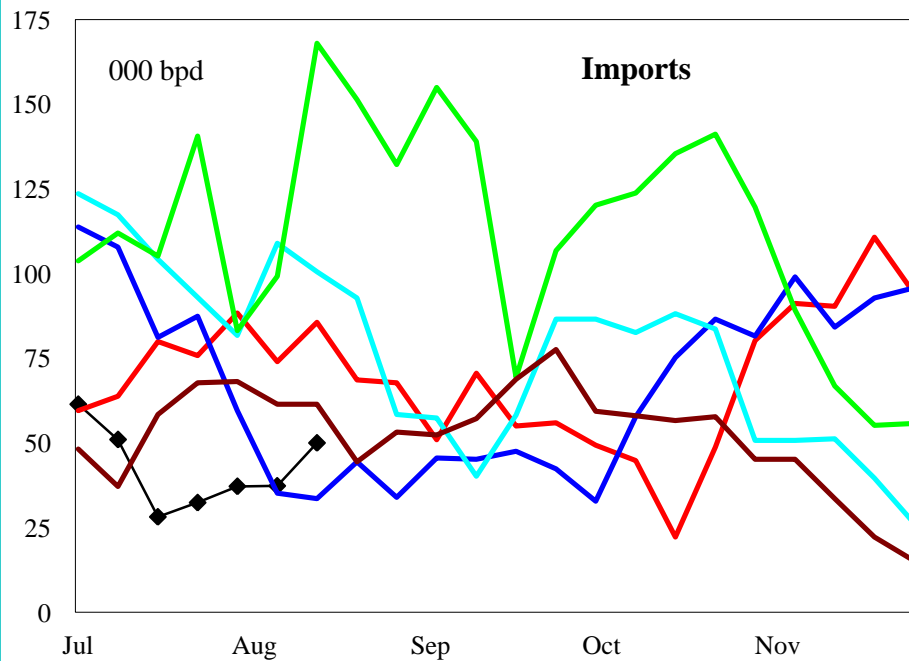
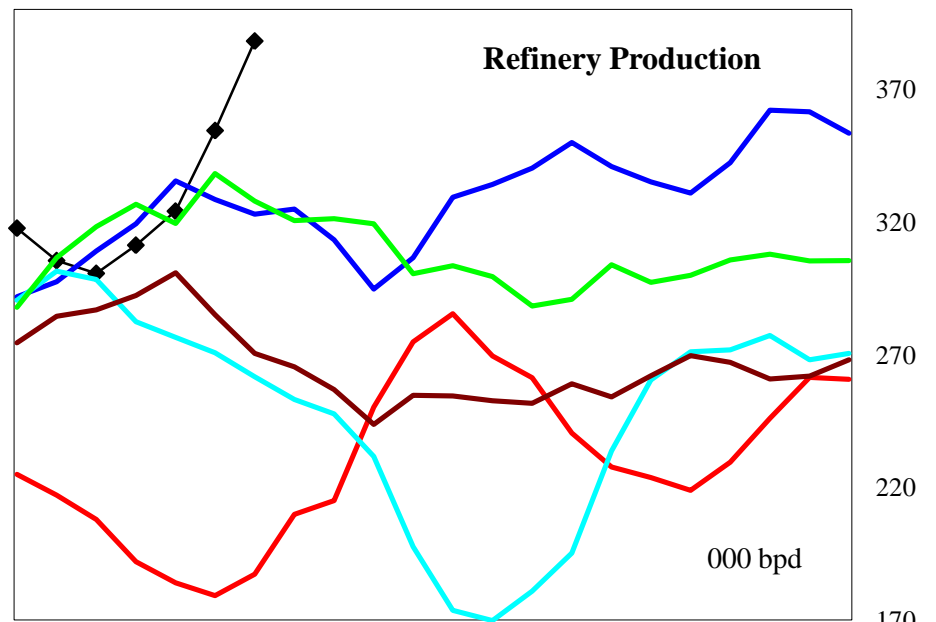
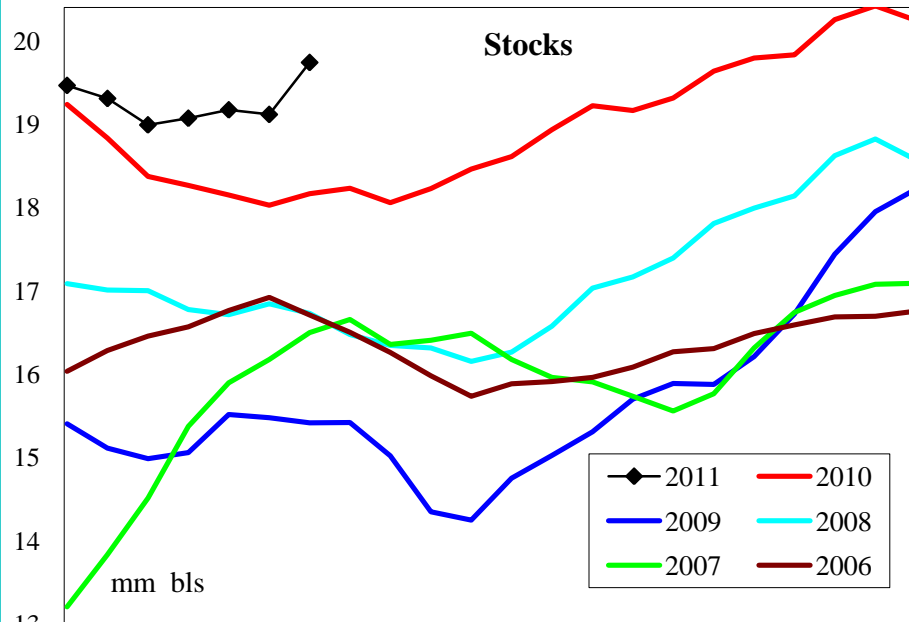
PADD 3 High Sulfur Distillate Supply



PADD 3 Jet Fuel Supply



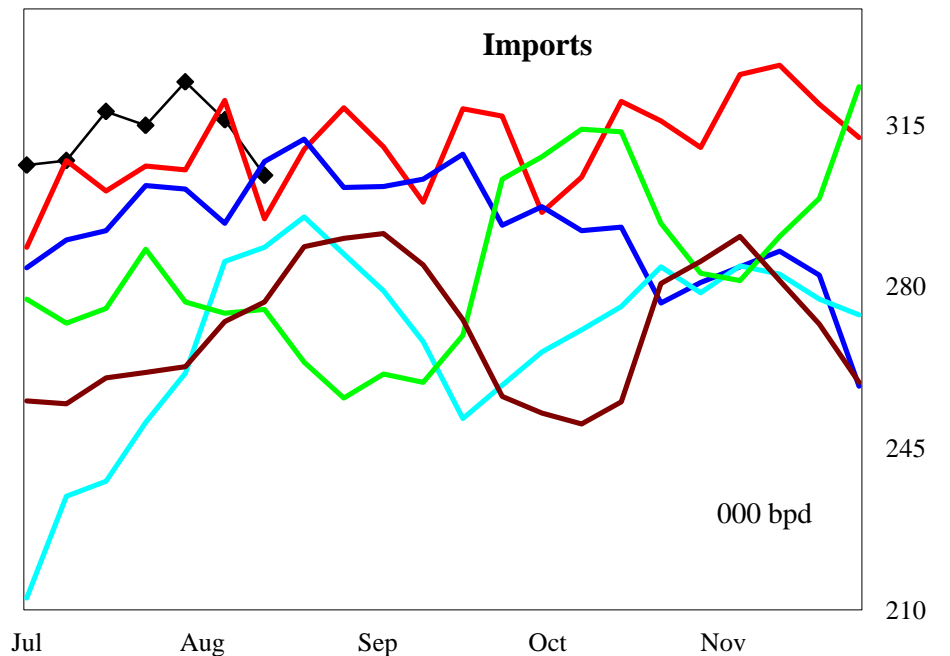
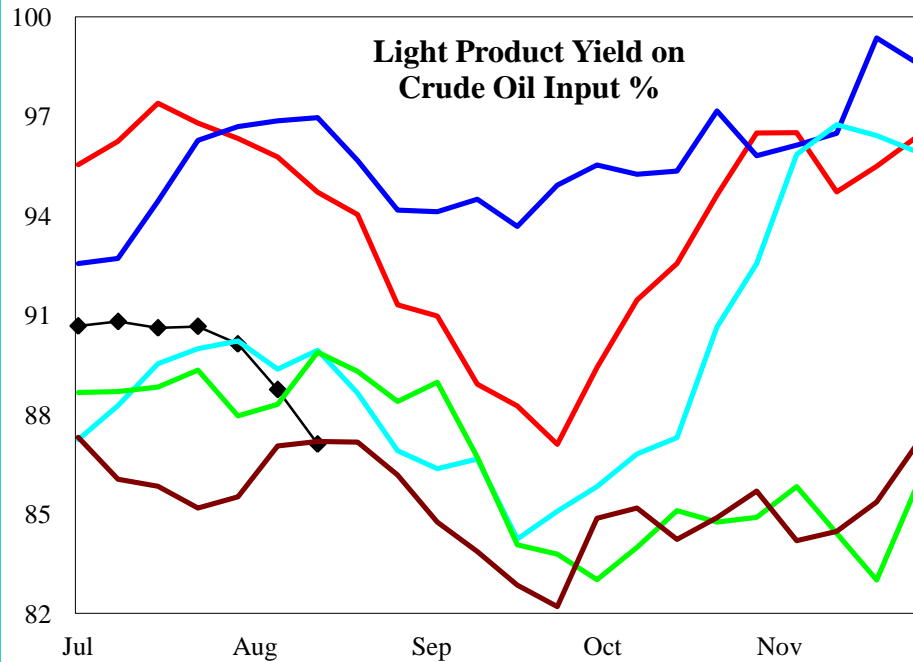
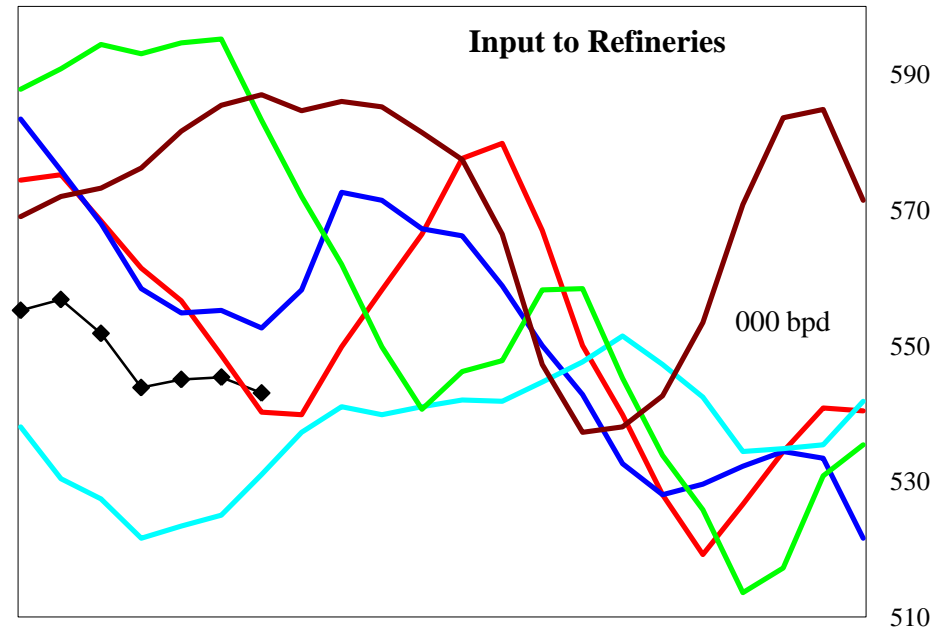
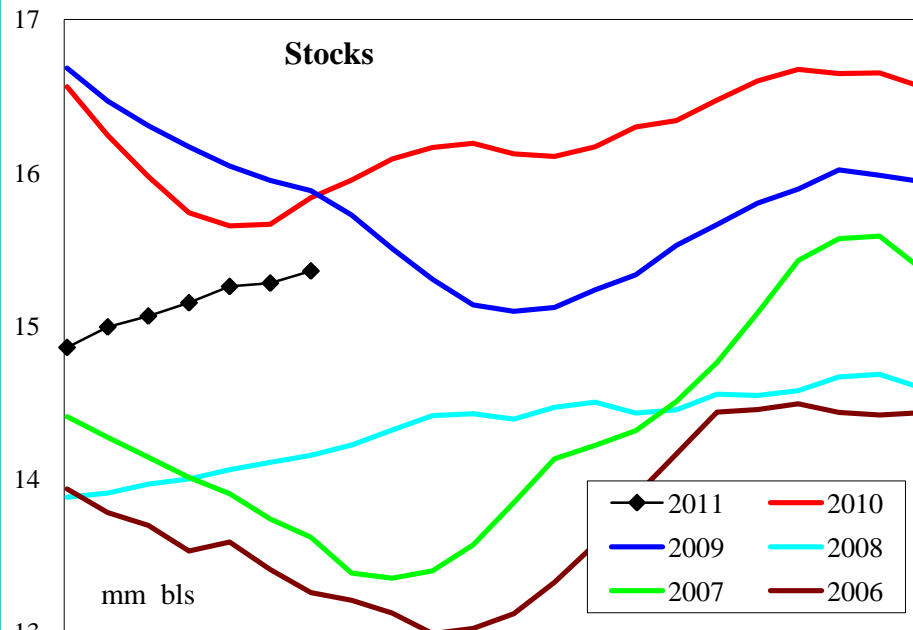
PADD 3 Residual Fuel Oil Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
1,576	148	-53	84
8.7	78.6	-61.7	31.4

PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-477

-3.0

Input

-4

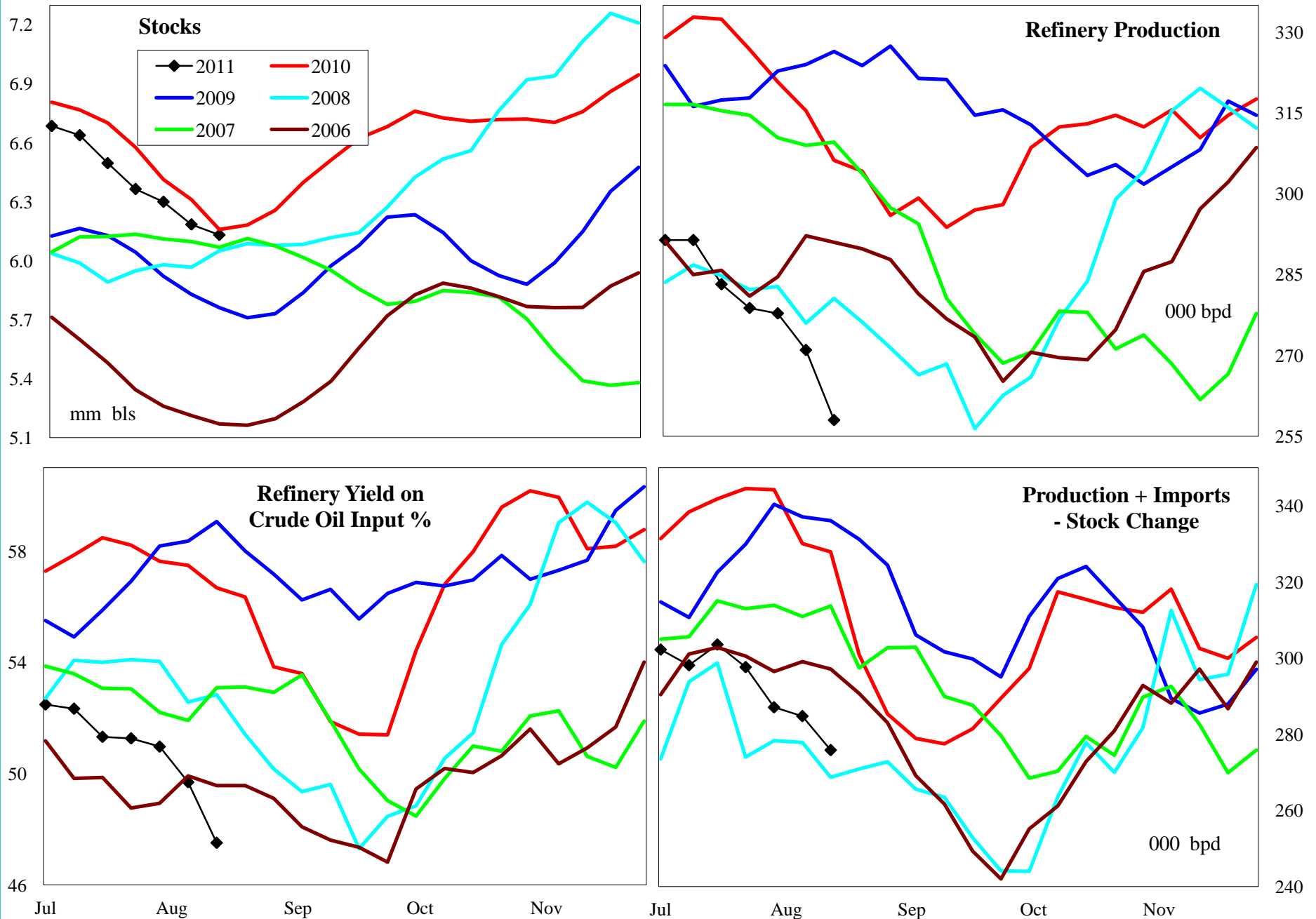
-0.7

Imports

-9

-2.6

PADD 4 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod + Imp - Stk chg

-28

-41

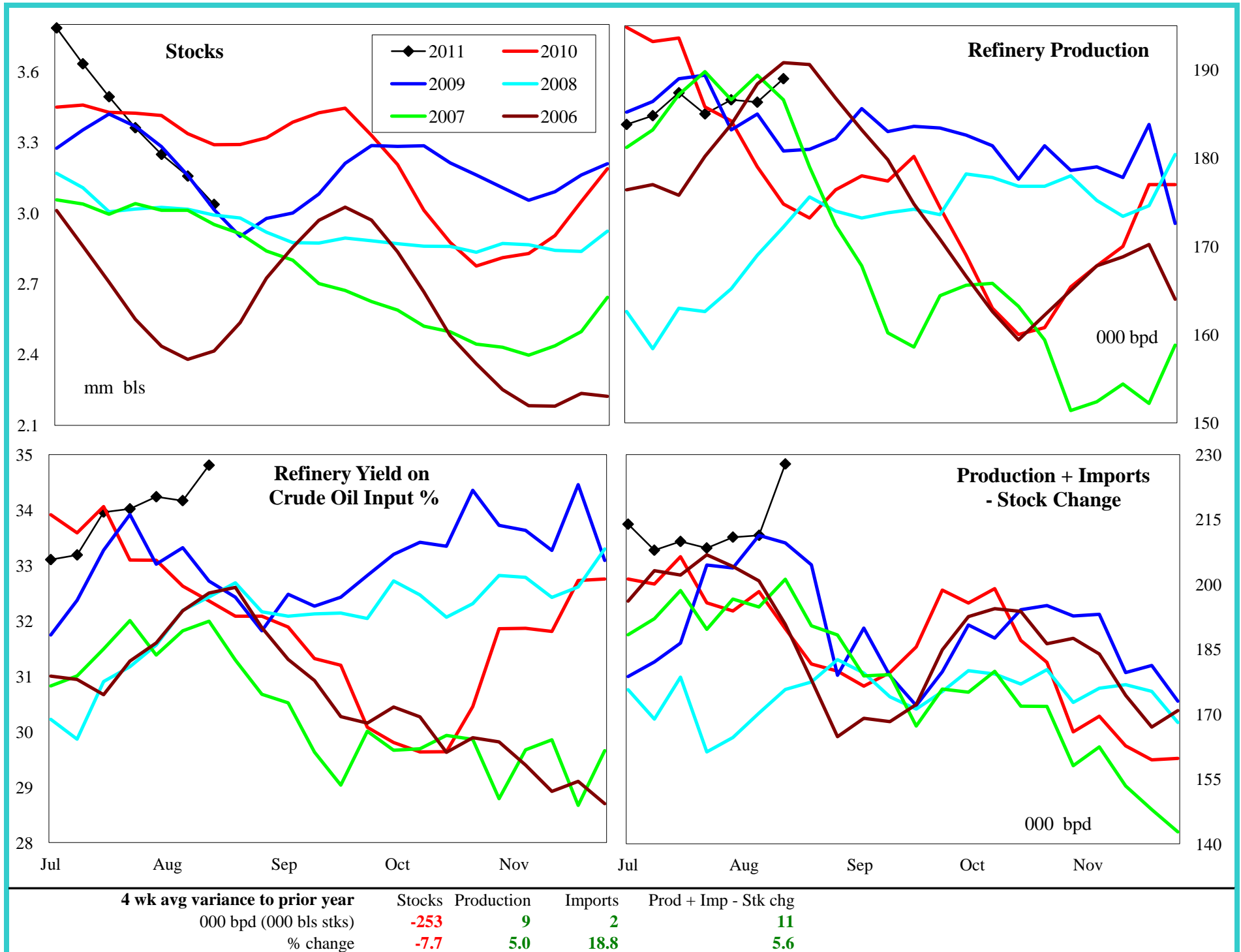
-53

-0.5

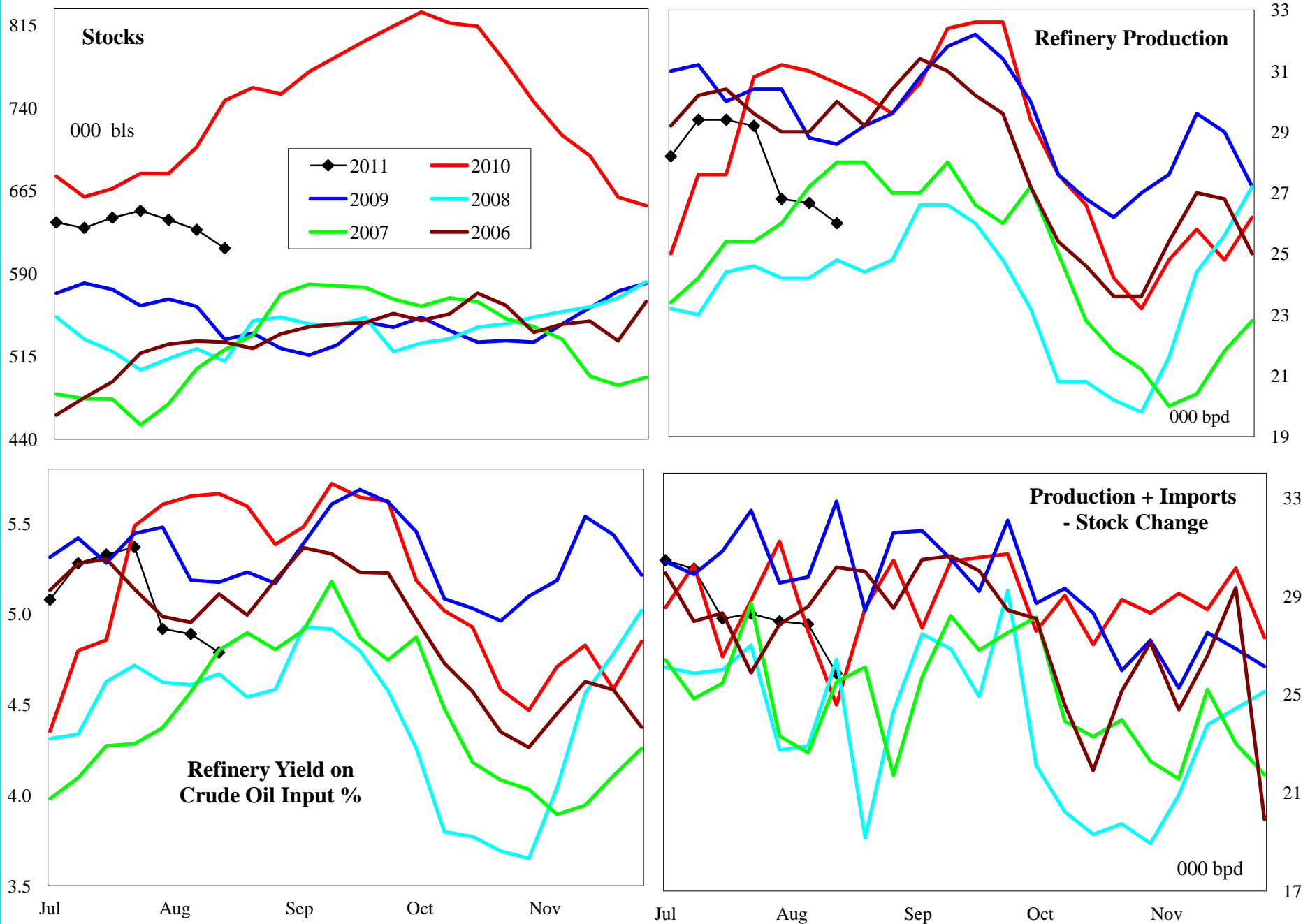
-13.1

-15.4

PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply

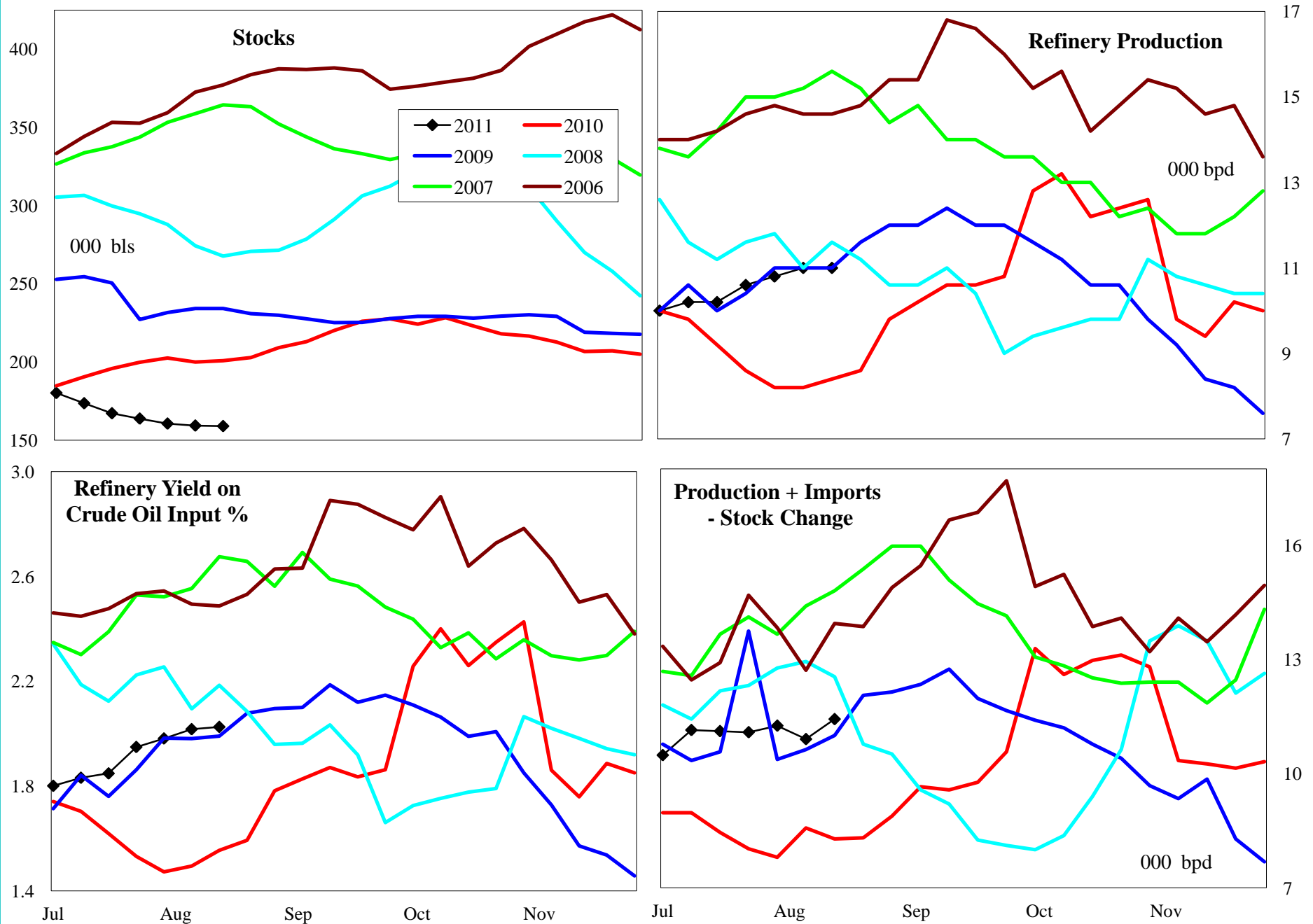


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

	Stocks	Production
000 bpd (000 bls stks)	-134	-6
% change	-17.9	-17.1

Prod + Imp - Stk chg
0
-0.2

PADD 4 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-42

Production

3

Imports

0

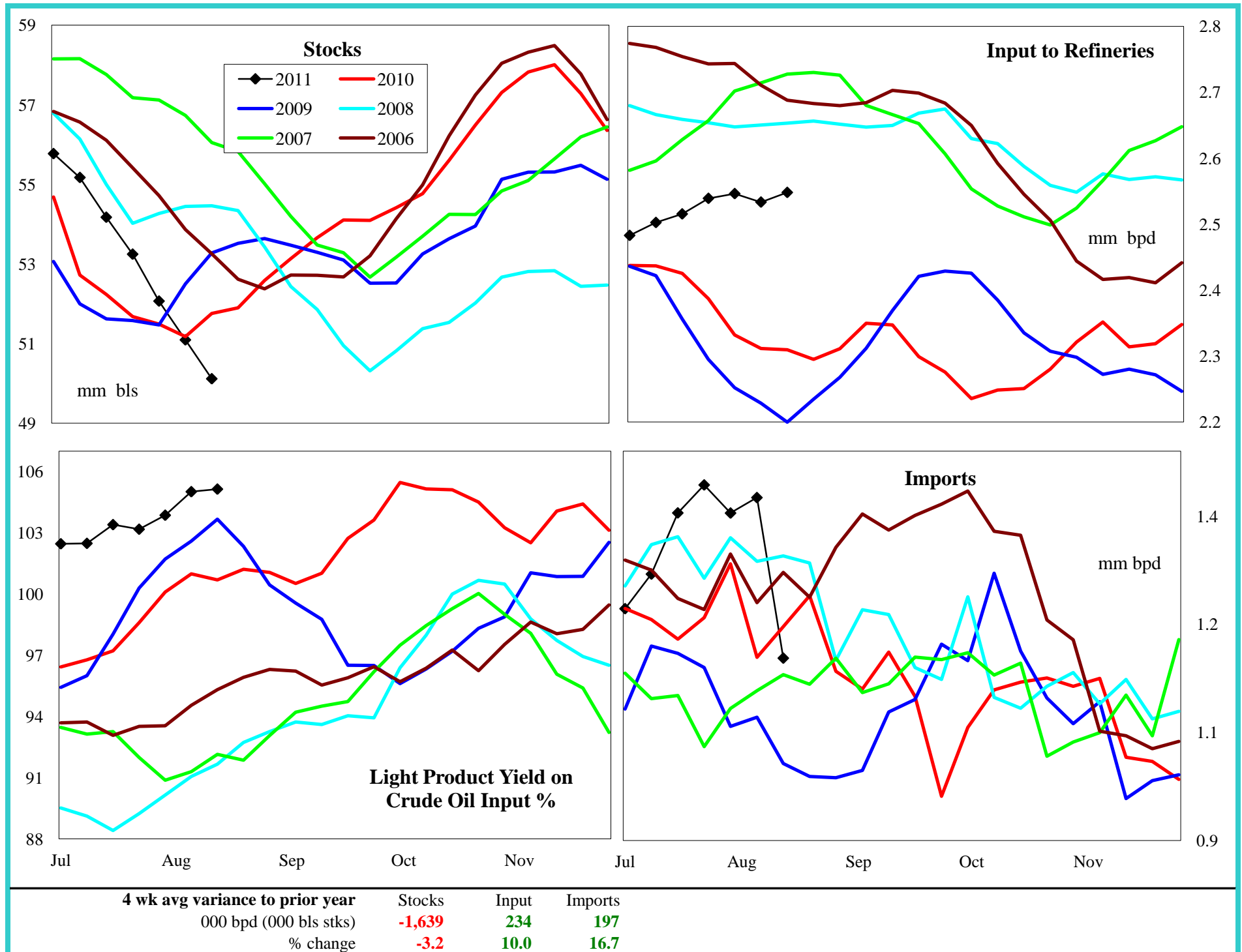
Prod + Imp - Stk chg

3

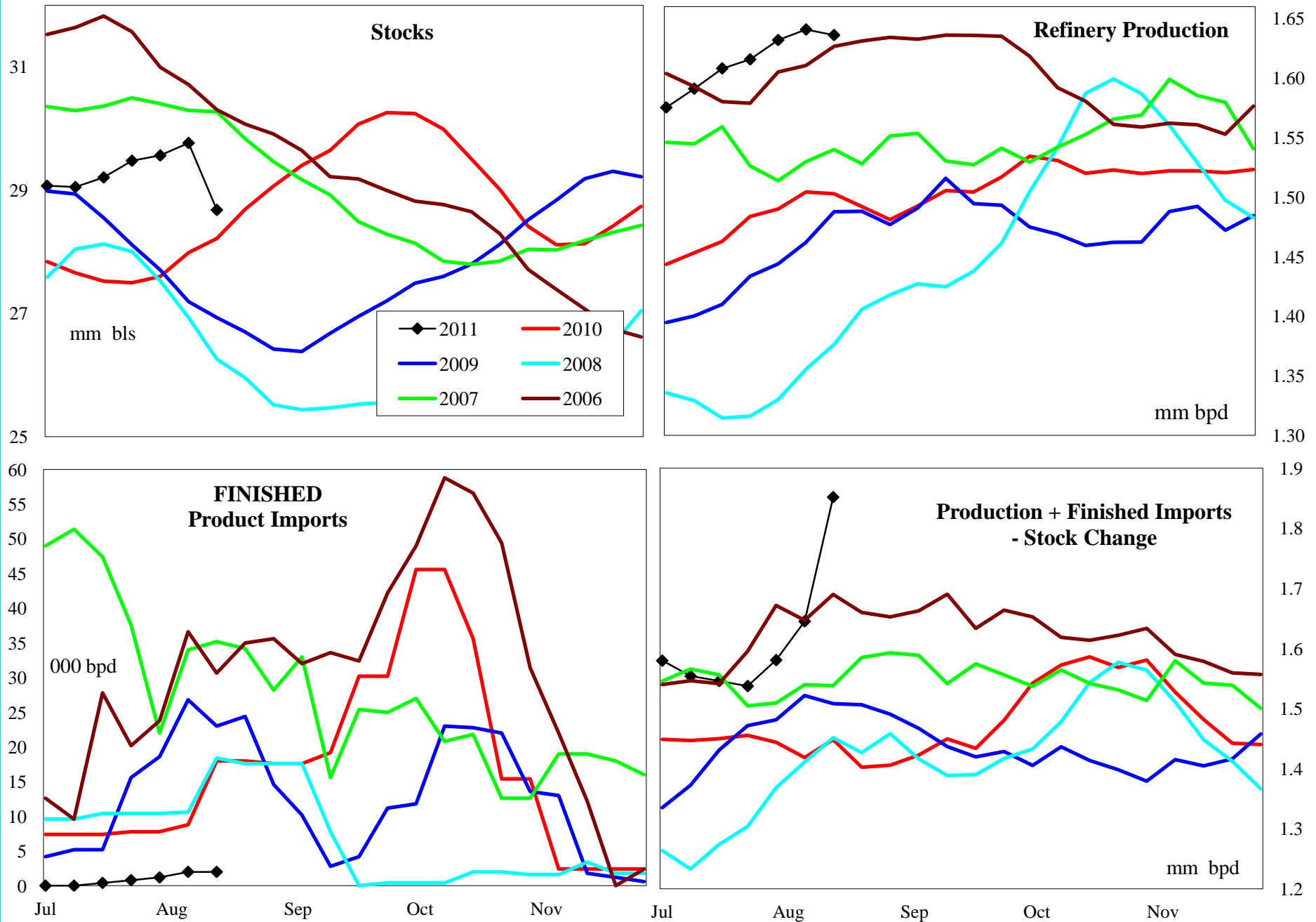
#DIV/0!

35.6

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

289

1.0

Production

124

8.2

Fin Impt Blend Impt

1

200.0

Prod + Imp - Stk chg

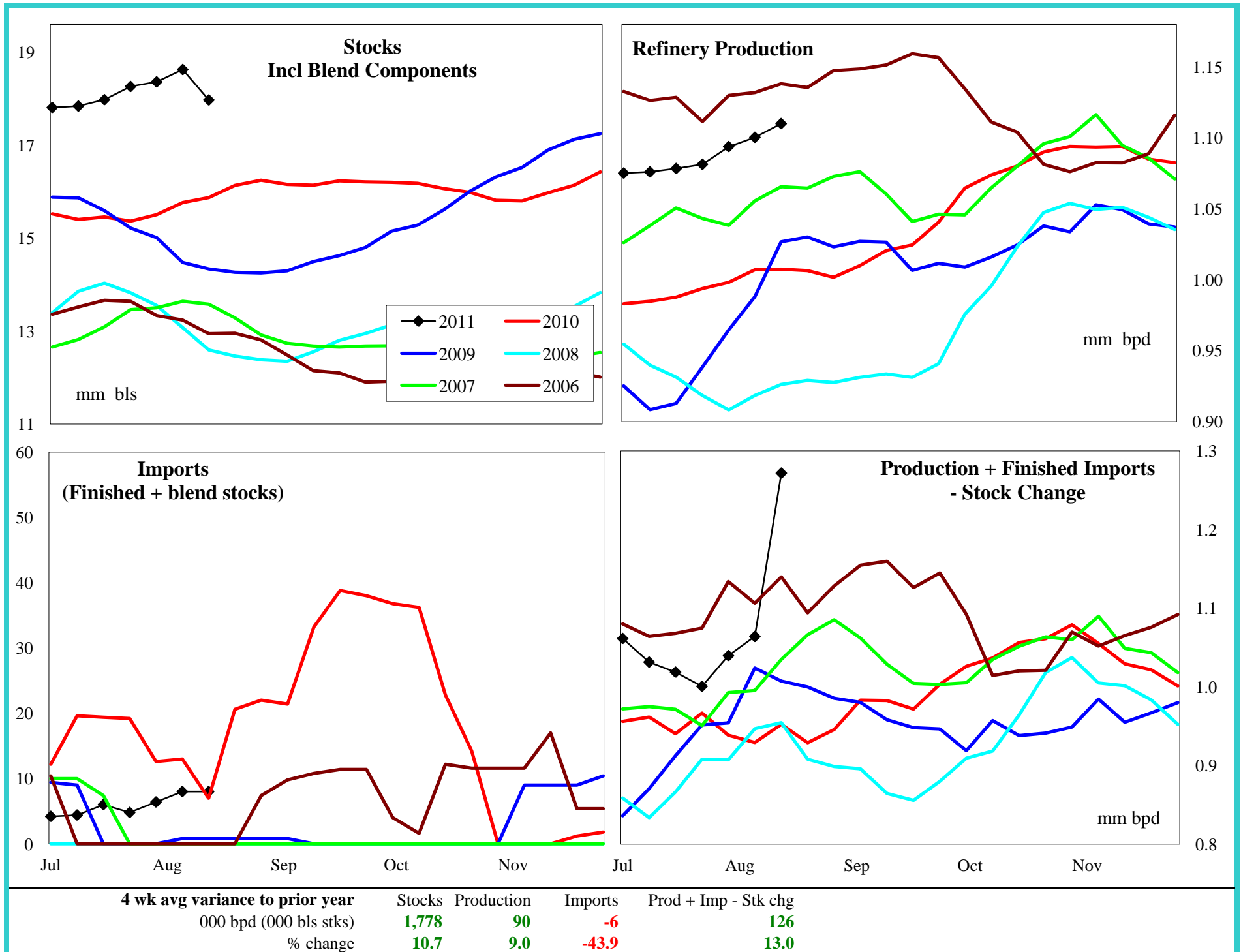
-1

-7.0

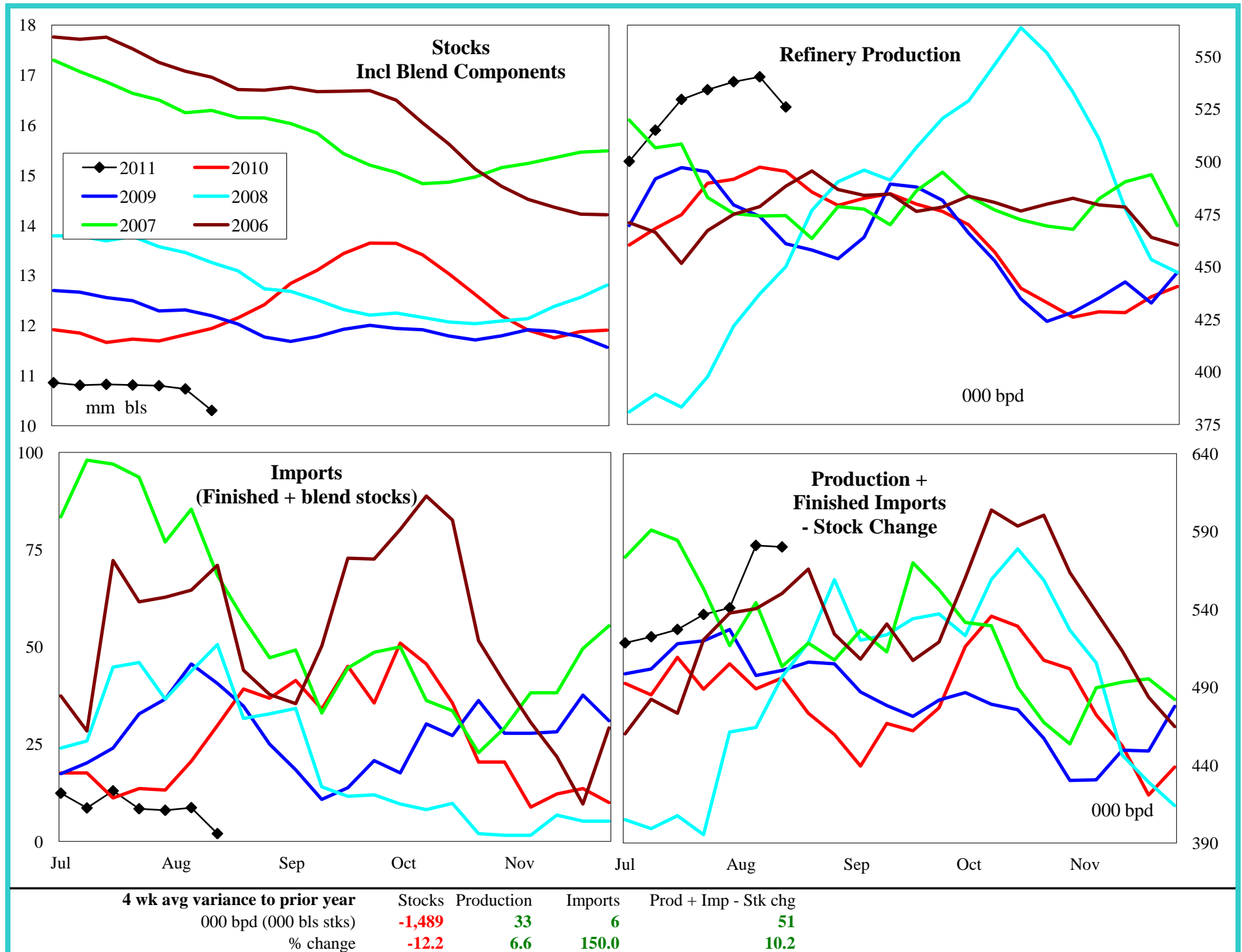
176

12.1

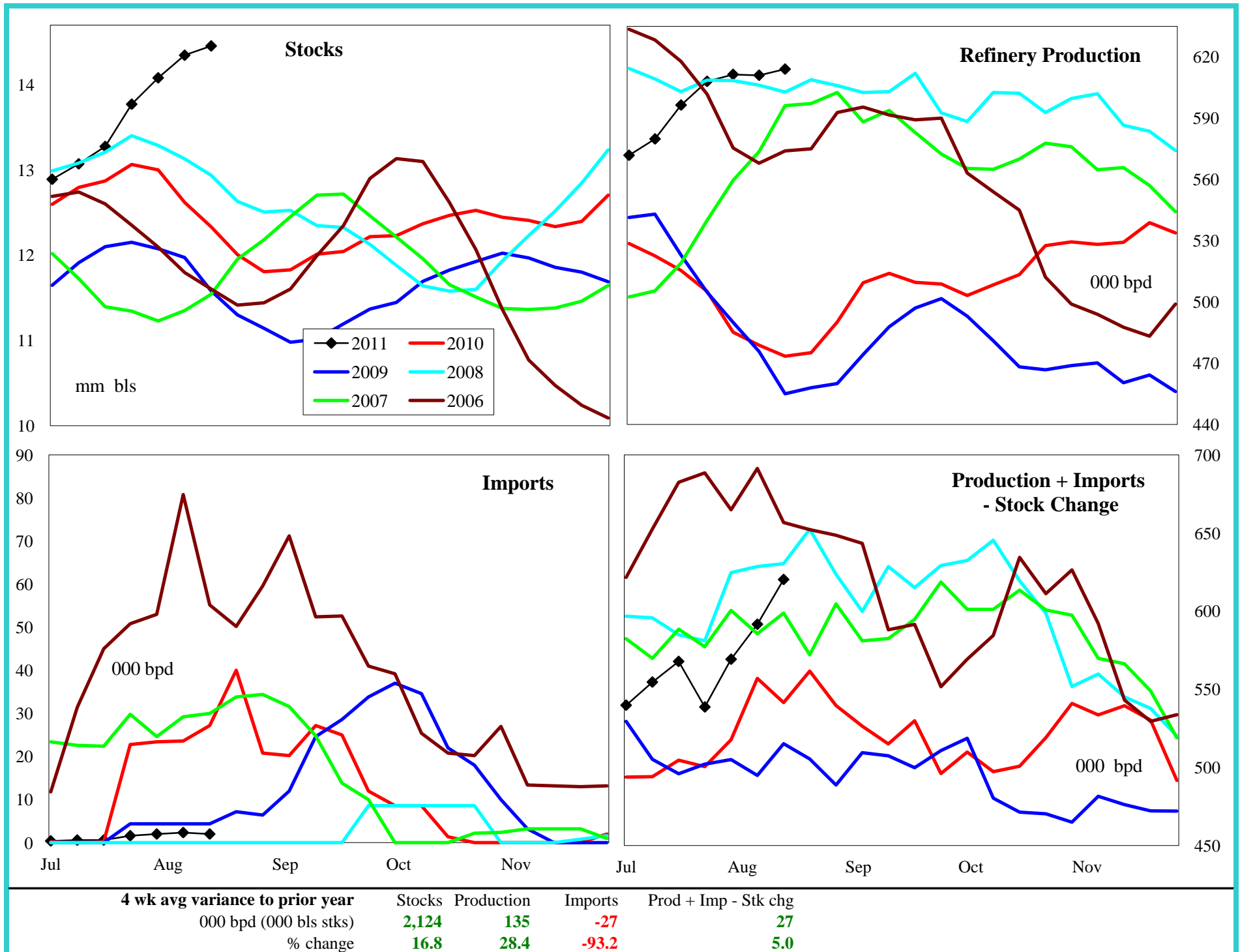
PADD 5 Reformulated Gasoline Supply



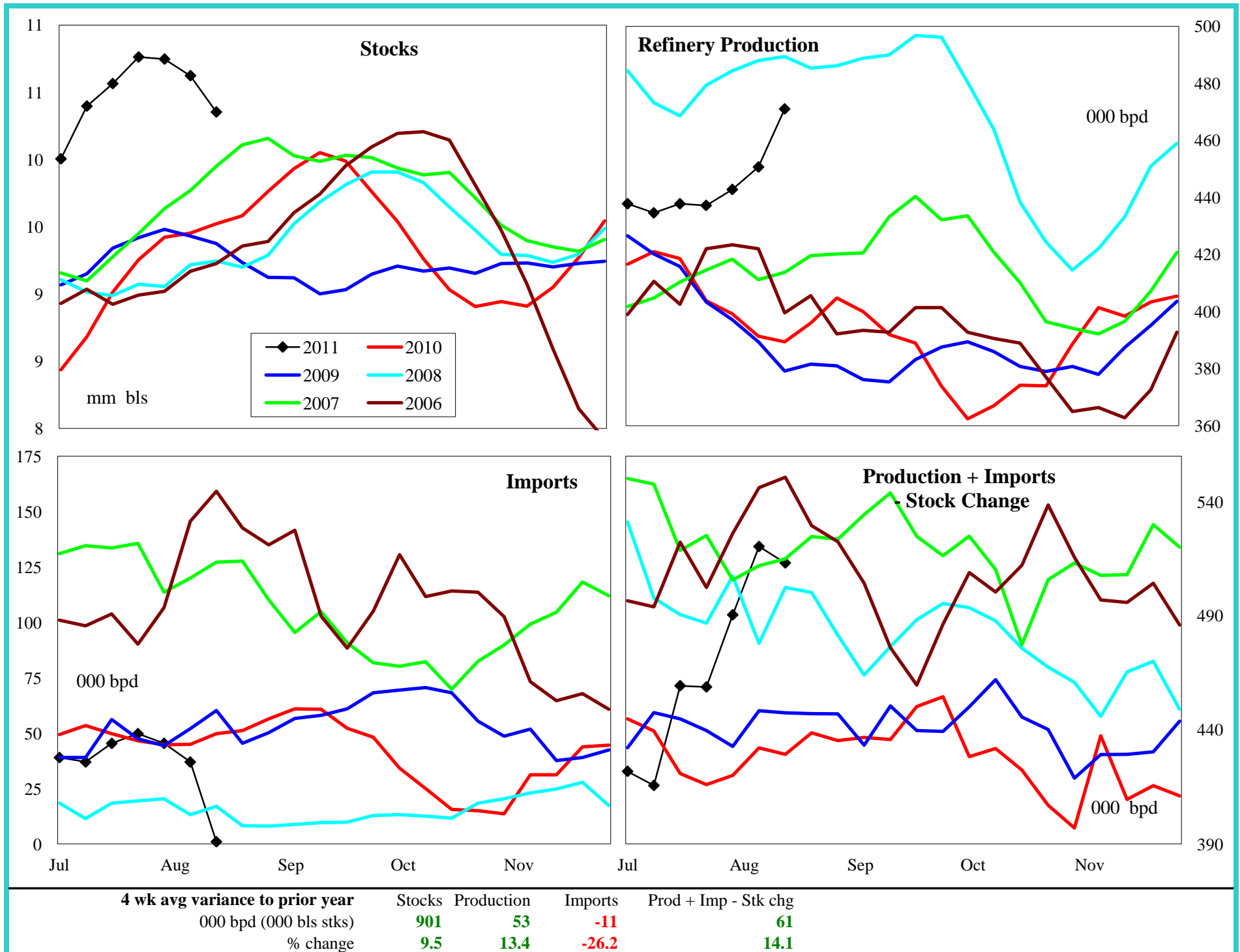
PADD 5 Conventional Gasoline Supply



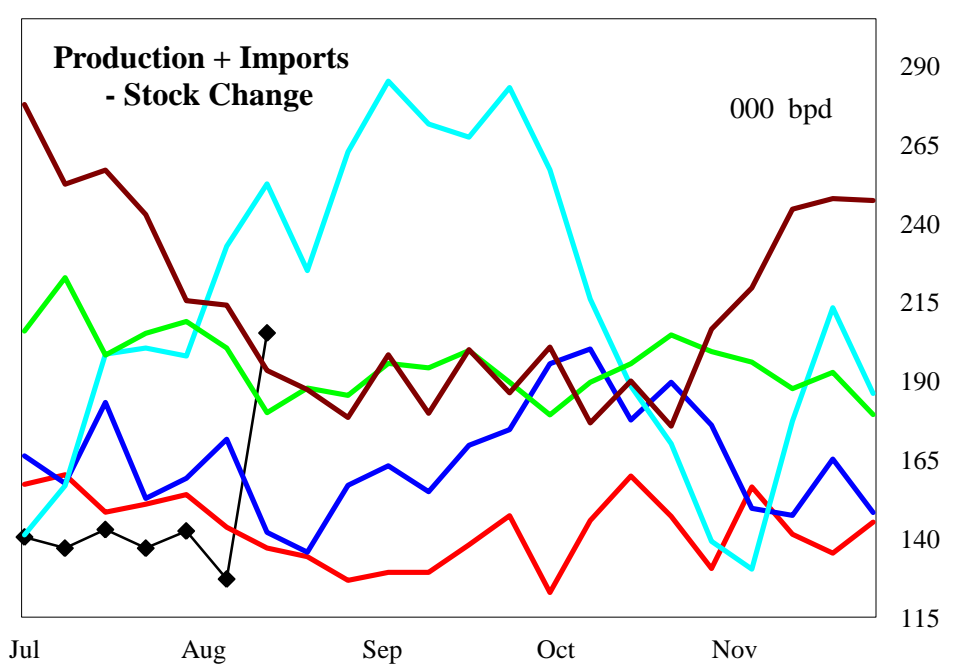
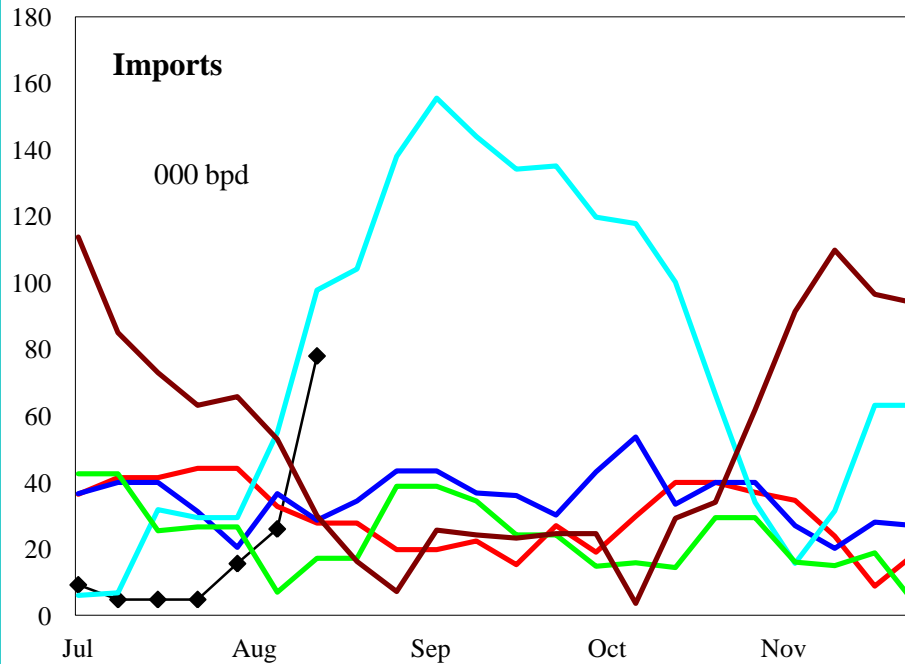
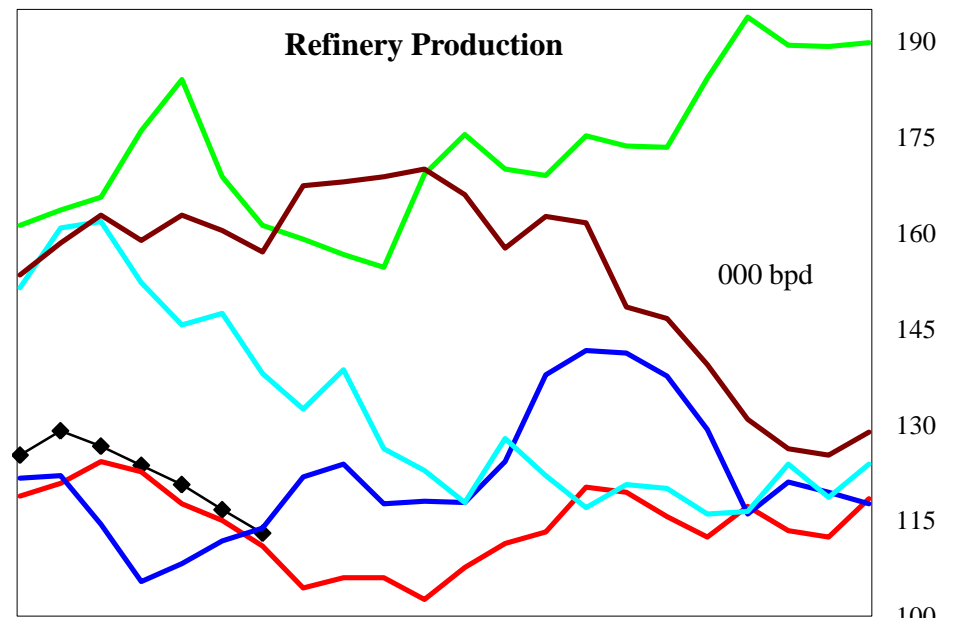
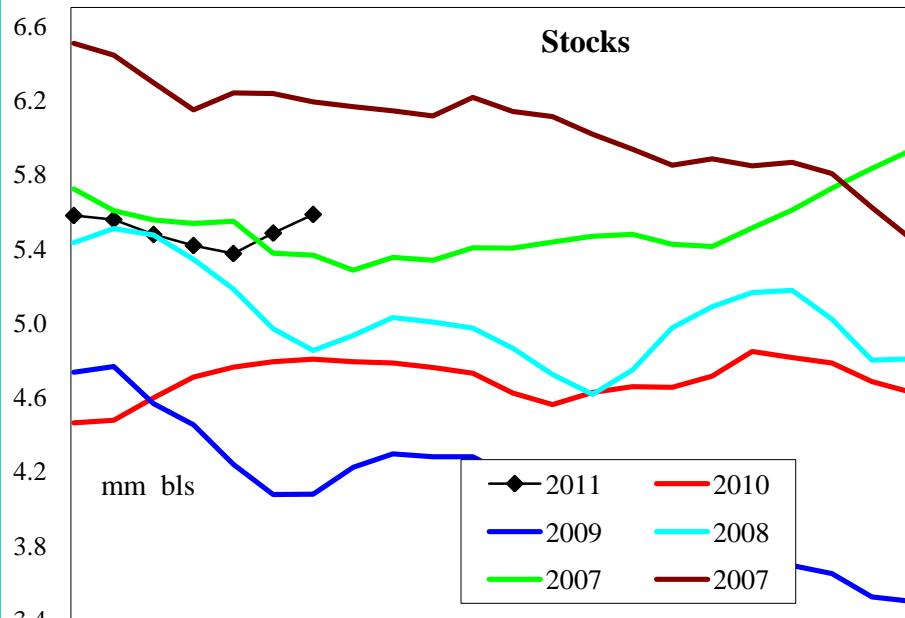
PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

780

13

-19

-21

16.2

11.9

-49.0

-14.0