



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

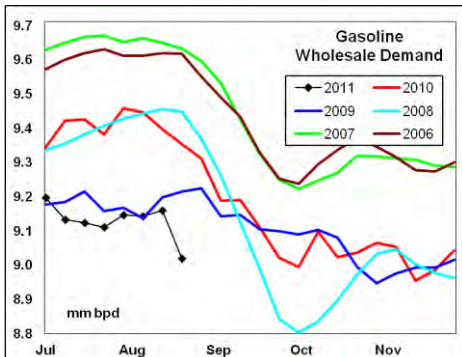
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 24, 2011

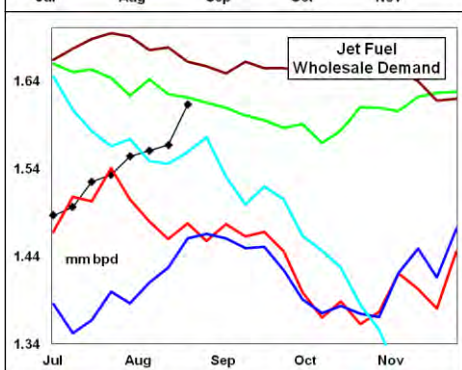
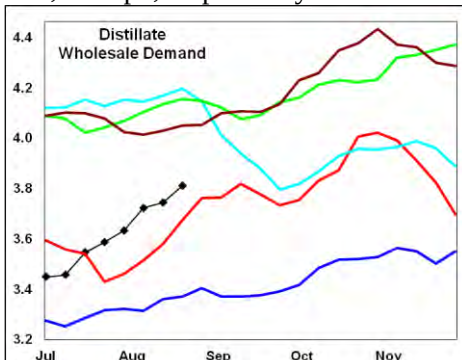


Major Fundamental Trends¹

Gasoline demand continues to reflect significant weakness in the consumer economy. Demand fell -186,000 bpd last week, with the latest 4-wk average -221,000 bpd below a year ago. Demand levels remain comparable to 2009, during the depth of the recession.



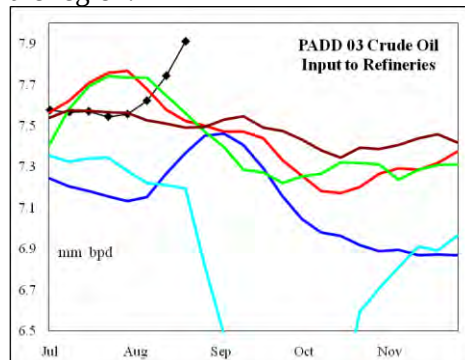
Distillate and jet fuel demand each are exhibiting robust growth. The latest 4-wk average increase compared to a year ago was +295,000 bpd and +88,000 bpd, respectively.



The increases in middle distillate reflect robust exports and higher use

due to extremely high summer temperatures.

Crude oil refinery thru put jumped to new record 5-year highs in the Gulf region last week, climbing +282,000 bpd. This level points to startup of new refining capacity in the region. Gasoline and distillate output also increased a combined +275,000 bpd in the region.



Demand for middle distillates jumped +415,000 bpd last week, while gasoline demand fell to new record weekly lows.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -2.4%; distillate up +8.3%; jet fuel up +6% while residual fuel oil decreased -1.7%.

Stocks forward coverage: Gasoline demand coverage increased on a +1.4 million barrel stock build and sharply lower demand. Coverage levels were comparable to the last 2-years.

Distillate coverage was nearly unchanged on +1.7 million barrel stock build offset by sharply higher demand. Coverage levels were significantly below the last 2-years.

Jet fuel coverage fell on a -0.9 million barrel stock drawn and higher demand. Coverage levels were sharply below the last 2-years.

Refinery utilization rates increased on a +244,000 bpd increase in crude oil thru put, with the rate +357,000 bpd above a year ago.

Gasoline yield % on crude oil runs decreased on a +19,000 bpd rise in production, compared to the +244,000 bpd increase in crude oil runs. The

yield % on crude oil runs fell below levels of the last 3-years.

Distillate yield % on crude oil runs increased on a +130,000 bpd rise in production compared to the increase in crude oil runs. Yield % levels matched 5-year highs.

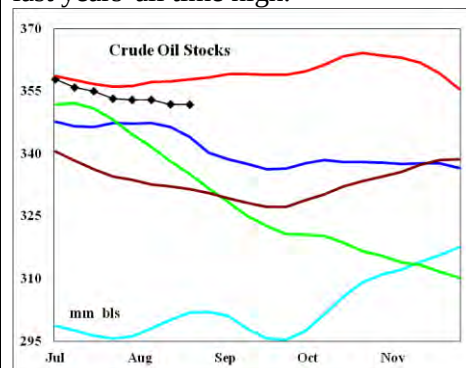
Jet fuel yield % on crude oil runs decreased on a +2,000 bpd rise in output. Yield % levels were well above the historic mid range.

Petroleum Imports were mixed last week, with gasoline and distillate higher, while crude oil decreased.

During the latest 4-wk period crude oil imports decreased -0.5 million bpd compared to last year; distillate imports decreased -91,000 bpd; finished gasoline imports increased +3,000 bpd, gasoline blend stock imports fell -411,000 bpd; jet fuel imports declined -22,000 bpd, while residual fuel oil imports decreased -128,000 bpd.

Crude Oil stocks decreased -2.2 million barrels, with draws in all regions except the Gulf. High deliveries from the SPR in the Gulf region offset record high crude oil runs in the region.

Cushing stock levels are now -8% below last years' record high; while, total PADD 2 stocks are comparable to last years' all time high.



¹ Source is latest EIA Weekly Statistics



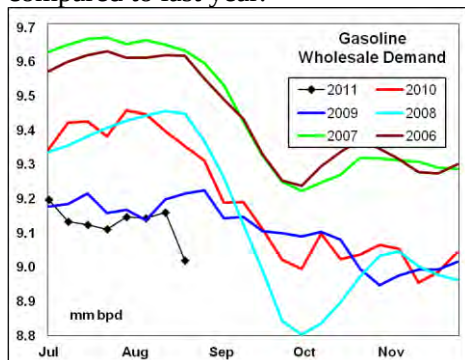
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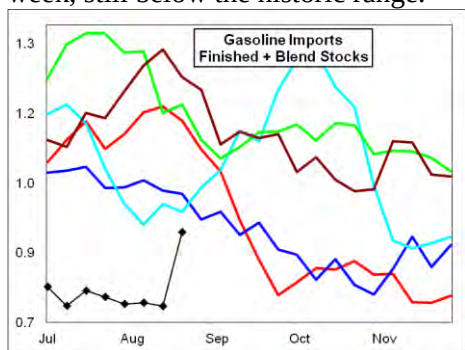
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Product Supply-Demand Trends

Gasoline demand fell -186,000 bpd last week, to a new 5-year low for this time of year. The latest 4-wk average demand decreased -221,000 bpd compared to last year.



Production increased +19,000 bpd last week, with the latest 4-wk average -106,000 bpd below a year ago. Imports climbed +217,000 bpd on the week, still below the historic range.



Stocks increased +1.4 million barrels on the week, keeping stock levels above four of the last 5-years.

There has not been a peak in summer demand this year with the level comparable to lows seen during the depths of the recession in 2009.

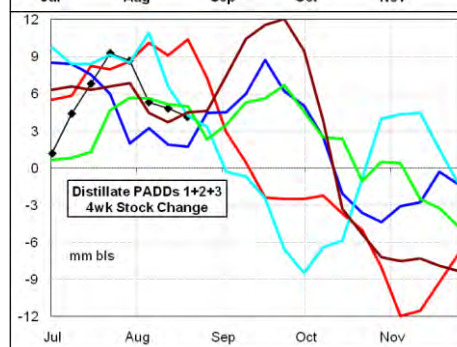
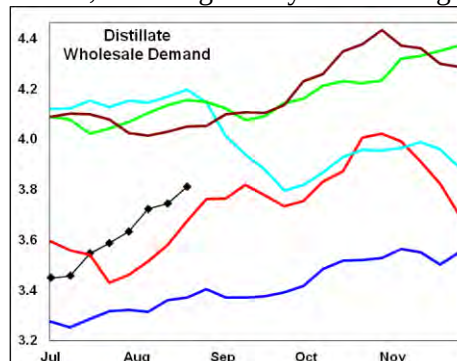
Record low imports has kept supplies tight in the key Central Atlantic Region of PADD 1. Currently refinery disruptions in PADD 2 has led to very tight supplies in that region.

While West Coast stock levels are trending lower, production remains at record highs; indicating above average export volumes are being made to balance supply.

Distillate demand climbed +297,000 bpd last week, continuing a recent trend of significant year-on-year growth. The latest 4-wk average

demand was +295,000 bpd above a year ago.

Supply increased +194,000 bpd last week on record high production. Increased supply led to a +1.7 million barrel stock build for the week. The latest 4-wk stock build in markets East of the Rockies was +4.1 million barrels, matching the 5-year mid range.



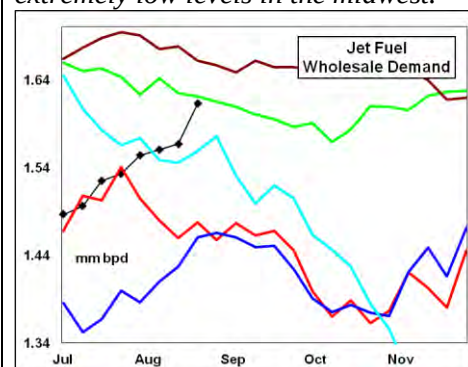
Demand levels have exceeded last year for the most recent 5-wk period, signaling robust exports and some improvement in domestic usage. Marketers may also be rebuilding stocks following the recent price drop.

Stock levels are significantly below each of the last 3-years in the midwest. An early fall harvest due to above normal temperatures this summer should lead to a supply squeeze in the region.

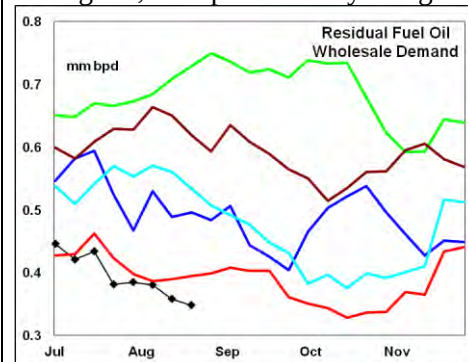
Jet Fuel demand increased +118,000 bpd last week, to a level above the last 3-years. The latest 4-wk average demand was +88,000 bpd above last year; exhibiting a more robust seasonal peak than in recent years.

Supply was nearly unchanged last week, leading to a -0.9 million barrel stock draw for the week. Production levels were near 5-year highs for the week.

The jet fuel supply balance has tightened on robust demand, and record low imports. Stock levels in PADDs 1 and 3 are now only slightly above the mid range. Large regional variances continue with very high stocks on the West Coast and extremely low levels in the midwest.



Residual fuel oil demand declined -34,000 bpd last week, with the 4-wk average -7,000 bpd below a year ago.



Supply (production + imports) declined -35,000 bpd on lower production. The latest 4-wk average supply was +52,000 bpd above last year. Stocks increased +0.7 million barrels, with the level above the mid range.

Stock levels and production in the key Gulf Coast market declined last week, but remain near record highs.

West Coast markets remain well supplied with stock levels above four of the last 5-years. Supplies in other regions are at levels in line with generally lower output.



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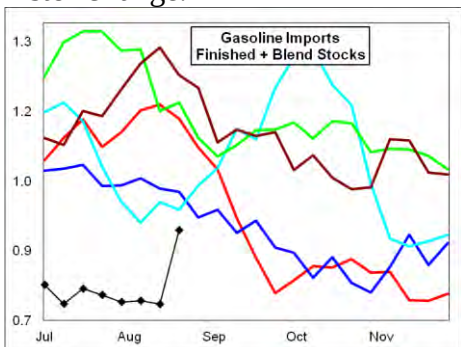
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +22,000 bpd on the week, with the level above that of the past 2-years. Crude oil stocks fell -1.7 million barrels, with the level matching 5-year lows set last year.

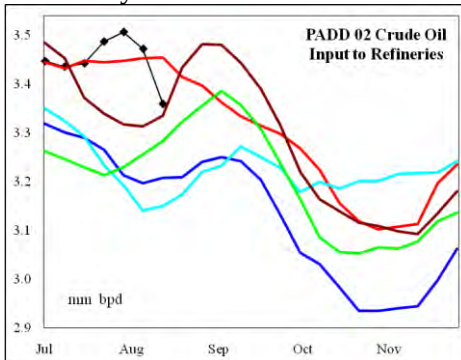
Gasoline production declined -140,000 bpd last week, offset by a +252,000 bpd rise in imports. Import levels remain below the historic range.



Gasoline stocks were unchanged on the week, with the level at the mid range. Stock levels in the key Central Atlantic Region matched 5-year lows.

Distillate supply increased +61,000 bpd last week, with the level at the low end of the historic range. Stocks increased +0.4 million barrels, with the level above the mid range.

Jet fuel stocks fell -0.8 million barrels on the week, to a level below the last 2-years.



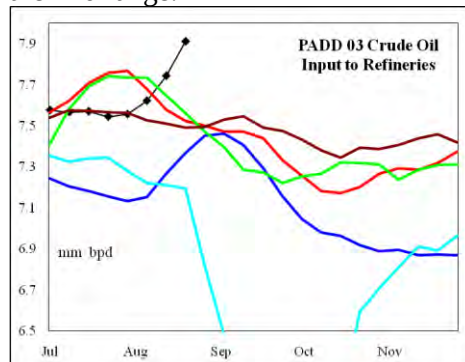
PADD 2 crude oil refinery runs declined -26,000 bpd on the week, to a level at the 5-year mid range. Stock levels continue to match 5-year highs, while imports reached new record highs.

Gasoline production fell -75,000 bpd last week, with the level well below two of the last 3-years. Stocks decreased -0.3 million barrels, to a level near 5-year lows.

Distillate production increased +32,000 bpd, to a level near historic highs. Stocks decreased -0.4 million barrels to a level well below the last 3-years.

Jet fuel production decreased to match the mid range. Stocks increased +0.3 million barrels, although the level remains well below the historic range.

PADD 3 refinery runs jumped +282,000 bpd last week, to a new record high - indicating startup of new capacity. The latest 4-wk average thru put was +28,000 bpd above last year. Crude oil stocks climbed +0.5 million barrels on the week, to a level above the mid range.



Gasoline production increased +140,000 bpd on the week. Stocks jumped +1.9 million barrels last week, with the level above four of the last 5-years.

Distillate production increased +135,000 bpd, to a new record level. Stocks increased +2.2 million barrels, to a level above four of the last 5-years.

Jet fuel production increased +15,000 bpd on the week, to a level at the upper end of the historic range. Stocks declined -0.8 million barrels to a level above the mid range.

Residual fuel oil supply declined -67,000 bpd last week, although production levels remain above the 5-year range. Stock levels remain +8% above the prior 5-year high.

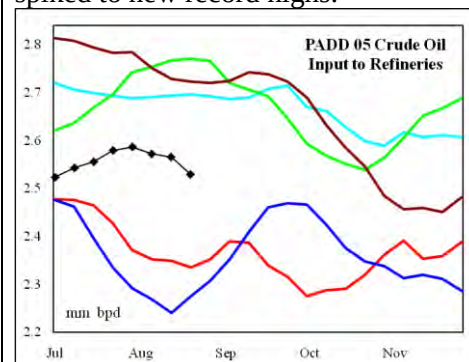
PADD 4 refinery crude runs increased +24,000 bpd last week, to a level above the last 3-years. Light product yield % on crude oil runs fell to a new 5-year low for the period - indicating maintenance of downstream process units.

Gasoline production increased +15,000 bpd, although the level remains at historic lows.

Distillate production remains at historic highs for the period. Stock levels ended the week slightly below the 5-year high for the period.

Jet fuel production fell to 5-year lows, while stock levels remain well above the mid range.

PADD 5 crude oil refinery runs declined -59,000 bpd on the week, with the level well above the last 2-years. The latest 4-wk average thru put was +232,000 bpd above last year. Light product yield % on crude oil runs spiked to new record highs.



Gasoline production increased +42,000 bpd on the week, with the latest 4-wk average +149,000 bpd above last year and at a 5-year high. Stocks decreased -0.3 million barrels on the week, continued high exports. Stock levels ended the week at the mid range.

Distillate production decreased -37,000 bpd last week, with the level at the mid range, but +134,000 bpd above last year. Stocks fell -0.6 million barrels, but still +15% above a year ago.

Jet fuel supply increased +18,000 bpd on the week, to a level +19% over last year. Stock levels remain at record highs.

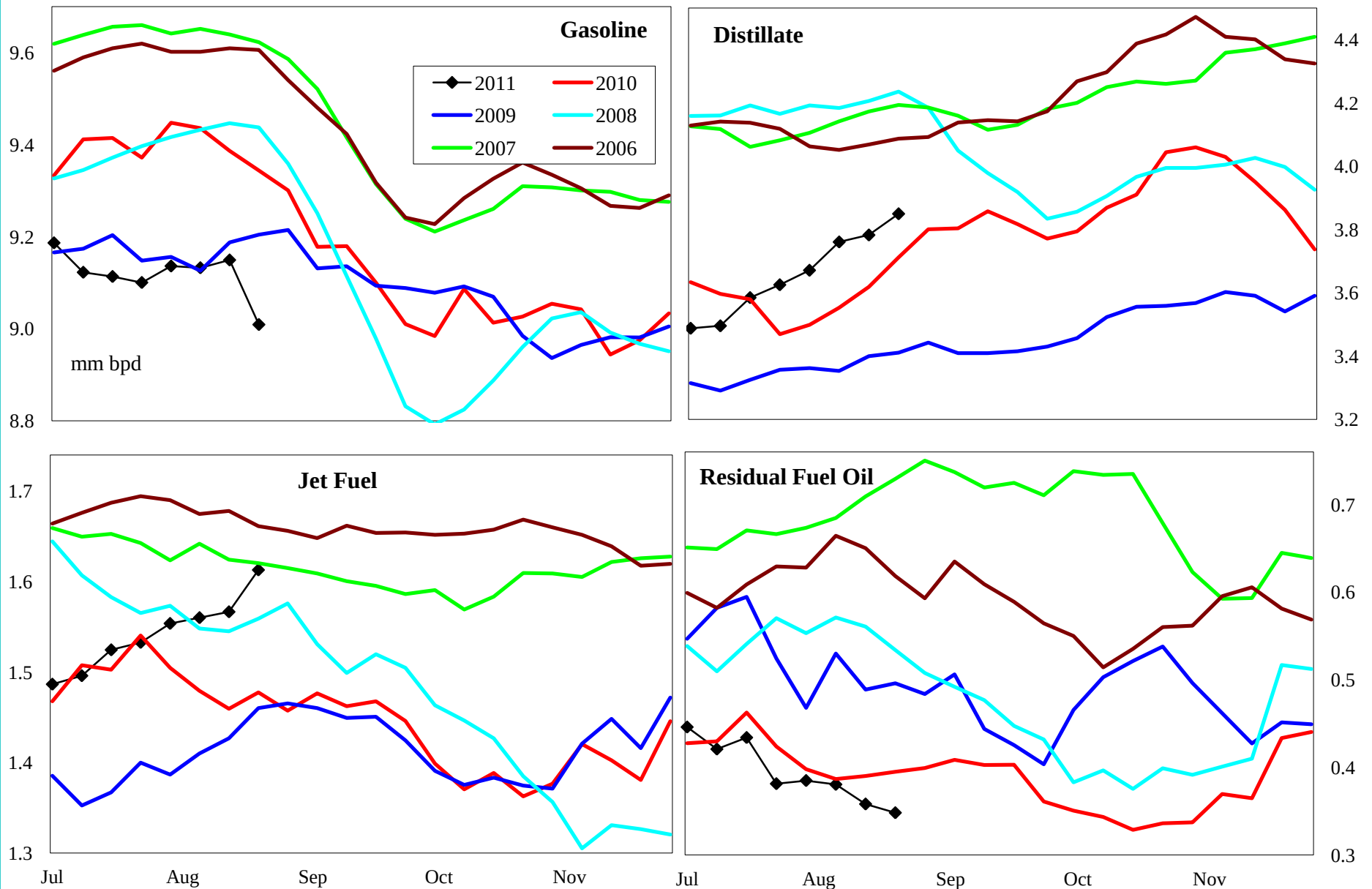


PETROLEUM: Graph Link and Weekly Summary

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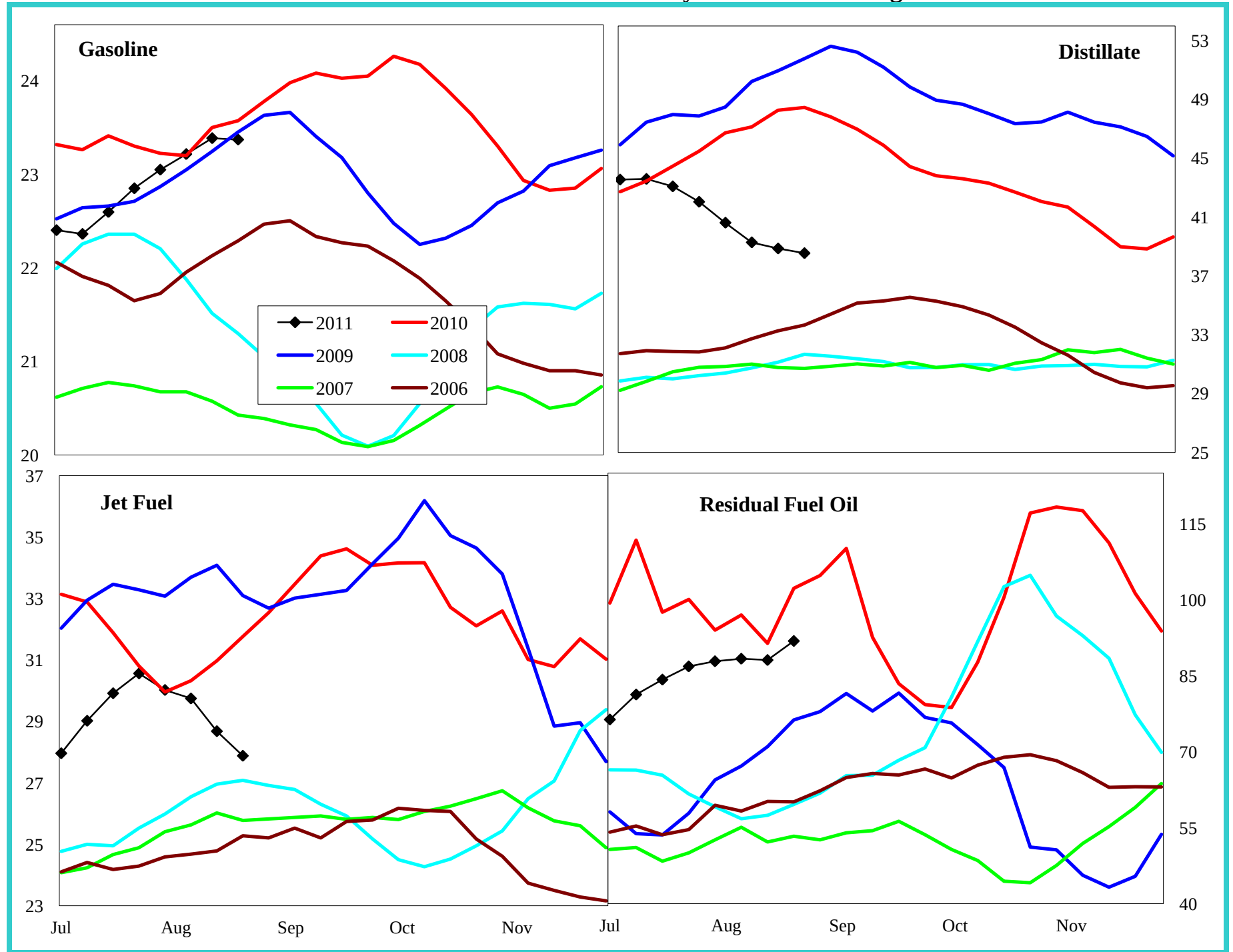
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage		Refinery Utilization Product Yield %			Imports
Supply/Demand Trends	19-Aug-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-2,213	-1,654	-597	515	-199	-276
	Imports	-477	-404	146	-354	-17	151
	Input	244	22	-26	282	24	-59
	% Utilization	1.20					
Gasoline	Stocks	1,355	-18	-322	1,936	101	-342
	Production	19	-140	-75	140	15	42
	Imports	217	252	0	-50	0	14
	Supplied	-186					
Distillate	Stocks	1,731	439	-401	2,155	130	-590
	Production	130	-4	32	135	3	-37
	Imports	64	65	2	0	-4	3
	Supplied	297					
Jet Fuel	Stocks	-923	-756	308	-757	34	248
	Production	2	-6	-13	15	-2	8
	Imports	0	-10	0	0	0	10
	Supplied	118					
Residual Fuel Oil	Stocks	671	336	198	-89	2	223
	Production	-45	5	-16	-37	-1	4
	Imports	10	85	2	-30	0	-47
	Supplied	-34					

United States Wholesale Petroleum Demand

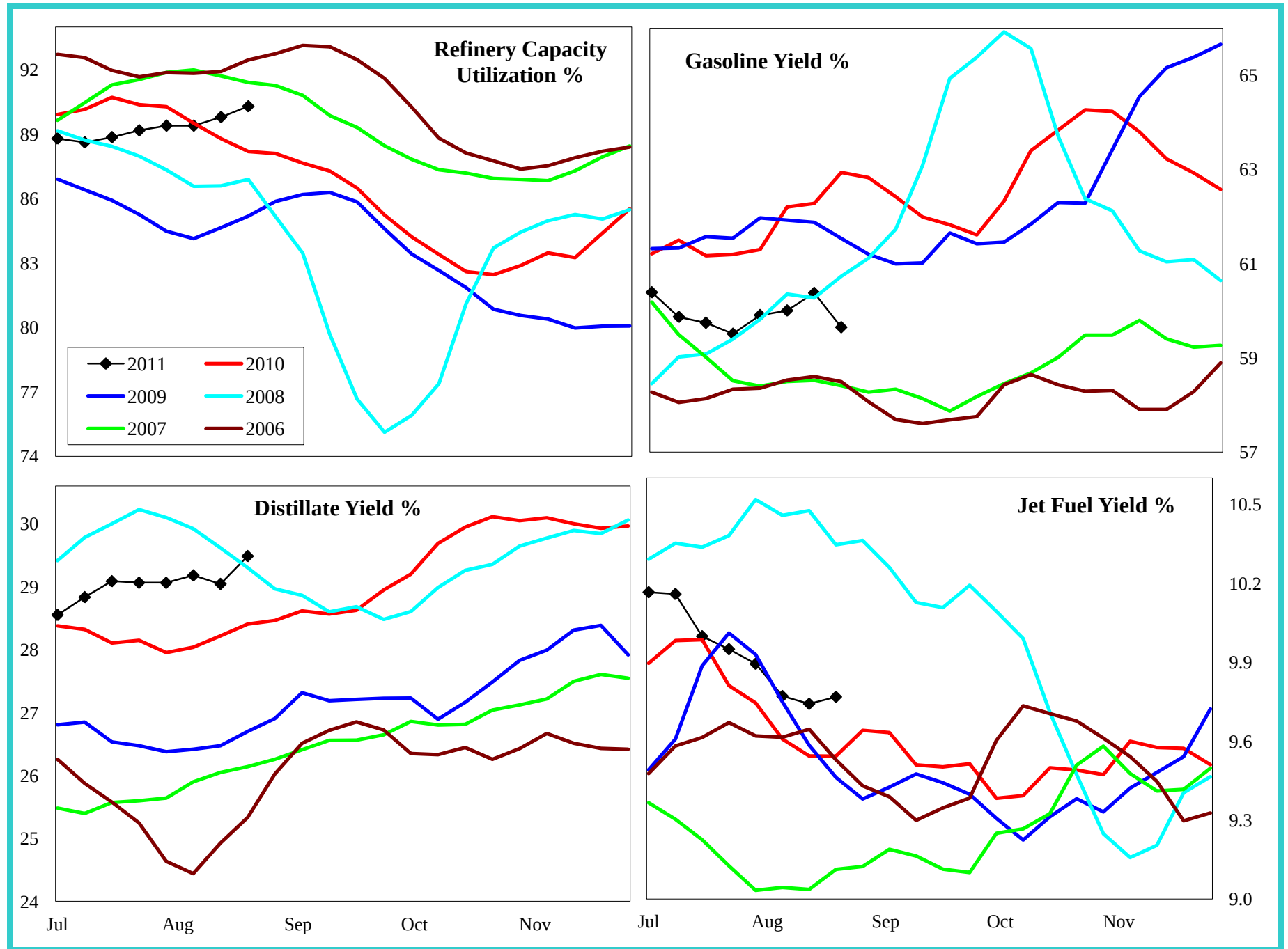


	000 bpd change from prior year				% change from prior year				
	4wk avg	Jul	Jun	May	4wk avg	Jul	Jun	May	
Gasoline	-221	-236	4	-378	-2.4	-2.5	0.0	-4.1	
Distillate	295	2	-163	18	8.3	0.1	-4.4	0.5	
Jet Fuel	88	24	-113	-17	6.0	1.6	-7.3	-1.2	
Resid	-7	-164	16	-41	-1.7	-27.6	3.2	-7.9	

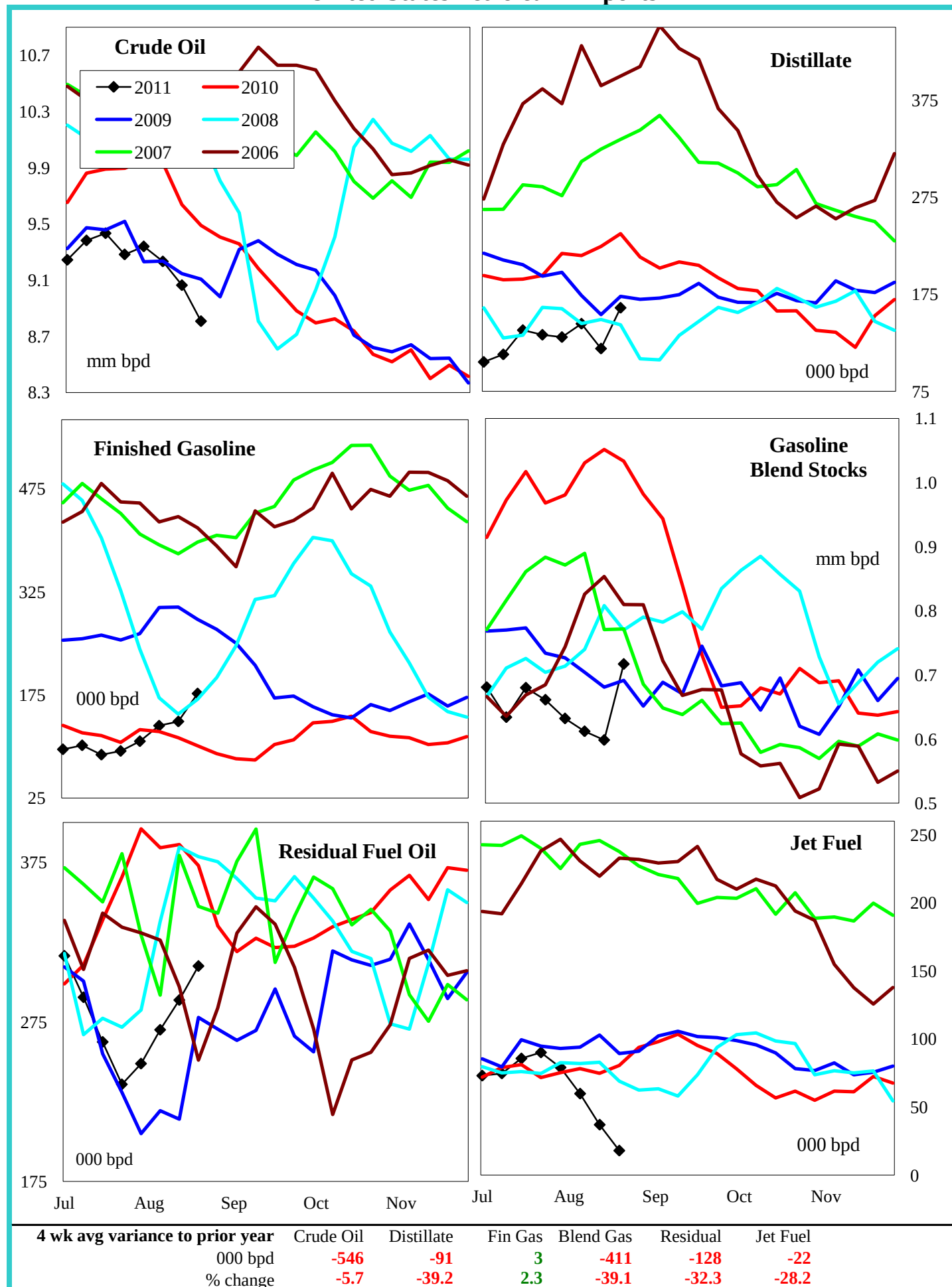
United States Product Stocks: Days Forward Coverage



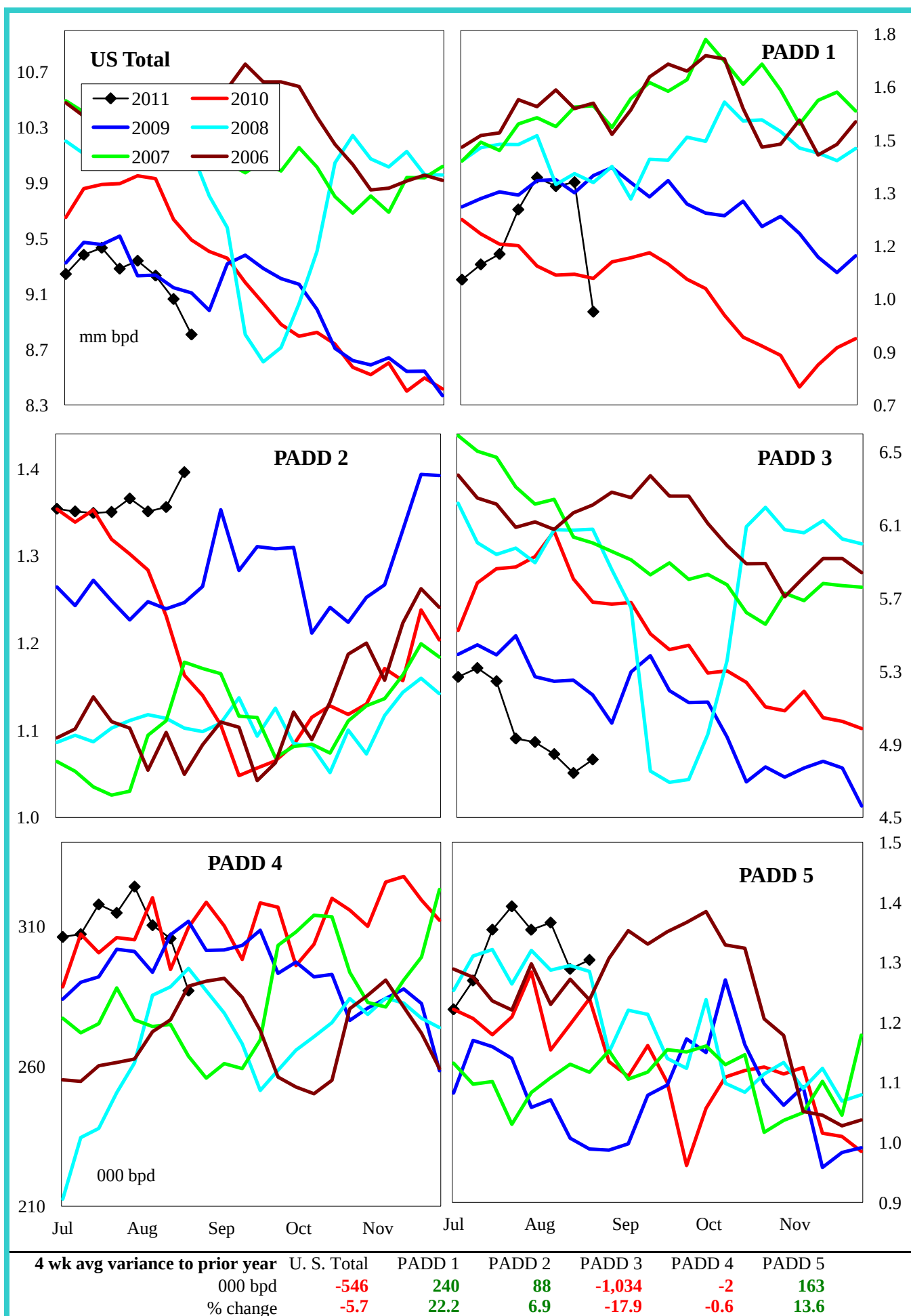
United States Refinery Percent Utilization Rate and Product Yields



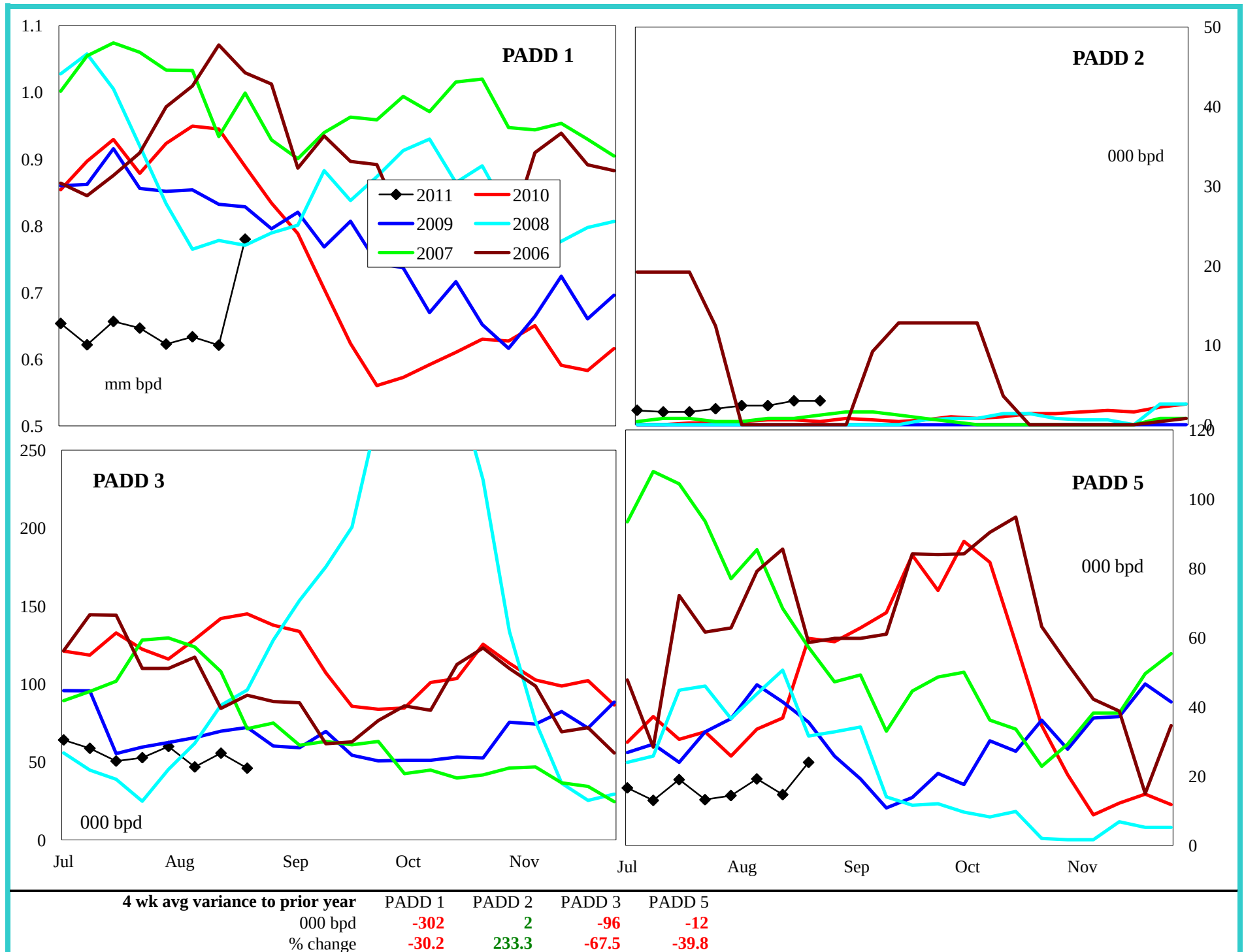
United States Petroleum Imports



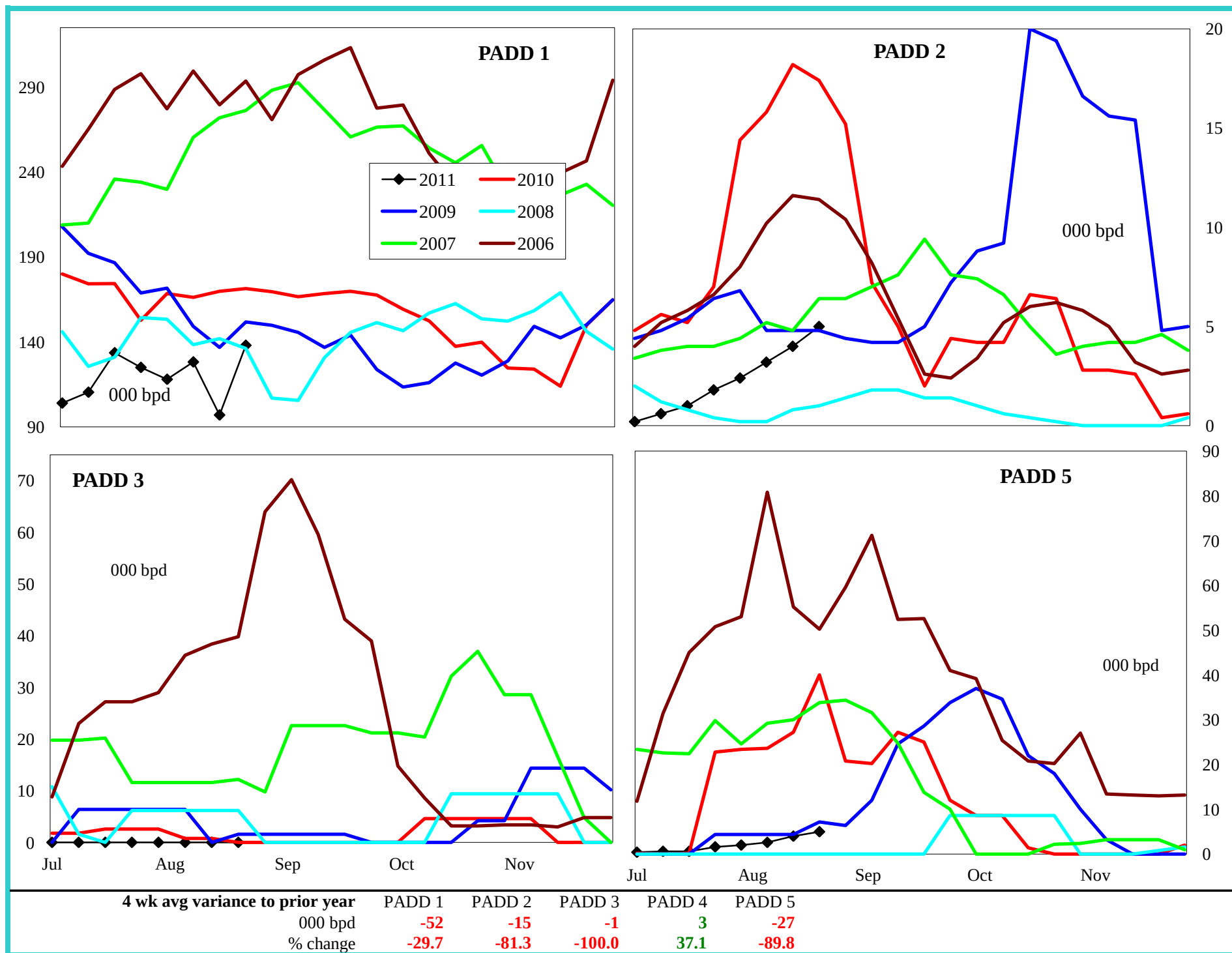
Crude Oil Imports by PADD



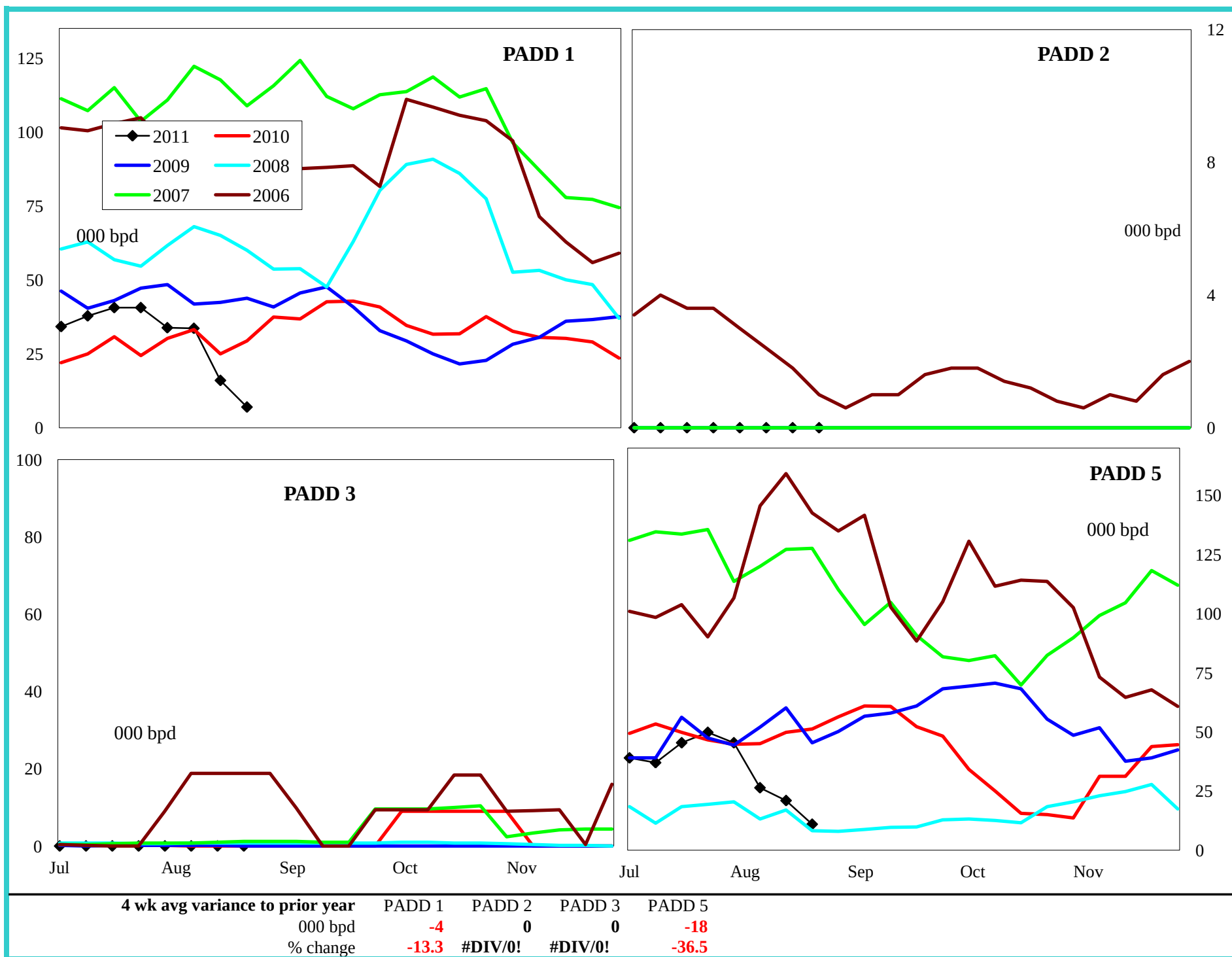
Gasoline Imports by PADD (Finished + Blend Stocks)



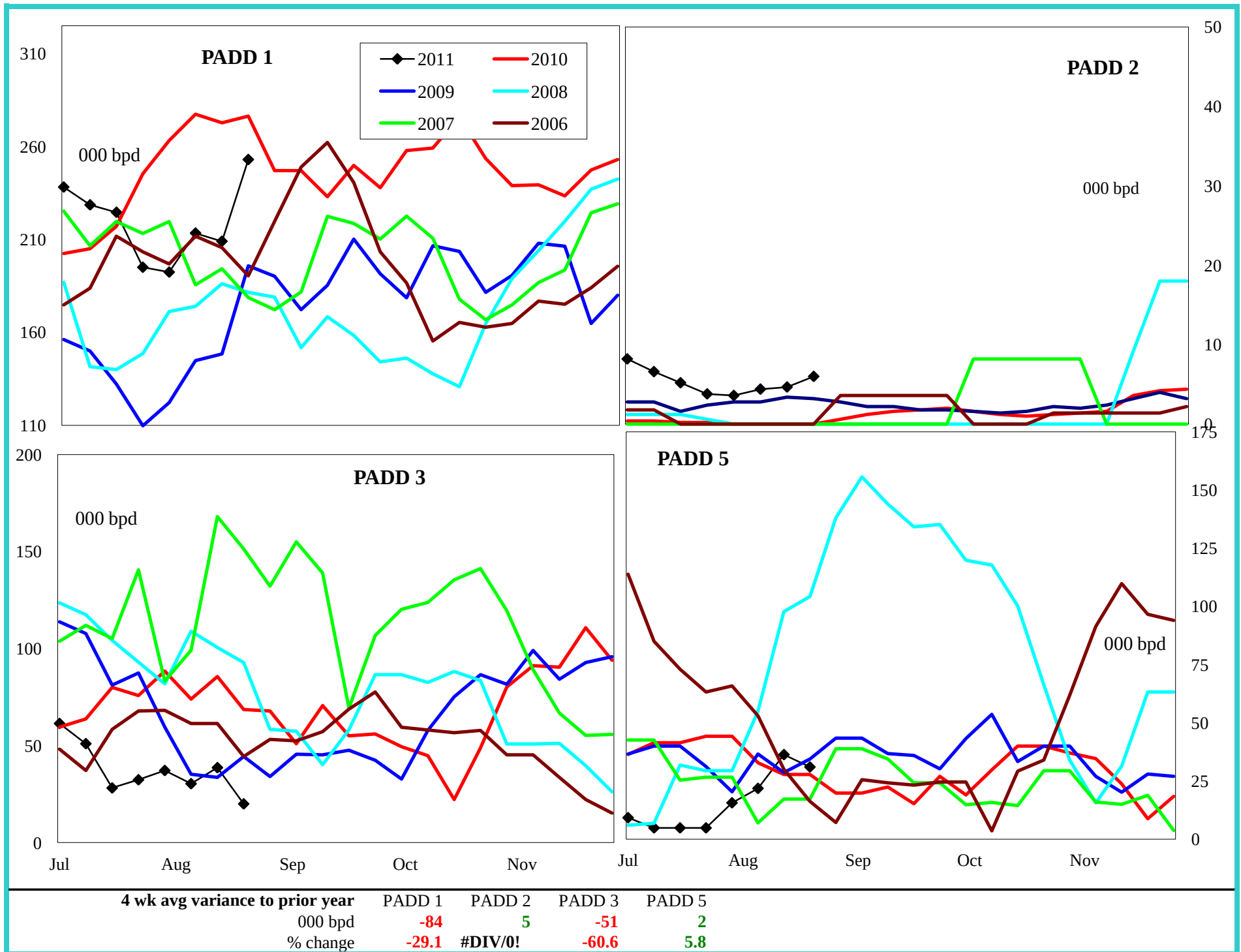
Distillate Imports by PADD



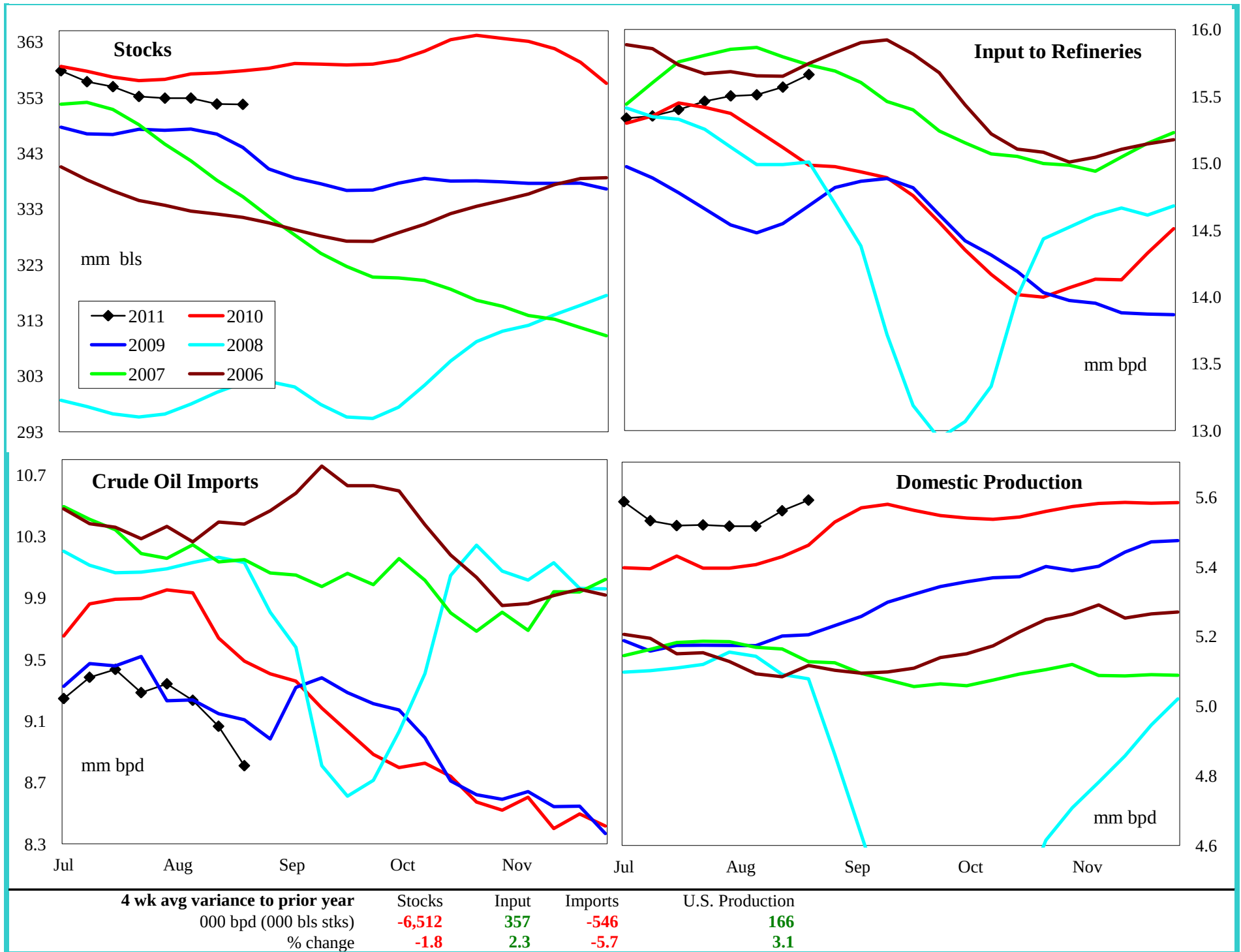
Jet Fuel Imports by PADD



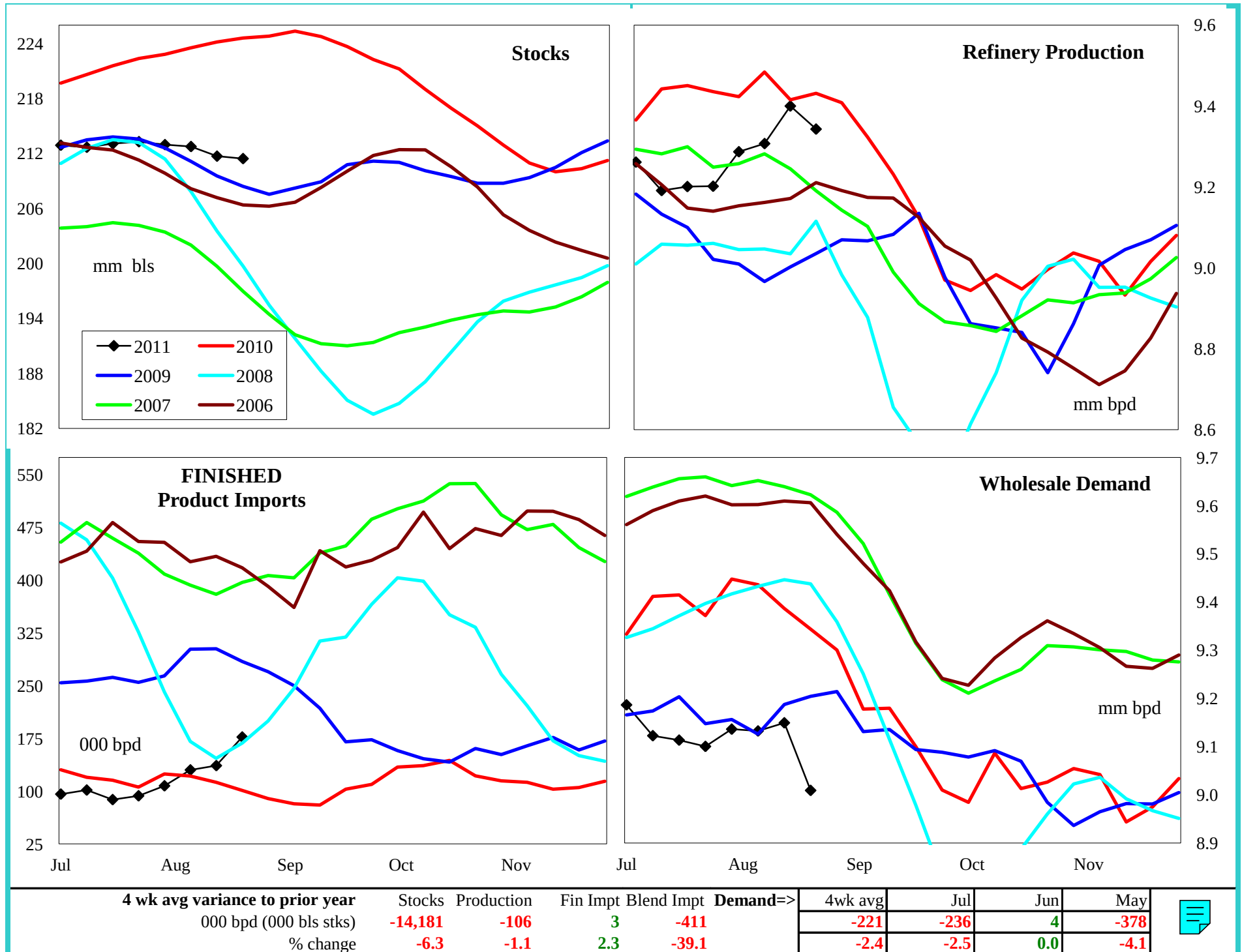
Residual Fuel Oil Imports by PADD



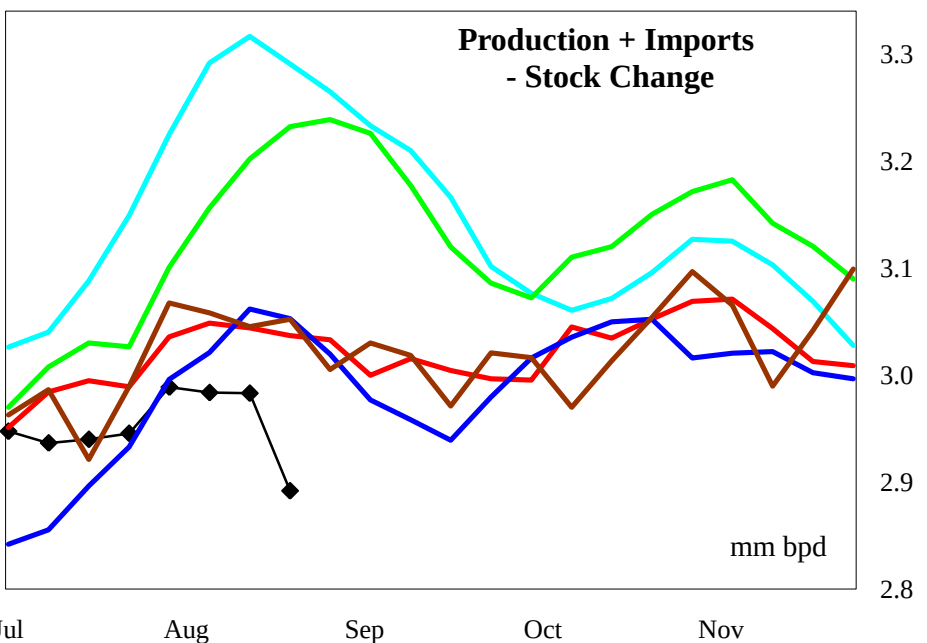
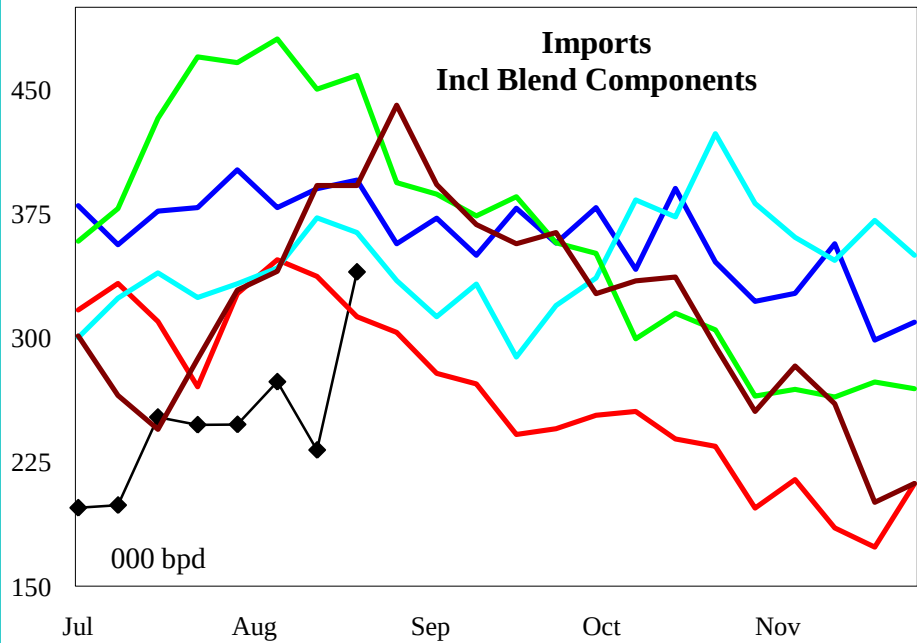
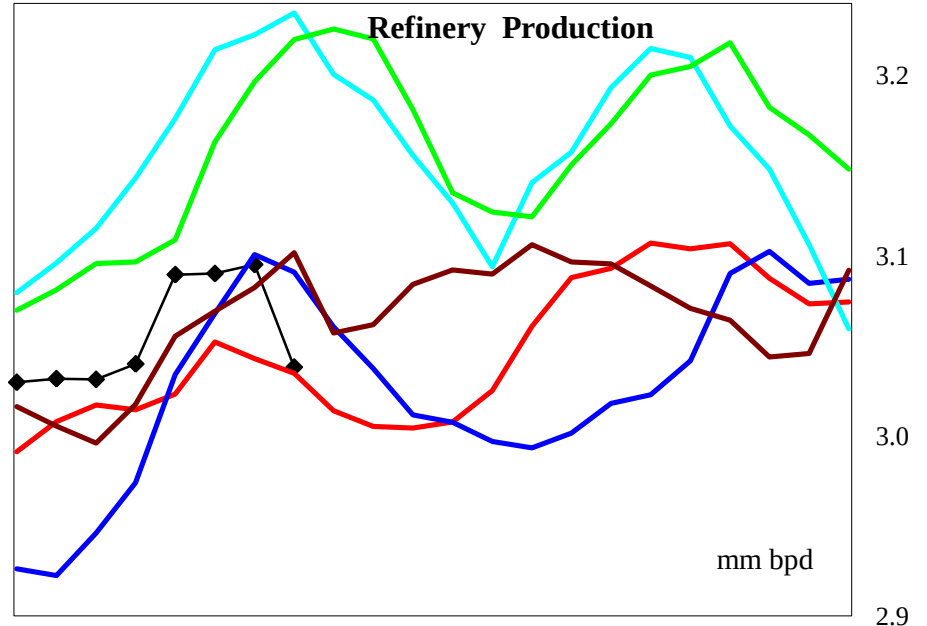
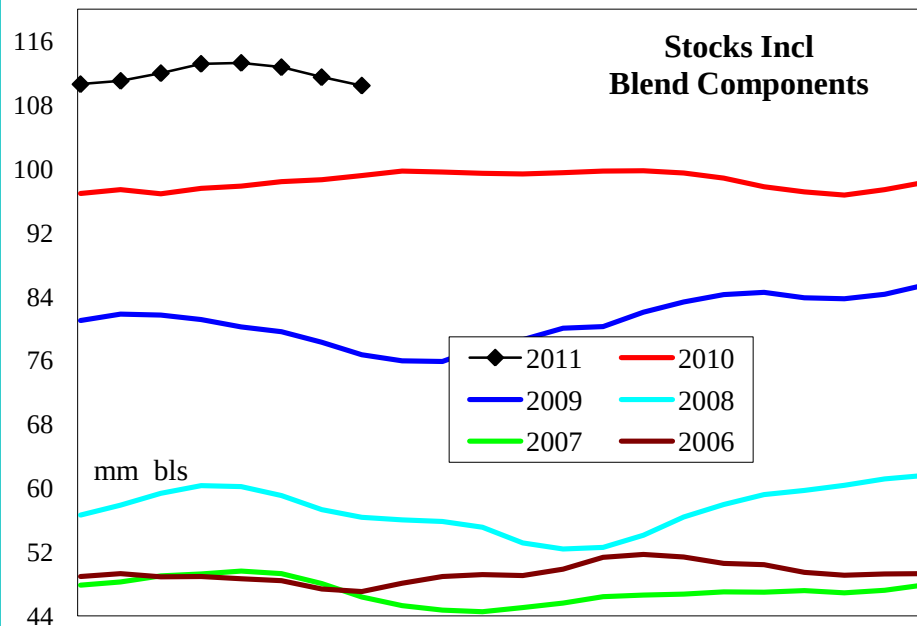
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



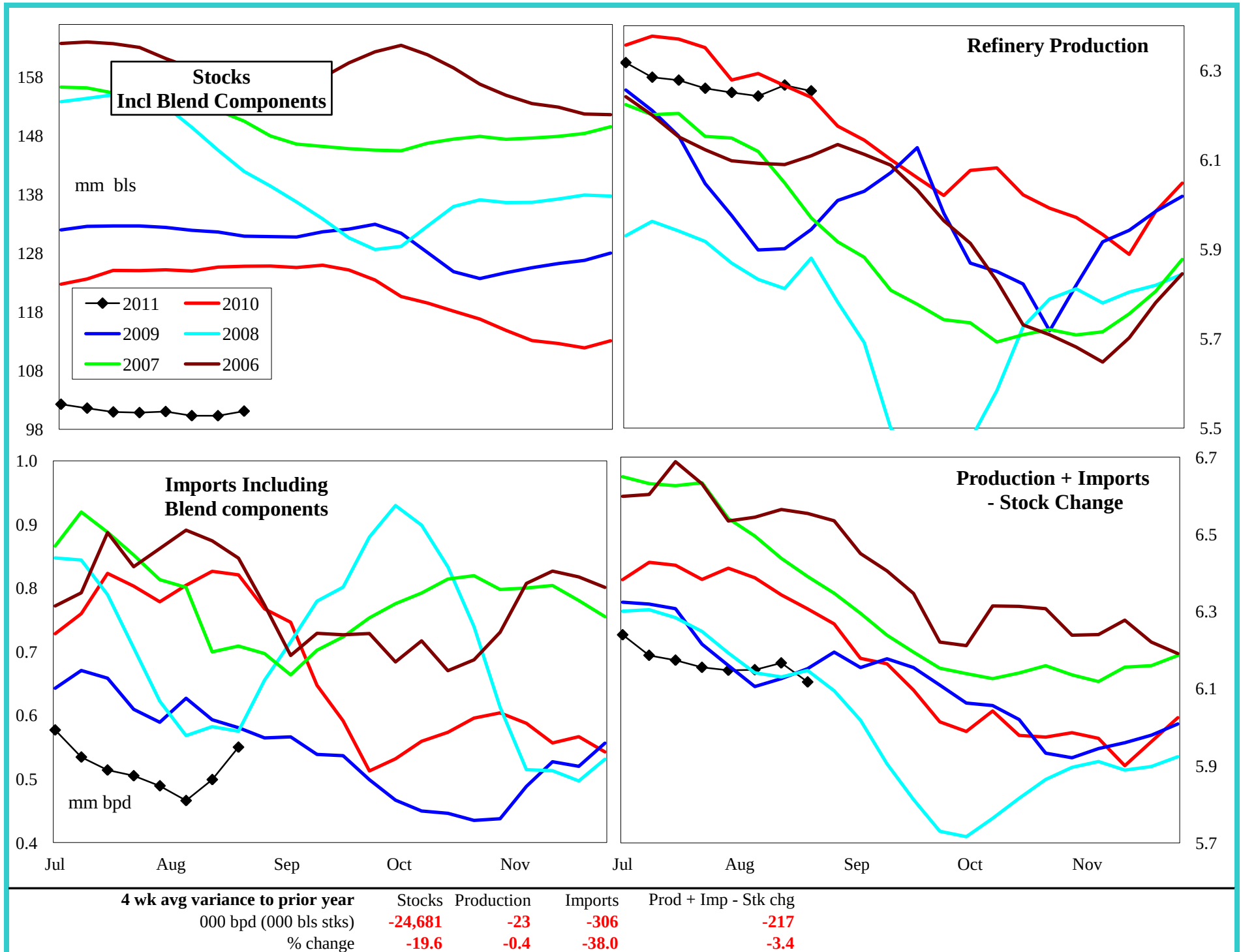
United States Reformulated Gasoline Supply



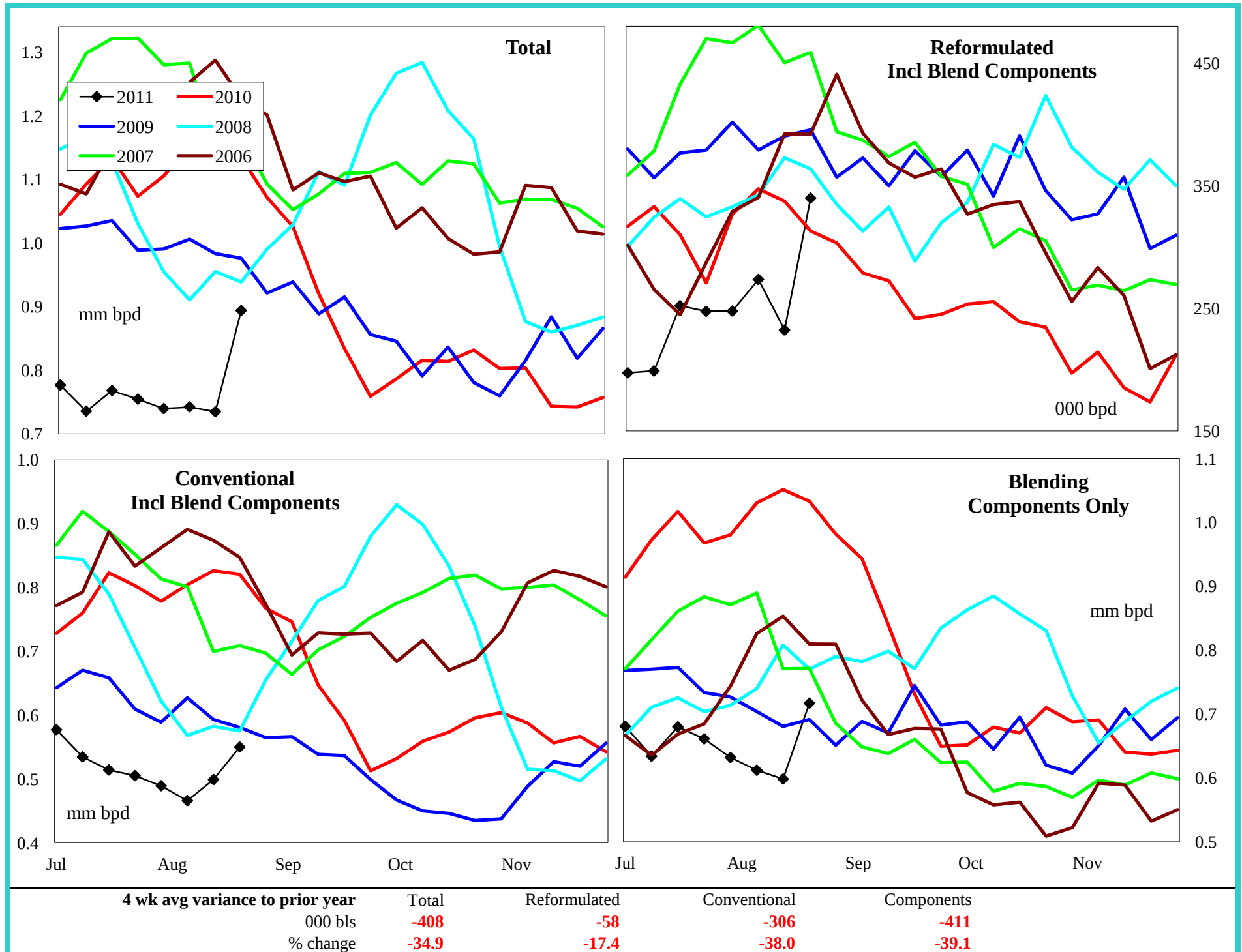
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
11,282	51	-58	-80
11.4	1.7	-17.4	-2.6

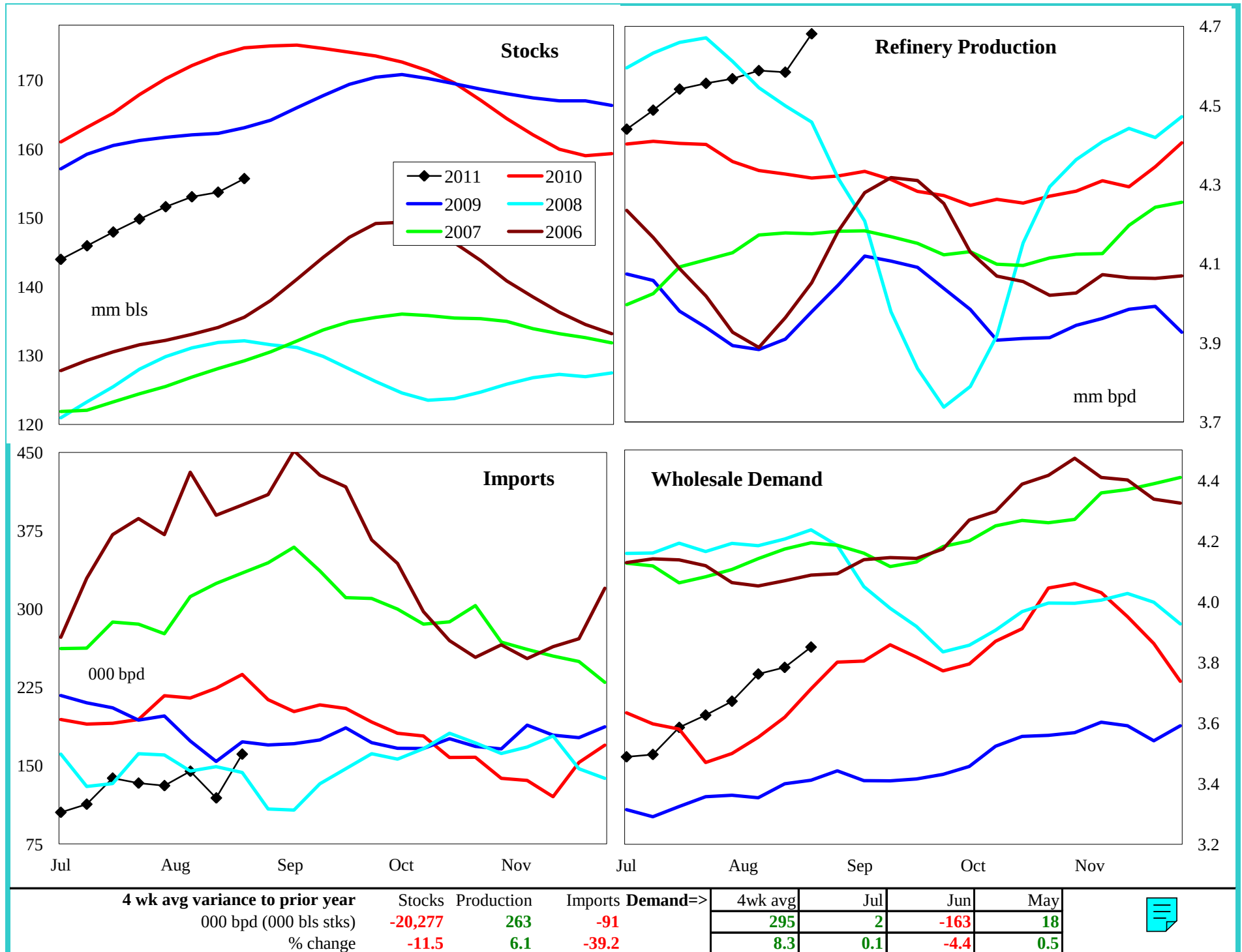
United States Conventional Gasoline Supply



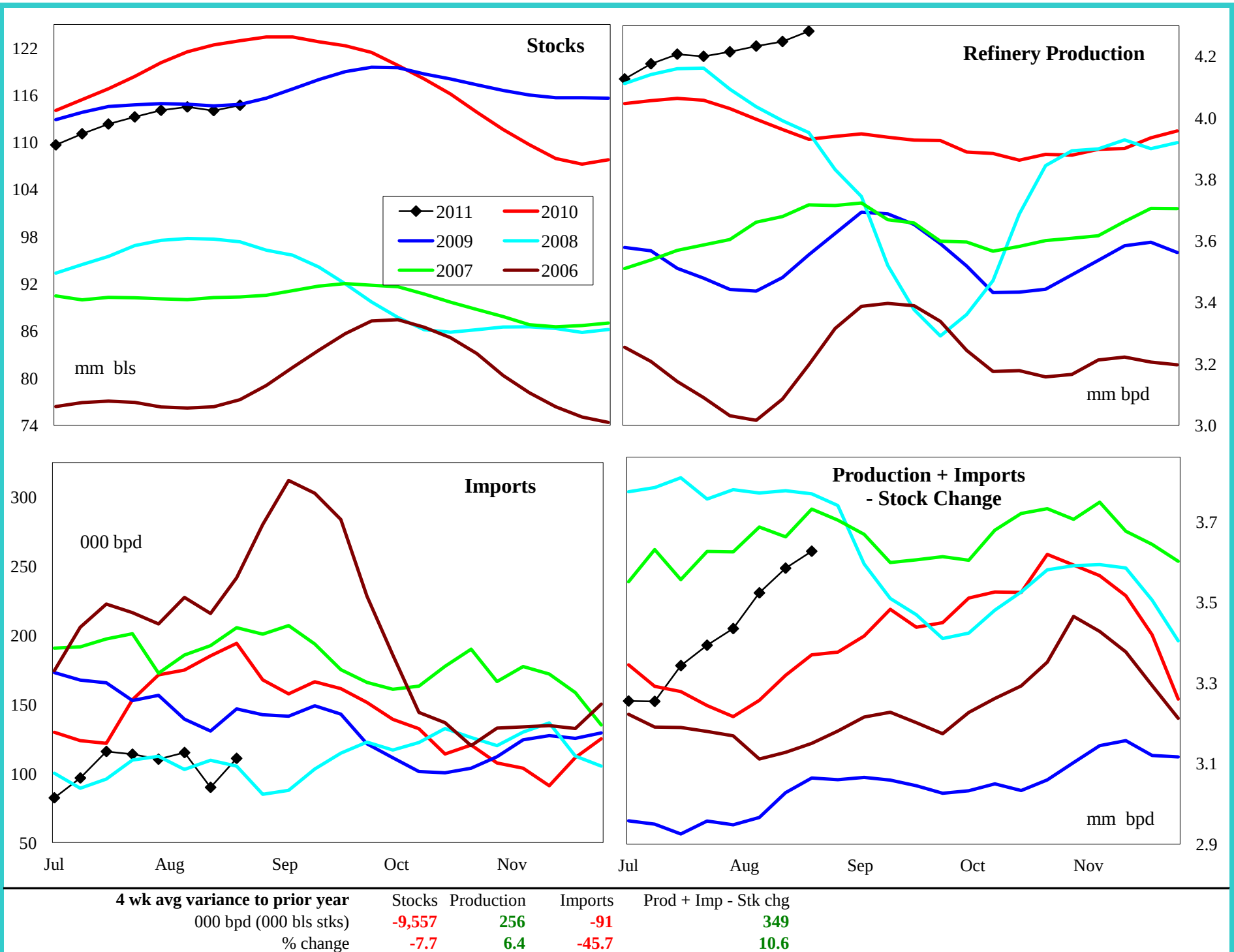
United States Gasoline Imports by Type



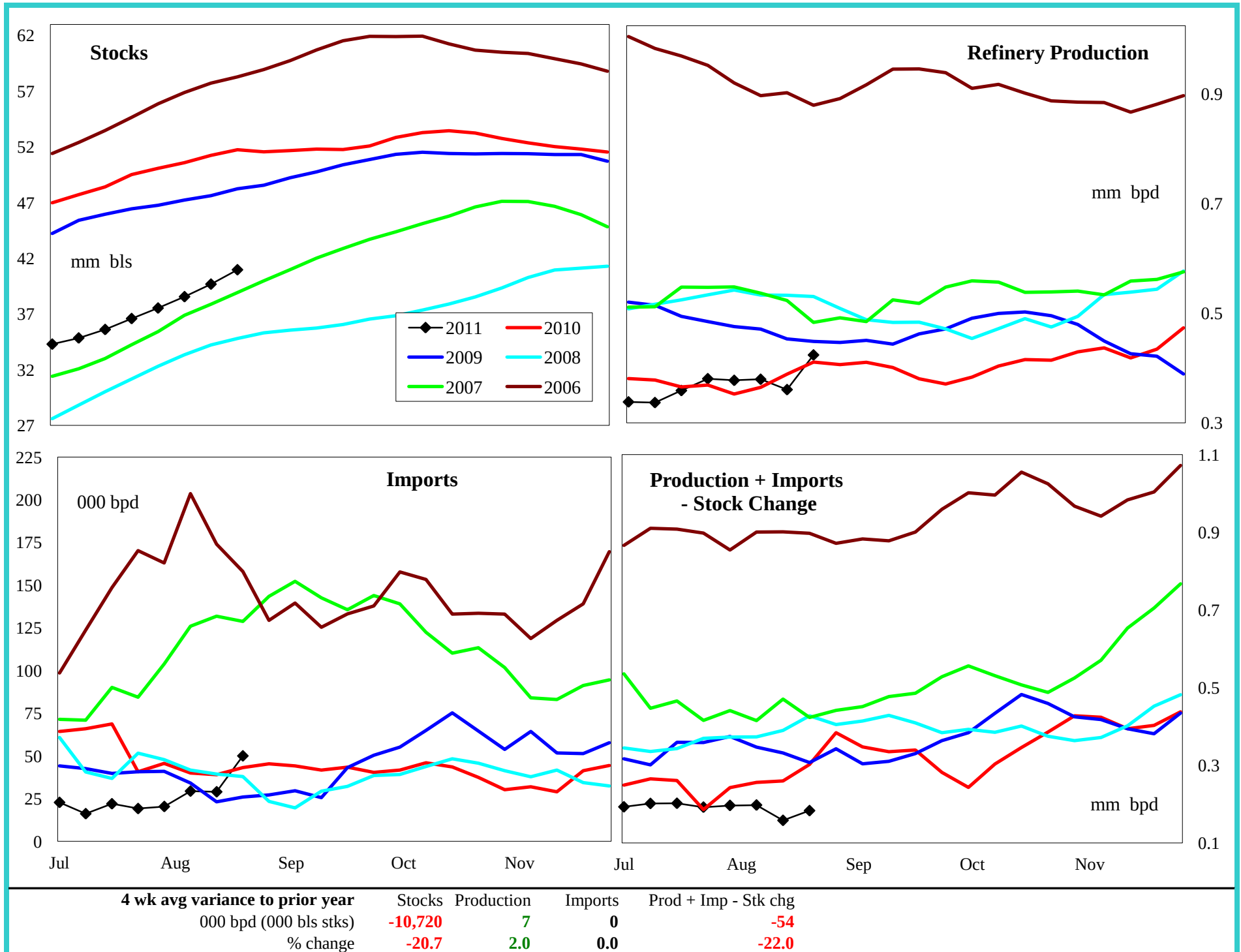
United States Distillate Supply and Demand Balance



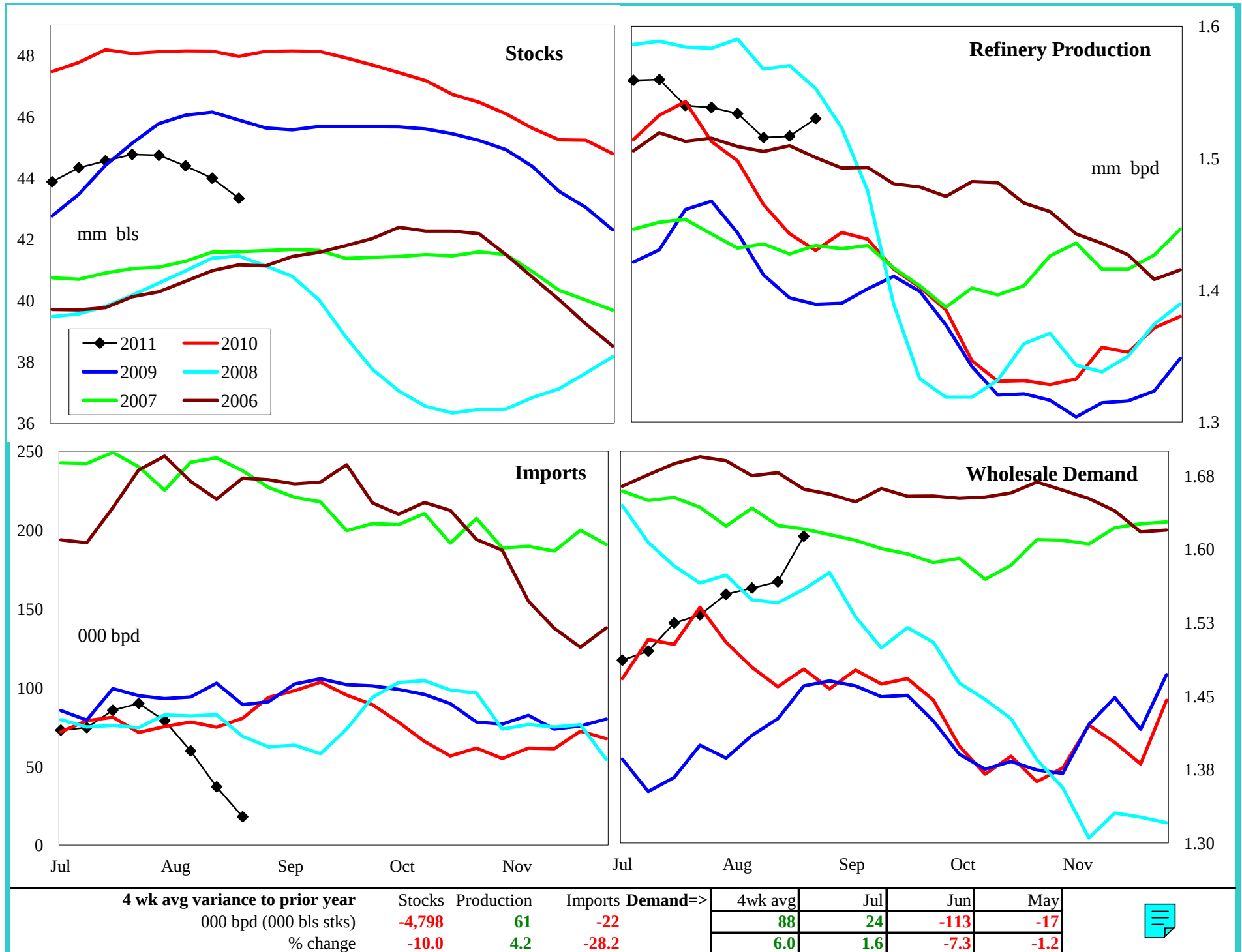
United States Low Sulfur Distillate Supply



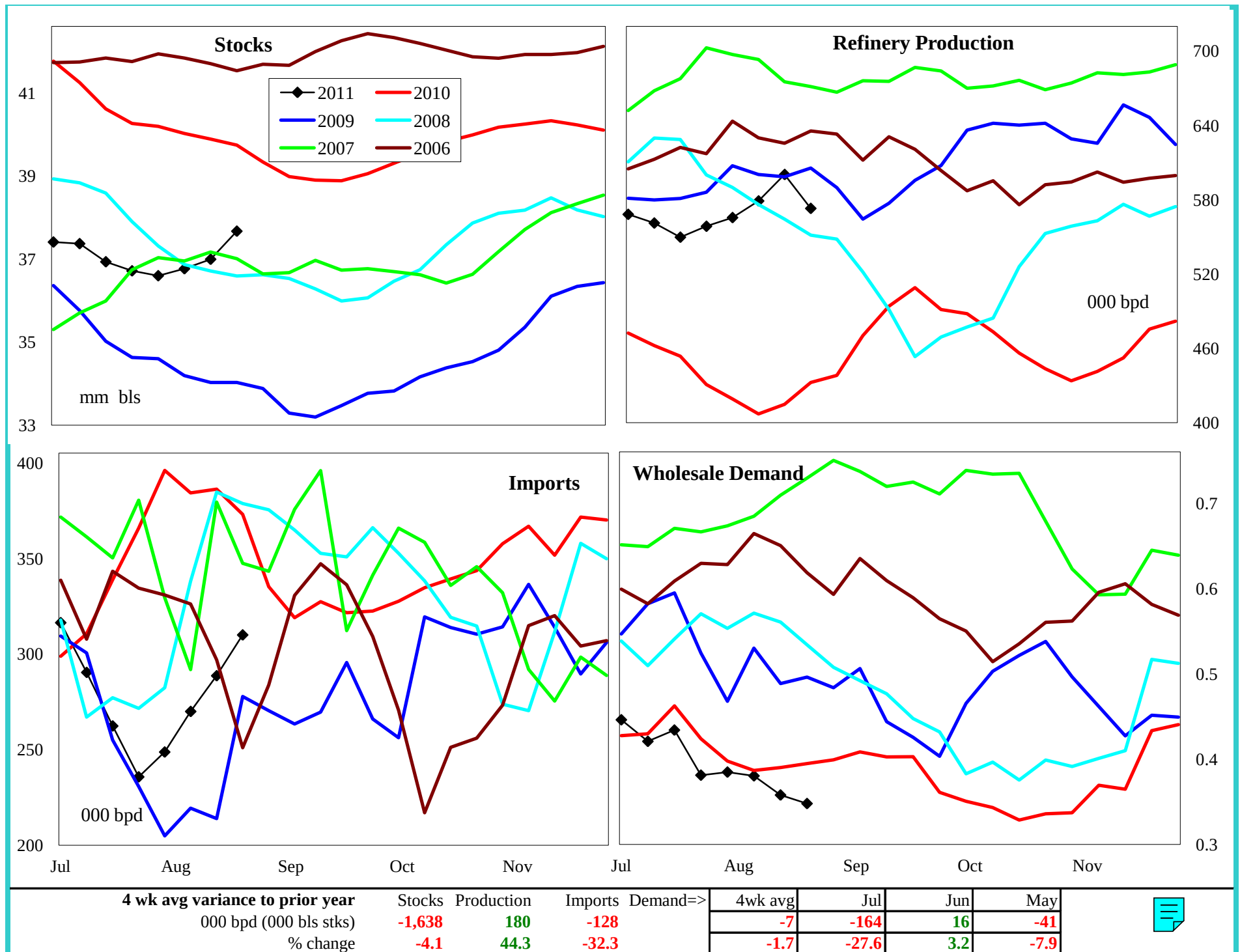
United States High Sulfur Distillate Supply



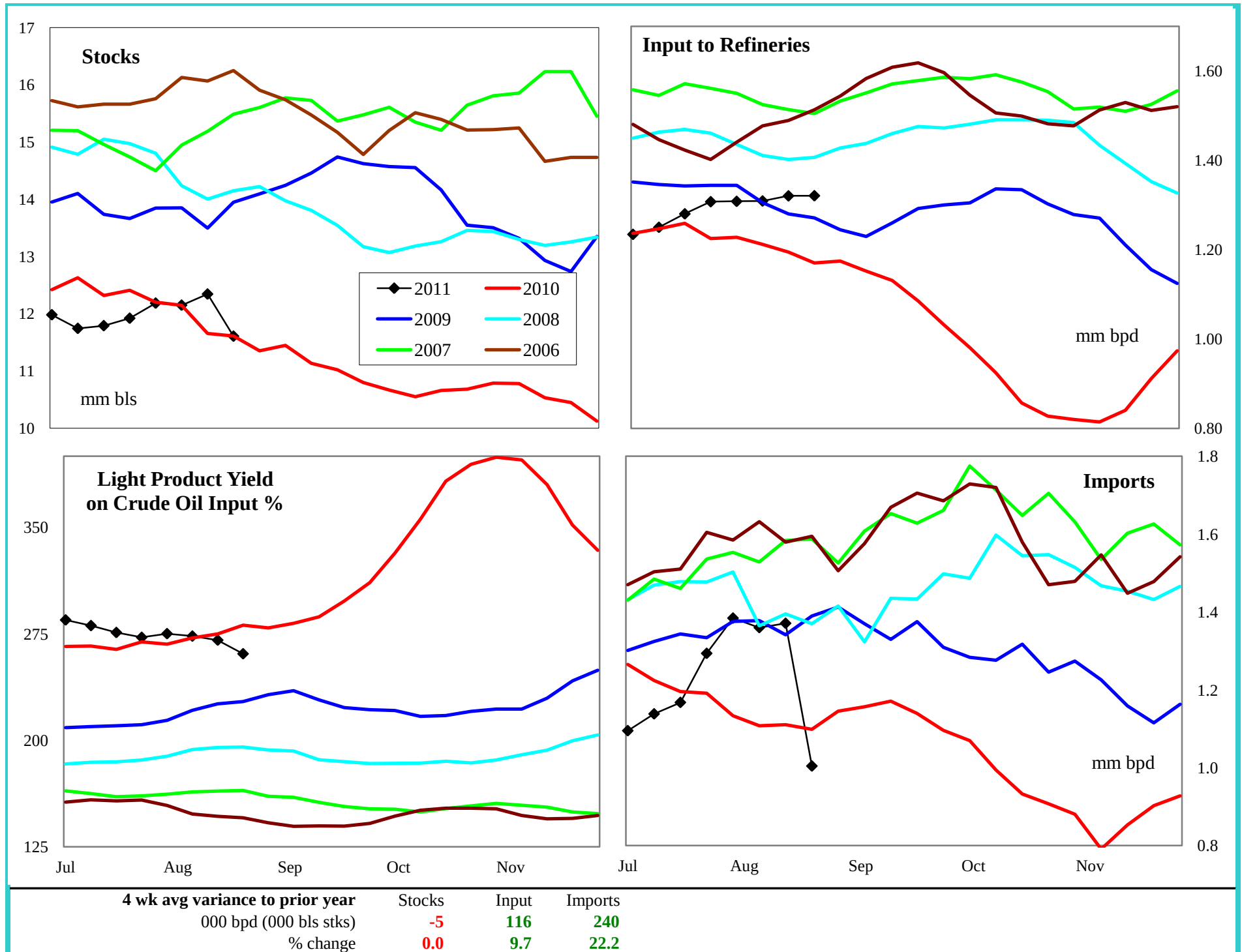
United States Jet Fuel Supply and Demand Balance



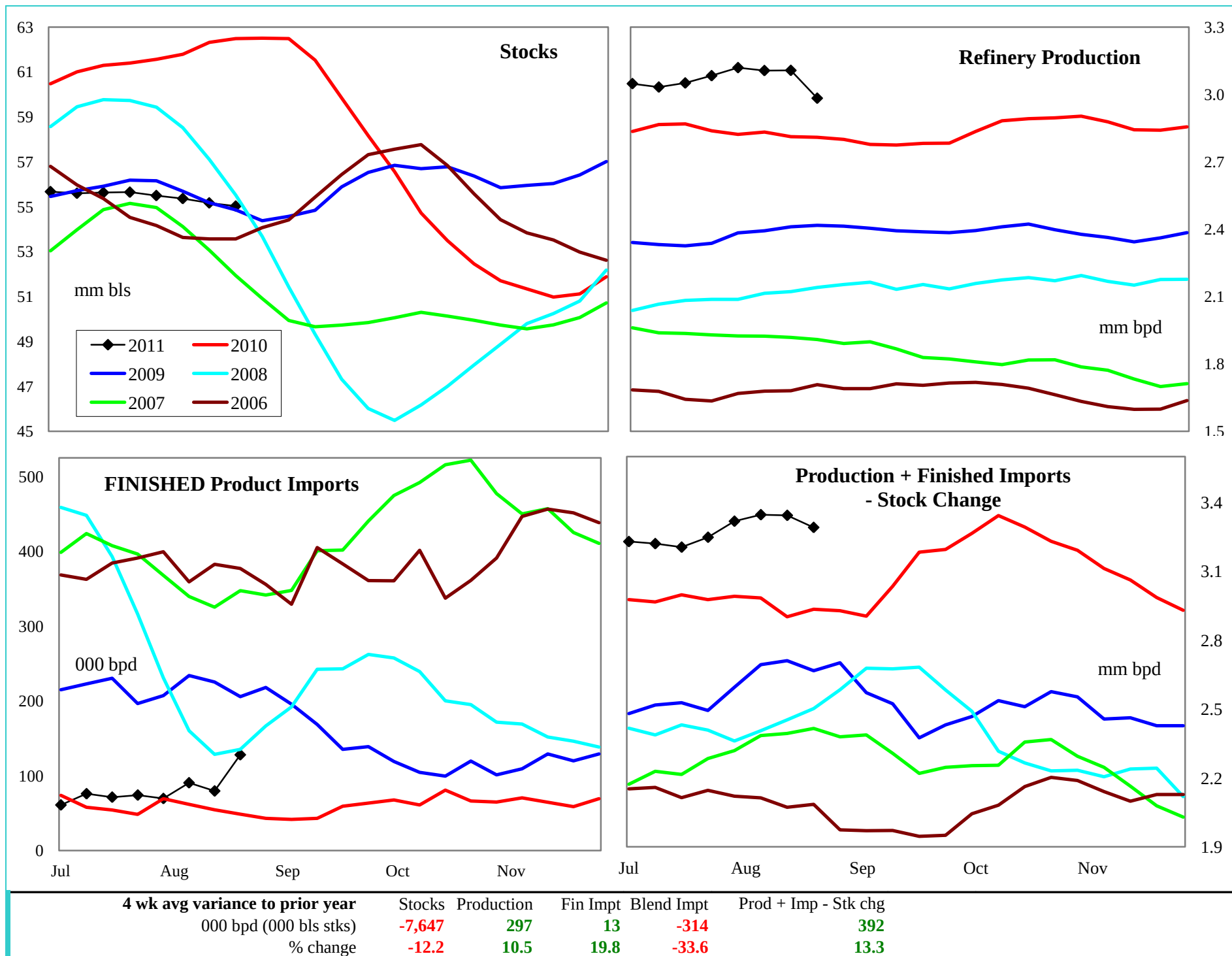
United States Residual Fuel Oil Supply and Demand Balance



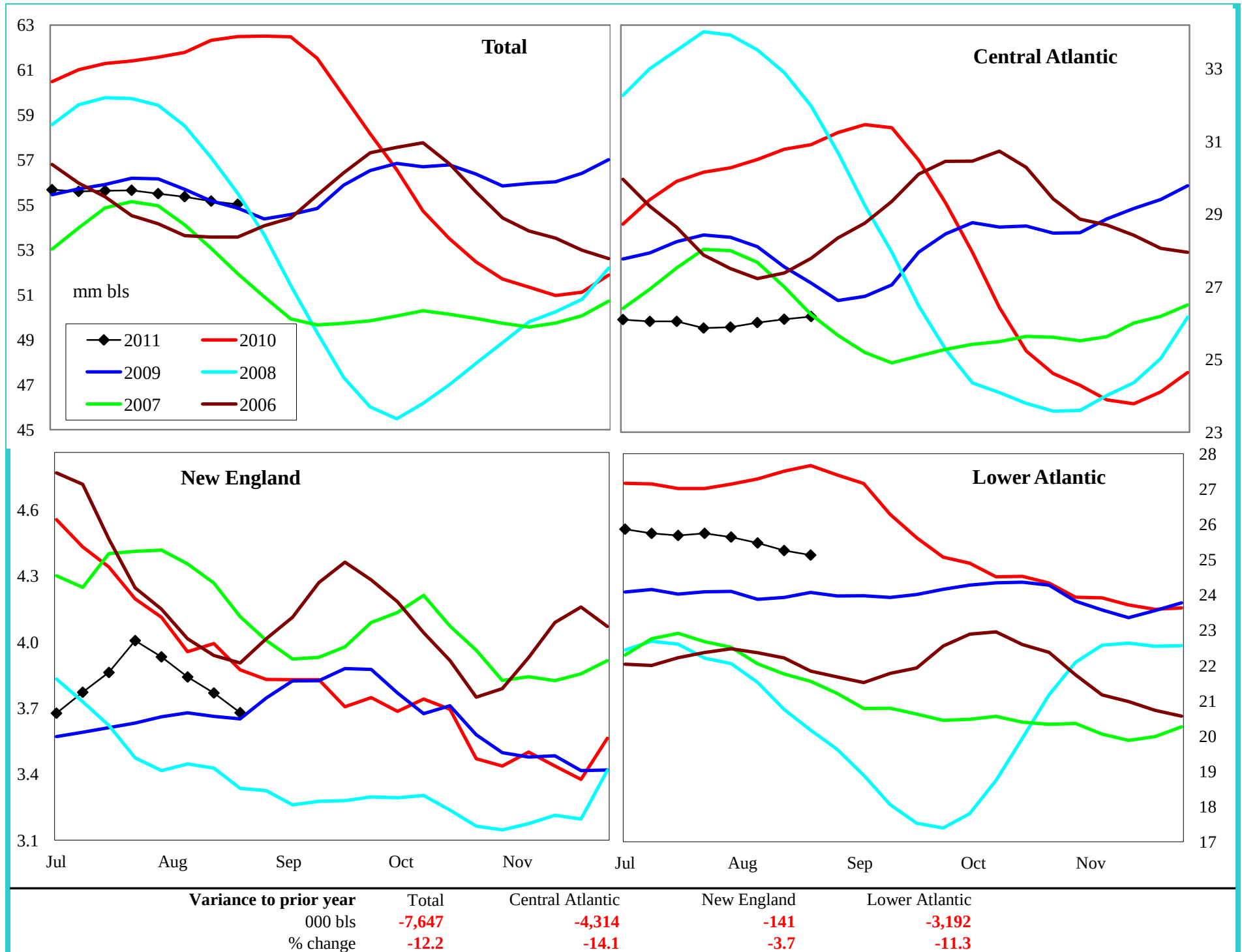
PADD 1 Crude Oil Supply and Refining



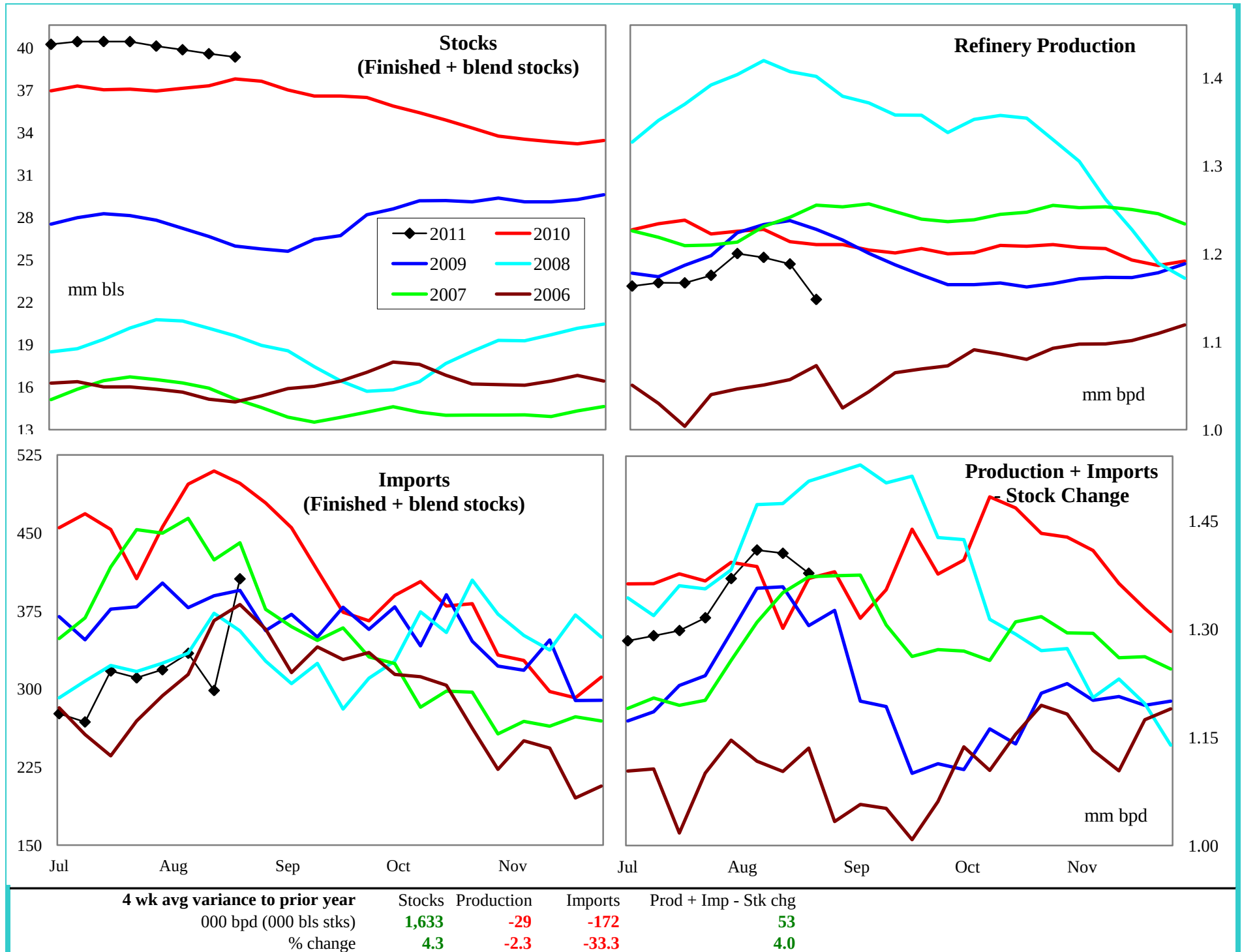
PADD 1 Gasoline Supply



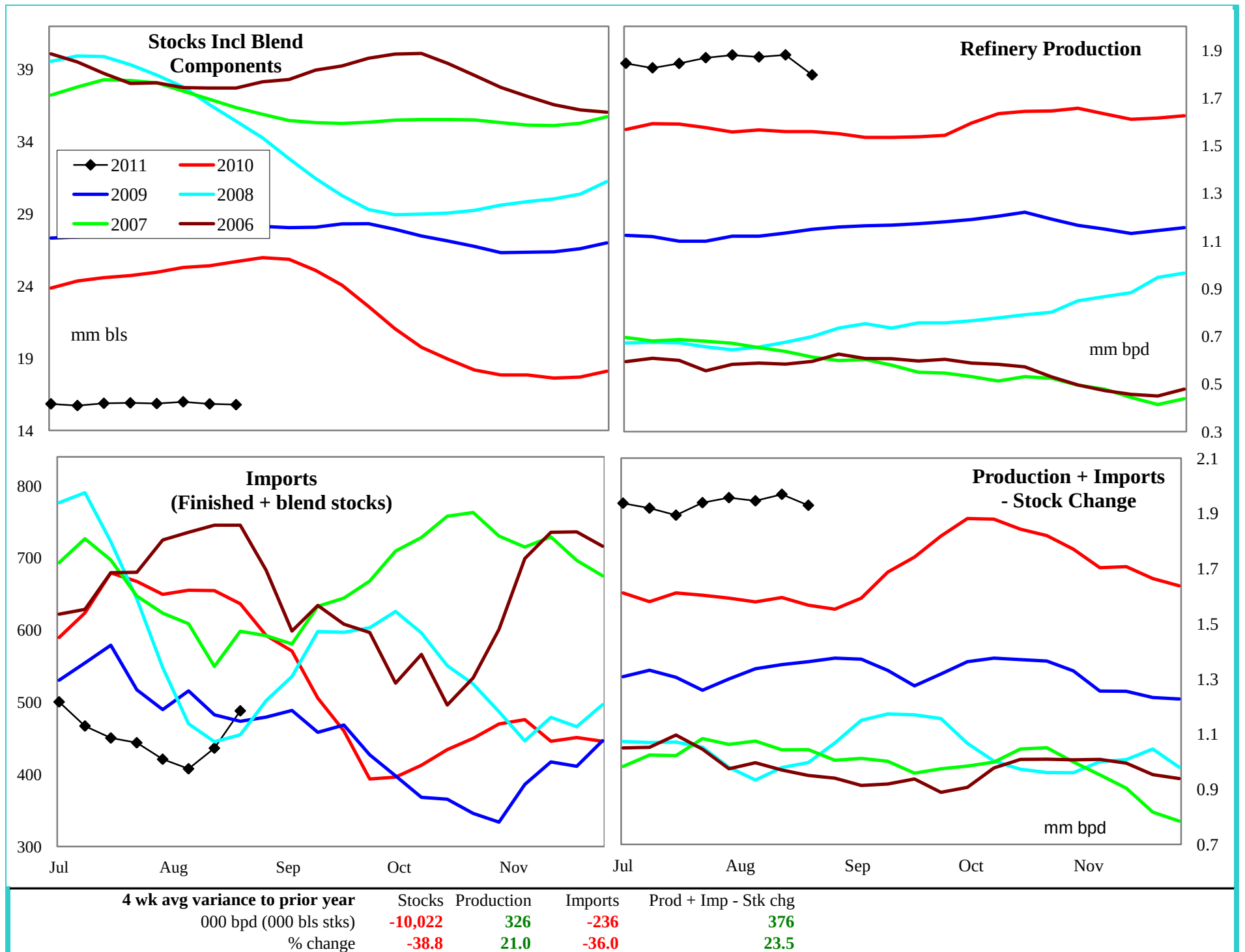
PADD 1 Gasoline Stocks by Region



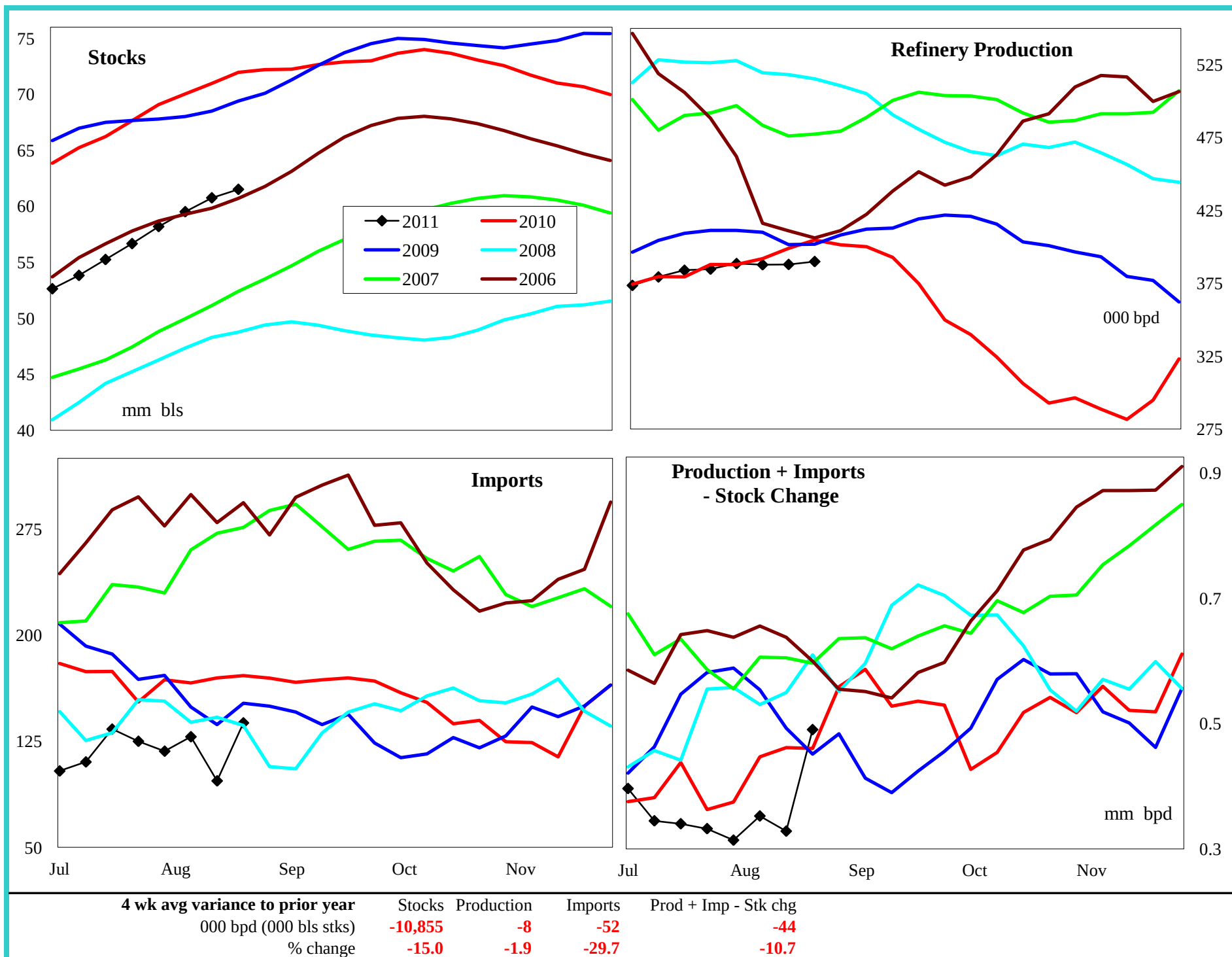
PADD 1 Reformulated Gasoline Supply



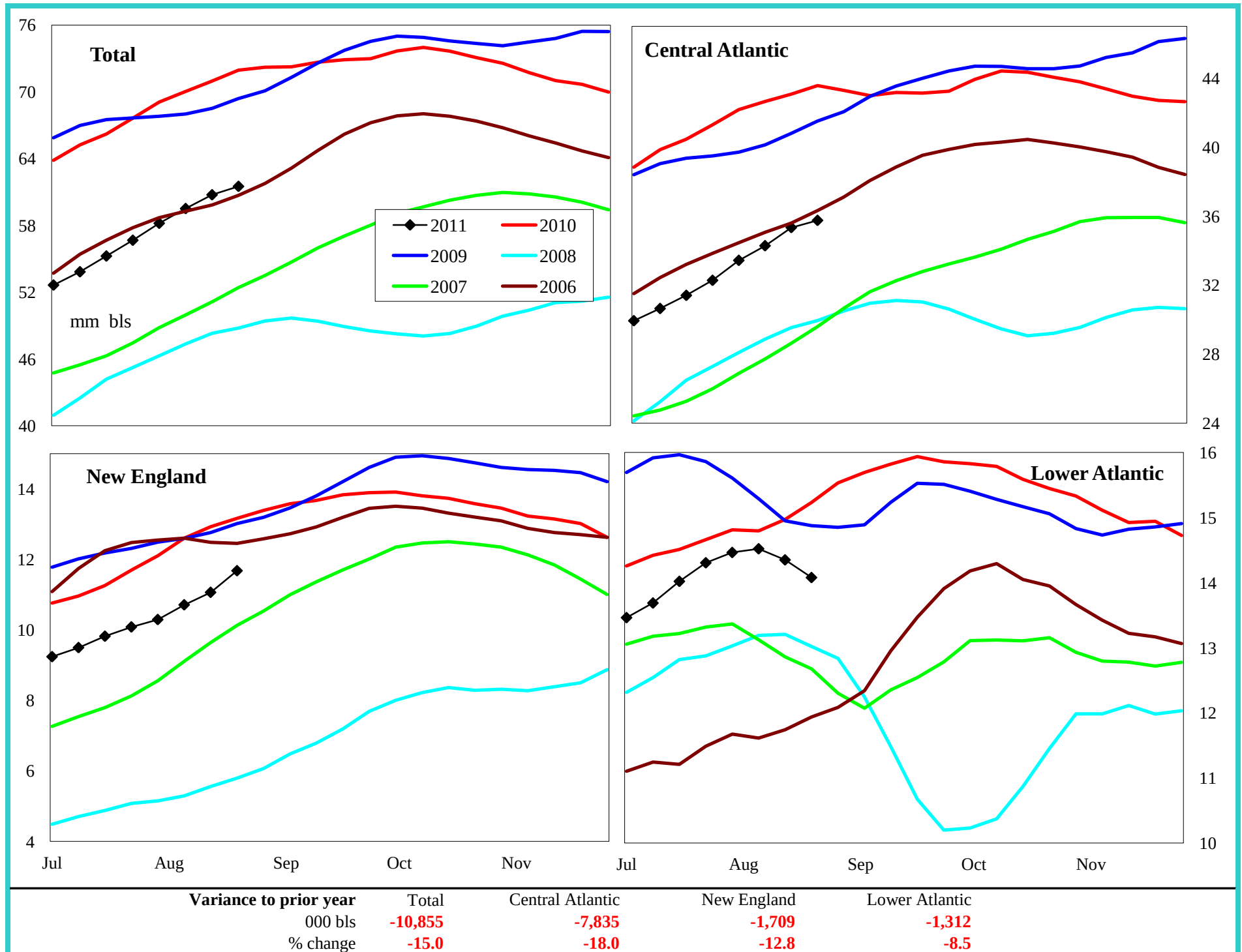
PADD 1 Conventional Gasoline Supply



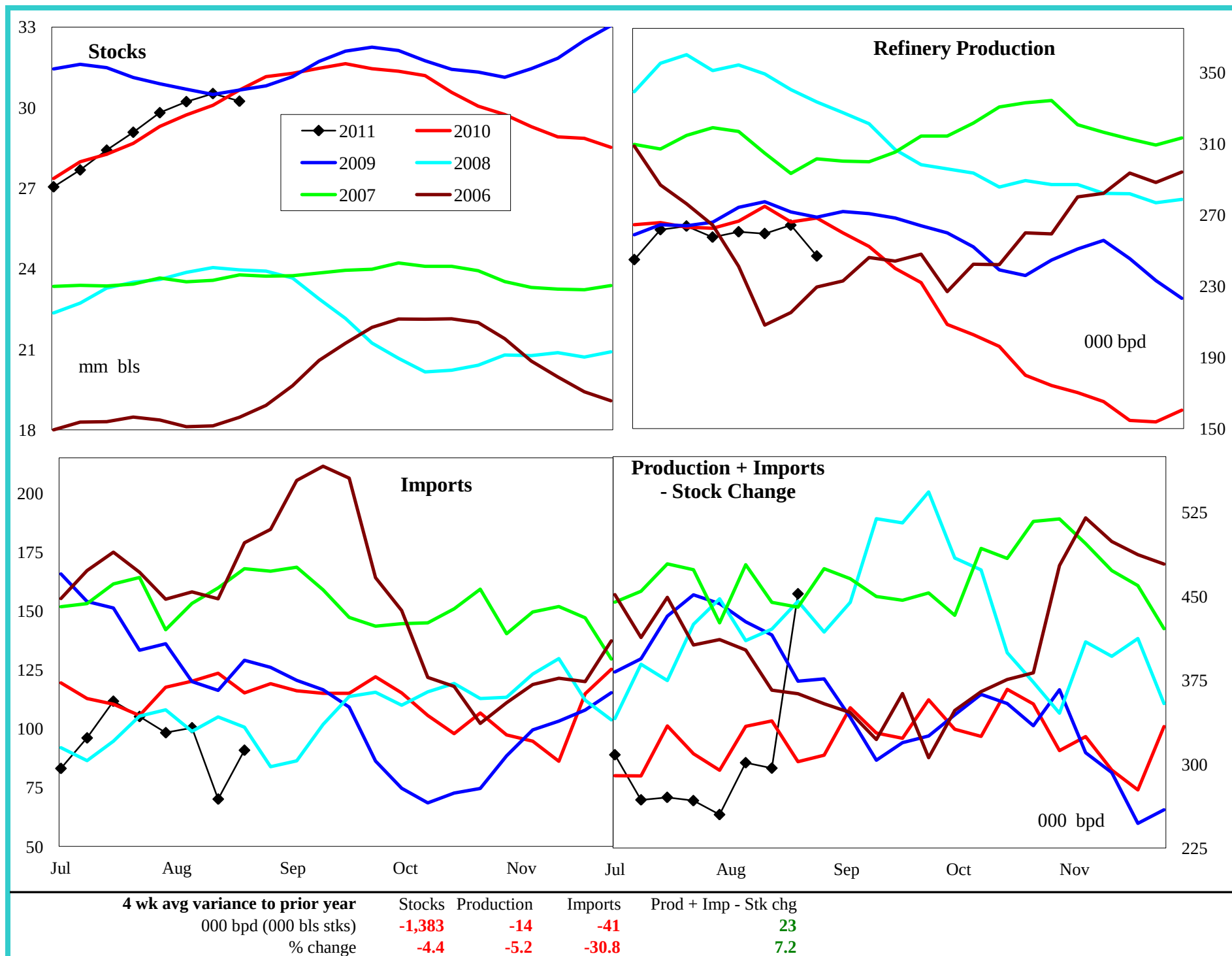
PADD 1 Distillate Supply



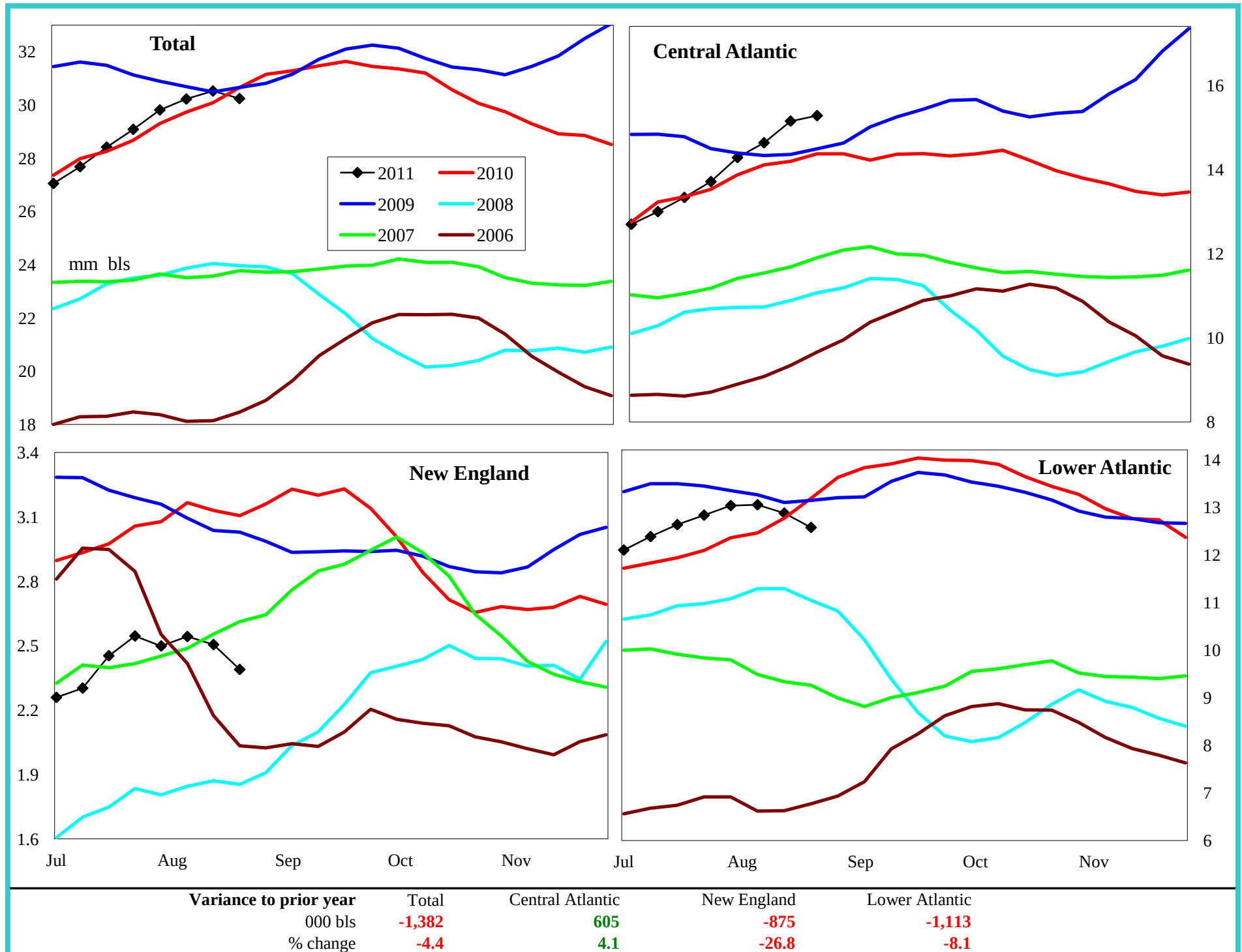
PADD 1 Distillate Stocks by Region



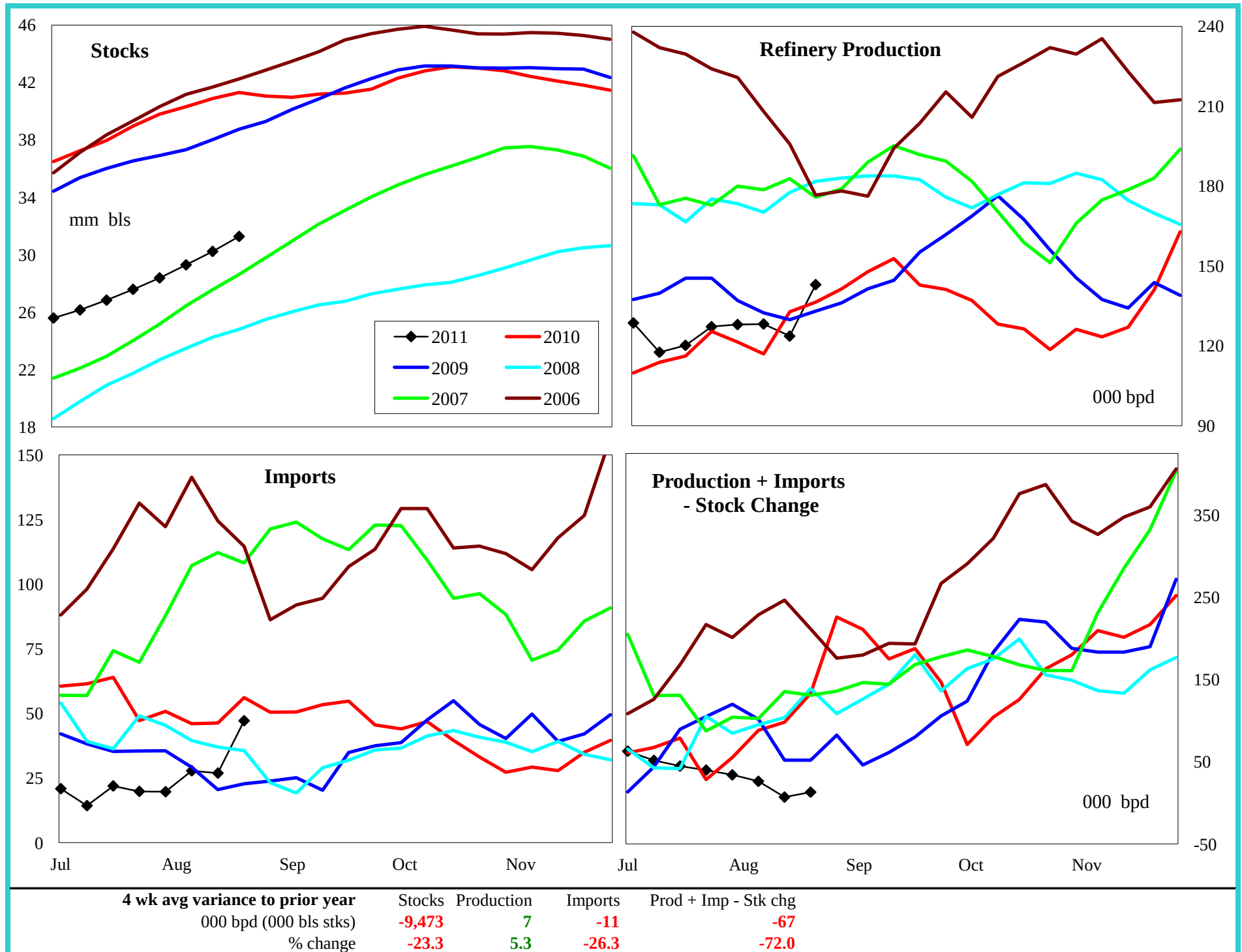
PADD 1 Low Sulfur Distillate Supply



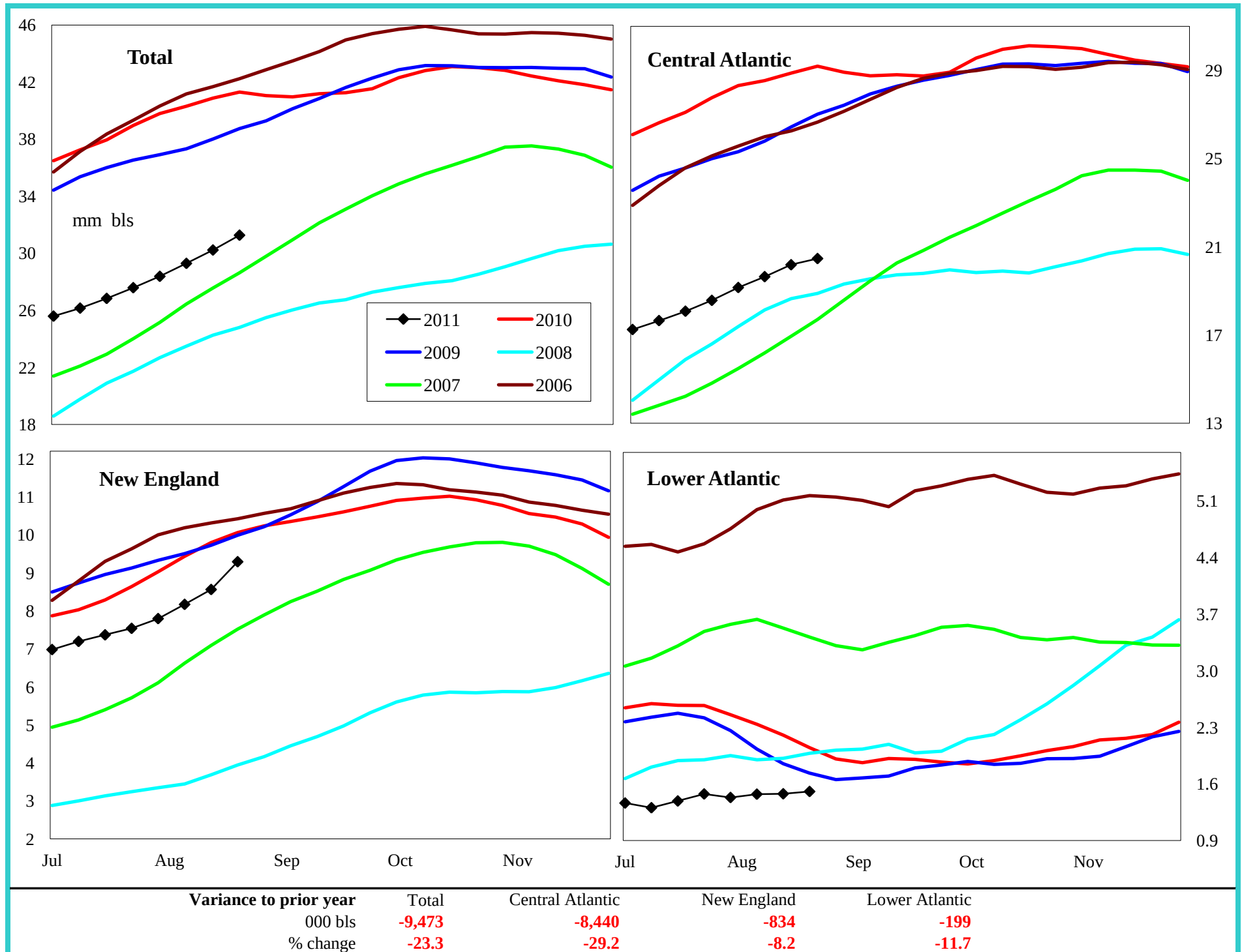
PADD 1 Low Sulfur Distillate Stocks by Region



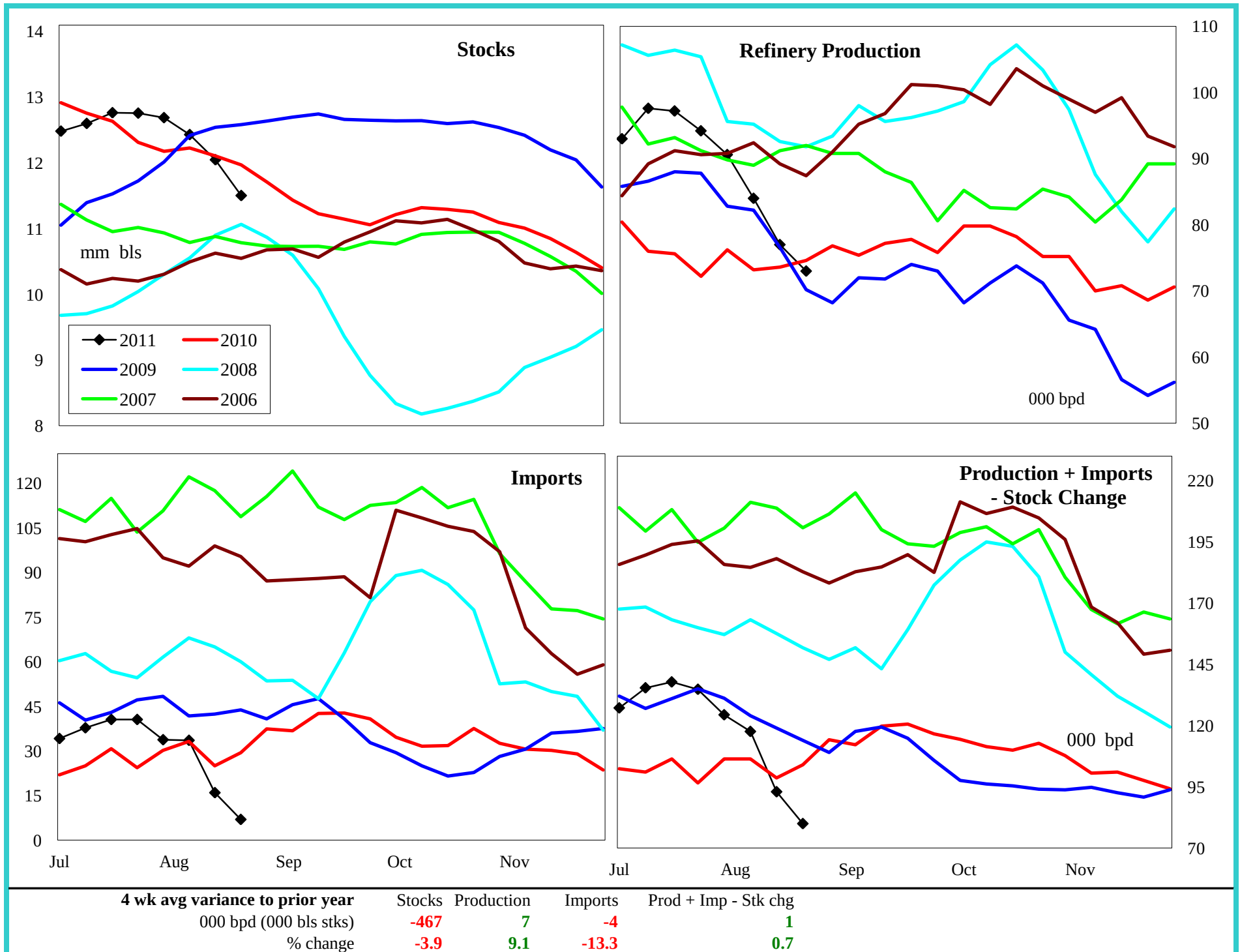
PADD 1 High Sulfur Distillate Supply



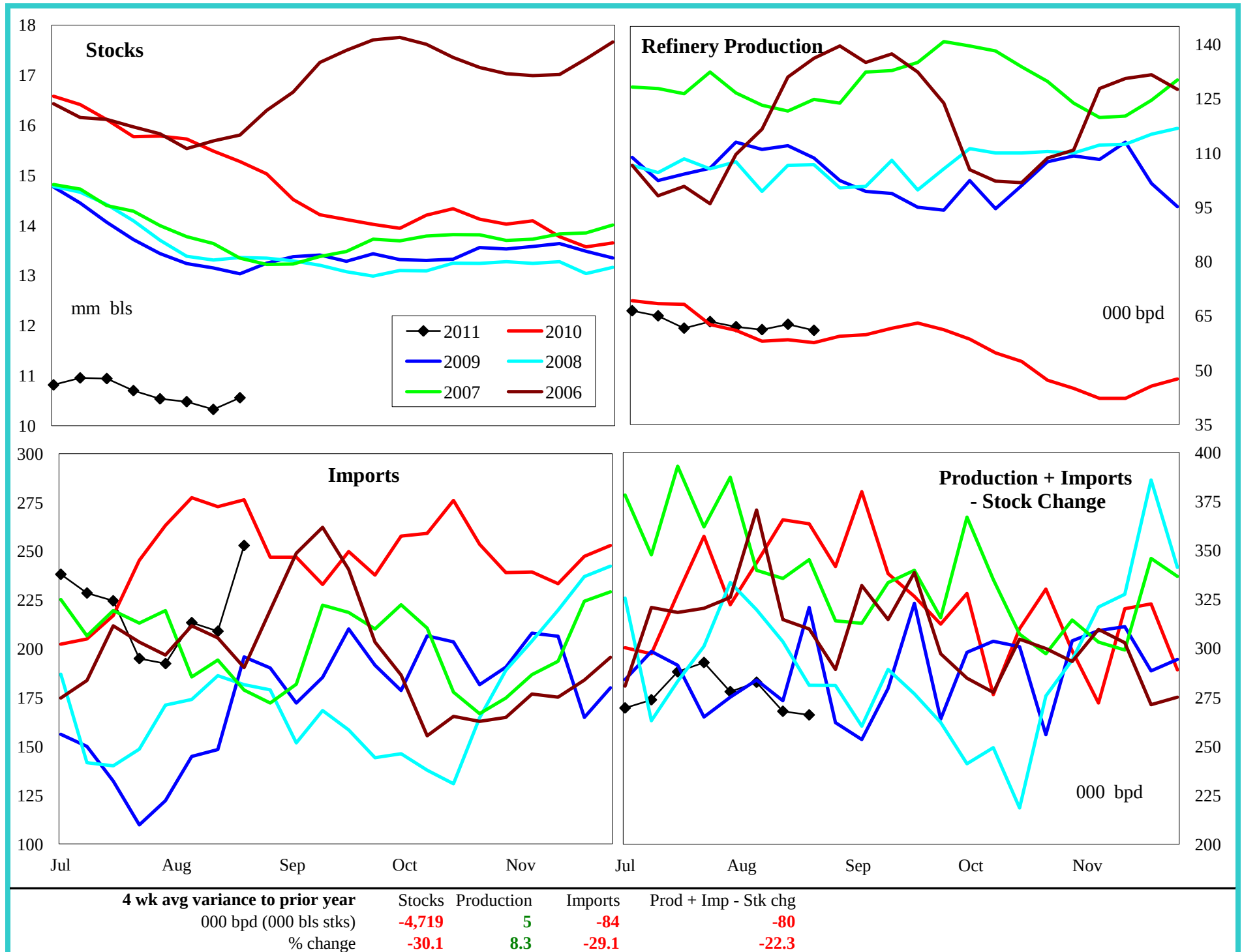
PADD 1 High Sulfur Distillate Stocks by Region



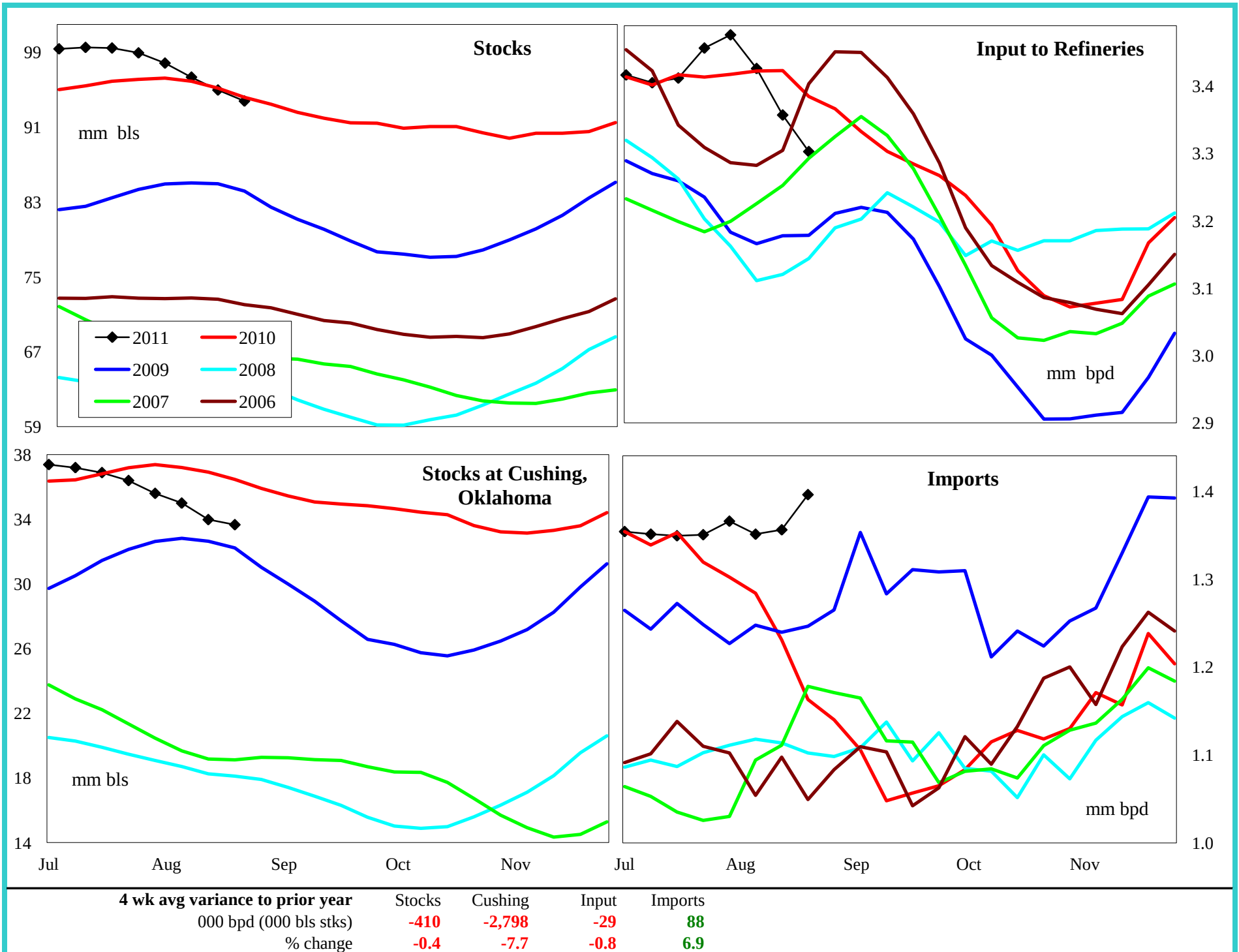
PADD 1 Jet Fuel Supply



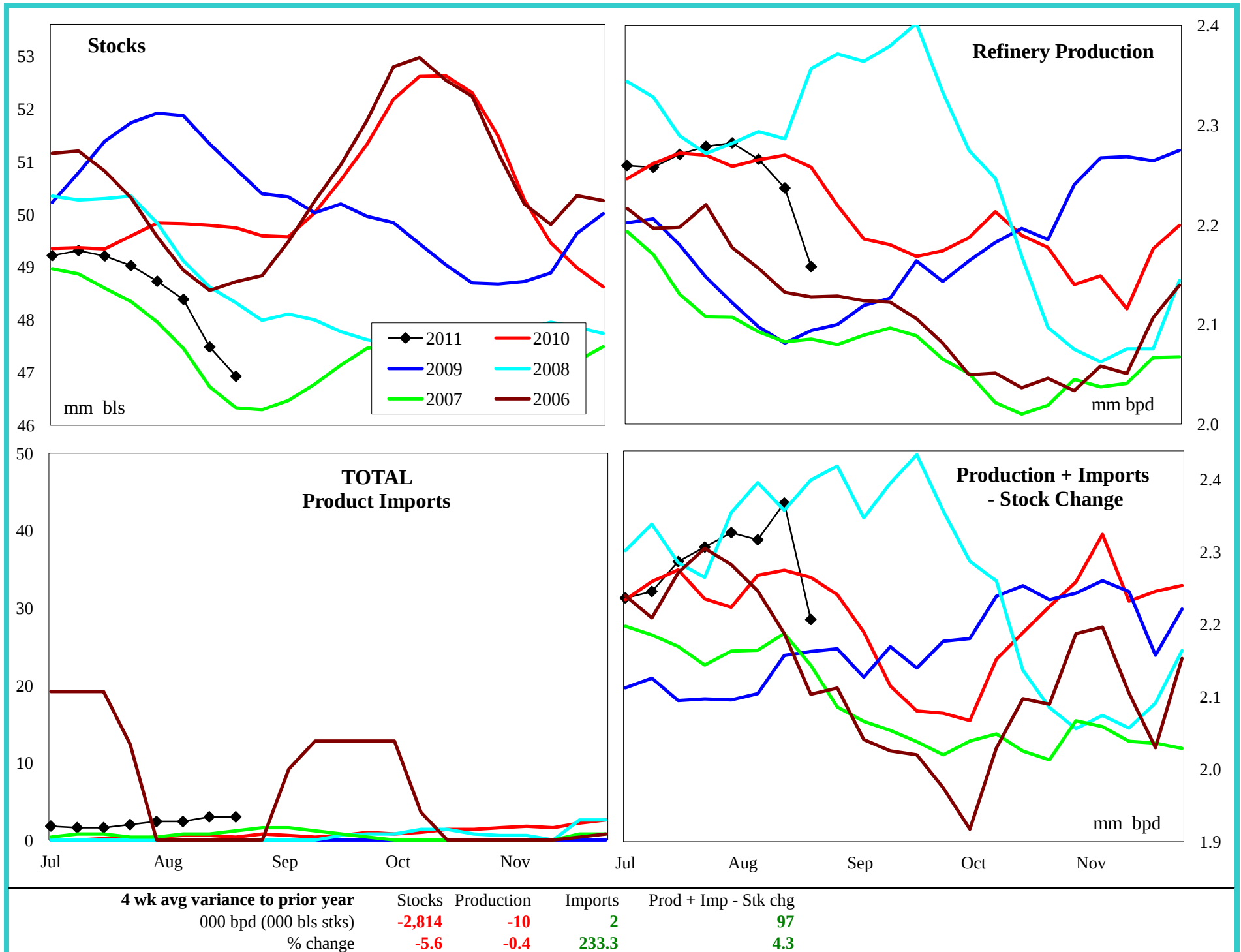
PADD 1 Residual Fuel Oil Supply



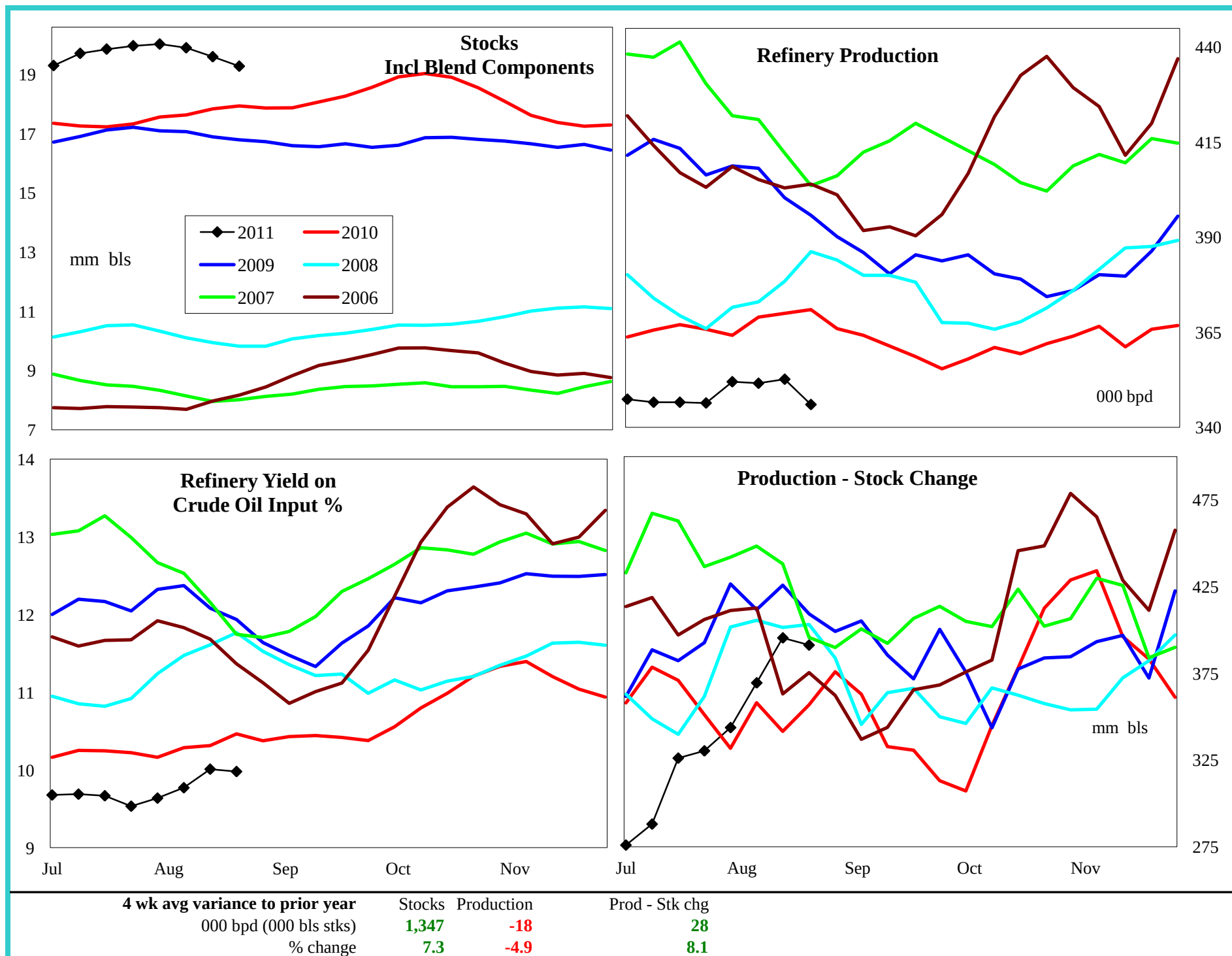
PADD 2 Crude Oil Supply and Refining



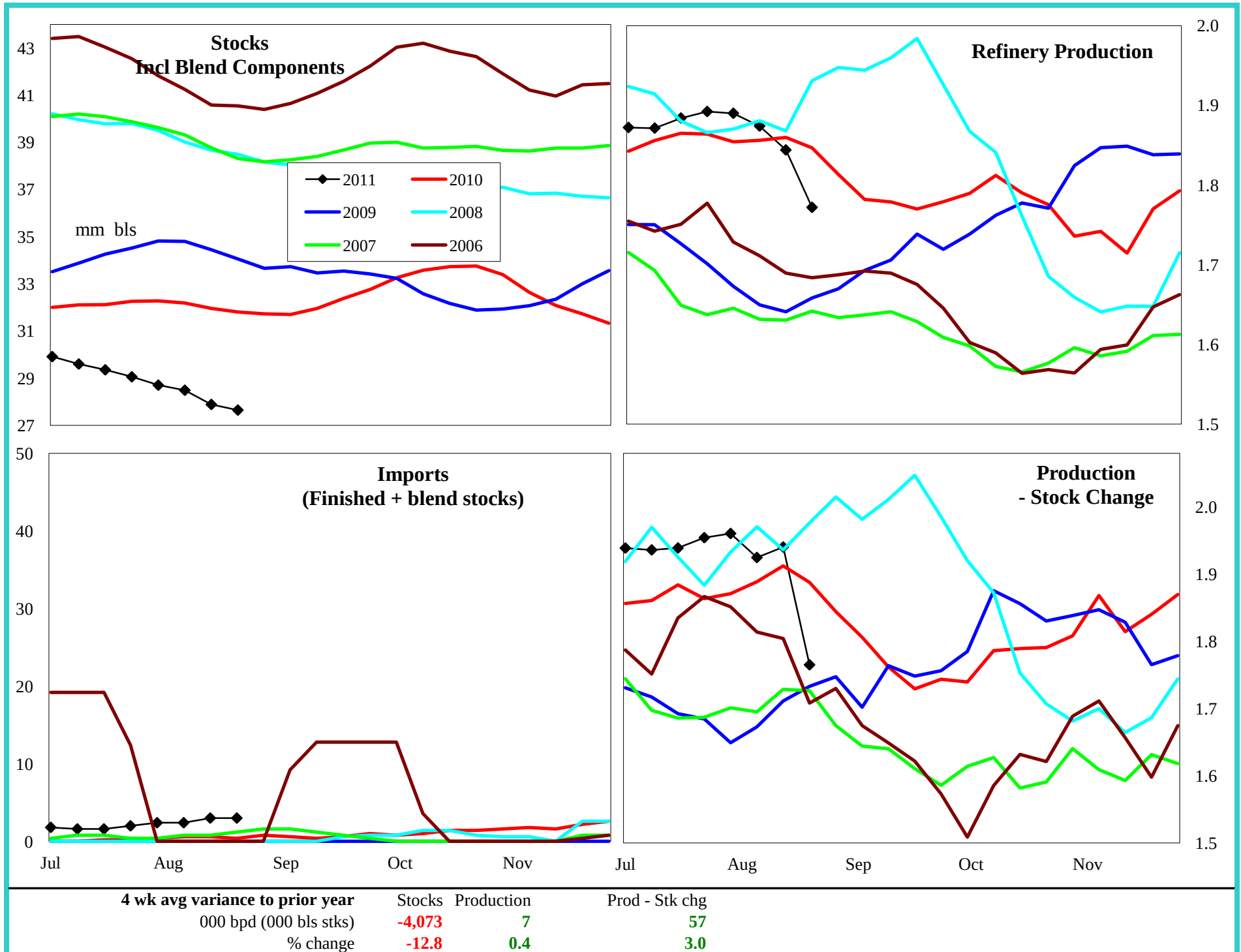
PADD 2 Gasoline Supply



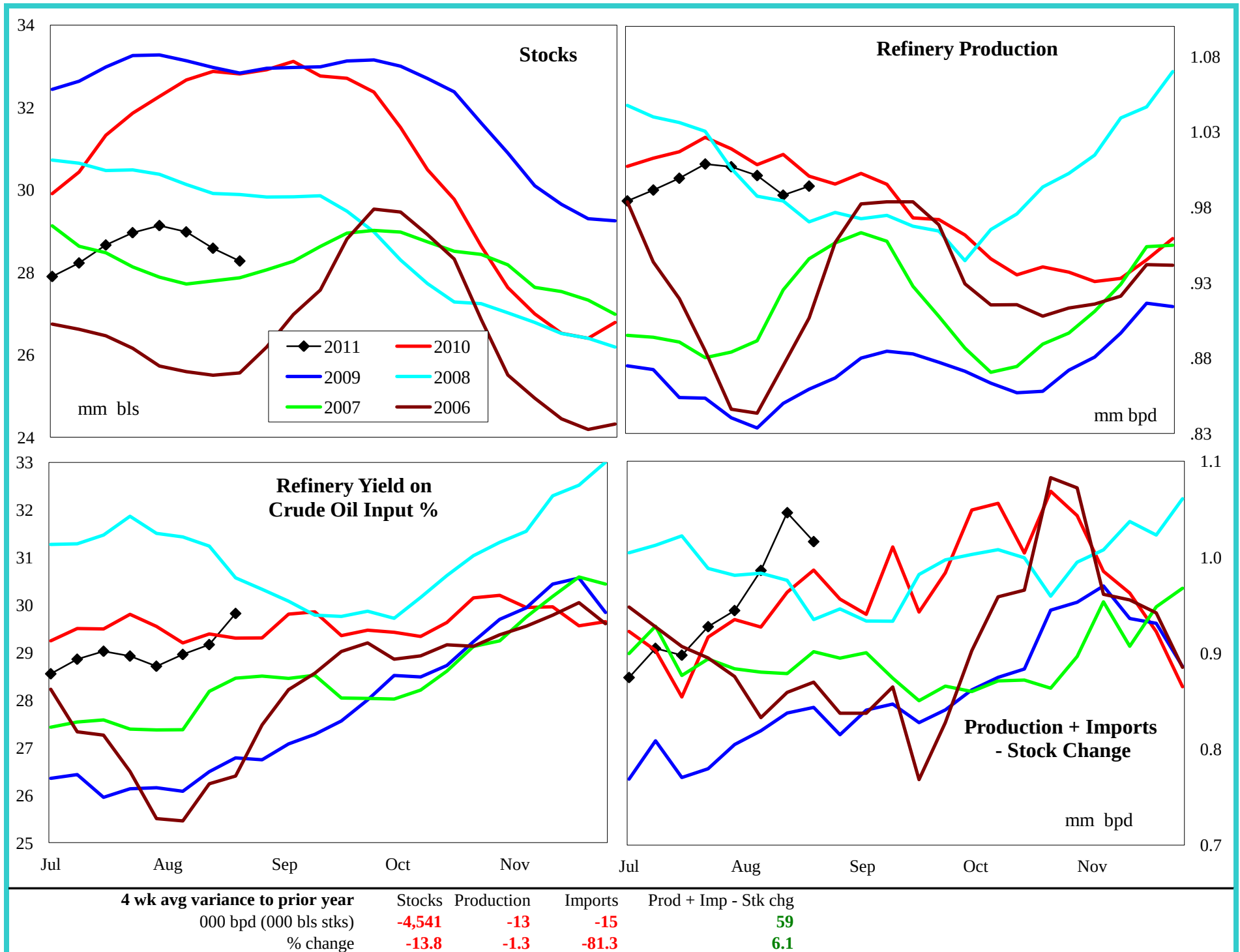
PADD 2 Reformulated Gasoline Supply



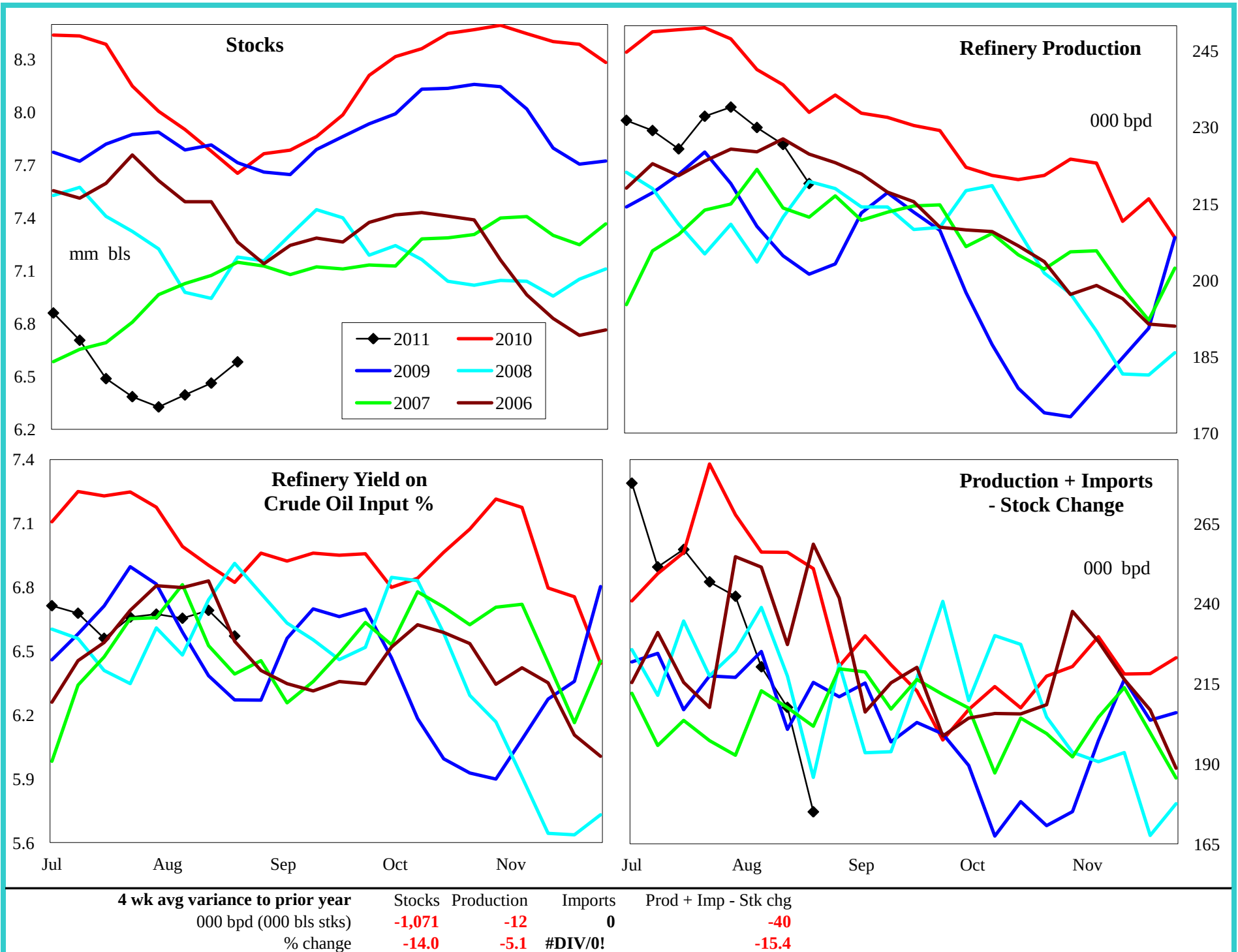
PADD 2 Conventional Gasoline Supply



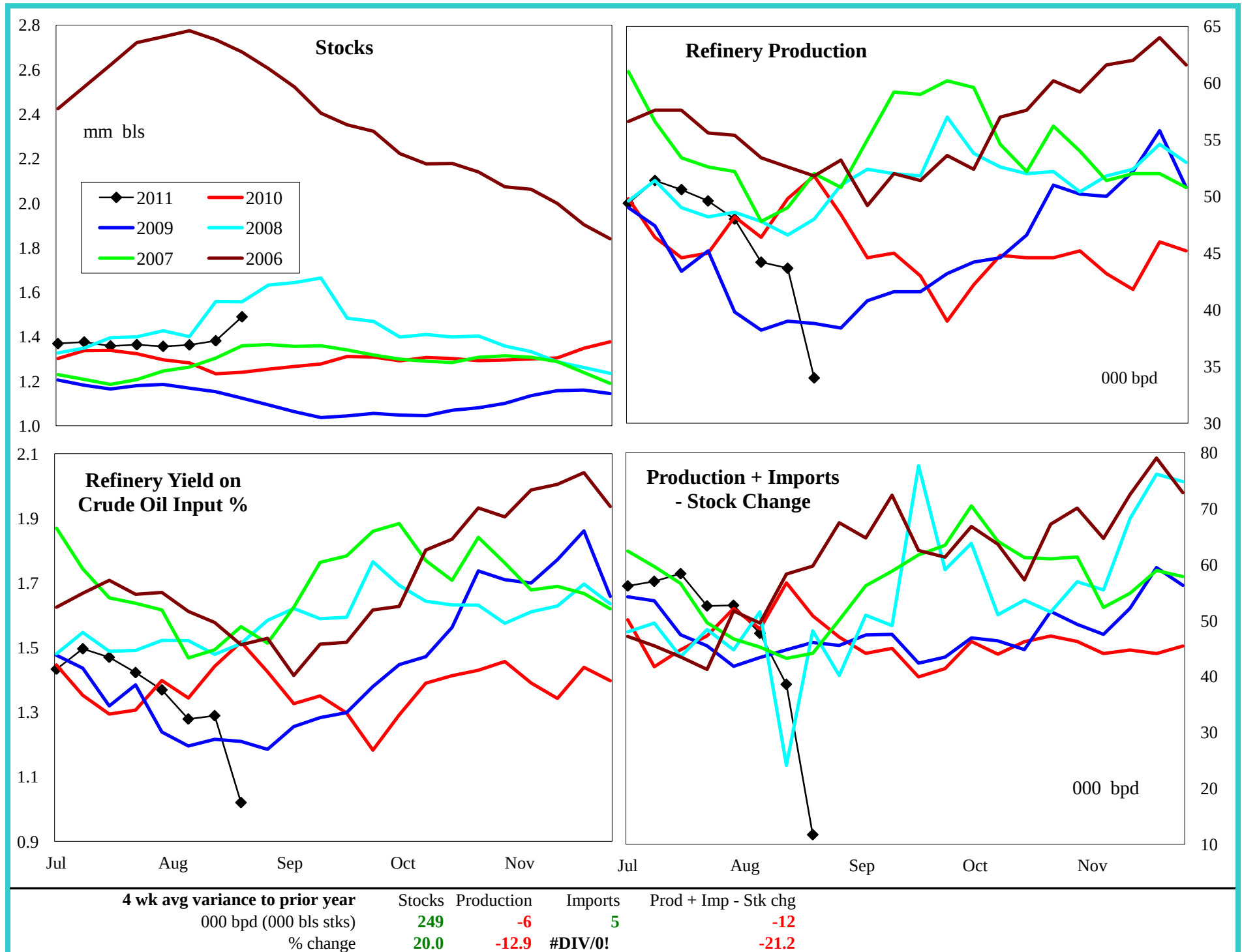
PADD 2 Distillate Supply



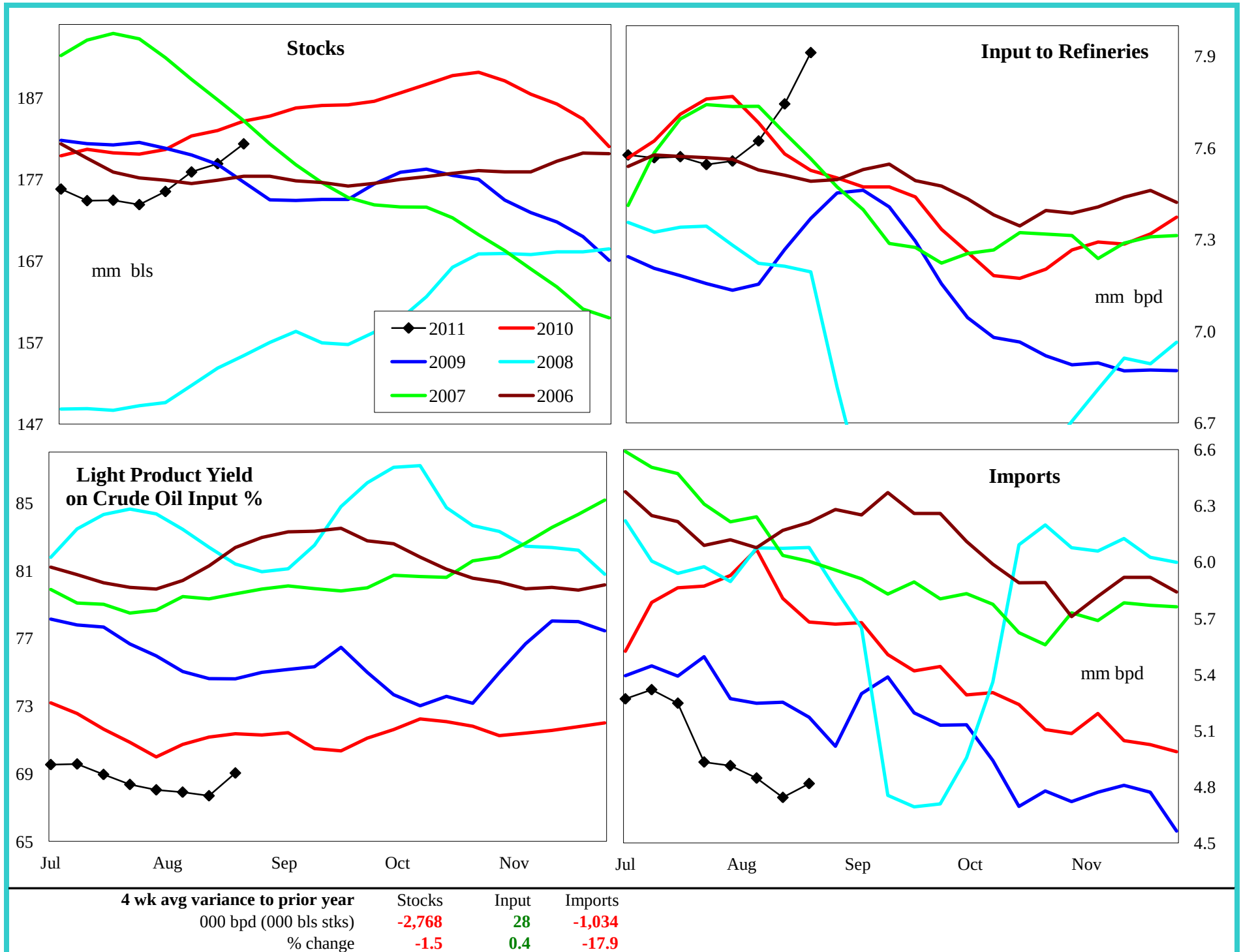
PADD 2 Jet Fuel Supply



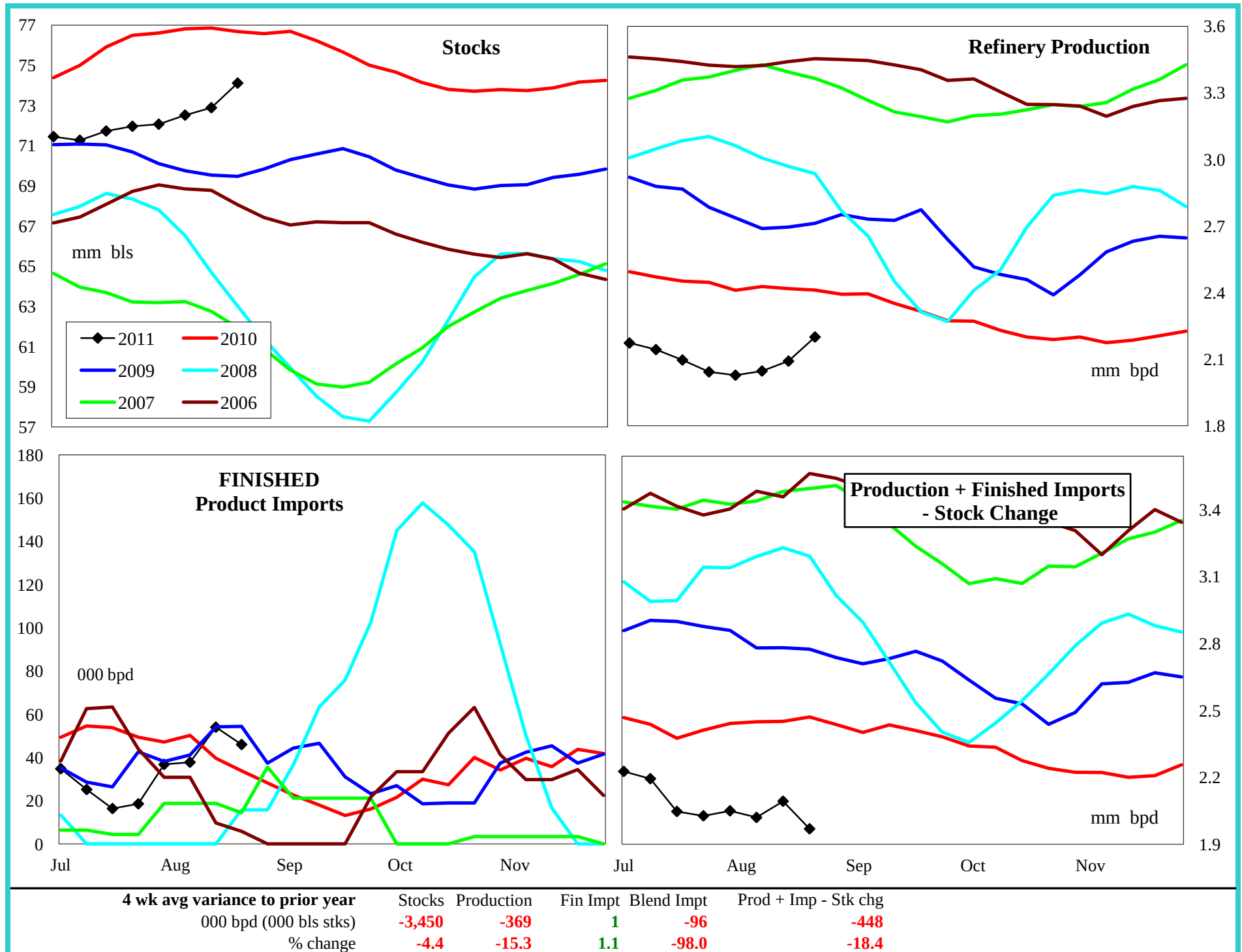
PADD 2 Residual Fuel Oil Supply



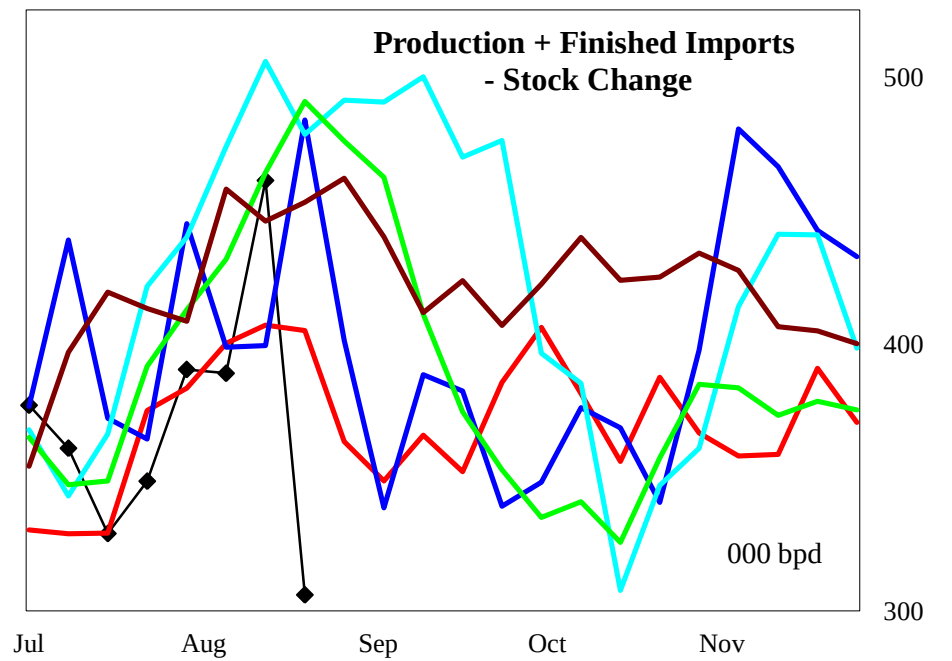
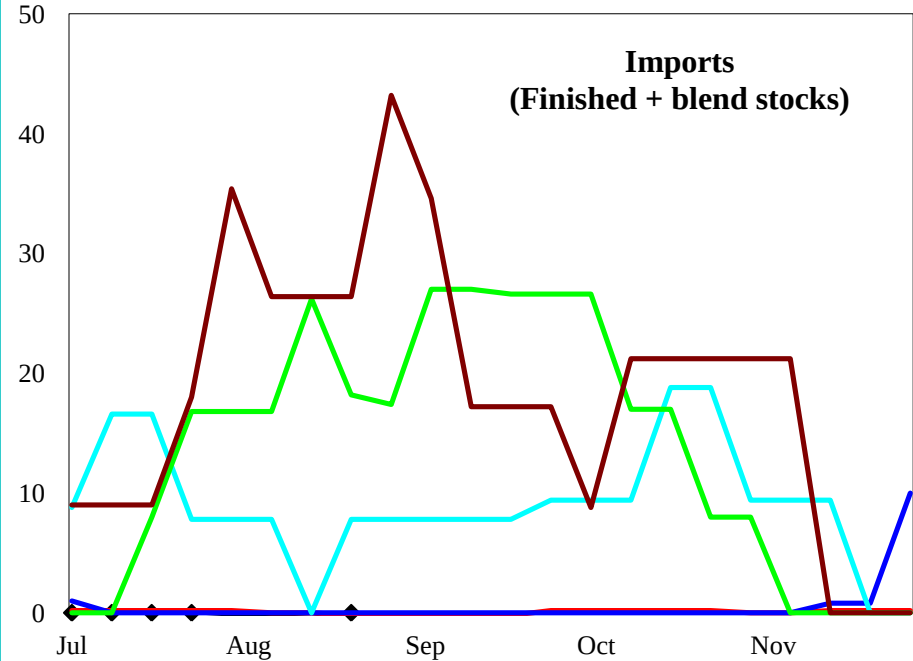
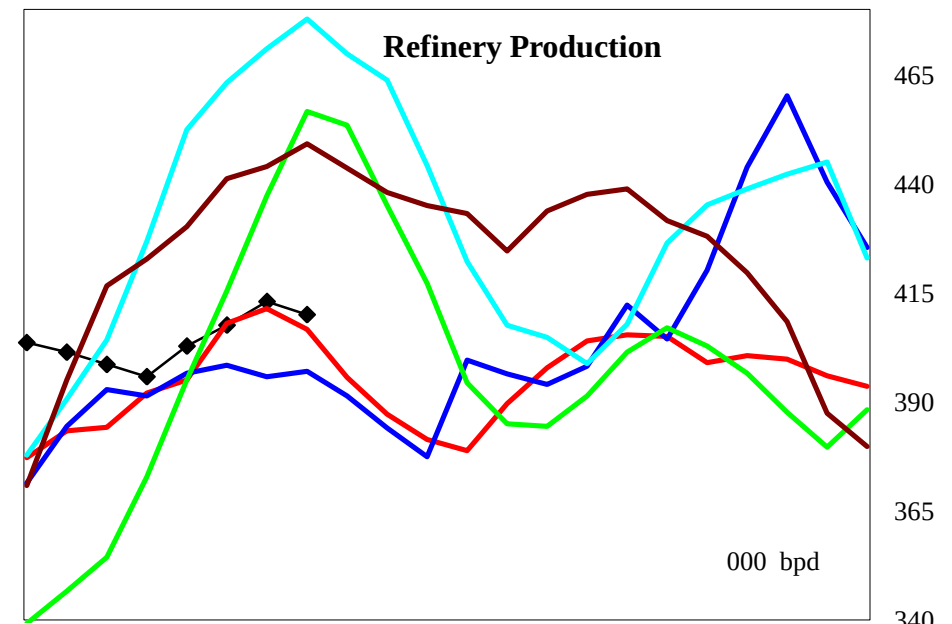
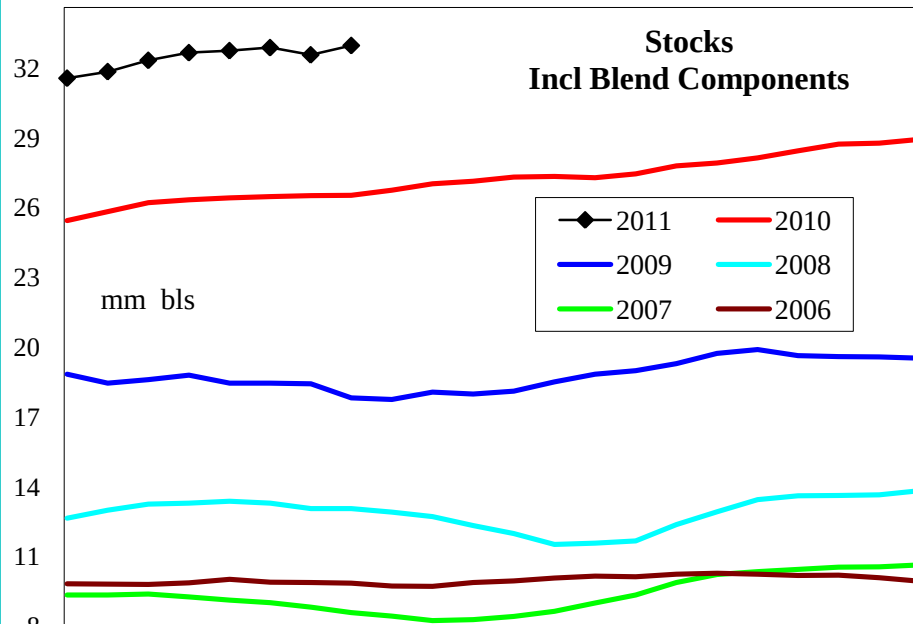
PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



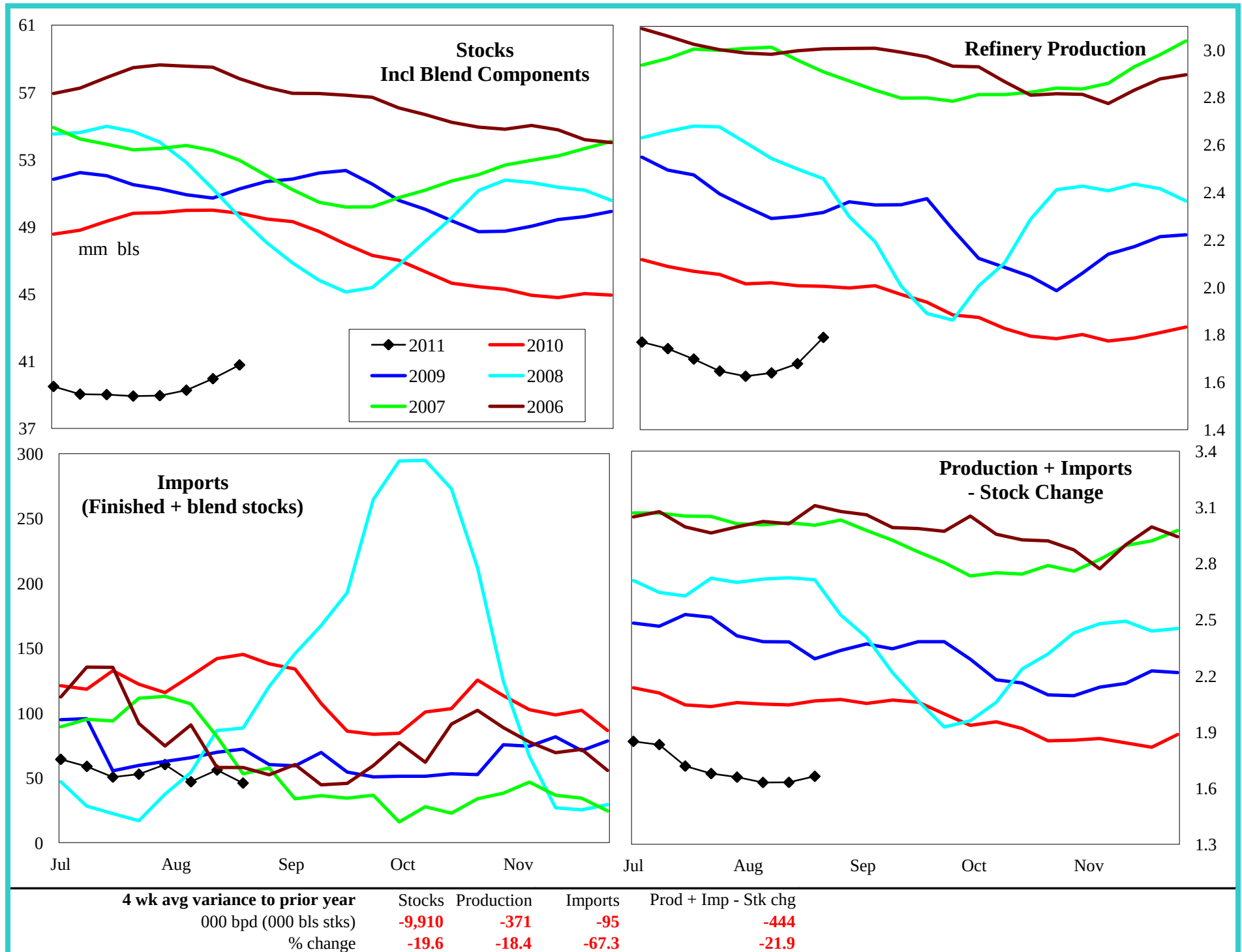
PADD 3 Reformulated Gasoline Supply



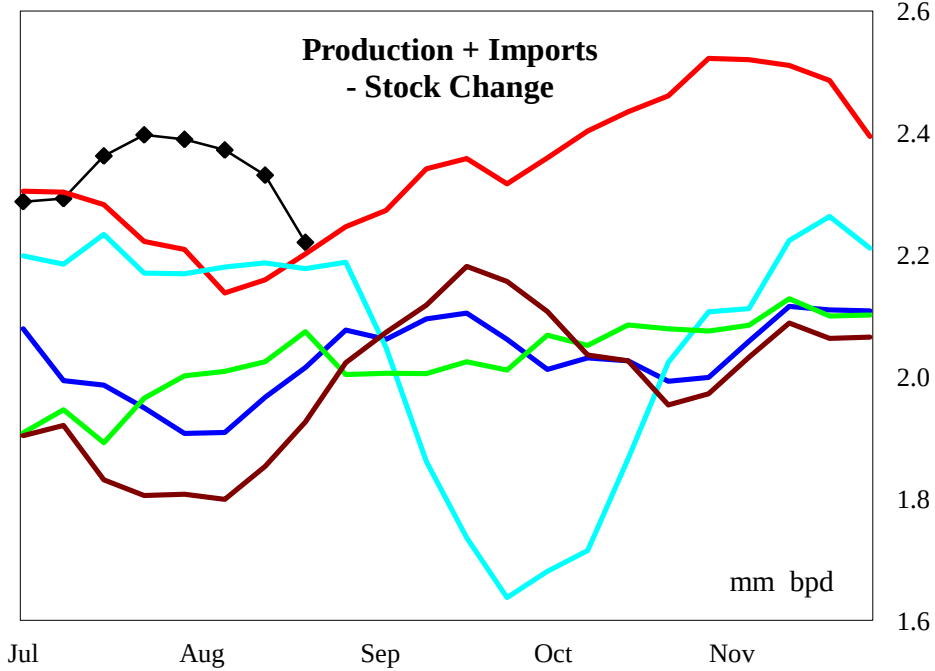
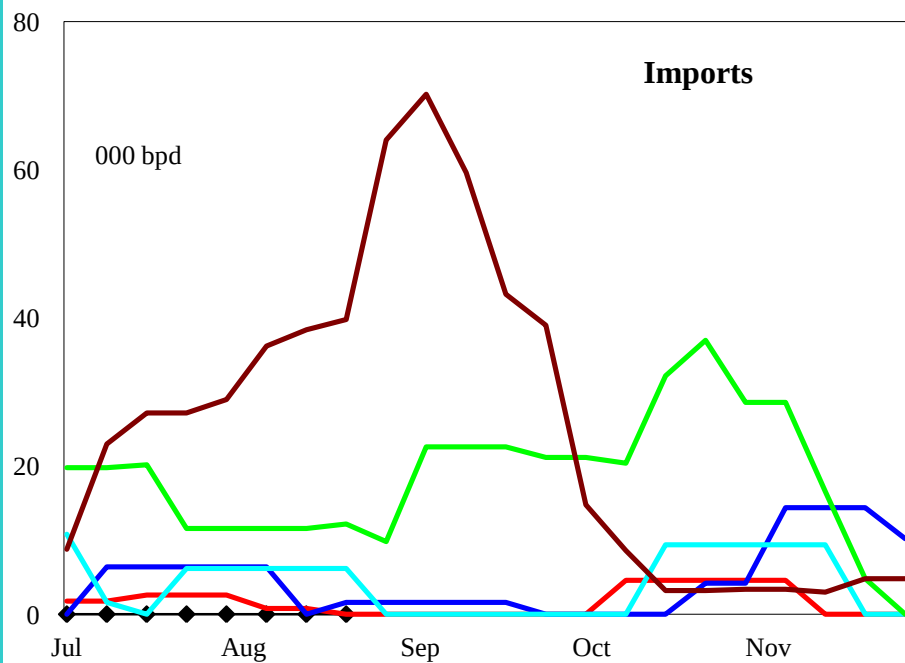
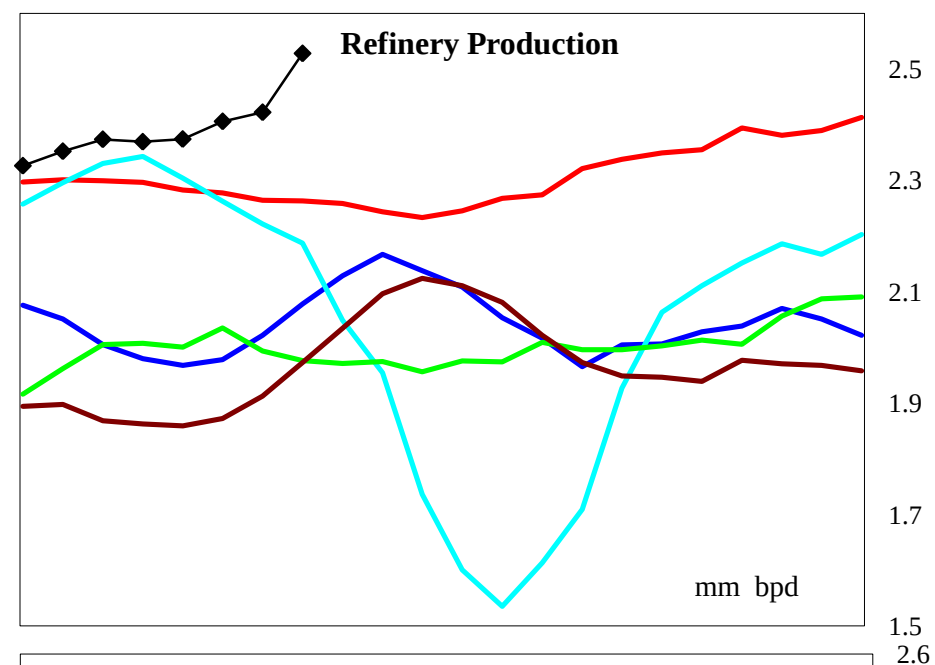
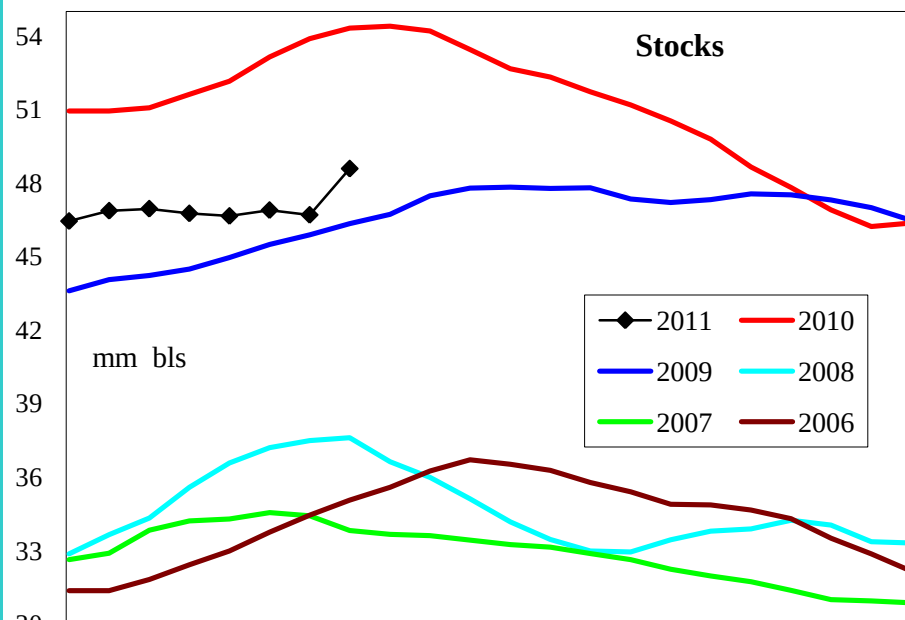
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
6,447	1	0	-4
23.9	0.3	#DIV/0!	-1.1

PADD 3 Conventional Gasoline Supply



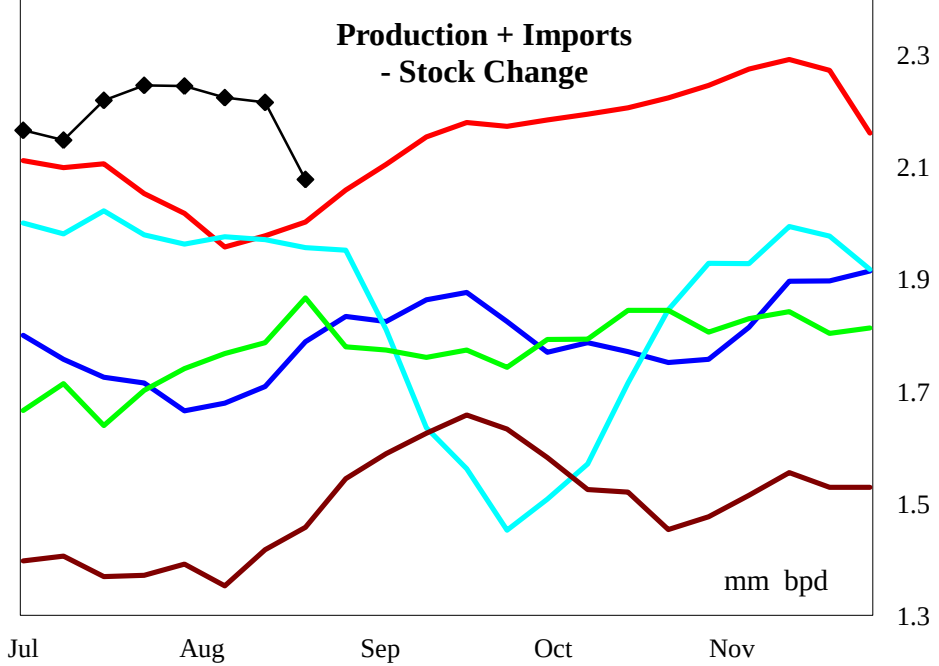
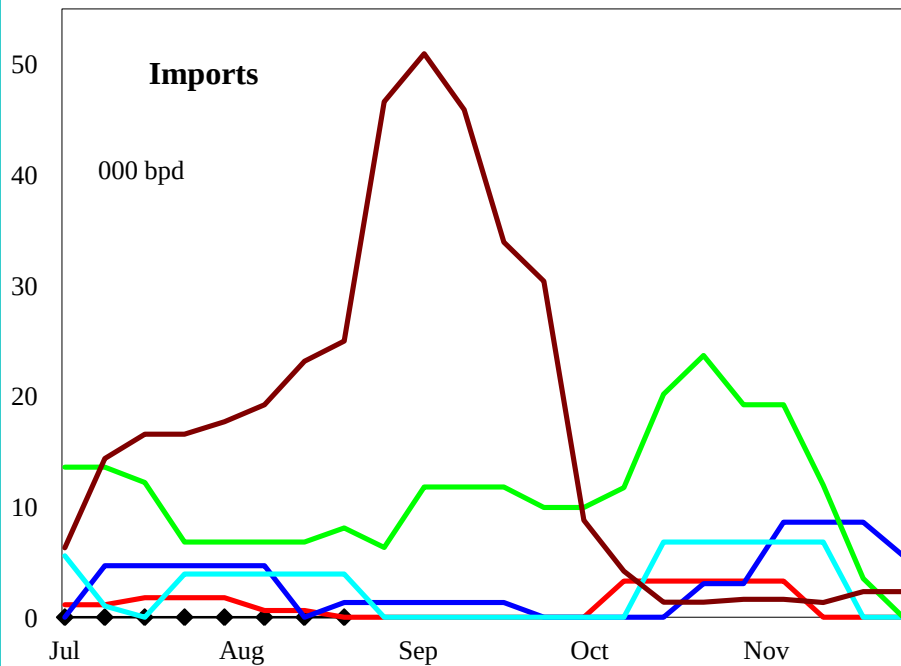
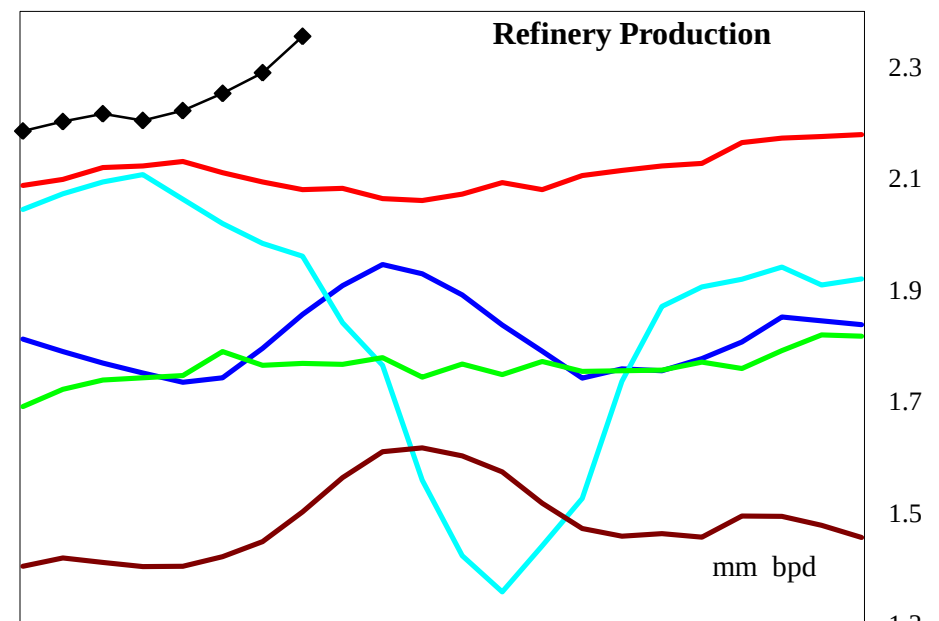
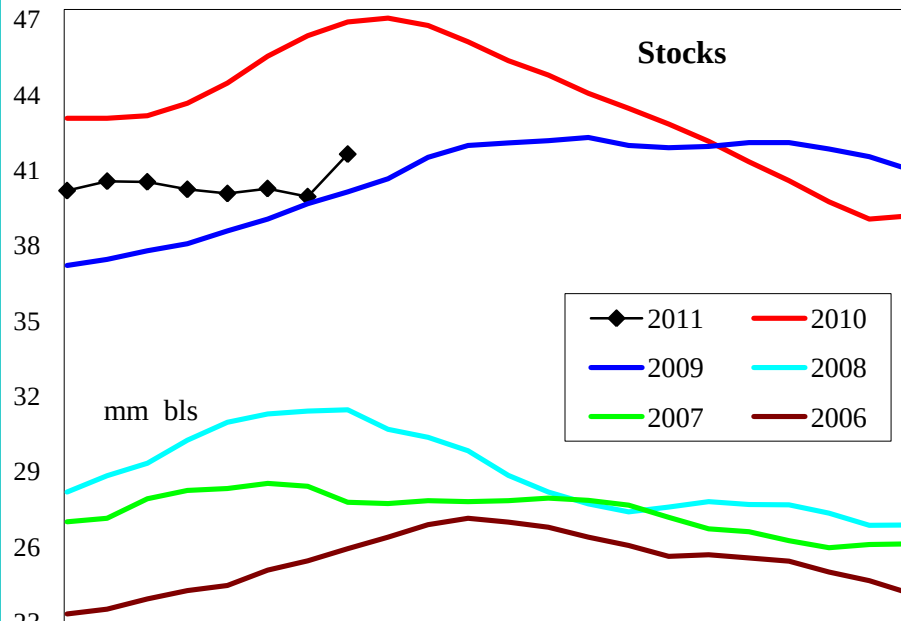
PADD 3 Distillate Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
-6,542	139	-1	259
-11.9	6.1	-100.0	12.2

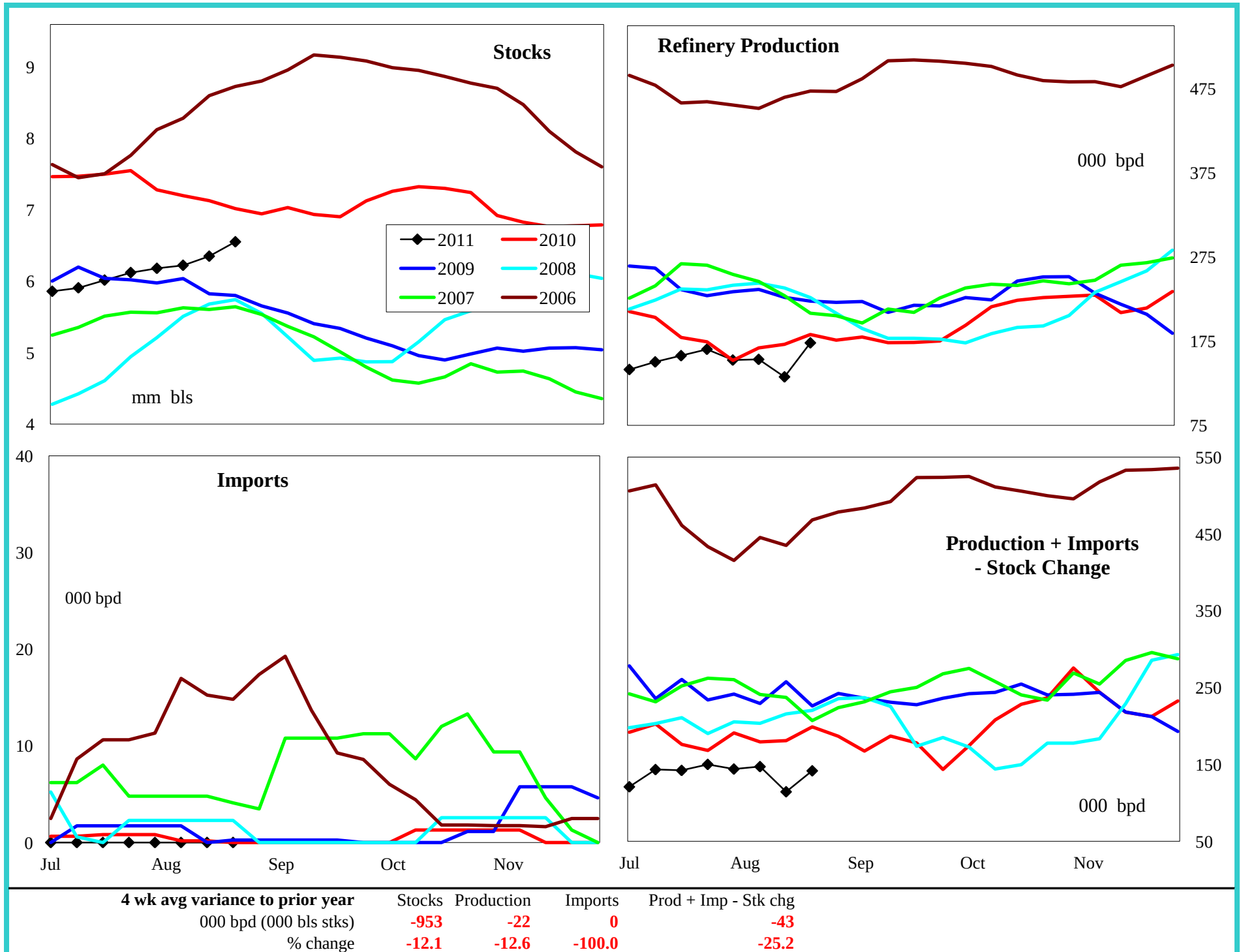
PADD 3 Low Sulfur Distillate Supply



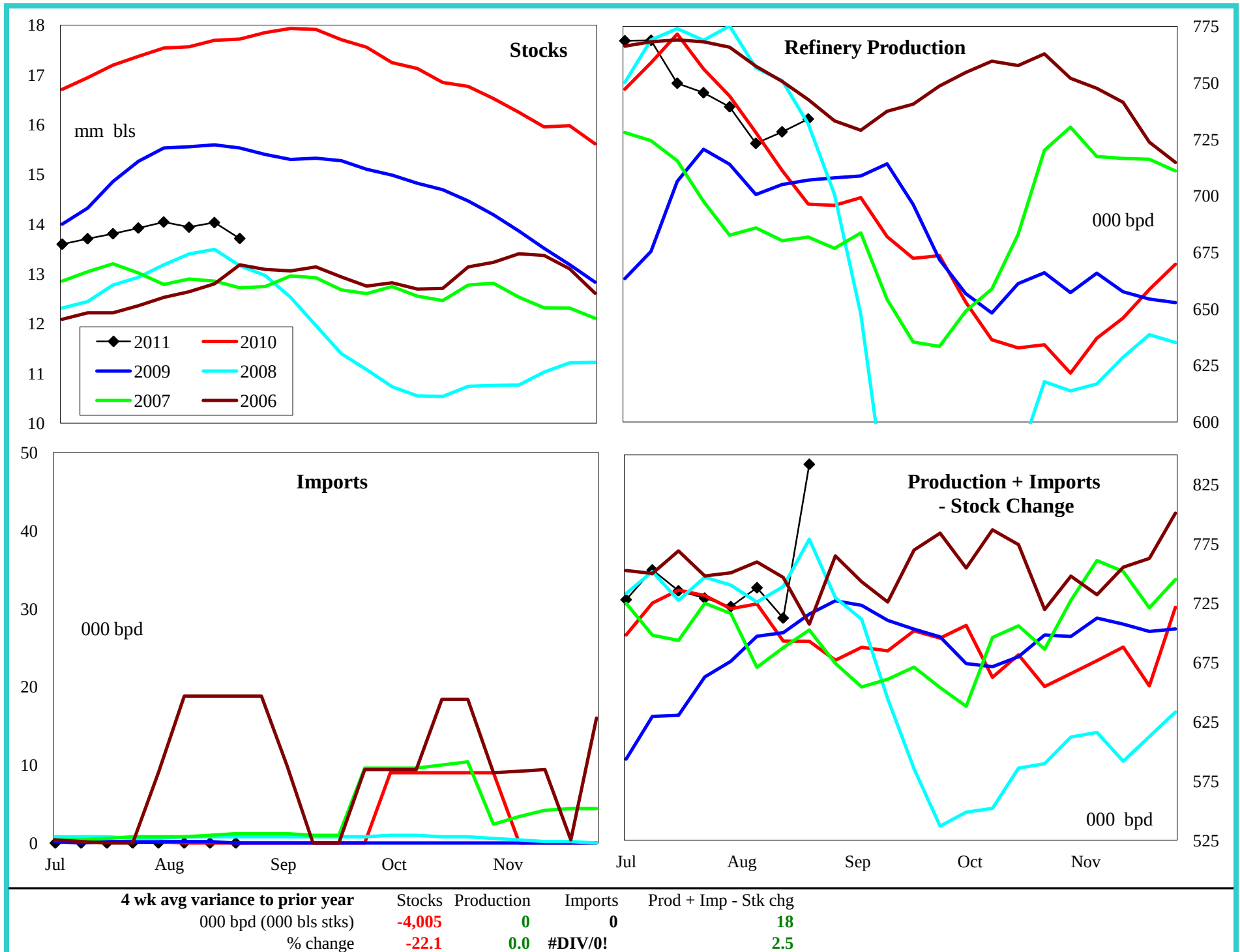
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-5,588	161	-1	302
-11.8	7.6	-100.0	15.4

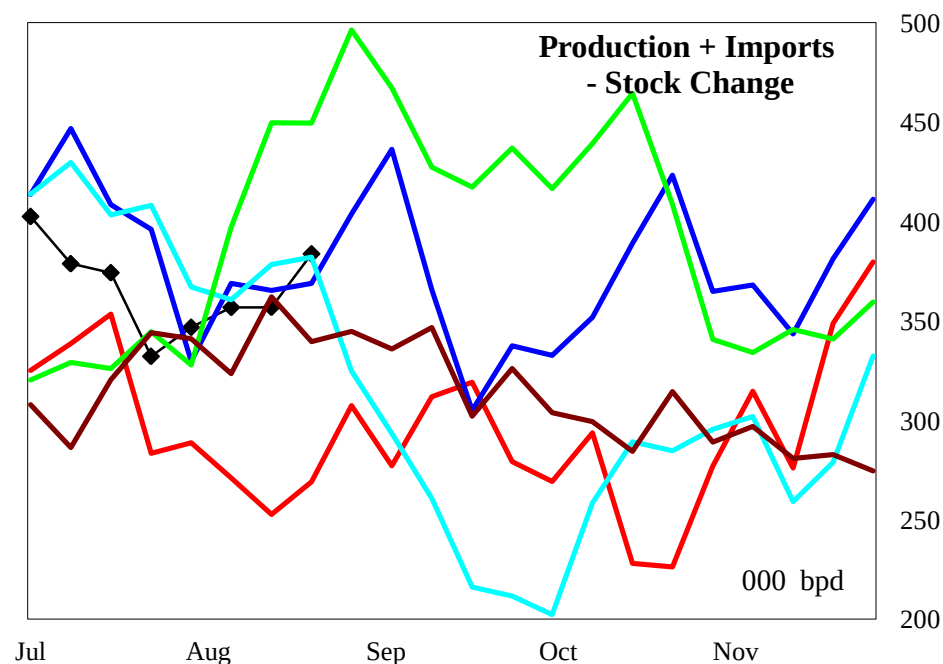
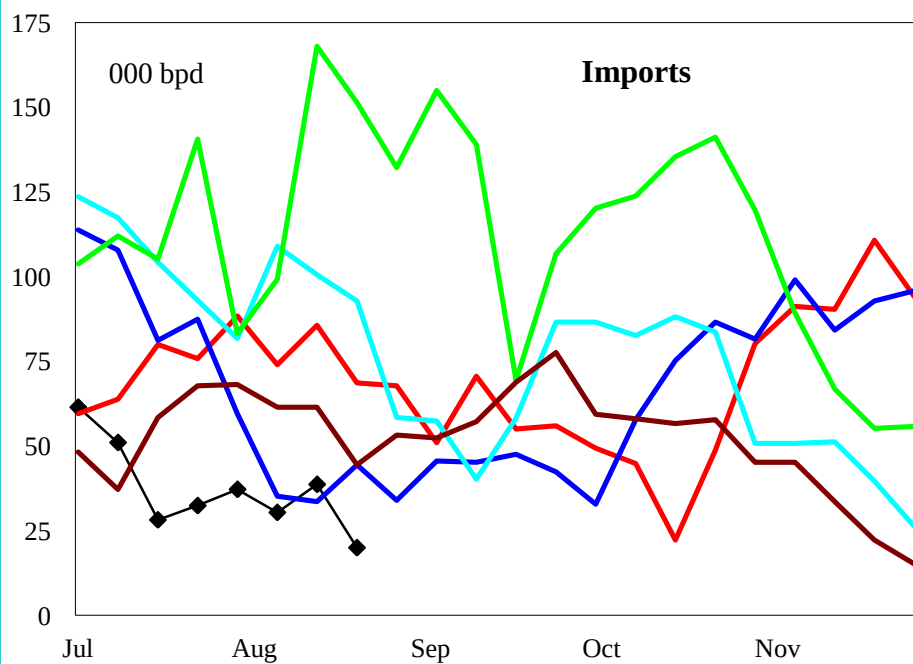
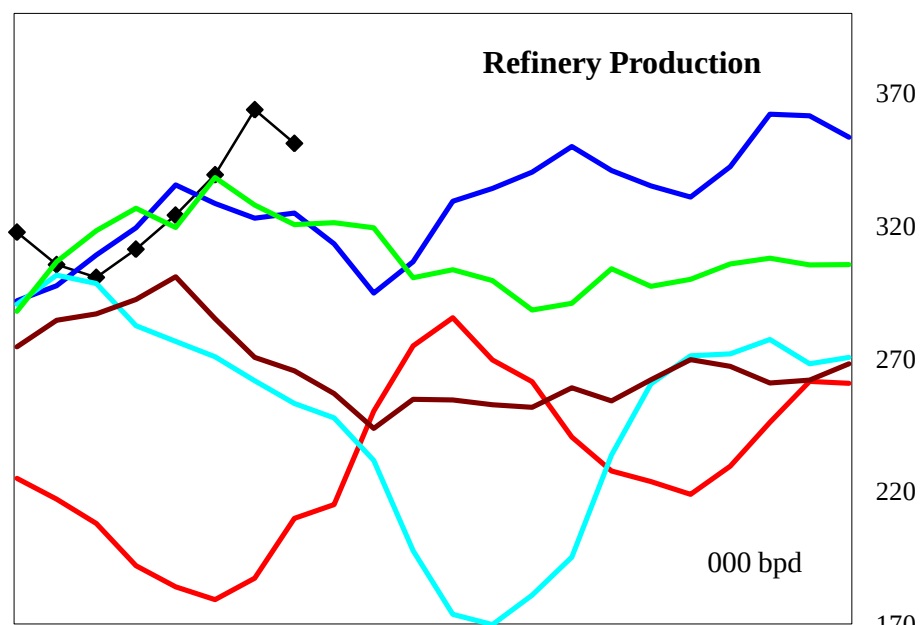
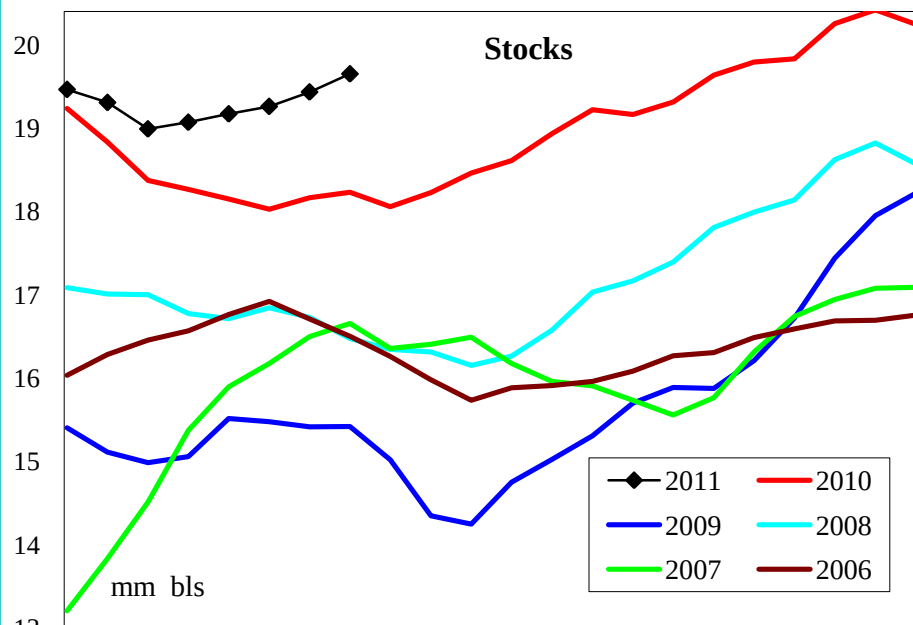
PADD 3 High Sulfur Distillate Supply



PADD 3 Jet Fuel Supply



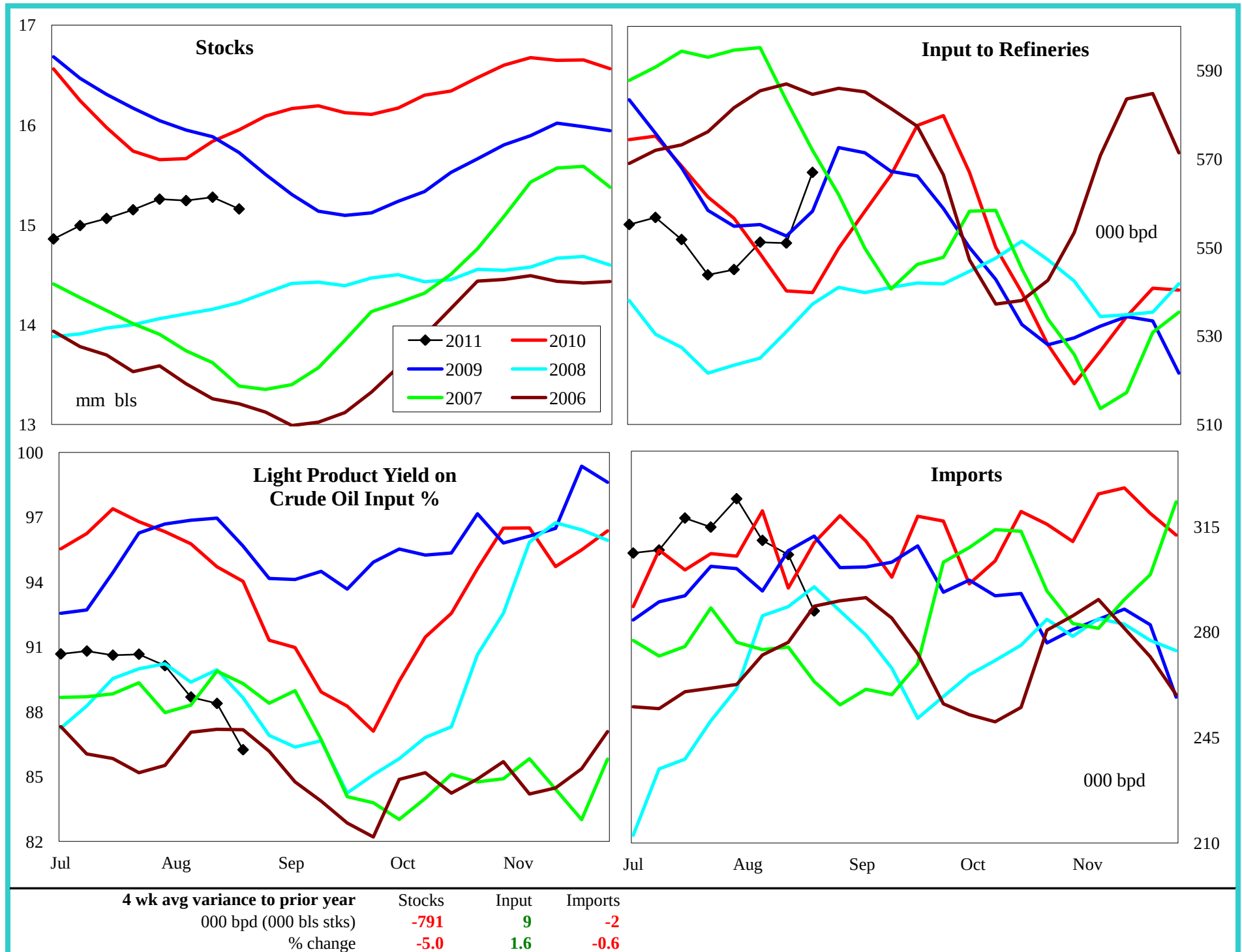
PADD 3 Residual Fuel Oil Supply



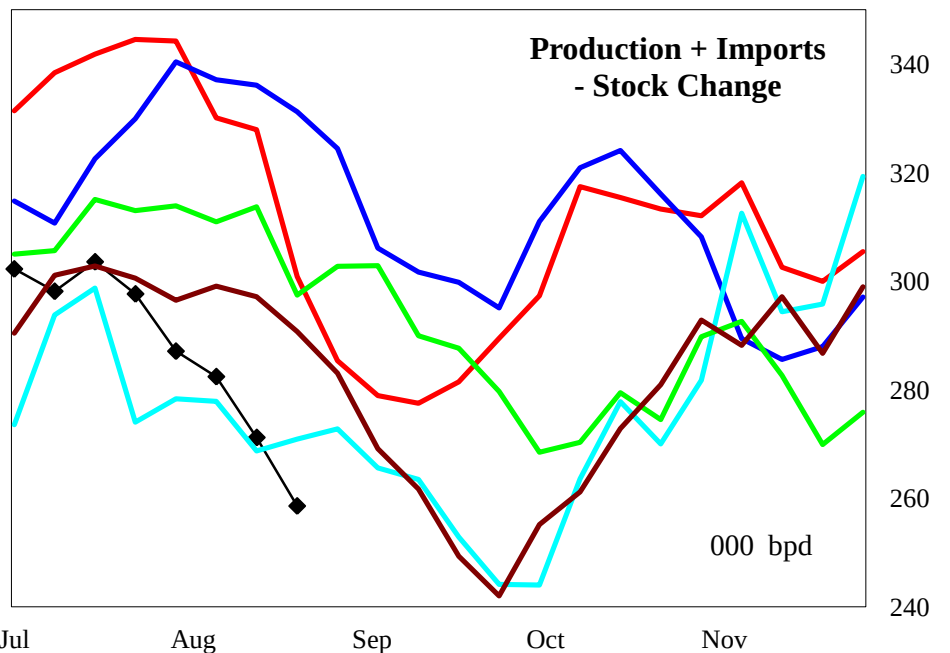
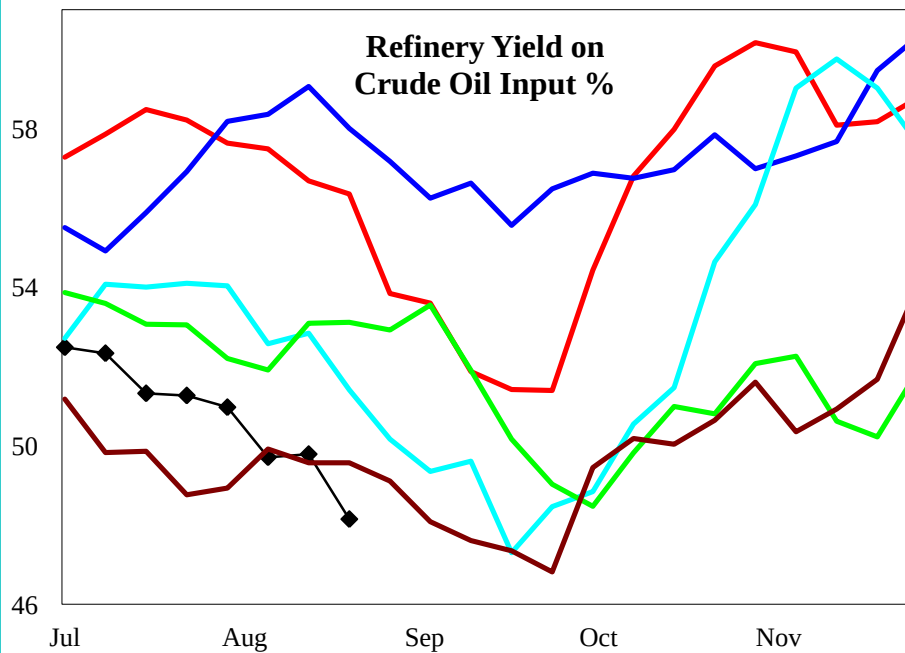
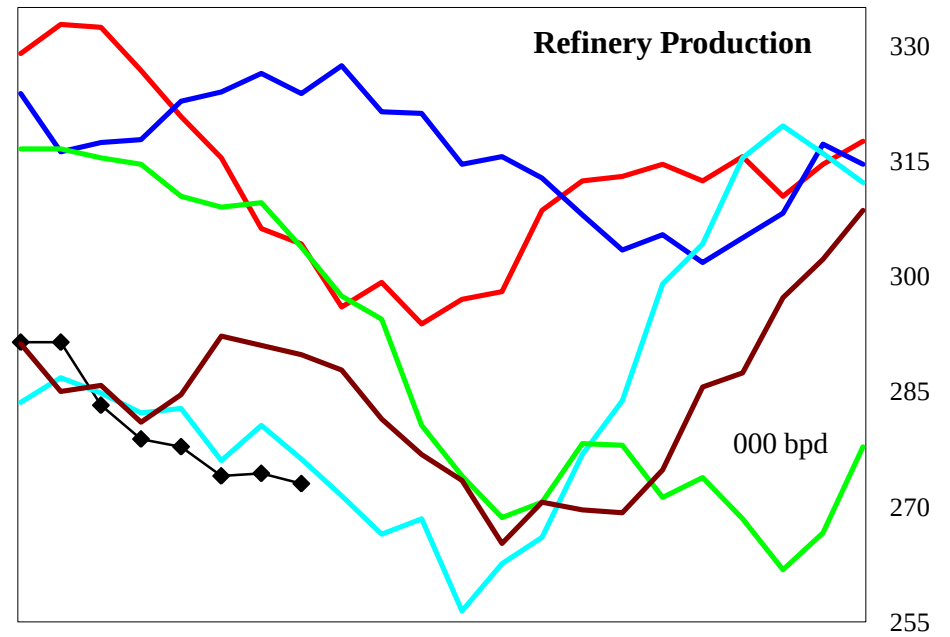
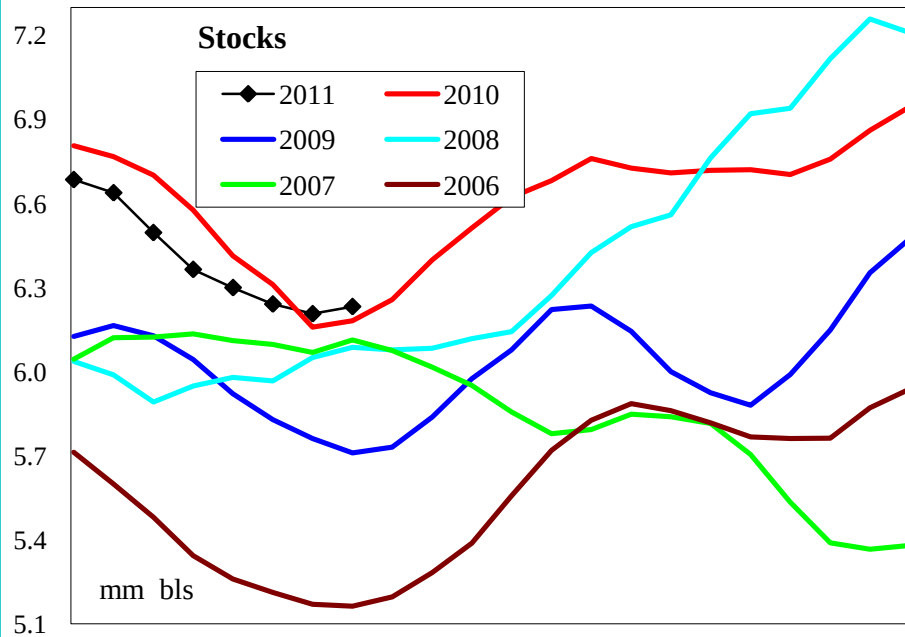
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
1,421	175	-51	104
7.8	97.5	-60.6	38.3

PADD 4 Crude Oil Supply and Refining



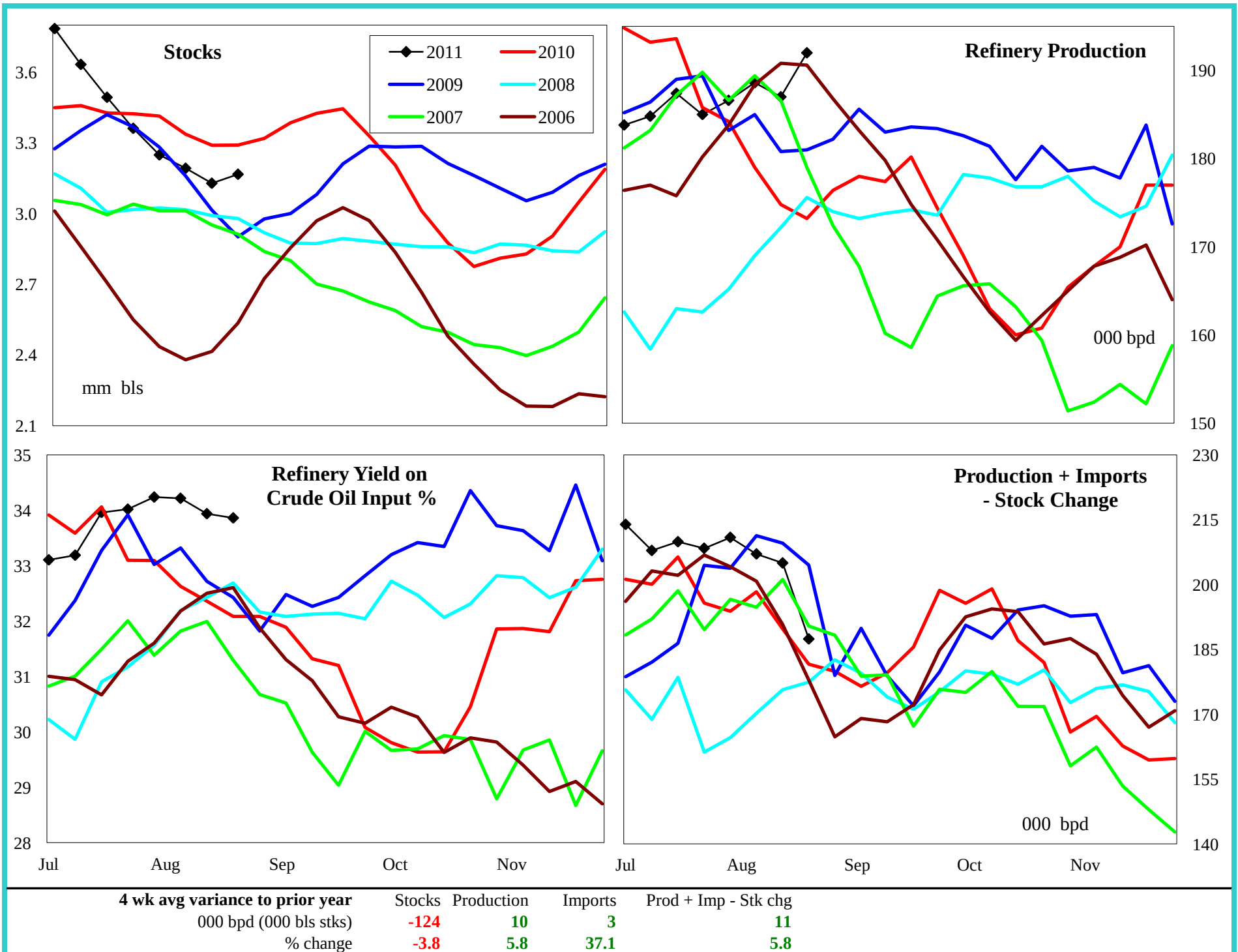
PADD 4 Gasoline Supply

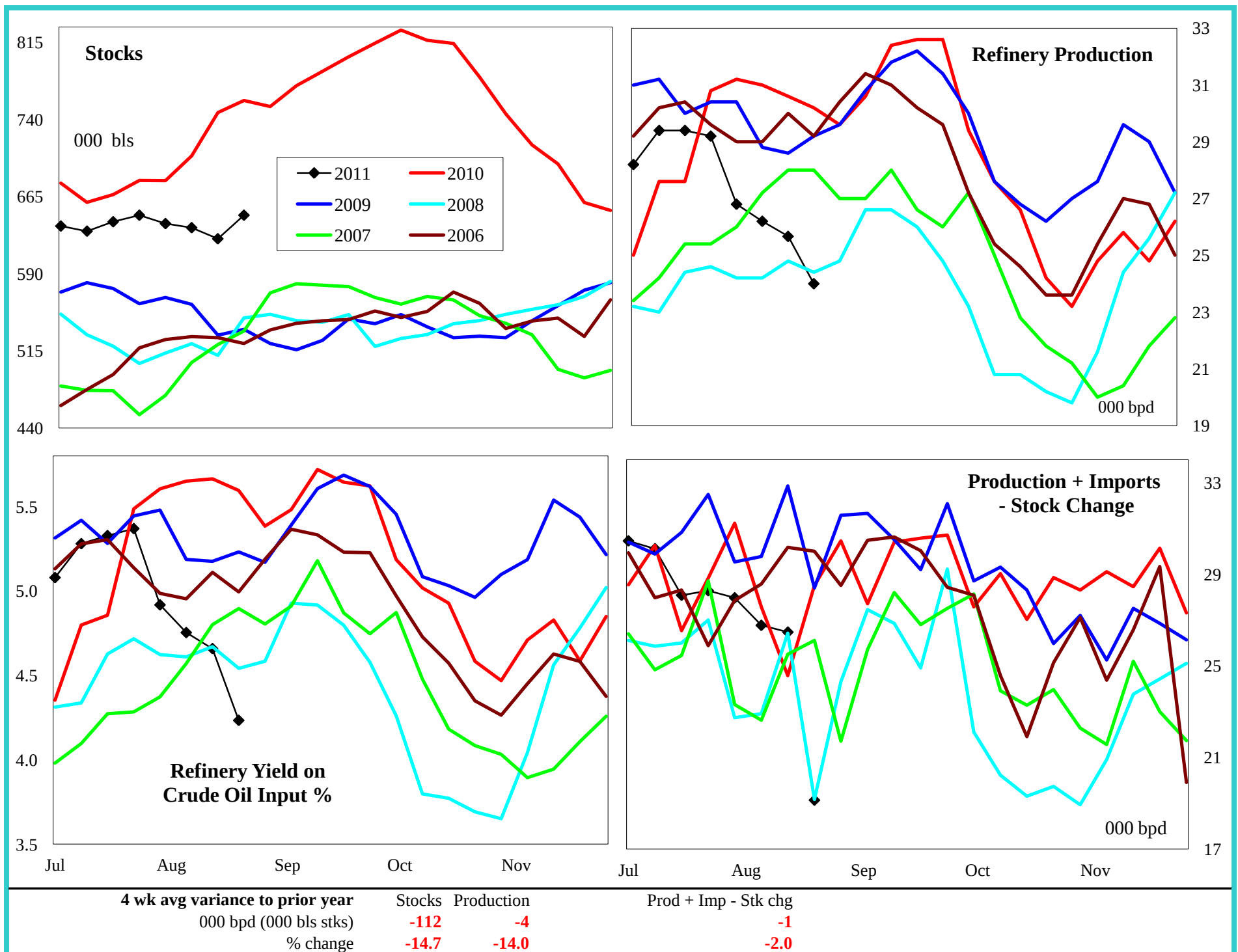


4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

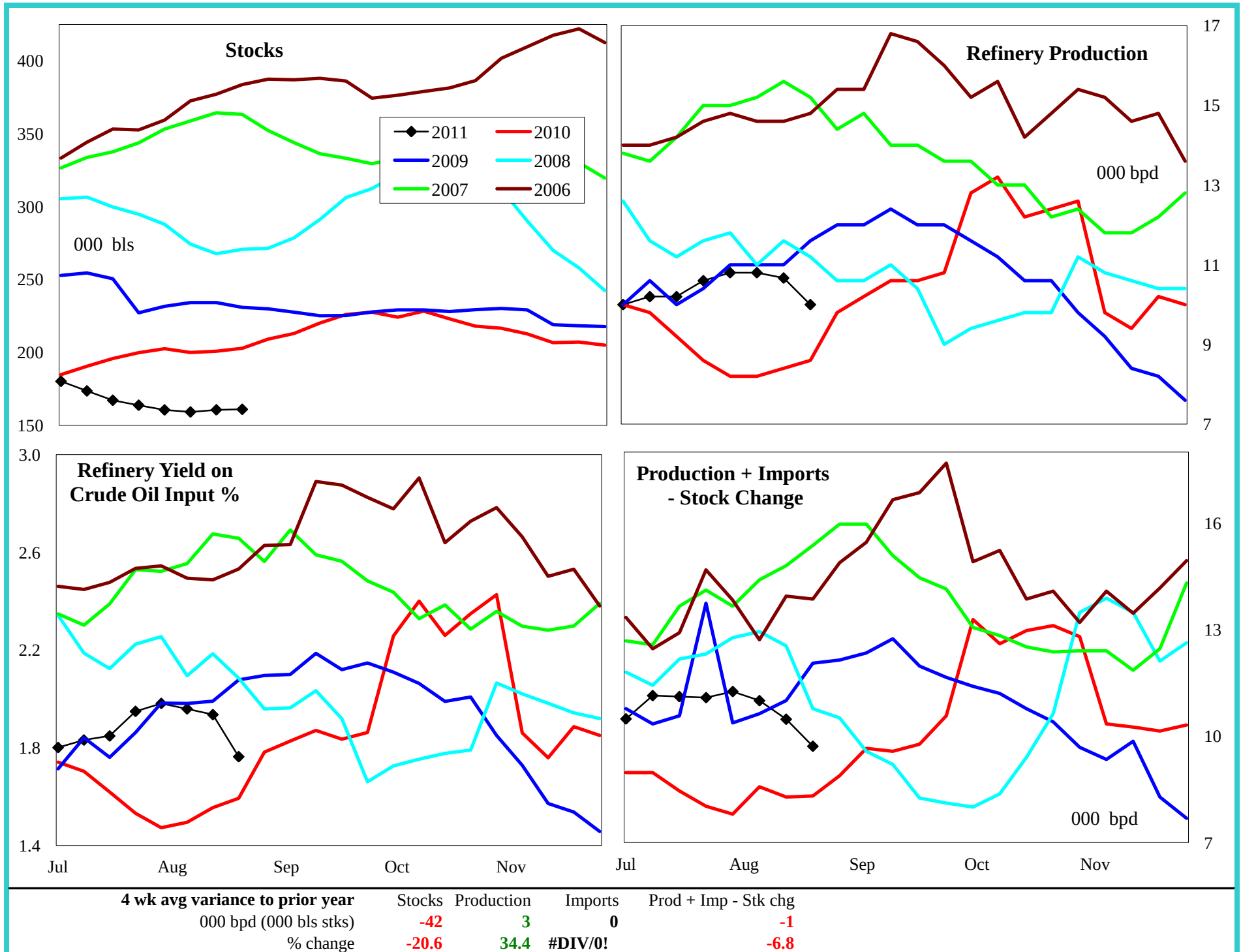
	Stocks	Production	Prod + Imp - Stk chg
000 bpd	50	-39	-56
% change	0.8	-12.5	-16.7

PADD 4 Distillate Supply

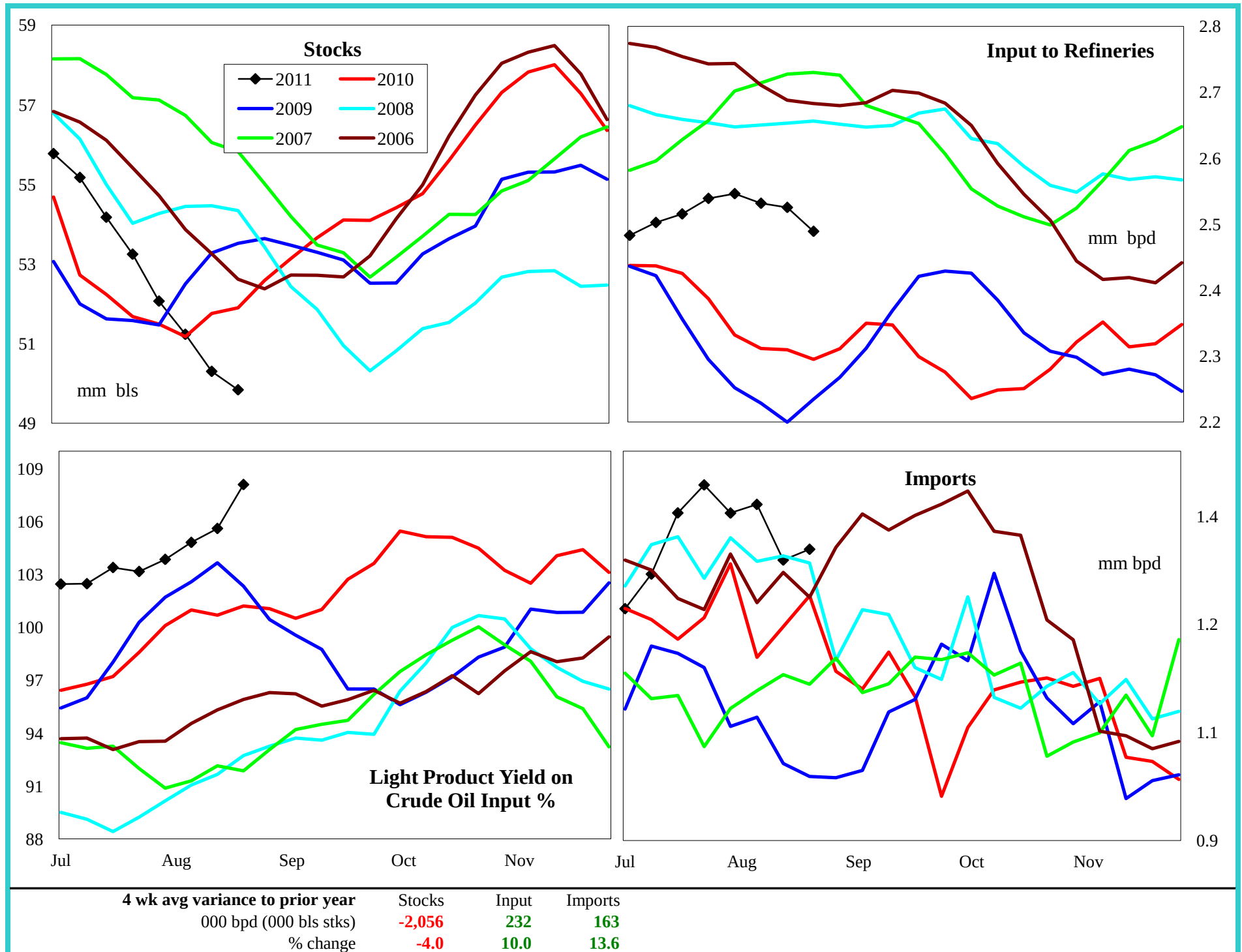




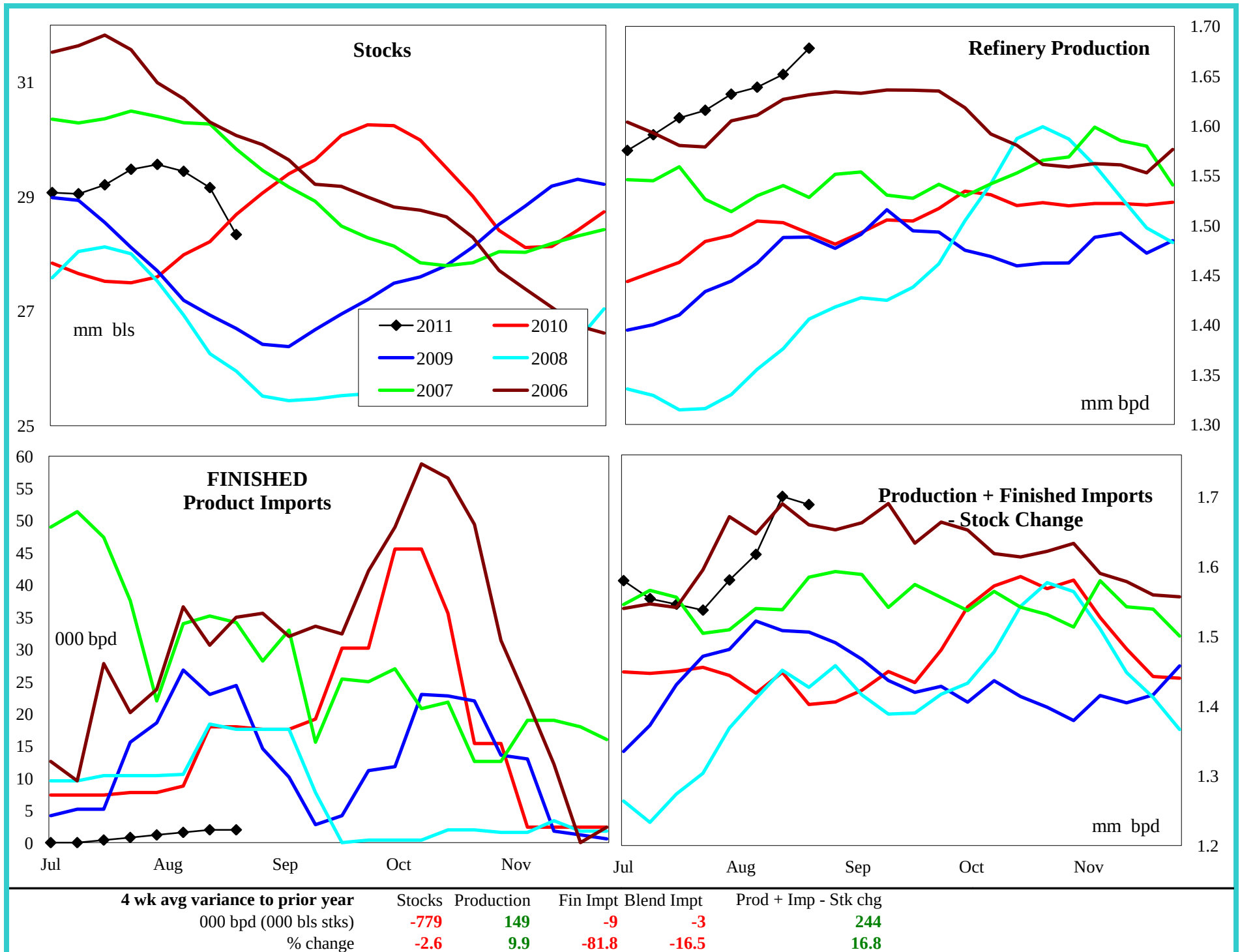
PADD 4 Residual Fuel Oil Supply



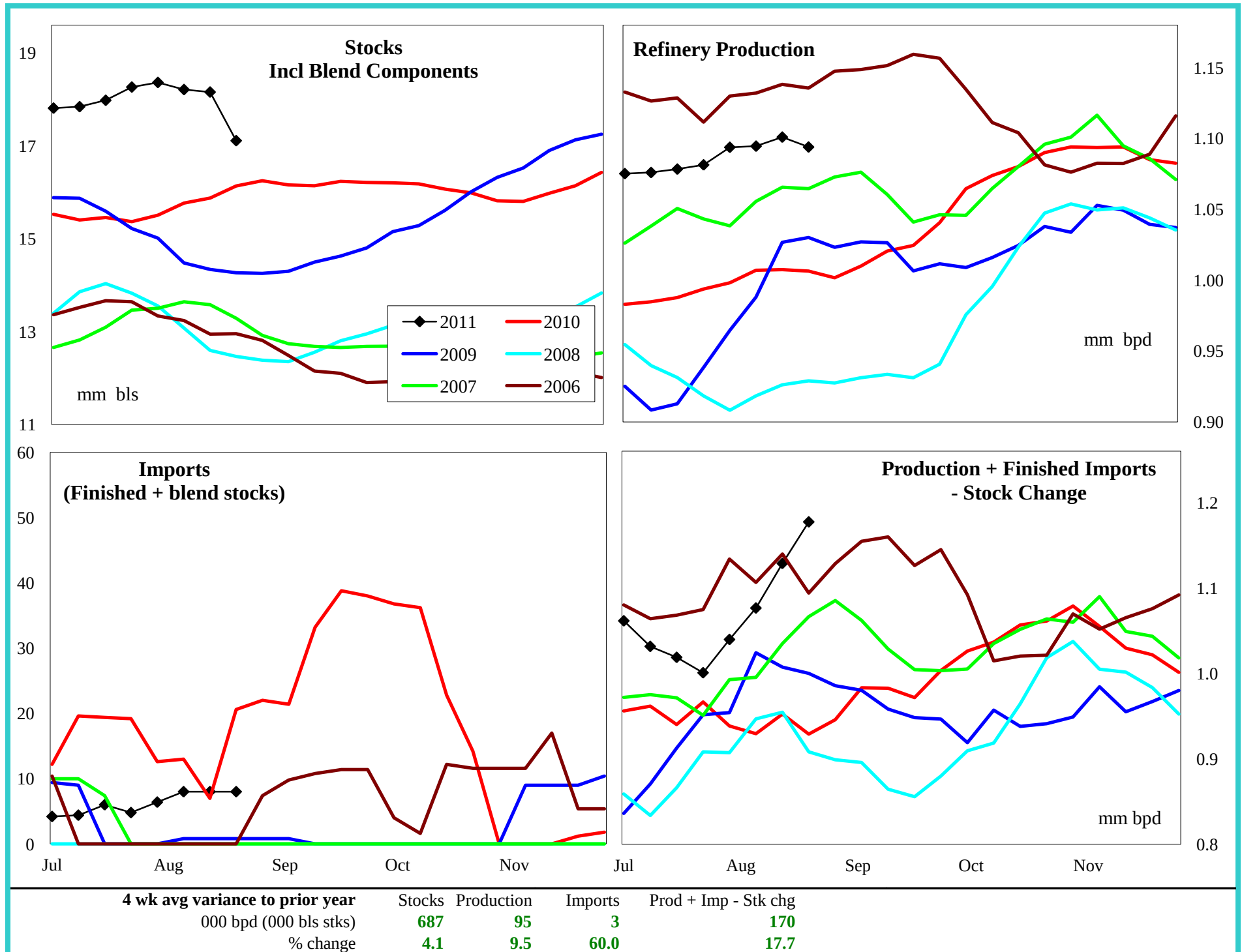
PADD 5 Crude Oil Supply and Refining



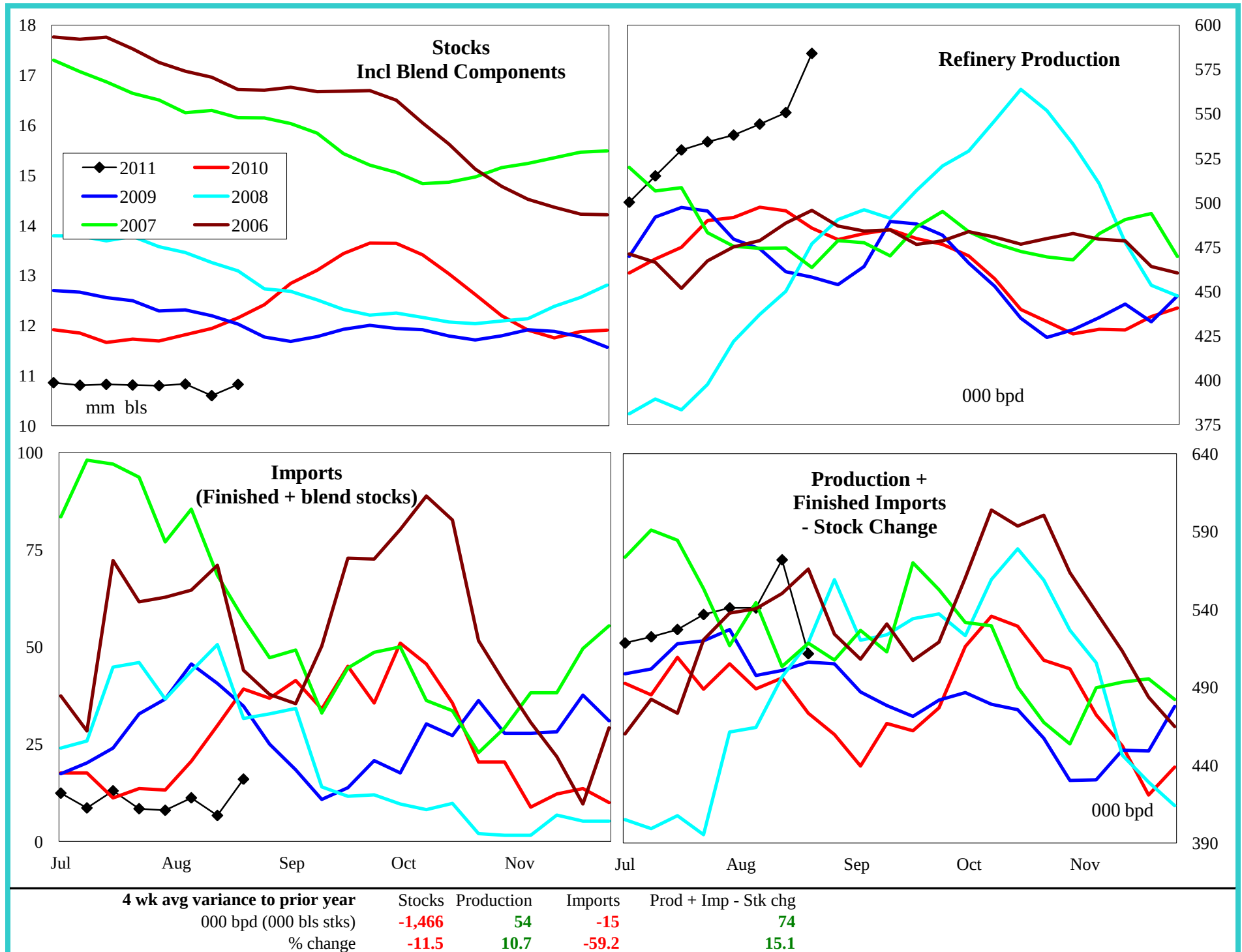
PADD 5 Gasoline Supply



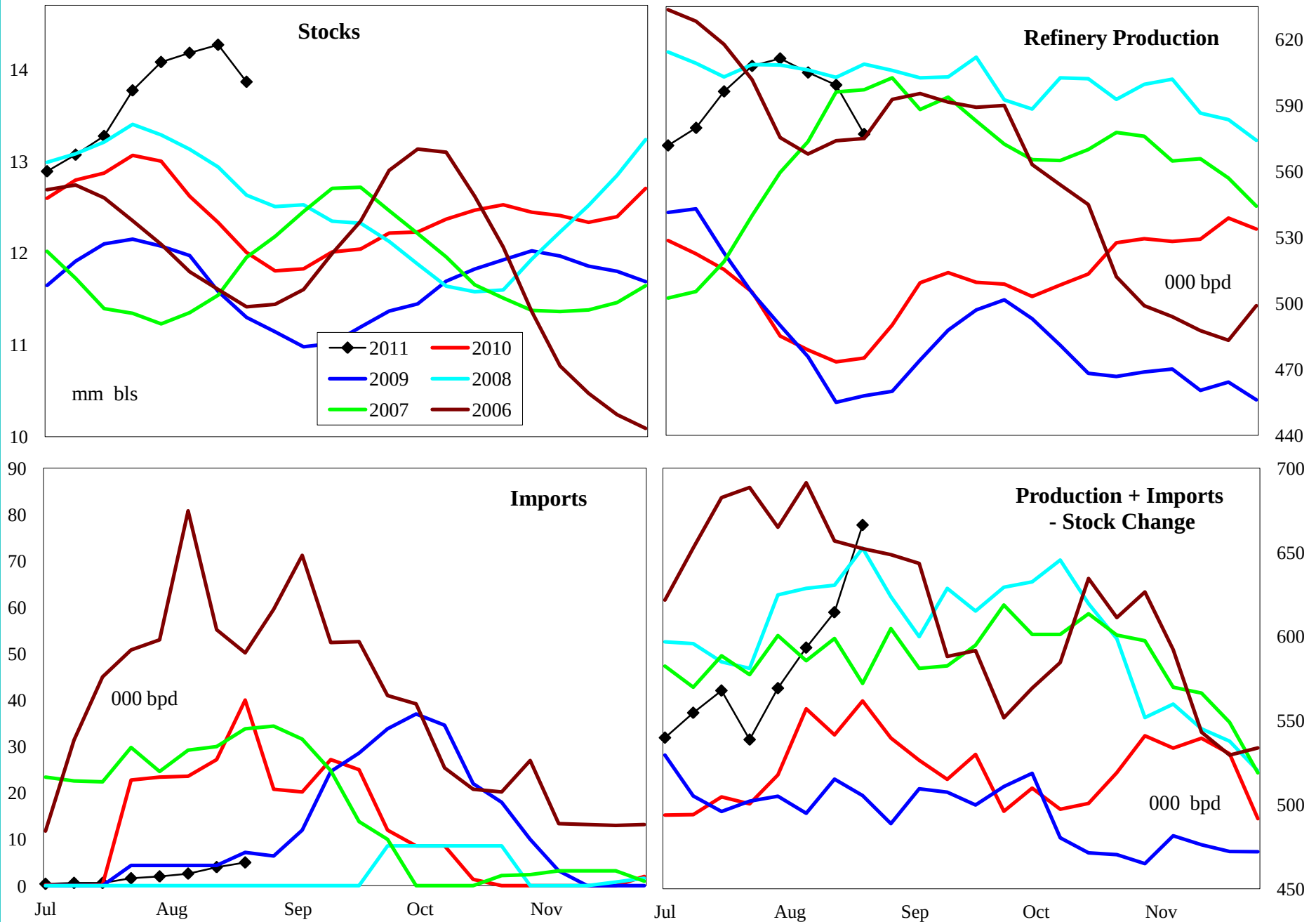
PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,859

15.1

Production

134

28.6

Imports

-27

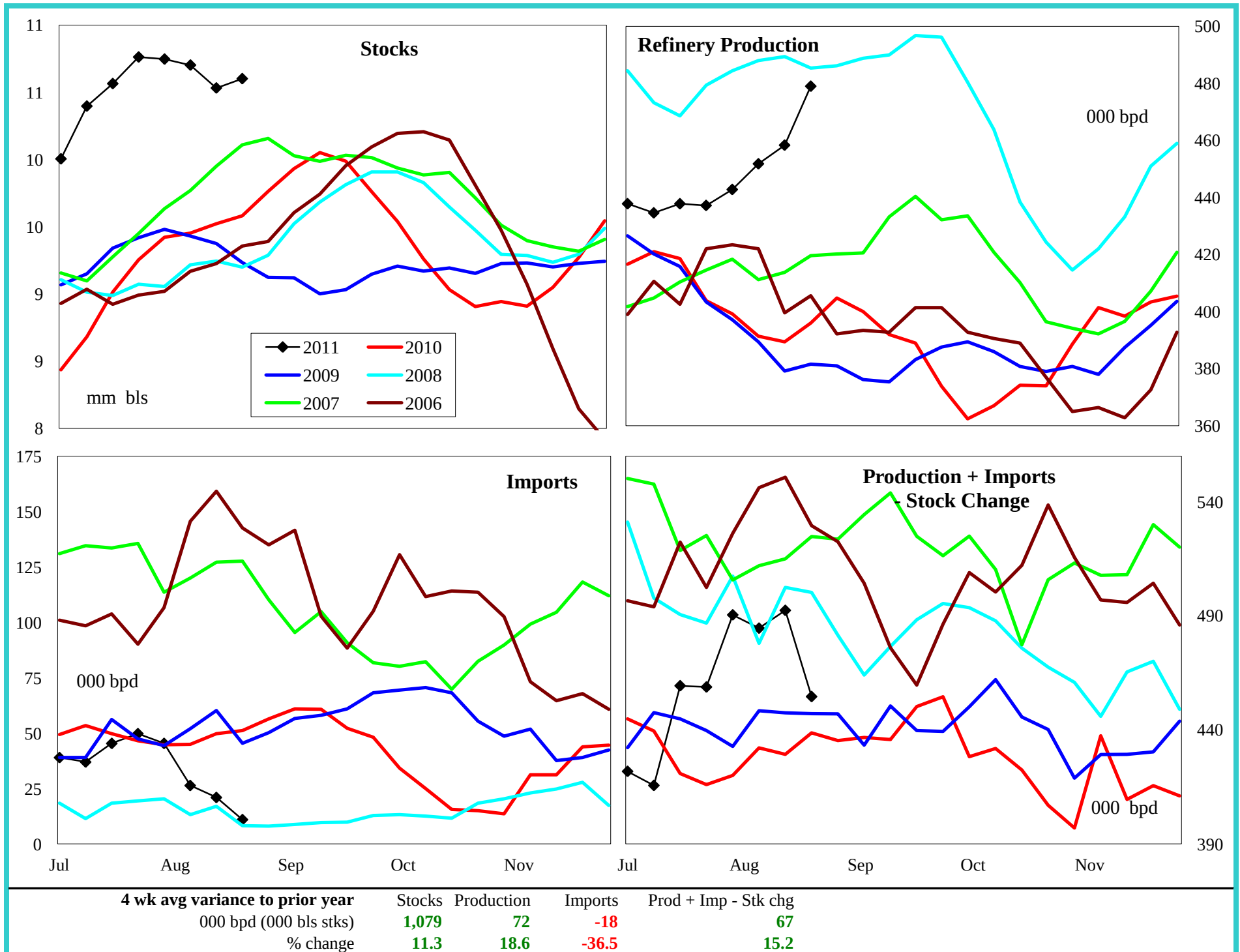
-89.8

Prod + Imp - Stk chg

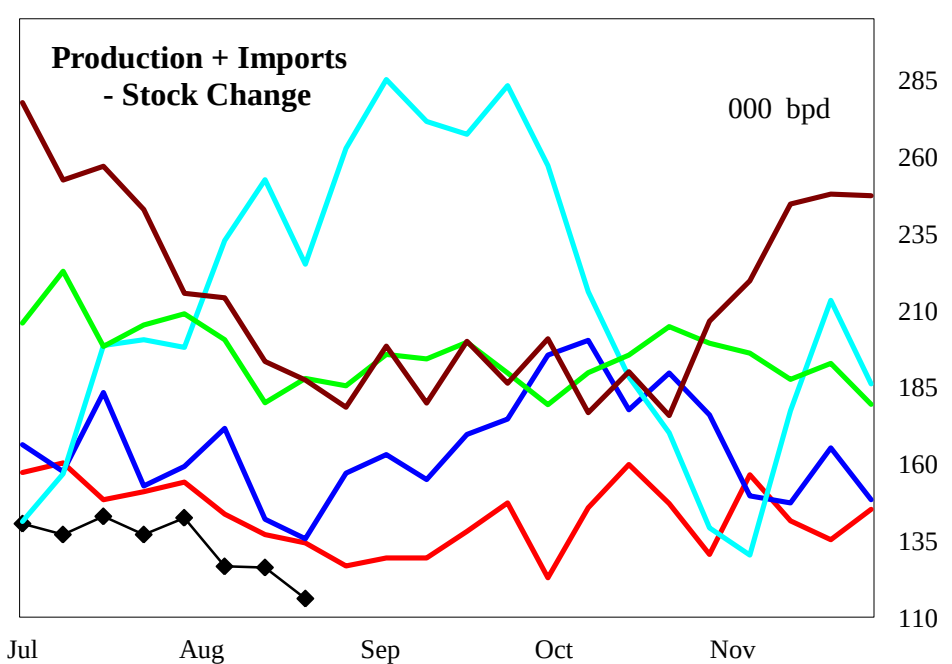
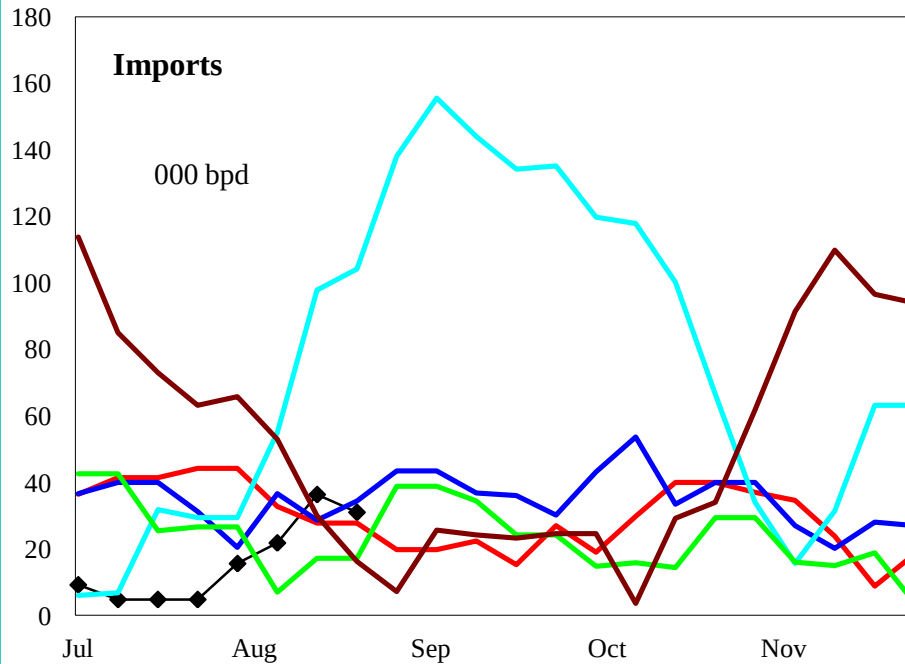
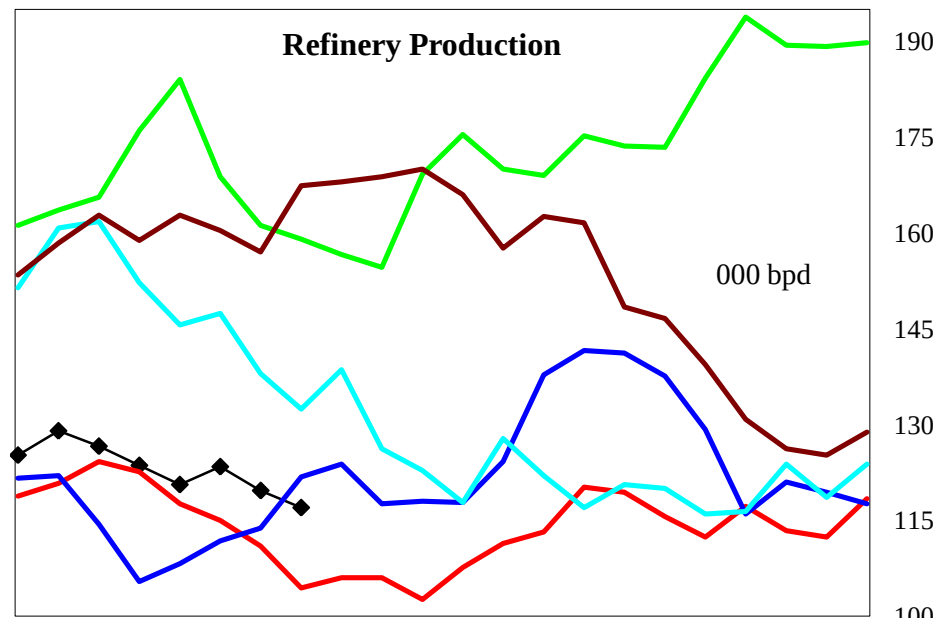
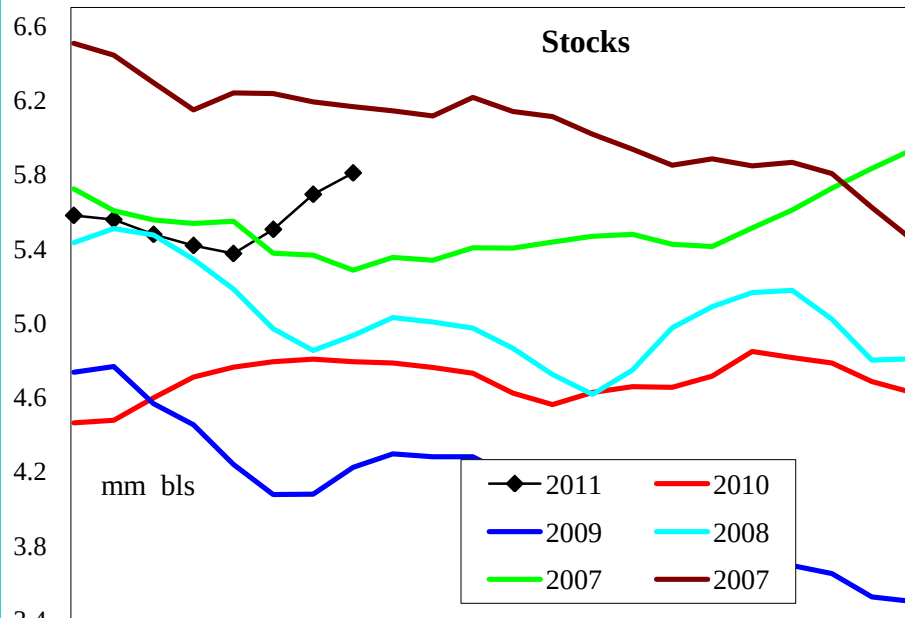
55

9.9

PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply



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

Stocks	Production	Imports	Prod + Imp - Stk chg
1,017	4	2	-8
21.2	3.5	5.8	-5.9