



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

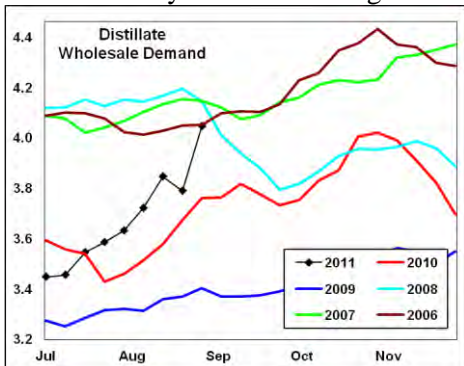
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, August 31, 2011

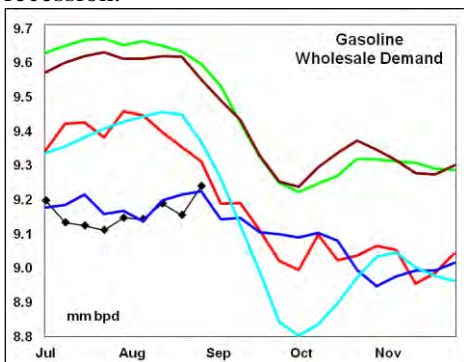


#### Major Fundamental Trends<sup>1</sup>

Distillate wholesale demand continues to exhibit robust year-on-year growth, with the latest 4-wk average +202,000 bpd above last year. Robust exports, combined with drought across much of the south and lower midwest has increased demand by the agriculture sector for early harvest and irrigation.



Gasoline wholesale demand remains unusually weak, with the latest 4-wk average -195,000 bpd below a year ago. The demand level is comparable to the lows of 2009, at the peak of the recession.

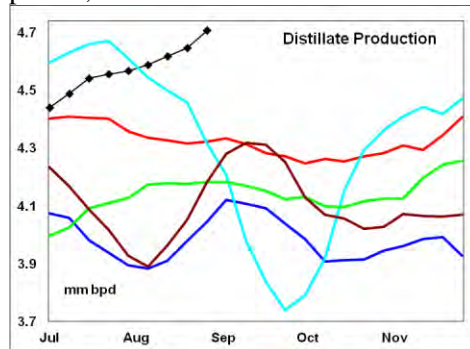


Crude oil refinery input during the latest 4-wk period was +534,000 bpd above last year, and well above the years of 2008 and 2009. Runs increased significantly in PADDs 1, 3 and 5 for the period.

The higher runs have led to record output of transport fuels this past week, with gasoline, distillate and jet fuel production each above the 5-year range for this time of year.

The increased output has largely

offset exceptionally low levels of imports. Combined imports of transport fuels fell -0.6 million bpd below a year ago for the latest 4-wk period; a decline of more than -40%.



Crude oil imports surged +0.8 million bpd last week, to the highest level of the quarter. Stocks climbed +5.3 million barrels to a level that was near the 5-year high set a year ago. Combined with record high domestic crude oil production, the major refining centers have very ample supplies of crude oil.

In the absence of hurricane disruptions on the Gulf, there is a risk of over supplying the transport fuels and crude oil markets during the upcoming quarter.

**Demand** for gasoline and distillate each climbed over +200,000 bpd last week. Jet fuel fell -151,000 bpd.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -2.1%; distillate up +5.5%; jet fuel up +5.4% while residual fuel oil decreased -0.4%.

**Stocks forward coverage:** Gasoline demand coverage decreased on a -2.8 million barrel stock draw and higher demand. Coverage levels were below the last 2-years.

Distillate coverage was nearly unchanged on +0.4 million barrel stock build offset by higher demand. Coverage levels were significantly below than the last 2-years.

Jet fuel coverage increased on a +0.5 million barrel stock build and lower demand. Coverage levels were sharply below the last 2-years.

**Refinery utilization** rates fell on a -219,000 bpd decline in crude oil throughput, with the rate +534,000 bpd above a year ago.

Gasoline yield % on crude oil runs jumped on a +241,000 bpd rise in production, compared to the -219,000 bpd decrease in crude oil runs. The yield % on crude oil runs was above the mid range of the last 3-years.

Distillate yield % on crude oil runs increased on a +26,000 bpd rise in production compared to the decrease in crude oil runs. Yield % levels reached new 5-year highs.

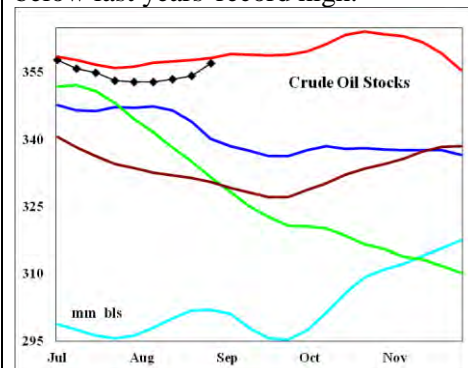
Jet fuel yield % on crude oil runs increased on a +28,000 bpd rise in output. Yield % levels were near 5-year highs for the period.

**Petroleum Imports** surged +0.8 million bpd for crude oil, while gasoline fell -0.3 million bpd last week.

During the latest 4-wk period crude oil imports decreased -0.4 million bpd compared to last year; distillate imports decreased -100,000 bpd; finished gasoline imports increased +3,000 bpd, gasoline blend stock imports fell -447,000 bpd; jet fuel imports declined -40,000 bpd, while residual fuel oil imports decreased -89,000 bpd.

**Crude Oil** stocks increased +5.3 million barrels, with builds in all major regions. Weekly imports jumped +0.8 million barrels on the week, to a level above the last 2-years.

U.S. stock levels are just -1% below last years' record high.



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



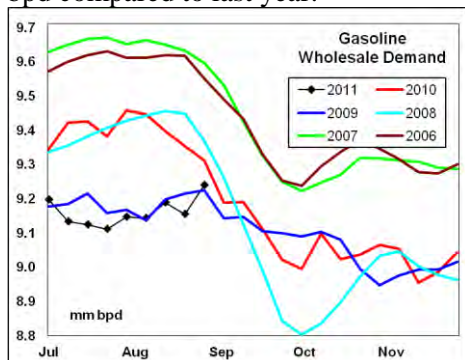
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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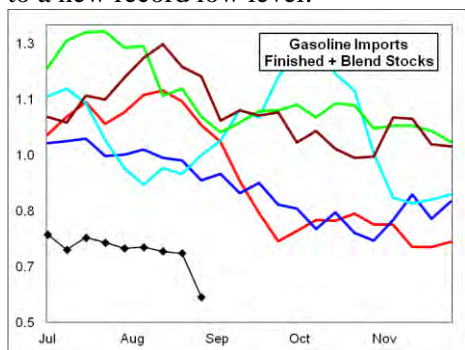
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#### Product Supply-Demand Trends

**Gasoline** demand climbed +220,000 bpd last week, to a level that matched record lows in 2009. The latest 4-wk average demand decreased -195,000 bpd compared to last year.



Production increased +241,000 bpd last week, with the latest 4-wk average +31,000 bpd above a year ago. Imports fell -286,000 bpd on the week, to a new record low level.



Stocks fell -2.8 million barrels last week, with the level still above the 5-year mid range.

*Summer demand has likely peaked, at levels comparable to the 2009 record lows.*

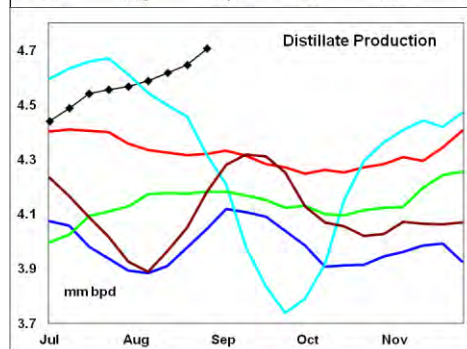
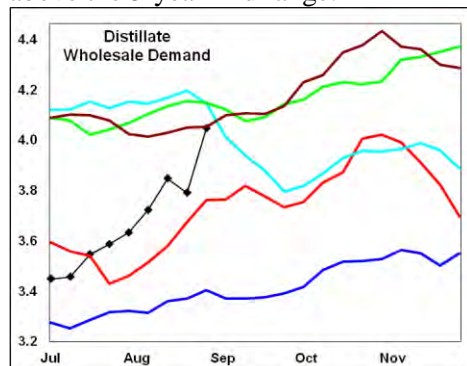
*A lack of imports has constrained stock levels in the Central Atlantic Region of PADD 1 to near 5-year lows. Very high exports from the Gulf has limited receipts from that region into the Midwest; which combined with unplanned refinery maintenance in the Chicago area has led to a supply squeeze in PADD 2.*

*In the absence of hurricane disruptions on the Gulf, the supply balance East of the Rockies should improve significantly in the next 60 days.*

**Distillate** demand has jumped

+533,000 bpd in the last 2-weeks, driven by robust exports and increased use in the midwest region. The latest 4-wk average demand was +202,000 bpd above a year ago.

Supply increased +41,000 bpd last week on record high production, and higher imports. Increased supply offset the surge in demand, for a +0.4 million barrel stock build. The latest 4-wk stock build in markets East of the Rockies was +4.6 million barrels, above the 5-year mid range.



*Wholesale demand has extended the robust year-on-year growth for the past 6-wks. High exports and increased demand in the midwest contributed to the growth.*

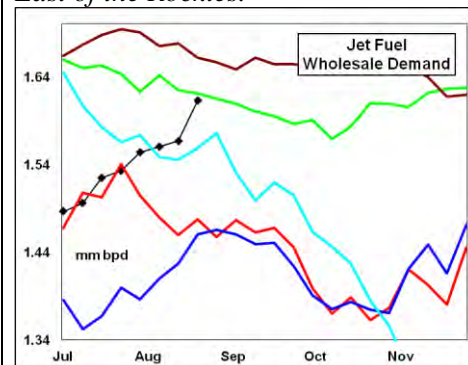
*Record refinery output has supported a rate of stock building, slightly ahead of the historic mid range. Supplies remain tight in the Midwest as a result of Gulf supply going to exports increased demand in the Midwest.*

**Jet Fuel** demand fell -151,000 bpd last week, to a level that matched the last 2-years. The latest 4-wk average demand was +78,000 bpd above last year; exhibiting a more robust seasonal peak than in recent years.

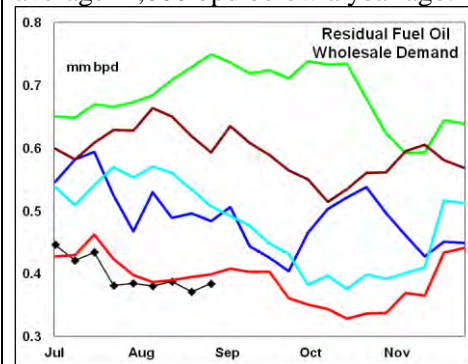
Supply increased +49,000 bpd on

the week, driven by higher production and imports. Production reached a new 5-year. Stocks increased +0.5 million barrels, although the level remains well below the last 2-years.

*The jet fuel supply balance improved last week on lower seasonal demand and unusually high production. Production rates were at 5-year highs in all regional markets East of the Rockies.*



**Residual fuel oil** demand increased +36,000 bpd last week, with the 4-wk average -2,000 bpd below a year ago.



Supply (production + imports) declined -8,000 bpd on lower imports. The latest 4-wk average supply was +107,000 bpd above last year. Stocks increased +0.4 million barrels, with the level above the mid range.

*Stock levels and production in the key Gulf Coast market extended a longer term uptrend. Stocks are now +11% above last years' record high level.*

*West Coast markets are also 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.*





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

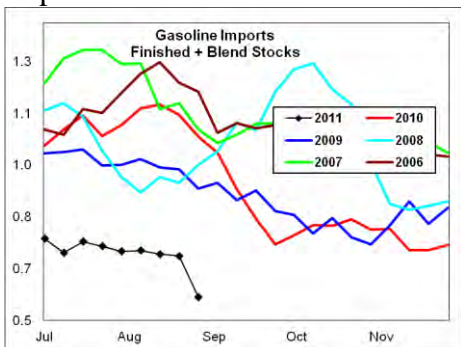
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#### PADD Supply Trends

**PADD 1** refinery crude oil runs increased +39,000 bpd on the week, with the level above that of the past 2-years. Crude oil stocks increased +1.1 million barrels, due to a +0.6 million bpd jump in imports.

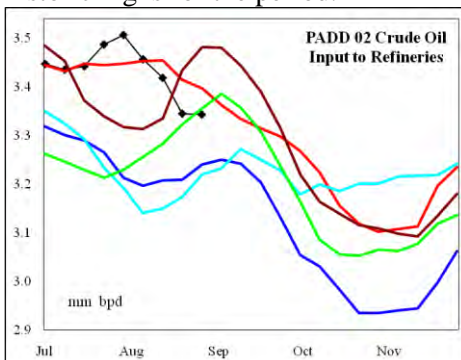
Gasoline production increased +194,000 bpd last week, offset by a -229,000 bpd drop in imports. Import levels fell to record lows.



Gasoline stocks decreased -0.8 million barrels on the week, with the level at the mid range. Stock levels in the key Central Atlantic Region were near historic lows.

Distillate supply increased +50,000 bpd last week, with the level at the mid range. Stocks increased +1.1 million barrels, with the level above the mid range.

Jet fuel stock levels remain above the mid range, with production rates at historic highs for the period.



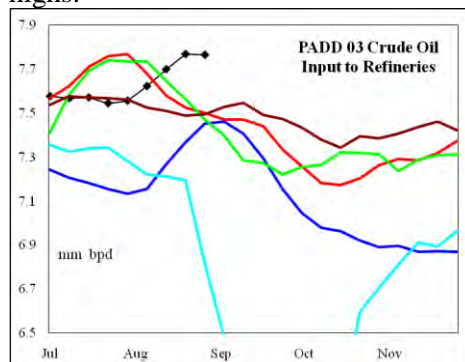
**PADD 2** crude oil refinery runs increased +10,000 bpd on the week, with the level near the historic mid range. Imports surged +0.3 million bpd to a new record high, lifting stocks +2.5 million barrels, a record high for this time of year.

Gasoline production climbed +61,000 bpd last week, with the level matching last year. Stocks fell -0.9 million barrels to a new record low.

Distillate production decreased -15,000 bpd, to a level near the mid range. Stocks fell -1.1 million barrels, to a level near 5-year lows.

Jet fuel production climbed +27,000 bpd to a record high for this time of year. Stocks increased +0.5 million barrels, with the level just below the historic range.

**PADD 3** refinery runs decreased -146,000 bpd last week, although the level remains above the historic range. The latest 4-wk average thru put was +243,000 bpd above last year. Crude oil stocks climbed +1.7 million barrels on the week, to a level near historic highs.



Gasoline production increased +46,000 bpd on the week to the highest level of the season. Stock levels were near historic highs.

Distillate production increased +51,000 bpd, to a new record level. Stocks increased +1.3 million barrels on the week, with the level above four of the last 5-years.

Jet fuel production increased +21,000 bpd on the week, to a level above the historic range. Stock levels were well below the last 2-years.

Residual fuel oil stocks reached new record levels last week, due in part to very high production rates.

**PADD 4** refinery crude runs fell -46,000 bpd last week to a level below the historic range on unplanned refinery maintenance. Light product yield % on crude oil runs increased to

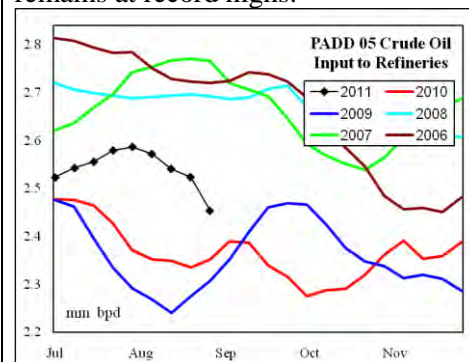
a level above the mid range, indicating the restart of some process units.

Gasoline production matched historic lows for this time of year; with stock levels falling to the mid range for the period.

Distillate production decreased -13,000 bpd to a level near the mid range for the week. Stock levels ended the week slightly below the 5-year high for the period.

Jet fuel supplies were little changed on the week, with stocks at the upper end of the historic range while production was near 5-year lows.


**PADD 5** crude oil refinery runs decreased -75,000 bpd on the week, with the level above the last 2-years. The latest 4-wk average thru put was +206,000 bpd above last year. Light product yield % on crude oil runs remains at record highs.



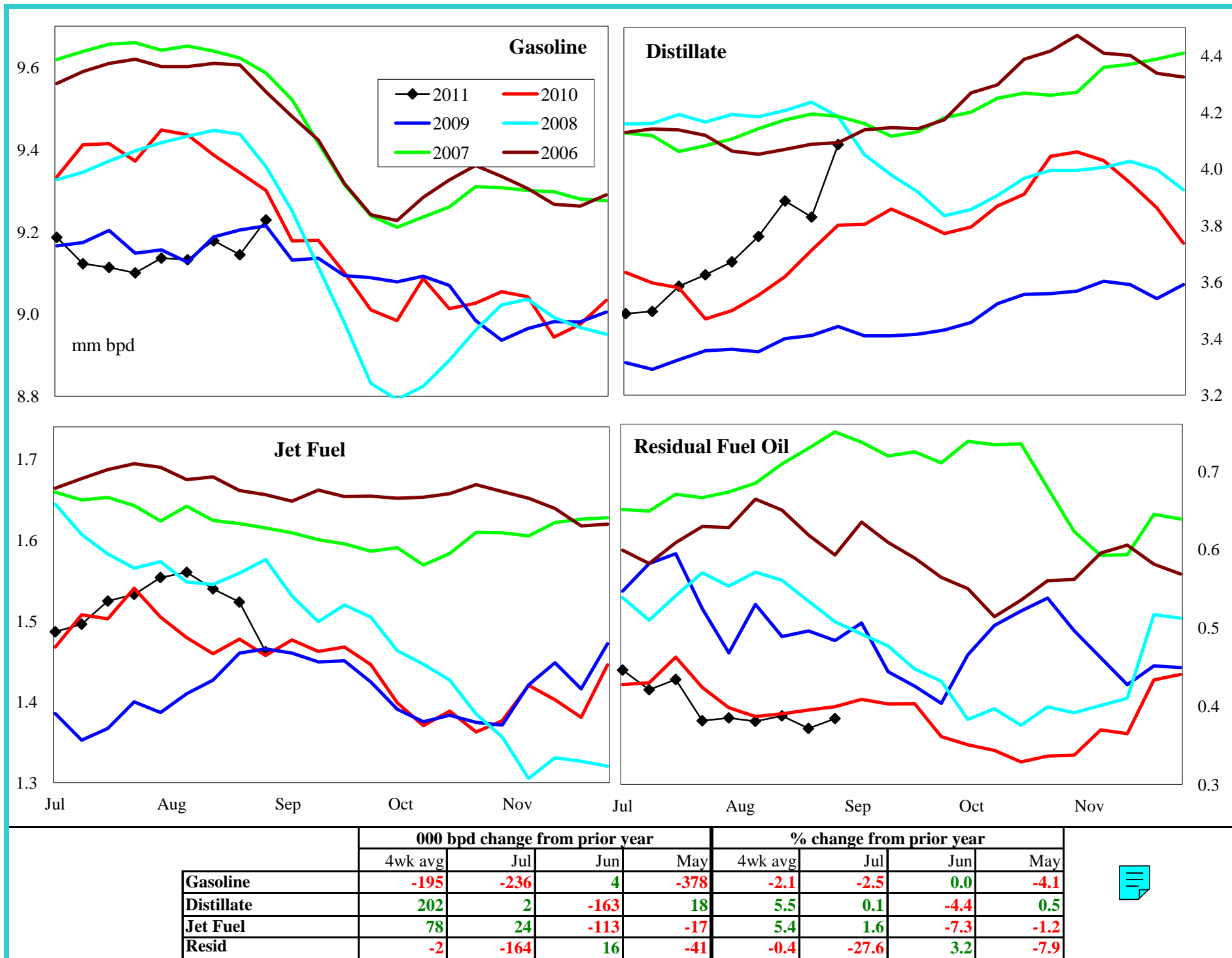
Gasoline production declined -23,000 bpd on the week, with the latest 4-wk average +156,000 bpd above last year and at a 5-year high. Stocks fell -0.9 million barrels on the week, due to higher wholesale demand and robust exports. Stock levels ended the week below last year, but above 2009 and 2008.

Distillate production fell -52,000 bpd last week, with the level above 2009 and 2010. The latest 4-wk average production was +110,000 bpd above a year ago. Stocks fell -0.9 million barrels, although the level remains above the 5-year range.

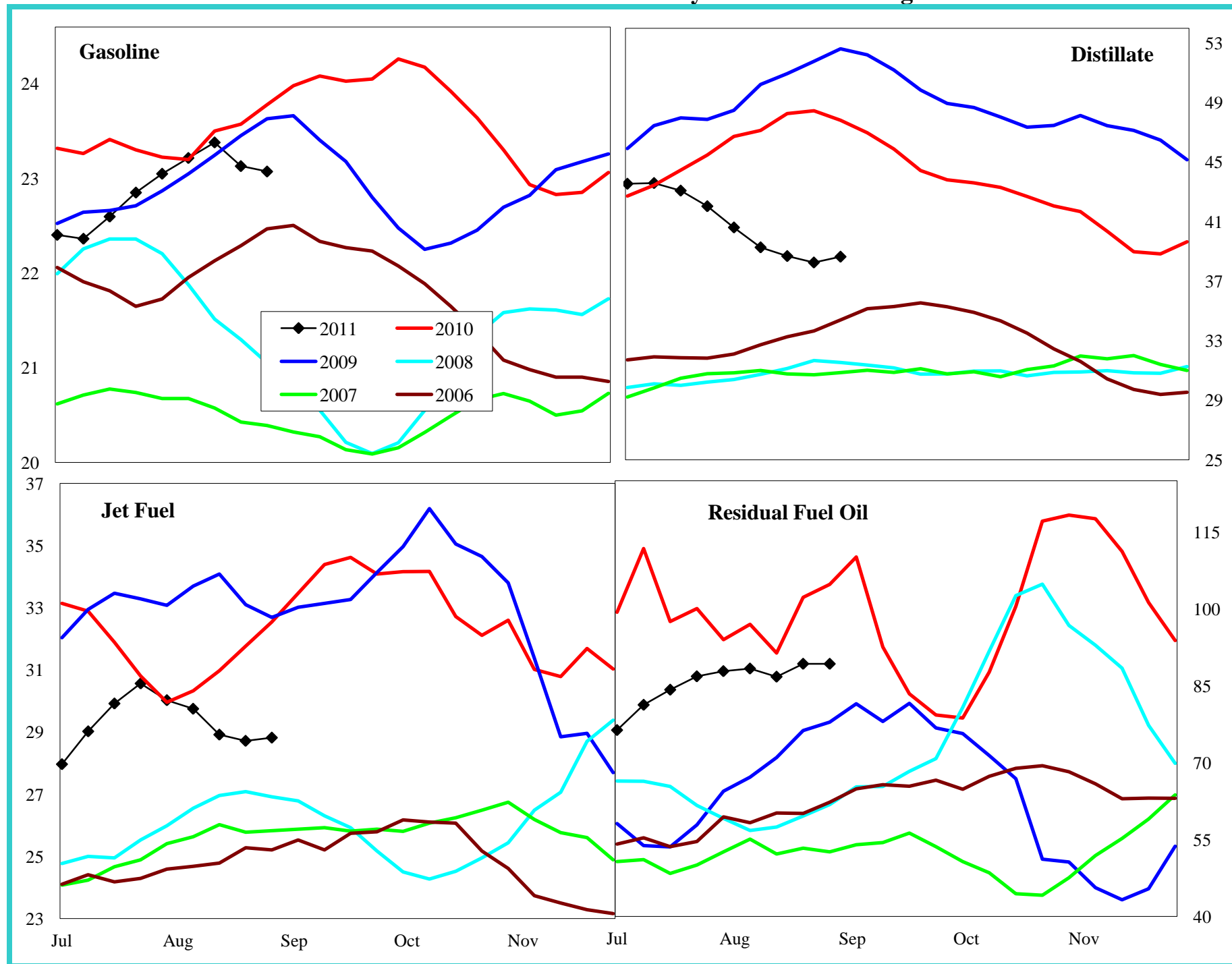
Jet fuel stocks were +12% above the prior 5-year high while production remains well above the mid range.

		<b>PETROLEUM: Graph Link and Weekly Summary</b>					
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<b>Fundamental Trends</b>	<a href="#"><u>Wholesale Demand</u></a>	<a href="#"><u>Stocks Days Fwd Coverage</u></a>	<a href="#"><u>Refinery Utilization</u></a> <a href="#"><u>Product Yield %</u></a>			<a href="#"><u>Imports</u></a>	
<b>Supply/Demand Trends</b>	<b>26-Aug-11</b>	<b>EIA-DOE CHANGE FROM PRIOR WEEK</b>					
	000 bpd stocks 000 bls	<b>U. S. Total</b>	<b>PADD</b>				
			<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<a href="#"><u>Crude Oil</u></a>	Stocks	5,281	1,087	2,452	1,746	-196	192
	Imports	799	589	252	-185	21	122
	Input	-219	39	10	-146	-46	-75
	% Utilization	-1.10					
<a href="#"><u>Gasoline</u></a>	Stocks	-2,795	-820	-873	76	-230	-948
	Production	241	194	61	46	-2	-23
	Imports	-286	-229	-1	-34	0	-20
	Supplied	220					
<a href="#"><u>Distillate</u></a>	Stocks	363	1,090	-1,137	1,333	13	-936
	Production	26	55	-15	51	-13	-52
	Imports	15	-5	0	0	5	14
	Supplied	236					
<a href="#"><u>Jet Fuel</u></a>	Stocks	474	-195	455	87	2	125
	Production	28	23	27	21	2	-43
	Imports	21	21	0	0	0	0
	Supplied	-151					
<a href="#"><u>Residual Fuel Oil</u></a>	Stocks	367	253	95	335	-4	-311
	Production	19	-6	5	9	-1	13
	Imports	-27	2	-5	6	0	-31
	Supplied	36					

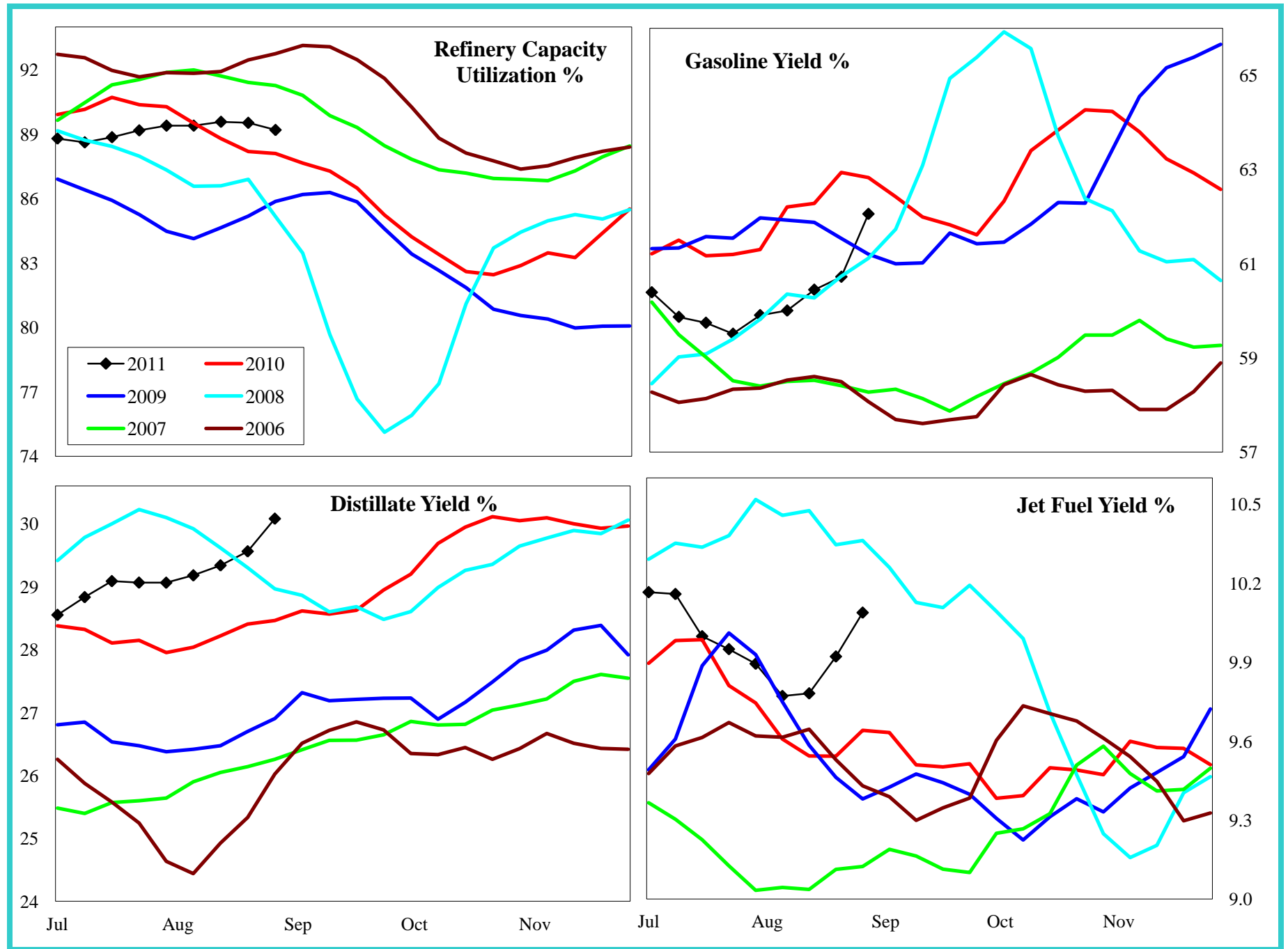
# United States Wholesale Petroleum Demand



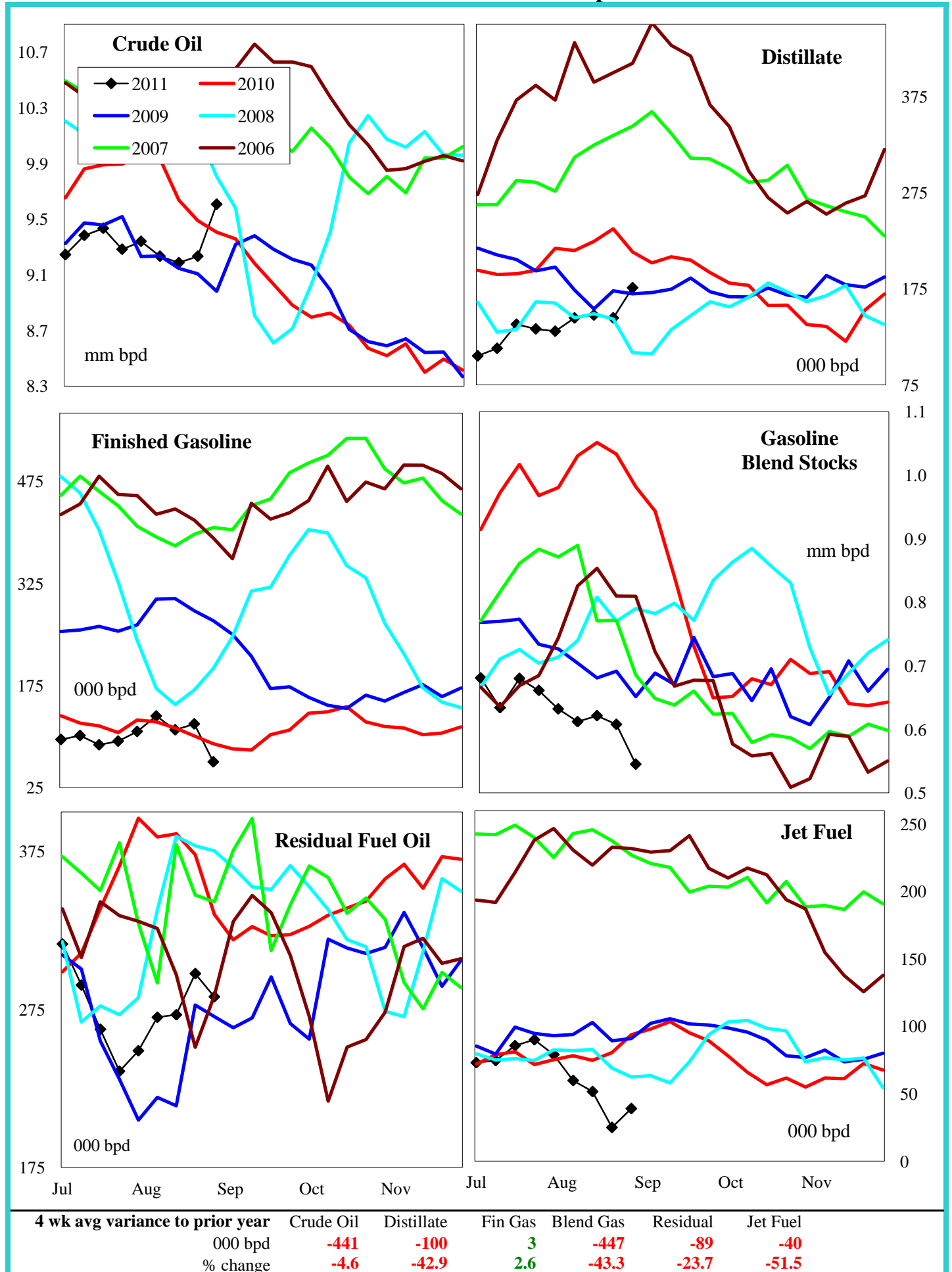
# United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

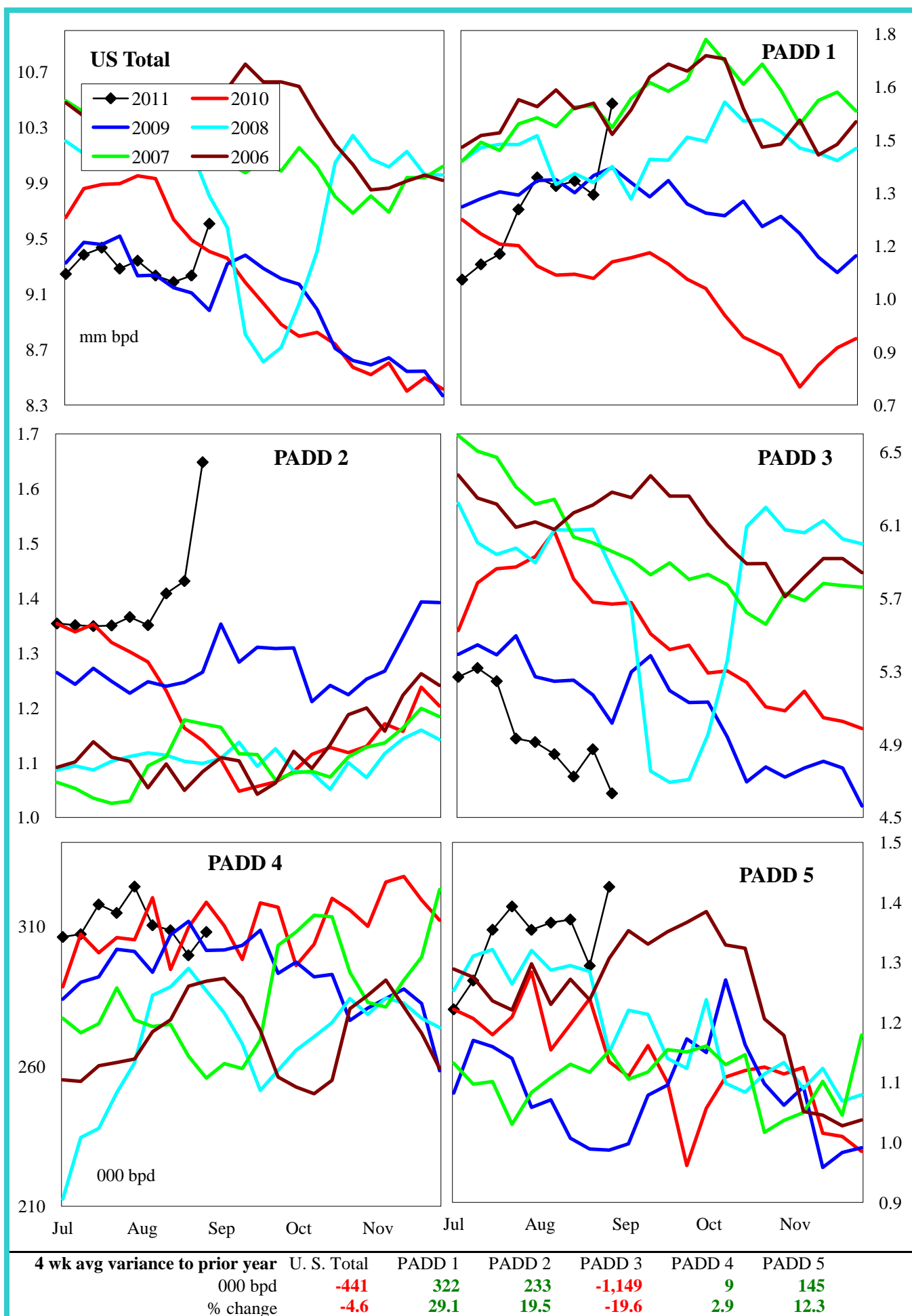


# United States Petroleum Imports

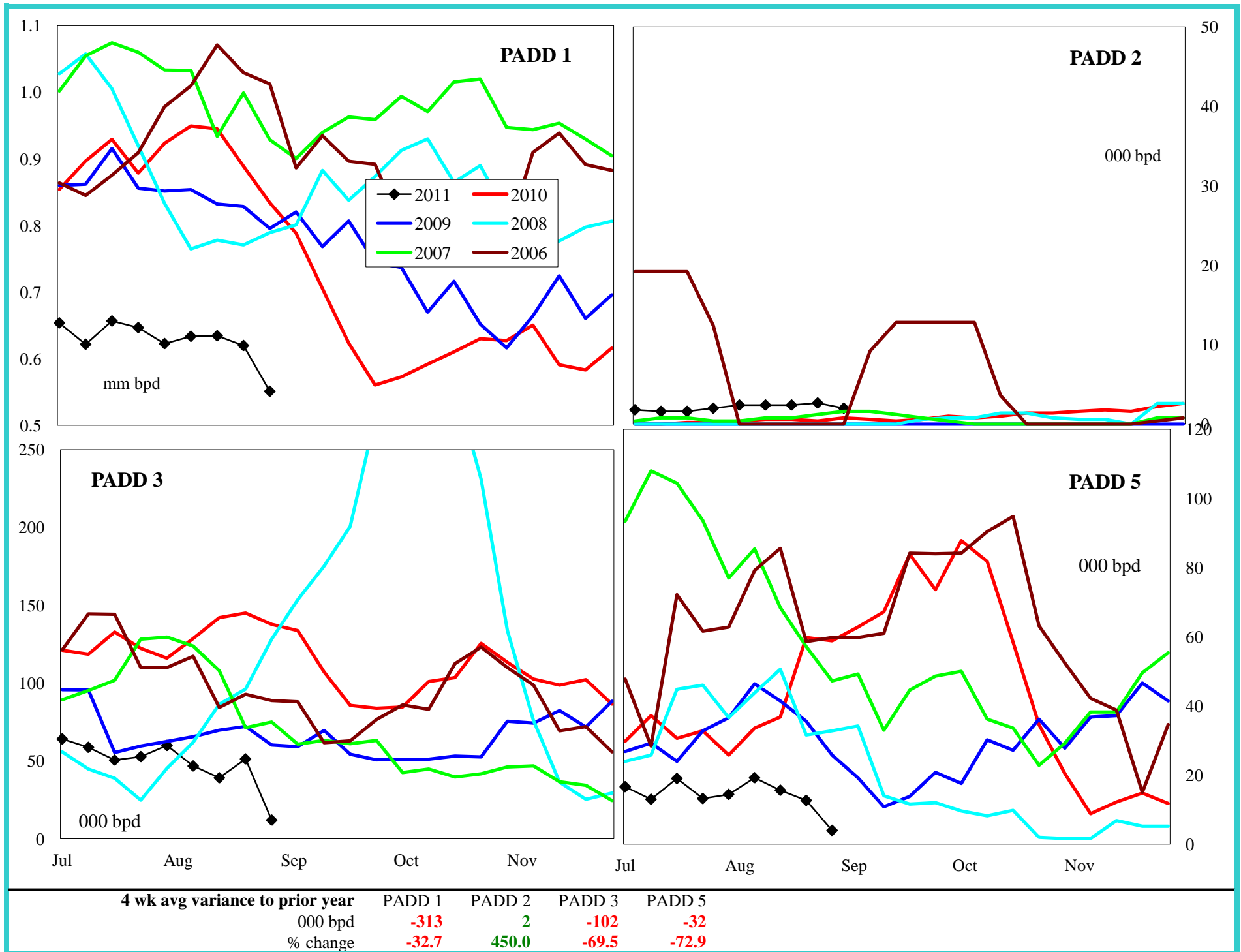




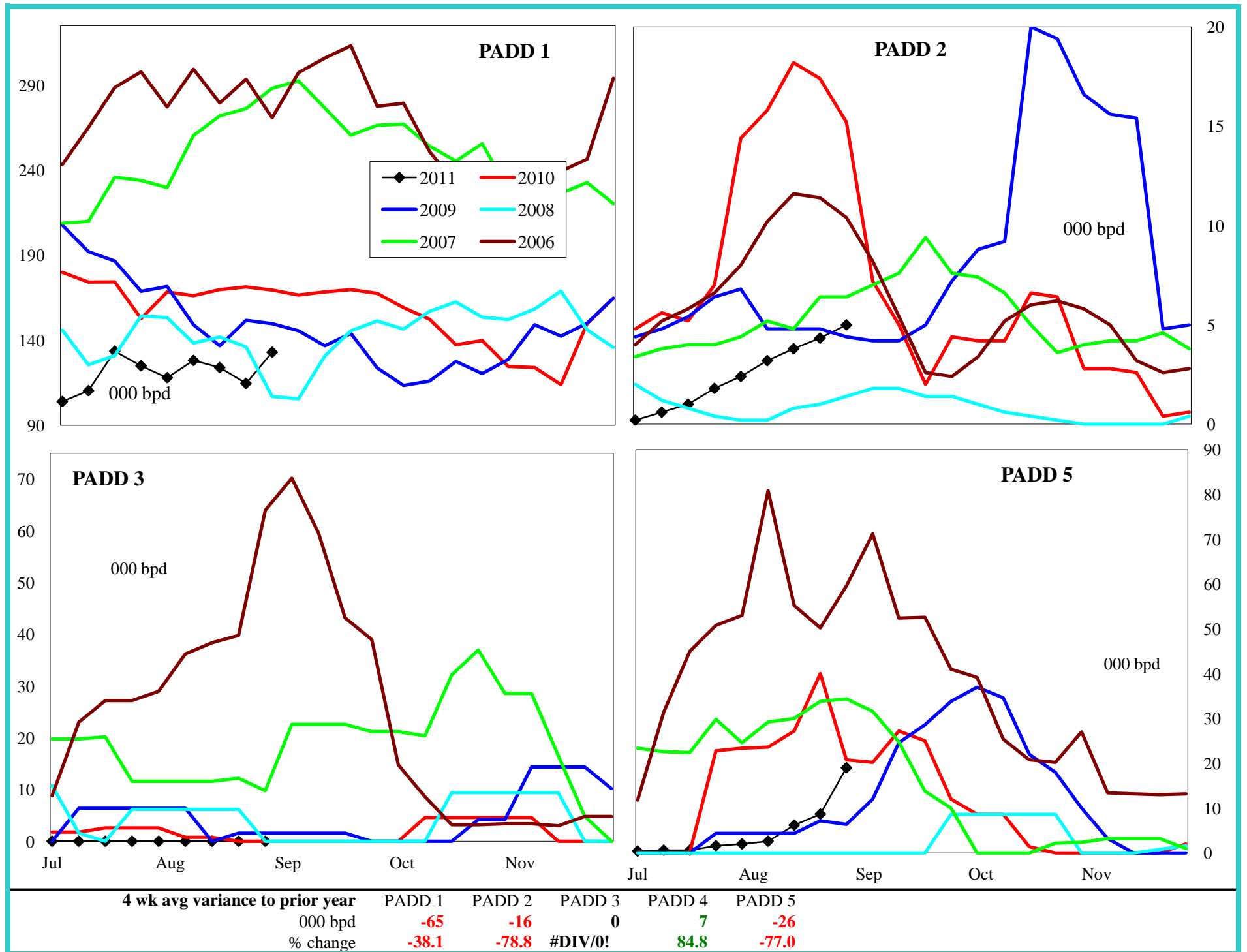
## Crude Oil Imports by PADD



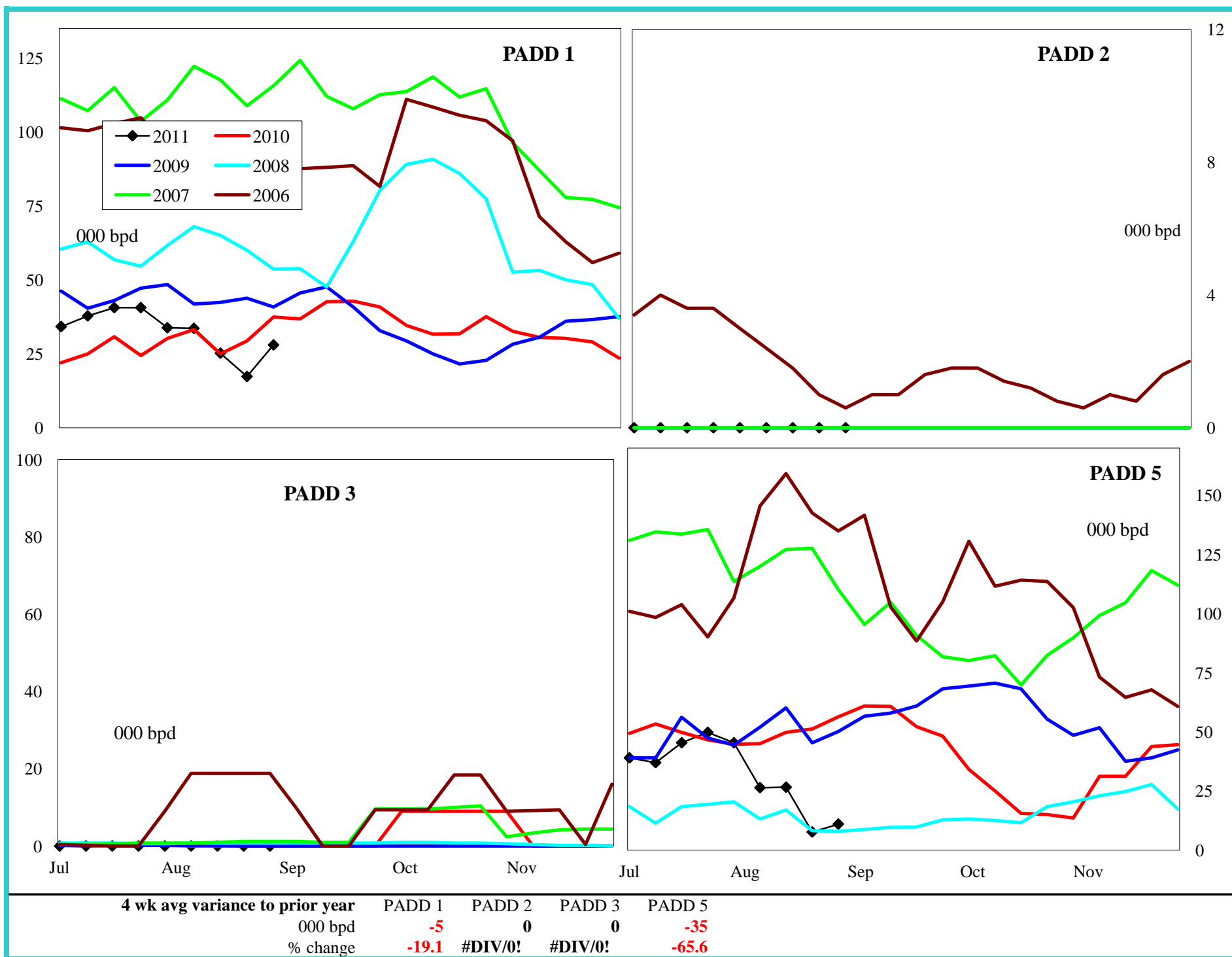
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

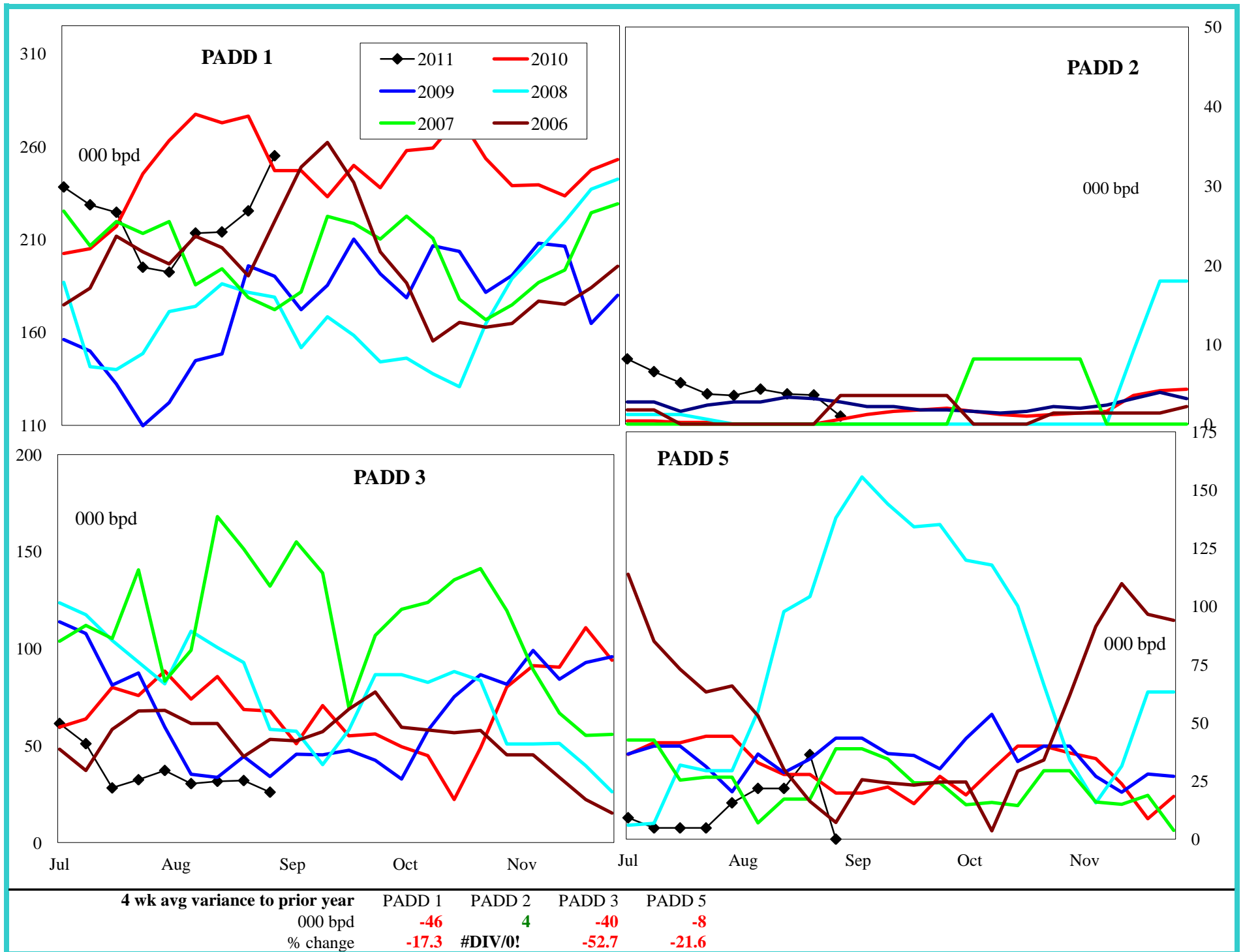


# Jet Fuel Imports by PADD

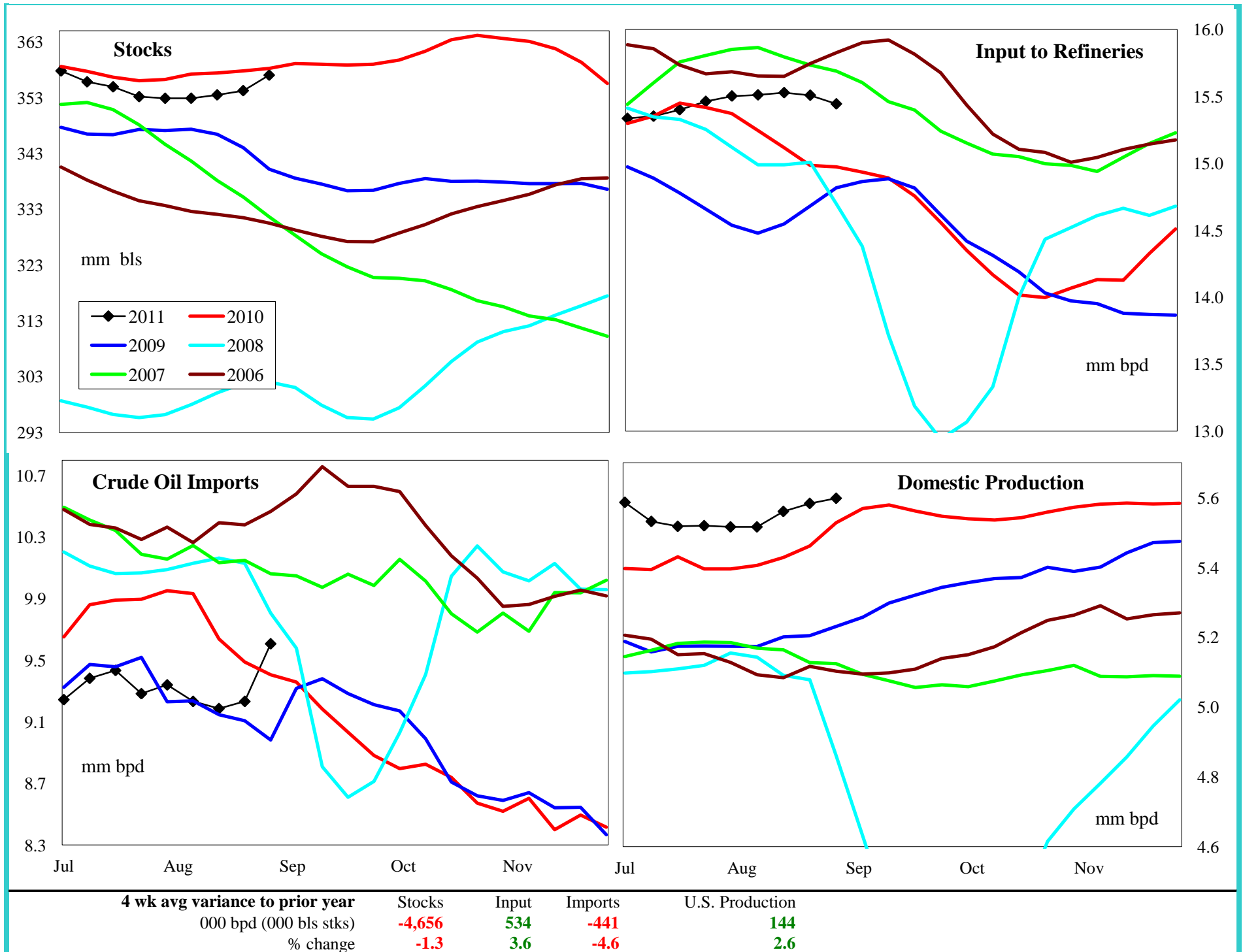




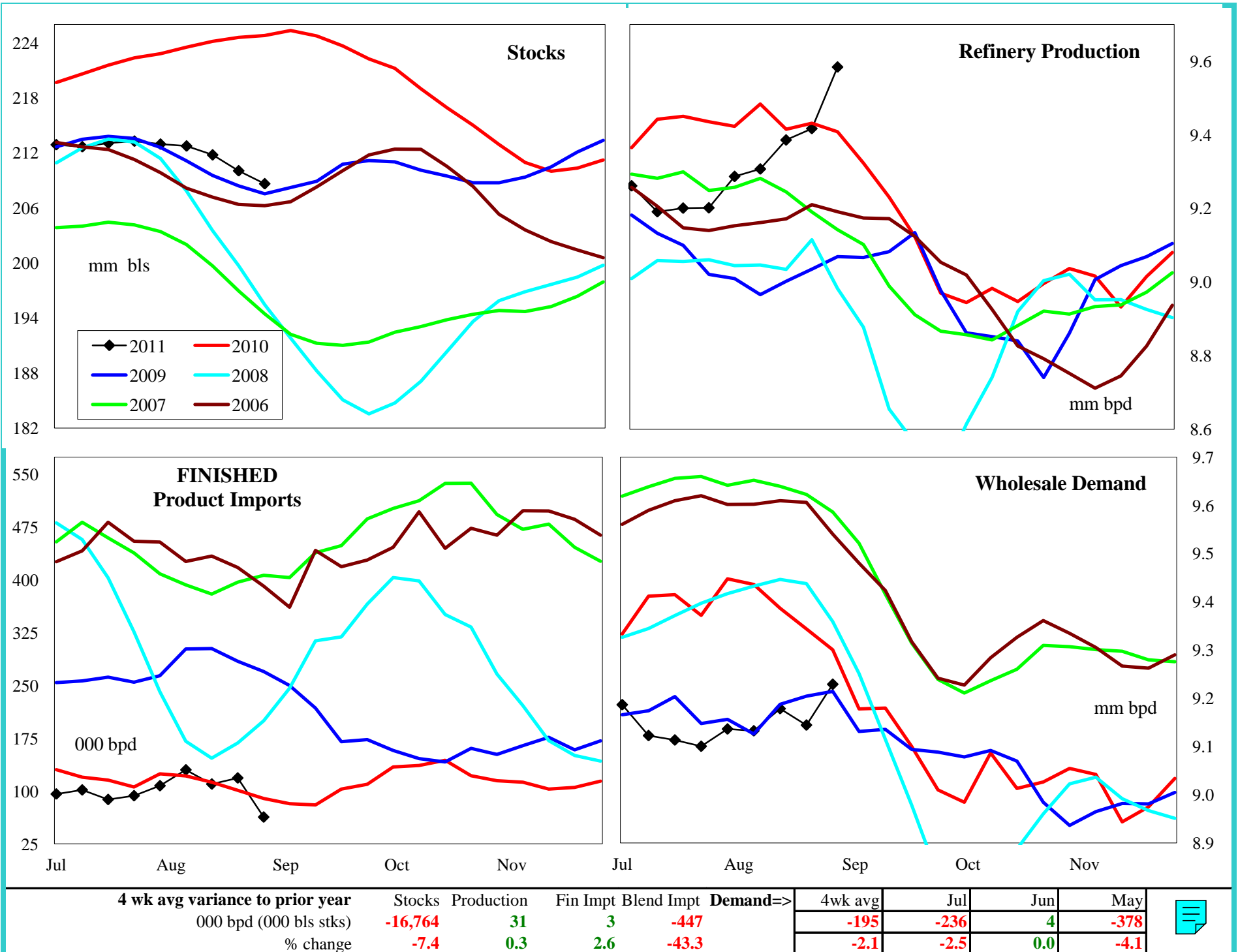
## Residual Fuel Oil Imports by PADD



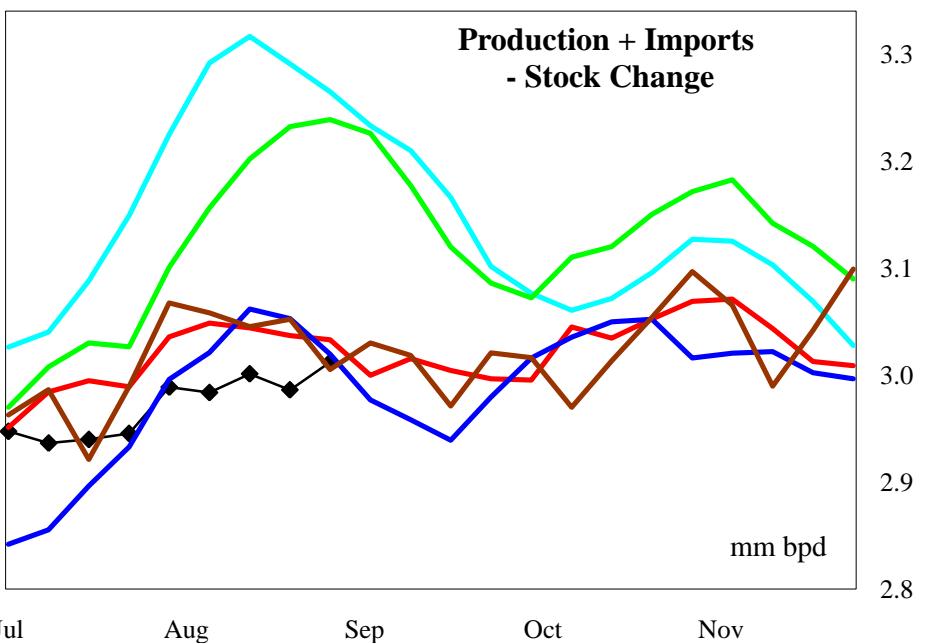
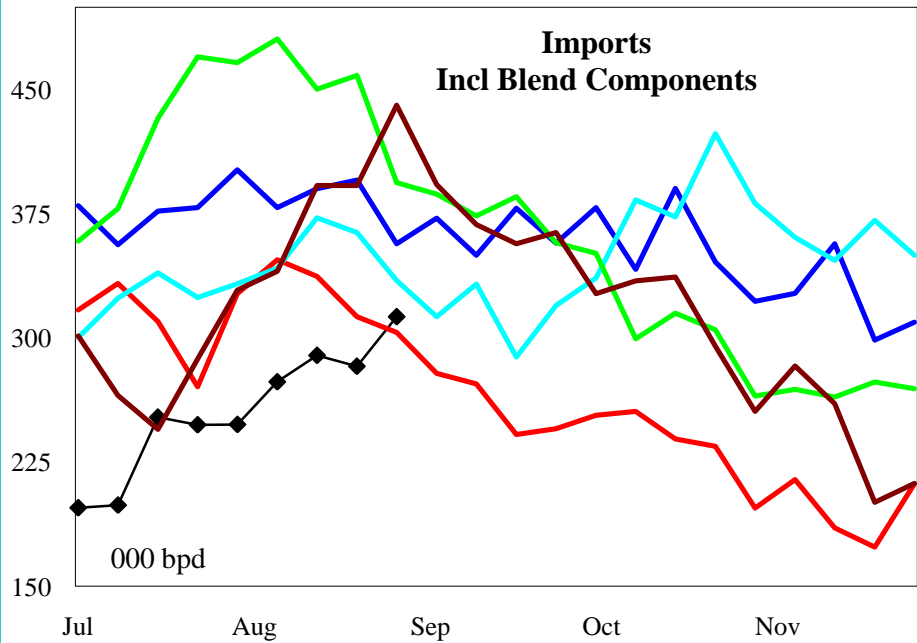
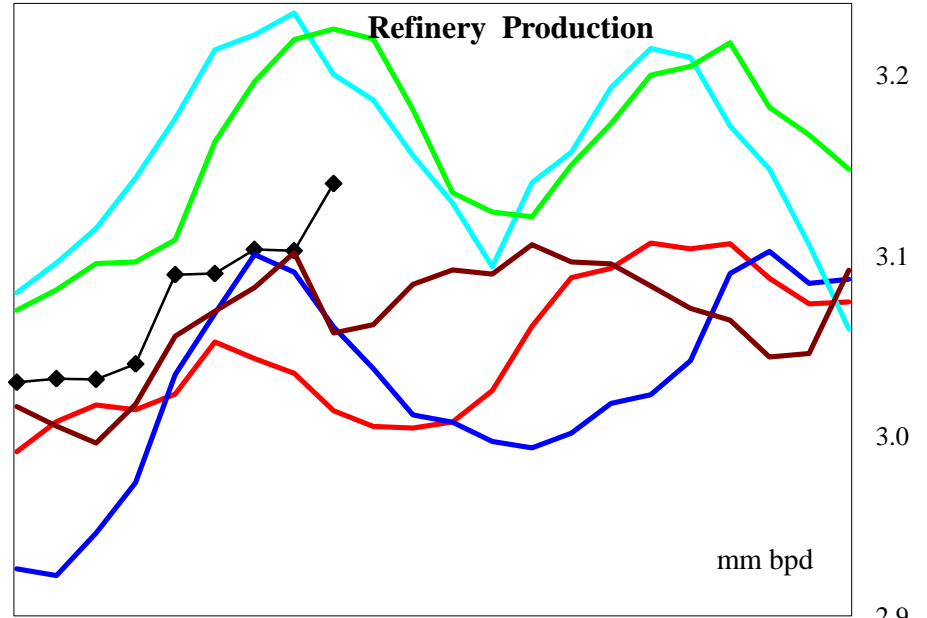
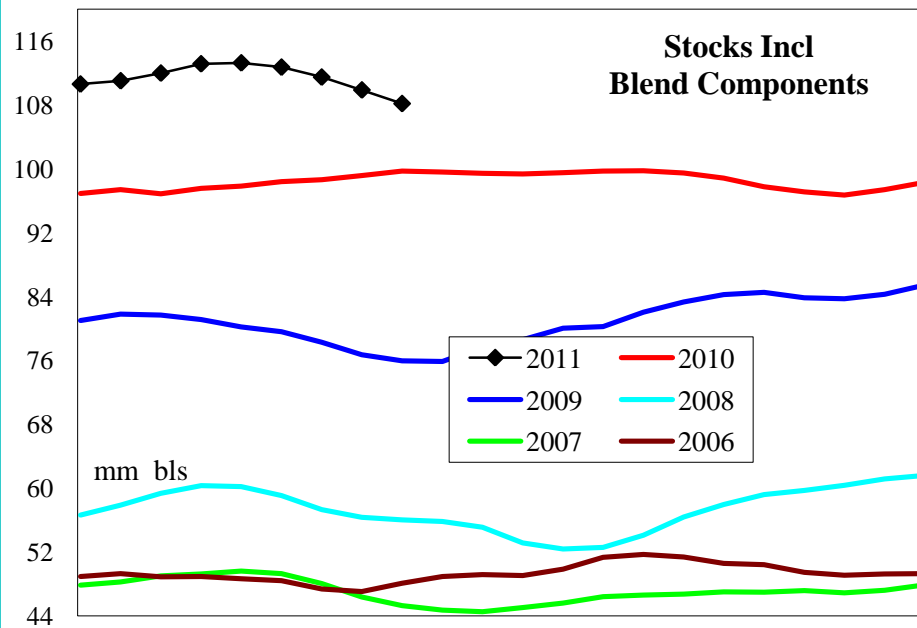
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance



# United States Reformulated Gasoline Supply

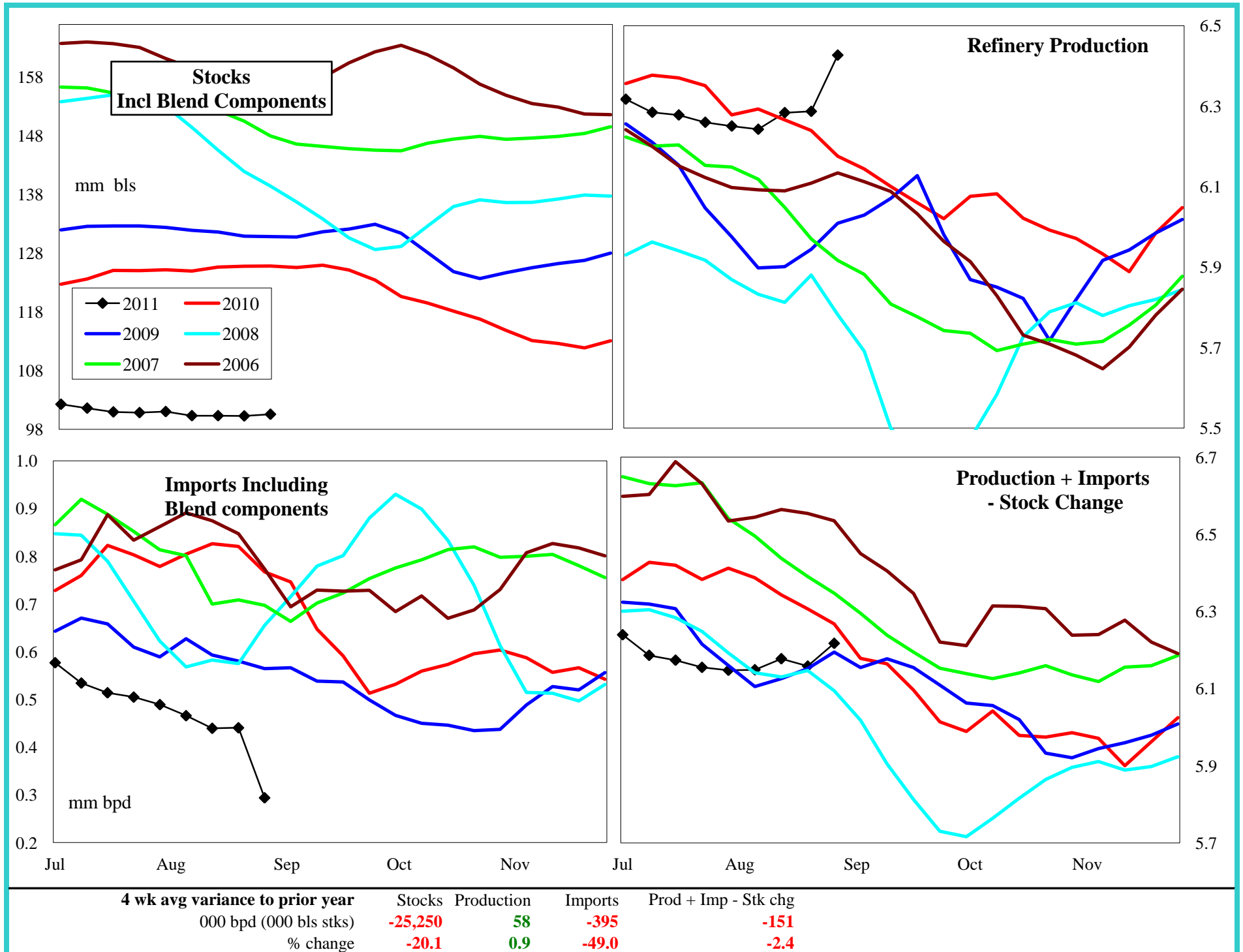


**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

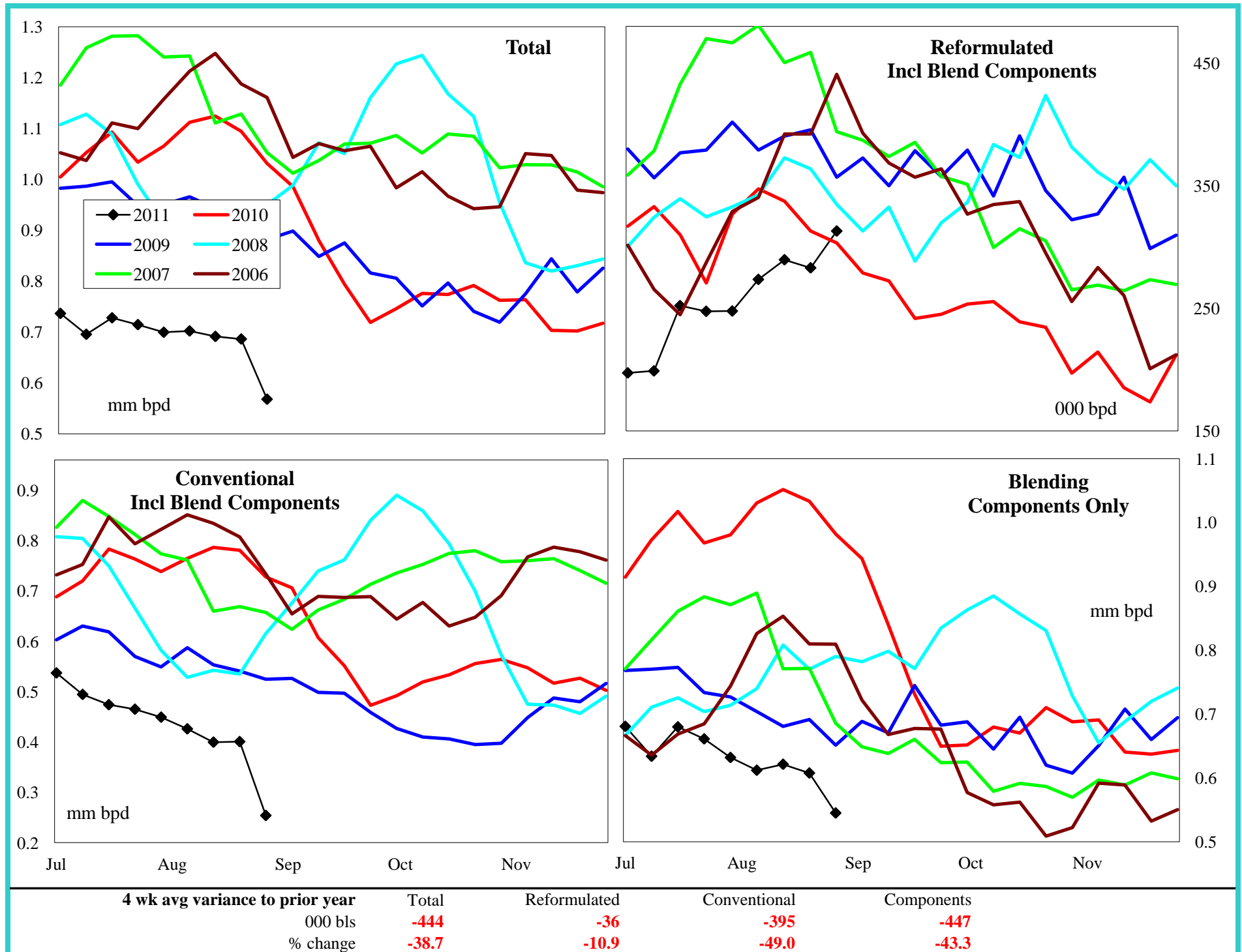
Stocks	Production	Imports	Prod + Imp - Stk chg
8,435	68	-36	-45
8.5	2.2	-10.9	-1.5



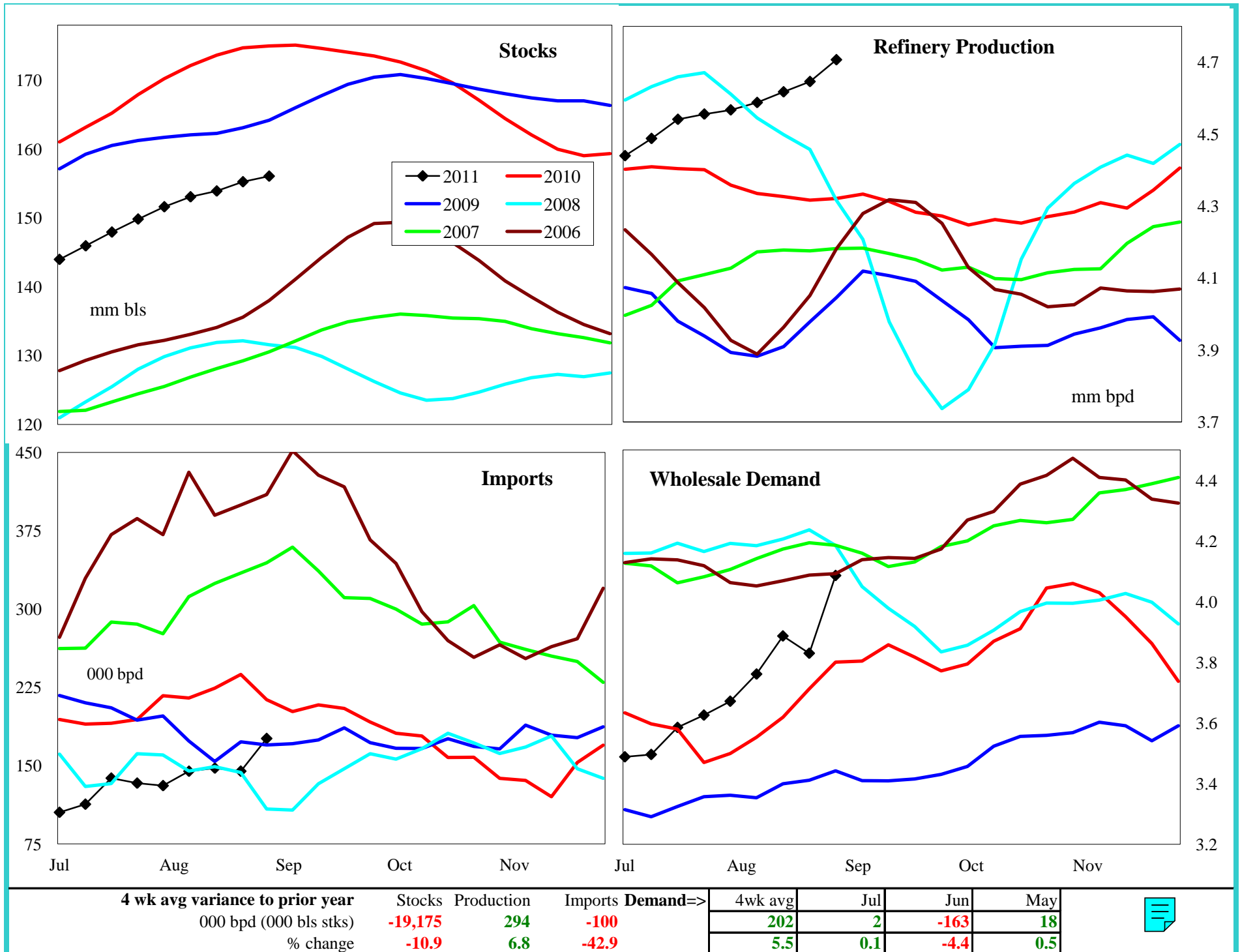
# United States Conventional Gasoline Supply



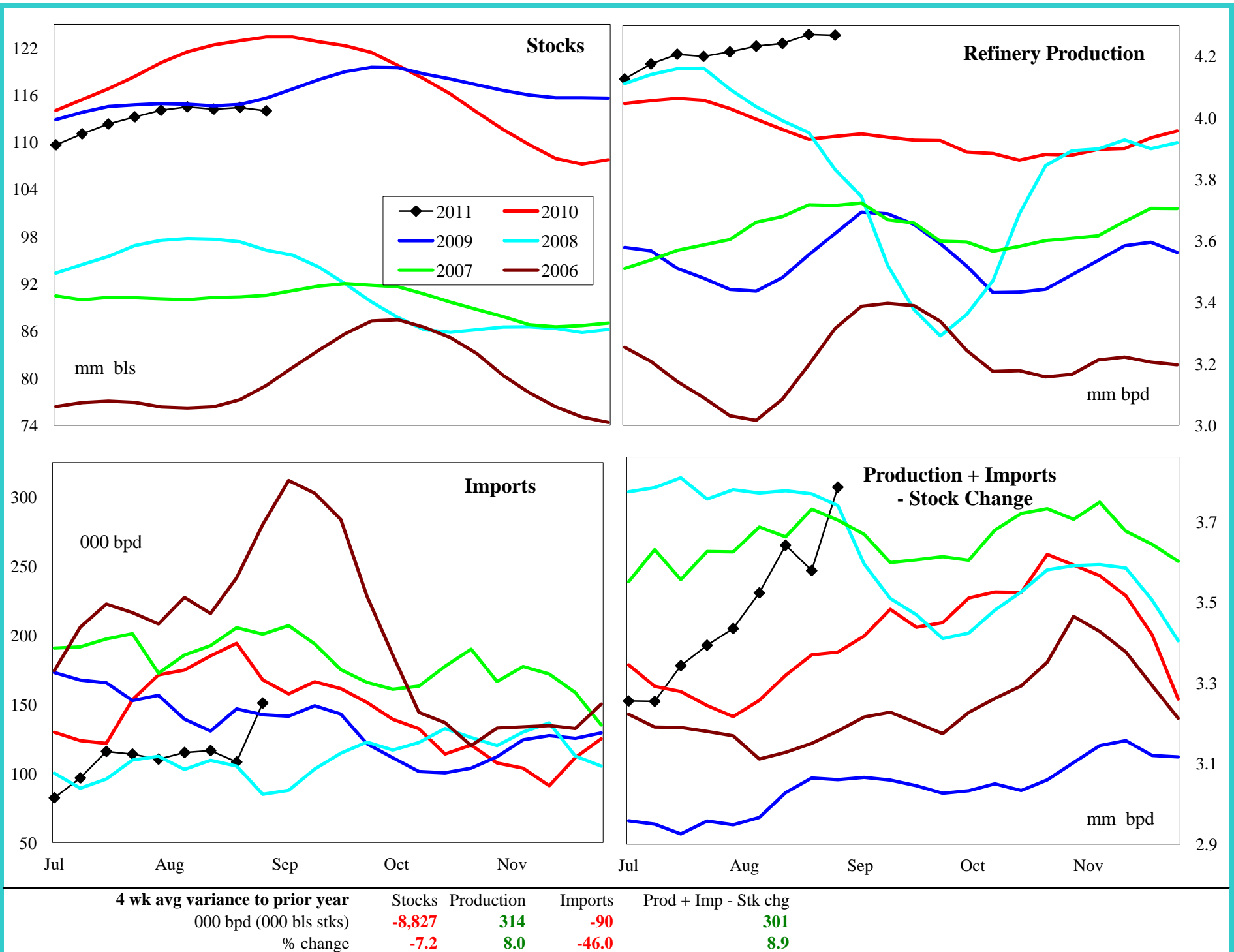
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

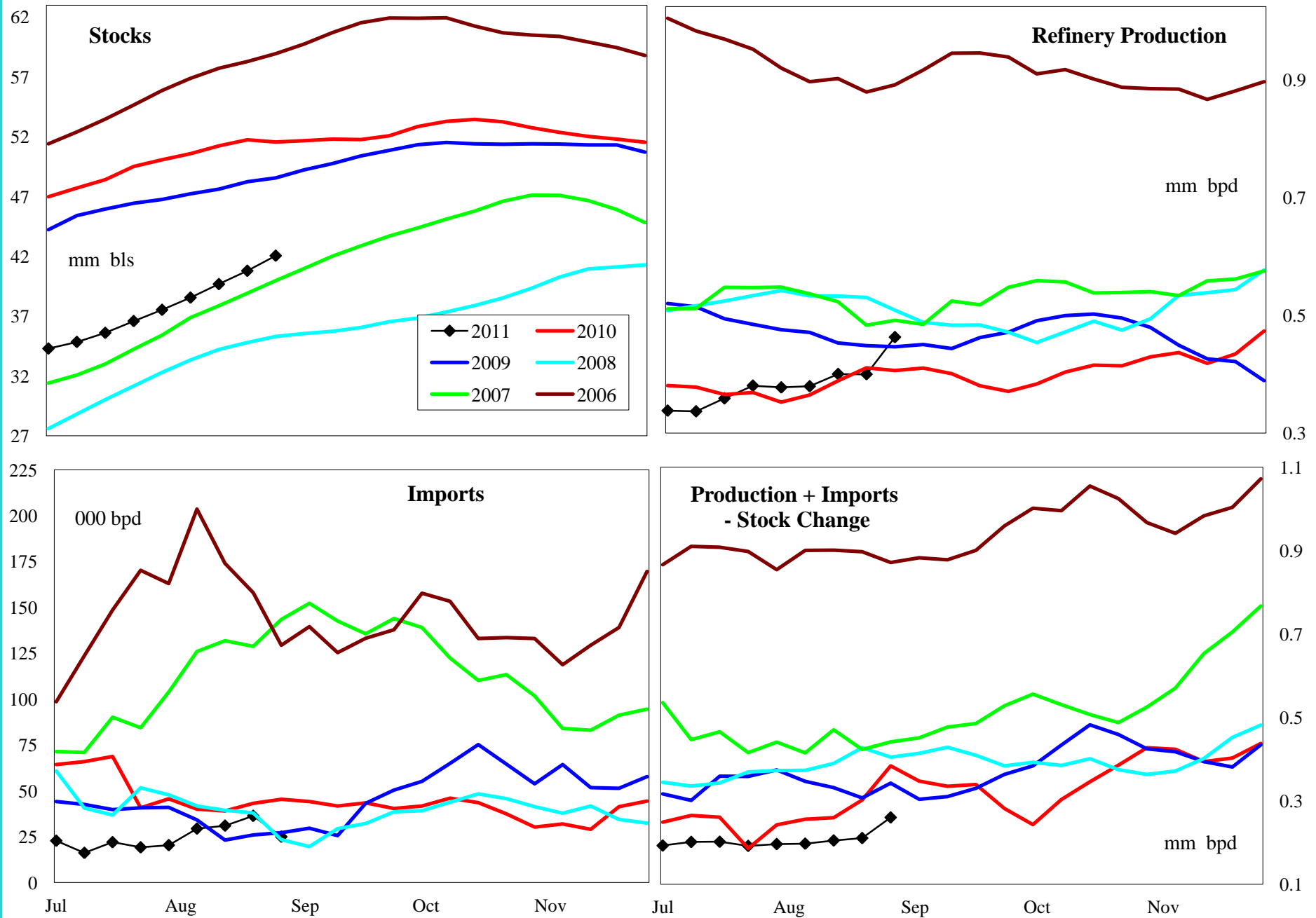


# United States Low Sulfur Distillate Supply





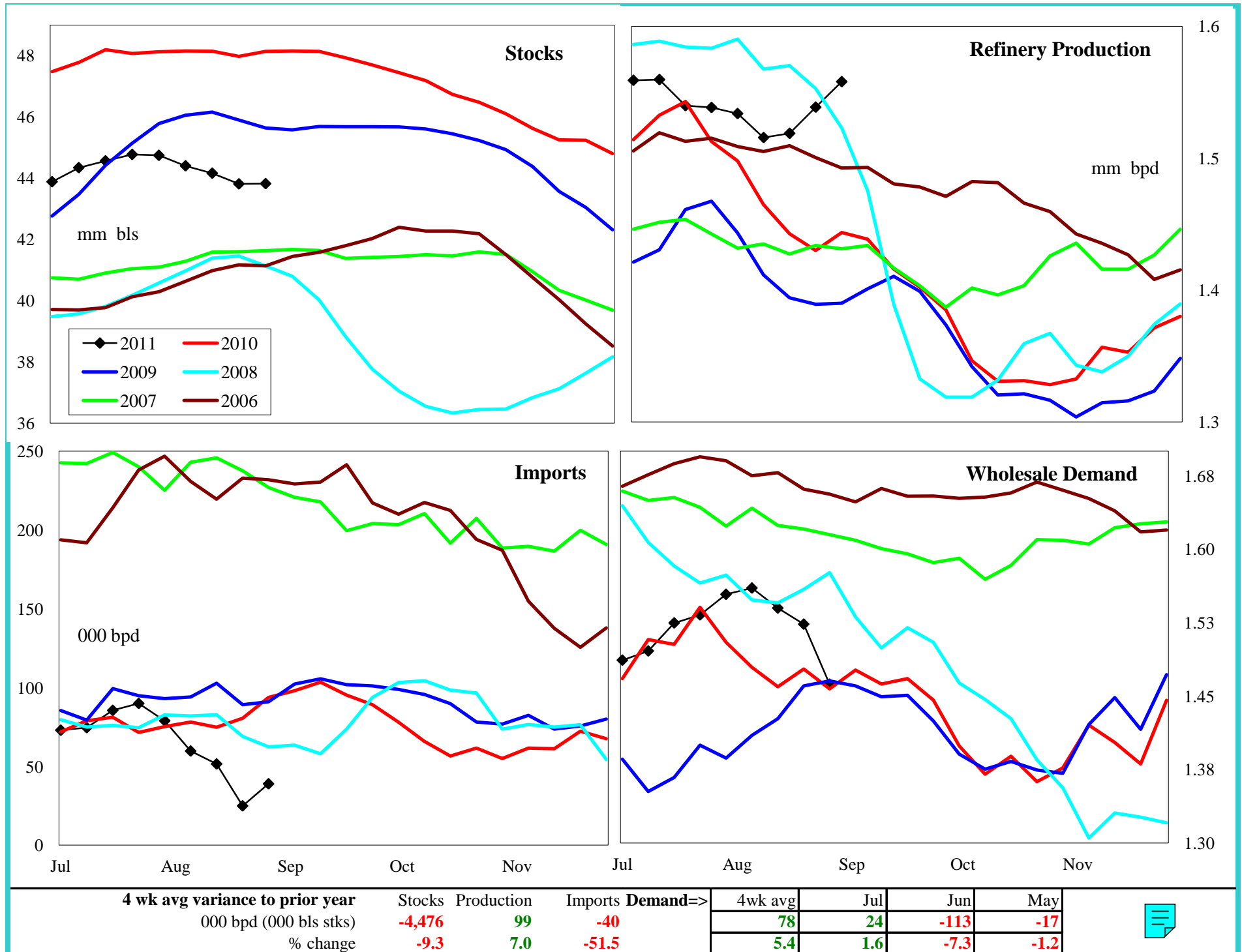
# United States High Sulfur Distillate Supply



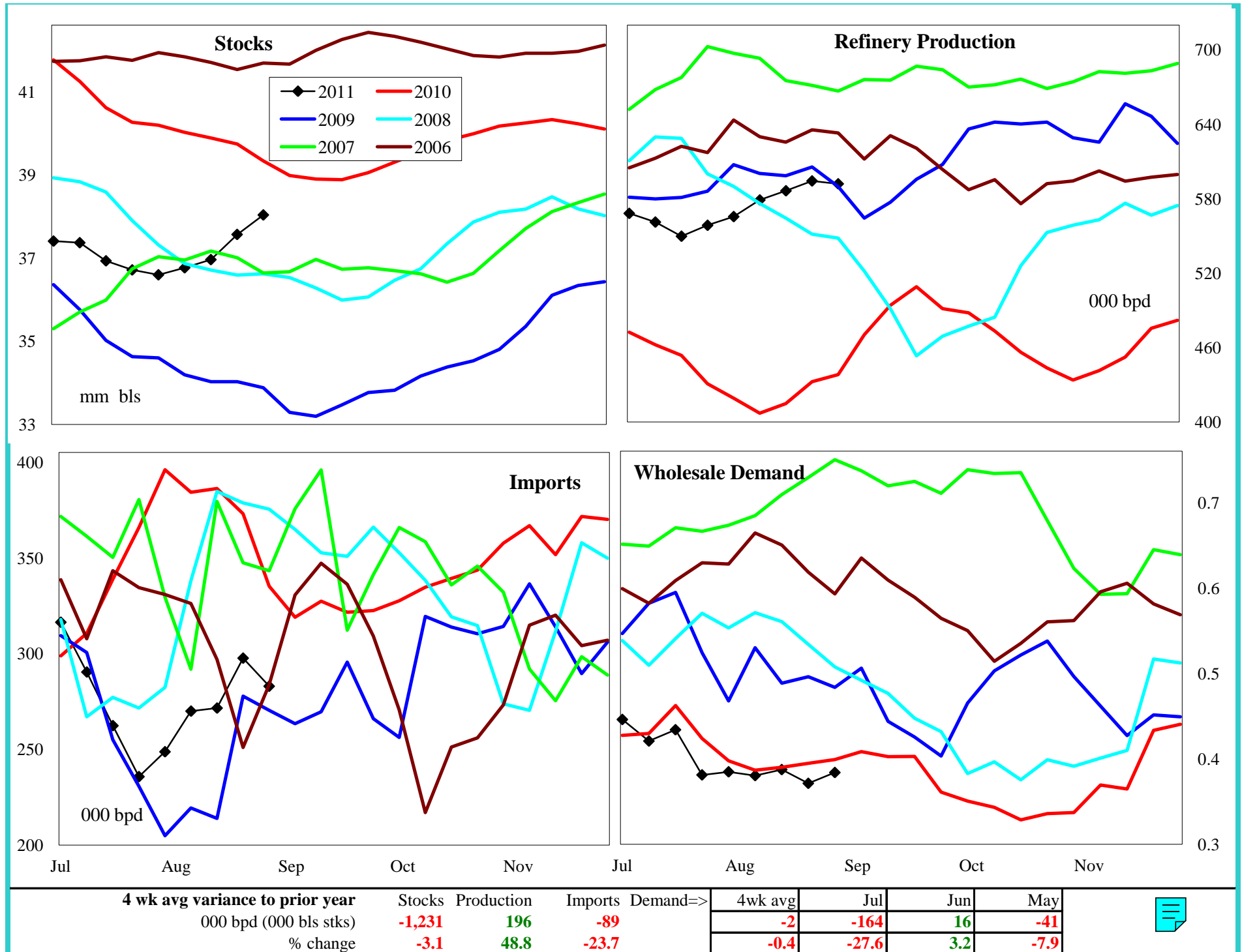
**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-10,348	-20	-11	-100
-19.7	-5.2	-27.3	-35.2

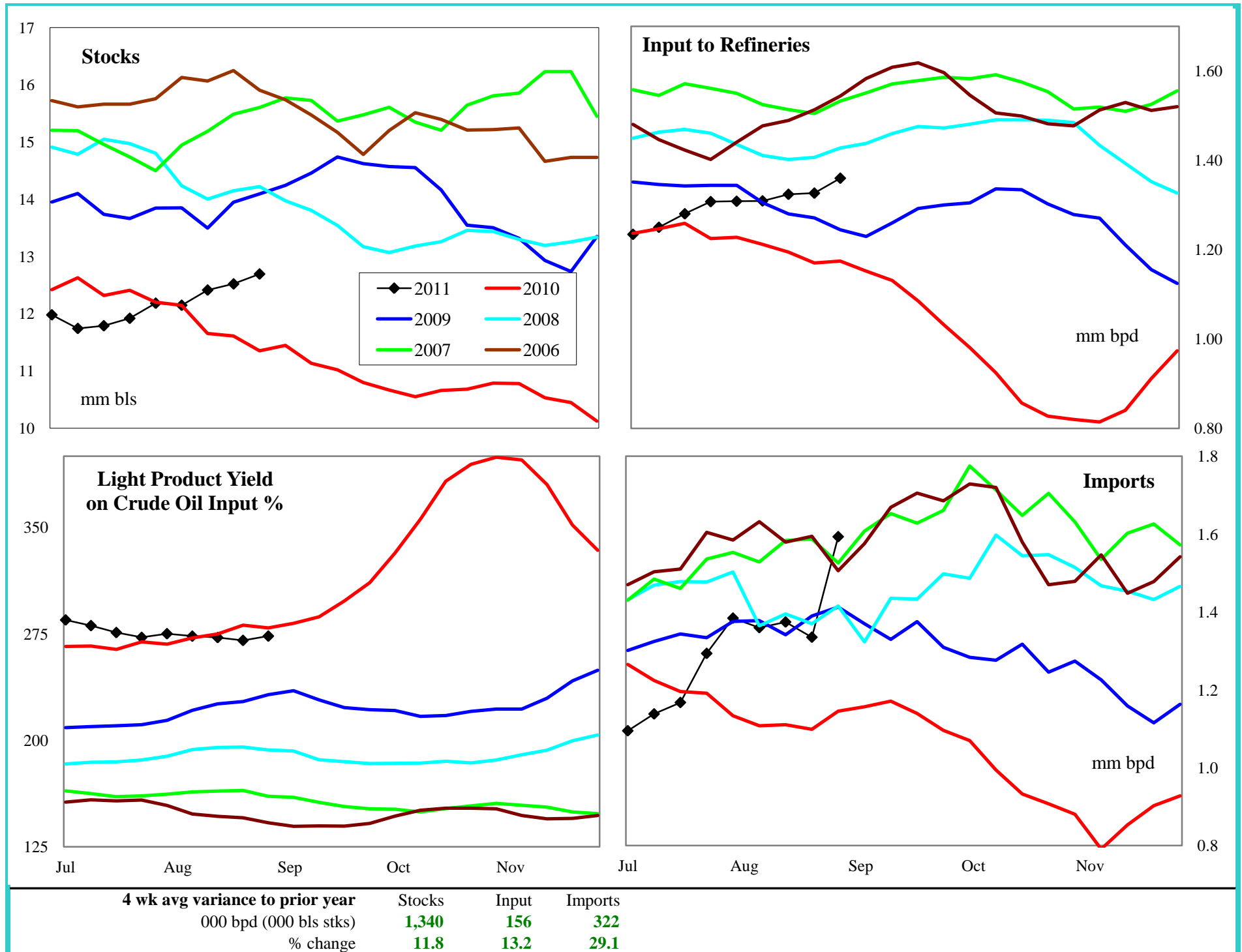
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

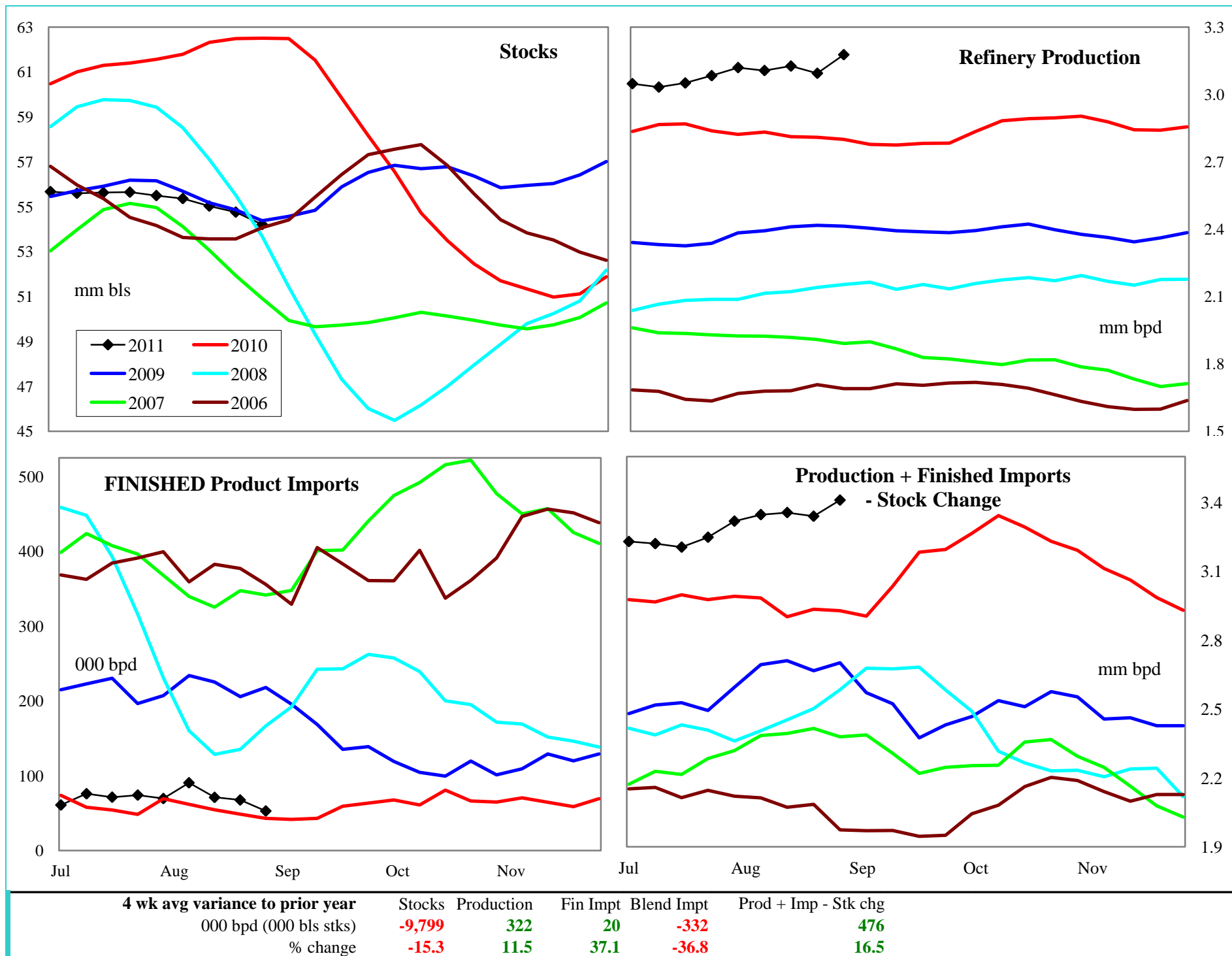


# PADD 1 Crude Oil Supply and Refining

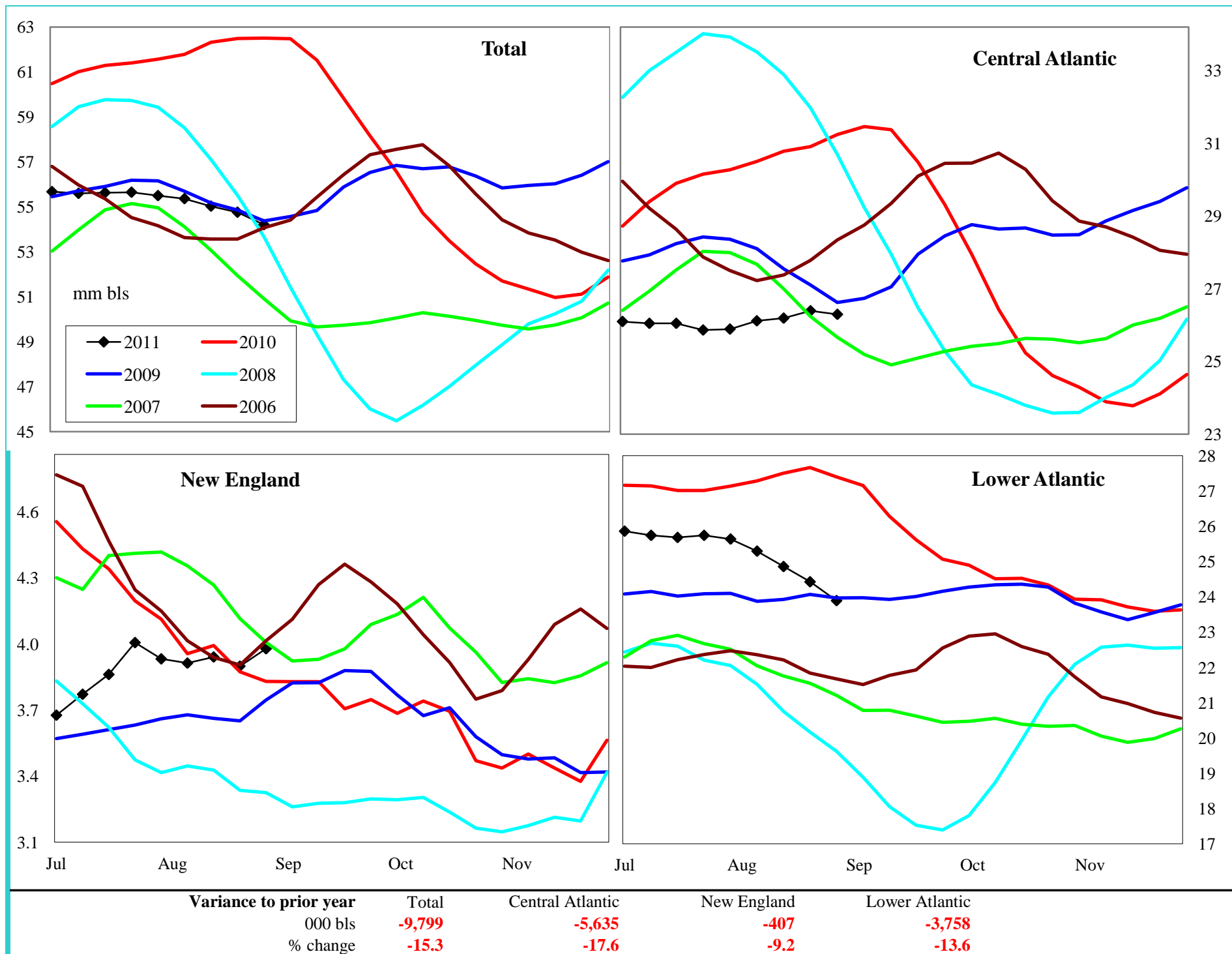




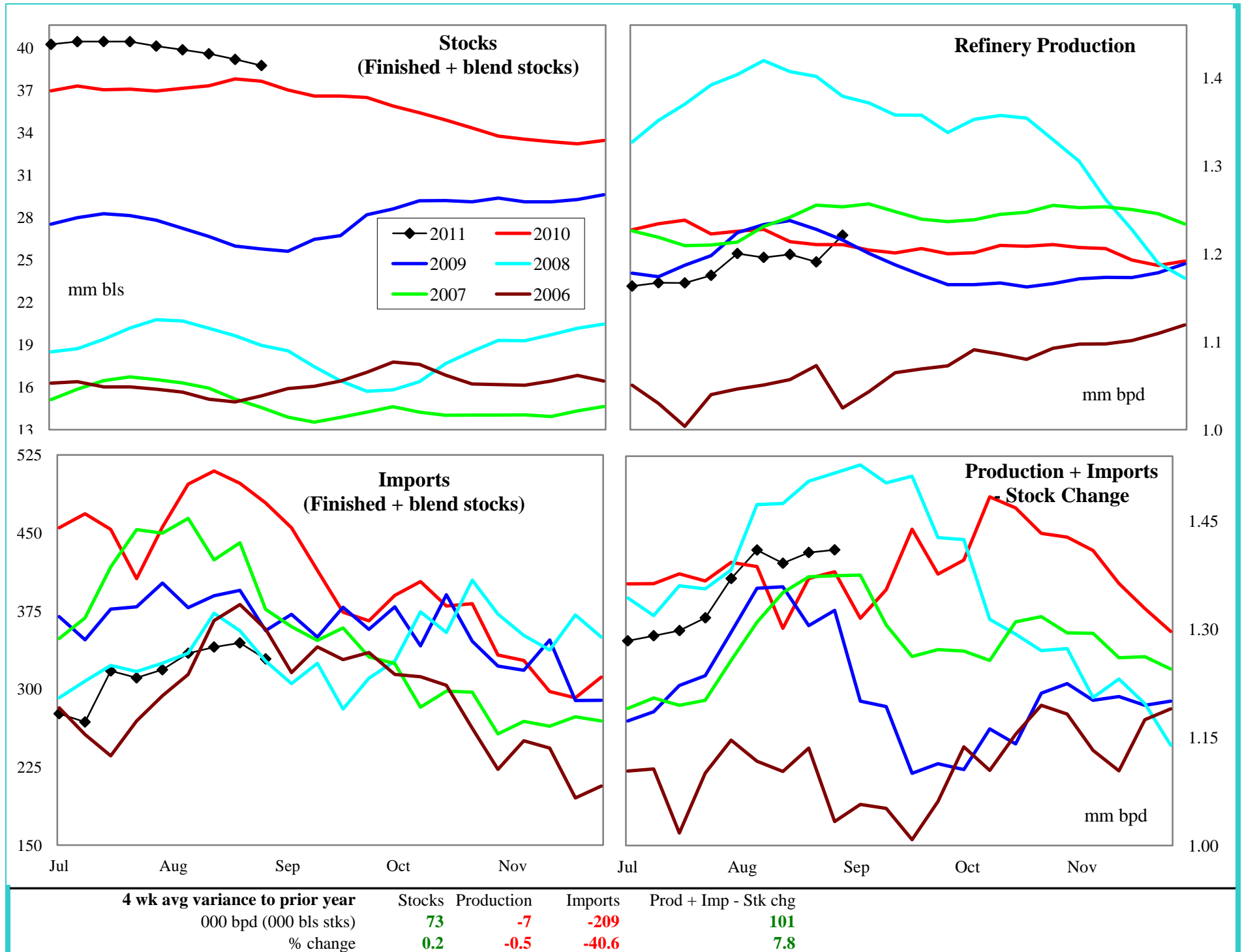
# PADD 1 Gasoline Supply



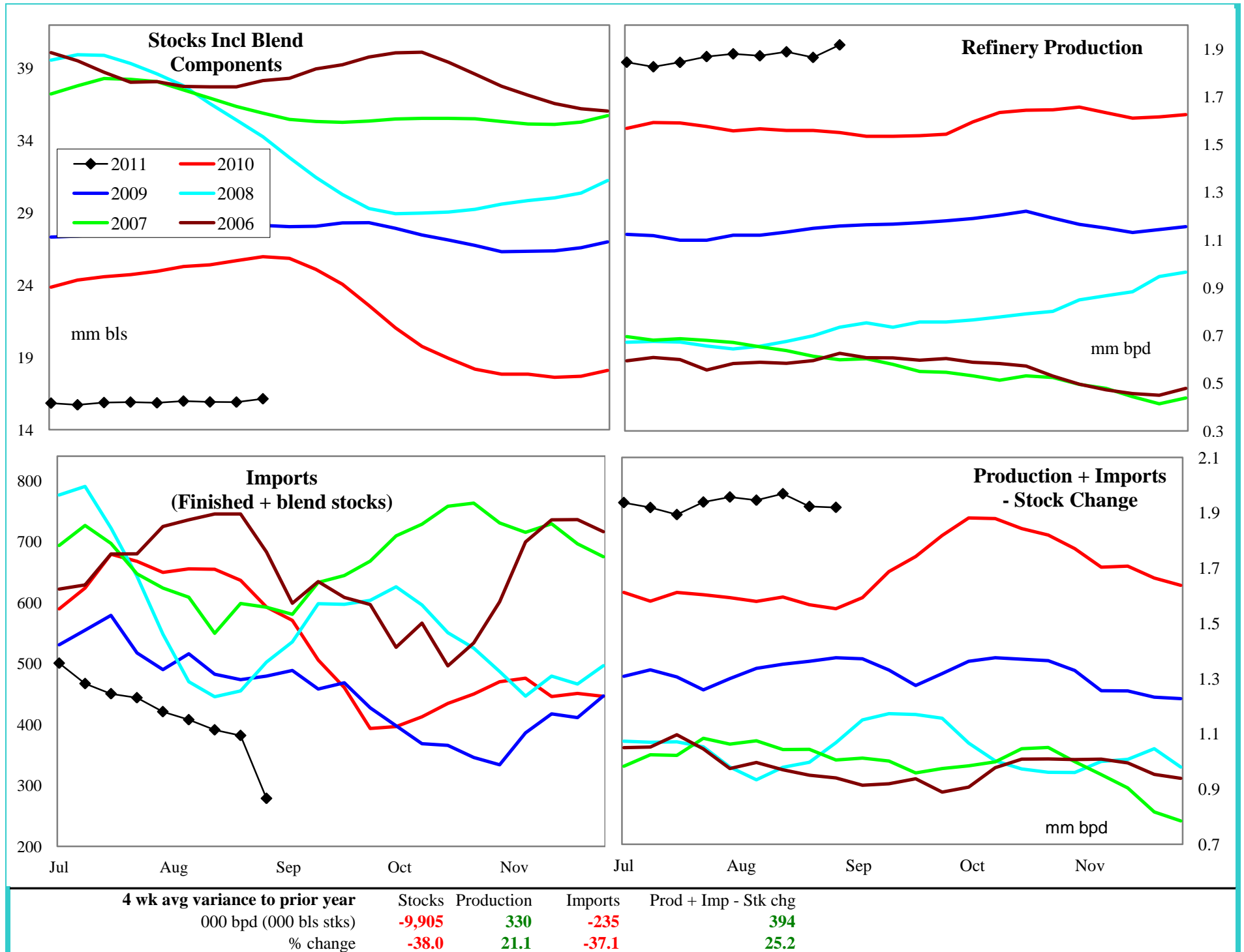
# PADD 1 Gasoline Stocks by Region



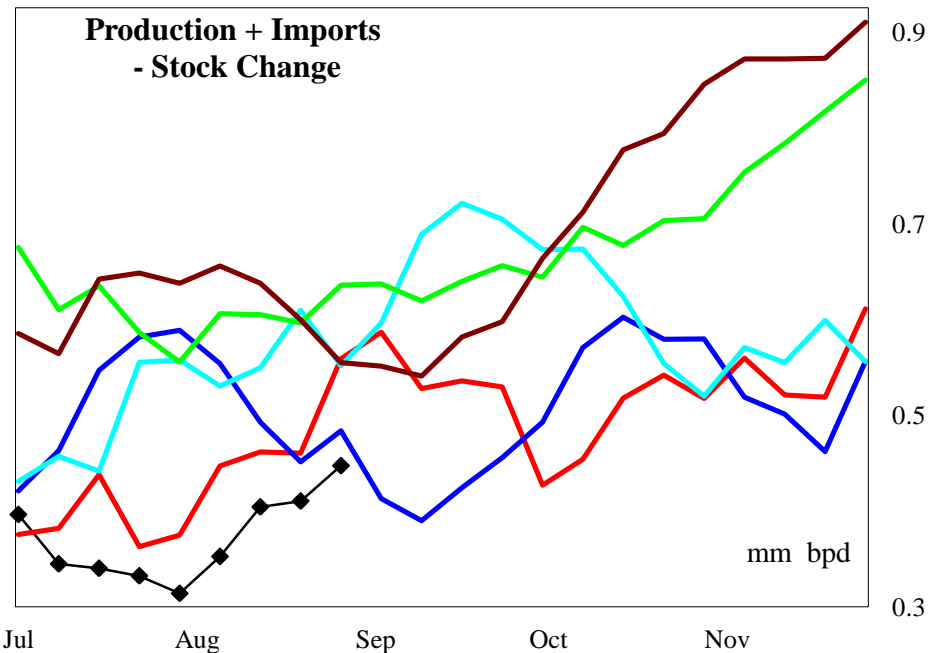
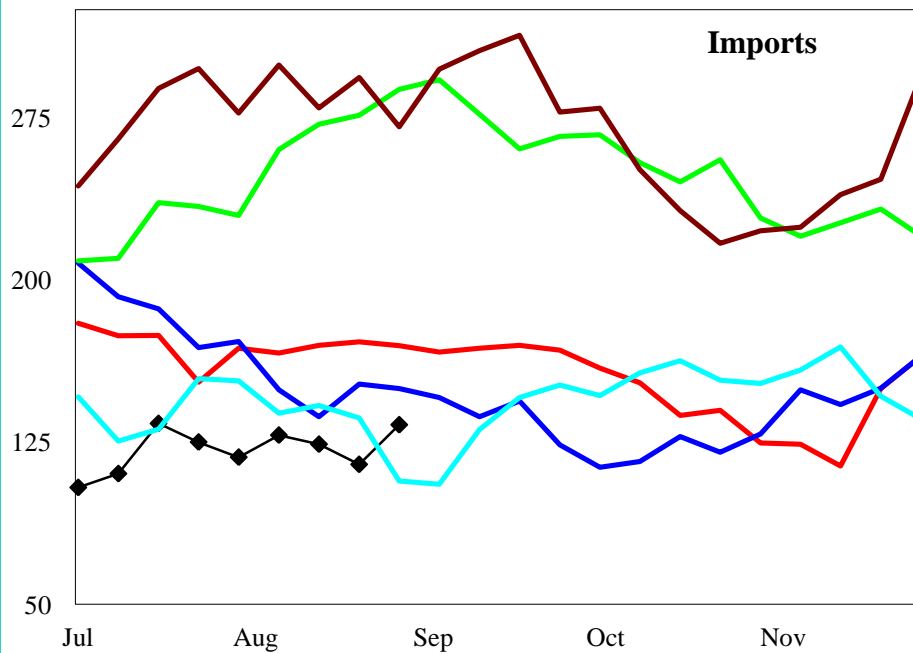
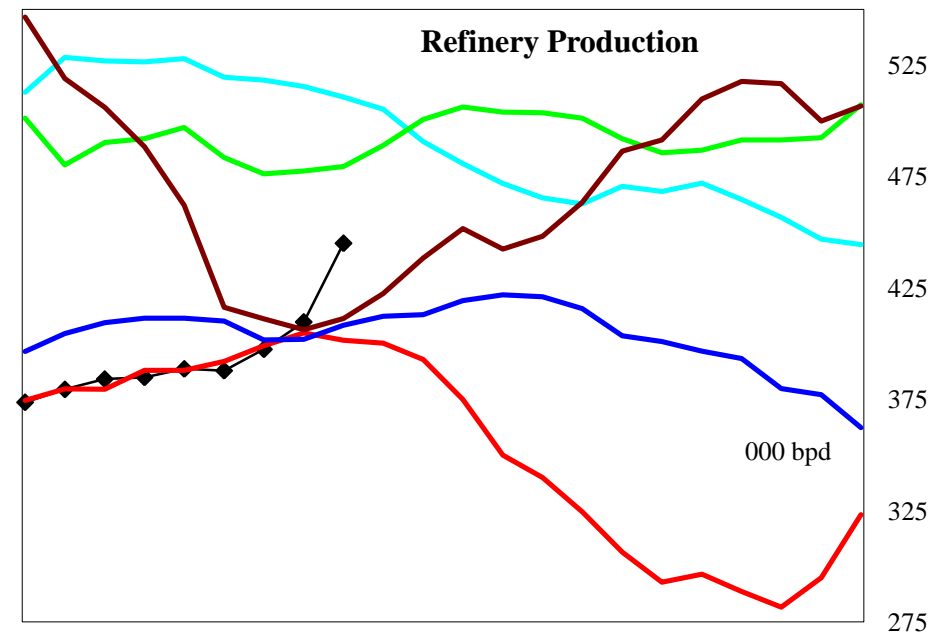
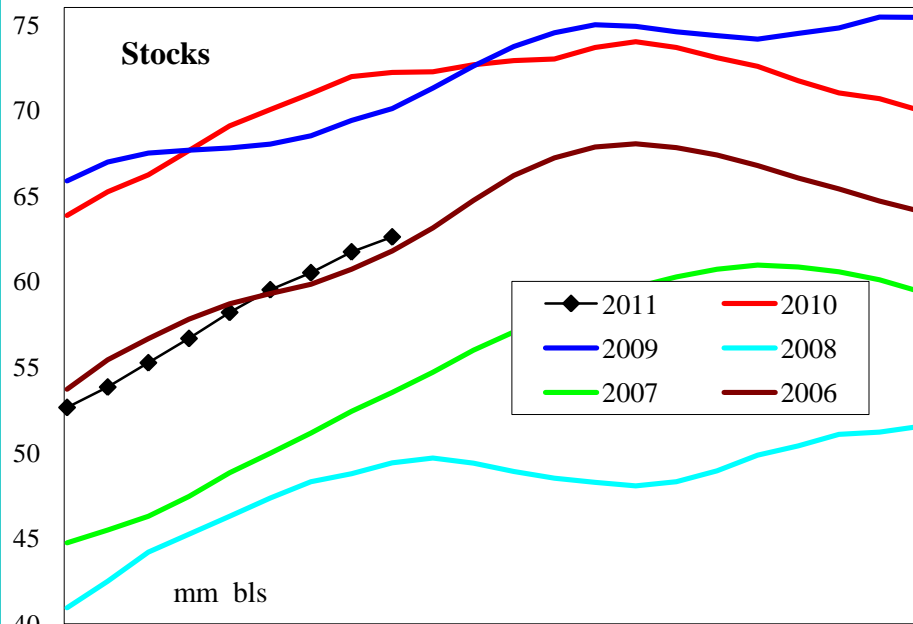
# PADD 1 Reformulated Gasoline Supply



# PADD 1 Conventional Gasoline Supply



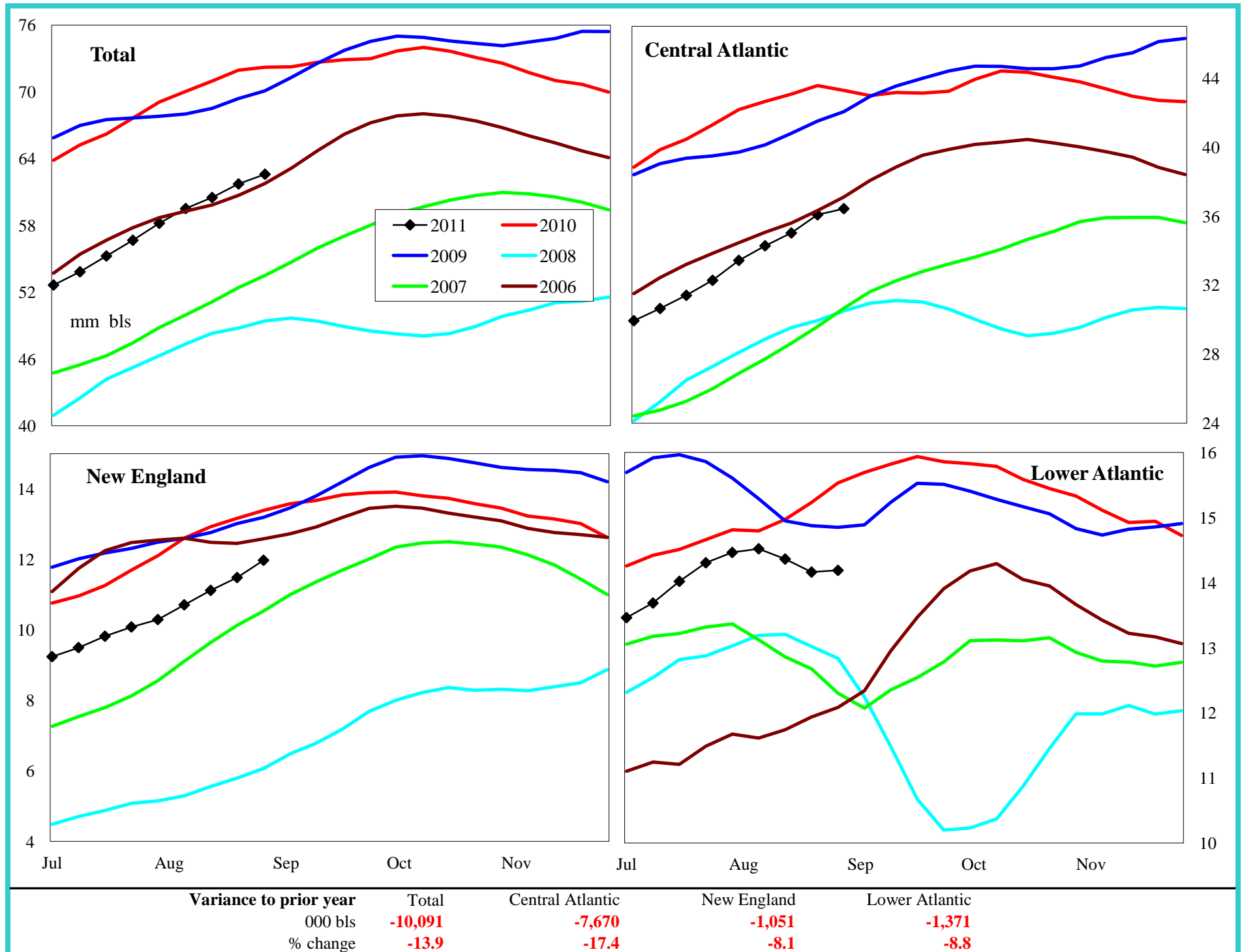
# PADD 1 Distillate Supply



**4 wk avg variance to prior year**  
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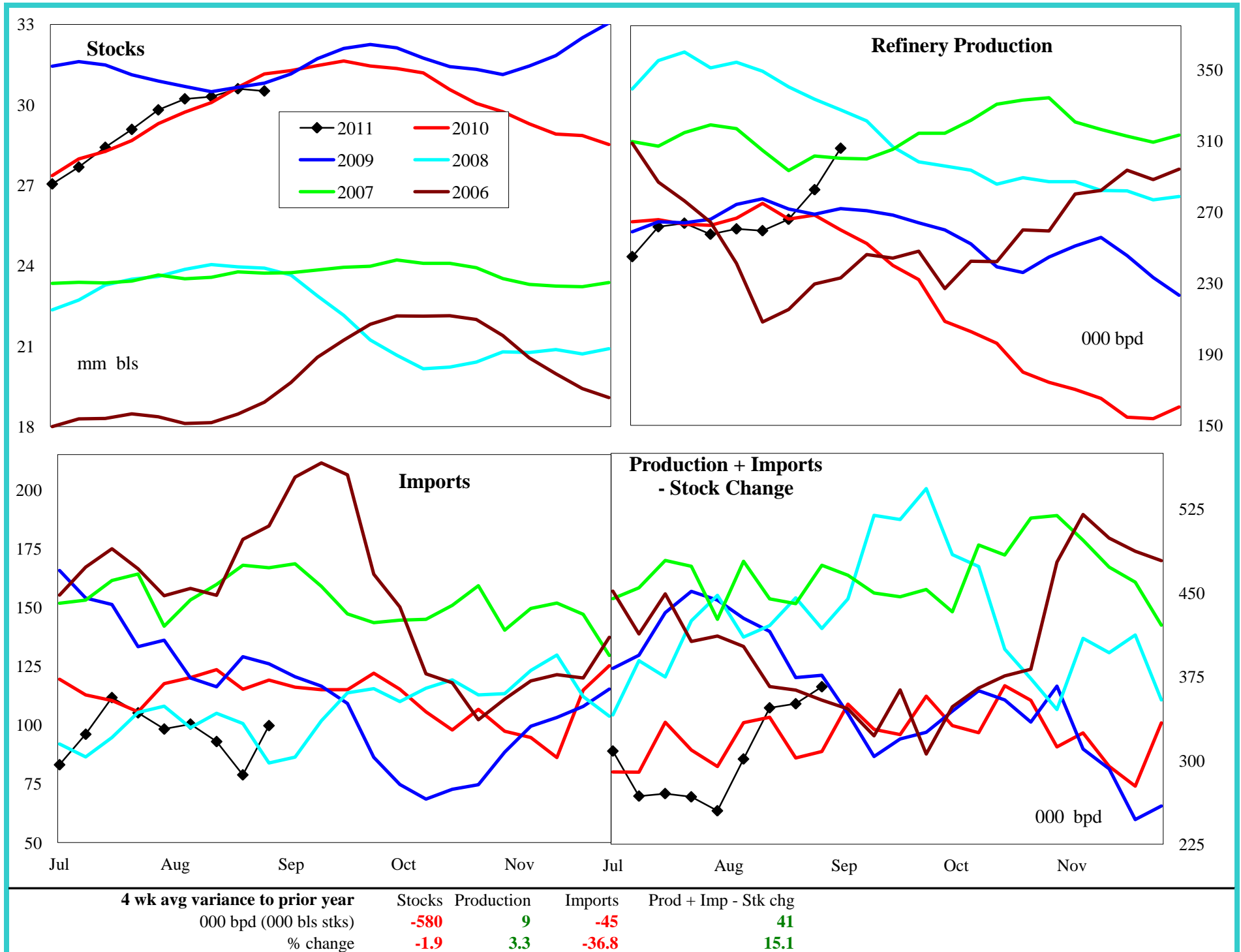
	Stocks	Production	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-10,091	-3	-65	-53
% change	-13.9	-0.7	-38.1	-13.8

# PADD 1 Distillate Stocks by Region

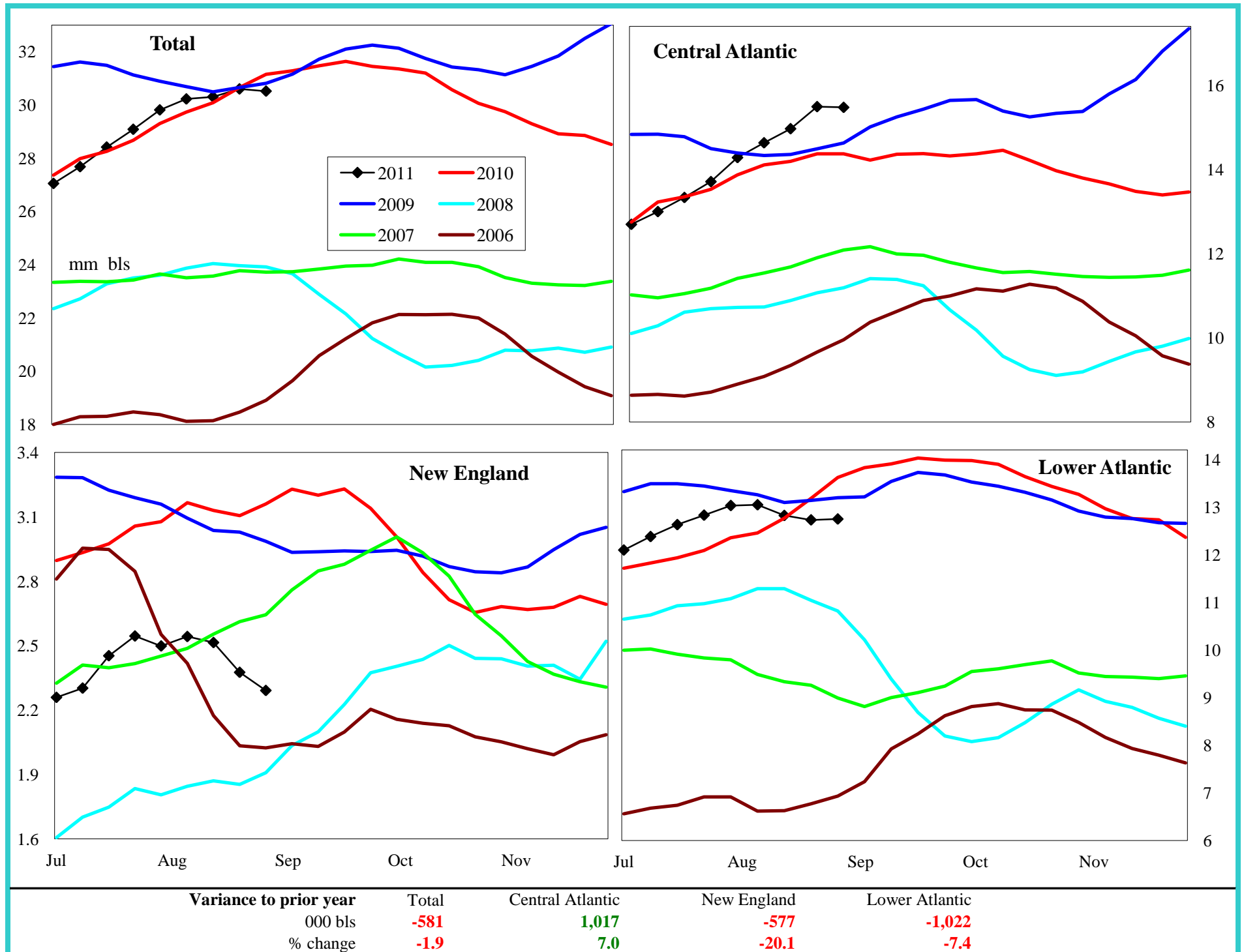




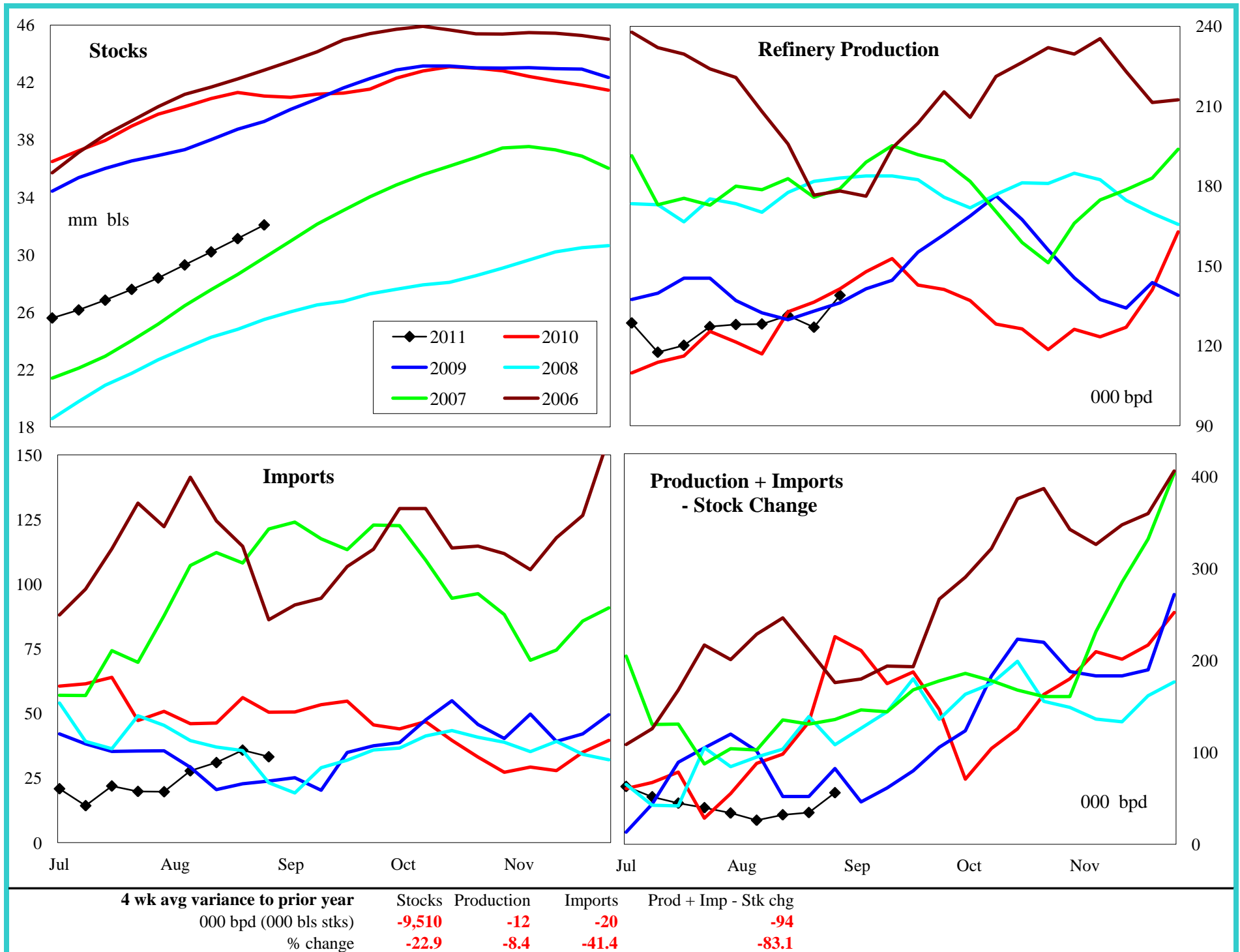
# PADD 1 Low Sulfur Distillate Supply



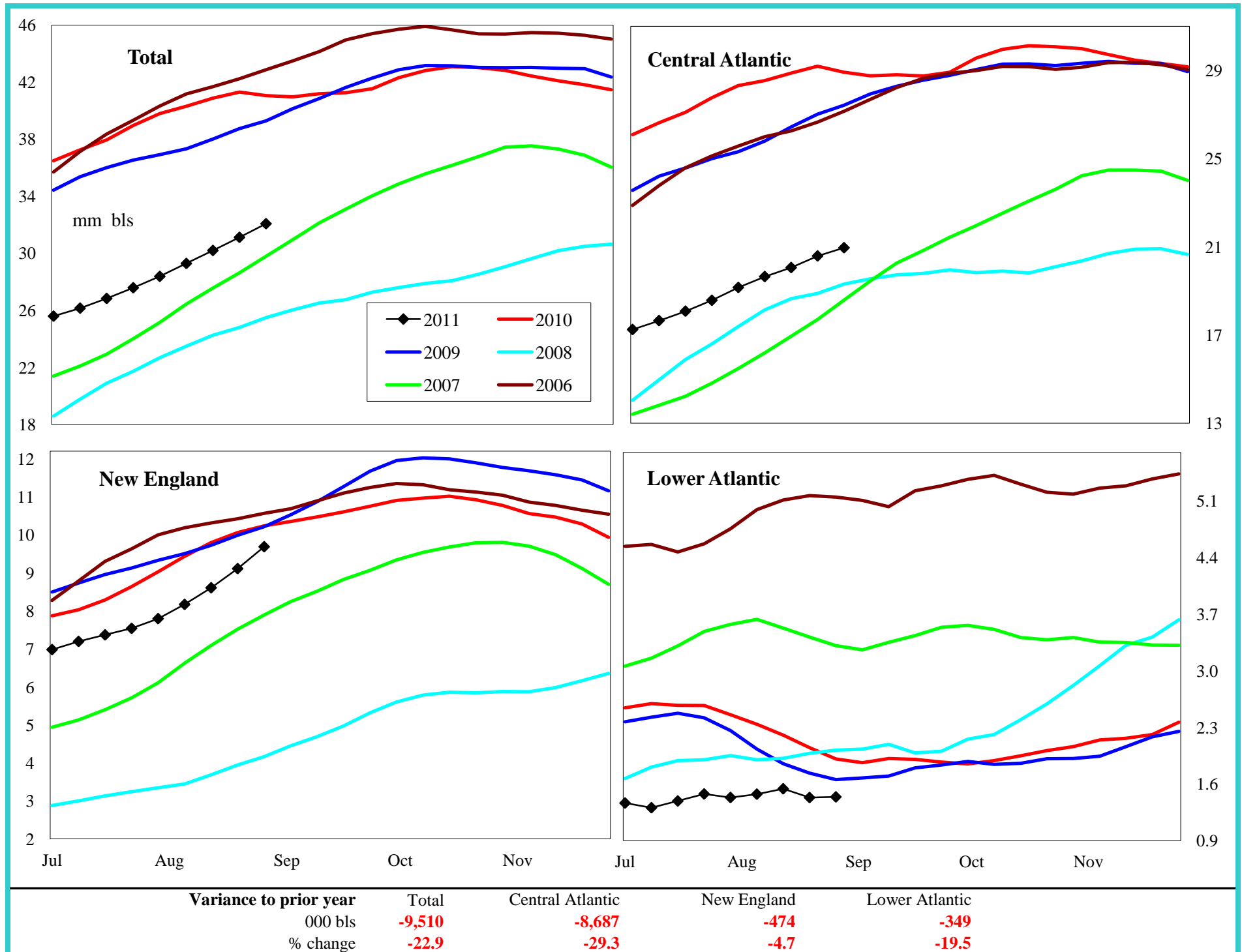
# PADD 1 Low Sulfur Distillate Stocks by Region



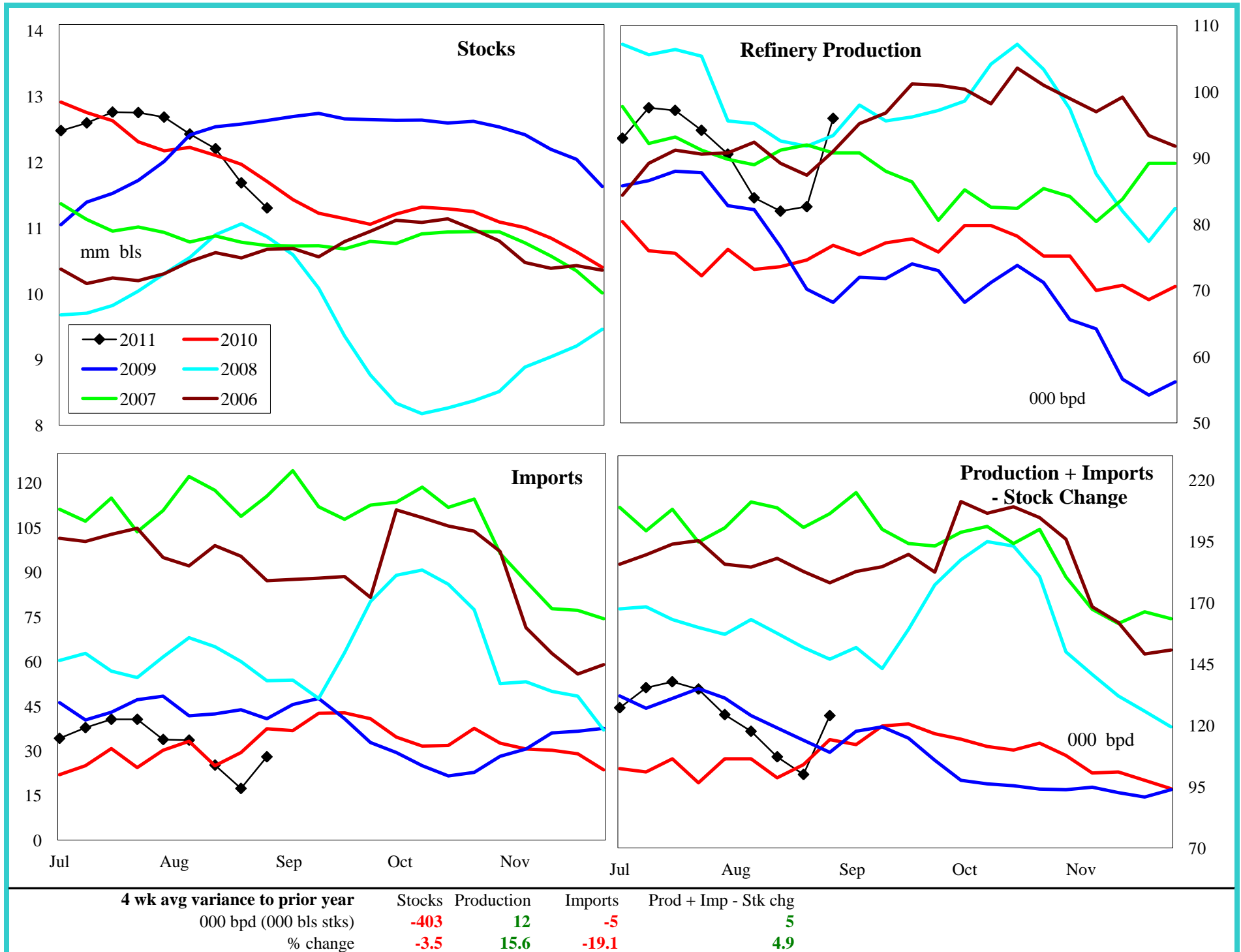
# PADD 1 High Sulfur Distillate Supply



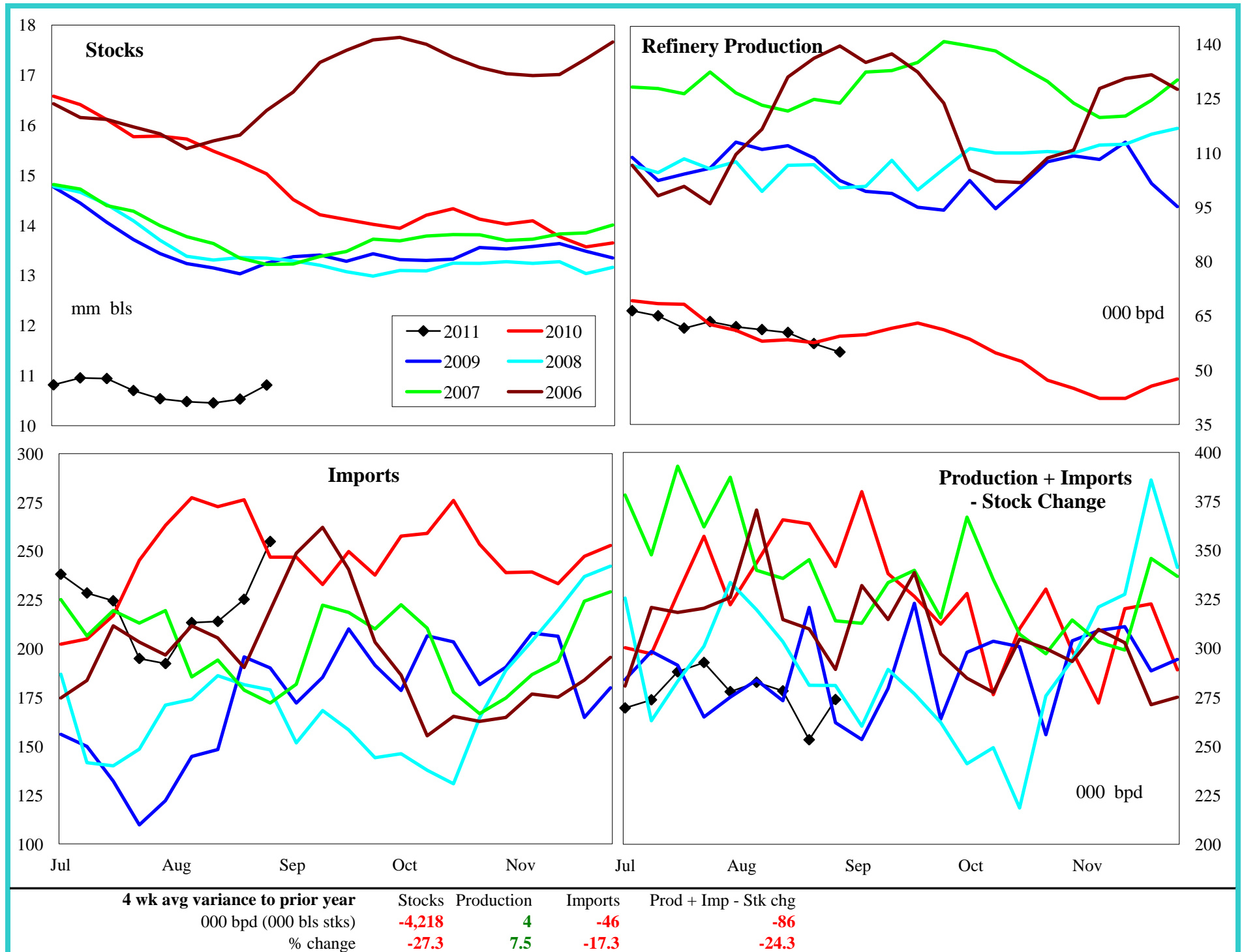
## PADD 1 High Sulfur Distillate Stocks by Region



# PADD 1 Jet Fuel Supply

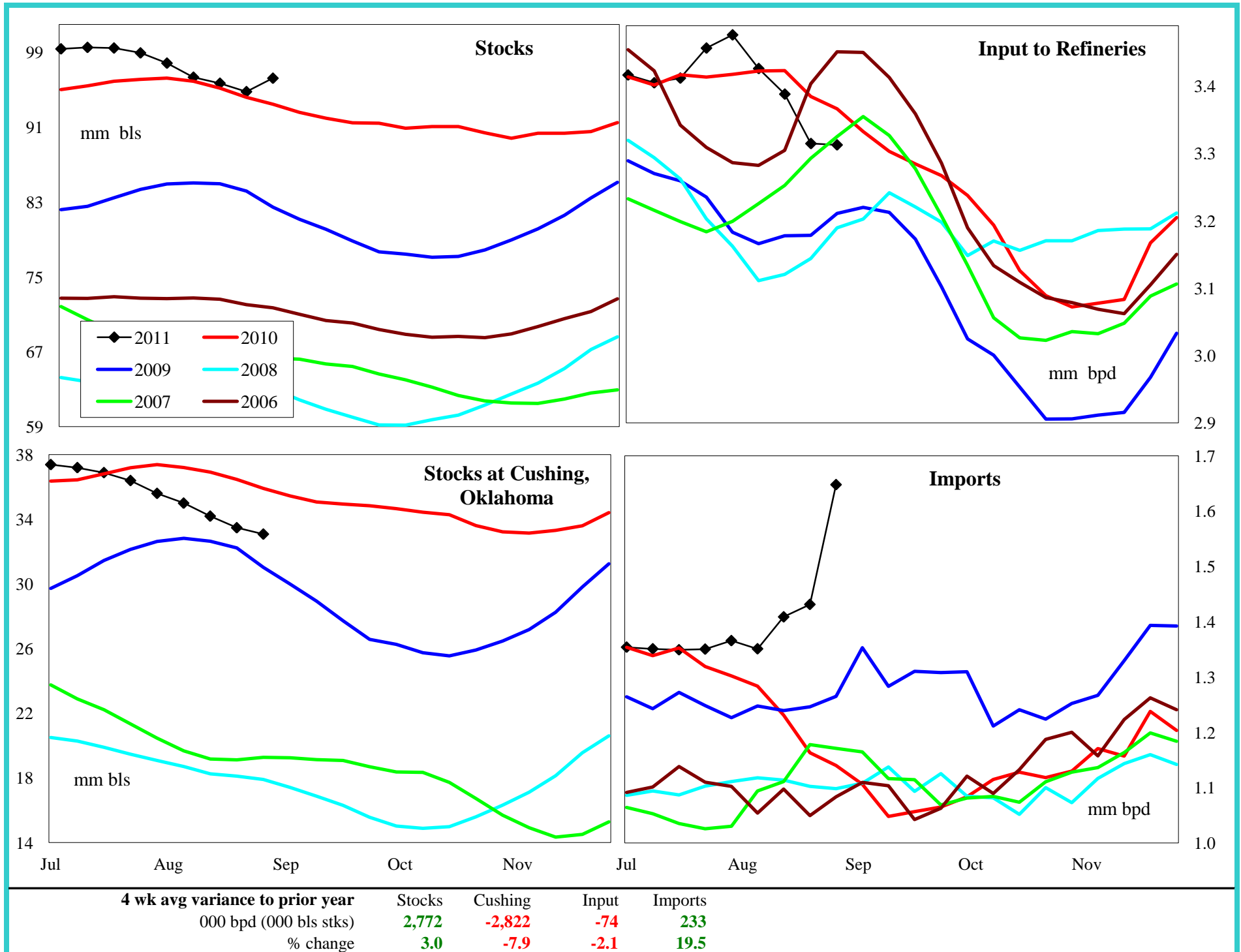


# PADD 1 Residual Fuel Oil Supply

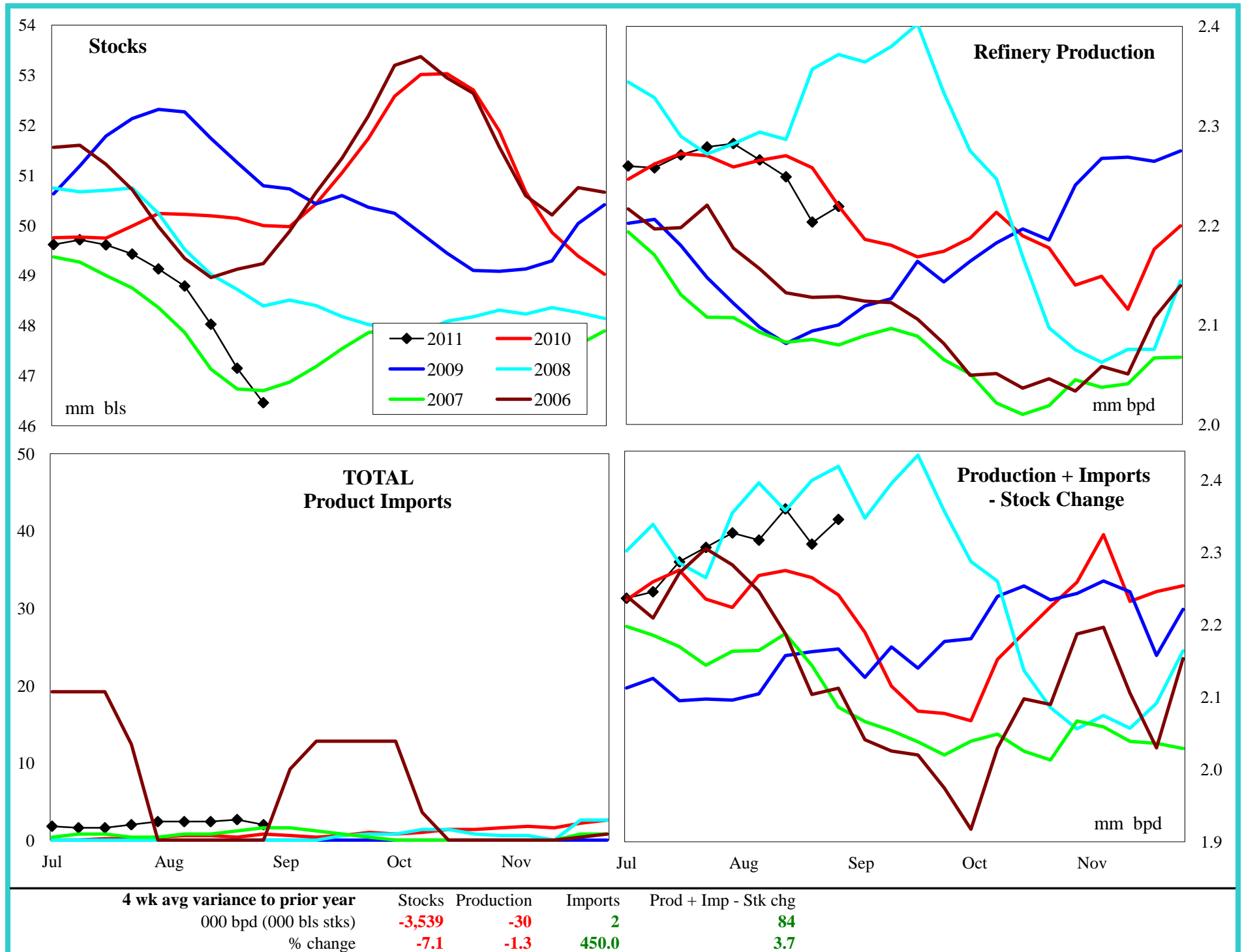




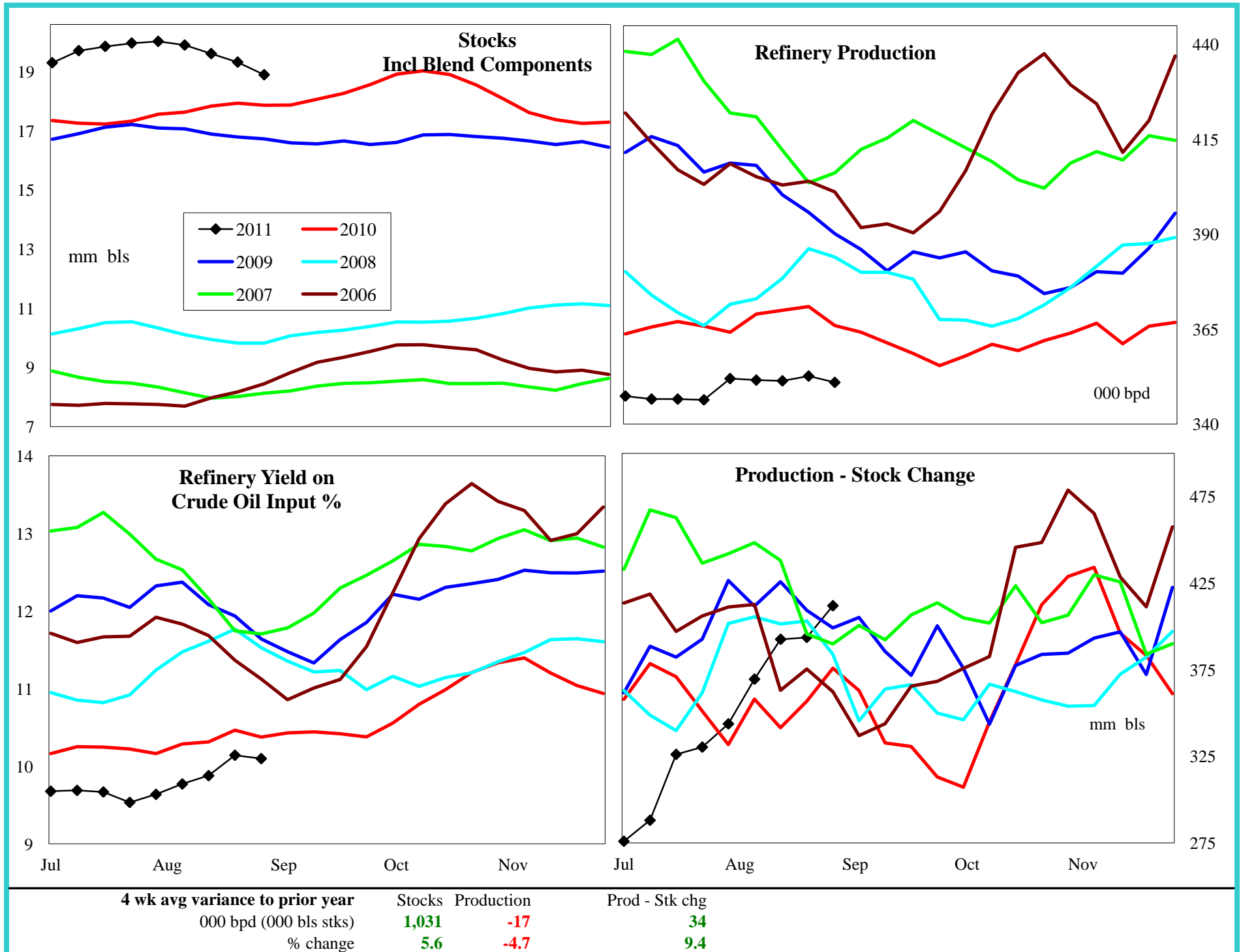
# PADD 2 Crude Oil Supply and Refining



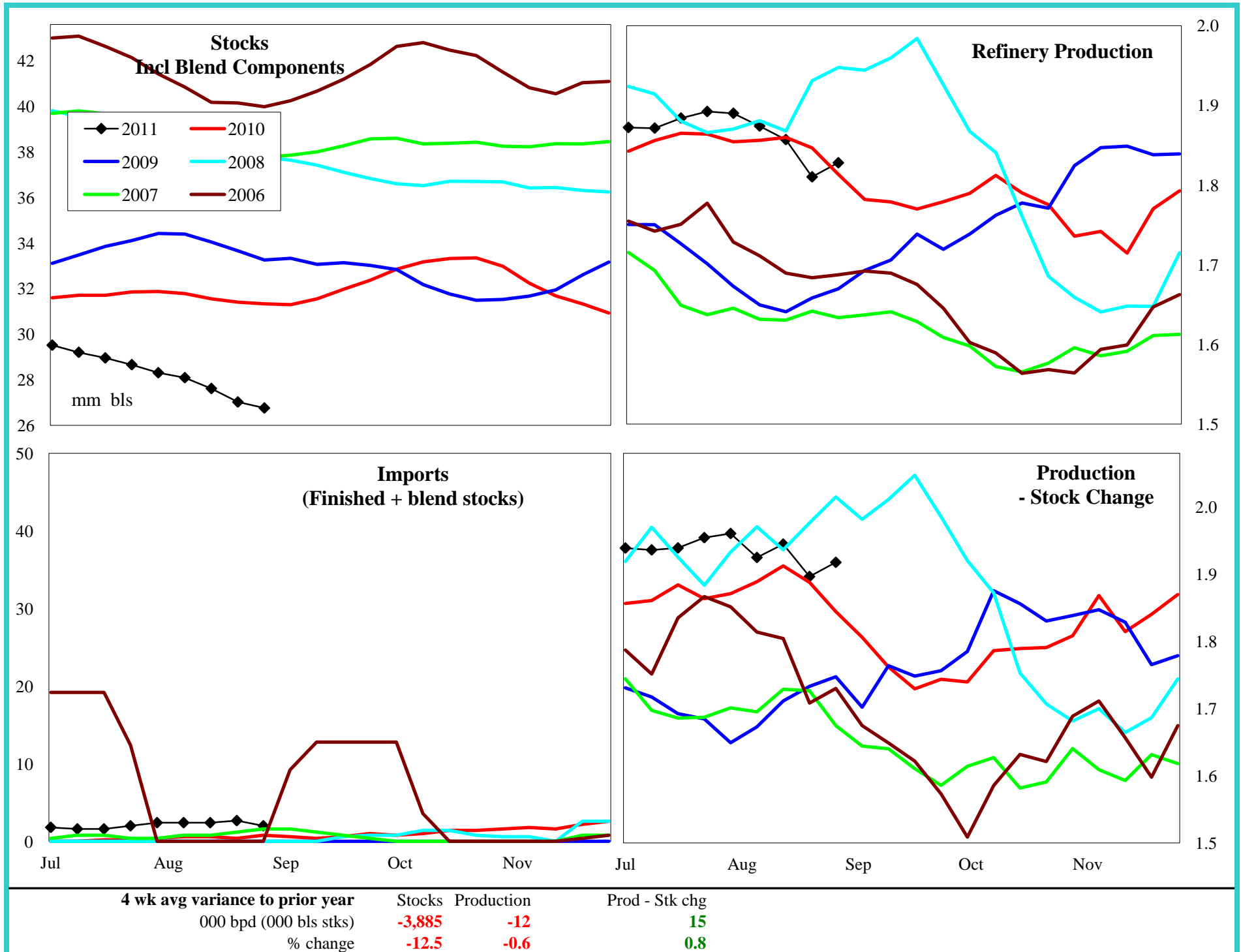
# PADD 2 Gasoline Supply



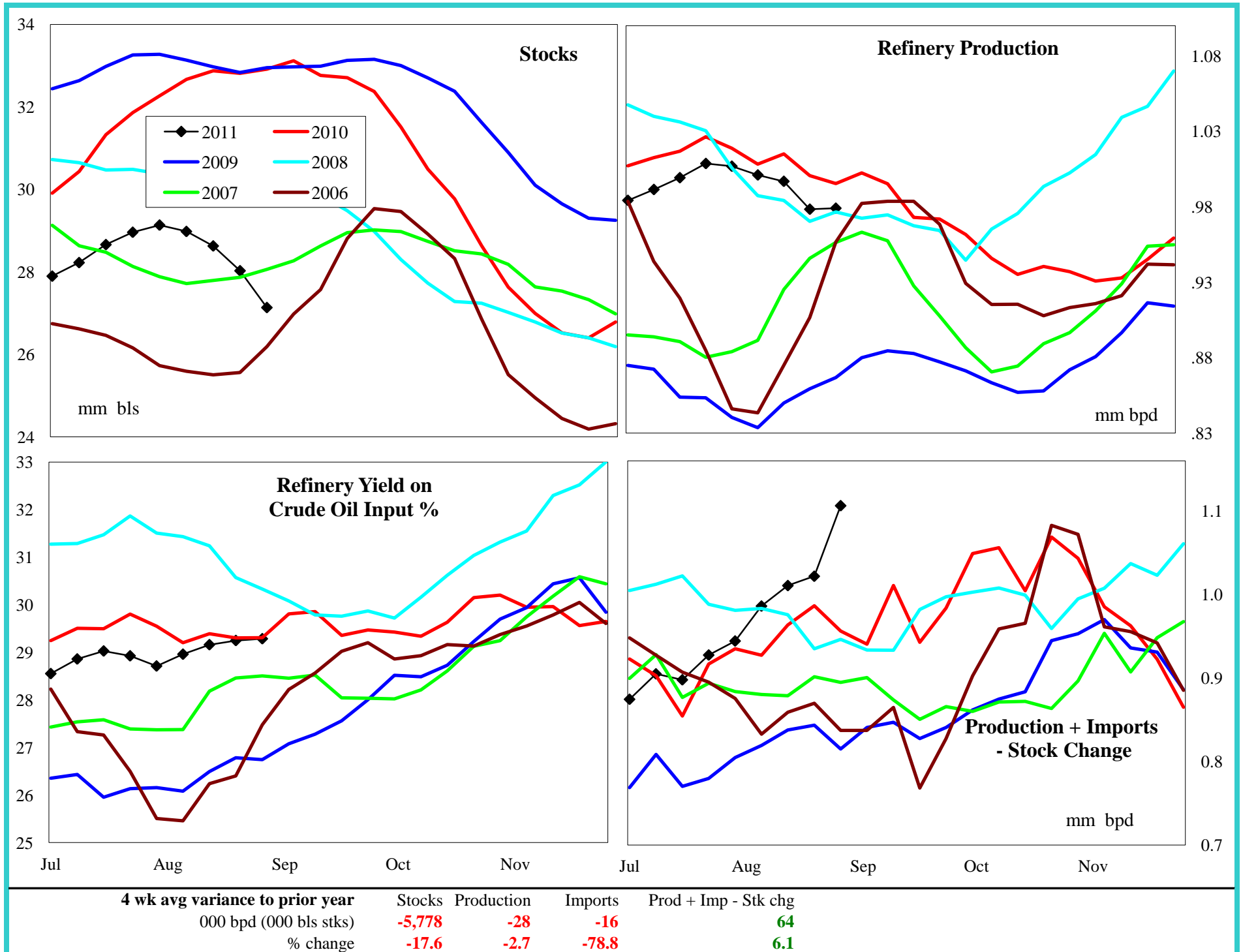
## PADD 2 Reformulated Gasoline Supply



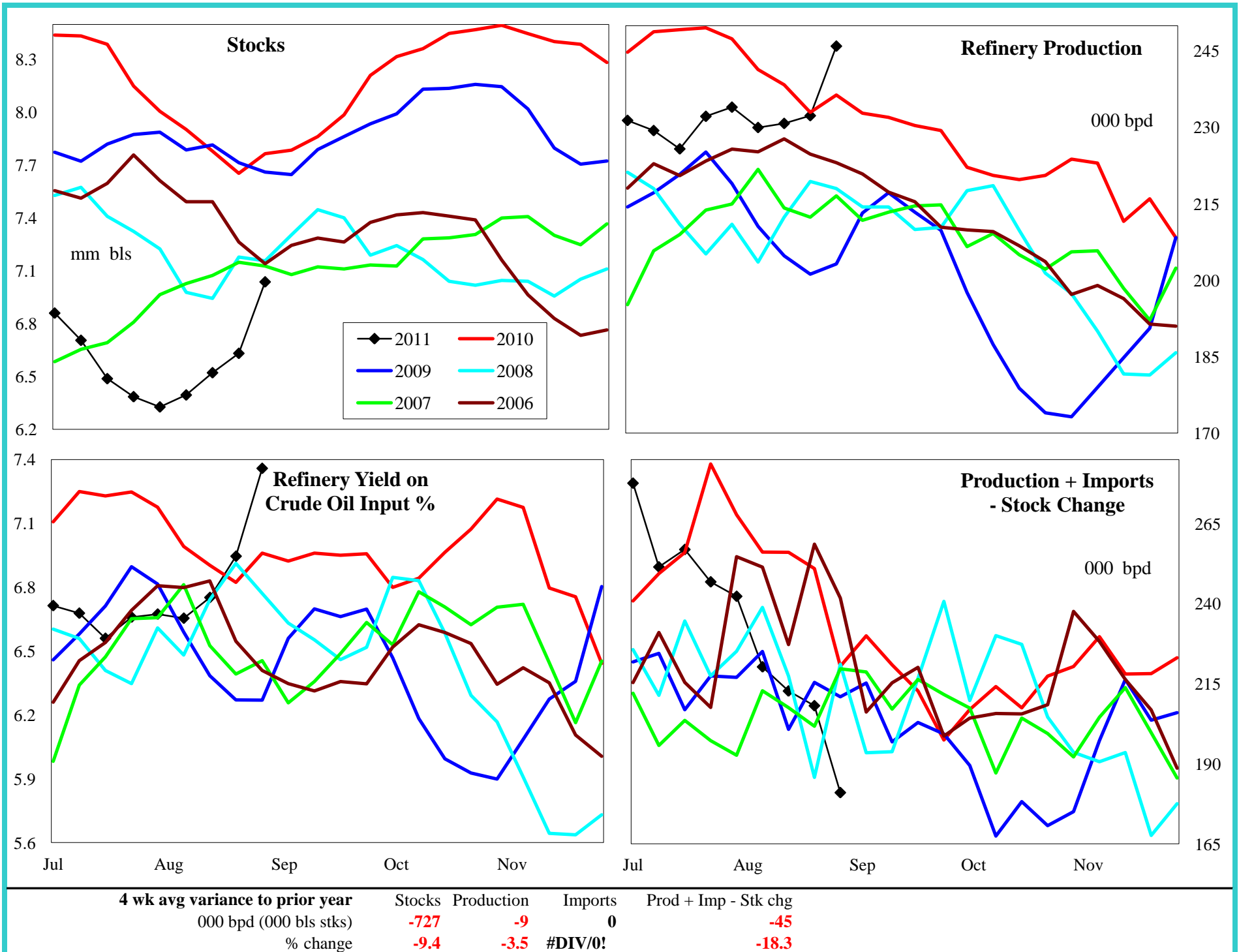
# PADD 2 Conventional Gasoline Supply



# PADD 2 Distillate Supply

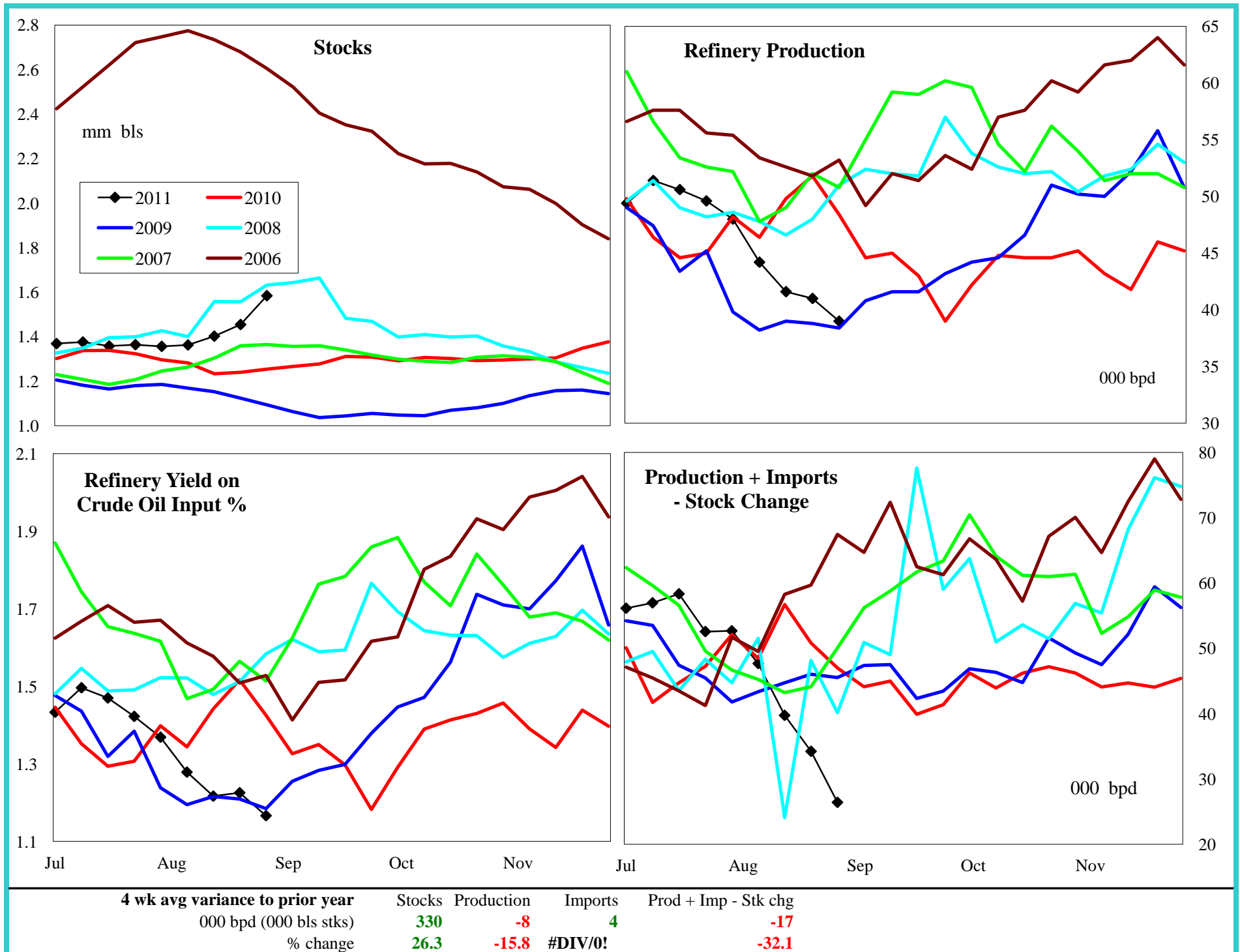


# PADD 2 Jet Fuel Supply

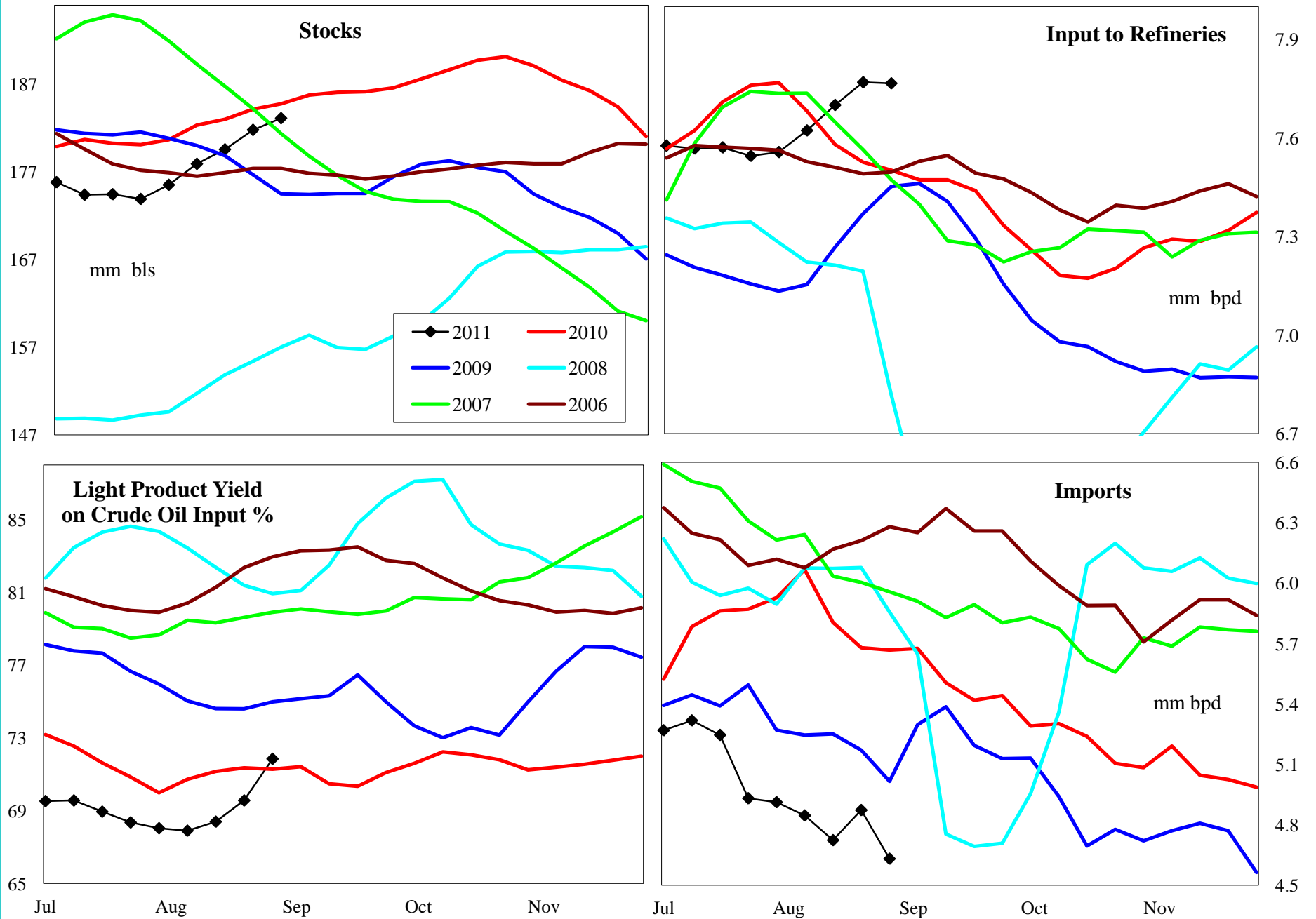




# PADD 2 Residual Fuel Oil Supply



# PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-1,657

-0.9

Input

243

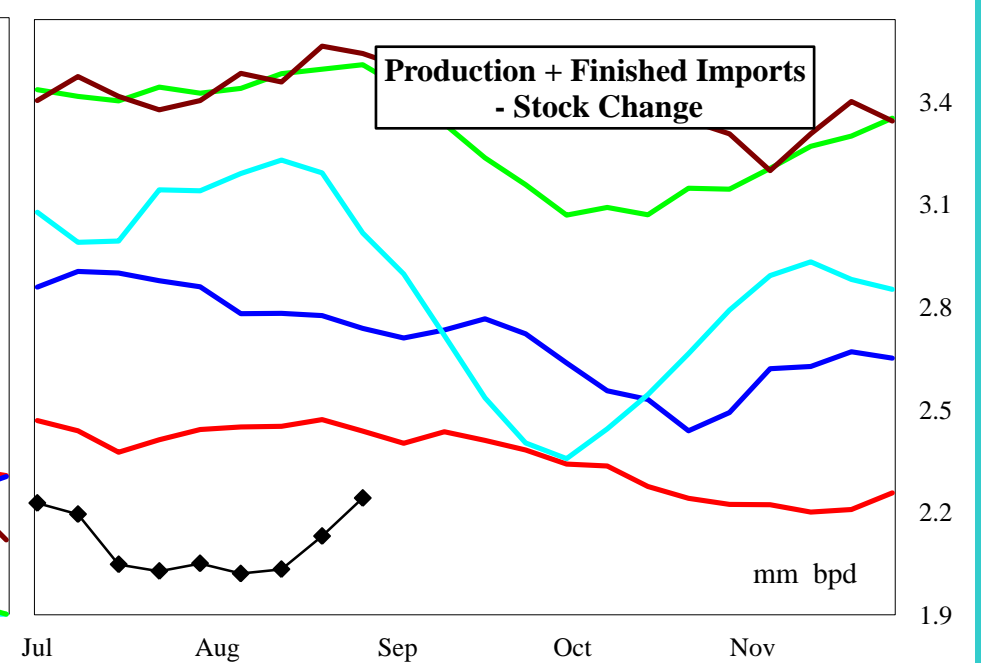
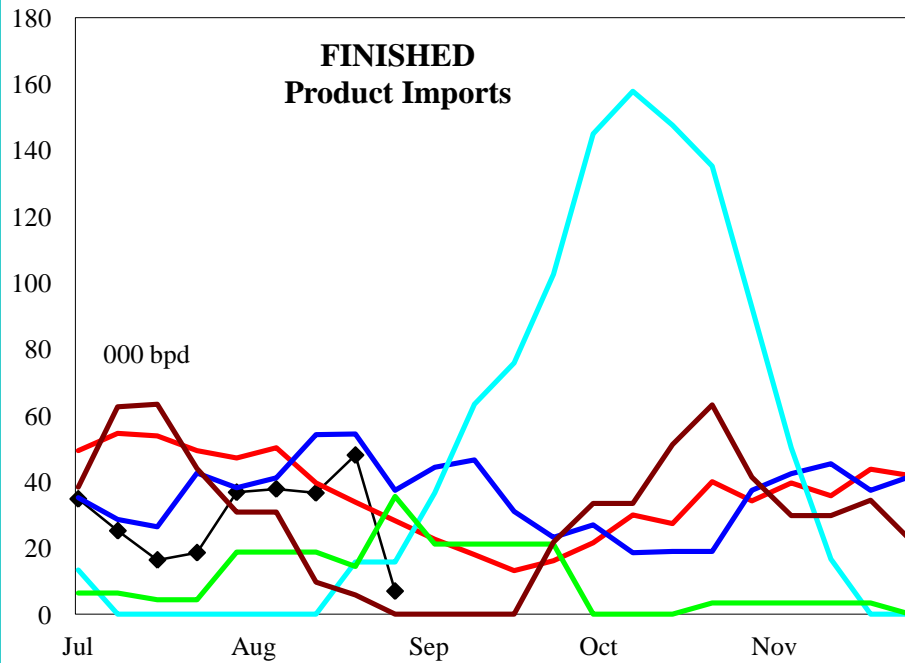
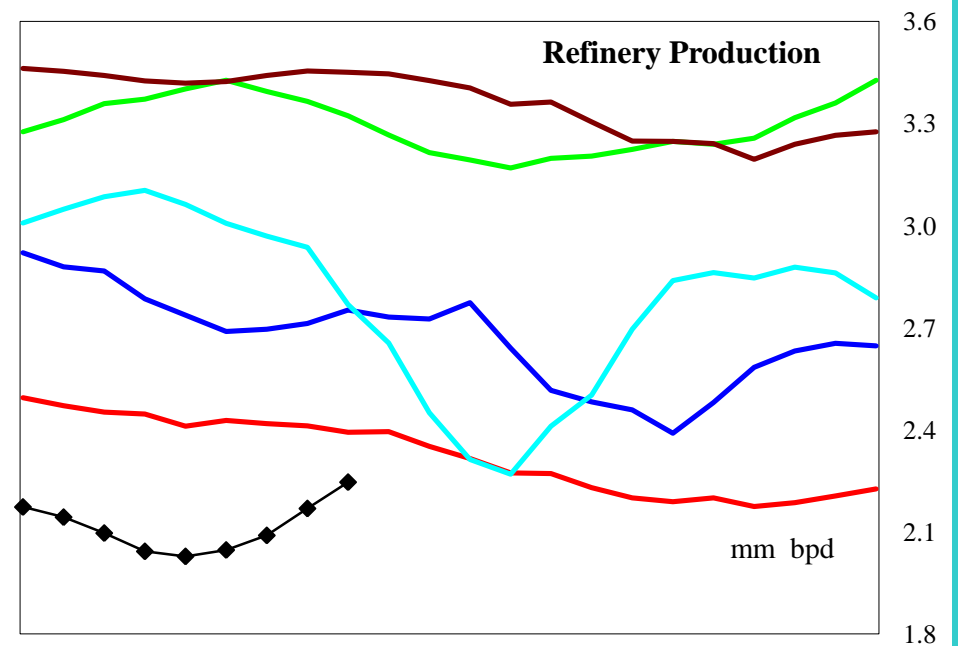
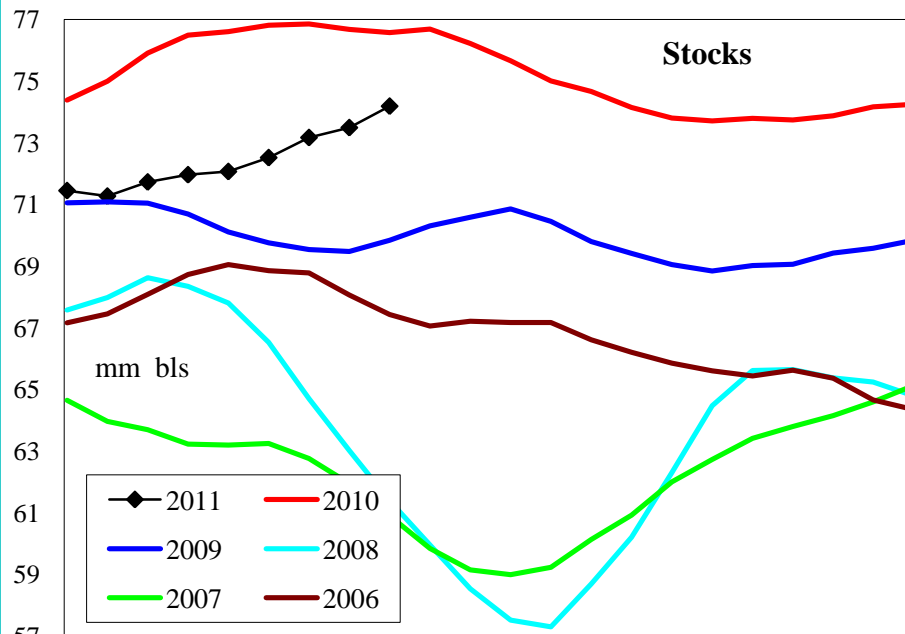
3.2

Imports

-1,149

-19.6

# PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Fin Impt

Blend Impt

Prod + Imp - Stk chg

-2,643

-292

4

-105

-352

-3.4

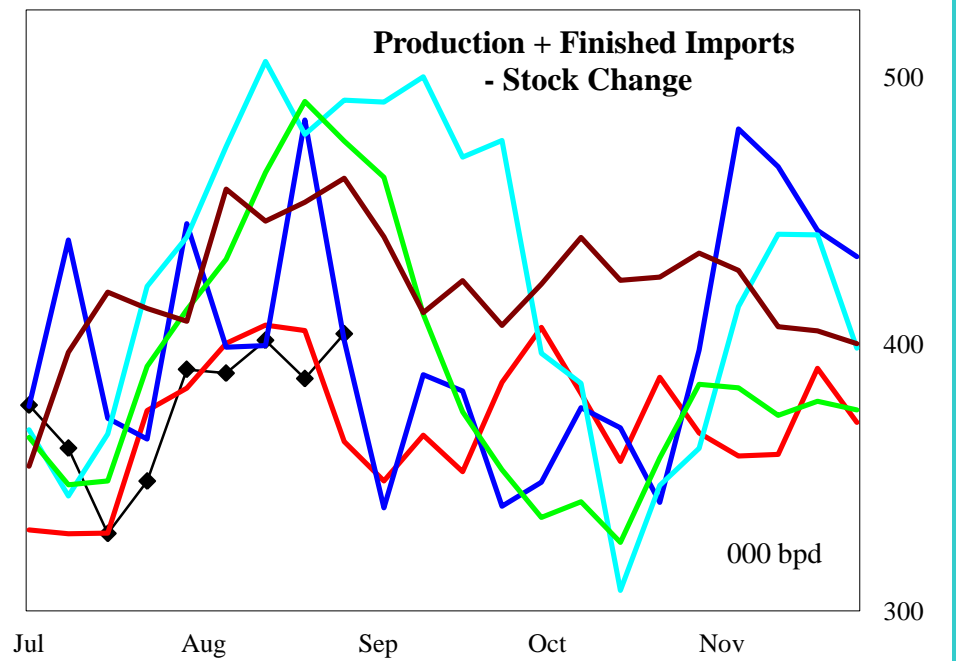
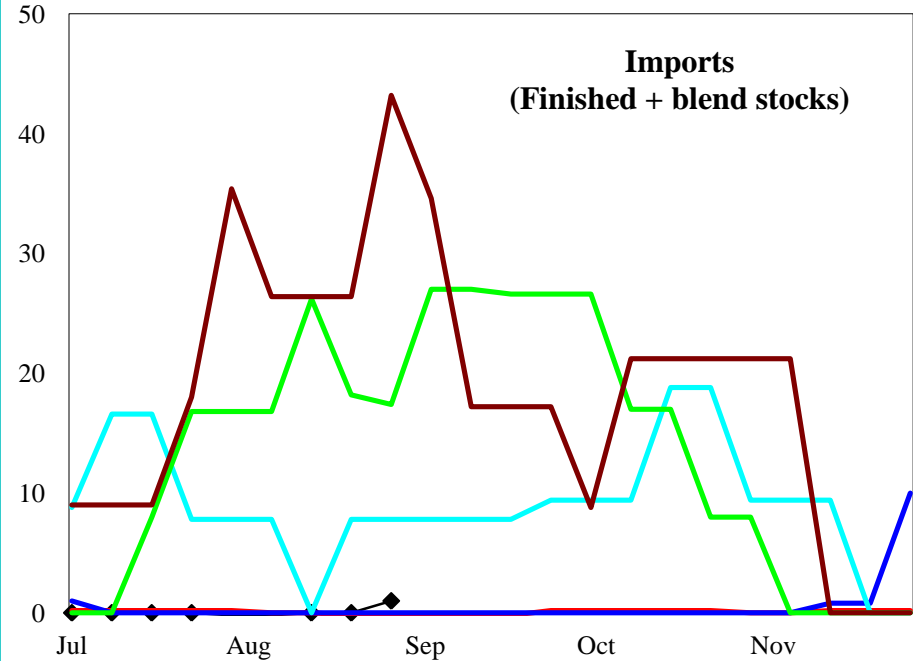
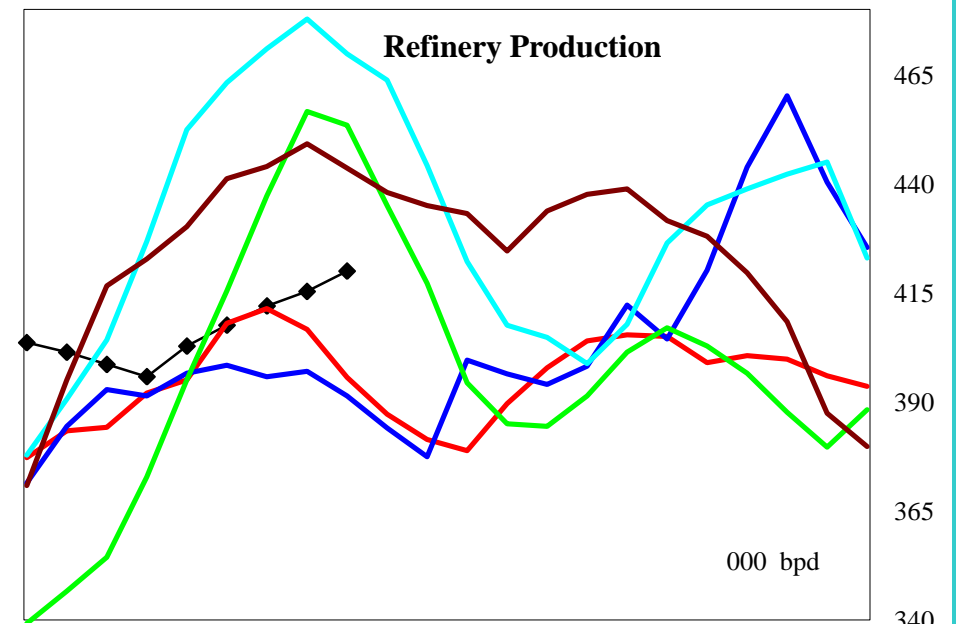
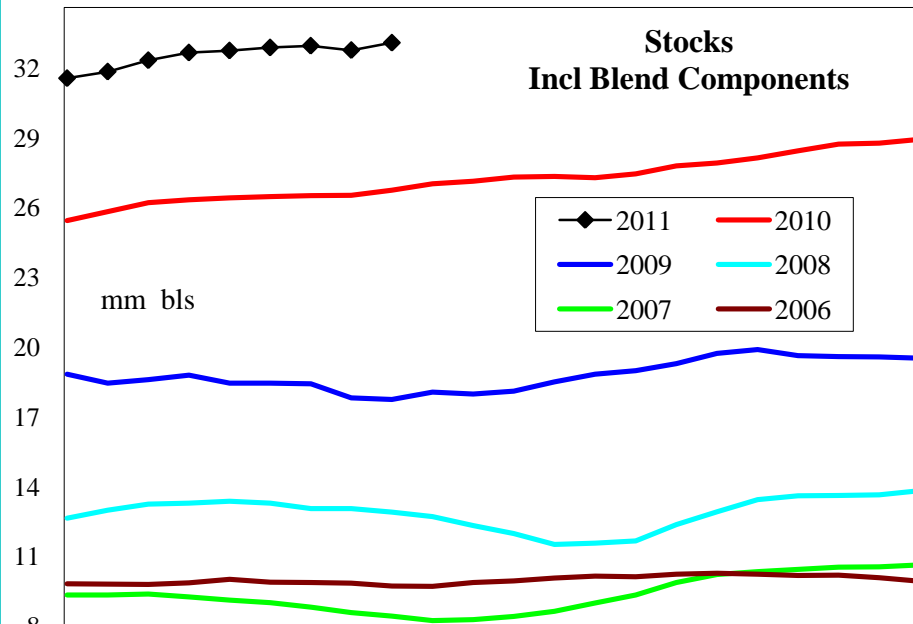
-12.0

9.0

-97.7

-14.2

# PADD 3 Reformulated Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

6,509

24.1

Production

-1

-0.2

Imports

0

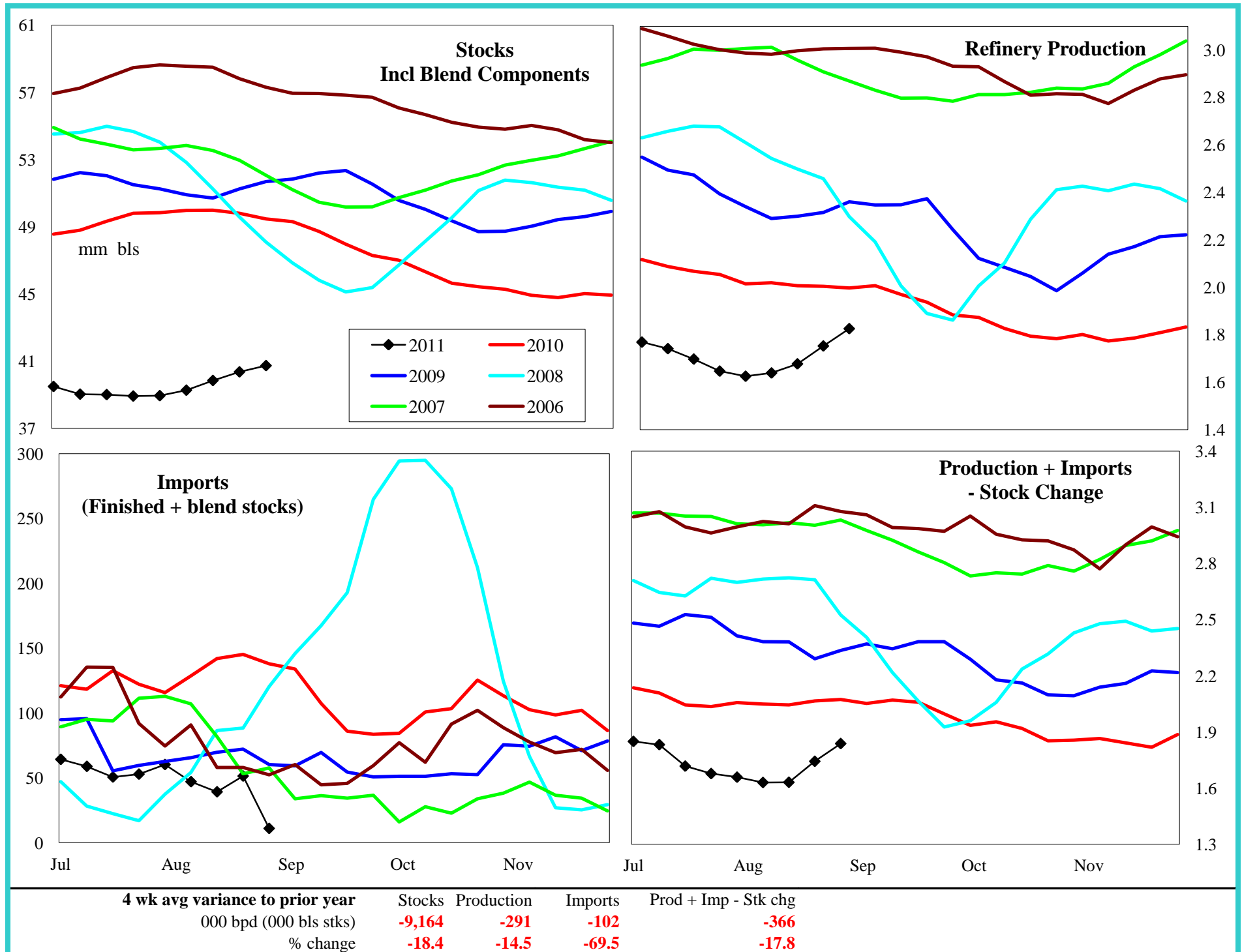
#DIV/0!

Prod + Imp - Stk chg

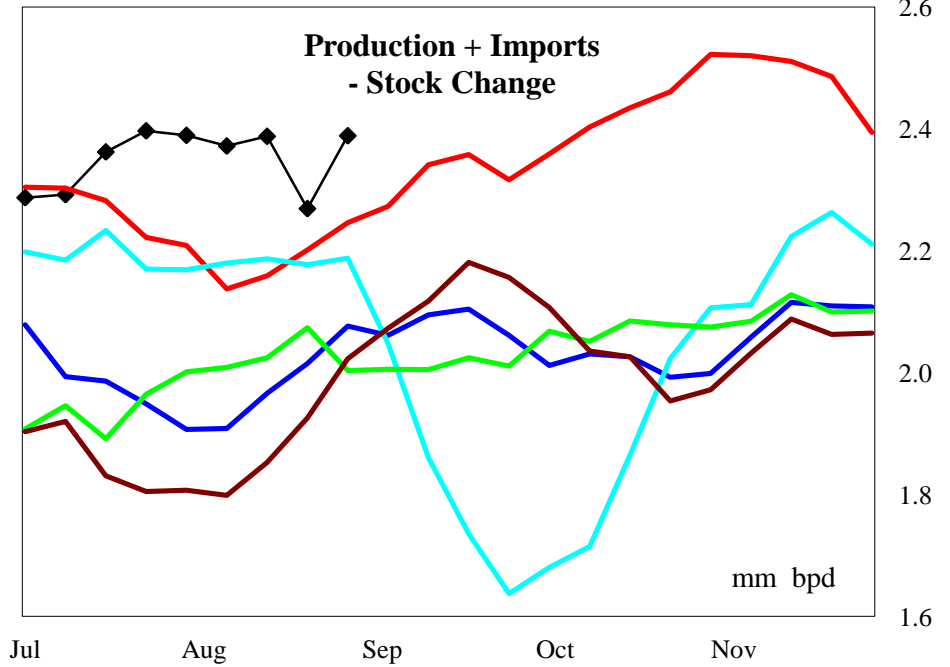
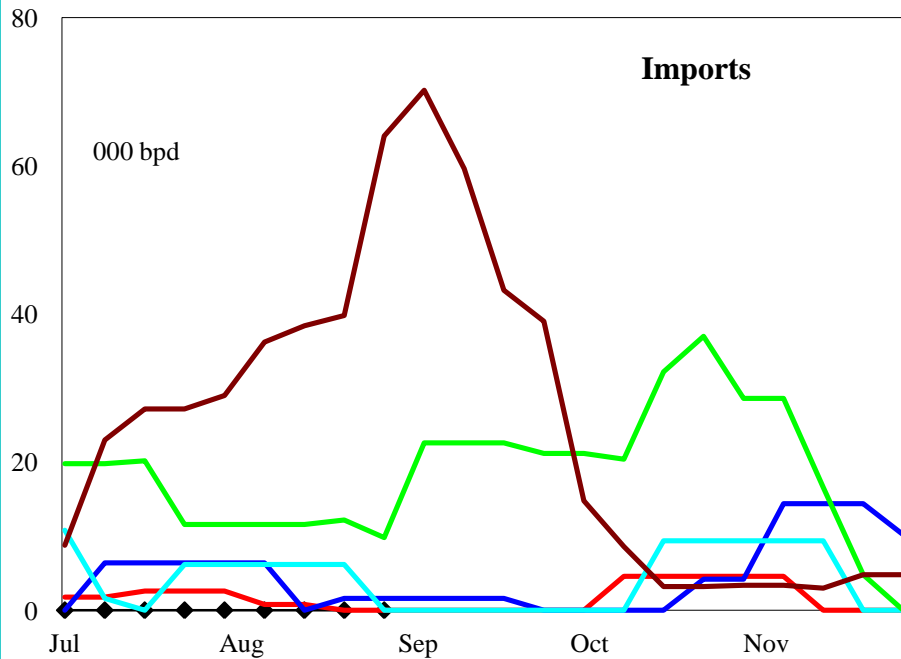
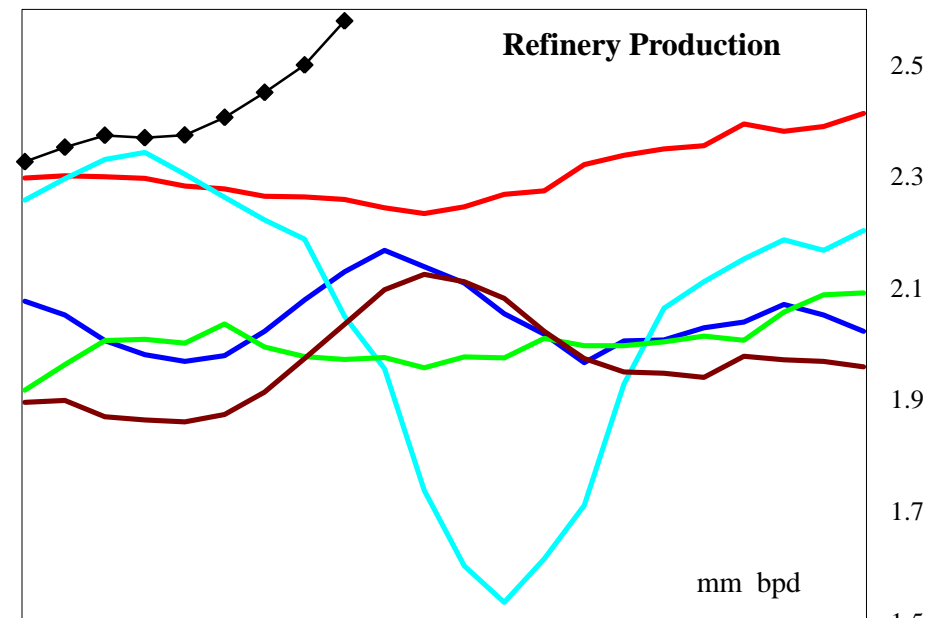
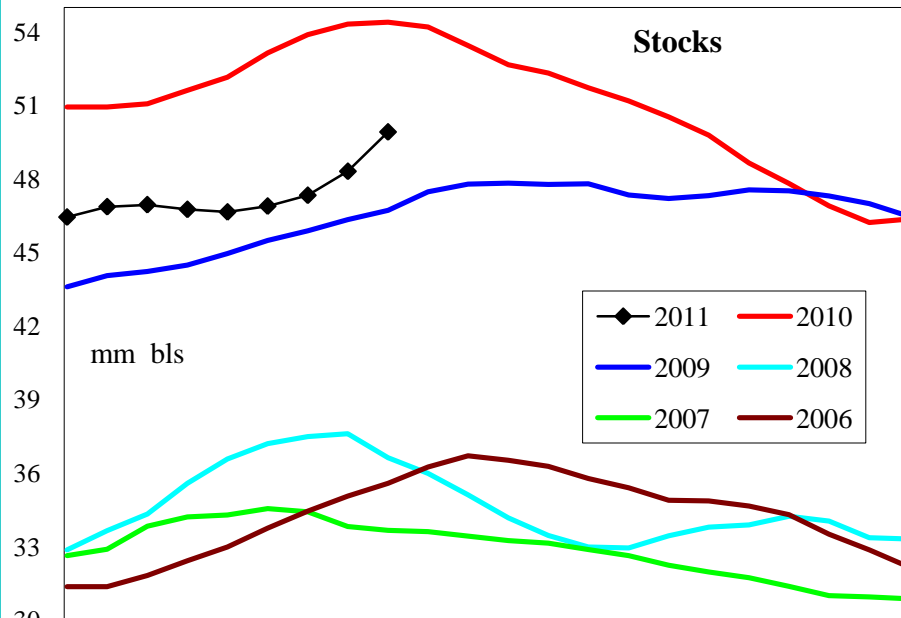
12

2.9

# PADD 3 Conventional Gasoline Supply



# PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-4,665

-8.5

Production

202

8.9

Imports

0

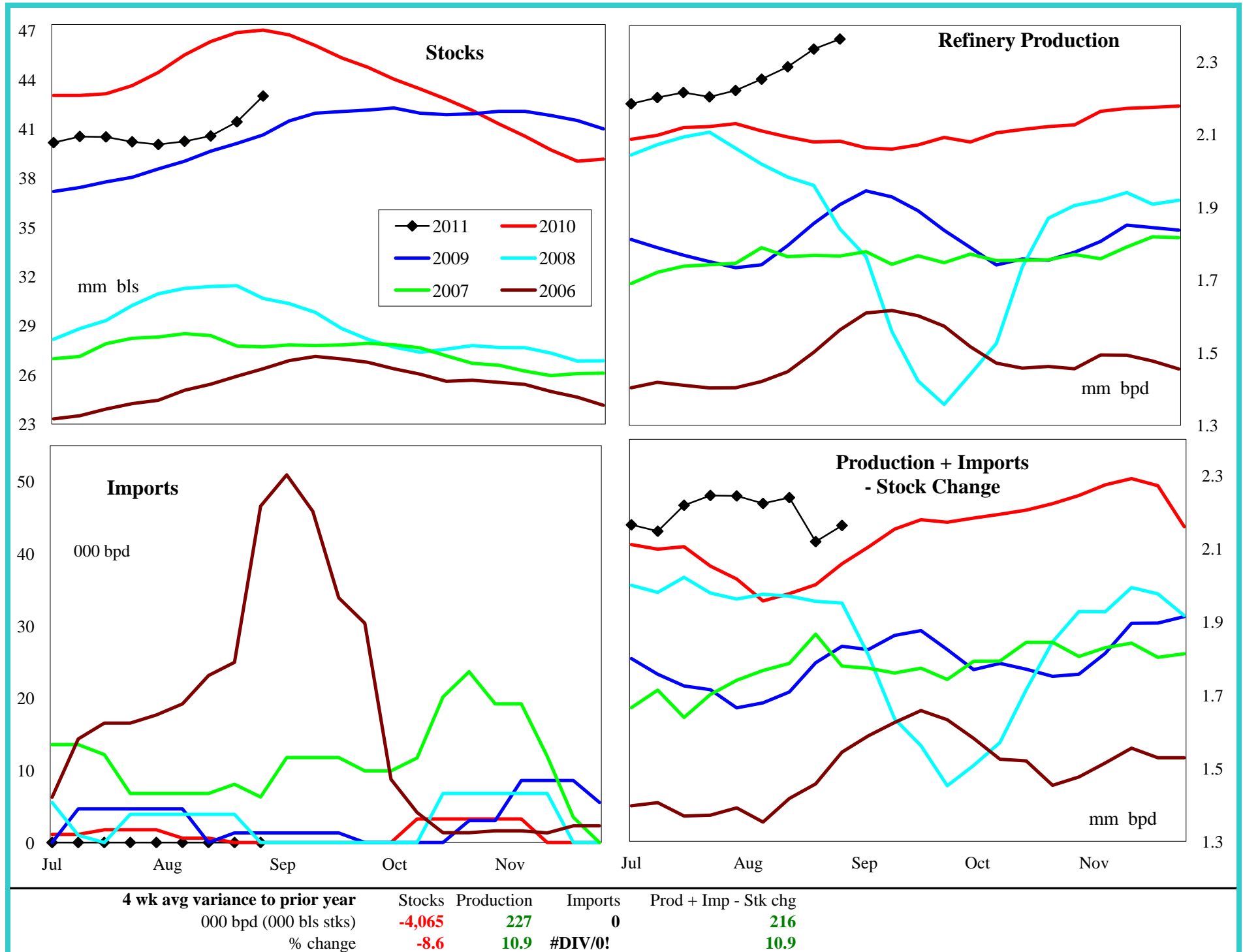
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Prod + Imp - Stk chg

160

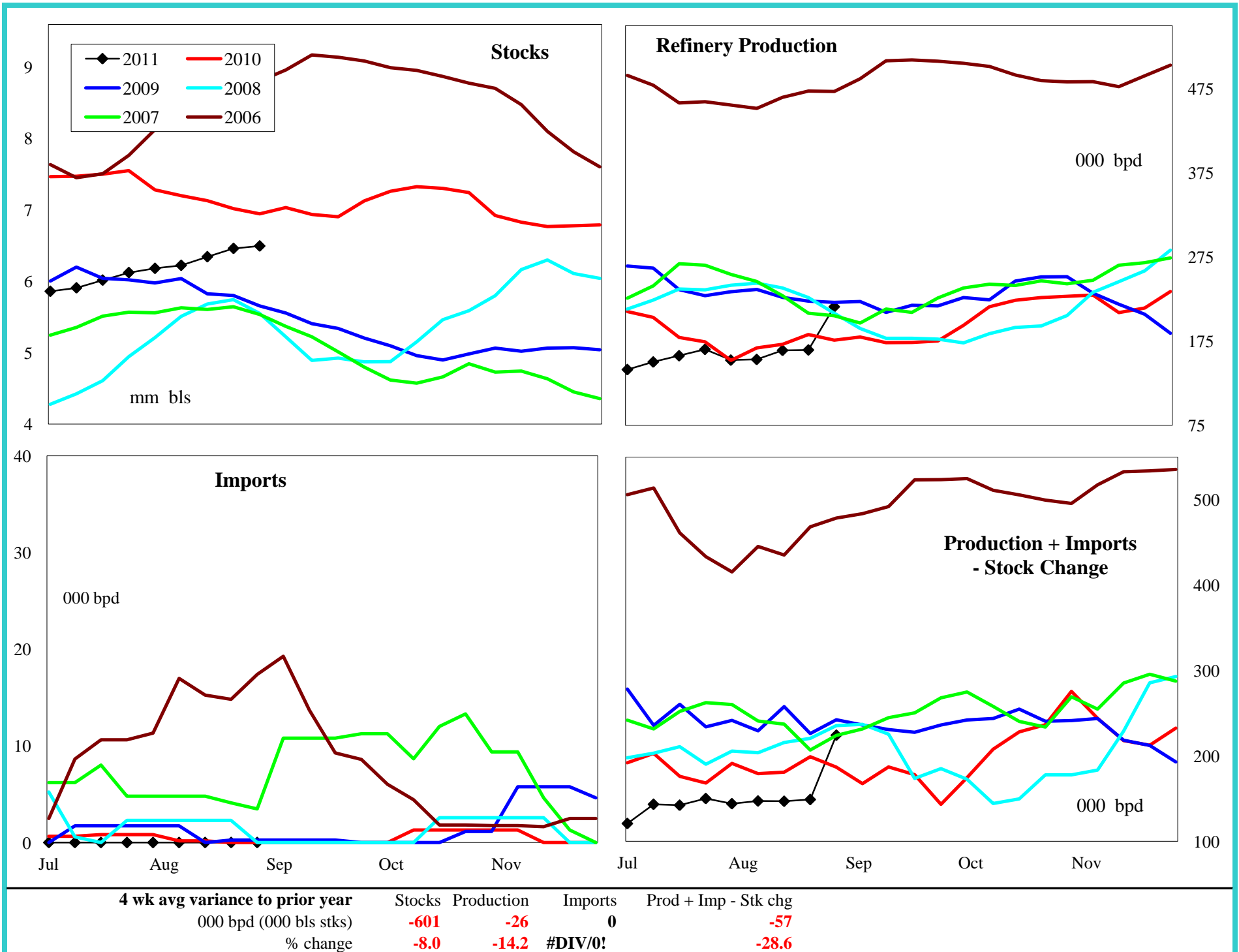
7.3

# PADD 3 Low Sulfur Distillate Supply

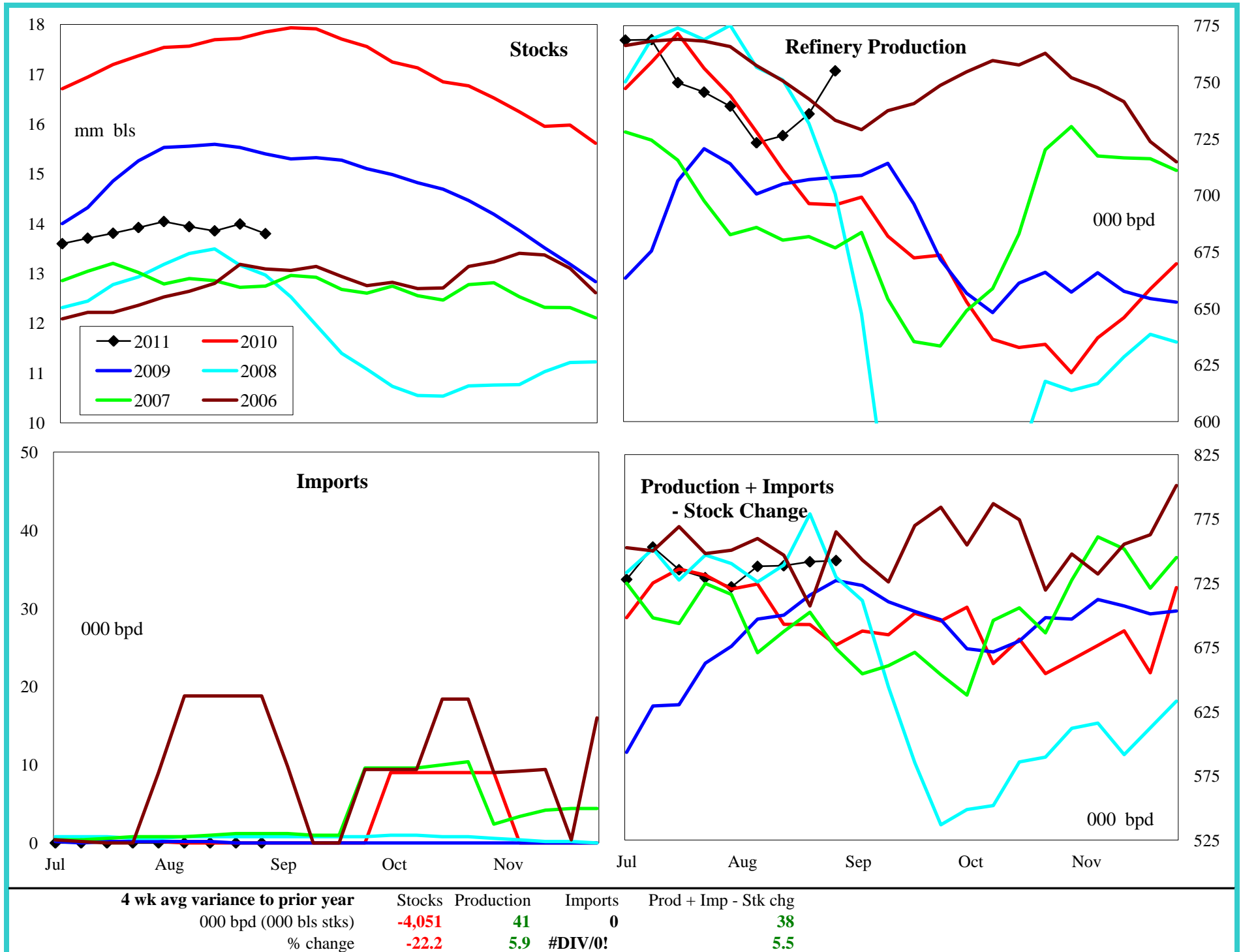




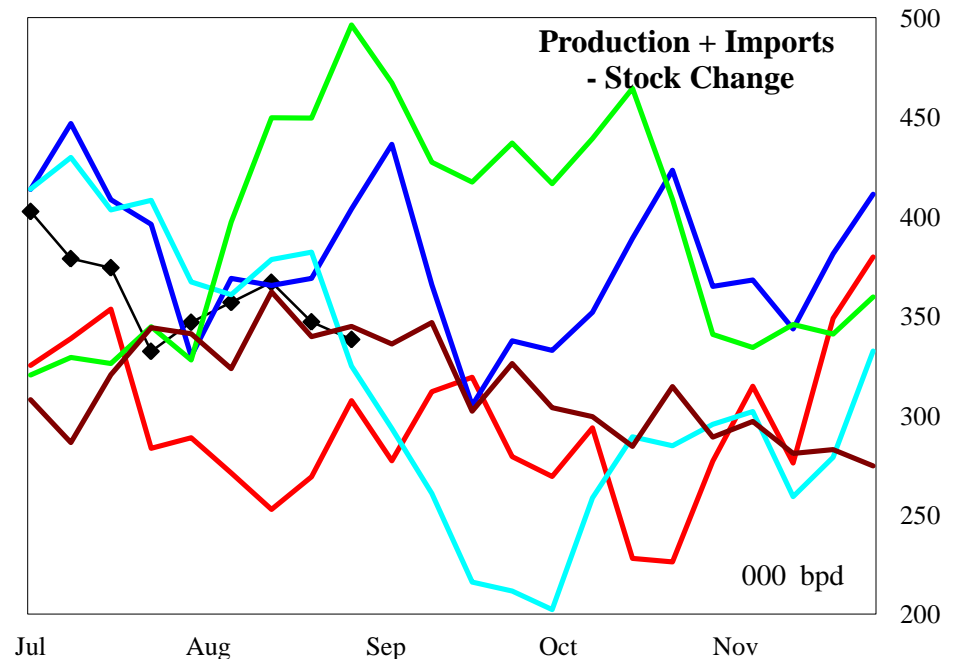
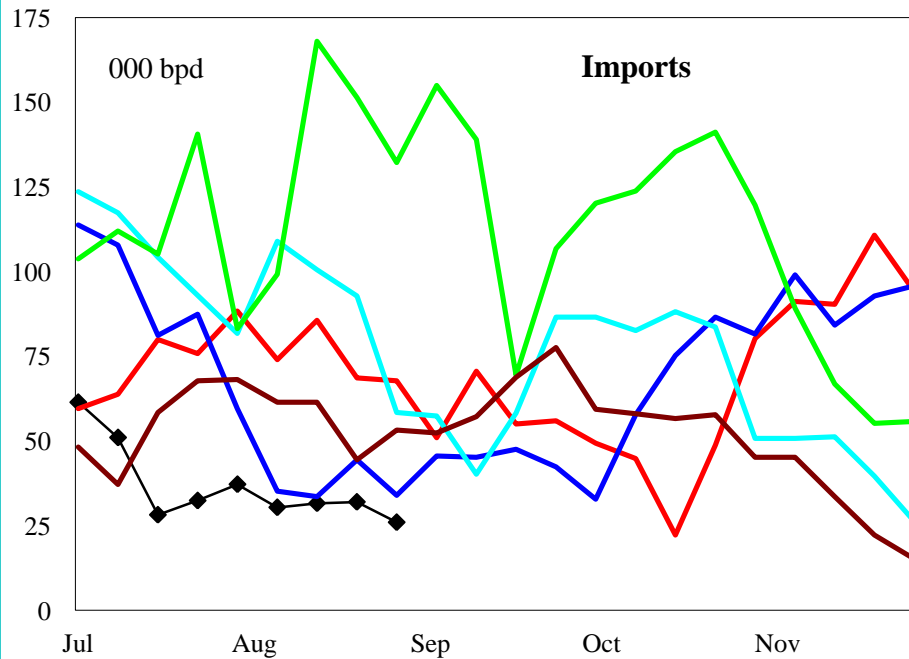
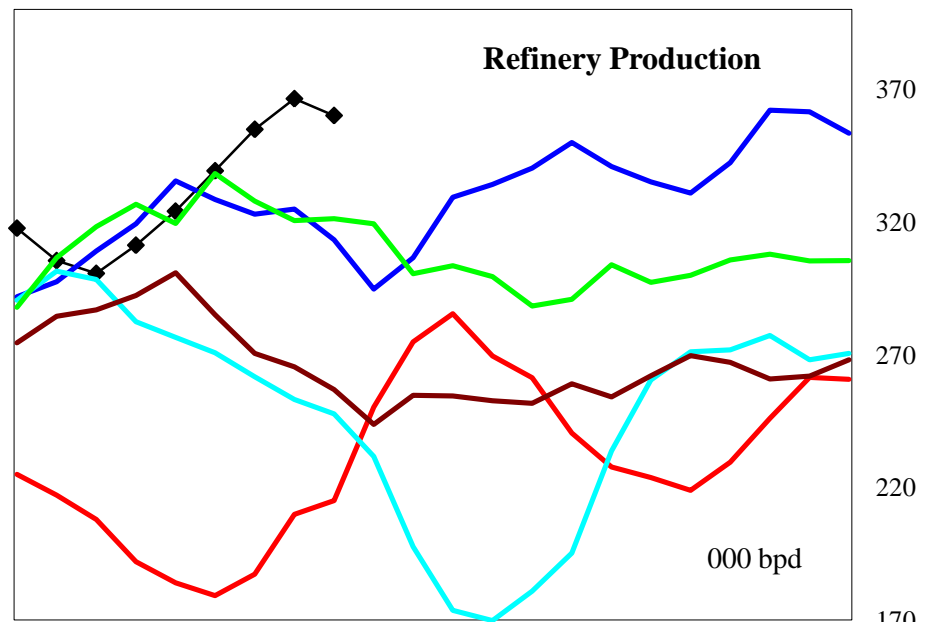
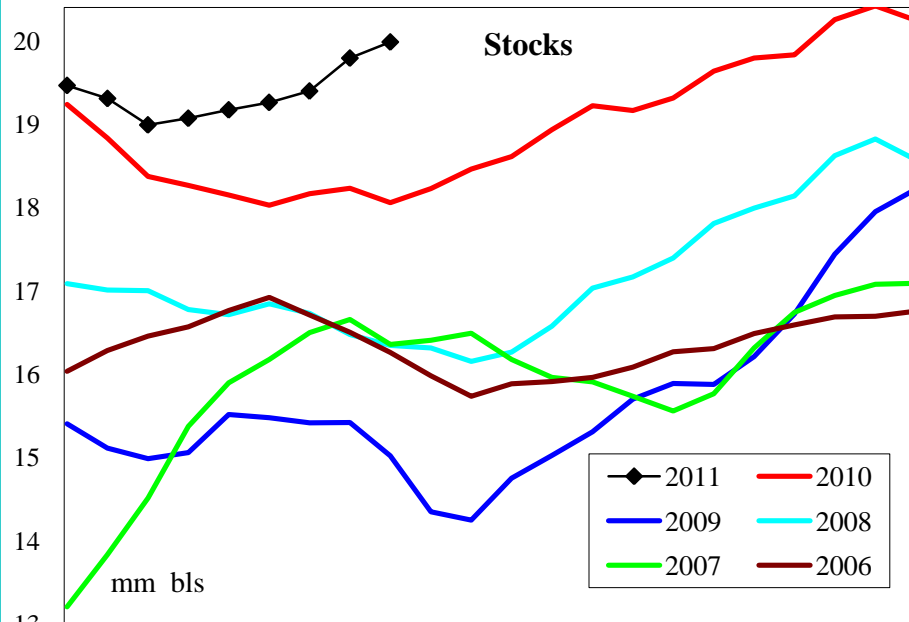
# PADD 3 High Sulfur Distillate Supply



# 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

1,929

10.7

Production

184

102.4

Imports

-40

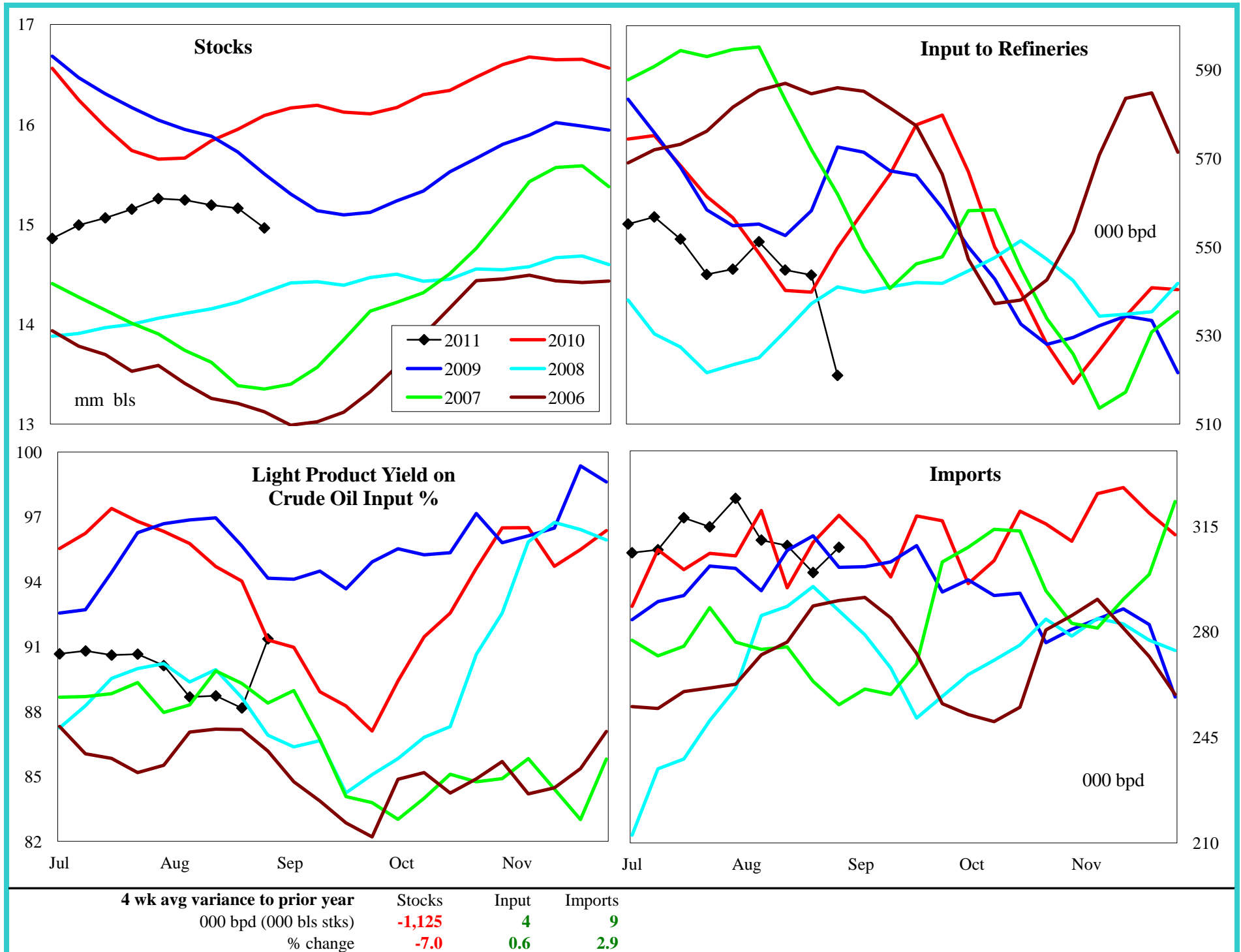
-52.7

Prod + Imp - Stk chg

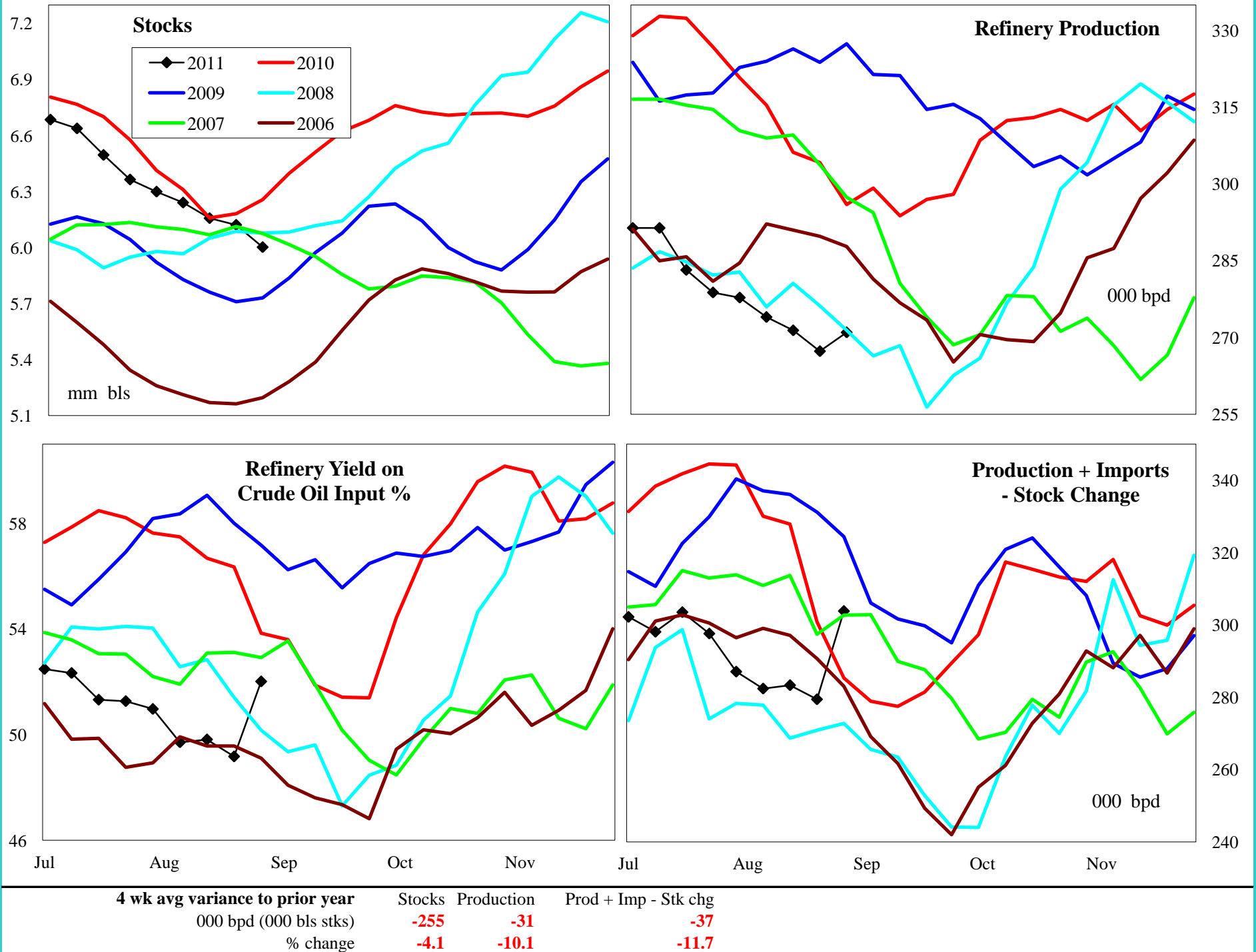
122

53.2

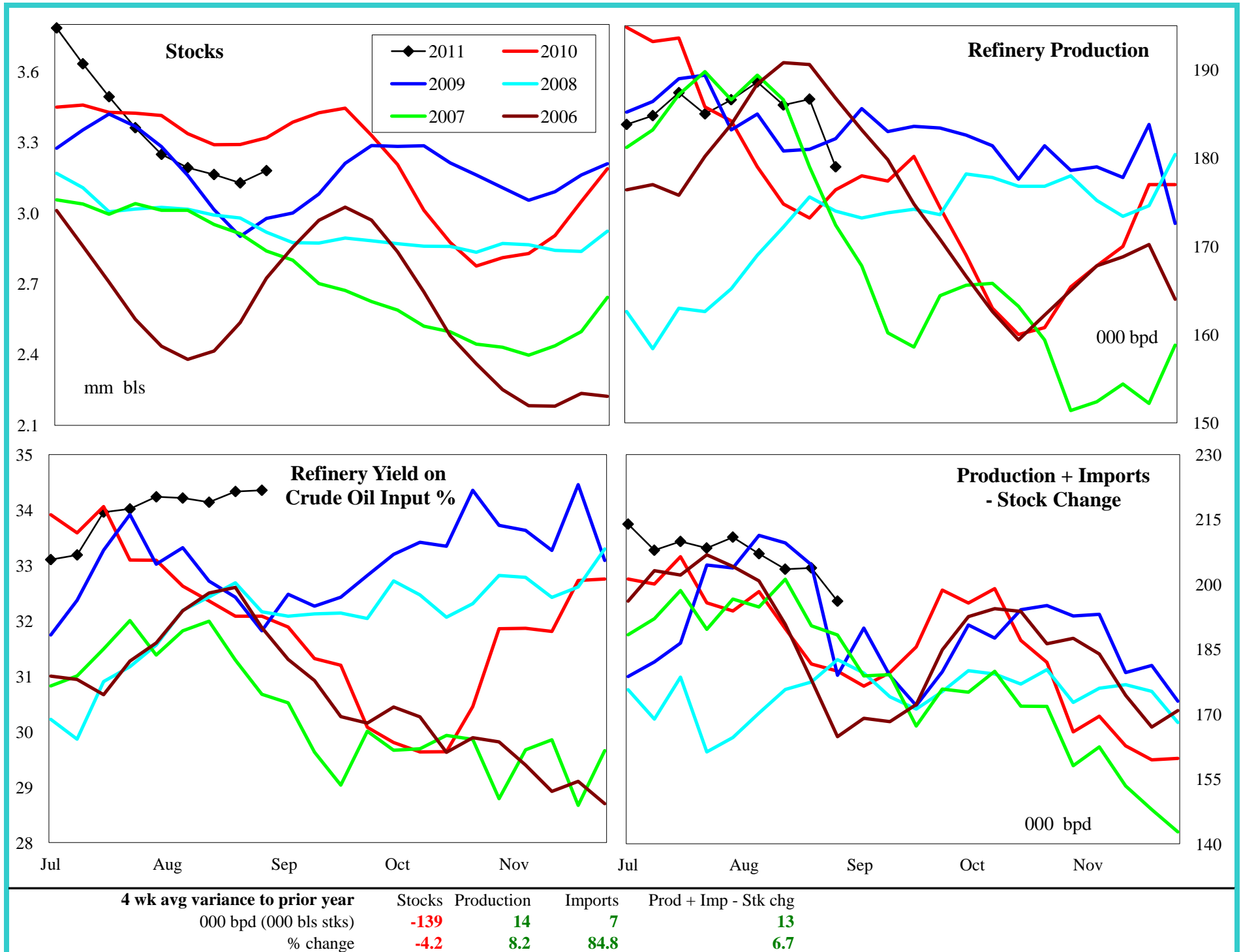
# PADD 4 Crude Oil Supply and Refining



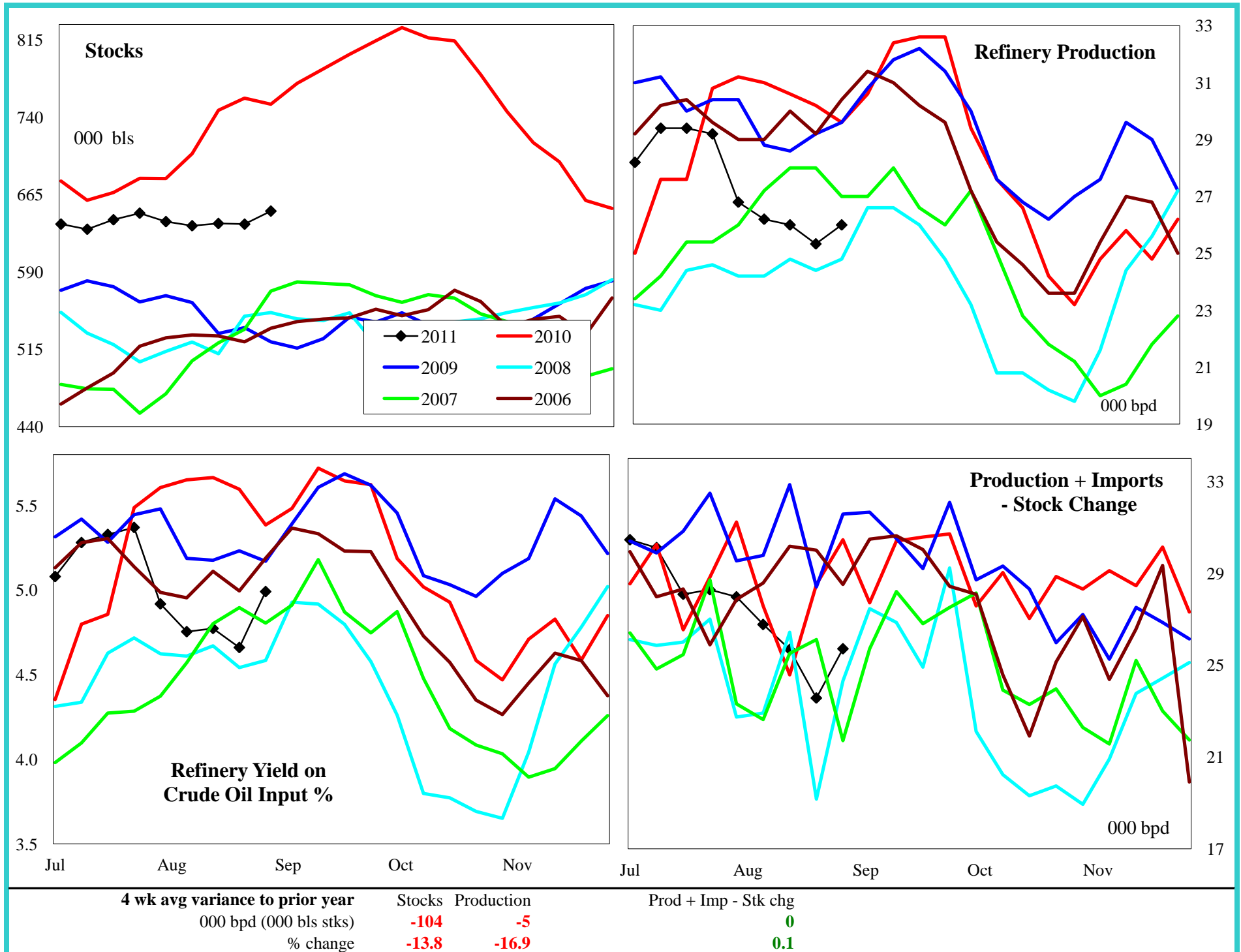
# PADD 4 Gasoline Supply



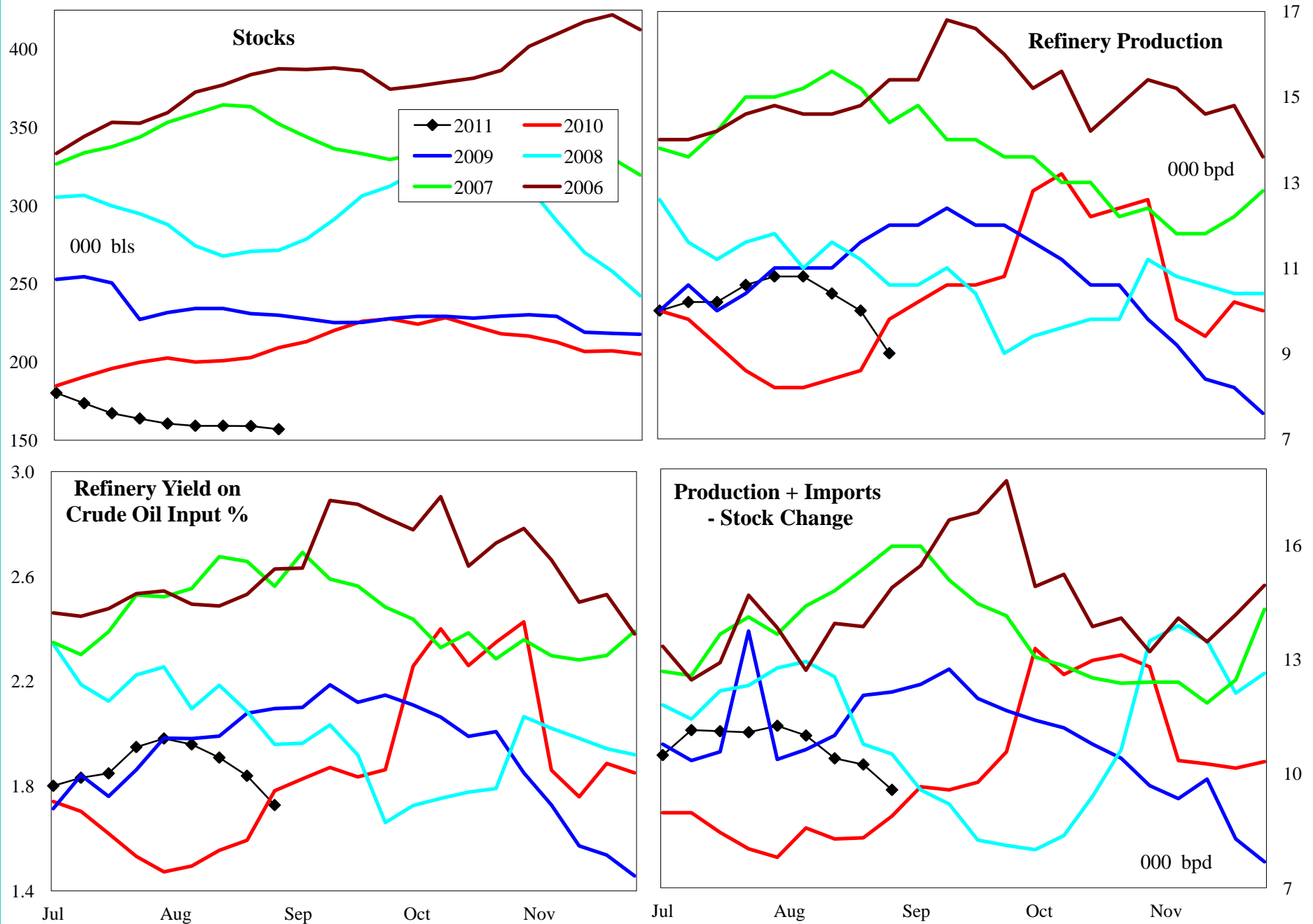
# PADD 4 Distillate Supply



# 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

-52

-25.0

Production

2

20.6

Imports

0

#DIV/0!

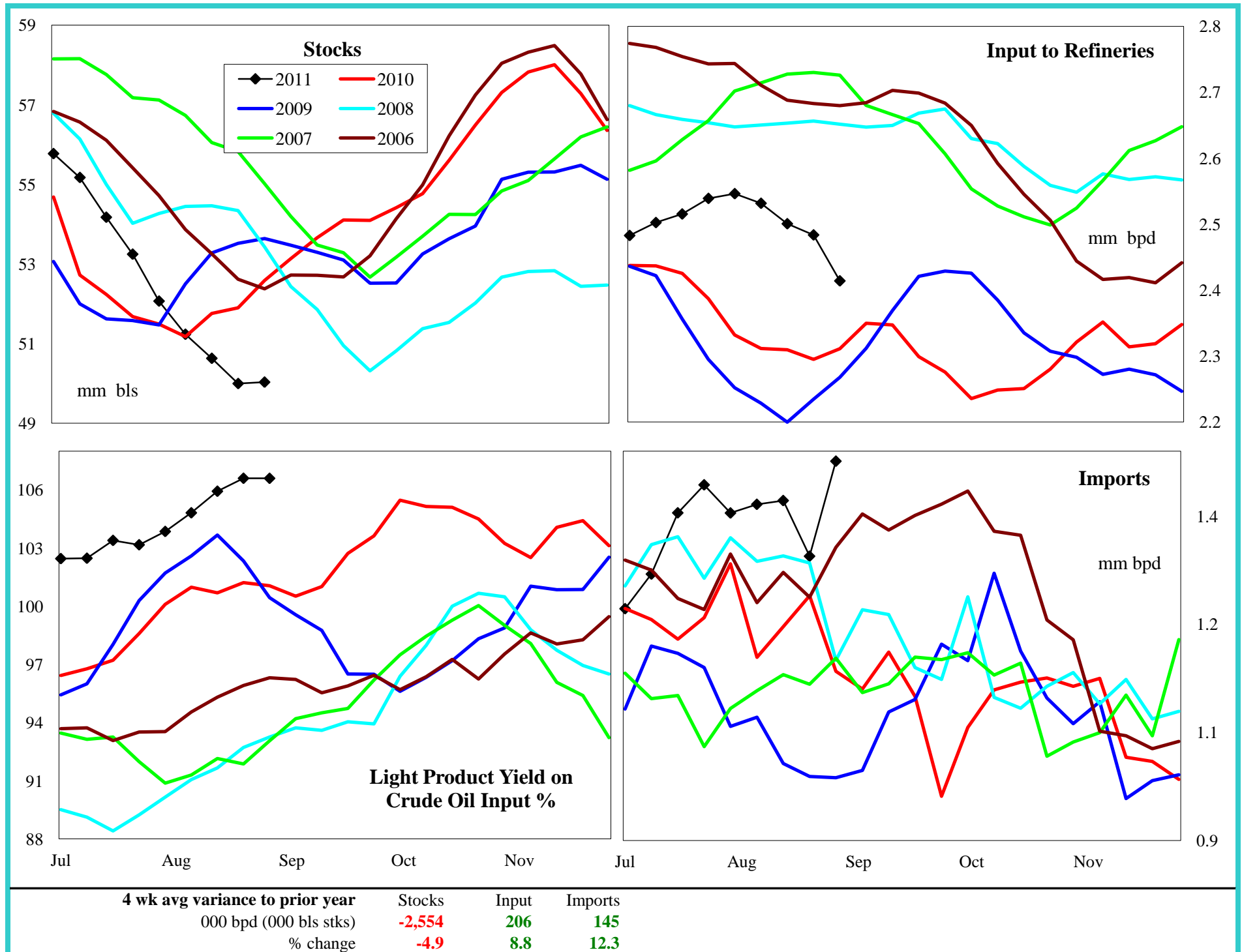
Prod + Imp - Stk chg

1

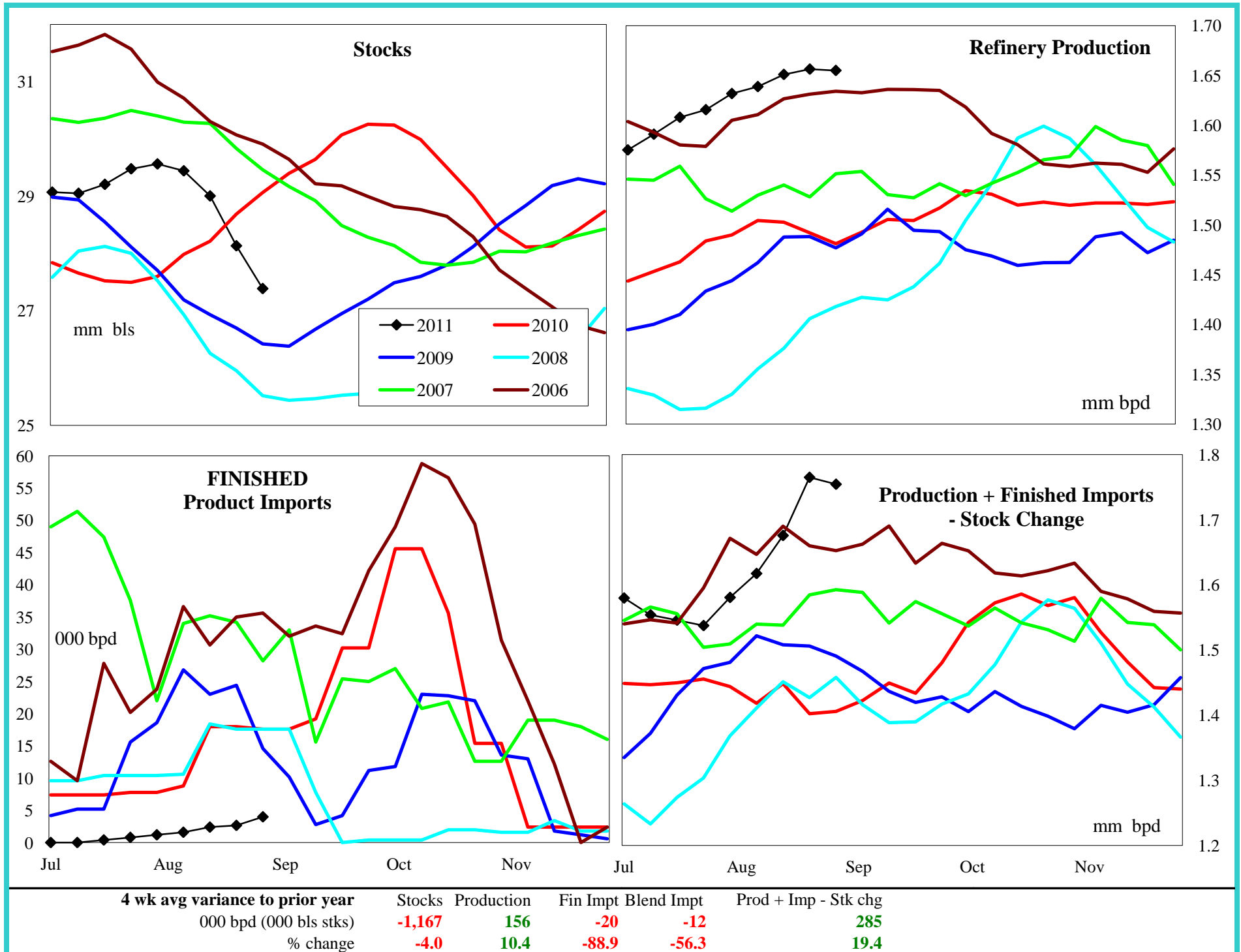
11.7



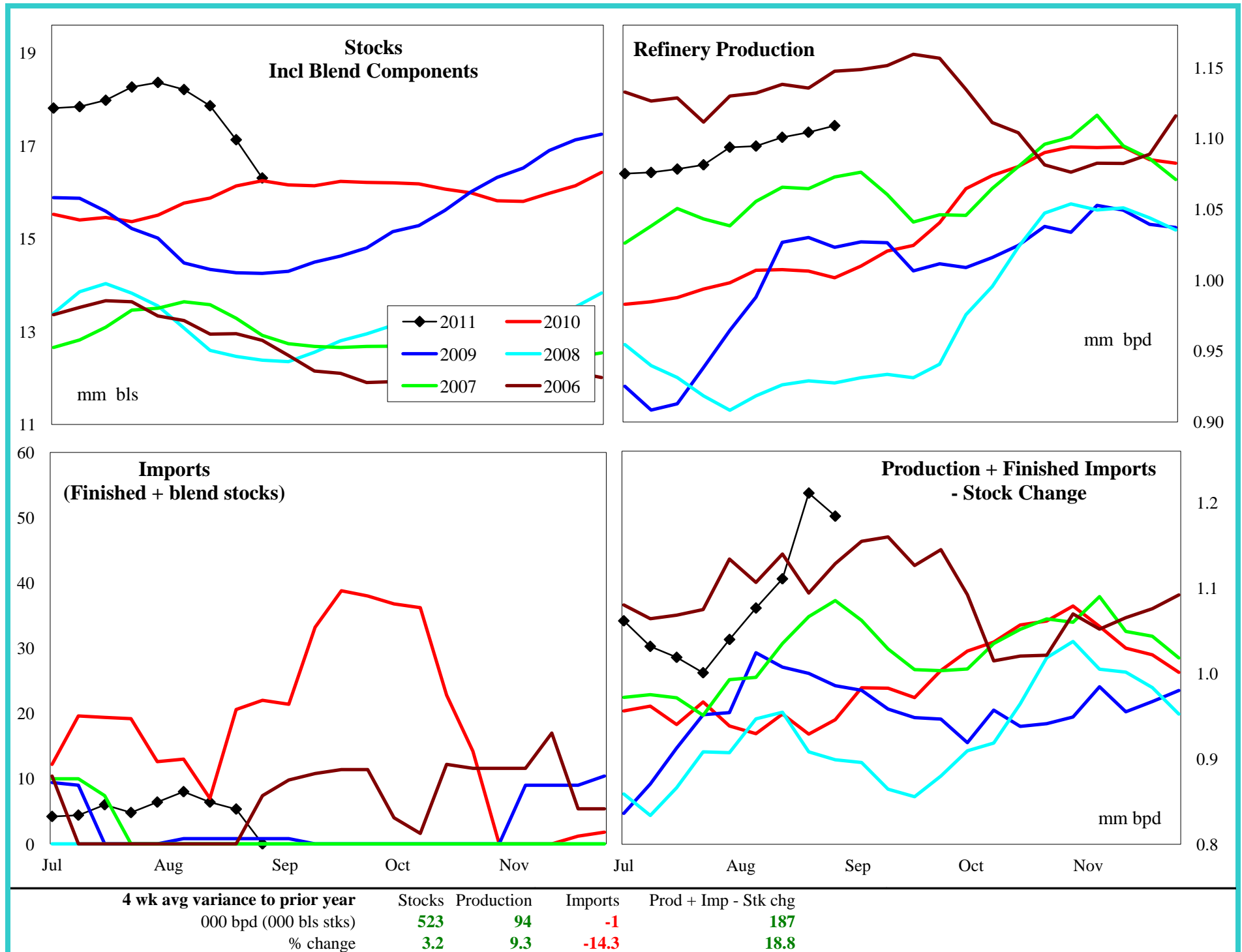
# PADD 5 Crude Oil Supply and Refining



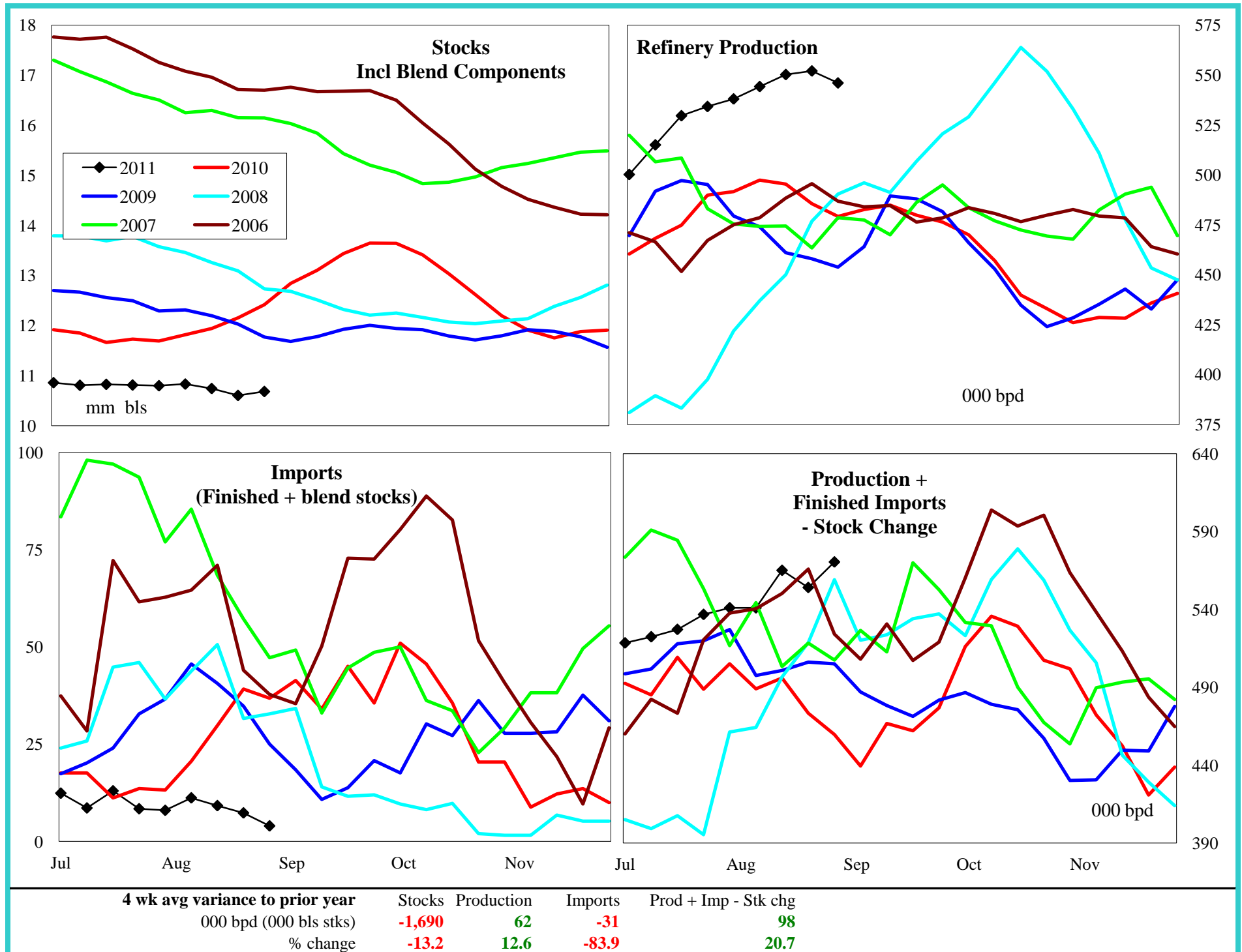
# PADD 5 Gasoline Supply



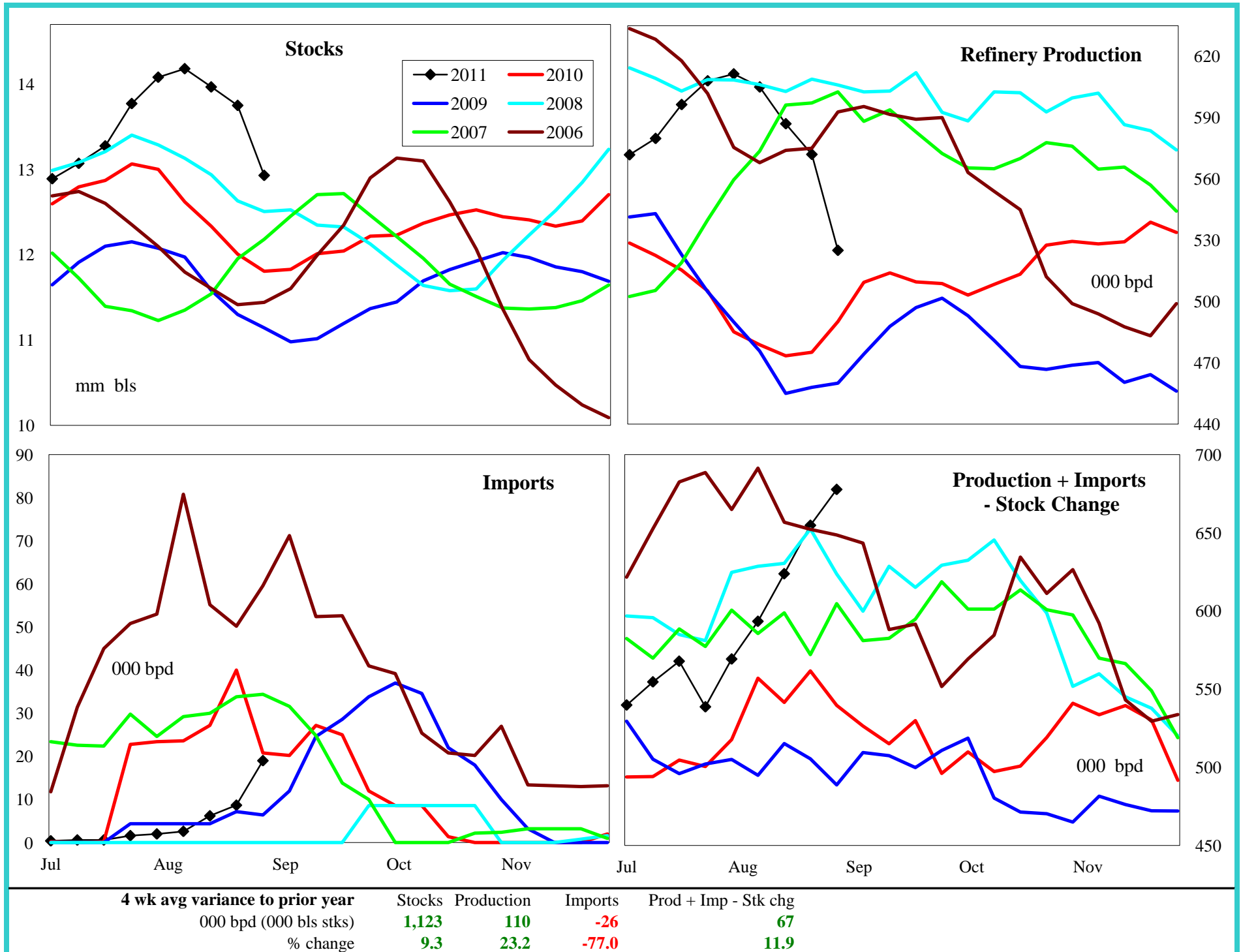
# PADD 5 Reformulated Gasoline Supply



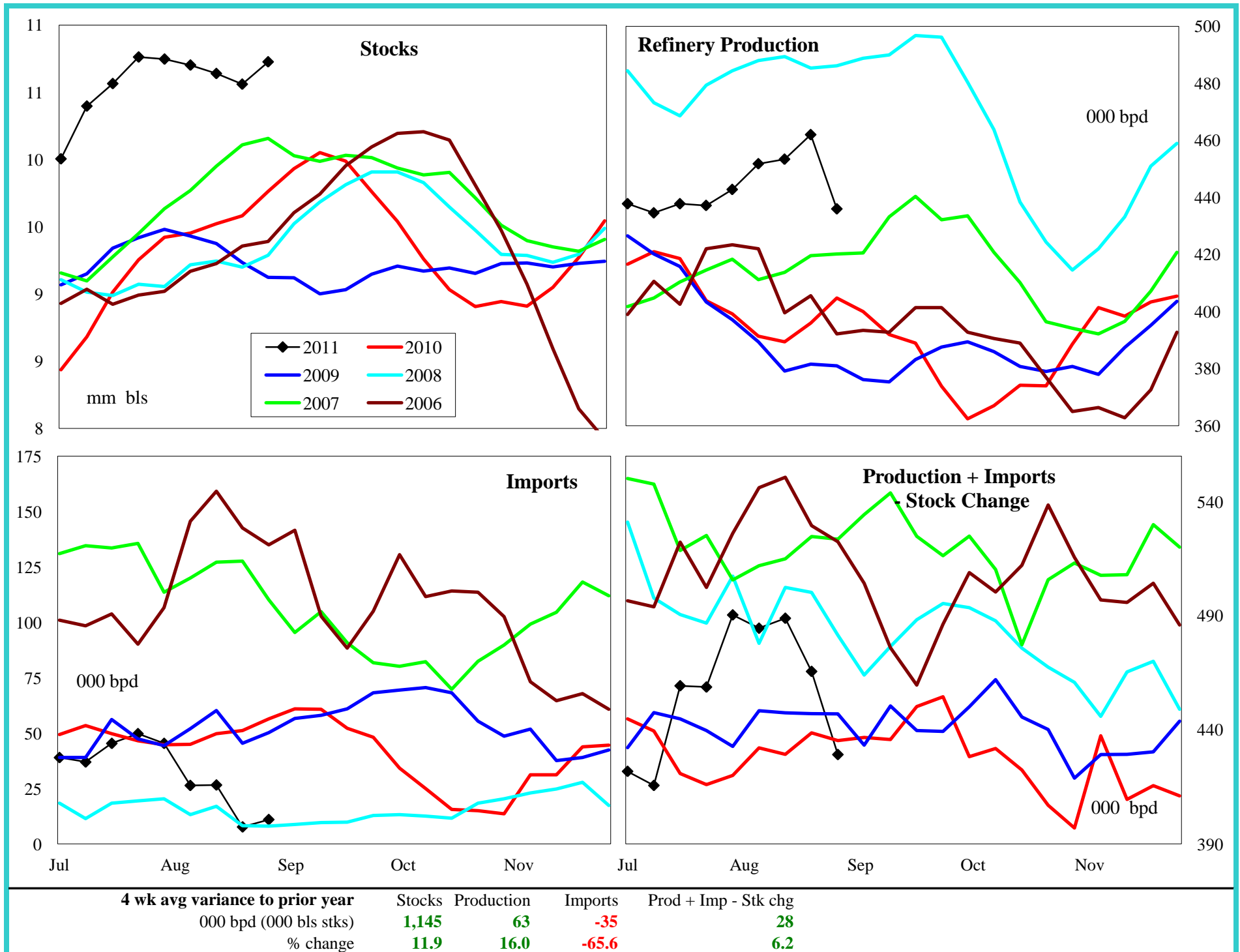
## PADD 5 Conventional Gasoline Supply



# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply

