



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

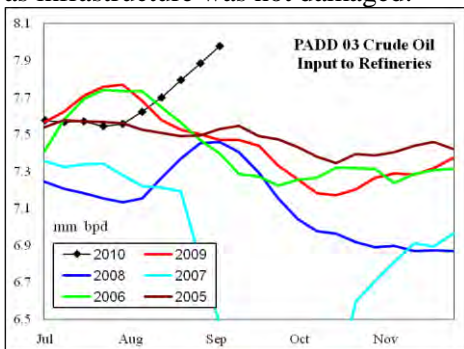
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, September 08, 2011



Major Fundamental Trends¹

Hurricane Irene led to a sharp curtailment of petroleum operations in PADD 1 last week: causing a 420,000 bpd drop in crude oil runs, -0.8 million bpd drop in crude oil imports, a -291,000 bpd drop in gasoline production and -162,000 bpd decrease in distillate output. Stock levels of gasoline, distillate and crude oil also decreased during the week.

Operations should rebound quickly as infrastructure was not damaged.



The absence of hurricanes on the Gulf, and startup of new refinery expansions has lifted crude oil runs in PADD 3 to new record highs, +0.6 million bpd above the 5-year range.

Demand for Gasoline									
Source: EIA Monthly Petroleum Supply									
	000 bpd						Latest		
	Jan11	Feb11	Mar11	Apr11	May11	Jun11	Qtr Avg		
U. S.	8,412	8,648	8,750	8,762	8,784	9,046	8,864		
Ch prev Yr	-113	-3	-37	-341	-433	-238	-337		
% chg	-1.3%	0.0%	-0.4%	-3.7%	-4.7%	-2.6%	-3.7%		
PADD 01	2,988	3,081	3,312	3,244	3,068	3,269	3,194		
Ch prev Yr	-149	33	153	-66	-180	-131	-126		
% chg	-4.7%	1.1%	4.8%	-2.0%	-5.5%	-3.9%	-3.8%		
PADD 02	2,302	2,387	2,358	2,400	2,499	2,606	2,502		
Ch prev Yr	2	-19	-59	-134	-94	-21	-83		
% chg	0.1%	-0.8%	-2.4%	-5.3%	-3.6%	-0.8%	-3.2%		
PADD 03	1,371	1,367	1,298	1,306	1,400	1,322	1,343		
Ch prev Yr	17	-48	-48	-108	-110	-66	-95		
% chg	1.3%	-3.4%	-3.6%	-7.6%	-7.3%	-4.8%	-6.6%		
PADD 04	279	300	291	295	291	312	299		
Ch prev Yr	8	10	10	21	14	4	13		
% chg	3.0%	3.4%	3.6%	7.7%	5.1%	1.3%	4.5%		
PADD 05	1,473	1,513	1,490	1,517	1,527	1,538	1,527		
Ch prev Yr	11	21	-94	-54	-63	-23	-47		
% chg	0.8%	1.4%	-5.9%	-3.4%	-4.0%	-1.5%	-3.0%		

Gasoline wholesale demand has seen declines of -3% or greater in all major regional markets during the April - June 2011 quarter, as indicated in the

¹ Source is latest EIA Weekly Statistics

above monthly EIA data. (See the Fundamental Petroleum Trends report of monthly demand and exports for more detail).

Demand for Distillate									
Source: EIA Monthly Petroleum Supply									
	000 bpd						Latest		
	Jan11	Feb11	Mar11	Apr11	May11	Jun11	Qtr Avg		
U. S.	3,968	3,871	3,993	3,689	3,657	3,903	3,750		
Ch prev Yr	312	5	151	-18	22	144	49		
% chg	8.5%	0.1%	3.9%	-0.5%	0.6%	3.8%	1.3%		
PADD 01	1,569	1,335	1,323	1,075	979	1,025	1,026		
Ch prev Yr	-171	-171	153	-11	4	-24	-10		
% chg	-10.1%	-11.4%	13%	-1.0%	0.4%	-2.3%	-1.0%		
PADD 02	1,070	1,117	1,148	1,094	1,112	1,177	1,128		
Ch prev Yr	85	21	10	-105	-80	-2	-62		
% chg	8.6%	1.9%	0.9%	-8.8%	-6.7%	-0.2%	-5.2%		
PADD 03	689	758	857	823	905	977	902		
Ch prev Yr	20	108	-4	64	118	144	109		
% chg	3.0%	16.6%	0%	8.4%	15.0%	17.3%	13.7%		
PADD 04	176	177	179	172	173	193	179		
Ch prev Yr	28	16	5	-9	3	-2	-3		
% chg	18.9%	9.9%	2.9%	-5.0%	1.8%	-1.0%	-1.5%		
PADD 05	463	483	485	526	488	530	515		
Ch prev Yr	34	29	-14	43	-24	27	15		
% chg	7.9%	6.4%	-2.8%	8.9%	-4.7%	5.4%	3.1%		

Distillate wholesale demand year-on-year change for the April to June 2011 quarter was mixed among regional markets. PADDs 1, 4 and 5 were nearly unchanged. Demand in the midwest declined over -5% while the Gulf region jumped +14%, exceeding pre recession levels on robust economic growth.

Demand for gasoline and distillate fell a combined -0.5 million bpd last week.

Wholesale demand (including exports) measured over the last four weeks compared to a year ago: gasoline decreased -2.9%; distillate up +1.2%; jet fuel up +4.8% while residual fuel oil decreased -8%.

Stocks forward coverage: Gasoline demand coverage increased on a +0.2 million barrel stock build and lower demand. Coverage levels were slightly below the last 2-years.

Distillate coverage increased on a +0.7 million barrel stock build last week, and lower demand. Coverage levels were significantly below the last 2-years.

Jet fuel coverage levels remain well below the last 2-years on lower stocks and increased demand.

Refinery utilization rates were flat on a +6,000 bpd rise in crude oil runs last week. Runs fell -420,000 bpd in

PADD 1 as a result of hurricane Irene, while increasing in all other regions. During the latest 4-wk period crude oil input was +529,000 bpd above a year ago.

Gasoline yield % on crude oil runs fell sharply on a -423,000 bpd decline in production, compared to crude oil runs that were unchanged. The decline was concentrated in PADD 1 as a result of hurricane Irene.

Distillate yield % on crude oil runs fell on a -160,000 bpd decrease in production compared to no change in crude runs. PADD 1 accounted for the drop in distillate production, again due to hurricane Irene.

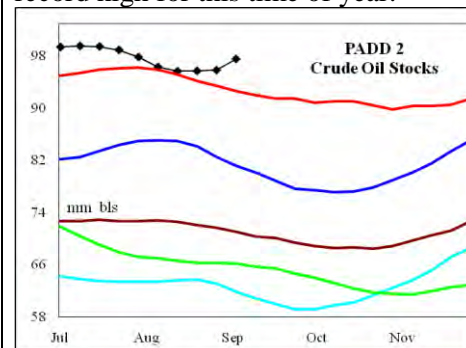
Jet fuel yield % on crude oil runs was marginally higher on a +10,000 bpd rise in output. Yield % levels were near 5-year highs for the period.

Petroleum Imports of crude oil and products fell -1.3 million bpd last week, with -1.0 million of the total occurring in PADD 1 as a result of hurricane Irene.

During the latest 4-wk period crude oil imports decreased -0.4 million bpd compared to last year; distillate imports decreased -72,000 bpd; finished gasoline imports increased +17,000 bpd, gasoline blend stock imports fell -502,000 bpd; jet fuel imports declined -61,000 bpd, while residual fuel oil imports decreased -92,000 bpd.

Crude Oil stocks fell -4 million barrels, with draws in PADDs 1, 3 and 5 on a -1.1 million bpd drop in imports. PADD 1 accounted for most of the drop as a result of hurricane Irene.

PADD 2 stocks increased to a new record high for this time of year.





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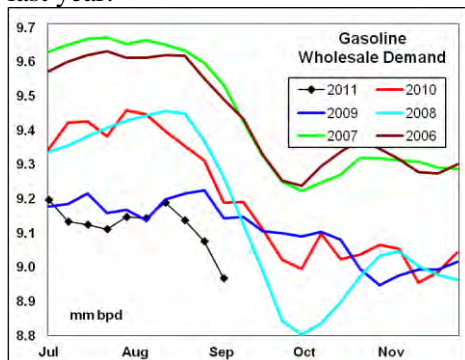
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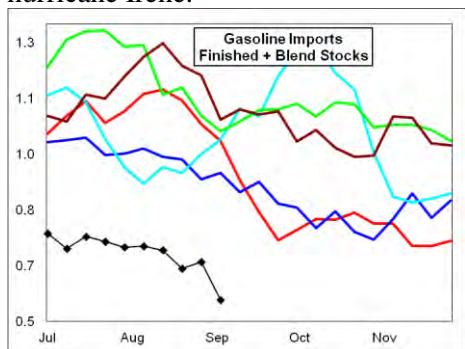
Product Supply-Demand Trends

Gasoline demand fell 273,000 bpd last week, as the seasonal decline begins.

The latest 4-wk average demand decreased -274,000 bpd compared to last year.



Production fell -423,000 bpd last week, largely due to precautionary refinery closures on the East Coast ahead of hurricane Irene.



Stocks increased +0.2 million barrels last week, with the level slightly above the mid range.

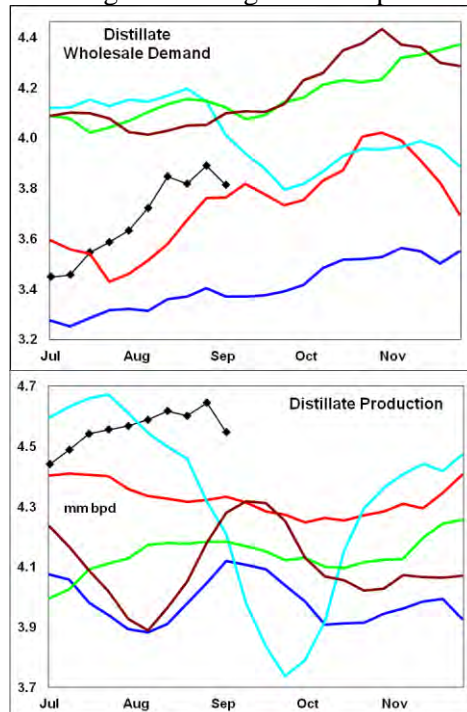
Stock levels declined in all regional markets during August, except the Gulf where stocks have seen a counter seasonal build to a level near 5-year highs.

The high level of stocks in the Gulf and lower seasonal demand should lead to improved supplies in PADDs 1 and 2 during the next 45-days.

Distillate demand decreased -233,000 bpd last week, with the level marginally above last year. The latest 4-wk average demand was +45,000 bpd above a year ago.

Supply fell -184,000 bpd last week on lower production, and imports. Reduced supply was offset by lower demand, leading to a +0.7 million barrel stock build last week. The latest

4-wk stock build in markets East of the Rockies was +7.8 million barrels, matching historic highs for the period.



Wholesale demand for the latest 4-wk period has averaged slightly above last year. The latest EIA monthly demand data show nearly all year-on-year growth concentrated in PADD 3, the region of the country with robust economic growth.

Record refinery output has supported an above average rate of stock building in the latest 4-wk period.

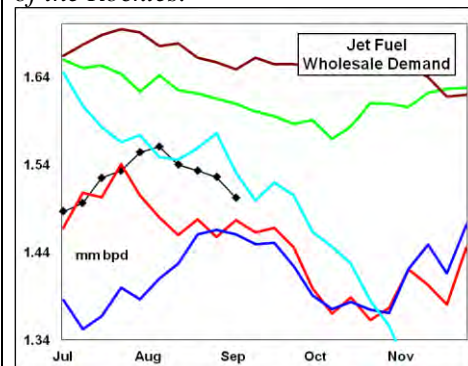
Hurricane Irene caused a sharp drop in production on the East Coast last week, supplies remain tight in the Midwest, while maintenance on the West Coast has tightened supply in the region.

Jet Fuel demand increased +40,000 bpd last week, to a level above the last 2-years. The latest 4-wk average demand was +69,000 bpd above last year; the 6th consecutive weekly increase over a year last year.

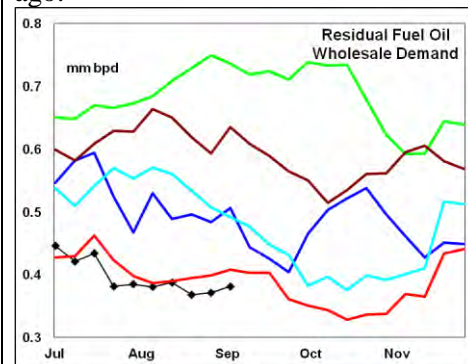
Supply decreased -14,000 bpd on the week, driven by lower imports. Production remains at a fresh 5-year high. Stocks were nearly unchanged on the week, at a level below the last 2-years, but above the 5-year mid

range.

The jet fuel supply balance was stable last week, with record production partially offset by very low imports. Production rates remain at 5-year highs in all regional markets East of the Rockies.



Residual fuel oil demand was nearly unchanged on the week, with the 4-wk average -36,000 bpd below a year ago.



Supply (production + imports) fell -170,000 bpd on lower production and imports. The latest 4-wk average supply was +54,000 bpd above last year. Stocks fell -0.8 million barrels, with the level above the mid range.

Supplies decreased -70,000 bpd last week in the key Gulf Coast market; however, the market remains very well supplied.

West Coast markets are also well supplied with stock levels near 5-year highs and production above the last 3-years. Supplies in other regions are at levels in line with generally lower output.



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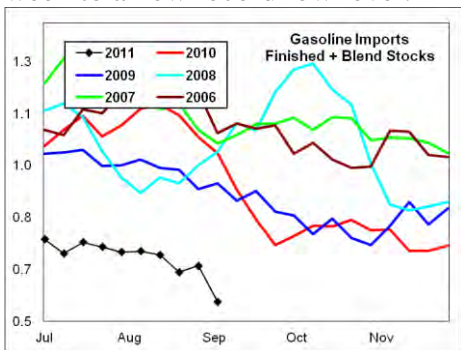
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PADD Supply Trends

PADD 1 refinery crude oil runs fell -420,000 bpd on the week, due to precautionary closing in advance of hurricane Irene last week. Crude oil imports and stocks also fell.

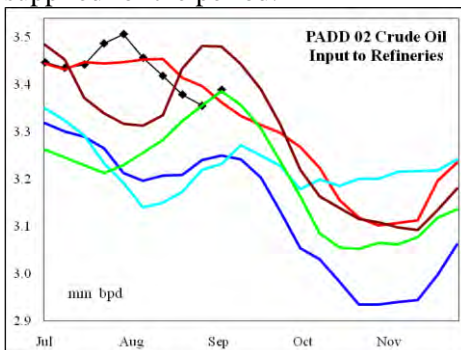
Gasoline production fell -291,000 bpd last week, ahead of hurricane Irene. Imports also declined, down -46,000 bpd on the week to a new record low level.



Gasoline stocks decreased -0.8 million barrels on the week, pushing the level below the 5-year mid range. Stock levels in the key Central Atlantic Region were near historic lows.

Distillate supply fell -157,000 bpd as refiners shut down ahead of hurricane Irene. Stocks decreased -0.5 million barrels, with the level at the mid range.

Jet fuel market remains well supplied for the period.



PADD 2 crude oil refinery runs increased +46,000 bpd on the week, with the level at the historic mid range. Although imports declined from record highs last week, the level remains above the 5-year range. Stocks increased +1.3 million barrels to a new

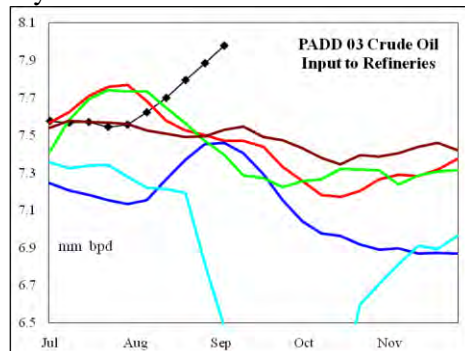
record high level for the period.

Gasoline production climbed +48,000 bpd last week, with the level above four of the last 5-years. Stocks increased +0.4 million barrels to a level that matched 5-year lows.

Distillate production decreased -14,000 bpd, to a level near the mid range. Stocks increased +0.7 million barrels, but the level remains near record low levels for the period.

Jet fuel production remains at a record high for the period. Stocks increased +0.3 million barrels to a level that matched the mid range.

PADD 3 refinery runs increased +214,000 bpd last week, to a new all time record high. The latest 4-wk average thru put was +337,000 bpd above last year. Crude oil stocks decreased -2.1 million barrels on the week, to a level above four of the last 5-years.



Gasoline production fell -159,000 bpd on the. Stocks increased +0.9 million barrels to a level near last years' record high.

Distillate production increased +11,000 bpd on the week; with the latest 4-wk average +265,000 bpd above the previous record level. Stocks increased +1.5 million barrels on the week, with the level near record highs.

Jet fuel production decreased -14,000 bpd on the week, with the level above the historic range. Stocks increased +0.3 million barrels to a level above the mid range.

Residual fuel oil supplies fell -70,000 bpd on the week, with production levels near historic highs.

Stock levels remain +7% above the prior 5-year high.

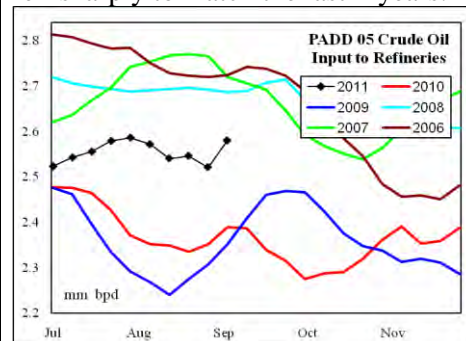
PADD 4 refinery crude runs increased +40,000 bpd last week to a level near the 5-year mid range. Light product yield % on crude oil runs matched historic lows, indicating the restart of some process units continues.

Gasoline production declined -13,000 bpd last week, to a record low level for this time of year. Stocks declined -0.2 million barrels to a level well below the mid range for this time of year.

Distillate production increased +13,000 bpd to a level above the historic range. Stock levels ended the week slightly above the mid range.

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

PADD 5 crude oil refinery runs increased +126,000 bpd on the week, with the level well above the last 2-years. The latest 4-wk average thru put was +204,000 bpd above last year. Light product yield % on crude oil runs fell sharply to match the last 2-years.



Gasoline production declined -70,000 bpd on the week, with the latest 4-wk average +147,000 bpd above last year and near the 5-year high. Stocks were unchanged on the week, at a level above two of the last 3-years.

Distillate production decreased -9,000 bpd last week, with the level slightly above 2009 and 2010. The latest 4-wk average production was +79,000 bpd above a year ago. Stocks fell -0.8 million barrels, to a level above the historic mid range.

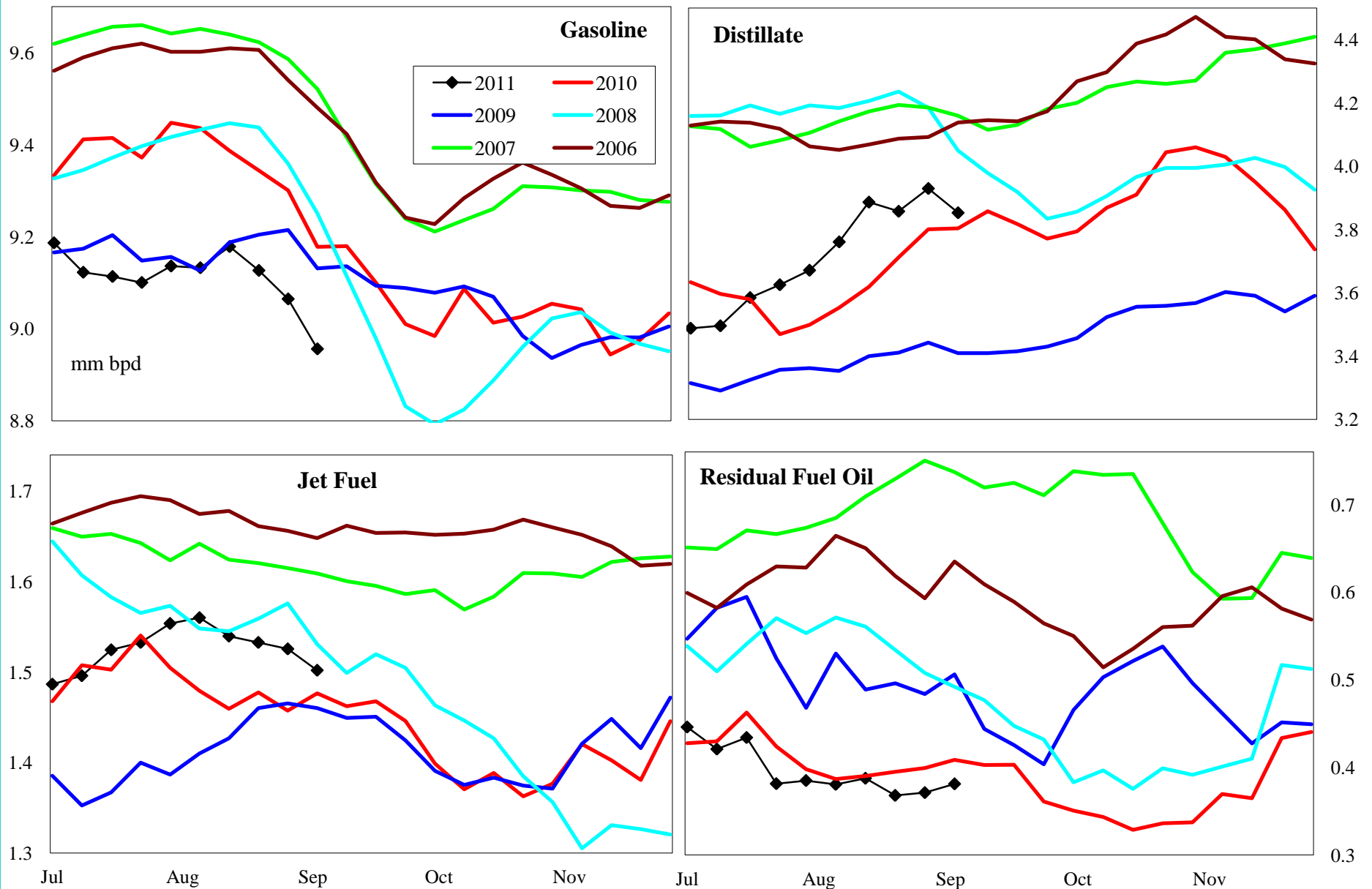


PETROLEUM: Graph Link and Weekly Summary

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	2-Sep-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-3,963	-1,921	1,321	-2,139	4	-1,229
	Imports	-1,070	-769	-261	73	51	-137
	Input	6	-420	46	214	40	126
	% Utilization	-0.20					
Gasoline	Stocks	199	-835	404	858	-229	1
	Production	-423	-291	48	-159	-13	-70
	Imports	-11	-46	1	19	0	14
	Supplied	-273					
Distillate	Stocks	709	-454	659	1,460	-120	-837
	Production	-160	-162	-14	11	13	-9
	Imports	-24	5	-4	0	-7	-18
	Supplied	-233					
Jet Fuel	Stocks	95	114	289	293	-32	-569
	Production	10	1	0	-14	3	19
	Imports	-24	-20	0	0	0	-4
	Supplied	40					
Residual Fuel Oil	Stocks	-804	-385	-182	-565	12	316
	Production	-32	5	7	-54	4	7
	Imports	-138	-121	1	-16	0	0
	Supplied	-3					

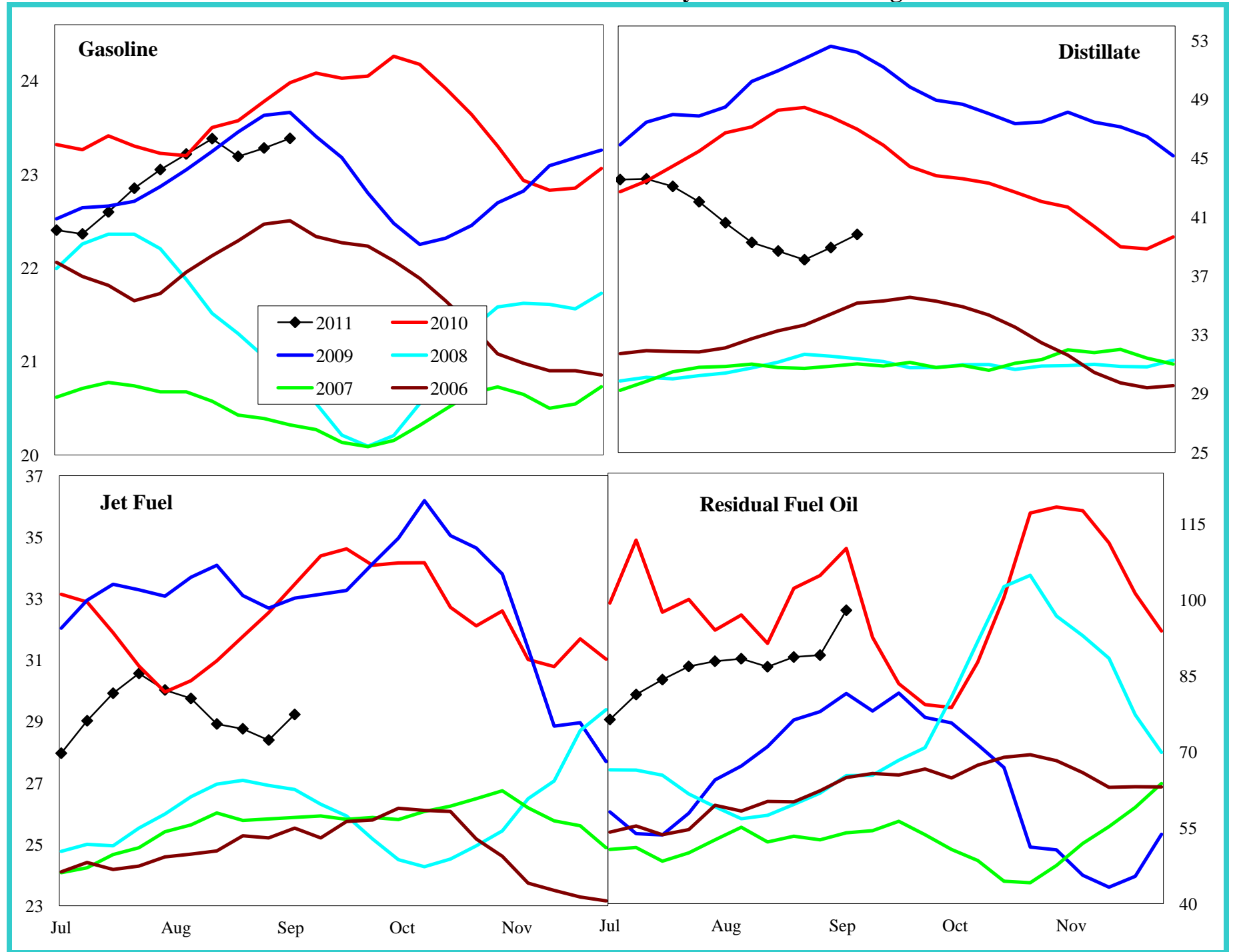
United States Wholesale Petroleum Demand



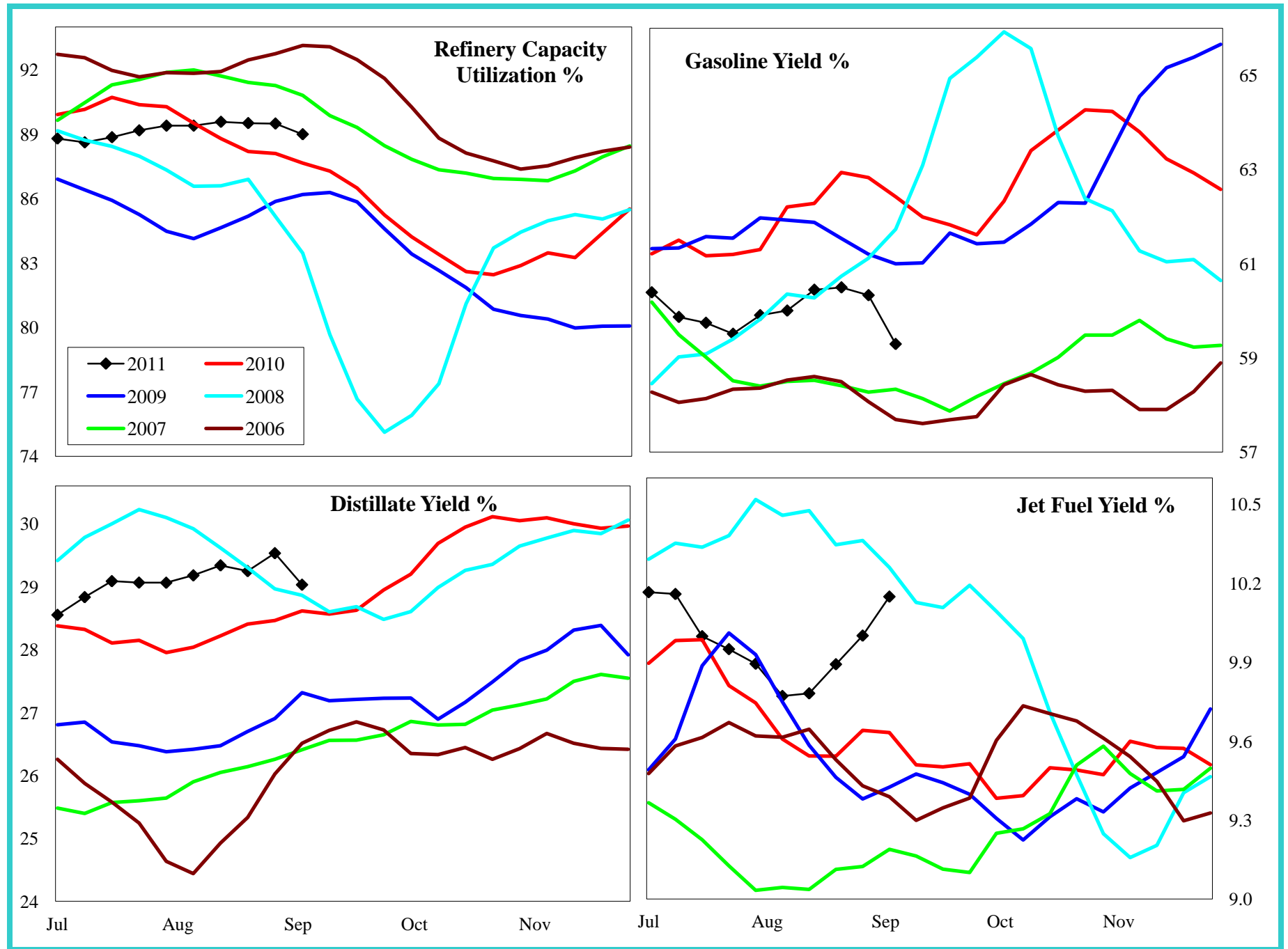
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jul	Jun	May	4wk avg	Jul	Jun	May
Gasoline	-274	-236	4	-378	-2.9	-2.5	0.0	-4.1
Distillate	45	2	-163	18	1.2	0.1	-4.4	0.5
Jet Fuel	69	24	-113	-17	4.8	1.6	-7.3	-1.2
Resid	-36	-164	16	-41	-8.0	-27.6	3.2	-7.9



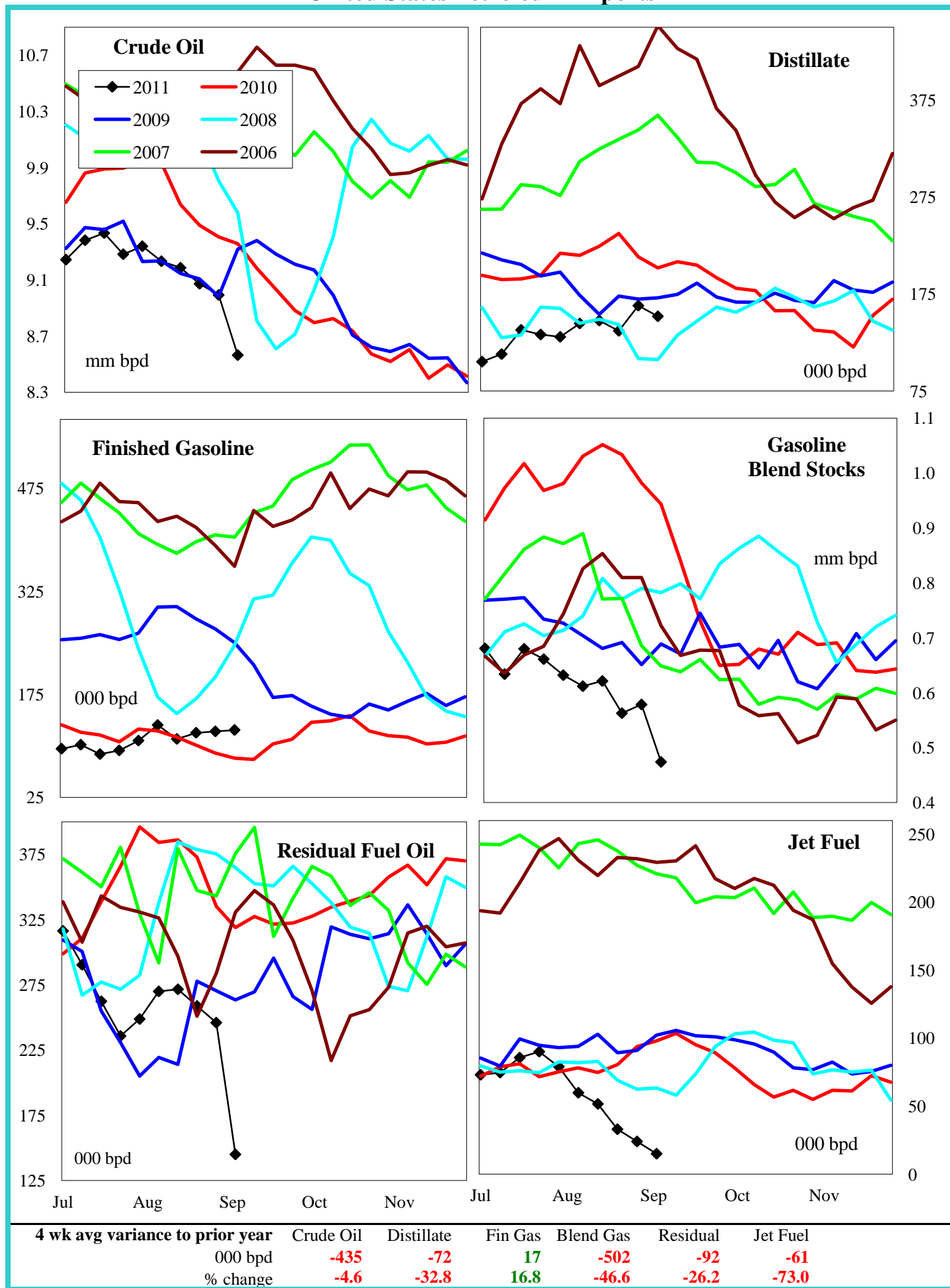
United States Product Stocks: Days Forward Coverage



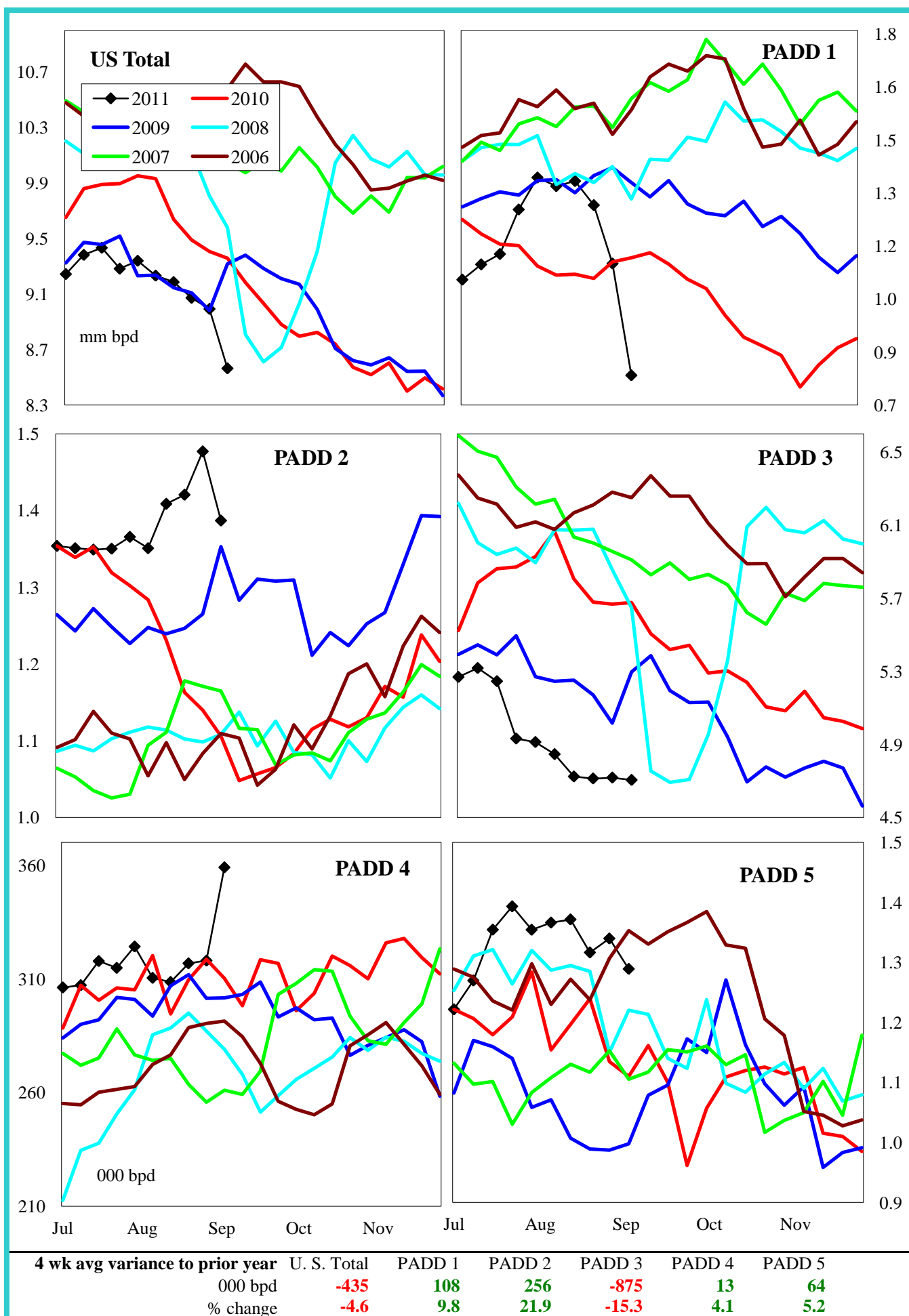
United States Refinery Percent Utilization Rate and Product Yields



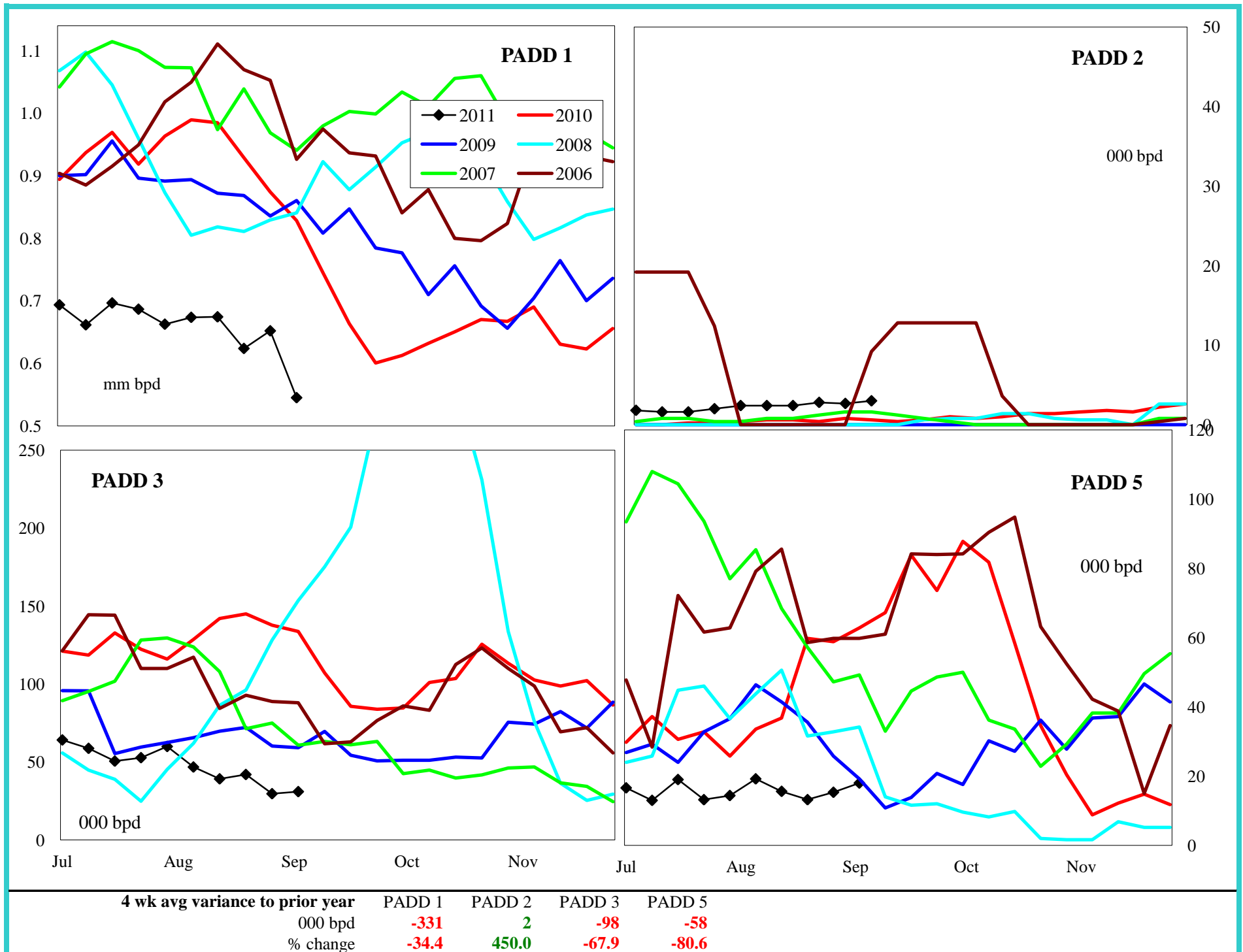
United States Petroleum Imports



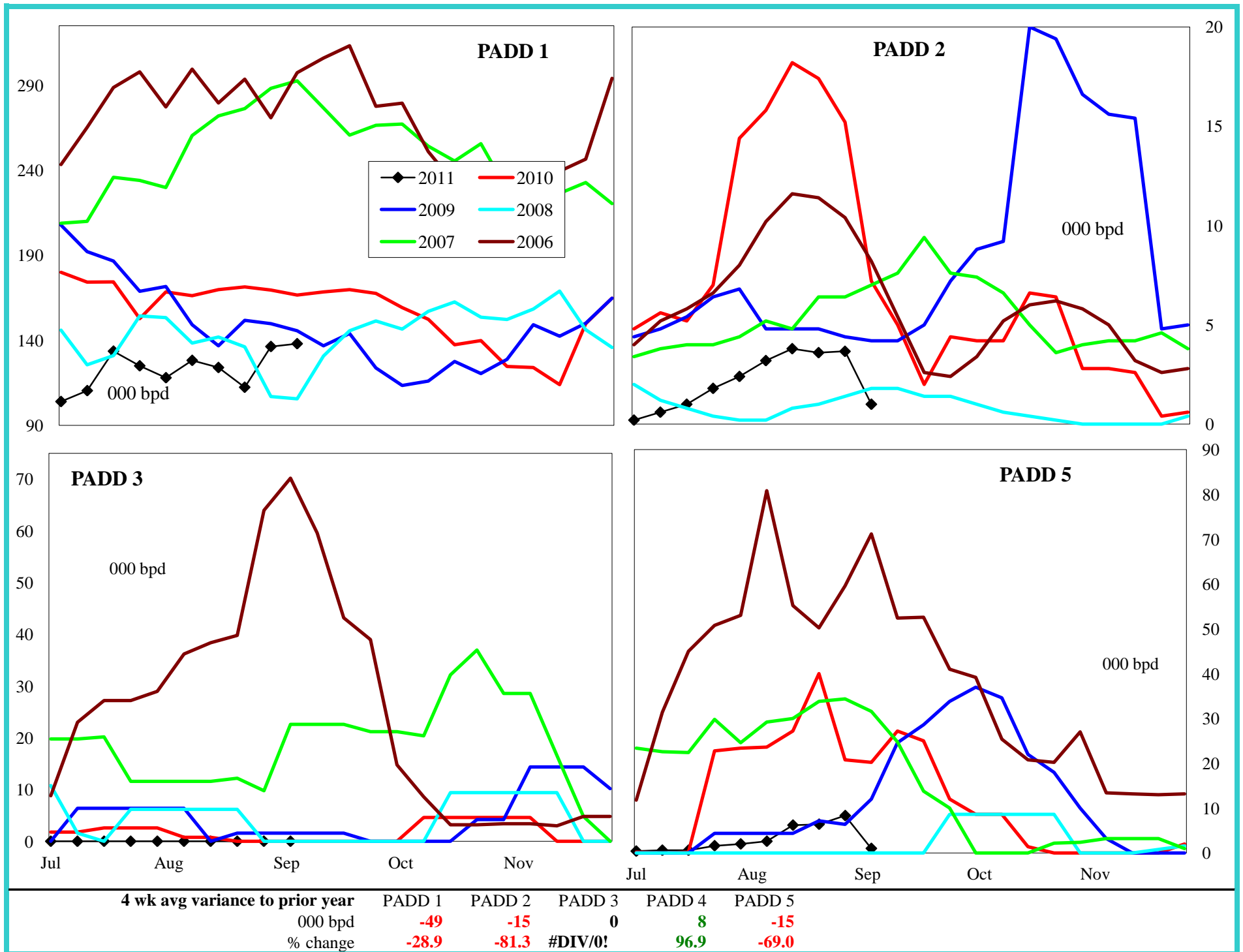
Crude Oil Imports by PADD



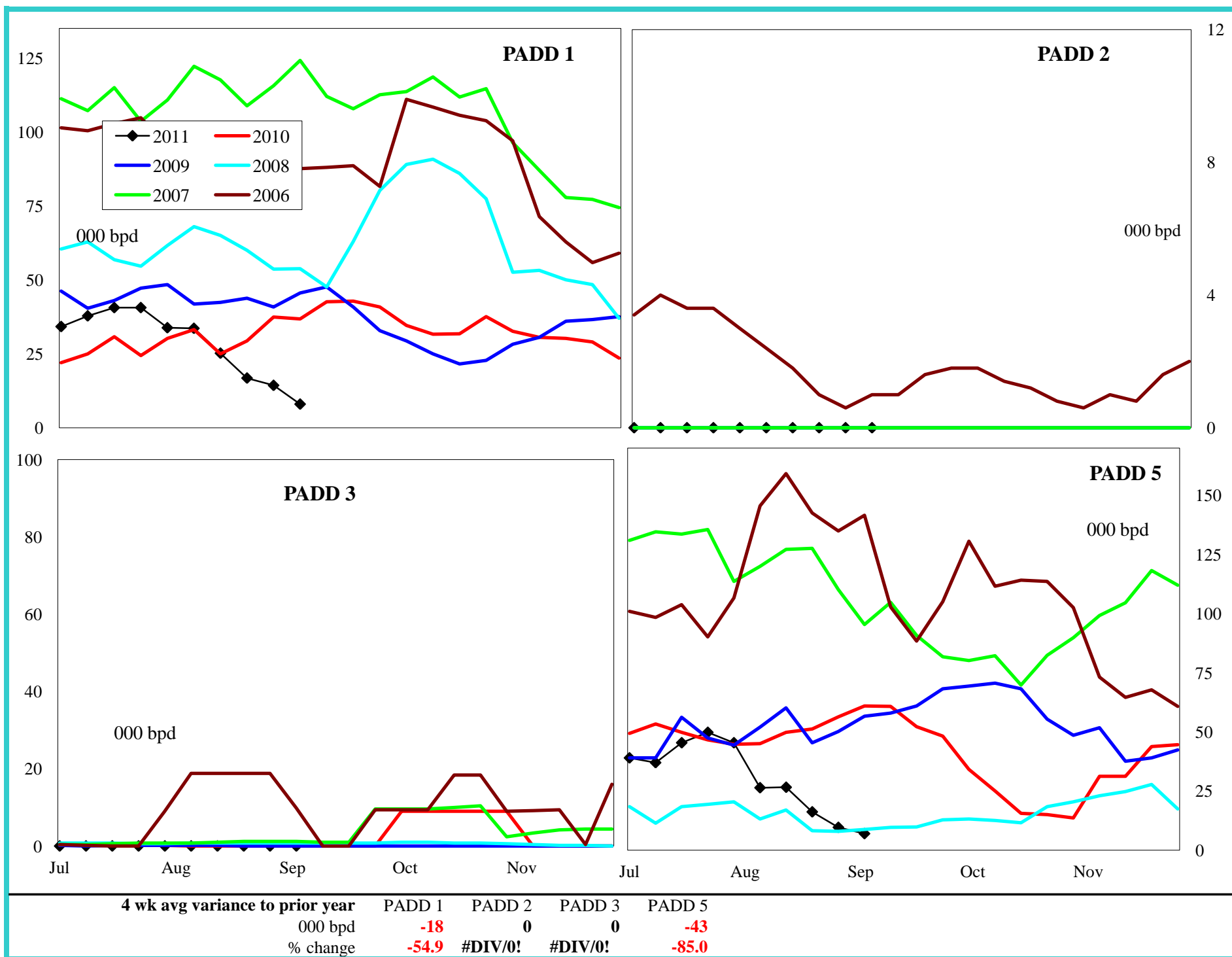
Gasoline Imports by PADD (Finished + Blend Stocks)



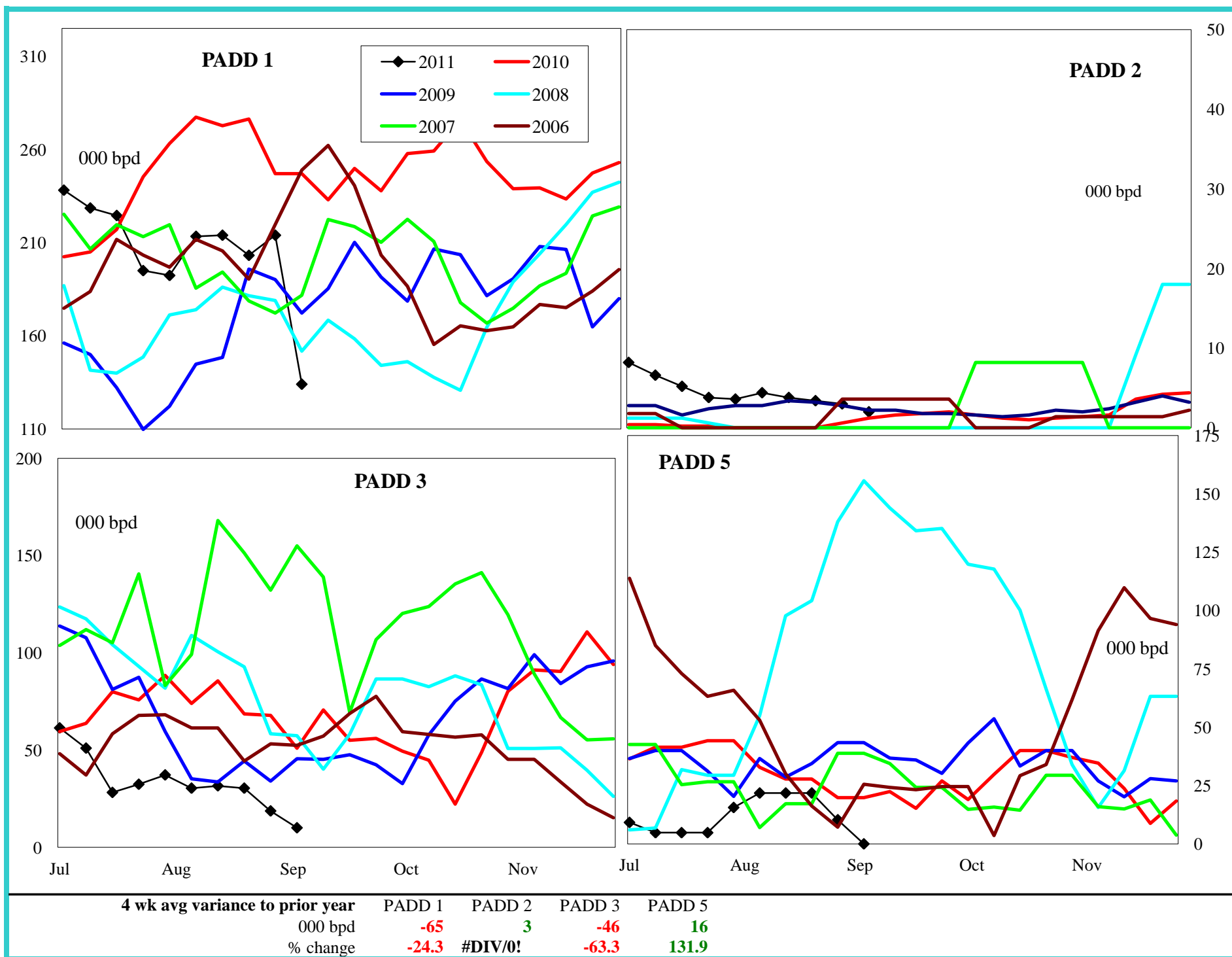
Distillate Imports by PADD



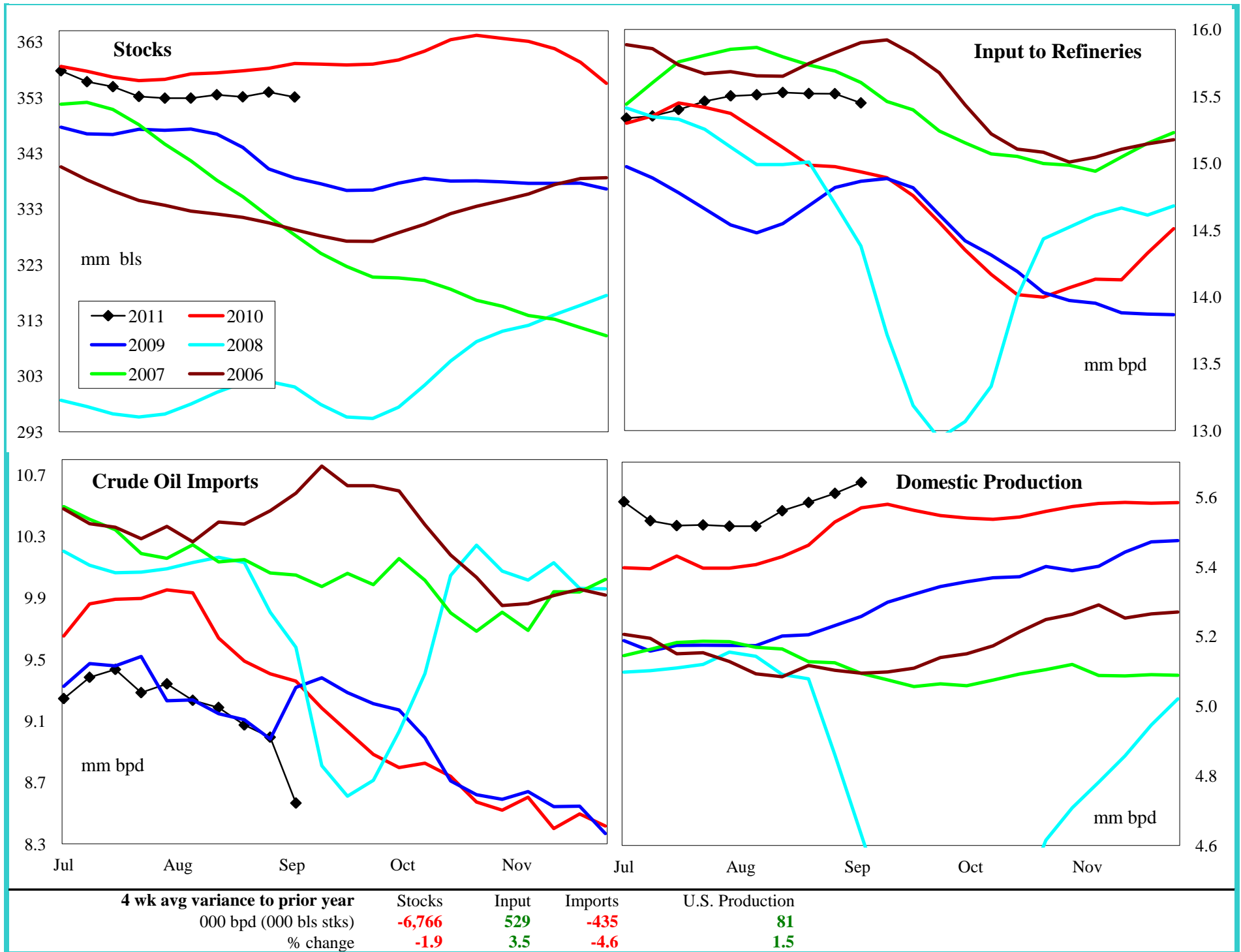
Jet Fuel Imports by PADD



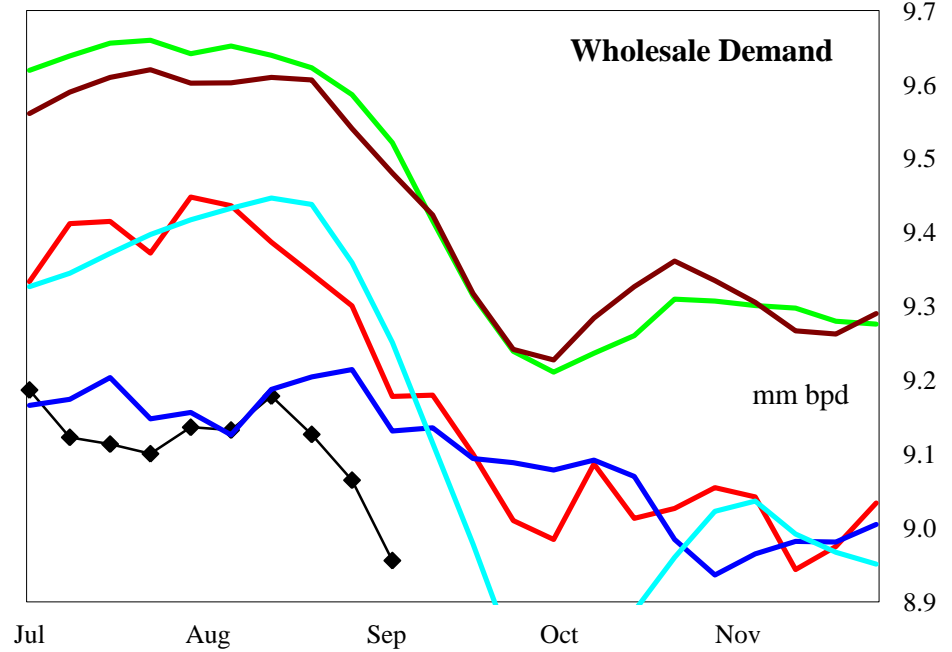
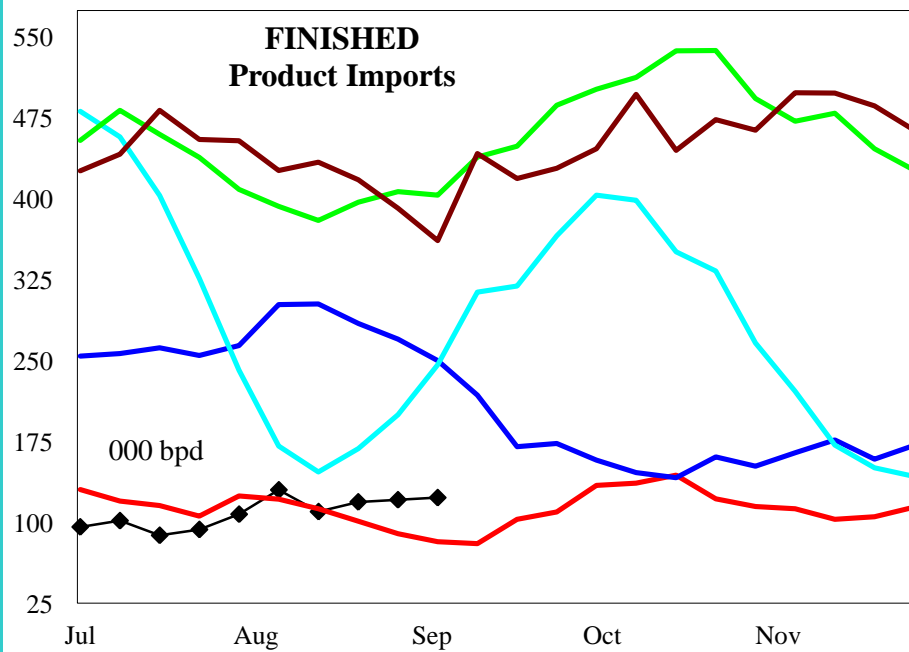
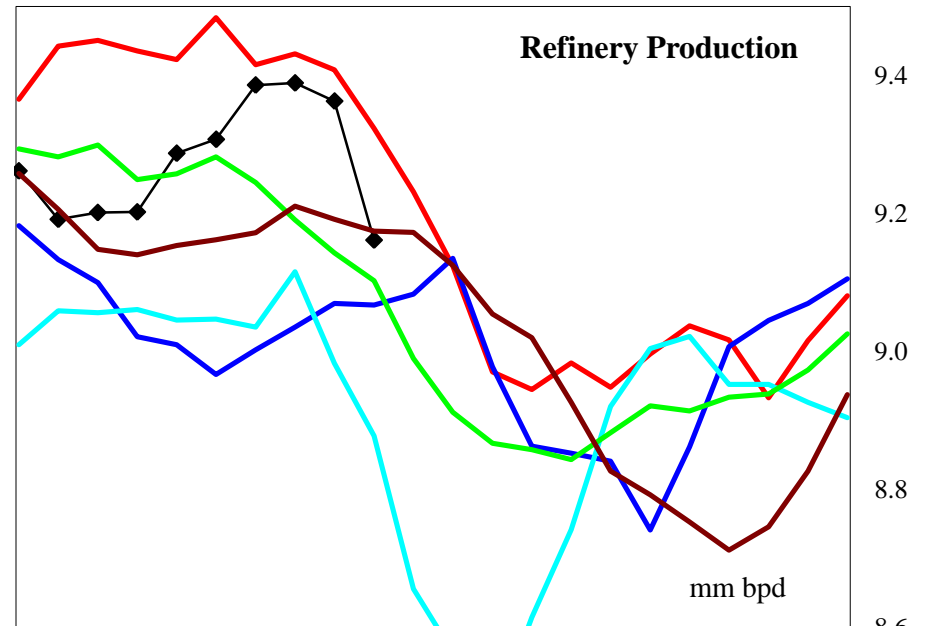
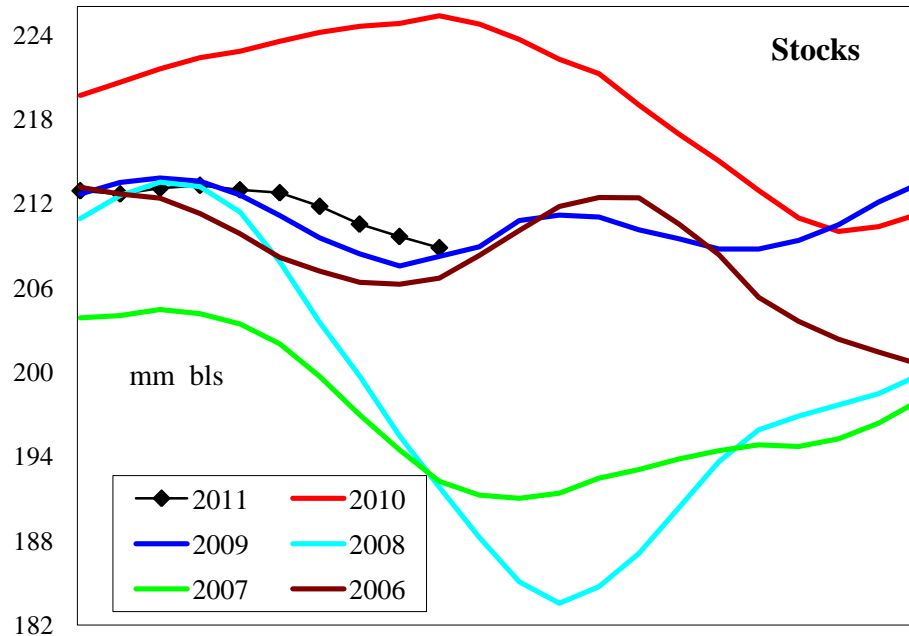
Residual Fuel Oil Imports by PADD



United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks Production Fin Impt Blend Impt Demand=>

-16,322 -114 17 -502

-7.2 -1.2 16.8 -46.6

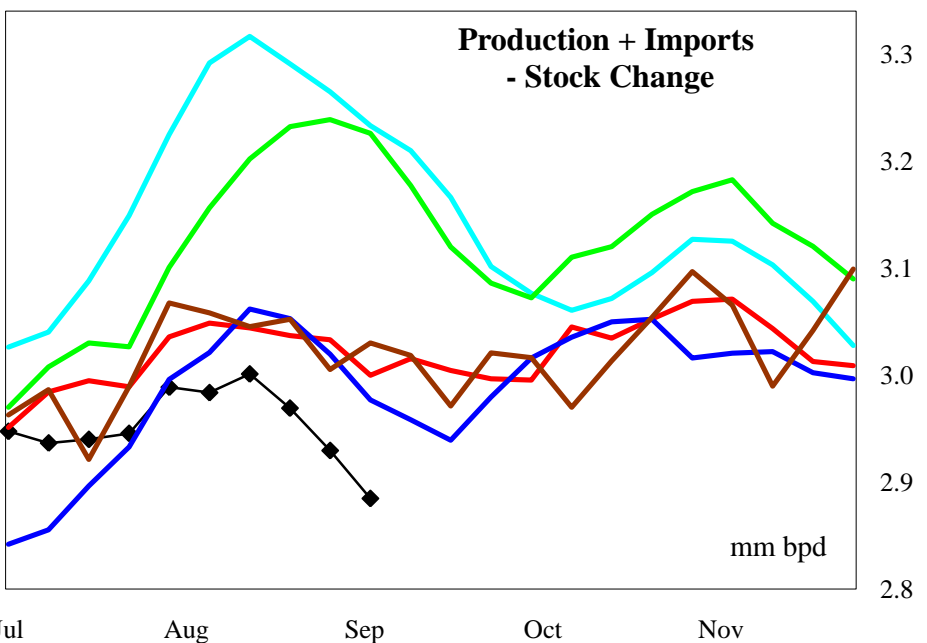
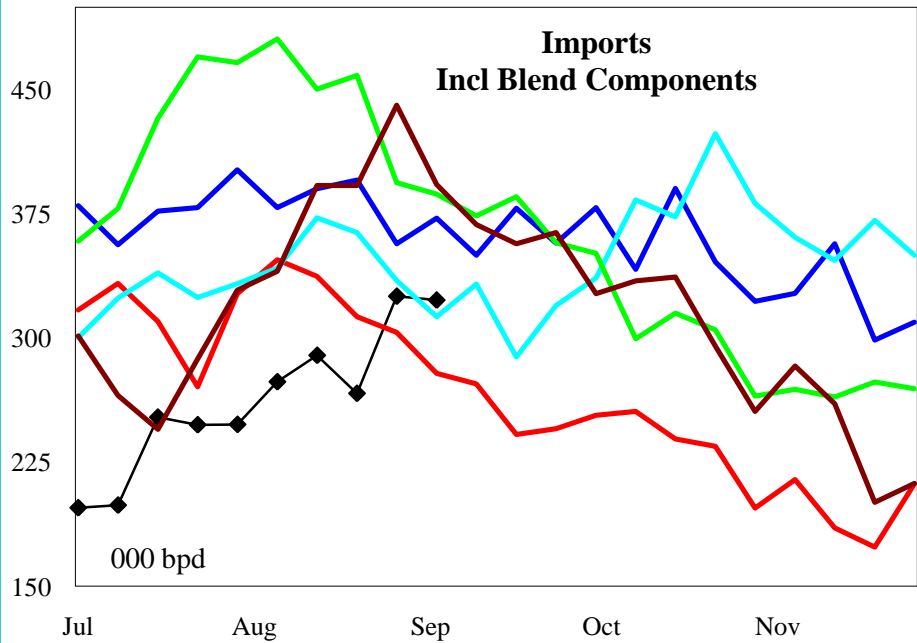
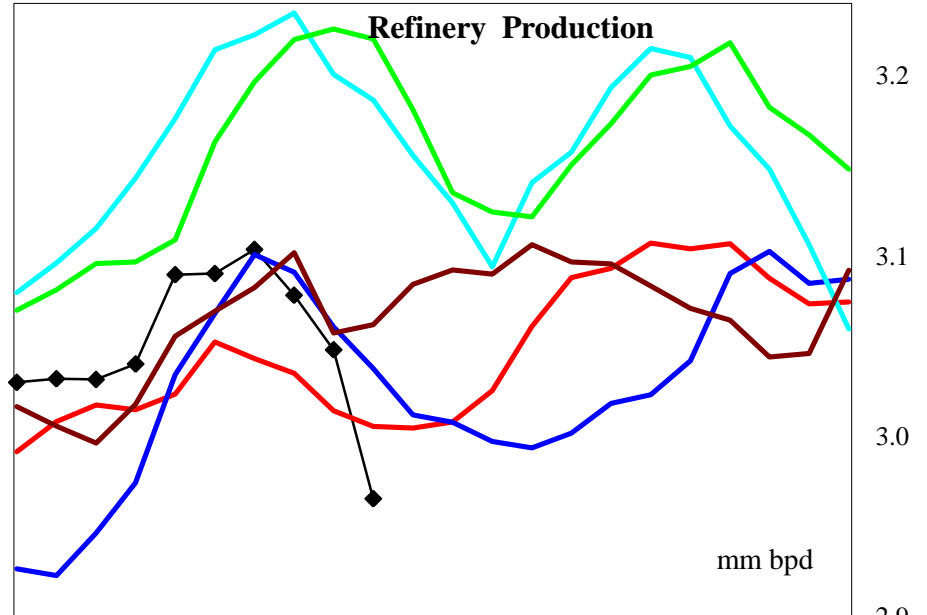
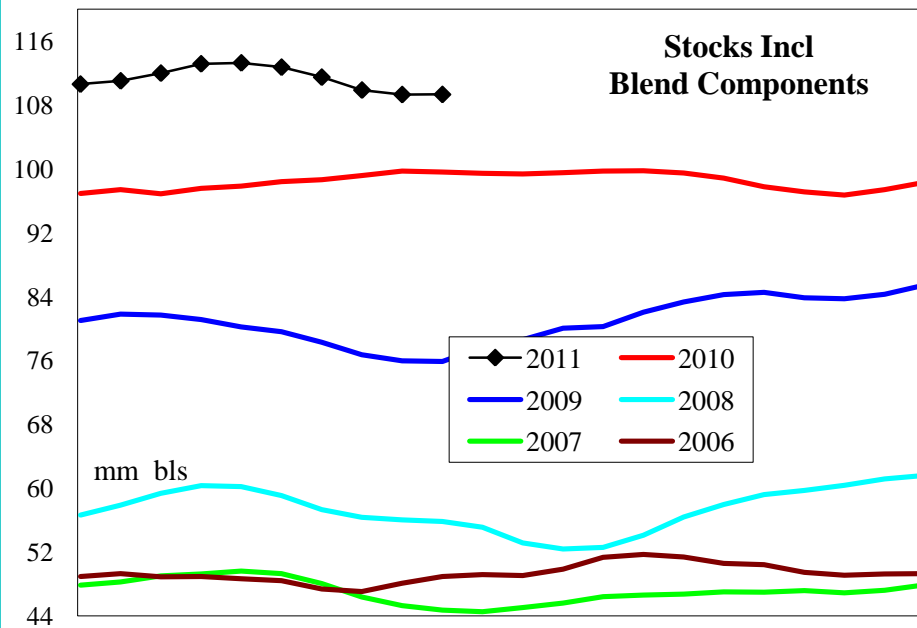
4wk avg Jul Jun May

-274 -236 4 -378

-2.9 -2.5 0.0 -4.1



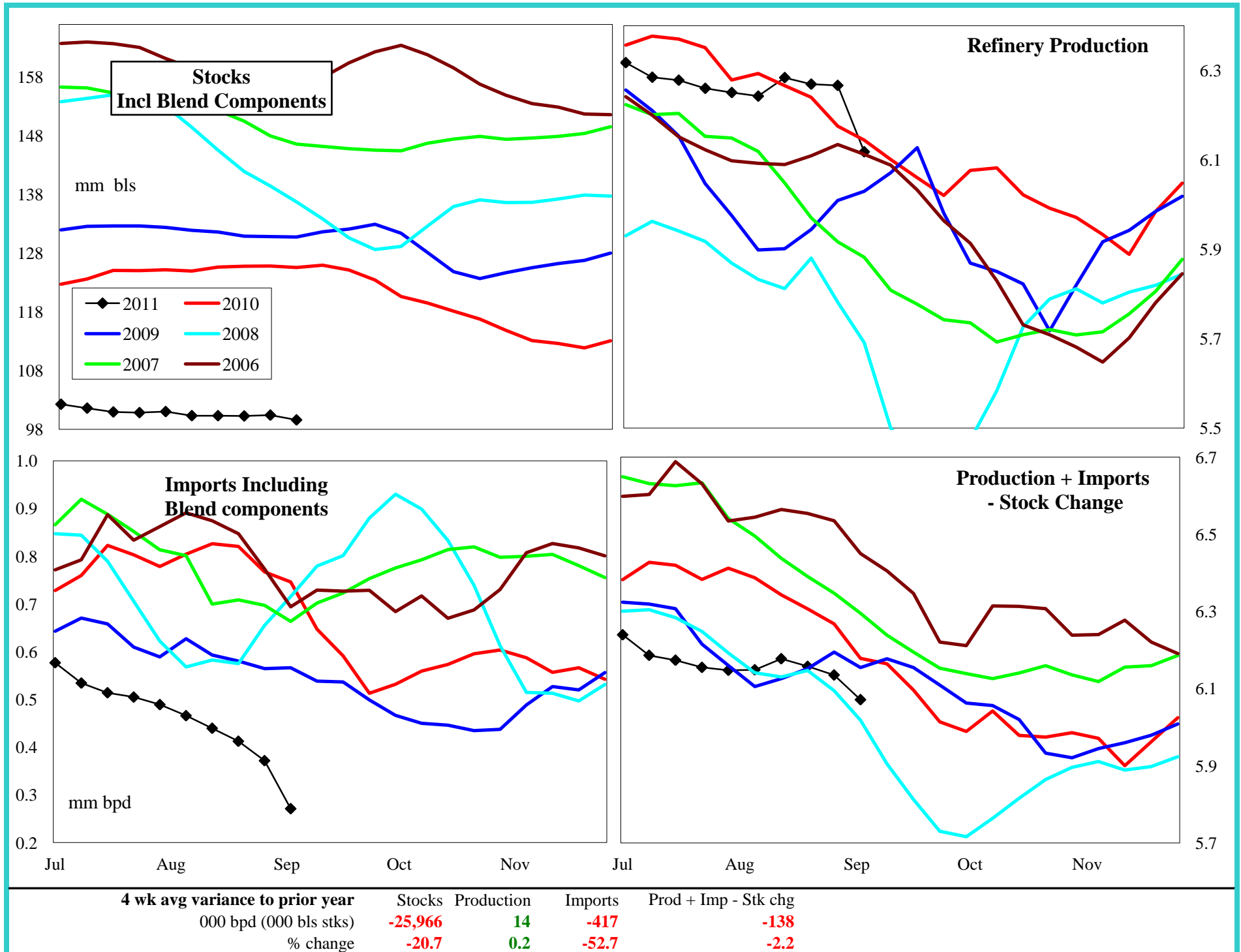
United States Reformulated Gasoline Supply



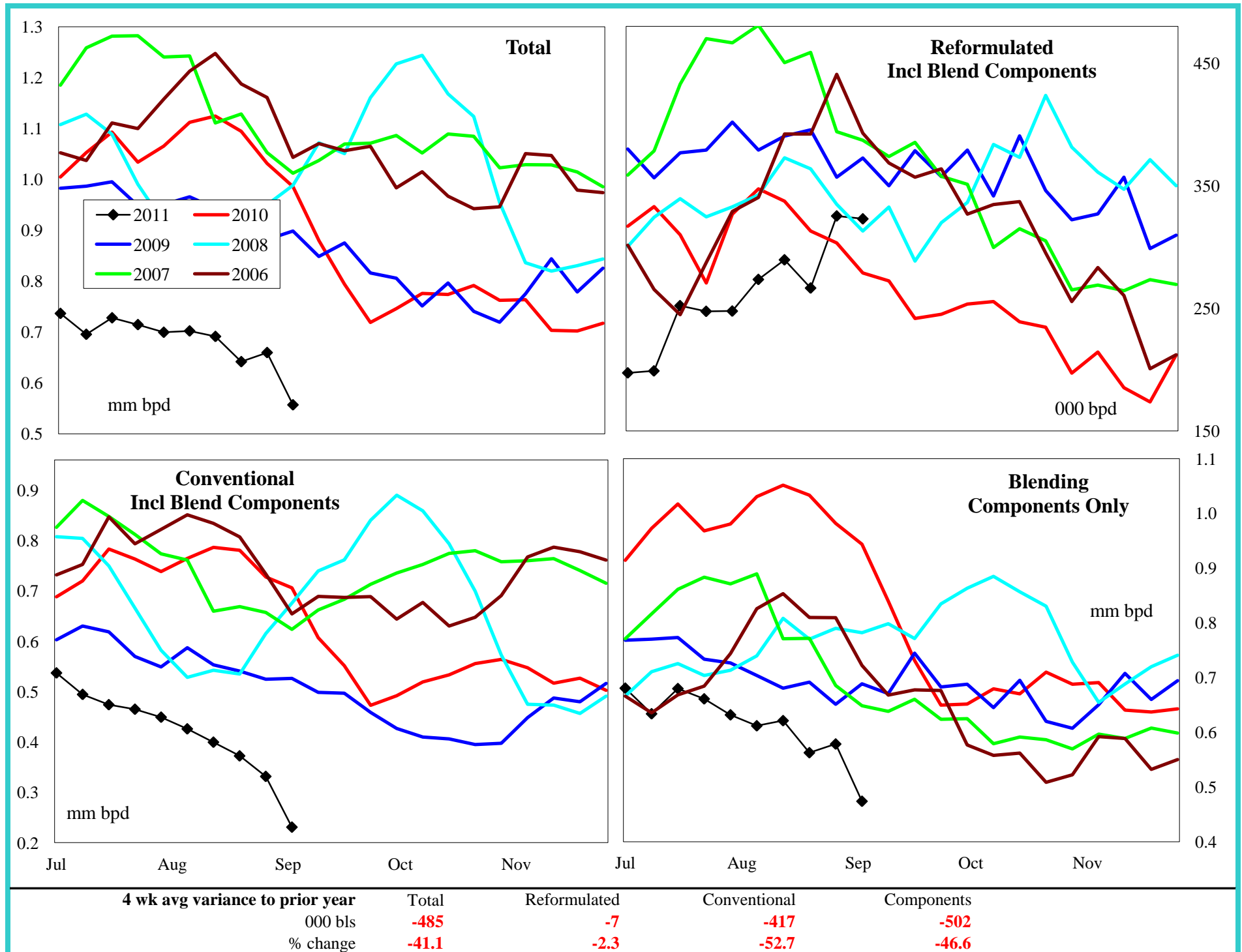
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
9,728	30	-7	-82
9.8	1.0	-2.3	-2.7

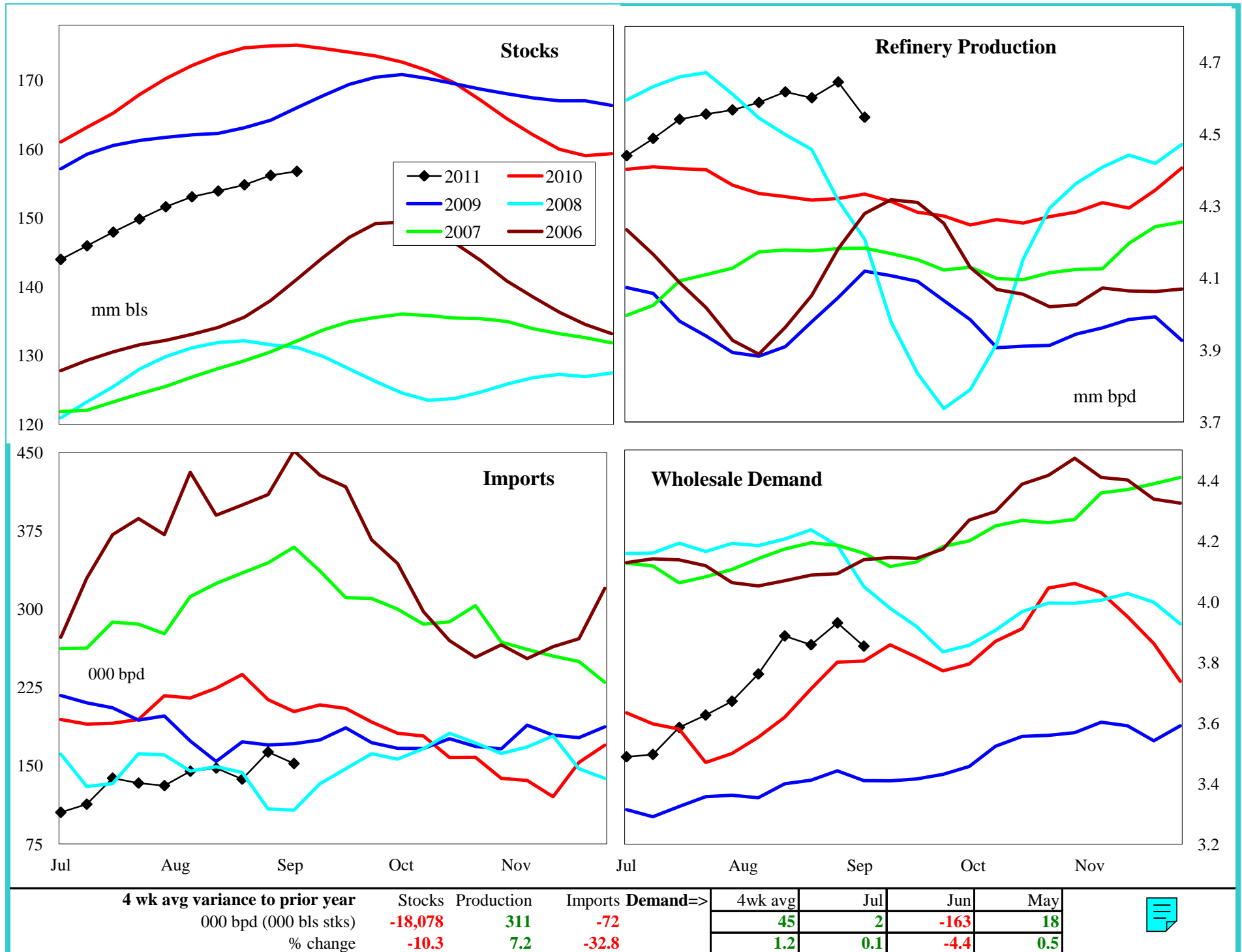
United States Conventional Gasoline Supply



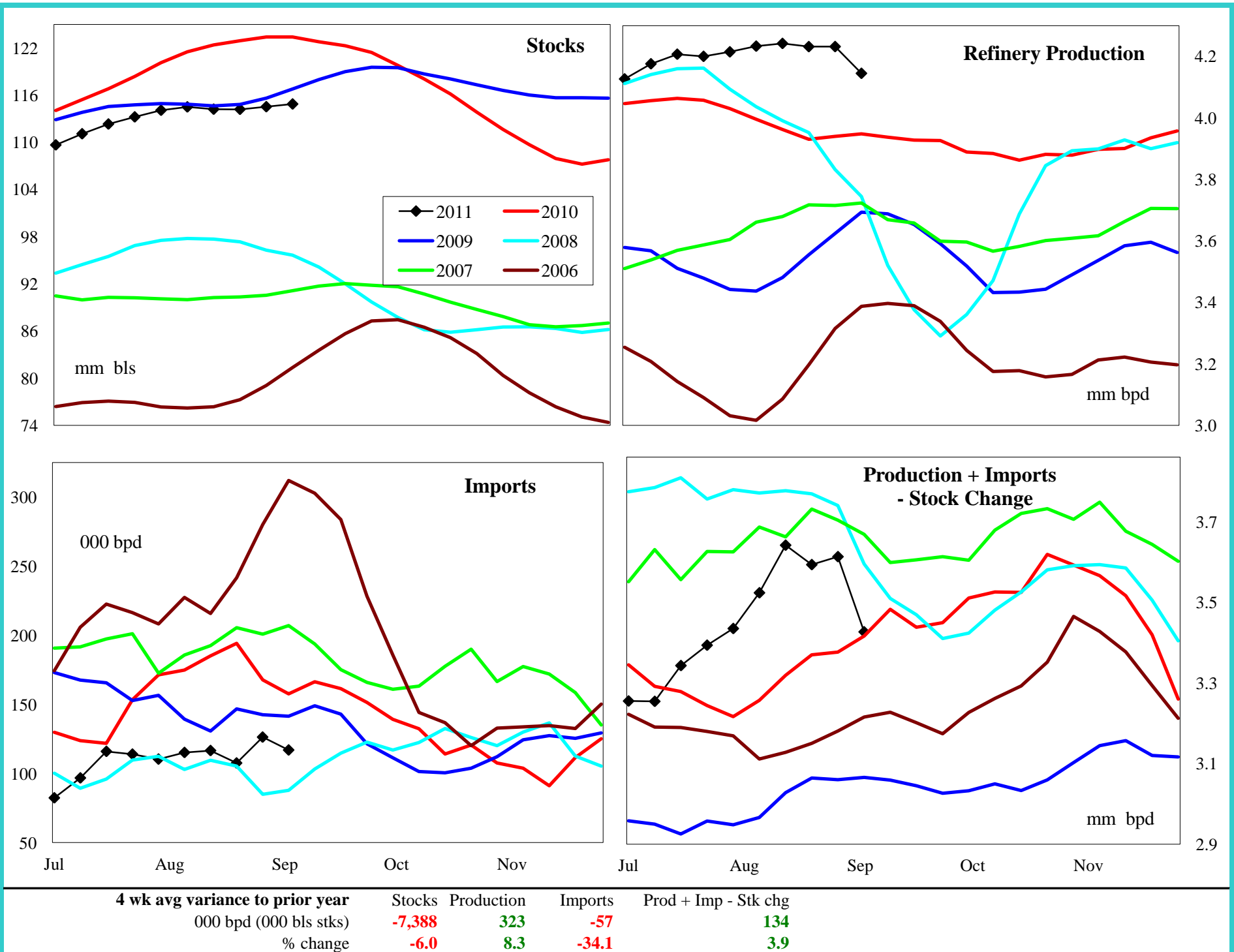
United States Gasoline Imports by Type



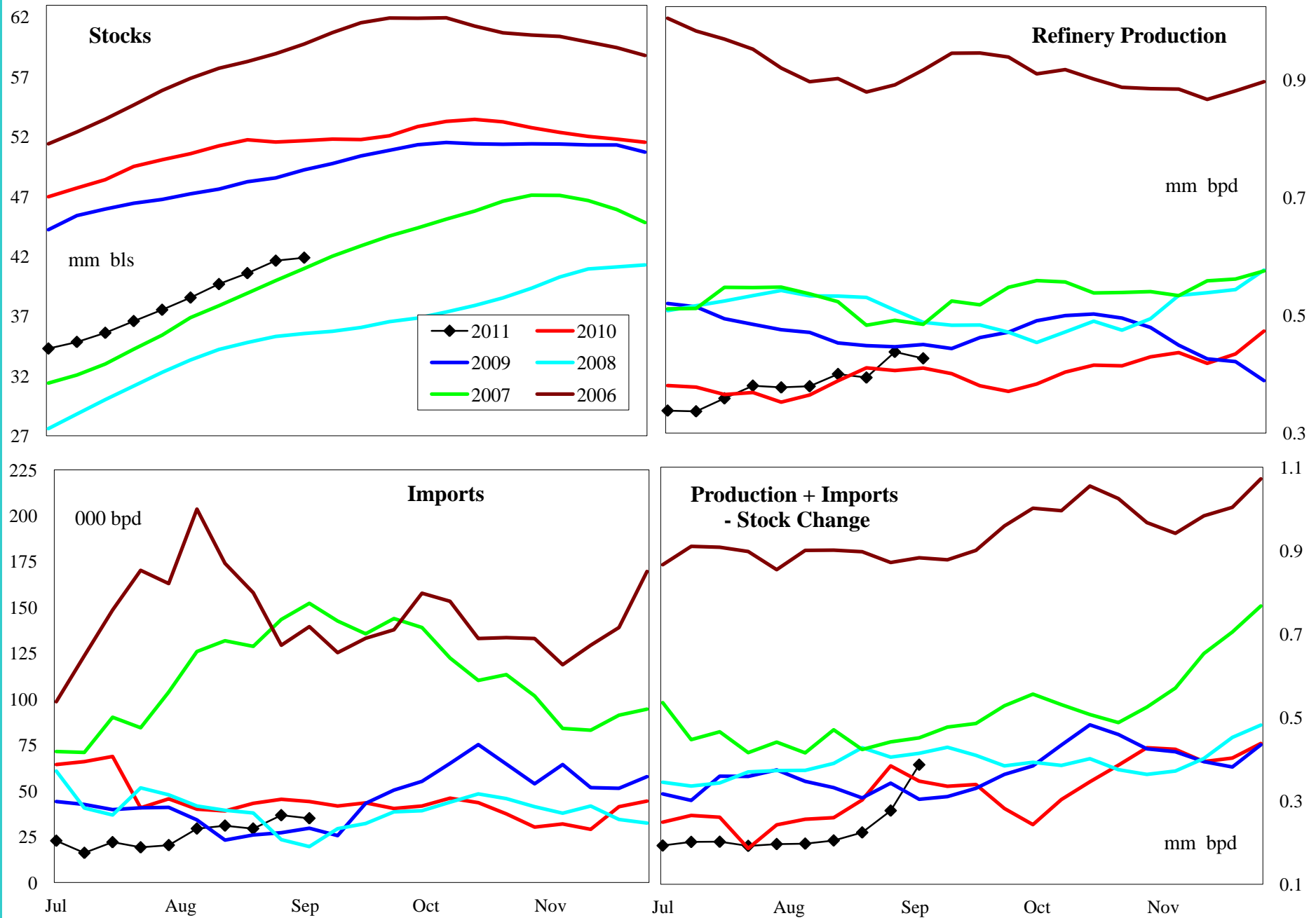
United States Distillate Supply and Demand Balance



United States Low Sulfur Distillate Supply



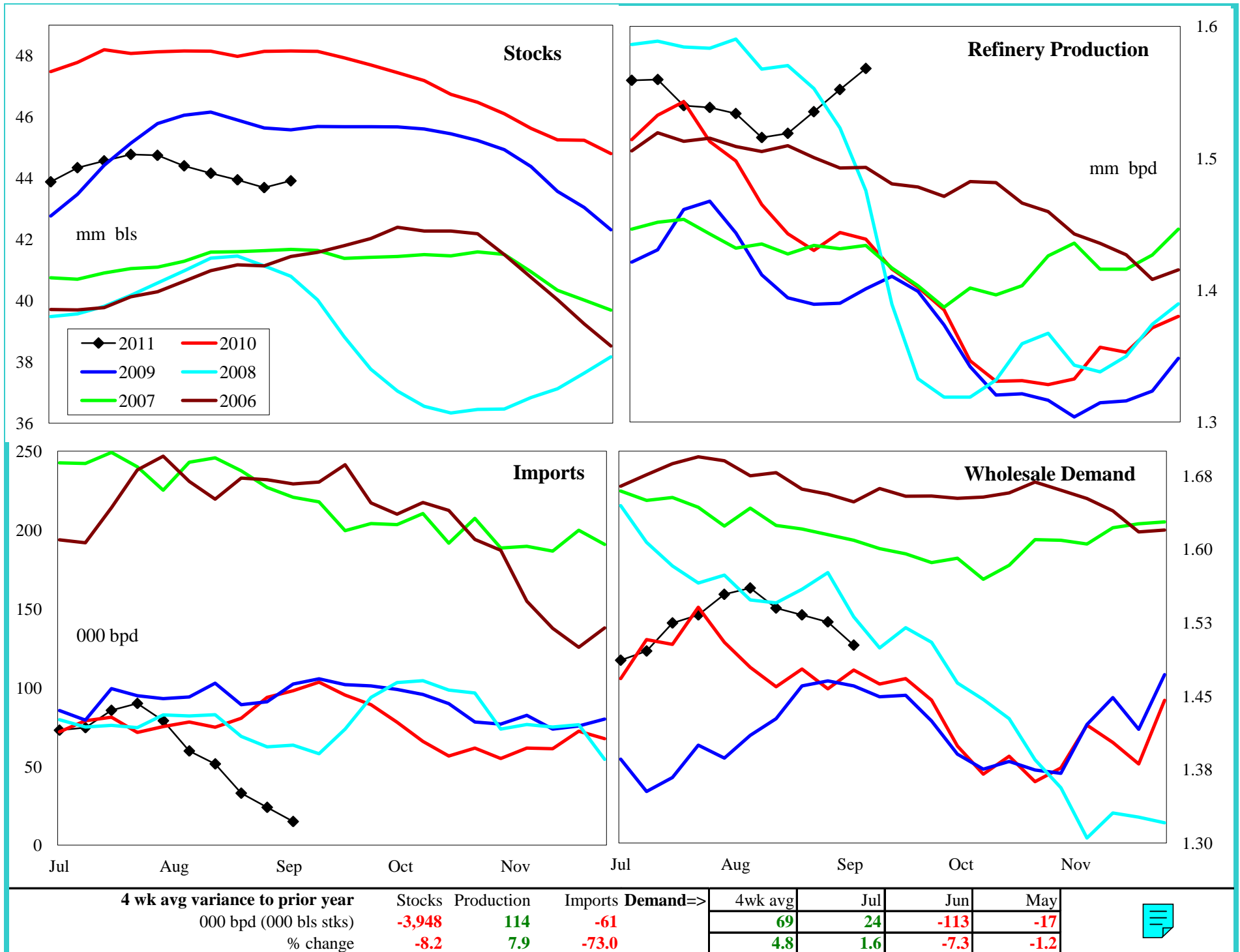
United States High Sulfur Distillate Supply



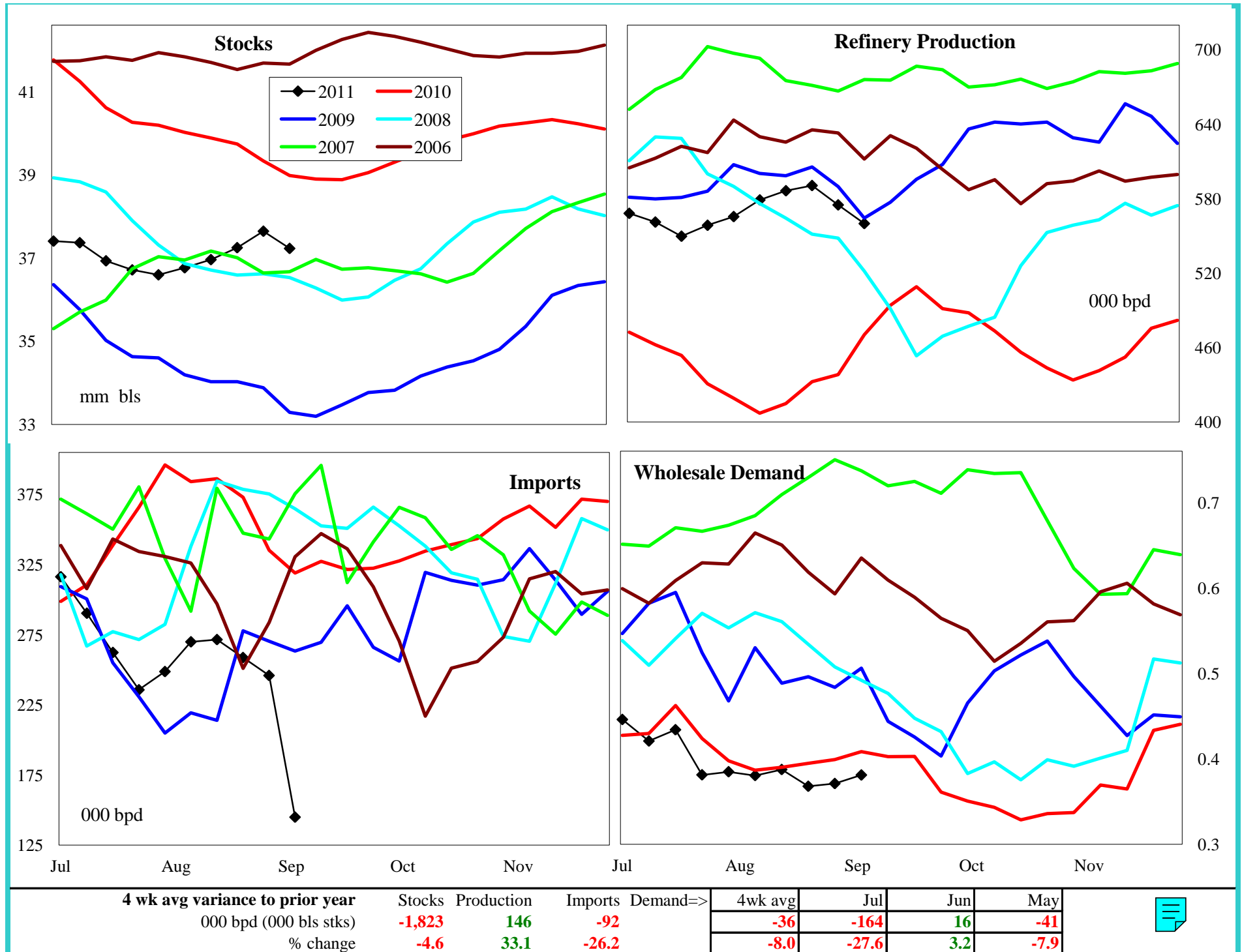
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

	Stocks	Production	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-10,690	-12	-14	-89
% change	-20.3	-3.0	-28.4	-25.8

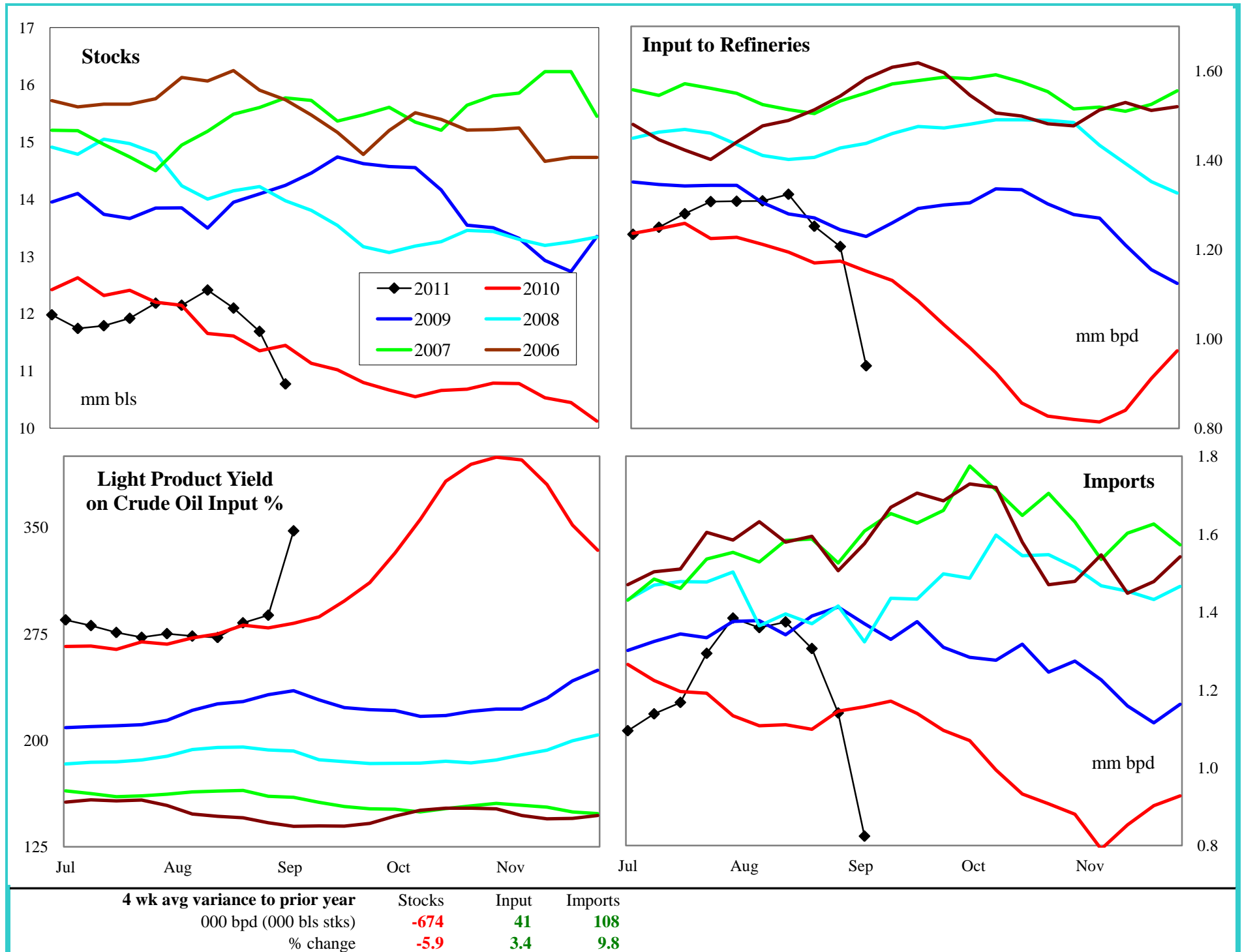
United States Jet Fuel Supply and Demand Balance



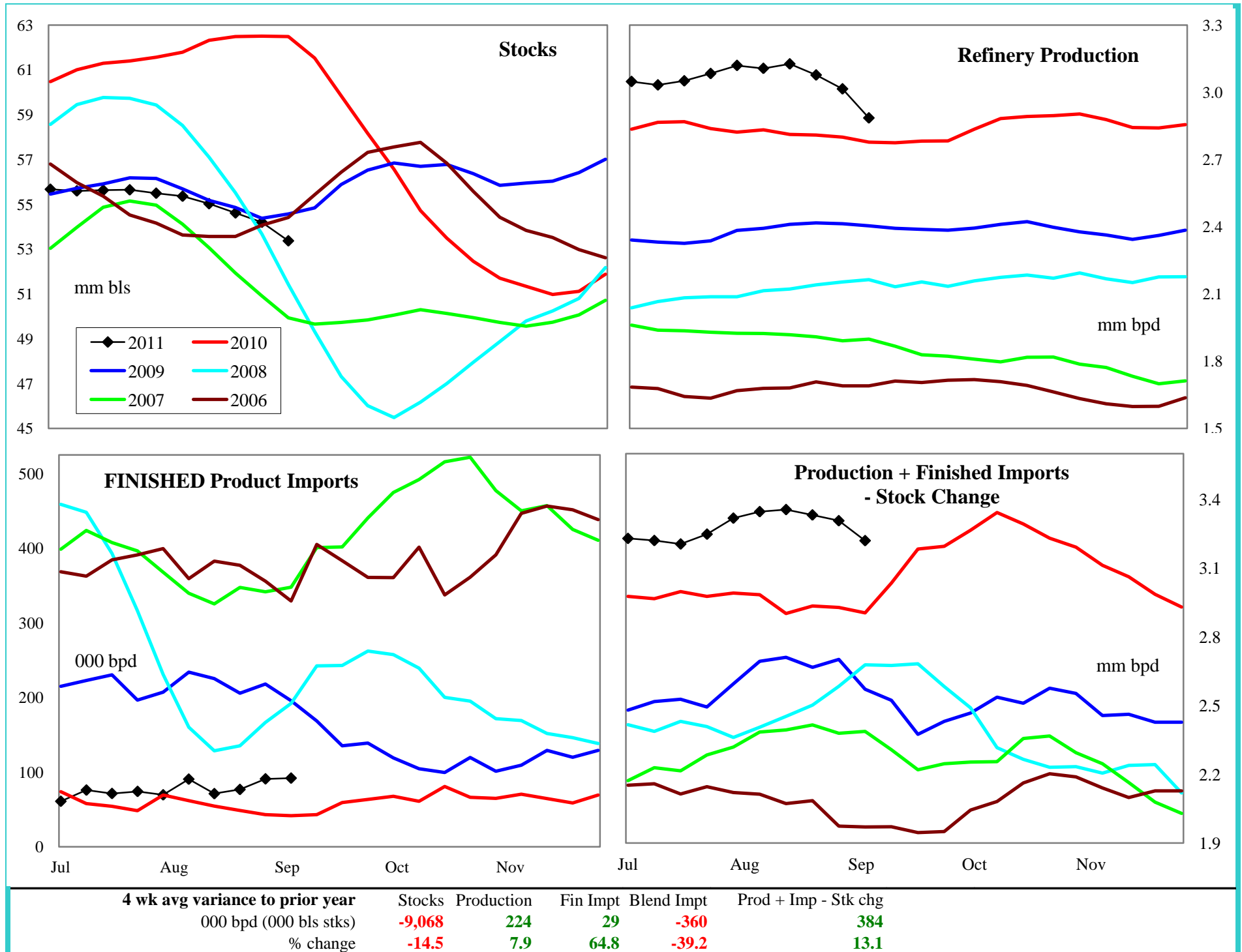
United States Residual Fuel Oil Supply and Demand Balance



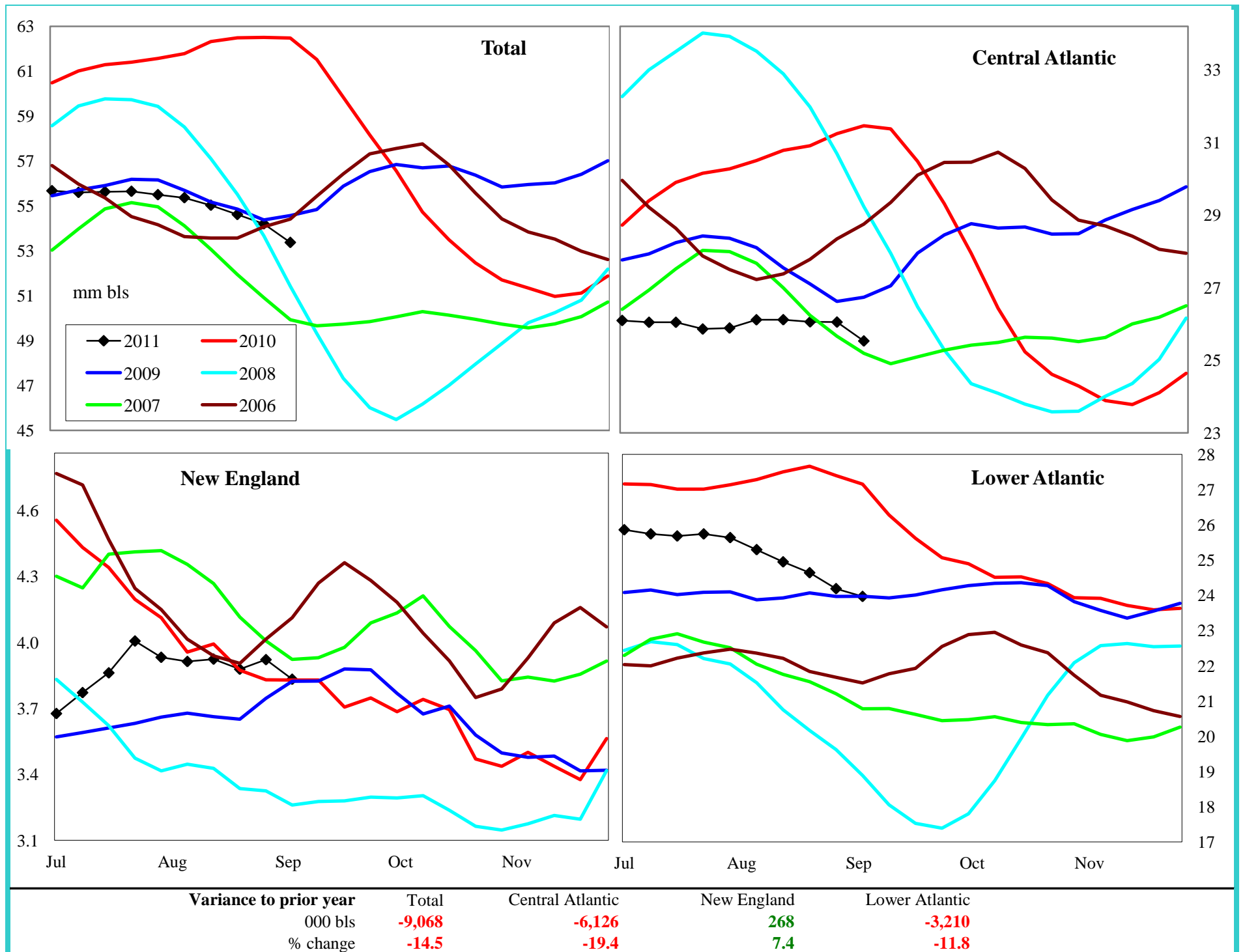
PADD 1 Crude Oil Supply and Refining



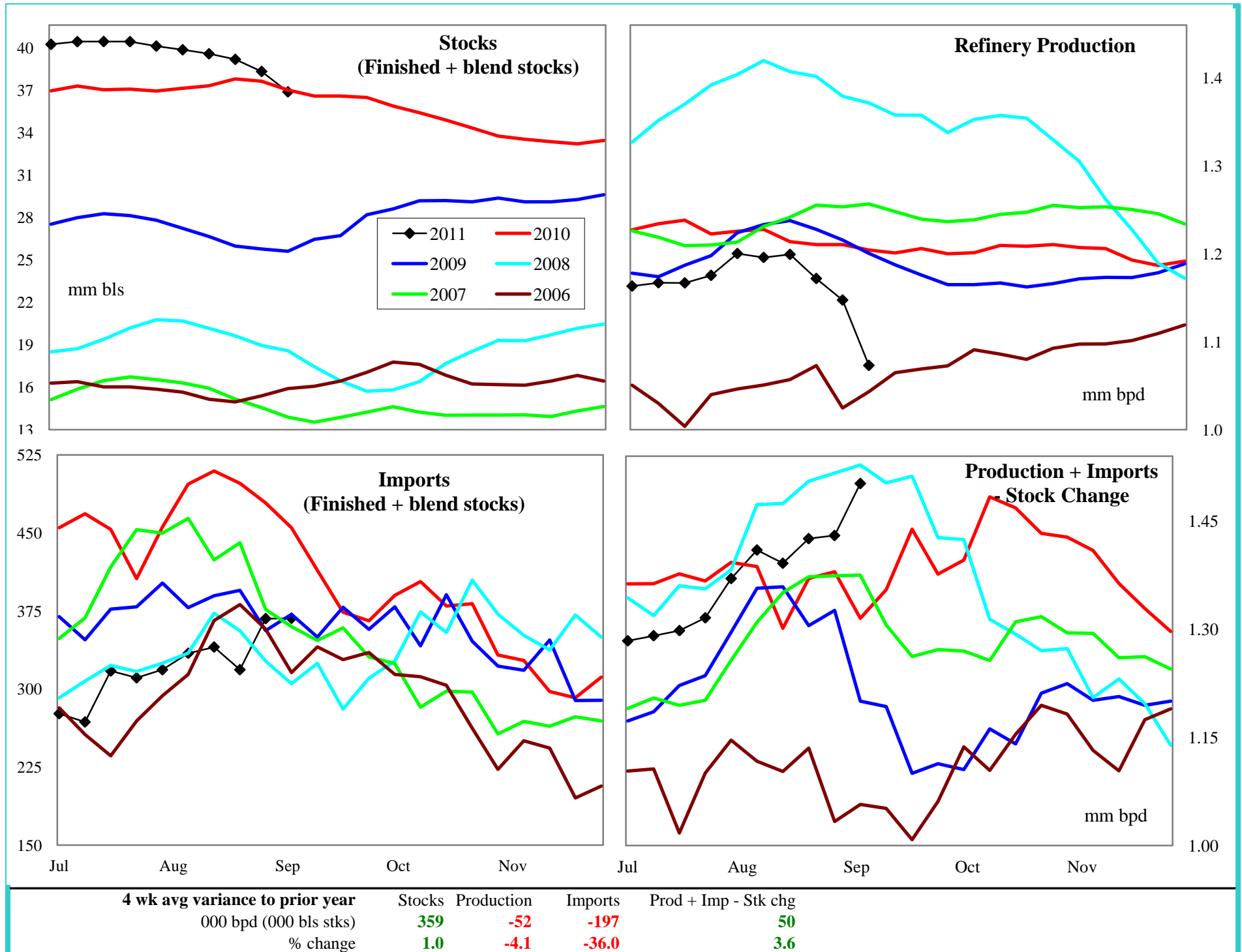
PADD 1 Gasoline Supply



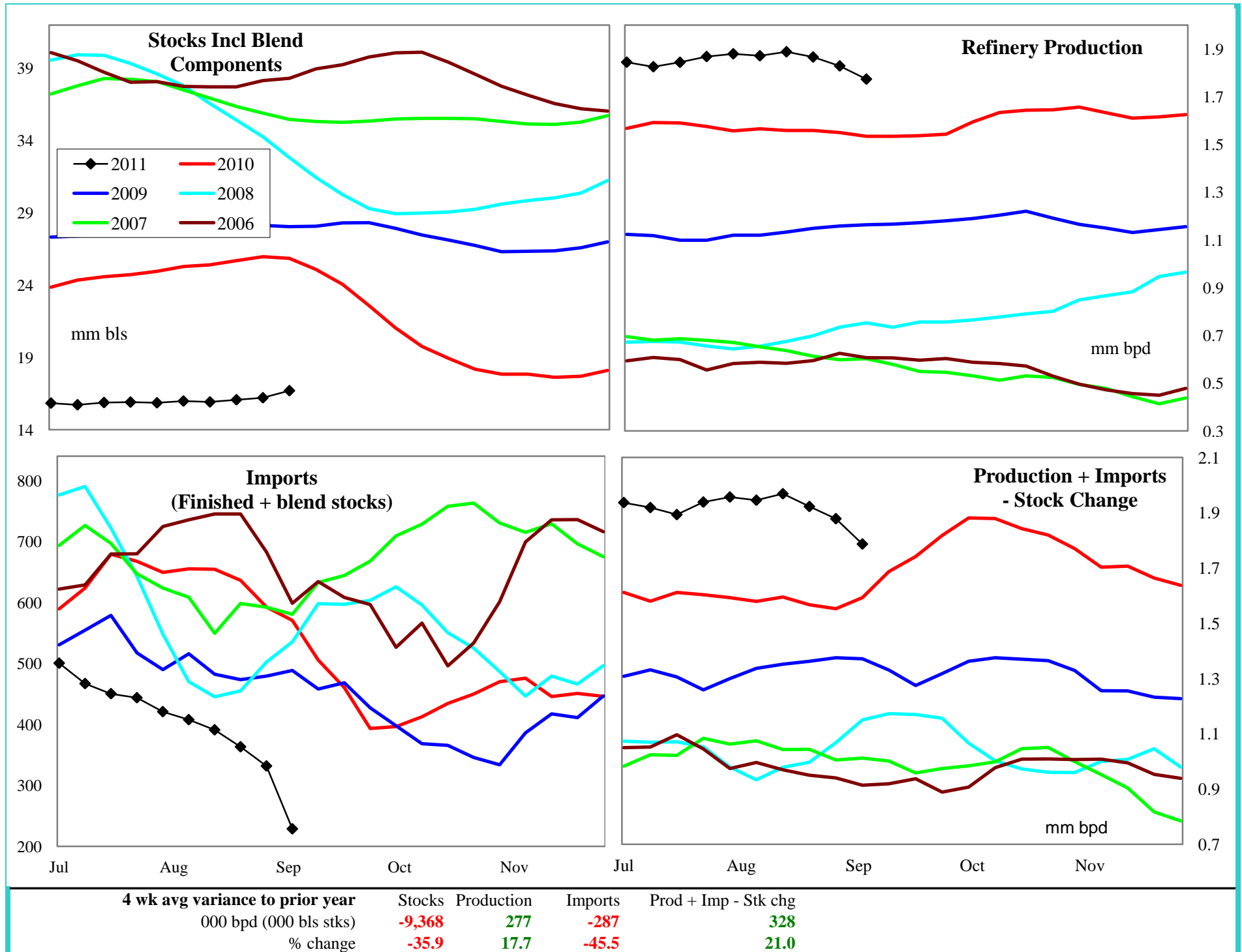
PADD 1 Gasoline Stocks by Region



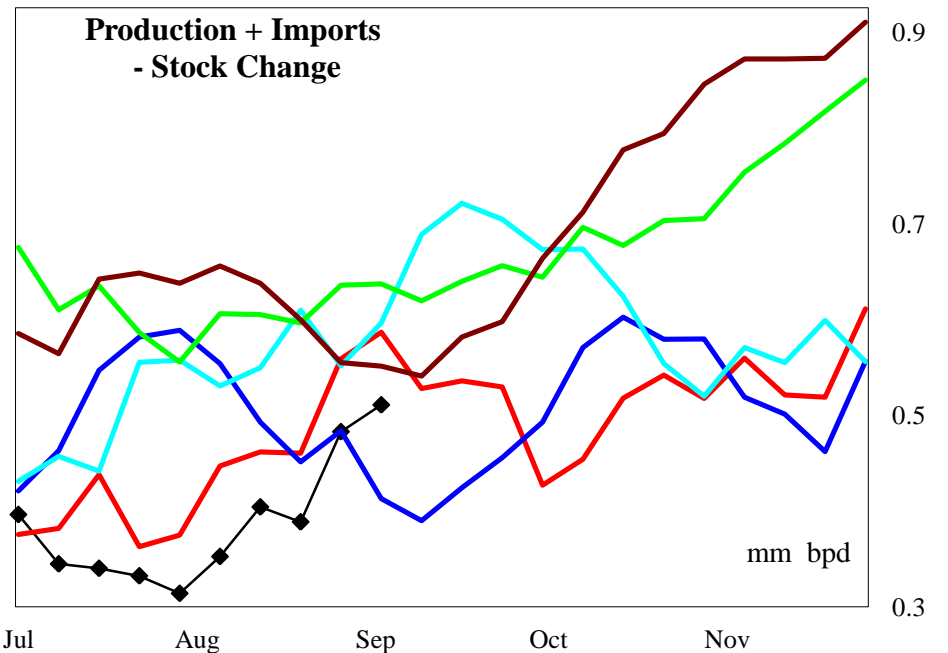
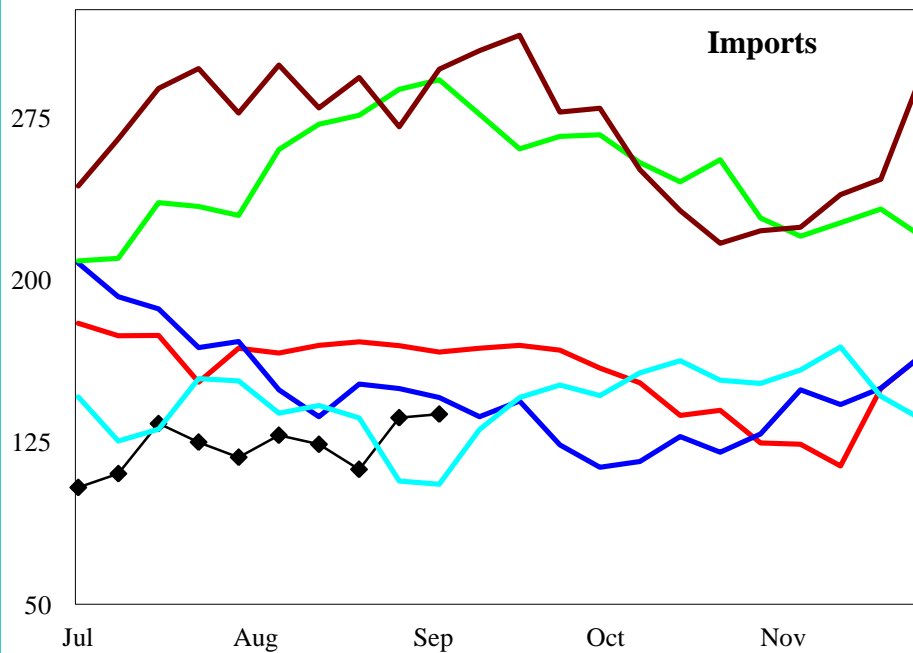
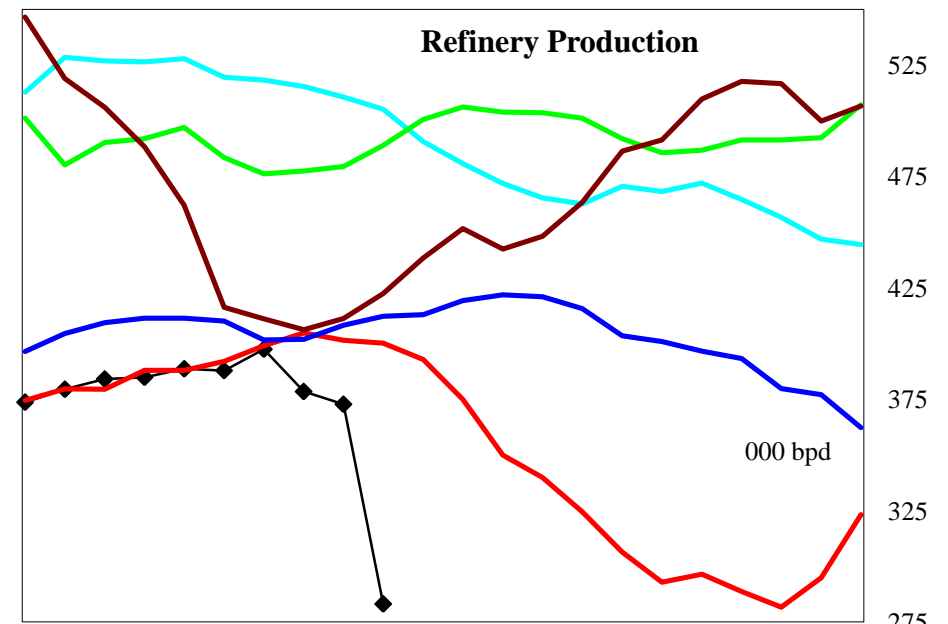
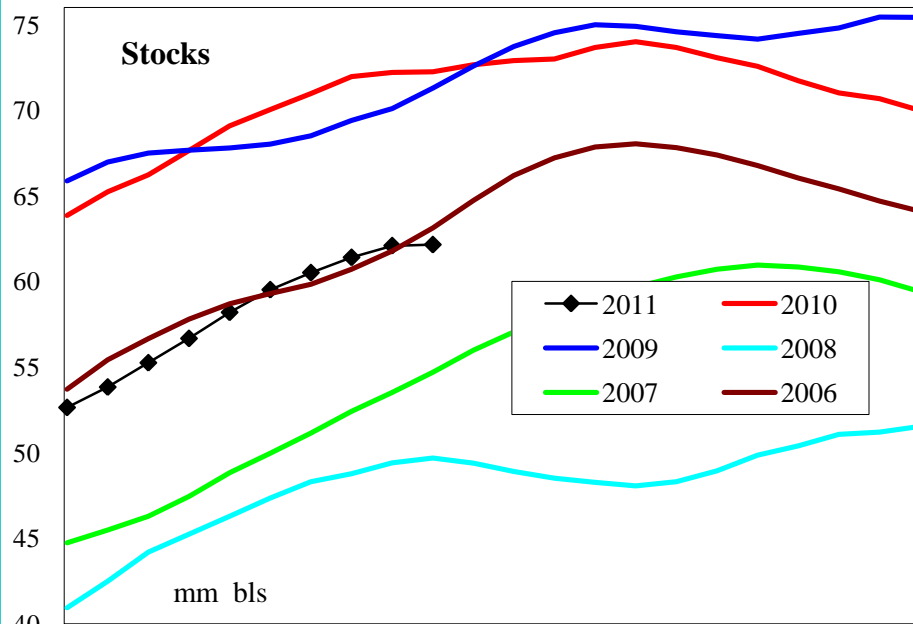
PADD 1 Reformulated Gasoline Supply



PADD 1 Conventional Gasoline Supply



PADD 1 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-10,154

-29

-49

-97

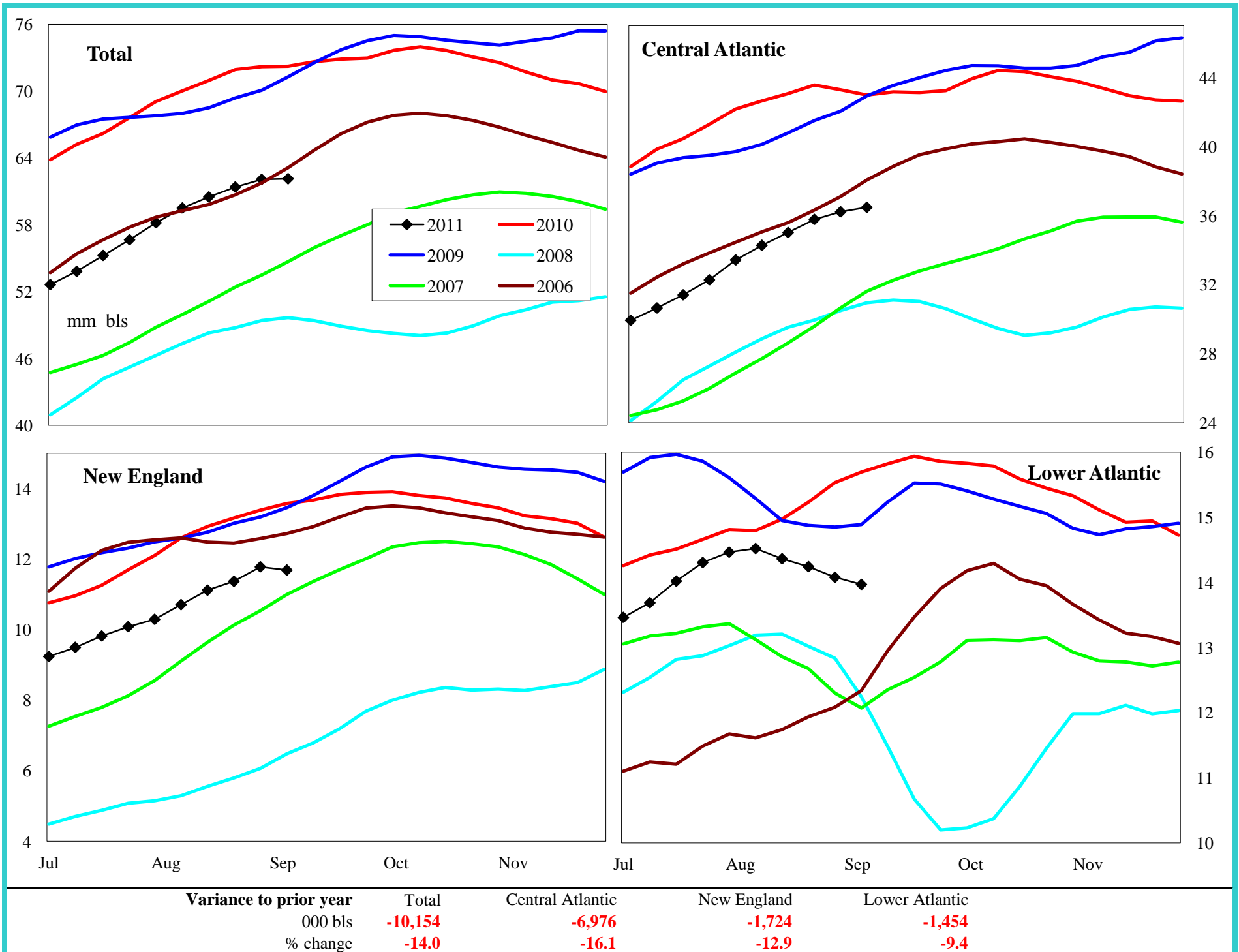
-14.0

-7.1

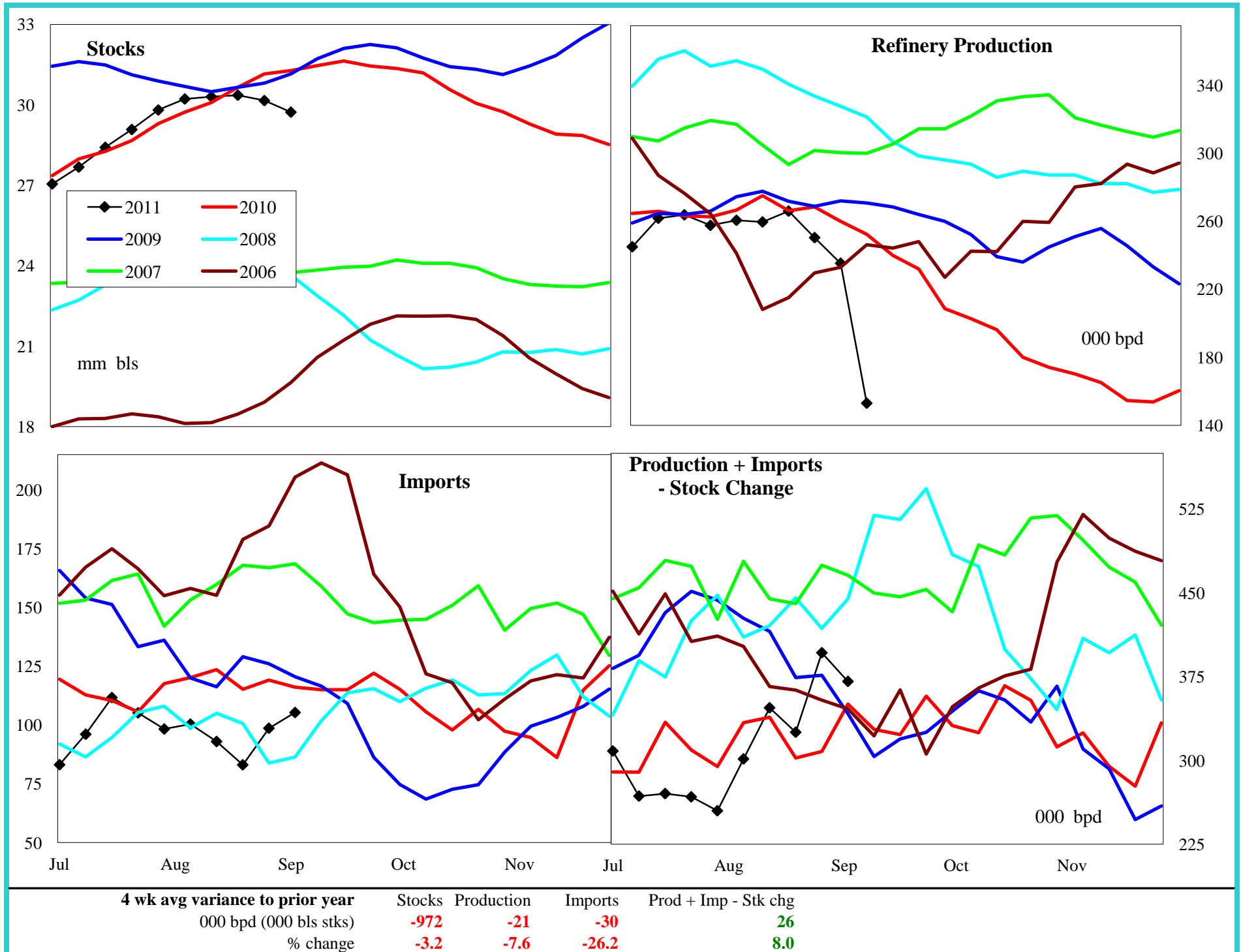
-28.9

-19.1

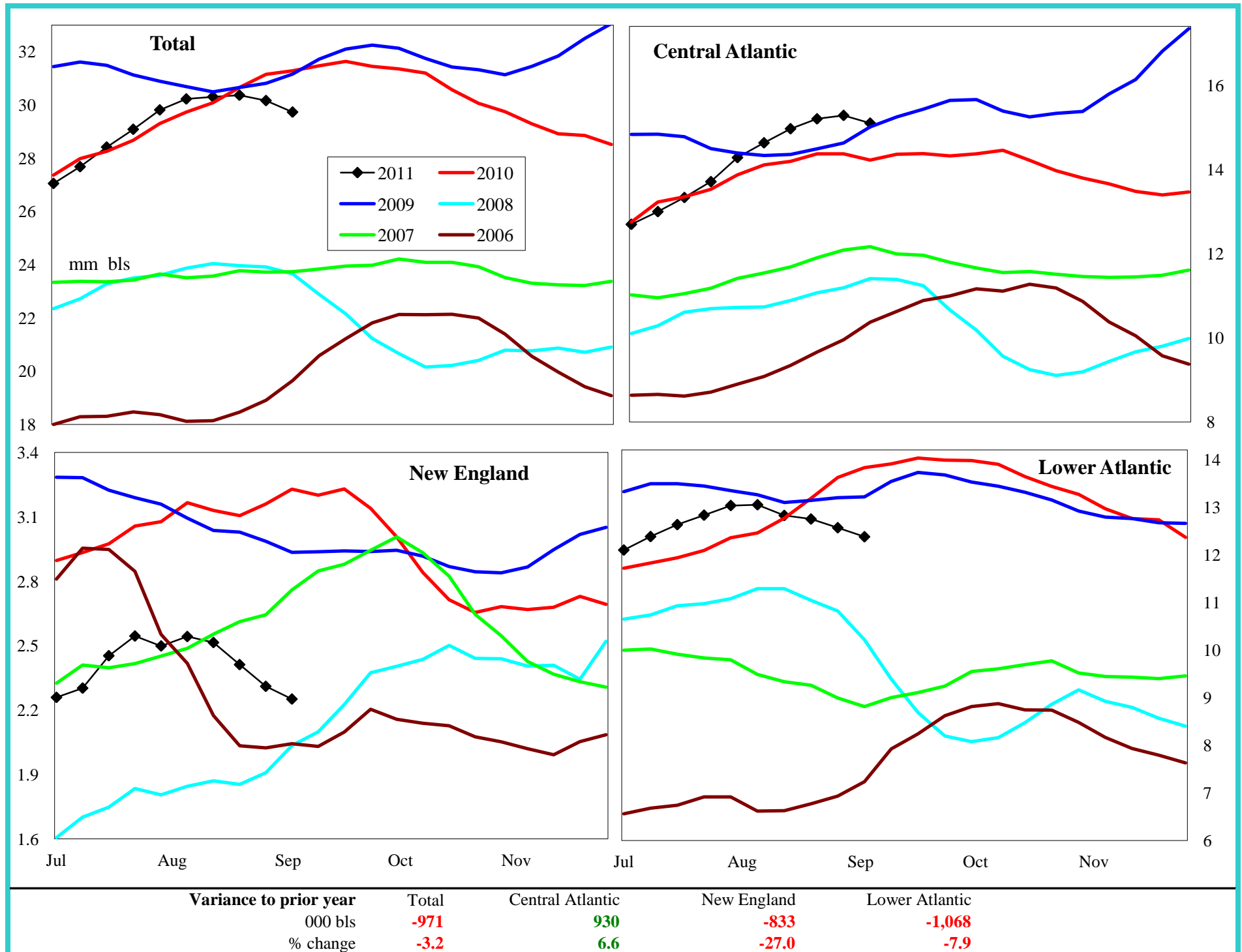
PADD 1 Distillate Stocks by Region



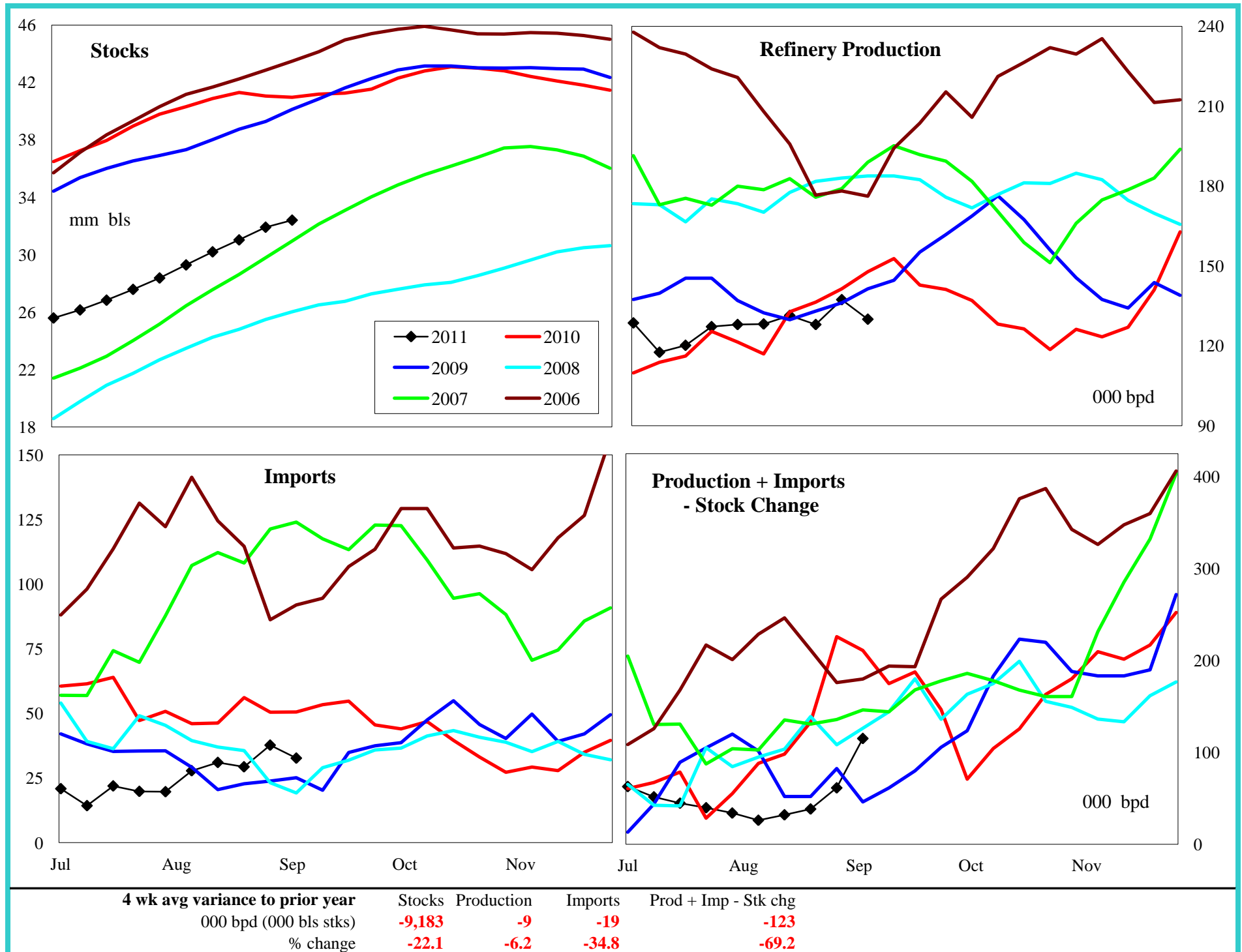
PADD 1 Low Sulfur Distillate Supply



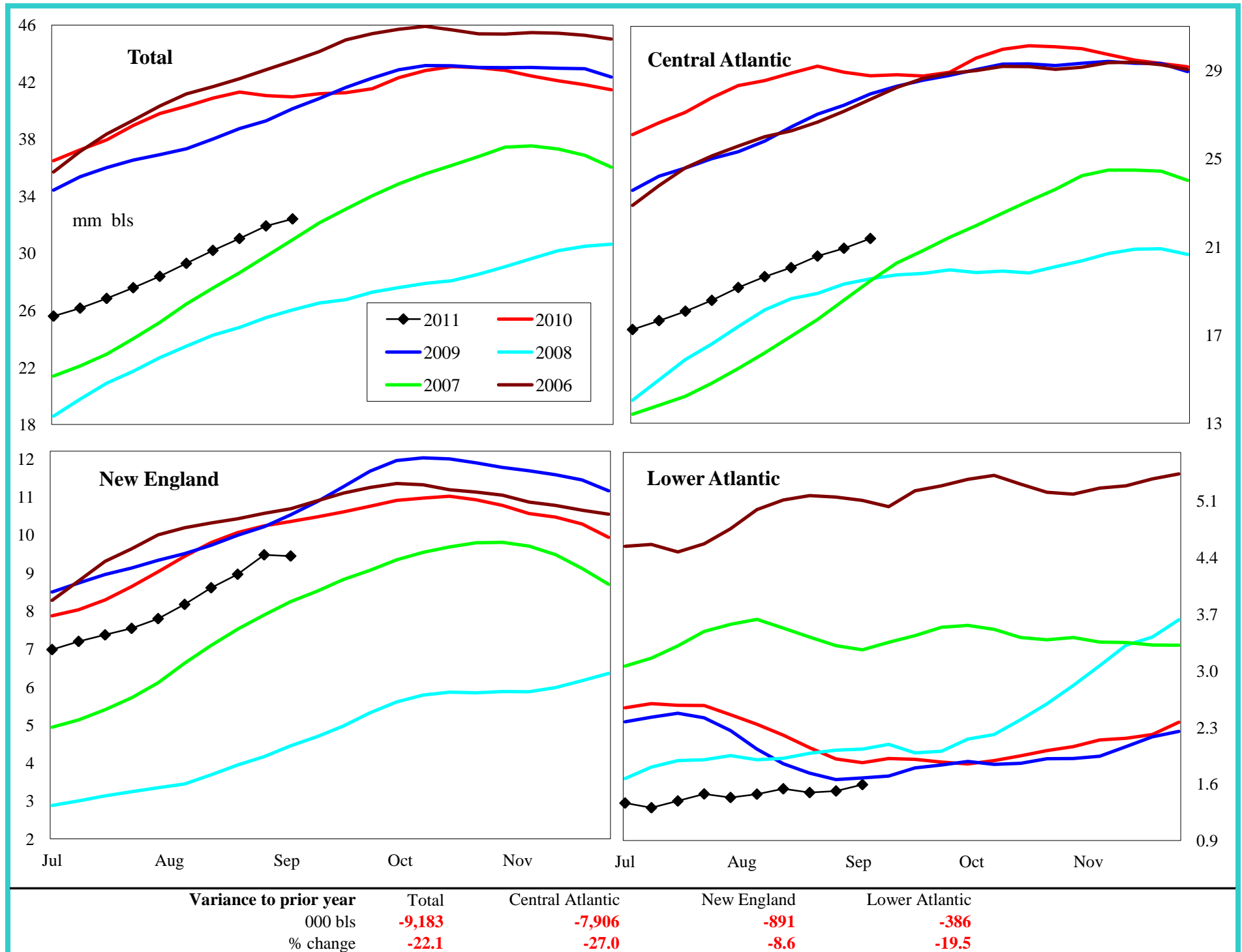
PADD 1 Low Sulfur Distillate Stocks by Region



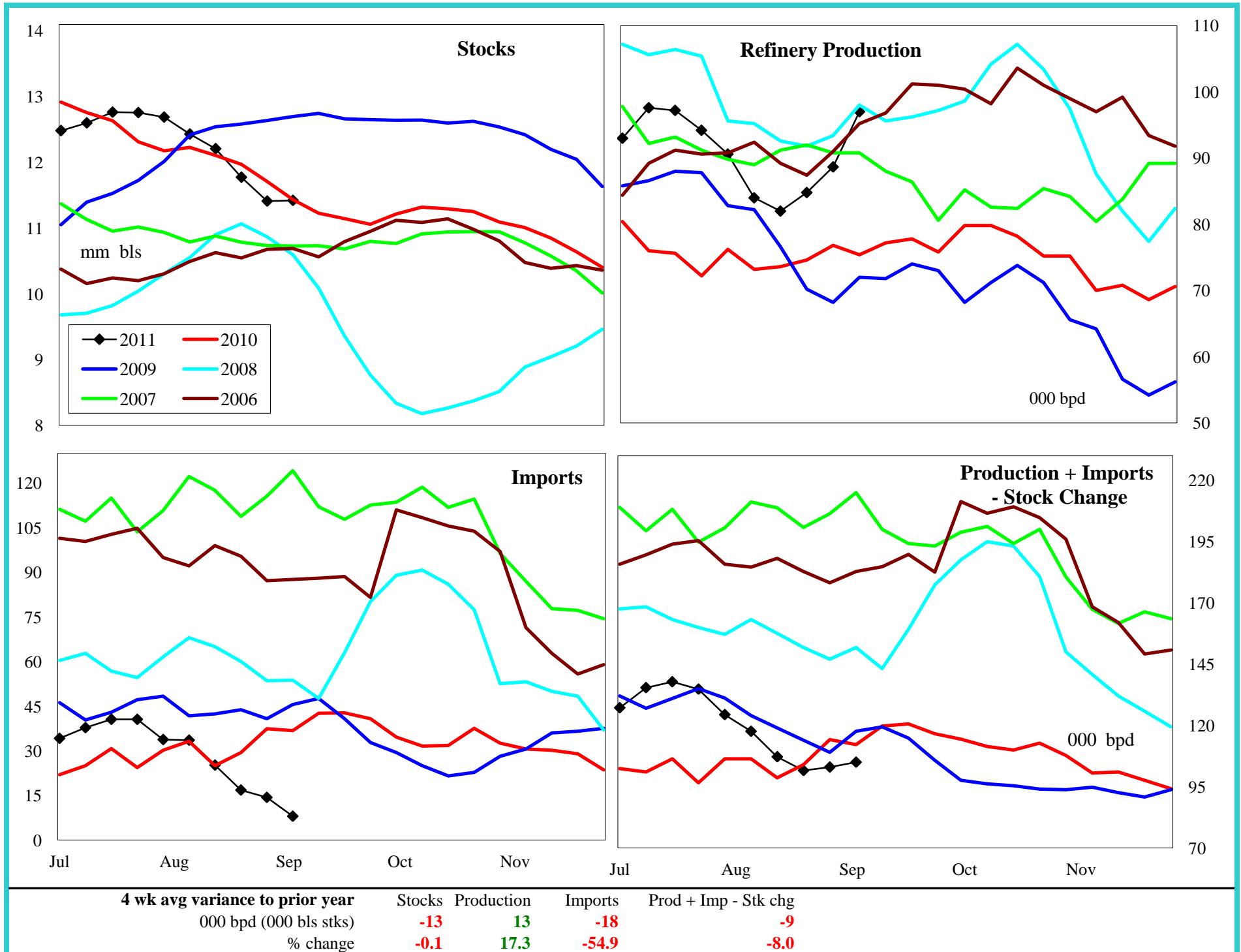
PADD 1 High Sulfur Distillate Supply



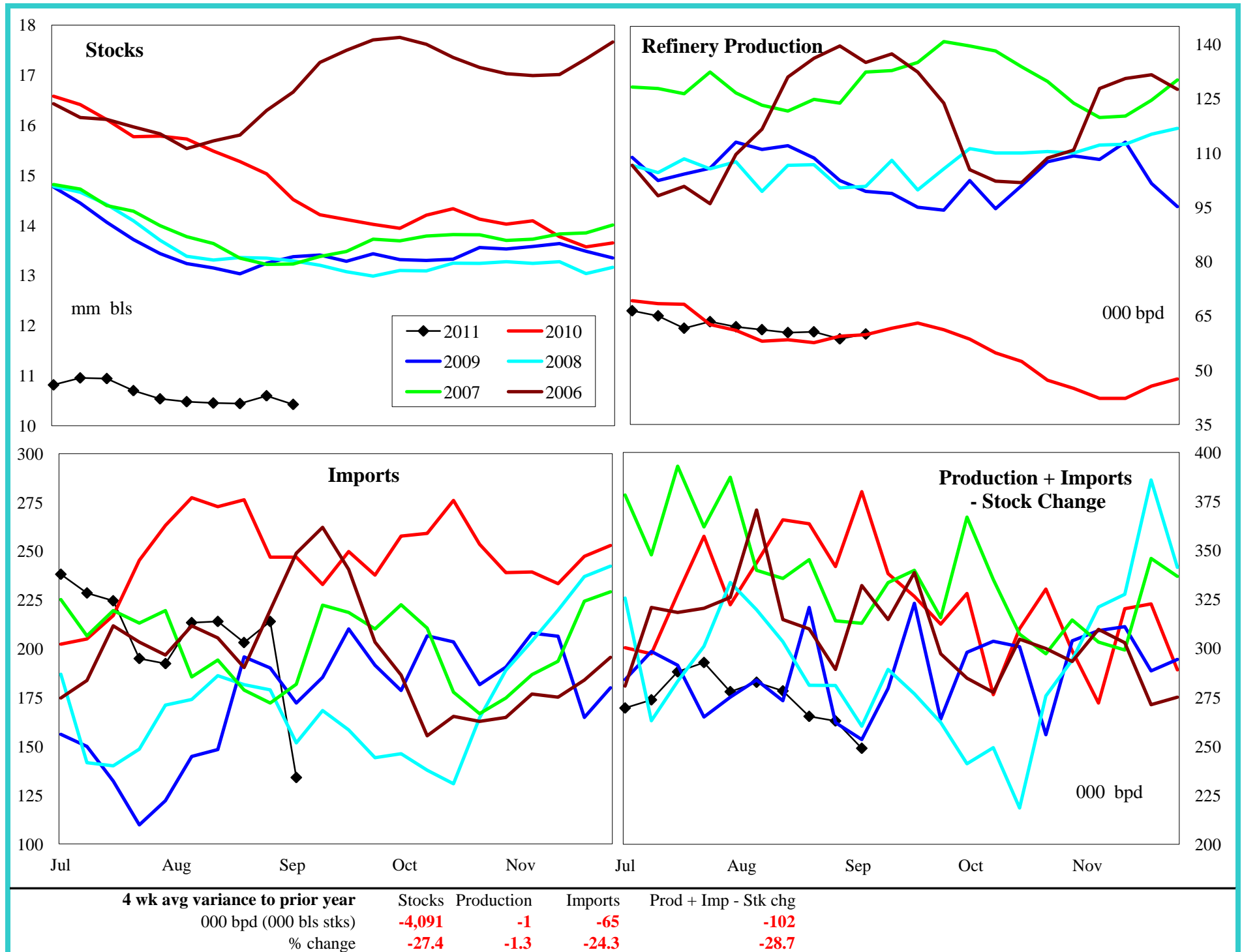
PADD 1 High Sulfur Distillate Stocks by Region



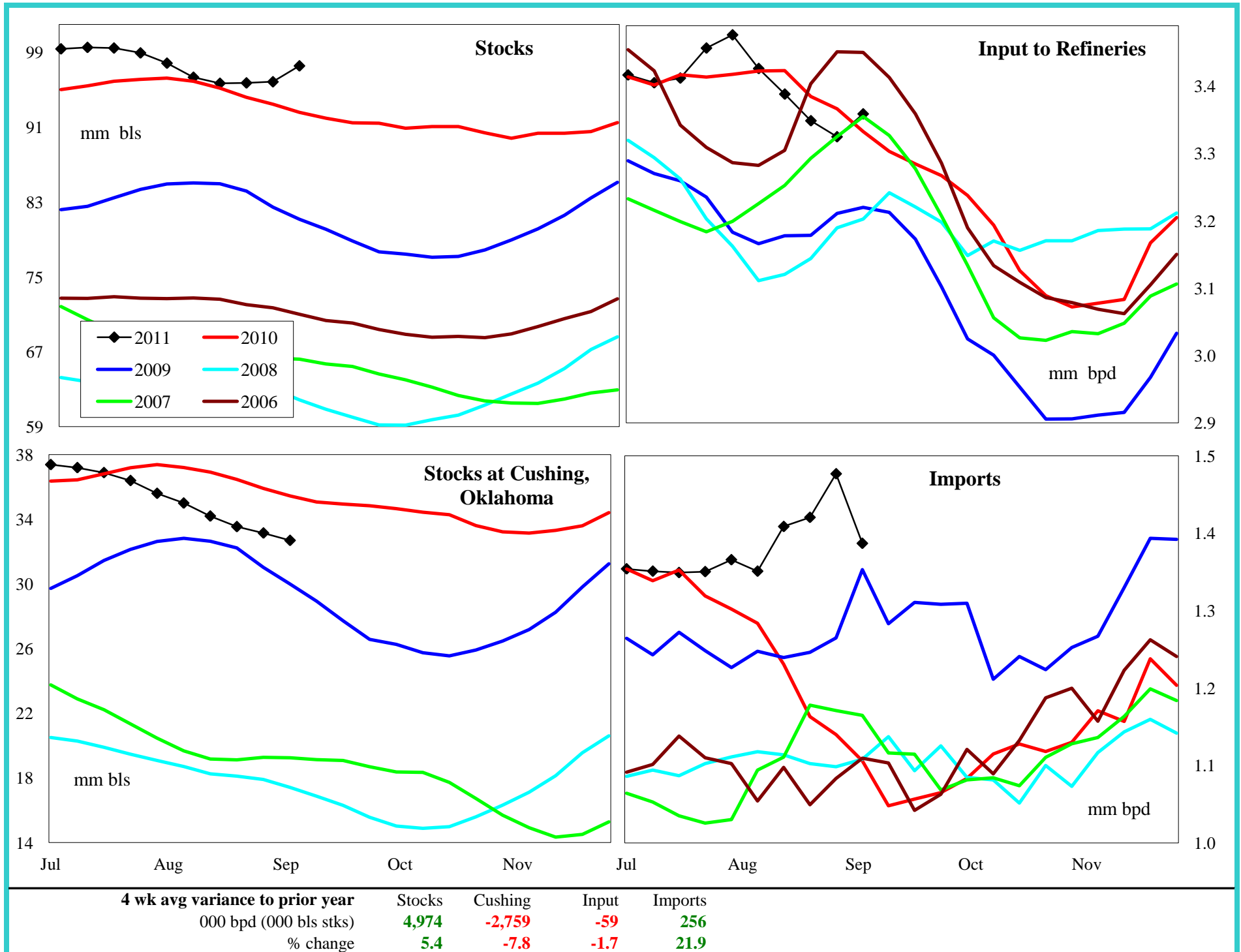
PADD 1 Jet Fuel Supply



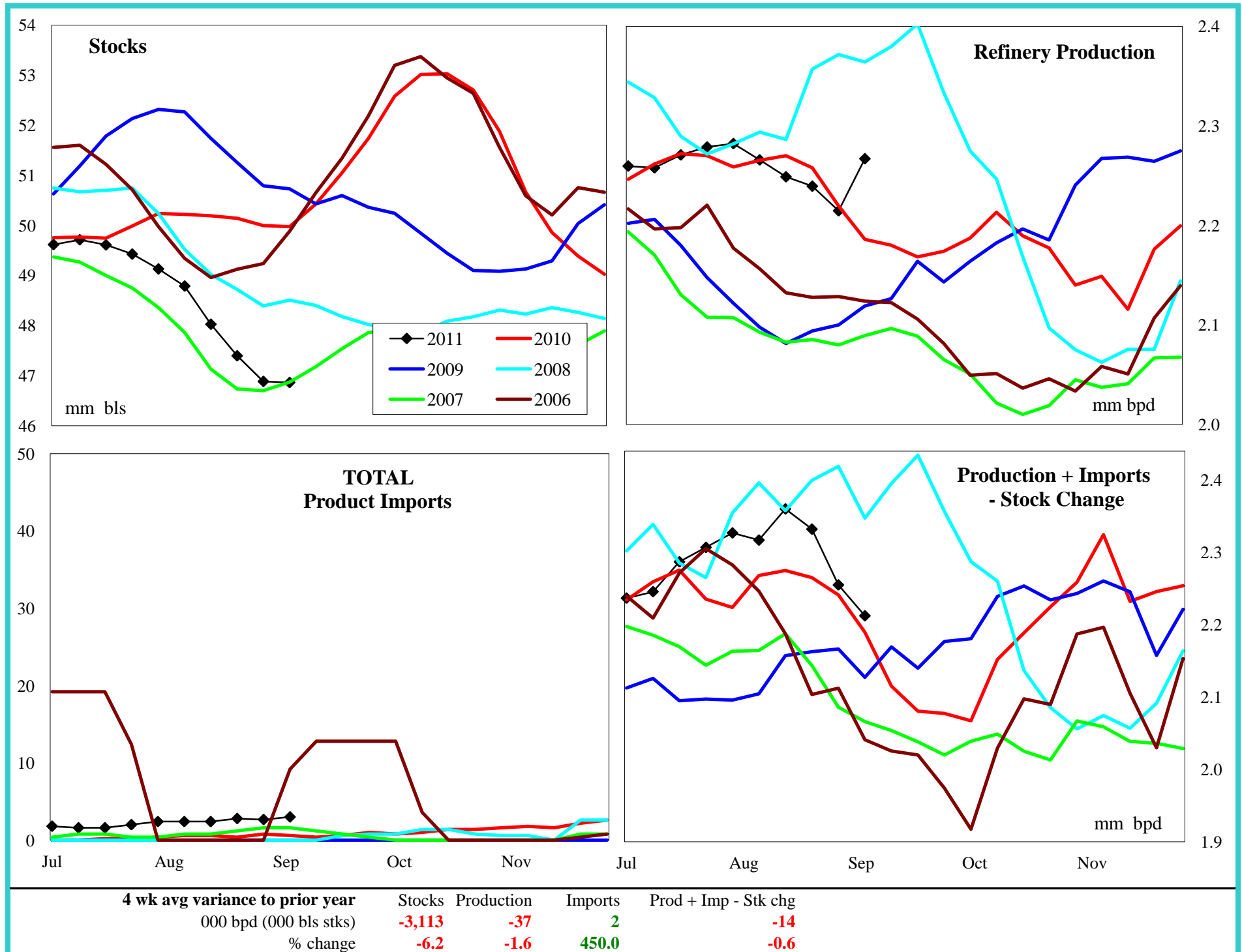
PADD 1 Residual Fuel Oil Supply



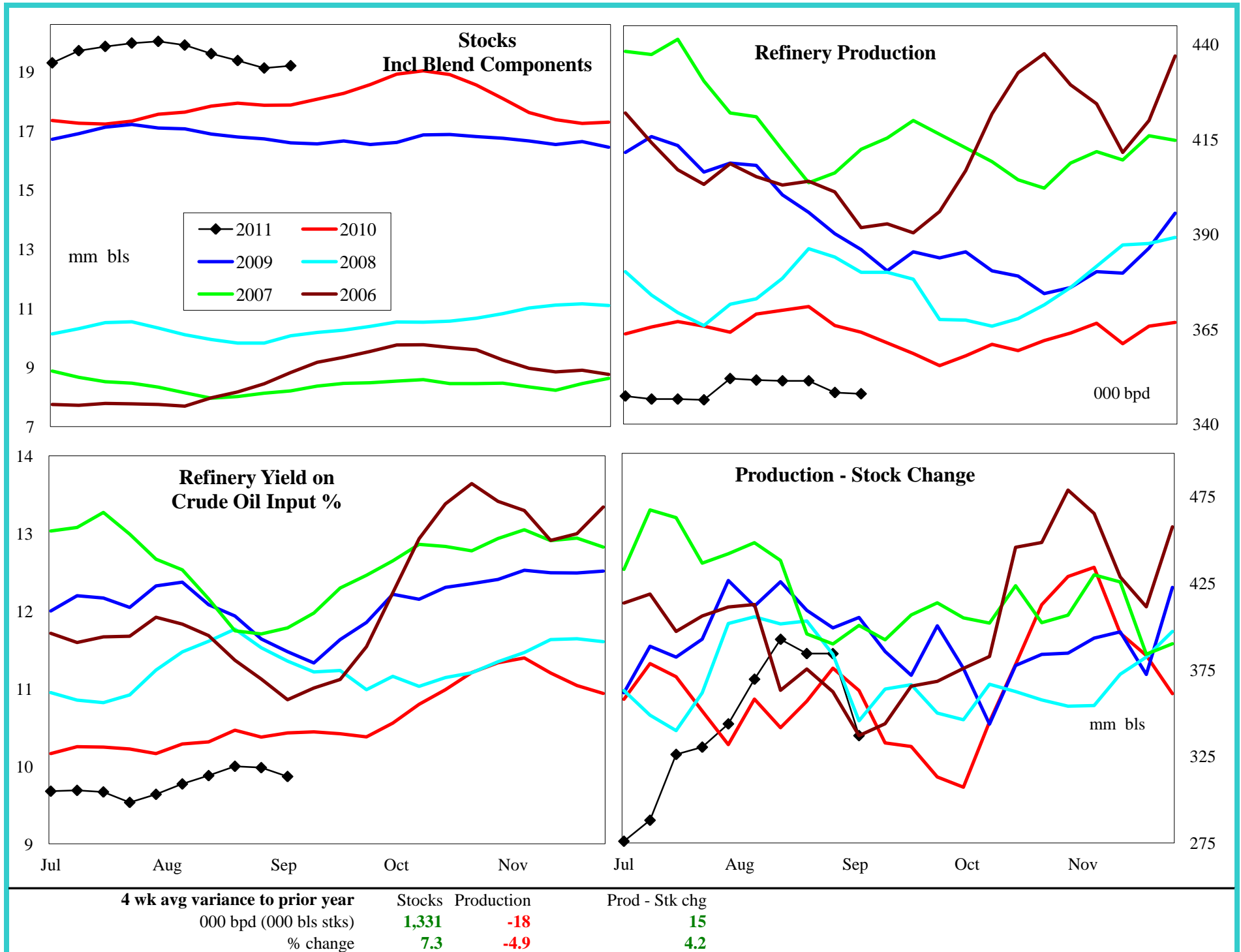
PADD 2 Crude Oil Supply and Refining



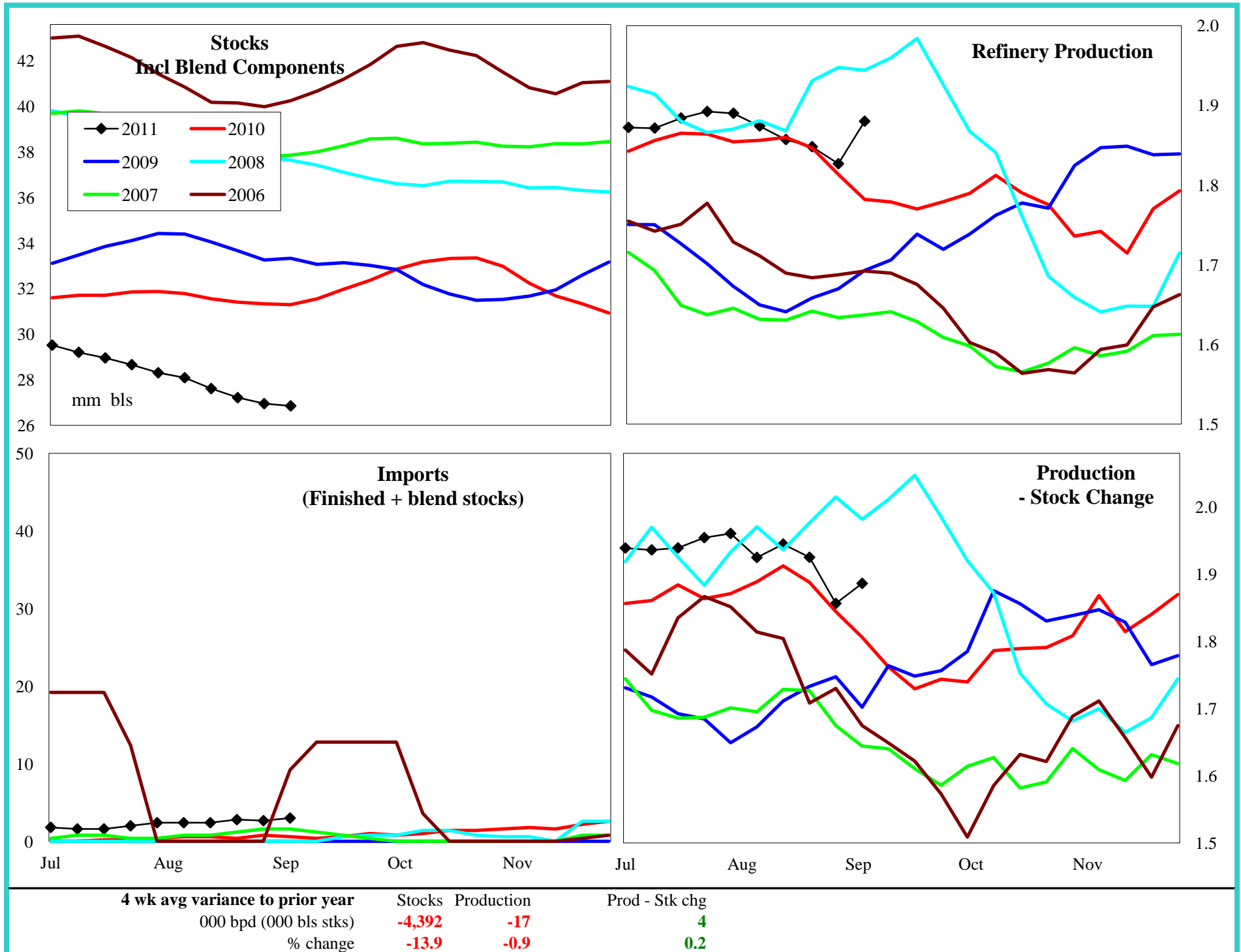
PADD 2 Gasoline Supply



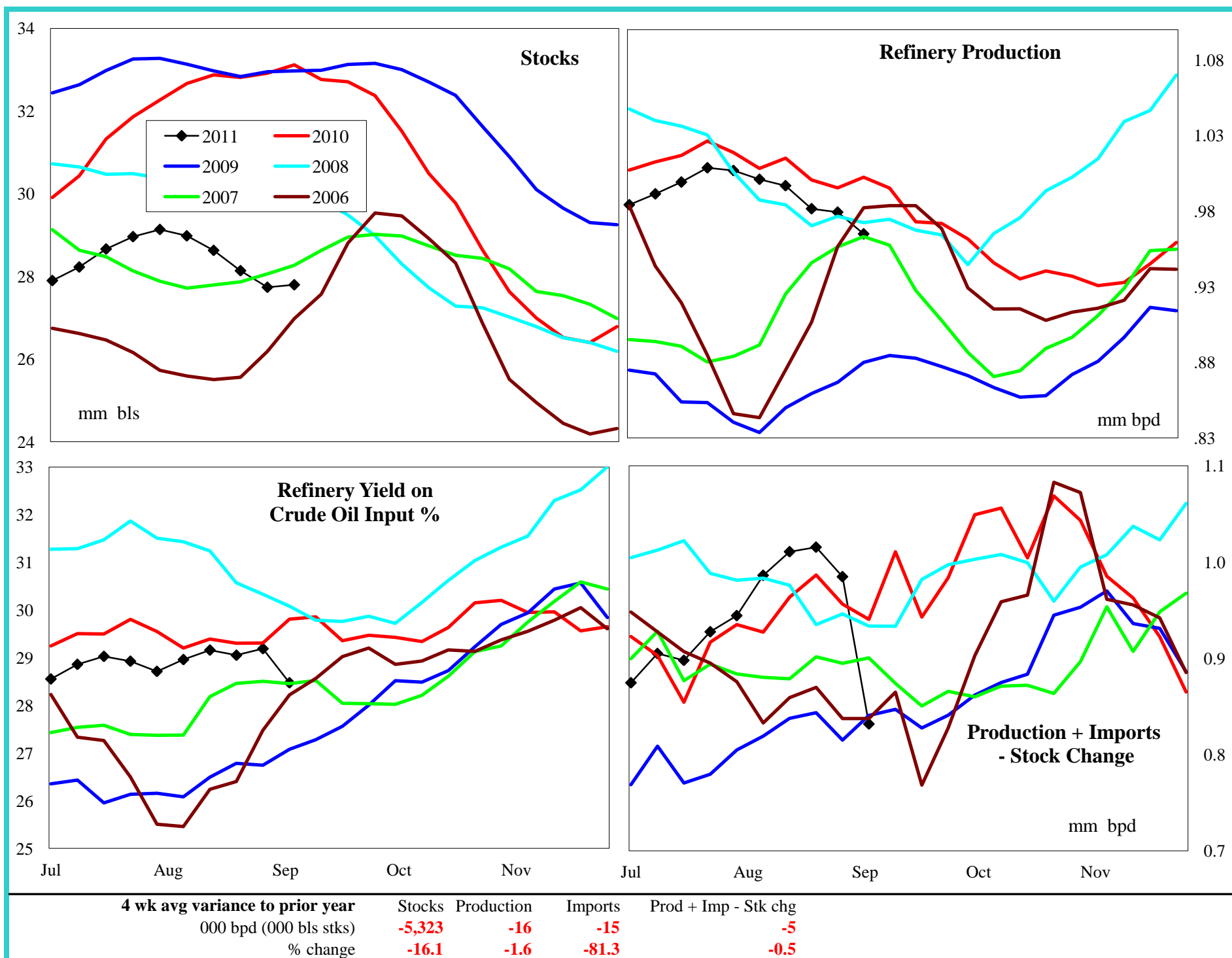
PADD 2 Reformulated Gasoline Supply



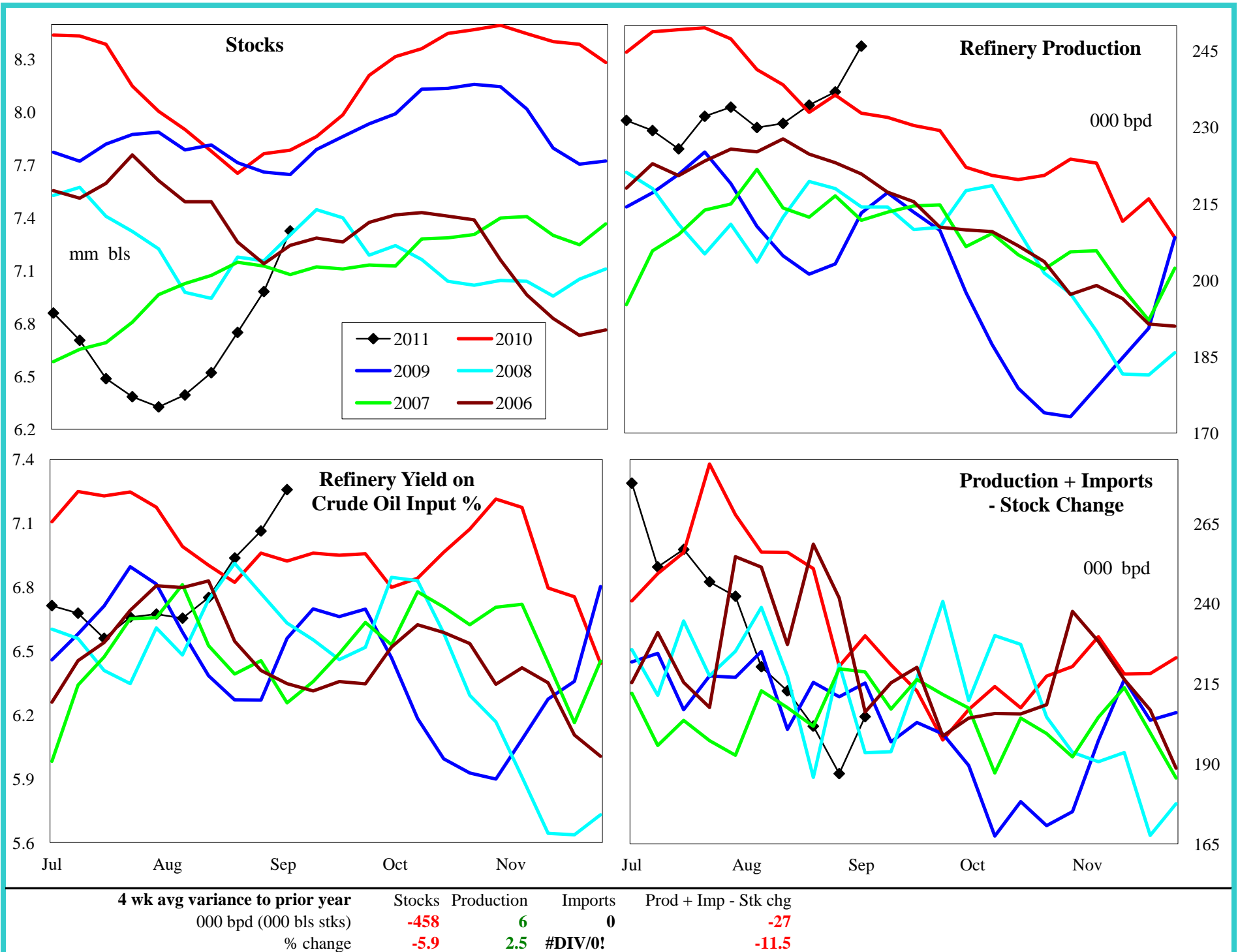
PADD 2 Conventional Gasoline Supply



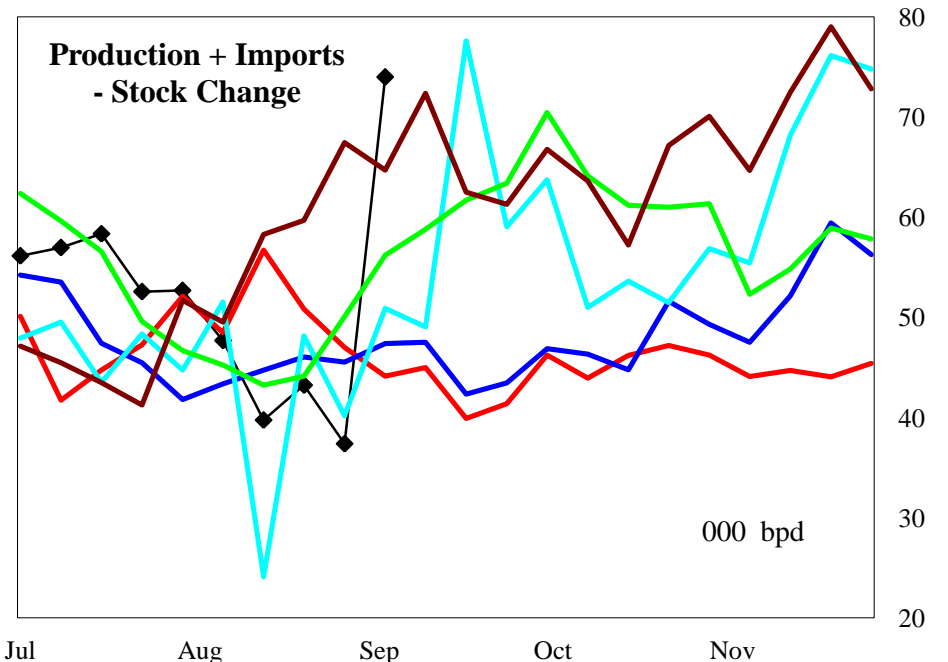
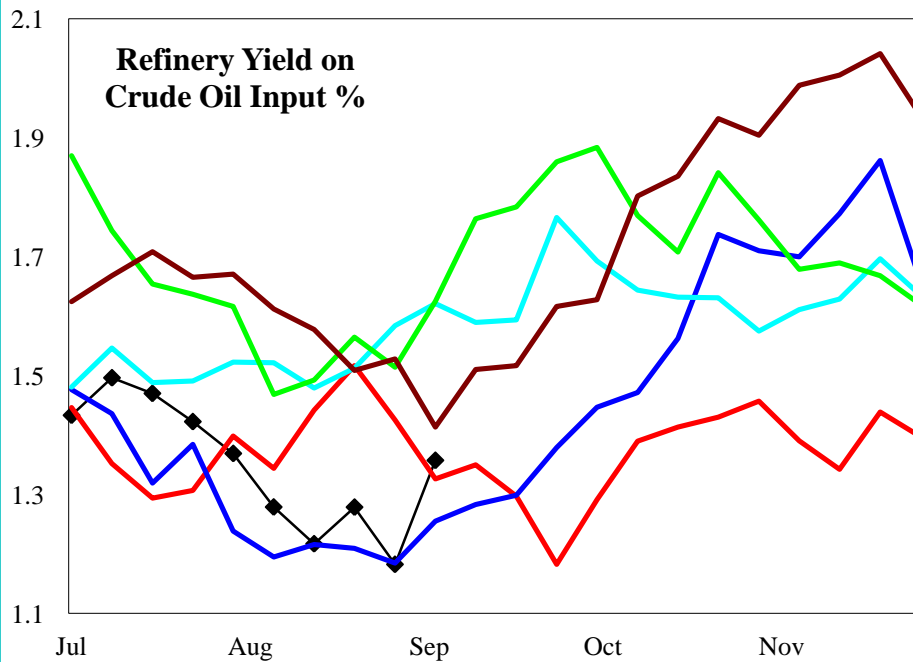
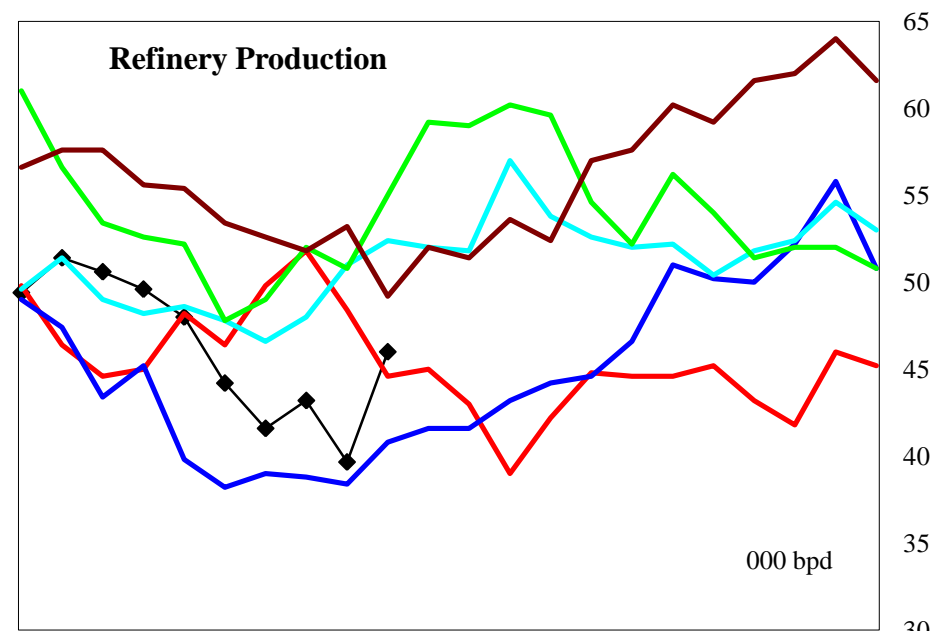
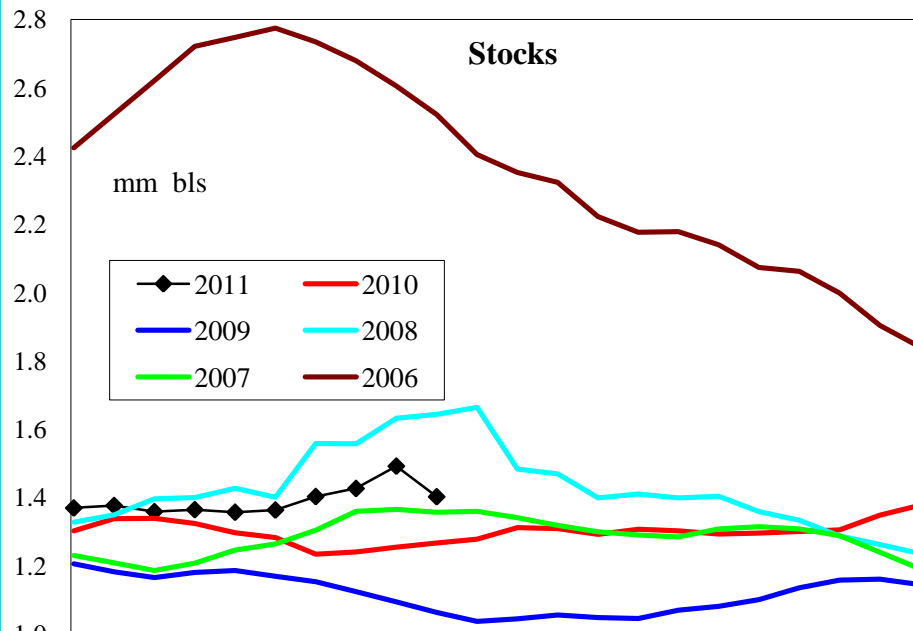
PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

136

-9

3

-8

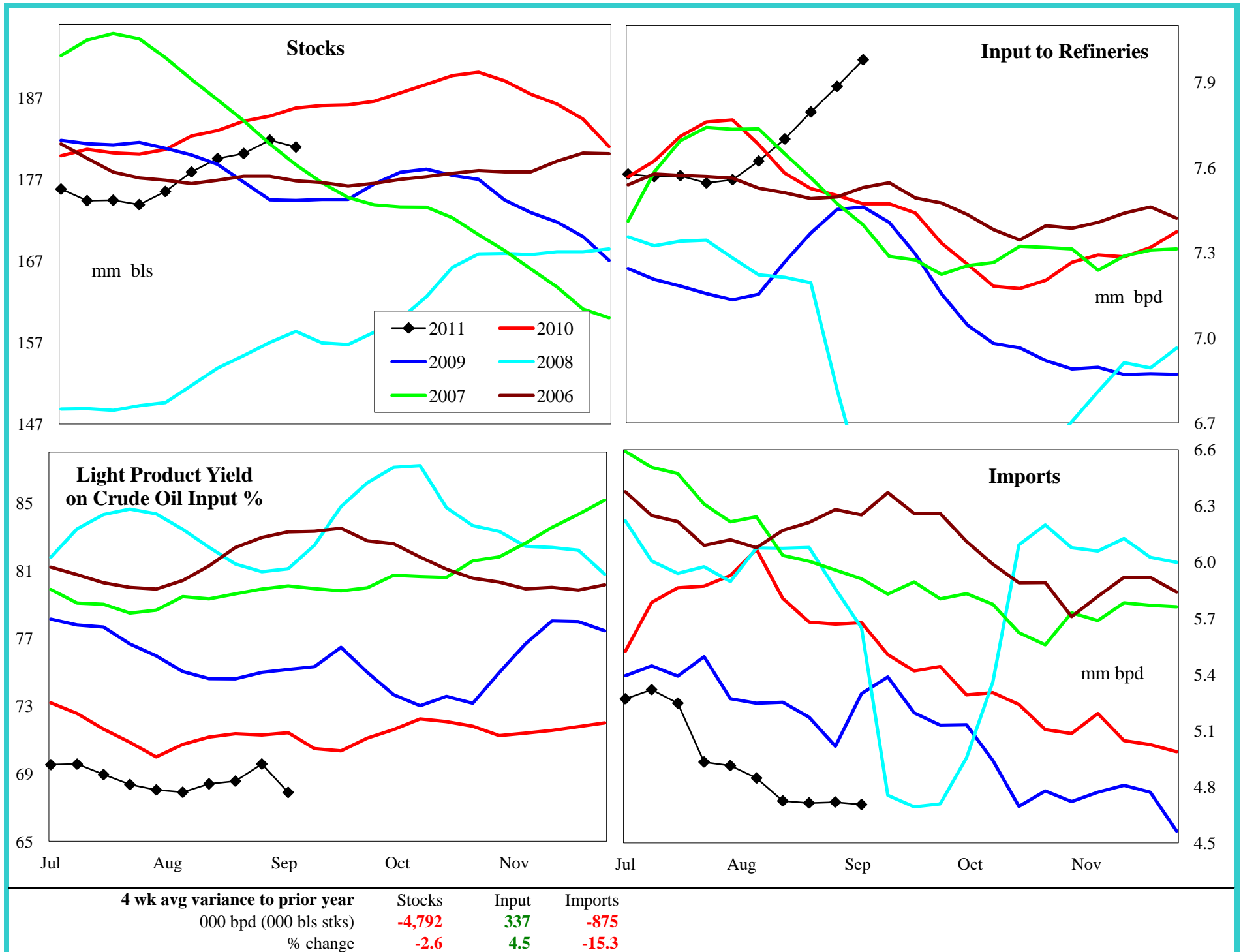
10.7

-17.2

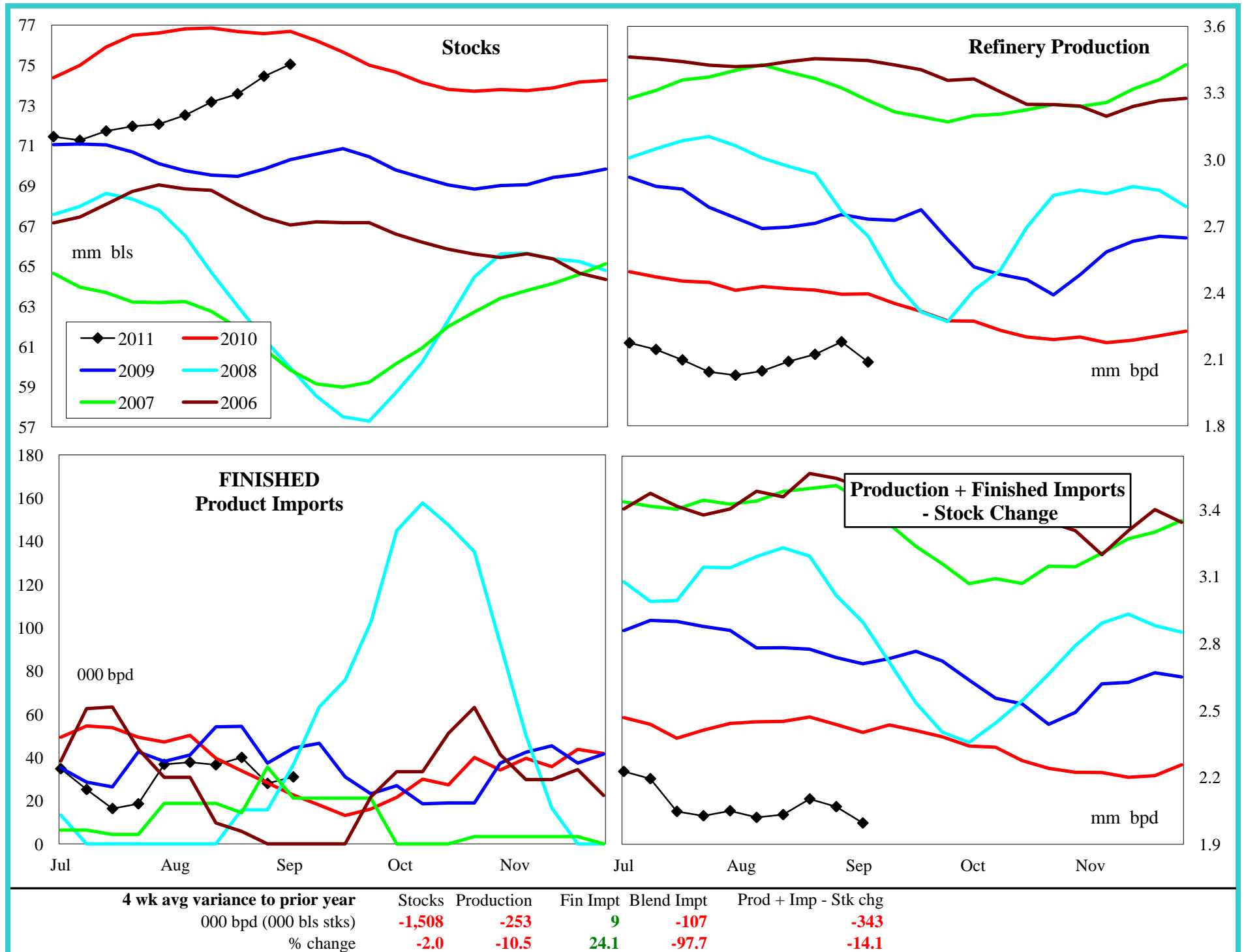
#DIV/0!

-16.1

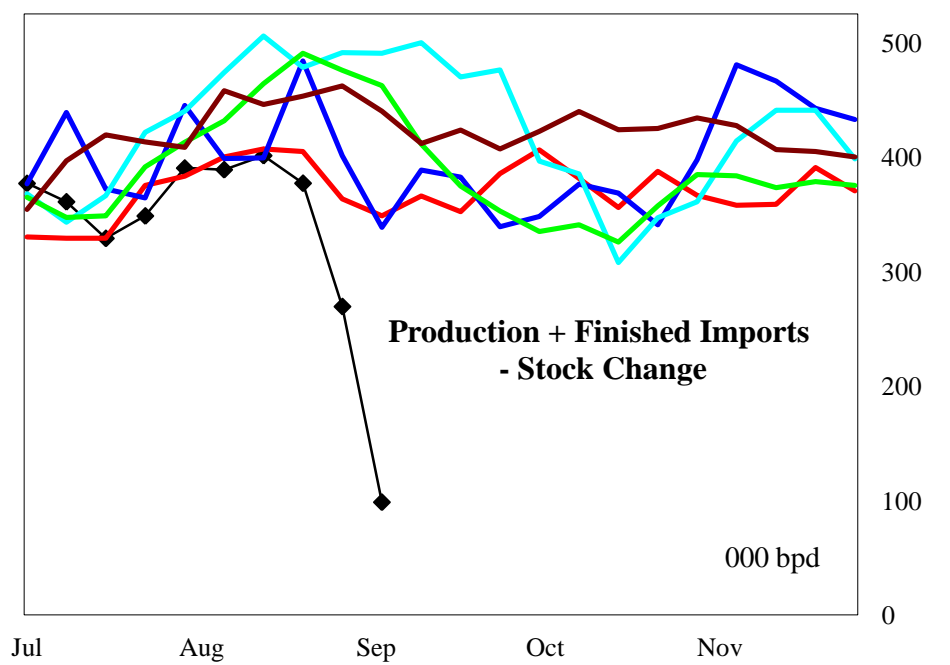
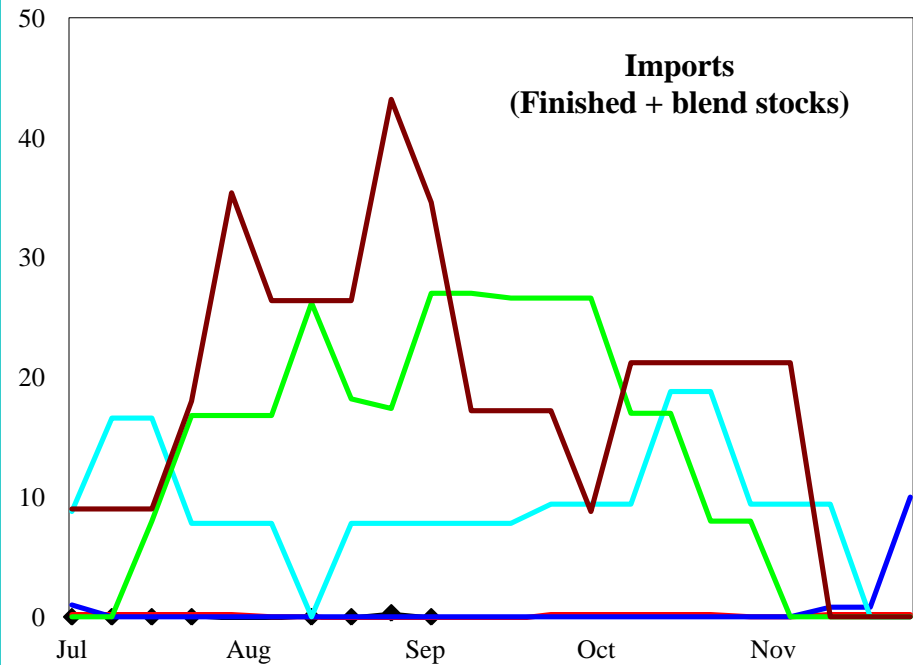
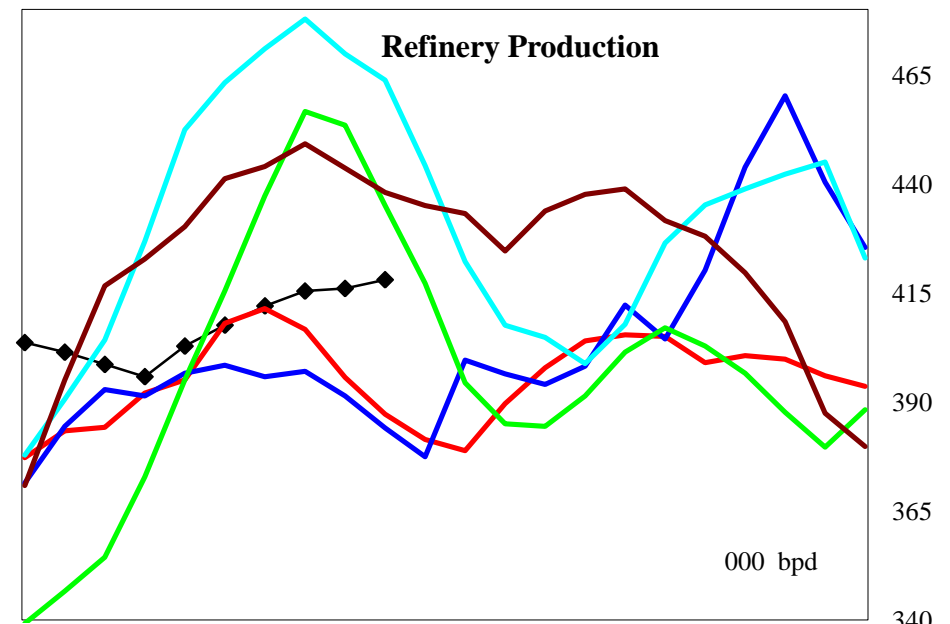
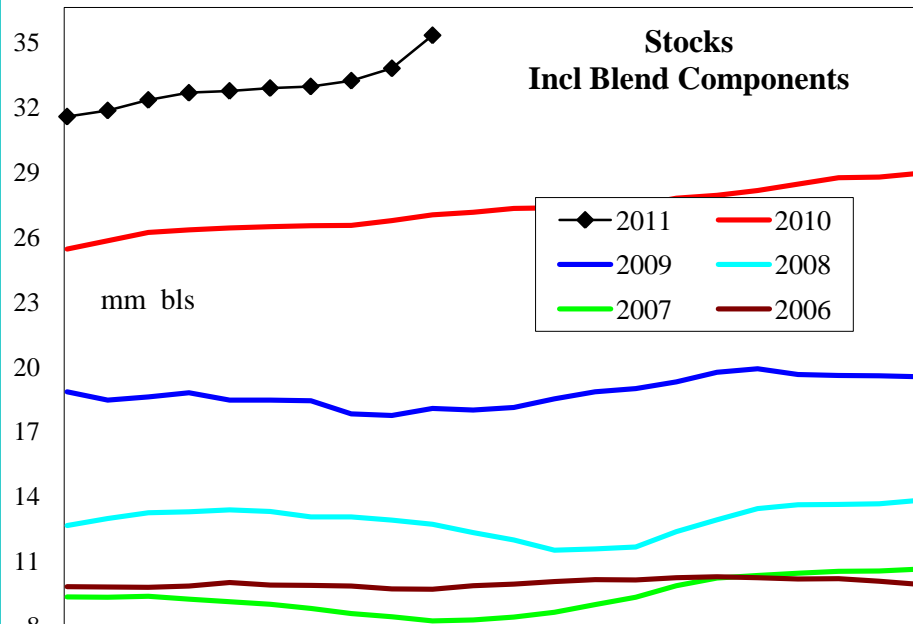
PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

8,159

29.6

Production

11

2.7

Imports

0

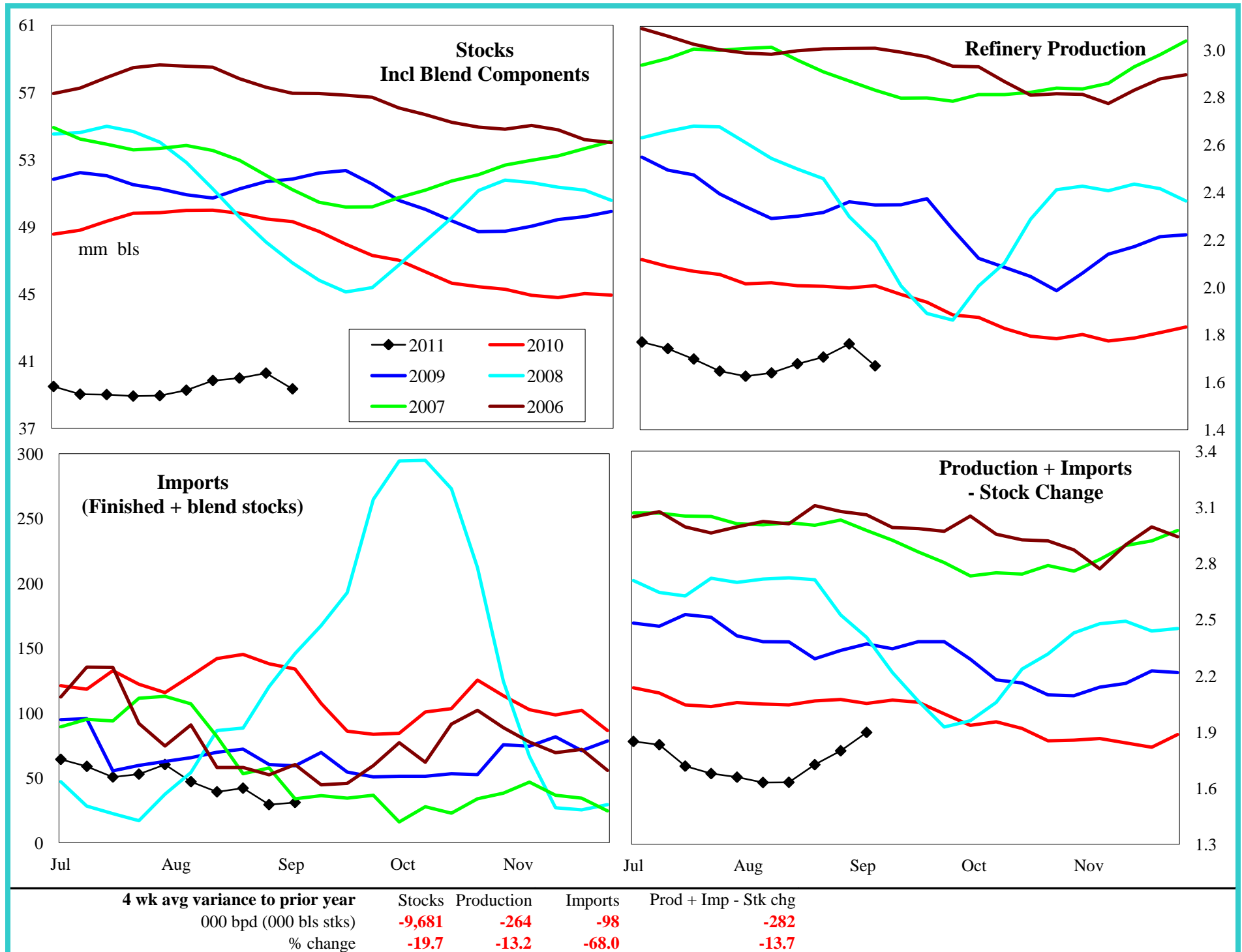
-100.0

Prod + Imp - Stk chg

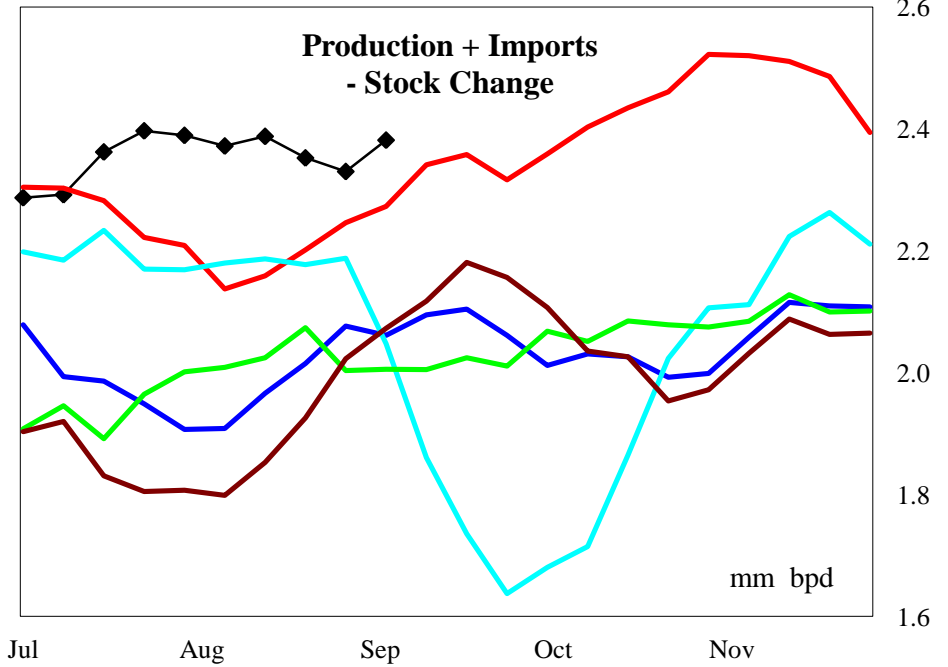
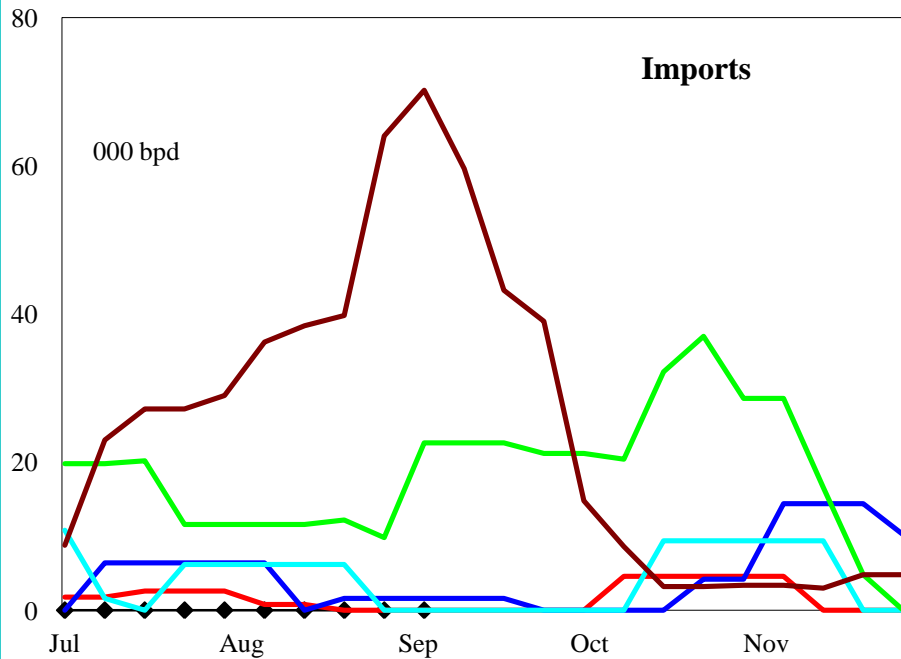
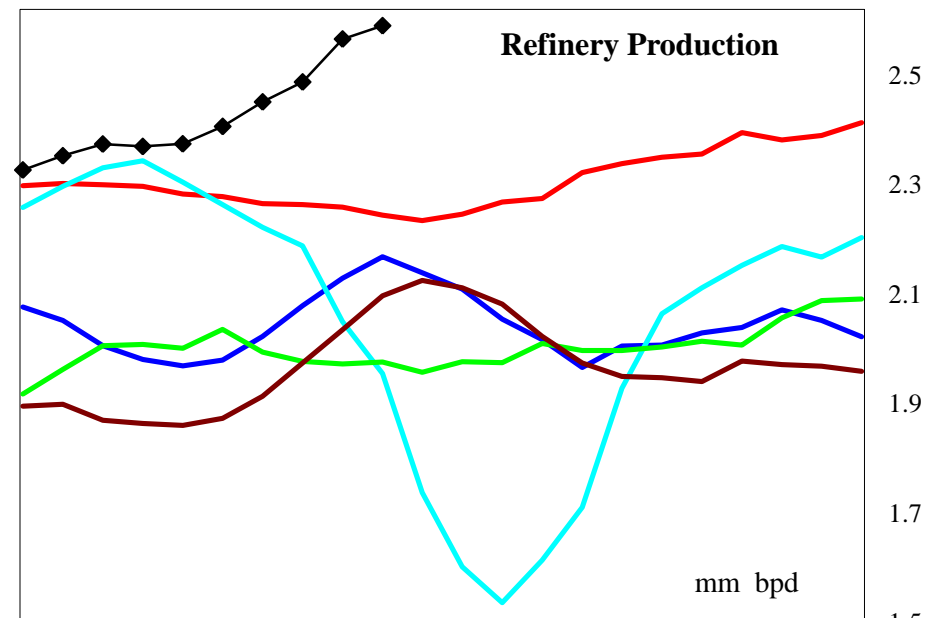
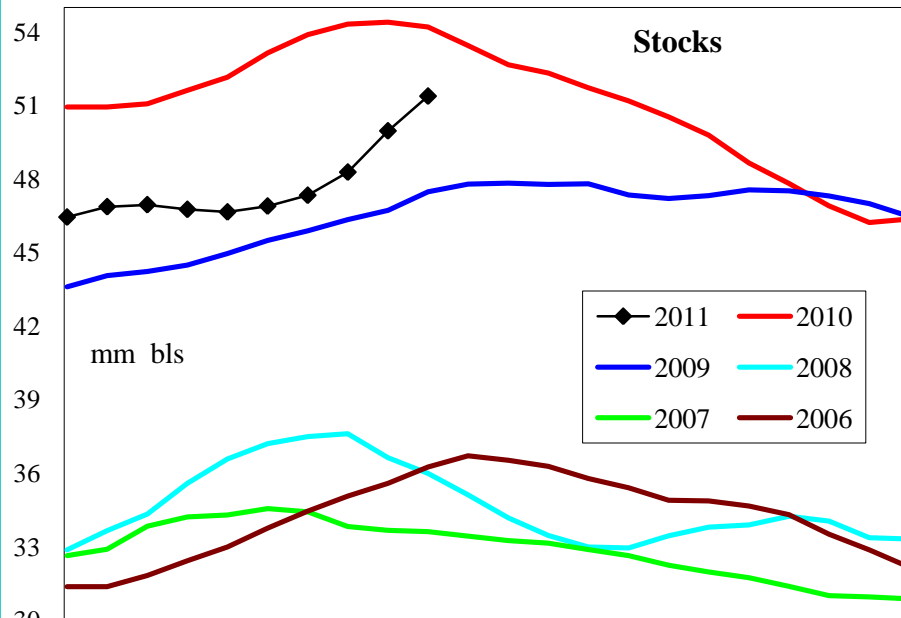
-61

-16.2

PADD 3 Conventional Gasoline Supply



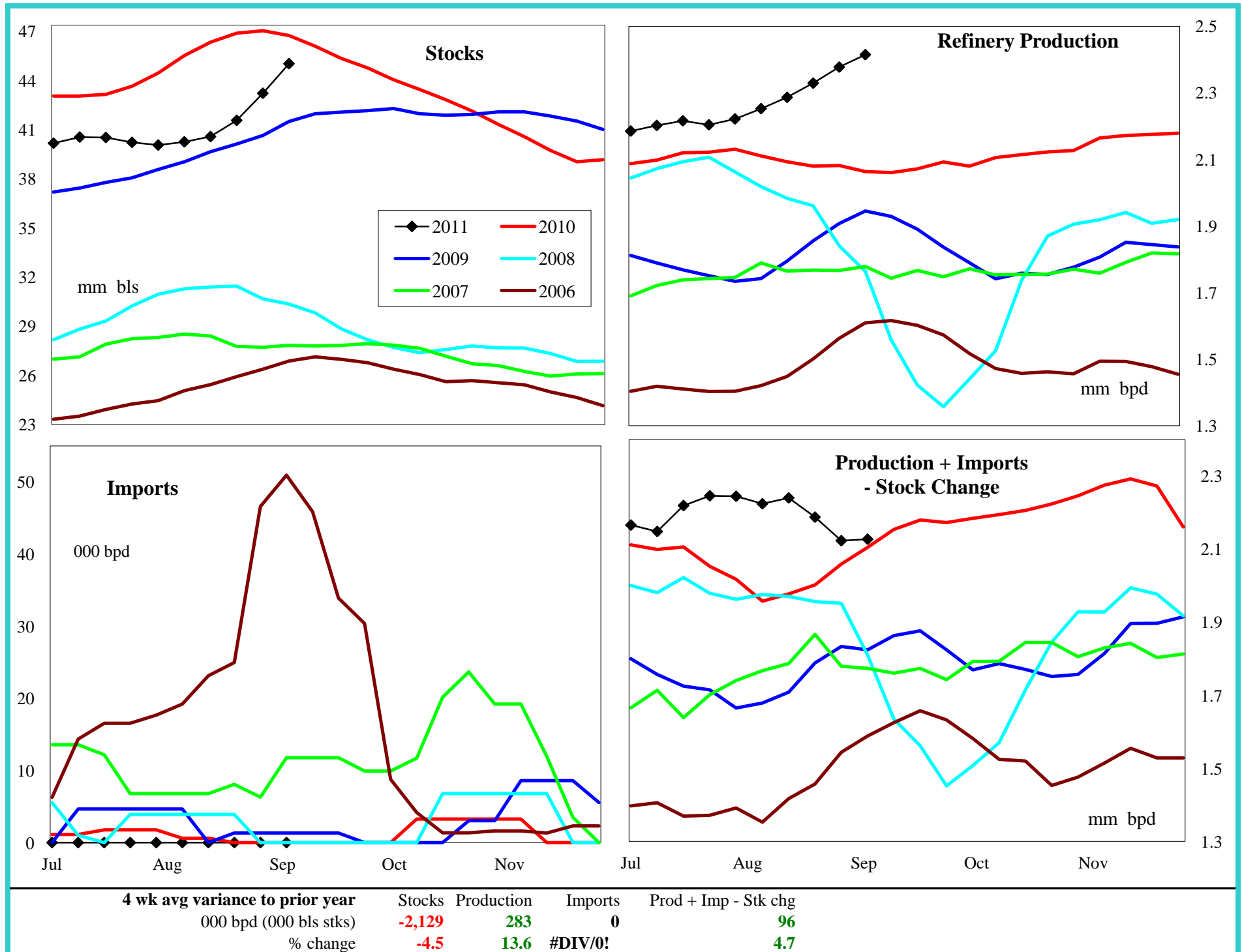
PADD 3 Distillate Supply



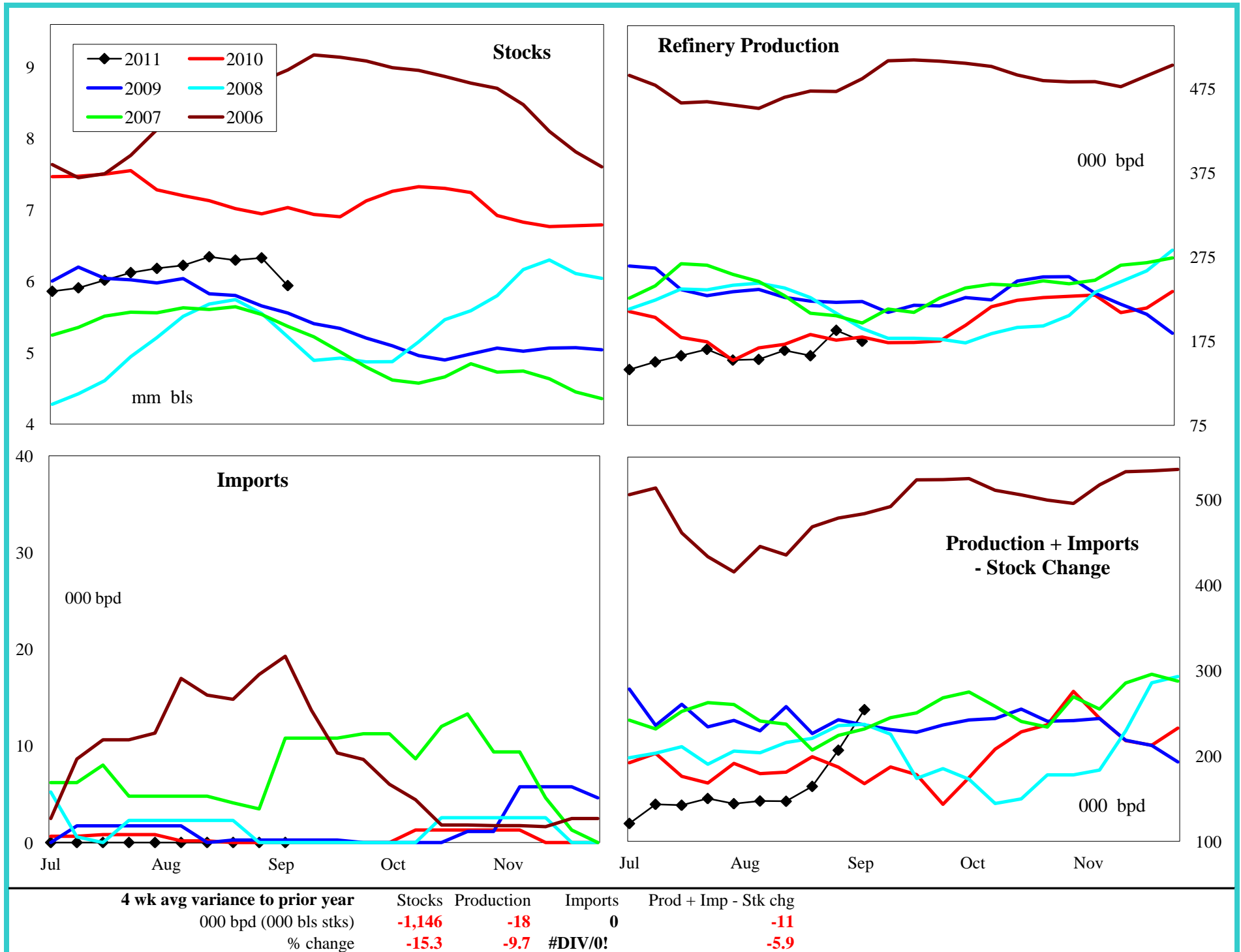
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-3,274	265	0	85
-6.0	11.7	#DIV/0!	3.8

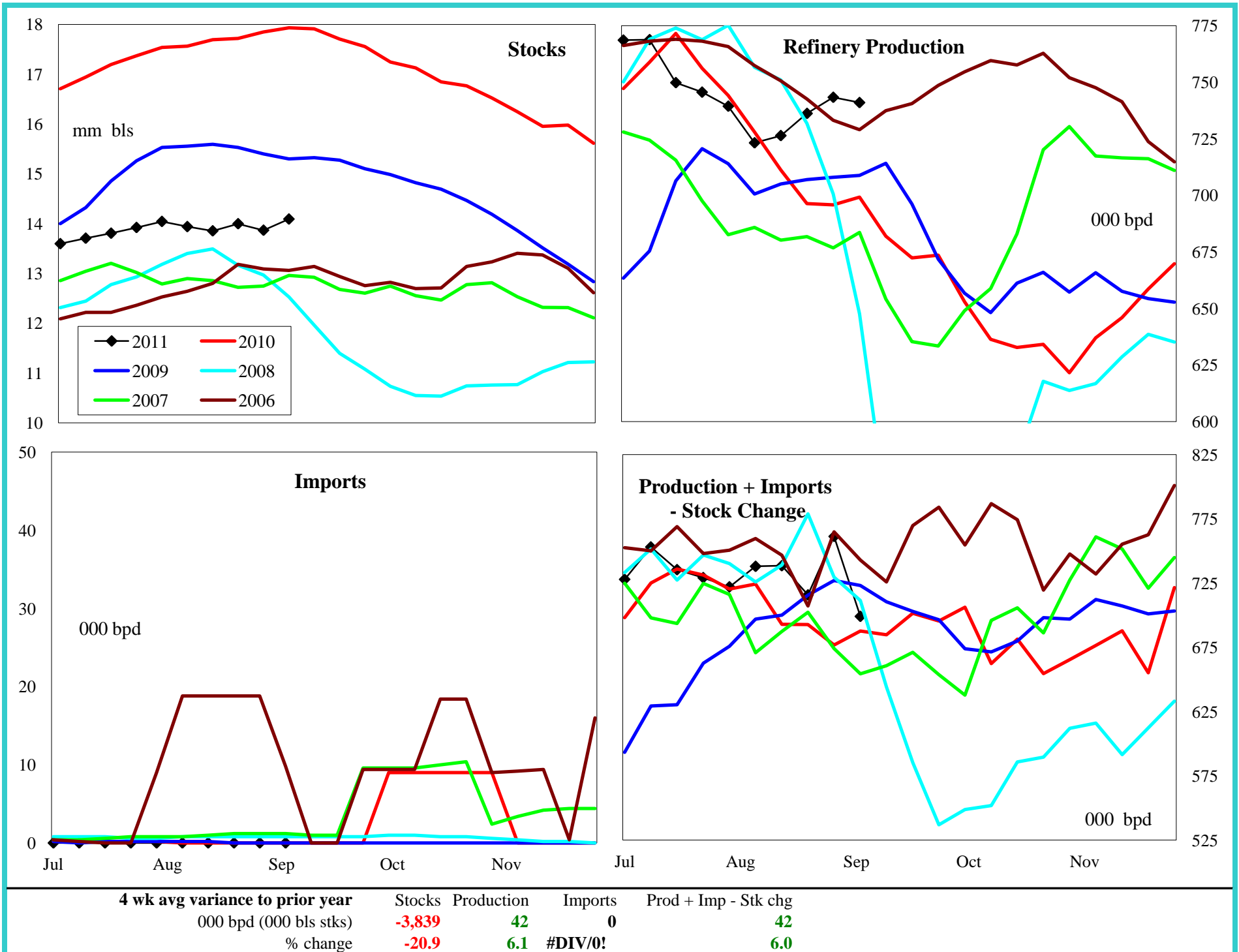
PADD 3 Low Sulfur Distillate Supply



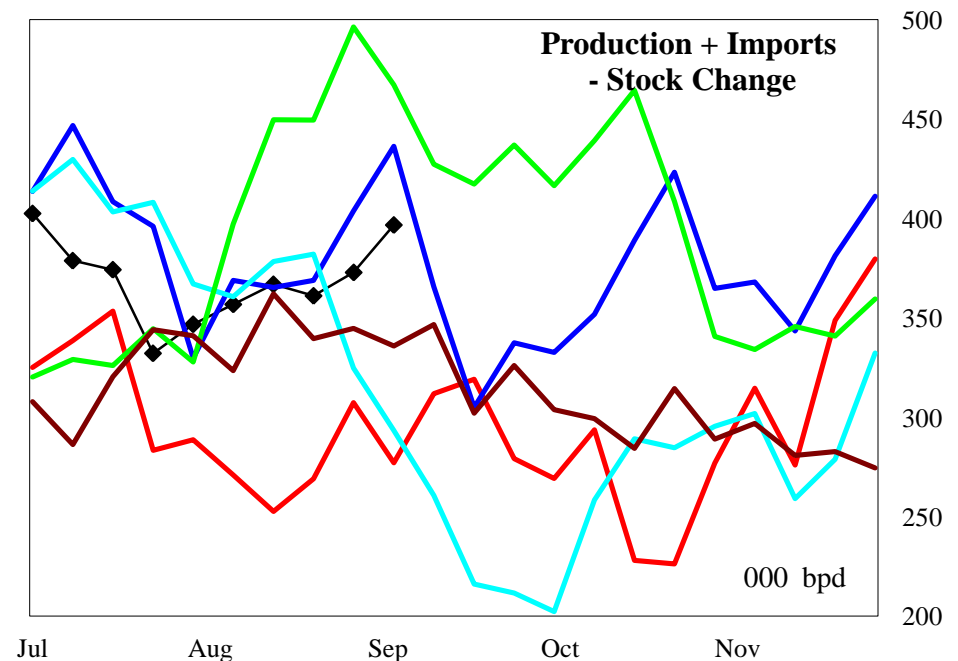
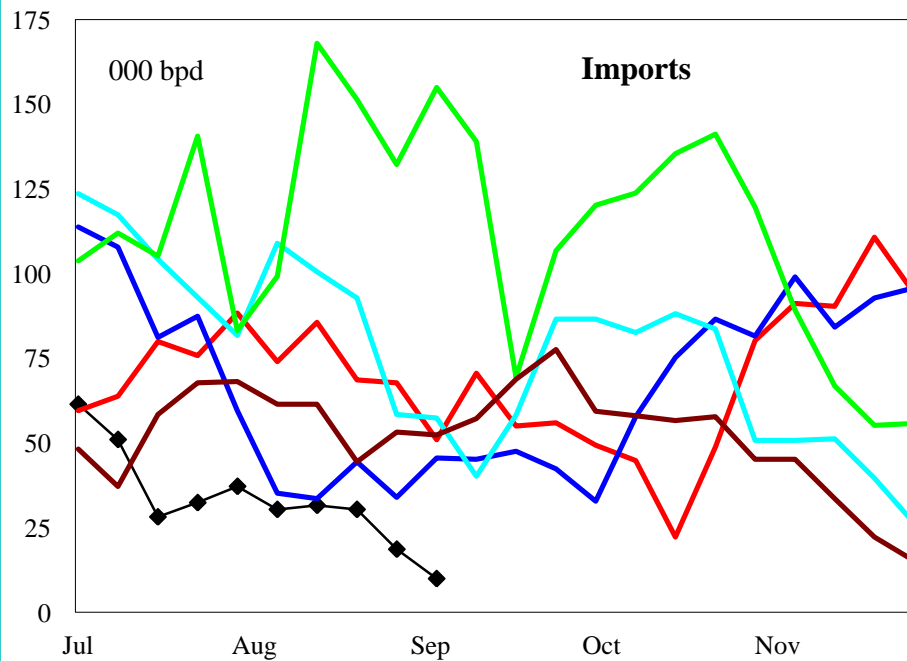
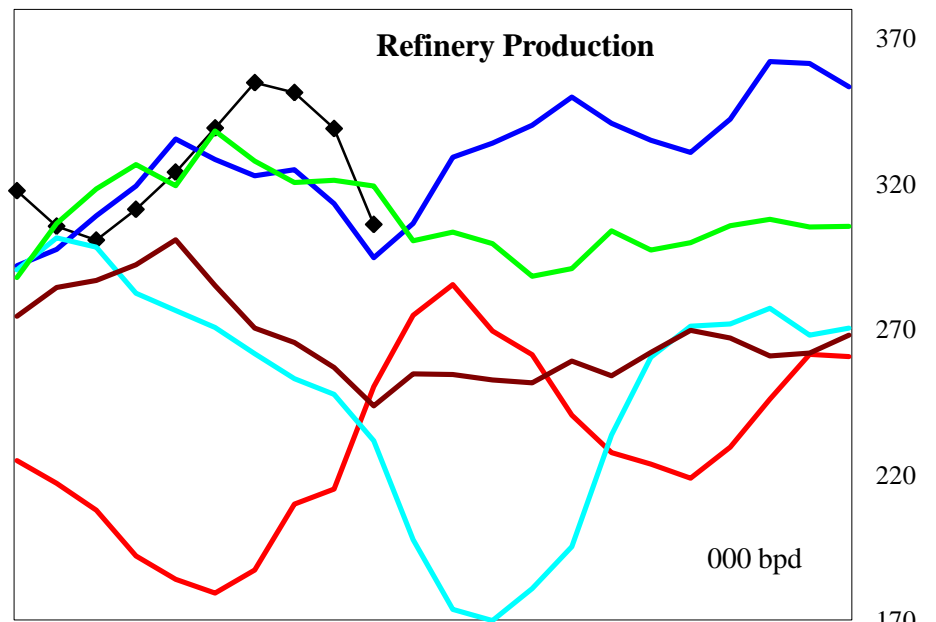
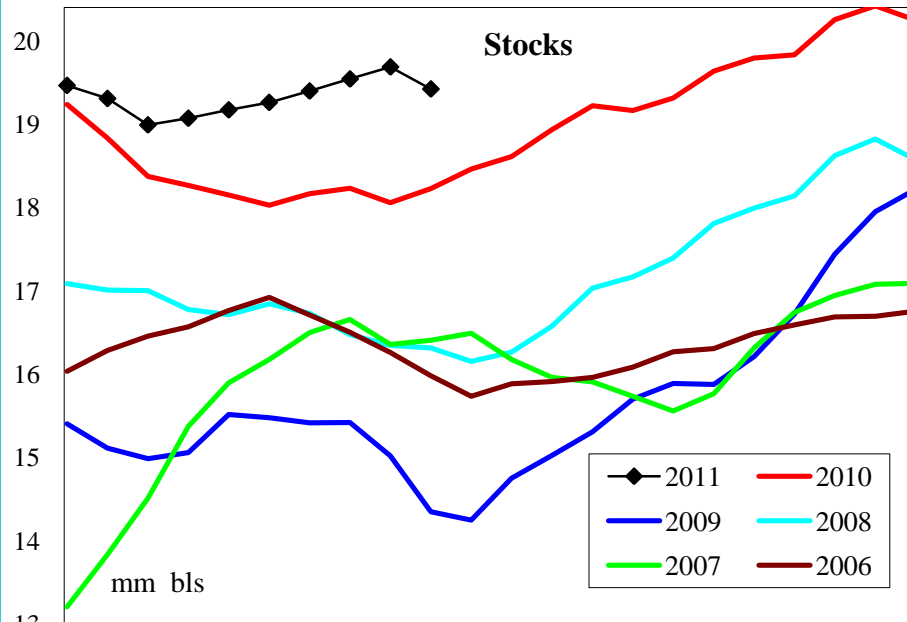
PADD 3 High Sulfur Distillate Supply



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

1,196

6.6

Production

139

65.3

Imports

-46

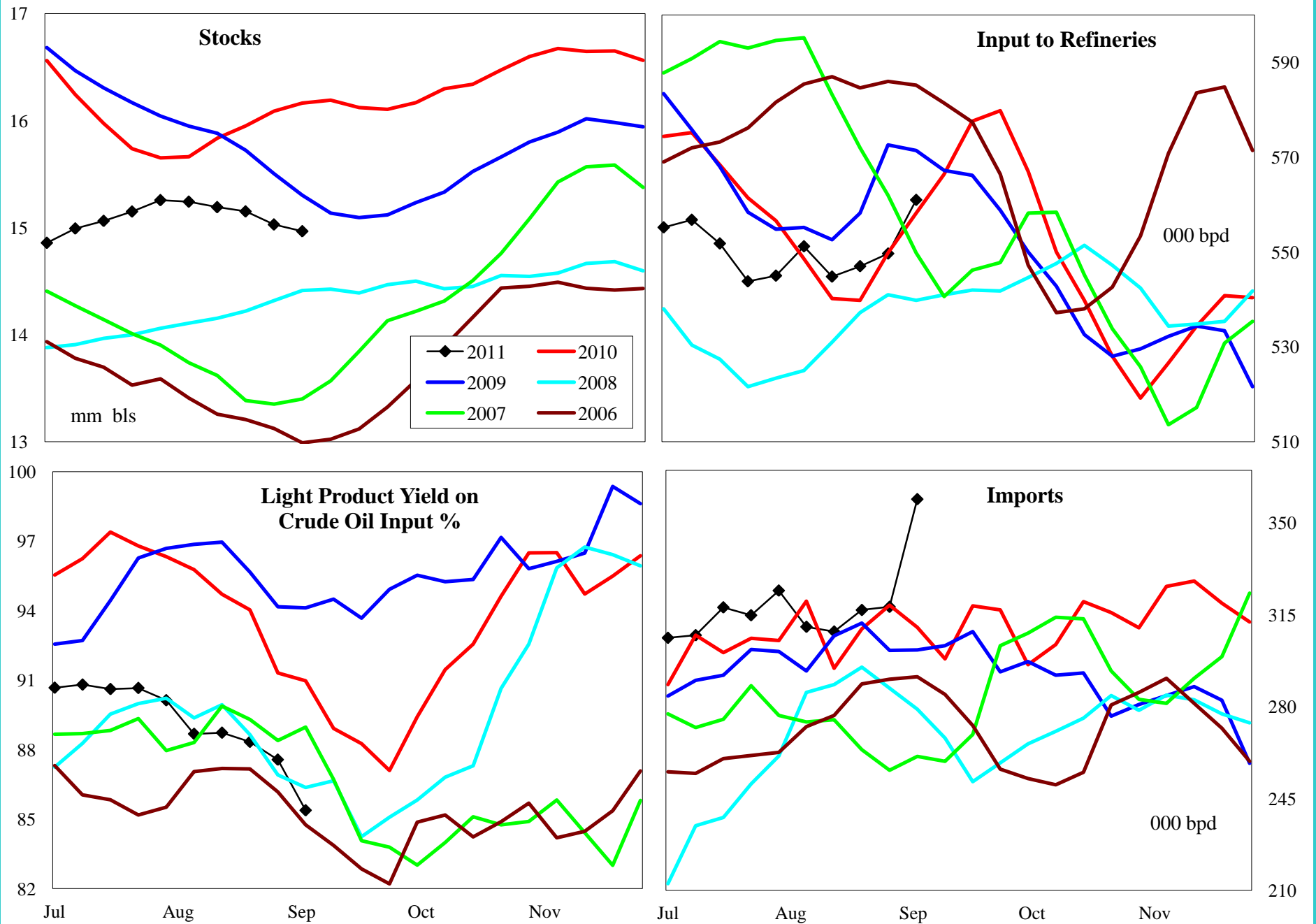
-63.3

Prod + Imp - Stk chg

45

14.2

PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-1,197

-7.4

Input

5

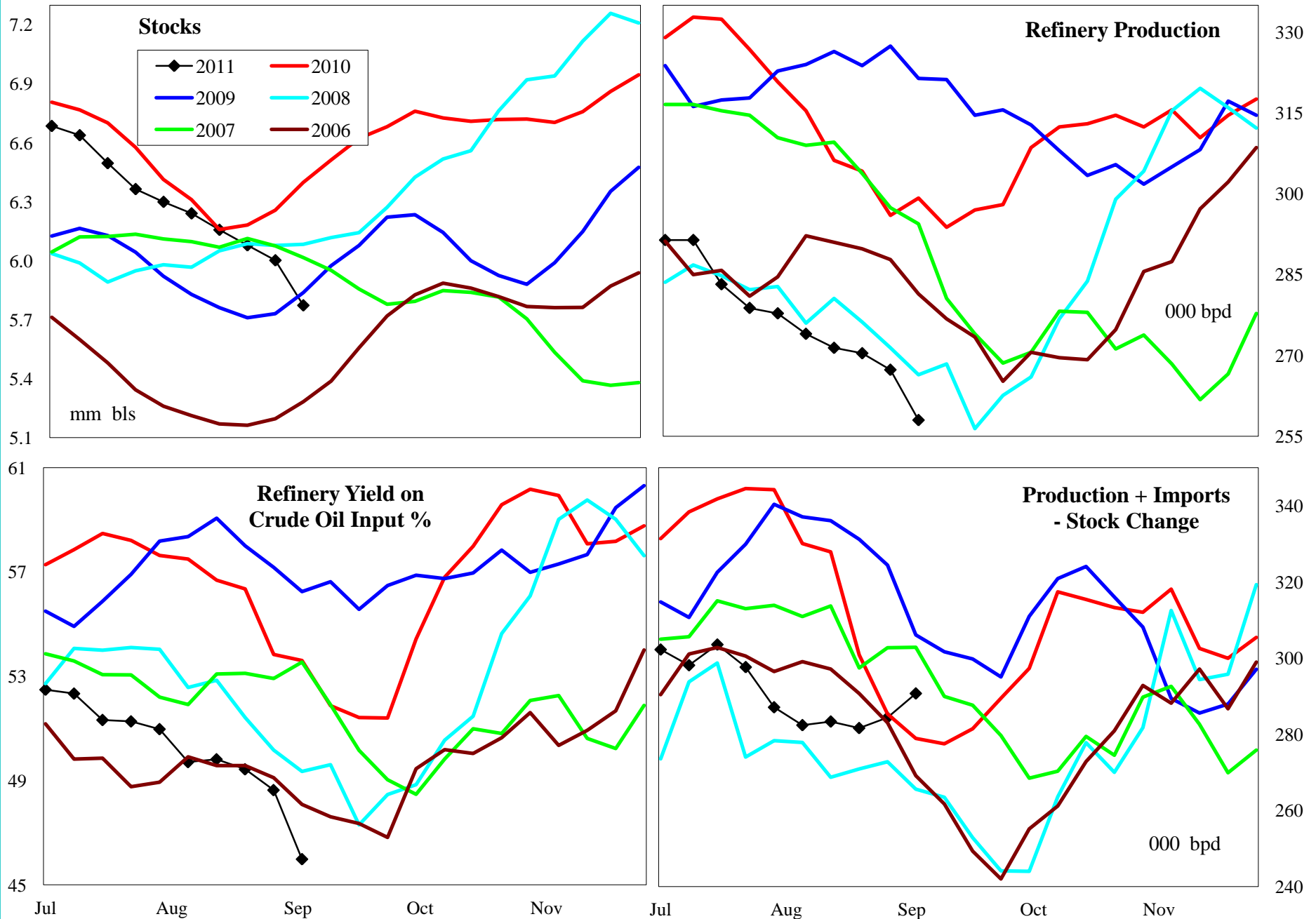
0.9

Imports

13

4.1

PADD 4 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-626

-9.8

Production

-37

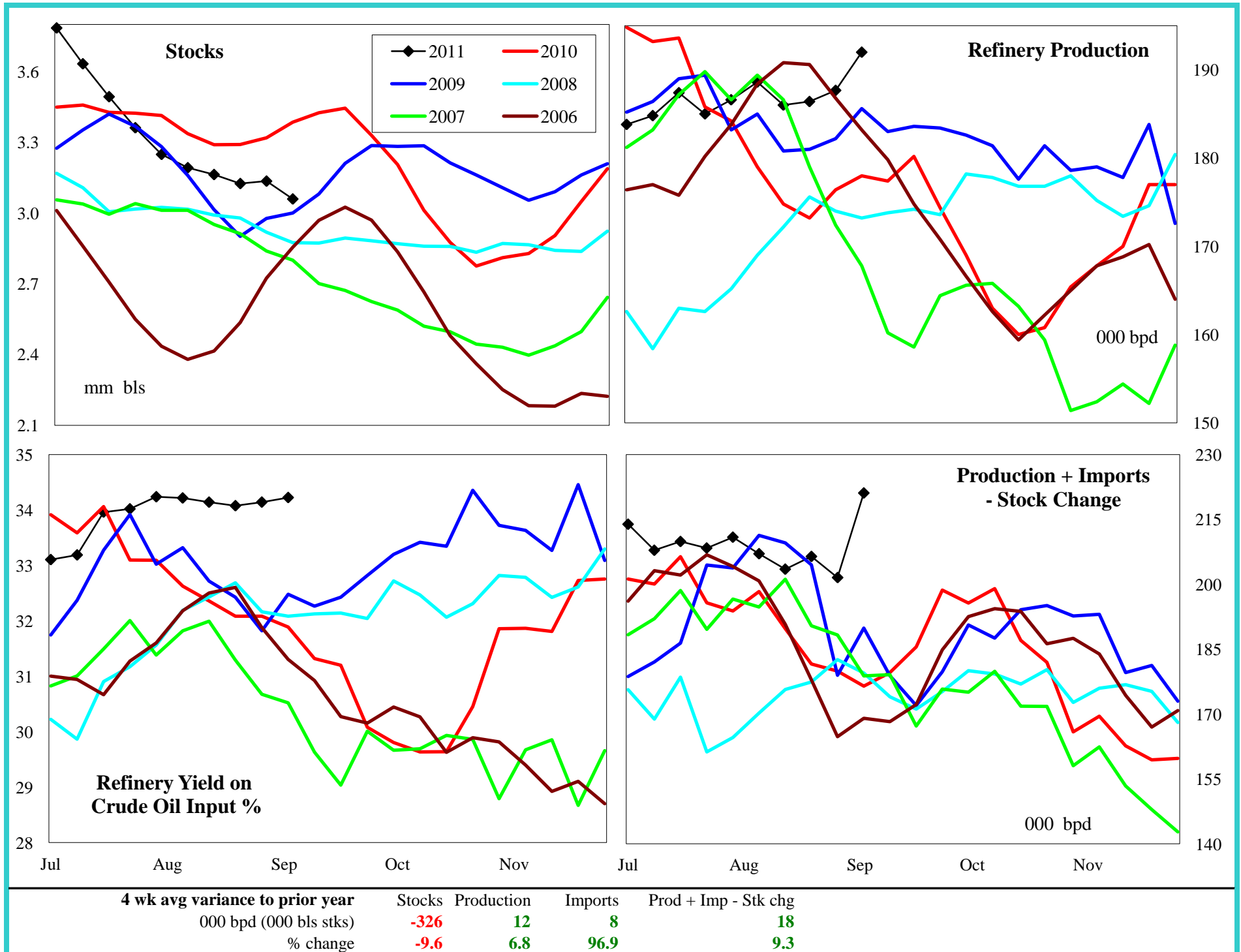
-12.2

Prod + Imp - Stk chg

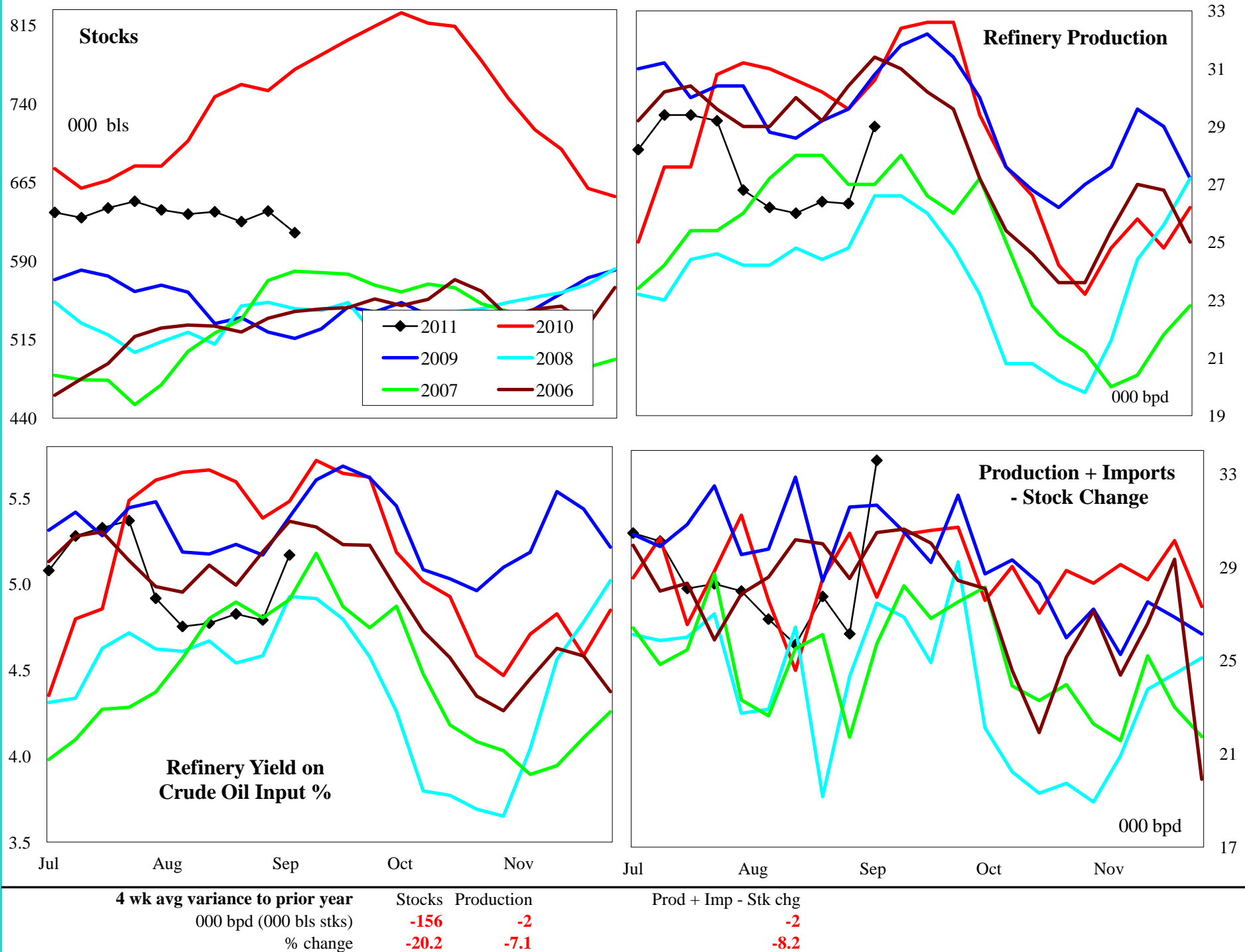
-7

-2.3

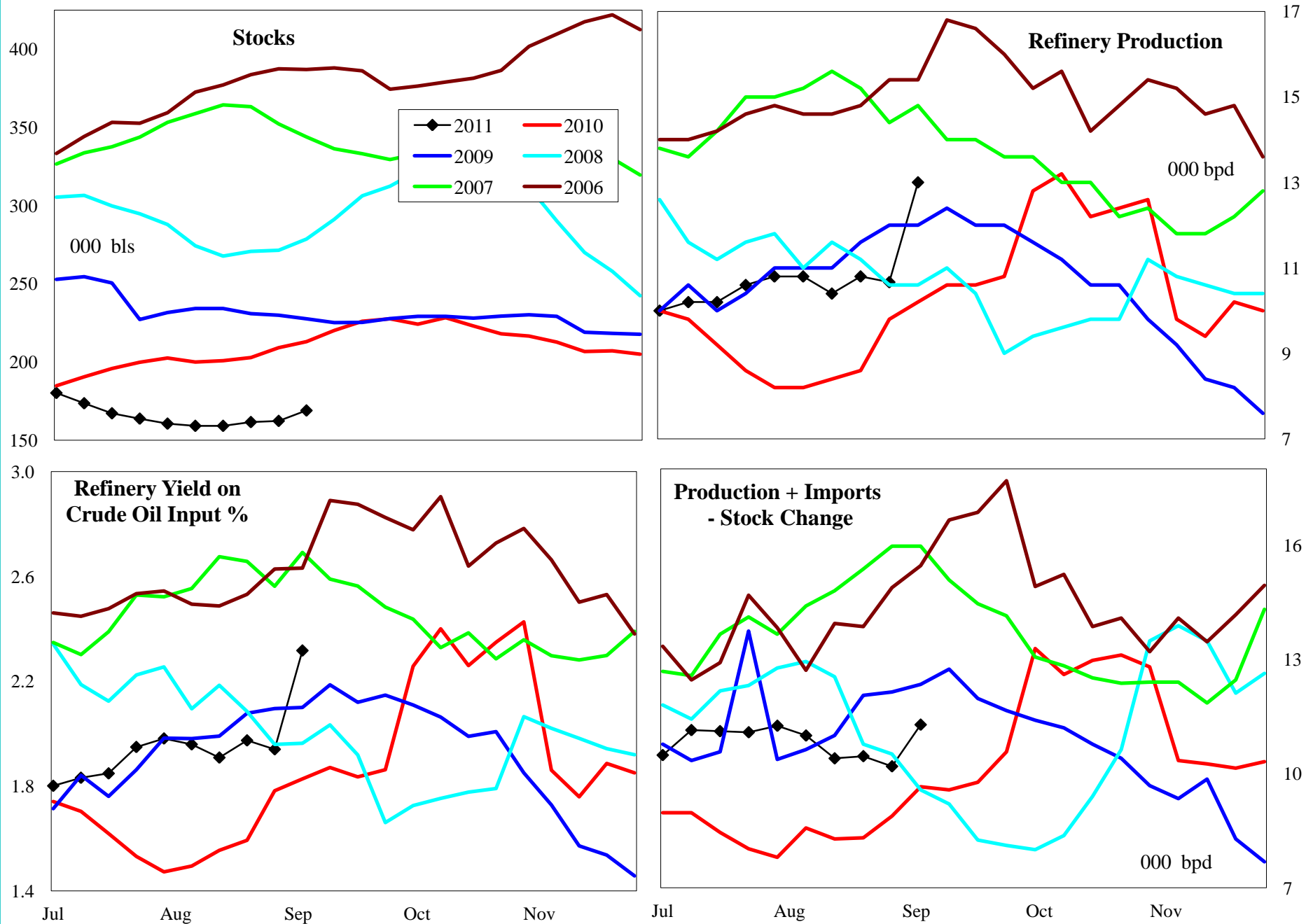
PADD 4 Distillate Supply



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

-44

-20.7

Production

2

16.2

Imports

0

#DIV/0!

Prod + Imp - Stk chg

3

31.7

PADD 5 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-4,332

-8.2

Input

204

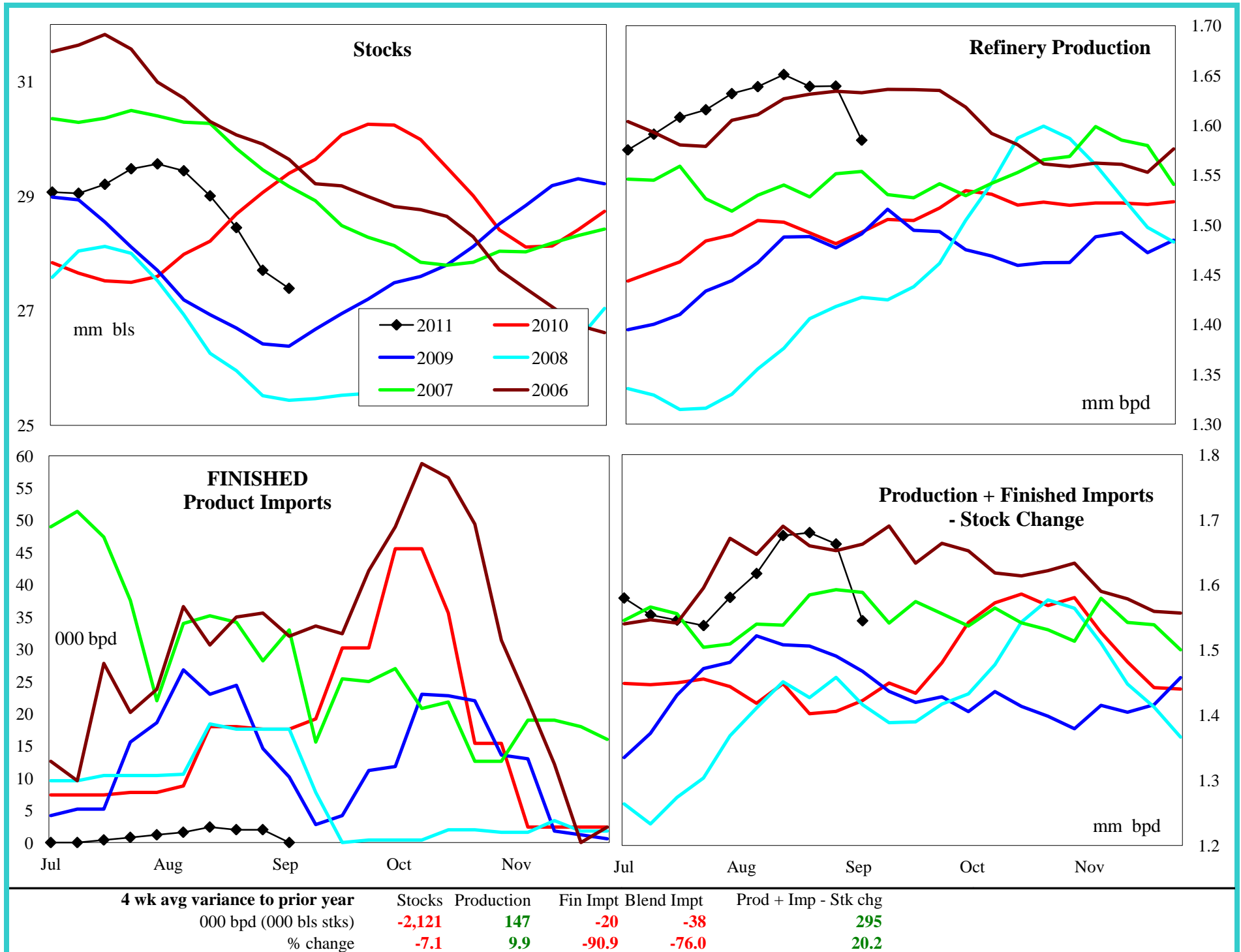
8.7

Imports

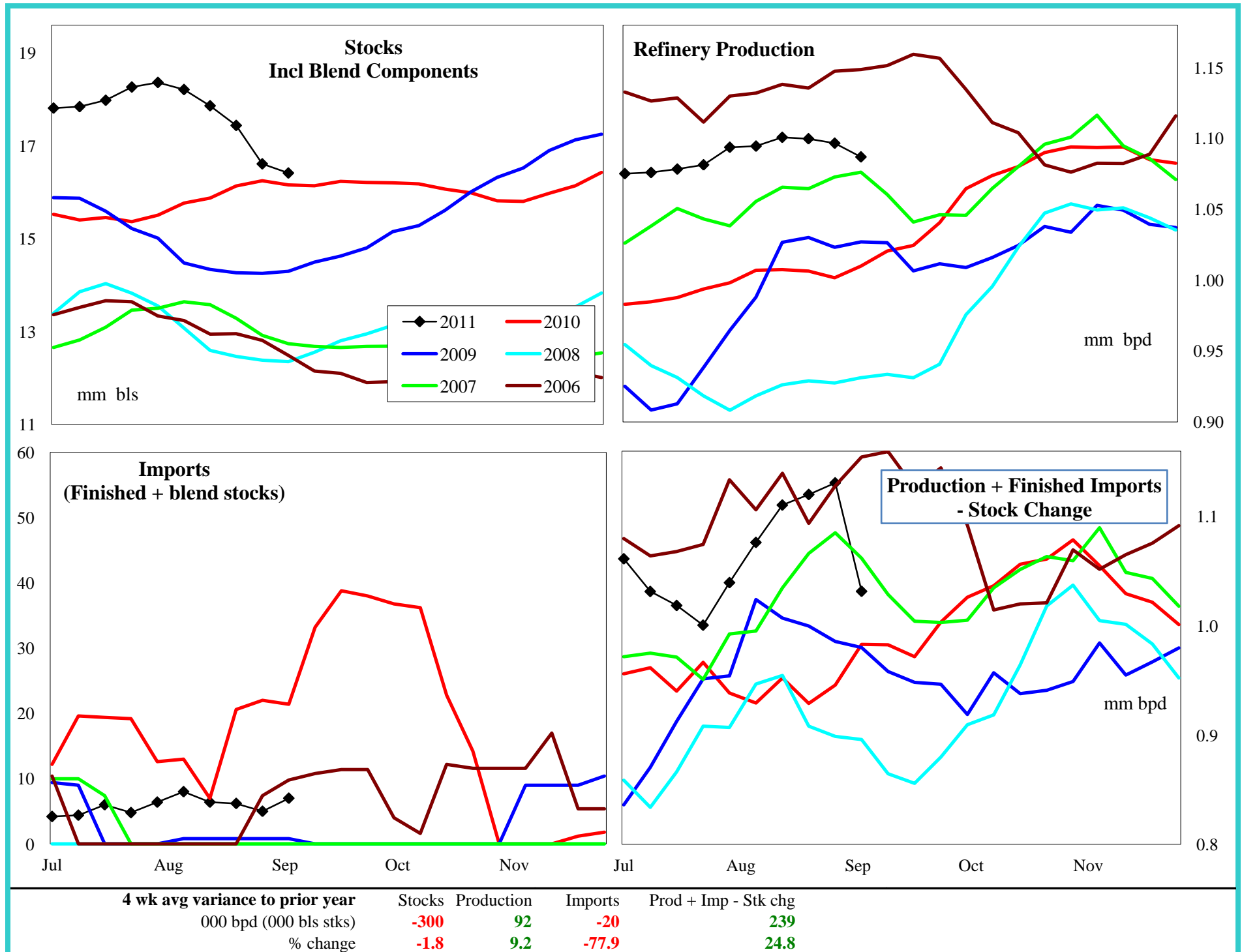
64

5.2

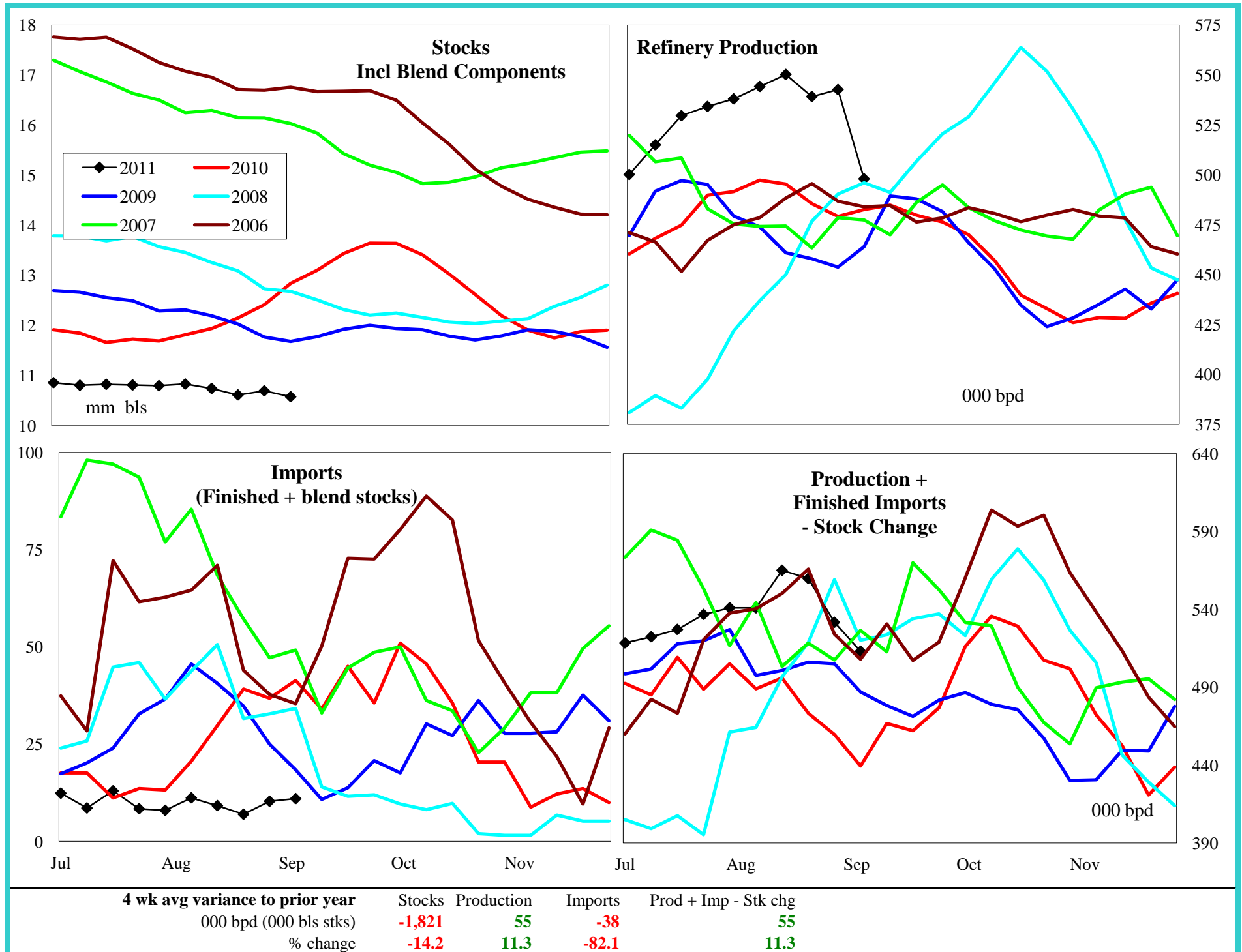
PADD 5 Gasoline Supply



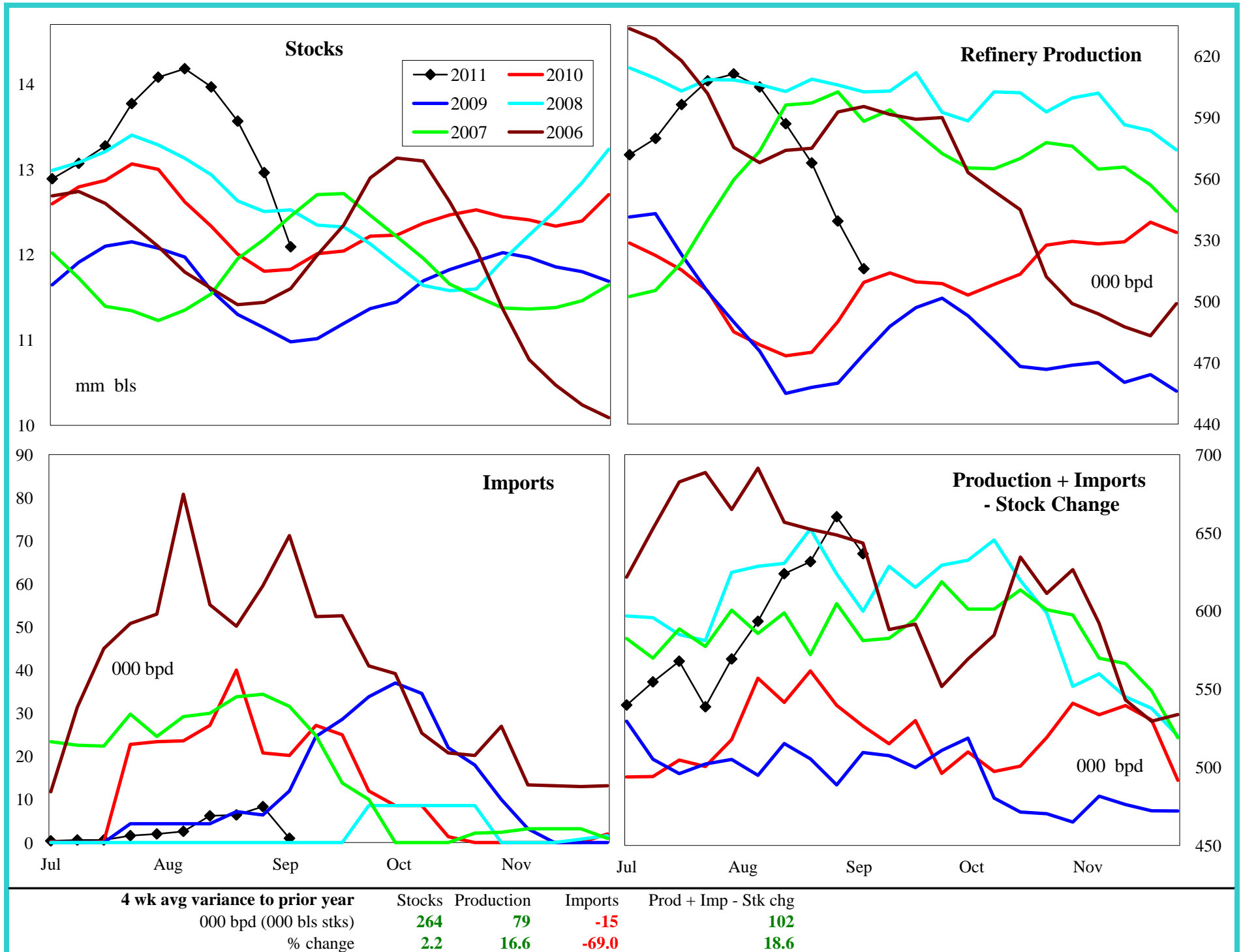
PADD 5 Reformulated Gasoline Supply



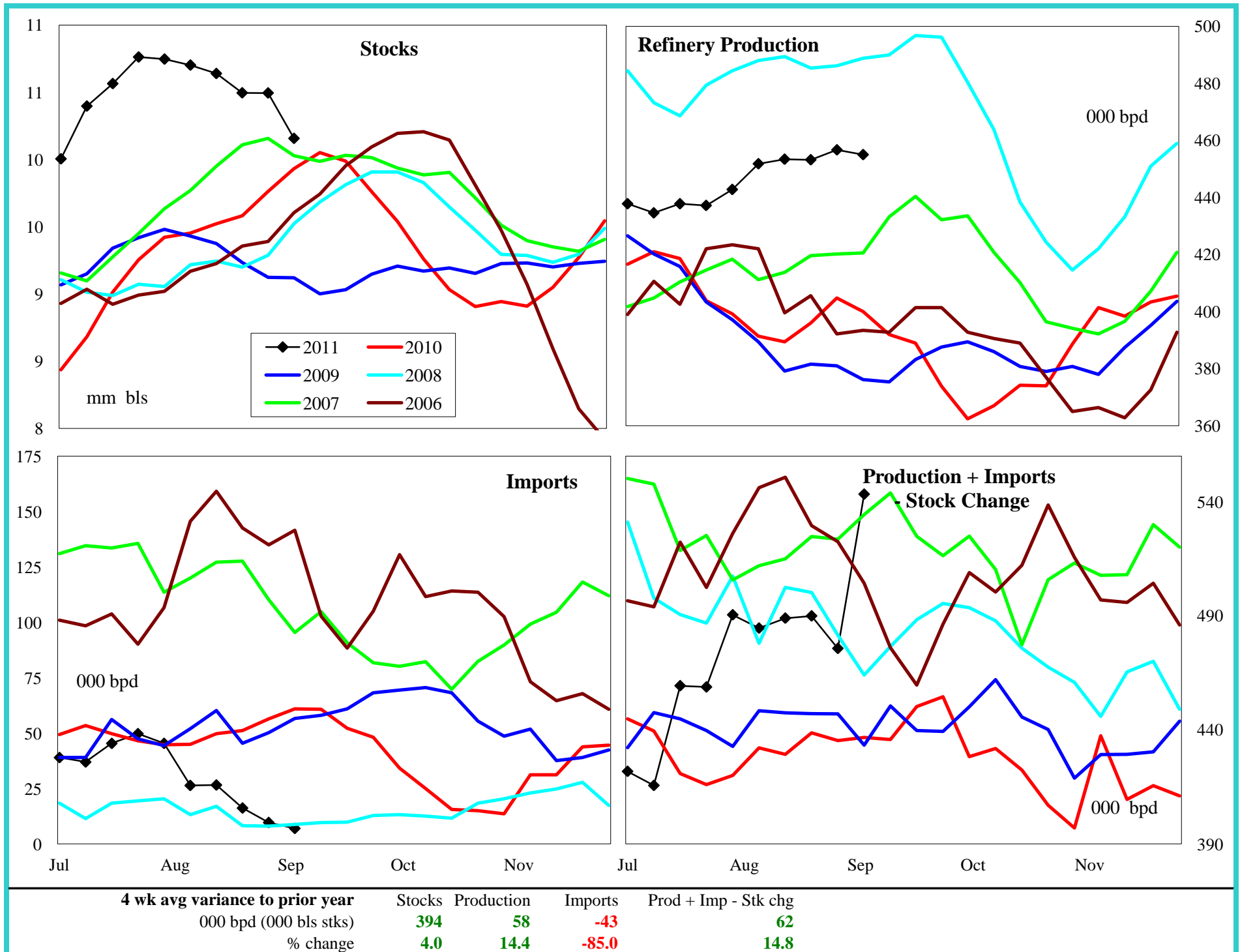
PADD 5 Conventional Gasoline Supply



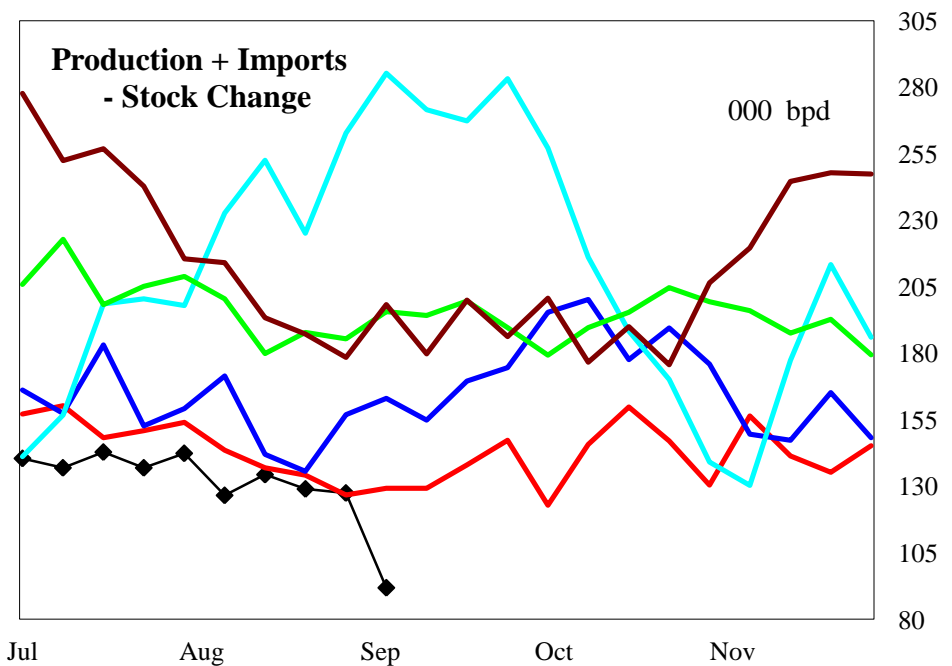
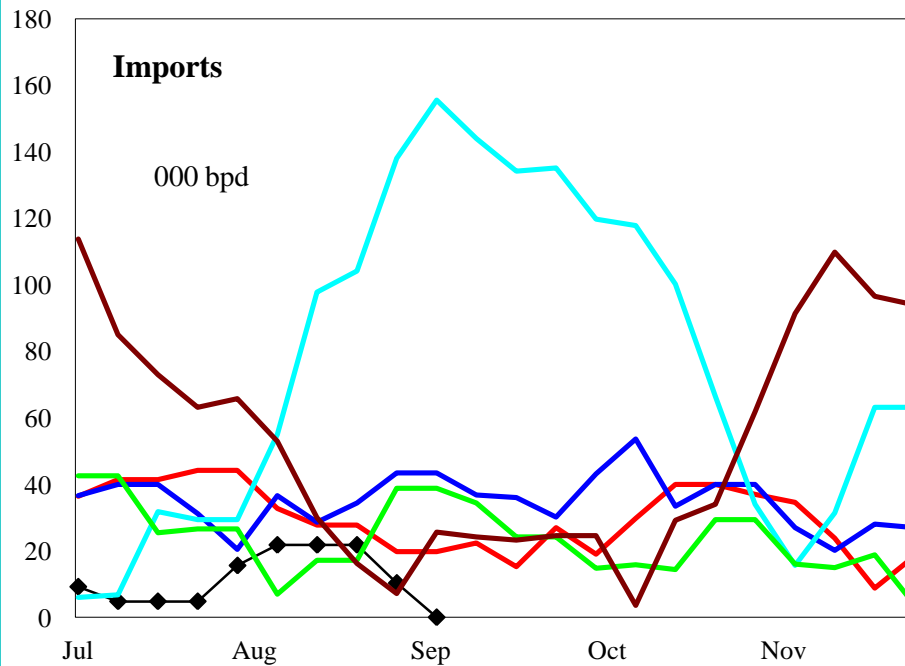
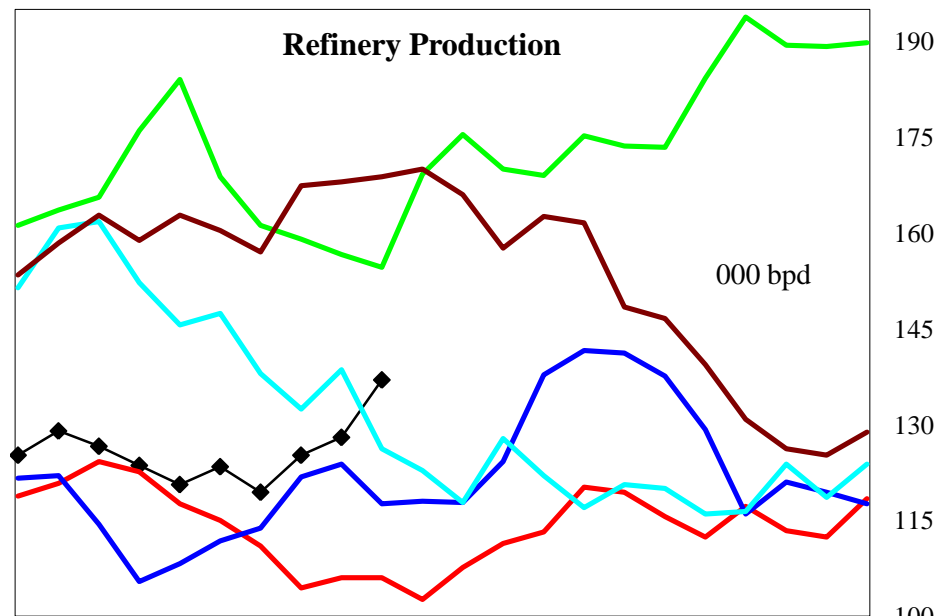
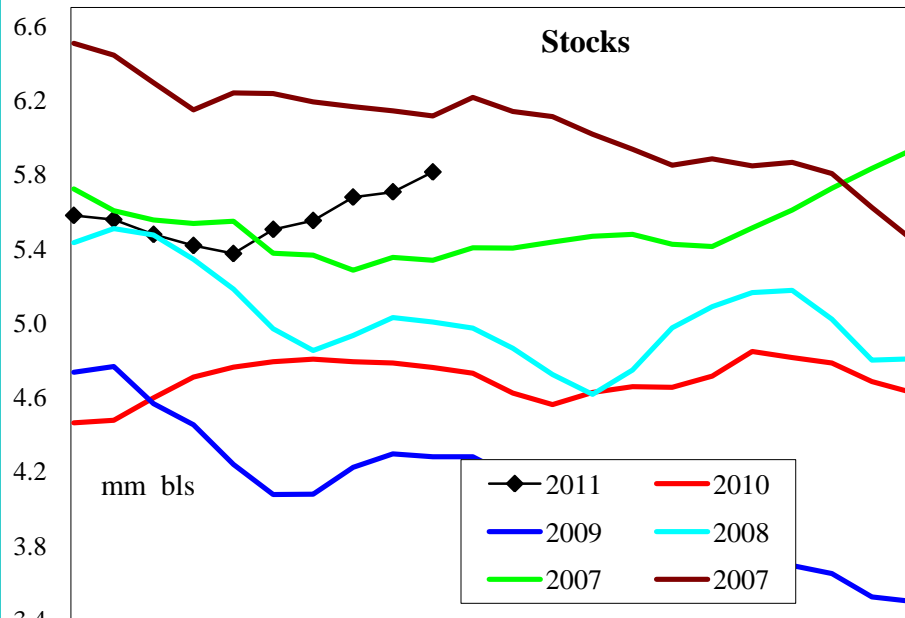
PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

1,053

22.1

Production

16

14.3

Imports

16

131.9

Prod + Imp - Stk chg

34

30.6