



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

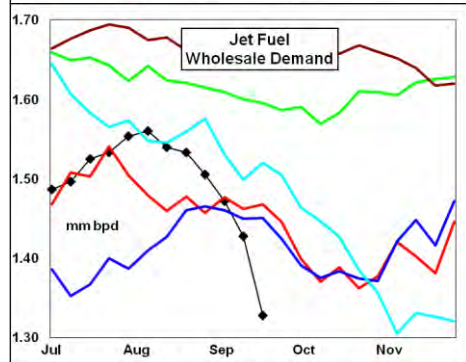
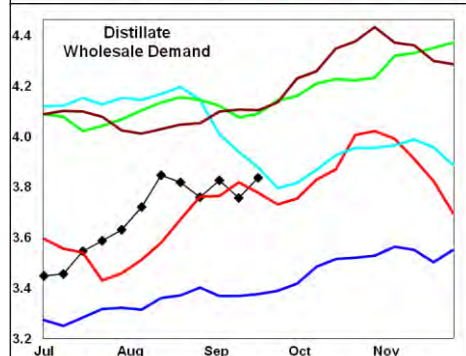
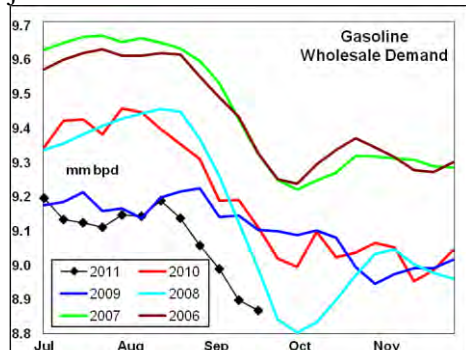
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, September 21,



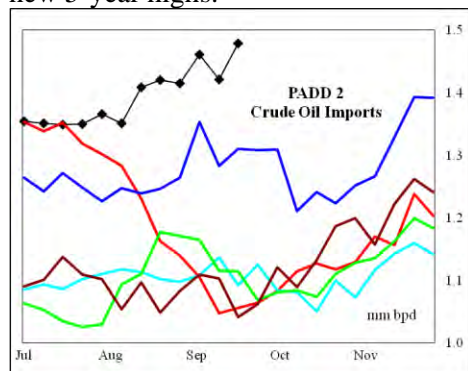
Major Fundamental Trends¹

Wholesale demand for transport fuels during the latest 4-wk period, compared to last year, remains lackluster with jet fuel off -3.3%, gasoline down -1.7%, and distillate up just +0.5%.



Tropical storm Lee significantly impacted production and imports of crude oil into the key Gulf Coast region, leading to a draw down of -15 million barrels during the last 2-wks. This contrasts with record high imports into PADD 2 from Canada, up +423,000 bpd (+40%) from a year ago, which has lifted stock levels to

new 5-year highs.



There was less impact on refinery operations, so that stock levels of gasoline and distillate reached 5-year highs last week in the Gulf Region. This excess supply should lead to a rapid improvement in supplies for the Midwest and East Coast.

Weak demand, high crude oil runs and robust demand by developing countries has led to extremely low levels of transport fuel imports.

Jet fuel imports averaged just 11,000 bpd during the last 4-wks, off -81,000 bpd from a year ago. Gasoline imports were -290,000 bpd below last year for the same period, again a record low for the last 5-years. Distillate imports were -24% below a year ago, matching historic lows for the period.

Demand for distillate jumped +0.2 million bpd last week, gasoline was unchanged from the prior week while jet fuel fell sharply.

Wholesale demand measured over the last four weeks compared to a year ago: gasoline decreased -1.7%; distillate up +0.5%; jet fuel down -3.3% while residual fuel oil decreased -0.7%.

Stocks forward coverage: Gasoline demand coverage increased on a +3.3 million barrel stock build and flat demand. Coverage levels were at the upper end of the historic range.

Distillate coverage declined on a -0.9 million barrel stock draw last week and higher demand. Coverage levels were significantly below the last 2-years.

Jet fuel coverage levels matched

the last 2-years highs on a +1.2 million barrel stock build and sharp drop in demand.

Refinery utilization rates increased on a +283,000 bpd rise in crude oil runs.

During the latest 4-wk period crude oil input was +360,000 bpd above a year ago.

Gasoline yield % on crude oil runs fell on a -278,000 bpd decline in production, compared to the +283,000 bpd rise in crude oil input. Yield % on crude oil runs fell well below the last 3-years.

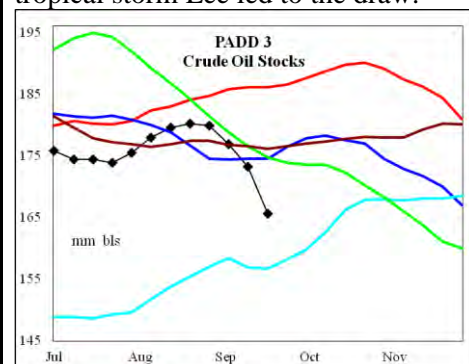
Distillate yield % on crude oil runs decreased on a -20,000 bpd drop in production compared to the increase in crude runs. Yield % on crude oil runs matched 5-year highs for the period.

Jet fuel yield % on crude oil runs increased on a +67,000 bpd rise in output. Yield % levels reached a 5-year high for the period.

Petroleum Imports were largely unchanged last week for refined products, while crude oil extended the recent downtrend.

During the latest 4-wk period crude oil imports decreased -0.5 million bpd compared to last year; distillate imports decreased -52,000 bpd; finished gasoline imports increased +30,000 bpd, gasoline blend stock imports fell -320,000 bpd; jet fuel imports declined -81,000 bpd, while residual fuel oil imports decreased -104,000 bpd.

Crude Oil stocks declined -15 million barrels in the Gulf region during the last 2-wks. Disruption to production and receipt of imports caused by tropical storm Lee led to the draw.



¹ Source is latest EIA Weekly Statistics



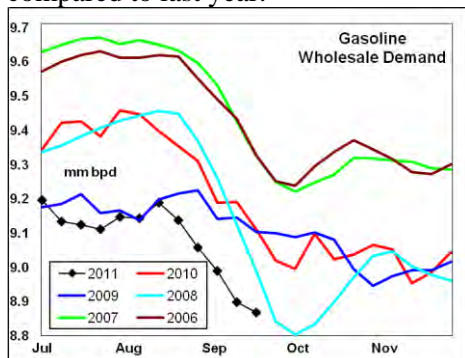
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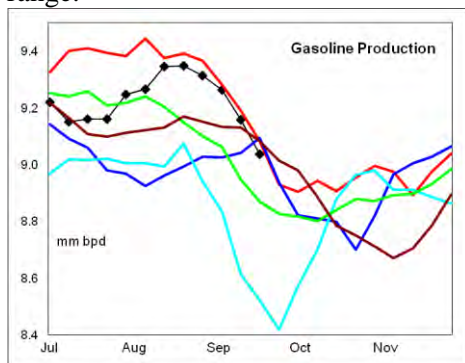
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Product Supply-Demand Trends

Gasoline demand was unchanged last week, at a record low level for this time of year. The latest 4-wk average demand decreased -156,000 bpd compared to last year.



Production fell -278,000 bpd last week, driving output down to the 5-year mid range.



Stocks increased +3.3 million barrels last week, with the level above the mid range.

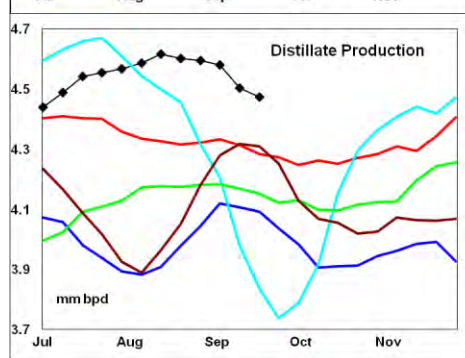
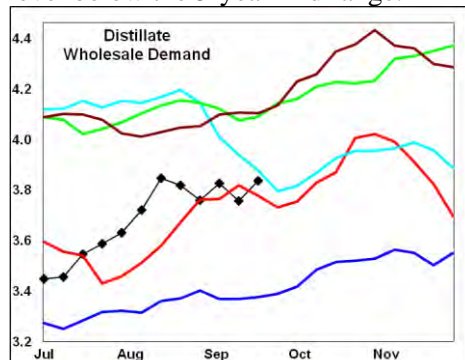
Wholesale demand levels remain well below the last 2-years on a very weak consumer economy. Combined with the absence of weather disruptions on the Gulf, these trends should lead to a significant improvement in the supply balance over the next 30-days.

The Gulf Coast market remains exceptionally over supplied on record high stock levels. High production levels in PADDs 1 and 2 are improving the supply balance in these regions. The Rocky Mountain region is experiencing a supply squeeze on fall refinery maintenance.

Distillate demand climbed +217,000 bpd last week, to a level comparable to a year ago. The latest 4-wk average

demand was +21,000 bpd above a year ago.

Supply decreased -16,000 bpd last week on lower production. Increased demand led to a -0.9 million barrel stock draw; concentrated in the Rockies and West Coast. The latest 4-wk stock build in markets East of the Rockies was +3.7 million barrels, a level below the 5-year mid range.



Wholesale demand continues to track year ago levels.

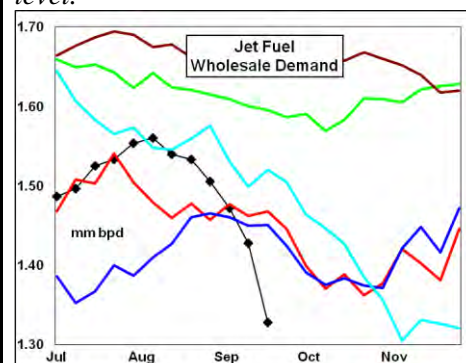
Refinery output exceeds year ago levels by +237,000 bpd, and well above the historic range. Seasonal stock builds reach a season high in the next 30-days as fall maintenance peaks and heating demand increases. Stock levels entering the 4th quarter will likely be -10% below last years' record highs.

Jet Fuel demand declined -126,000 bpd last week, to a level well below the historic range. The latest 4-wk average demand was -49,000 bpd below last year.

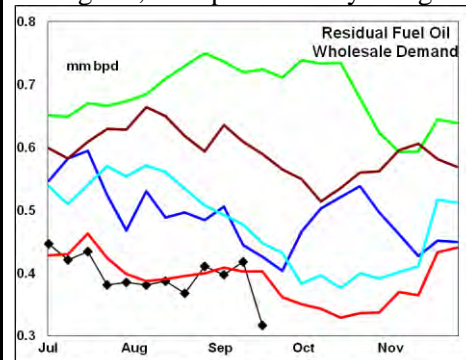
Supply increased +77,000 bpd on the week, with higher production and imports. Production remains well above the 5-year range. Stocks increased +1.2 million barrels to a level at the upper end of the historic

range.

The jet fuel supply balance sows significant improvement on record production for this time of year, and weak demand that has led to counter seasonal stock builds. Imports are near zero, off -82% from last years low level.



Residual fuel oil demand fell -241,000 bpd on the week, with the 4-wk average -3,000 bpd below a year ago.



Supply (production + imports) increased +41,000 bpd last week, with higher production partially offset by lower imports. The latest 4-wk average supply was -70,000 bpd below last year. Stocks levels extended the recent downtrend, with the level near historic lows.

The key Gulf Coast market supply balance continued the recent tightening trend with production at the low end of the historic range. Stocks have declined sharply, although the level remains above the mid range.

The West Coast market has become over supplied with near record production and record high stock levels.



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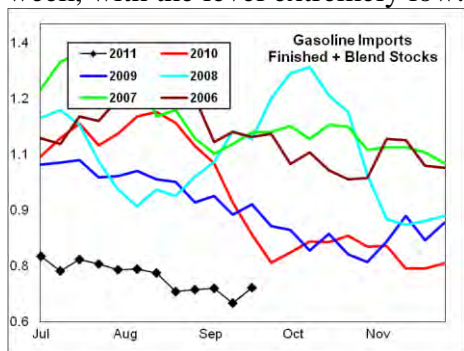
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +53,000 bpd on the week, as plants restarted after hurricane Irene.

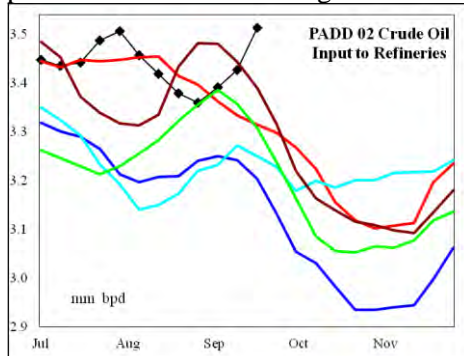
Gasoline production climbed +118,000 bpd on the week, with the latest 4-wk average +232,000 bpd above a year ago. Imports decreased -26,000 bpd on the week, with the level extremely low.



Gasoline stocks decreased -0.2 million barrels on the week, with the level below the mid range. Stock levels are trending higher in the key Central Atlantic Region while New England remains extremely low.

Distillate supply increased +42,000 bpd as refiners returned to operation after hurricane Irene. Stock levels were unchanged at a level well below the mid range.

Jet fuel market remains well supplied with both stock levels and production near historic highs.



PADD 2 crude oil refinery runs jumped +137,000 bpd on the week, to a record high level for this time of year. Imports during the latest 4-wk period were +40% above a year ago, all time record highs. Stock levels

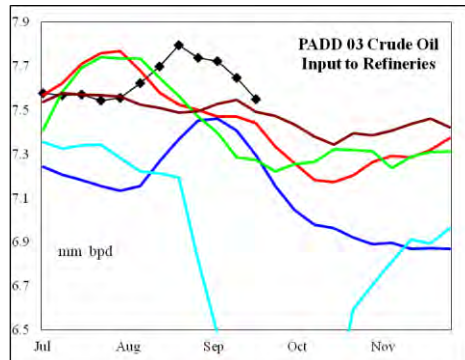
ended the week +4.4 million barrels above the prior 5-year high.

Gasoline production increased +56,000 bpd last week, with the level near record highs. Stocks increased +1.2 million barrels, with the level at the low end of the historic range.

Distillate production increased +22,000 bpd, to a level below the mid range. Stocks increased +0.2 million barrels, although the level remains below each of the last 3-years.

Jet fuel production remains at a record high for the period, with stocks matching 5-year highs.

PADD 3 refinery runs increased +140,000 with the level slightly above the 5-year range. The latest 4-wk average thru put was +163,000 bpd above last year. Crude oil stocks fell -7.6 million barrels, down -15 million barrels in the last 2-wks. Earlier weather disruptions and start of fall refinery maintenance underlie the decline.



Gasoline production fell -210,000 bpd on the week, to a record low level for the period. Stocks increased +1.7 million barrels to a new 5-year high for the season.

Distillate production declined -87,000 bpd on the week; with the latest 4-wk average +290,000 bpd above the previous record level. Stocks were unchanged on the week, at a level that matched last years' record high.

Jet fuel production increased +43,000 bpd on the week, with the level near the historic high. Stocks increased +0.7 million barrels to a level above the mid range.

Residual fuel oil supplies increased

+44,000 bpd on the week, with production levels below the mid range. Stocks decreased -0.6 million barrels last week, the level above each of the last 4-years.

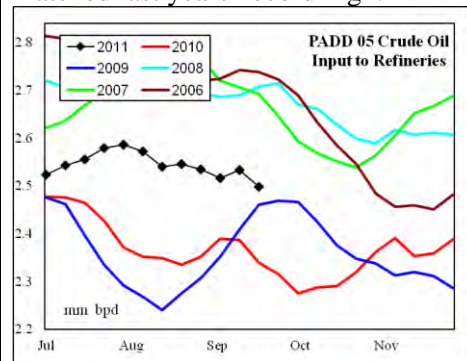
PADD 4 refinery crude runs fell -26,000 bpd last week, to a record low levels for this time of year. Light product yield % on crude oil runs reversed from the prior week, reaching record highs for the week.

Gasoline production increased +31,000 bpd last week, but still a level sharply below the last 2-years. Stocks decreased to a level that matched historic lows.

Distillate production and stock levels each match 5-year lows on continued refinery maintenance.


Jet fuel stocks have climbed to levels that match historic highs; the result of higher receipts from other regions.

PADD 5 crude oil refinery runs decreased -22,000 bpd on the week, with the level above the last 2-years. The latest 4-wk average thru put was +118,000 bpd above last year. Light product yield % on crude oil runs matched last years' record high.



Gasoline production declined -38,000 bpd last week, a level above the last 4-years, with the latest 4-wk average +102,000 bpd above last year. Stocks increased +0.7 million barrels on the week, to a level above the mid range.

Distillate production declined -11,000 bpd last week, to a level that matched last year. The lower output led to a -0.8 million barrel stock draw. Stock levels are at the upper end of the historic range.



FUNDAMENTAL

PETROLEUM TRENDS

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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

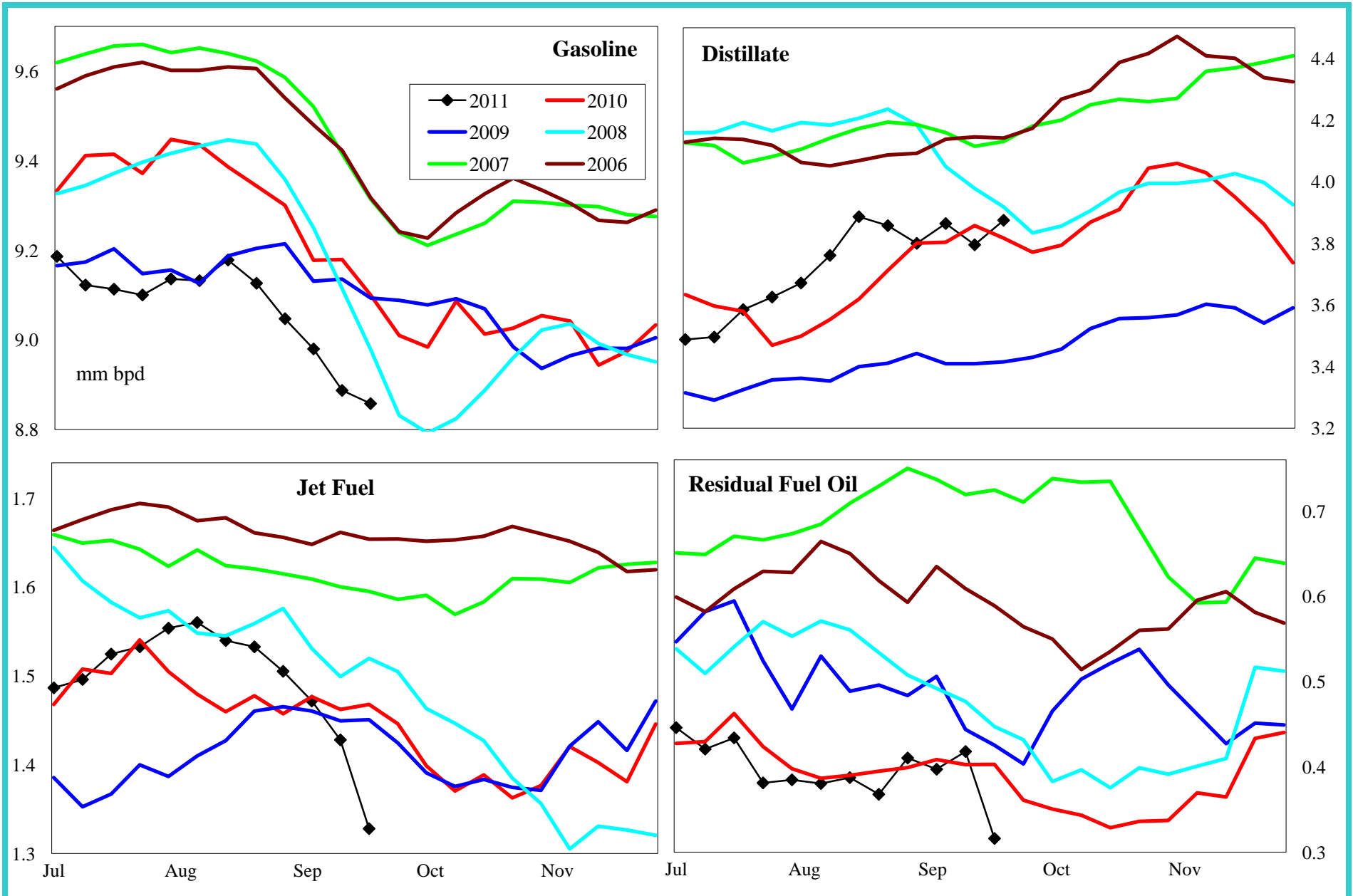
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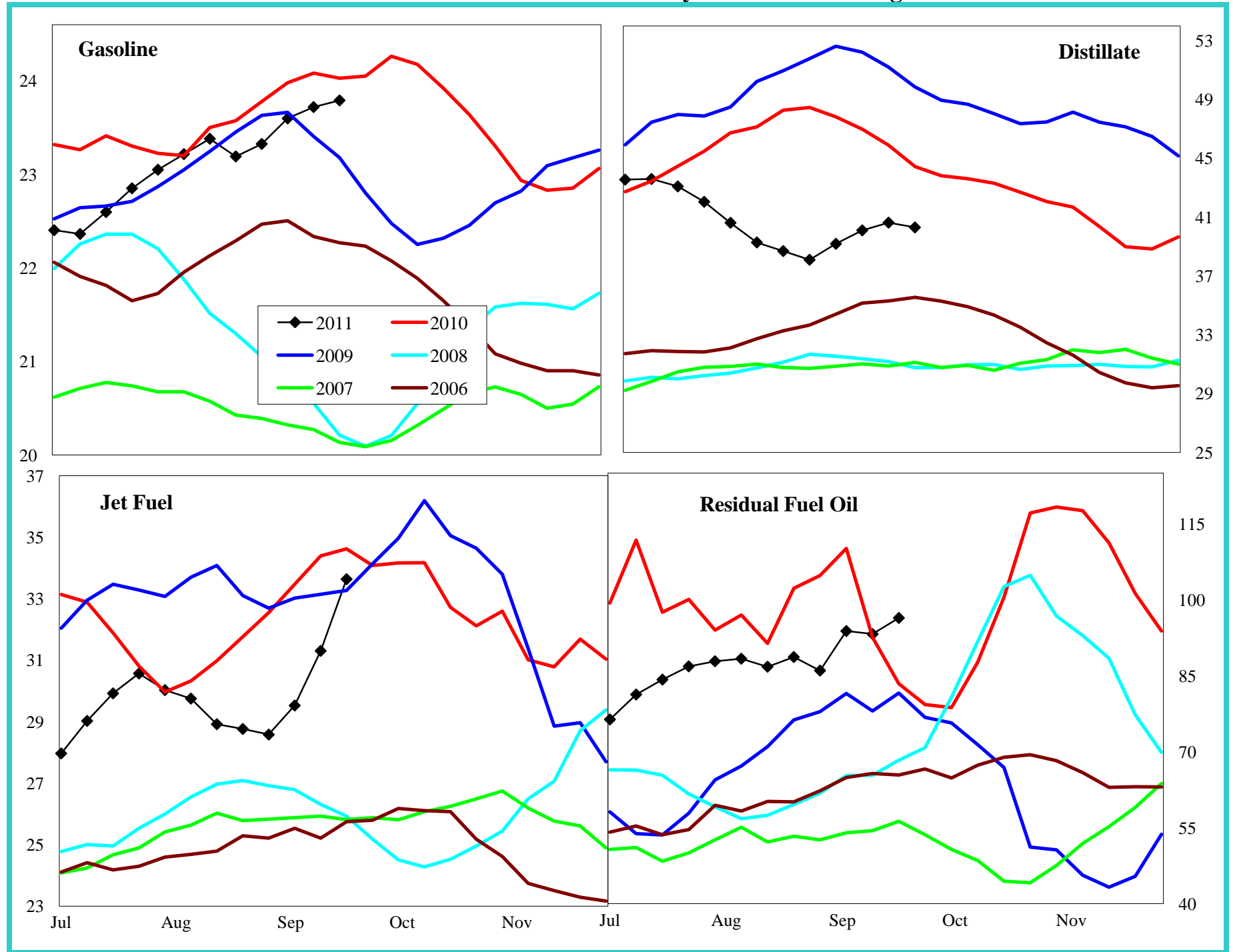
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	16-Sep-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-7,336	1,868	-1,511	-7,560	424	-556
	Imports	-191	-181	82	-48	-5	-40
	Input	283	53	137	140	-26	-22
	% Utilization	1.30					
Gasoline	Stocks	3,295	-186	1,218	1,690	-120	693
	Production	-278	118	56	-210	31	-38
	Imports	33	-26	0	41	0	16
	Supplied	10					
Distillate	Stocks	-874	120	201	-20	-368	-807
	Production	-20	51	22	-87	5	-11
	Imports	4	-9	3	0	5	5
	Supplied	217					
Jet Fuel	Stocks	1,246	253	-108	722	73	305
	Production	67	2	-6	43	-1	28
	Imports	10	7	0	0	0	3
	Supplied	-126					
Residual Fuel Oil	Stocks	-294	-122	-7	-557	-4	396
	Production	70	3	-8	43	1	30
	Imports	-29	-6	1	1	0	-25
	Supplied	-241					

United States Wholesale Petroleum Demand

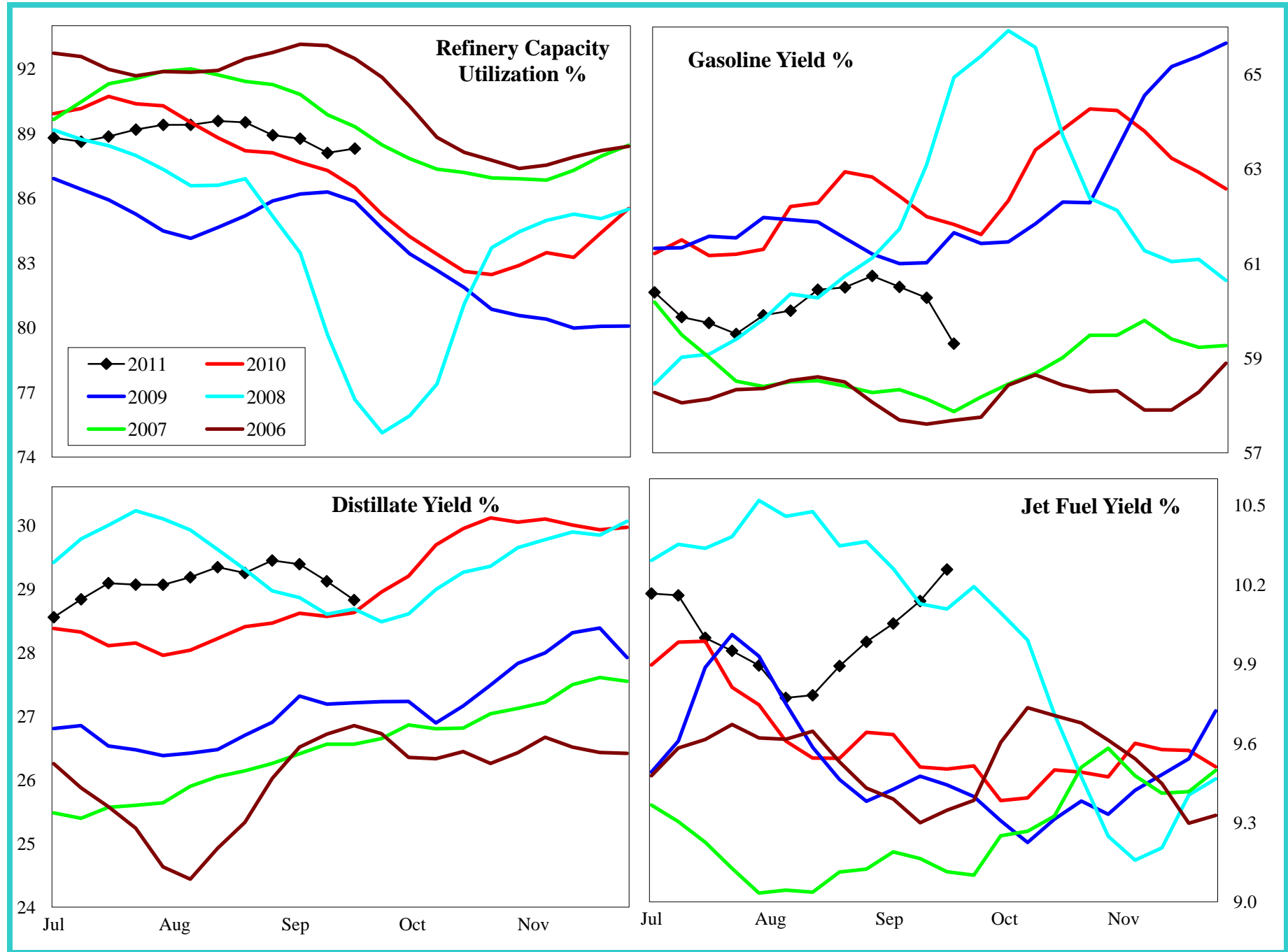


	000 bpd change from prior year				% change from prior year			
	4wk avg	Aug	Jan	Jun	4wk avg	Aug	Jul	Jun
Gasoline	-156	-158	-236	-265	-1.7	-1.7	-2.5	-2.8
Distillate	21	6	2	160	0.5	0.2	0.1	4.3
Jet Fuel	-49	32	24	2	-3.3	2.2	1.6	0.1
Resid	-3	-62	-164	-29	-0.7	-13.0	-27.6	-5.8

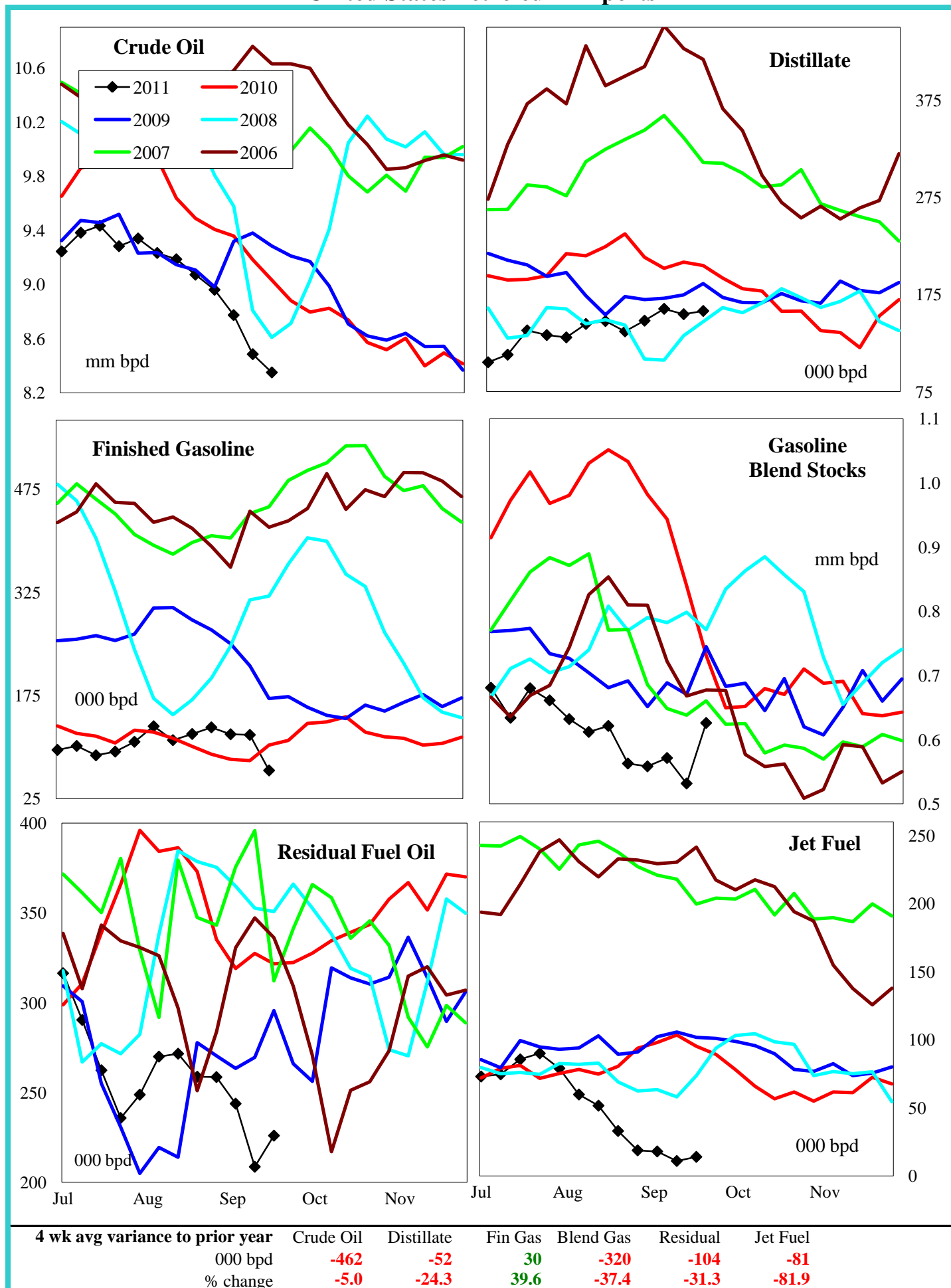


United States Product Stocks: Days Forward Coverage

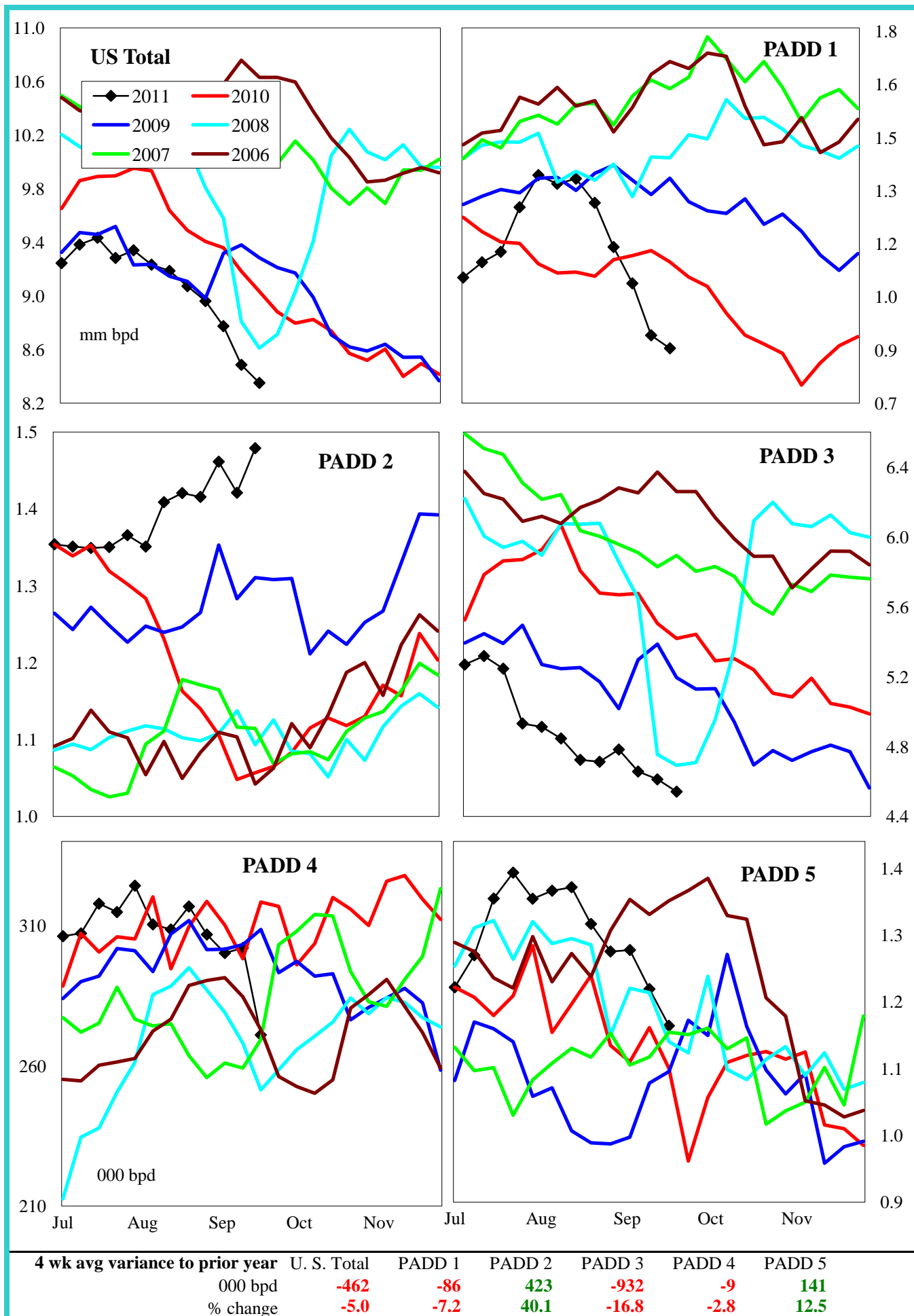
United States Refinery Percent Utilization Rate and Product Yields



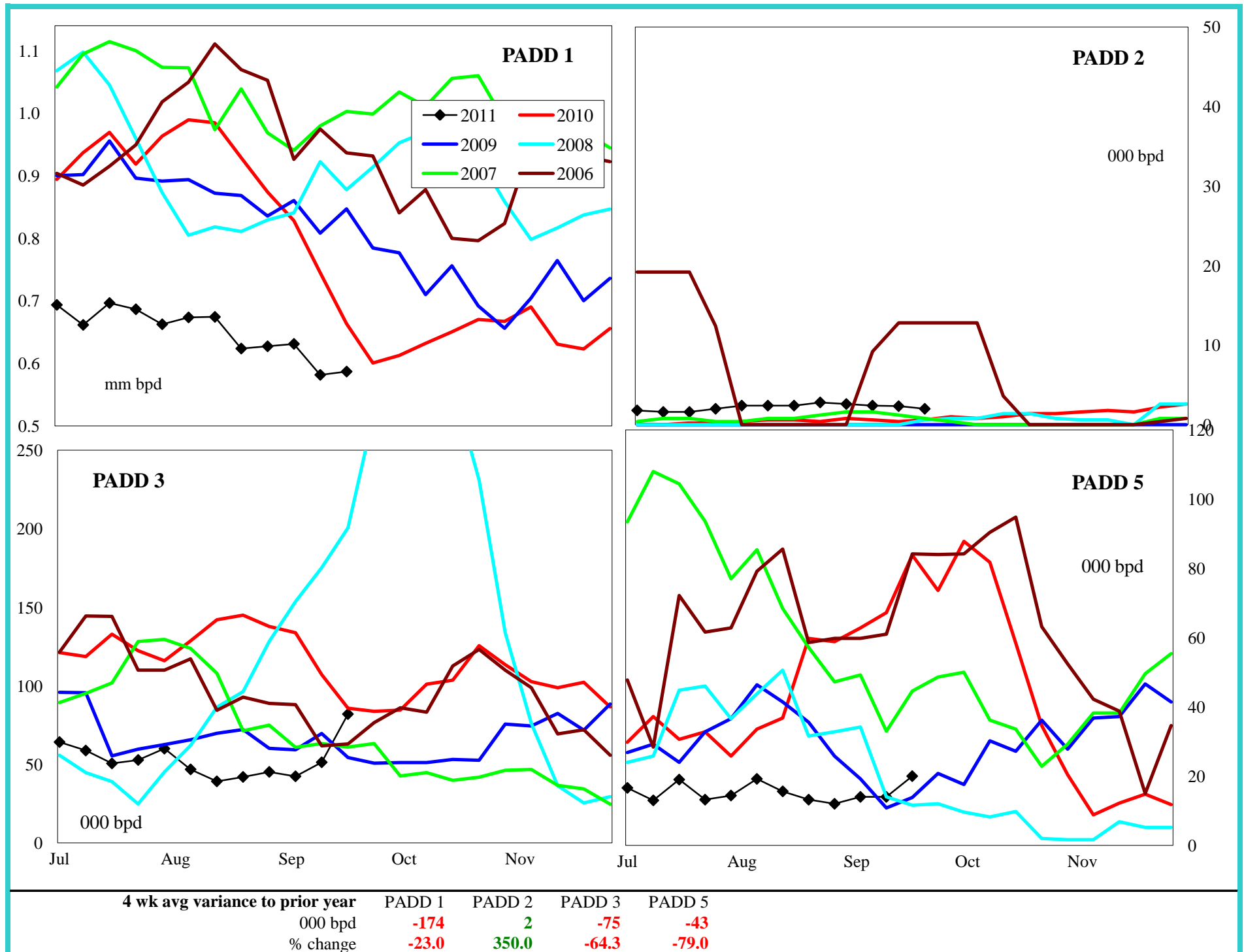
United States Petroleum Imports



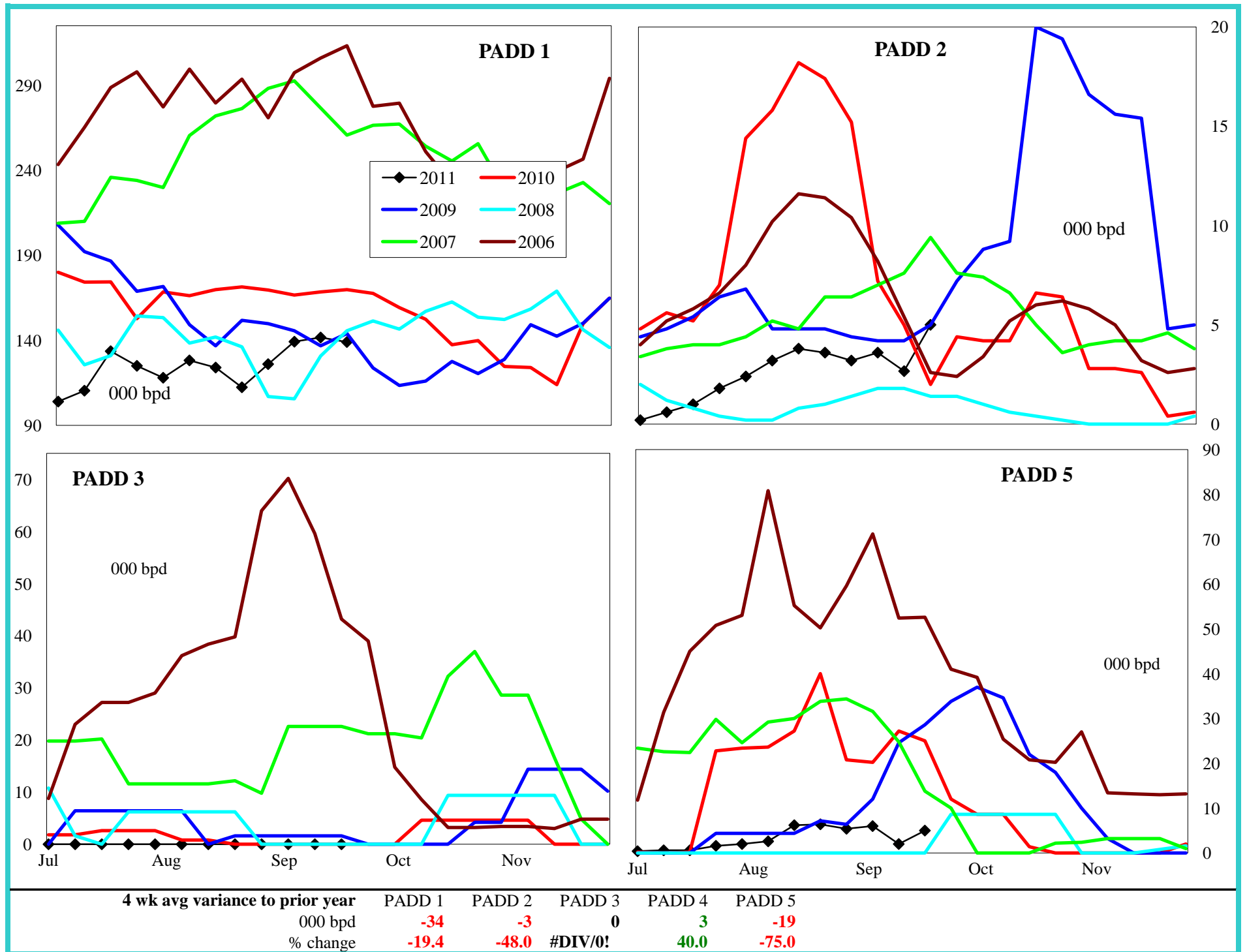
Crude Oil Imports by PADD



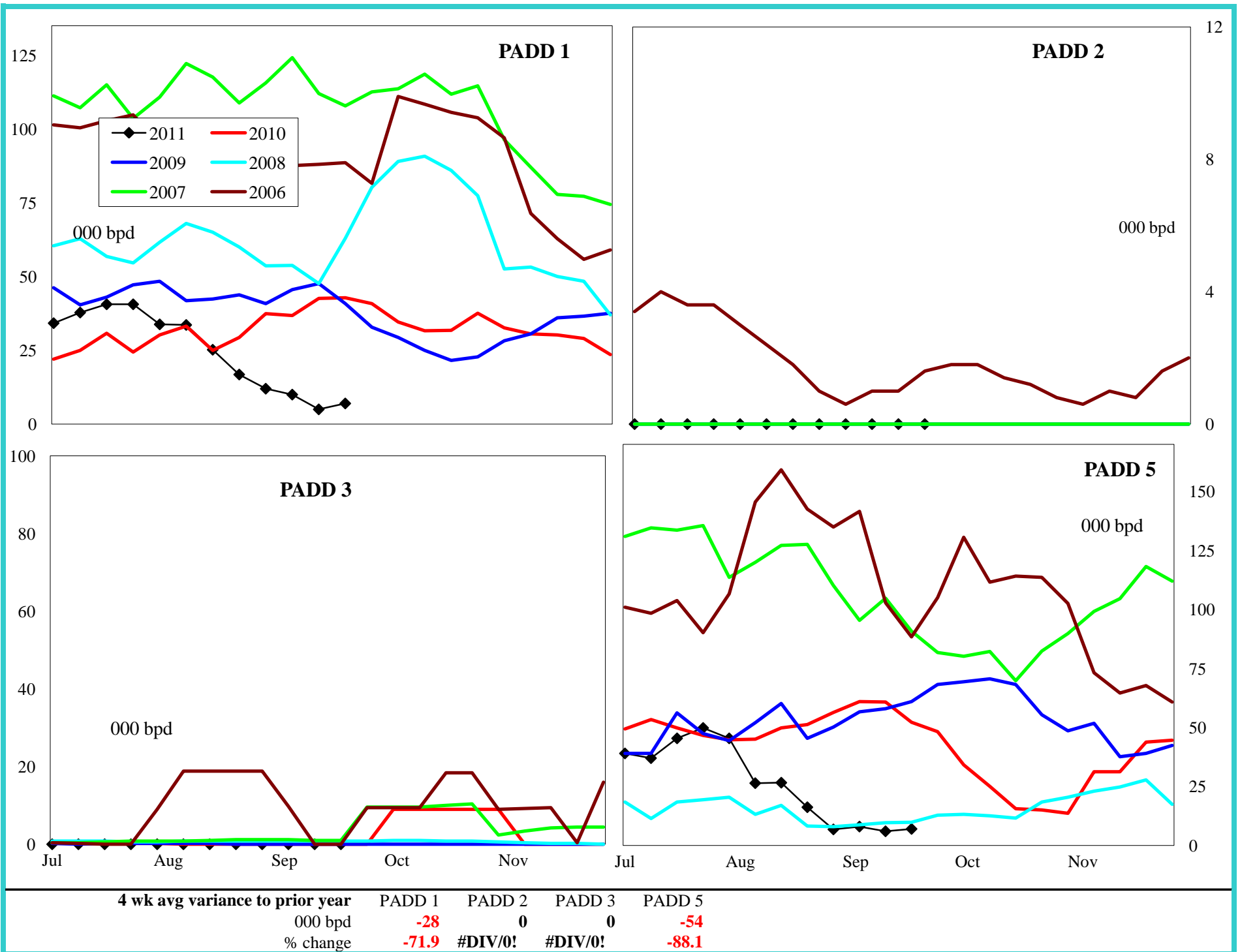
Gasoline Imports by PADD (Finished + Blend Stocks)



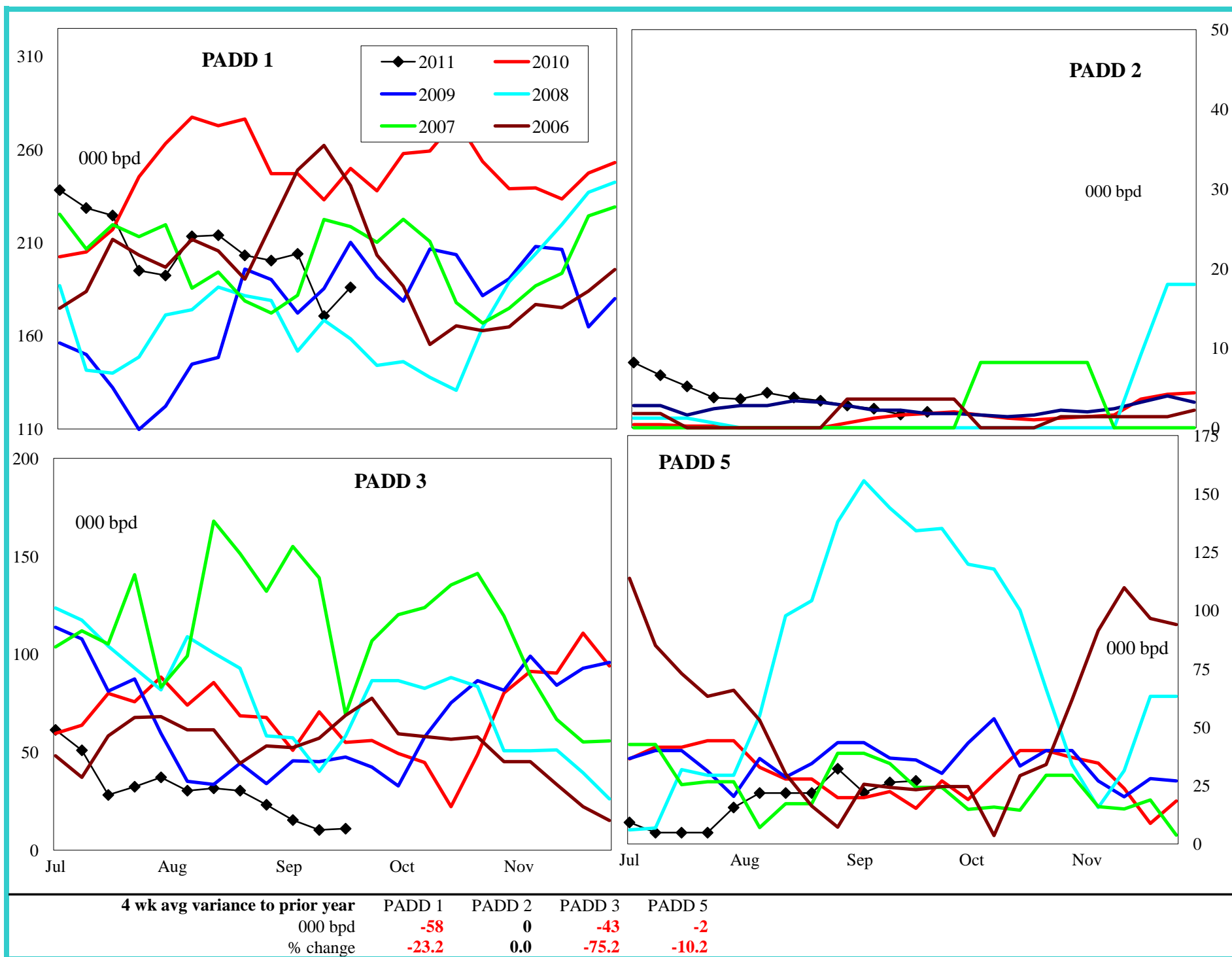
Distillate Imports by PADD



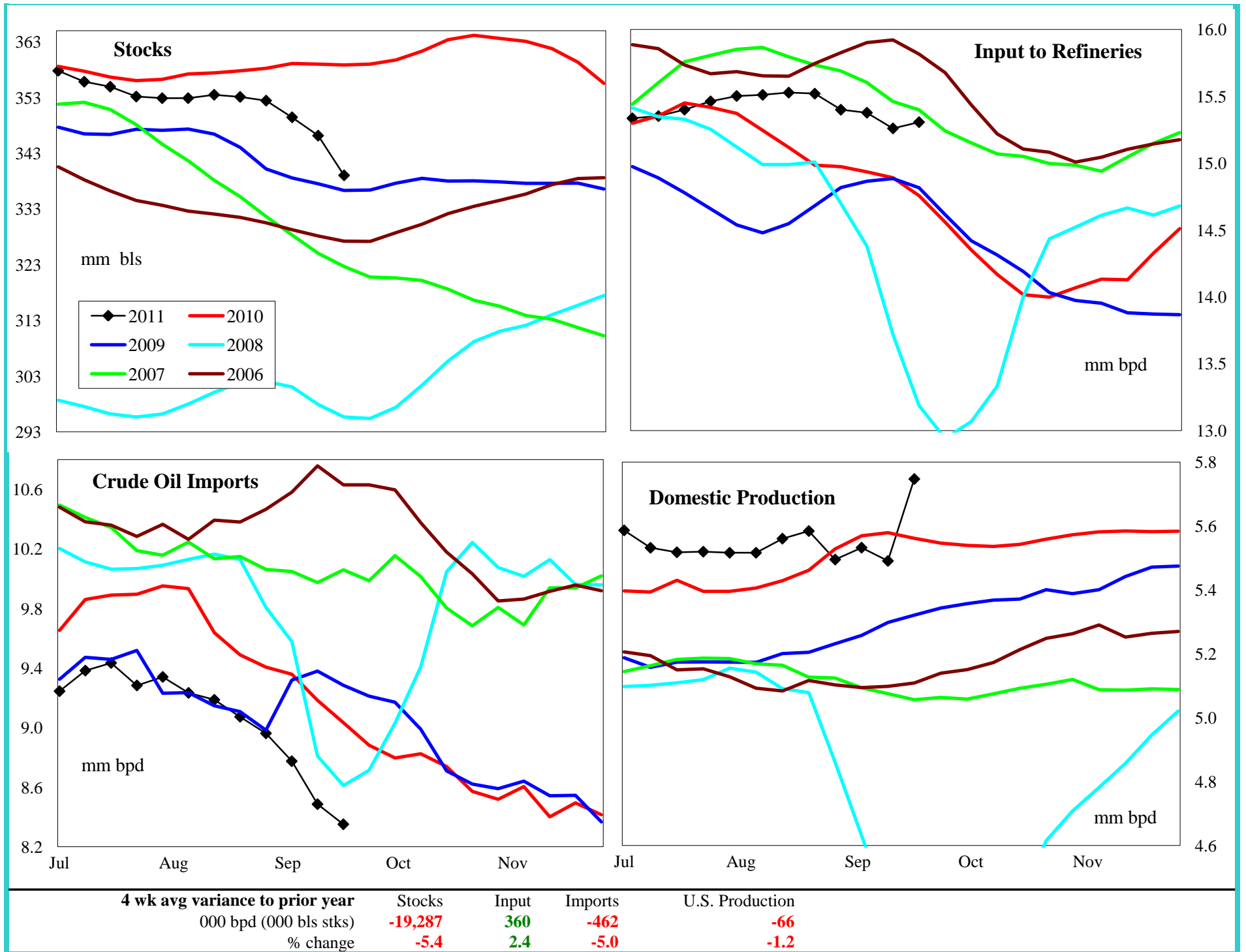
Jet Fuel Imports by PADD



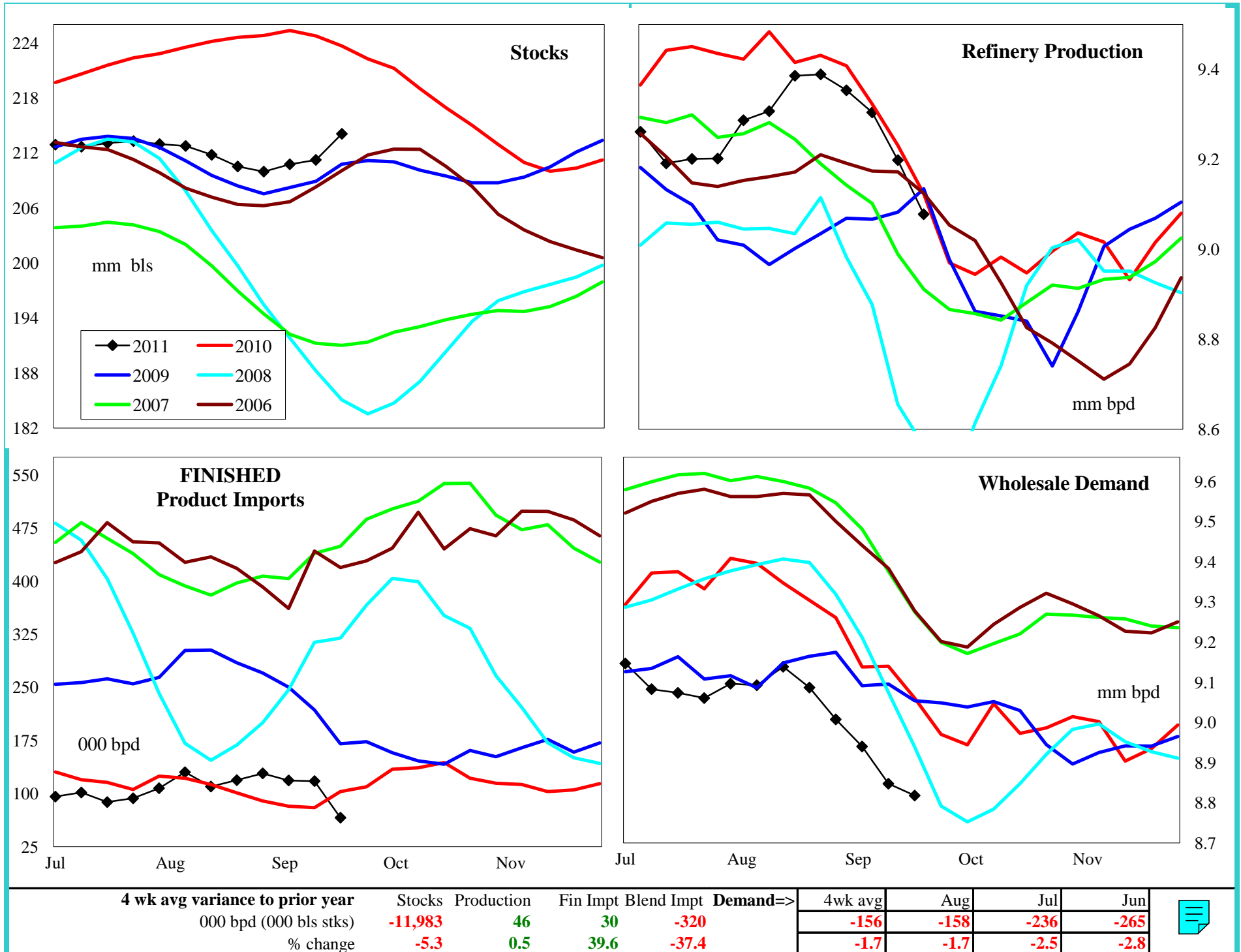
Residual Fuel Oil Imports by PADD



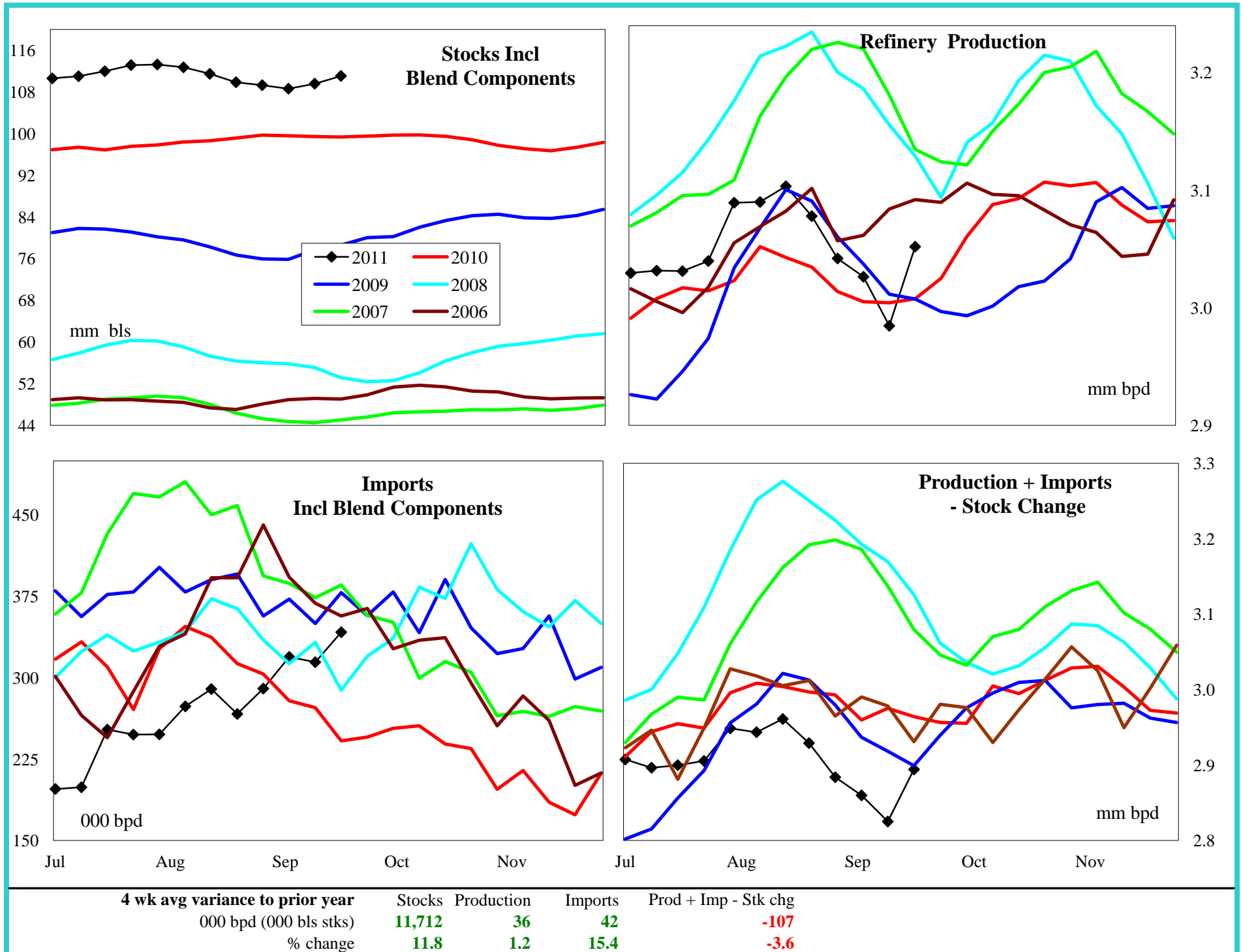
United States Crude Oil Supply and Demand Balance



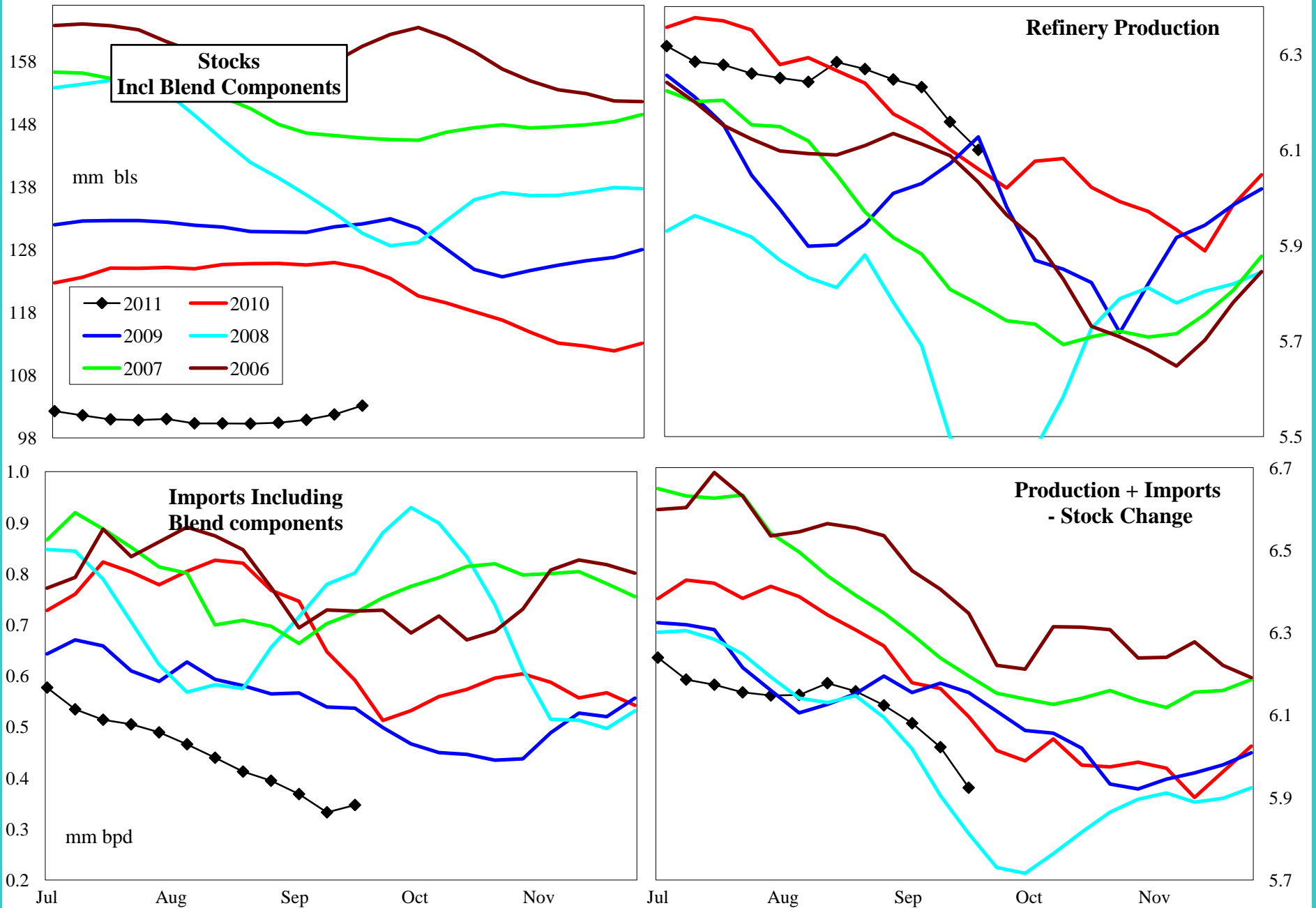
United States Gasoline Supply and Demand Balance



United States Reformulated Gasoline Supply



United States Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-21,986

-17.6

Production

134

2.2

Imports

-327

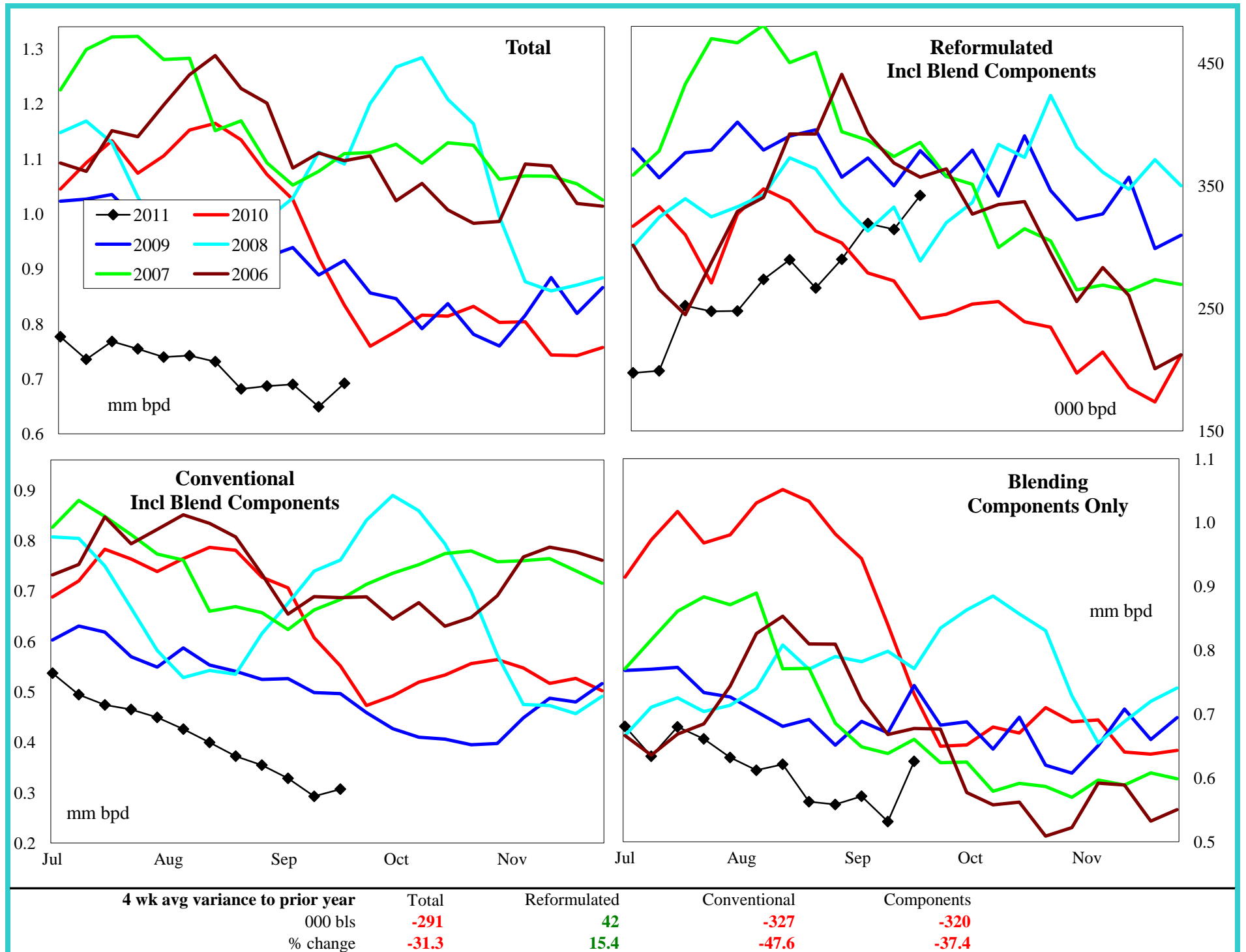
-47.6

Prod + Imp - Stk chg

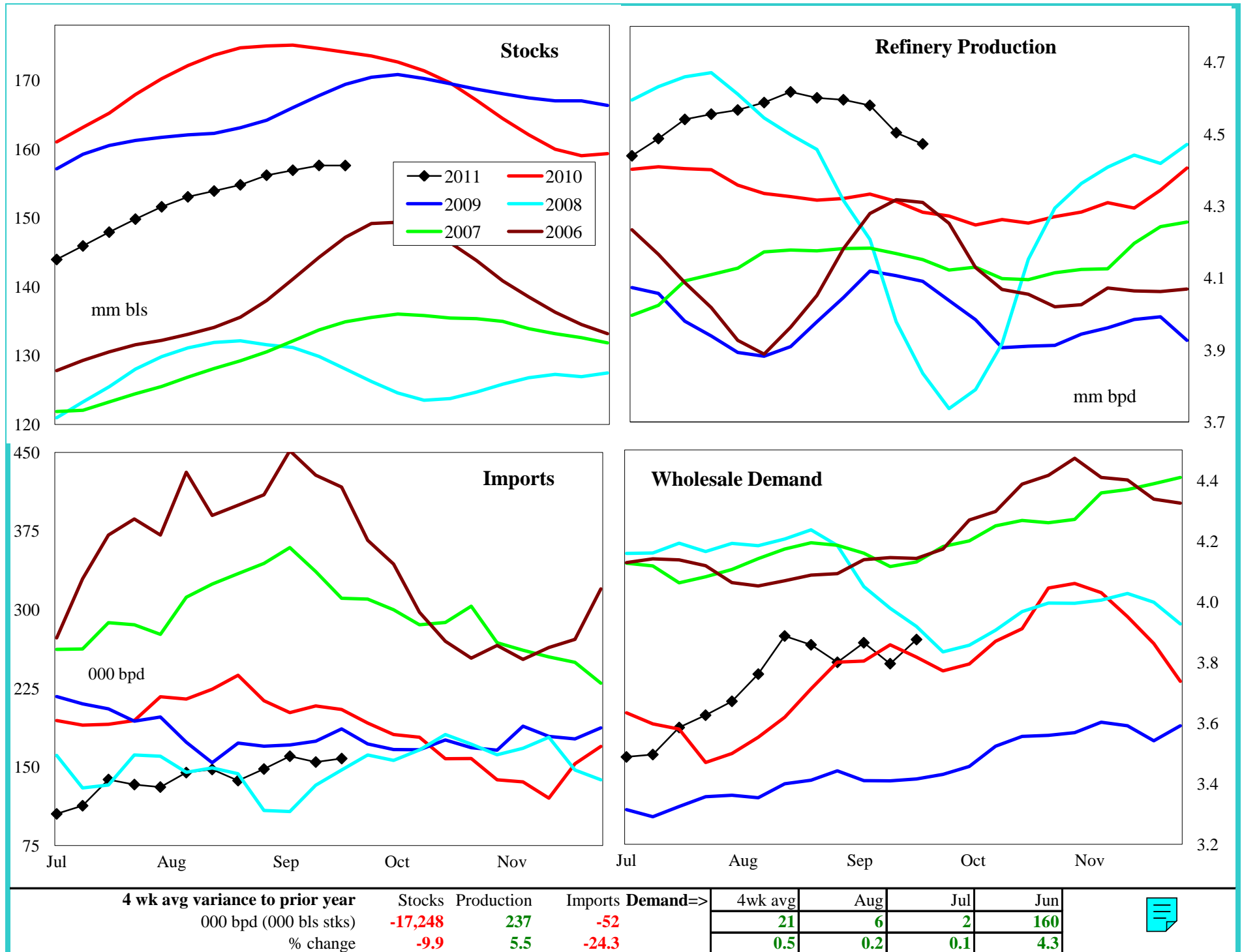
-139

-2.3

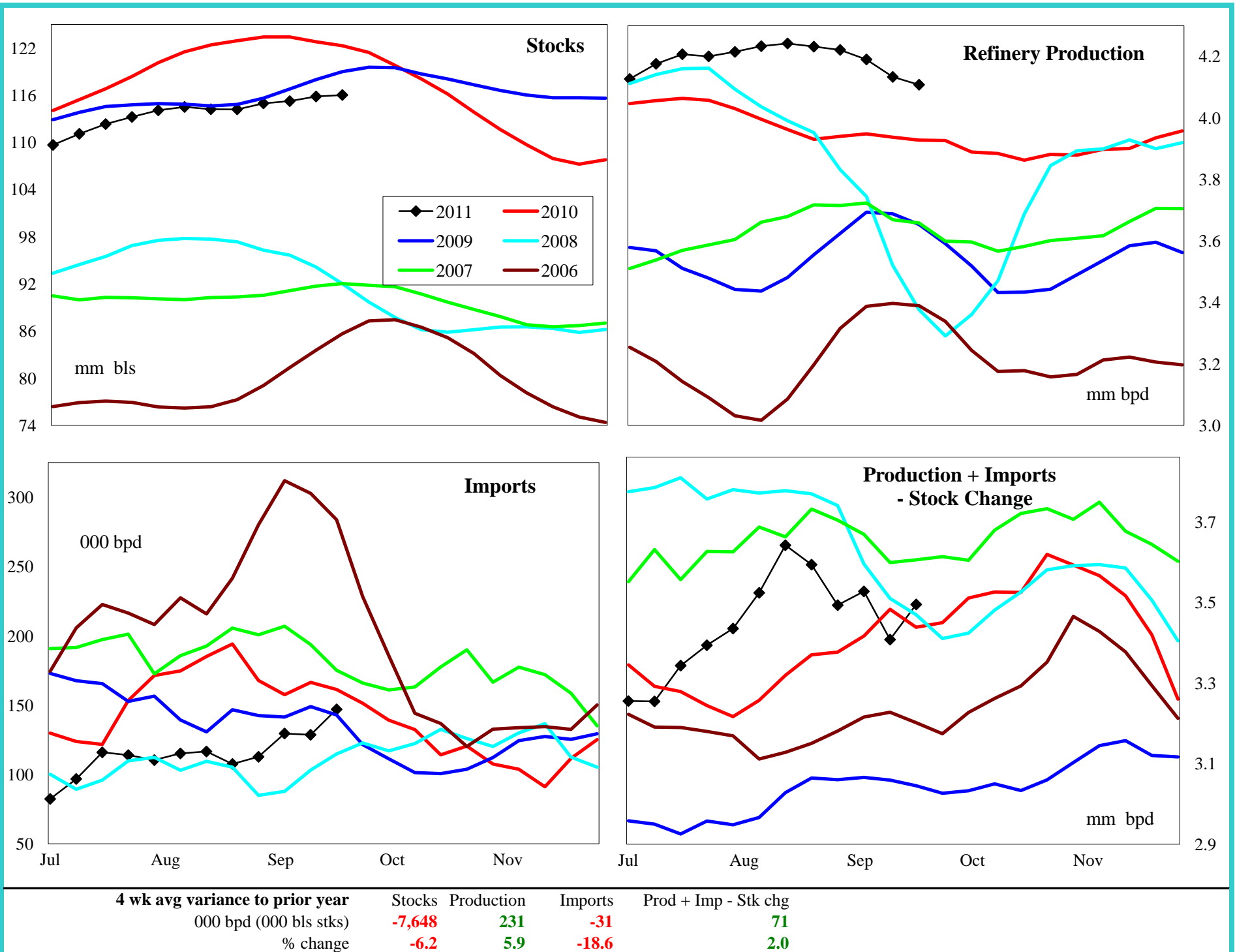
United States Gasoline Imports by Type



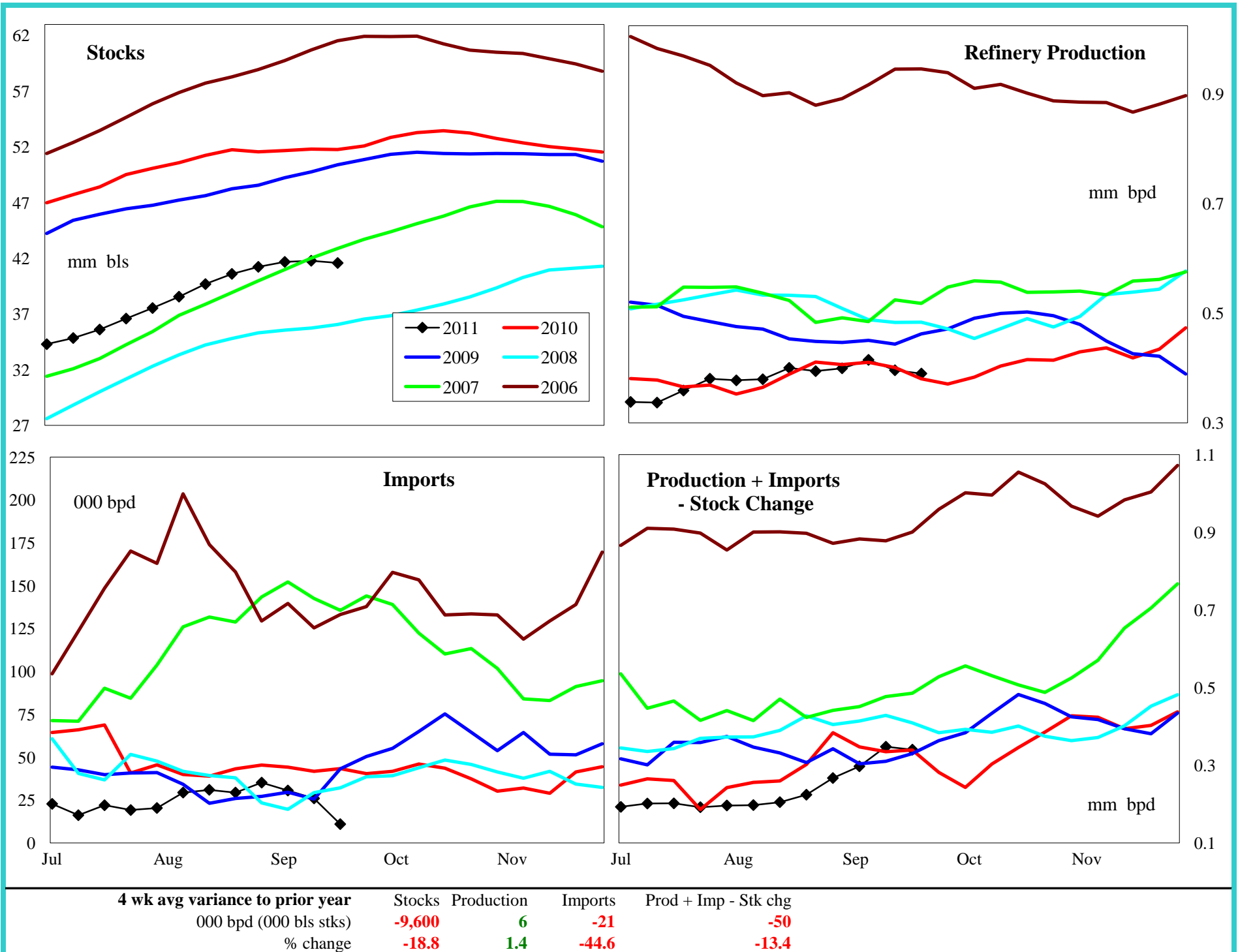
United States Distillate Supply and Demand Balance



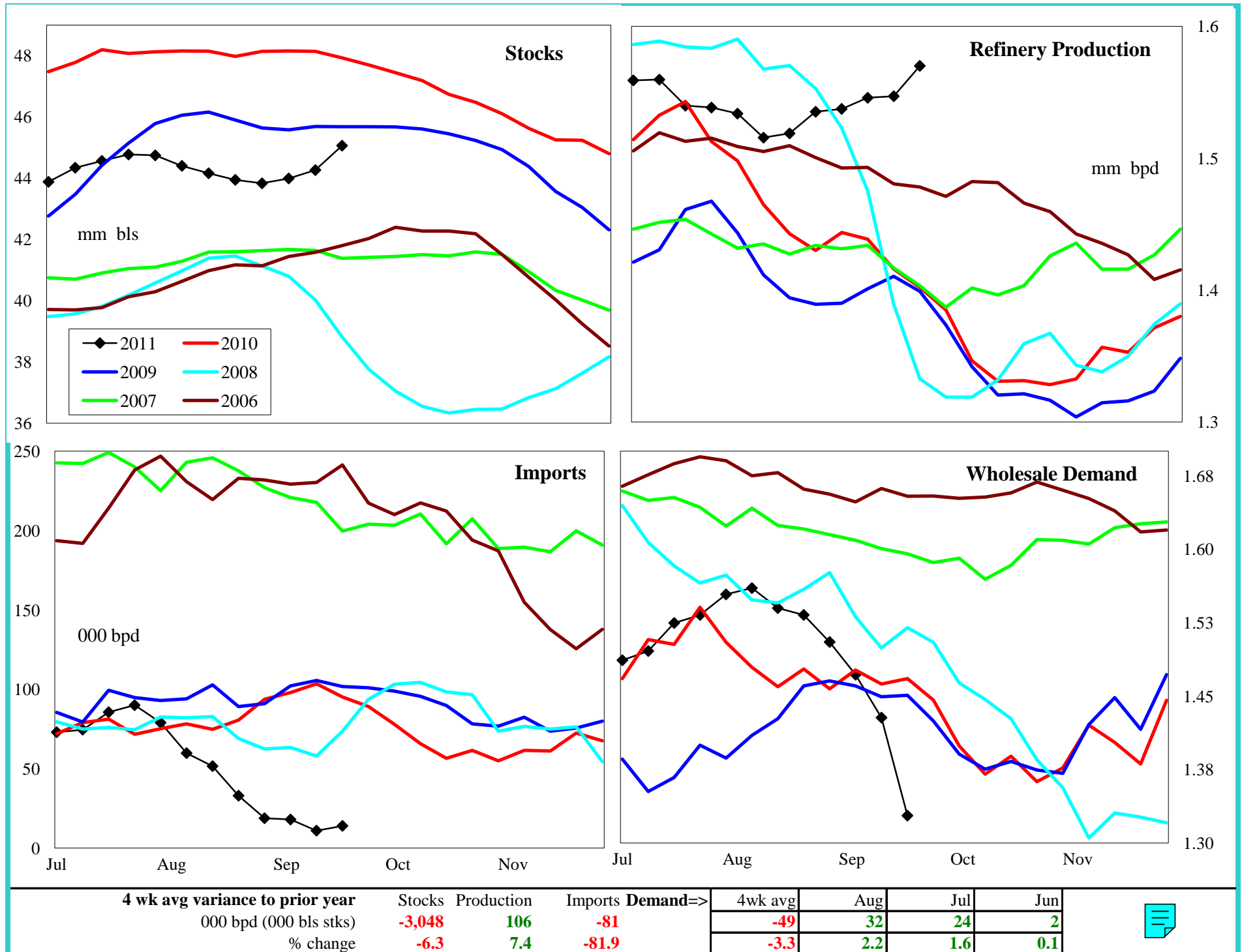
United States Low Sulfur Distillate Supply



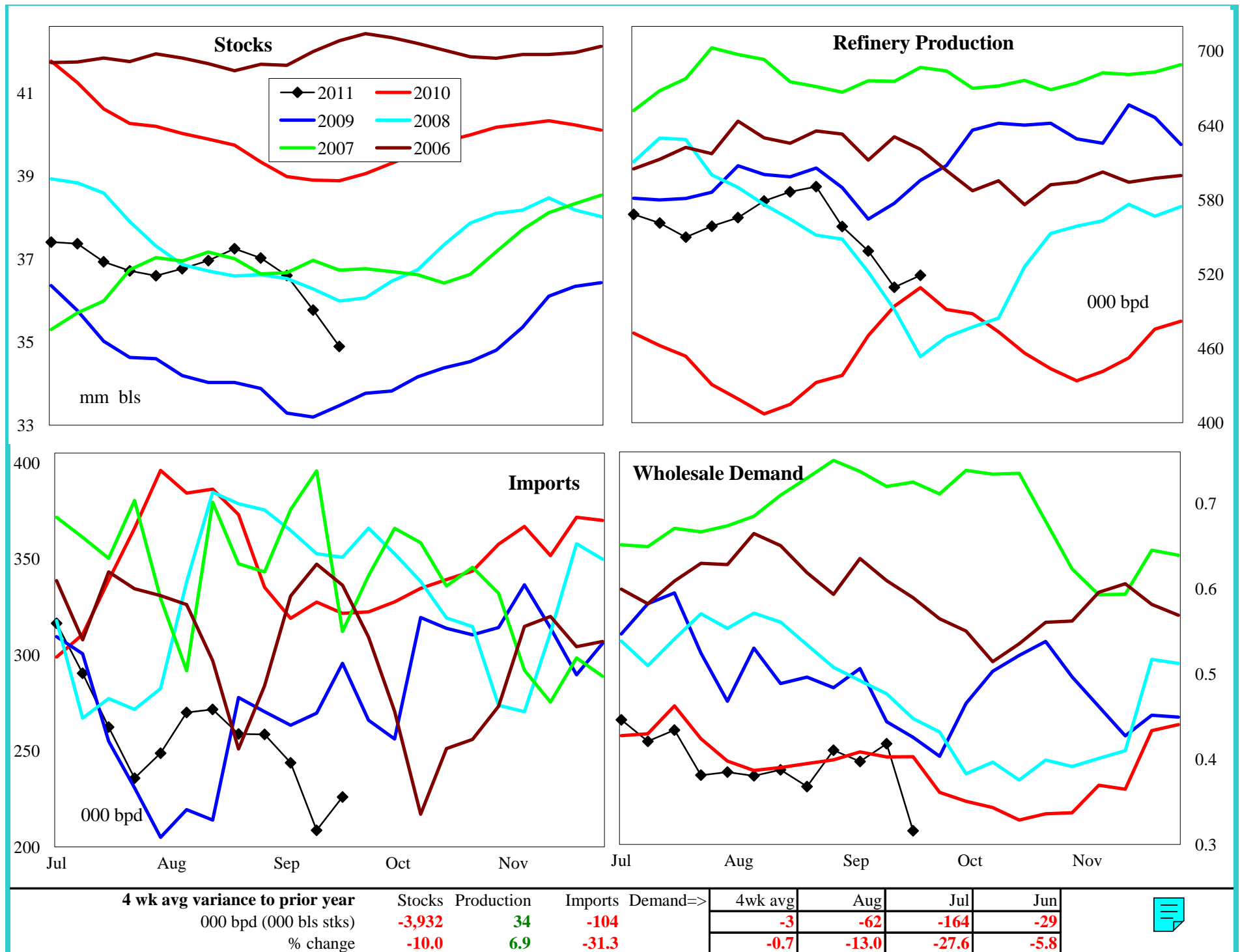
United States High Sulfur Distillate Supply



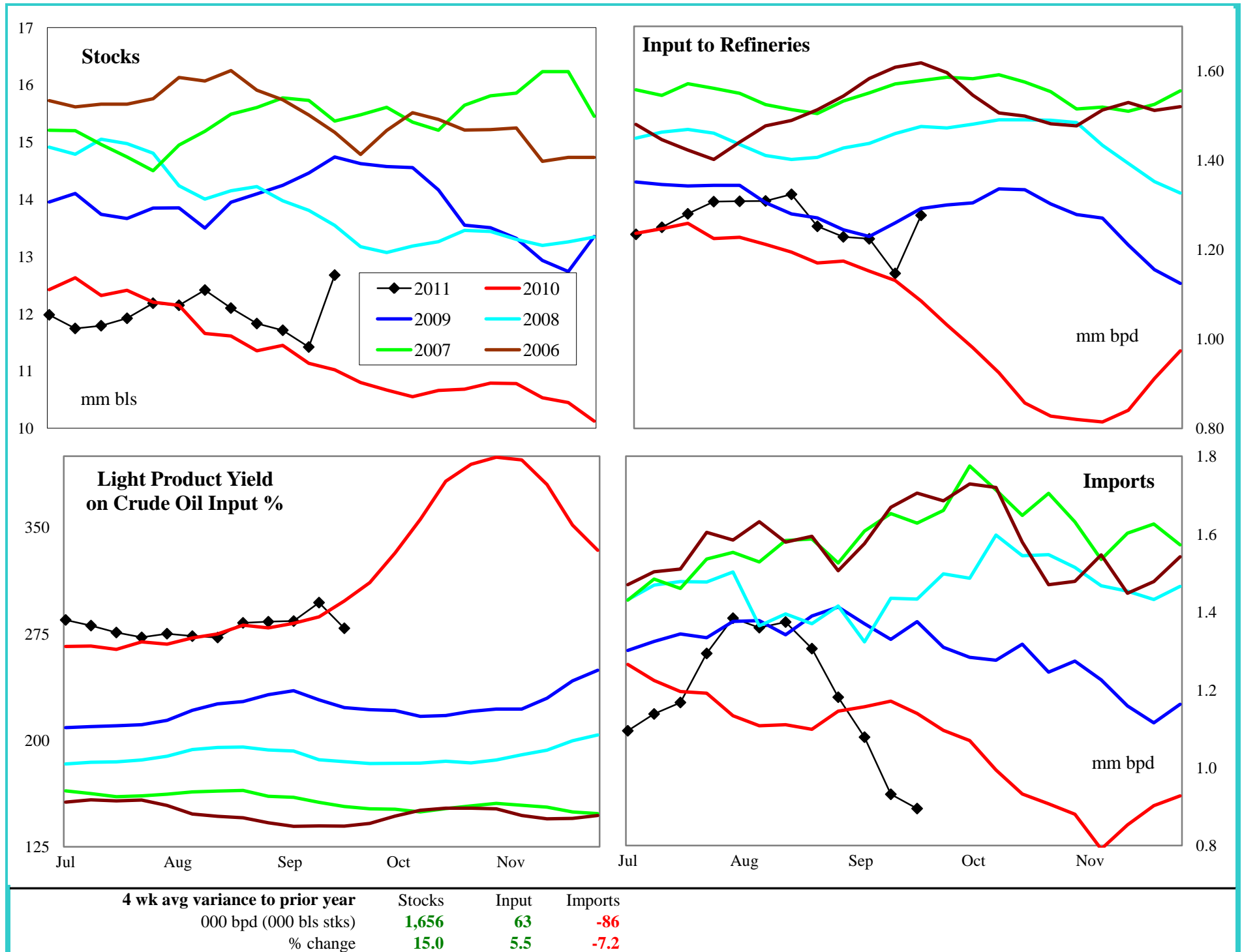
United States Jet Fuel Supply and Demand Balance



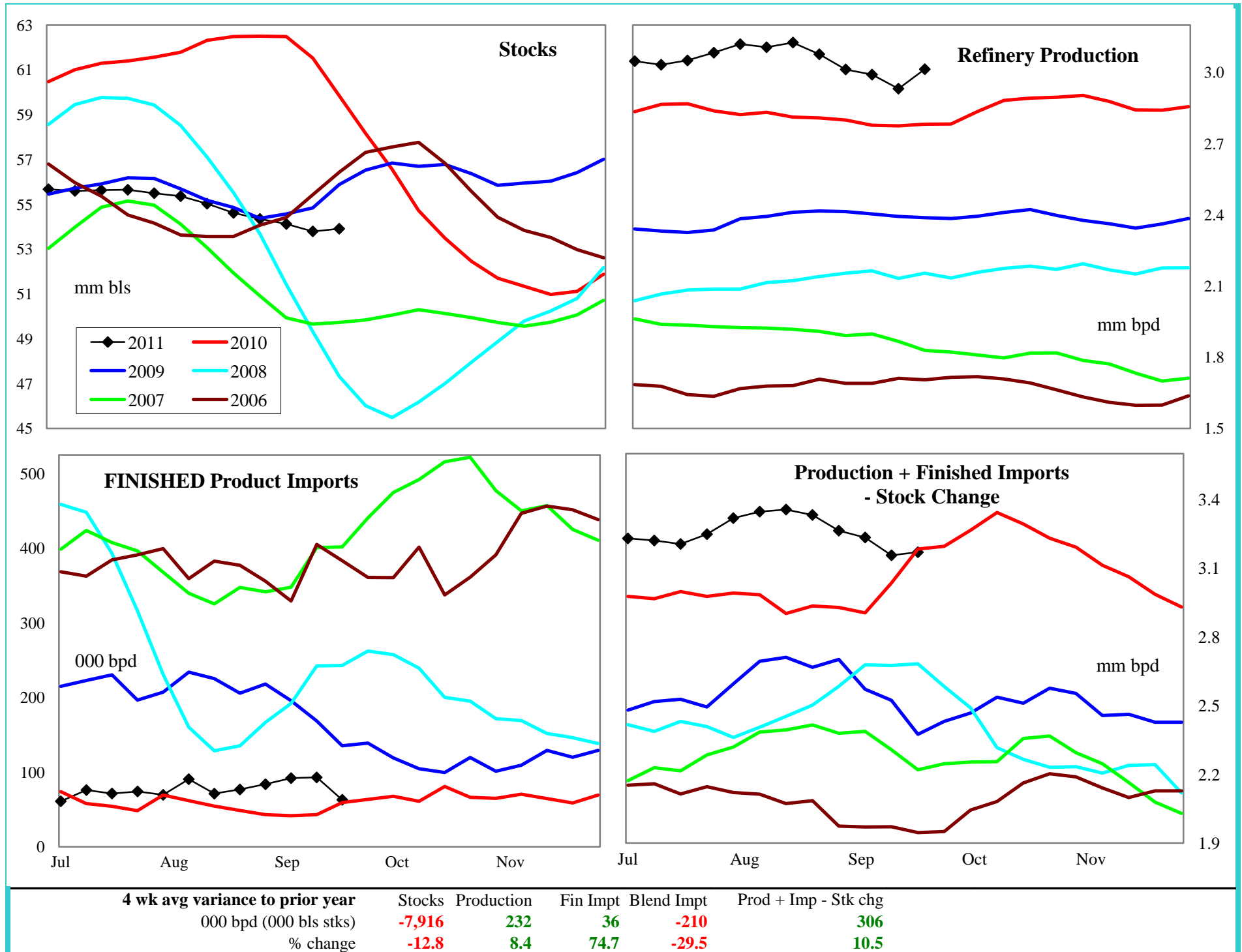
United States Residual Fuel Oil Supply and Demand Balance



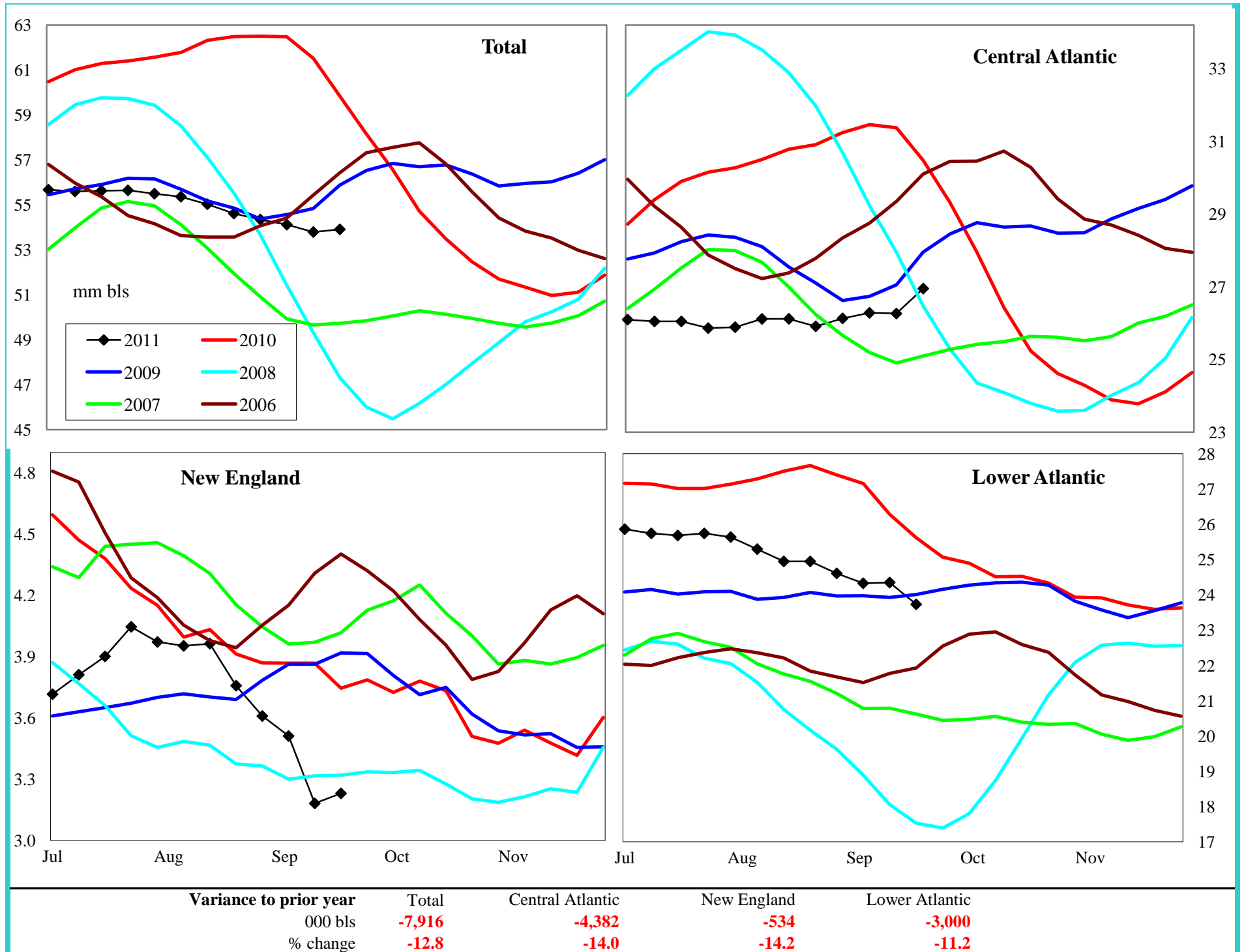
PADD 1 Crude Oil Supply and Refining



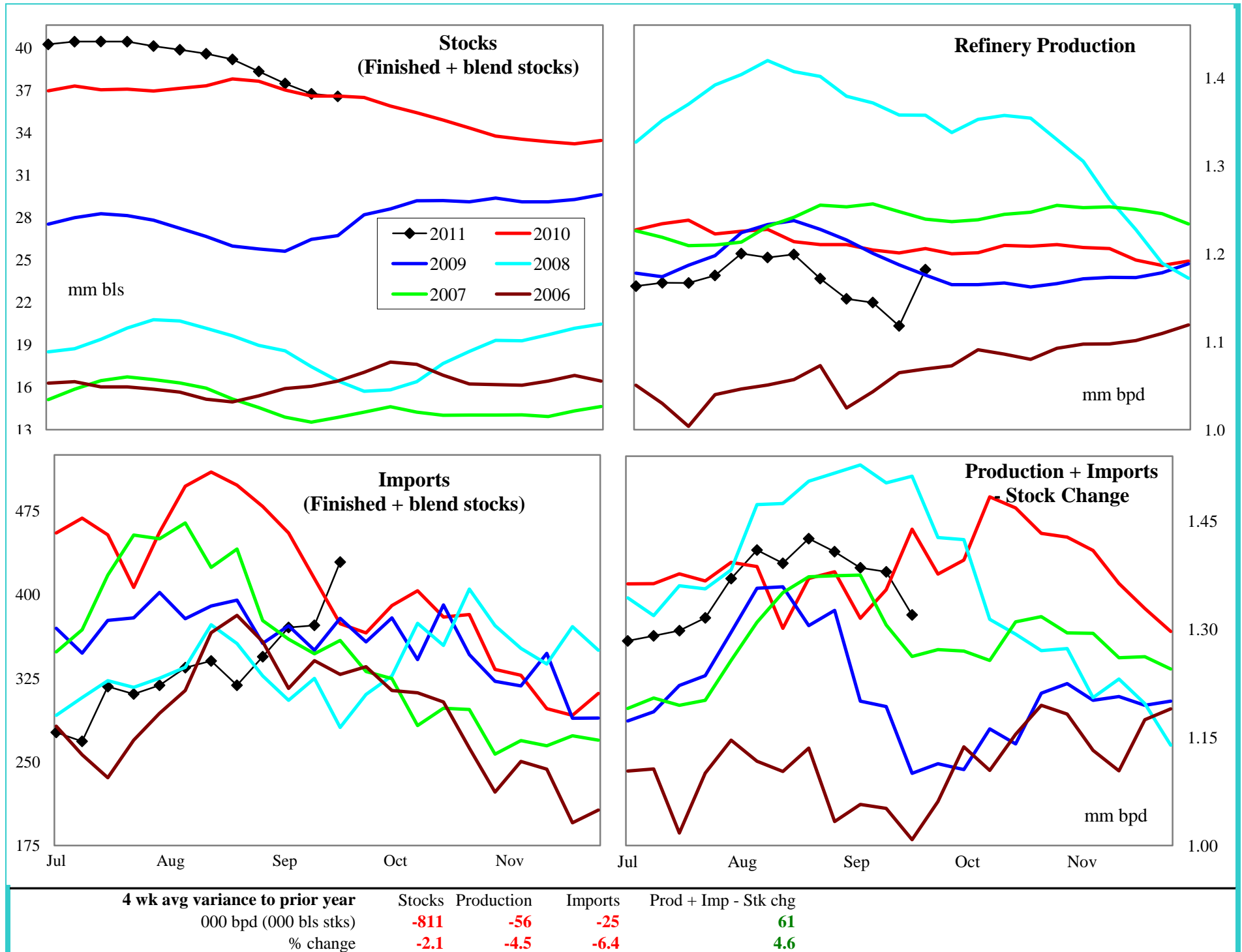
PADD 1 Gasoline Supply



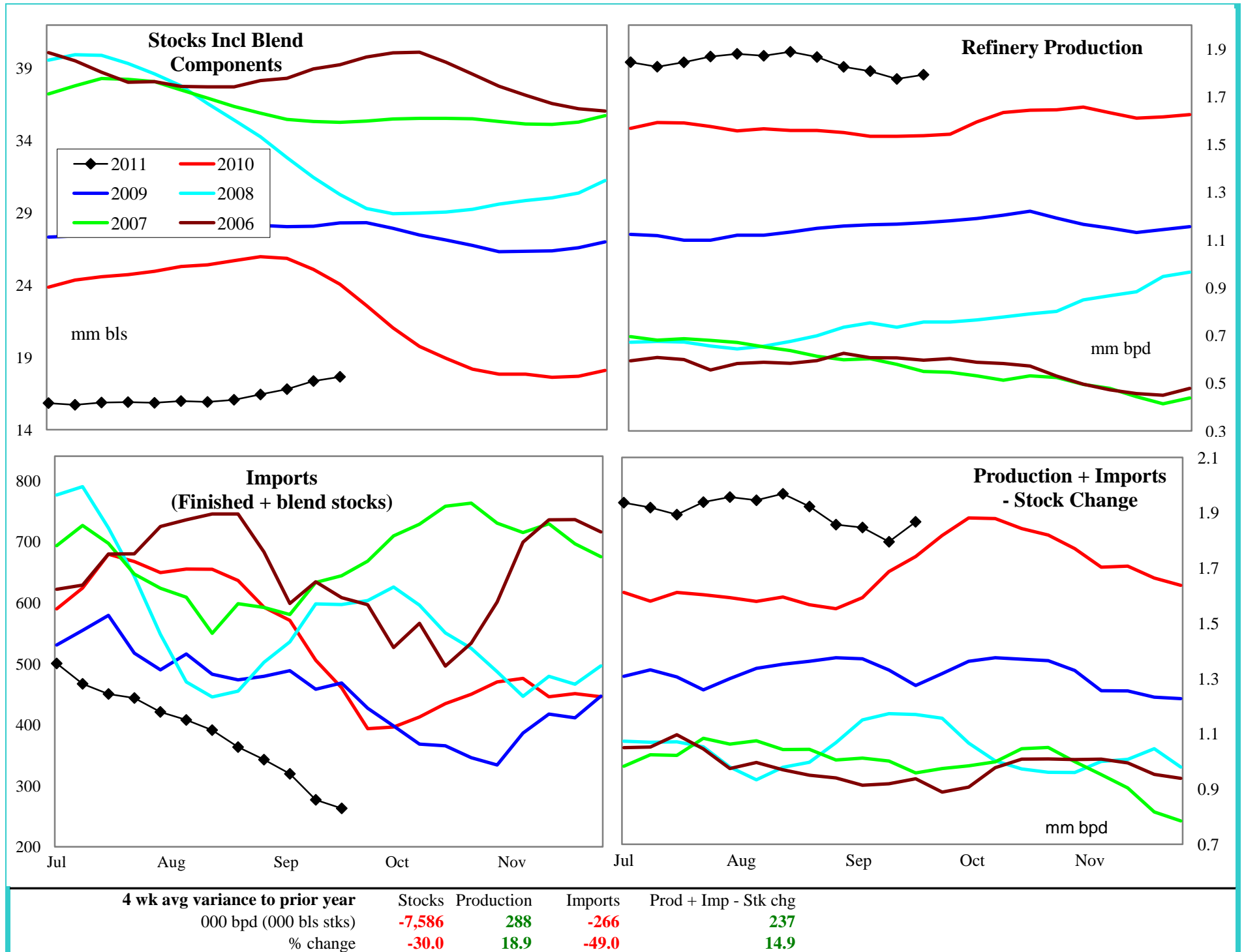
PADD 1 Gasoline Stocks by Region



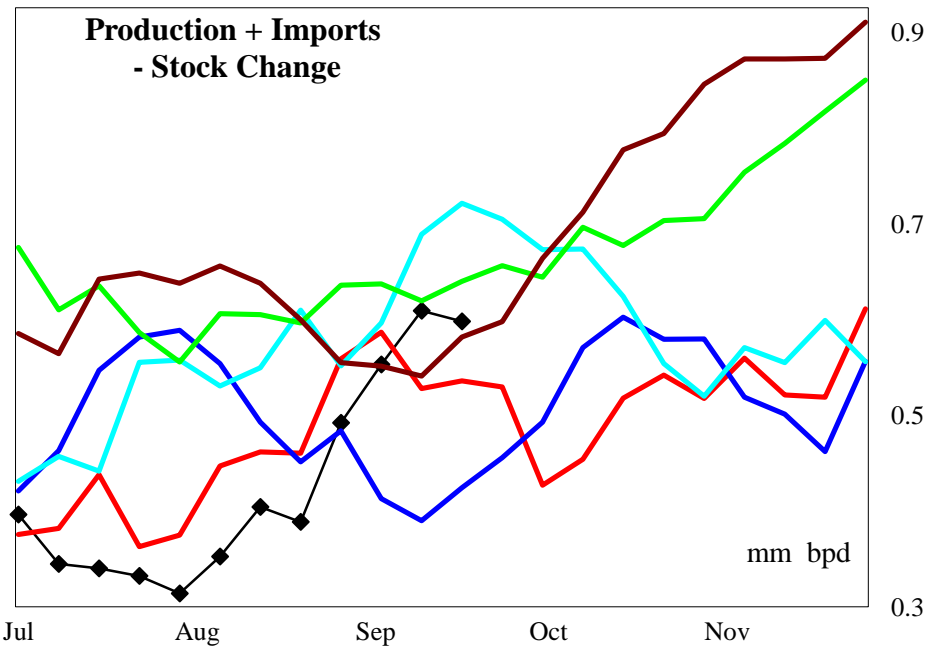
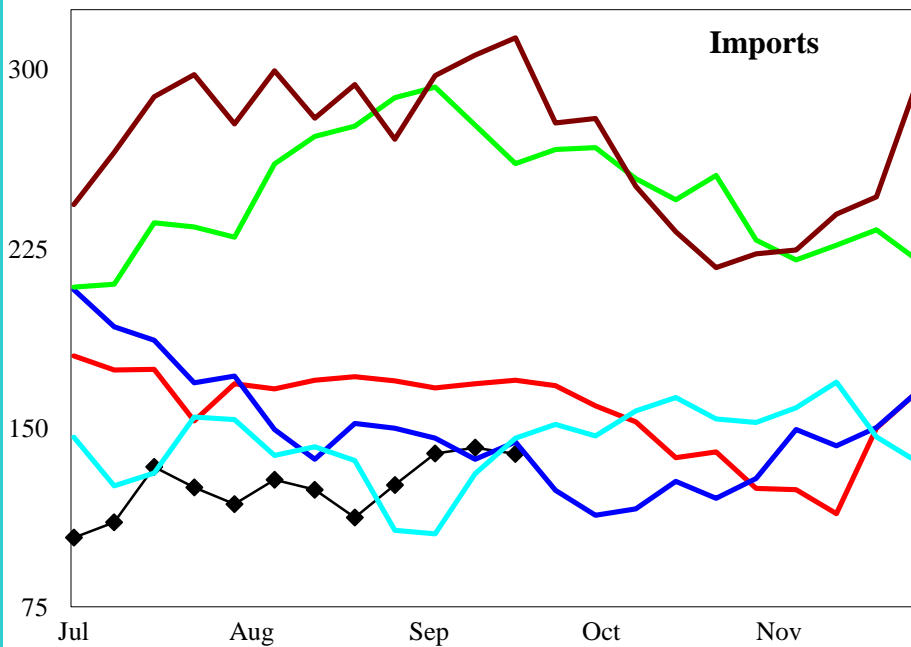
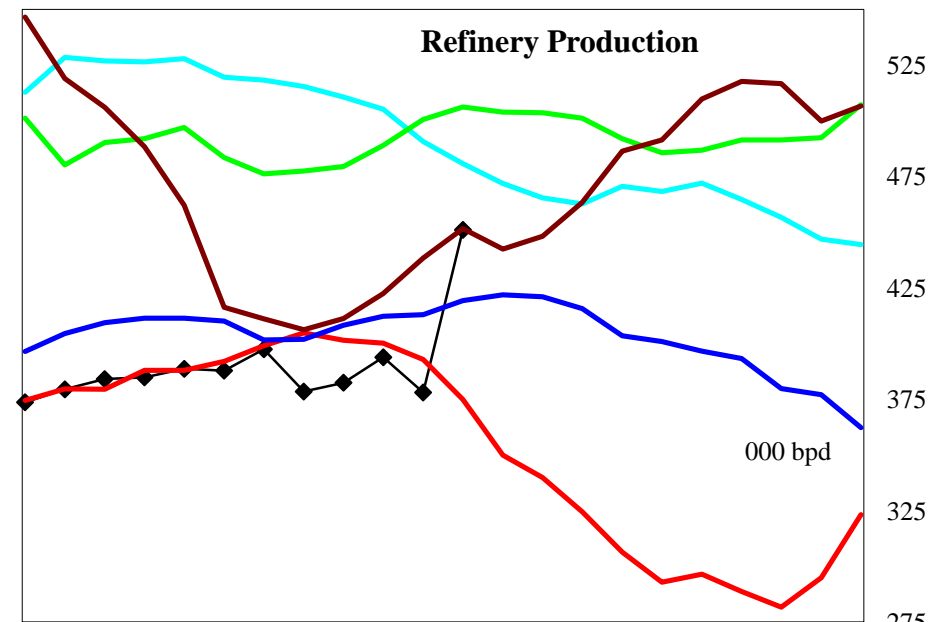
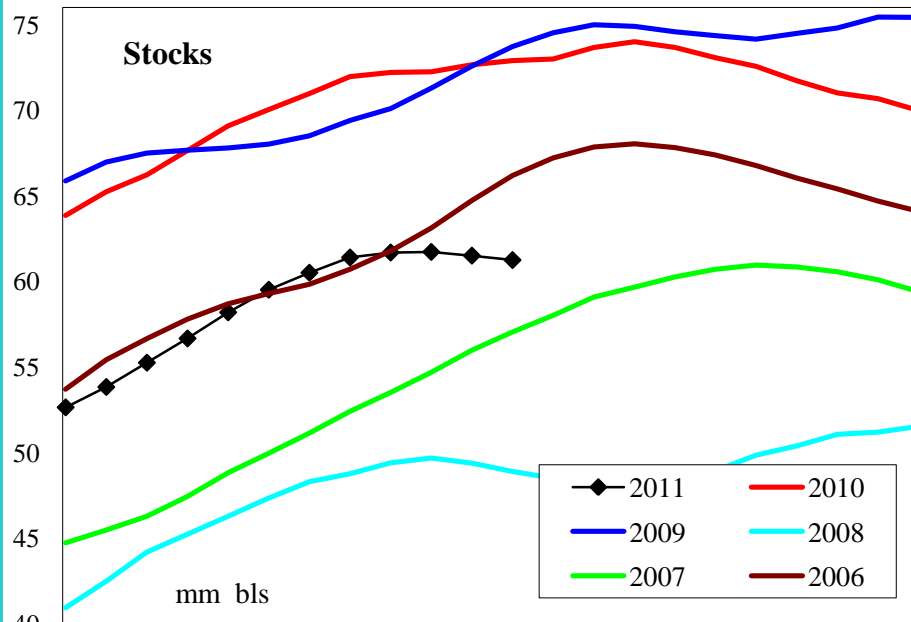
PADD 1 Reformulated Gasoline Supply



PADD 1 Conventional Gasoline Supply



PADD 1 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-11,005

-15.2

Production

-5

-1.1

Imports

-34

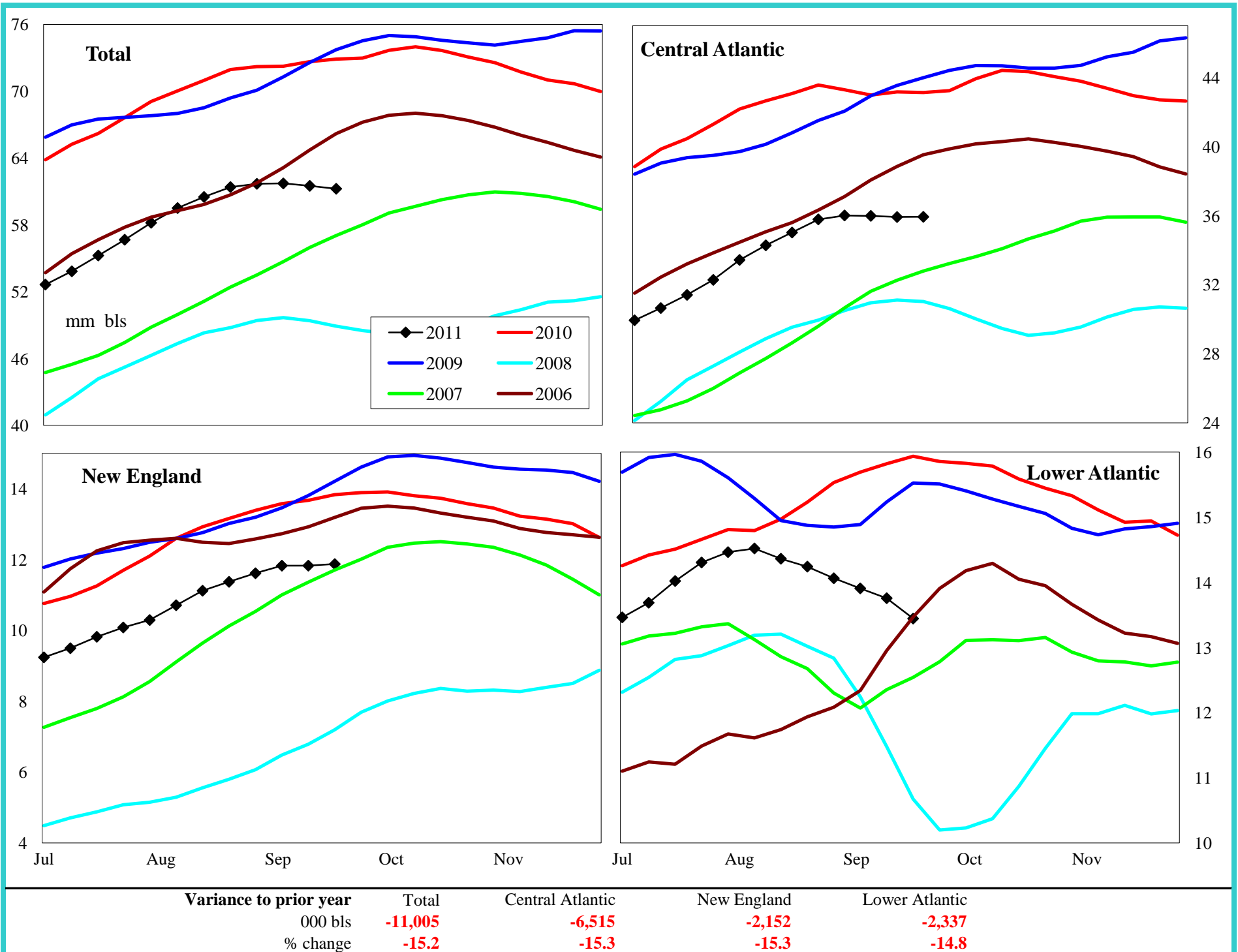
-19.4

Prod + Imp - Stk chg

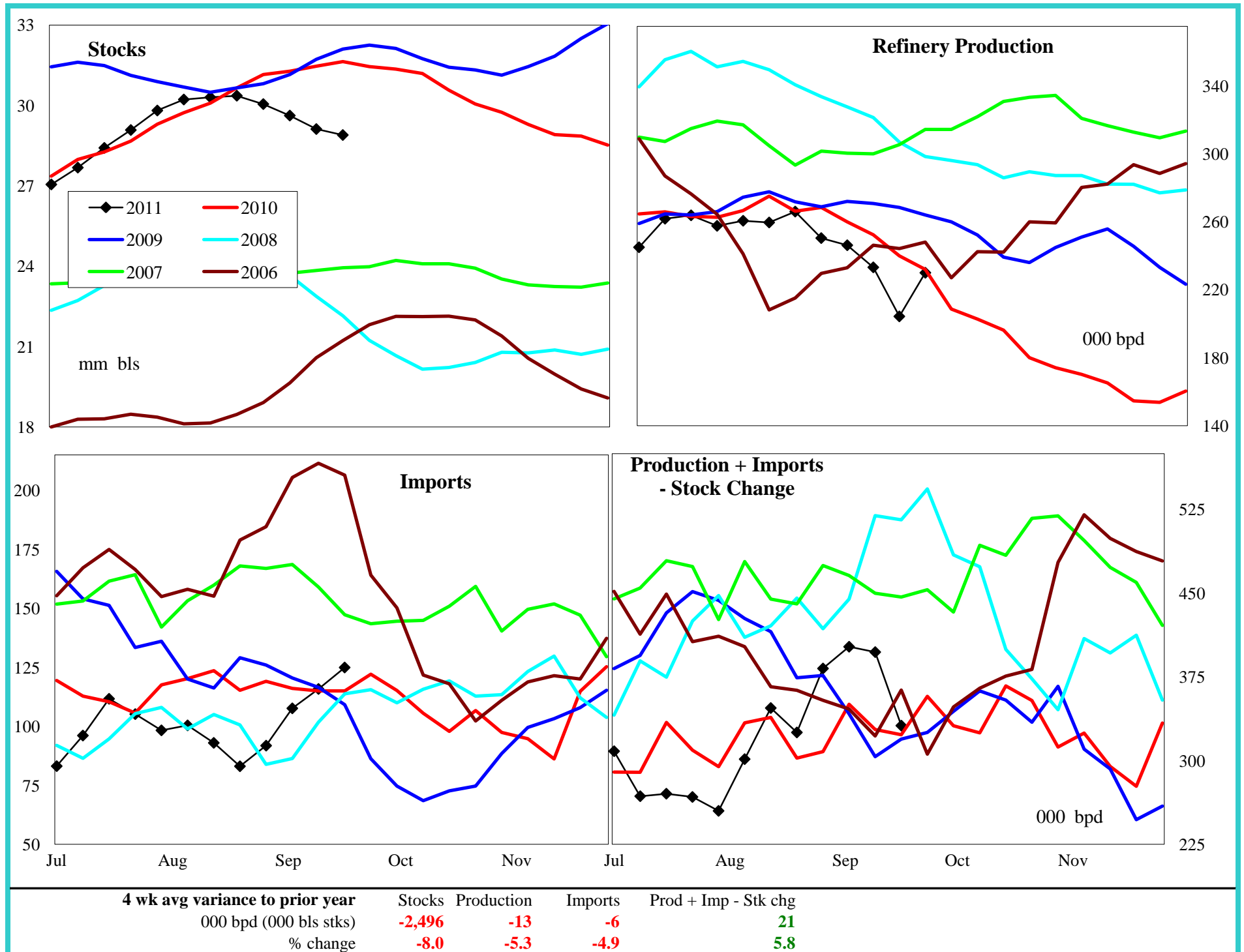
-33

-5.7

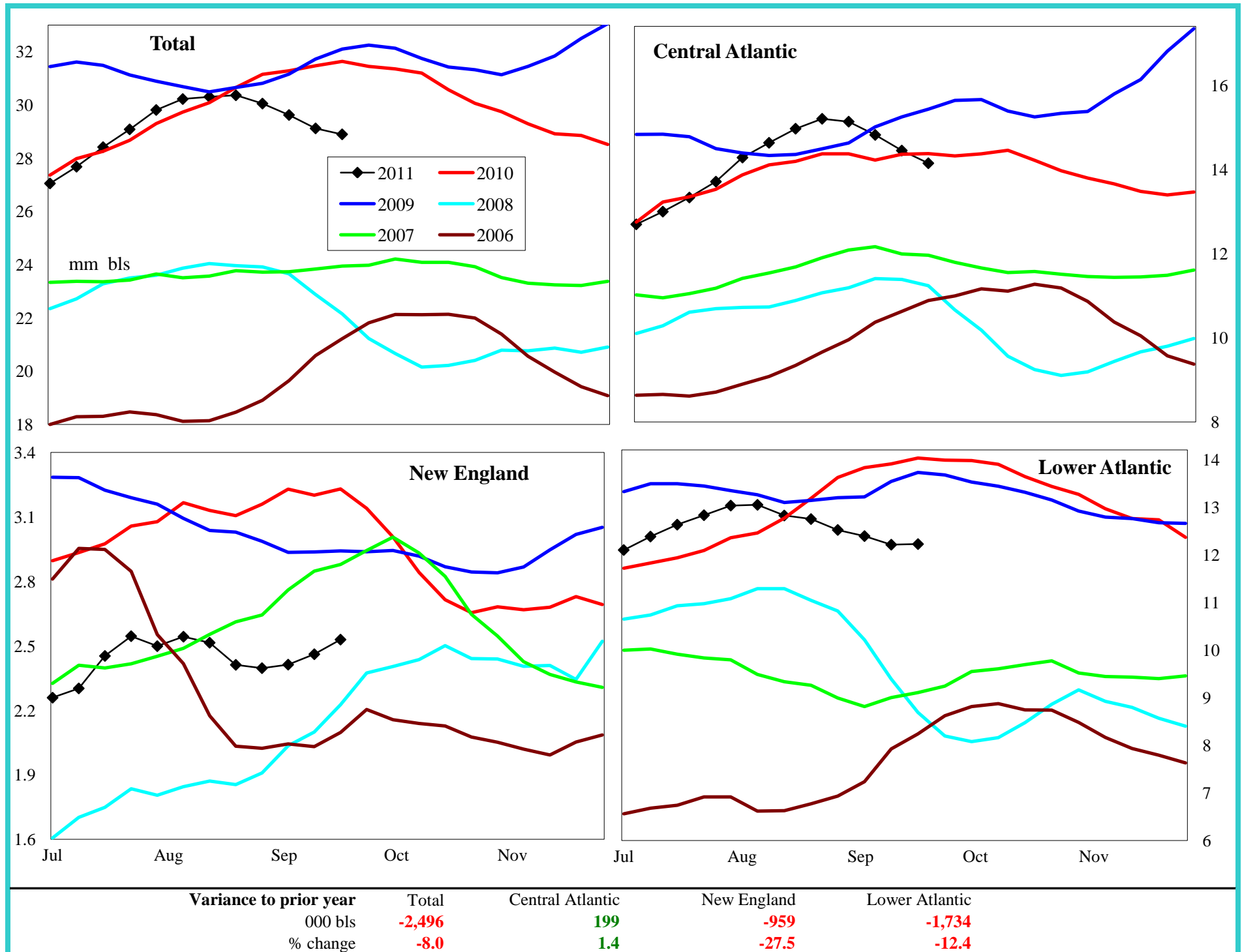
PADD 1 Distillate Stocks by Region



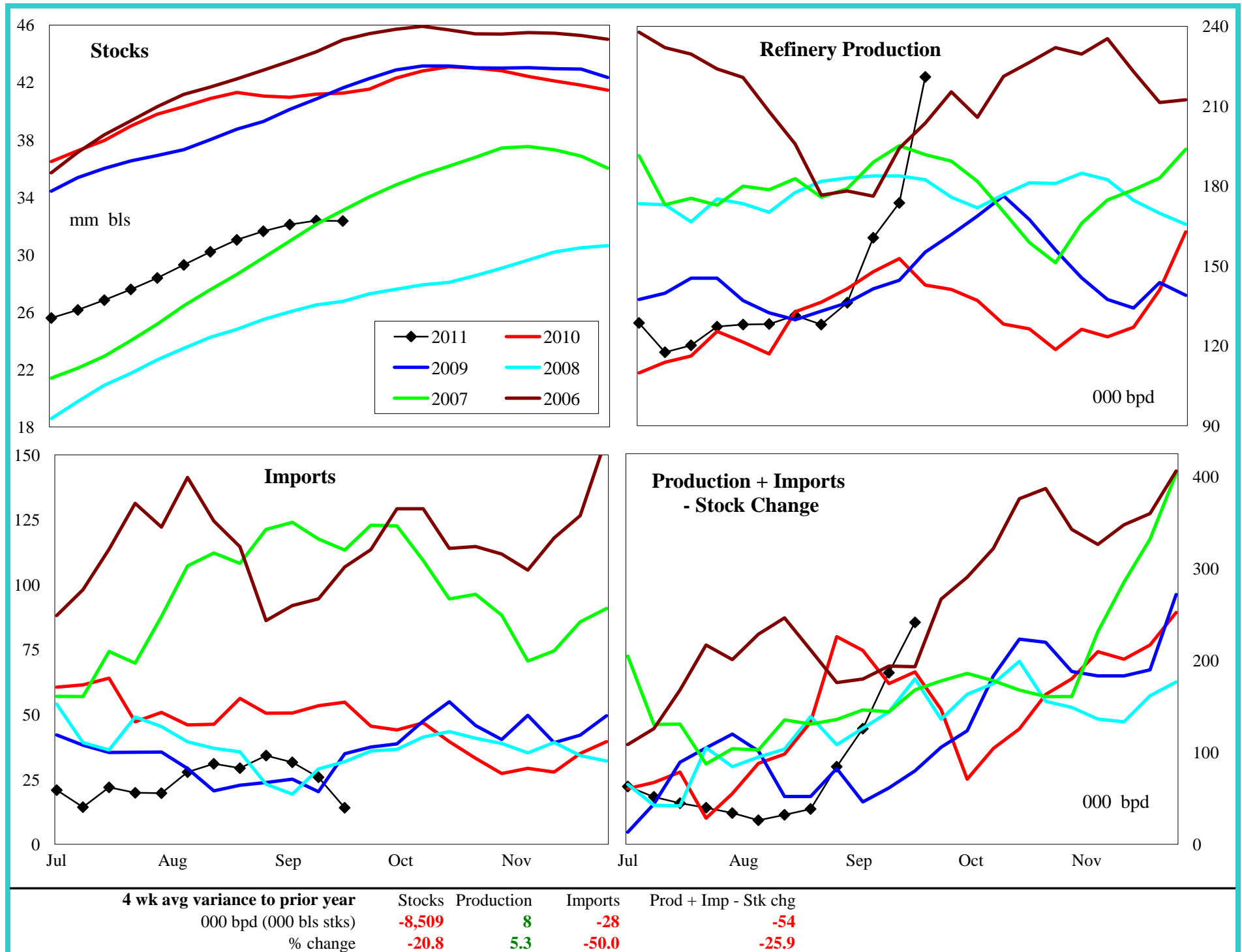
PADD 1 Low Sulfur Distillate Supply



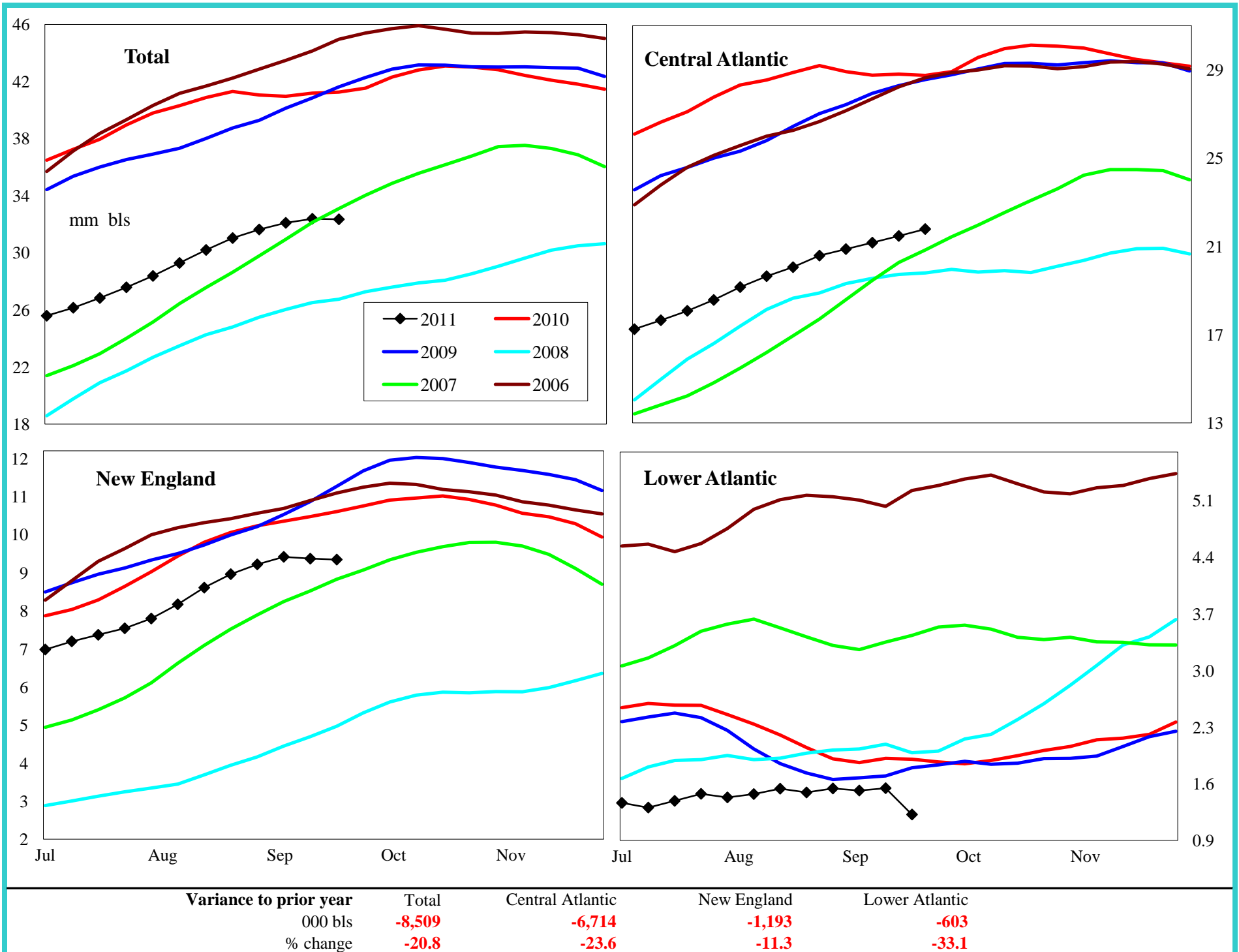
PADD 1 Low Sulfur Distillate Stocks by Region



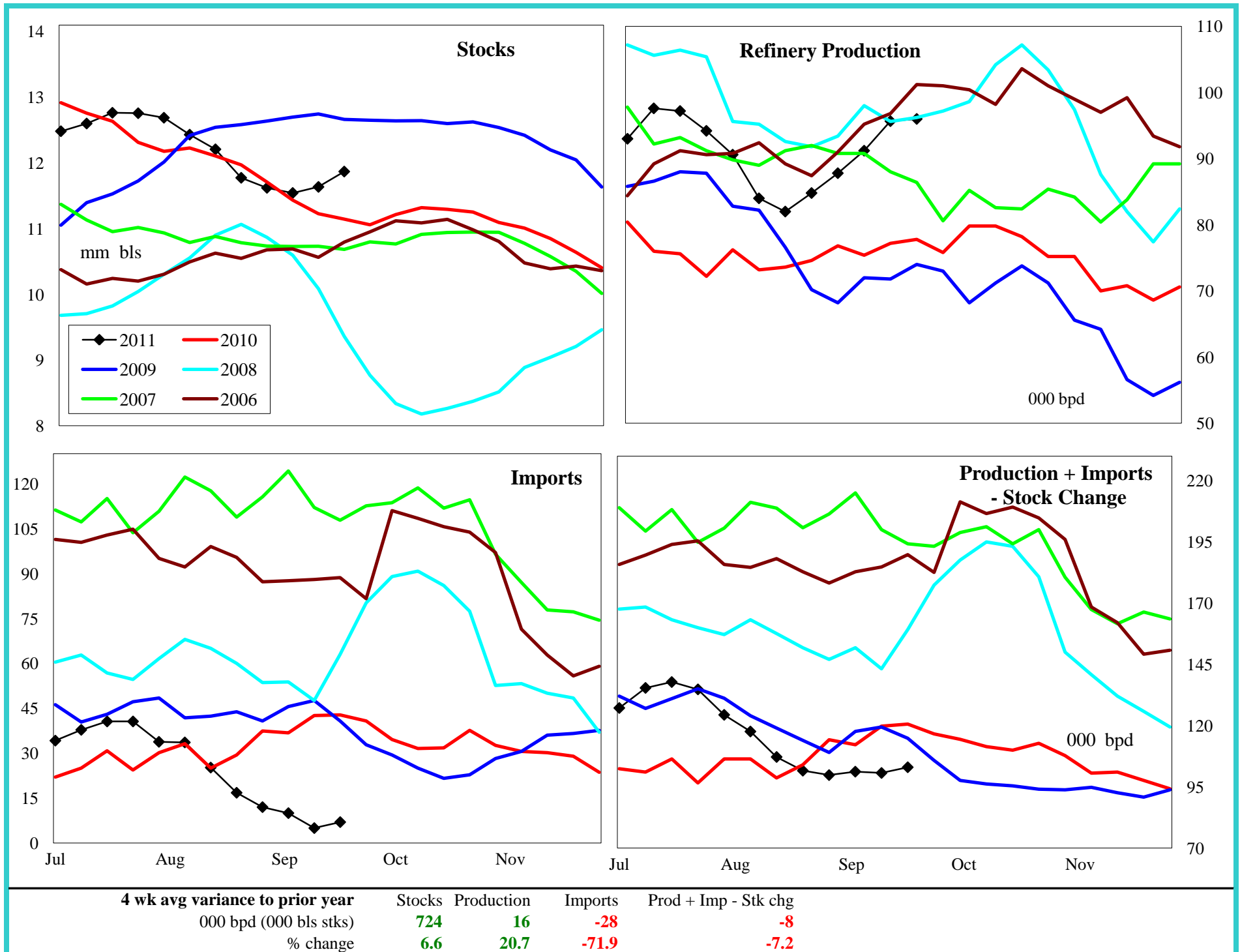
PADD 1 High Sulfur Distillate Supply



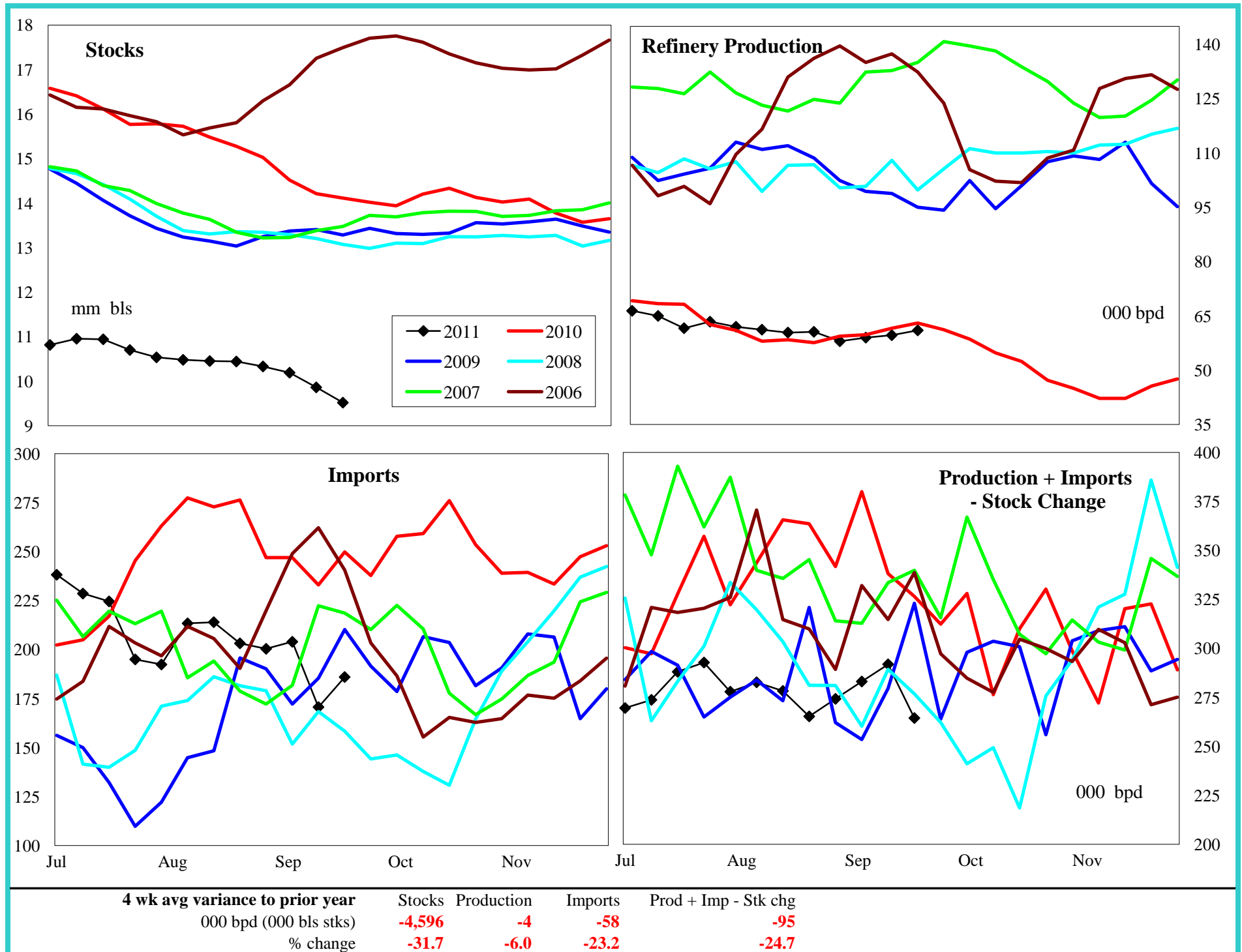
PADD 1 High Sulfur Distillate Stocks by Region



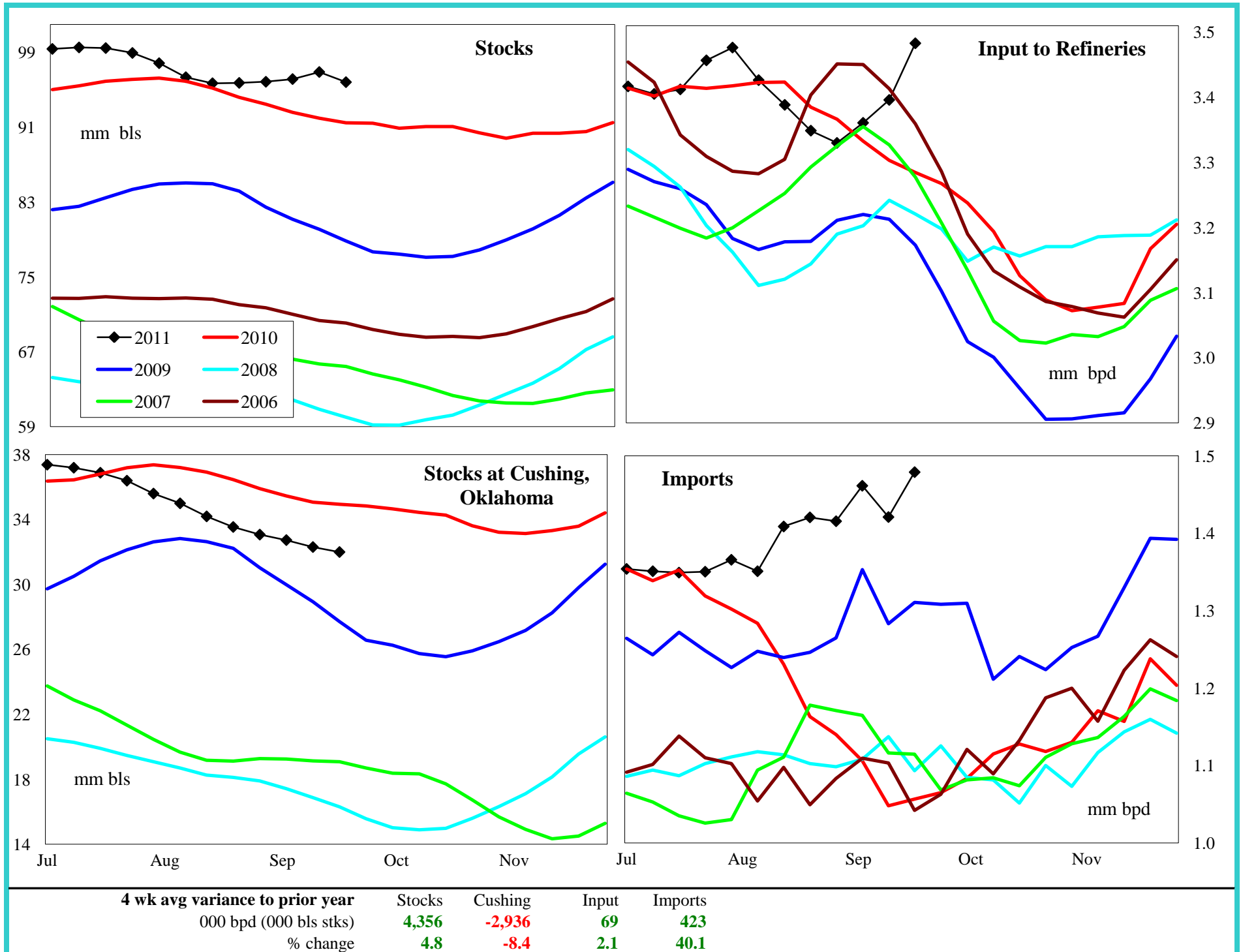
PADD 1 Jet Fuel Supply



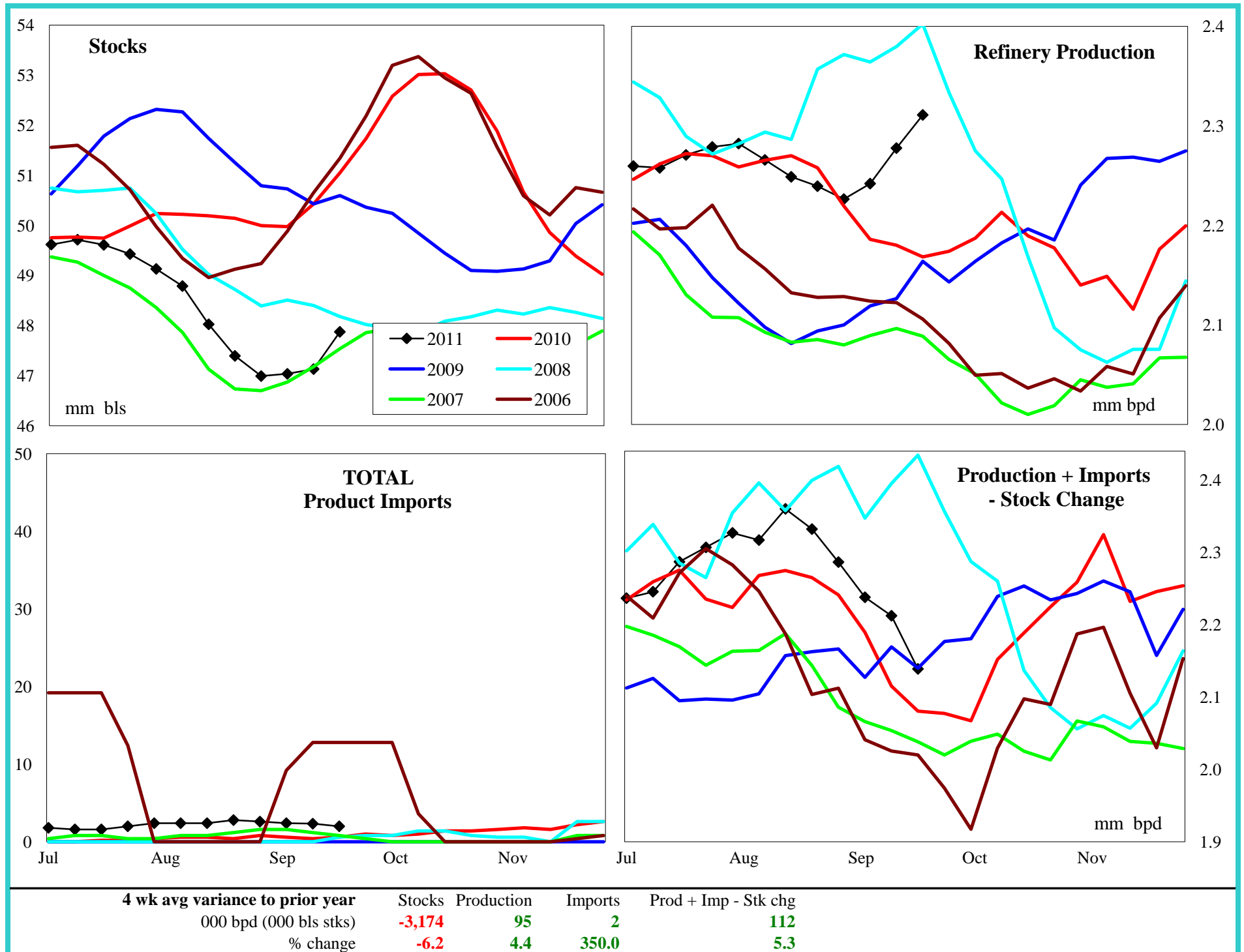
PADD 1 Residual Fuel Oil Supply



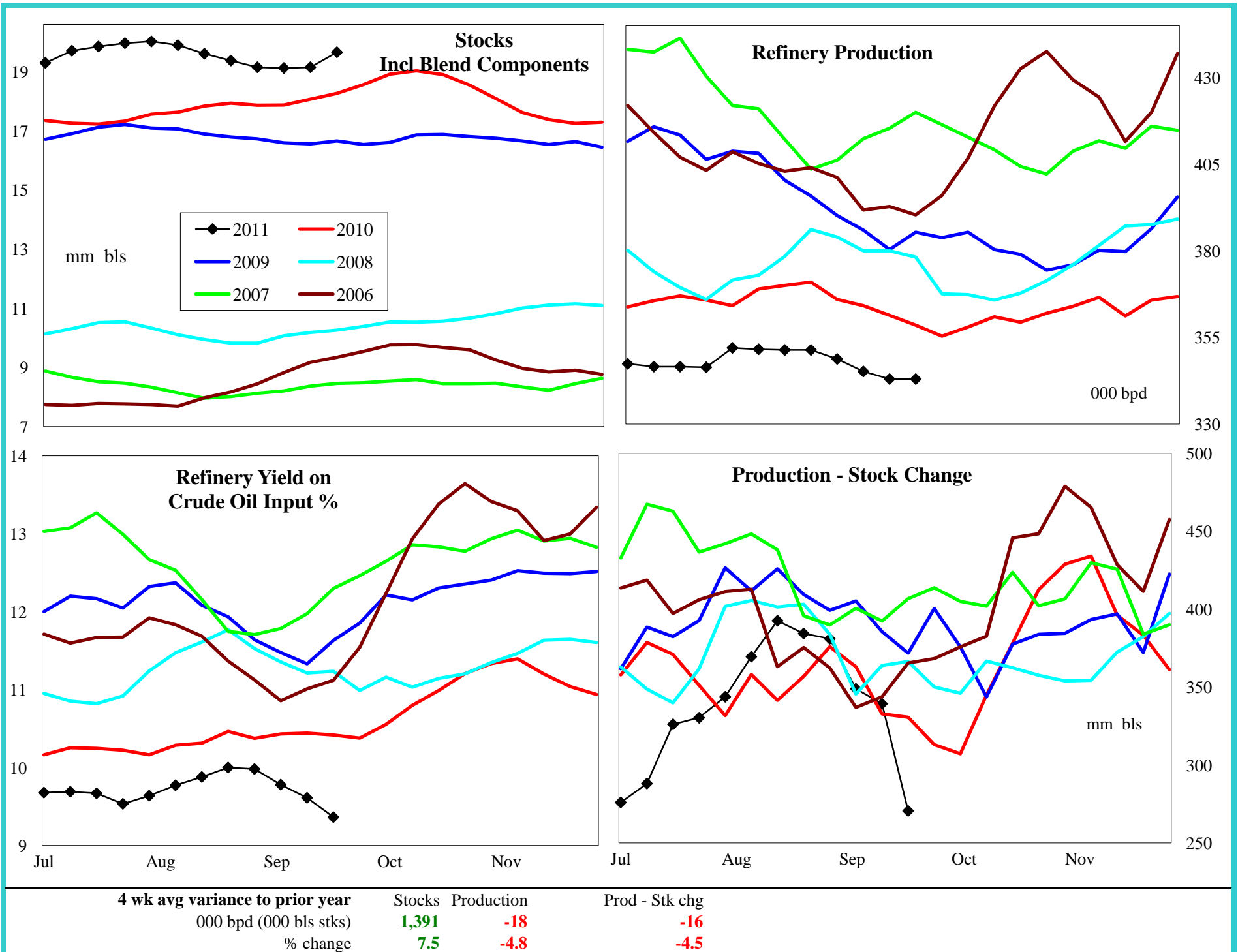
PADD 2 Crude Oil Supply and Refining



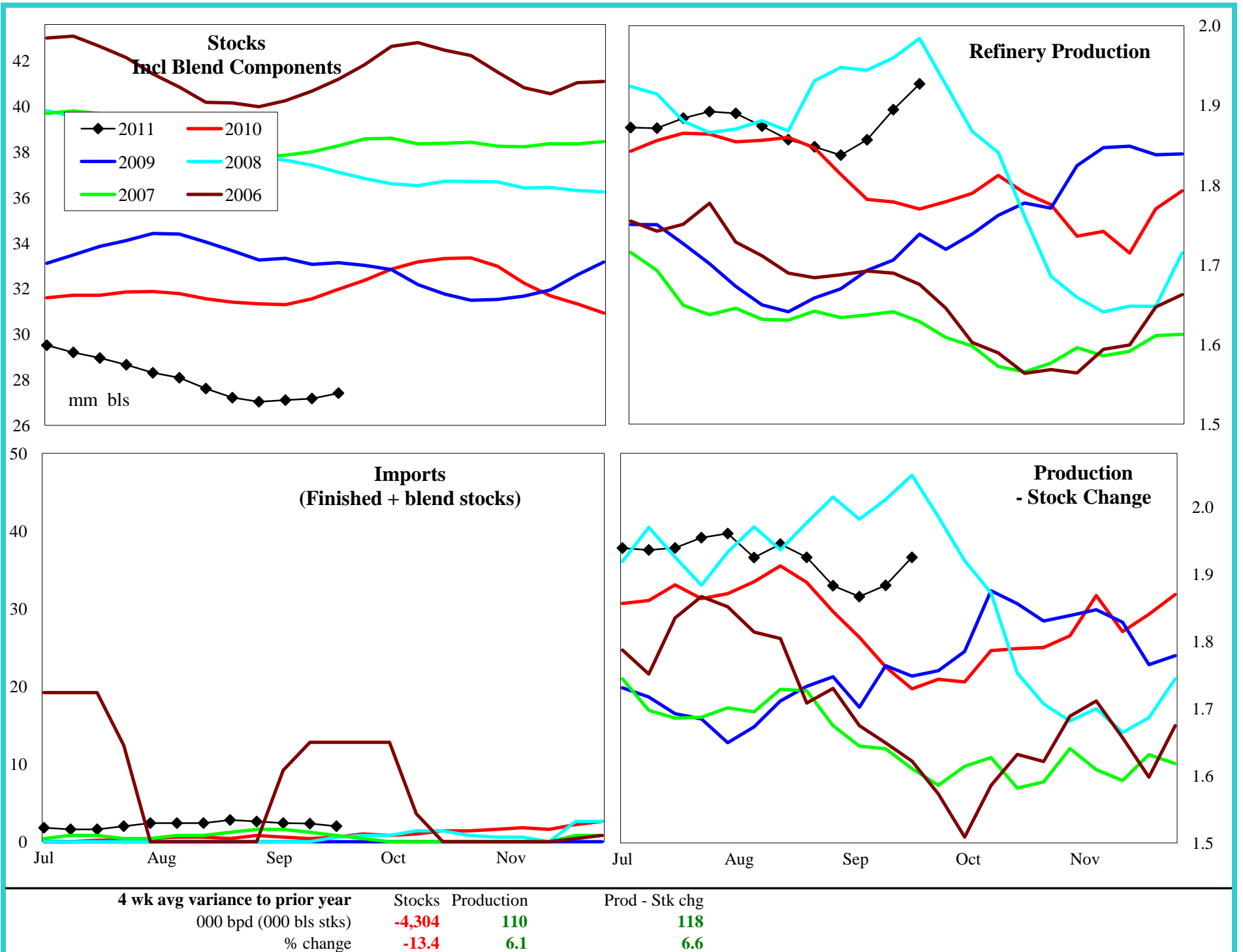
PADD 2 Gasoline Supply



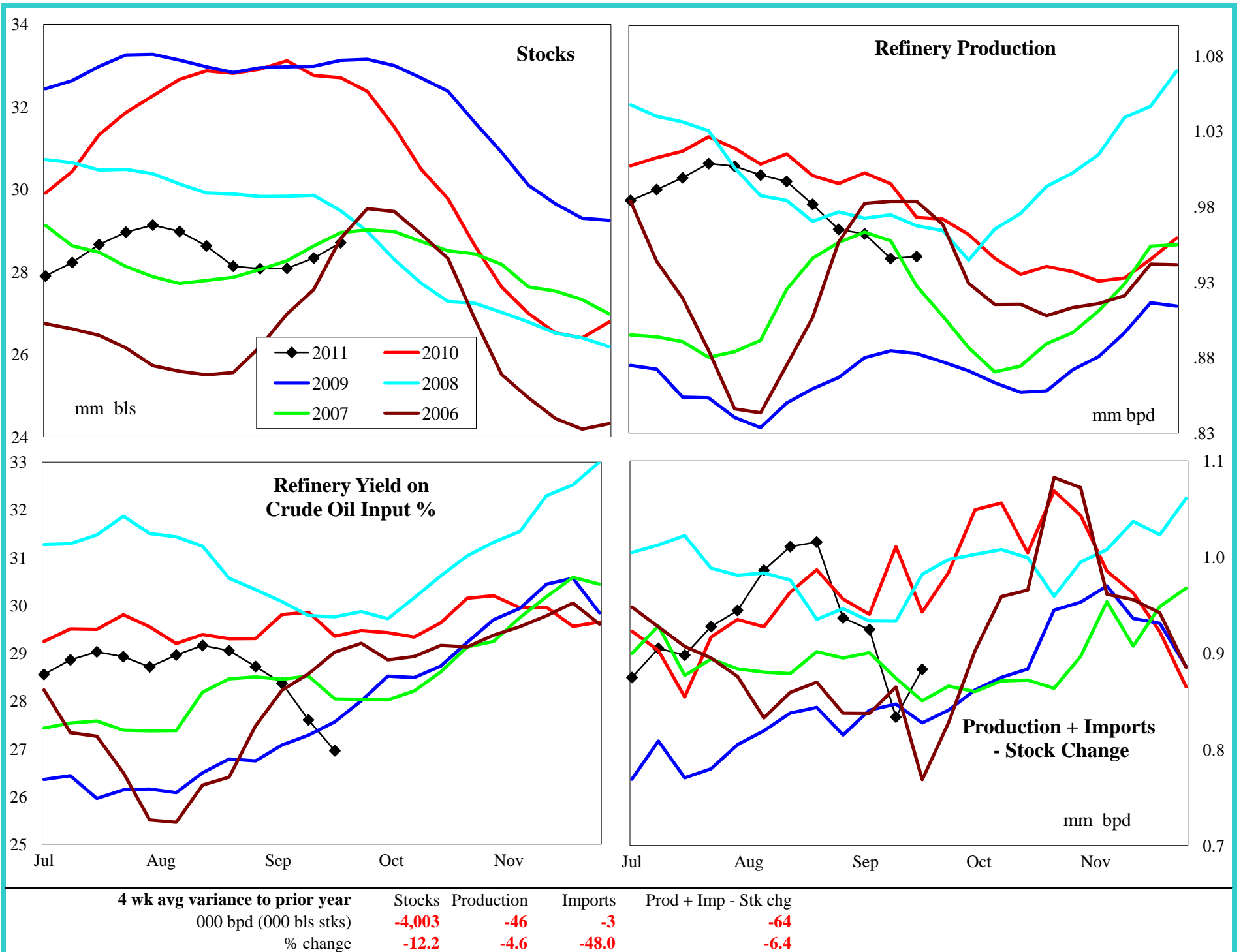
PADD 2 Reformulated Gasoline Supply



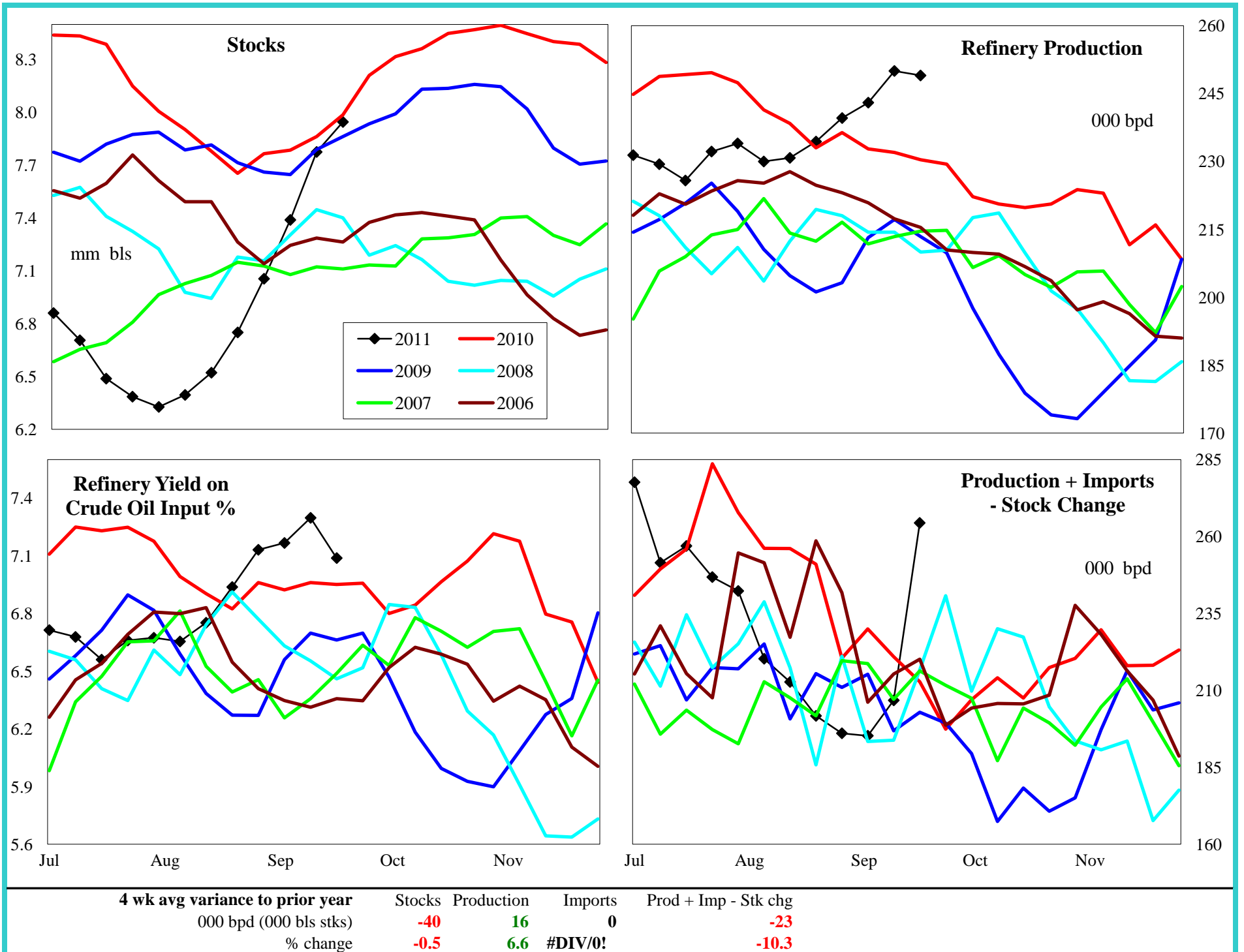
PADD 2 Conventional Gasoline Supply



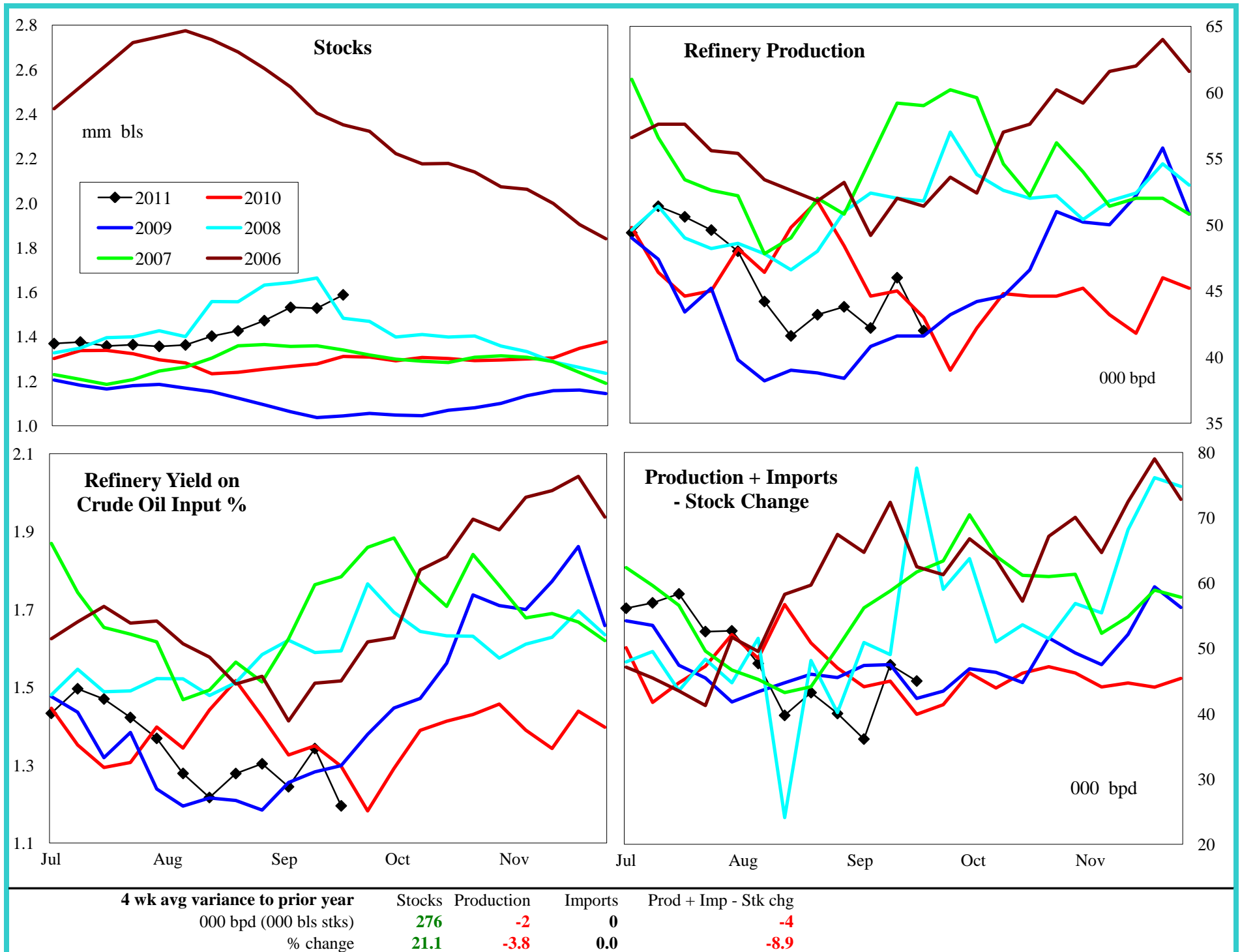
PADD 2 Distillate Supply



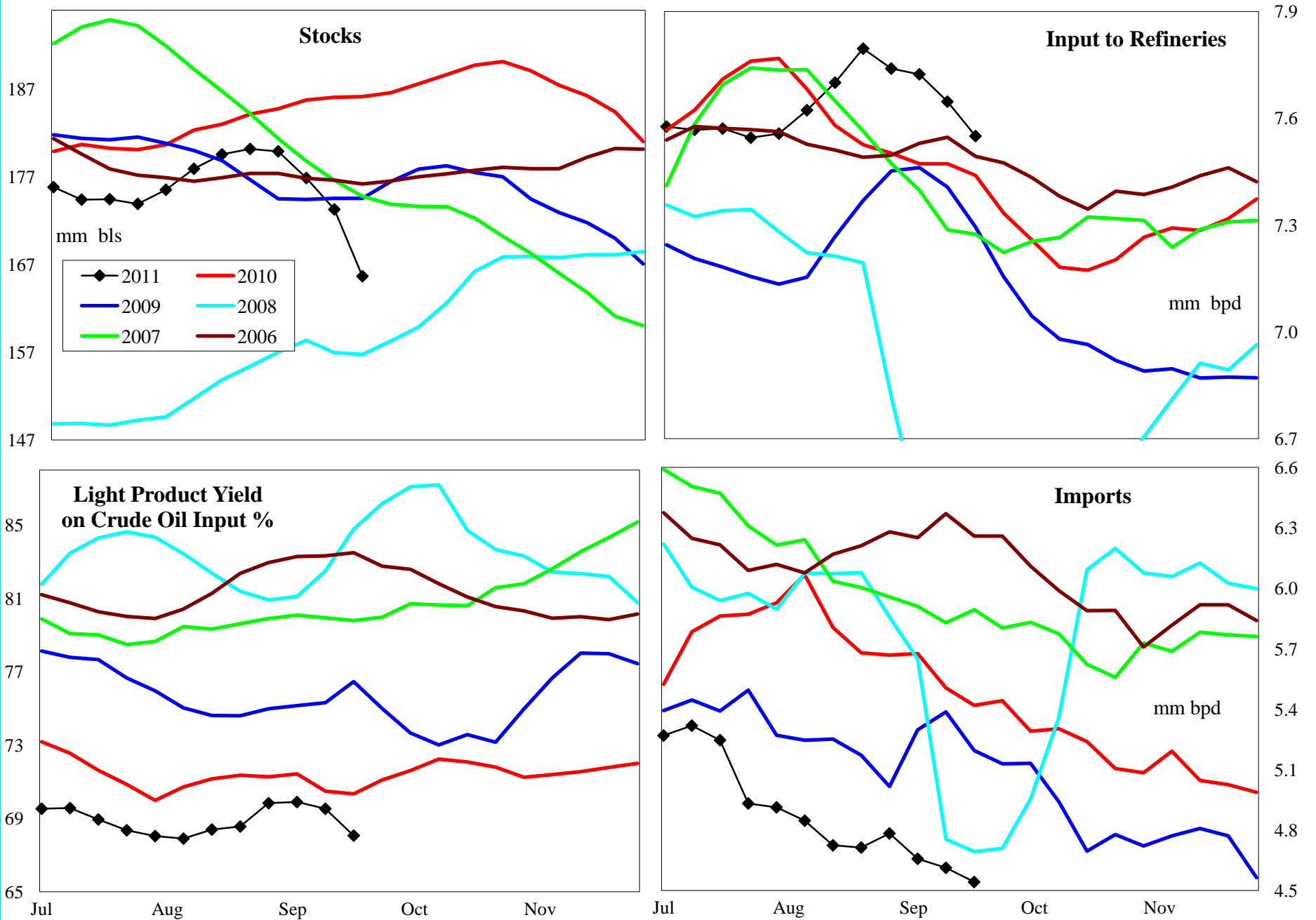
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-20,487

-11.0

Input

163

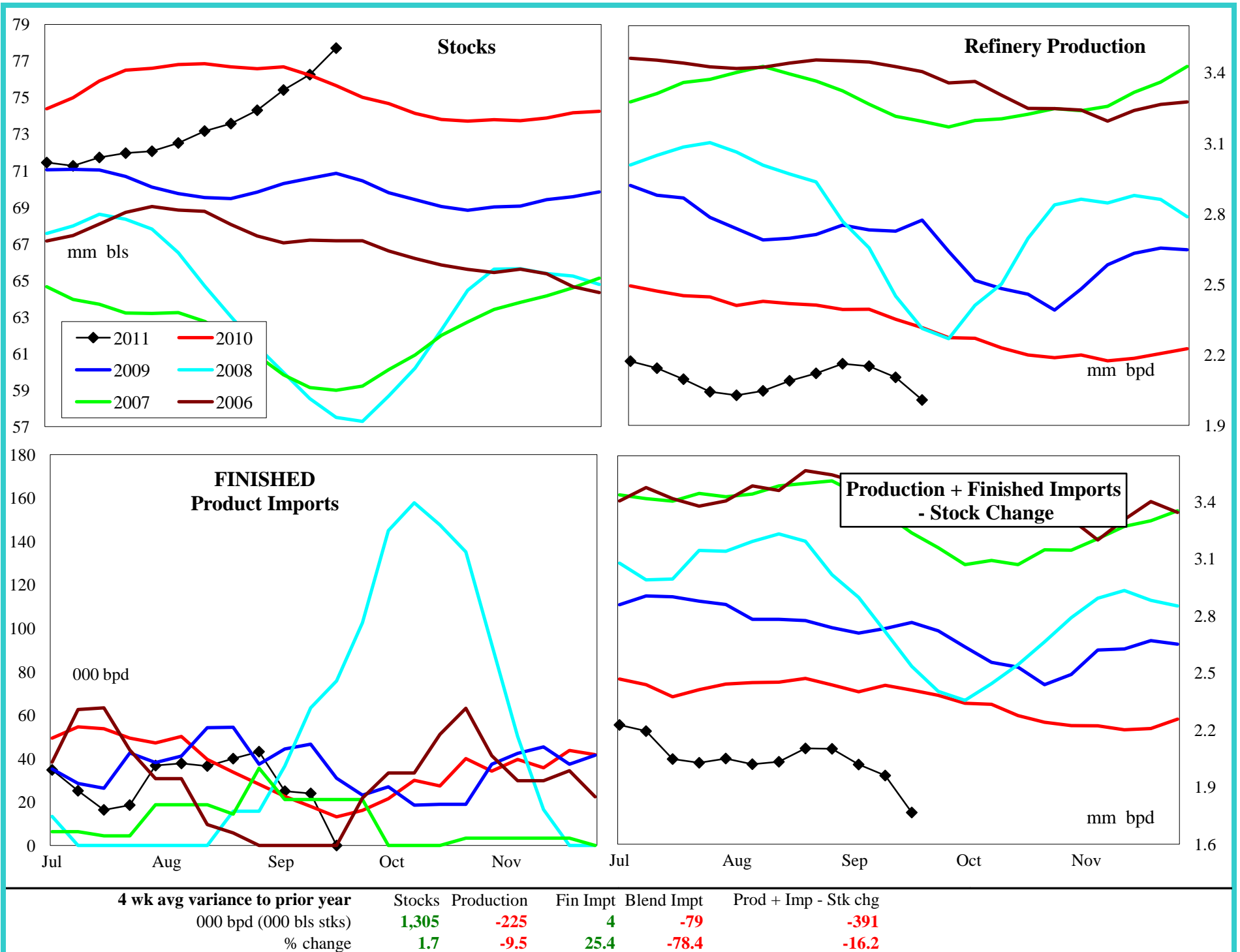
2.2

Imports

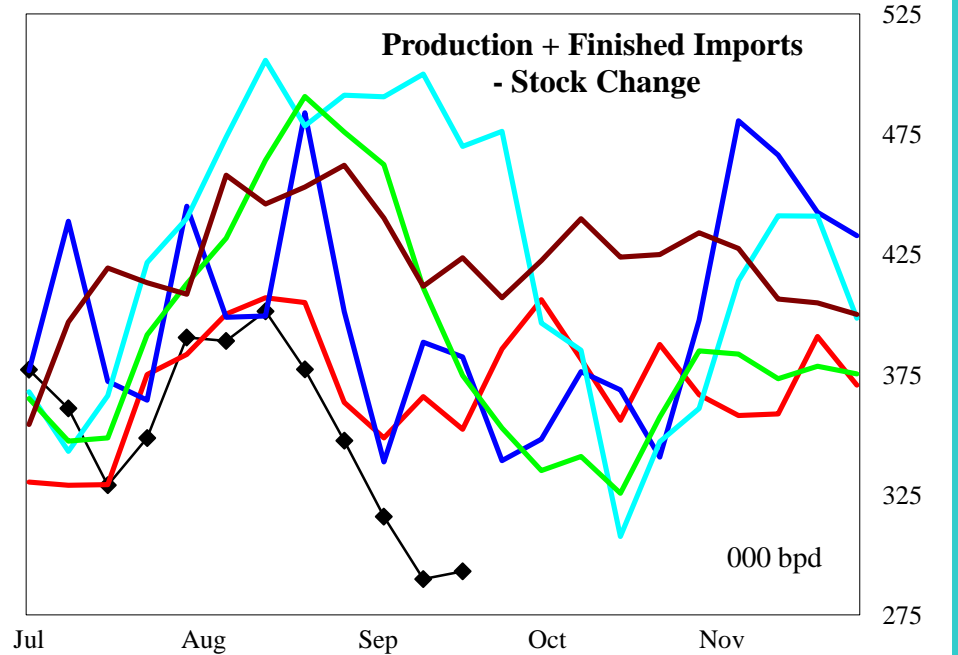
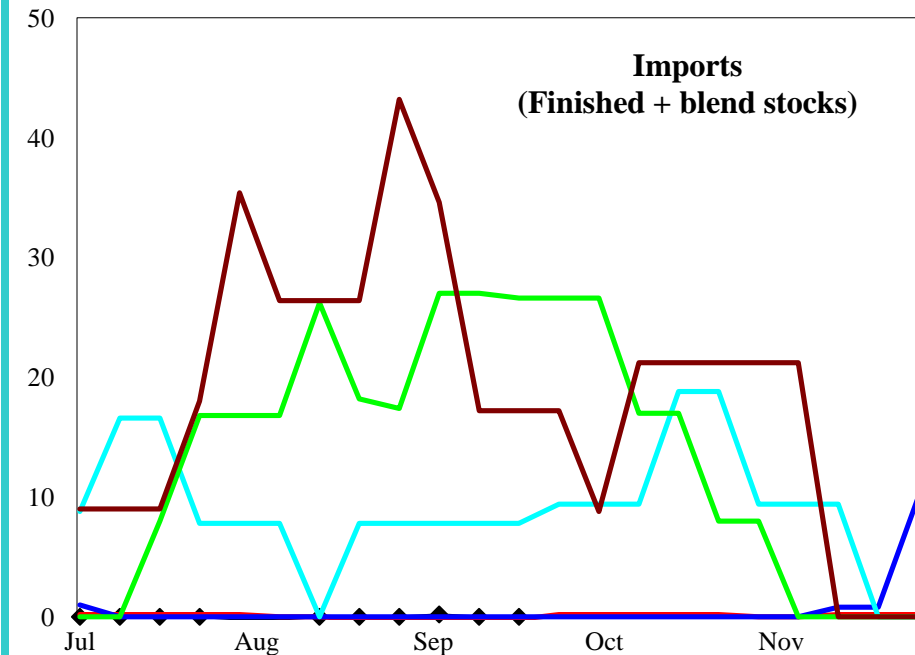
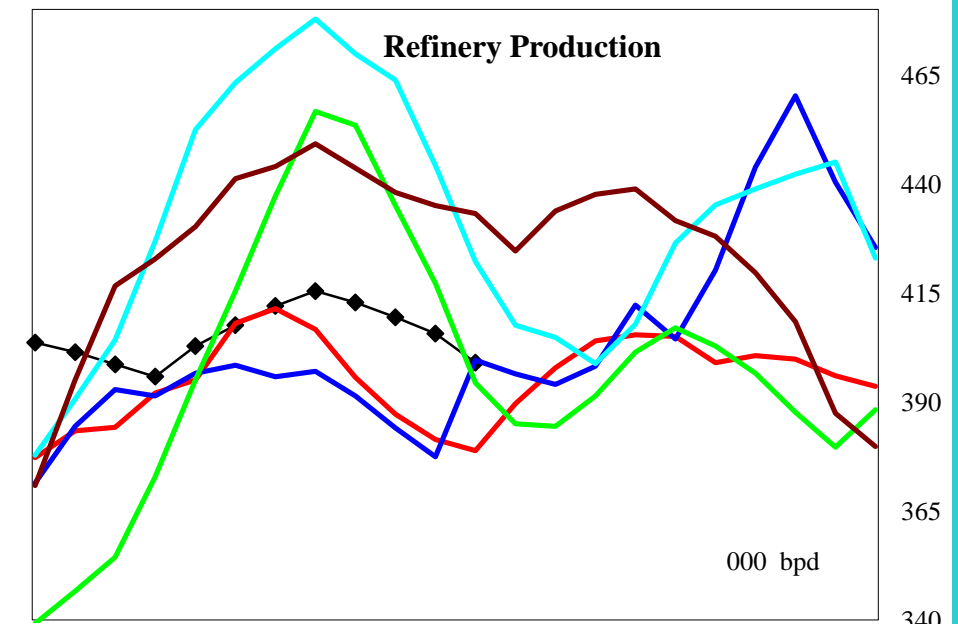
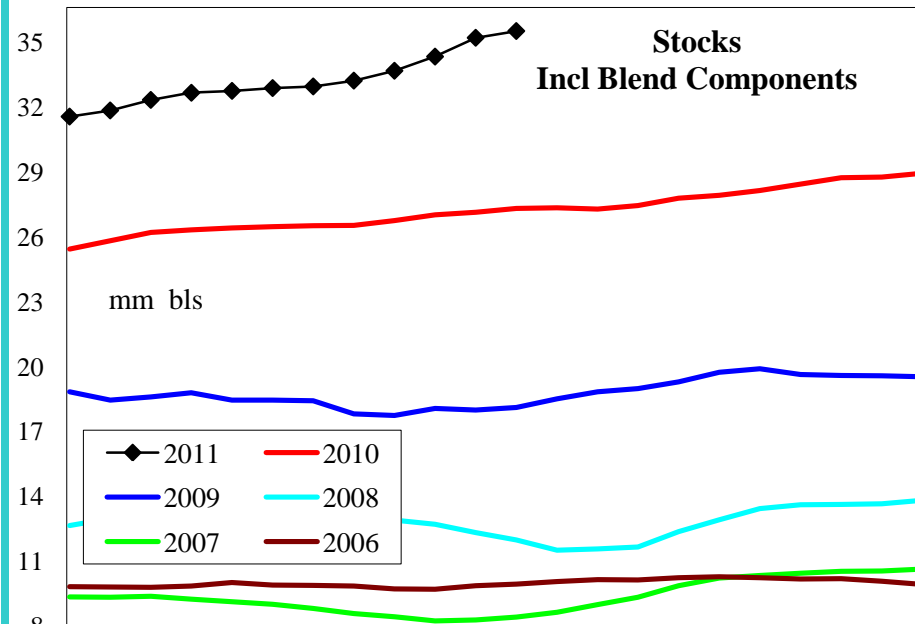
-932

-16.8

PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

8,133

29.3

Production

29

7.7

Imports

1

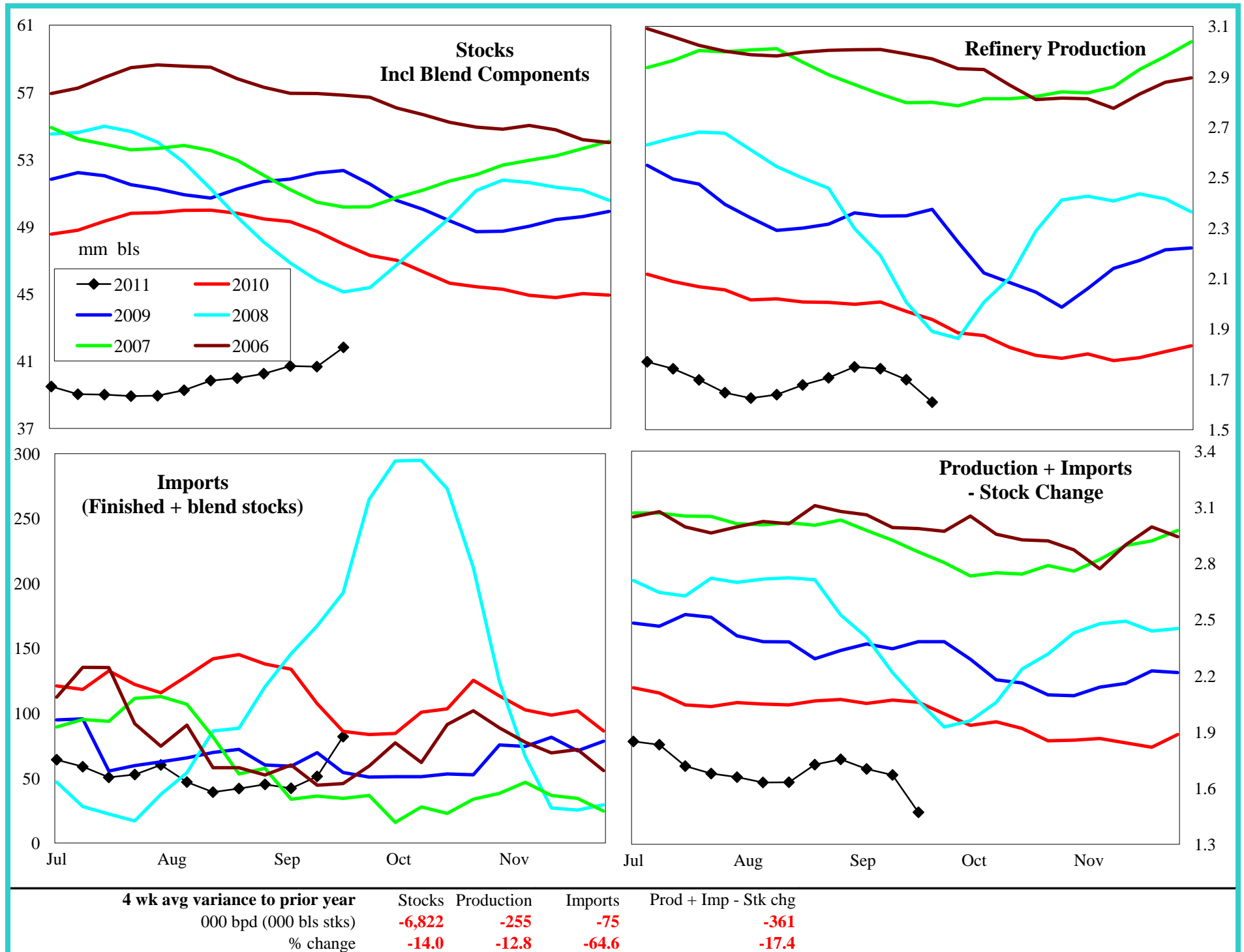
-200.0

Prod + Imp - Stk chg

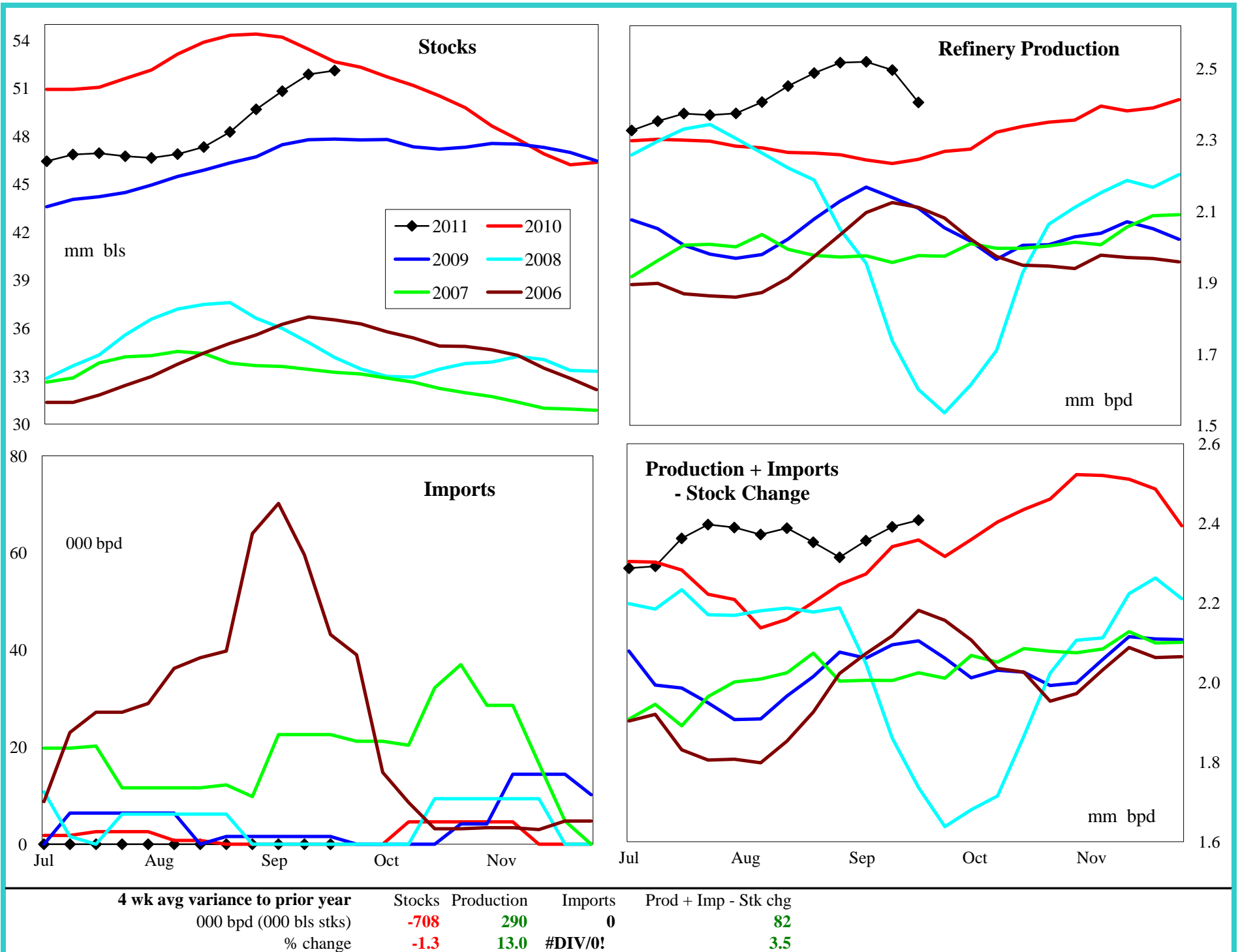
-31

-8.9

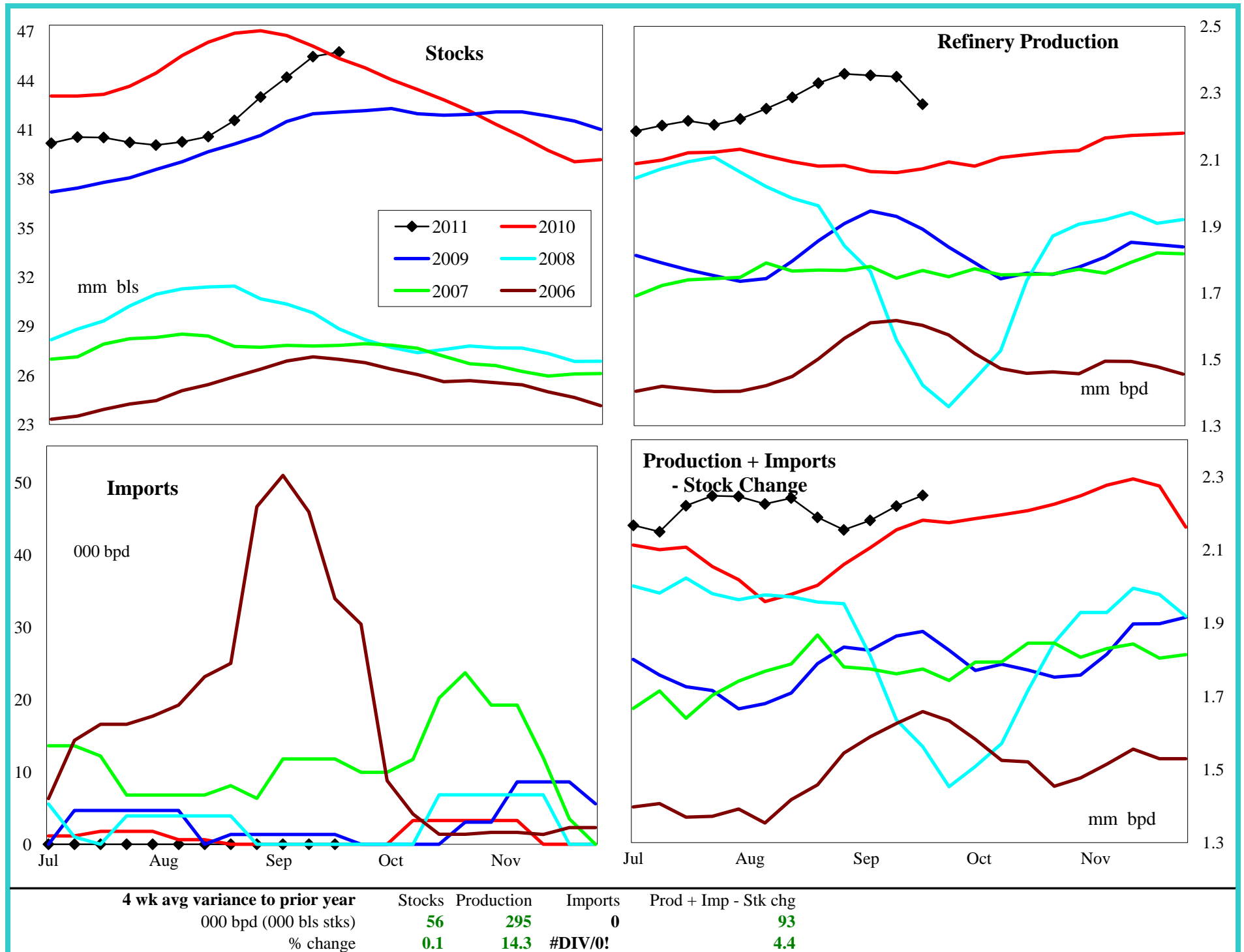
PADD 3 Conventional Gasoline Supply



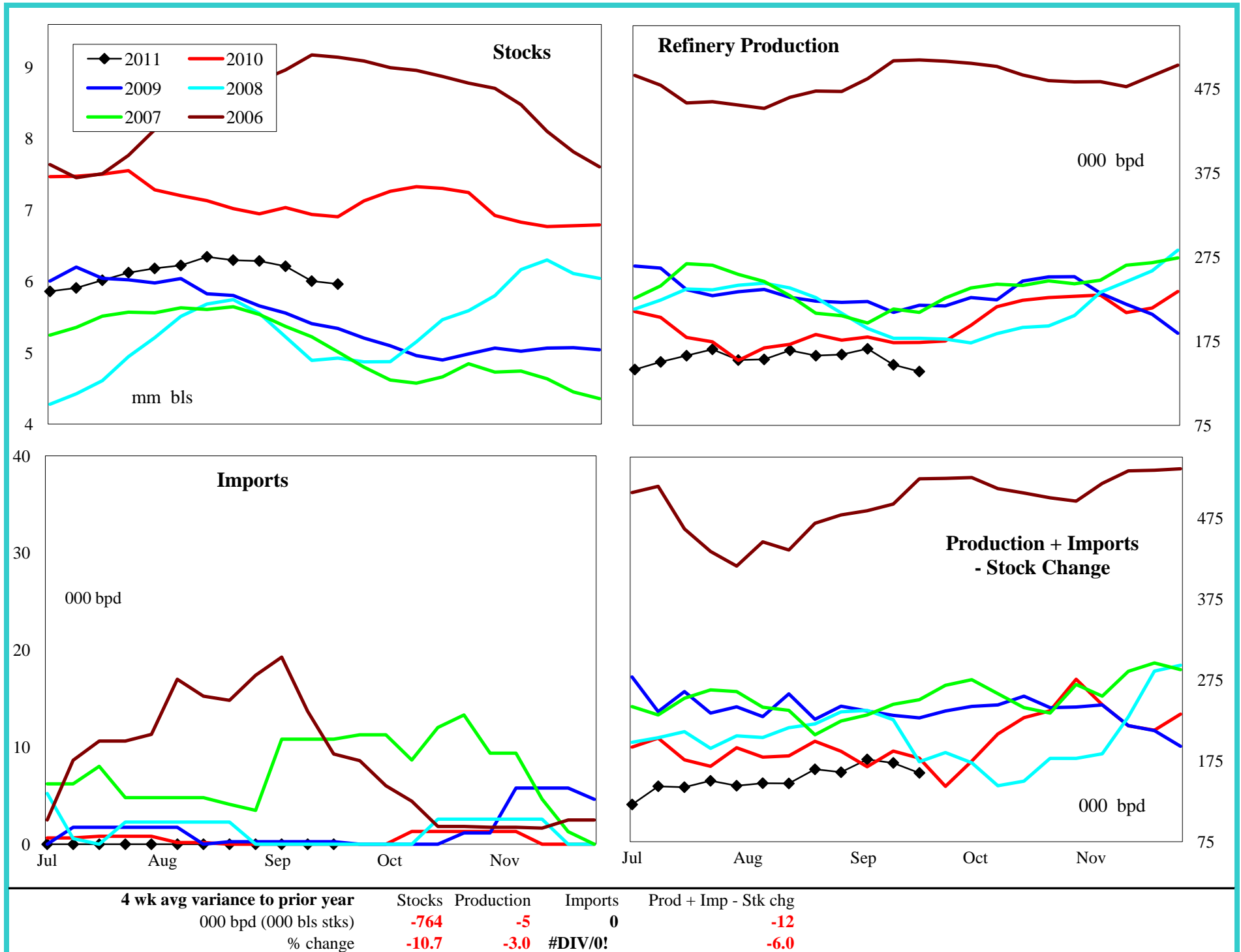
PADD 3 Distillate Supply



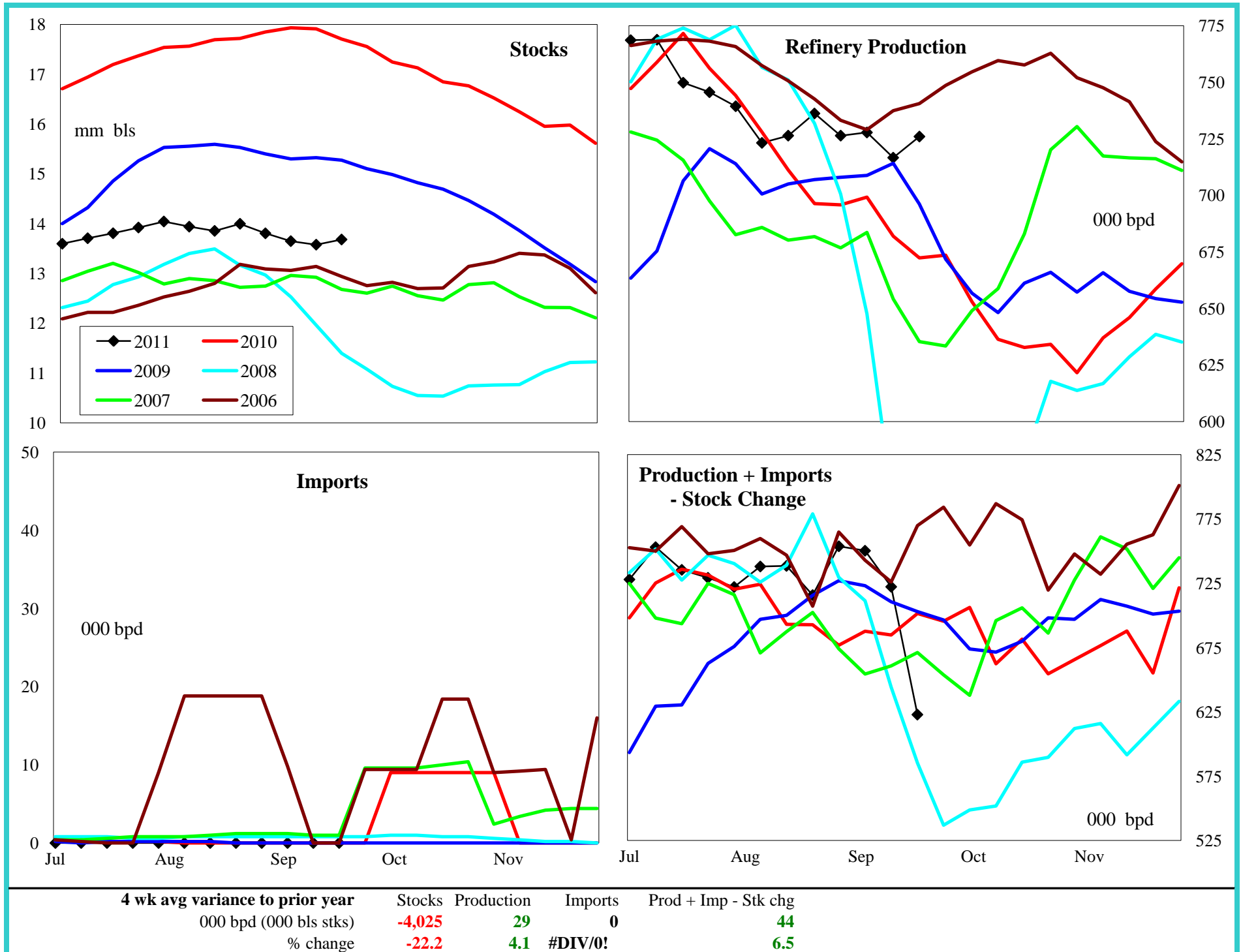
PADD 3 Low Sulfur Distillate Supply



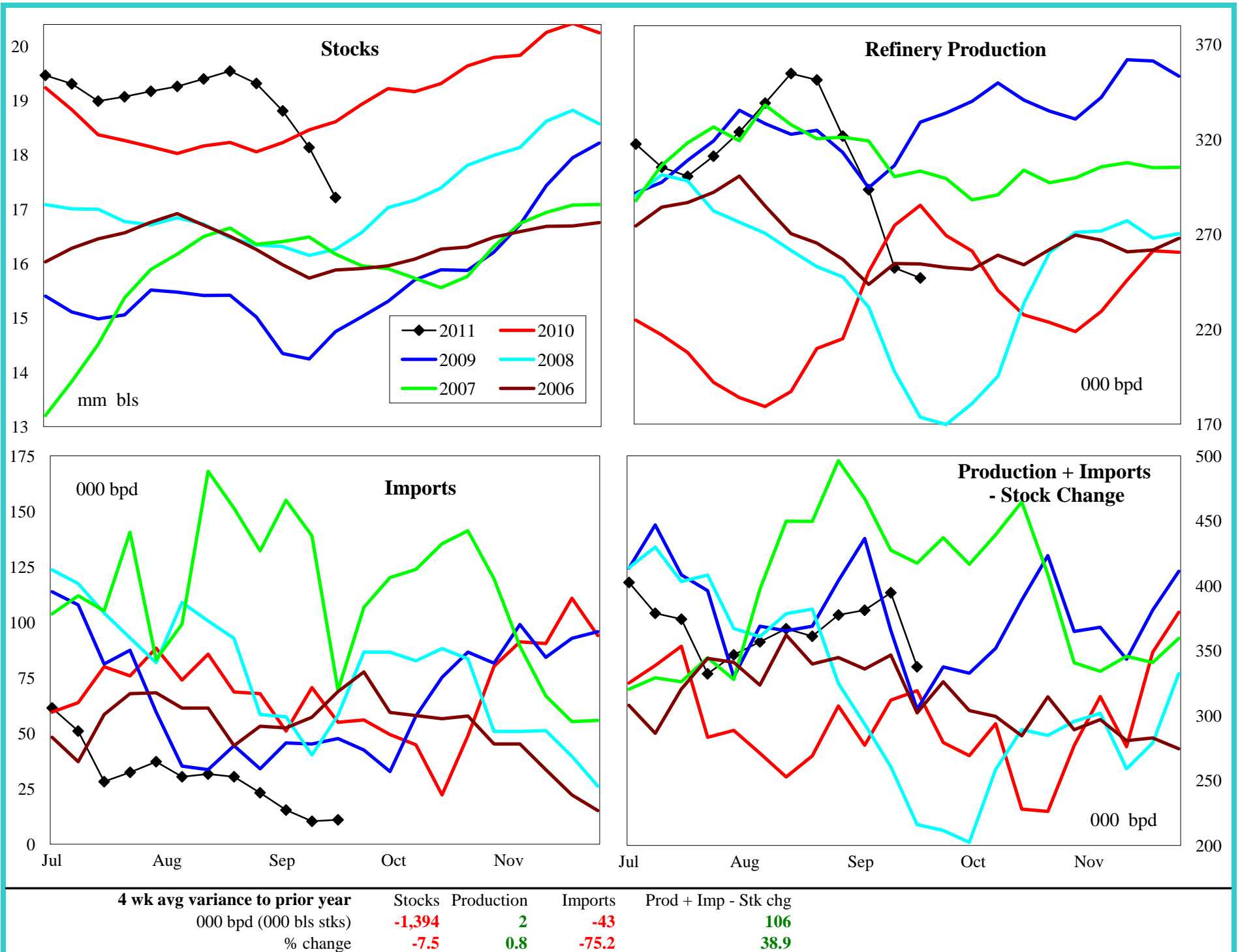
PADD 3 High Sulfur Distillate Supply



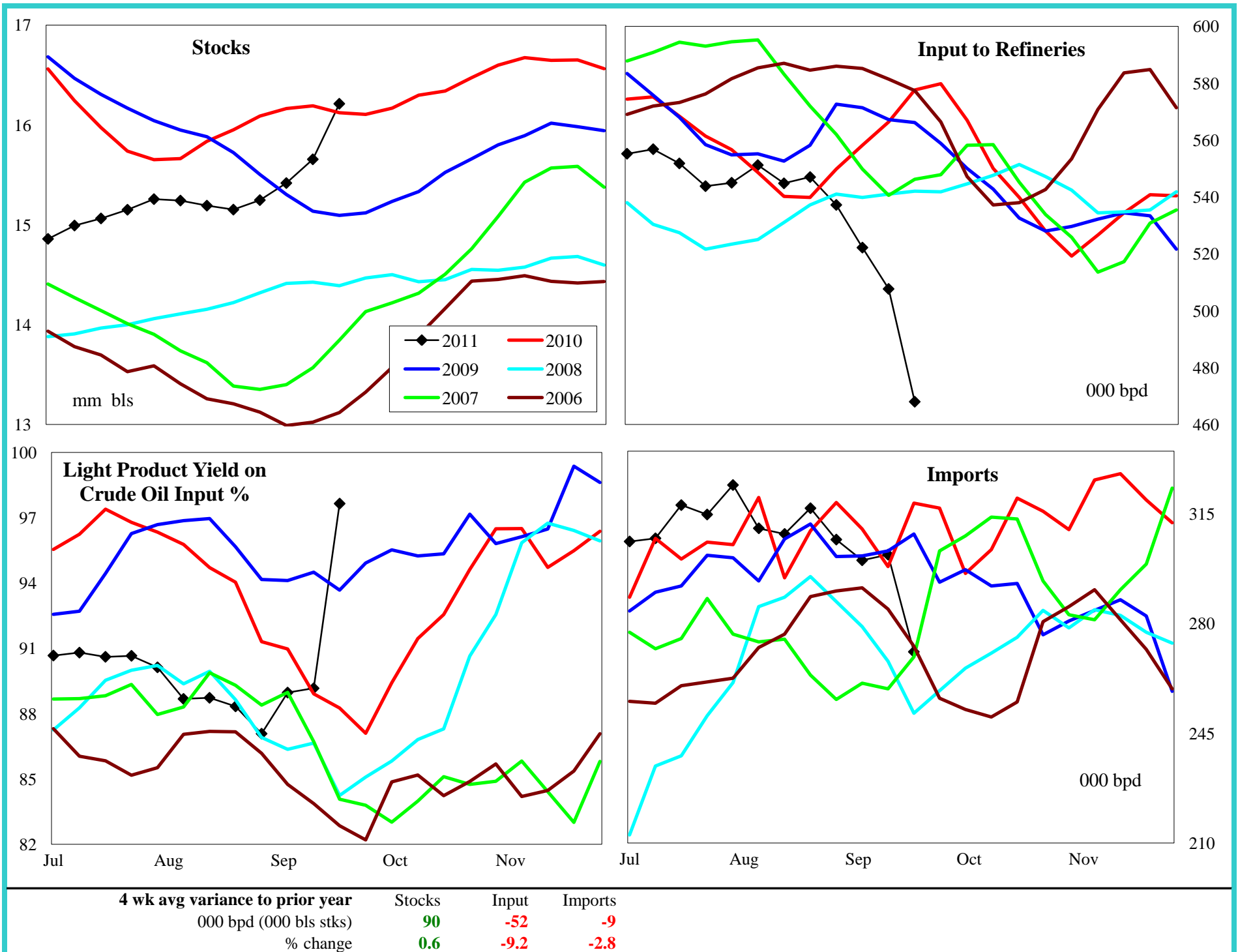
PADD 3 Jet Fuel Supply



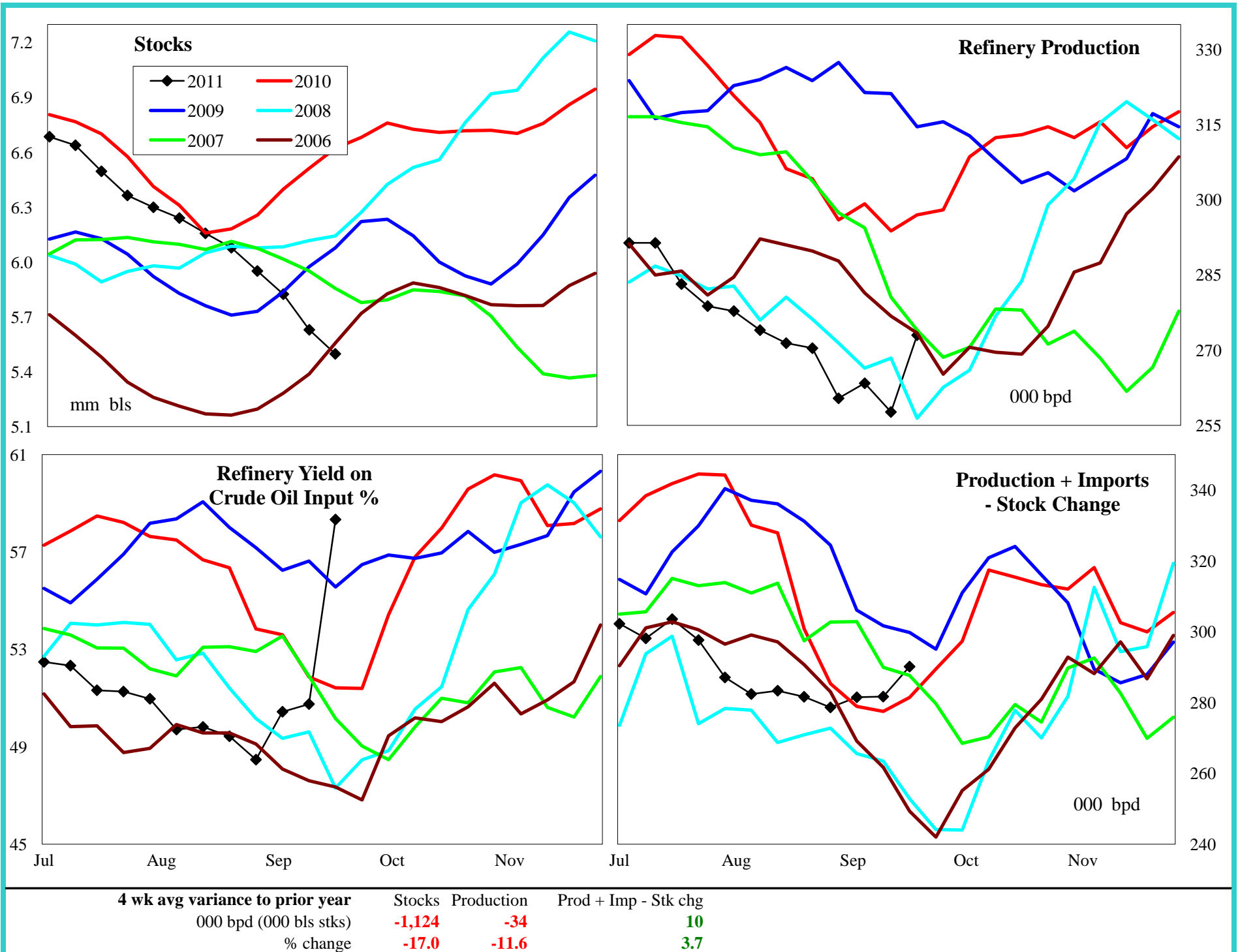
PADD 3 Residual Fuel Oil Supply



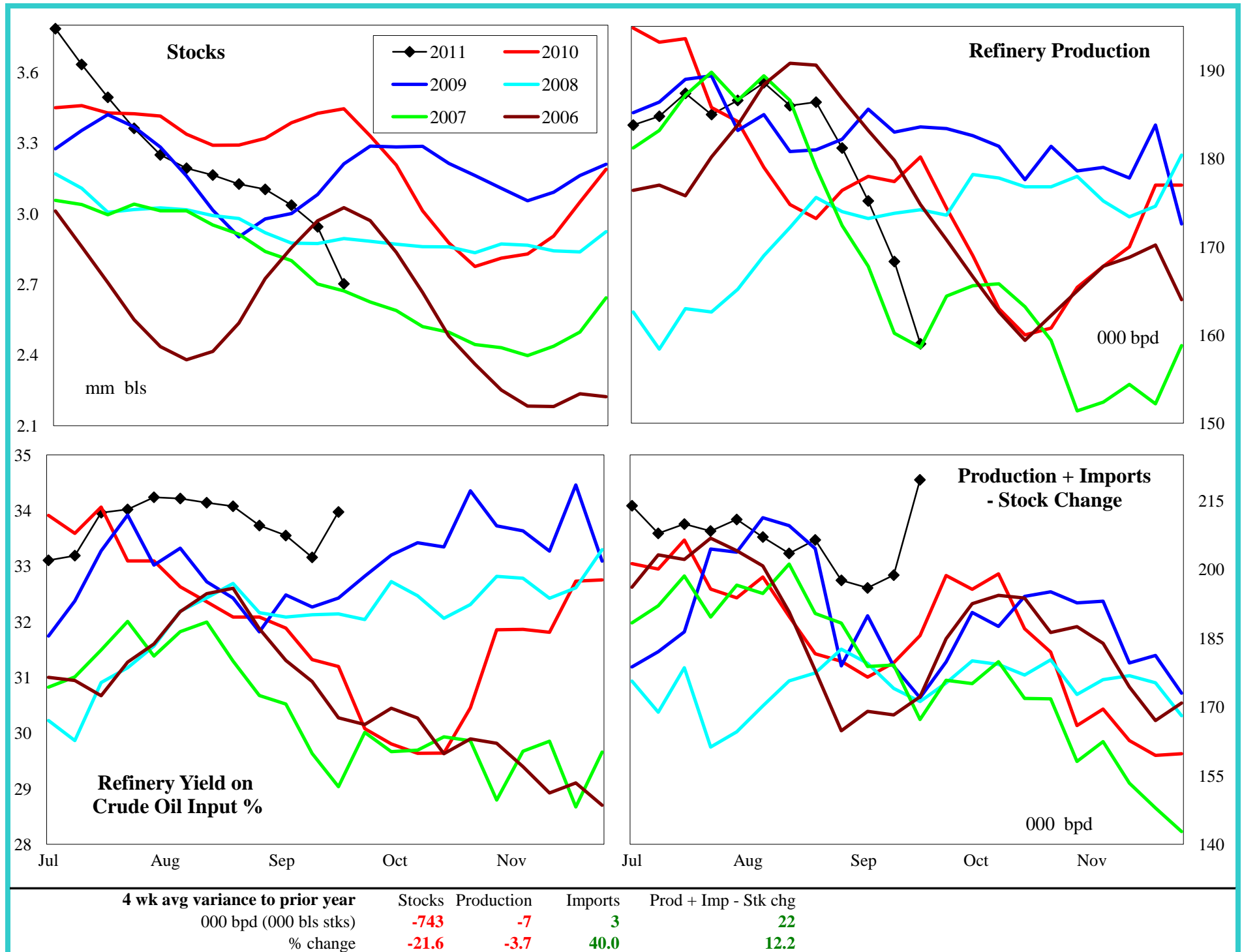
PADD 4 Crude Oil Supply and Refining



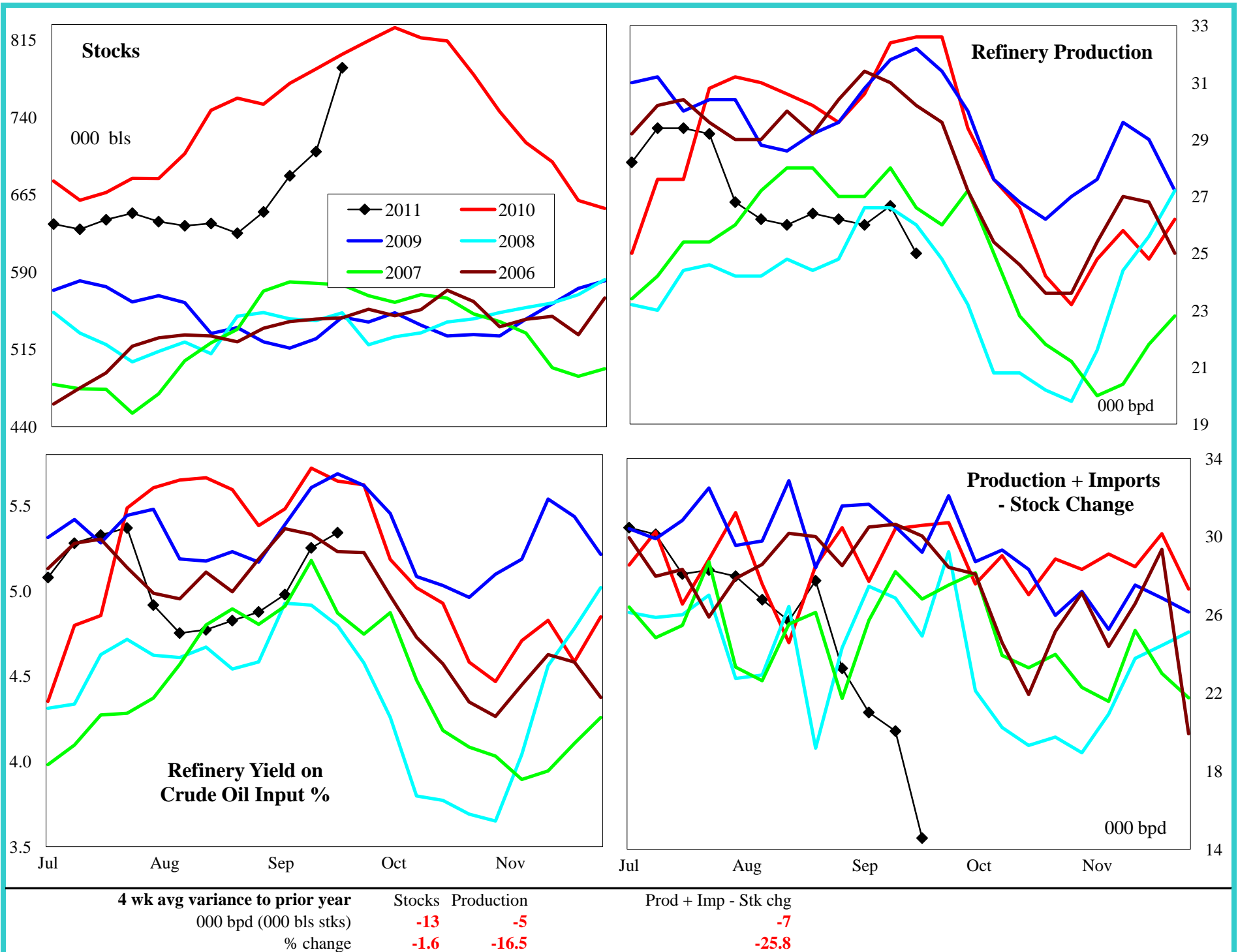
PADD 4 Gasoline Supply



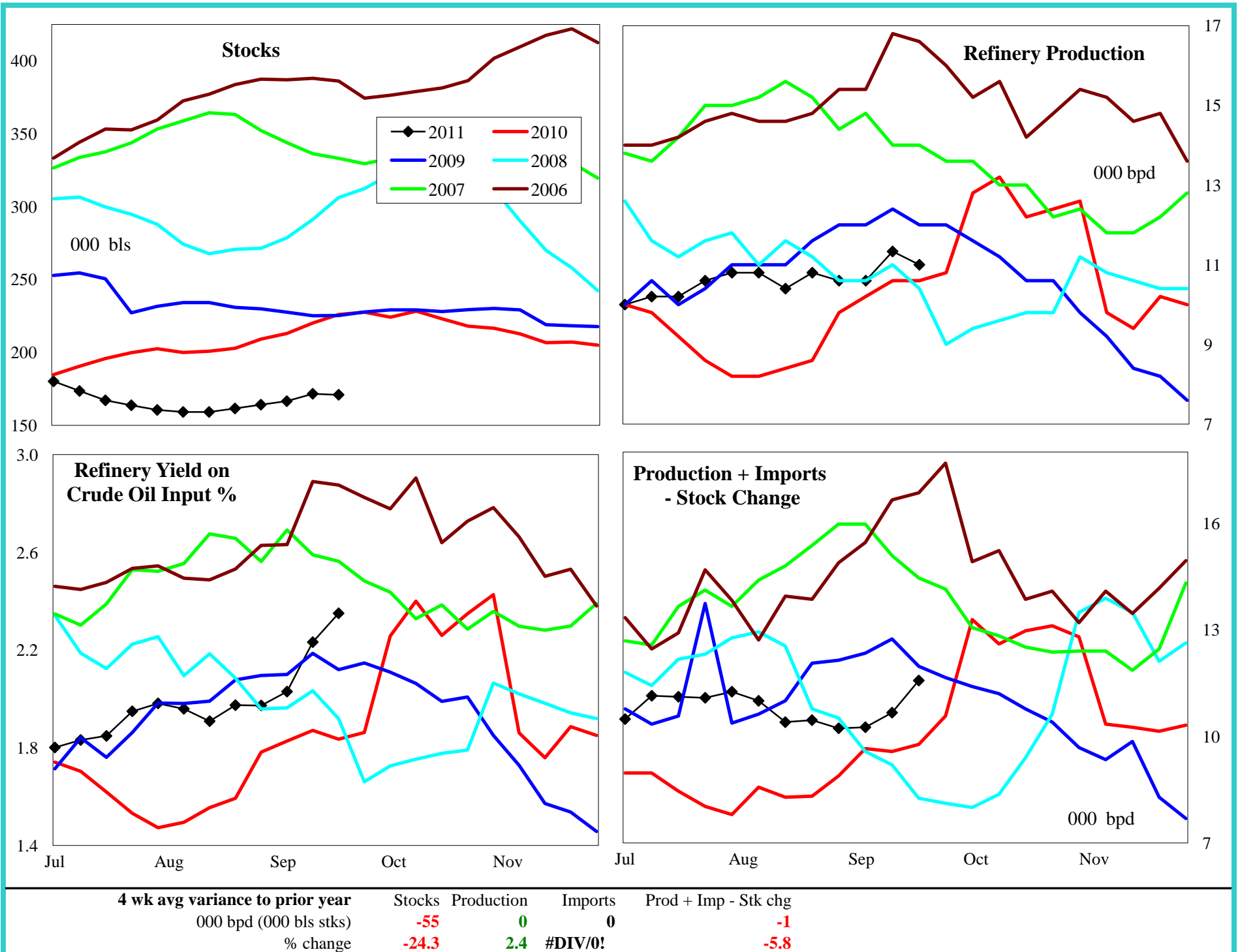
PADD 4 Distillate Supply



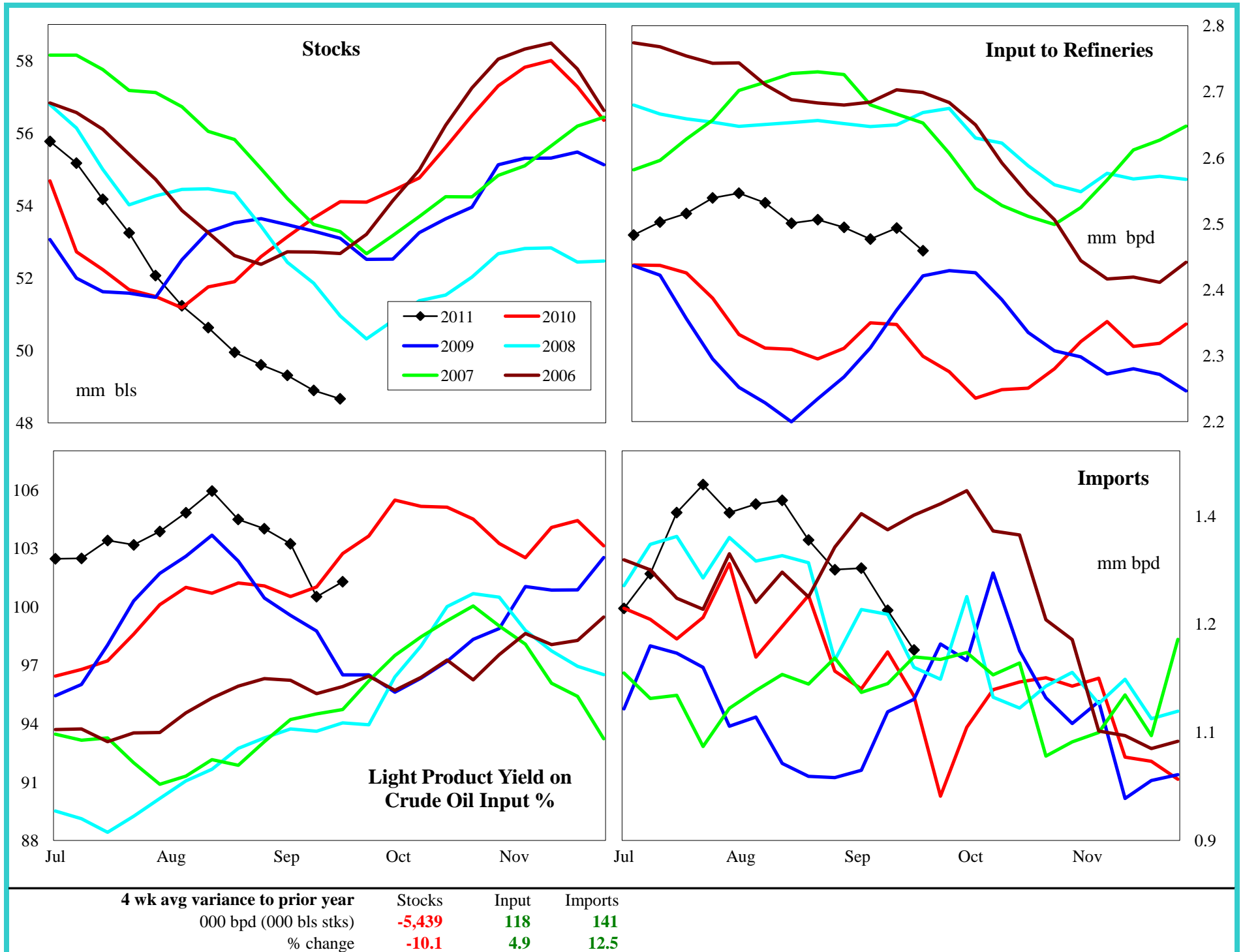
PADD 4 Jet Fuel Supply



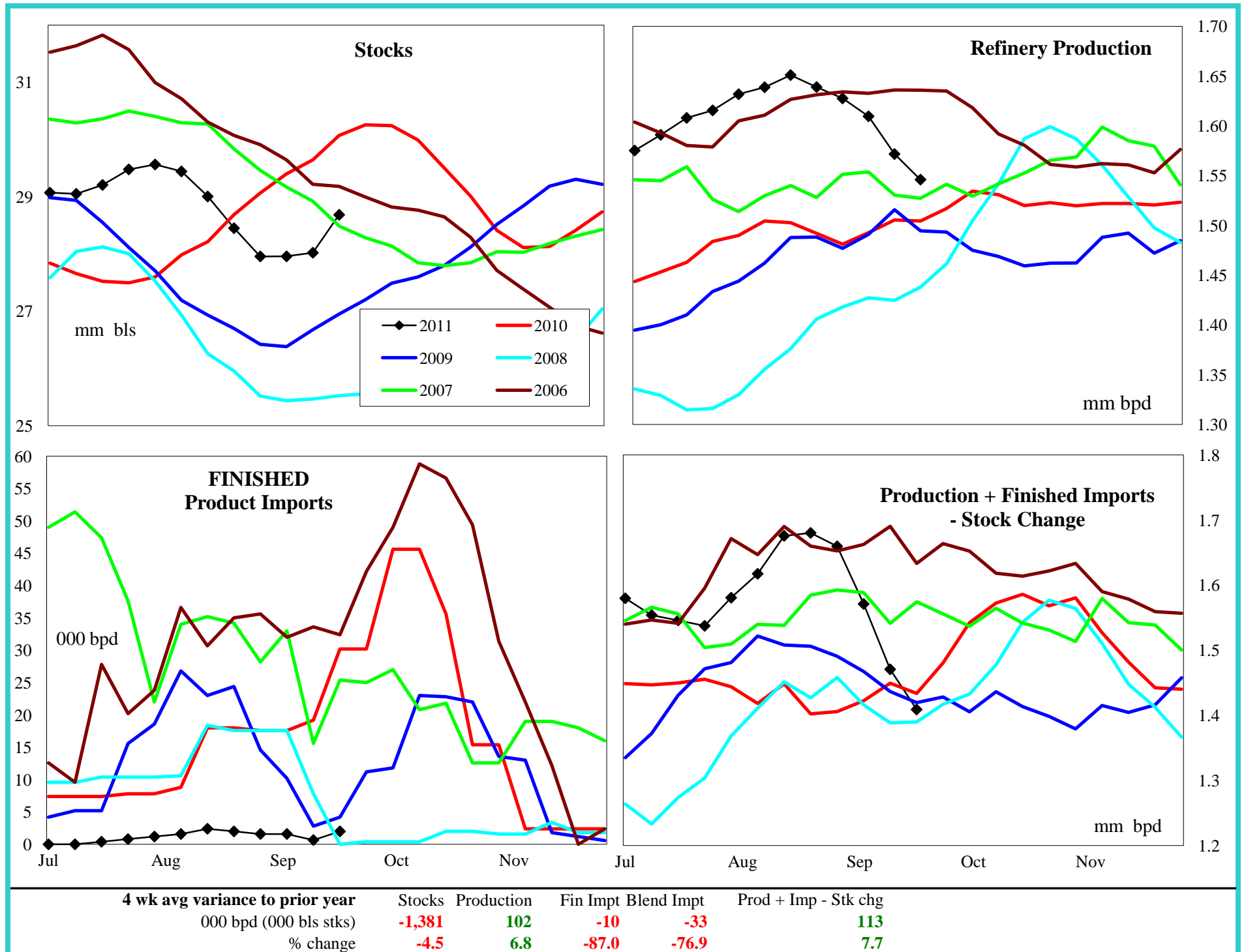
PADD 4 Residual Fuel Oil Supply



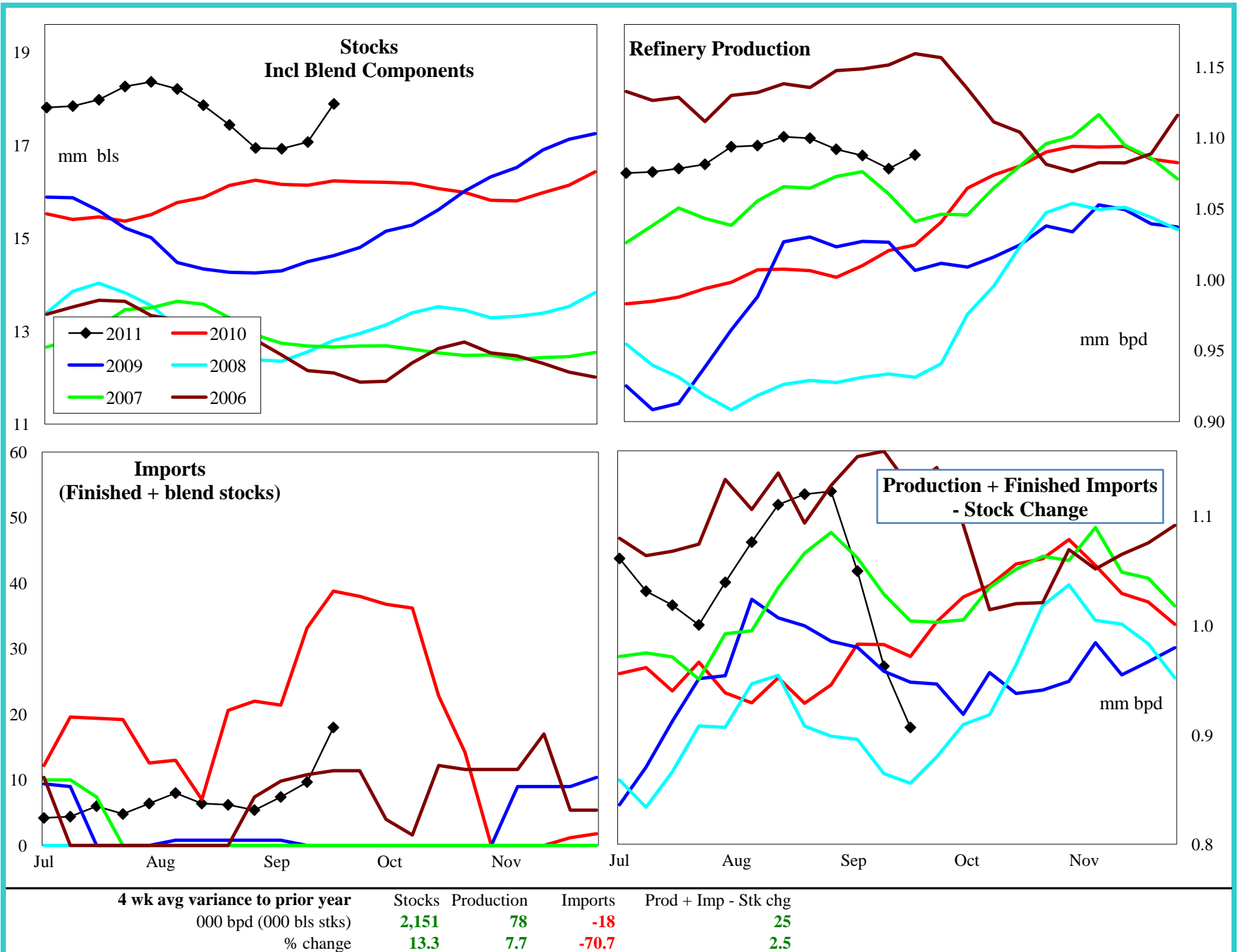
PADD 5 Crude Oil Supply and Refining



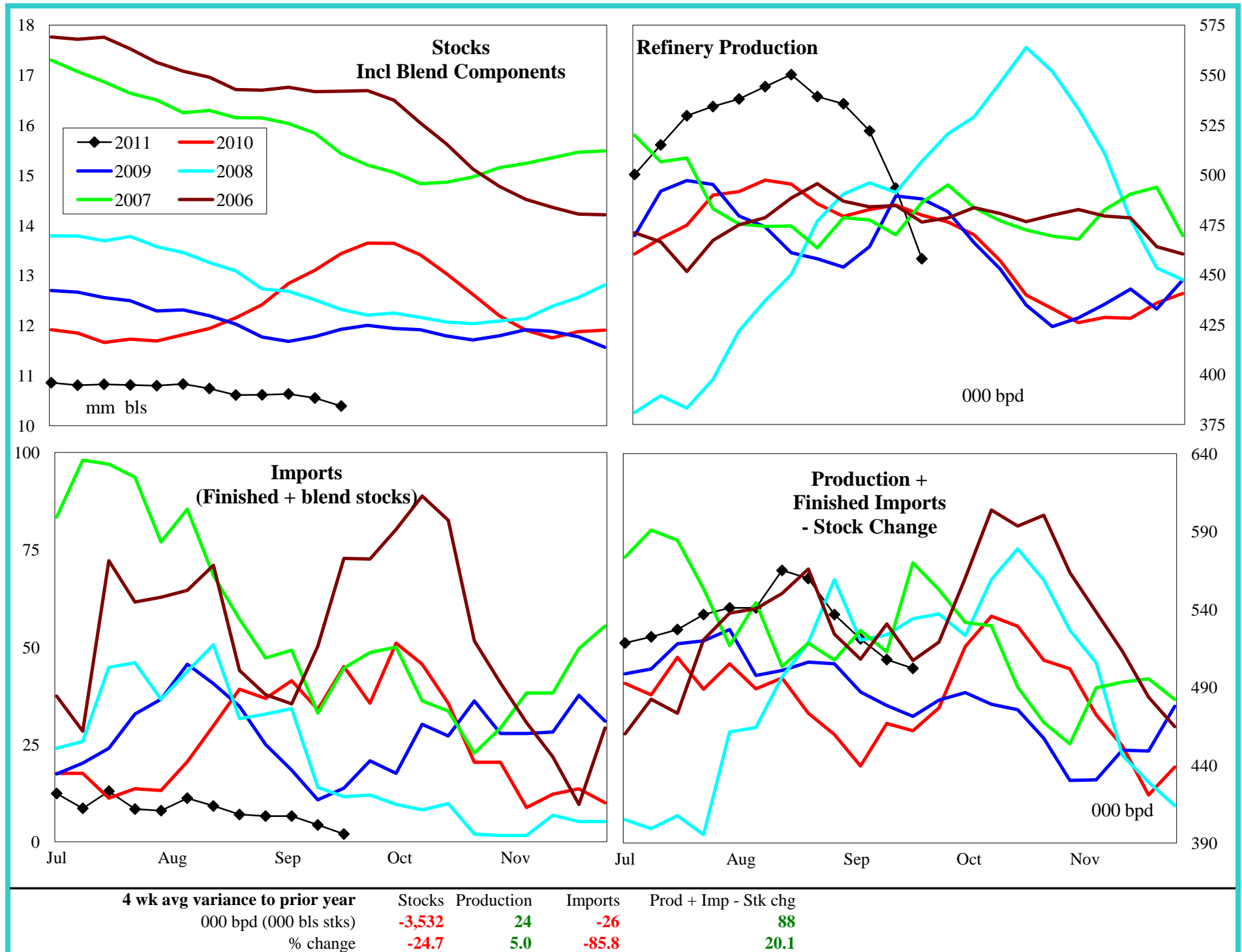
PADD 5 Gasoline Supply



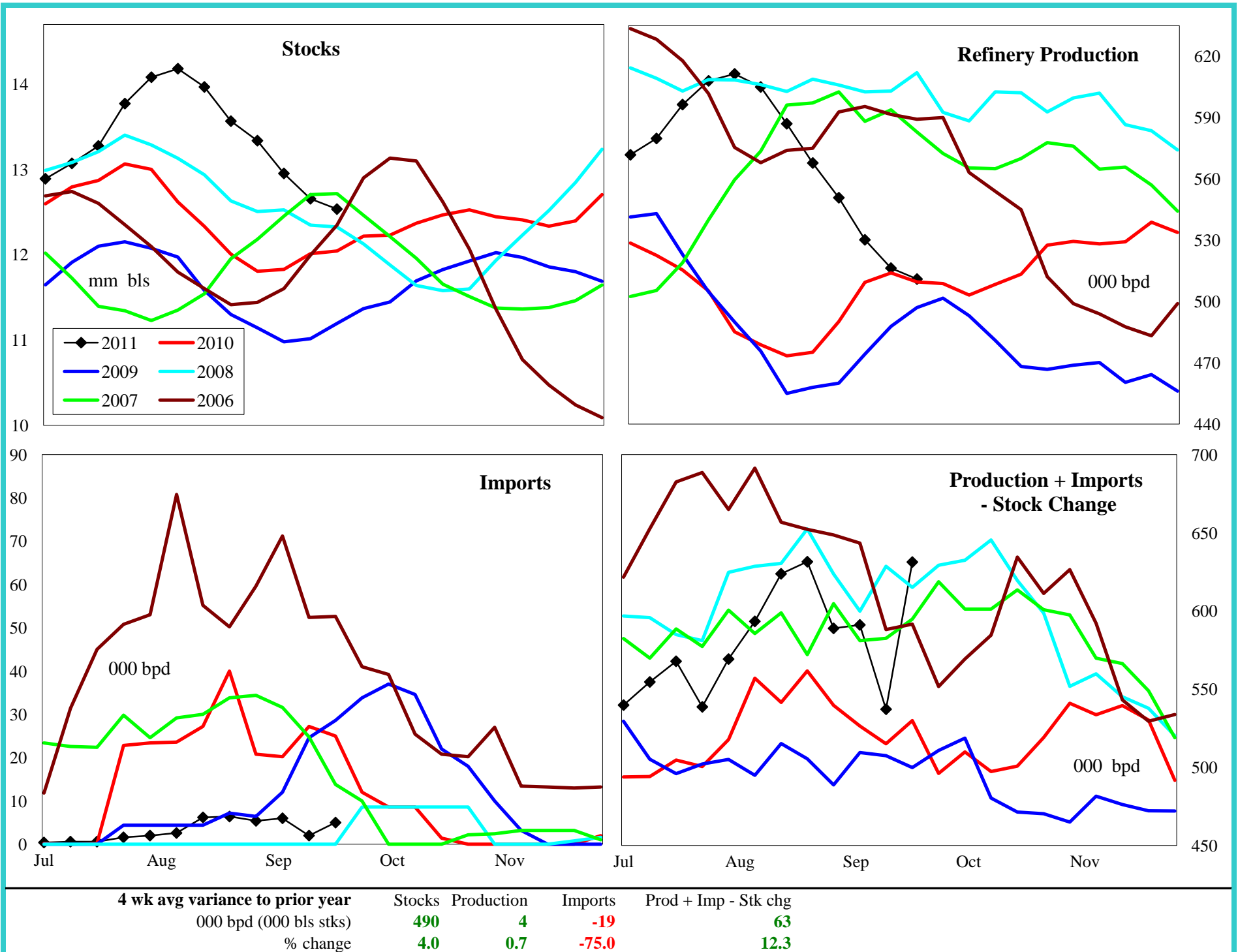
PADD 5 Reformulated Gasoline Supply



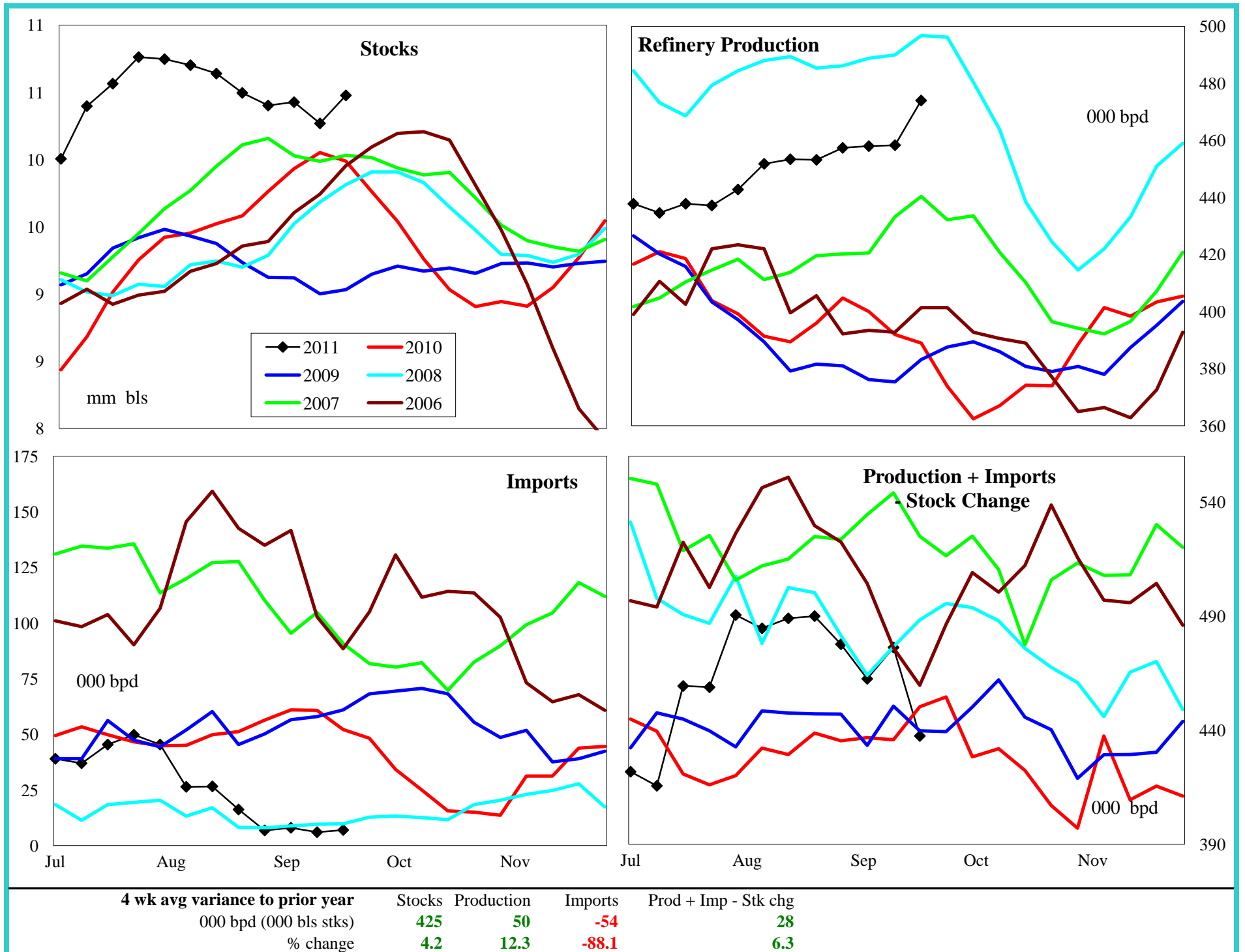
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

