



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

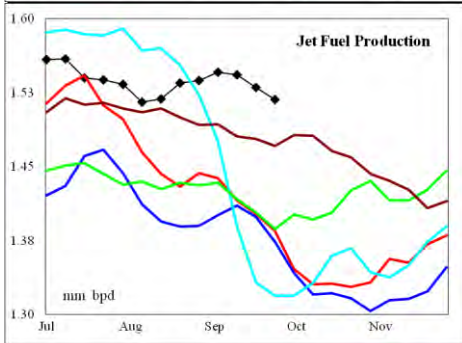
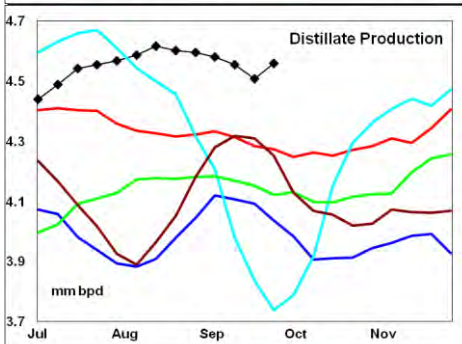
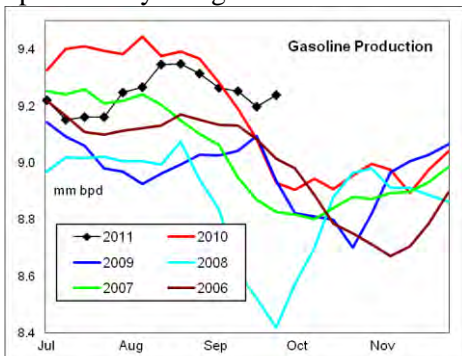
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, September 30, 2011



Major Fundamental Trends¹

The latest 4-wk average demand year on year change for transport fuels was lower for gasoline (-2.4%), distillate (-1%) and jet fuel (-3.3%); reflecting very low economic growth.

Partially offsetting this weakness has been a rise in exports, with the latest quarter (May - July) showing increases of +137,000 bpd, +60,000 bpd and +7,000 bpd for gasoline, distillate and jet fuel; respectively. For the month of July, exports of middle distillates were up nearly +150,000 bpd from a year ago.



The lack of severe weather disruptions has led to record high rates of

production for transport fuels, with output of each at 5-year highs for this time of year. While output should trend lower on fall refinery maintenance, production rates are likely to remain above the 5-year range as a result of capacity expansions and extremely favorable processing margins for plants utilizing inland domestic and Canadian crude oil imports.

A significant shift in the product export/import balance has kept transport fuel markets from becoming over supplied. Record high exports and record low imports have balanced markets in the Gulf regions of PADD 1, 3 and 5 during 2011.

Risk of a slowdown in global economic growth during the next several months could lead to lower exports and higher imports, reversing the balance.

Demand for the combined transport fuels was modestly higher on the week, although the level remains below last year.

Wholesale demand measured over the last four weeks compared to a year ago: gasoline decreased -2.4%; distillate down -1%; jet fuel down -3.3% while residual fuel oil increased +12%.

Stocks forward coverage: Gasoline demand coverage increased on a +0.8 million barrel stock build and weak demand. Coverage levels were near 5-year highs.

Distillate coverage was nearly unchanged on a +0.1 million barrel stock build last week and higher demand. Coverage levels were significantly below the last 2-years.

Jet fuel coverage levels were comparable to the last 2-years on a +0.5 million barrel stock build for the week that offset higher demand.

Refinery utilization rates decreased on a -130,000 bpd decrease in crude oil runs. During the latest 4-wk period crude oil input was +332,000 bpd above a year ago.

Gasoline yield % on crude oil runs

increased on a +201,000 bpd rise in production, compared to the -130,000 bpd decline in crude oil input. Yield % on crude oil runs was below the last 3-years.

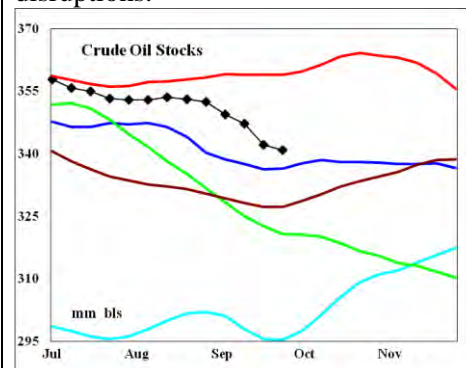
Distillate yield % on crude oil runs increased on a +86,000 bpd rise in production compared to the decline in crude runs. Yield % on crude oil runs exceeded the 5-year range.

Jet fuel yield % on crude oil runs decreased on a -52,000 bpd fall in output. Yield % levels remain near 5-year highs for the period.

Petroleum Imports were sharply higher for crude oil and residual fuel last week, with transport fuel imports showing a decline.

During the latest 4-wk period crude oil imports decreased -0.3 million bpd compared to last year; distillate imports decreased -58,000 bpd; finished gasoline imports increased +180,000 bpd, gasoline blend stock imports fell -260,000 bpd; jet fuel imports declined -90,000 bpd, while residual fuel oil imports decreased -82,000 bpd.

Crude Oil stocks increased +1.9 million barrels last week on a +1.5 million barrels spike in imports, that was due in part to 'catching up' in PADDs 1 and 3 after earlier weather disruptions.



¹ Source is latest EIA Weekly Statistics



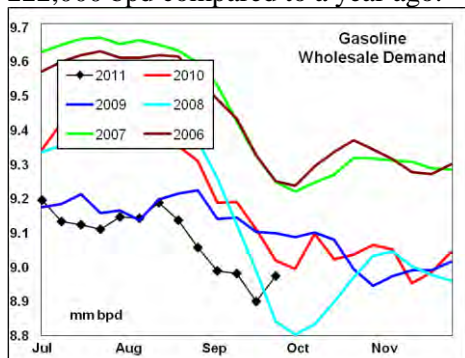
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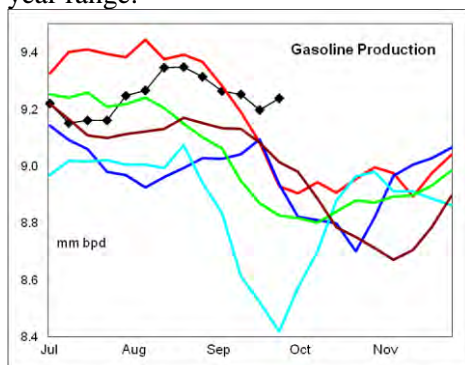
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Product Supply-Demand Trends

Gasoline demand increased +106,000 bpd last week, although the level remains well below the last 2-years. The latest 4-wk average demand decreased -222,000 bpd compared to a year ago.



Production increased +201,000 bpd last week, lifting output above the 5-year range.



Stocks increased +0.8 million barrels last week, with the level well 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 are driving the supply balance to excess in markets East of the Rockies.

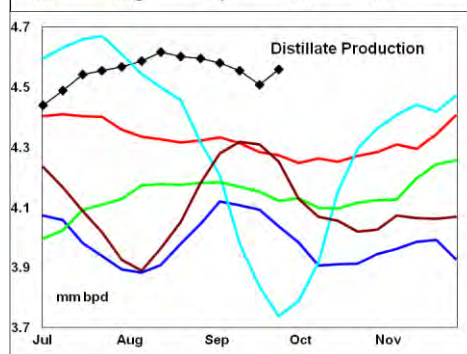
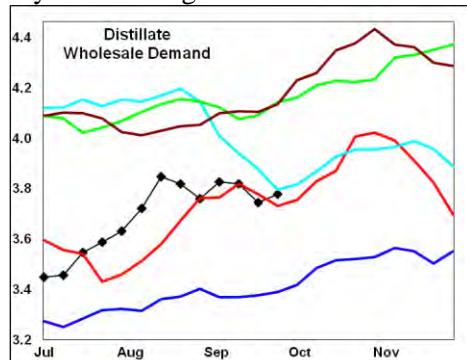
The latest 4-wk stock build in East of the Rockies markets was +6 million builds, a level near 5-year highs.

Distillate demand decreased -57,000 bpd last week, to a level comparable to a year ago. The latest 4-wk average demand was -40,000 bpd below a year ago.

Supply increased +78,000 bpd last week on higher production. Stock levels were unchanged on the week, with the level -16 million barrels

below last years' record high.

The latest 4-wk stock build in markets East of the Rockies was +3 million barrels, a level well below the 5-year mid range.



Wholesale demand has slipped below year ago levels on weak economic growth. Offsetting the weak domestic demand has been a +60,000 bpd jump in exports during the latest quarter (May - July, latest EIA data). During July, exports were +120,000 bpd above last year.

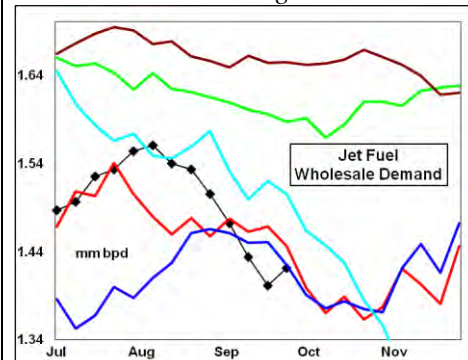
While refinery production averaged +200,000 bpd above last year for the most recent 4-wk period, higher exports have absorbed a significant portion of the increase.

Stock levels are now -9% below last year, with the decline concentrated in PADD 1.

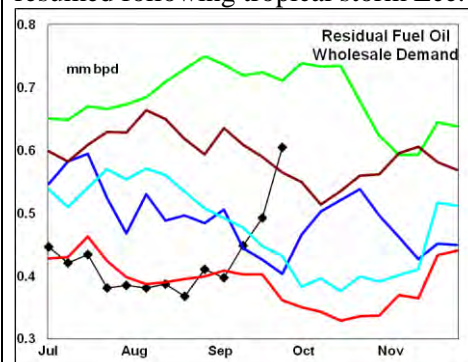
Jet Fuel demand jumped +93,000 bpd last week, although the level remains below the 5-year range. The latest 4-wk average demand was -48,000 bpd below last year.

Supply was nearly unchanged on the week with a -52,000 bpd drop in production offset by a +41,000 bpd rise in imports. Stocks increased +0.5 million barrels to a level at the upper end of the historic range.

The jet fuel supply balance continued to improve on production rates above the 5-year range and very weak demand, that has led to counter seasonal stock building.



Residual fuel oil demand jumped +289,000 bpd on the week, as exports resumed following tropical storm Lee.



Supply (production + imports) increased +110,000 bpd last week, on higher imports. The latest 4-wk average supply was -76,000 bpd below last year. Stocks fell -1.5 million barrels to a level that matched 5-year lows.

The key Gulf Coast market supply balance extended the tightening trend this week, with an export surge that has driven stocks to the lowest level of the last year. The level of stocks remains at the historic mid range.

The West Coast market has remains very well supplied with stock levels near record highs.



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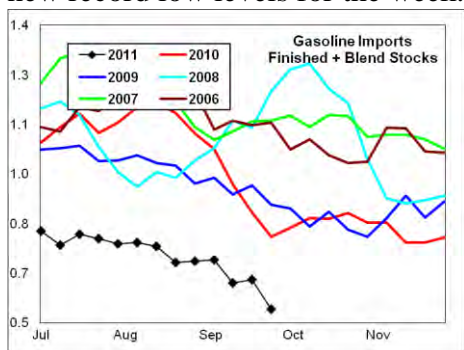
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PADD Supply Trends

PADD 1 refinery crude oil runs declined -57,000 bpd on the week, although the level remains above last years' record lows.

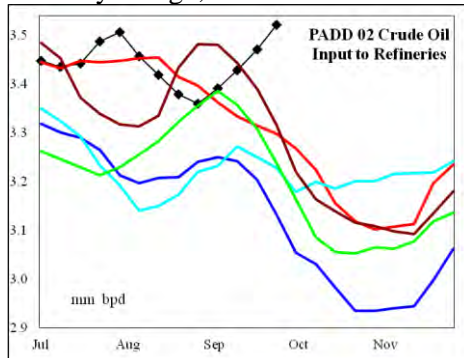
Gasoline supplies fell -162,000 bpd last week on lower production and imports. Supply during the latest 4-wk period was +28,000 bpd above a year ago. Imports fell to new record low levels for the week.



Gasoline stocks jumped +2.4 million barrels on the week, due in part to increased receipts from the Gulf following an end to weather disruptions. Gasoline stock levels have been restored in the key Central Atlantic Region, following tight supplies during the last quarter.

Distillate supply fell -81,000 bpd on lower production. However a jump in receipts from the Gulf led to a +0.8 million barrel stock build for the week. Stock levels remain well below the mid range.

Jet fuel imports during the latest 4-wk period were down -40,000 bpd from a year ago, to a record low level.



PADD 2 crude oil refinery runs were nearly unchanged last week, at record

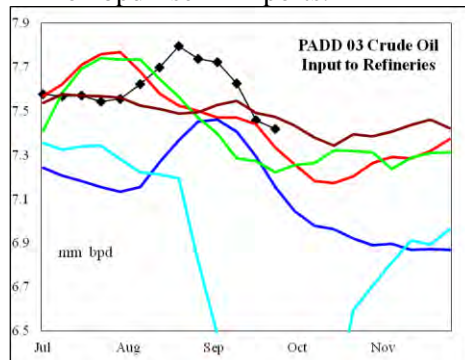
high levels. Imports also reached new highs, up over +400,000 bpd from last year. Crude stock levels remain above the 5-year range.

Gasoline production was nearly unchanged on the week, at a level that matched 5-year highs. Stocks increased +1 million barrels, with a build of over +2 million barrels during the last 2-wks. Stock levels remain below the mid range.

Distillate production increased +45,000 bpd, to a level above the historic range. Stocks increased +0.9 million barrels to a level that matched the 5-year mid range.

Jet fuel production and stock levels were each at 5-year highs for this time of year.

PADD 3 refinery runs declined -129,000 with the level at the upper end of the historic range. The latest 4-wk average thru put was +69,000 bpd above last year. Crude oil stocks jumped +2.8 million barrels on a +0.6 million bpd rise in imports.



Gasoline production increased +55,000 bpd on the week, although the level remains near lows for the year. Stocks fell -2.1 million barrels last week, with the level matching 5-year highs.

Distillate production increased +32,000 bpd on the week; with the latest 4-wk average +240,000 bpd above the previous record level. Stocks fell -1.1 million barrels, with increased deliveries to PADDs 1 and 2, lifting stock levels in those regions.

Jet fuel production was nearly unchanged on the week, with the level near the historic high. Stocks climbed +1.1 million barrels to a level well

above the mid range.

Residual fuel oil supplies increased +101,000 bpd on the week, with import levels near 5-year highs. Stocks -1.2 million barrels last week, on a spike in exports.

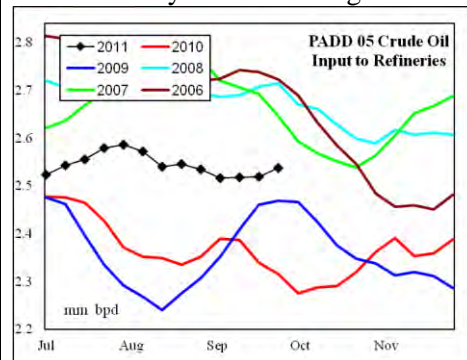
PADD 4 refinery crude runs remain -100,000 bpd below last year on continued refinery maintenance. Extremely low runs have pushed crude oil stocks to record high levels.

Gasoline production fell -30,000 bpd last week, to new record low level. Stock levels also fell to 5-year lows.

Distillate production and stock levels each fell to new record low levels on continued refinery maintenance.

Jet fuel production fell to 5-year lows, although stock levels remain near historic highs.


PADD 5 crude oil refinery runs increased +39,000 bpd on the week, with the level above the last 2-years. The latest 4-wk average thru put was +157,000 bpd above last year. Light product yield % on crude oil runs matched last years' record high.



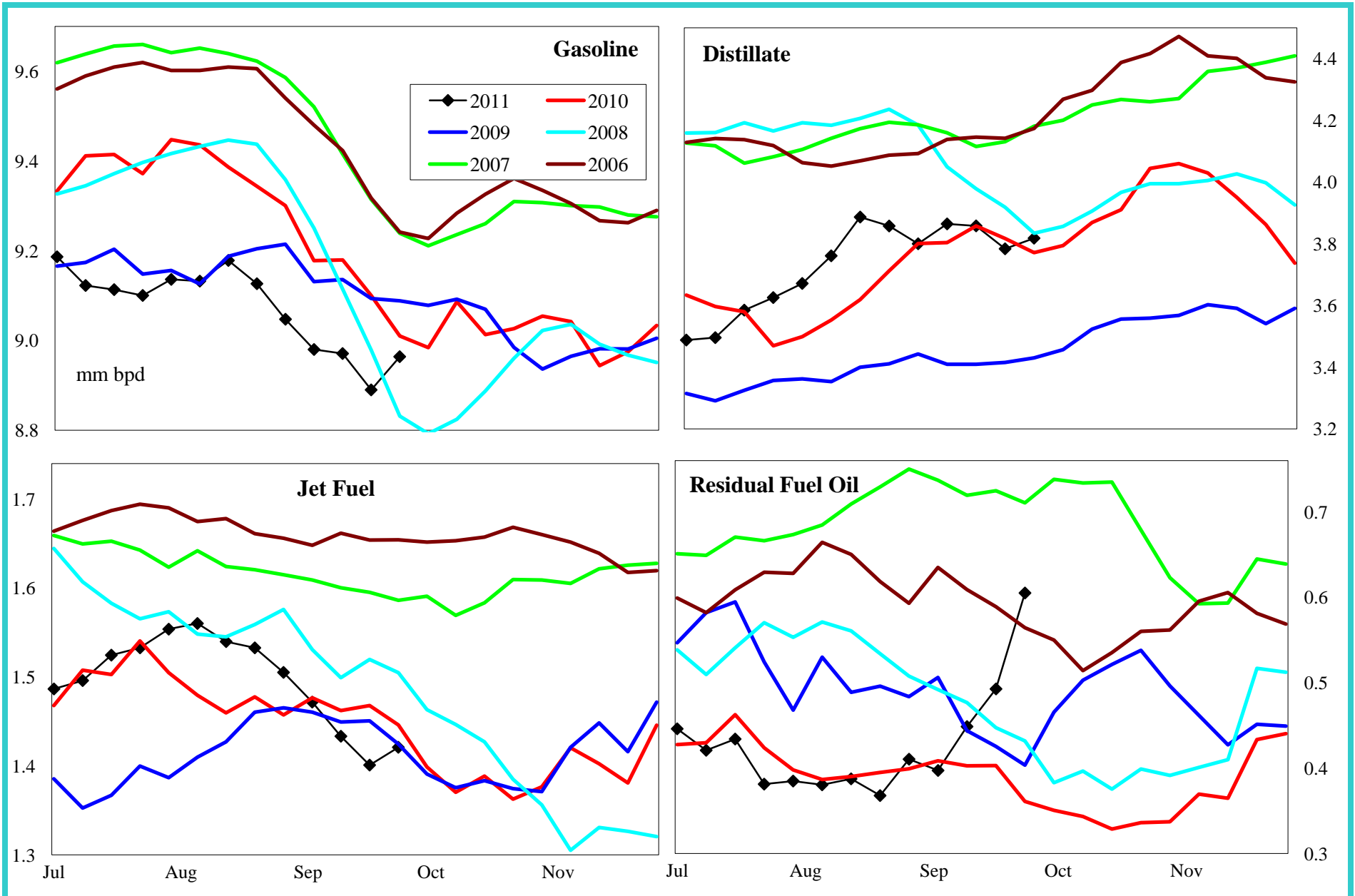
Gasoline production increased +29,000 bpd last week, a level above the last 4-years, with the latest 4-wk average +68,000 bpd above last year. Stocks fell -0.6 million barrels on the week, to a level below the mid range.

Distillate production jumped +102,000 bpd last week, to a level above the historic range. Stocks decreased -0.3 million barrels to a level that matched the mid range.

Jet fuel stock levels remain above the 5-year range with production near record highs.

 FUNDAMENTAL PETROLEUM TRENDS ?		PETROLEUM: Graph Link and Weekly Summary					
A Fundamental Petroleum Trends Weekly Report September 29, 2011							
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization			Imports	
Supply/Demand Trends	23-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	1,915	-100	-1,224	2,810	511	-82
	Imports	1,351	442	66	555	5	284
	Input	-130	-57	8	-129	9	39
	% Utilization	-0.50					
Gasoline	Stocks	791	2,421	992	-2,094	24	-552
	Production	201	-96	-15	57	-30	29
	Imports	-151	-66	-1	-77	0	-5
	Supplied	106					
Distillate	Stocks	72	812	878	-1,104	-169	-345
	Production	86	-83	45	32	-9	102
	Imports	-8	2	-1	0	-7	0
	Supplied	-57					
Jet Fuel	Stocks	518	-624	256	1,125	-78	-162
	Production	-52	-3	-16	4	-6	-31
	Imports	41	19	0	4	0	18
	Supplied	93					
Residual Fuel Oil	Stocks	-1,545	376	-96	-1,186	22	-661
	Production	-6	0	3	16	2	-25
	Imports	116	57	0	85	0	-27
	Supplied	289					

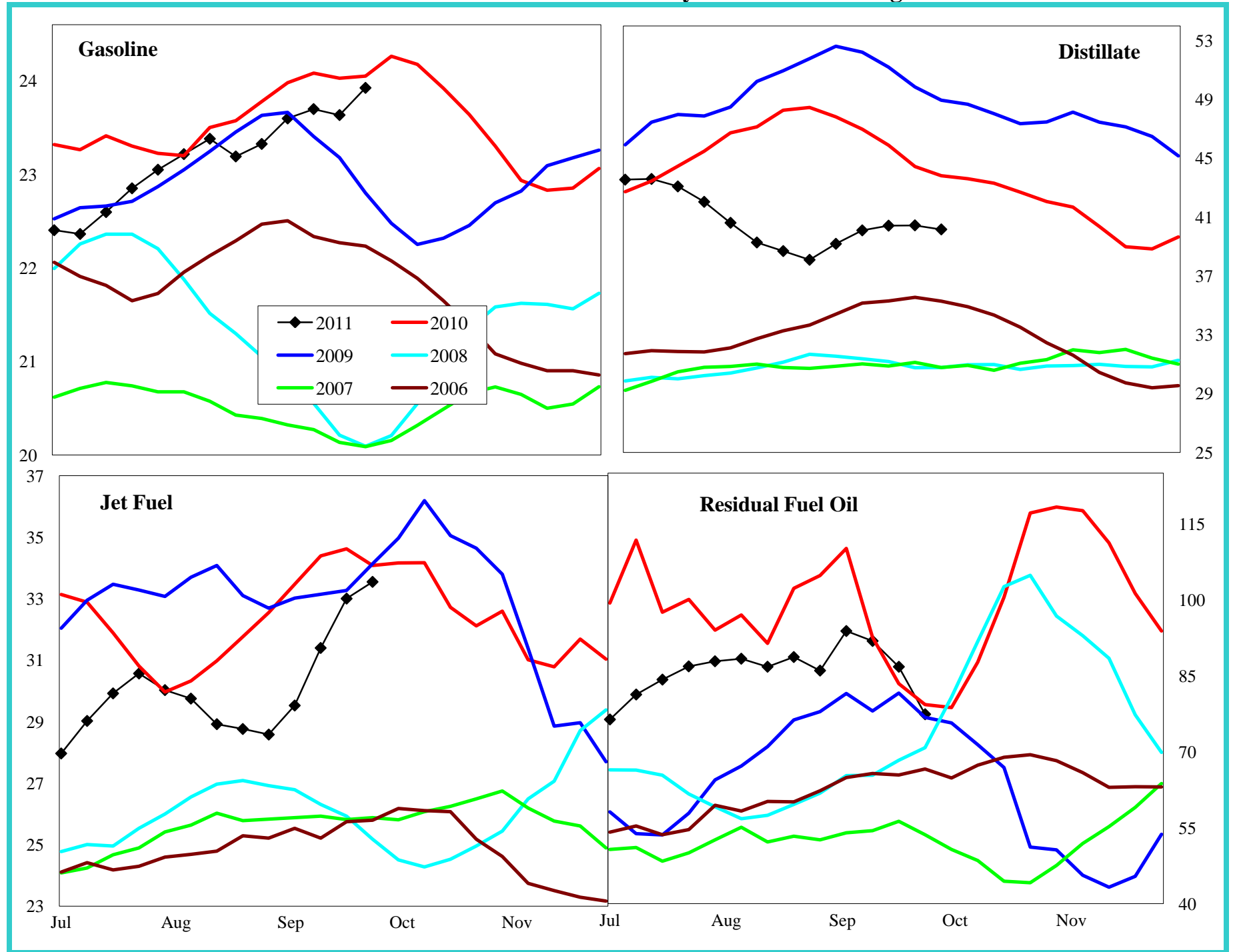
United States Wholesale Petroleum Demand



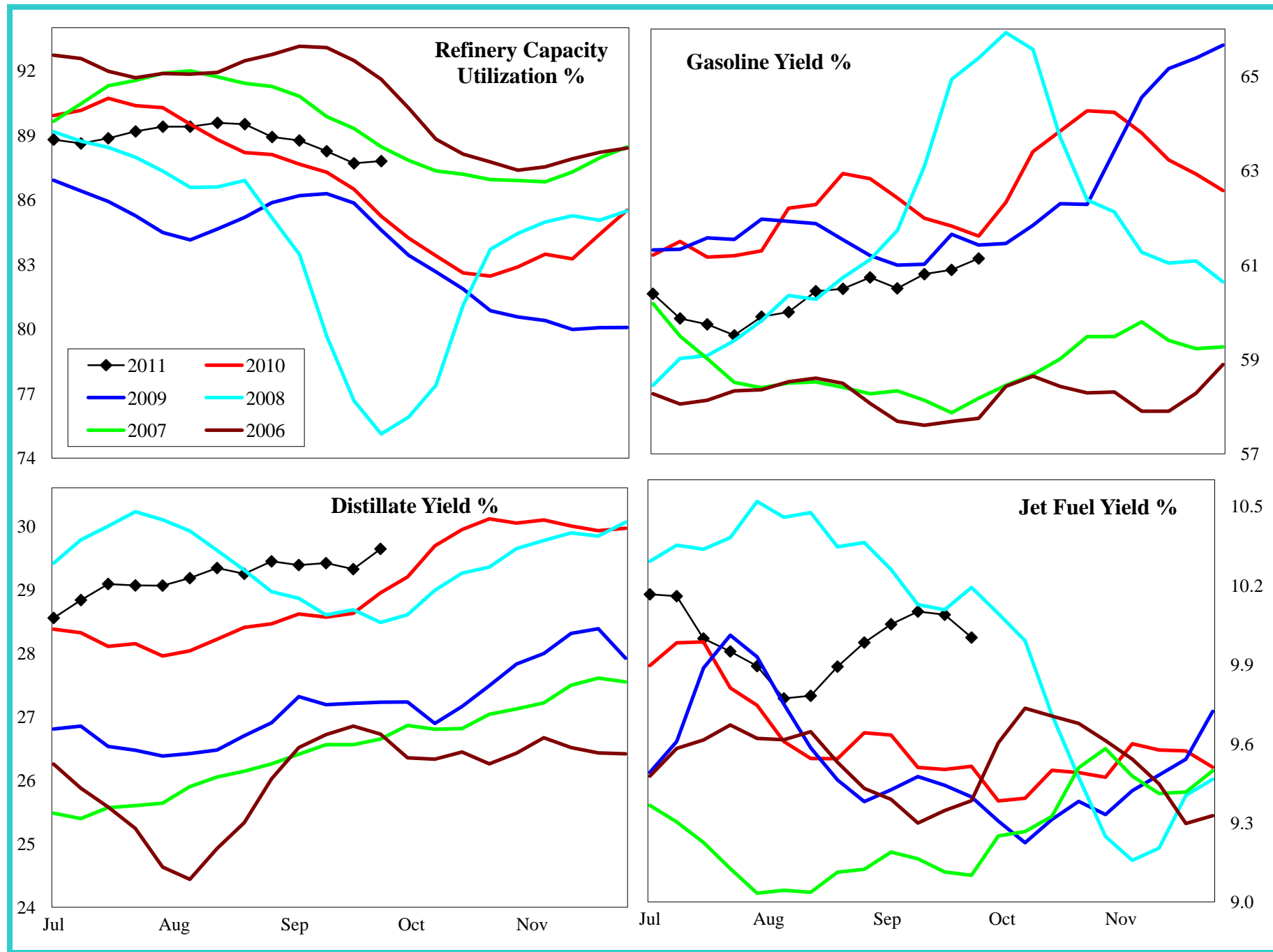
	000 bpd change from prior year				% change from prior year				
	4wk avg	Aug	Jan	Jun	4wk avg	Aug	Jul	Jun	
Gasoline	-222	-158	-236	-265	-2.4	-1.7	-2.5	-2.8	
Distillate	-40	6	2	160	-1.0	0.2	0.1	4.3	
Jet Fuel	-48	32	24	2	-3.3	2.2	1.6	0.1	
Resid	54	-62	-164	-29	11.9	-13.0	-27.6	-5.8	



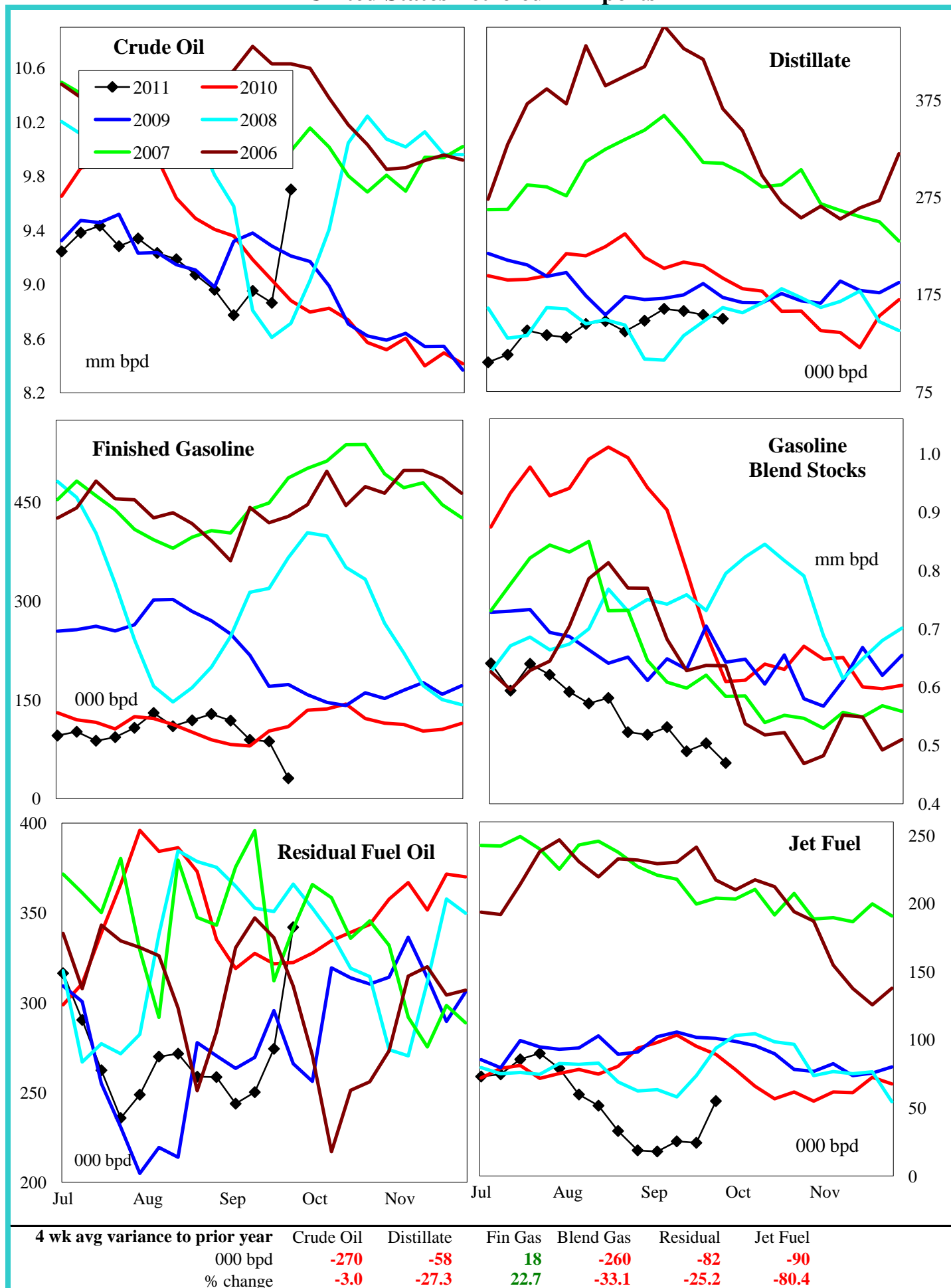
United States Product Stocks: Days Forward Coverage



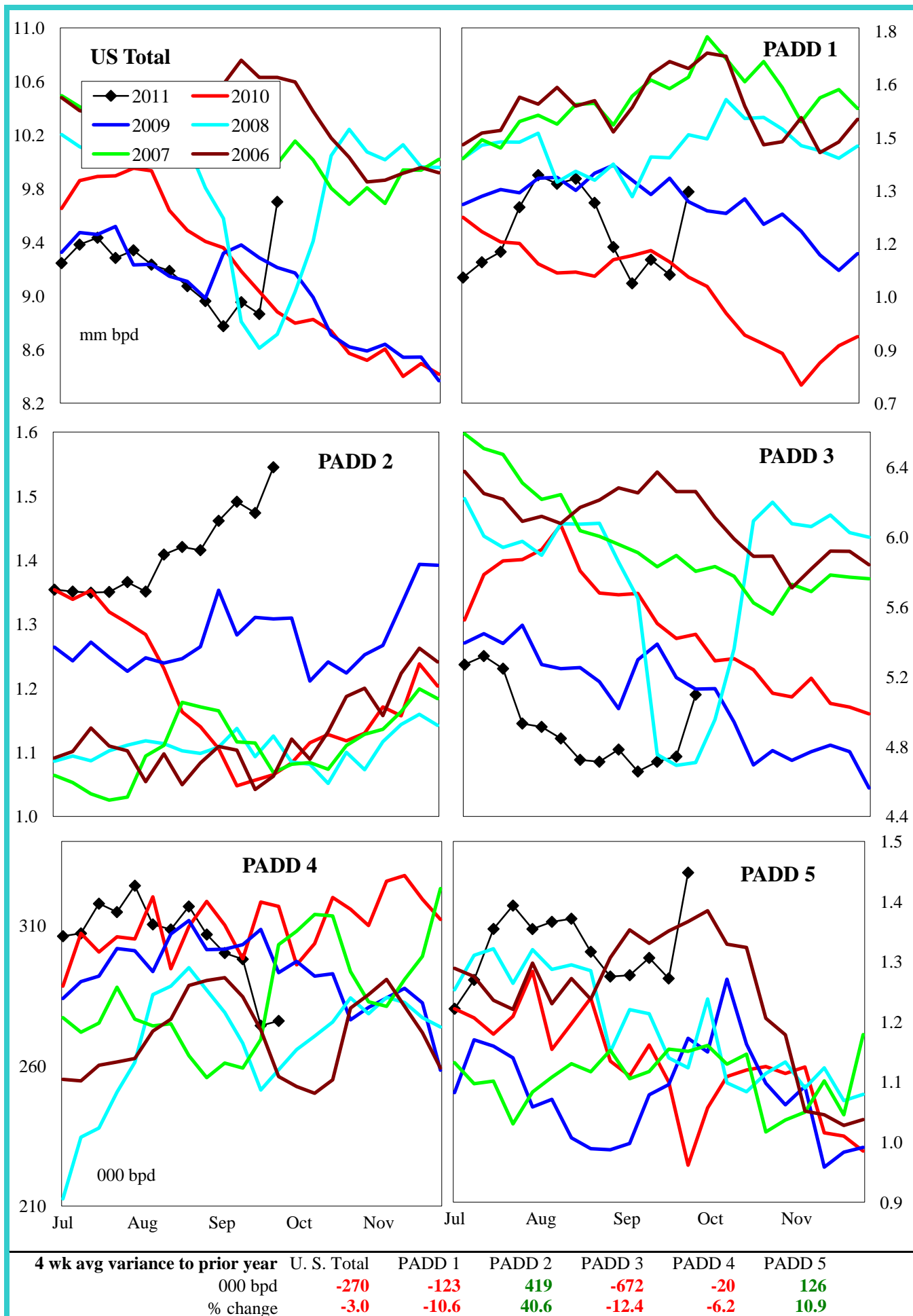
United States Refinery Percent Utilization Rate and Product Yields



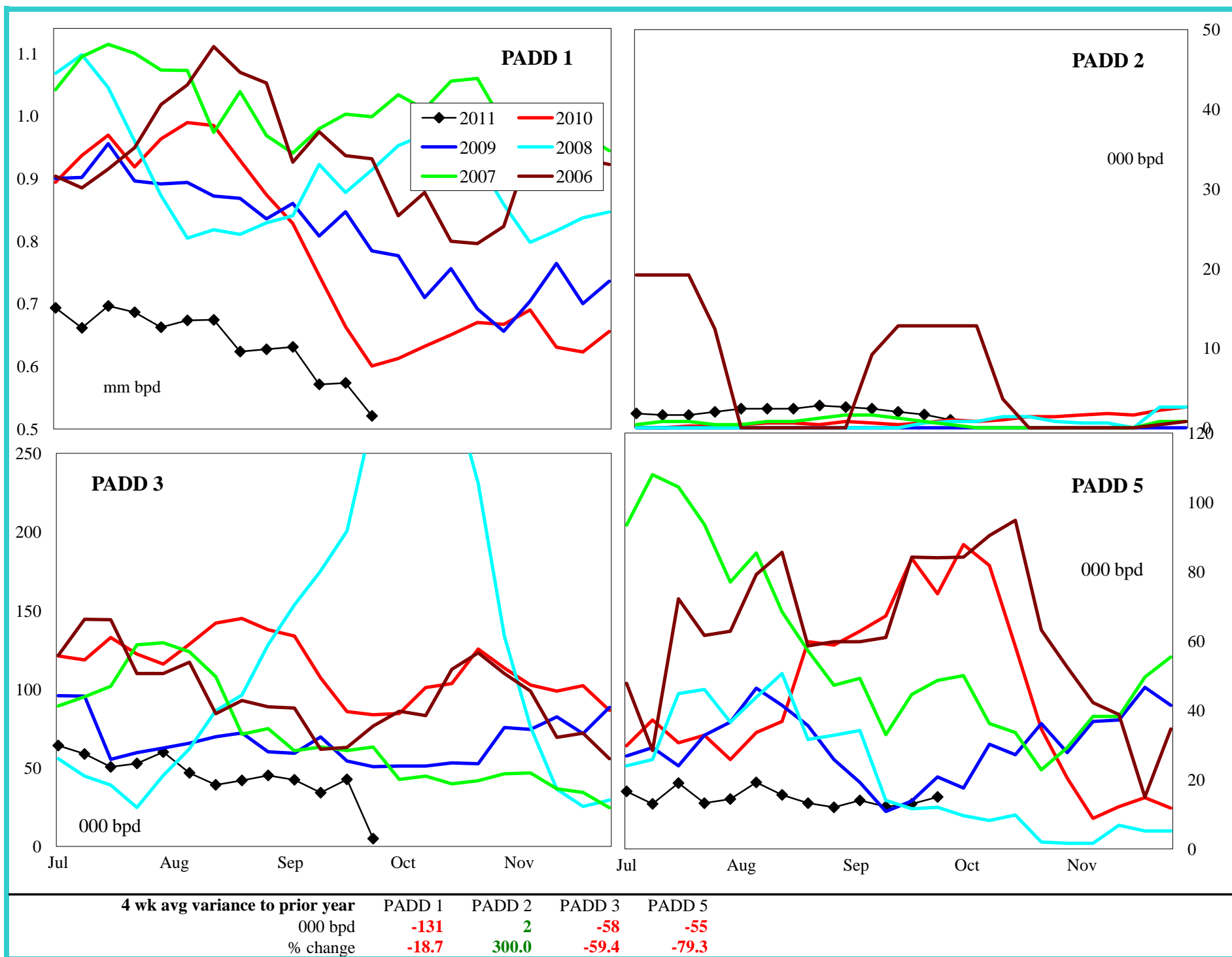
United States Petroleum Imports



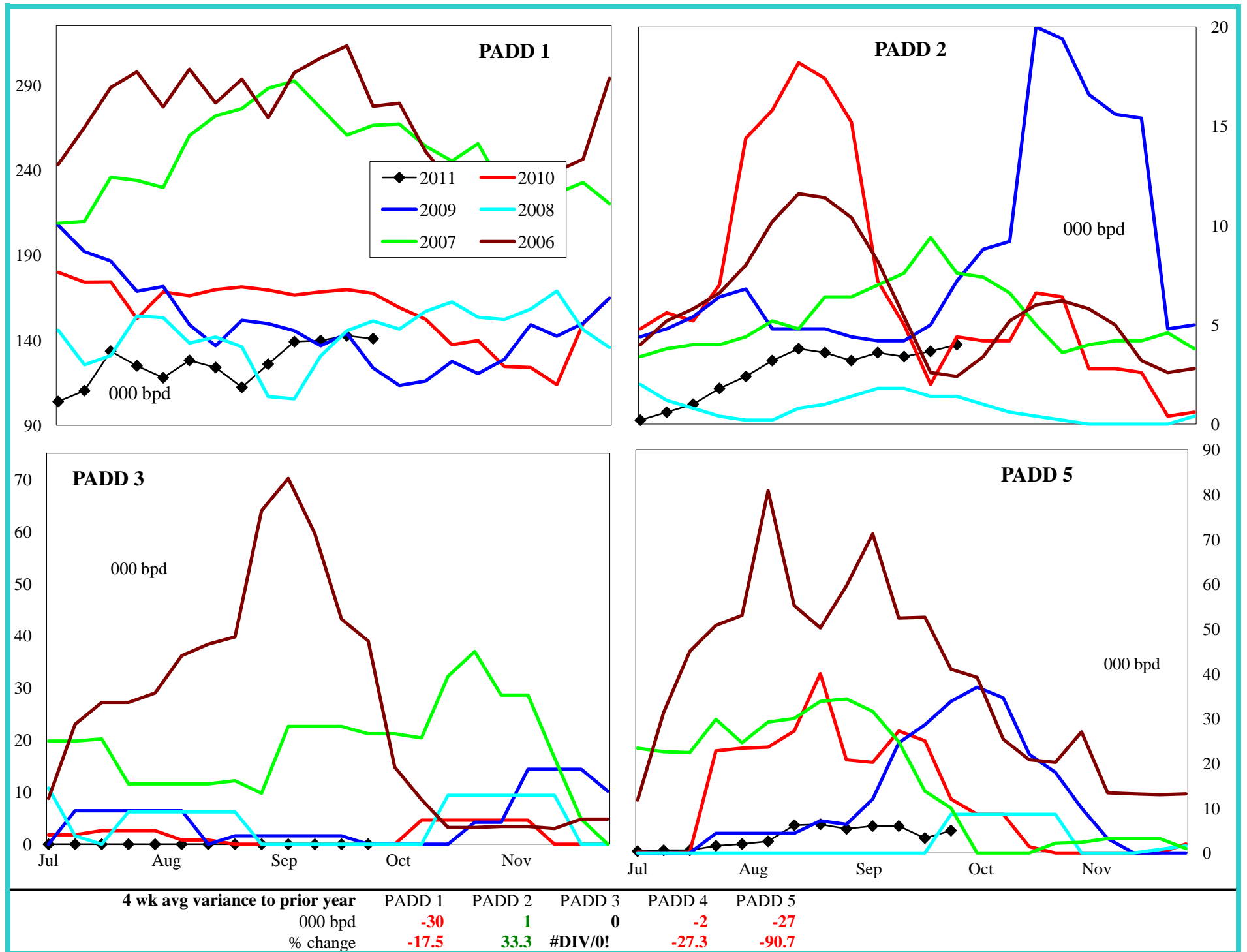
Crude Oil Imports by PADD



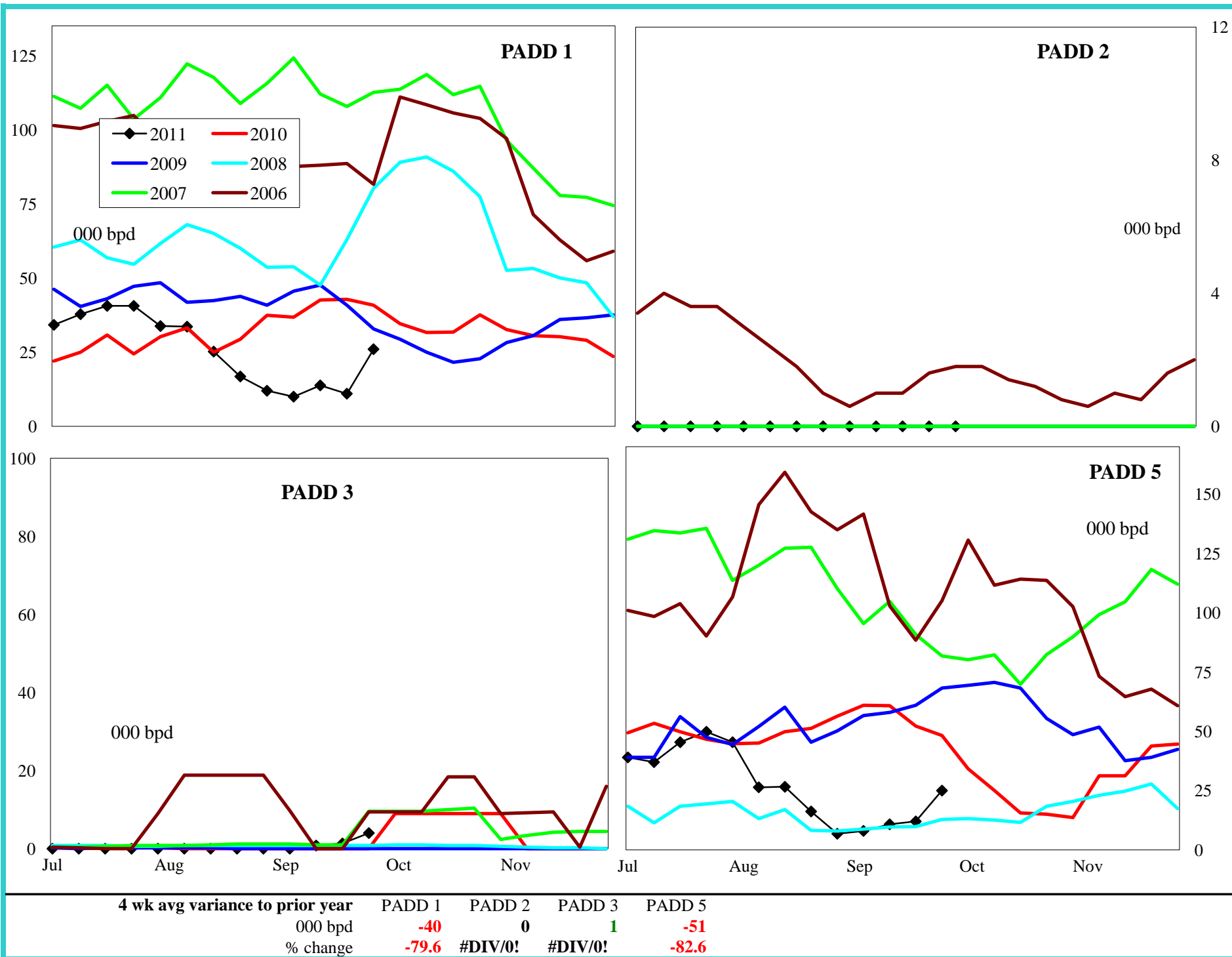
Gasoline Imports by PADD (Finished + Blend Stocks)



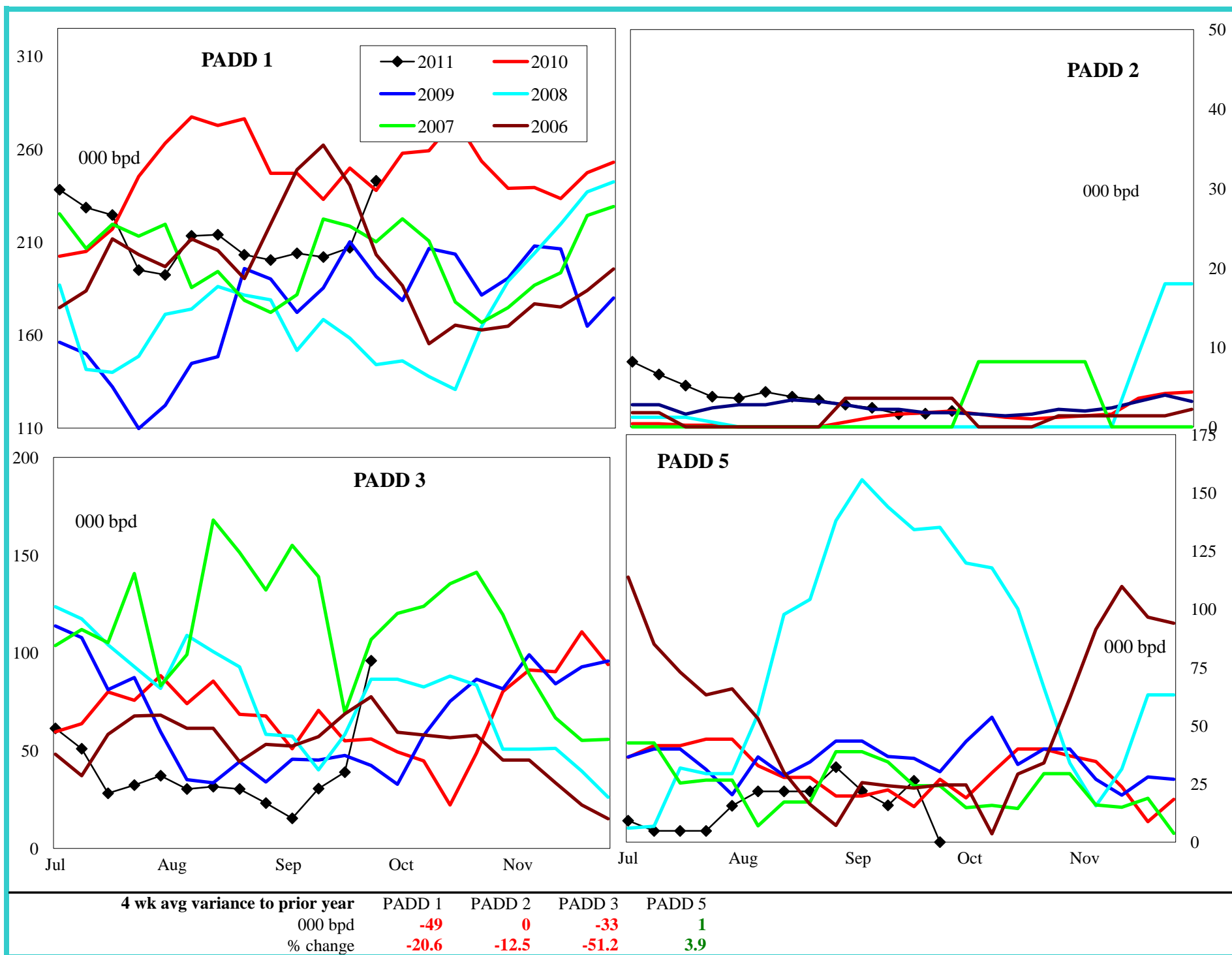
Distillate Imports by PADD



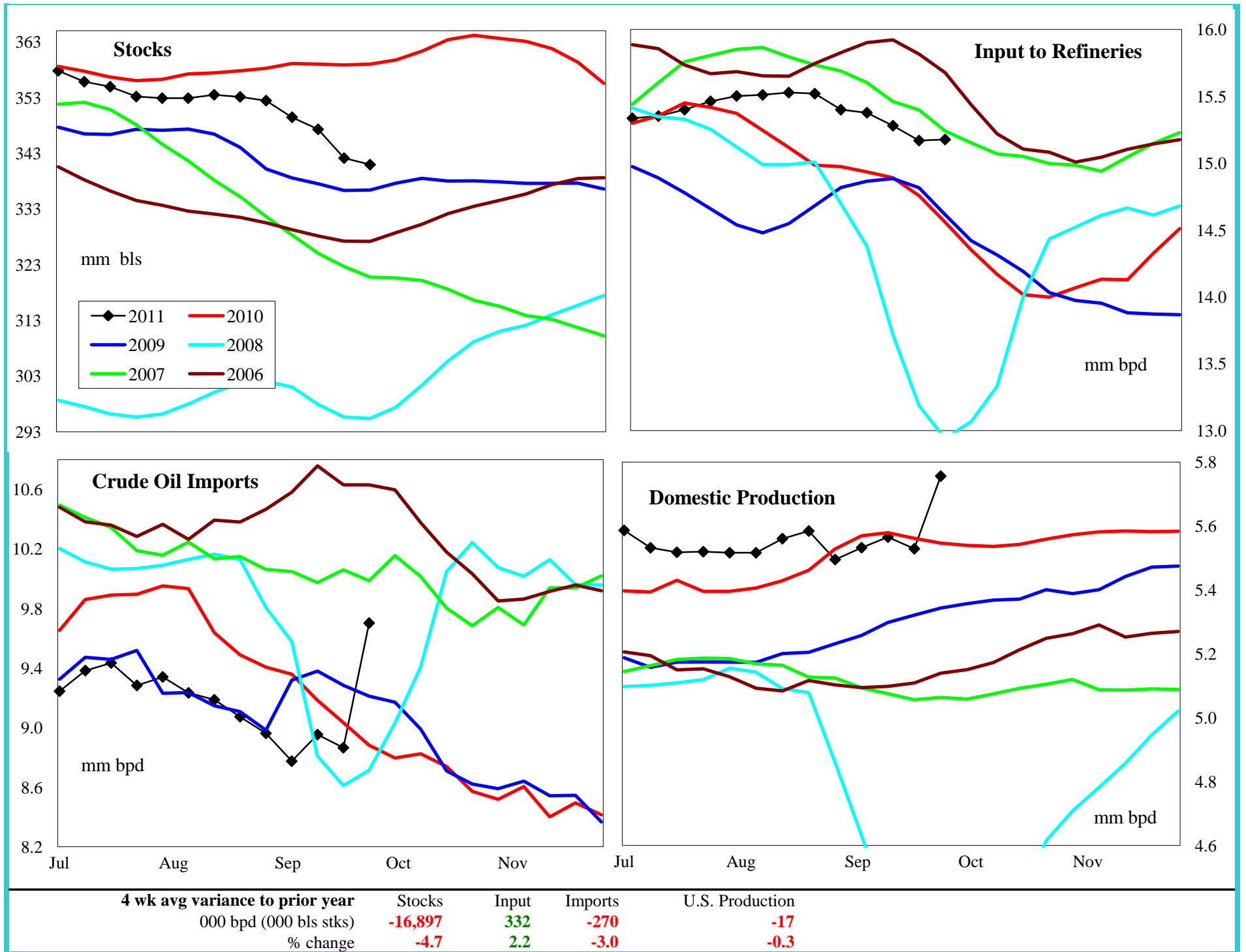
Jet Fuel Imports by PADD



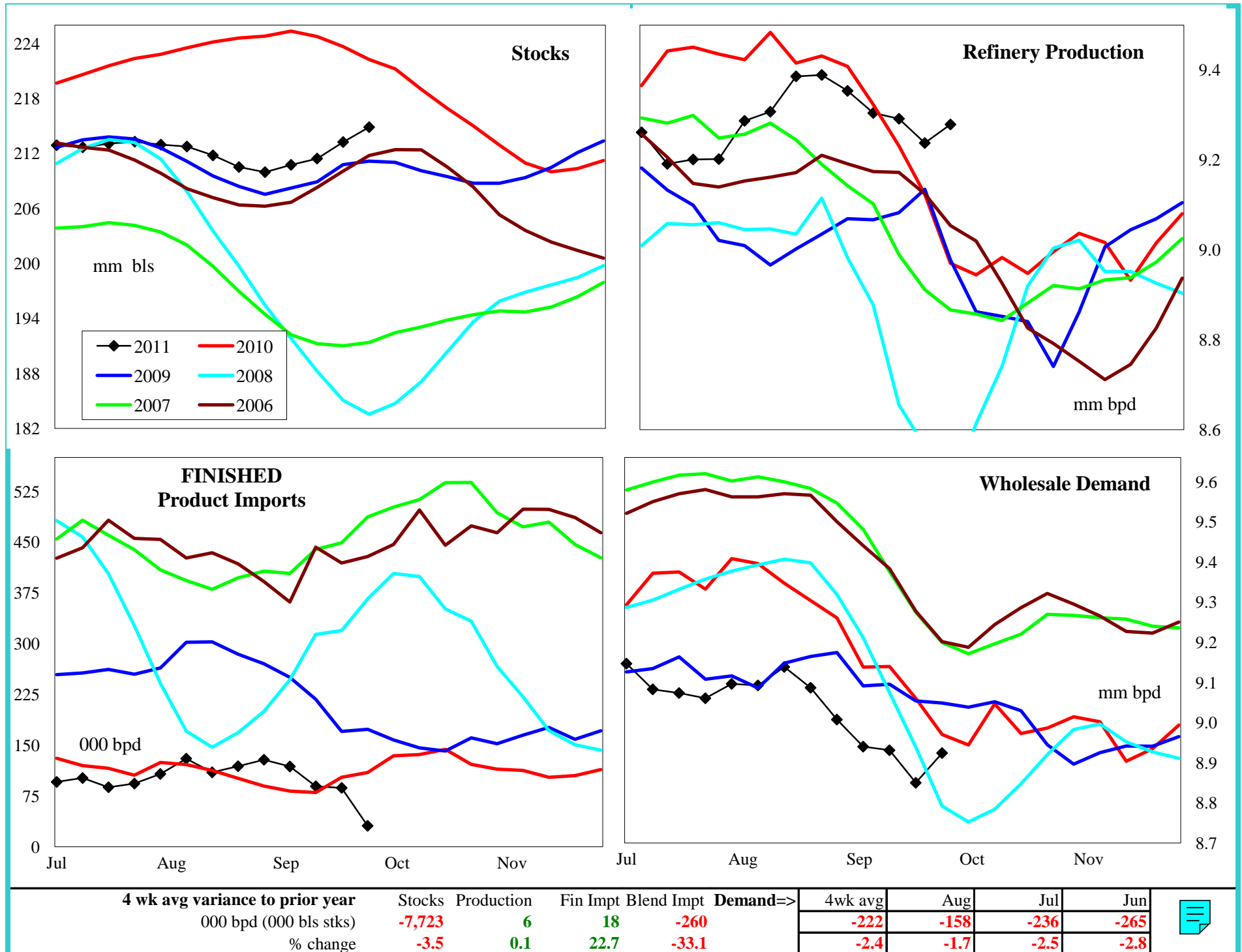
Residual Fuel Oil Imports by PADD



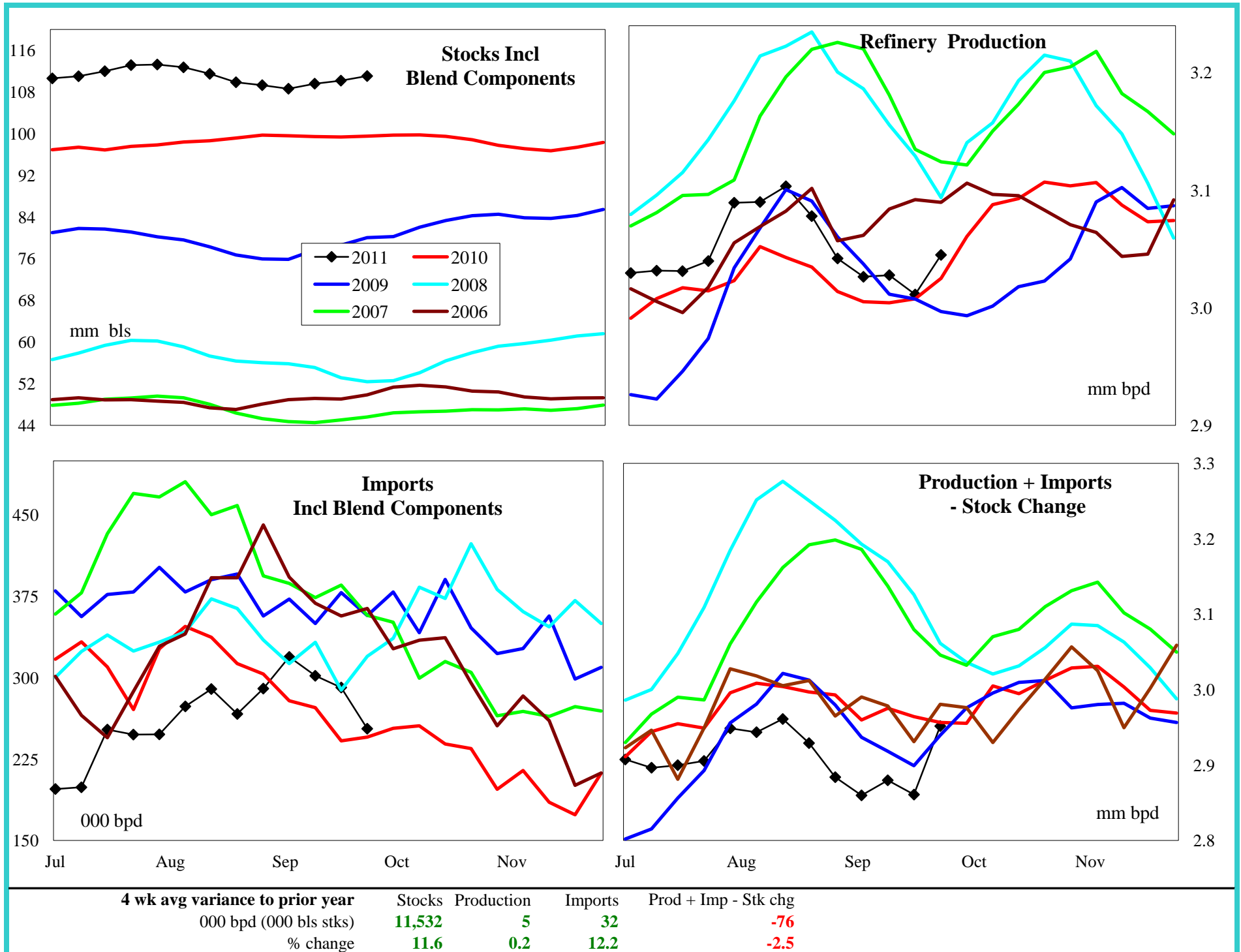
United States Crude Oil Supply and Demand Balance



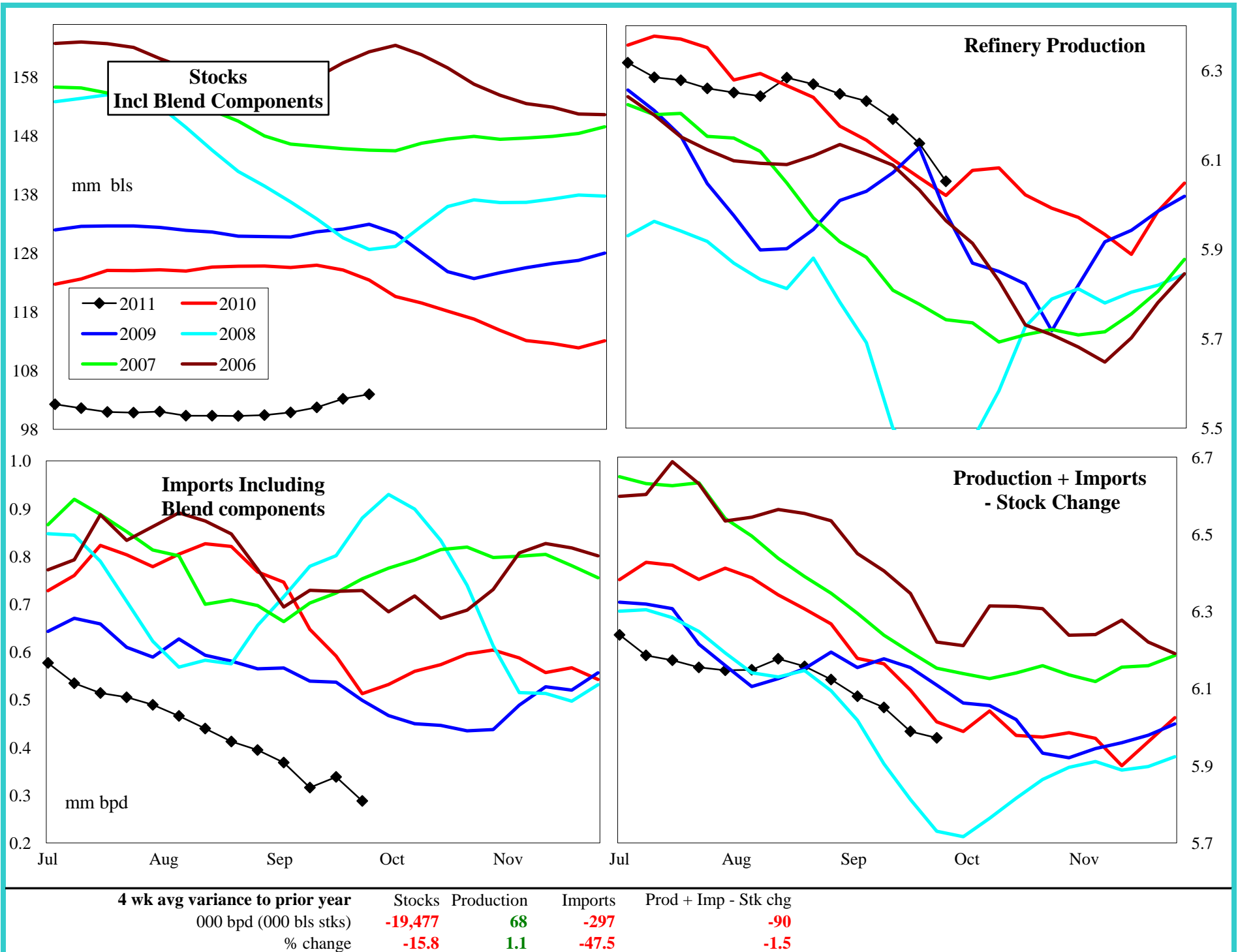
United States Gasoline Supply and Demand Balance



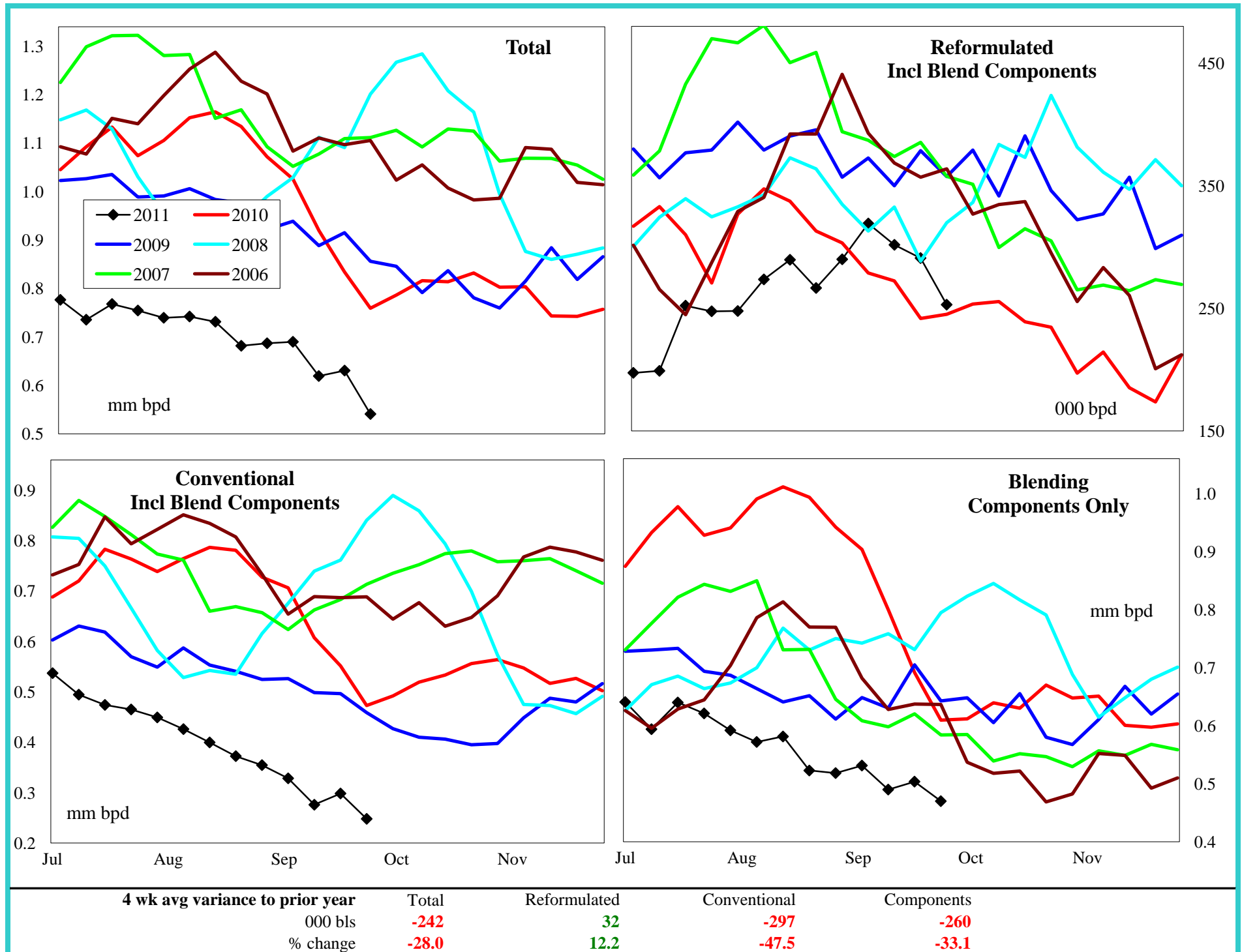
United States Reformulated Gasoline Supply



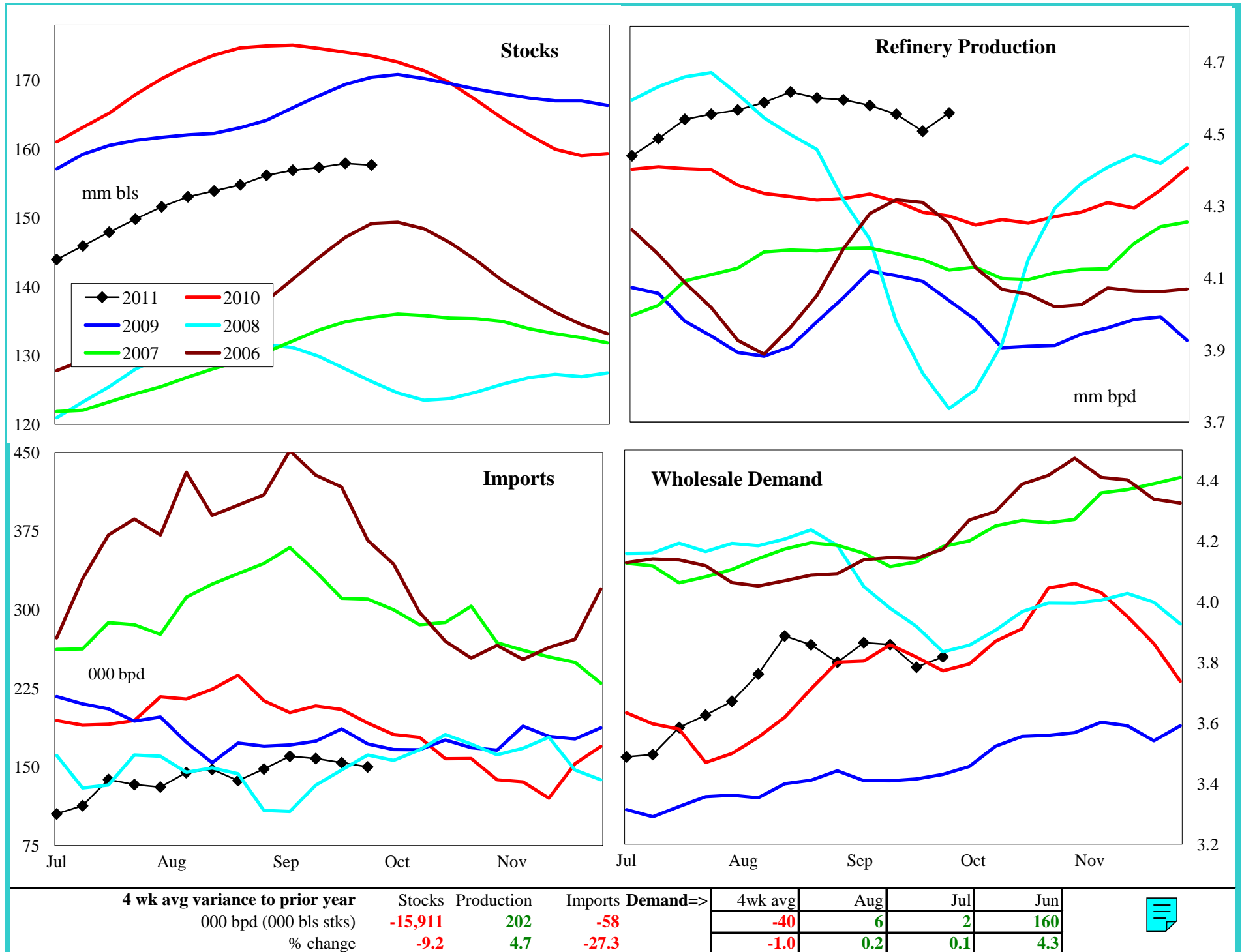
United States Conventional Gasoline Supply



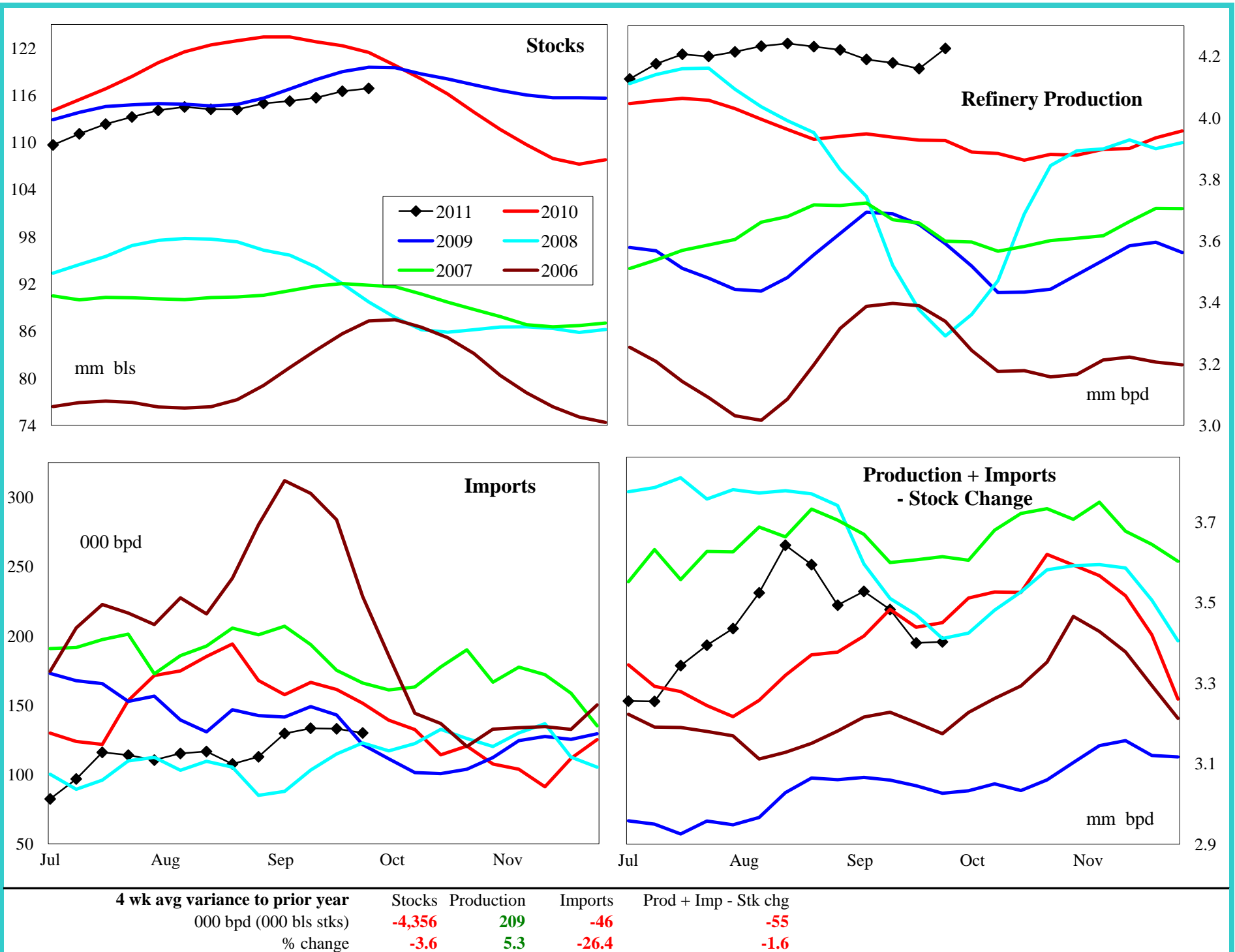
United States Gasoline Imports by Type



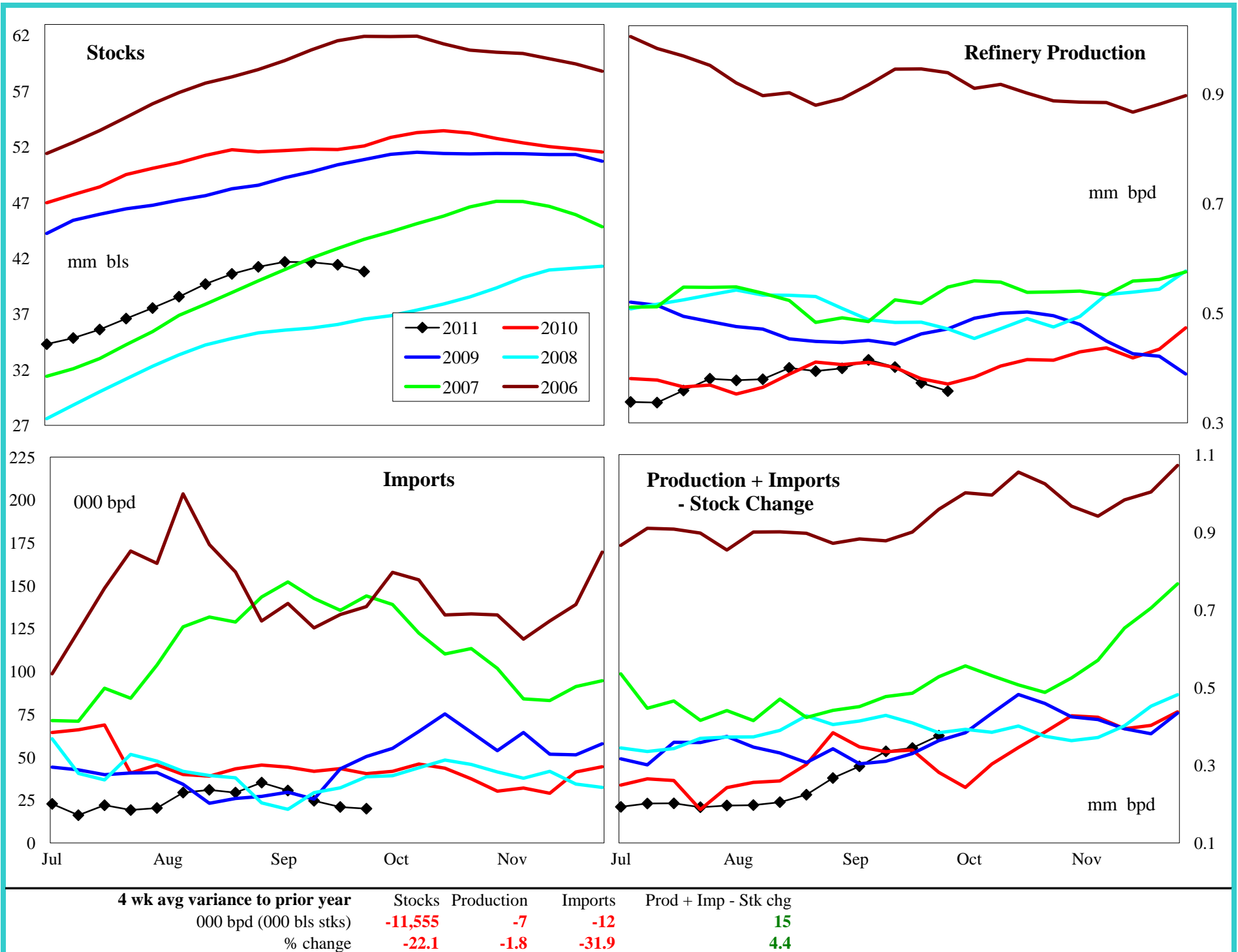
United States Distillate Supply and Demand Balance



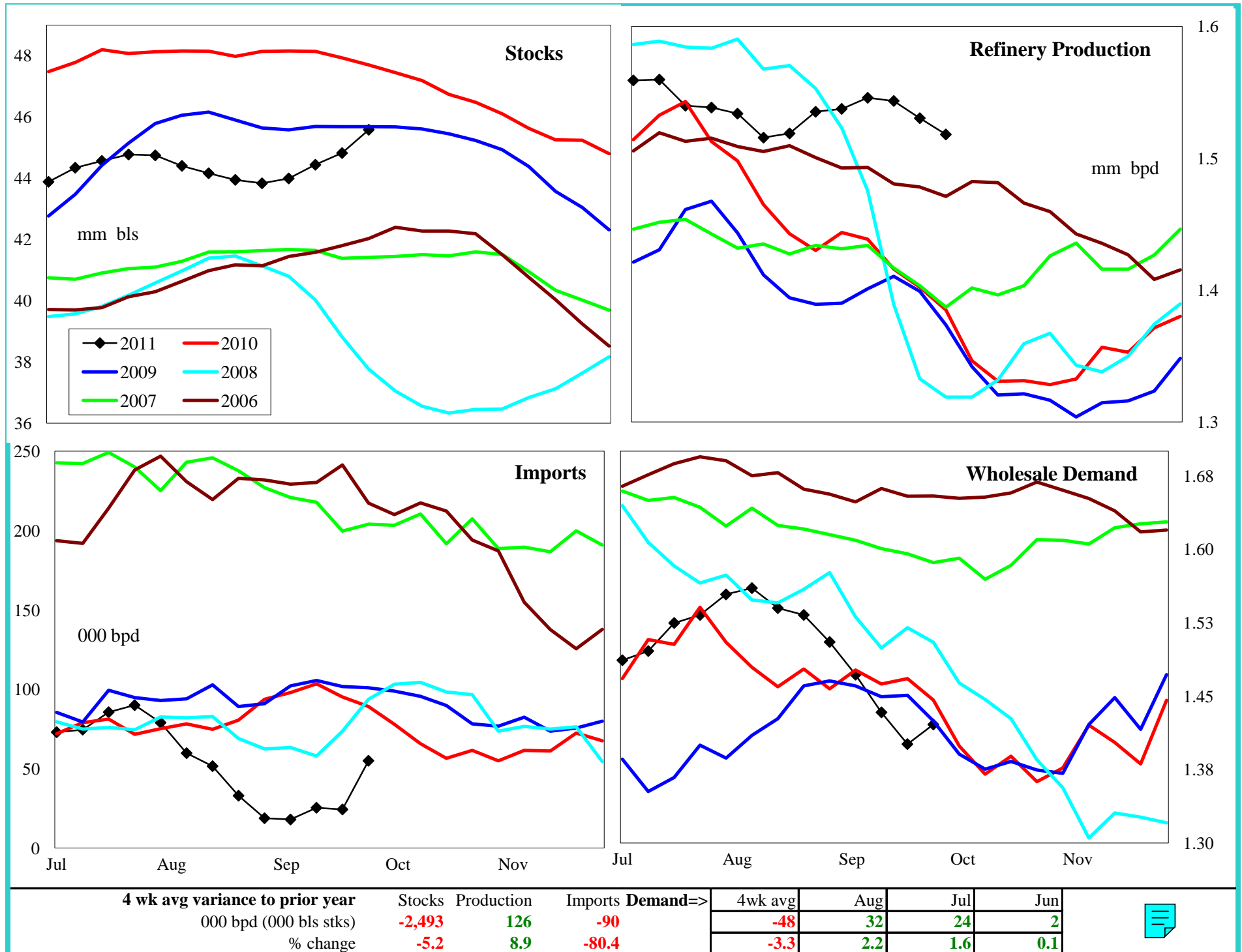
United States Low Sulfur Distillate Supply



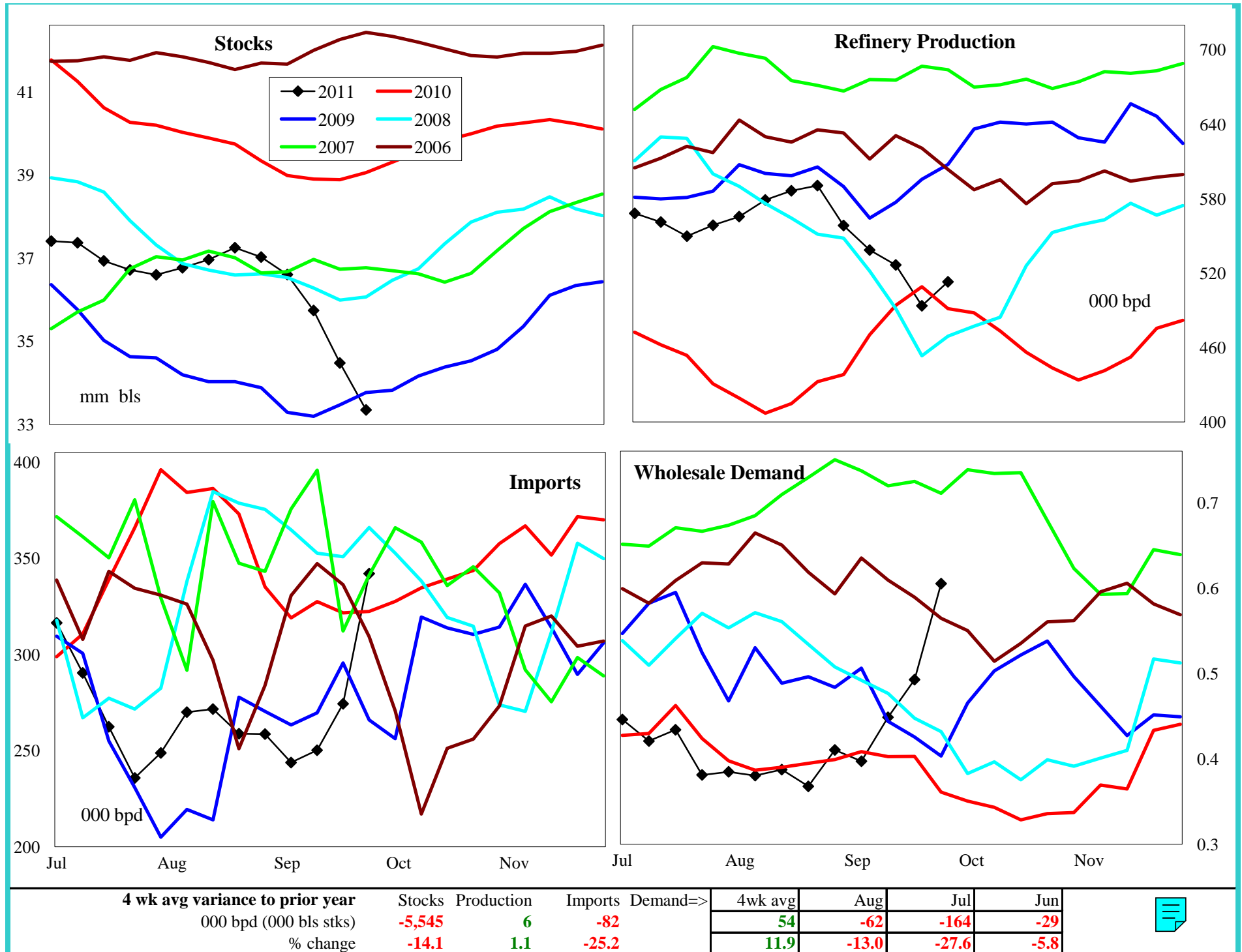
United States High Sulfur Distillate Supply



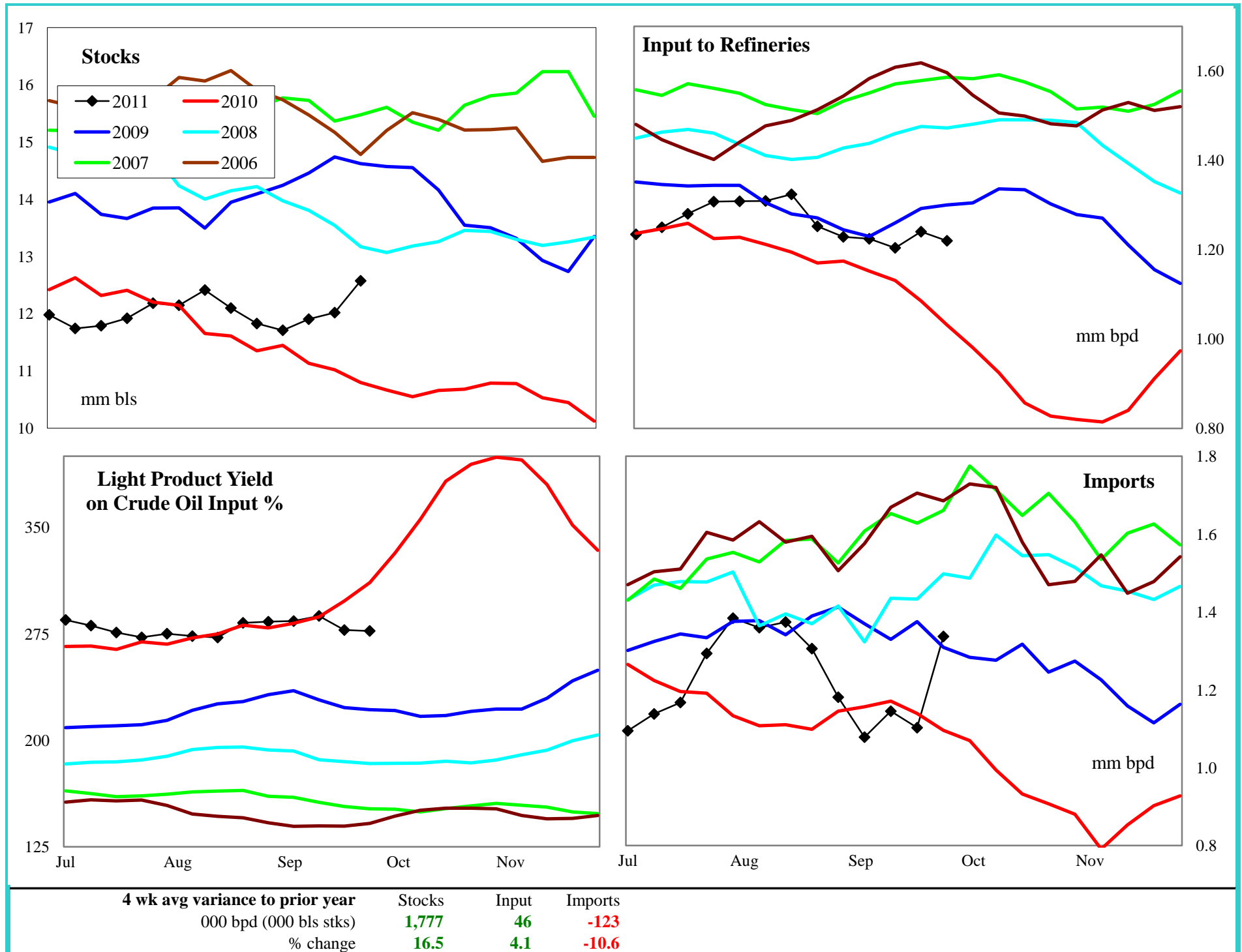
United States Jet Fuel Supply and Demand Balance



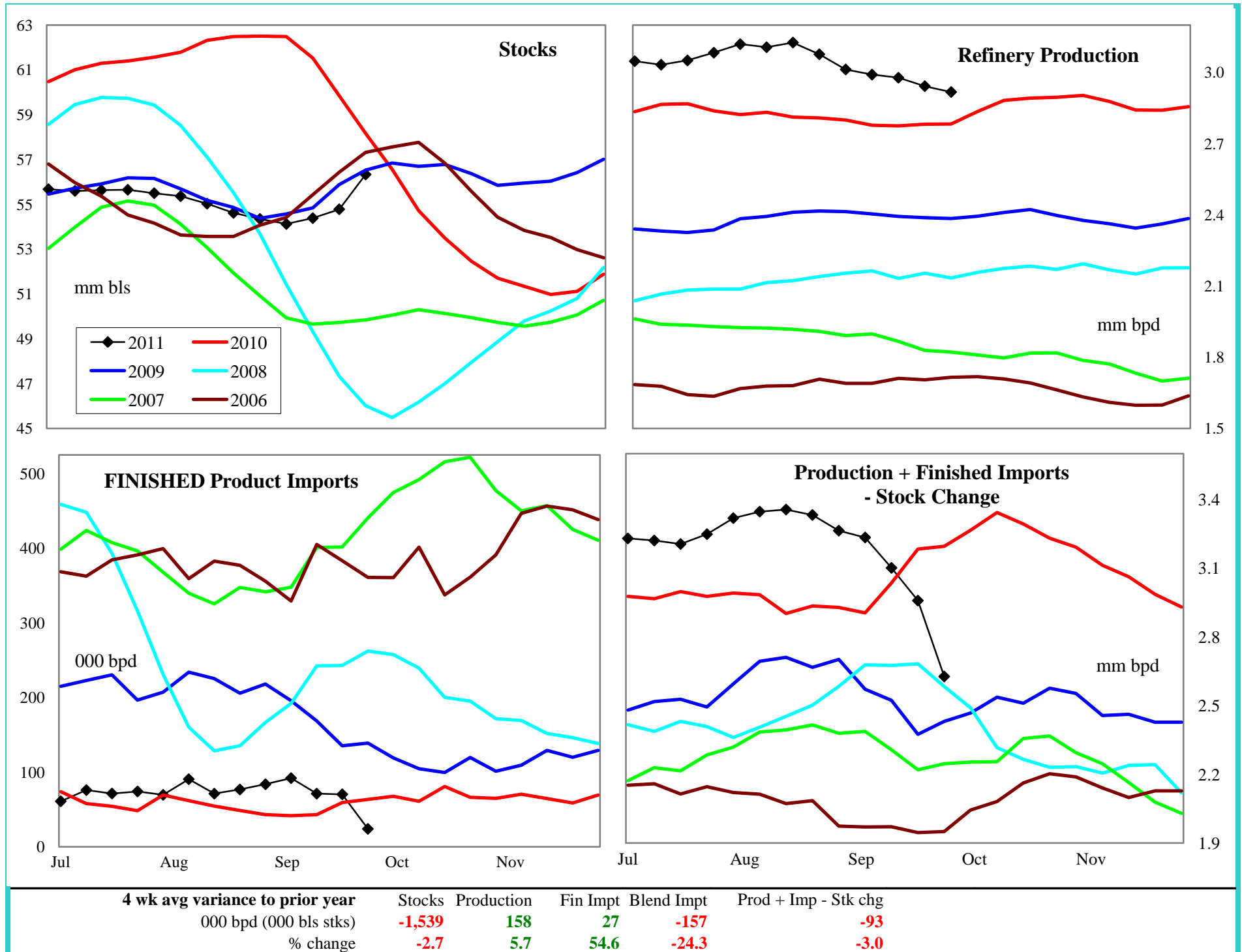
United States Residual Fuel Oil Supply and Demand Balance



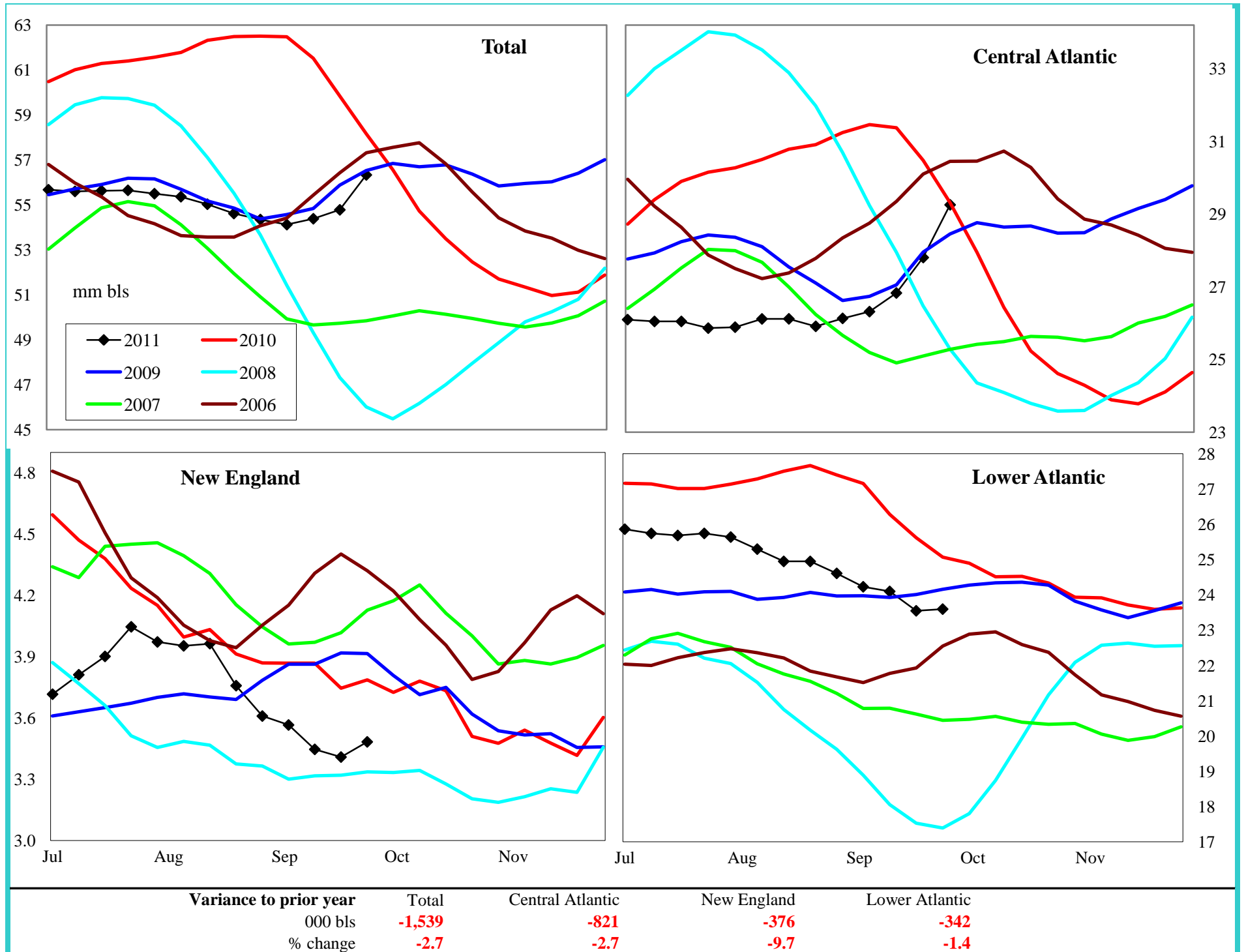
PADD 1 Crude Oil Supply and Refining



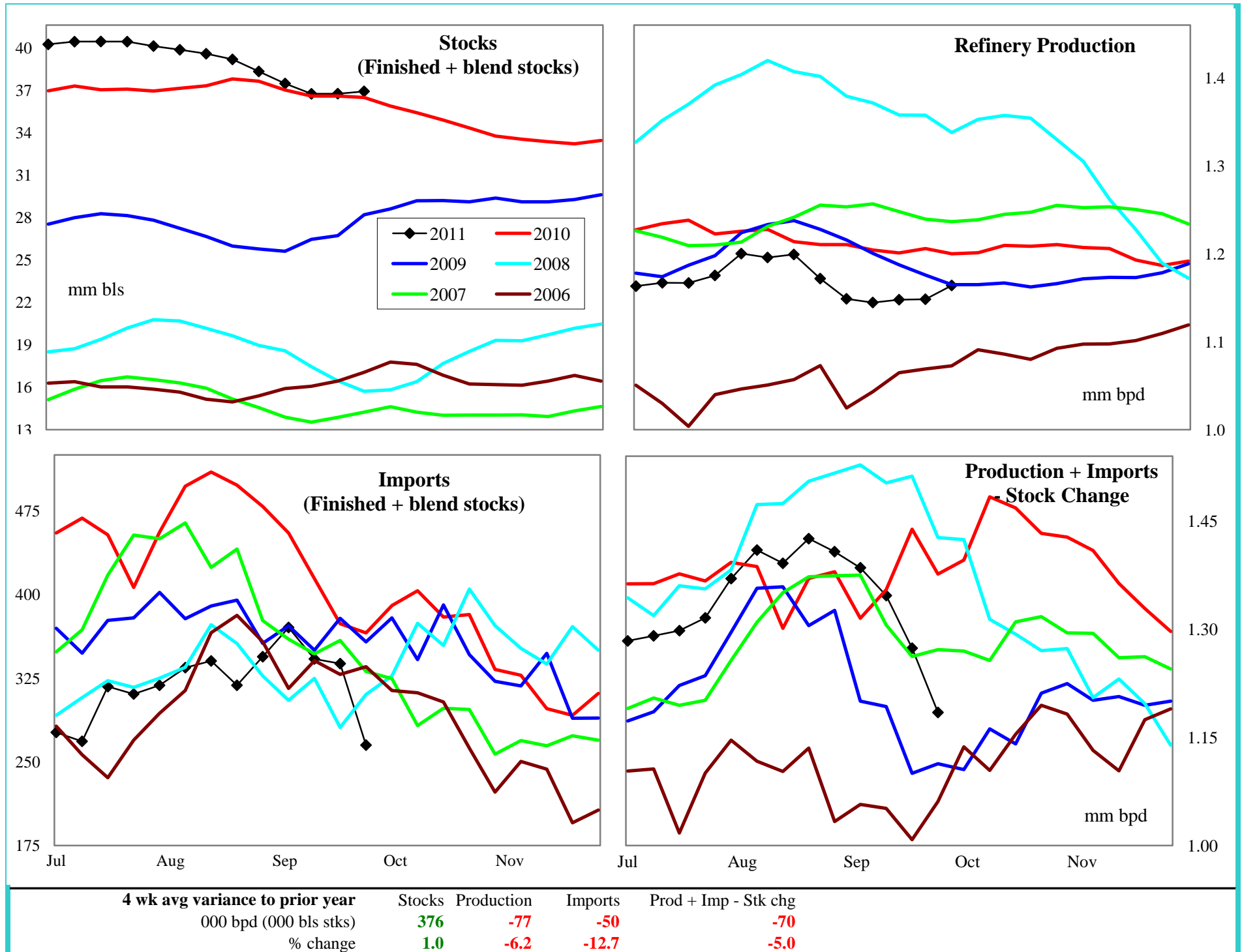
PADD 1 Gasoline Supply



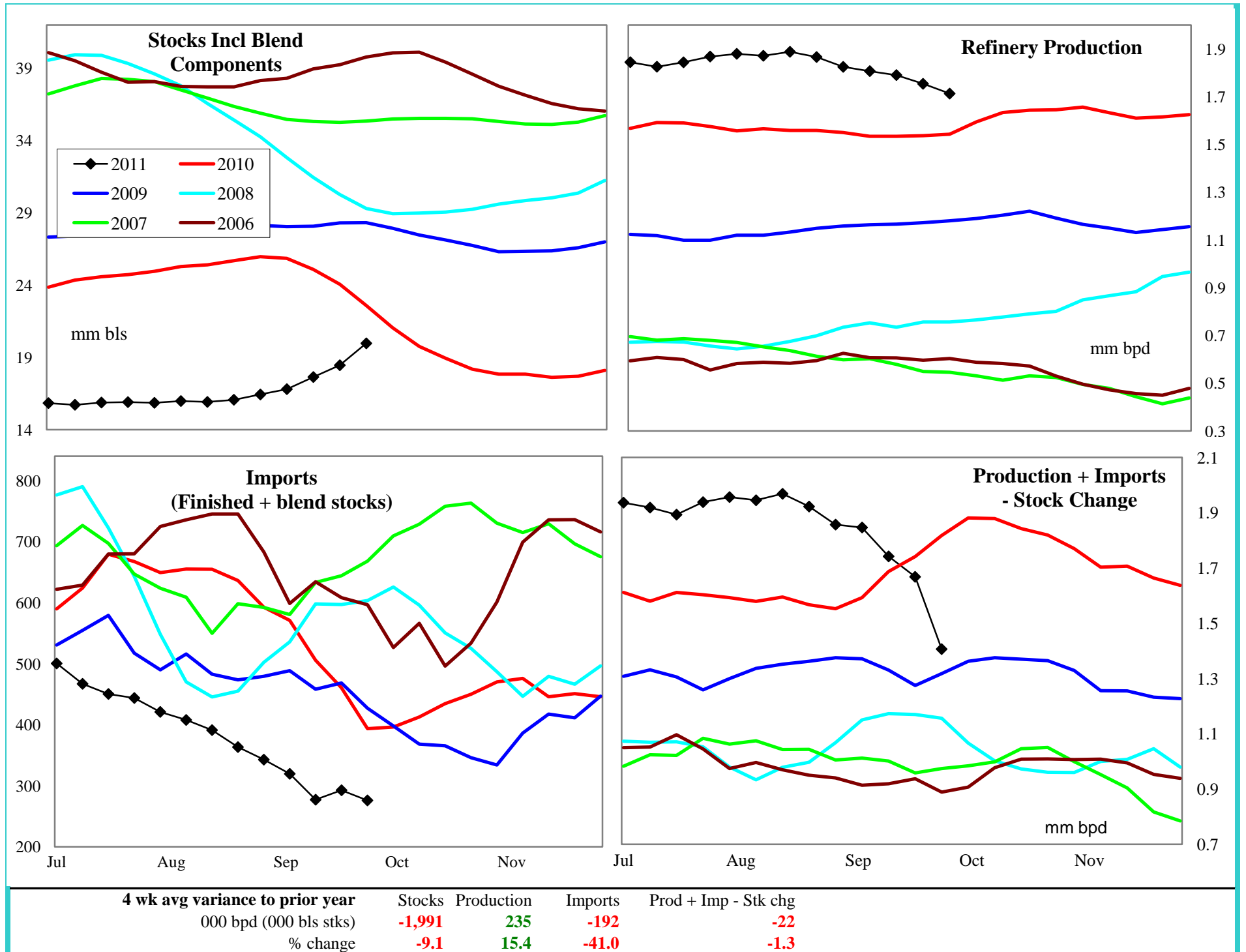
PADD 1 Gasoline Stocks by Region



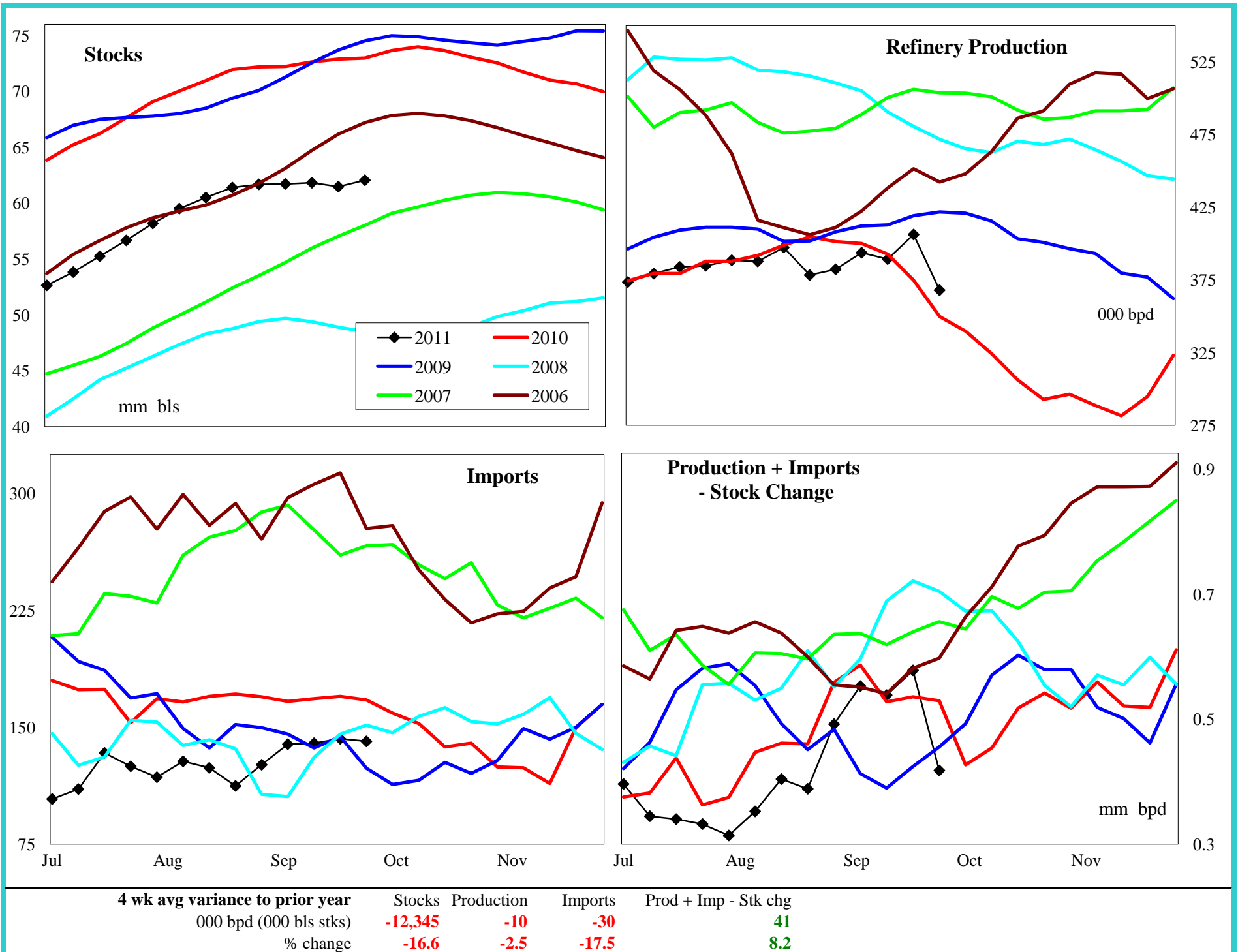
PADD 1 Reformulated Gasoline Supply



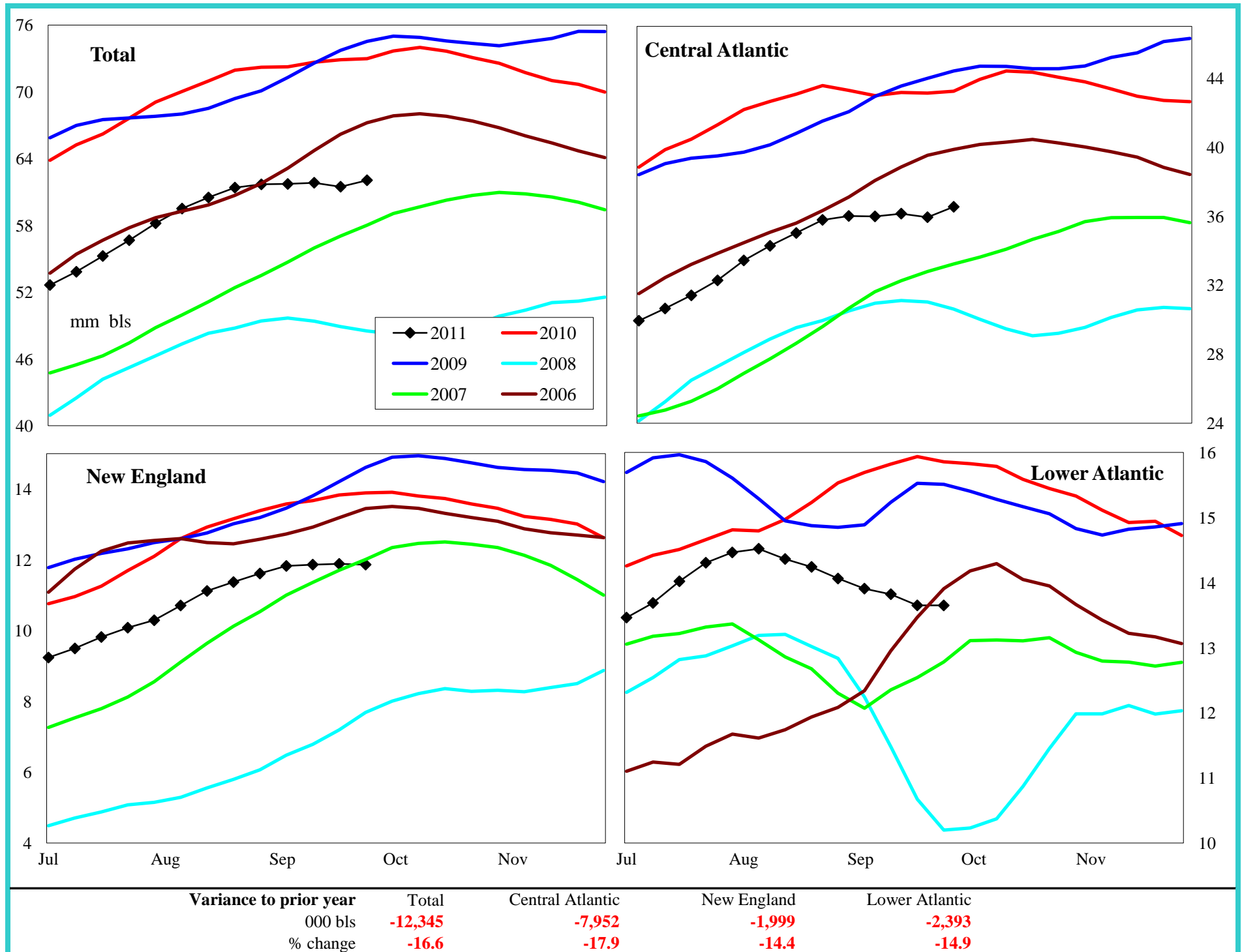
PADD 1 Conventional Gasoline Supply



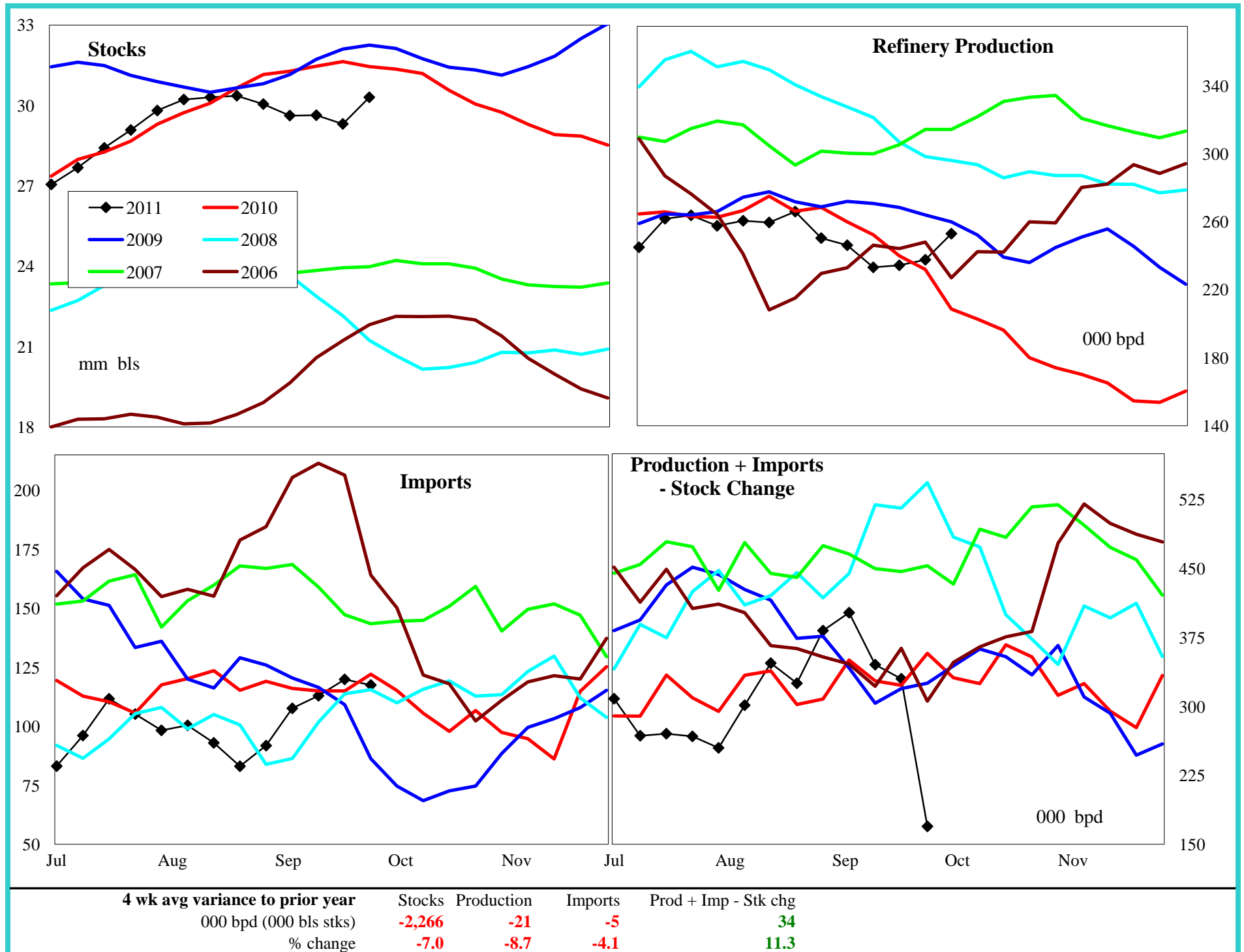
PADD 1 Distillate Supply



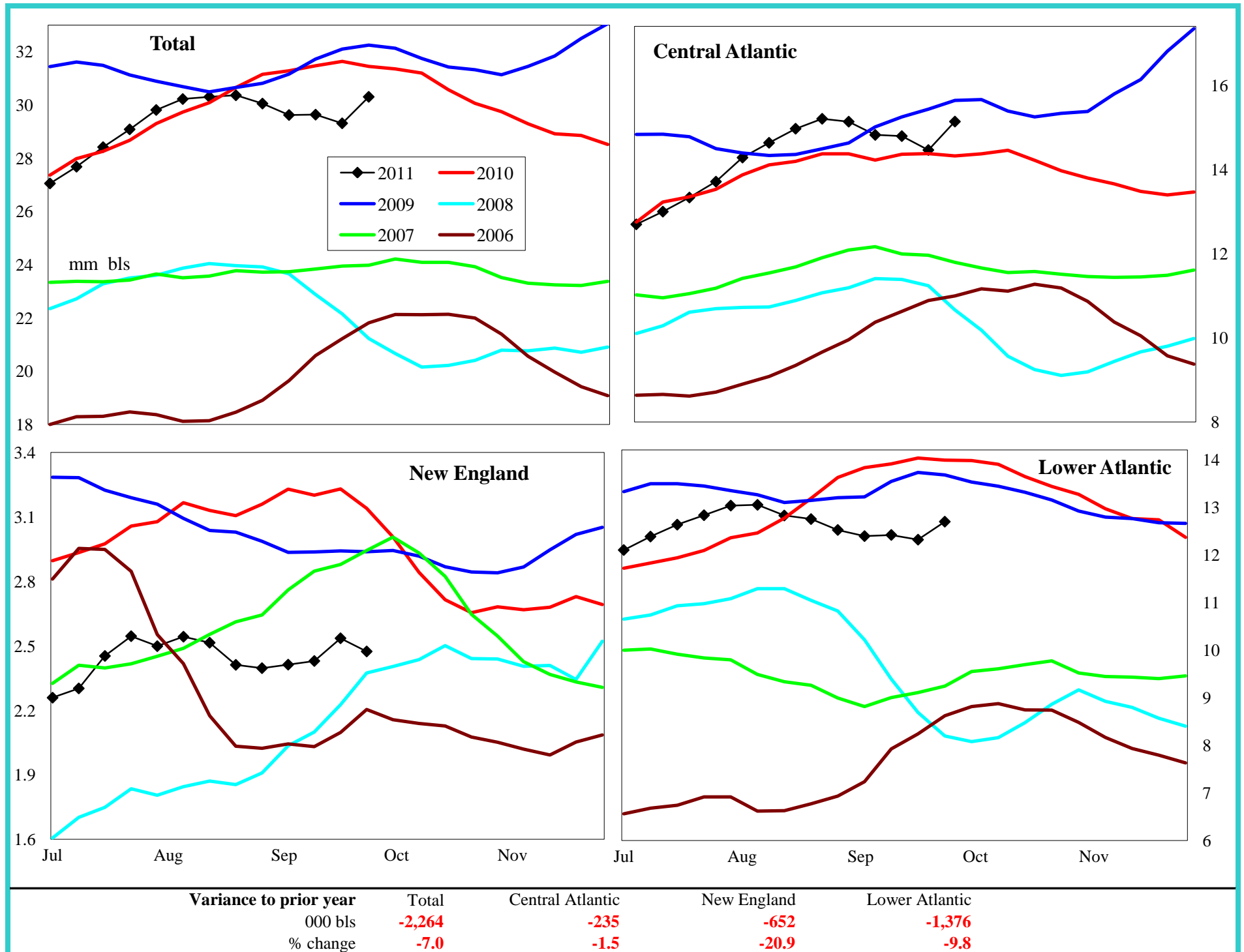
PADD 1 Distillate Stocks by Region



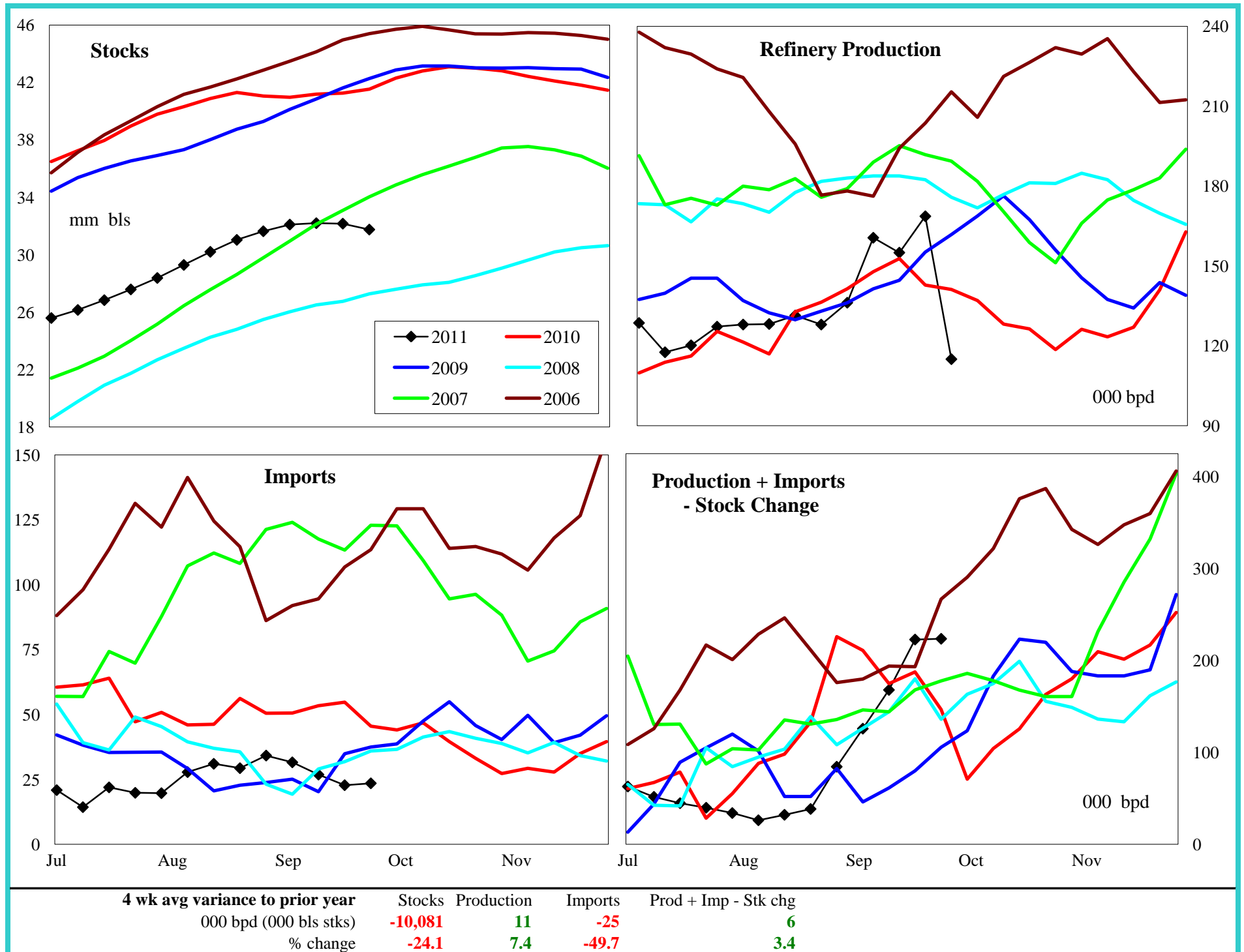
PADD 1 Low Sulfur Distillate Supply



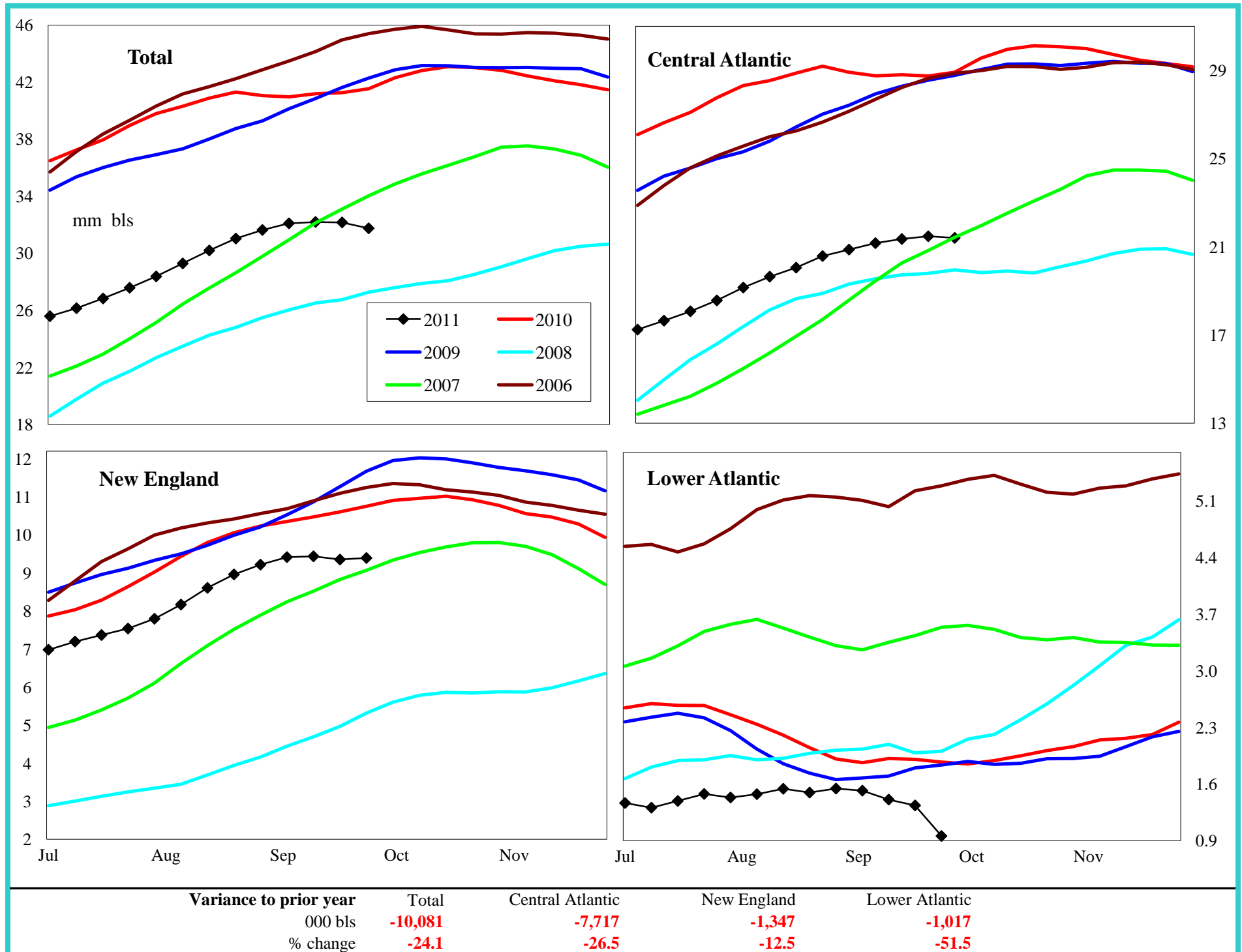
PADD 1 Low Sulfur Distillate Stocks by Region



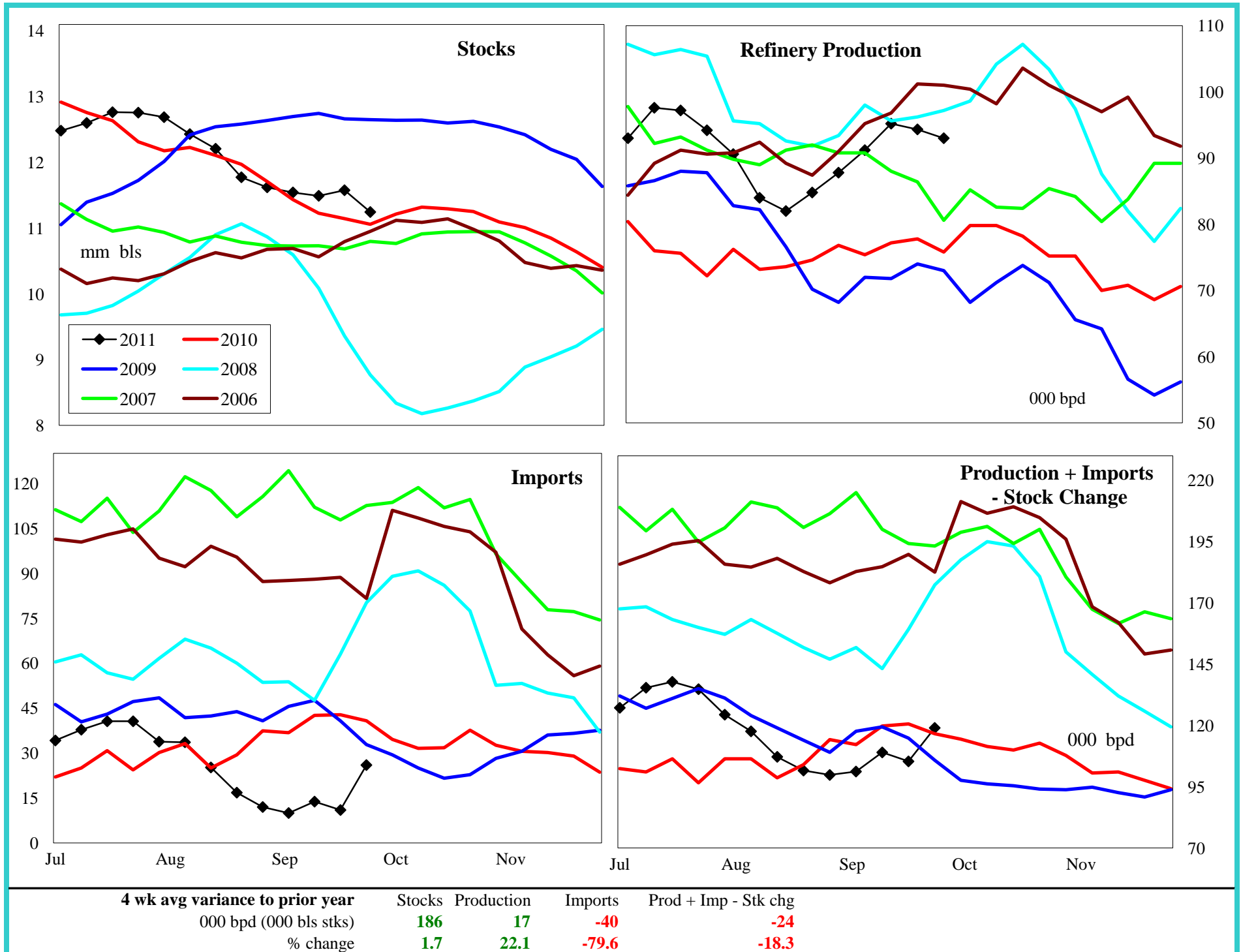
PADD 1 High Sulfur Distillate Supply



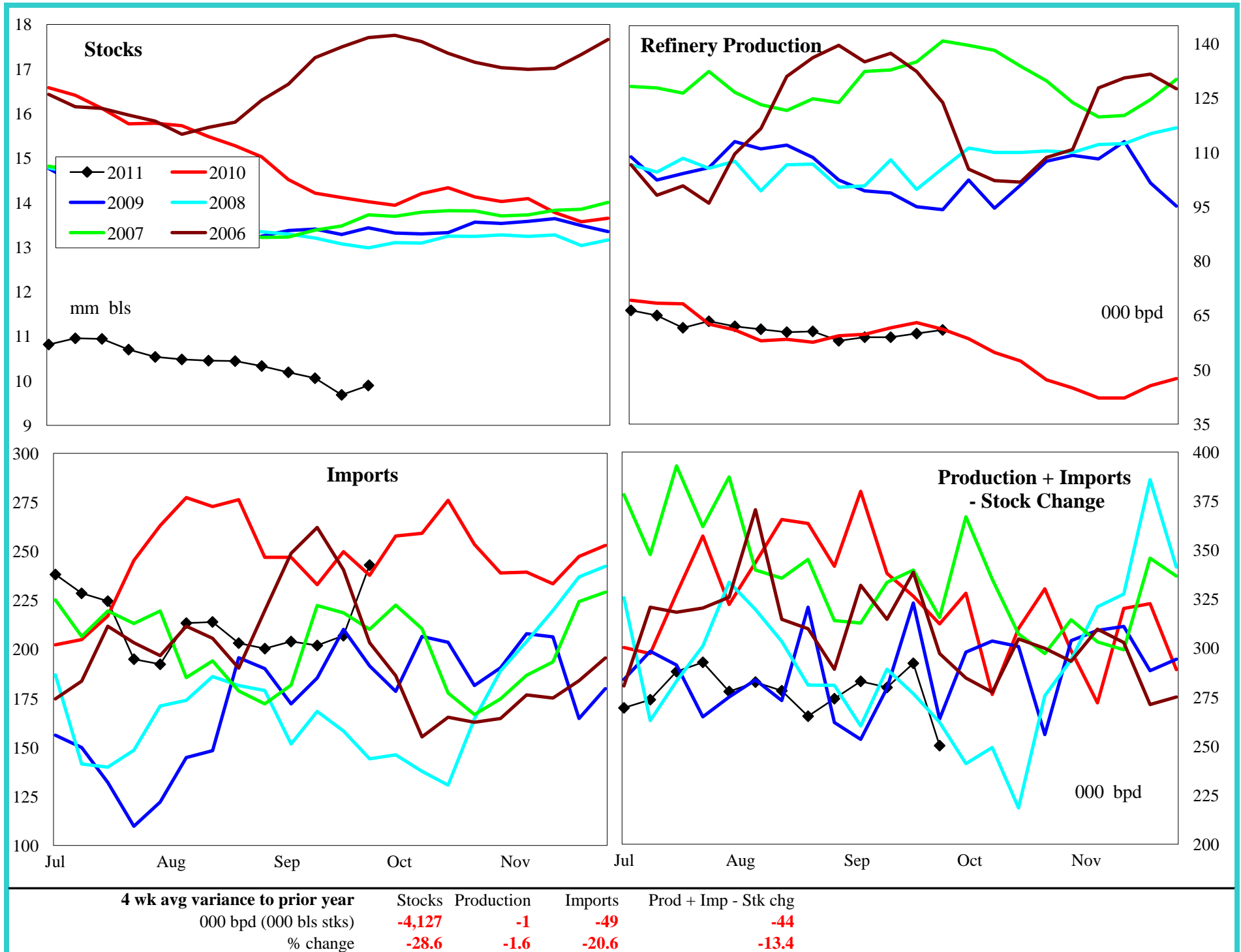
PADD 1 High Sulfur Distillate Stocks by Region



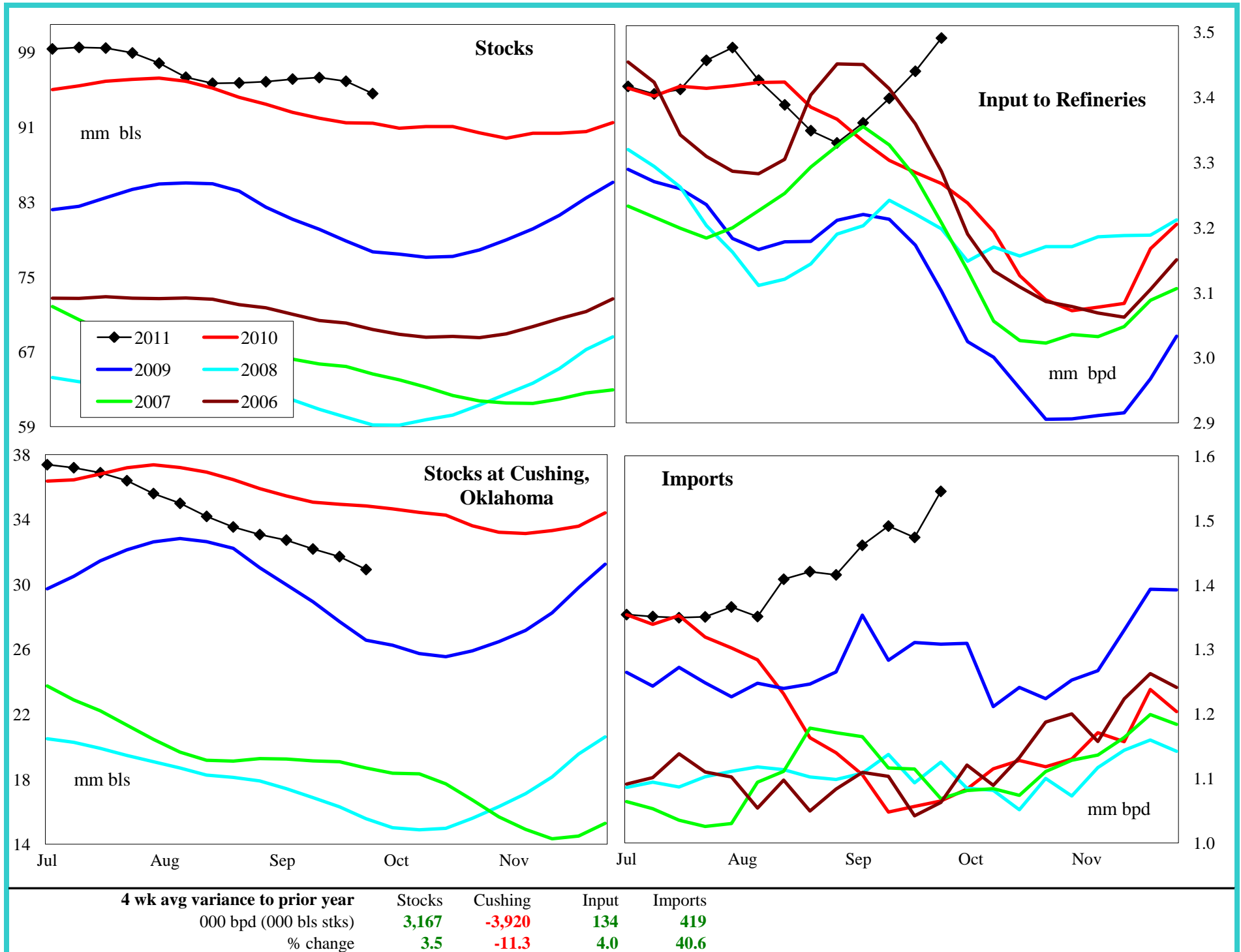
PADD 1 Jet Fuel Supply



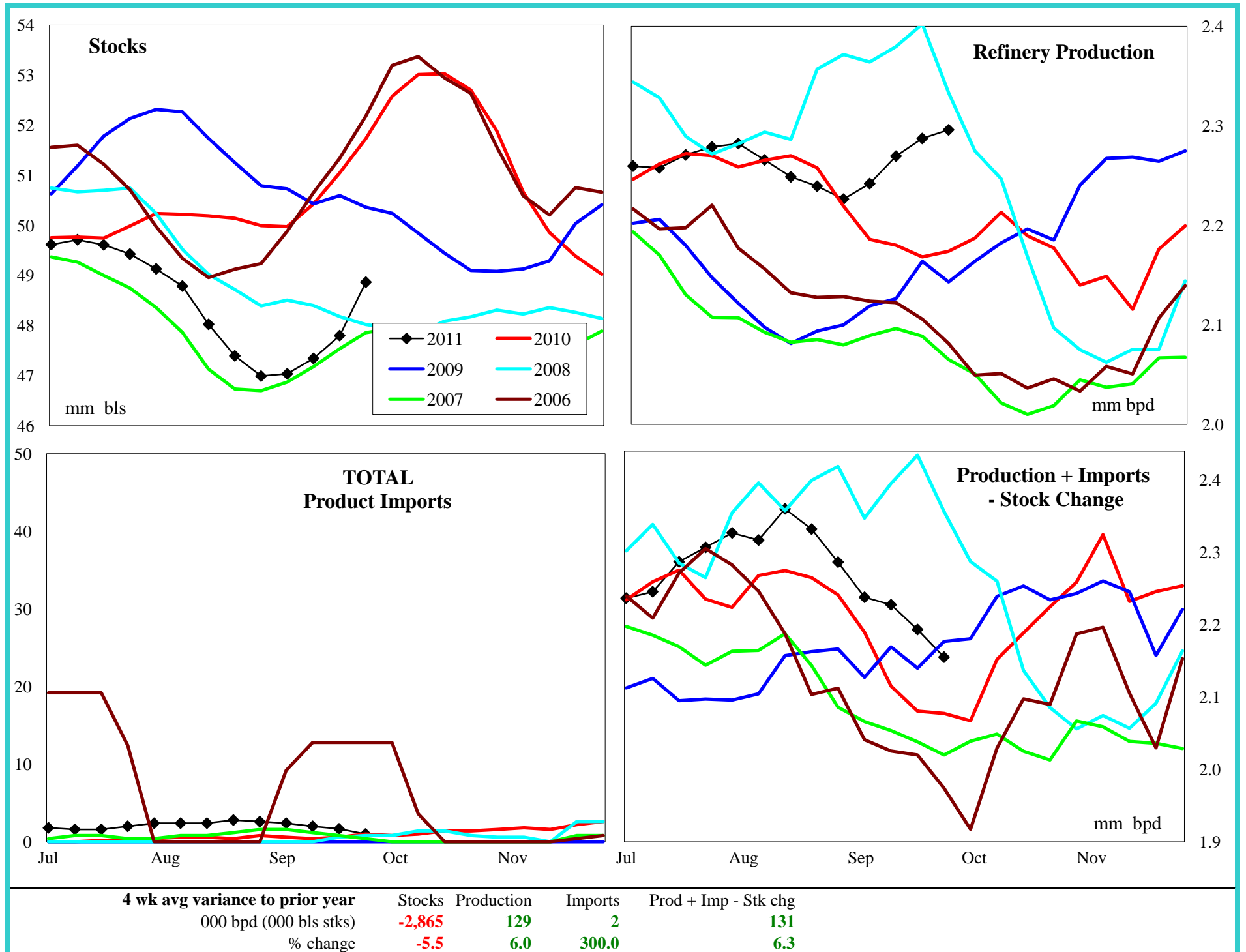
PADD 1 Residual Fuel Oil Supply



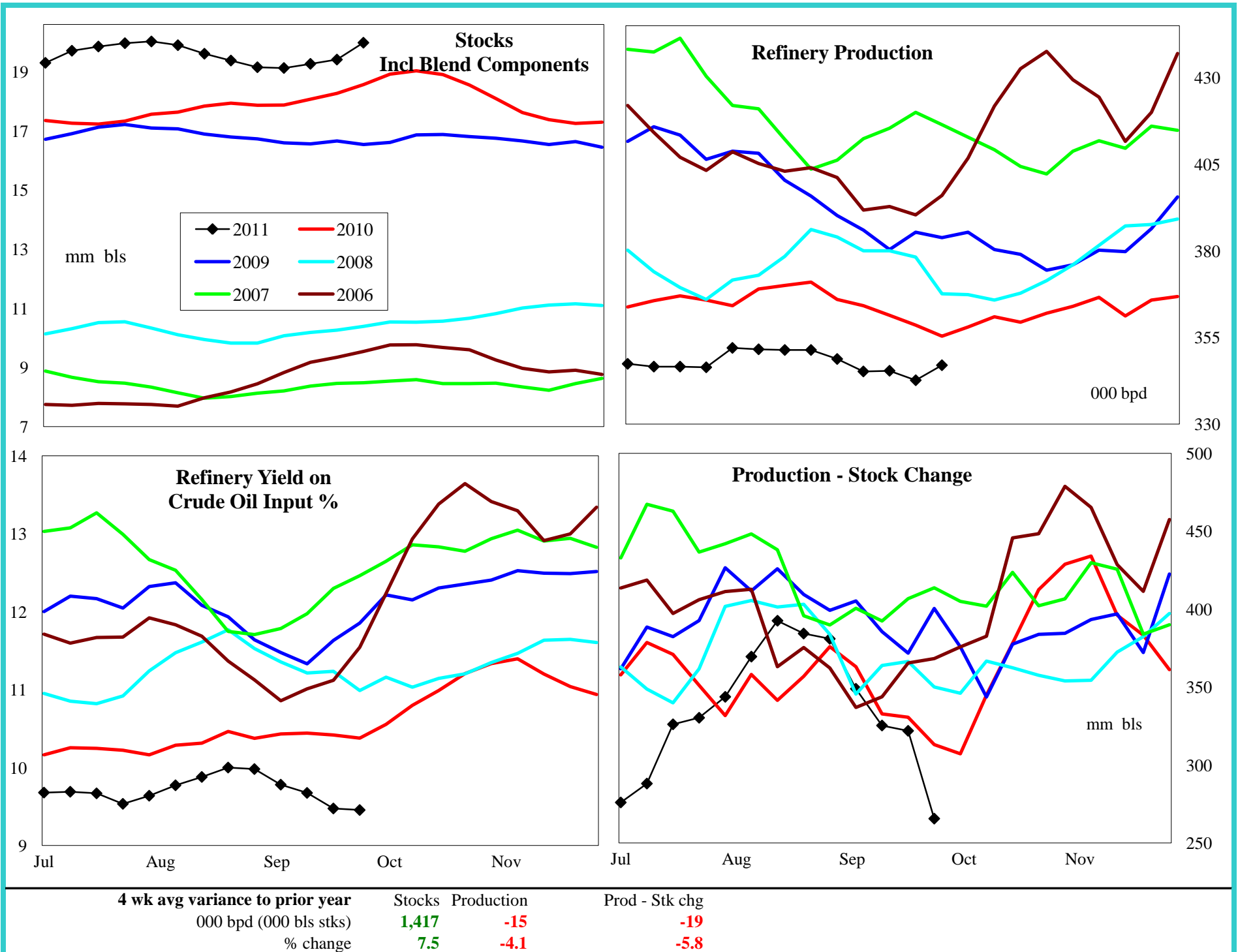
PADD 2 Crude Oil Supply and Refining



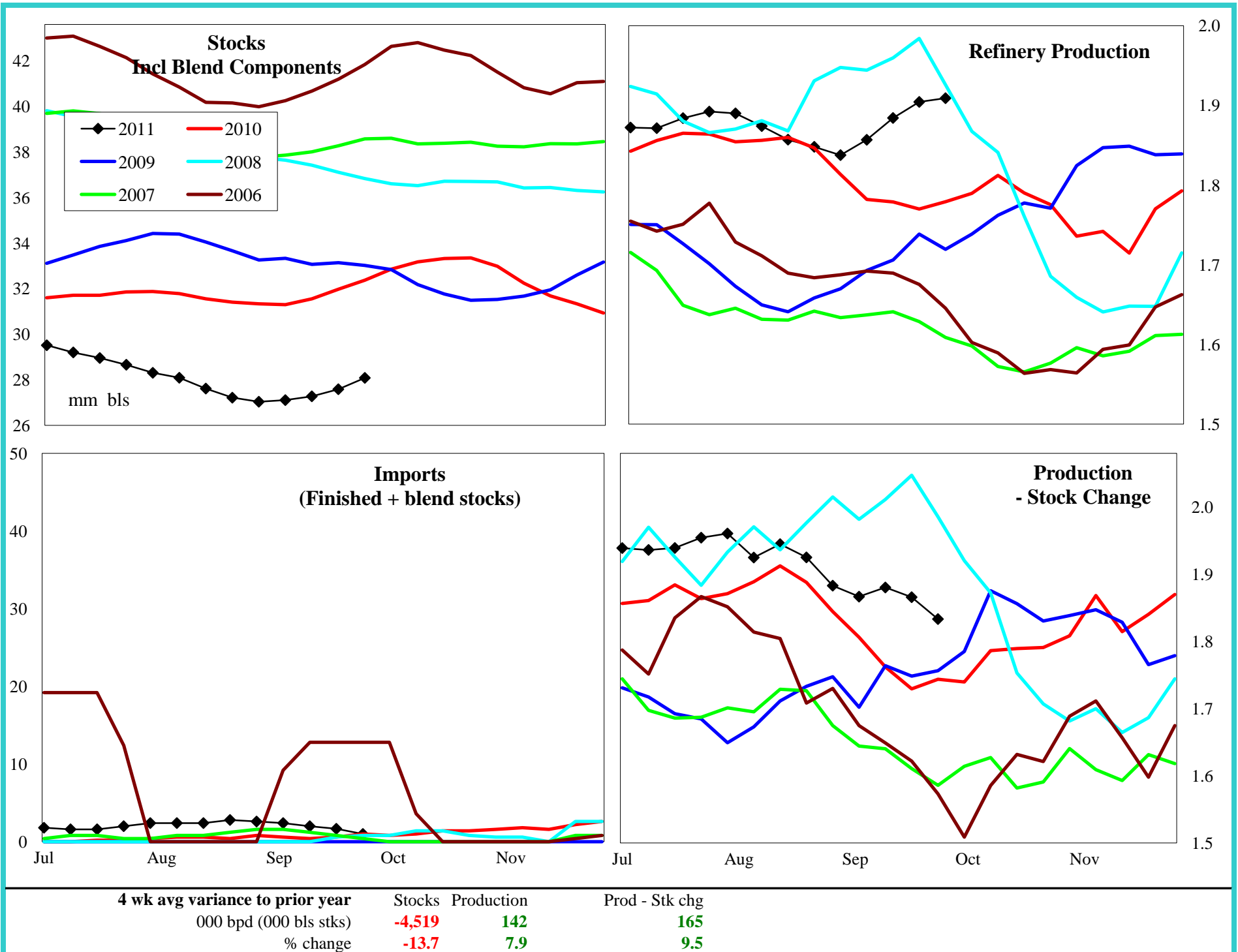
PADD 2 Gasoline Supply



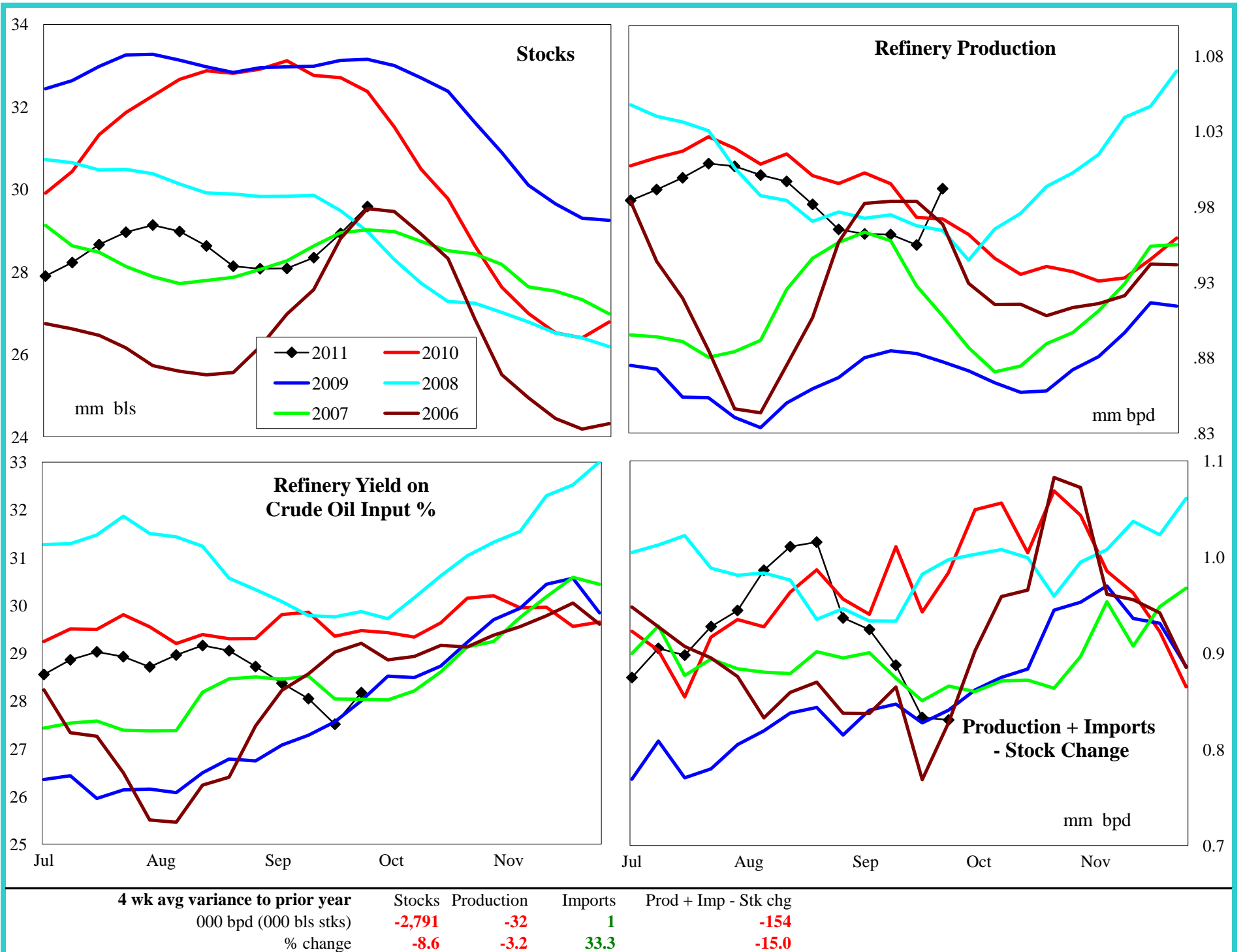
PADD 2 Reformulated Gasoline Supply



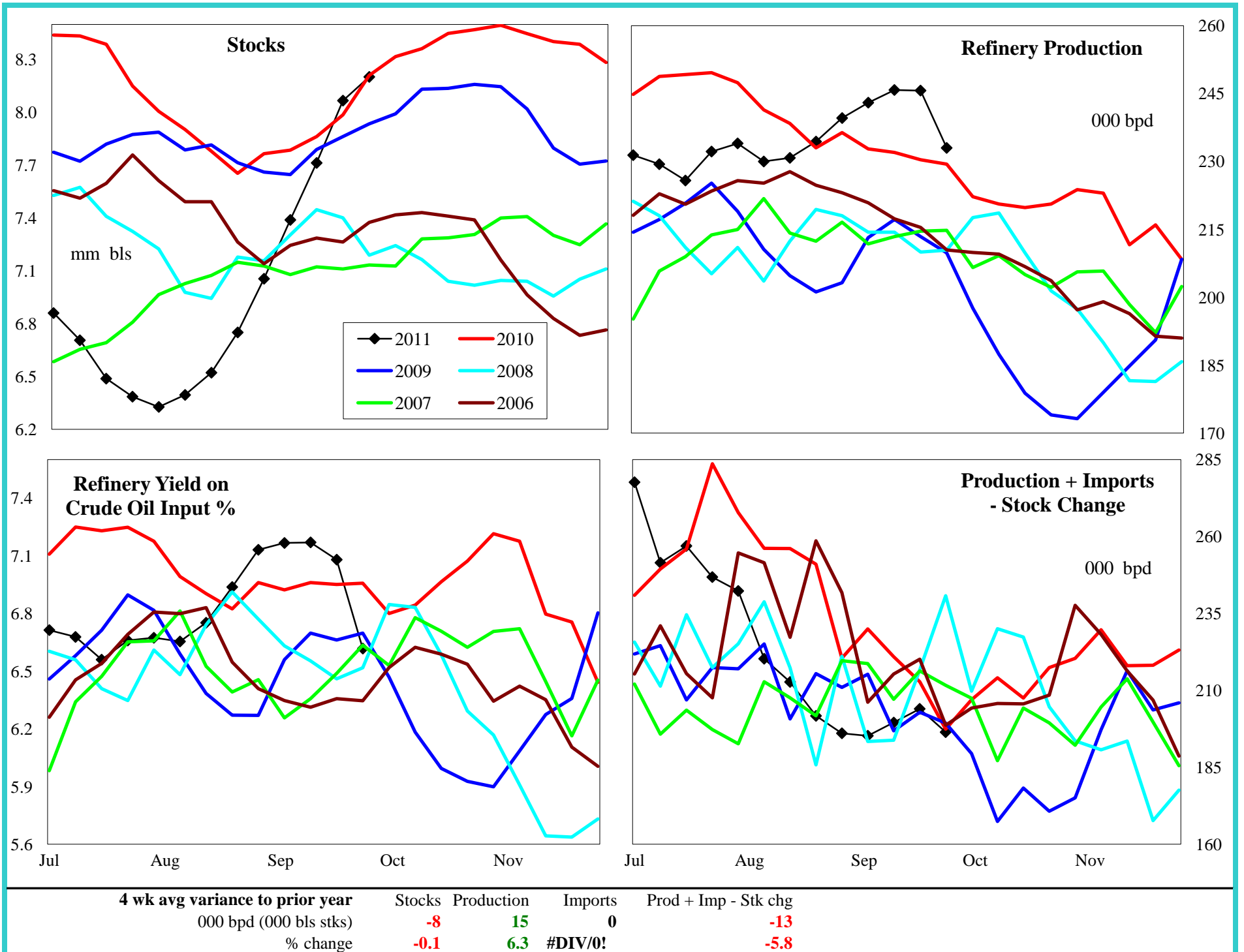
PADD 2 Conventional Gasoline Supply



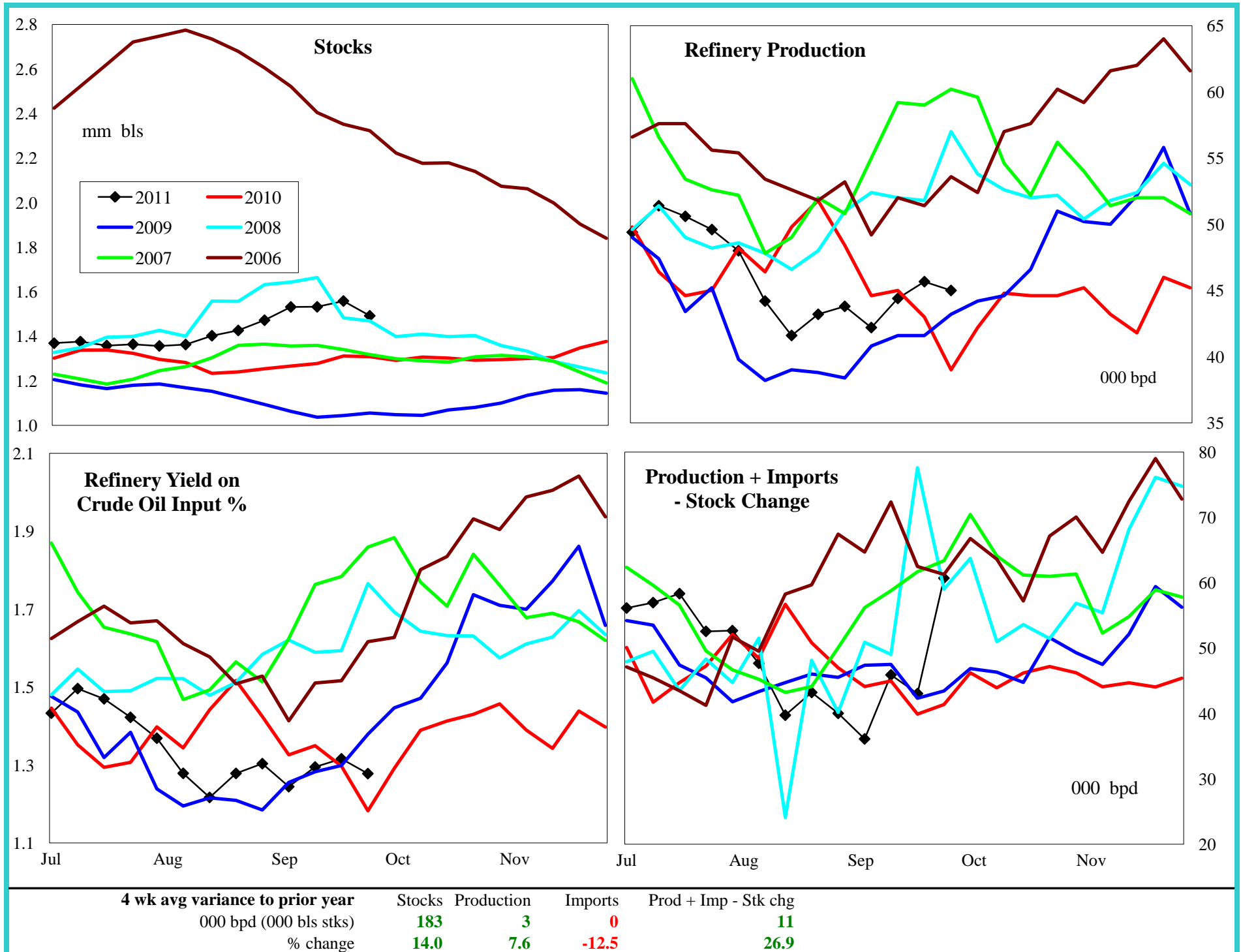
PADD 2 Distillate Supply



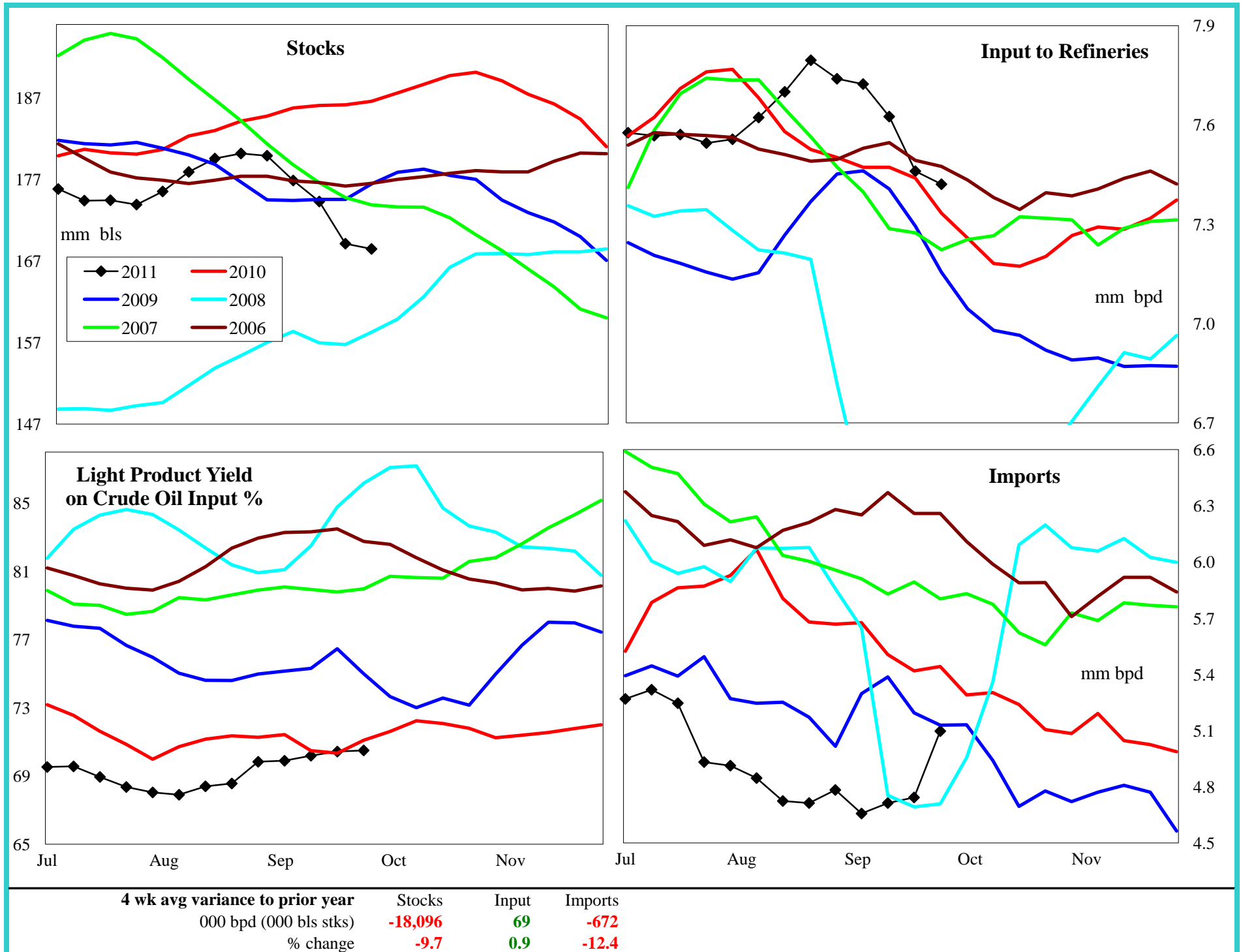
PADD 2 Jet Fuel Supply



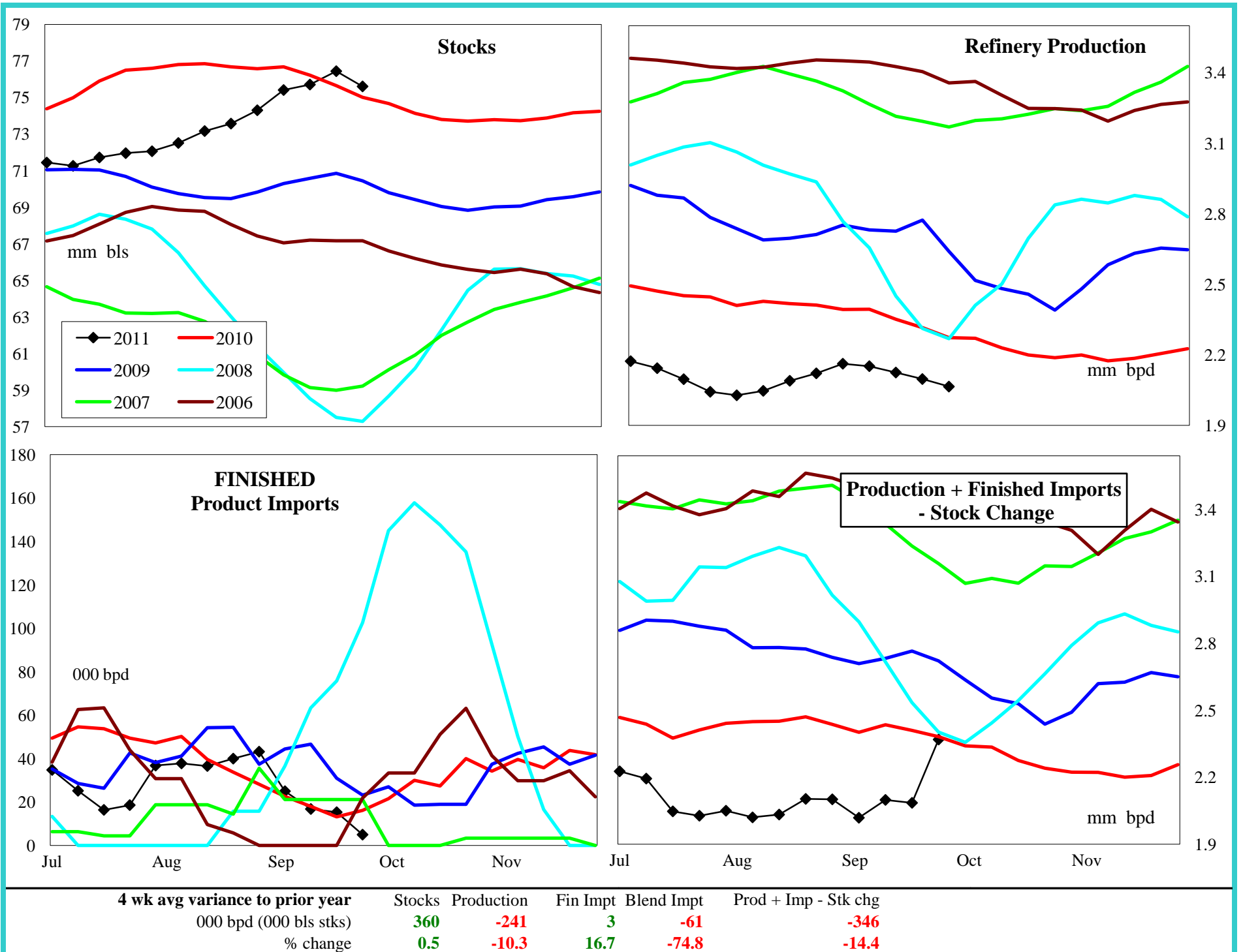
PADD 2 Residual Fuel Oil Supply



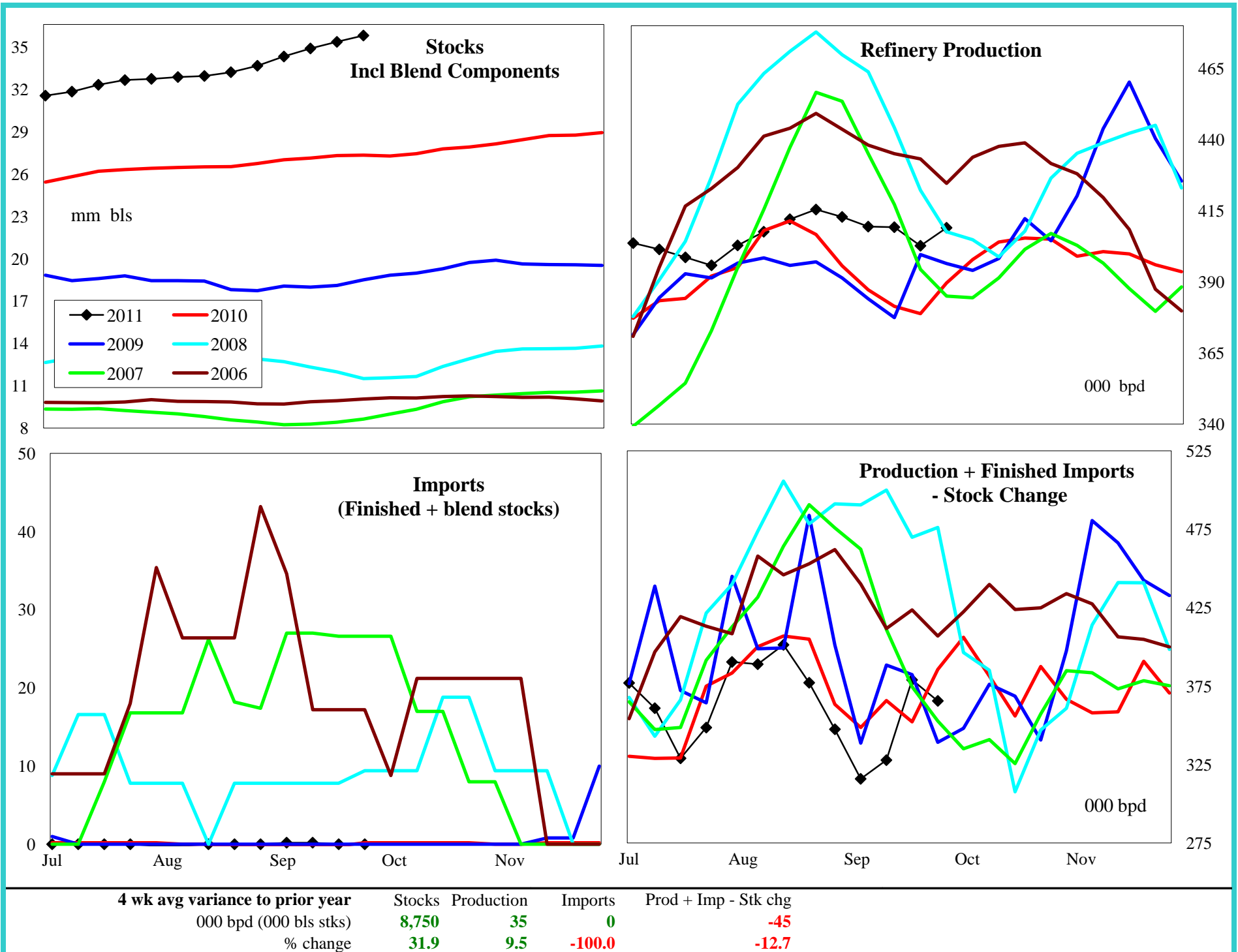
PADD 3 Crude Oil Supply and Refining



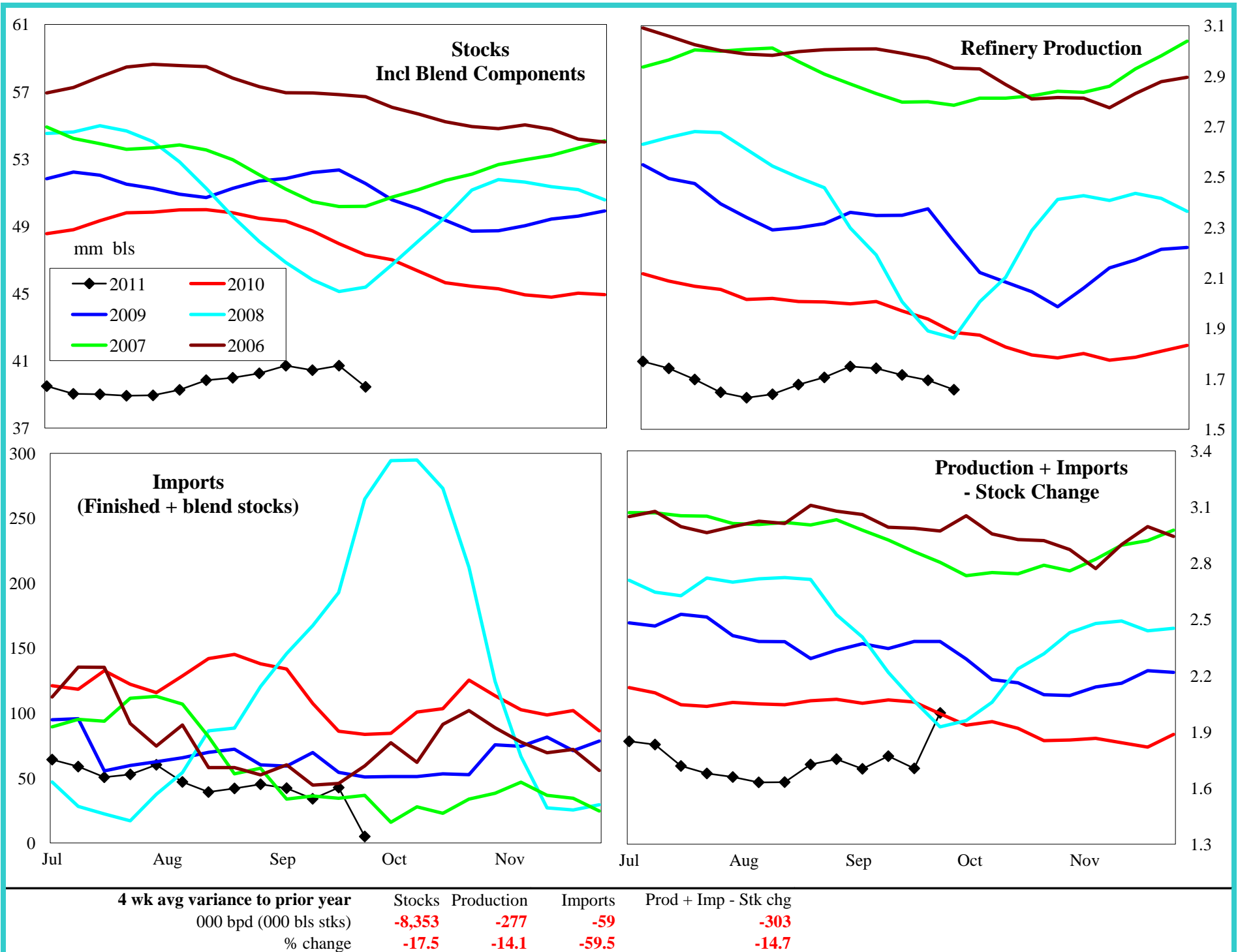
PADD 3 Gasoline Supply



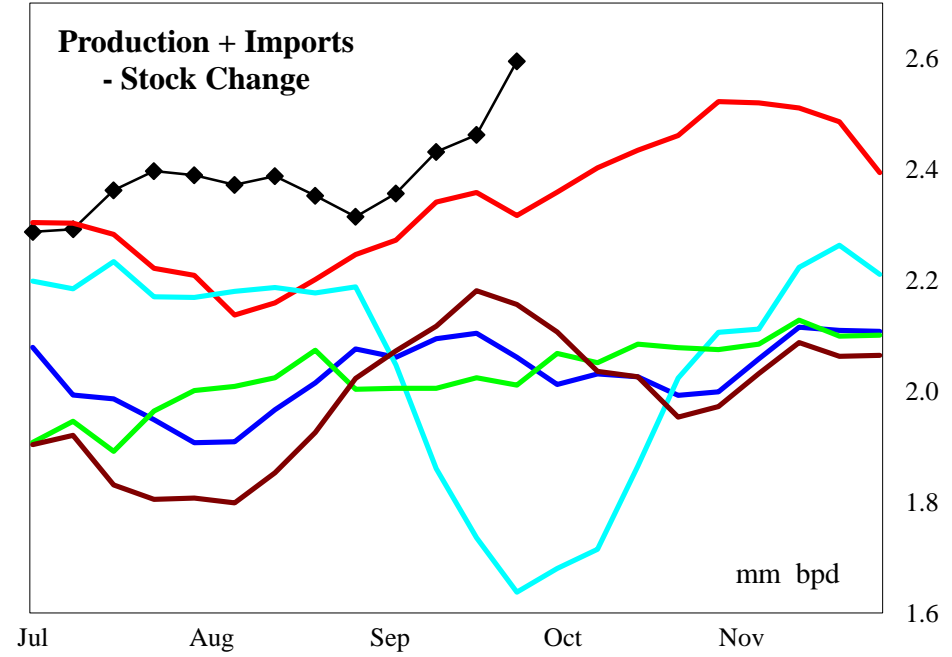
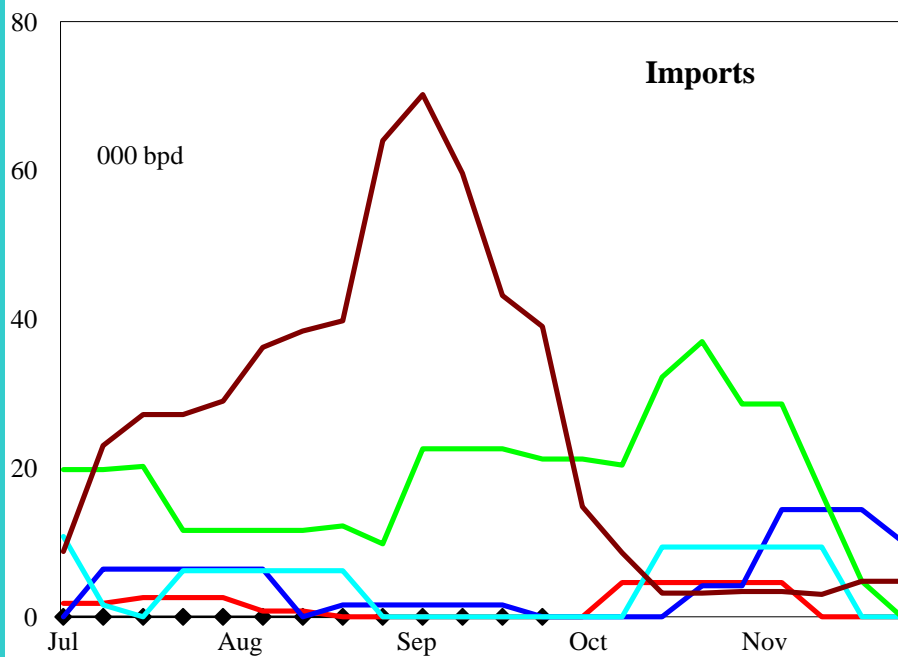
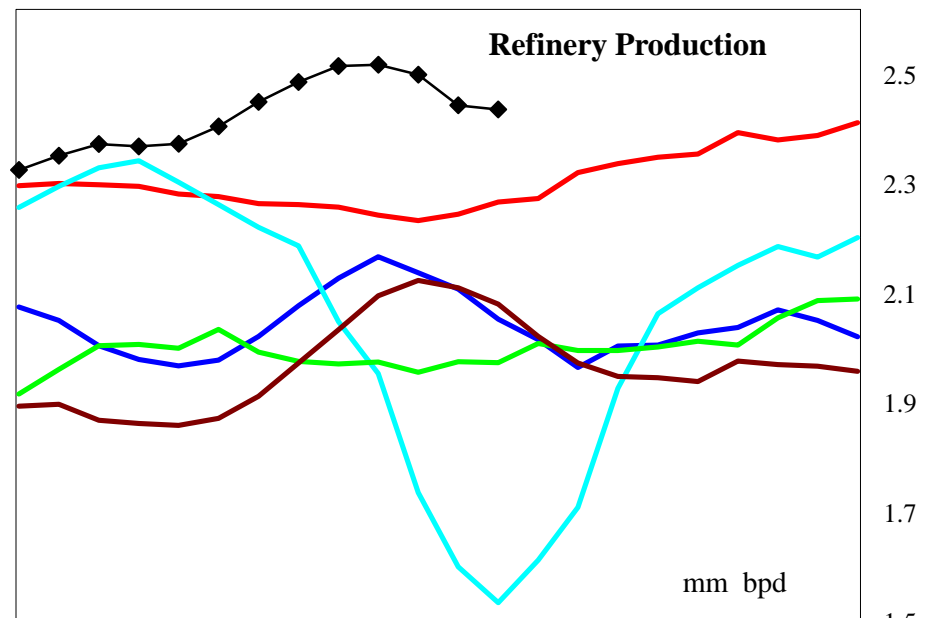
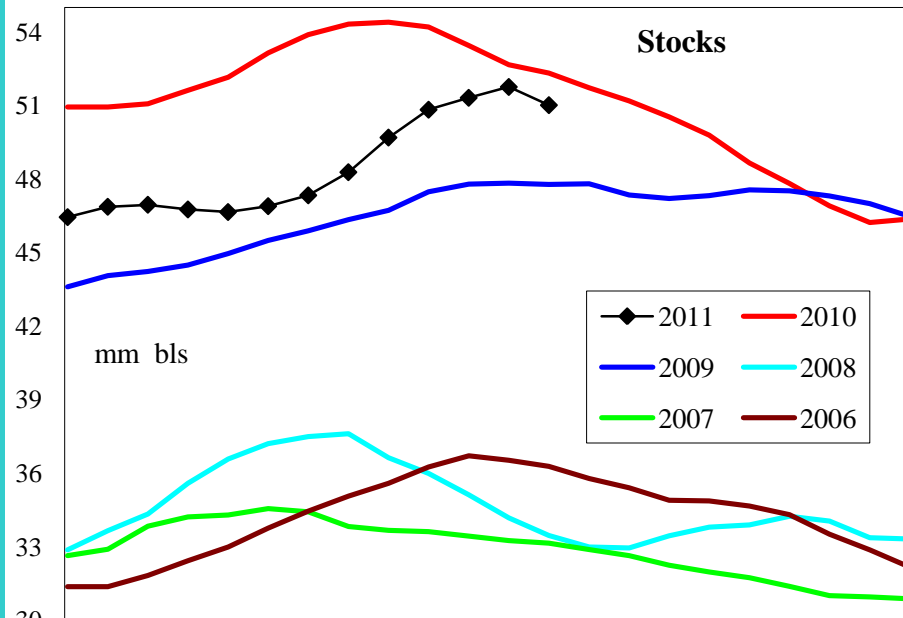
PADD 3 Reformulated Gasoline Supply



PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-350

-0.7

Production

240

10.7

Imports

0

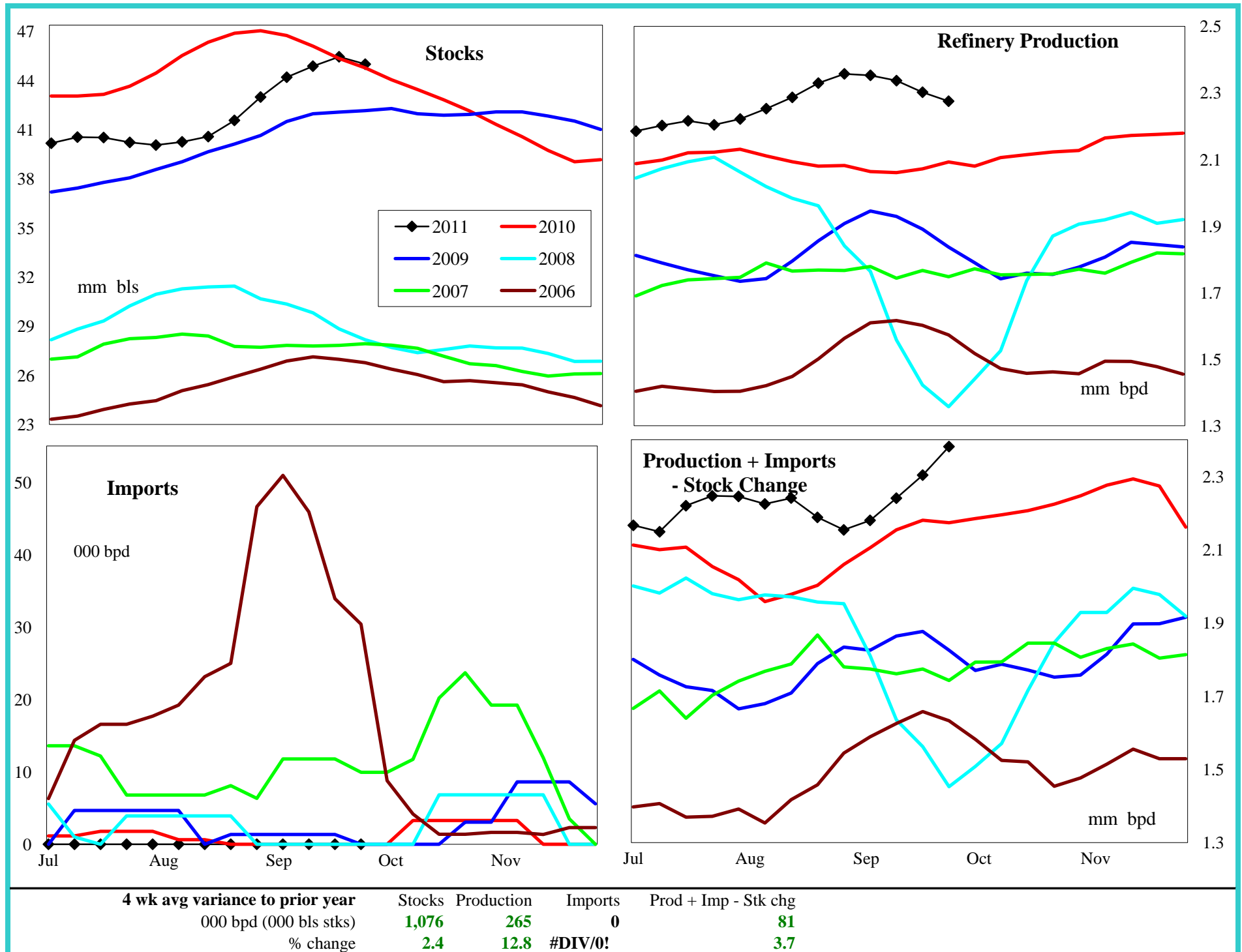
#DIV/0!

Prod + Imp - Stk chg

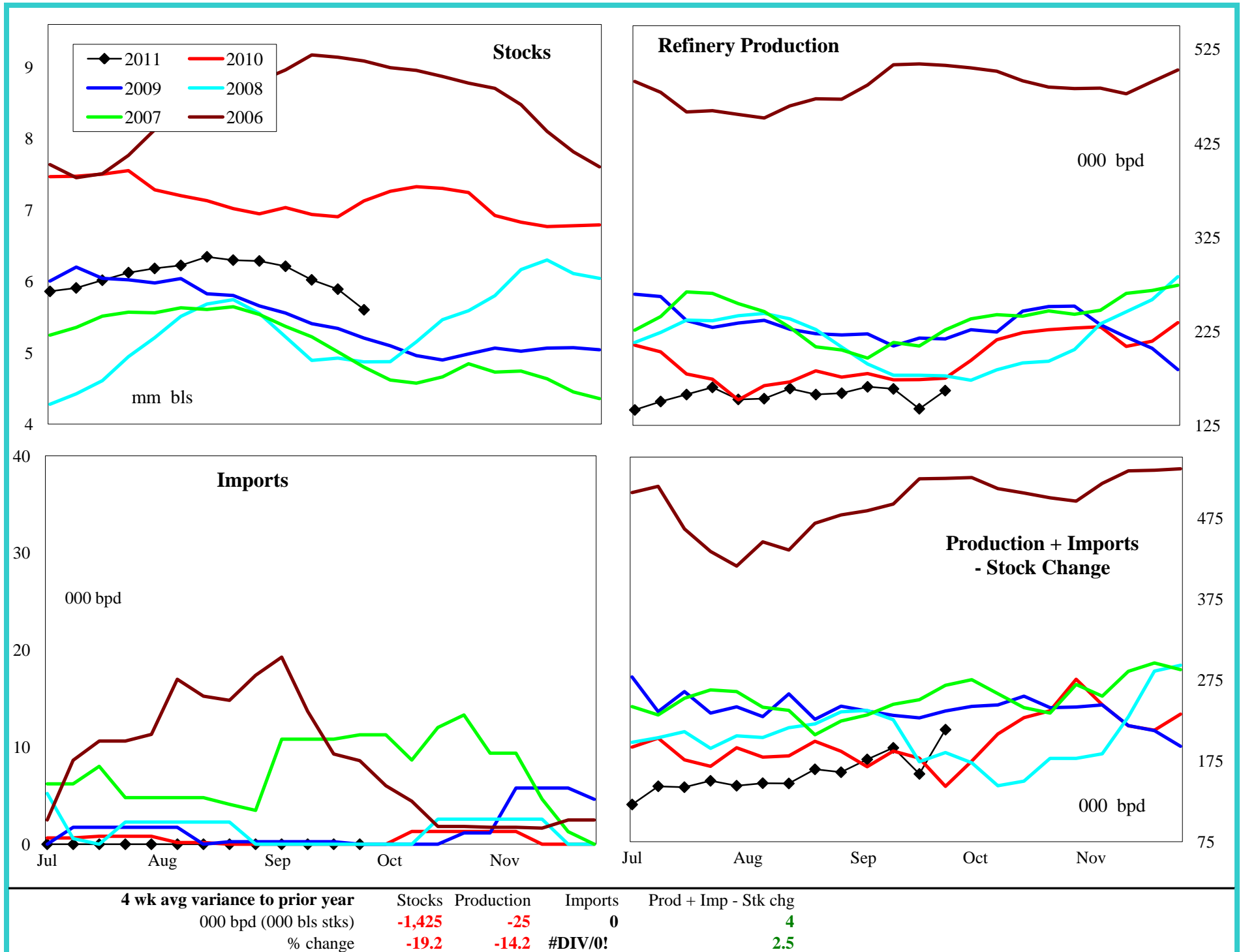
86

3.6

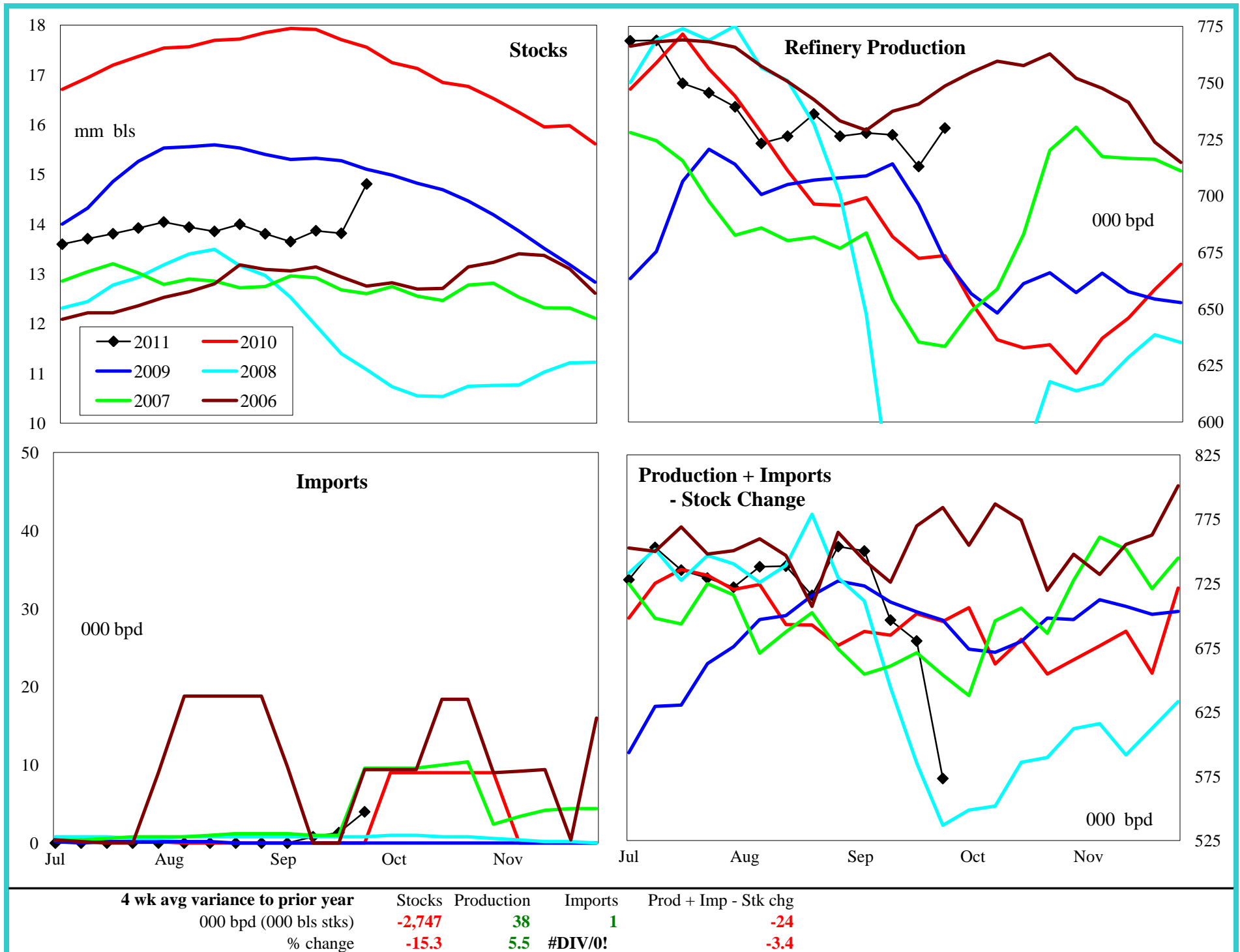
PADD 3 Low Sulfur Distillate Supply



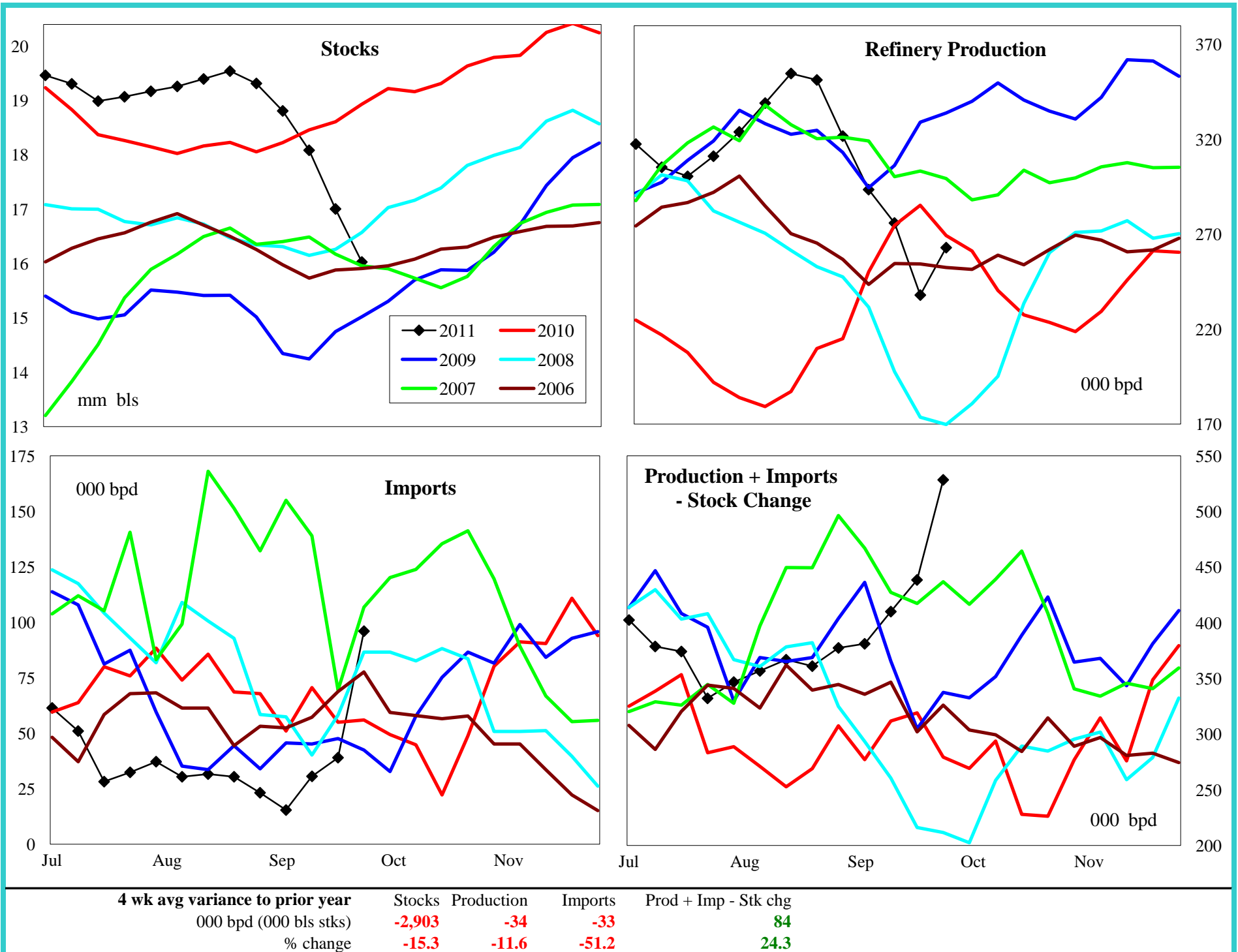
PADD 3 High Sulfur Distillate Supply



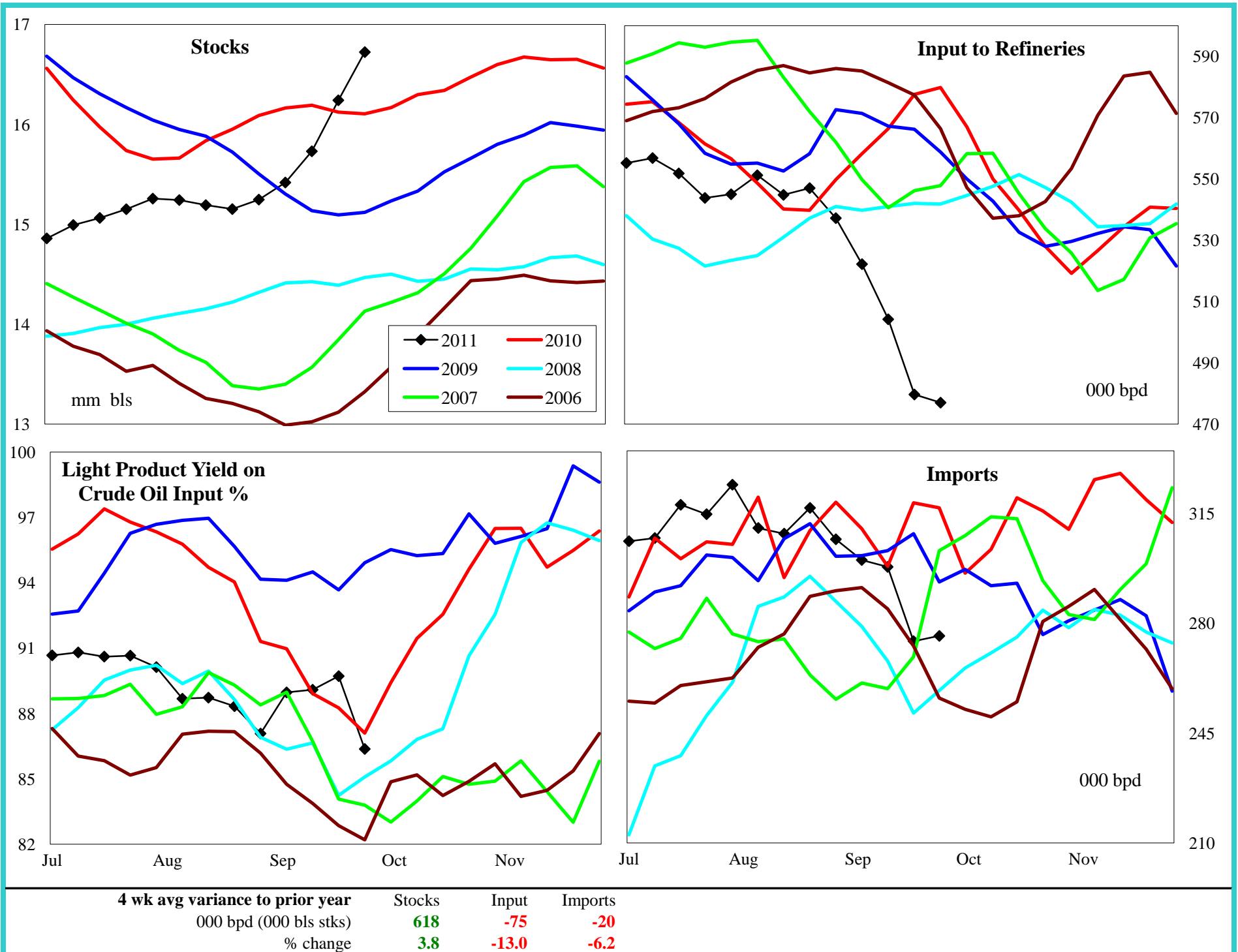
PADD 3 Jet Fuel Supply



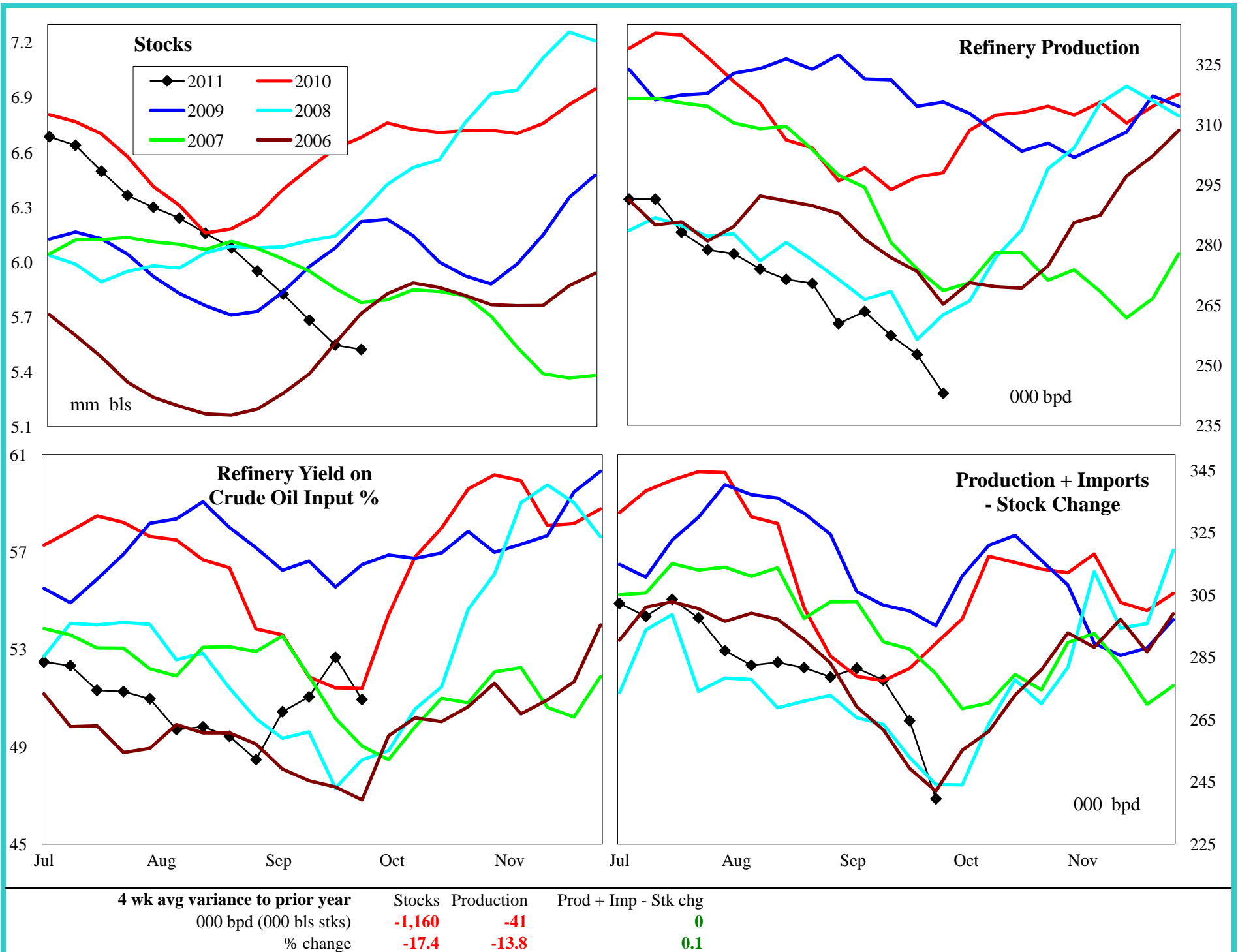
PADD 3 Residual Fuel Oil Supply



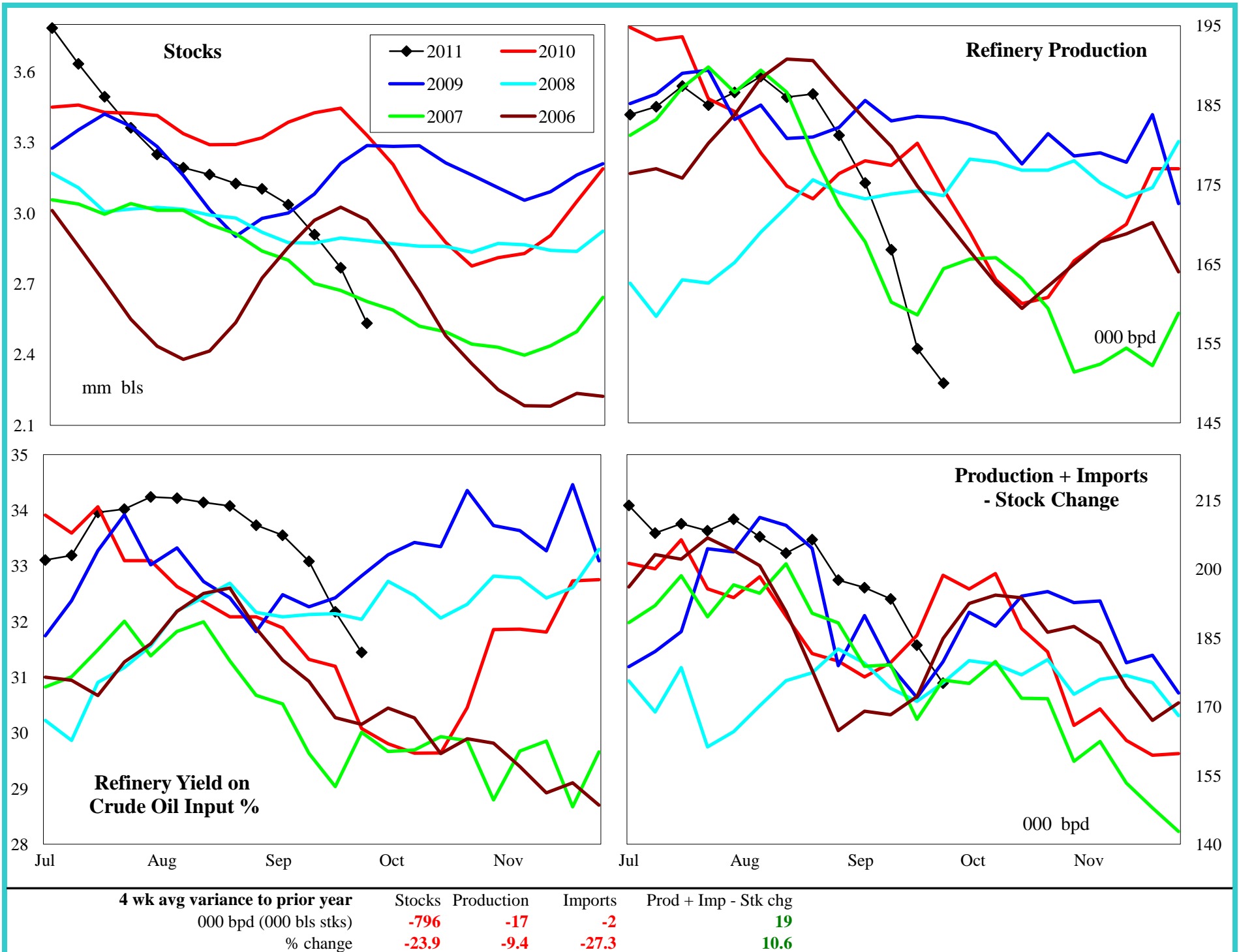
PADD 4 Crude Oil Supply and Refining



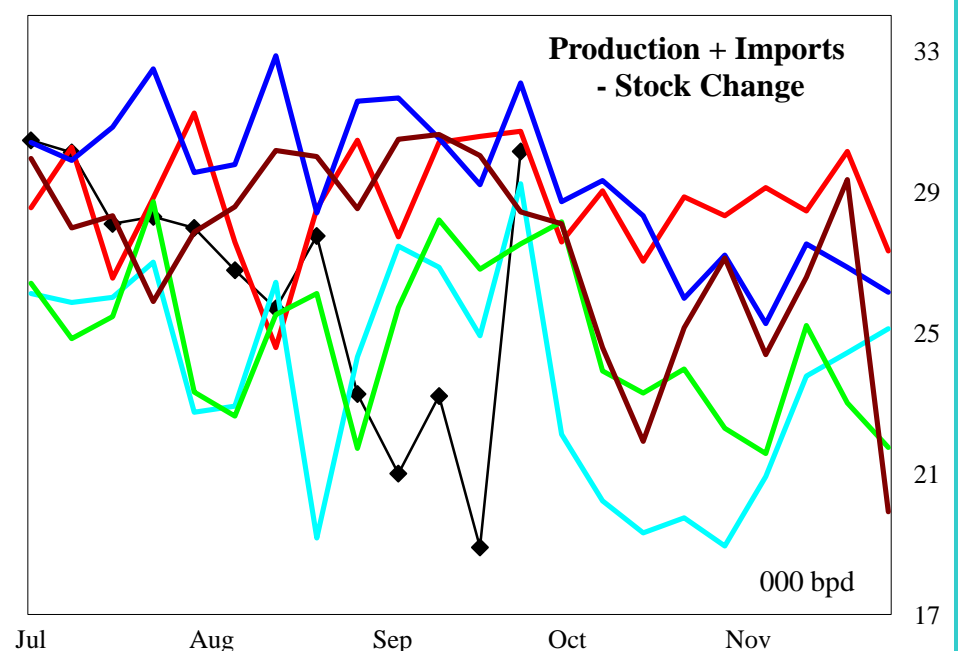
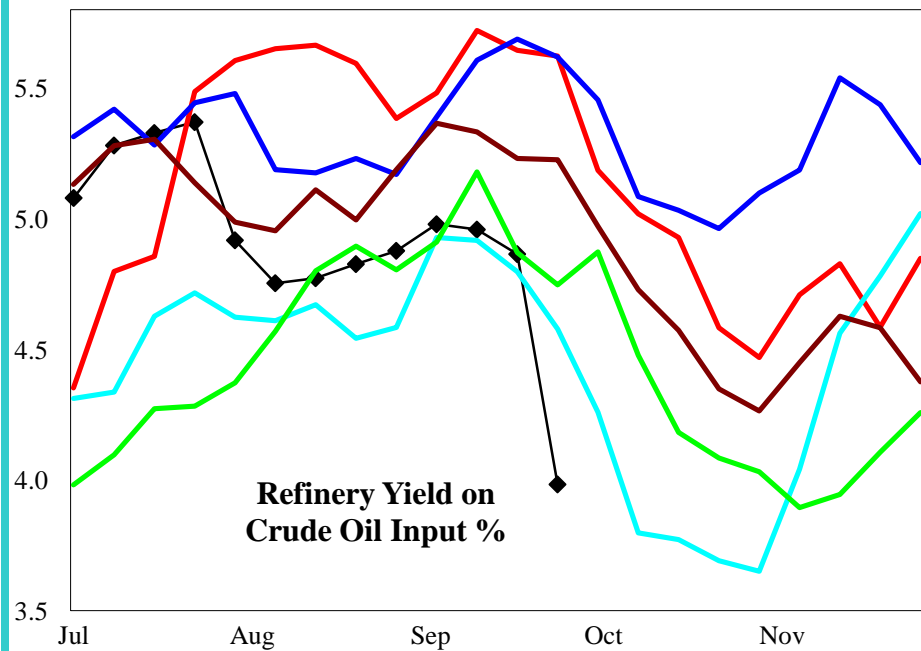
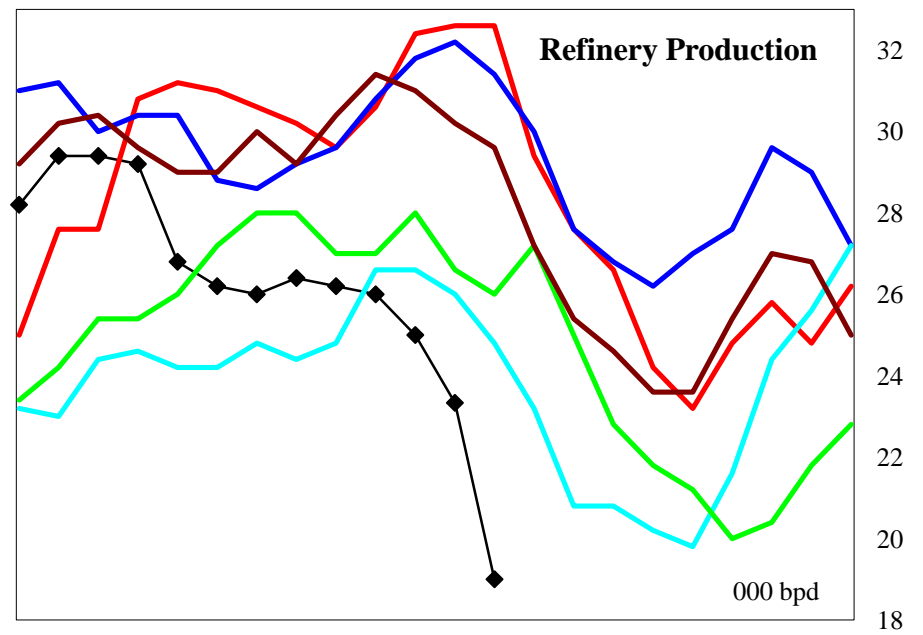
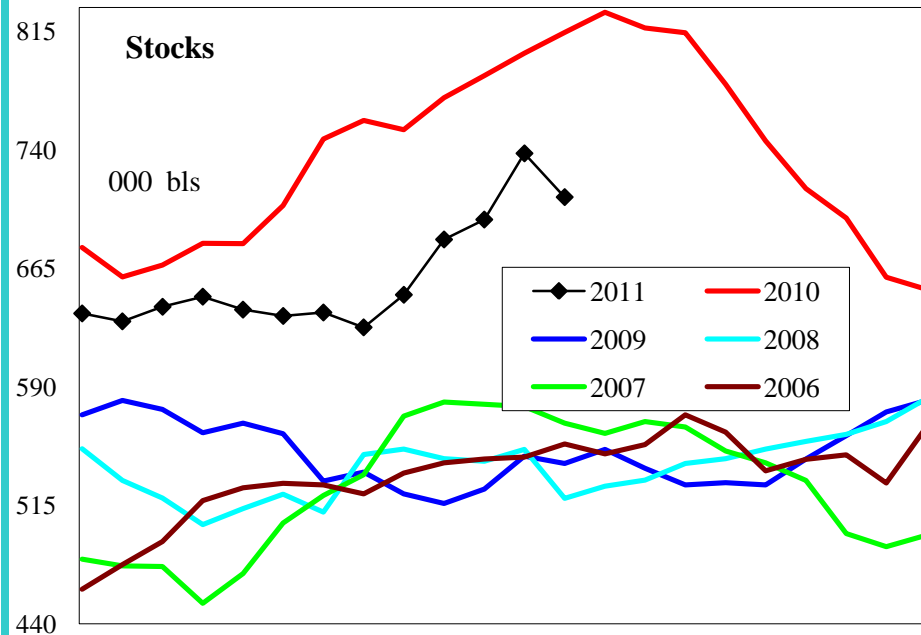
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply

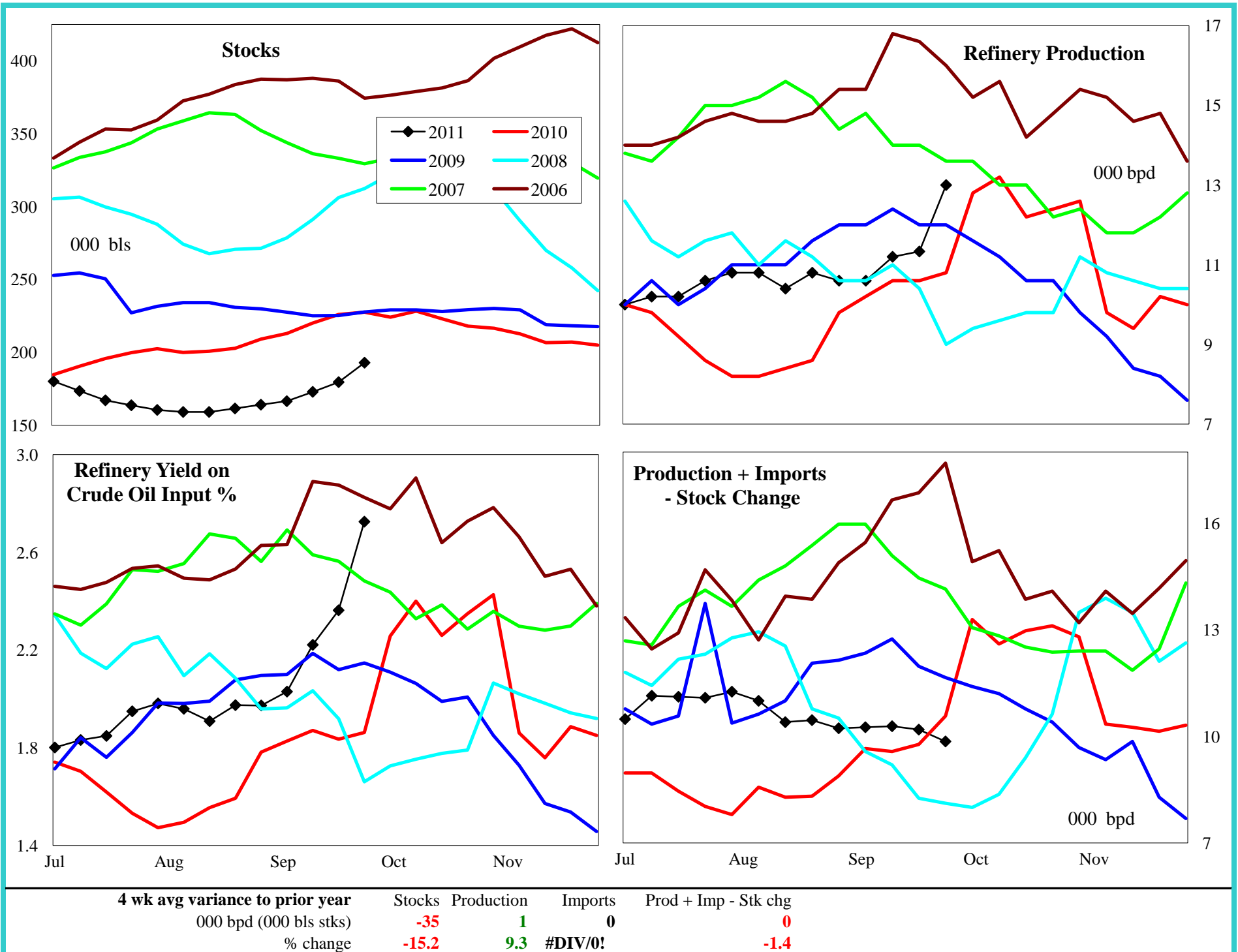


4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

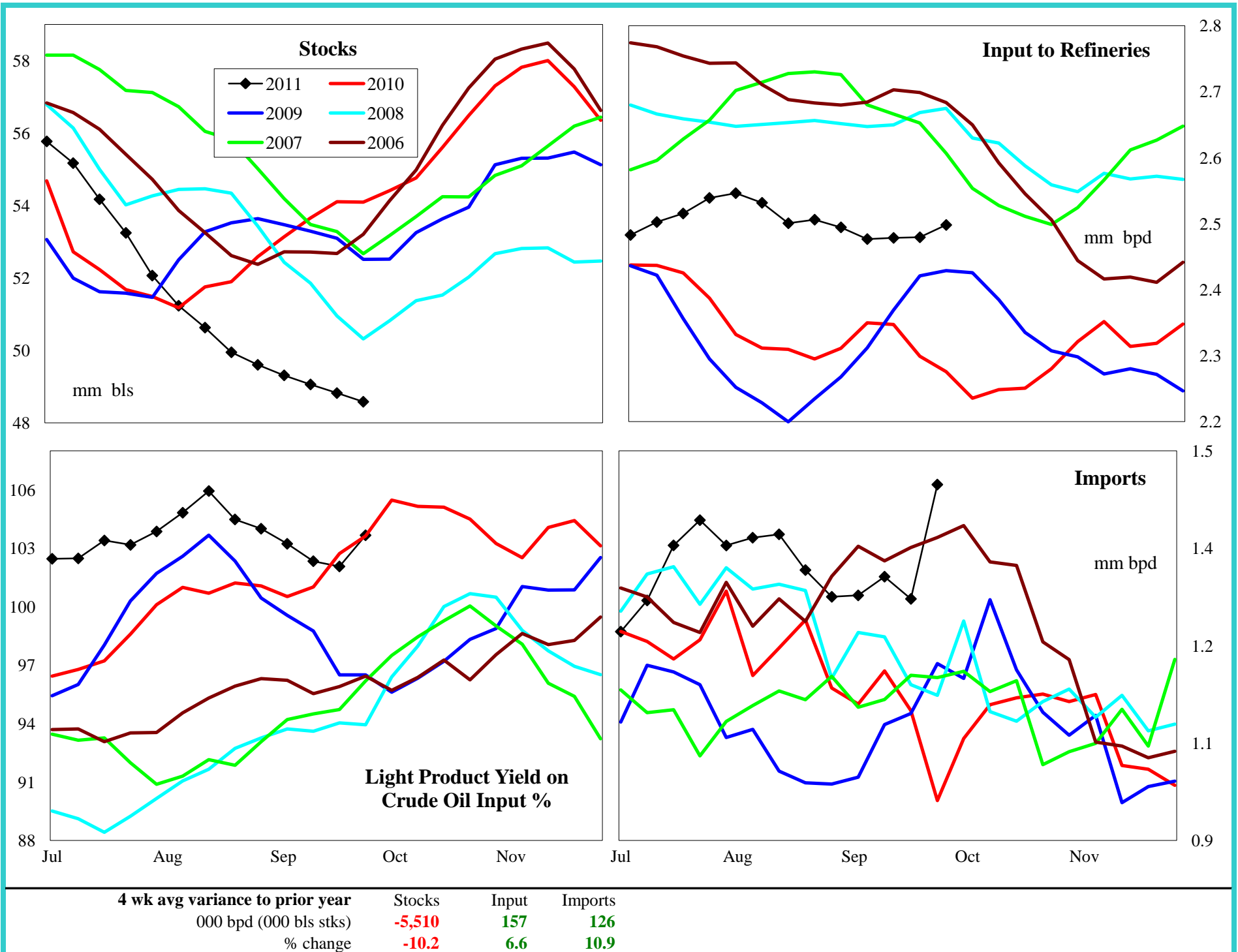
	Stocks	Production
000 bpd (000 bls stks)	-104	-8
% change	-12.8	-23.8

	Prod + Imp - Stk chg
000 bpd	-11
% change	-32.6

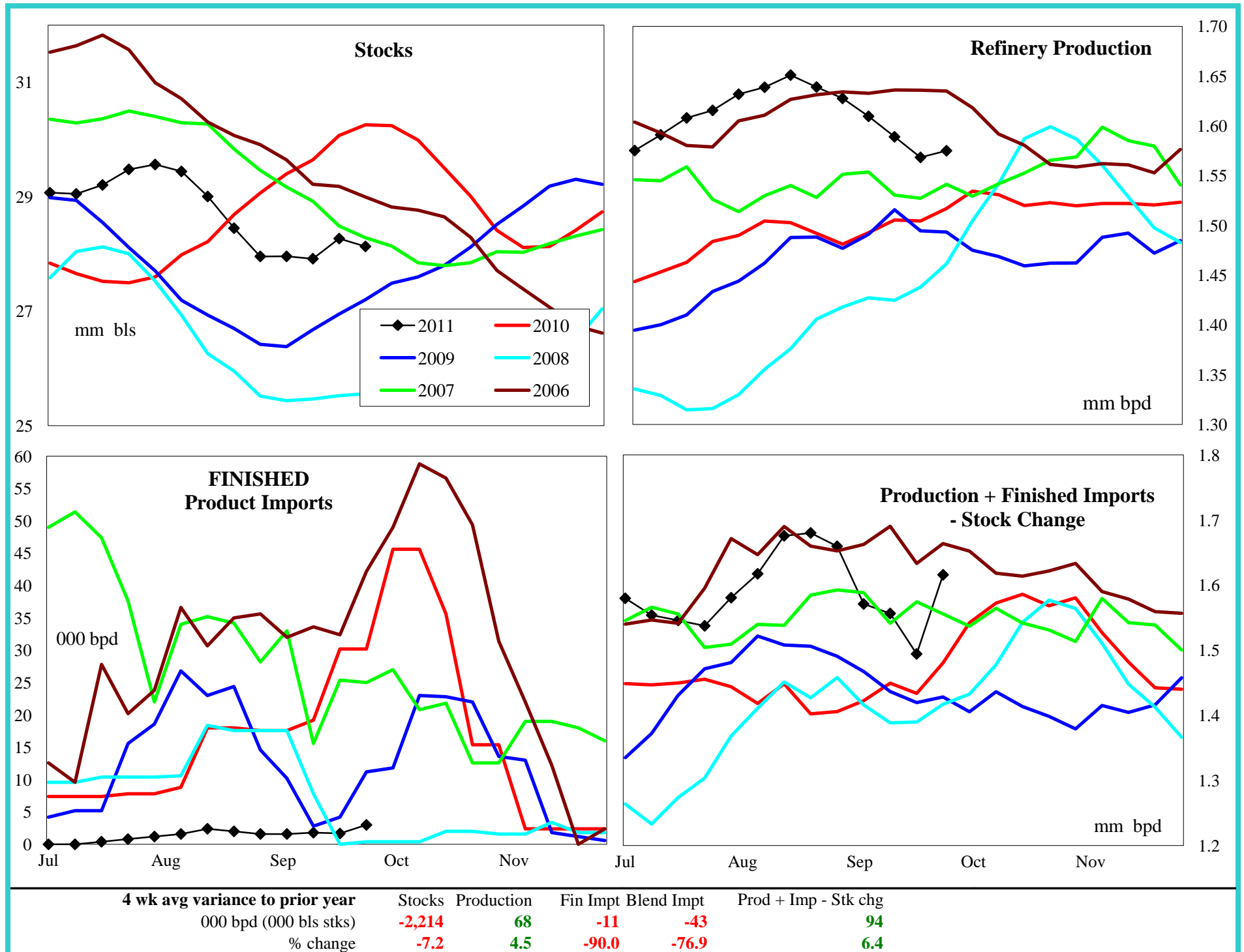
PADD 4 Residual Fuel Oil Supply



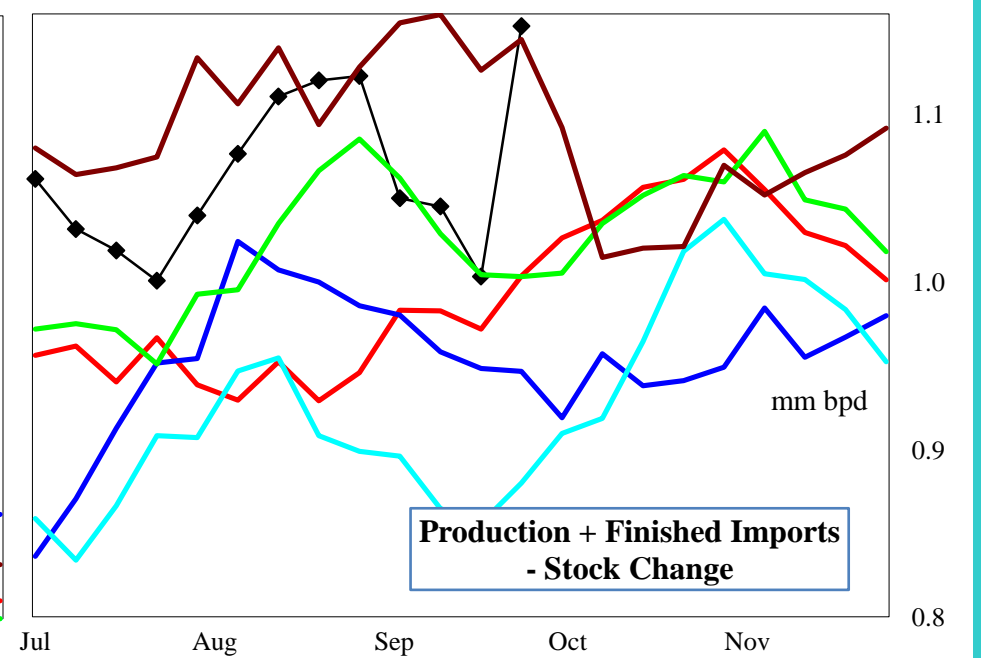
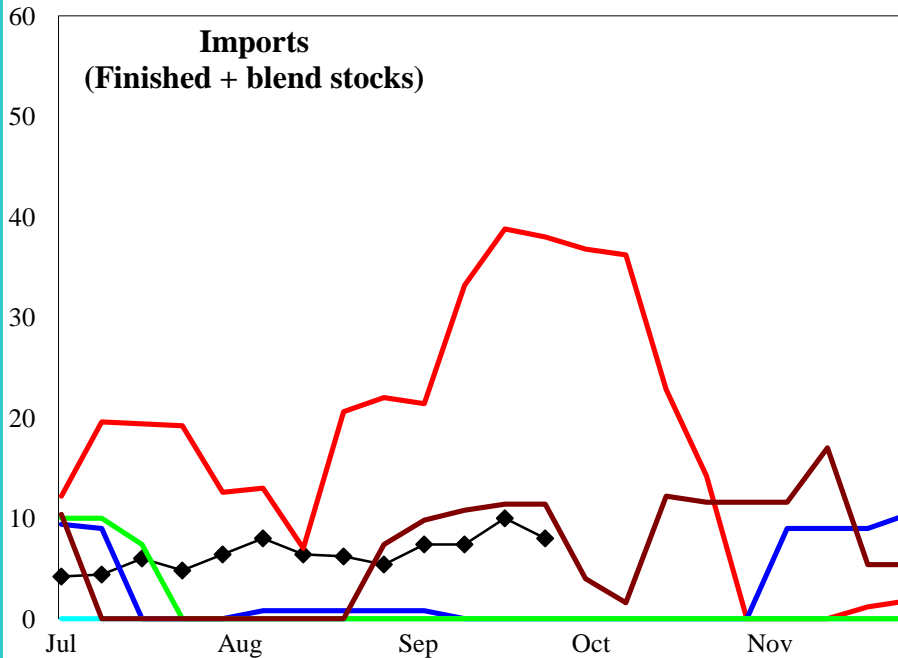
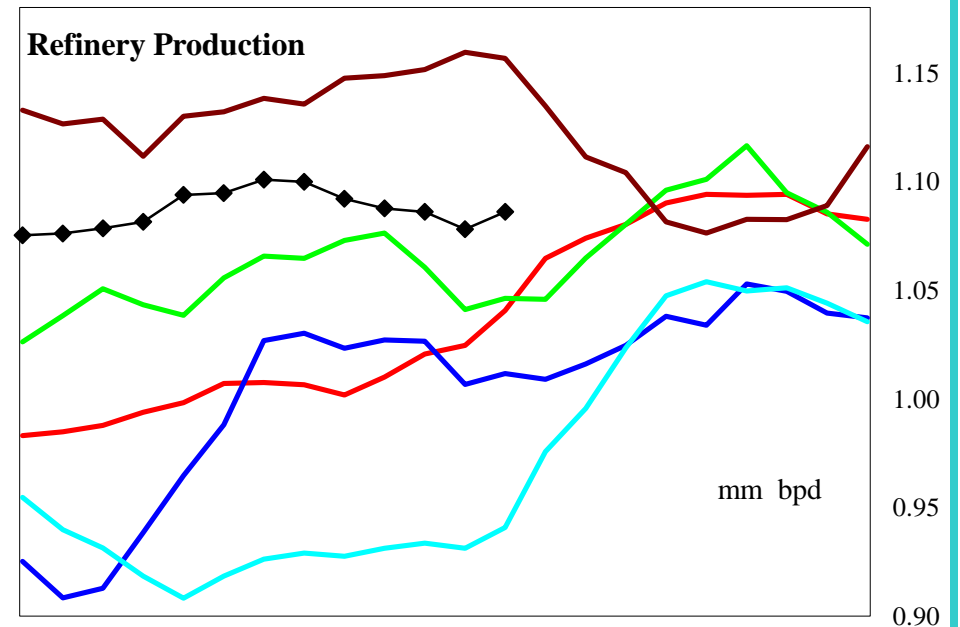
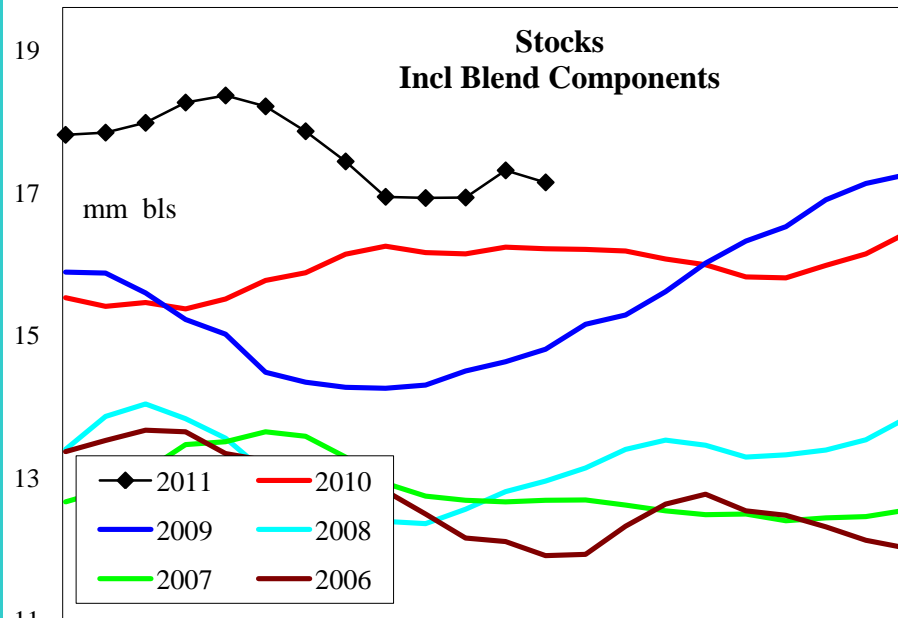
PADD 5 Crude Oil Supply and Refining



PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

792

60

-29

50

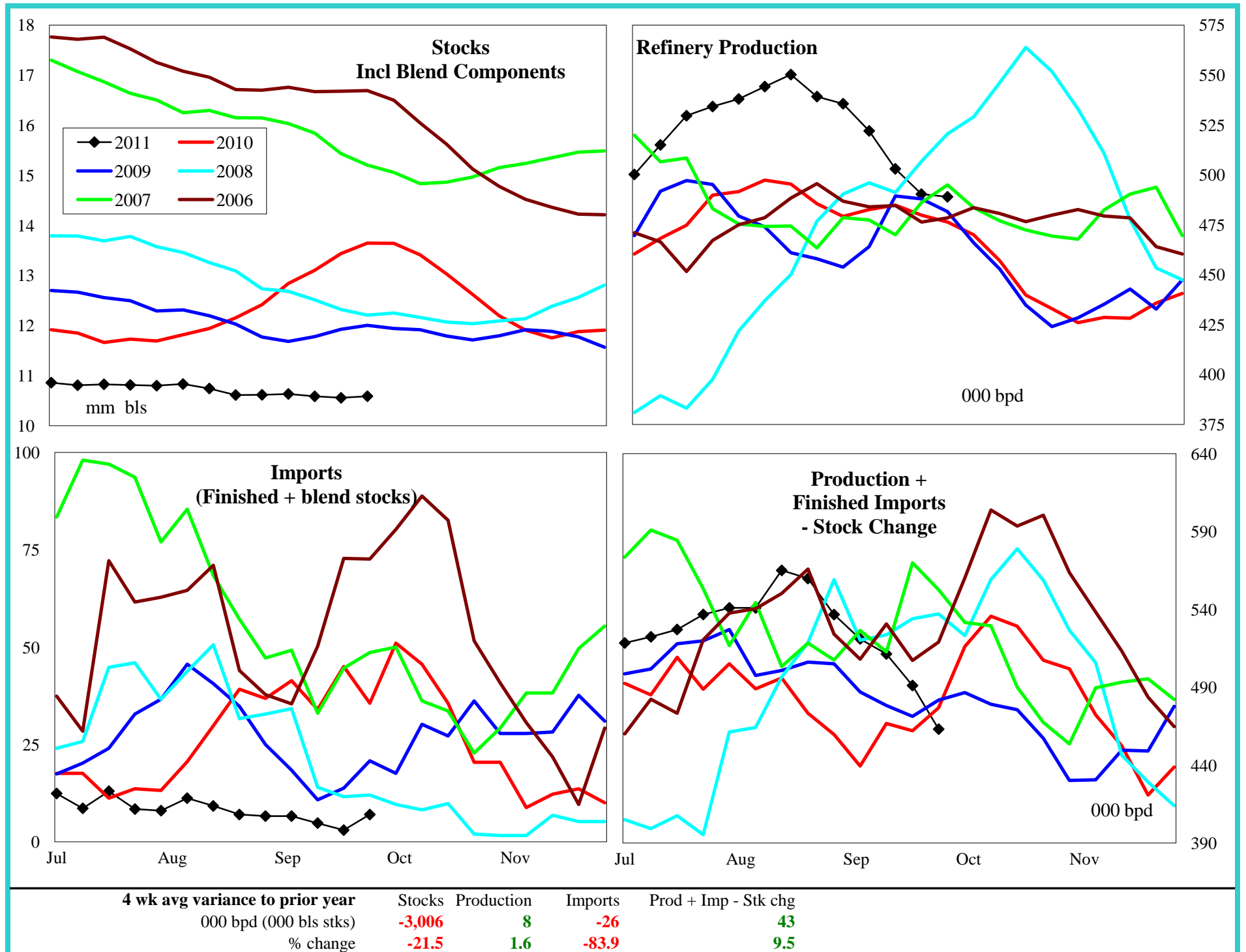
4.7

5.9

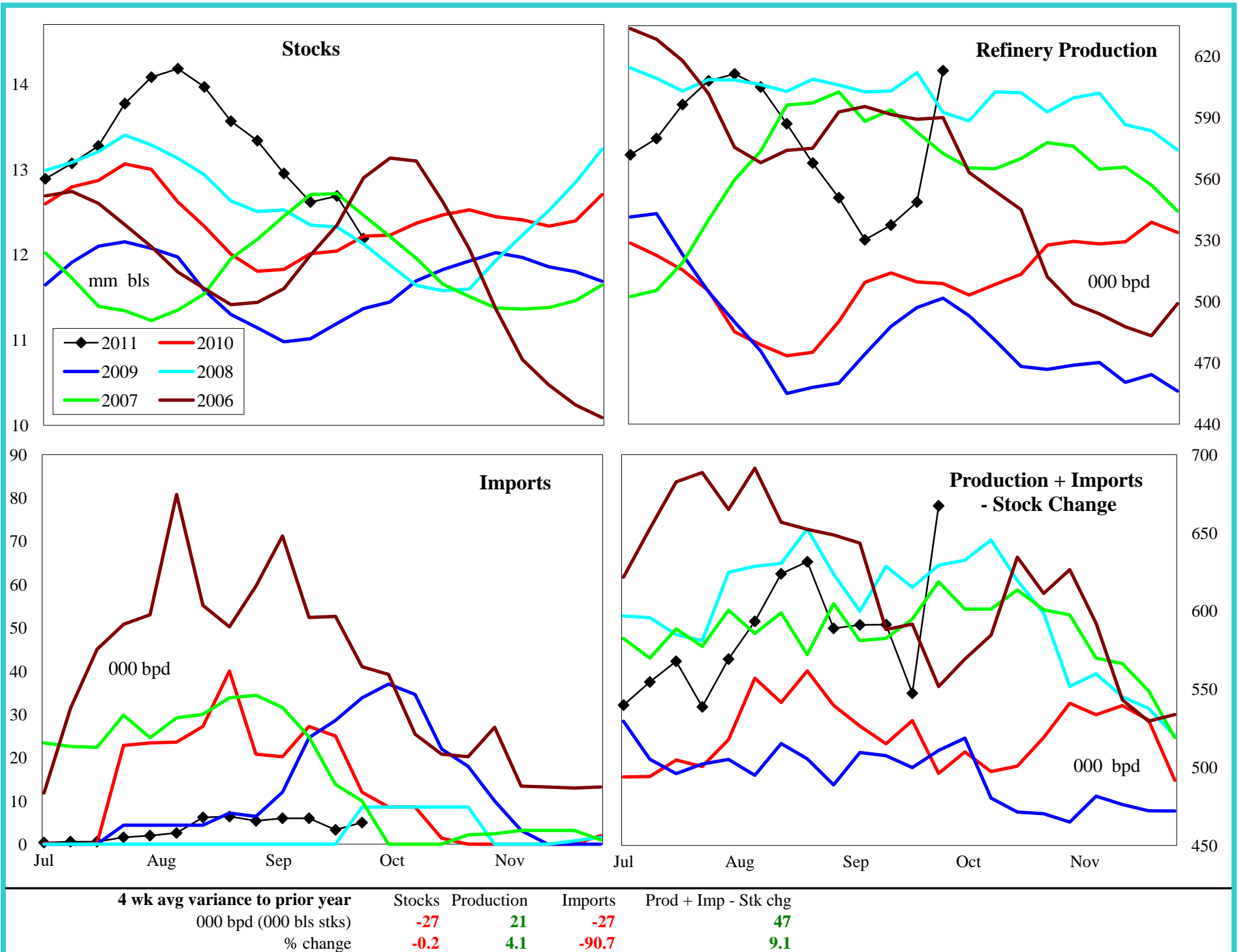
-75.5

5.0

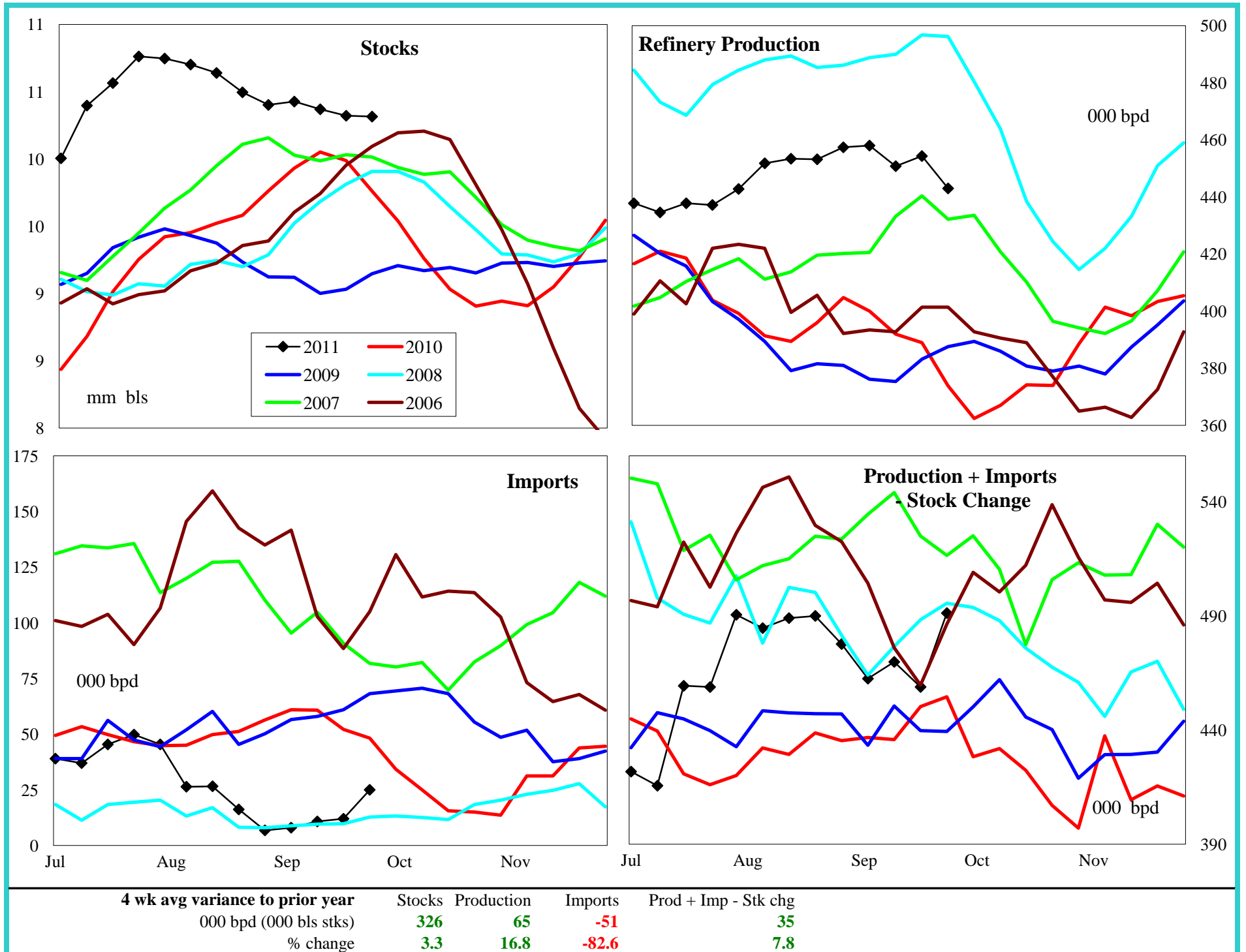
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

