



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

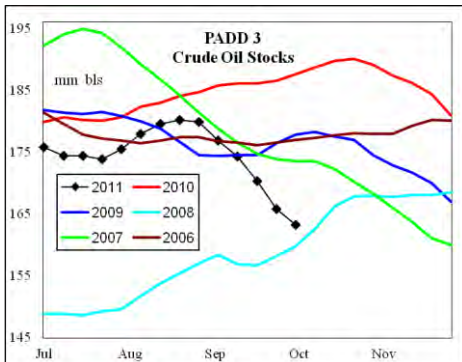
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 05, 2011



Major Fundamental Trends¹

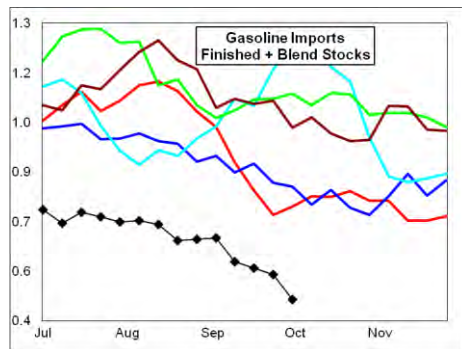
The forward price curve for global crude oil grades, excluding WTI, are trading at record high inversions (nearly less deferred month contracts). This inversion is the result of tight prompt crude oil supplies, due in part to loss of Libyan supply, and expectations of weak demand in 2012.

U.S. Gulf Coast refiners process primarily grades that are priced in relation to global grades other than WTI. Because of the price inversion, there is an incentive for refiners in the Gulf to draw down working stocks. In addition, PADD 2 imports from Canada are at record highs, up nearly +0.5 million bpd from a year ago. This increase has displaced imports via the Gulf, reducing the need for working stocks.

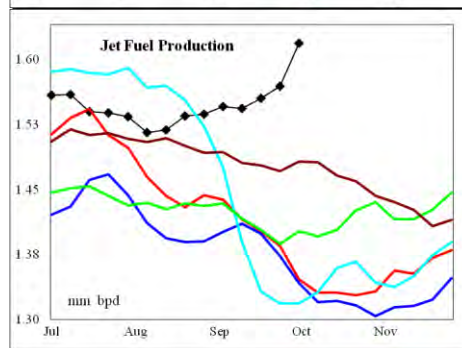
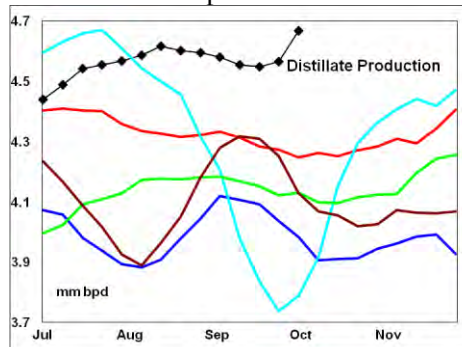


These trends underlie the -24 million barrel drop in Gulf crude oil stock levels compared to last year. The level of stocks in the Gulf are now at record lows, excluding the hurricane in 2008. Stock levels may decline further as a result of the above trends and the start of fall refinery maintenance.

Refinery maintenance on the East and West Coasts over the next 45-days, combined with exceptionally low imports to the East Coast, has the potential to create a supply squeeze for gasoline in these two regional markets. Stock levels in New England are all ready near 5-year lows.



Middle distillate production jumped over +200,000 bpd last week, with the latest 4-wk average up +430,000 bpd compared to a year ago. With crude oil runs up only +436,000 bpd for the same period, refiners have made an unusually large swing from gasoline to middle distillate production.



Demand for the middle distillates jumped nearly +300,000 bpd last week.

Wholesale demand measured over the last four weeks compared to a year ago: gasoline decreased -1.7%; distillate up +2%; jet fuel down -2.9% while residual fuel oil increased +28%. **Stocks forward coverage:** Gasoline demand coverage decreased on a -1.1 million barrel stock draw. Coverage levels were at the upper end of the historic range.

Distillate coverage fell on a -0.7 million barrel stock draw and the spike

in weekly demand. Coverage levels were near the 5-year mid range.

Jet fuel coverage levels matched 5-year highs on a +0.9 million barrel stock build and flat demand.

Refinery utilization rates decreased on a -73,000 bpd decrease in crude oil runs. During the latest 4-wk period crude oil input was +436,000 bpd above a year ago.

Gasoline yield % on crude oil runs increased on a +7,000 bpd increase in production, compared to the -73,000 bpd decline in crude oil input. Yield % on crude oil runs was at the low end of the last 3-years.

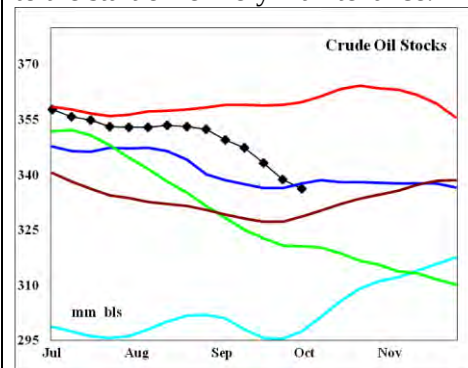
Distillate yield % on crude oil runs surged on a +108,000 bpd rise in production compared to the decline in crude runs. Yield % on crude oil runs was a record high for the season.

Jet fuel yield % on crude oil runs surged on a +101,000 bpd rise in output. Yield % levels reached an all time high for the season.

Petroleum Imports were sharply lower for crude oil with only limited week on week change for transport fuels.

During the latest 4-wk period crude oil imports decreased -0.2 million bpd compared to last year; distillate imports decreased -25,000 bpd; finished gasoline imports decreased -32,000 bpd, gasoline blend stock imports fell -141,000 bpd; jet fuel imports declined -76,000 bpd, while residual fuel oil imports decreased -23,000 bpd.

Crude Oil stocks fell -4.7 million barrels last week on the -1 million bpd drop in imports. Lower imports point to the start of refinery maintenance.



¹ Source is latest EIA Weekly Statistics



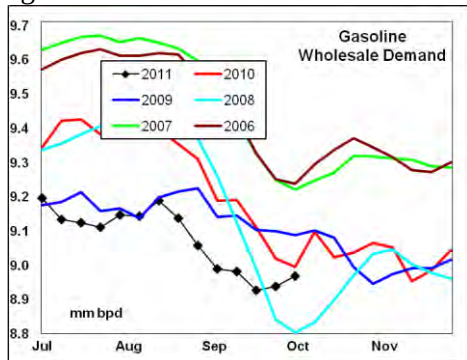
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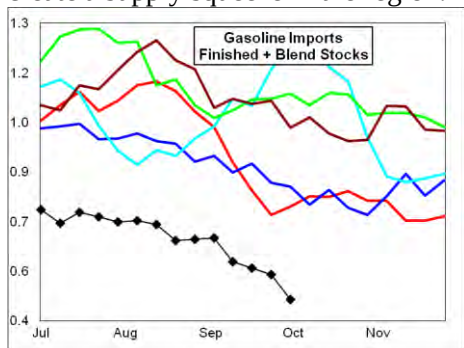
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.Product Supply-Demand Trends

Gasoline demand was unchanged last week, with the latest 4-wk average demand -152,000 bpd below a year ago.



Production was unchanged on the week, with output above the 5-year range. Imports fell to new all time lows; which combined with refinery maintenance on the East Coast, may create a supply squeeze in the region.



Stocks declined -1.1 million barrels last week, with the level above the mid range.

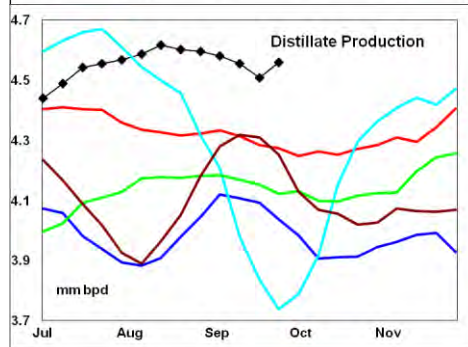
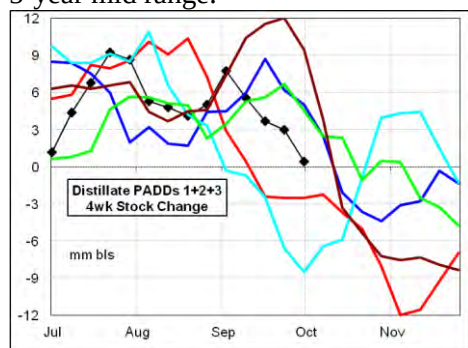
Wholesale demand has rebounded in the last 2-wks to levels just below the prior two years. Start of refinery maintenance has the potential for supply squeezes on both the East and West Coasts. Record production in the Midwest should improve supplies in that region.

Distillate demand surged +282,000 bpd last week, a level well above the last 3-years. The latest 4-wk average demand was -74,000 bpd above a year ago.

Supply increased +166,000 bpd last week on higher production and imports. Production reached new 5-year highs for the season. Higher demand and robust exports led to a -

0.7 million barrel stock draw on the week. Stock levels ended the week -15.5 million barrels below last years' record high.

The latest 4-wk stock build in markets East of the Rockies was +0.4 million barrels, a level well below the 5-year mid range.



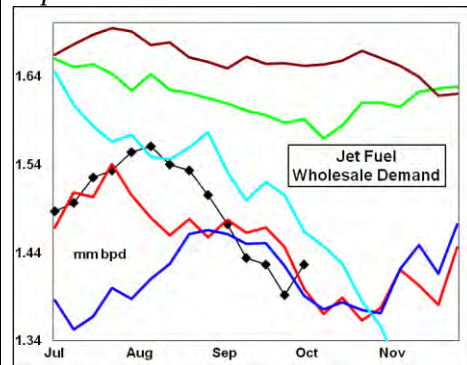
Wholesale demand bounced higher last week, lifting the 4-wk average to a level above a year ago. The supply demand balance has tightened compared to the last 2-years on very robust exports and higher demand that has offset record high output. Stock levels are now -0% below each of the prior 2-years.

Jet Fuel demand increased +5,000 bpd last week, with the level comparable to the last 2-years. The latest 4-wk average demand was -43,000 bpd below last year.

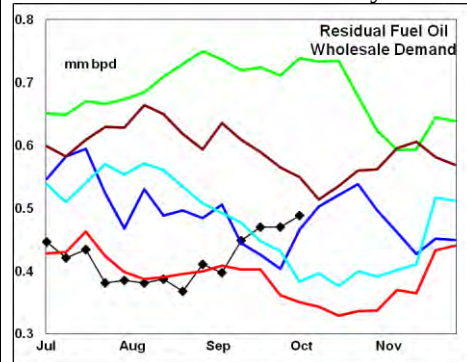
Supply increased +47,000 bpd on the week the result of a surge in production, partially offset by lower imports. Stocks increased +0.9 million barrels to a level near last years' record highs.

The jet fuel supply balance is near 'excess' conditions on extremely high production, and very weak demand, that has more than offset record low

imports.



Residual fuel oil demand decreased -117,000 bpd on the week, although the level remains above the last 3-years.



Supply (production + imports) decreased -74,000 bpd last week, on higher production. The latest 4-wk average supply unchanged from last year. Stocks decreased -0.2 million barrels to a level below the 5-year range.

The key Gulf Coast market supply balance improved slightly last week on record high production and a small stock build. Stock levels remain near the mid range.

The West Coast market has remained very well supplied with stock levels well above the mid range.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

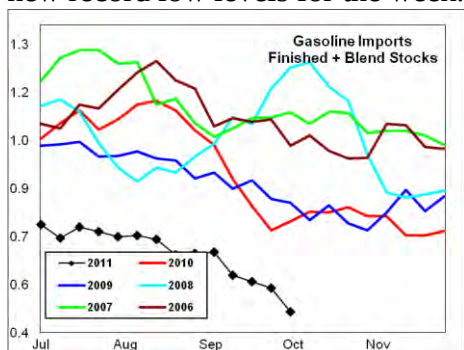
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PADD Supply Trends

PADD 1 refinery crude oil runs declined -73,000 bpd on the week, with the level +148,000 bpd above a year ago.

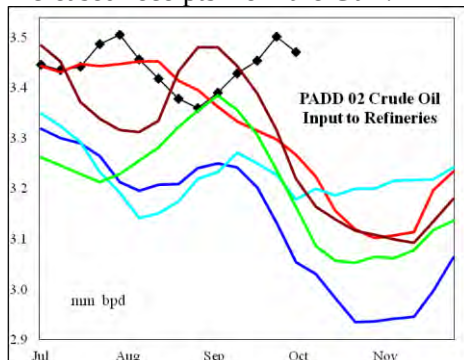
Gasoline supplies fell -230,000 bpd last week on lower production and imports. Supply during the latest 4-wk period was +46,000 bpd above a year ago. Imports fell to new record low levels for the week.



Gasoline stocks fell -1 million barrels on the week, due to the sharp drop in supply. Extremely low imports and maintenance at ConocoPhillips refinery in Trainer PA should keep this regional market at risk of a supply squeeze.

Distillate supply increased +103,000 bpd last week with higher imports and production. Stocks fell -0.5 million barrels, pushing the level to well below the 5-year mid range.

Jet fuel stocks jumped +0.7 million barrels to a level near historic highs, driven by high production and increased receipts from the Gulf.



PADD 2 crude oil refinery runs decreased -49,000 bpd last week, with the latest 4-wk average +146,000 bpd above a year ago, and at a 5-year high.

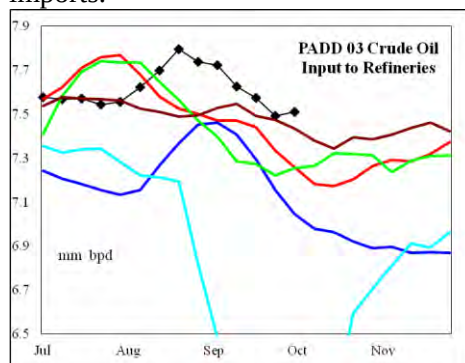
Imports also reached new highs, up over +430,000 bpd from last year. Crude stock levels remain above the 5-year range.

Gasoline production climbed +58,000 bpd on the week, to a new record high for the period. Stocks increased +0.4 million barrels, with the level below the mid range.

Distillate production increased +10,000 bpd, to a level above the historic range. Stocks decreased -0.2 million barrels to a level that matched the 5-year mid range.

Jet fuel production and stock levels were each at record highs.

PADD 3 refinery runs increased +89,000 with the level above the 5-year range. The latest 4-wk average thru put was +74,000 bpd above last year. Crude oil stocks fell -5.2 million barrels on a -0.8 million bpd drop in imports.



Gasoline production increased +101,000 bpd on the week. Stocks decreased -0.7 million barrels last week, with the level 5-year highs.

Distillate production increased +99,000 bpd on the week; with the latest 4-wk average +230,000 bpd above the previous record level. Stocks decreased +0.2 million barrels, with the level near last years' highs.

Jet fuel production jumped +50,000 bpd on the week, to a new record level. Stock levels ended the week just below the last 2-years, but well above the 5-year mid range.

Residual fuel oil supplies increased +22,000 bpd on the week, with production reaching a new 5-year weekly high. Stocks increased +0.2

million barrels, with the level near the historic mid range.

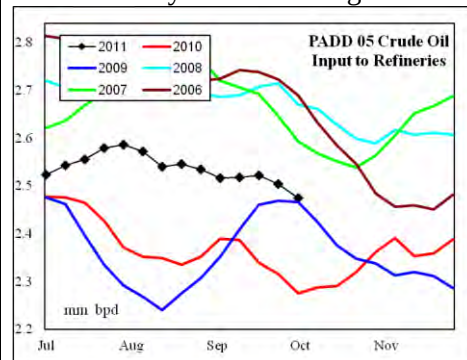
PADD 4 refinery crude runs increased +24,000 bpd last week, with the most recent 4-wk average -102,000 bpd below a year ago. Record low runs due to refinery maintenance has lifted stocks to record highs.

Gasoline production increased +14,000 bpd last week, still a level below the historic range. Stocks increased +0.4 million barrels, with the level at the low end of the 5-year range.

Distillate production increased +10,000 bpd, although the level remains below the historic range. Stock levels matched 5-year lows.

Jet fuel stock levels remain relatively high, even with low production.

PADD 5 crude oil refinery runs fell -64,000 bpd on the week, with the level only slightly above the last 2-years. The latest 4-wk average thru put was +171,000 bpd above last year. Light product yield % on crude oil runs matched last years' record high.



Gasoline production increased +11,000 bpd last week, a level at the upper end of the 5-year range. The latest 4-wk average was +60,000 bpd above last year. Stocks fell -0.2 million barrels on the week.

Distillate production declined -58,000 bpd last week, to a level near the mid range; with the 4-wk average +36,000 bpd above a year ago. Stocks increased +0.2 million barrels to a level above the mid range.

Jet fuel stocks and production each remain extremely high.

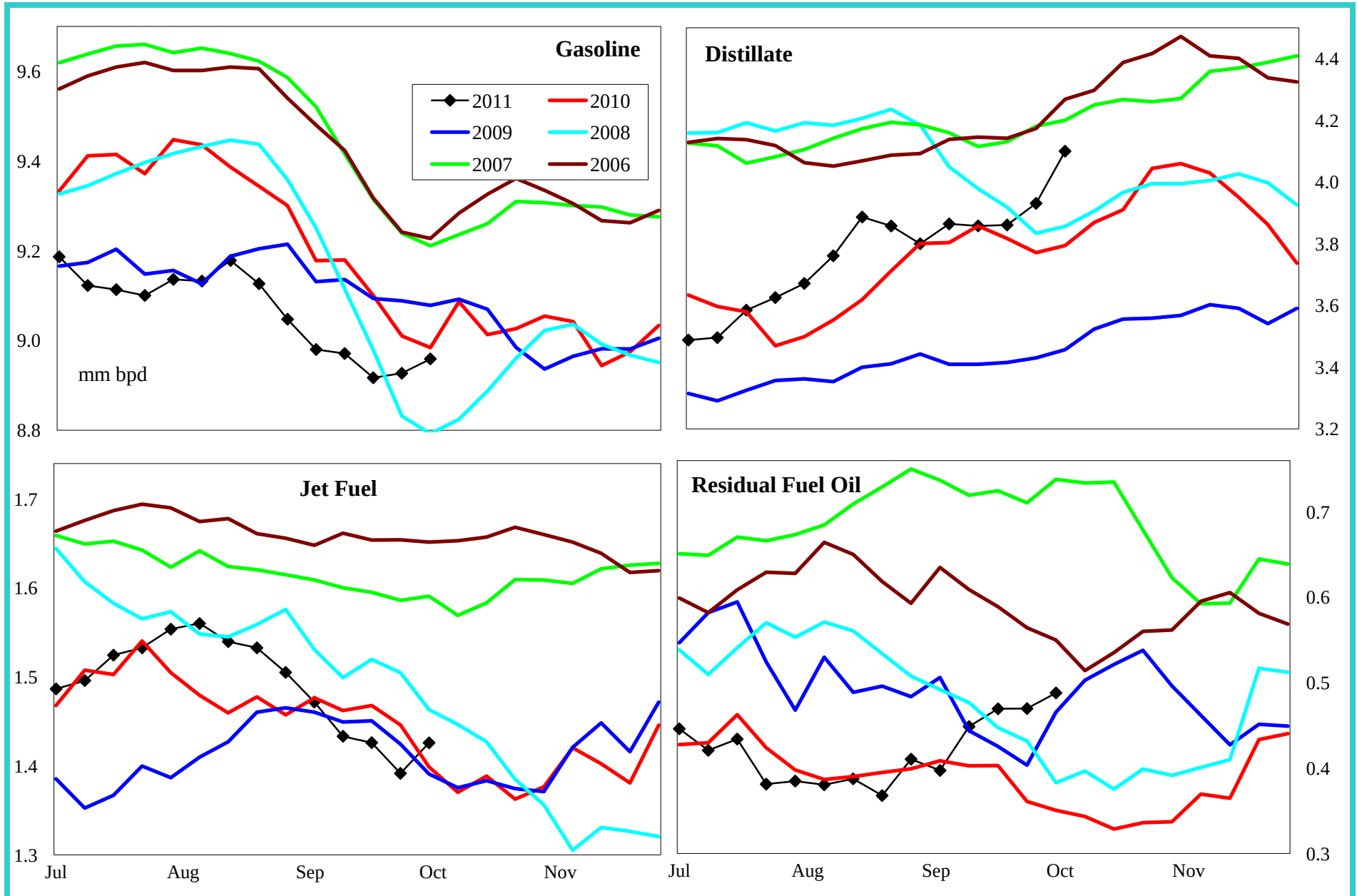


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report October 5, 2011
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	30-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	-4,679	-548	-506	-5,237	264	1,348
	Imports	-1,002	-348	6	-840	70	108
	Input	-73	-73	-49	89	24	-64
	% Utilization	-0.10					
Gasoline	Stocks	-1,137	-1,004	394	-725	425	-226
	Production	7	-106	58	101	14	11
	Imports	-36	-124	1	80	0	6
	Supplied	-5					
Distillate	Stocks	-744	-524	-152	-226	6	153
	Production	108	46	10	99	10	-58
	Imports	58	57	2	0	2	-5
	Supplied	282					
Jet Fuel	Stocks	854	745	286	-171	-55	50
	Production	101	7	32	50	5	8
	Imports	-48	-21	0	-4	0	-23
	Supplied	5					
Residual Fuel Oil	Stocks	-199	8	1	157	8	-372
	Production	85	-15	4	98	0	-3
	Imports	-9	69	-2	-76	0	0
	Supplied	-117					

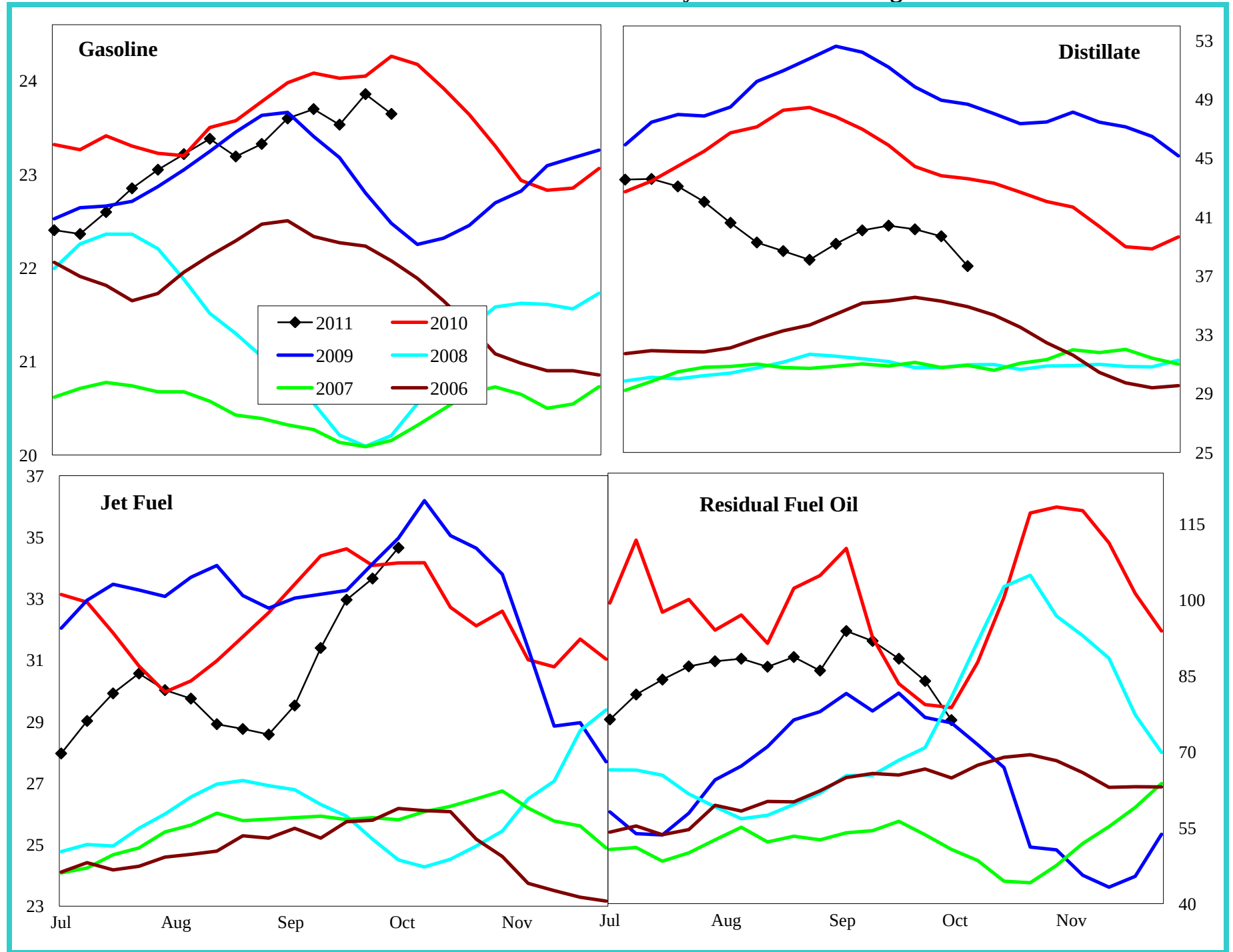
United States Wholesale Petroleum Demand



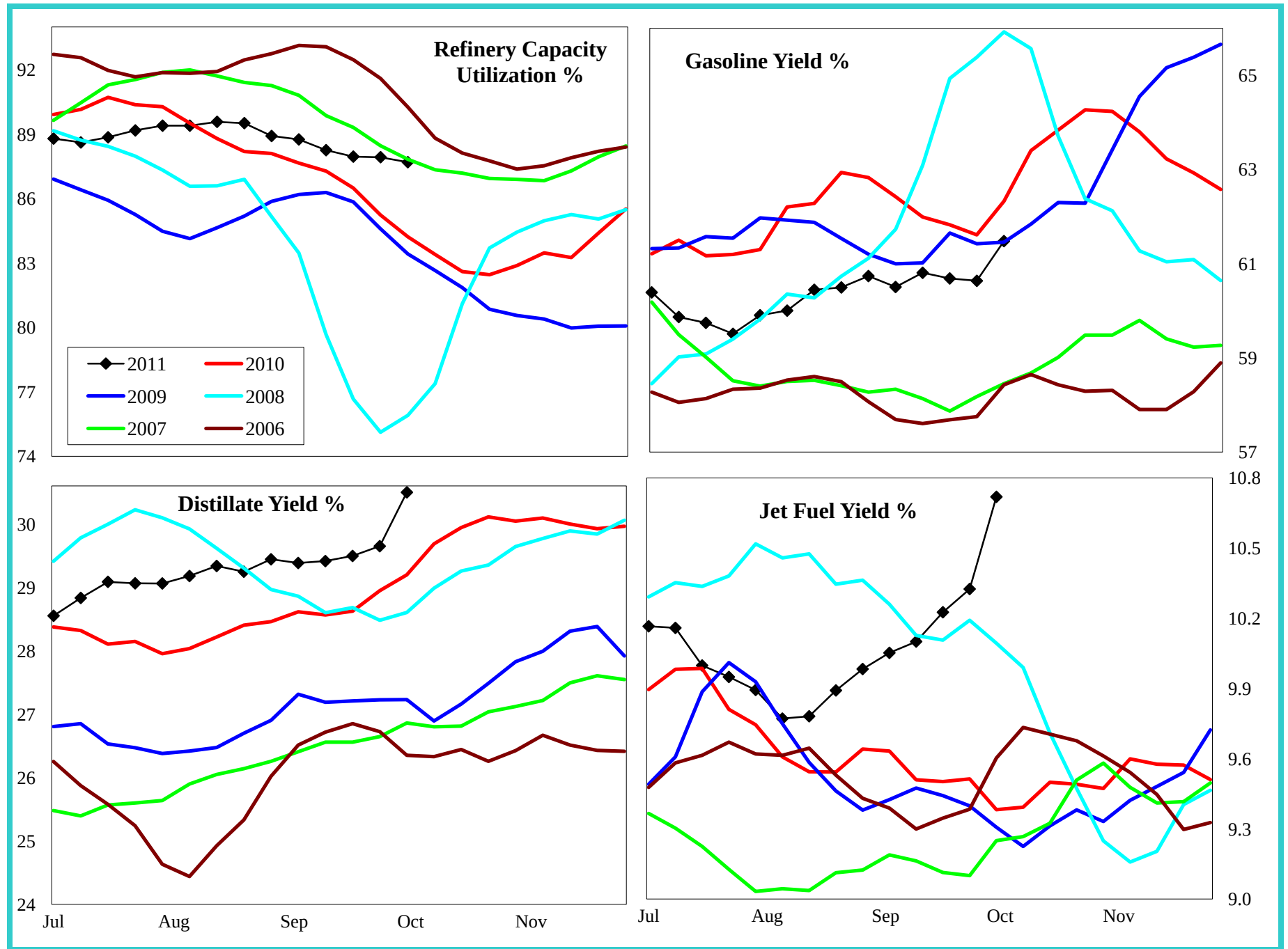
	000 bpd change from prior year				% change from prior year			
	4wk avg	Aug	Jan	Jun	4wk avg	Aug	Jul	Jun
Gasoline	-152	-158	-236	-265	-1.7	-1.7	-2.5	-2.8
Distillate	74	6	2	160	2.0	0.2	0.1	4.3
Jet Fuel	-43	32	24	2	-2.9	2.2	1.6	0.1
Resid	116	-62	-164	-29	27.8	-13.0	-27.6	-5.8



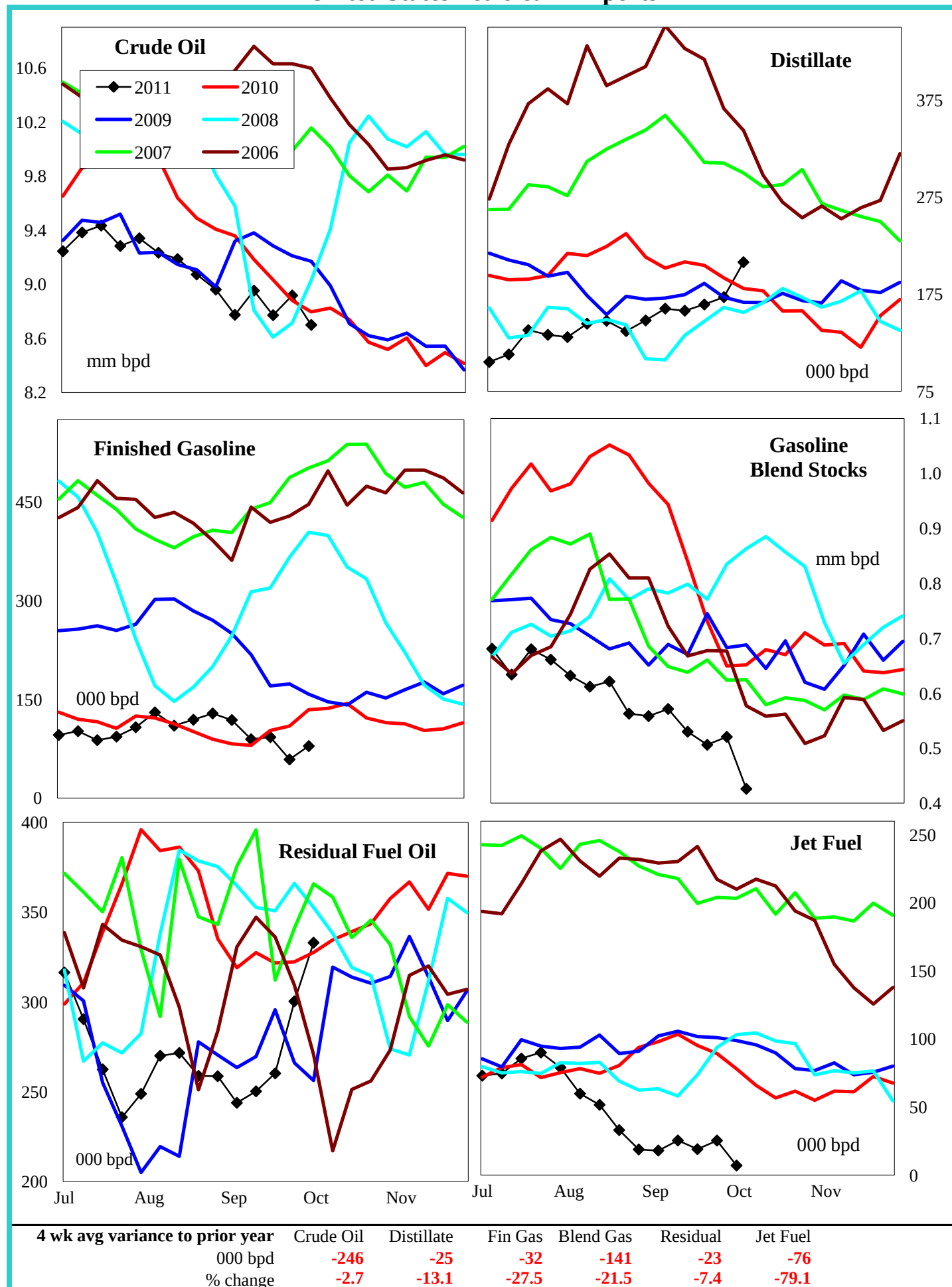
United States Product Stocks: Days Forward Coverage



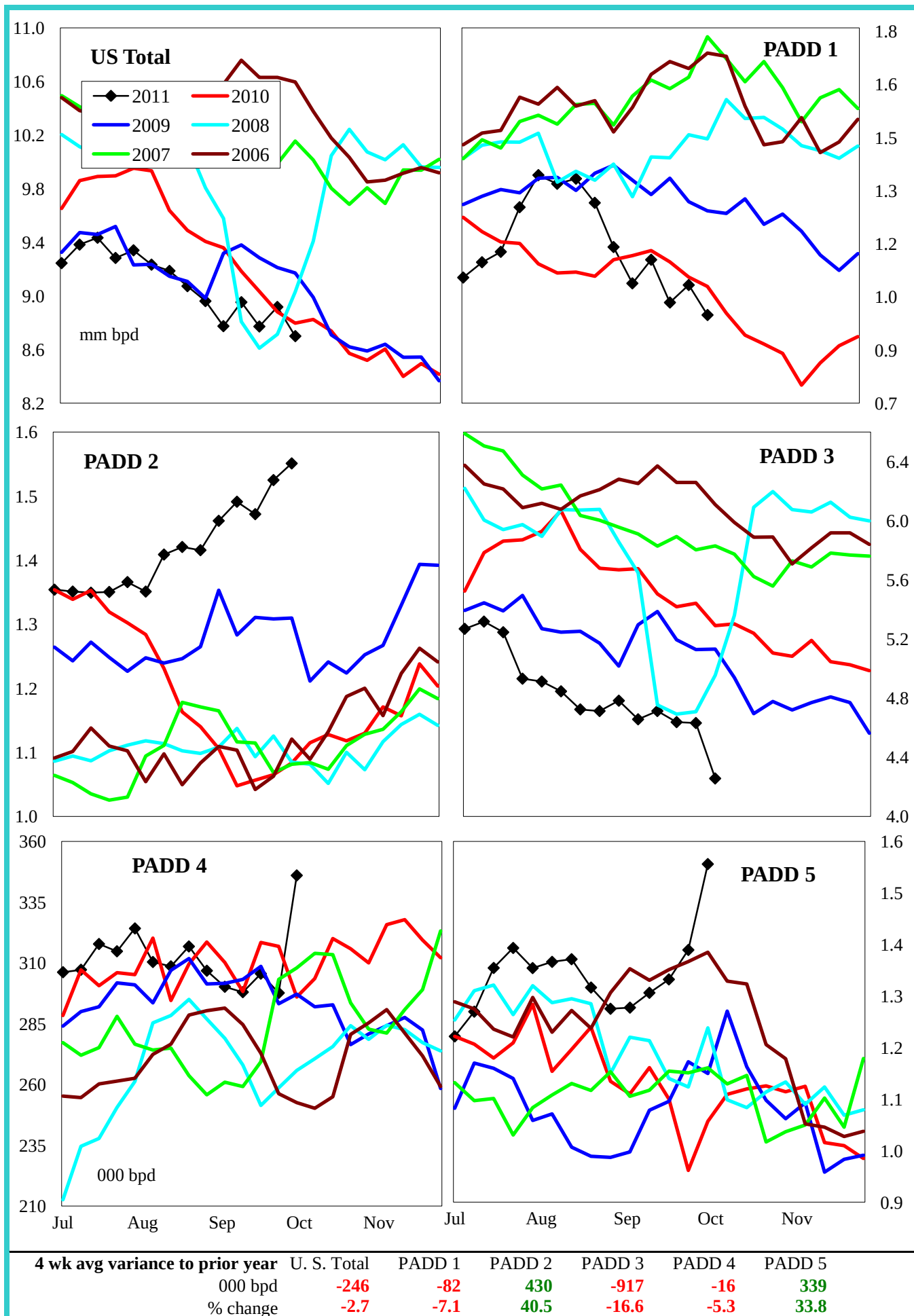
United States Refinery Percent Utilization Rate and Product Yields



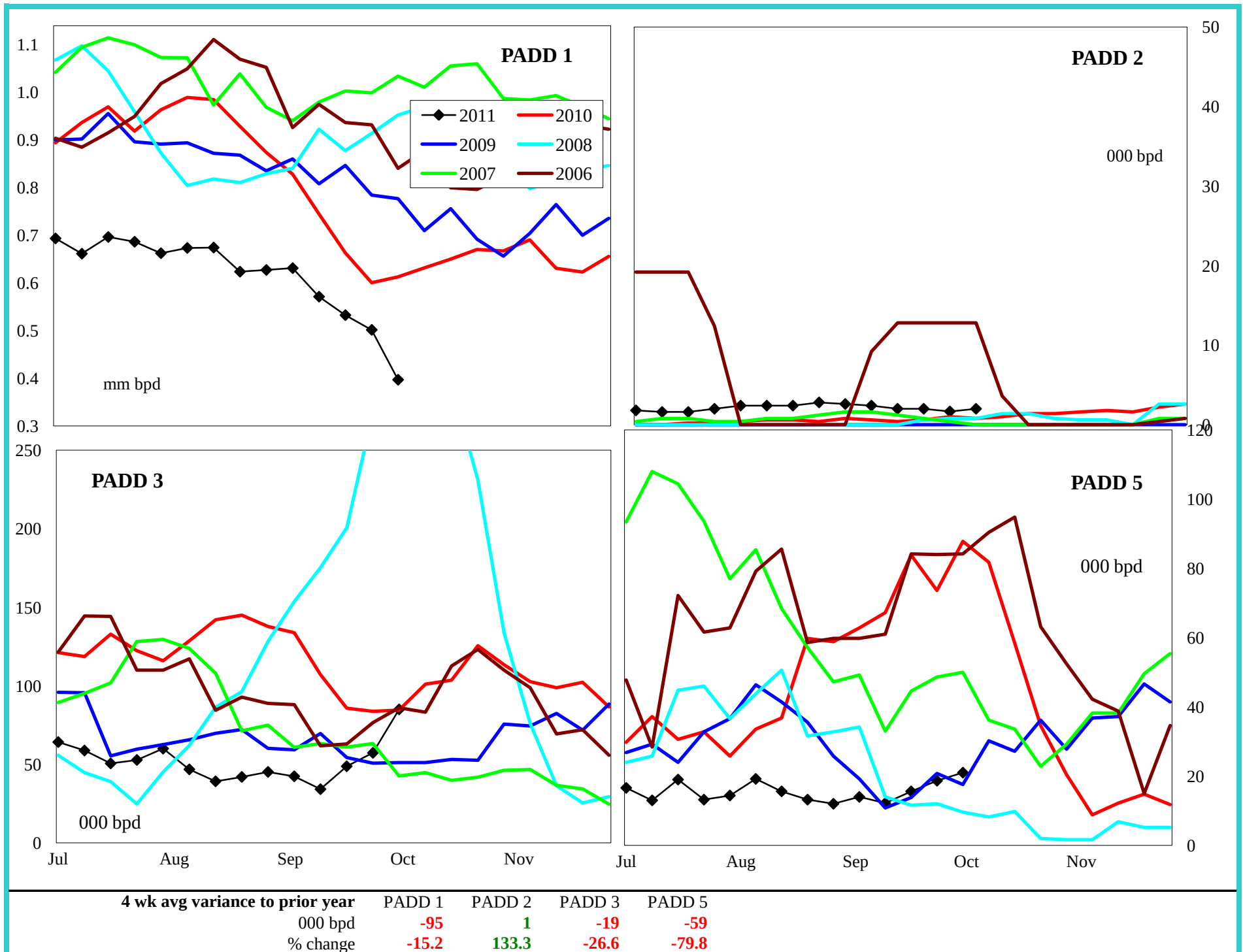
United States Petroleum Imports



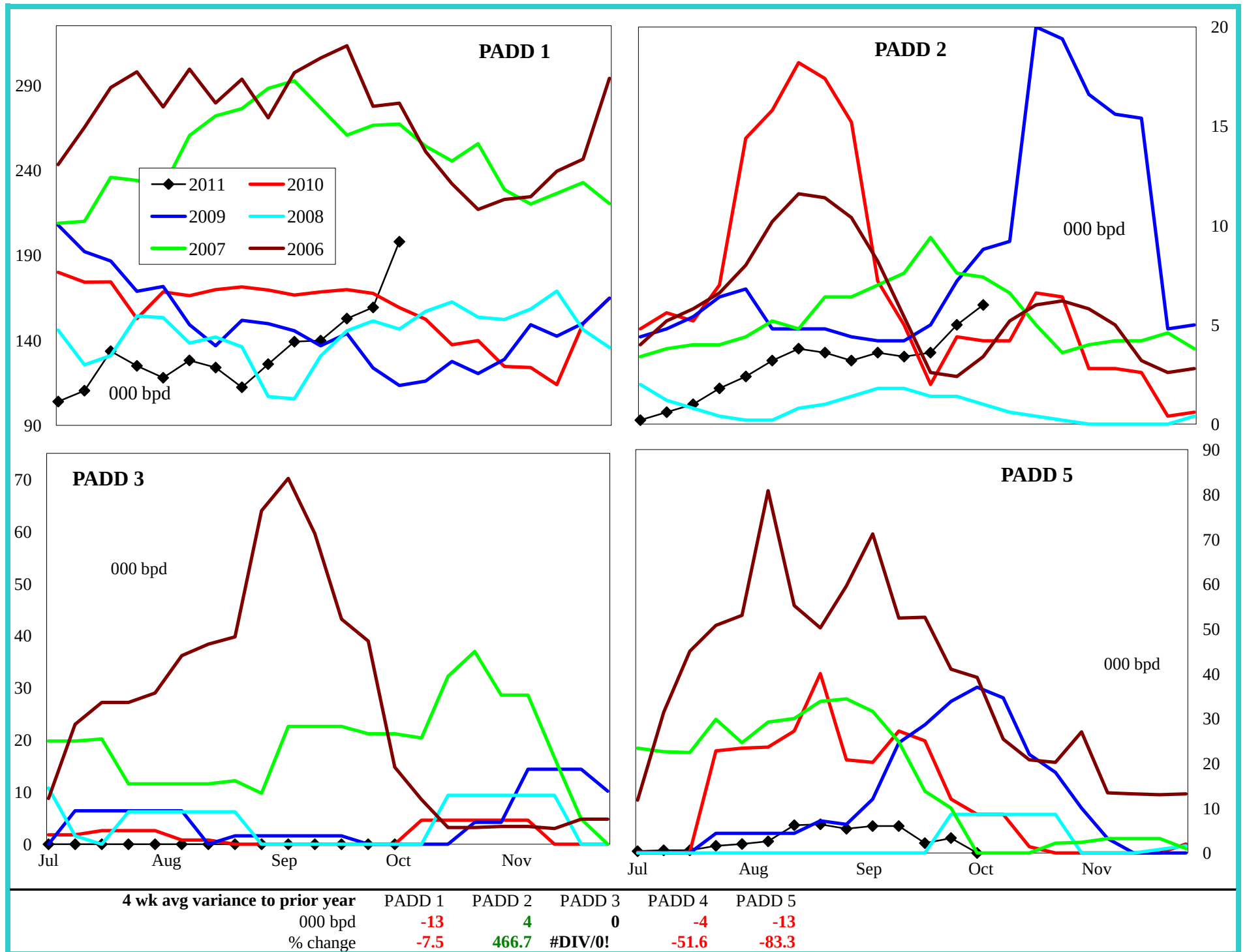
Crude Oil Imports by PADD



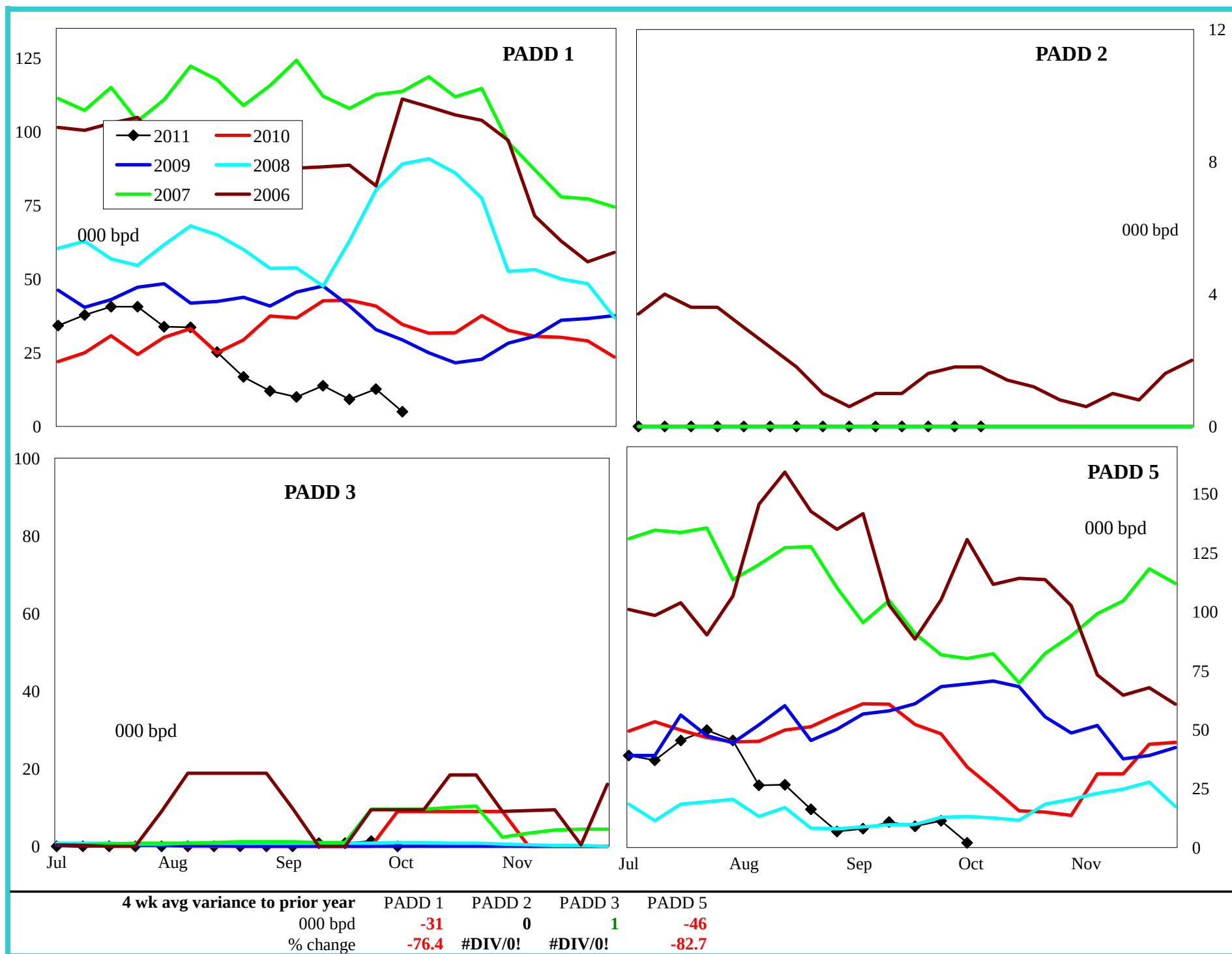
Gasoline Imports by PADD (Finished + Blend Stocks)



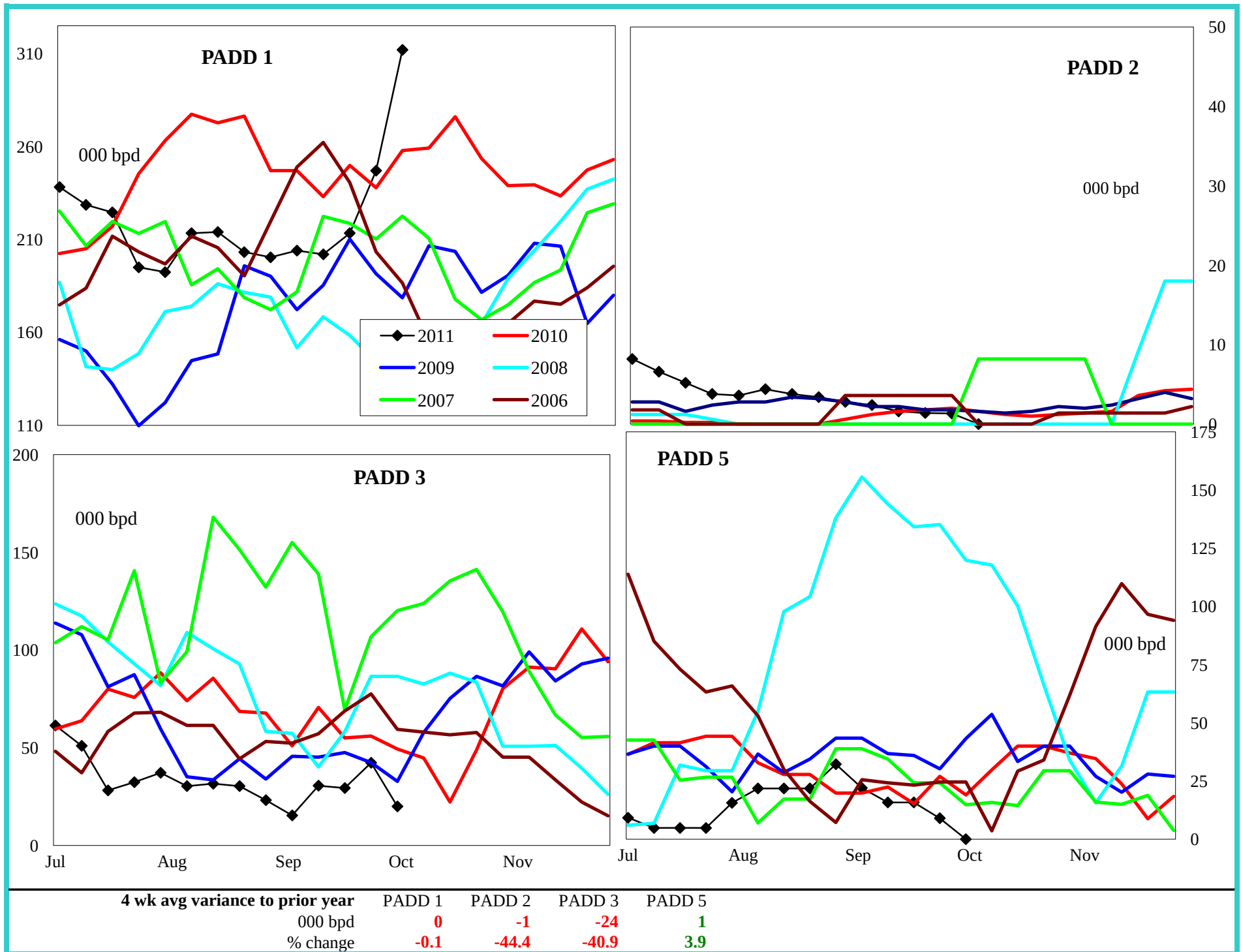
Distillate Imports by PADD



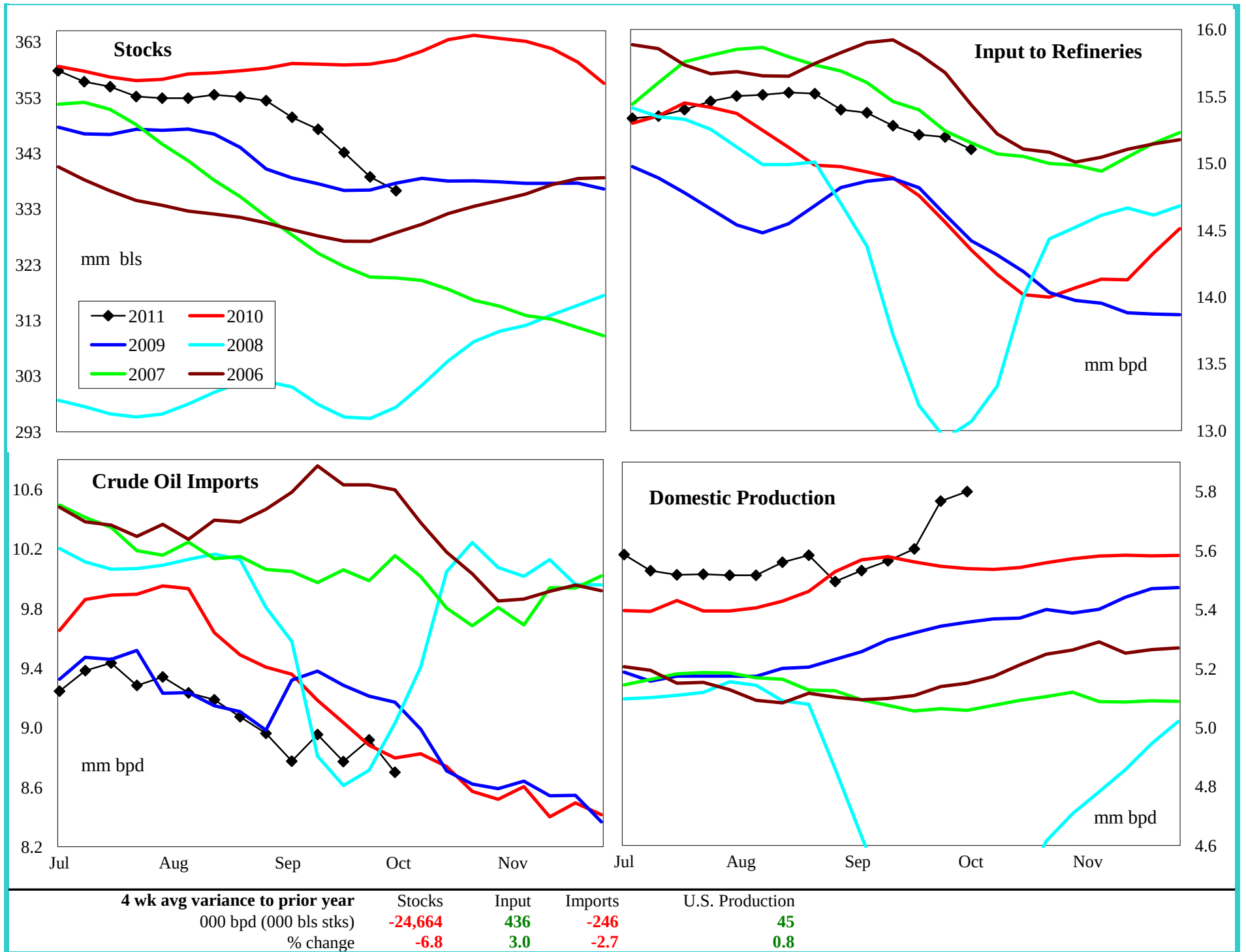
Jet Fuel Imports by PADD



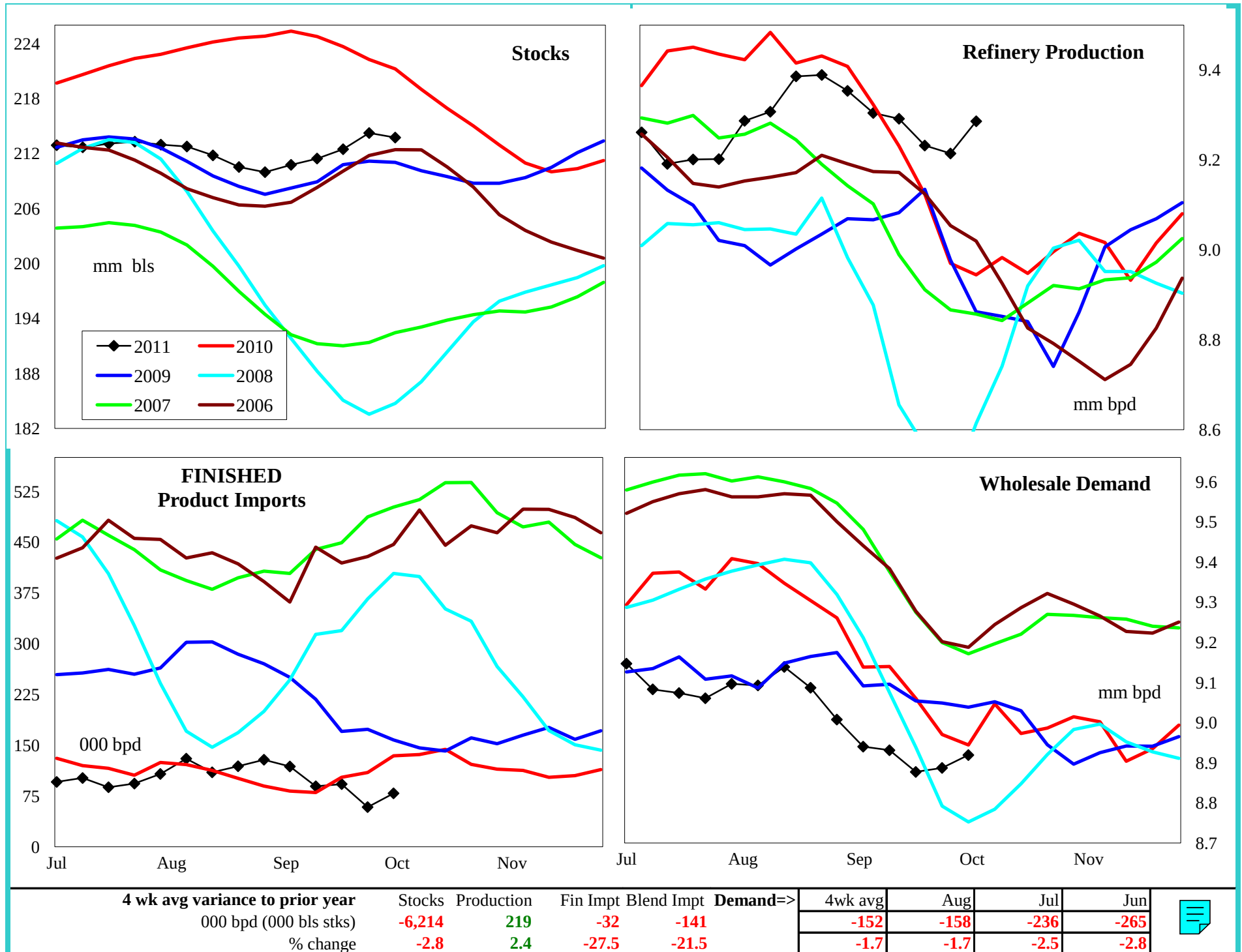
Residual Fuel Oil Imports by PADD



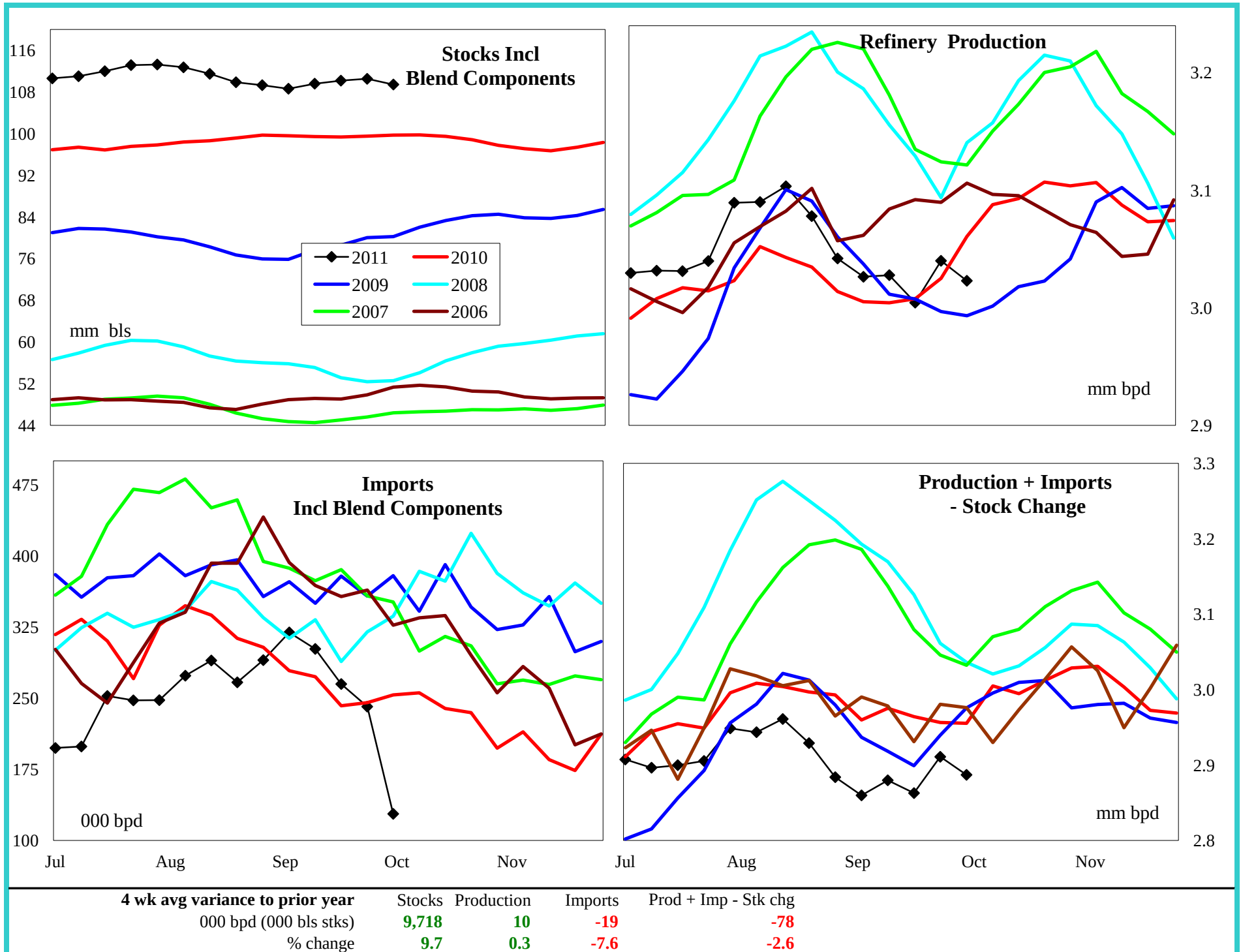
United States Crude Oil Supply and Demand Balance



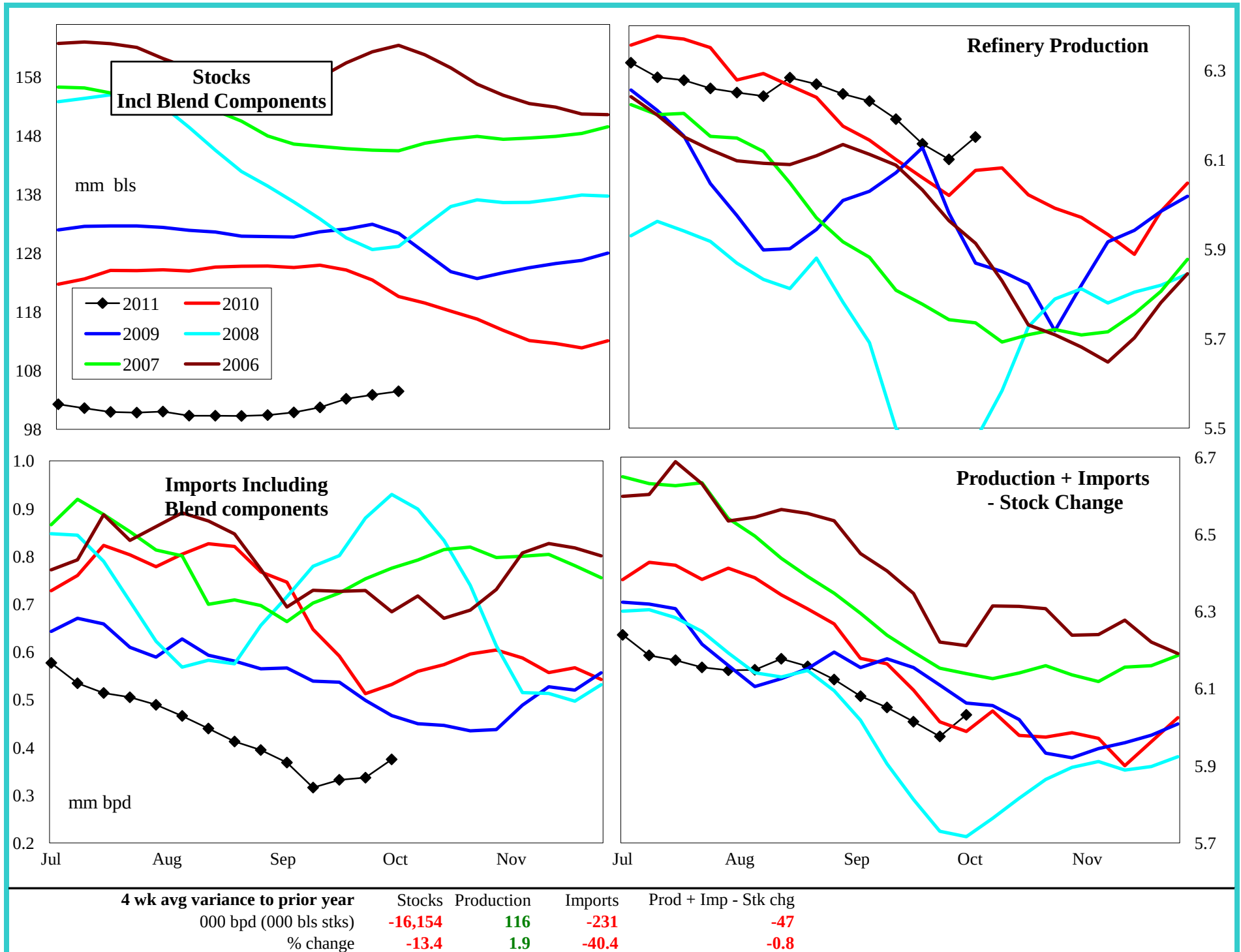
United States Gasoline Supply and Demand Balance



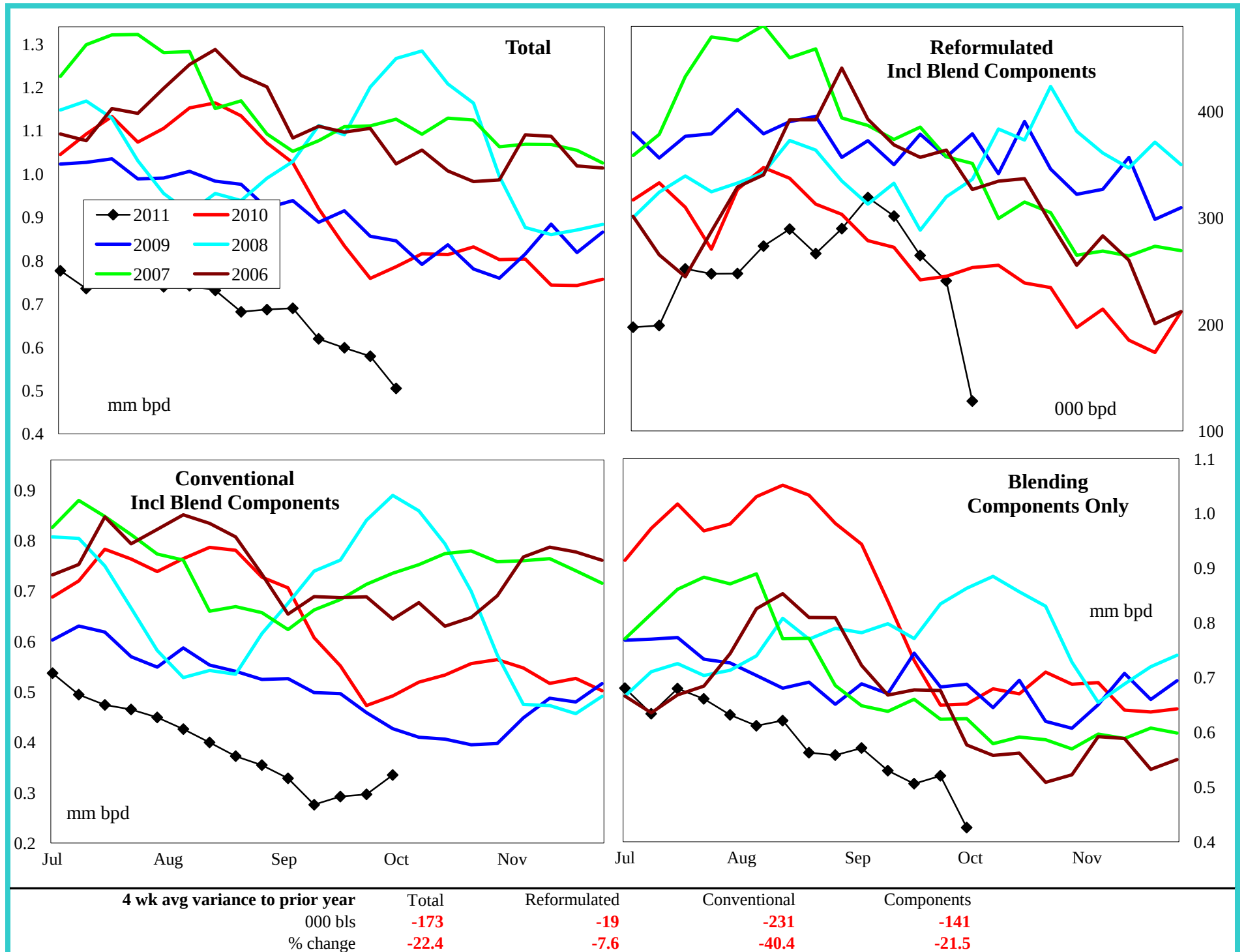
United States Reformulated Gasoline Supply



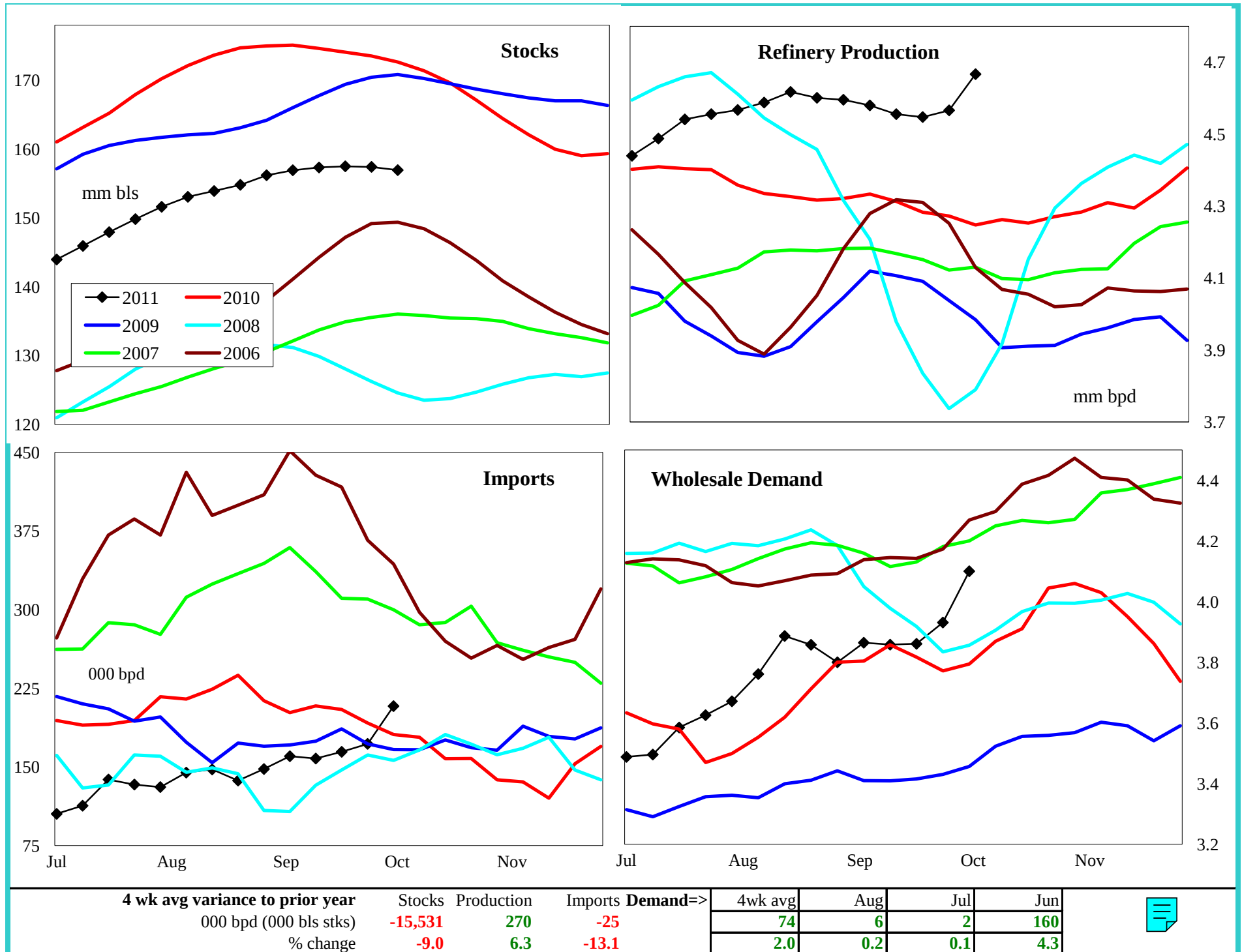
United States Conventional Gasoline Supply



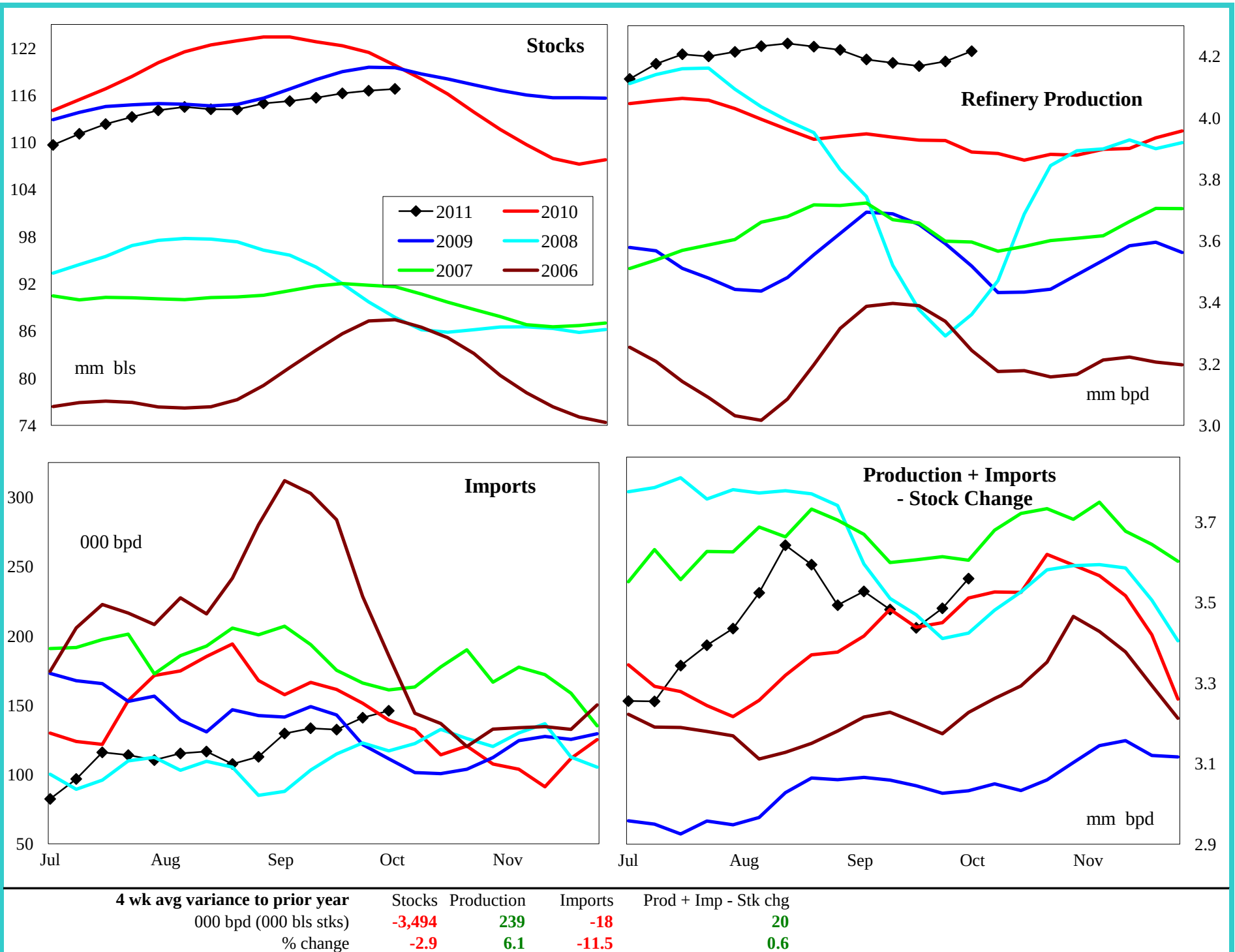
United States Gasoline Imports by Type



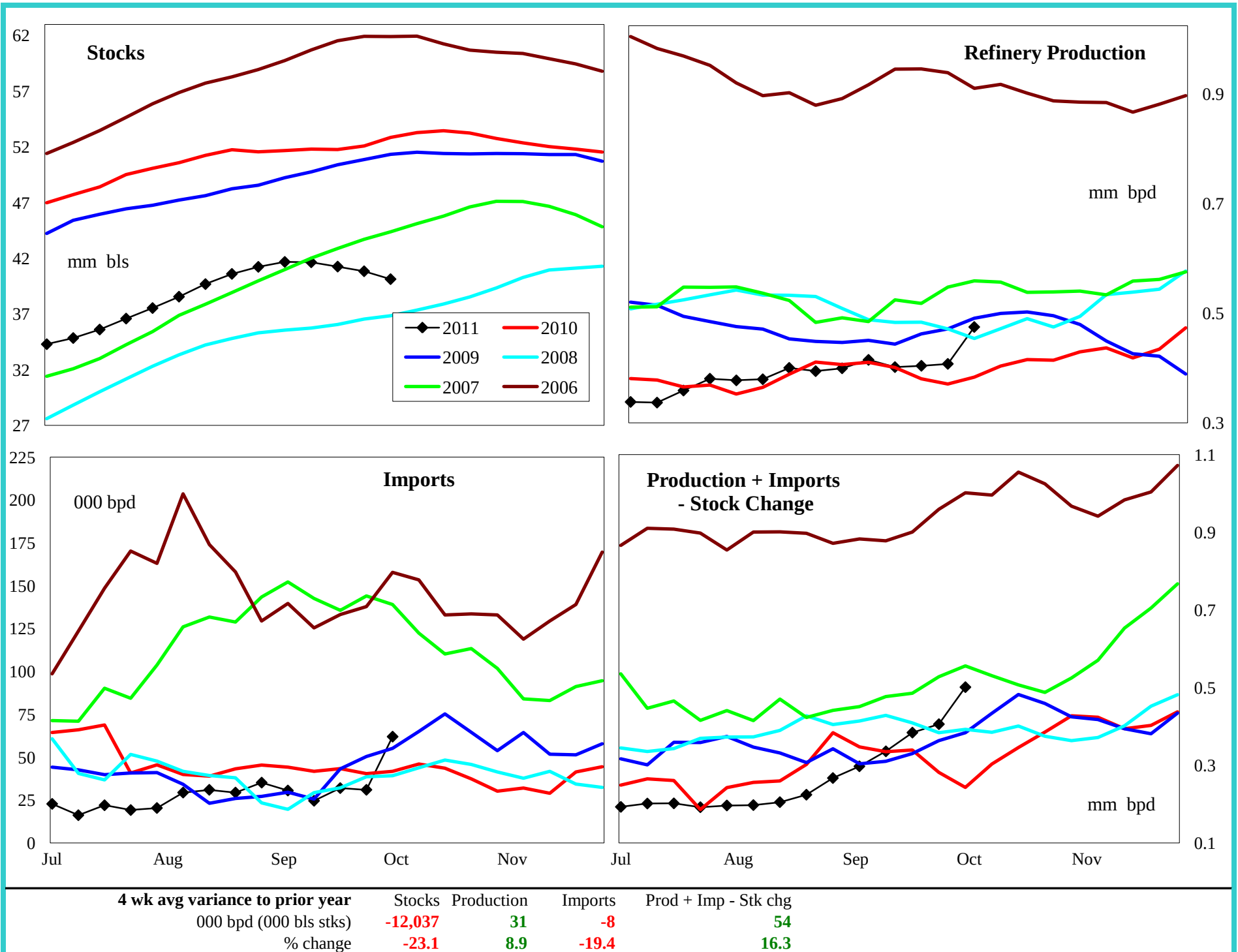
United States Distillate Supply and Demand Balance



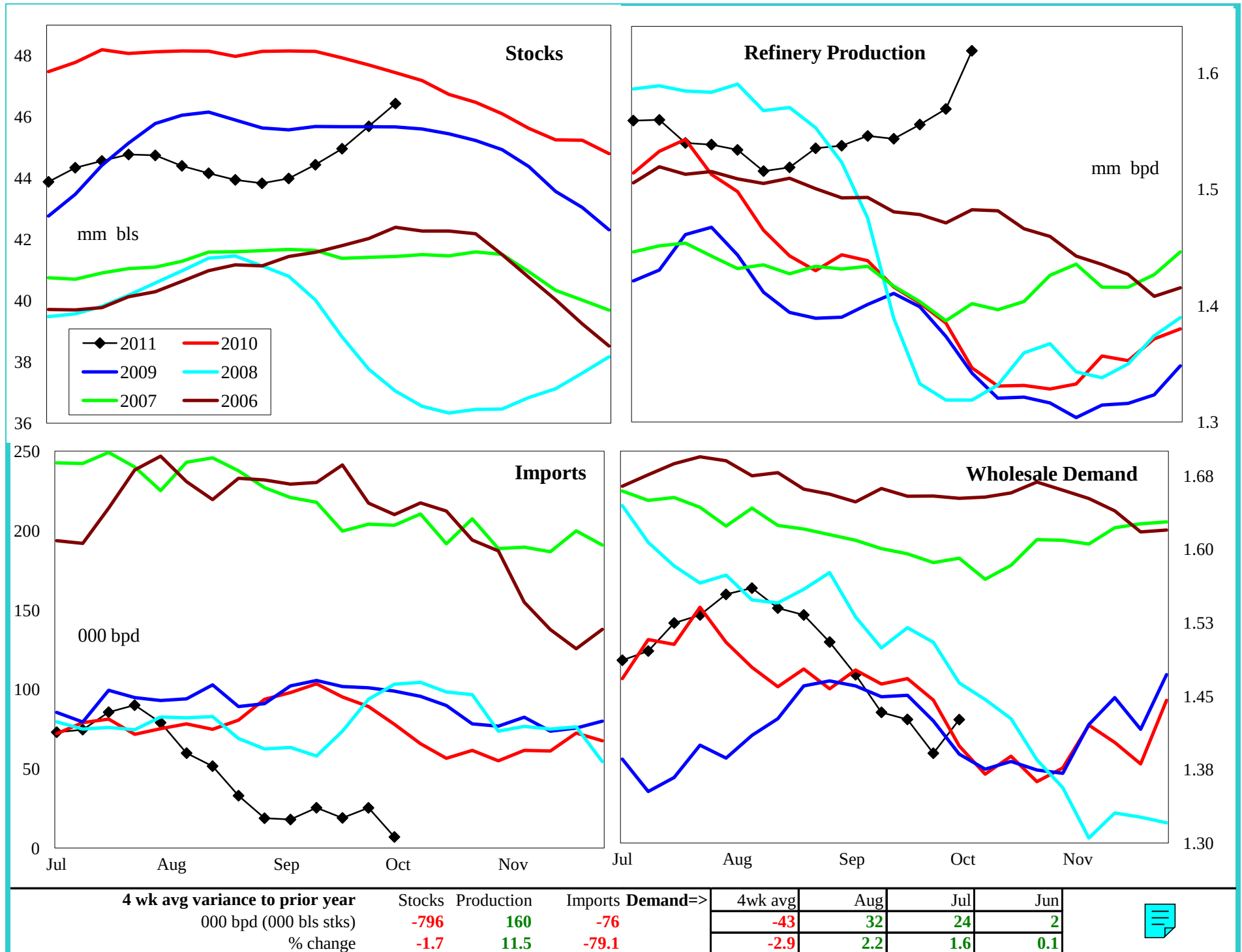
United States Low Sulfur Distillate Supply



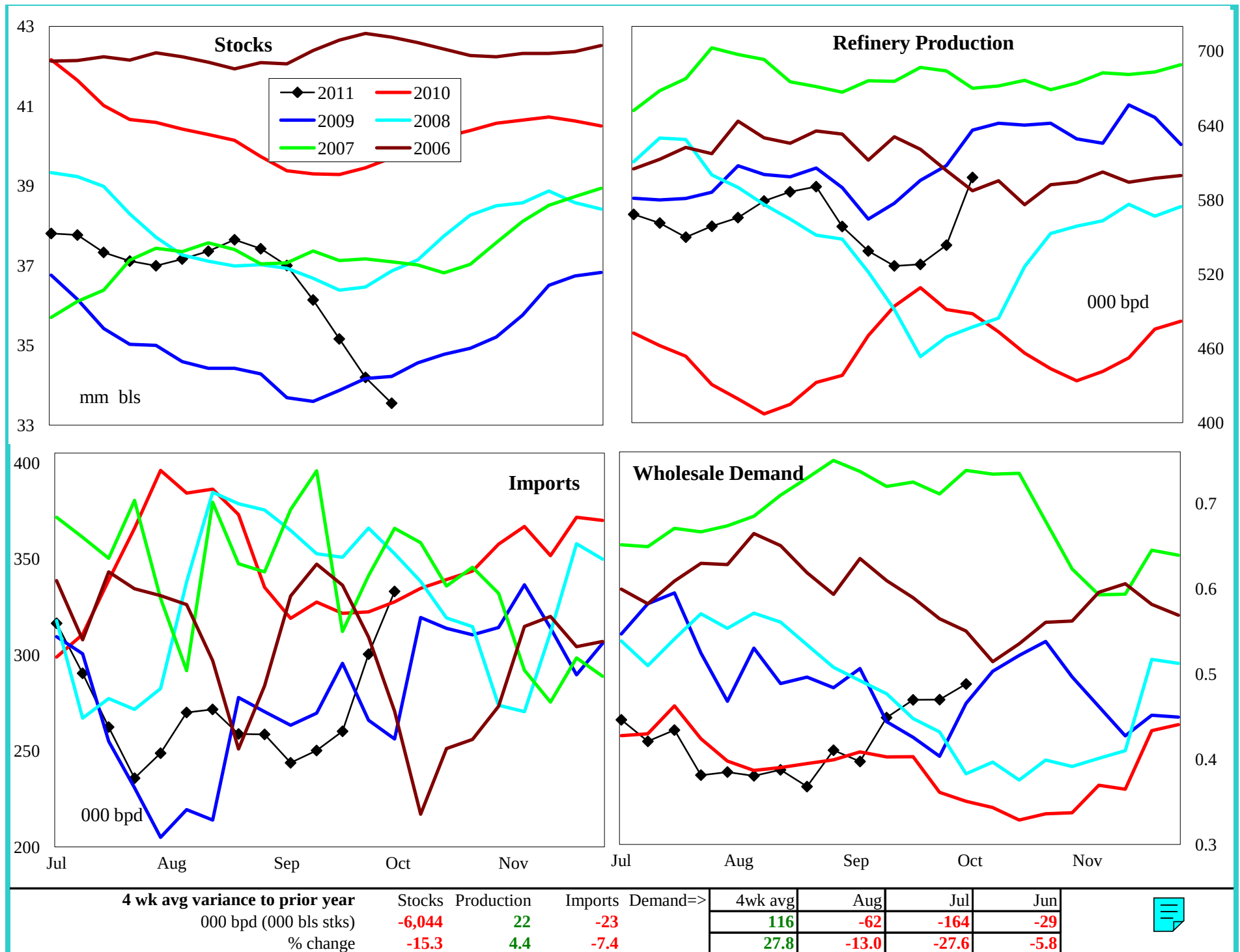
United States High Sulfur Distillate Supply



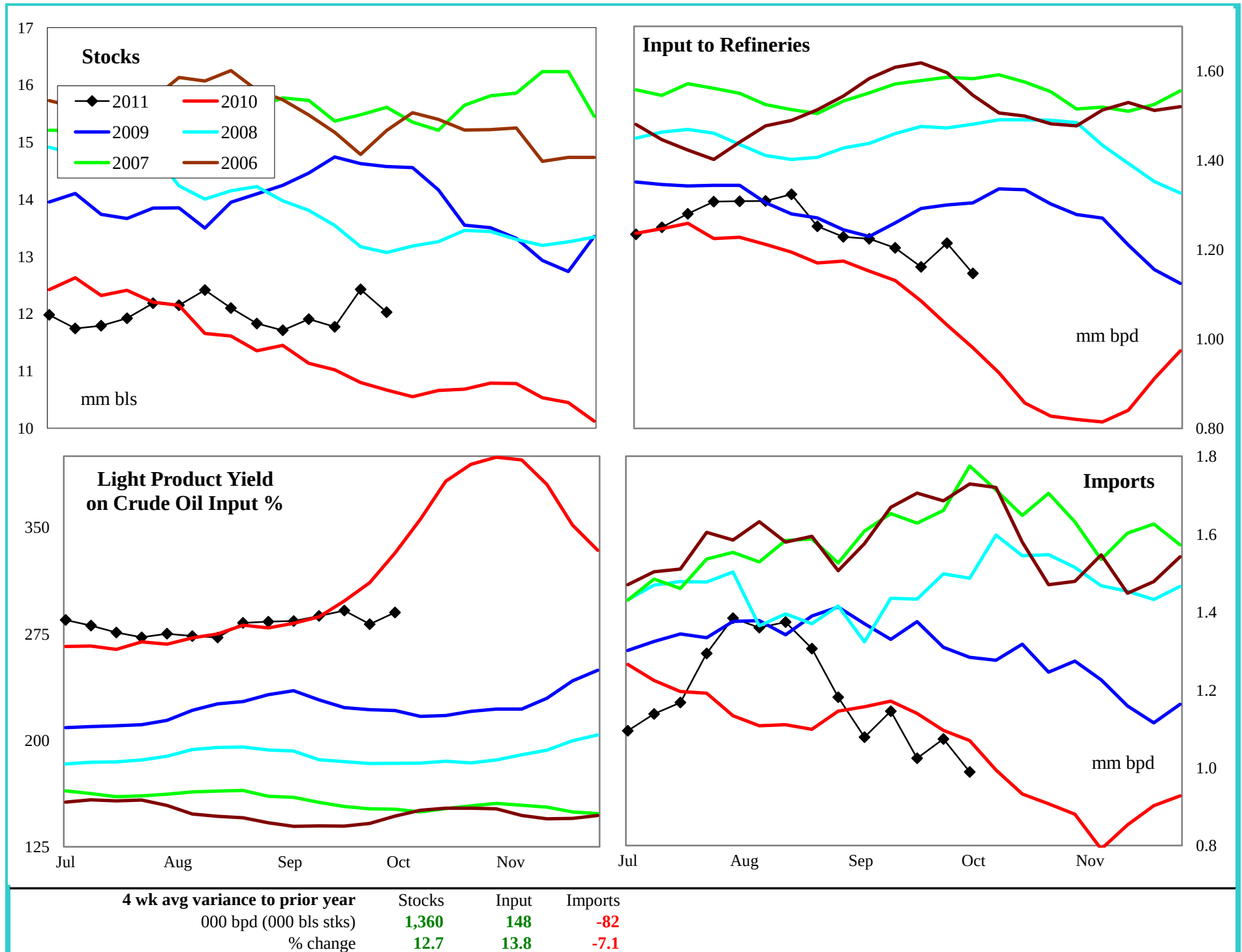
United States Jet Fuel Supply and Demand Balance



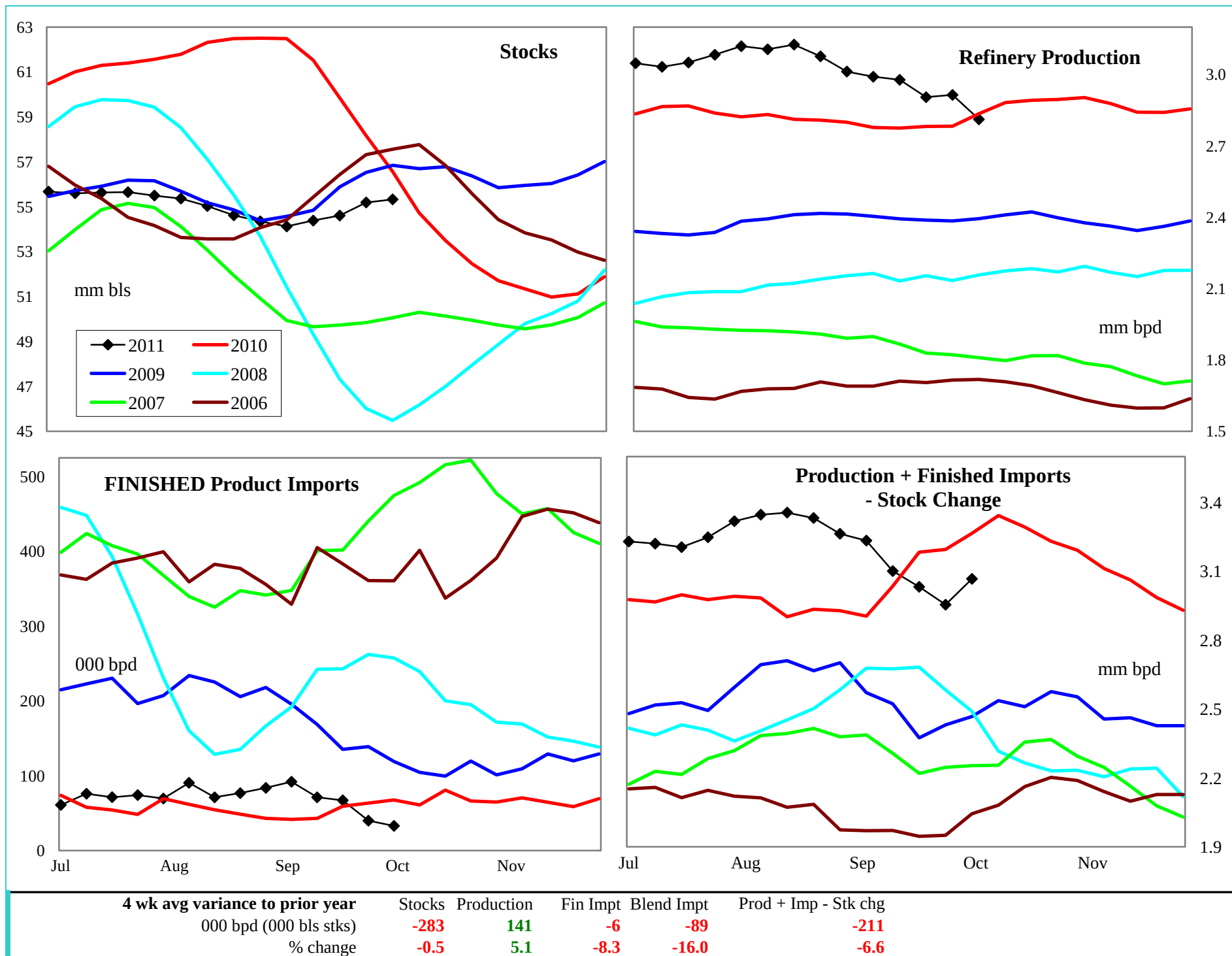
United States Residual Fuel Oil Supply and Demand Balance



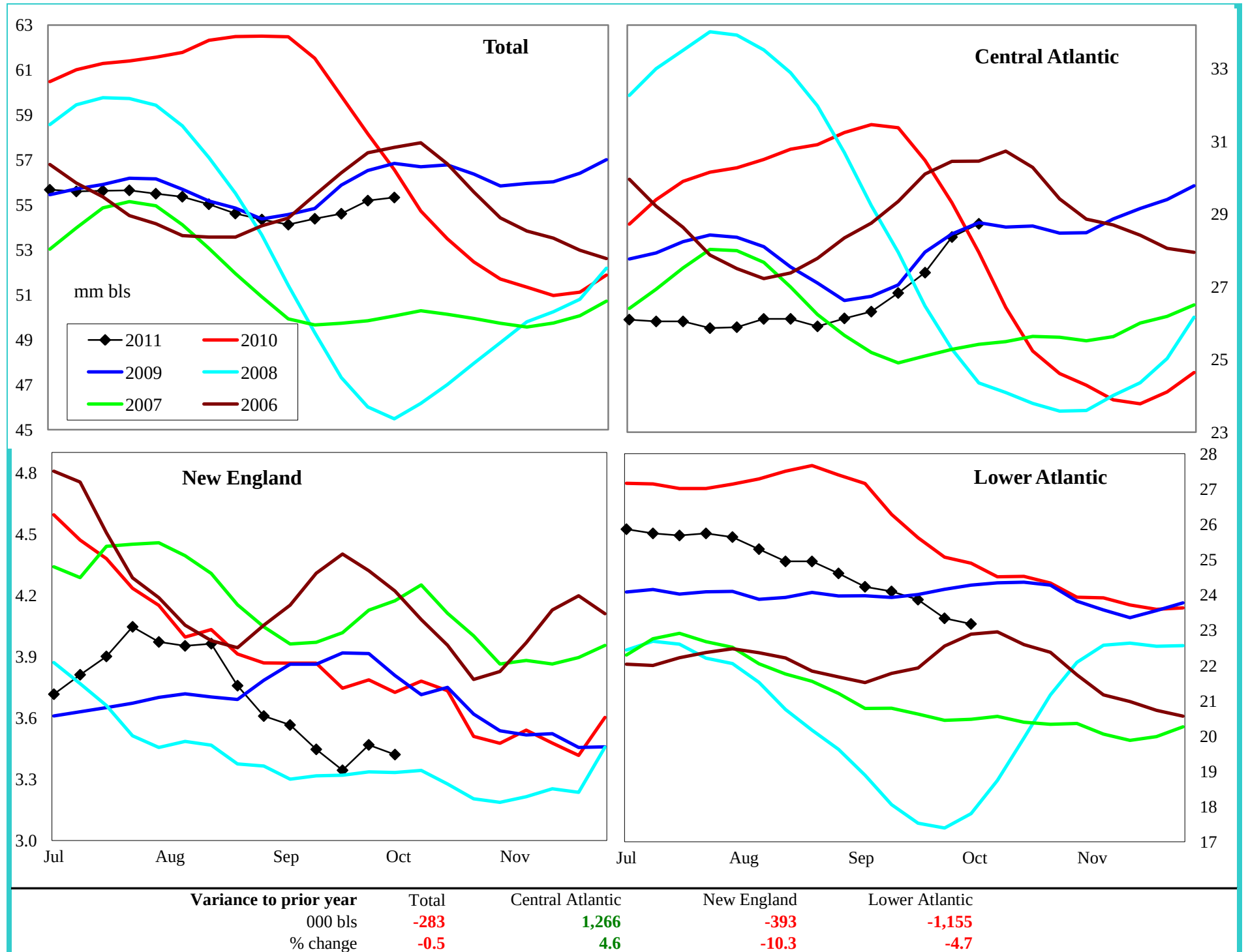
PADD 1 Crude Oil Supply and Refining



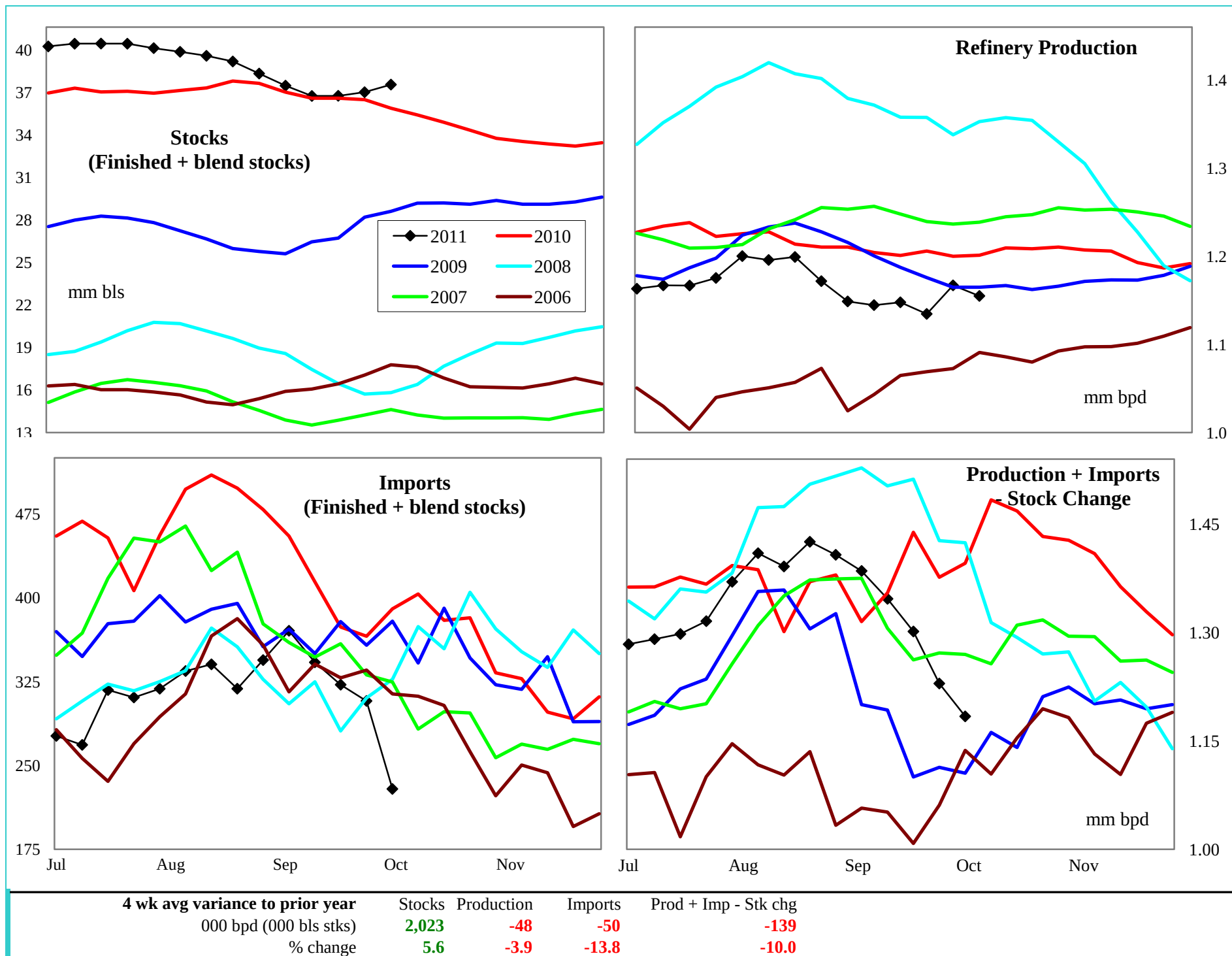
PADD 1 Gasoline Supply



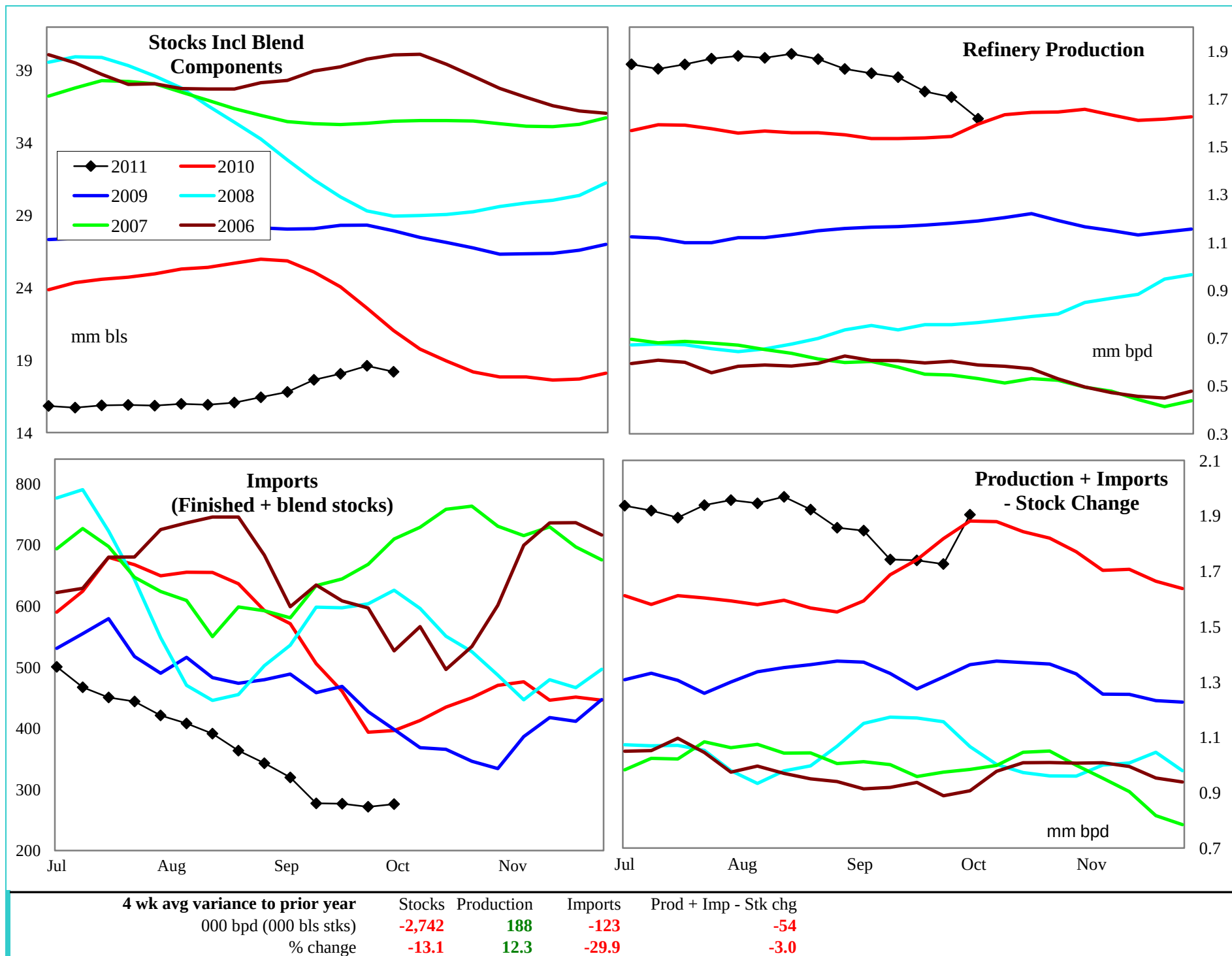
PADD 1 Gasoline Stocks by Region



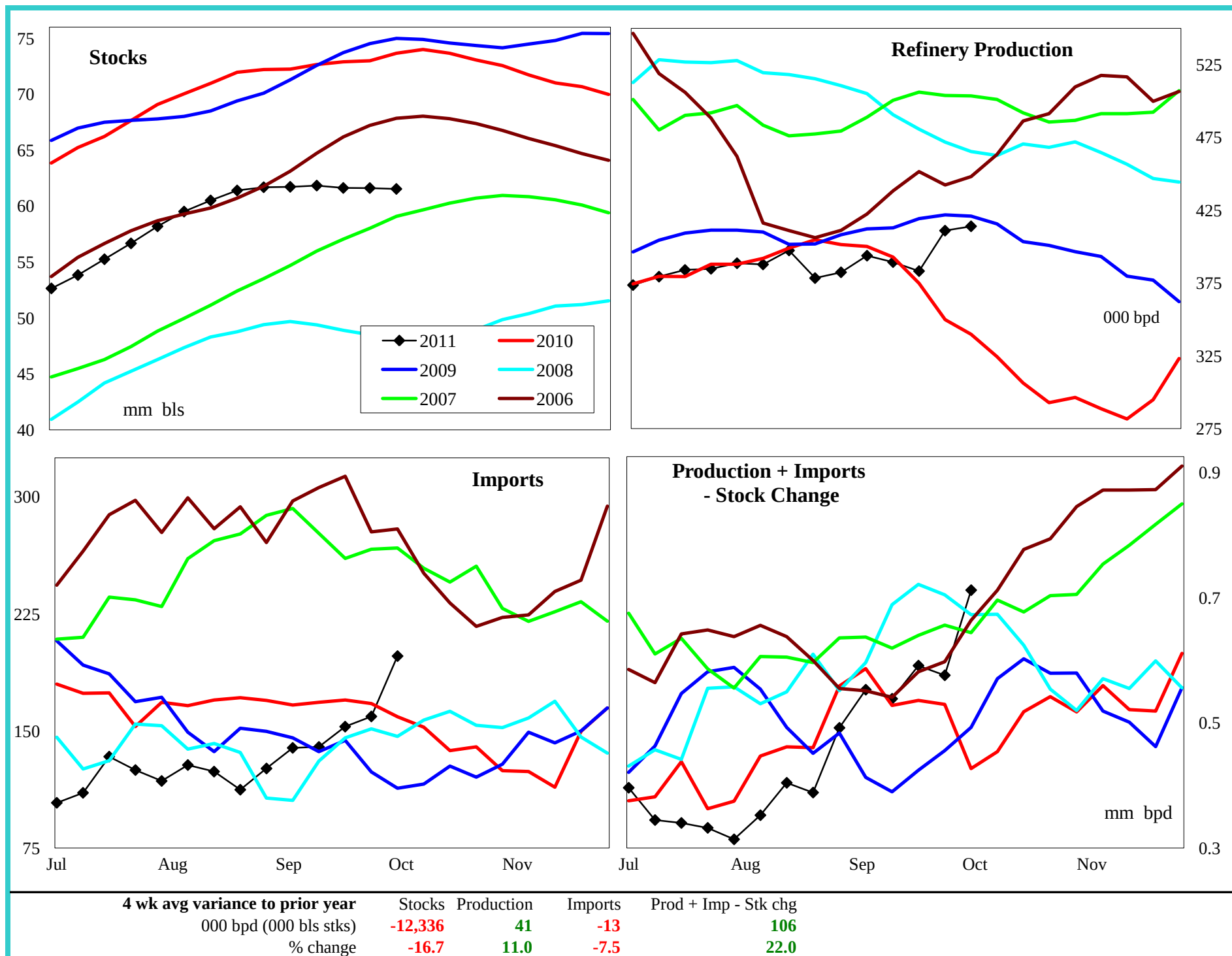
PADD 1 Reformulated Gasoline Supply



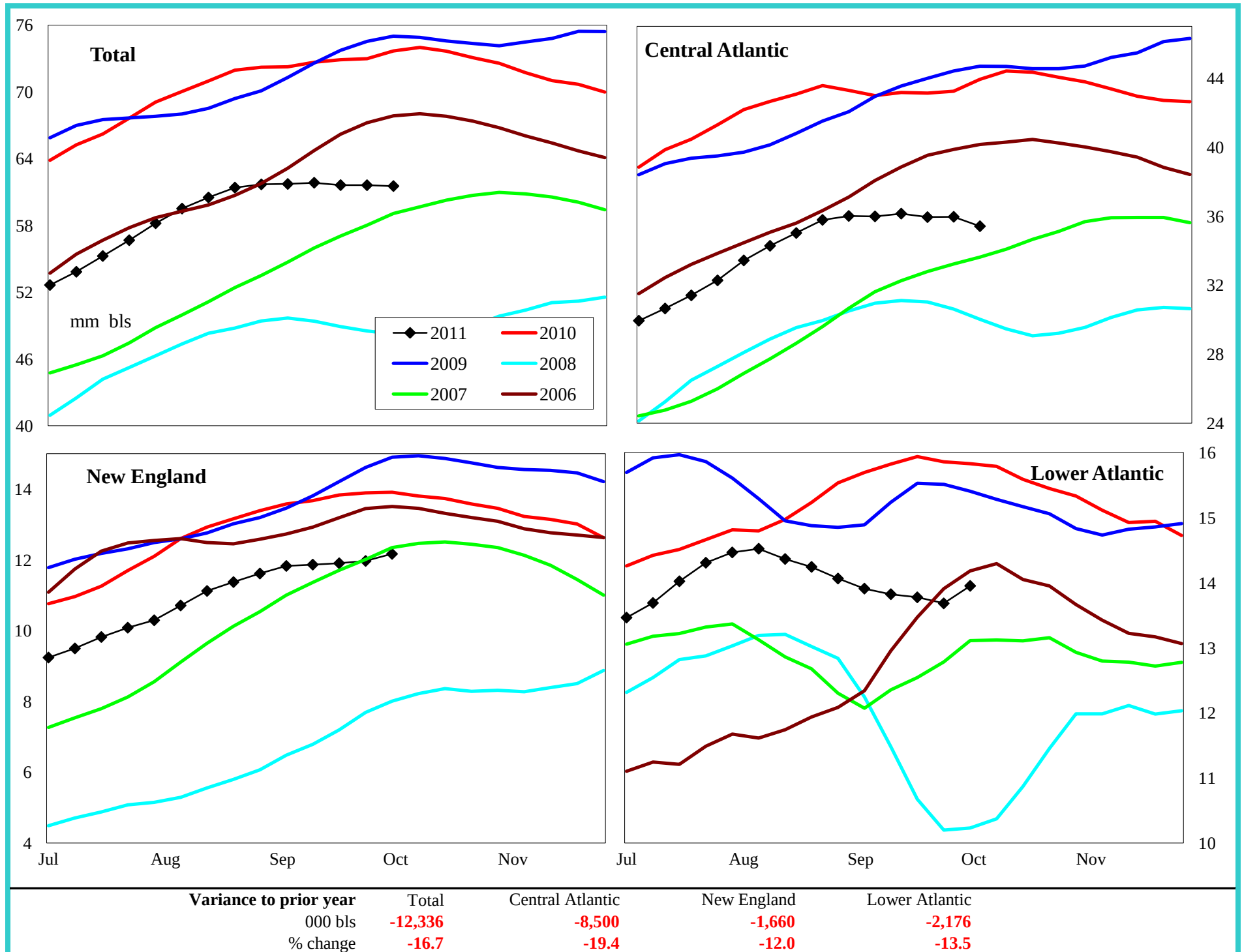
PADD 1 Conventional Gasoline Supply



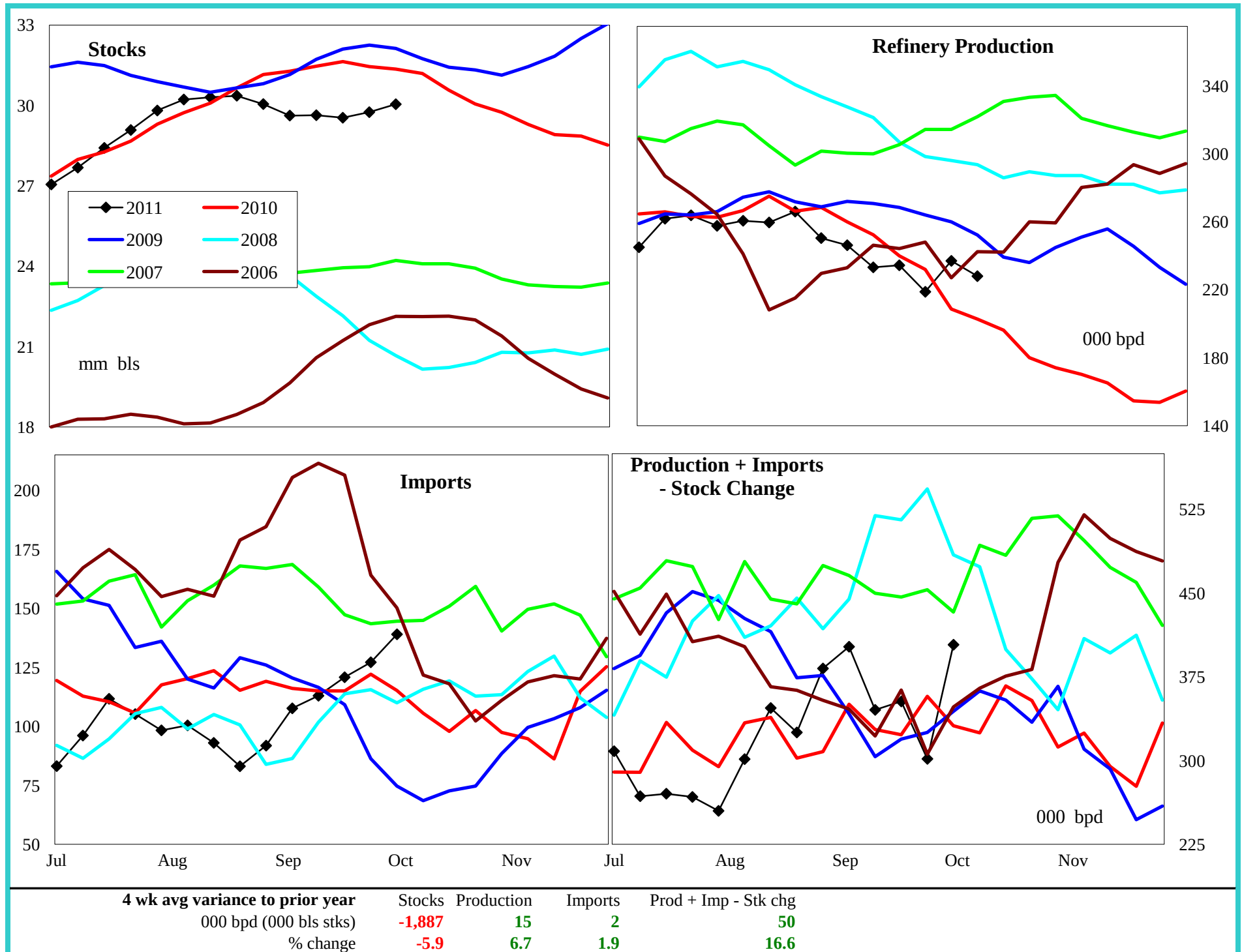
PADD 1 Distillate Supply



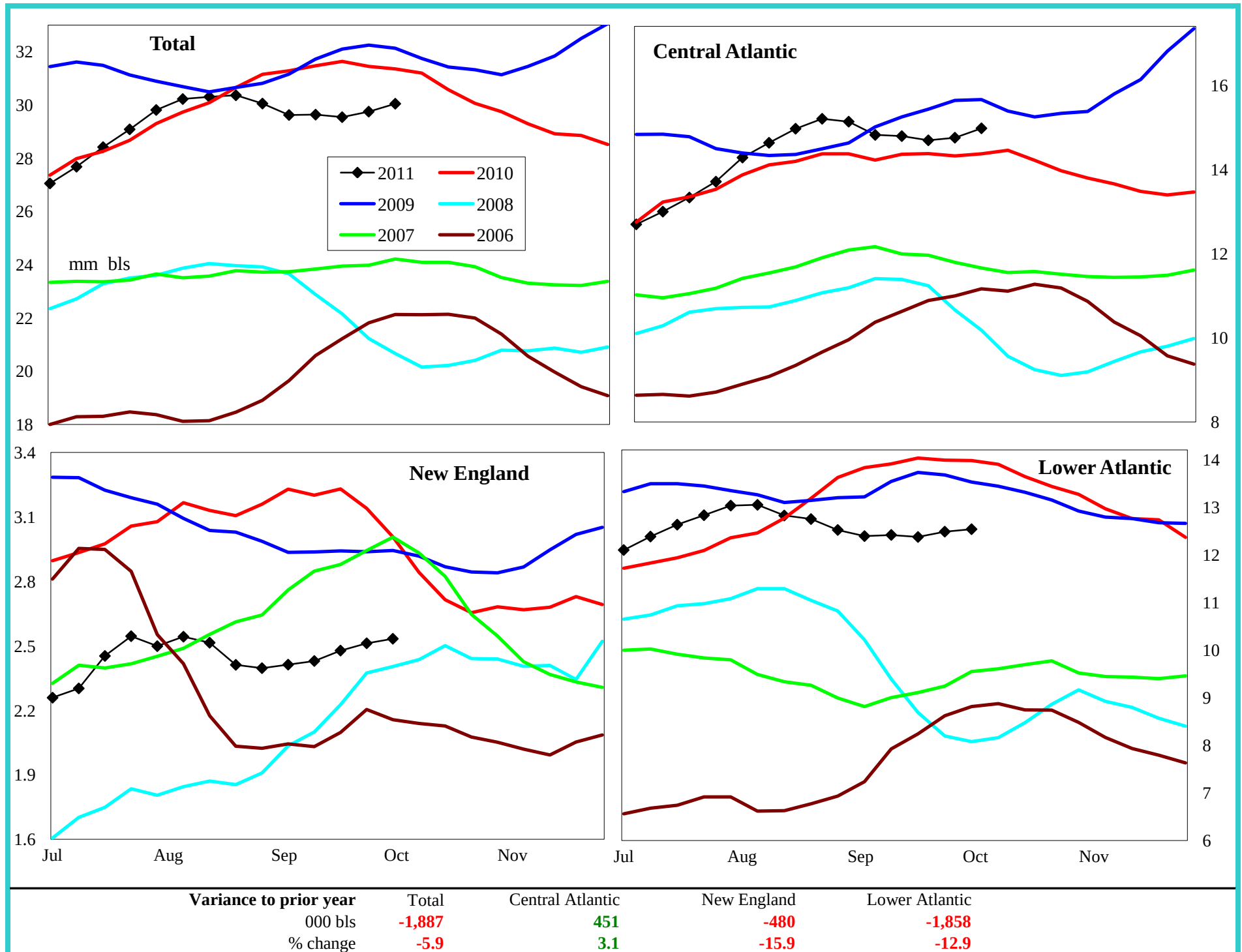
PADD 1 Distillate Stocks by Region



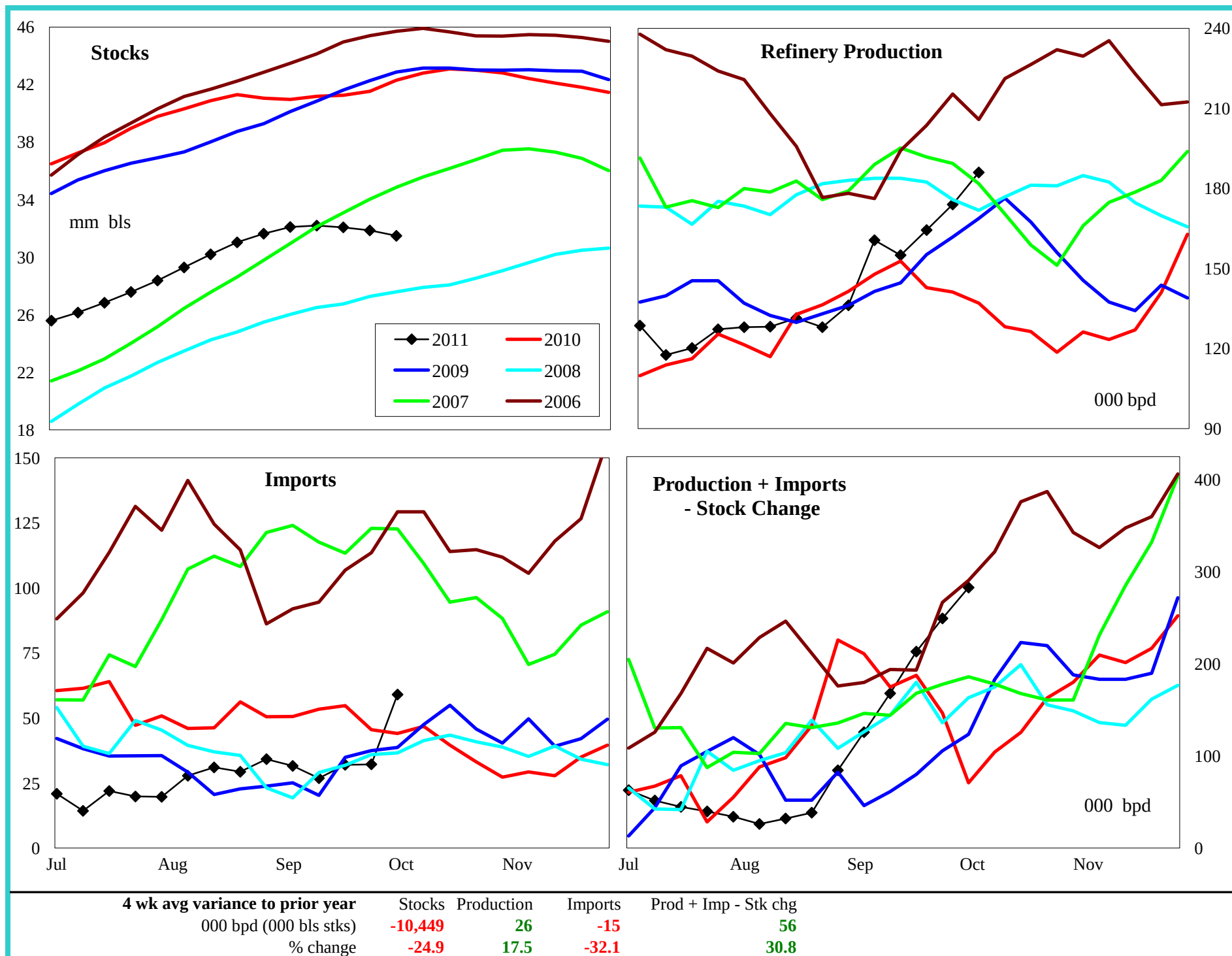
PADD 1 Low Sulfur Distillate Supply



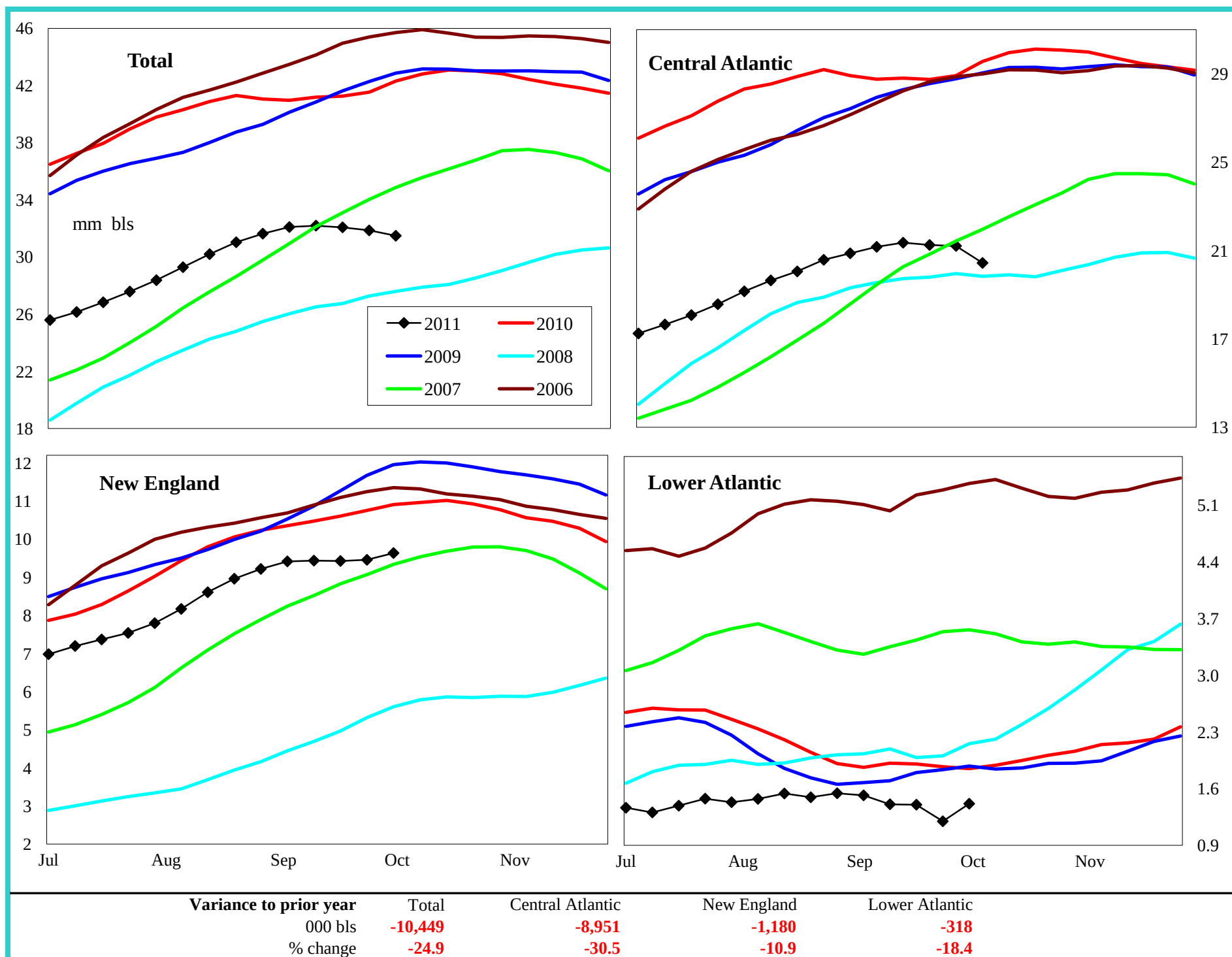
PADD 1 Low Sulfur Distillate Stocks by Region



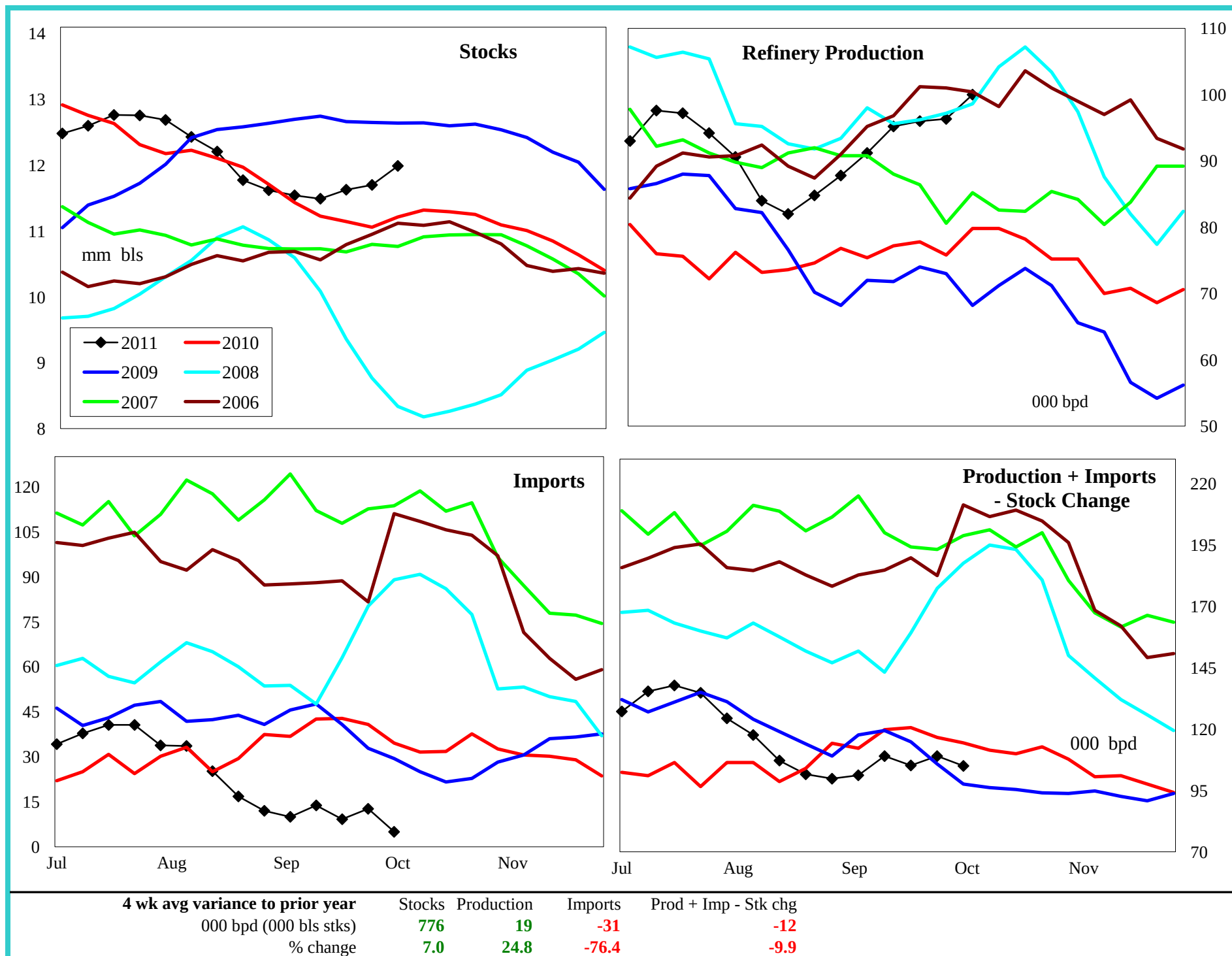
PADD 1 High Sulfur Distillate Supply



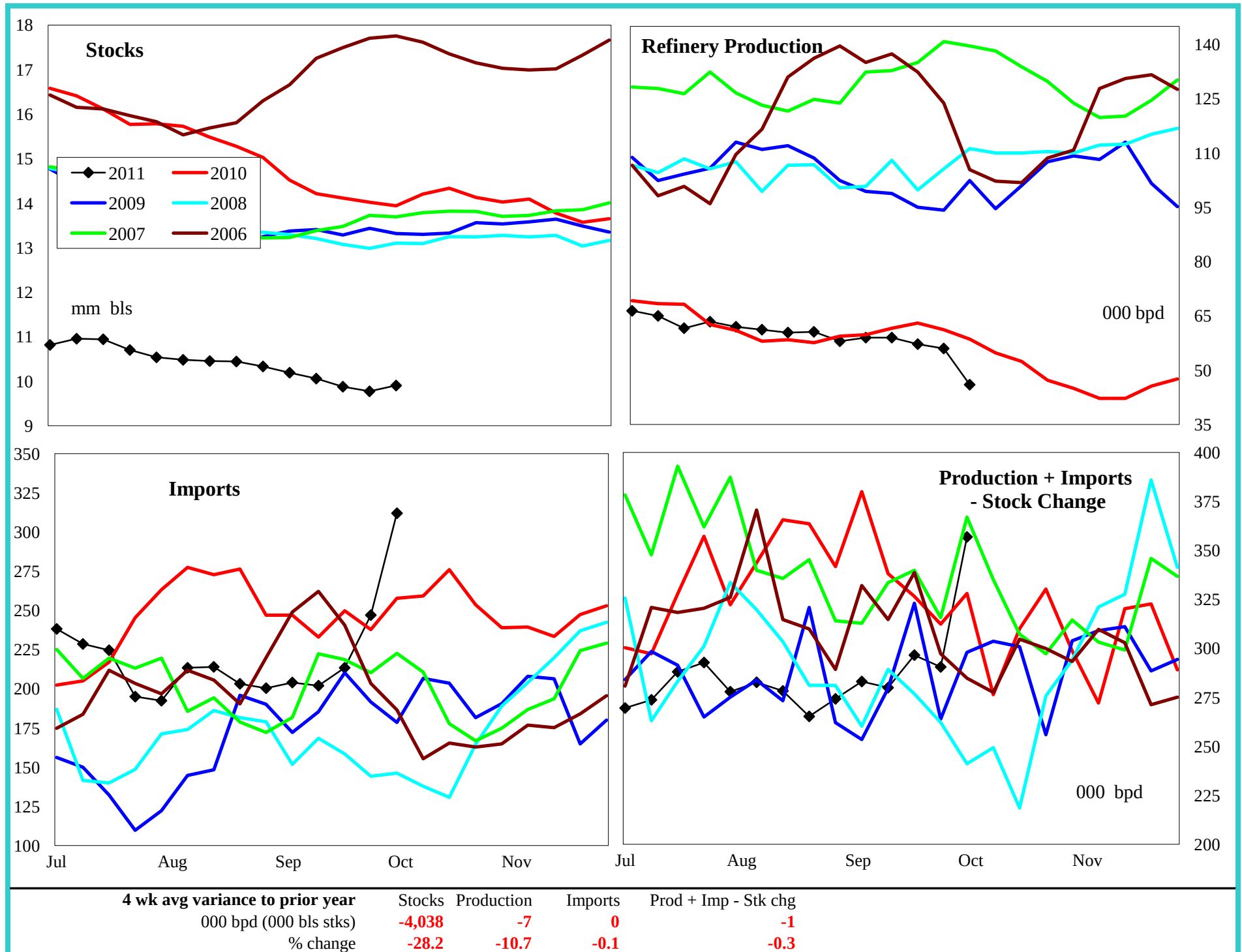
PADD 1 High Sulfur Distillate Stocks by Region



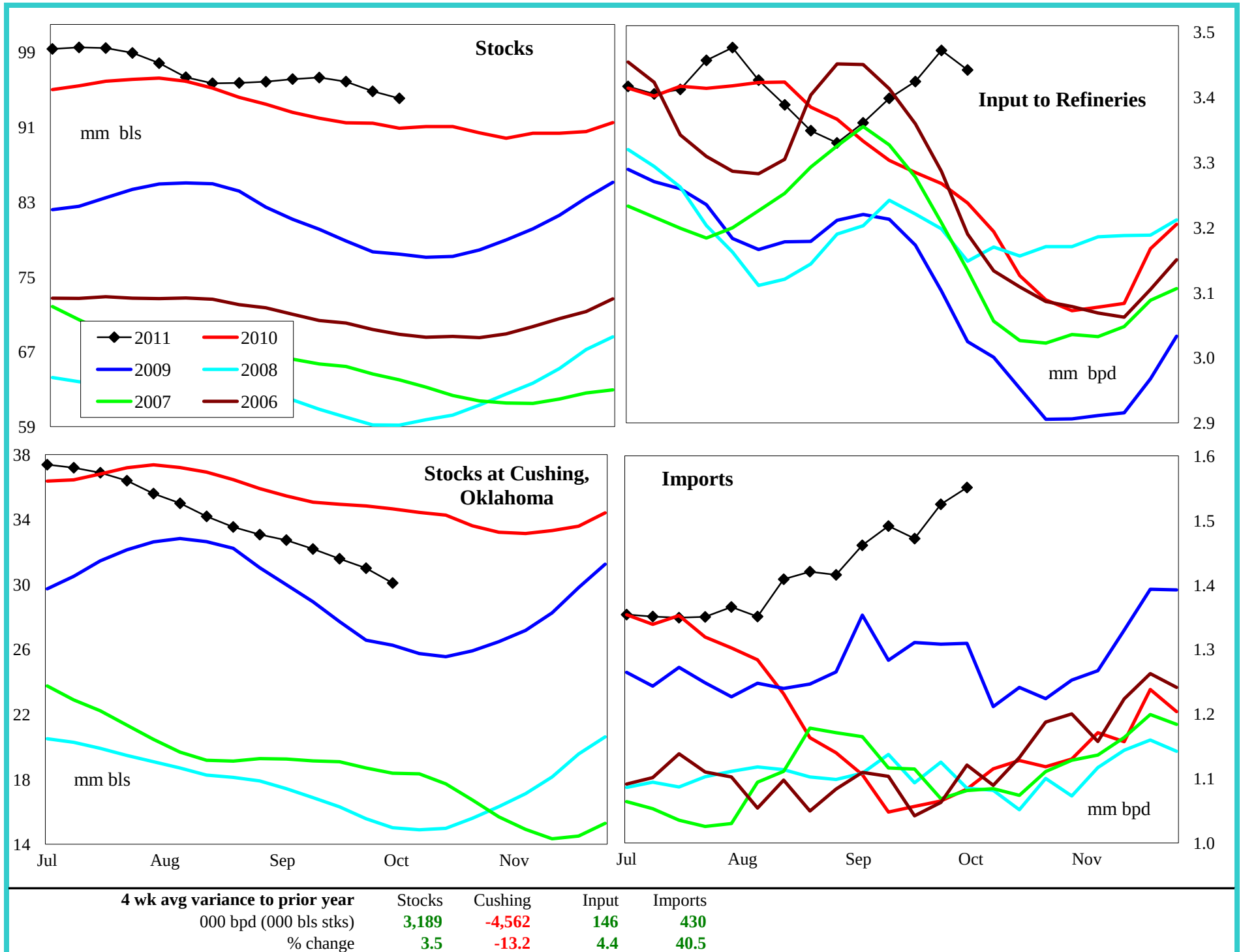
PADD 1 Jet Fuel Supply



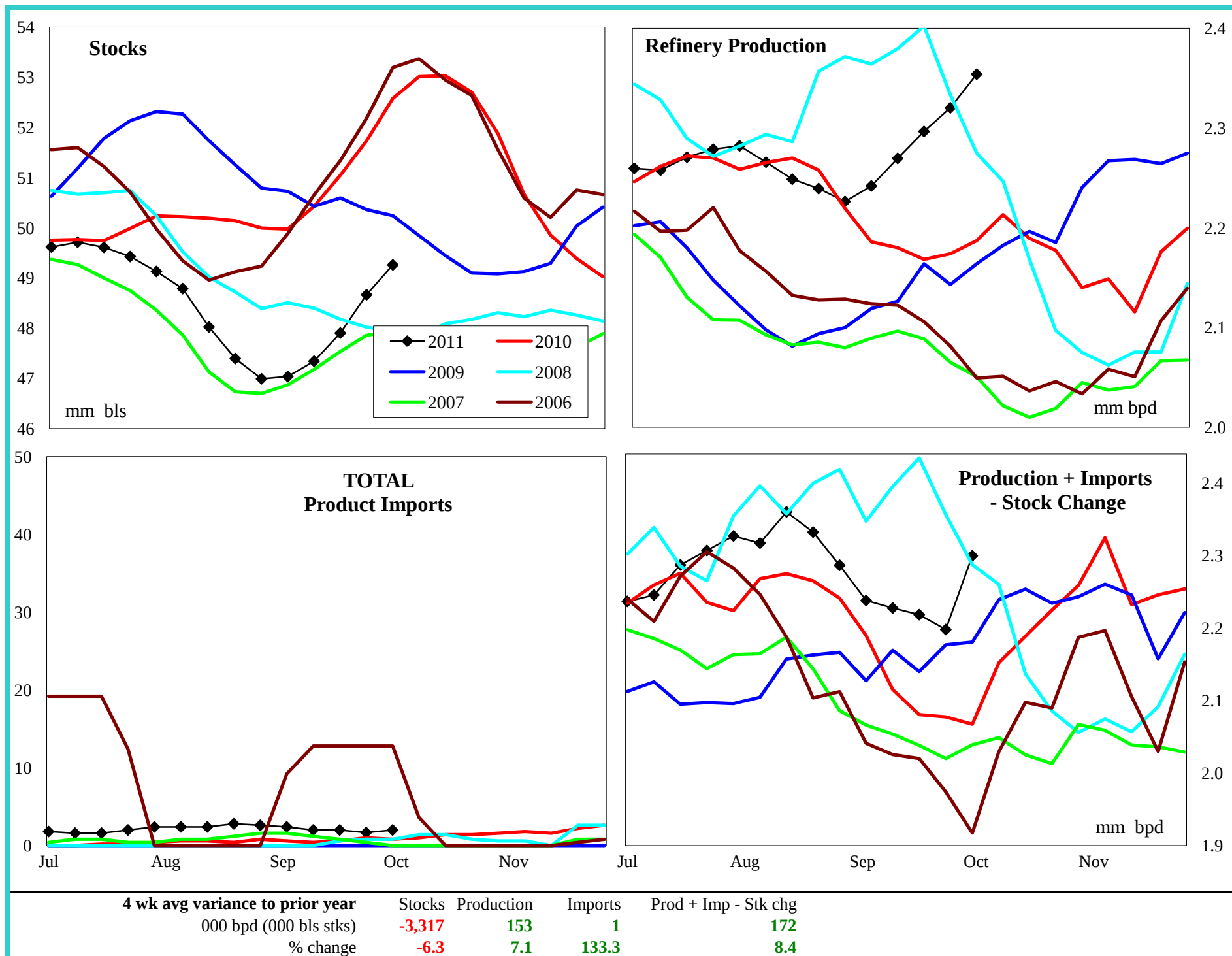
PADD 1 Residual Fuel Oil Supply



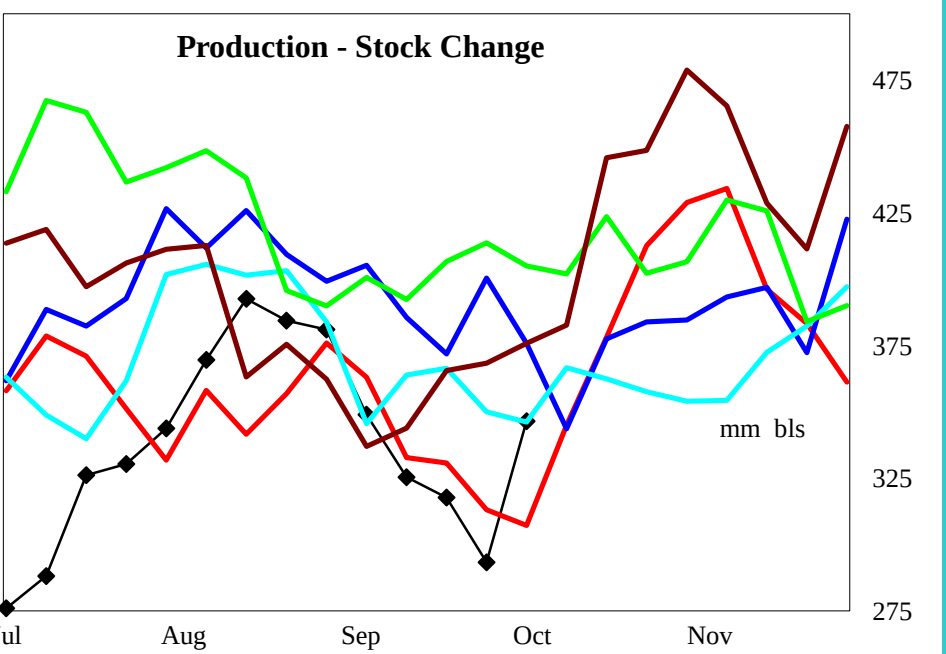
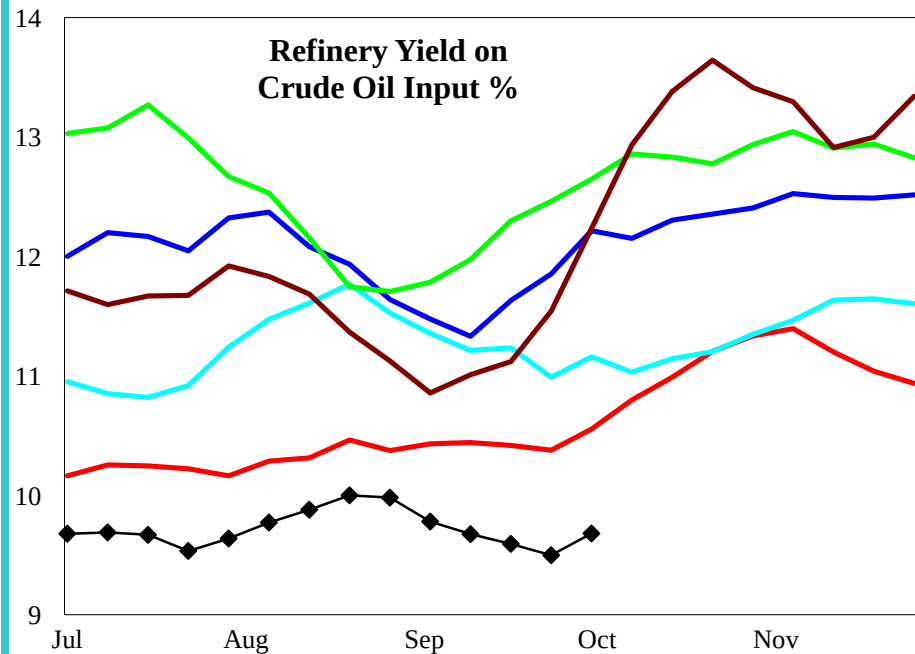
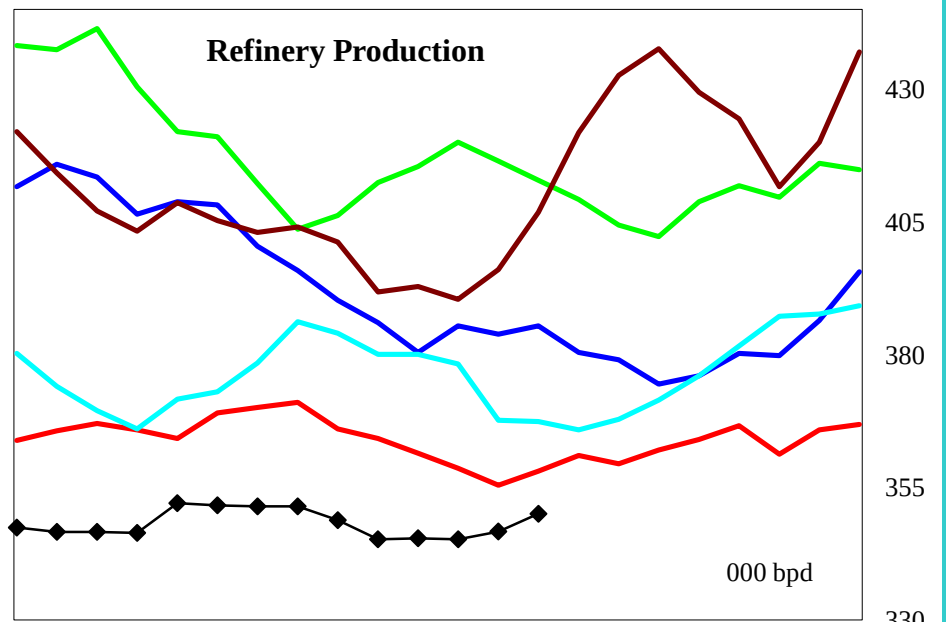
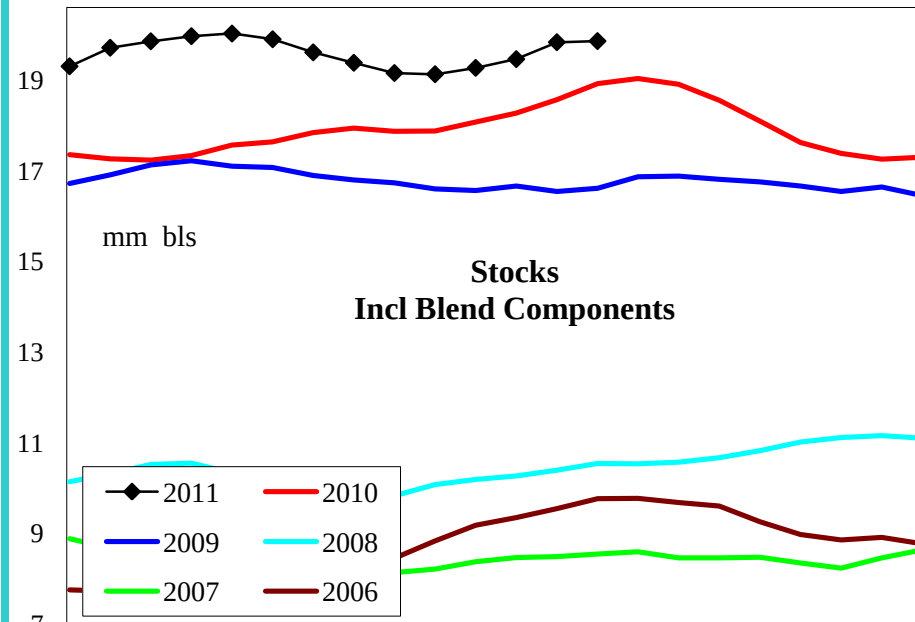
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod - Stk chg

938

-12

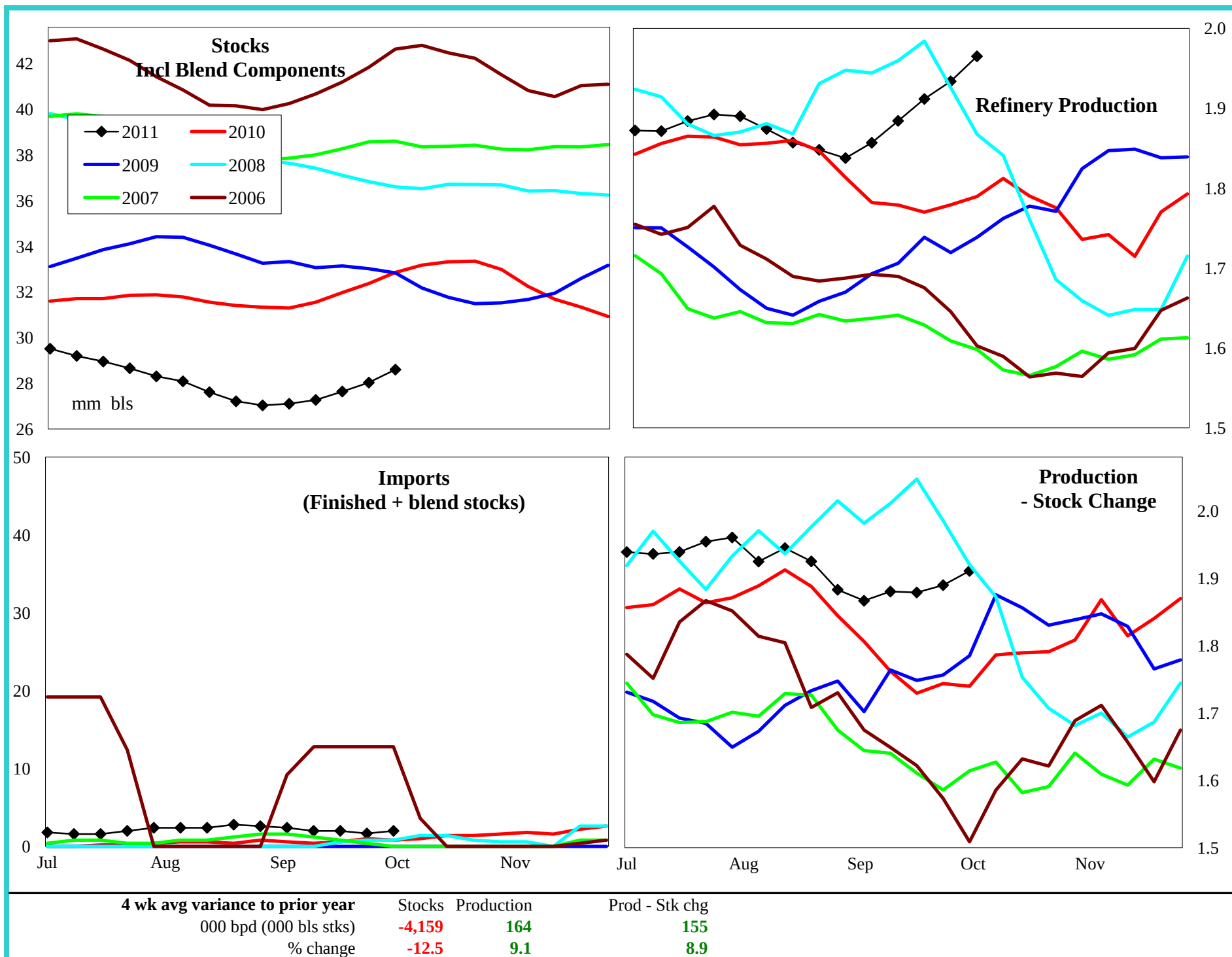
0

4.9

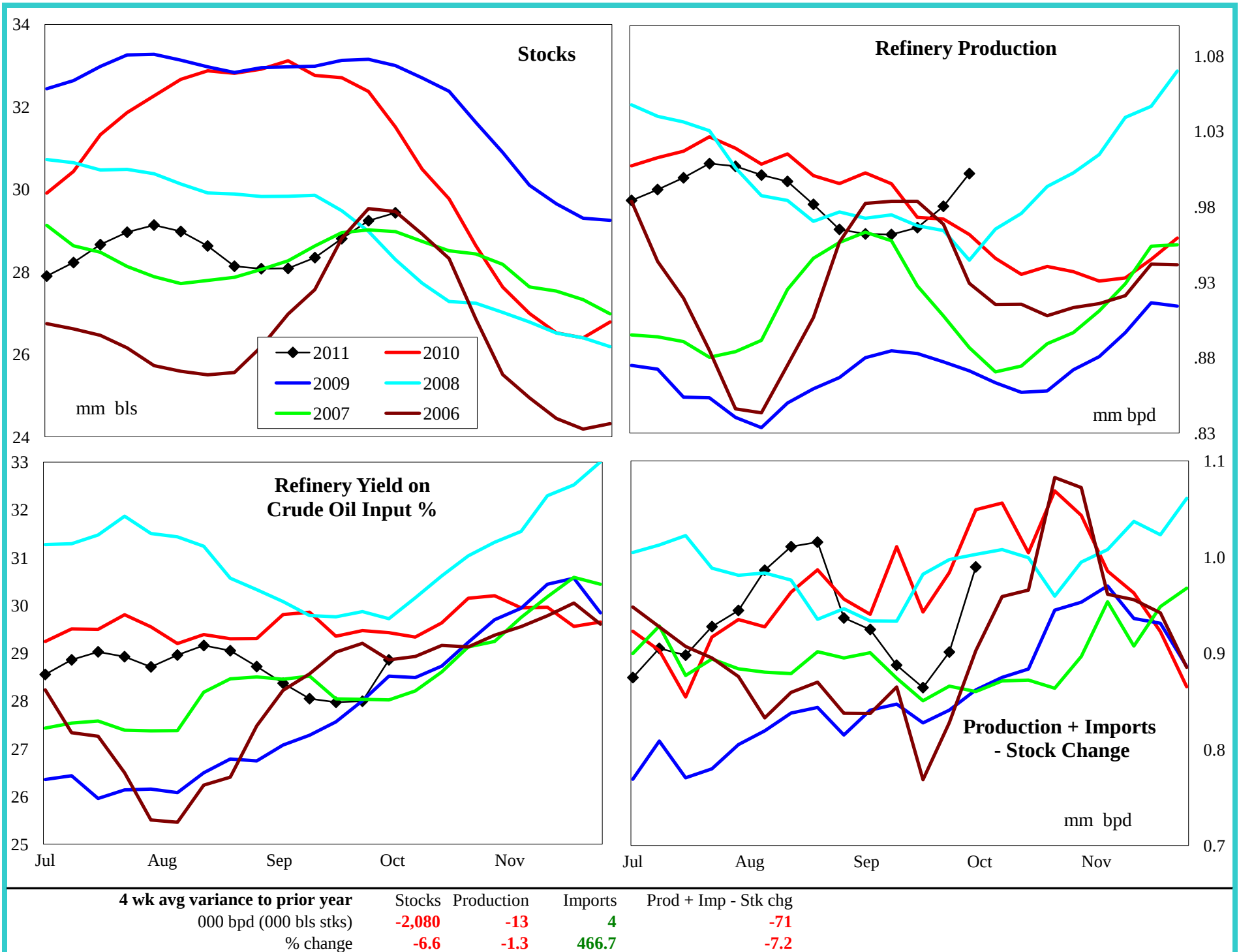
-3.2

-0.1

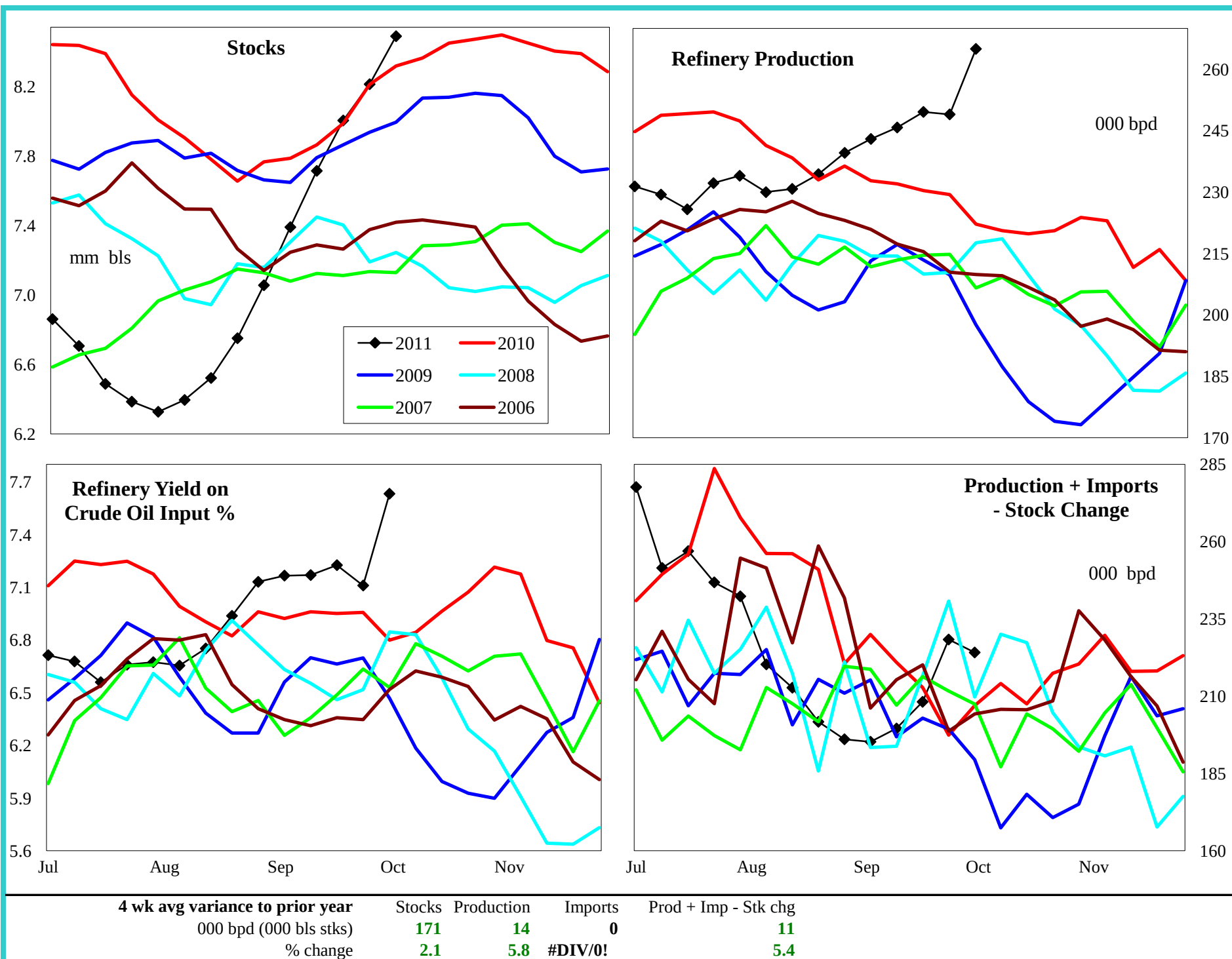
PADD 2 Conventional Gasoline Supply



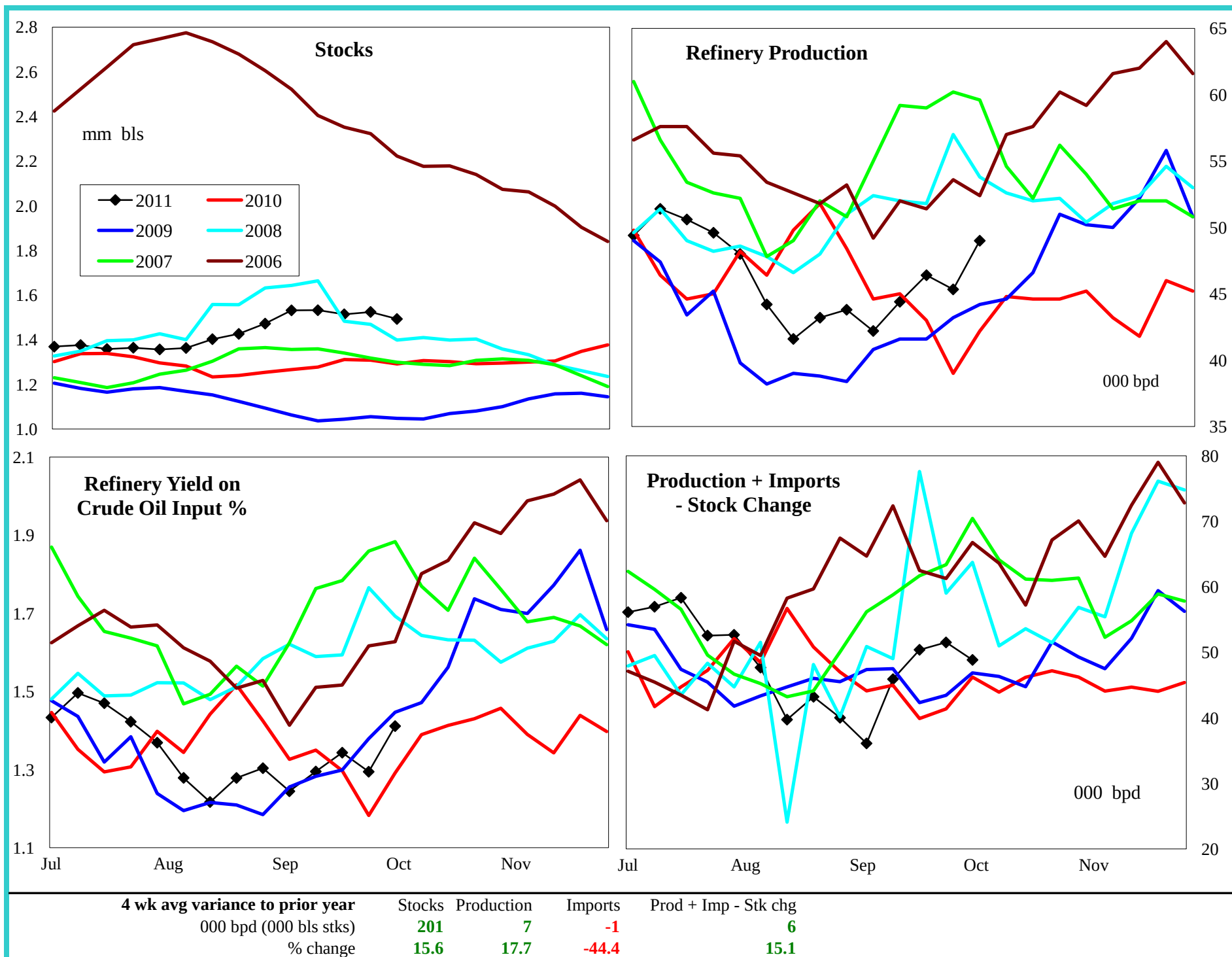
PADD 2 Distillate Supply



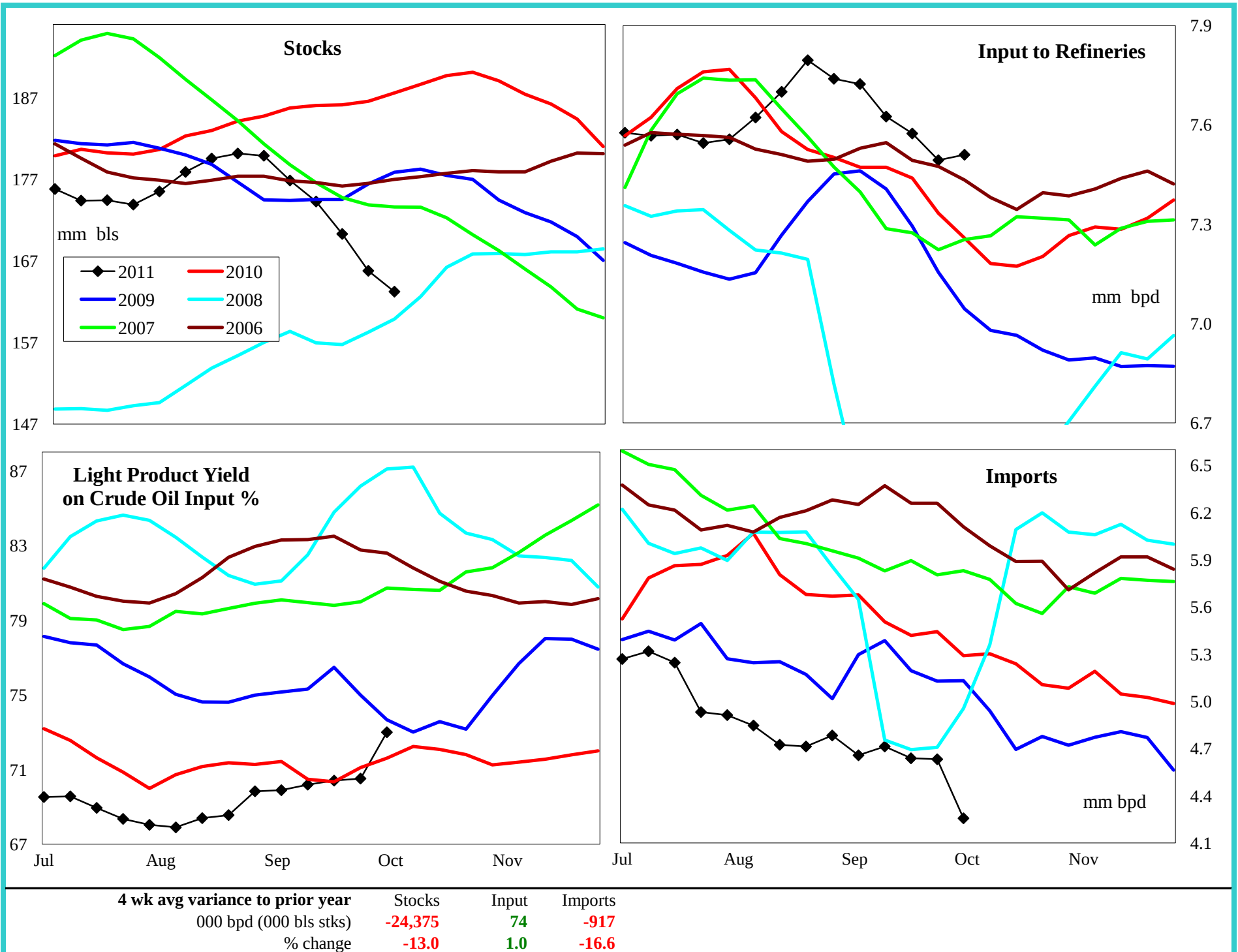
PADD 2 Jet Fuel Supply



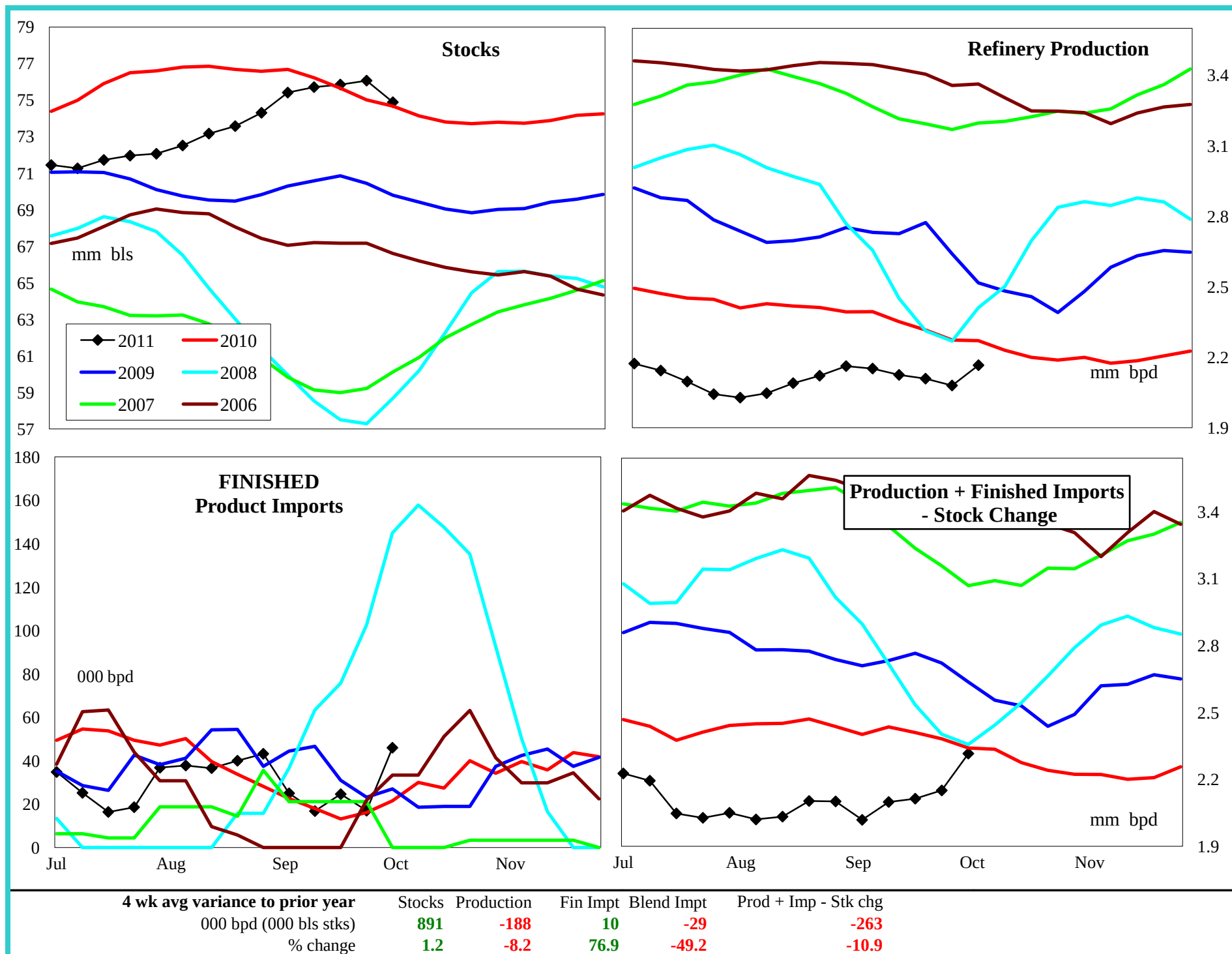
PADD 2 Residual Fuel Oil Supply



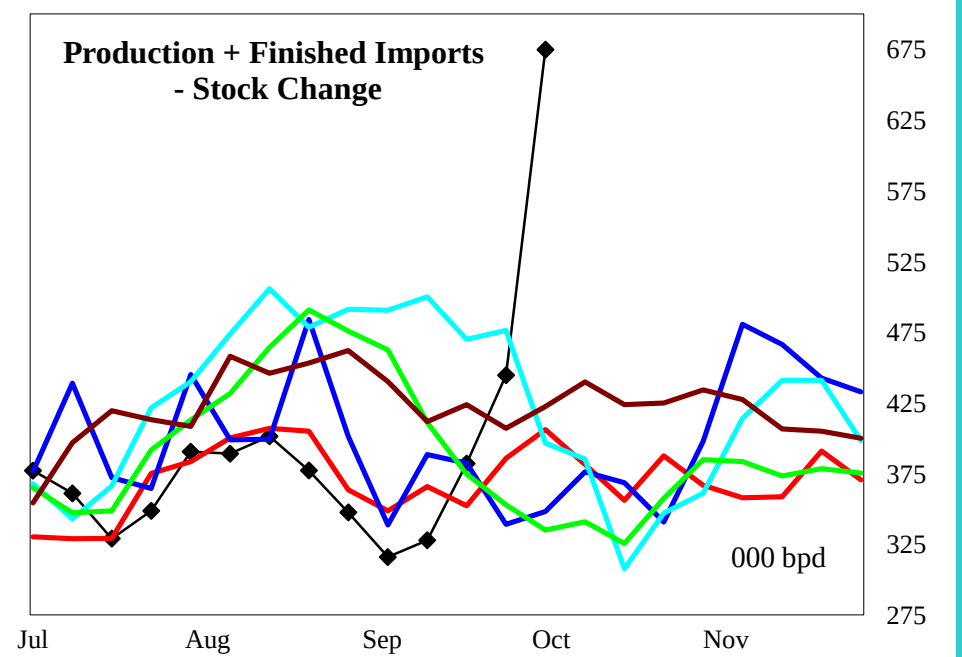
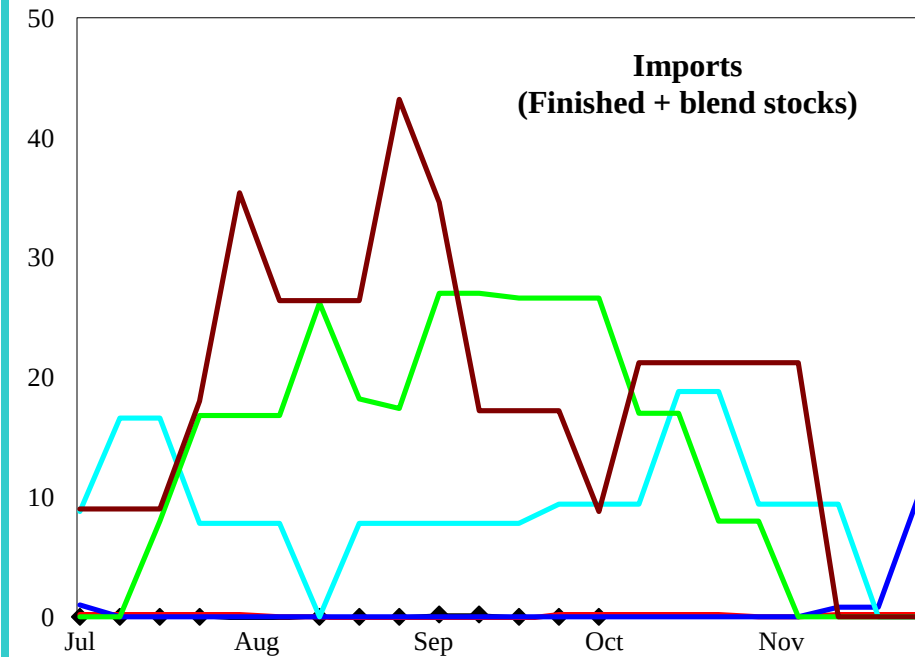
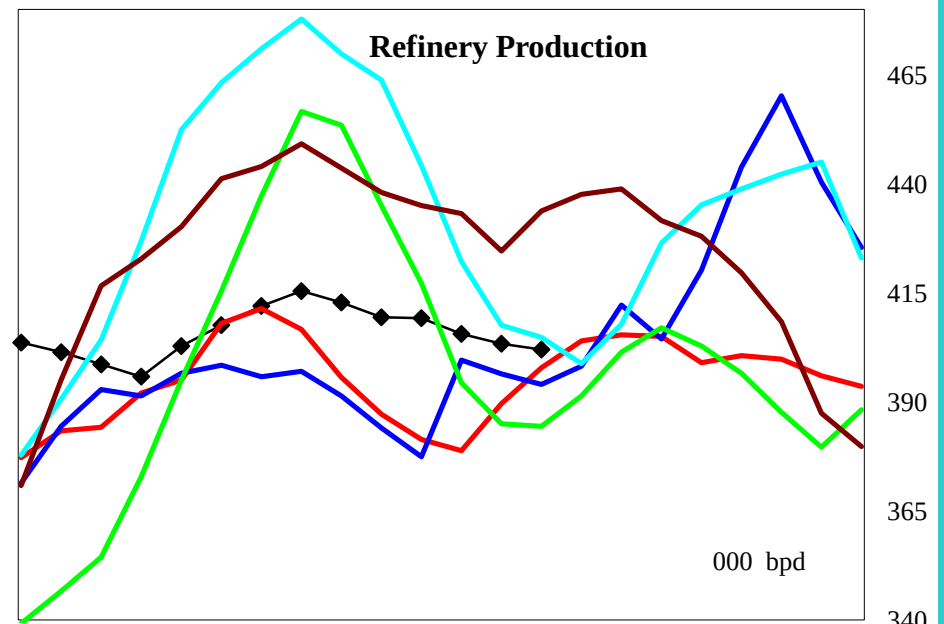
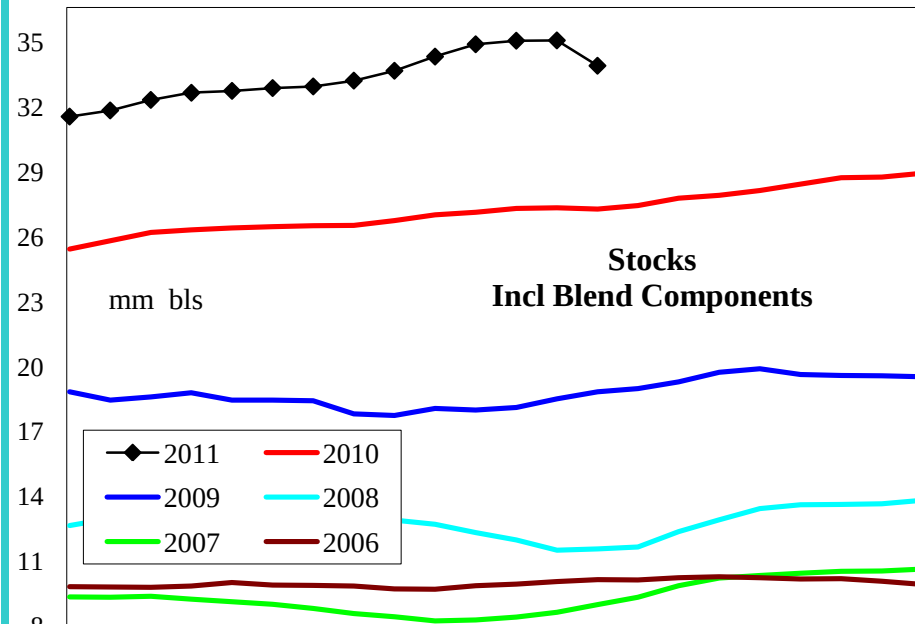
PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

6,403

22.9

Production

22

5.7

Imports

0

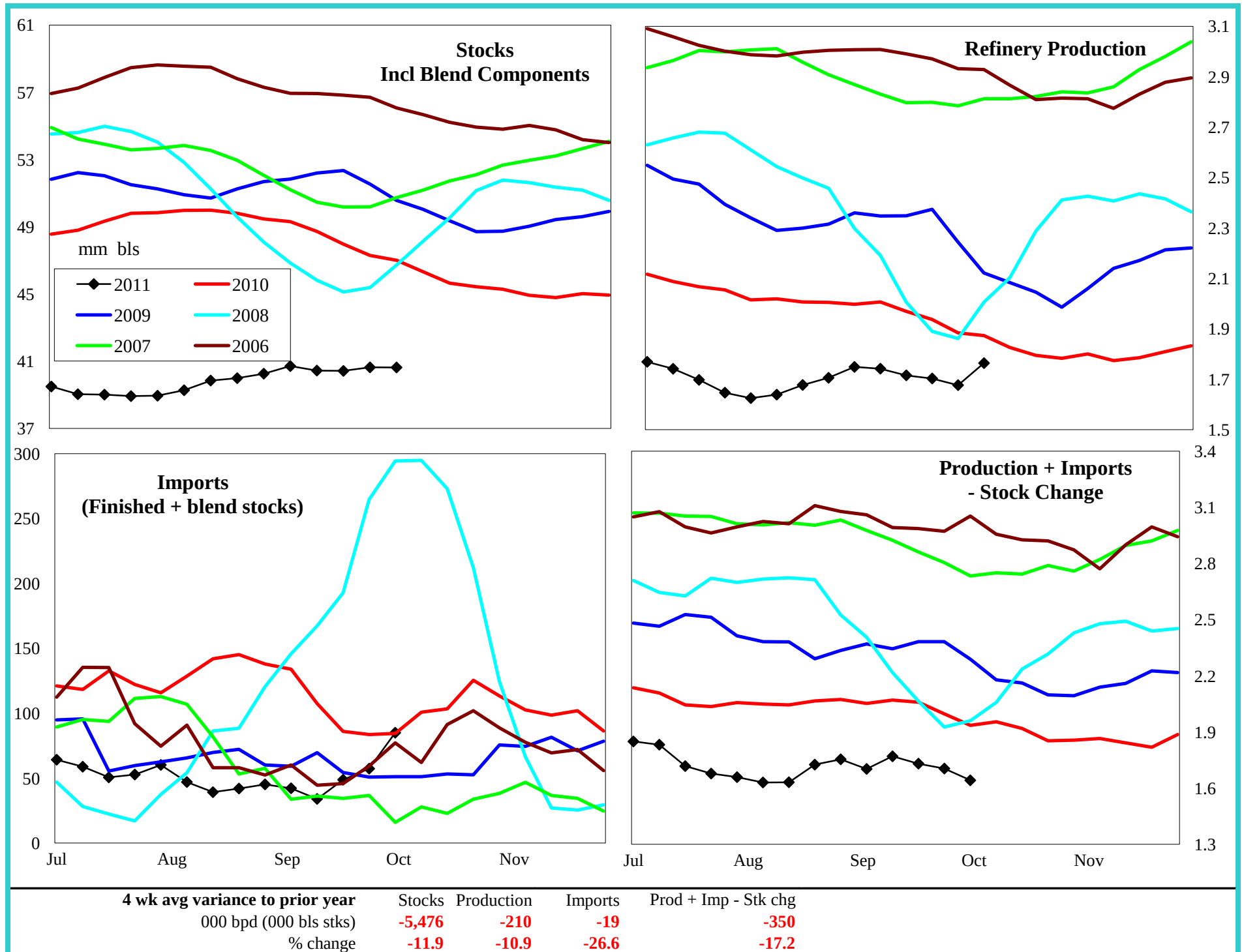
#DIV/0!

Prod + Imp - Stk chg

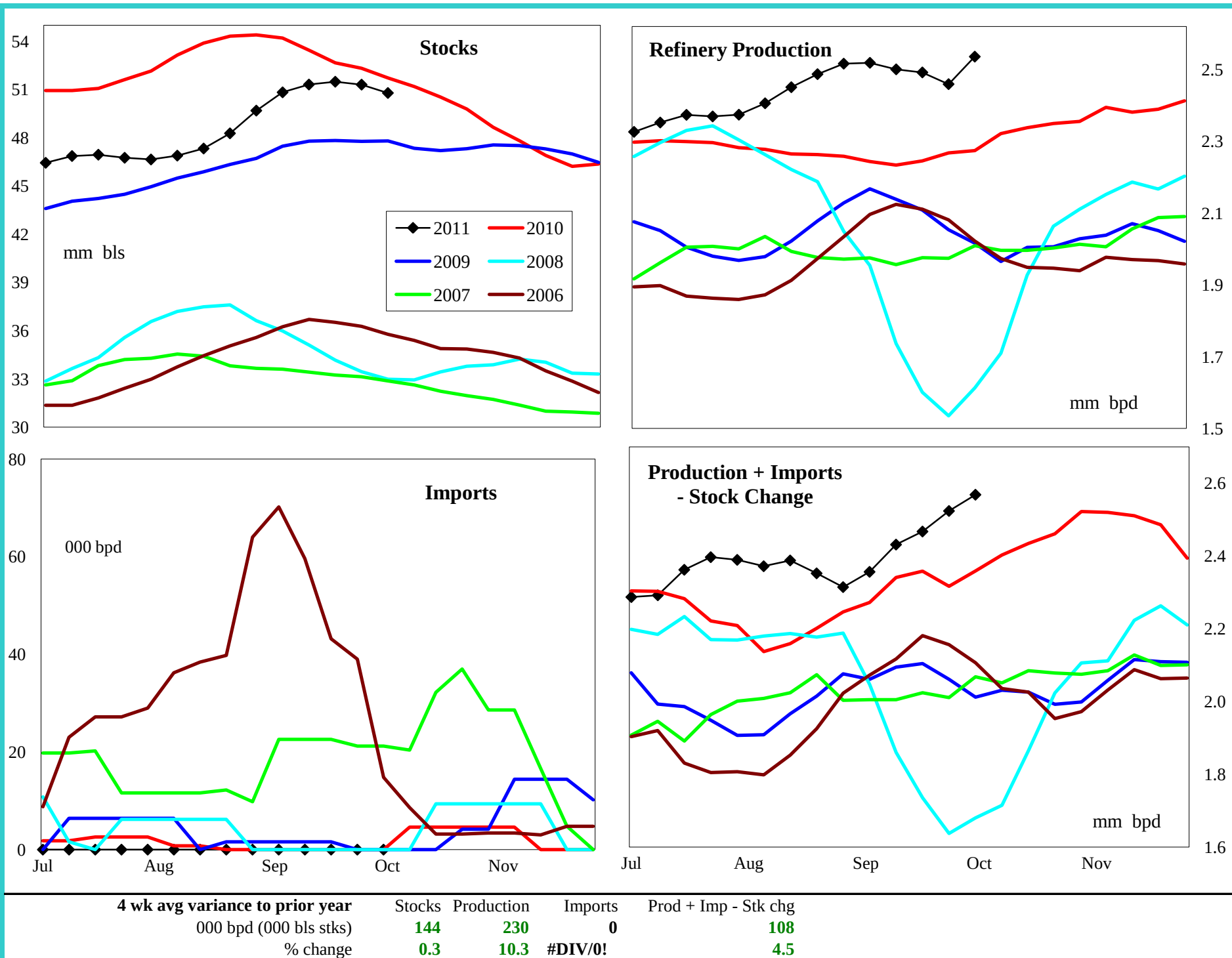
84

22.9

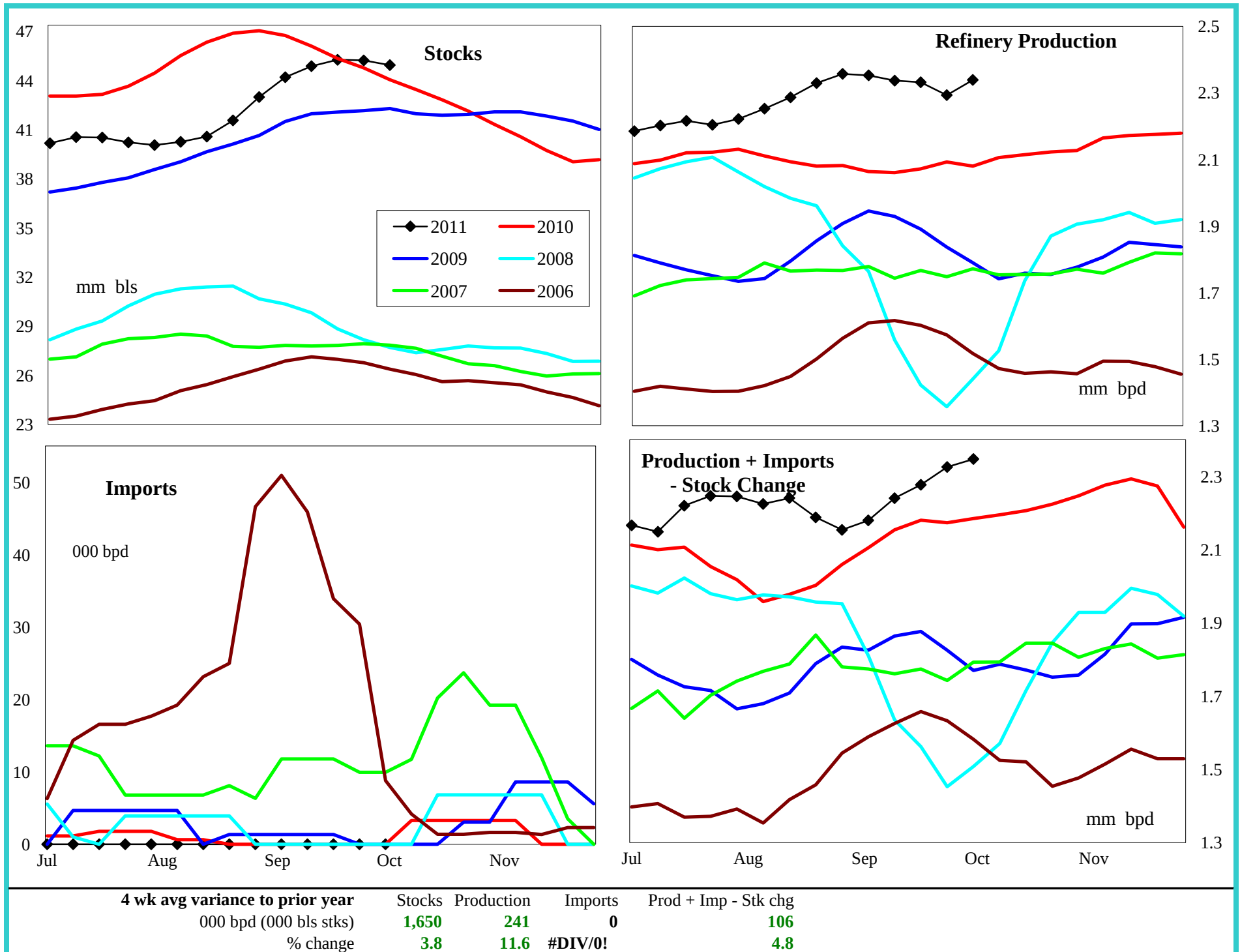
PADD 3 Conventional Gasoline Supply



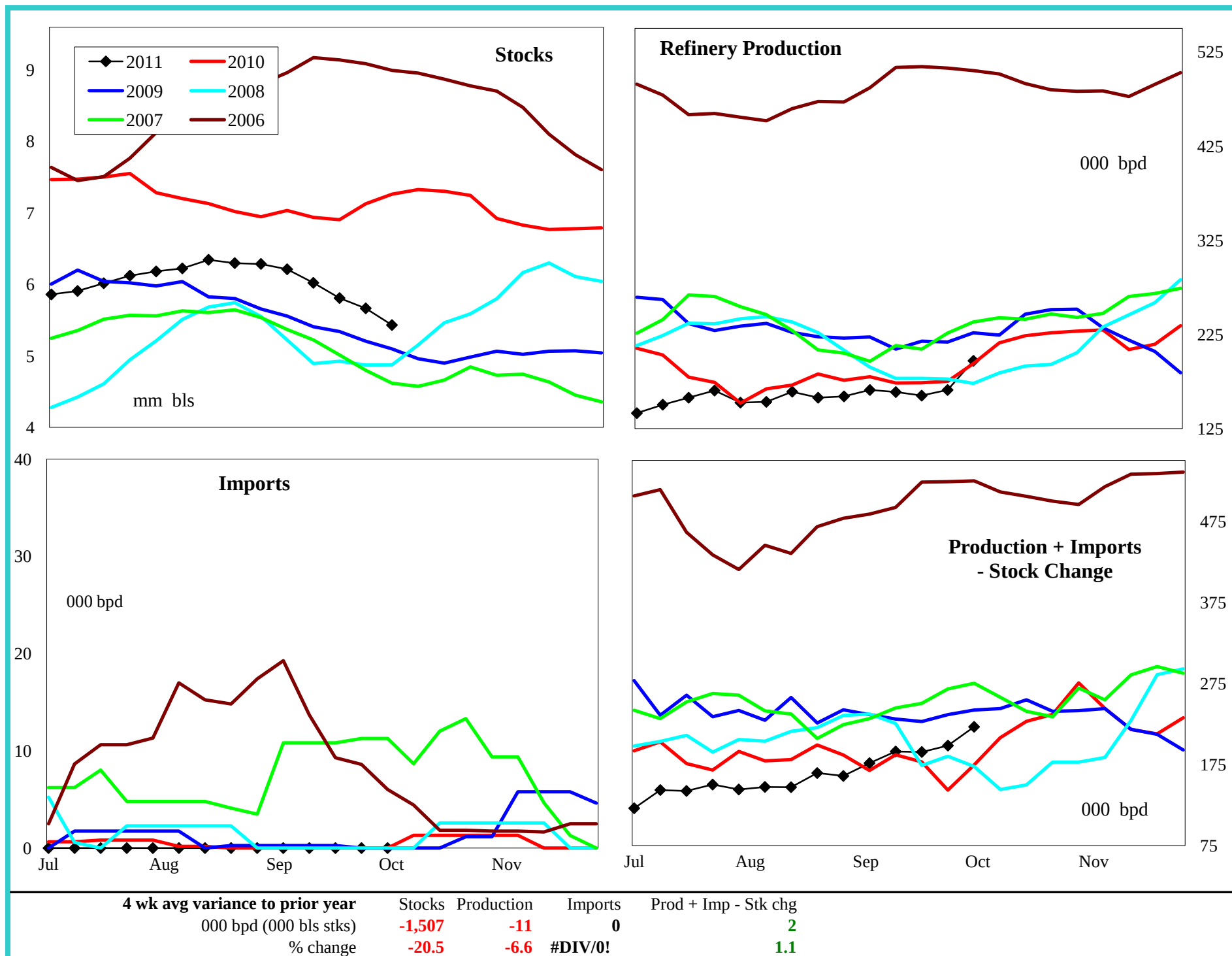
PADD 3 Distillate Supply



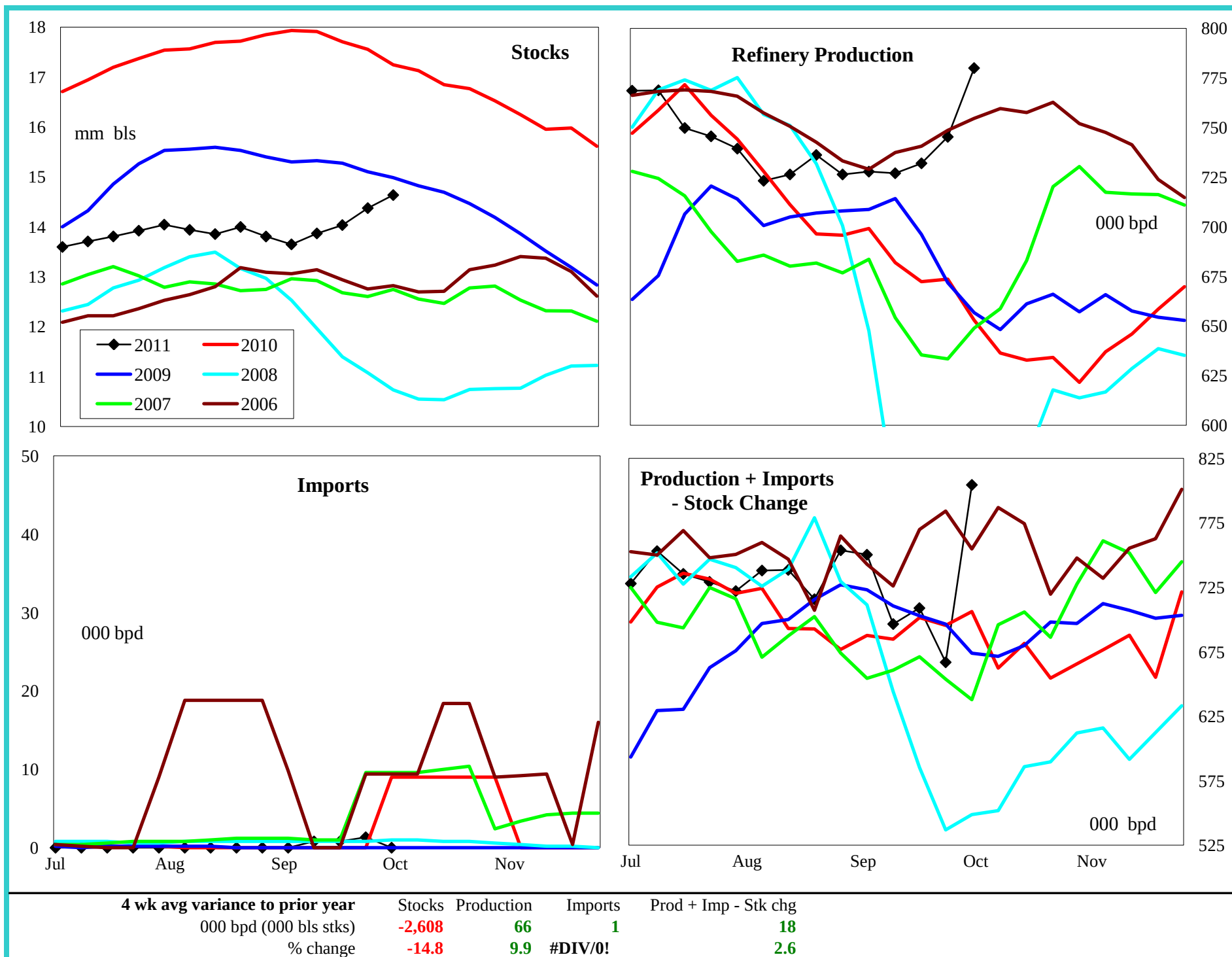
PADD 3 Low Sulfur Distillate Supply



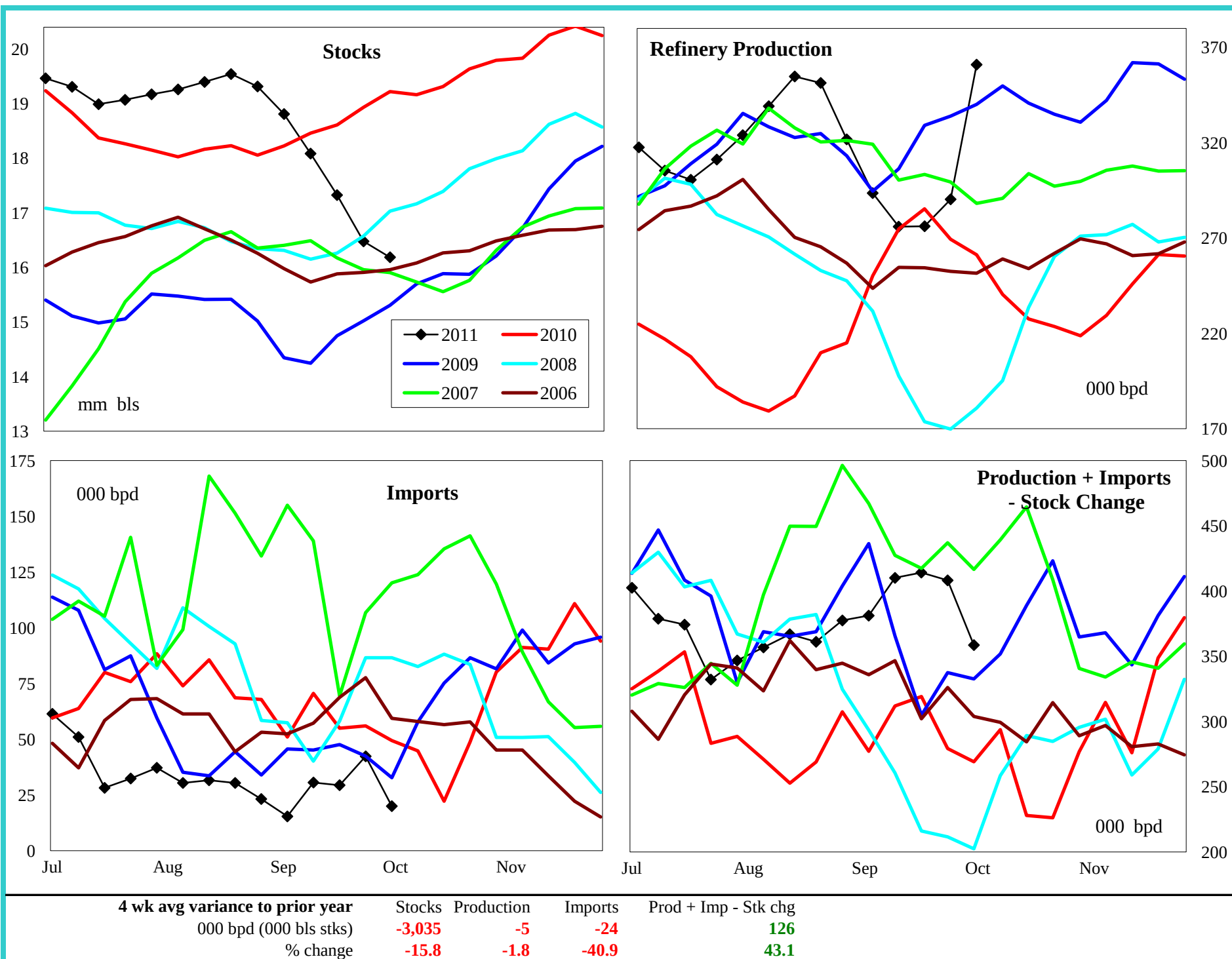
PADD 3 High Sulfur Distillate Supply



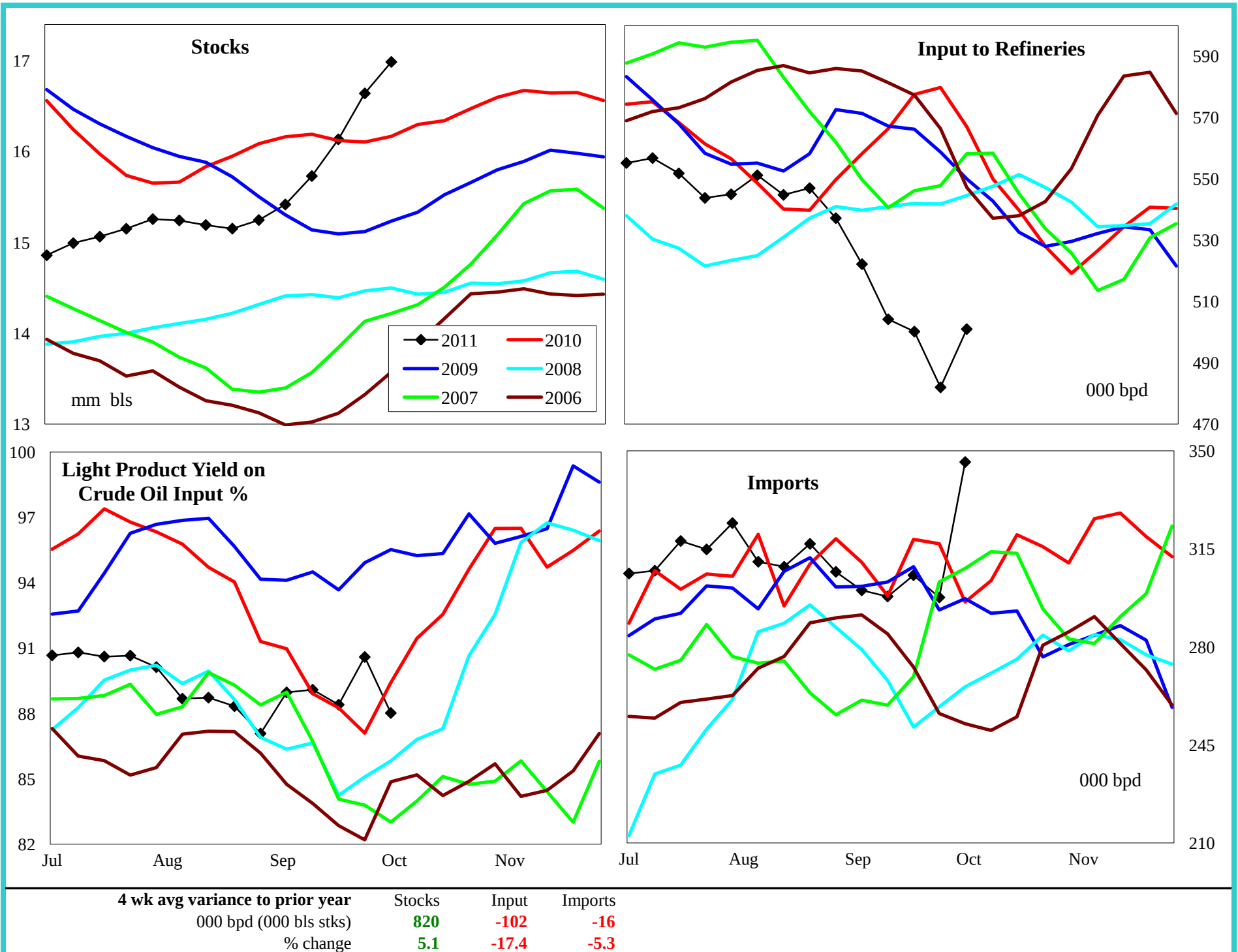
PADD 3 Jet Fuel Supply



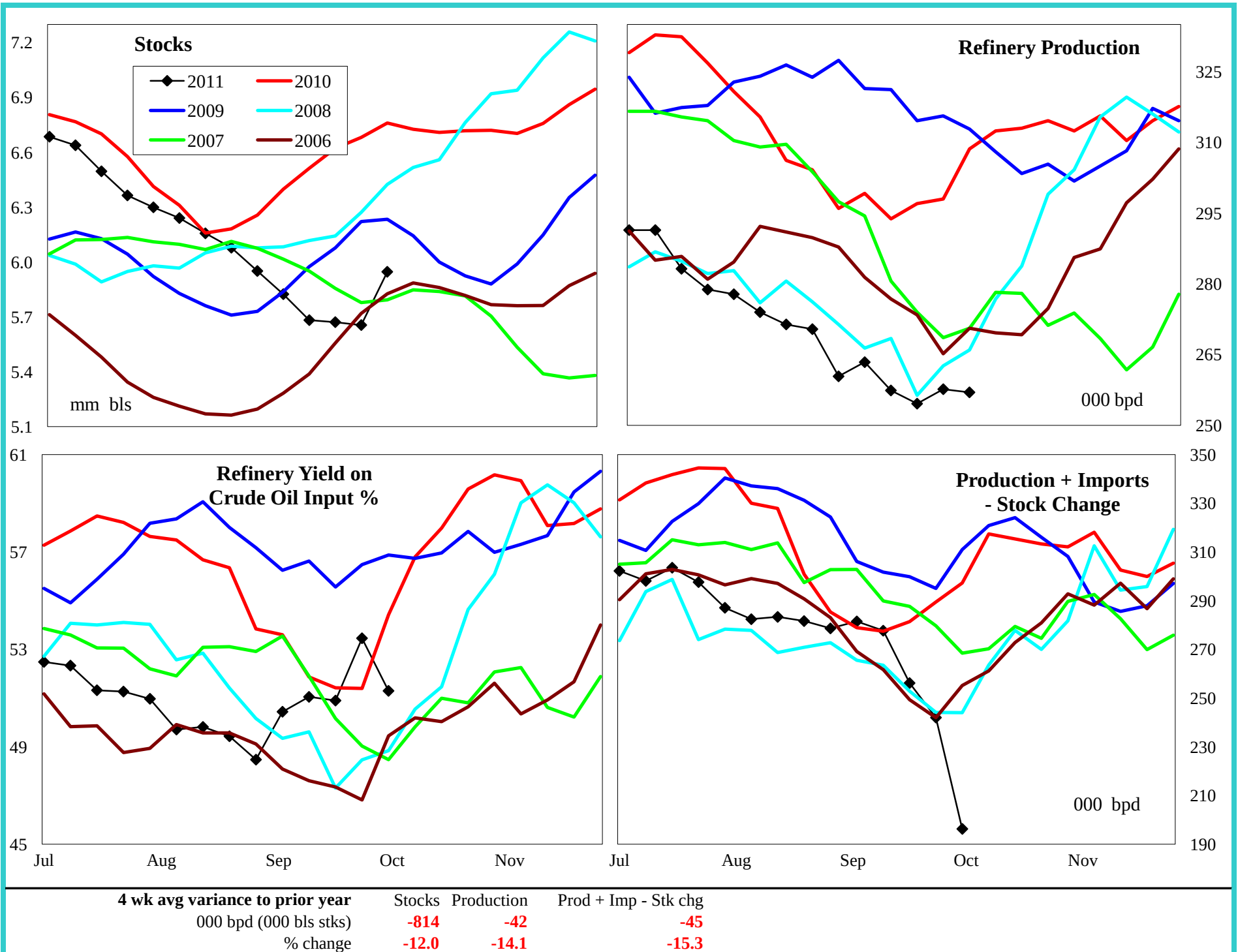
PADD 3 Residual Fuel Oil Supply



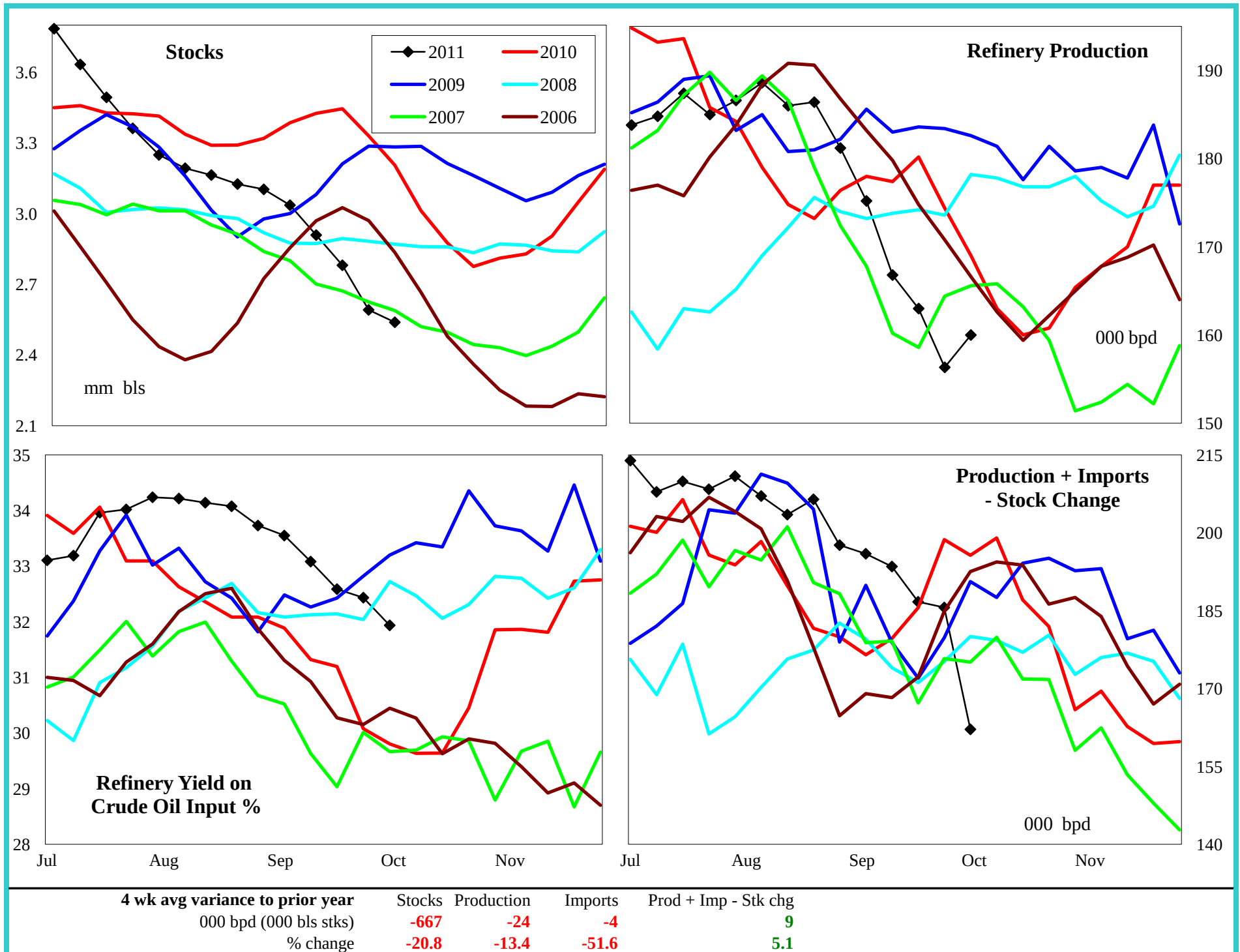
PADD 4 Crude Oil Supply and Refining



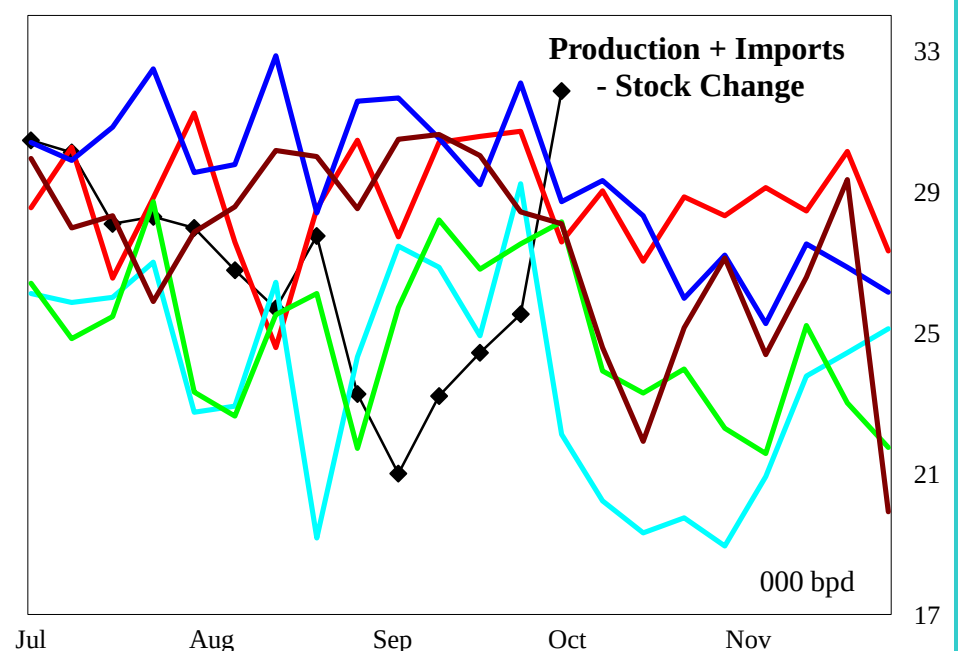
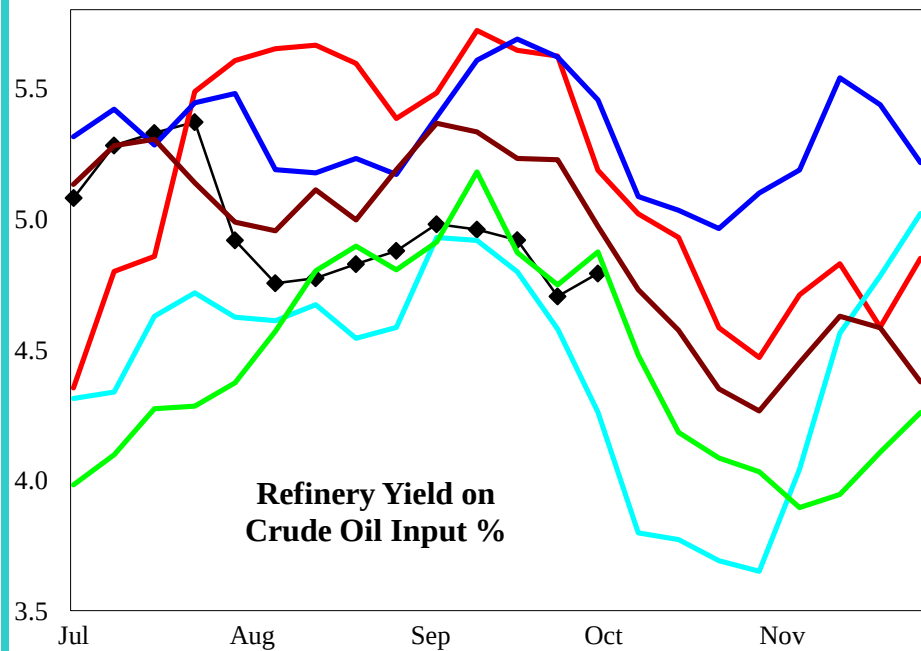
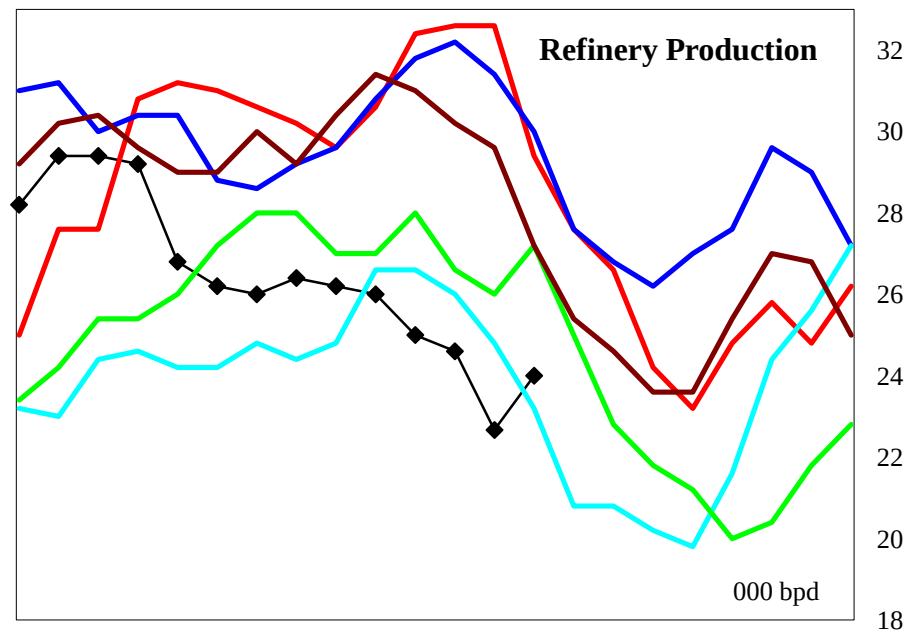
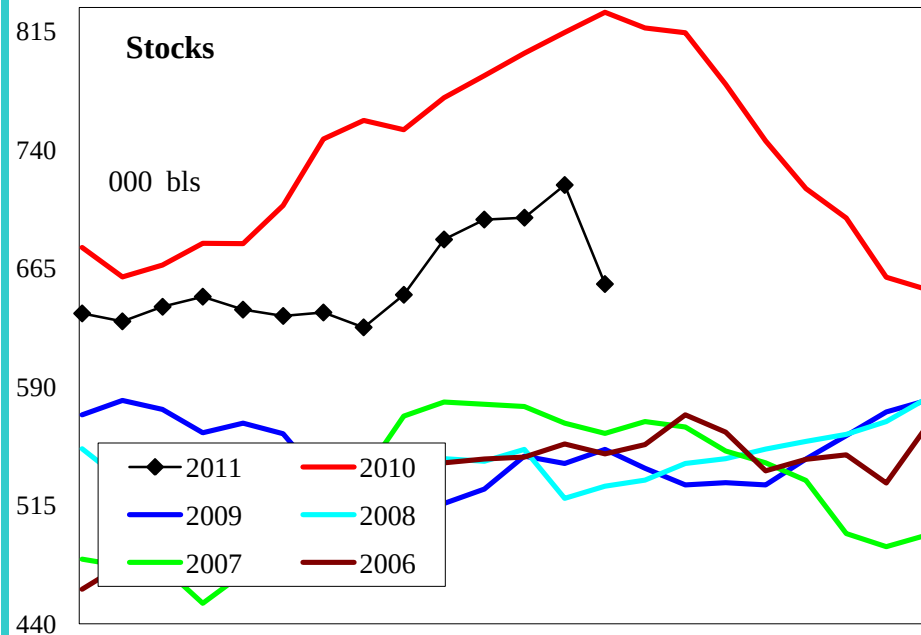
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply

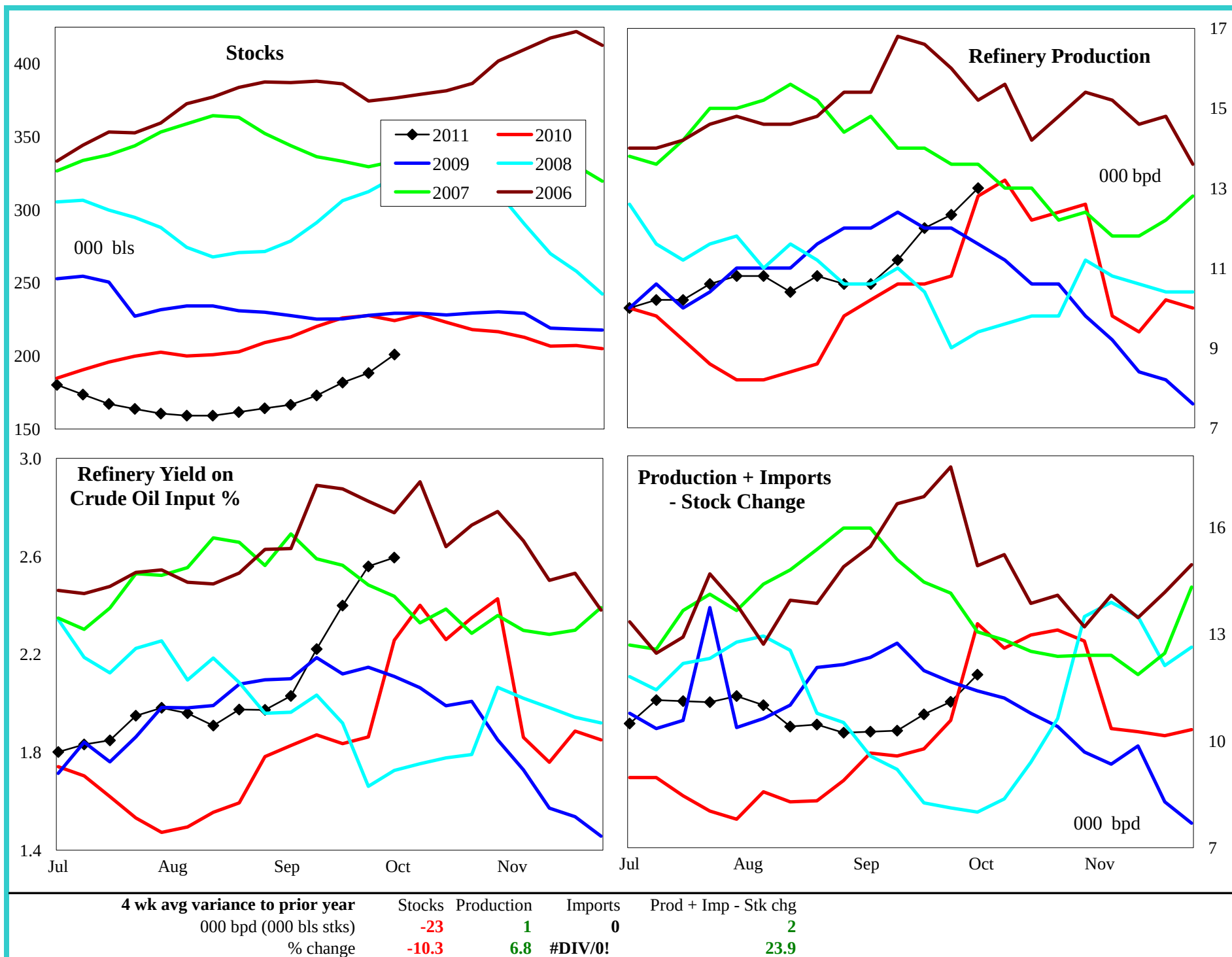


4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

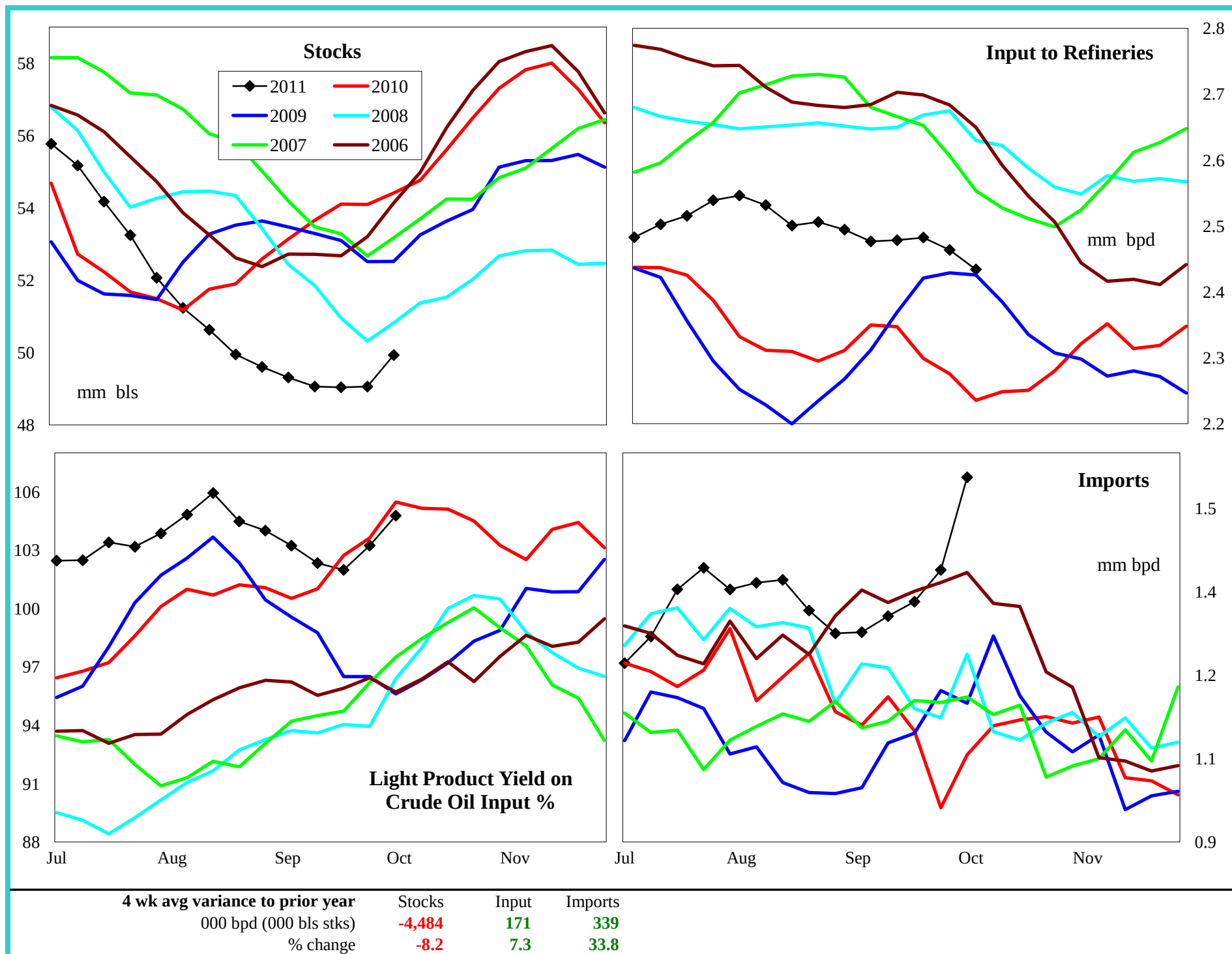
Stocks Production
 -172 -11
 -20.8 -30.9

Prod + Imp - Stk chg
 -7
 -23.2

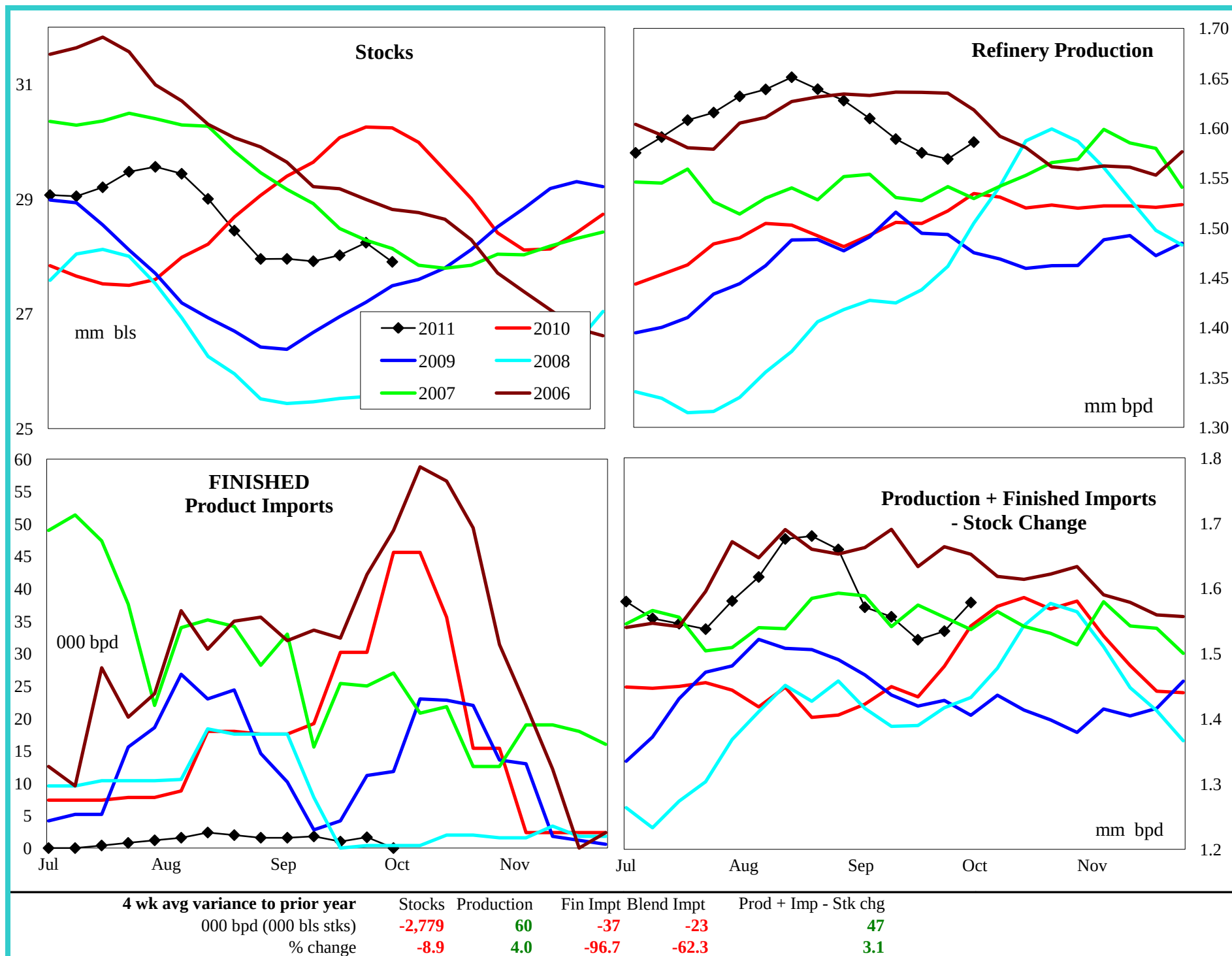
PADD 4 Residual Fuel Oil Supply



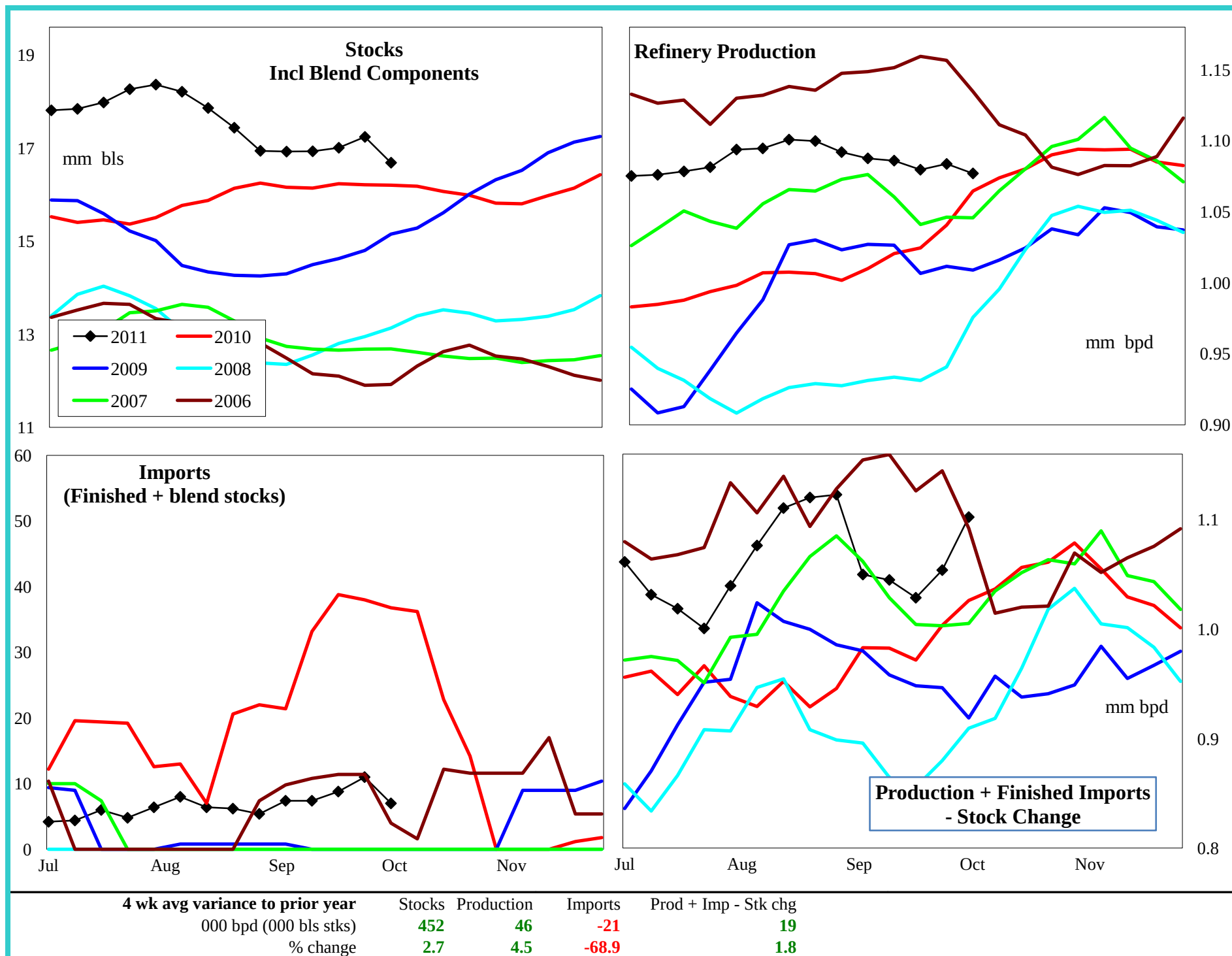
PADD 5 Crude Oil Supply and Refining



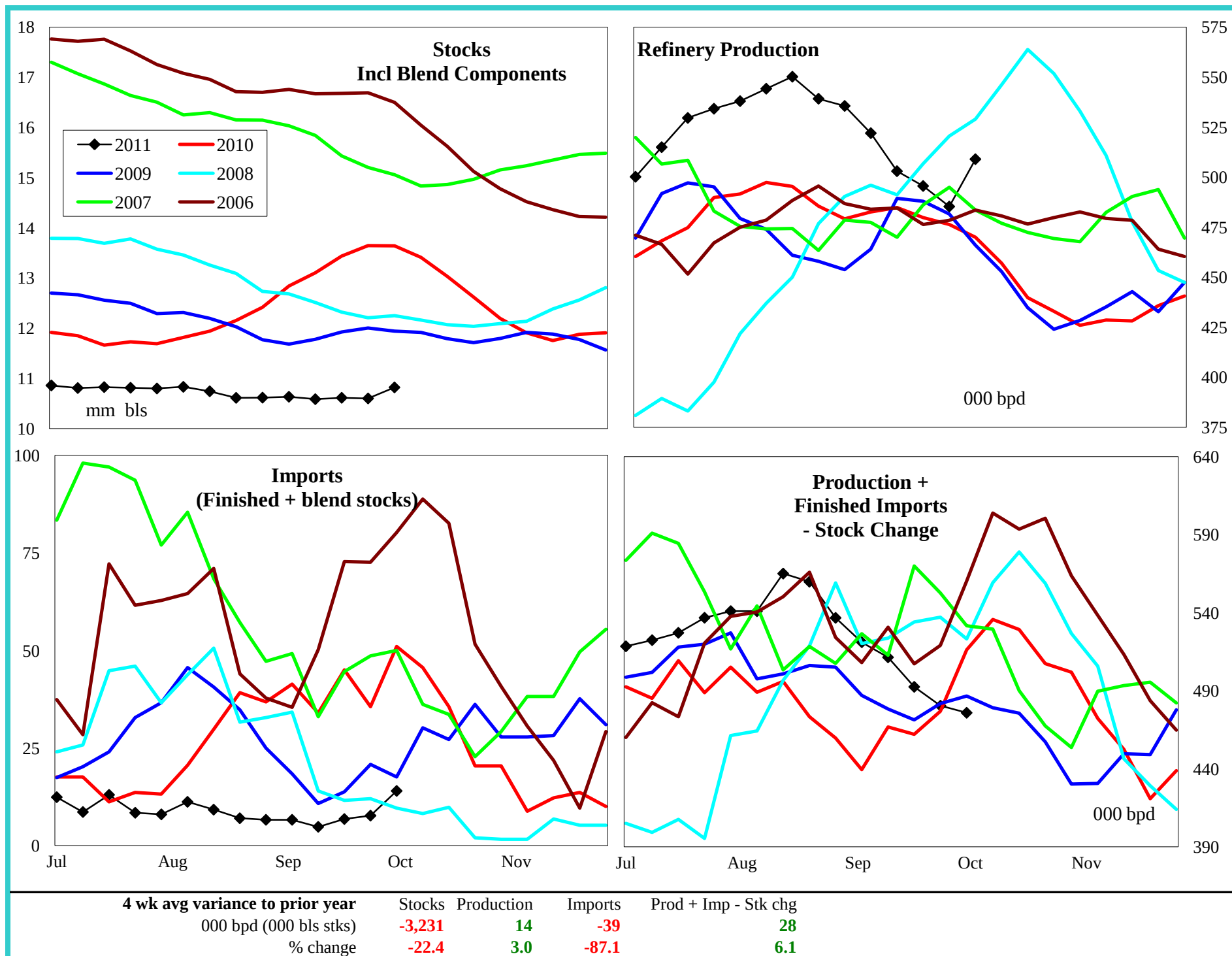
PADD 5 Gasoline Supply



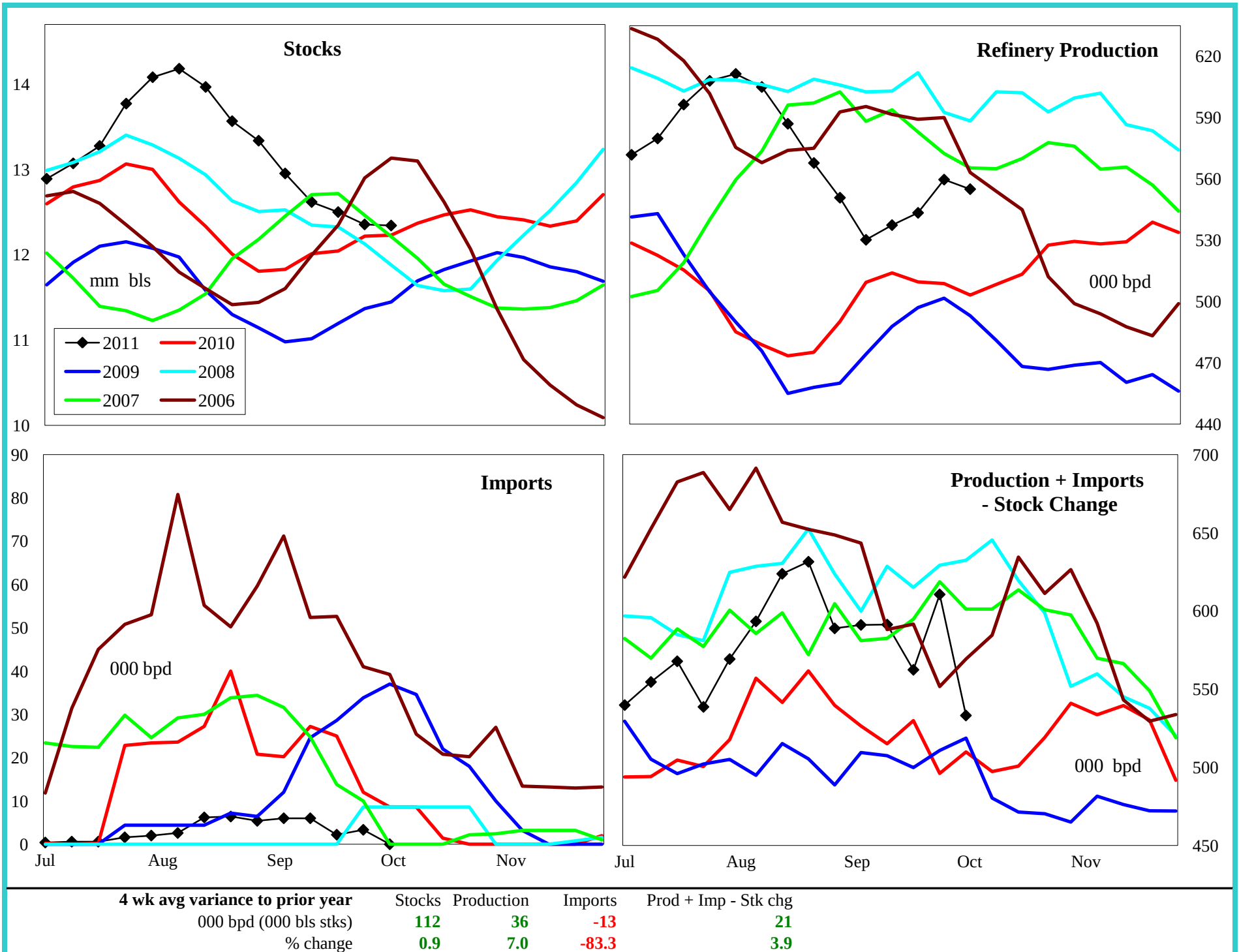
PADD 5 Reformulated Gasoline Supply



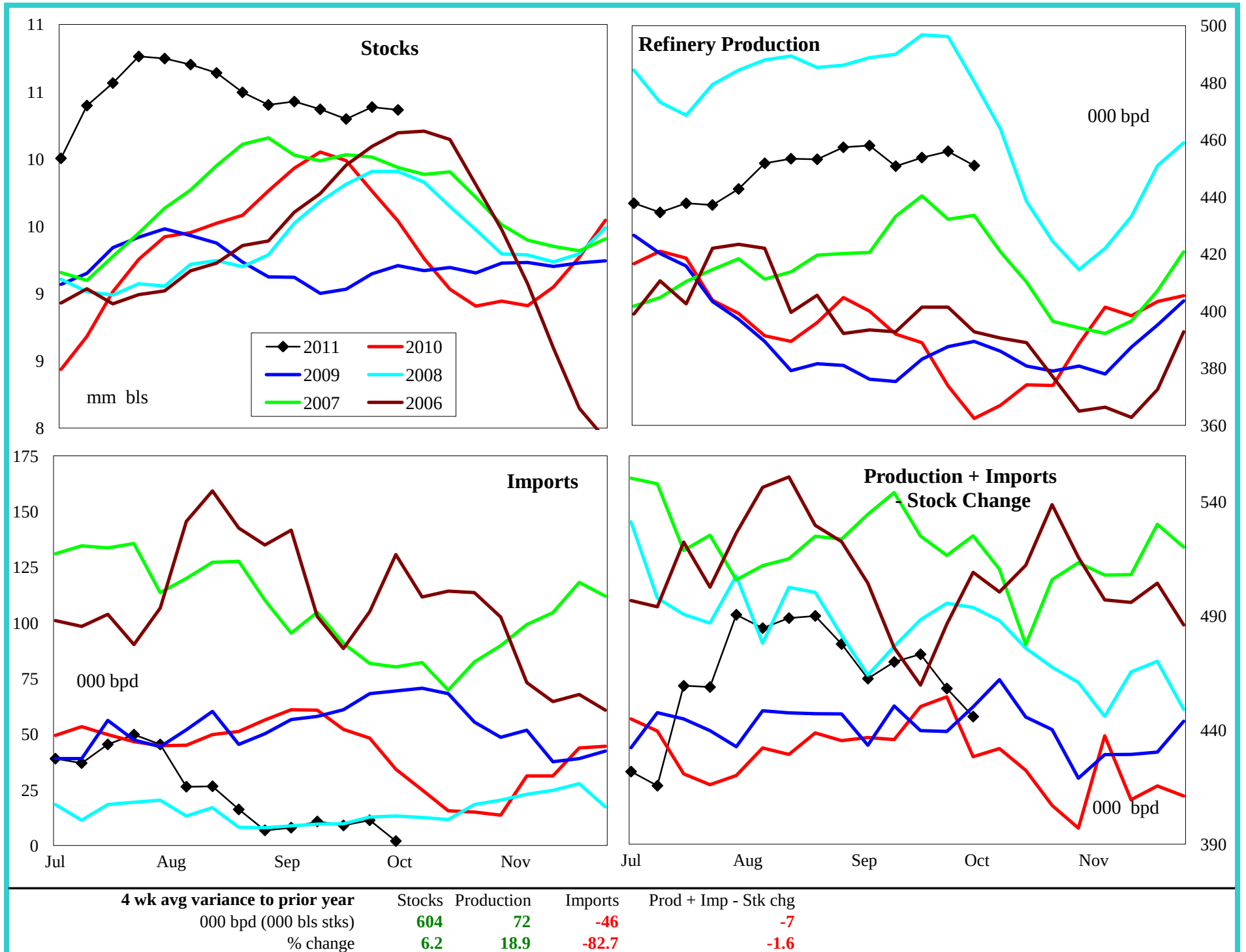
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

