



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

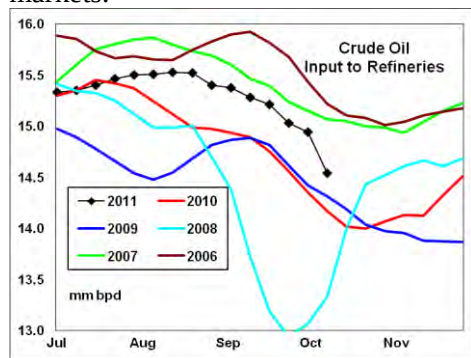
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, October 13, 2011



Major Fundamental Trends¹

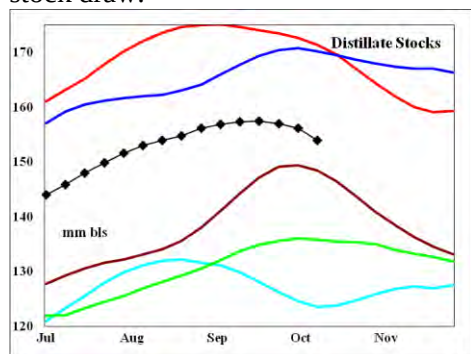
Refinery maintenance began last week with a -0.6 million bpd drop in crude oil runs. Runs were lower in all major markets.



Historically, crude oil runs decline over -1 million bpd during the fall maintenance season; so expect further declines in crude oil runs for the balance of October.

Significantly above average refinery maintenance on the East and West Coasts should tighten supplies of transport fuels over the next 30-days in these markets.

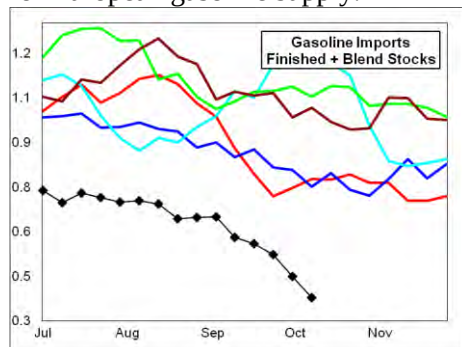
Distillate demand has experienced an above average rate of seasonal increase, and year-on-year growth. Combined with very strong exports, the result has been to more than offset the record level of production. Stock levels are now sharply below the last 2-years, with an above average rate of stock draw.



Fall refinery maintenance, particularly among local refiners serving the East Coast, should lead to significant tightening of supplies in the New

England and Central Atlantic Regions of PADD 1 ahead of the start of winter heating season.

The gasoline market supply squeeze in New England and Central Atlantic regions of PADD 1 will continue due to the high level of refinery maintenance at local refiners and extremely low imports. The tightness in Asian/Middle East gasoline markets continues to compete for European gasoline supply.



Crude oil stock levels in the key PADD 3 market have dropped to 5-year lows on high refinery runs, and the structural shift in imports to supply the PADD 2 market (replace imports via the Gulf with Canadian imports).

Demand for distillate fuel continues at a robust year on year growth rate.

Wholesale demand measured over the last four weeks compared to a year ago: gasoline decreased -0.7%; distillate up +5.6%; jet fuel down -1.9% while residual fuel oil increased +17%.

Stocks forward coverage: Gasoline demand coverage decreased on a -4.1 million barrel stock draw. Coverage levels were at the upper end of the historic range.

Distillate coverage fell on a -2.9 million barrel stock draw and robust weekly demand. Coverage levels were sharply below the last 2-years.

Jet fuel coverage levels matched the last 2-years on a +0.4 million barrel stock build.

Refinery utilization rates decreased on a -563,000 bpd decrease in crude oil runs. During the latest 4-wk period crude oil input was +586,000 bpd above a year ago.

Gasoline yield % on crude oil runs was unchanged on a -372,000 bpd drop in output, compared to the -563,000 bpd decline in crude oil input.

Yield % on crude oil runs was below the last 3-years.

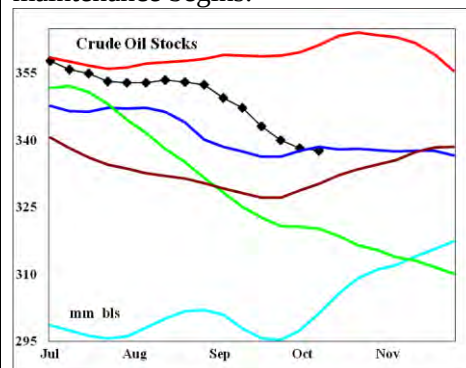
Distillate yield % on crude oil runs was unchanged on a -253,000 bpd drop in production compared to the decrease in crude oil runs. Yield % on crude oil runs was above the 5-year range.

Jet fuel yield % on crude oil runs was unchanged on a -116,000 bpd drop in output. Yield % levels remain at a record high for this time of year.

Petroleum Imports of crude oil increased +0.4 million bpd, while gasoline and distillate imports fell last week.

During the latest 4-wk period crude oil imports increased +0.1 million bpd compared to last year; distillate imports decreased -33,000 bpd; finished gasoline imports decreased -74,000 bpd, gasoline blend stock imports fell -175,000 bpd; jet fuel imports declined -37,000 bpd, while residual fuel oil imports decreased -48,000 bpd.

Crude Oil stocks increased +1.3 million barrels last week on a +0.4 million bpd rise in imports and -0.6 million bpd drop in runs as fall maintenance begins.



¹ Source is latest EIA Weekly Statistics



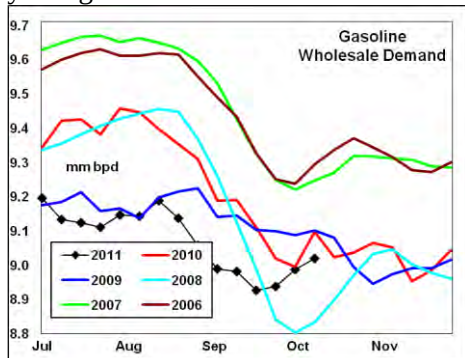
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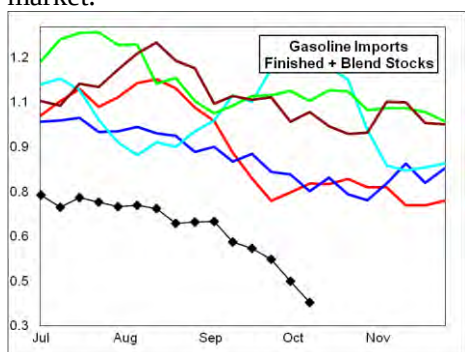
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Product Supply-Demand Trends

Gasoline demand increased +51,000 bpd last week, with the latest 4-wk average demand -60,000 bpd below a year ago.



Production fell -372,000 bpd last week, with imports also down -87,000 bpd. This tightening of supply was due to the start of fall refinery maintenance, unplanned process unit repairs and tight Asian/Middle East markets that continue to limit imports to the U.S. market.



Stocks fell -4.1 million barrels last week, with the level below the mid range.

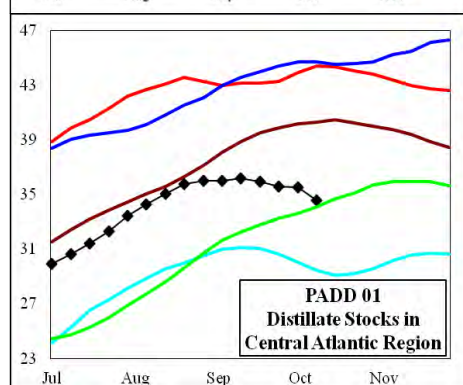
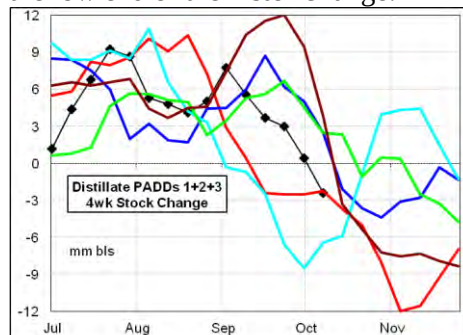
Wholesale demand continues to rebound from earlier record lows; due in part to downstream restocking with the earlier price pull back. Extensive refinery maintenance in the Central Atlantic Region and eastern Canada has the potential to create a supply squeeze on the New England and Central Atlantic Regions.

Distillate demand decreased -32,000 bpd last week, a level well above the last 3-years. The latest 4-wk average demand was +211,000 bpd above a year ago.

Supply fell -344,000 bpd last week on sharply lower production and

imports. Production levels remain well above the last 3-years. The drop in supply led to a -2.9 million barrel stock draw for the week. Stock levels ended the week -18.2 million barrels below last years' record high.

The latest 4-wk stock change in markets East of the Rockies was a draw of -2 million barrels, a level at the low end of the historic range.



Unusually large stock draws in the Central Atlantic Region of PADD 1 are the result of competition from the export market, with very high exports from both PADDs 1 and 3 preventing seasonal stock builds in the region.

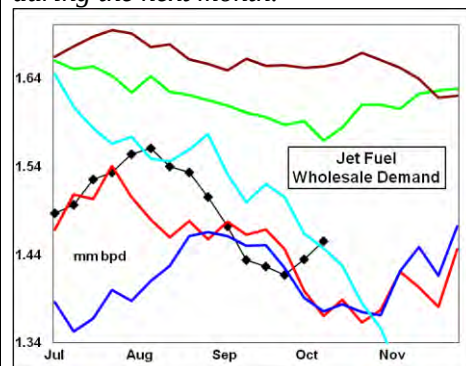
Record distillate production has been offset by record exports, low imports and a sharp seasonal upturn in domestic use; that has led to above average stock draws for this time of year.

Fall refinery maintenance should lead to continued above average stock draws, with the potential for particularly tight supplies at the start of peak winter heating season.

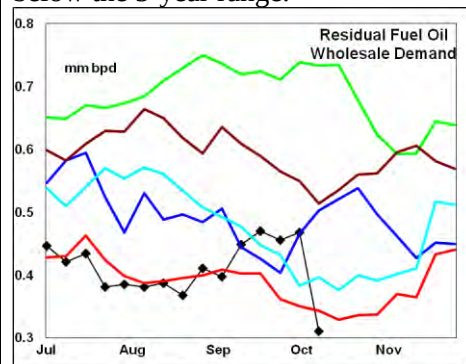
Jet Fuel demand increased +29,000 bpd last week, with the level comparable to the last 2-years. The latest 4-wk average demand was -27,000 bpd below last year.

Supply declined -37,000 bpd on the week, the result of a sharp drop in production partially offset by higher imports. Stocks increased +0.4 million barrels to a level that matched last years' record high.

Jet fuel production remains particularly high in PADDs 2 and 3. Stocks levels are also very high in PADDs 2, 3 and 5. Start of refinery maintenance should lead to some tightening of supplies, although major markets should remain very well supplied on lower seasonal demand during the next month.



Residual fuel oil demand decreased -178,000 bpd on the week, to a level below the 5-year range.



Supply (production + imports) increased +149,000 bpd last week, on lower production and imports. The latest 4-wk average supply was nearly unchanged from last year. Stocks were unchanged at a level below the historic range.

The key Gulf Coast market supply balance continued to improve with higher production and imports that led to a +0.5 million barrel stock build.



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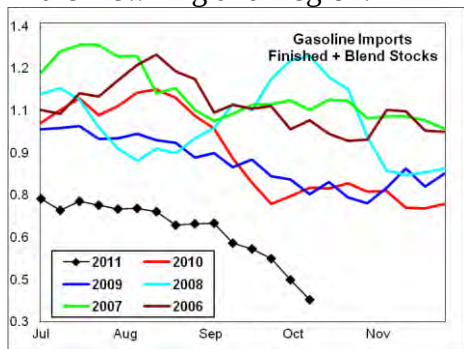
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PADD Supply Trends

PADD 1 refinery crude oil runs declined -23,000 bpd on the week, with the level +182,000 bpd above a year ago.

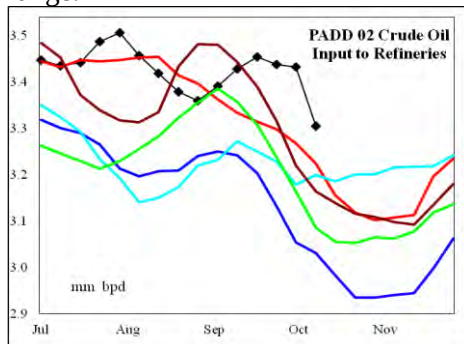
Gasoline supplies decreased -18,000 bpd last week with supplies falling -57,000 bpd below a year ago. Imports remain extremely low as maintenance in eastern Canada led to record low stocks of gasoline in the New England Region.



Gasoline stocks fell -1.6 million barrels on the week, due to low imports and reduced production. Refinery maintenance at refiners in the region with a total crude oil capacity of 0.6 million bpd are likely to further squeeze gasoline supplies in the Central Atlantic Region.

Distillate supply fell -145,000 bpd last week on lower imports and production. Stocks fell -1.6 million barrels, with the level -18% below last year.

Jet fuel production fell to a level below the 5-year range. Stock levels remain at the upper end of the historic range.



PADD 2 crude oil refinery runs

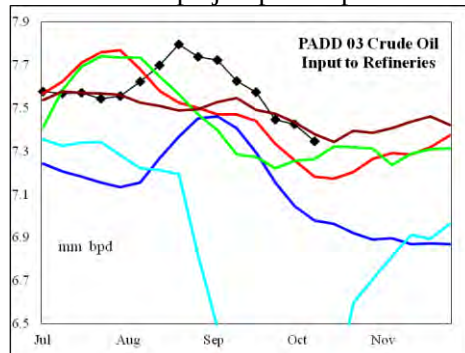
decreased -167,000 bpd last week, with the latest 4-wk average +162,000 bpd above a year ago, and at a 5-year high. Imports also reached new highs, up +45% from last year. Crude stock levels remain above the 5-year range.

Gasoline production decreased -80,000 bpd on the week, a level still above the 5-year range. Stocks decreased -0.4 million barrels, with the level below the mid range.

Distillate production decreased -43,000 bpd, to a level at the upper end of the historic range. Stocks decreased -1.5 million barrels to a level at the low end of the 5-year range.

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

PADD 3 refinery runs decreased -162,000 with the level at the upper end of the historic range. The latest 4-wk average thru put was +183,000 bpd above last year. Crude oil stocks increased +0.5 million barrels on a +0.6 million bpd jump in imports.



Gasoline production fell -197,000 bpd on the week. Stocks decreased -1.6 million barrels last week, with the level matching 5-year highs.

Distillate production decreased -117,000 bpd on the week; with the latest 4-wk average +180,000 bpd above the previous record level. Stocks increased +0.7 million barrels, with the level equal to 5-year highs.

Jet fuel production declined -20,000 bpd on the week, a level that matched 5-year highs. Stock levels ended the week at 2009 levels, below last years' record highs. Imports spiked +45,000 bpd for the week.

Residual fuel oil supplies were

nearly unchanged with a -49,000 bpd drop in production offset by an increase in imports. Stocks increased +0.5 million barrels, with the level near the historic mid range.

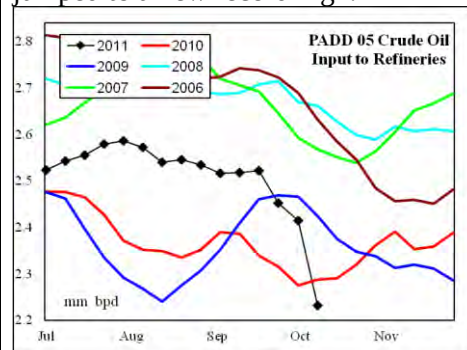
PADD 4 refinery crude runs increased +31,000 bpd last week, with the most recent 4-wk average -86,000 bpd below a year ago. Runs have increased +50,000 bpd as refiners return from fall maintenance.

Gasoline production increased +4,000 bpd last week, still a level below the historic range. Stocks increased +0.3 million barrels, with the level above the mid range.

Distillate production levels remain below the historic range. Stock levels matched 5-year lows.

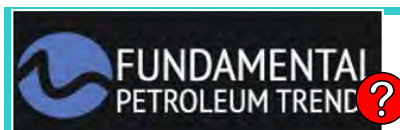
Jet fuel stock levels remain relatively high, with production at 5-year highs.

PADD 5 crude oil refinery runs fell -242,000 bpd on the week, with the level below the 5-year range. The latest 4-wk average thru put was +137,000 bpd above last year. Light product yield % on crude oil runs jumped to a new record high.



Gasoline production fell -80,000 bpd last week, a level below the mid range. Supply (production + imports) for the latest 4-wk average was -59,000 bpd below last year. Stocks fell -0.8 million barrels to a level well below the mid range.

Distillate production declined -36,000 bpd last week, to a level just above the last 2-years; with the 4-wk average +48,000 bpd above a year ago. Stocks fell -0.6 million barrels to a level that matched the mid range.

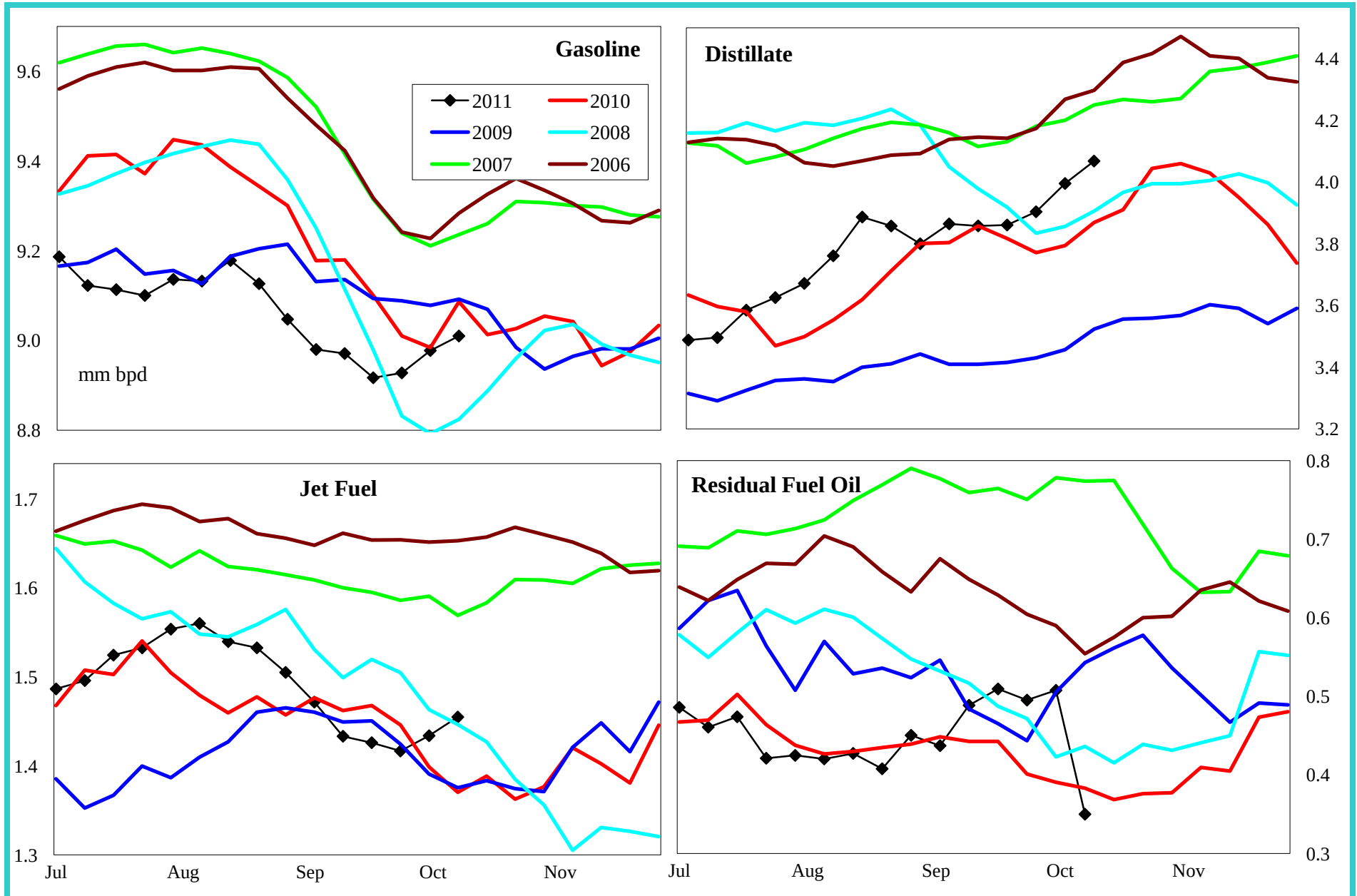


CHARTS: Graph Link and Weekly Summary

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	7-Oct-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	1,344	1,216	-76	517	3	-316
	Imports	386	230	-9	611	-38	-407
	Input	-563	-23	-167	-162	31	-242
	% Utilization	-3.50					
Gasoline	Stocks	-4,134	-1,571	-397	-1,620	279	-825
	Production	-372	-1	-80	-197	4	-80
	Imports	-87	-17	-2	-49	0	-19
	Supplied	51					
Distillate	Stocks	-2,929	-1,579	-1,543	736	12	-557
	Production	-253	-56	-43	-117	-1	-36
	Imports	-91	-89	-5	0	0	4
	Supplied	-32					
Jet Fuel	Stocks	394	101	155	184	33	-79
	Production	-116	-38	-17	-20	9	-51
	Imports	79	30	0	45	0	3
	Supplied	29					
Residual Fuel Oil	Stocks	5	-554	-37	497	6	92
	Production	-67	11	-14	-49	-1	-13
	Imports	-82	-157	0	52	0	24
	Supplied	-178					
Propane	Stocks	420	173	28	185	35	
	Propylene stk	67					
	Production	110	26	-1	27	58	
	Imports	-51	-52	-8	7	0	
	Supplied	177					

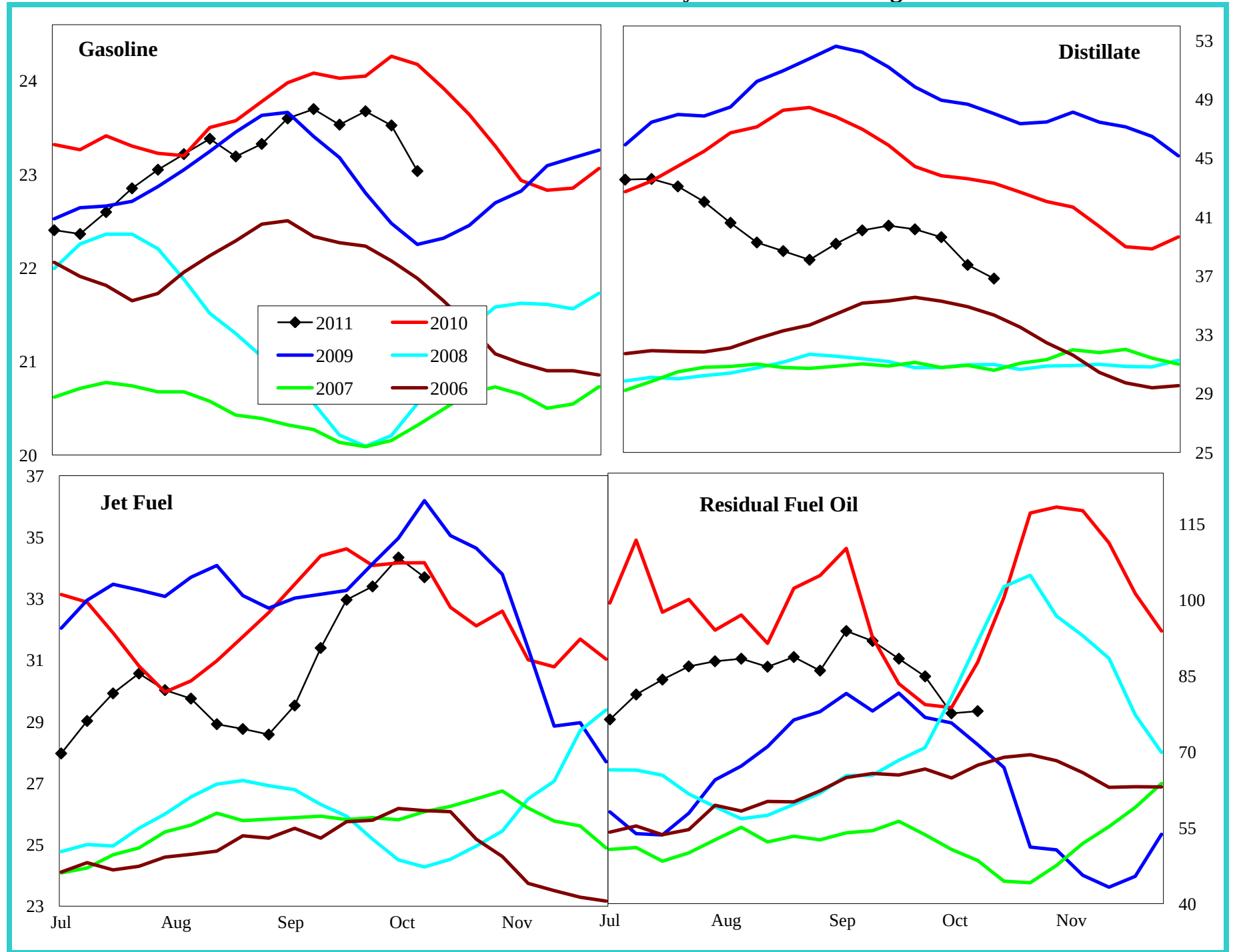
United States Wholesale Petroleum Demand



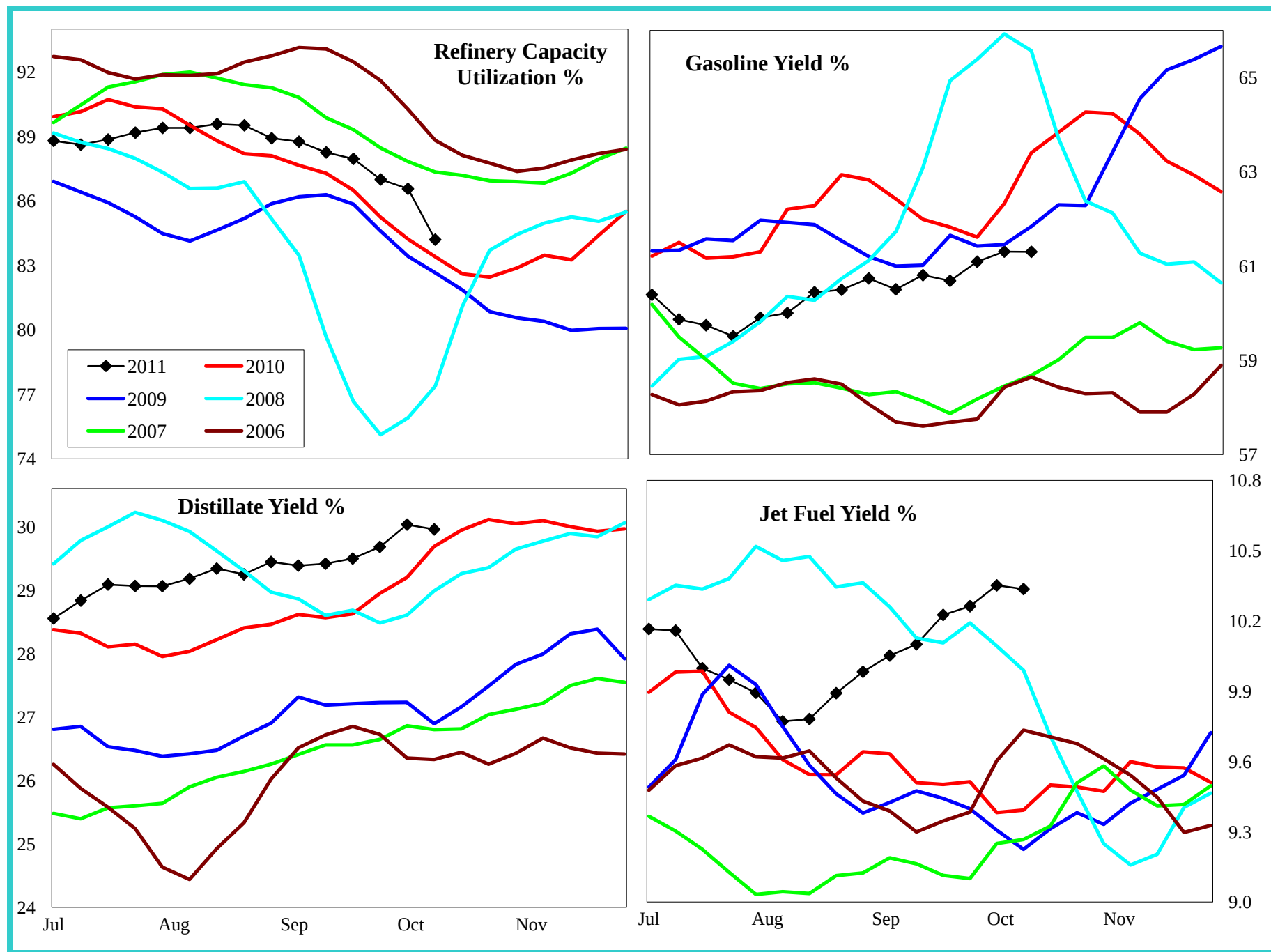
	000 bpd change from prior year				% change from prior year			
	4wk avg	Aug	Jan	Jun	4wk avg	Aug	Jul	Jun
Gasoline	-60	-158	-236	-265	-0.7	-1.7	-2.5	-2.8
Distillate	211	6	2	160	5.6	0.2	0.1	4.3
Jet Fuel	-27	32	24	2	-1.9	2.2	1.6	0.1
Resid	68	-62	-164	-29	16.9	-13.0	-27.6	-5.8



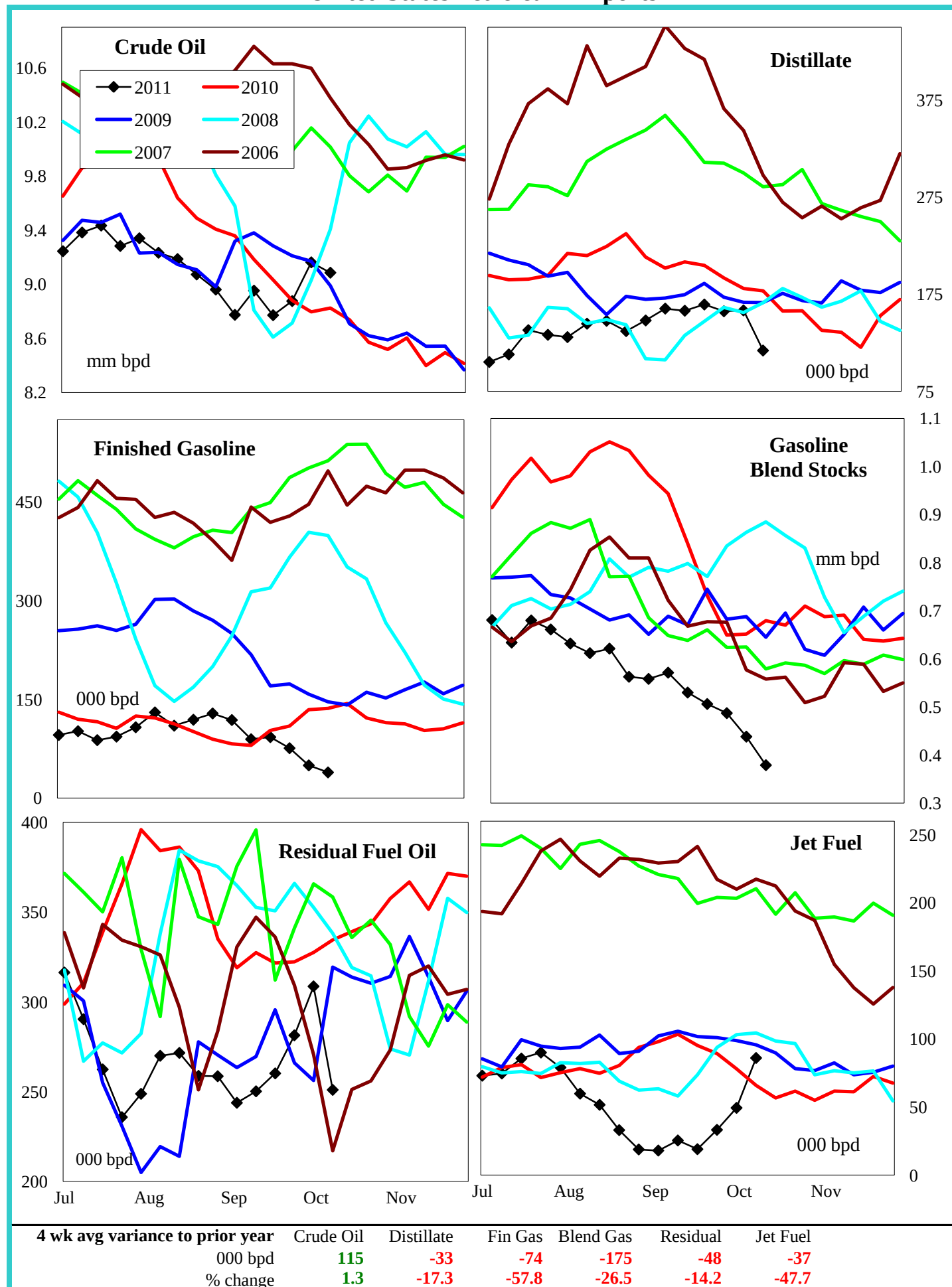
United States Product Stocks: Days Forward Coverage



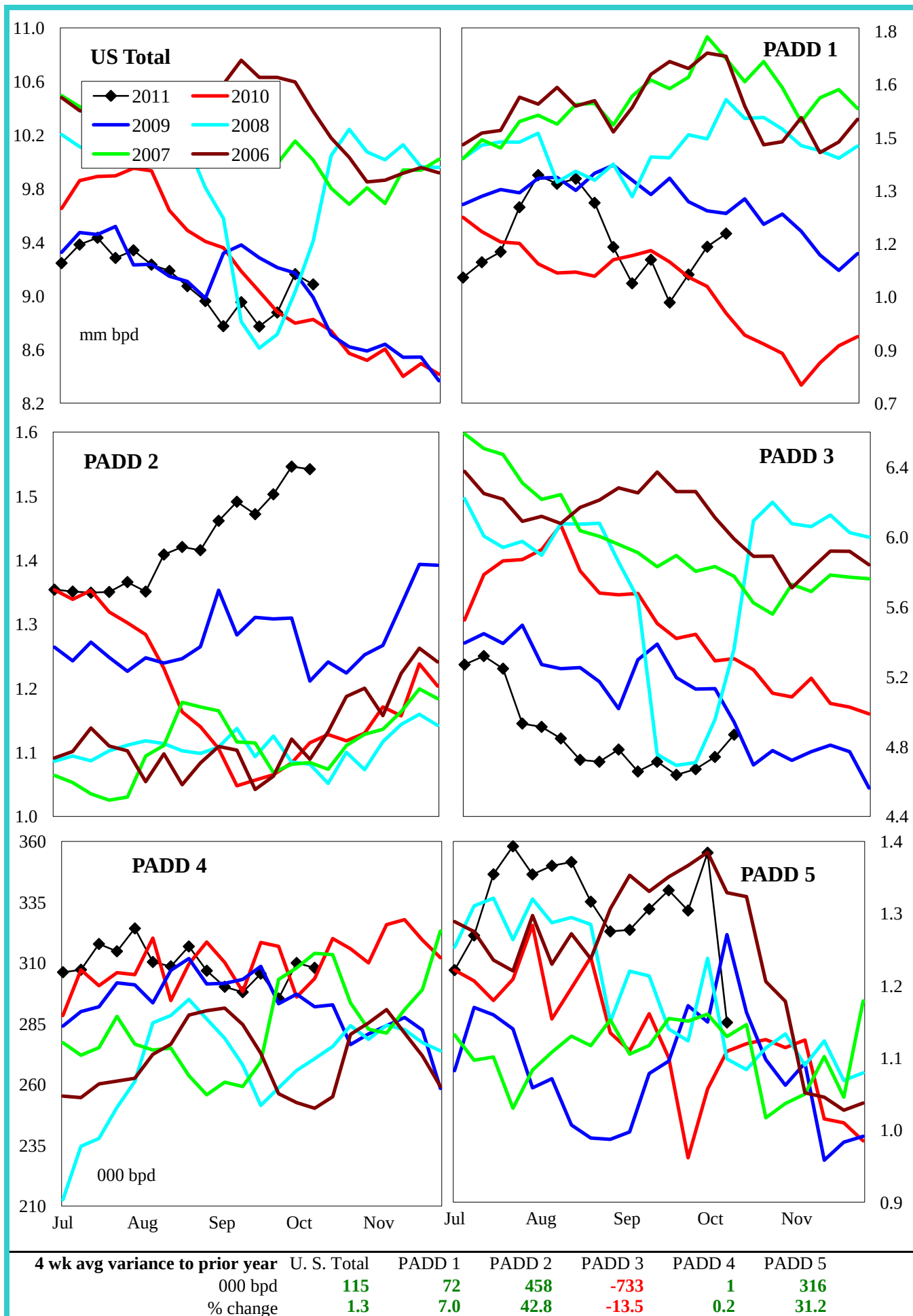
United States Refinery Percent Utilization Rate and Product Yields



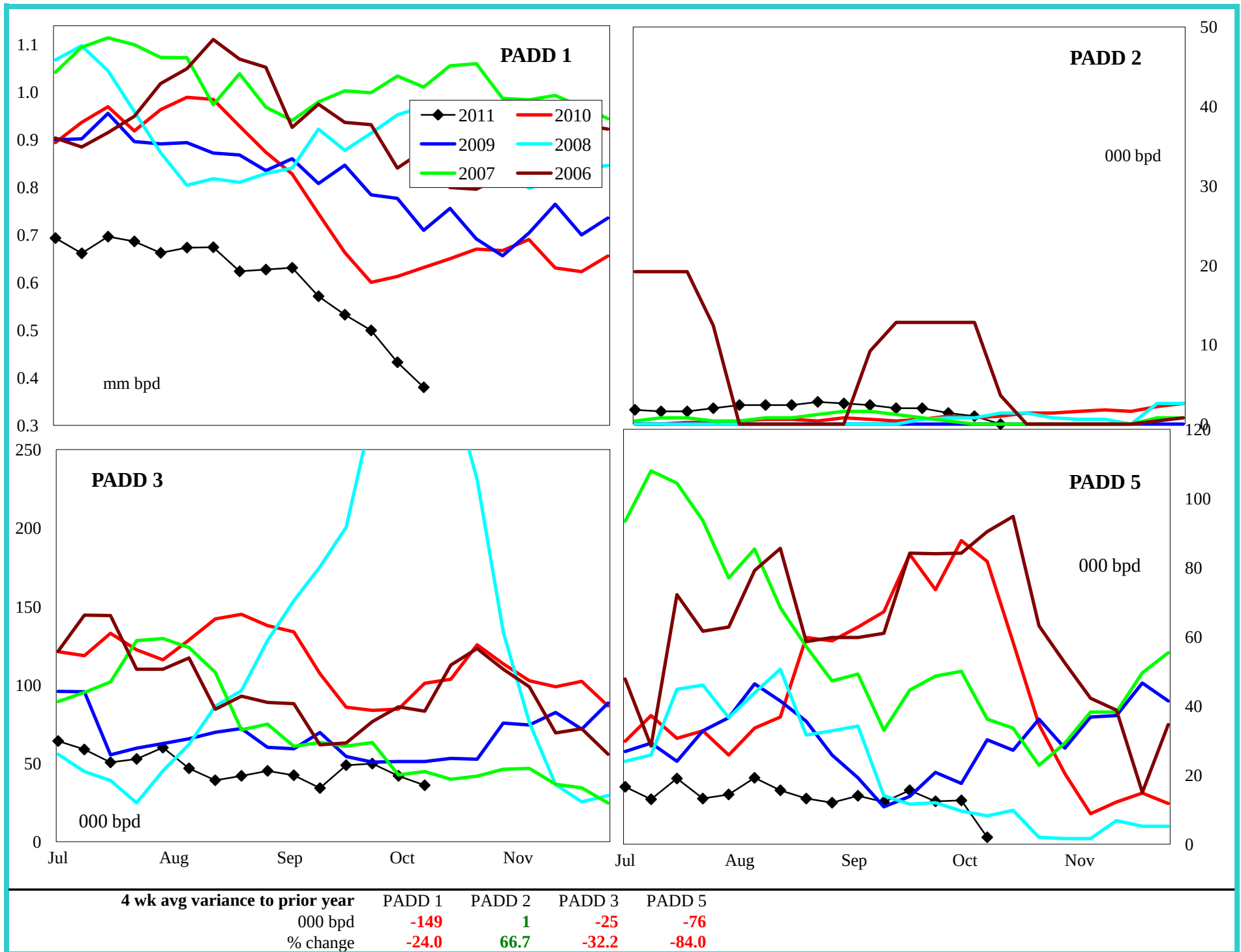
United States Petroleum Imports



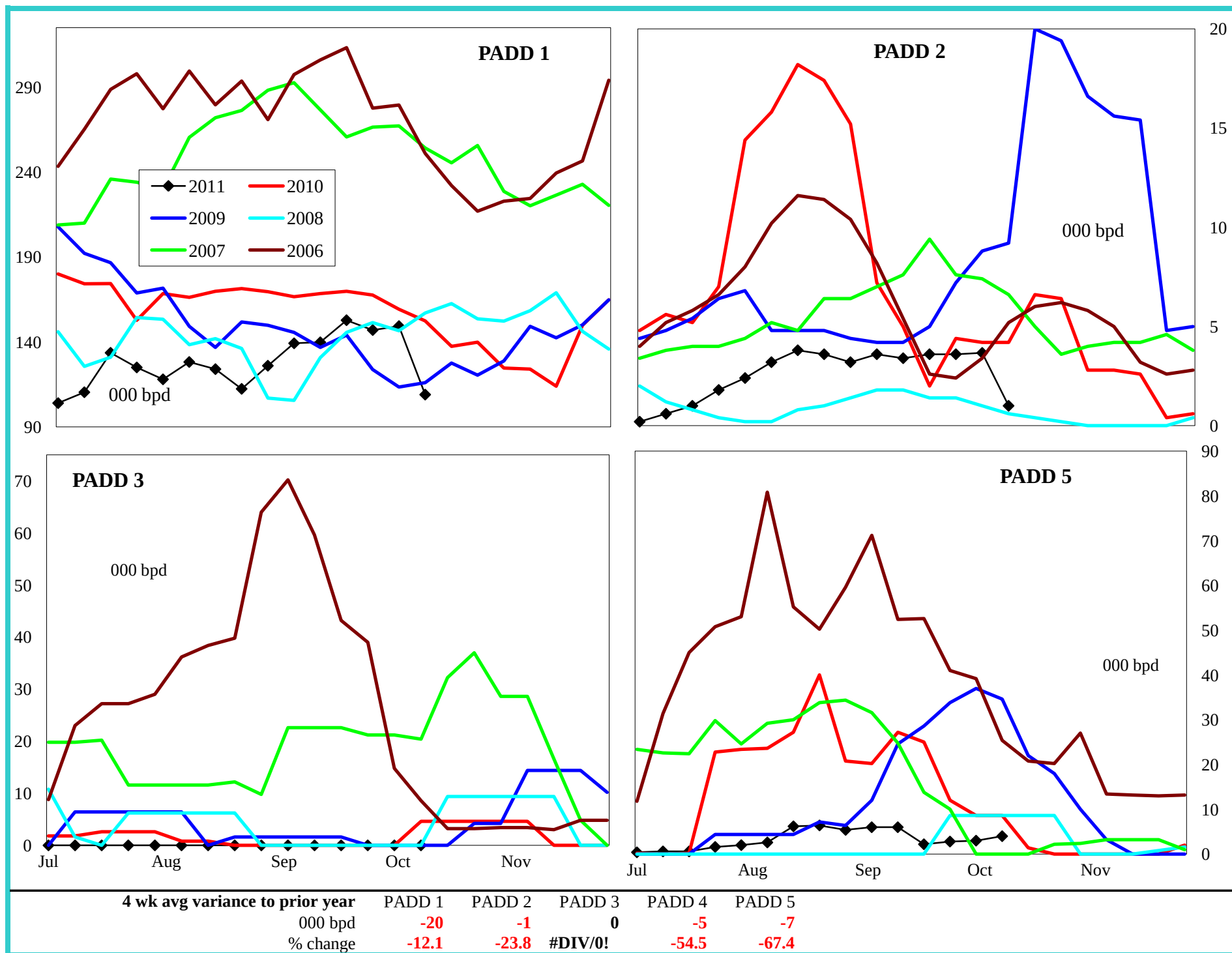
Crude Oil Imports by PADD



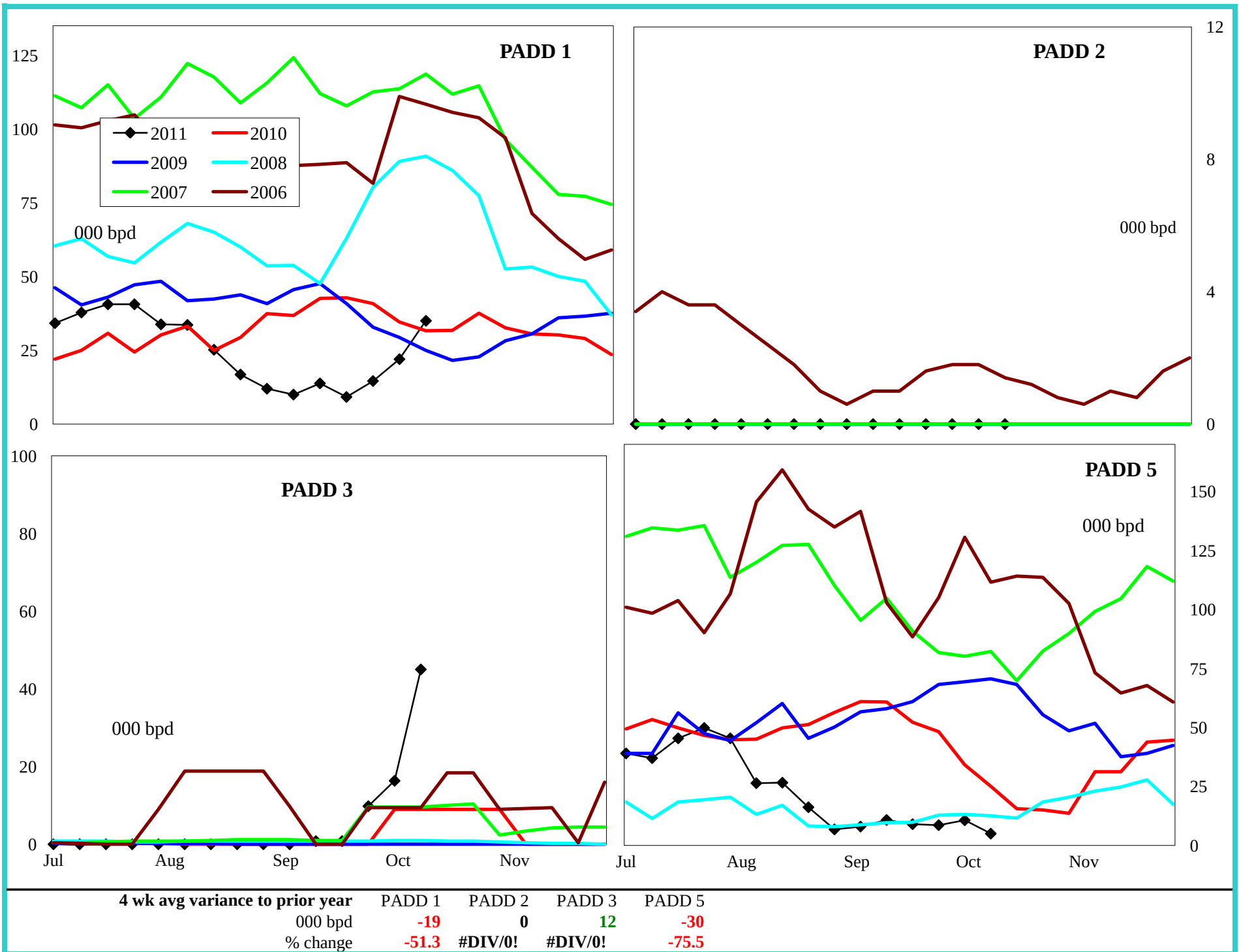
Gasoline Imports by PADD (Finished + Blend Stocks)



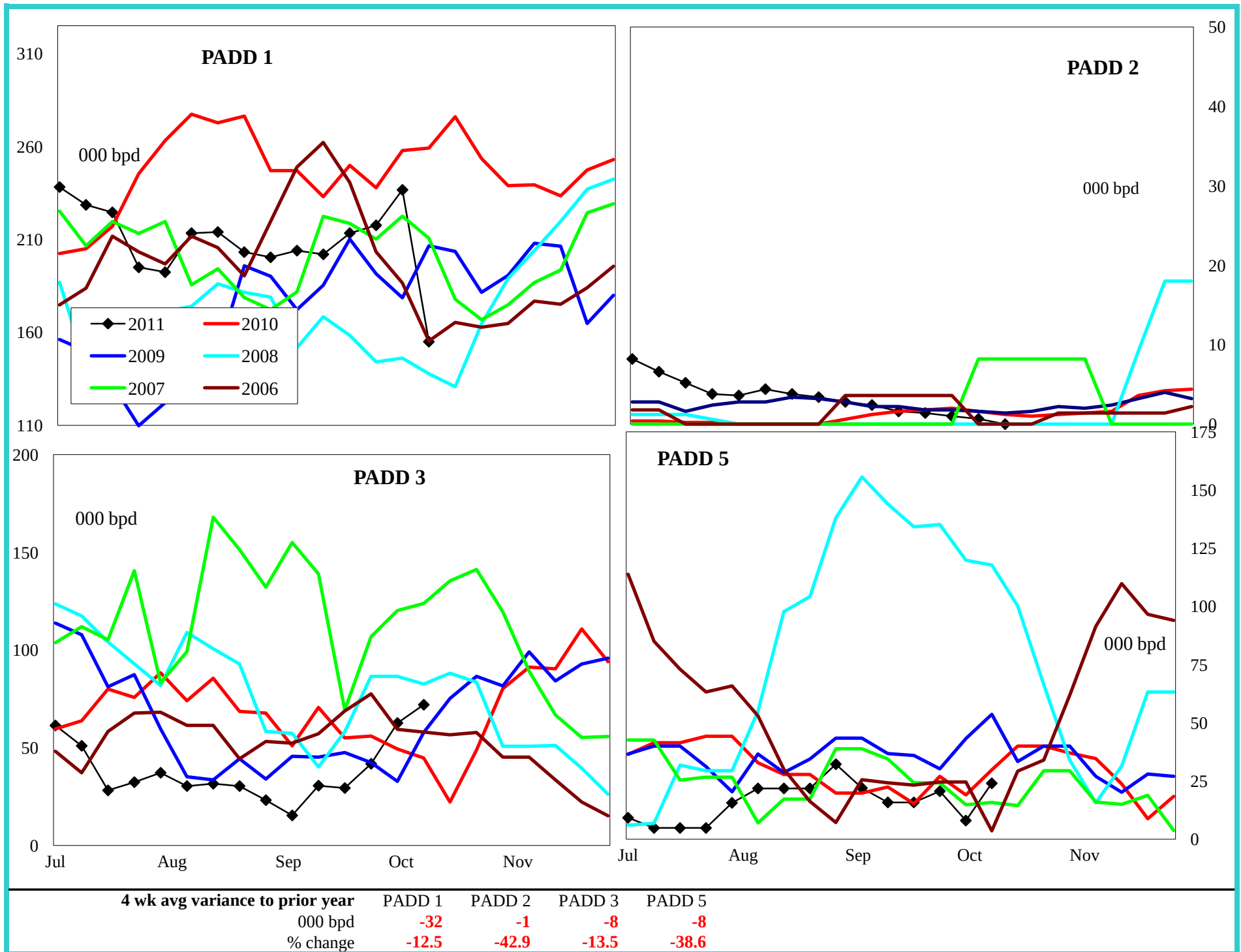
Distillate Imports by PADD



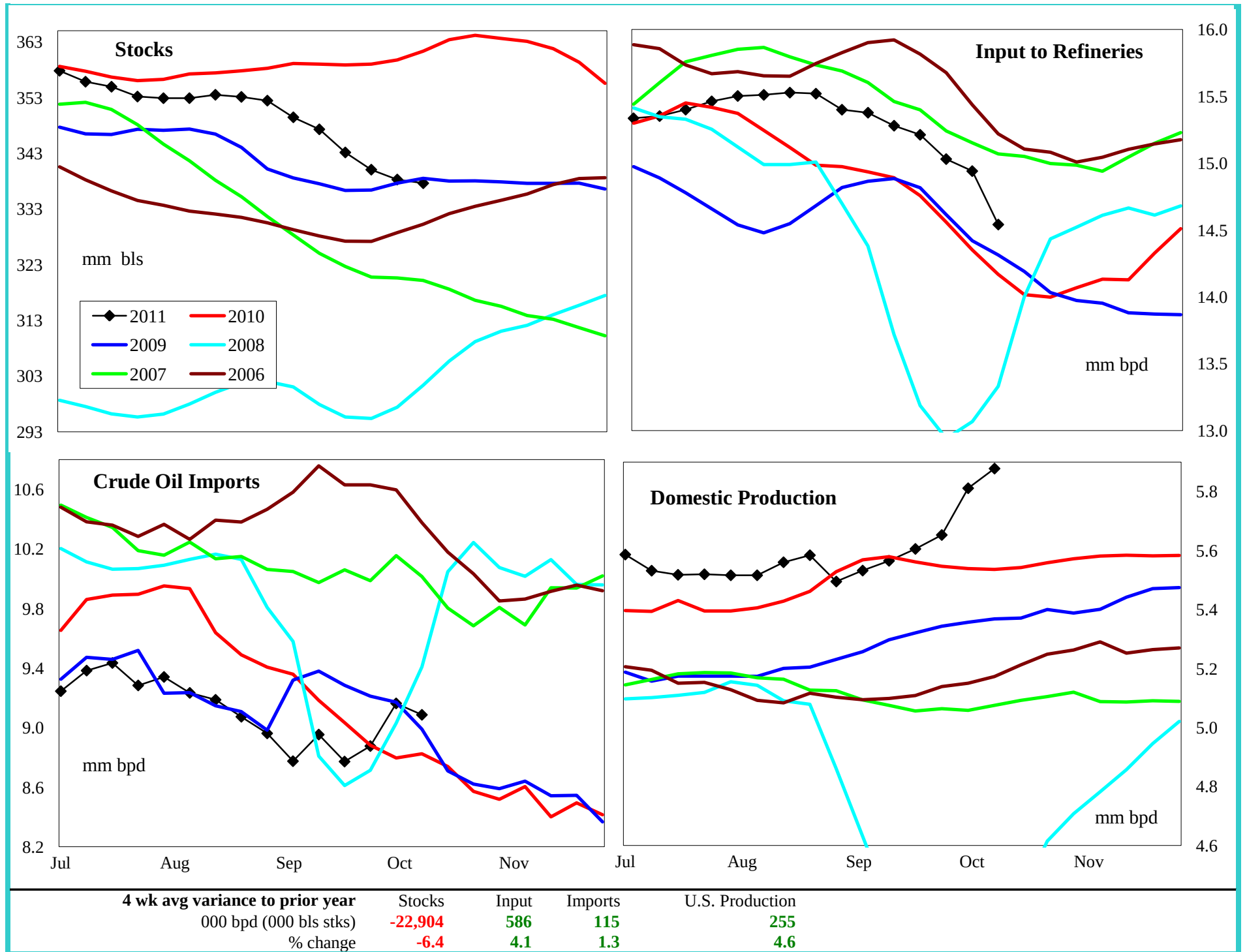
Jet Fuel Imports by PADD



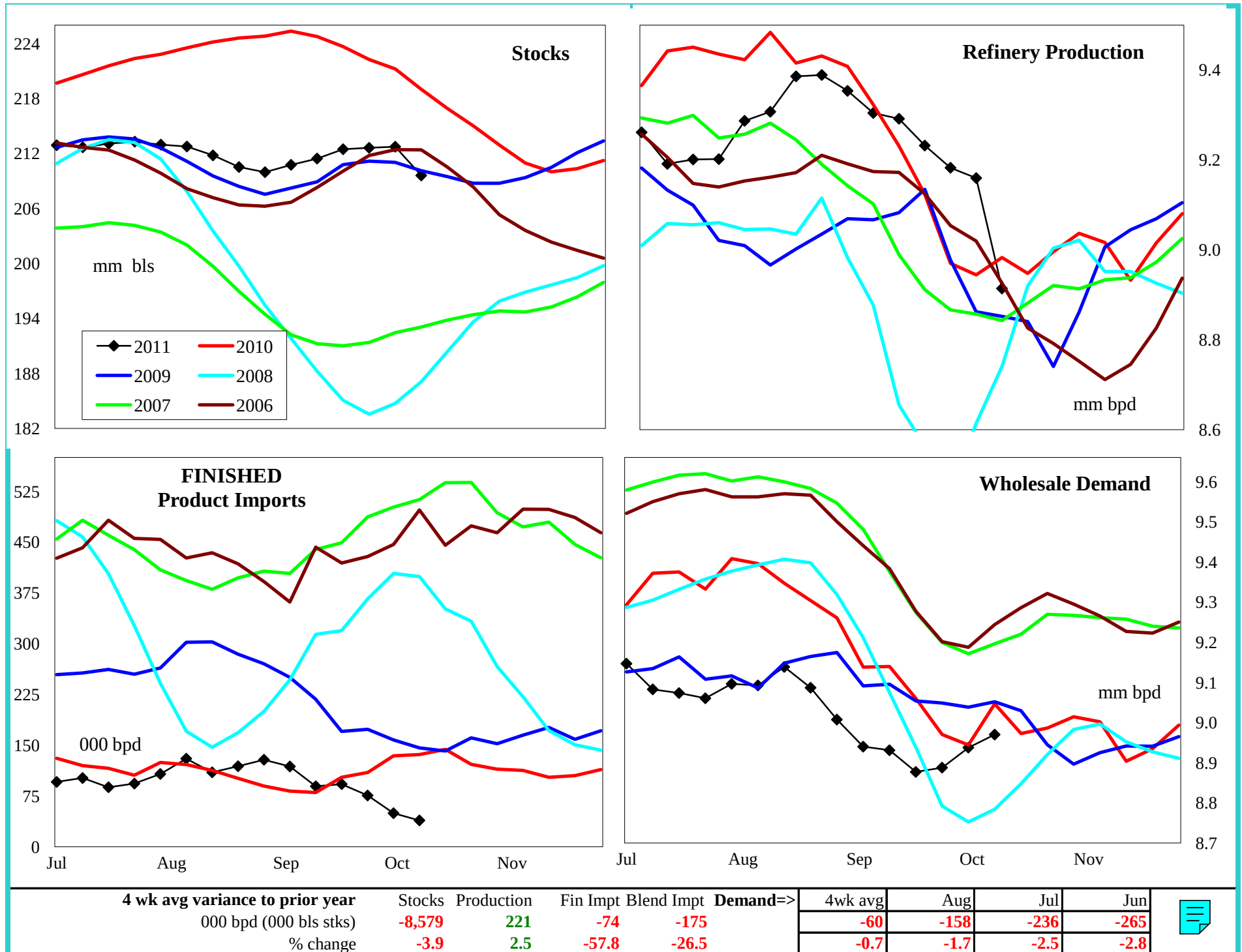
Residual Fuel Oil Imports by PADD



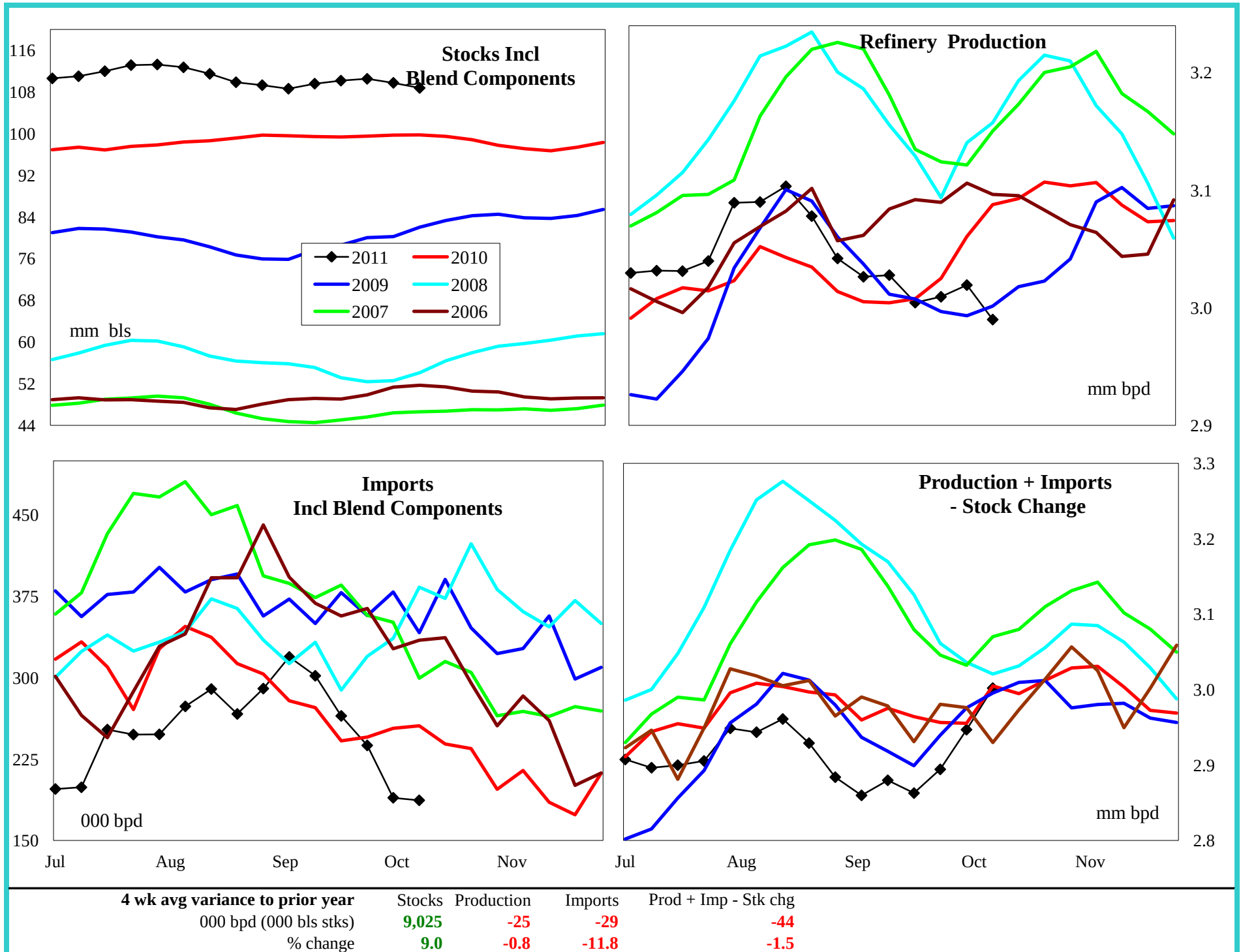
United States Crude Oil Supply and Demand Balance



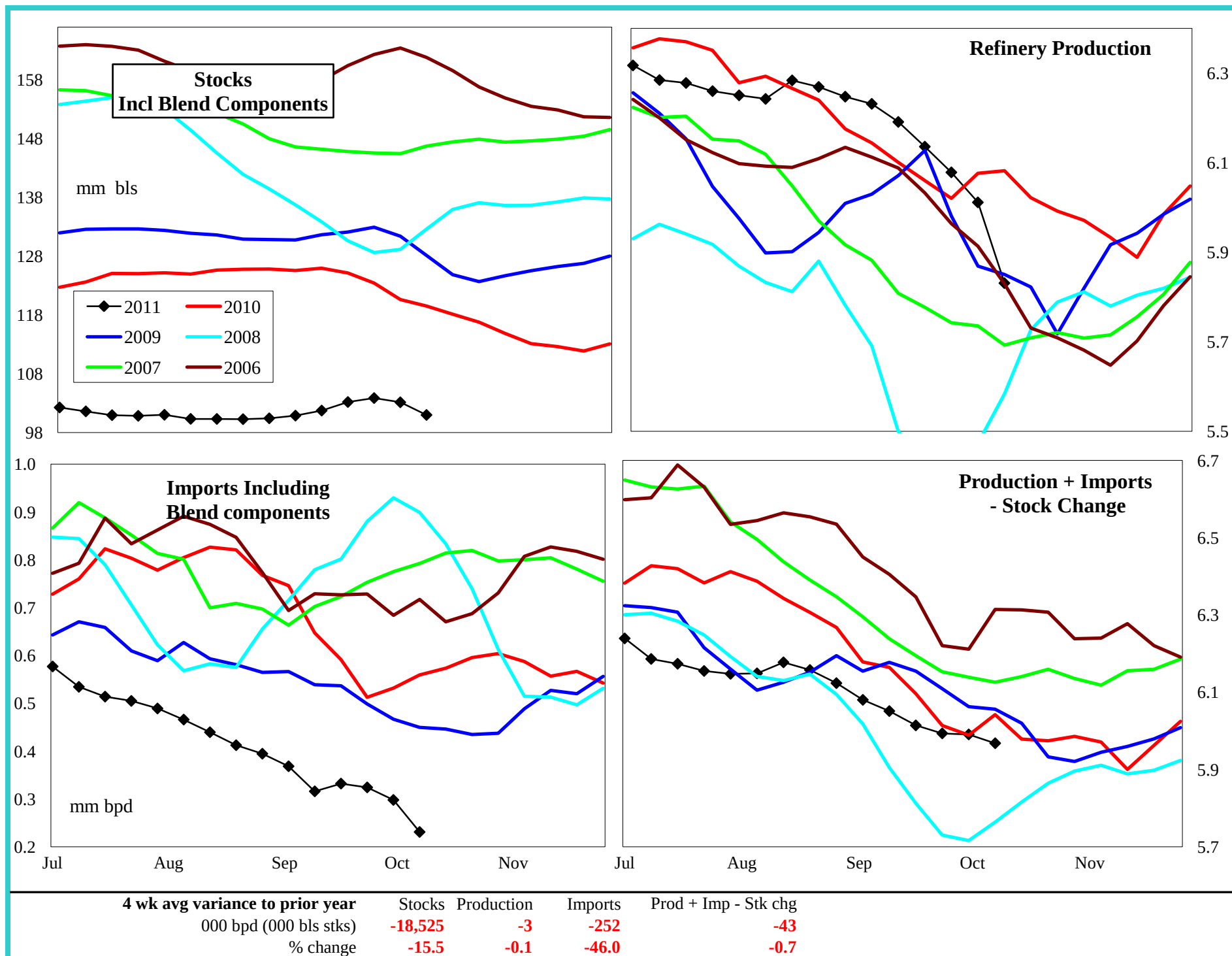
United States Gasoline Supply and Demand Balance



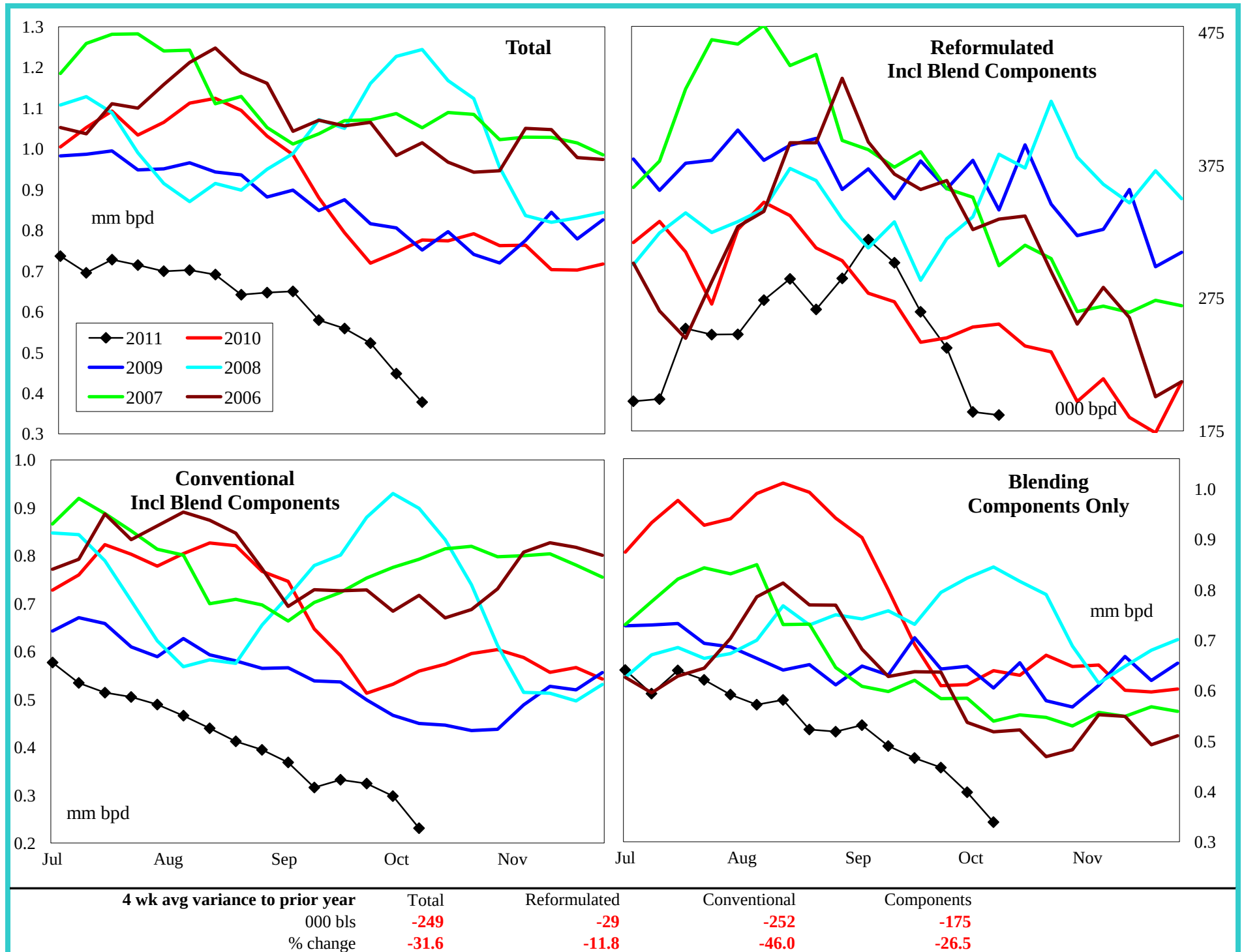
United States Reformulated Gasoline Supply



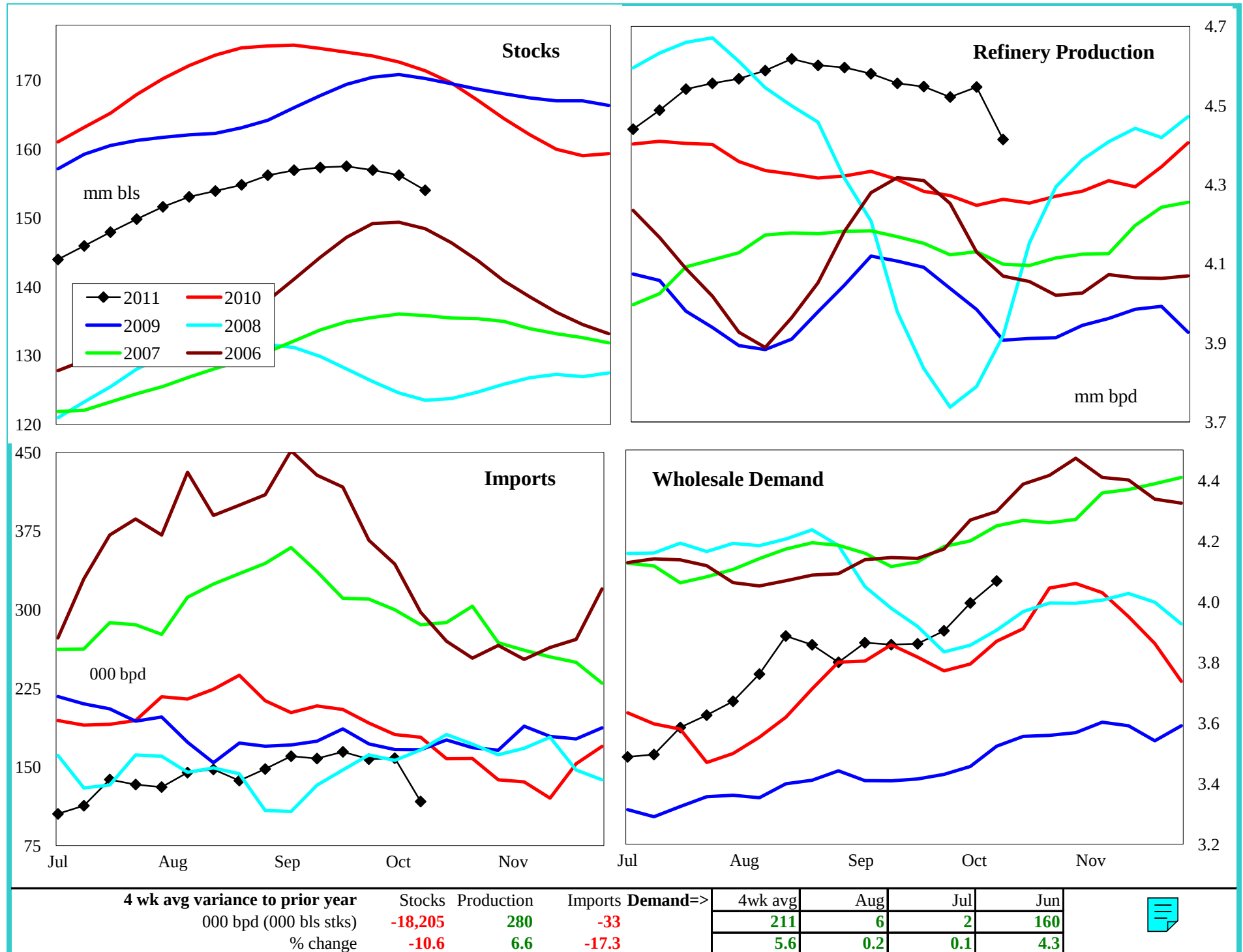
United States Conventional Gasoline Supply

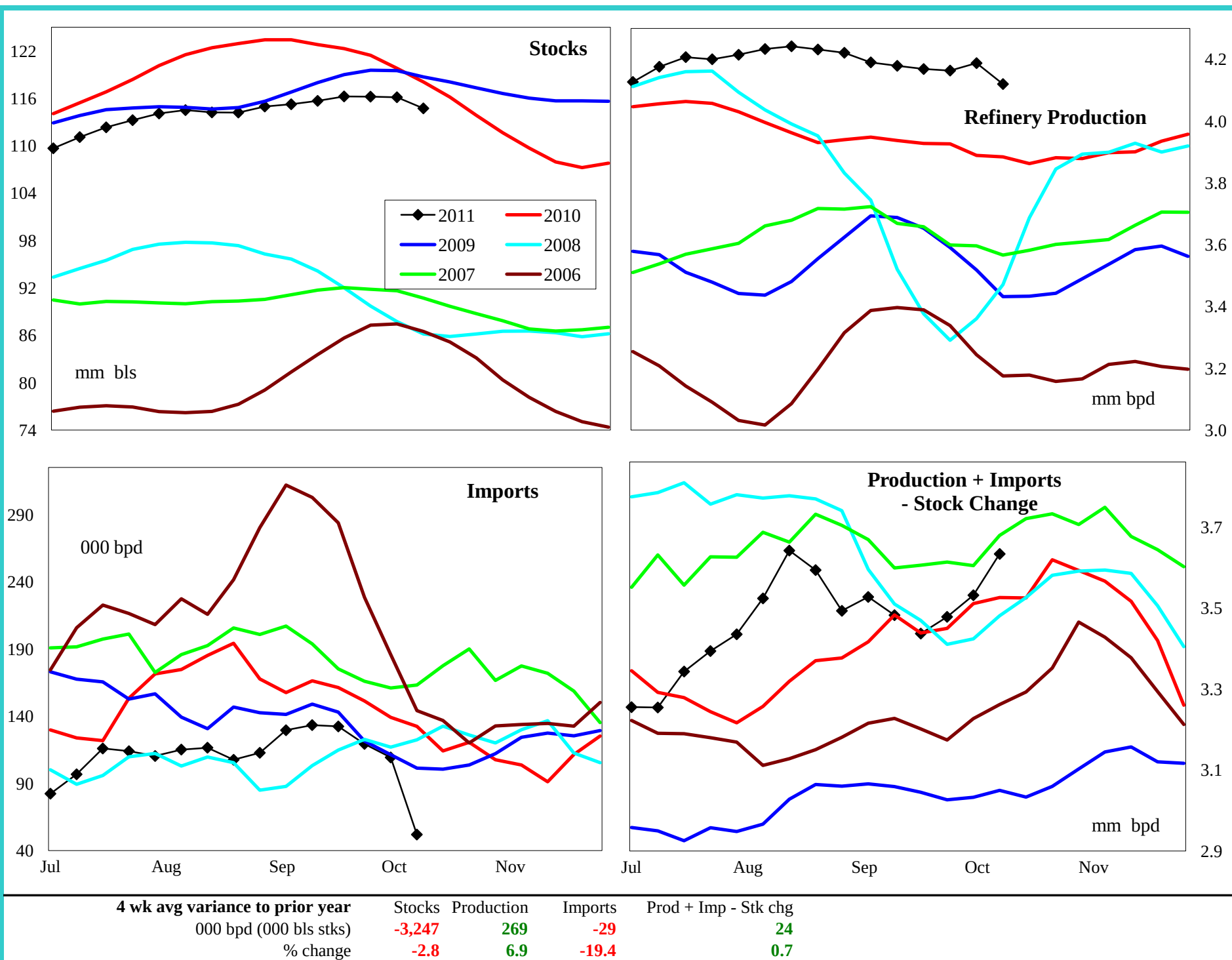


United States Gasoline Imports by Type

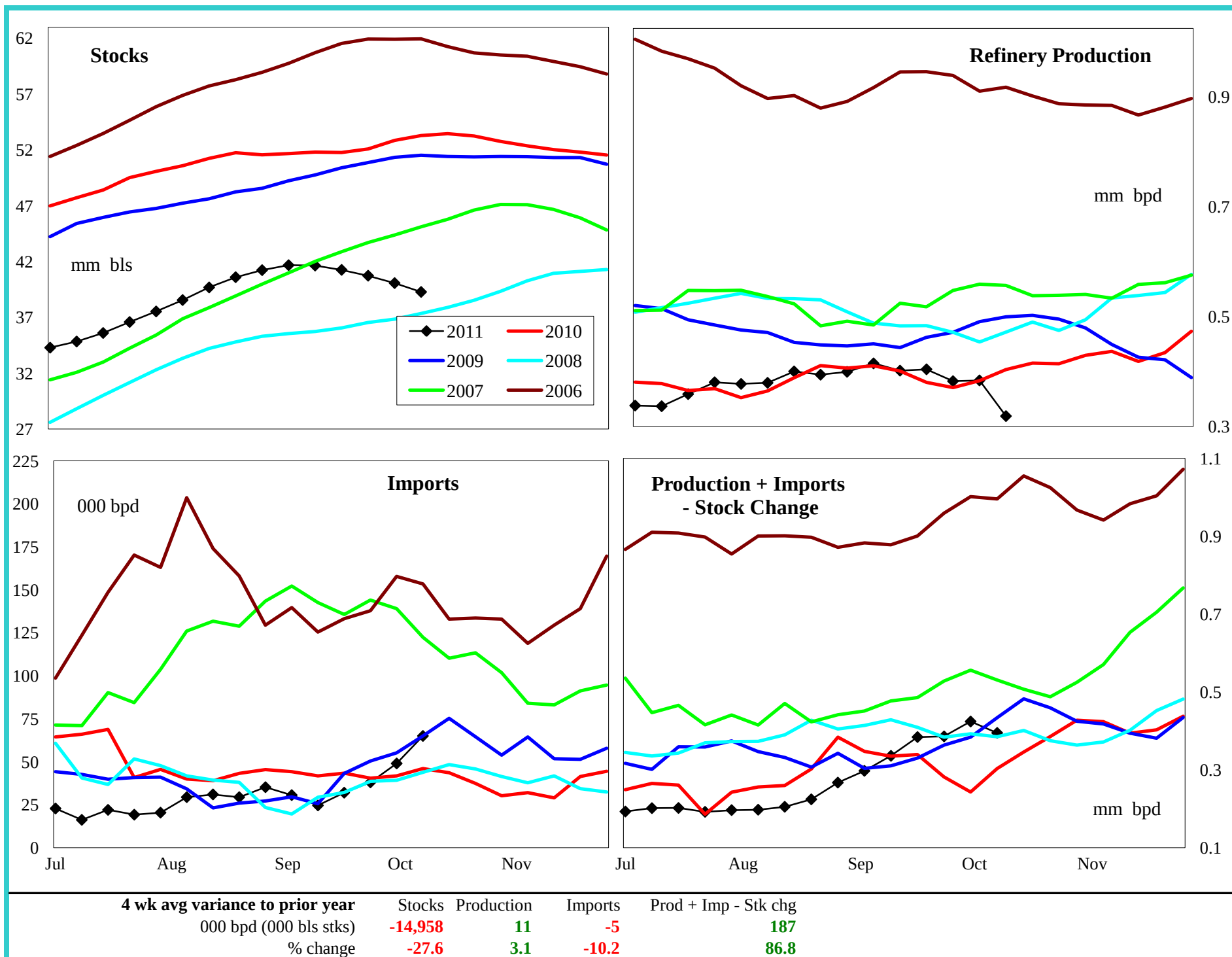


United States Distillate Supply and Demand Balance

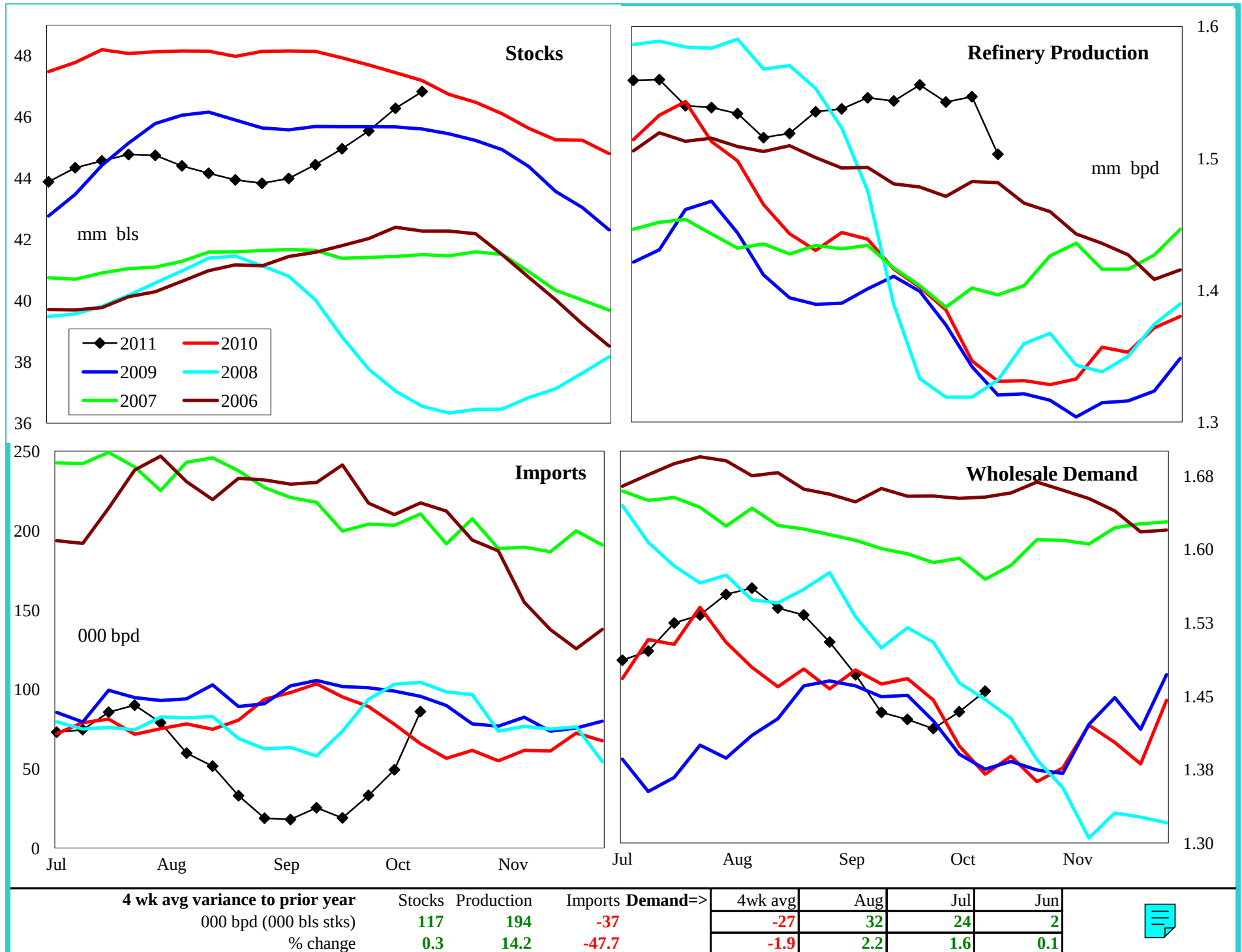




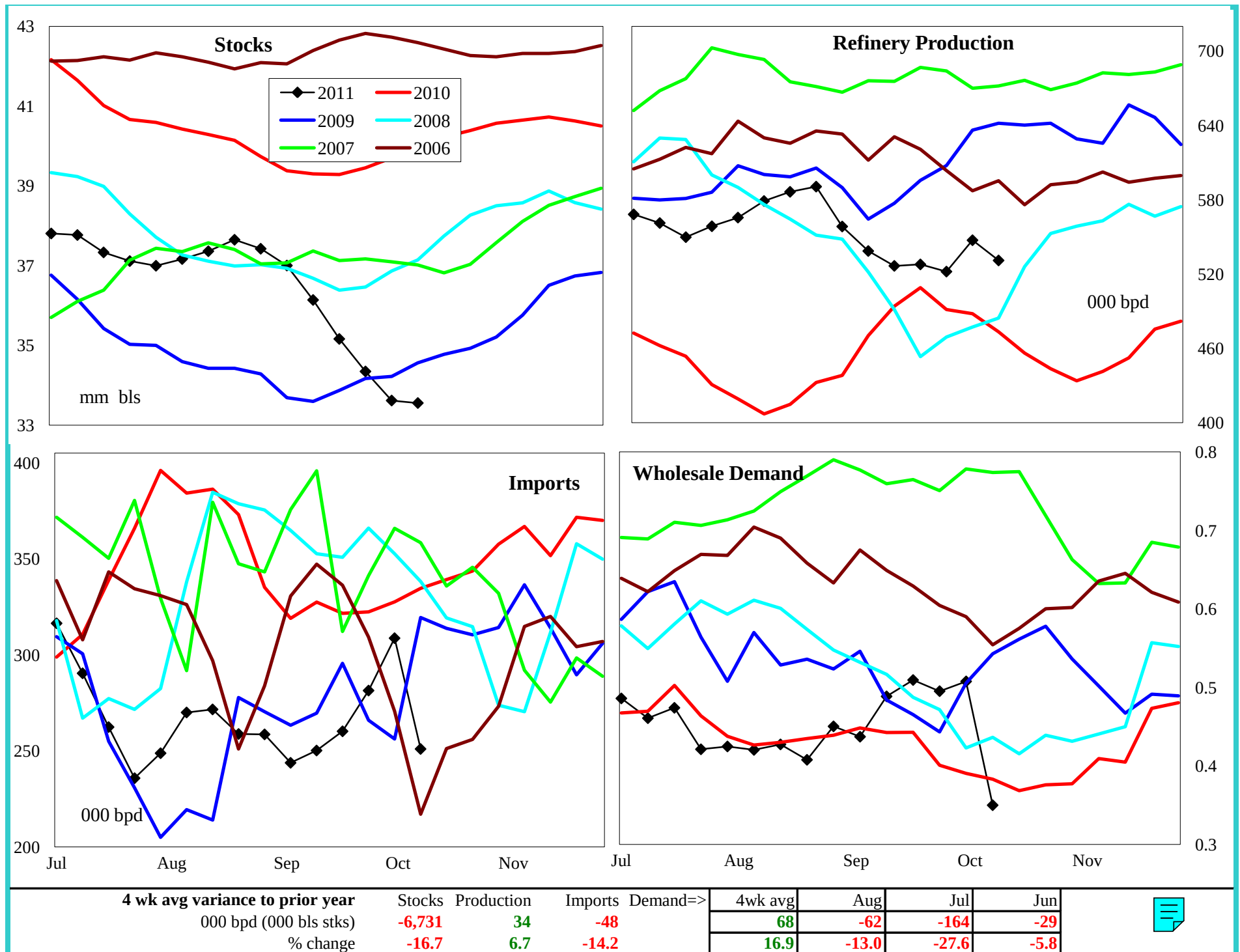
United States High Sulfur Distillate Supply



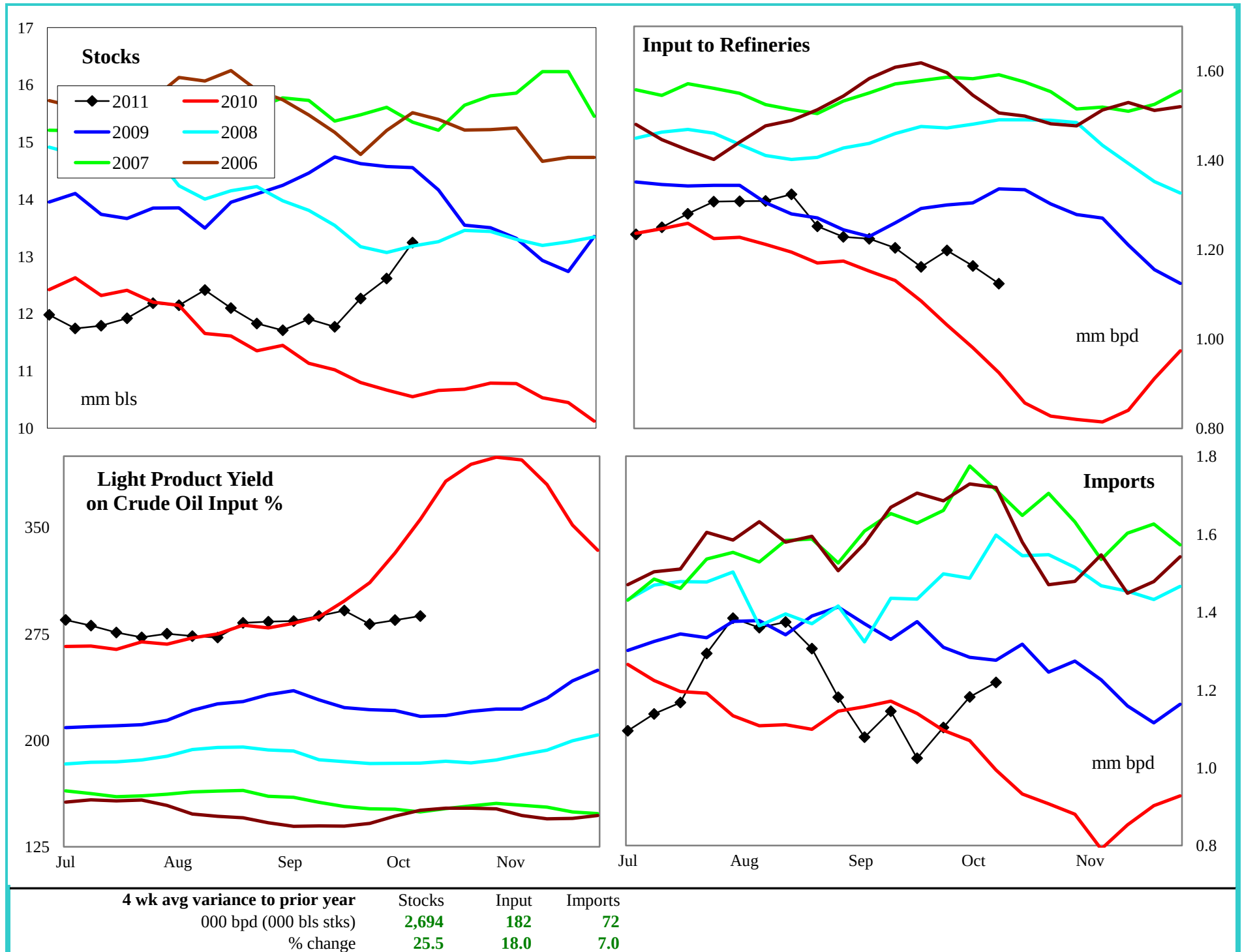
United States Jet Fuel Supply and Demand Balance



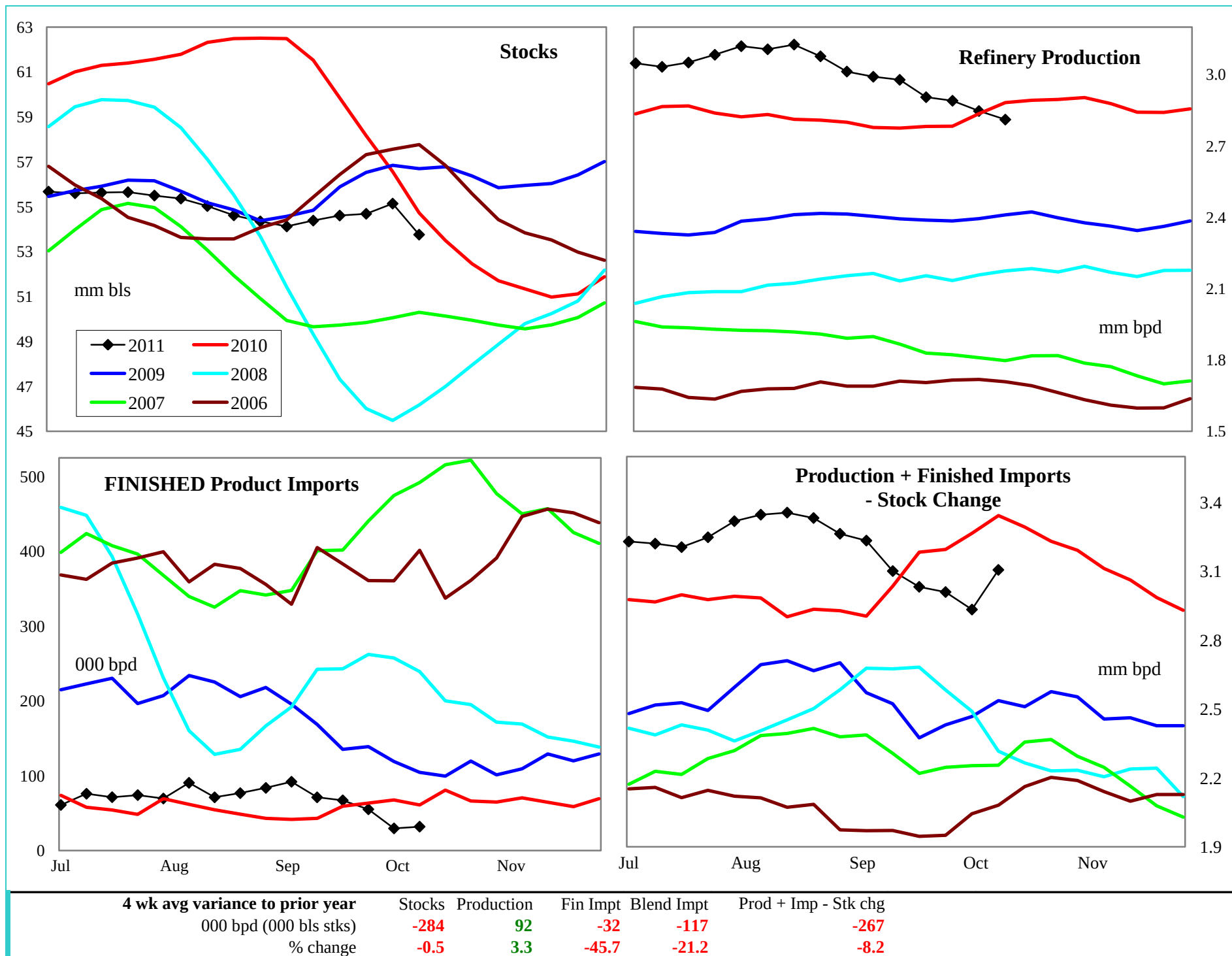
United States Residual Fuel Oil Supply and Demand Balance



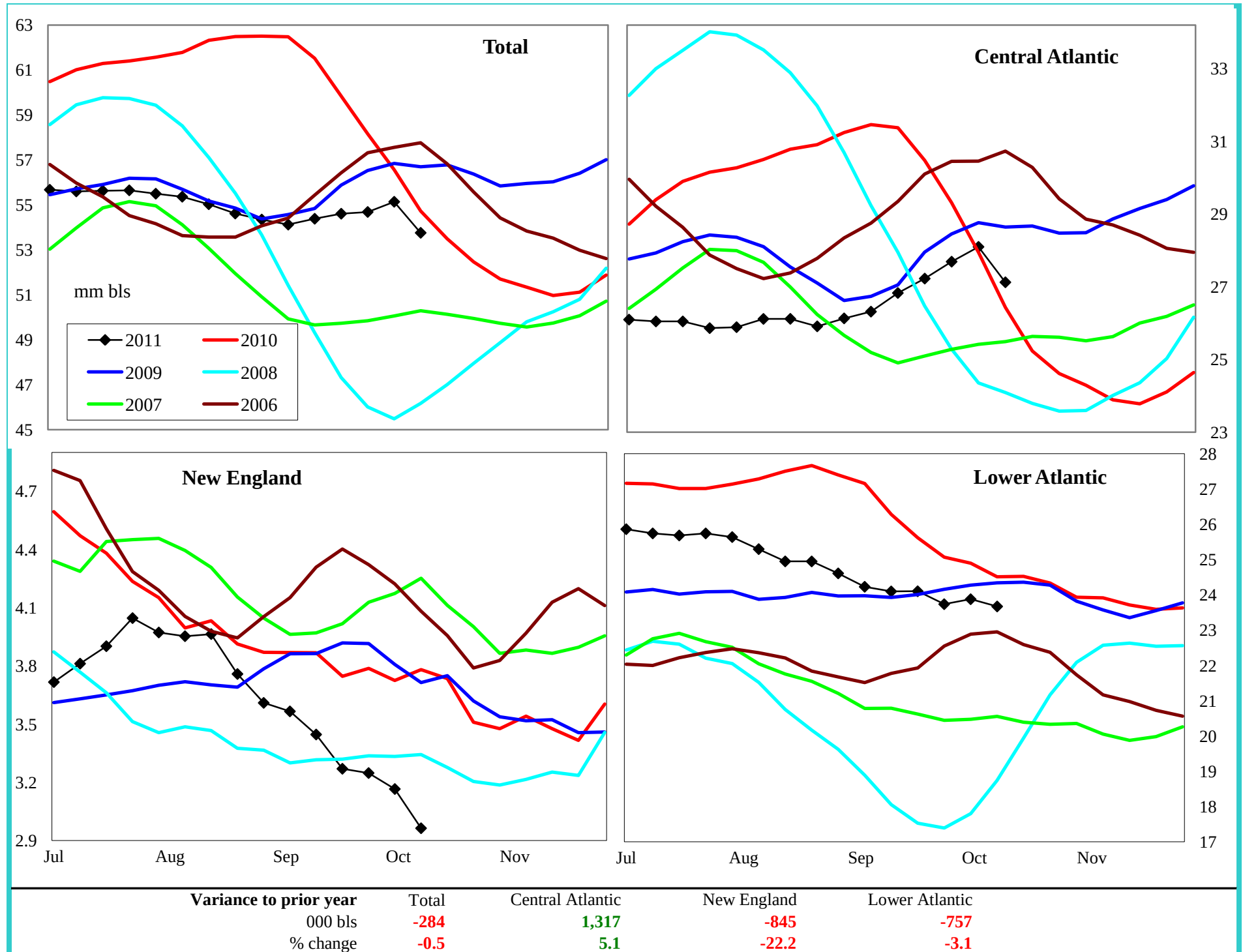
PADD 1 Crude Oil Supply and Refining



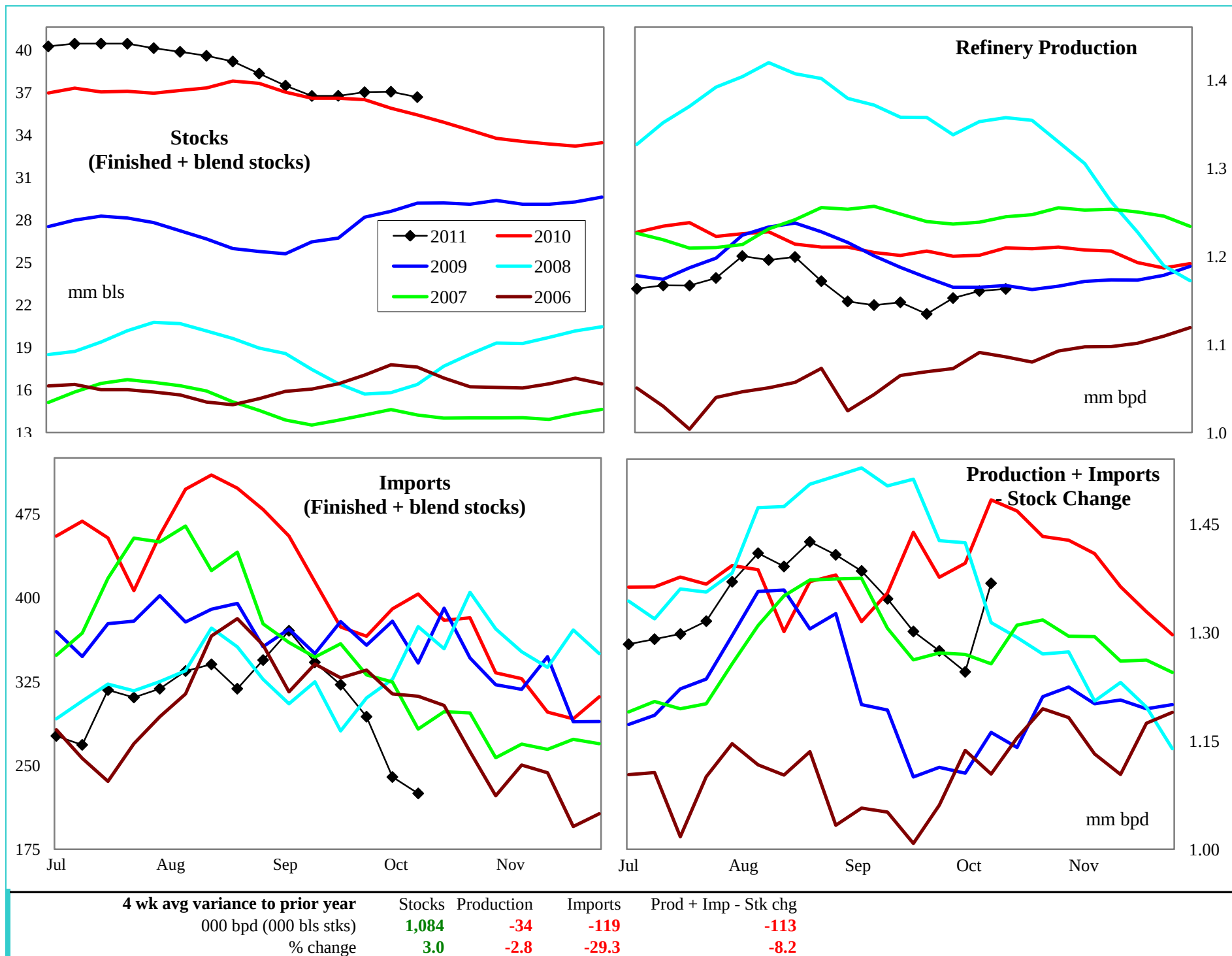
PADD 1 Gasoline Supply



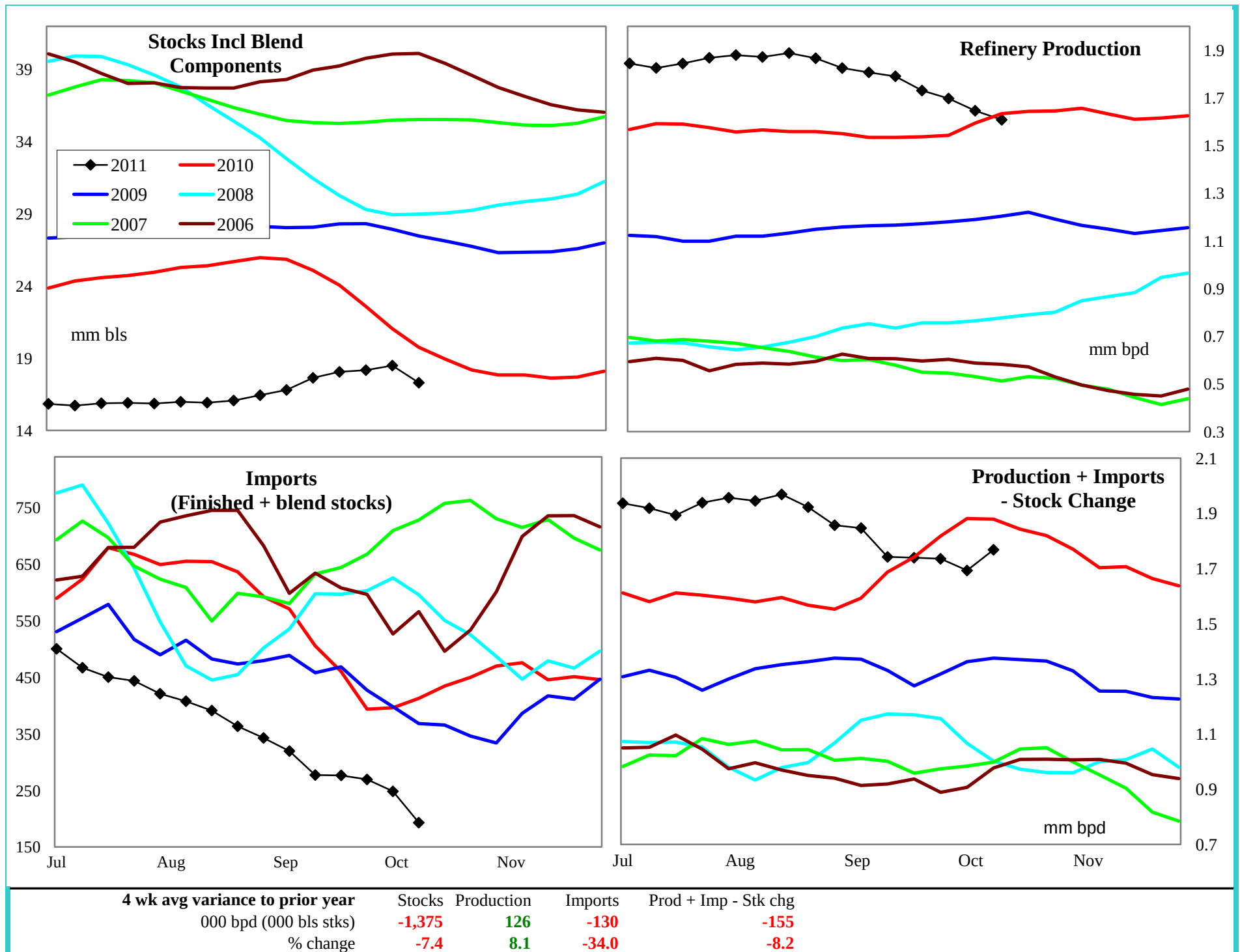
PADD 1 Gasoline Stocks by Region



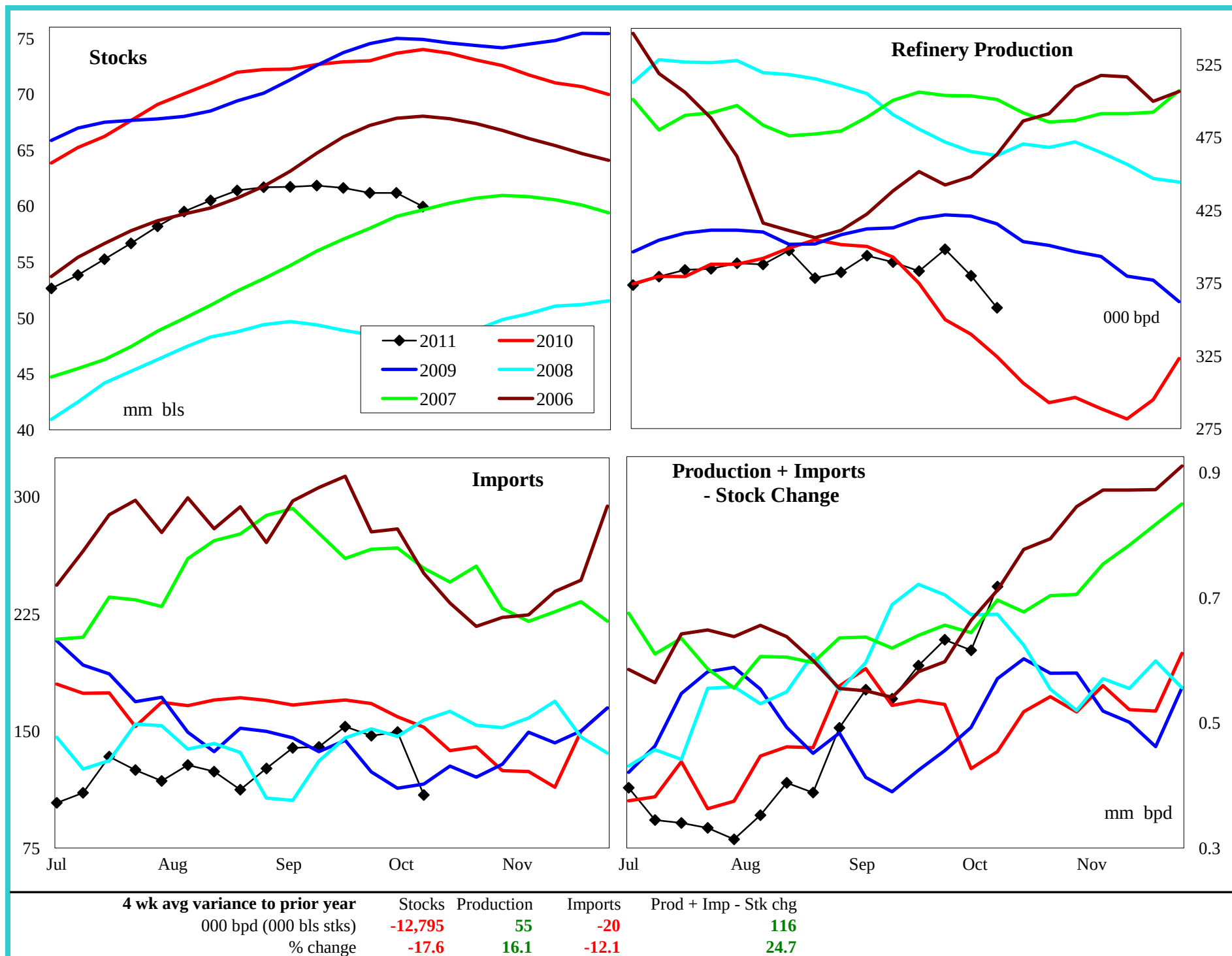
PADD 1 Reformulated Gasoline Supply



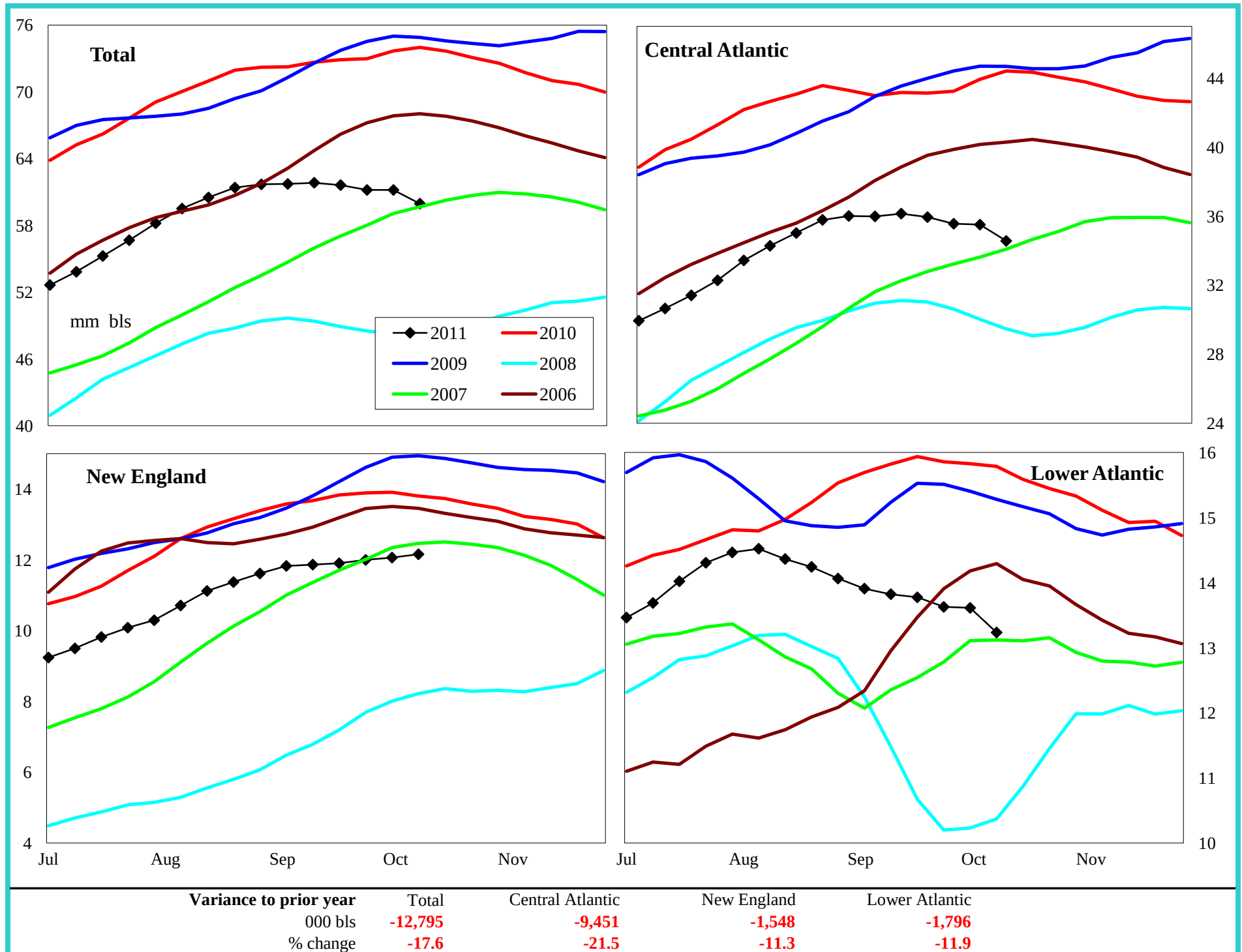
PADD 1 Conventional Gasoline Supply



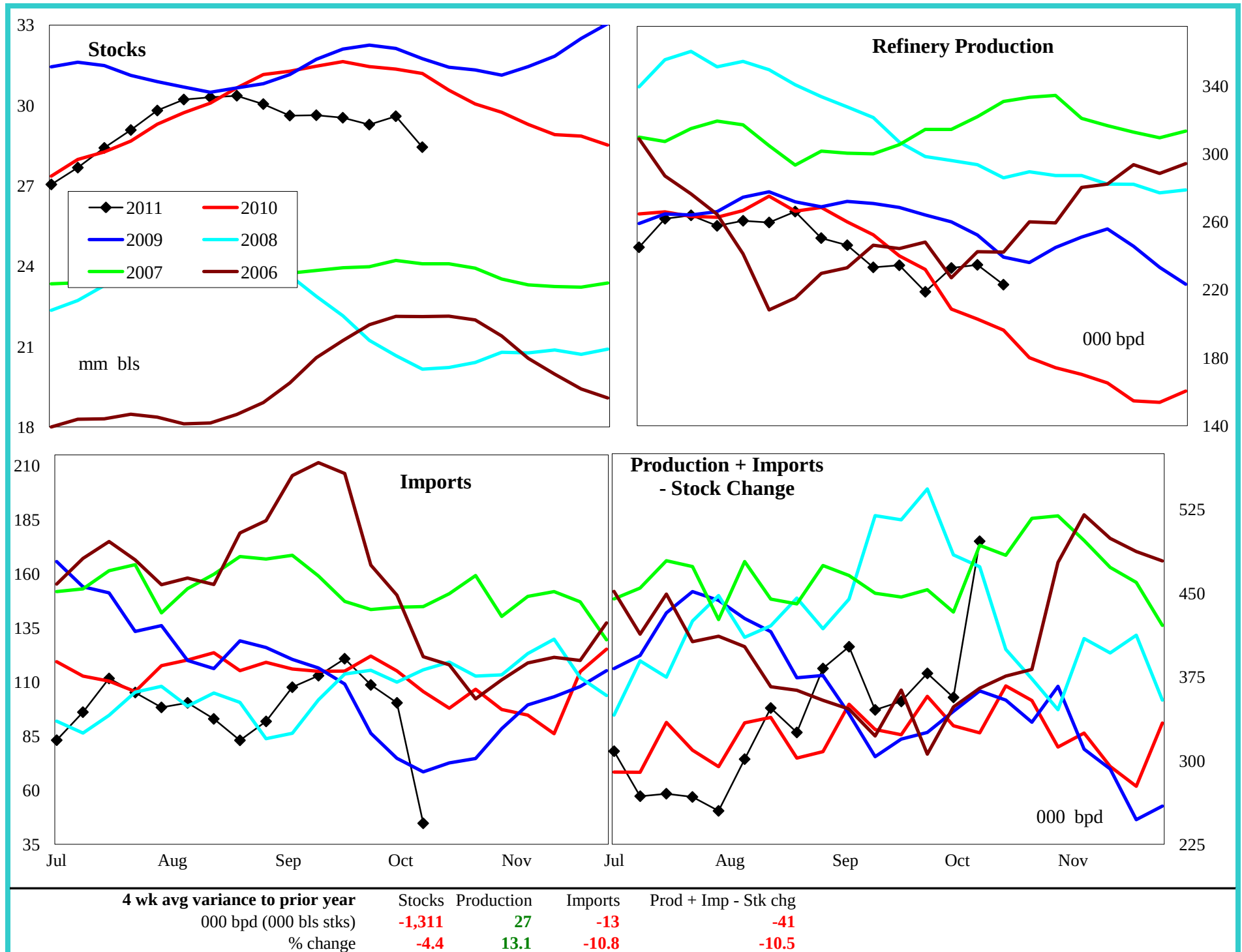
PADD 1 Distillate Supply



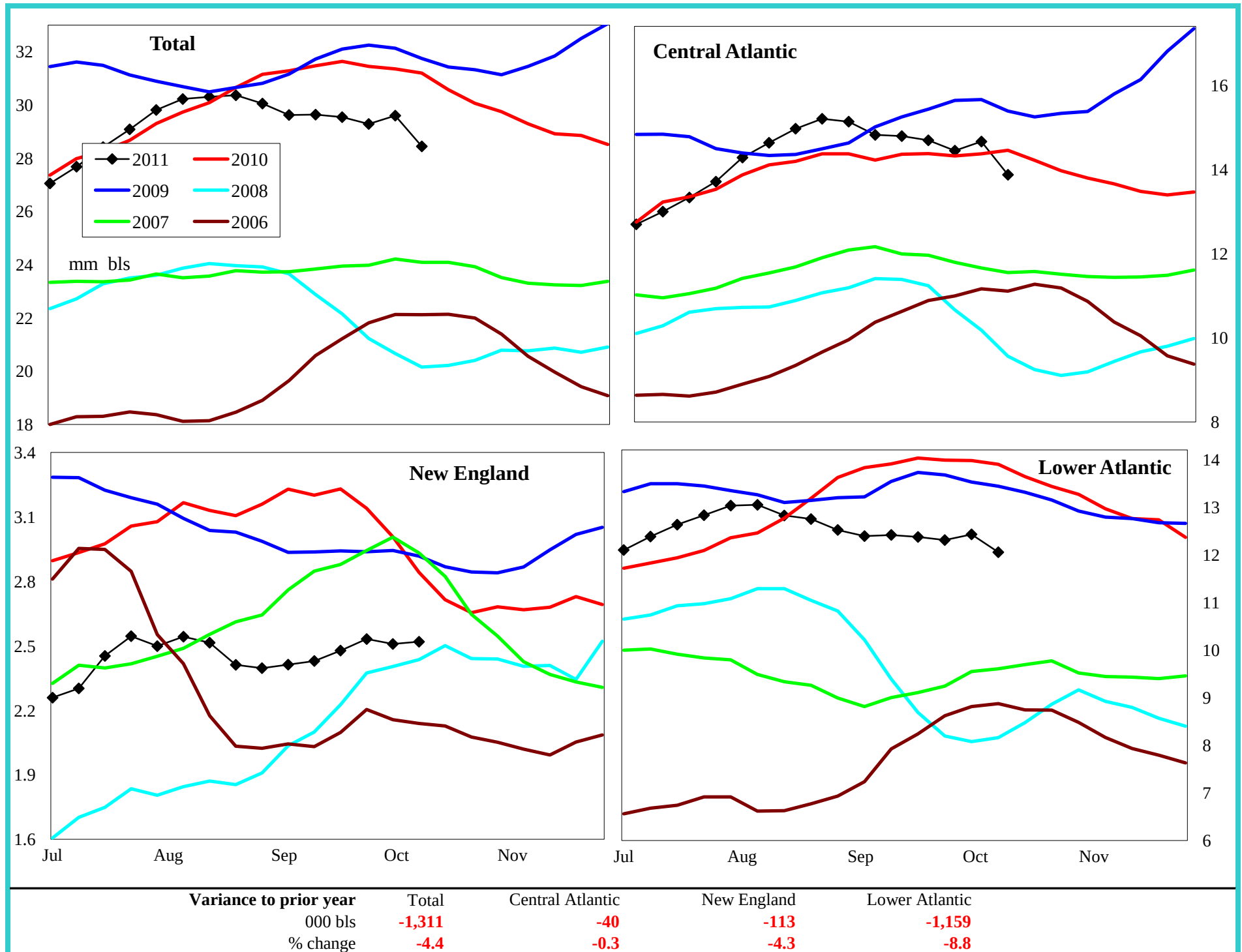
PADD 1 Distillate Stocks by Region



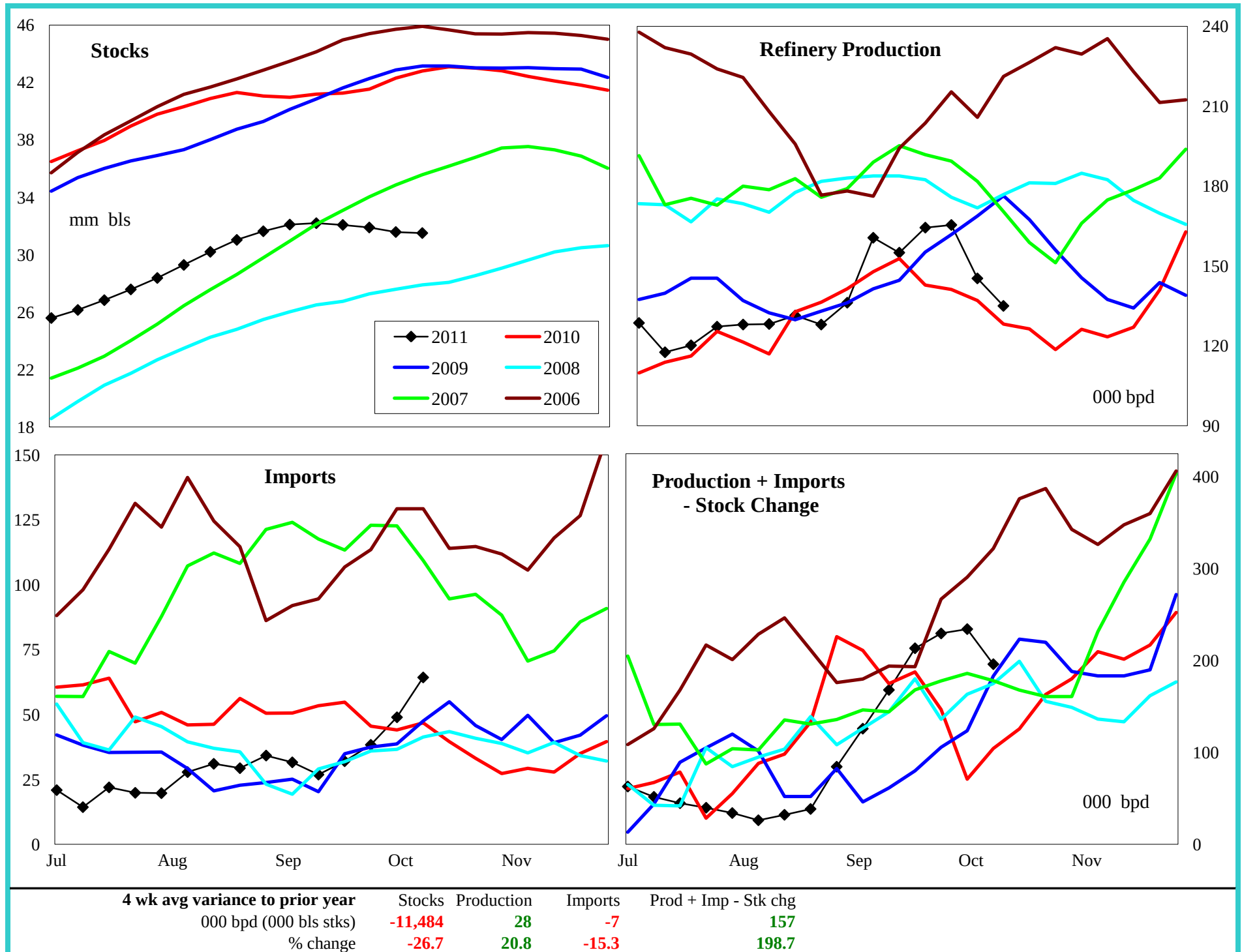
PADD 1 Low Sulfur Distillate Supply



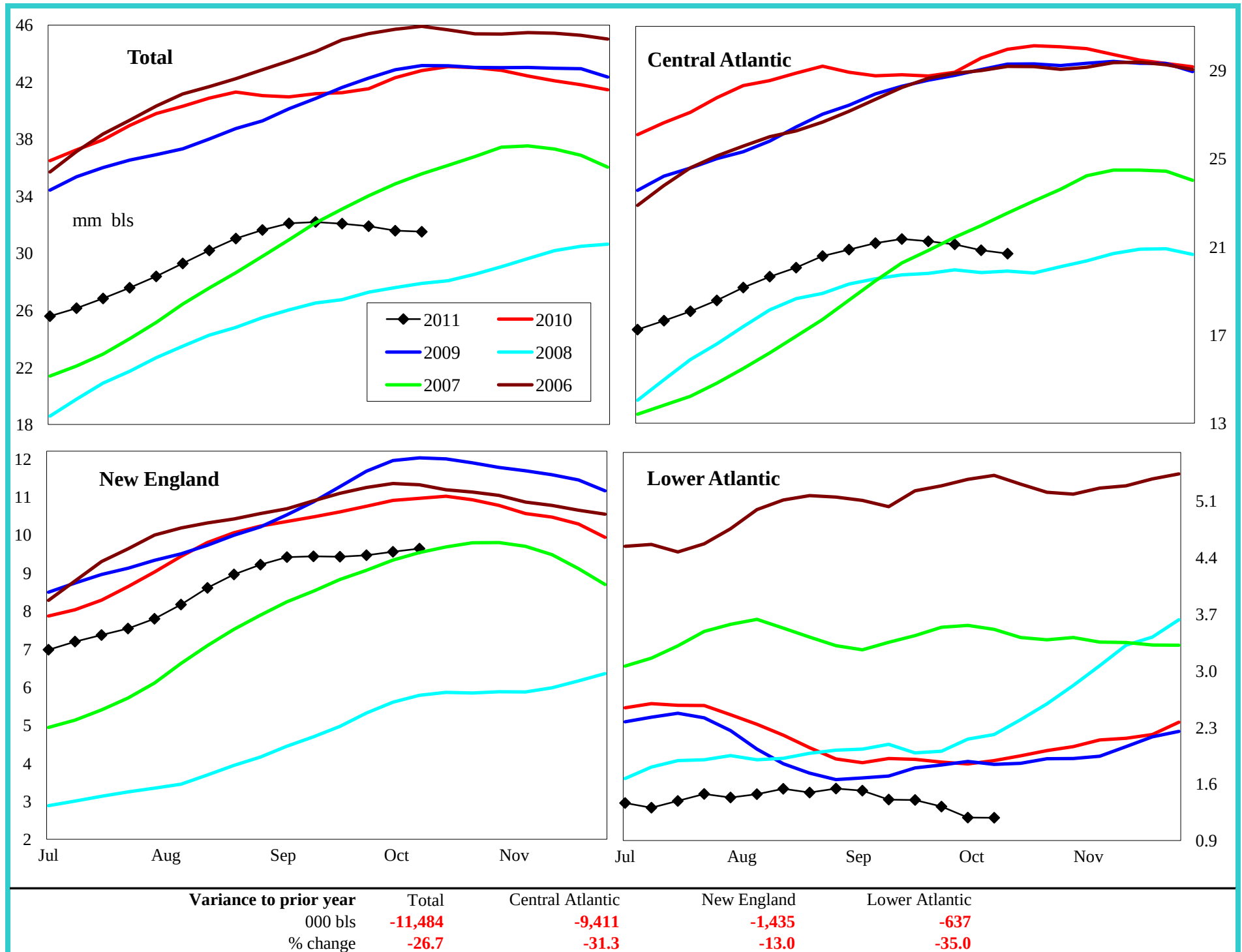
PADD 1 Low Sulfur Distillate Stocks by Region



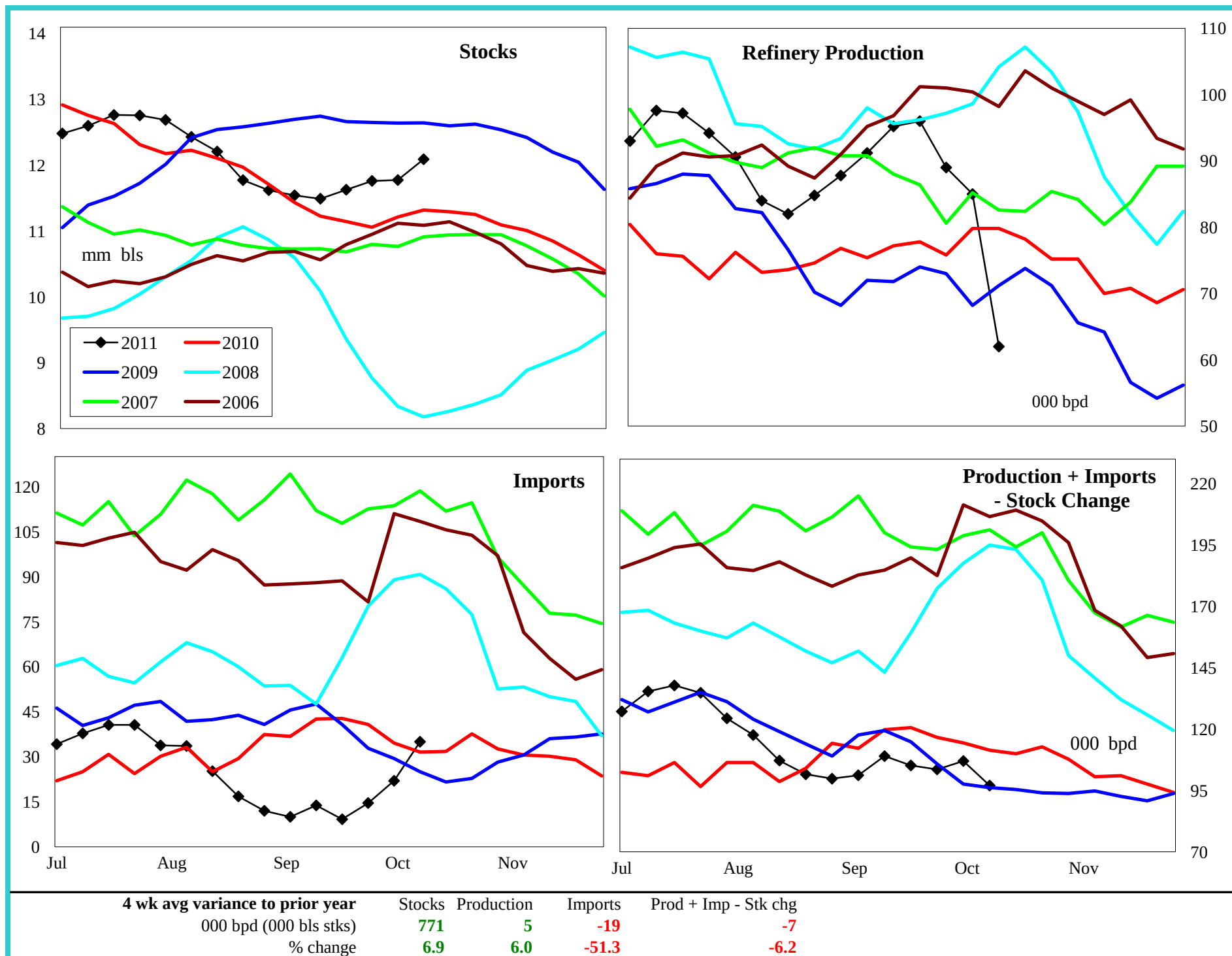
PADD 1 High Sulfur Distillate Supply



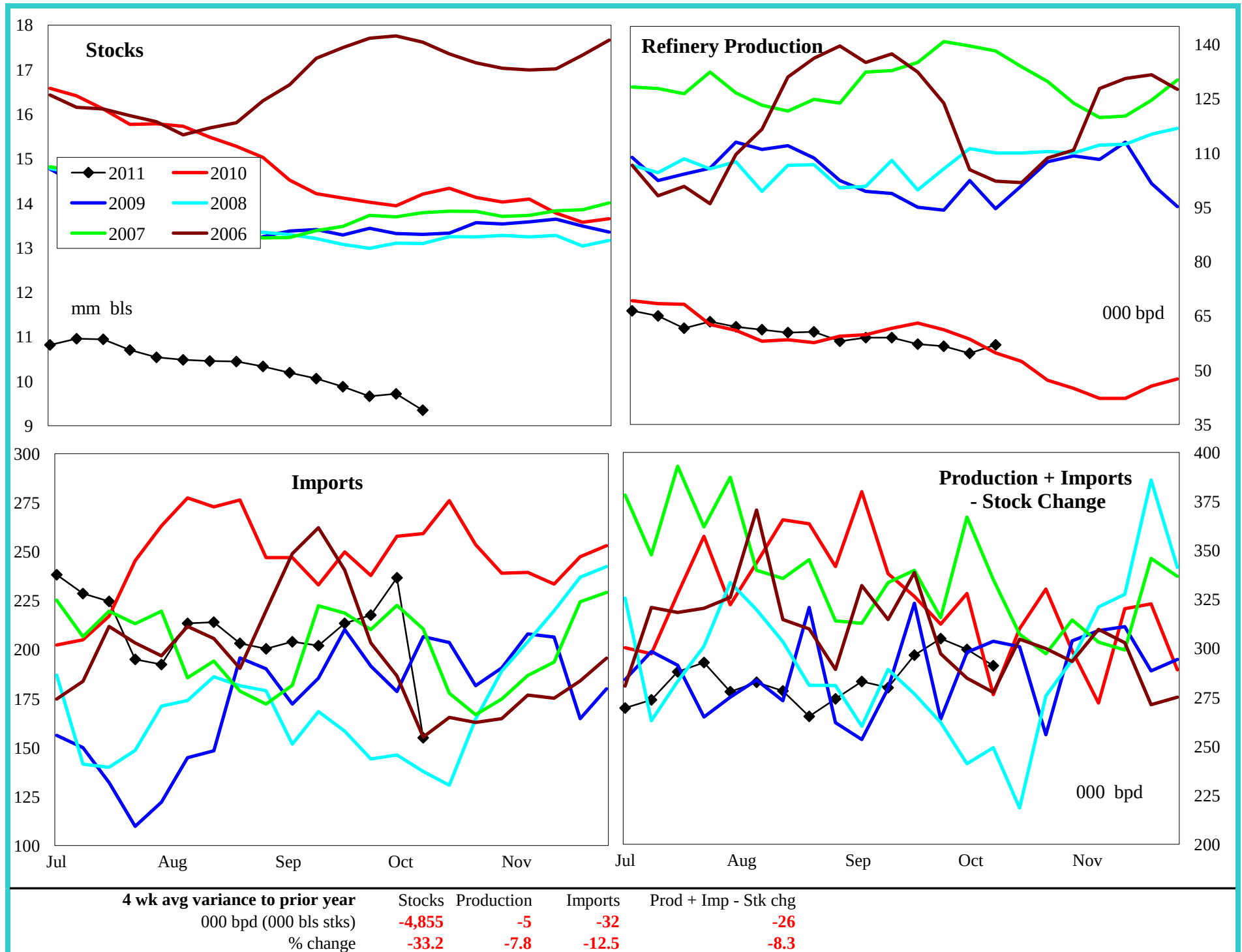
PADD 1 High Sulfur Distillate Stocks by Region



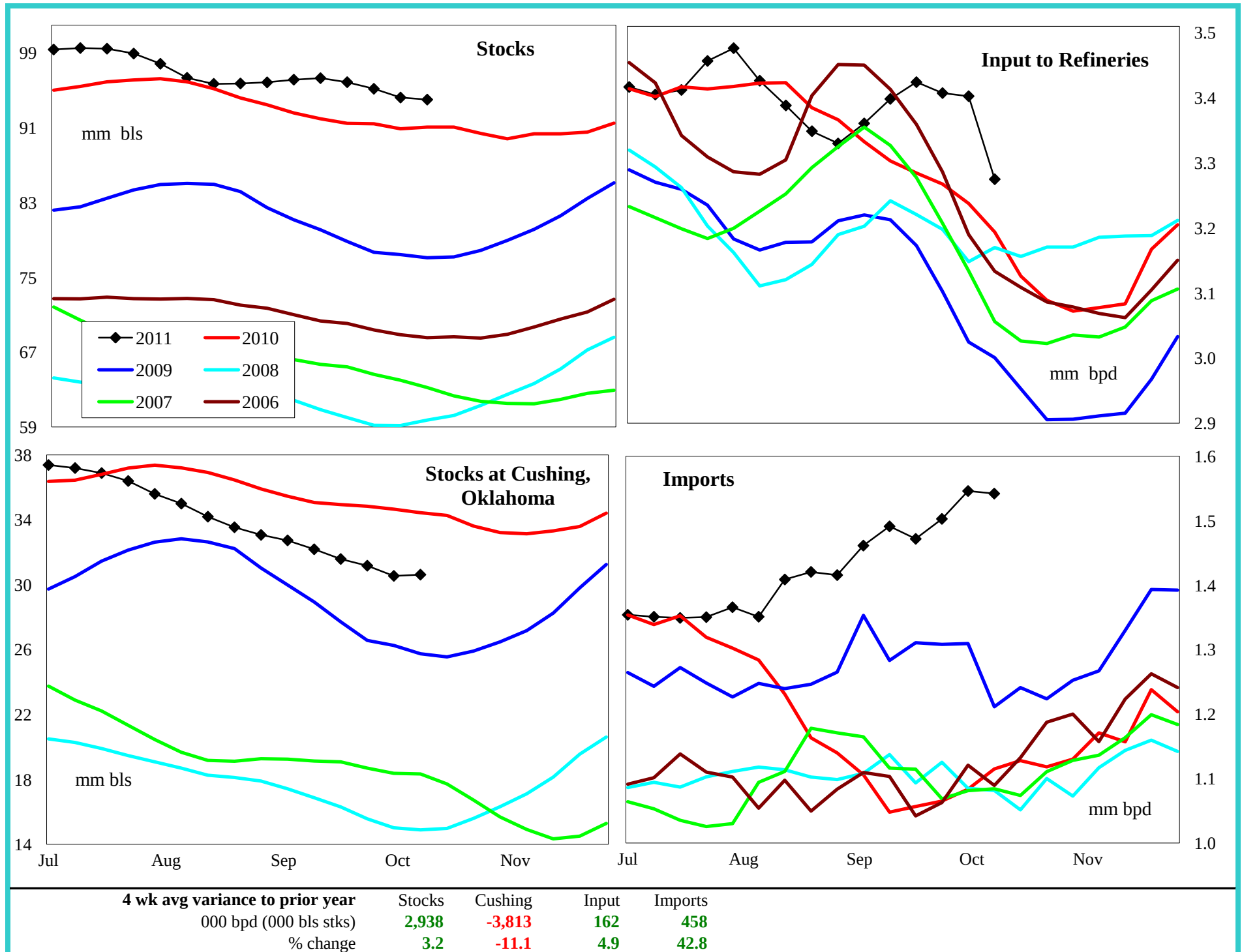
PADD 1 Jet Fuel Supply



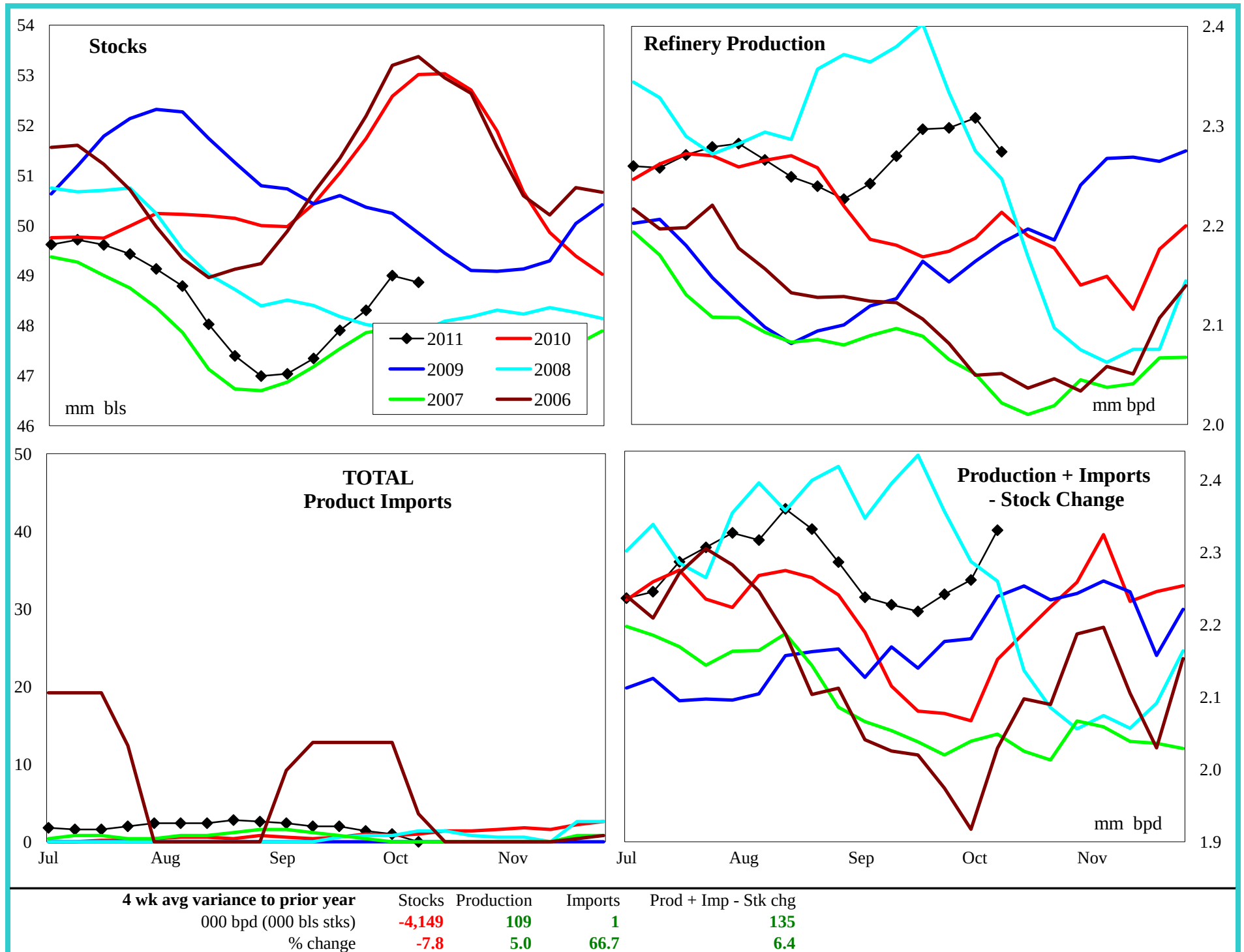
PADD 1 Residual Fuel Oil Supply



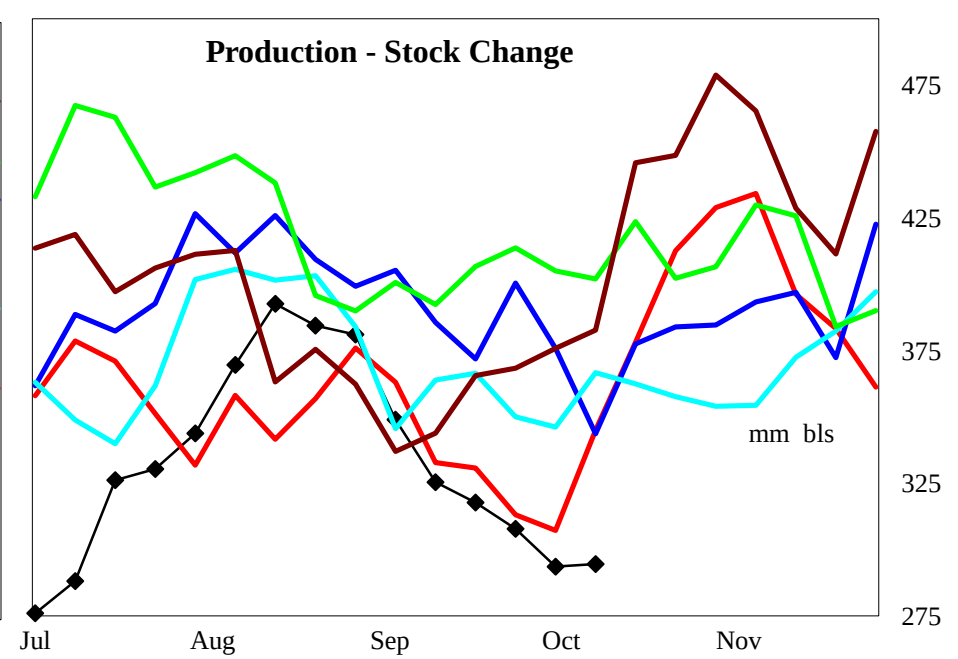
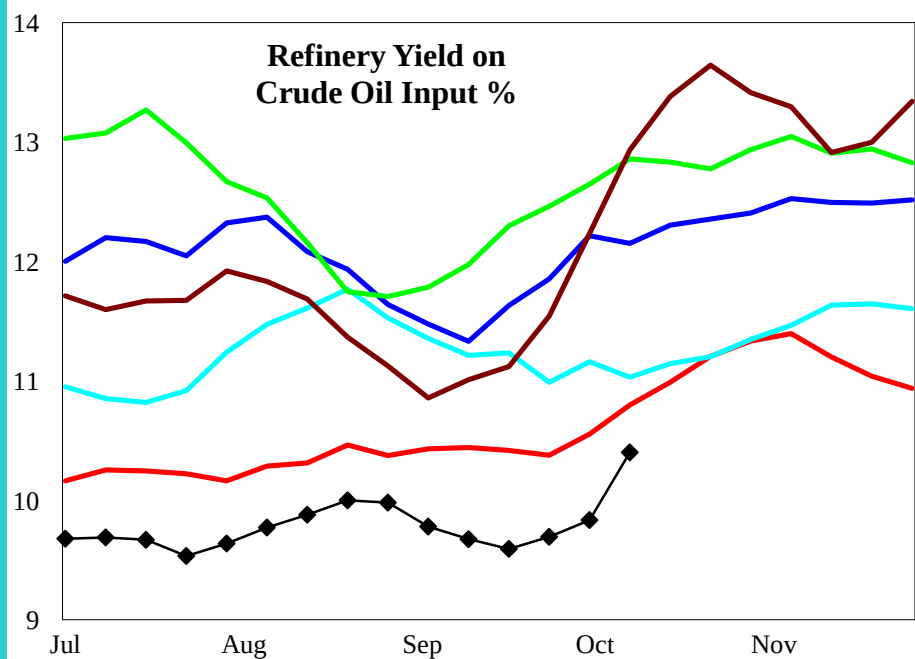
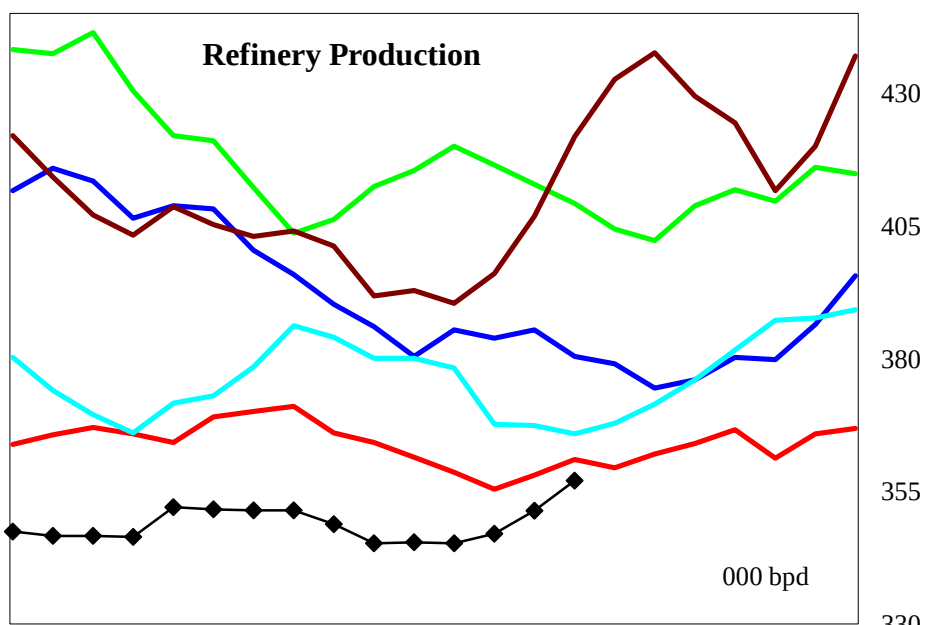
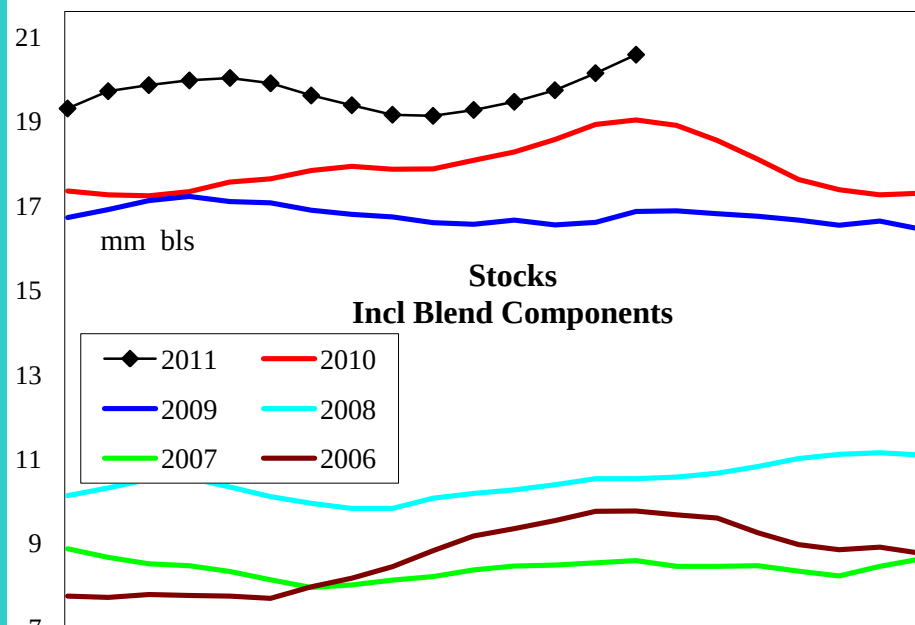
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,543

7.9

Production

-8

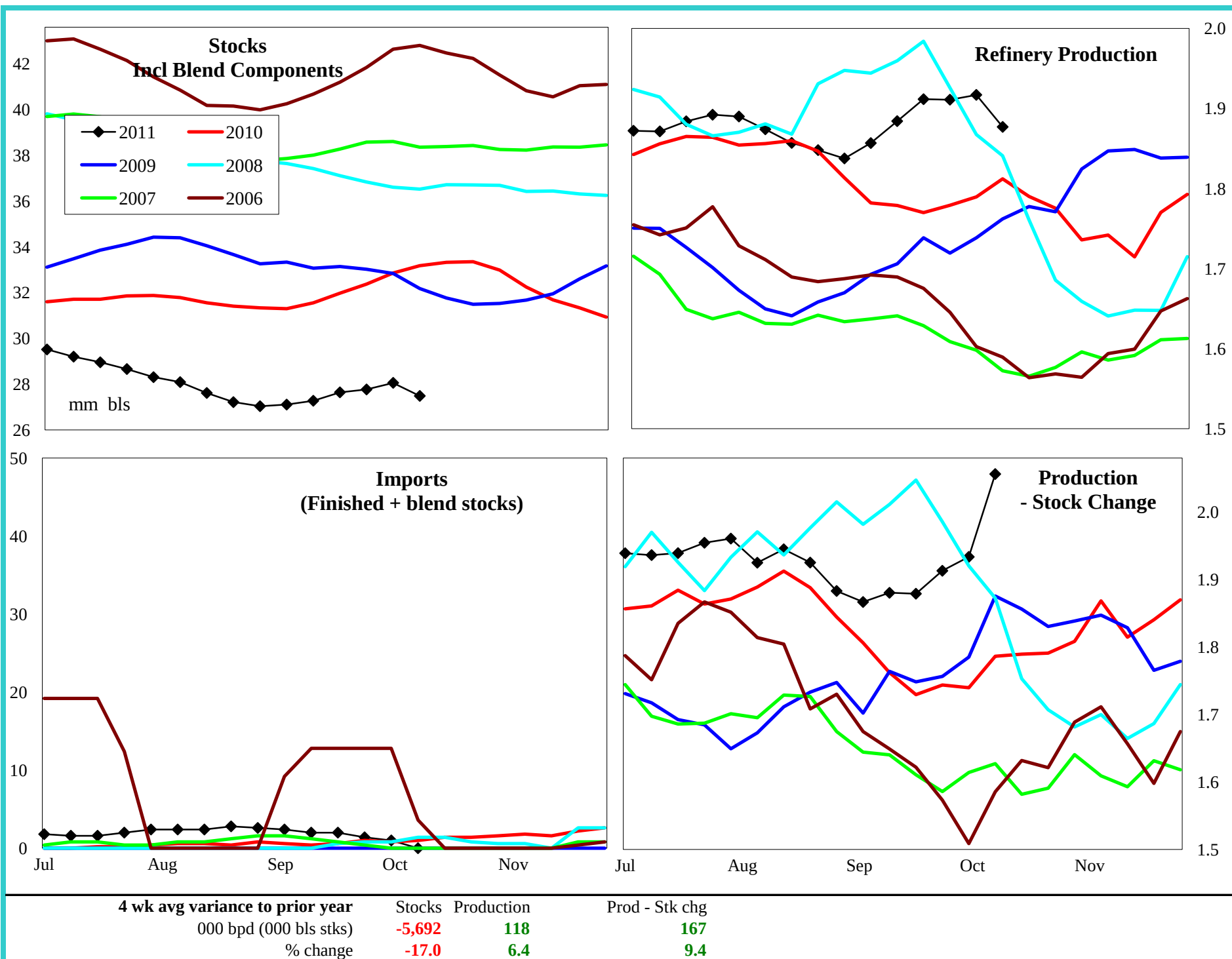
-2.3

Prod - Stk chg

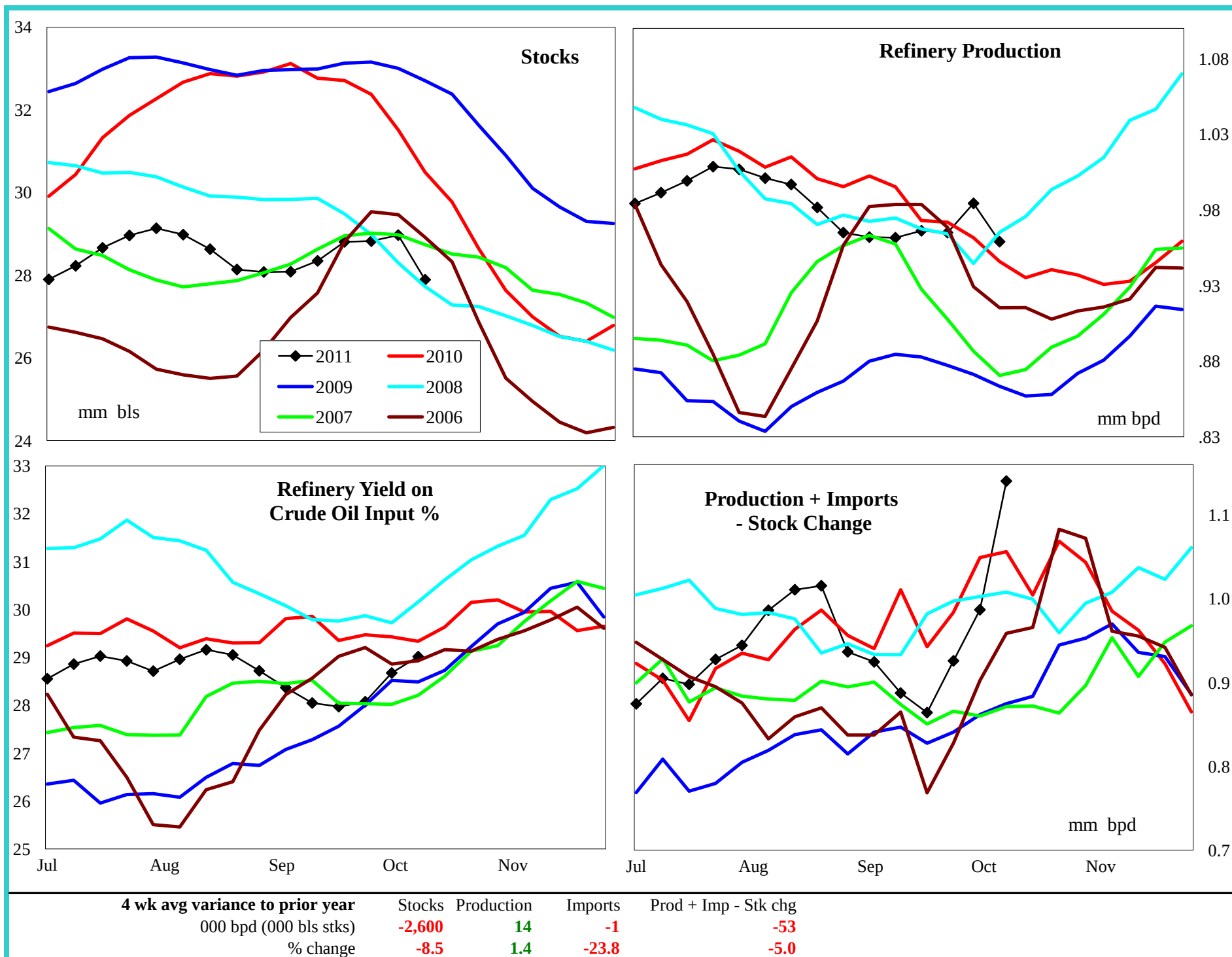
-21

-6.4

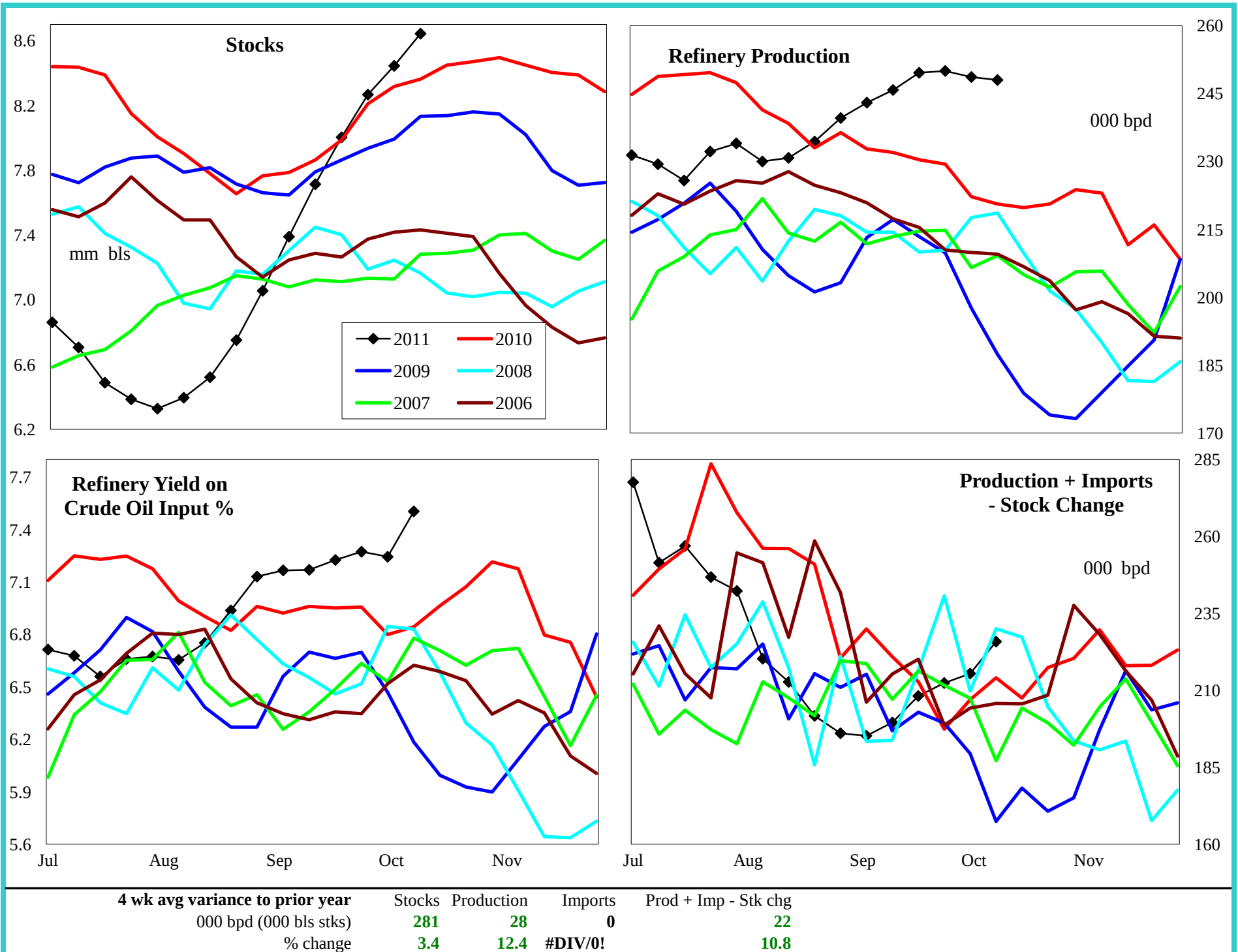
PADD 2 Conventional Gasoline Supply



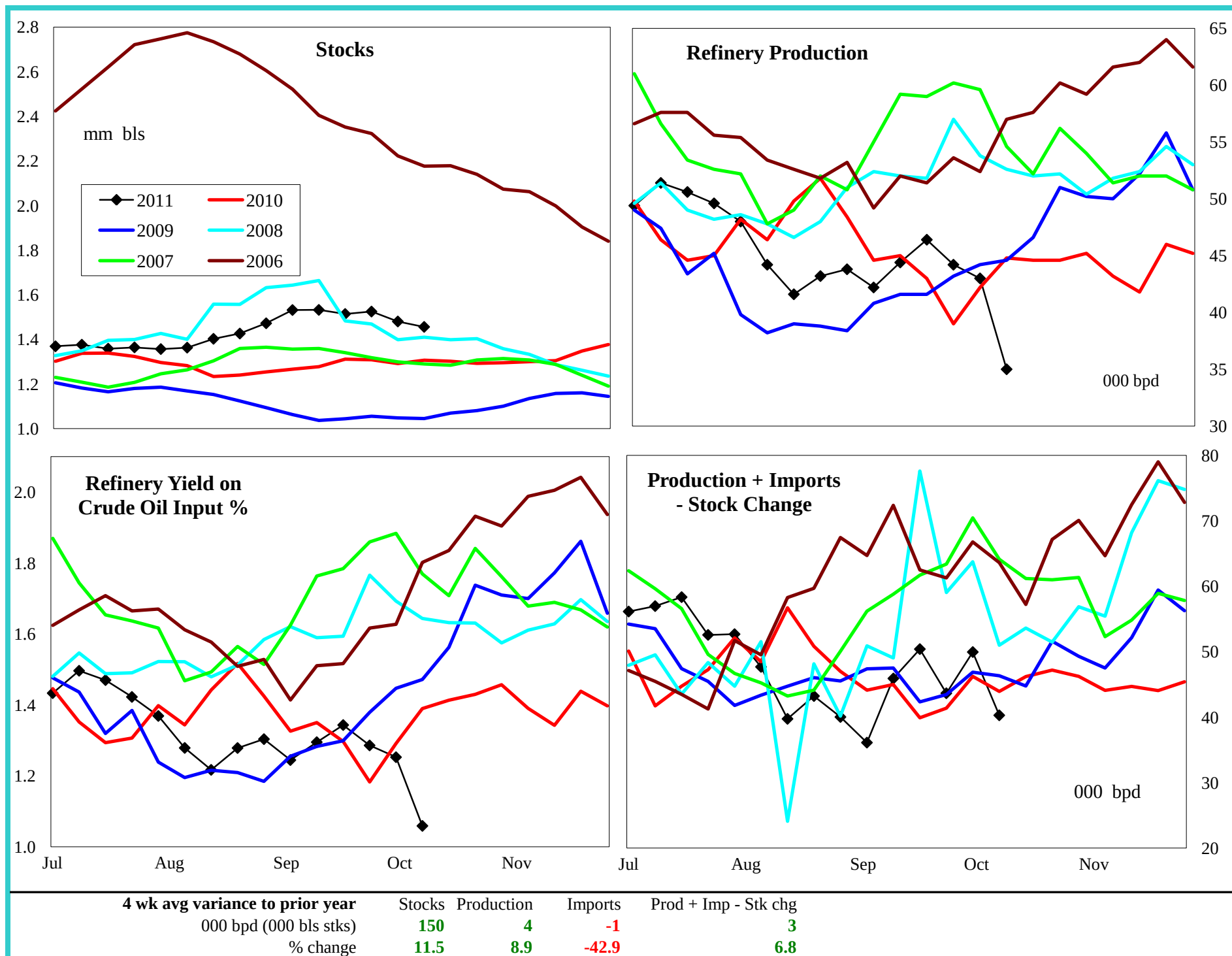
PADD 2 Distillate Supply



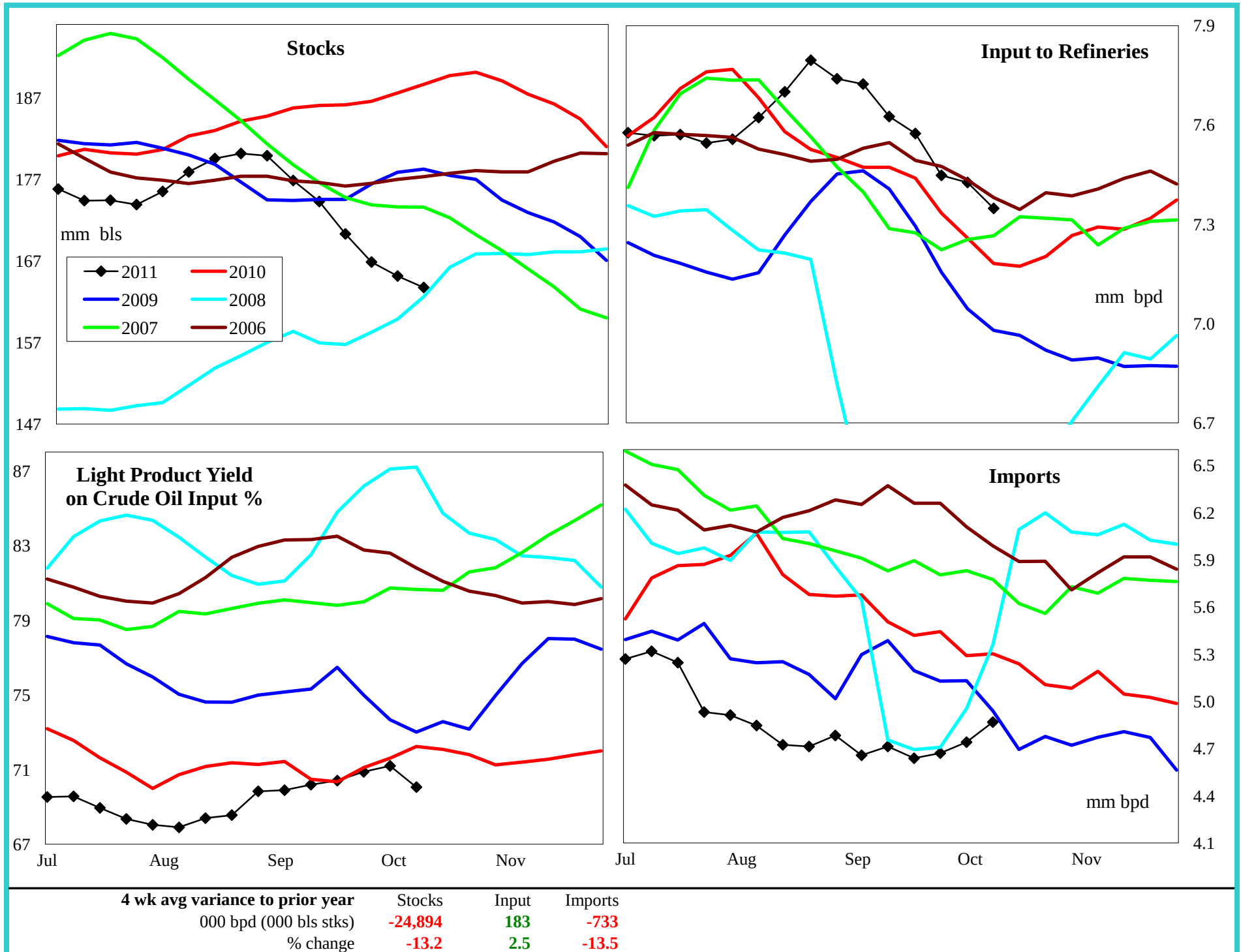
PADD 2 Jet Fuel Supply



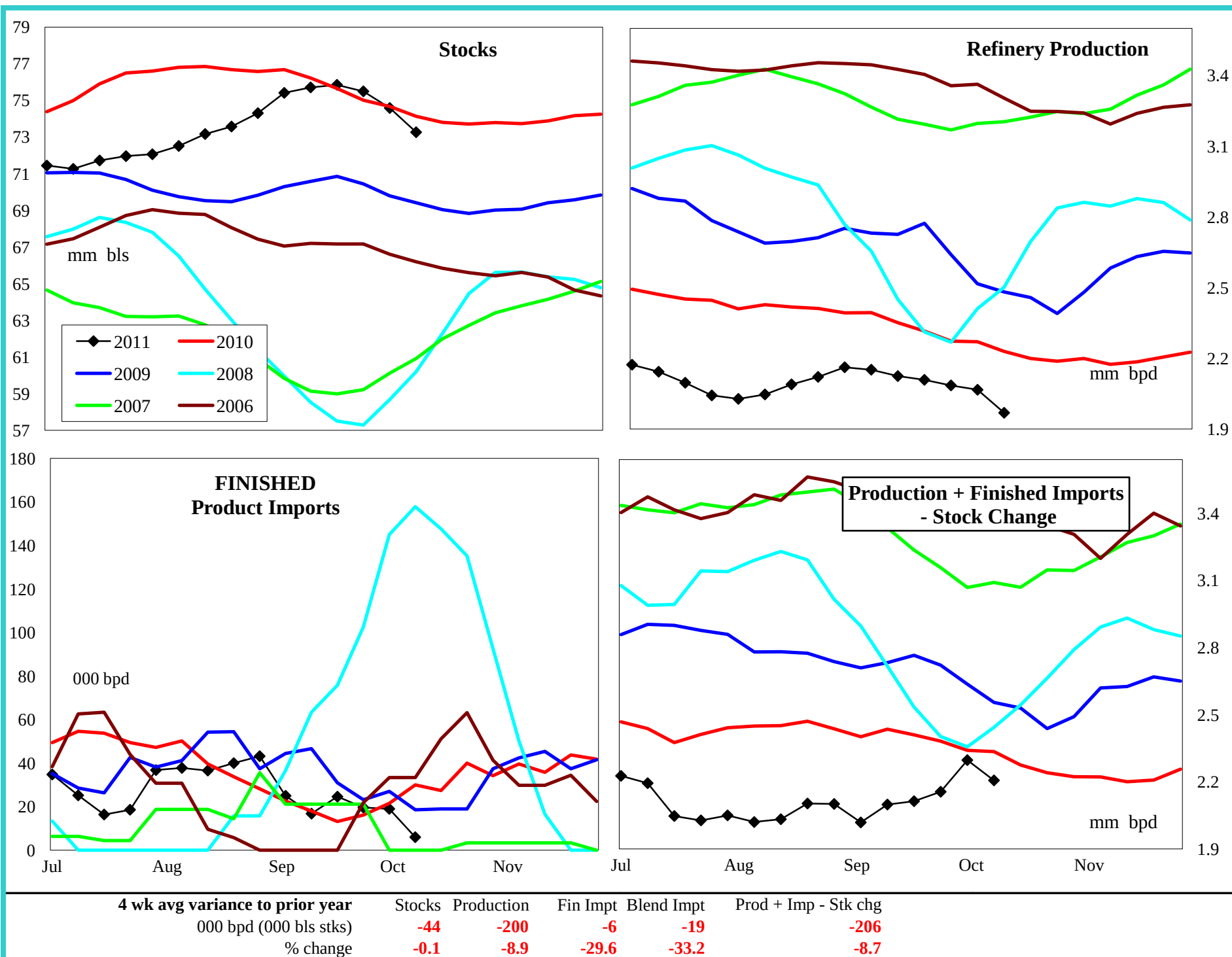
PADD 2 Residual Fuel Oil Supply



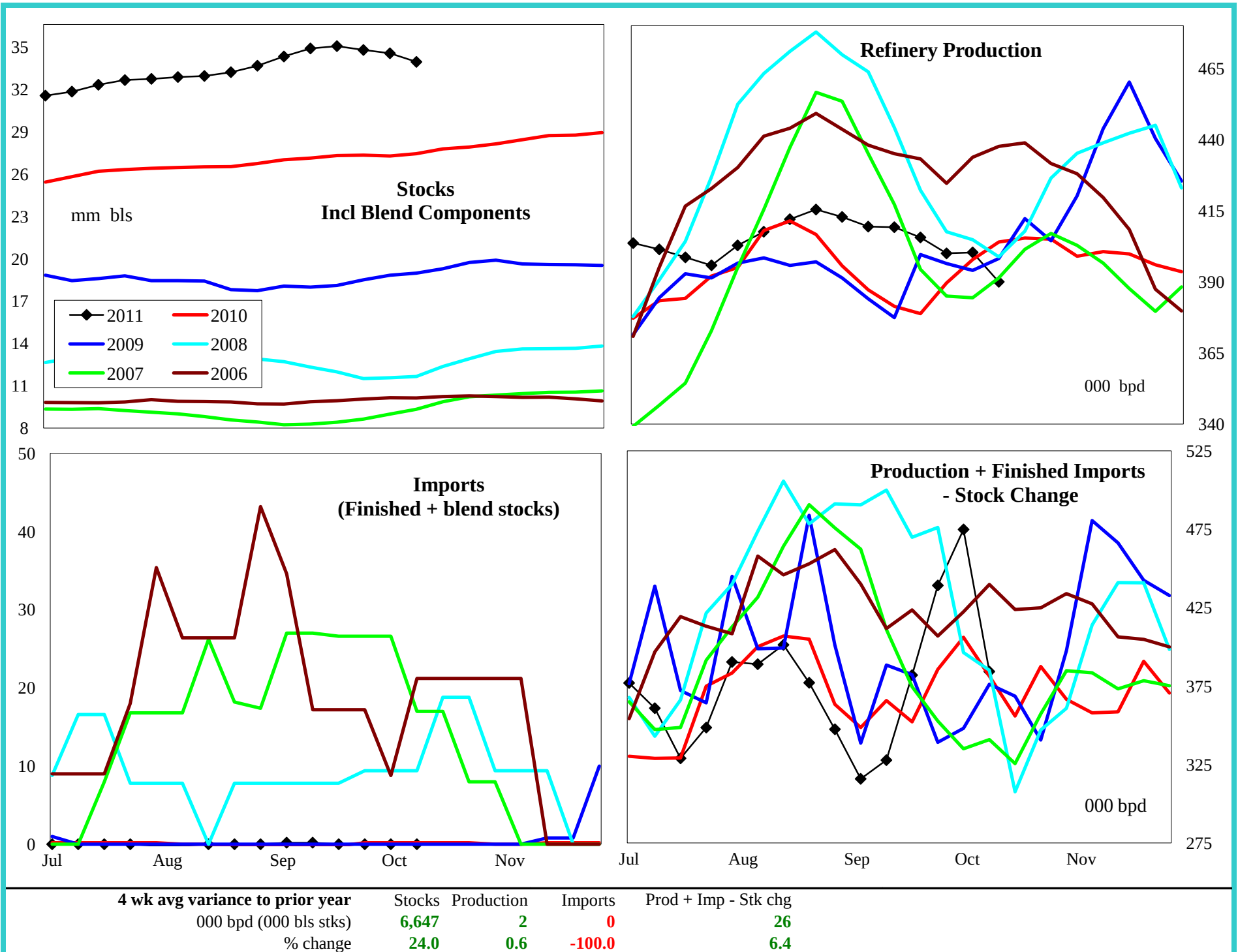
PADD 3 Crude Oil Supply and Refining



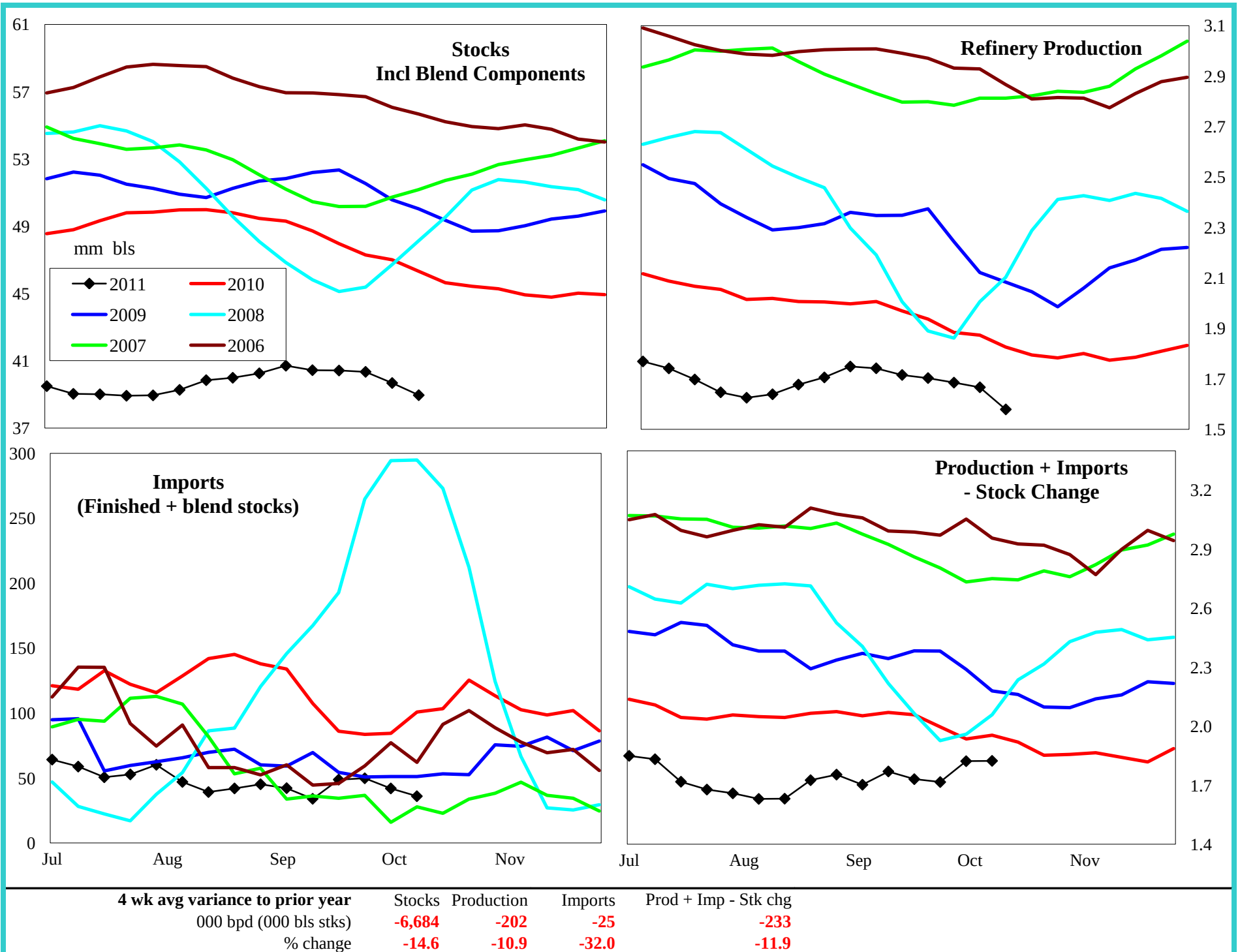
PADD 3 Gasoline Supply



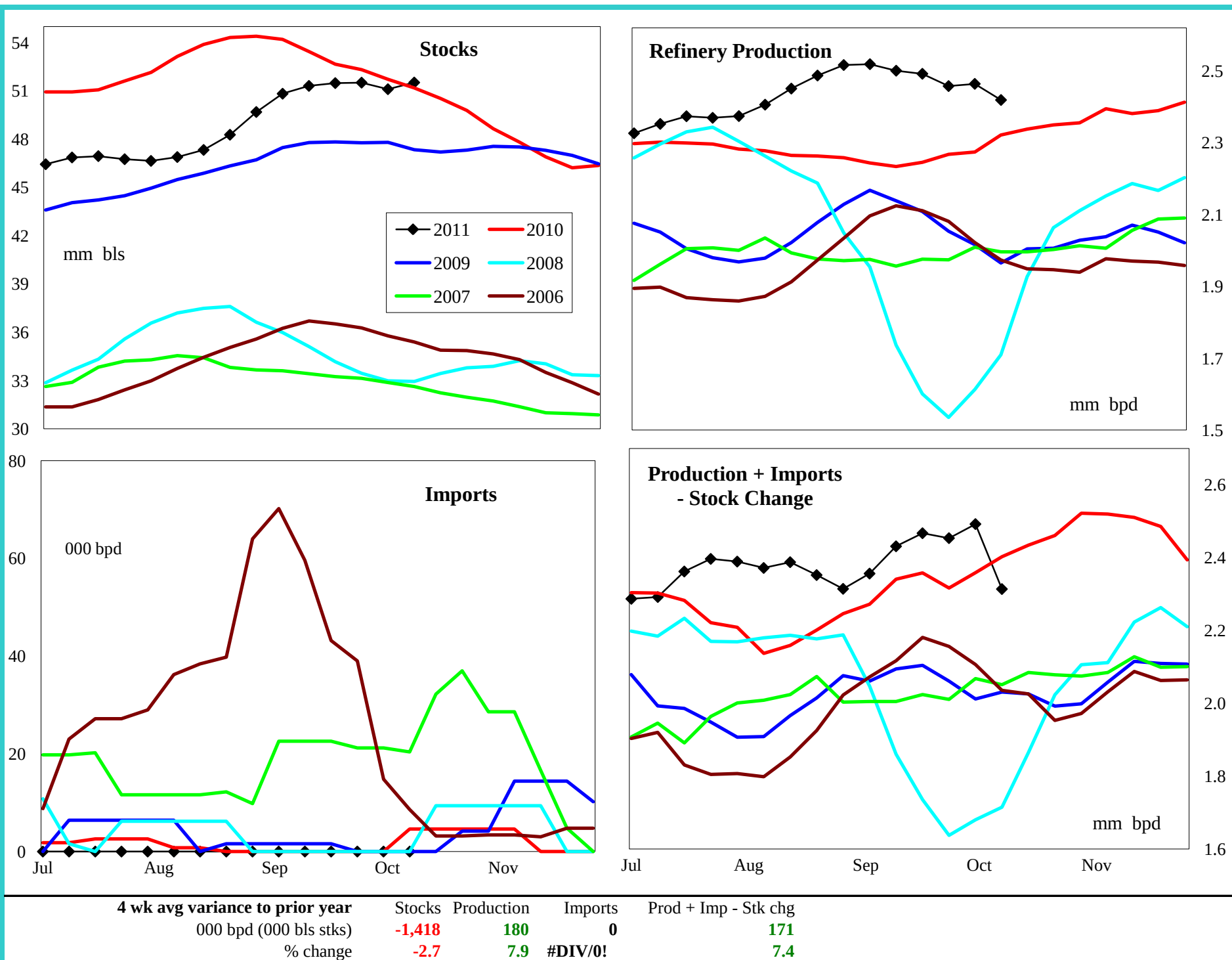
PADD 3 Reformulated Gasoline Supply



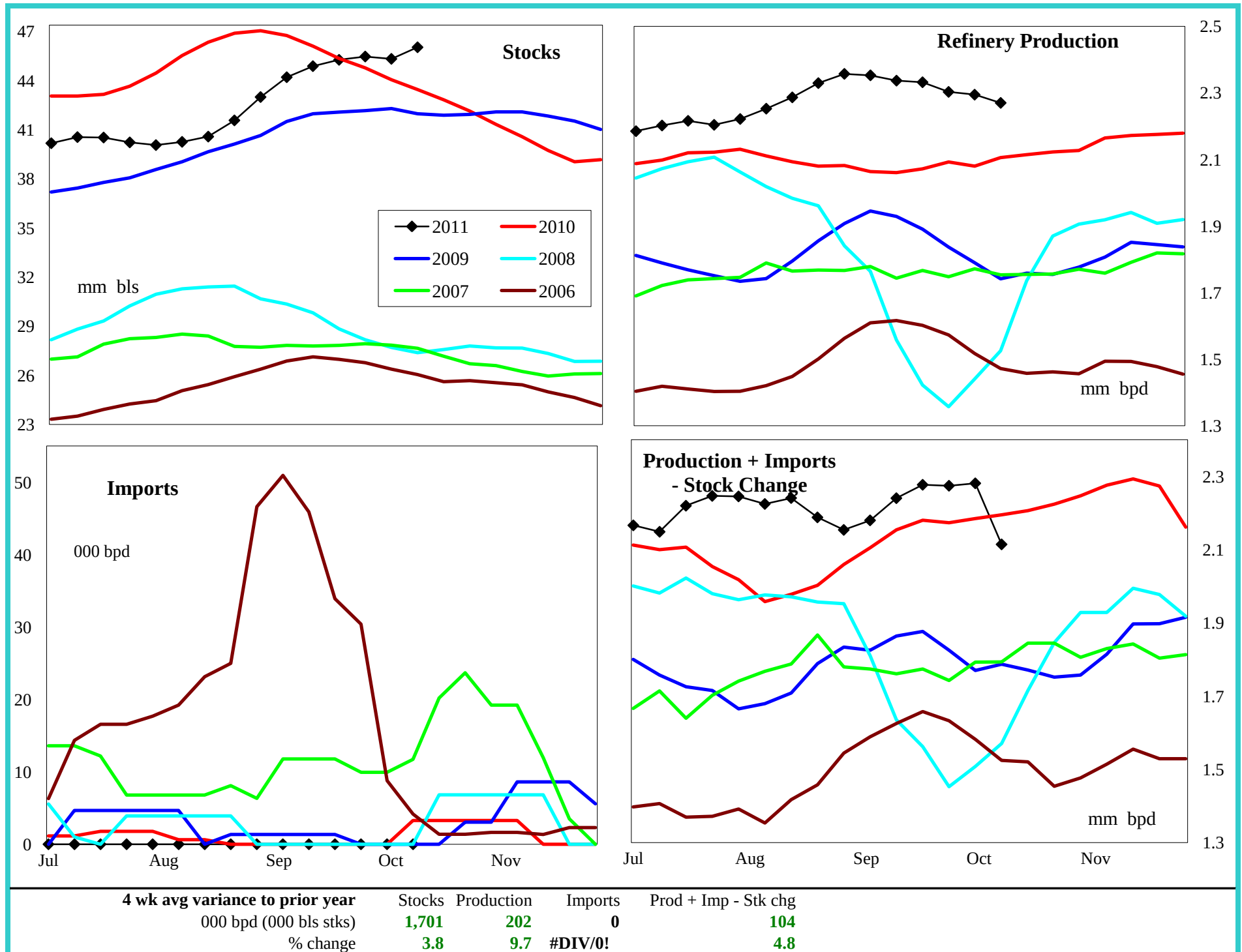
PADD 3 Conventional Gasoline Supply



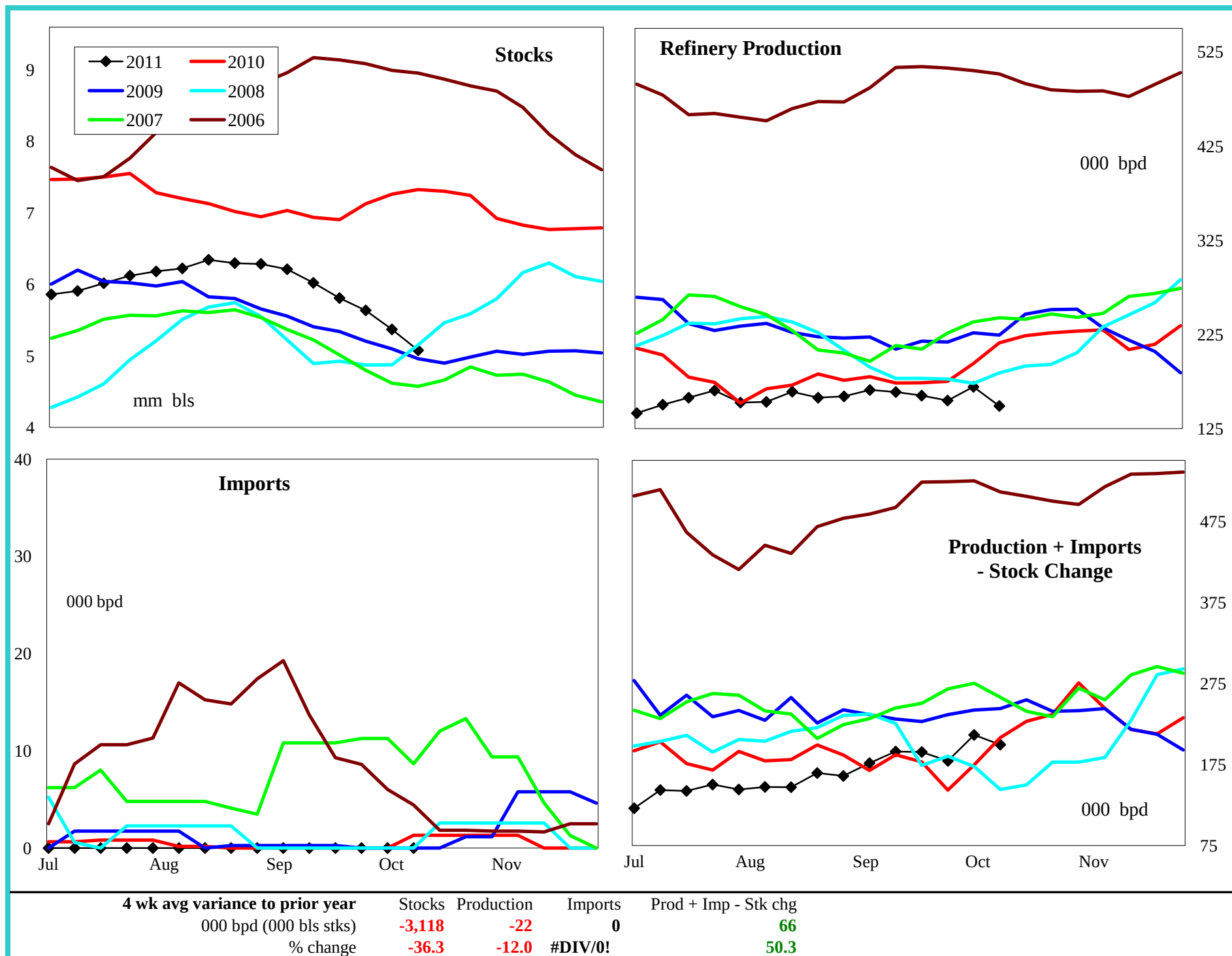
PADD 3 Distillate Supply



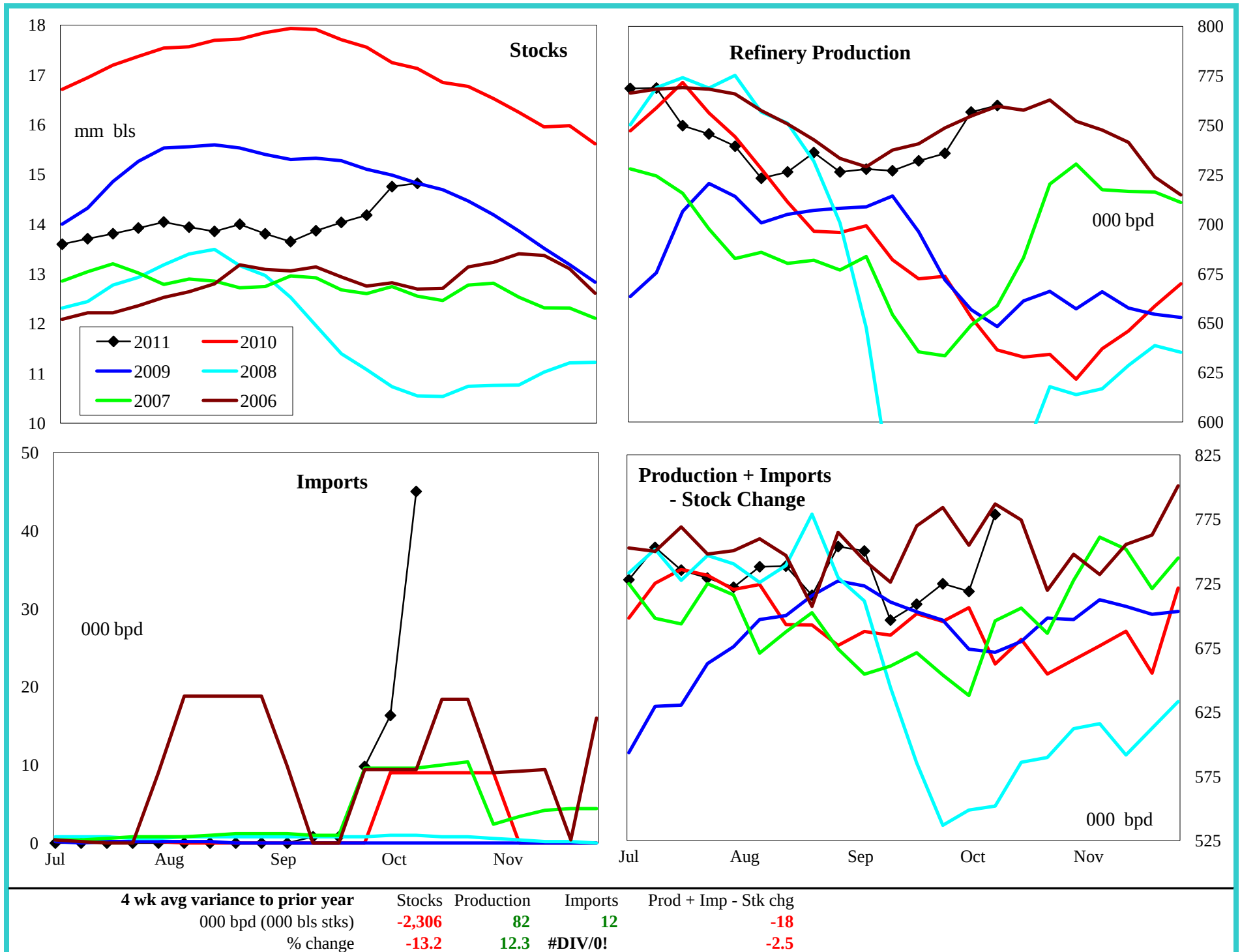
PADD 3 Low Sulfur Distillate Supply



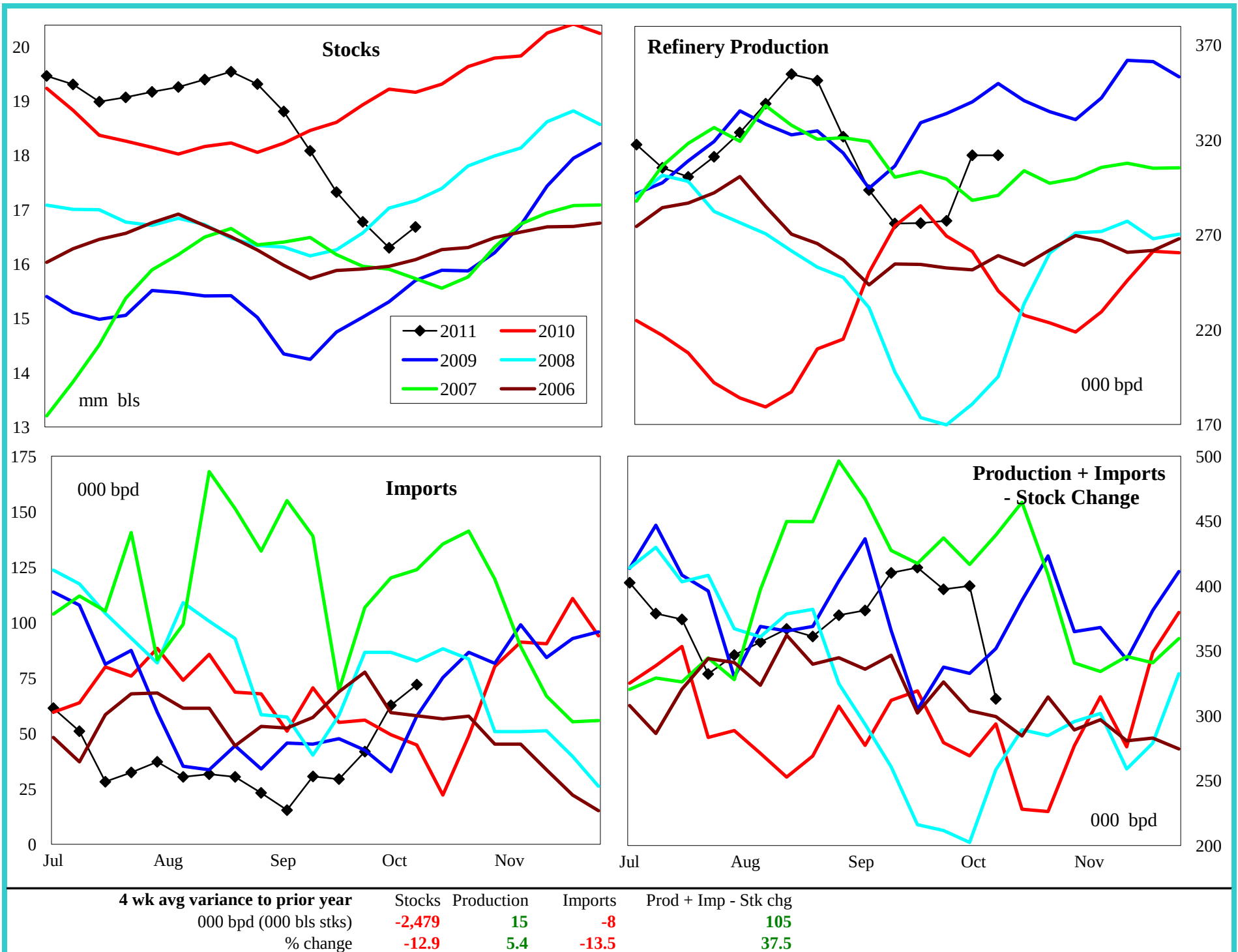
PADD 3 High Sulfur Distillate Supply



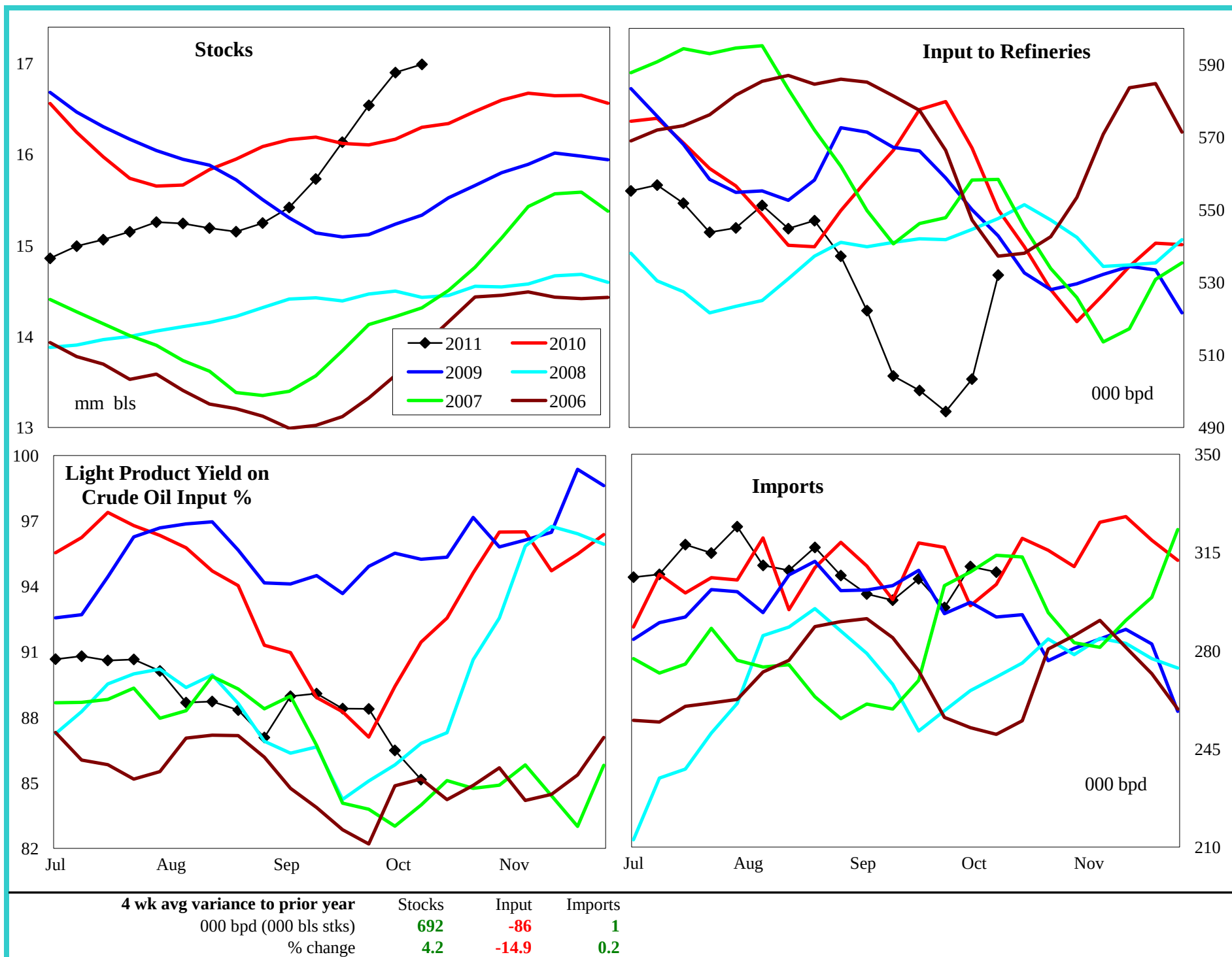
PADD 3 Jet Fuel Supply



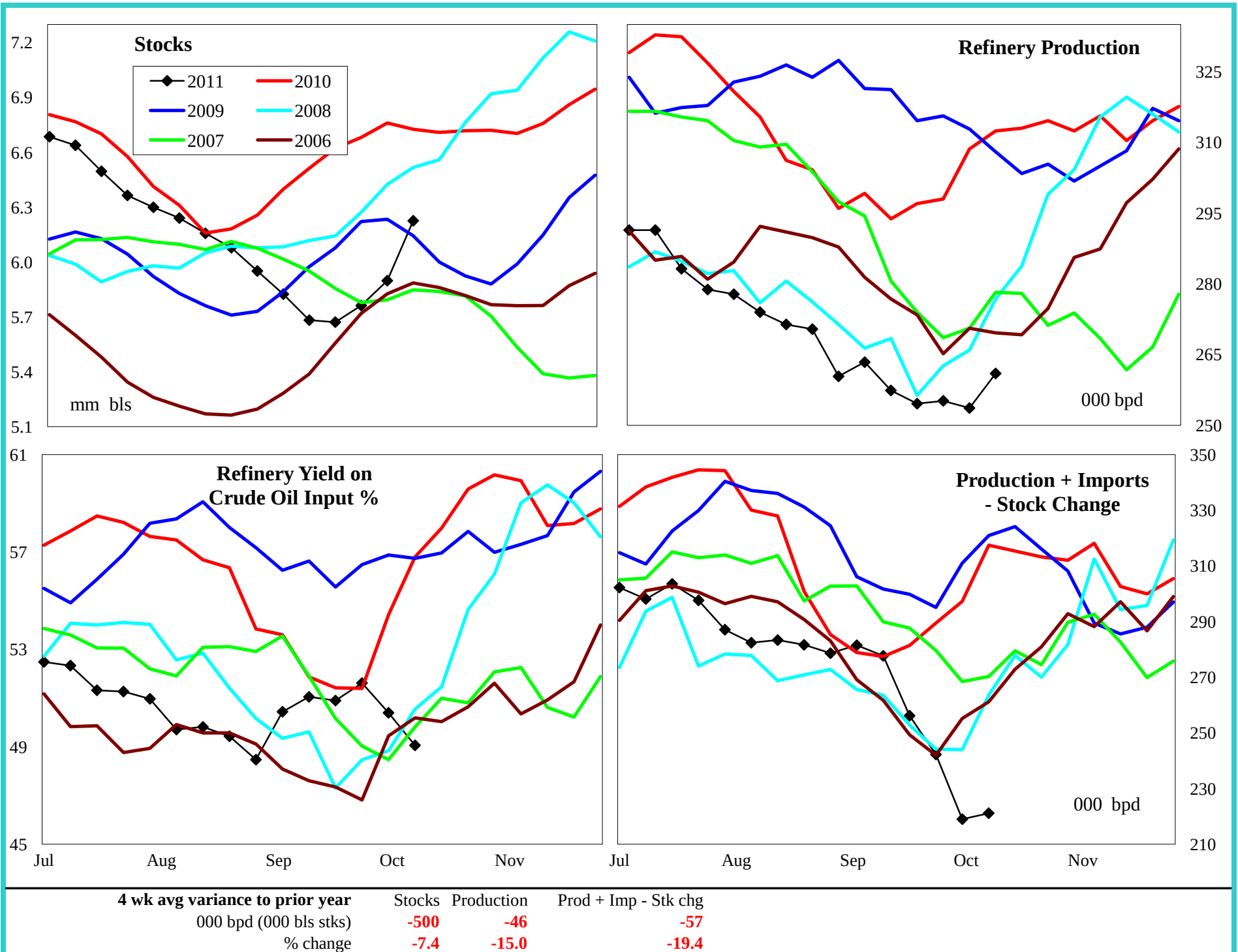
PADD 3 Residual Fuel Oil Supply



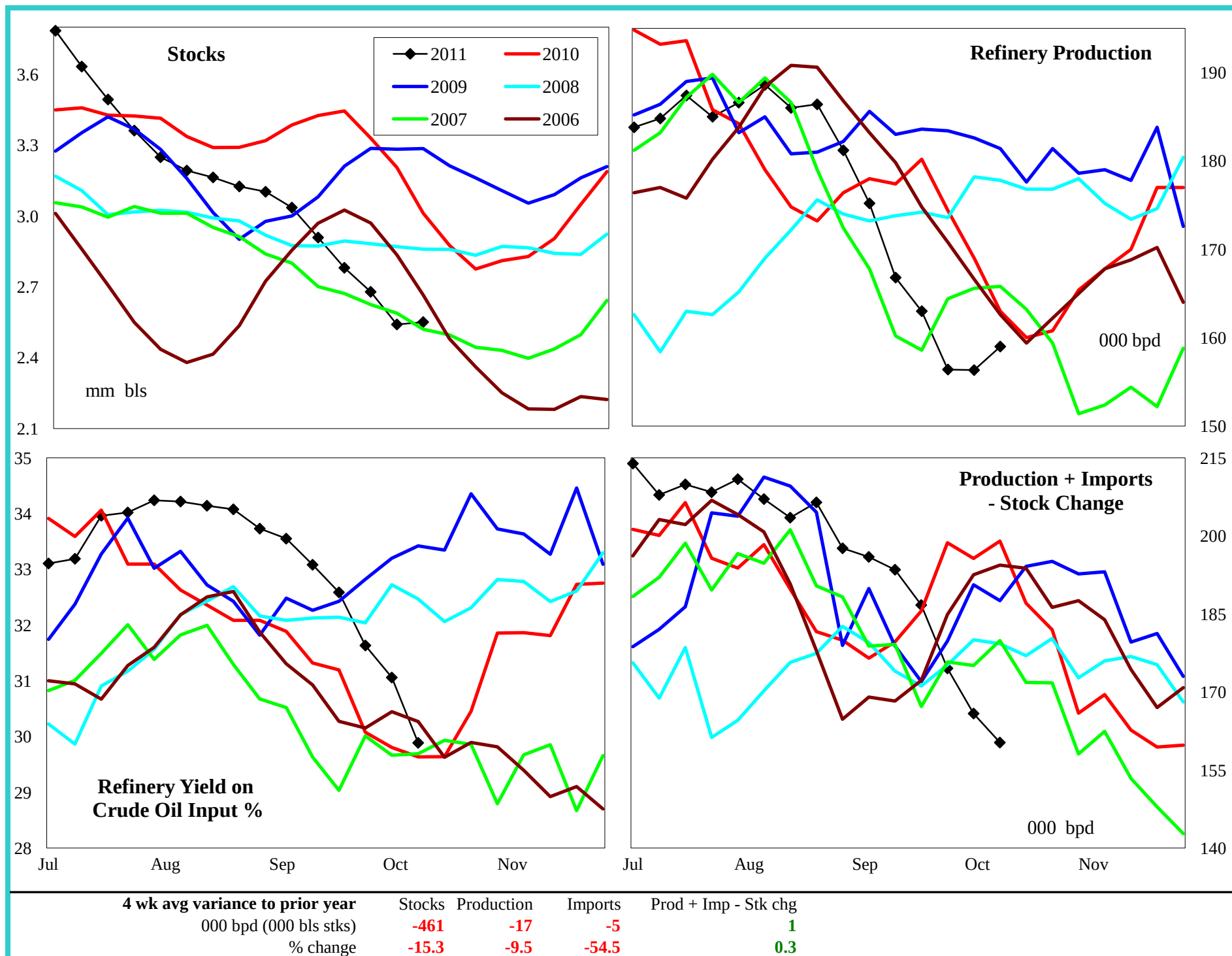
PADD 4 Crude Oil Supply and Refining



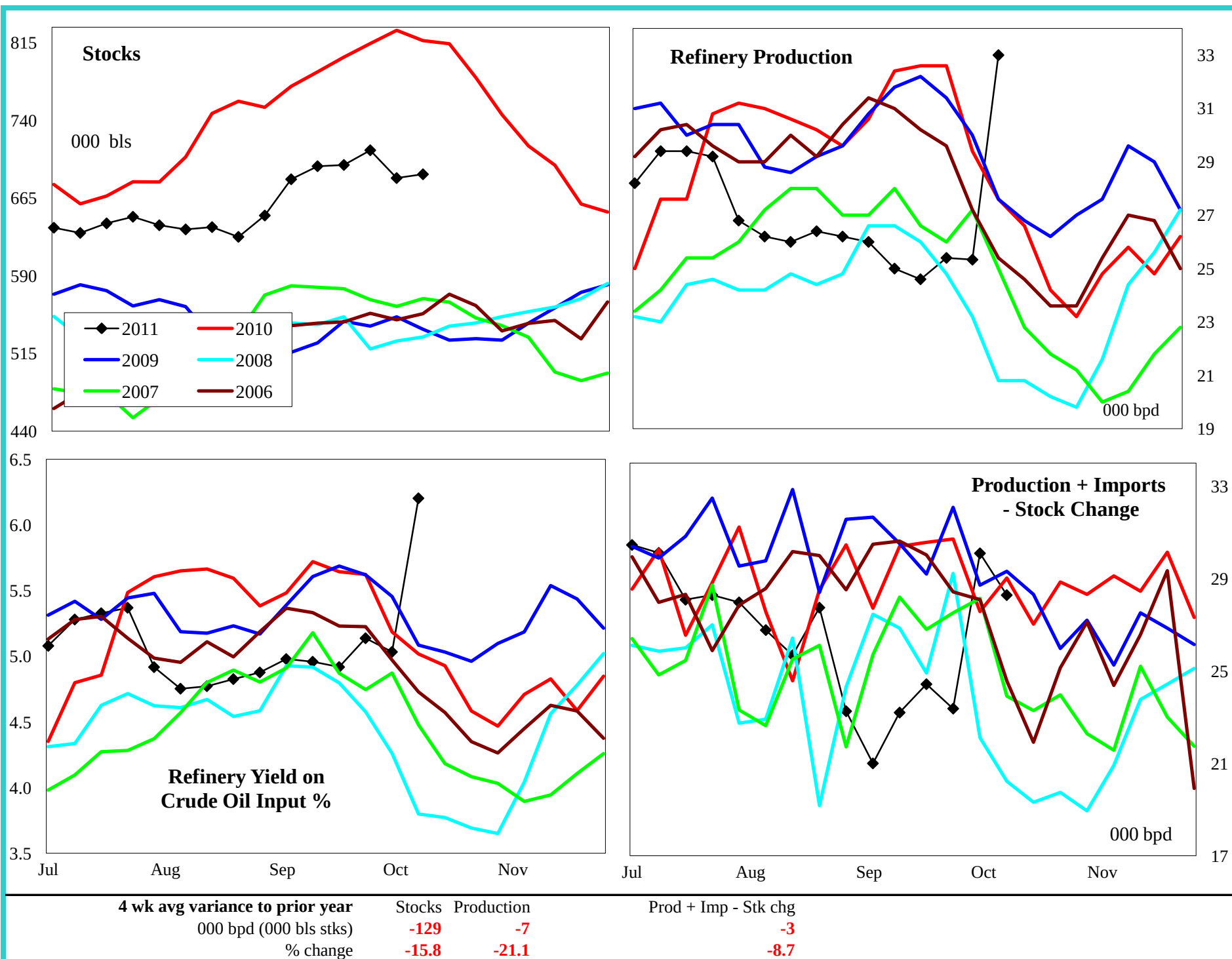
PADD 4 Gasoline Supply



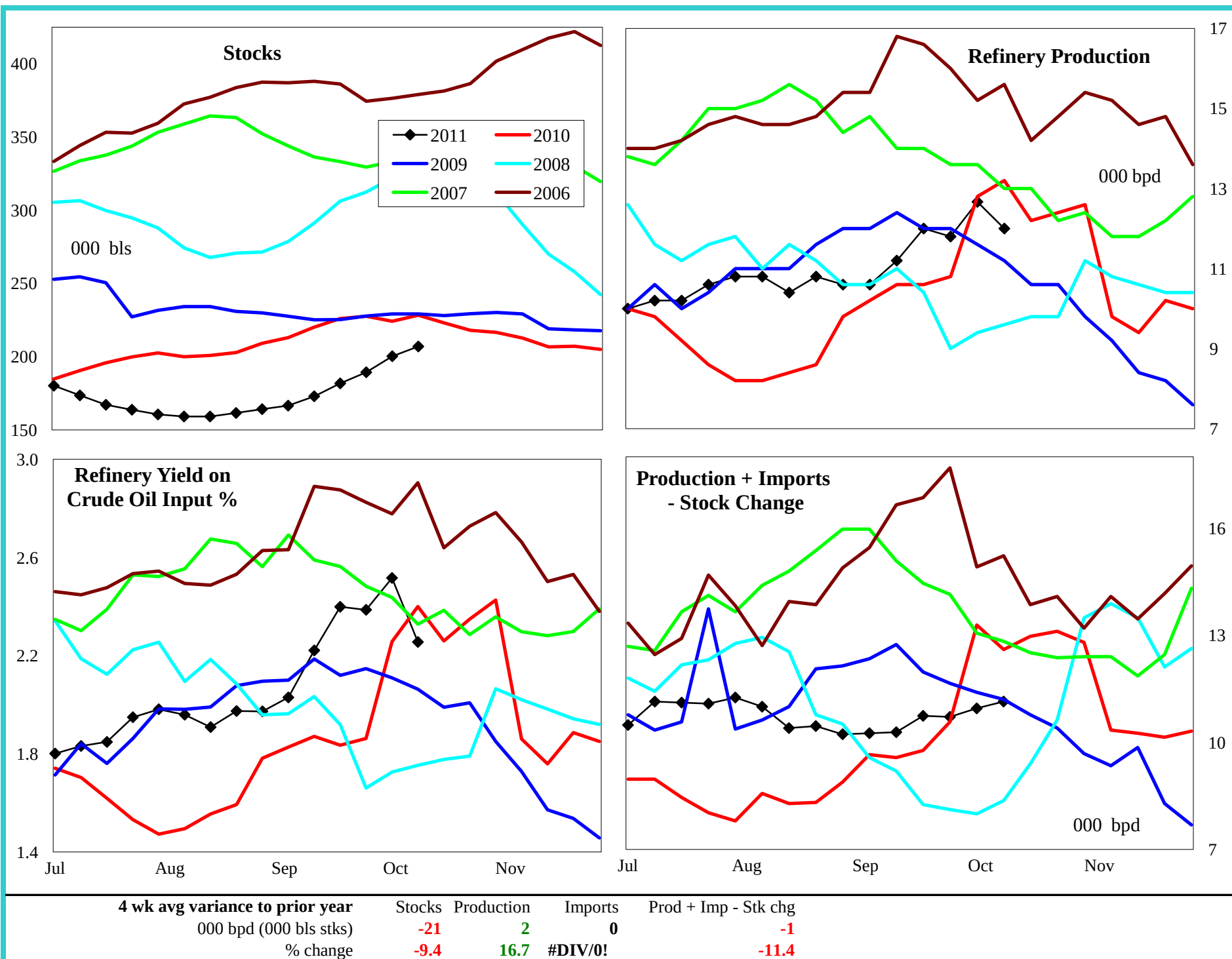
PADD 4 Distillate Supply



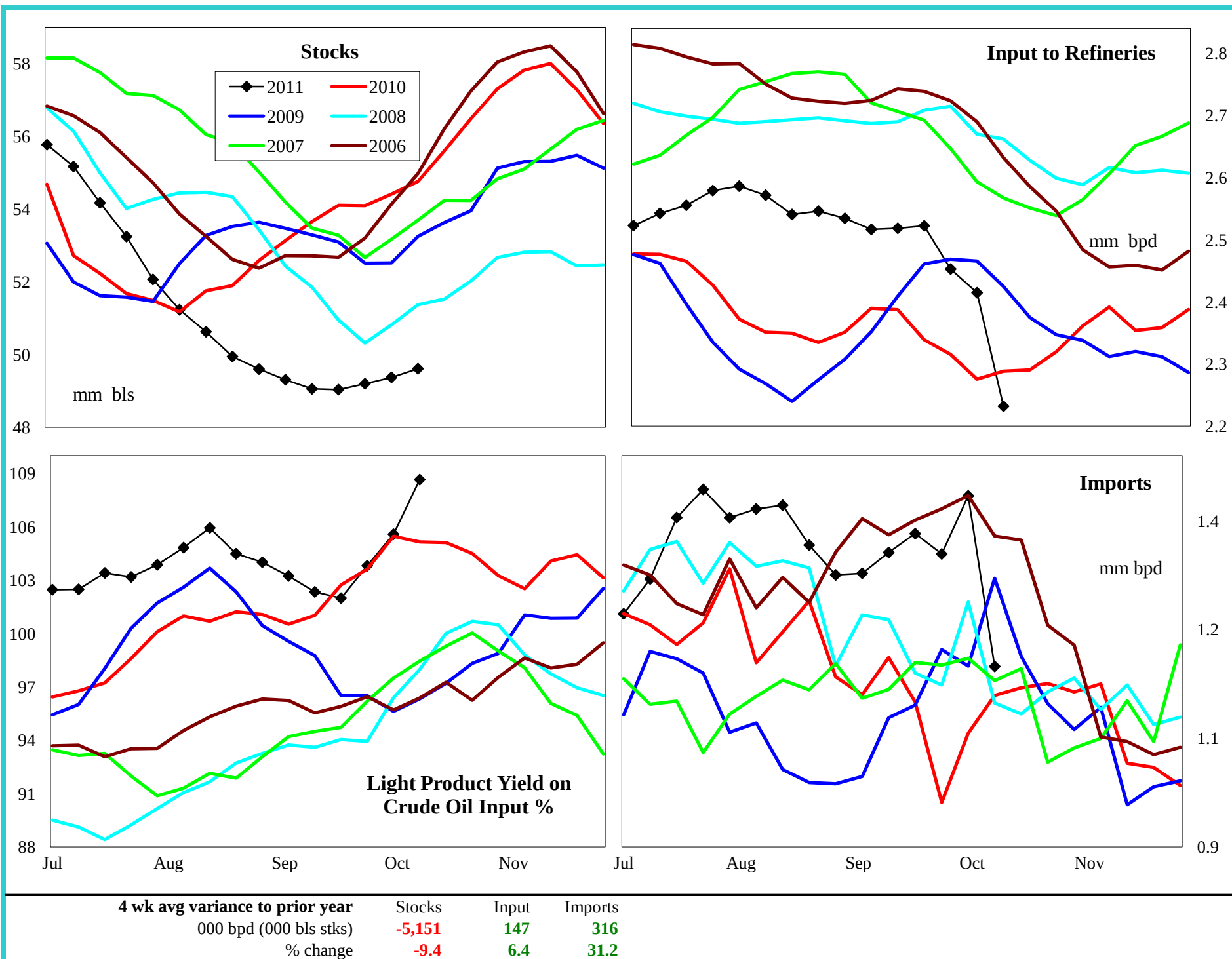
PADD 4 Jet Fuel Supply



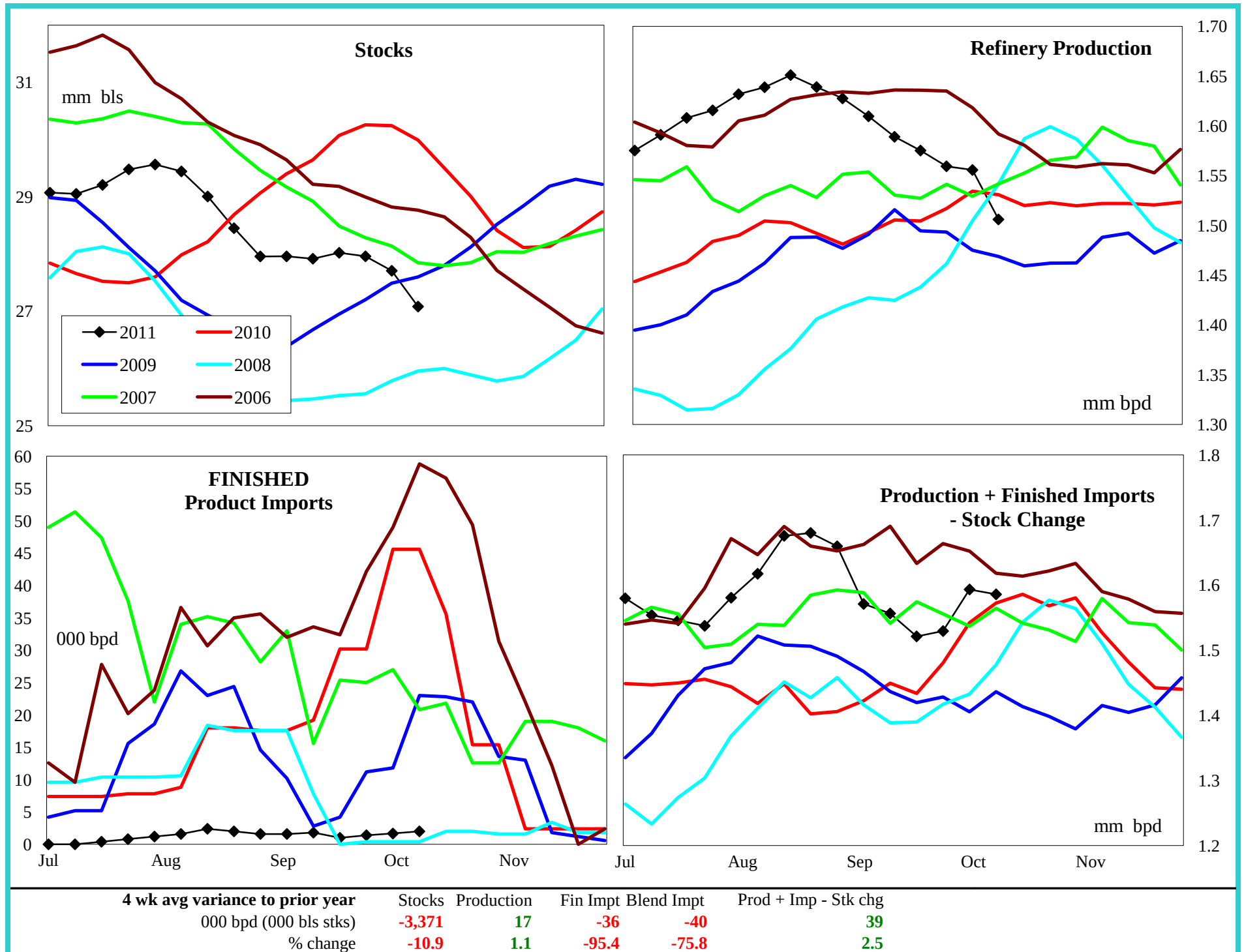
PADD 4 Residual Fuel Oil Supply



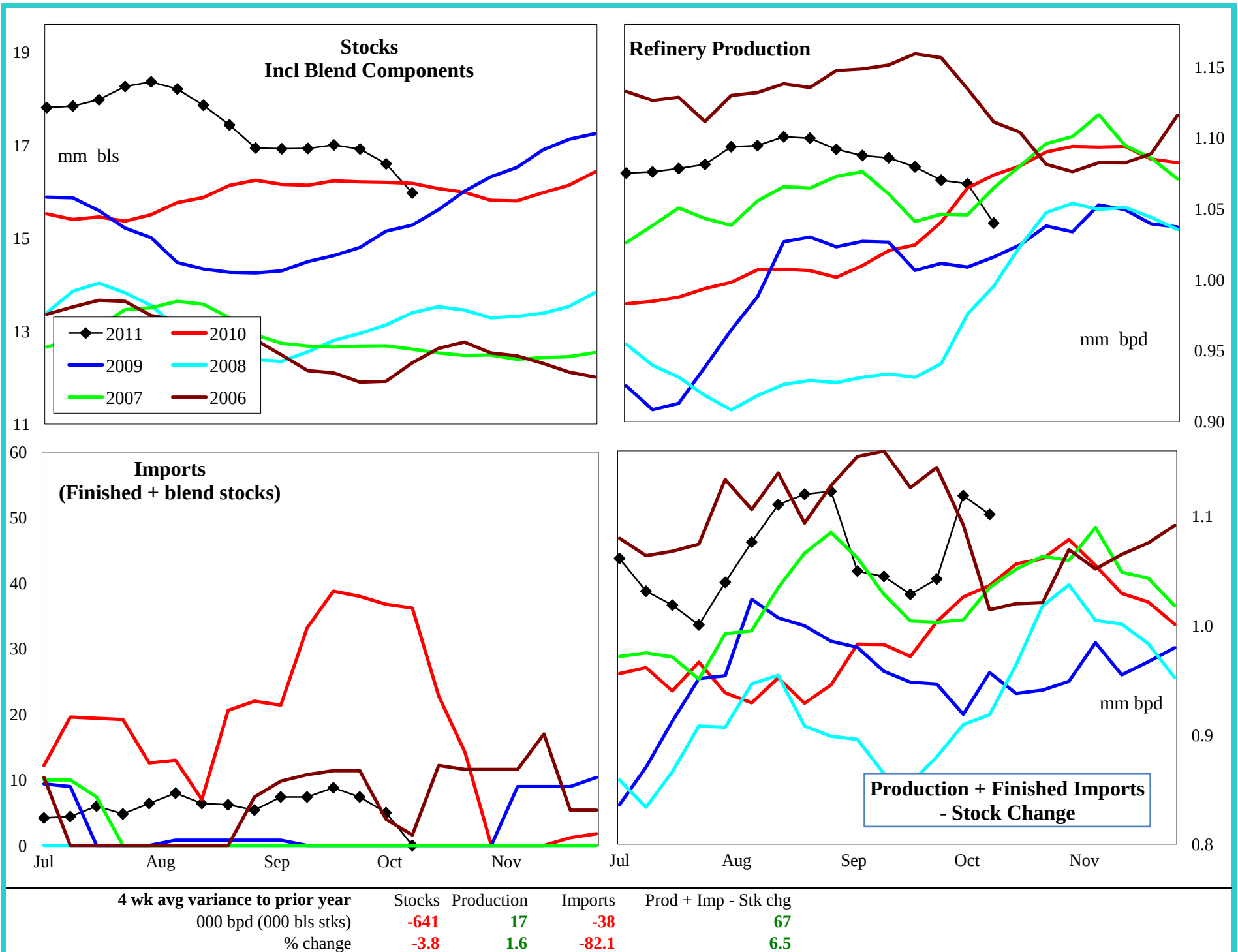
PADD 5 Crude Oil Supply and Refining



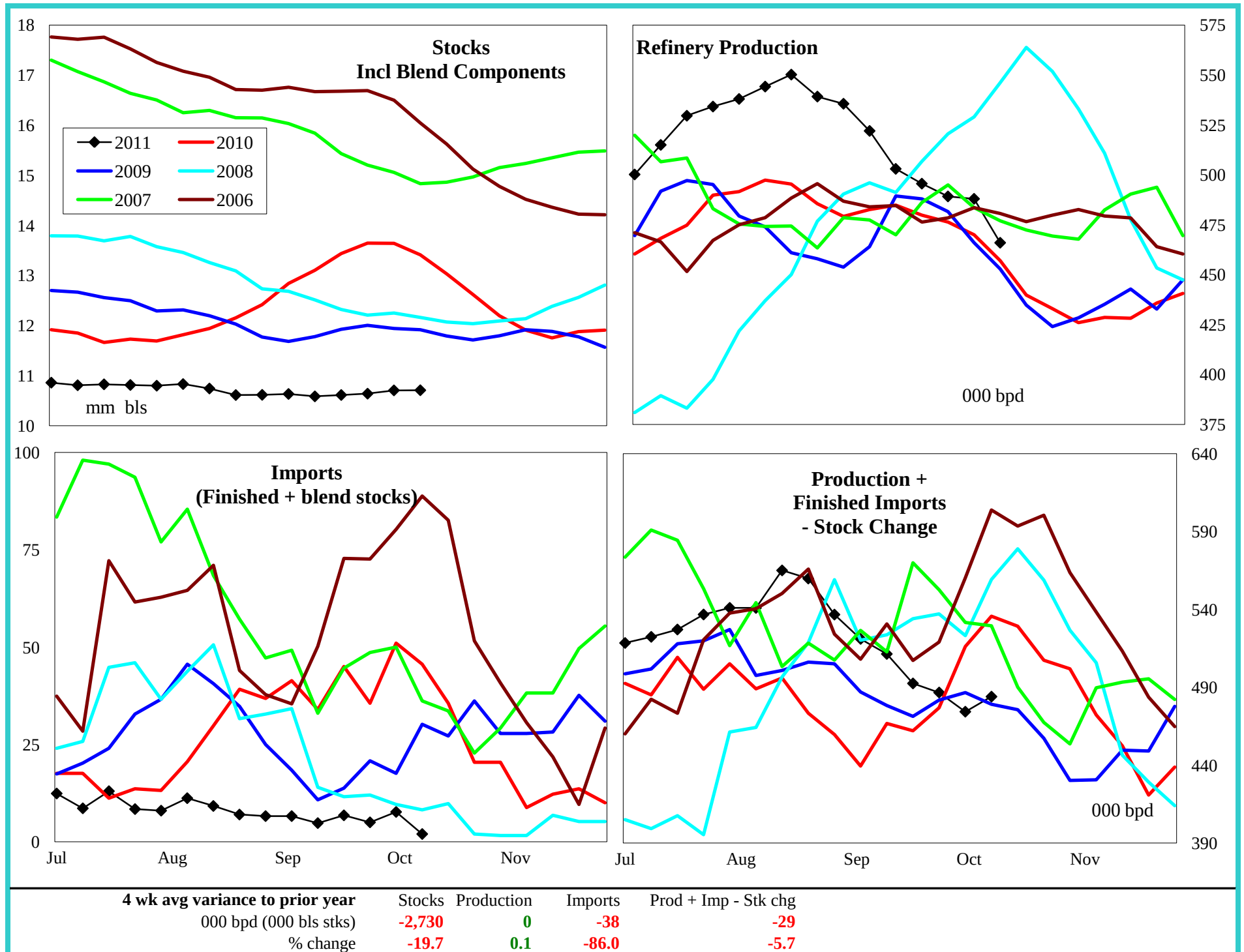
PADD 5 Gasoline Supply



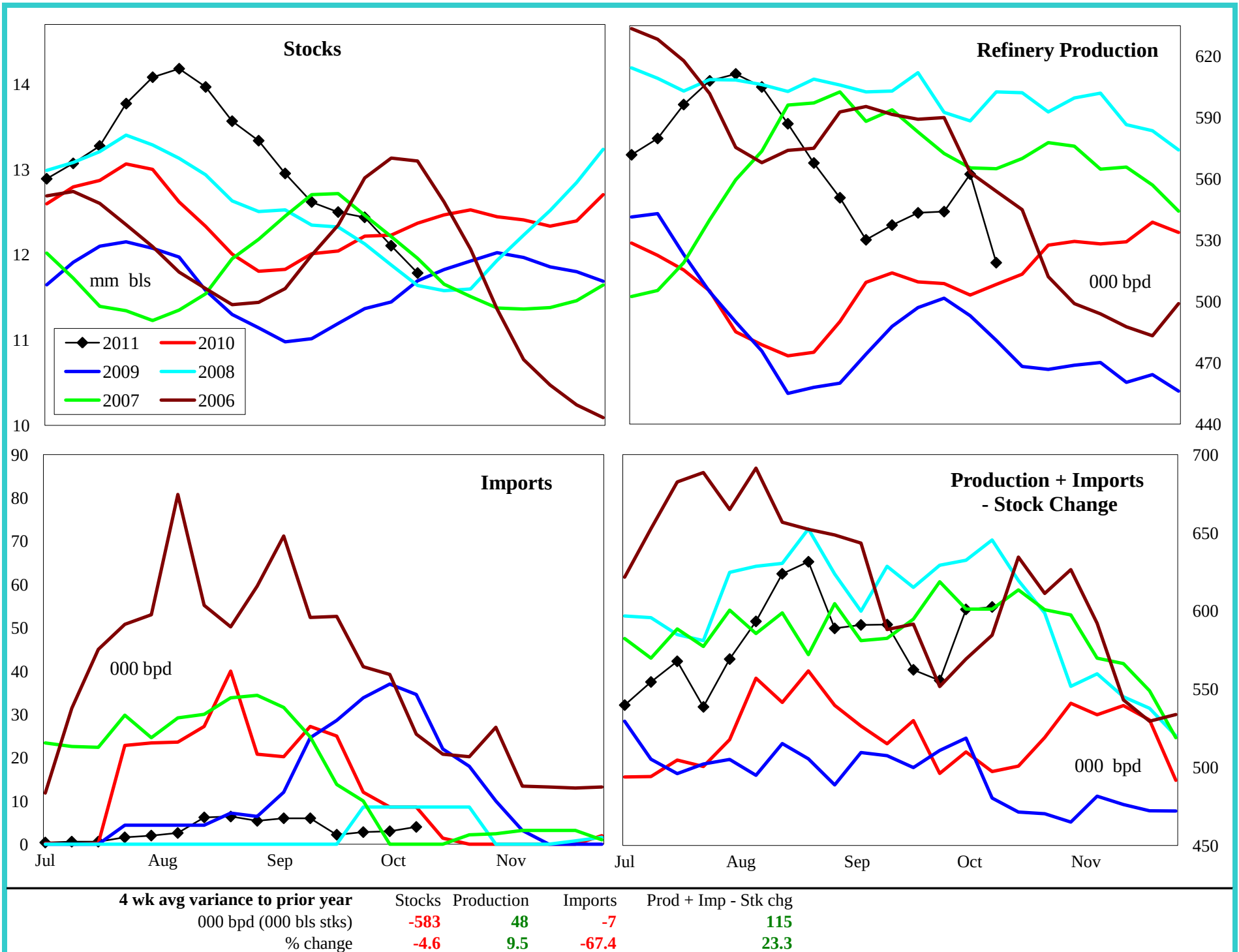
PADD 5 Reformulated Gasoline Supply



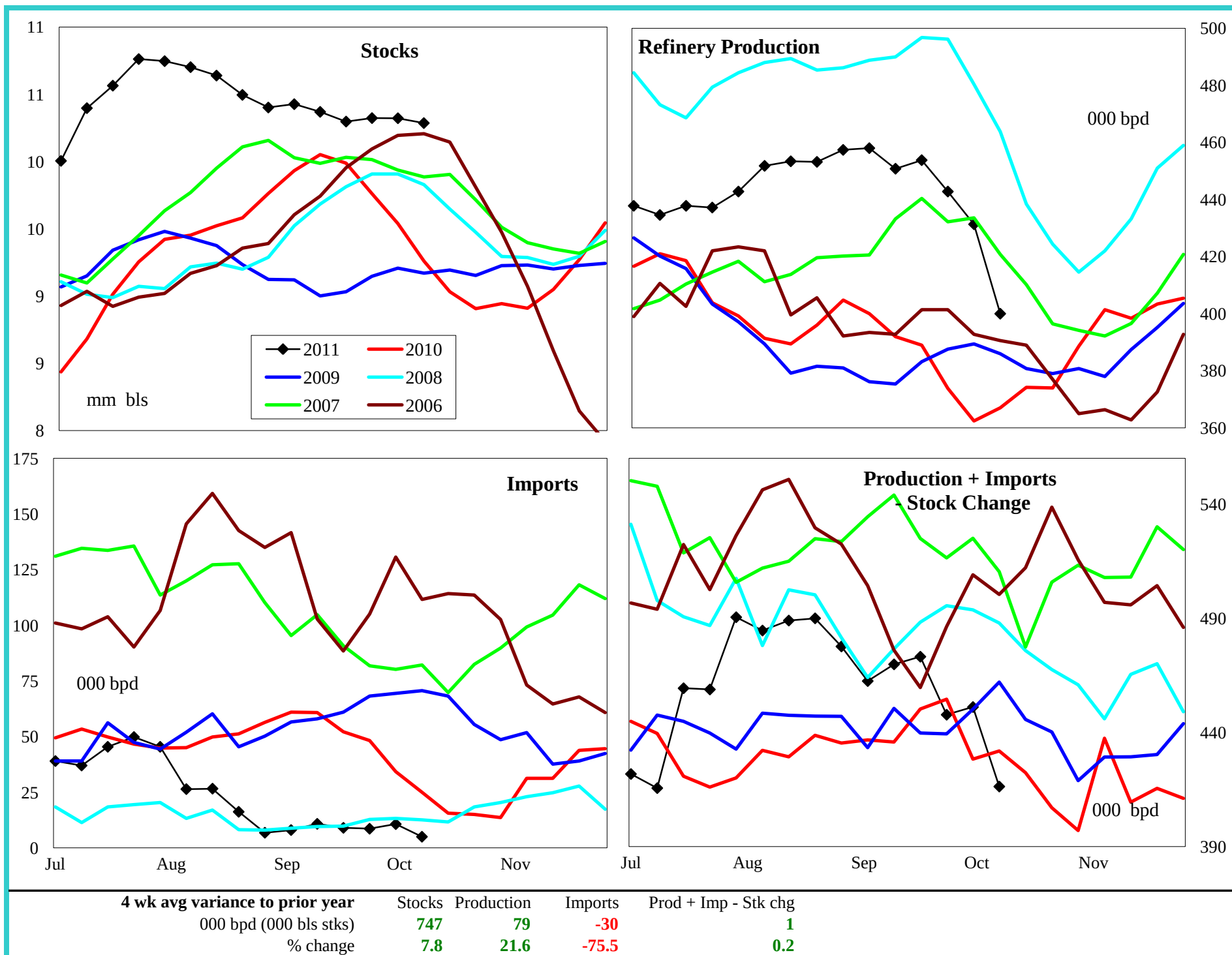
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

