



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

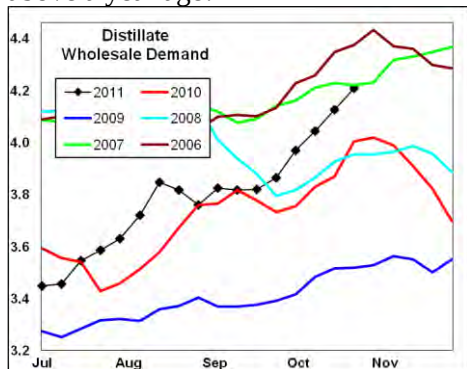
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 26, 2011

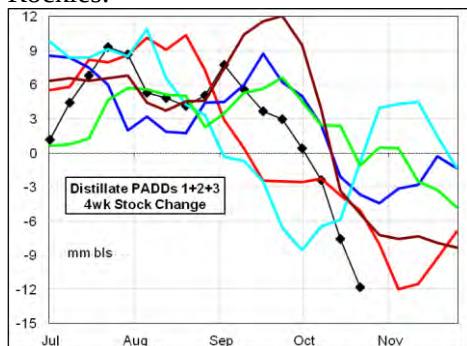


Major Fundamental Trends¹

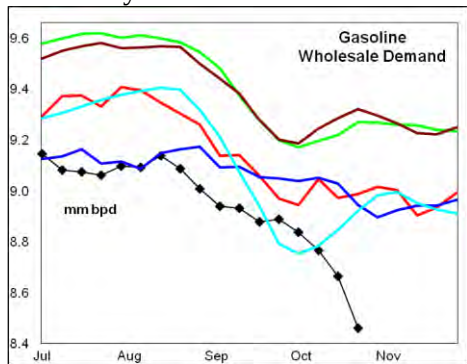
Wholesale distillate demand continued to march higher last week, with the latest 4-wk average +289,000 bpd above a year ago.



The exceptional strength in demand and ongoing refinery maintenance led to an earlier than normal, record 4-wk stock draw in markets East of the Rockies.



Risk of a supply squeeze during the next quarter in the New England and Central Atlantic Regions has increased as stocks drop to a level below four of the last 5-years in these markets.

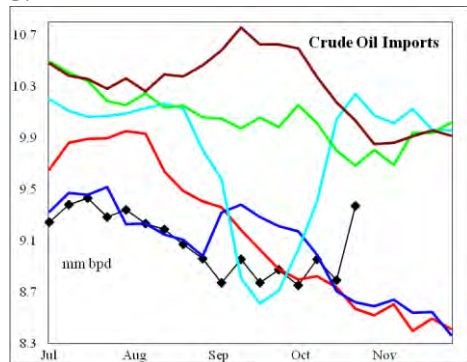


Wholesale gasoline demand continues to trend in the opposite direction as

distillate, with the latest 4-wk average -246,000 bpd below a year ago. The weak demand trends should offset the low level of production in East and West Coast markets, ending risk of a supply squeeze in these regions.

Crude oil imports have been unusually volatile during the last several weeks as refiners undertake maintenance, draw down stocks in the face of an inverted forward price curve and, now, begin to increase supplies for plants returning from maintenance.

Last week imports jumped +1.5 million bpd, reversing the previous week collapse. Imports increased +0.5 million bpd in each of PADDs 1, 3 and 5.



Demand for gasoline extended last weeks' sharp decrease while distillate demand growth continued higher.

Wholesale demand measured over the last four weeks compared to a year ago: gasoline decreased -2.7%; distillate up +7.5%; jet fuel up +3% while residual fuel oil decreased -2.5%.

Stocks forward coverage: Gasoline demand coverage increased on extremely weak demand that offset a -1.4 million barrel stock draw. Coverage levels were above four of the last 5-years.

Distillate coverage fell on a -4.2 million barrel stock draw and very robust weekly demand. Coverage levels were sharply below the last 2-years.

Jet fuel coverage levels were comparable to the last 2-years on a +0.1 million barrel stock build.

Refinery utilization rates increased on

a +253,000 bpd increase in crude oil runs. During the latest 4-wk period crude oil input was +634,000 bpd above a year ago.

Gasoline yield % on crude oil runs fell on a -377,000 bpd decline in output, compared to the +253,000 bpd rise in crude oil input. Yield % on crude oil runs was above the last 3-years.

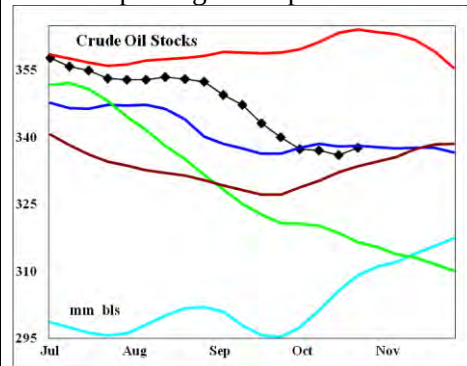
Distillate yield % on crude oil runs decreased on a +24,000 bpd increase in production compared to the larger rise in crude oil runs. Yield % on crude oil runs was near 5-year highs.

Jet fuel yield % on crude oil runs was unchanged last week on a +28,000 bpd increase in output. Yield % levels were above the mid range.

Petroleum Imports of crude oil reversed the prior week decline, rising +1.5 million bpd last week. Gasoline imports also increased on the week.

During the latest 4-wk period crude oil imports were unchanged compared to last year; distillate imports decreased -30,000 bpd; finished gasoline imports decreased -84,000 bpd, gasoline blend stock imports fell -202,000 bpd; jet fuel imports declined -6,000 bpd, while residual fuel oil imports decreased -71,000 bpd.

Crude Oil stocks climbed +4.7 million barrels last week, reversing the prior week decline; the result of a +1.5 million bpd surge in imports.



¹ Source is latest EIA Weekly Statistics



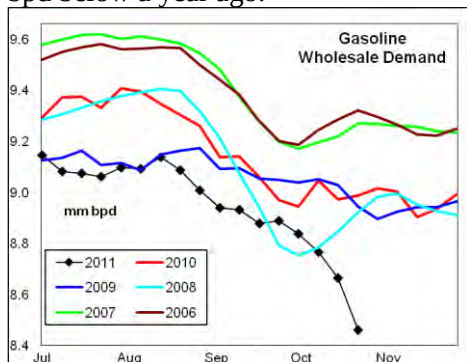
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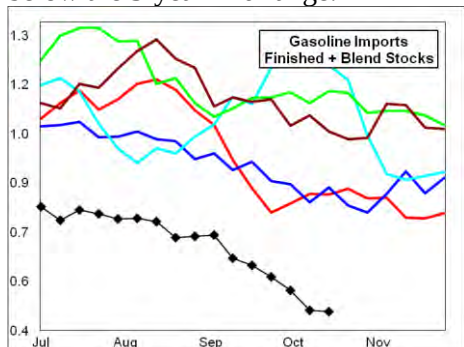
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Product Supply-Demand Trends

Gasoline demand fell -97,000 bpd last week, following the -0.4 million bpd plunge the previous week. The latest 4-wk average demand was -246,000 bpd below a year ago.



Production fell -377,000 bpd on the week, reversing the prior week increase. Imports increased +217,000 bpd on the week, although the level remains extremely low. Stocks declined -1.4 million barrels to a level below the 5-year mid range.



Wholesale demand extended the recent pull back, falling to new record lows. Weak consumer demand pushed the 4-wk average to the largest year on year decrease of the last quarter.

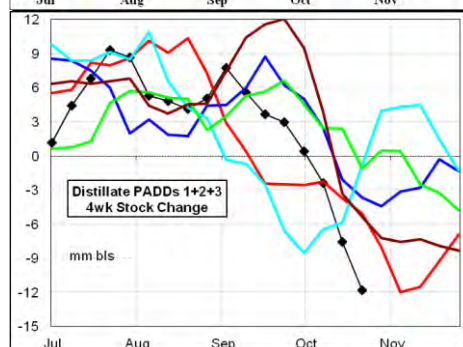
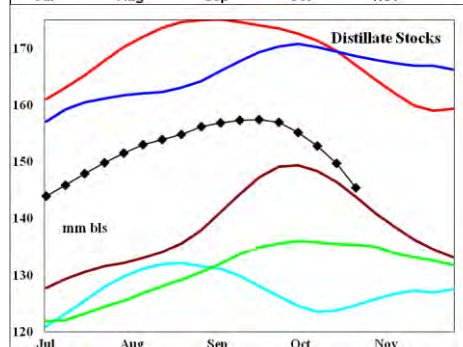
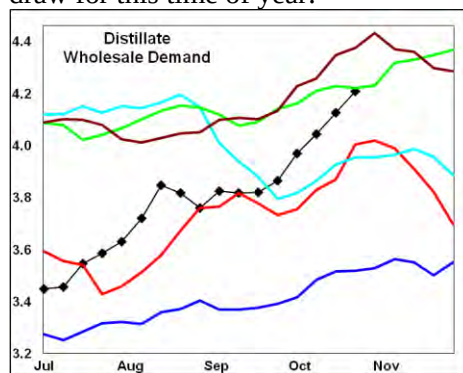
Weak demand has offset the very low level of imports, and low stock levels in the Midwest and West Coast regional markets. Expect refiners' return to operation in key markets to improve the supply balance on the East and West Coasts; ending an early fall supply squeeze.

Distillate demand increased +66,000 bpd last week, with the latest 4-wk average +289,000 bpd above a year ago.

Supply increased +64,000 bpd last week on higher production and

imports. Production levels remain above the 5-year range. Very robust demand and ongoing refinery maintenance led to a -4.2 million barrel stock draw for the week. Stock levels ended the week -23 million barrels below last years' record high.

The latest 4-wk stock change in markets East of the Rockies was a draw of -12 million barrels, a record draw for this time of year.



Robust demand, record exports and refinery maintenance trends underlie the record rate of stock draw in markets East of the Rockies during the last month.

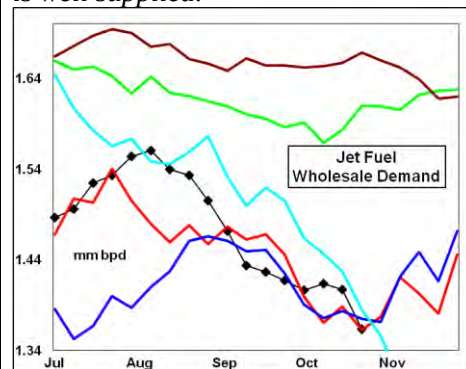
Expect further tightening of the supply balance in the near term as maintenance continues and the fall heating season begins.

Jet Fuel demand decreased -39,000

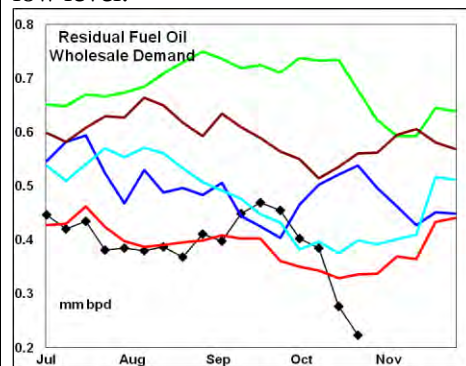
bpd last week, with the level at historic lows. The latest 4-wk average demand was +41,000 bpd above last year.

Supply increased +25,000 bpd on the week, on higher production. Stocks increased +0.1 million barrels to a level that matched last years' record high.

Production levels remain well above the last 3-years while stocks are extremely high. Stock levels remain unusually high in all regional markets except the Gulf, although that market is well supplied.



Residual fuel oil demand decreased -72,000 bpd on the week, to a record low level.



Supply (production + imports) increased +114,000 bpd last week, on higher production and imports. The latest 4-wk average supply was -5,000 bpd below last year. Stocks increased +0.8 million barrels last week, although the level remains below the historic range.

The Gulf and West Coast markets remain balanced. A +0.9 million barrel stock build occurred last week in PADD 1 as marketers build stocks for the winter season.



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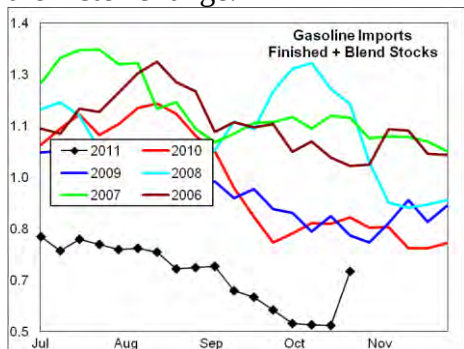
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PADD Supply Trends

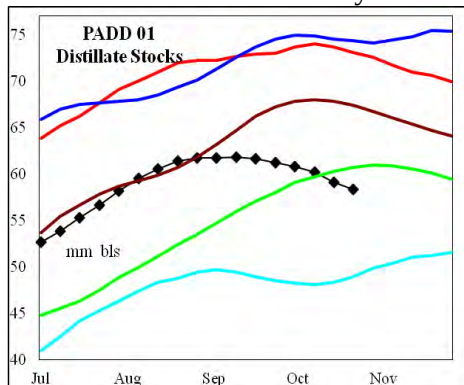
PADD 1 refinery crude oil runs declined -13,000 bpd on the week, with the level +242,000 bpd above a year ago.

Gasoline supply increased +306,000 bpd last week with latest 4-wk average -91,000 bpd below a year ago. Imports climbed +231,000 bpd on the week, although the level remains below the historic range.



Gasoline stocks increased +1.2 million barrels on the week, due to increased supply and continued very weak demand.

Distillate supply increased +46,000 bpd last week. Stocks decreased -0.7 million barrels on the week, with the level below four of the last 5-years.



Jet fuel supply increased +32,000 bpd, but remains extremely low. Stocks increased +0.7 million barrels on a jump in receipts from the Gulf. Stock levels matched 5-year highs.

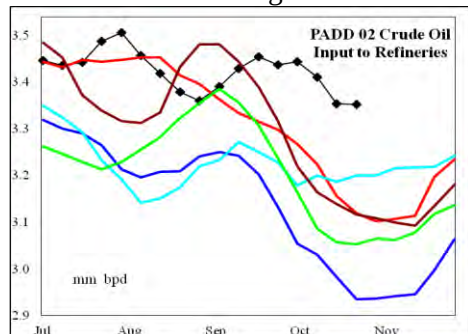
PADD 2 crude oil refinery runs decreased -53,000 bpd last week, with the latest 4-wk average +184,000 bpd above a year ago, and a record high for this time of year. Imports fell -241,000

bpd, which combined with the high run rates led to a -1.7 million barrel stock draw. Crude stock levels remain above the 5-year range.

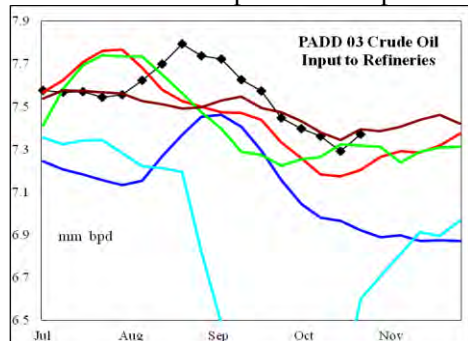
Gasoline production declined -123,000 bpd on the week, a level at the mid range. Stocks fell -0.8 million barrels, to a level below the mid range.

Distillate production increased +70,000 bpd, to a level near historic highs for the period. Stocks decreased -0.4 million barrels to a level that matched 5-year lows for the week.

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



PADD 3 refinery runs increased +210,000 bpd with the level at the upper end of the historic range. The latest 4-wk average thru put was +197,000 bpd above last year. Crude oil stocks jumped +4.8 million barrels on a +0.5 million bpd rise in imports.



Gasoline production increased +36,000 bpd on the week. Stocks decreased -1.7 million barrels last week, with the level below historic highs.

Distillate production declined -40,000 bpd on the week; with the latest 4-wk average +125,000 bpd above the previous 5-year high. Stocks fell -2.6 million barrels, with the level -4.3 million barrels below the historic high.

Jet fuel production declined -5,000

bpd on the week, to a level +100,000 bpd above last year. Stocks decreased -0.6 million barrels to a level well above the mid range.

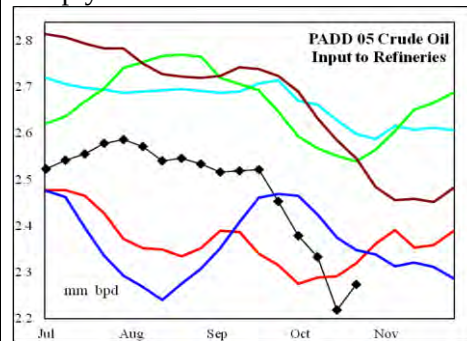
Residual fuel oil supplies increased +55,000 bpd on the week, due to higher production. Stock levels remain slightly above the 5-year mid range.

PADD 4 refinery crude runs decreased -12,000 bpd last week, with the most recent 4-wk average +1,000 bpd above a year ago. Run rates are now at the upper end of the historic range.

Gasoline production increased +24,000 bpd last week, a level at the low end of the historic range. Stock levels remain above the mid range.

Distillate was unchanged on the week, at a level near historic highs for the period. Stock levels remain well below the mid range.

PADD 5 crude oil refinery runs climbed +123,000 bpd on the week, with the level below the 5-year range. The latest 4-wk average thru put was +10,000 bpd above last year. Light product yield % on crude oil runs fell sharply on the week.



Gasoline production increased +8,000 bpd last week, a level at the low end of the historic range. Supply (production + imports) for the latest 4-wk average was -50,000 bpd below last year. Stocks decreased -0.1 million barrels to a level at the low end of the historic range.

Distillate production declined -23,000 bpd last week, to a level below the 5-year range; with the 4-wk average +4,000 bpd below last year ago. Stocks fell -0.5 million barrels to a level below the mid range.

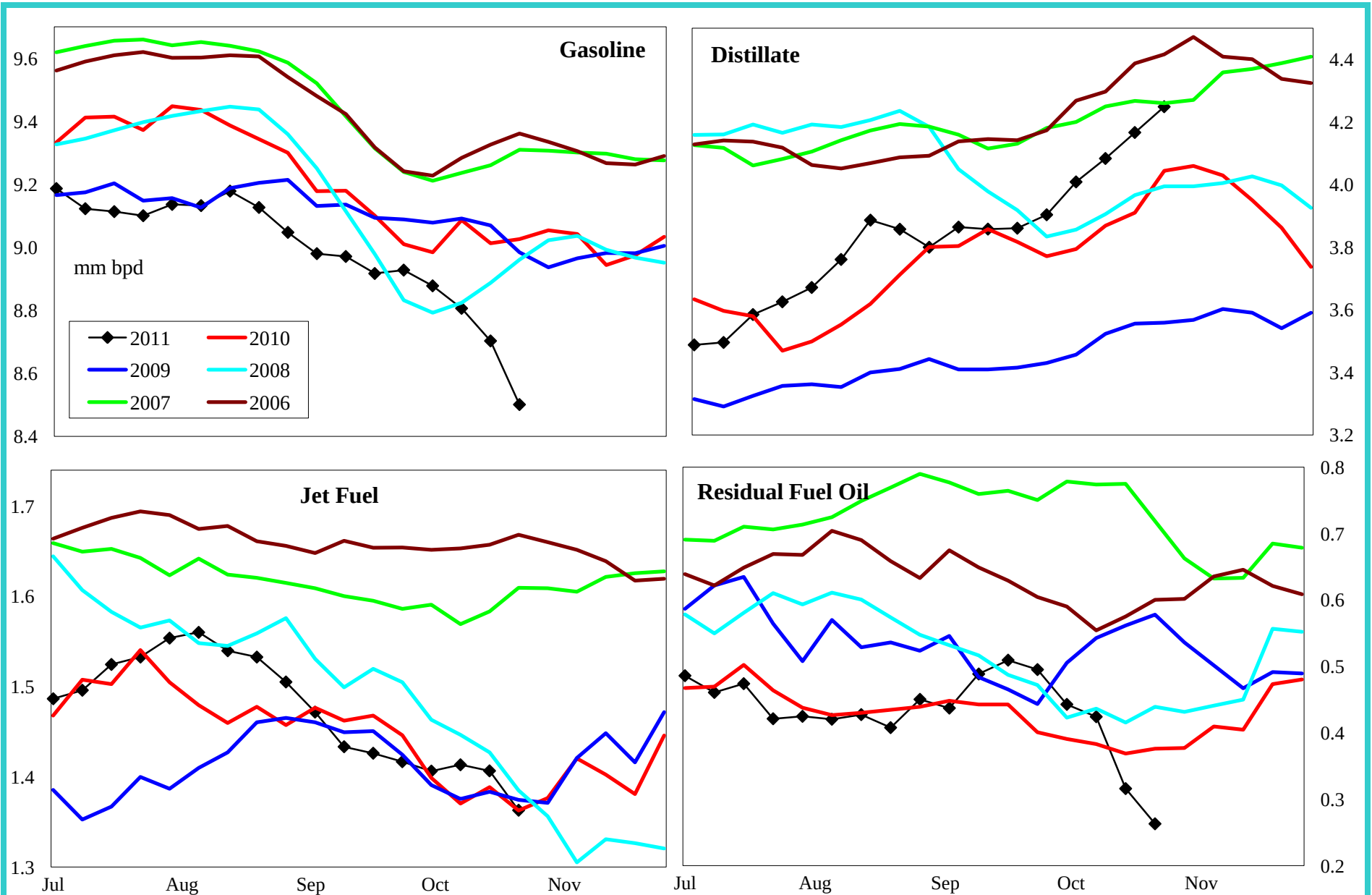


PETROLEUM: Graph Link and Weekly Summary

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	21-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	4,735	-197	-1,690	4,757	-187	2,052
	Imports	1,452	459	-241	546	37	650
	Input	253	-13	-53	210	-12	123
	% Utilization	1.70					
Gasoline	Stocks	-1,353	1,244	-791	-1,665	-35	-106
	Production	-377	75	-123	36	24	8
	Imports	217	231	-3	-29	0	17
	Supplied	-97					
Distillate	Stocks	-4,275	-658	-370	-2,605	-148	-495
	Production	24	16	70	-40	1	-23
	Imports	40	30	-2	9	-2	5
	Supplied	66					
Jet Fuel	Stocks	73	692	160	-623	-42	-115
	Production	28	3	18	-5	-3	13
	Imports	-3	29	0	0	0	-31
	Supplied	-39					
Residual Fuel Oil	Stocks	839	870	45	-19	-17	-41
	Production	48	2	-3	57	-2	-5
	Imports	66	71	2	-2	0	-6
	Supplied	-72					

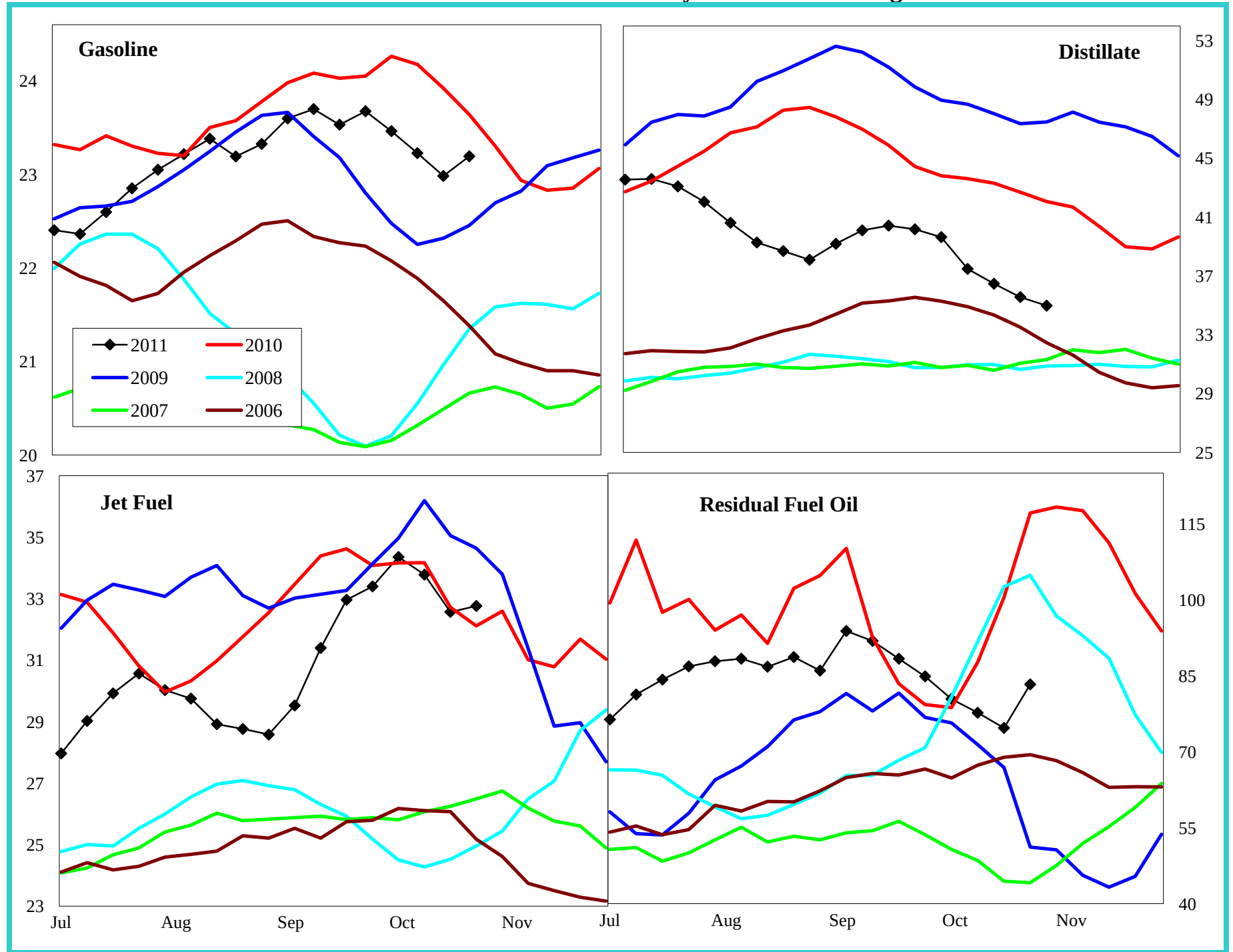
United States Wholesale Petroleum Demand



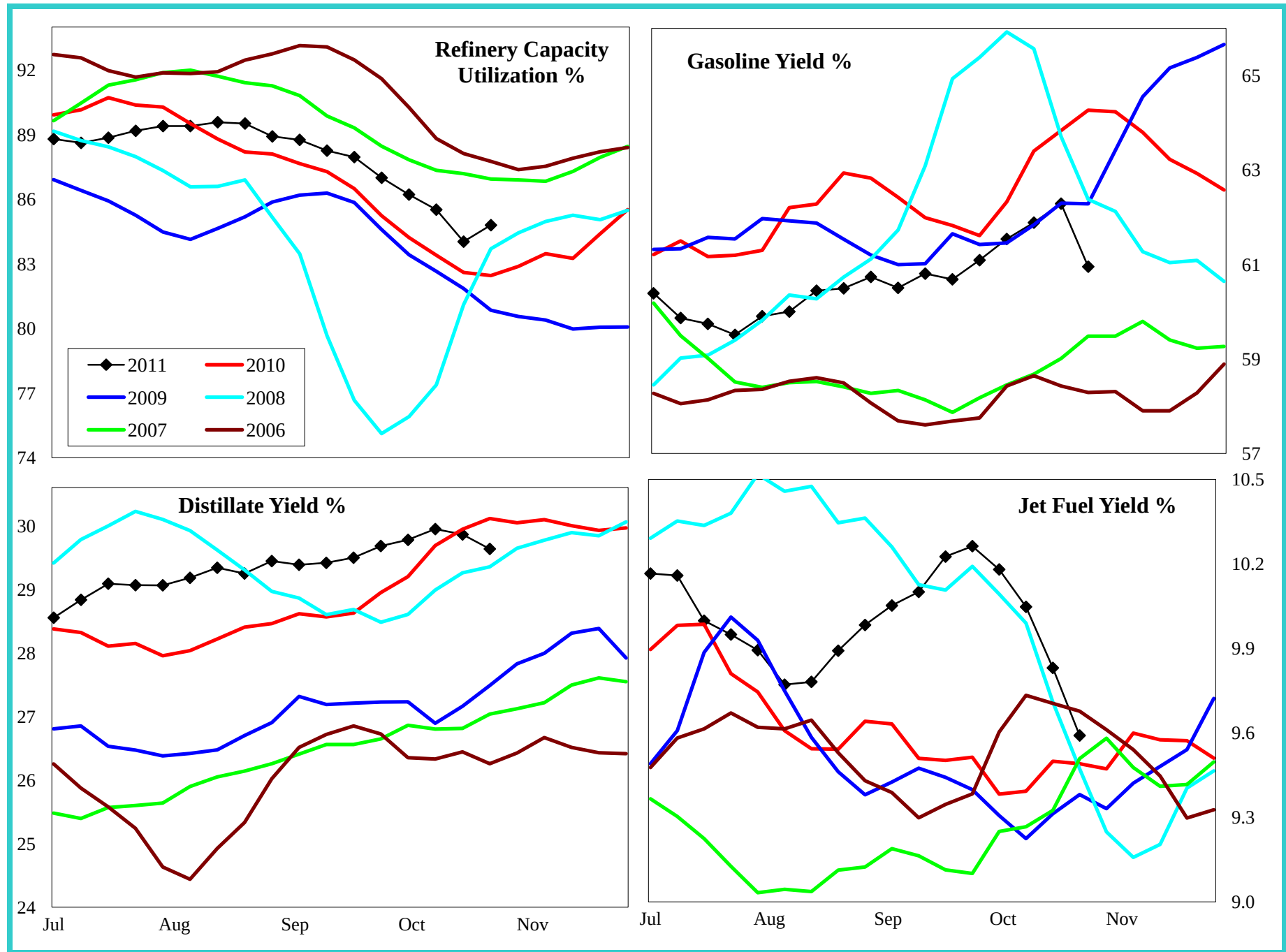
	000 bpd change from prior year				% change from prior year			
	4wk avg	Sep	Aug	Jul	4wk avg	Sep	Aug	Jul
Gasoline	-246	-205	-158	-341	-2.7	-2.2	-1.7	-3.7
Distillate	289	-23	6	-92	7.5	-0.6	0.2	-2.6
Jet Fuel	41	-50	32	-28	3.0	-3.4	2.2	-1.9
Resid	-10	19	-62	-279	-2.5	3.7	-13.0	-46.9



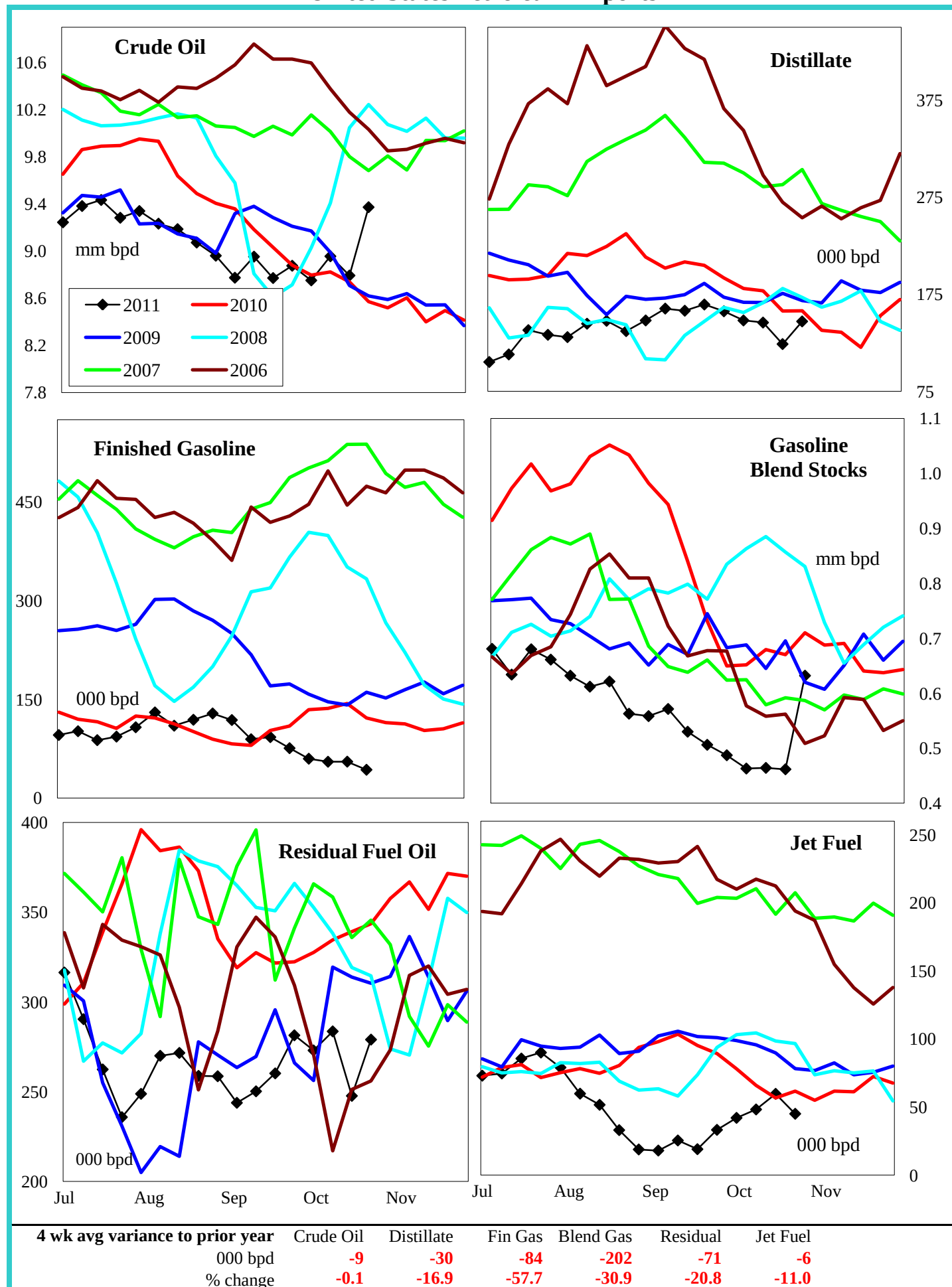
United States Product Stocks: Days Forward Coverage



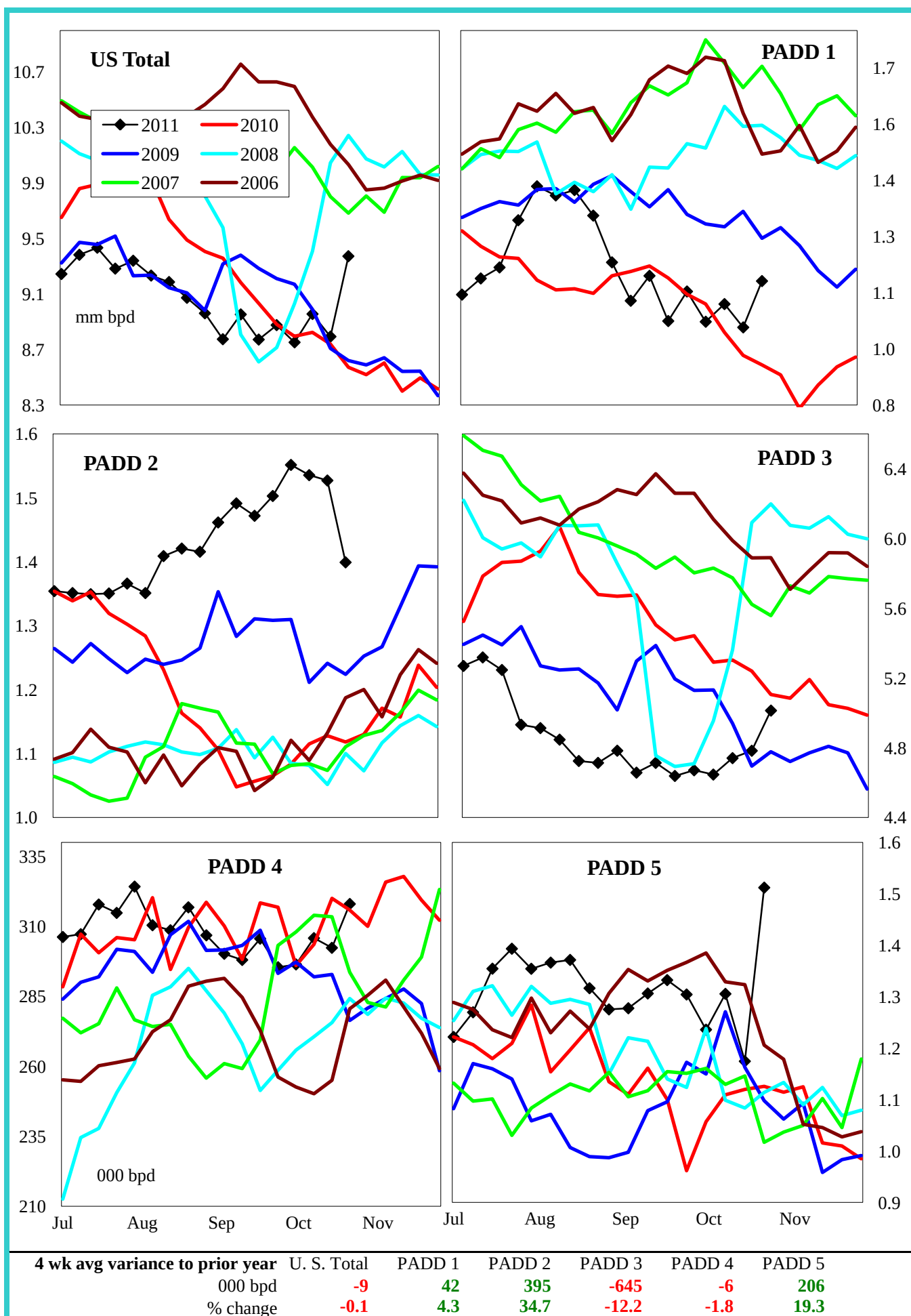
United States Refinery Percent Utilization Rate and Product Yields



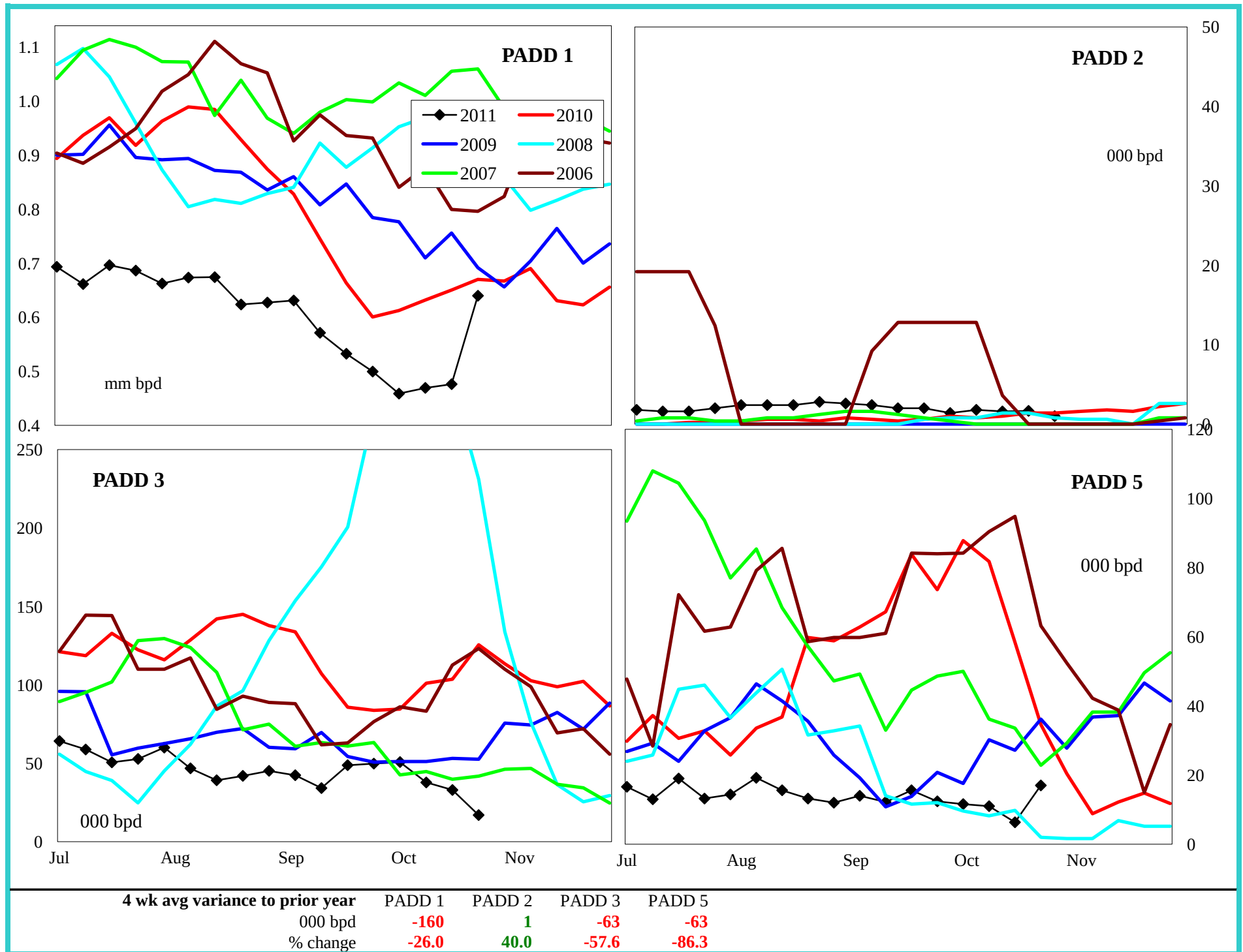
United States Petroleum Imports



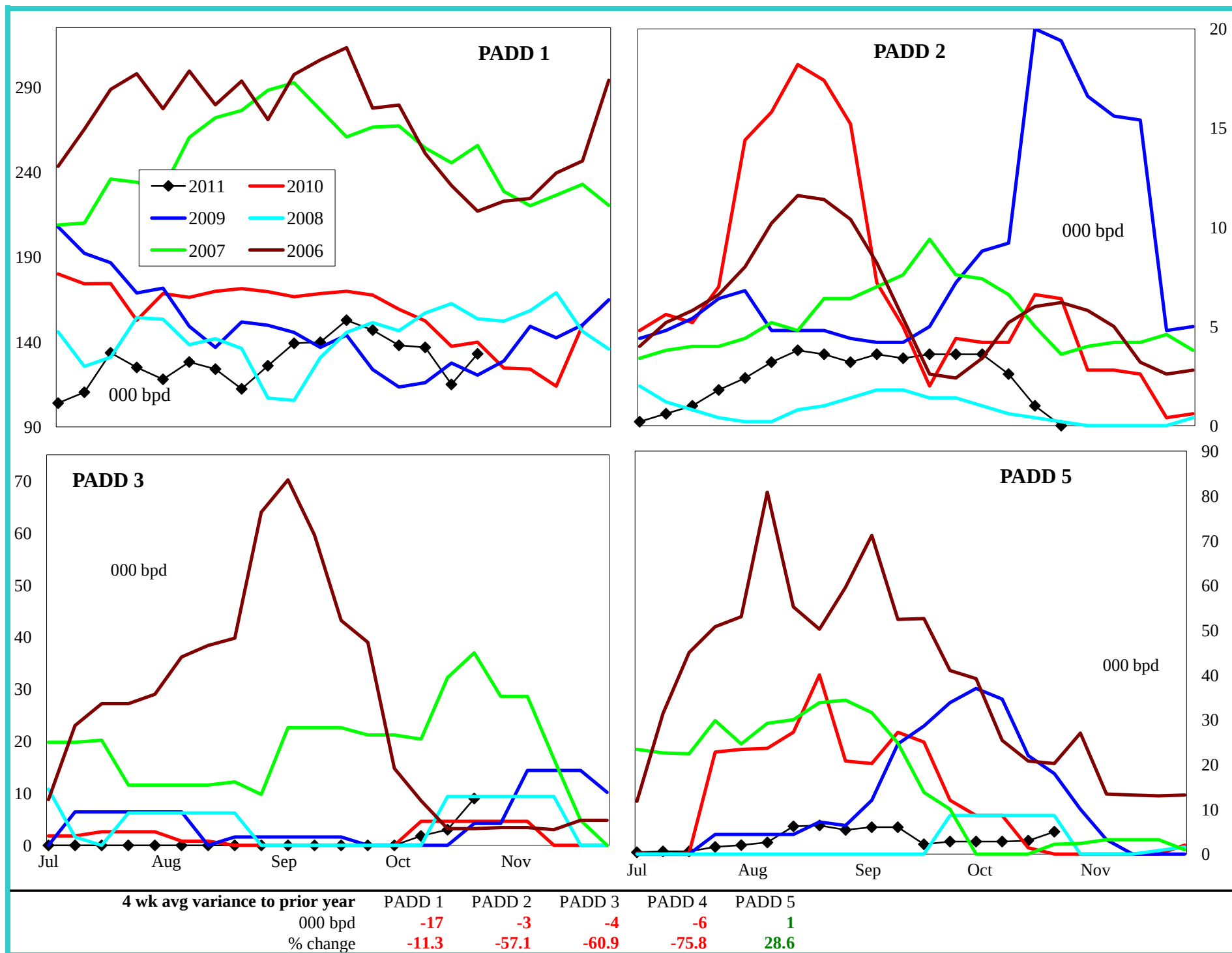
Crude Oil Imports by PADD



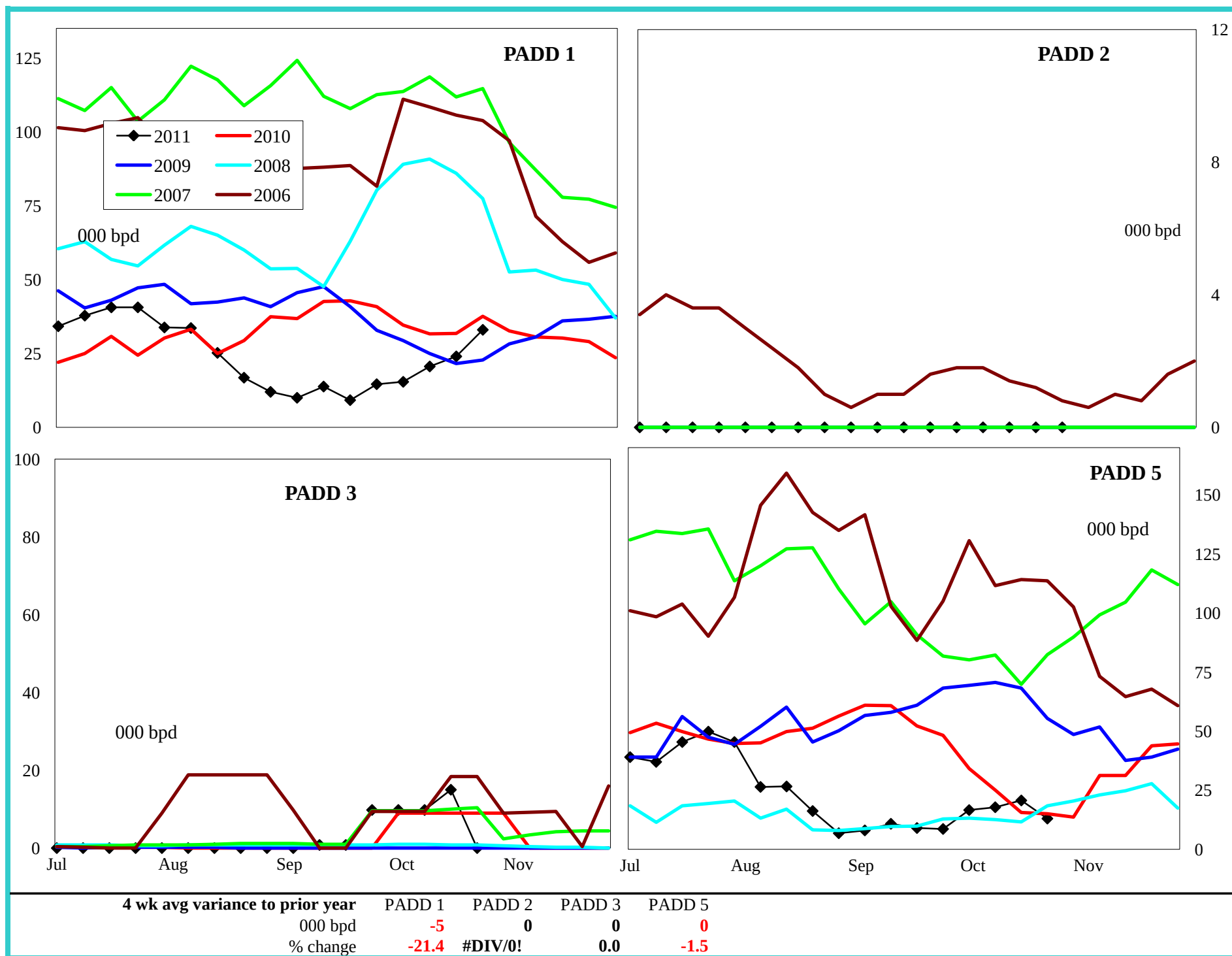
Gasoline Imports by PADD (Finished + Blend Stocks)



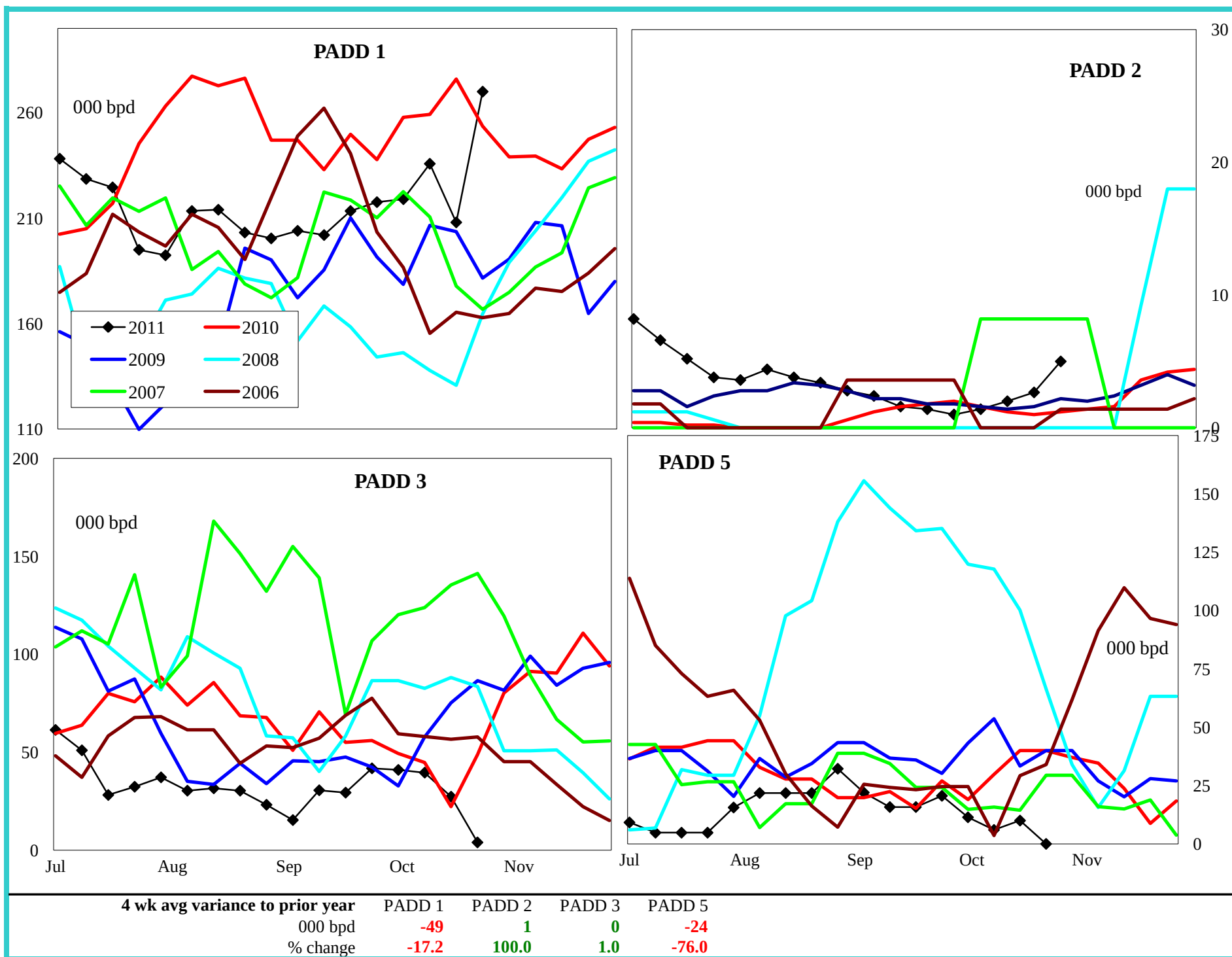
Distillate Imports by PADD



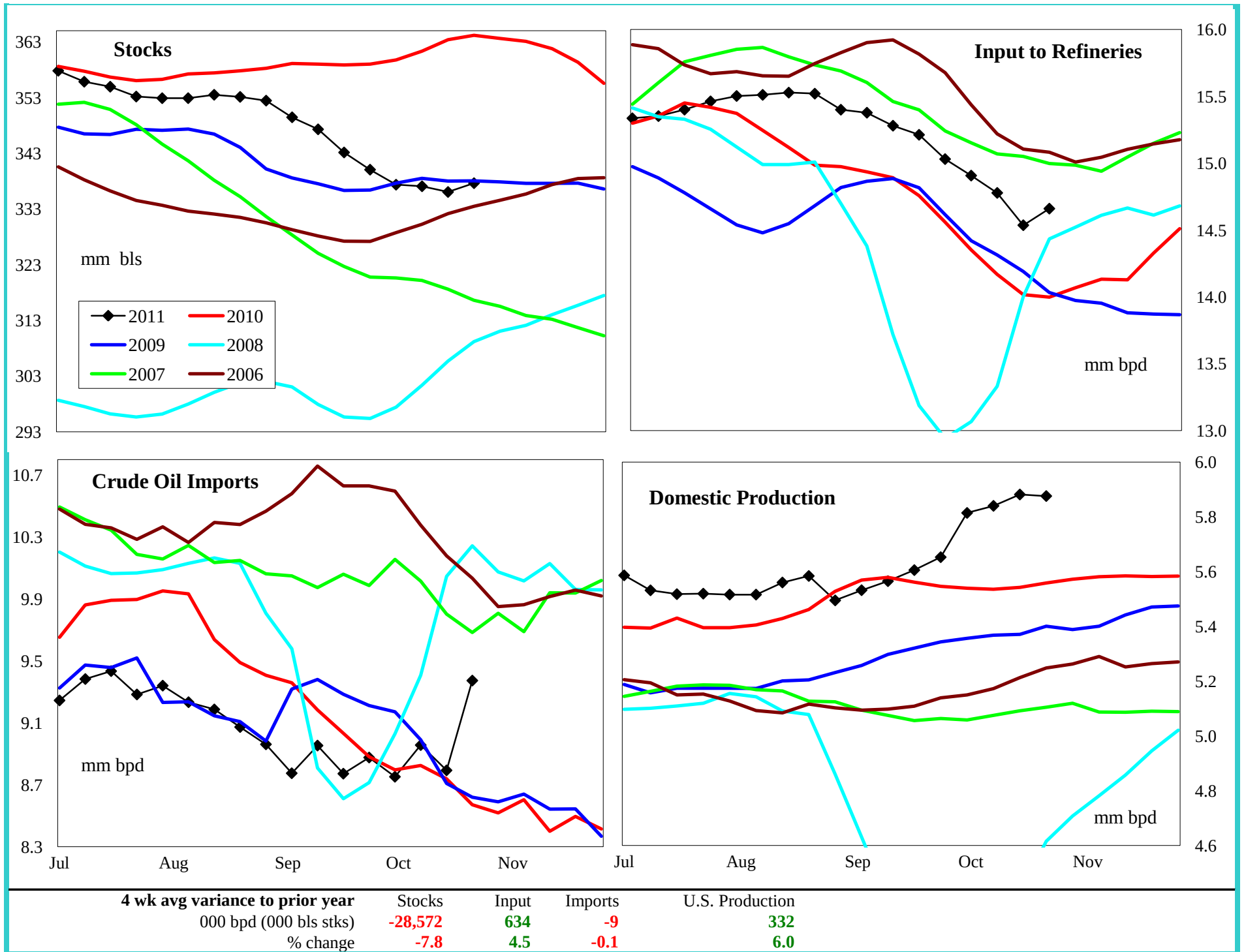
Jet Fuel Imports by PADD



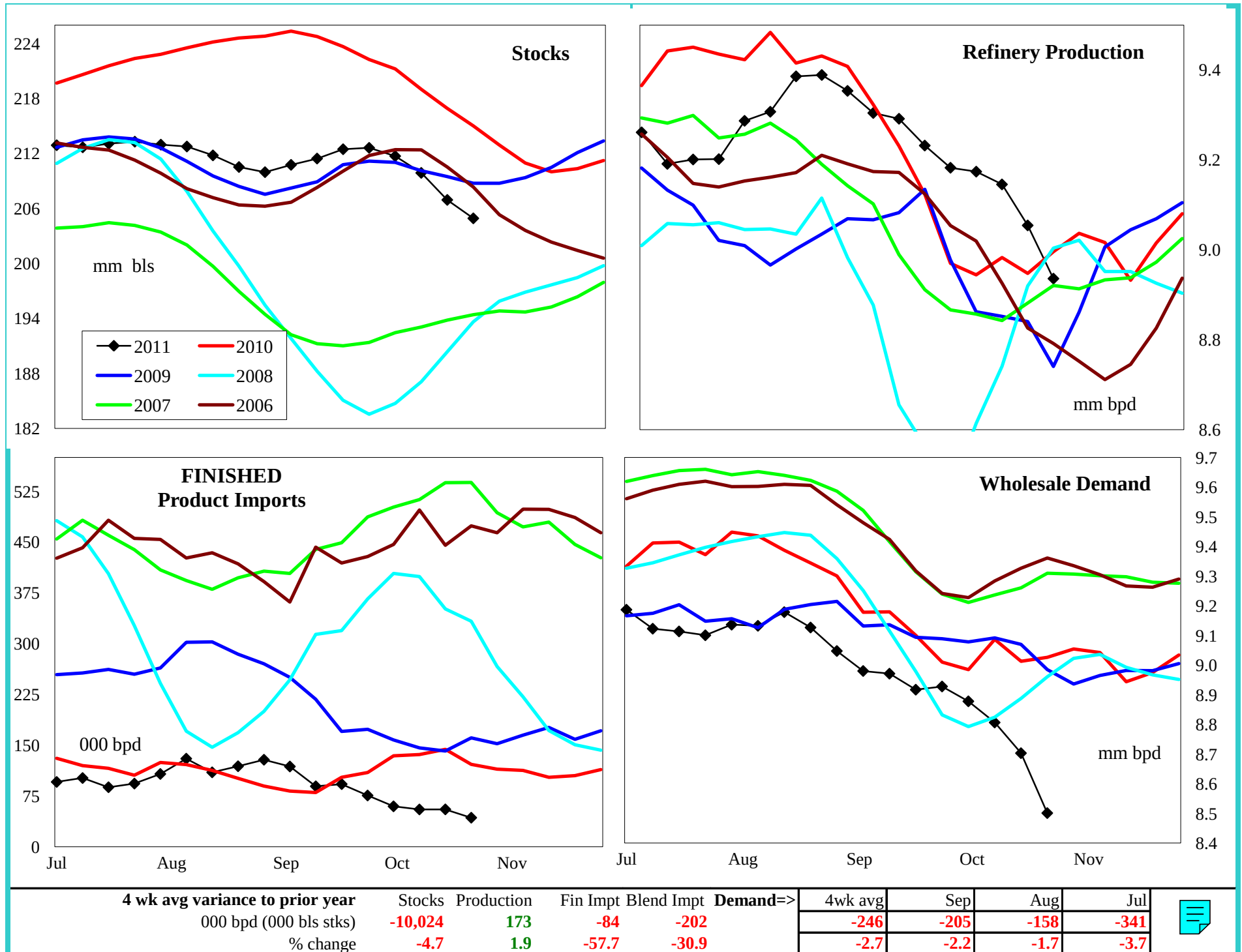
Residual Fuel Oil Imports by PADD



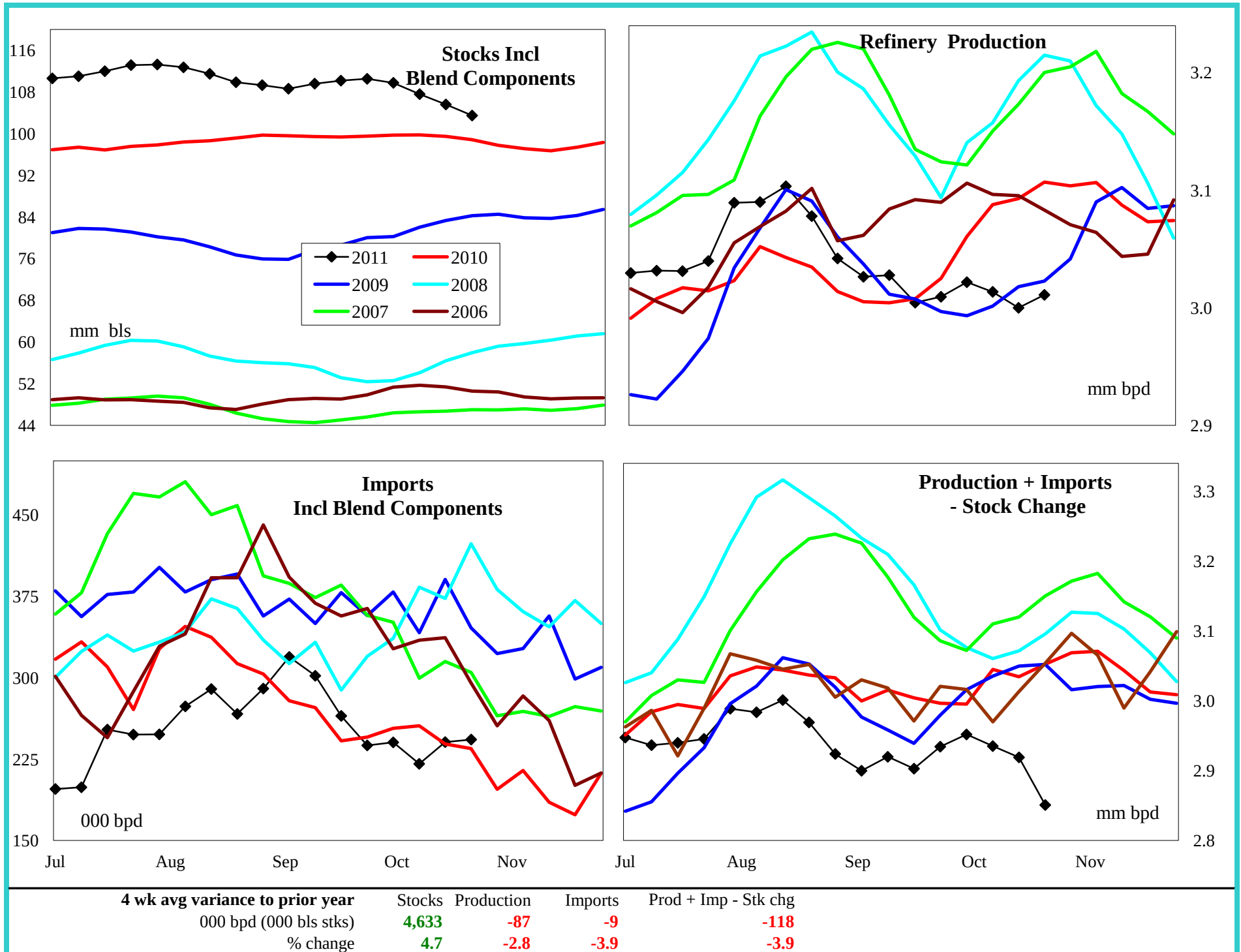
United States Crude Oil Supply and Demand Balance



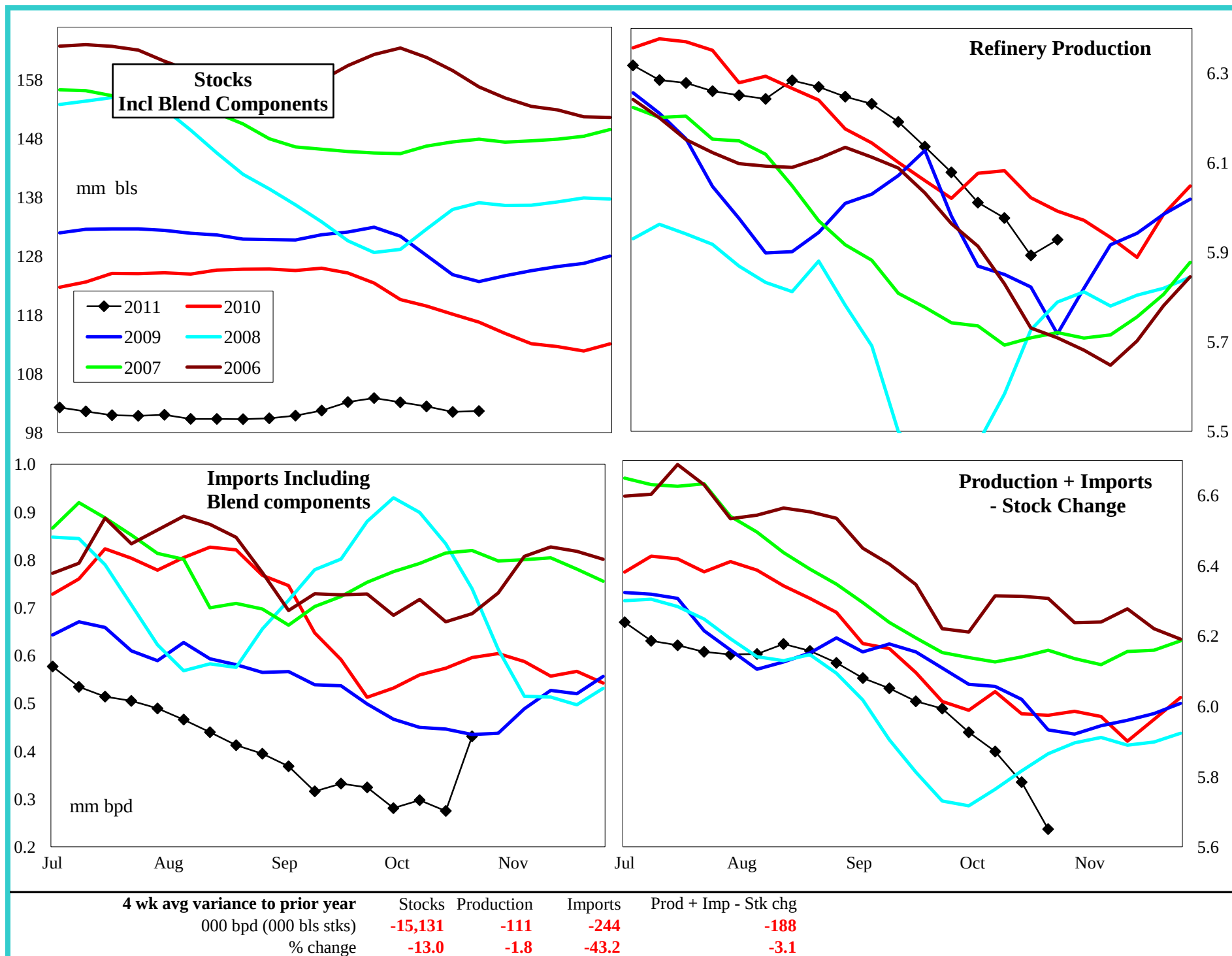
United States Gasoline Supply and Demand Balance



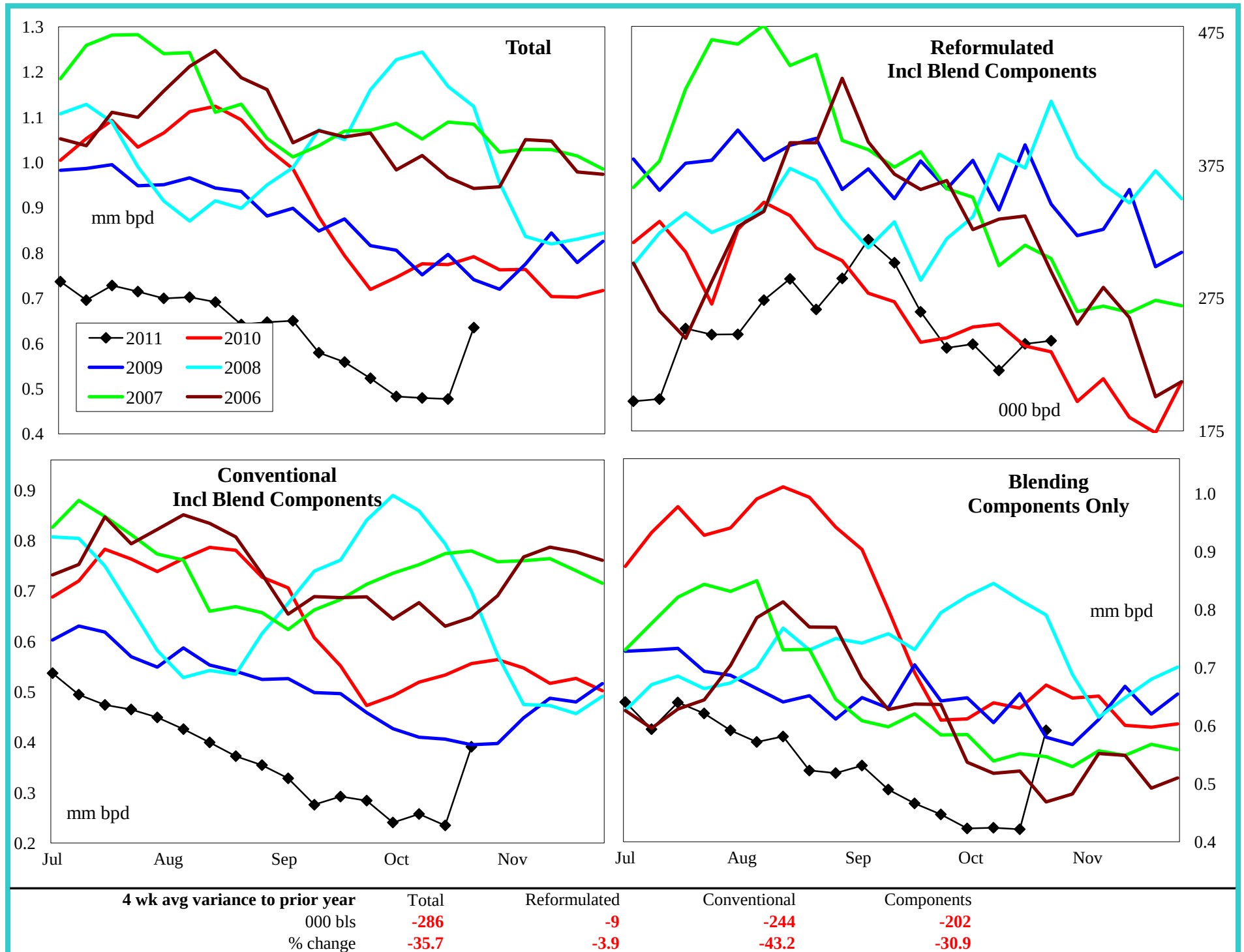
United States Reformulated Gasoline Supply



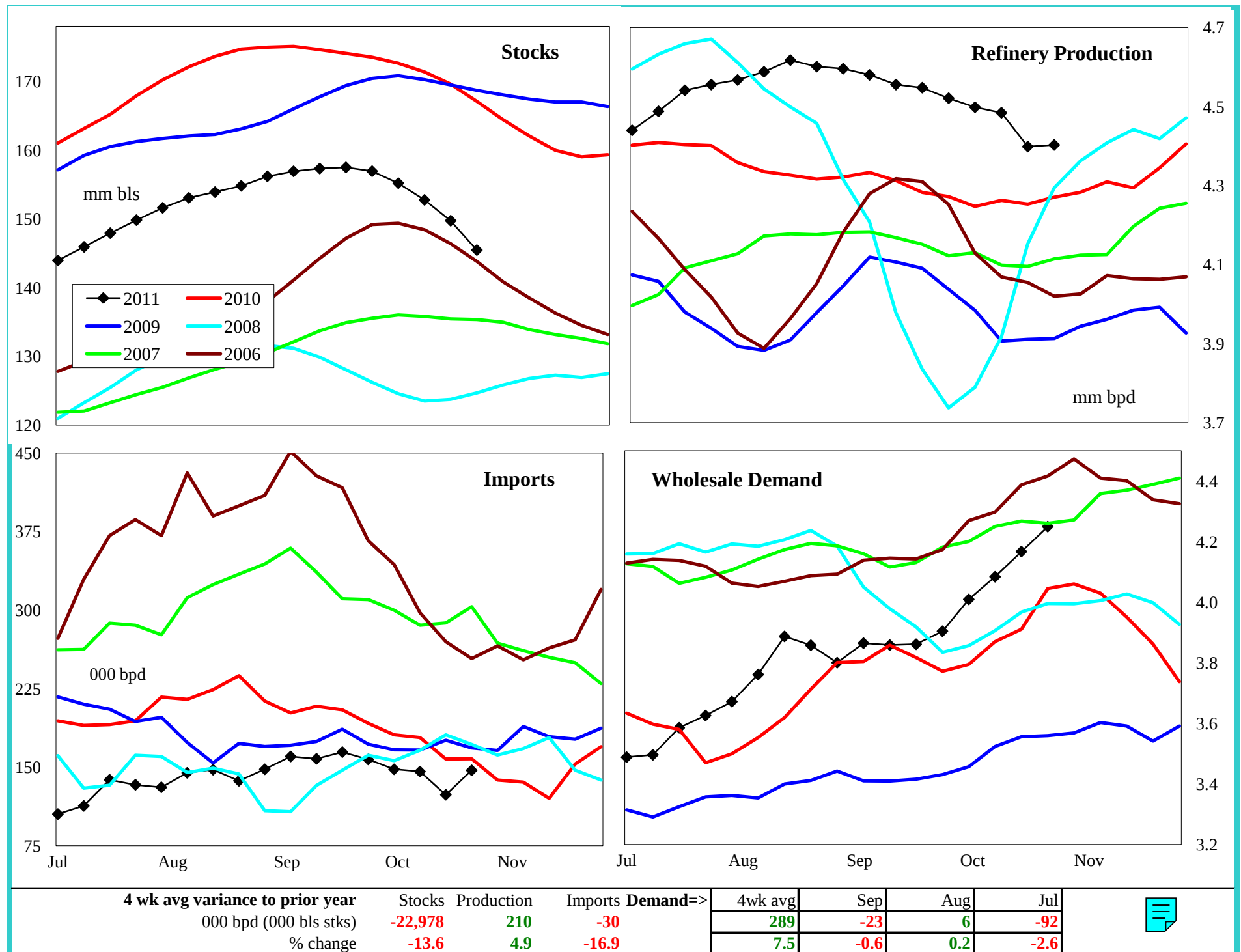
United States Conventional Gasoline Supply



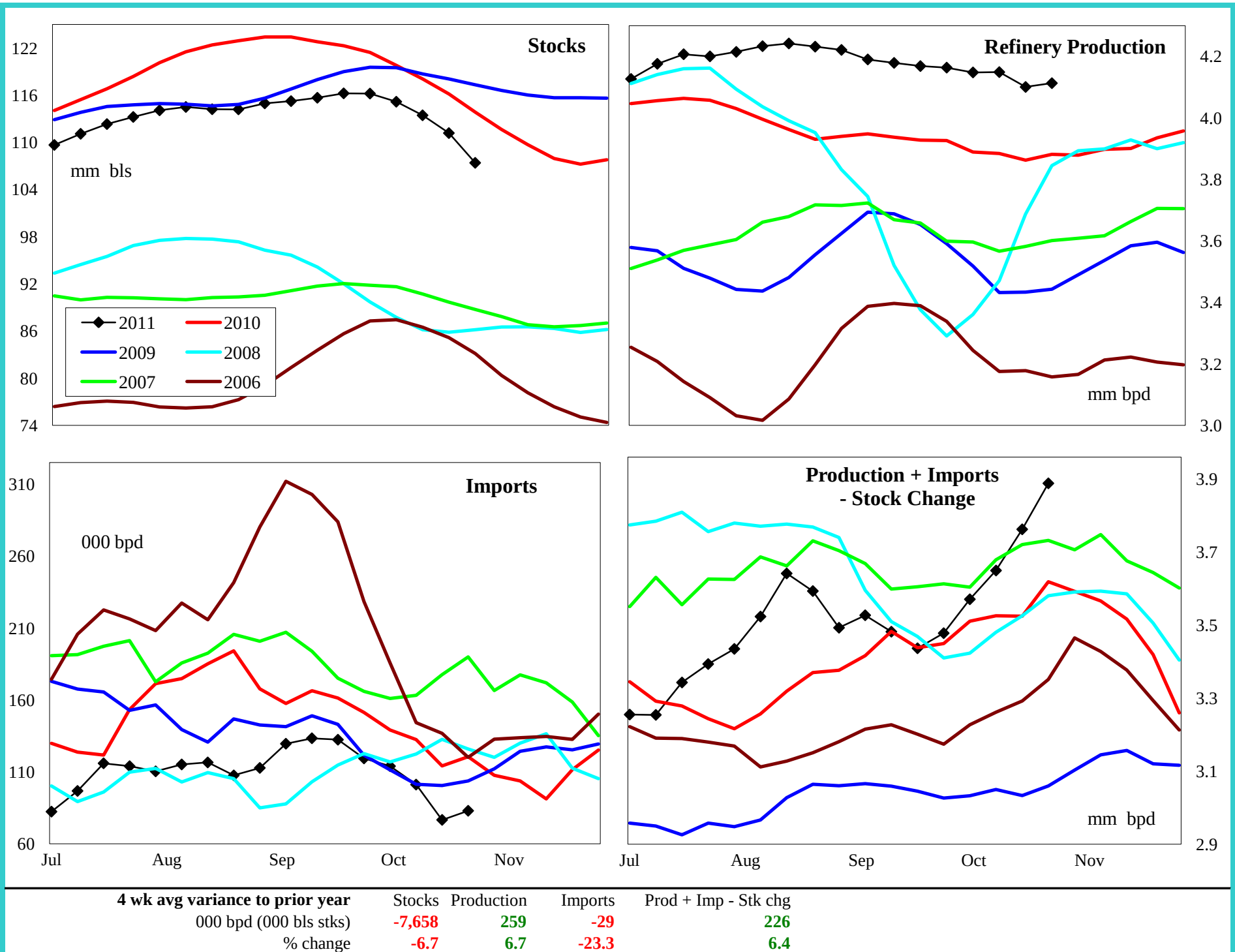
United States Gasoline Imports by Type



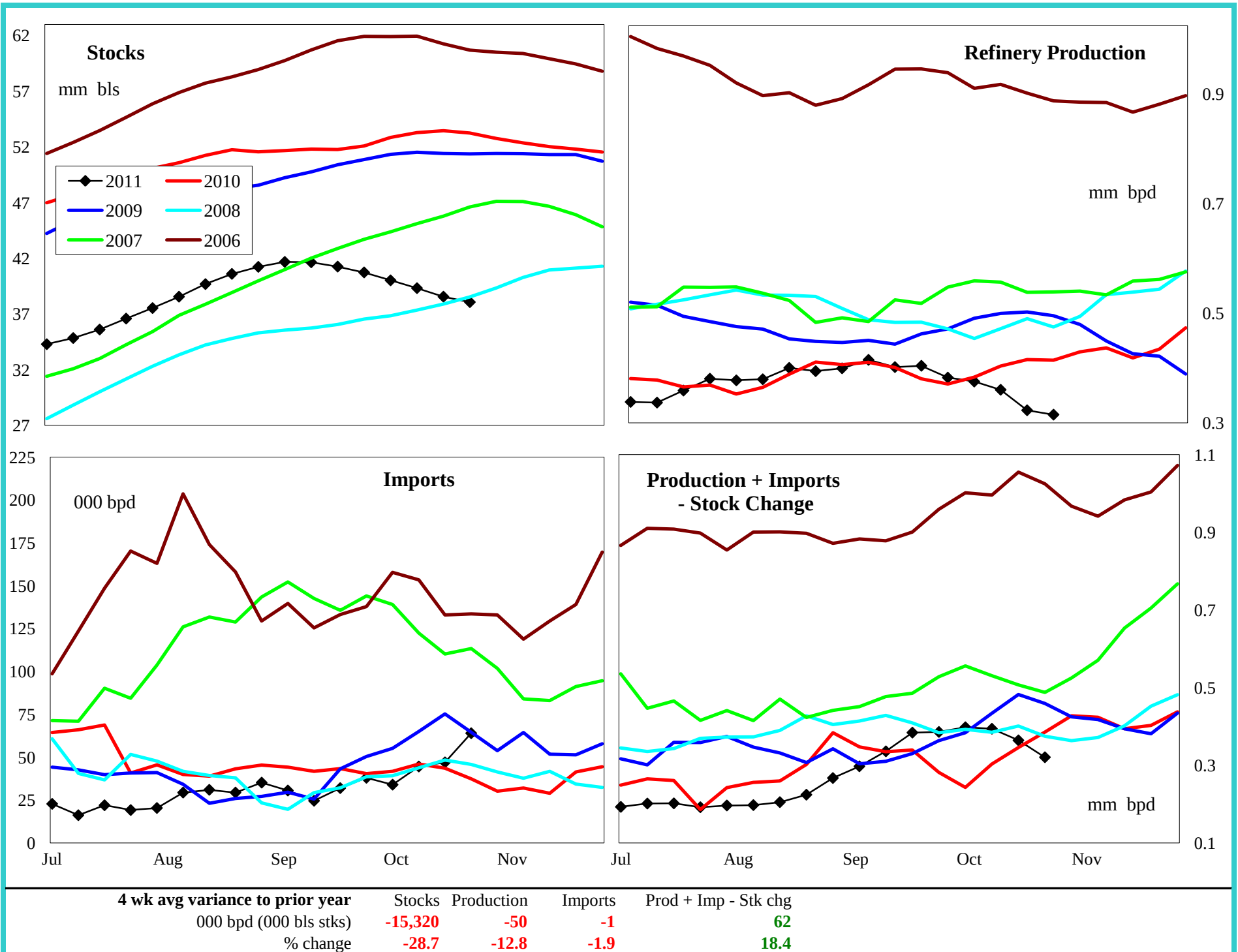
United States Distillate Supply and Demand Balance



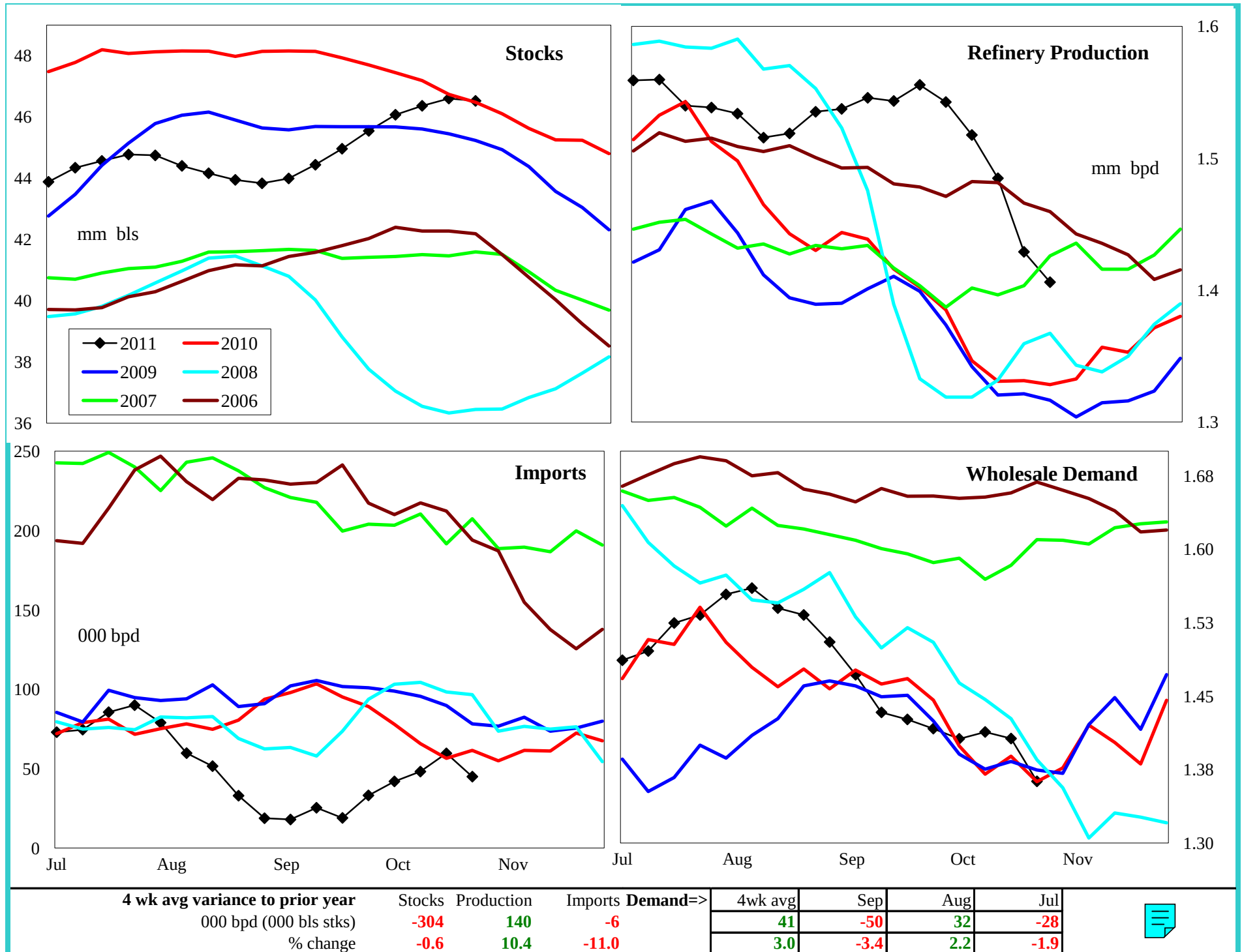
United States Low Sulfur Distillate Supply



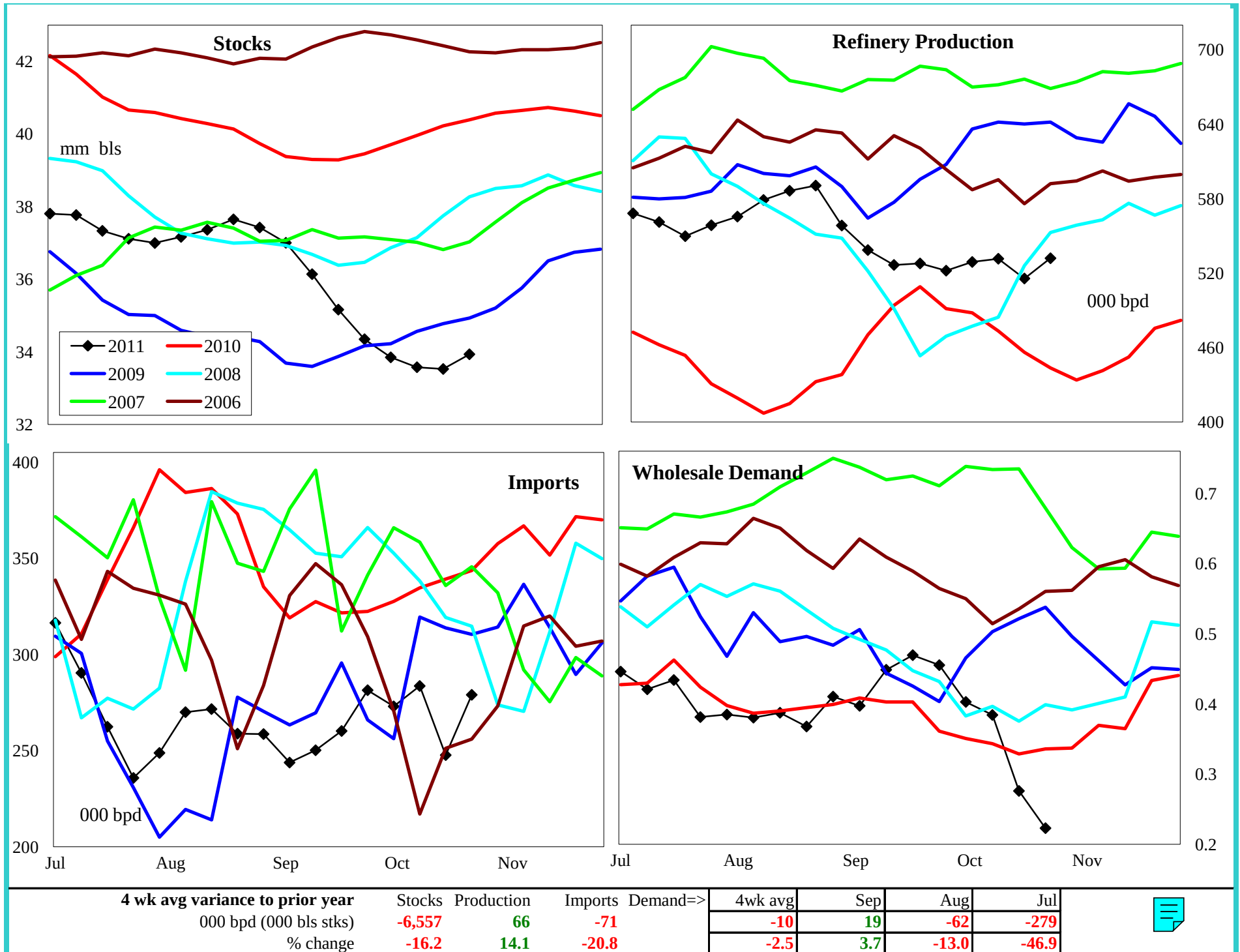
United States High Sulfur Distillate Supply



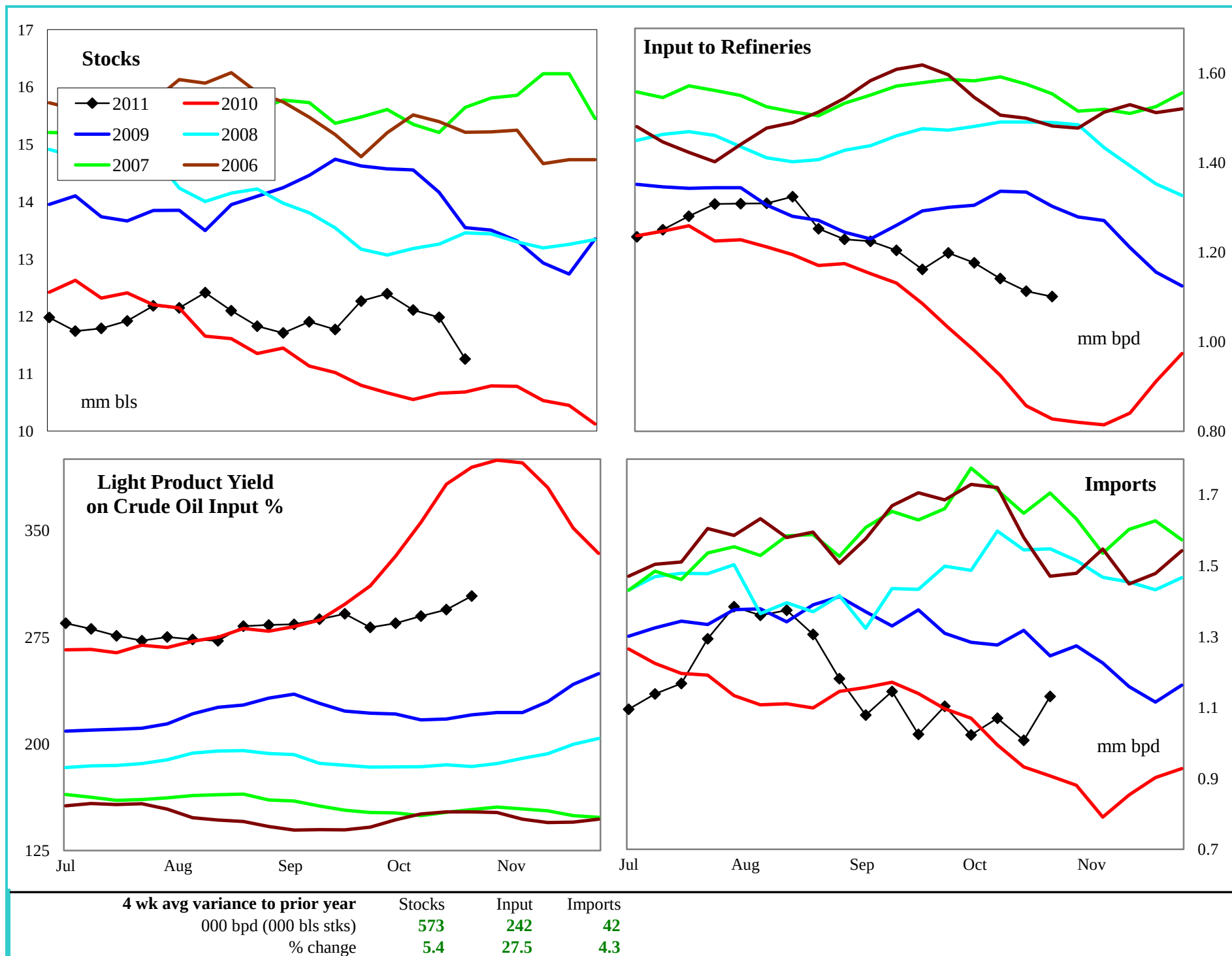
United States Jet Fuel Supply and Demand Balance



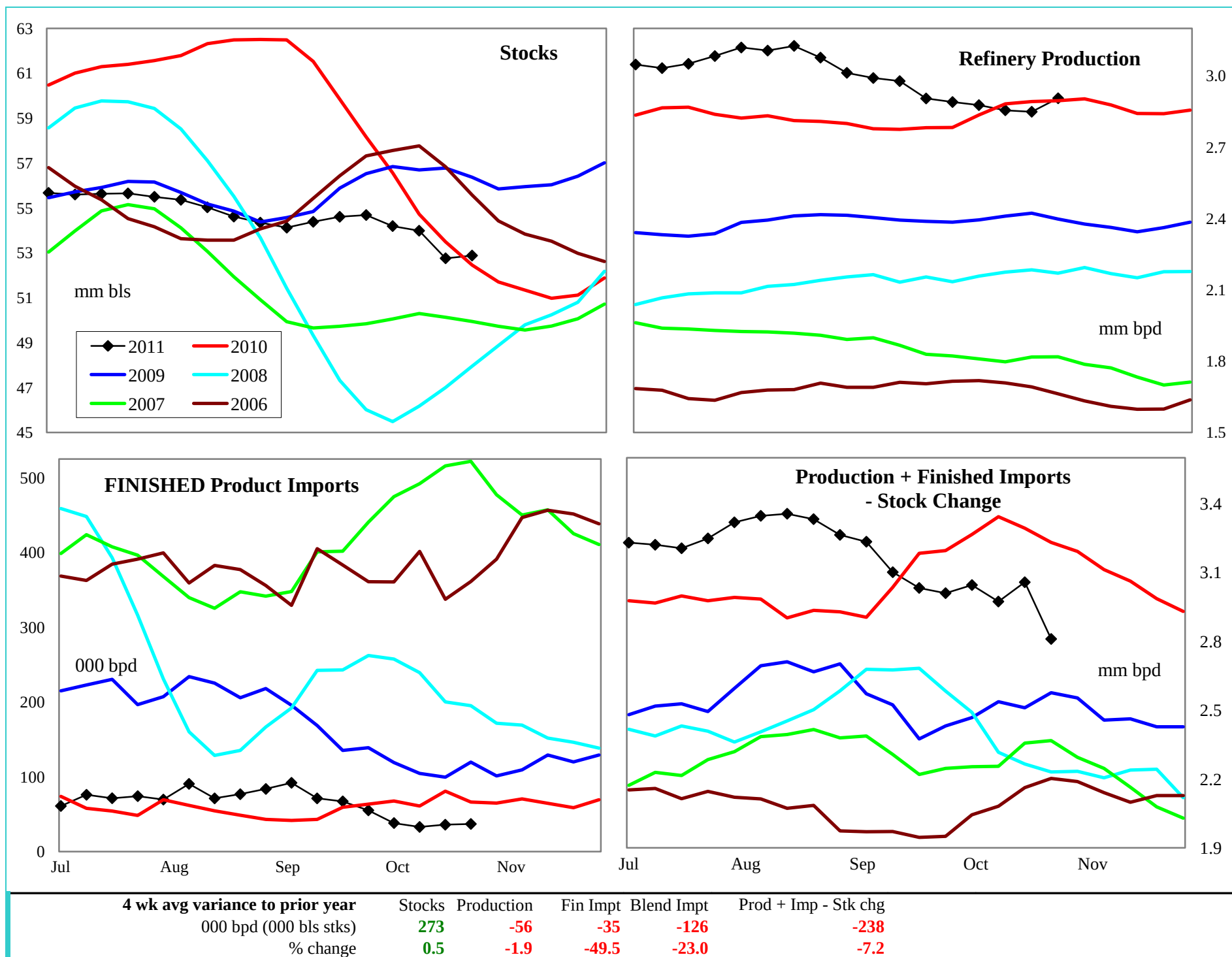
United States Residual Fuel Oil Supply and Demand Balance



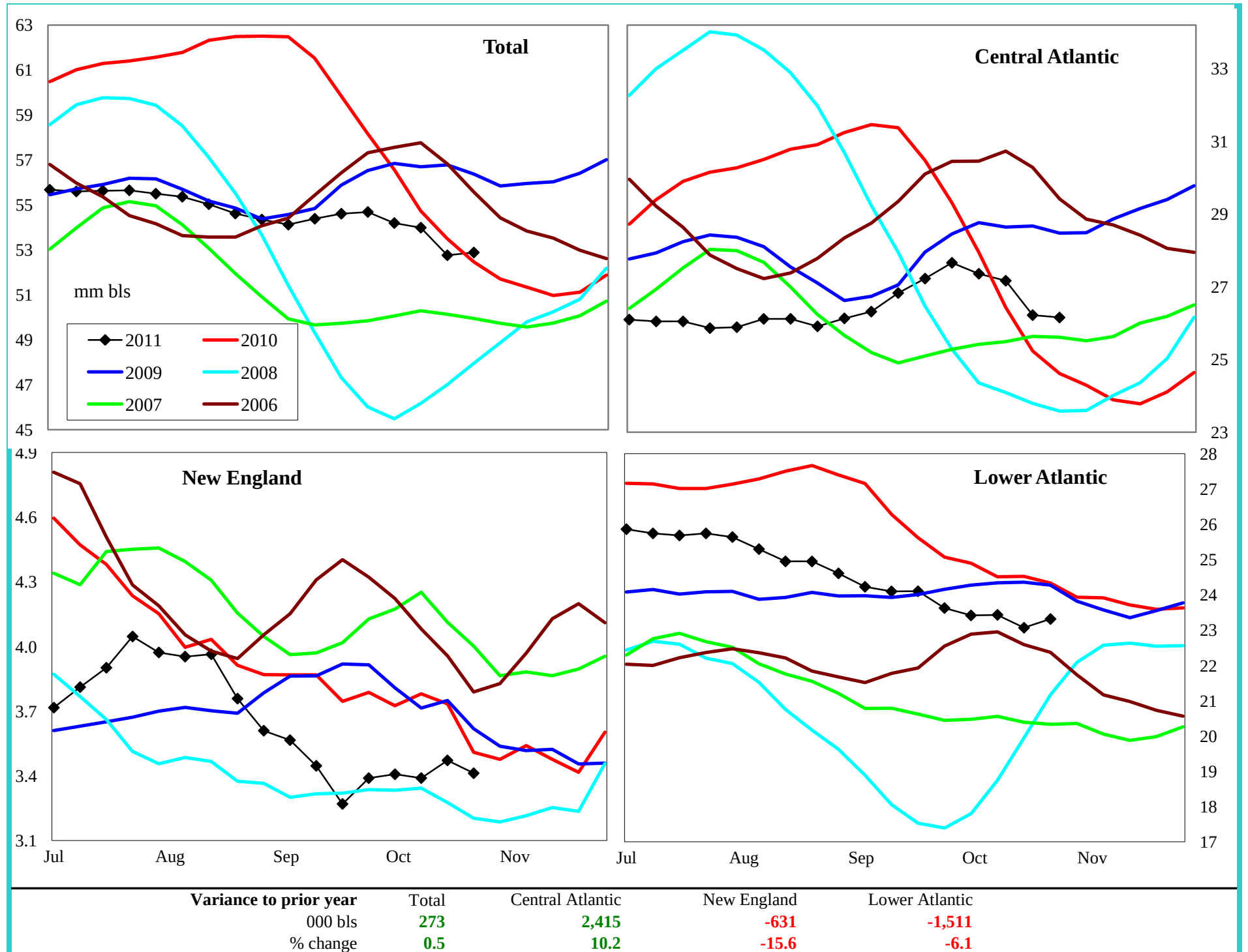
PADD 1 Crude Oil Supply and Refining



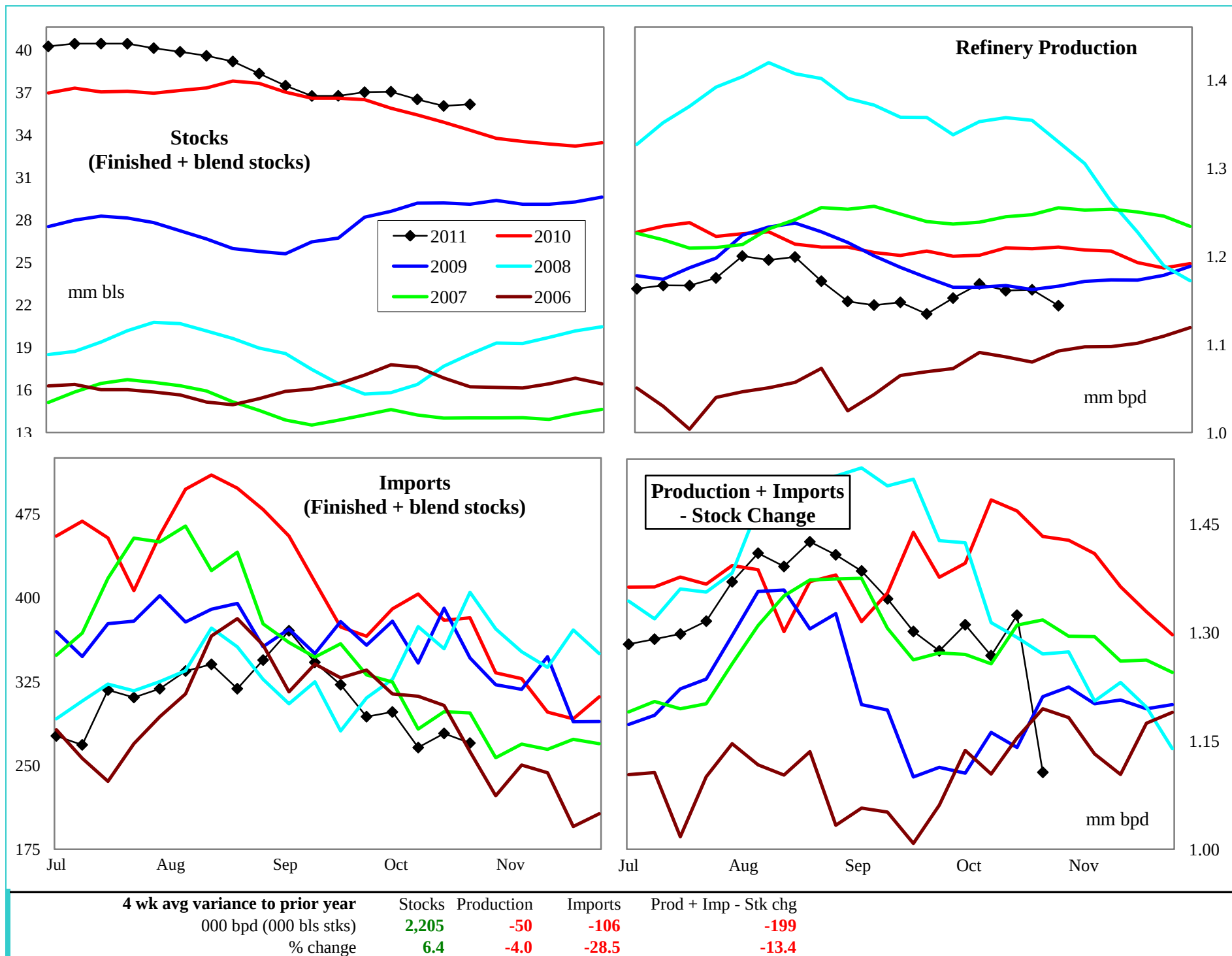
PADD 1 Gasoline Supply



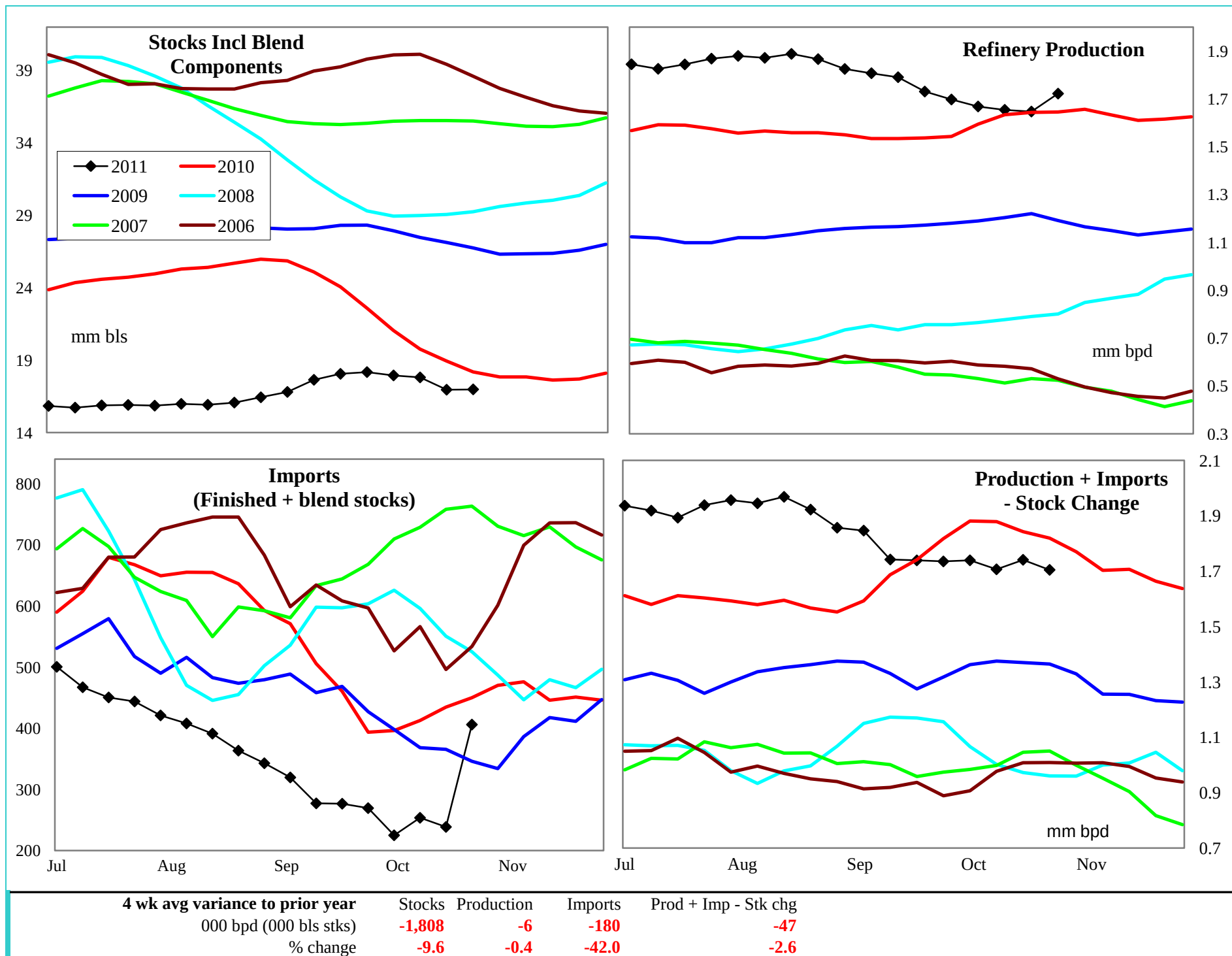
PADD 1 Gasoline Stocks by Region



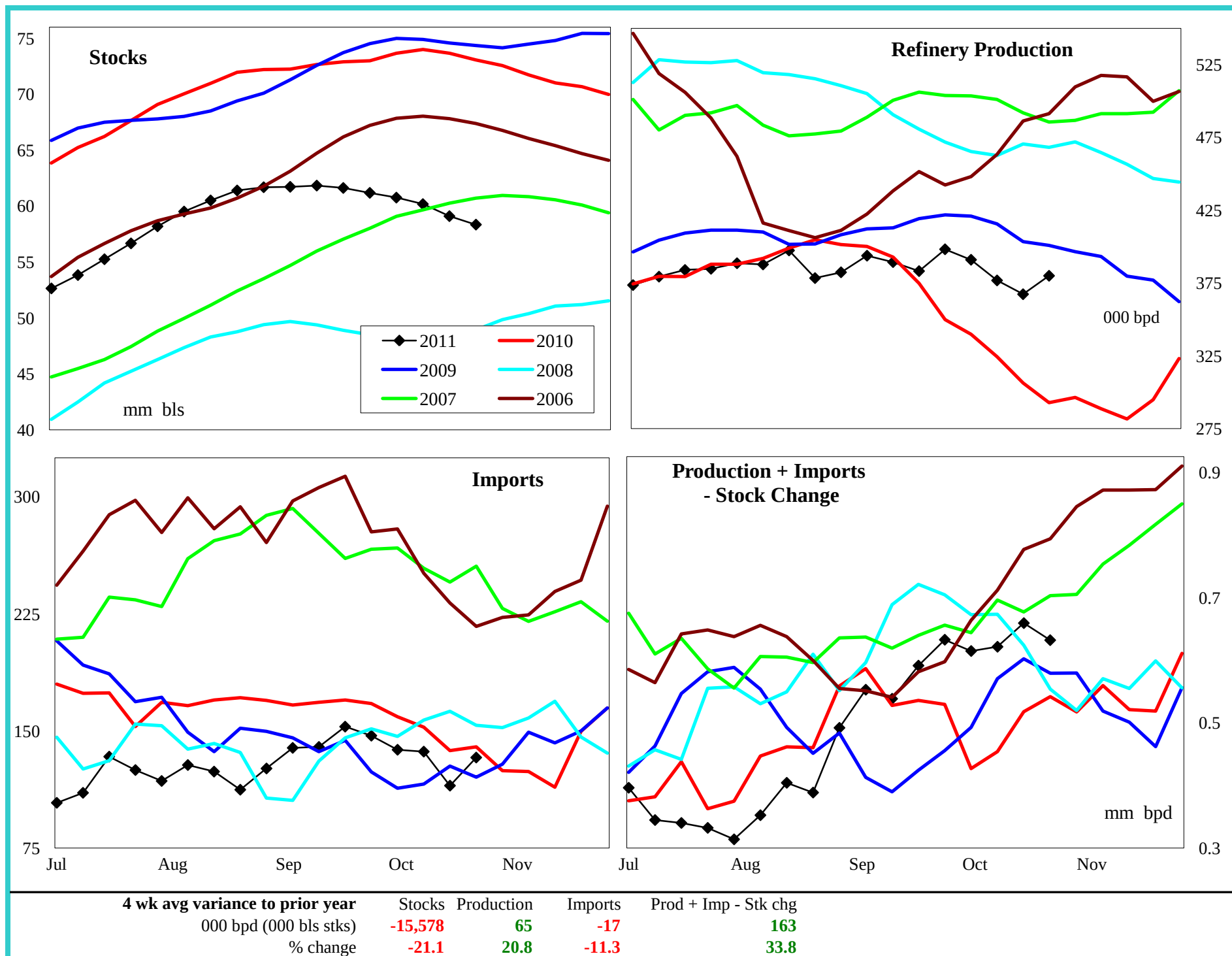
PADD 1 Reformulated Gasoline Supply



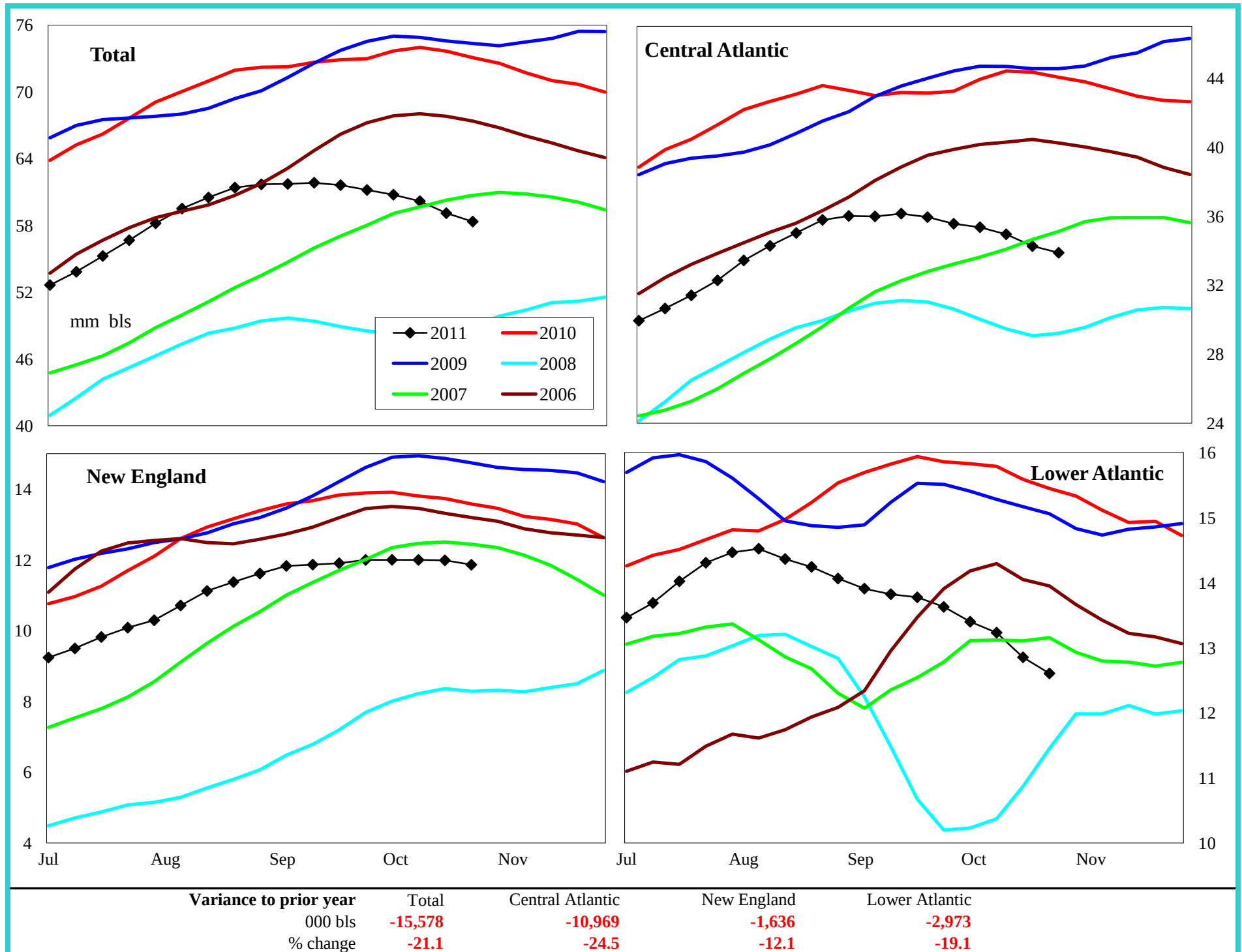
PADD 1 Conventional Gasoline Supply



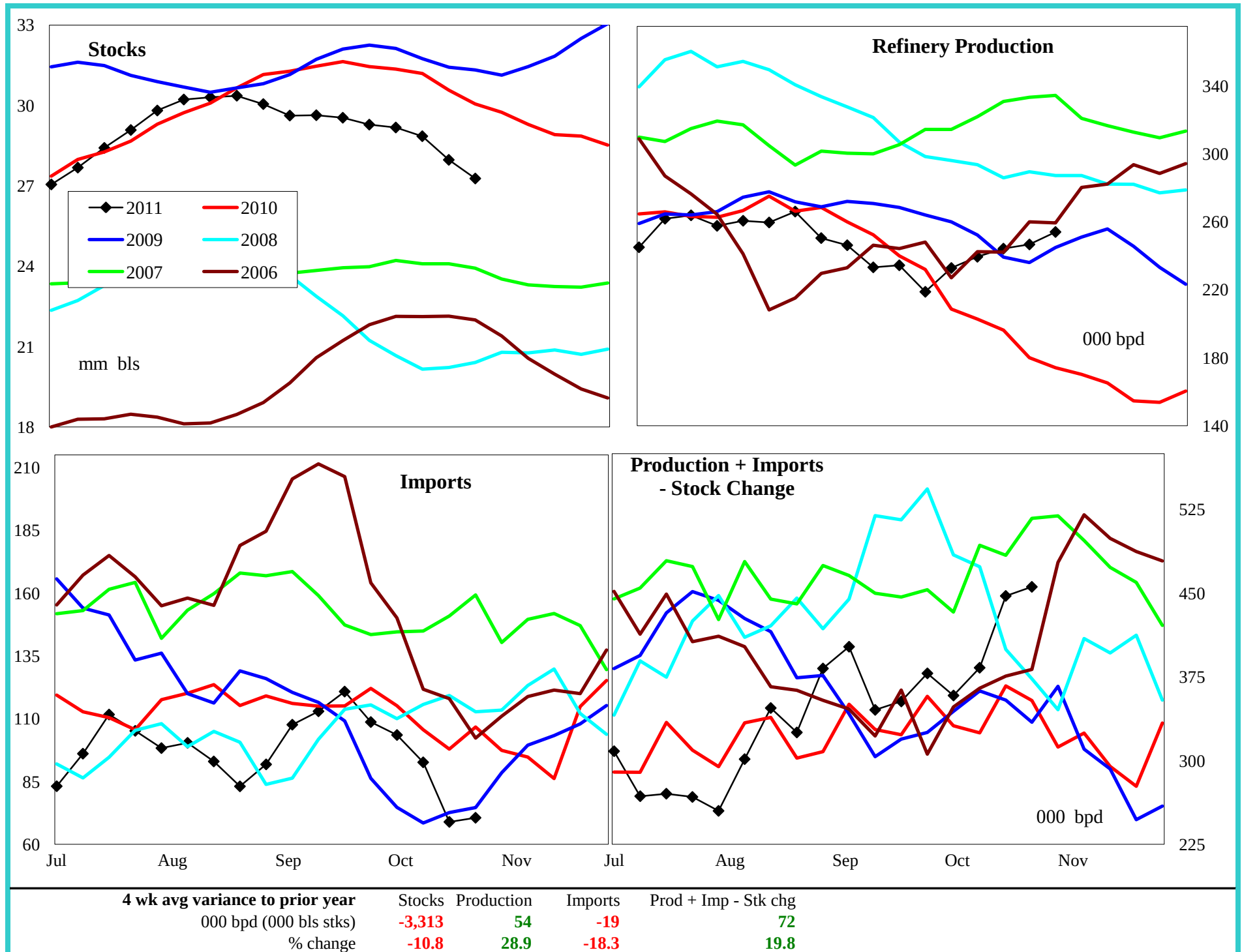
PADD 1 Distillate Supply



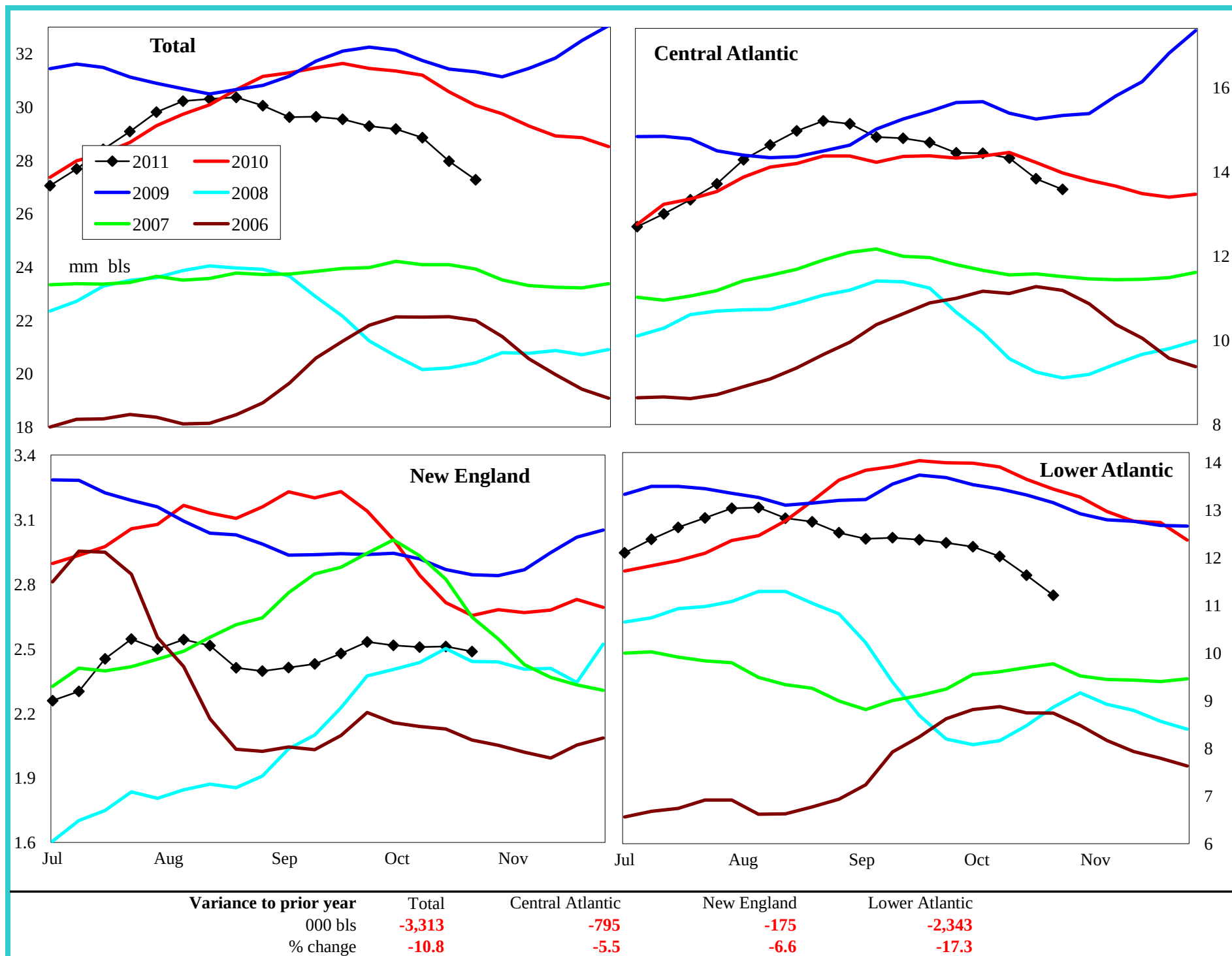
PADD 1 Distillate Stocks by Region



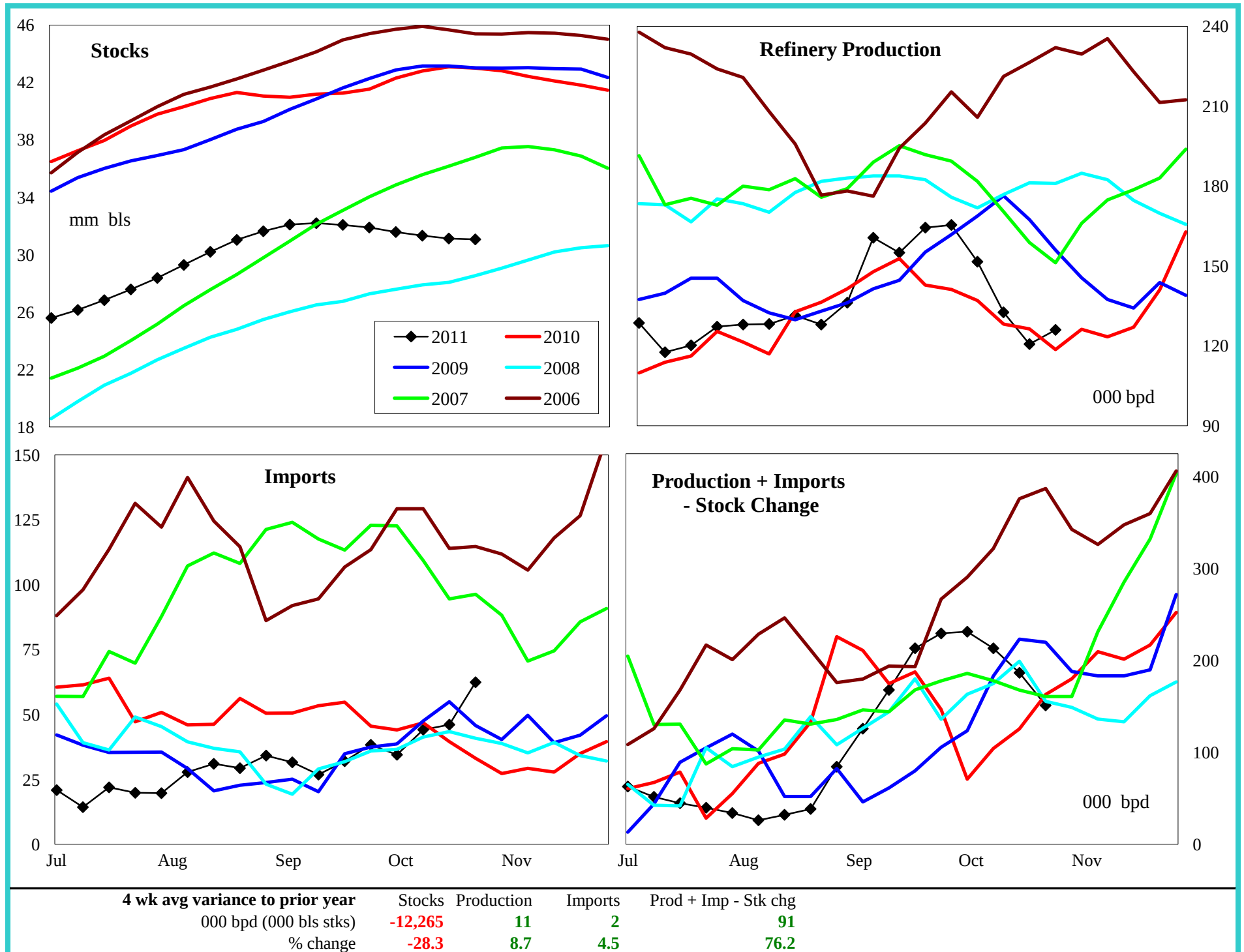
PADD 1 Low Sulfur Distillate Supply



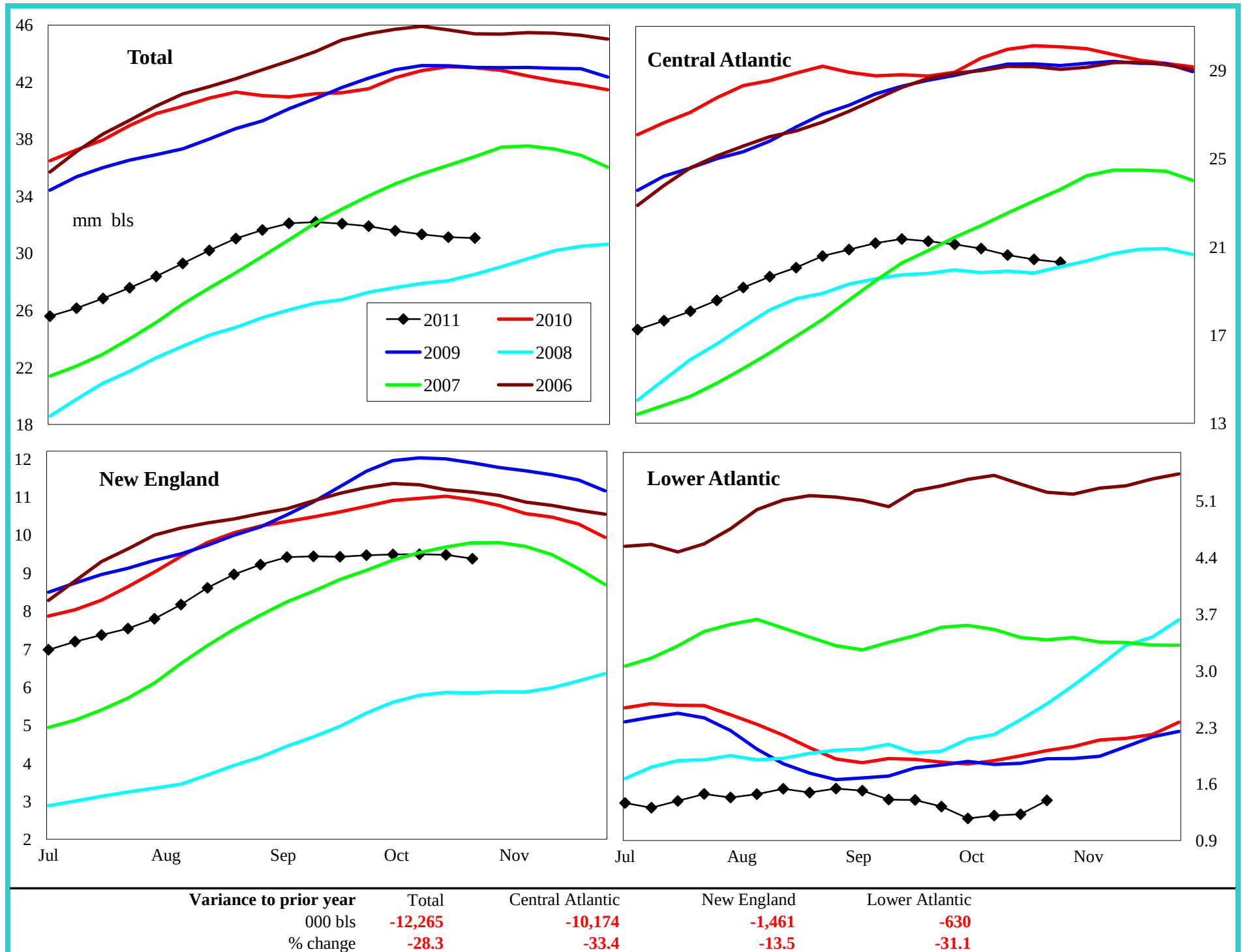
PADD 1 Low Sulfur Distillate Stocks by Region

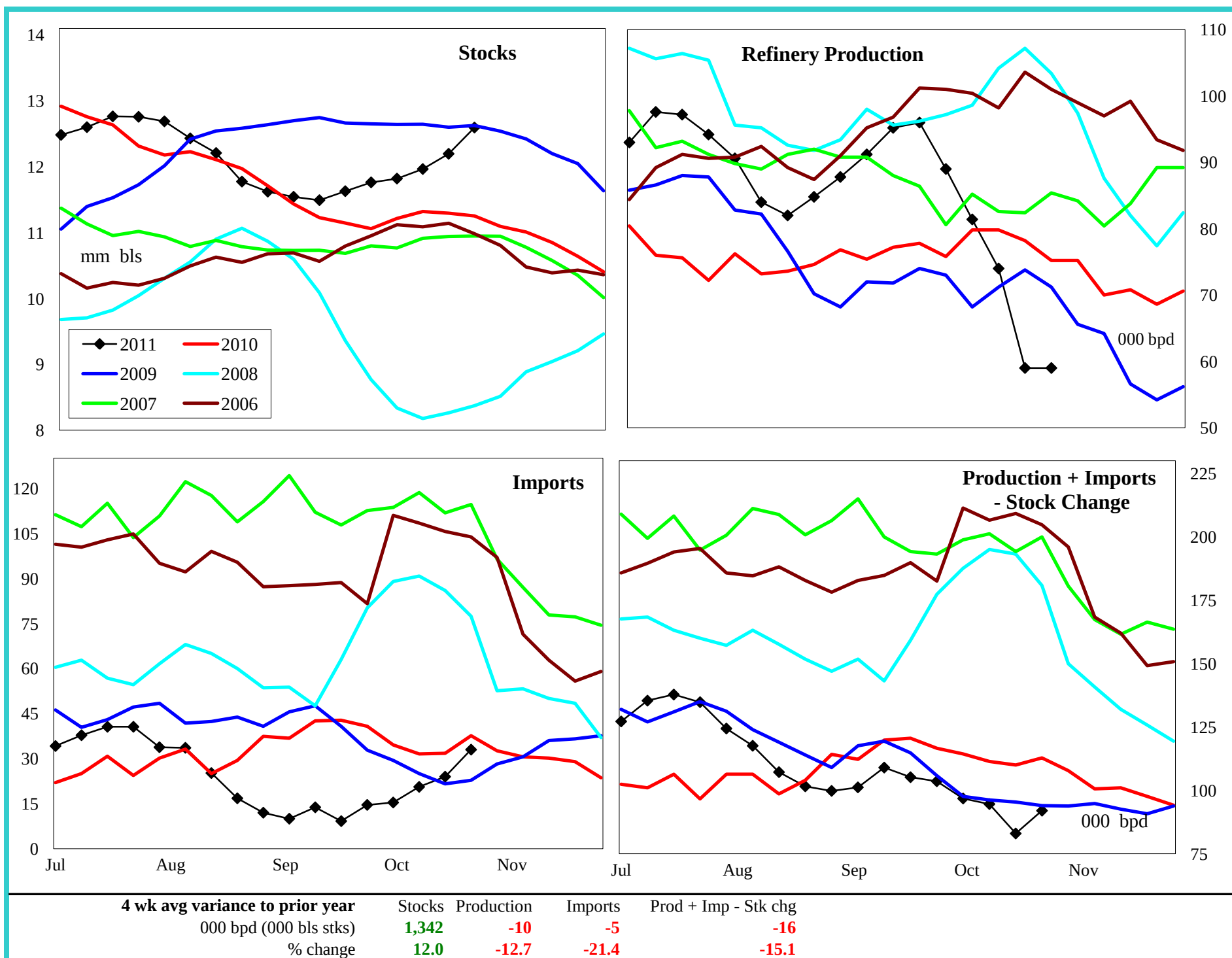


PADD 1 High Sulfur Distillate Supply

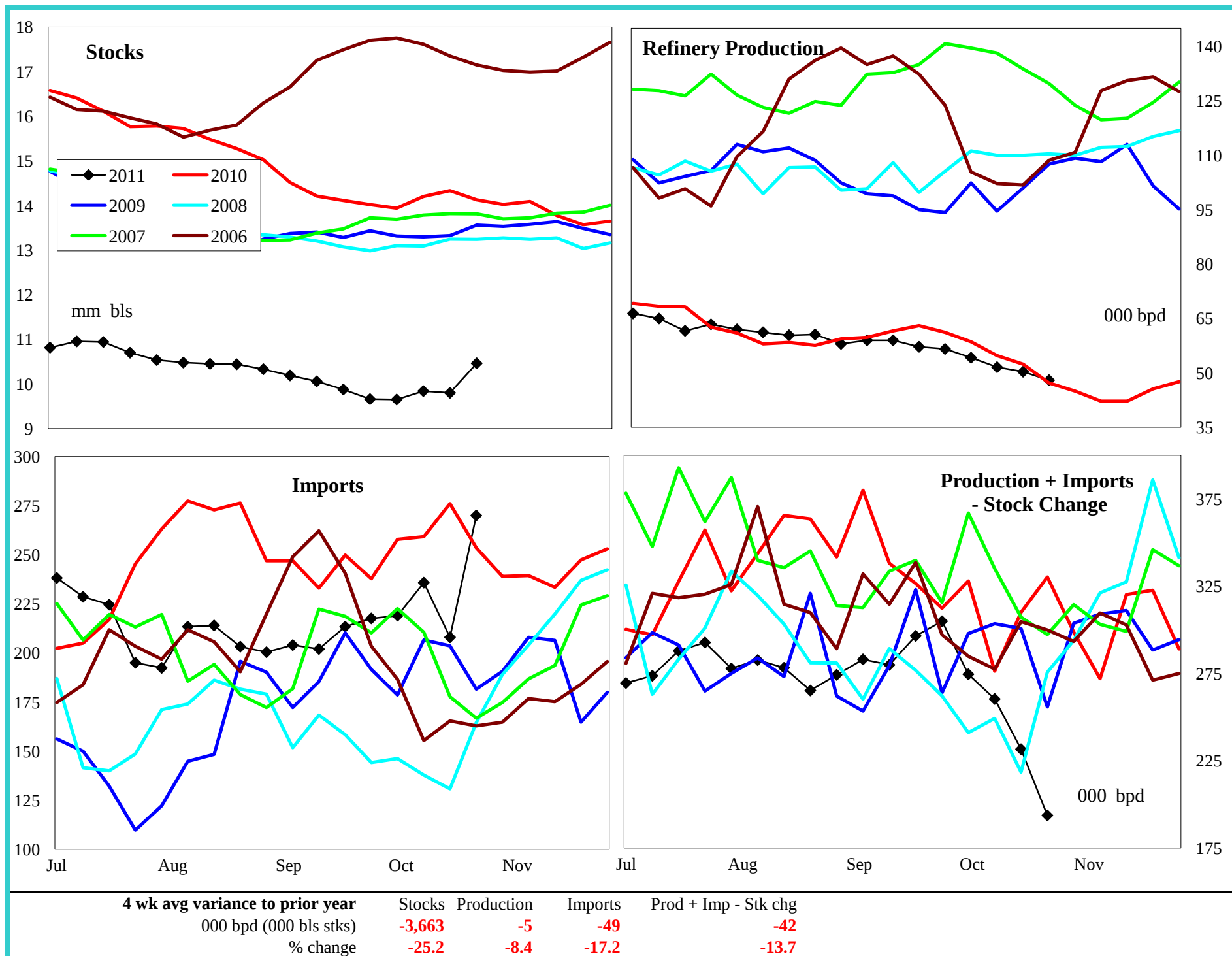


PADD 1 High Sulfur Distillate Stocks by Region

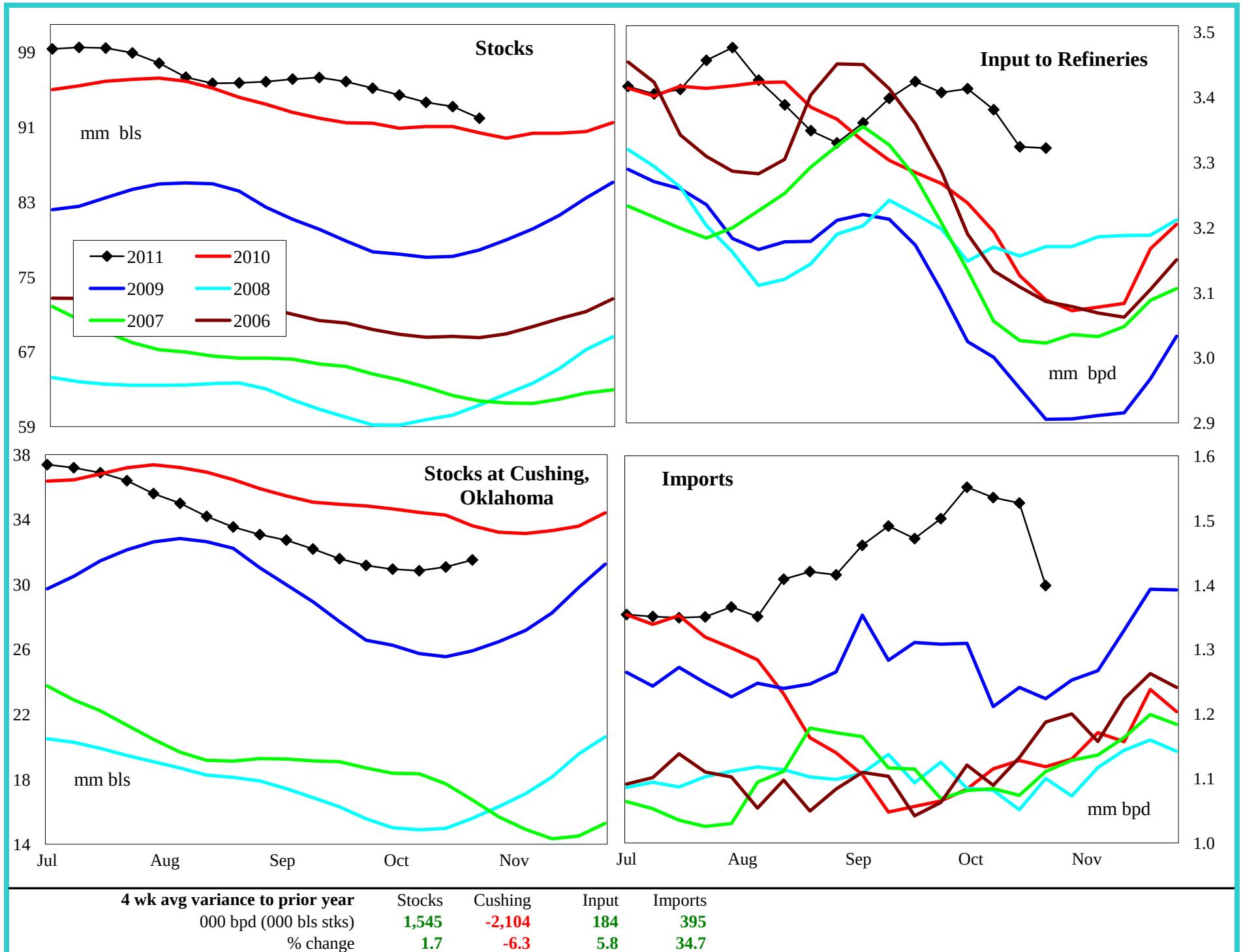




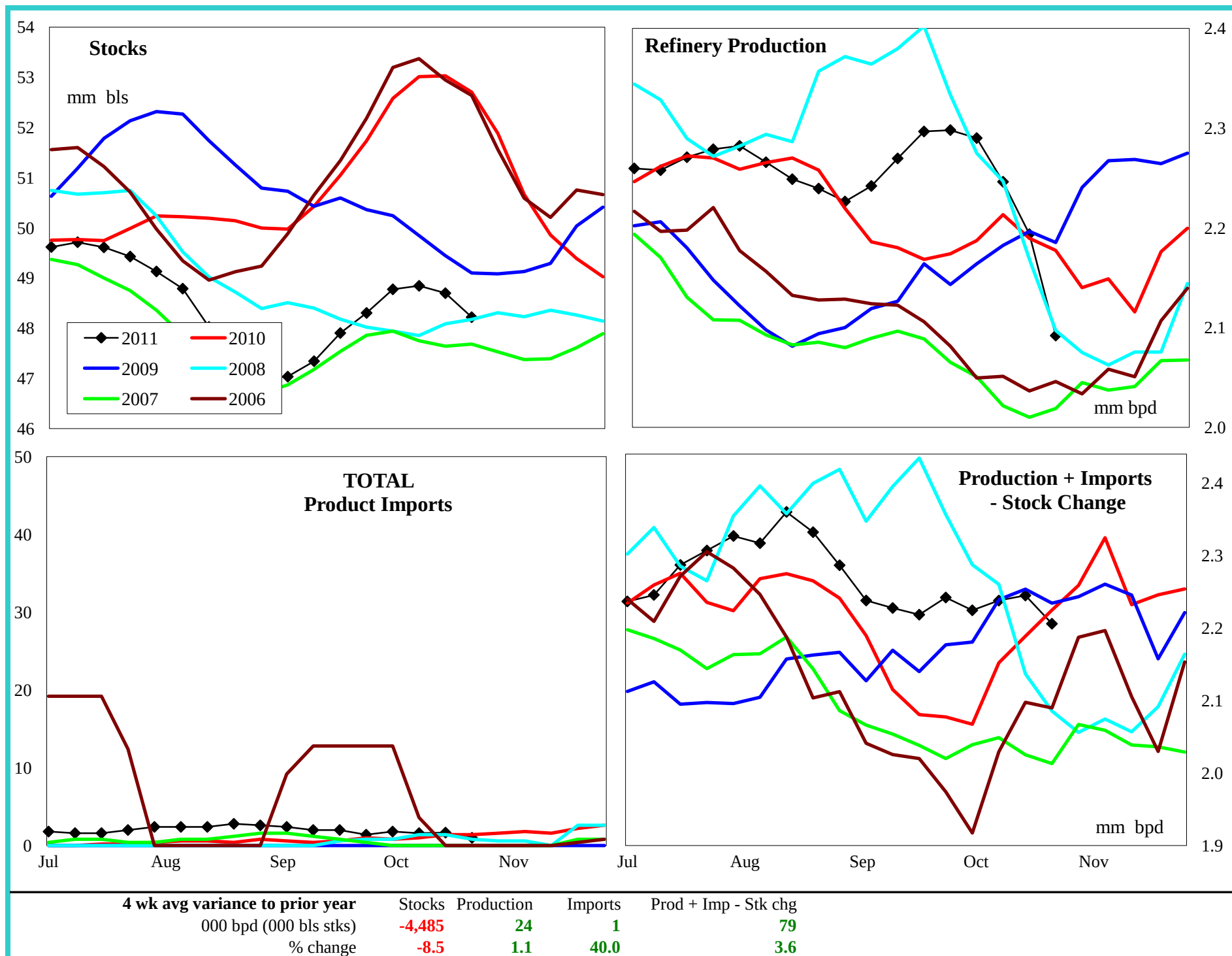
PADD 1 Residual Fuel Oil Supply



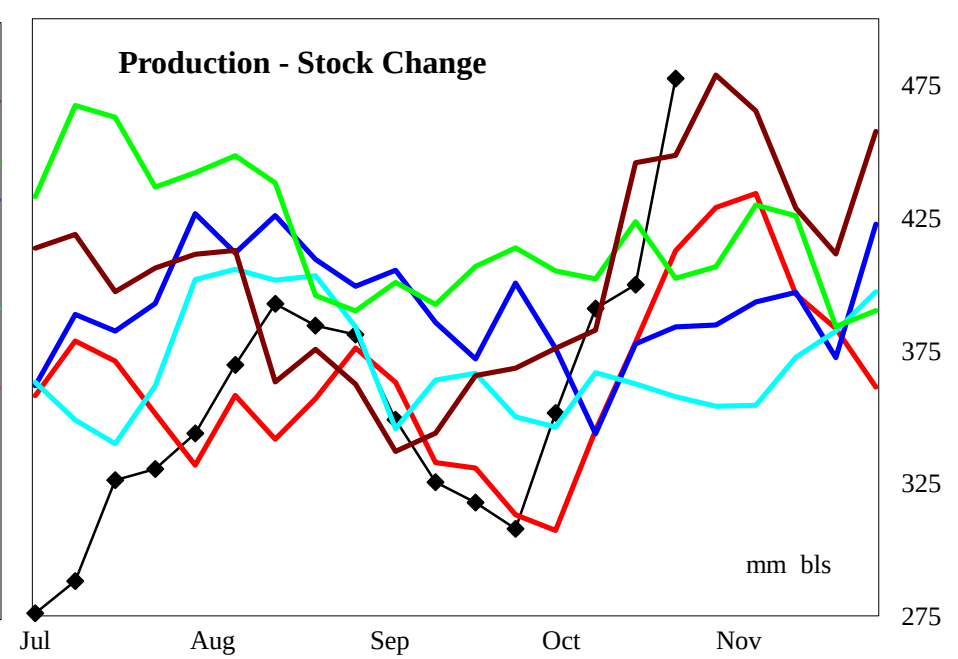
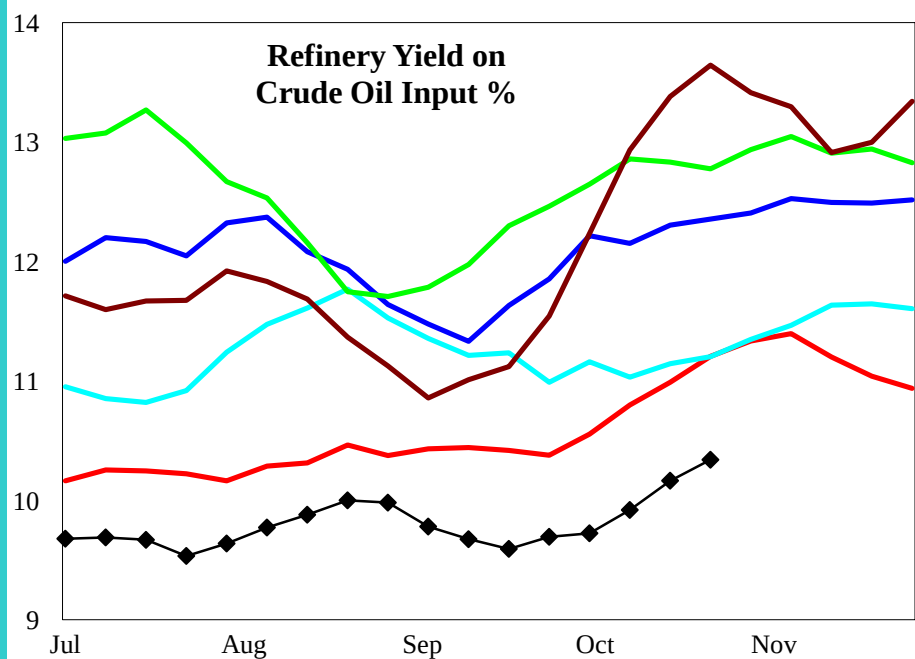
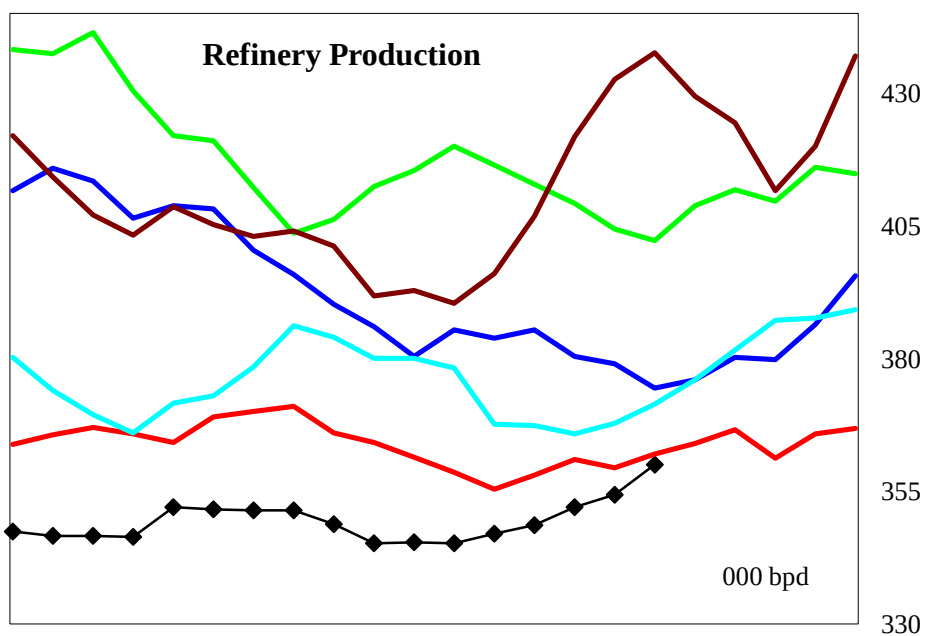
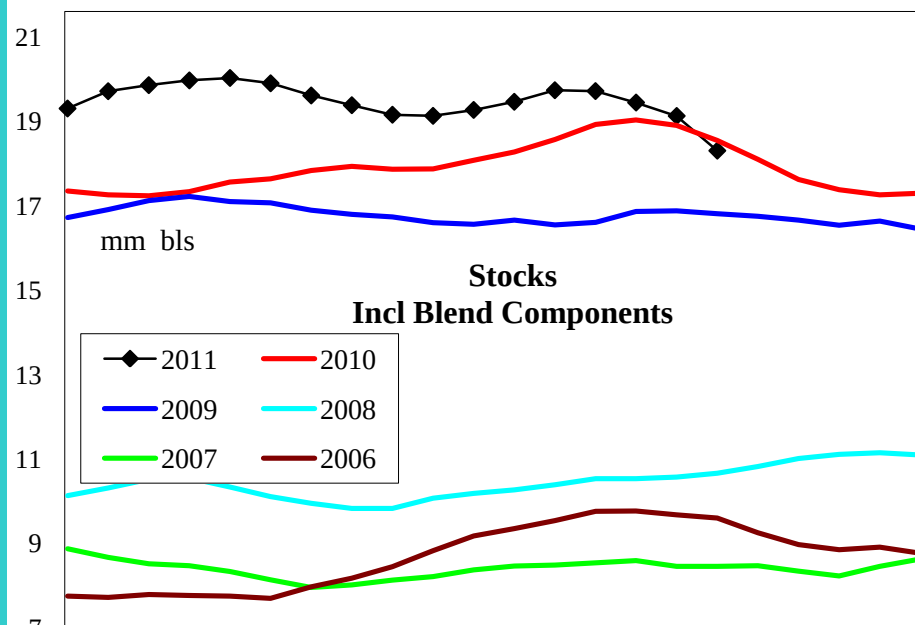
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

-246

-6

-1.3

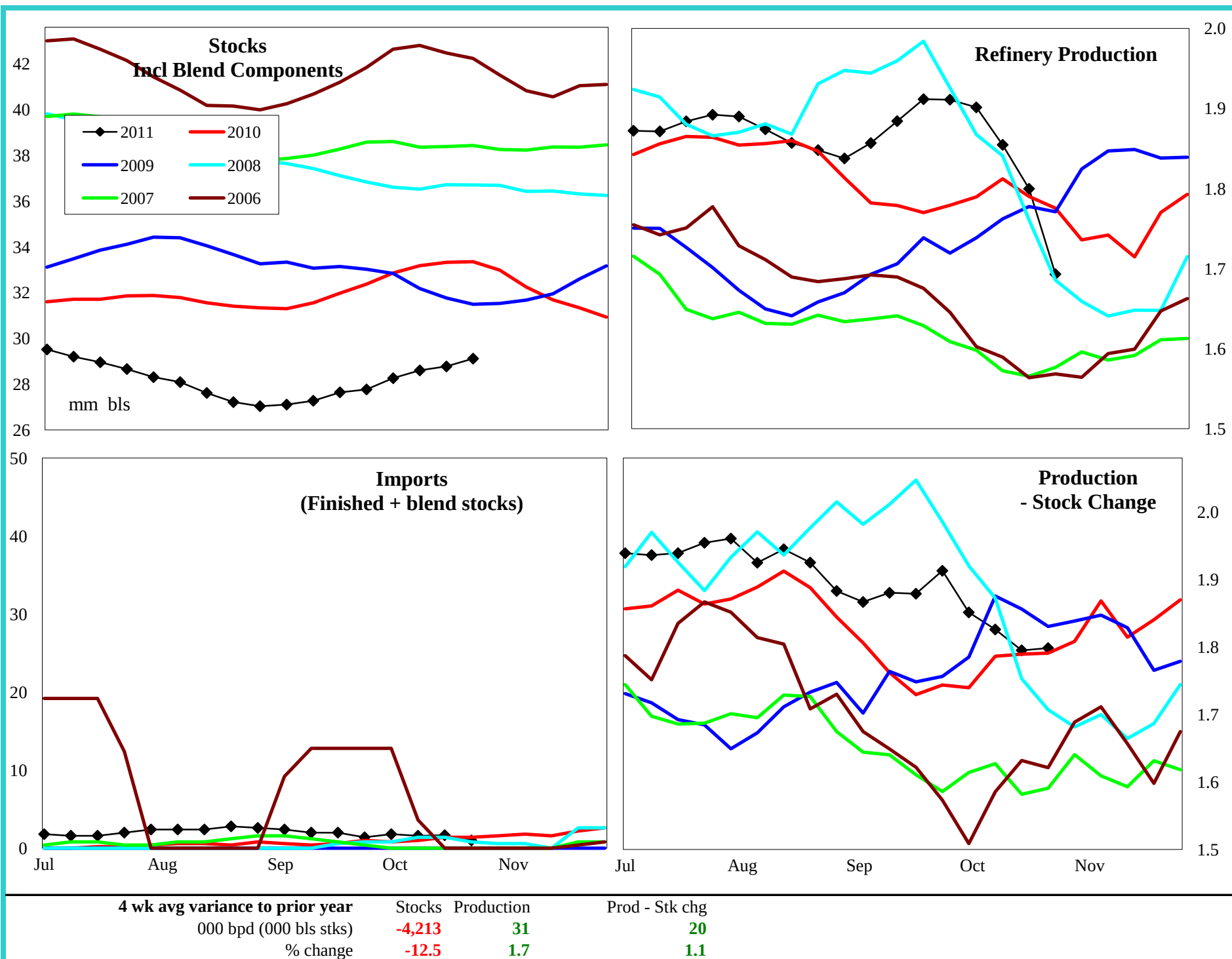
-1.8

Prod - Stk chg

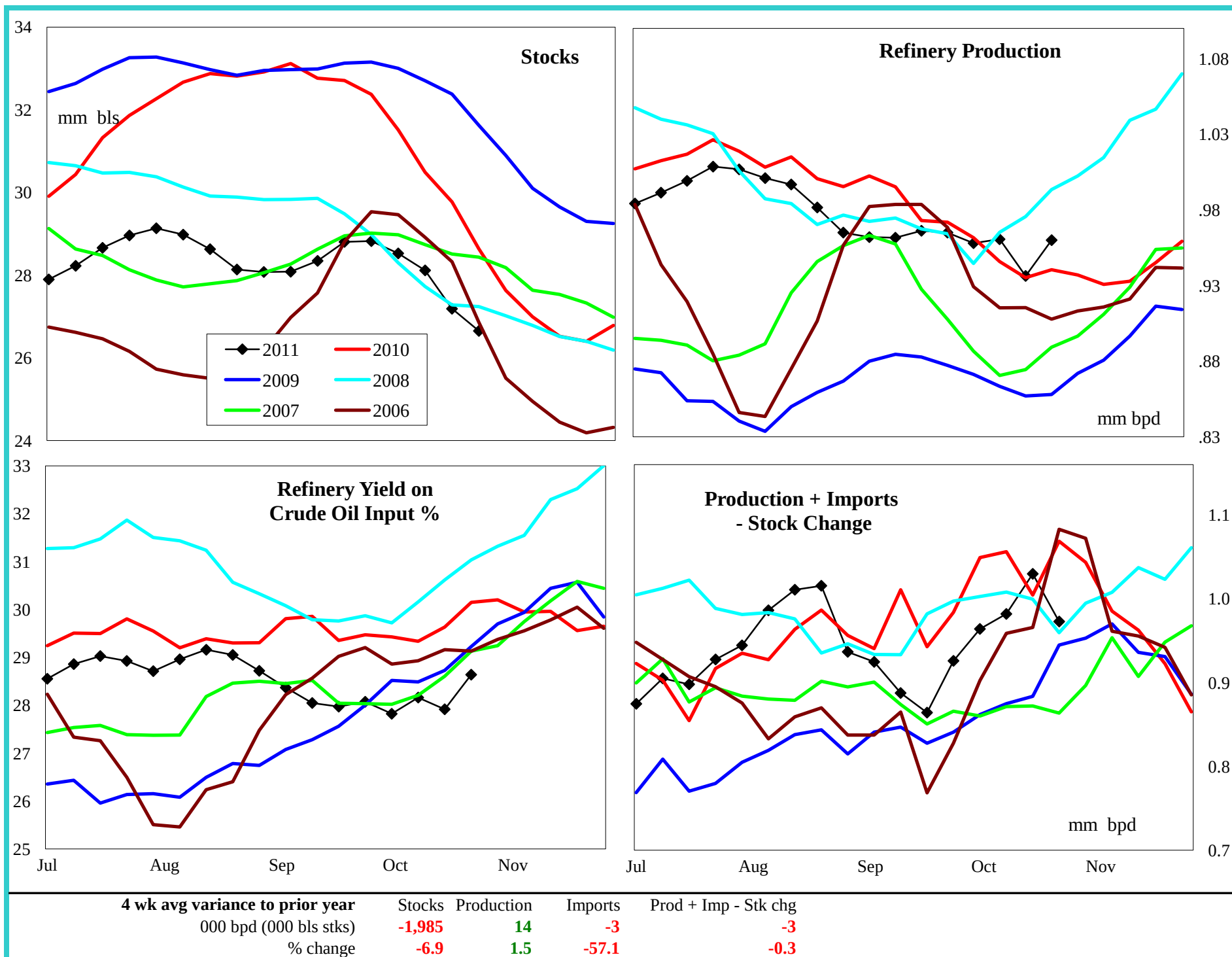
44

12.3

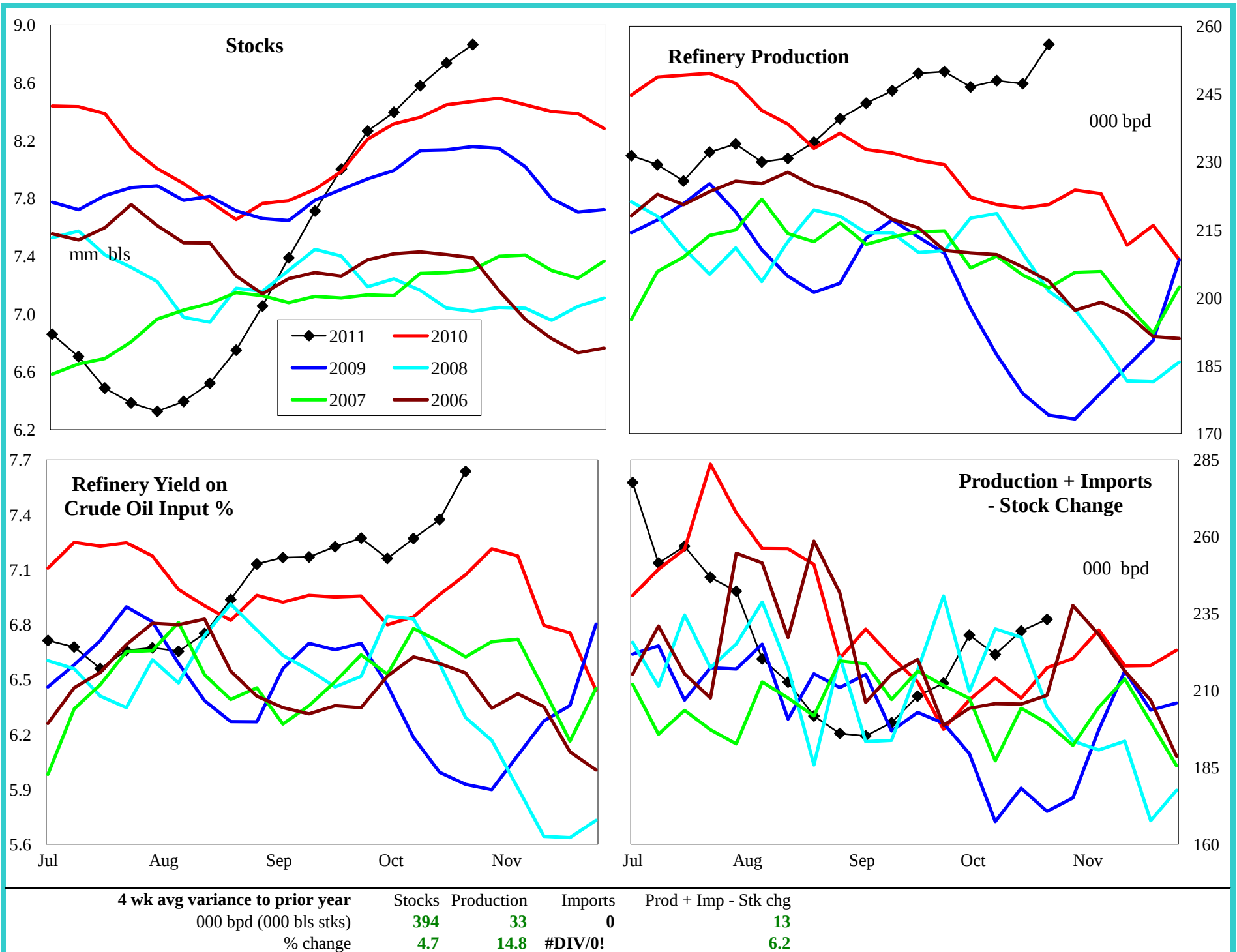
PADD 2 Conventional Gasoline Supply



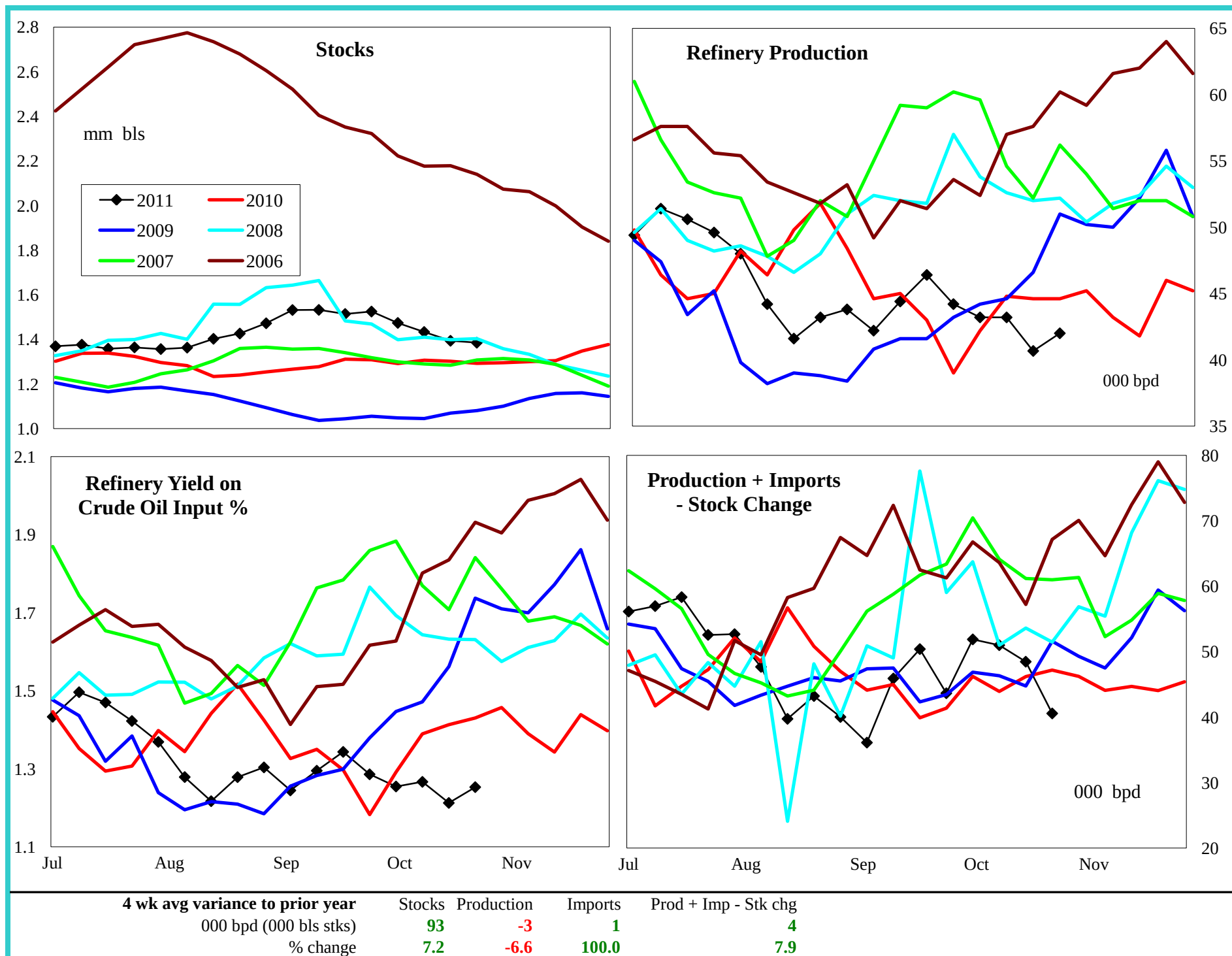
PADD 2 Distillate Supply



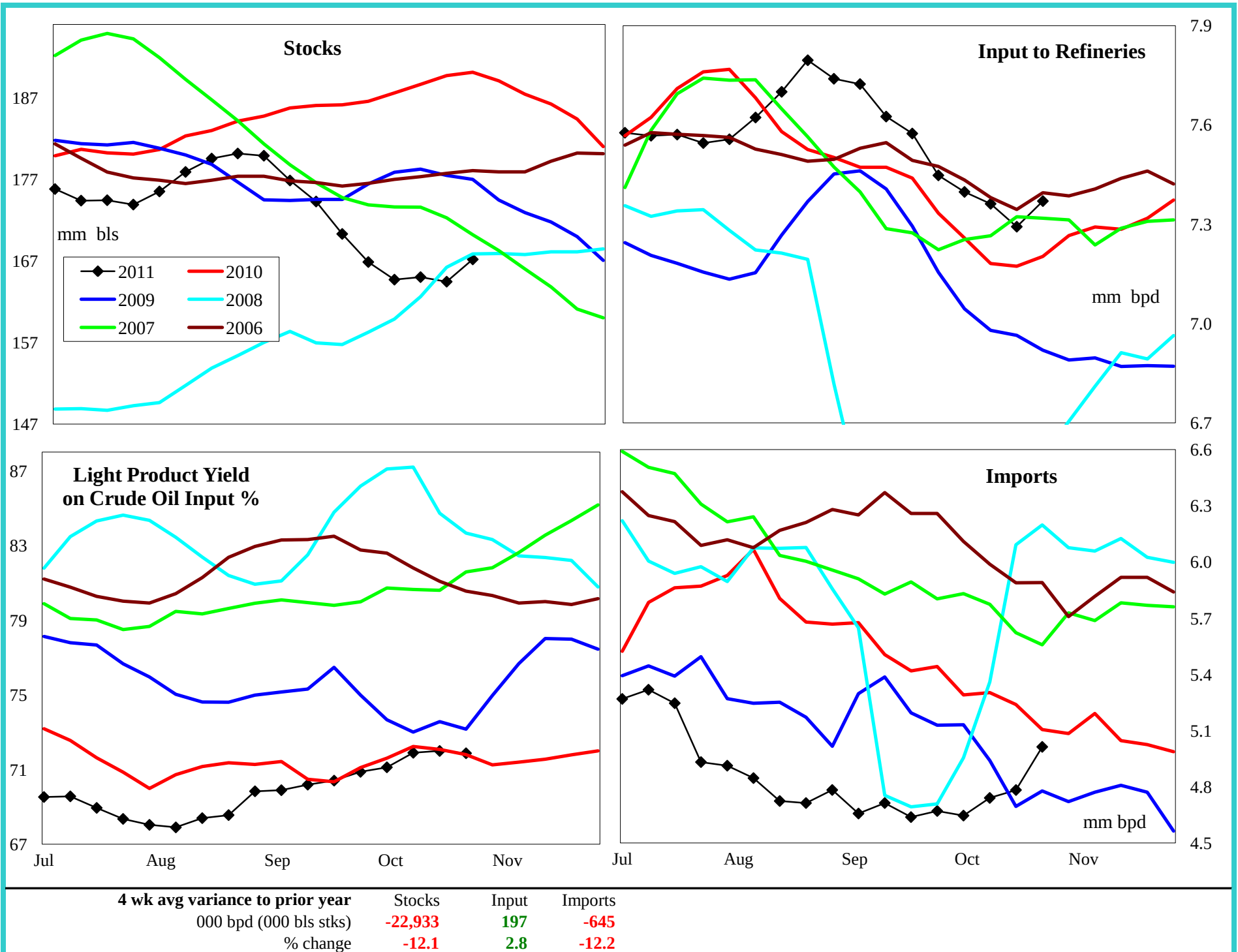
PADD 2 Jet Fuel Supply



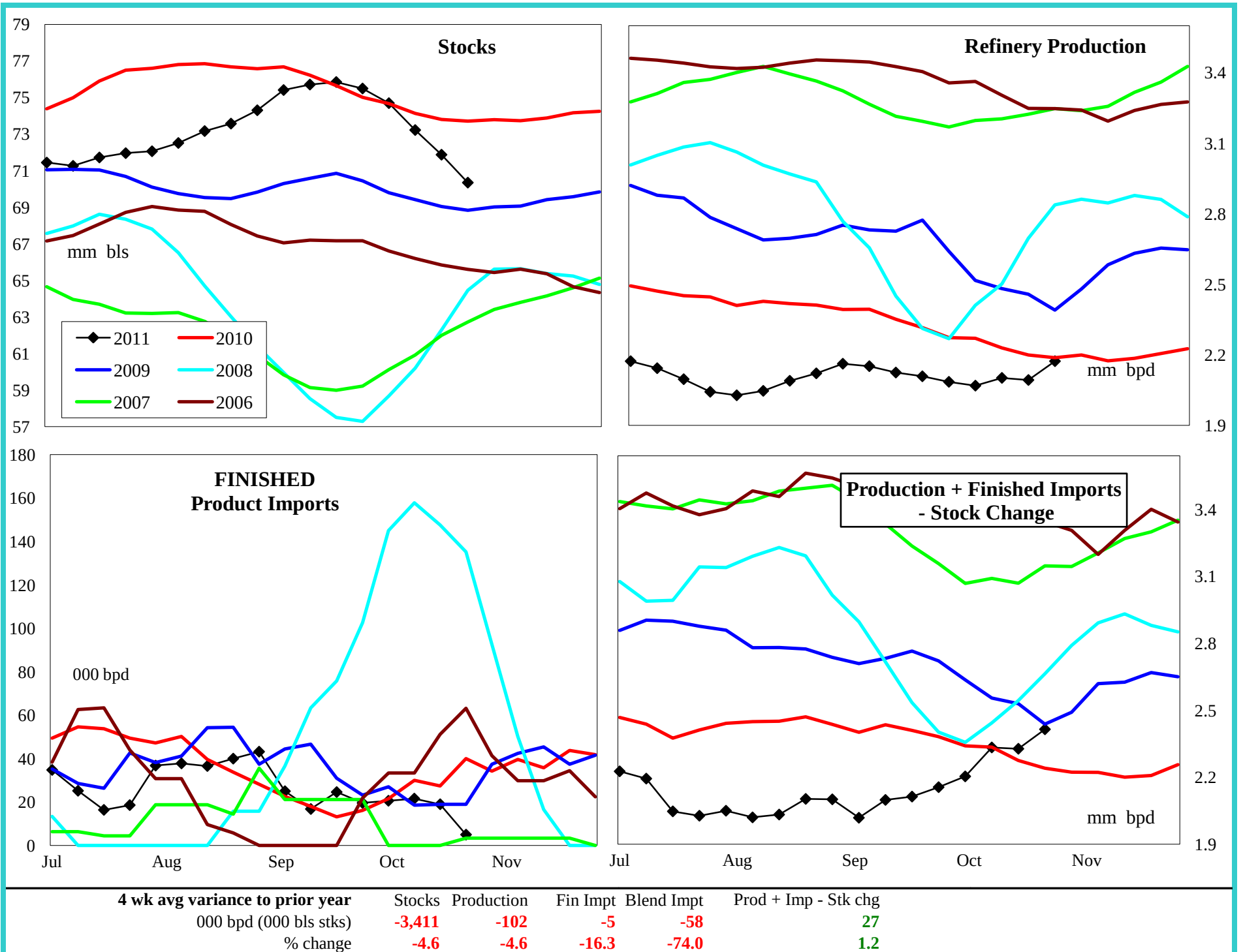
PADD 2 Residual Fuel Oil Supply



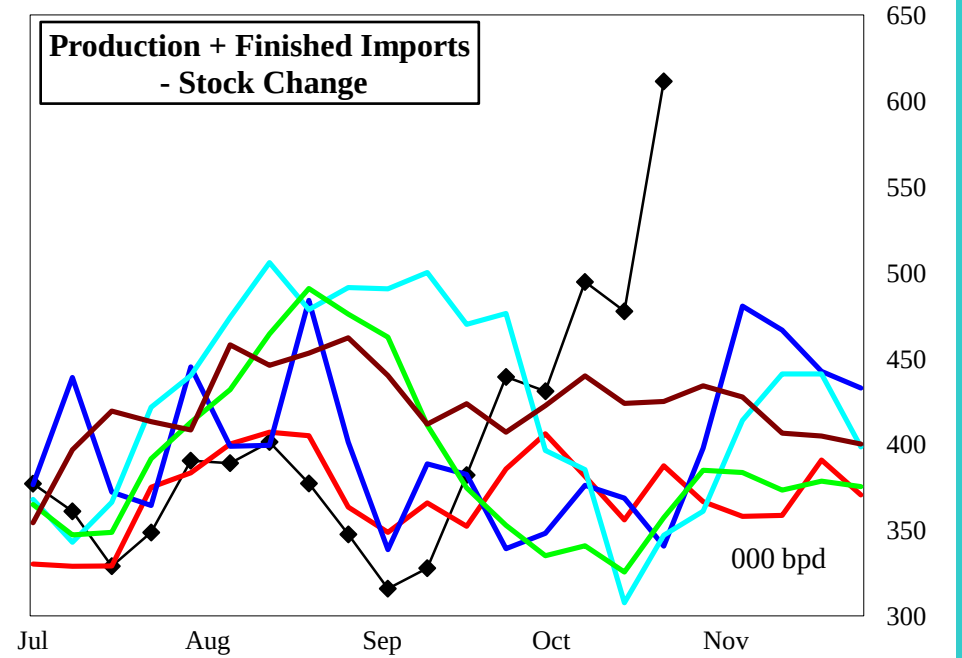
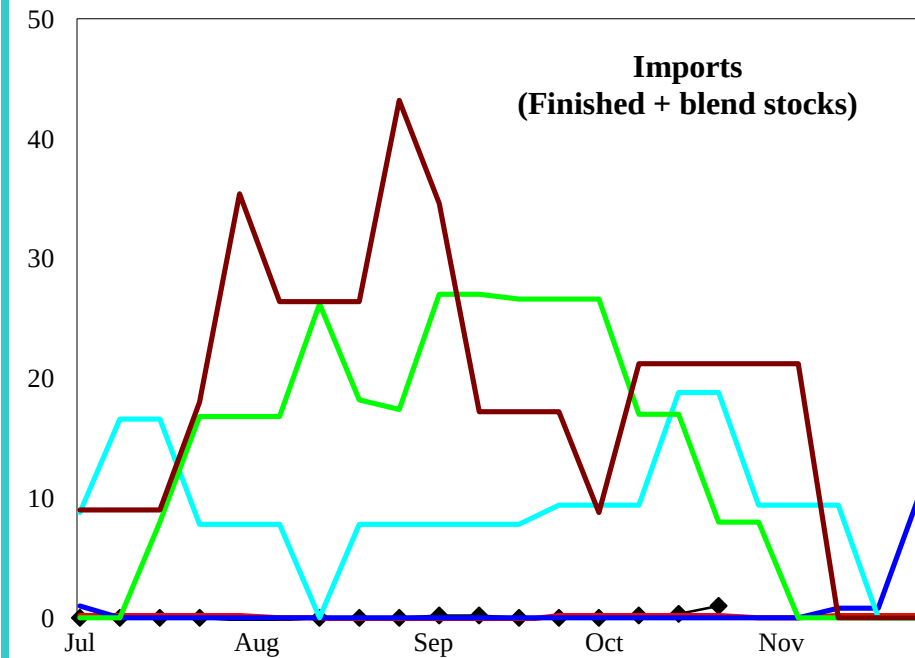
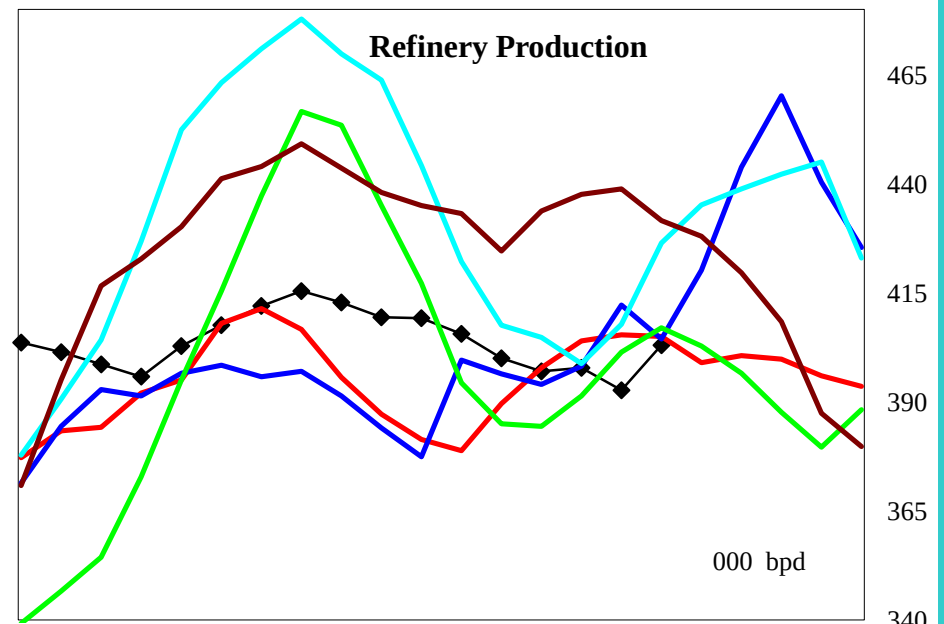
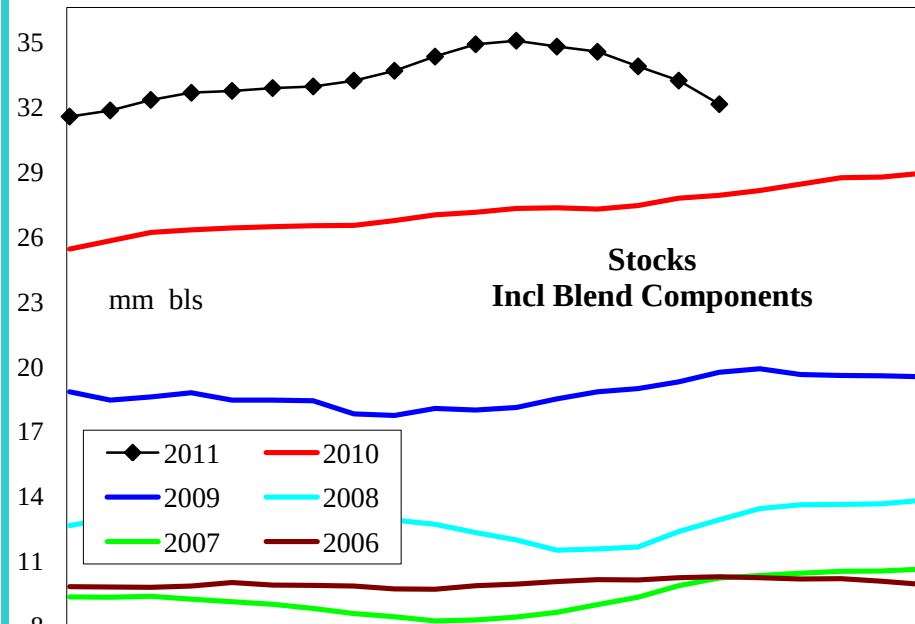
PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

3,956

Production

-13

Imports

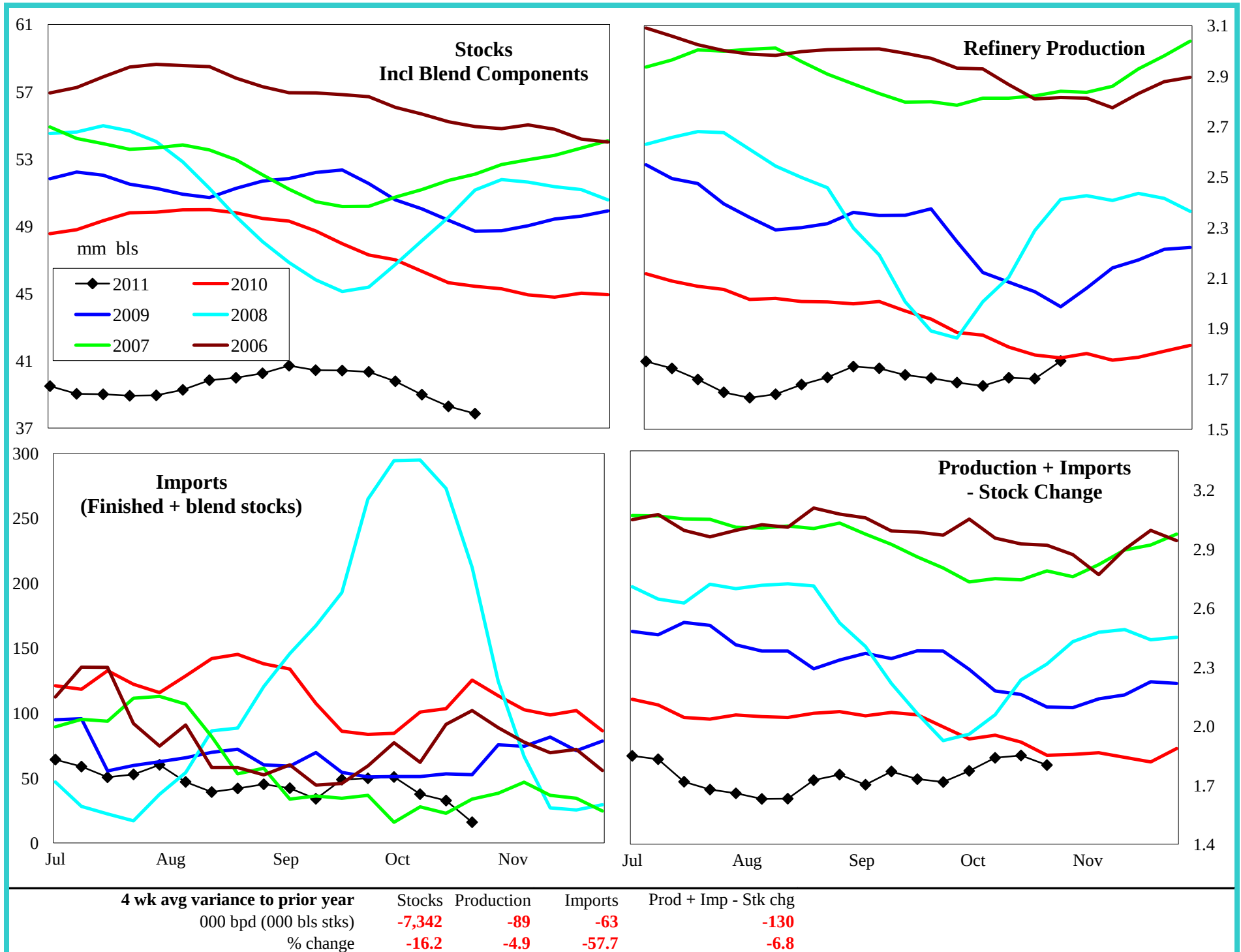
0

Prod + Imp - Stk chg

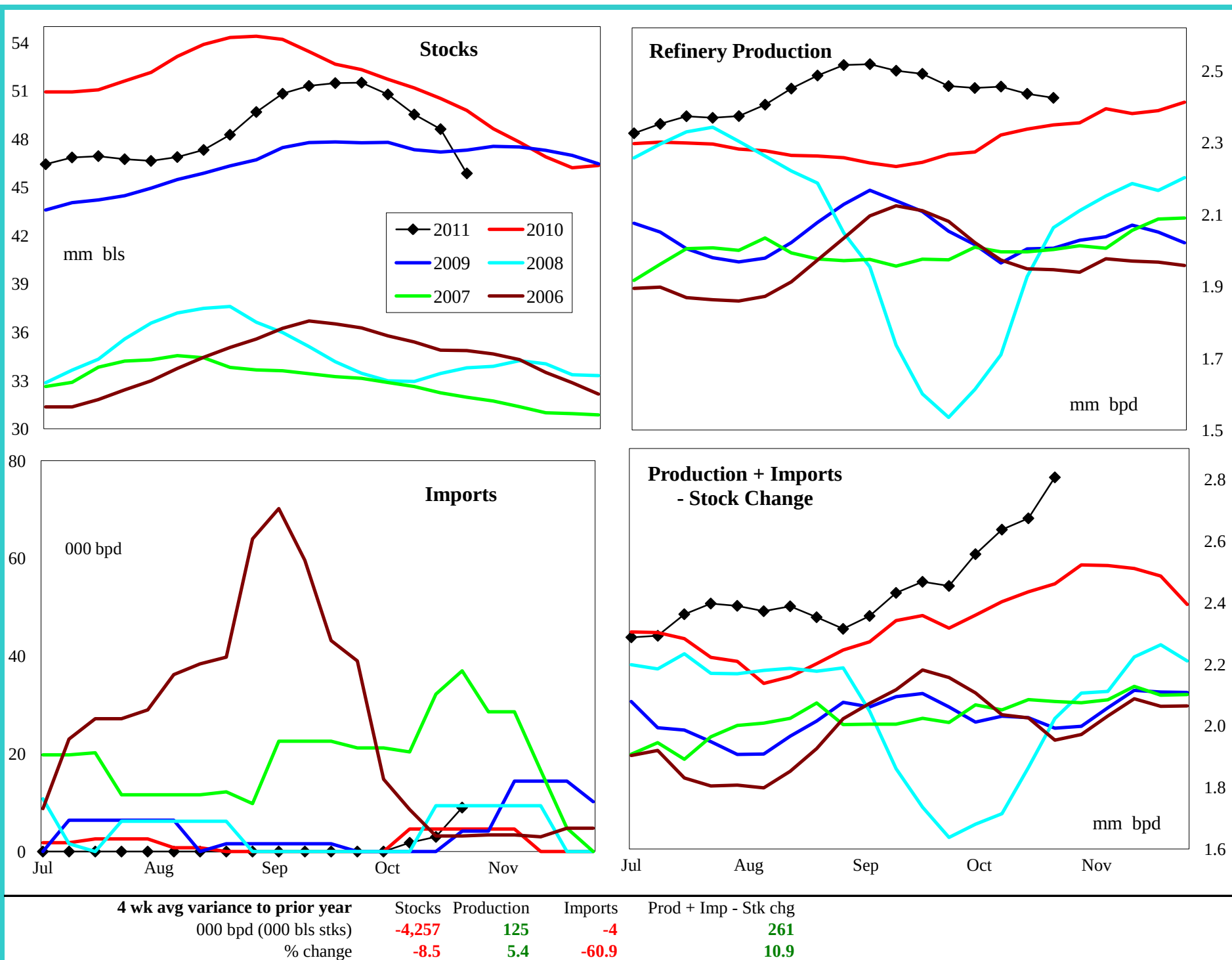
158

42.8

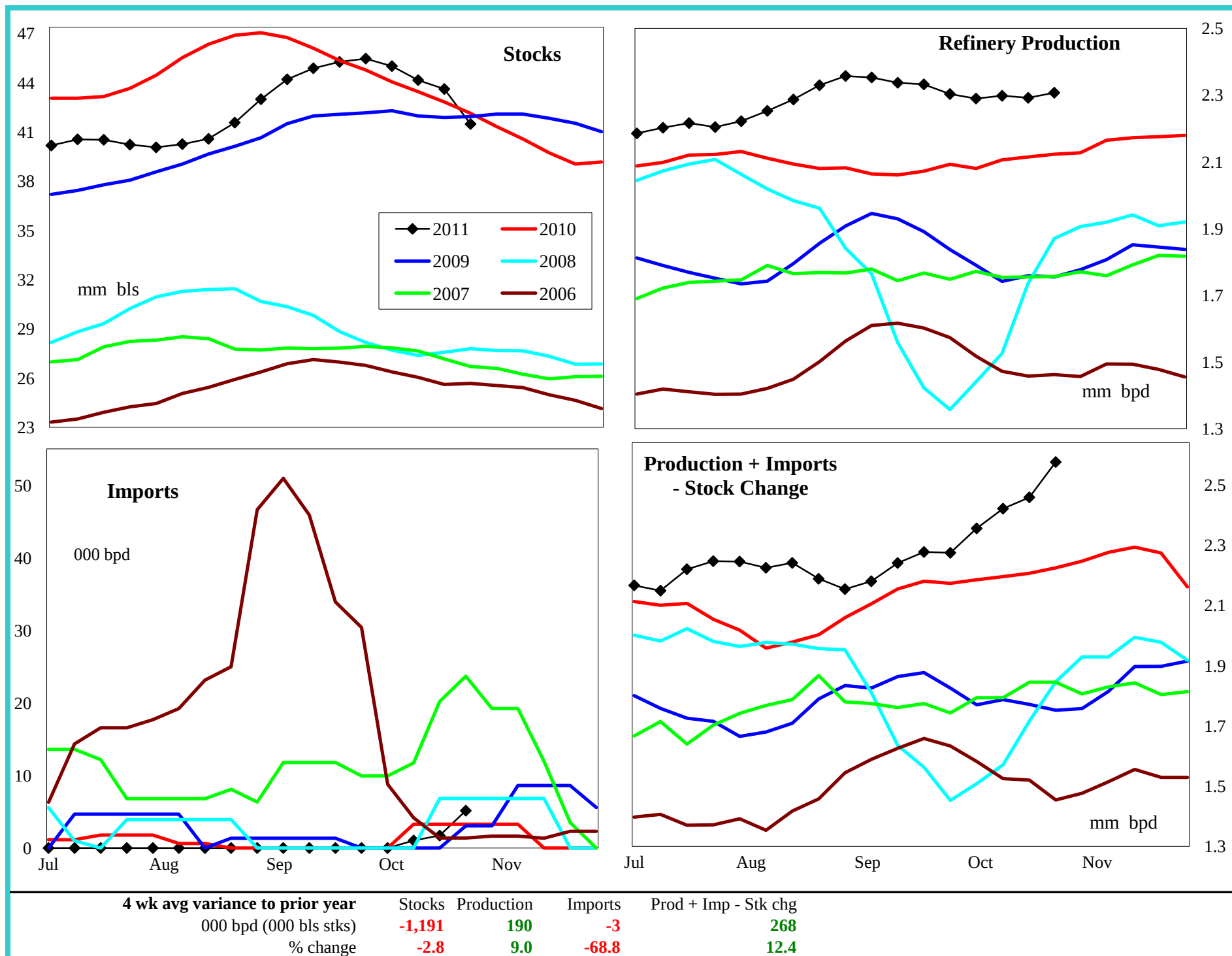
PADD 3 Conventional Gasoline Supply



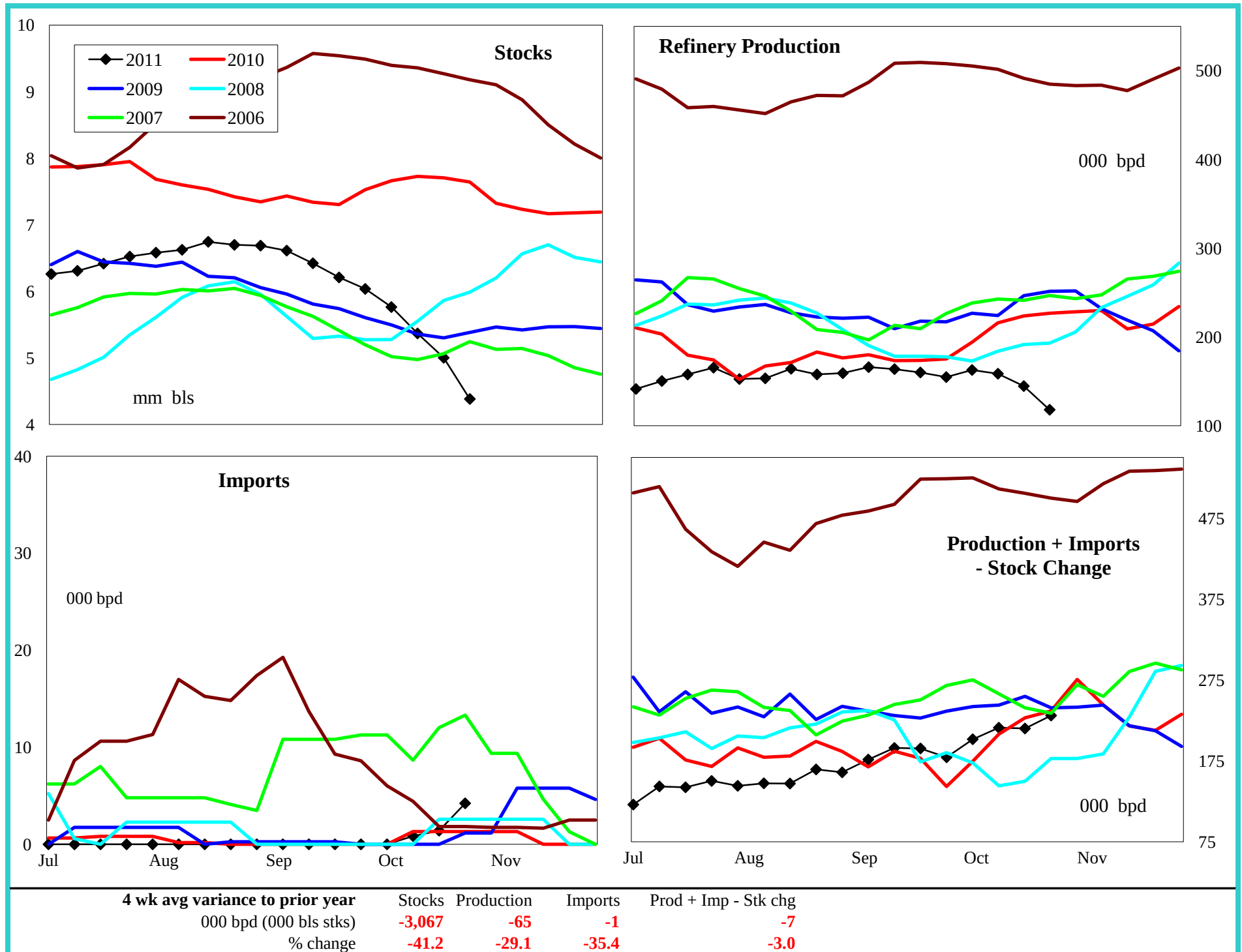
PADD 3 Distillate Supply



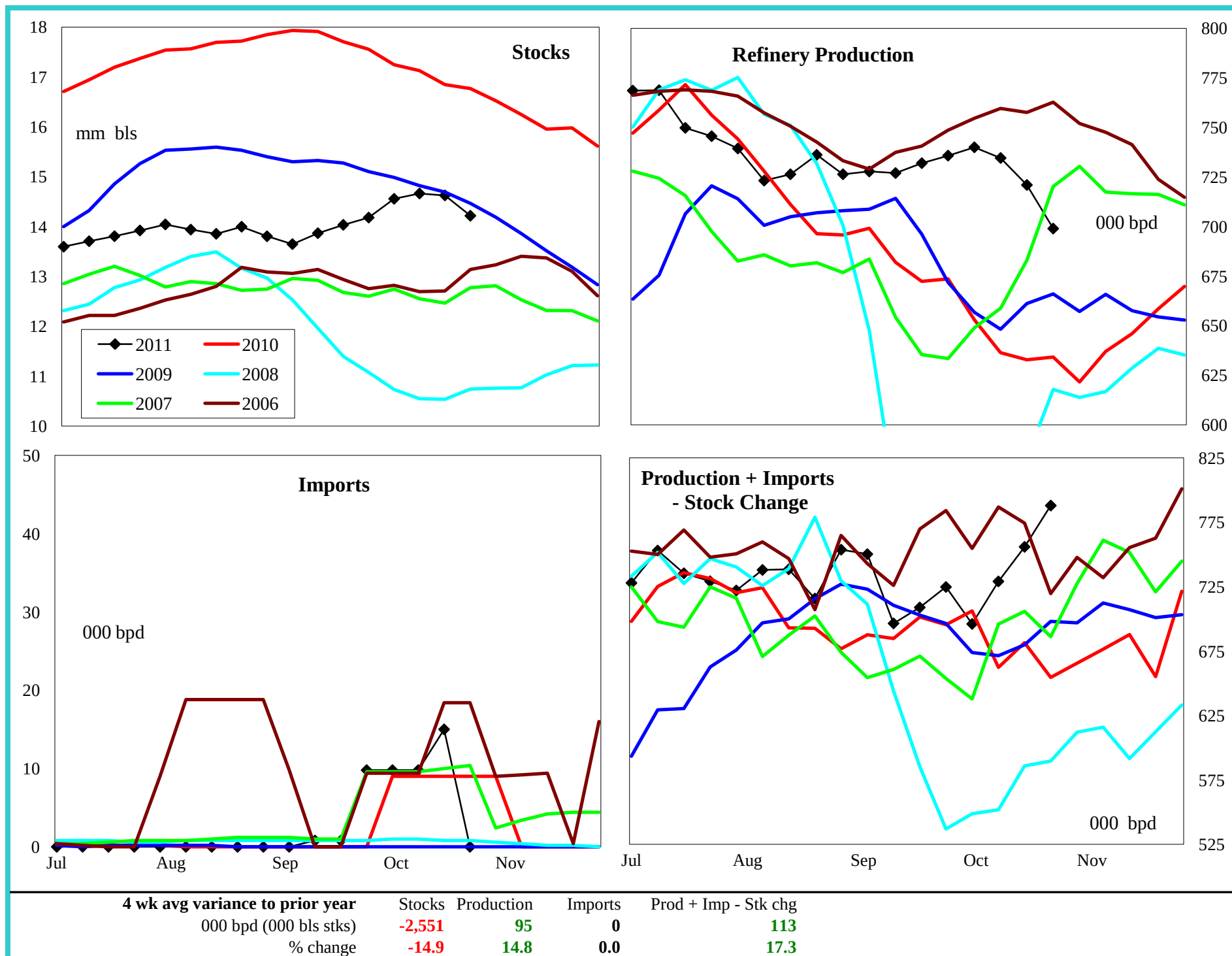
PADD 3 Low Sulfur Distillate Supply



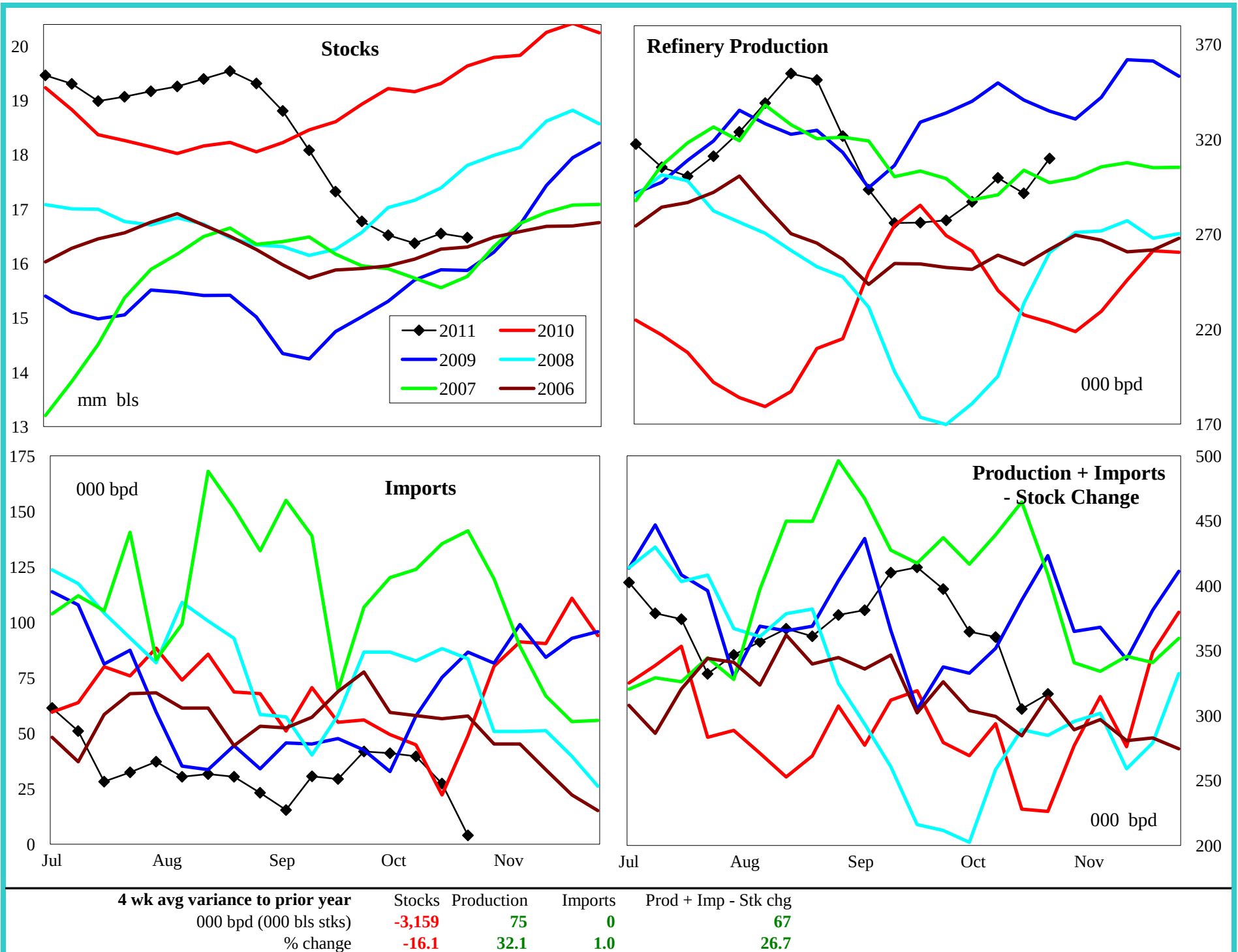
PADD 3 High Sulfur Distillate Supply



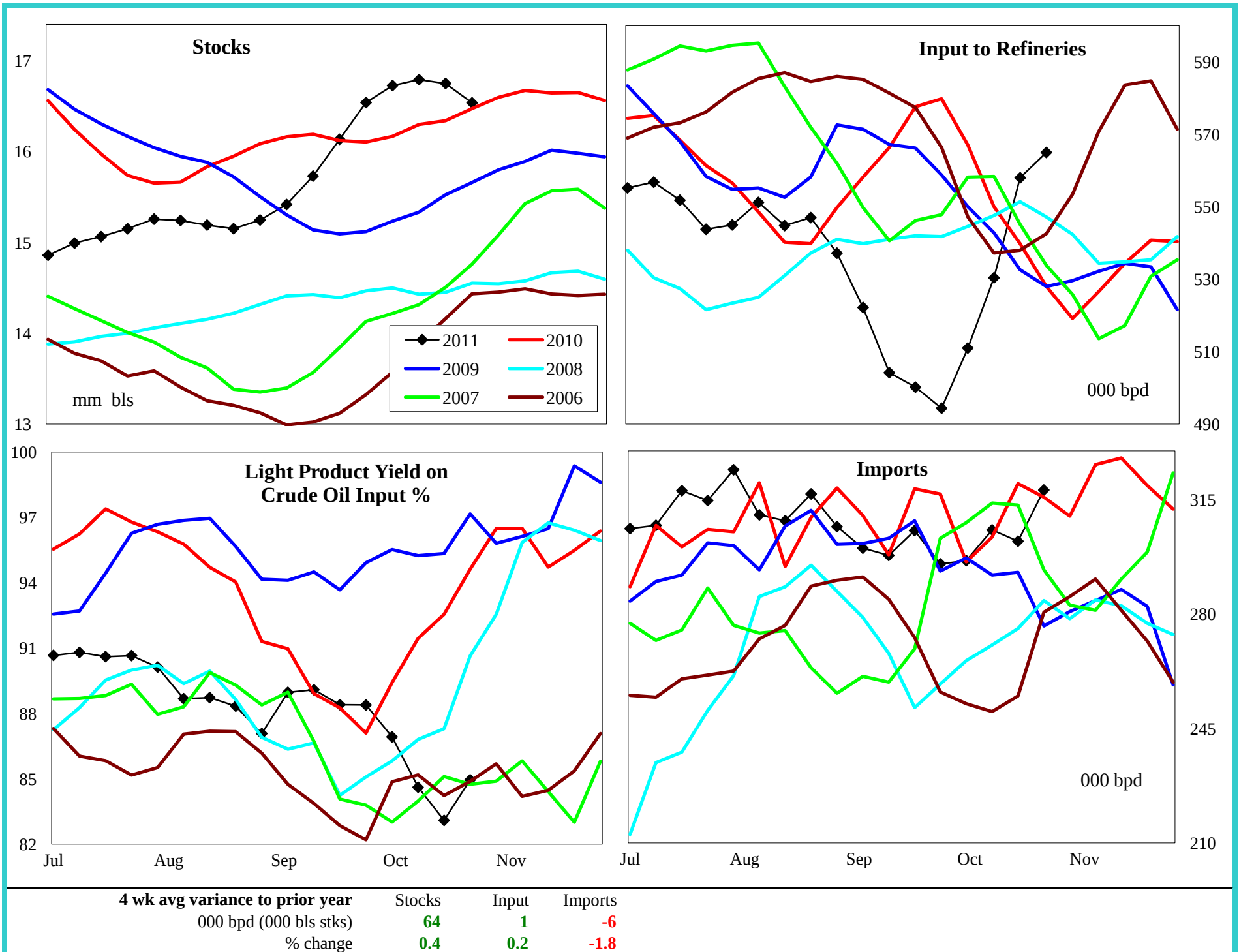
PADD 3 Jet Fuel Supply



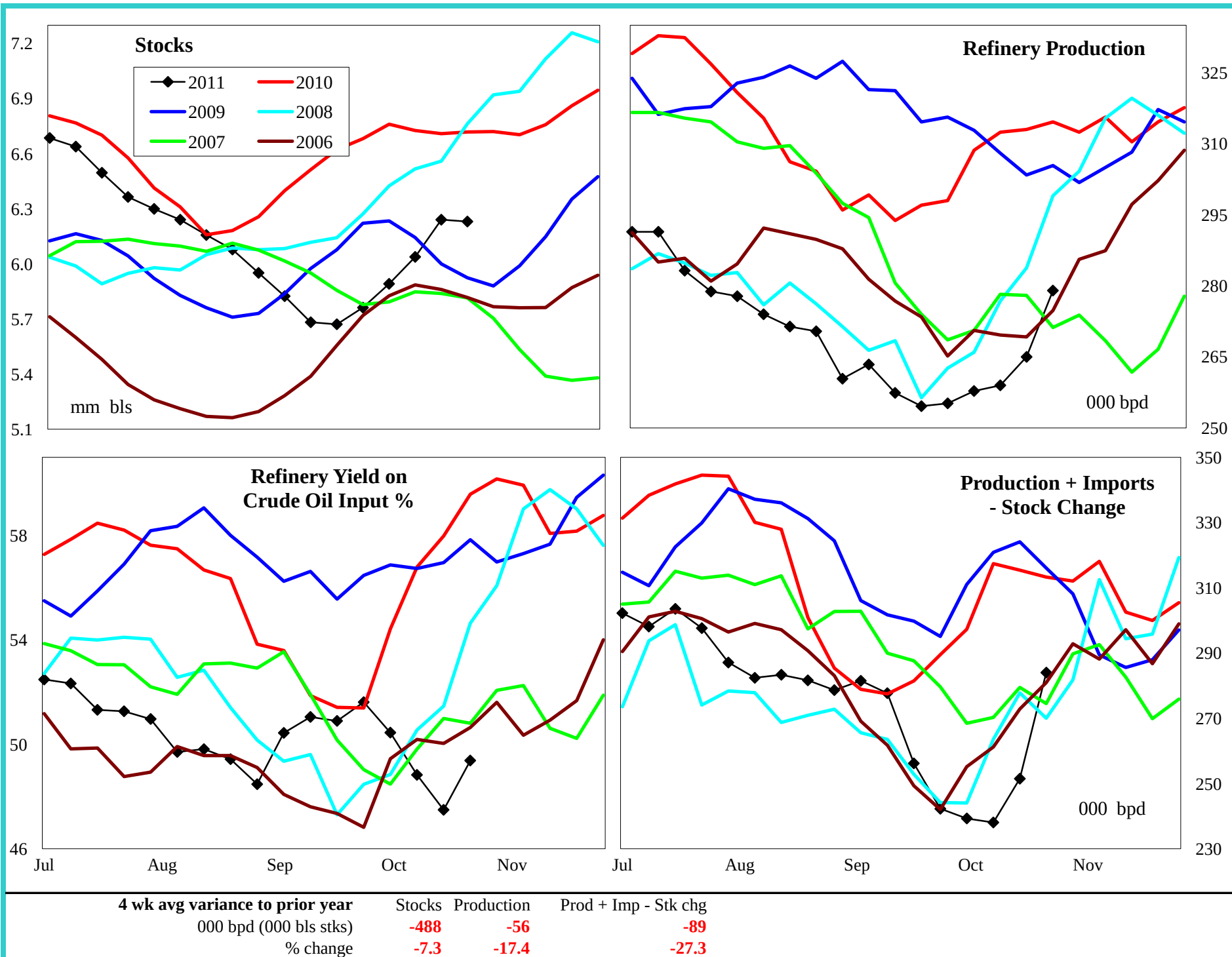
PADD 3 Residual Fuel Oil Supply



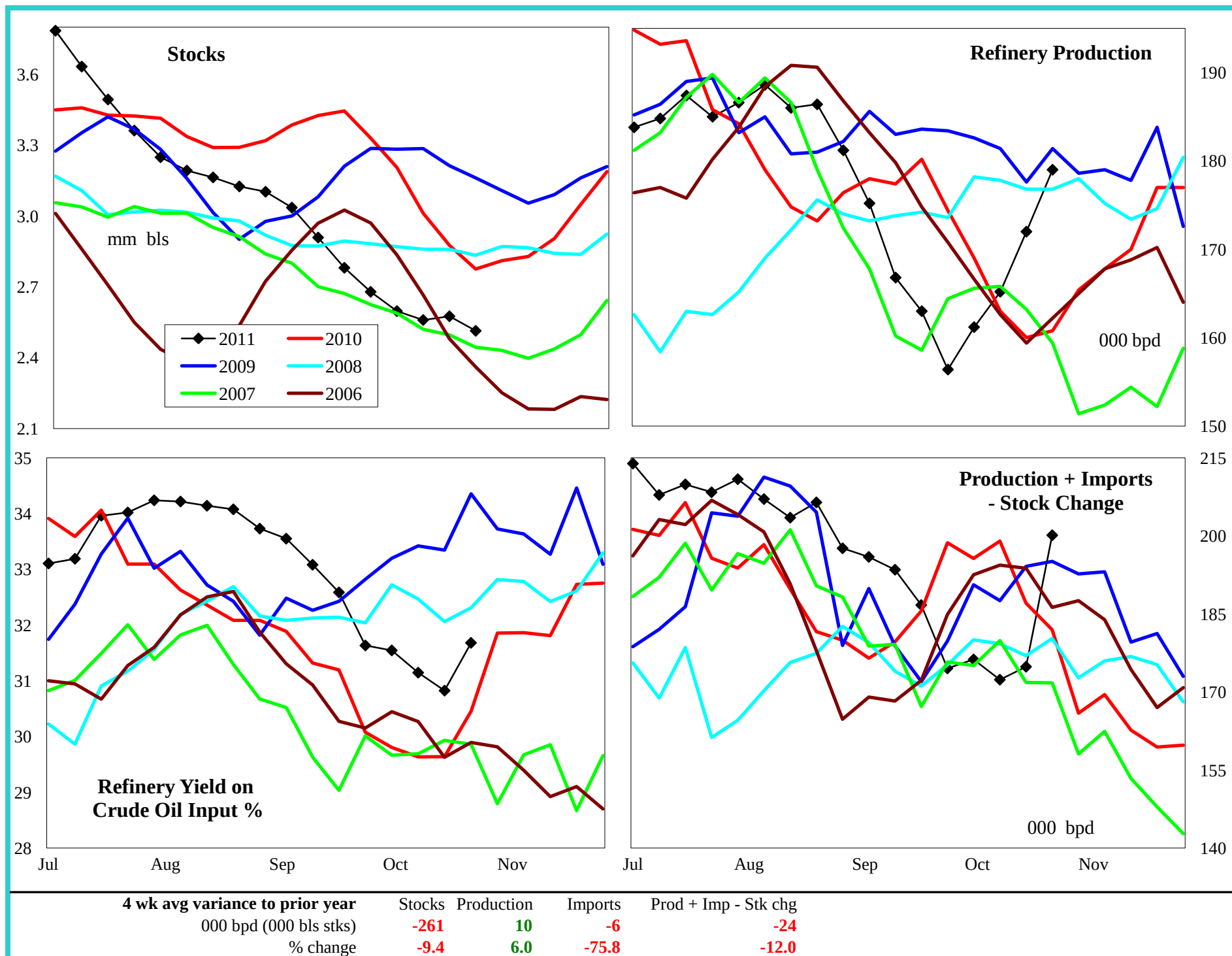
PADD 4 Crude Oil Supply and Refining



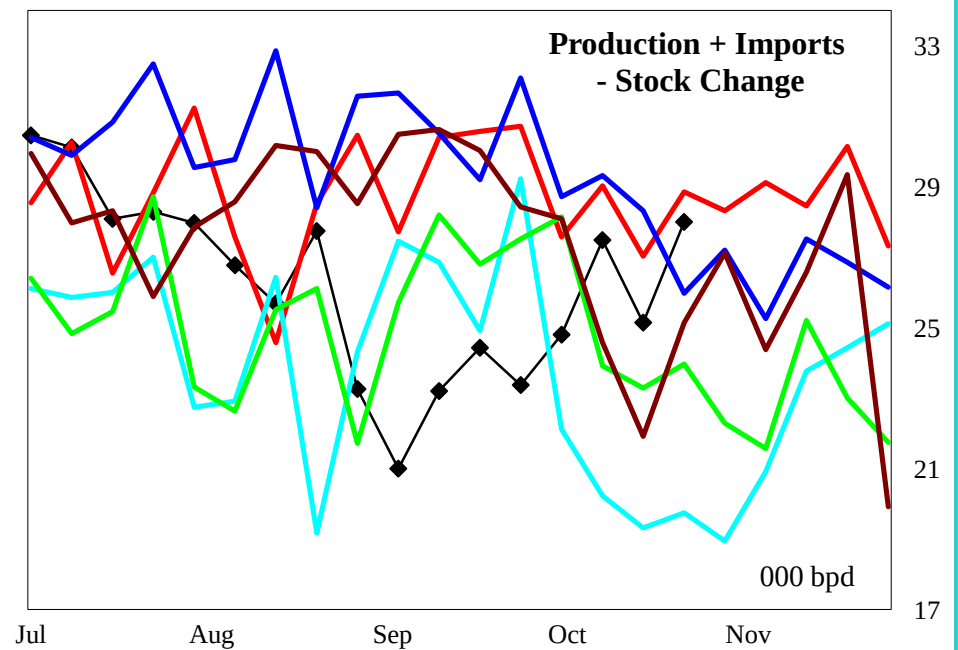
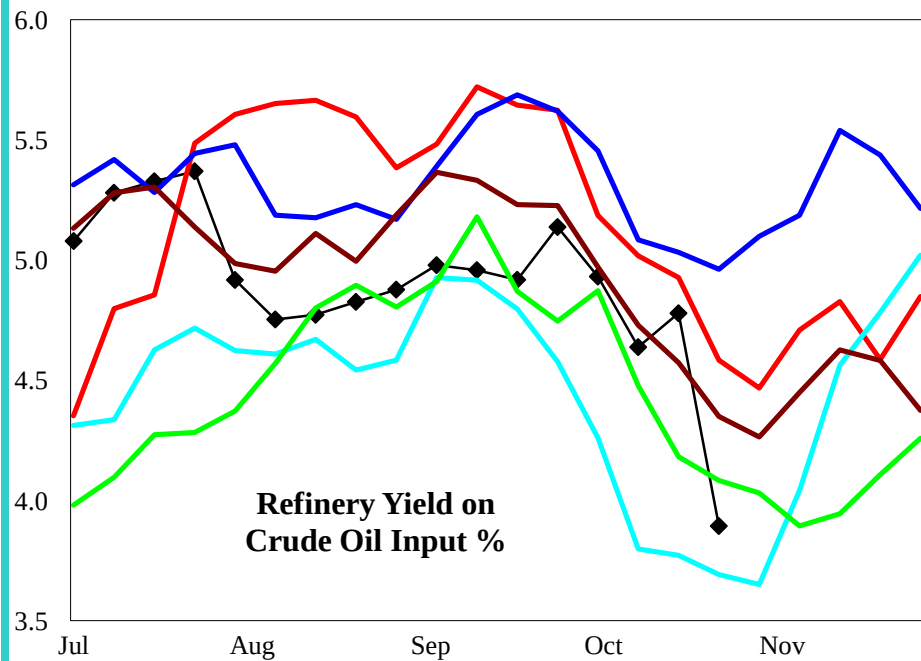
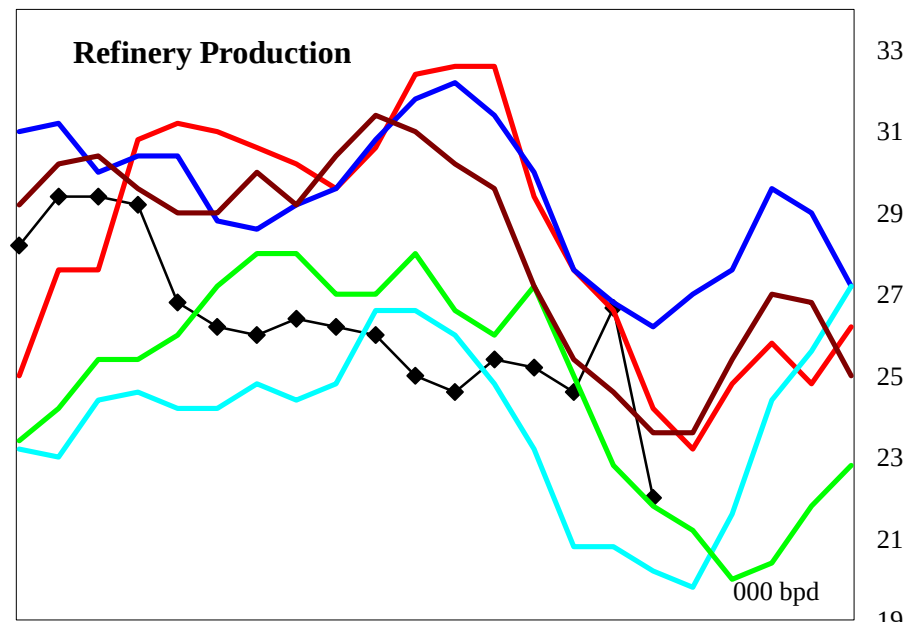
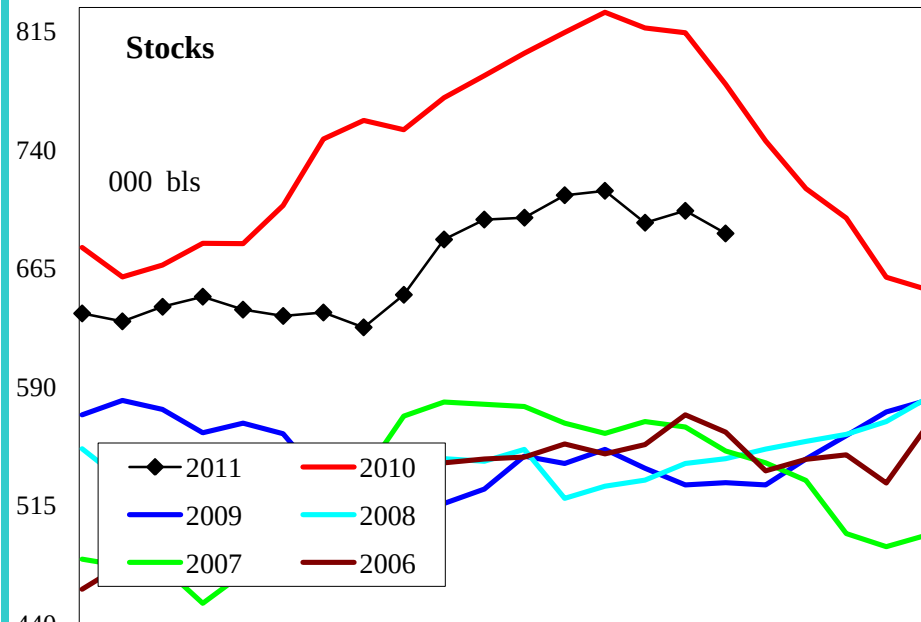
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply

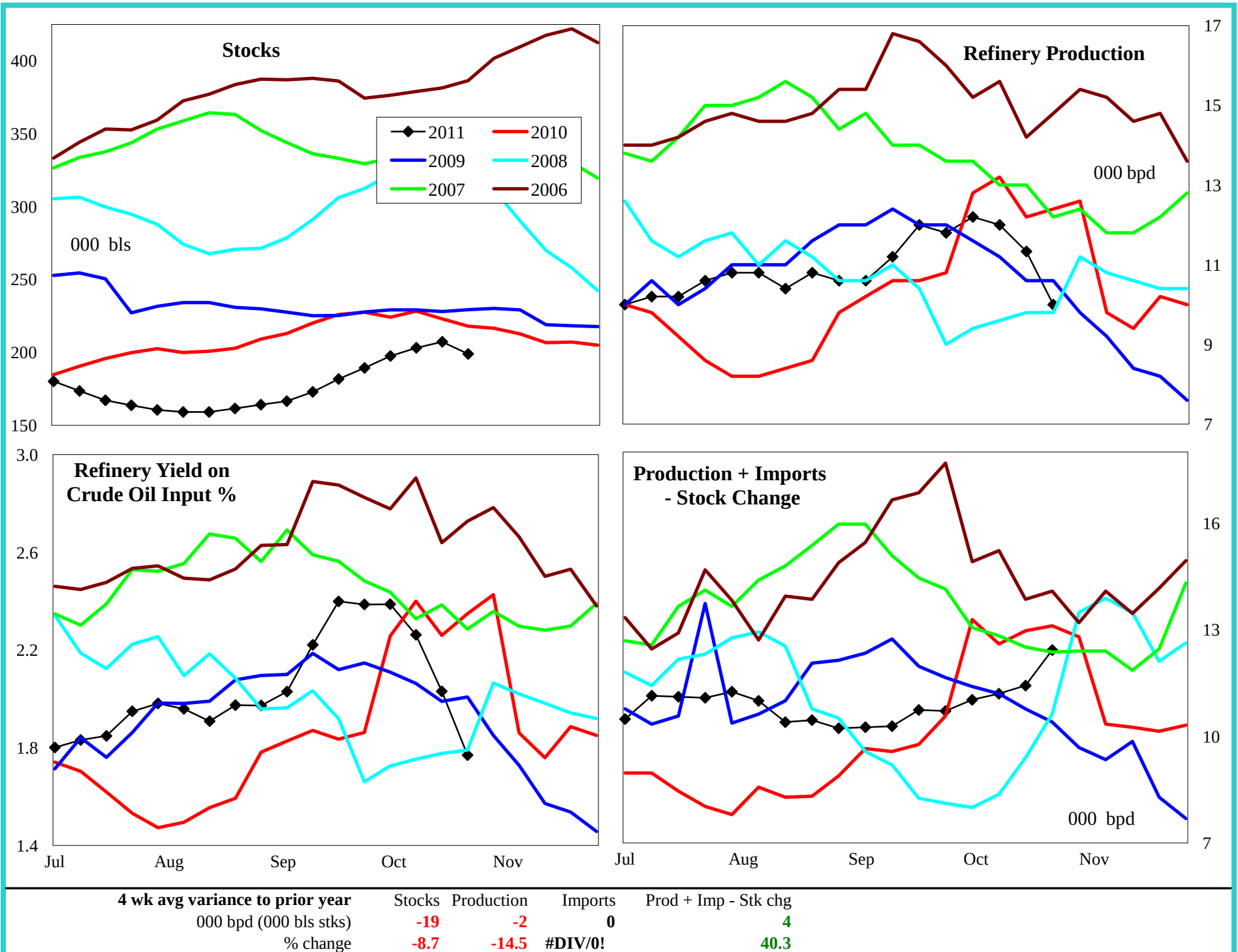


4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

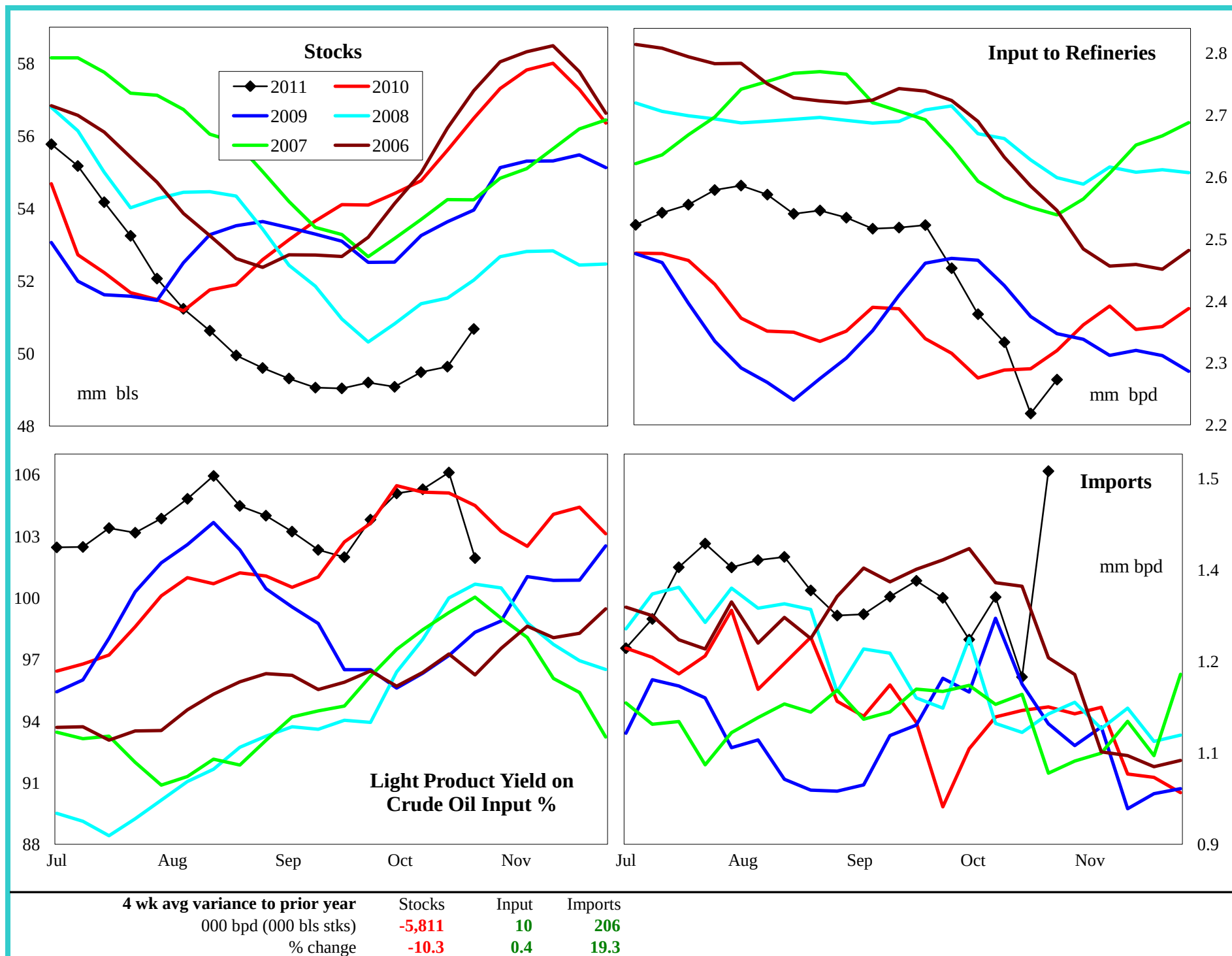
Stocks Production
 -94 0
 -12.1 1.0

Prod + Imp - Stk chg
 0
 -1.4

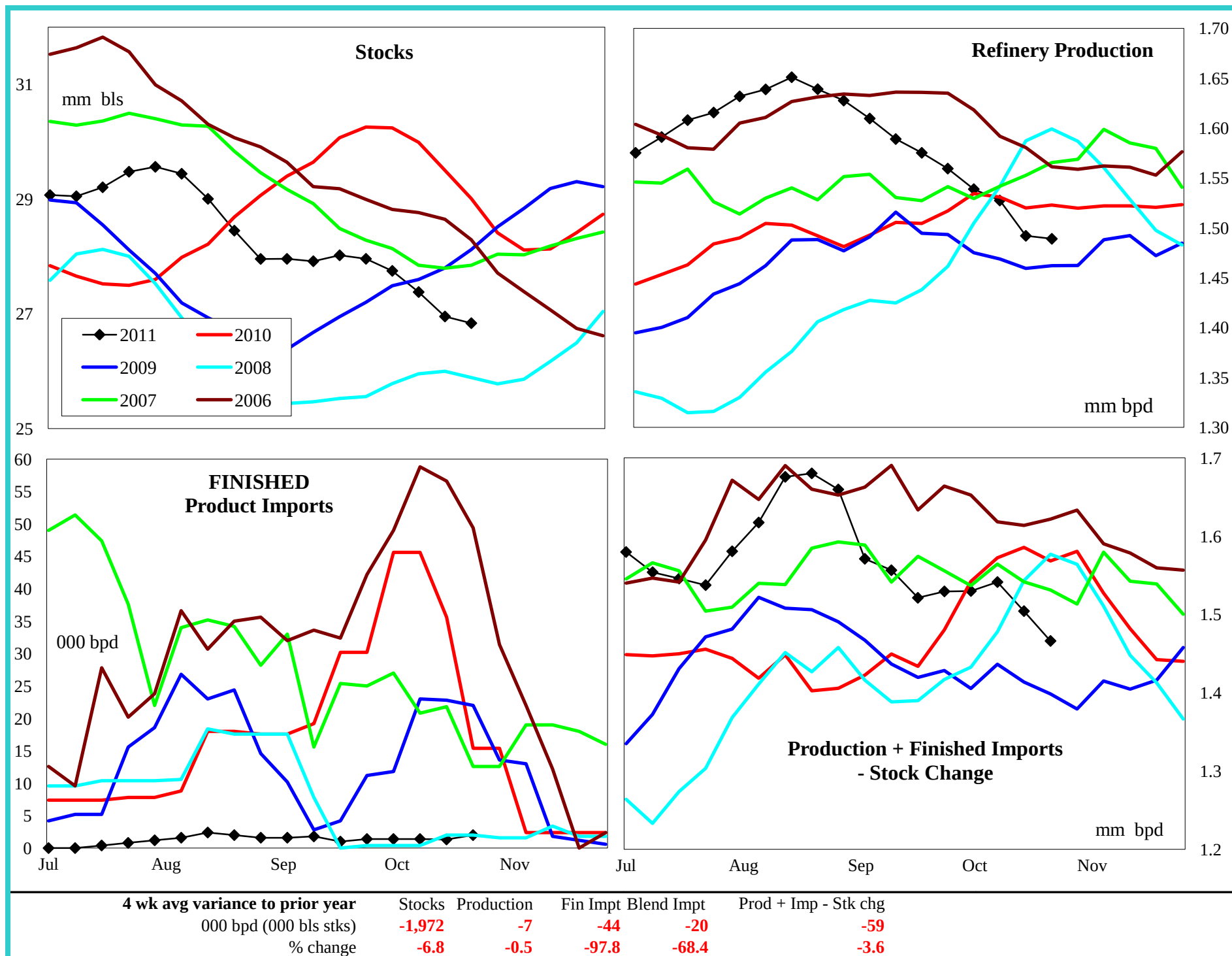
PADD 4 Residual Fuel Oil Supply



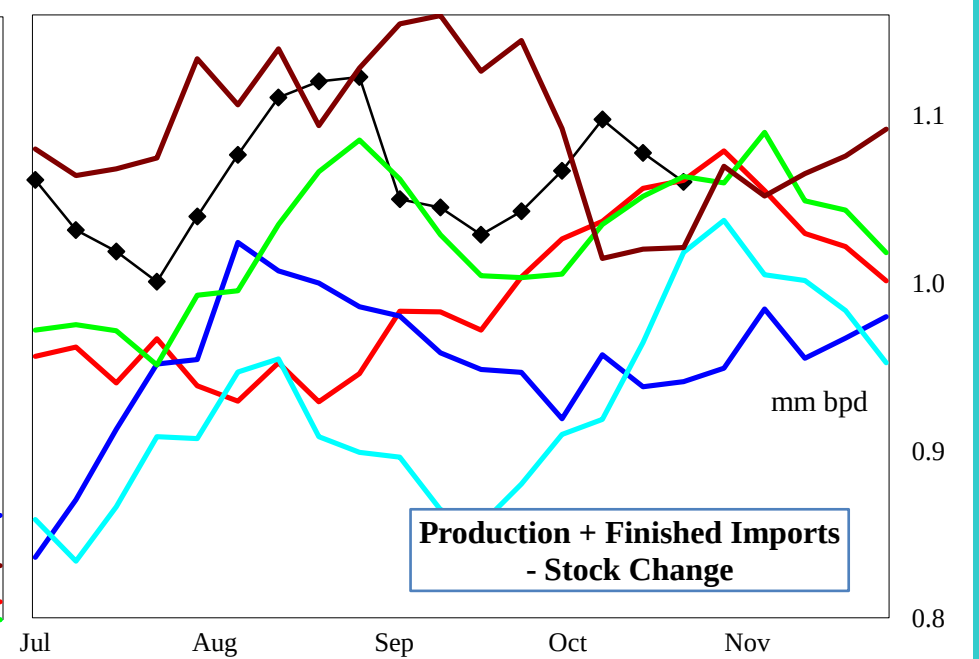
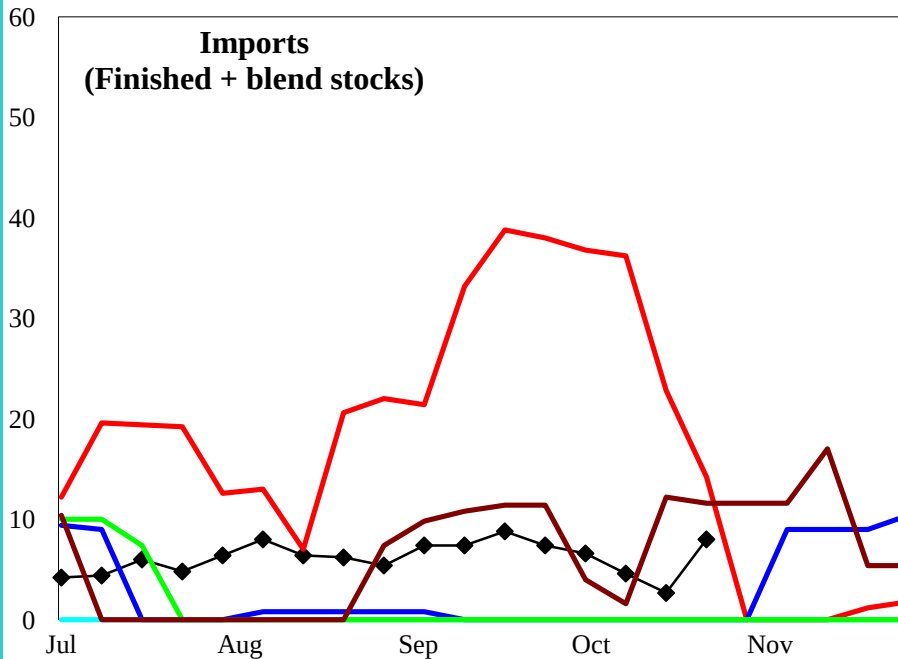
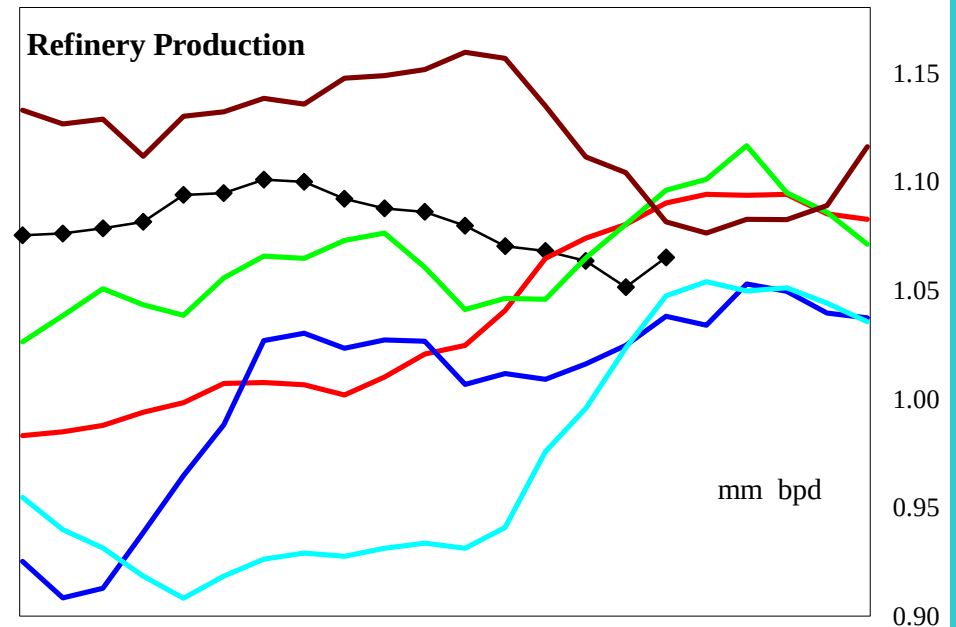
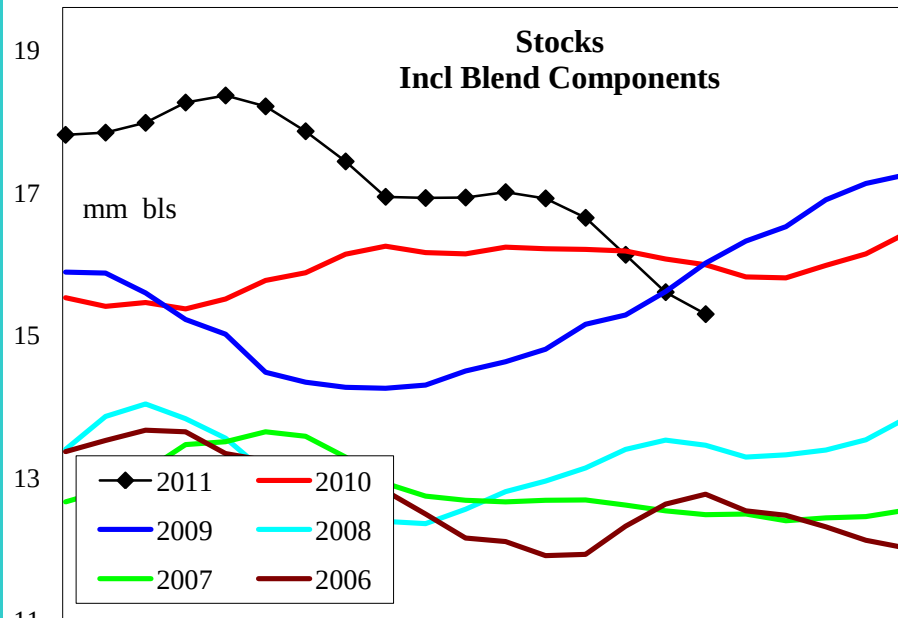
PADD 5 Crude Oil Supply and Refining



PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-345

-2.2

Production

-17

-1.6

Imports

-25

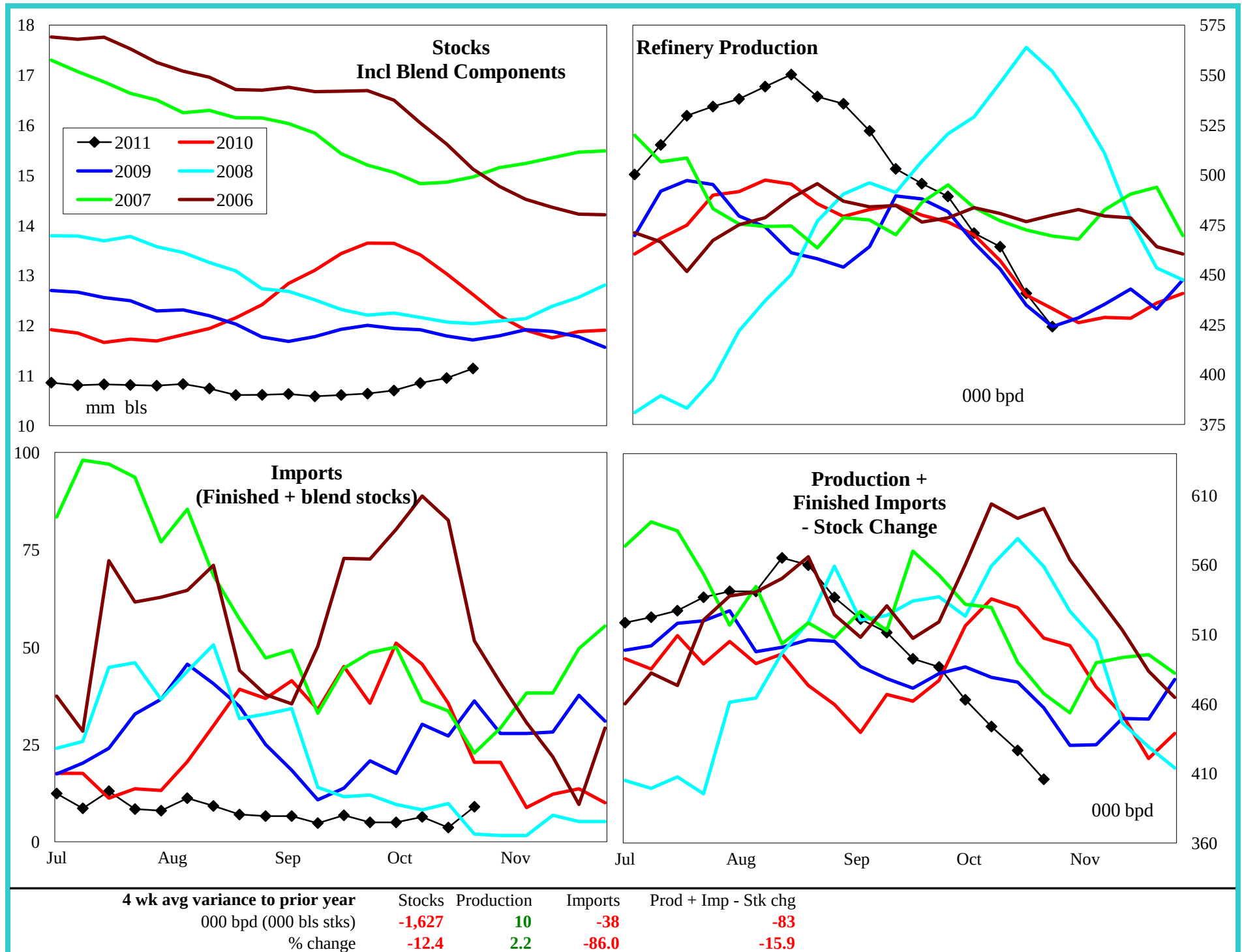
-86.8

Prod + Imp - Stk chg

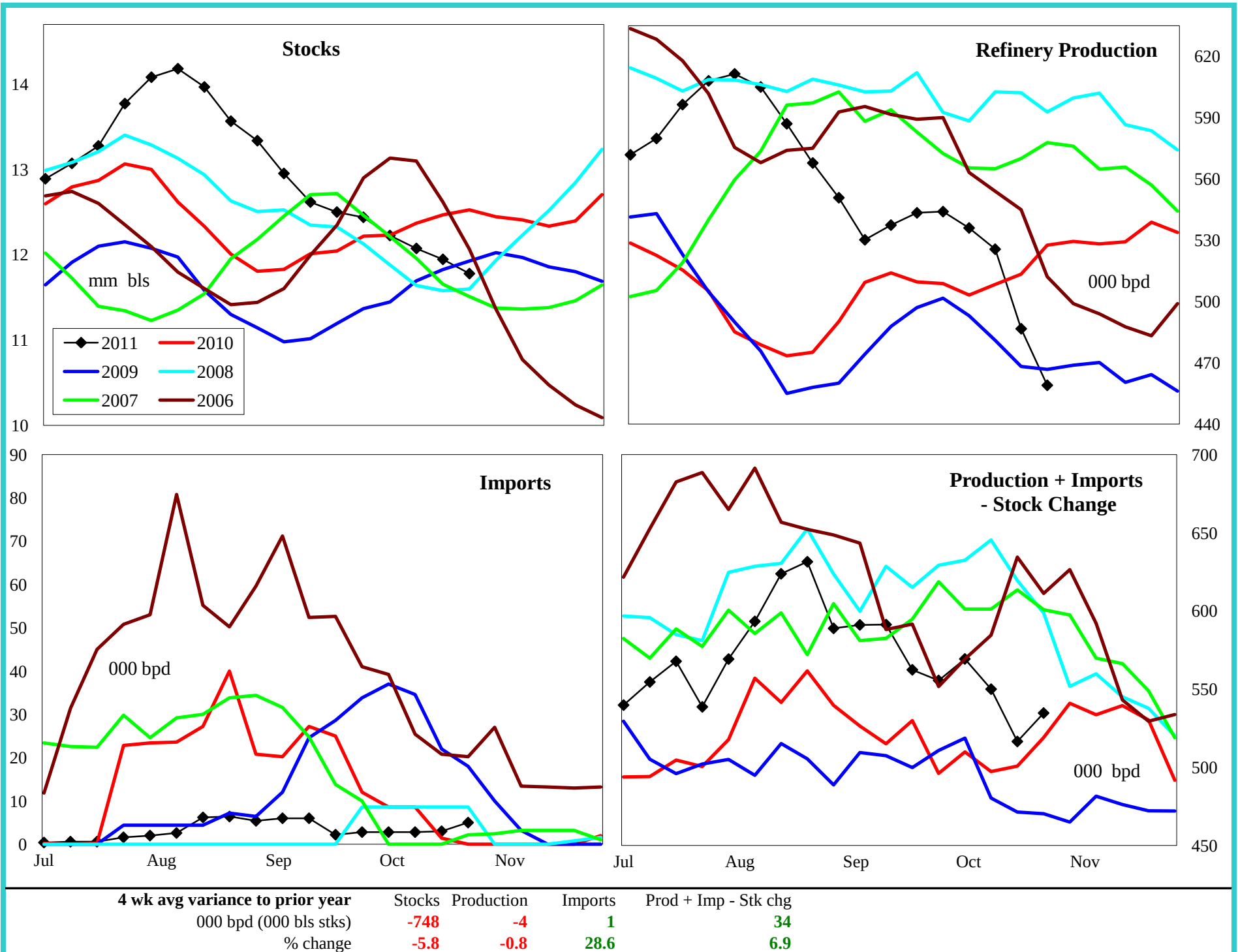
24

2.1

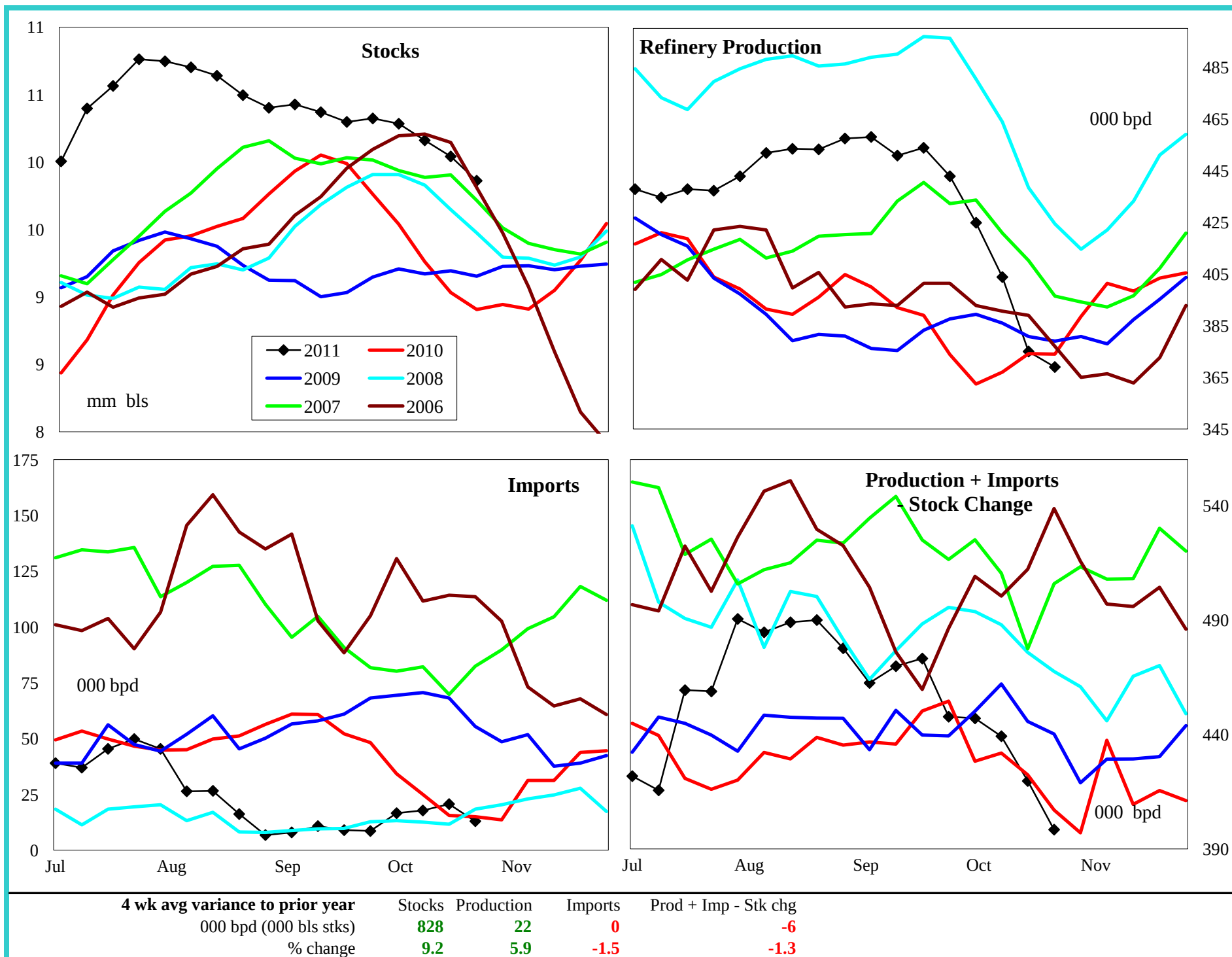
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

