



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

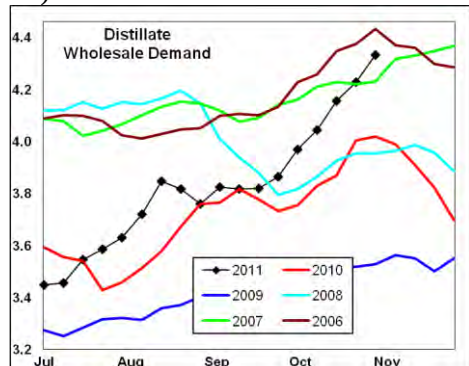
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, November 02,

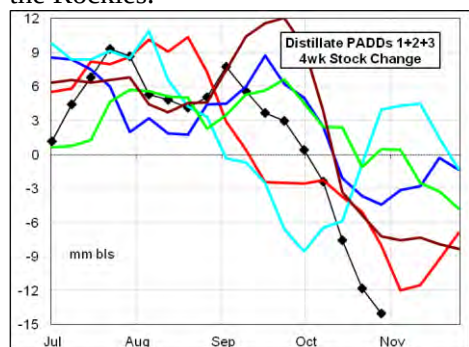


Major Fundamental Trends¹

Wholesale demand for distillate continued its robust march higher last week, rising +125,000 bpd to 4.4 million bpd. Fall agriculture harvest and oil/gas exploration, production, and transportation (rail & barge crude oil) underlie the increase.



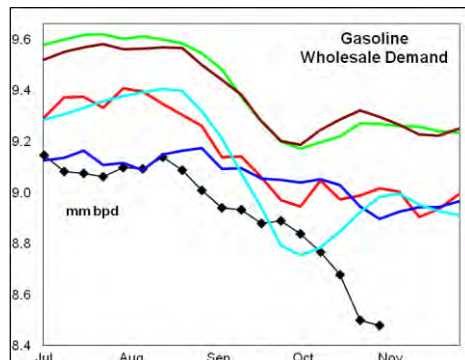
Production jumped +250,000 bpd last week, to a new record high level, as refiners increased output in all regions. Stocks decreased -3.6 million barrels last week; leading to a record -14 million barrel stock draw for the most recent 4-wk period in markets East of the Rockies.



Risk of a supply squeeze during the next quarter in the Northeast has increased as stocks drop to a level below four of the last 5-years in these markets.

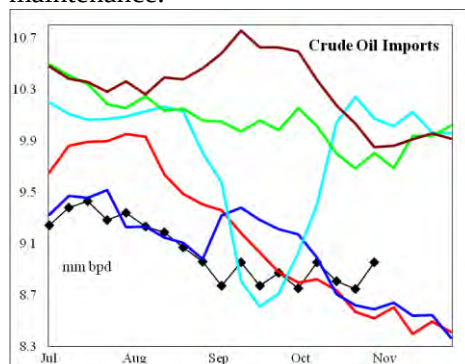
Wholesale gasoline demand fell -415,000 bpd during July and August (the latest EIA monthly data). The most recent 4-wk average year on year demand fell -362,000 bpd as high retail prices and a weak consumer economy depress travel.

¹ Source is latest EIA Weekly Statistics



Above average refinery maintenance in PADDs 4 and 5 has led to supply squeezes for transport fuels in these regions. Expect supplies to improve over the next 30-days as refiners return from fall maintenance.

Crude oil stocks increased +1.8 million barrels last week, the 2nd consecutive weekly build, the result of higher imports and continued refinery maintenance.



Demand for distillate reached exceptionally high levels, and may include growth in exports. Wholesale demand measured over the last four weeks compared to a year ago: gasoline decreased -4%; distillate up +6.6%; jet fuel up +3% while residual fuel oil decreased -20%.

Stocks forward coverage: Gasoline demand coverage increased on extremely weak demand and a +1.4 million barrel stock build. Coverage levels were above the historic range for this time of year.

Distillate coverage fell on a -3.6 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 near record stock levels.

Refinery utilization rates increased on a +33,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was +593,000 bpd above a year ago.

Gasoline yield % on crude oil runs was slightly below the level of the last 2-years on a +146,000 bpd rise in output, compared to the +33,000 bpd rise in crude oil runs last week.

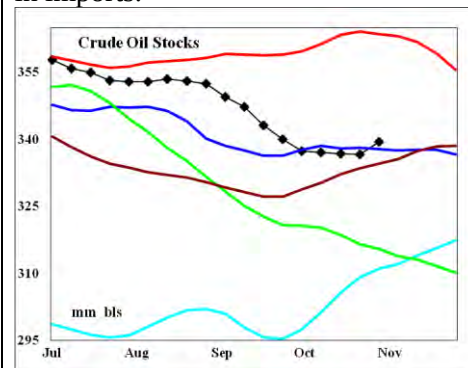
Distillate yield % on crude oil runs surged on a +250,000 bpd increase in production compared to the small increase in crude oil runs. Yield % on crude oil runs was a 5-year record.

Jet fuel yield % on crude oil runs decreased last week on a -24,000 bpd drop in output. Yield % levels were below the mid range.

Petroleum Imports of crude oil decreased -419,000 bpd last week, while gasoline imports continued the recent uptrend.

During the latest 4-wk period crude oil imports increased +141,000 bpd last year; distillate imports decreased -29,000 bpd; finished gasoline imports decreased -81,000 bpd, gasoline blend stock imports fell -176,000 bpd; jet fuel imports declined -1,000 bpd, while residual fuel oil imports decreased -63,000 bpd.

Crude Oil stocks climbed +1.8 million barrels last week, on the recent uptrend in imports.





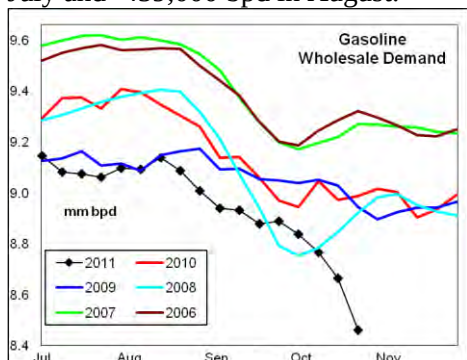
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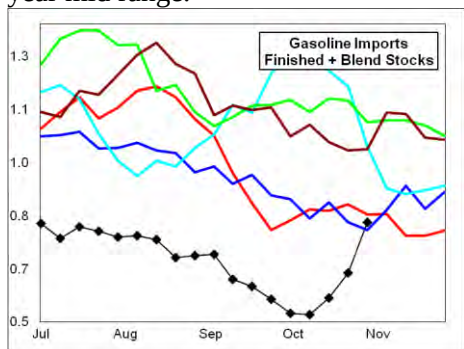
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Product Supply-Demand Trends

Gasoline demand increased +17,000 bpd last week, but remains at exceptionally low levels. The latest 4-wk average demand was -362,000 bpd below a year ago. This year-on-year decline compares to recent EIA monthly declines of -372,000 bpd in July and -459,000 bpd in August.



Production increased +146,000 bpd on the week. Imports increased +106,000 bpd on the week to a level comparable to the last 2-years. Stocks increased +1.4 million barrels to a level at the 5-year mid range.



Wholesale demand fell an average of -415,000 bpd in July and August, with the latest 4-wk demand decrease extending the down trend.

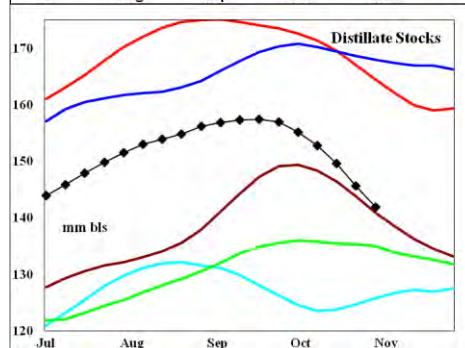
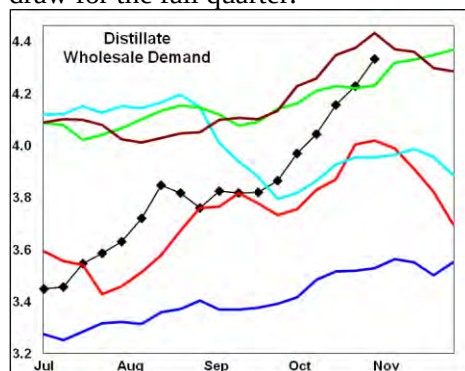
Imports have recently increased by +300,000 bpd from early October lows. Expect refiners' return to operation in key markets, and continued weak demand, to improve the supply balance on the East and West Coasts; ending an early fall supply squeeze.

Distillate demand increased +125,000 bpd last week, with the latest 4-wk average +262,000 bpd above a year ago. (Export growth appears to be included in the EIA estimate of

demand.)

Supply increased +225,000 bpd last week on higher production. Production levels jumped +250,000 bpd last week to a new record high level. Very robust demand led to a -3.6 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 -14 million barrels, a record draw for the fall quarter.



Exceptionally strong demand, record exports and fall refinery maintenance trends underlie the record stock draw last month.

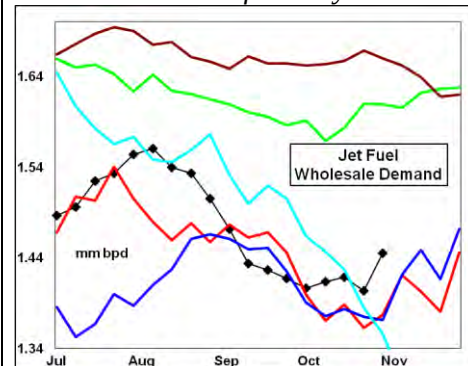
Expect further tightening of the supply balance in the near term as maintenance continues in some regions and the fall heating season begins.

Jet Fuel demand increased +82,000 bpd last week, with the level above the last 2-years. The latest 4-wk average demand was +41,000 bpd above last year.

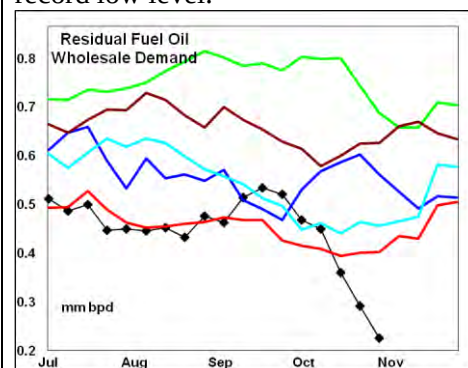
Supply declined -37,000 bpd on the week, on lower production. Stocks fell -0.8 million barrels to a level that matched last years' record high.

Production levels remain above

the last 3-years while stocks are comparable to the last 2-years, and near 5-year highs. Lookd for higher seasonal demand to drive a modest stock draw ahead of holiday travel.



Residual fuel oil demand decreased -63,000 bpd on the week, to a fresh record low level.



Supply (production + imports) increased +150,000 bpd last week, on higher production and imports. The latest 4-wk average supply was +29,000 bpd above last year. Stocks jumped +2.3 million barrels last week, although the level remains at the low end of the historic range.

Stock levels jumped over +1.2 million barrels in both PADDs 1 and 3 last week on extremely weak demand. The Gulf market remains well supplied, while refinery maintenance on the West Coast has reduced supplies in that region.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

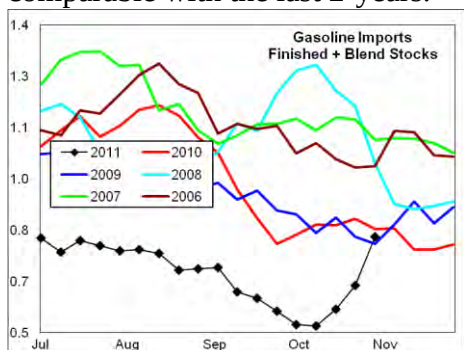
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +68,000 bpd on the week, with the level +294,000 bpd above a year ago.

Gasoline supply increased +89,000 bpd last week with latest 4-wk average -87,000 bpd below a year ago. Imports climbed +90,000 bpd on the week, to a level comparable with the last 2-years.



Gasoline stocks were unchanged on the week, at a level above the mid range.

Distillate supply was unchanged last week, with the latest 4-wk average +60,000 bpd above last year. Stocks decreased -0.5 million barrels on the week, with the level below four of the last 5-years.

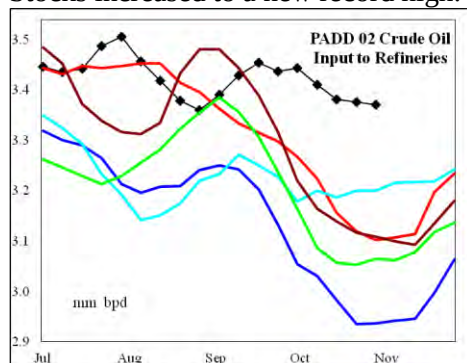
Jet fuel stocks ended the week just above 5-year highs on production rates comparable to the last 2-years.

PADD 2 crude oil refinery runs increased +19,000 bpd last week, with the latest 4-wk average +241,000 bpd above a year ago, and a record high for this time of year. Crude imports climbed +148,000 bpd. Crude oil stocks climbed +1.3 million barrels on very high imports. Crude stock levels remain above the 5-year range.

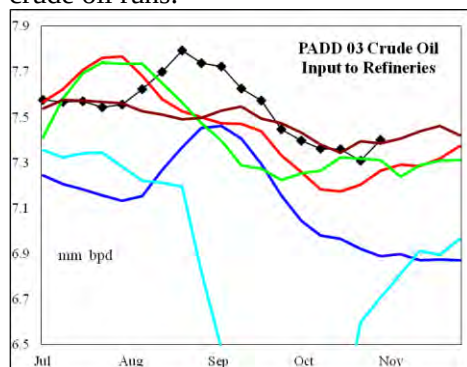
Gasoline production climbed +151,000 bpd last week, to a level that matched historic highs for this time of year. Stocks fell -0.5 million barrels, a level near 5-year lows.

Distillate production increased +40,000 bpd, to a level that matched 5-year highs. Stocks decreased -1.5 million barrels to a level below the 5-year range for this time of year.

Jet fuel production has dropped 50,000 bpd in recent weeks, although the level remains near historic highs. Stocks increased to a new record high.



PADD 3 refinery runs increased +30,000 bpd with the level matching historic highs for the period. The latest 4-wk average thru put was +132,000 bpd above last year. Crude oil stocks decreased -0.8 million barrels on high crude oil runs.



Gasoline production decreased -28,000 bpd on the week. Stocks climbed +2.2 million barrels last week, with the level near last years' highs.

Distillate production climbed +102,000 bpd on the week; with the latest 4-wk average +102,000 bpd above the previous 5-year high. Stocks fell -1.2 million barrels, with the level -3.5 million barrels below the historic high.

Jet fuel production declined -4,000 bpd on the week, to a level +82,000 bpd above last year. Stocks decreased -0.8 million barrels to a level near the mid range.

Residual fuel oil supplies increased +36,000 bpd on the week, due to higher imports. Stocks increased +1.6 million barrels, to a level at the upper

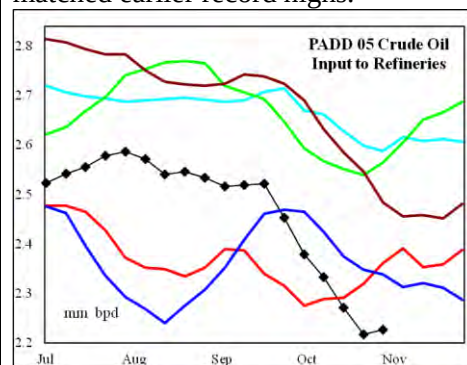
end of the historic range.

PADD 4 refinery crude runs decreased -38,000 bpd last week, with the most recent 4-wk average +23,000 bpd above a year ago. Run rates are now at now near the mid range.

Gasoline production fell -27,000 bpd last week, to a record low level. Stock levels remain above the mid range.

Distillate production increased +9,000 bpd on the week, to a level above the historic range. Stocks increased +0.2 million barrels, although the level remains below each of the last 3-years.

PADD 5 crude oil refinery runs decreased -47,000 bpd on the week, with the level below the 5-year range. The latest 4-wk average thru put was -96,000 bpd below last year. Light product yield % on crude oil runs matched earlier record highs.

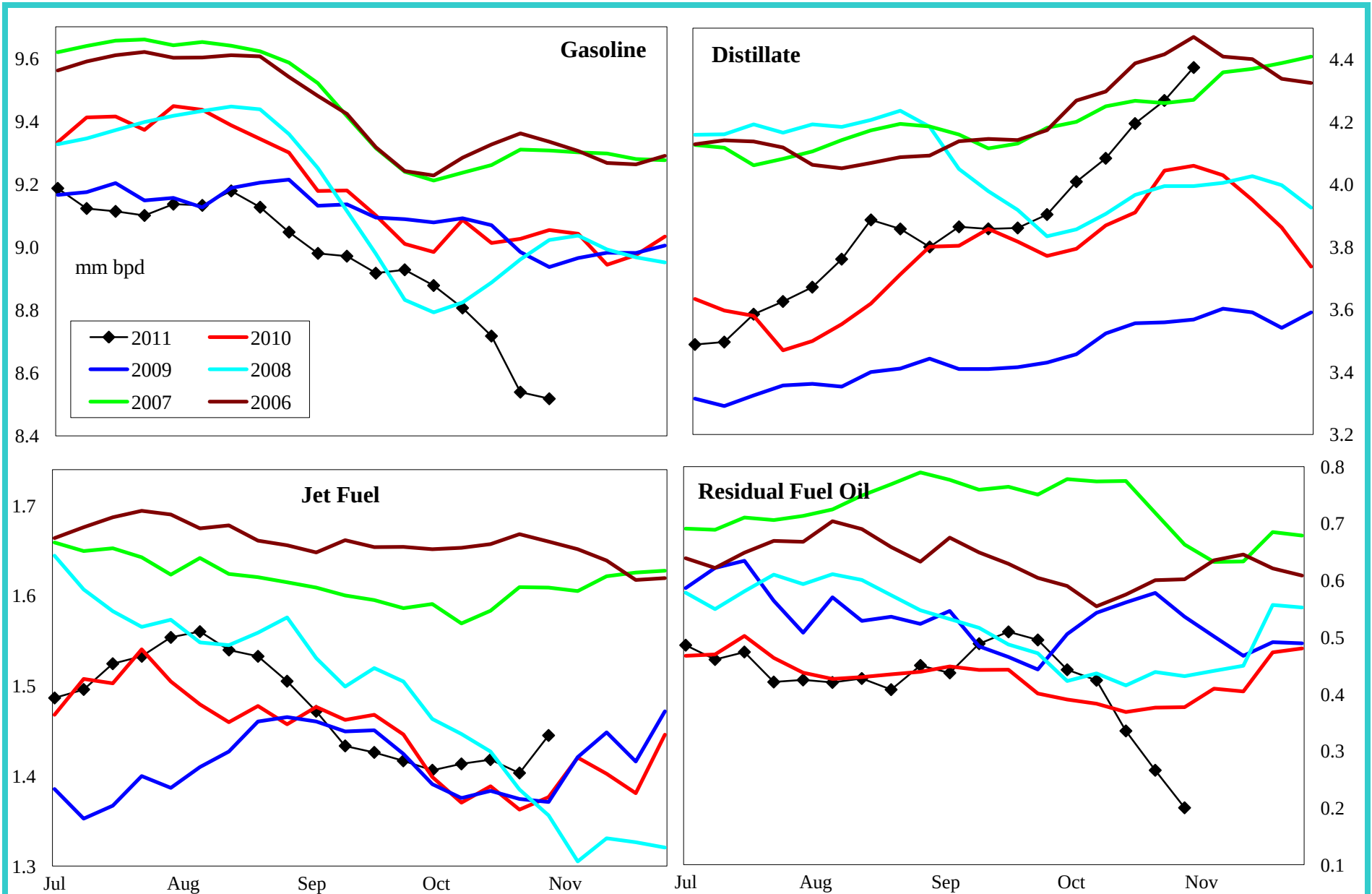


Gasoline production increased +34,000 bpd last week, a level comparable to the last 2-years. Supply (production + imports) for the latest 4-wk average was -43,000 bpd below last year. Stocks decreased -0.3 million barrels to a level at the low end of the historic range.

Distillate production increased +85,000 bpd last week, to a level above the historic mid range, with the 4-wk average -23,000 bpd below last year. Stocks fell -0.6 million barrels to a level that matched 5-year lows.

 FUNDAMENTAL PETROLEUM TRENDS ?		PETROLEUM: Graph Link and Weekly Summary					
		A Fundamental Petroleum Trends Weekly Report November 2, 2011					
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization			Imports	
Supply/Demand Trends	28-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	1,826	-979	1,251	-834	19	2,370
	Imports	-419	36	148	-23	-65	-514
	Input	33	68	19	30	-38	-47
	% Utilization	0.50					
Gasoline	Stocks	1,356	-56	-480	2,165	25	-297
	Production	146	-1	151	-28	-27	34
	Imports	106	90	2	31	0	-17
	Supplied	17					
Distillate	Stocks	-3,575	-473	-1,472	-1,198	157	-590
	Production	250	14	40	102	9	85
	Imports	-25	-11	0	-9	0	-5
	Supplied	125					
Jet Fuel	Stocks	-766	94	418	-798	-77	-403
	Production	-24	17	-41	-4	-3	8
	Imports	-13	-22	0	0	0	8
	Supplied	82					
Residual Fuel Oil	Stocks	2,330	1,192	31	1,556	3	-452
	Production	41	19	26	7	1	-12
	Imports	109	-44	-3	29	0	127
	Supplied	-63					

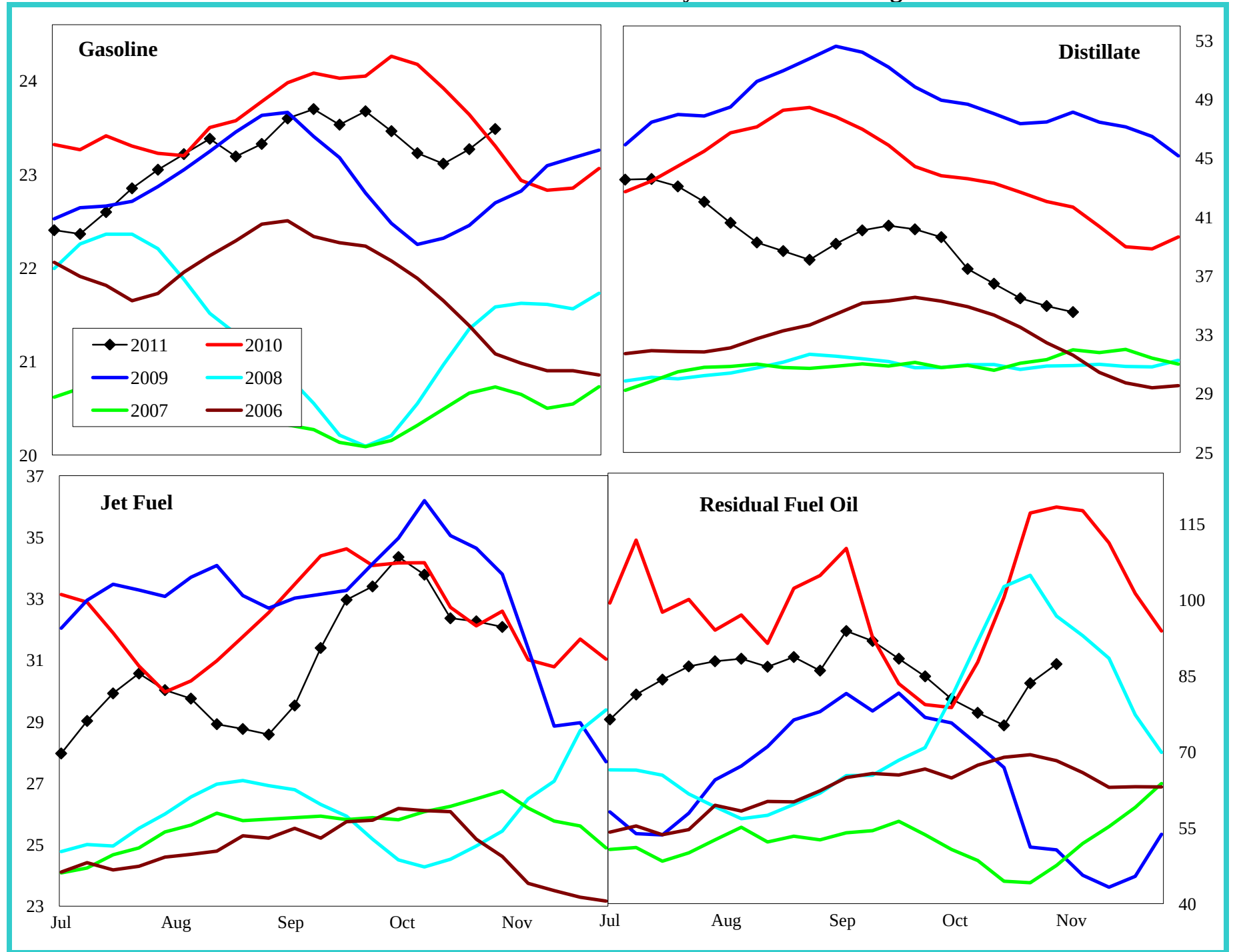
United States Wholesale Petroleum Demand



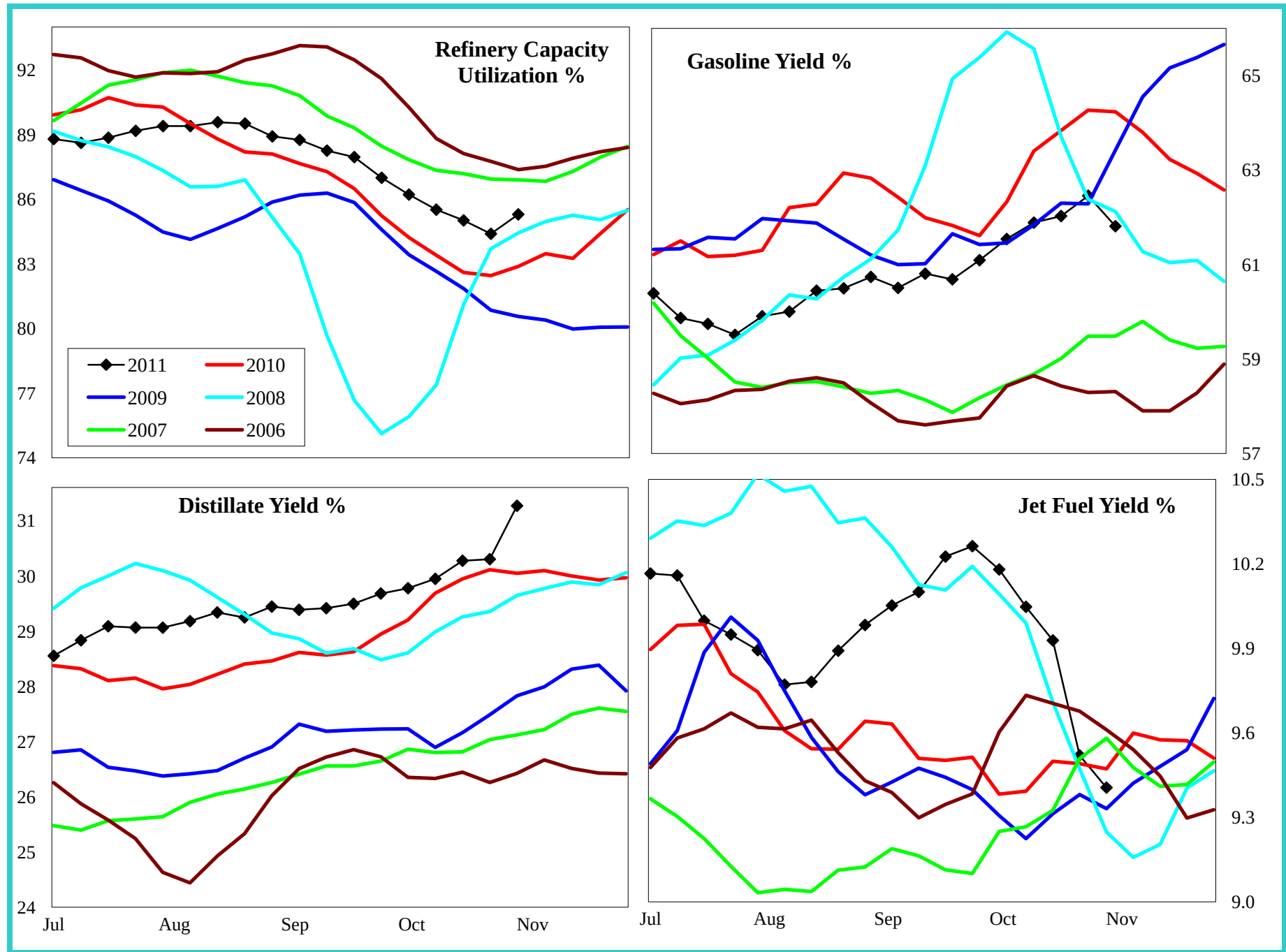
	000 bpd change from prior year				% change from prior year				
	4wk avg	Sep	Aug	Jul	4wk avg	Sep	Aug	Jul	
Gasoline	-362	-205	-158	-341	-4.0	-2.2	-1.7	-3.7	
Distillate	262	-23	6	-92	6.6	-0.6	0.2	-2.6	
Jet Fuel	41	-50	32	-28	3.0	-3.4	2.2	-1.9	
Resid	-72	19	-62	-279	-19.9	3.7	-13.0	-46.9	



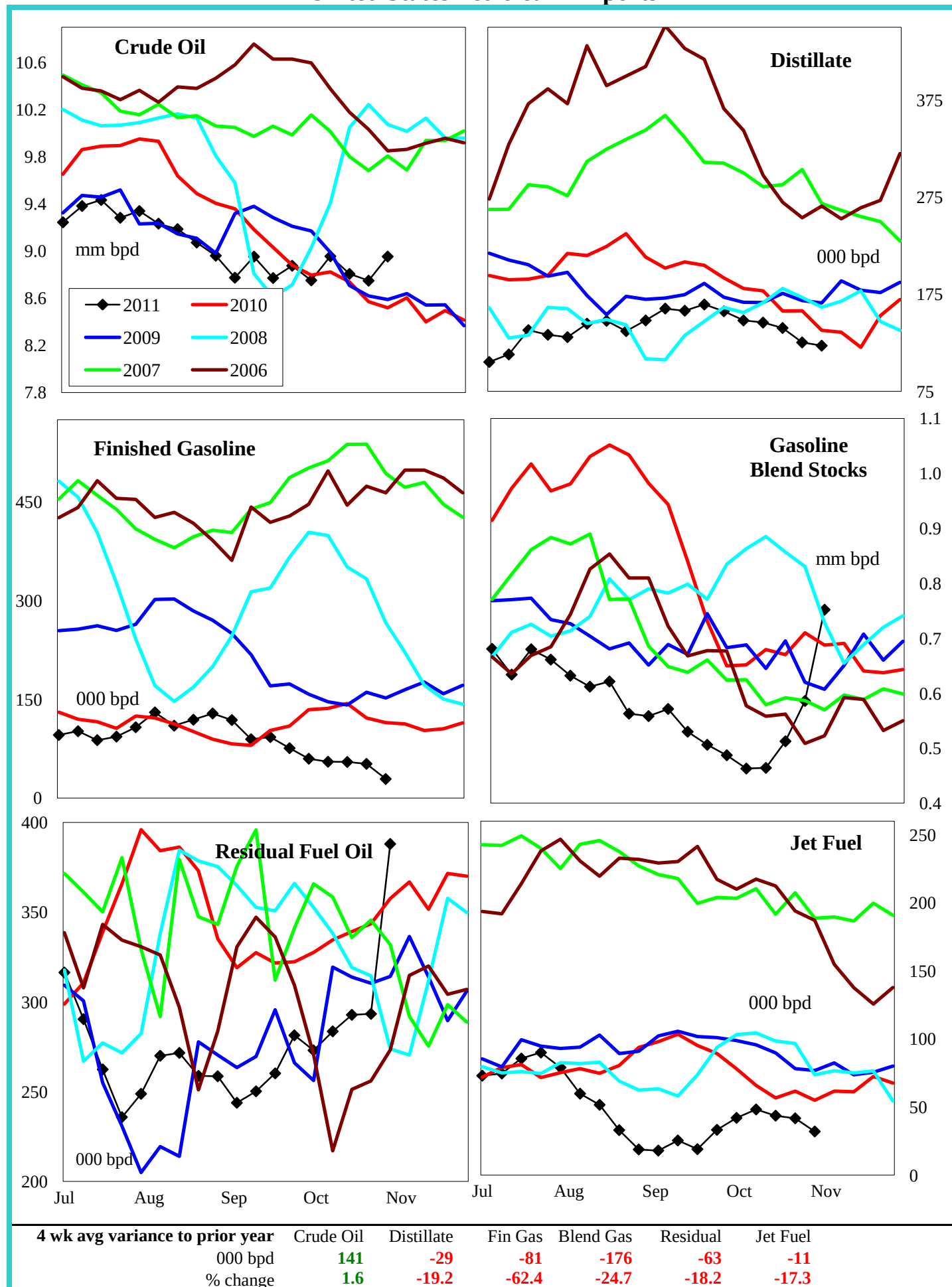
United States Product Stocks: Days Forward Coverage



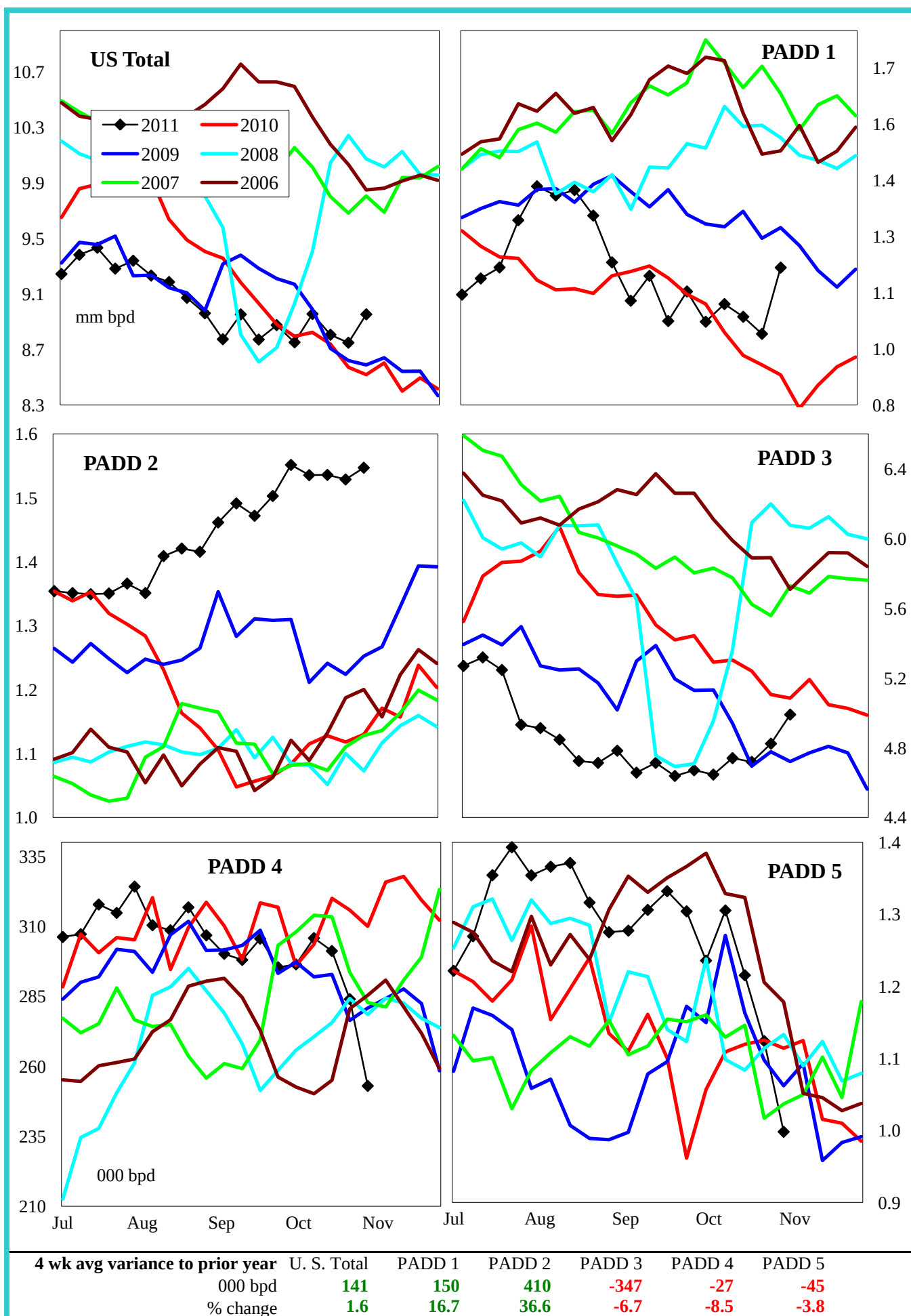
United States Refinery Percent Utilization Rate and Product Yields



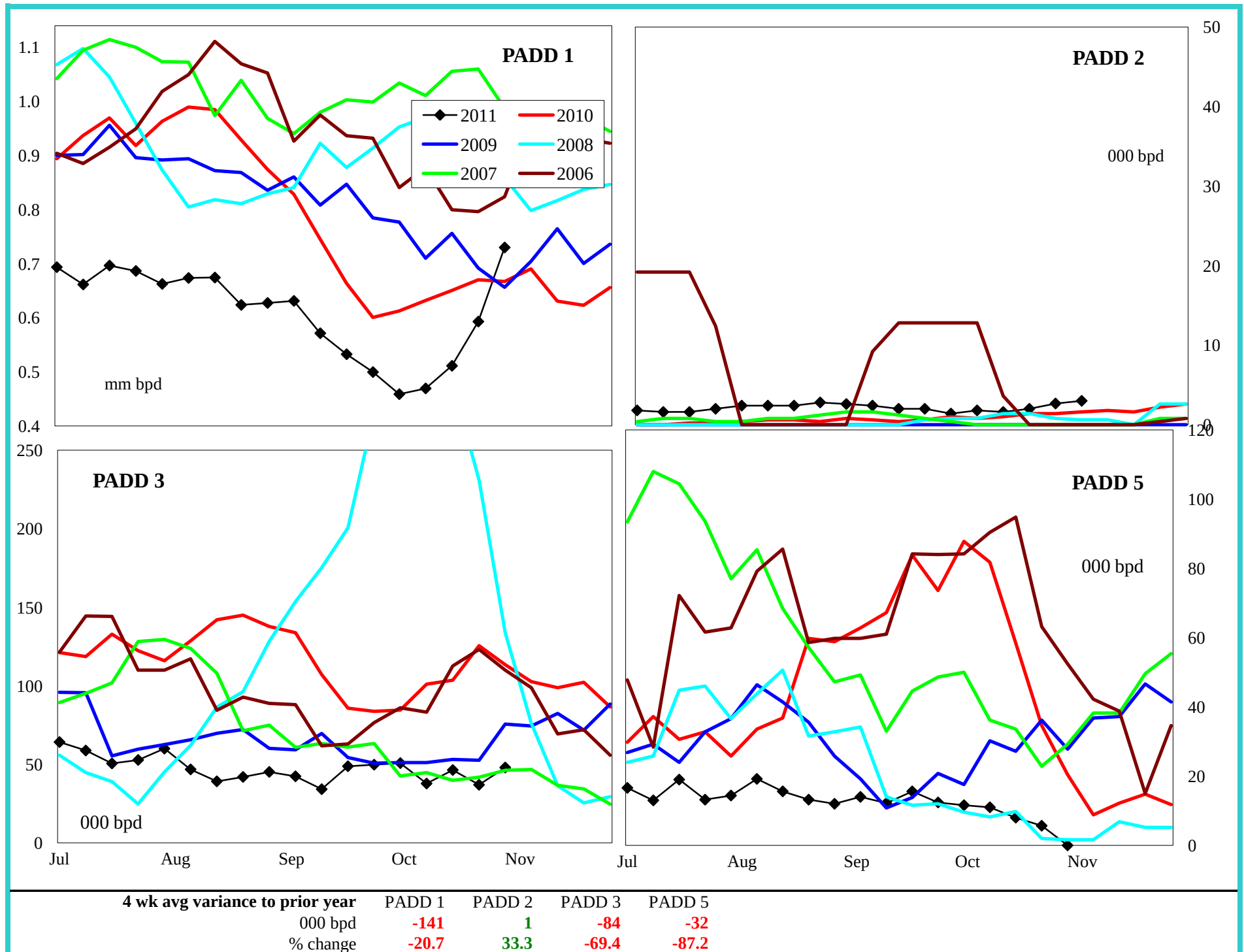
United States Petroleum Imports



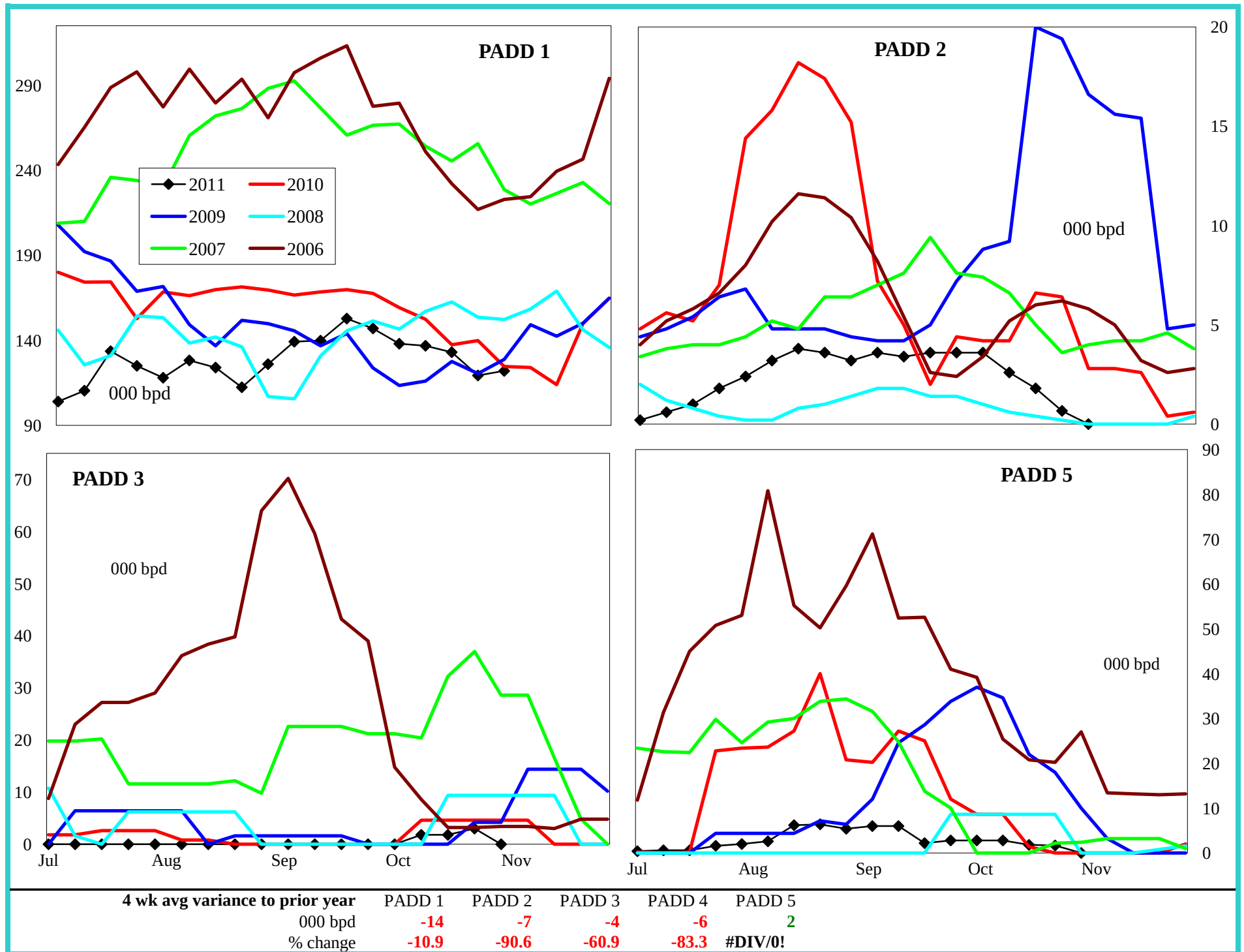
Crude Oil Imports by PADD



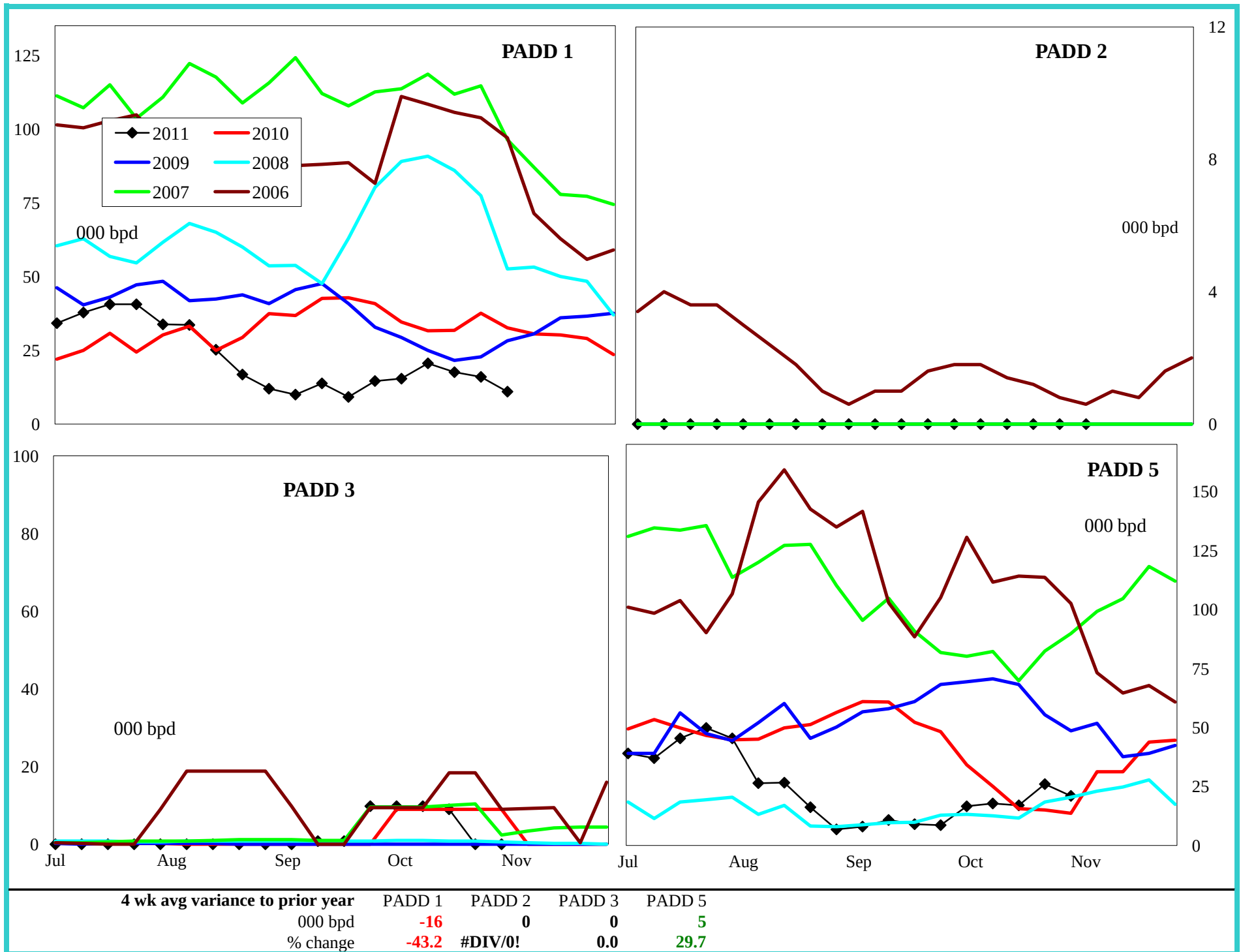
Gasoline Imports by PADD (Finished + Blend Stocks)



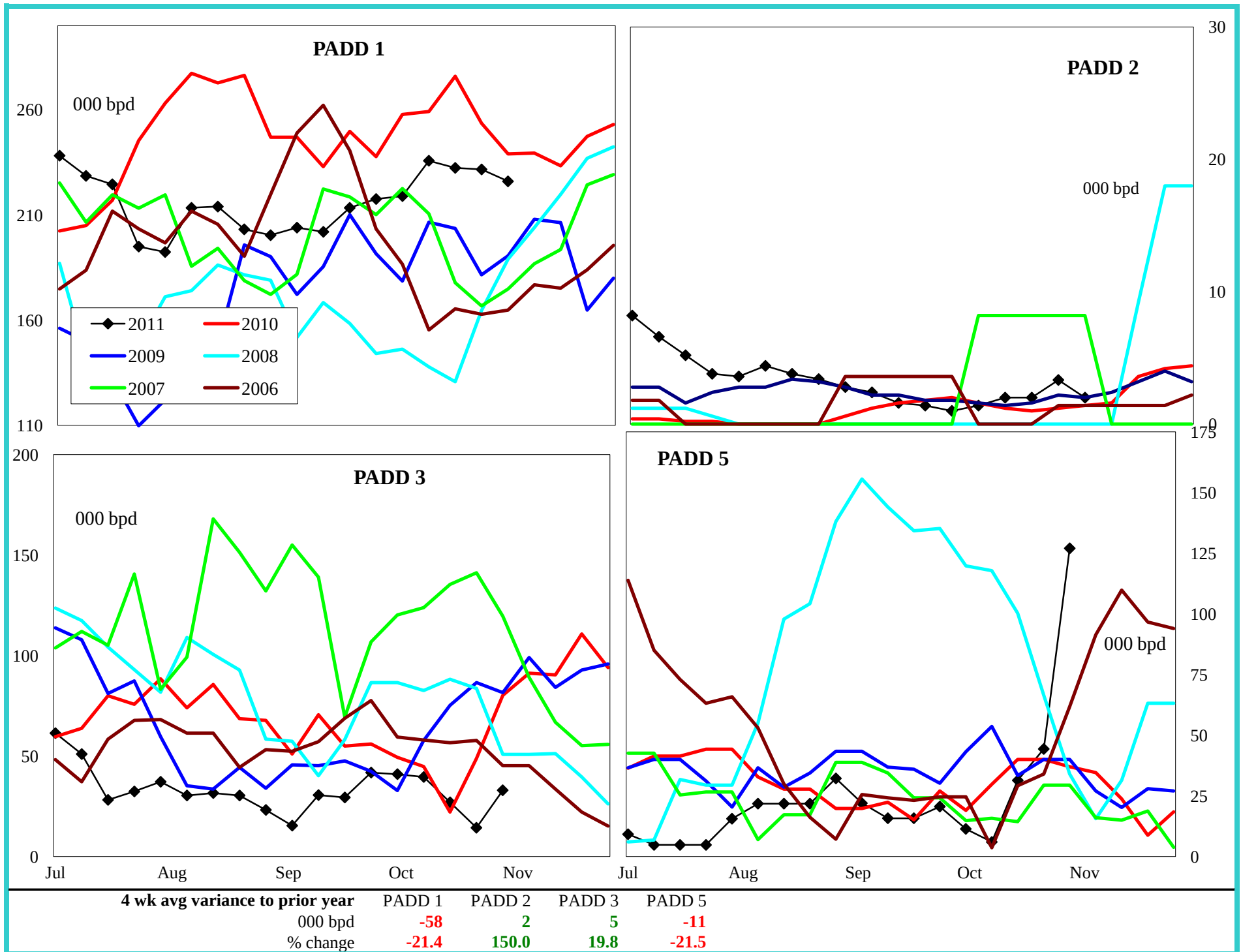
Distillate Imports by PADD



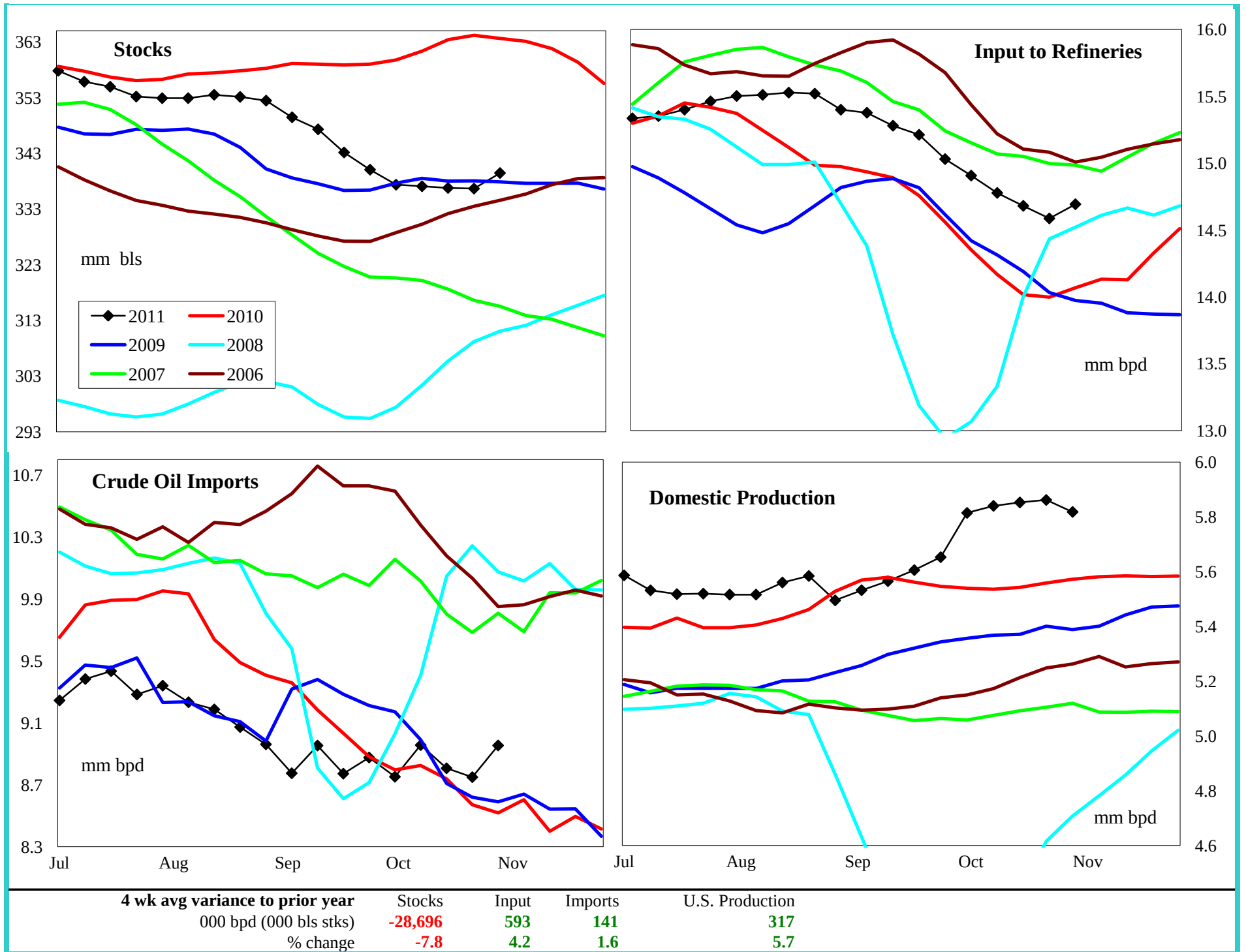
Jet Fuel Imports by PADD



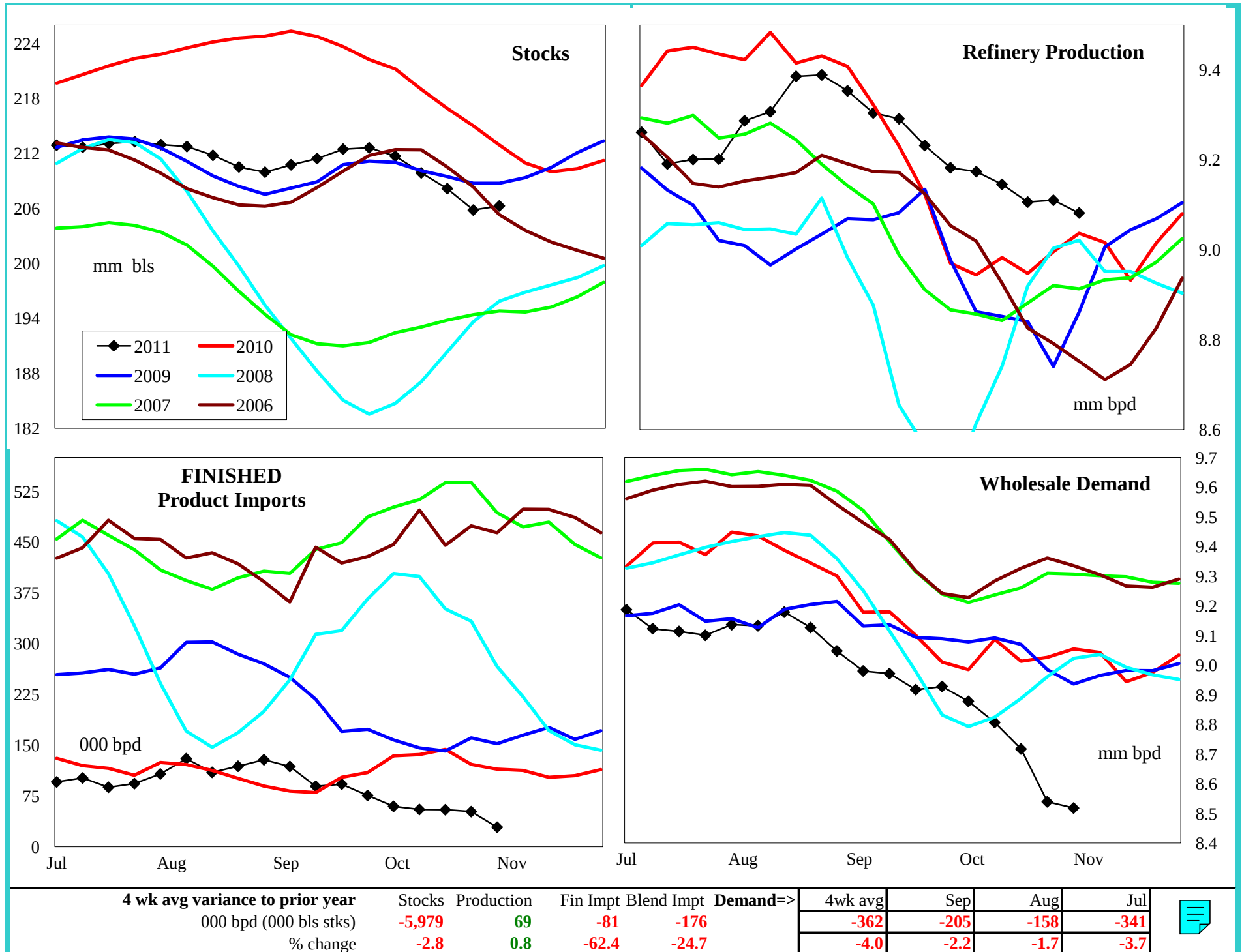
Residual Fuel Oil Imports by PADD



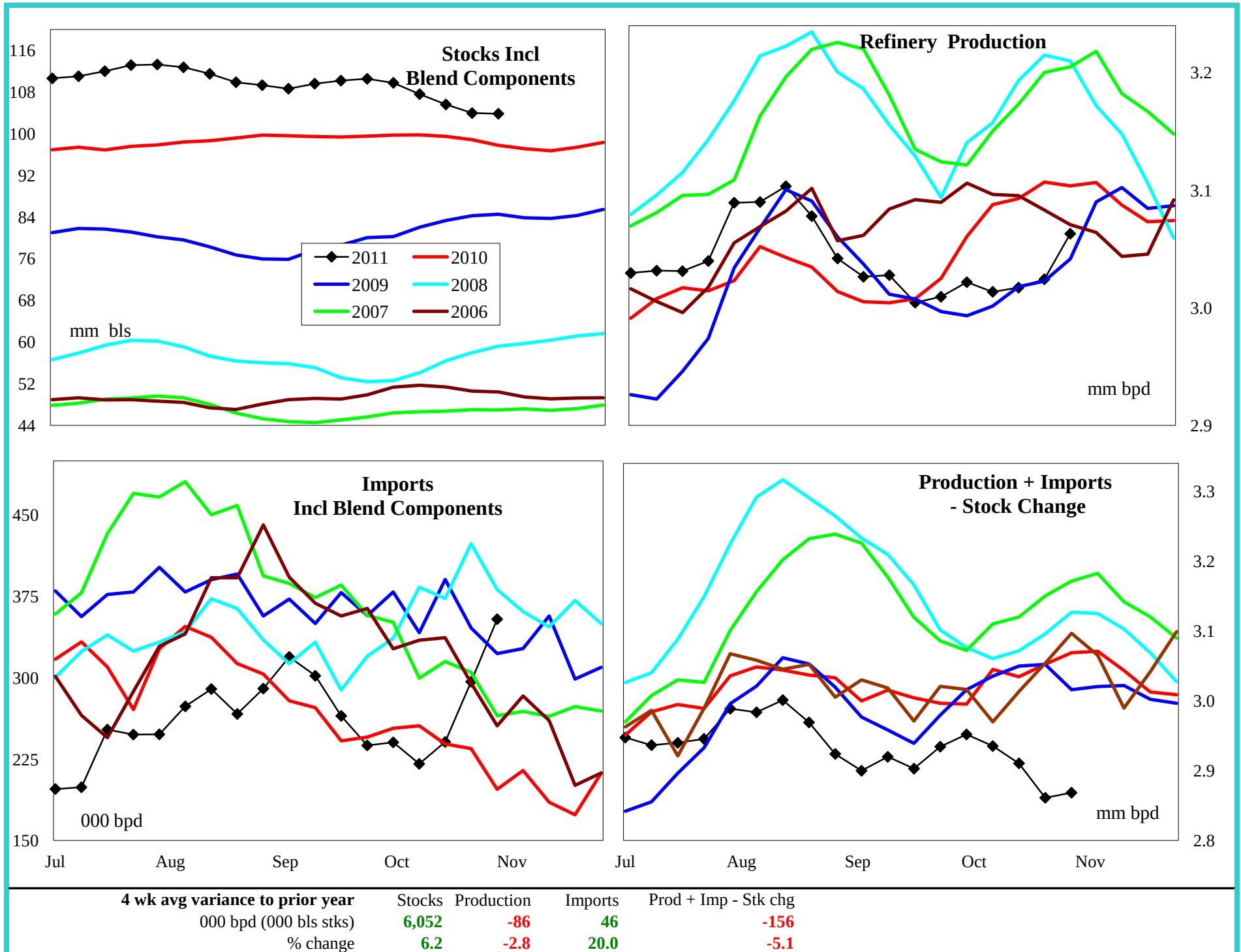
United States Crude Oil Supply and Demand Balance



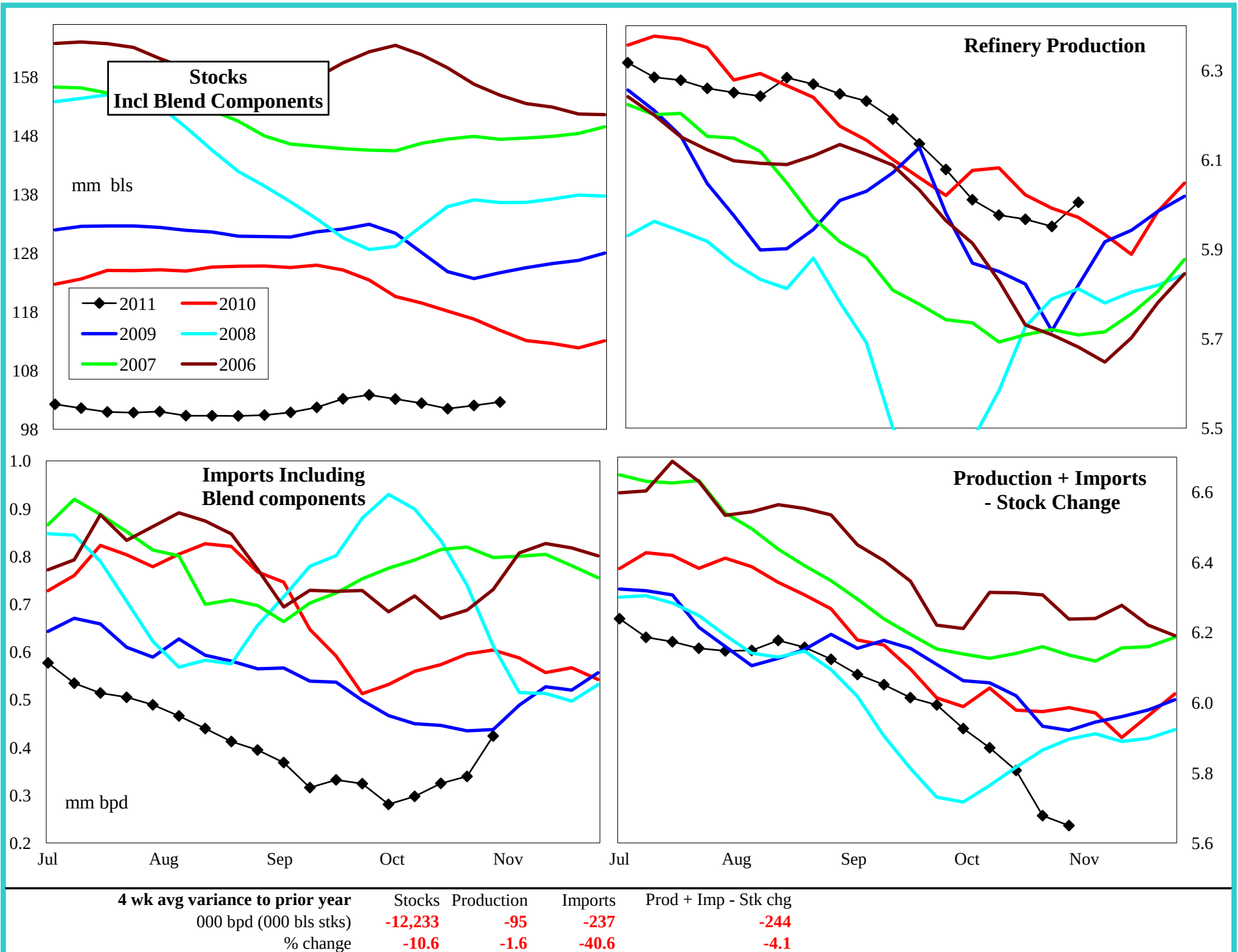
United States Gasoline Supply and Demand Balance



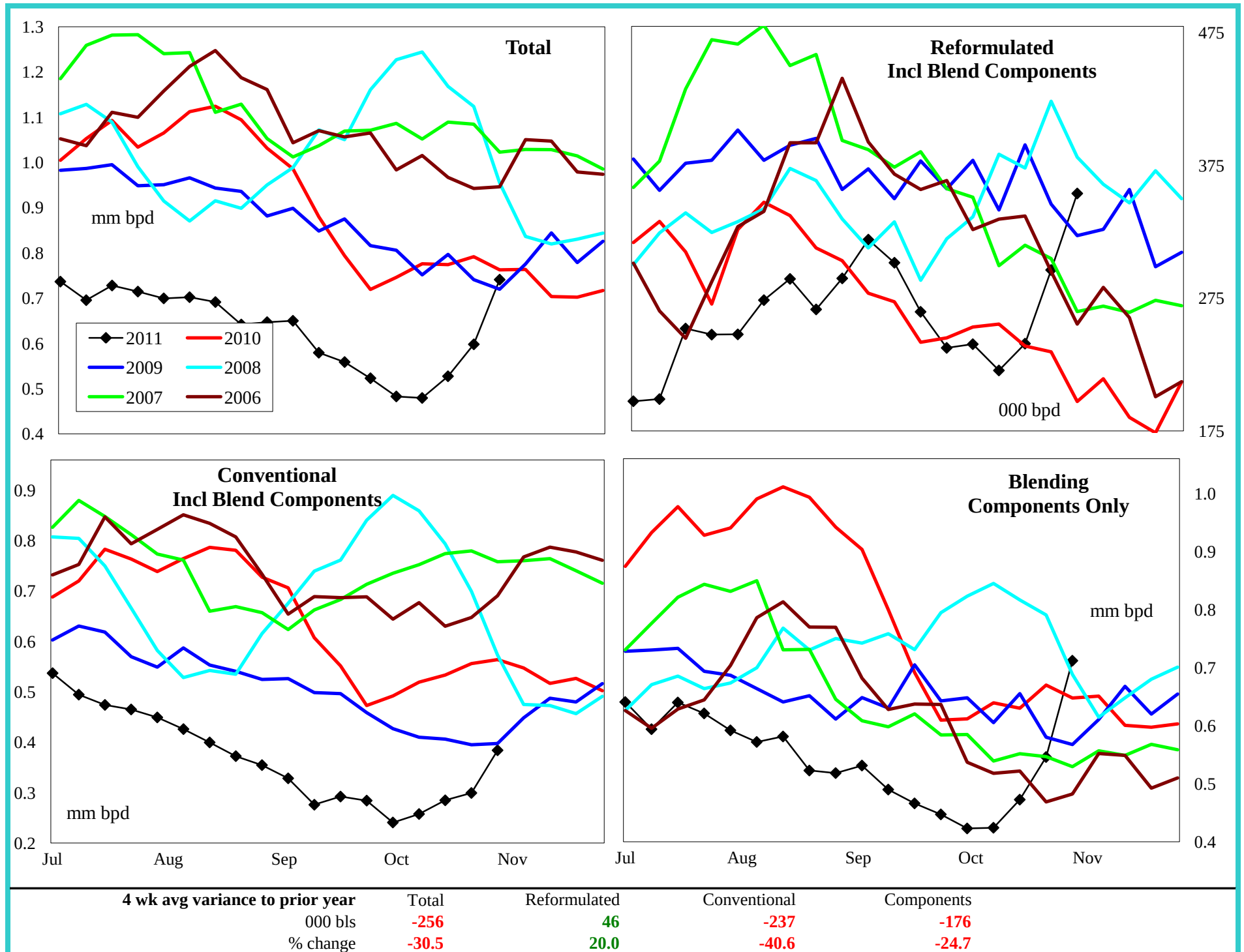
United States Reformulated Gasoline Supply



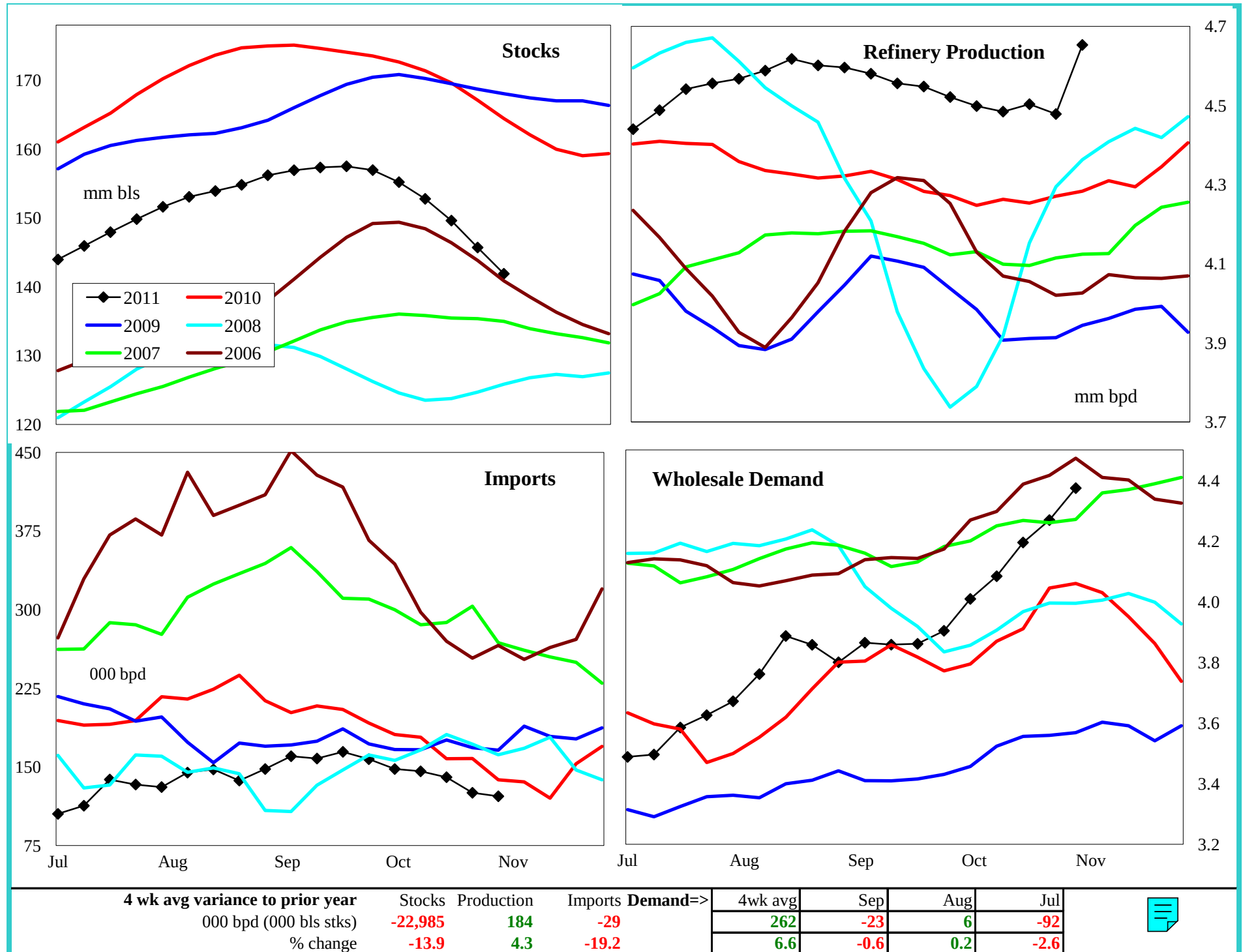
United States Conventional Gasoline Supply



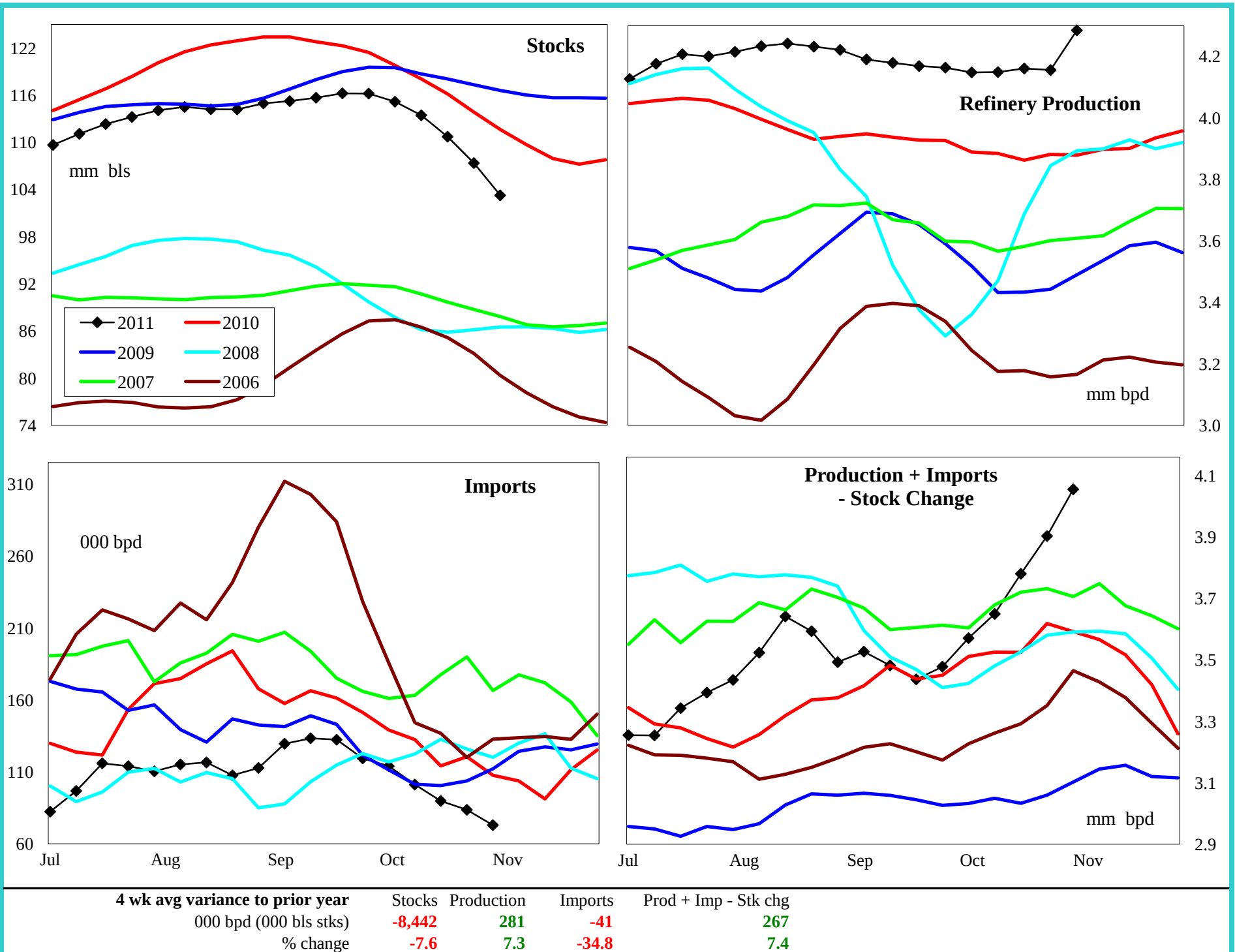
United States Gasoline Imports by Type



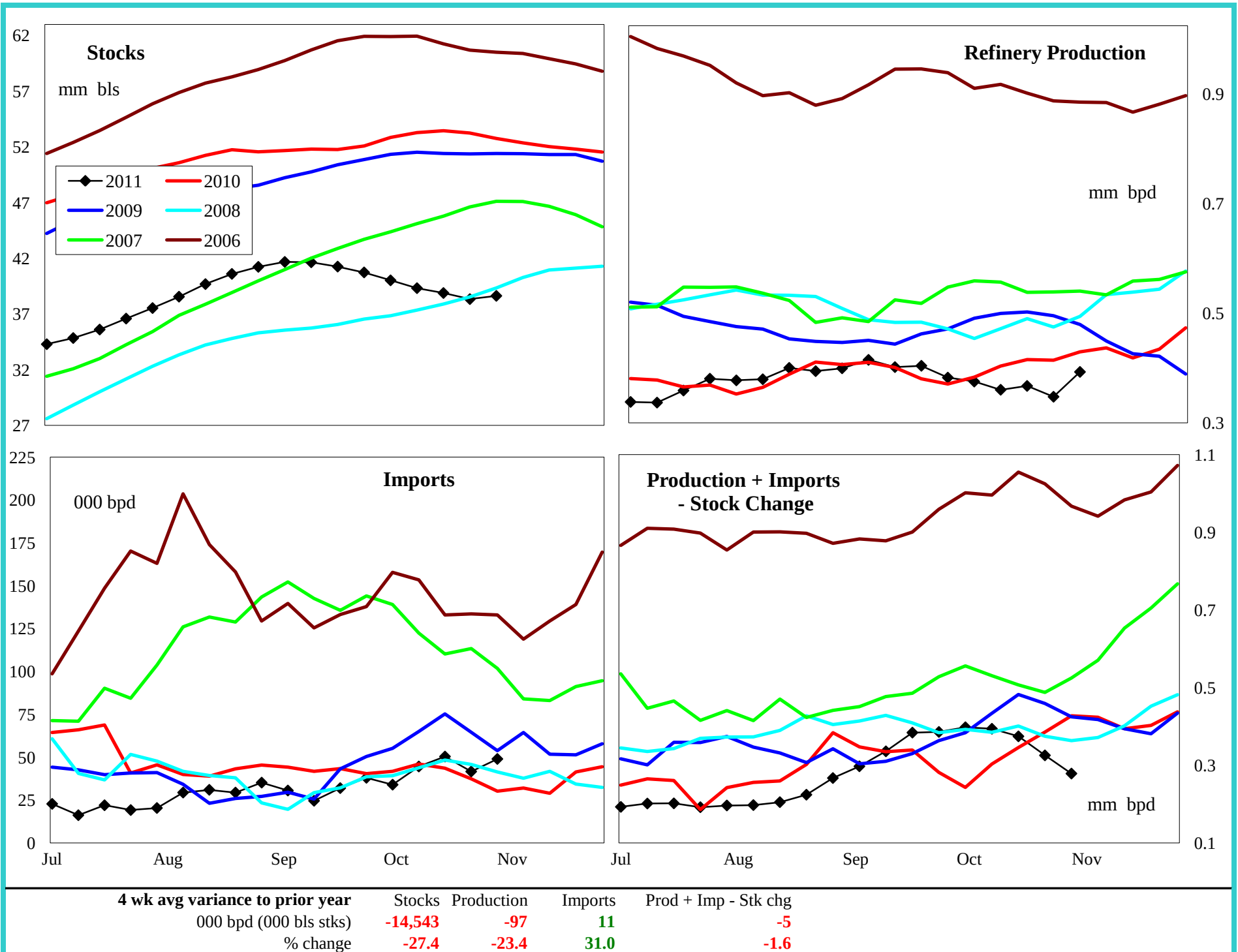
United States Distillate Supply and Demand Balance



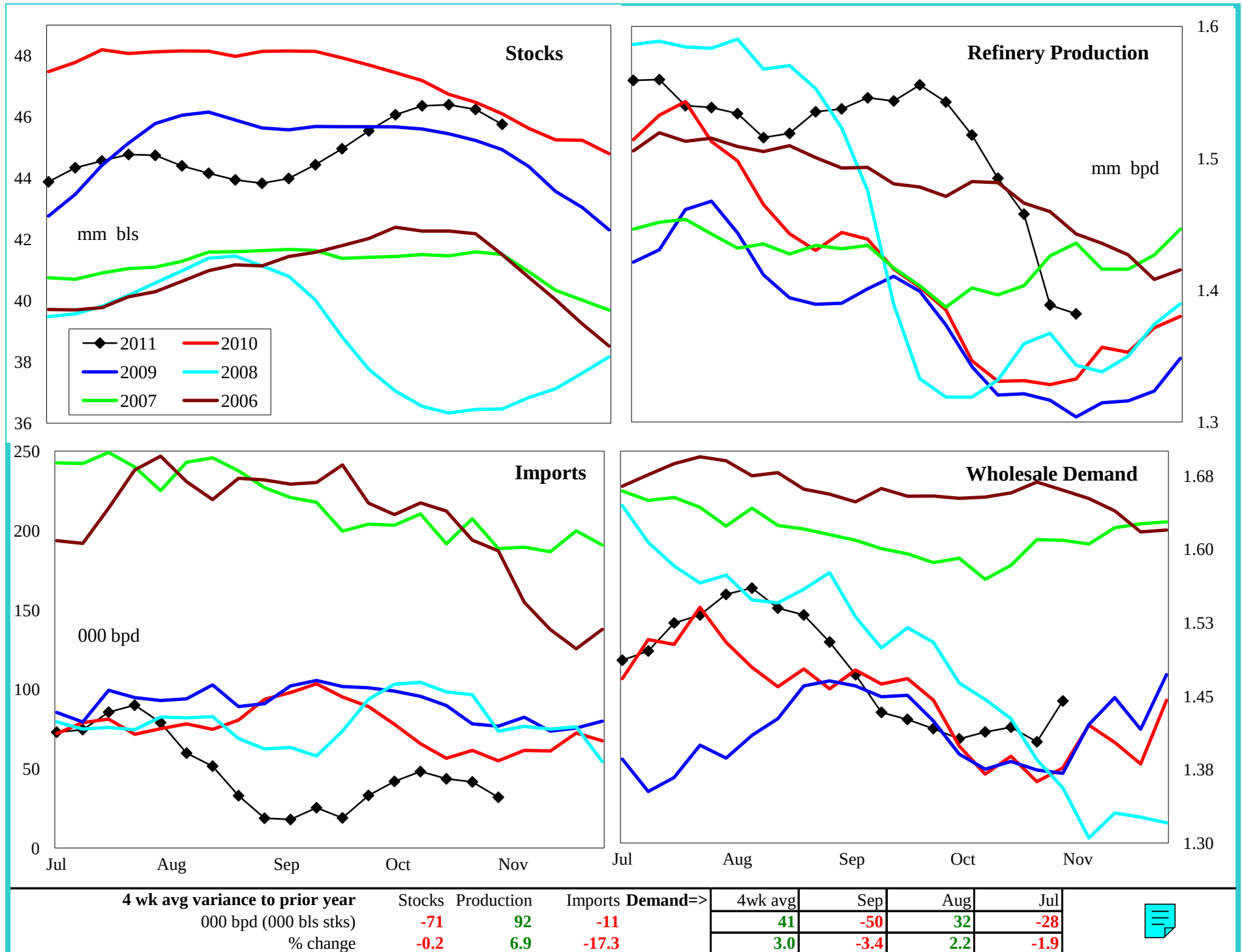
United States Low Sulfur Distillate Supply



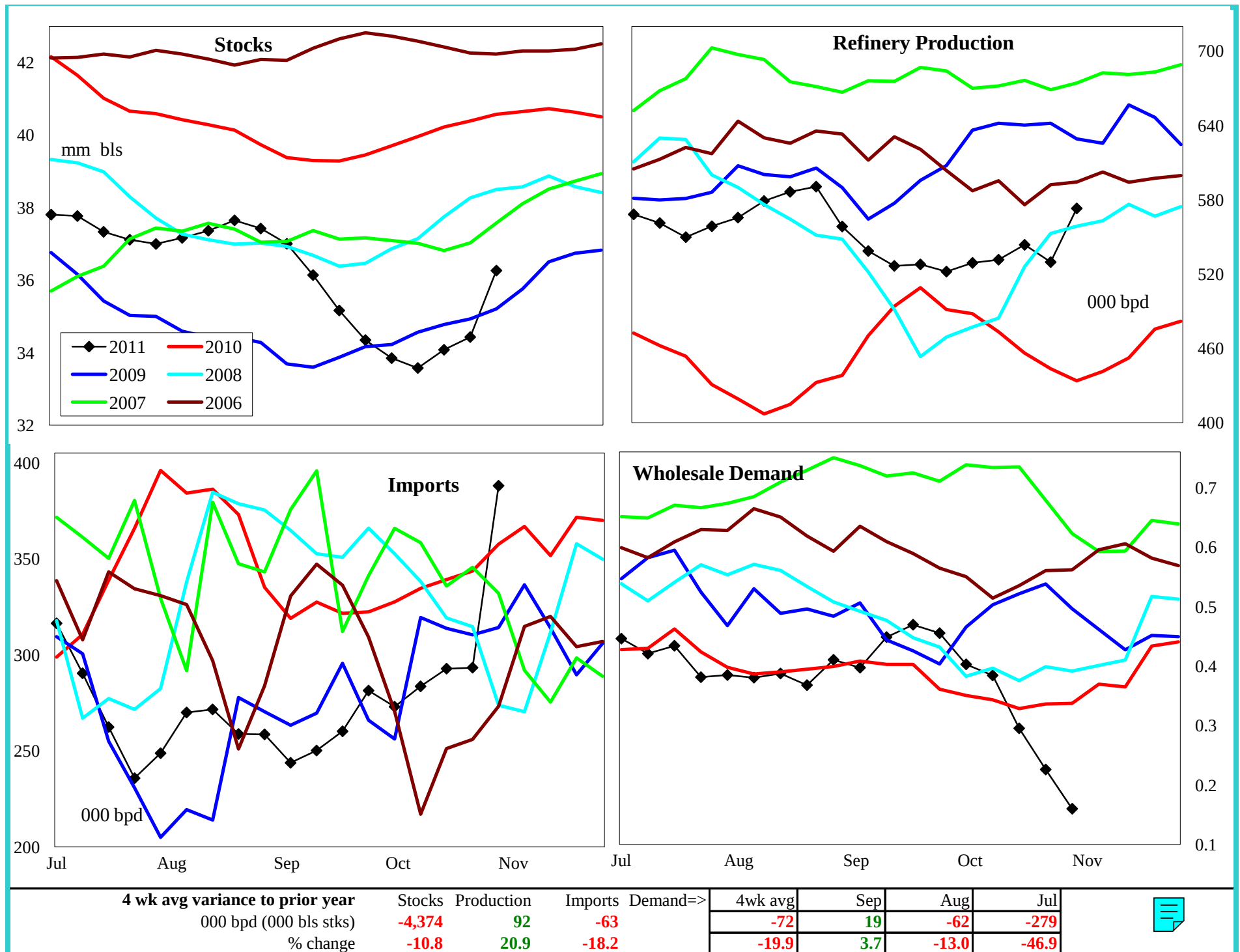
United States High Sulfur Distillate Supply



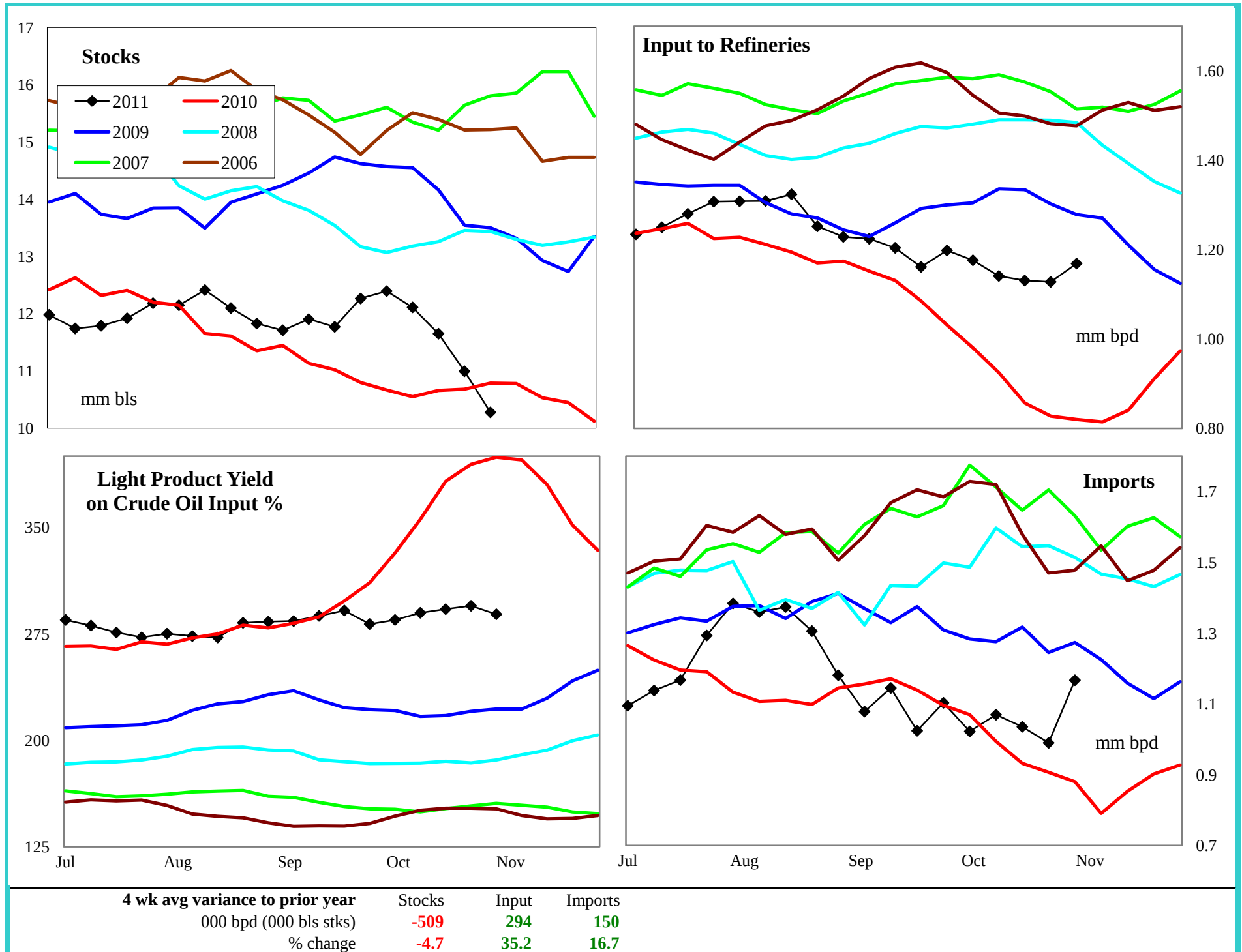
United States Jet Fuel Supply and Demand Balance



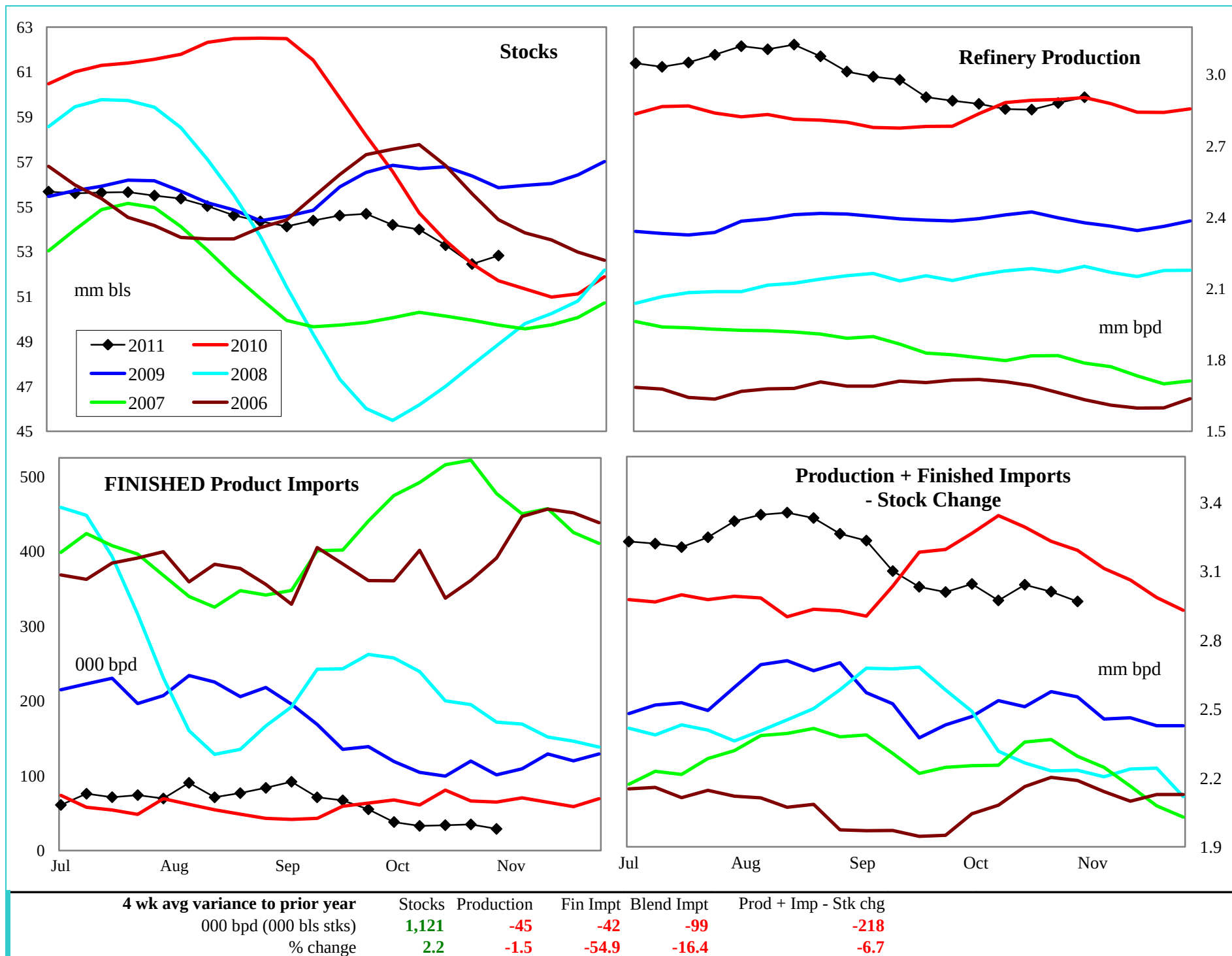
United States Residual Fuel Oil Supply and Demand Balance



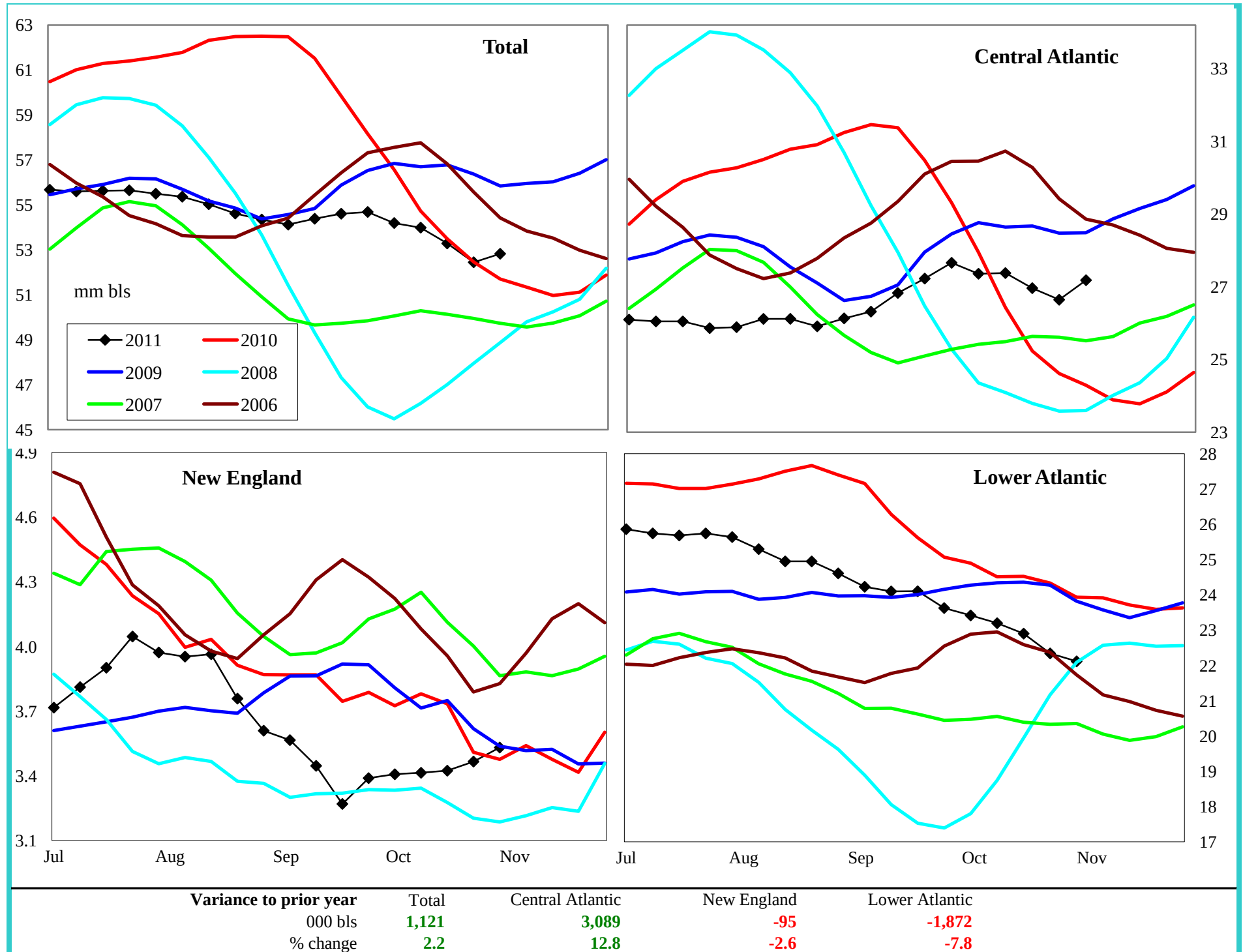
PADD 1 Crude Oil Supply and Refining



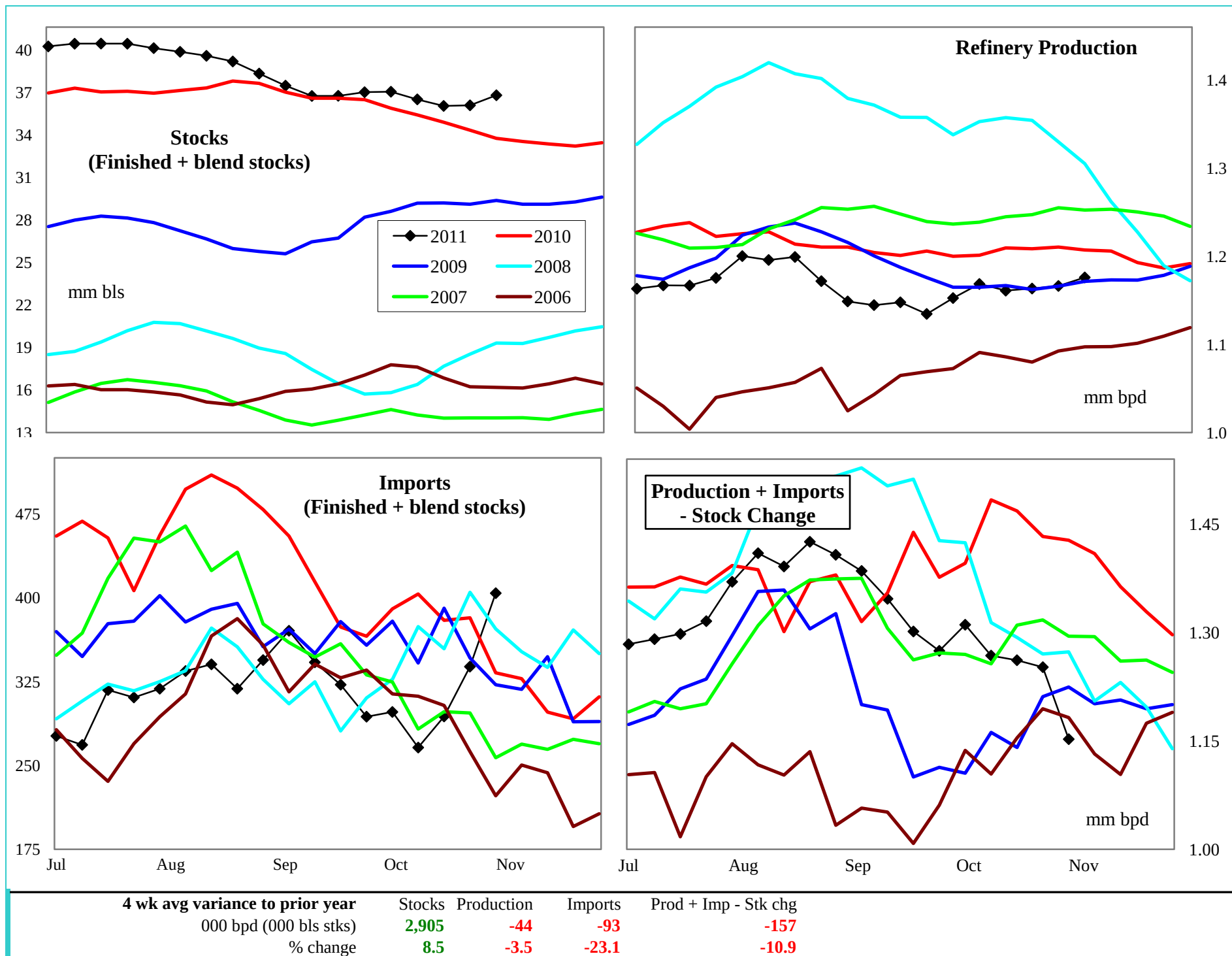
PADD 1 Gasoline Supply



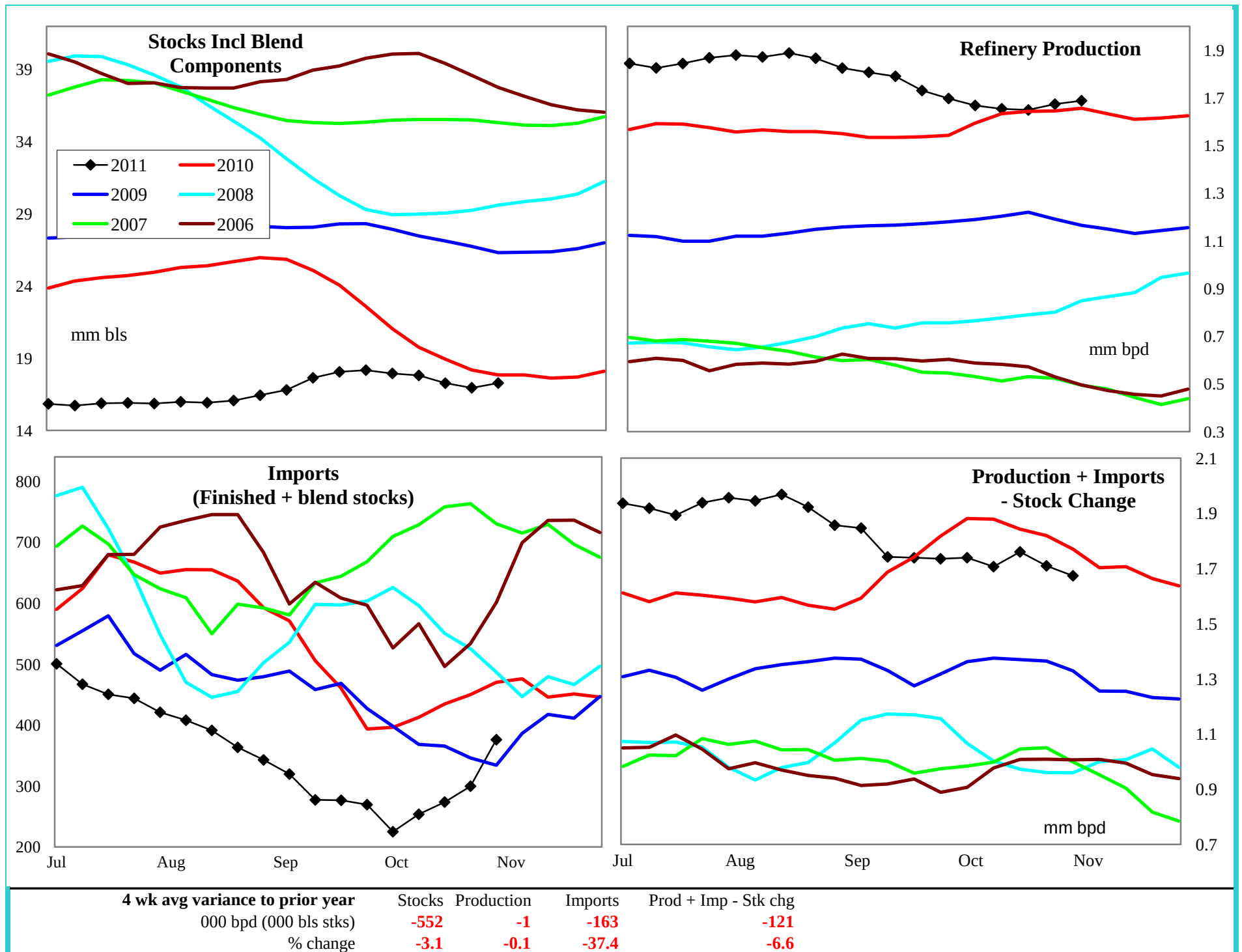
PADD 1 Gasoline Stocks by Region



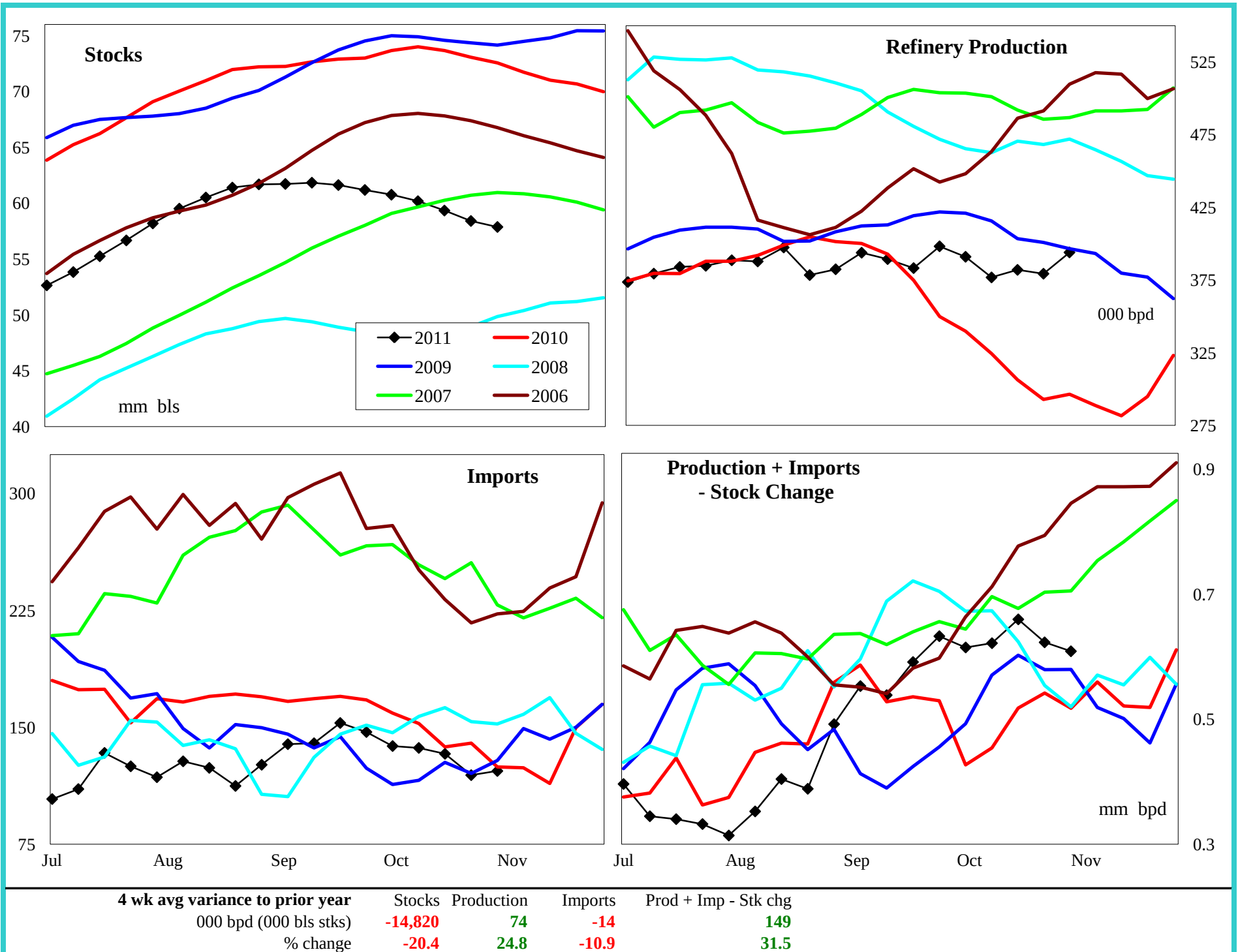
PADD 1 Reformulated Gasoline Supply



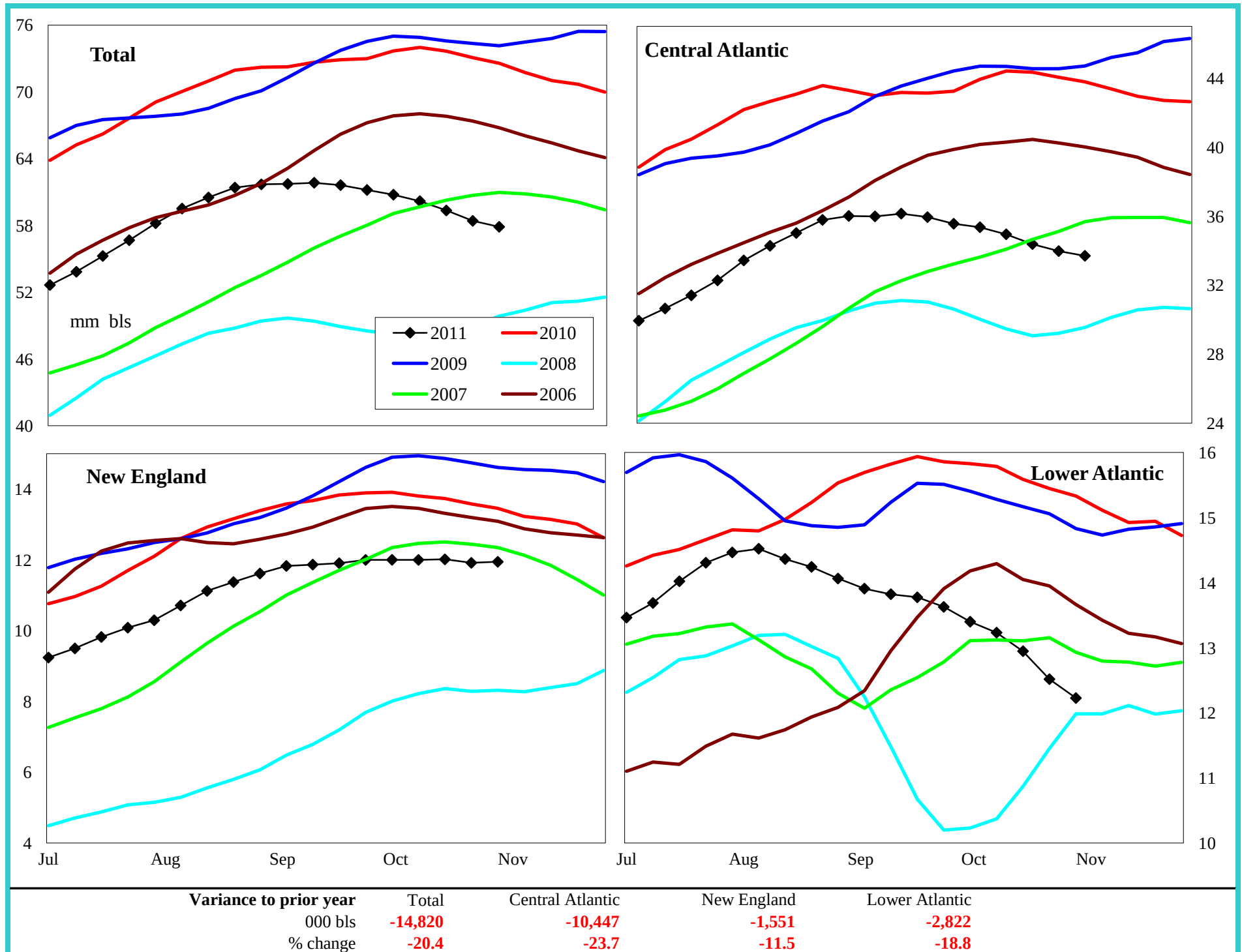
PADD 1 Conventional Gasoline Supply



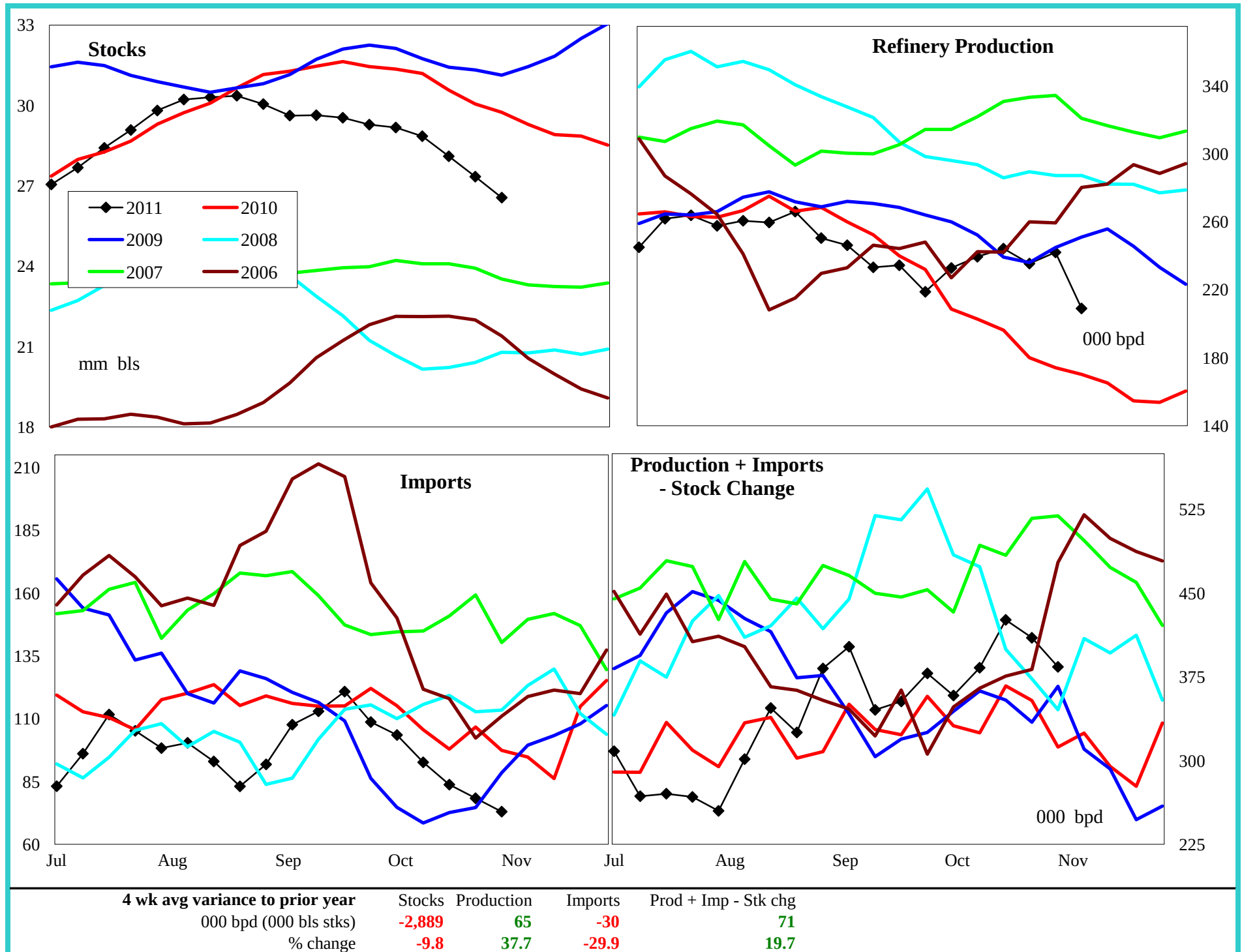
PADD 1 Distillate Supply



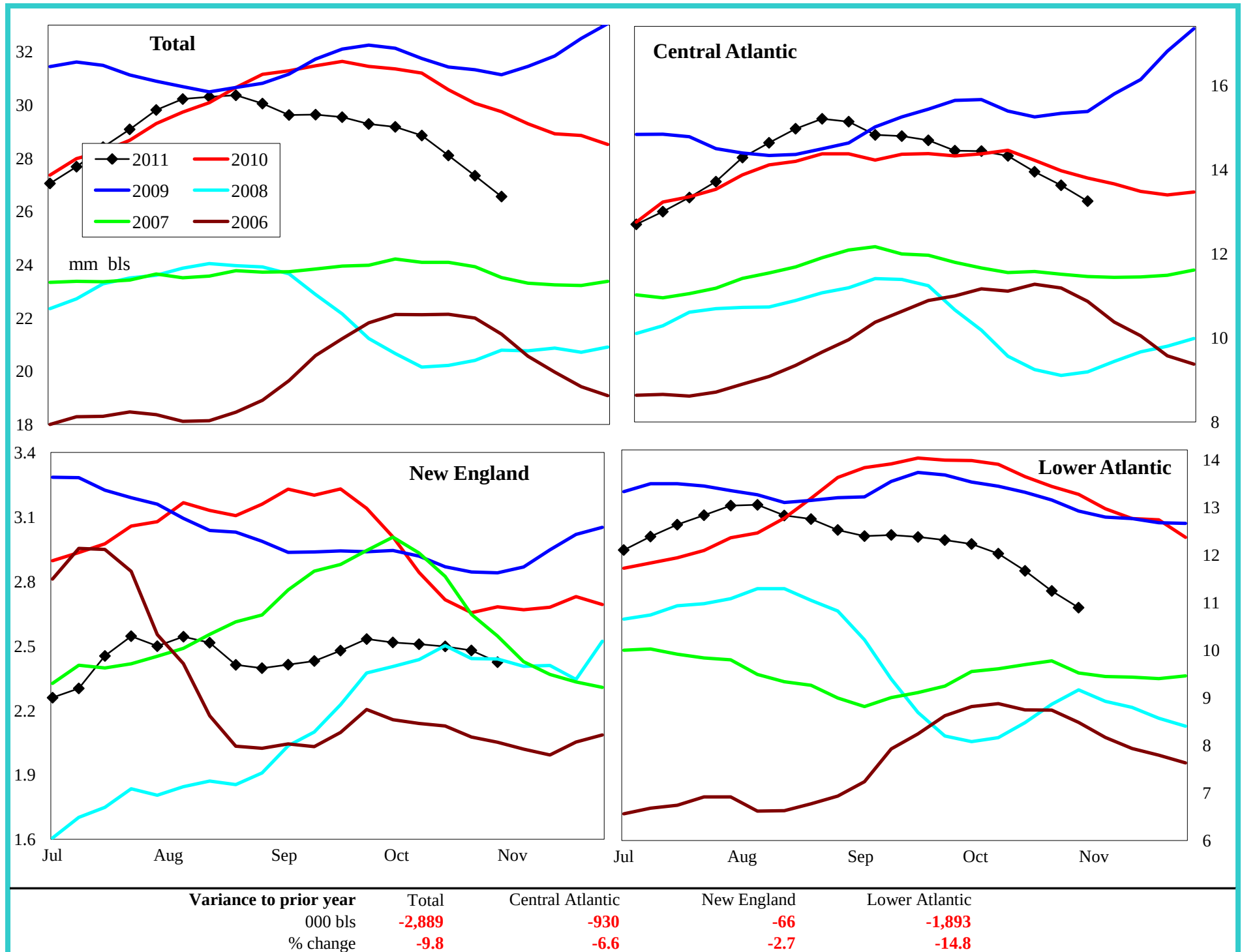
PADD 1 Distillate Stocks by Region



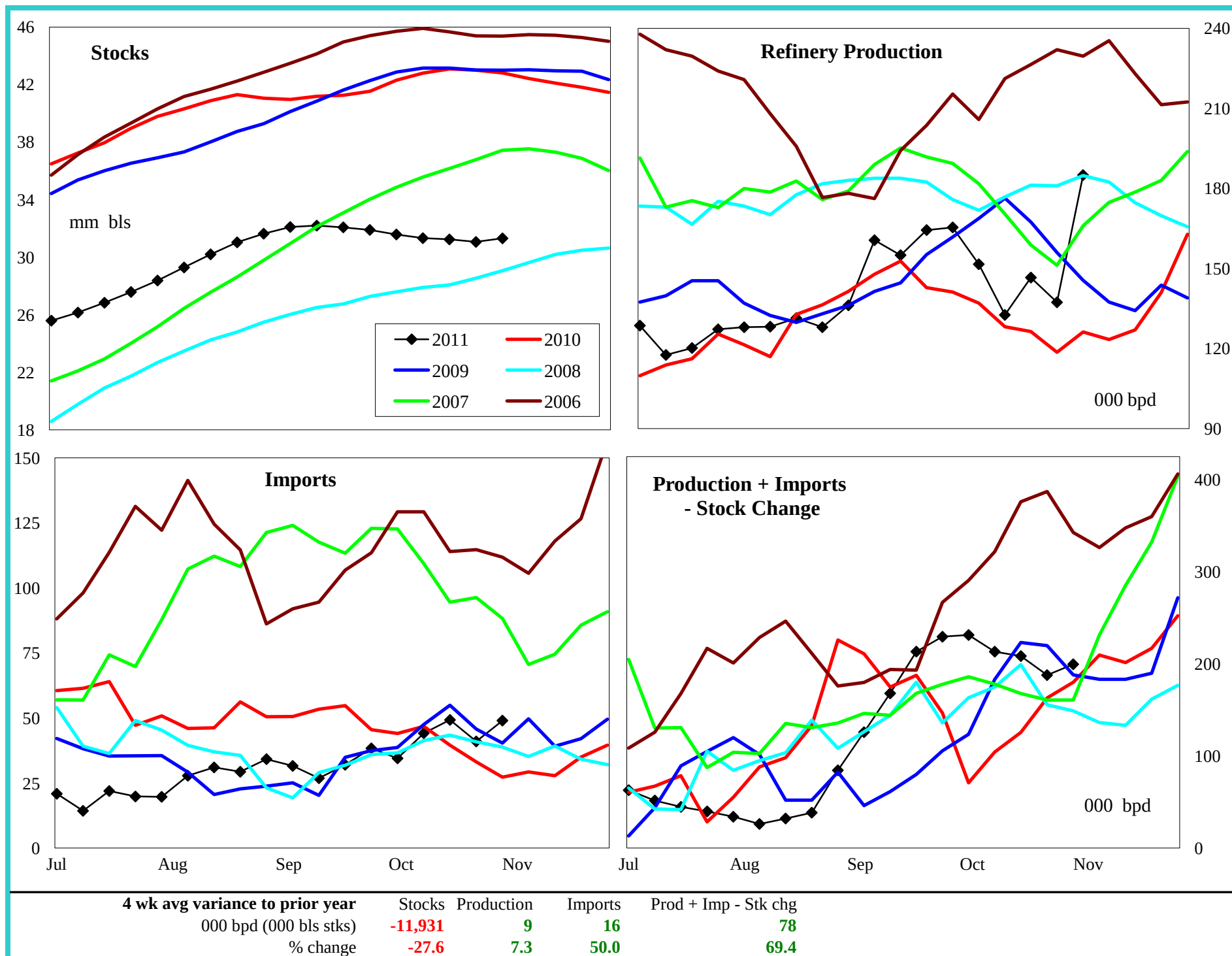
PADD 1 Low Sulfur Distillate Supply



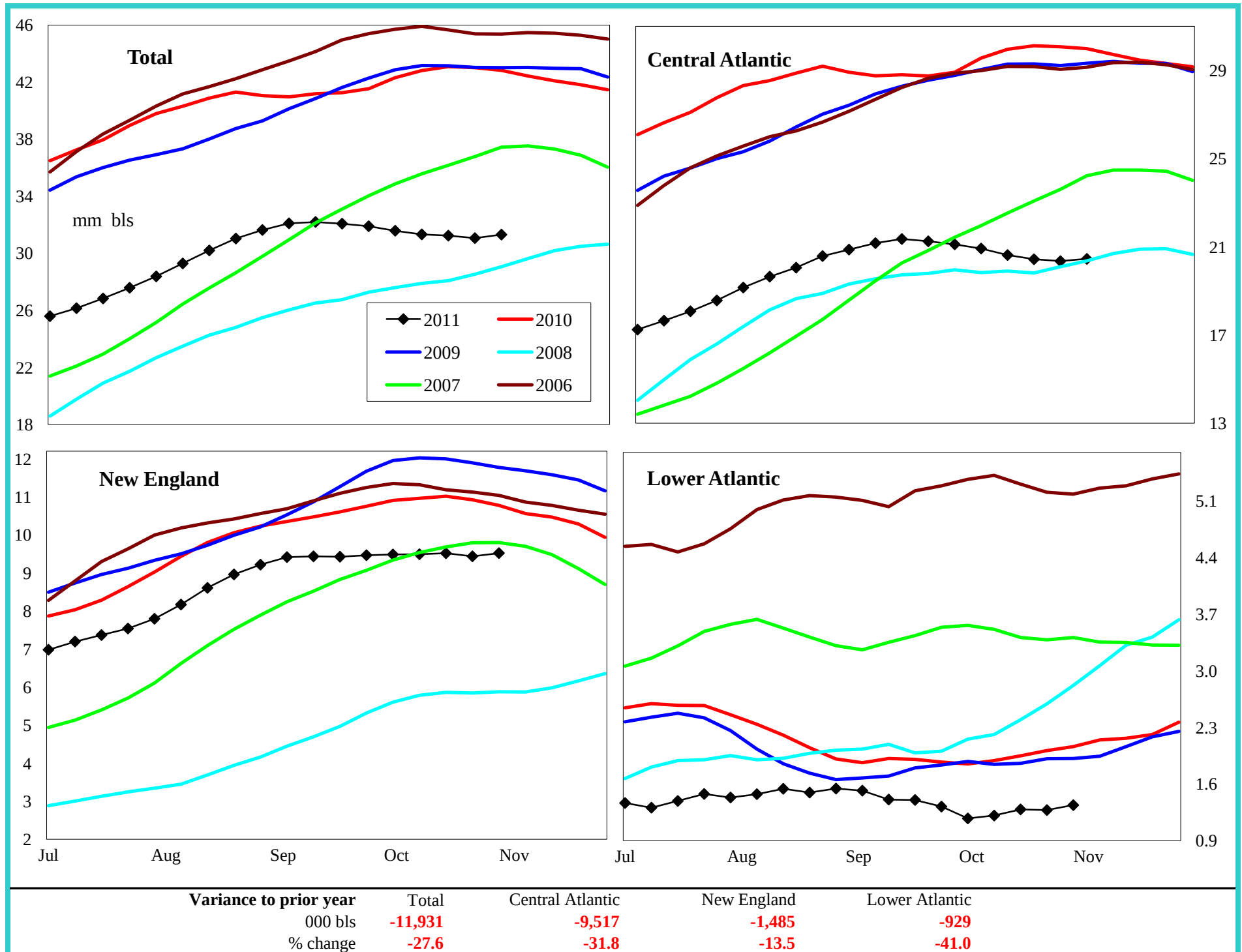
PADD 1 Low Sulfur Distillate Stocks by Region



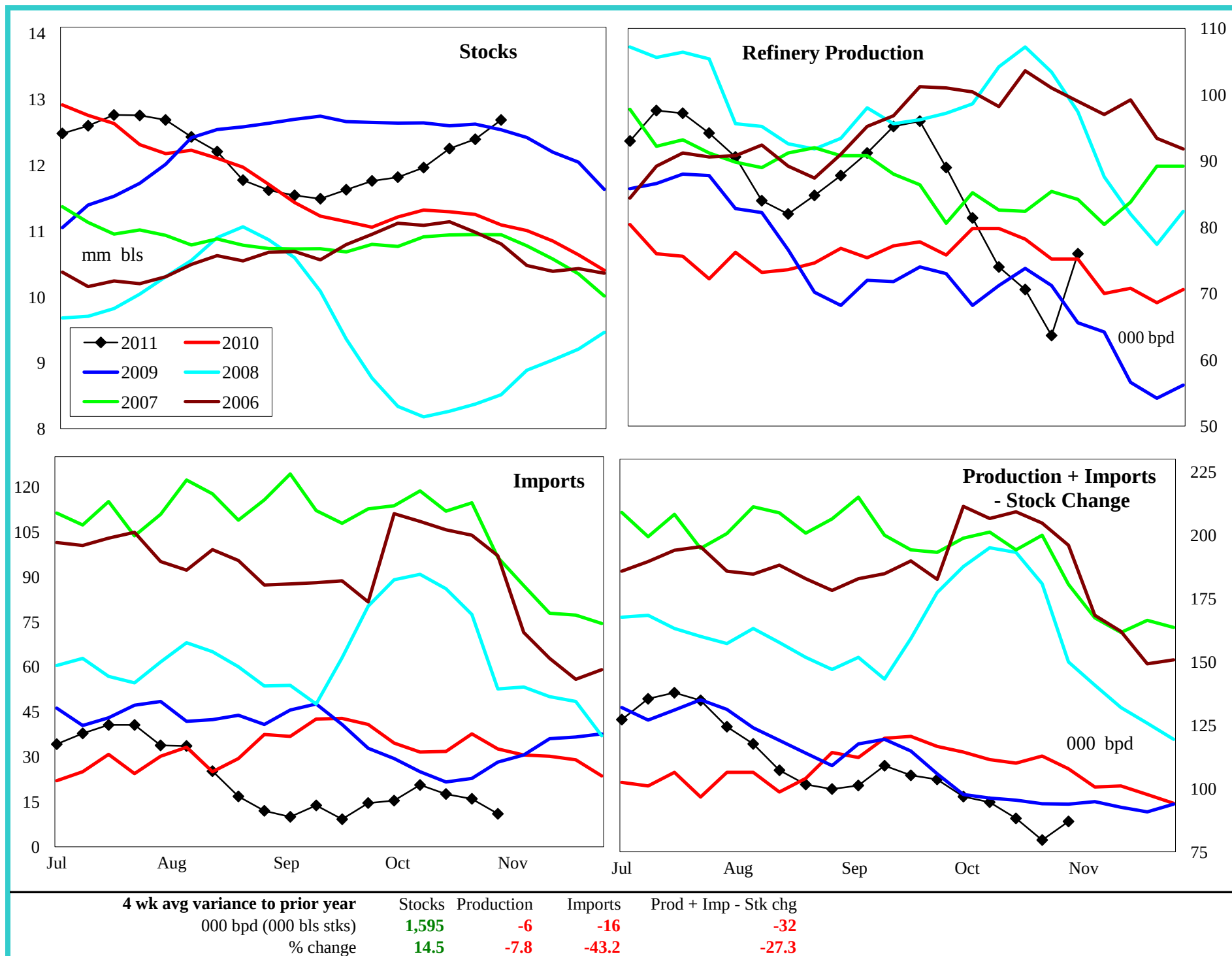
PADD 1 High Sulfur Distillate Supply



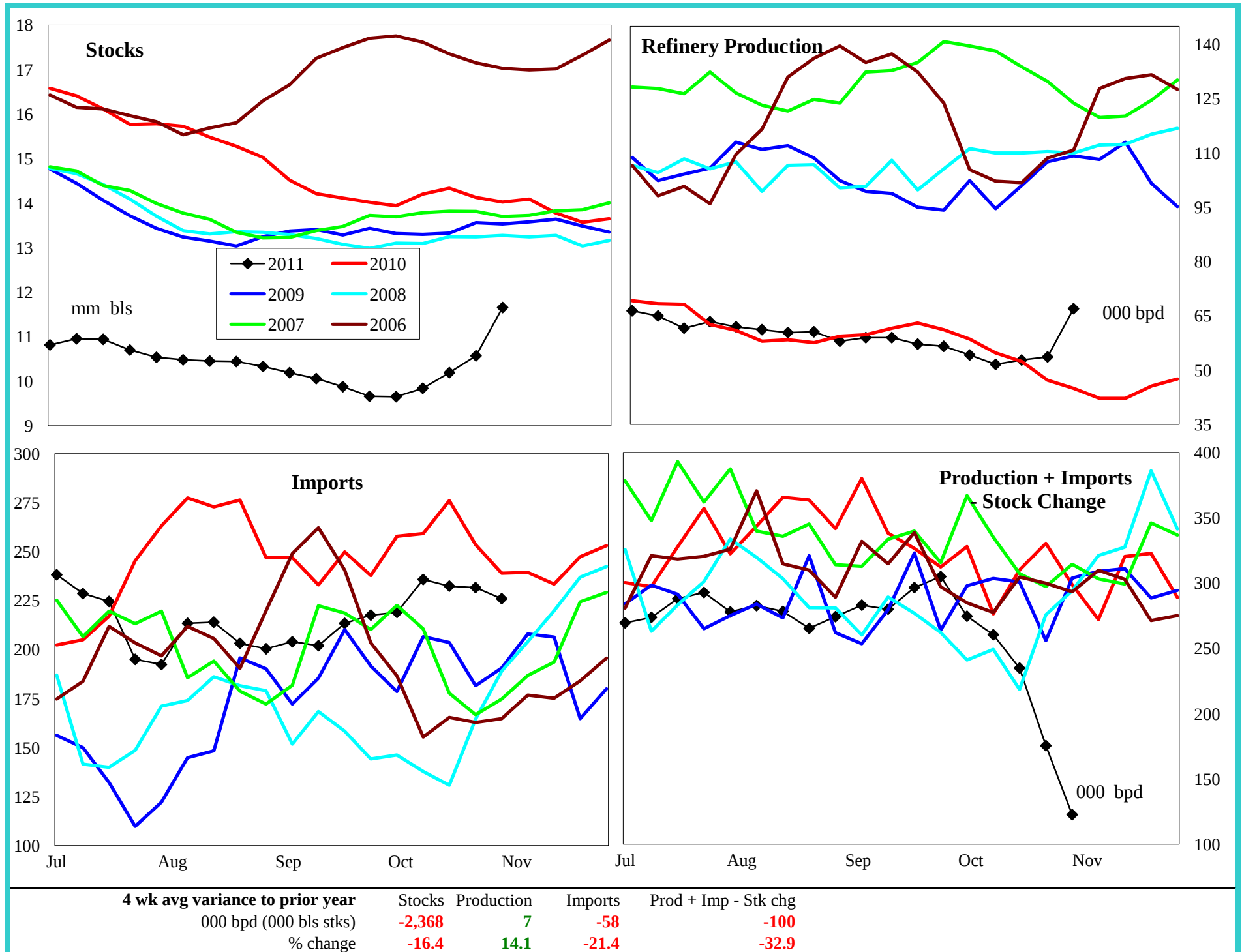
PADD 1 High Sulfur Distillate Stocks by Region



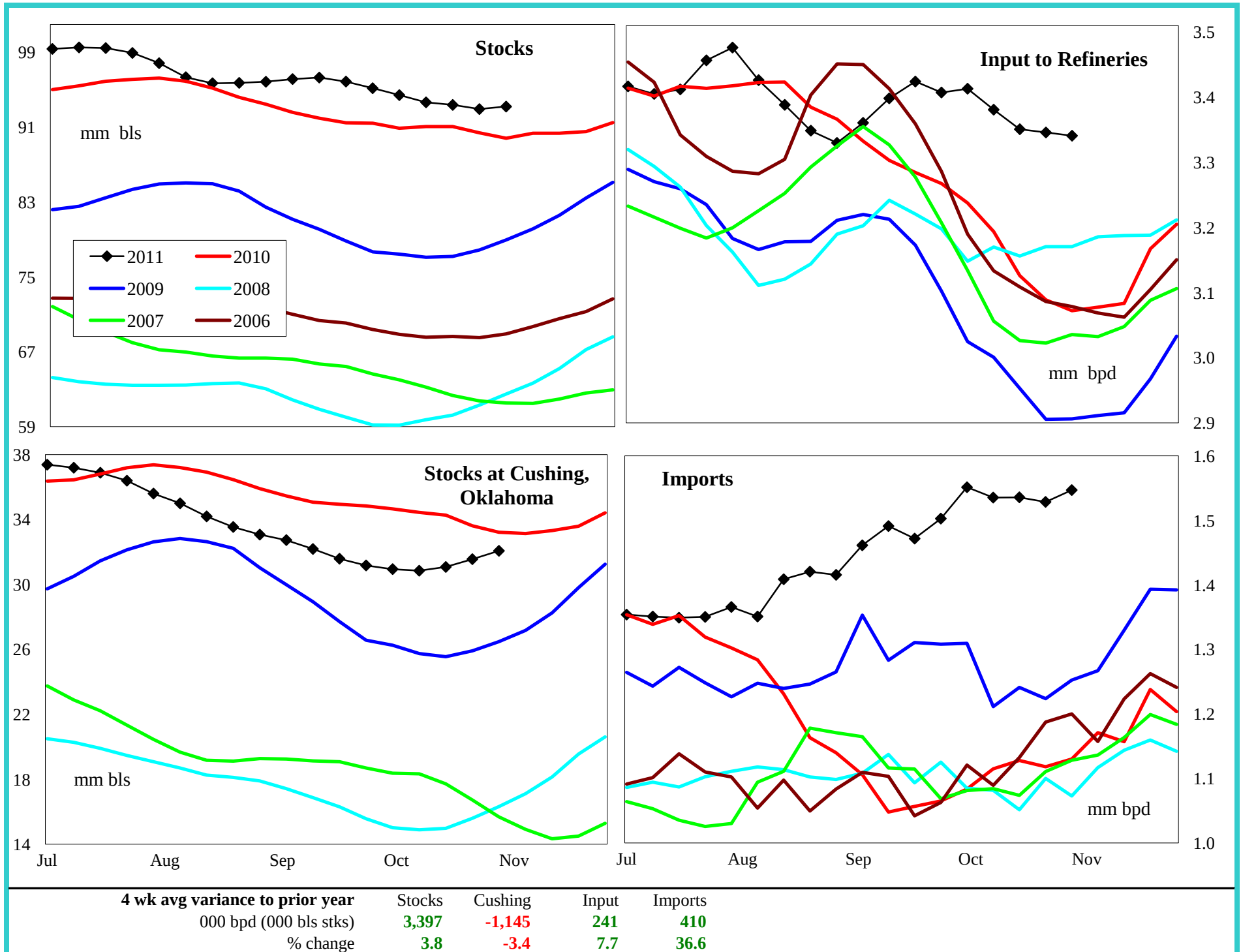
PADD 1 Jet Fuel Supply



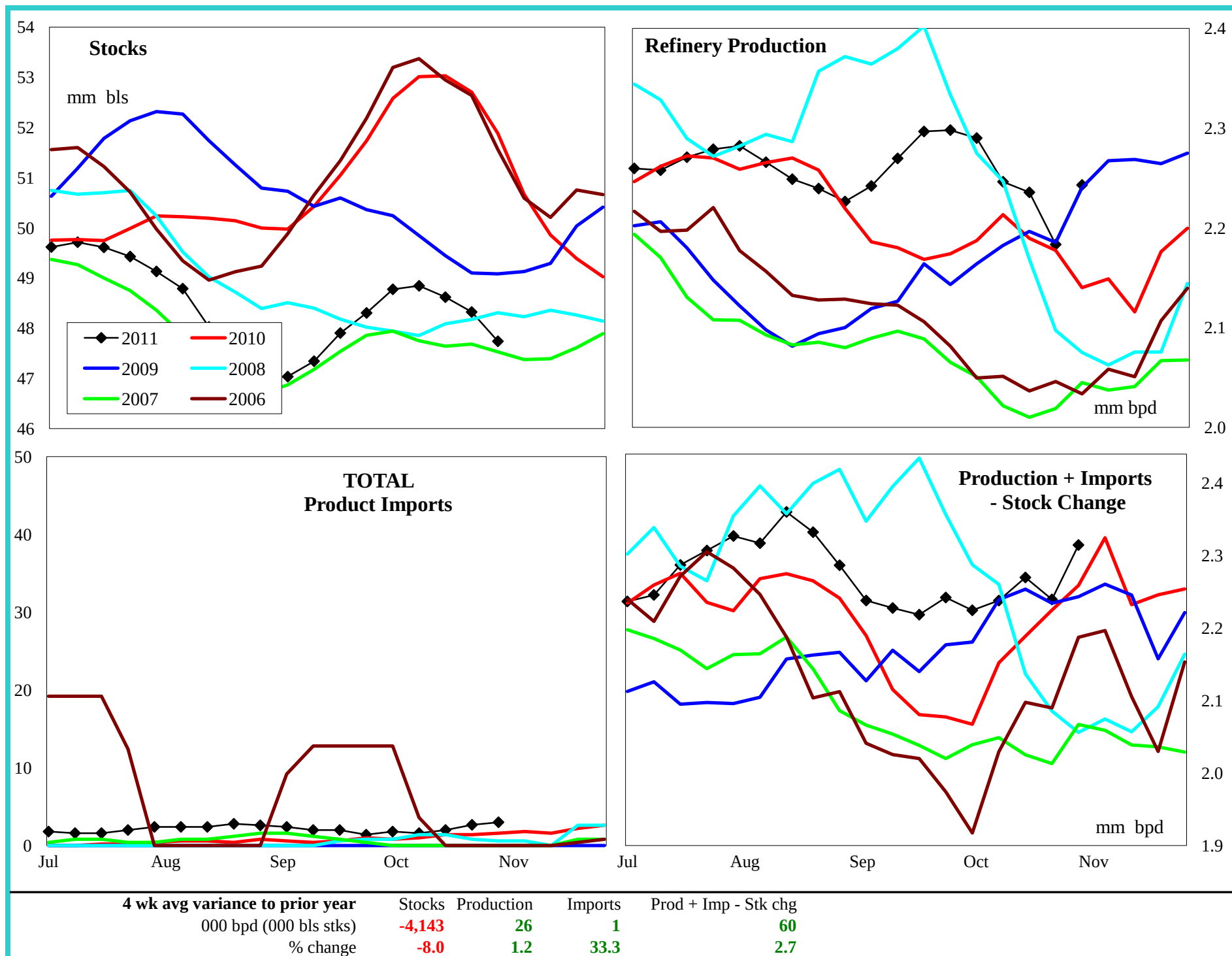
PADD 1 Residual Fuel Oil Supply



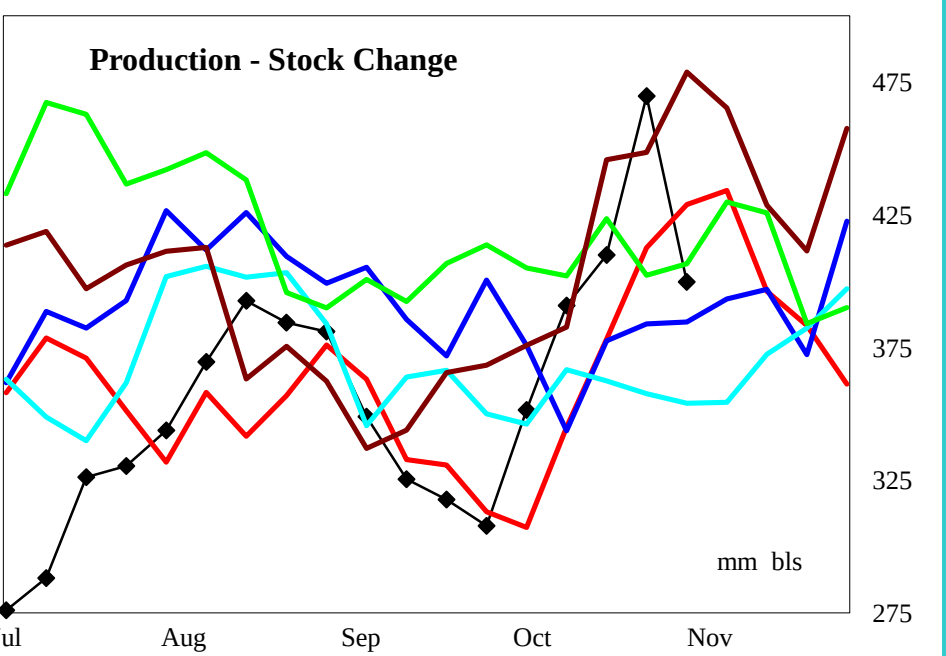
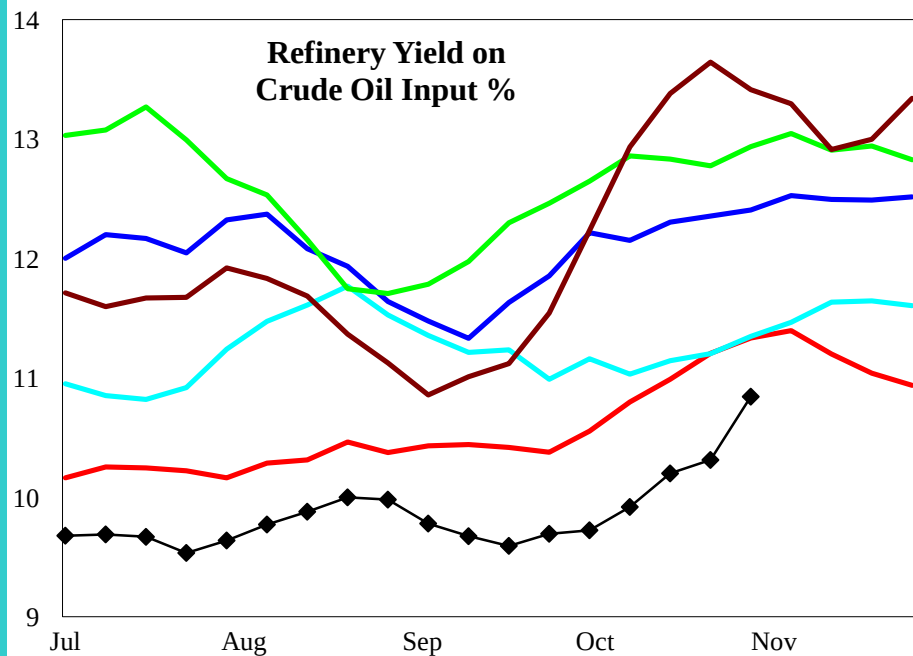
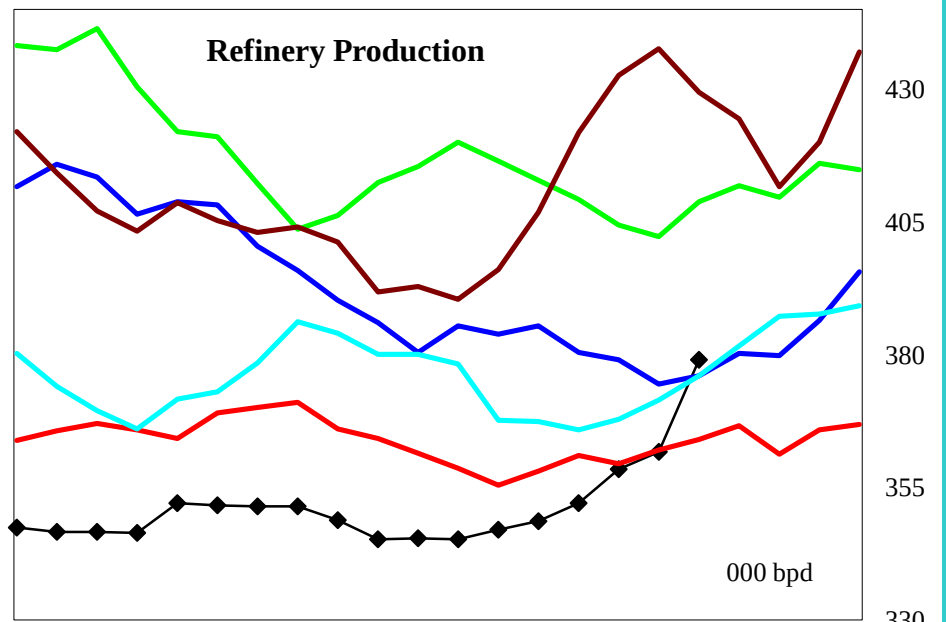
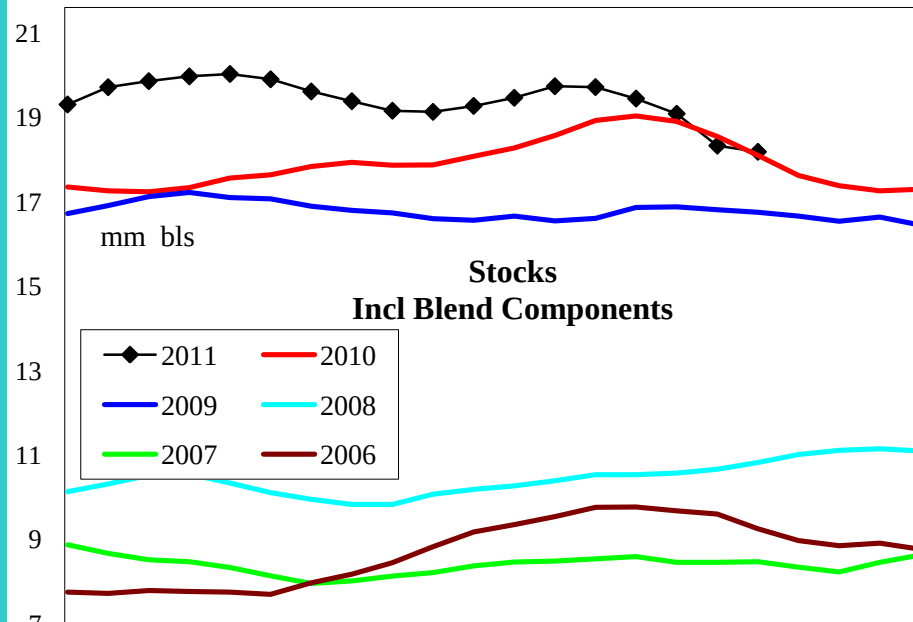
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply

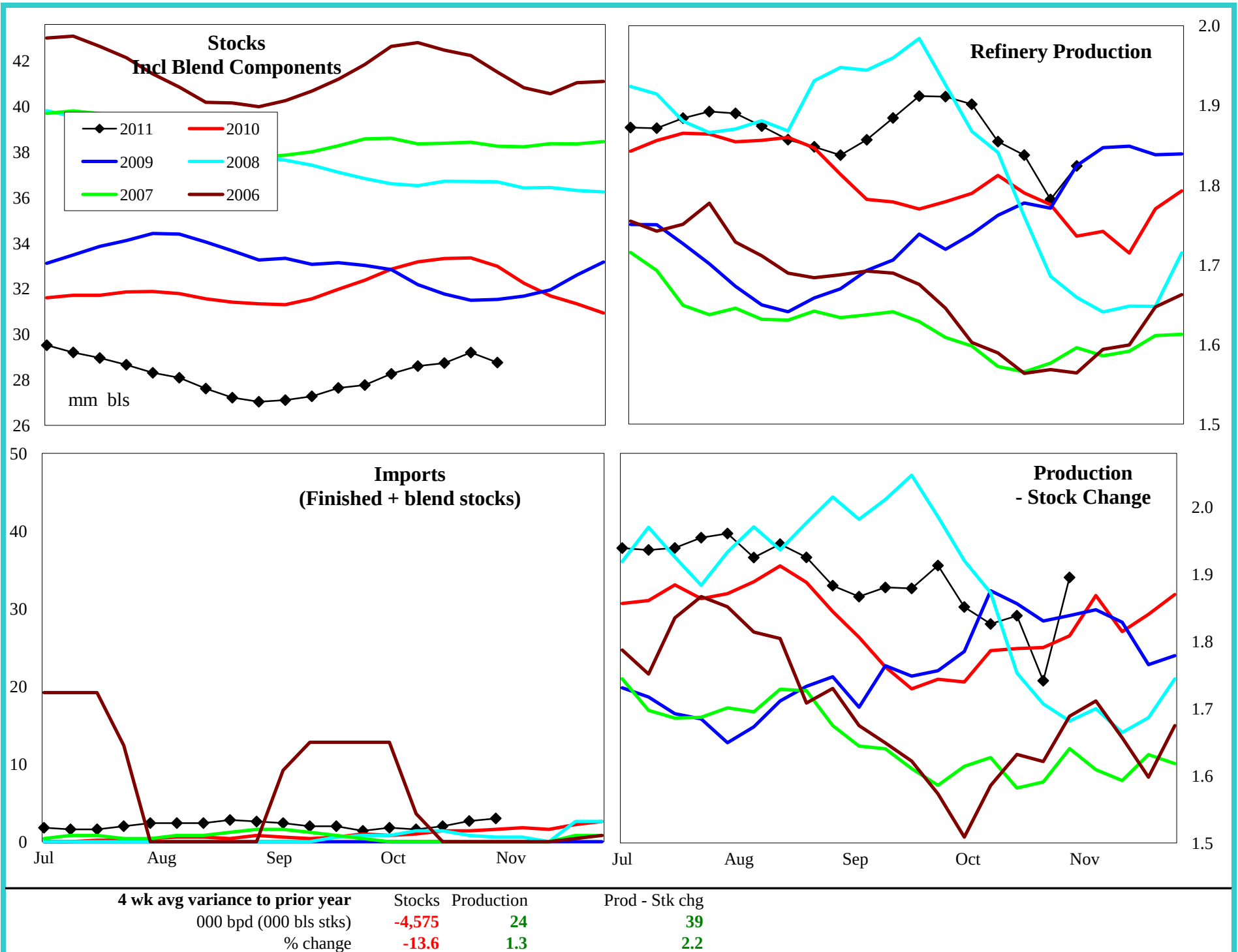


4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

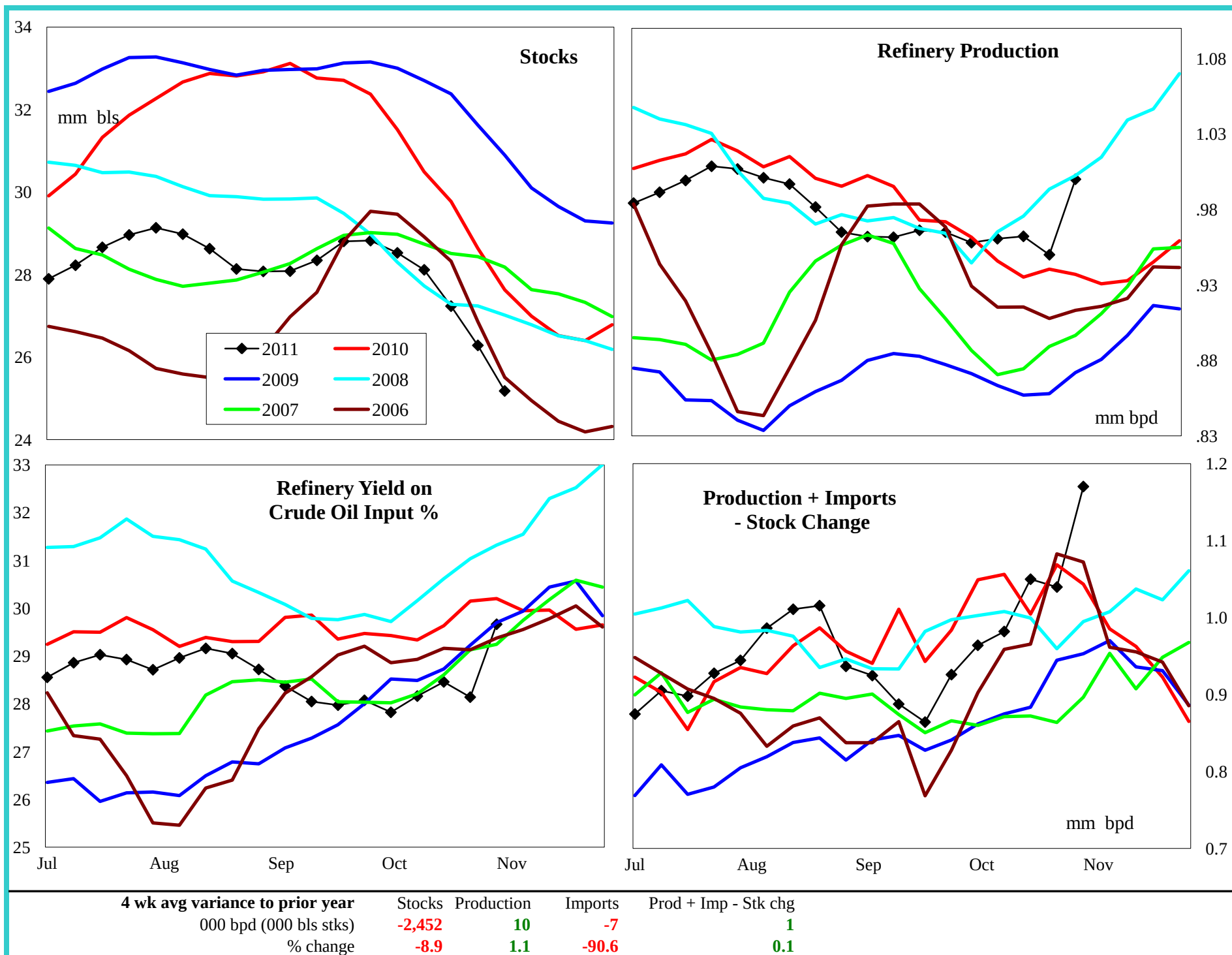
Stocks Production
87 **1**
0.5 **0.3**

Prod - Stk chg
26
6.8

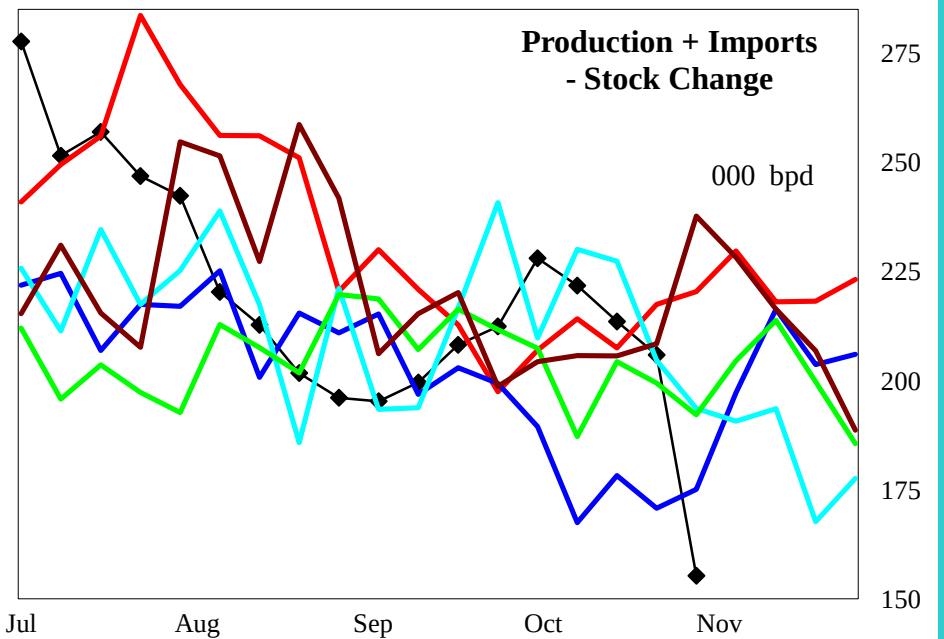
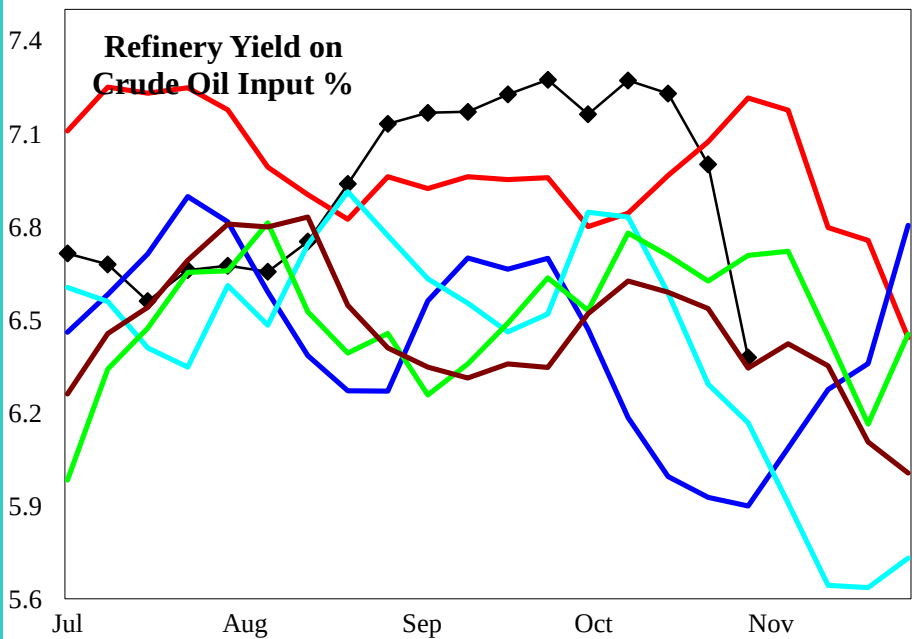
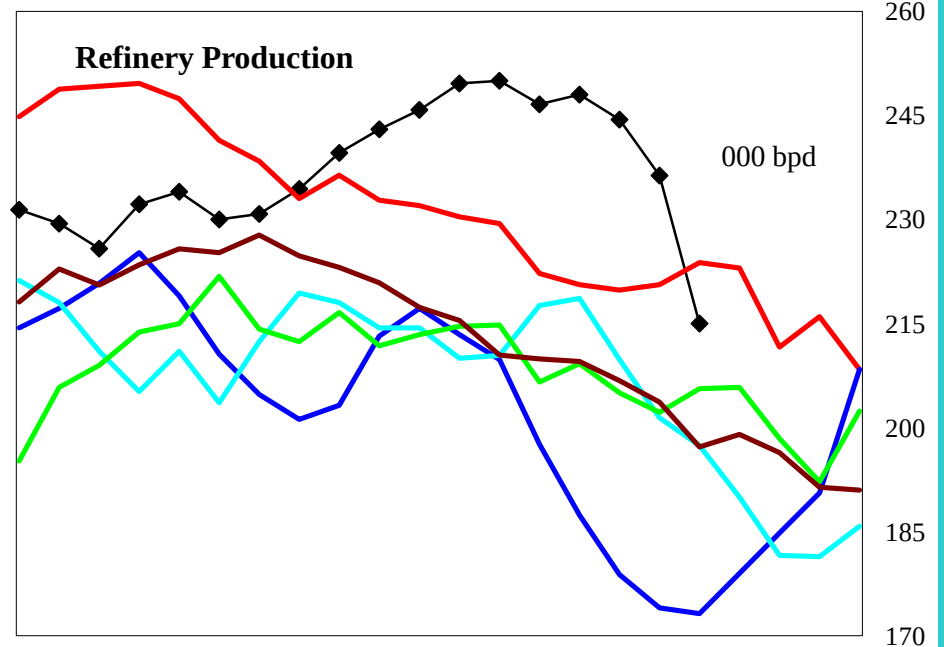
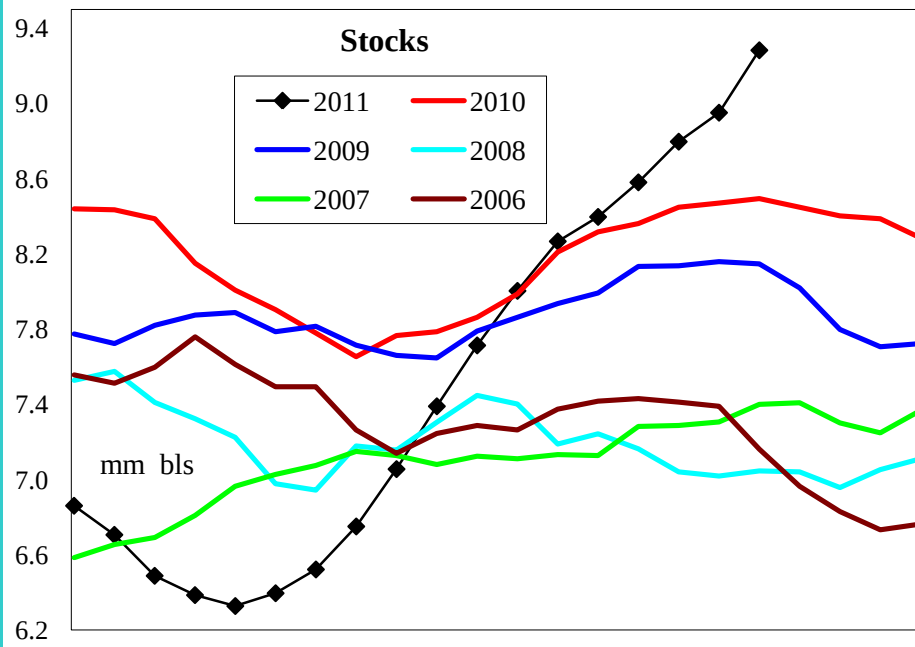
PADD 2 Conventional Gasoline Supply



PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



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

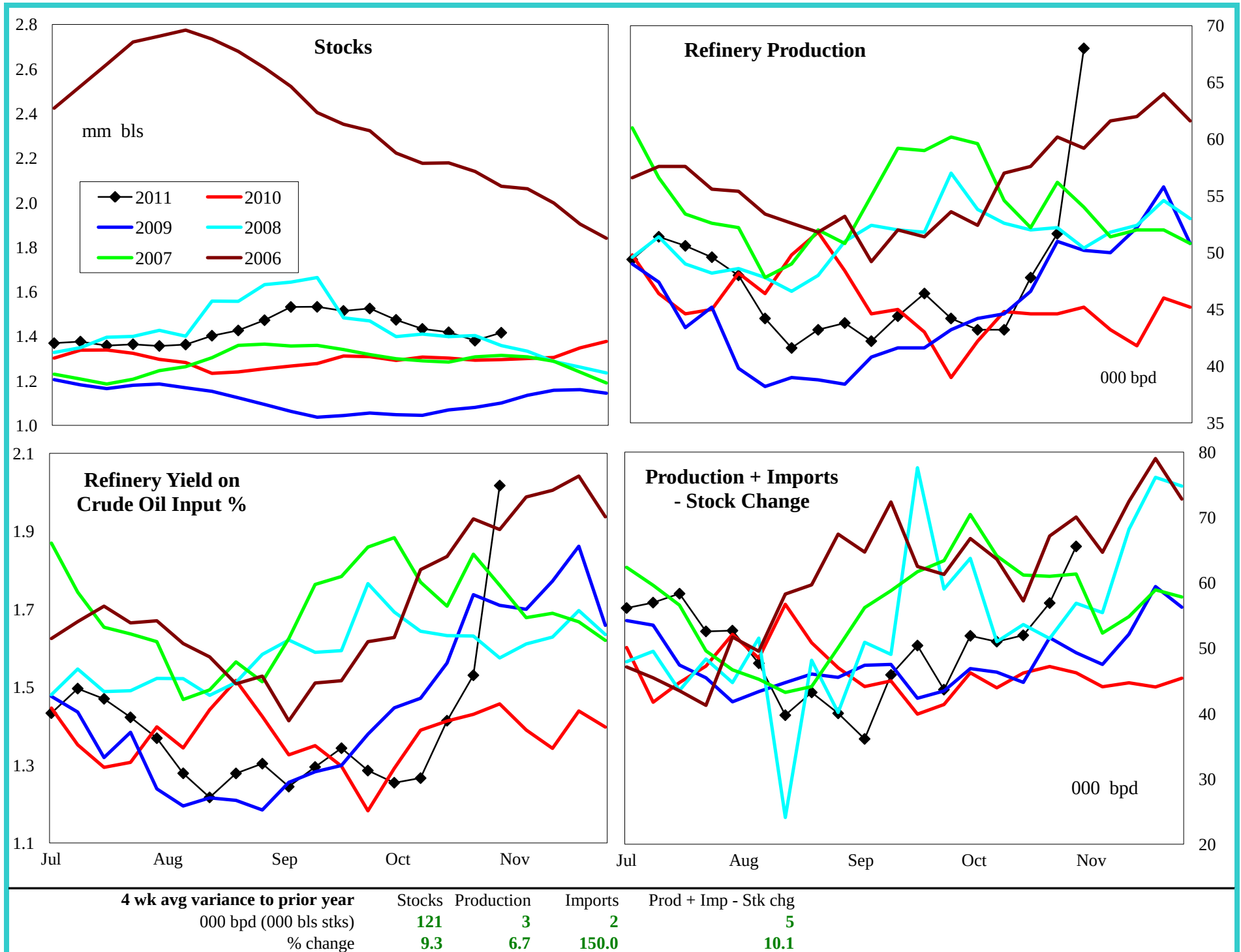
Stocks
788
9.3

Production
21
9.7

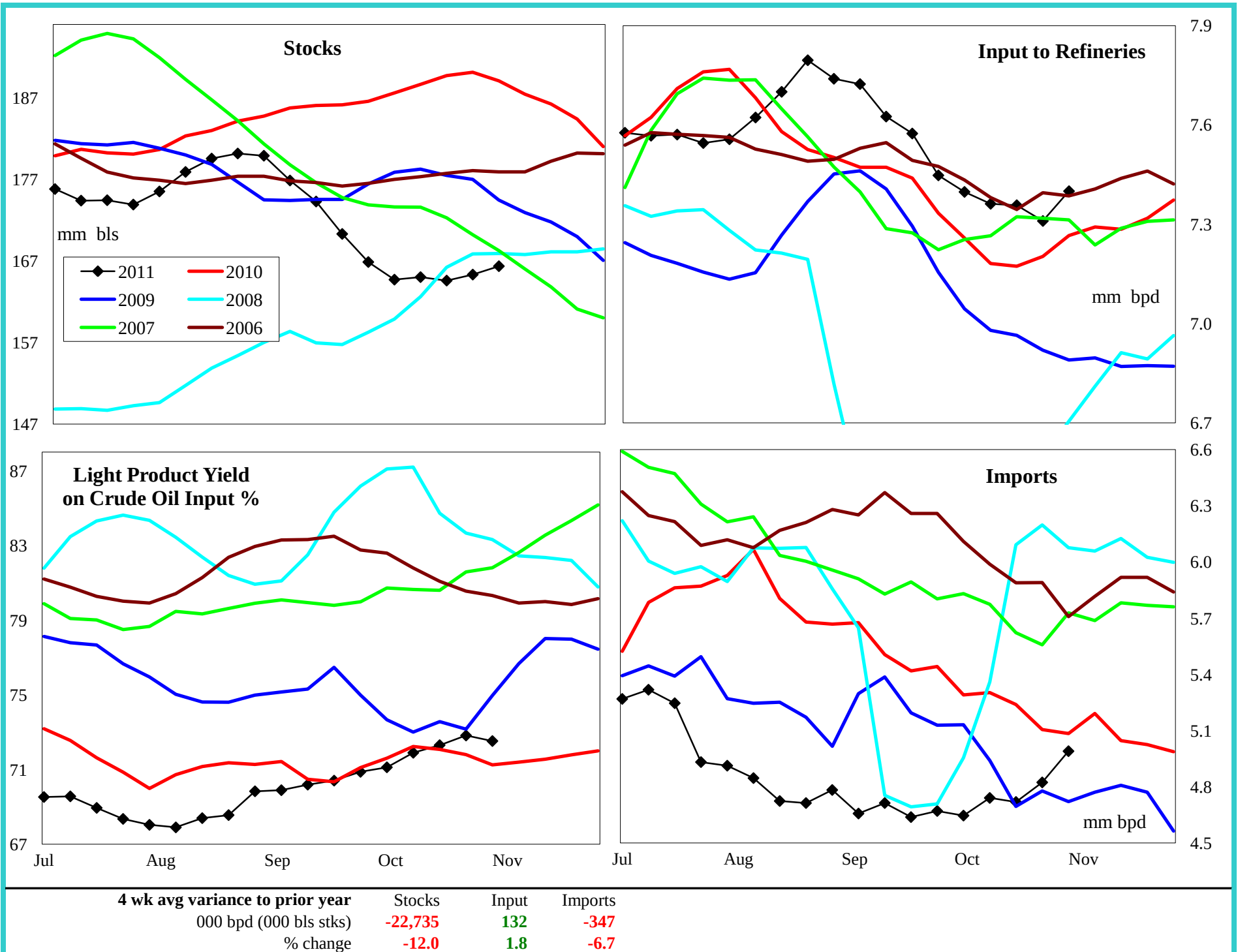
Imports
0
#DIV/0!

Prod + Imp - Stk chg
1
0.3

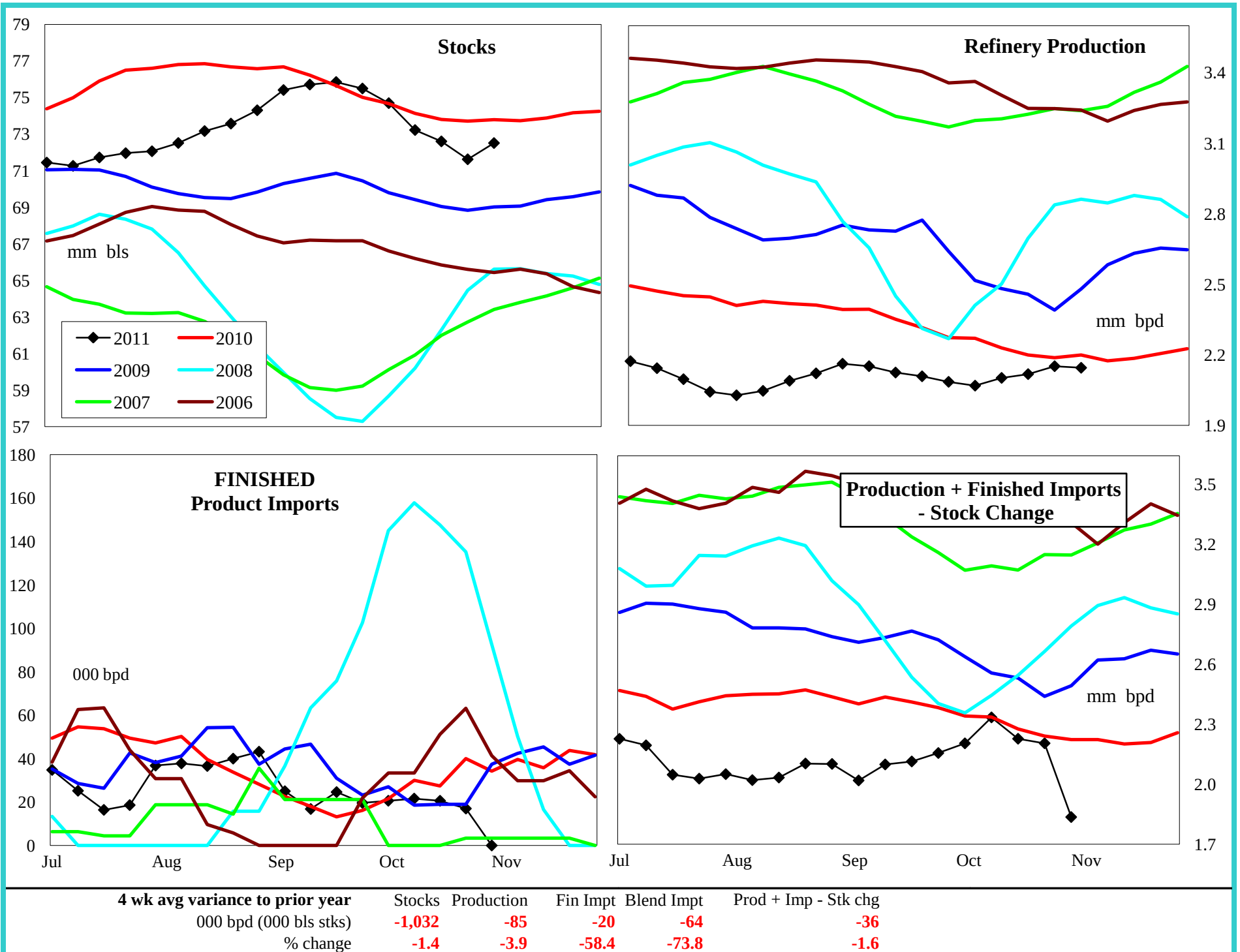
PADD 2 Residual Fuel Oil Supply



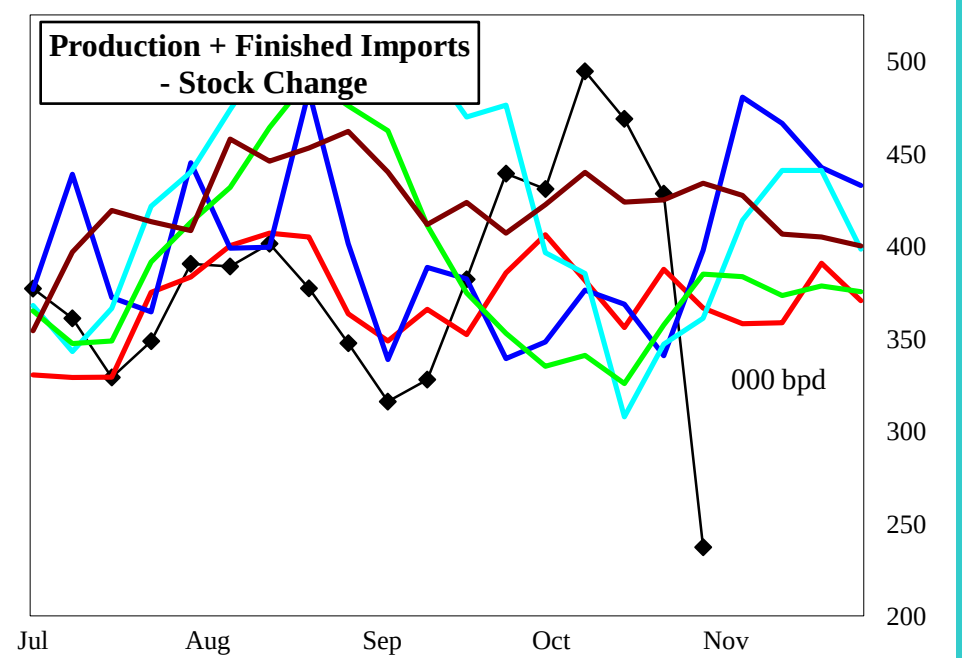
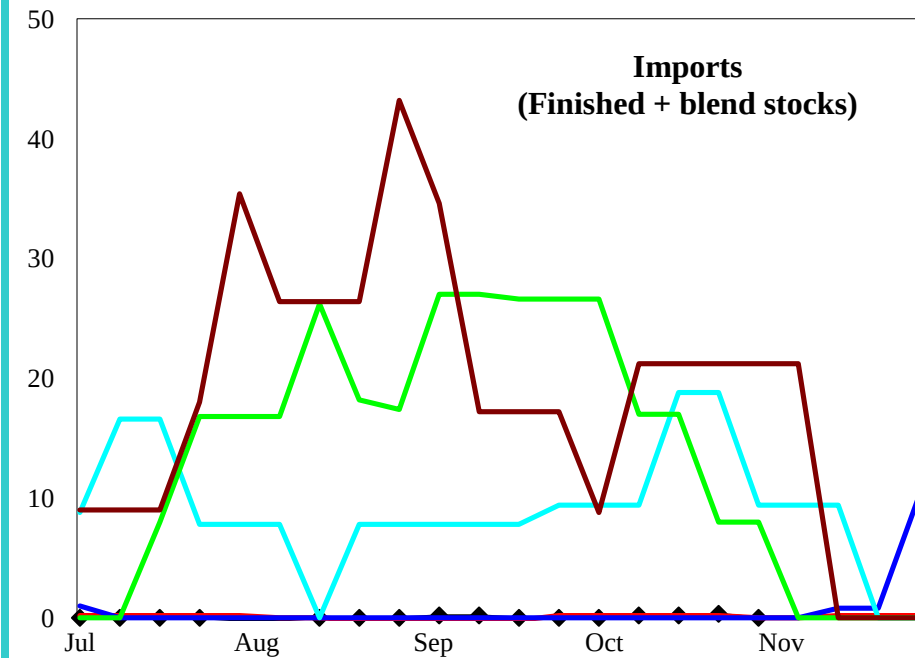
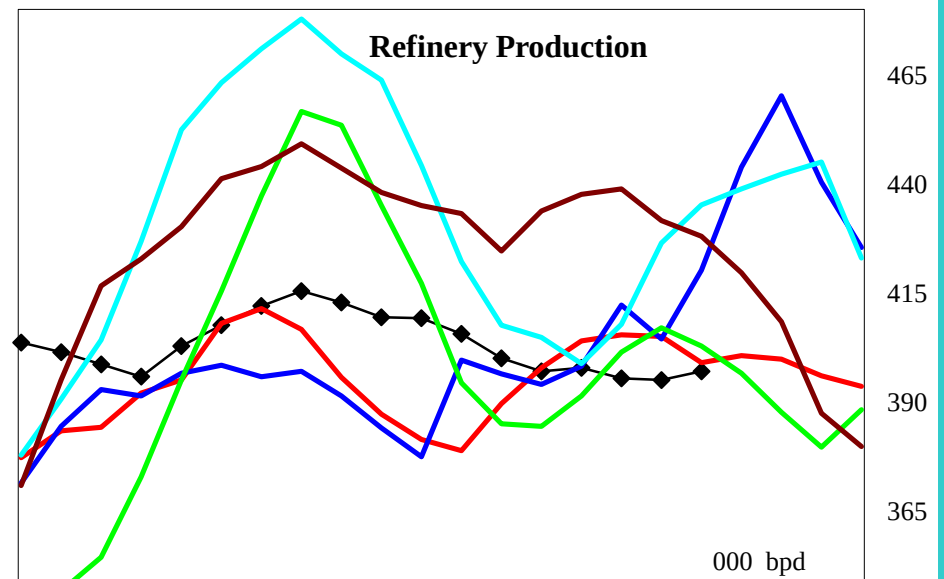
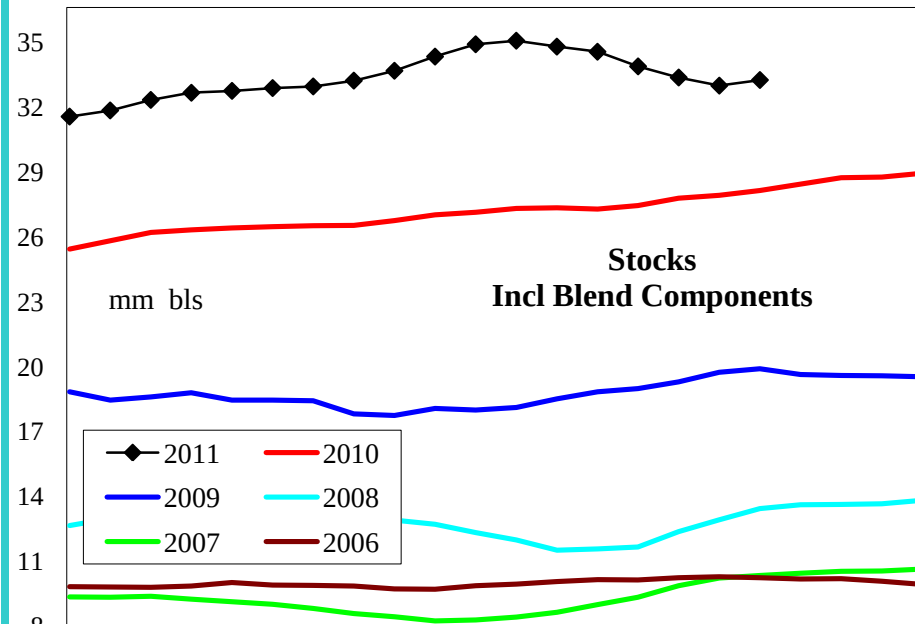
PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

4,452

15.2

Production

-11

-2.7

Imports

0

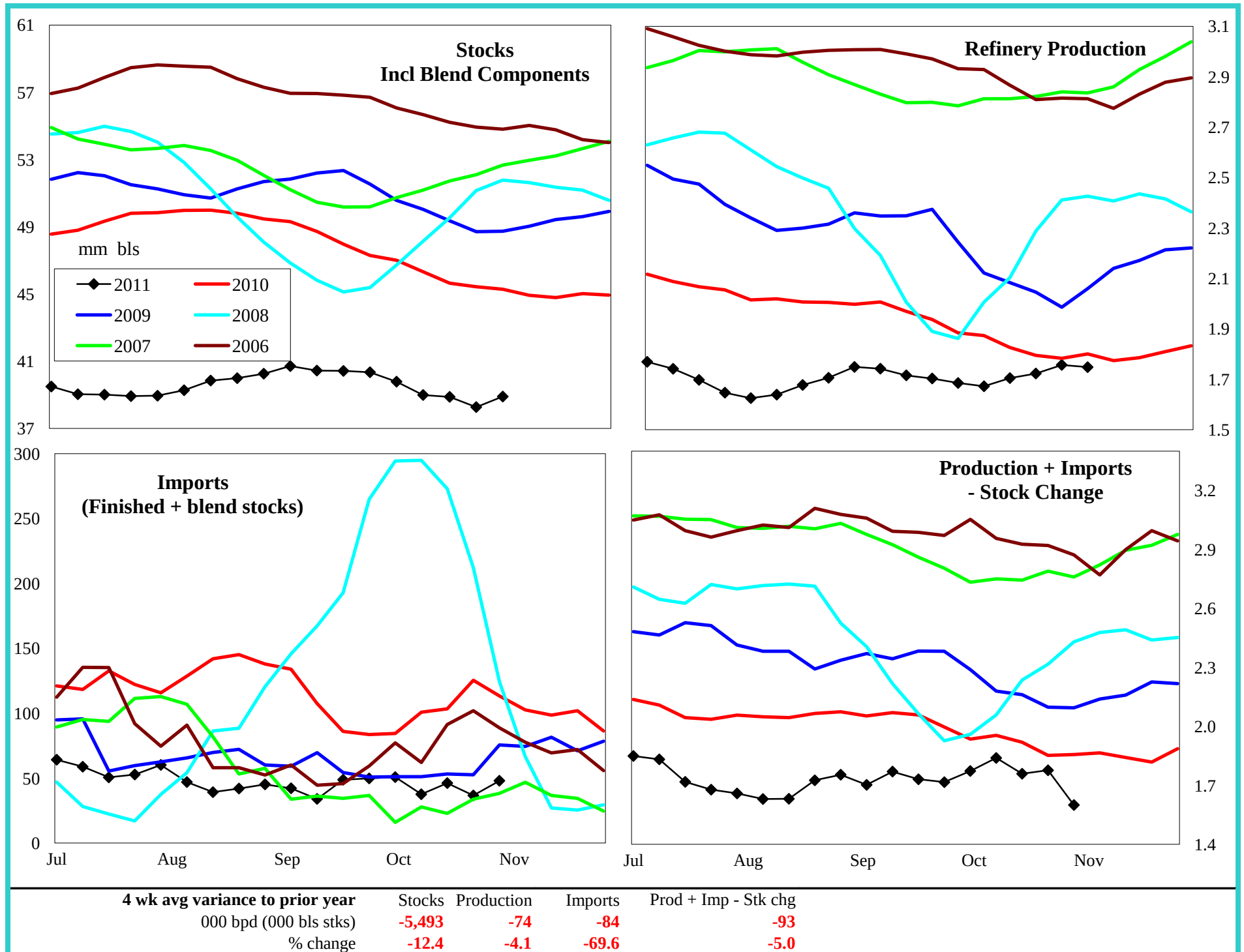
0.0

Prod + Imp - Stk chg

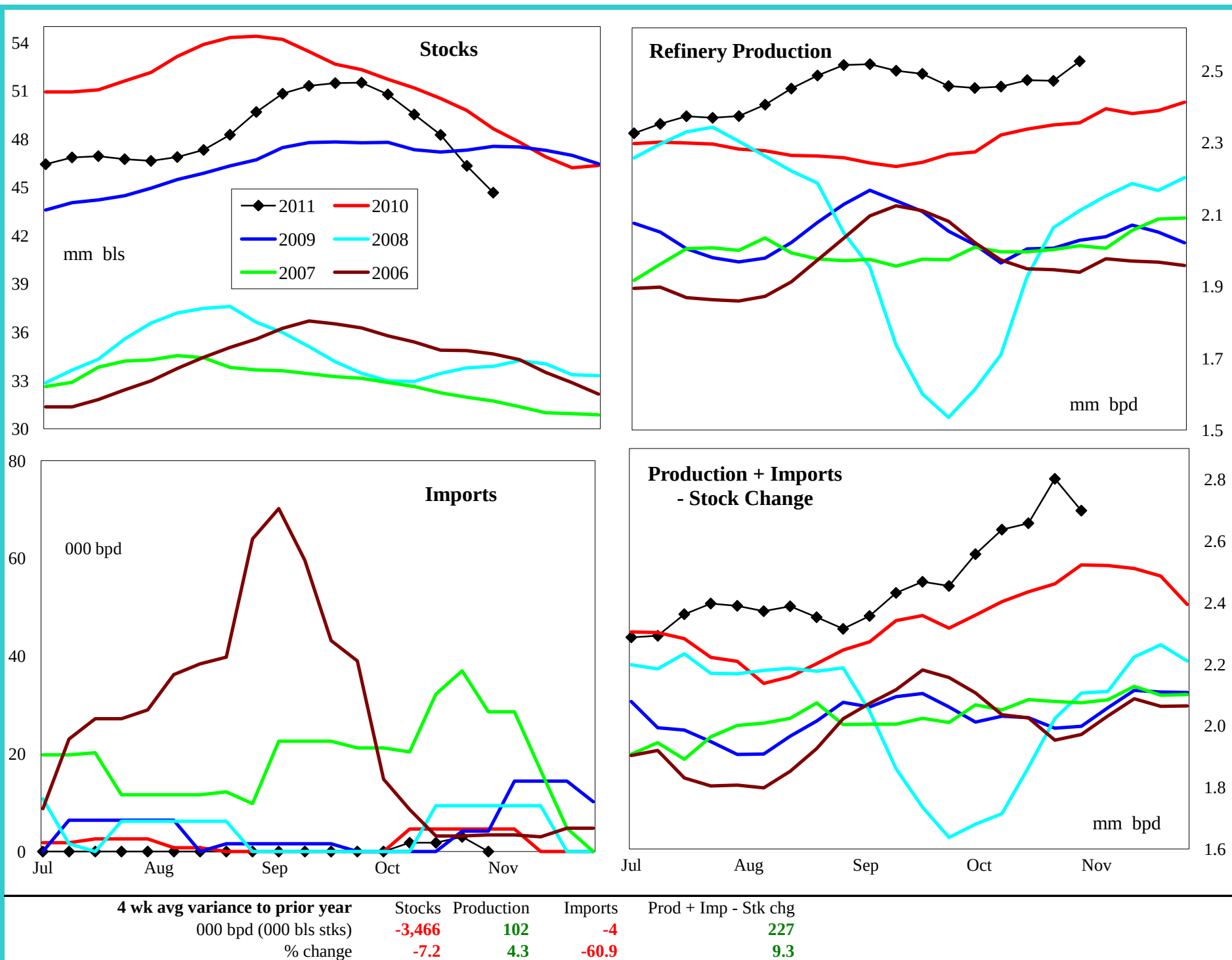
59

16.4

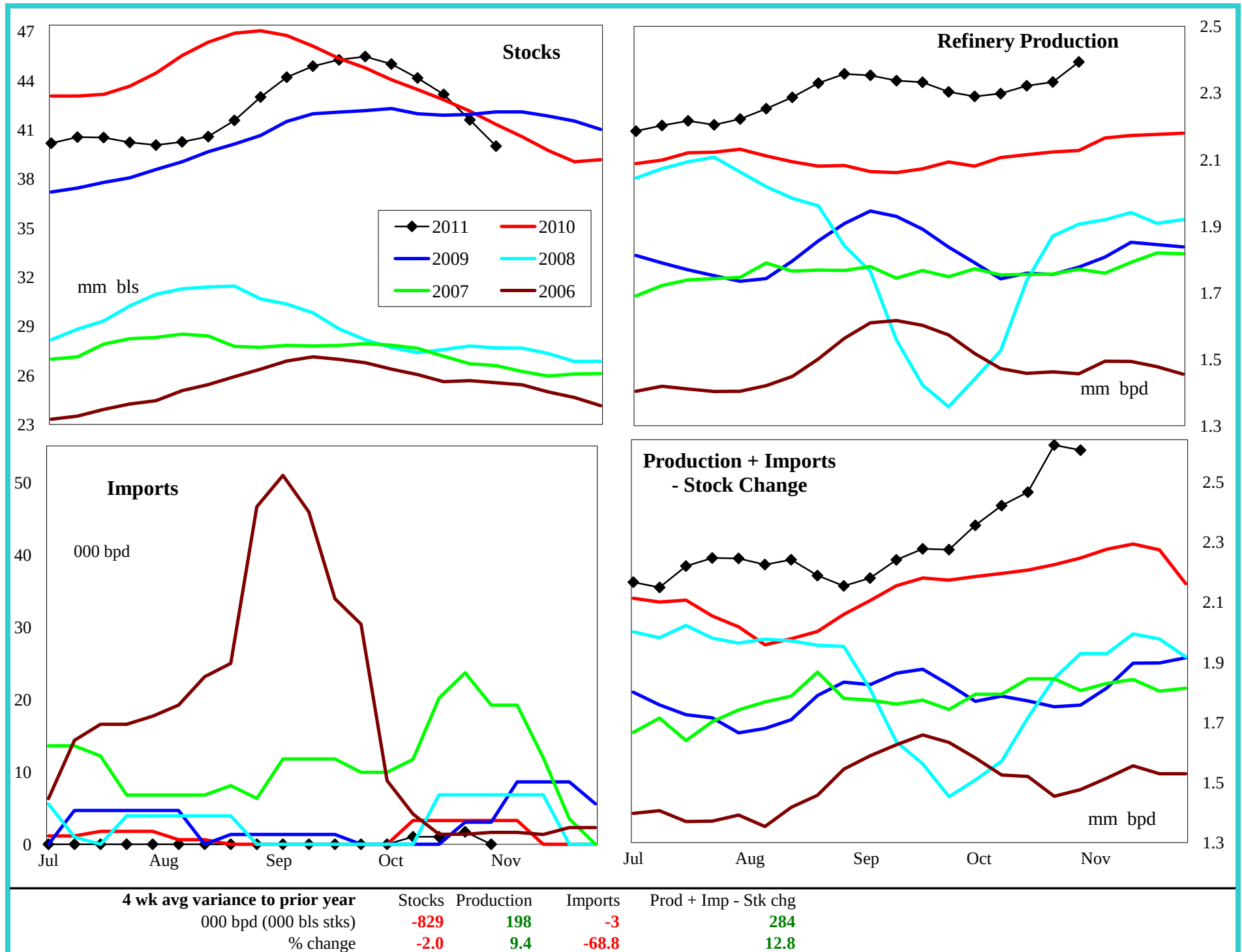
PADD 3 Conventional Gasoline Supply



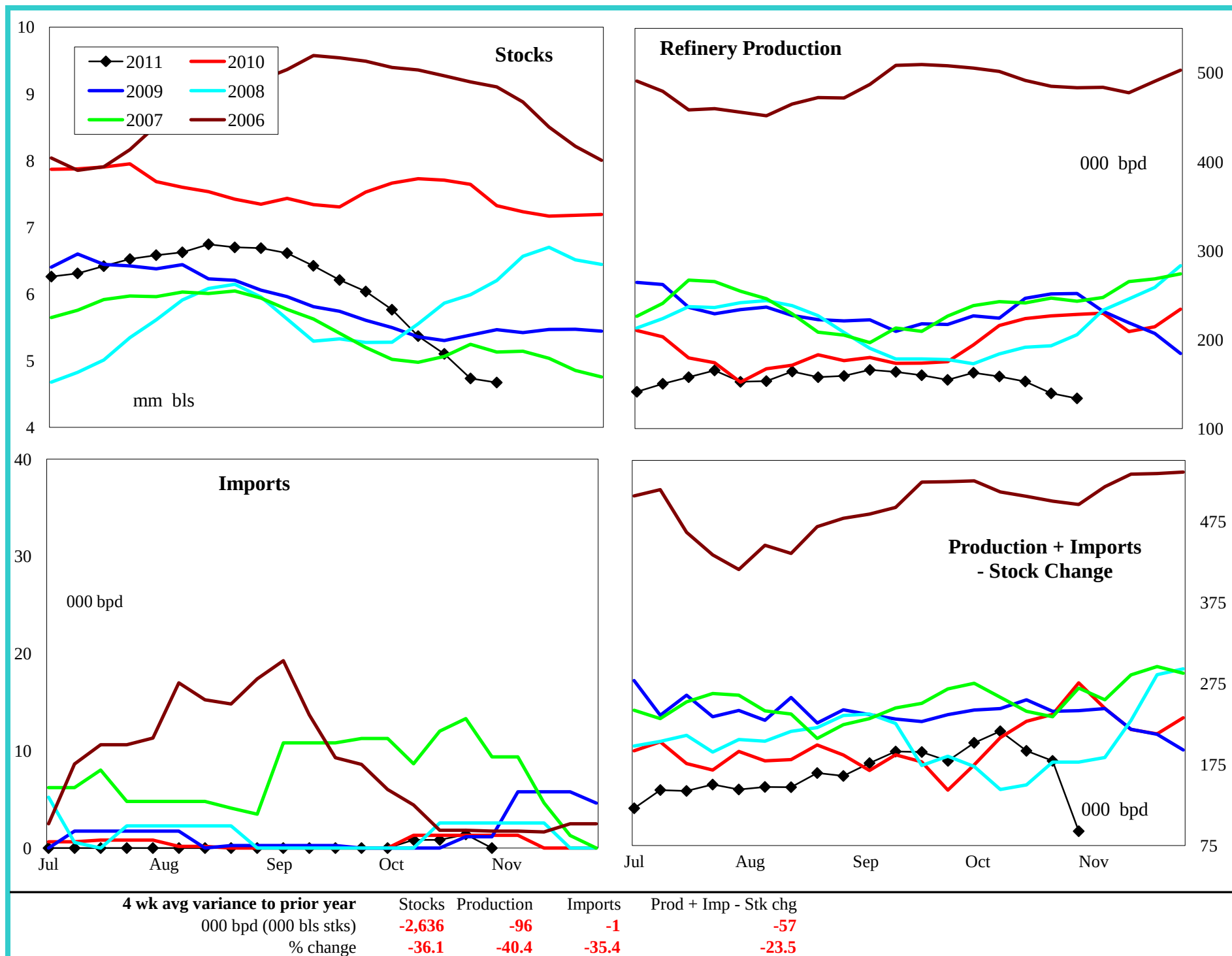
PADD 3 Distillate Supply



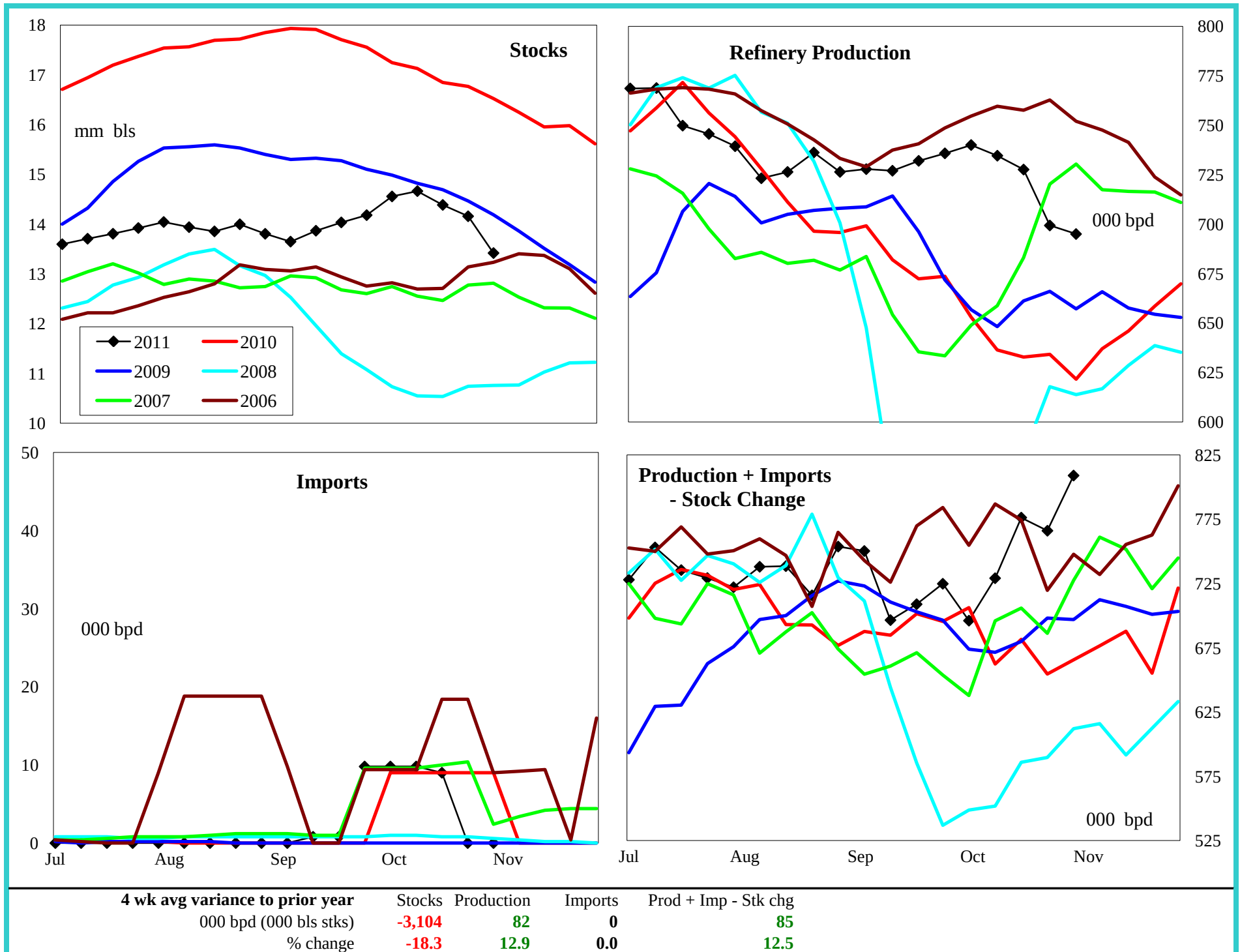
PADD 3 Low Sulfur Distillate Supply



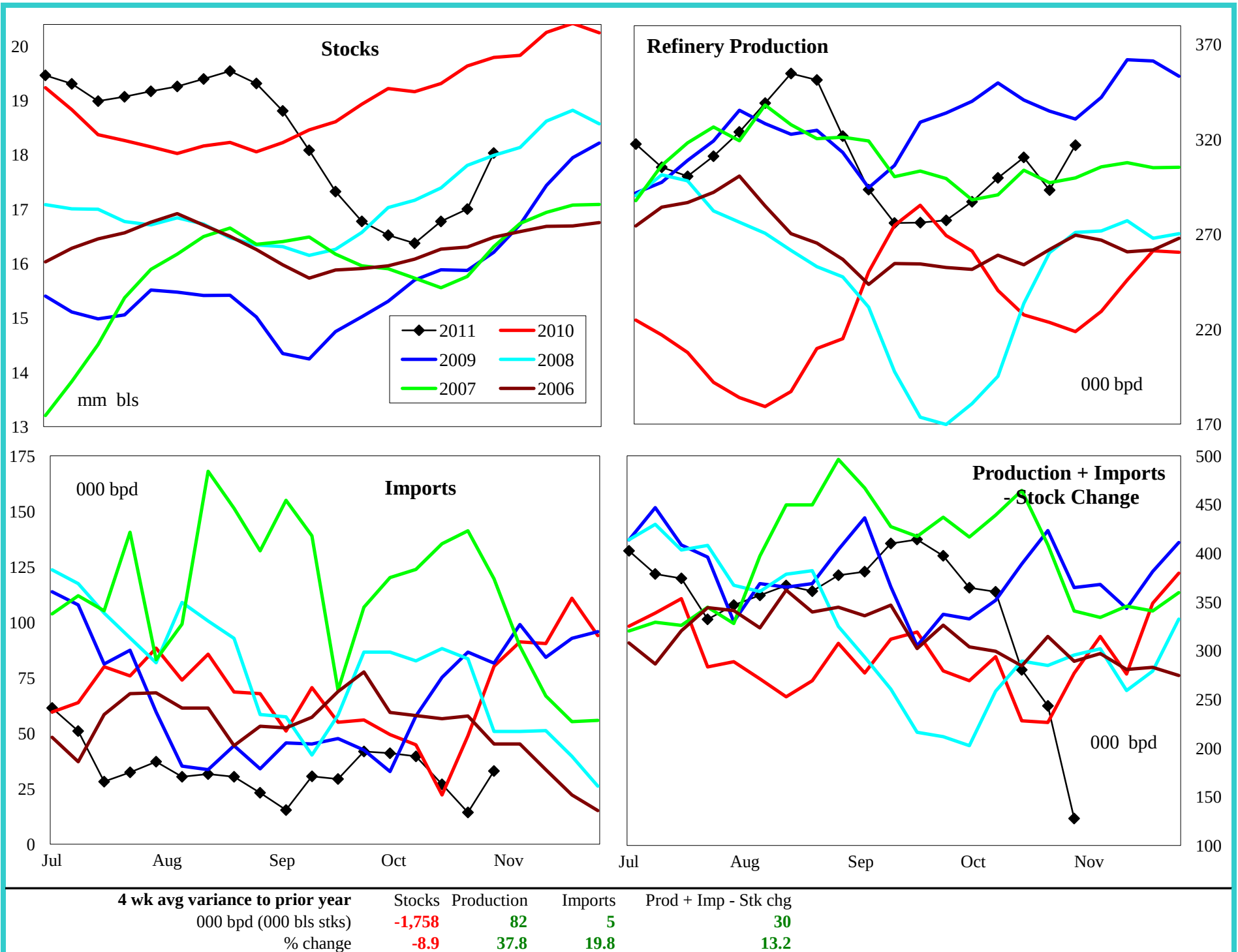
PADD 3 High Sulfur Distillate Supply



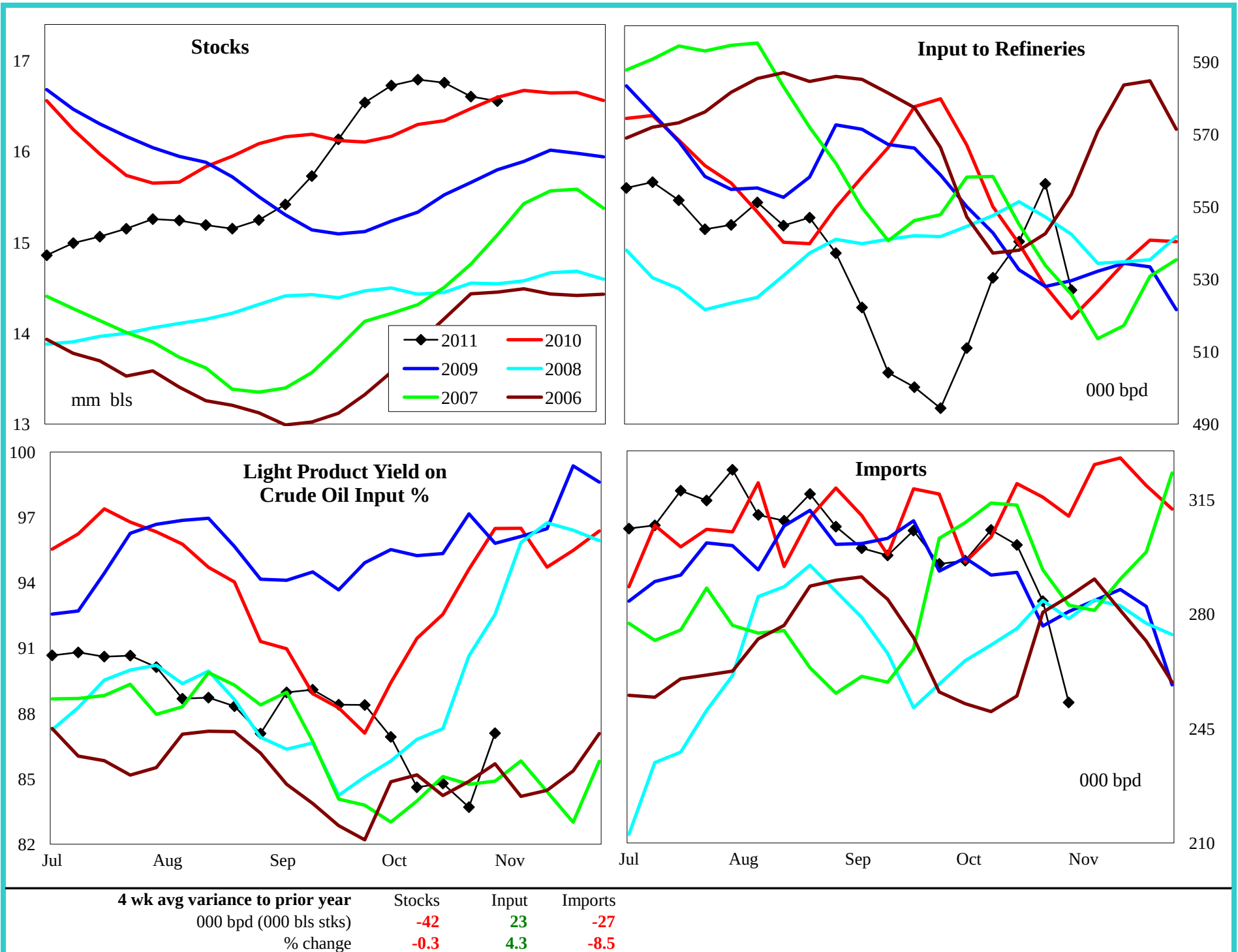
PADD 3 Jet Fuel Supply



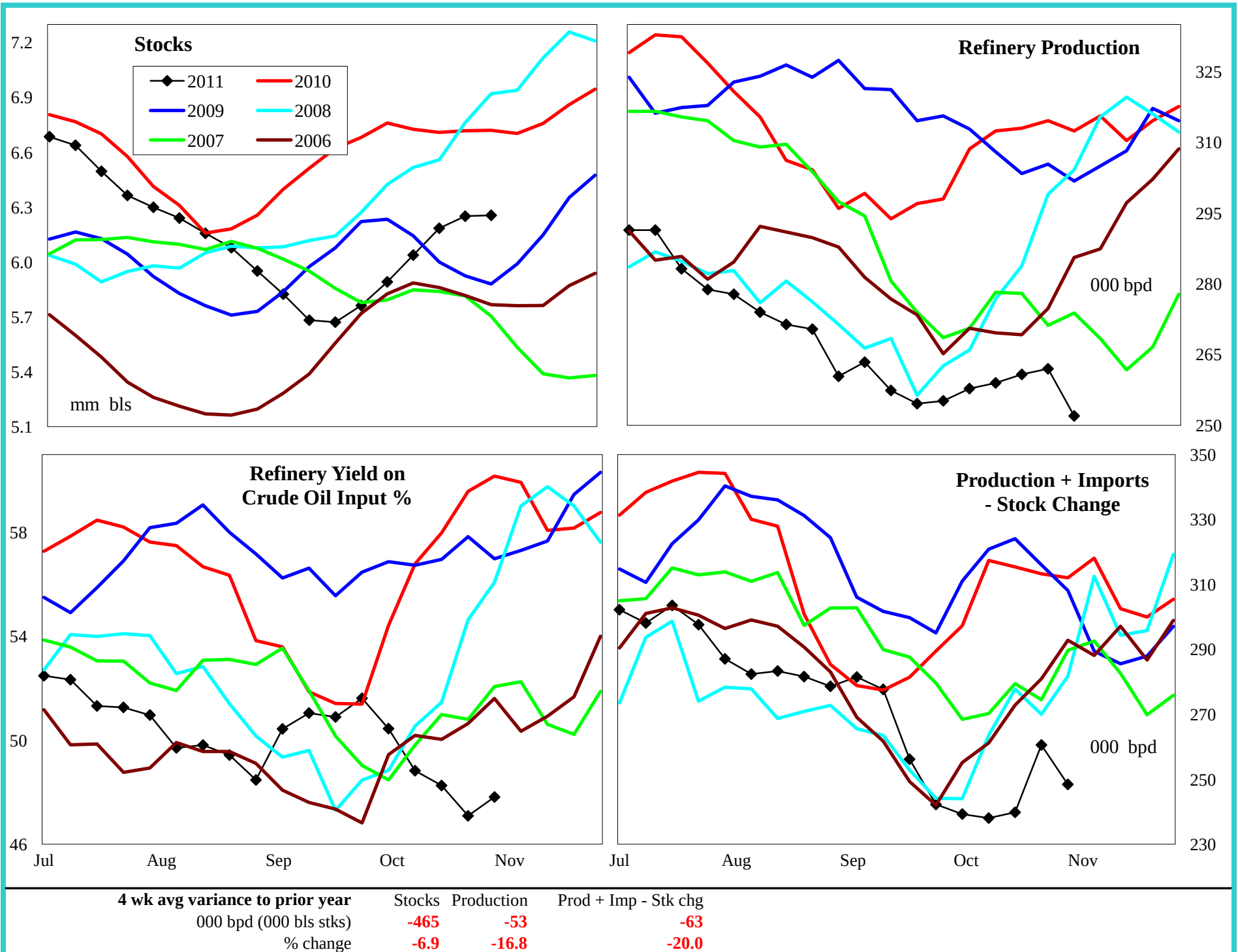
PADD 3 Residual Fuel Oil Supply



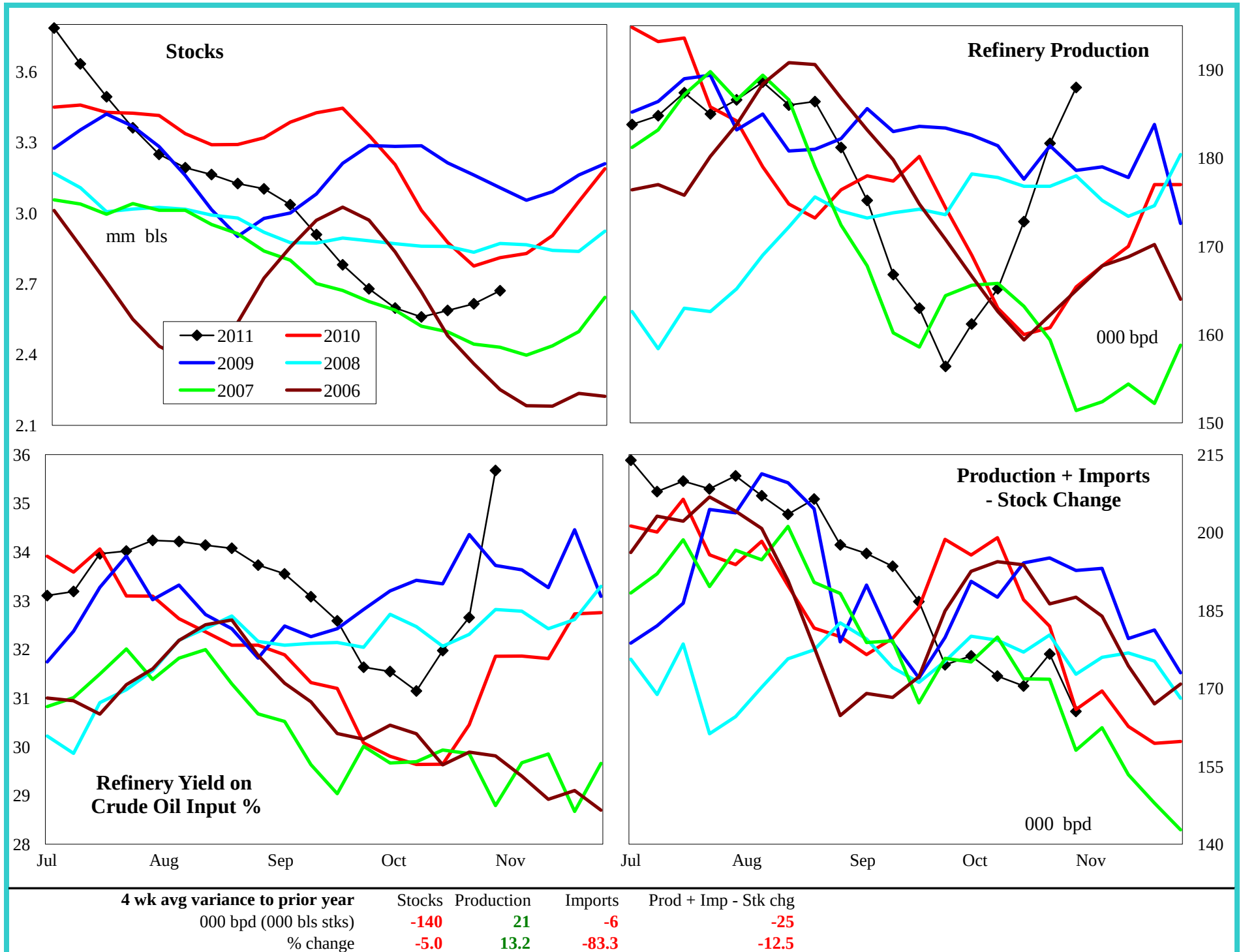
PADD 4 Crude Oil Supply and Refining



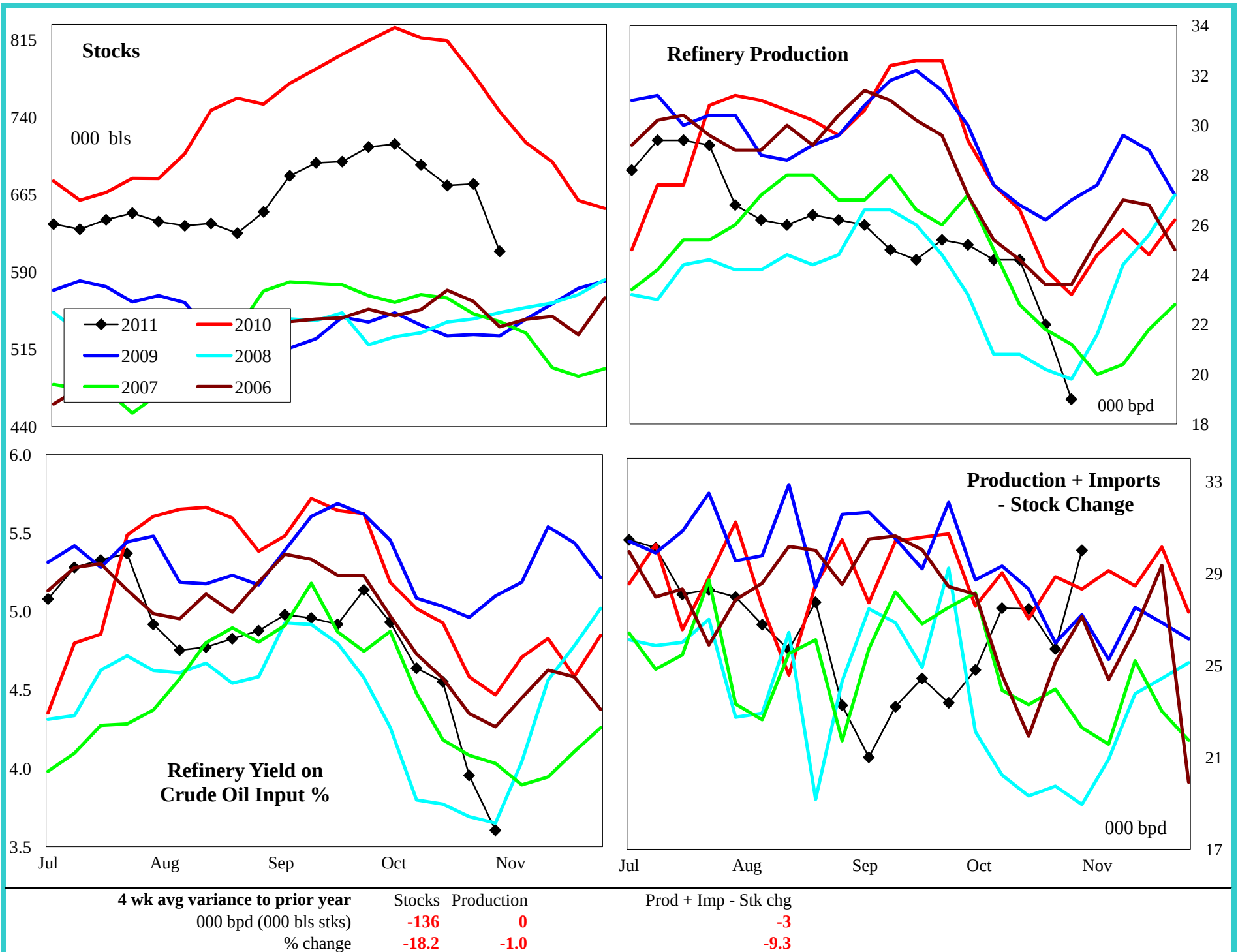
PADD 4 Gasoline Supply



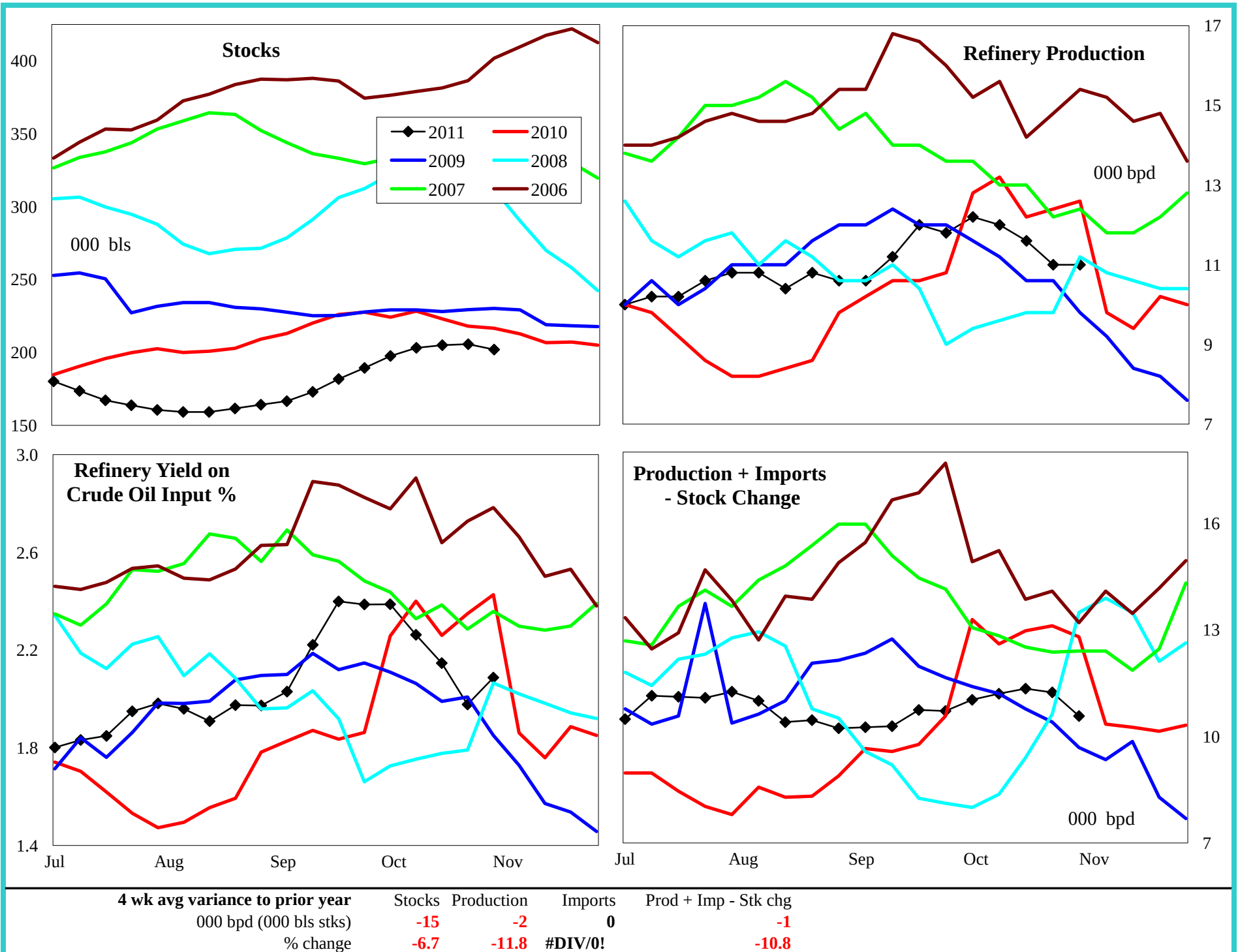
PADD 4 Distillate Supply



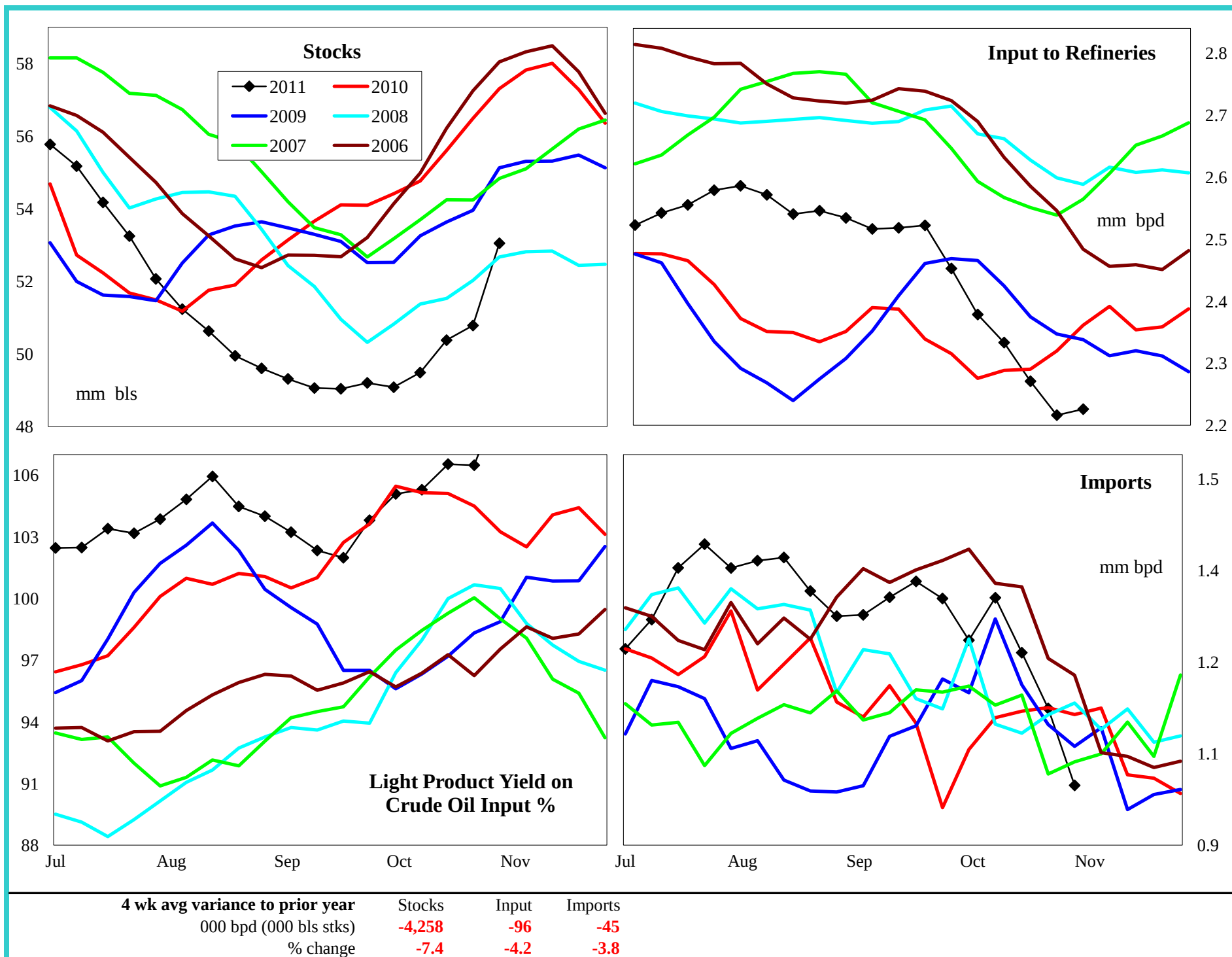
PADD 4 Jet Fuel Supply



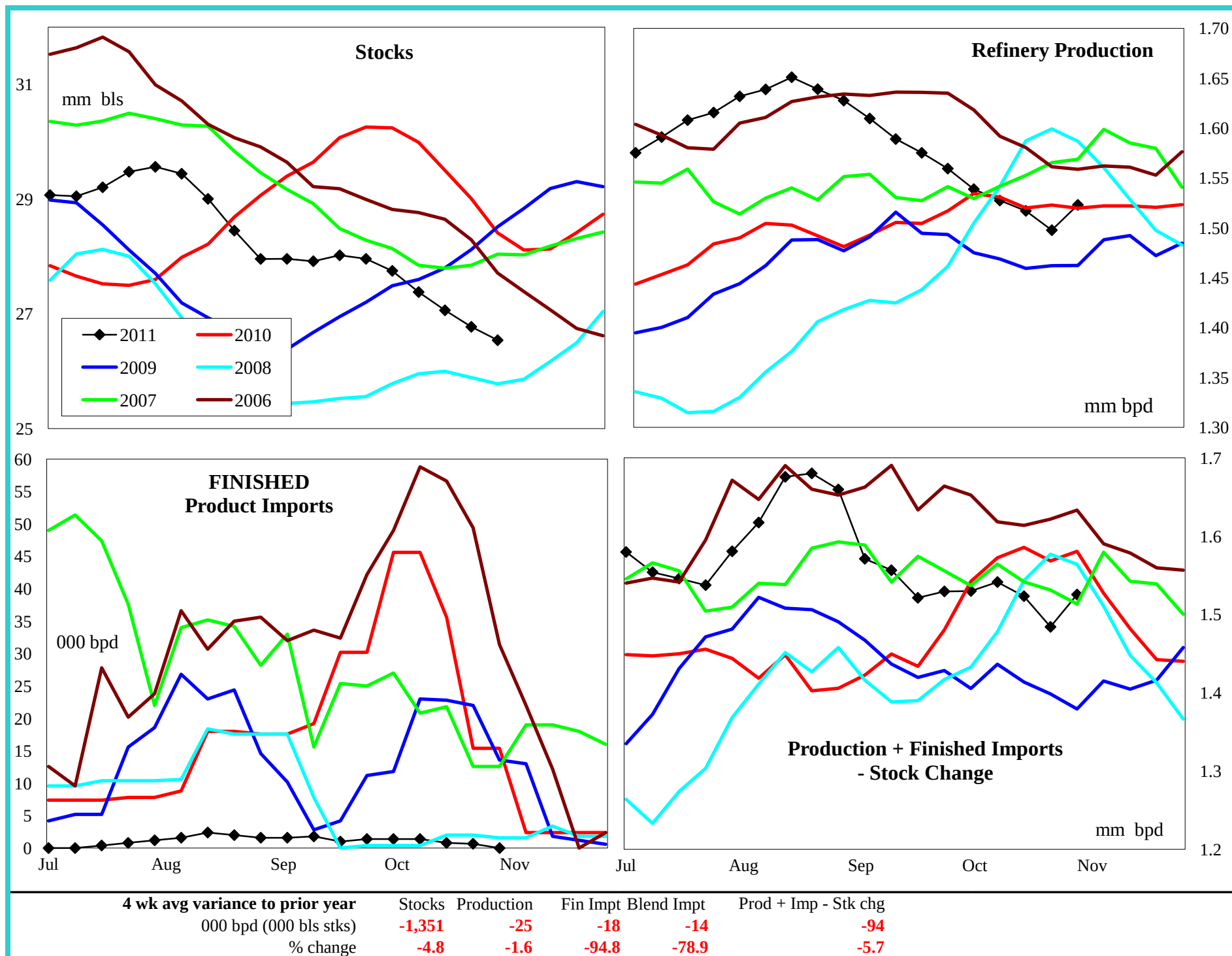
PADD 4 Residual Fuel Oil Supply



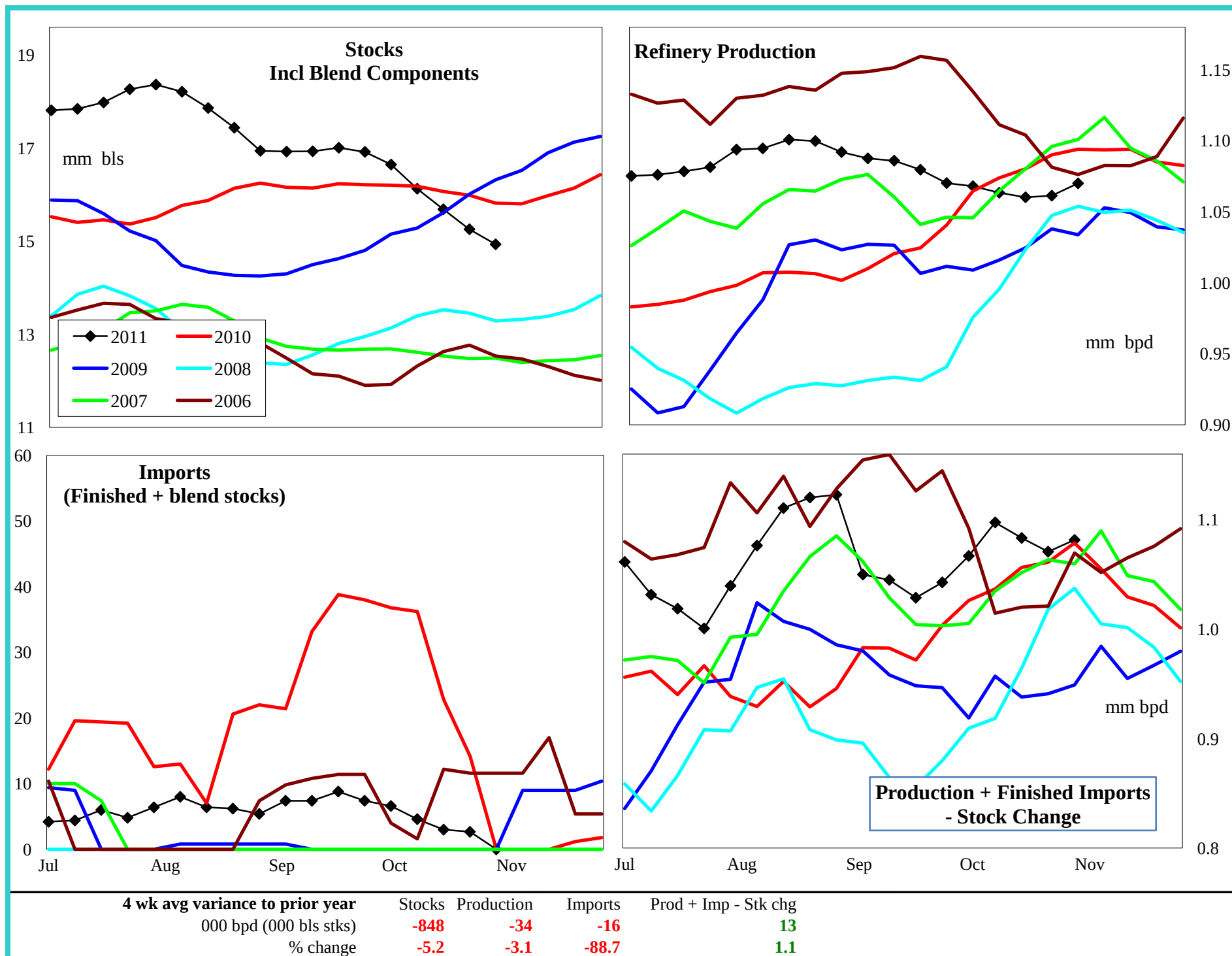
PADD 5 Crude Oil Supply and Refining



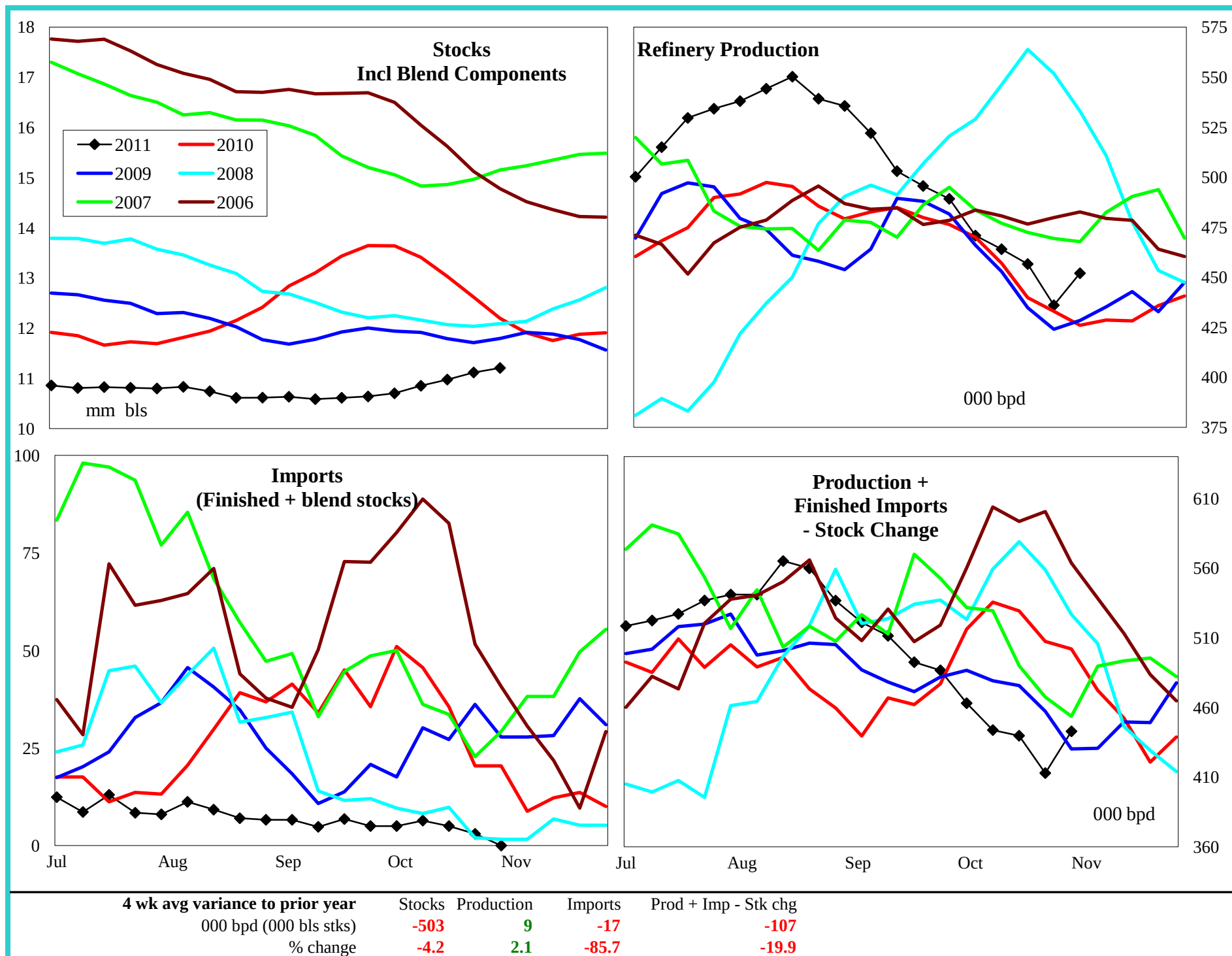
PADD 5 Gasoline Supply



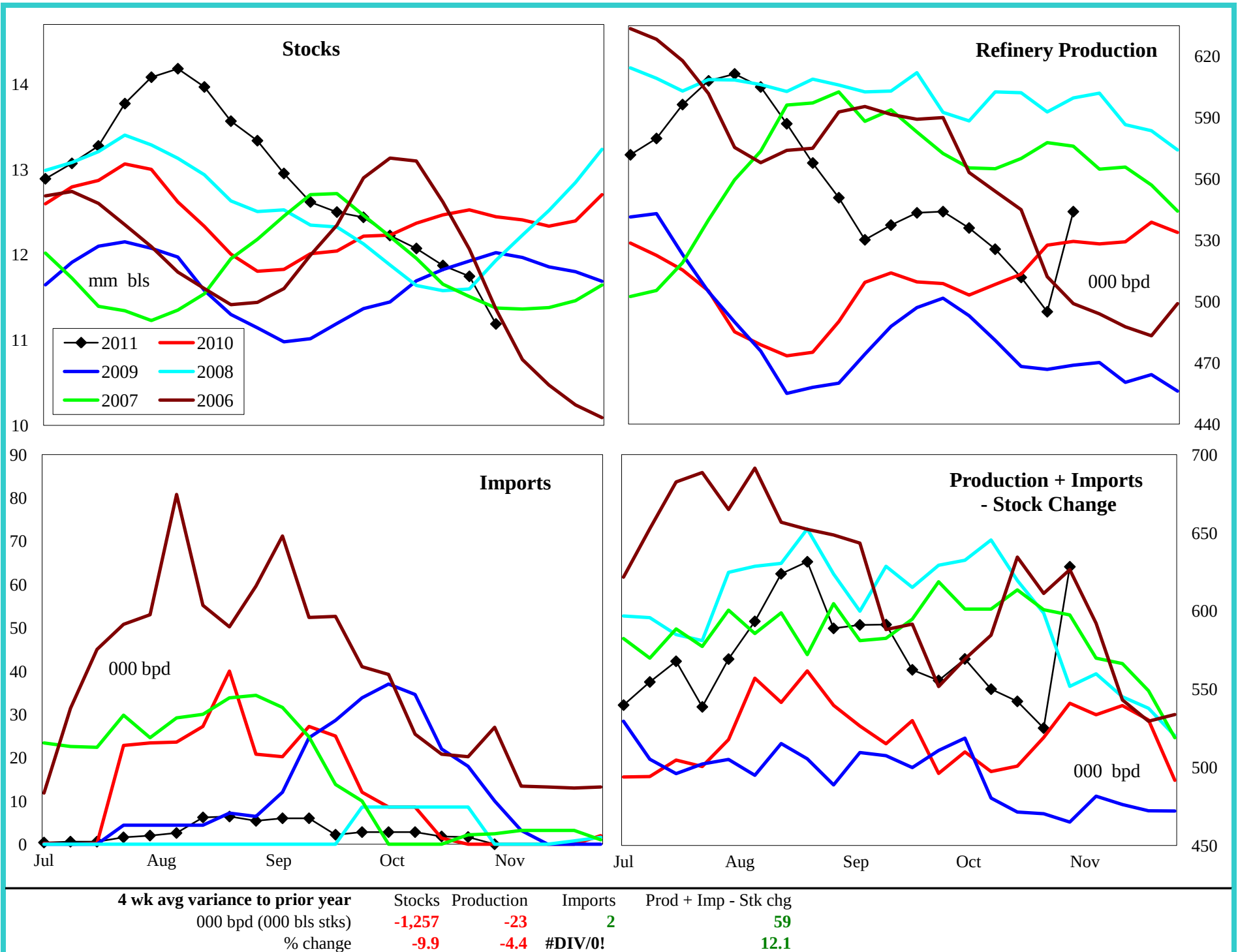
PADD 5 Reformulated Gasoline Supply



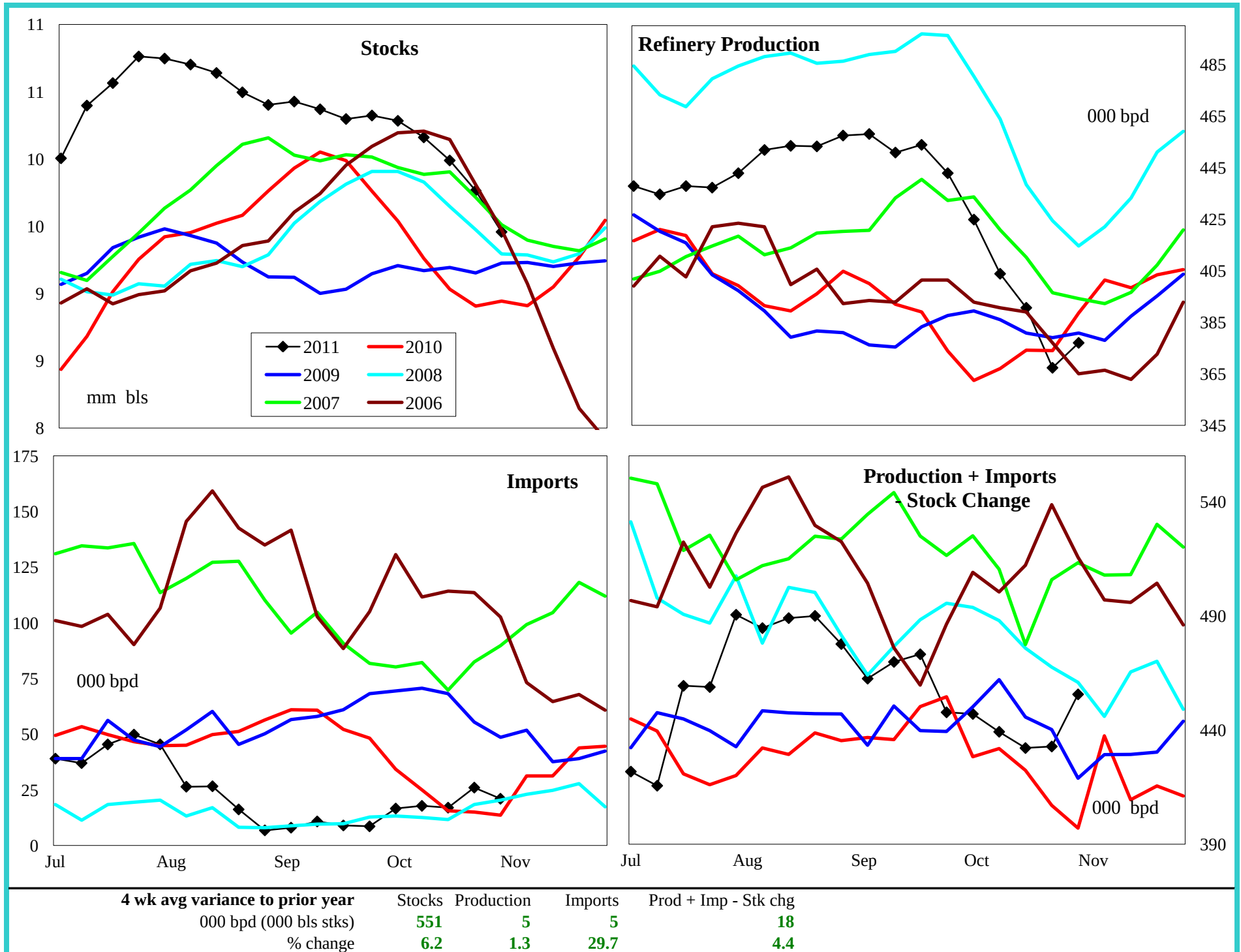
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

