



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

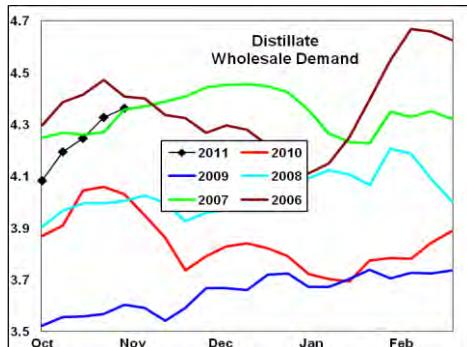
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, November 09,

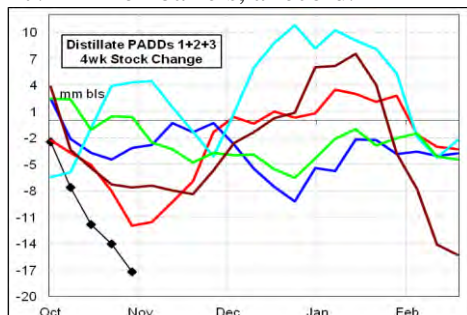


Major Fundamental Trends¹

Distillate wholesale demand was nearly unchanged last week, with the 4-wk average up +163,000 bpd from a year ago. Very favorable weather for fall agriculture harvest/tillage, and oil/gas exploration, production, and transportation (rail & barge crude oil) underlie the increase.



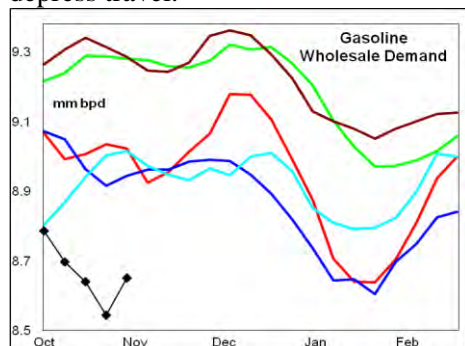
Production fell -341,000 bpd last week, reversing the prior week increase, and driving the 4-wk average year-on-year increase to just +160,000 bpd. Lower supply, very strong demand and exports led to a -6 million barrel stock draw for the week. The latest 4-wk stock draw East of the Rockies was -17.2 million barrels, a record.



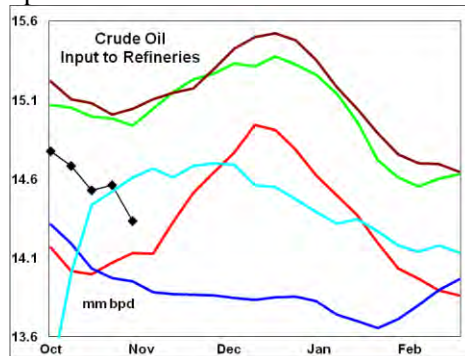
Risk of a supply squeeze during the next quarter in the Northeast continues to increase as stock levels in all regions of PADD 1 fall below four of the last 5-years.

Wholesale gasoline demand increased +153,000 bpd last week, although, the latest 4-wk average was -508,000 bpd below last year and a new record low. High retail prices and a weak consumer economy continue to

depress travel.



Refining capacity was taken offline in PADDs 2, 3 and 5 last week for maintenance, leading to a -358,000 bpd drop in crude oil runs. As noted above gasoline production fell sharply, while production of middle distillates also fell -0.4 million bpd. Historic trends point to a peak in fall refinery maintenance occurring in early November; expect runs to trend higher for the next 30-days as plants return to operation.



Demand for distillate remains extremely high, while the 4-wk average year-on-year gasoline demand hit a new record decline of -508,000 bpd. Wholesale demand measured over the last four weeks compared to a year ago: gasoline decreased -5.6%; distillate up +3.9%; jet fuel up +6.6% while residual fuel oil decreased -27%. **Stocks forward coverage:** Gasoline demand coverage decreased on extremely weak demand and a -2.1 million barrel stock draw, partially offset by extremely weak demand. Coverage levels match 5-year highs for the period.

Distillate coverage declined on a -6 million barrel stock draw and robust weekly demand. Coverage levels were

significantly less than the last 2-years.

Jet fuel coverage levels decreased on a -1.1 million barrel stock draw last week. Coverage remains comparable to the last 2-years.

Refinery utilization rates fell on a -358,000 bpd drop in crude oil runs. During the latest 4-wk period crude oil input was +507,000 bpd above a year ago.

Gasoline yield % on crude oil runs decreased slightly on a -267,000 bpd decline in output, compared to a -358,000 bpd drop in crude oil runs last week. Yield % on crude oil runs was at the low end of the last 3-years.

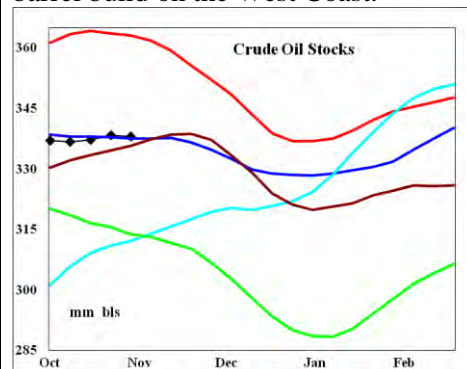
Distillate yield % on crude oil runs fell on a -341,000 bpd fall in production compared to the drop in crude oil runs. Yield % on crude oil runs was near historic highs.

Jet fuel yield % on crude oil runs decreased last week on a -53,000 bpd drop in output. Yield % levels were near 5-year lows.

Petroleum Imports declined last week for crude oil and all major fuels, except jet fuel which increased +84,000 bpd.

During the latest 4-wk period crude oil imports increased +34,000 bpd last year; distillate imports decreased -31,000 bpd; finished gasoline imports decreased -60,000 bpd, gasoline blend stock imports fell -137,000 bpd; jet fuel imports declined -1,000 bpd, while residual fuel oil imports decreased -62,000 bpd.

Crude Oil stocks declined -1.4 million barrels last week, including draws East of the Rockies and a +2.5 million barrel build on the West Coast.



¹ Source is latest EIA Weekly Statistics



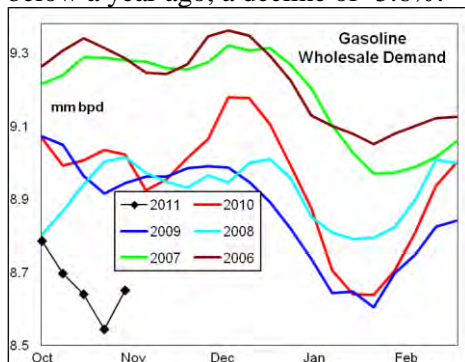
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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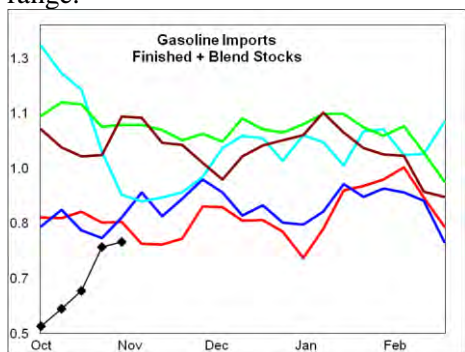
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Product Supply-Demand Trends

Gasoline demand increased +153,000 bpd last week, but remains at an exceptionally low level. The latest 4-wk average demand was -508,000 bpd below a year ago, a decline of -5.6%.



Production fell -267,000 bpd on the week, to a level well below the last 3-years. Imports decreased -31,000 bpd on the week to a level below the historic range. Stocks fell -2.1 million barrels to a level at the 5-year mid range.



Wholesale demand trends extend the recent monthly year-on-year decline; the EIA reported a monthly decline of -459,000 bpd in August (the most recent EIA monthly estimate).

The industry has reduced imports during the last several months to offset the collapse in demand. Poor refining margins (based on imported crude cost) are likely to drive production lower during the next quarter.

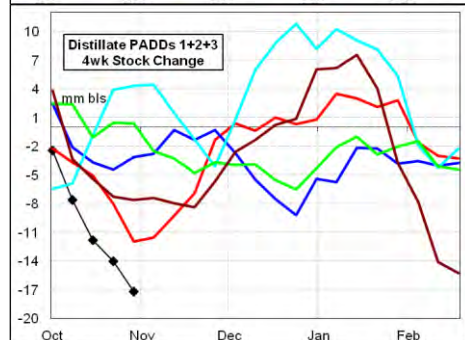
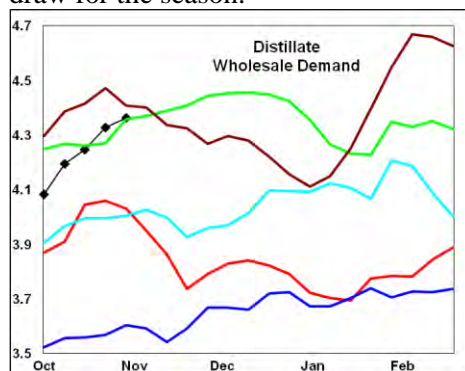
Stocks decreased -2.1 million barrels last week, ending at a level that matched the mid range.

Distillate demand decreased -12,000 bpd last week, with the latest 4-wk average +163,000 bpd above a year ago, driven by very favorable weather for agriculture tillage and increased use

for energy exploration, production and transport (truck, rail & barge).

Supply fell -361,000 bpd last week on sharply lower production, including declines in all regional markets. The drop in supply and robust demand led to a -6 million barrel stock draw for the week. Stock levels ended the week -24 million barrels below last years' record high.

The latest 4-wk stock change in markets East of the Rockies was a draw of -17.2 million barrels, a record draw for the season.



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

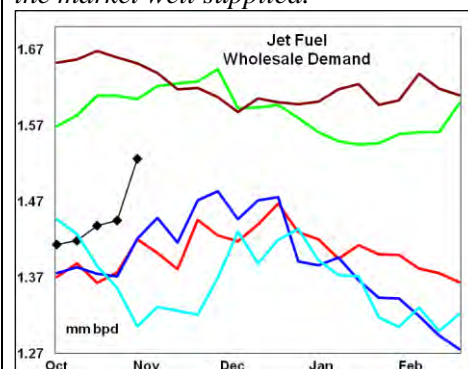
Expect further tightening of the supply balance in the near term as maintenance continues in some regions and the fall heating season begins.

Jet Fuel demand increased +81,000 bpd last week, to a level above the last 3-years. The latest 4-wk average demand was +88,000 bpd above last year.

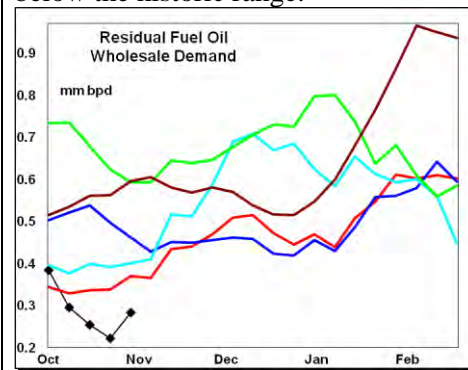
Supply increased +31,000 bpd last week, on higher production. Stocks fell -1.1 million barrels to a level comparable with the last 2-years.

Production has dropped to levels

comparable with the last 3-years. Stock levels remain very ample; although the seasonal uptrend in demand should lead to continued stock draw for the next 45-days. As refines complete maintenance, production should increase; keeping the market well supplied.



Residual fuel oil demand jumped +123,000 bpd on the week, still a level below the historic range.



Supply (production + imports) fell -227,000 bpd last week, on lower production and imports. The latest 4-wk average supply was +24,000 bpd above last year. Stock levels continue to match historic lows for the period.

Stock levels continued to trend higher in the Gulf, reaching a level above four of the last 5-years. The Gulf market remains well supplied, while refinery maintenance in other regions has limited supplies.



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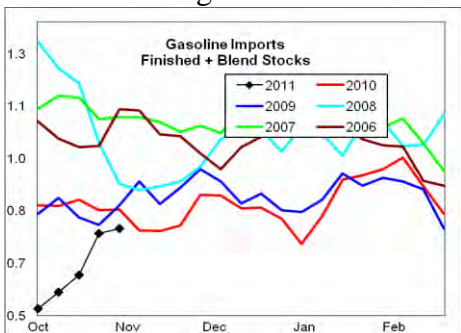
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +28,000 bpd on the week, with the level +331,000 bpd above a year ago.

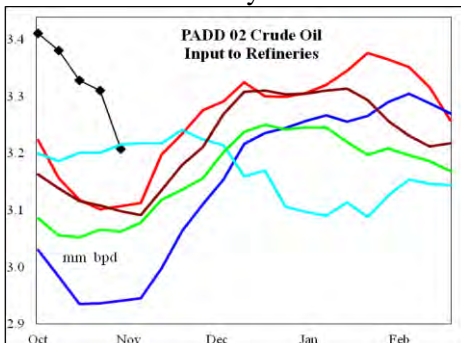
Gasoline supply plunged -345,000 bpd last week with latest 4-wk average -92,000 bpd below a year ago. Imports fell -183,000 bpd on the week, to a level just below the historic range.



Gasoline stocks fell -1.7 million barrels on the week, to a level that matched the mid range.

Distillate supply decreased -56,000 bpd last week, with the latest 4-wk average +58,000 bpd above last year. Stocks decreased -1.5 million barrels on the week, with the level below four of the last 5-years.

Jet fuel stocks fell -1.6 million barrels on the week, to a level just above the historic mid range. Production was at 5-year lows.



PADD 2 crude oil refinery runs fell -163,000 bpd last week, with the latest 4-wk average +232,000 bpd above a year ago, and a record high for this time of year. Crude imports climbed declined -145,000 bpd. Crude oil stocks decreased -1 million barrels on the week. Crude stock levels remain

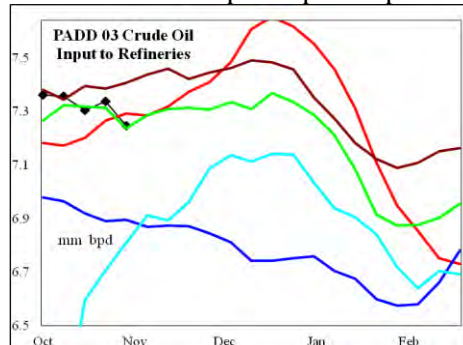
above the 5-year range.

Gasoline production plunged -243,000 bpd last week, to a level below the 5-year range. Stocks fell -0.7 million barrels, a level below the 5-year range.

Distillate production decreased -75,000 bpd, to a level that matched the 5-year mid range. Stocks decreased -0.8 million barrels to a level below the 5-year range for this time of year.

Jet fuel production matched historic highs for the week. Stock levels remain +4.5% above the prior record high.

PADD 3 refinery runs fell -153,000 bpd last week, a level that matched the historic mid range for the period. The latest 4-wk average thru put was +59,000 bpd above last year. Crude oil stocks decreased -2.4 million barrels on a -0.6 million bpd drop in imports.



Gasoline production decreased -6,000 bpd on the week. Stocks decreased -0.8 million barrels last week, with the level -2.5% below last years' record highs.

Distillate production fell -148,000 bpd on the week, with the latest 4-wk average +109,000 bpd above the previous 5-year high. Stocks fell -3.2 million barrels, with the level -5.5 million barrels below the historic high.

Jet fuel production declined -34,000 bpd on the week, to a level +comparable with the last 2-years. Stocks increased +0.9 million barrels to a level above four of the last 5-years.

Residual fuel oil supplies declined -69,000 bpd on the week, due to lower production and imports. Stocks increased +0.3 million barrels, to a

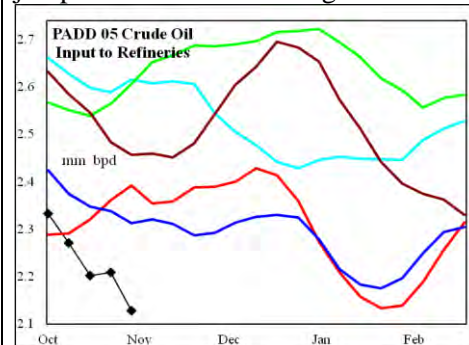
level at the upper end of the historic range.

PADD 4 refinery crude runs increased +27,000 bpd last week, with the most recent 4-wk average +33,000 bpd above a year ago. Run rates are now near 5-year highs.

Gasoline production increased +40,000 bpd last week, a level still below the last 3-years. Stock levels remain above the mid range.

Distillate production decreased -12,000 bpd on the week, to a level comparable with the last 3-years. Stock levels remain below the last 3-years.

PADD 5 crude oil refinery runs decreased -98,000 bpd on the week, with the level below the 5-year range. The latest 4-wk average thru put was -149,000 bpd below last year. Light product yield % on crude oil runs jumped to a new record high.



Gasoline production was unchanged last week at a level near the mid range. Supply (production + imports) for the latest 4-wk average was -34,000 bpd below last year. Stocks jumped +1.1 million barrels on the week, to a level below the 5-year mid range.

Distillate production fell -70,000 bpd last week, a level that matched 5-year lows for the period, with the 4-wk average -47,000 bpd below last year. Stocks decreased -0.3 million barrels to a level that matched 5-year lows.

Jet fuel supply increased +51,000 bpd last week on a jump in imports. Production matched historic lows for the period, although weak demand has resulted in record stock levels for the week.

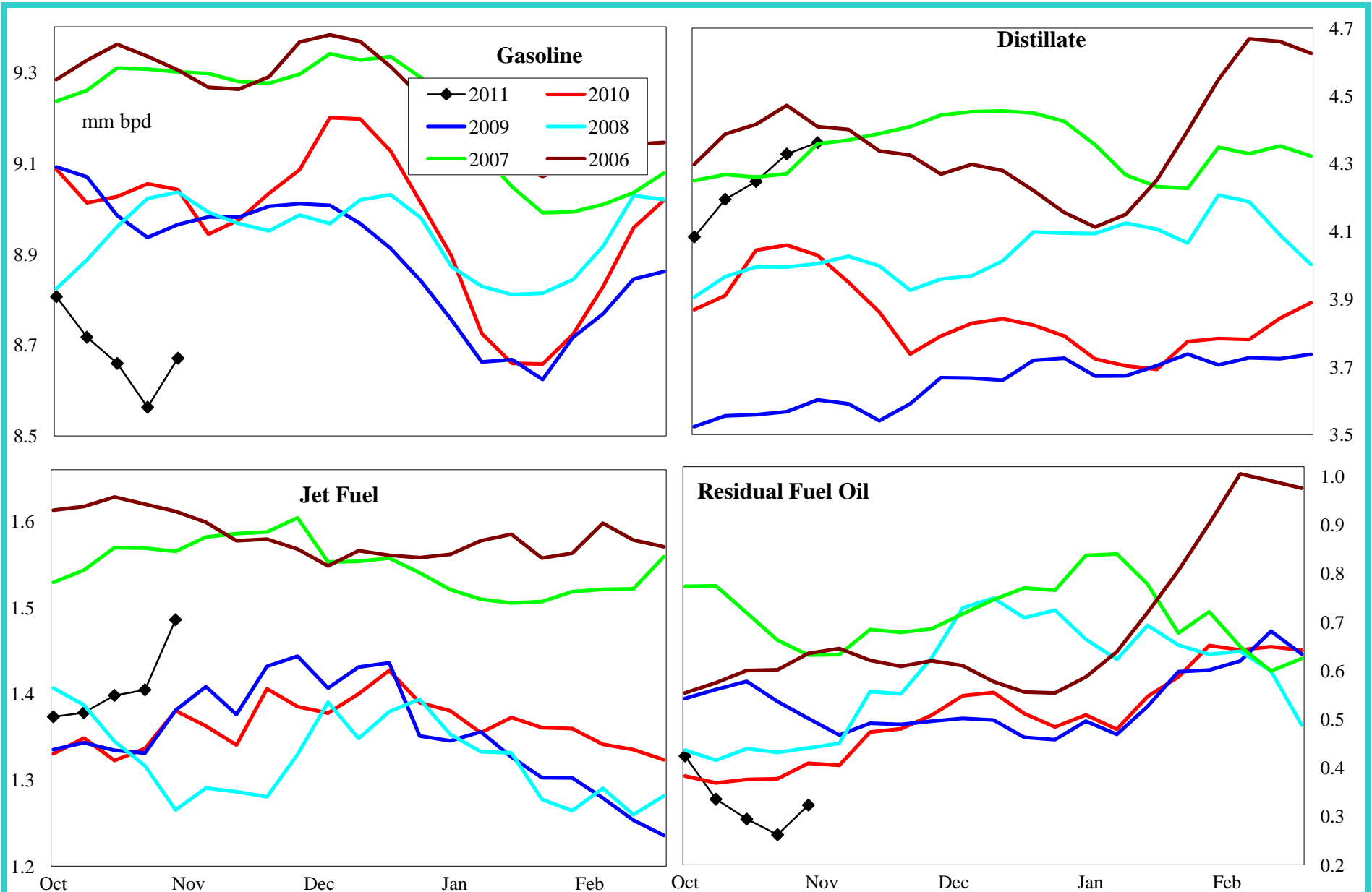


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report November 9, 2011
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage		Refinery Utilization Product Yield %			Imports
Supply/Demand Trends	4-Nov-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-1,370	-287	-1,032	-2,376	-150	2,474
	Imports	-336	94	-145	-576	101	190
	Input	-358	28	-163	-153	27	-98
	% Utilization	-2.70					
Gasoline	Stocks	-2,107	-1,725	-681	-769	-45	1,112
	Production	-267	-162	-243	-6	40	2
	Imports	-31	-183	-3	115	0	40
	Supplied	153					
Distillate	Stocks	-6,020	-1,505	-824	-3,228	-124	-338
	Production	-341	-36	-75	-148	-12	-70
	Imports	-20	-20	0	0	0	0
	Supplied	-12					
Jet Fuel	Stocks	-1,116	-1,579	-456	853	60	7
	Production	-53	-19	5	-34	7	-13
	Imports	84	17	0	4	0	64
	Supplied	81					
Residual Fuel Oil	Stocks	-116	-297	-28	311	-7	-94
	Production	-65	-9	-9	-40	-1	-7
	Imports	-162	-15	-1	-29	0	-119
	Supplied	123					

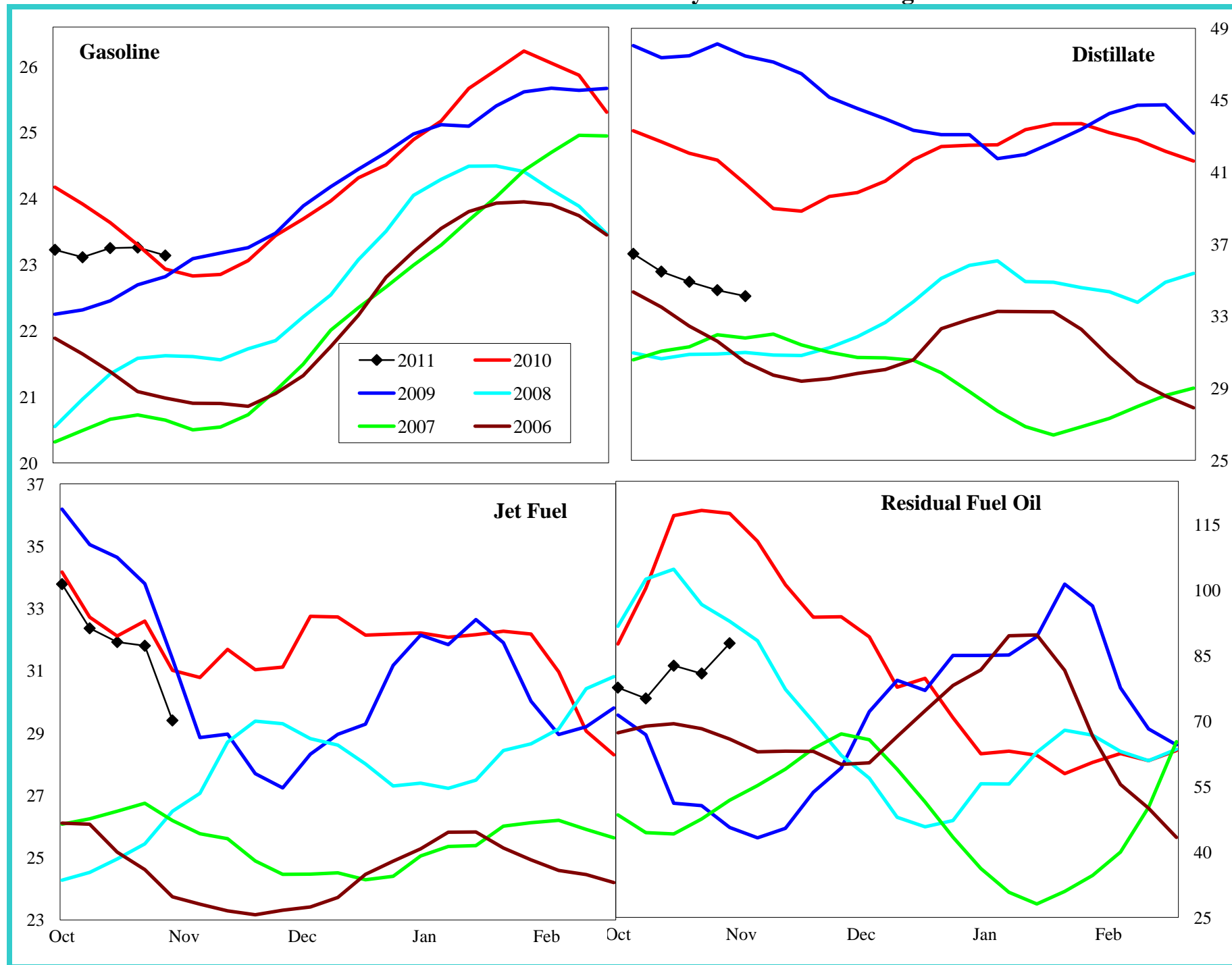
United States Wholesale Petroleum Demand



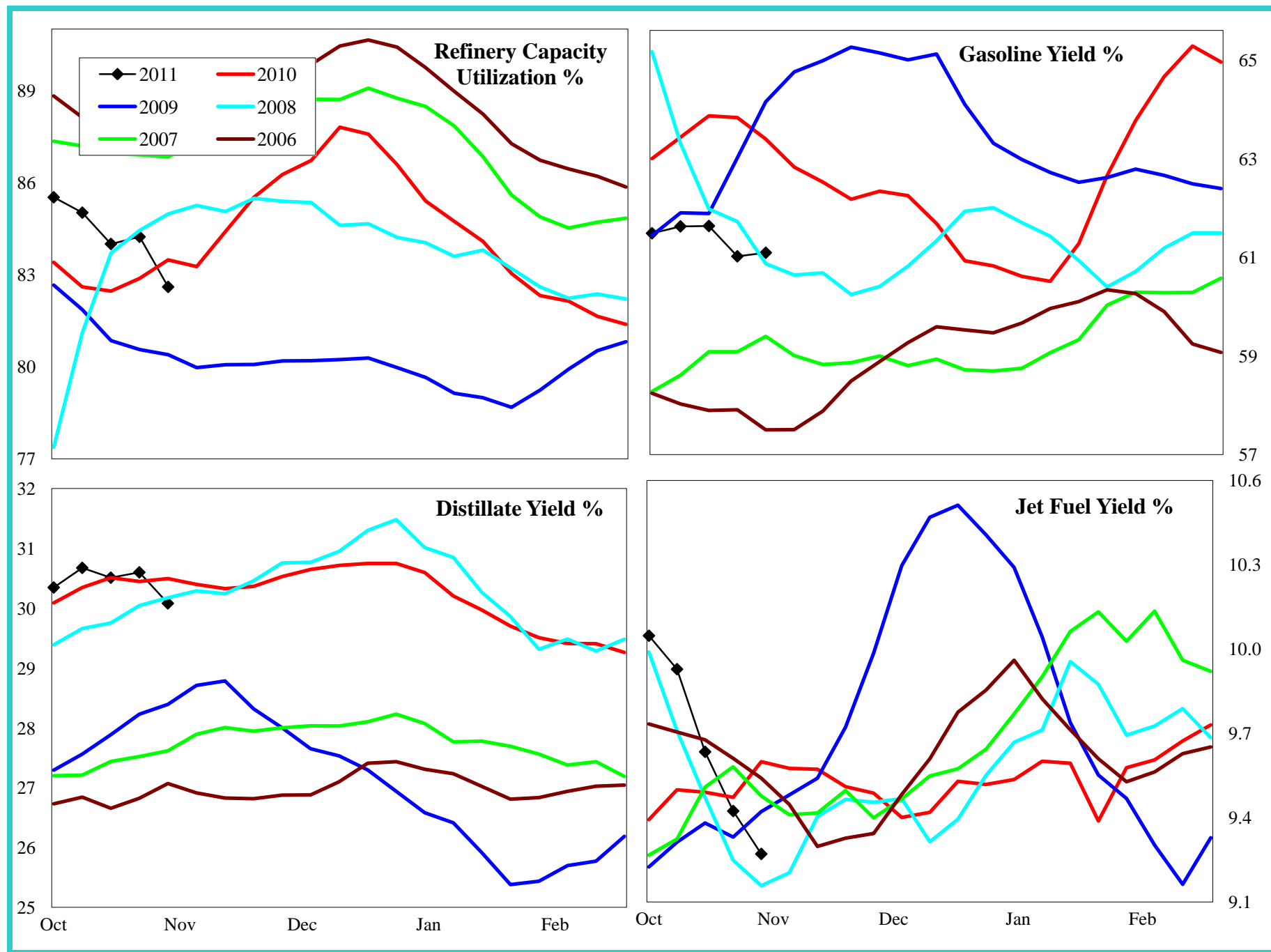
	000 bpd change from prior year				% change from prior year				
	4wk avg	Sep	Aug	Jul	4wk avg	Sep	Aug	Jul	
Gasoline	-508	-205	-158	-341	-5.6	-2.2	-1.7	-3.7	
Distillate	163	-23	6	-92	3.9	-0.6	0.2	-2.6	
Jet Fuel	88	-50	32	-28	6.6	-3.4	2.2	-1.9	
Resid	-105	19	-62	-279	-27.2	3.7	-13.0	-46.9	



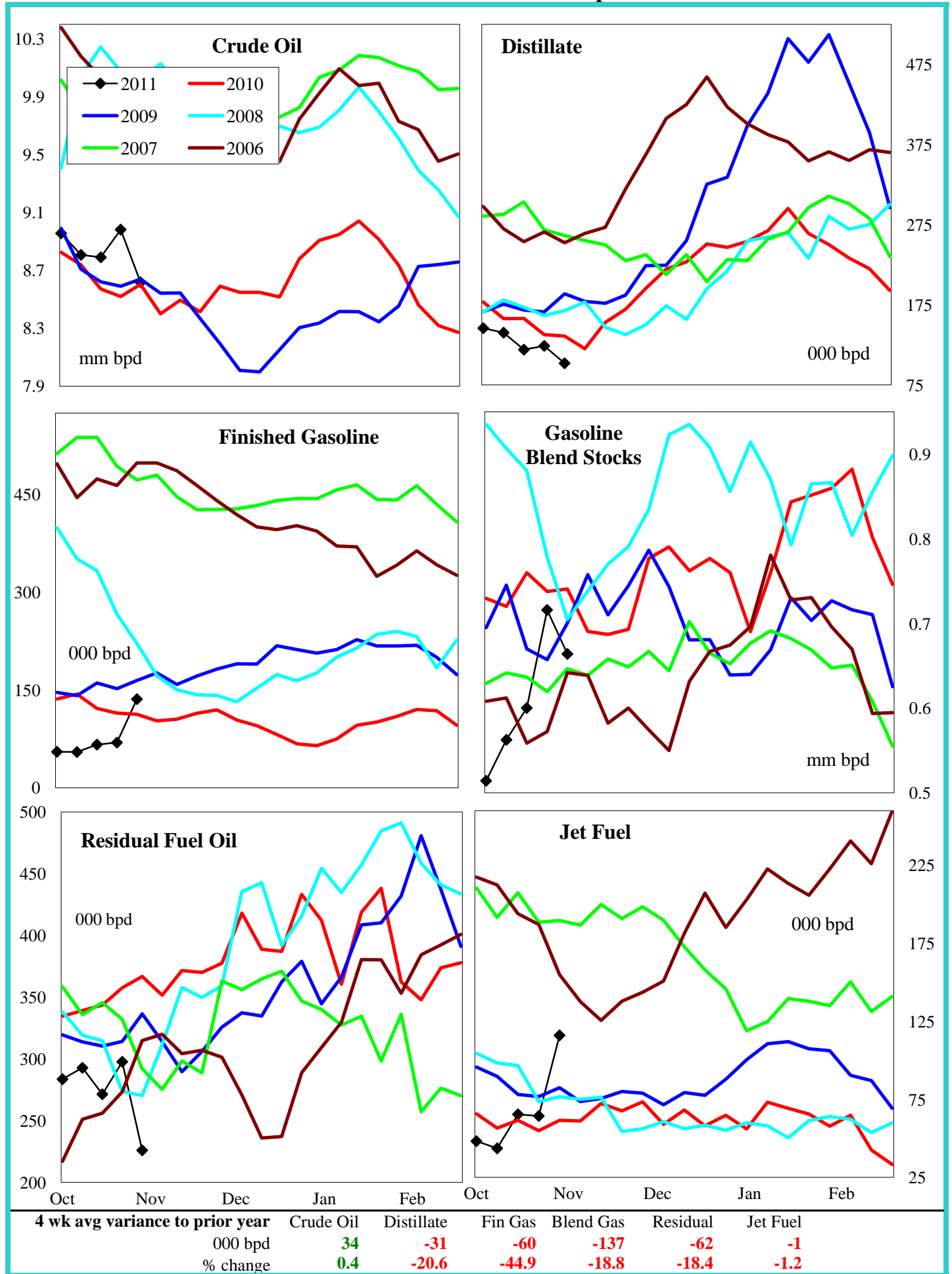
United States Product Stocks: Days Forward Coverage



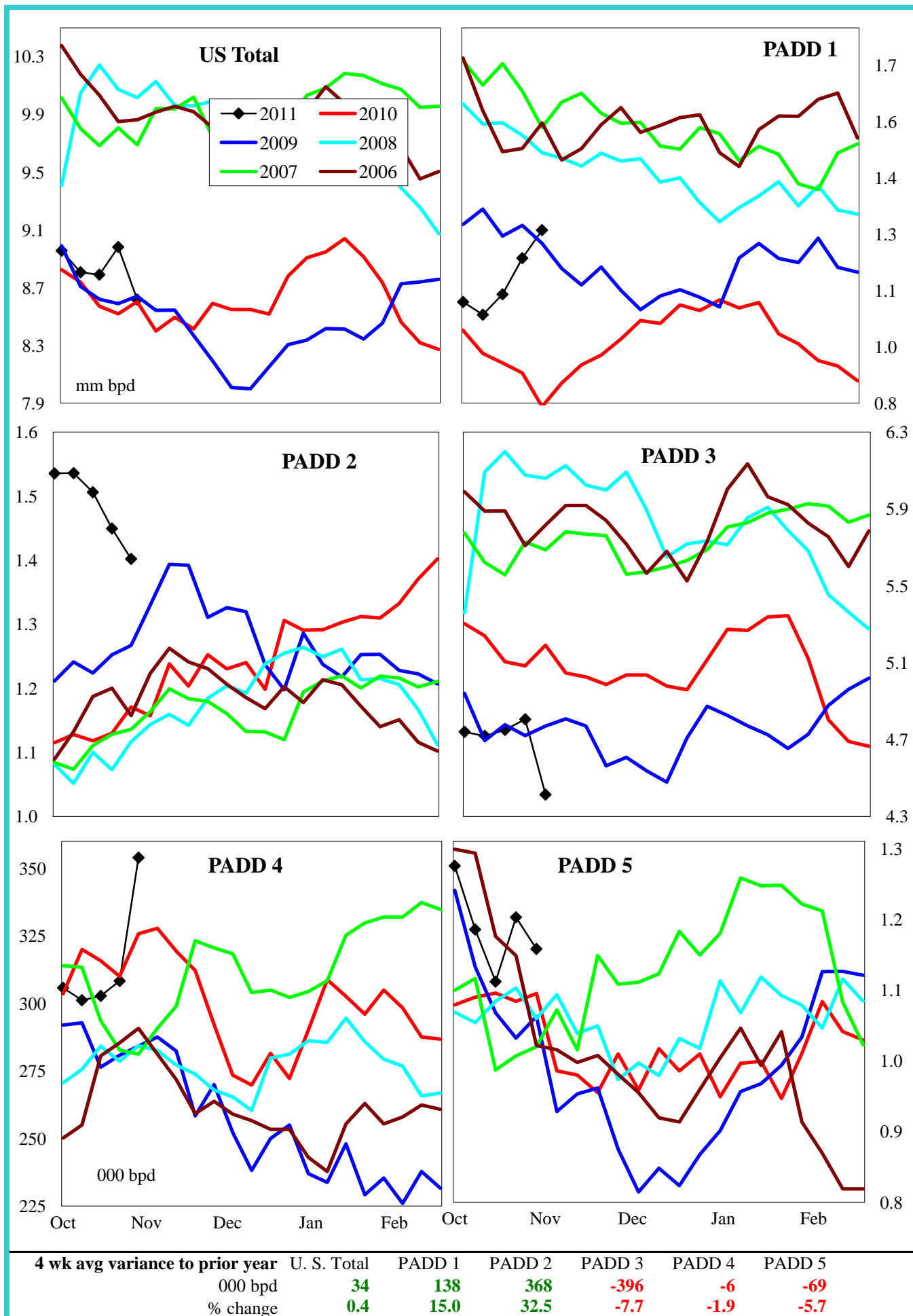
United States Refinery Percent Utilization Rate and Product Yields



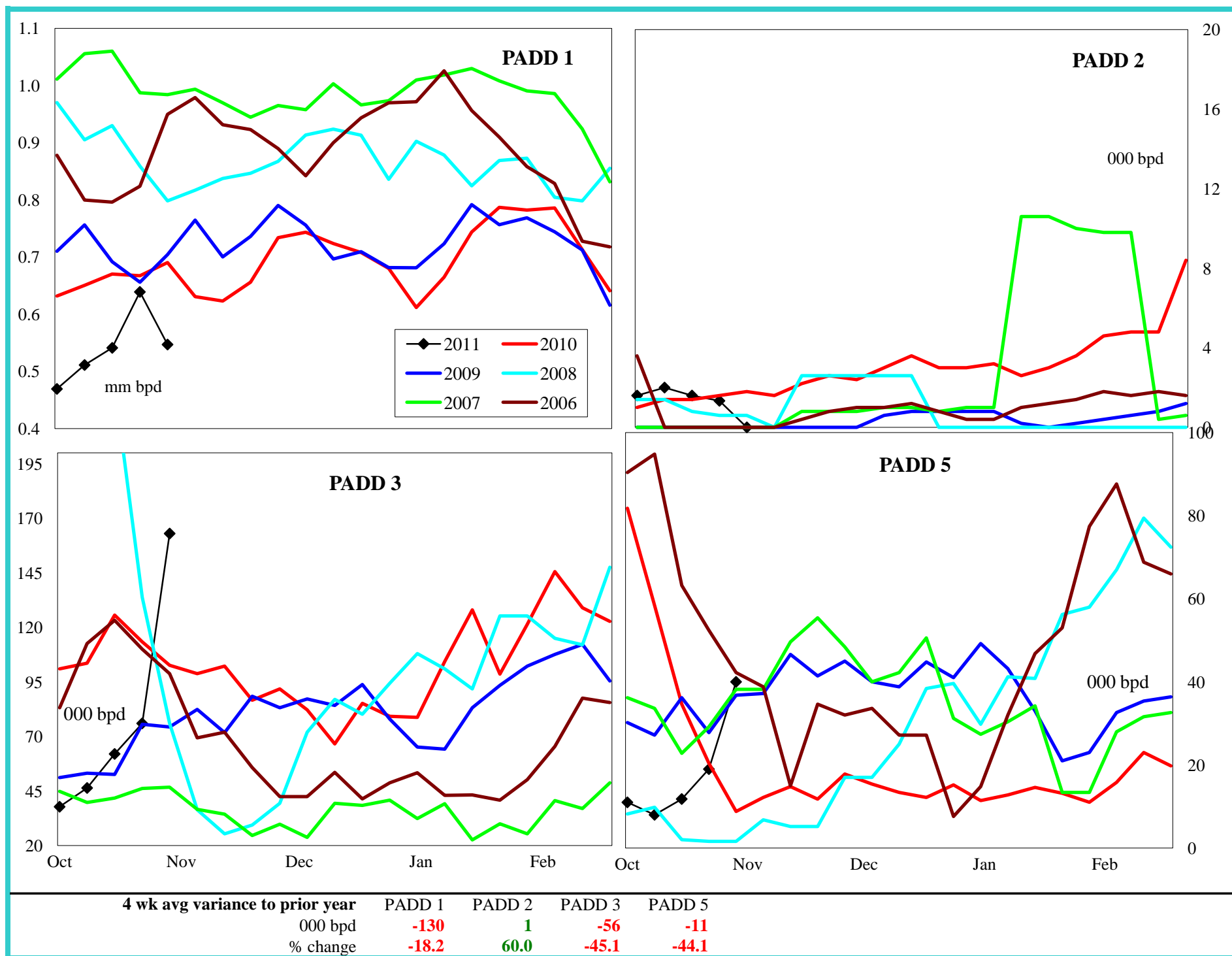
United States Petroleum Imports



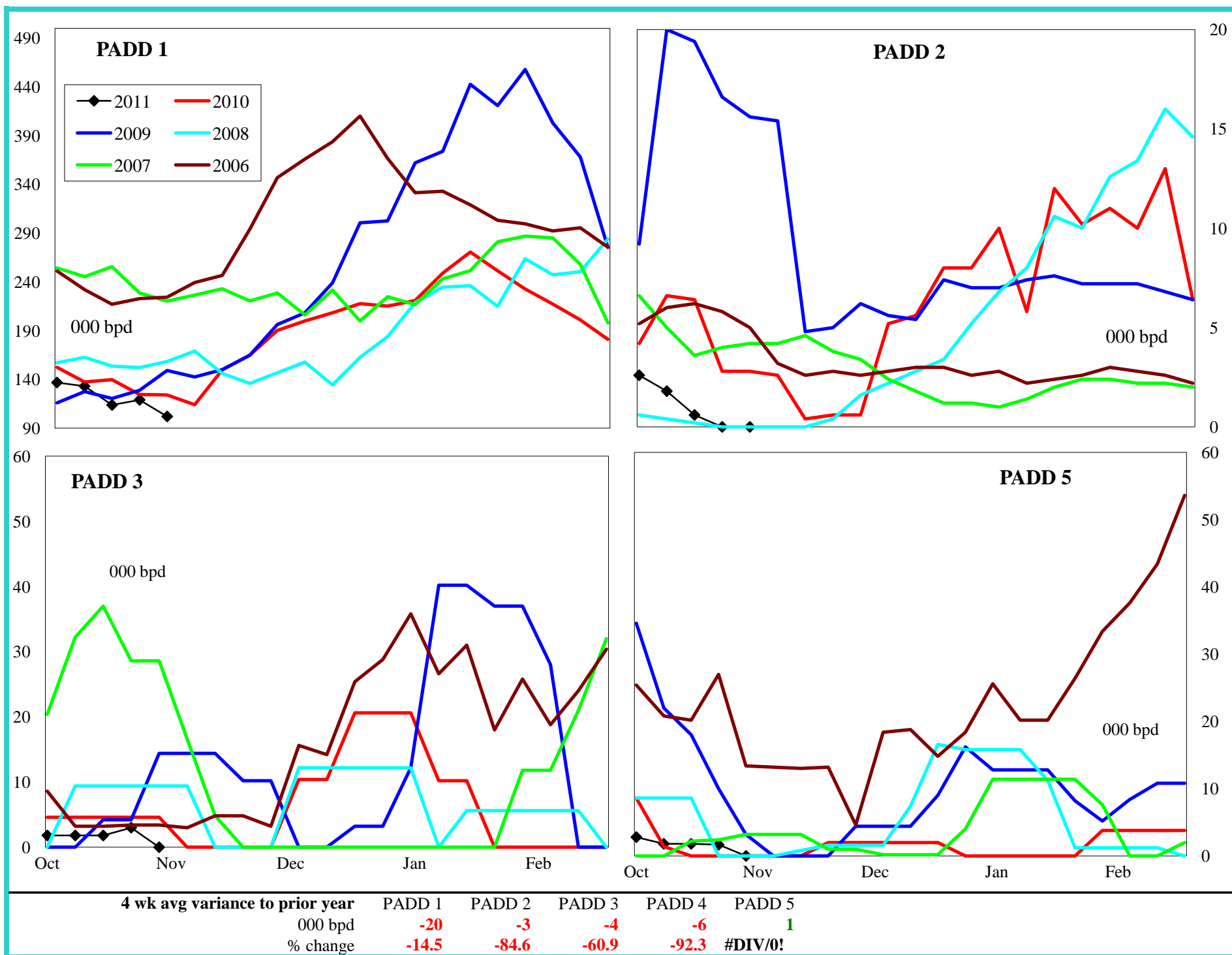
Crude Oil Imports by PADD



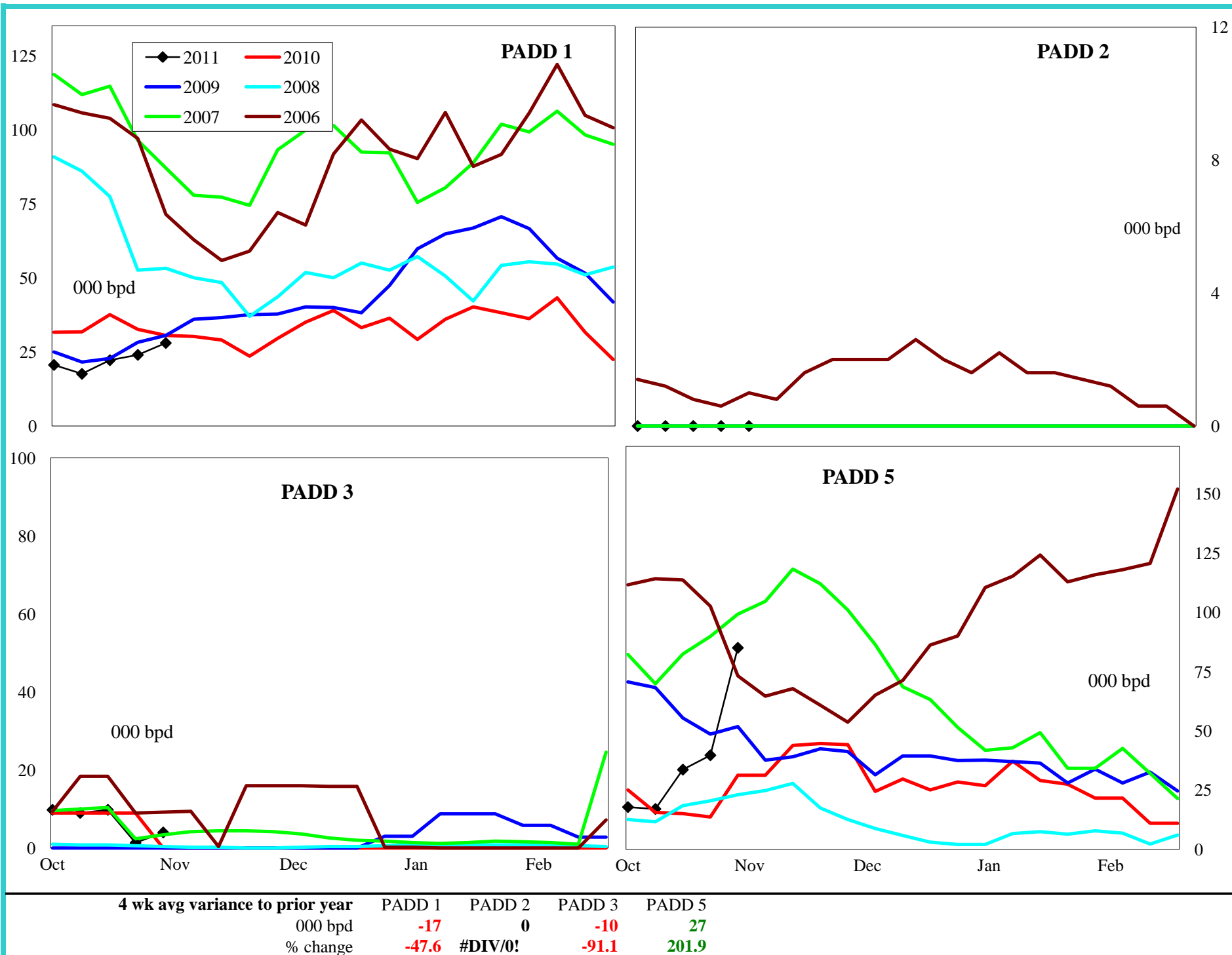
Gasoline Imports by PADD (Finished + Blend Stocks)



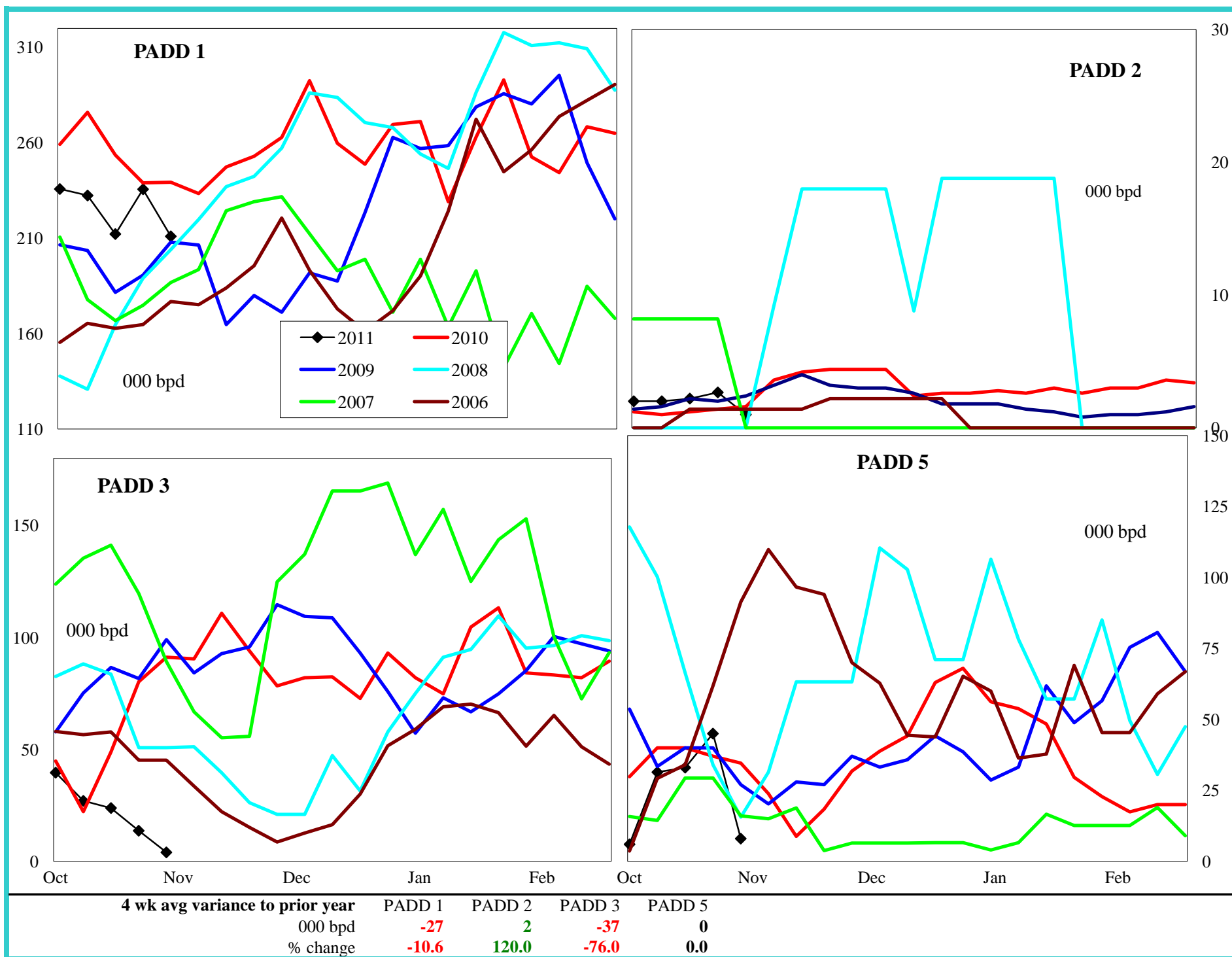
Distillate Imports by PADD



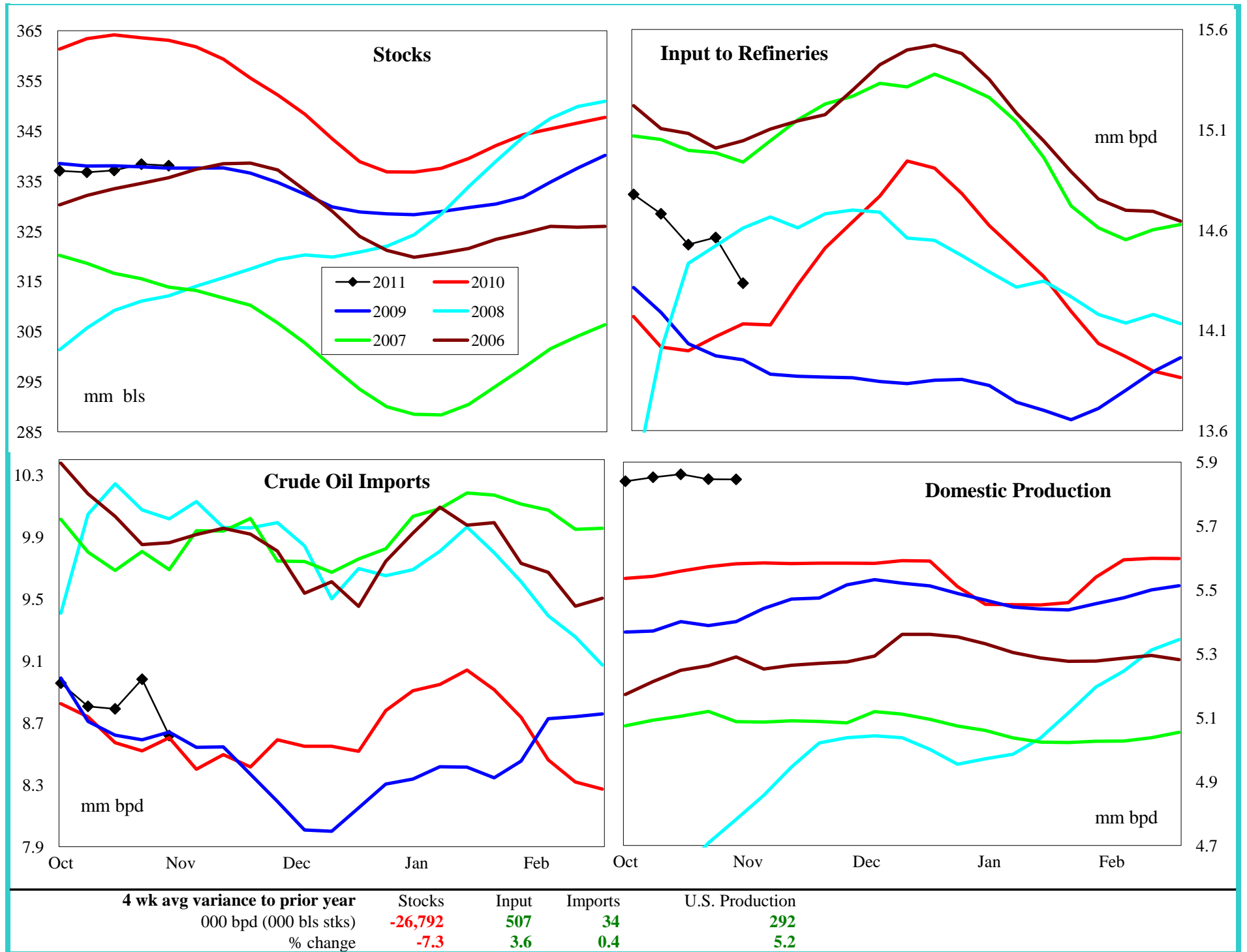
Jet Fuel Imports by PADD



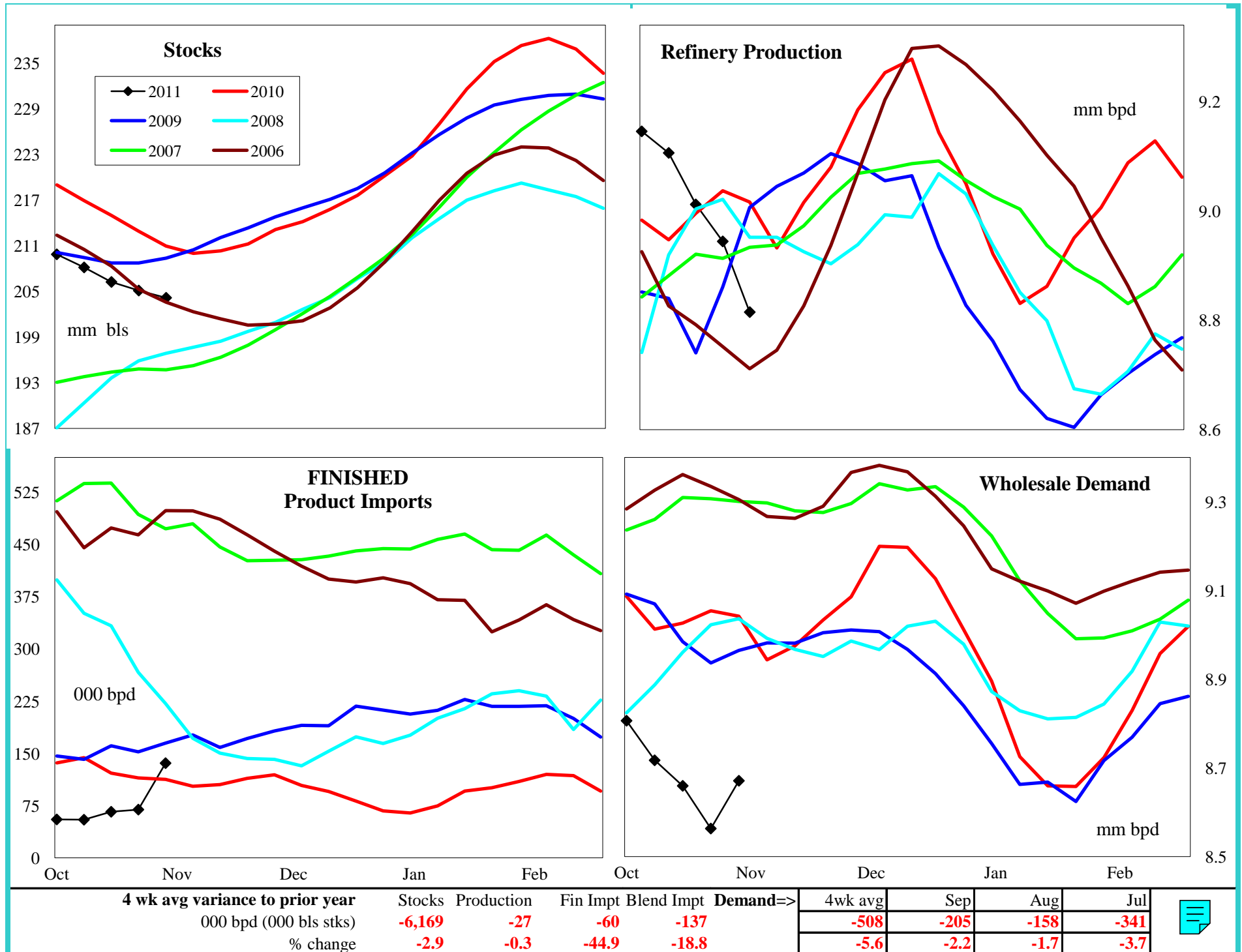
Residual Fuel Oil Imports by PADD



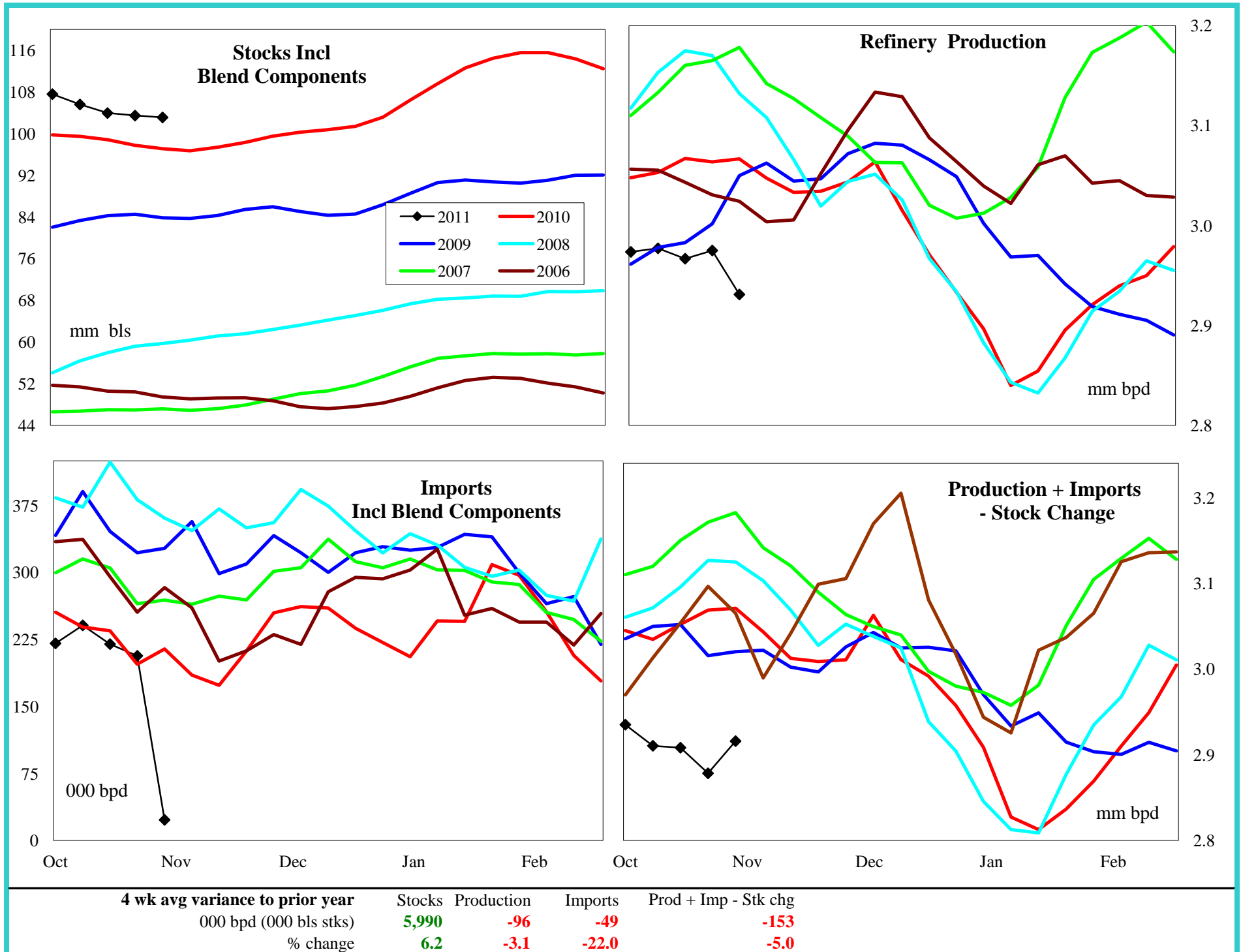
United States Crude Oil Supply and Demand Balance



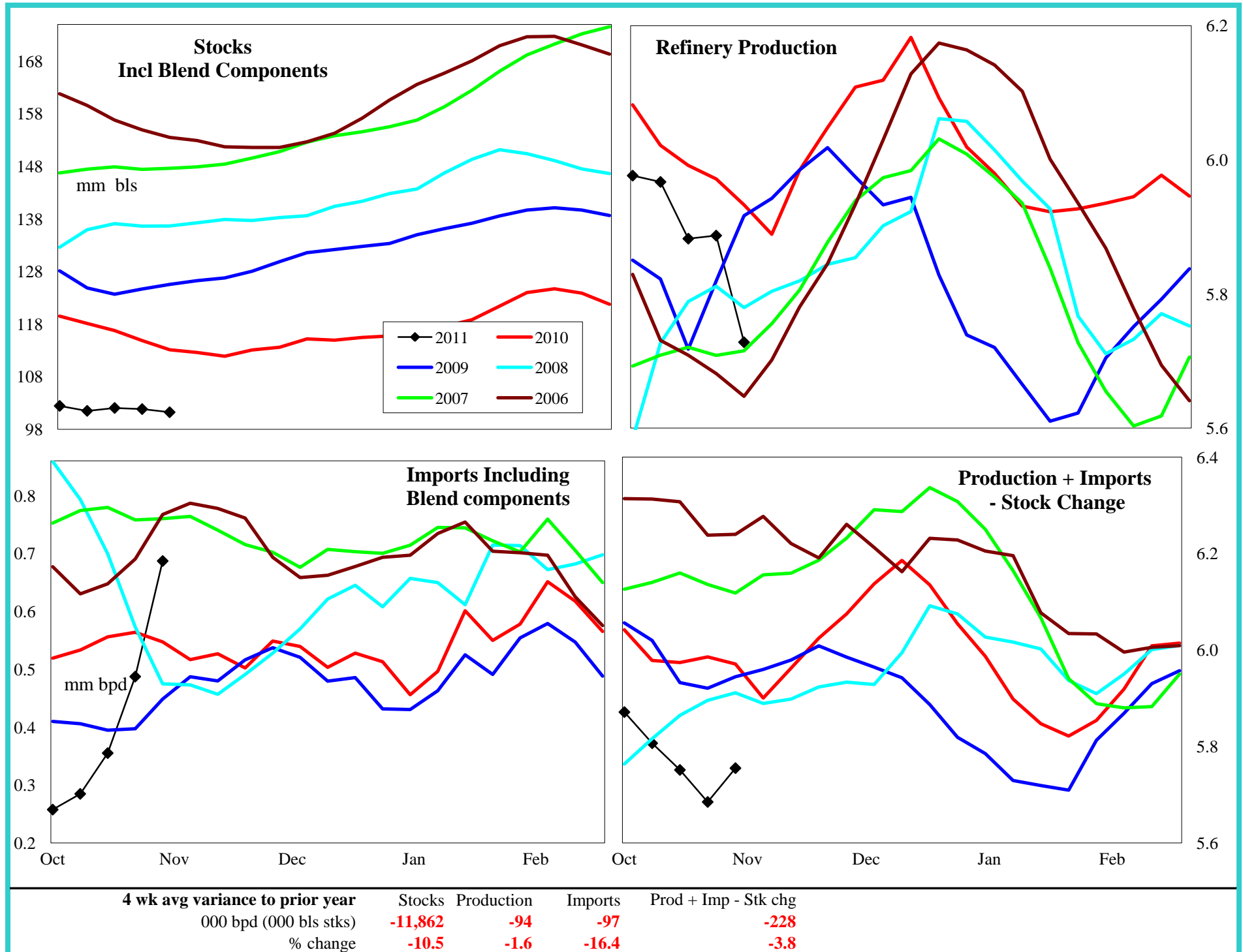
United States Gasoline Supply and Demand Balance



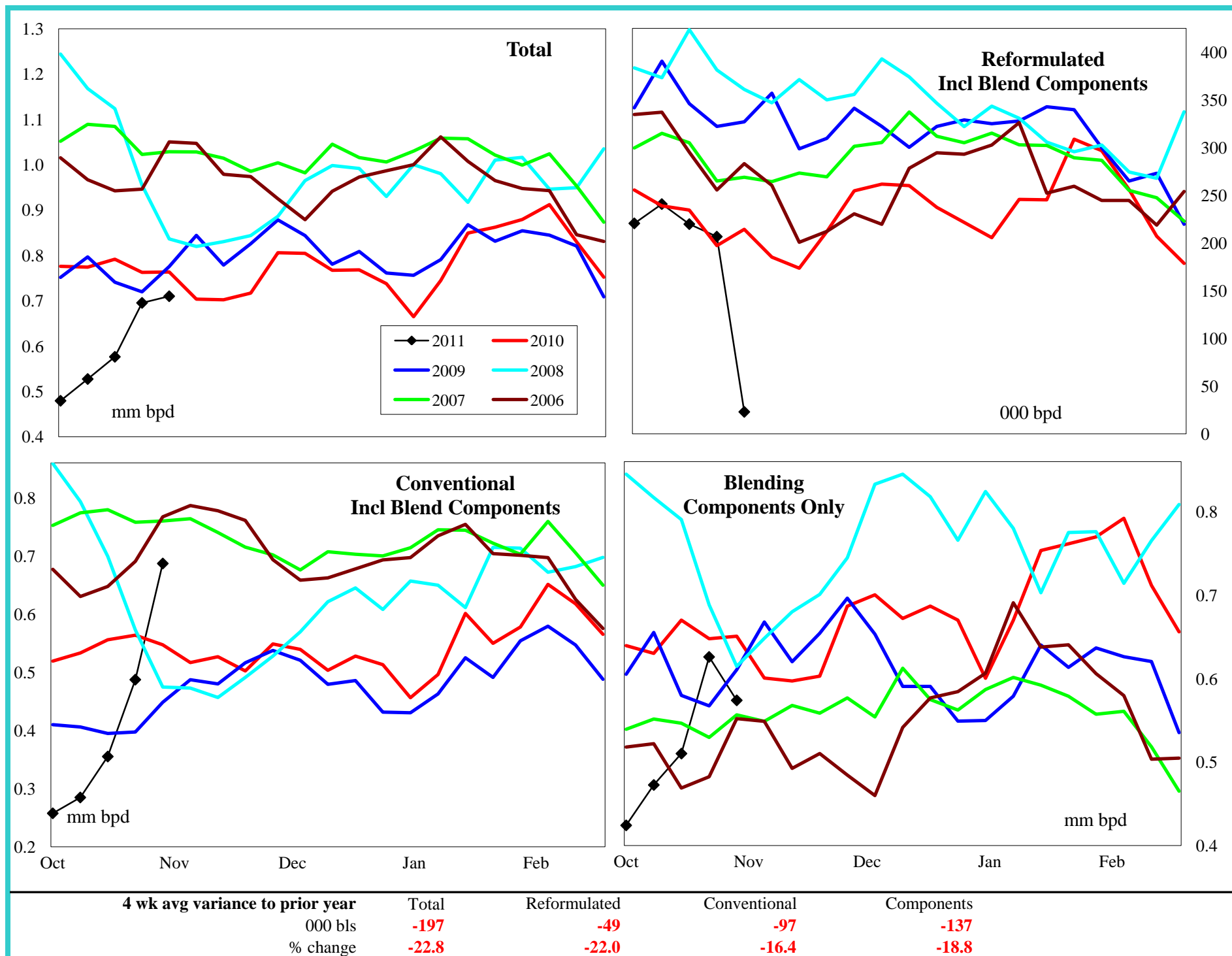
United States Reformulated Gasoline Supply



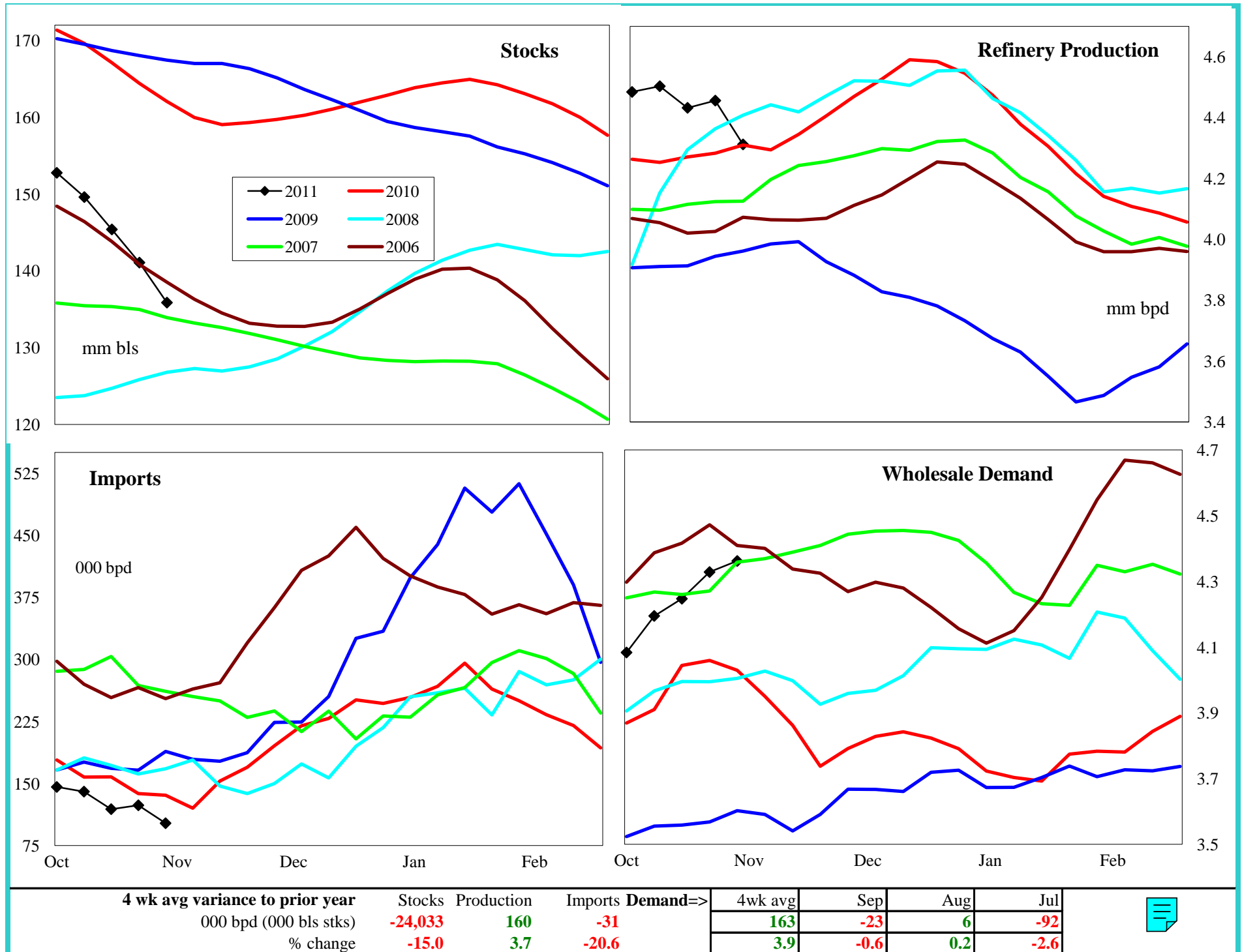
United States Conventional Gasoline Supply



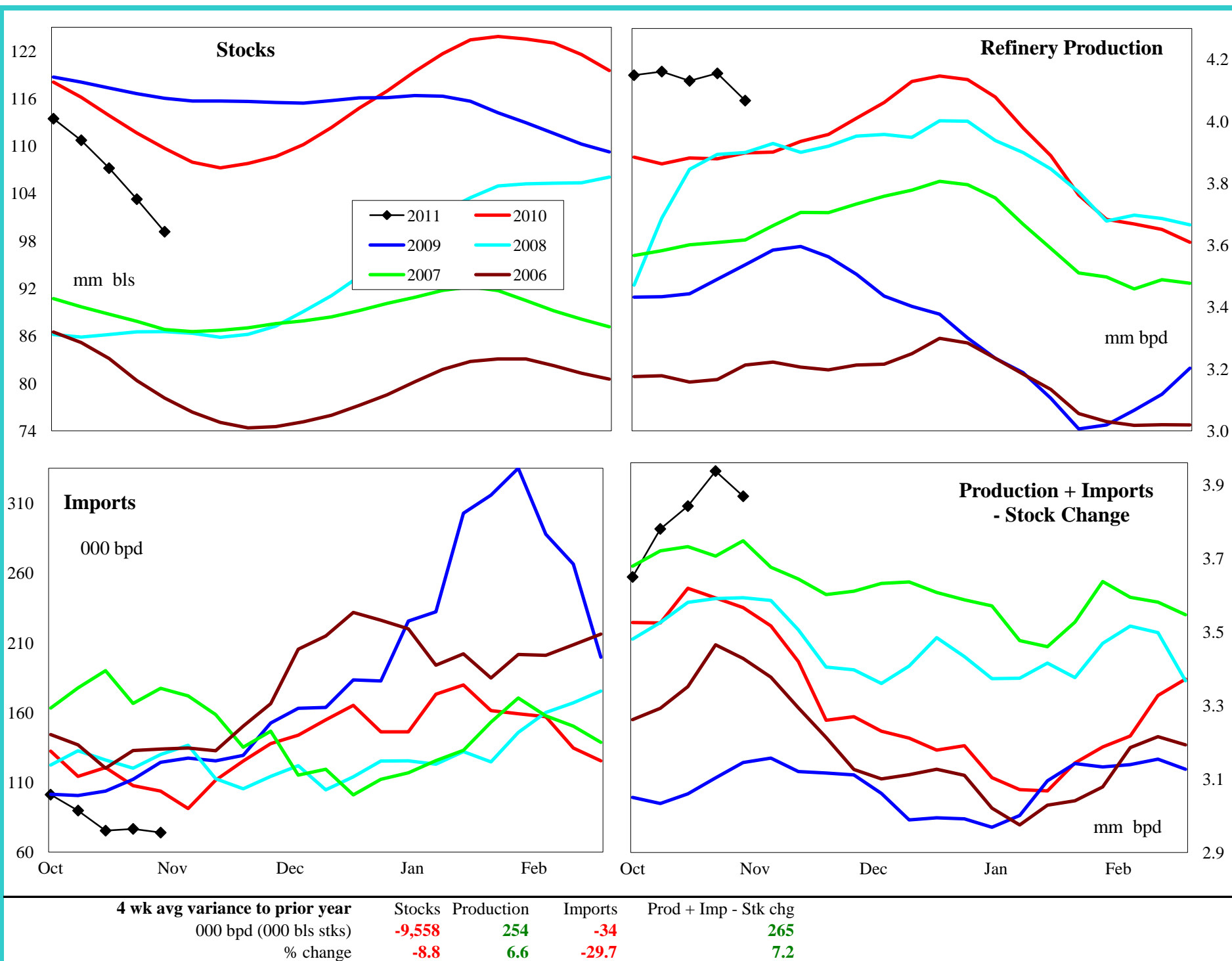
United States Gasoline Imports by Type



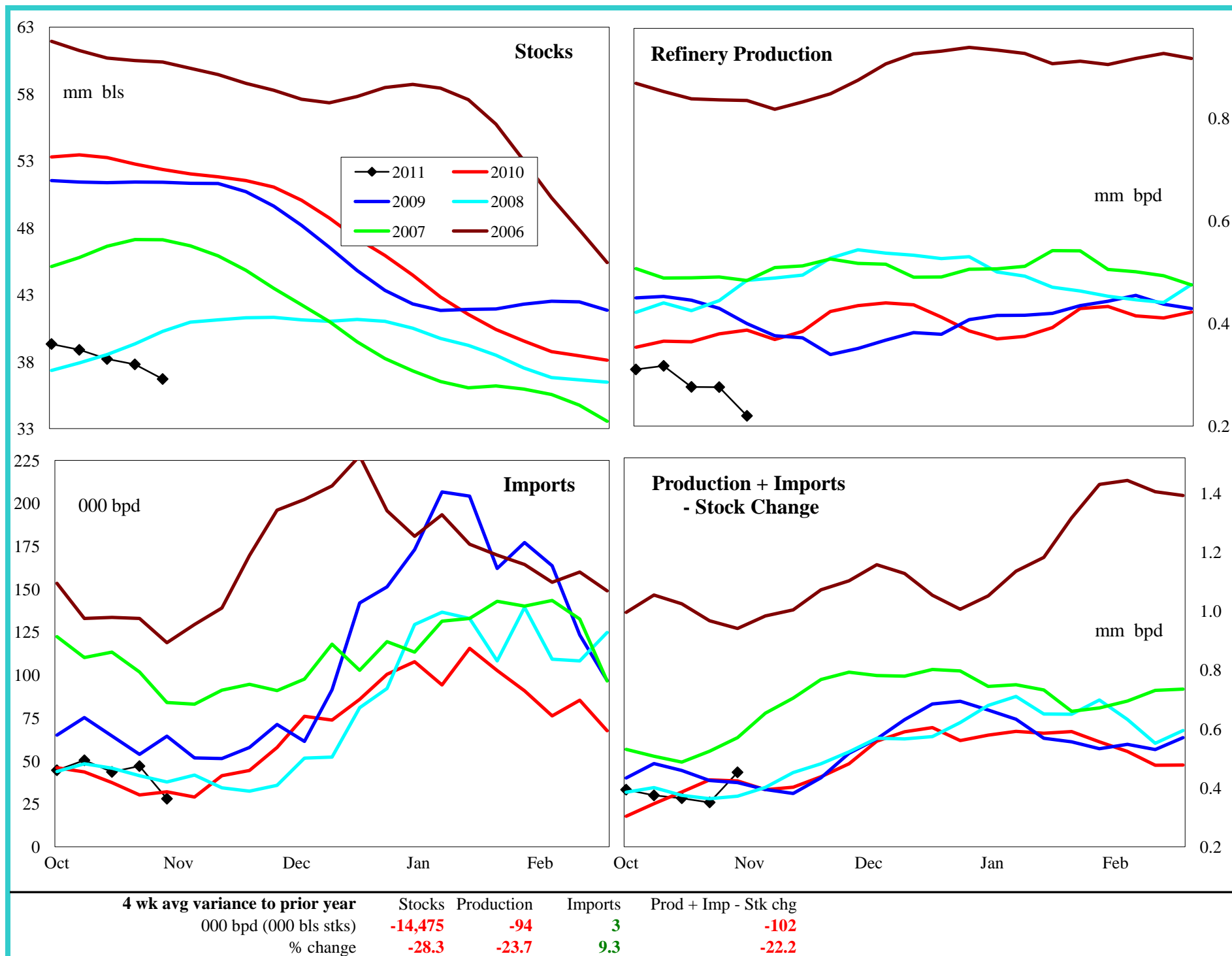
United States Distillate Supply and Demand Balance



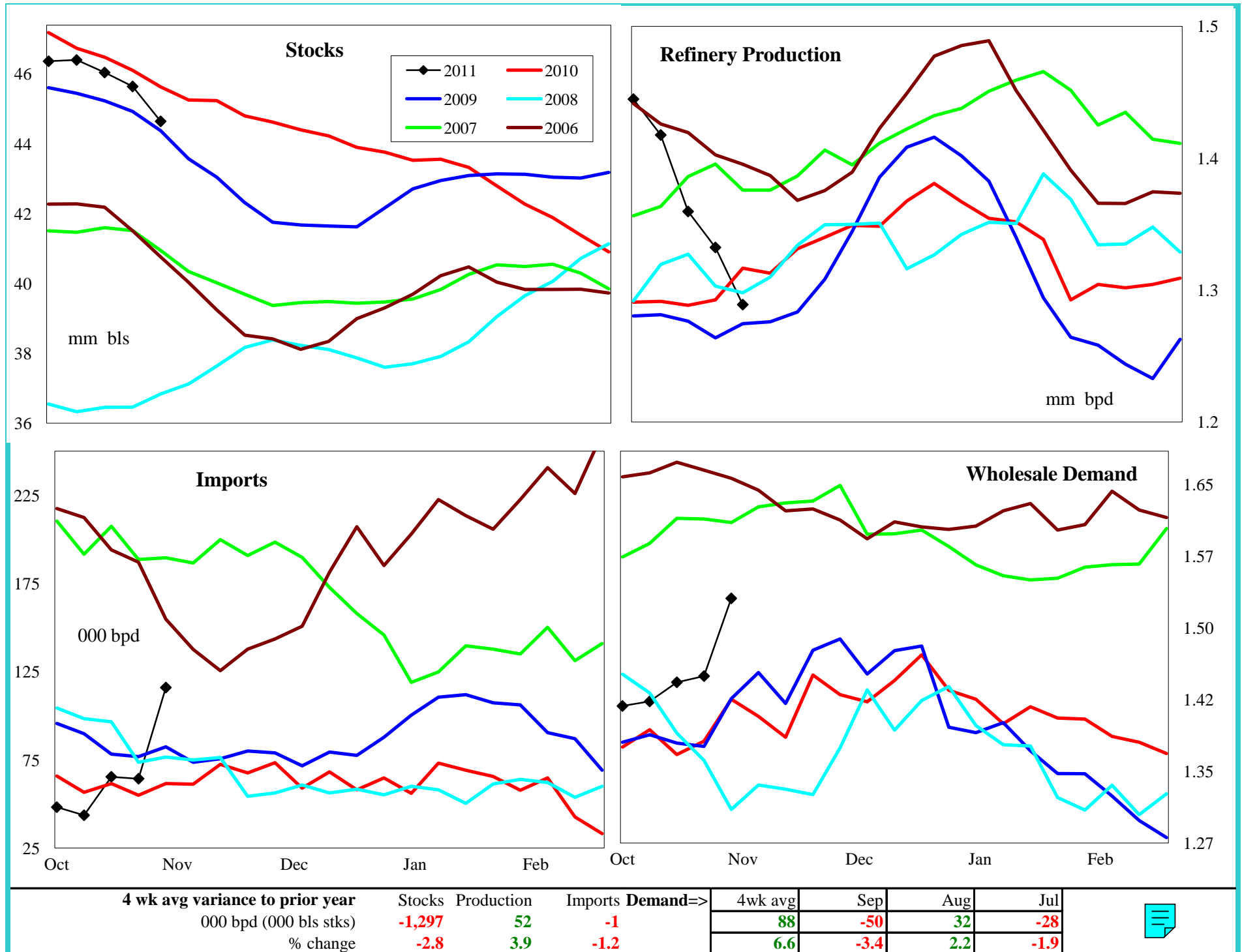
United States Low Sulfur Distillate Supply



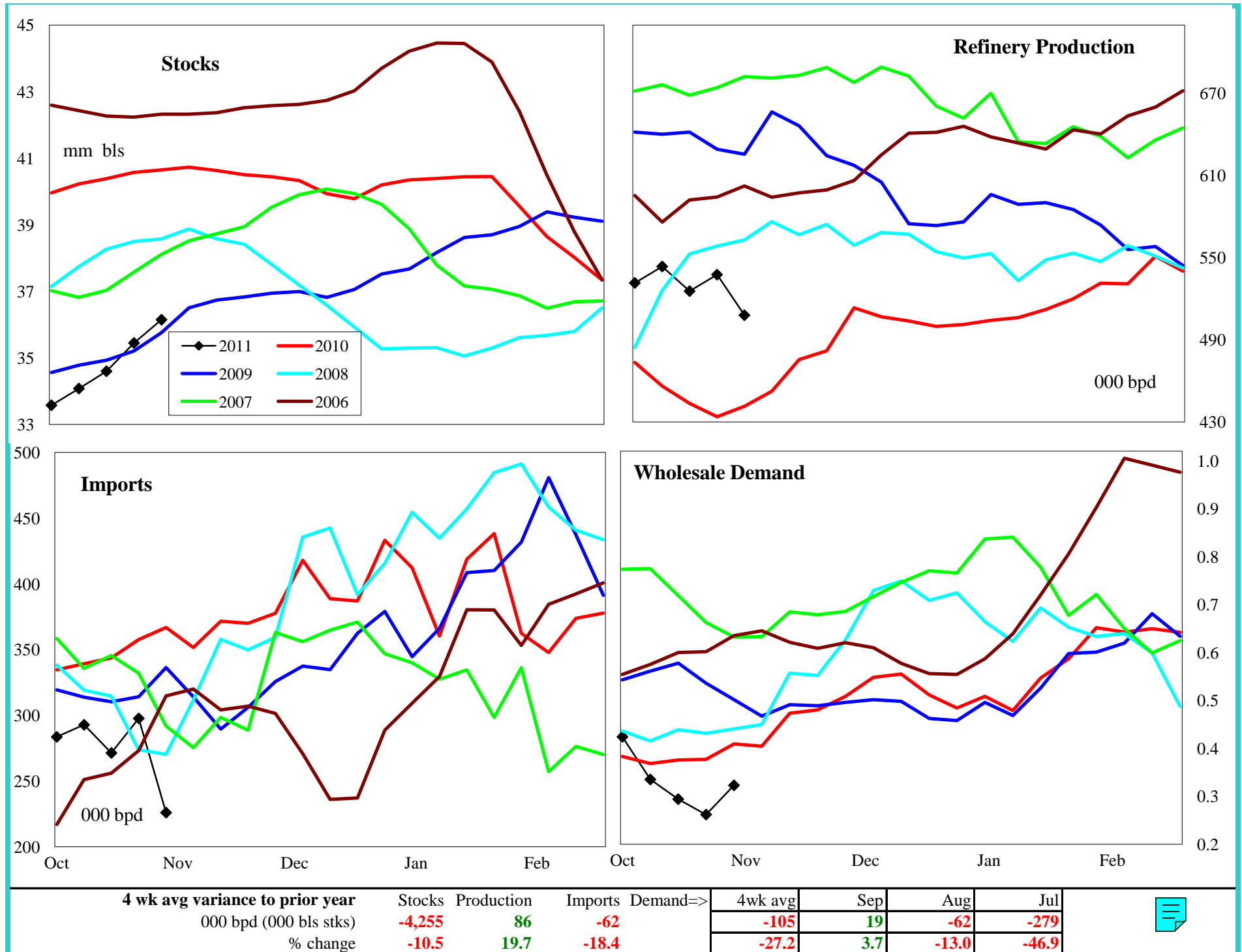
United States High Sulfur Distillate Supply



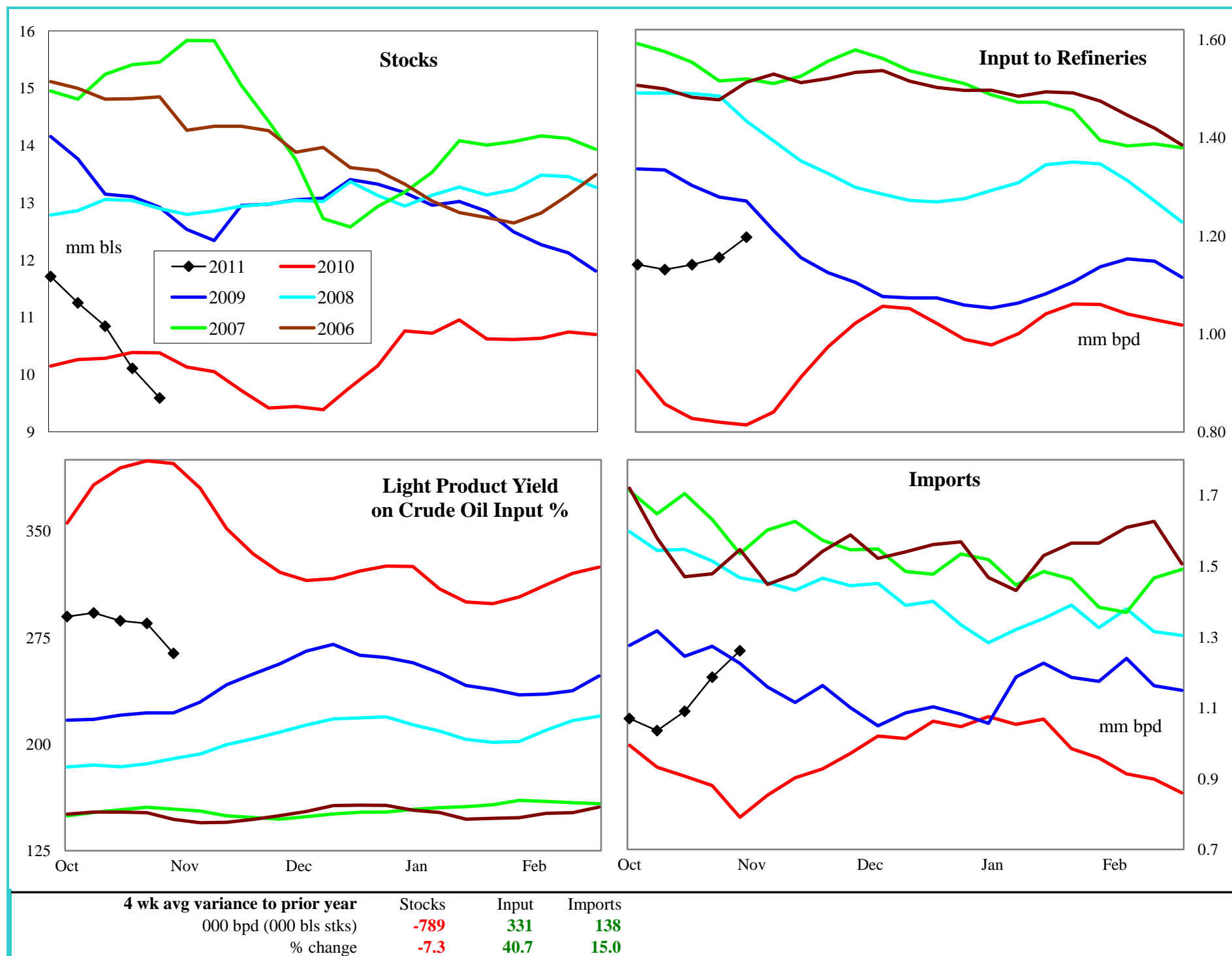
United States Jet Fuel Supply and Demand Balance



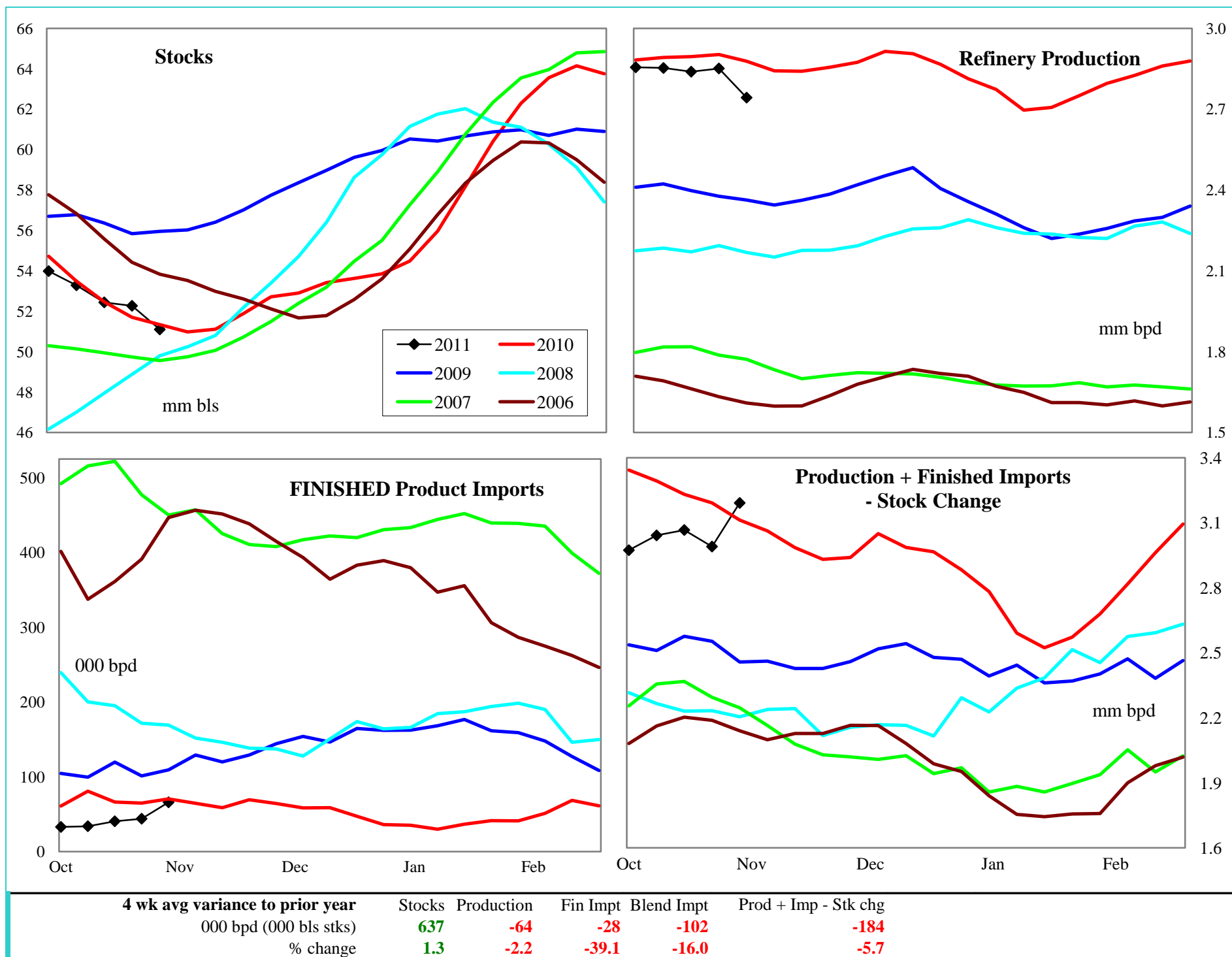
United States Residual Fuel Oil Supply and Demand Balance



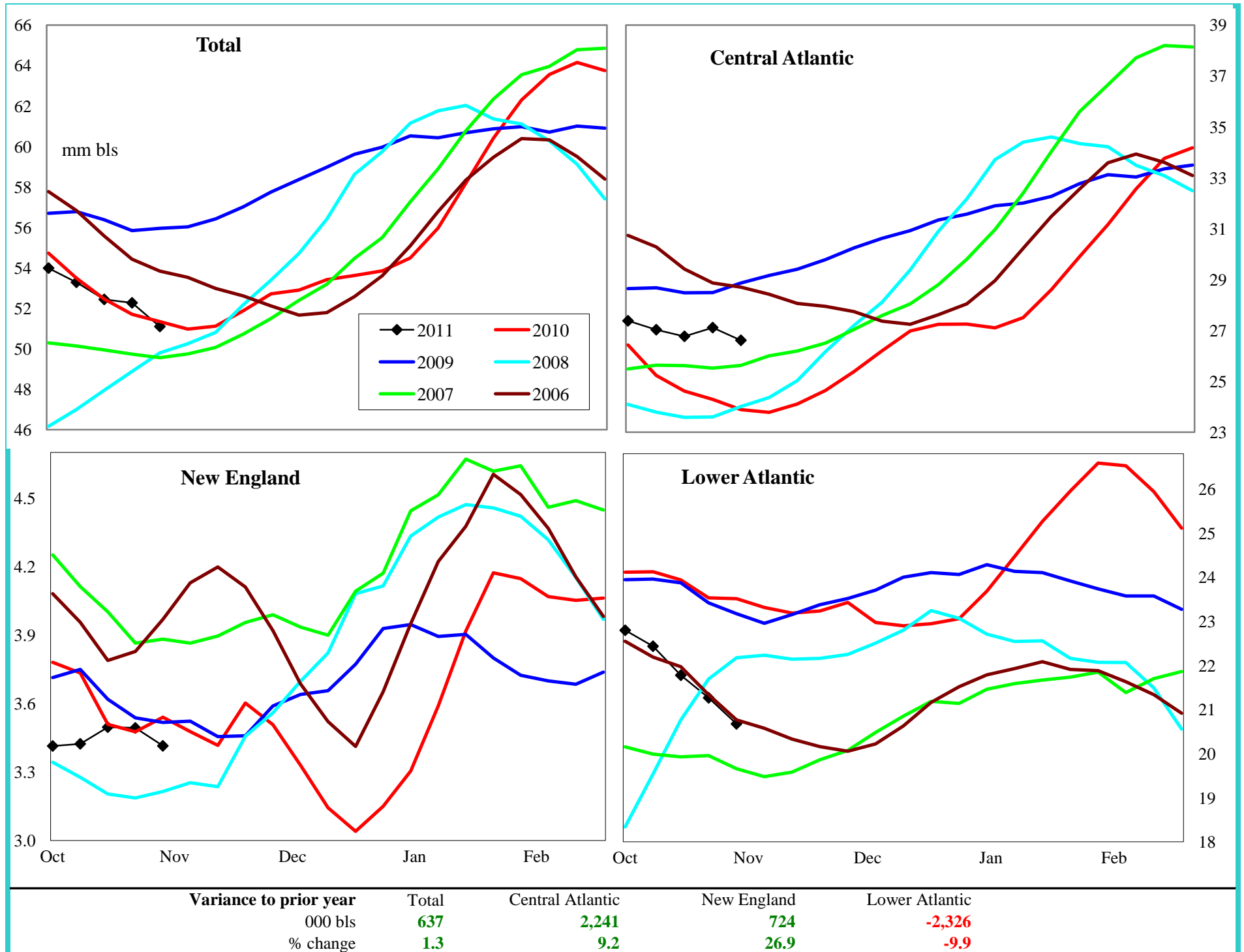
PADD 1 Crude Oil Supply and Refining



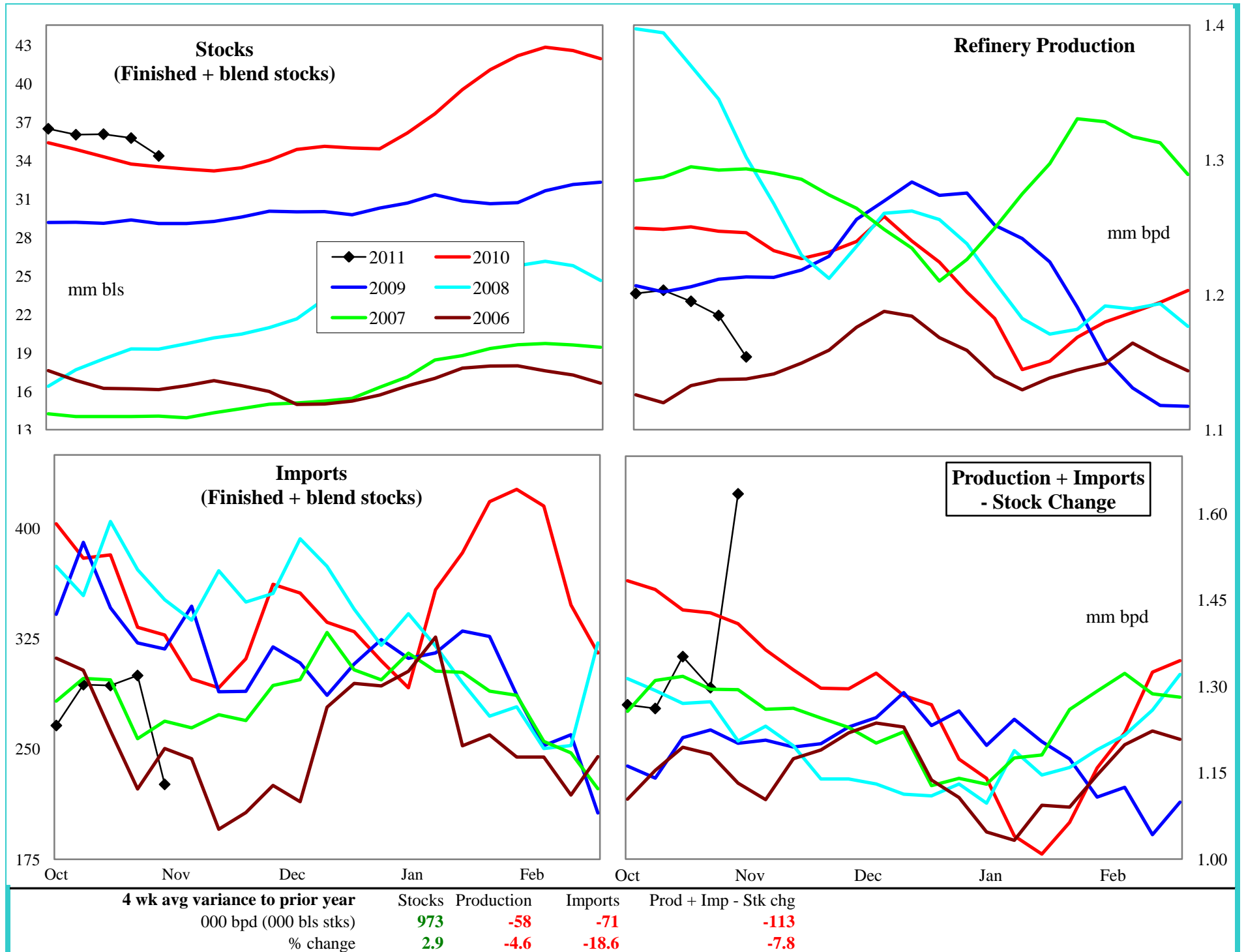
PADD 1 Gasoline Supply



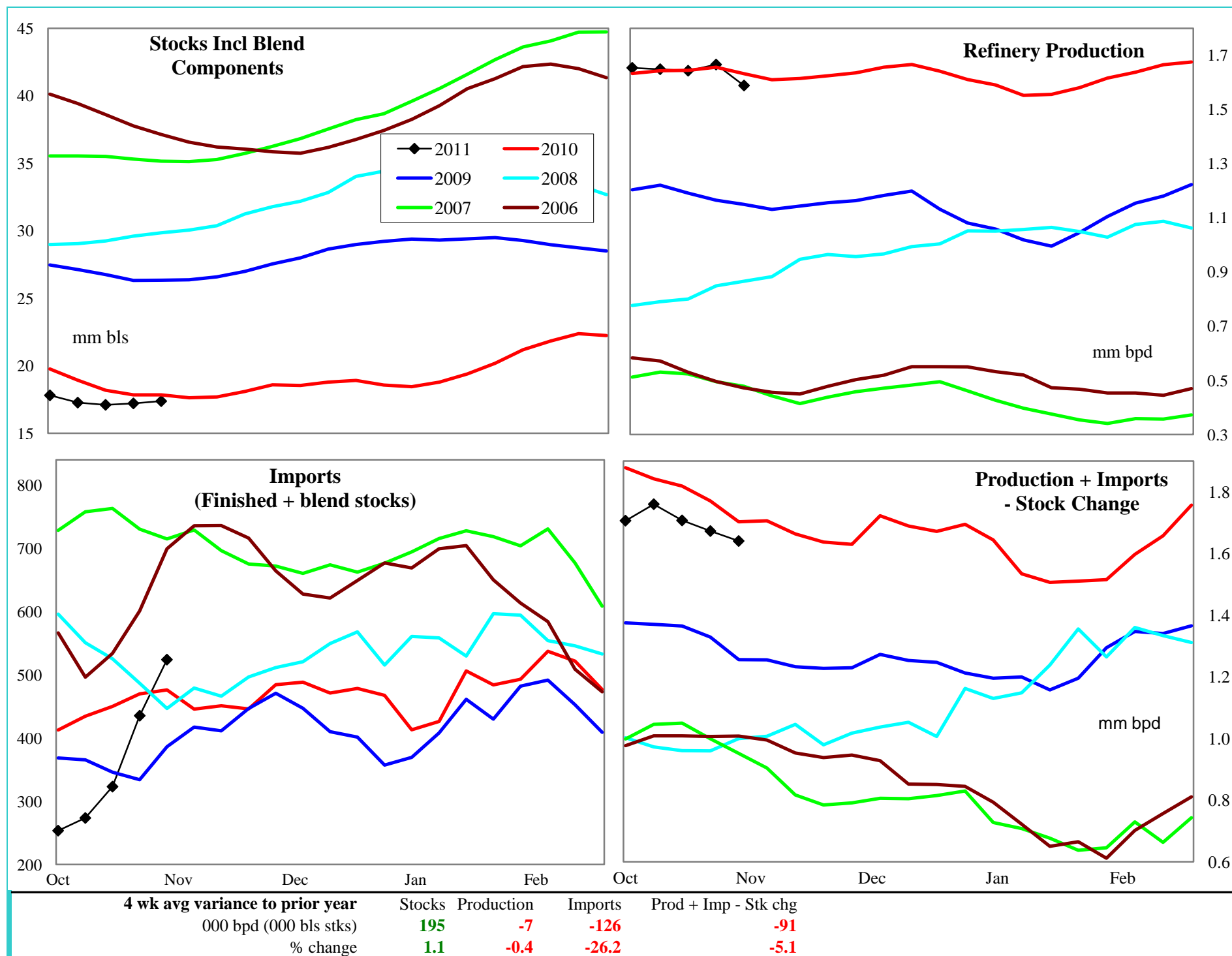
PADD 1 Gasoline Stocks by Region



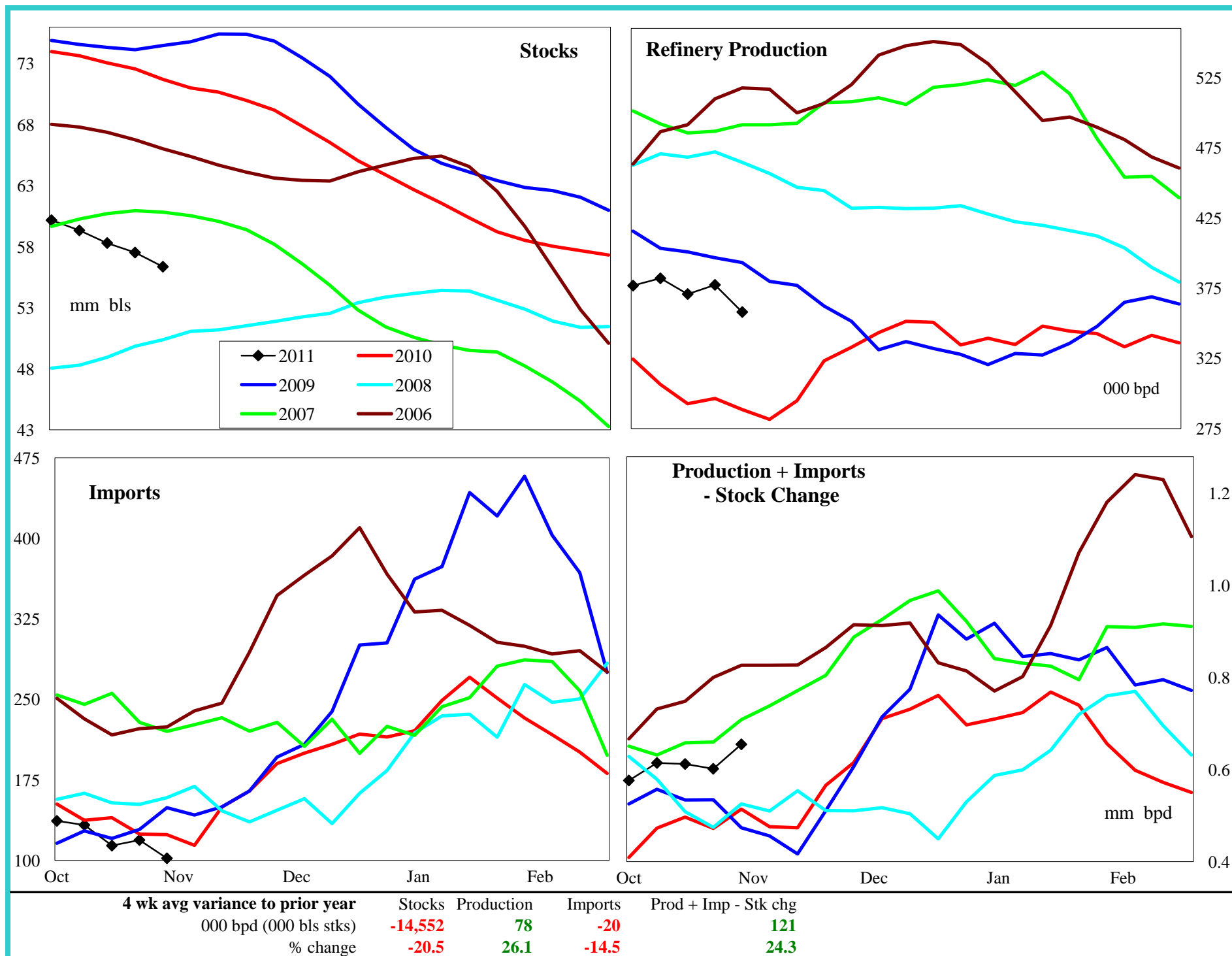
PADD 1 Reformulated Gasoline Supply



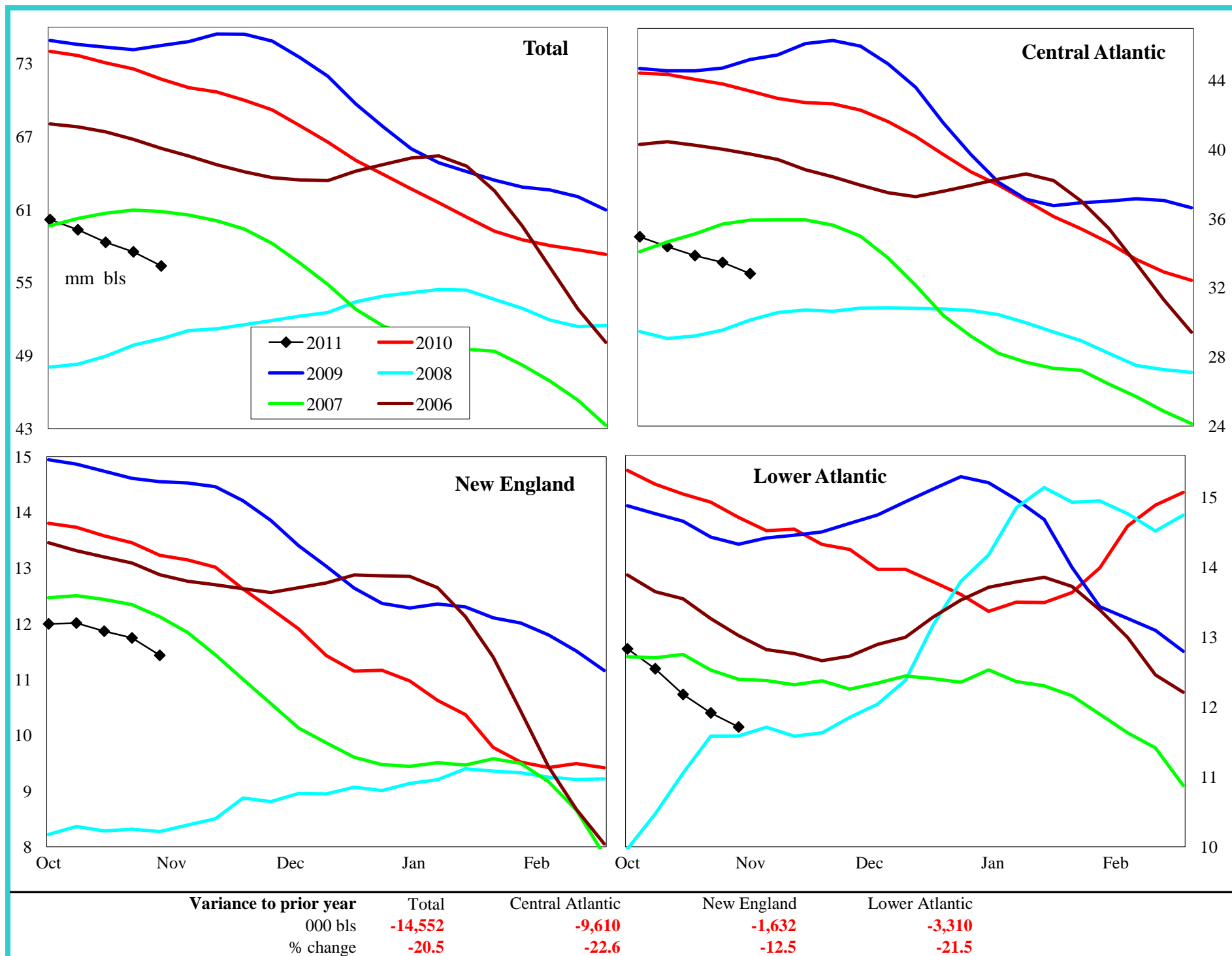
PADD 1 Conventional Gasoline Supply



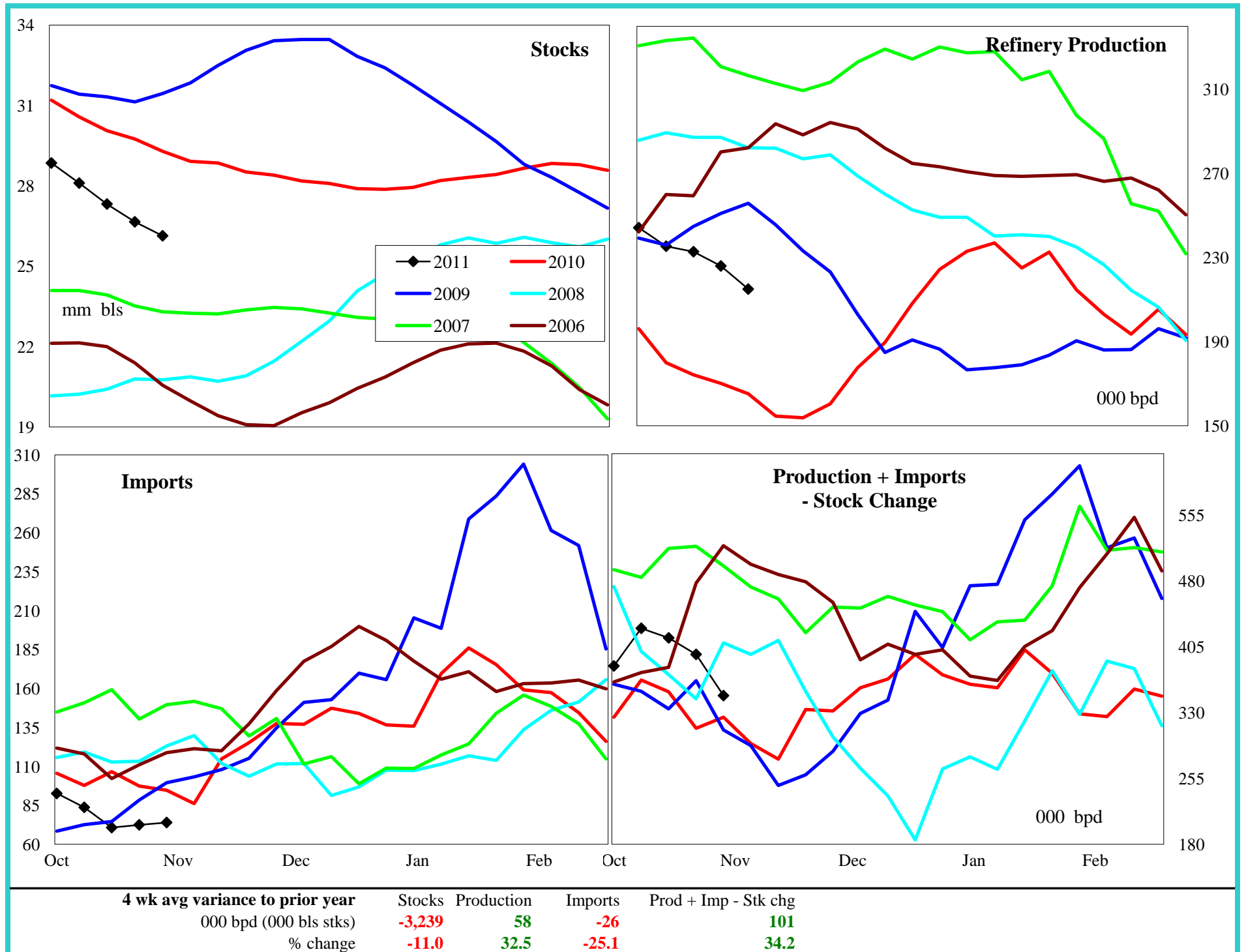
PADD 1 Distillate Supply



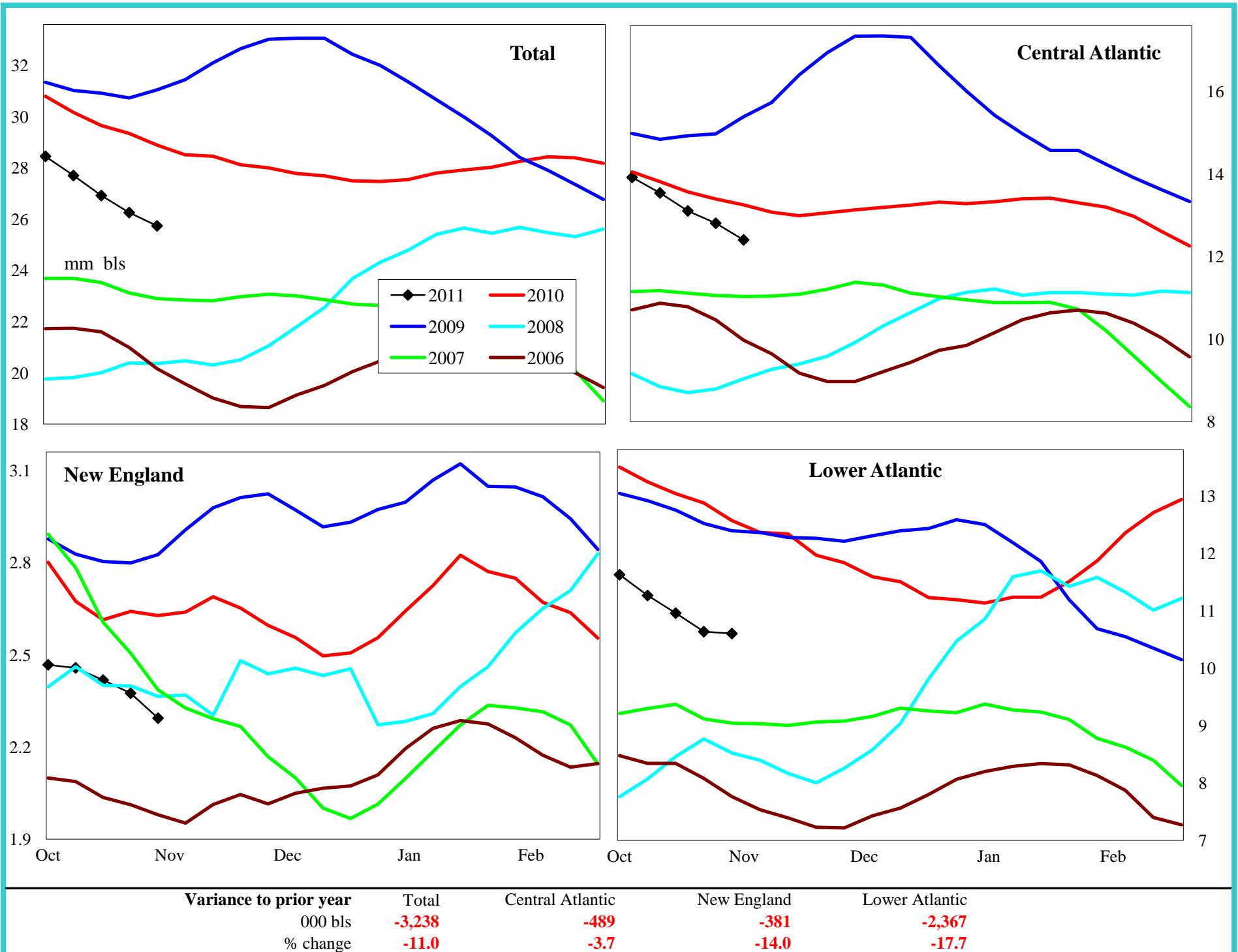
PADD 1 Distillate Stocks by Region



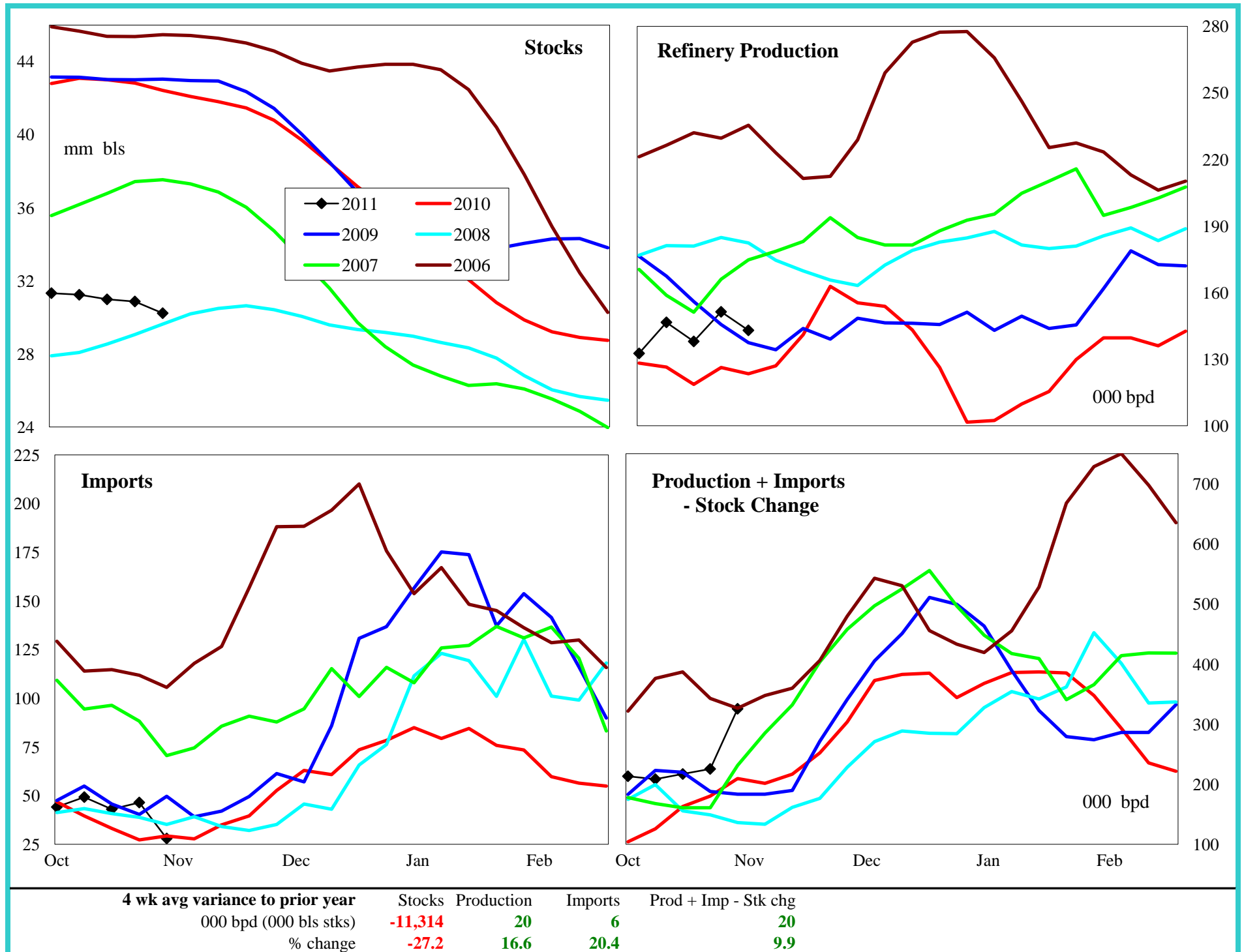
PADD 1 Low Sulfur Distillate Supply



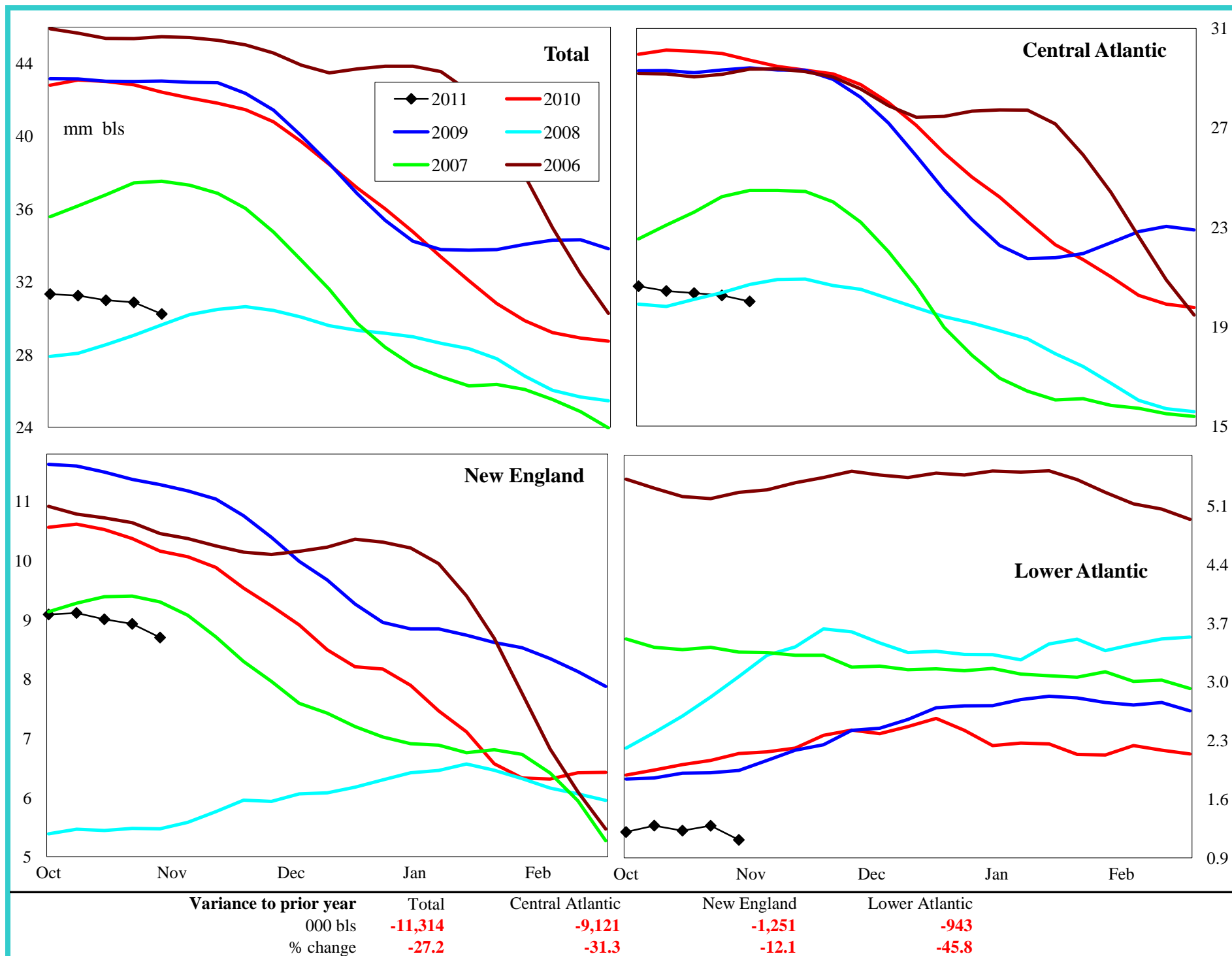
PADD 1 Low Sulfur Distillate Stocks by Region



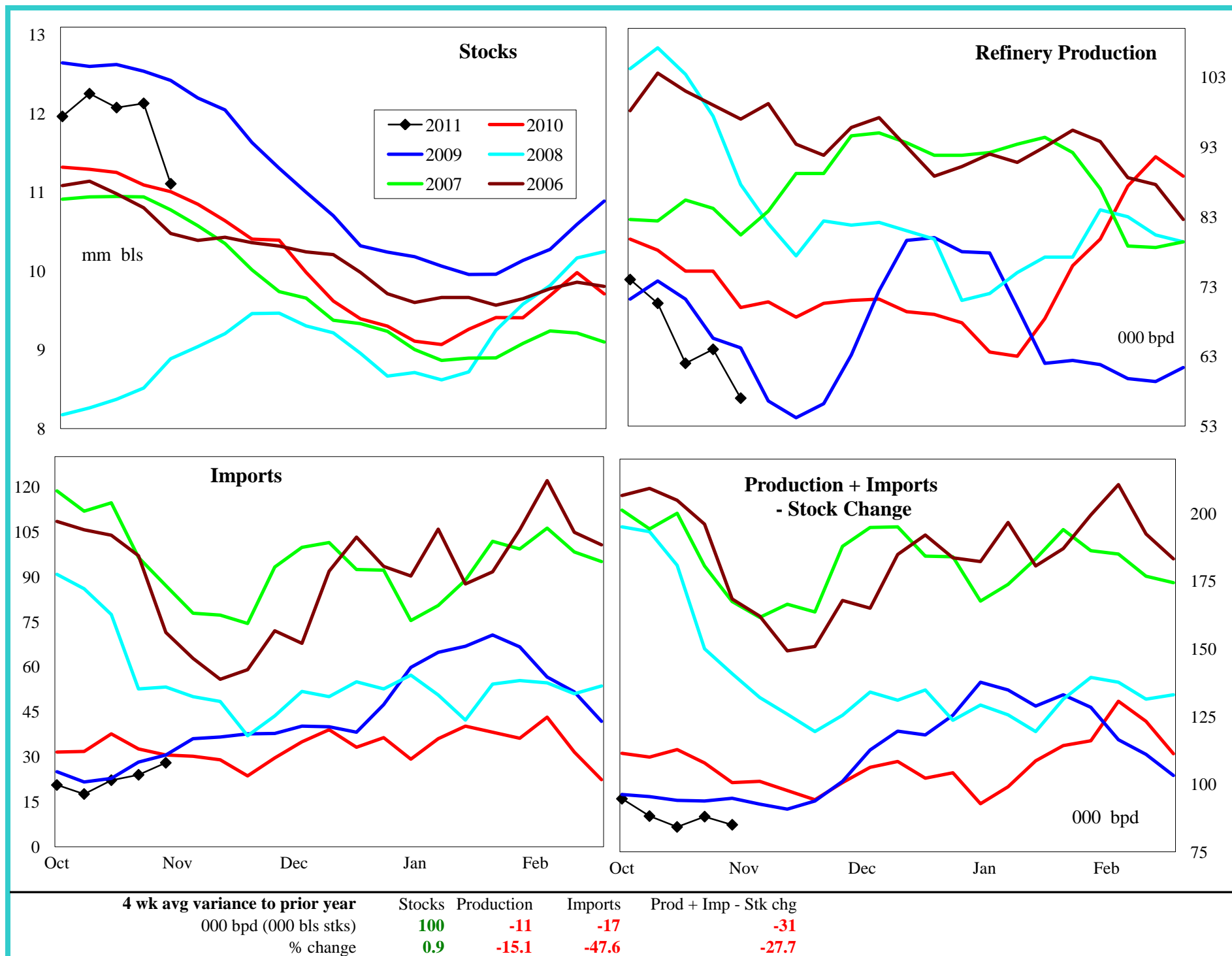
PADD 1 High Sulfur Distillate Supply



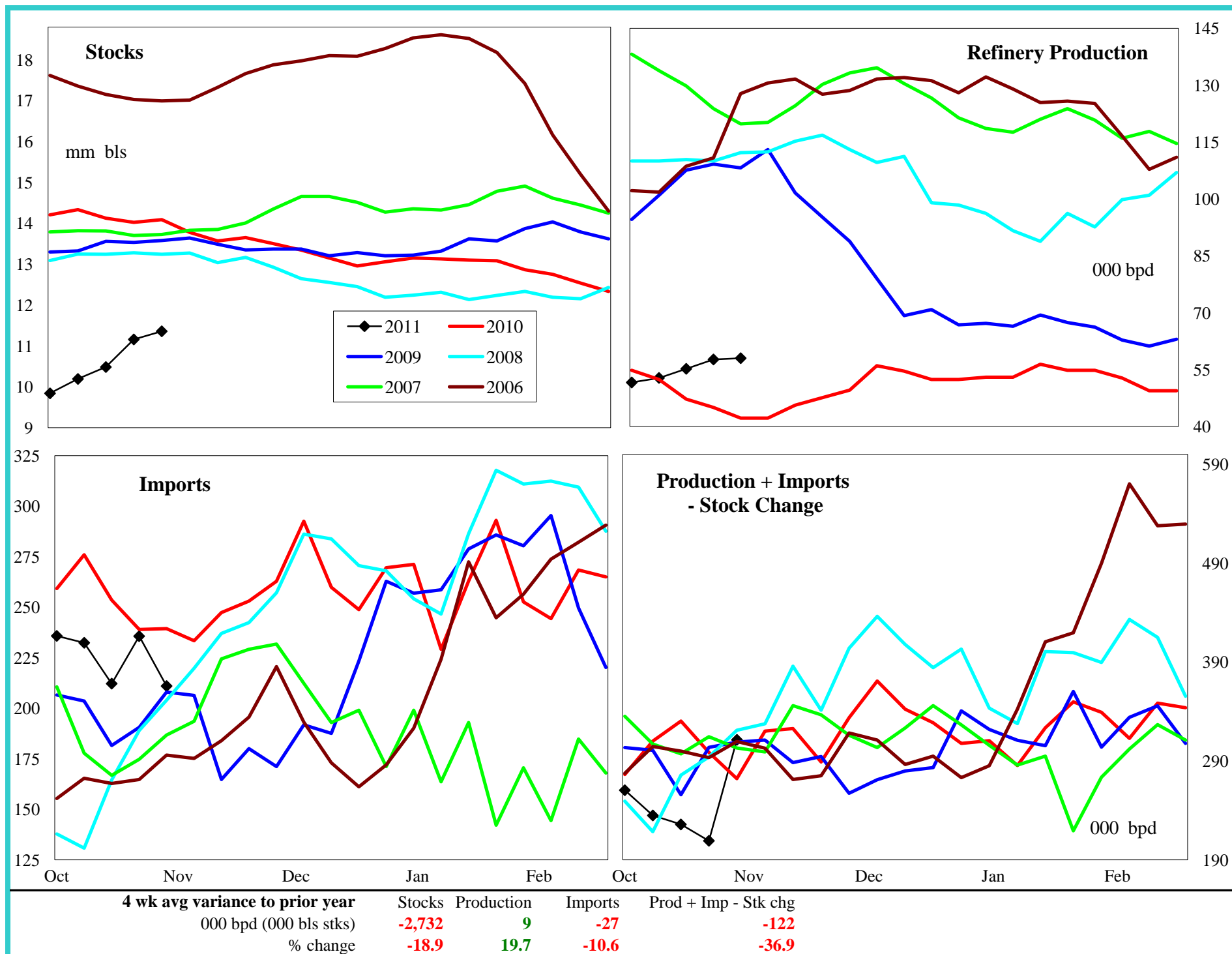
PADD 1 High Sulfur Distillate Stocks by Region



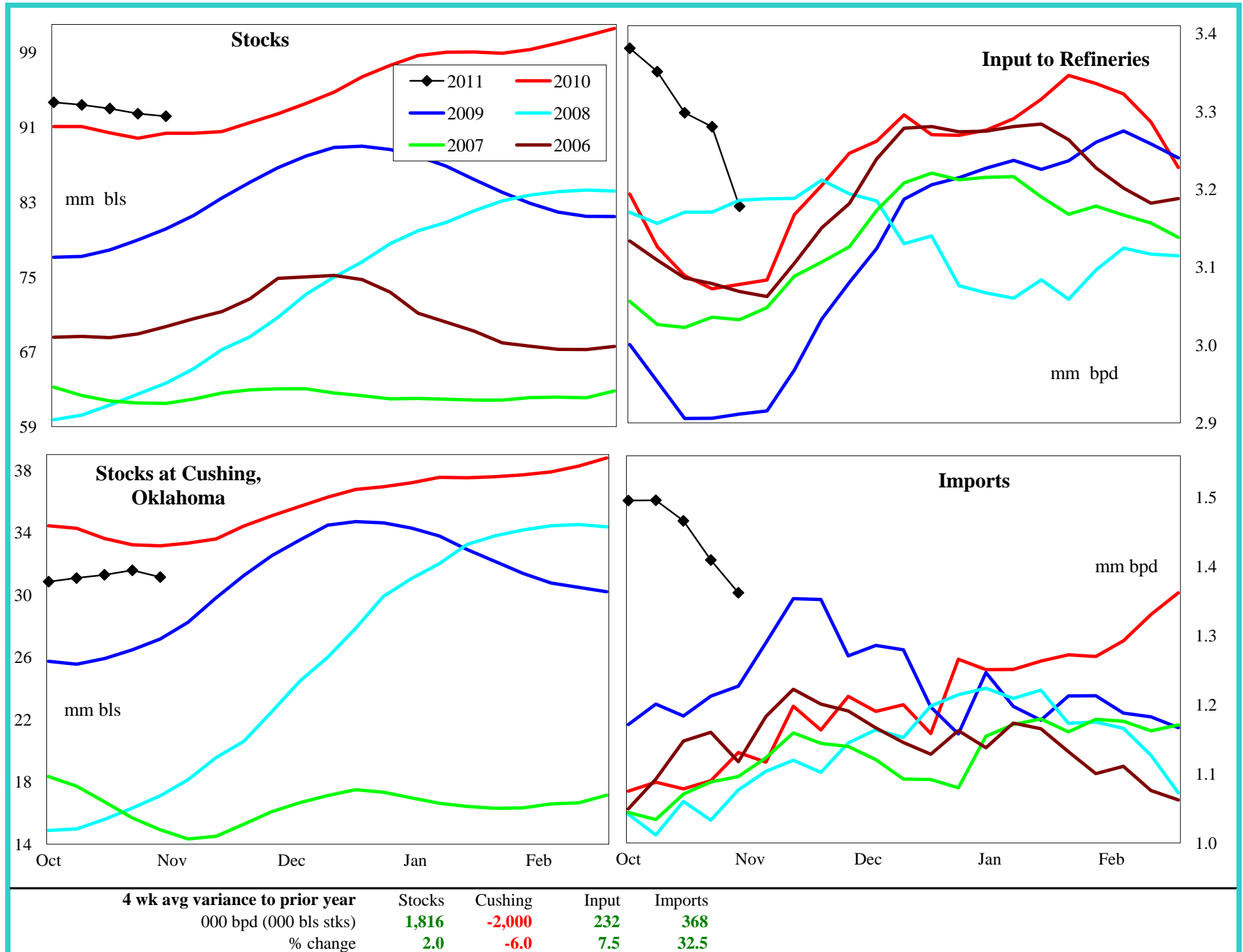
PADD 1 Jet Fuel Supply



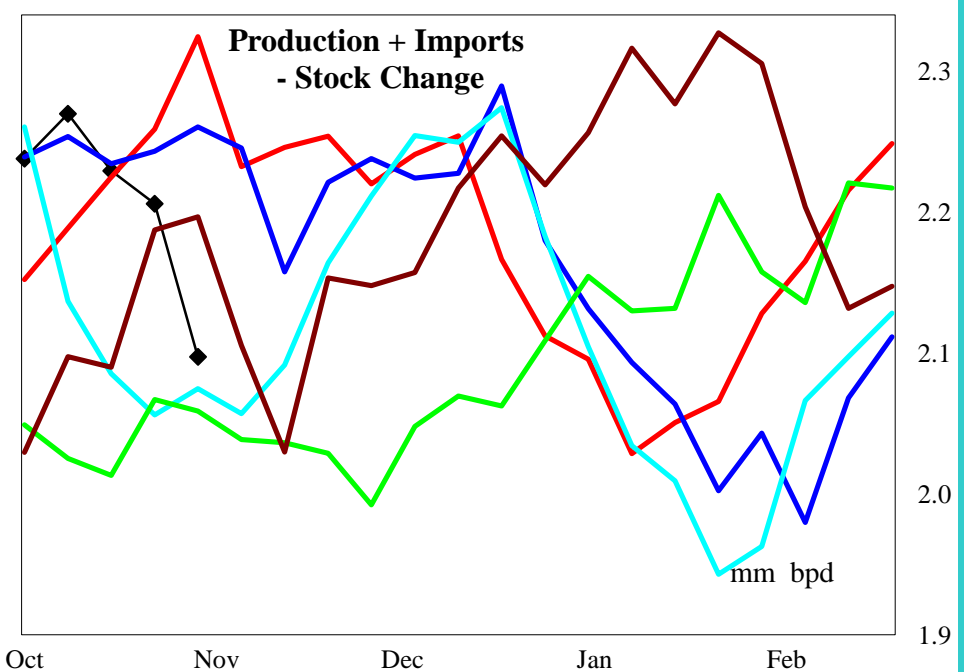
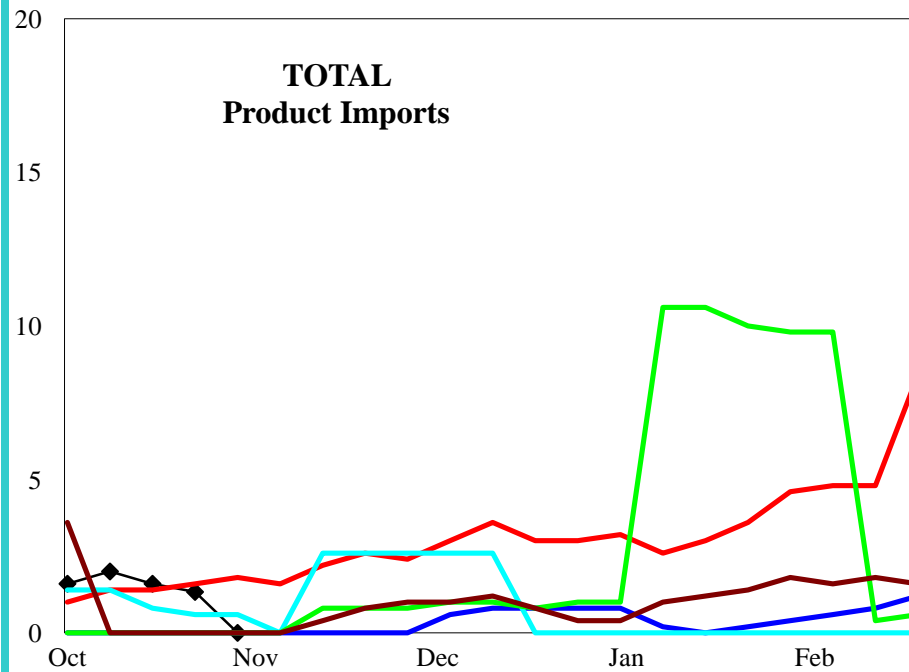
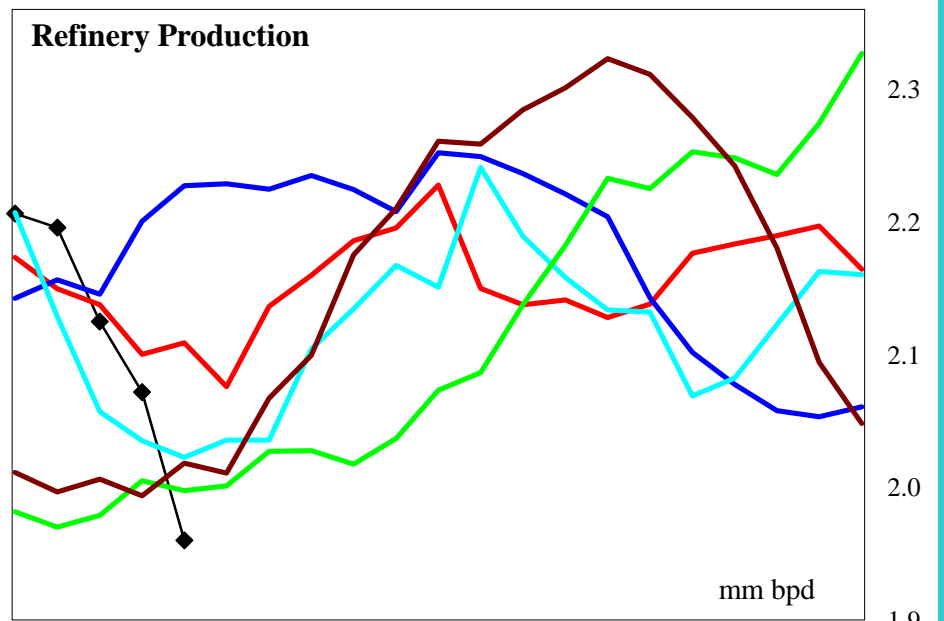
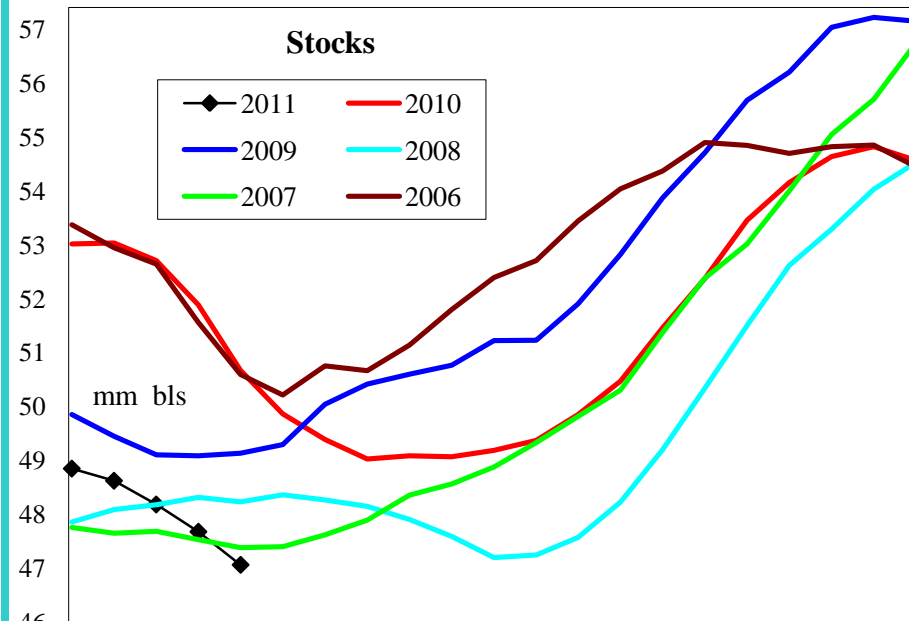
PADD 1 Residual Fuel Oil Supply



PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-3,606

-18

1

-28

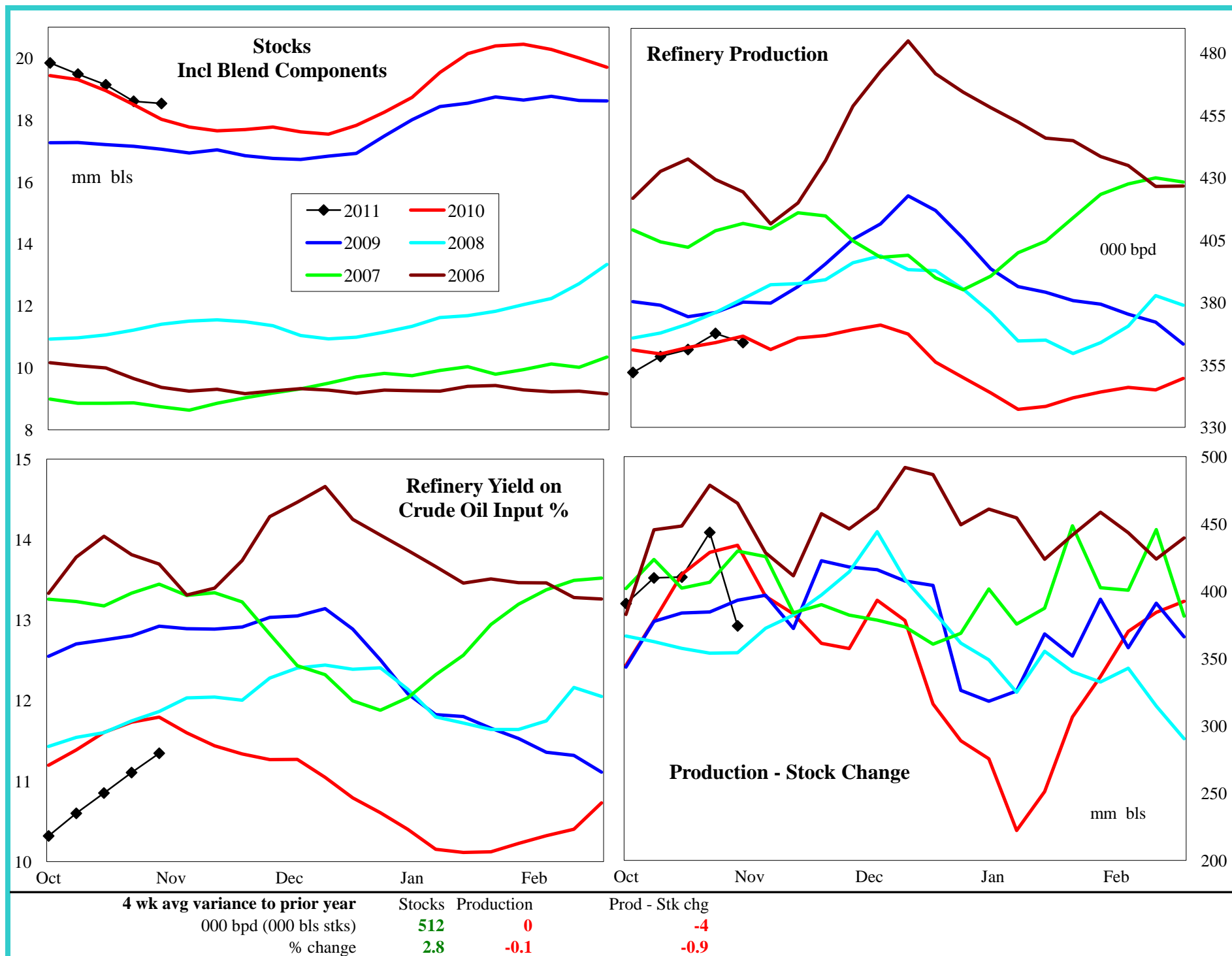
-7.1

-0.8

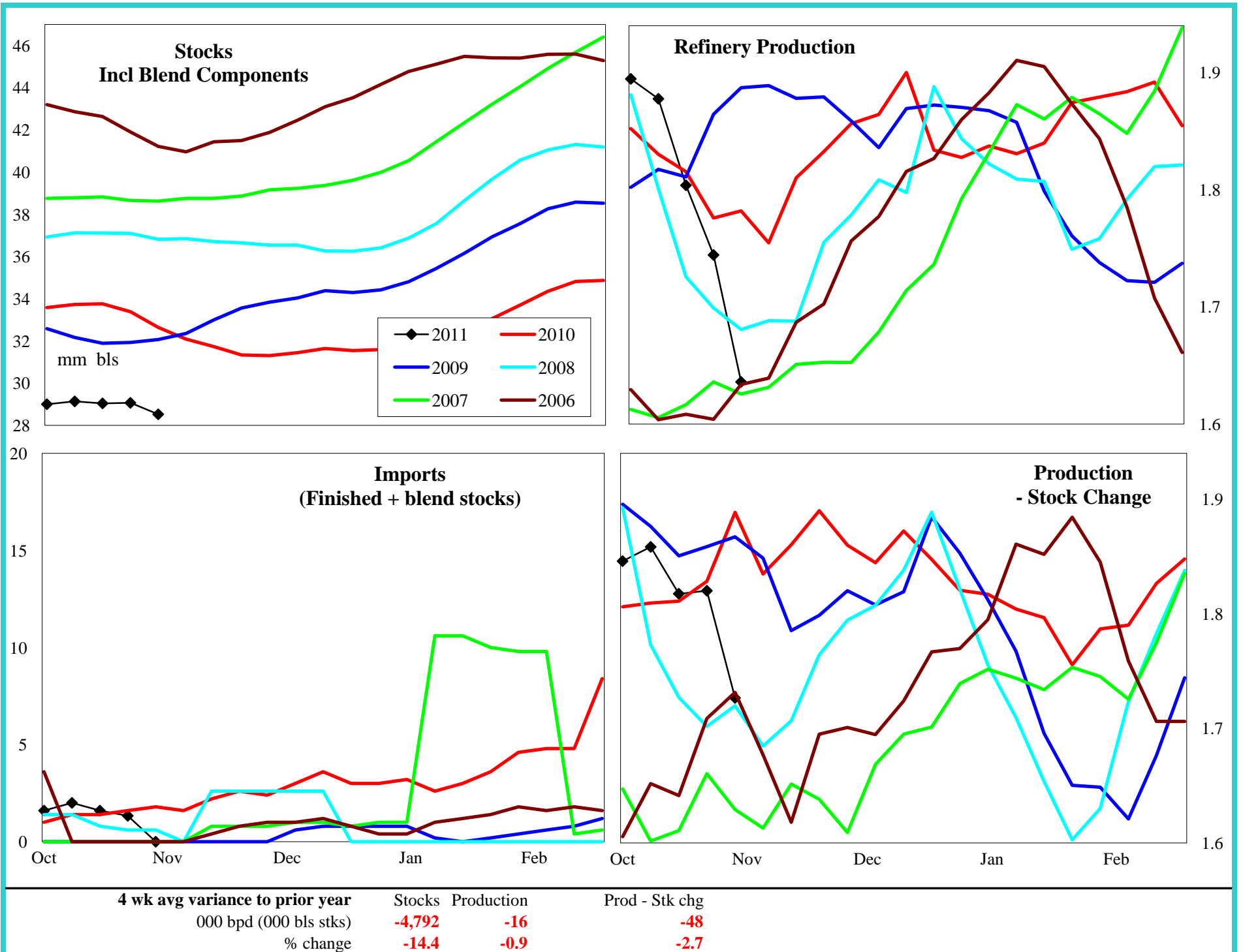
60.0

-1.3

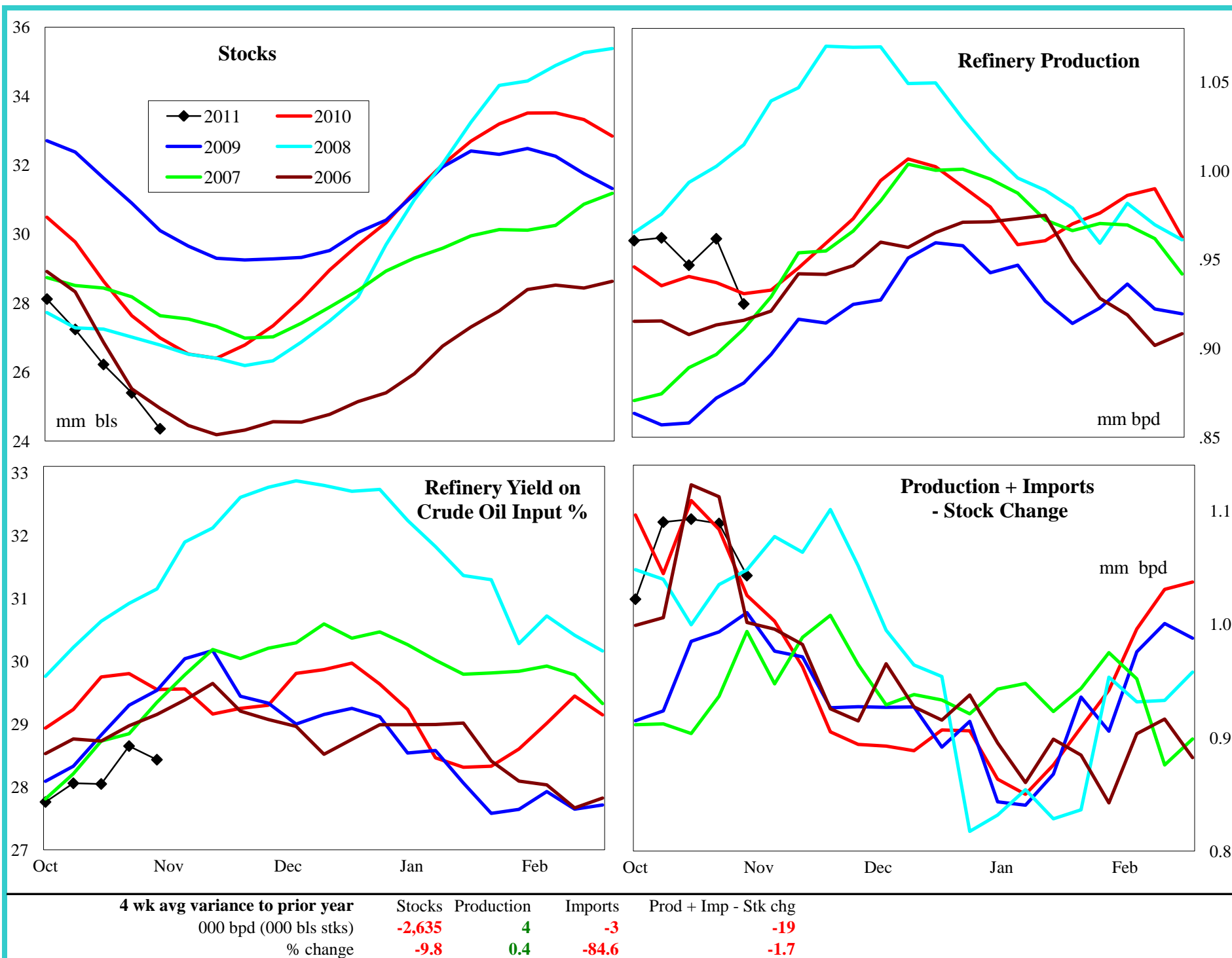
PADD 2 Reformulated Gasoline Supply



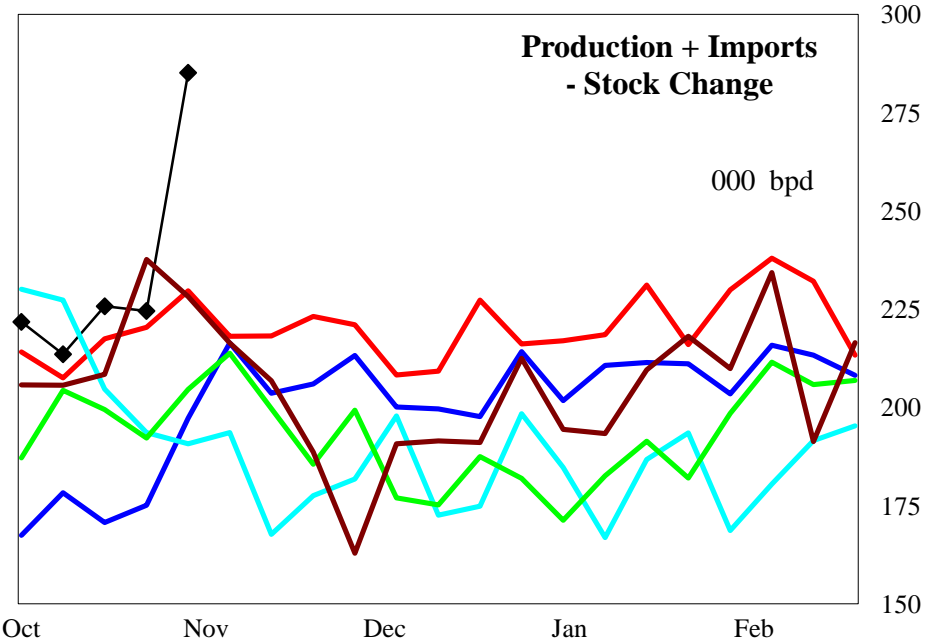
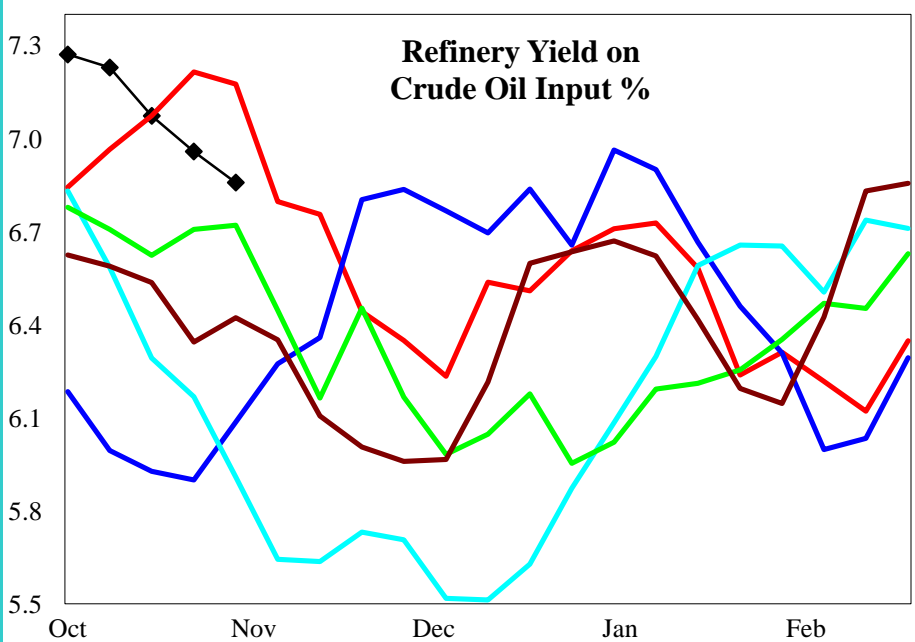
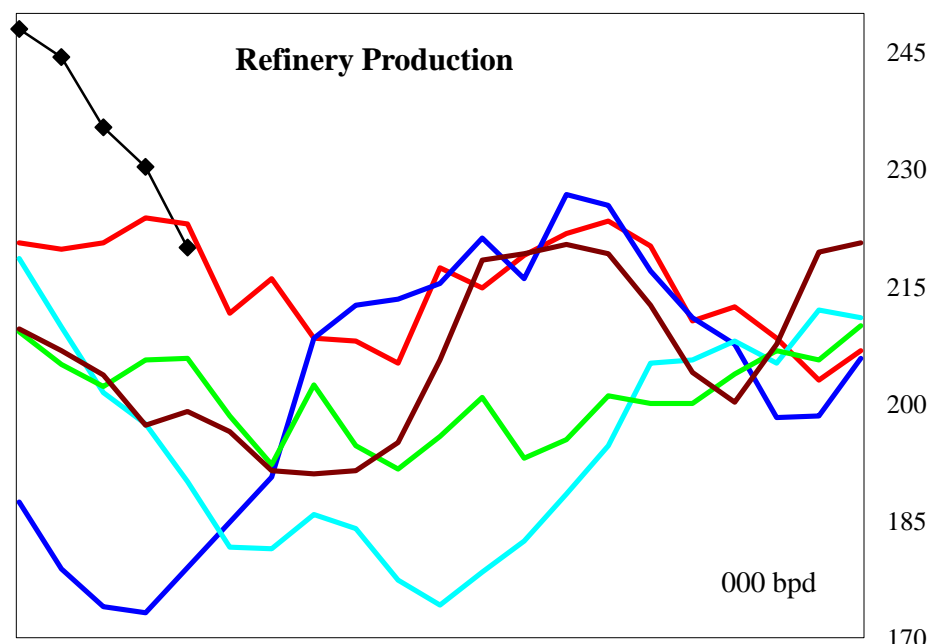
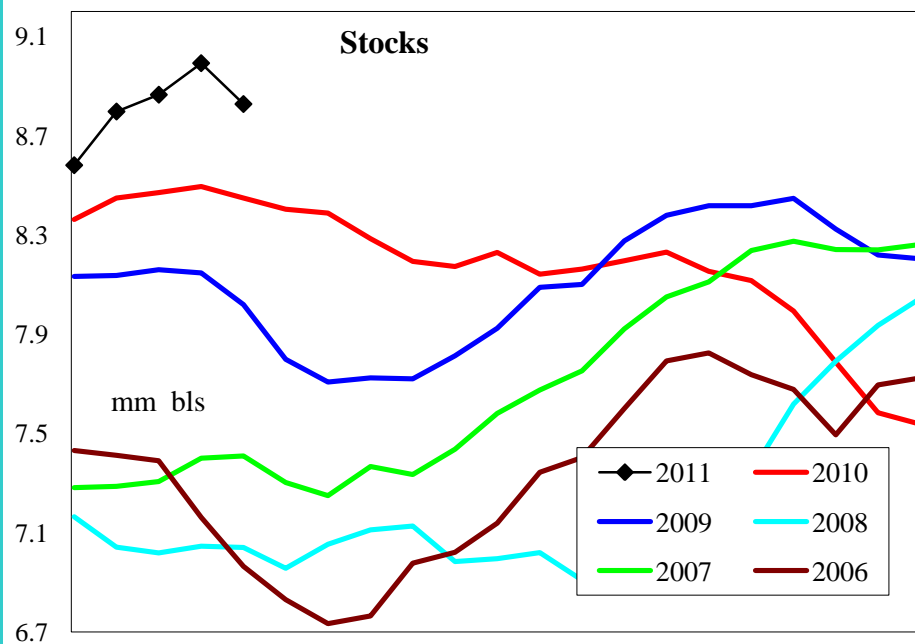
PADD 2 Conventional Gasoline Supply



PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

379

7

0

2

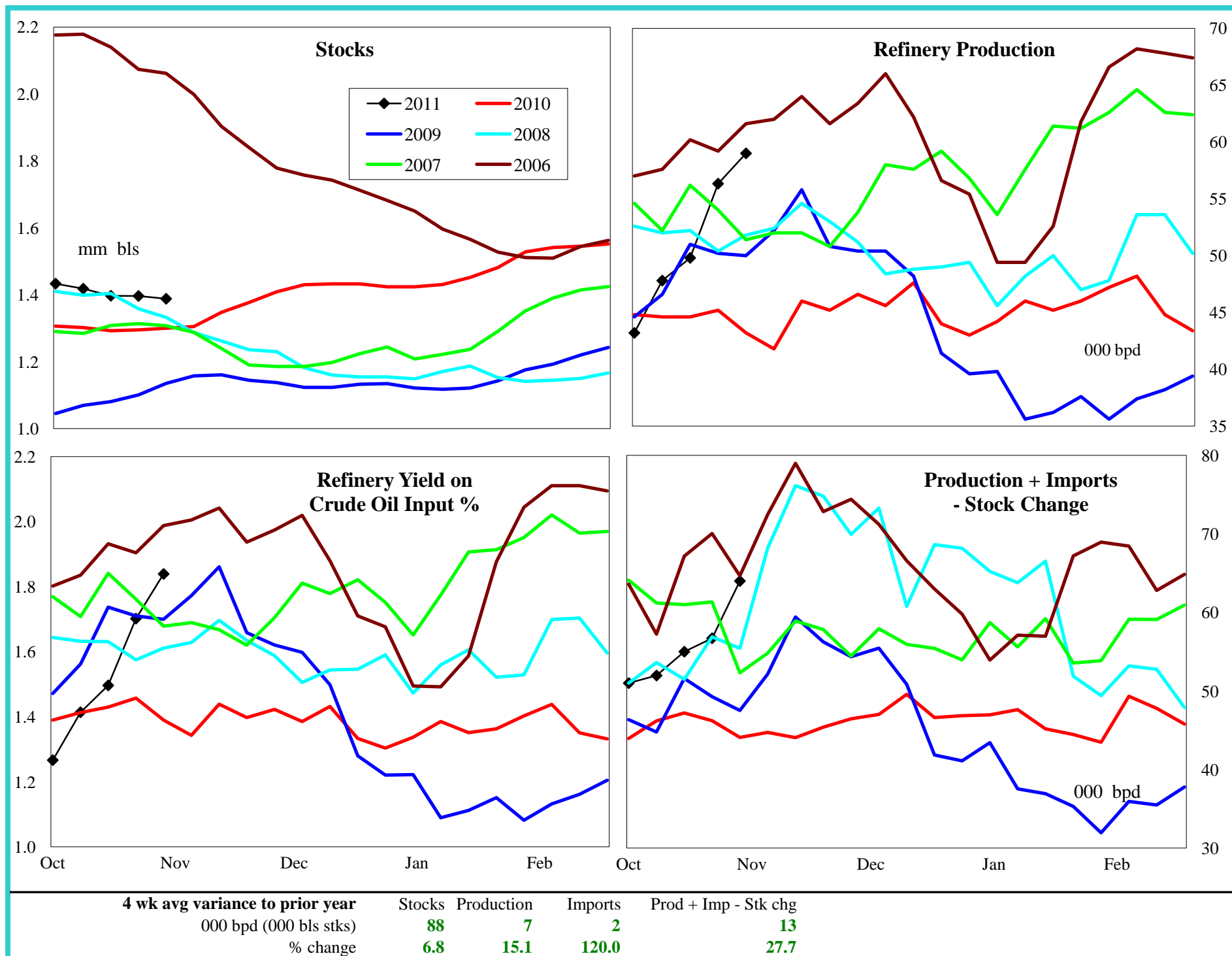
4.5

2.9

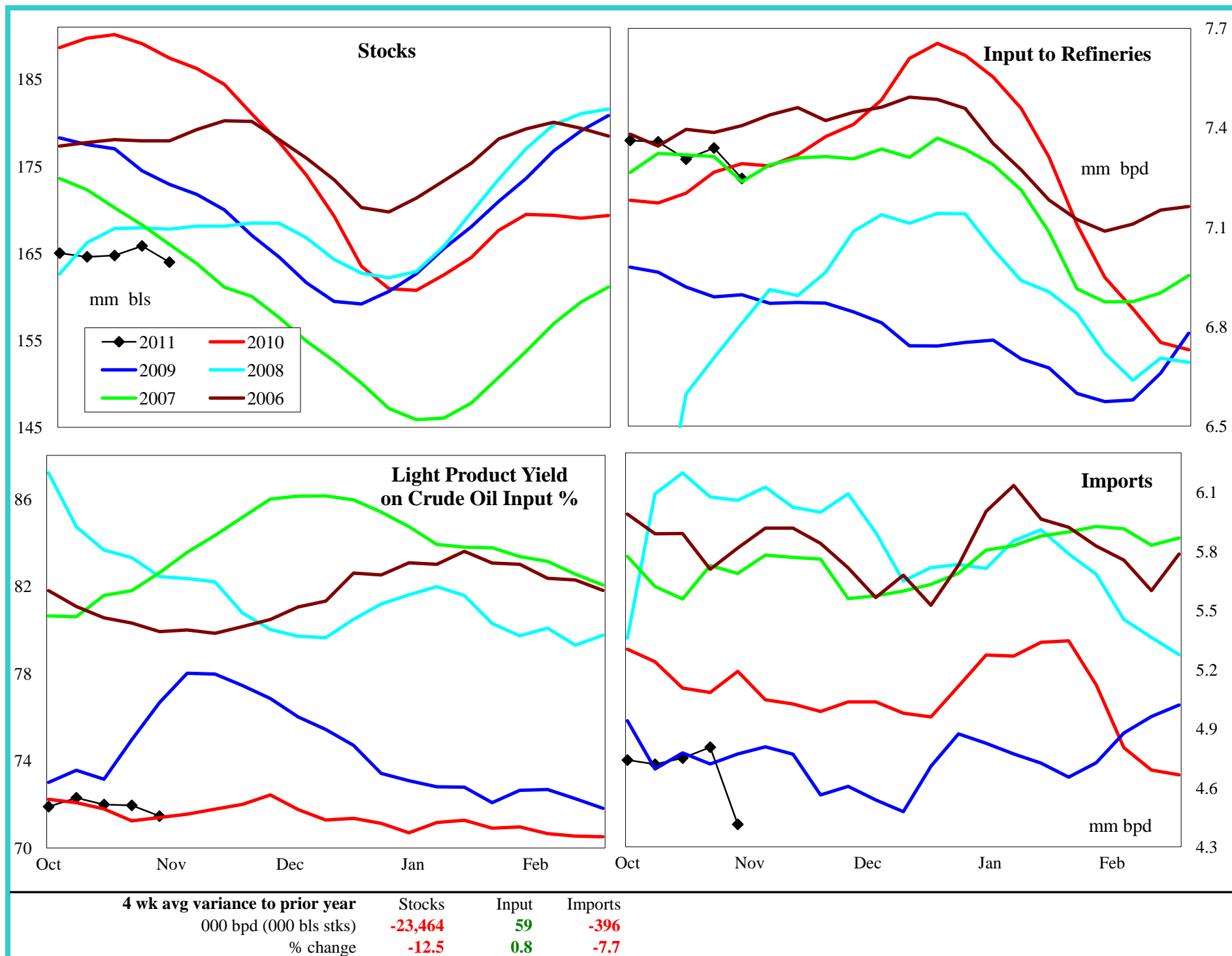
#DIV/0!

1.1

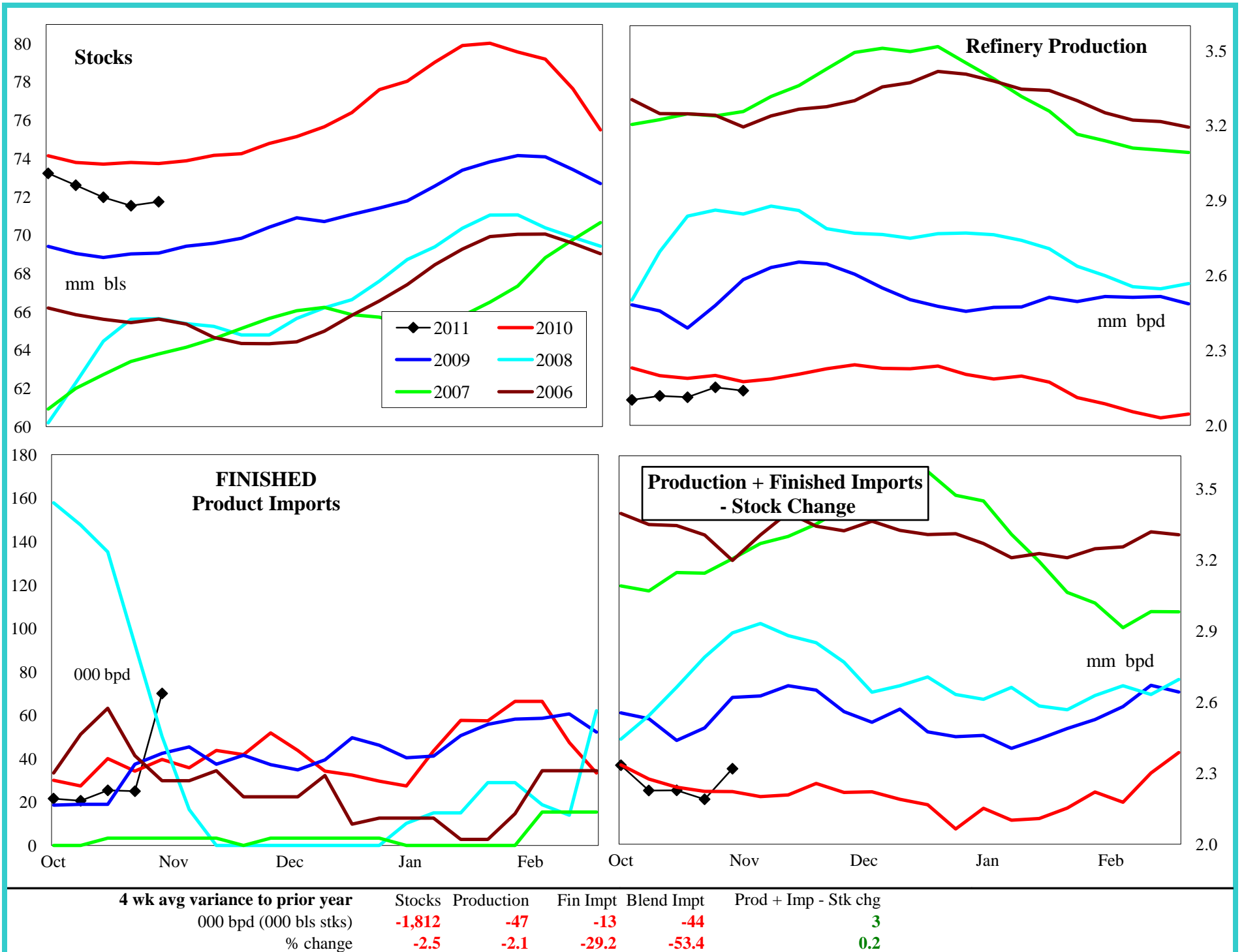
PADD 2 Residual Fuel Oil Supply



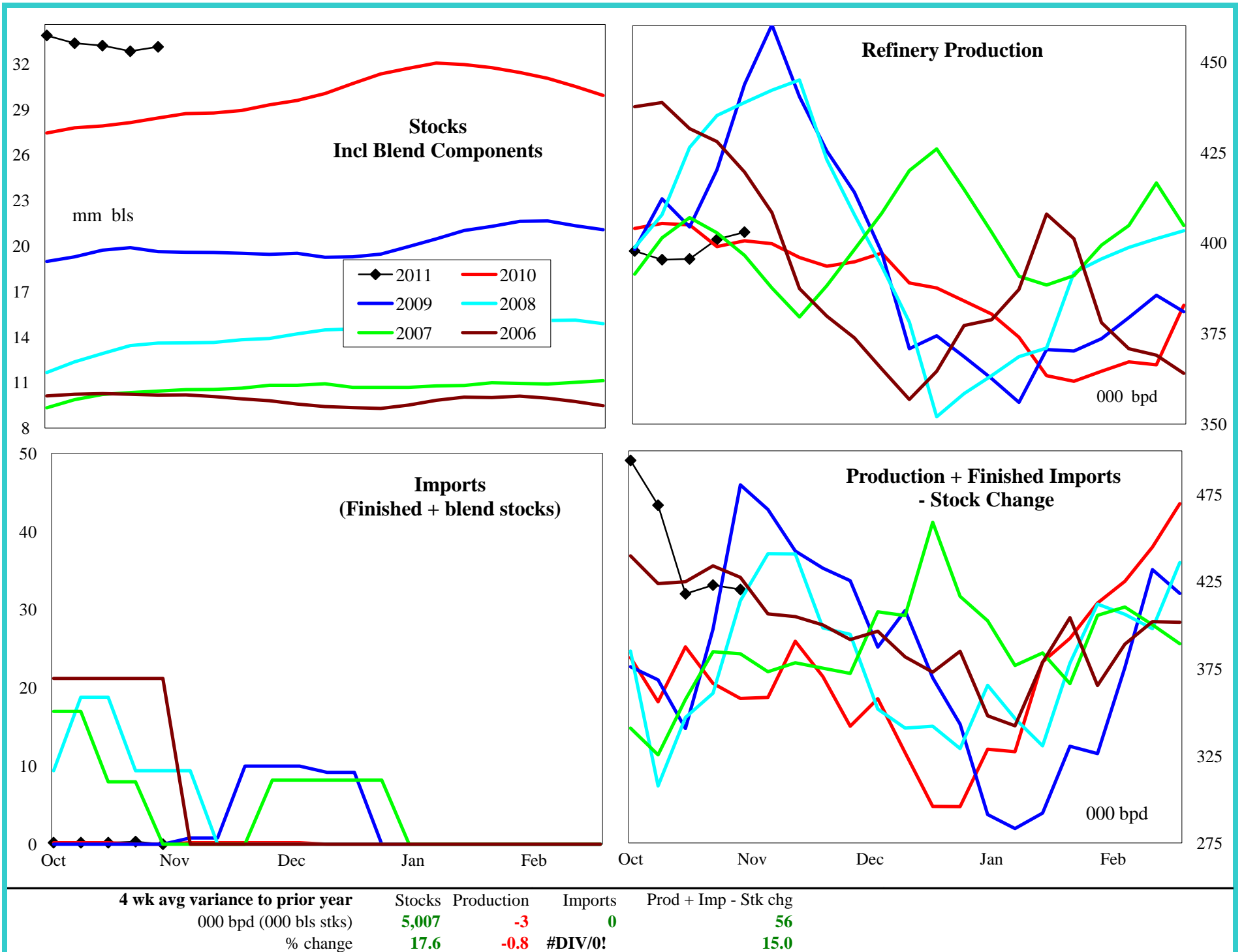
PADD 3 Crude Oil Supply and Refining



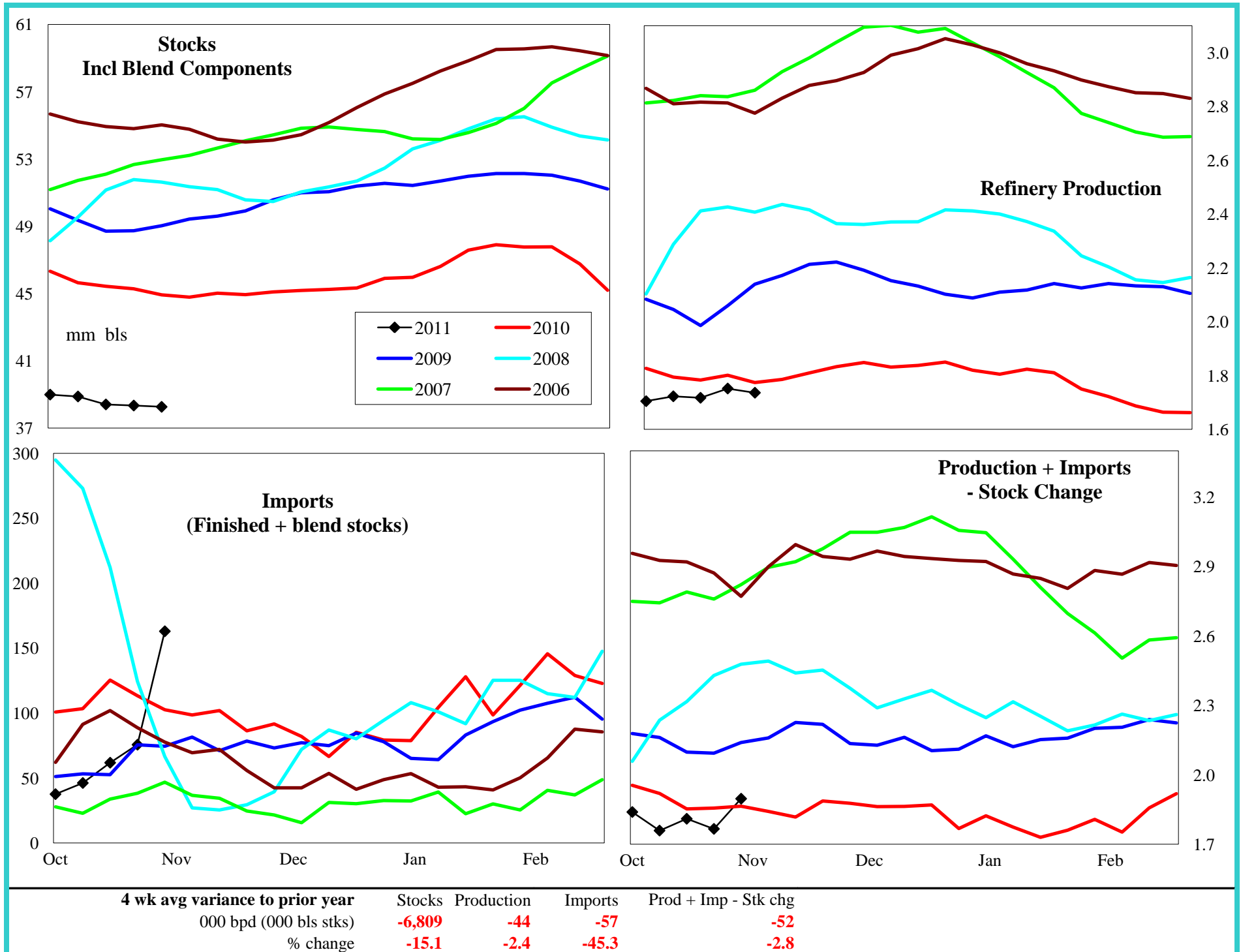
PADD 3 Gasoline Supply



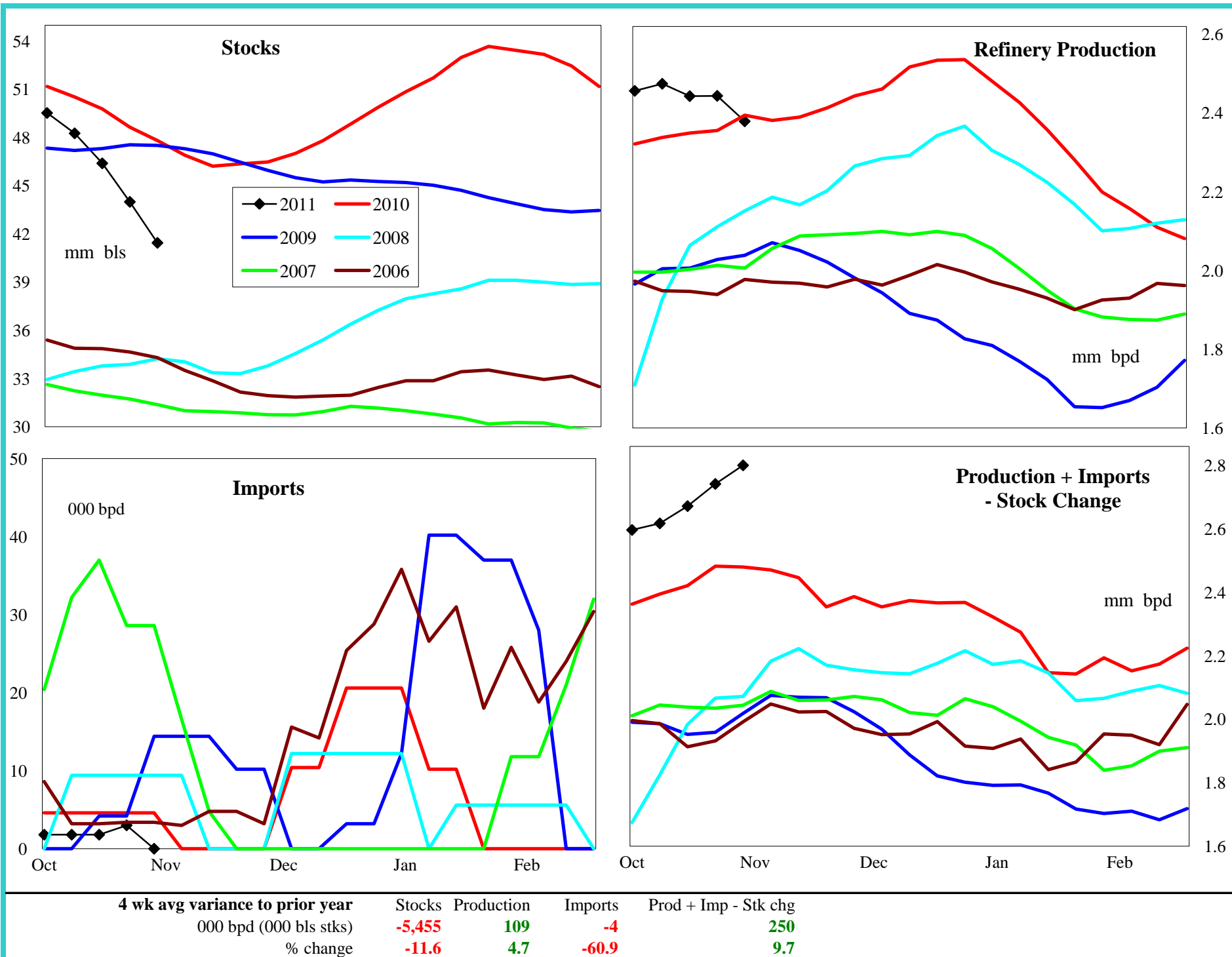
PADD 3 Reformulated Gasoline Supply



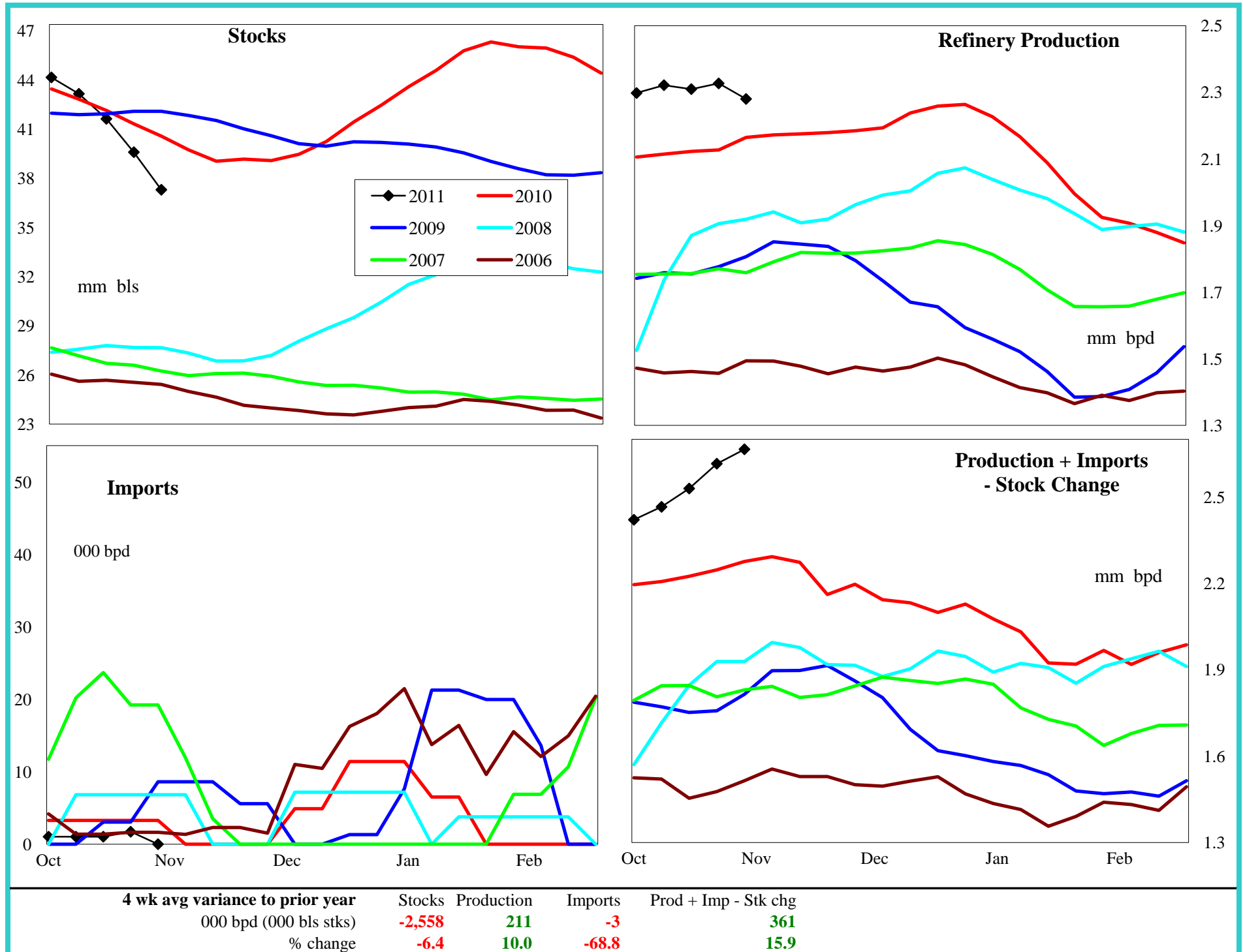
PADD 3 Conventional Gasoline Supply



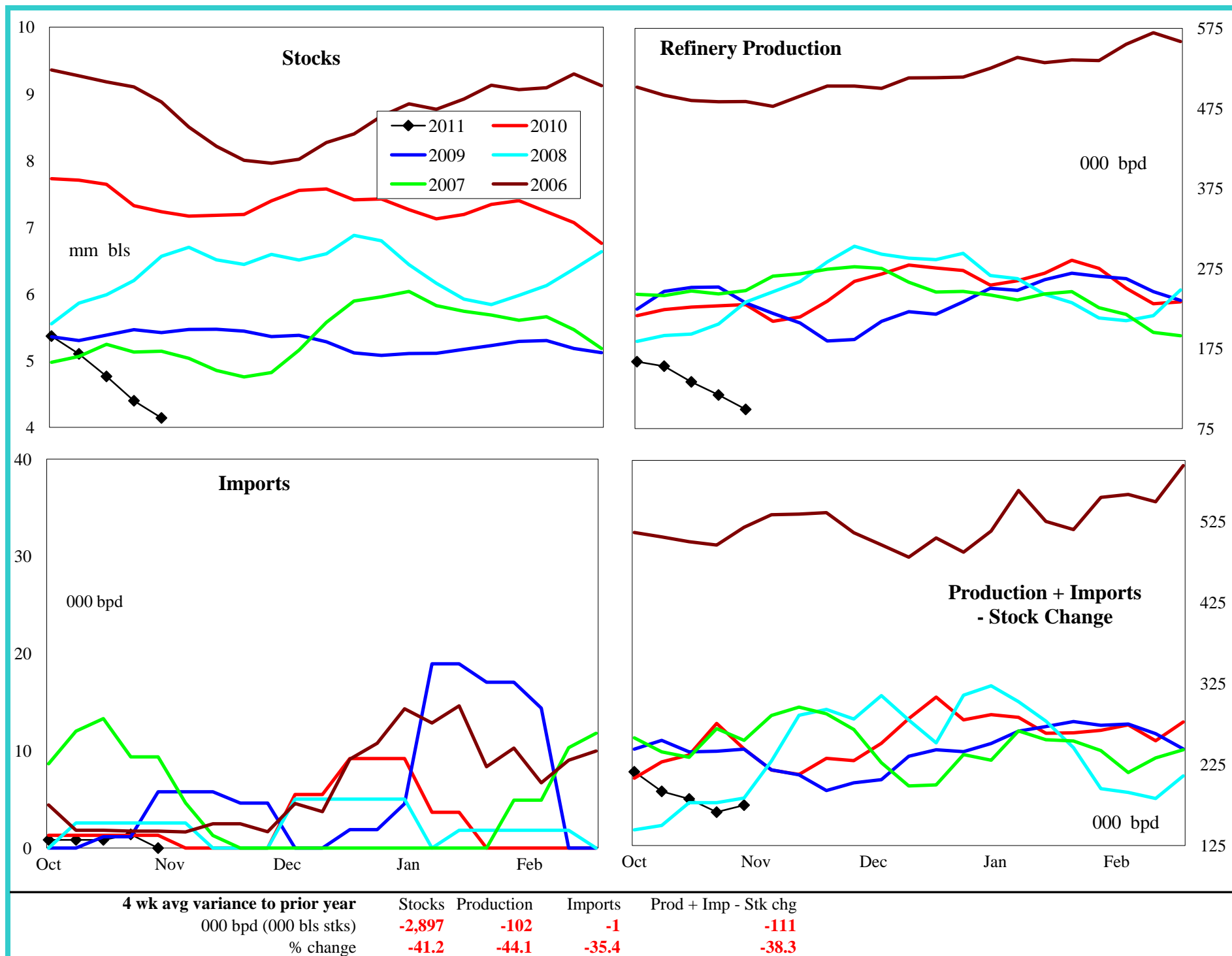
PADD 3 Distillate Supply



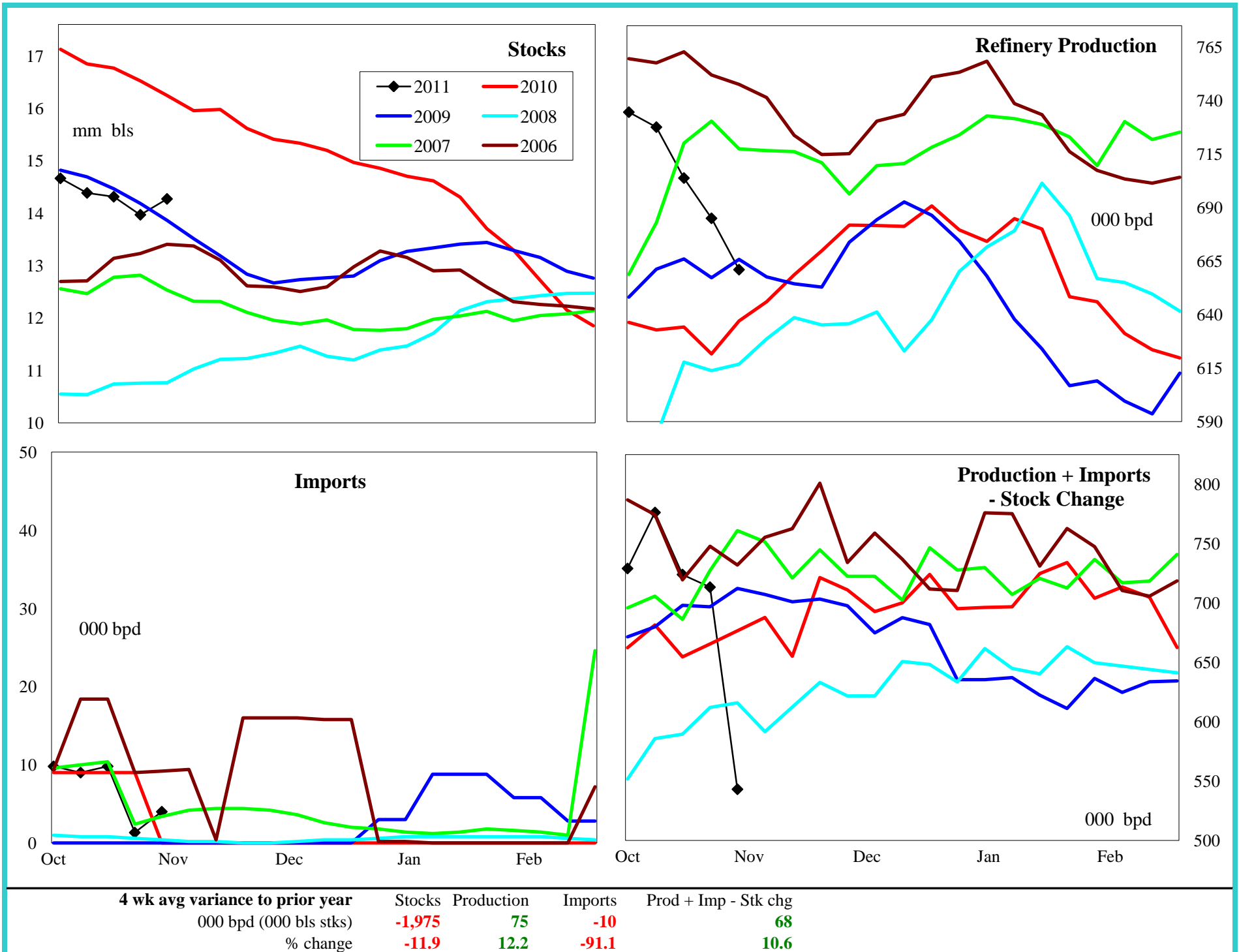
PADD 3 Low Sulfur Distillate Supply



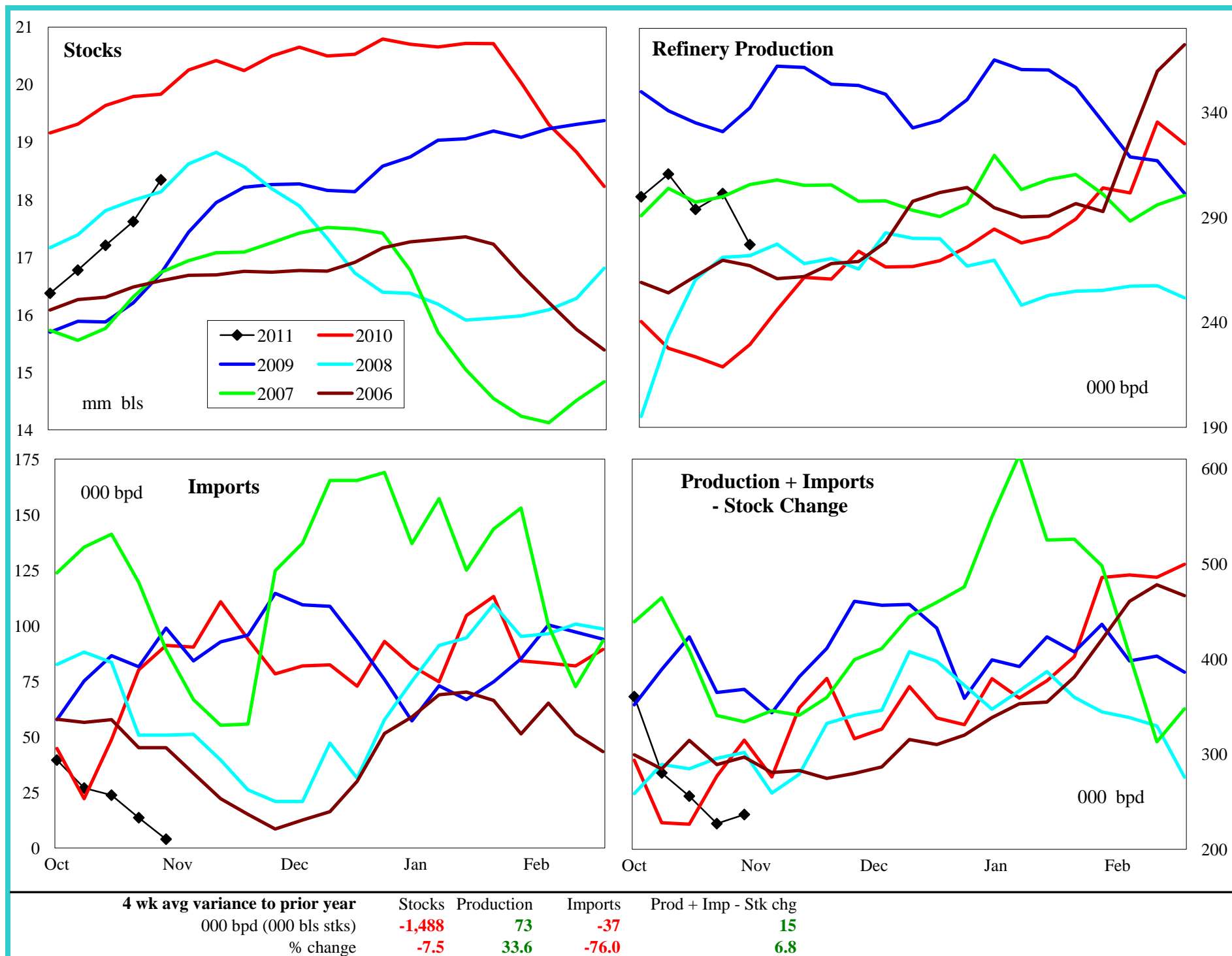
PADD 3 High Sulfur Distillate Supply



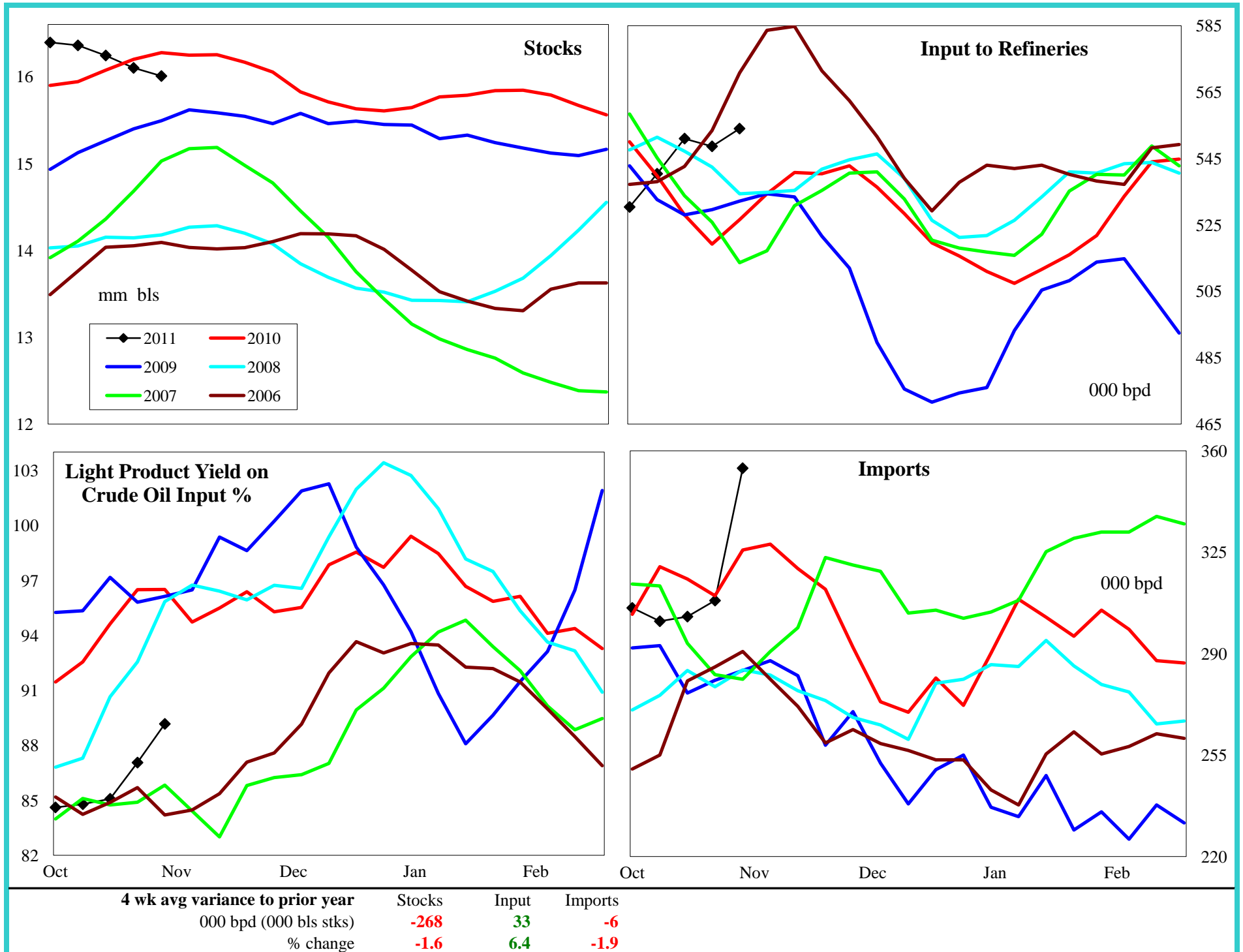
PADD 3 Jet Fuel Supply



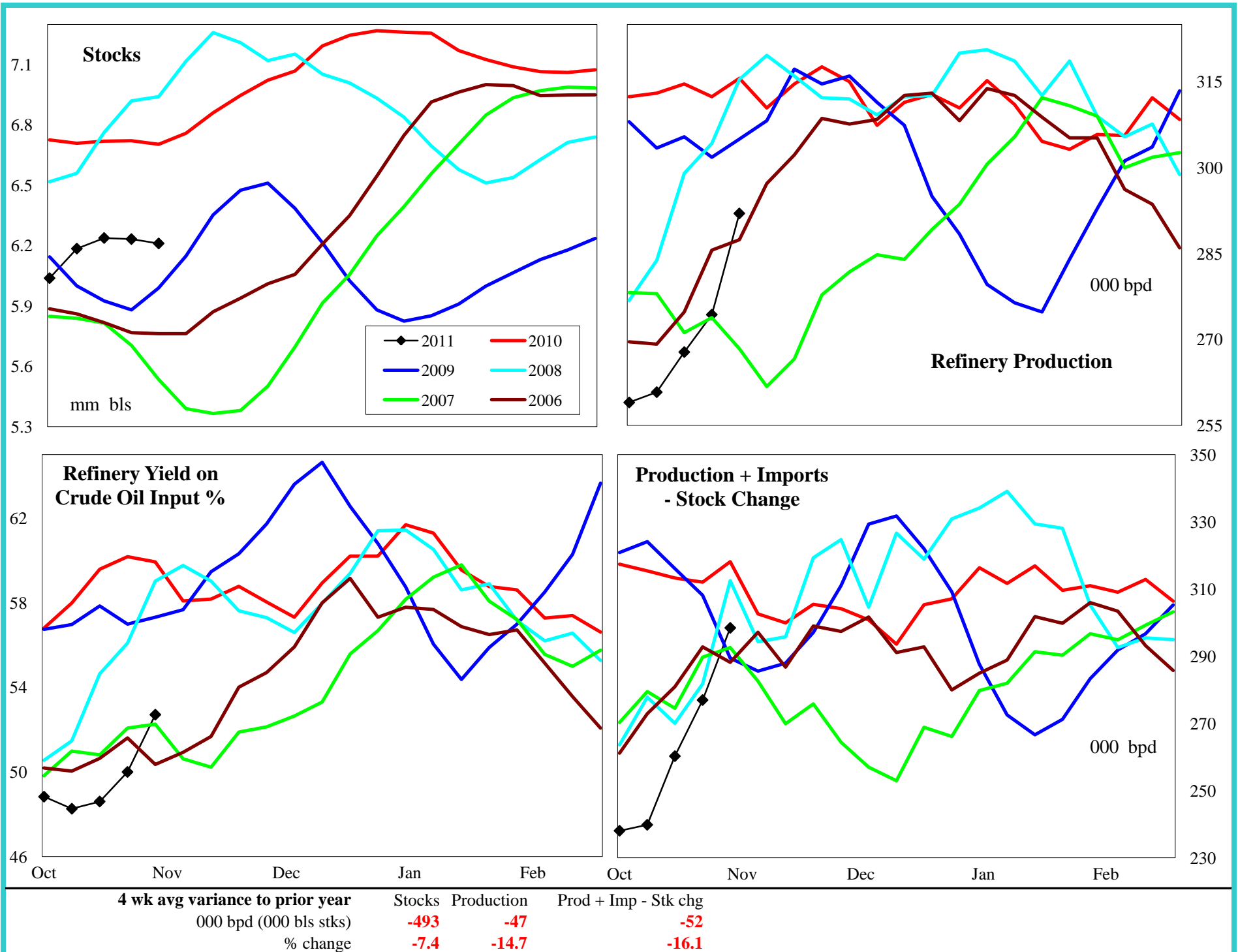
PADD 3 Residual Fuel Oil Supply



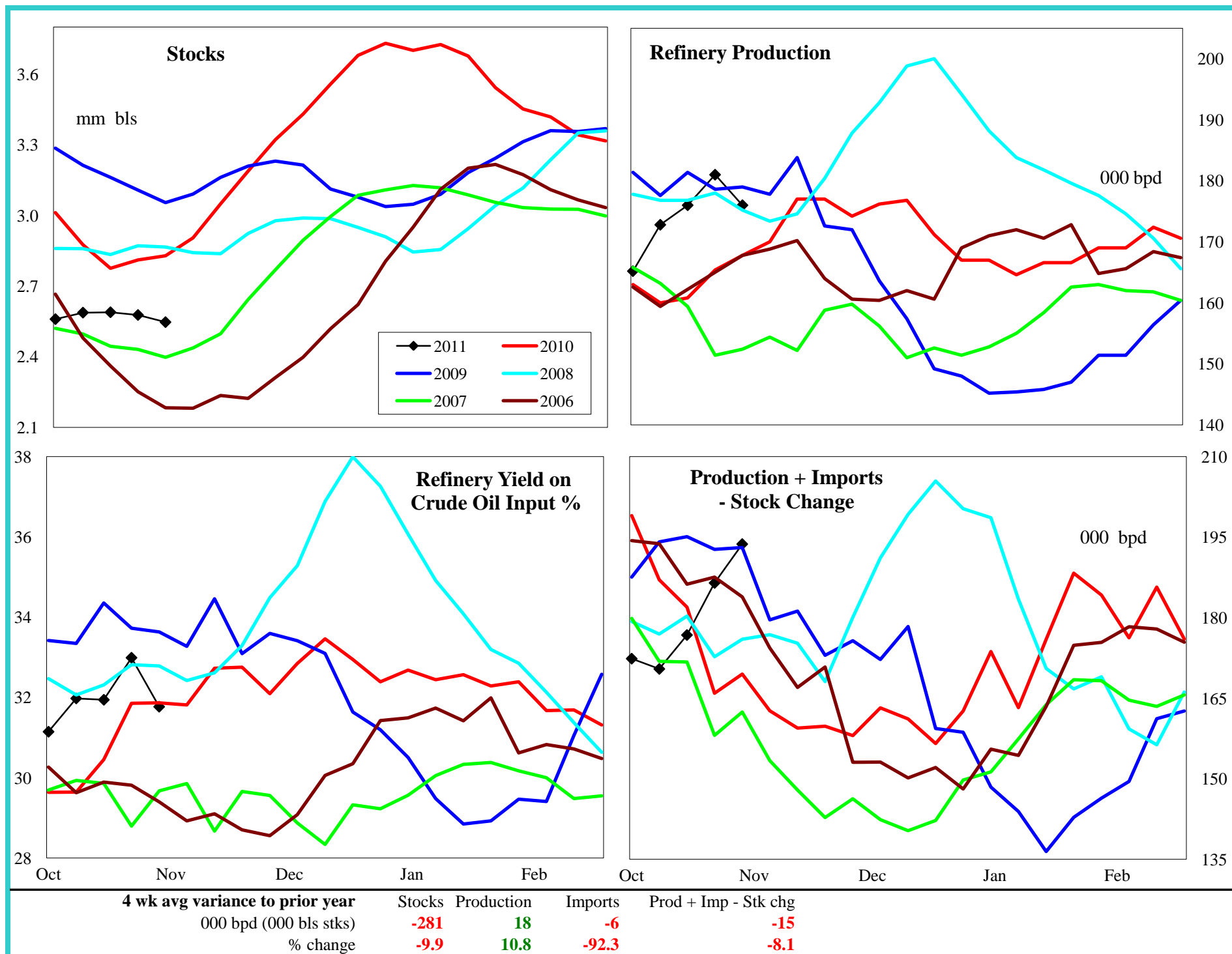
PADD 4 Crude Oil Supply and Refining



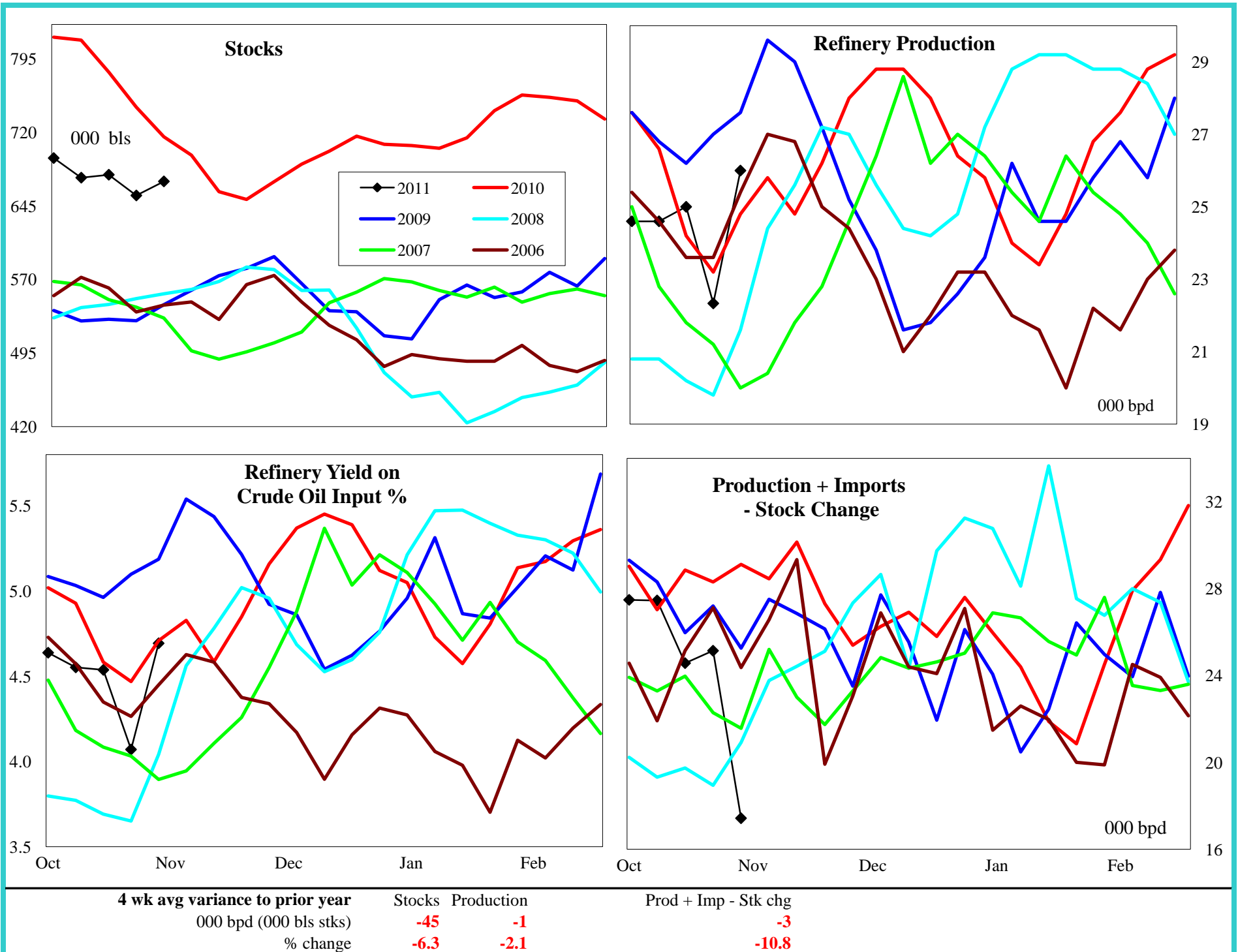
PADD 4 Gasoline Supply



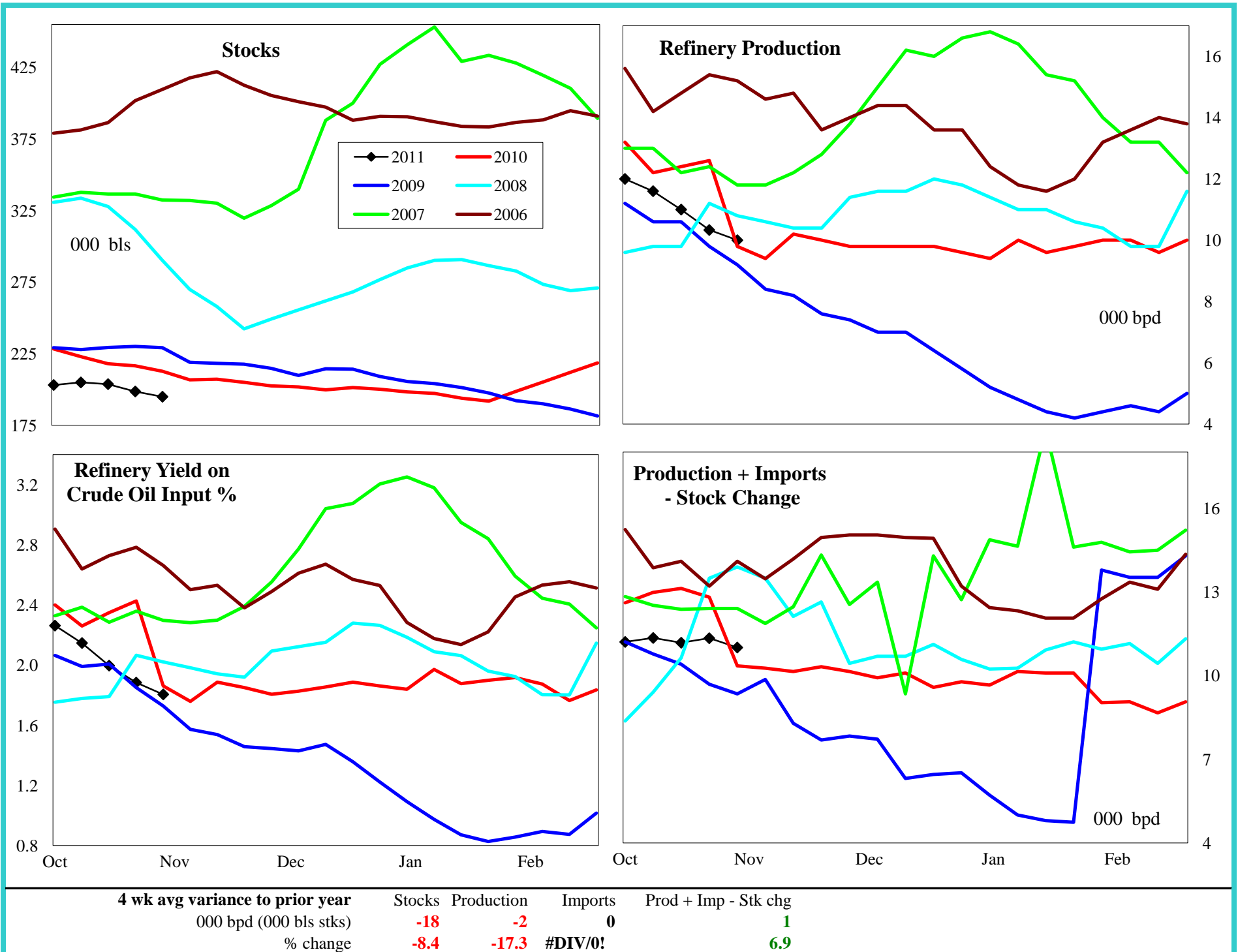
PADD 4 Distillate Supply



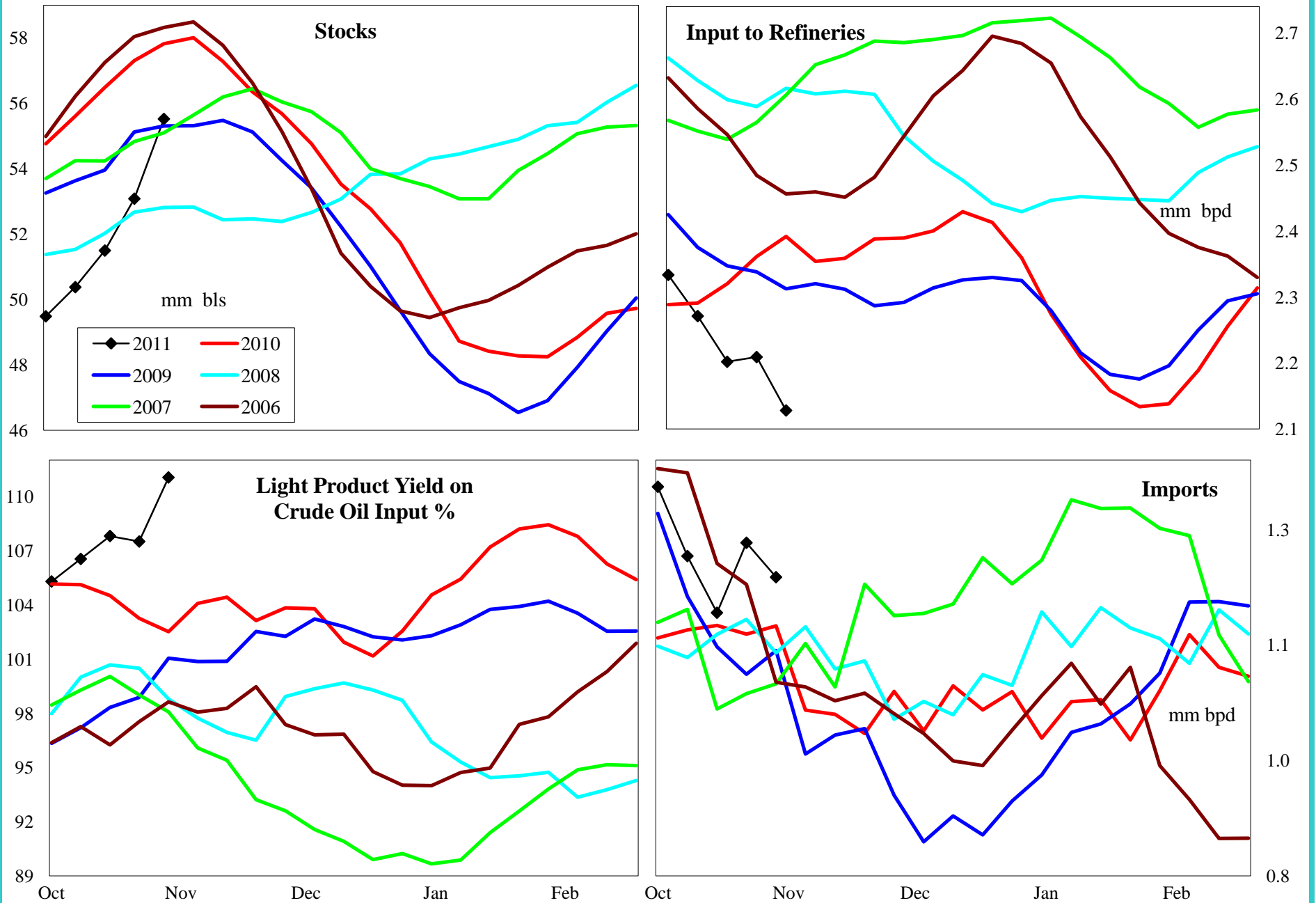
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



PADD 5 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-2,298

-4.0

Input

-149

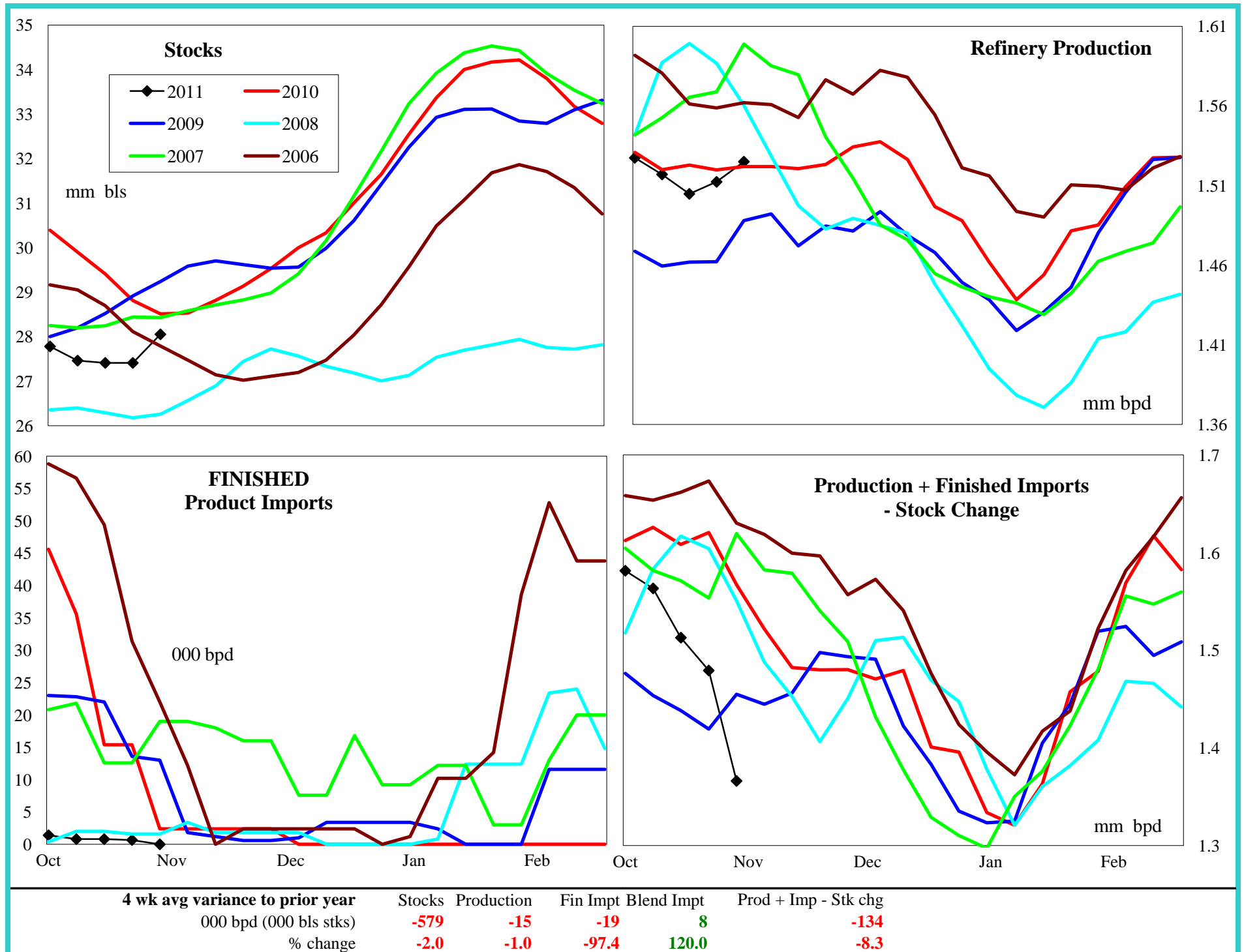
-6.3

Imports

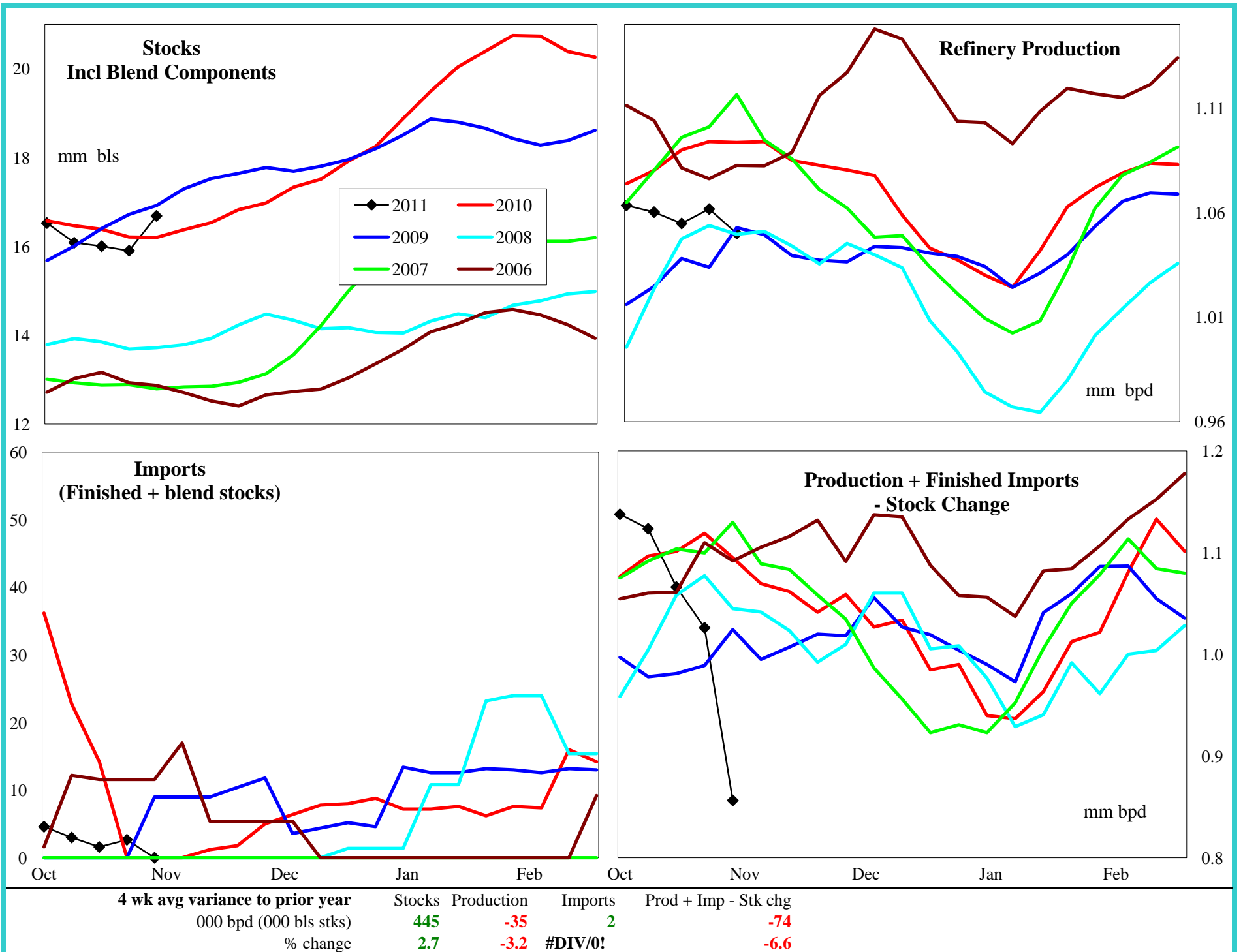
-69

-5.7

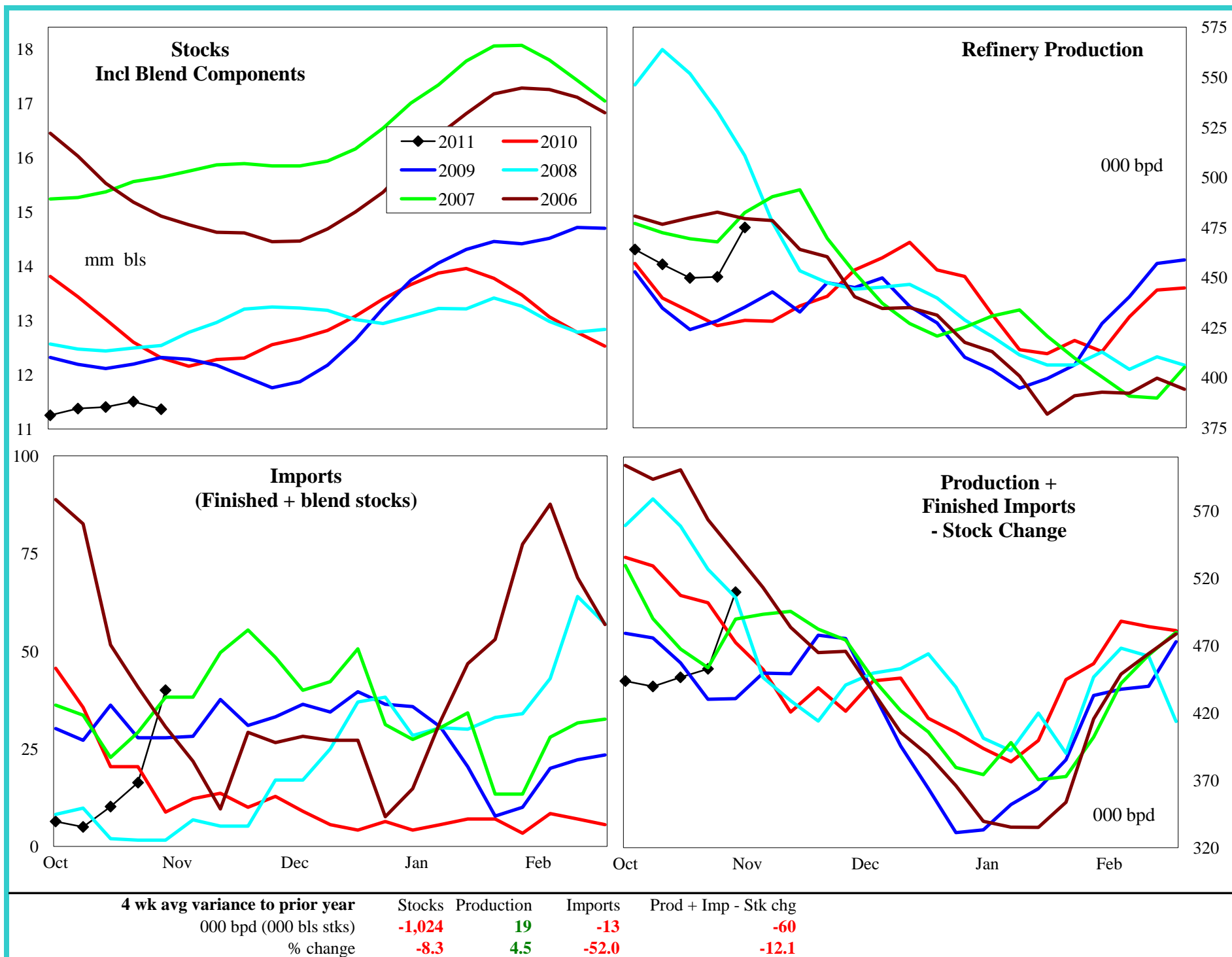
PADD 5 Gasoline Supply



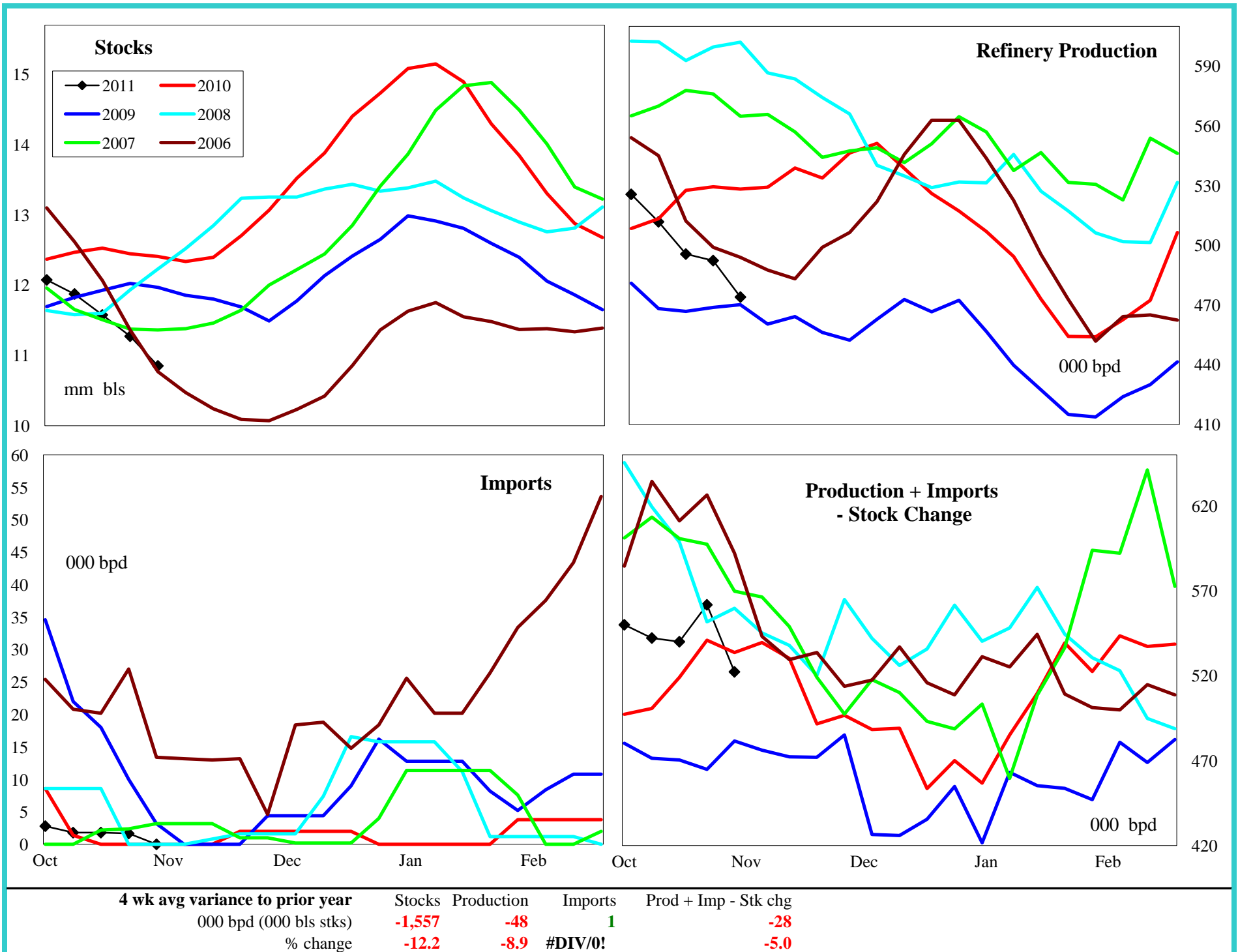
PADD 5 Reformulated Gasoline Supply



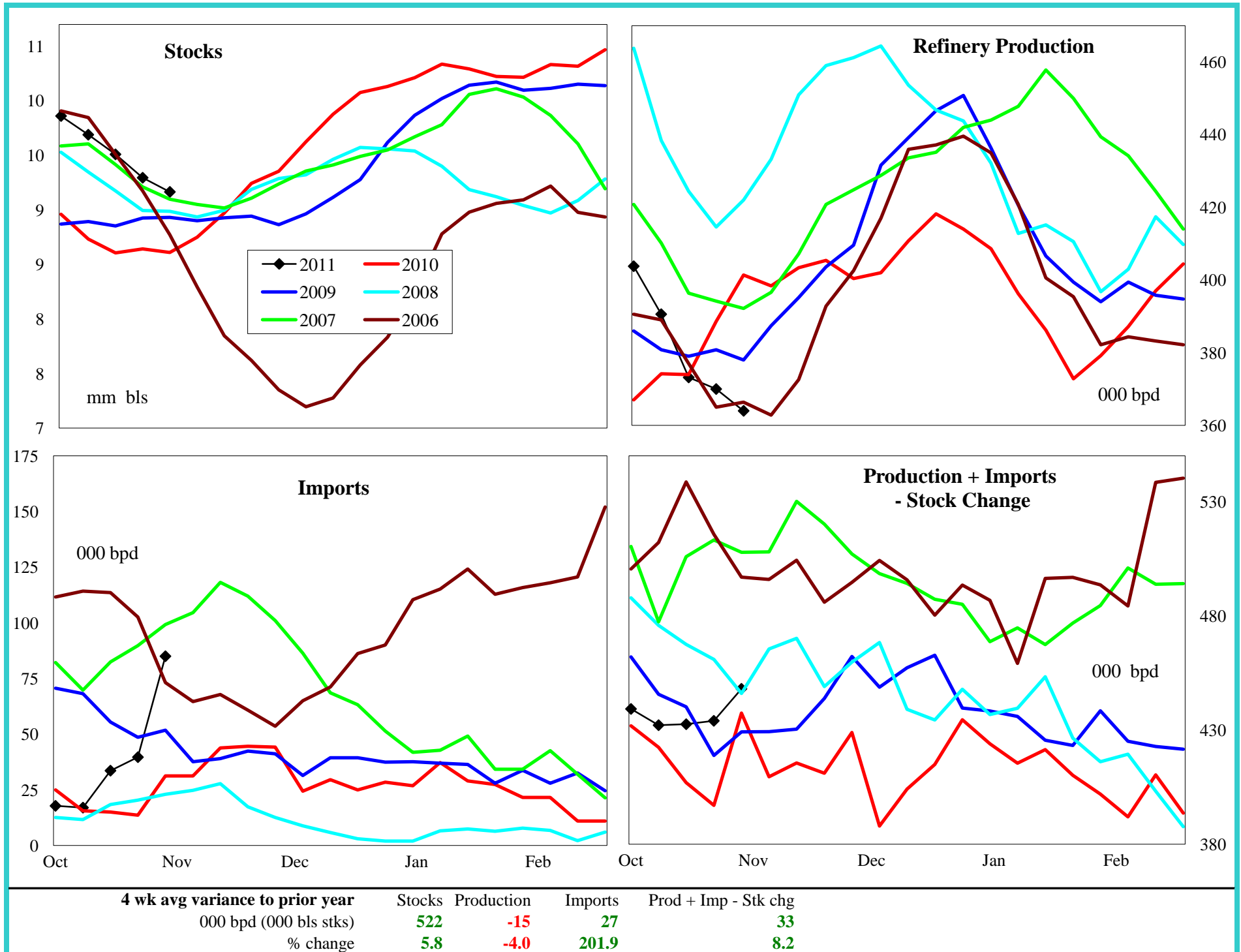
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

