



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

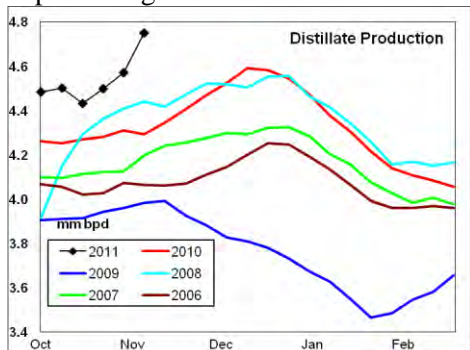
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, November 16,



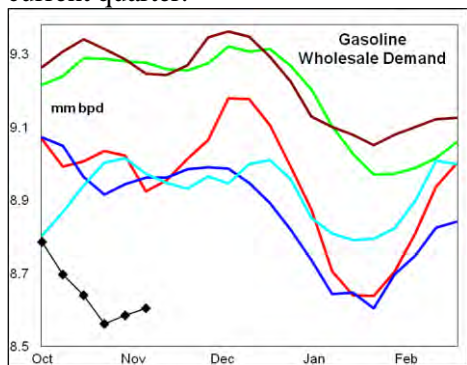
Major Fundamental Trends¹

Distillate production spiked +438,000 bpd last week, with meaningful increases in all regional markets. The increase was driven by higher crude oil runs and lower jet fuel output. Seasonal blending of gas liquids into the gasoline pool, likely offset refiners' maximizing distillate output at the expense of gasoline.



Distillate demand fell -173,000 bpd last week, the first significant pull back in the last 10-wks. Even with the surge in output, high demand and robust exports still led to a -2.1 million stock draw.

These trends point to a slow down in the rate that the distillate market supply - demand balance is tightening. Expect record production and a seasonal slowdown in demand to limit stock draws for the balance of the current quarter.



Gasoline demand decreased -46,000 bpd last week with the most recent 4-wk average -517,000 bpd below a year ago.

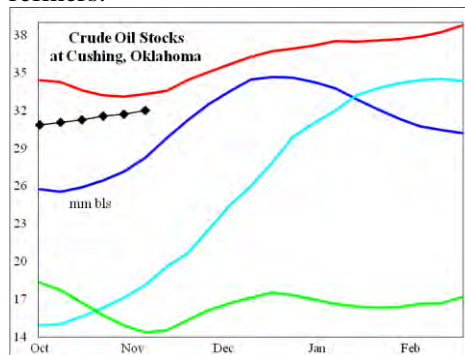
A +320,000 bpd rise in gasoline

output last week should rebuild stocks in the Midwest and West Coast markets which have experienced a supply squeeze on above normal refinery maintenance.

Announcement of the planned reversal of Seaway Pipeline to transport up to 150,000 bpd of mid-continent crude oil to the Gulf should lead to further declines in the WTI - Brent price spread.

The record high stock levels in the Midwest should also decrease during the 1st half for 2012.

Regional crude oil markets such as Bakken Shale are likely to witness larger discounts to WTI, as rail transport will still be required to transport landlocked crude oil to refiners.



Demand fell -173,000 bpd for distillate last week, the first meaningful pull back in 10-wks. Wholesale demand measured over the last four weeks compared to a year ago: gasoline decreased -5.7%; distillate up +5.1%; jet fuel up +5.3% while residual fuel oil decreased -31%.

Stocks forward coverage: Gasoline demand coverage increased on extremely weak demand and a +1 million barrel stock build. Coverage levels match 5-year highs for the period.

Distillate coverage declined on a -2.1 million barrel stock draw and robust weekly demand. Coverage levels were -20% below the last 2-years.

Jet fuel coverage levels fell on a -1.9 million barrel stock draw and robust demand. Coverage fell below

the last 2-years.

Refinery utilization rates jumped on a +344,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was +498,000 bpd above a year ago.

Gasoline yield % on crude oil runs increased on a +320,000 bpd rise in output, compared to a +344,000 bpd climb in crude oil runs last week. Yield % on crude oil runs was at the low end of the last 3-years.

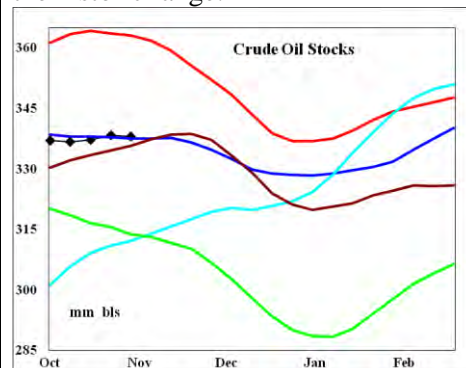
Distillate yield % on crude oil runs jumped on a +438,000 bpd rise in production compared to the increase in crude oil runs. Yield % on crude oil runs was a record high.

Jet fuel yield % on crude oil runs decreased last week on a +8,000 bpd rise in output compared to the jump in crude oil runs. Yield % levels fell to 5-year lows.

Petroleum Imports were mostly unchanged for crude oil and refined products, with the exception of jet fuel which saw a -58,000 bpd drop.

During the latest 4-wk period crude oil imports increased +379,000 bpd over last year; distillate imports decreased -24,000 bpd; finished gasoline imports decreased -32,000 bpd, gasoline blend stock imports fell -35,000 bpd; jet fuel imports increased +14,000 bpd, while residual fuel oil imports decreased -71,000 bpd.

Crude Oil stocks declined -1.1 million barrels last week, due in part to the rebound in crude oil runs. Crude oil stock levels are at the mid range of the last 3-years; with record highs in the Midwest and stocks in the Gulf below the historic range.



¹ Source is latest EIA Weekly Statistics



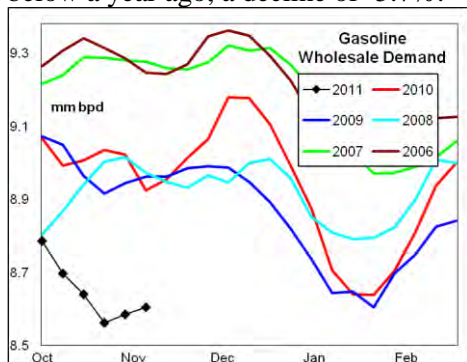
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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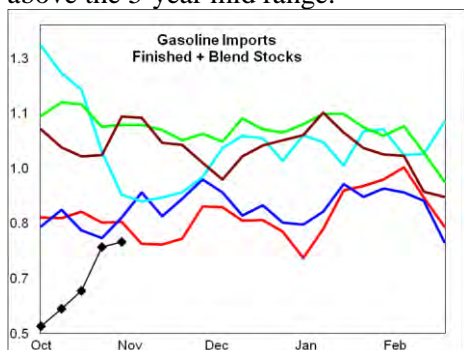
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Product Supply-Demand Trends

Gasoline demand decreased -46,000 bpd last week, to a level significantly below the 5-year range. The latest 4-wk average demand was -517,000 bpd below a year ago, a decline of -5.7%.



Production reversed last week's decline, rising +320,000 bpd to a level above the historic range. Imports were nearly unchanged at a level comparable to the last 2-years. Stocks increased +1 million barrels to a level above the 5-year mid range.



Demand remains exceptionally weak, more than -500,000 bpd below a year ago. Seasonal stock building should begin in the near term as refiners return from fall maintenance; alleviating the supply squeeze in the Midwest and West Coast regions.

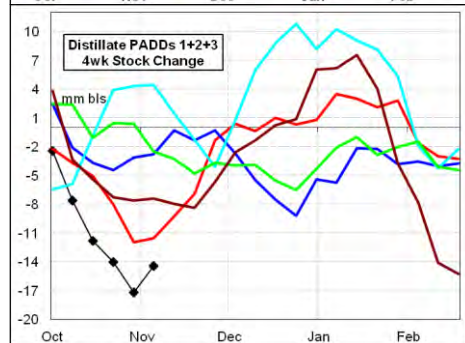
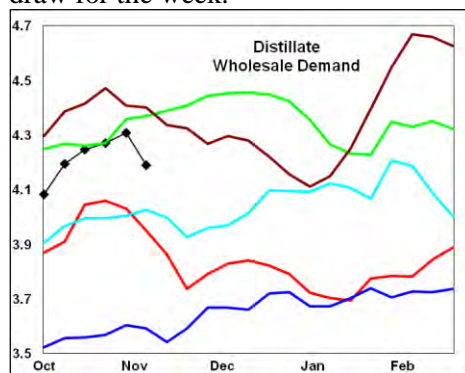
Poor refining margins (based on imported crude cost) may limit the rate of stock building, although, markets are likely to become very well supplied during the winter quarter.

Distillate demand fell -173,000 bpd last week, the first meaningful decline of the last 10-wks. The latest 4-wk average year-on-year demand growth was +208,000 bpd.

Production spiked +438,000 bpd last week, to a new record high level.

Production increased in all regional markets. The jump in output did not fully offset the robust demand and exports, leading to a -2.1 million barrel stock draw for the week. Stock levels ended the week -25 million barrels below last years' record high.

The latest 4-wk stock change in markets East of the Rockies was a draw of -14.4 million barrels, a record draw for the week.



Demand experienced the first meaningful pull back last week since early September. Even with a spike in production, the high level of demand and exports still caused a stock draw over -2 million barrels.

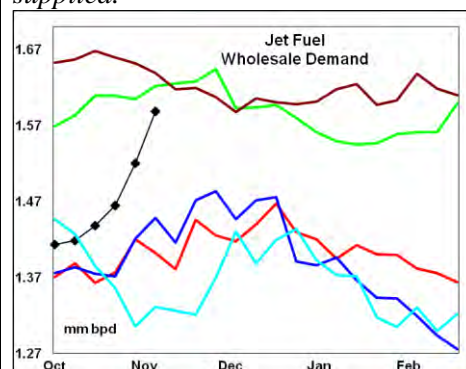
Expect additional increases in production during the next 30-days, which combined with a modest slowdown in demand, should limit stock draws through year end.

Jet Fuel demand increased +63,000 bpd last week, to a level sharply above the last 3-years. The latest 4-wk average demand was +74,000 bpd above last year.

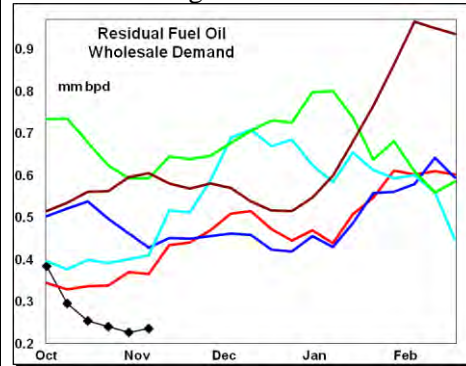
Supply decreased -50,000 bpd last week, on lower imports. Stocks fell -1.9 million barrels to a level below the last 2-years.

Production has dropped to levels

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



Residual fuel oil demand declined -48,000 bpd on the week, a level below the historic range.



Supply (production + imports) increased +63,000 bpd last week, on higher imports. The latest 4-wk average supply was +14,000 bpd above last year. Stock levels continue to match historic lows for the period.

Stock levels extended the longer term seasonal uptrend, driven by builds in the key Gulf Coast region. Stock levels in the Gulf are at the upper end of the historic range. Imports and production are also near the mid range; for balanced supply-demand in the region.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

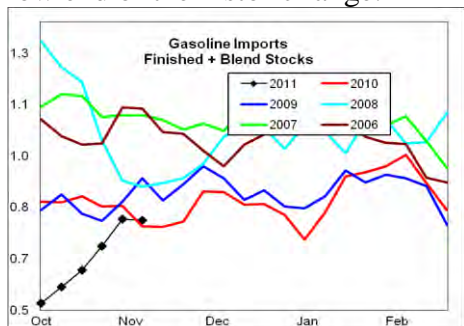
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -6,000 bpd on the week, with the level +356,000 bpd above a year ago.

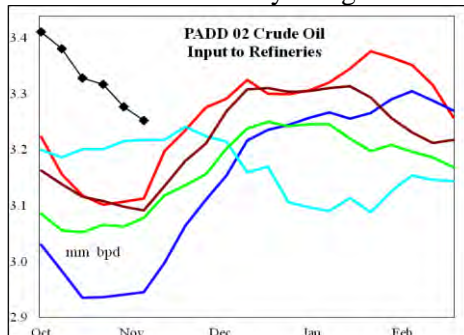
Gasoline supply reversed last weeks' plunge, rising +309,000 bpd on the week; with latest 4-wk average -36,000 bpd below a year ago. Imports increased +120,000 bpd on the week, to a level at the low end of the historic range.



Gasoline stocks increased +0.2 million barrels on the week, to a level that matched the mid range.

Distillate supply increased +41,000 bpd last week, with the latest 4-wk average +86,000 bpd above last year. Stocks increased +0.3 million barrels on the week, the first stock build of the last 60-days.

Jet fuel stocks decreased -0.8 million barrels on the week, to a level below the historic mid range. Production matched a year ago.



PADD 2 crude oil refinery runs increased +44,000 bpd last week, with the latest 4-wk average +212,000 bpd above a year ago, and a record high for this time of year. Crude imports increased +78,000 bpd, with the level +29% above last year. Crude oil

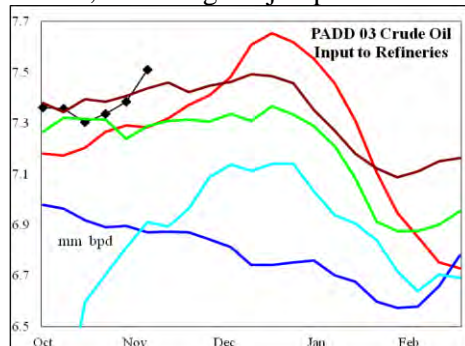
stocks decreased -0.7 million barrels on the week. Crude stock levels remain above the 5-year range.

Gasoline production reversed the prior week collapse, rising +222,000 bpd on the week. Stocks decreased -0.7 million barrels, a record low level for the last 5-years.

Distillate production increased +52,000 bpd, to a level above four of the last 5-years. Stocks decreased -0.7 million barrels to a record low level for the last 5-years.

Jet fuel production matched historic highs for the week. Stock levels remain +2.4% above the prior record high.

PADD 3 refinery runs jumped +263,000 bpd last week, a level just above the historic range. The latest 4-wk average thru put was +98,000 bpd above last year. Crude oil imports climbed +0.6 million bpd last week, limiting the stock draw to -1.3 million barrels, following the jump in runs.



Gasoline production decreased -75,000 bpd on the week. Stocks climbed +1.2 million barrels last week, to a level near 5-year highs.

Distillate production increased +259,000 bpd on the week, with the latest 4-wk average +121,000 bpd above the previous 5-year high. Stocks decreased -1.7 million barrels, with the level -7.5 million barrels below the historic high for this time of year.

Jet fuel production increased +21,000 bpd on the week, to a level above the last 3-years. Stocks declined -0.5 million barrels to a level above the mid range.

Residual fuel oil supplies increased +54,000 bpd on the week, due to

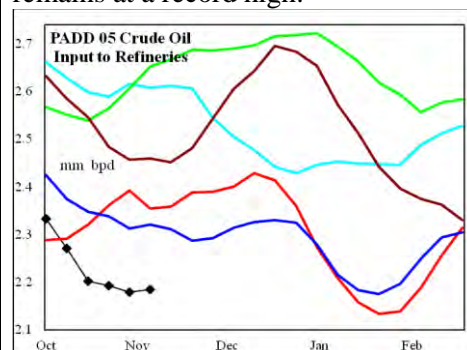
higher imports. Stocks increased +0.4 million barrels, to a level at the upper end of the historic range.

PADD 4 refinery crude runs decreased -13,000 bpd last week, with the most recent 4-wk average +26,000 bpd above a year ago. Run rates are now slightly above the last 3-years.

Gasoline production was nearly unchanged on the week, with the latest 4-wk average -30,000 bpd below last year. Stocks increased +0.2 million barrels to a level above the mid range.

Distillate production increased +13,000 bpd on the week, to a level above the historic range. Stock levels remain below the mid range.


PADD 5 crude oil refinery runs increased +57,000 bpd on the week, with the level below the 5-year range. The latest 4-wk average thru put was -193,000 bpd below last year. Light product yield % on crude oil runs remains at a record high.



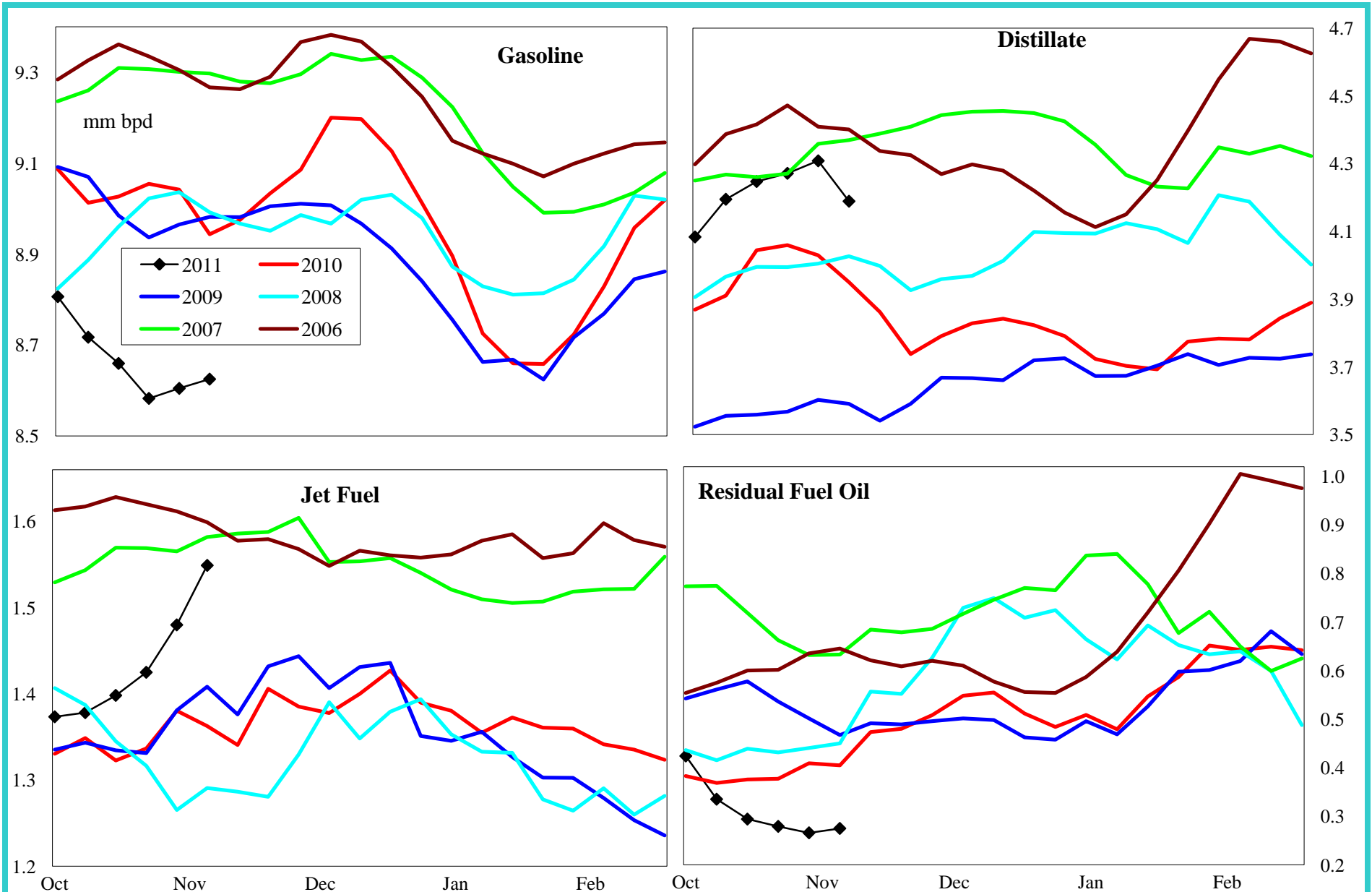
Gasoline production decreased -19,000 bpd last week to a level below the mid range. Supply (production + imports) for the latest 4-wk average was +21,000 bpd above last year. Stocks were unchanged on the week, at a level below the historic mid range.

Distillate supply increased +52,000 bpd on the week, with the level slightly below the mid range. The latest 4-wk average was -32,000 bpd below a year ago. Stocks were nearly unchanged on the week, at a level near 5-year lows.

Jet fuel supply fell -70,000 bpd on the week, to a level below the 5-year range. Stocks decreased -0.4 million barrels to a level also below the mid range.

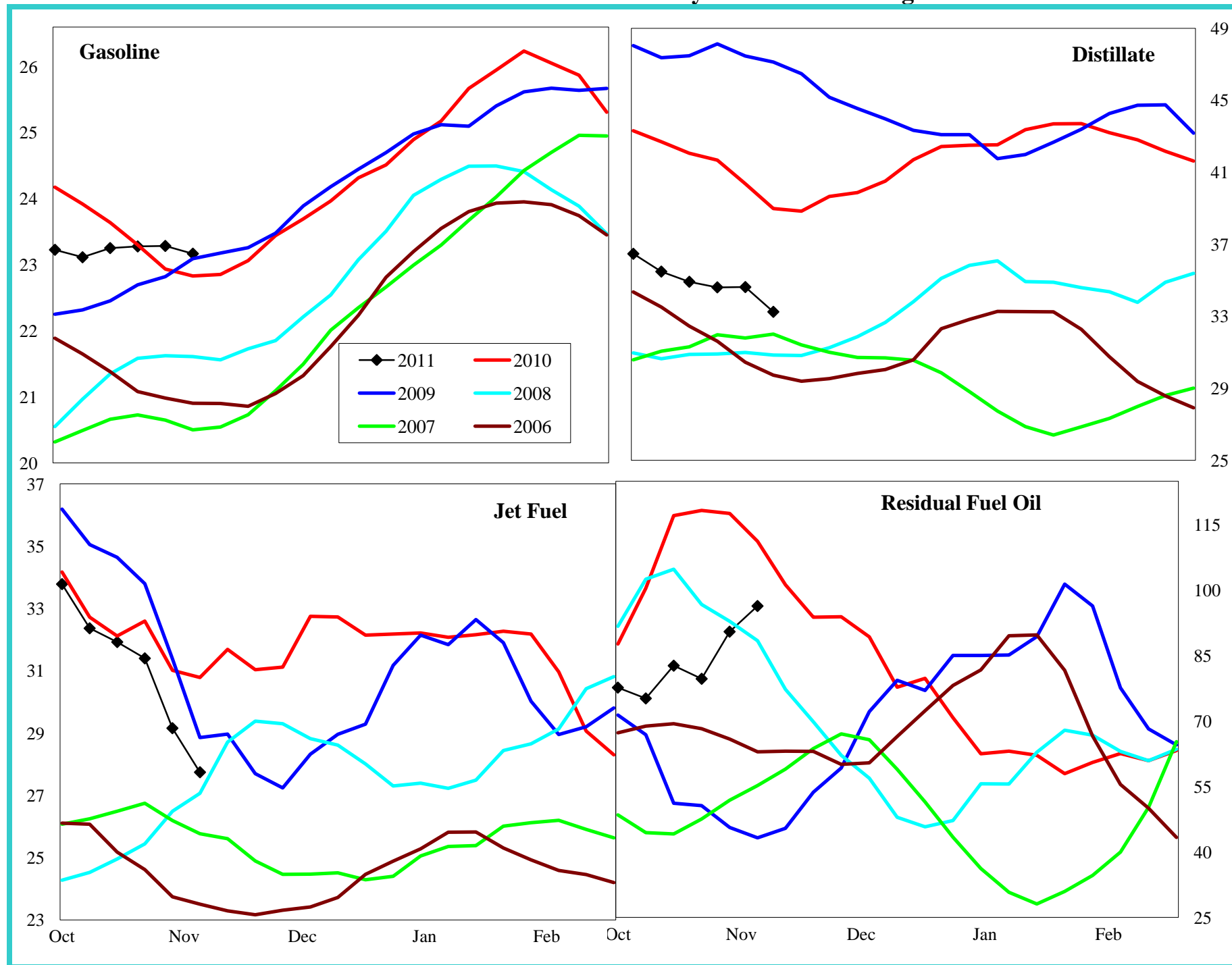
|  FUNDAMENTAL PETROLEUM TRENDS | | PETROLEUM: Graph Link and Weekly Summary | | | | | |
|--|----------------------------------|--|--------------------------------------|------|--------|-------------------------|------|
| | | A Fundamental Petroleum Trends Weekly Report November 16, 2011 | | | | | |
| | | Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com | | | | | |
| Fundamental Trends | Wholesale Demand | Stocks Days Fwd Coverage | Refinery Utilization | | | Imports | |
| | | | | | | | |
| Supply/Demand Trends | 11-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 | -1,056 | 859 | -728 | -1,274 | -162 | 248 |
| | Imports | -53 | -258 | 78 | 602 | -79 | -397 |
| | Input | 344 | -6 | 44 | 263 | -13 | 57 |
| | % Utilization | 2.20 | | | | | |
| Gasoline | Stocks | 992 | 231 | -663 | 1,189 | 218 | 16 |
| | Production | 320 | 189 | 222 | -75 | 0 | -19 |
| | Imports | 12 | 120 | 3 | -120 | 0 | 9 |
| | Supplied | -46 | | | | | |
| Distillate | Stocks | -2,136 | 312 | -724 | -1,700 | 85 | -109 |
| | Production | 438 | 66 | 52 | 259 | 13 | 47 |
| | Imports | -20 | -25 | 0 | 0 | 0 | 5 |
| | Supplied | -173 | | | | | |
| Jet Fuel | Stocks | -1,919 | -805 | -219 | -521 | -2 | -374 |
| | Production | 8 | 15 | -4 | 21 | 0 | -22 |
| | Imports | -58 | -8 | 0 | -4 | 0 | -48 |
| | Supplied | 63 | | | | | |
| Residual Fuel Oil | Stocks | 713 | 163 | -22 | 423 | 16 | 133 |
| | Production | -28 | 0 | -13 | -14 | 0 | 0 |
| | Imports | 91 | 28 | 5 | 68 | 0 | -8 |
| | Supplied | -48 | | | | | |

United States Wholesale Petroleum Demand

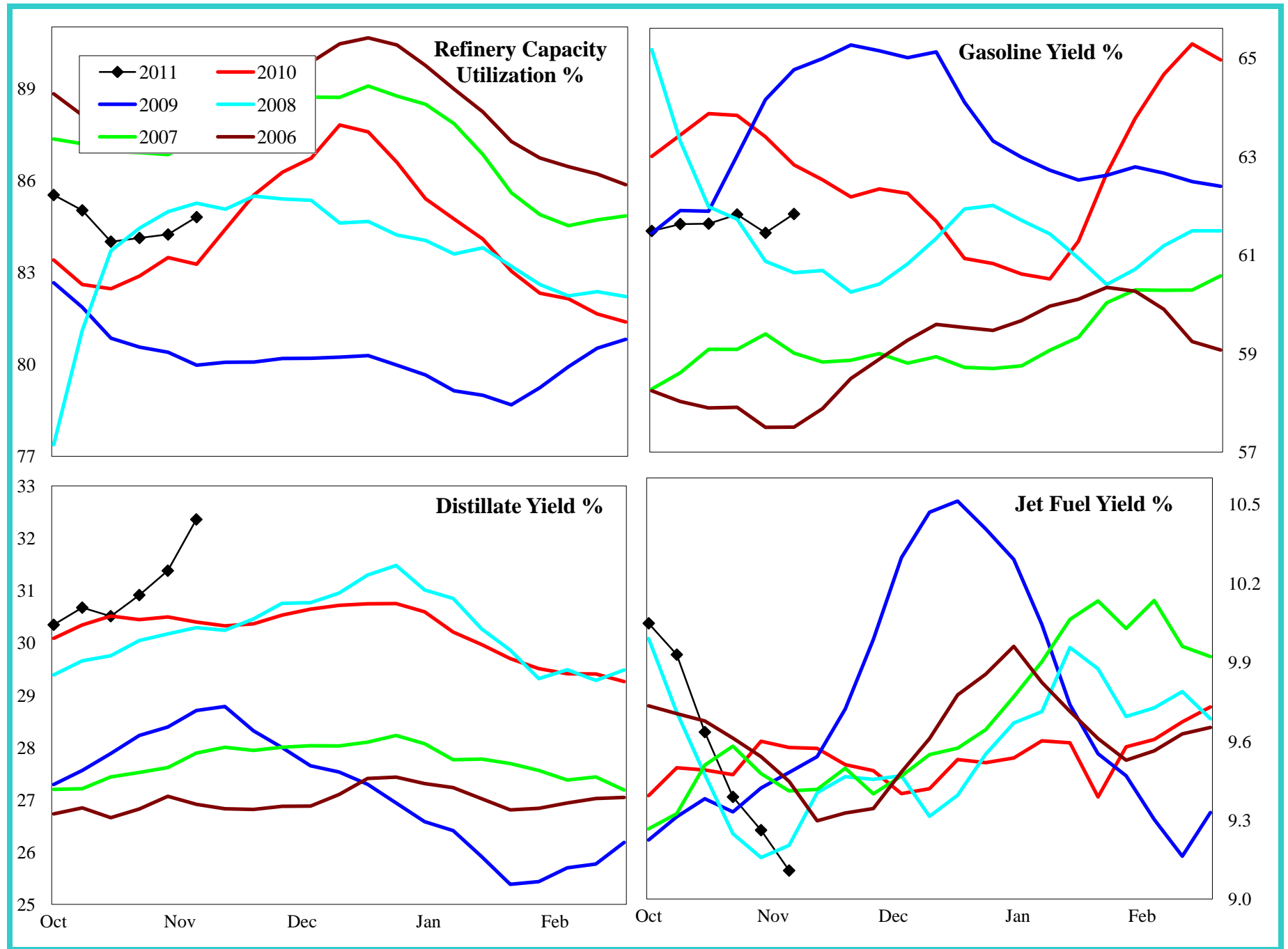


| | 000 bpd change from prior year | | | | % change from prior year | | | |
|-------------------|--------------------------------|------|------|------|--------------------------|-------|------|-------|
| | 4wk avg | Oct | Jan | Aug | 4wk avg | Oct | Sep | Aug |
| Gasoline | -517 | -444 | -205 | -158 | -5.7 | -4.9 | -2.2 | -1.7 |
| Distillate | 208 | 519 | -23 | 6 | 5.1 | 13.8 | -0.6 | 0.2 |
| Jet Fuel | 74 | 4 | -50 | 32 | 5.3 | 0.3 | -3.4 | 2.2 |
| Resid | -120 | -209 | 19 | -62 | -31.1 | -42.7 | 3.7 | -13.0 |

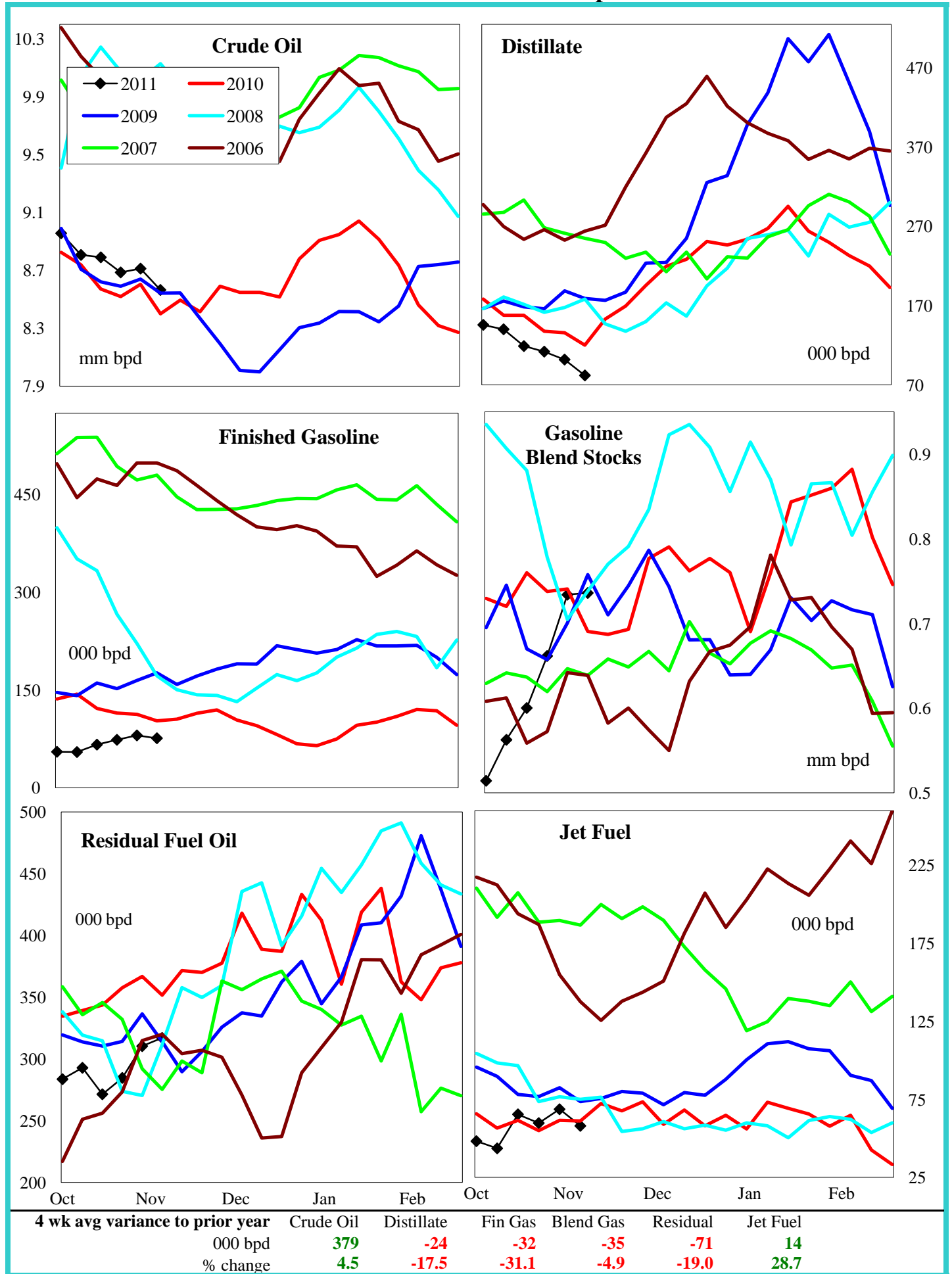


United States Product Stocks: Days Forward Coverage

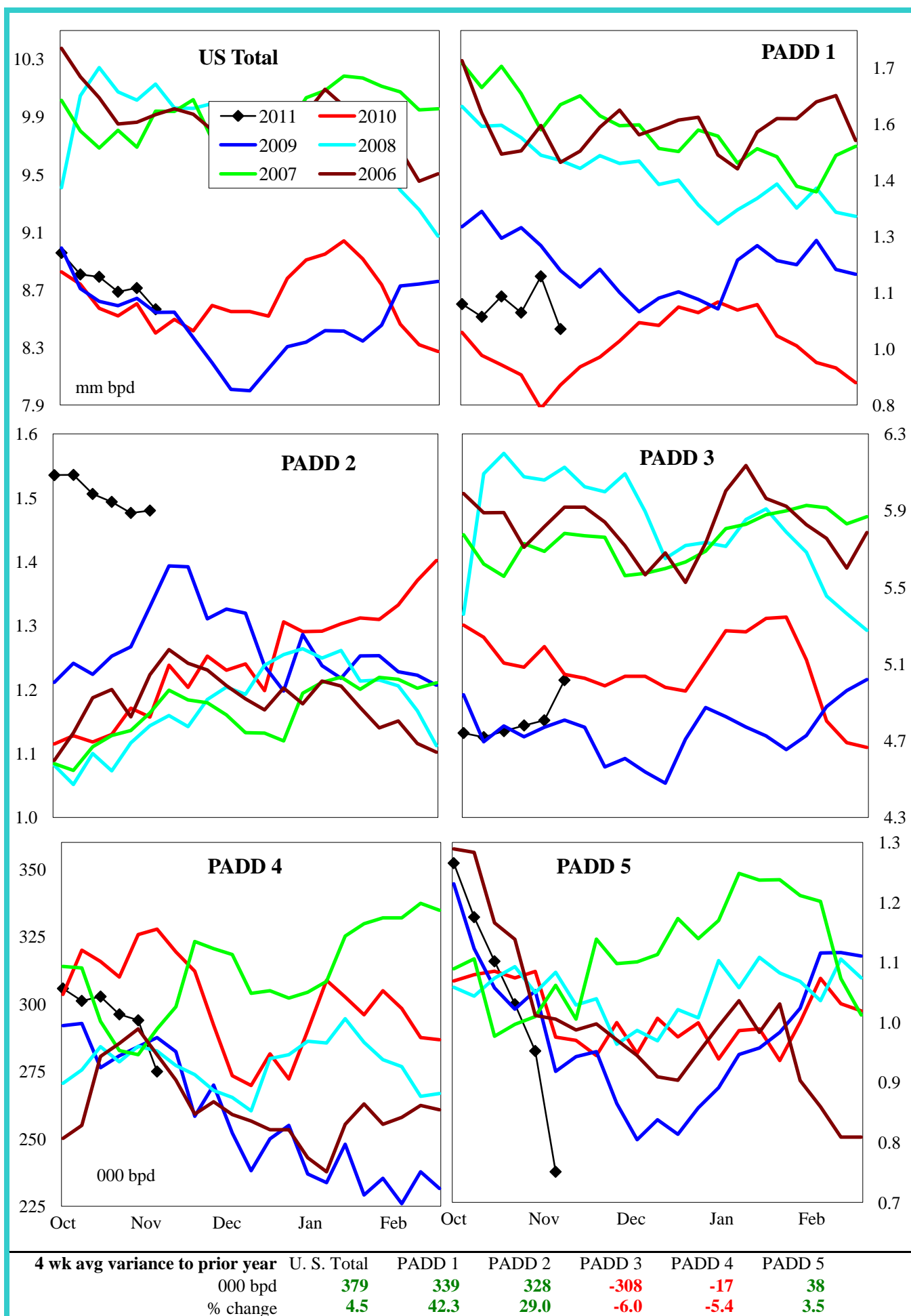
United States Refinery Percent Utilization Rate and Product Yields



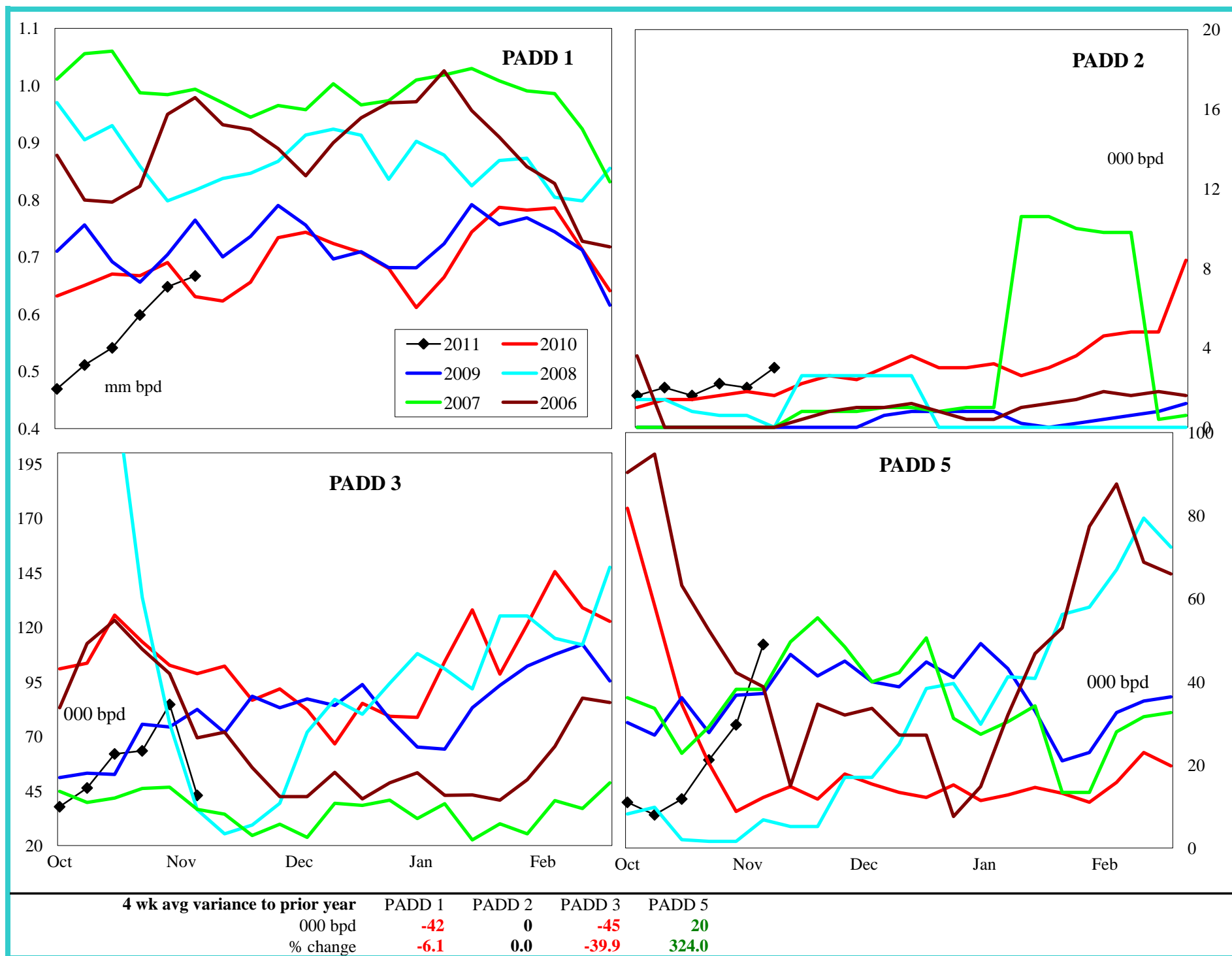
United States Petroleum Imports



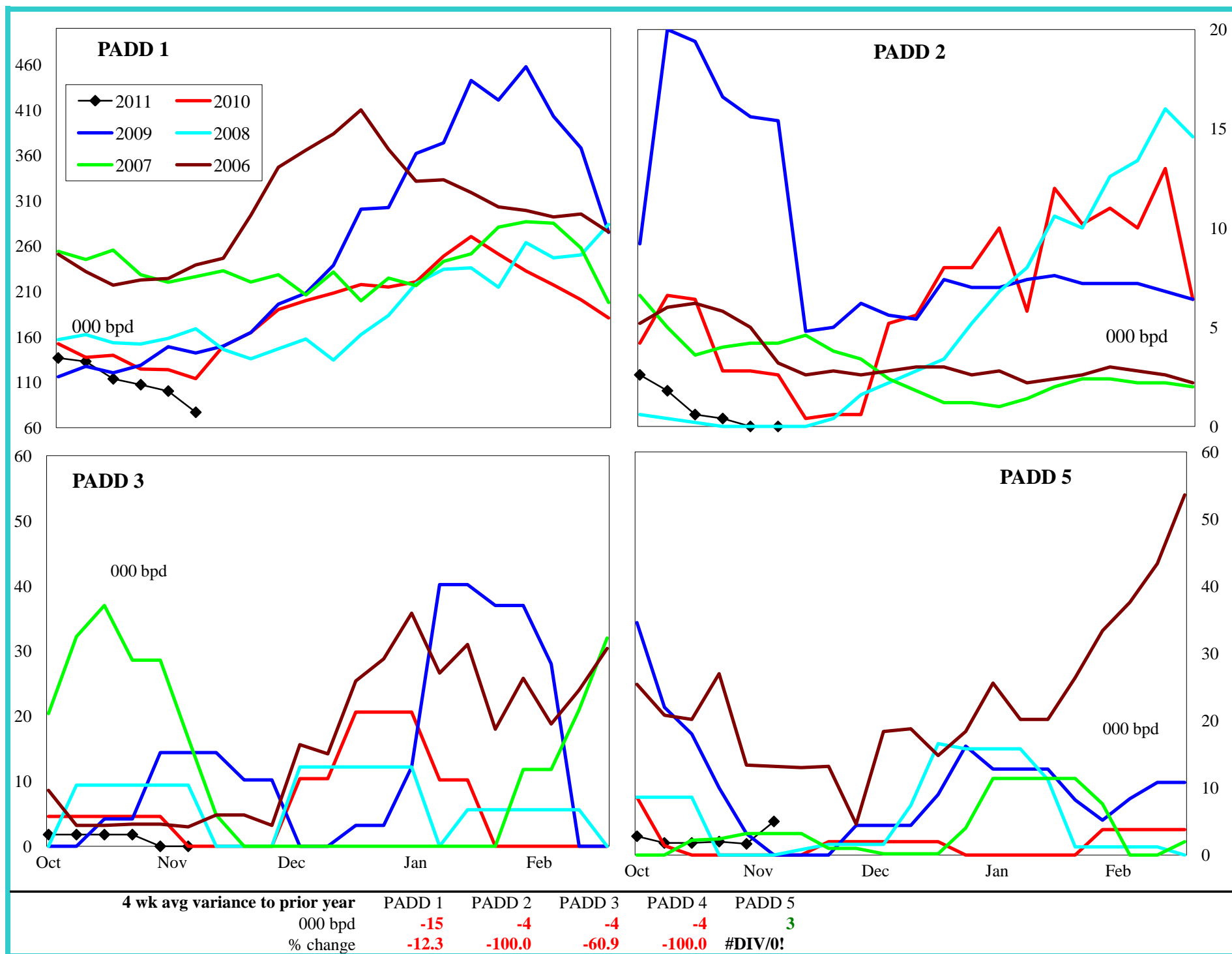
Crude Oil Imports by PADD



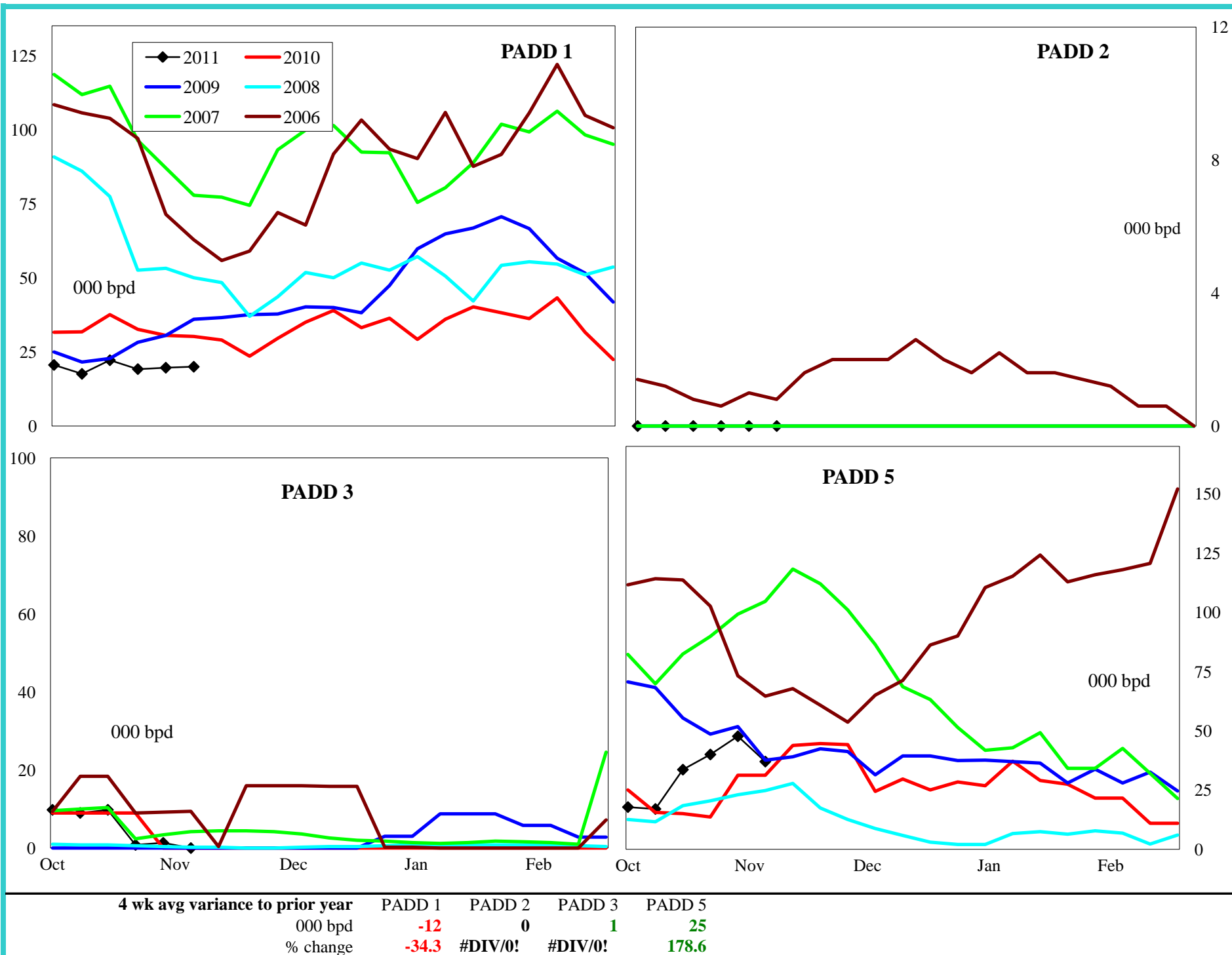
Gasoline Imports by PADD (Finished + Blend Stocks)



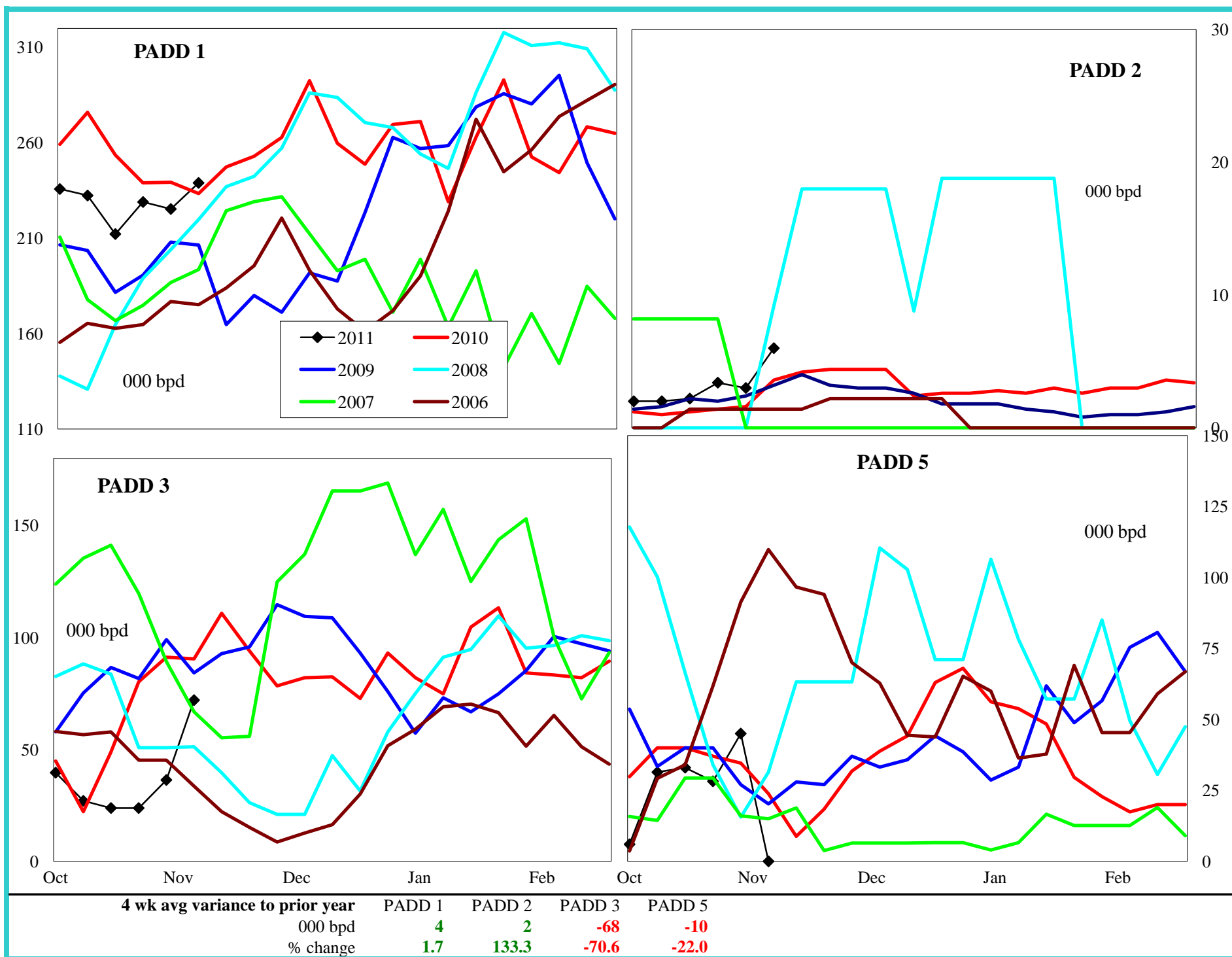
Distillate Imports by PADD



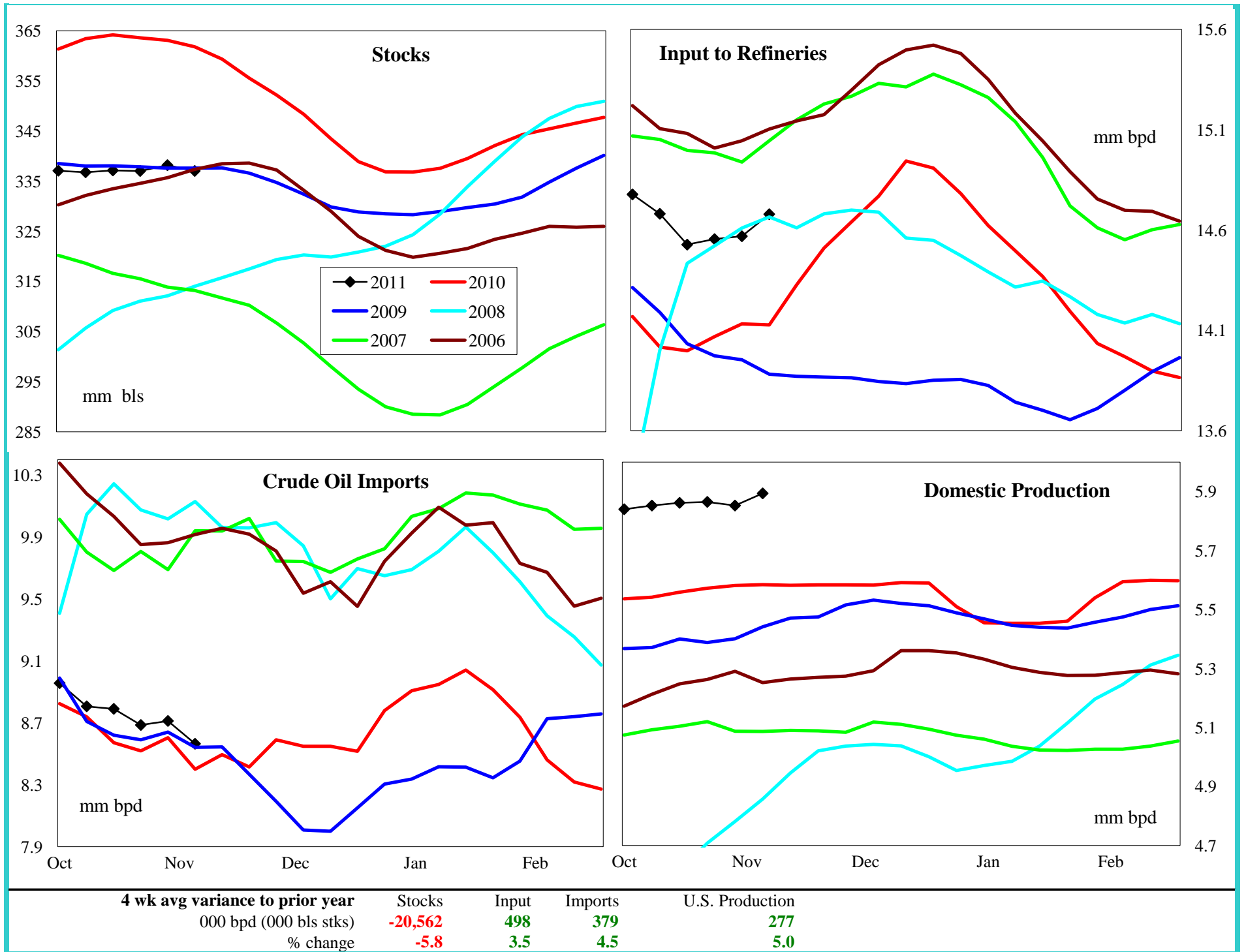
Jet Fuel Imports by PADD



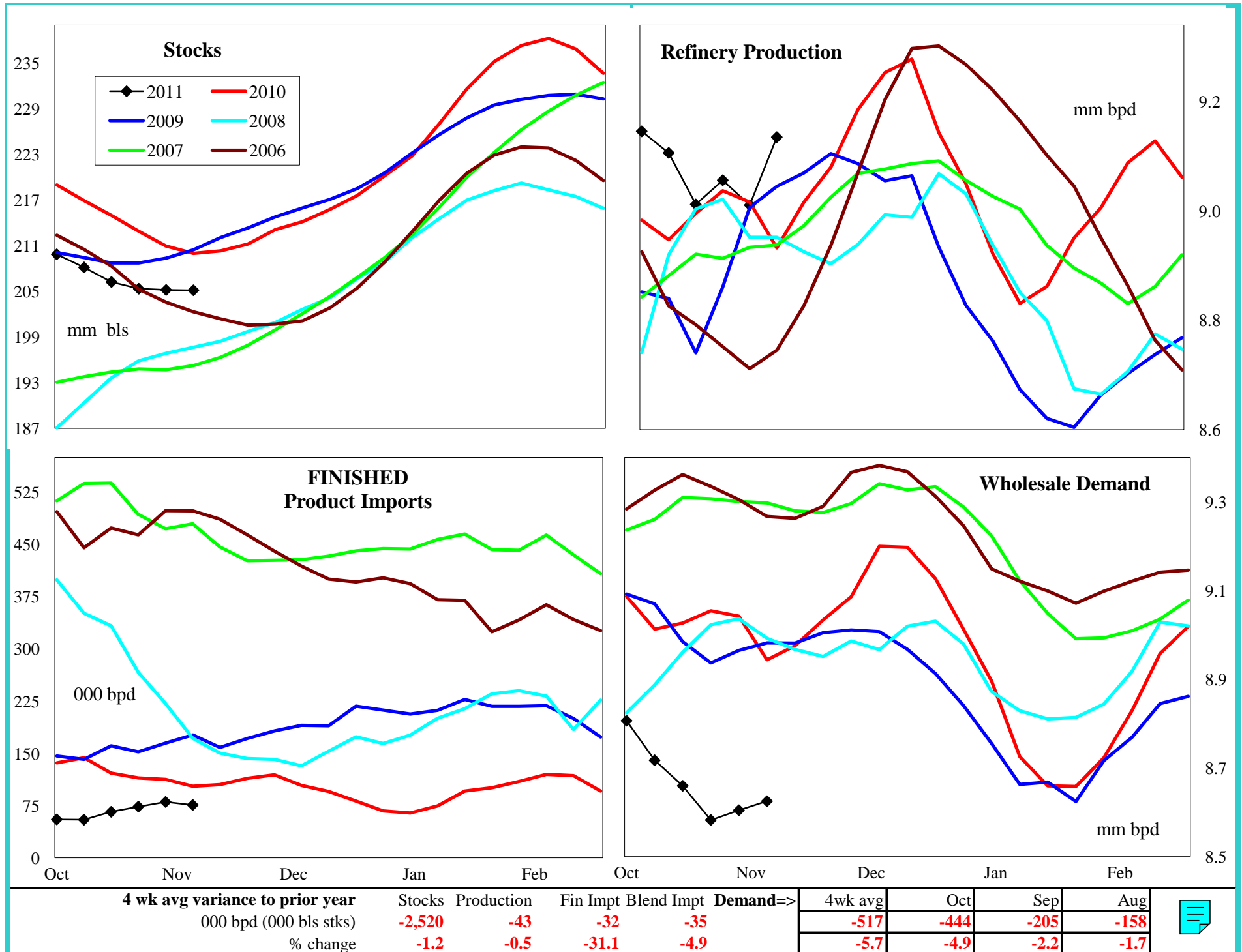
Residual Fuel Oil Imports by PADD



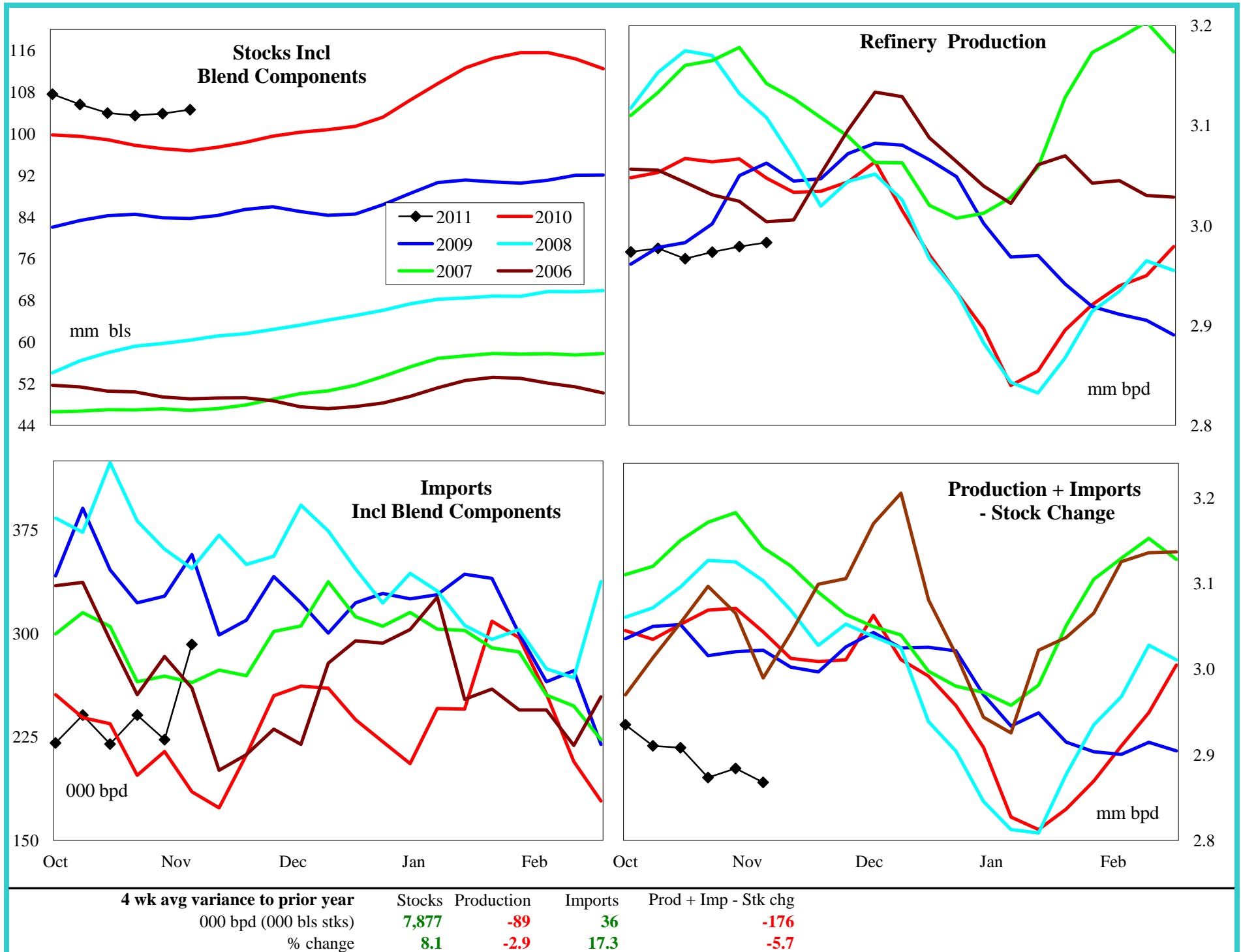
United States Crude Oil Supply and Demand Balance



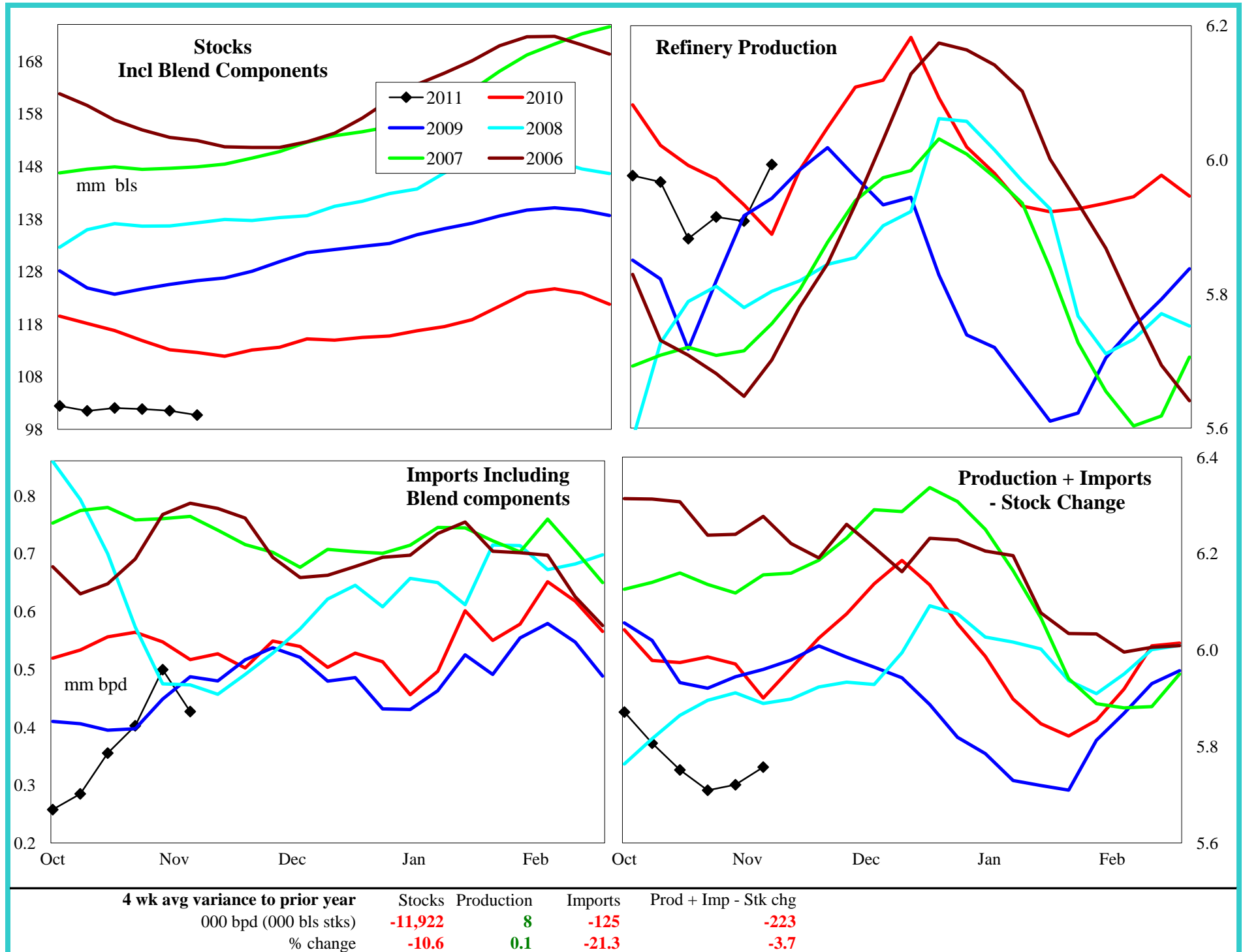
United States Gasoline Supply and Demand Balance



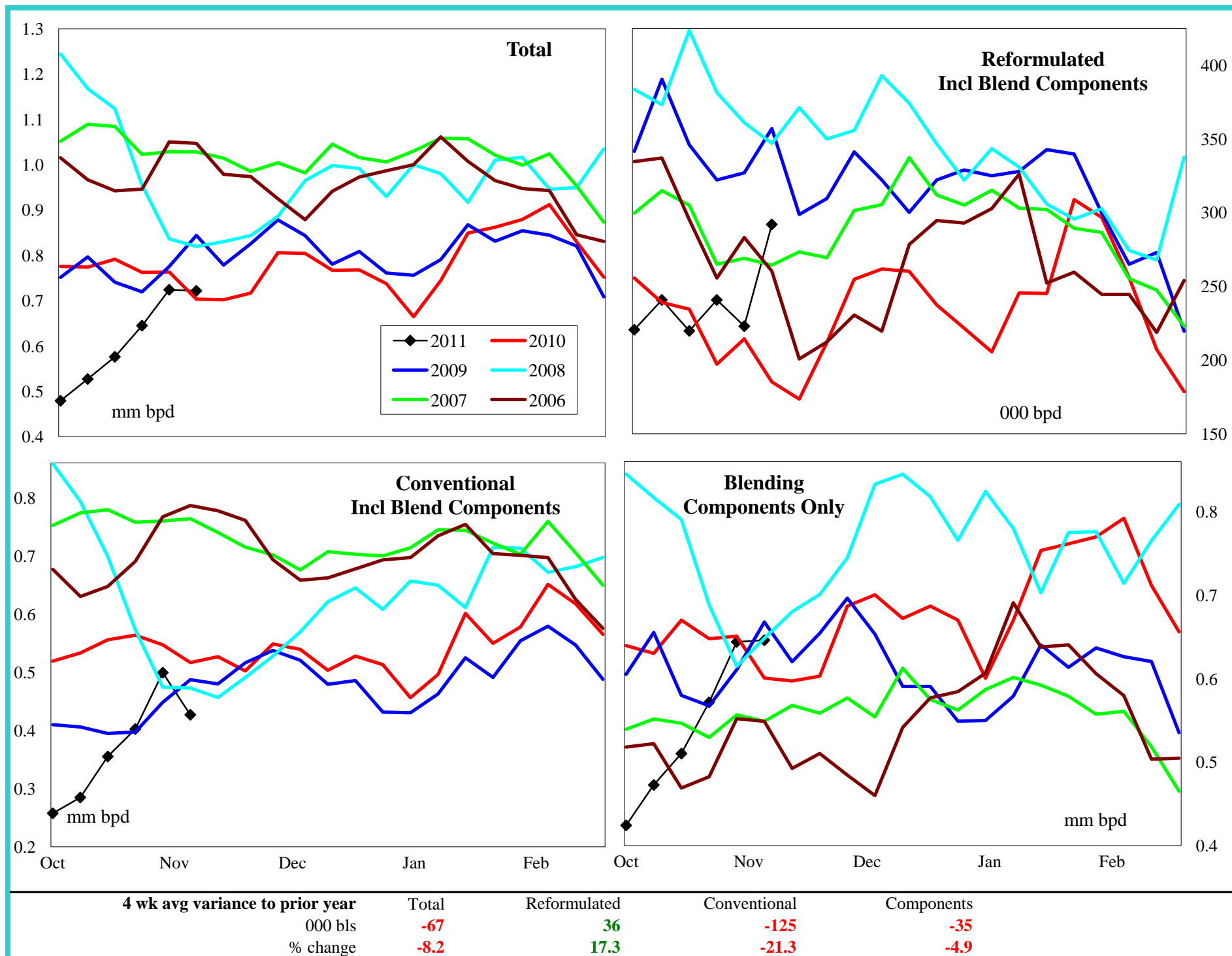
United States Reformulated Gasoline Supply



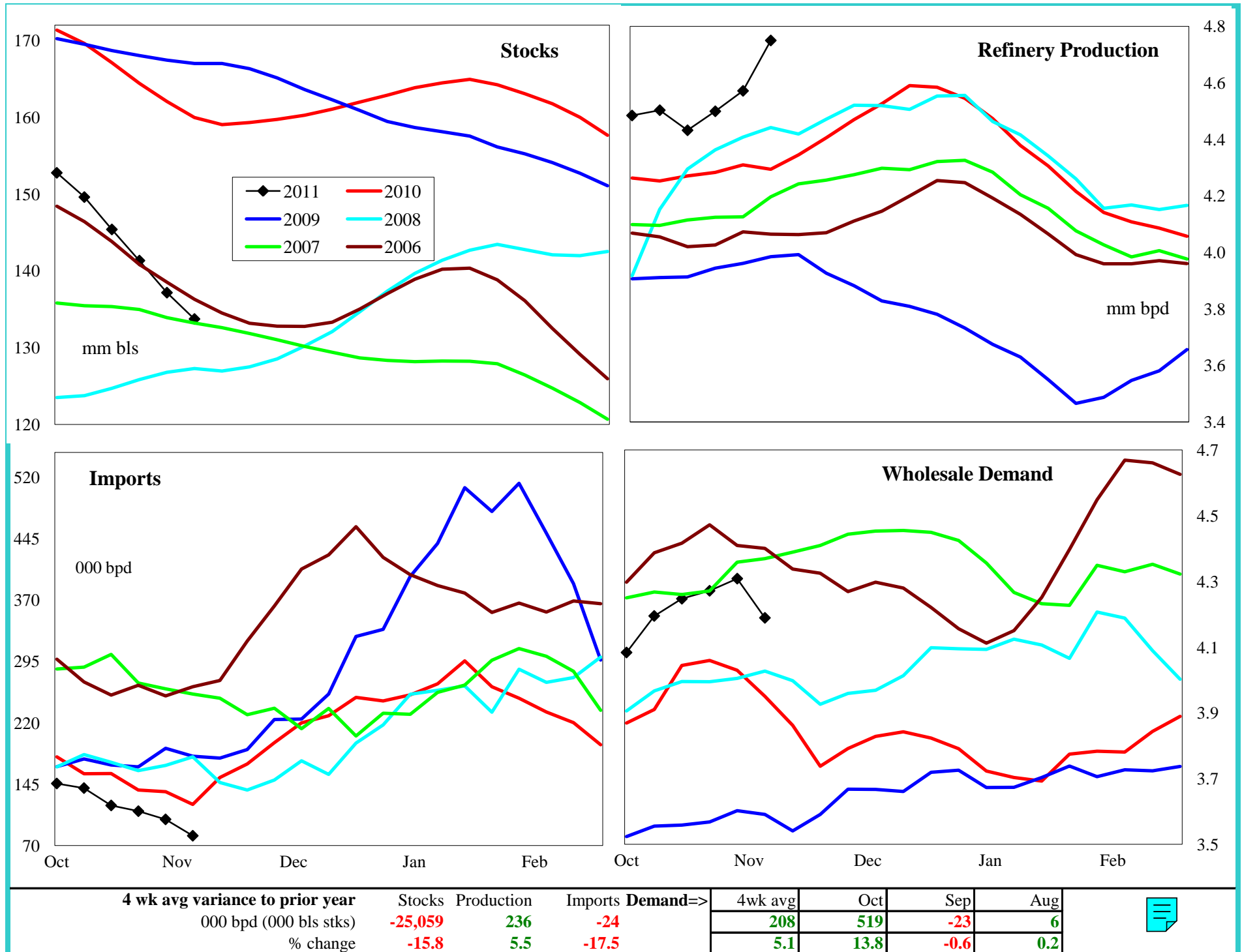
United States Conventional Gasoline Supply



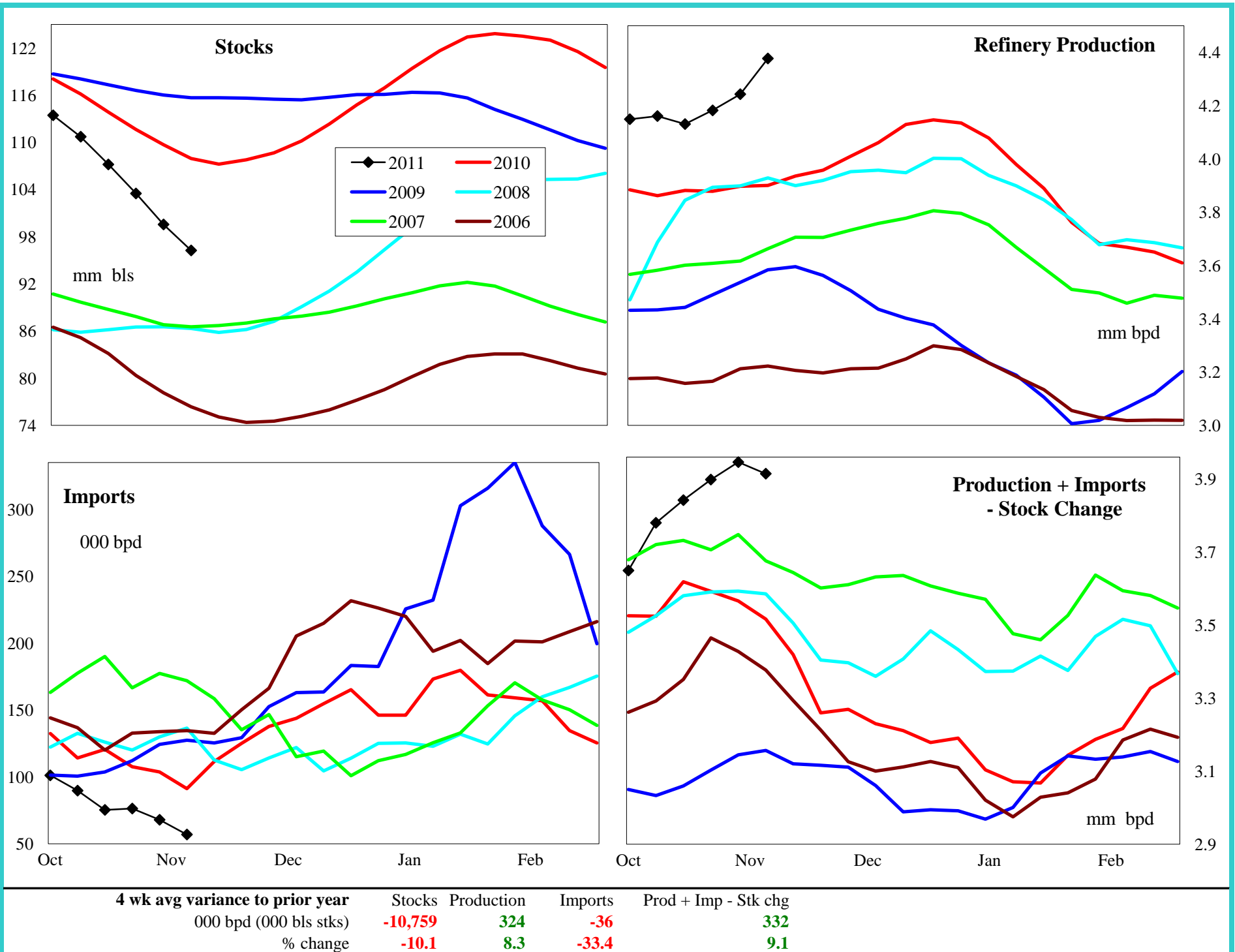
United States Gasoline Imports by Type



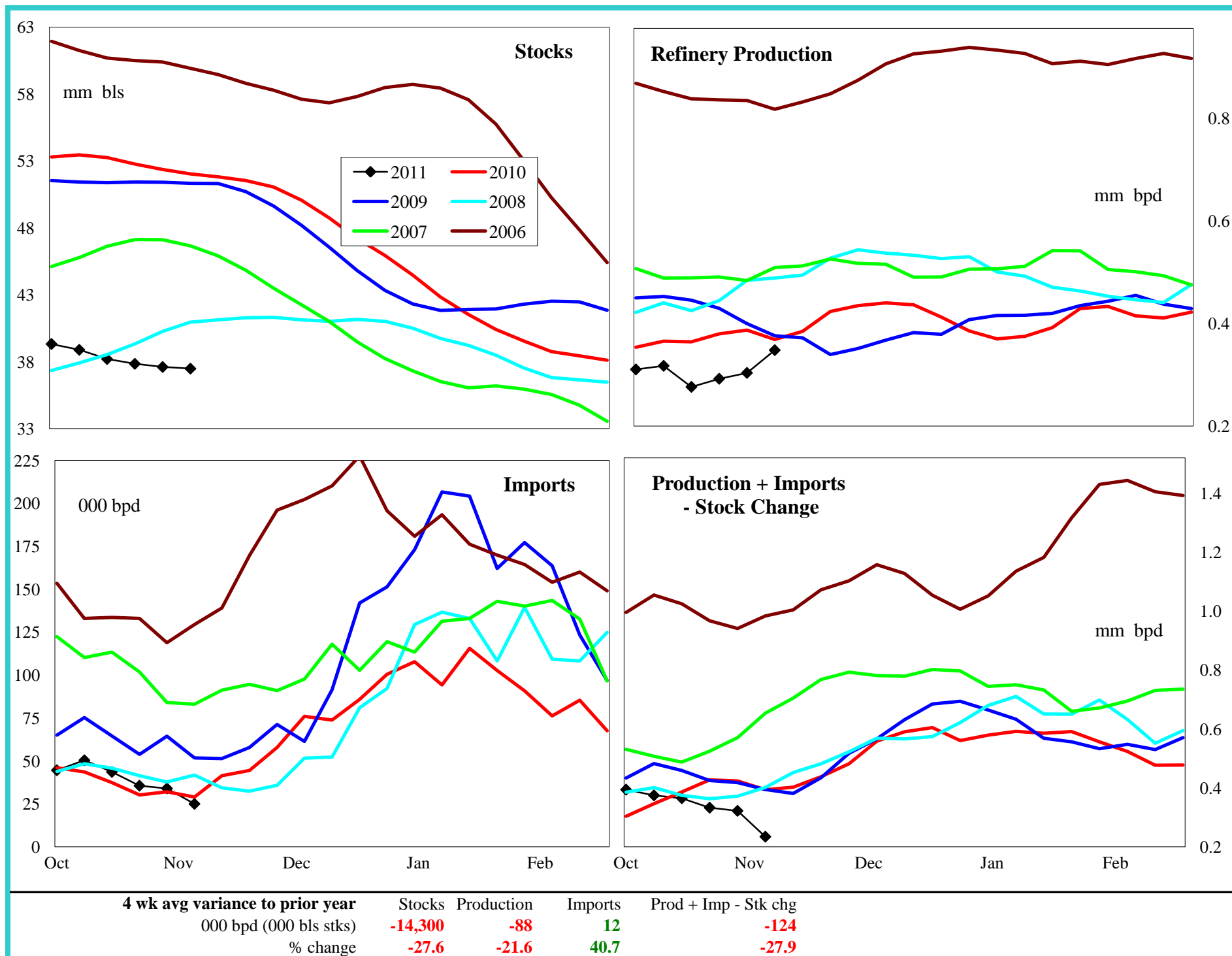
United States Distillate Supply and Demand Balance



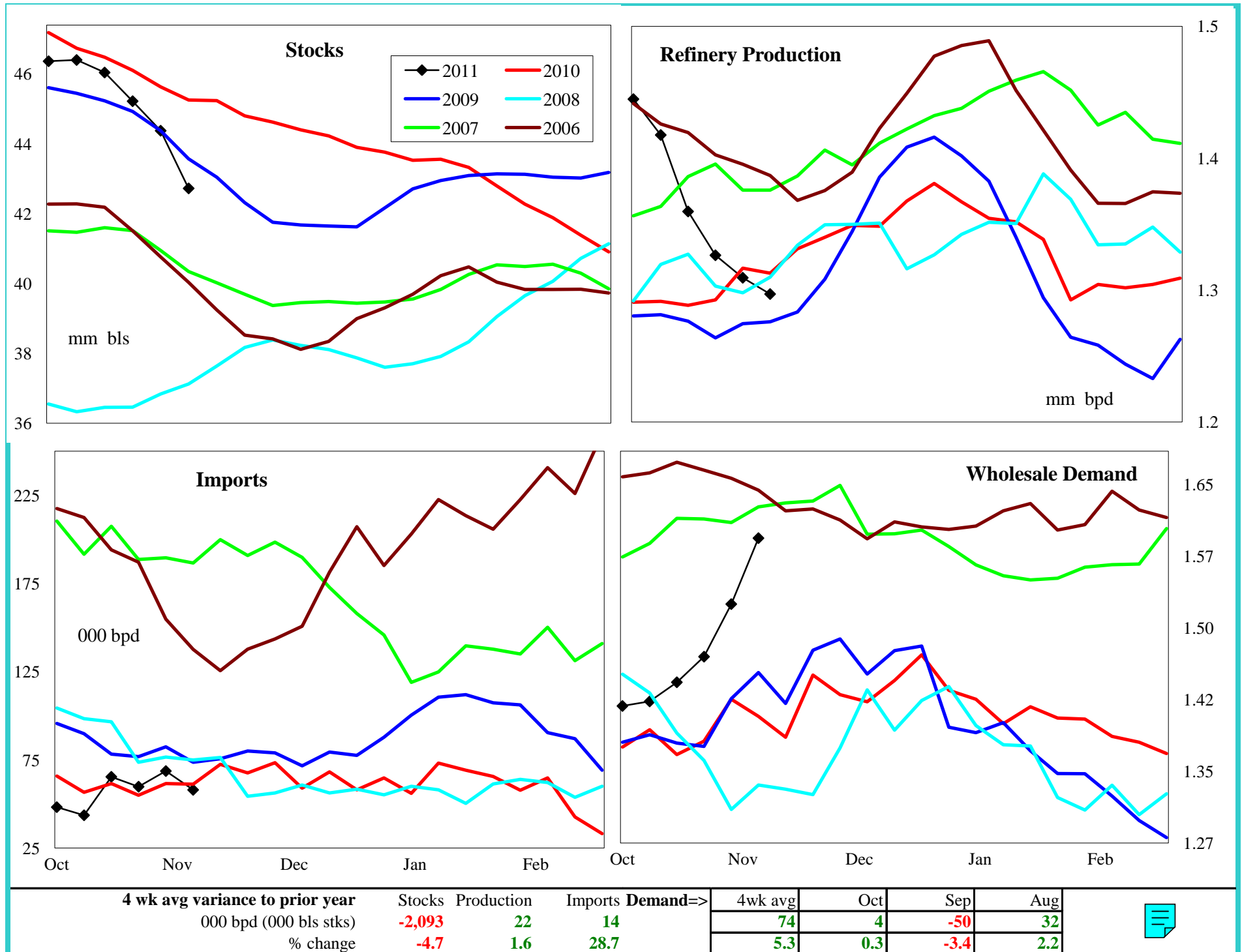
United States Low Sulfur Distillate Supply



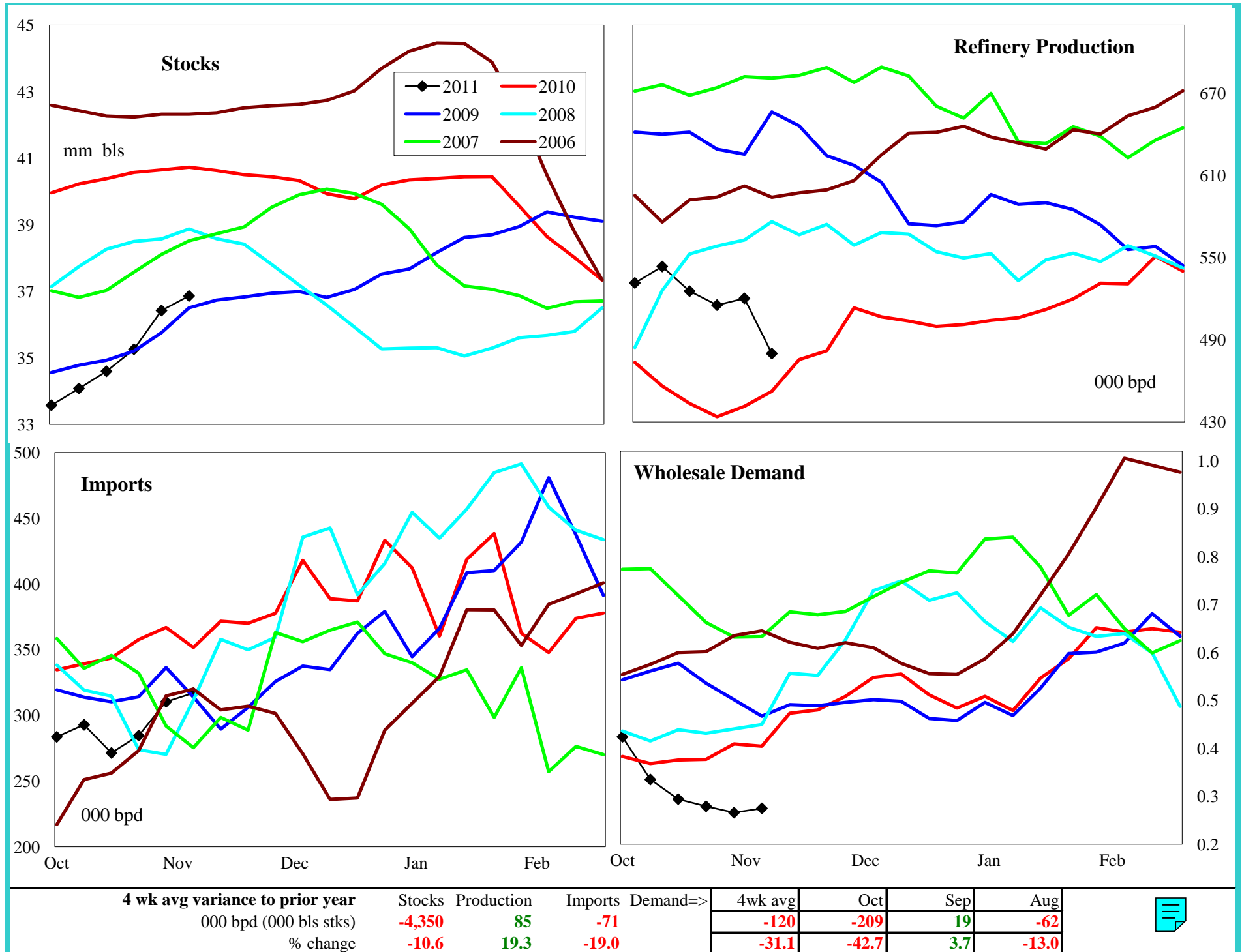
United States High Sulfur Distillate Supply



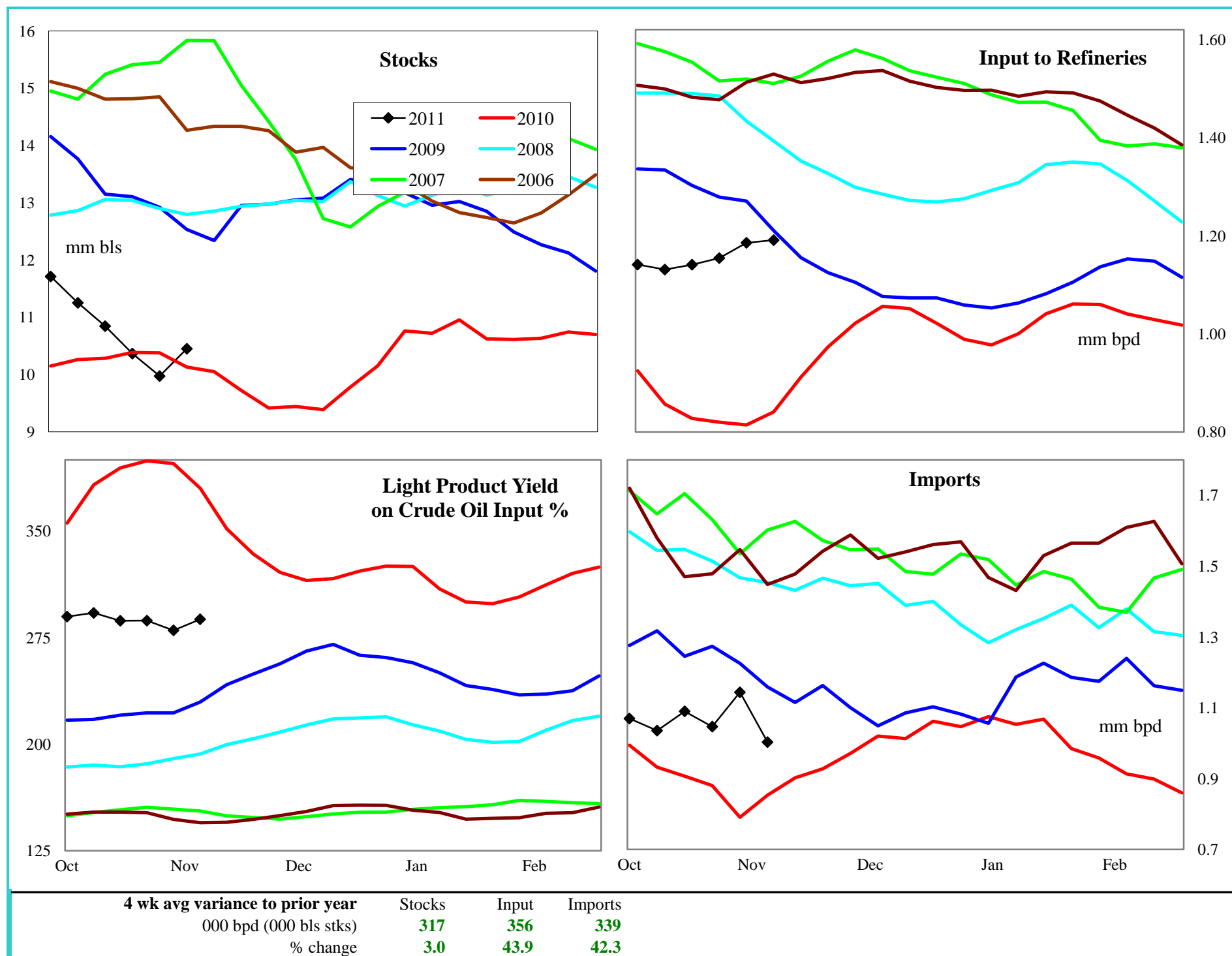
United States Jet Fuel Supply and Demand Balance



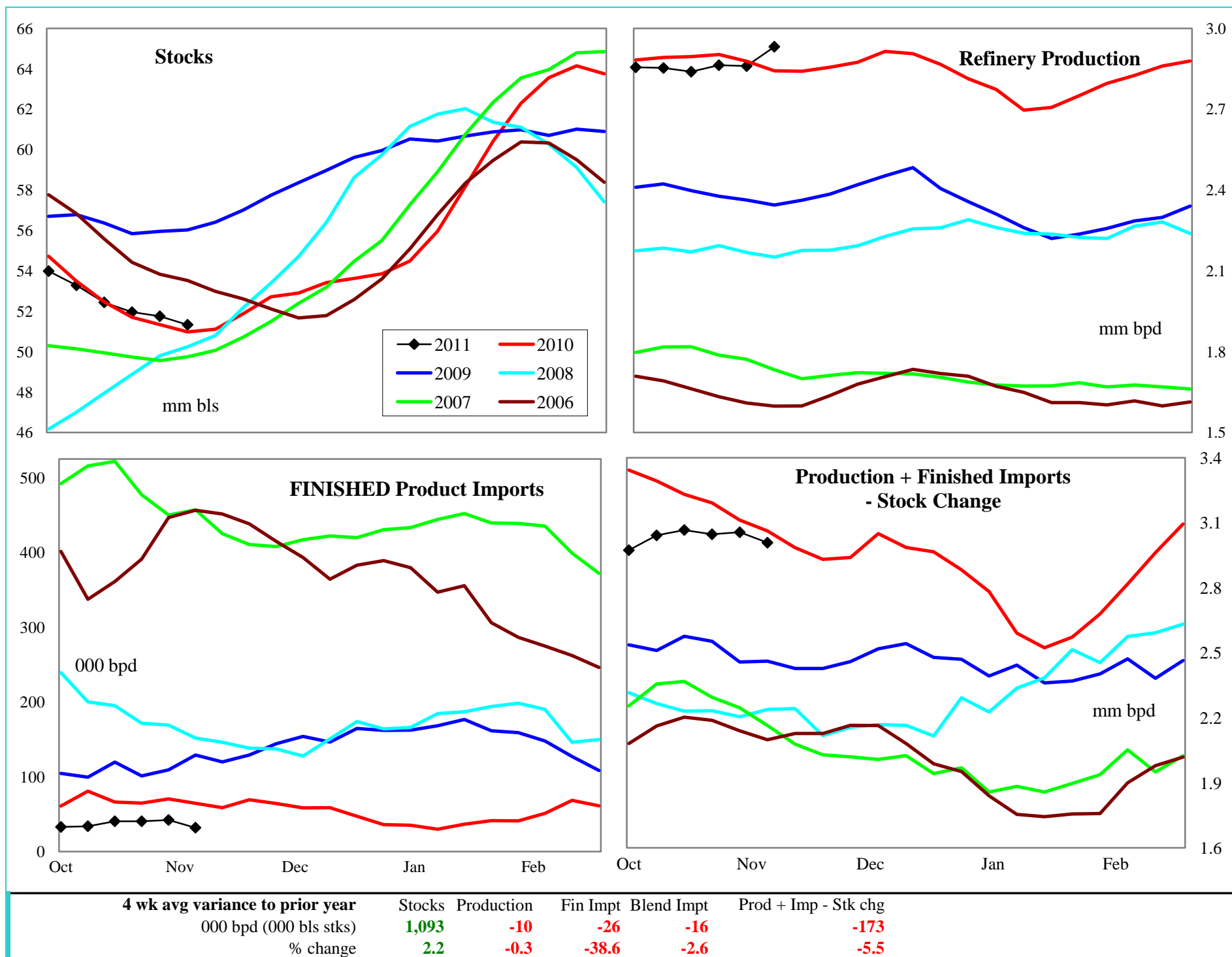
United States Residual Fuel Oil Supply and Demand Balance



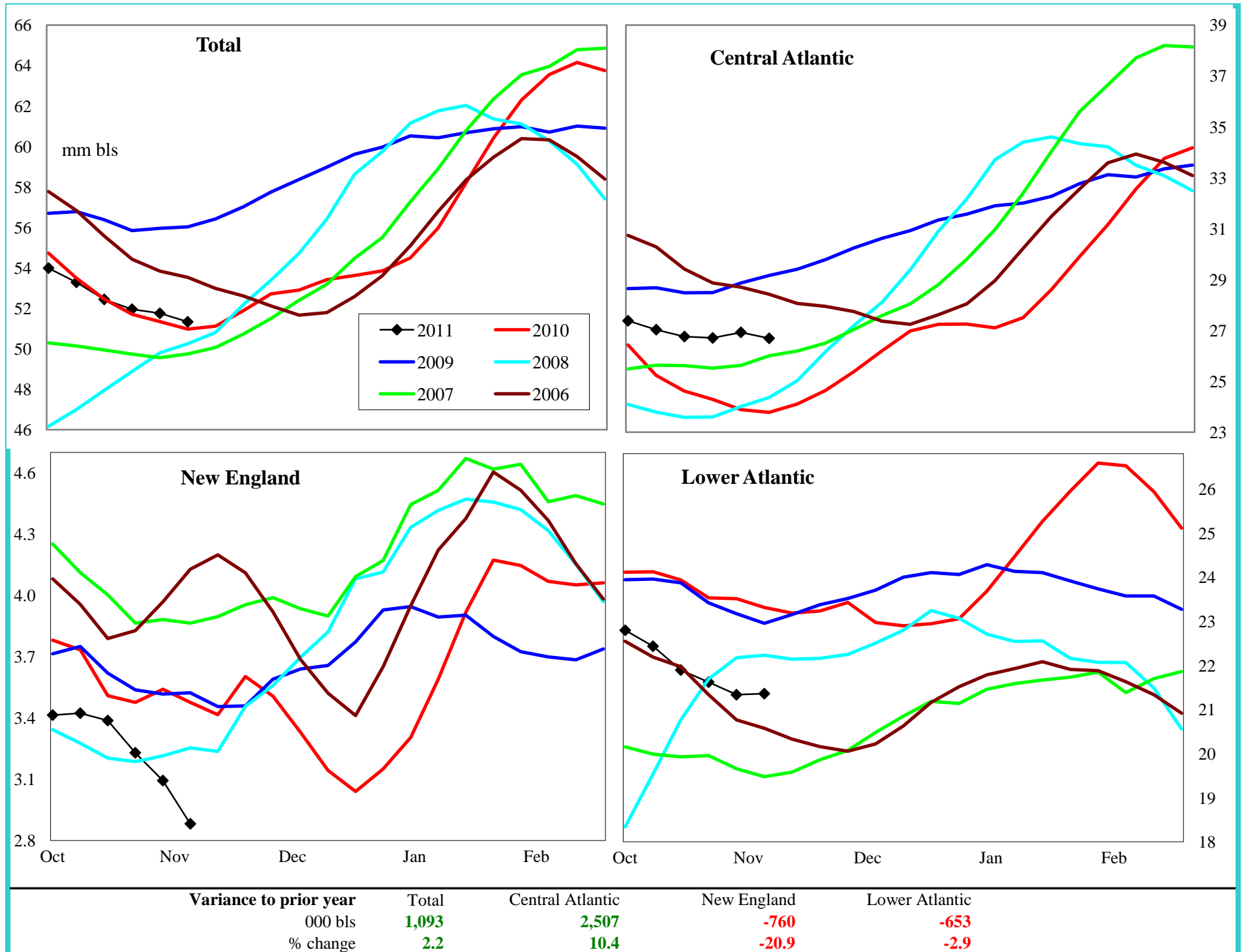
PADD 1 Crude Oil Supply and Refining



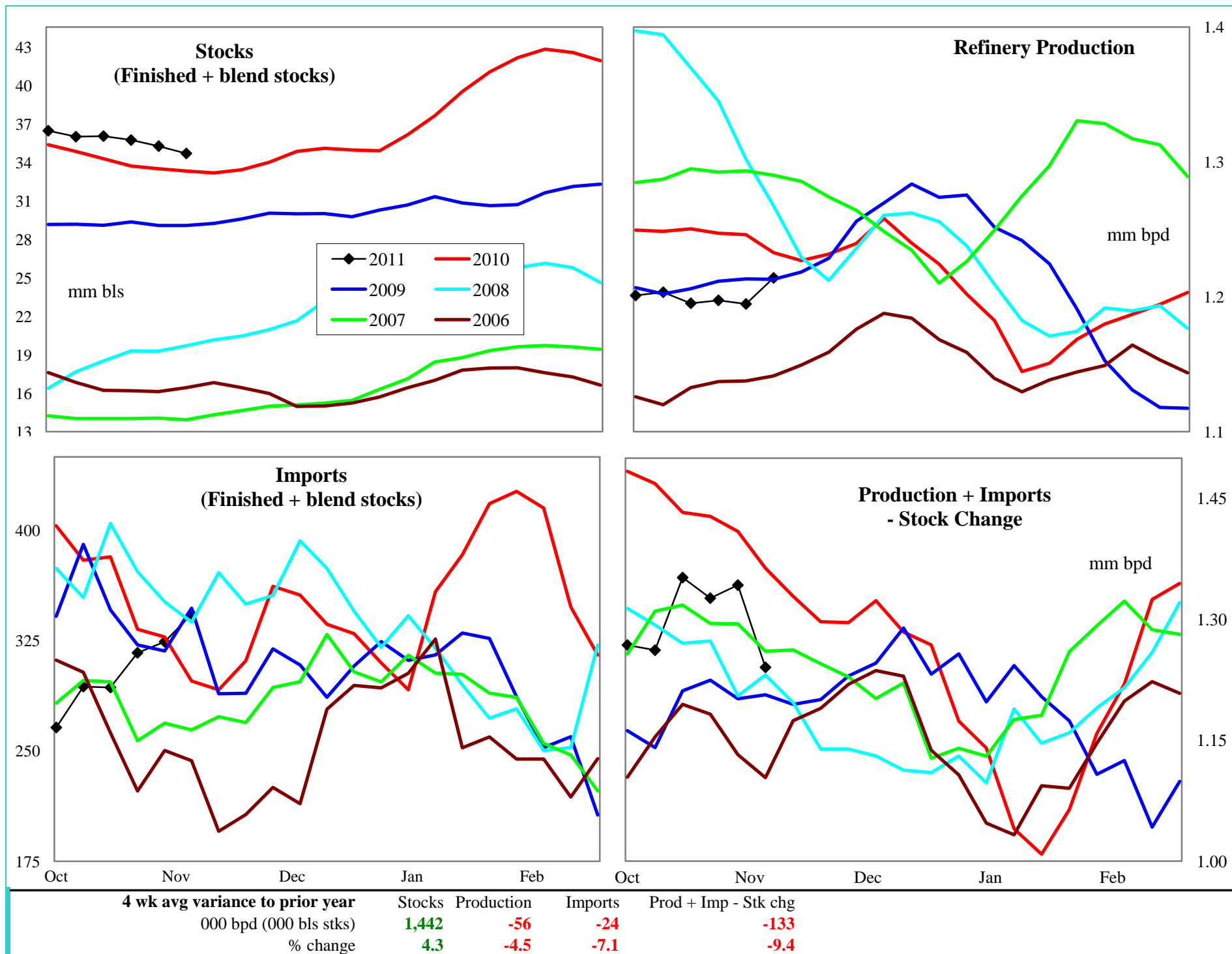
PADD 1 Gasoline Supply



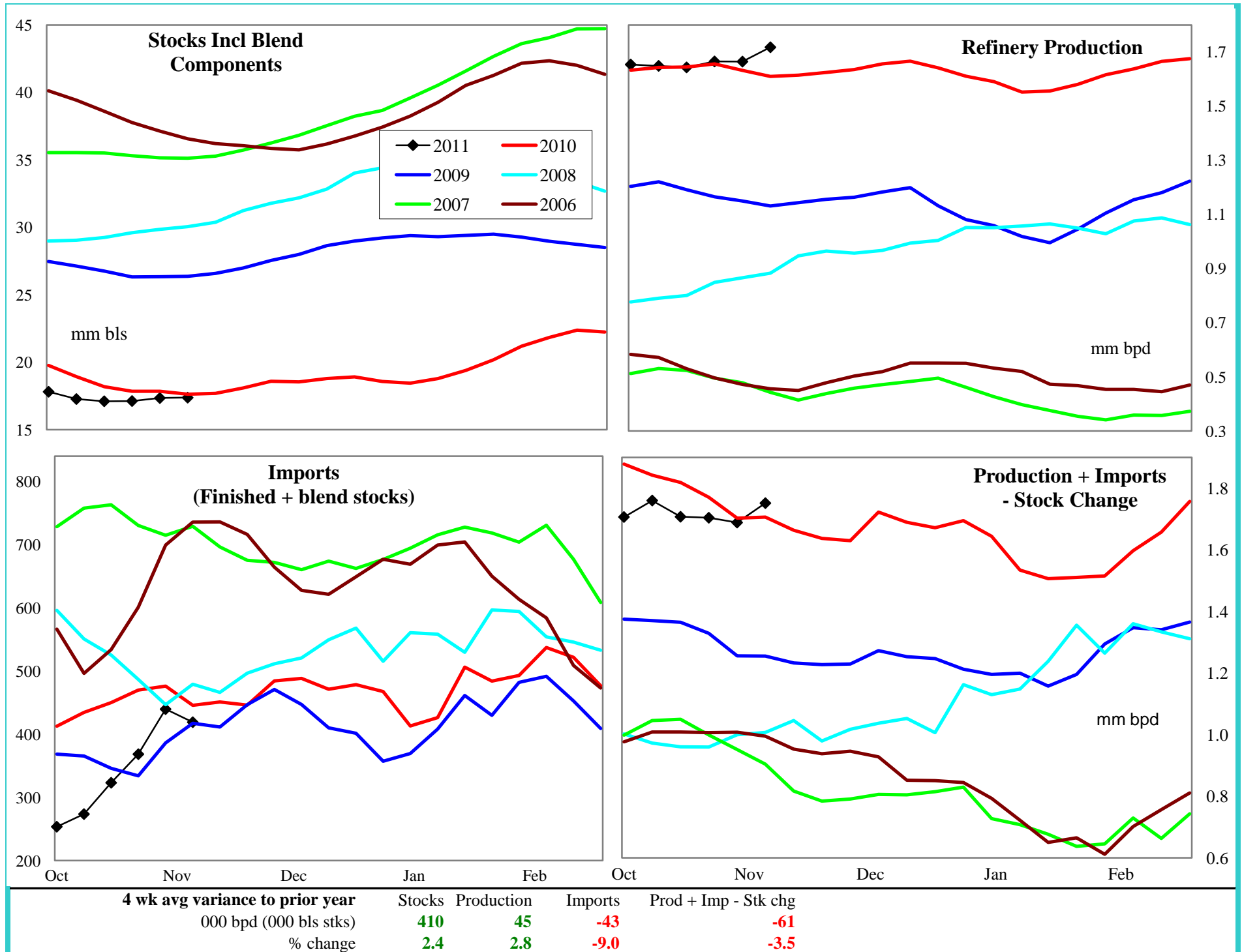
PADD 1 Gasoline Stocks by Region



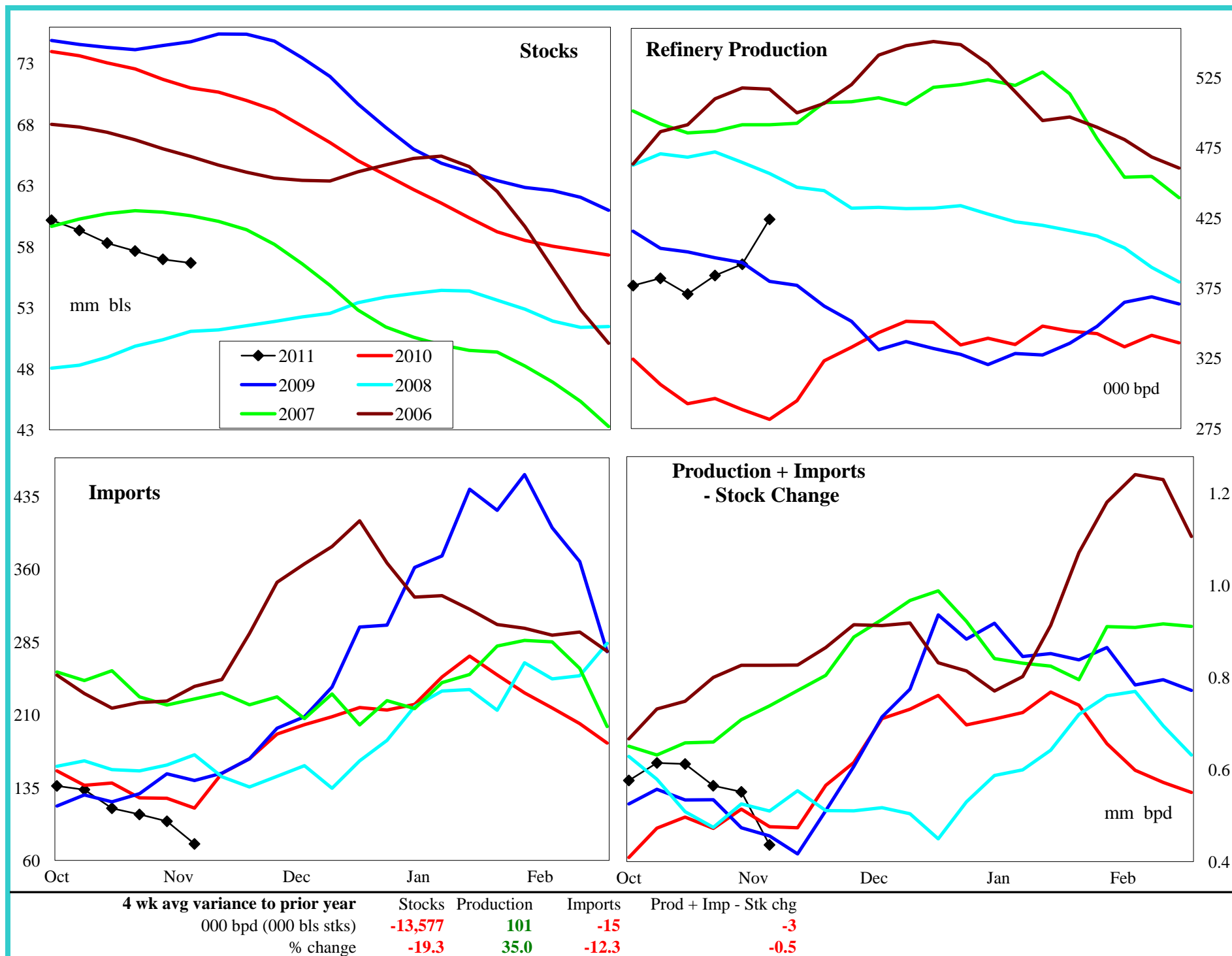
PADD 1 Reformulated Gasoline Supply



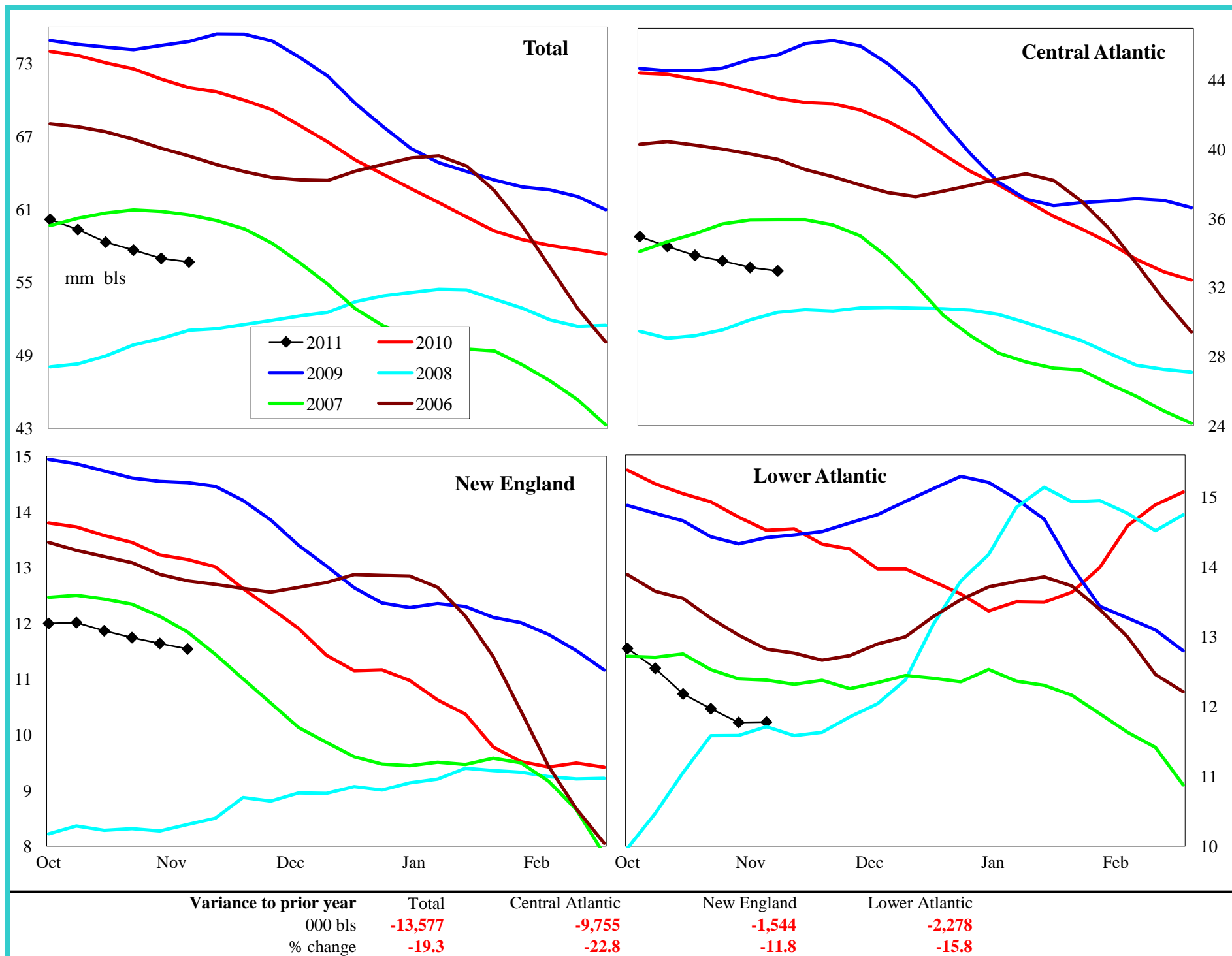
PADD 1 Conventional Gasoline Supply



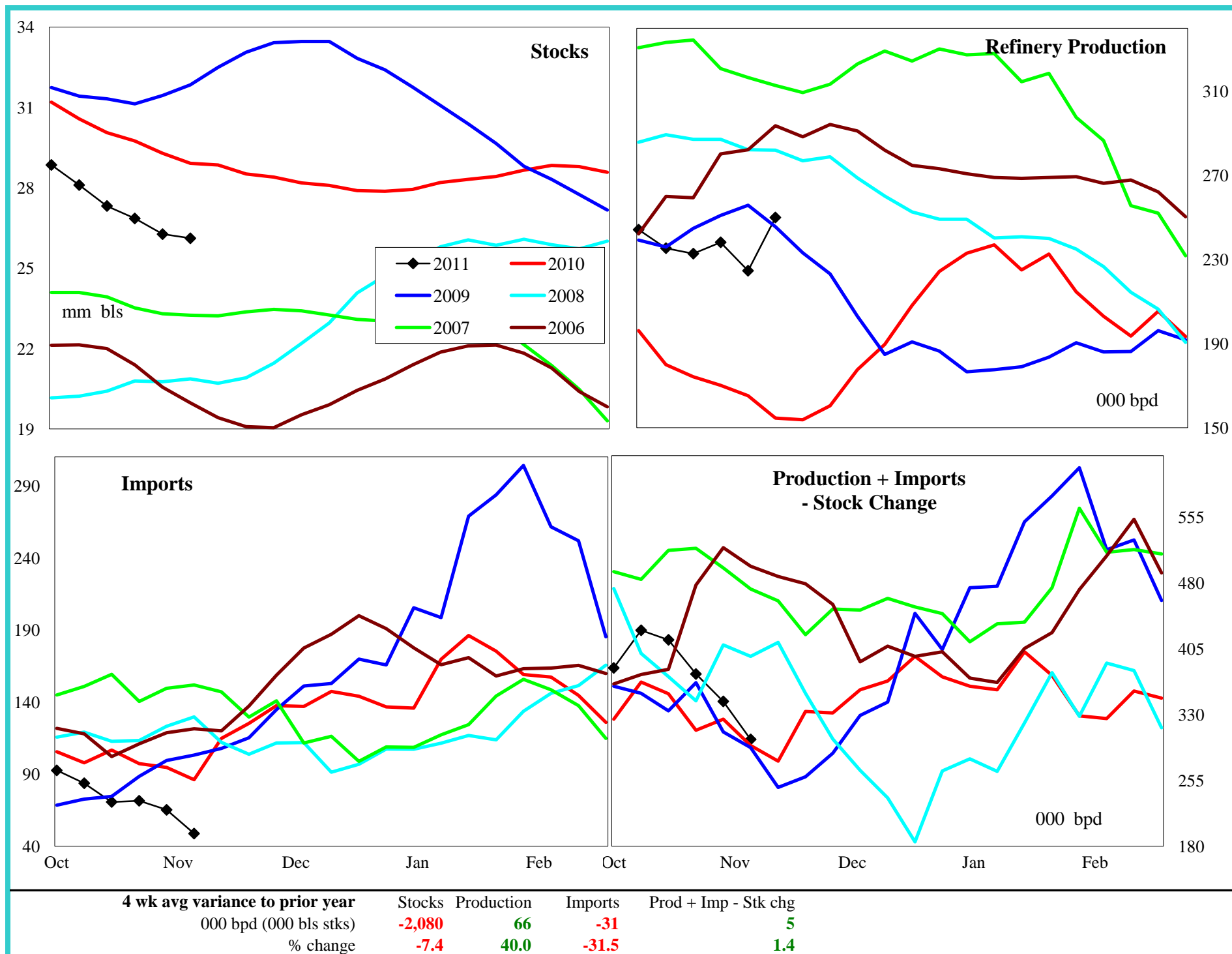
PADD 1 Distillate Supply



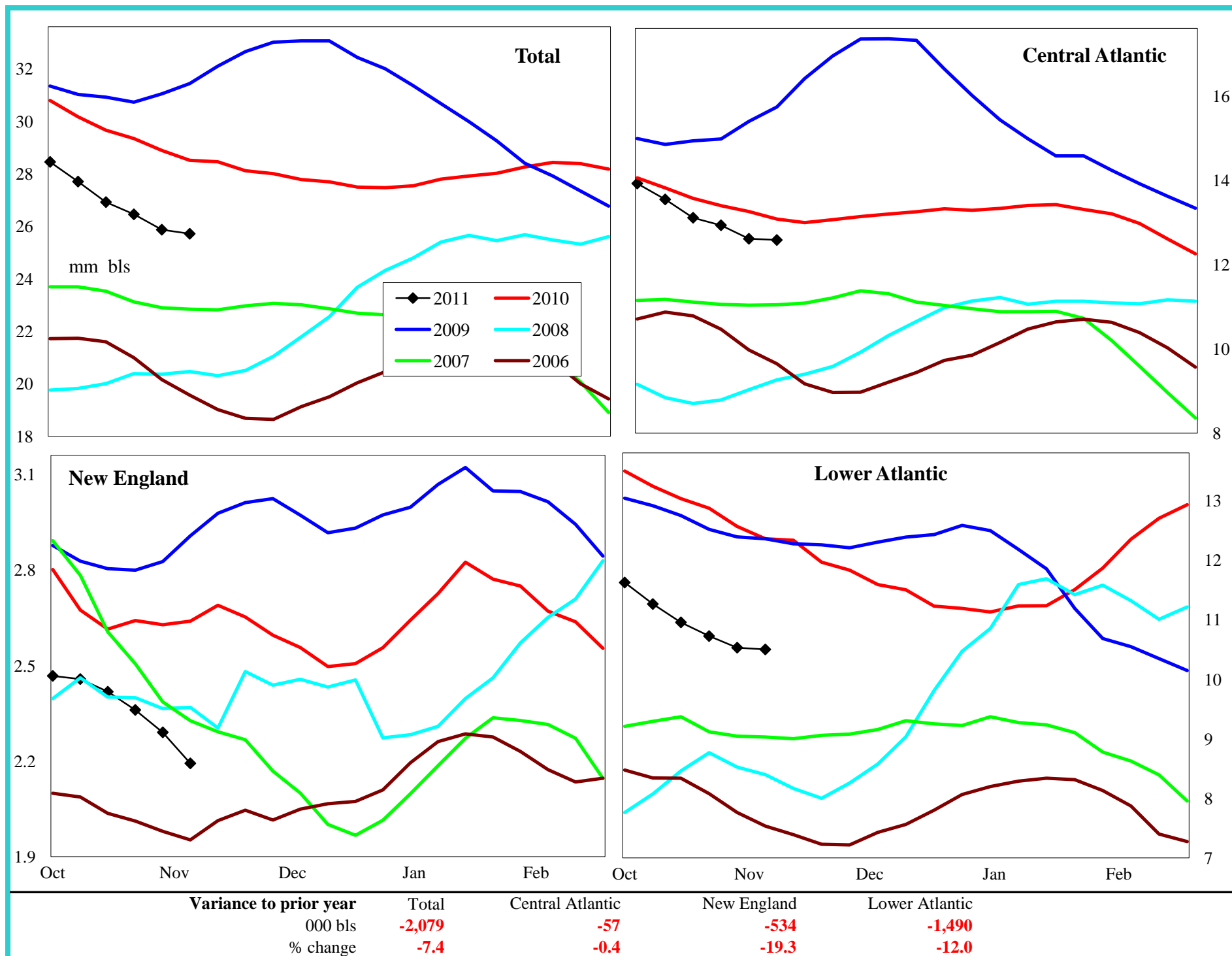
PADD 1 Distillate Stocks by Region



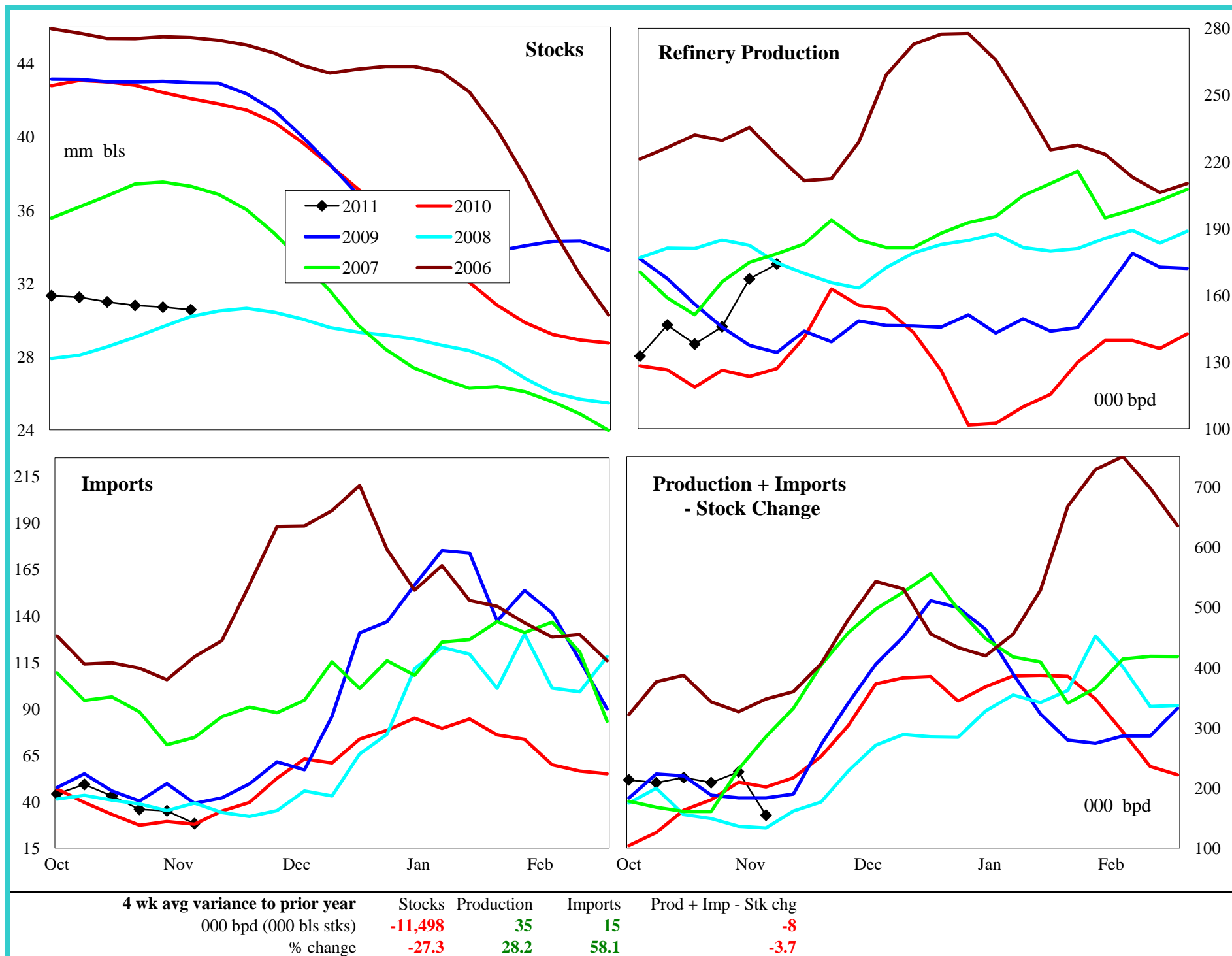
PADD 1 Low Sulfur Distillate Supply



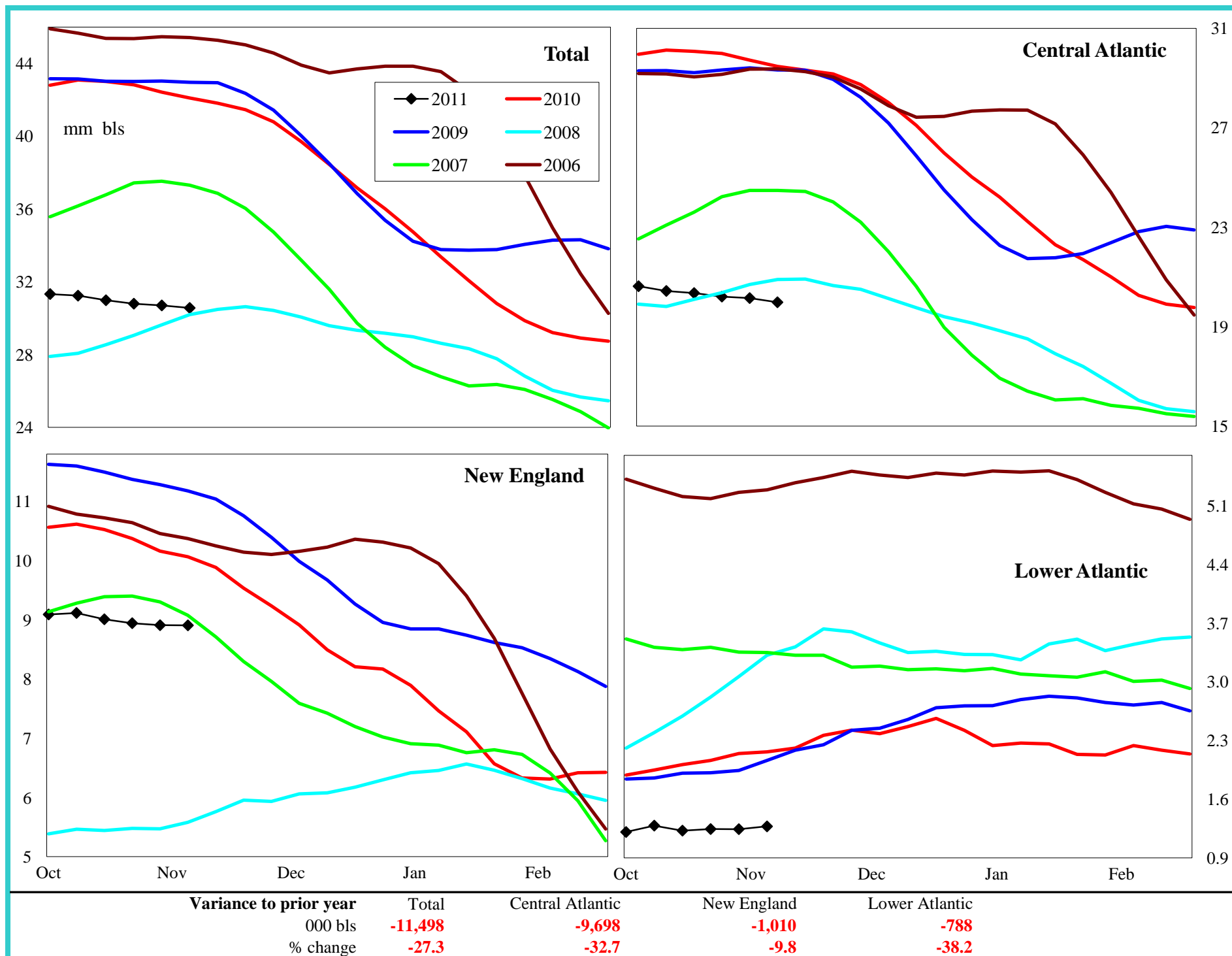
PADD 1 Low Sulfur Distillate Stocks by Region



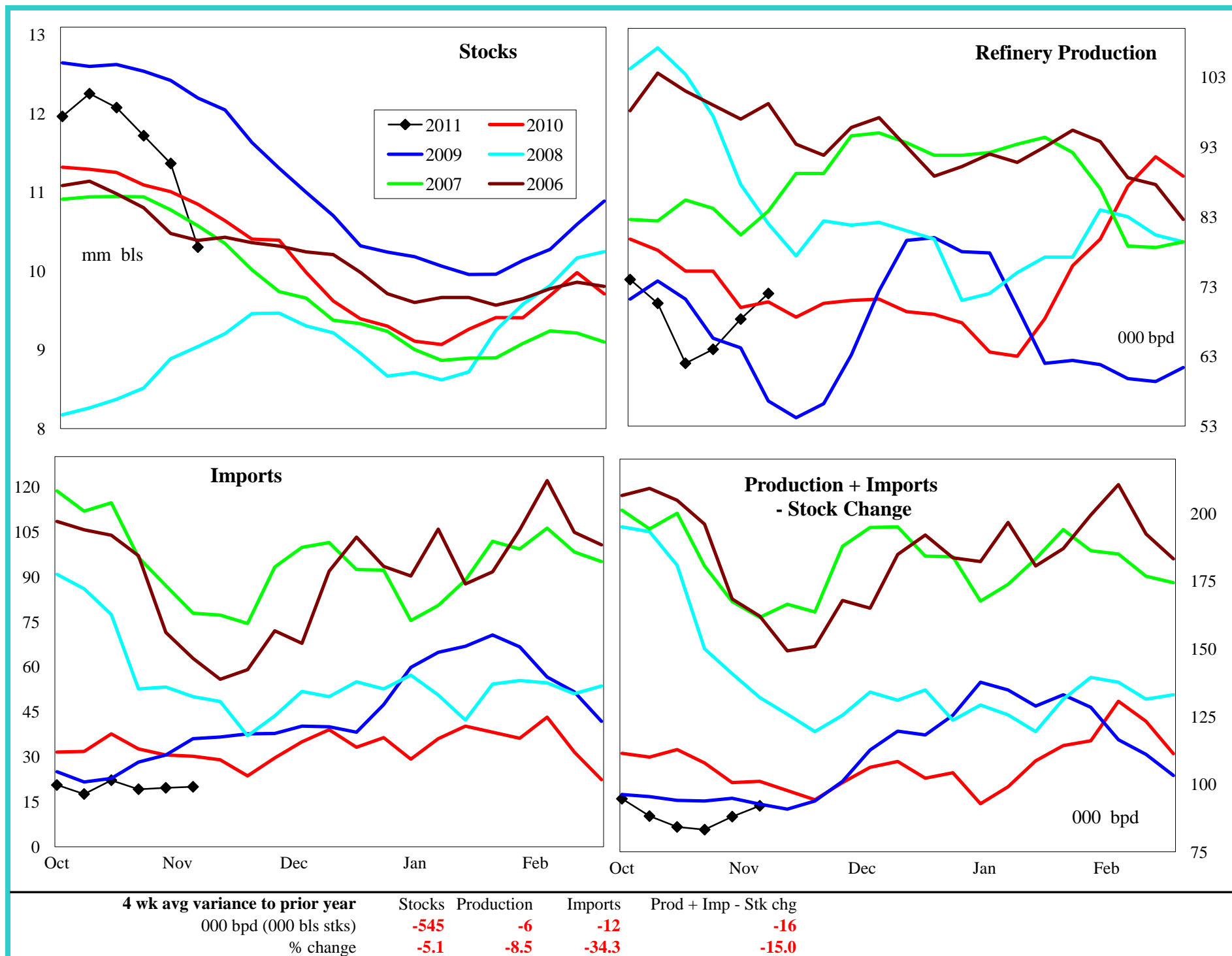
PADD 1 High Sulfur Distillate Supply



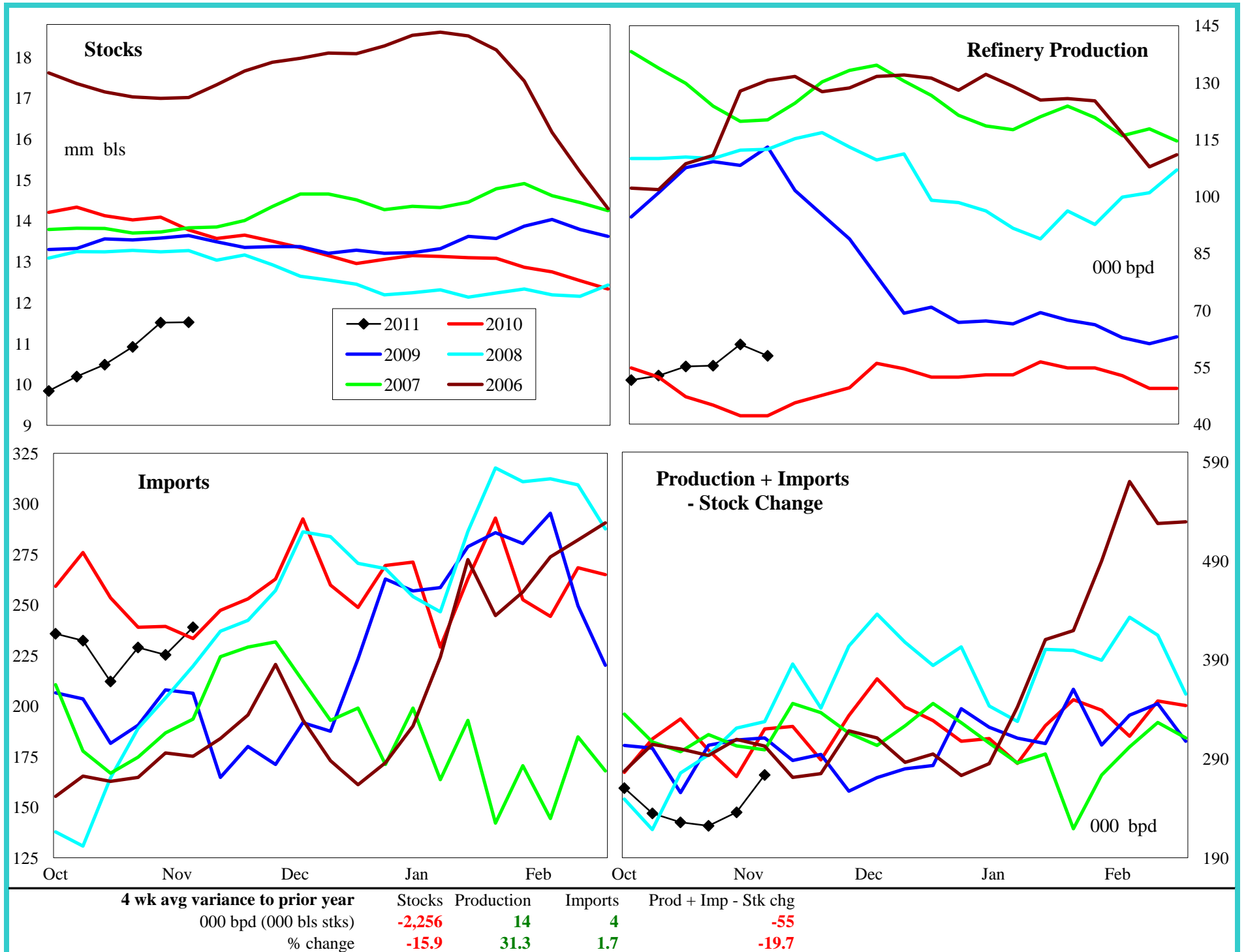
PADD 1 High Sulfur Distillate Stocks by Region



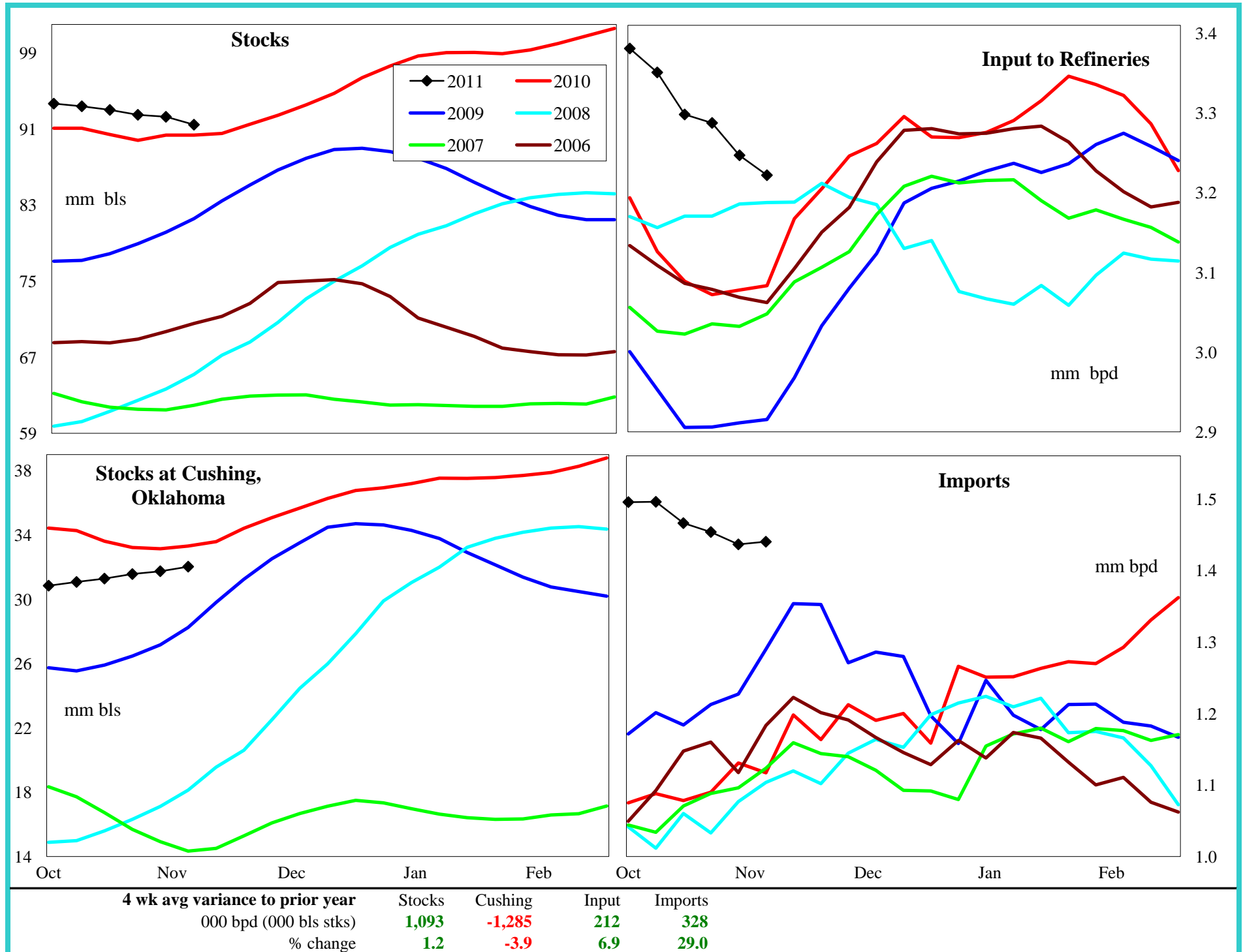
PADD 1 Jet Fuel Supply



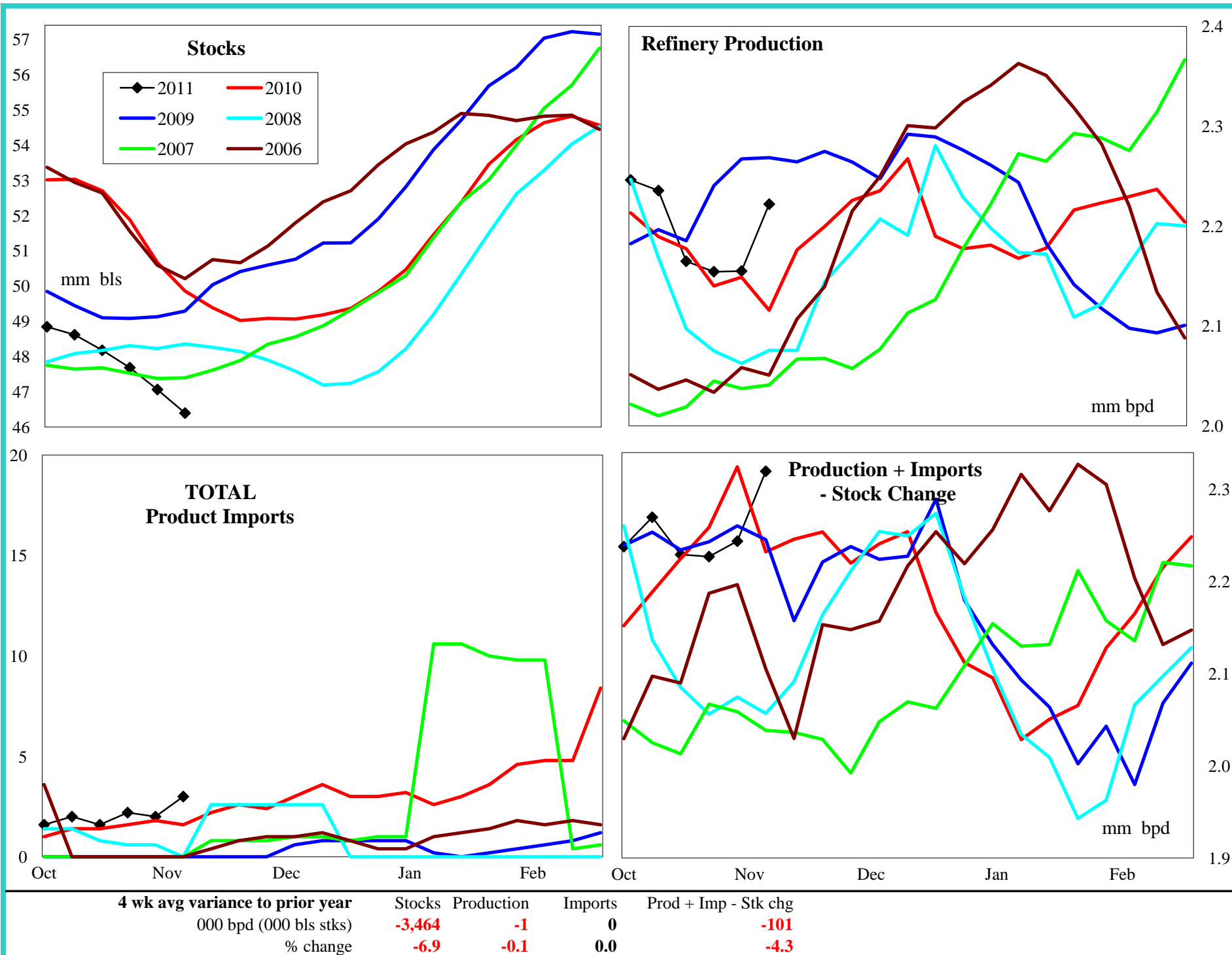
PADD 1 Residual Fuel Oil Supply



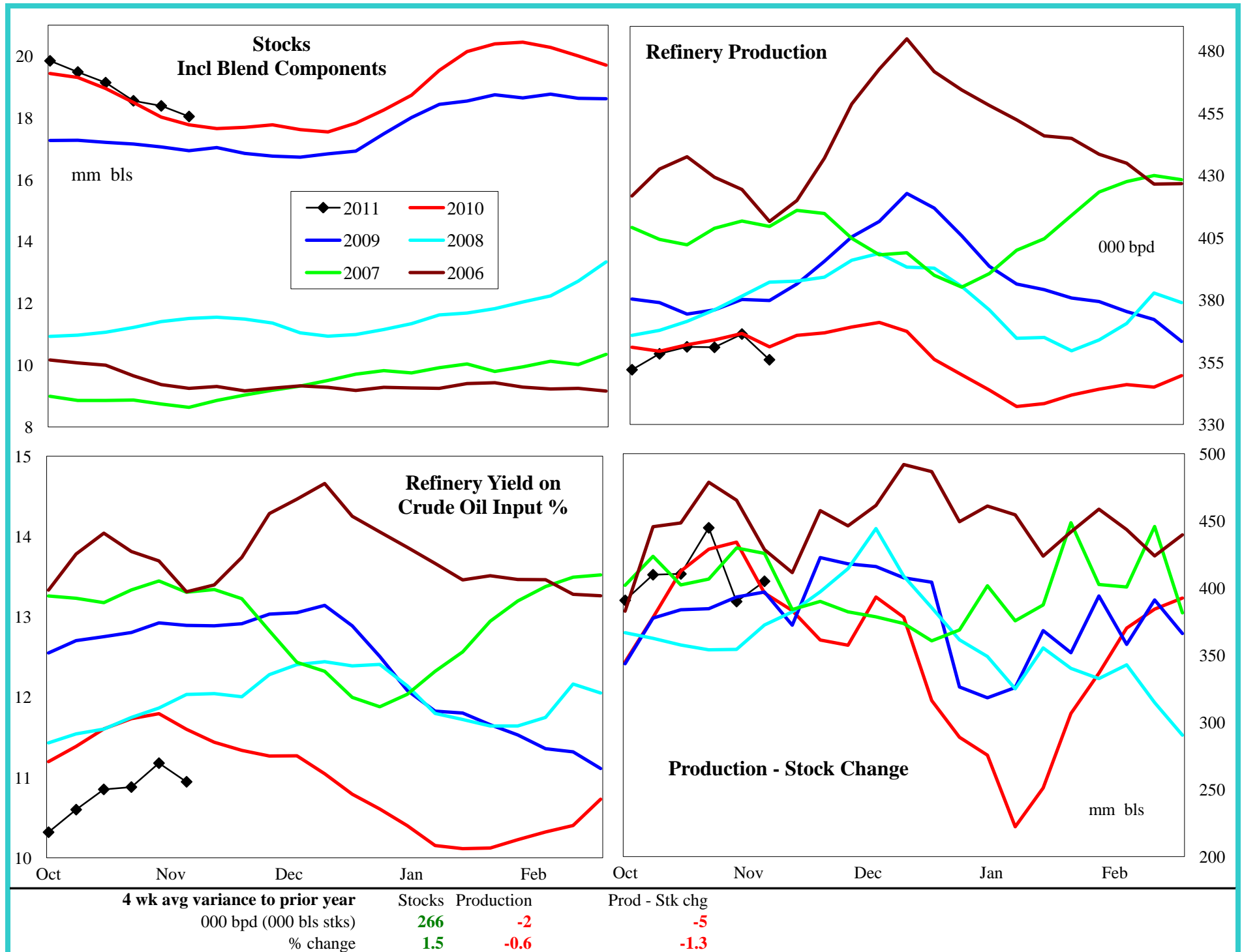
PADD 2 Crude Oil Supply and Refining



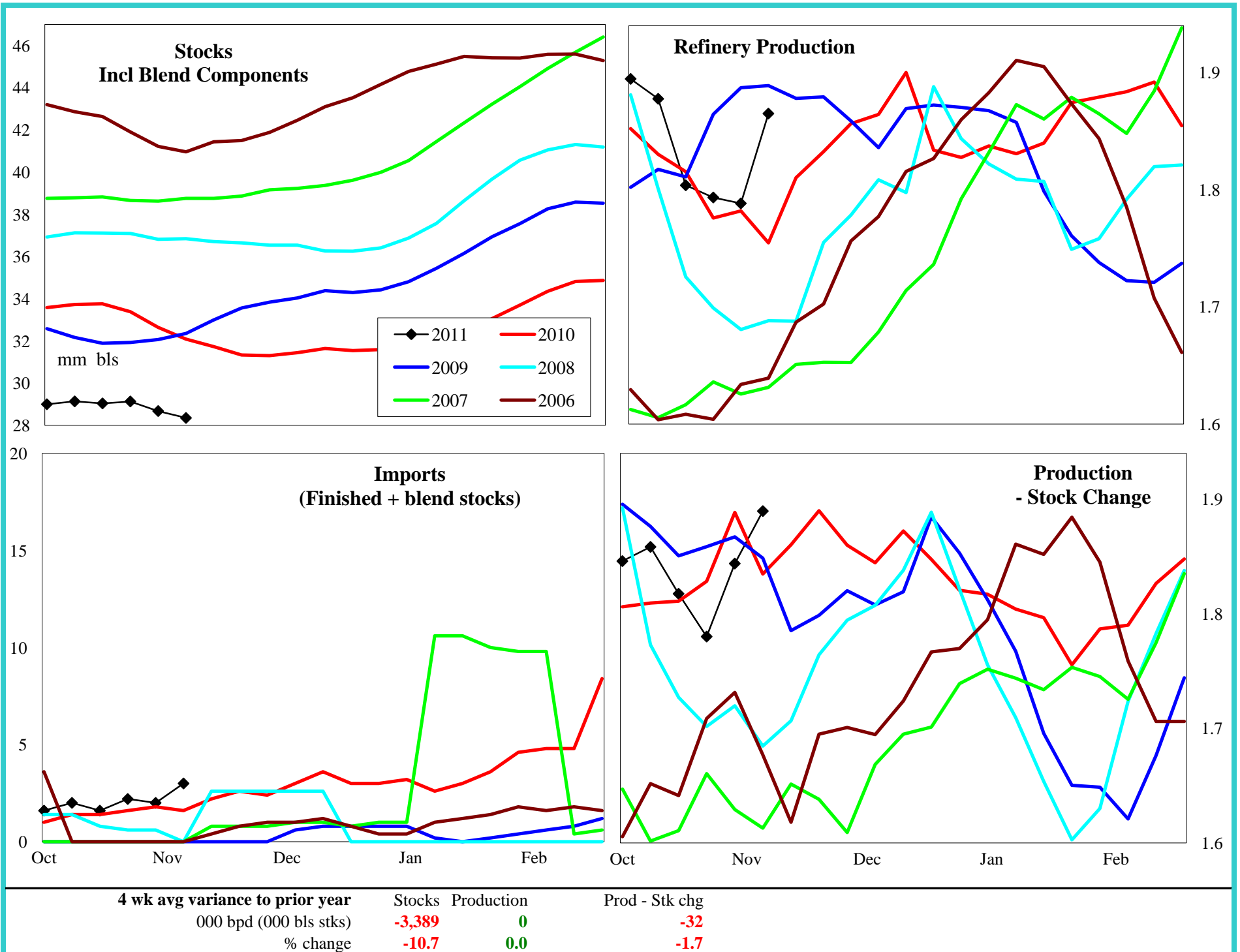
PADD 2 Gasoline Supply



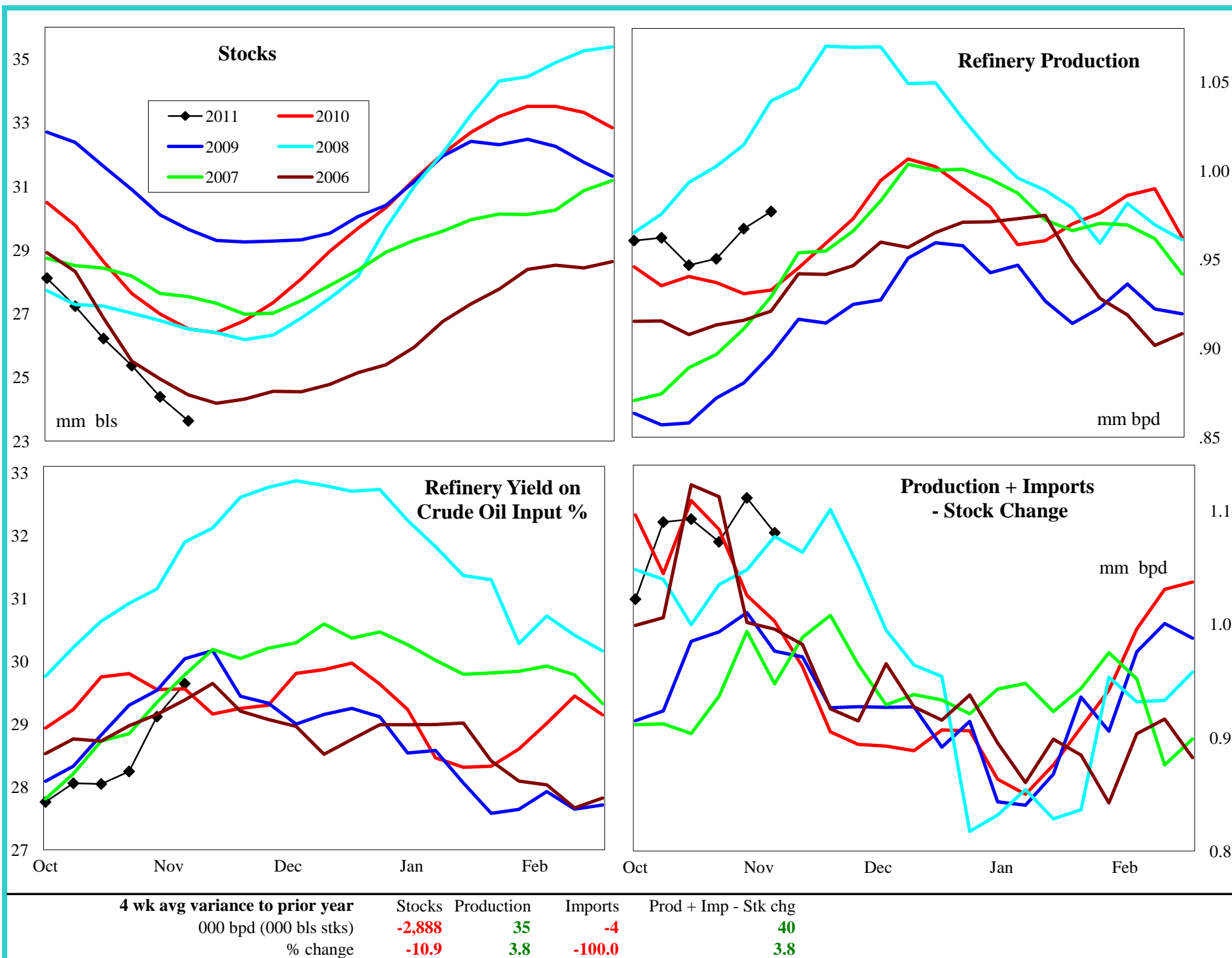
PADD 2 Reformulated Gasoline Supply



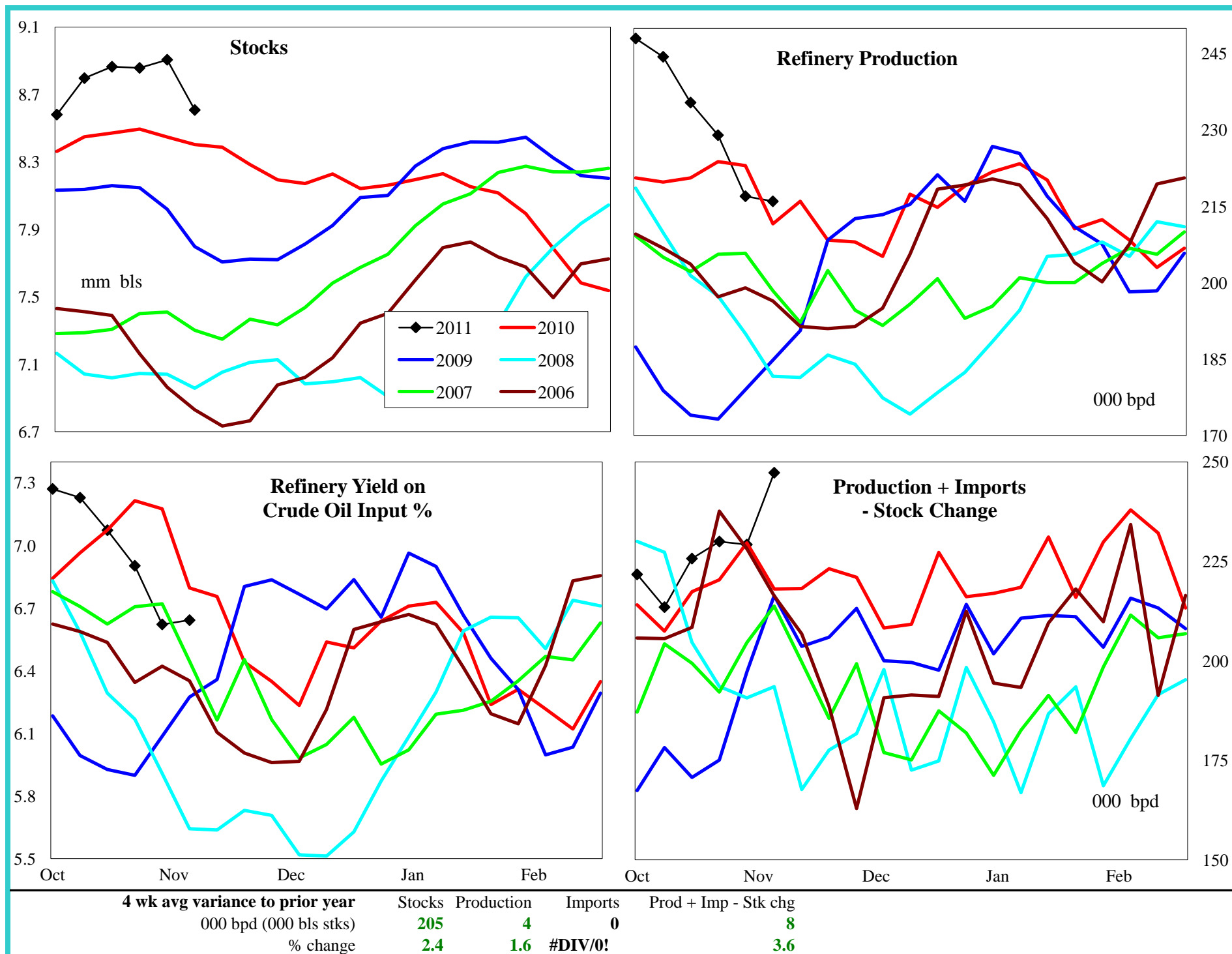
PADD 2 Conventional Gasoline Supply



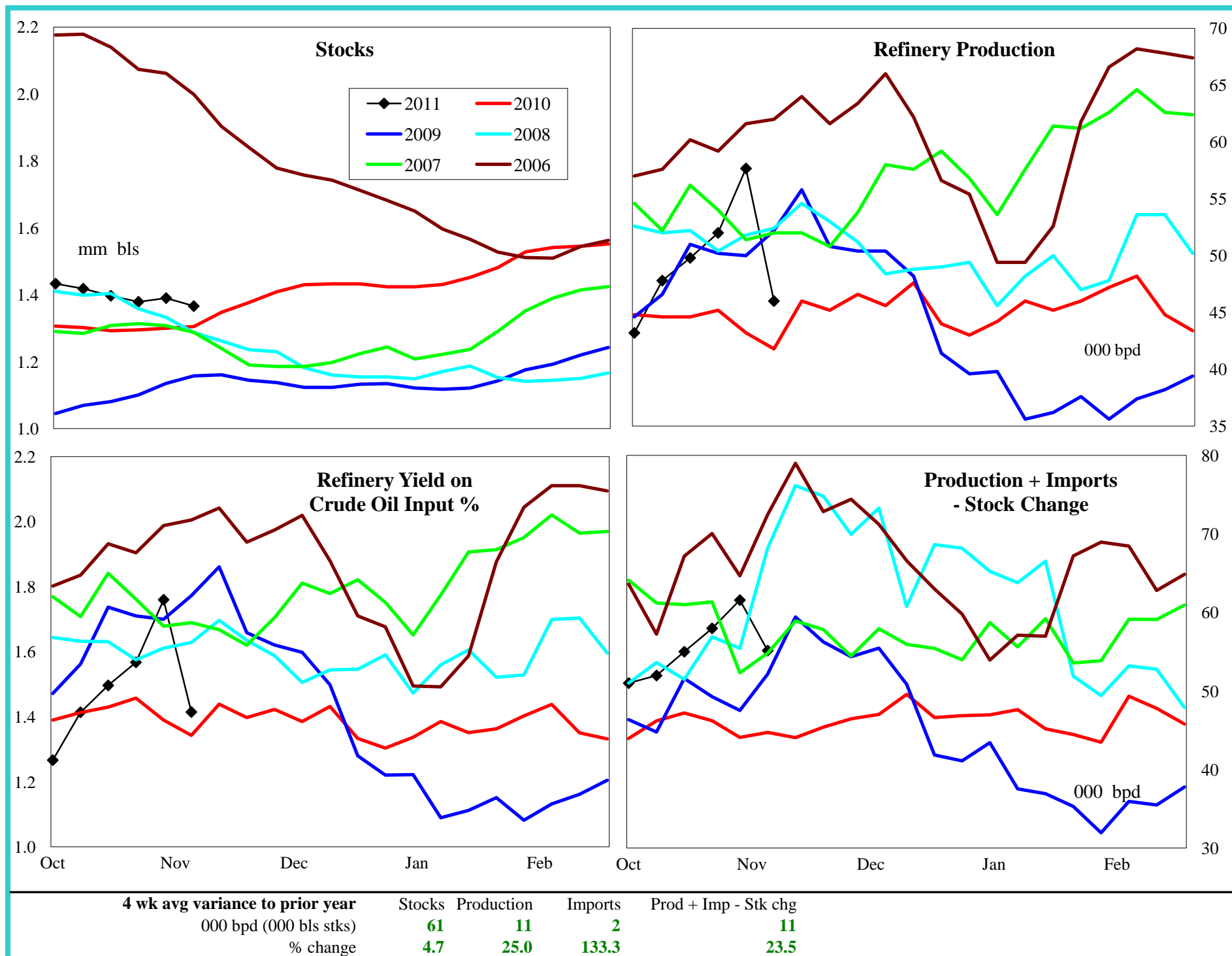
PADD 2 Distillate Supply



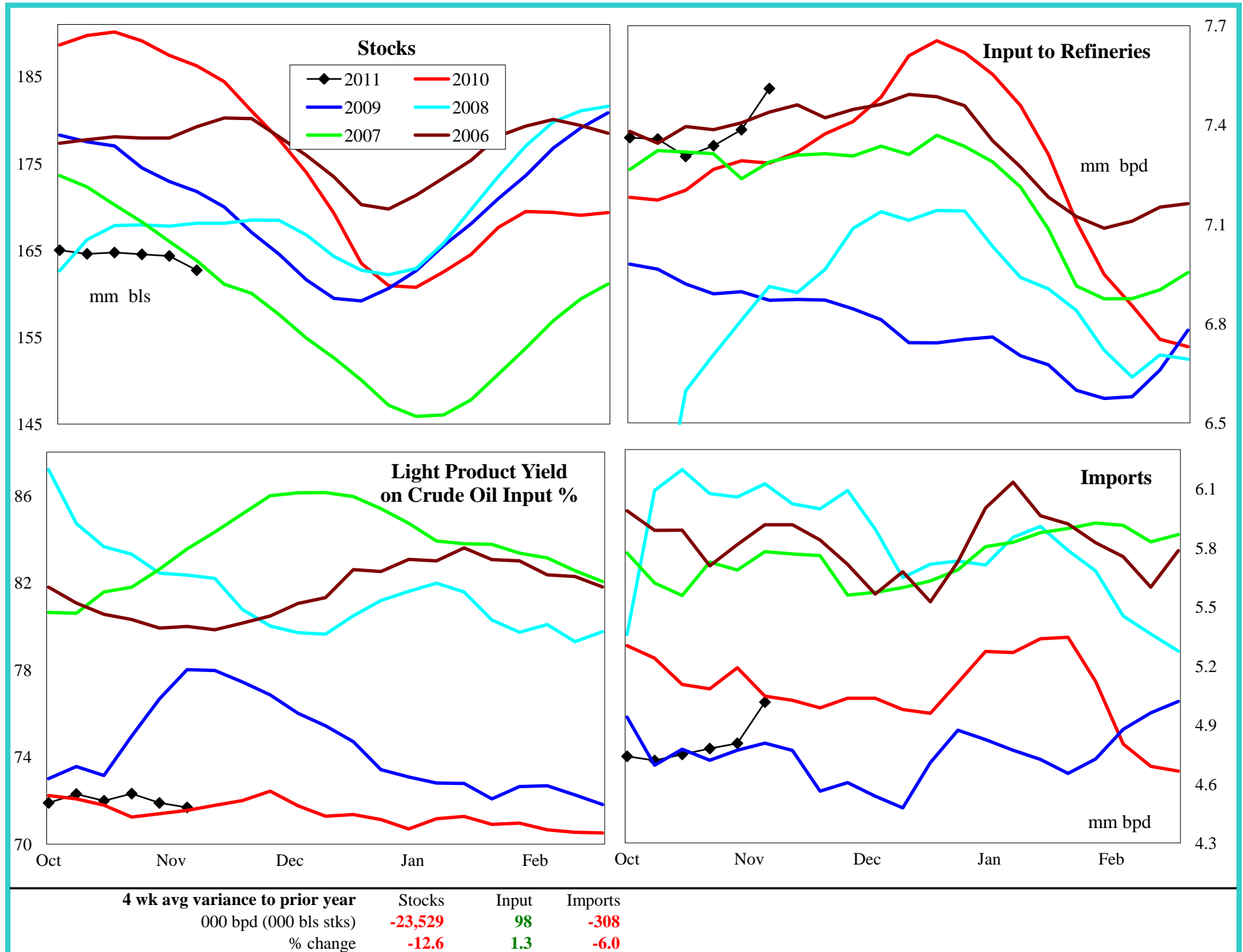
PADD 2 Jet Fuel Supply



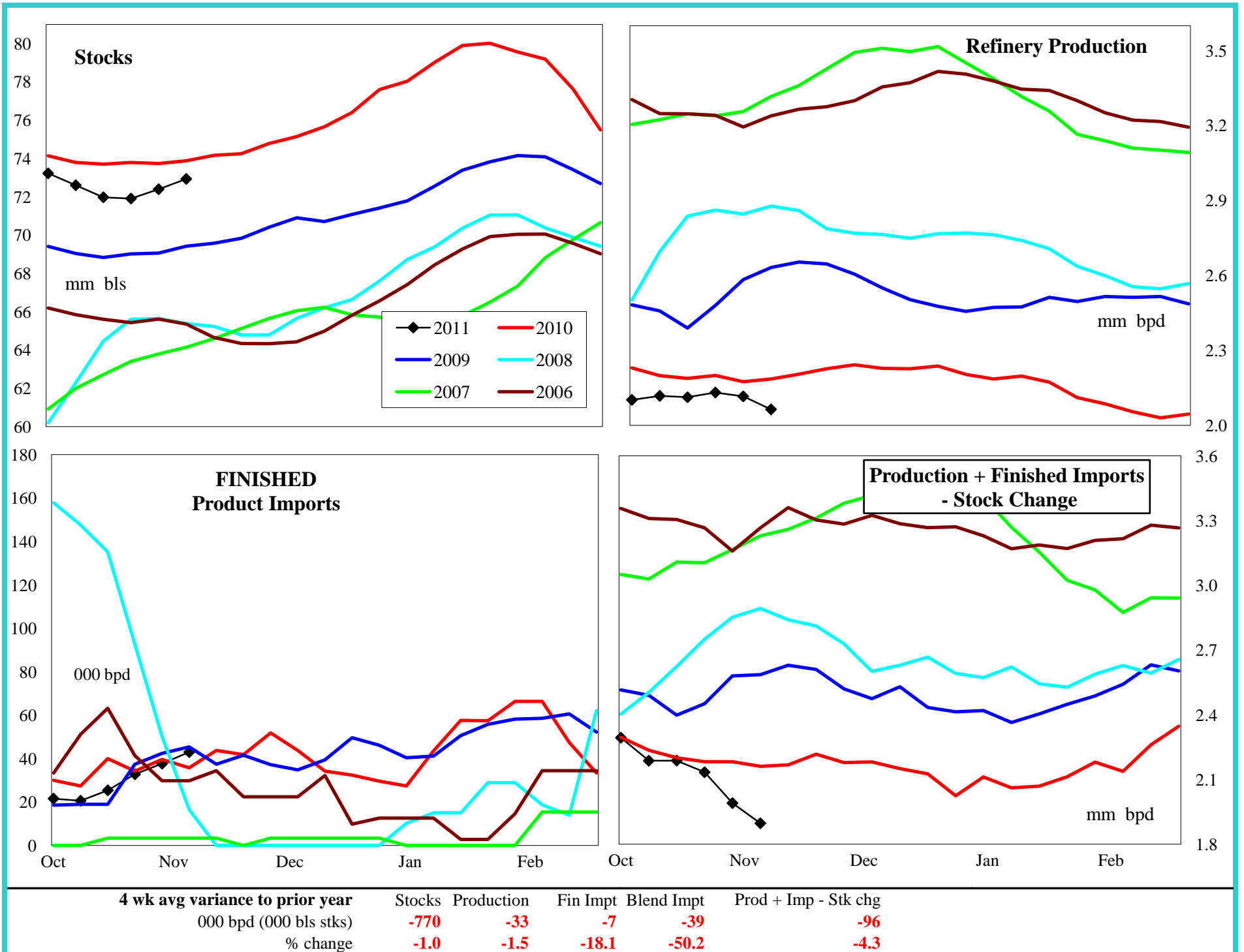
PADD 2 Residual Fuel Oil Supply



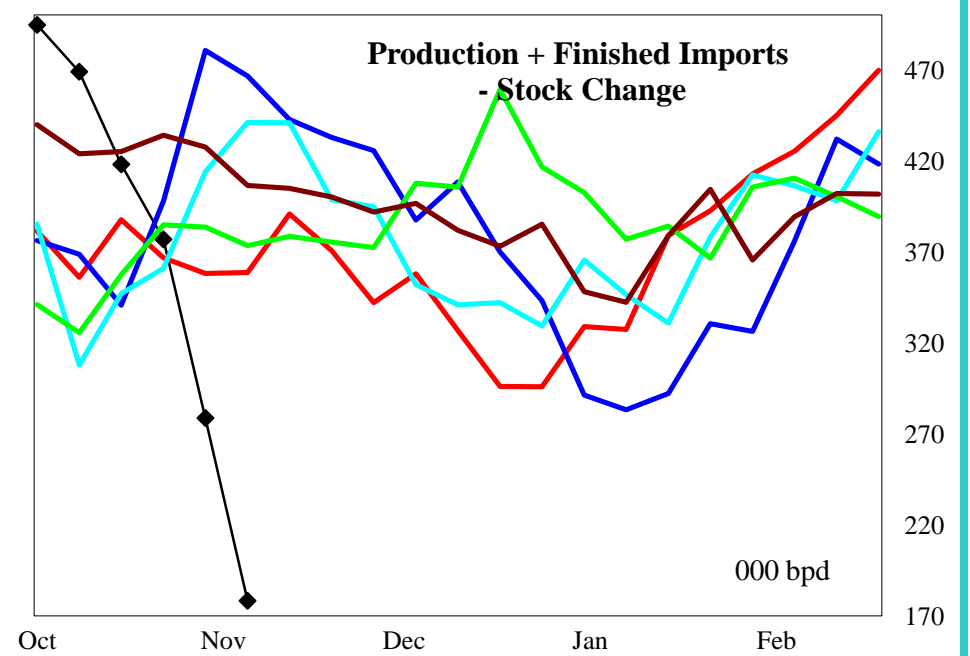
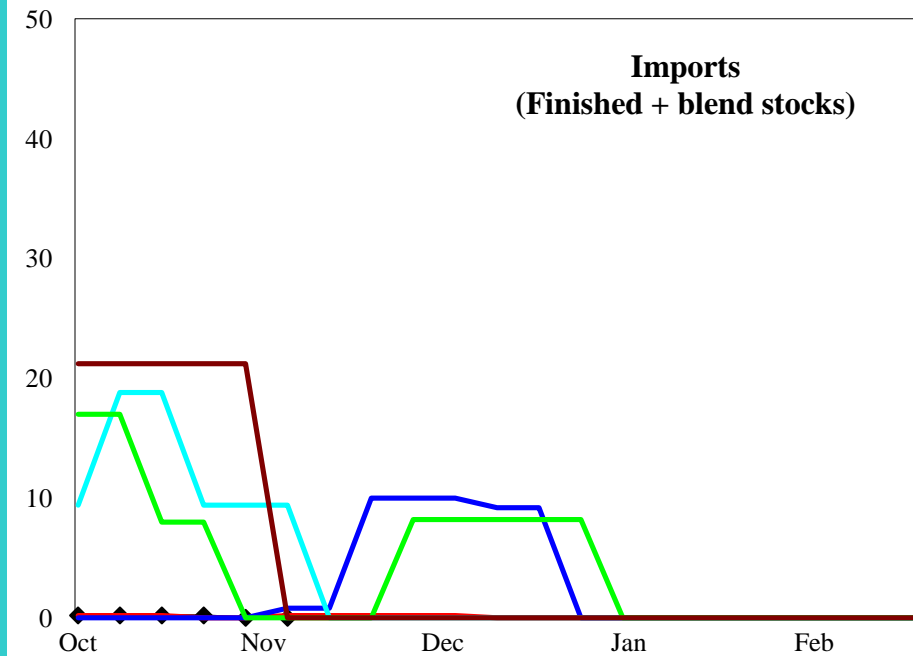
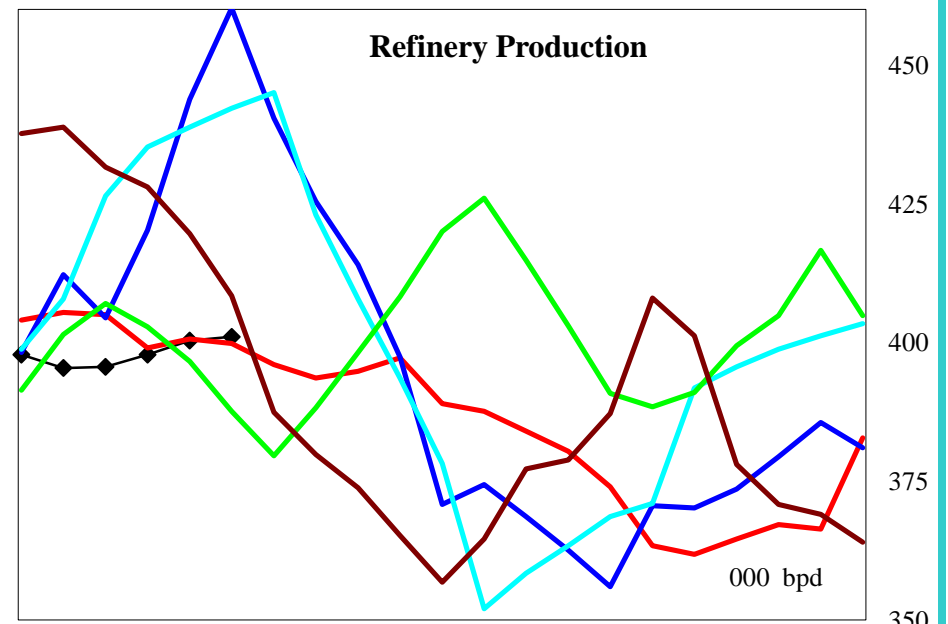
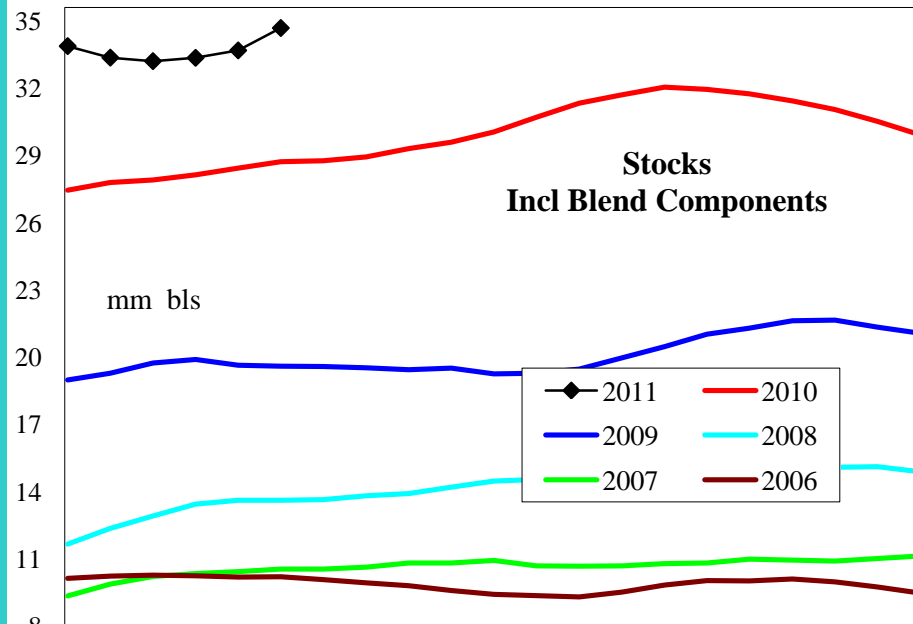
PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

6,249

21.7

Production

2

0.4

Imports

0

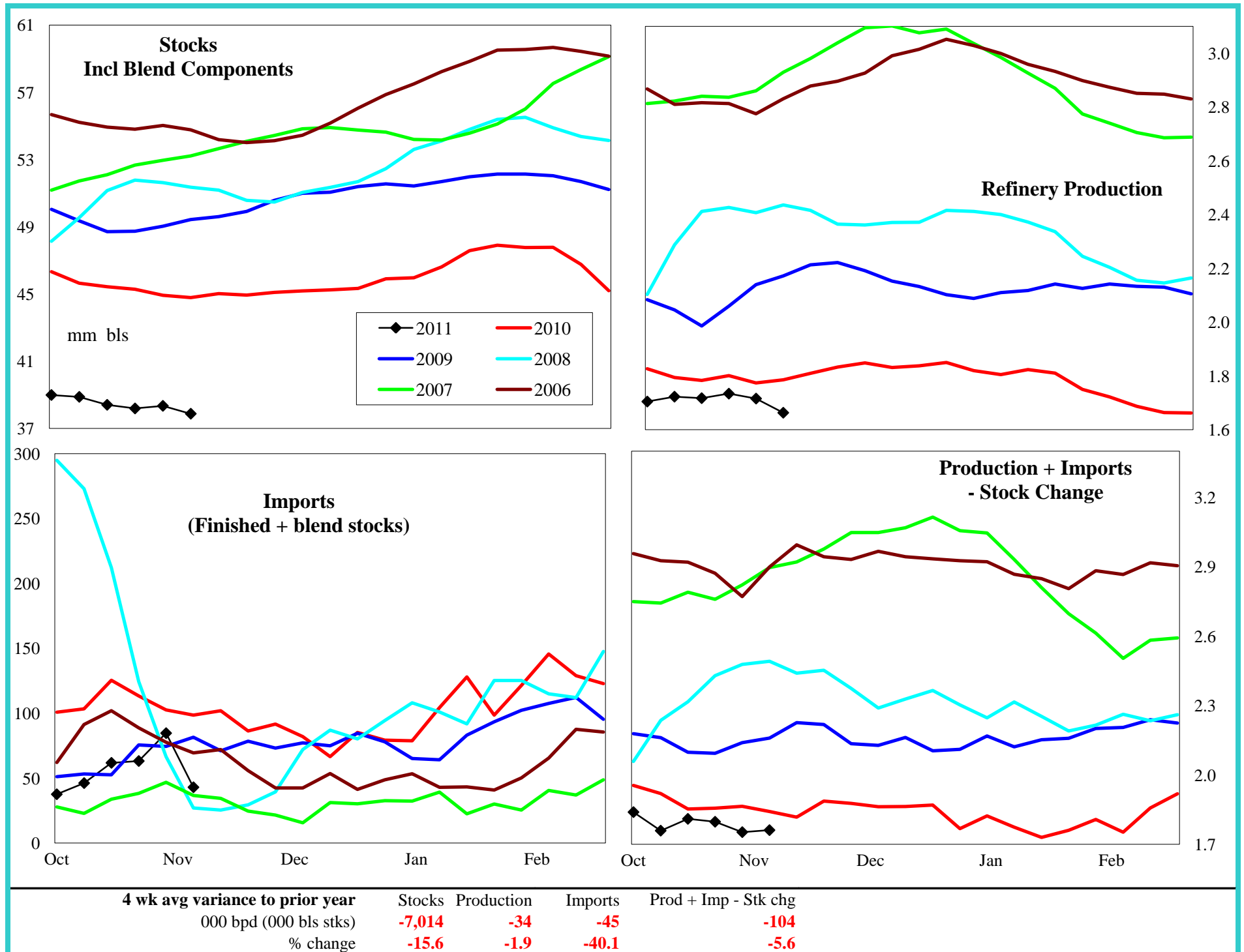
#DIV/0!

Prod + Imp - Stk chg

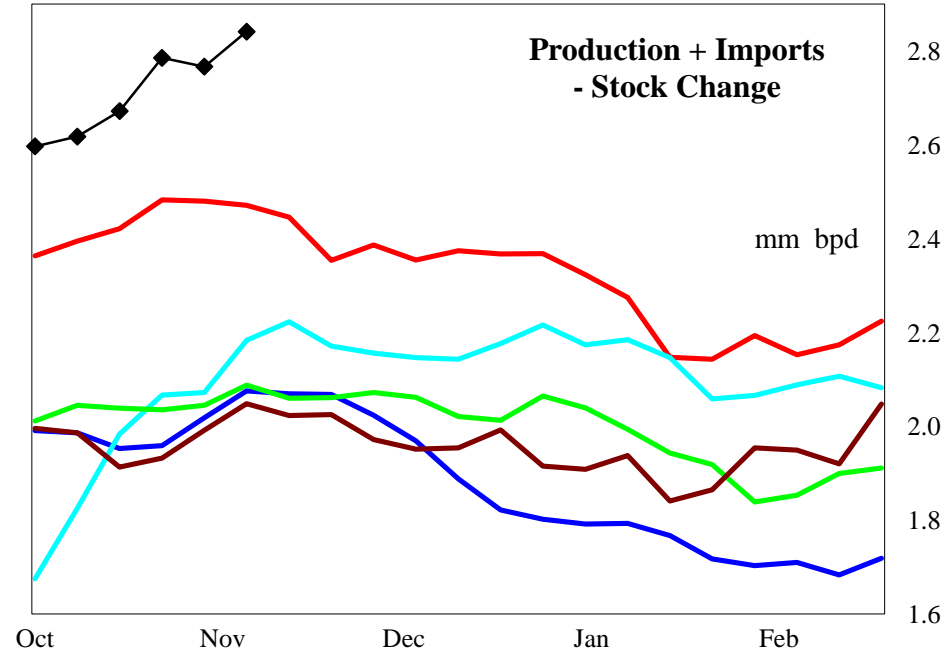
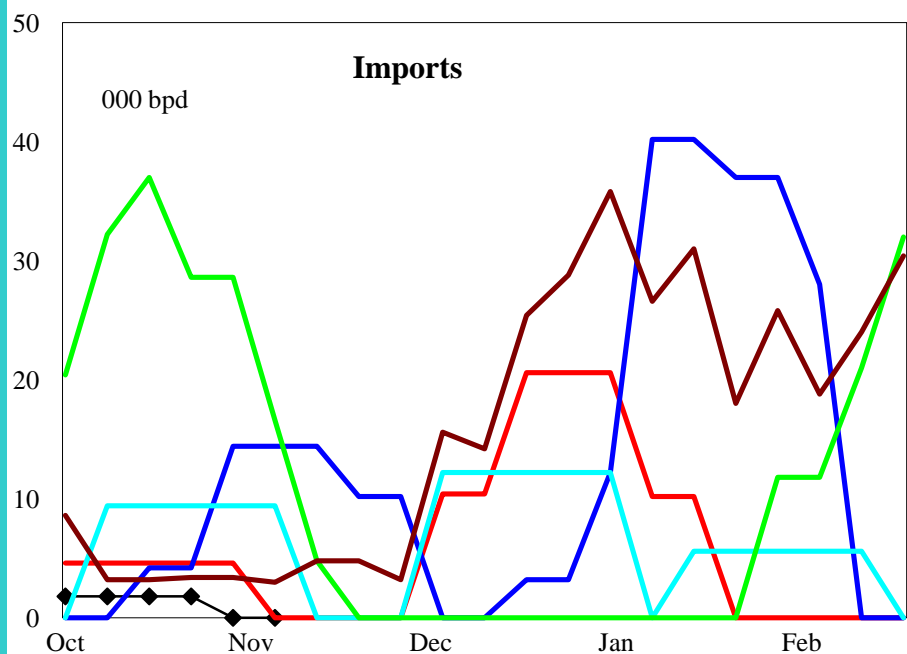
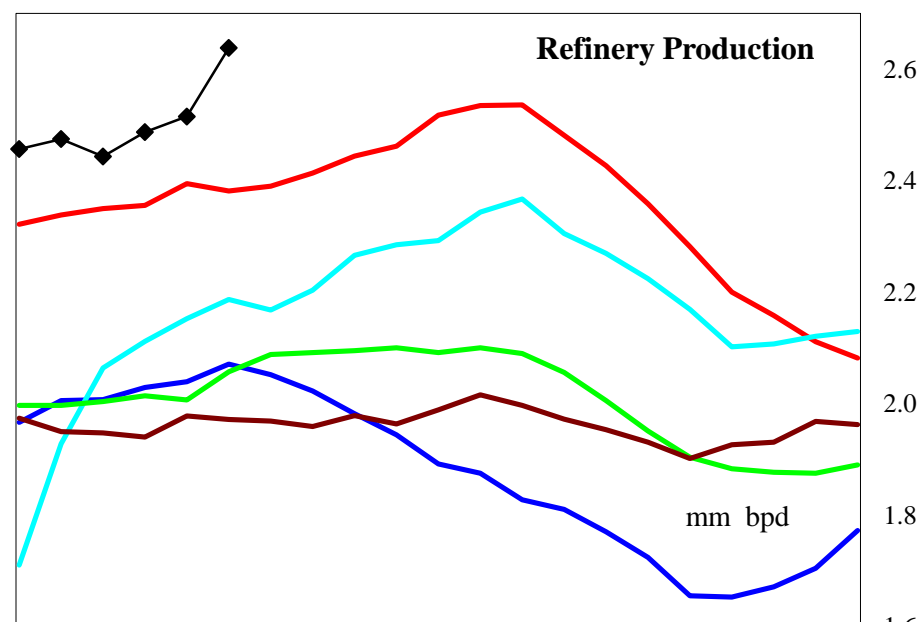
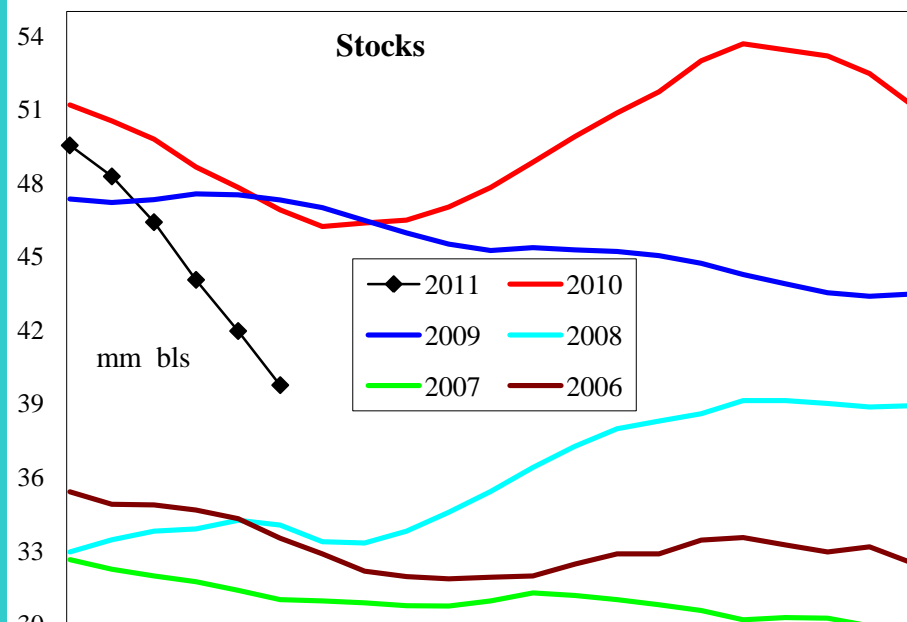
8

2.2

PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-7,517

-15.9

Production

121

5.1

Imports

-4

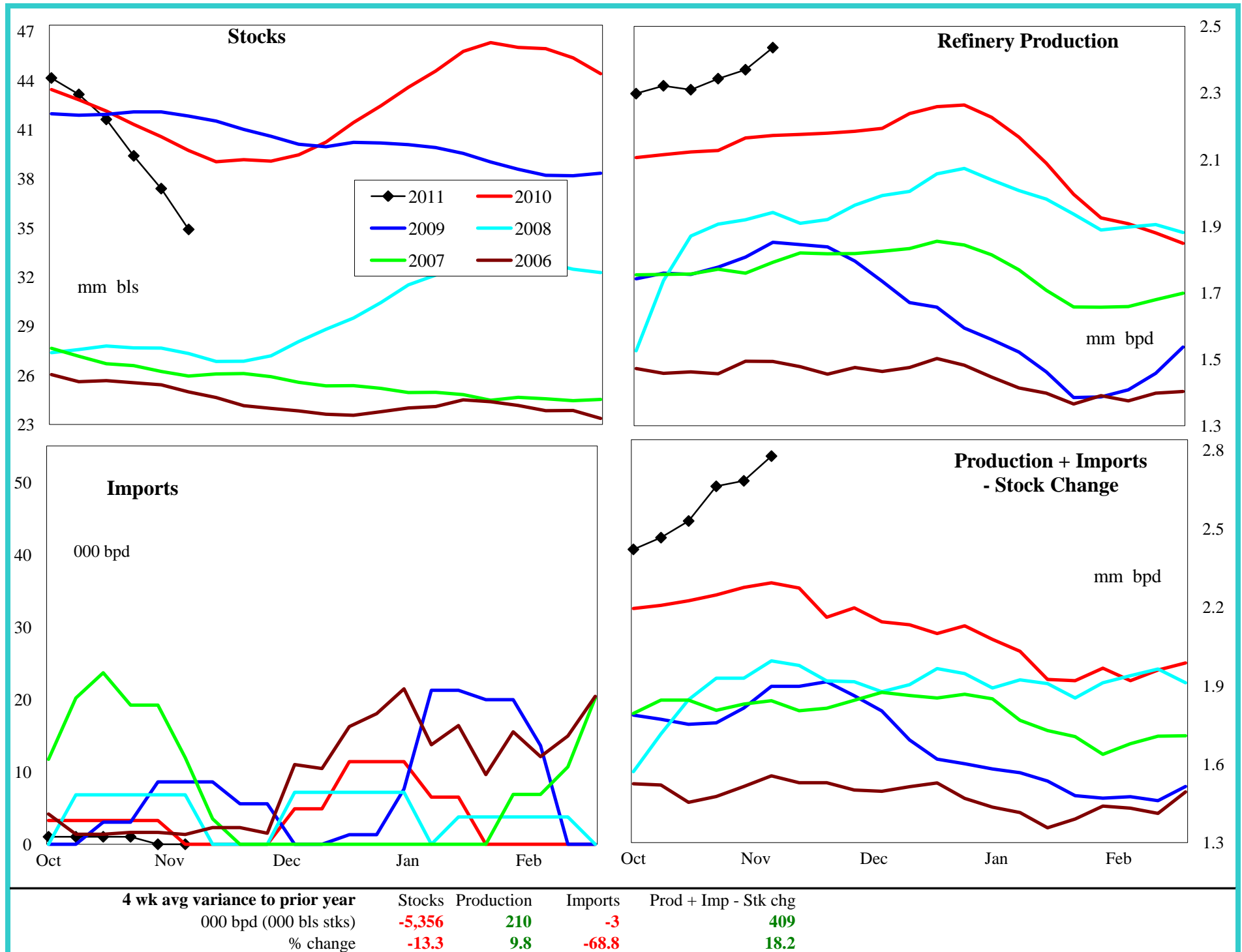
-60.9

Prod + Imp - Stk chg

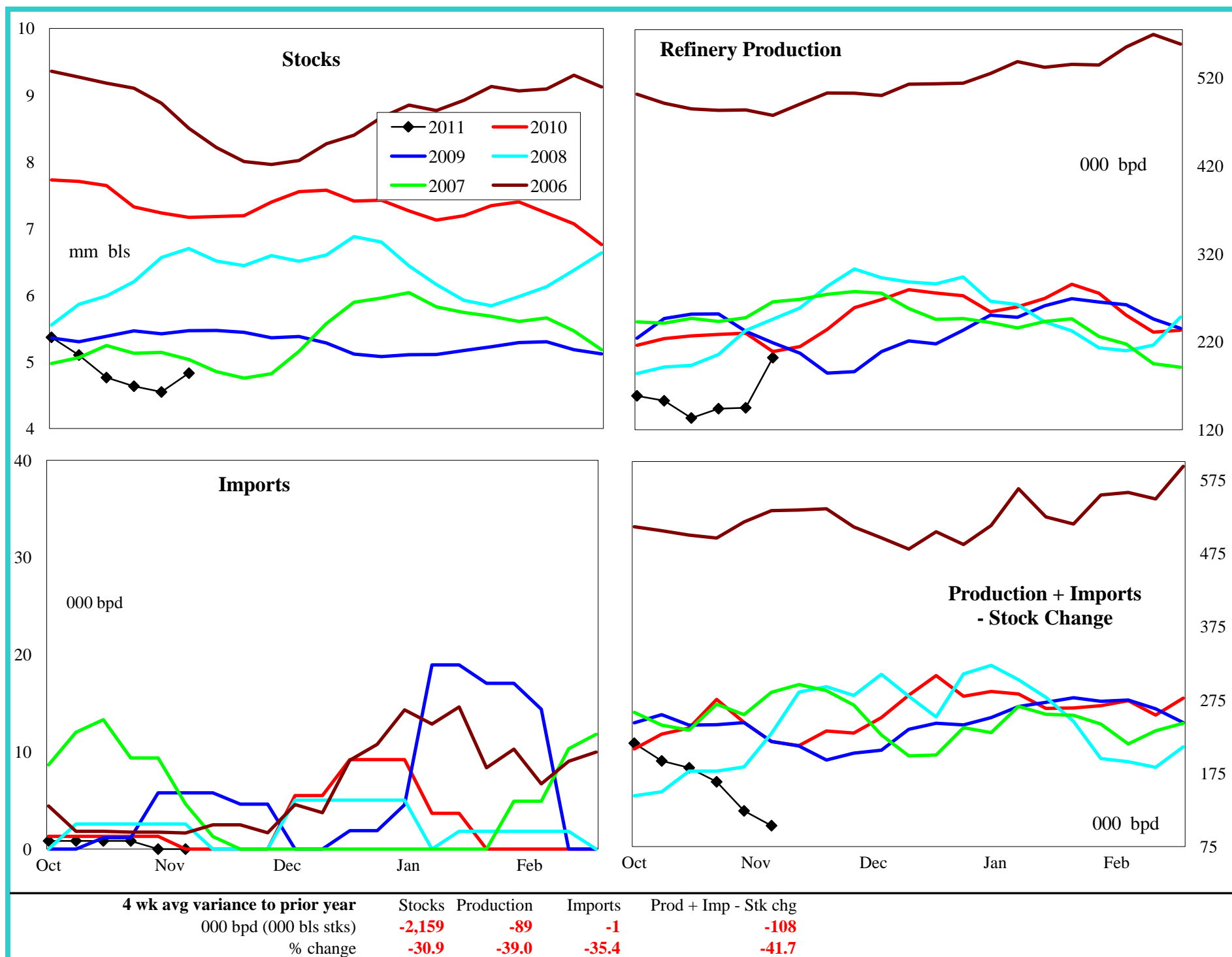
302

12.0

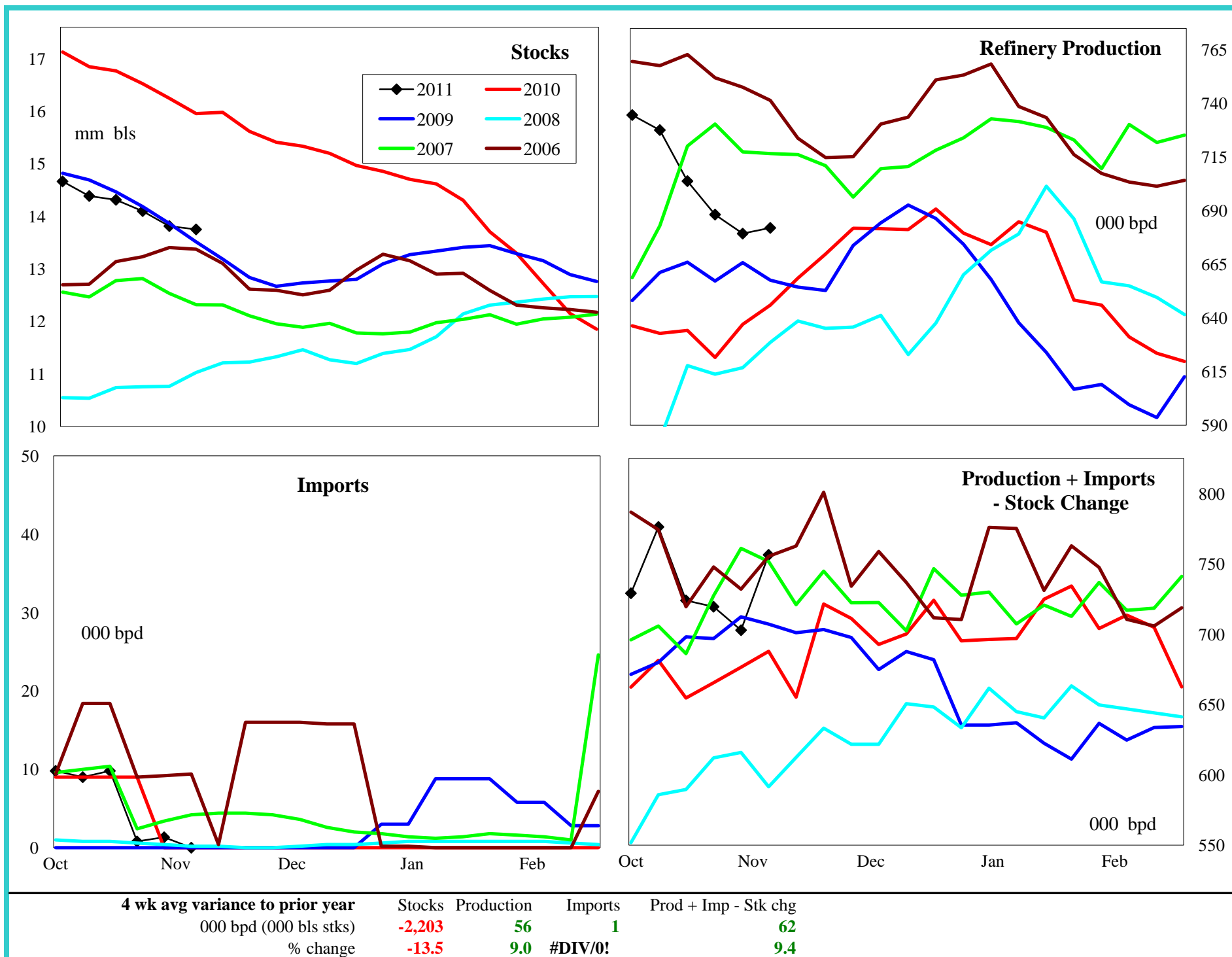
PADD 3 Low Sulfur Distillate Supply



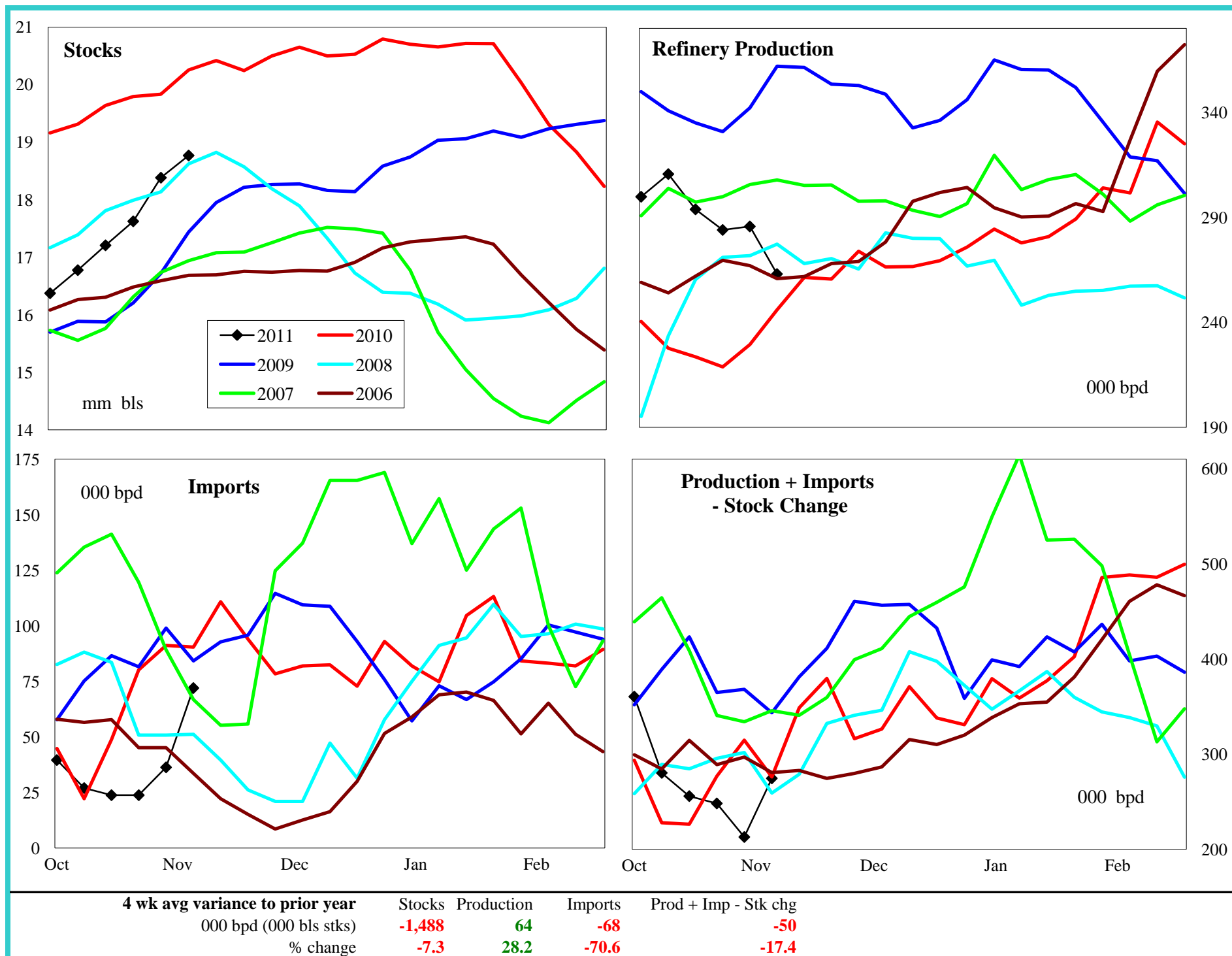
PADD 3 High Sulfur Distillate Supply



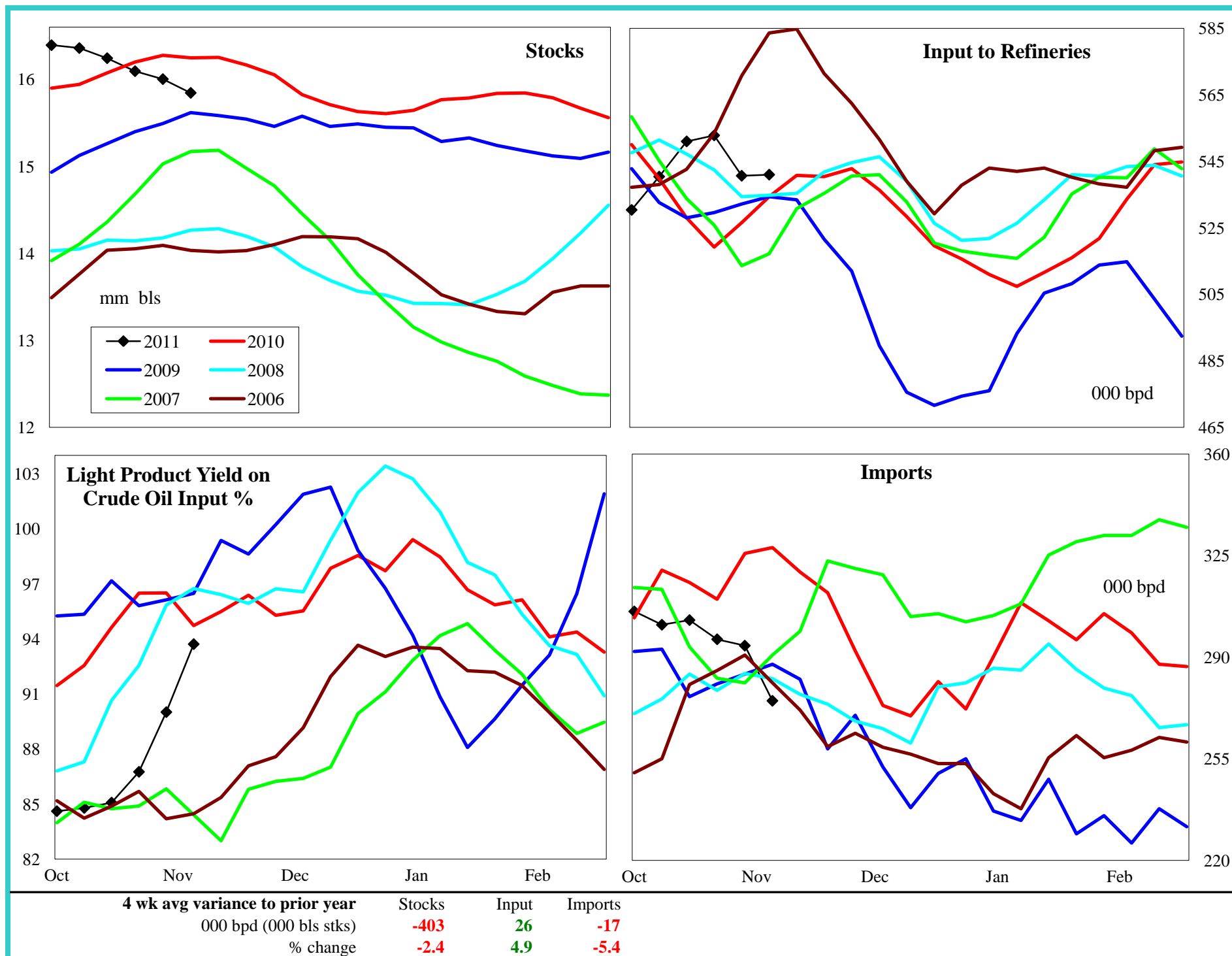
PADD 3 Jet Fuel Supply



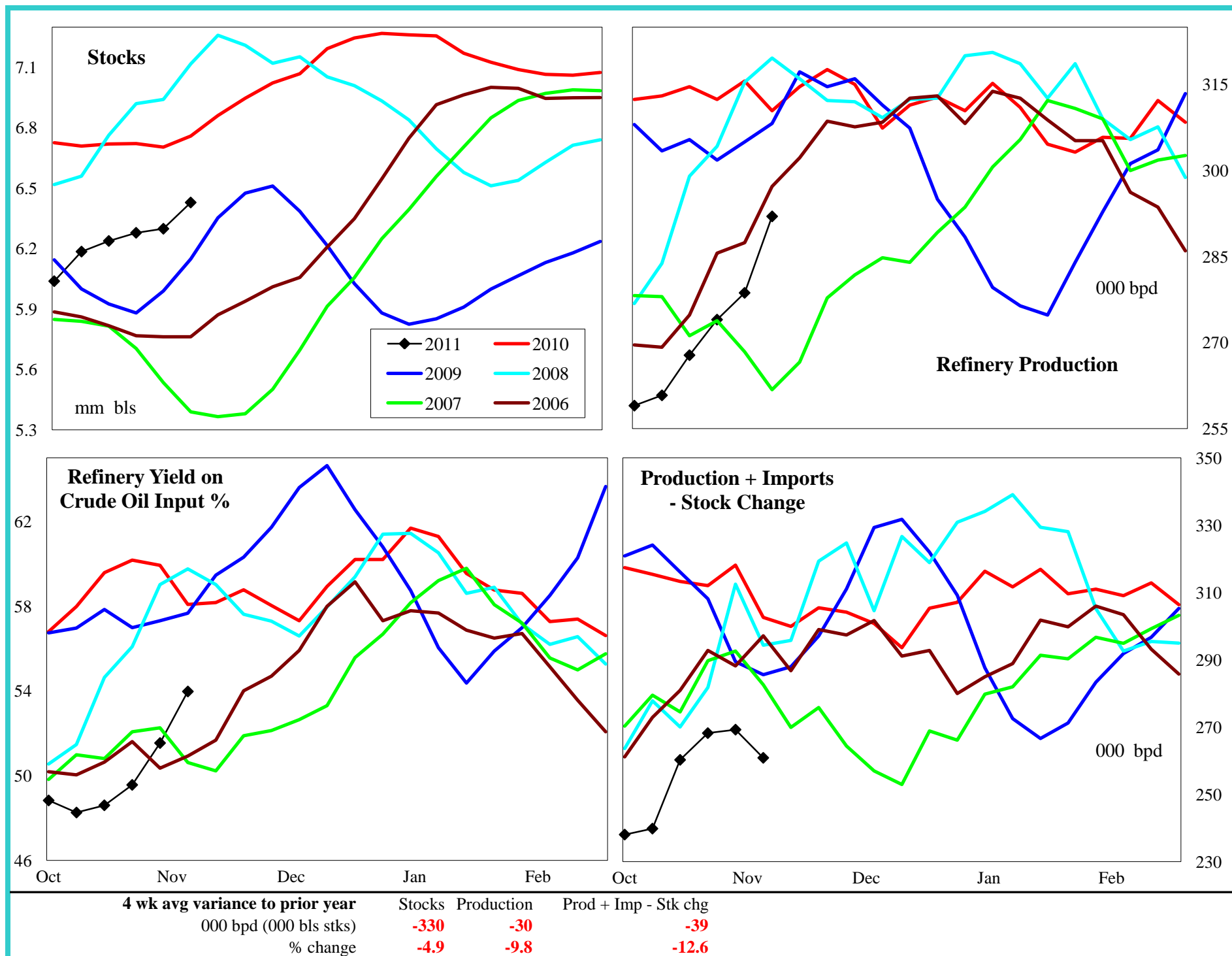
PADD 3 Residual Fuel Oil Supply



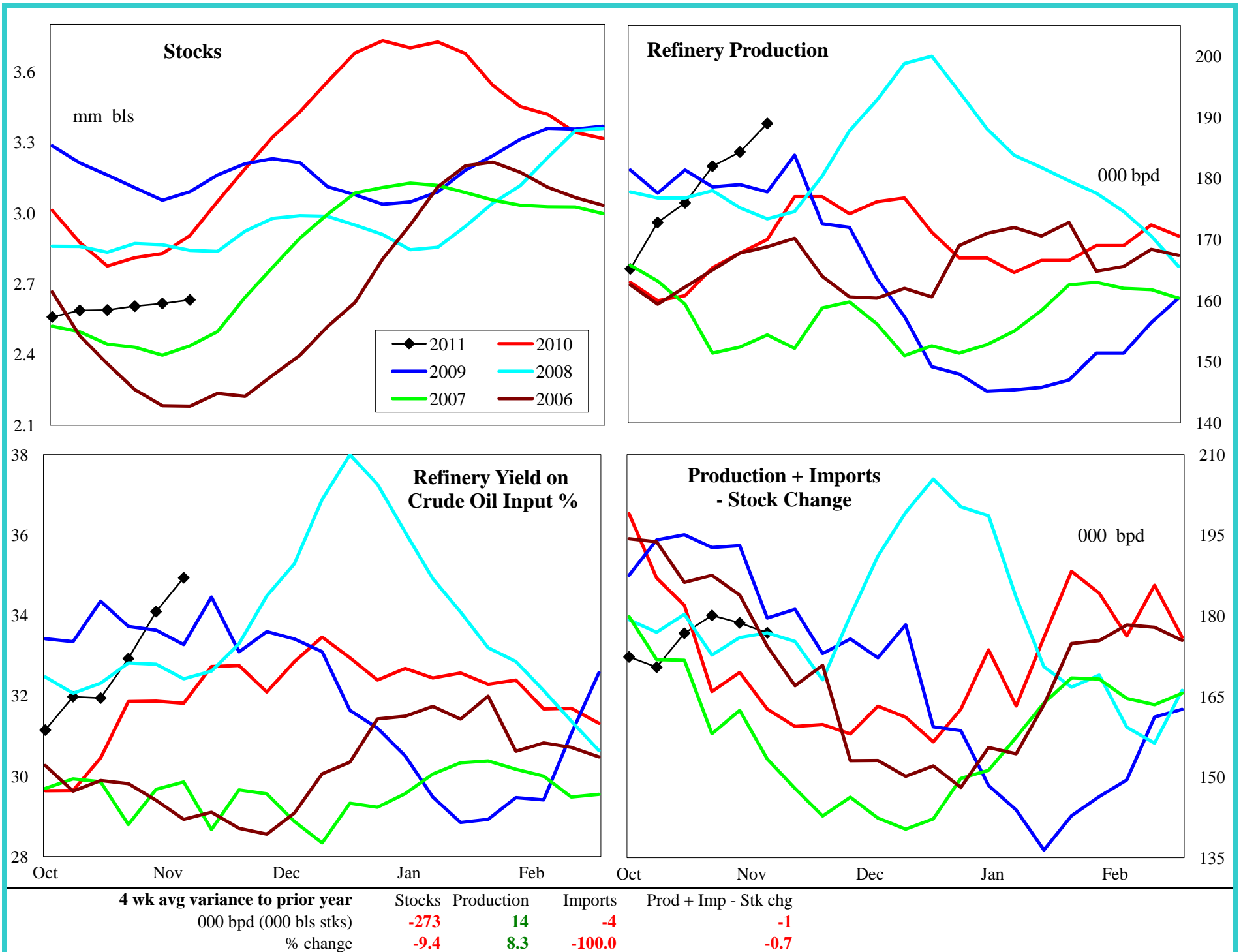
PADD 4 Crude Oil Supply and Refining



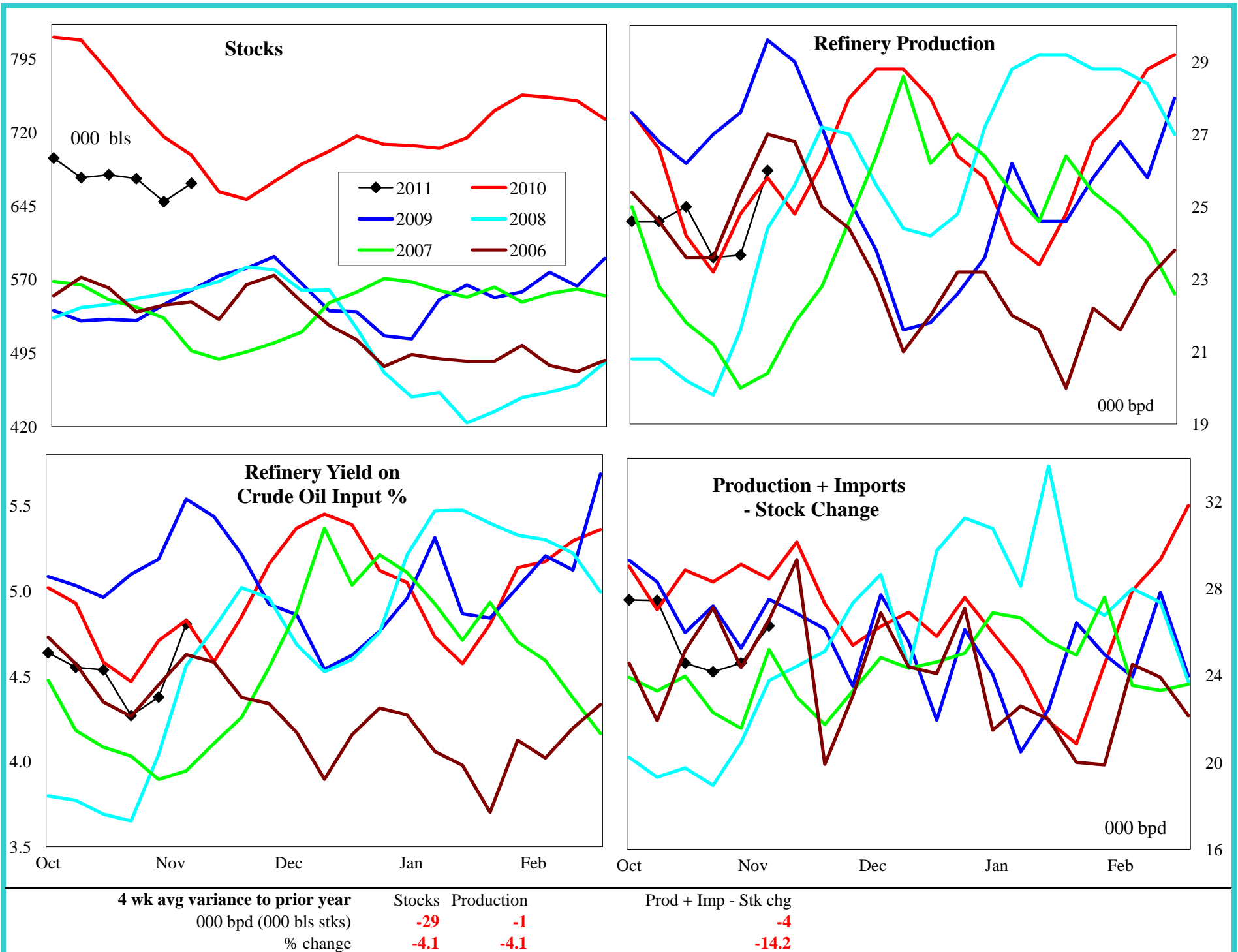
PADD 4 Gasoline Supply



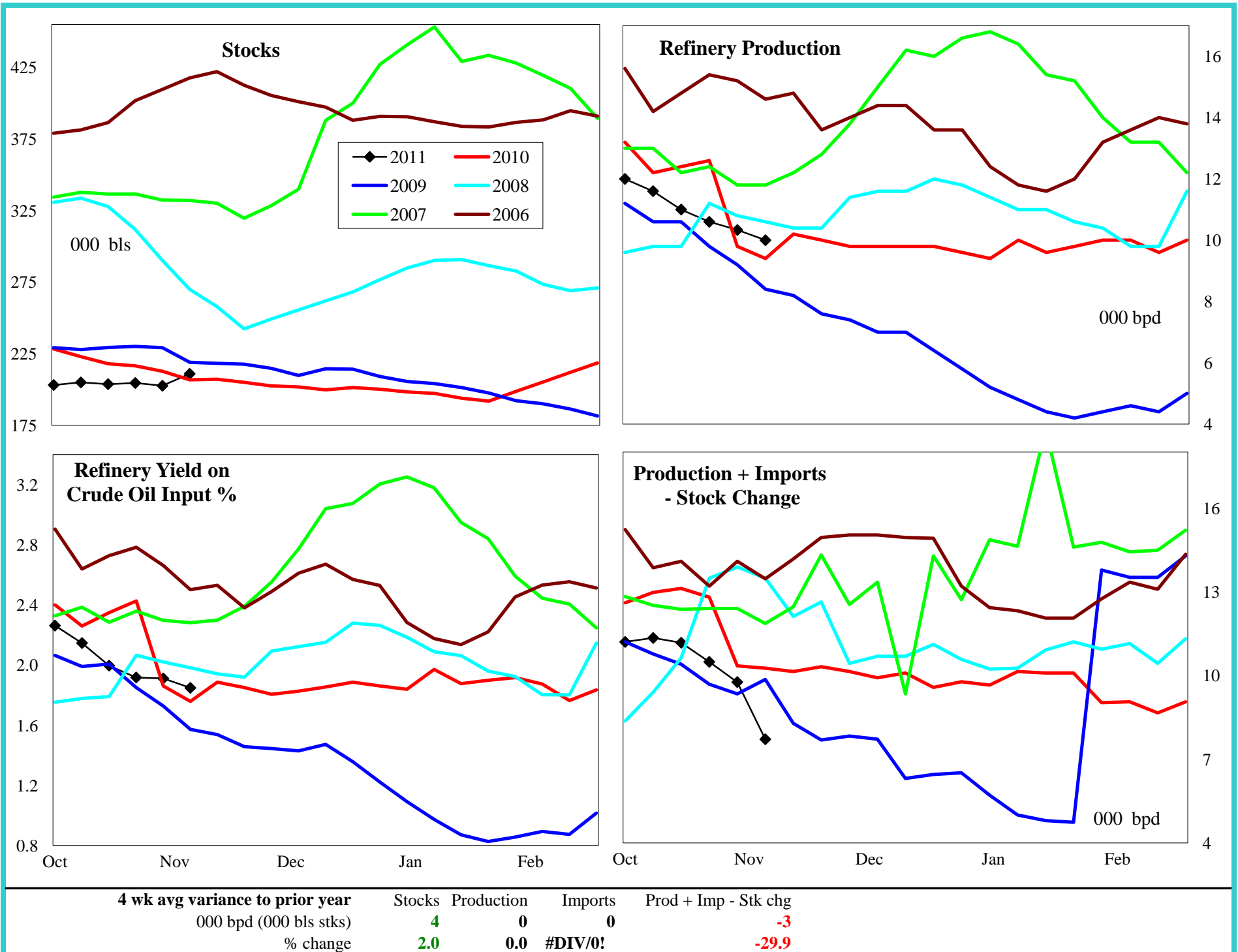
PADD 4 Distillate Supply



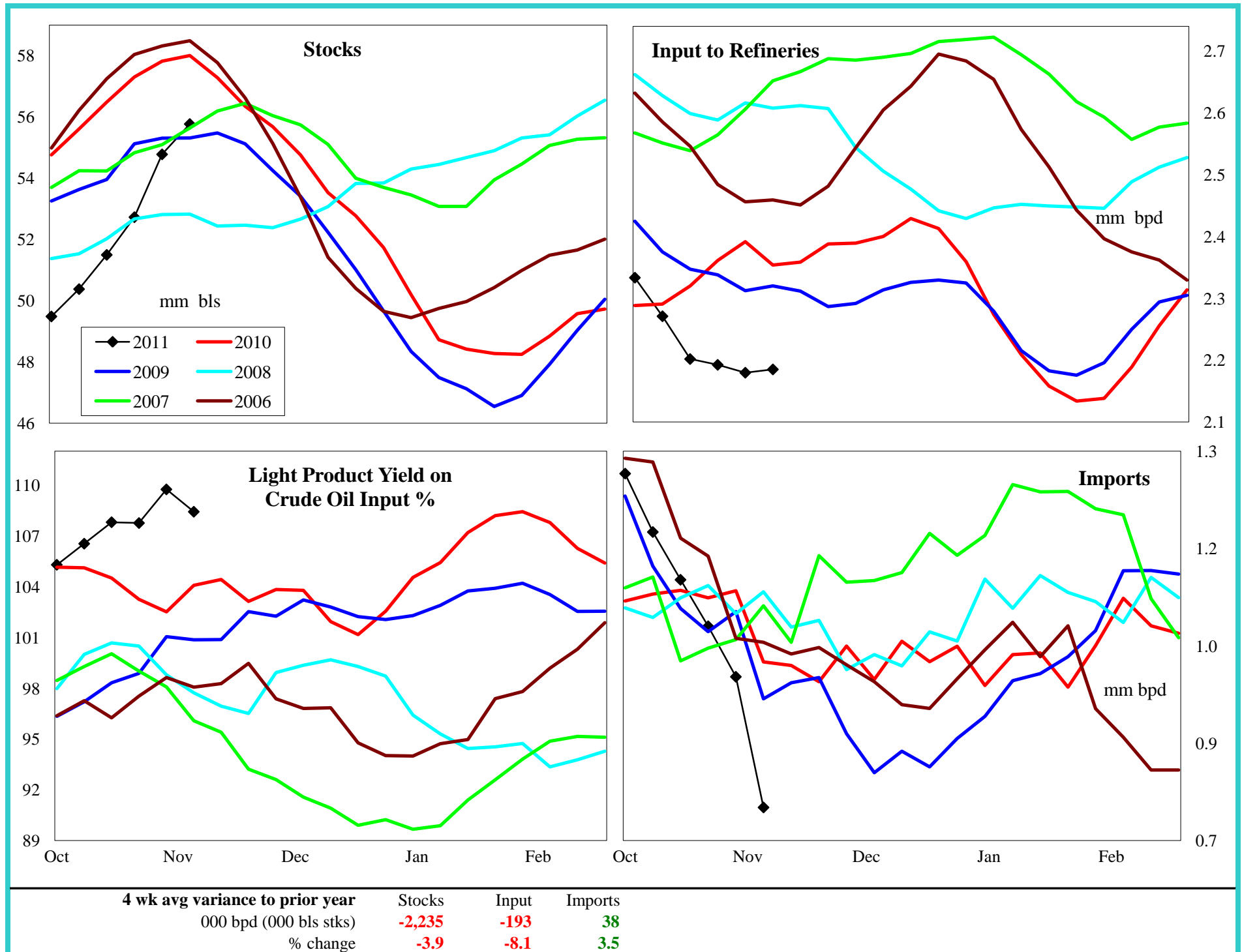
PADD 4 Jet Fuel Supply



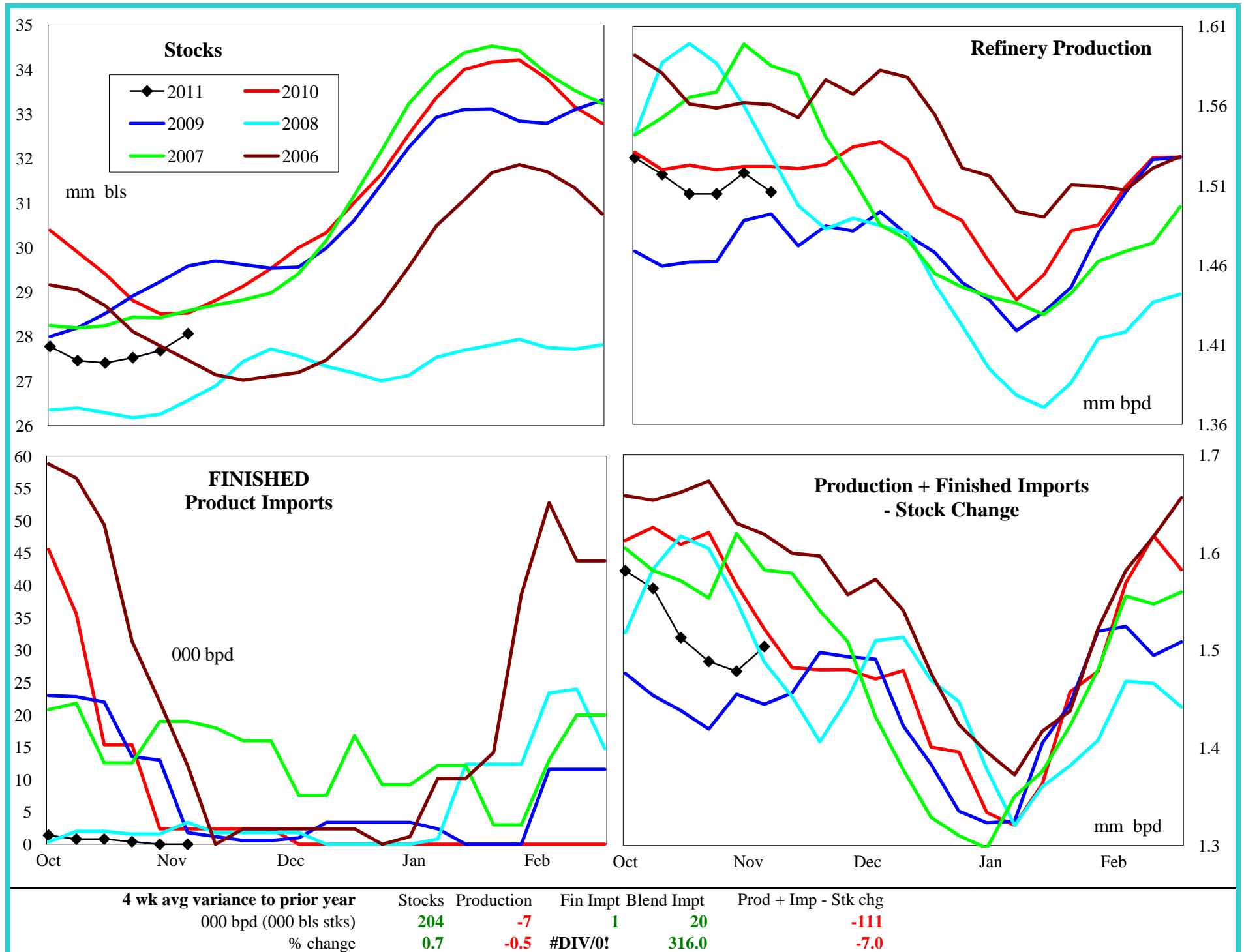
PADD 4 Residual Fuel Oil Supply



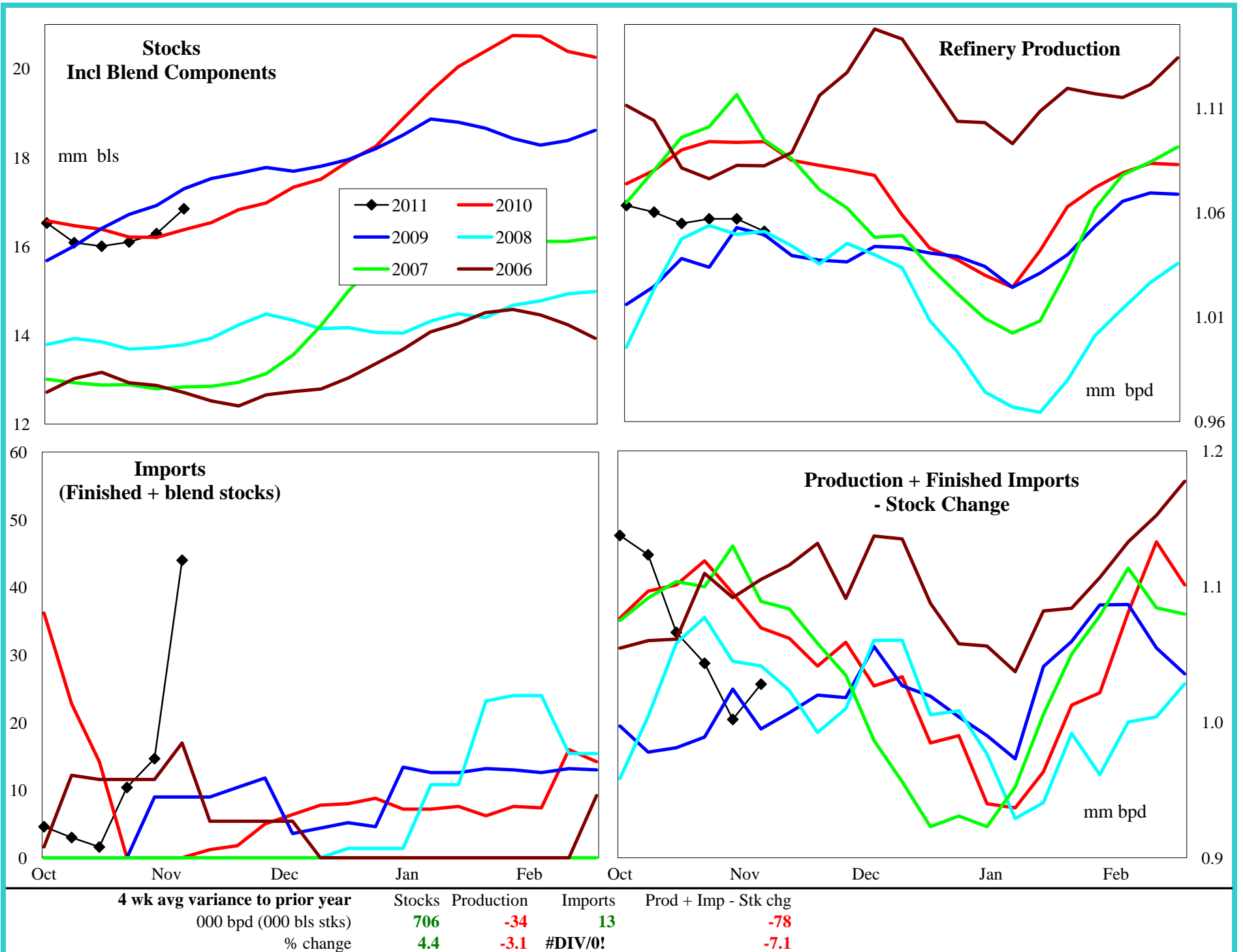
PADD 5 Crude Oil Supply and Refining



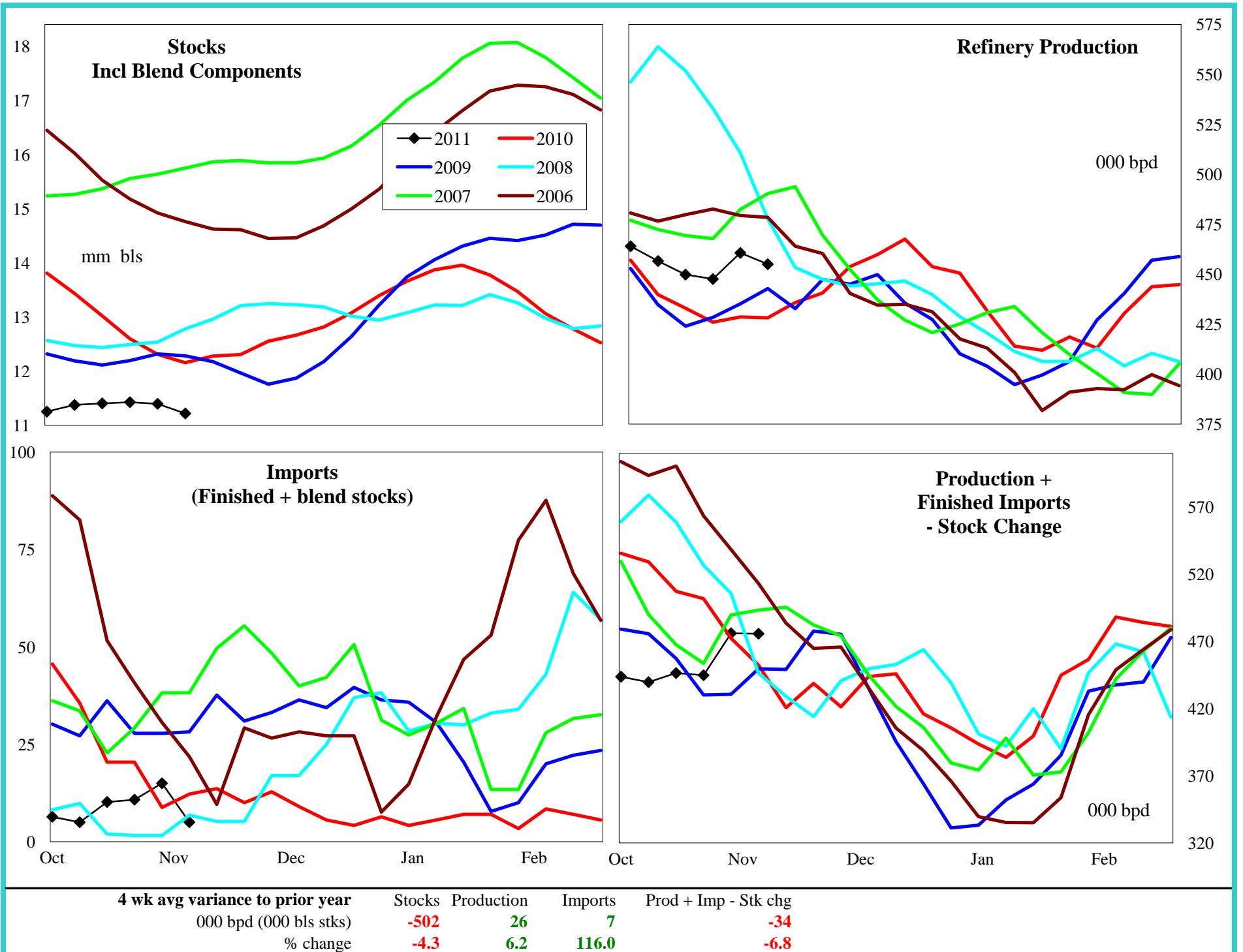
PADD 5 Gasoline Supply



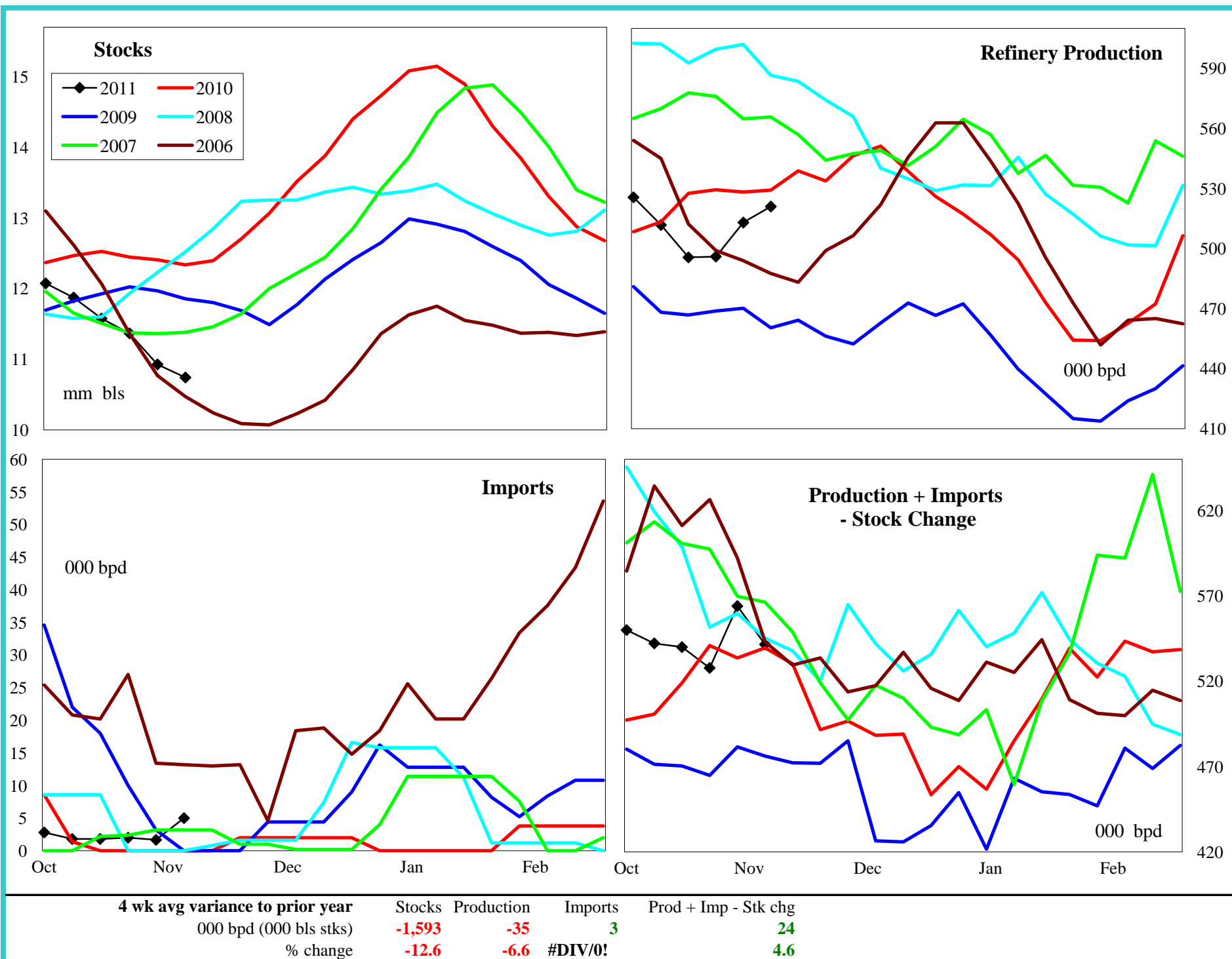
PADD 5 Reformulated Gasoline Supply



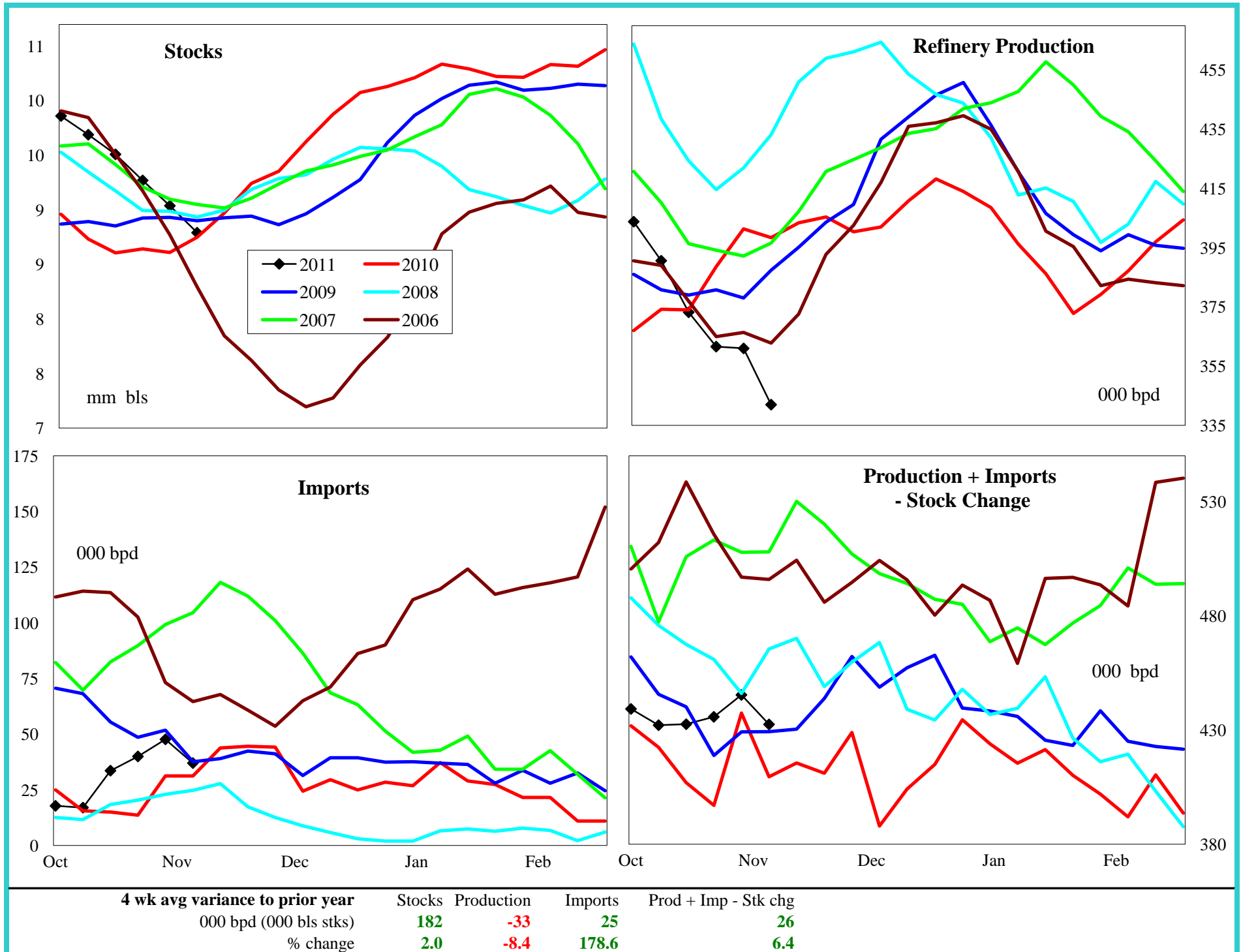
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

