



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, November 25, 2011

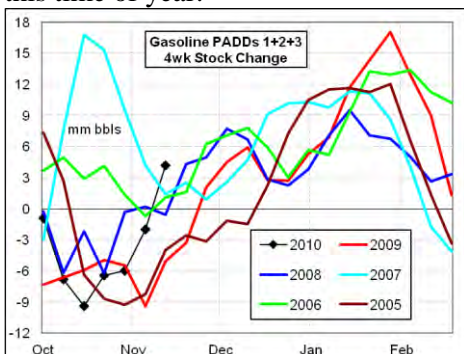


Major Fundamental Trends¹

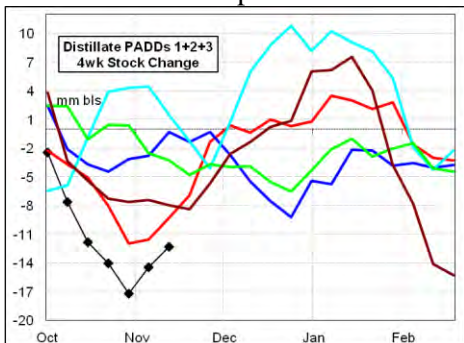
Demand for transport fuels (gasoline, distillate & jet) decreased a combined -356,000 bpd last week, with declines reported for each fuel. Distillate demand was lower for the 3rd consecutive week, while jet fuel demand fell over -200,000 bpd.

Refiners continued to ramp up output as fall maintenance comes to an end, with transport fuel production increasing +390,000 bpd on the week.

Weak demand and very high production has led to an earlier than normal start to the seasonal gasoline stock build. The latest 4-wk stock build of +4.2 million barrels in markets East of the Rockies was a record for this time of year.



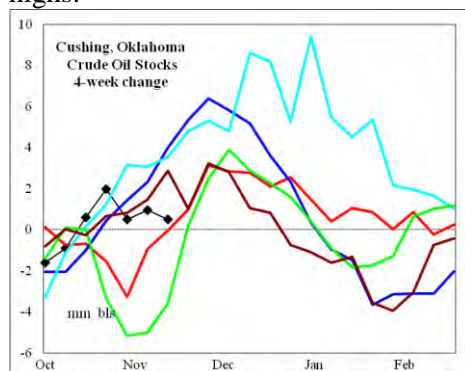
Distillate supplies continued to tighten even with record production and a slowdown in demand. The latest 4-wk stock draw of -12.3 million barrels in markets East of the Rockies was a record draw for the period.



Expect a further slowing in demand from the fall peak, and some pull back in exports due to weakness in the

European market by year end. Combined with a seasonal peak in production, a modest seasonal stock build should be experienced for distillate.

Crude oil stocks in Cushing Oklahoma have experienced a very modest build during the last month, due in part to stock levels that were near historic highs. While the inversion in the forward crude oil price curve has contributed to sharp stock draws in other regional markets (PADDs 1, 3 and 5), stock levels in the Midwest remain above the 5-year range. Seasonal stock building during the next 60-days should push levels in Cushing to match or exceed 5-year highs.



Demand declined for all transport fuels last week; with distillate reporting the 3rd consecutive weekly decrease. Wholesale demand measured over the last four weeks compared to a year ago: gasoline decreased -4%; distillate up +5.7%; jet fuel up +3.4% while residual fuel oil decreased -33%.

Stocks forward coverage: Gasoline demand coverage increased on very weak demand and a +4.5 million barrel stock build. Coverage levels were at a new 5-year high.

Distillate coverage declined on a -0.8 million barrel stock draw and robust weekly demand. Coverage levels were -25% below the last 2-years.

Jet fuel coverage levels decreased on a -0.3 million barrel stock draw. Coverage was comparable to two of the last 3-years.

Refinery utilization rates increased on

a +117,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was +495,000 bpd above a year ago.

Gasoline yield % on crude oil runs increased on a +335,000 bpd rise in output, compared to a +117,000 bpd climb in crude oil runs last week. Yield % on crude oil runs was above four of the last 5-years.

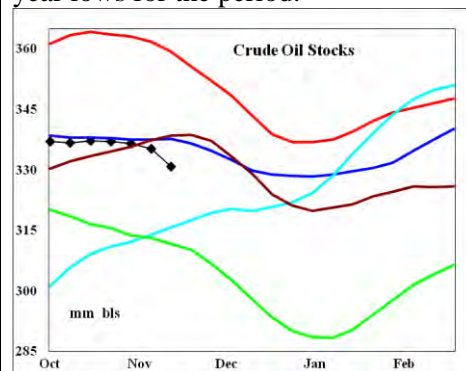
Distillate yield % on crude oil runs remain at record high levels, following last weeks' surge in output.

Jet fuel yield % on crude oil runs increased last week on a +33,000 bpd rise in output compared to the small rise in crude oil runs. Yield % levels were at the low end of the historic range.

Petroleum Imports were sharply higher for gasoline last week, with import levels of middle distillates below the historic range.

During the latest 4-wk period crude oil imports increased +225,000 bpd over last year; distillate imports decreased -12,000 bpd; finished gasoline imports decreased -37,000 bpd, gasoline blend stock imports increased +95,000 bpd; jet fuel imports decreased -4,000 bpd, while residual fuel oil imports decreased -55,000 bpd.

Crude Oil stocks declined -6.2 million barrels last week, with draws exceeding -1.5 million barrels in each of PADDs 1, 3 and 5. Stock levels in each of these regions were at or near 5-year lows for the period.



¹ Source is latest EIA Weekly Statistics



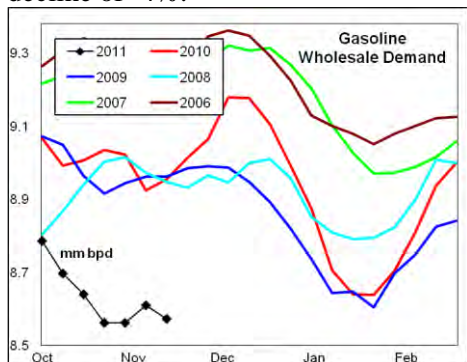
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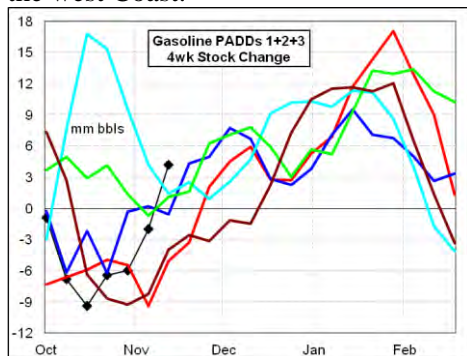
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Product Supply-Demand Trends

Gasoline demand decreased -33,000 bpd last week, to match recent record lows. The latest 4-wk average demand was -362,000 bpd below a year ago, a decline of -4%.



Production jumped +335,000 bpd to a new record high level. Imports also increased +194,000 bpd to the highest level since June 2011. The surge in supply and weak demand led to a +4.5 million barrel stock build, with meaningful builds in all regions except the west Coast.



The latest 4-wk stock build in markets East of the Rockies was a record +4.2 million barrels for this time of year. Very weak demand, and sharply higher imports led to the early season build.

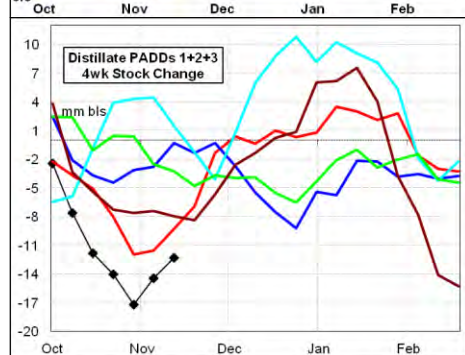
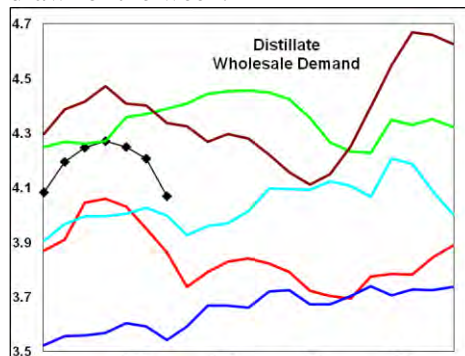
Poor refining margins (based on imported crude cost) may limit the rate of stock building, although, markets are likely to become very well supplied during the winter quarter.

Distillate demand fell -120,000 bpd last week, the 3rd consecutive weekly decline in demand. The latest 4-wk average year-on-year demand growth was +228,000 bpd.

Production increased +22,000 bpd last week, to a new record high level. Production levels was at or near new 5-

year highs in all regional markets. The high level of output did not offset strong exports and demand, leading to a -0.8 million barrel stock draw for the week. Stock levels ended the week -25.3 million barrels below last year.

The latest 4-wk stock change in markets East of the Rockies was a draw of -12.3 million barrels, a record draw for the week.



Demand continued to witness a seasonal slowdown, although the level remains above the last 3-years. The record rate of seasonal stock draws continued, pushing stocks to levels not seen since the start of the great recession.

Expect additional increases in production during the next 30-days, which combined with a further slowing in demand, should lead to modest stock builds by year end.

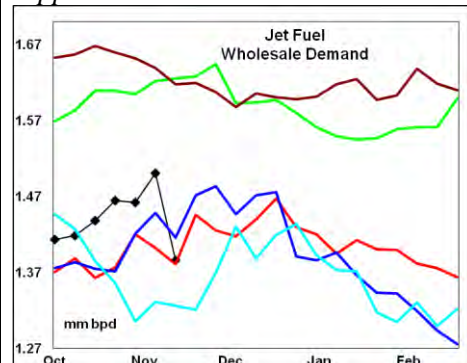
Jet Fuel demand fell -203,000 bpd last week, to a level at the mid range of the last 3-years. The latest 4-wk average demand was +50,000 bpd above last year.

Supply increased +22,000 bpd last week, on higher production. Stocks decreased -0.3 million barrels to a level slightly below the last 2-years.

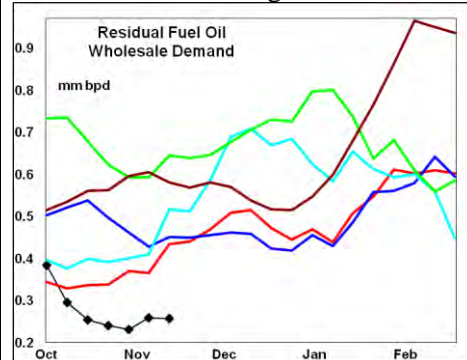
Production levels were

comparable to that of the last 3-years. The market remains well balanced, with demand, production and stock levels each comparable to the last 2-years.

Higher seasonal demand and a switch by refiners from jet to distillate production should lead to further stock draws. Increased production during the next 45-days should assure a well supplied market.



Residual fuel oil demand increased +21,000 bpd on the week, a level well below the historic range.



Supply (production + imports) declined -38,000 bpd last week, on lower production and imports. The latest 4-wk average supply was +18,000 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 approaching historic highs set last year. Reduced exports have led to a strong seasonal stock build in the Gulf, even with very low production.



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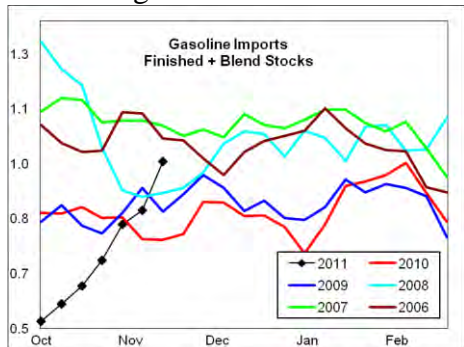
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -93,000 bpd on the week, with the level +351,000 bpd above a year ago.

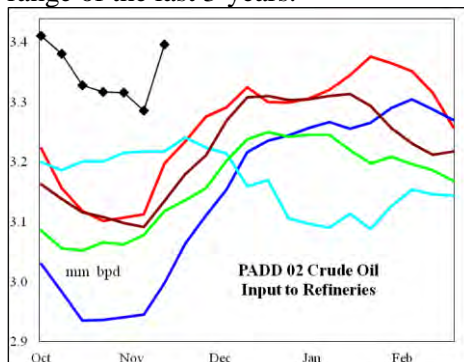
Gasoline supply increased +260,000 bpd last week, due to sharply higher imports. Import levels were above the last 3-years and the highest since June 2011.



Gasoline stocks jumped +2.9 million barrels on the week, to a level above four of the last 5-years.

Distillate supply increased +60,000 bpd last week, with the latest 4-wk average +113,000 bpd above last year. Stocks fell -2.4 million barrels on the week, with the level -23% below last year.

Jet fuel stocks increased +0.9 million barrels on the week, to a level above four of the last 5-years. Production levels were at the mid range of the last 3-years.



PADD 2 crude oil refinery runs jumped +145,000 bpd last week, with the latest 4-wk average +203,000 bpd above a year ago, and a record high for this time of year. Crude imports increased +60,000 bpd, with the level +28% above last year. Crude oil

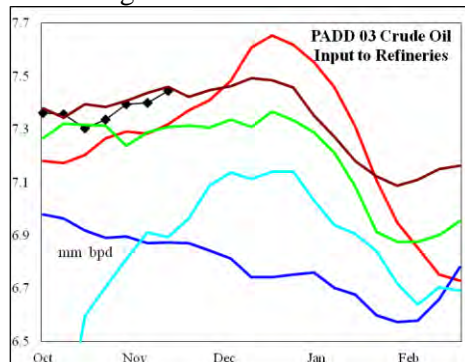
stocks were unchanged, at a level +1% above the prior 5-year high.

Gasoline production climbed +85,000 bpd to a new record high for the period. Stocks increased +0.8 million barrels, although the level remains below the 5-year range.

Distillate production increased +14,000 bpd, to a level above four of the last 5-years. Stocks increased +0.5 million barrels to a level that matched historic lows for the week.

Jet fuel production declined -18,000 bpd with the level above the mid range. Stock levels matched last years' historic highs.

PADD 3 refinery runs decreased -64,000 bpd last week, a level that matched 5-year highs. The latest 4-wk average thru put was +91,000 bpd above last year. Crude oil imports fell -0.6 million bpd last week, with stocks decreasing -2.2 million barrels.



Gasoline production increased +96,000 bpd on the week. Stocks increased +1.22 million barrels last week, a level that matched 5-year highs.

Distillate production decreased -49,000 bpd on the week, with the latest 4-wk average +141,000 bpd above the previous 5-year high. Stocks increased +0.5 million barrels, with the level -6.3 million barrels below the historic high for this time of year.

Jet fuel production increased +42,000 bpd on the week, to a level that matched historic highs for the week. Stocks fell -1 million barrels to a level below the mid range.

Residual fuel oil supplies declined -52,000 bpd on the week, due to lower production and imports. Stocks

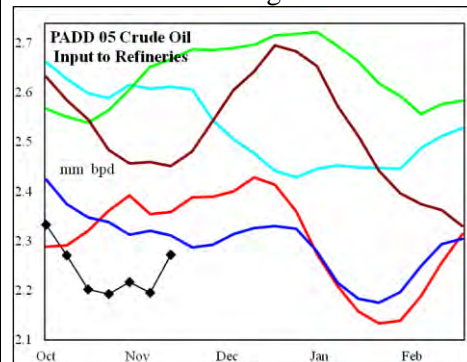
increased +0.6 million barrels, to a level near the 5-year high.

PADD 4 refinery crude runs climbed +42,000 bpd last week, to a level that matched 5-year highs; with the most recent 4-wk average +23,000 bpd above a year ago.

Gasoline production declined -9,000 bpd on the week, with the latest 4-wk average -32,000 bpd below last year. Stocks increased +0.1 million barrels to a level above the mid range.

Distillate production increased +5,000 bpd on the week, with the level above the 5-year range. Stock levels were slightly below the mid range.


PADD 5 crude oil refinery runs increased +87,000 bpd on the week, with the level below the 5-year range. The latest 4-wk average thru put was -173,000 bpd below last year. Light product yield % on crude oil runs remains at a record high.



Gasoline production increased +69,000 bpd last week to a level near 5-year highs. Supply (production + imports) for the latest 4-wk average was +5,000 bpd above last year. Stocks fell -0.6 million barrels on the week, to a level at the low end of the historic range.

Distillate supply increased +45,000 bpd on the week, with the level at the upper end of the 5-year range. The latest 4-wk average was +10,000 bpd above a year ago. Stocks increased +0.6 million barrels, although the level remains at the low end of the historic range.

Jet fuel supply declined -15,000 bpd on the week, to record low level. Stocks increased +0.1 million barrels to a level near the mid range.



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PETROLEUM TRENDS

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PETROLEUM: Graph Link and Weekly Summary

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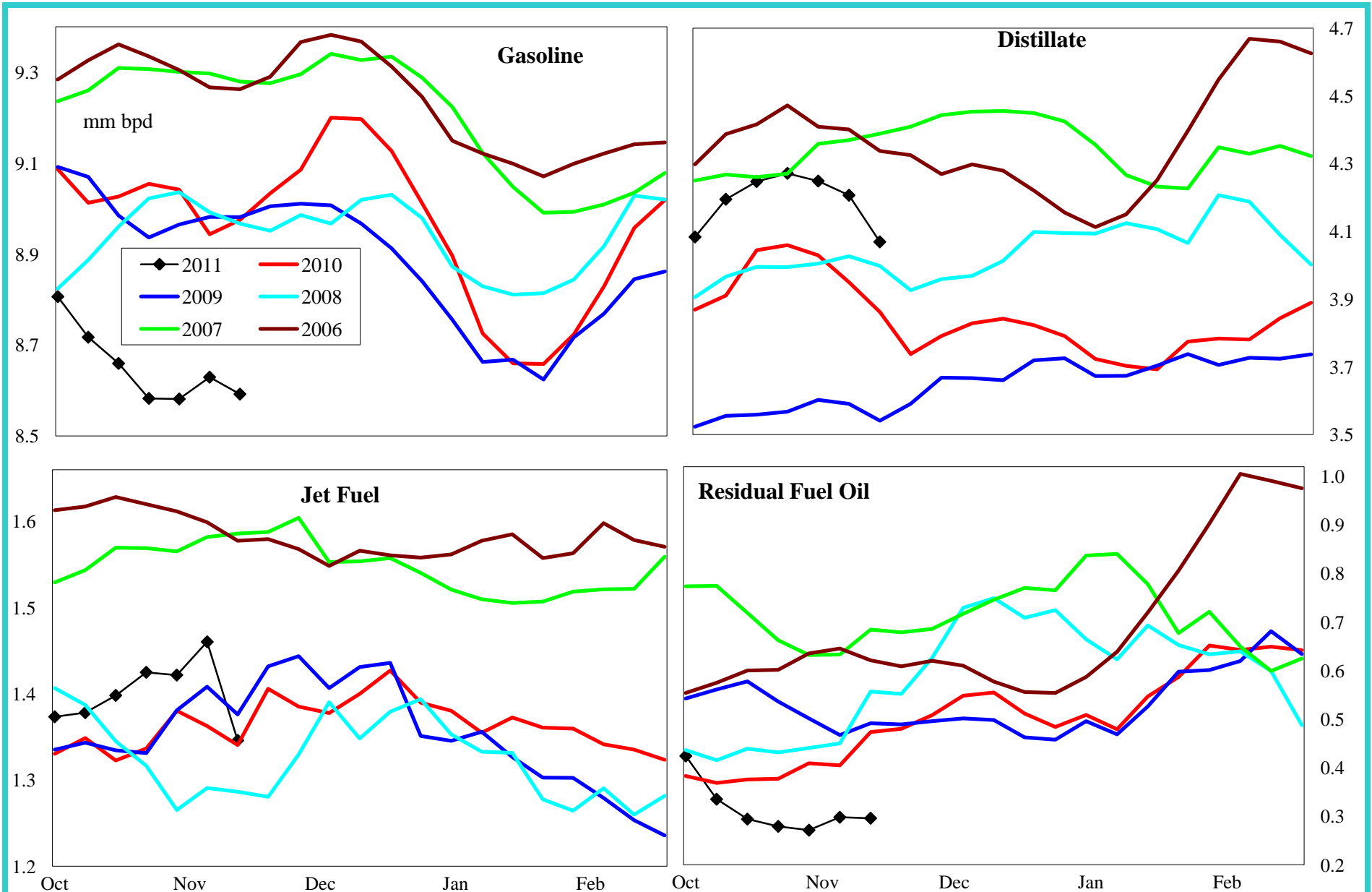
November 23, 2011

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	18-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	-6,219	-1,538	9	-2,242	144	-2,590
	Imports	-246	-205	60	-607	-41	547
	Input	117	-93	145	-64	42	87
	% Utilization	0.70					
Gasoline	Stocks	4,475	2,916	833	1,205	84	-563
	Production	335	-1	85	96	-9	69
	Imports	194	261	-1	-17	0	-49
	Supplied	-33					
Distillate	Stocks	-770	-2,446	450	532	109	584
	Production	22	2	14	-49	5	50
	Imports	53	58	0	0	0	-5
	Supplied	-120					
Jet Fuel	Stocks	-330	881	-382	-992	30	134
	Production	33	-2	-18	42	1	8
	Imports	-9	12	0	4	0	-23
	Supplied	-203					
Residual Fuel Oil	Stocks	302	-567	48	576	0	246
	Production	-16	-5	4	-43	2	26
	Imports	-22	-13	0	-9	0	0
	Supplied	21					

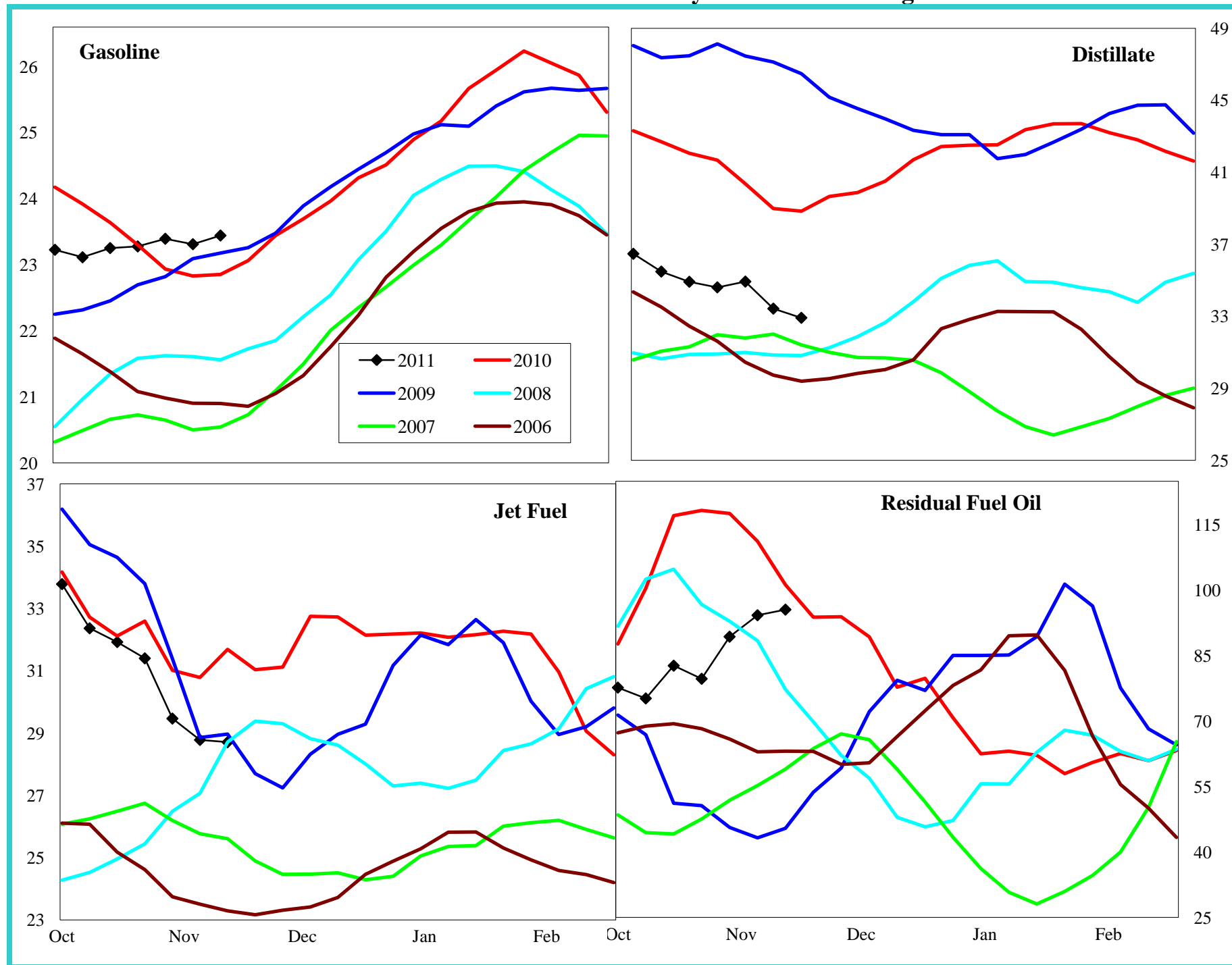
United States Wholesale Petroleum Demand



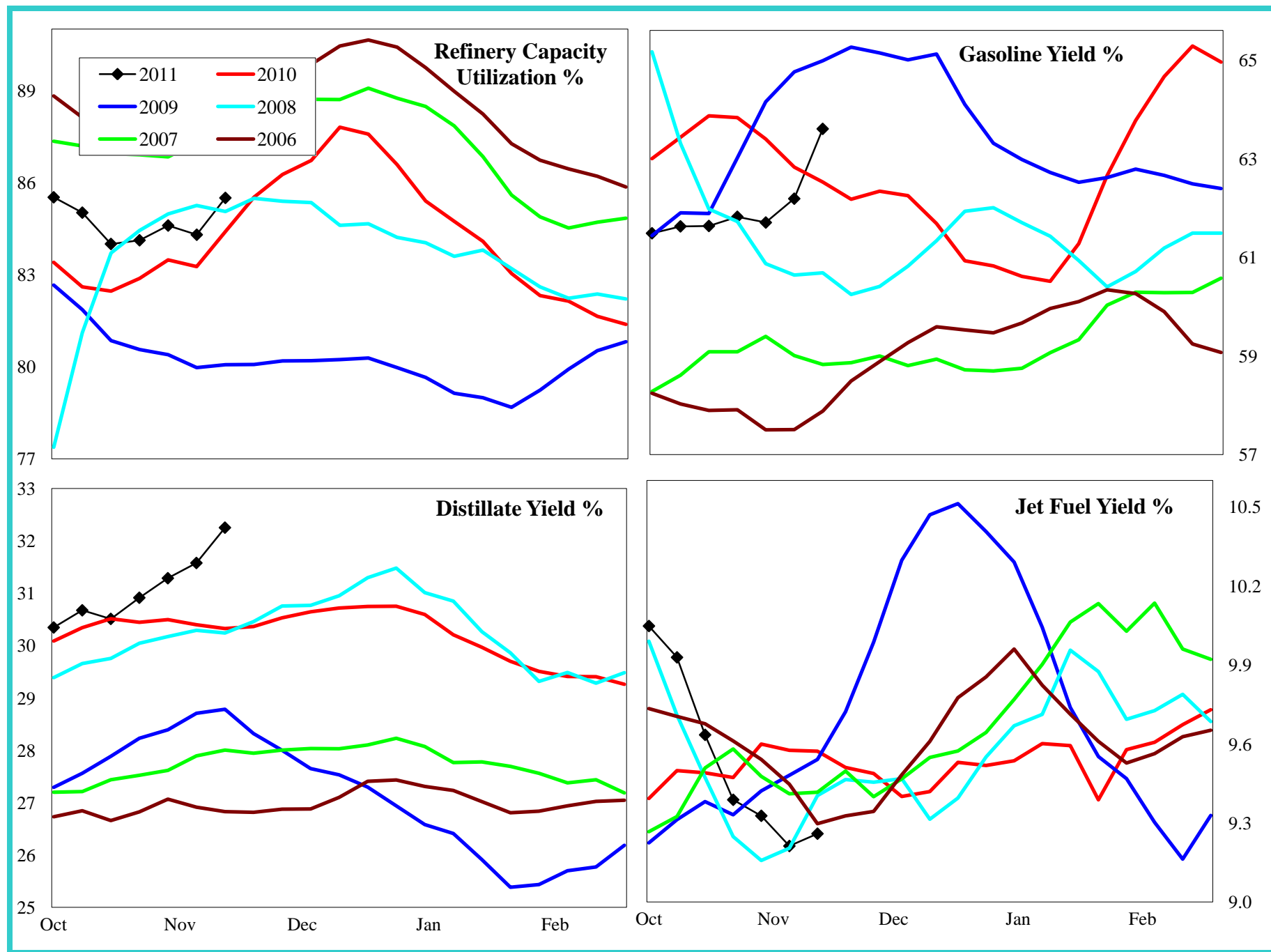
	000 bpd change from prior year				% change from prior year			
	4wk avg	Oct	Jan	Aug	4wk avg	Oct	Sep	Aug
Gasoline	-362	-444	-205	-158	-4.0	-4.9	-2.2	-1.7
Distillate	228	519	-23	6	5.7	13.8	-0.6	0.2
Jet Fuel	50	4	-50	32	3.4	0.3	-3.4	2.2
Resid	-134	-209	19	-62	-32.8	-42.7	3.7	-13.0



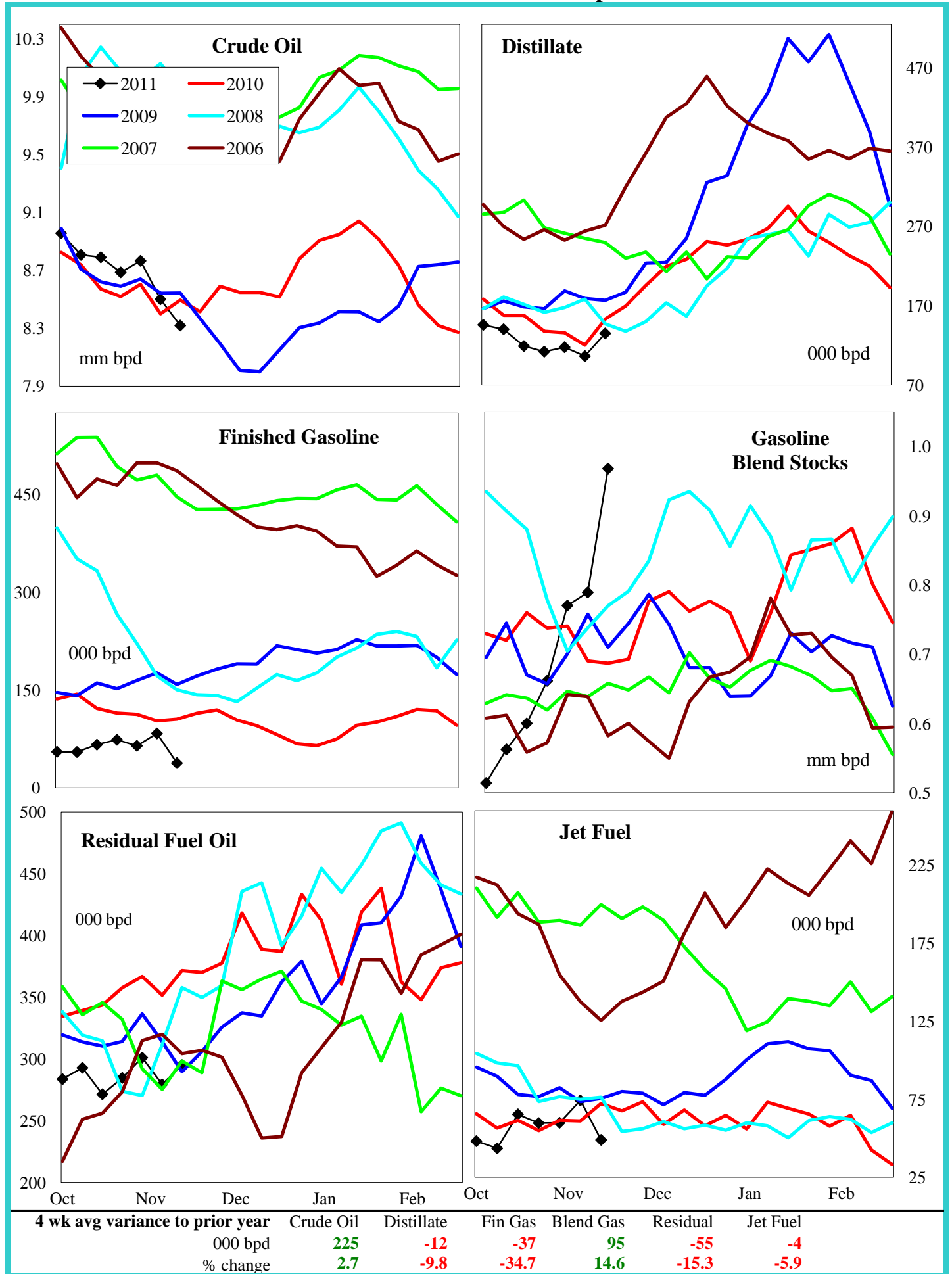
United States Product Stocks: Days Forward Coverage



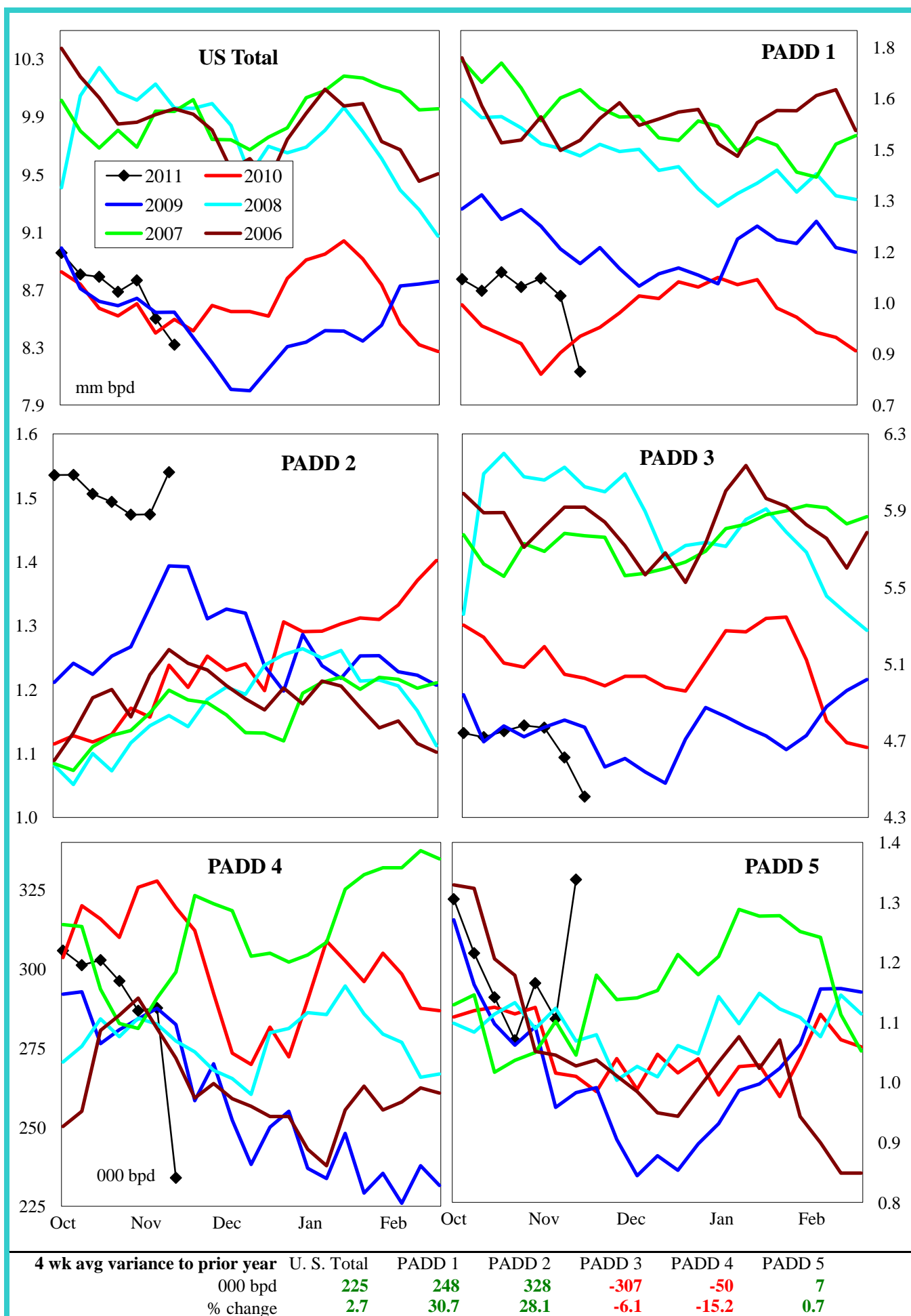
United States Refinery Percent Utilization Rate and Product Yields



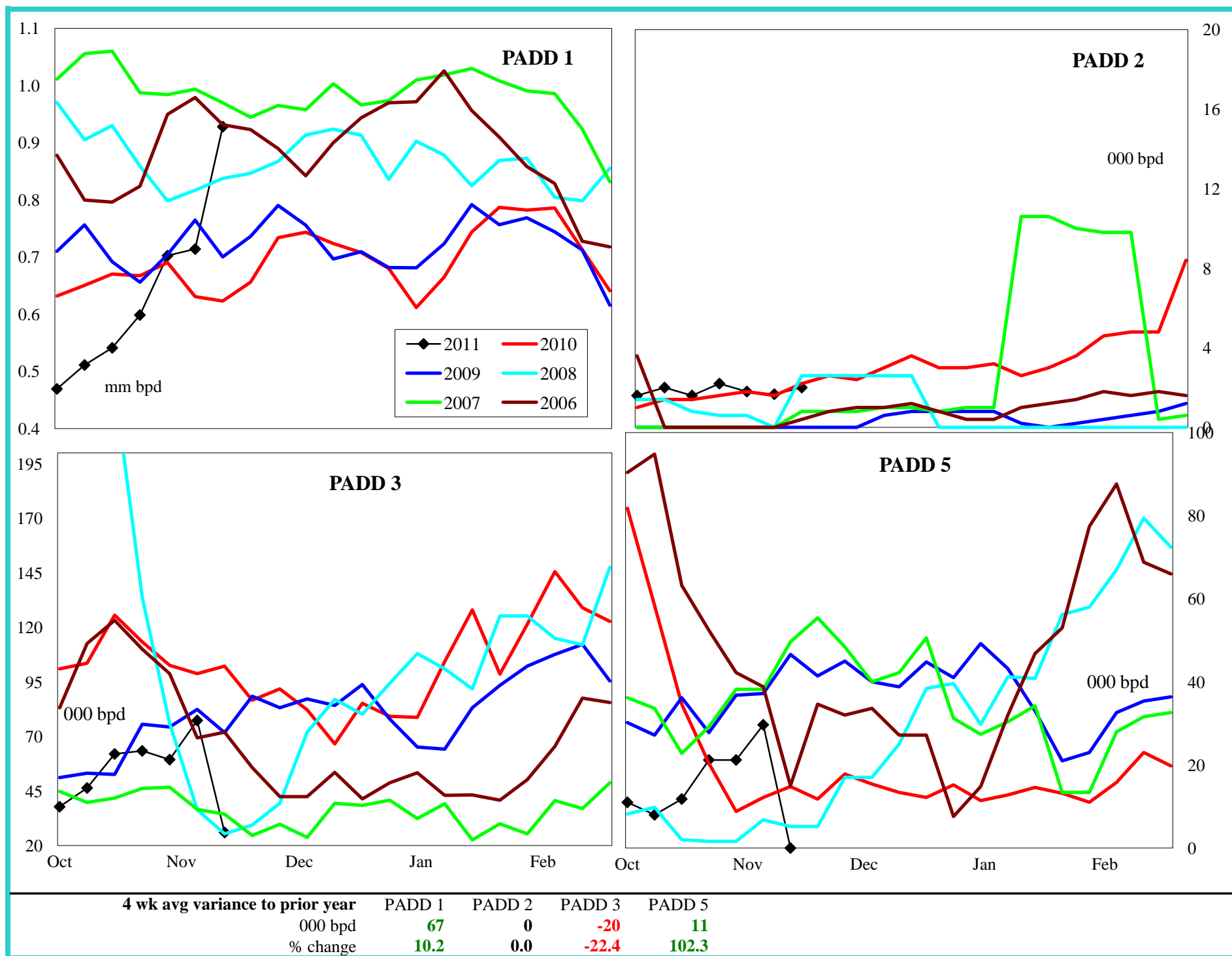
United States Petroleum Imports



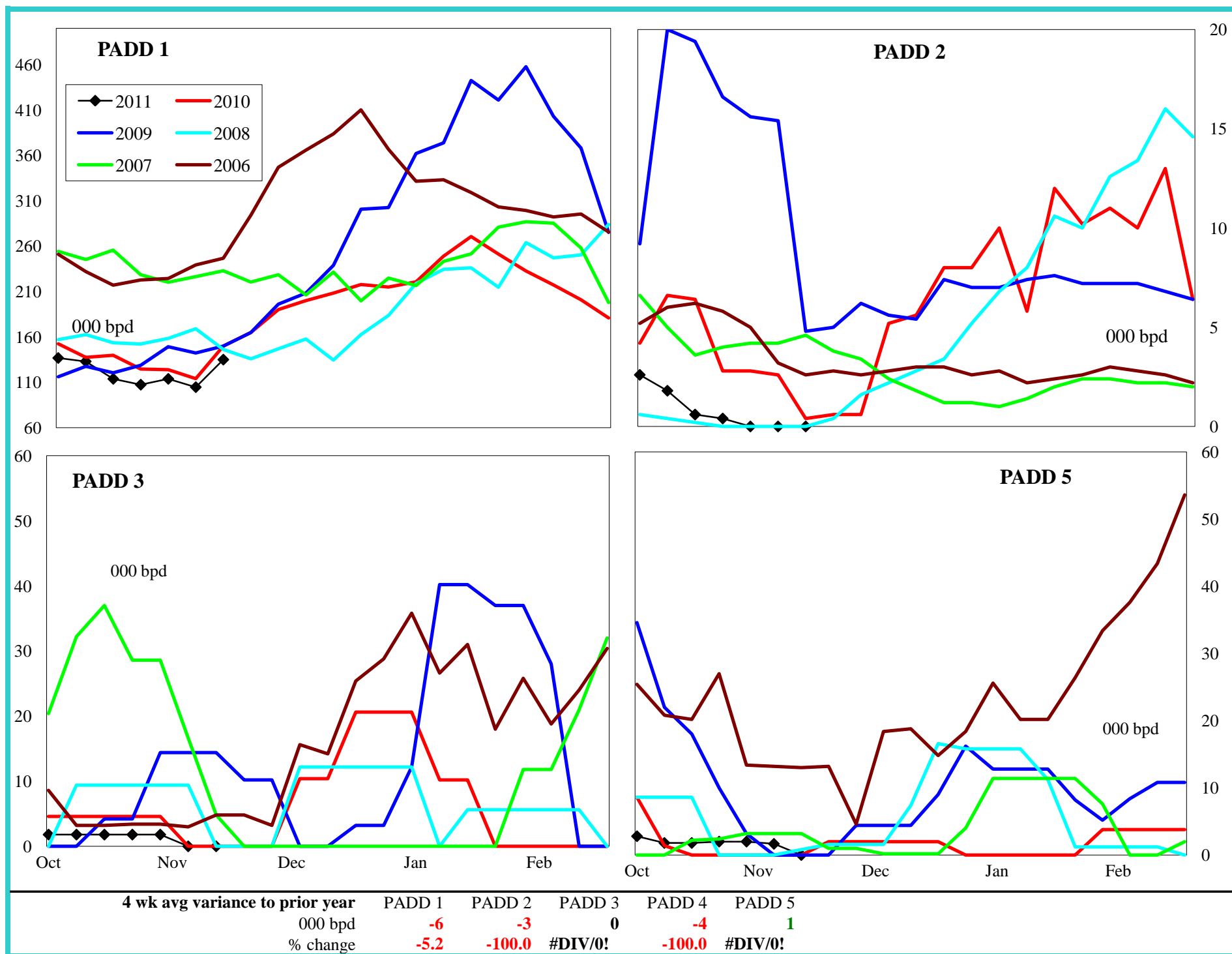
Crude Oil Imports by PADD



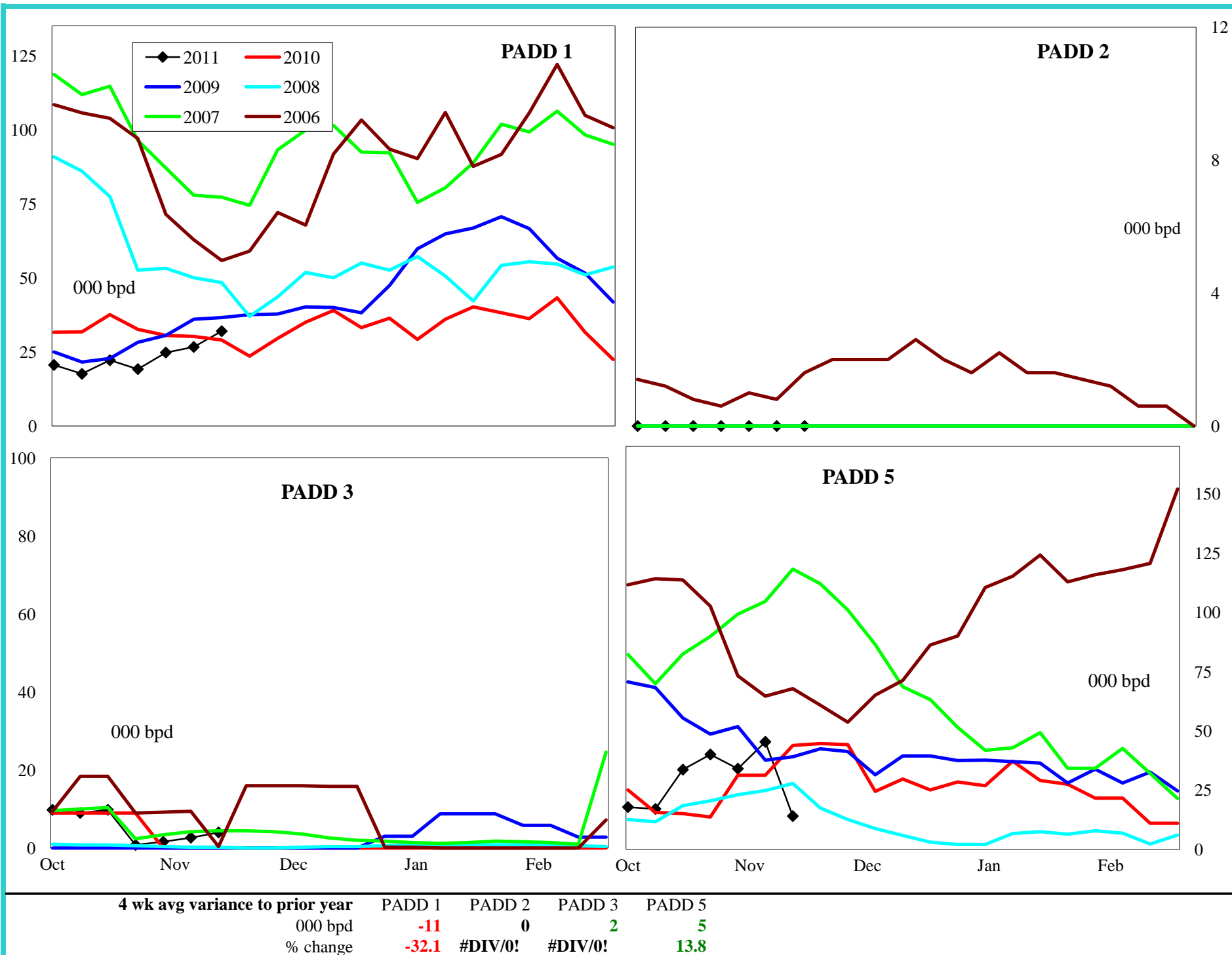
Gasoline Imports by PADD (Finished + Blend Stocks)



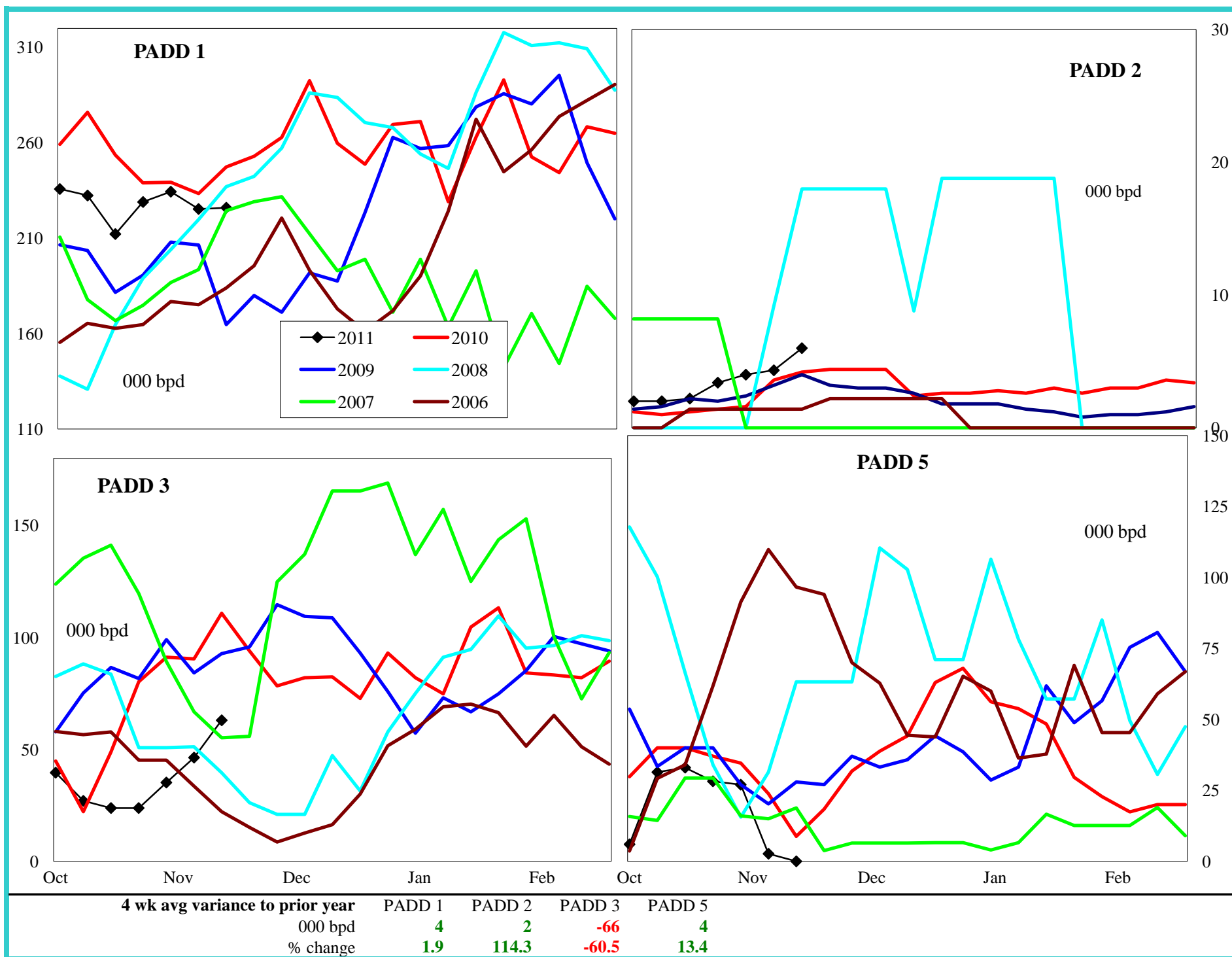
Distillate Imports by PADD



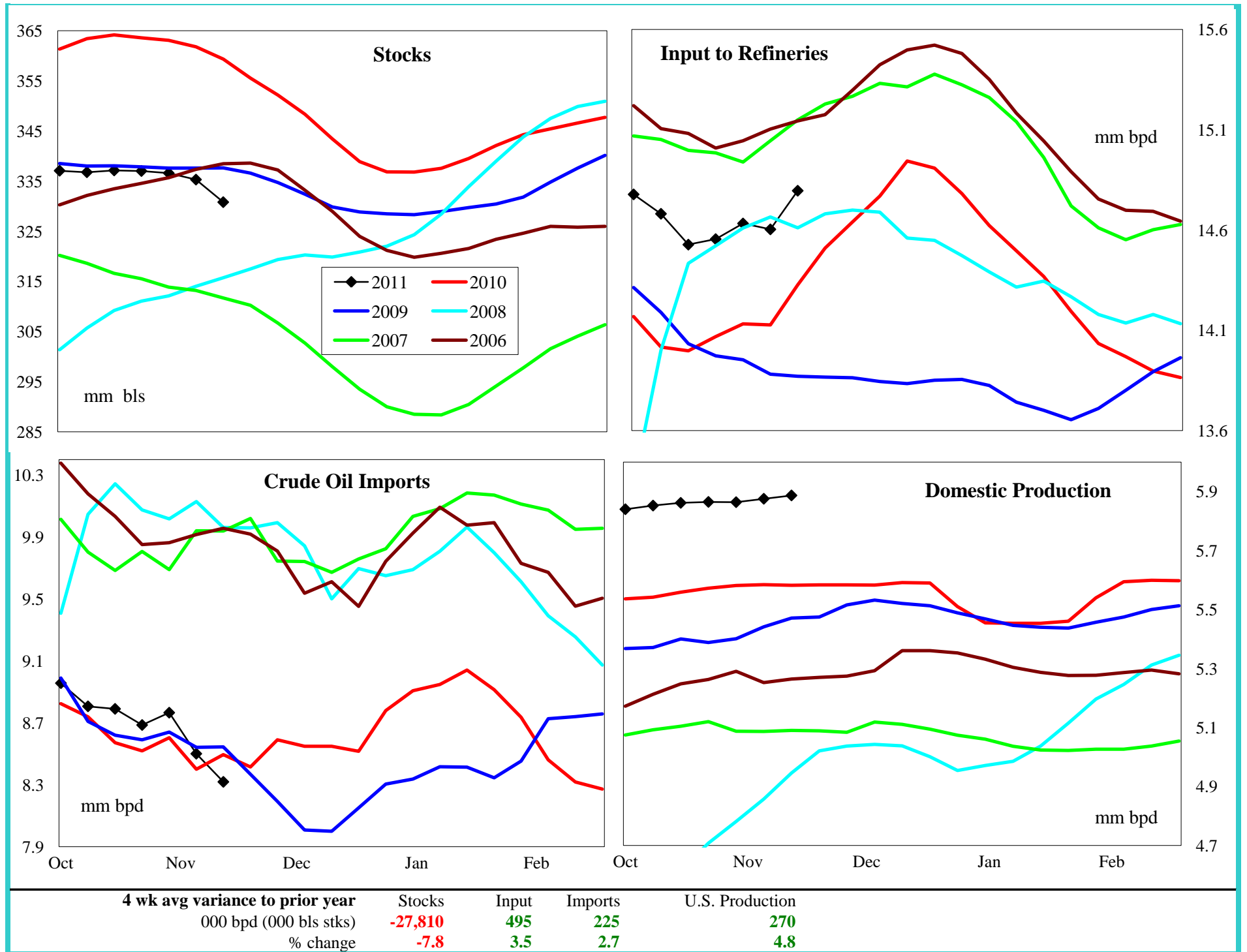
Jet Fuel Imports by PADD



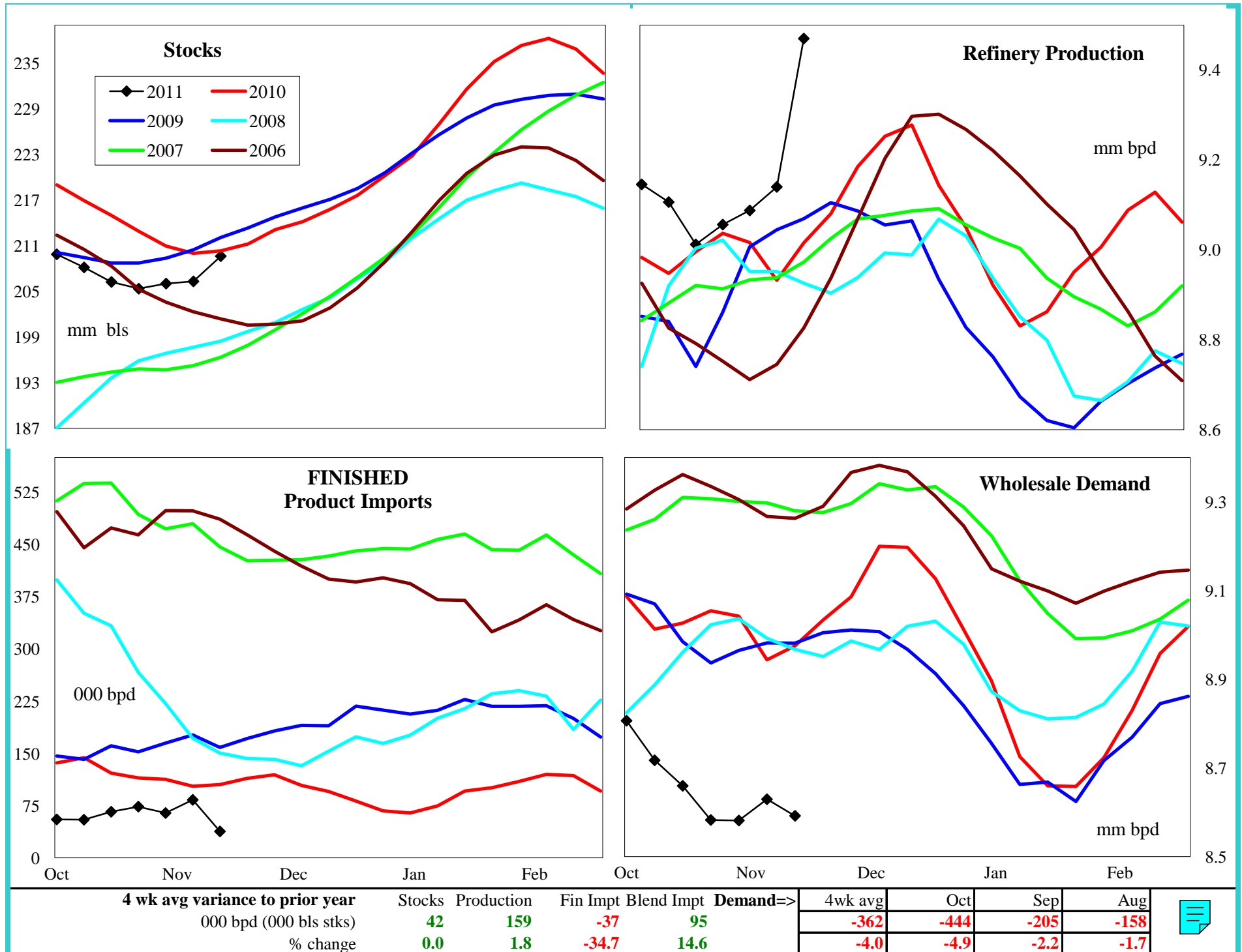
Residual Fuel Oil Imports by PADD



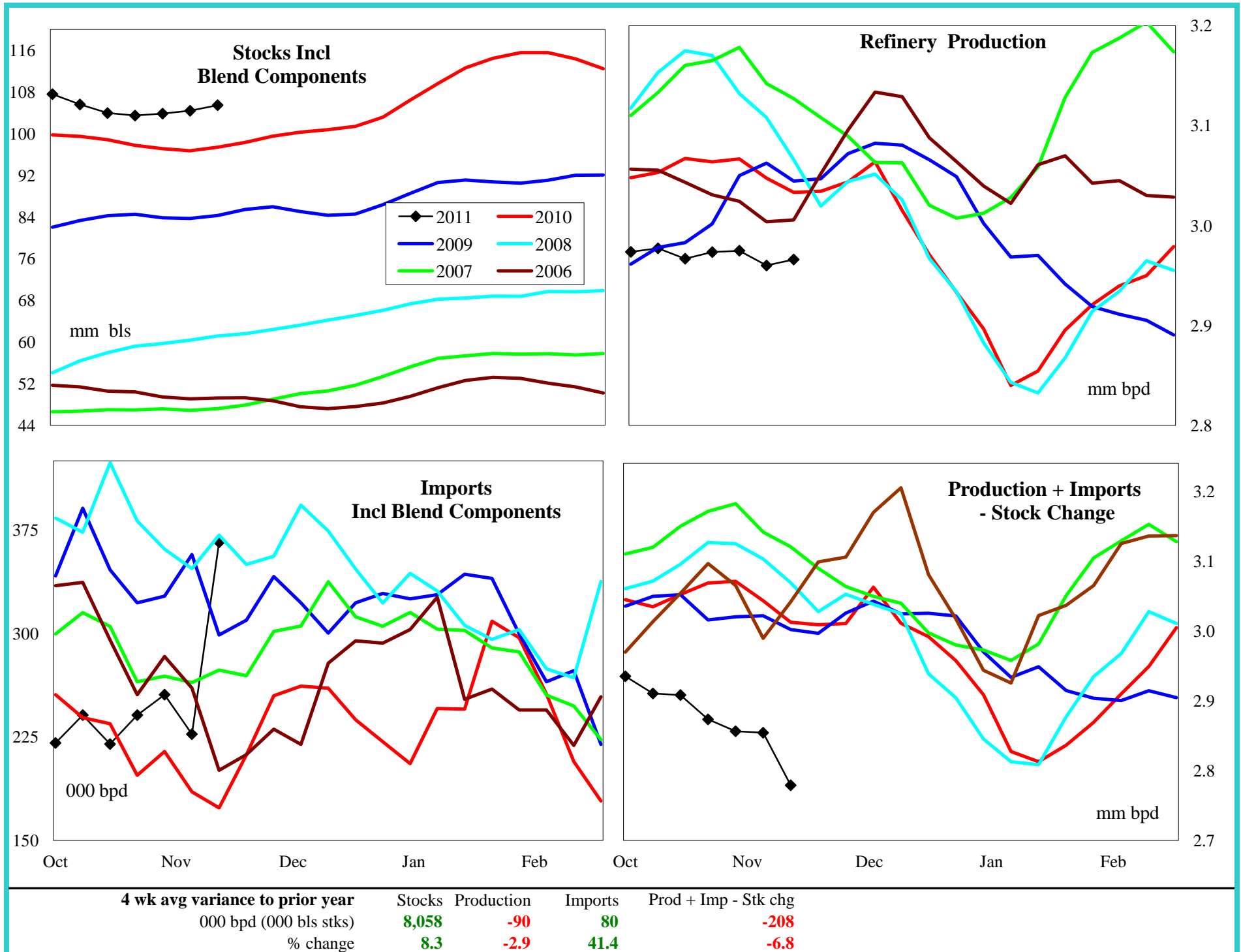
United States Crude Oil Supply and Demand Balance



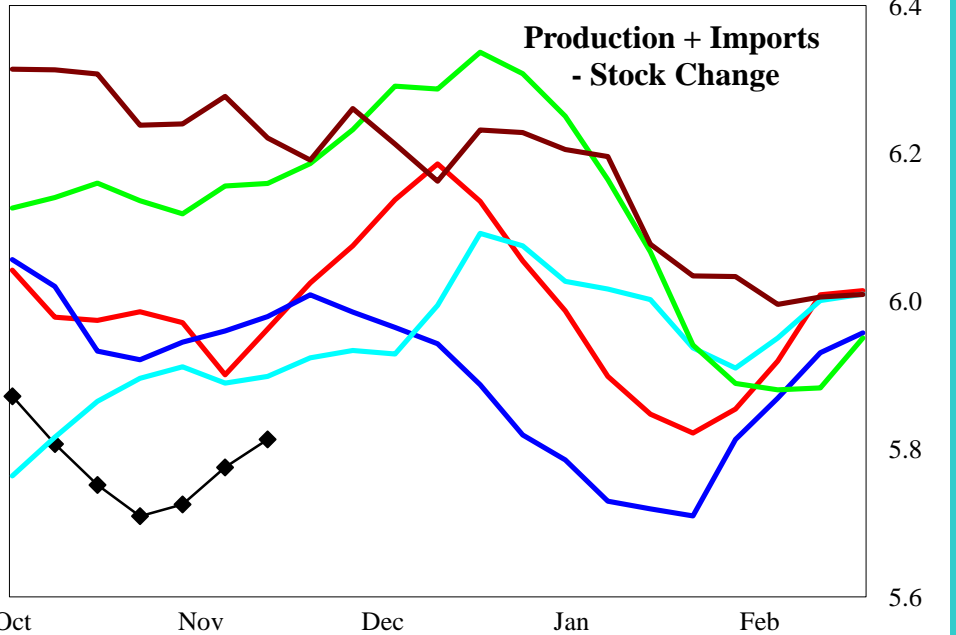
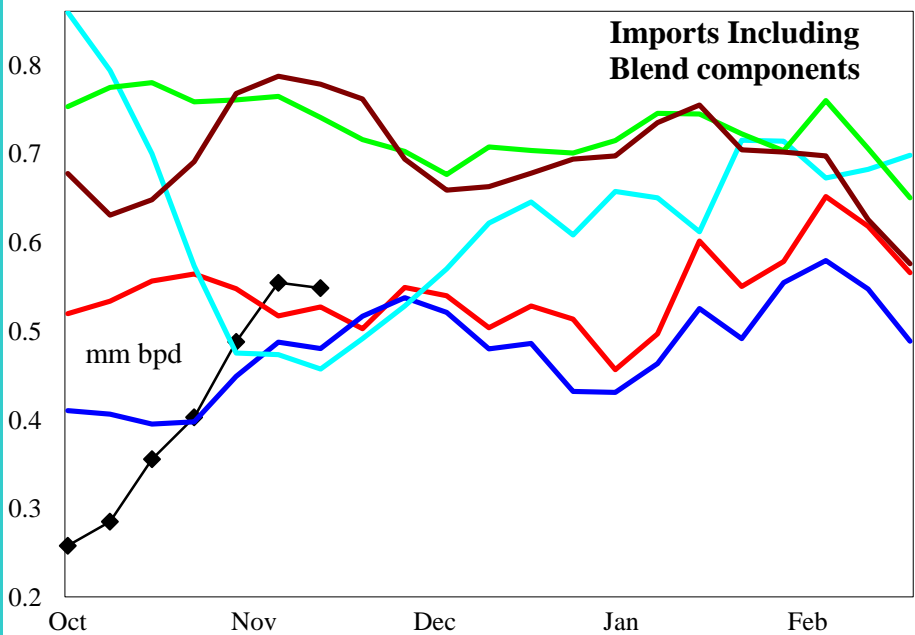
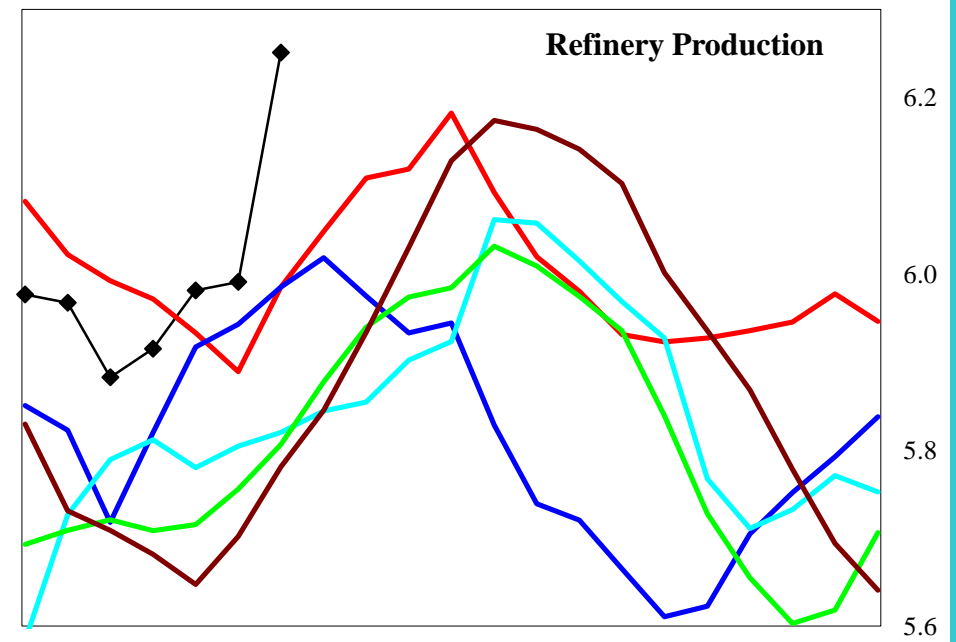
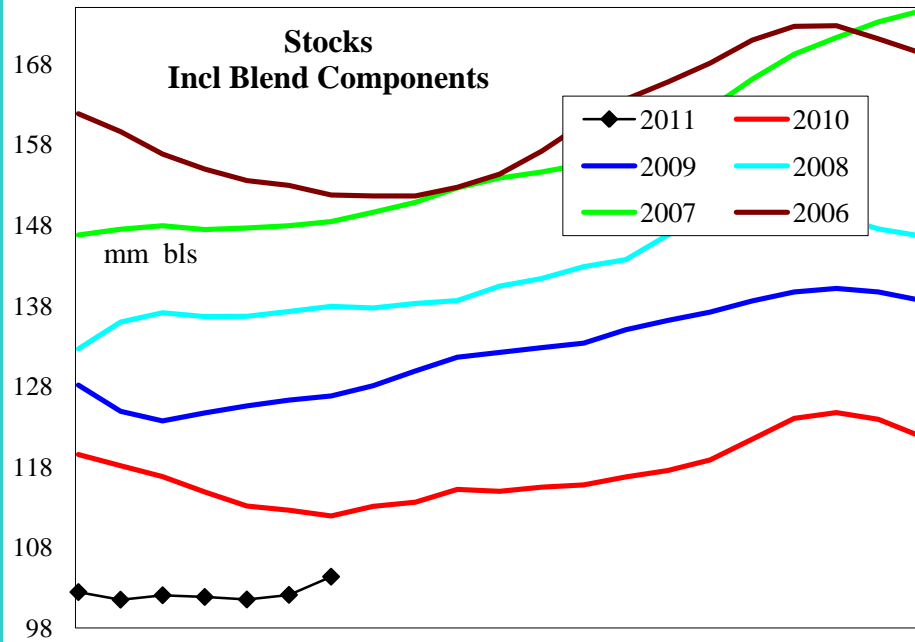
United States Gasoline Supply and Demand Balance



United States Reformulated Gasoline Supply



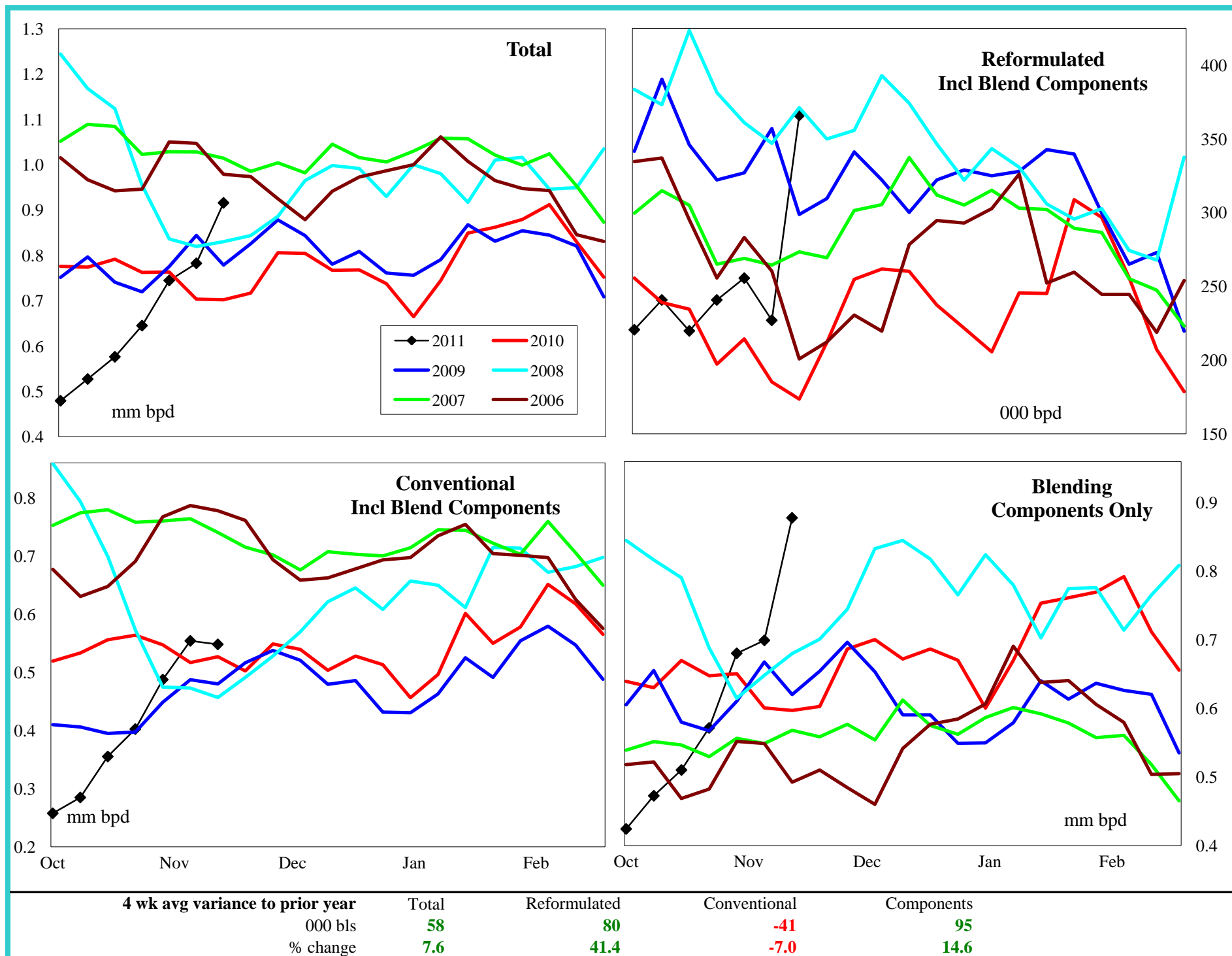
United States Conventional Gasoline Supply



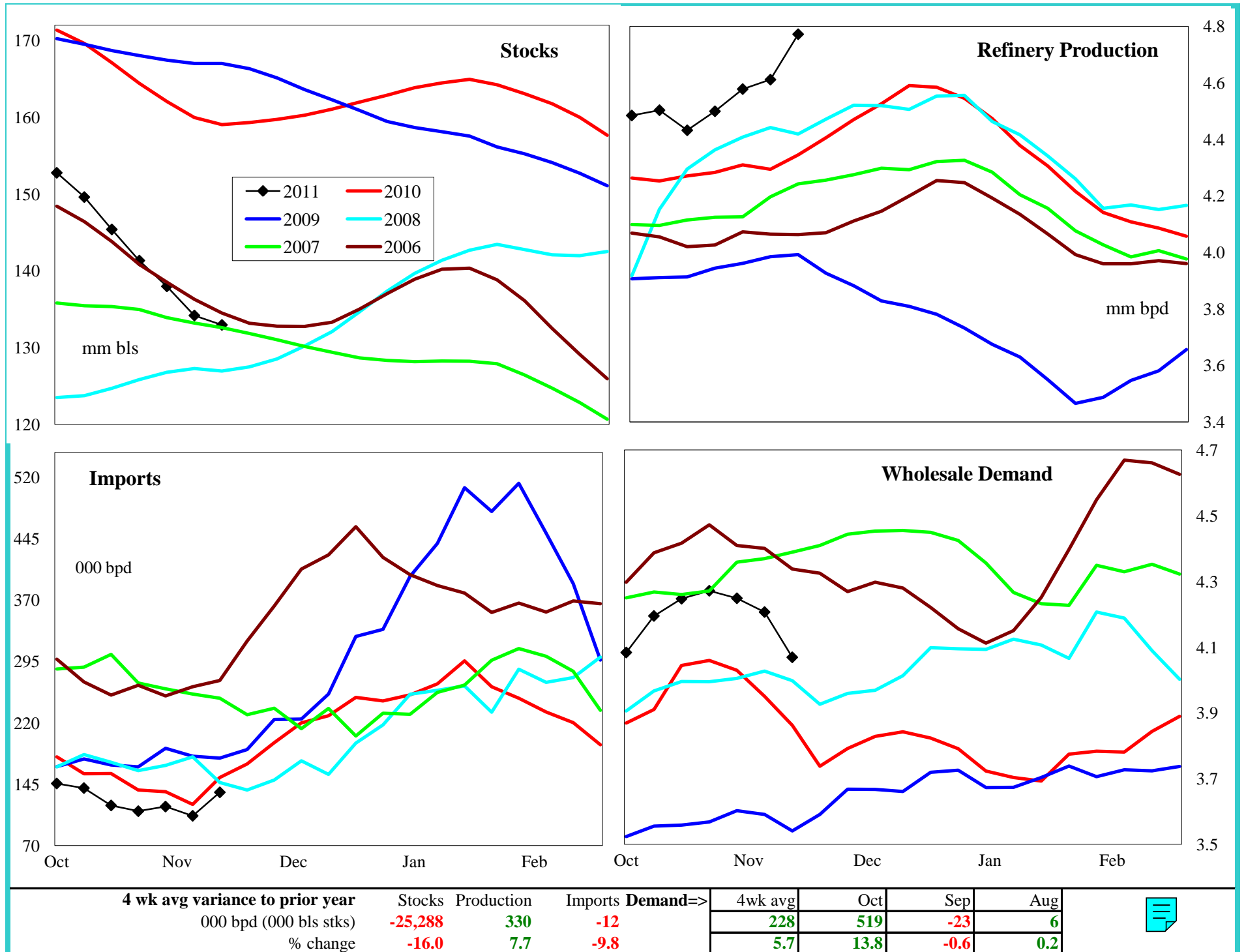
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
-7,516	77	-41	-199
-6.7	1.3	-7.0	-3.3

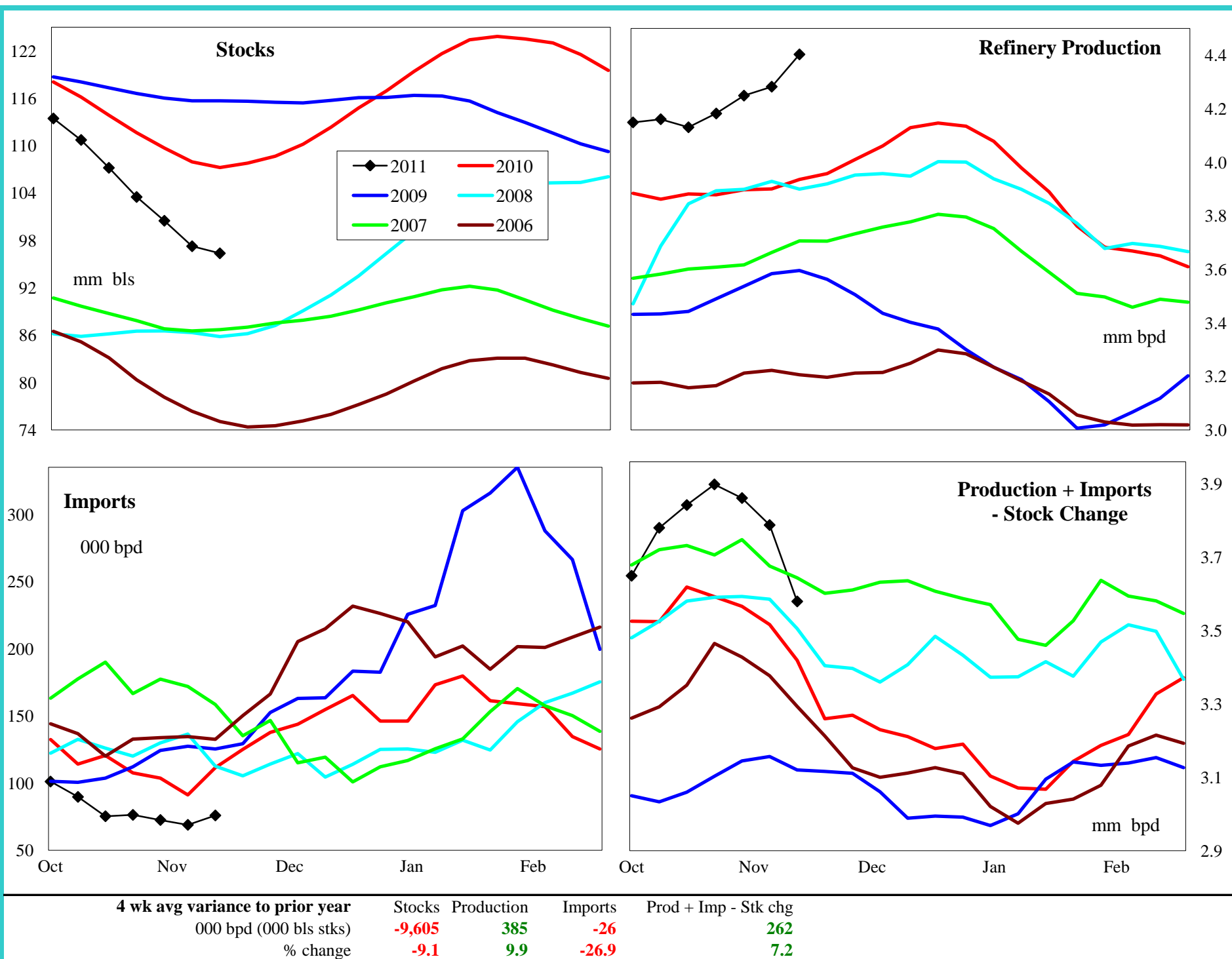
United States Gasoline Imports by Type



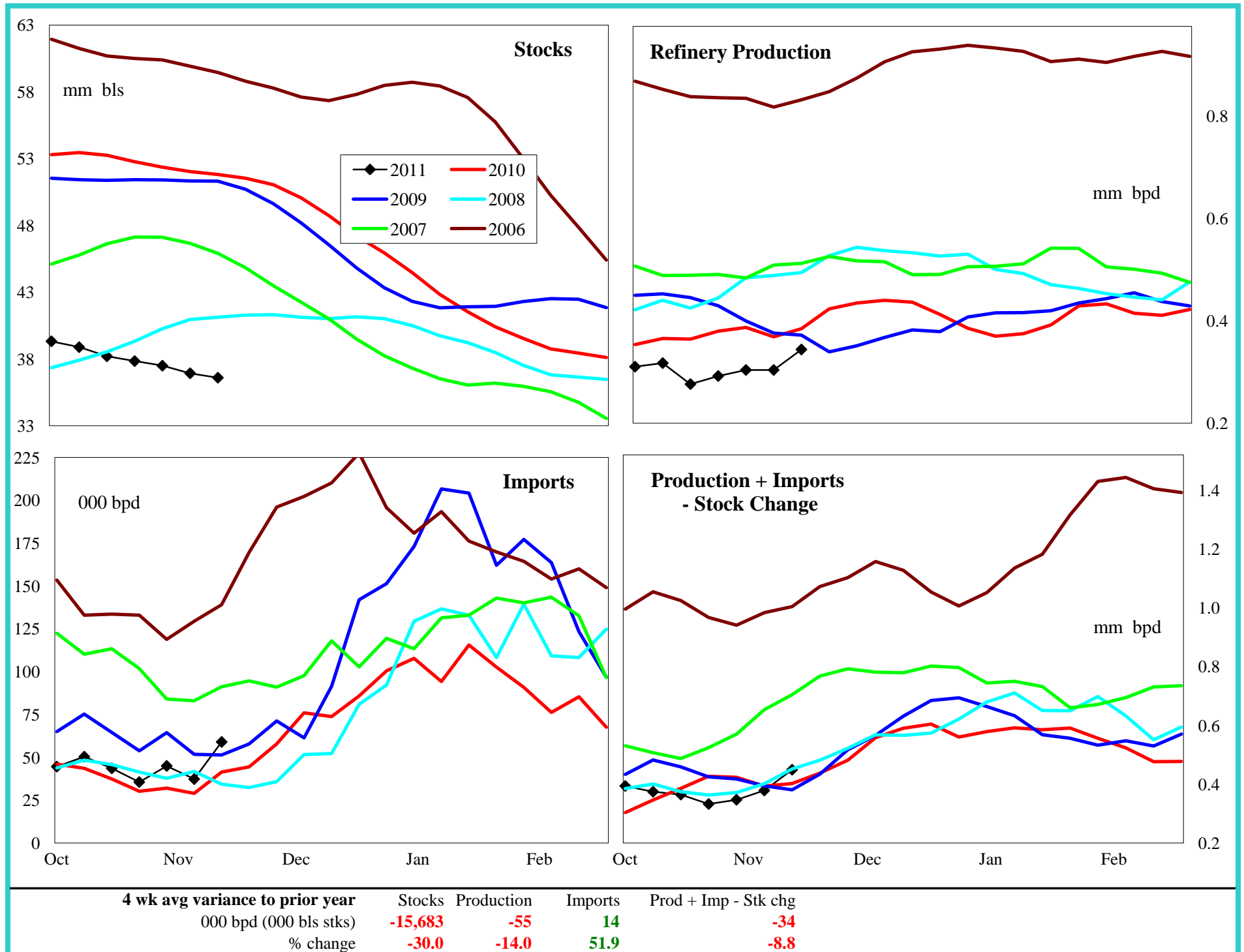
United States Distillate Supply and Demand Balance



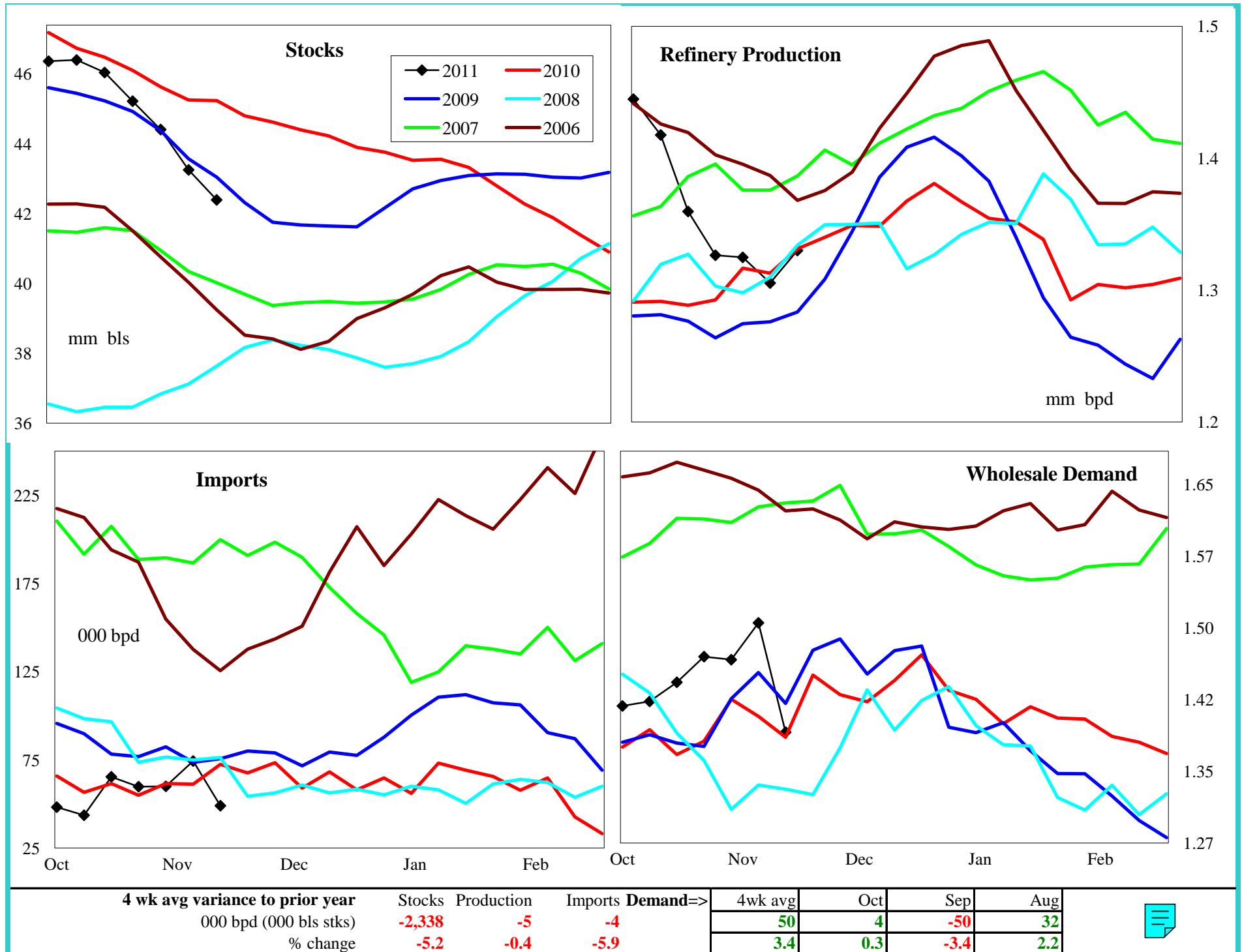
United States Low Sulfur Distillate Supply



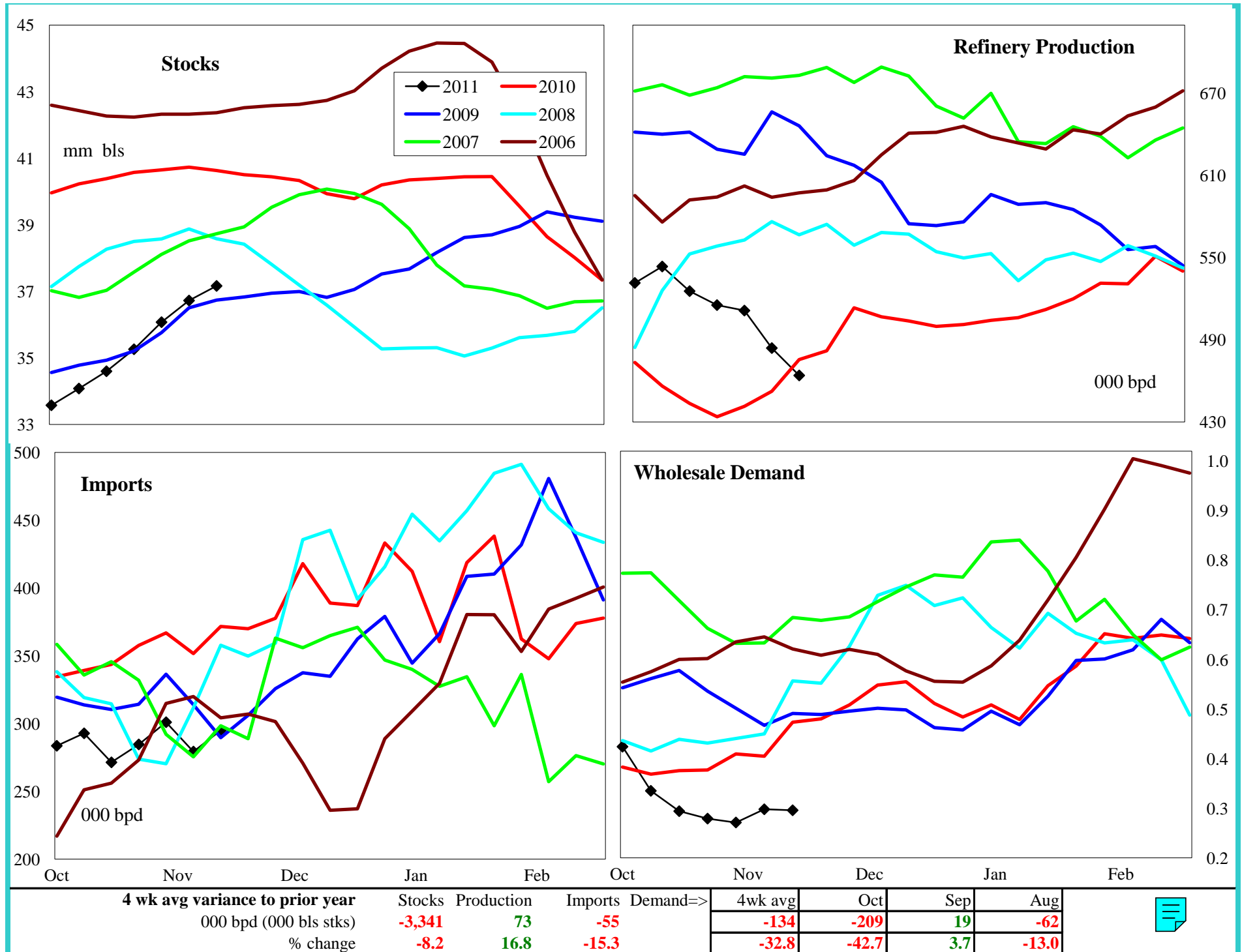
United States High Sulfur Distillate Supply



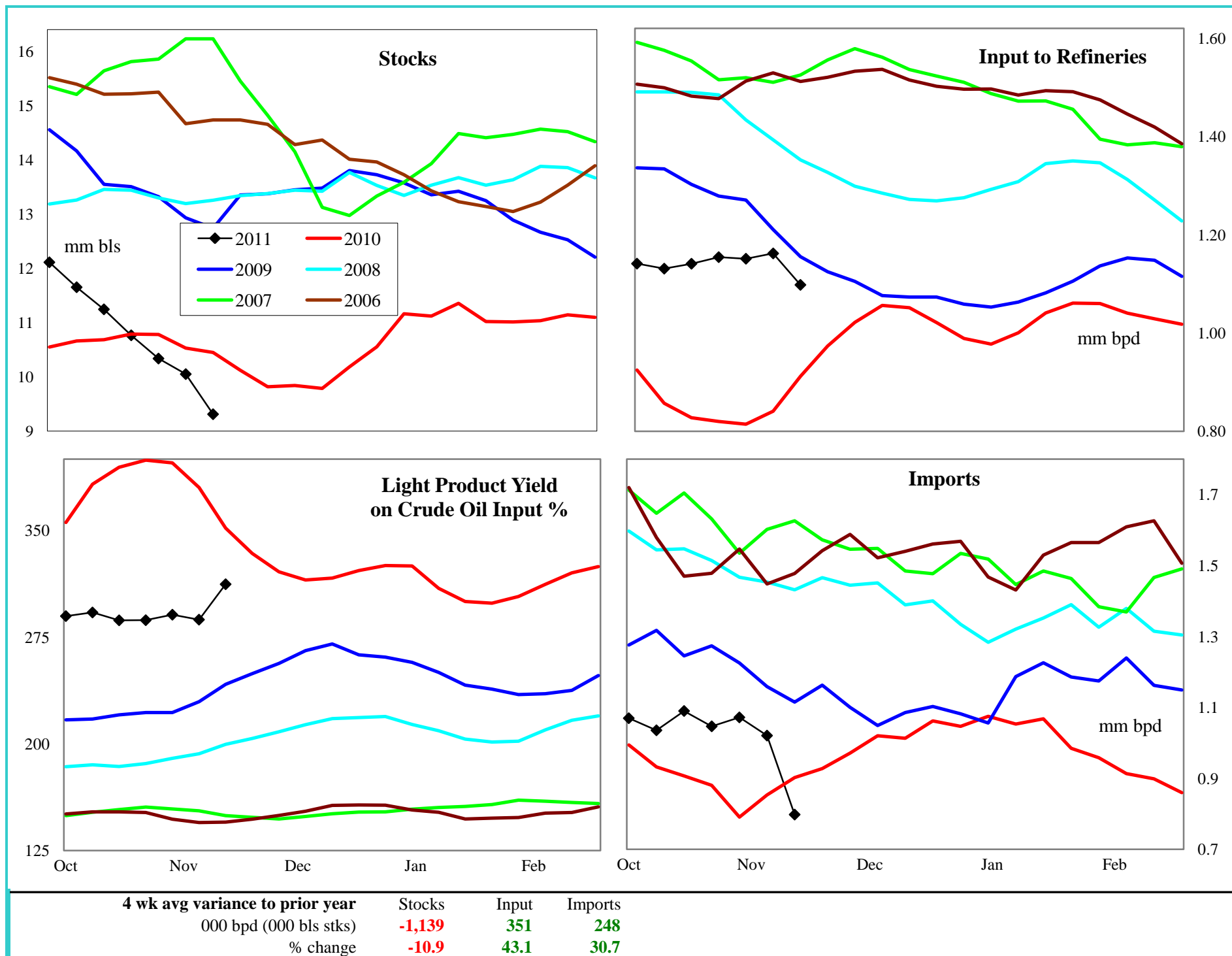
United States Jet Fuel Supply and Demand Balance



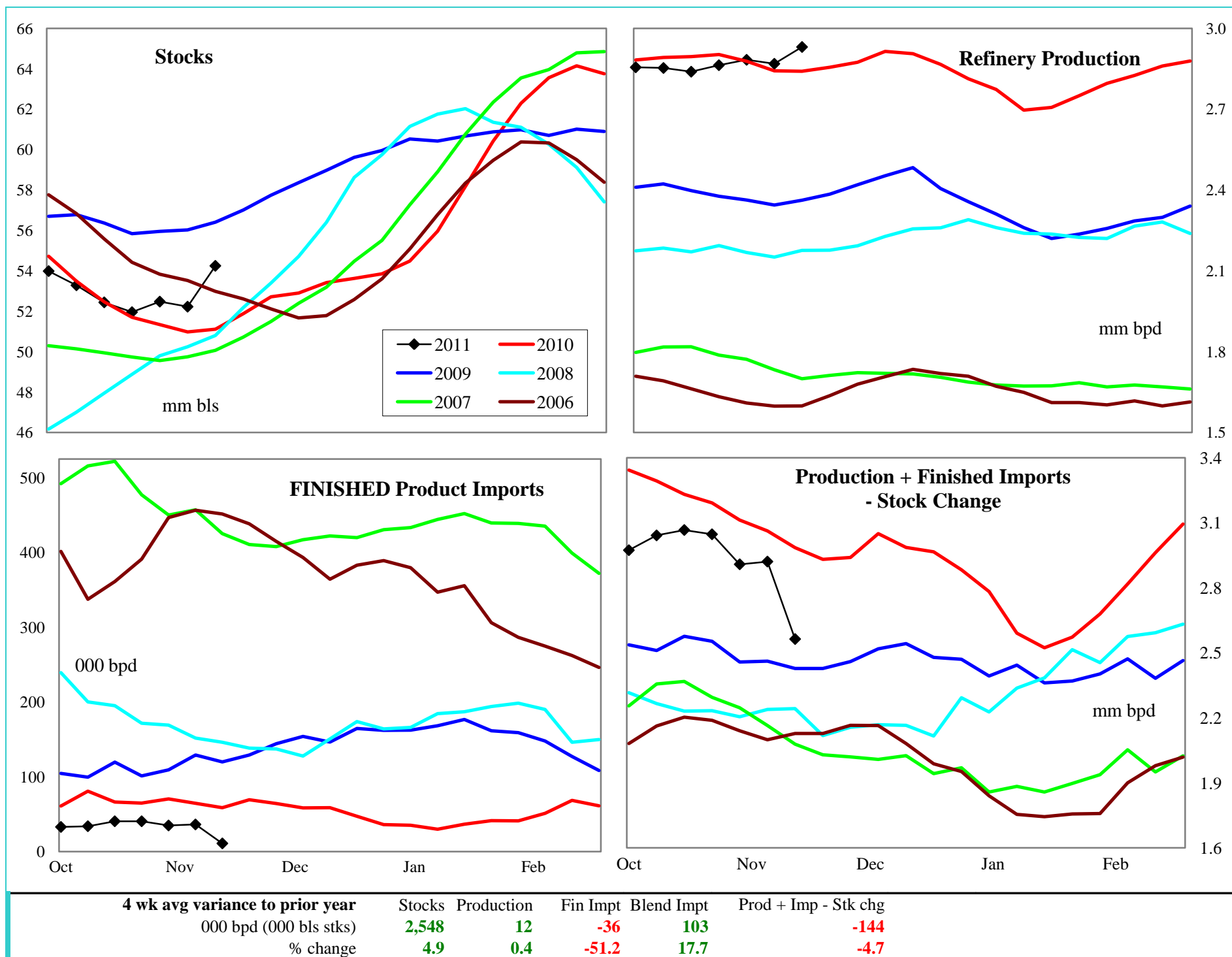
United States Residual Fuel Oil Supply and Demand Balance



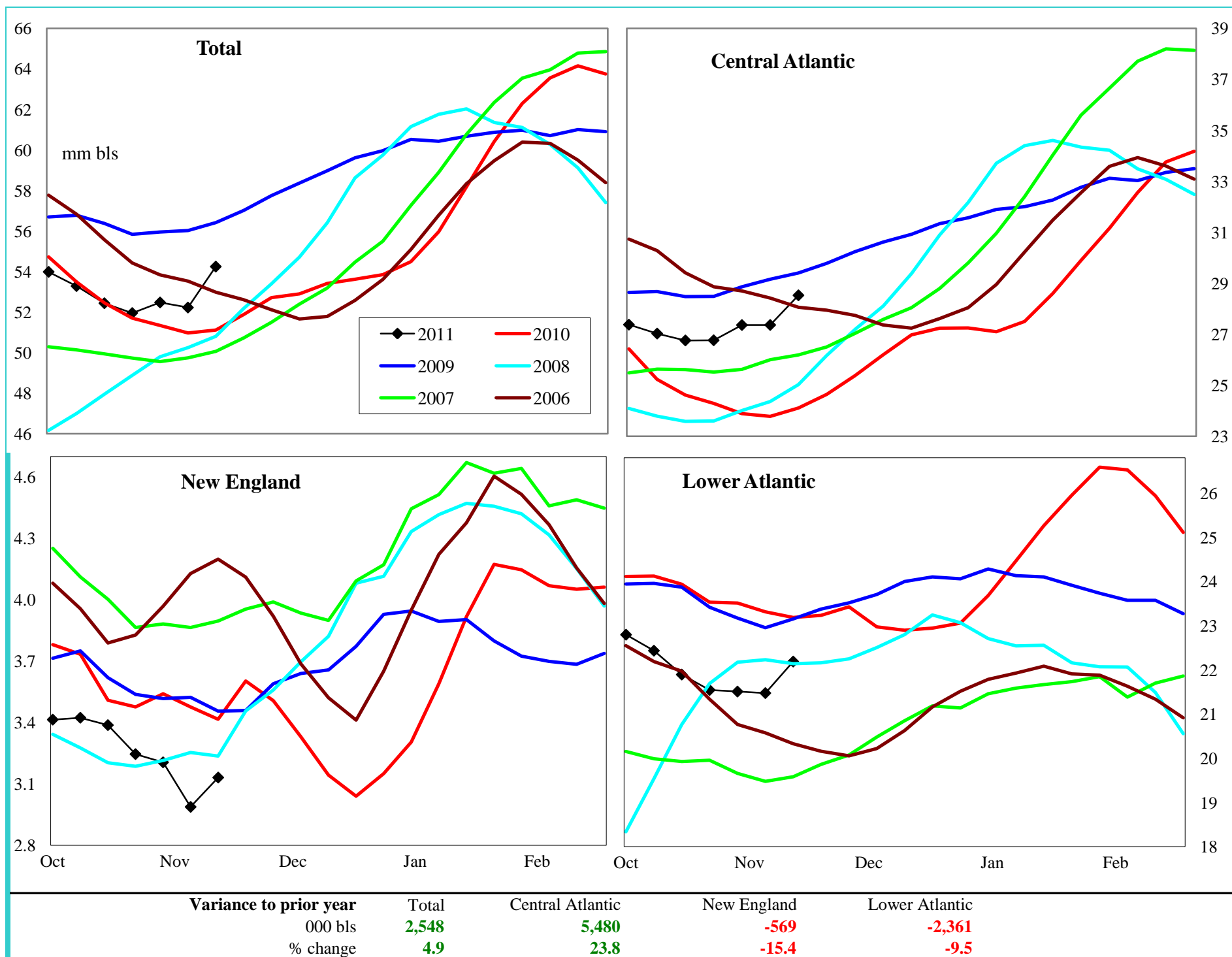
PADD 1 Crude Oil Supply and Refining



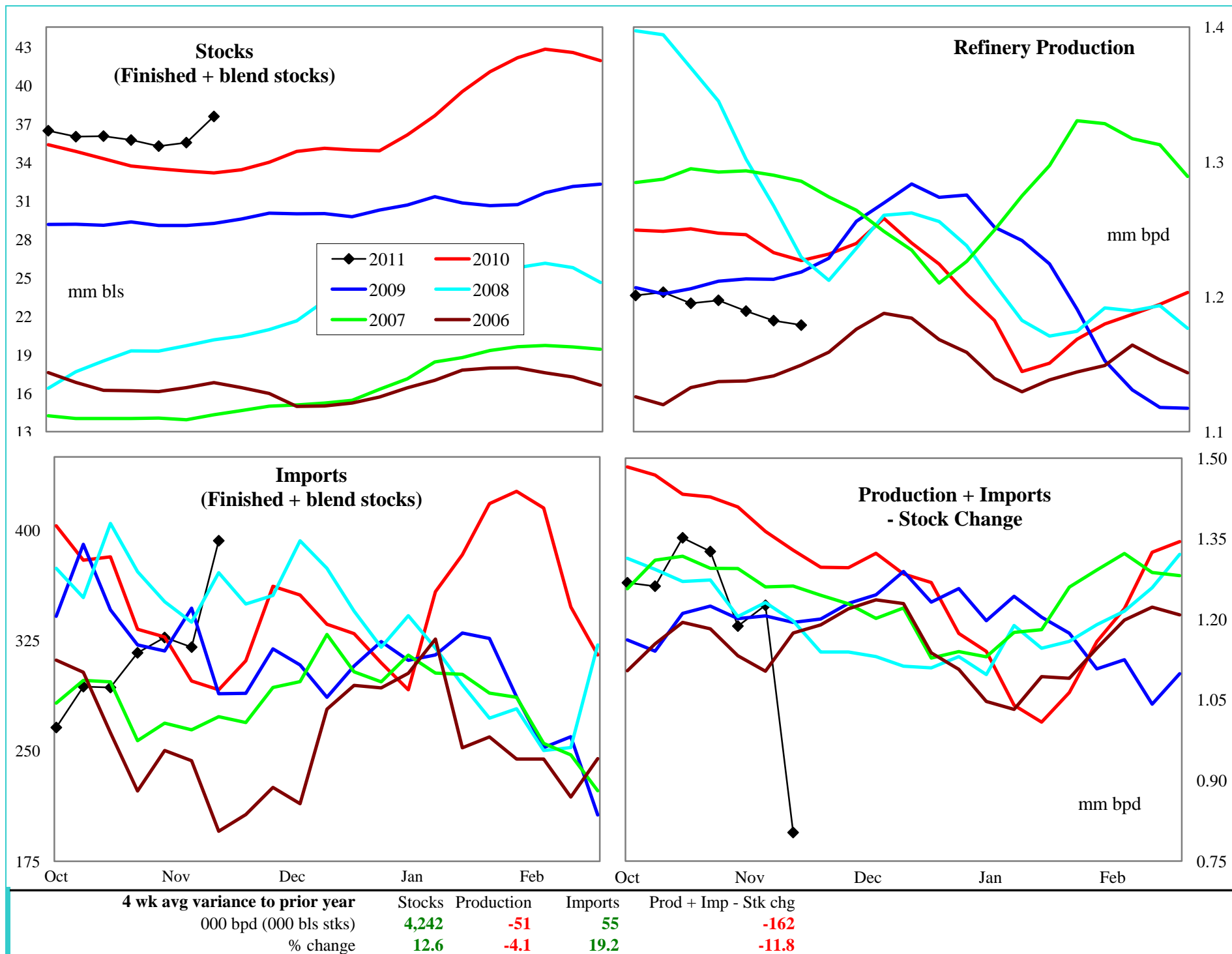
PADD 1 Gasoline Supply



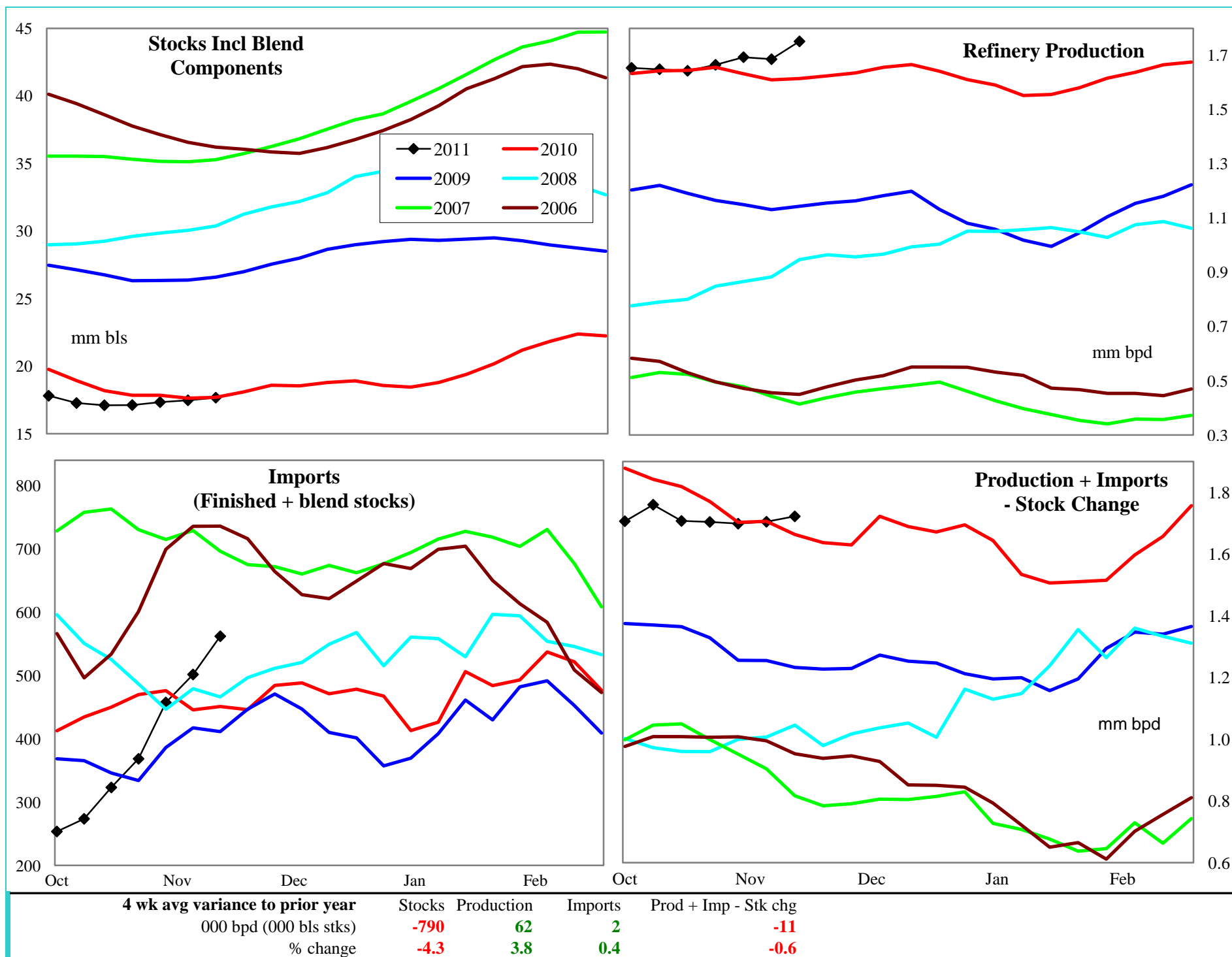
PADD 1 Gasoline Stocks by Region



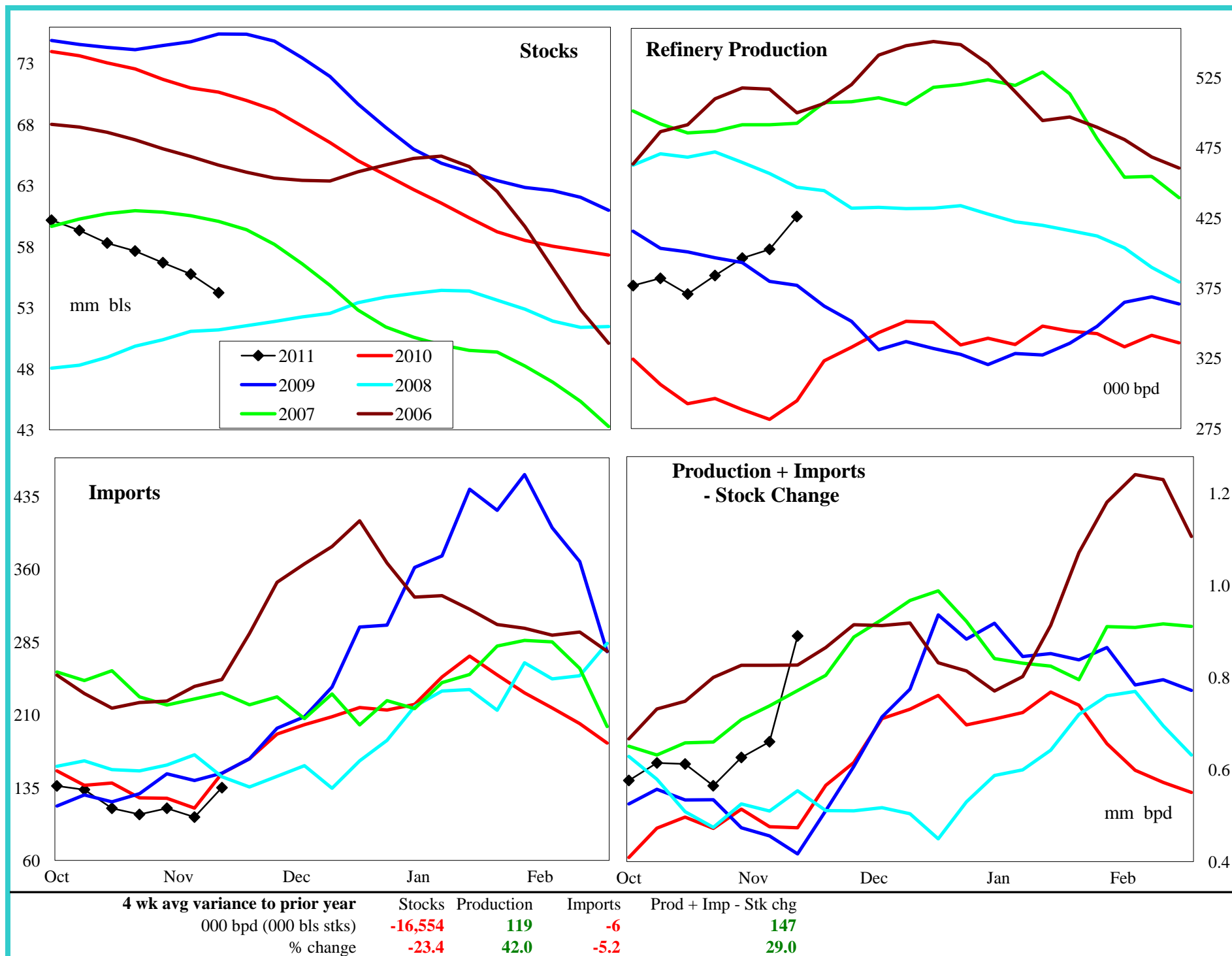
PADD 1 Reformulated Gasoline Supply



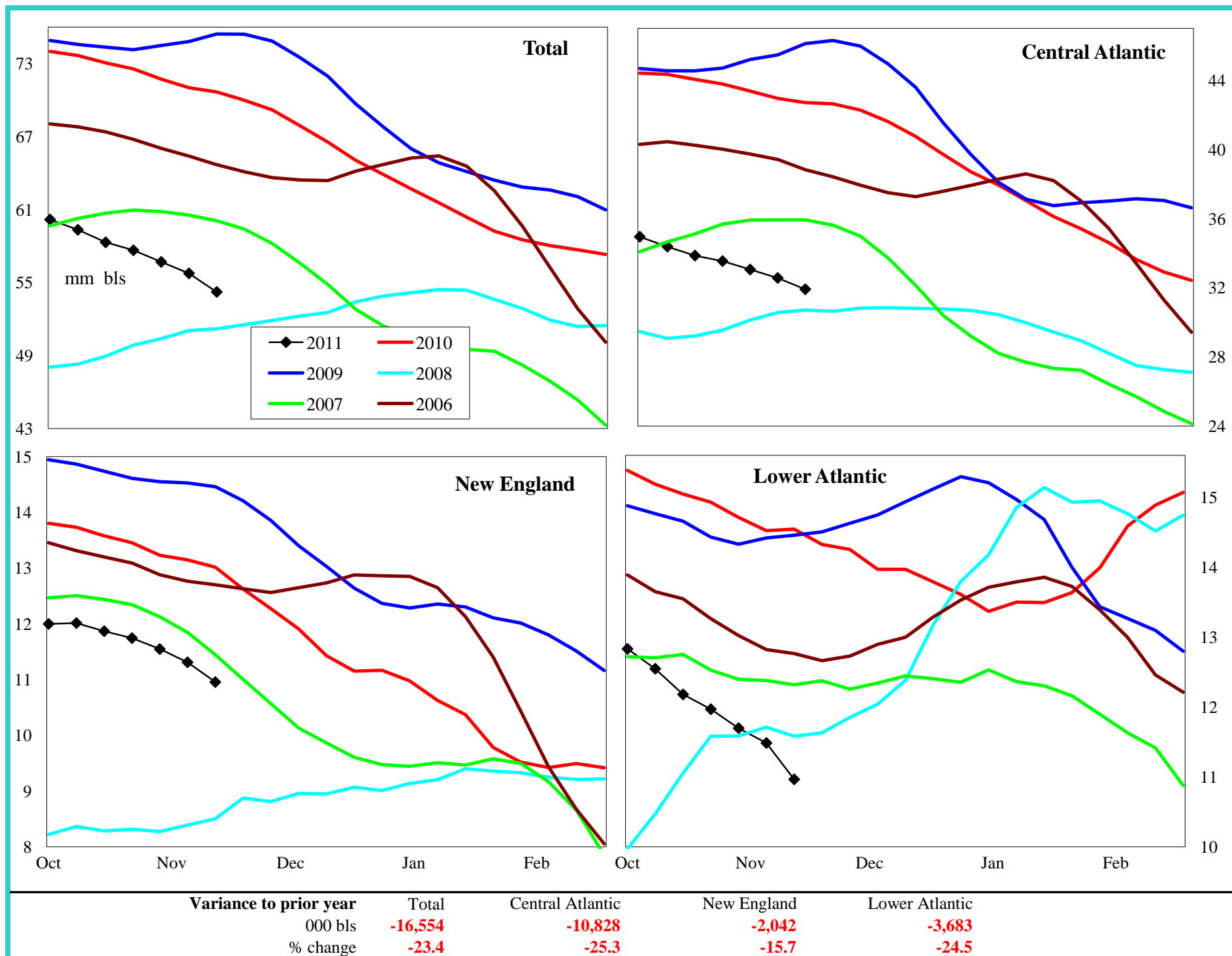
PADD 1 Conventional Gasoline Supply



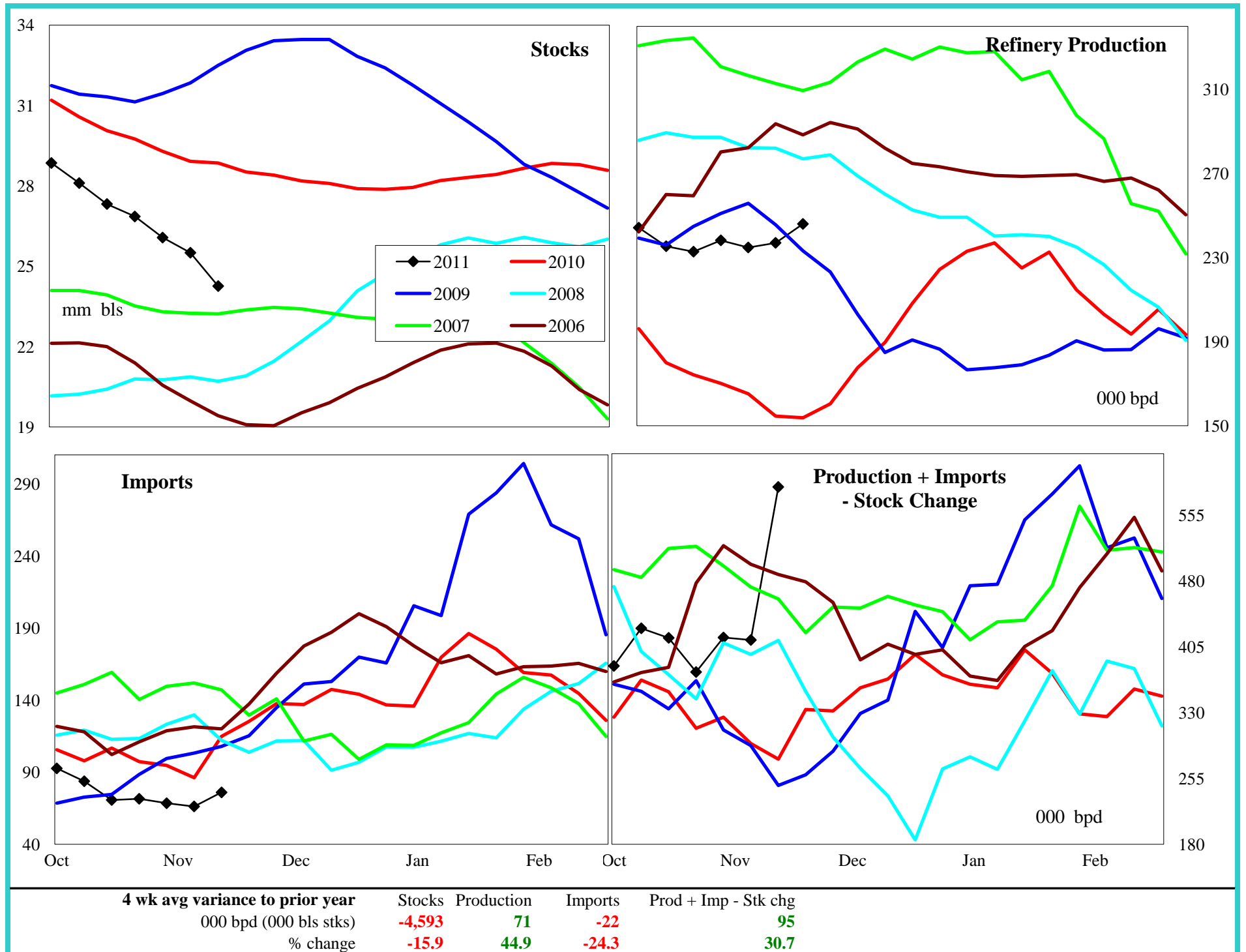
PADD 1 Distillate Supply



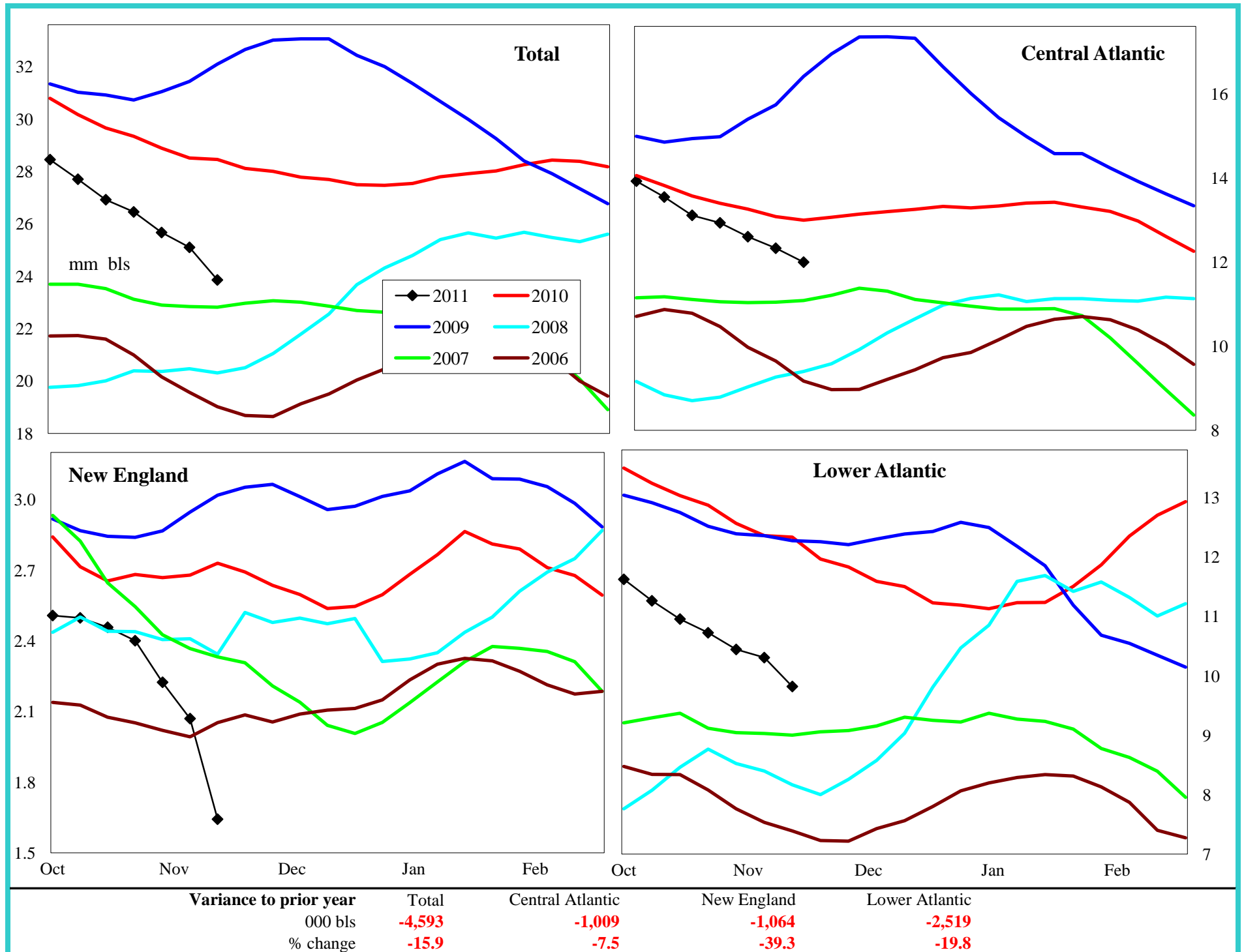
PADD 1 Distillate Stocks by Region



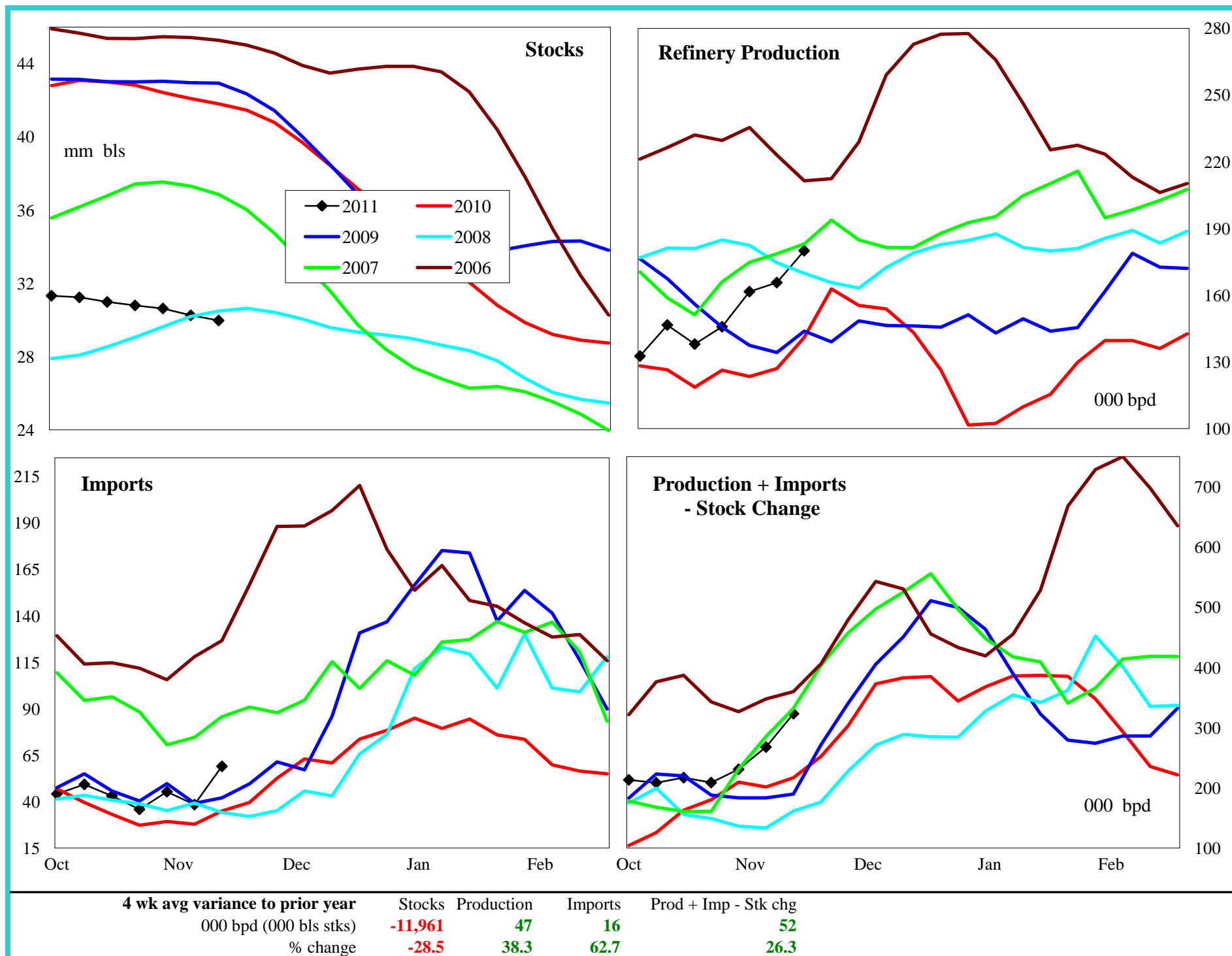
PADD 1 Low Sulfur Distillate Supply



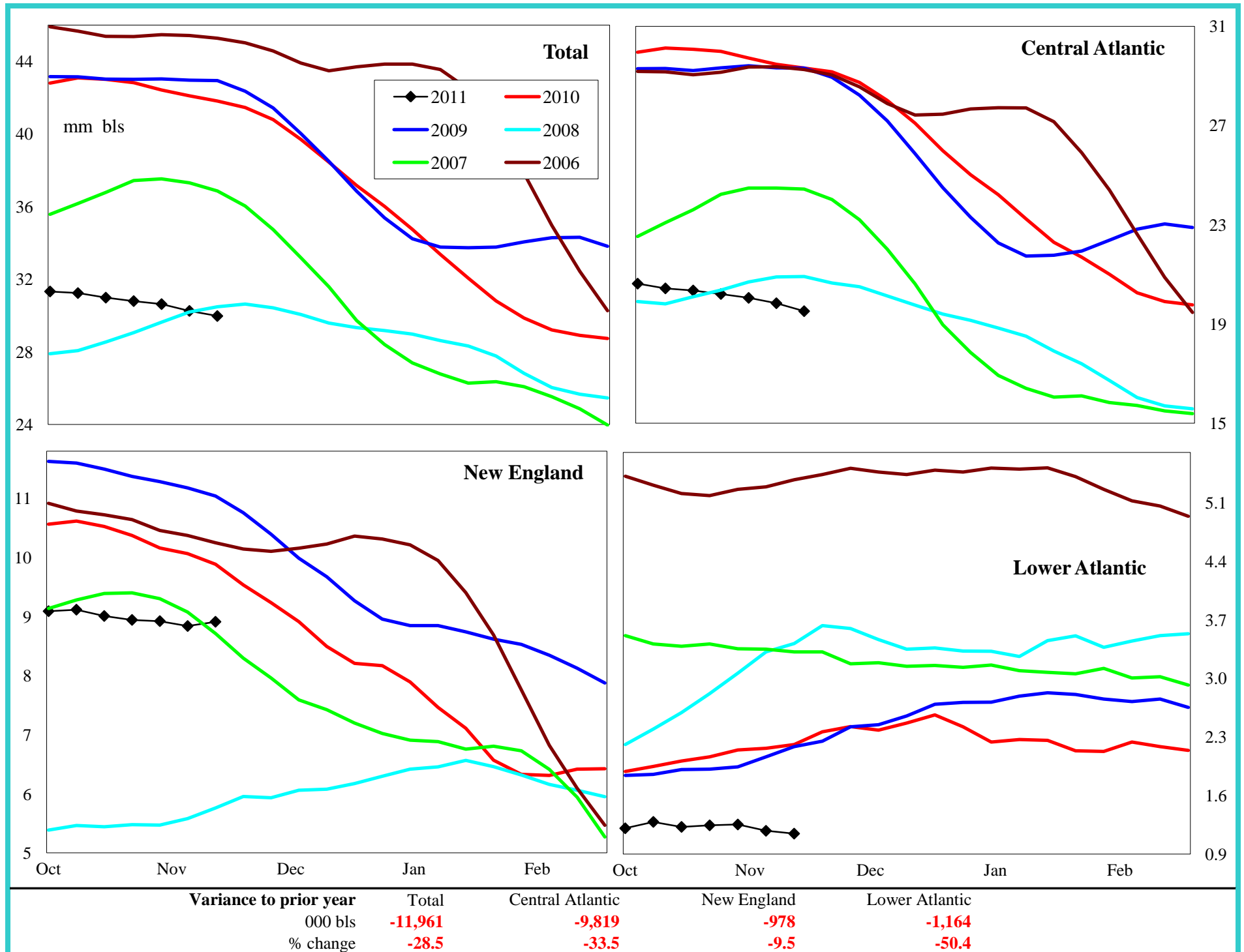
PADD 1 Low Sulfur Distillate Stocks by Region



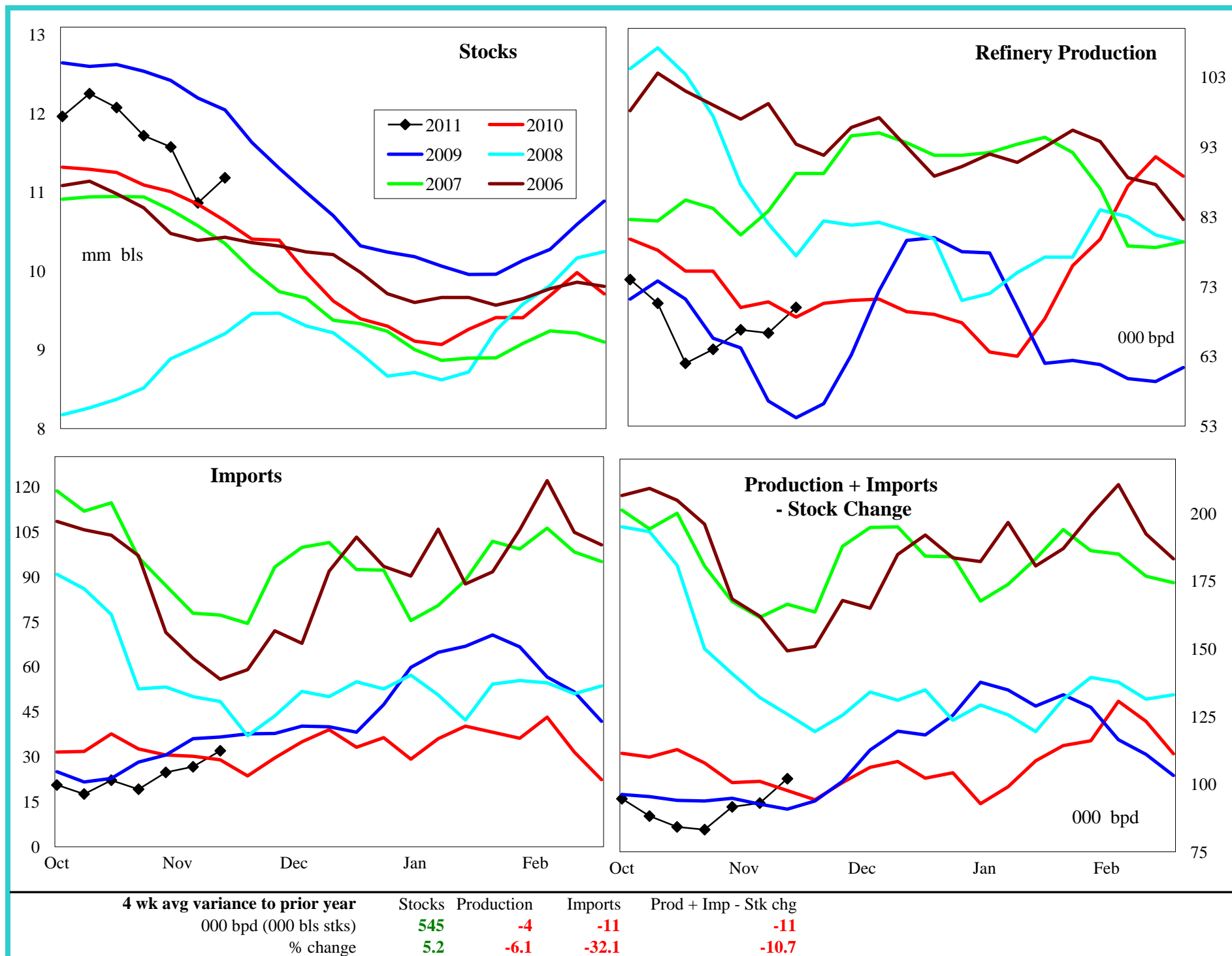
PADD 1 High Sulfur Distillate Supply



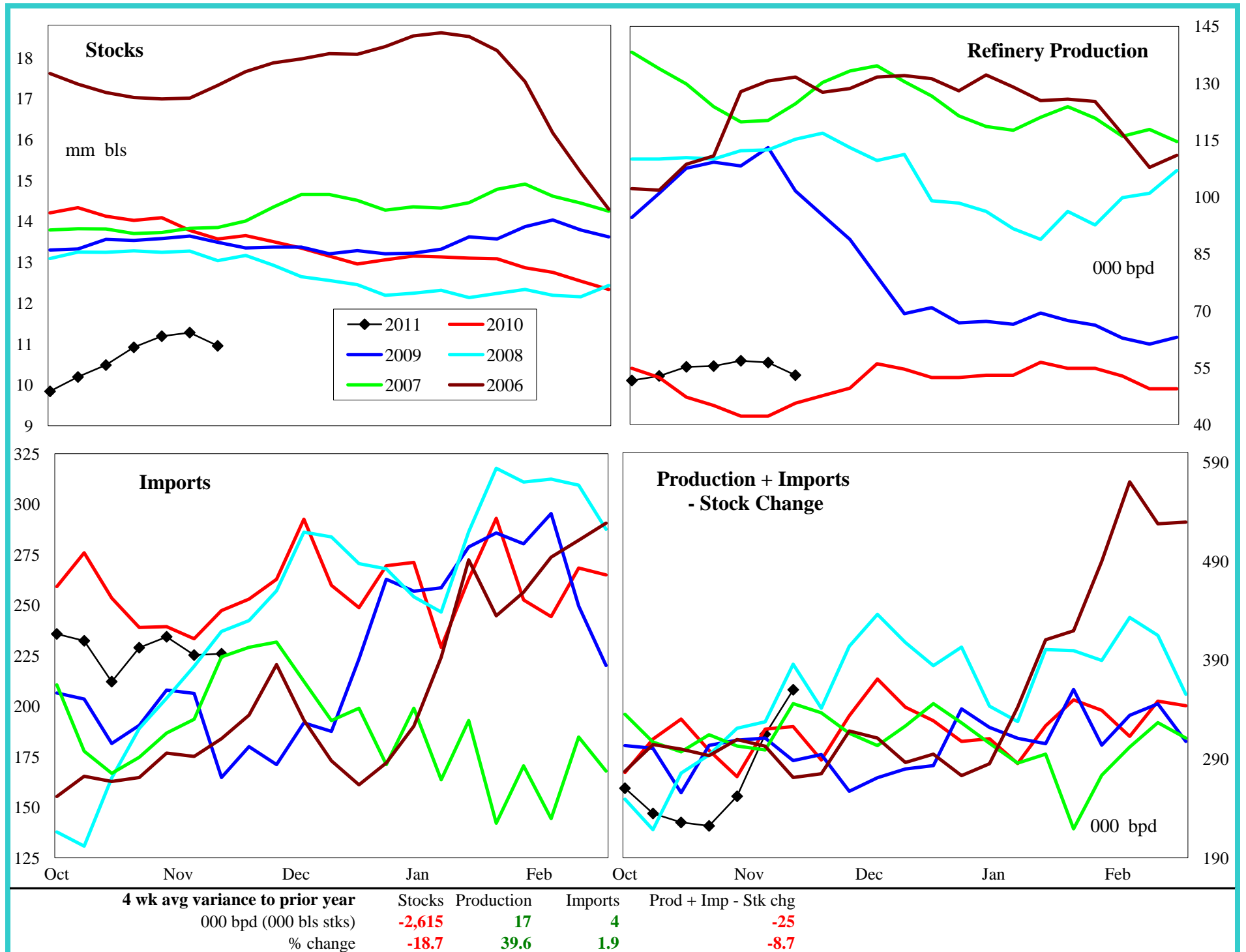
PADD 1 High Sulfur Distillate Stocks by Region



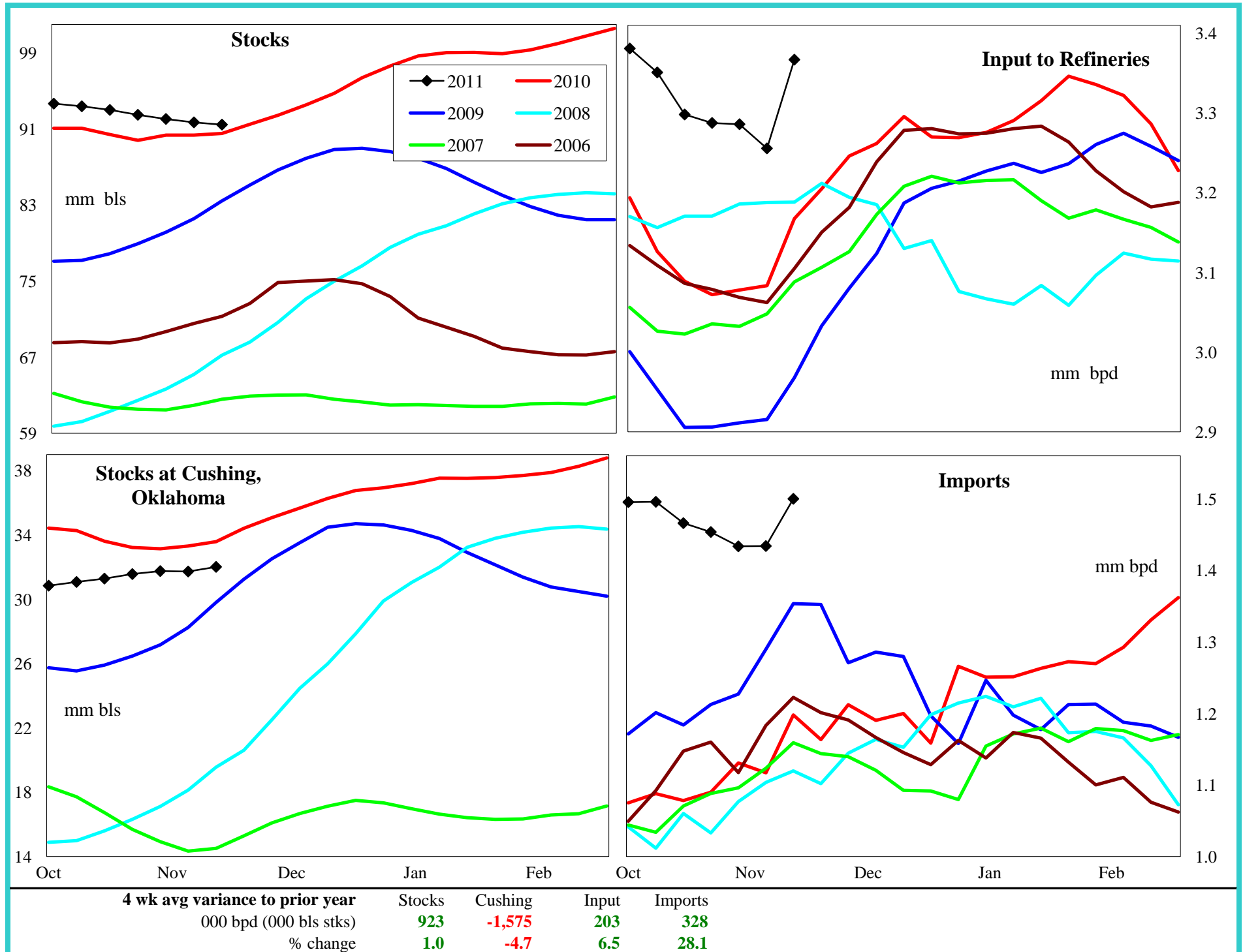
PADD 1 Jet Fuel Supply



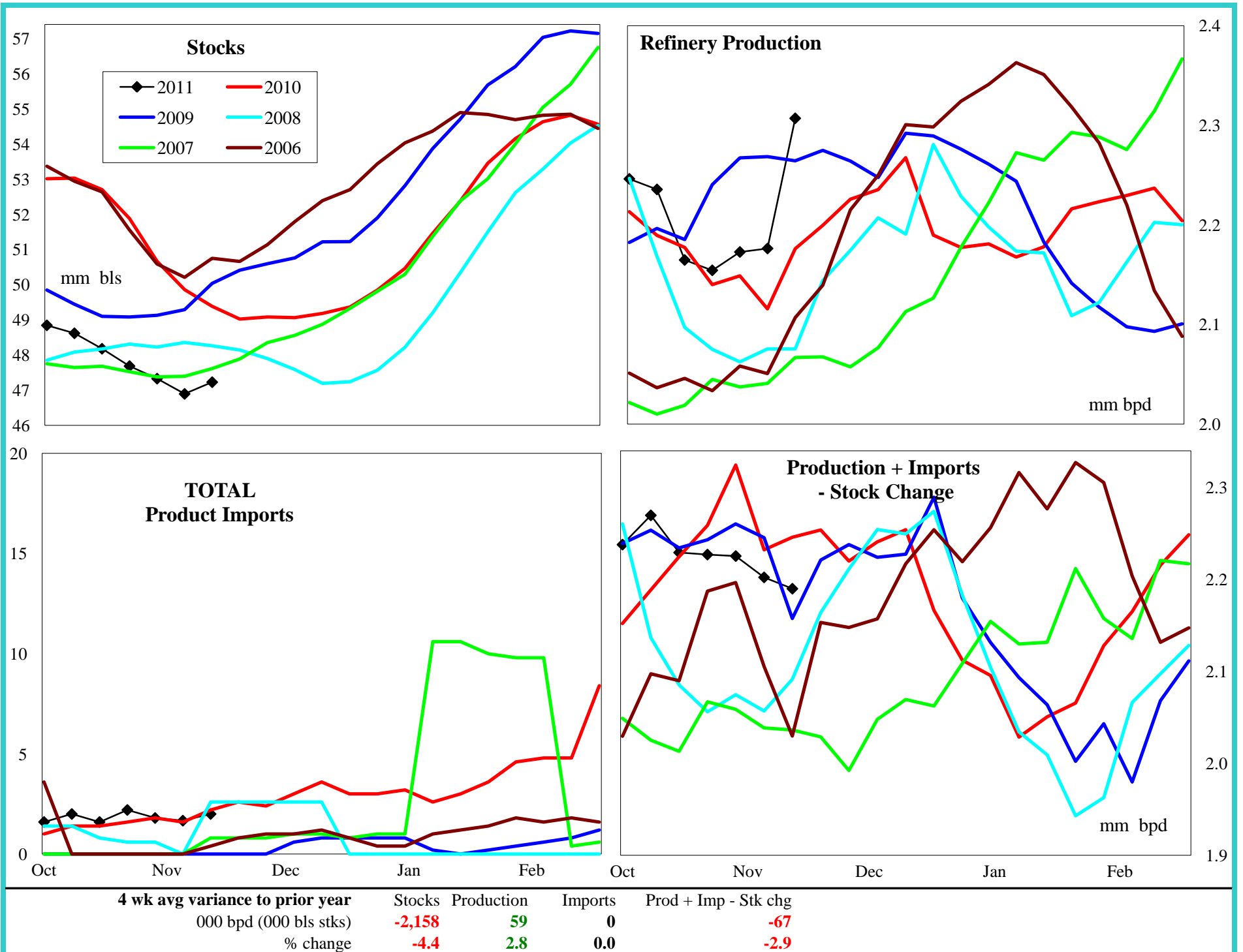
PADD 1 Residual Fuel Oil Supply



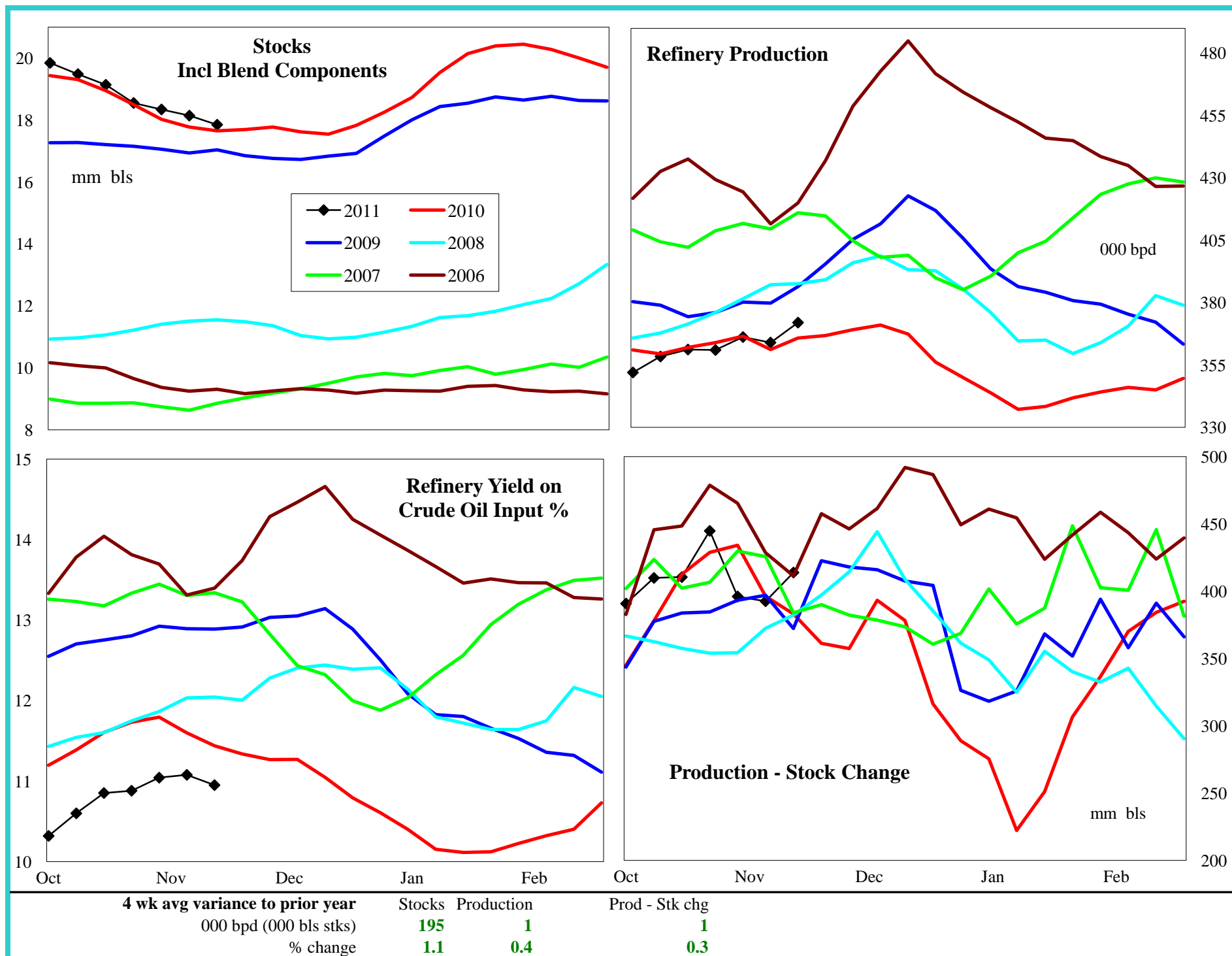
PADD 2 Crude Oil Supply and Refining



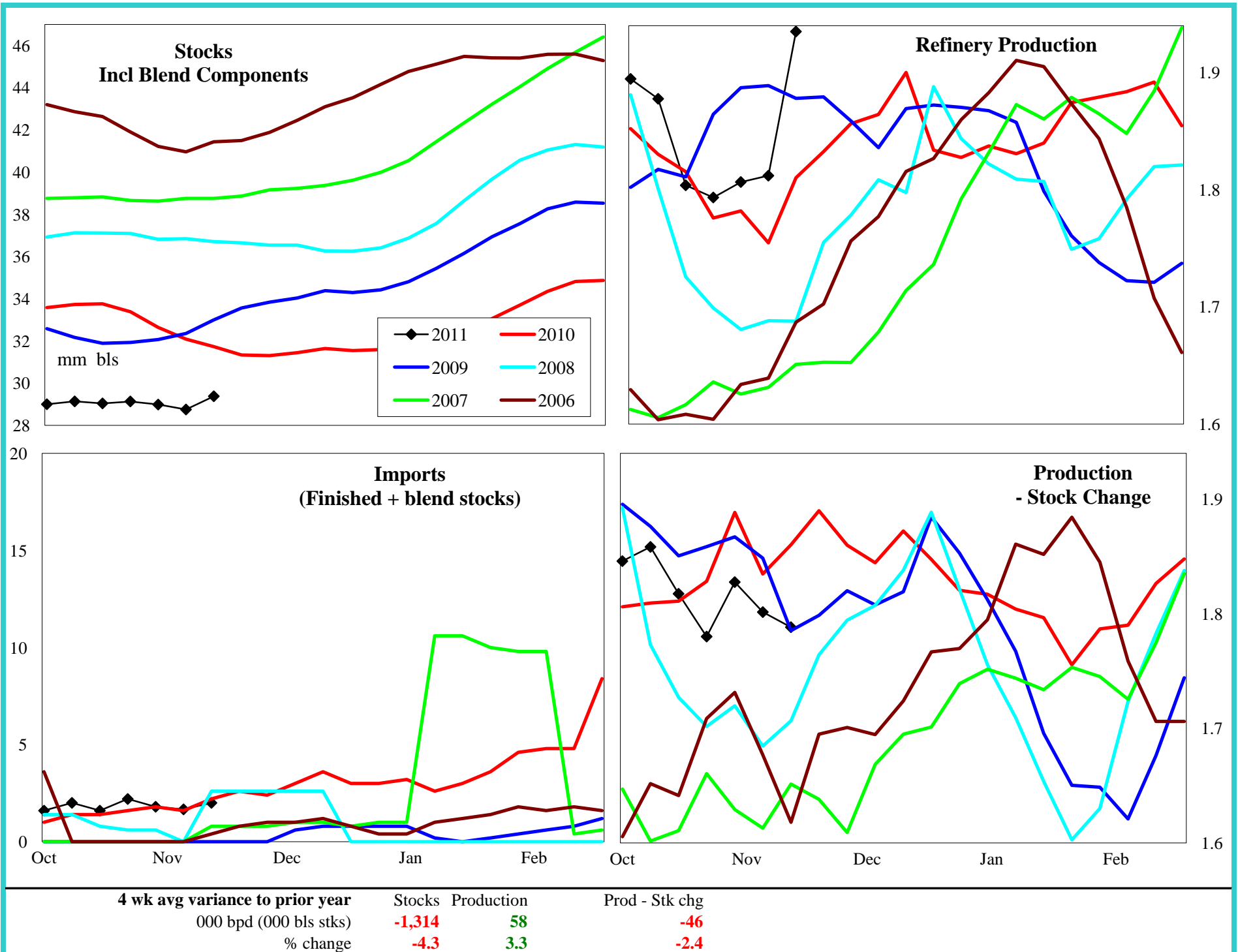
PADD 2 Gasoline Supply



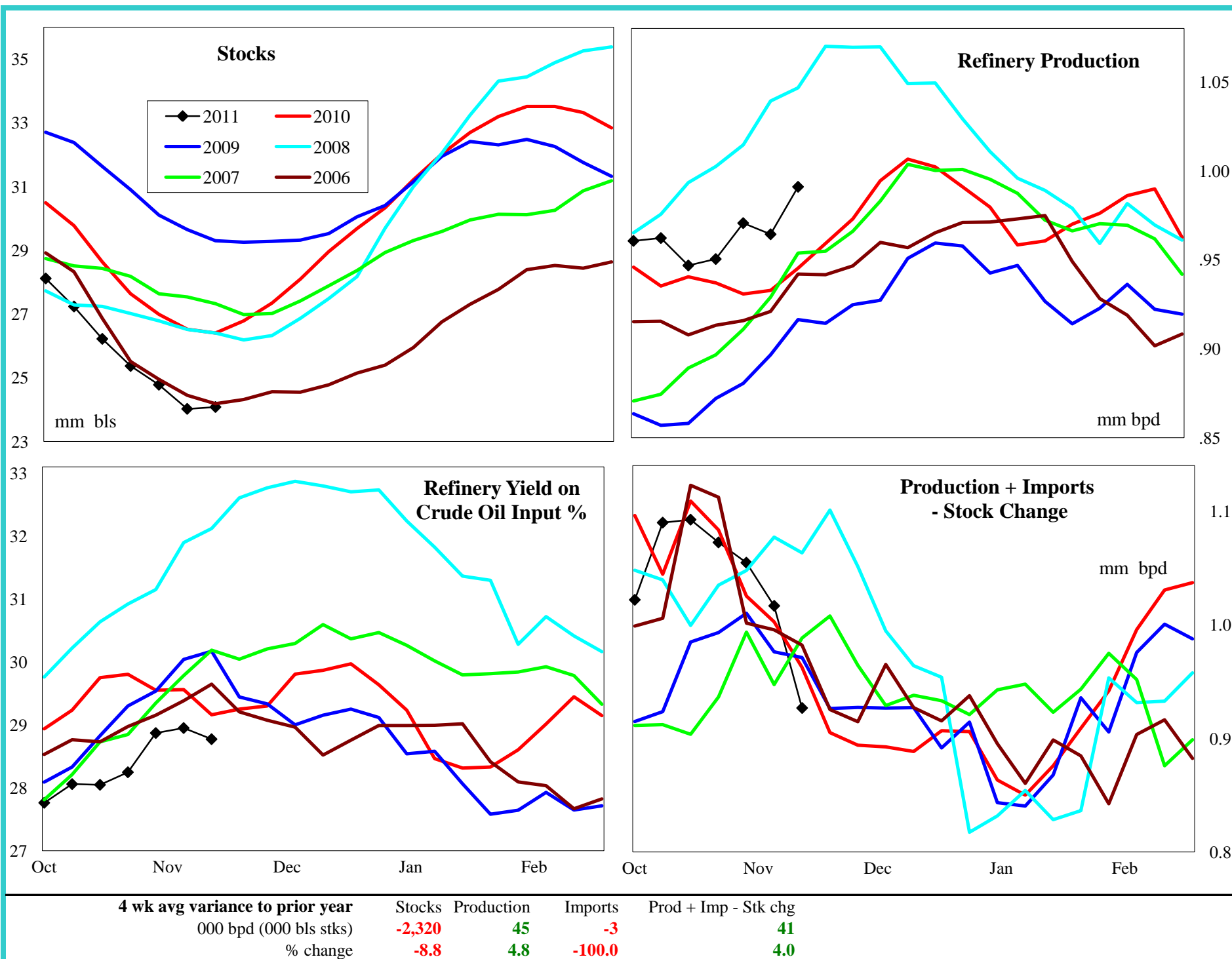
PADD 2 Reformulated Gasoline Supply



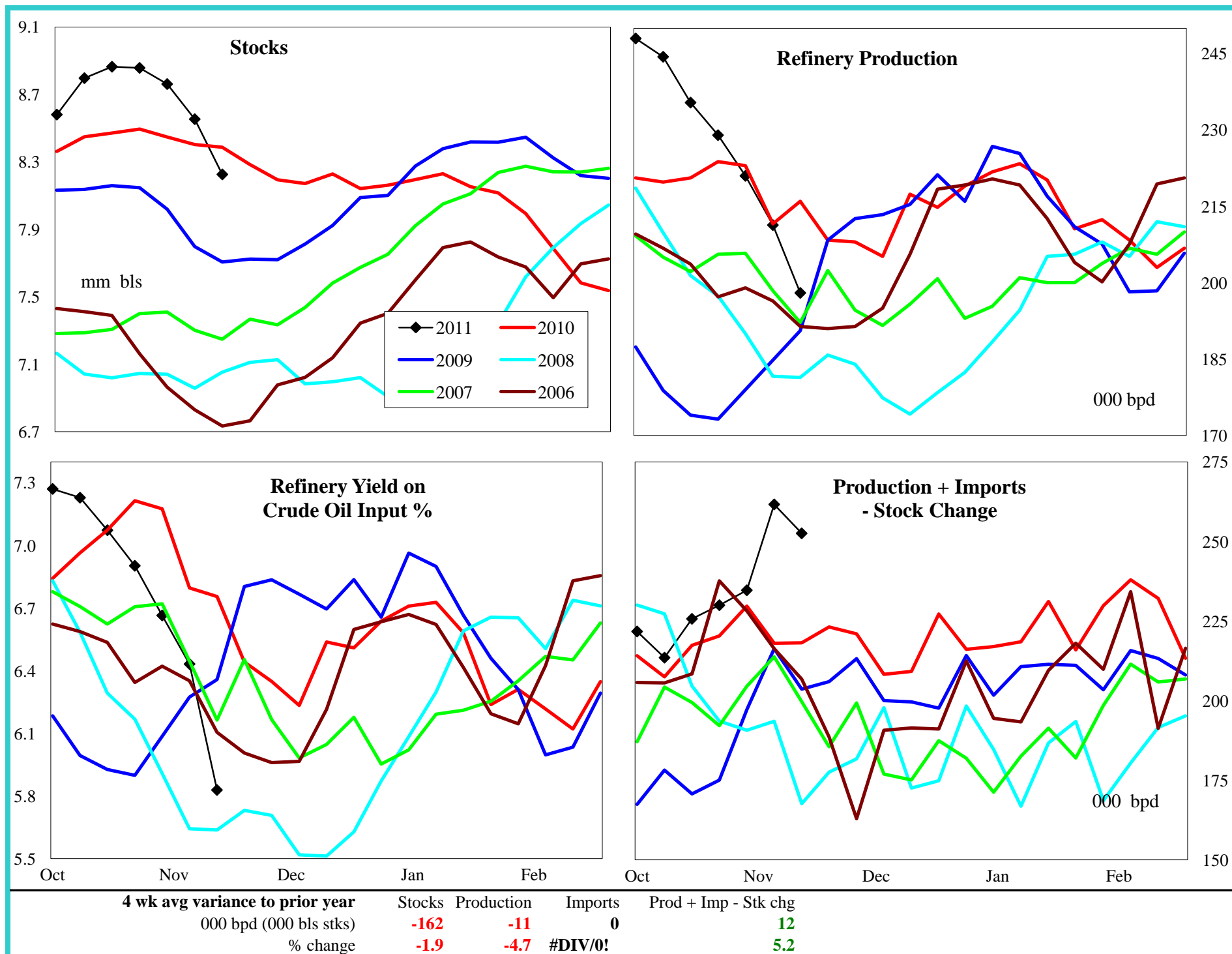
PADD 2 Conventional Gasoline Supply



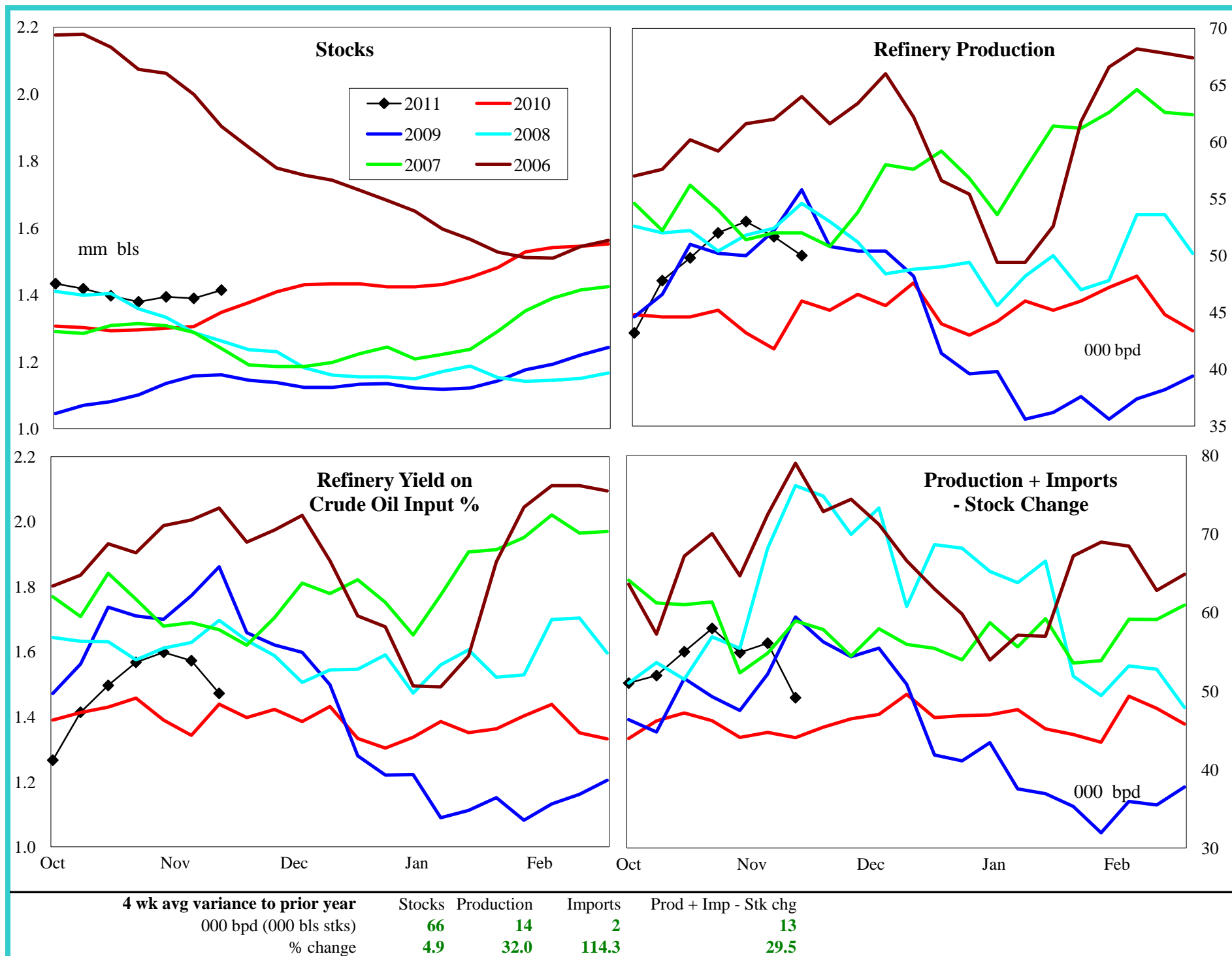
PADD 2 Distillate Supply



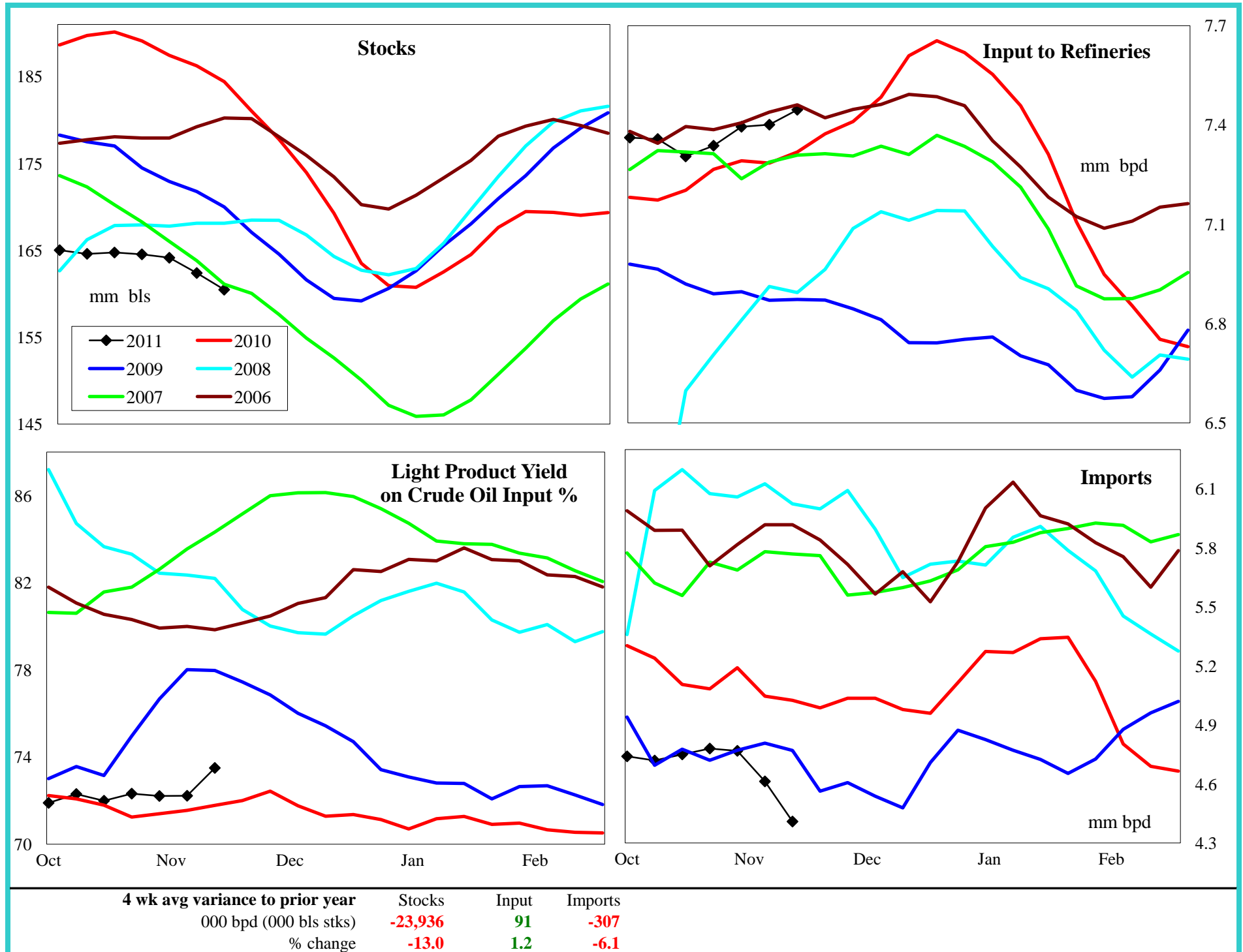
PADD 2 Jet Fuel Supply



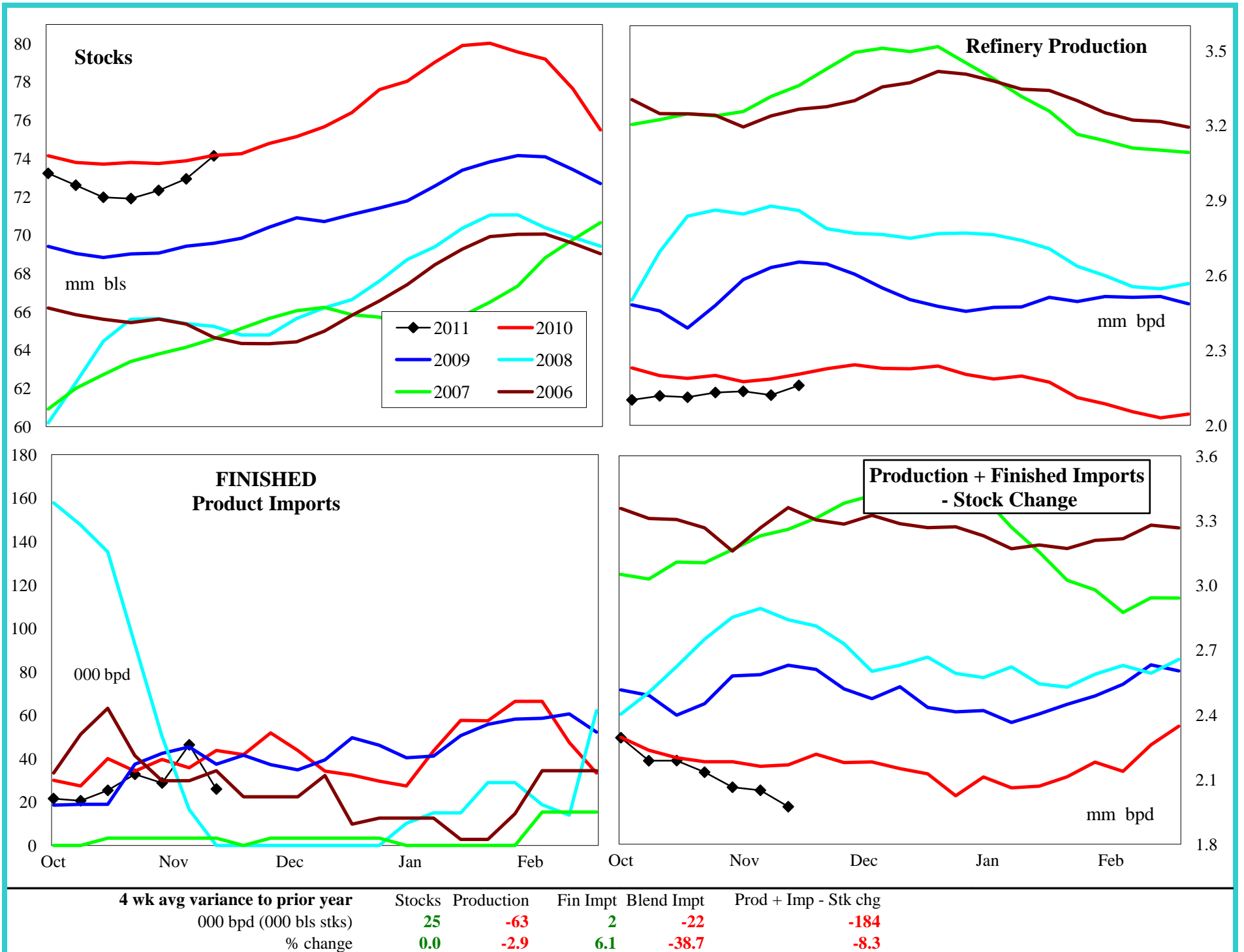
PADD 2 Residual Fuel Oil Supply



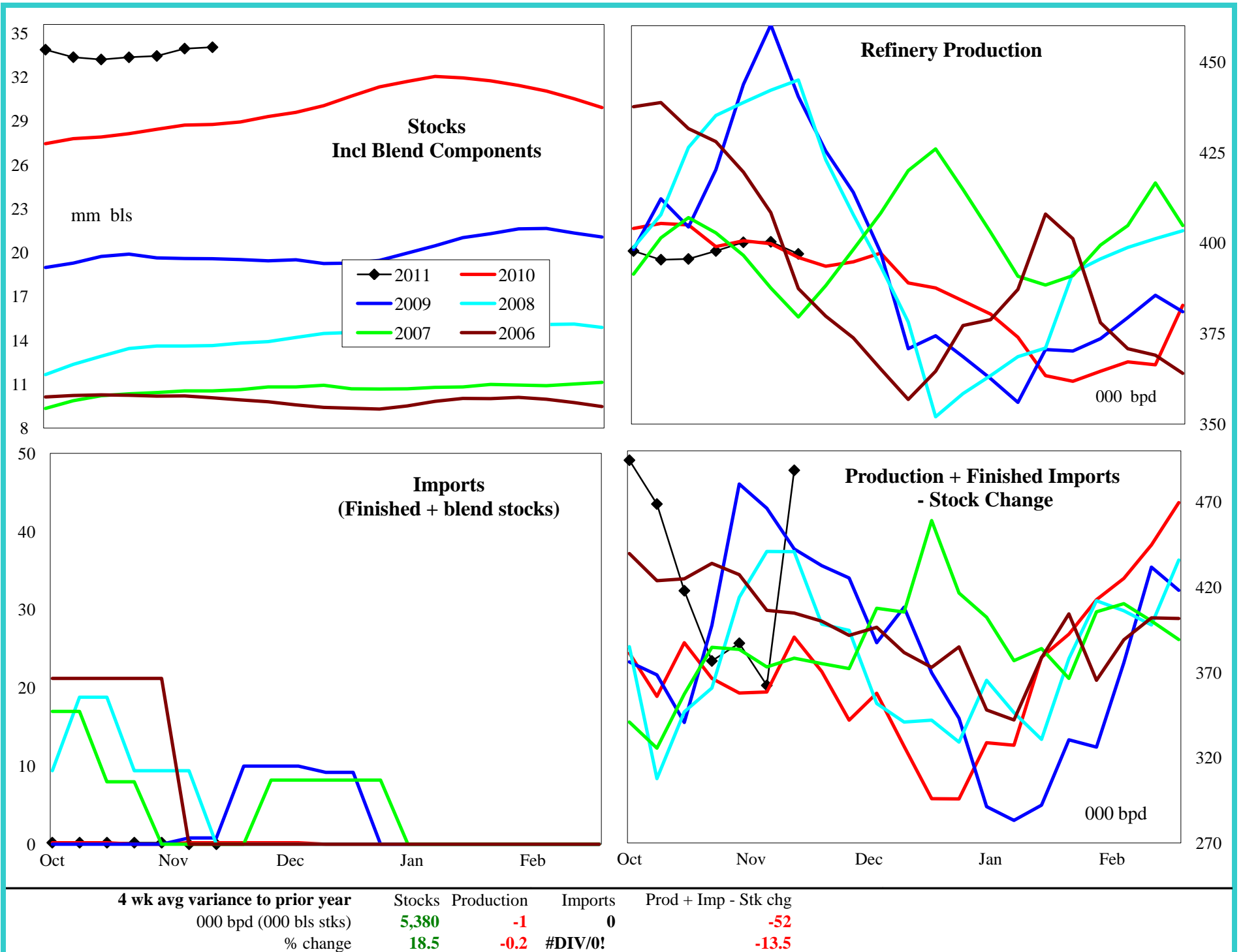
PADD 3 Crude Oil Supply and Refining



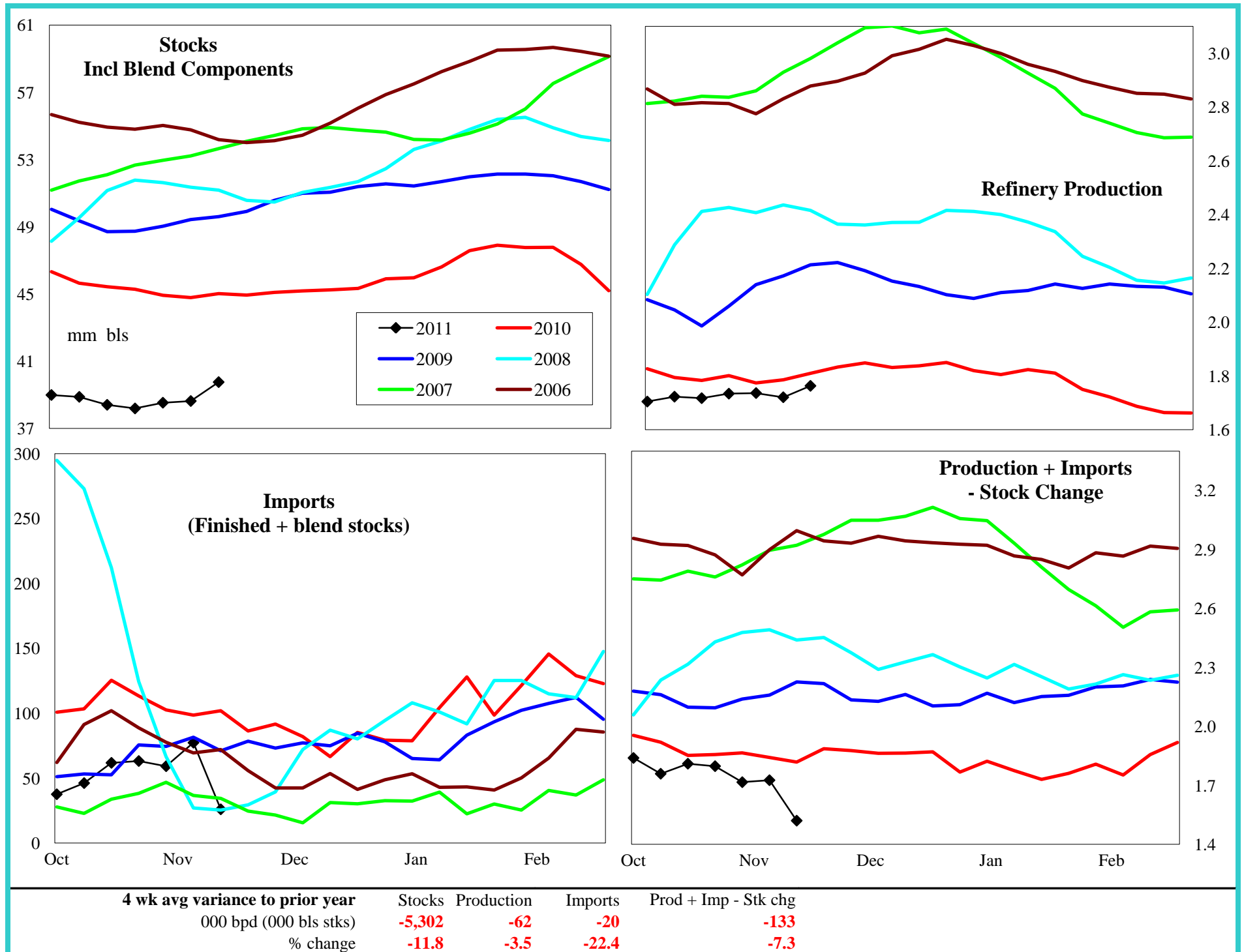
PADD 3 Gasoline Supply



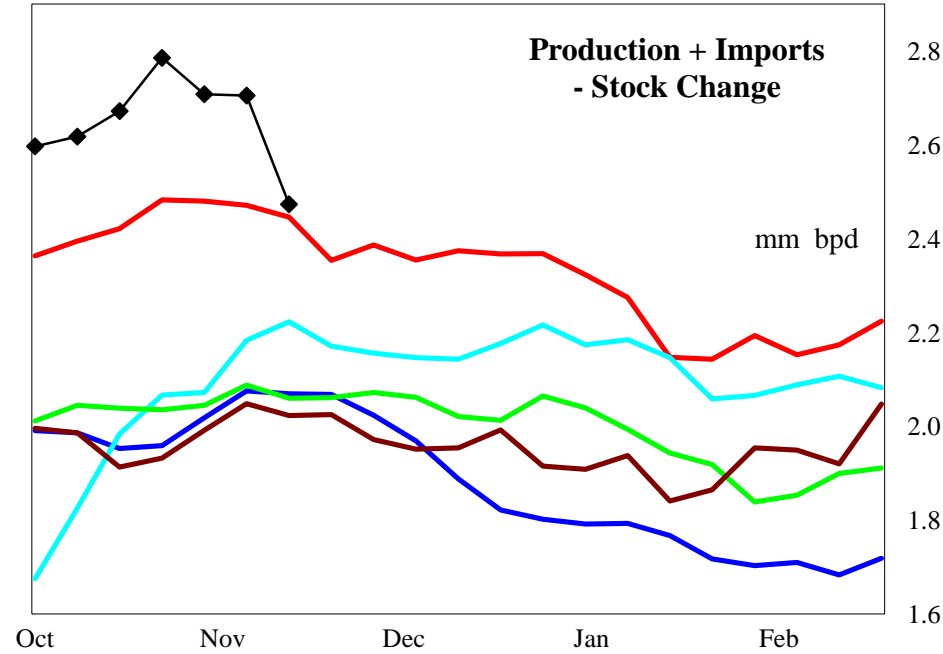
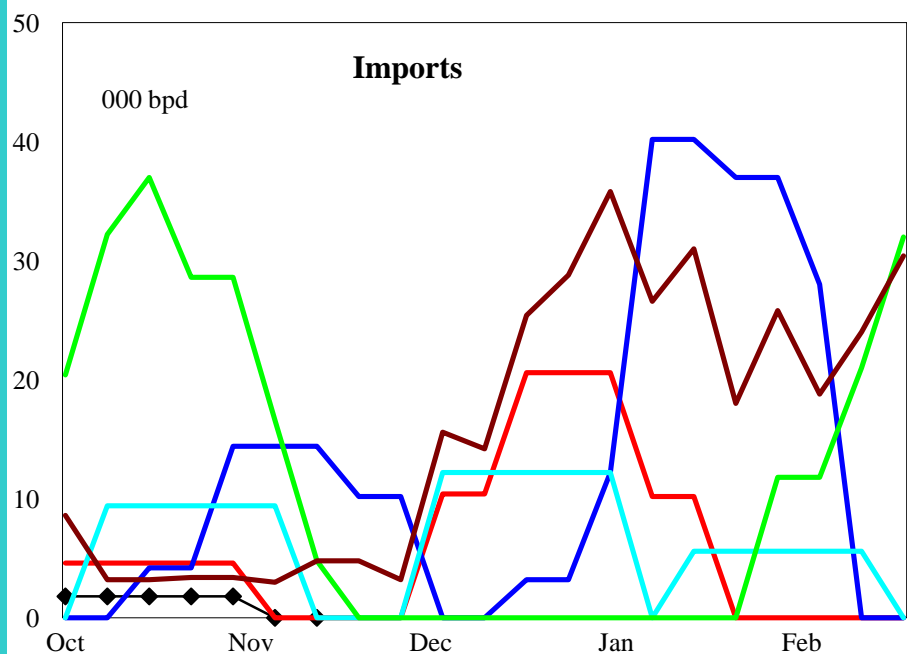
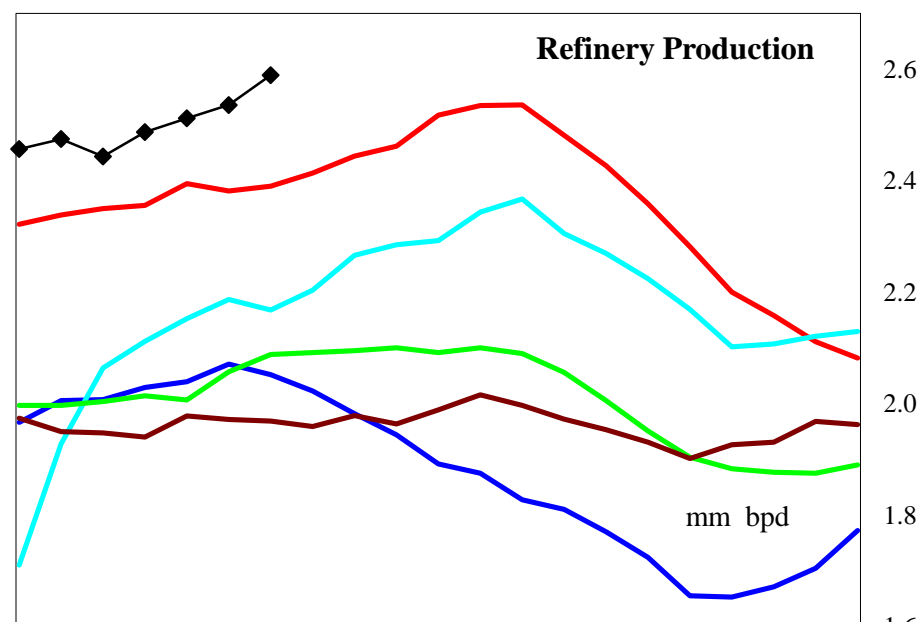
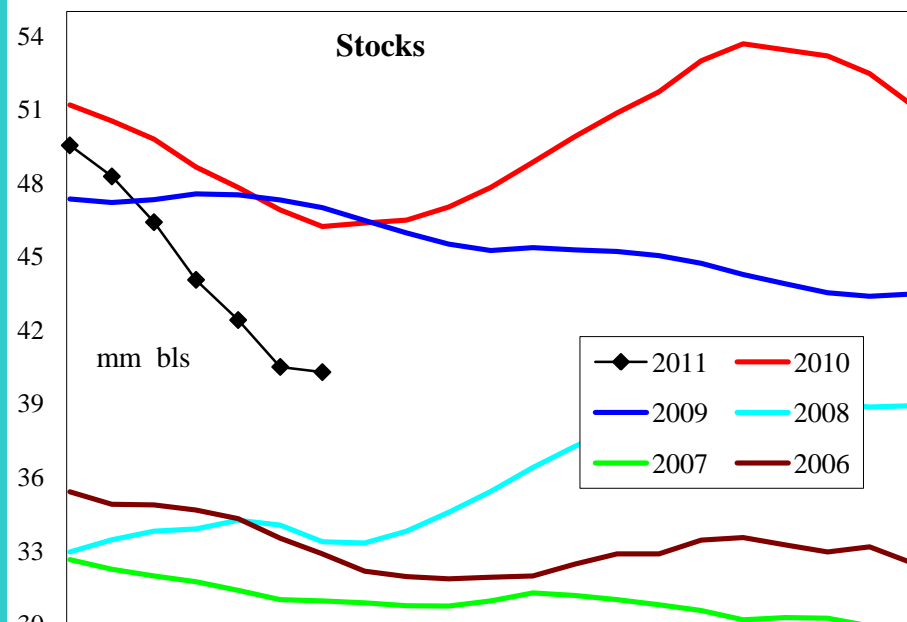
PADD 3 Reformulated Gasoline Supply



PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-6,327

-13.6

Production

141

5.9

Imports

0

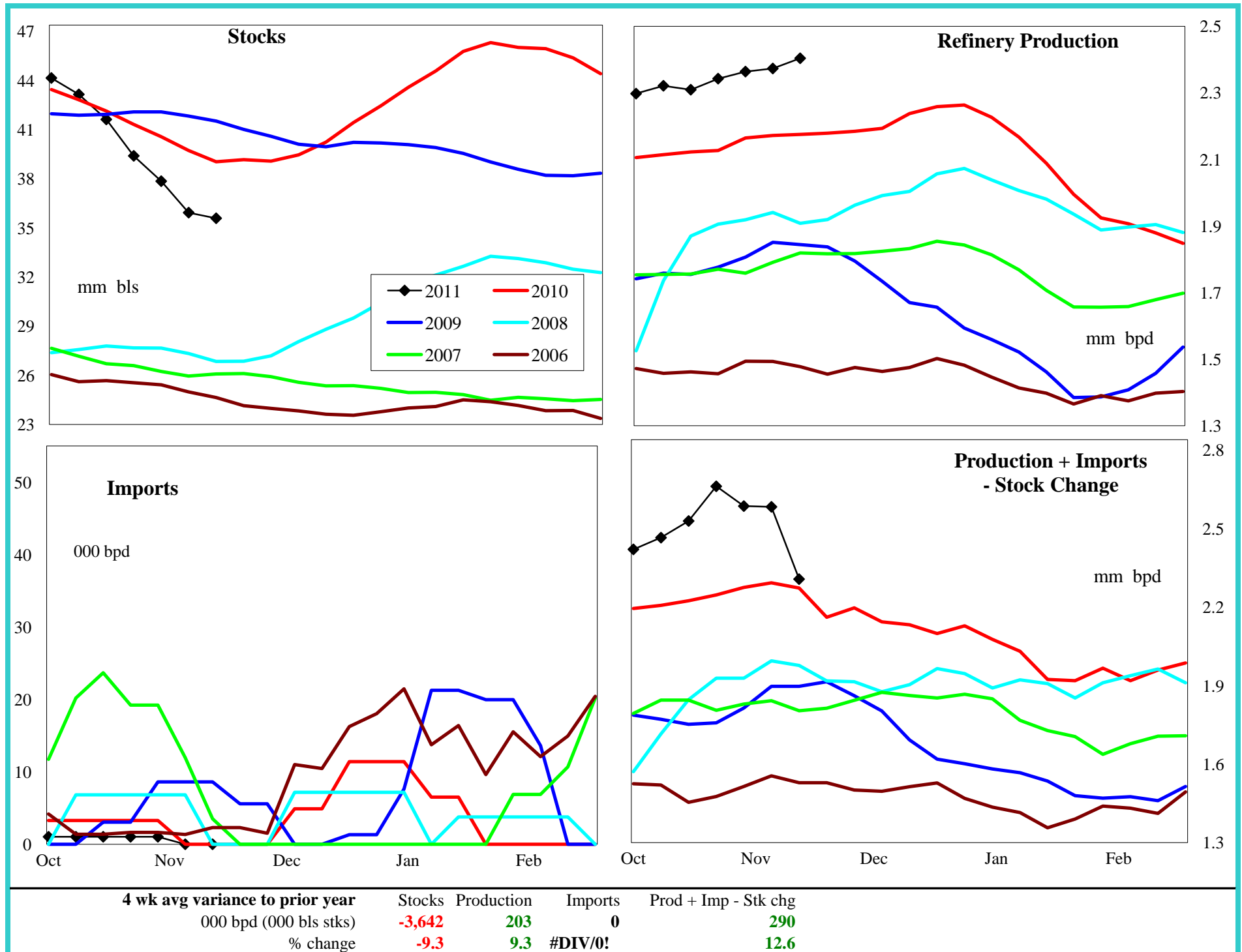
#DIV/0!

Prod + Imp - Stk chg

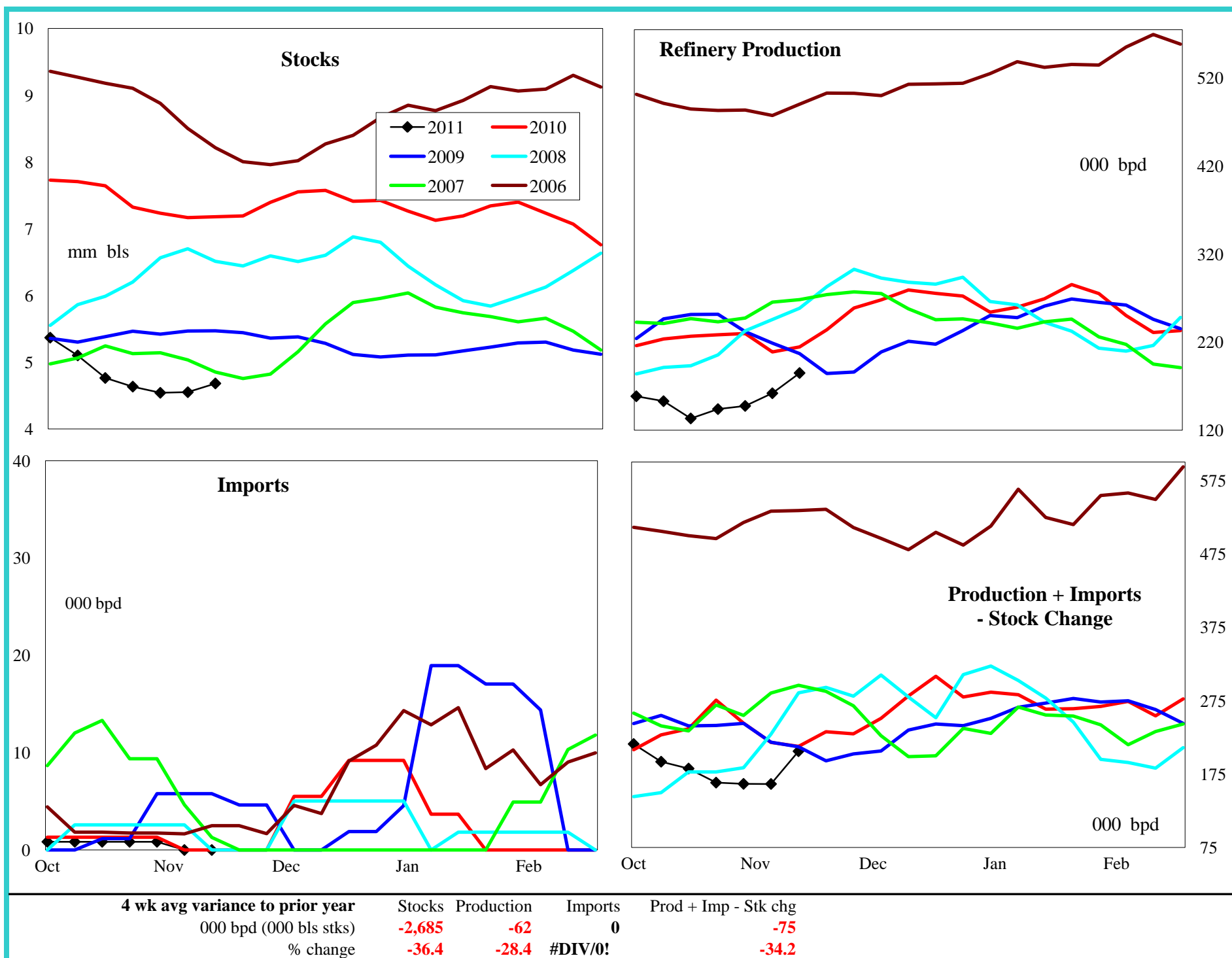
215

8.5

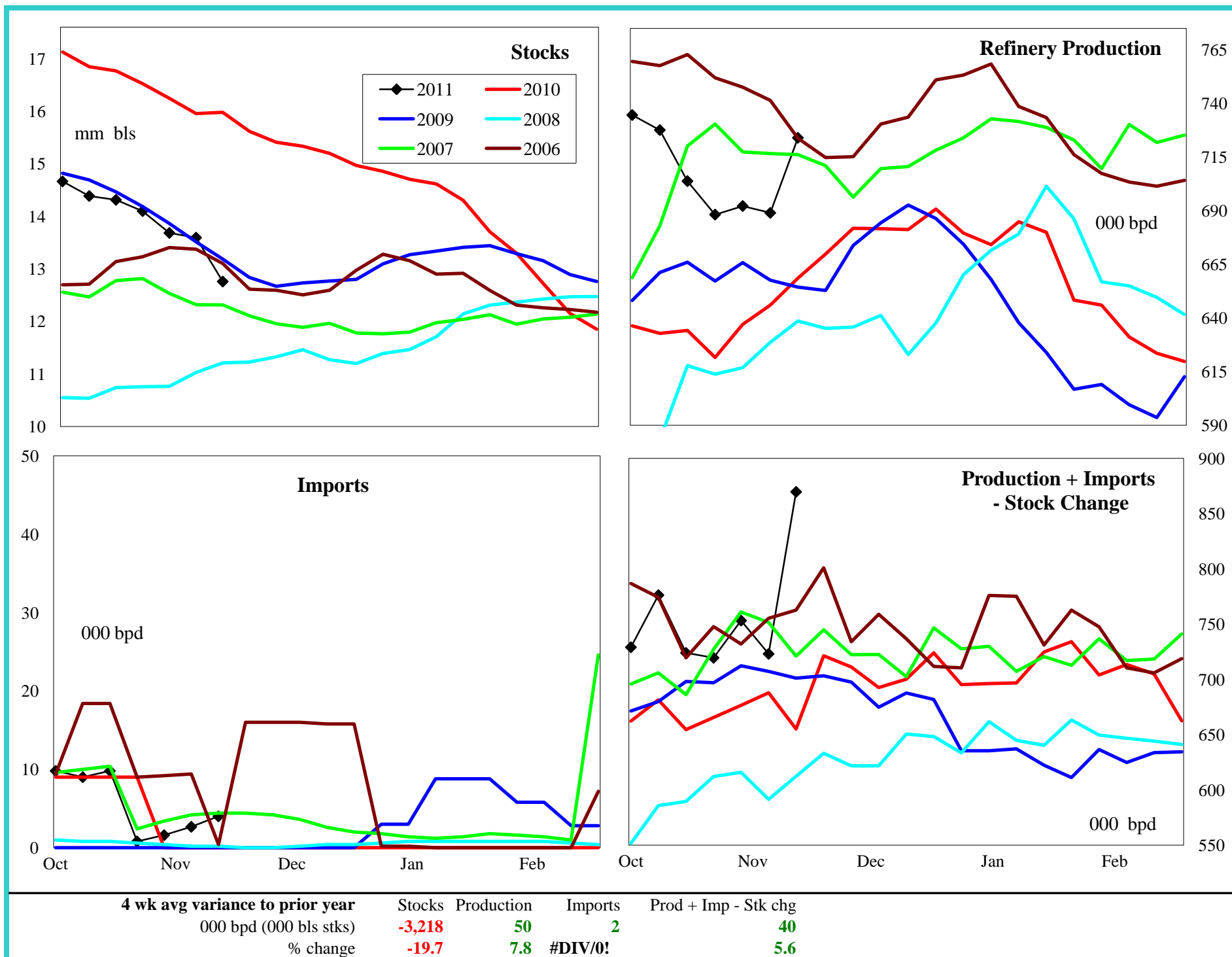
PADD 3 Low Sulfur Distillate Supply



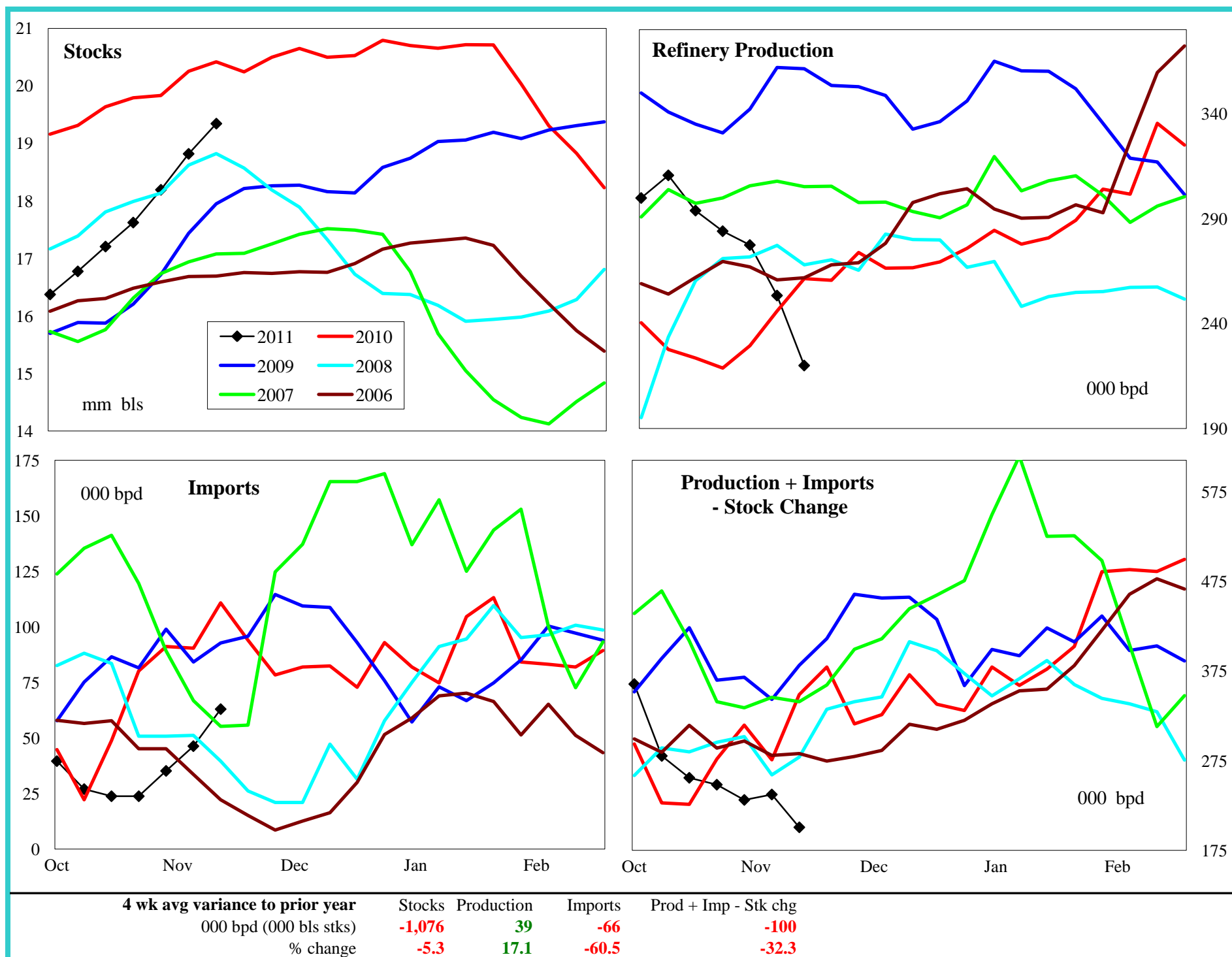
PADD 3 High Sulfur Distillate Supply



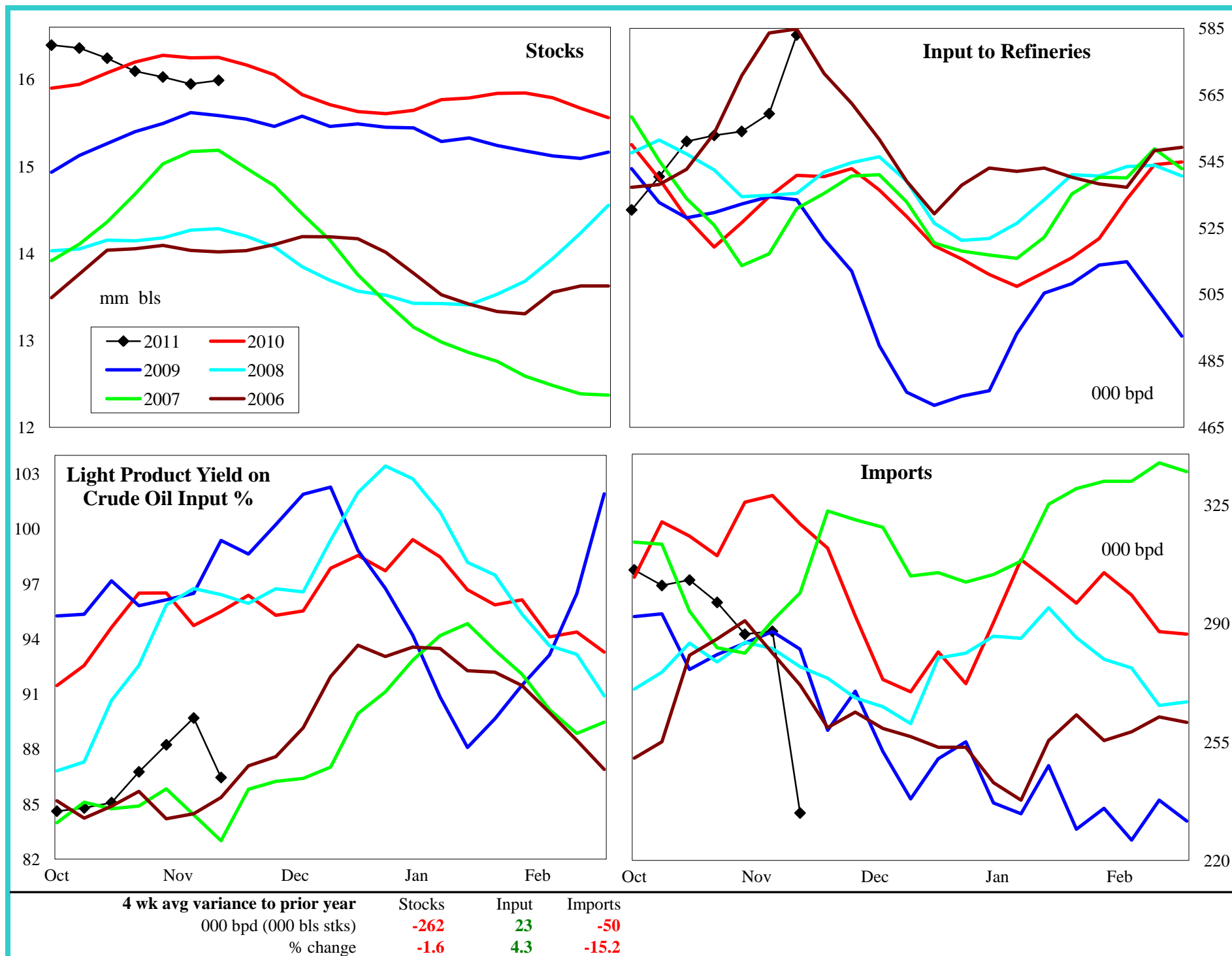
PADD 3 Jet Fuel Supply



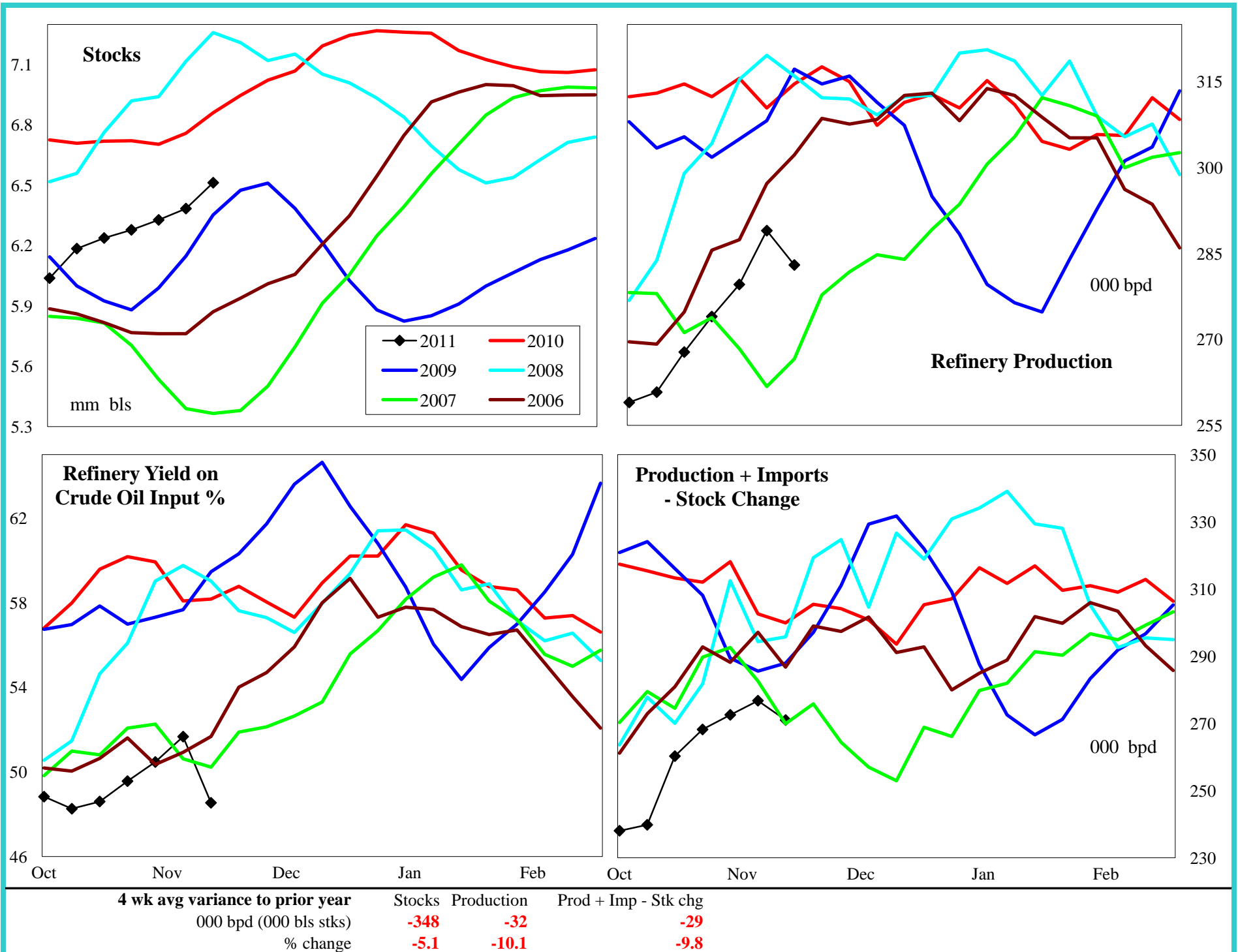
PADD 3 Residual Fuel Oil Supply



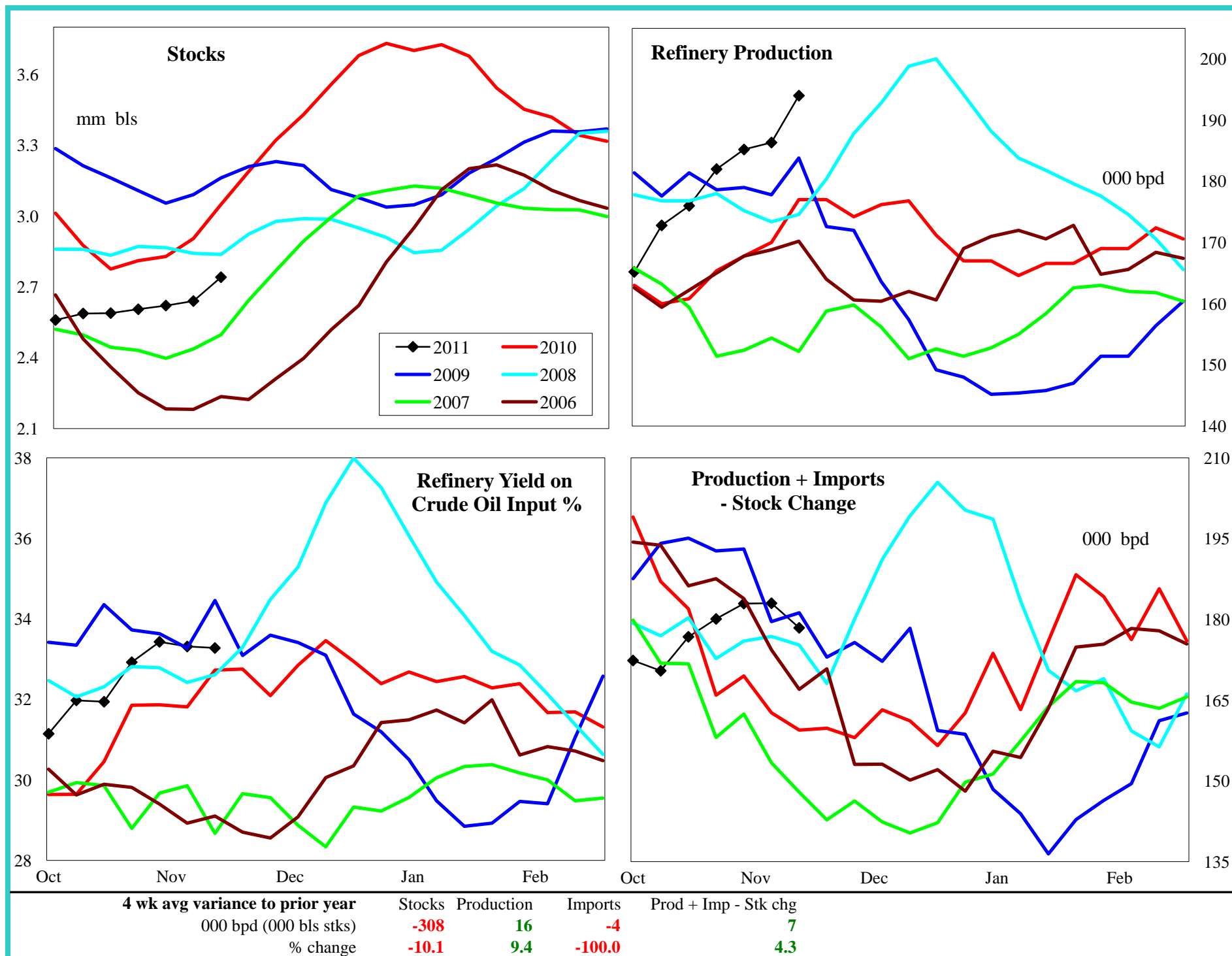
PADD 4 Crude Oil Supply and Refining



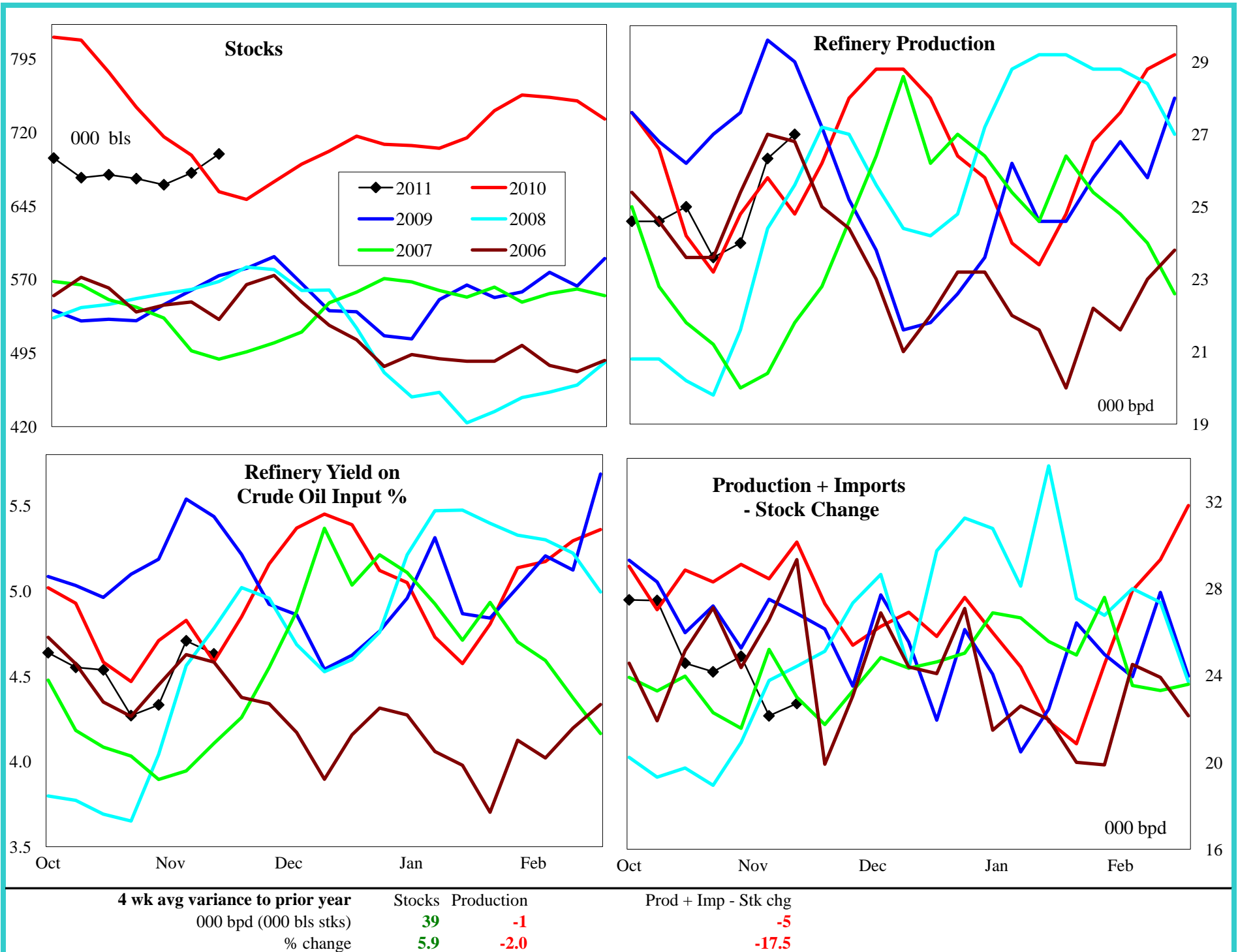
PADD 4 Gasoline Supply



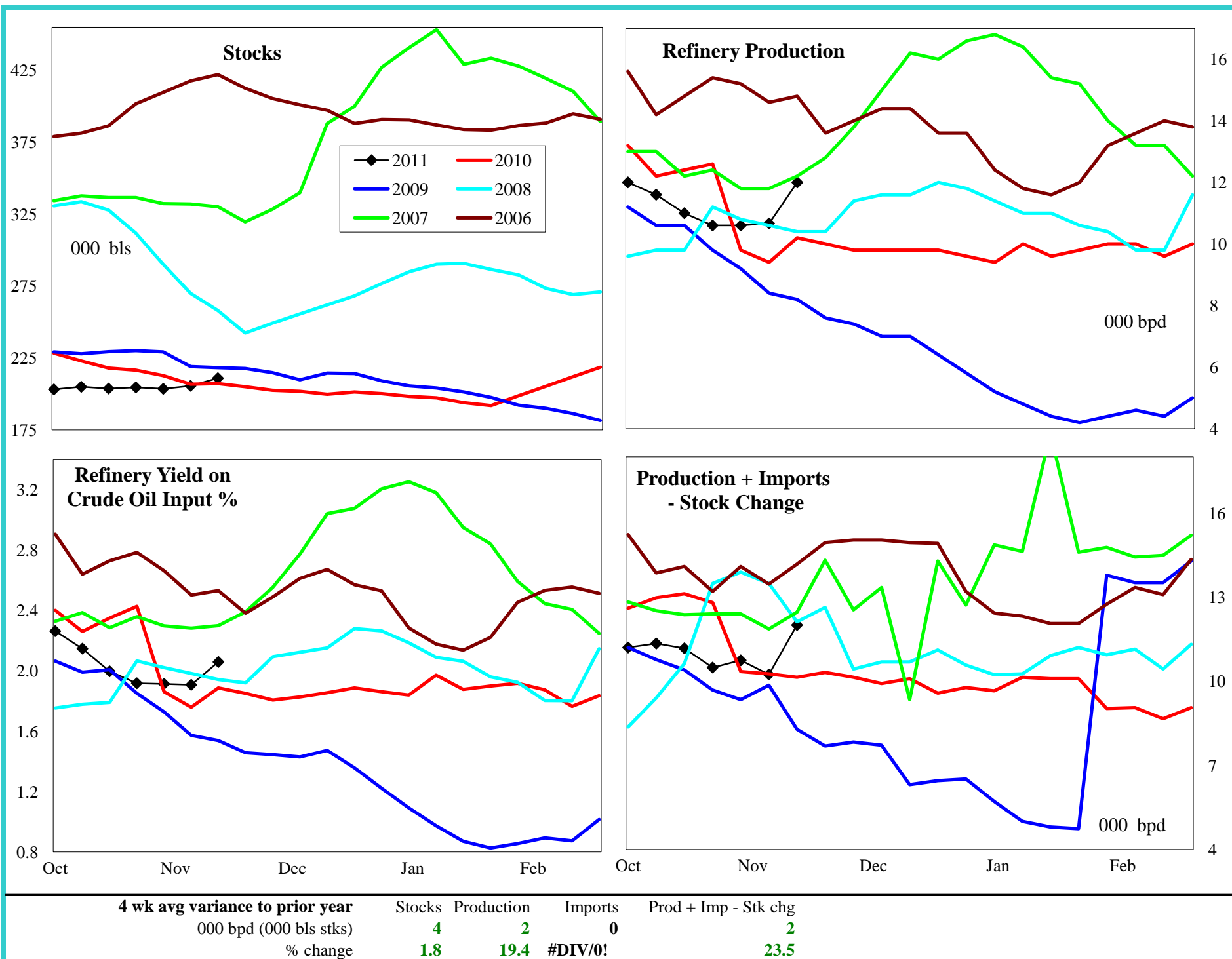
PADD 4 Distillate Supply



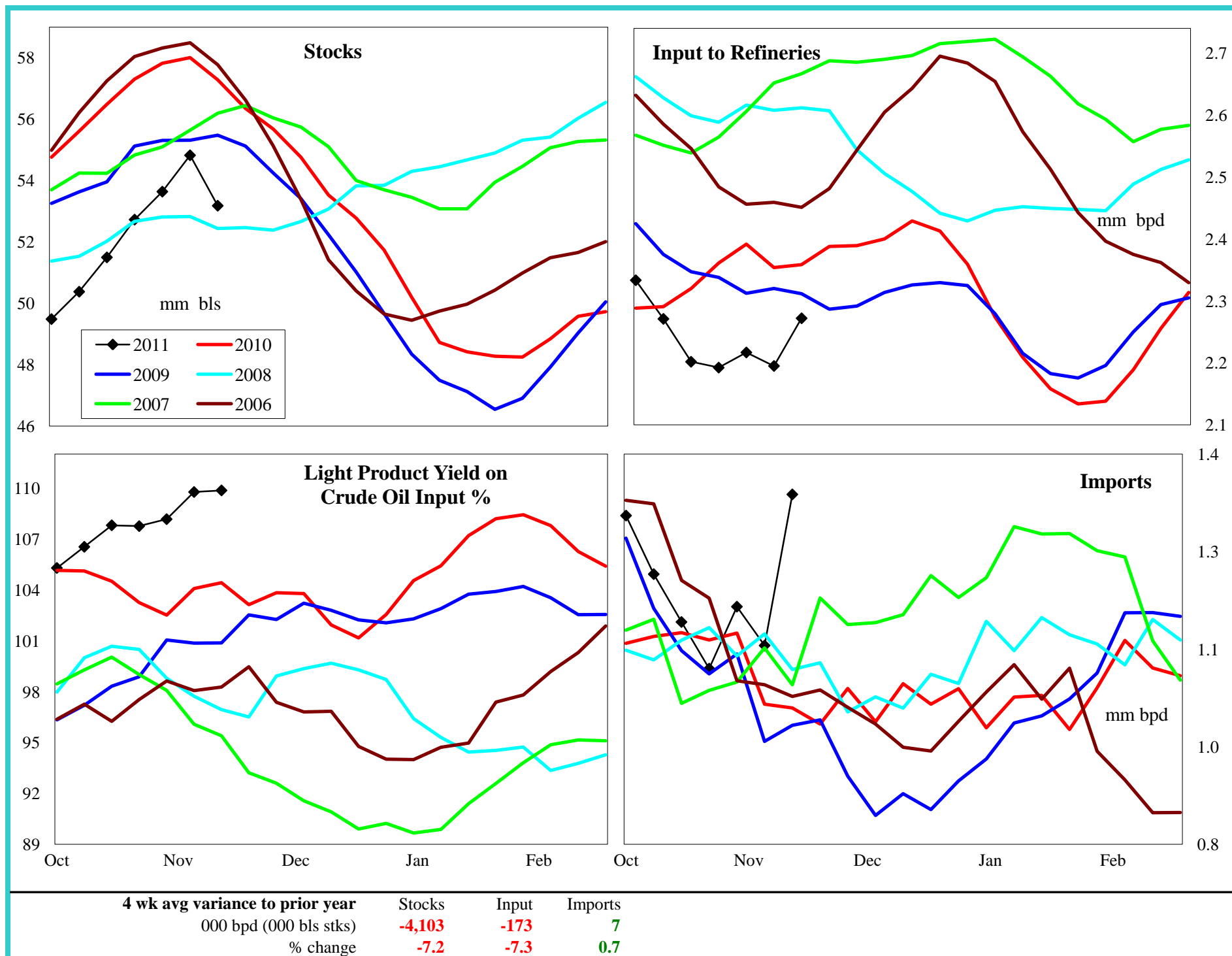
PADD 4 Jet Fuel Supply



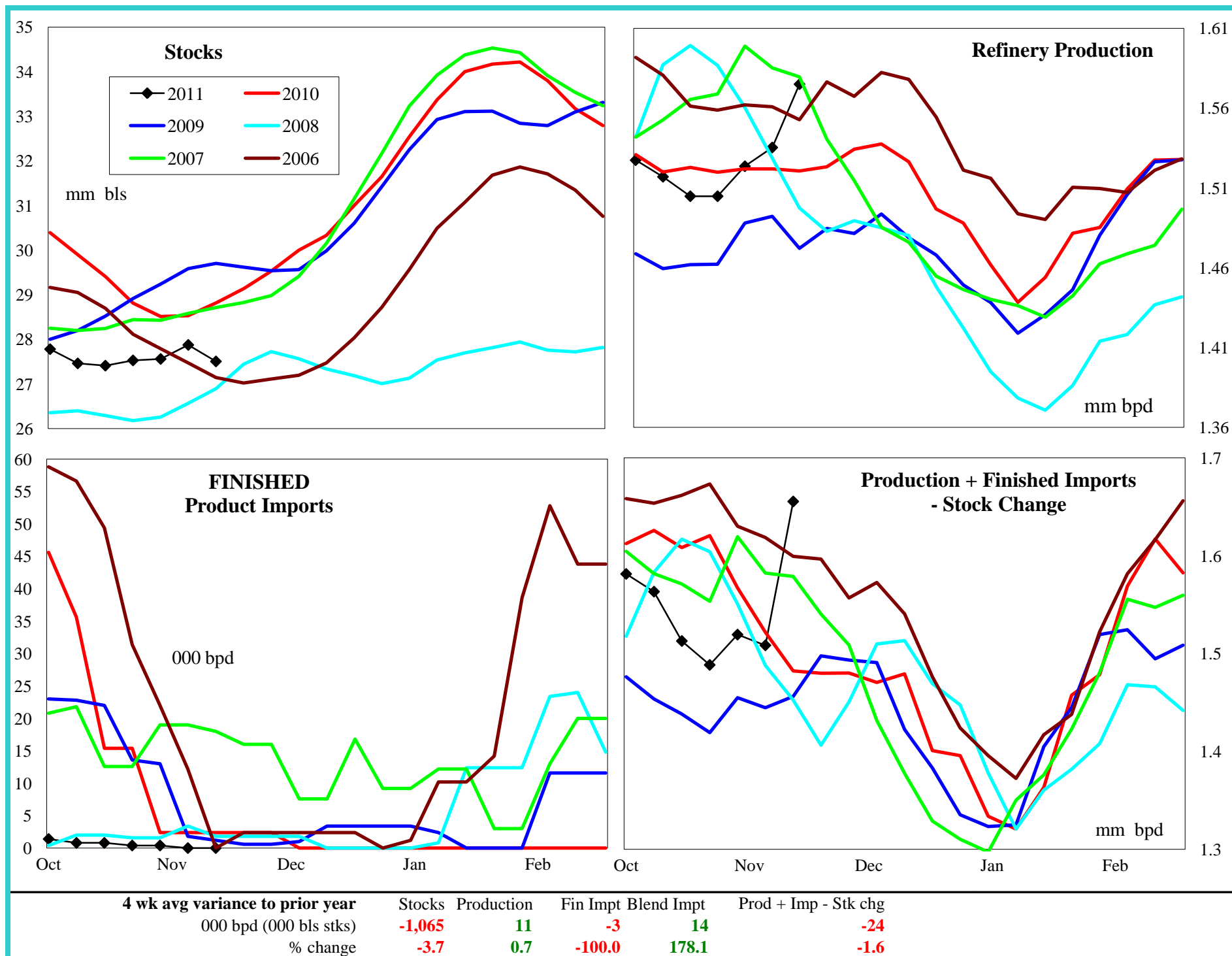
PADD 4 Residual Fuel Oil Supply



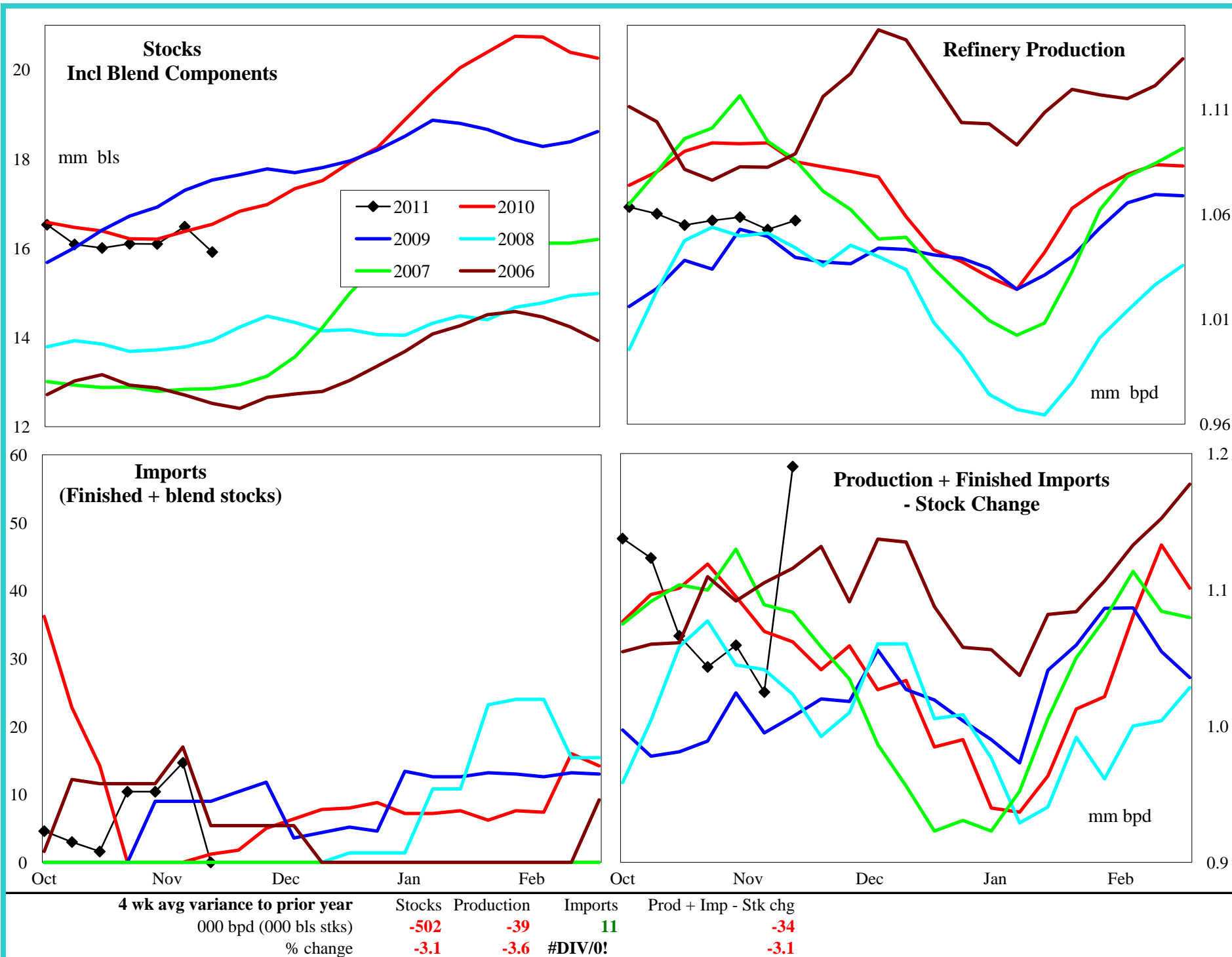
PADD 5 Crude Oil Supply and Refining



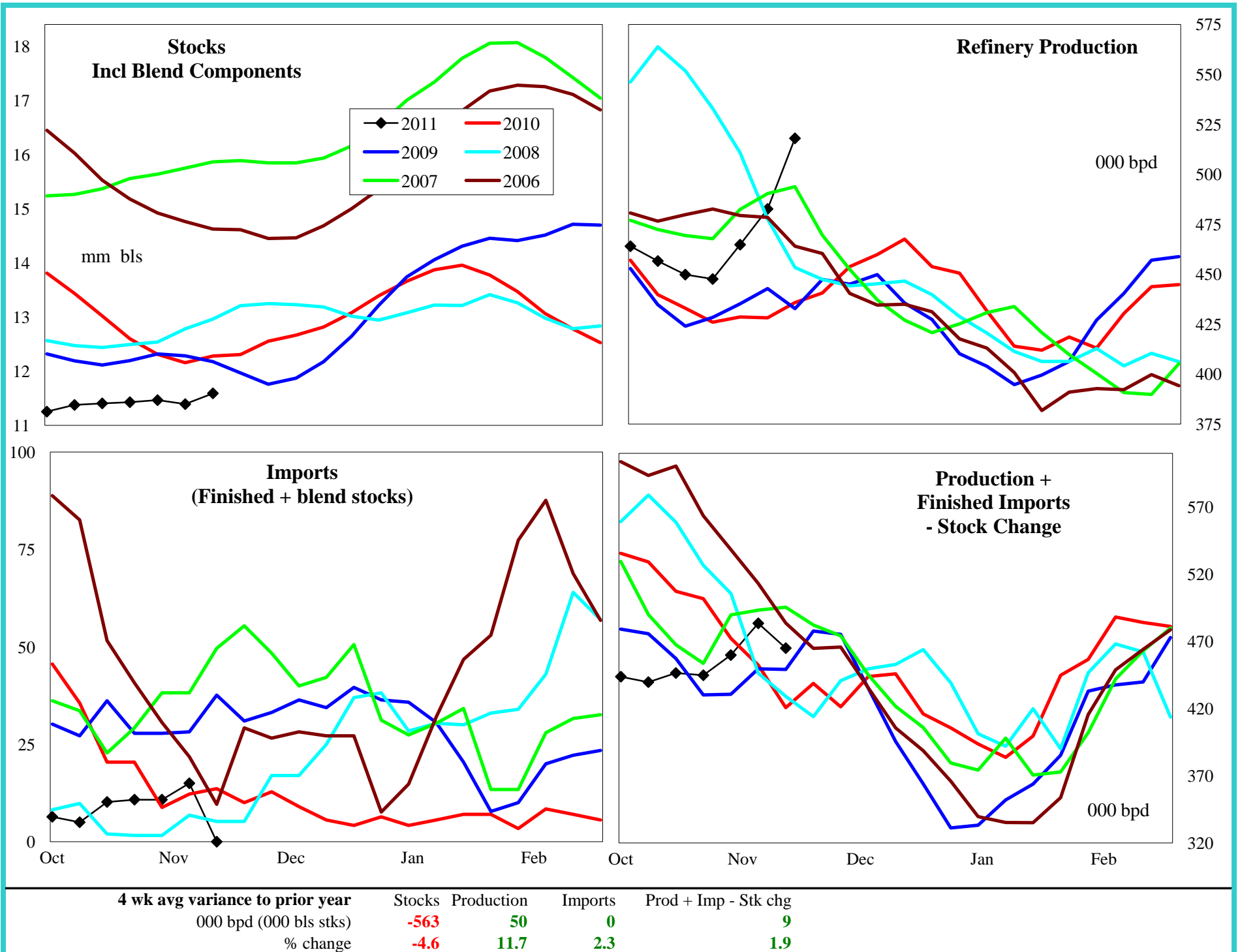
PADD 5 Gasoline Supply



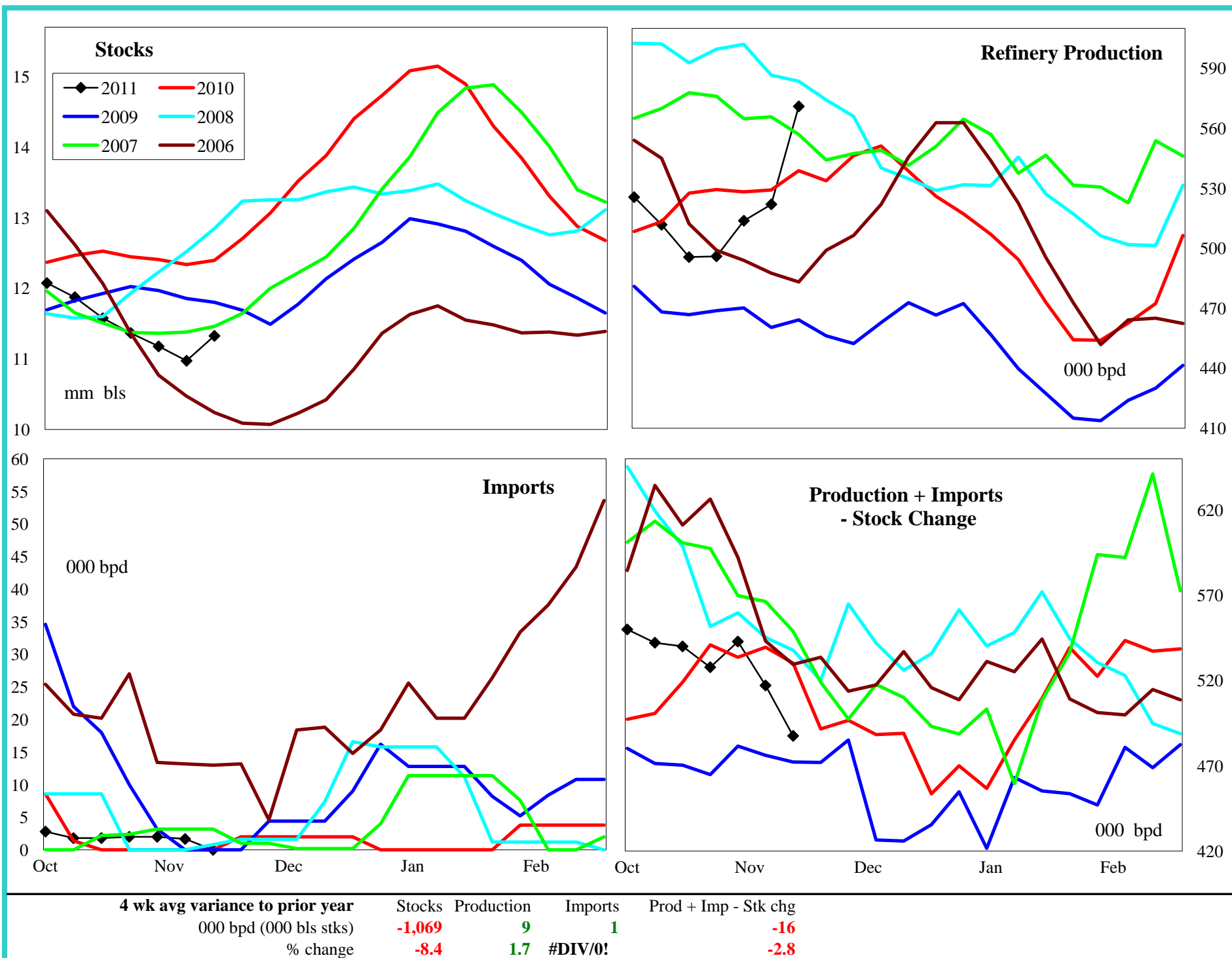
PADD 5 Reformulated Gasoline Supply



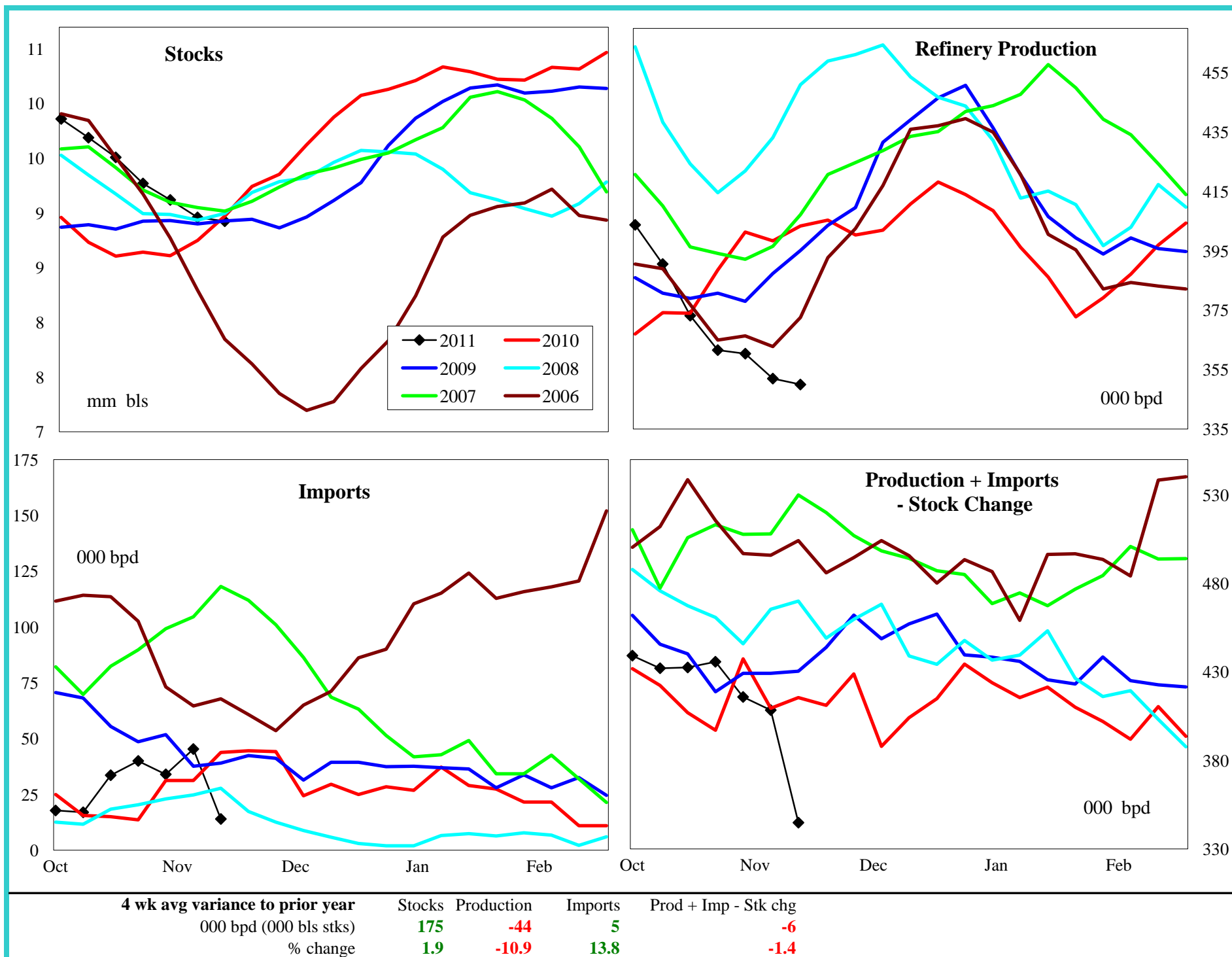
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

