



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

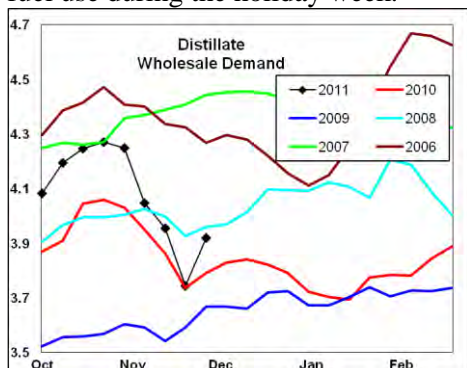
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, December 07,

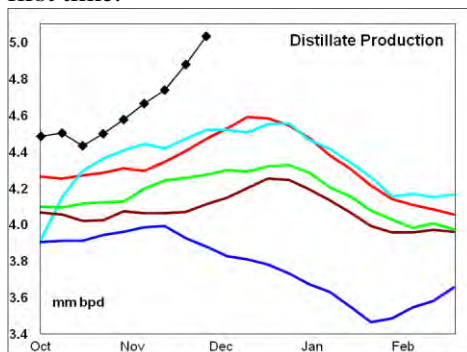


Major Fundamental Trends¹

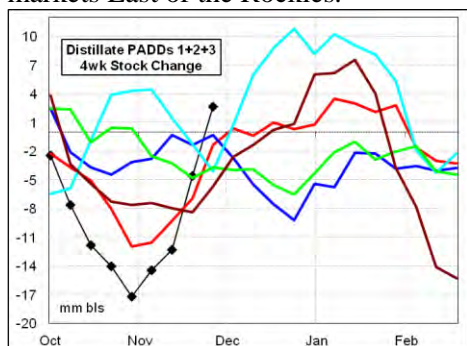
Distillate wholesale demand rebounded from last weeks' collapse, rising +0.7 million bpd. The increase confirms the drop was driven by lower transport fuel use during the holiday week.



Refinery crude oil runs reached a seasonal peak last week, rising +0.7 million bpd. As a result, distillate output exceeded 5 million bpd for the first time.



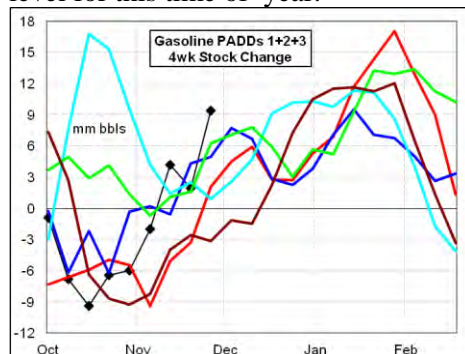
Record distillate production led to a rebound in the rate of stock building in markets East of the Rockies.



Distillate stock levels remain low in the key Central Atlantic Region of PADD 01; risking supply tightness

during the peak heating season.

Weakness in gasoline demand and high production during the last month also lifted the 4-wk stock build in markets East of the Rockies to a record level for this time of year.



The rate of stock building in PADD 1 has been particularly high as marketers anticipate the impact of refinery closures in the area by building stocks.

The recent 4-wk average wholesale demand year-on-year change for transport fuels has slowed. Combined with peak refinery run rates, the rate of stock building was a record high for this time of year. These trends may point to the impact of slower global growth on U.S. economic activity and petroleum exports.

Demand rebounded +0.7 million bpd for distillate, while gasoline demand fell to new season lows. Wholesale demand measured over the last four weeks compared to a year ago: gasoline decreased -3.5%; distillate up +3.4%; jet fuel up +3.1% while residual fuel oil decreased -17%.

Stocks forward coverage: Gasoline demand coverage jumped to a new record high for the period on a +5.1 million barrel stock build last week.

Distillate coverage increased on a +2.5 million barrels stock build that offset the rebound in demand. Coverage levels remain -15% below the last 2-years.

Jet fuel coverage levels were unchanged on a +0.1 million barrel stock build and decrease in demand. Coverage was comparable to levels in two of the last 3-years.

Refinery utilization rates increased on

a +682,000 bpd jump in crude oil runs. During the latest 4-wk period crude oil input was +428,000 bpd above a year ago.

Gasoline yield % on crude oil runs fell on a -61,000 bpd decrease in output, compared to a +682,000 bpd jump in crude oil runs last week. Yield % on crude oil runs fell to a level below the 5-year midrange.

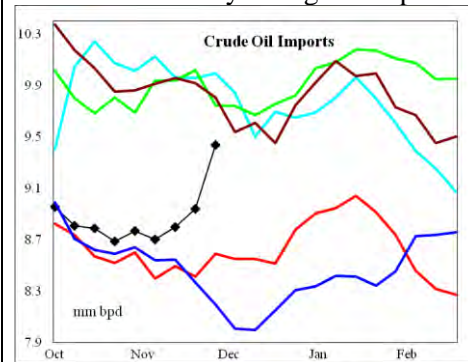
Distillate yield % on crude oil runs remained at a record high level on a +205,000 bpd rise in output, compared to the increase in crude oil runs.

Jet fuel yield % on crude oil runs increased last week on a +82,000 bpd rise in output compared to the surge in crude oil runs. Yield % levels were at the mid range.

Petroleum Imports increased for crude oil and all refined products except jet fuel last week.

During the latest 4-wk period crude oil imports increased +249,000 bpd over last year; distillate imports decreased -5,000 bpd; finished gasoline imports decreased -49,000 bpd, gasoline blend stock imports increased +111,000 bpd; jet fuel imports declined -24,000 bpd, while residual fuel oil imports increased +32,000 bpd.

Crude Oil stocks experienced a counter seasonal +1.3 million barrel stock build last week; very high crude oil runs were offset by a surge in imports.



Global crude oil supplies are improving as evidenced by flattening of the earlier steeply inverted forward price curves in global crude markets, and an earlier than normal seasonal rise in imports to the U.S.

¹ Source is latest EIA Weekly Statistics



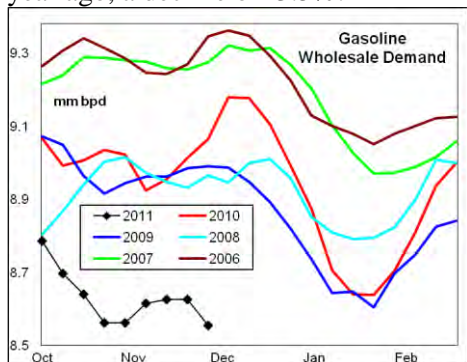
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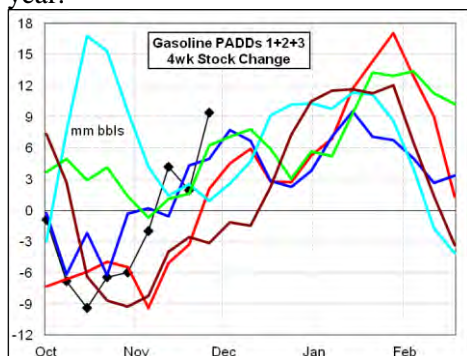
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Product Supply-Demand Trends

Gasoline demand fell -195,000 bpd last week. The latest 4-wk average demand was -315,000 bpd below a year ago, a decline of -3.5%.



Production declined -61,000 bpd last week, offset by a +201,000 bpd rise in imports. Very weak demand led to a +5.1 million barrel stock build, lifting the stock level to match 5-year highs. The latest 4-wk stock build in markets East of the Rockies was +9.4 million barrels, a record build for this time of year.



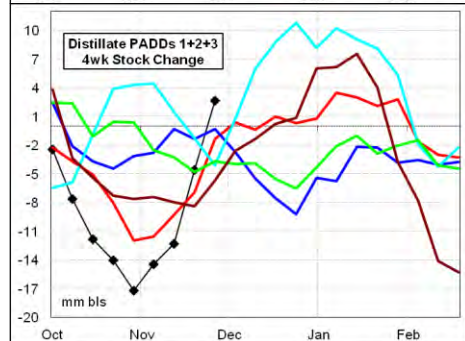
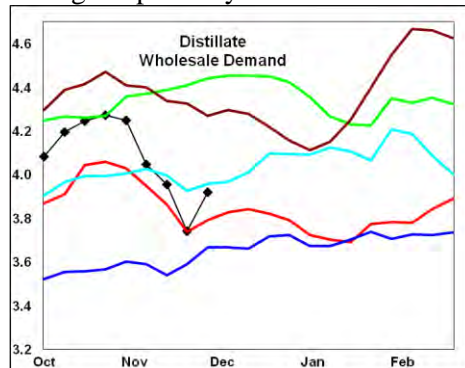
Extremely weak demand and high production during the last 2-months has driven a record rate of stock building during November. Stocks in PADD 1 are particularly high, evidence of suppliers securing additional product to offset the risk of refinery closures.

Distillate demand reversed much of last weeks' drop, rising +0.7 million bpd last week, on renewed transport use. The latest 4-wk average year-on-year demand growth was +126,000 bpd.

Production jumped +205,000 bpd last week, to a new record high level. Production levels exceeded the previous 5-year high in all regional

markets, except the East Coast. Record production led to a +2.5 million barrel stock build on the week. Stock levels ended the week -19.2 million barrels below last year.

The latest 4-wk stock change in markets East of the Rockies was a build of +2.7 million barrels, compared to draws of -1 to -5 million barrels during the prior 5-years.



Record production and a slowdown in domestic demand has led to a high rate of stock building, that has occurred earlier than normal in the run up to peak heating fuel demand.

Record production for the next 30-days should lead to further stock building by year end.

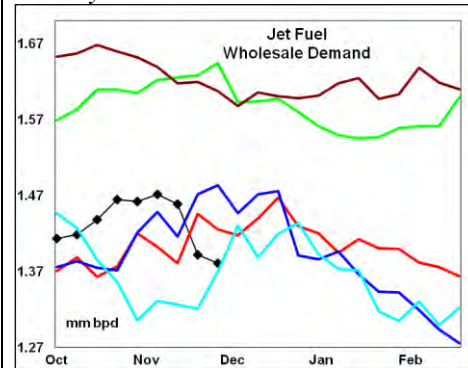
However, low stock levels in the key Central Atlantic Region of PADD 1 point risk tight supplies in this regional market during the peak heating season.

Jet Fuel demand declined -29,000 bpd last week, to a level at the low end of the last 3-years. The latest 4-wk average demand was +43,000 bpd above last year.

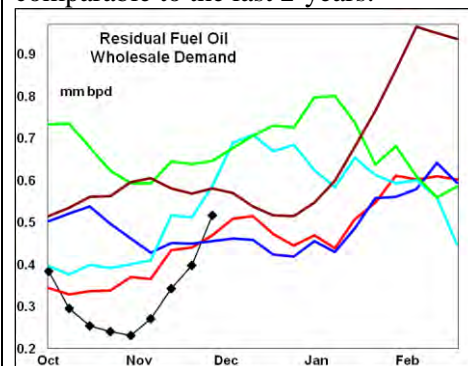
Supply increased +32,000 bpd last week, on higher production. Stocks increased +0.1 million barrels to a level -8% below last years' record high.

Production levels matched historic highs for this time of year, partially offset by record low imports. The market remains well balanced, with demand, production and stock levels each comparable to the last 2-years.

Expect modest stock draws for the next month, followed by a seasonal build as demand declines following the holiday travel season.



Residual fuel oil demand increased +97,000 bpd on the week, a level comparable to the last 2-years.



Supply (production + imports) increased +188,000 bpd last week, on higher production and imports. The latest 4-wk average supply was +56,000 bpd above last year. Stock levels were below the mid range.

Stocks in the key Gulf Coast market jumped to levels that matched 5-year highs last week. The Midwest and West Coast markets are also well supplied with stock levels above last year and the mid range.



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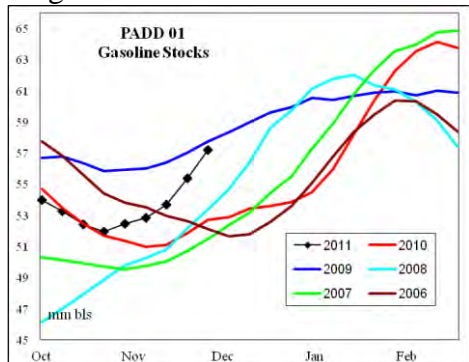
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -35,000 bpd on the week, with the latest 4-wk average +163,000 bpd above a year ago.

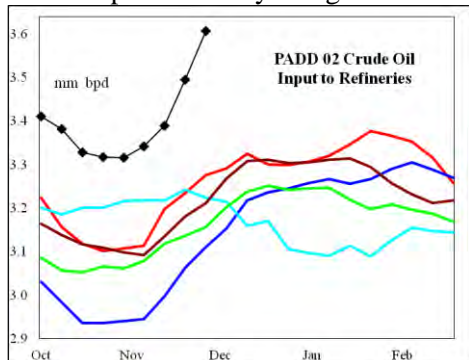
Gasoline supply increased +155,000 bpd last week, due to higher imports. Import levels matched the lows of the historic range.



Gasoline stocks increased +2.6 million barrels on the week, to a level near historic highs.

Distillate supply decreased -29,000 bpd last week, with the latest 4-wk average +95,000 bpd above last year. Stocks increased +0.2 million barrels on the week, although the level has dropped to -20% below last year.

Jet fuel stock levels ended the week below the mid range. Supply was comparable to a year ago



PADD 2 crude oil refinery runs climbed +126,000 bpd last week, to a new all time high. Crude imports increased +123,000 bpd, another all time high. Crude oil stocks increased +1 million barrels, a level that matched the 5-year high.

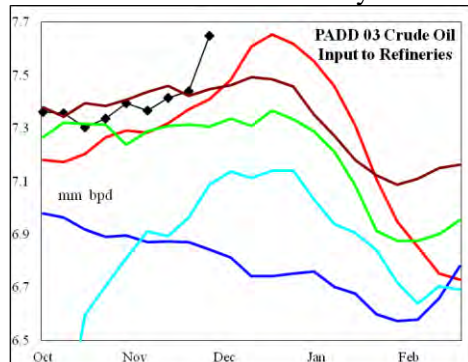
Gasoline production surged +354,000 bpd to a record high level for

the winter quarter. Stocks increased +1.5 million barrels, with the level -1.1% below the historic mid range.

Distillate production climbed +41,000 bpd, to a new record high for the year. Stocks increased +2.8 million barrels to a level near the 5-year high for this time of year.

Jet fuel production increased +28,000 bpd to a record high for this time of year. Stock levels exceed the prior 5-year highs.

PADD 3 refinery runs jumped +421,000 bpd last week, a level above the 5-year range. The latest 4-wk average thru put was +126,000 bpd above last year. Crude oil imports decreased -0.5 million bpd last week. Stocks were nearly unchanged at a level below four of the last 5-years.



Gasoline production declined -65,000 bpd on the week. Stocks increased +0.2 million barrels last week, to a level -1.9% below prior record highs.

Distillate production climbed +219,000 bpd on the week, with the latest 4-wk average +205,000 bpd above the previous 5-year high. Stocks declined -1.3 million barrels, with the level -5.3 million barrels below the historic high for this time of year.

Jet fuel production increased +48,000 bpd on the week, to a level above the last 3-years. Stocks increased +0.6 million barrels to a level above four of the last 5-years.

Residual fuel oil supplies increased decreased -64,000 bpd on the week, due to lower imports. Stocks increased +0.6 million barrels, to a level that matched the historic high.

PADD 4 refinery crude runs decreased

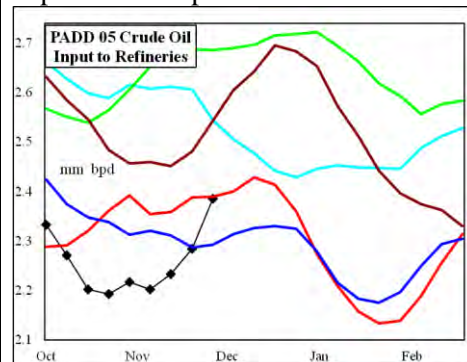
-19,000 bpd last week, a level still above the historic range.

The most recent 4-wk average run rate was +25,000 bpd above a year ago.

Gasoline production increased +3,000 bpd on the week, with the latest 4-wk average -27,000 bpd below last year. Stocks jumped +0.6 million barrels to a level above 5-year highs.

Distillate production decreased -3,000 bpd on the week, with the level at a record high for this time of year. Stocks climbed +0.5 million barrels to a level above the historic range for this time of year.

PADD 5 crude oil refinery runs jumped +190,000 bpd on the week, to a level comparable with the last 2-years. The latest 4-wk average thru put was -105,000 bpd below last year. Light product yield % on crude oil runs fell sharply as downstream units experienced unplanned downtime.



Gasoline production fell -101,000 bpd last week to a level below the historic range. Supply (production + imports) for the latest 4-wk average was +24,000 bpd above last year. Stocks increased +0.2 million barrels on the week, to a level below the mid range.

Distillate supply increased +33,000 bpd on the week, to a level that matched the 5-year high for this time of year. The latest 4-wk average was +34,000 bpd above a year ago. Stocks increased +0.3 million barrels, to a level above the mid range.

Jet fuel supply fell -47,000 bpd on the week, with the level below the 5-year range. Stocks decreased -0.5 million barrels to a level near the mid range.

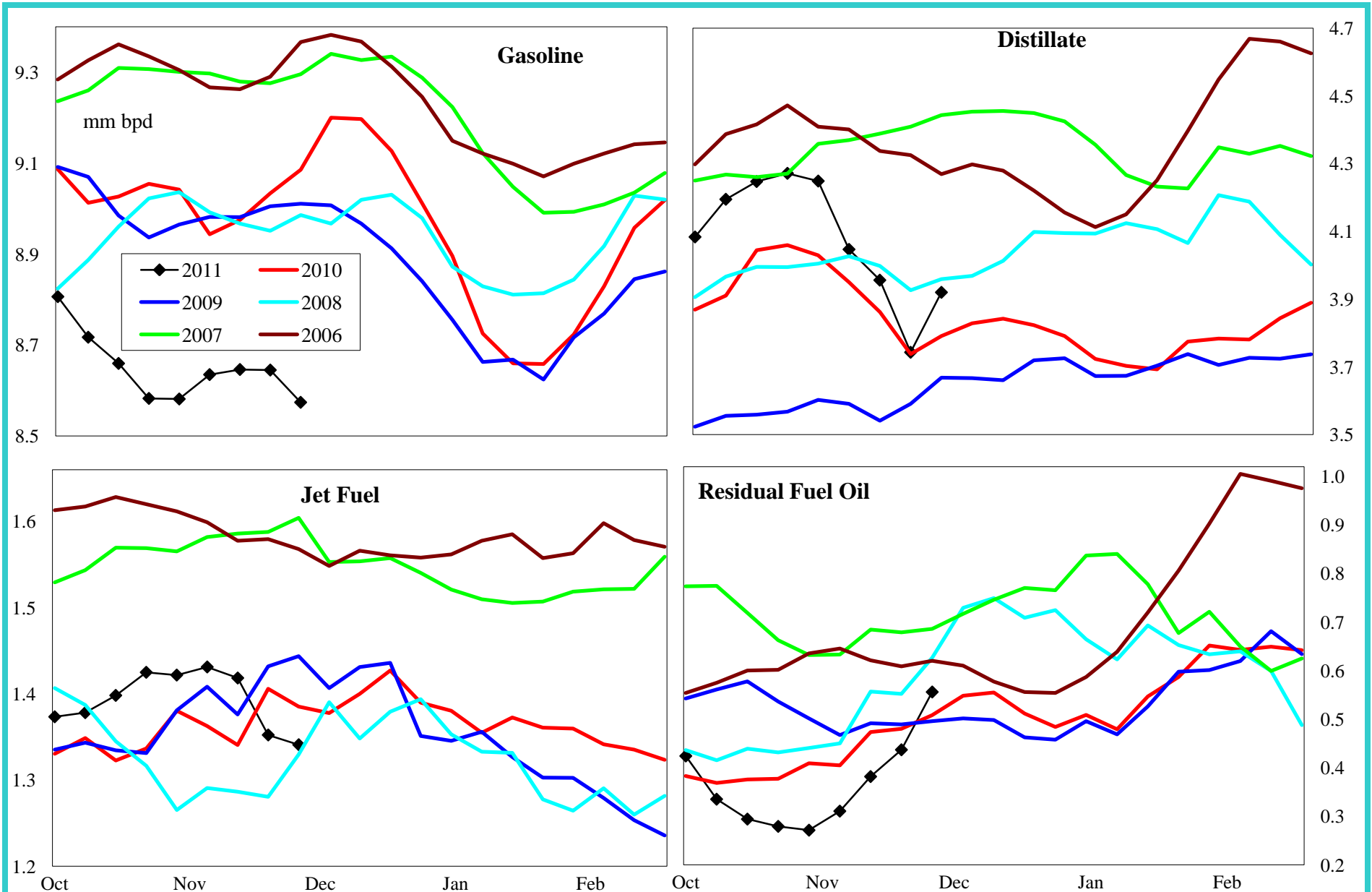


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report December 7, 2011
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %			Imports	
Supply/Demand Trends	2-Dec-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	1,336	527	1,036	-120	80	-186
	Imports	375	-14	123	-523	103	686
	Input	682	-35	126	421	-19	190
	% Utilization	3.10					
Gasoline	Stocks	5,147	2,603	1,487	219	627	210
	Production	-61	-127	354	-65	3	-101
	Imports	201	282	4	-101	0	16
	Supplied	-195					
Distillate	Stocks	2,533	207	2,826	-1,330	525	305
	Production	205	-54	41	219	-3	2
	Imports	48	25	1	-9	0	31
	Supplied	680					
Jet Fuel	Stocks	94	-40	110	591	-39	-528
	Production	82	-5	28	48	1	9
	Imports	-50	10	0	-4	0	-56
	Supplied	-29					
Residual Fuel Oil	Stocks	1,044	99	135	641	-3	172
	Production	40	-4	-3	40	0	8
	Imports	148	220	0	-104	0	33
	Supplied	97					

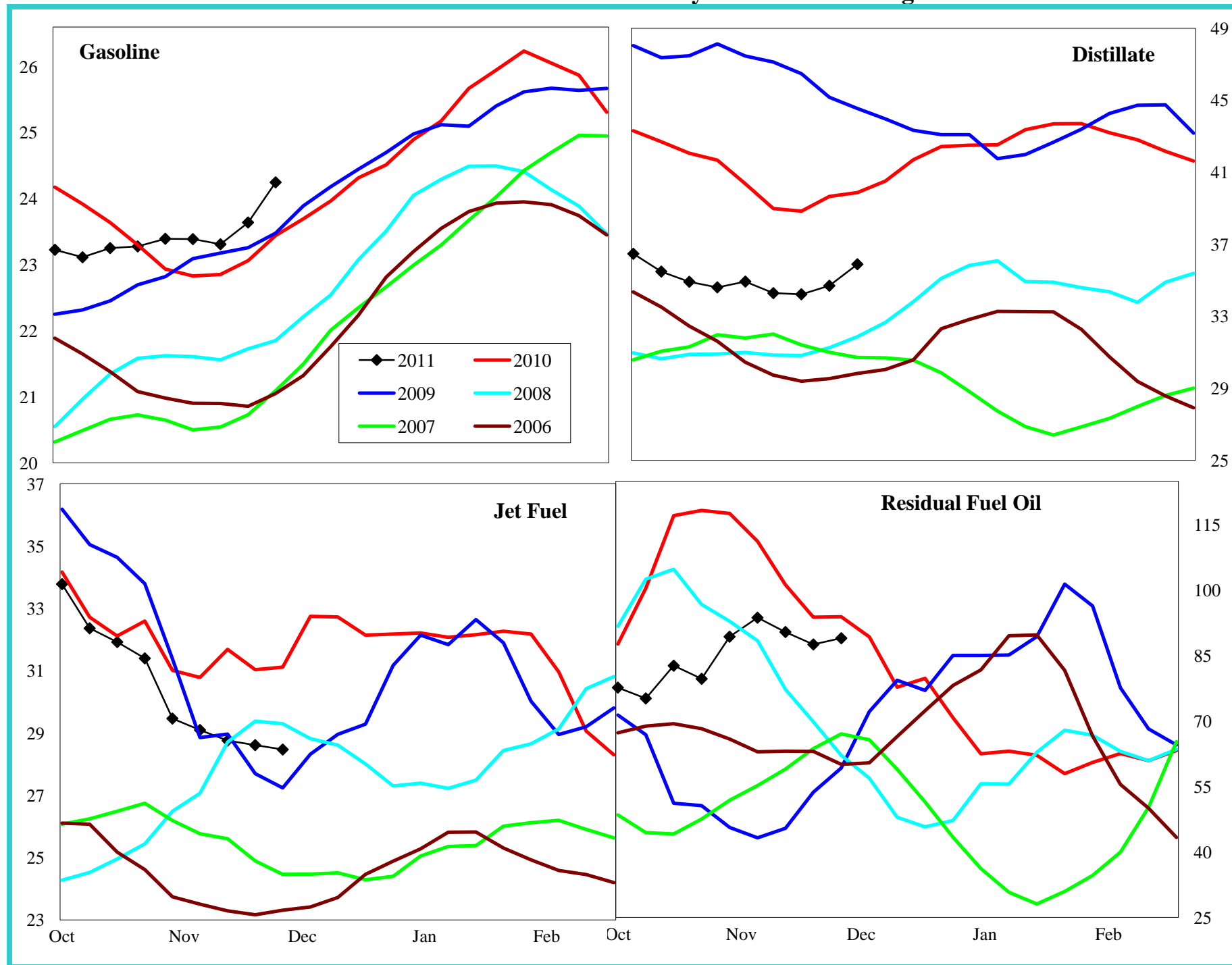
United States Wholesale Petroleum Demand



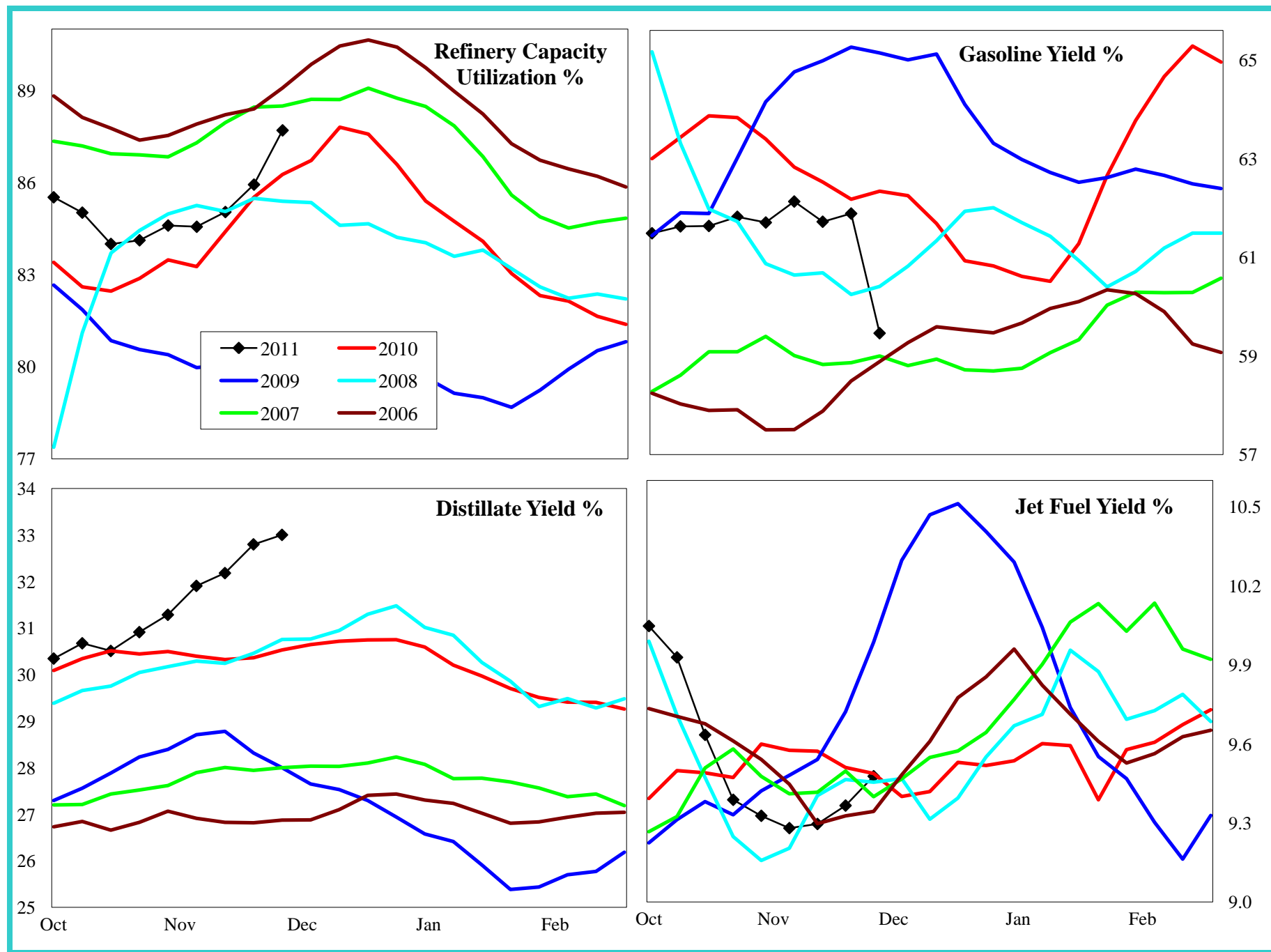
	000 bpd change from prior year				% change from prior year				
	4wk avg	Nov	Jan	Jan	4wk avg	Nov	Oct	Sep	
Gasoline	-315	-152	-359	-359	-3.5	-1.7	-4.0	-3.9	
Distillate	126	92	446	43	3.4	2.4	11.8	1.1	
Jet Fuel	43	81	-14	-40	3.1	5.8	-1.0	-2.7	
Resid	-84	-214	-202	-31	-17.4	-38.8	-41.3	-6.0	



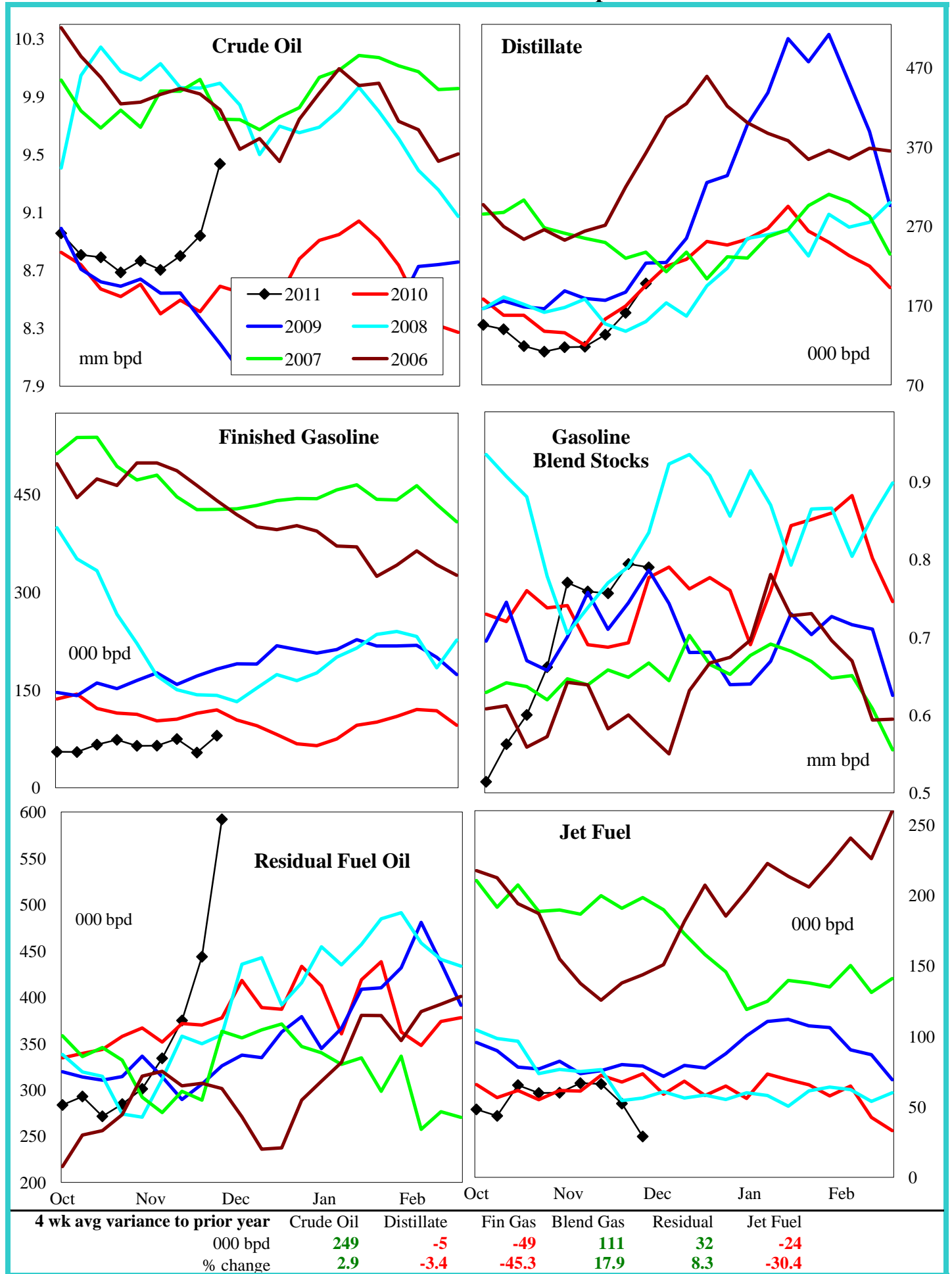
United States Product Stocks: Days Forward Coverage



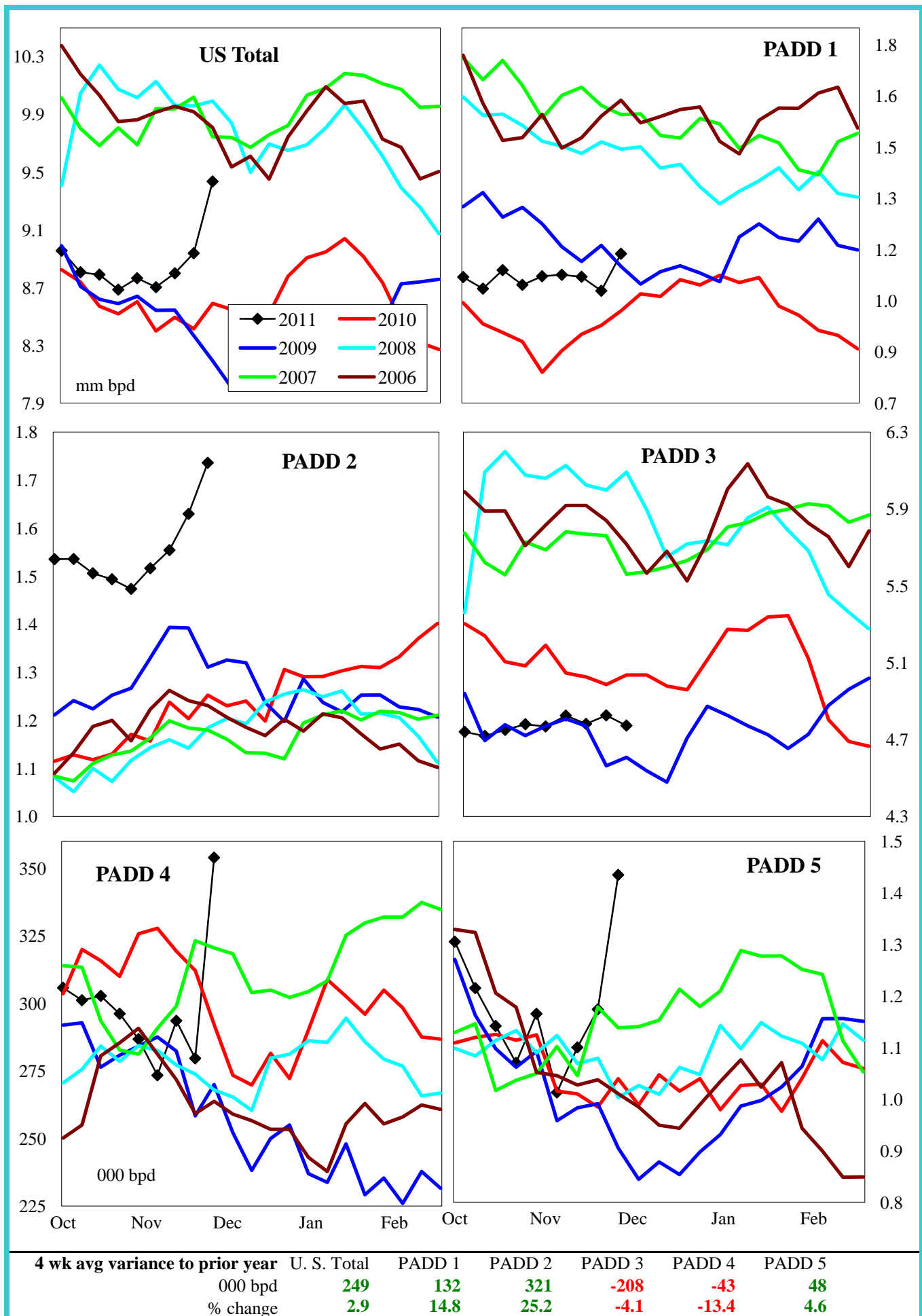
United States Refinery Percent Utilization Rate and Product Yields



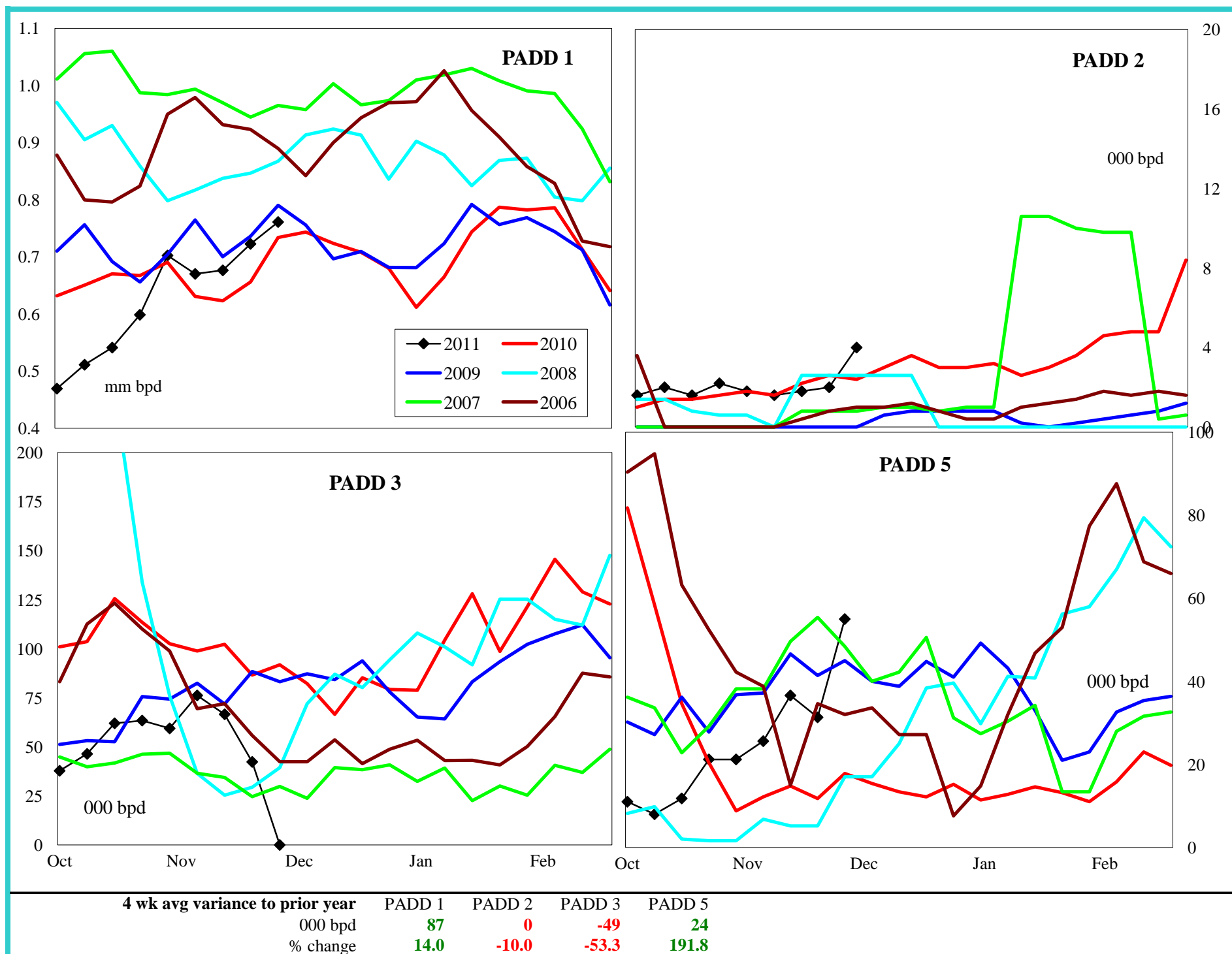
United States Petroleum Imports



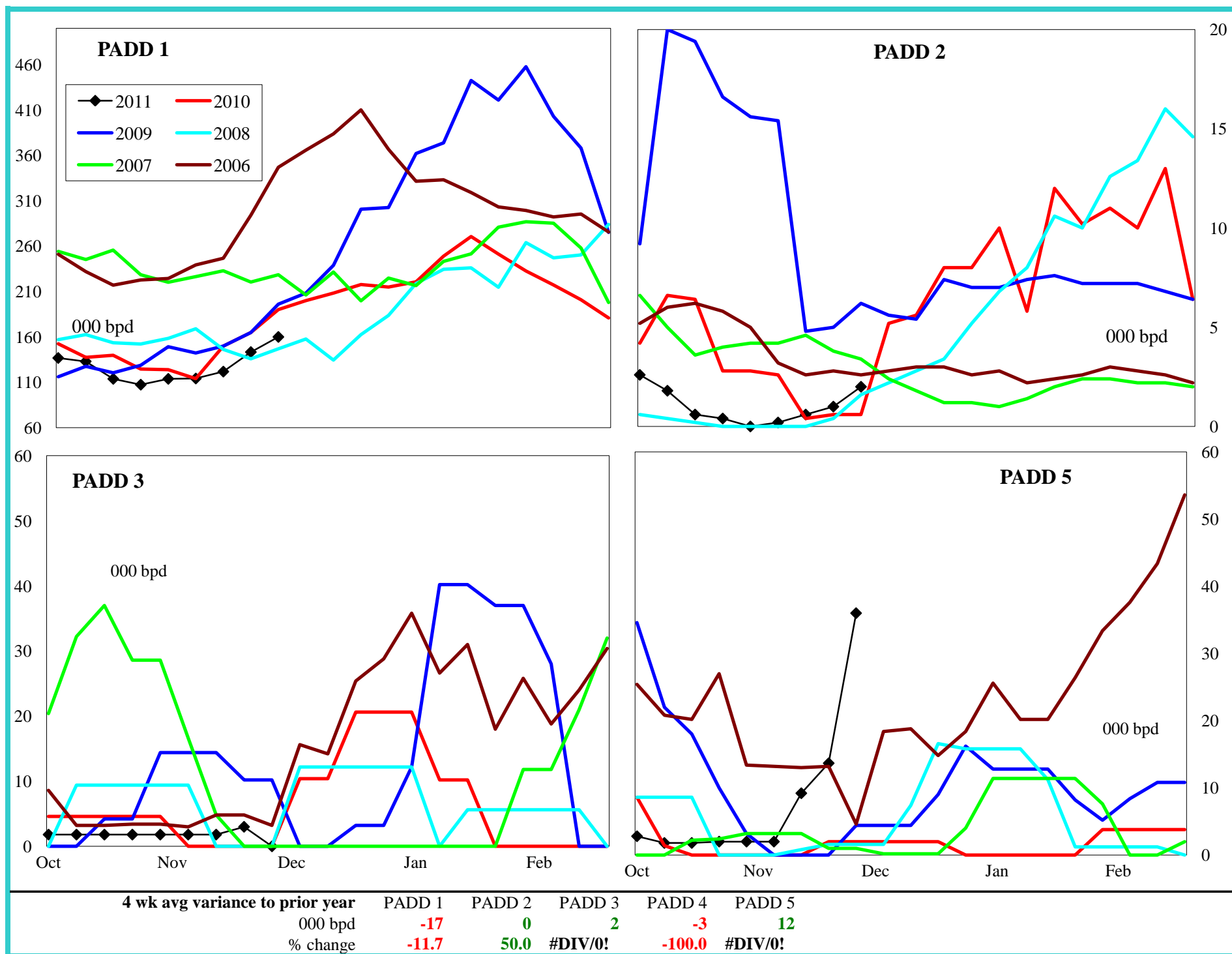
Crude Oil Imports by PADD



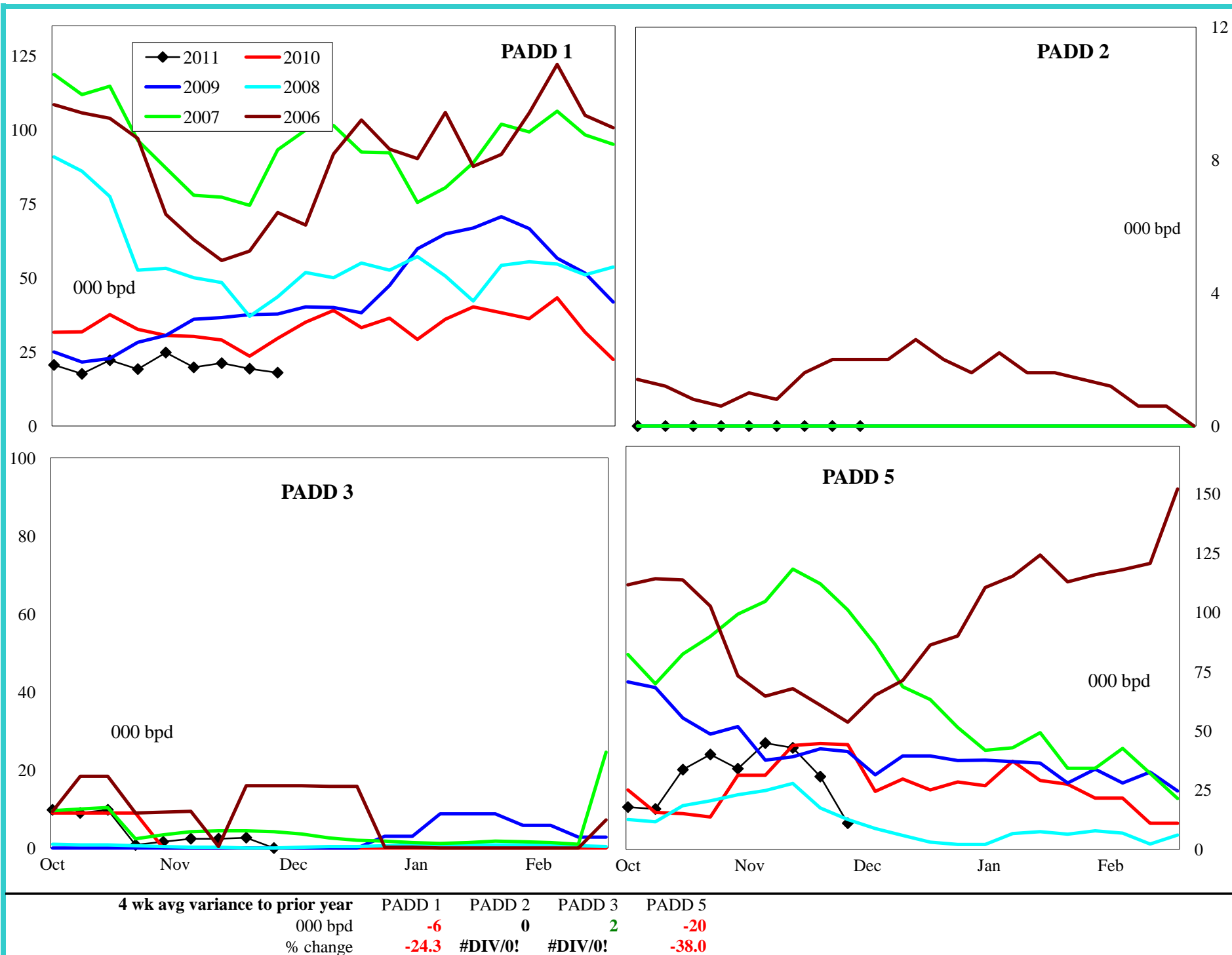
Gasoline Imports by PADD (Finished + Blend Stocks)



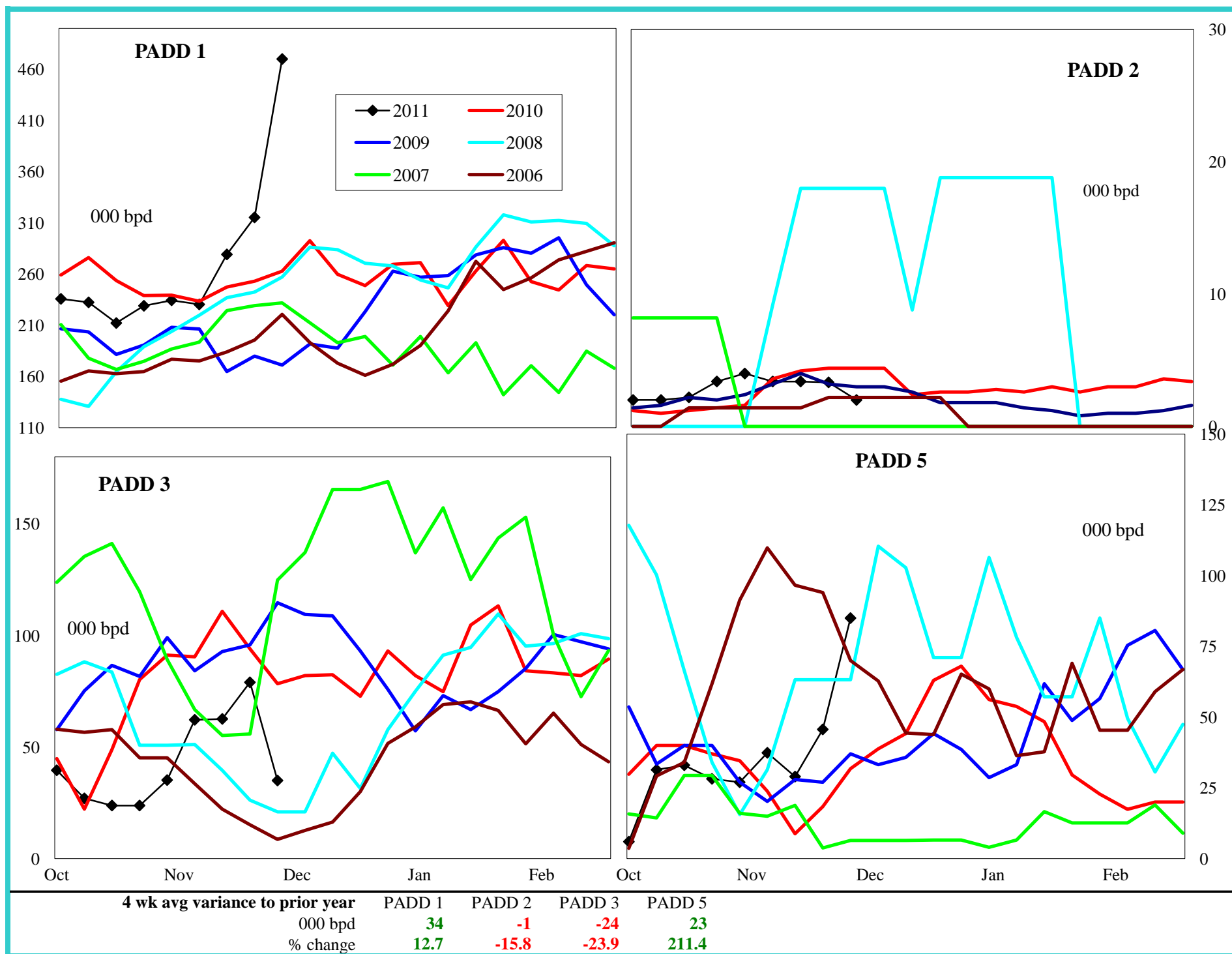
Distillate Imports by PADD



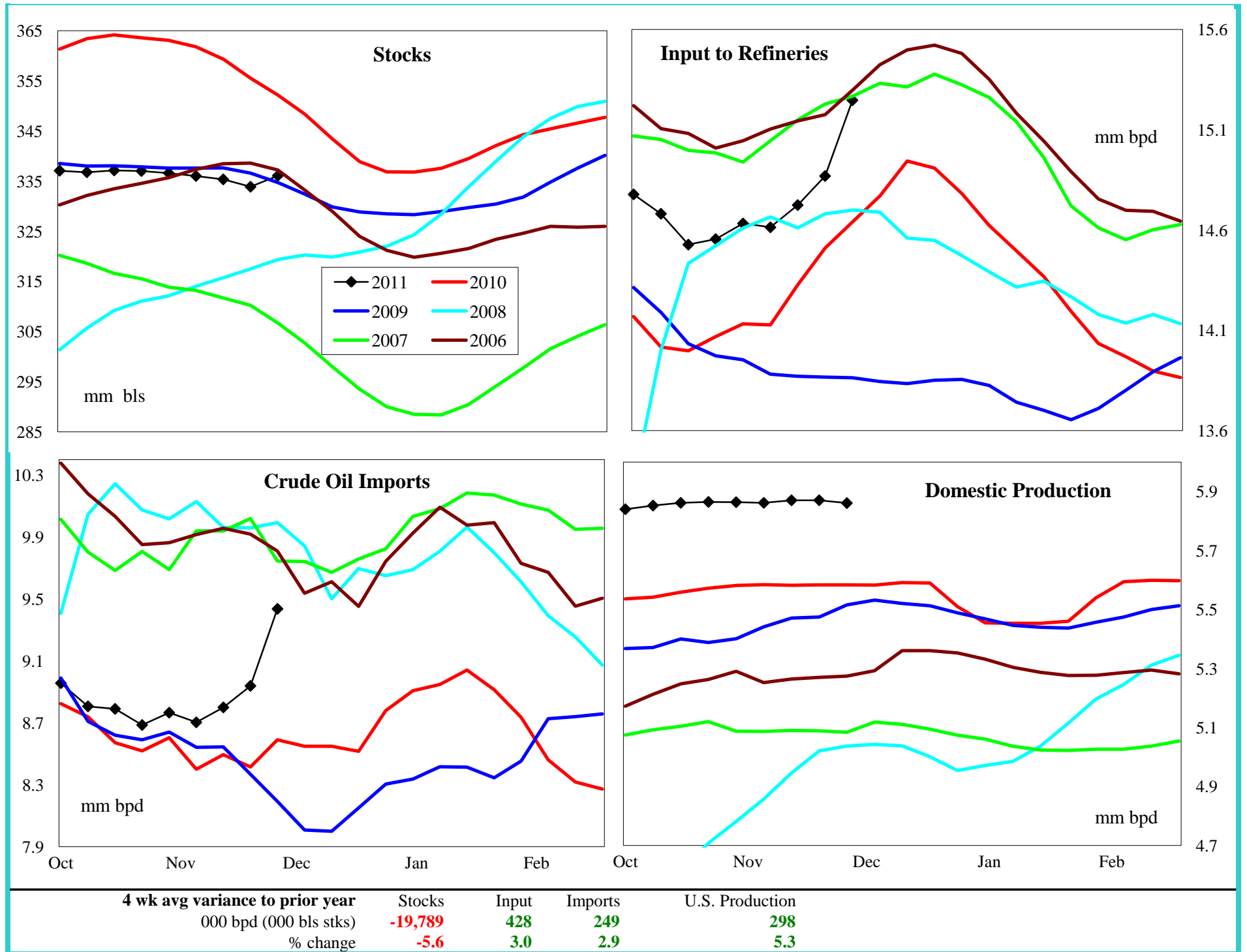
Jet Fuel Imports by PADD



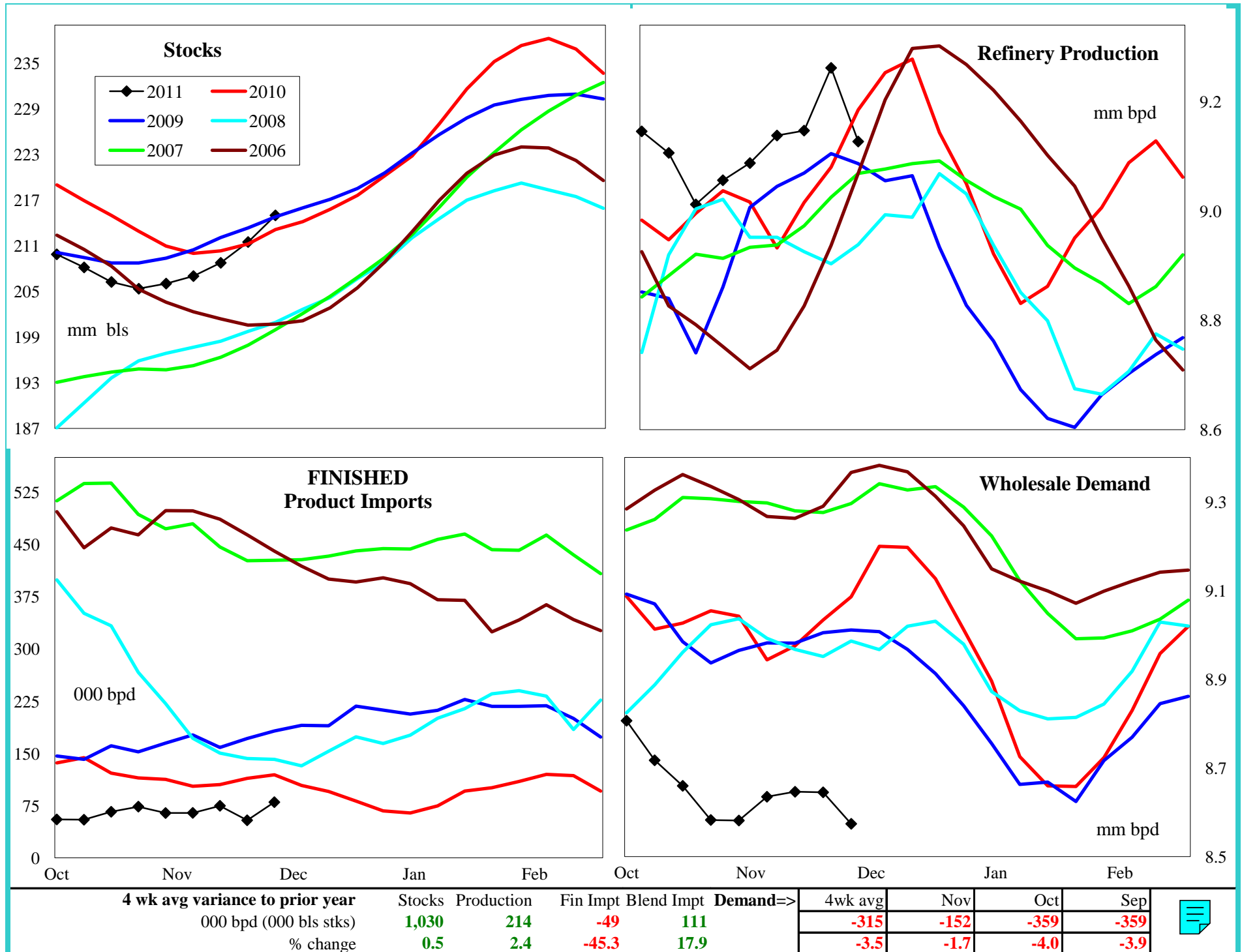
Residual Fuel Oil Imports by PADD



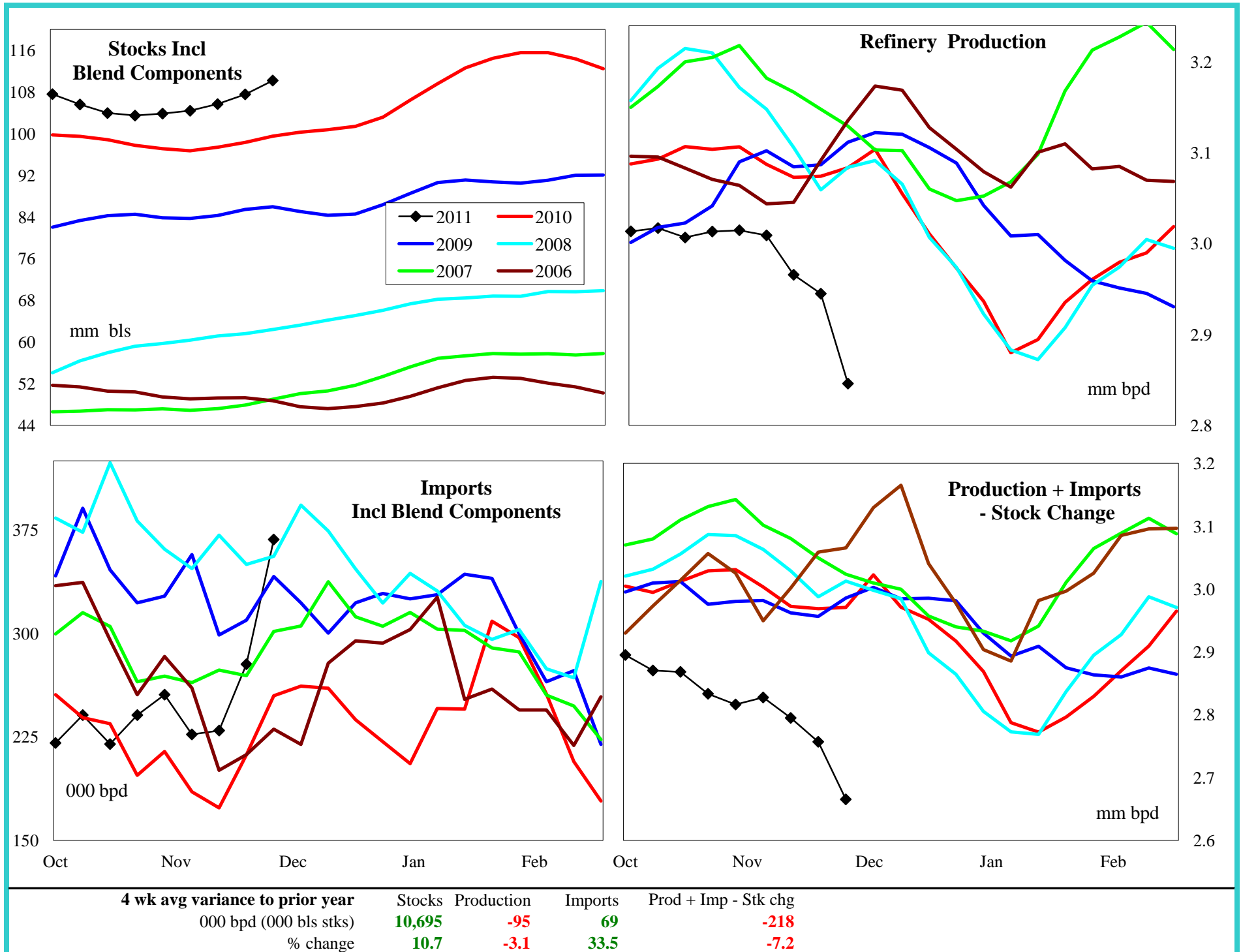
United States Crude Oil Supply and Demand Balance



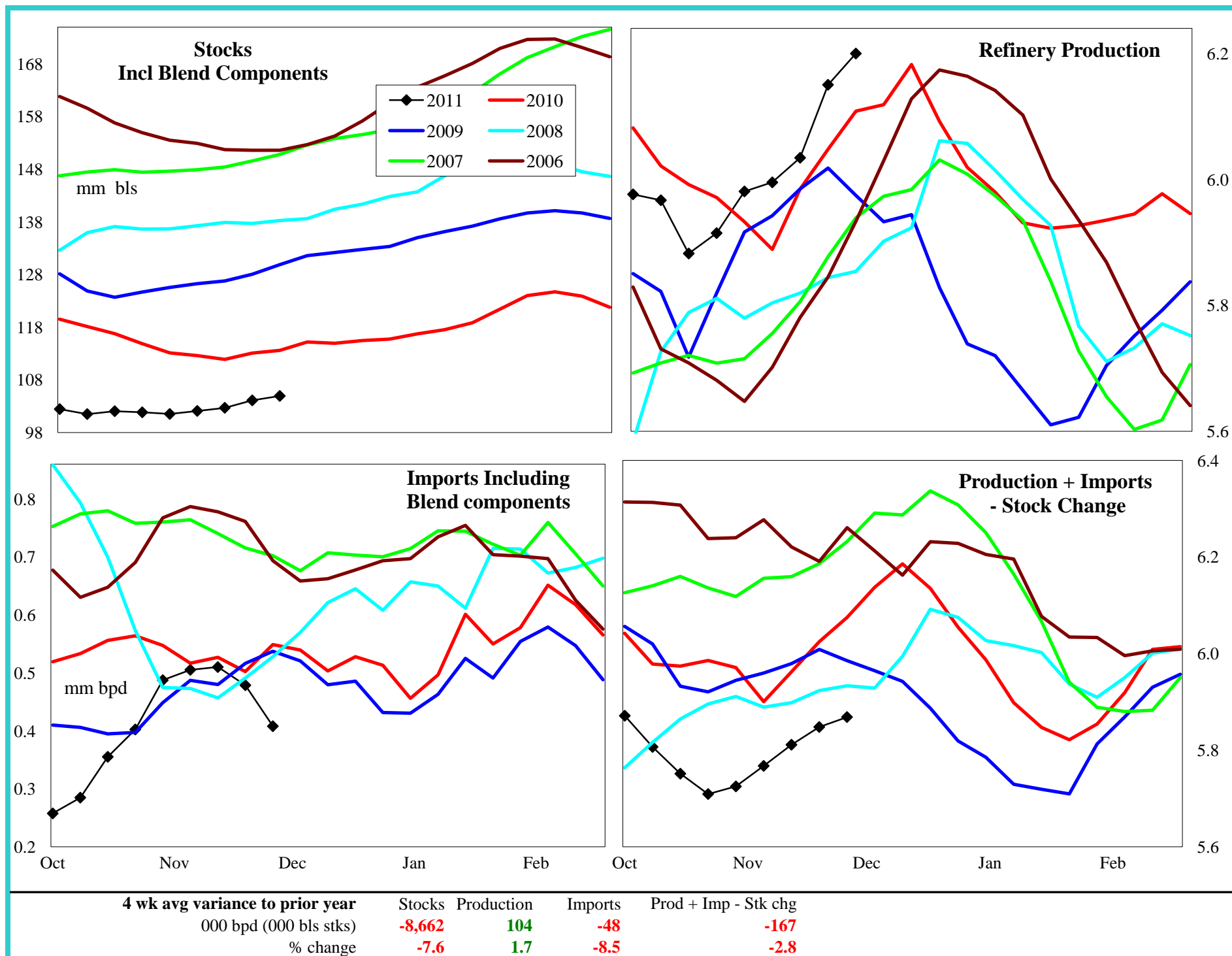
United States Gasoline Supply and Demand Balance



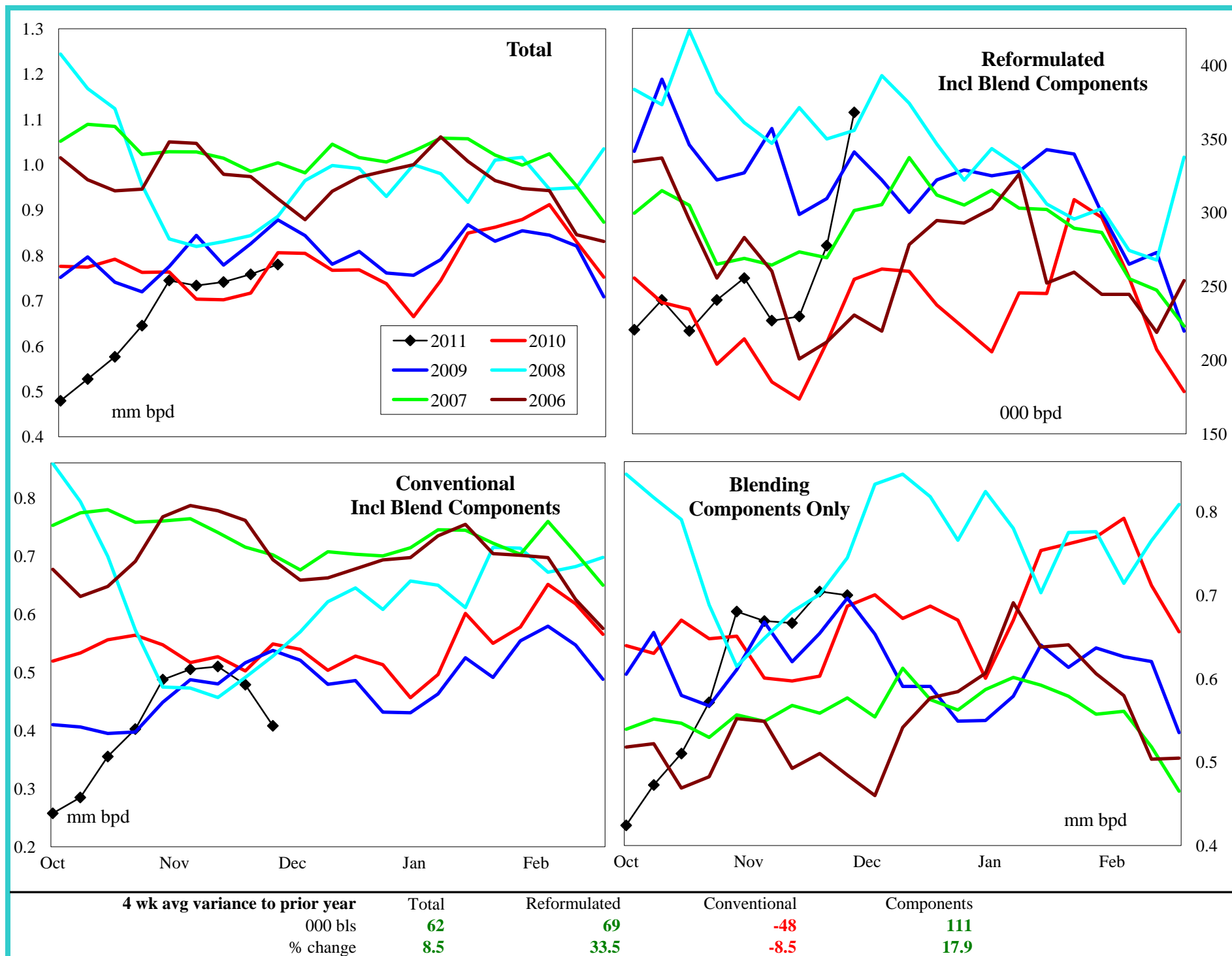
United States Reformulated Gasoline Supply



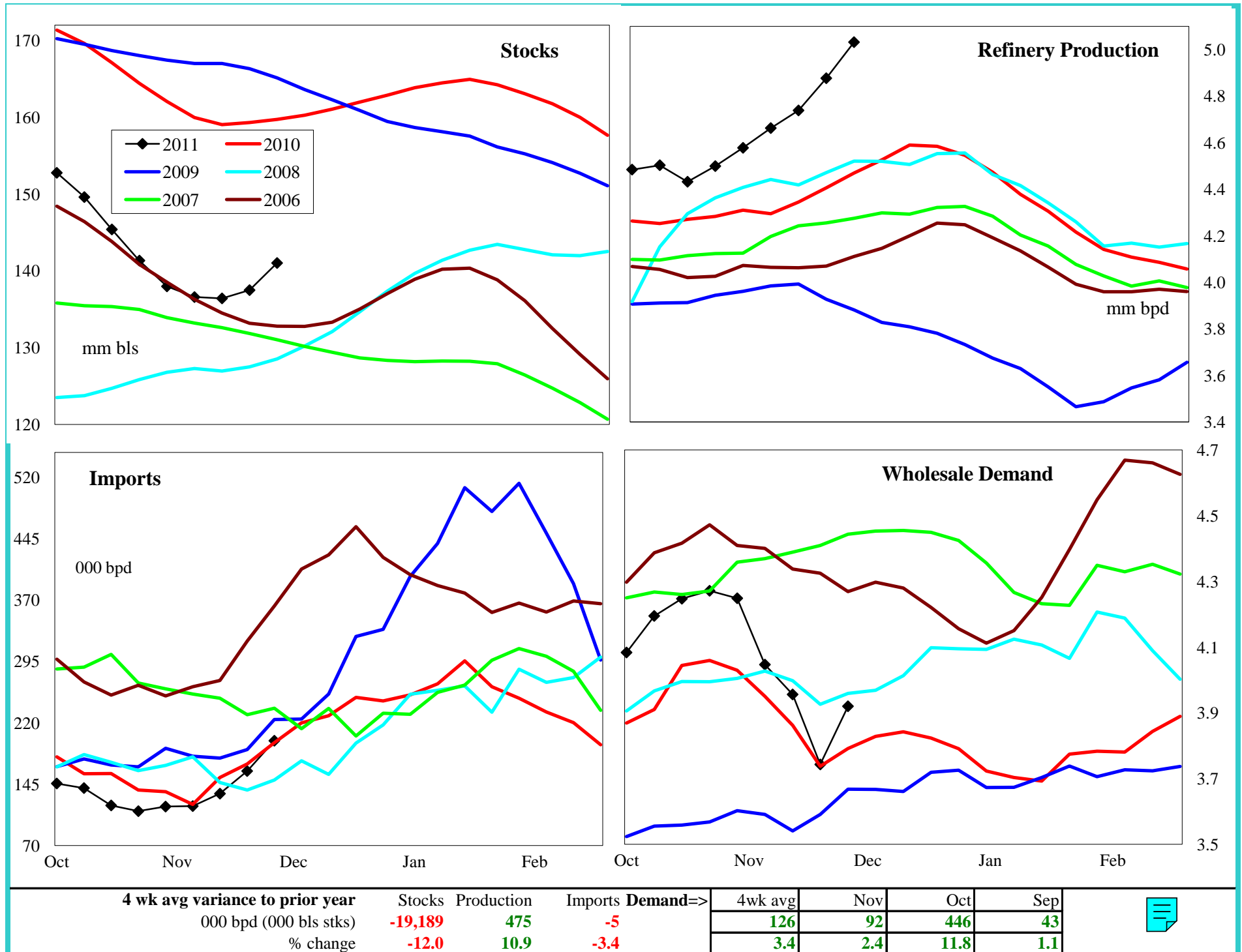
United States Conventional Gasoline Supply



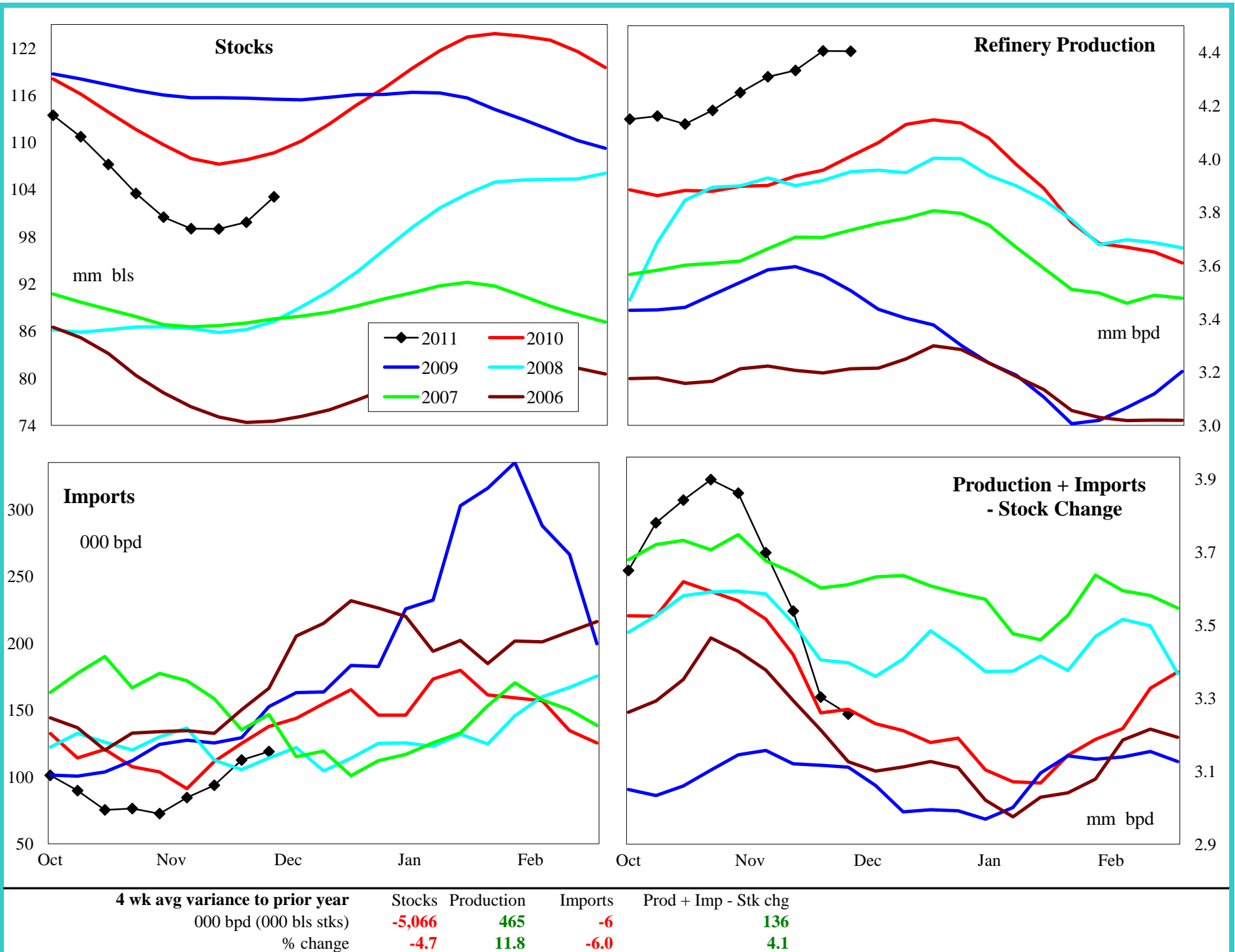
United States Gasoline Imports by Type



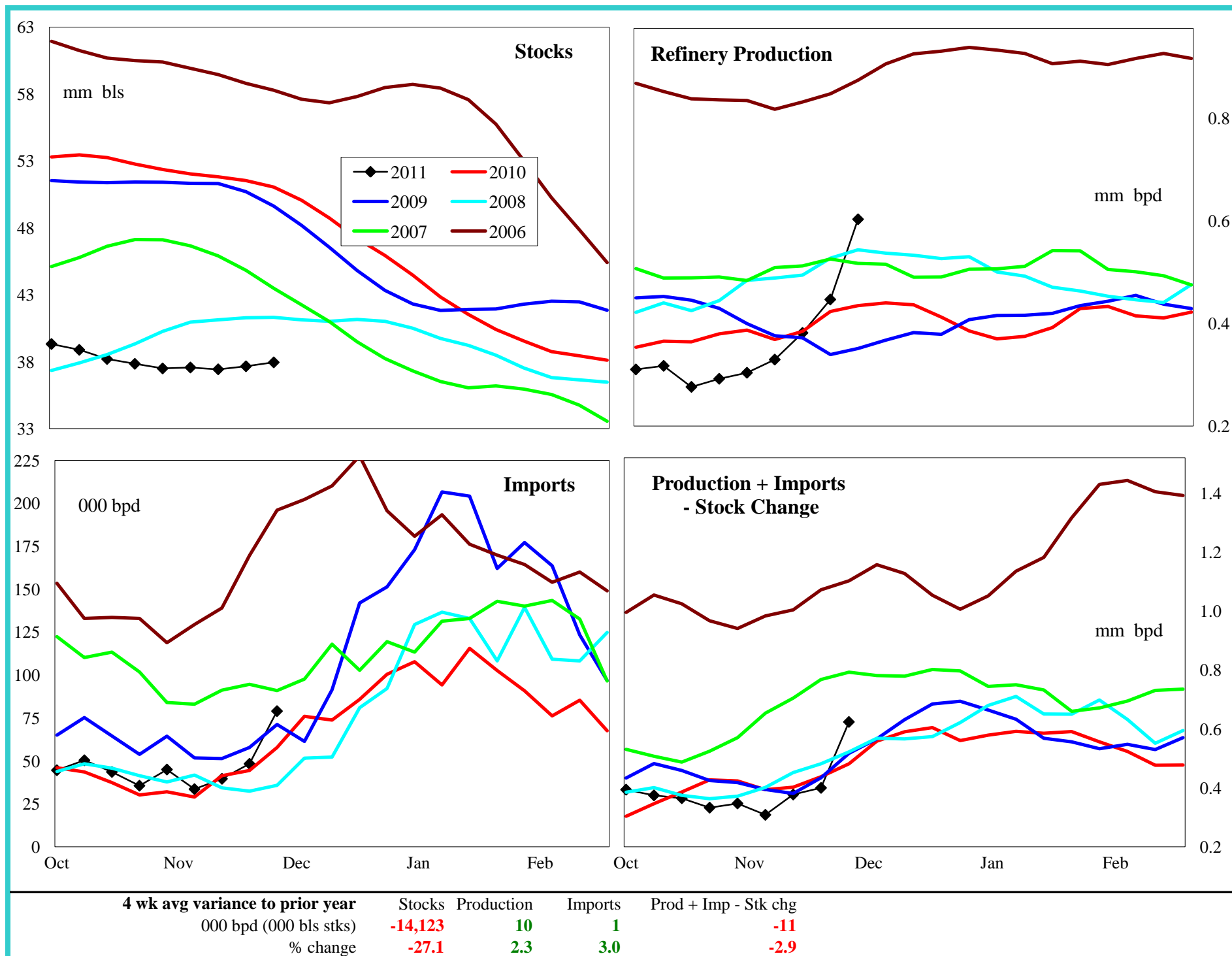
United States Distillate Supply and Demand Balance



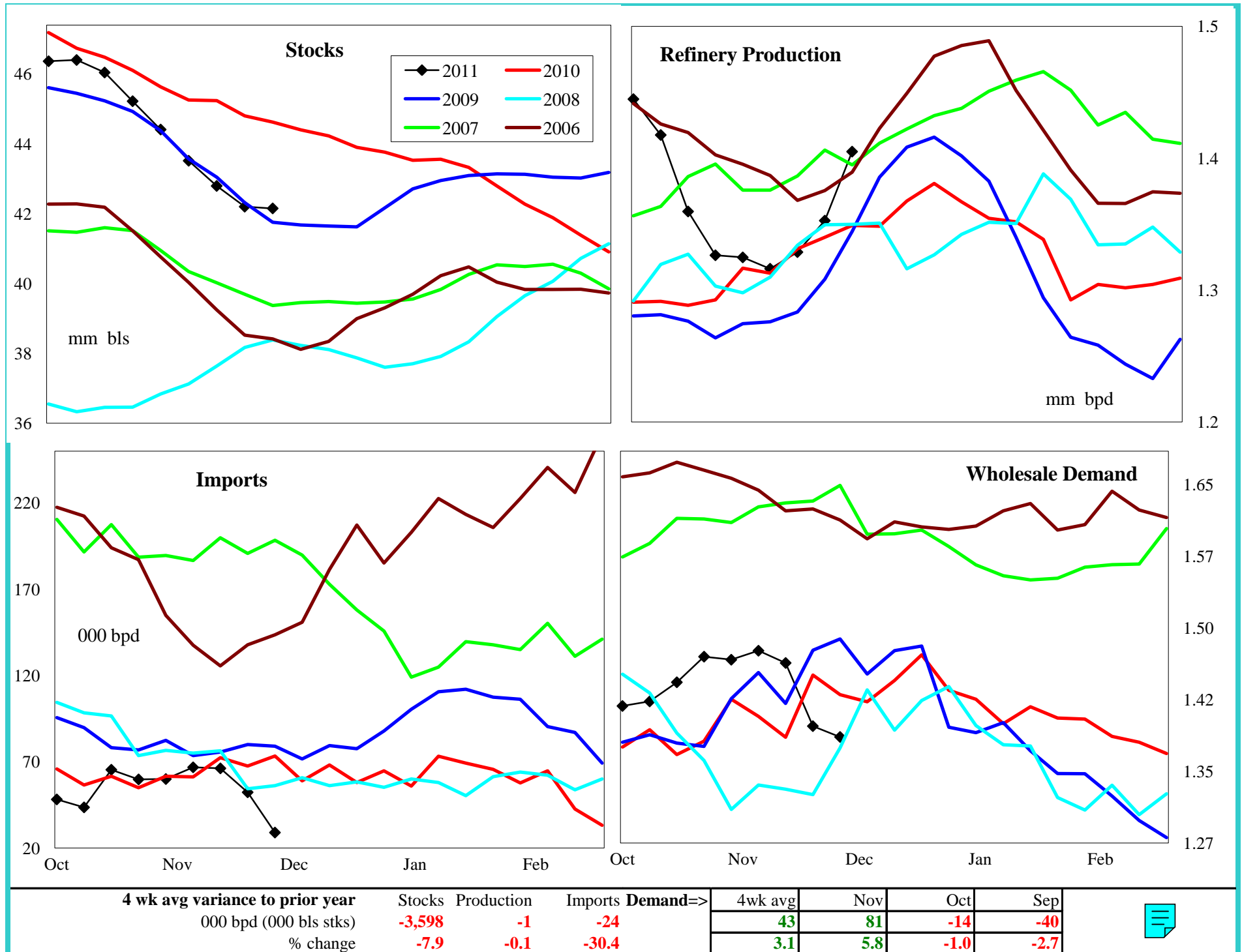
United States Low Sulfur Distillate Supply



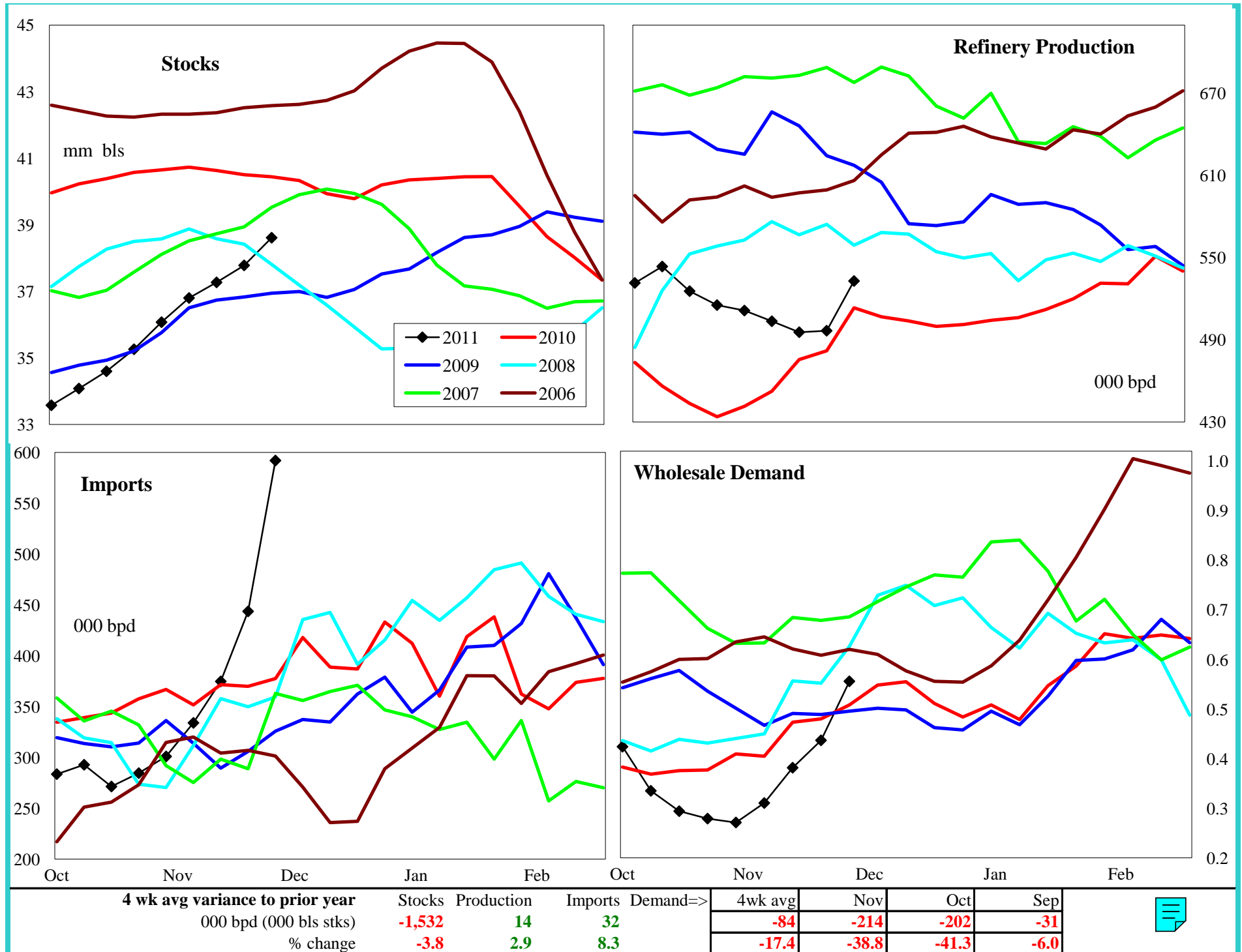
United States High Sulfur Distillate Supply



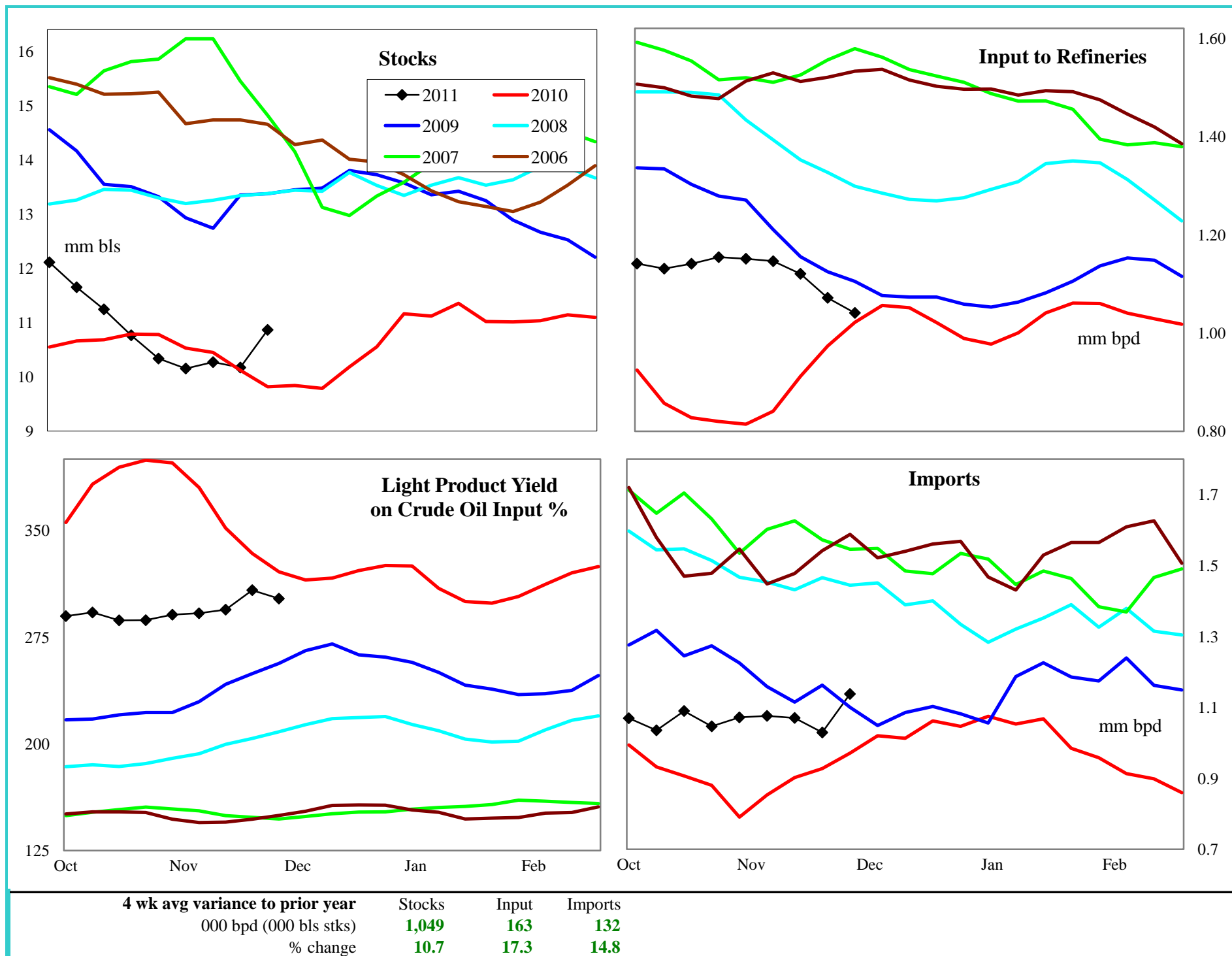
United States Jet Fuel Supply and Demand Balance



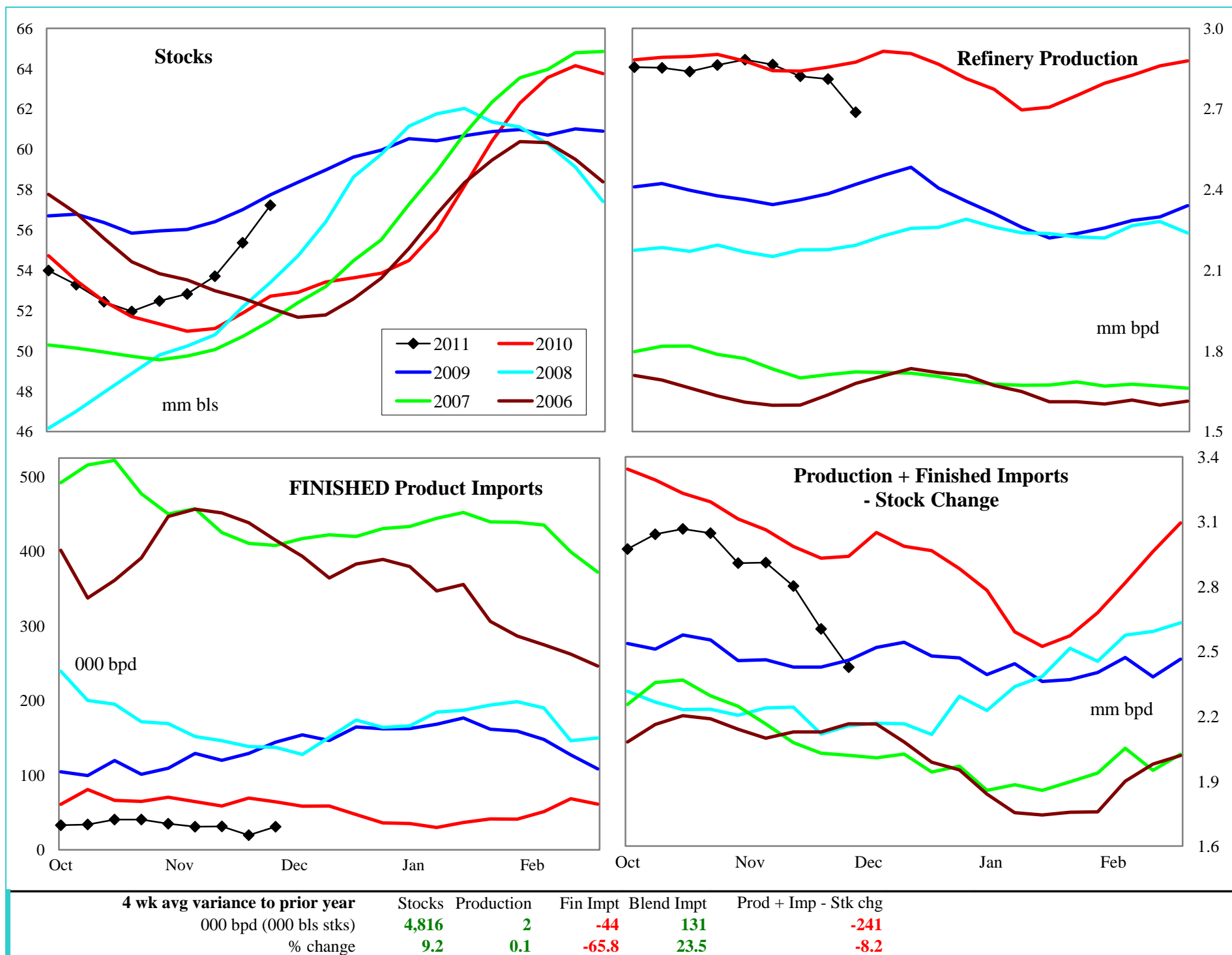
United States Residual Fuel Oil Supply and Demand Balance



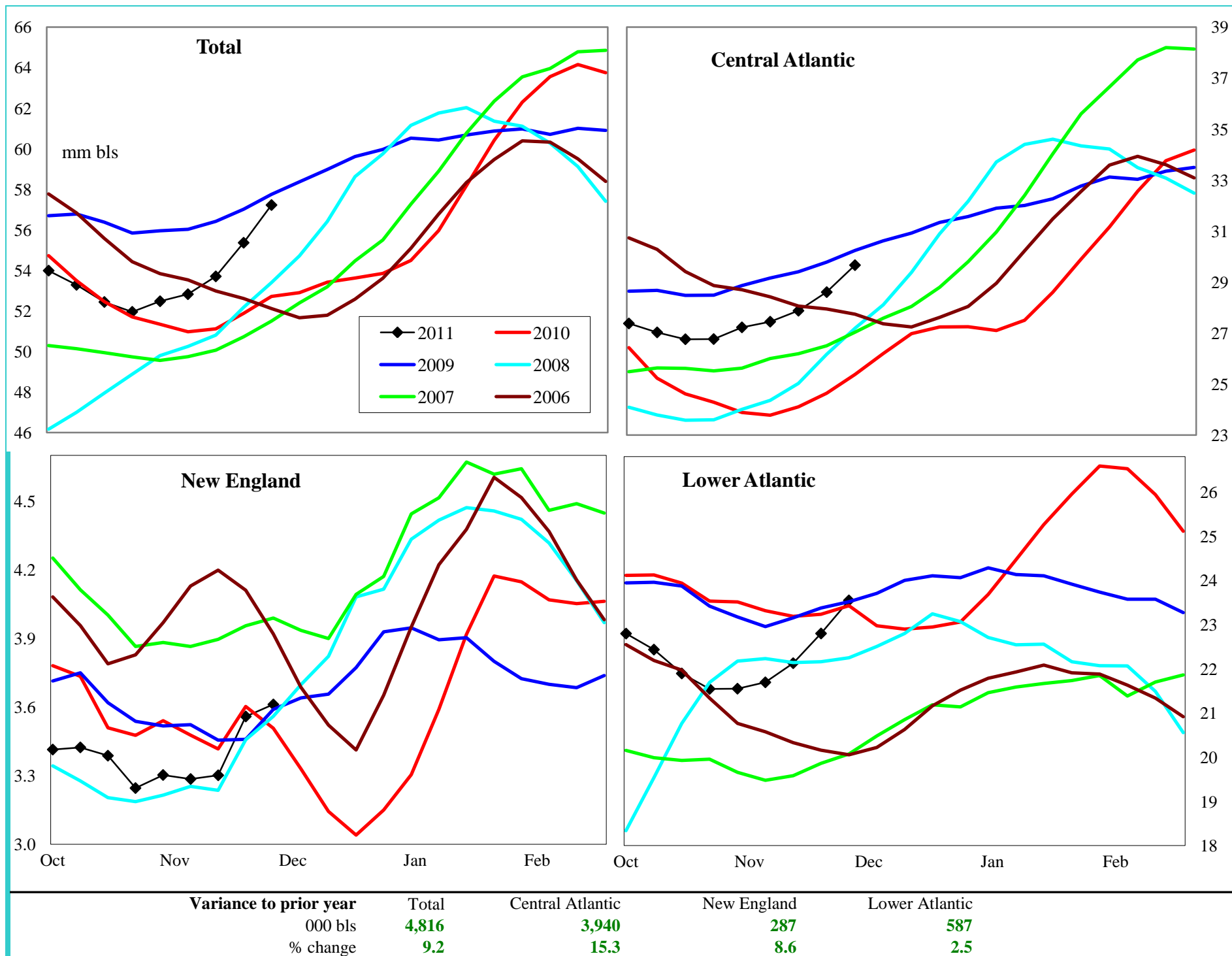
PADD 1 Crude Oil Supply and Refining



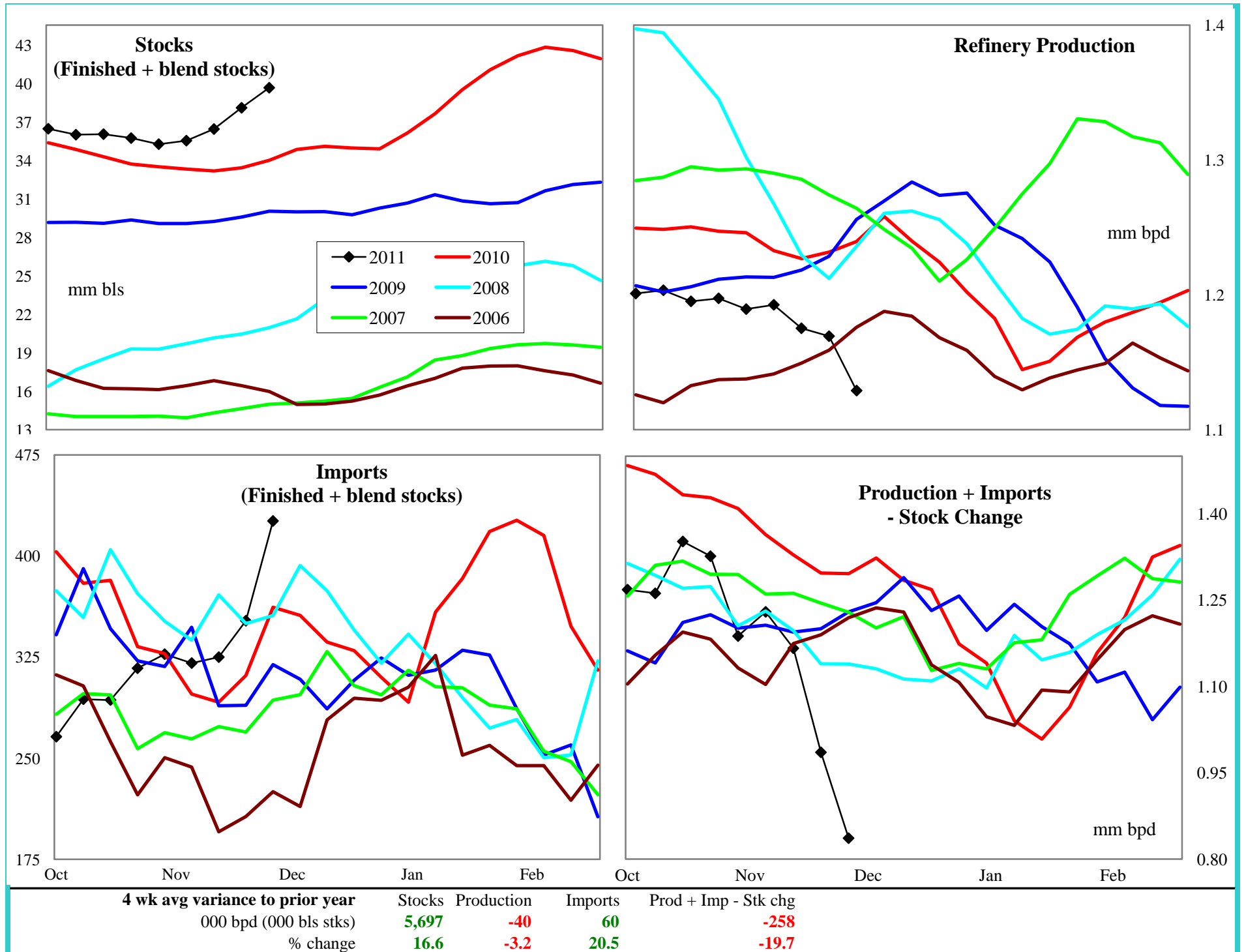
PADD 1 Gasoline Supply



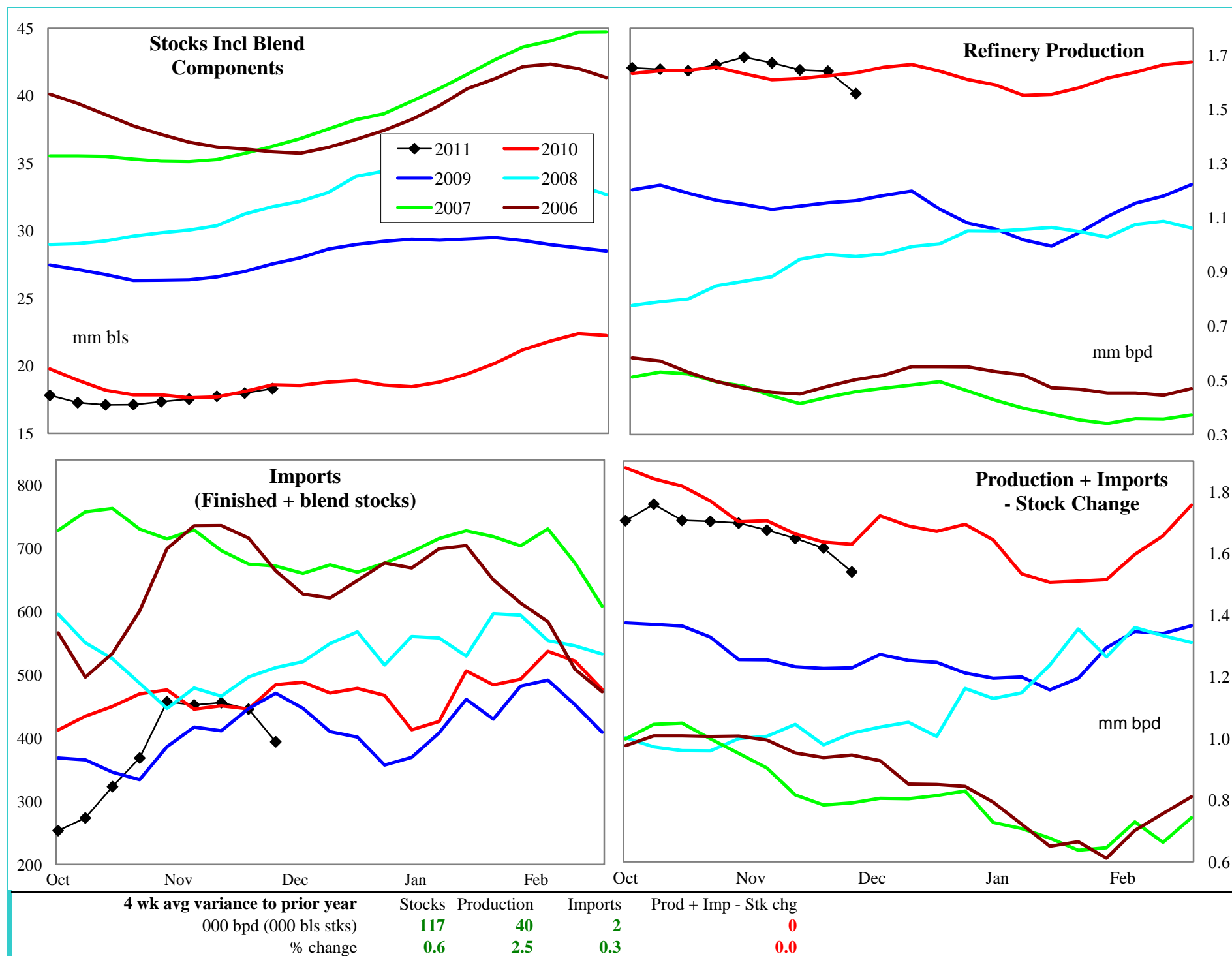
PADD 1 Gasoline Stocks by Region



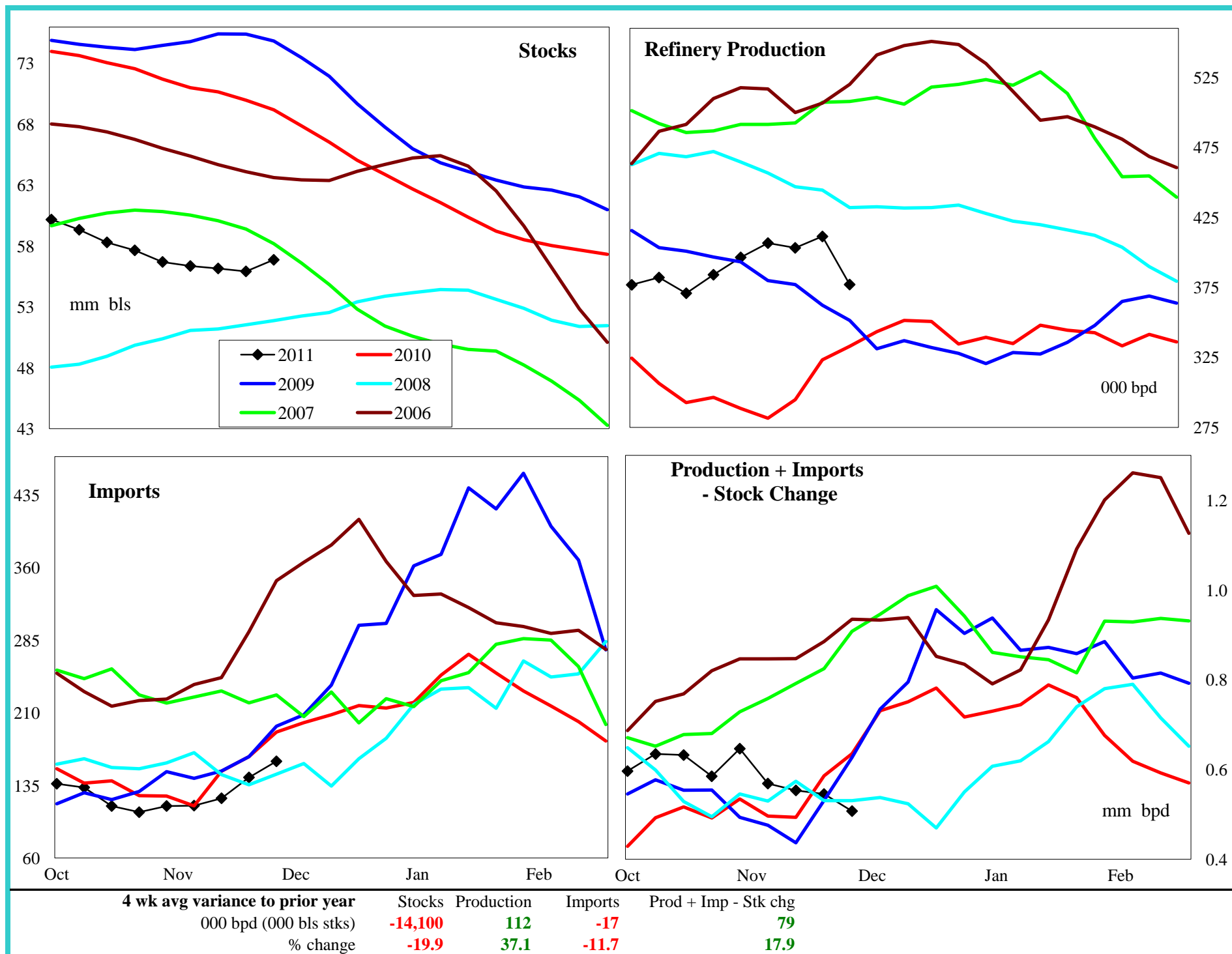
PADD 1 Reformulated Gasoline Supply



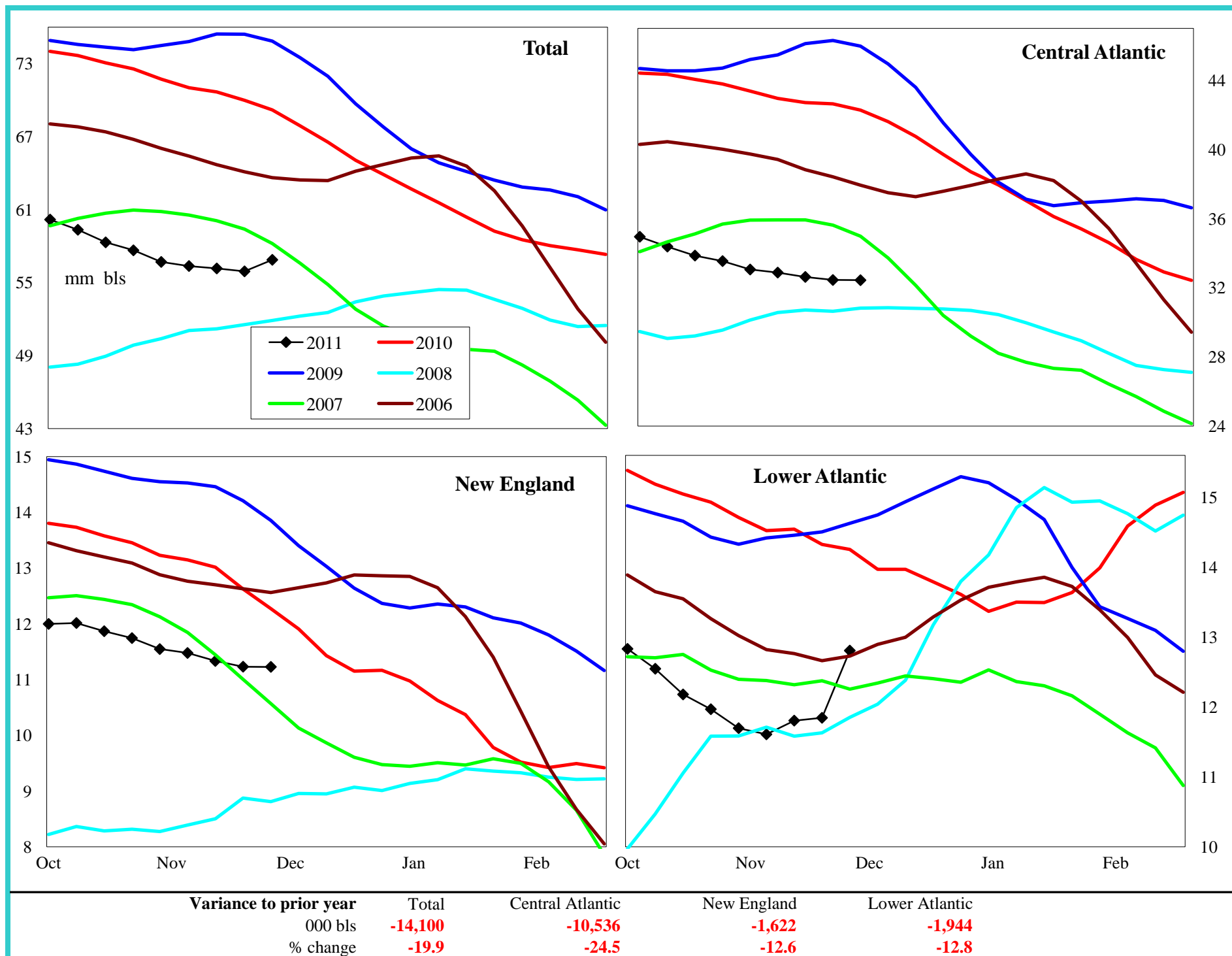
PADD 1 Conventional Gasoline Supply



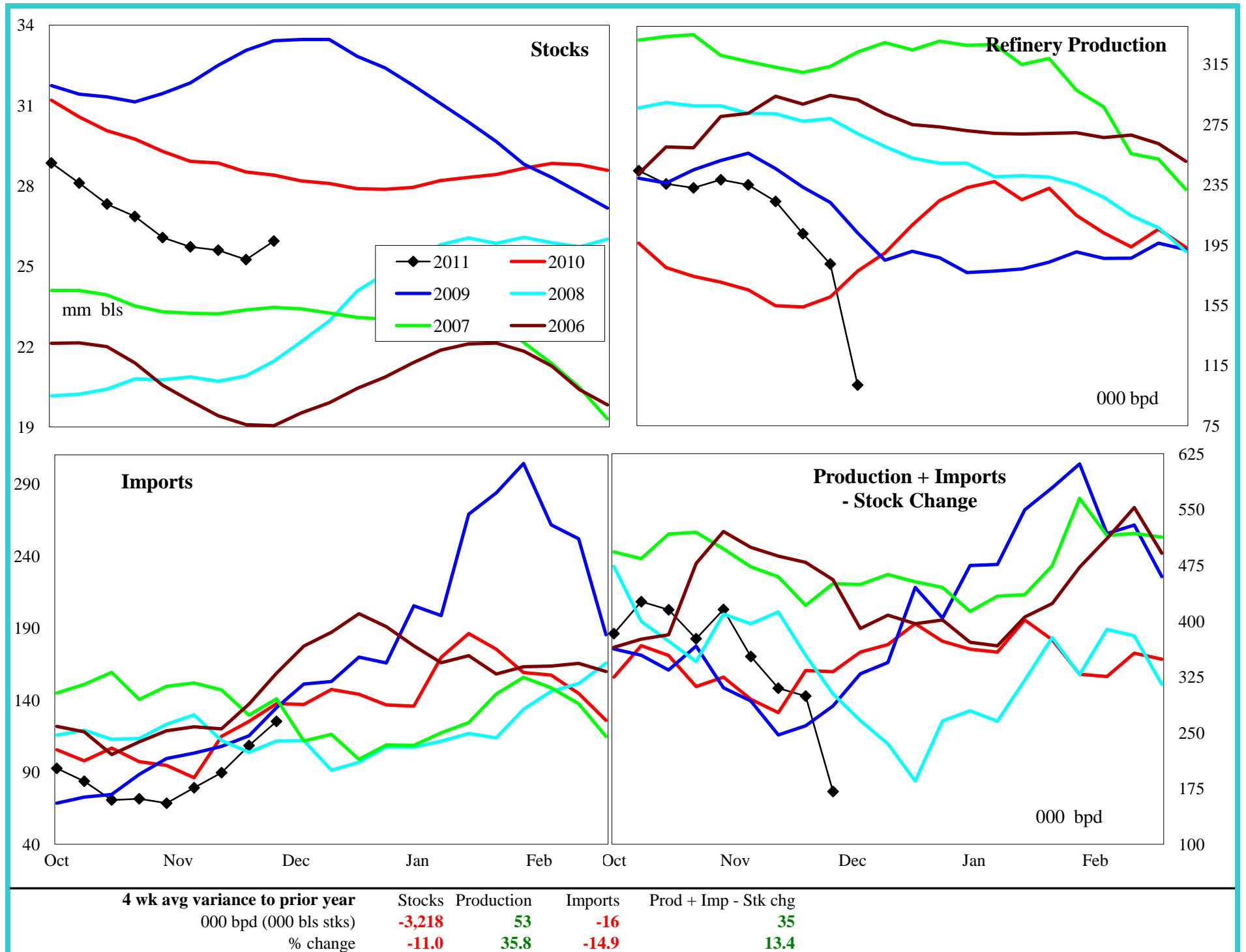
PADD 1 Distillate Supply



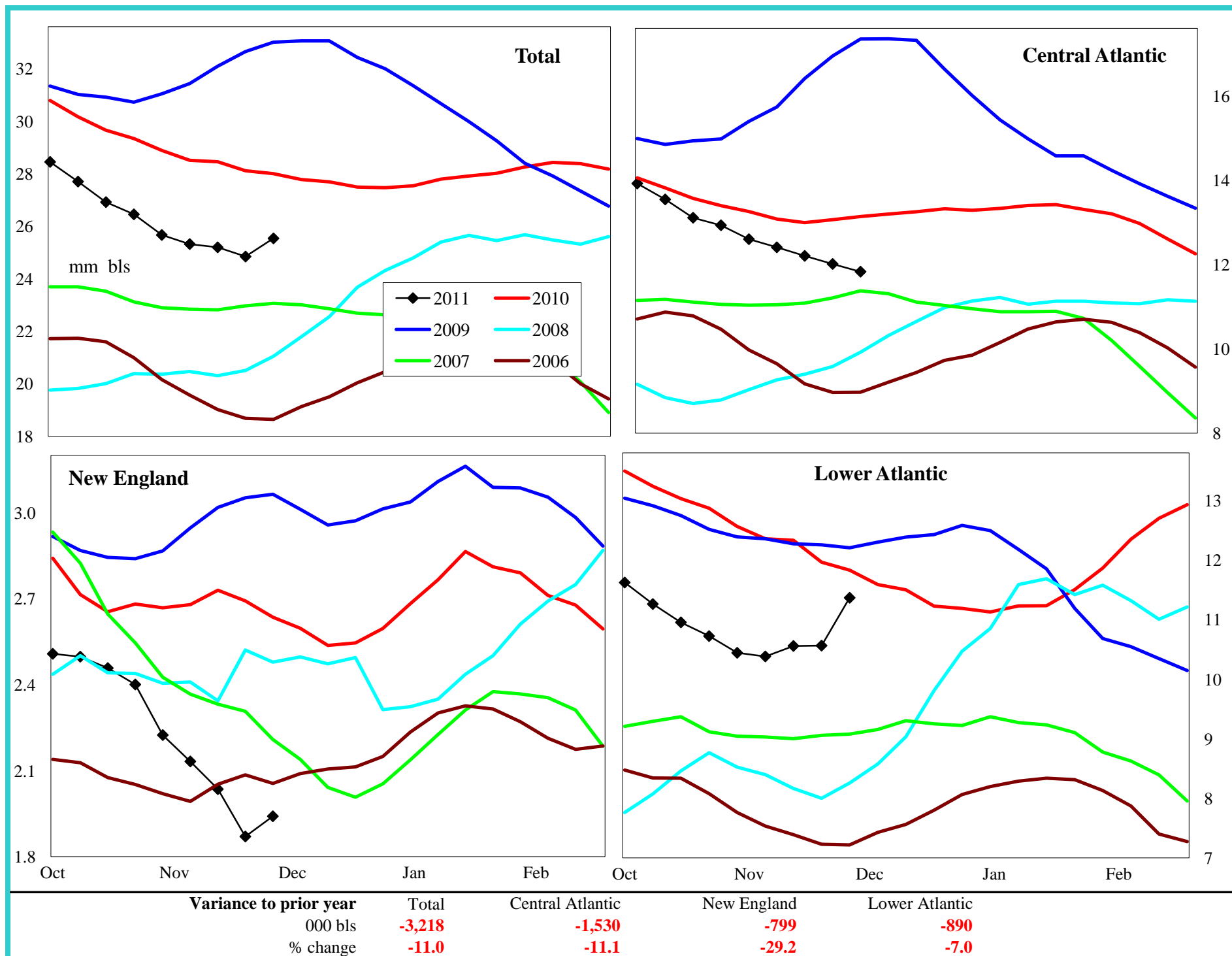
PADD 1 Distillate Stocks by Region



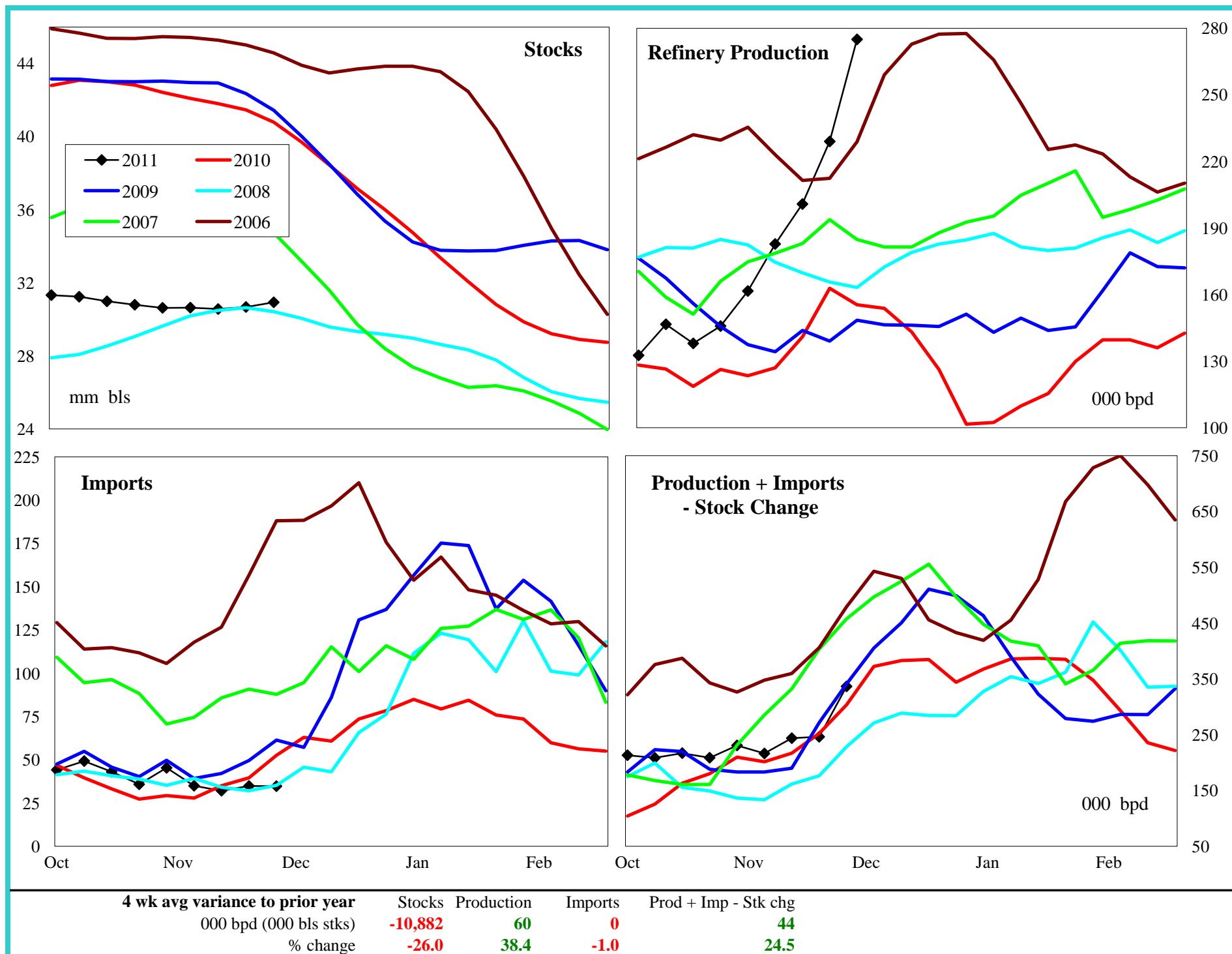
PADD 1 Low Sulfur Distillate Supply



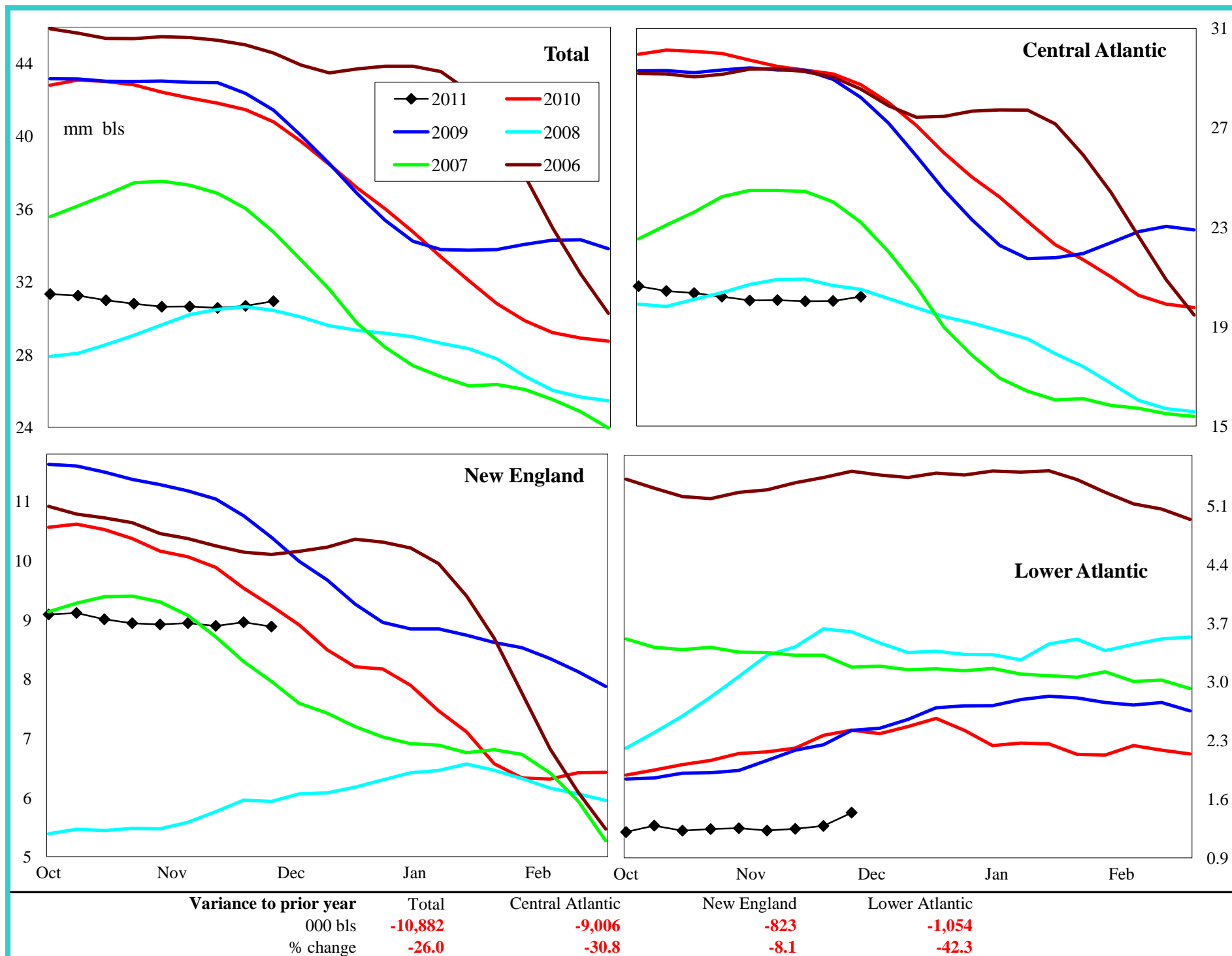
PADD 1 Low Sulfur Distillate Stocks by Region



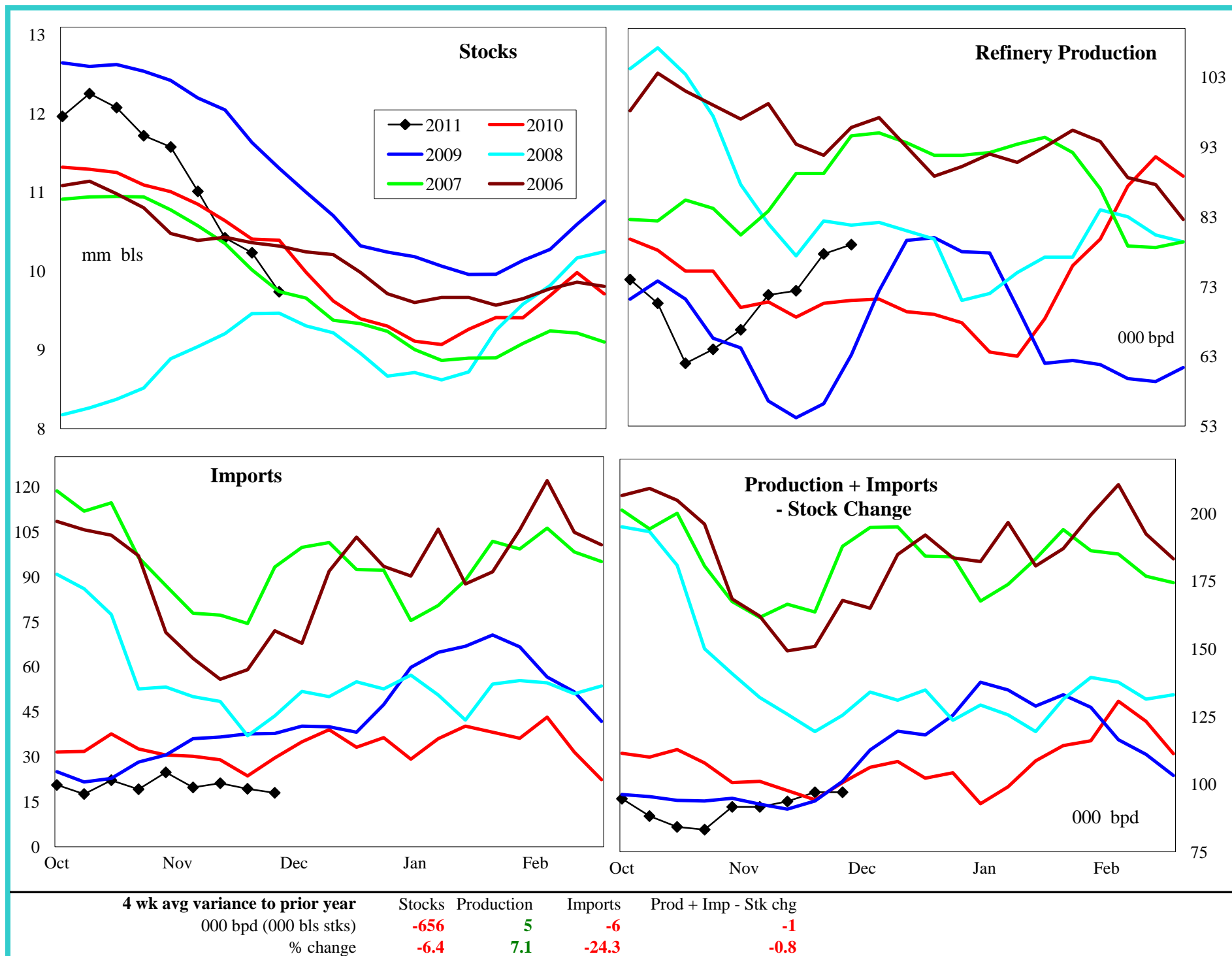
PADD 1 High Sulfur Distillate Supply



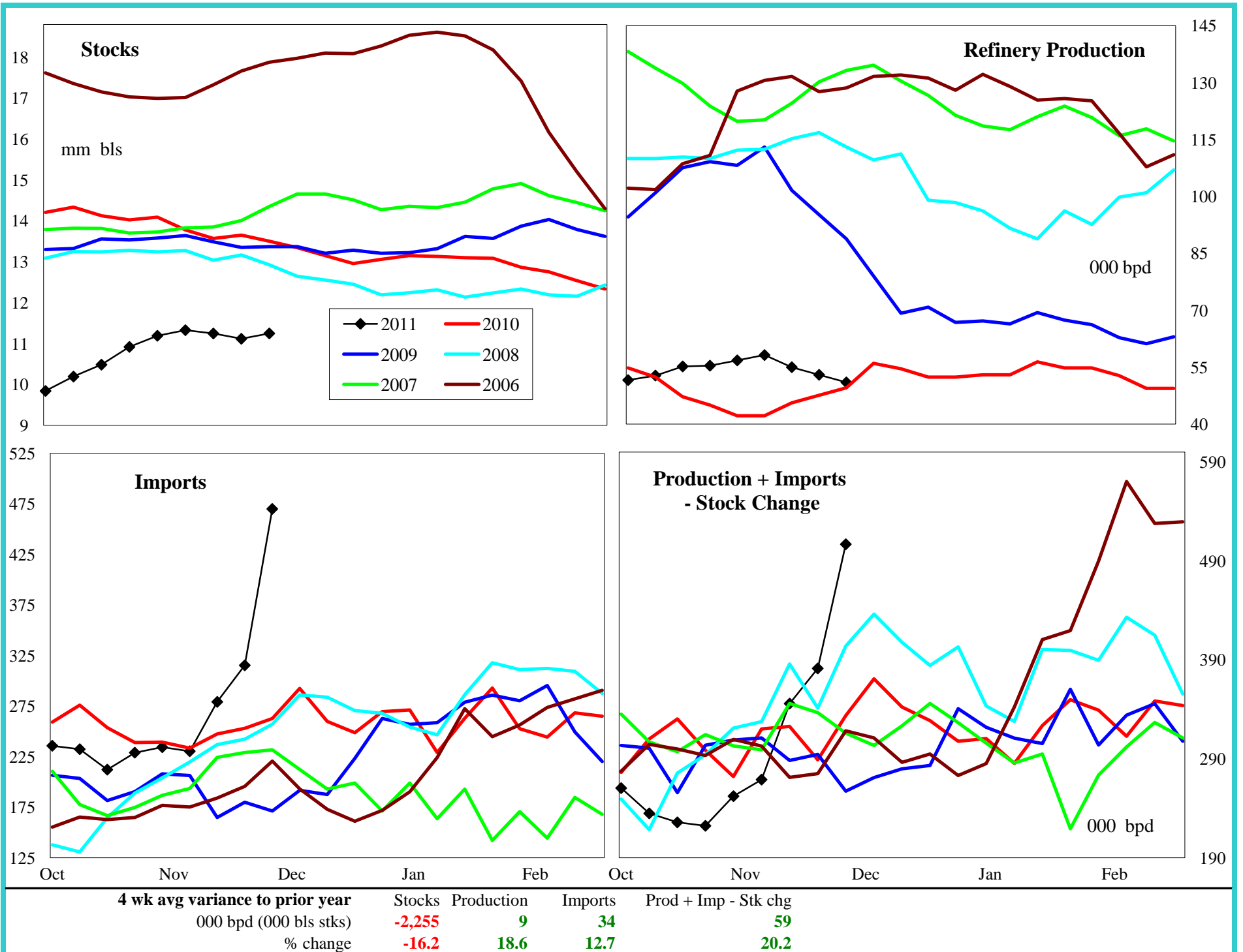
PADD 1 High Sulfur Distillate Stocks by Region



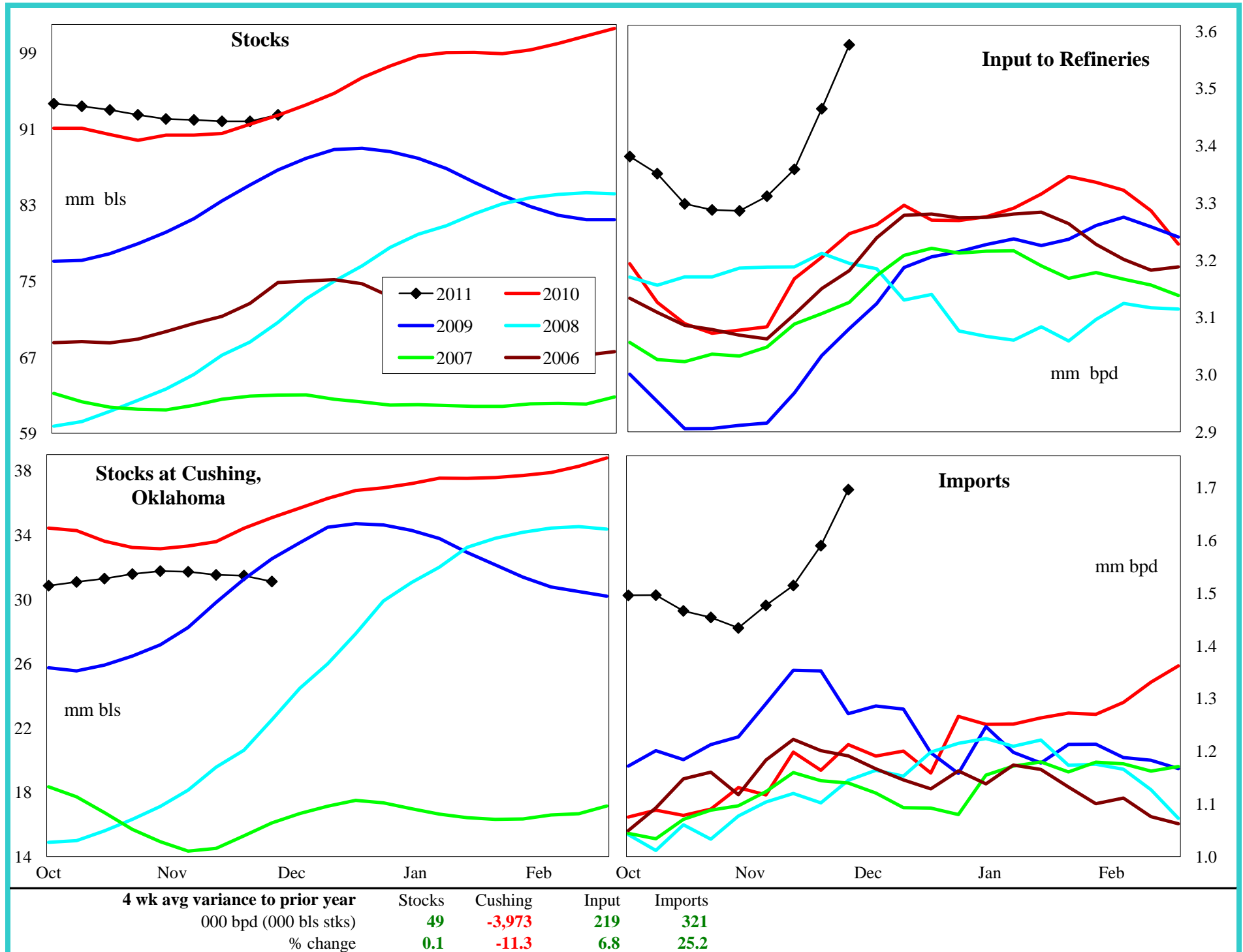
PADD 1 Jet Fuel Supply



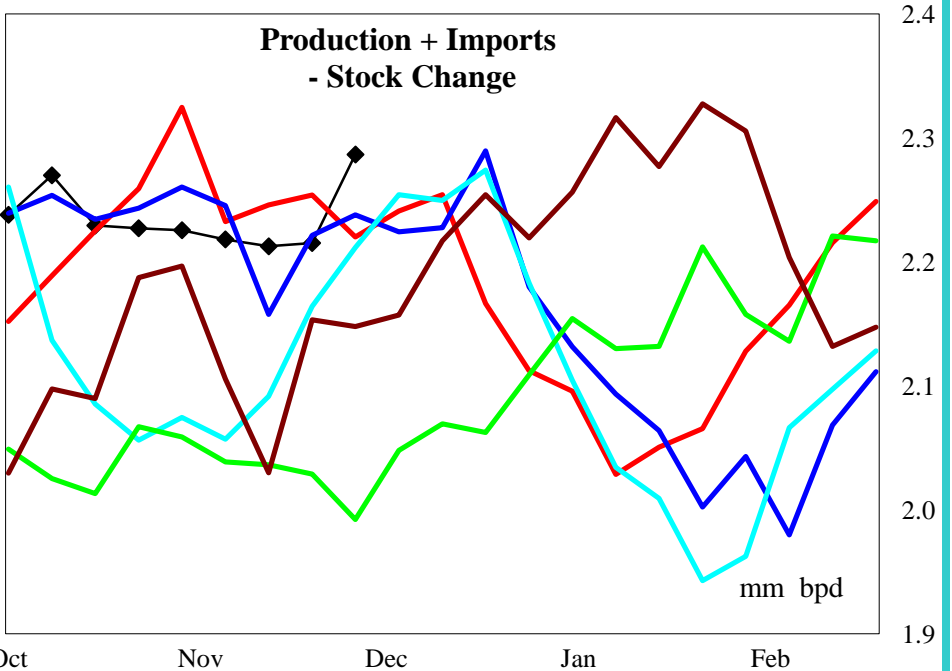
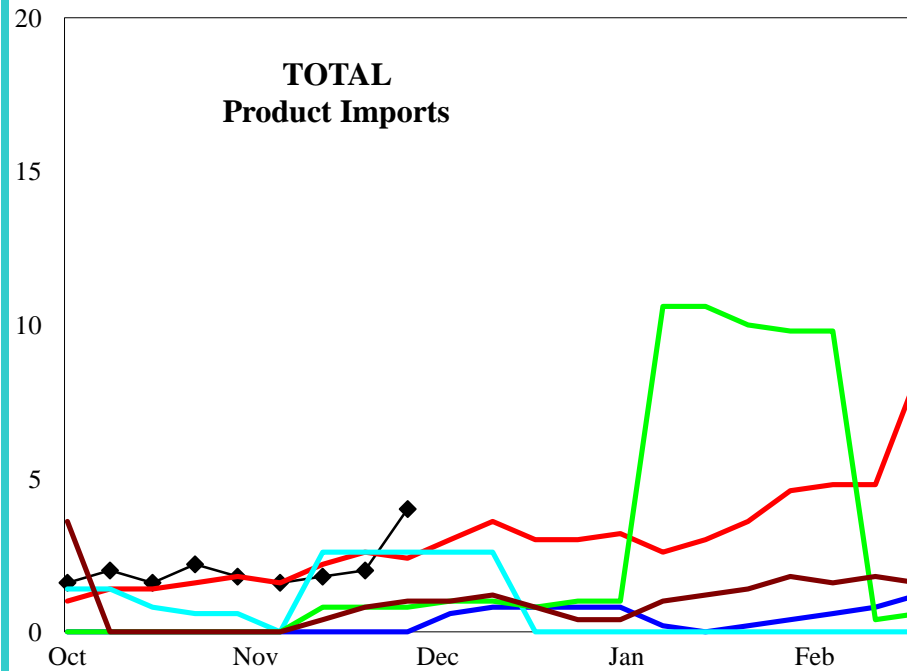
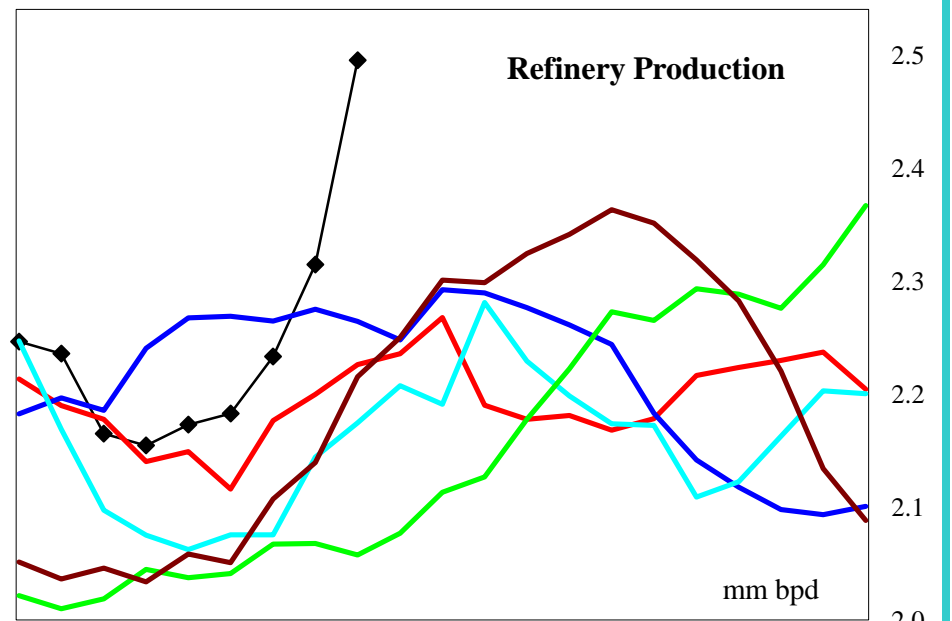
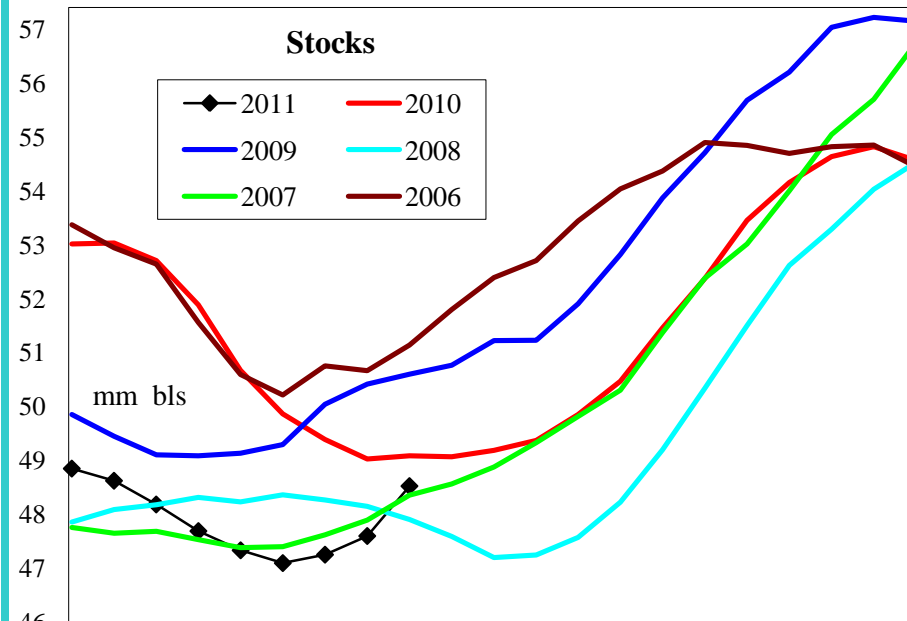
PADD 1 Residual Fuel Oil Supply



PADD 2 Crude Oil Supply and Refining



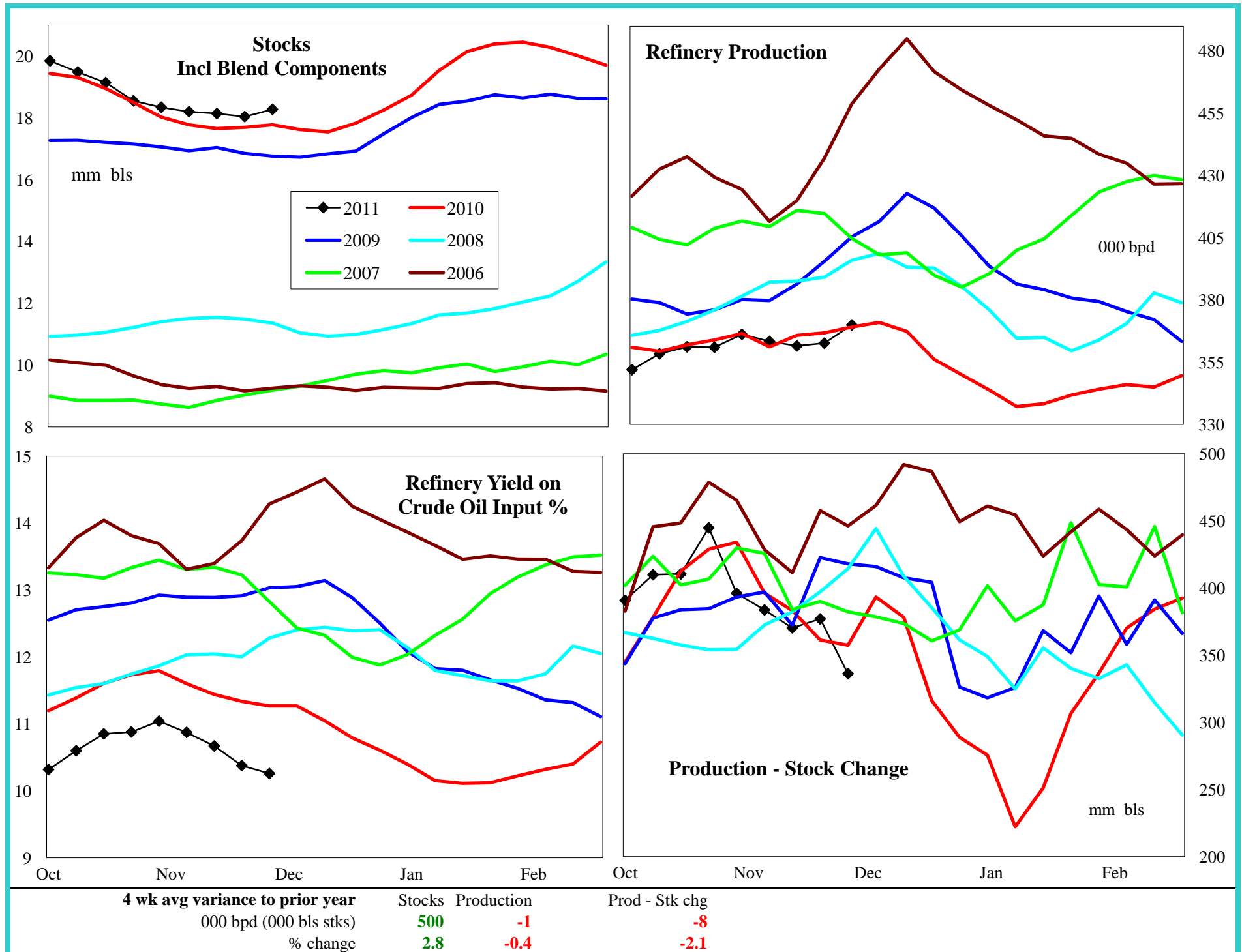
PADD 2 Gasoline Supply



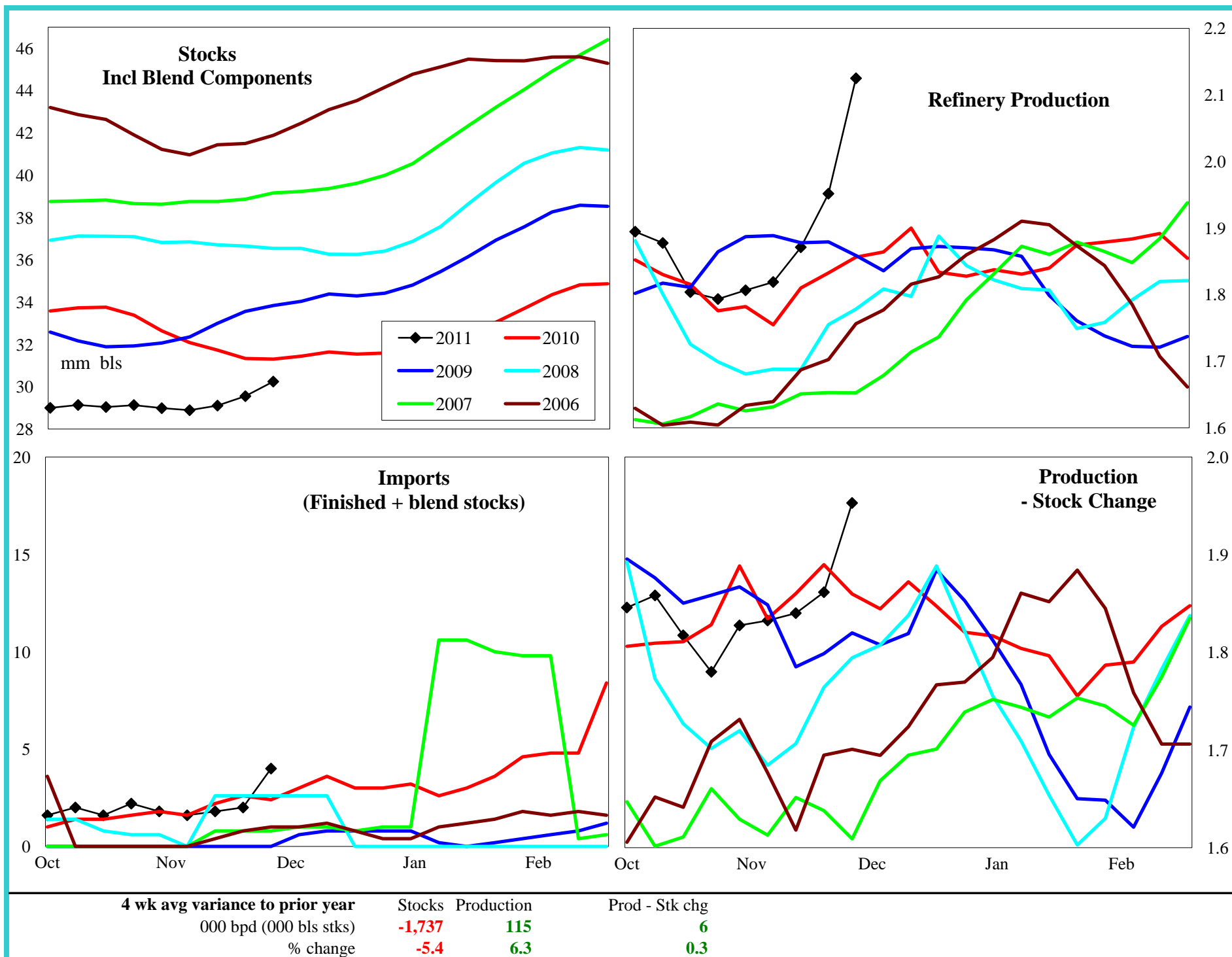
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-563	113	0	13
-1.1	5.2	-10.0	0.6

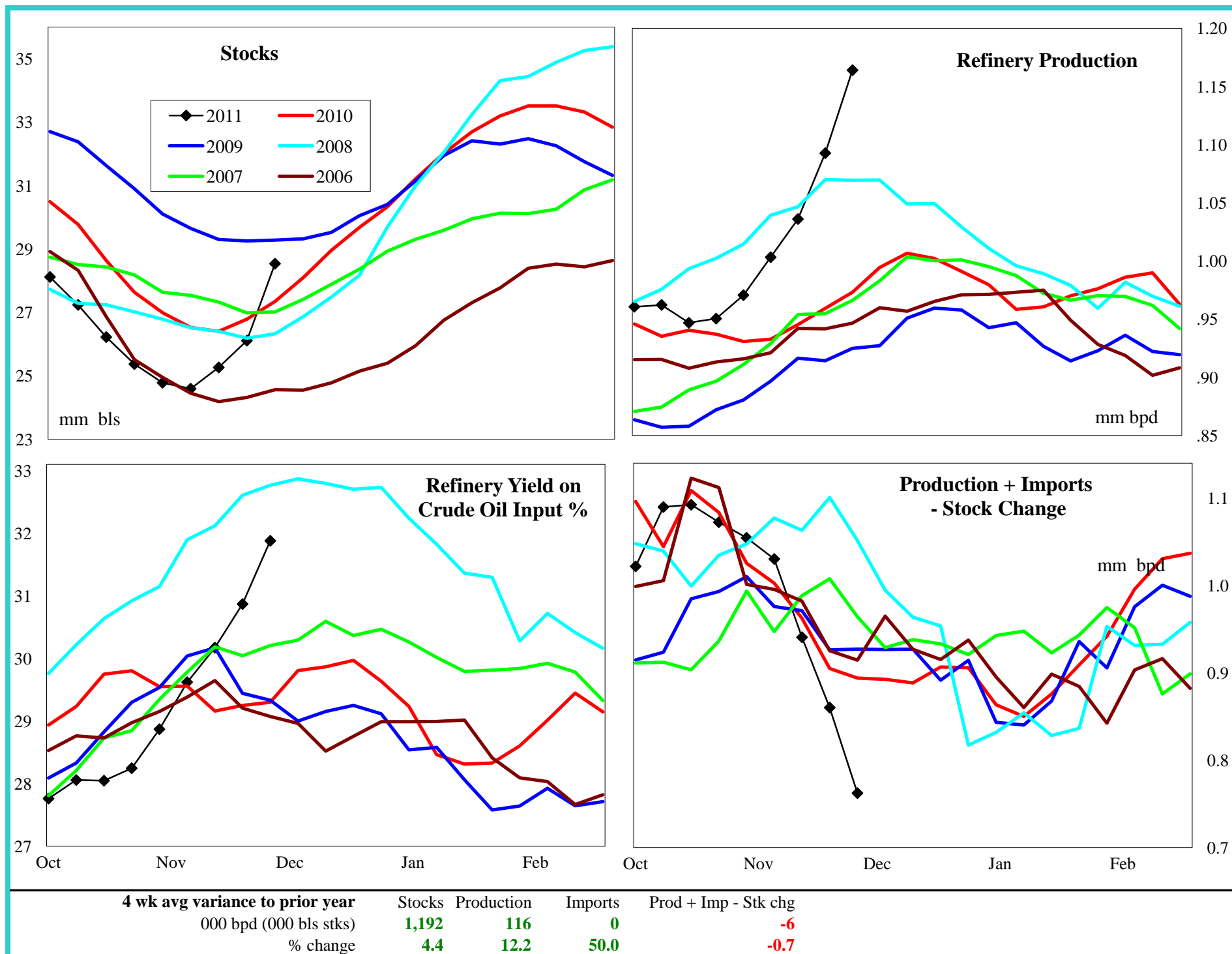
PADD 2 Reformulated Gasoline Supply



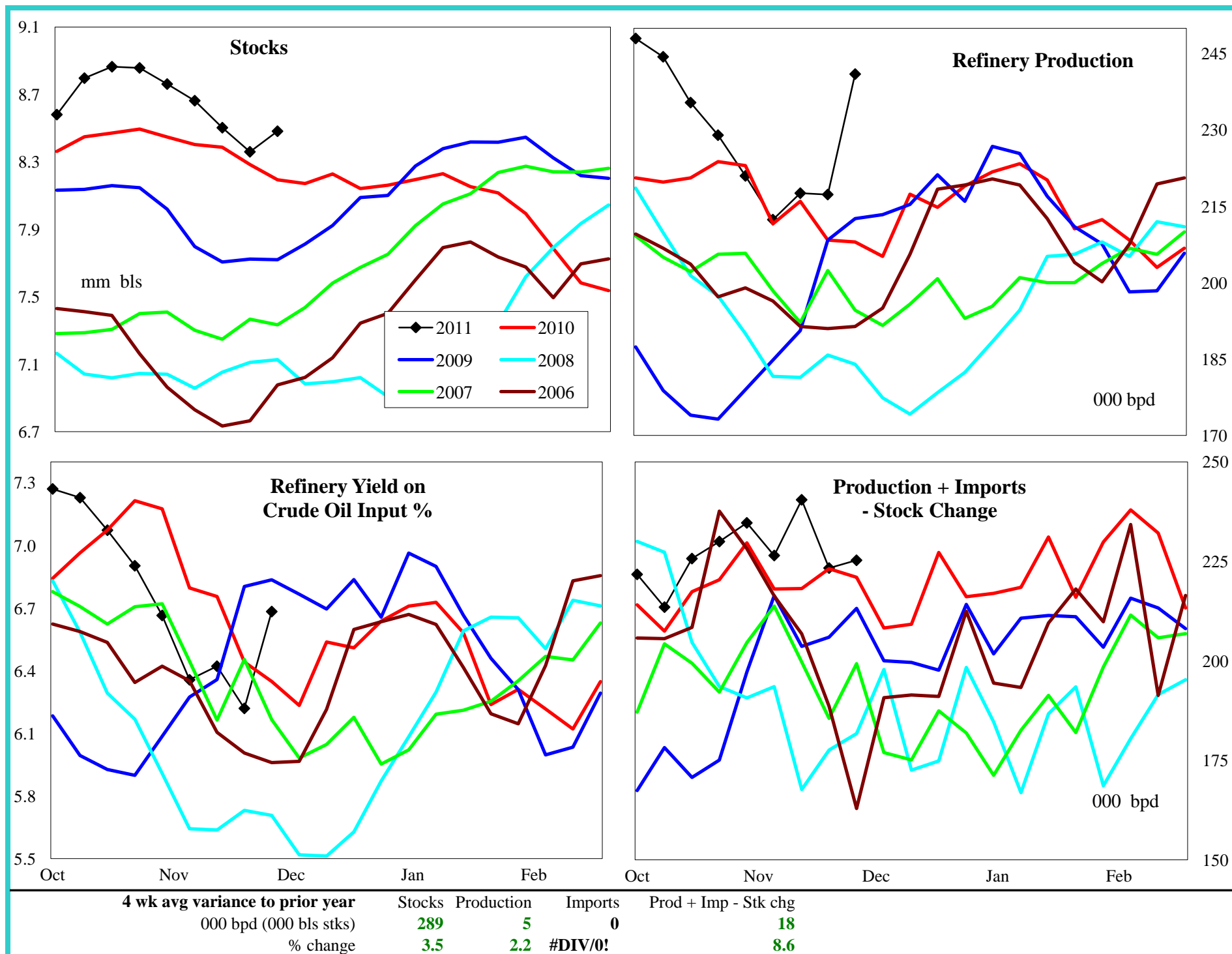
PADD 2 Conventional Gasoline Supply



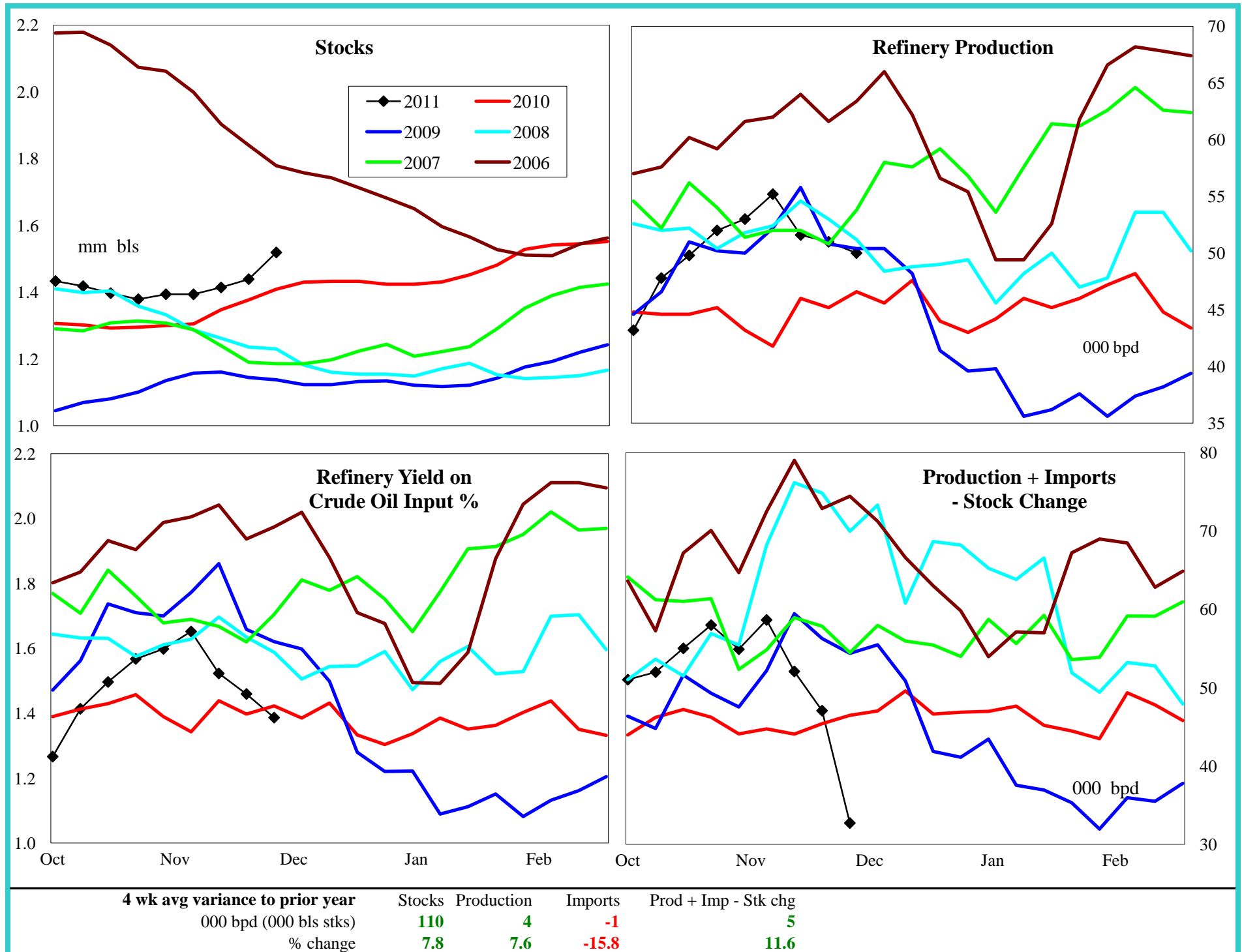
PADD 2 Distillate Supply



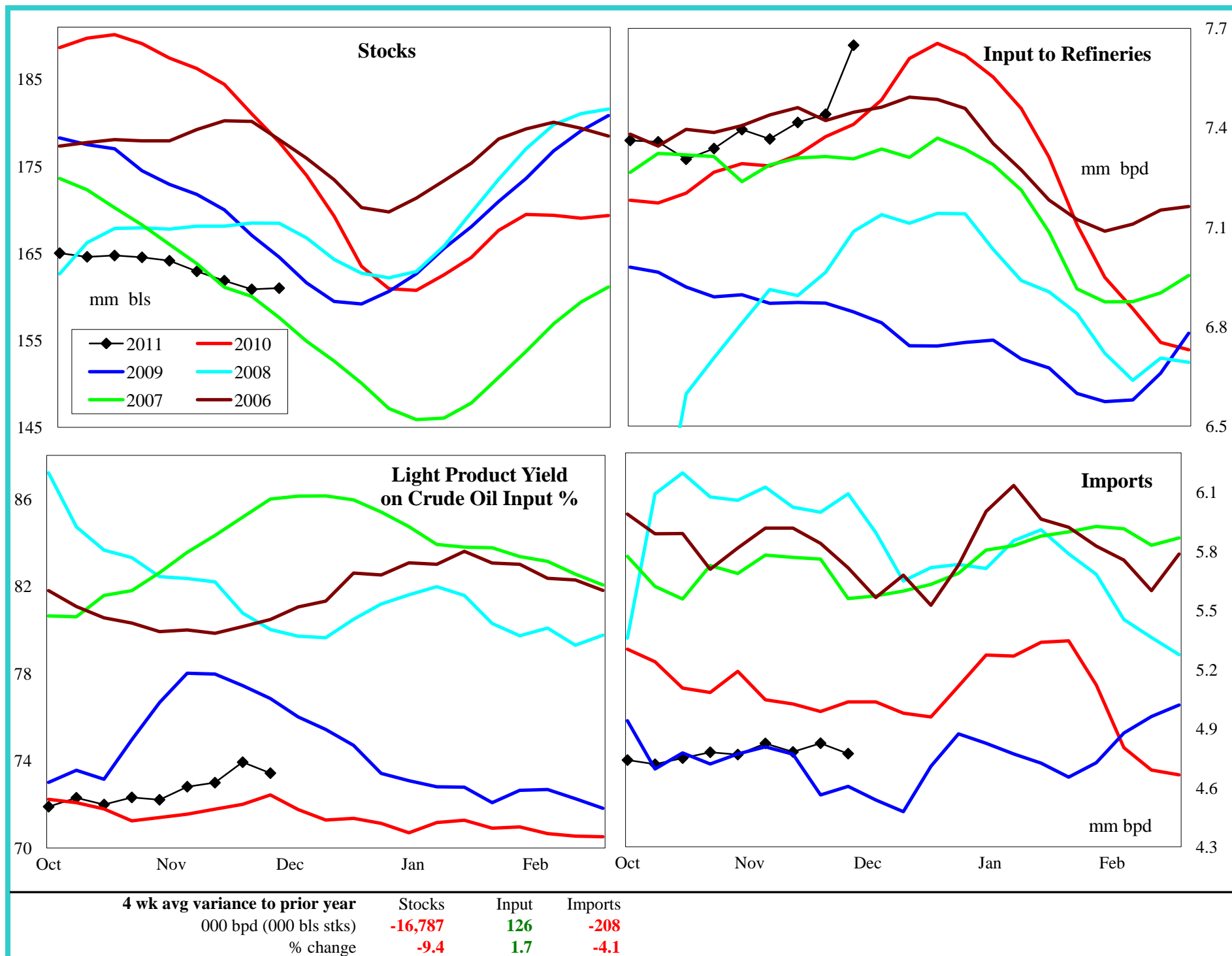
PADD 2 Jet Fuel Supply



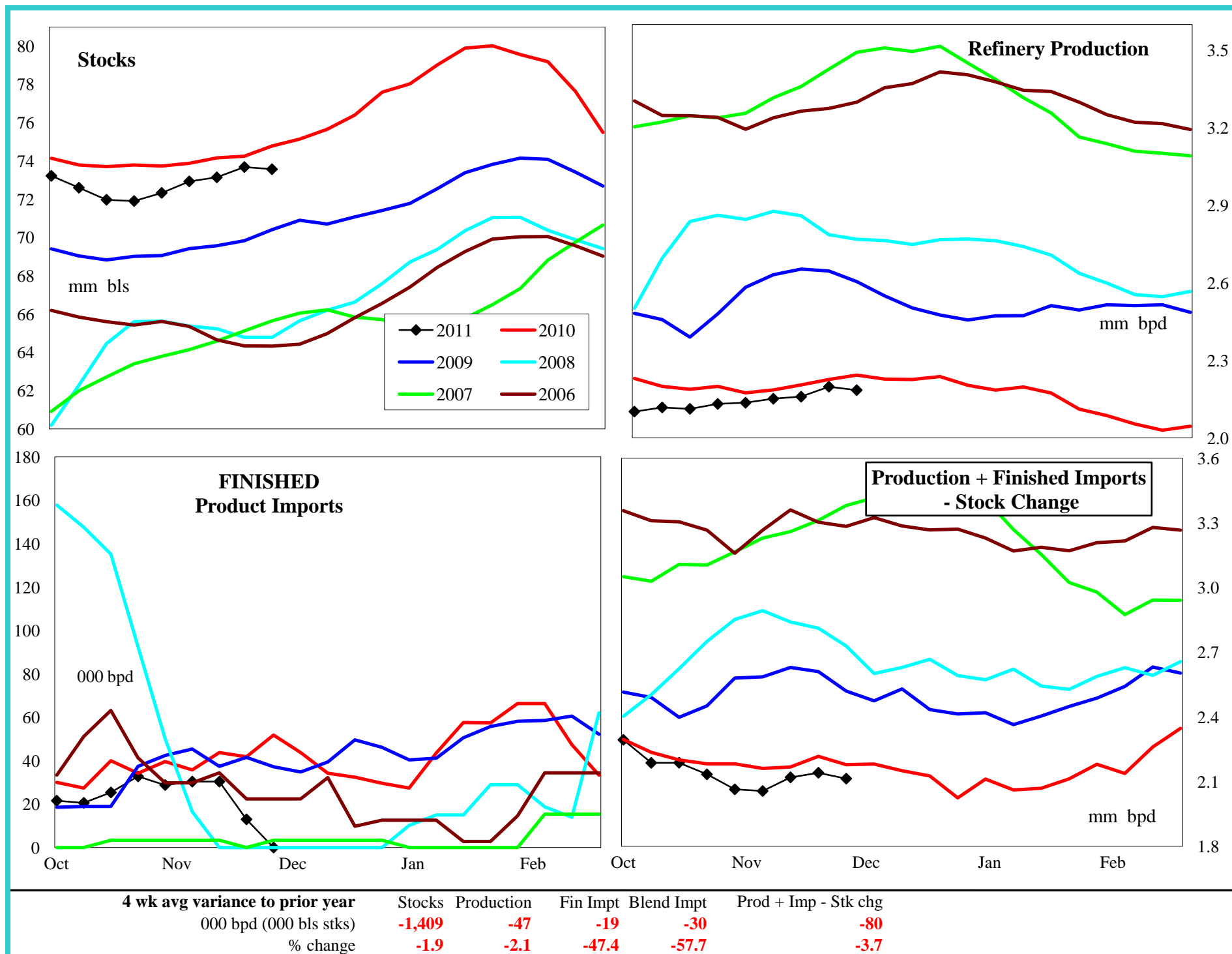
PADD 2 Residual Fuel Oil Supply



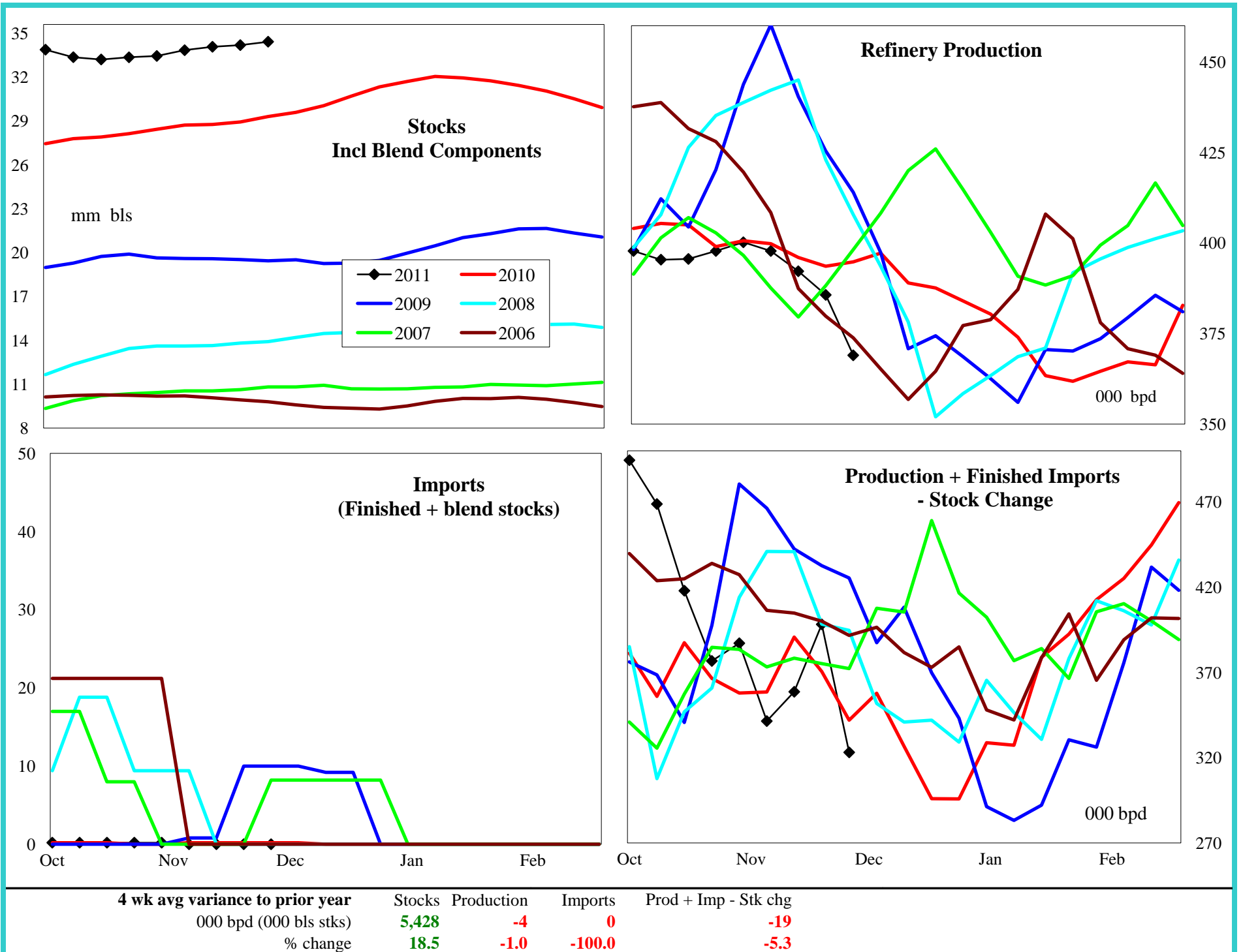
PADD 3 Crude Oil Supply and Refining



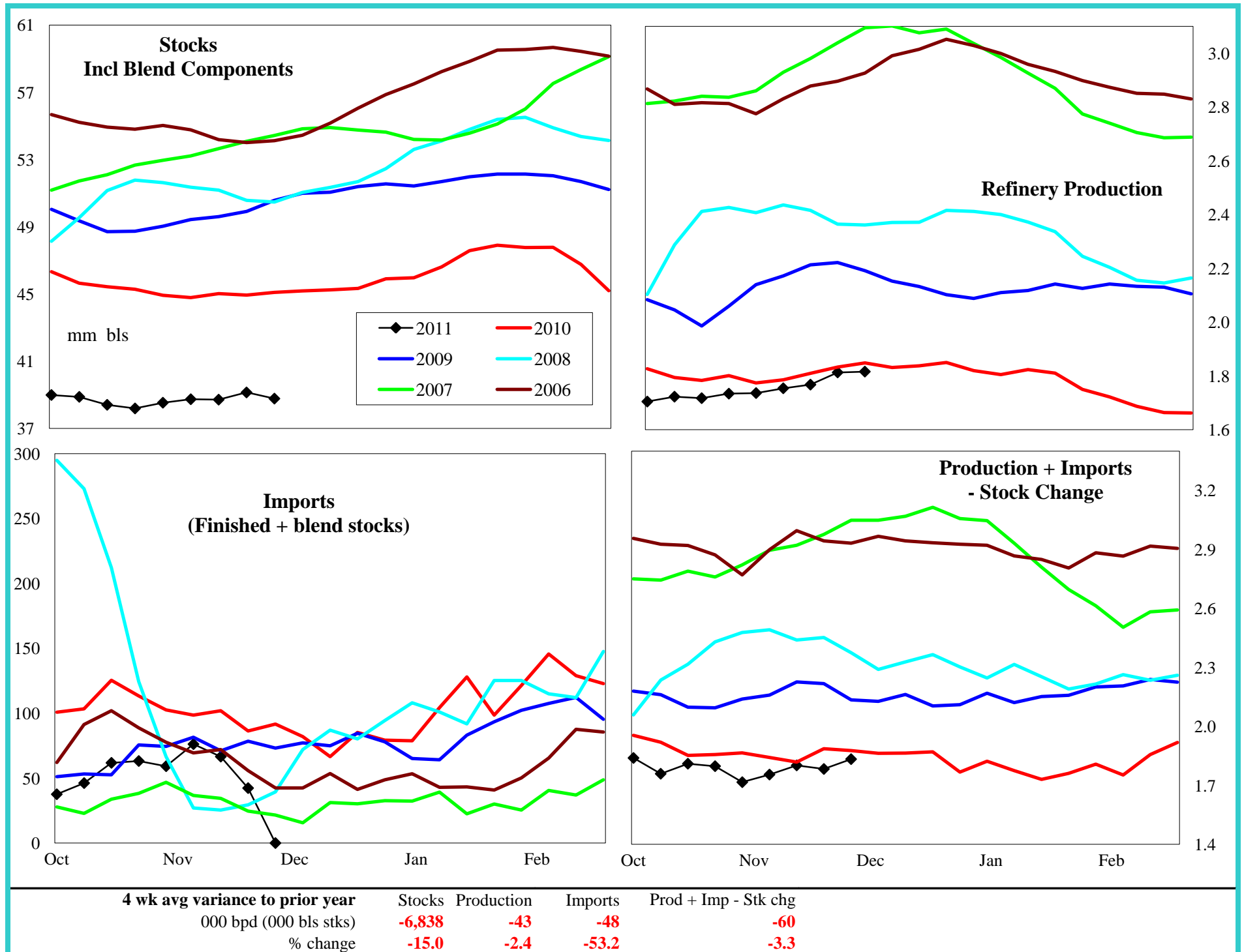
PADD 3 Gasoline Supply



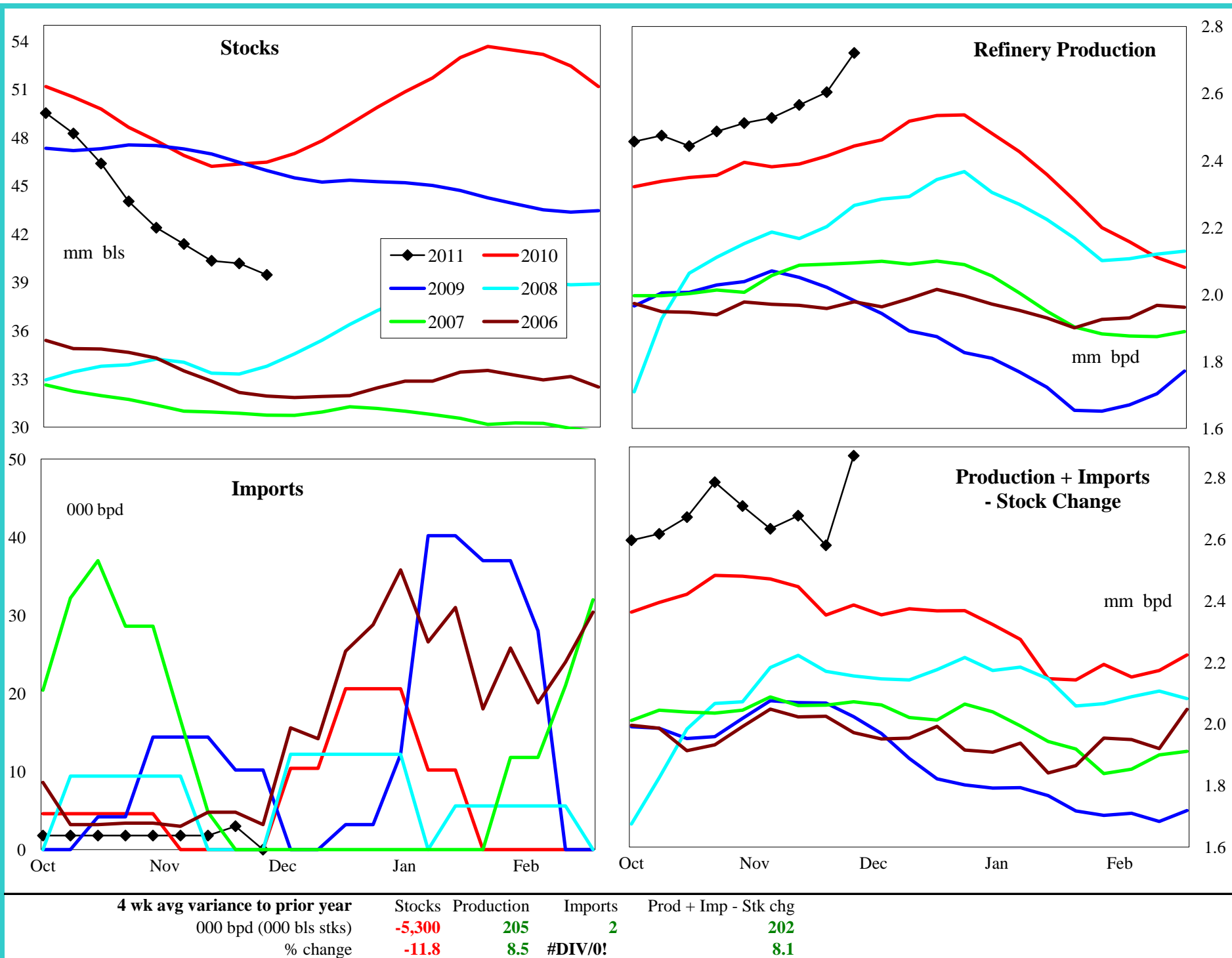
PADD 3 Reformulated Gasoline Supply



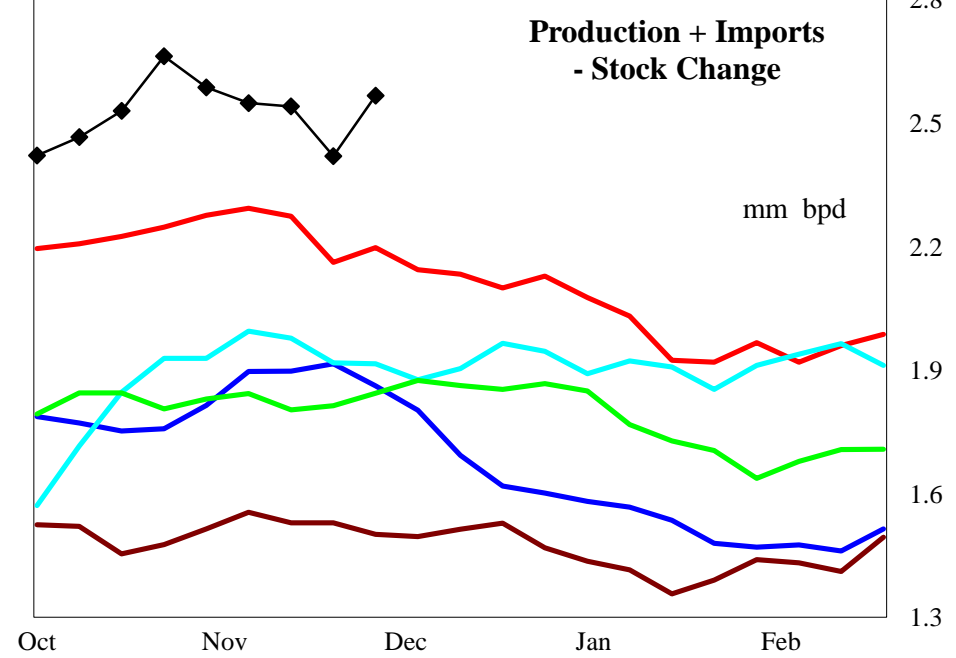
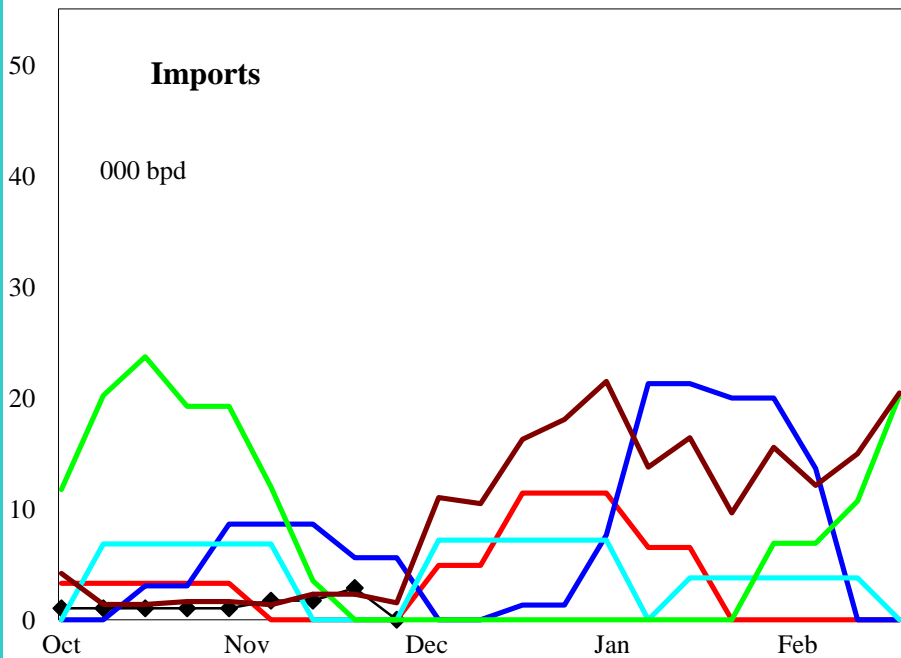
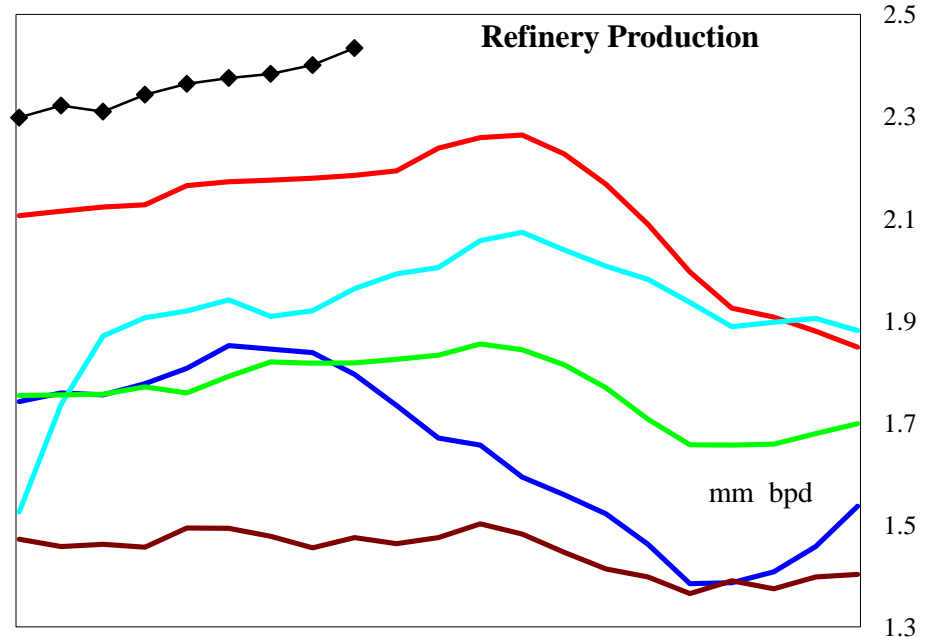
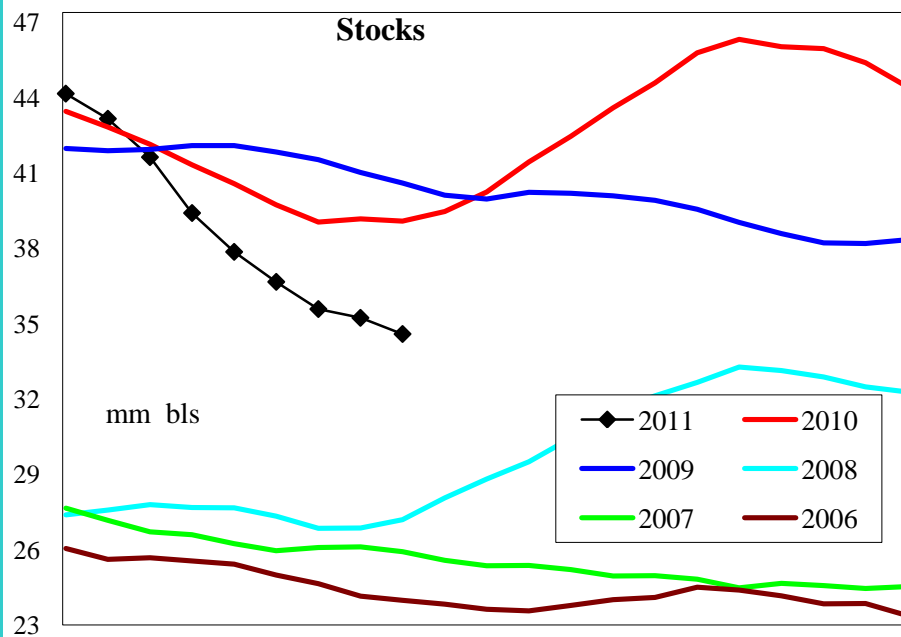
PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



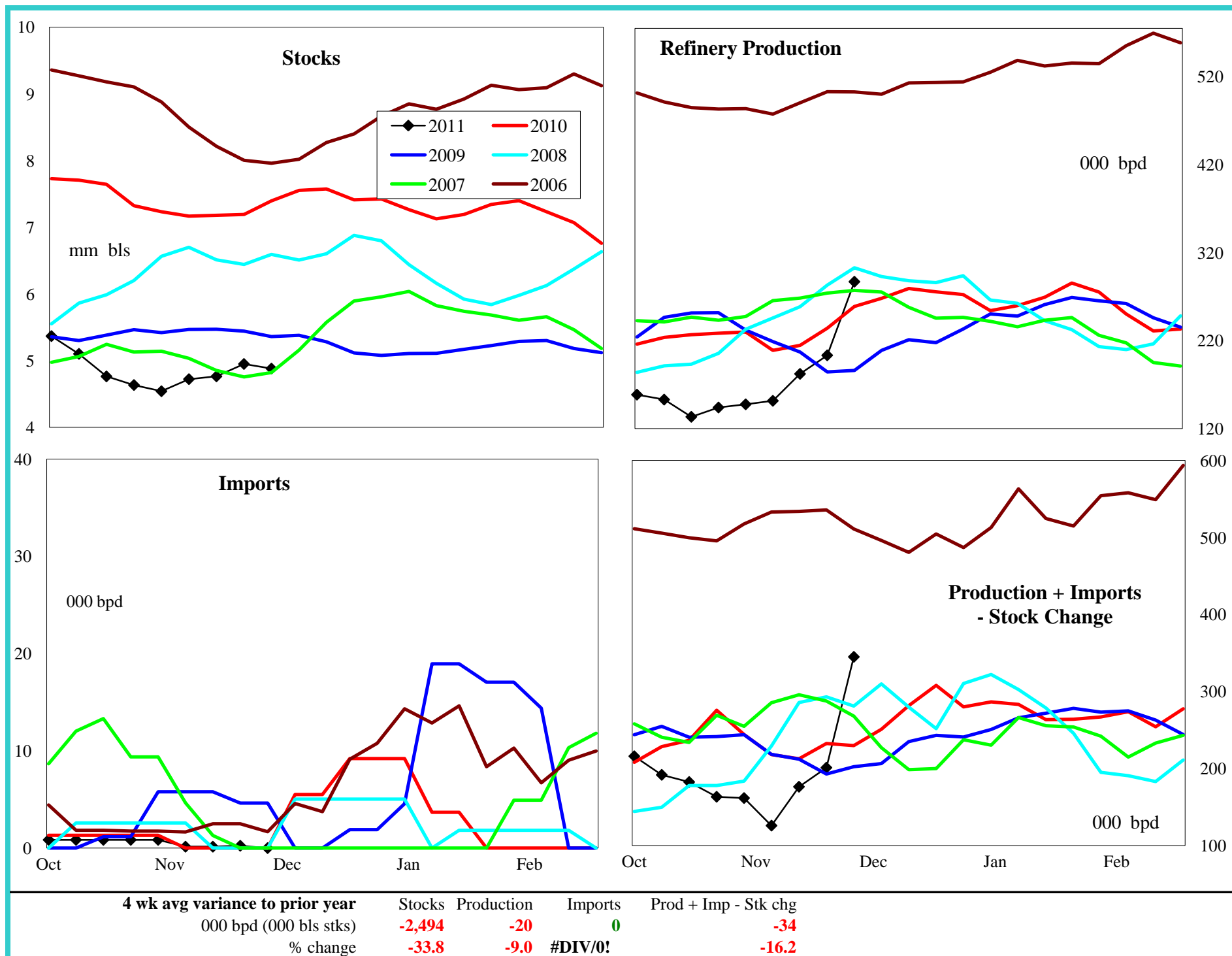
PADD 3 Low Sulfur Distillate Supply



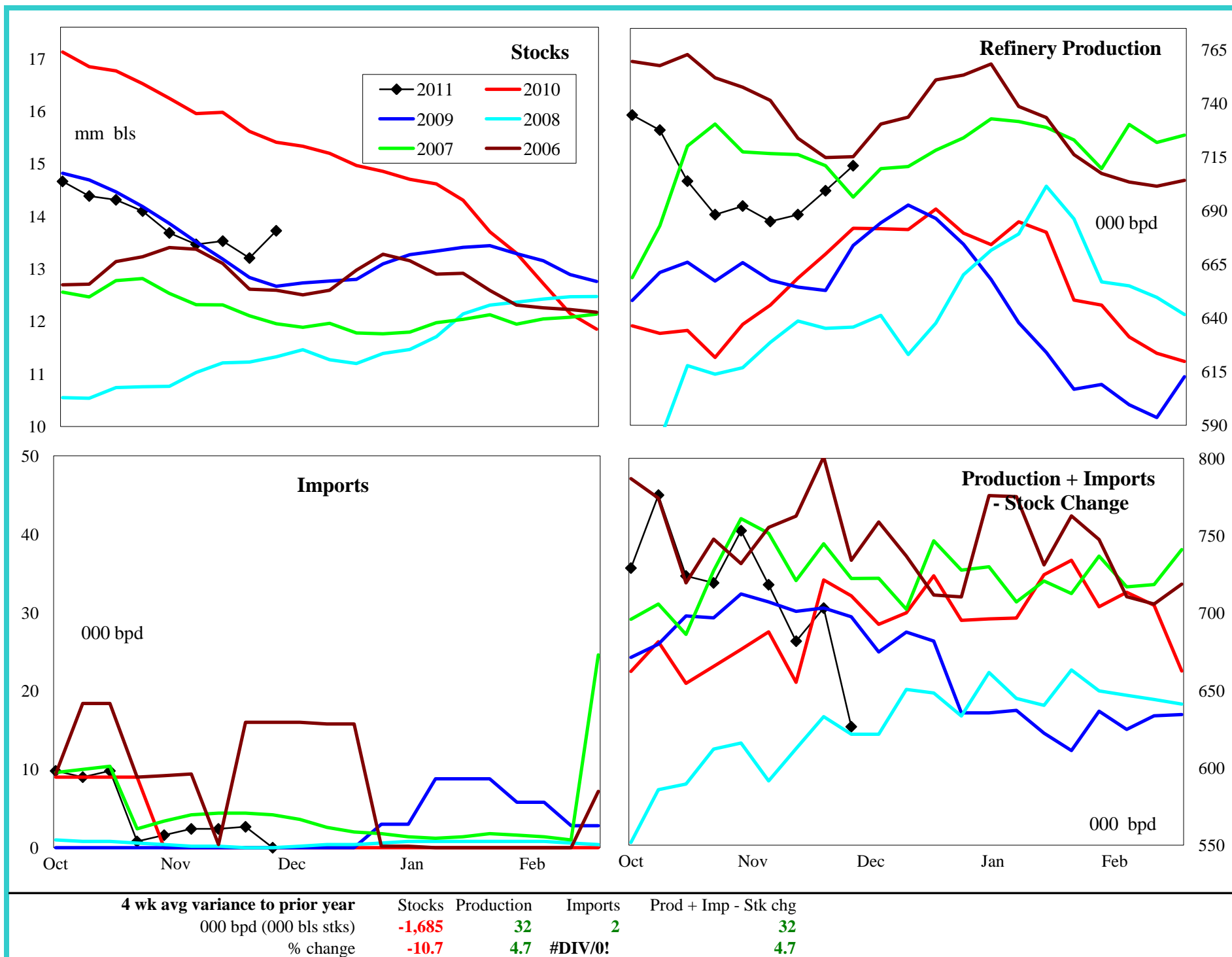
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks	Production	Imports	Prod + Imp - Stk chg
-2,806	225	2	236
-7.5	10.3	#DIV/0!	10.4

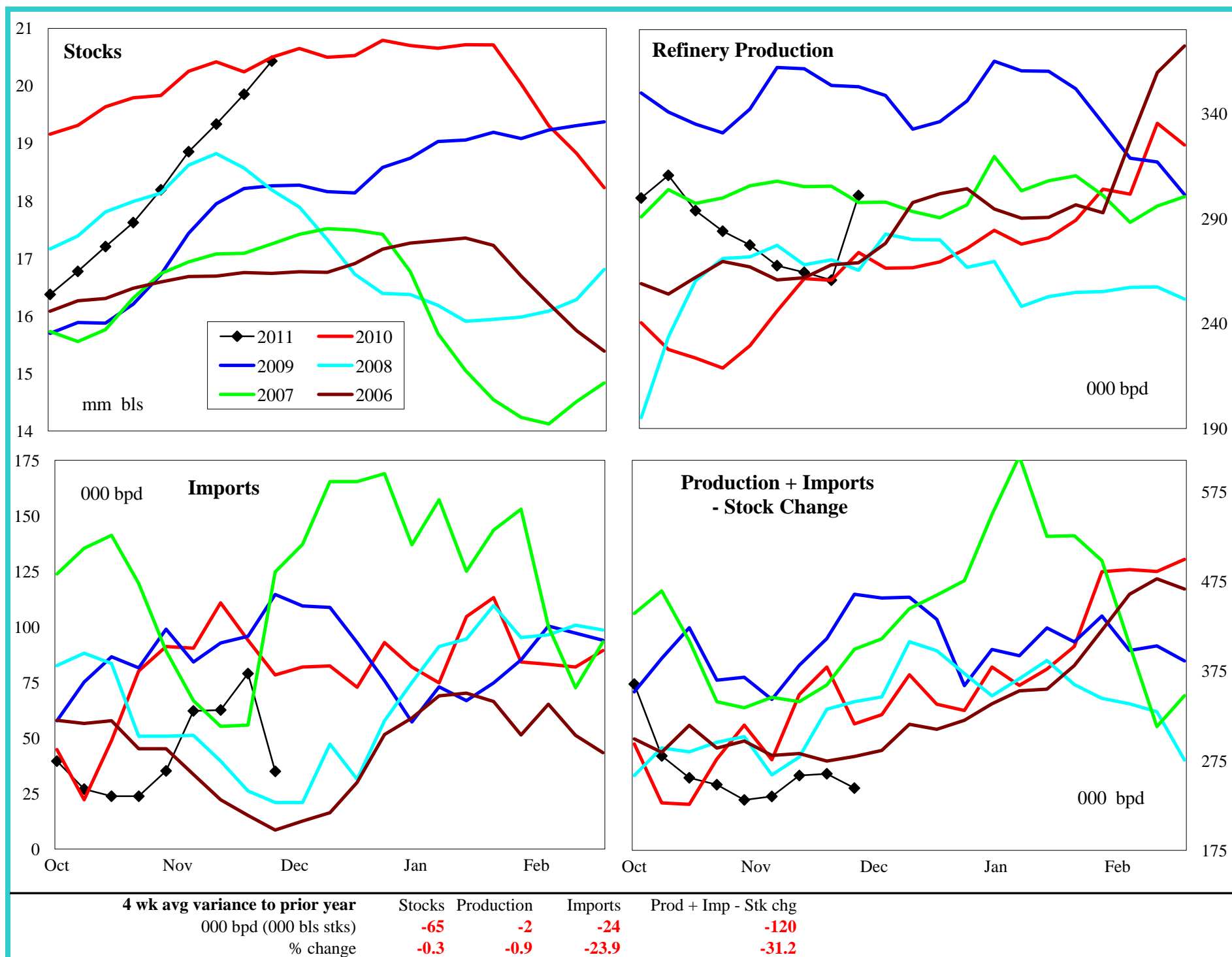
PADD 3 High Sulfur Distillate Supply



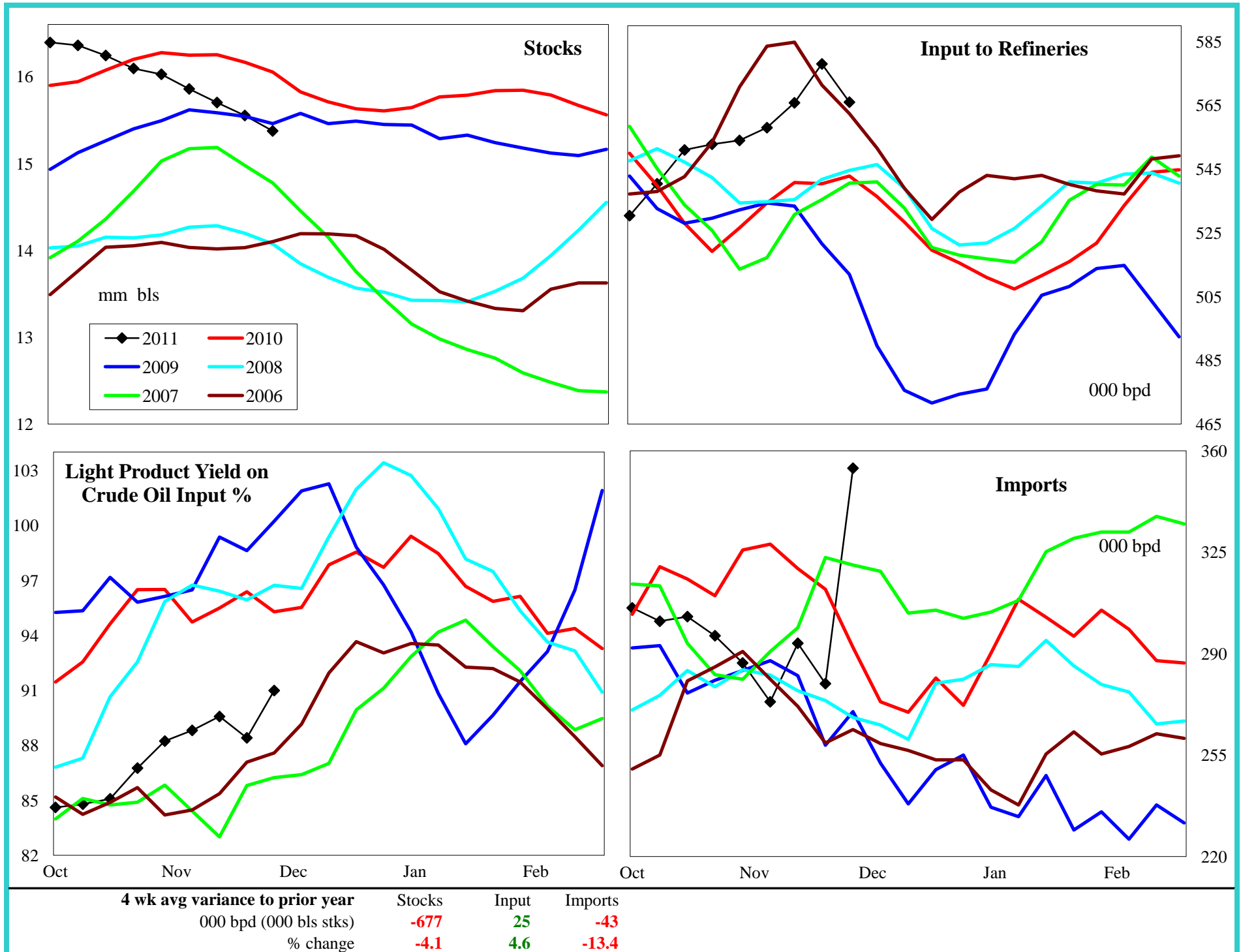
PADD 3 Jet Fuel Supply



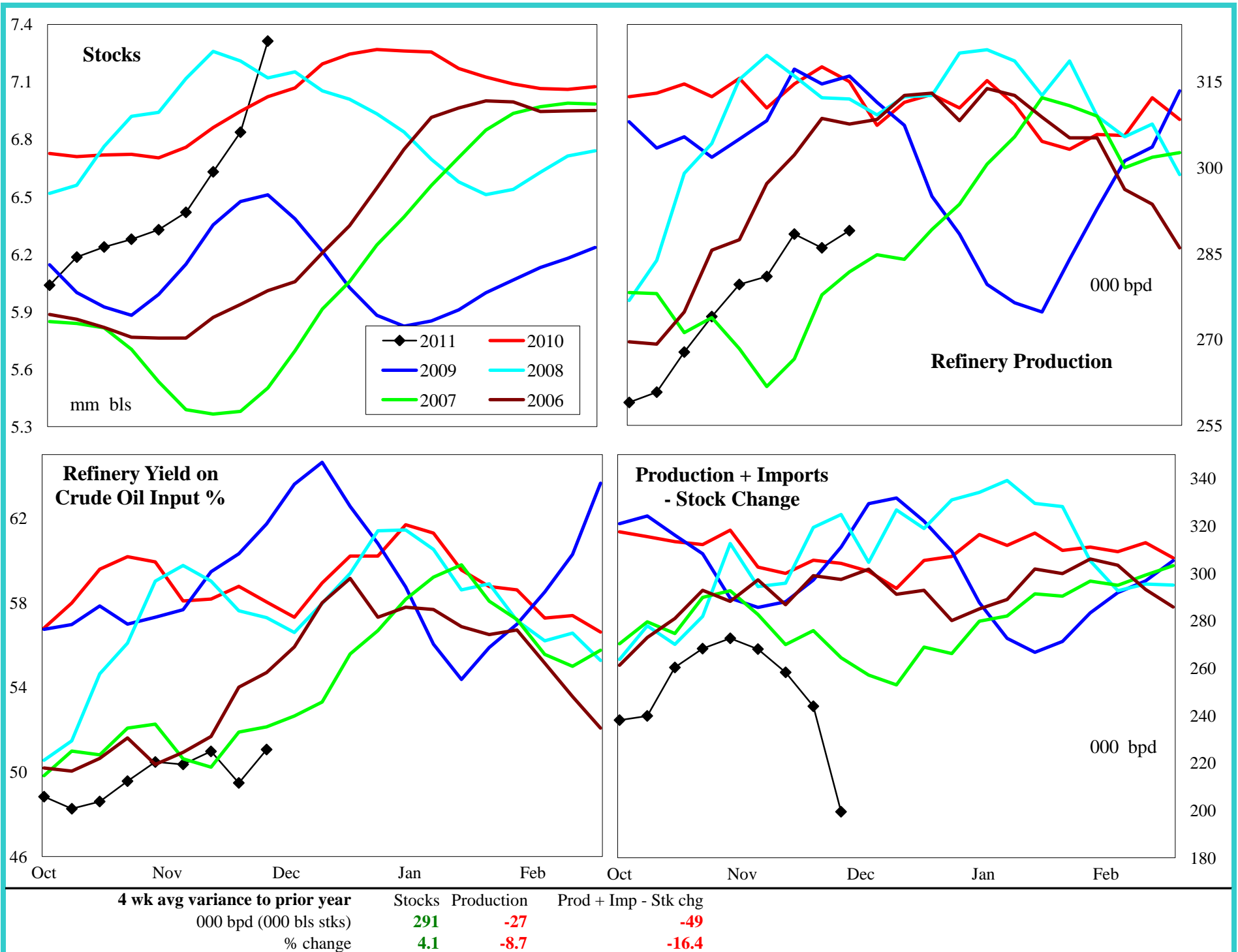
PADD 3 Residual Fuel Oil Supply



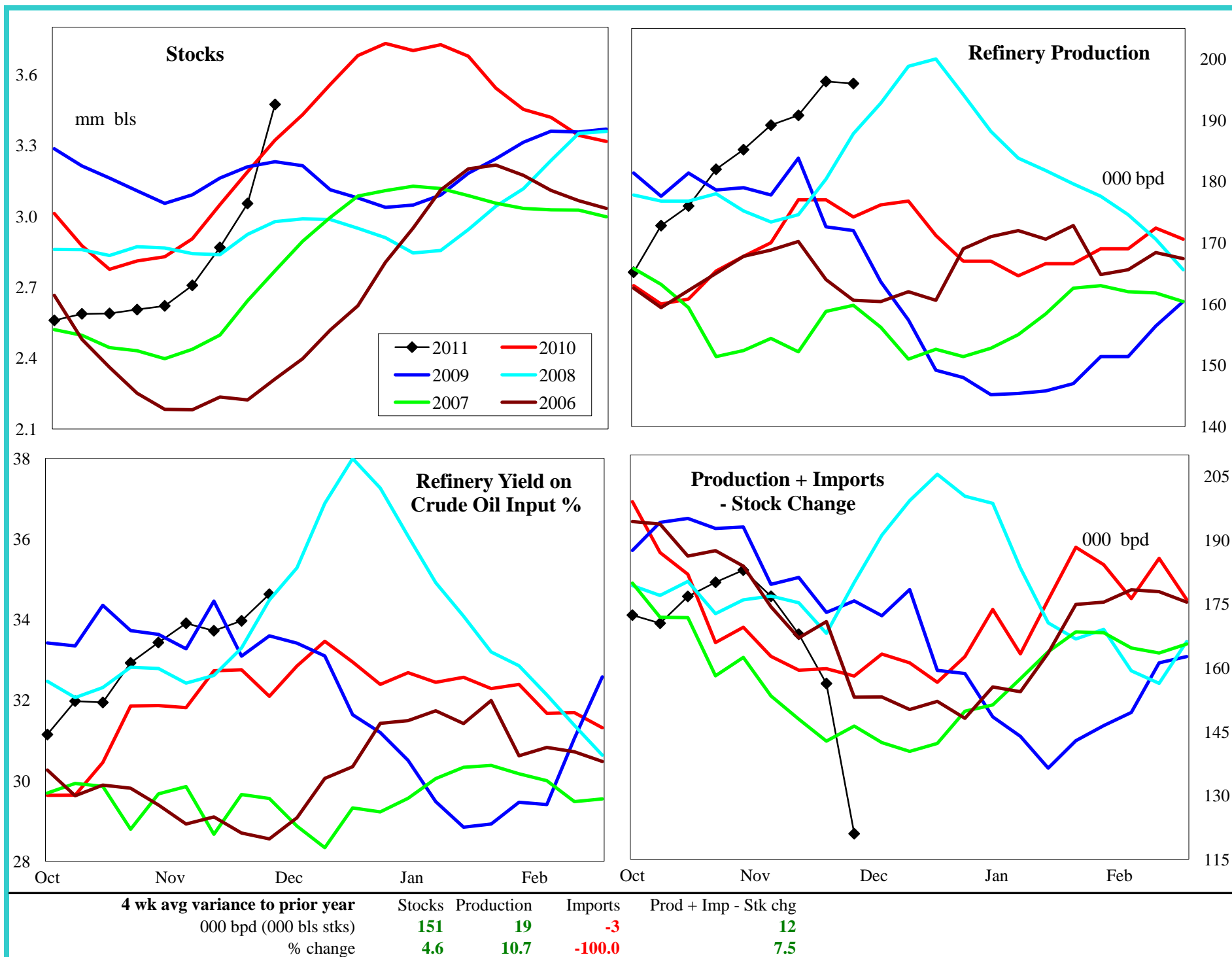
PADD 4 Crude Oil Supply and Refining



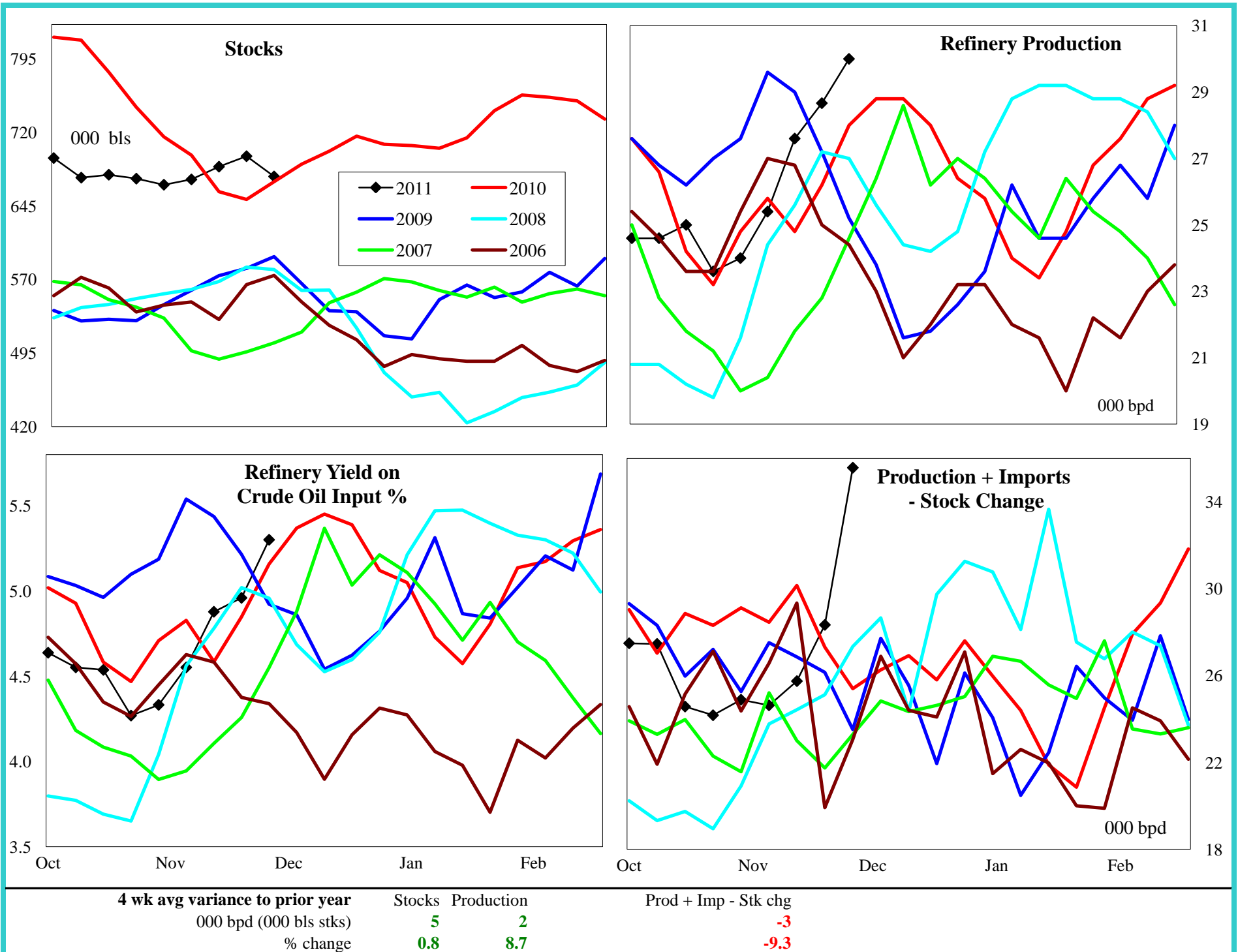
PADD 4 Gasoline Supply



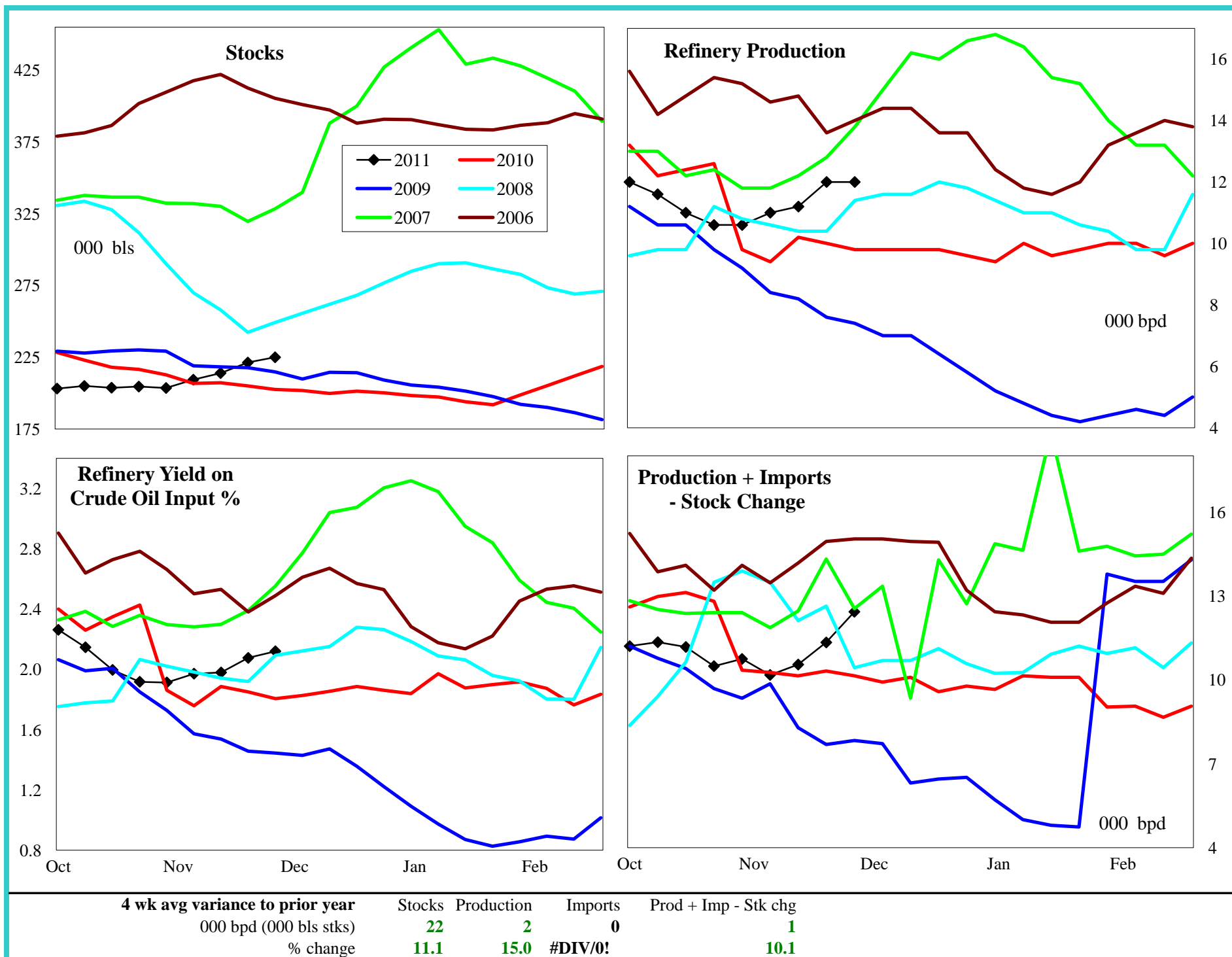
PADD 4 Distillate Supply



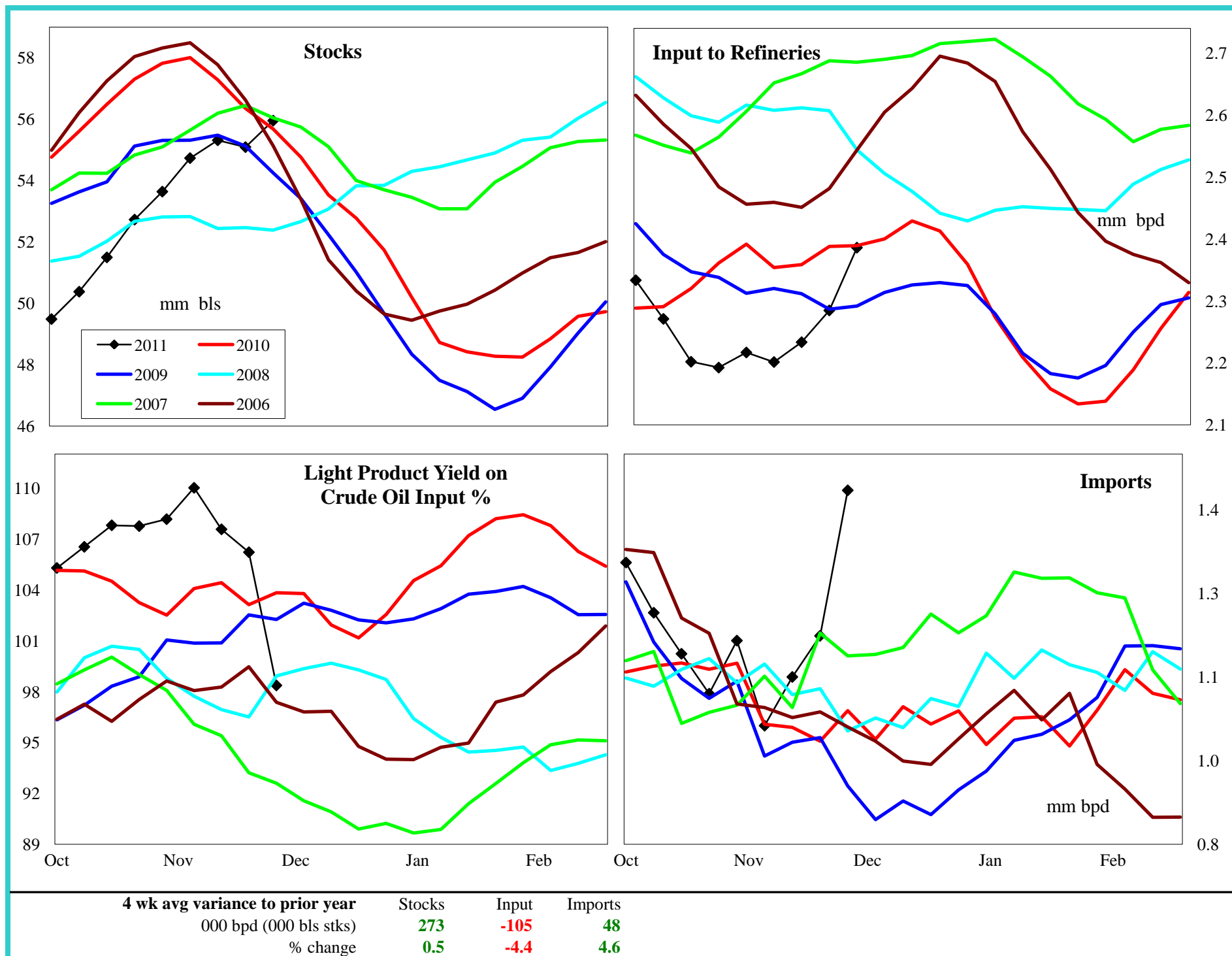
PADD 4 Jet Fuel Supply



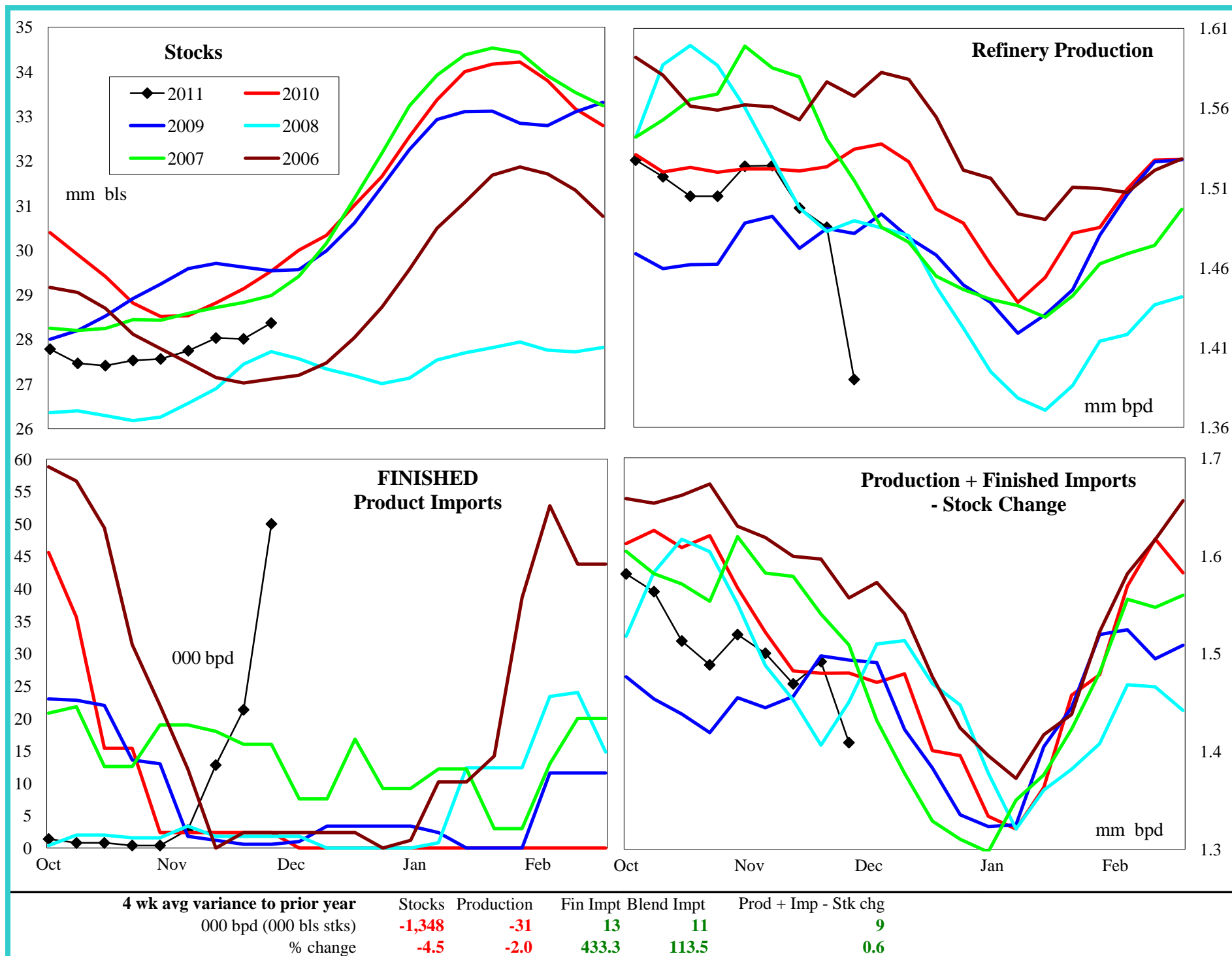
PADD 4 Residual Fuel Oil Supply



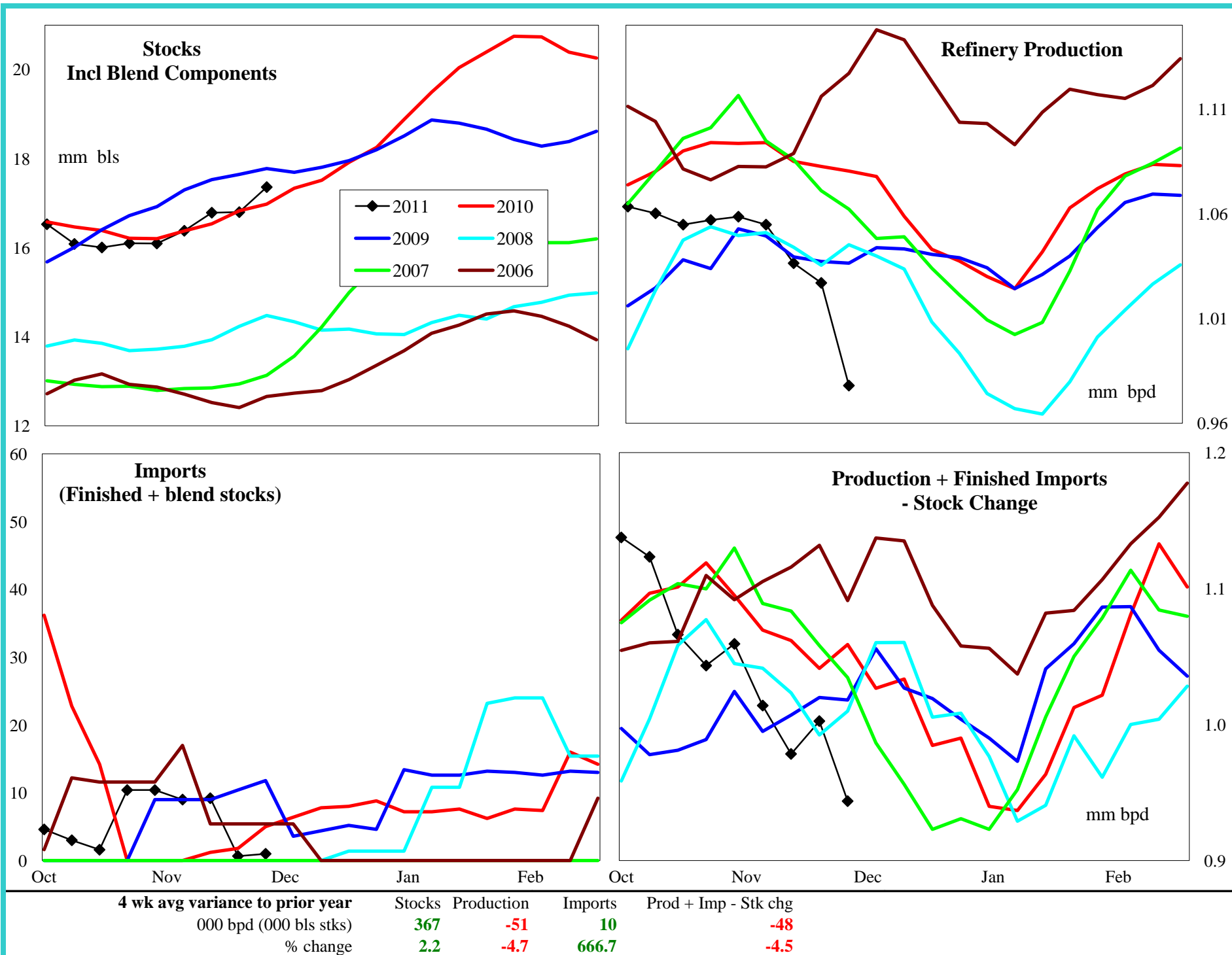
PADD 5 Crude Oil Supply and Refining



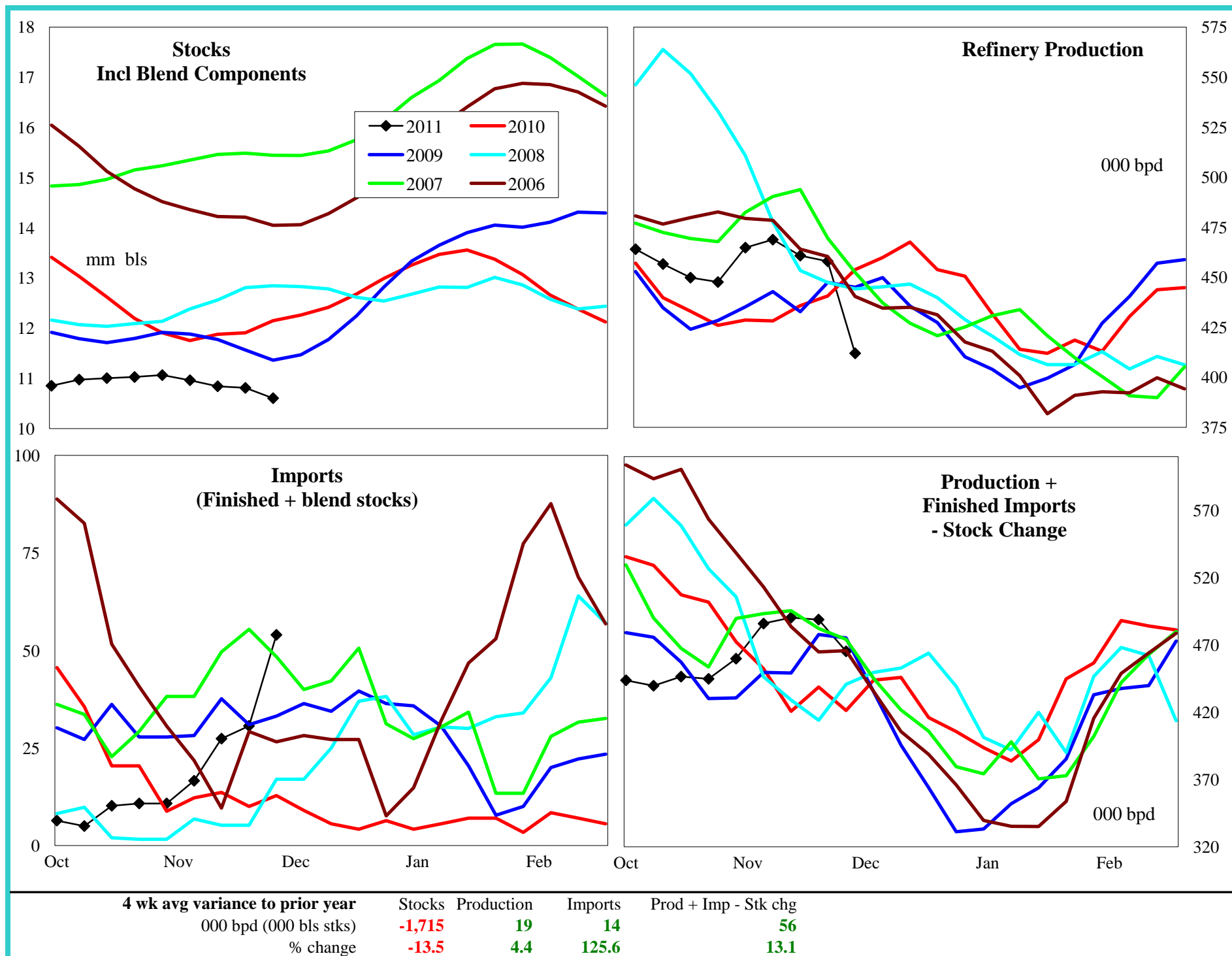
PADD 5 Gasoline Supply



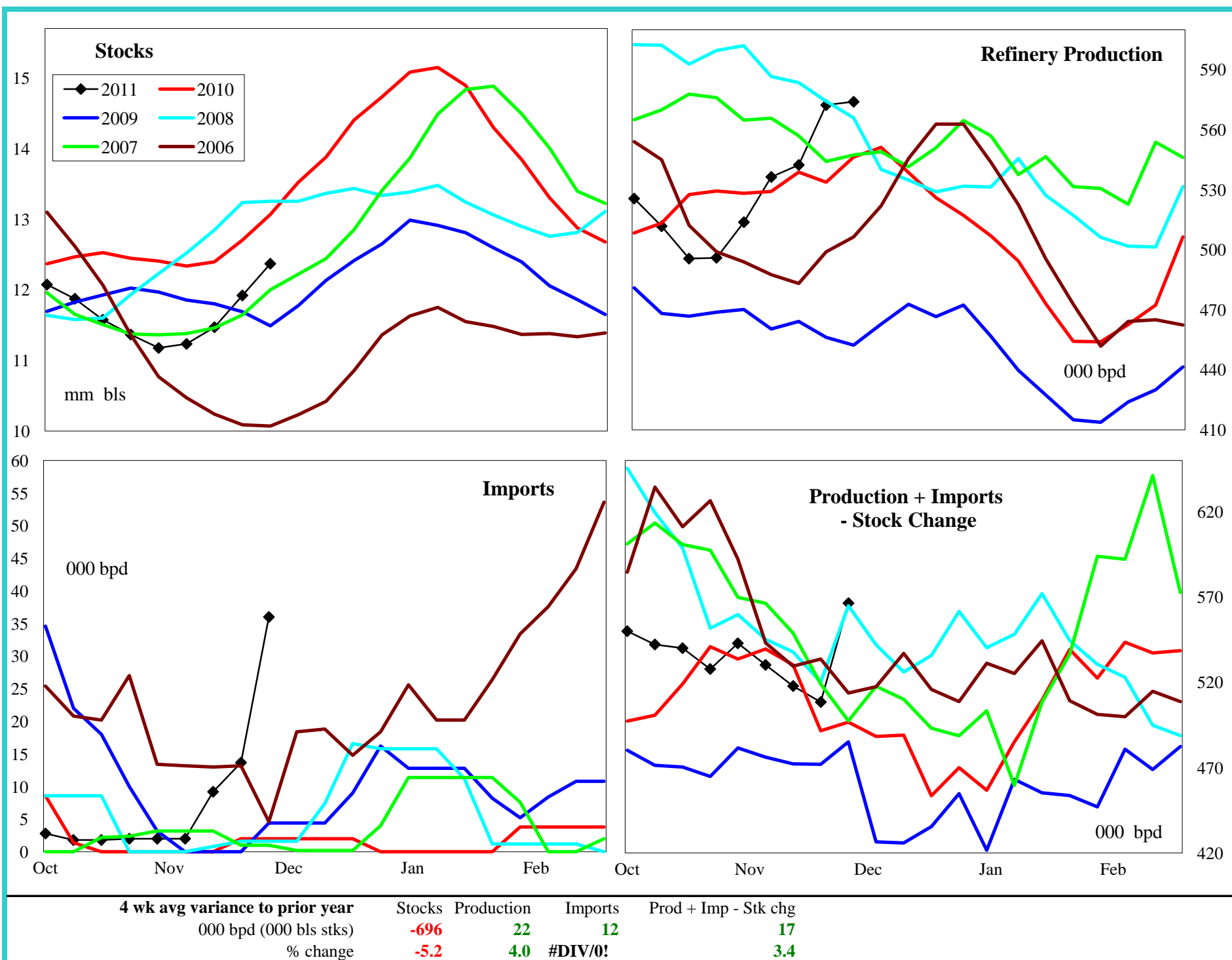
PADD 5 Reformulated Gasoline Supply



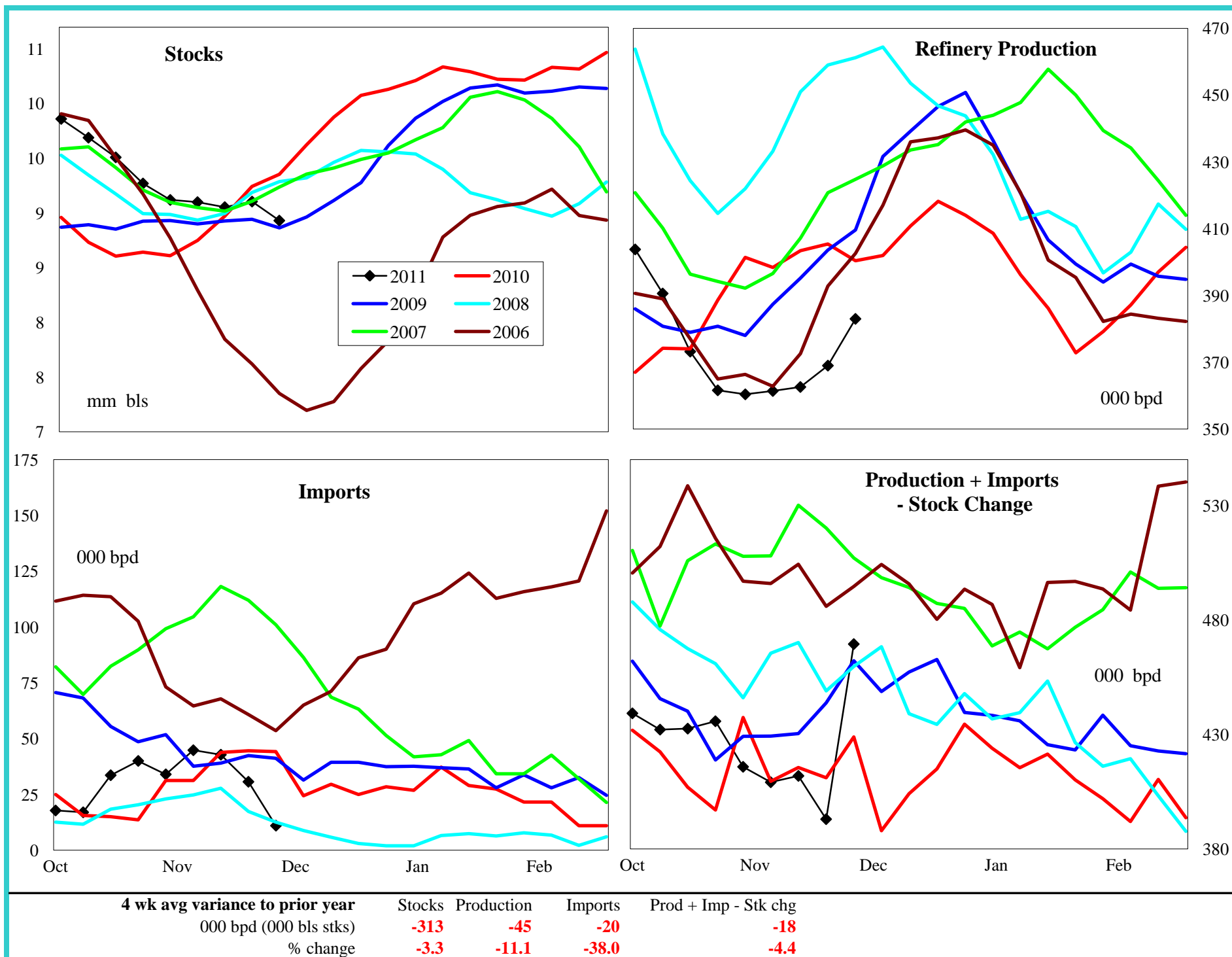
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

