



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

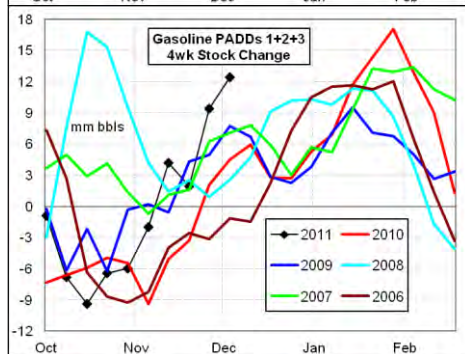
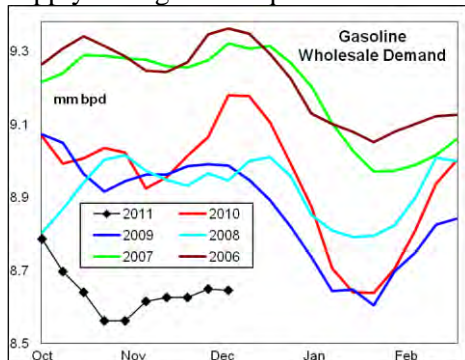
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, December 14,

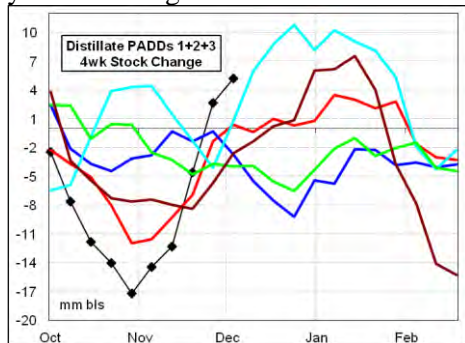


Major Fundamental Trends¹

Very weak wholesale gasoline demand and attractive gas liquids blending economics has led to a record rate of gasoline stock builds for this time of year in markets East of the Rockies. These trends point to significant over supply during the 1st quarter.

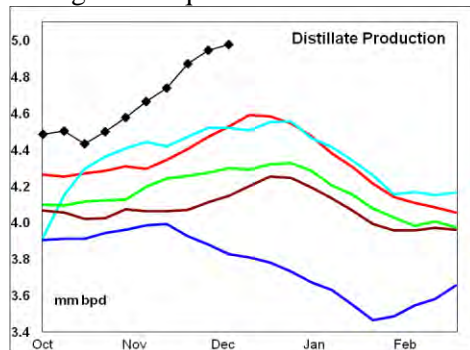


Distillate stock building has also been at a record rate in markets East of the Rockies; driven by extremely high production and a slowdown in year-on-year demand growth.



However stock levels are -20 million barrels below last year. Stock levels in the key Central Atlantic Region of PADD 1 are below four of the last 5-years and risk tight supplies if winter

heating demand exceeds the average during the 1st quarter.



The rate of year-on-year growth in wholesale demand for transport fuels continues to slow compared to the 3rd quarter. Combined with peak refinery run rates, the rate of stock building continues at record high for this time of year. These trends point to the impact of slower global growth on U.S. economic activity and petroleum exports.

Demand increased for all transport fuels last week by a combined +150,000 bpd; due in part to very favorable travel weather conditions. Wholesale demand measured over the last four weeks compared to a year ago: gasoline decreased -4.5%; distillate up +1.8%; jet fuel down -2.5% while residual fuel oil decreased -14%.

Stocks forward coverage: Gasoline demand coverage increased to a new record high for the period on a +3.8 million barrel stock build last week.

Distillate coverage increased on a +0.5 million barrel stock build that offset the rise in demand. Coverage levels remain below the last 2-years.

Jet fuel coverage levels were above the mid range on a -0.2 million barrel stock draw. Coverage was comparable to levels in two of the last 3-years.

Refinery utilization rates decreased on a -590,000 bpd drop in crude oil runs. During the latest 4-wk period crude oil input was +248,000 bpd above a year ago.

Gasoline yield % on crude oil runs surged on a +417,000 bpd increase in

output, compared to a -590,000 bpd drop in crude oil runs last week. Yield % on crude oil runs jumped to a level near 5-year highs.

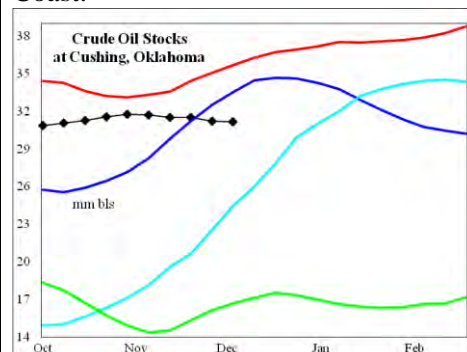
Distillate yield % on crude oil runs increased to a new record high level on a -56,000 bpd decline in output, compared to the sharp drop in crude oil runs.

Jet fuel yield % on crude oil runs increased last week on a -5,000 bpd decline in output compared to the sharp drop in crude oil runs. Yield % levels were above four of the last 5-years.

Petroleum Imports of crude oil fell -1.1 million bpd last week, with refined product imports also lower for all major fuels.

During the latest 4-wk period crude oil imports increased +231,000 bpd over last year; distillate imports decreased -40,000 bpd; finished gasoline imports decreased -64,000 bpd, gasoline blend stock imports increased +50,000 bpd; jet fuel imports declined -35,000 bpd, while residual fuel oil imports increased +119,000 bpd.

Crude Oil stocks decreased -1.2 million barrels last week, including a -5 million barrel draw in the Gulf and +3 million barrel build on the West Coast.



Cushing, Oklahoma stocks were -4.5 million barrels below last year's record high, due in part to Canadian imports and inland production being transported by rail and barge to the Gulf; bypassing Cushing.

¹ Source is latest EIA Weekly Statistics



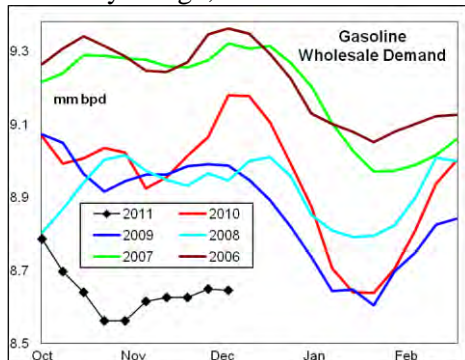
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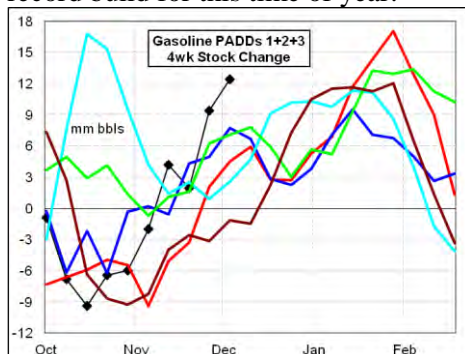
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Product Supply-Demand Trends

Gasoline demand increased +92,000 bpd last week. The latest 4-wk average demand was -404,000 bpd below a year ago, a decline of -4.5%.



Production jumped +417,000 bpd last week, to a record high level on winter gas liquids blending. The record supply led to a +3.8 million barrel stock build, lifting the stock level above the 5-year range. The latest 4-wk stock build in markets East of the Rockies was +12.4 million barrels, a record build for this time of year.



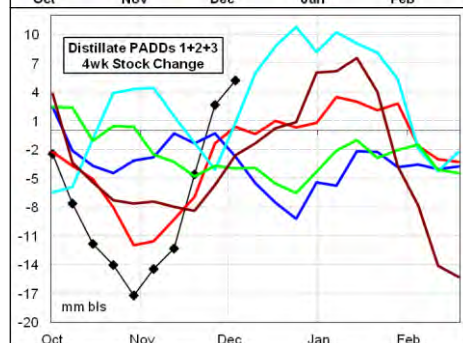
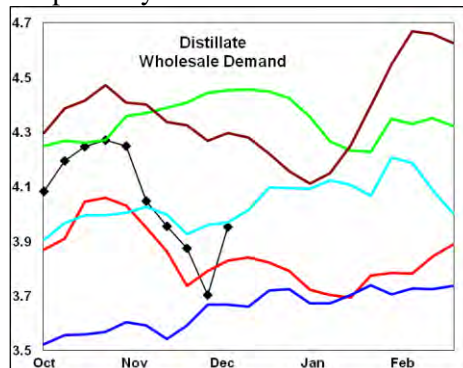
A record rate of stock building has occurred as a result of very high production and weak demand. Stocks in PADD 1 are at 5-year highs, with levels in all regional markets above the historic mid range. Regional markets face significant over supply during the 1st quarter.

Distillate demand increased +33,000 bpd last week, a level above the last 2-years. The latest 4-wk average year-on-year demand growth was +69,000 bpd.

Production decreased -56,000 bpd last week, although the level remains well above the historic range. The latest 4-wk average supply was +432,000 bpd above a year ago.

Stocks increased +0.5 million barrels last week. Stock levels ended the week -19.8 million barrels below last year.

The latest 4-wk stock change in markets East of the Rockies was a build of +5.2 million barrels, compared to draws of -2 million barrels during the prior 5-years.



Extremely high production and a slowdown in domestic demand growth has led to a record rate of stock building. Very low heating degree days in the Northeast heating oil market has contributed to the stock build.

Very high production for the next 30-days should lead to further stock builds.

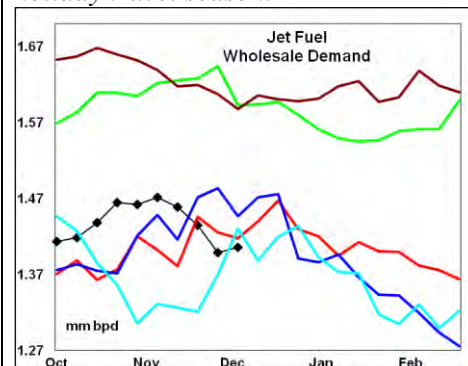
Low stock levels in the key Central Atlantic Region of PADD 1 risk tight supplies in this regional market during the peak heating season.

Jet Fuel demand increased +25,000 bpd last week, to a level at the low end of the last 3-years. The latest 4-wk average demand was -37,000 bpd below last year.

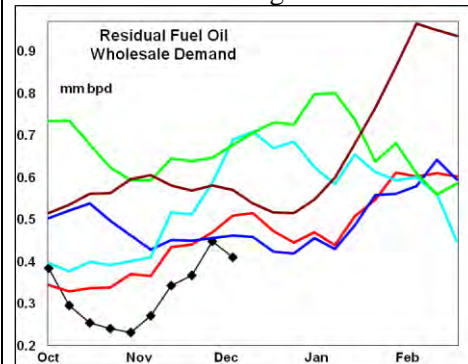
Supply decreased -24,000 bpd last week, on lower imports. Stocks decreased -0.2 million barrels to a level -4% below last years' record high.

Production levels were slightly above the last 3-years with stocks comparable to the prior 2-years. The market remains well balanced.

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 declined -106,000 bpd on the week, a level below the historic range.



Supply (production + imports) declined -88,000 bpd last week, on lower production and imports. The latest 4-wk average supply was +112,000 bpd above last year. Stock levels match the mid range.

Record high imports lifted stock levels to new 5-year highs in the key Gulf Coast market. The Gulf market faces an excess supply balance. Other regional markets are well balanced.



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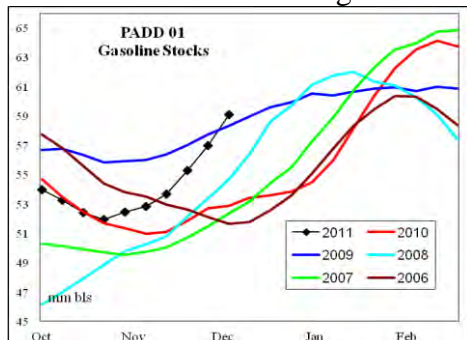
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +53,000 bpd on the week, with the latest 4-wk average +72,000 bpd above a year ago.

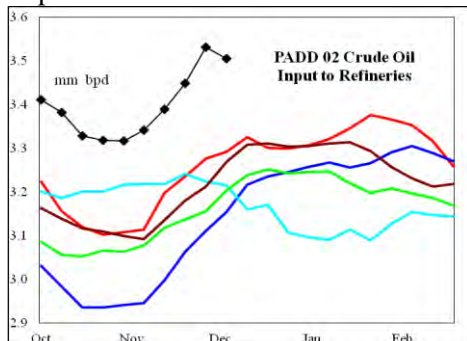
Gasoline supply increased +38,000 bpd last week, due to higher production. Import levels fell below the historic range.



Gasoline stocks increased +1.9 million barrels on the week, to a level above the historic range.

Distillate supply decreased -45,000 bpd last week, with the latest 4-wk average +24,000 bpd above last year. Stocks fell -1.5 million barrels on the week, a level below four of the last 5-years.

Jet fuel stocks fell -0.8 million barrels to a level below the historic range on record low production and imports.



PADD 2 crude oil refinery runs declined -101,000 bpd last week, with the 4-wk average +229,000 bpd above last years' highs. Crude imports decreased -113,000 bpd, with the latest 4-wk average +33% above last year. Crude oil stocks increased +0.8 million barrels, a level that matched the 5-year high.

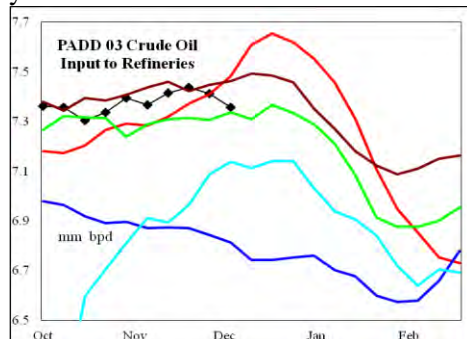
Gasoline production declined -

135,000 bpd, with the level +100,000 bpd above the historic range. Stocks increased +1.8 million barrels, with the level above the historic mid range.

Distillate production decreased -16,000 bpd, with the 4-wk average +139,000 bpd above last year. Stocks were nearly unchanged at a level near the 5-year high.

Jet fuel production decreased -19,000 bpd, with the level still above the historic range. Stock levels exceed the historic range.

PADD 3 refinery runs decreased -291,000 bpd last week, a level near the mid range. The latest 4-wk average thru put was +50,000 bpd above last year. Crude oil imports decreased -0.4 million bpd last week, to a level below the historic range. Low imports led to a -5 million barrel stock draw for the week, pushing stock levels to match 5-year lows.



Gasoline production climbed +85,000 bpd on the week. Stocks increased +0.1 million barrels last week, to a level -0.4% below prior record highs.

Distillate production decreased -28,000 bpd on the week, with the latest 4-wk average +214,000 bpd above the previous 5-year high. Stocks increased +1.8 million barrels, with the level -6.3 million barrels below the historic high for this time of year.

Jet fuel supply increased +52,000 bpd on the week, to a level above the 5-year range. Stocks increased +1.2 million barrels to a level near last years' record high.

Residual fuel oil supplies increased +85,000 bpd on the week, due to higher imports. Stocks increased +1.2 million barrels, to a level above the

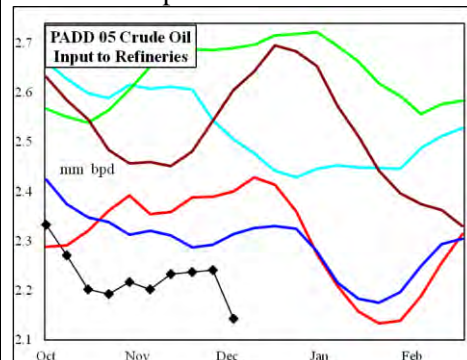
historic high set last year.

PADD 4 refinery crude runs decreased -7,000 bpd last week, a level still above the historic range. The most recent 4-wk average run rate was +24,000 bpd above a year ago.

Gasoline production decreased -16,000 bpd on the week, with the latest 4-wk average -40,000 bpd below last year. The stock level matched 5-year highs for the season.

Distillate production matched 5-year highs for the week. Stocks climbed +0.2 million barrels to a new record high level for the season.

PADD 5 crude oil refinery runs fell -243,000 bpd on the week, to a level below the historic range. The latest 4-wk average thru put was -127,000 bpd below last year. Light product yield % on crude oil runs jumped to a new record high as downstream units returned to operation.



Gasoline production jumped +207,000 bpd last week to a level above the historic range. Supply (production + imports) for the latest 4-wk average was nearly unchanged from the prior week. Stocks increased +0.2 million barrels on the week, to a level below the mid range.

Distillate supply decreased -63,000 bpd on the week, to a level that matched the historic mid range. The latest 4-wk average was +31,000 bpd above a year ago. Stocks decreased -0.2 million barrels, to a level that matched the mid range.

Jet fuel supply has tightened on extremely low production, with stock levels below the mid range.

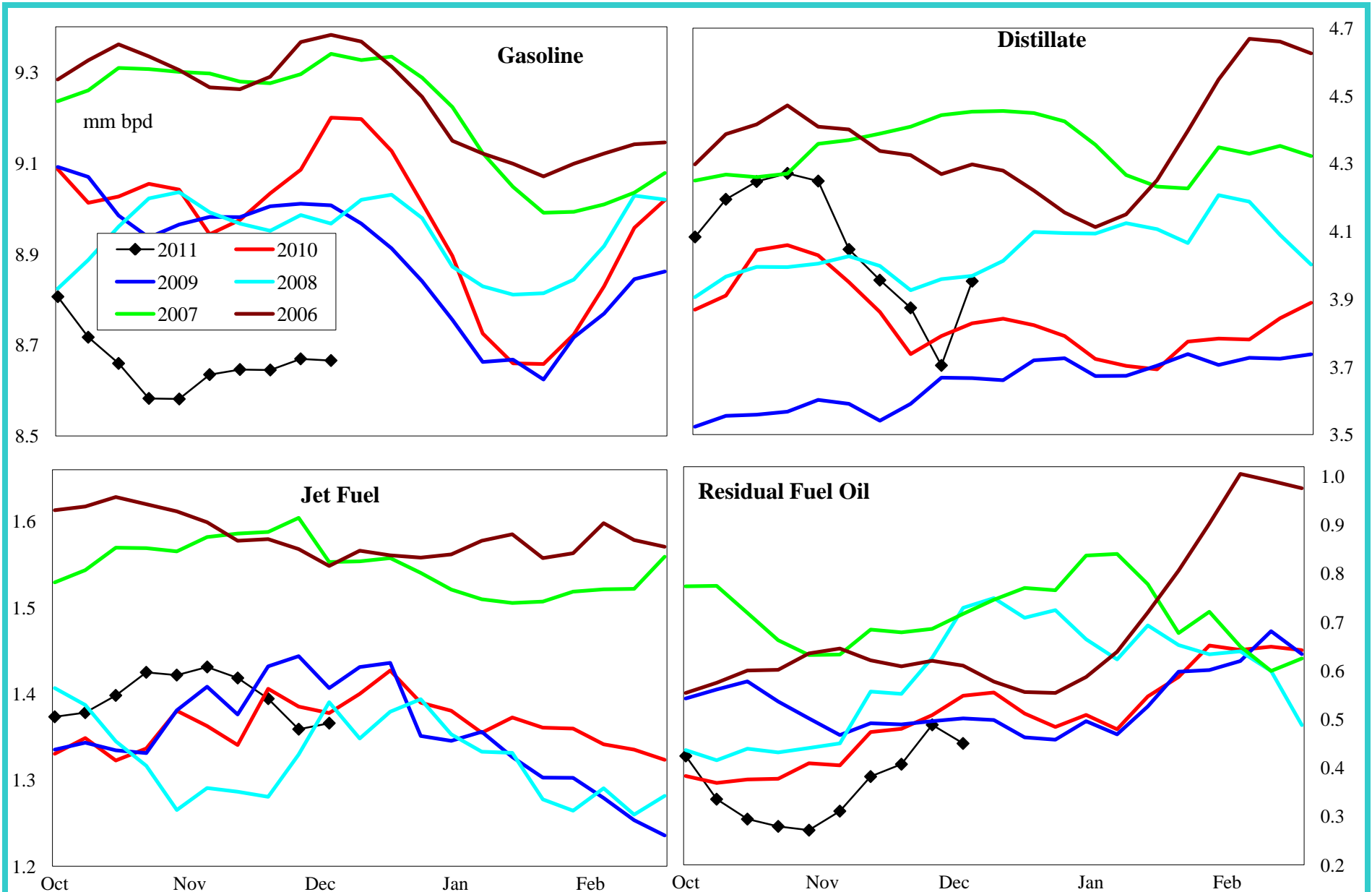


PETROLEUM: Graph Link and Weekly Summary

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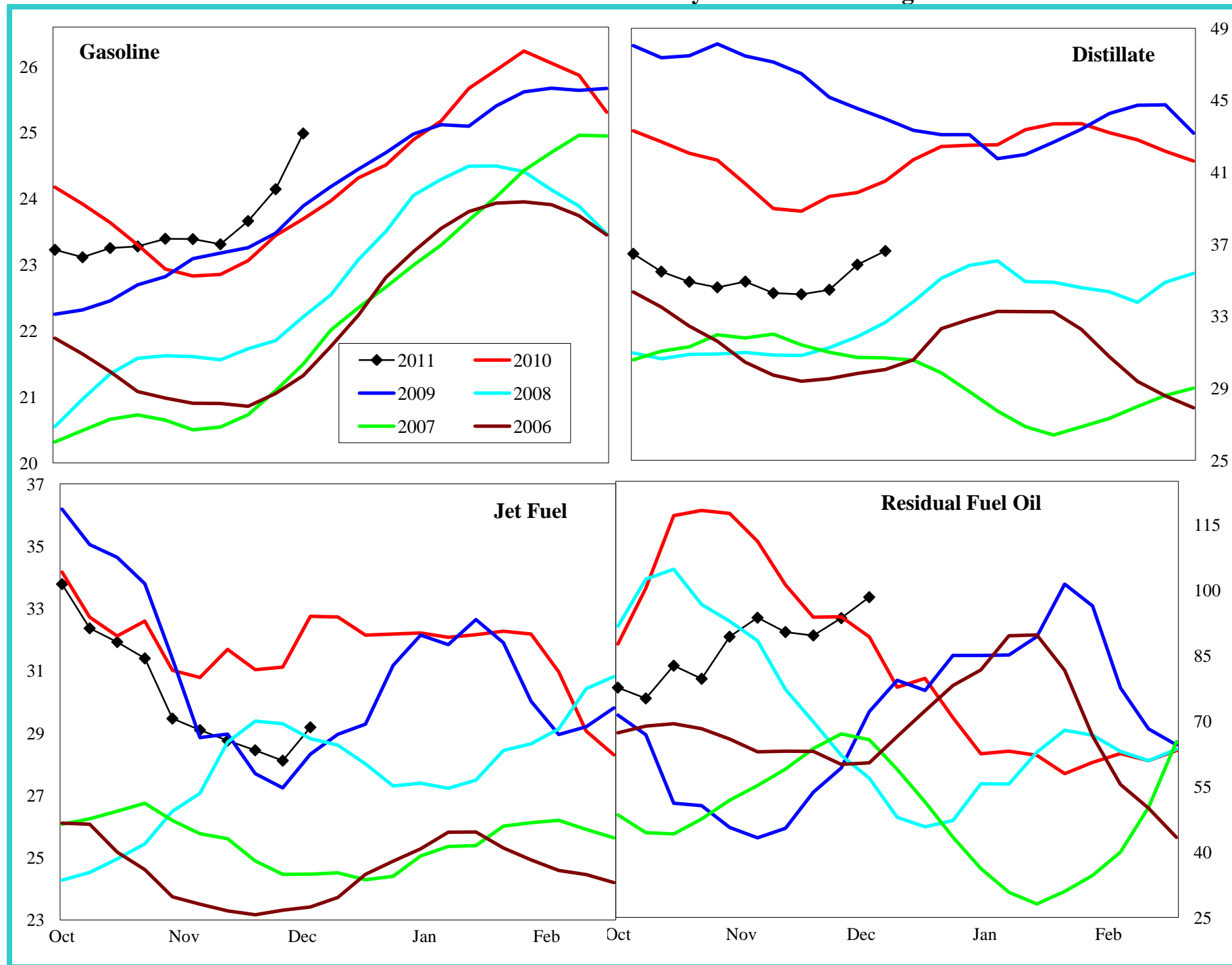
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	9-Dec-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-1,932	-894	840	-5,032	-162	3,315
	Imports	-1,114	-379	-113	-379	-1	-242
	Input	-590	53	-101	-291	-7	-243
	% Utilization	-2.60					
Gasoline	Stocks	3,824	1,879	1,754	105	-120	206
	Production	417	121	-135	85	-16	207
	Imports	-44	-83	-2	86	0	-45
	Supplied	92					
Distillate	Stocks	480	-1,454	30	1,824	244	-165
	Production	-56	18	-16	-28	-3	-27
	Imports	-80	-63	-1	20	0	-36
	Supplied	33					
Jet Fuel	Stocks	-201	-801	-103	1,201	-59	-439
	Production	-5	-20	-19	48	-3	-10
	Imports	-19	-18	0	4	0	-5
	Supplied	25					
Residual Fuel Oil	Stocks	1,446	77	-111	1,213	-8	274
	Production	-58	3	5	-63	0	-4
	Imports	-30	-153	3	148	0	-28
	Supplied	-106					

United States Wholesale Petroleum Demand

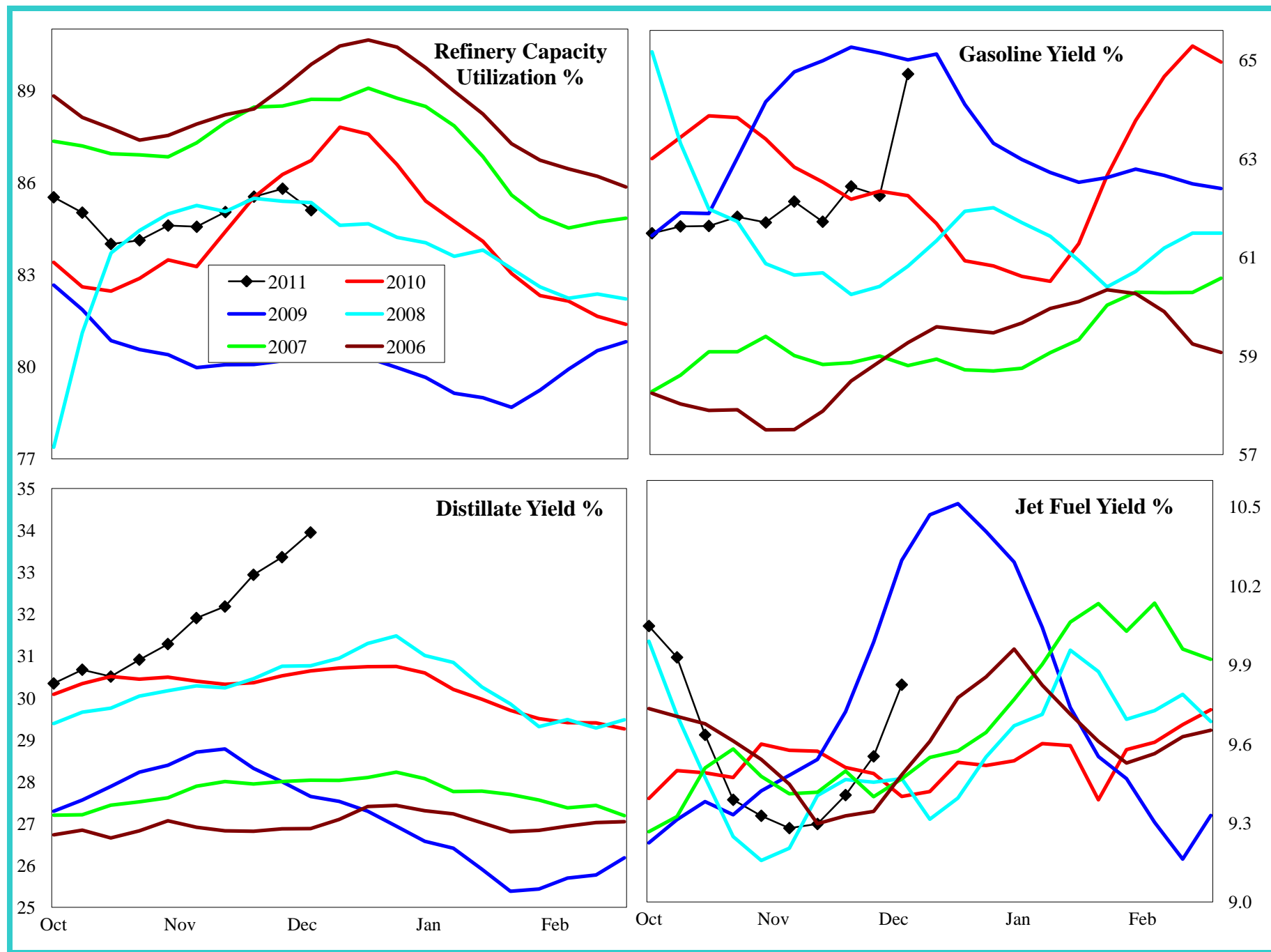


	000 bpd change from prior year				% change from prior year			
	4wk avg	Nov	Jan	Jan	4wk avg	Nov	Oct	Sep
Gasoline	-404	-152	-359	-359	-4.5	-1.7	-4.0	-3.9
Distillate	69	92	446	43	1.8	2.4	11.8	1.1
Jet Fuel	-37	81	-14	-40	-2.5	5.8	-1.0	-2.7
Resid	-74	-214	-202	-31	-14.3	-38.8	-41.3	-6.0

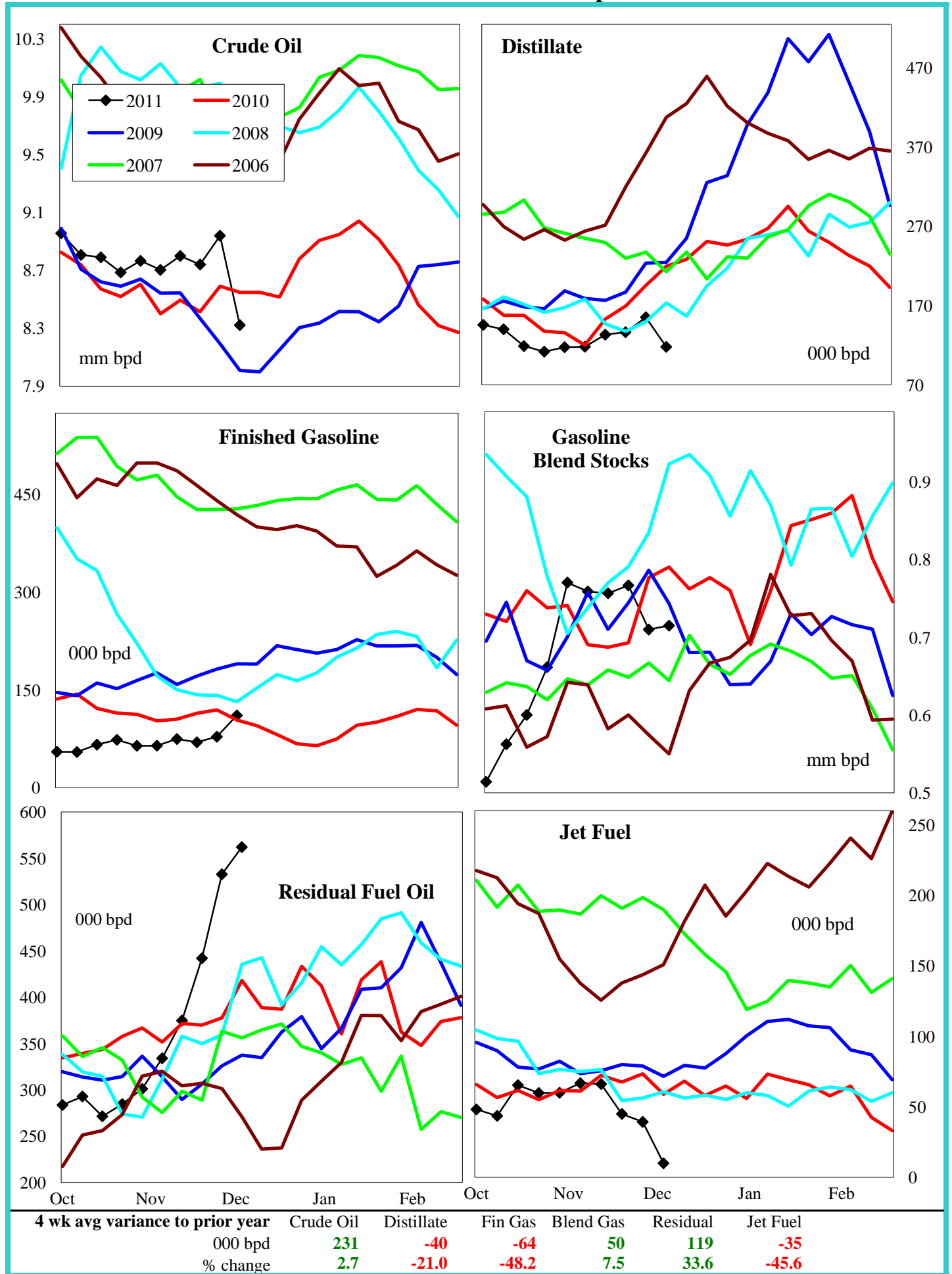


United States Product Stocks: Days Forward Coverage

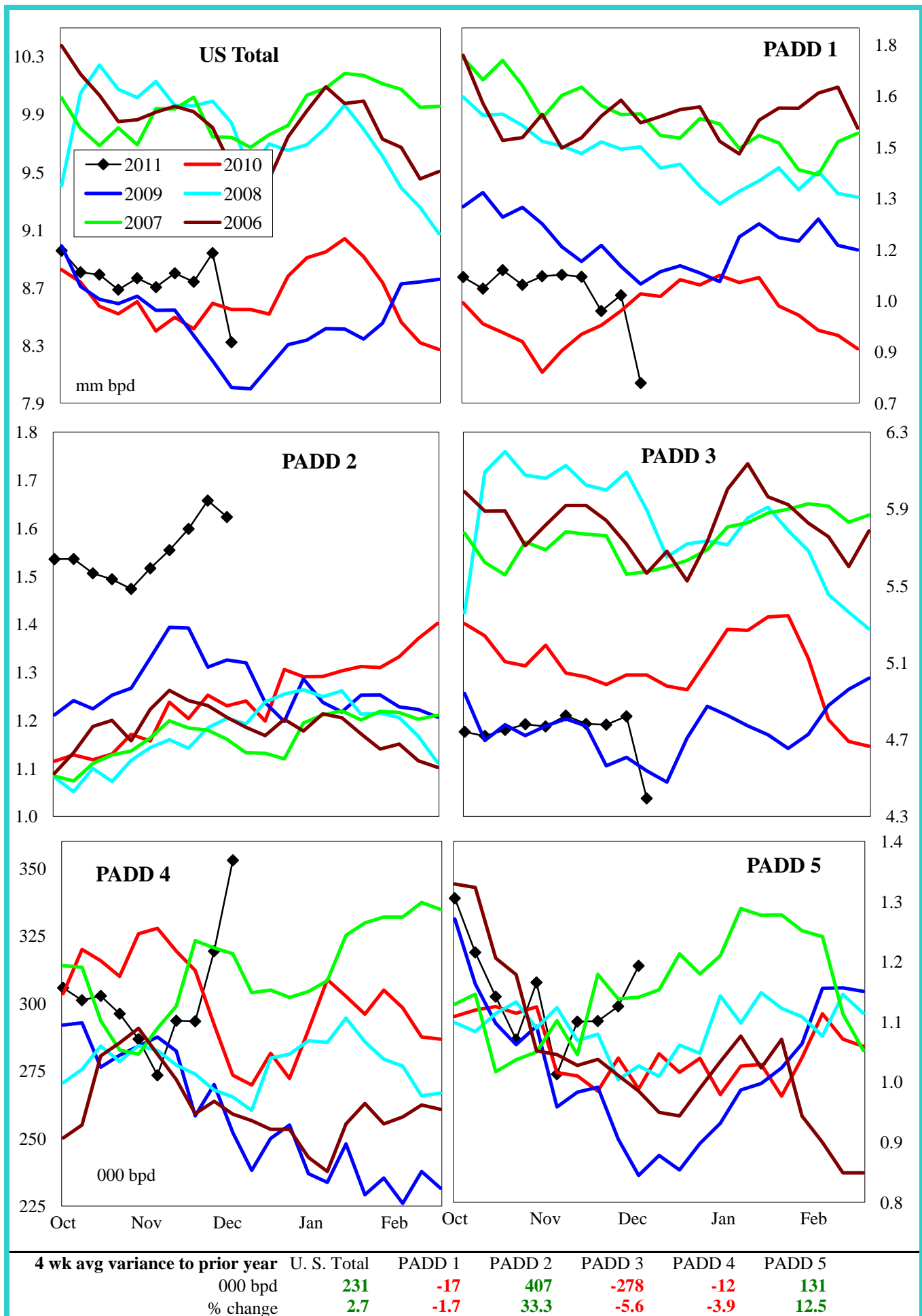
United States Refinery Percent Utilization Rate and Product Yields



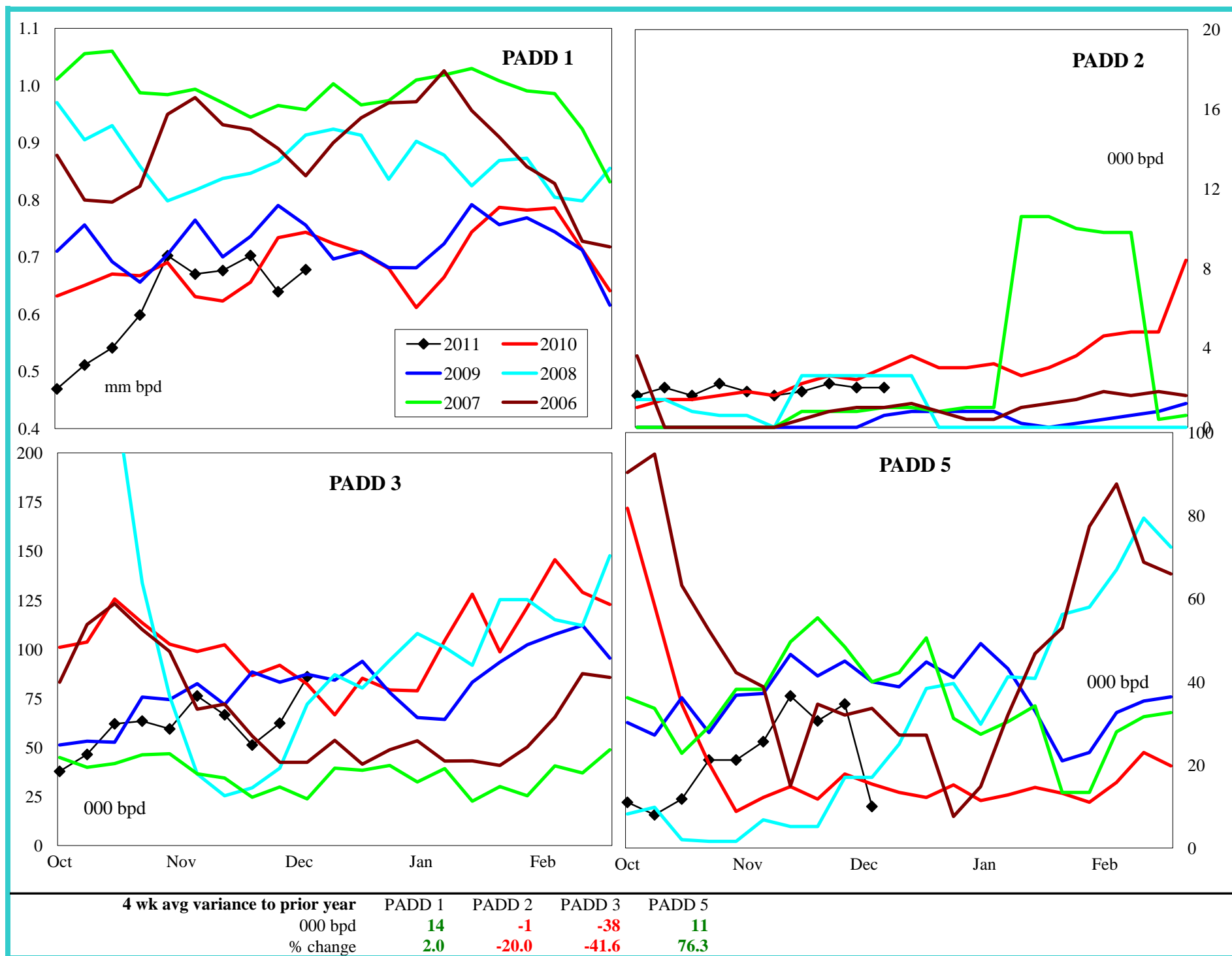
United States Petroleum Imports



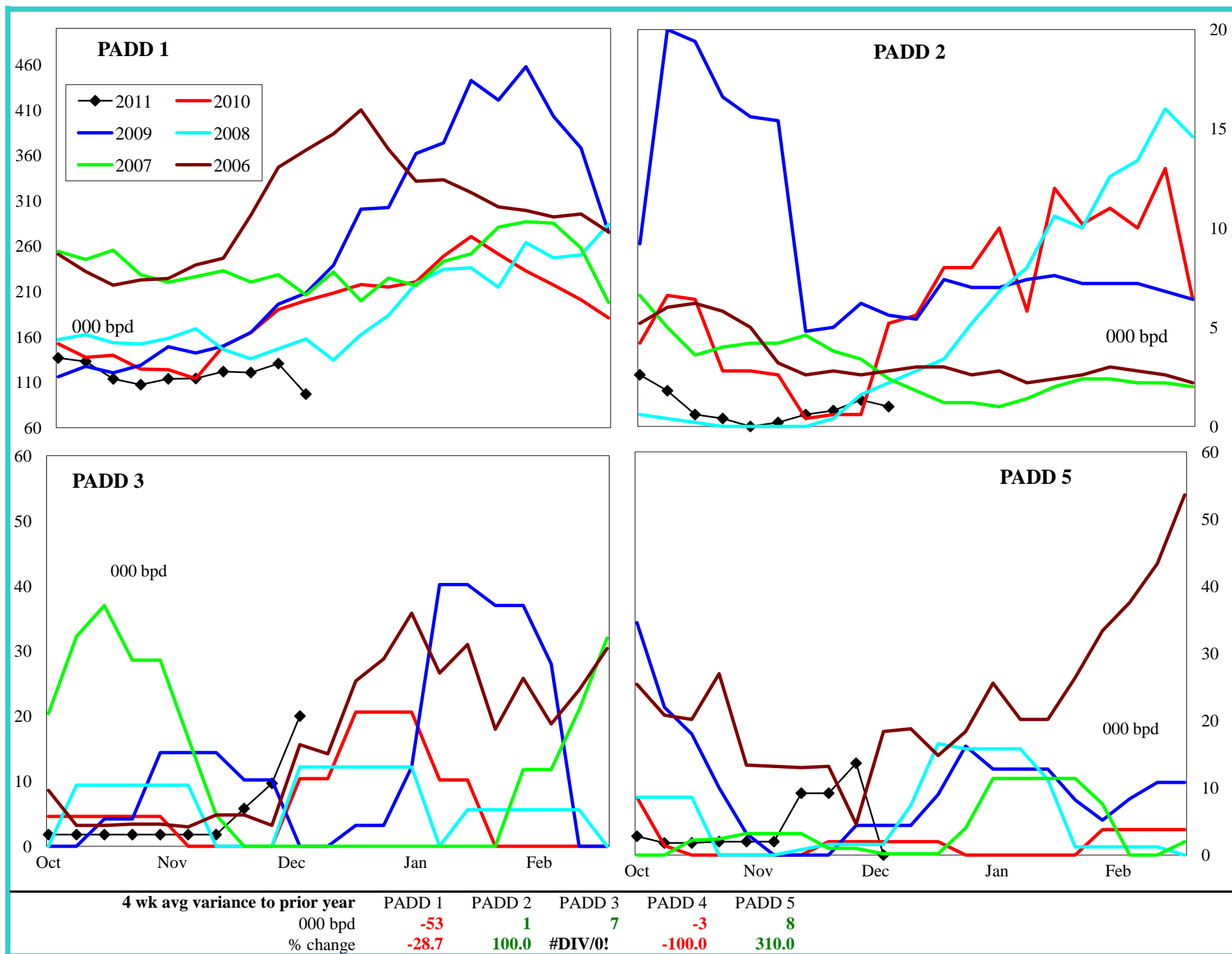
Crude Oil Imports by PADD



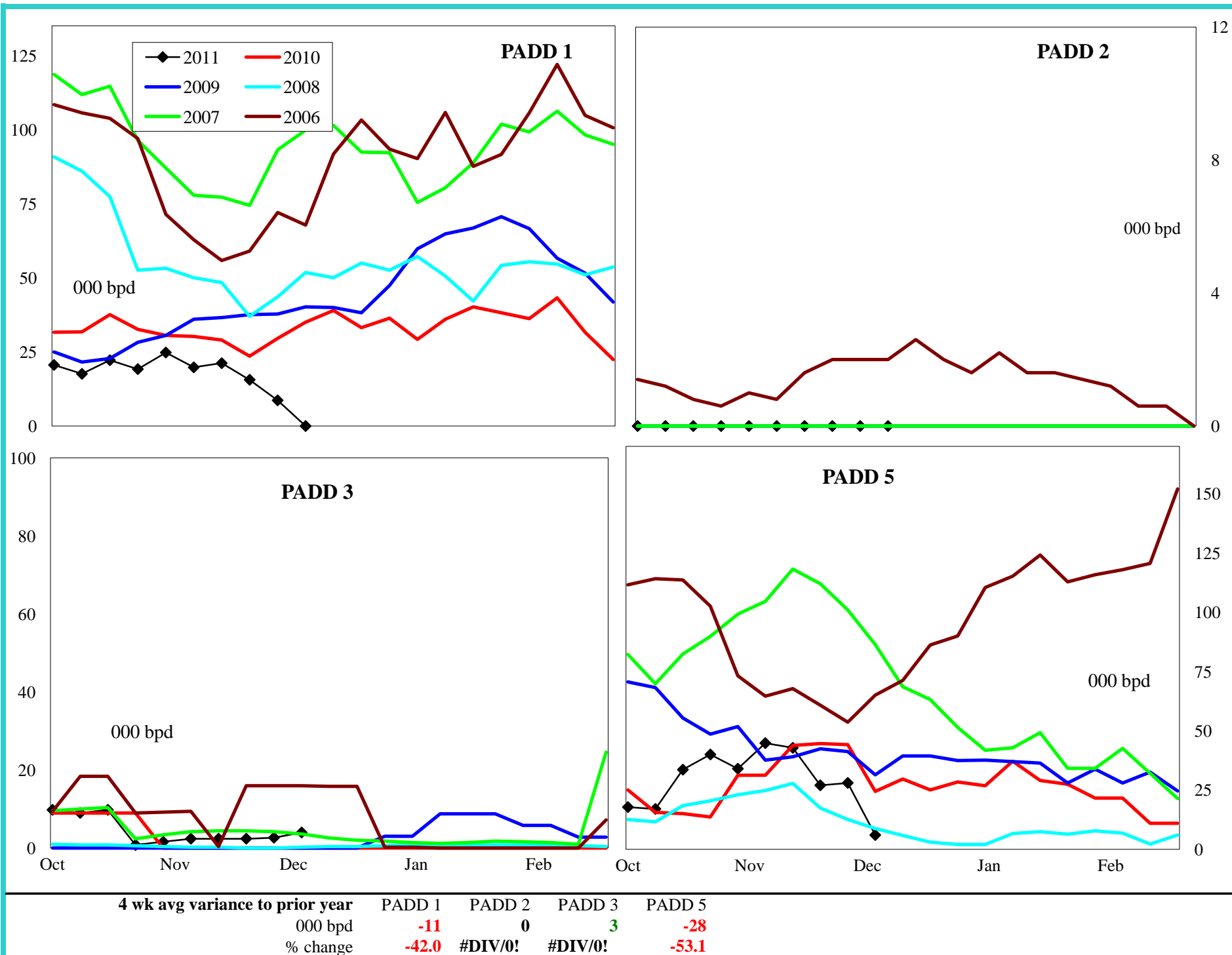
Gasoline Imports by PADD (Finished + Blend Stocks)

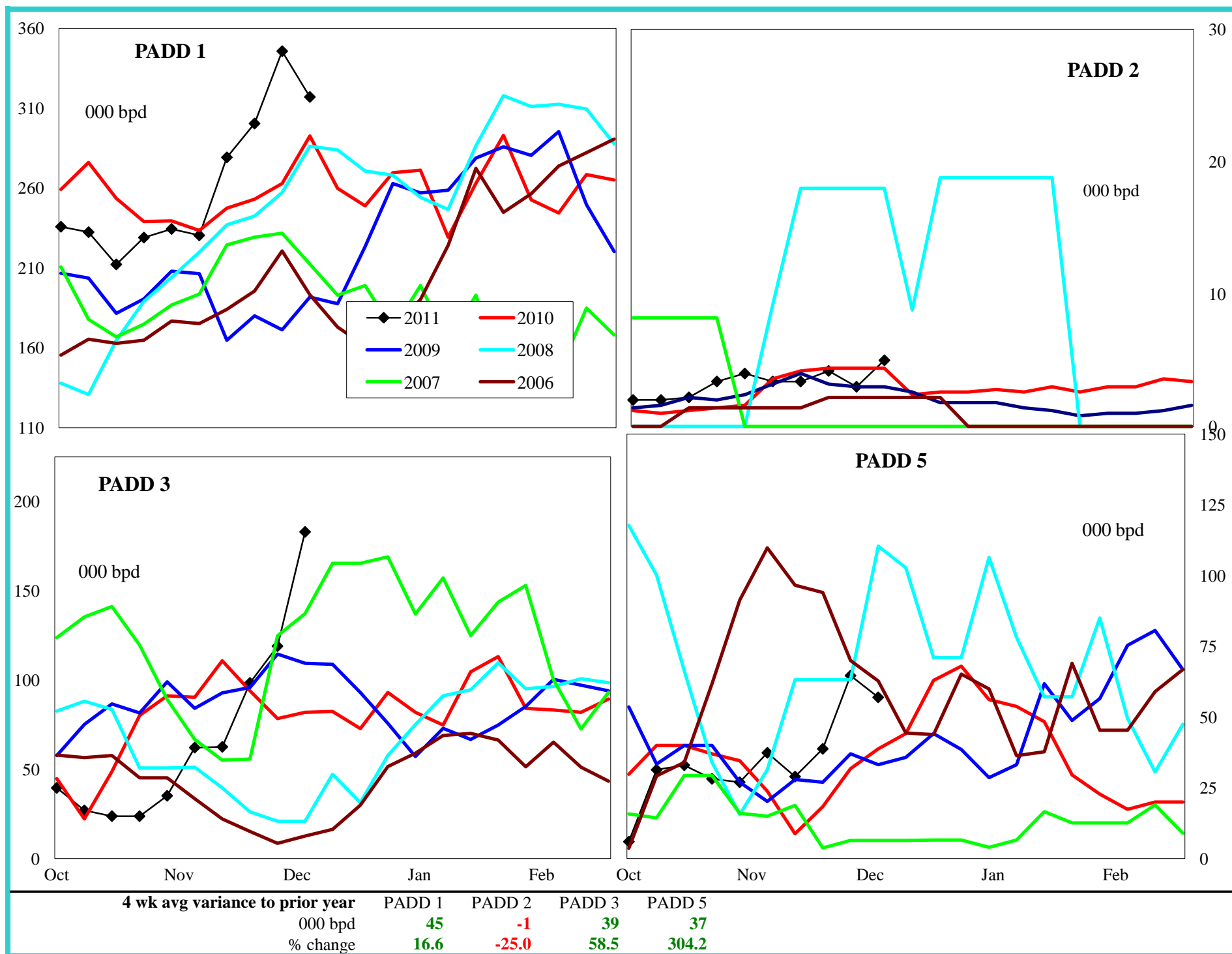


Distillate Imports by PADD

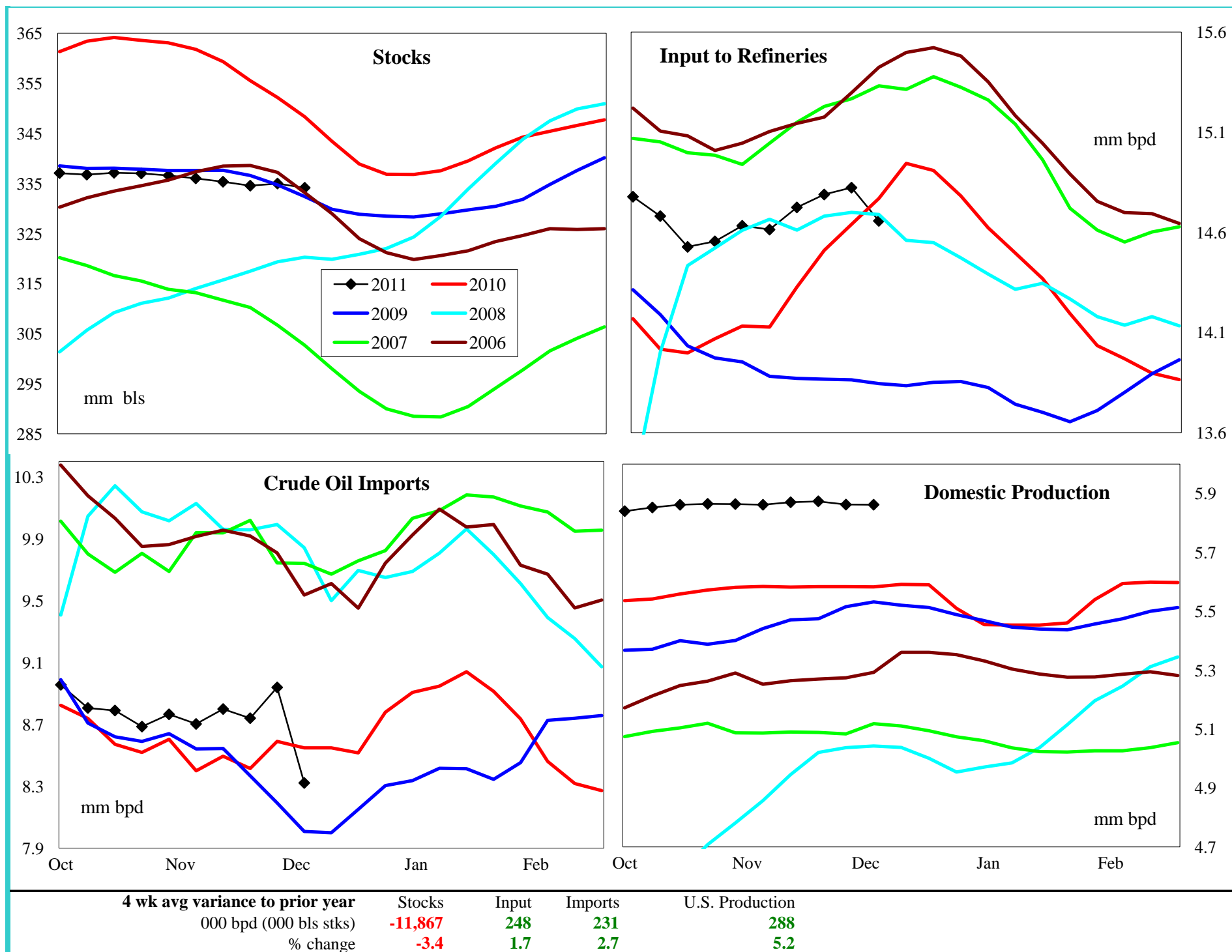


Jet Fuel Imports by PADD

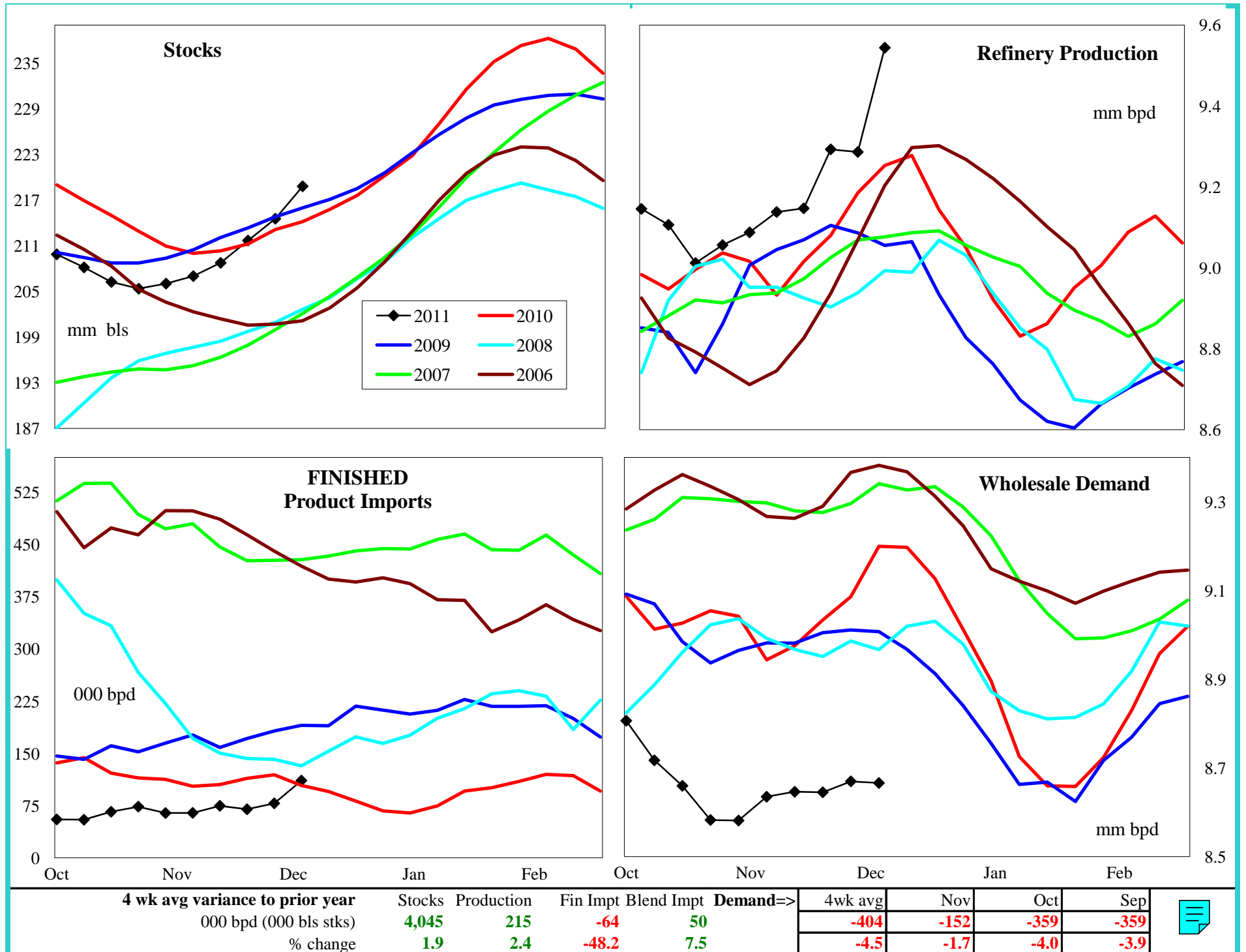




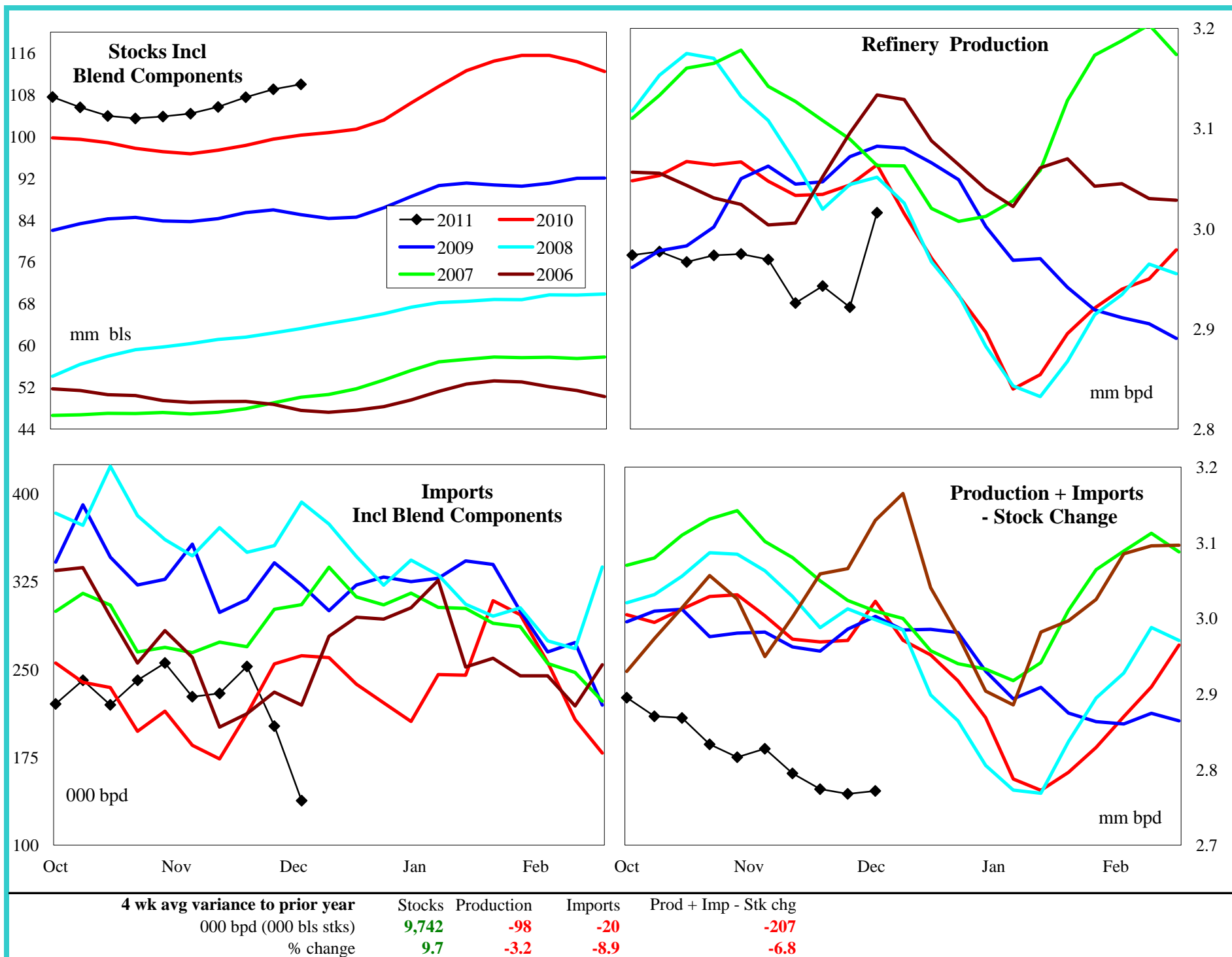
United States Crude Oil Supply and Demand Balance



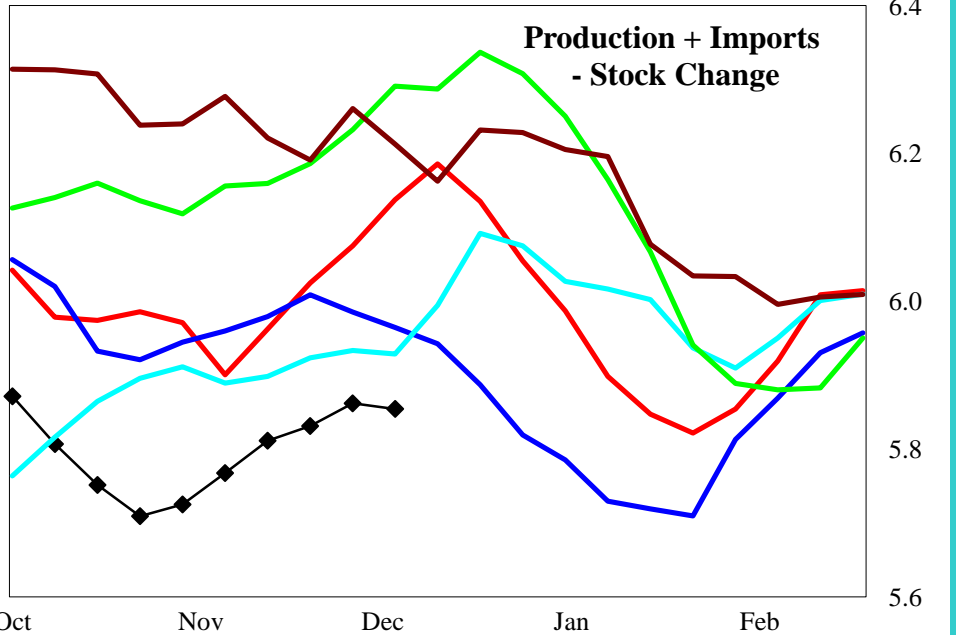
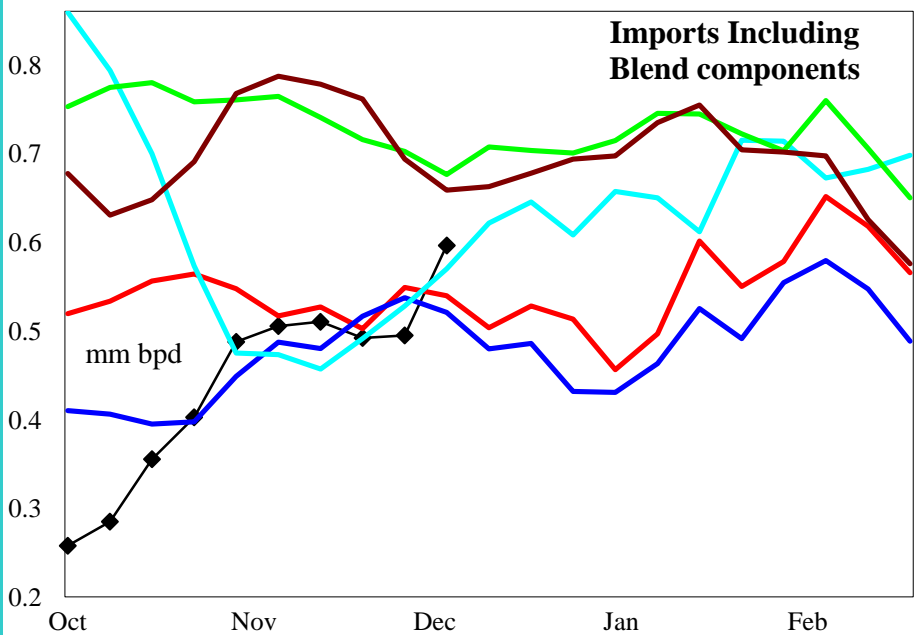
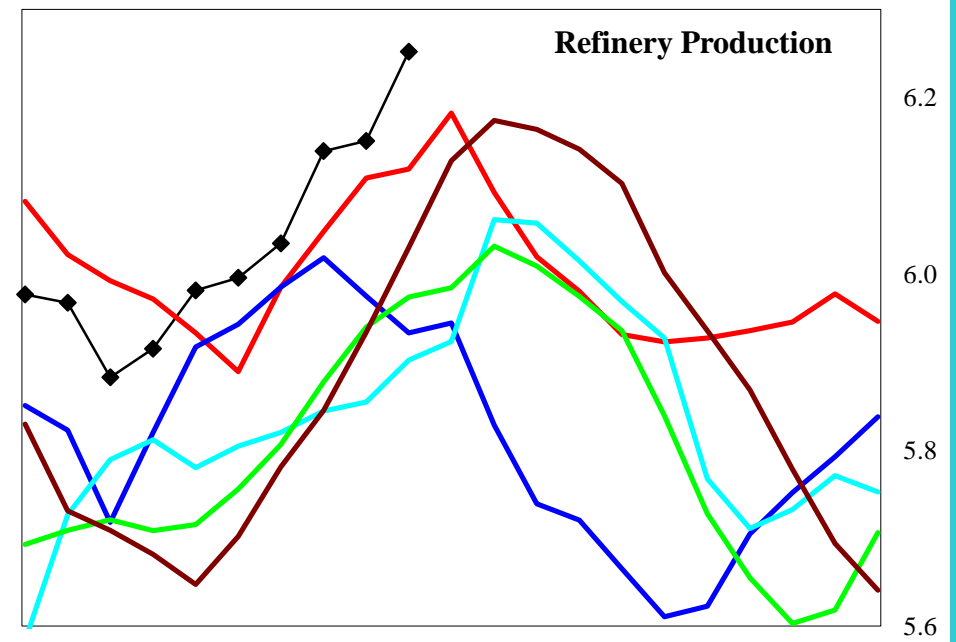
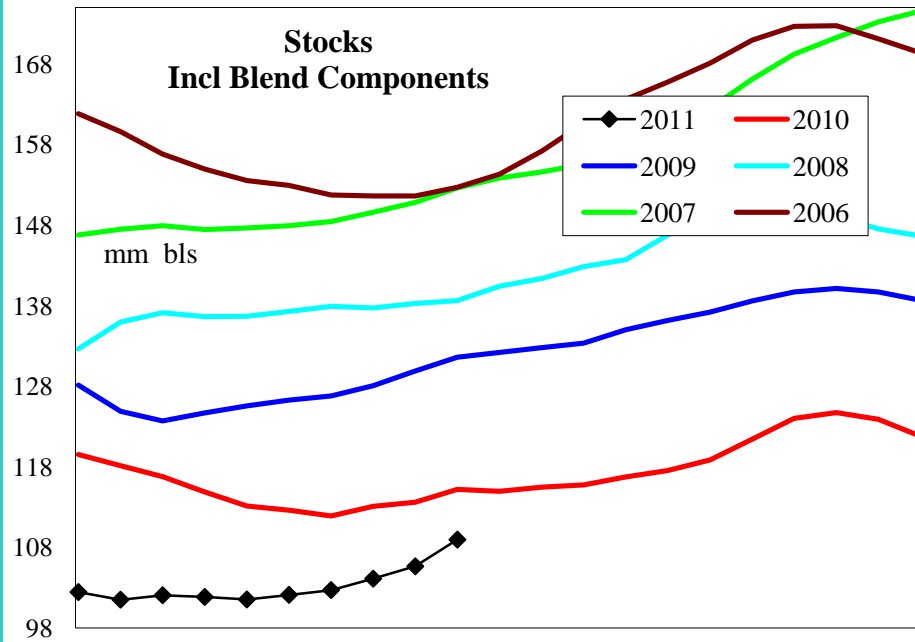
United States Gasoline Supply and Demand Balance



United States Reformulated Gasoline Supply



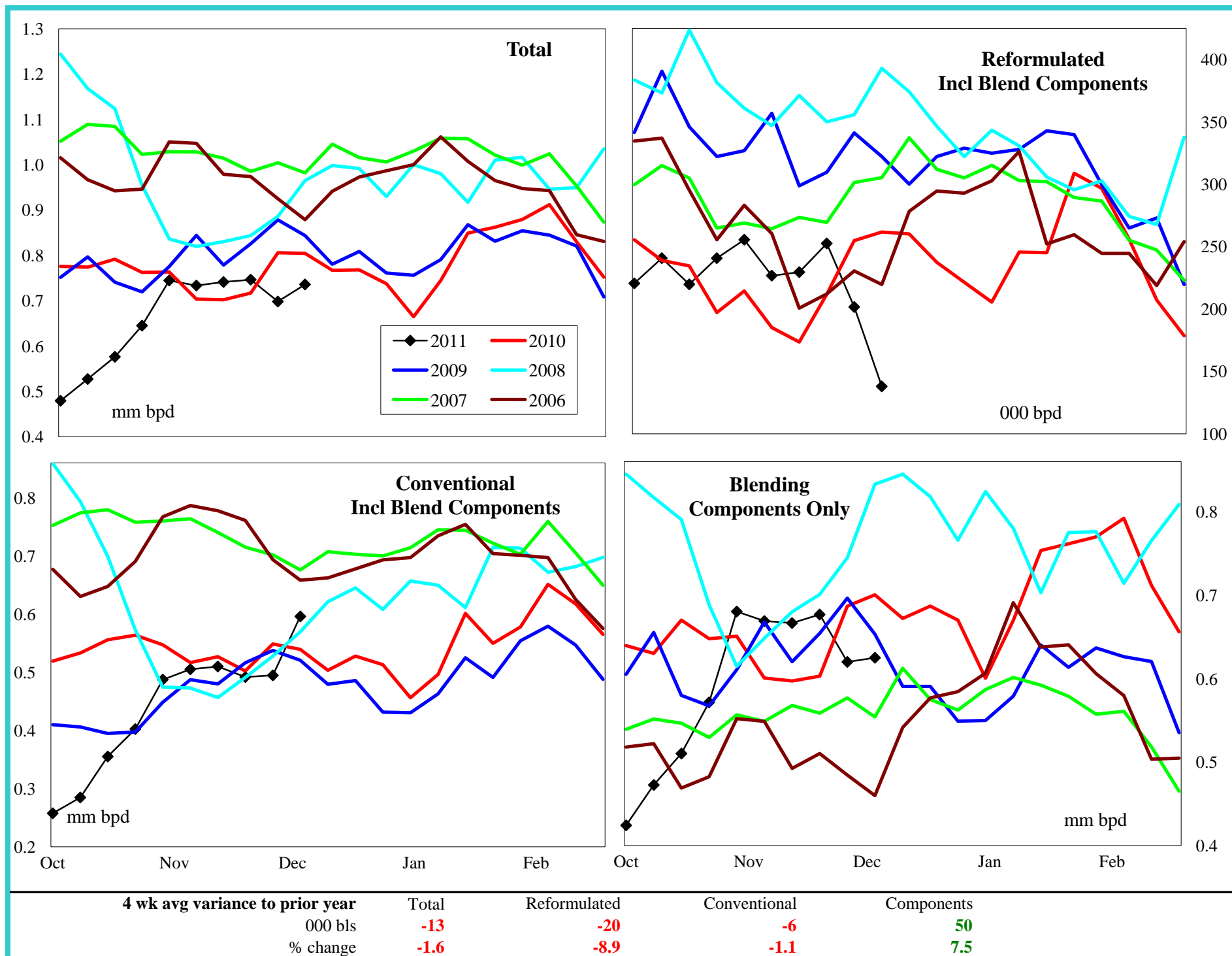
United States Conventional Gasoline Supply



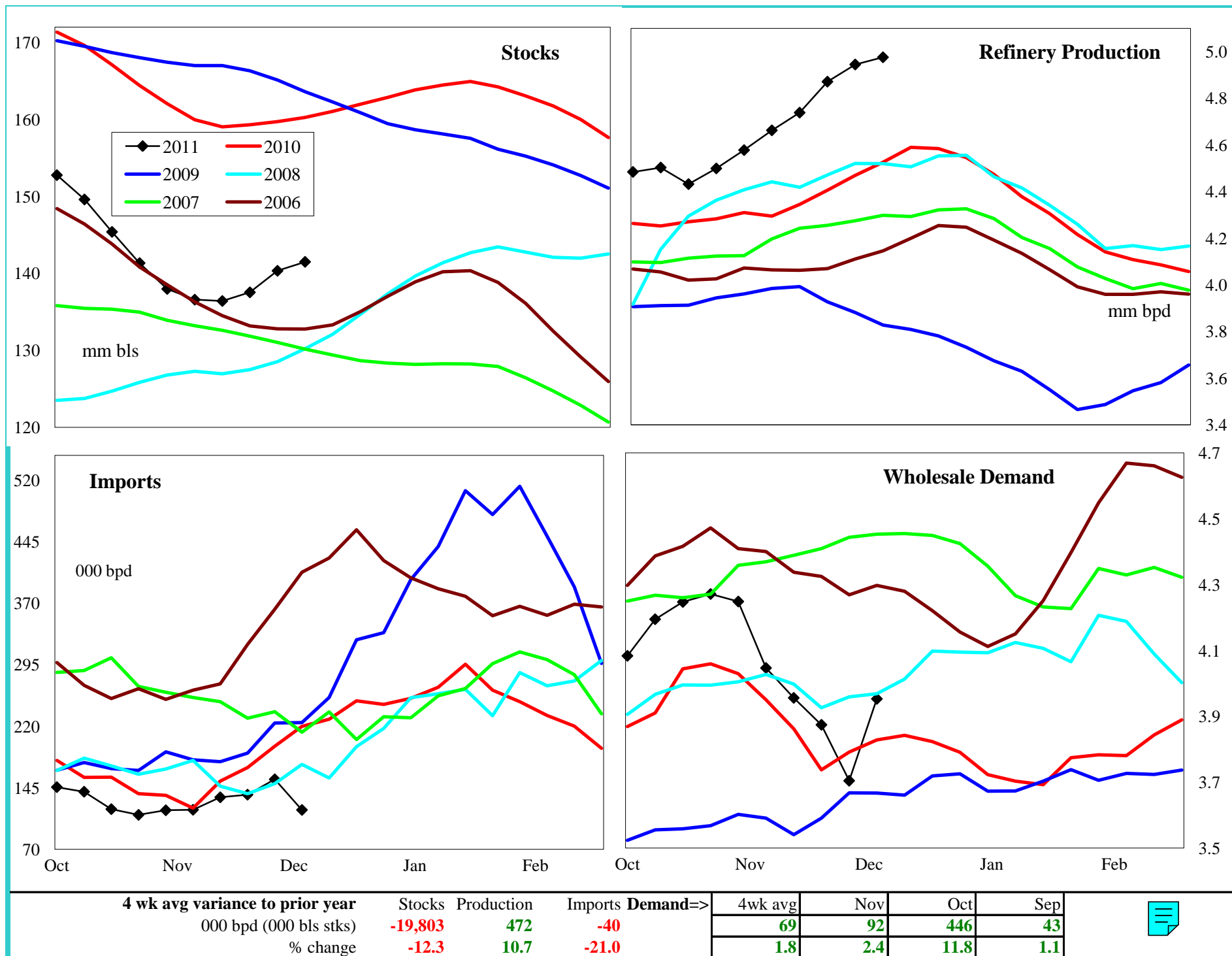
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
-6,235	91	-6	-210
-5.4	1.5	-1.1	-3.5

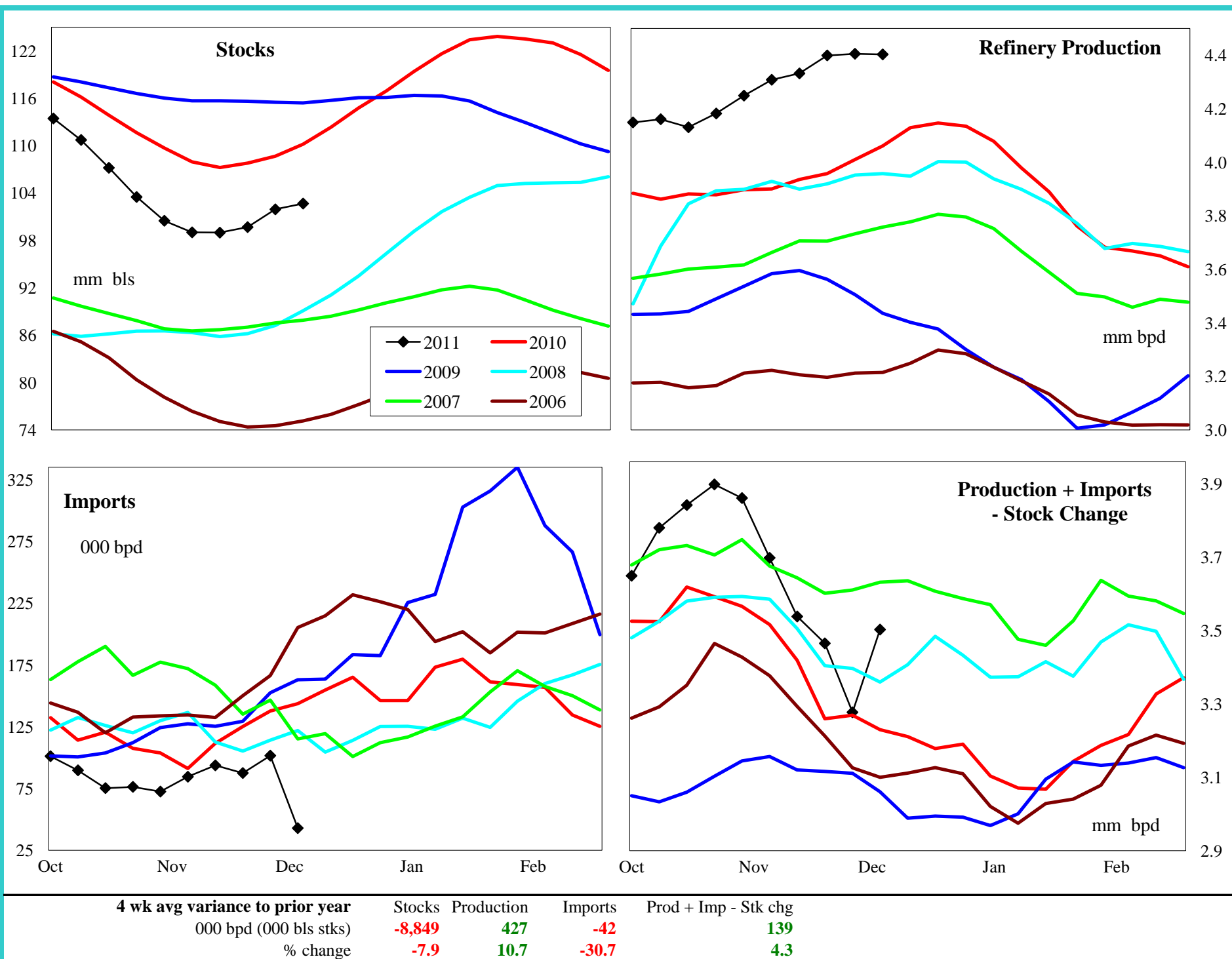
United States Gasoline Imports by Type



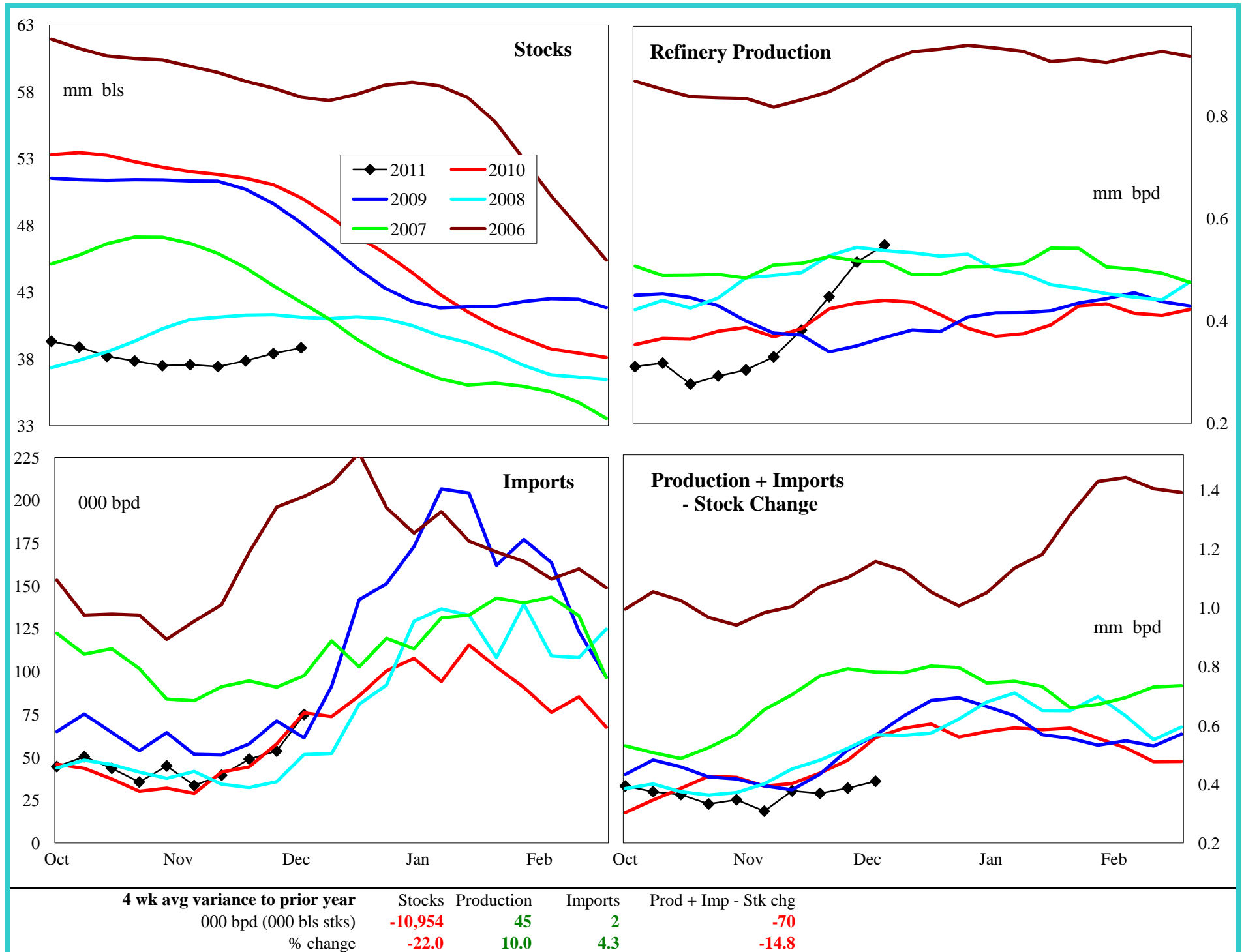
United States Distillate Supply and Demand Balance



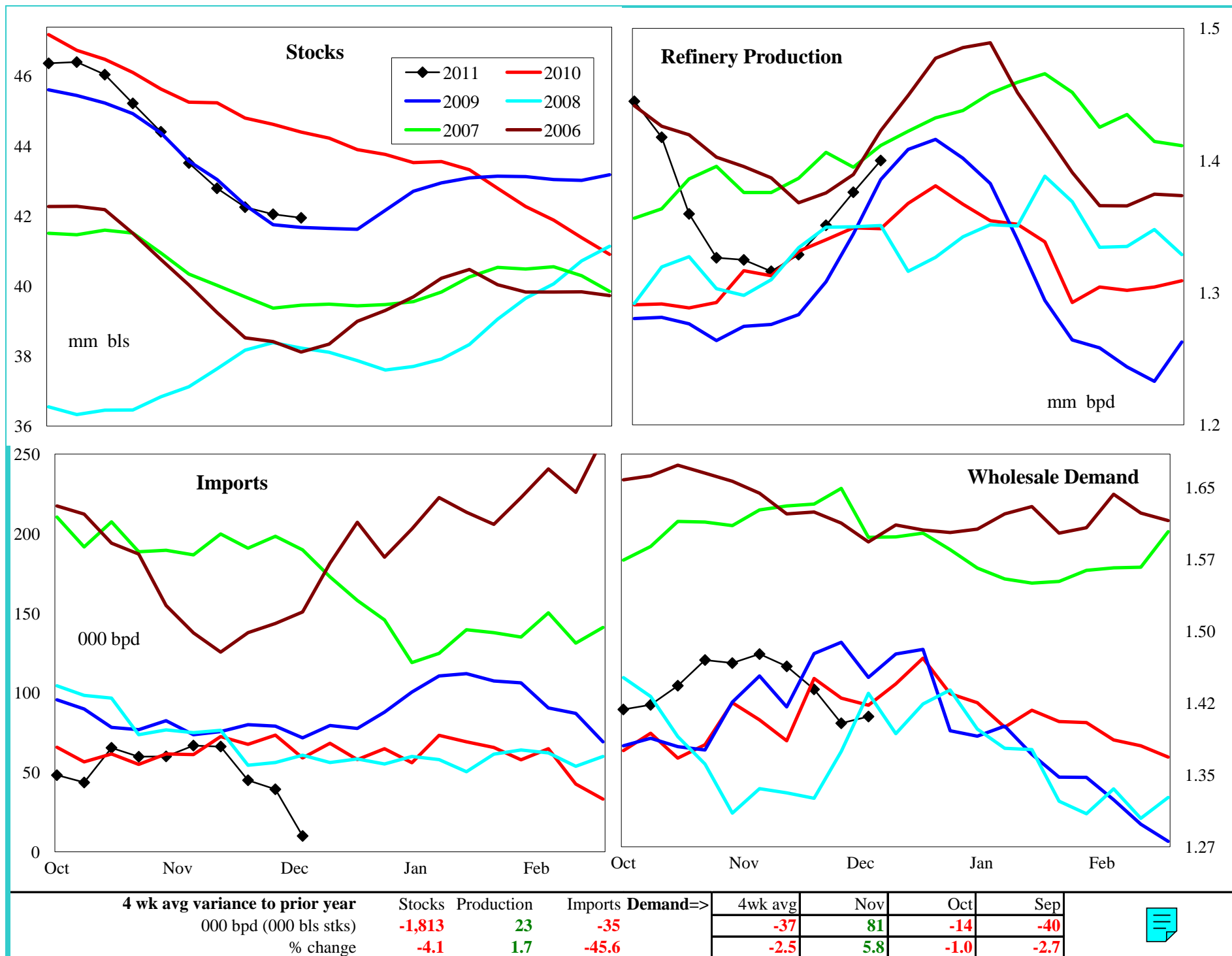
United States Low Sulfur Distillate Supply



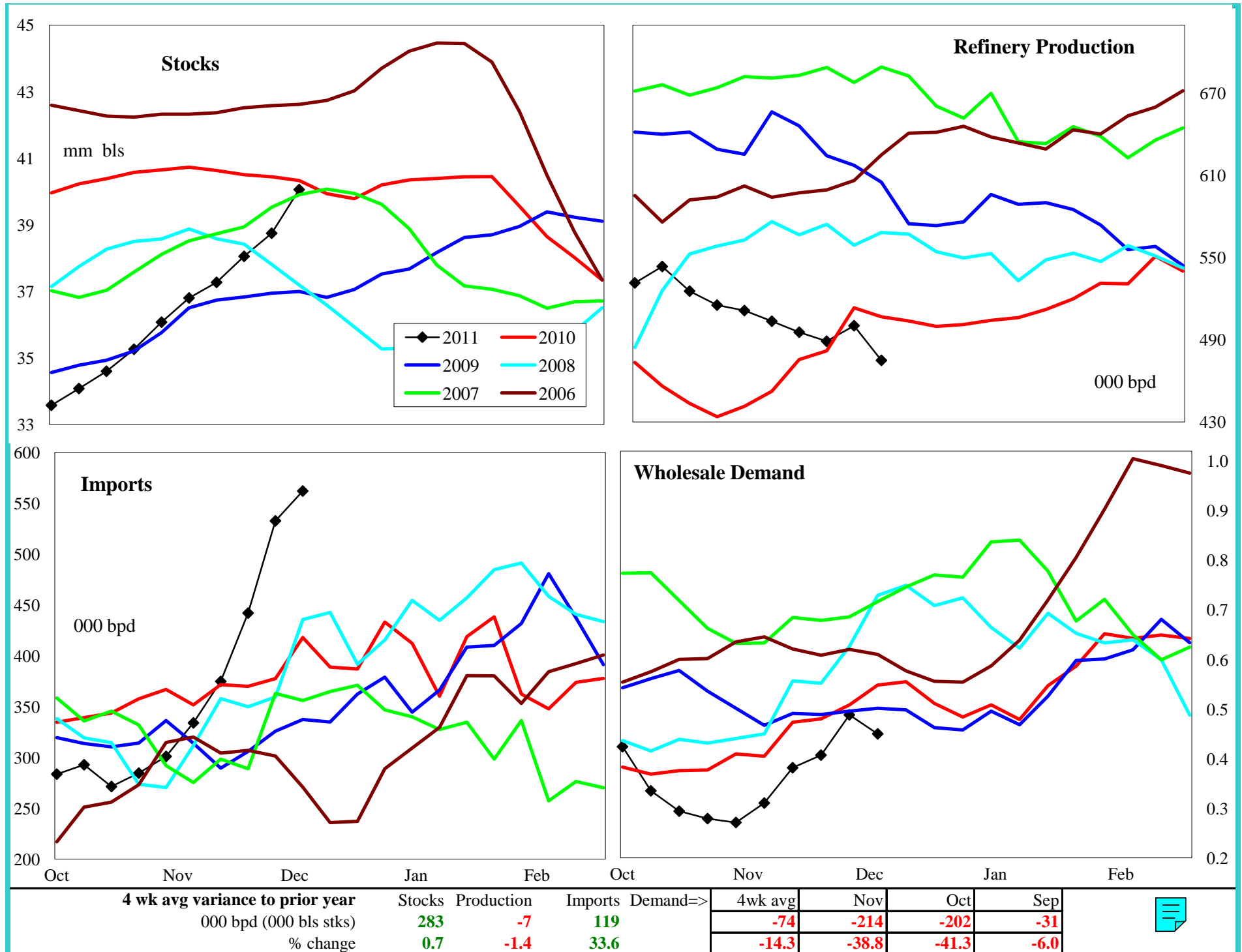
United States High Sulfur Distillate Supply



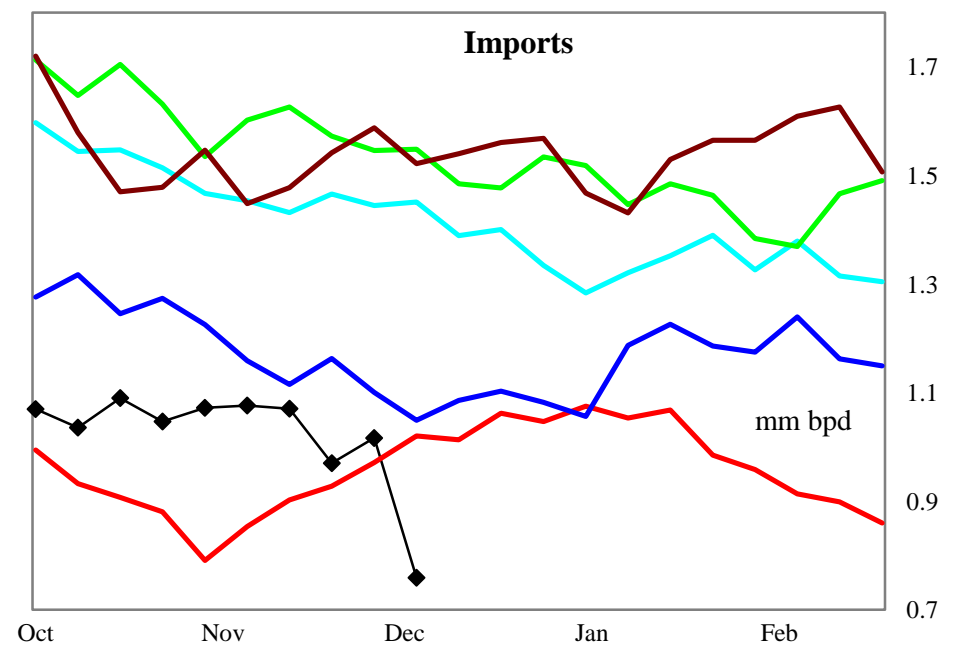
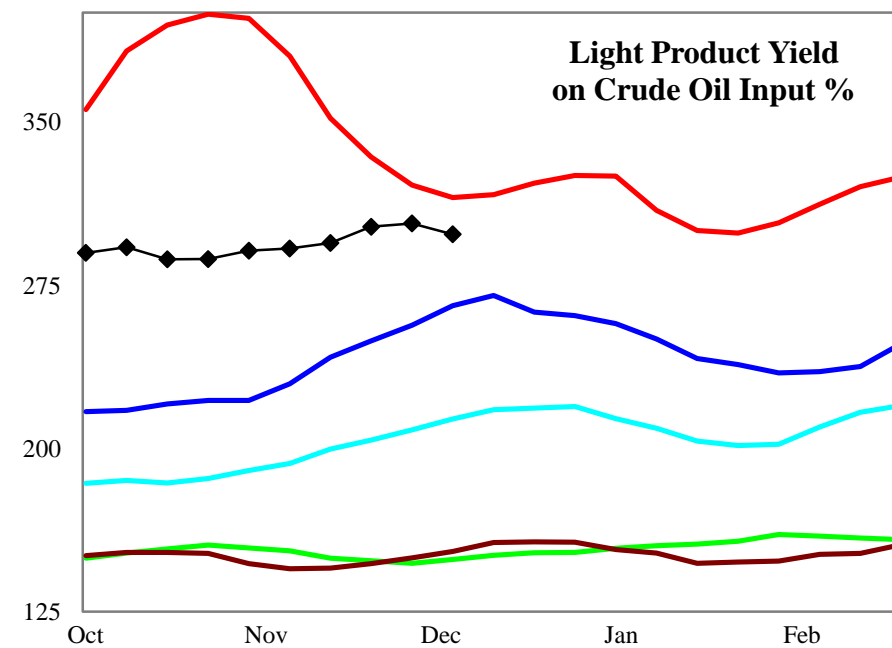
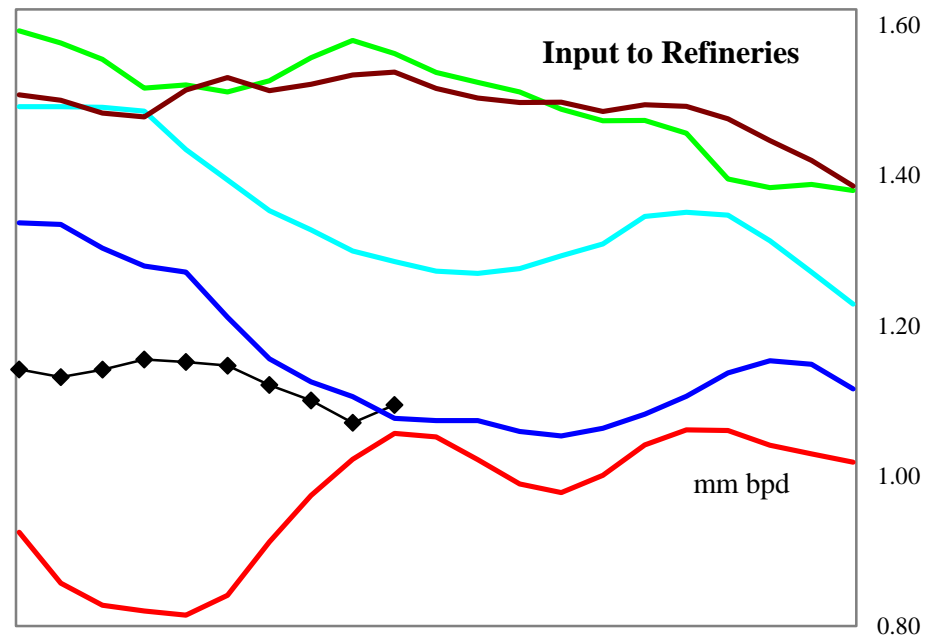
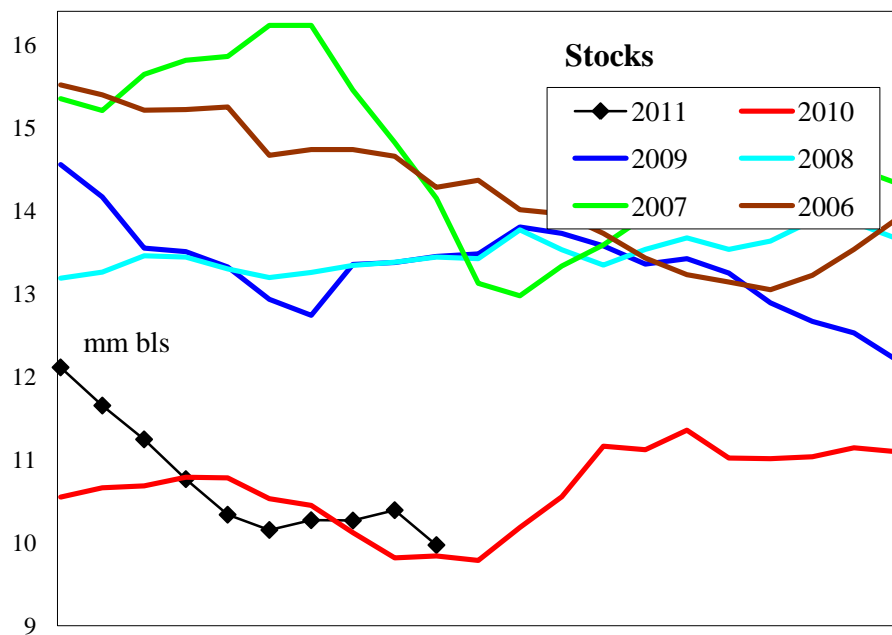
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



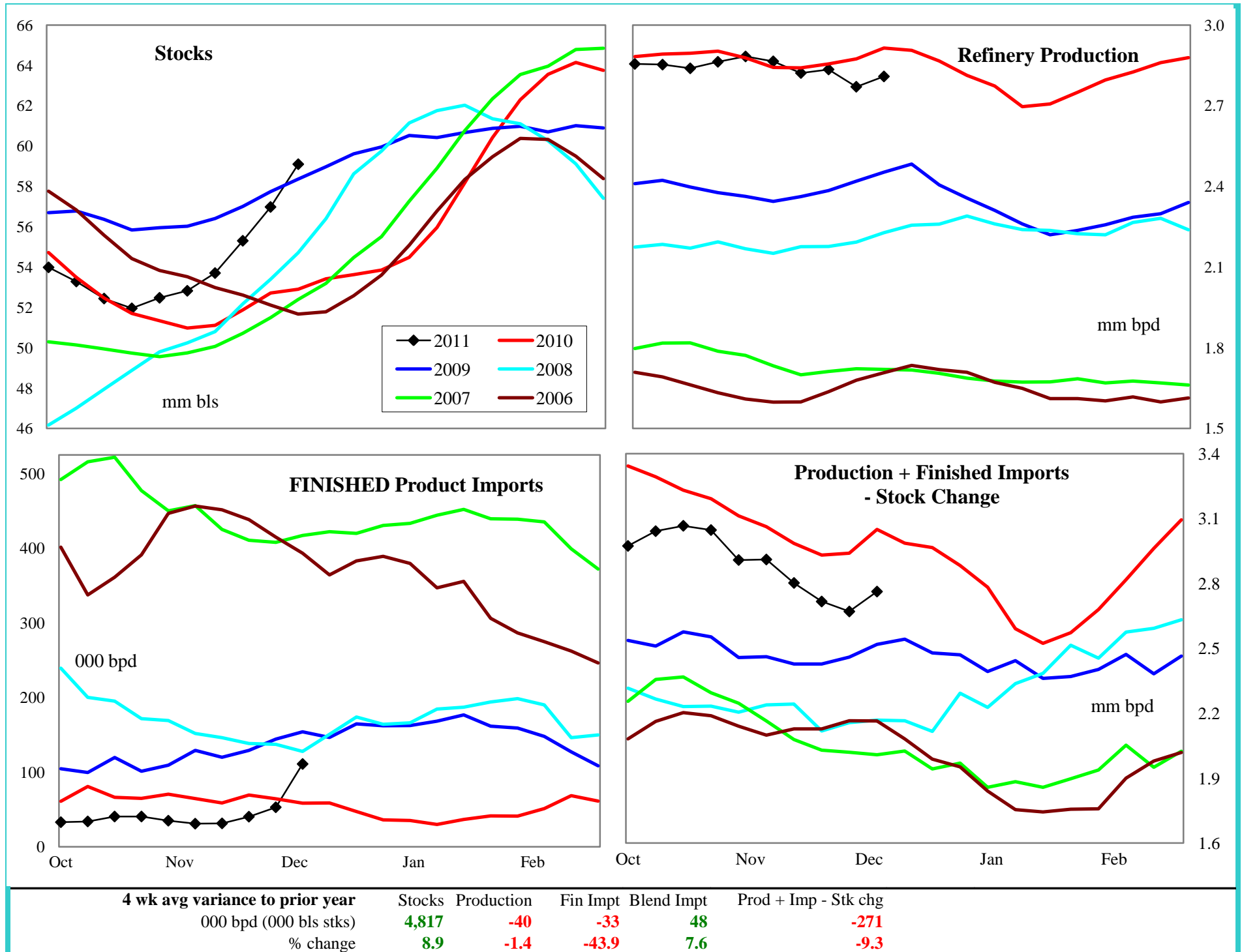
PADD 1 Crude Oil Supply and Refining



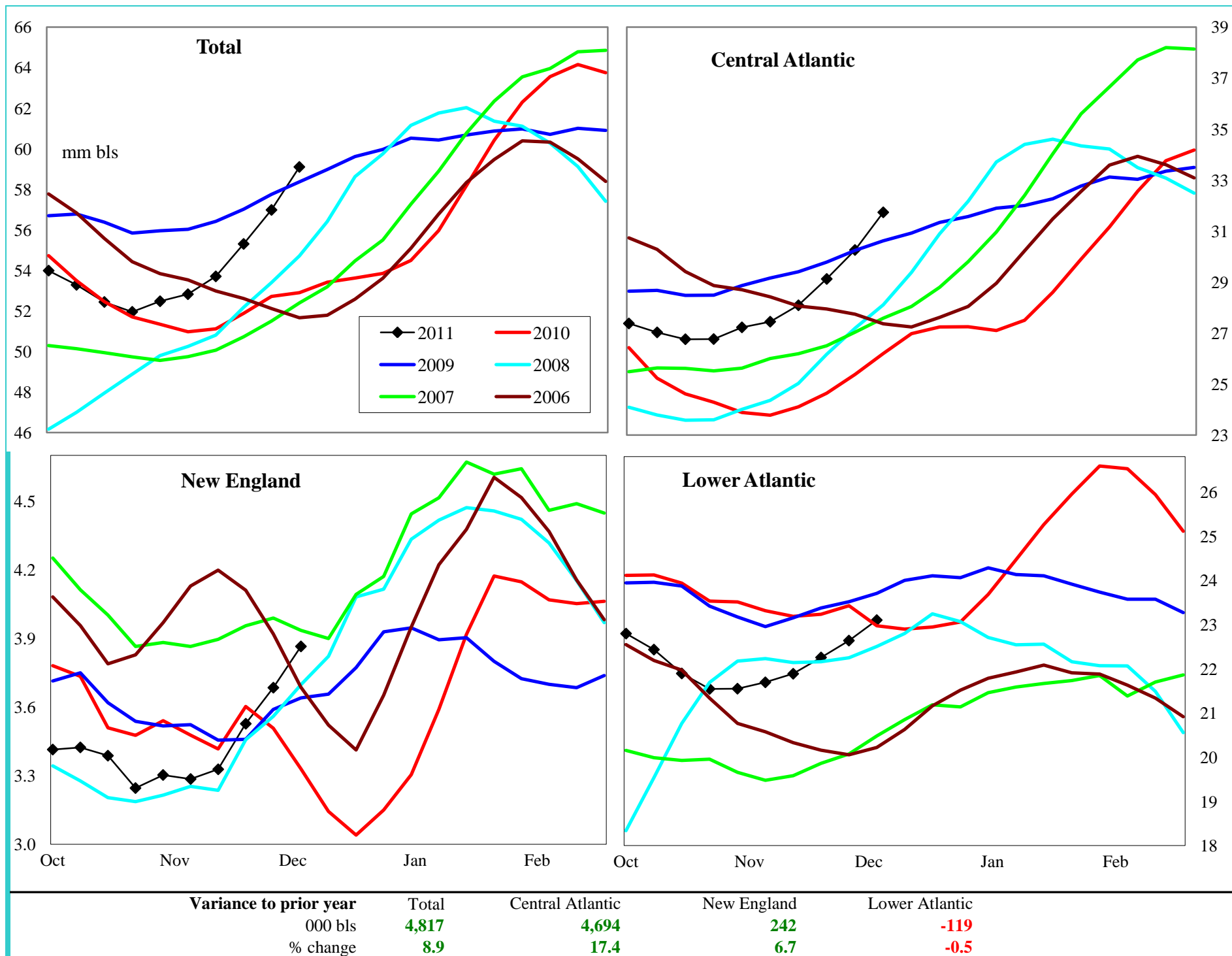
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Input	Imports
000 bpd (000 bls stks)	131	72	-17
% change	1.3	7.1	-1.7

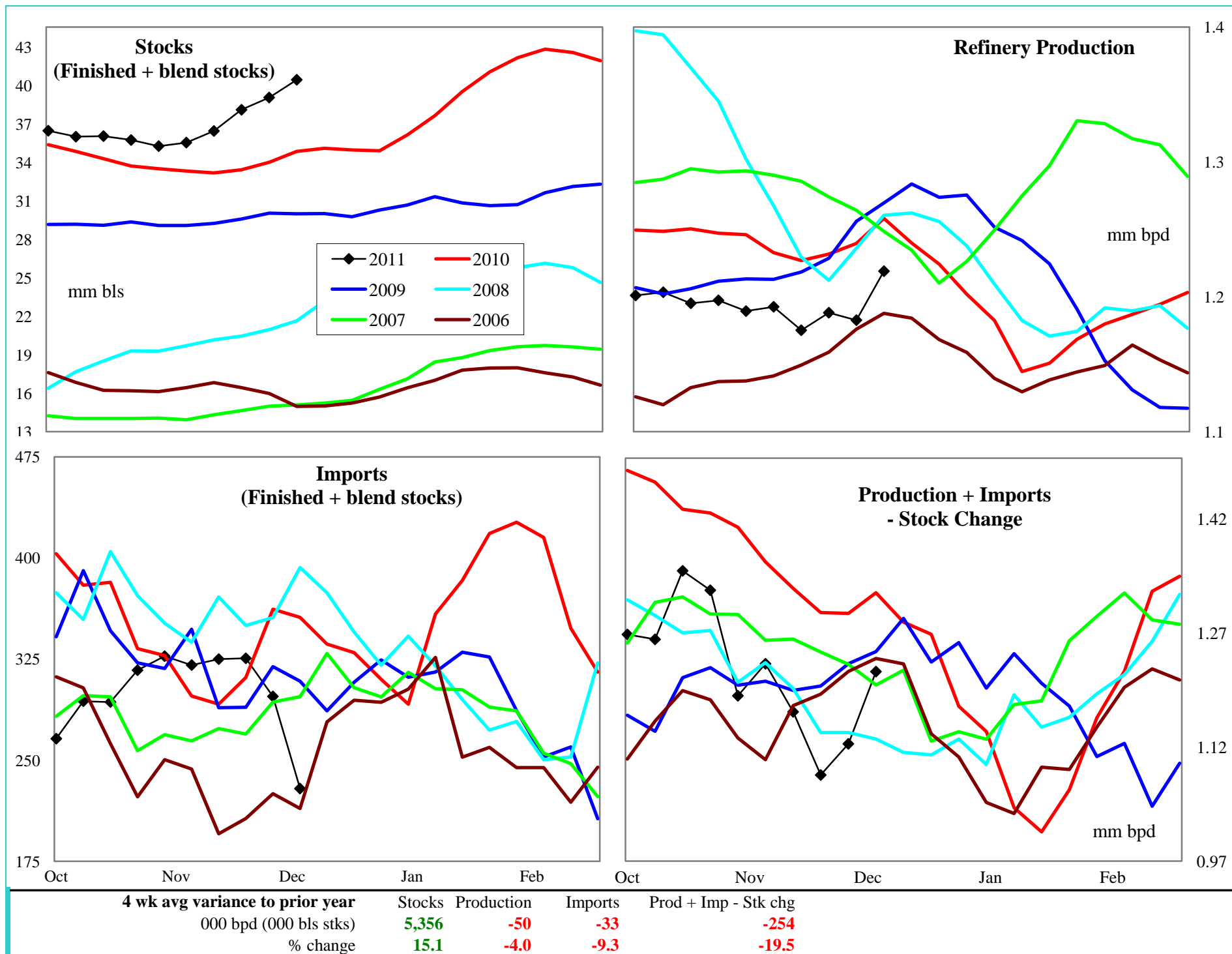
PADD 1 Gasoline Supply



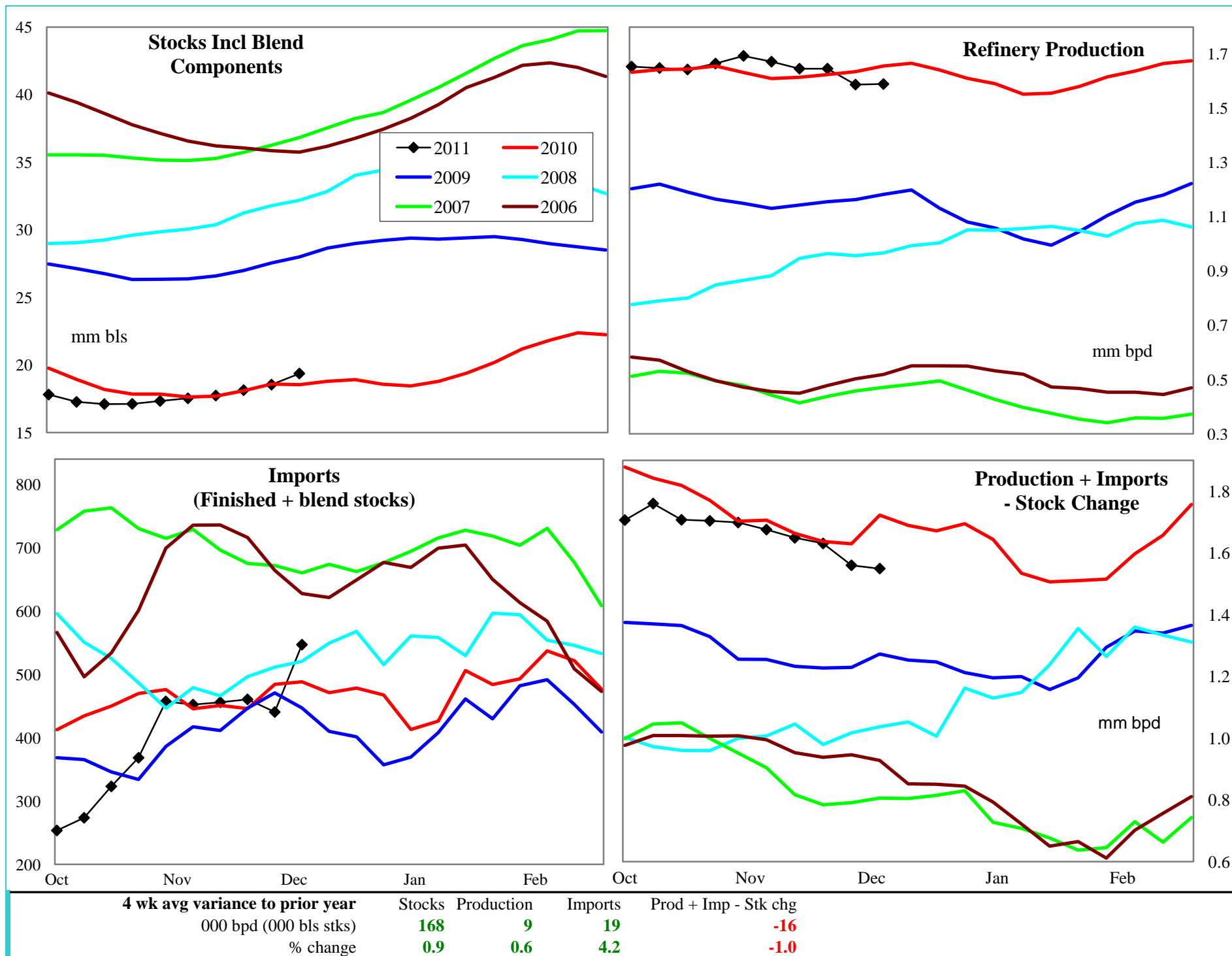
PADD 1 Gasoline Stocks by Region



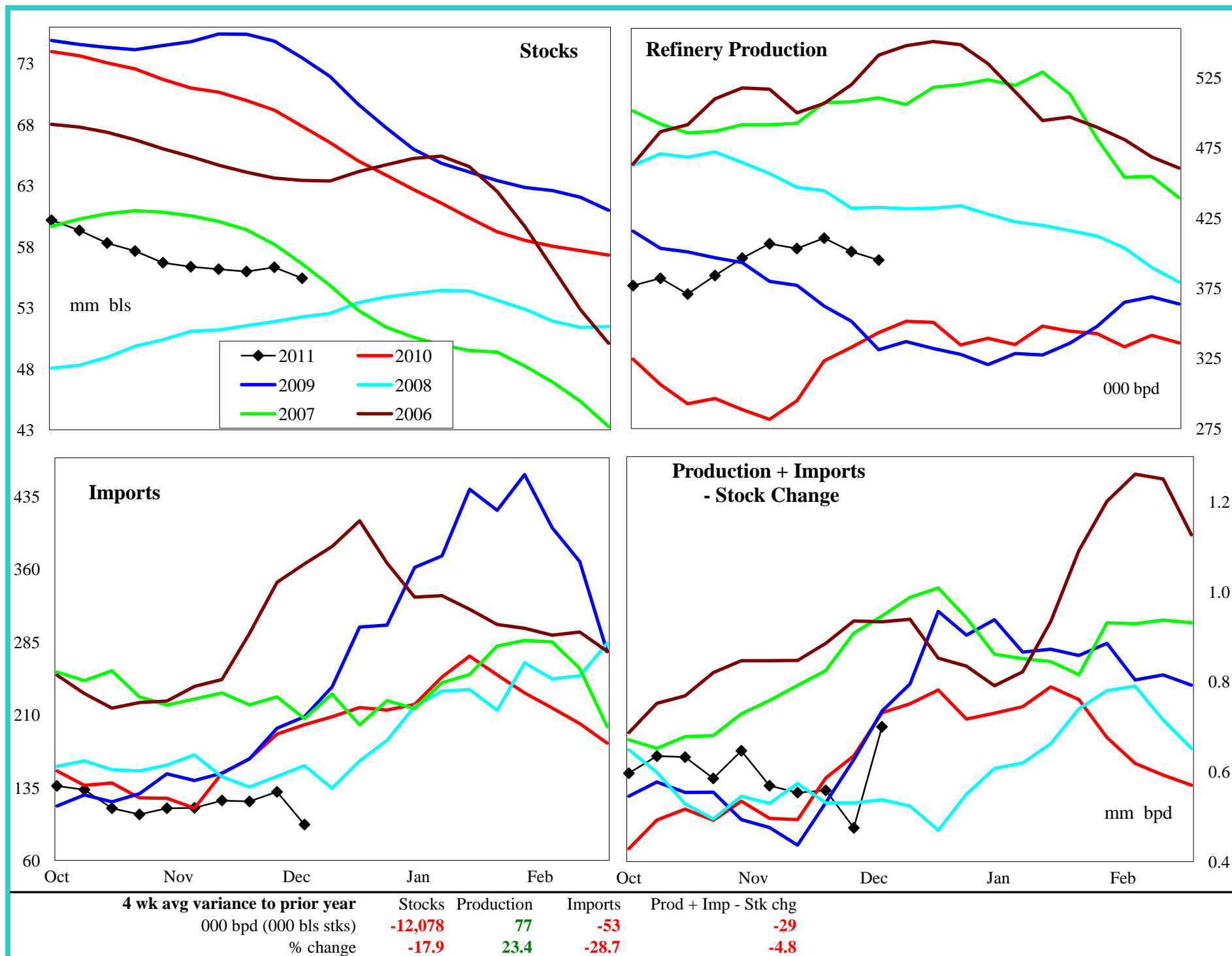
PADD 1 Reformulated Gasoline Supply



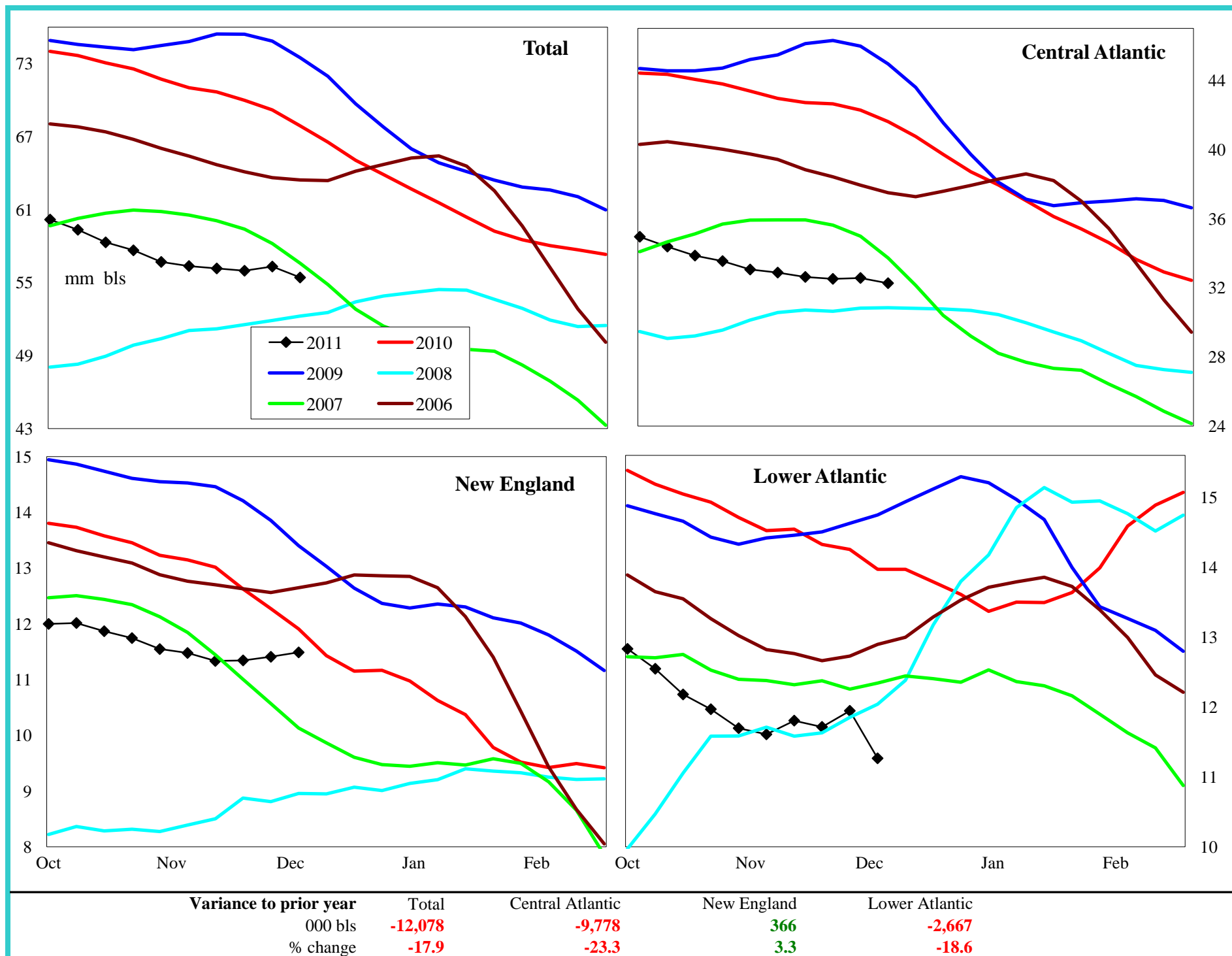
PADD 1 Conventional Gasoline Supply



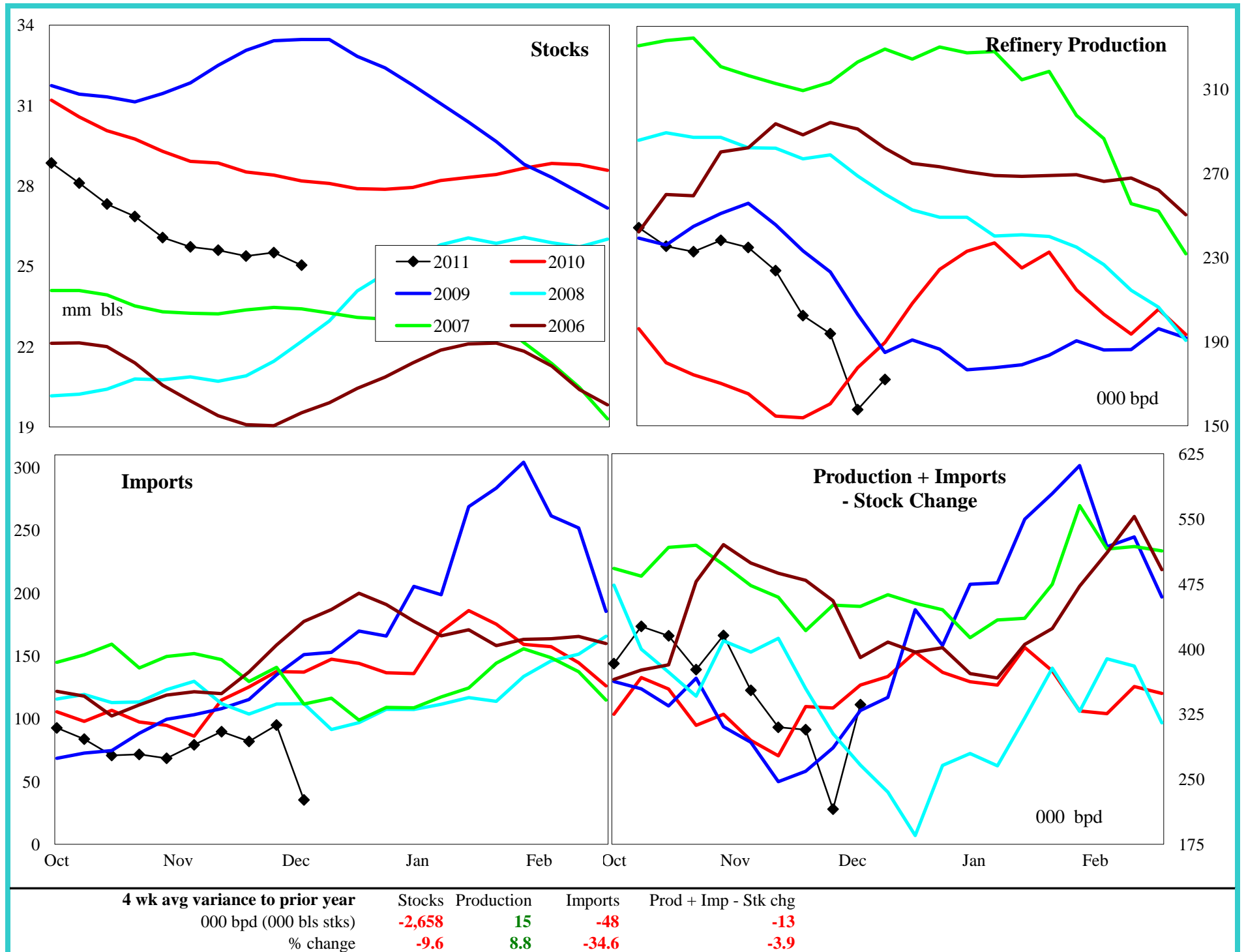
PADD 1 Distillate Supply



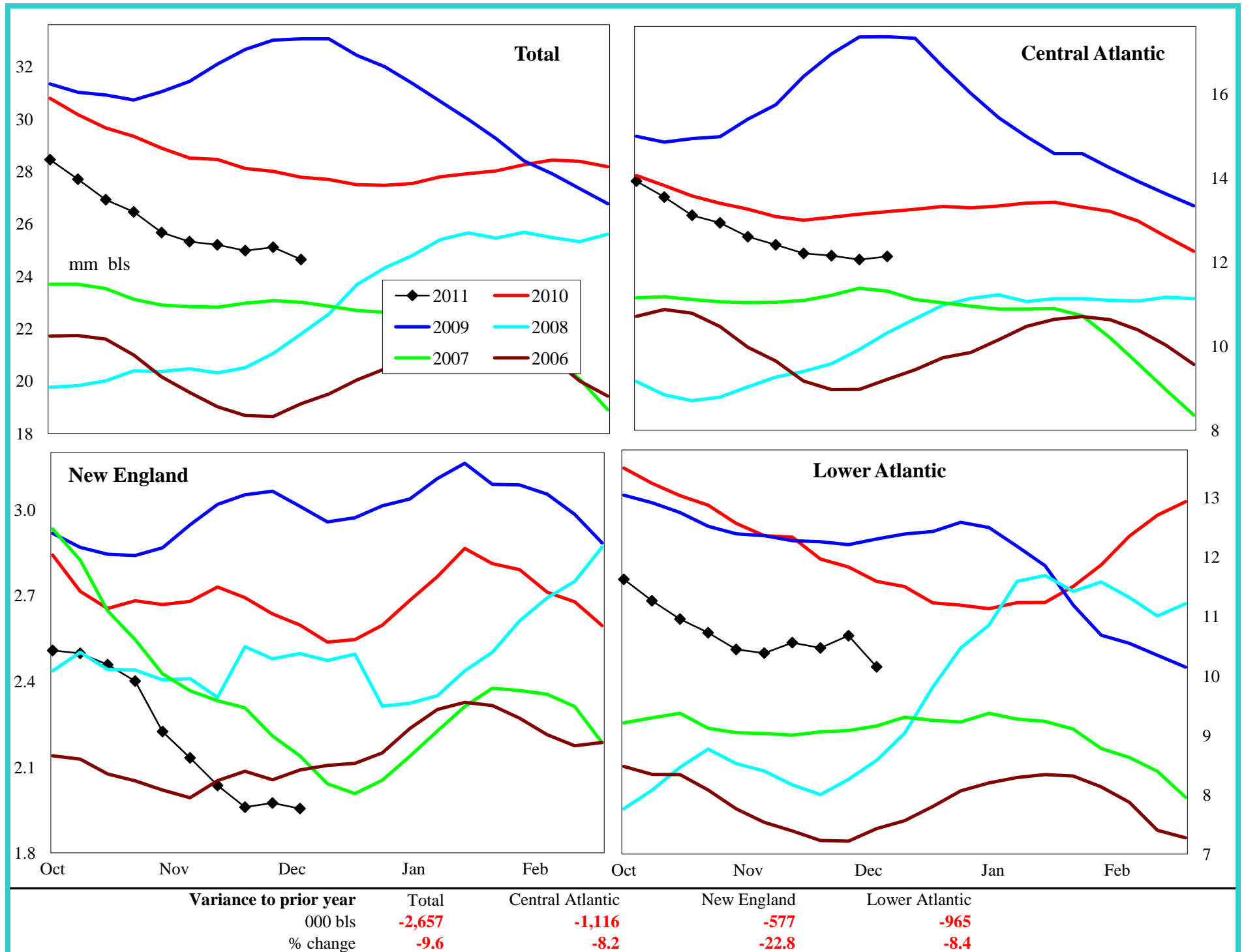
PADD 1 Distillate Stocks by Region



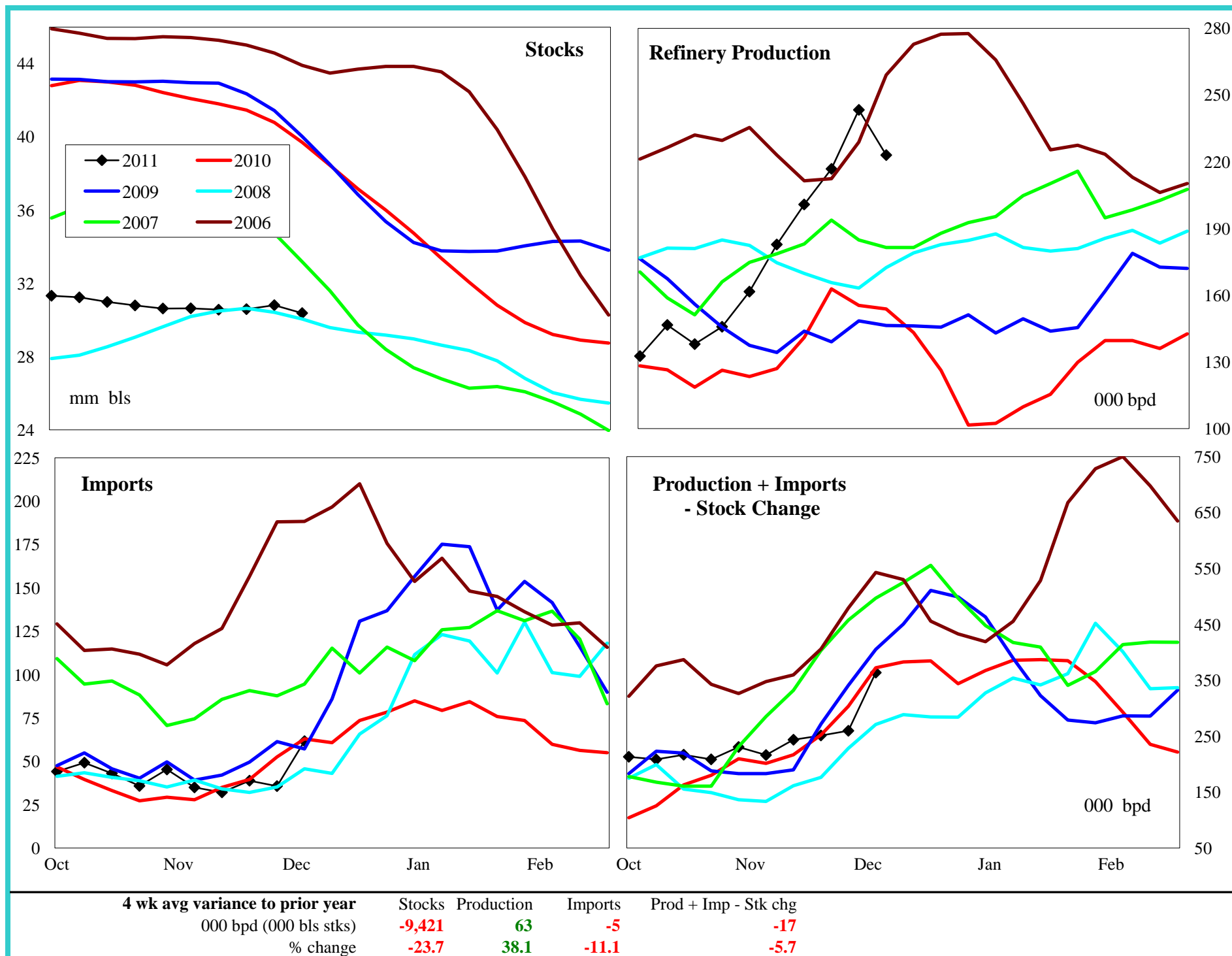
PADD 1 Low Sulfur Distillate Supply



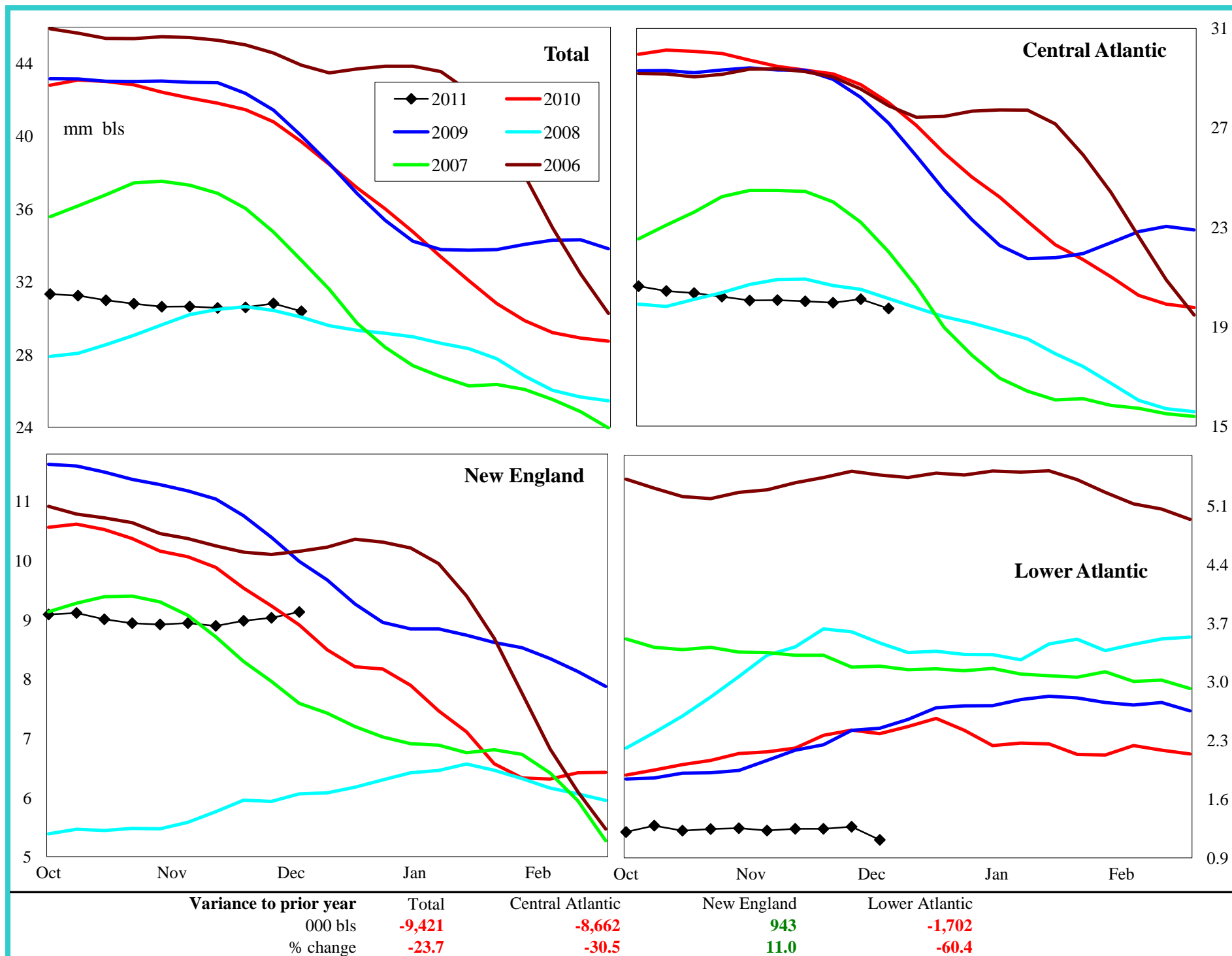
PADD 1 Low Sulfur Distillate Stocks by Region



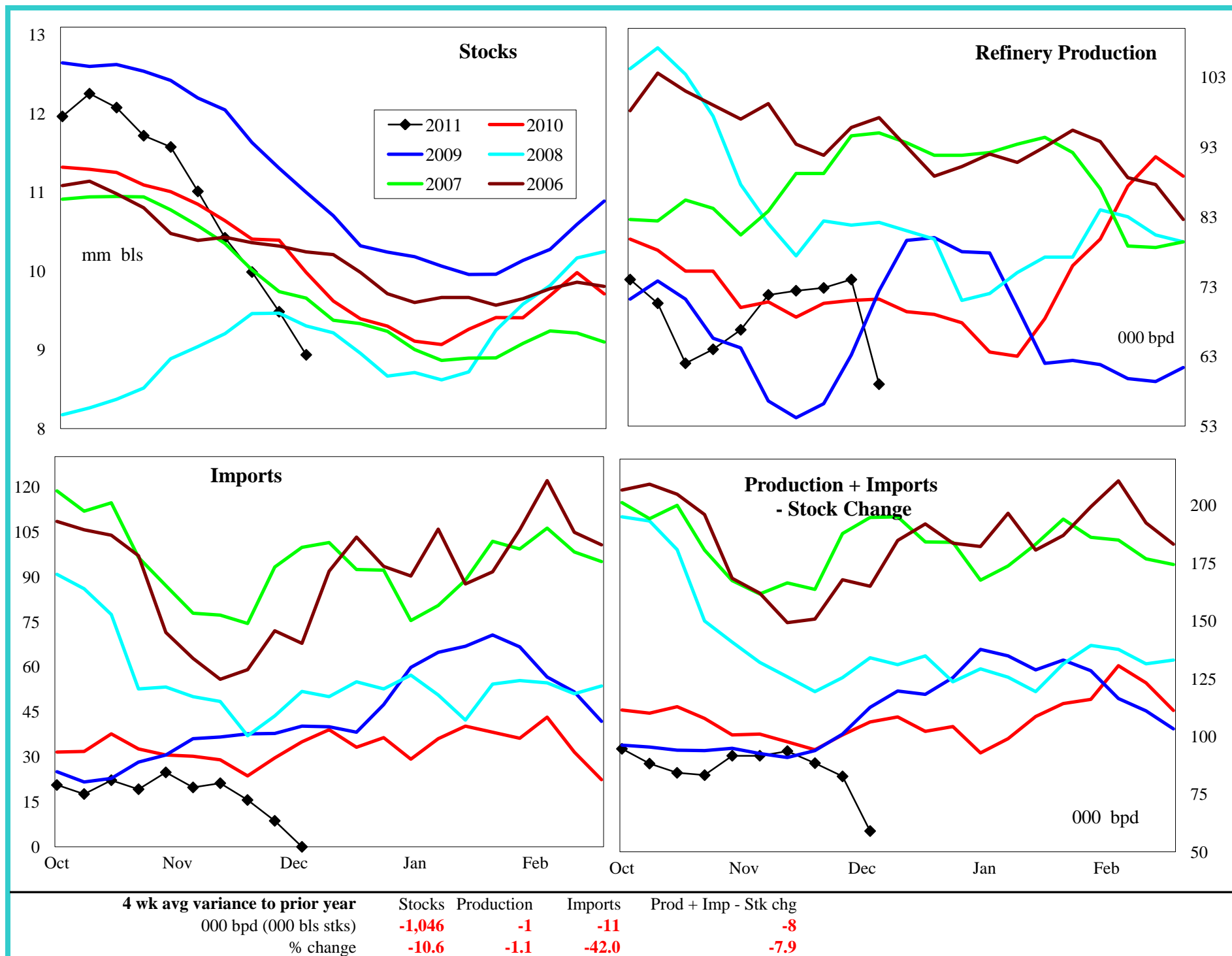
PADD 1 High Sulfur Distillate Supply



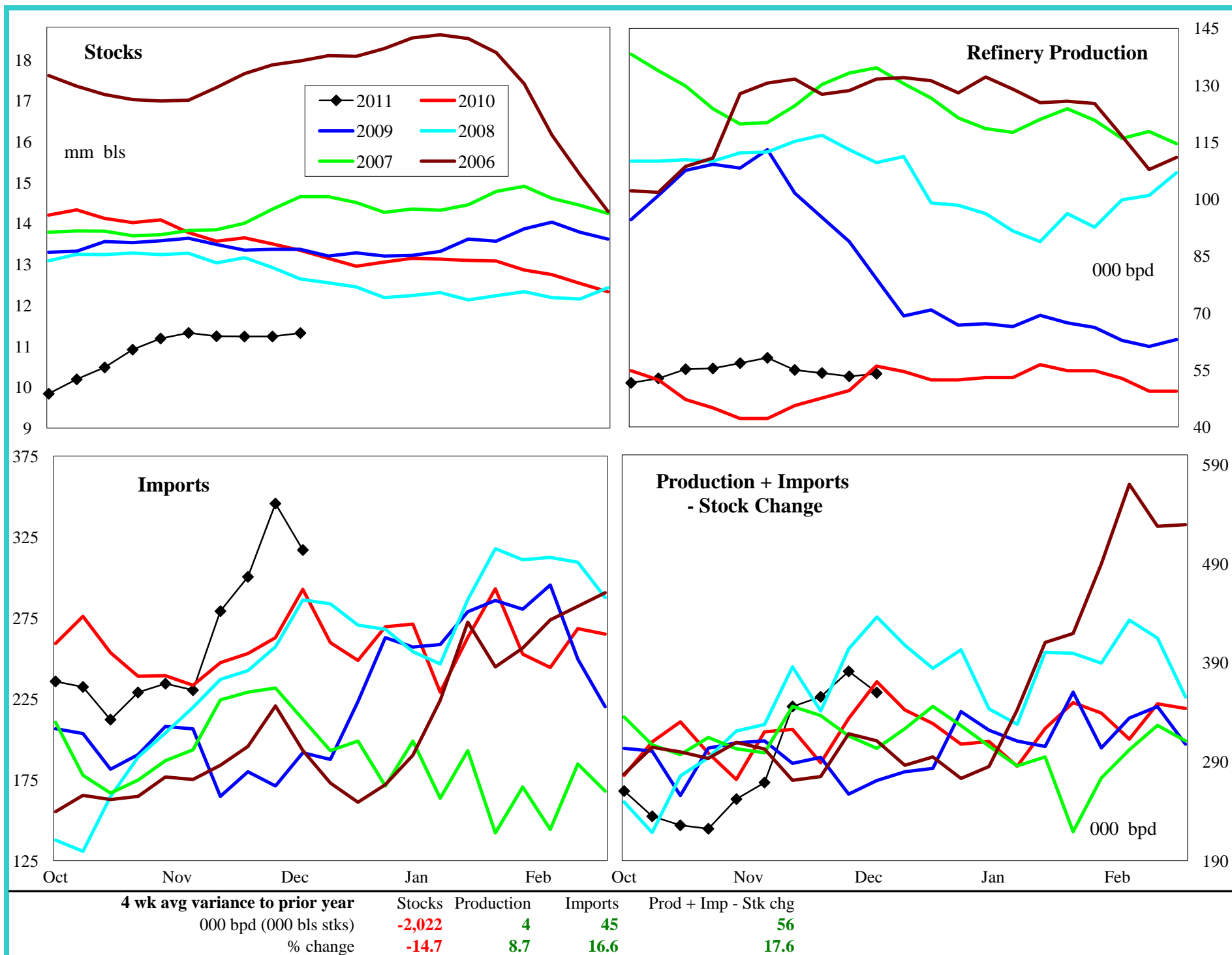
PADD 1 High Sulfur Distillate Stocks by Region



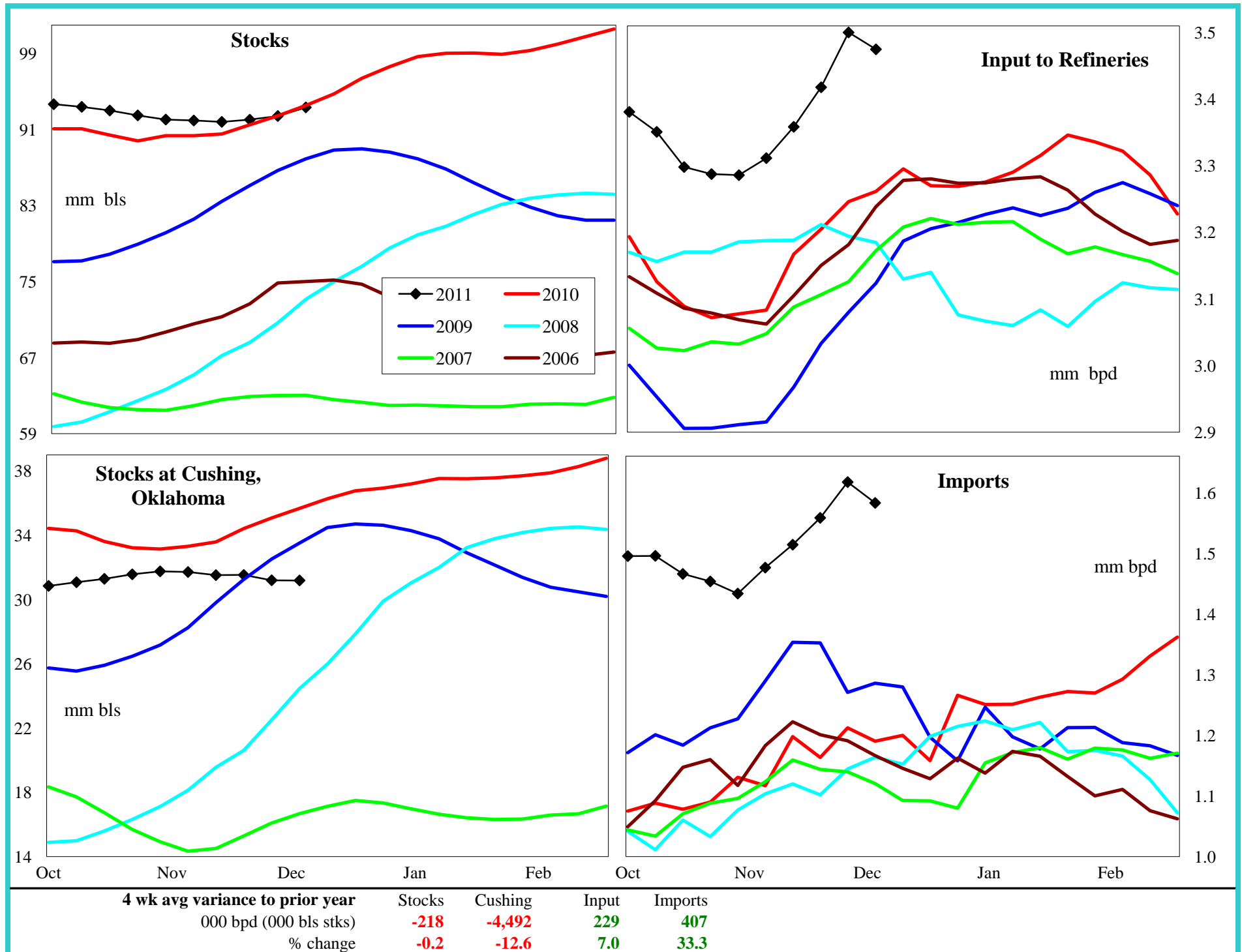
PADD 1 Jet Fuel Supply



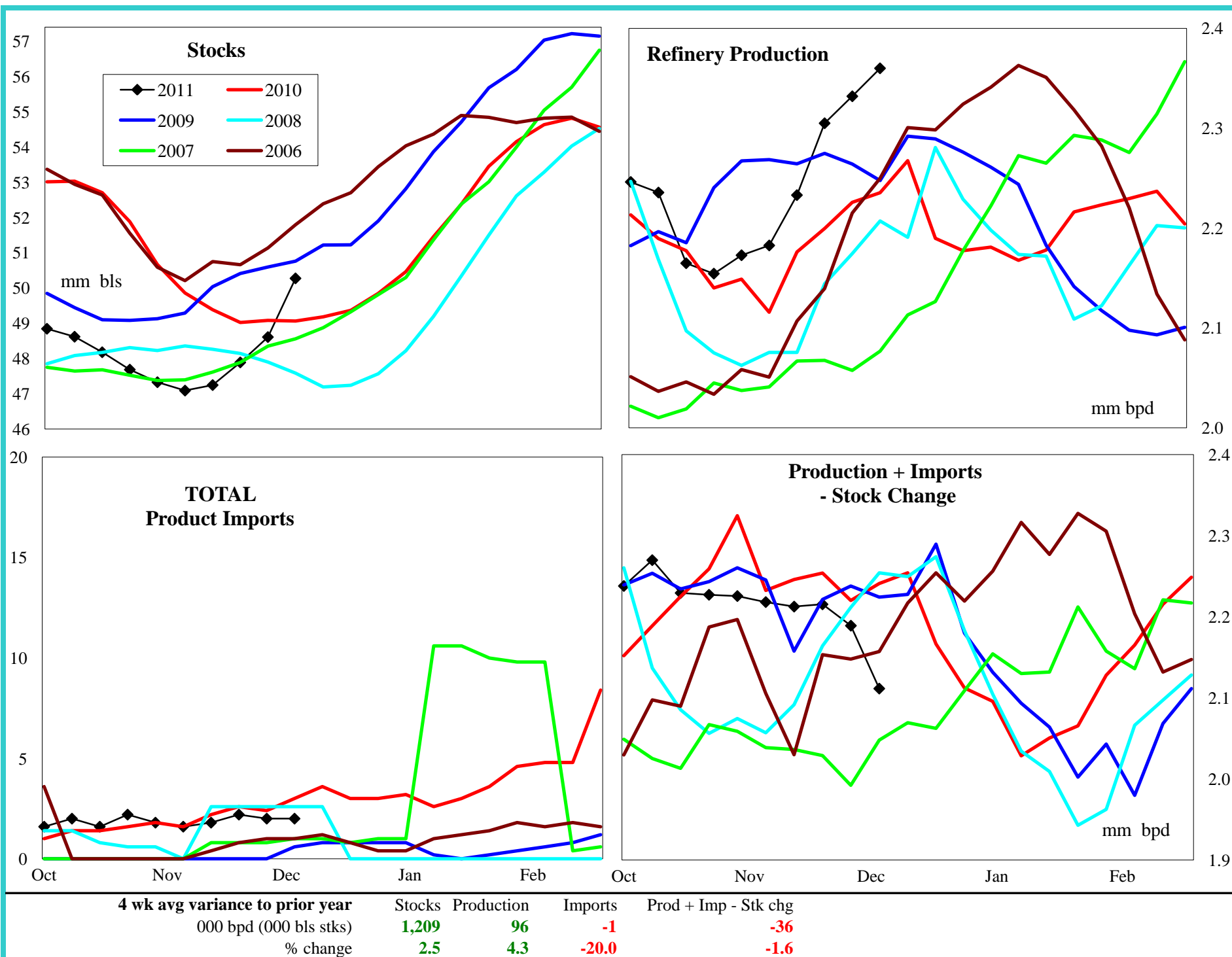
PADD 1 Residual Fuel Oil Supply



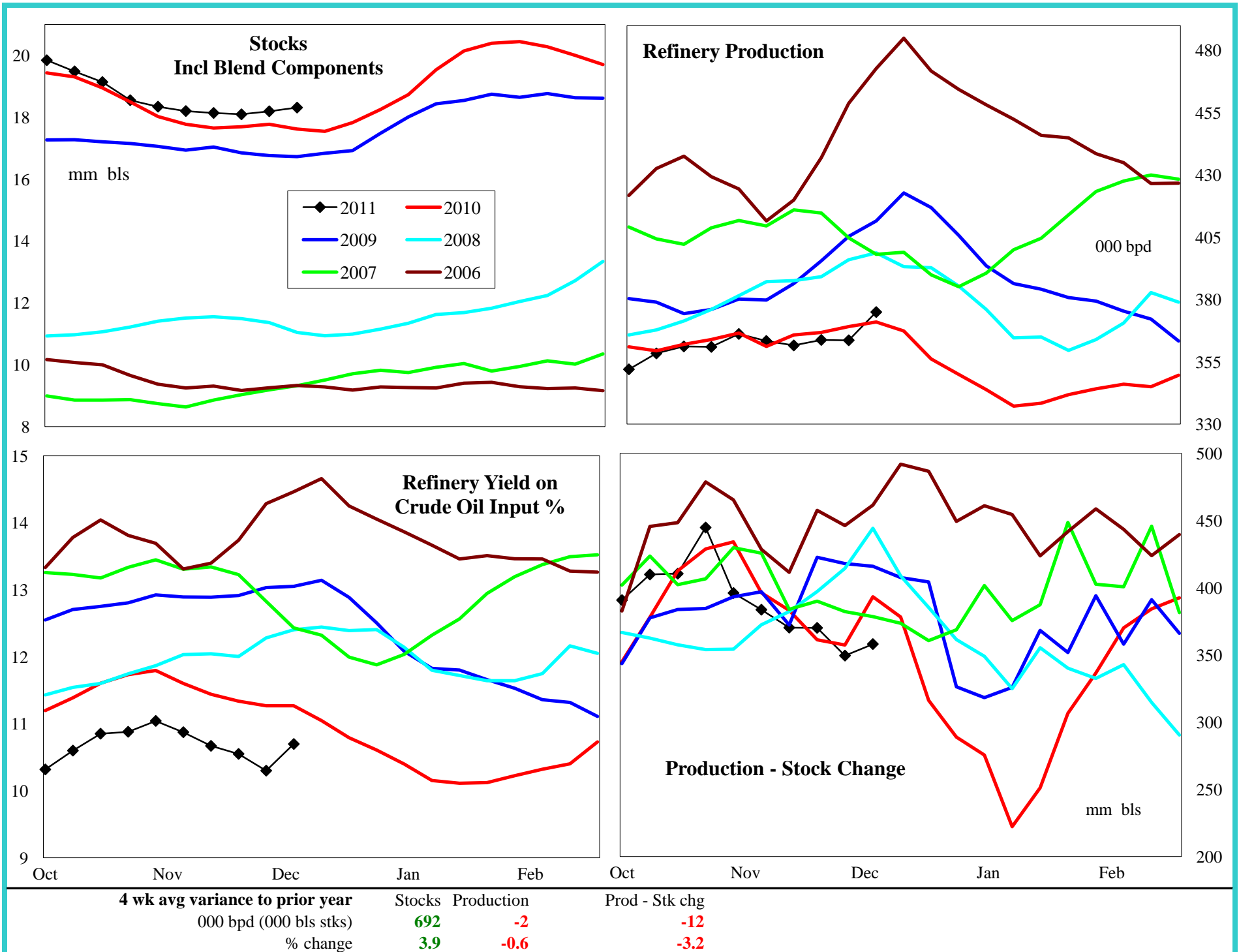
PADD 2 Crude Oil Supply and Refining



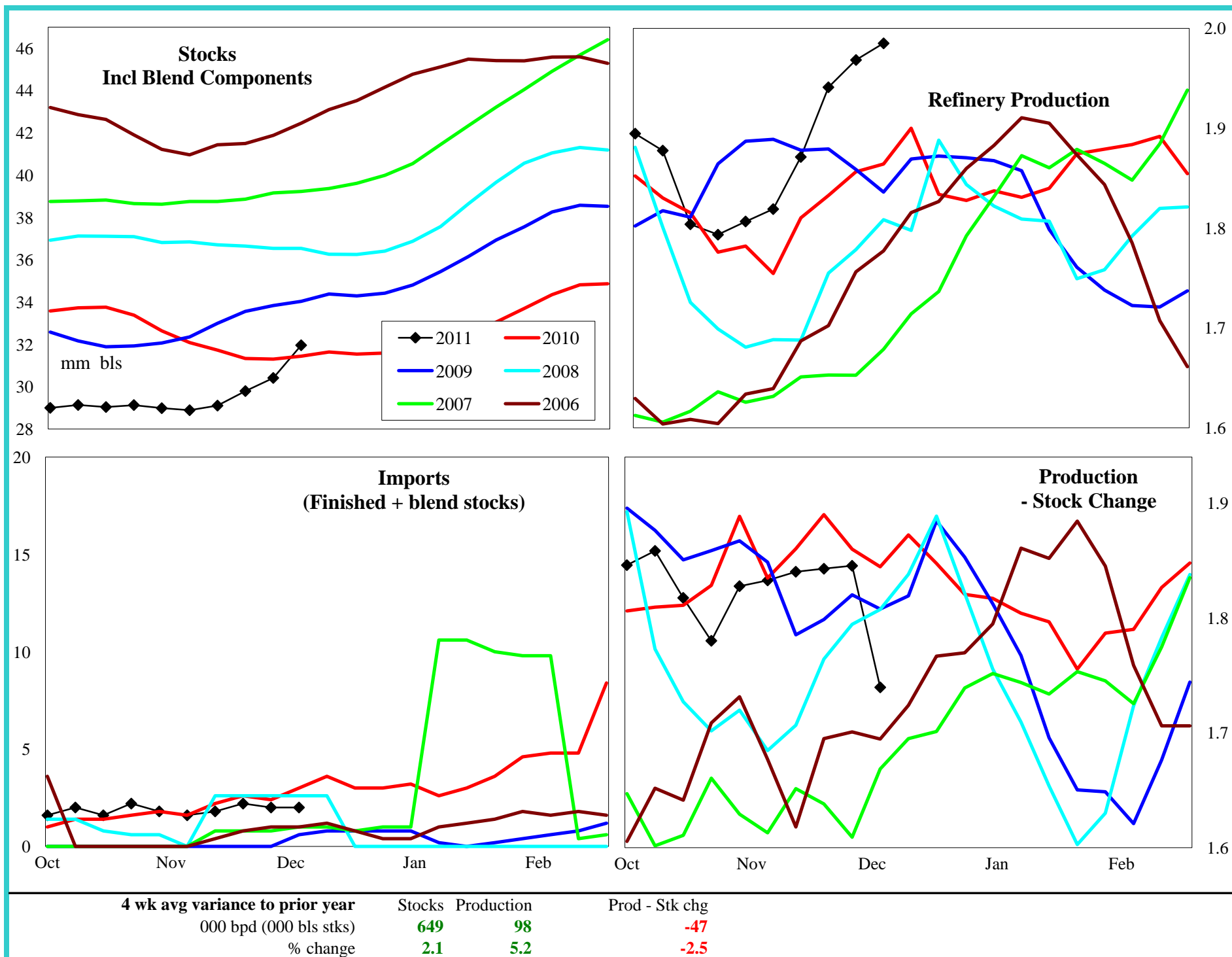
PADD 2 Gasoline Supply



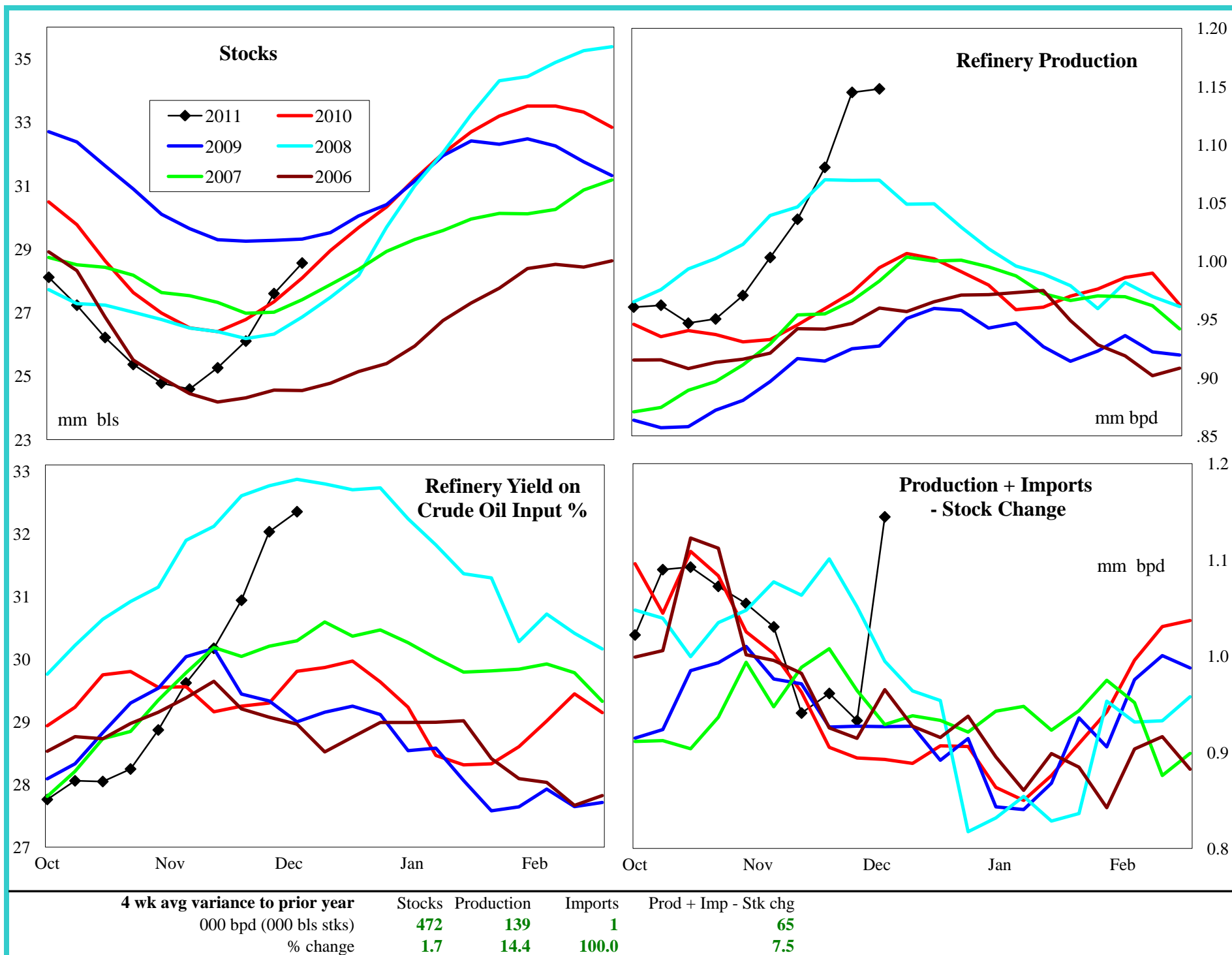
PADD 2 Reformulated Gasoline Supply



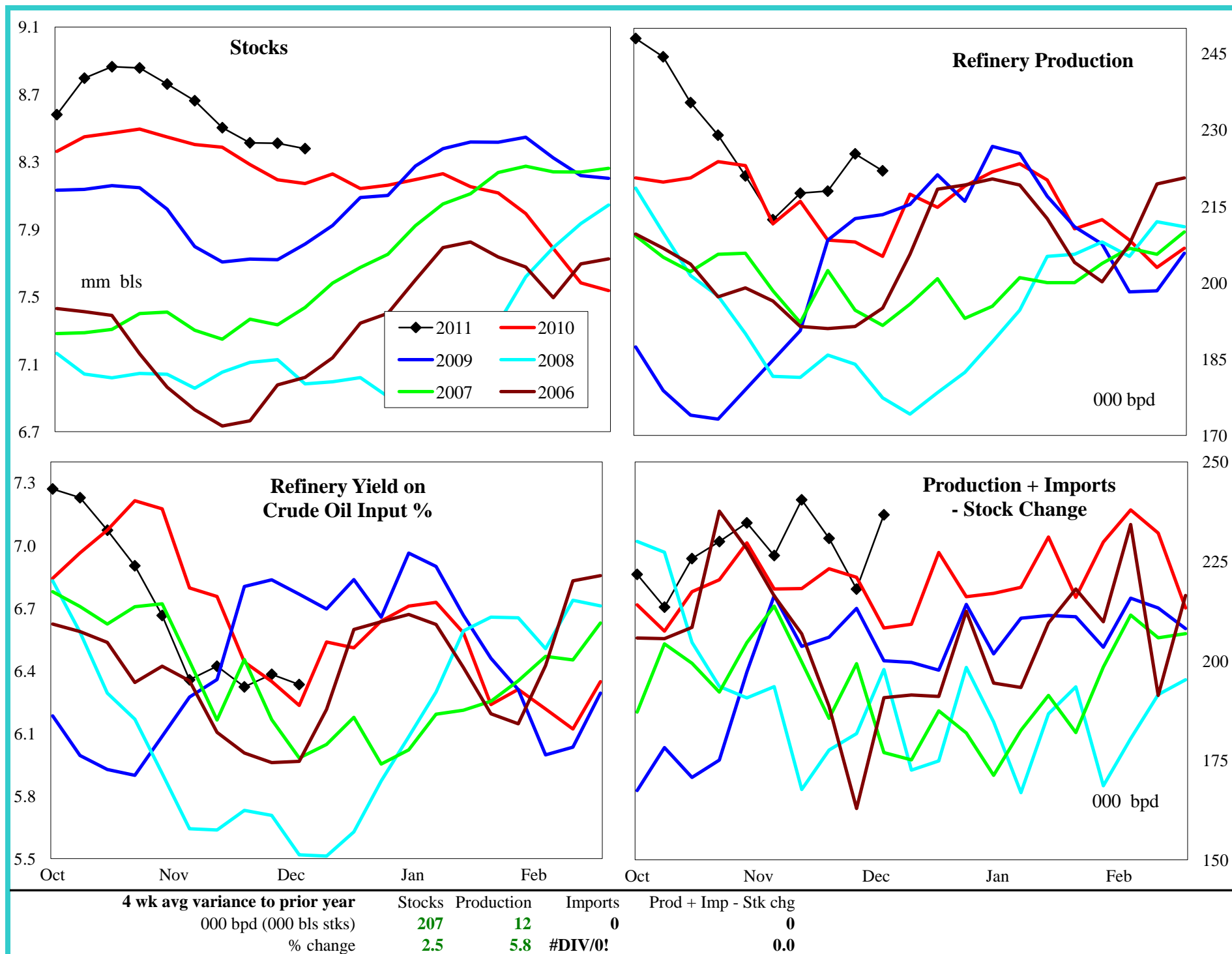
PADD 2 Conventional Gasoline Supply



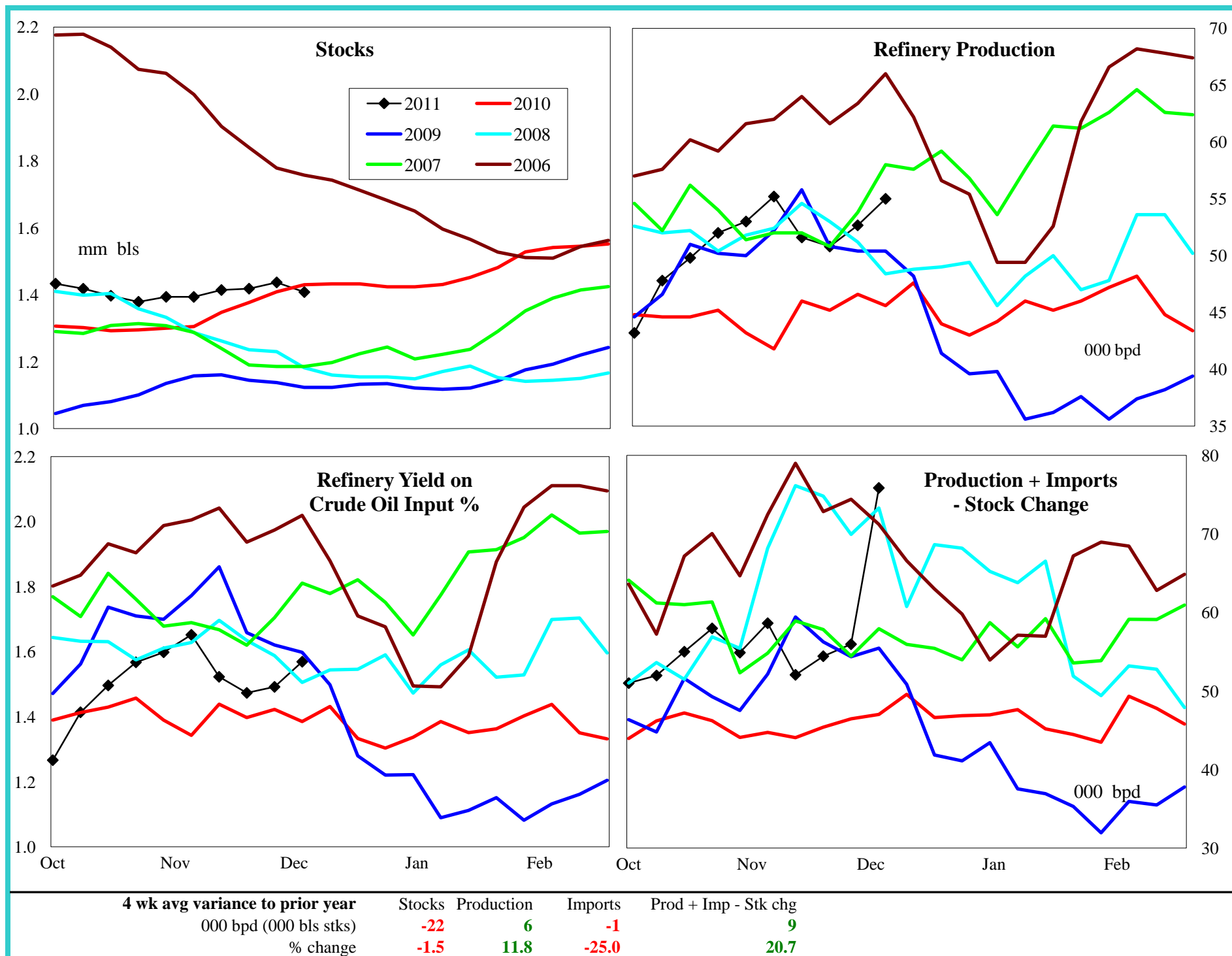
PADD 2 Distillate Supply



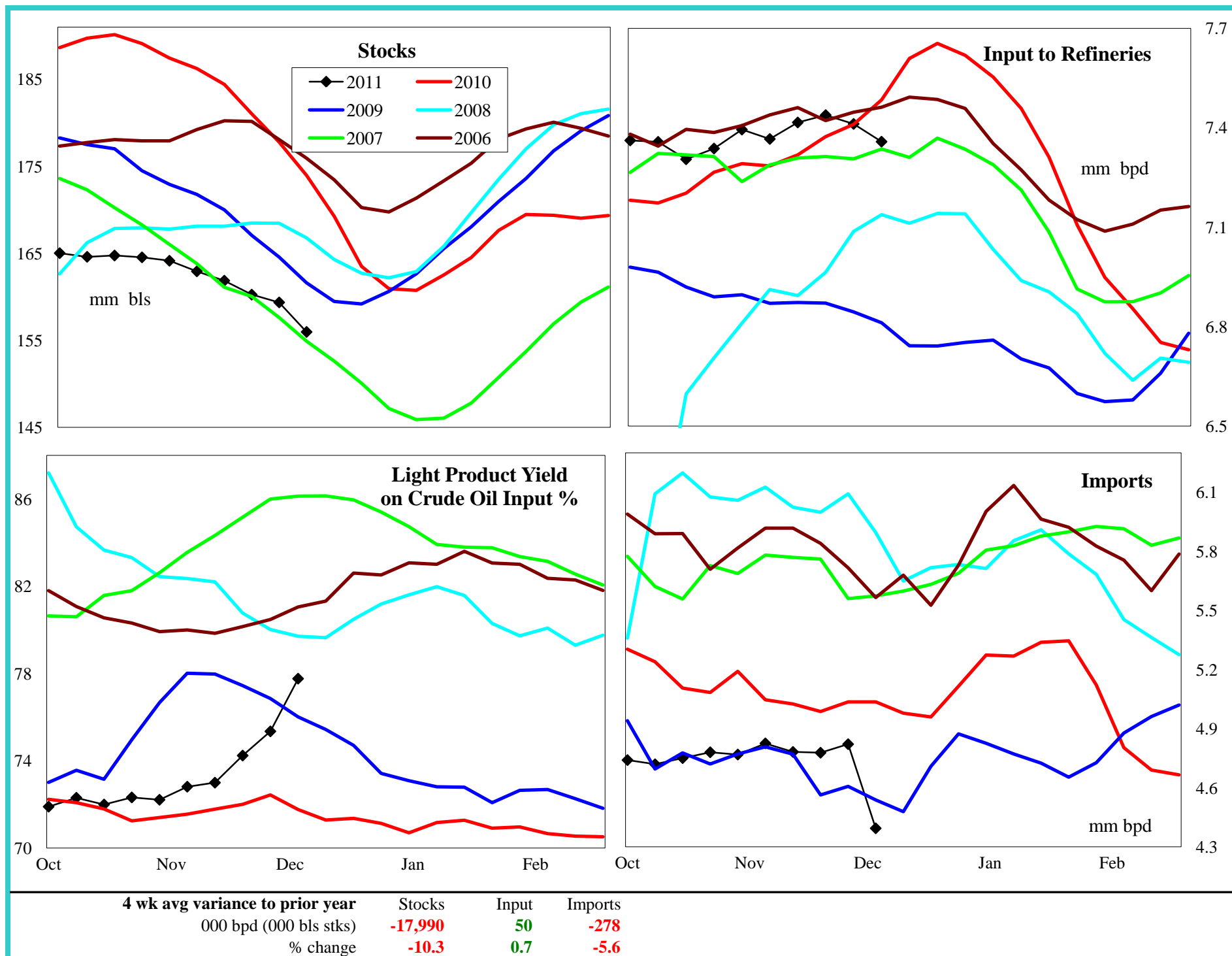
PADD 2 Jet Fuel Supply



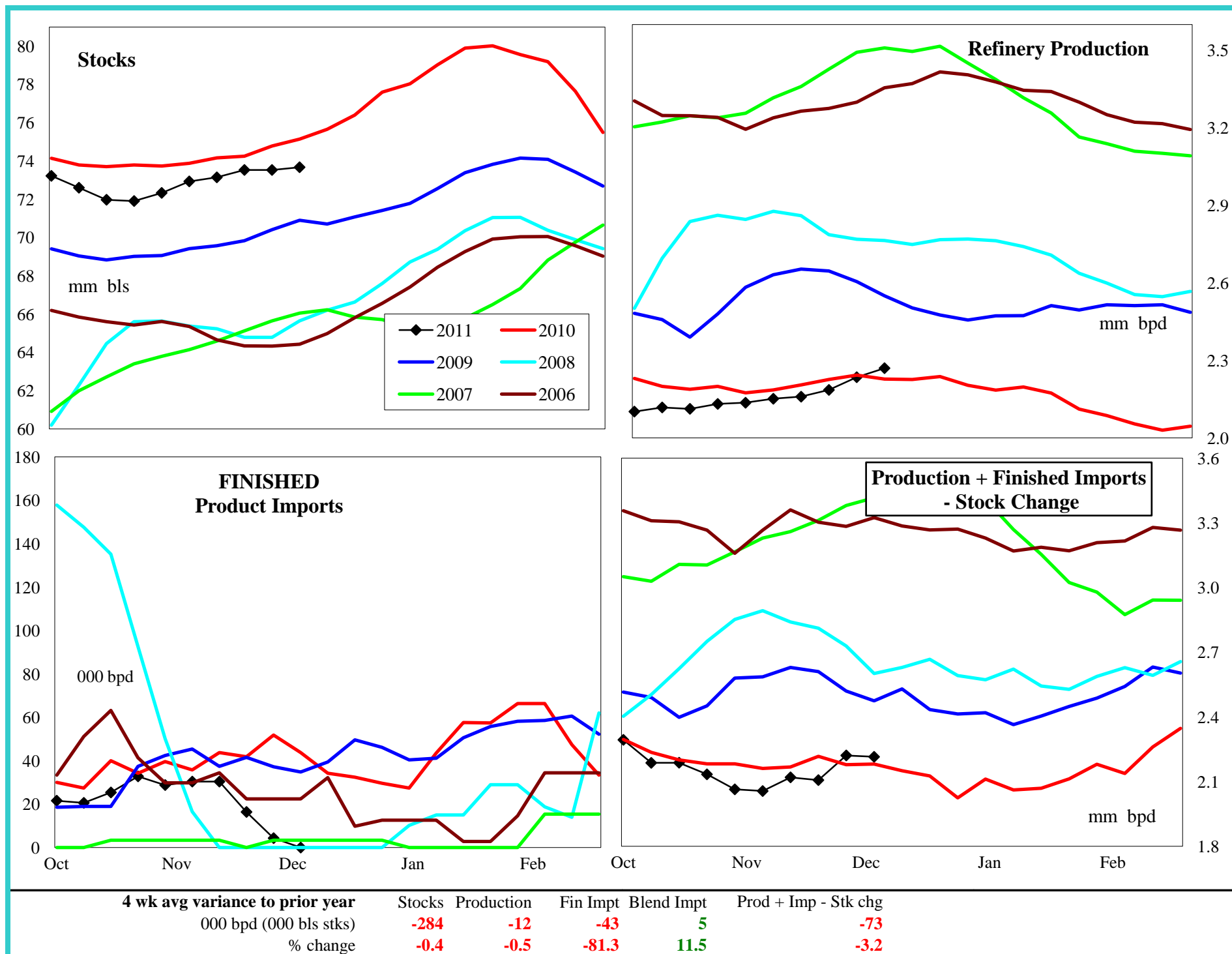
PADD 2 Residual Fuel Oil Supply



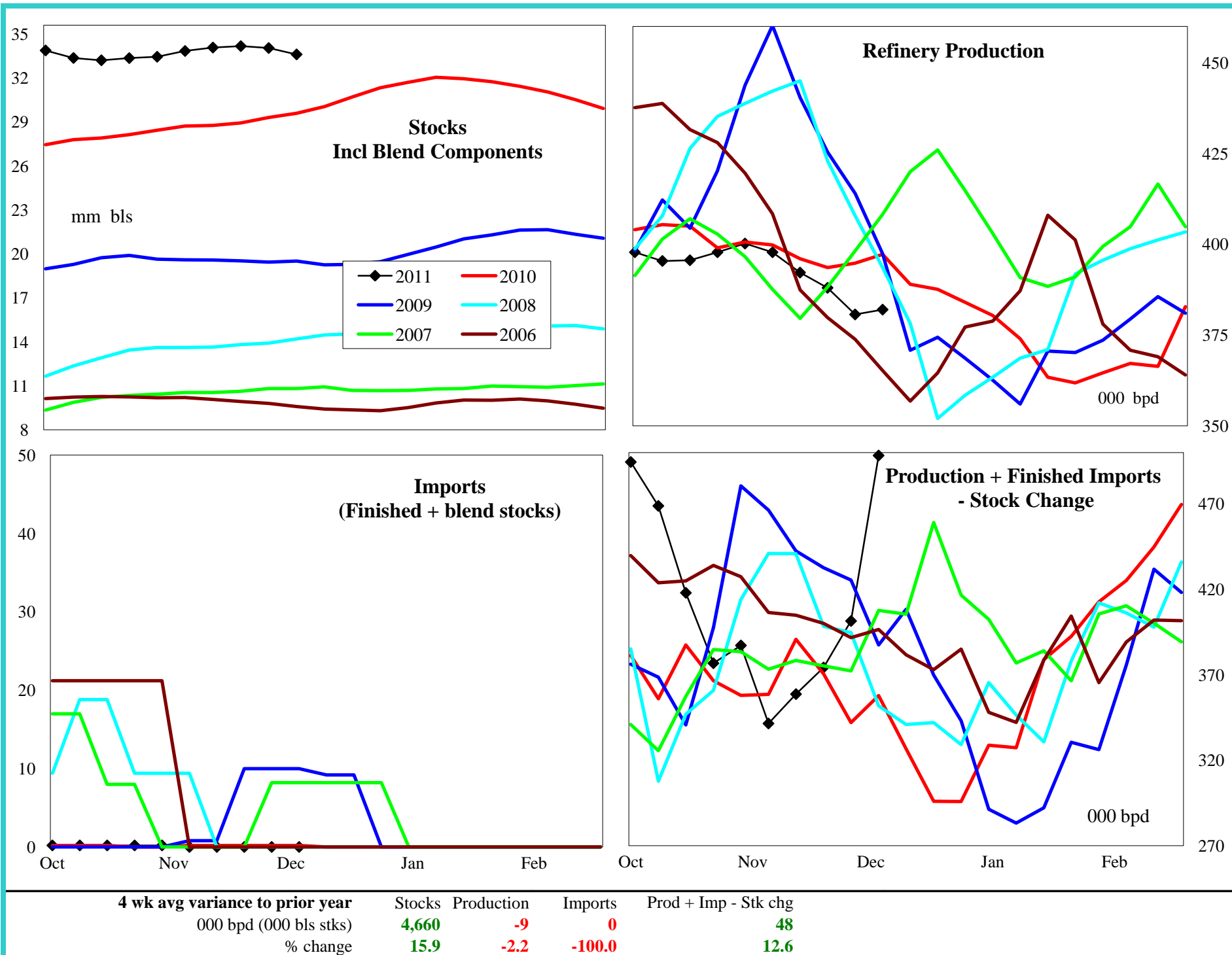
PADD 3 Crude Oil Supply and Refining



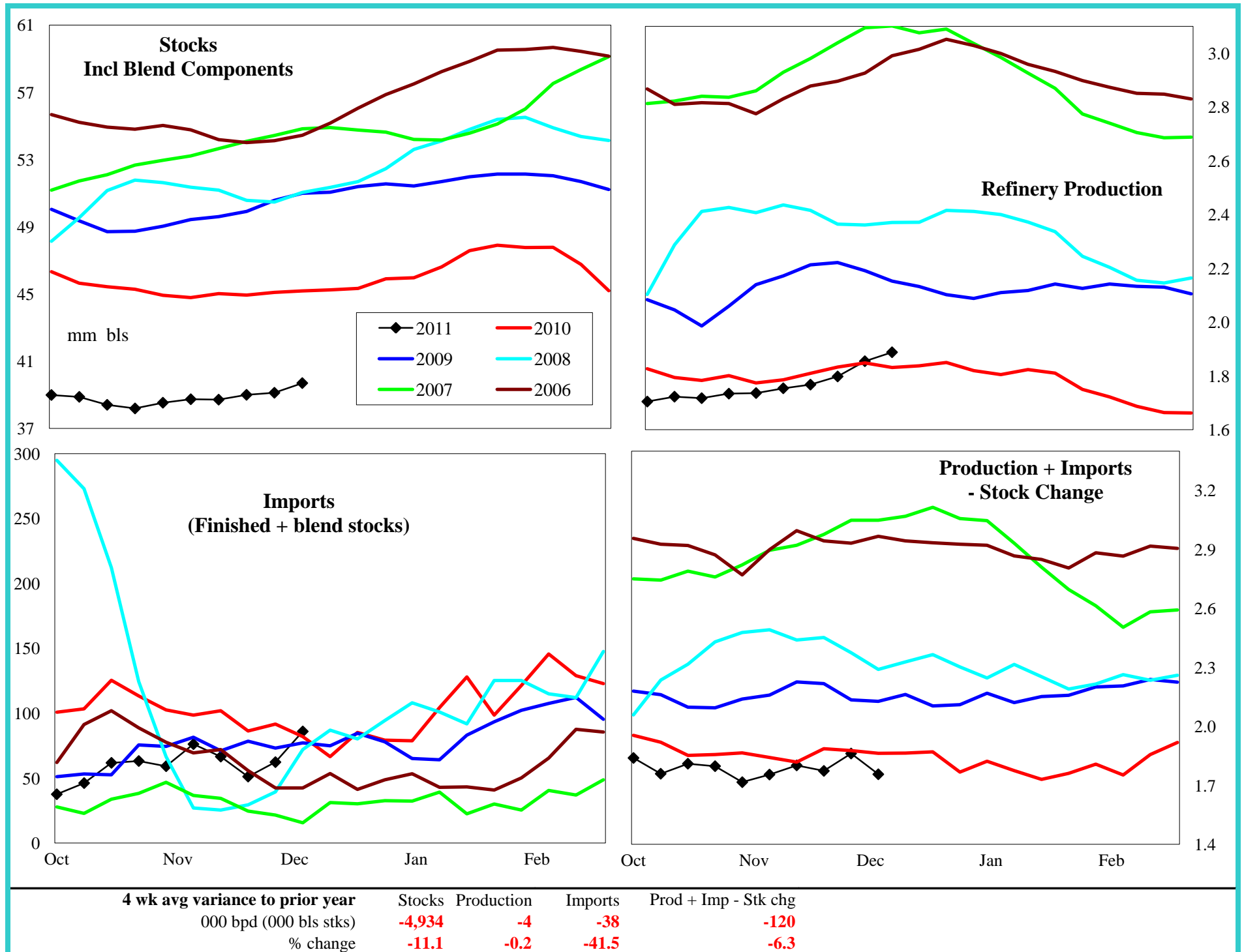
PADD 3 Gasoline Supply



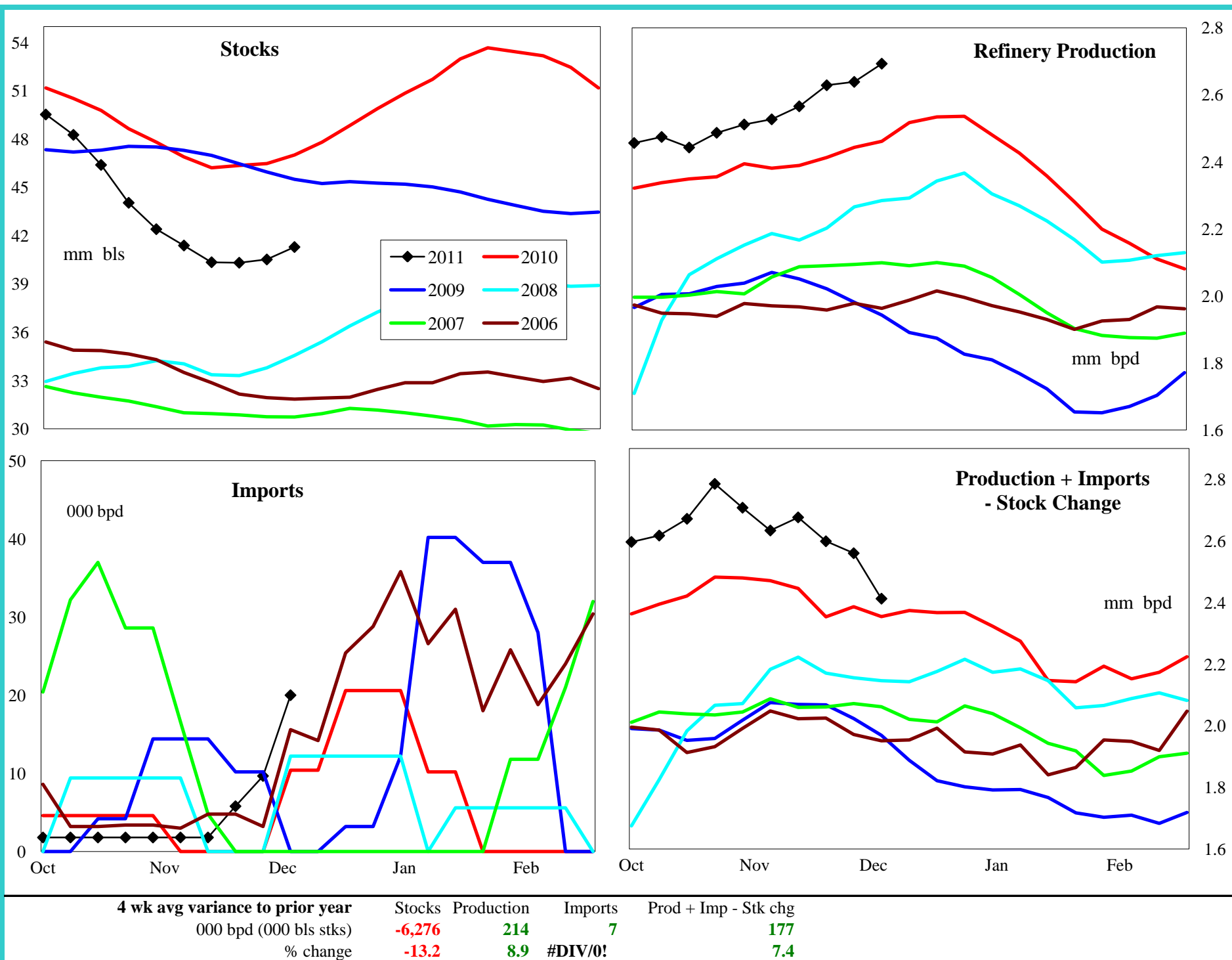
PADD 3 Reformulated Gasoline Supply



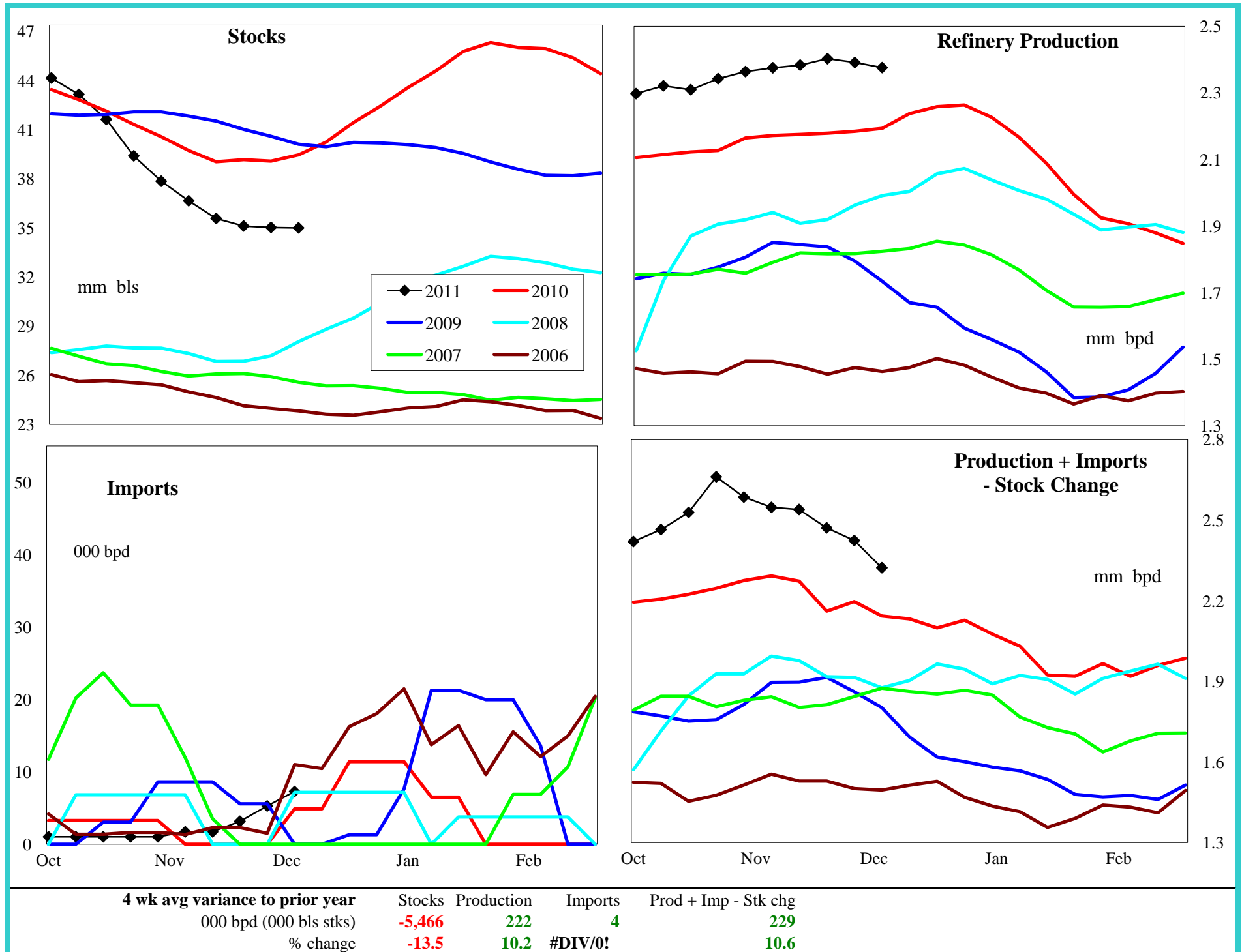
PADD 3 Conventional Gasoline Supply



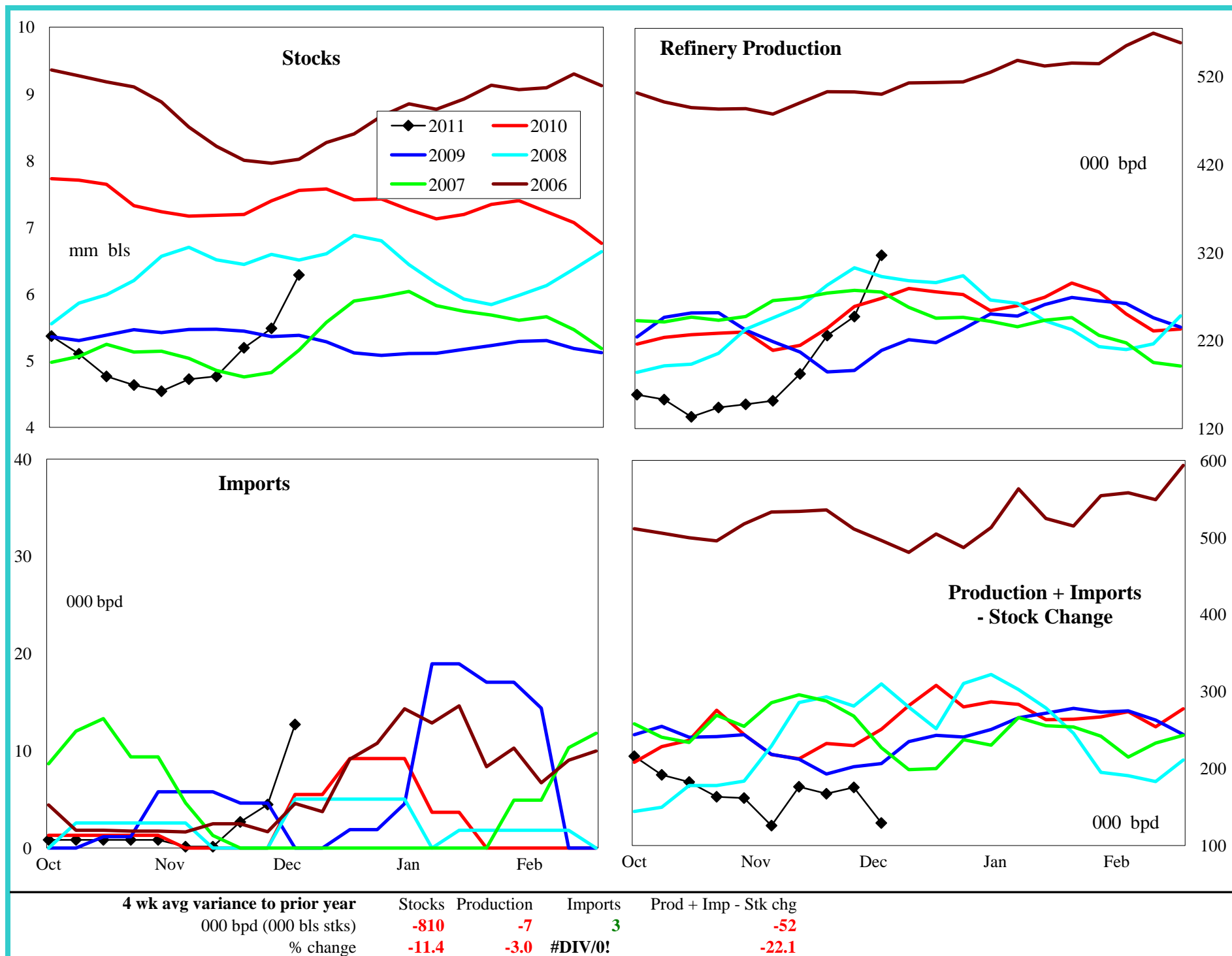
PADD 3 Distillate Supply



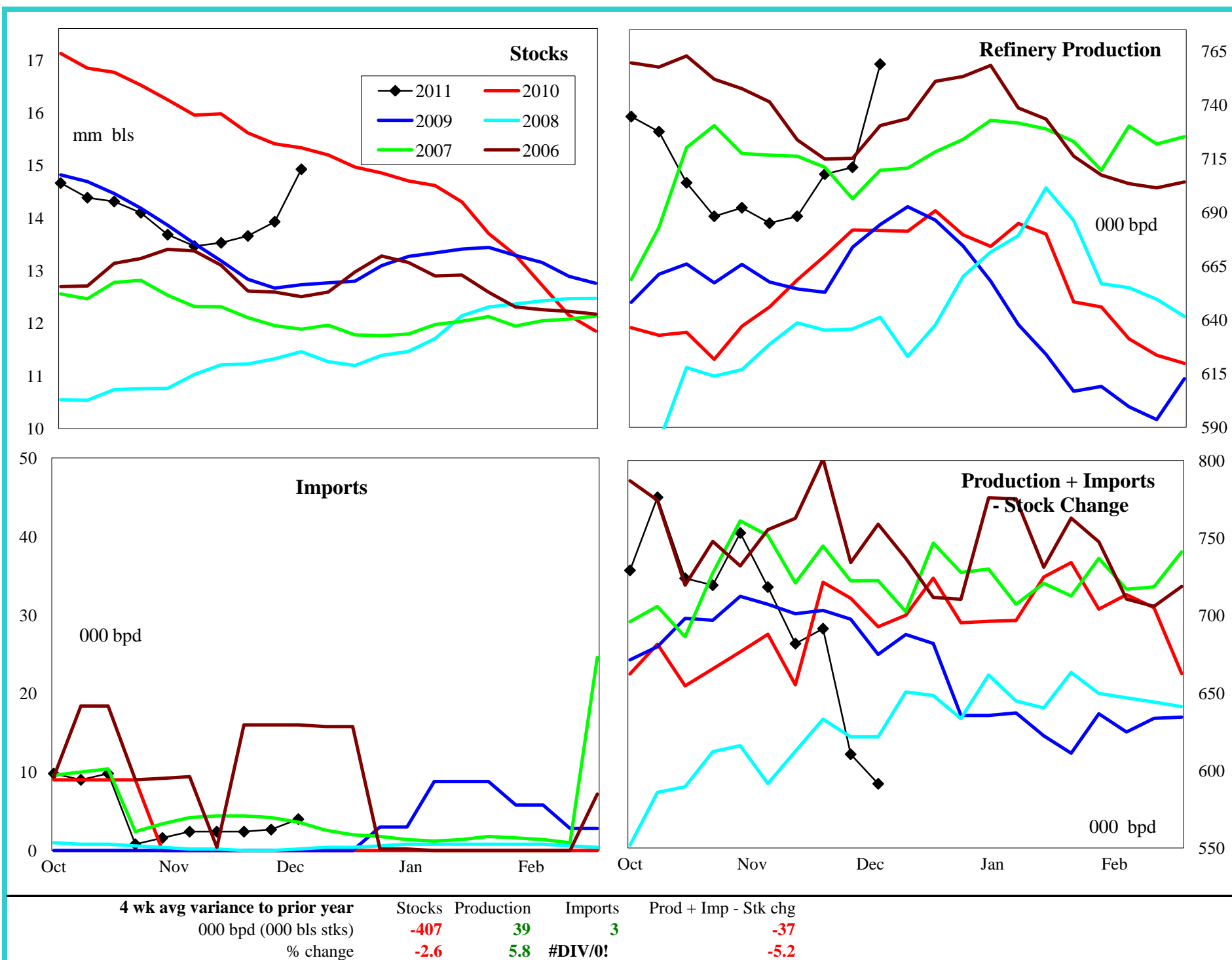
PADD 3 Low Sulfur Distillate Supply



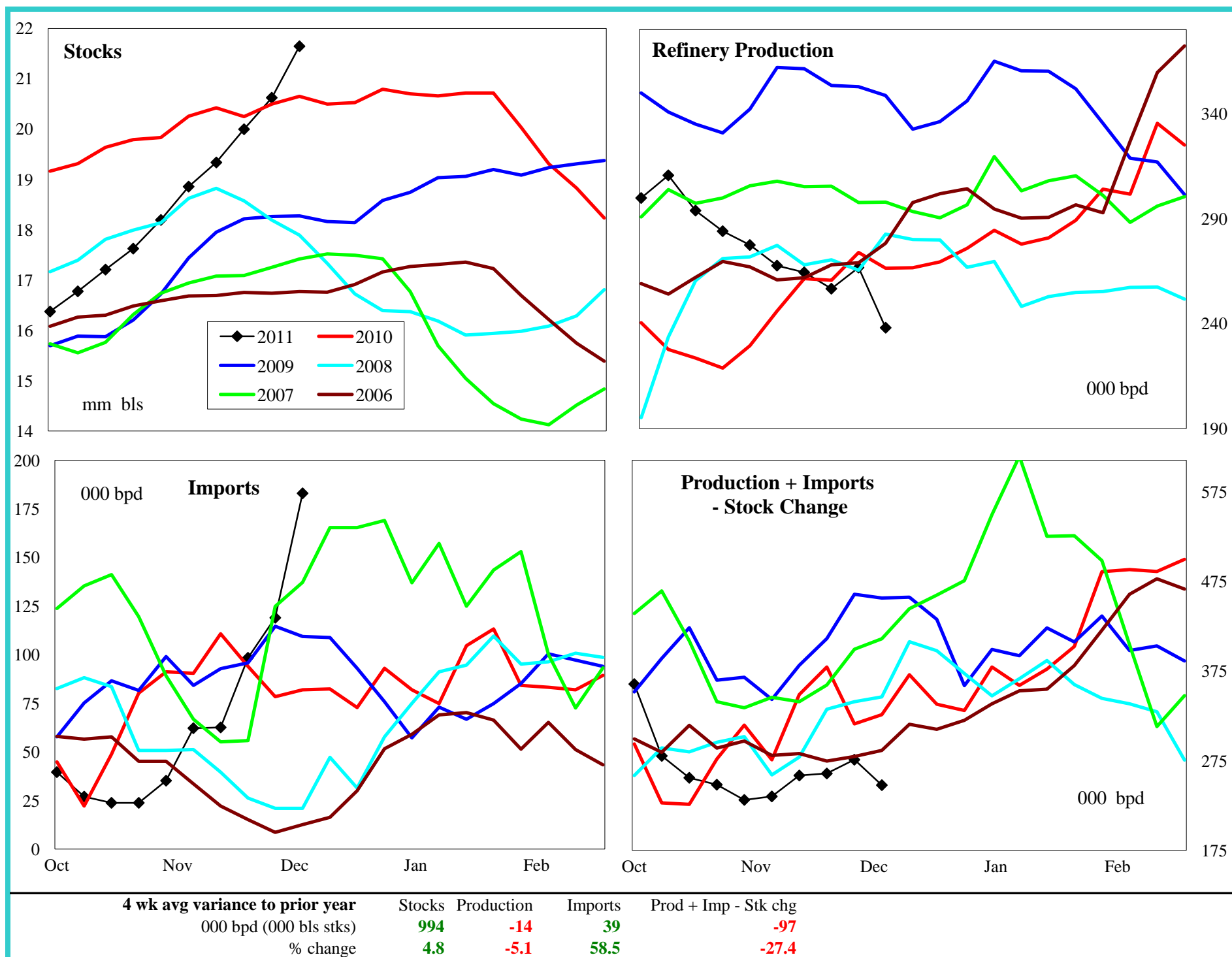
PADD 3 High Sulfur Distillate Supply



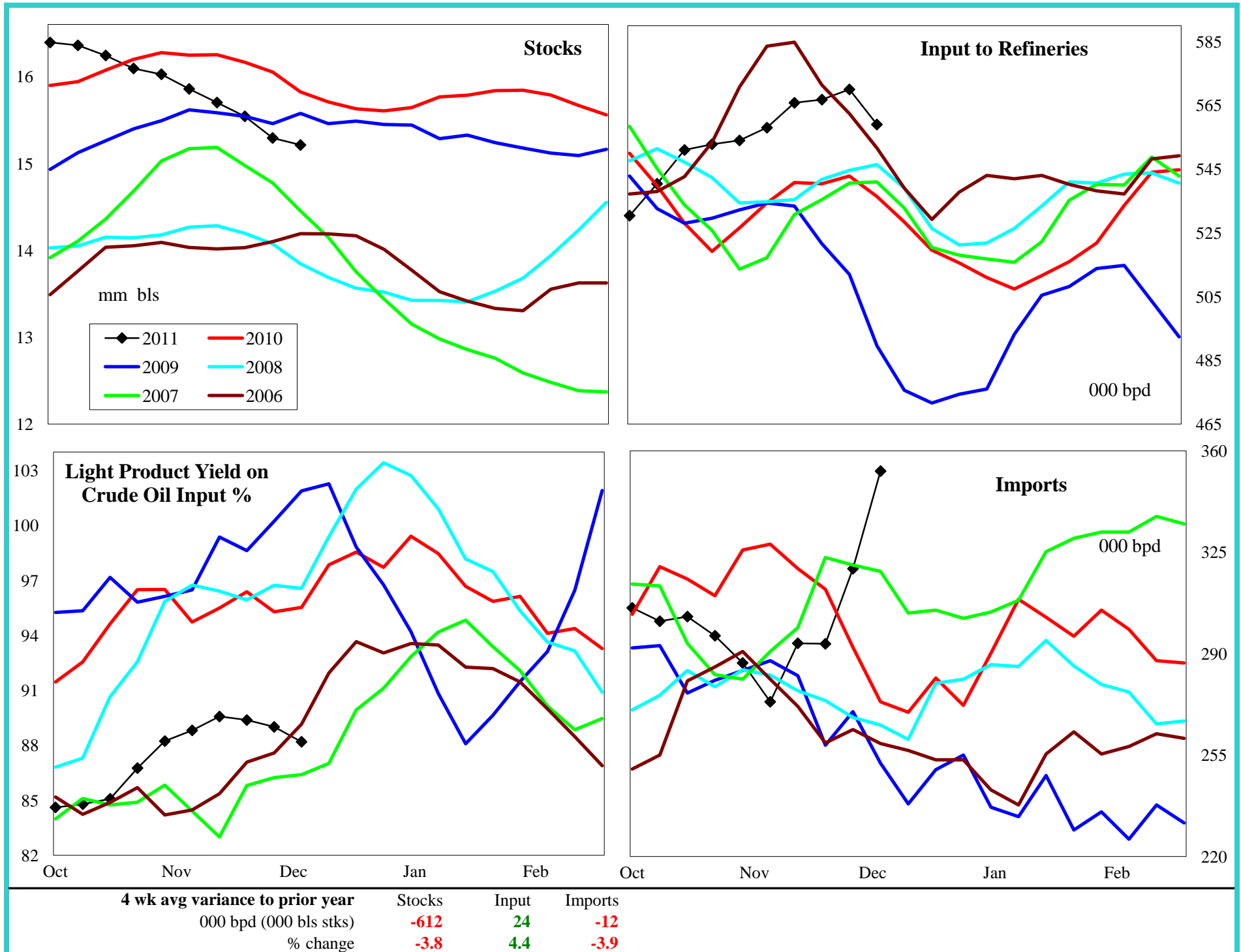
PADD 3 Jet Fuel Supply



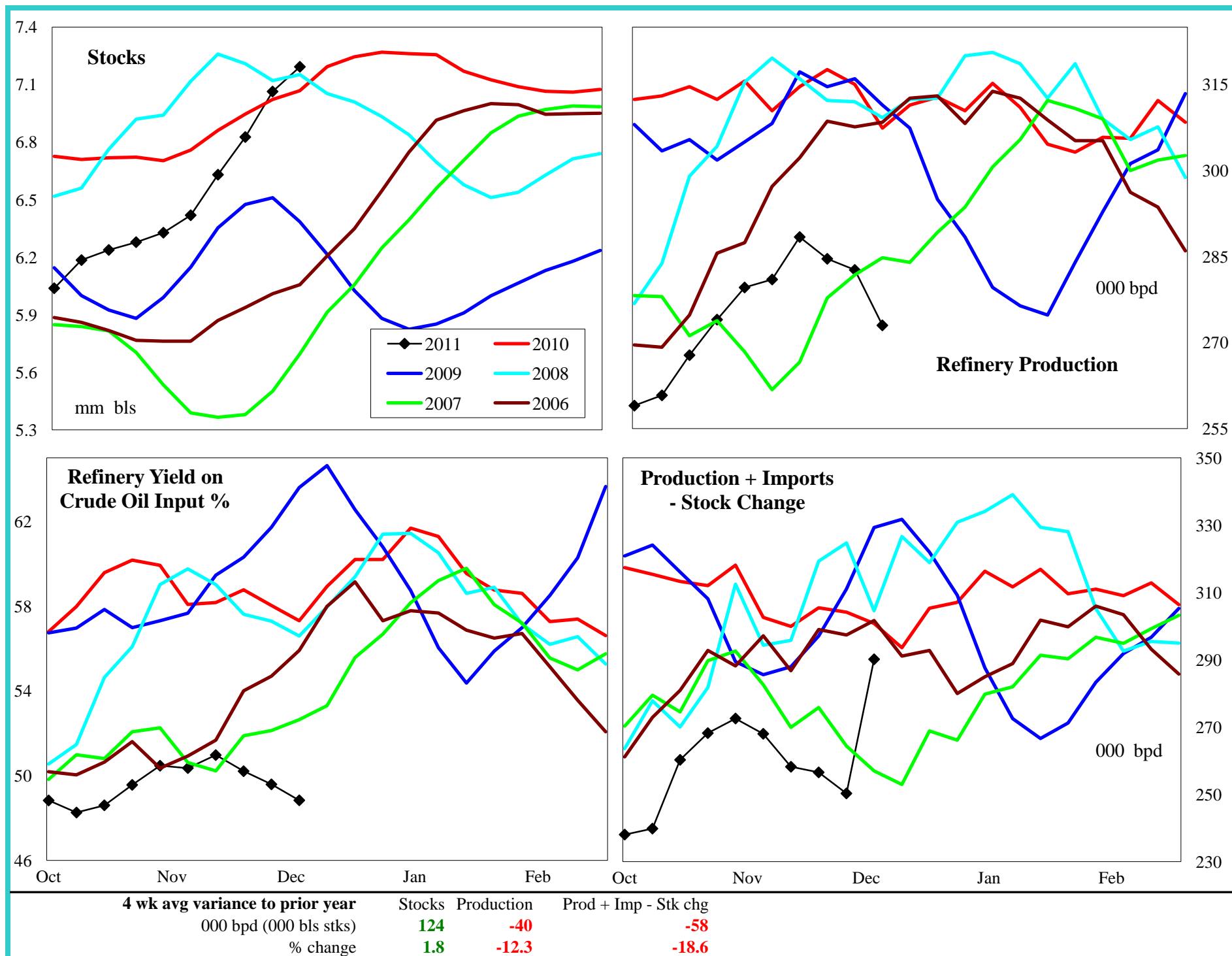
PADD 3 Residual Fuel Oil Supply



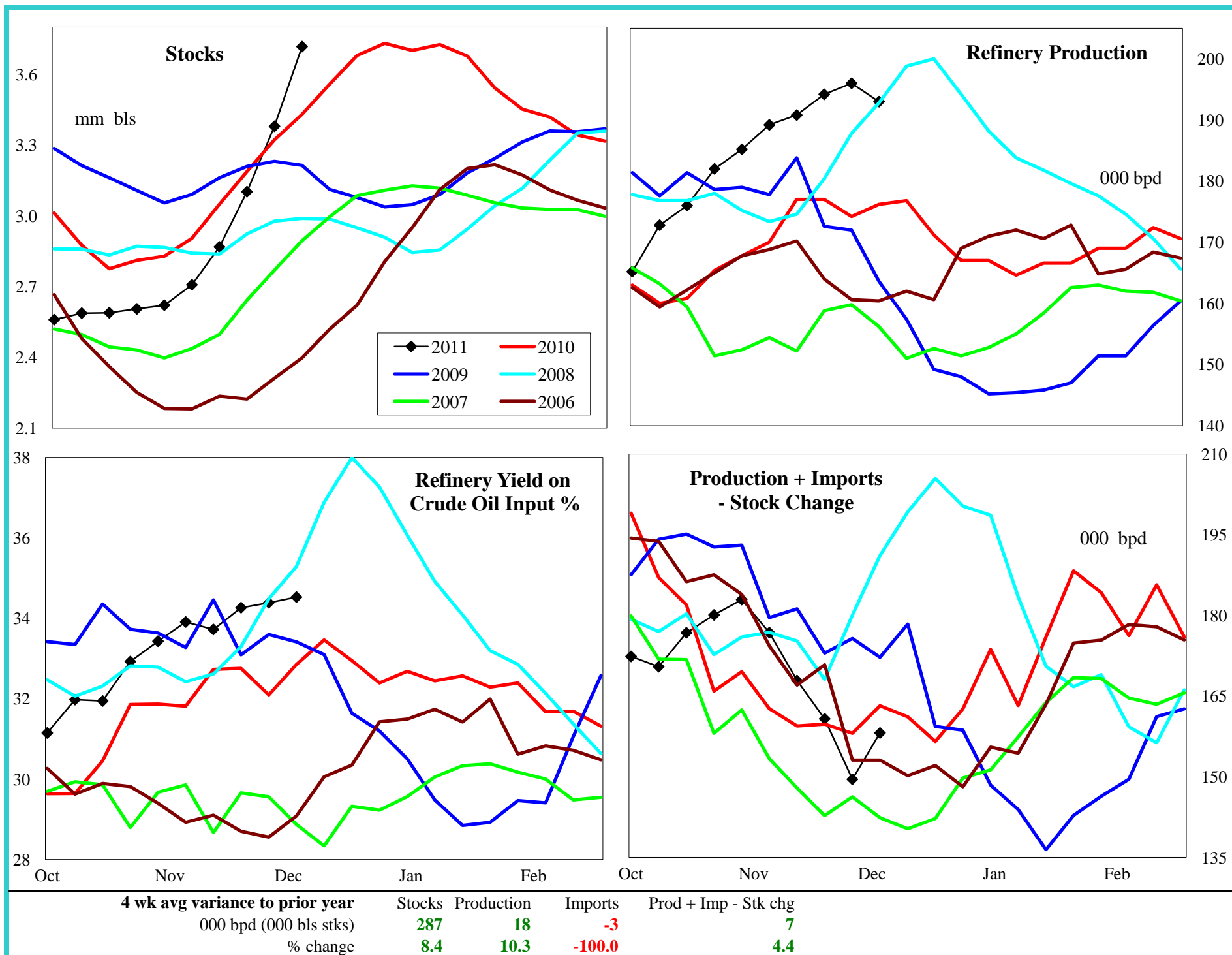
PADD 4 Crude Oil Supply and Refining



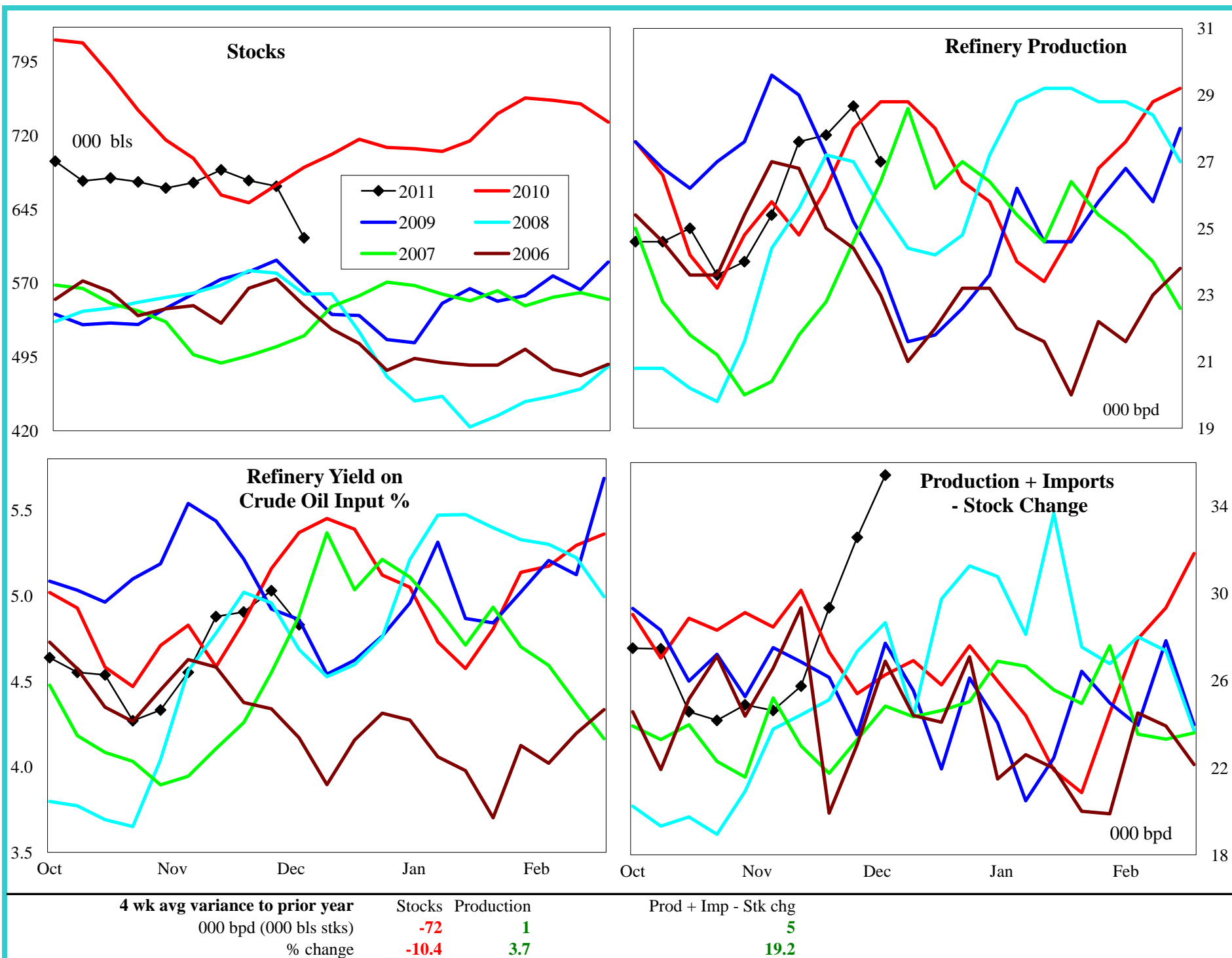
PADD 4 Gasoline Supply



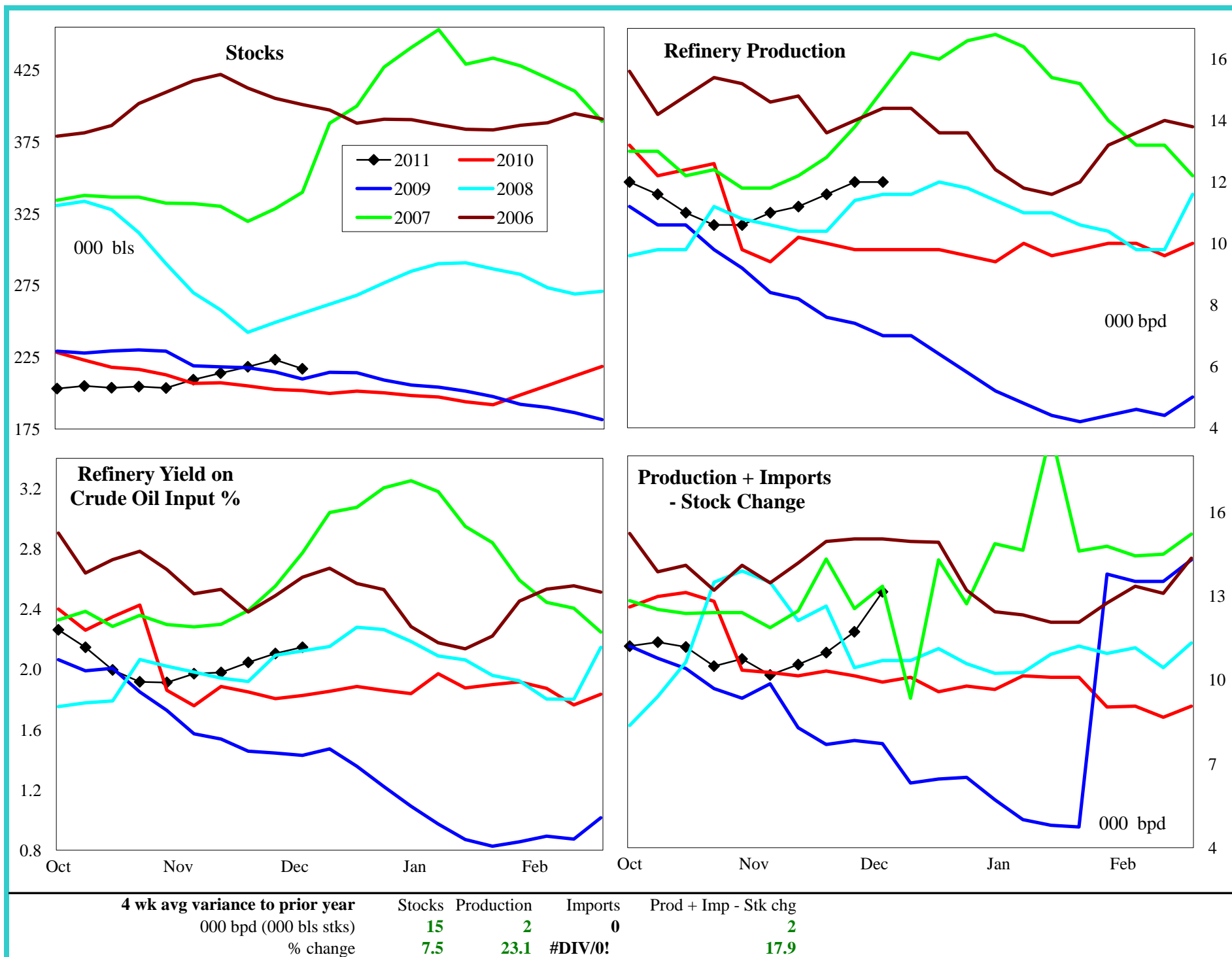
PADD 4 Distillate Supply



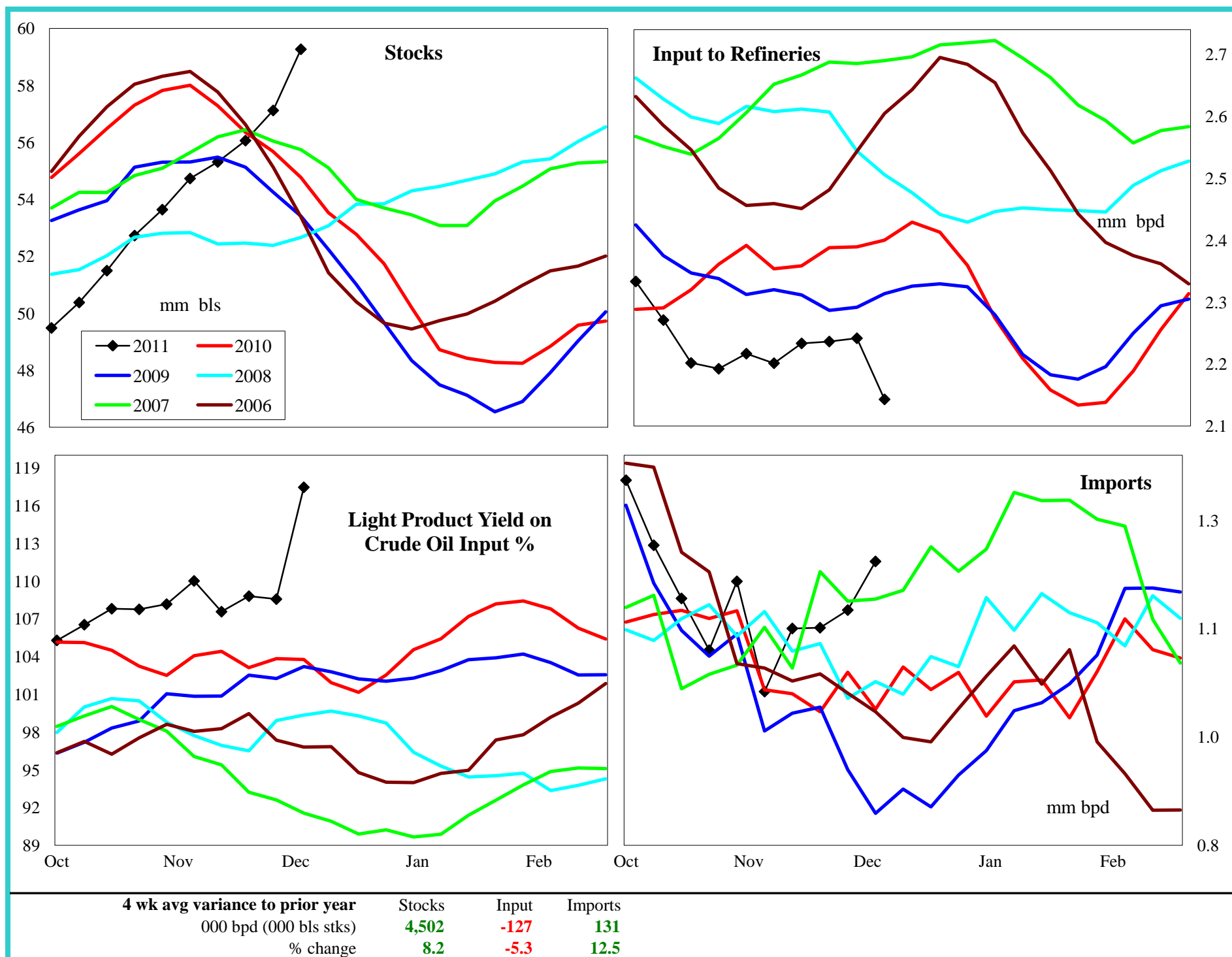
PADD 4 Jet Fuel Supply



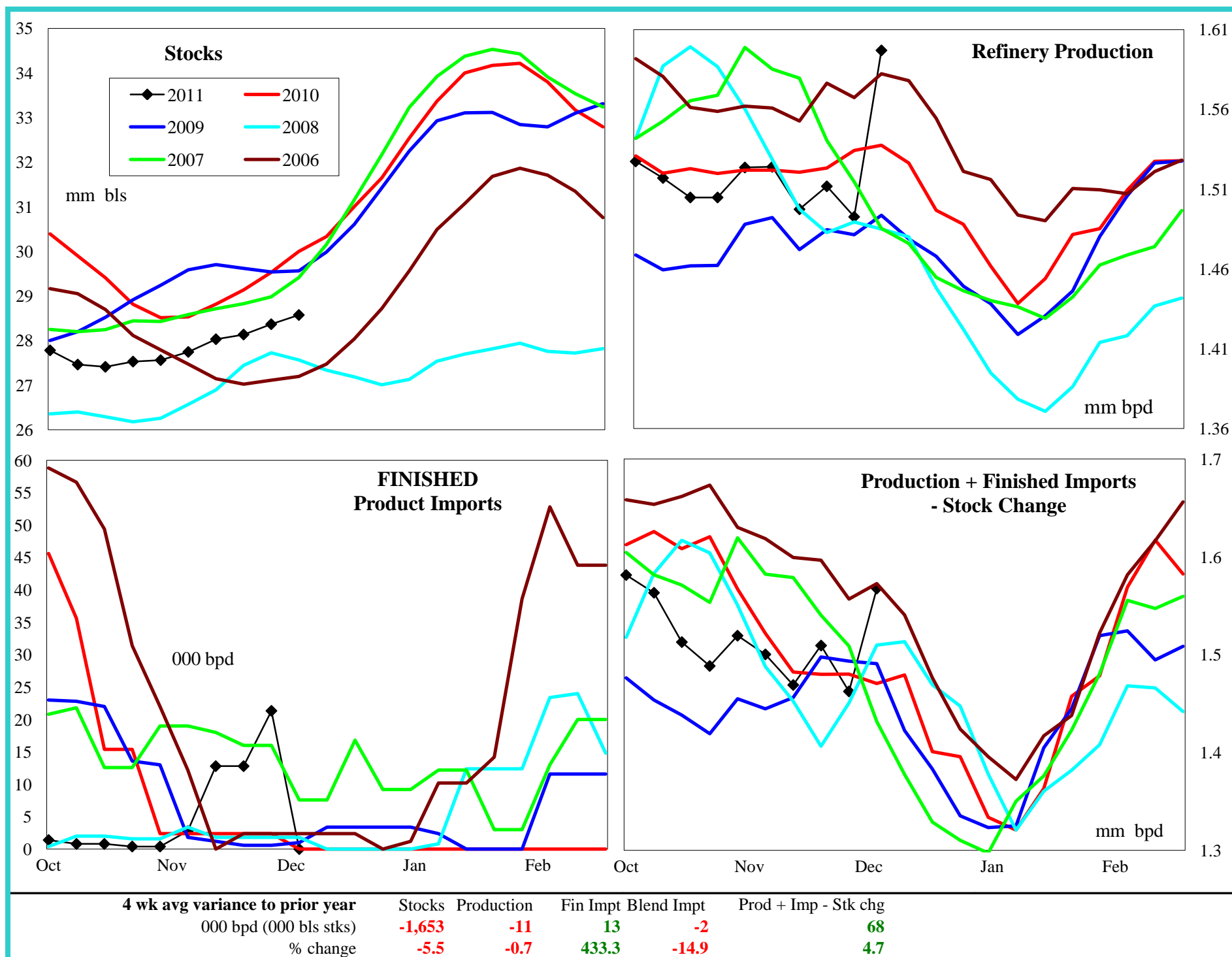
PADD 4 Residual Fuel Oil Supply



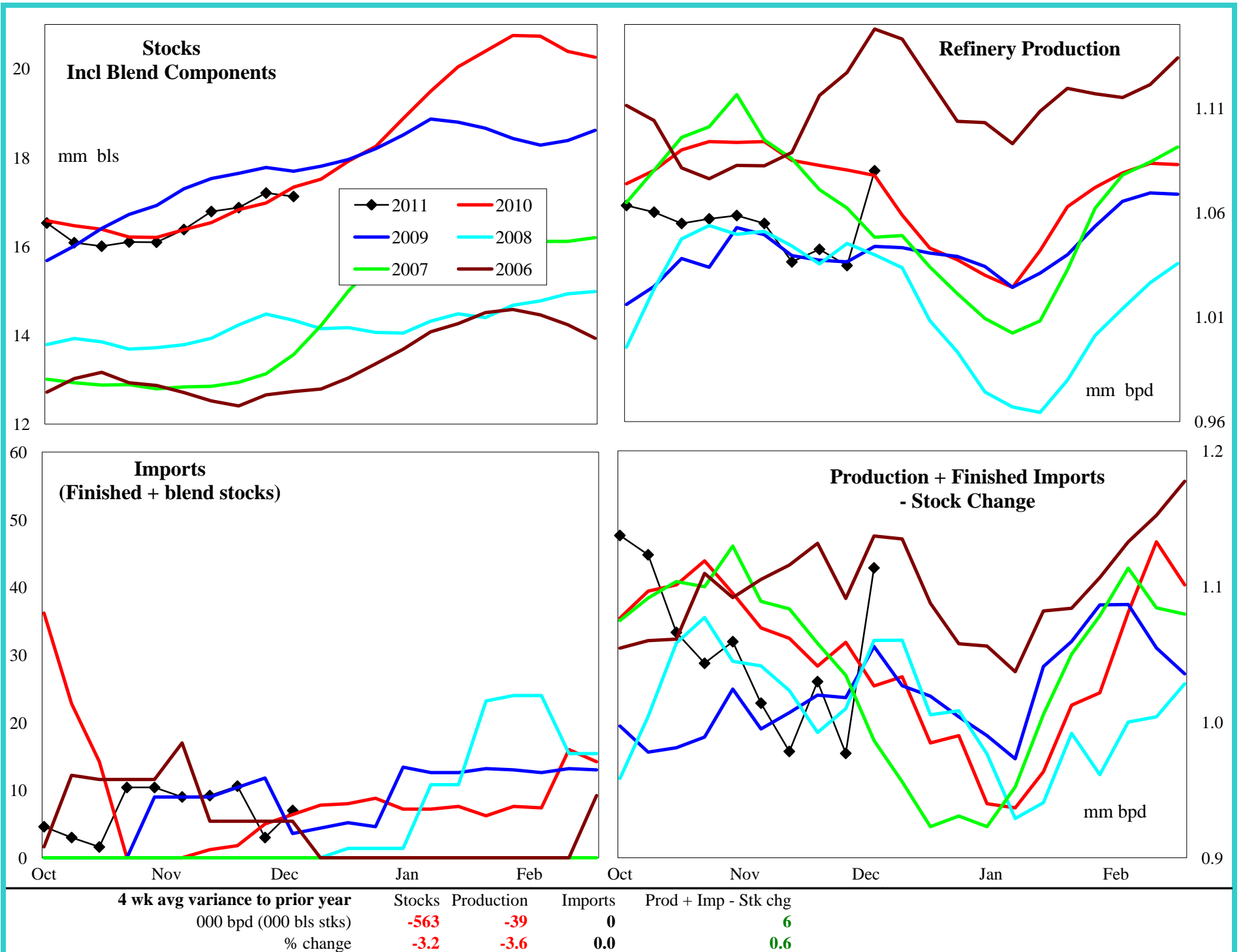
PADD 5 Crude Oil Supply and Refining



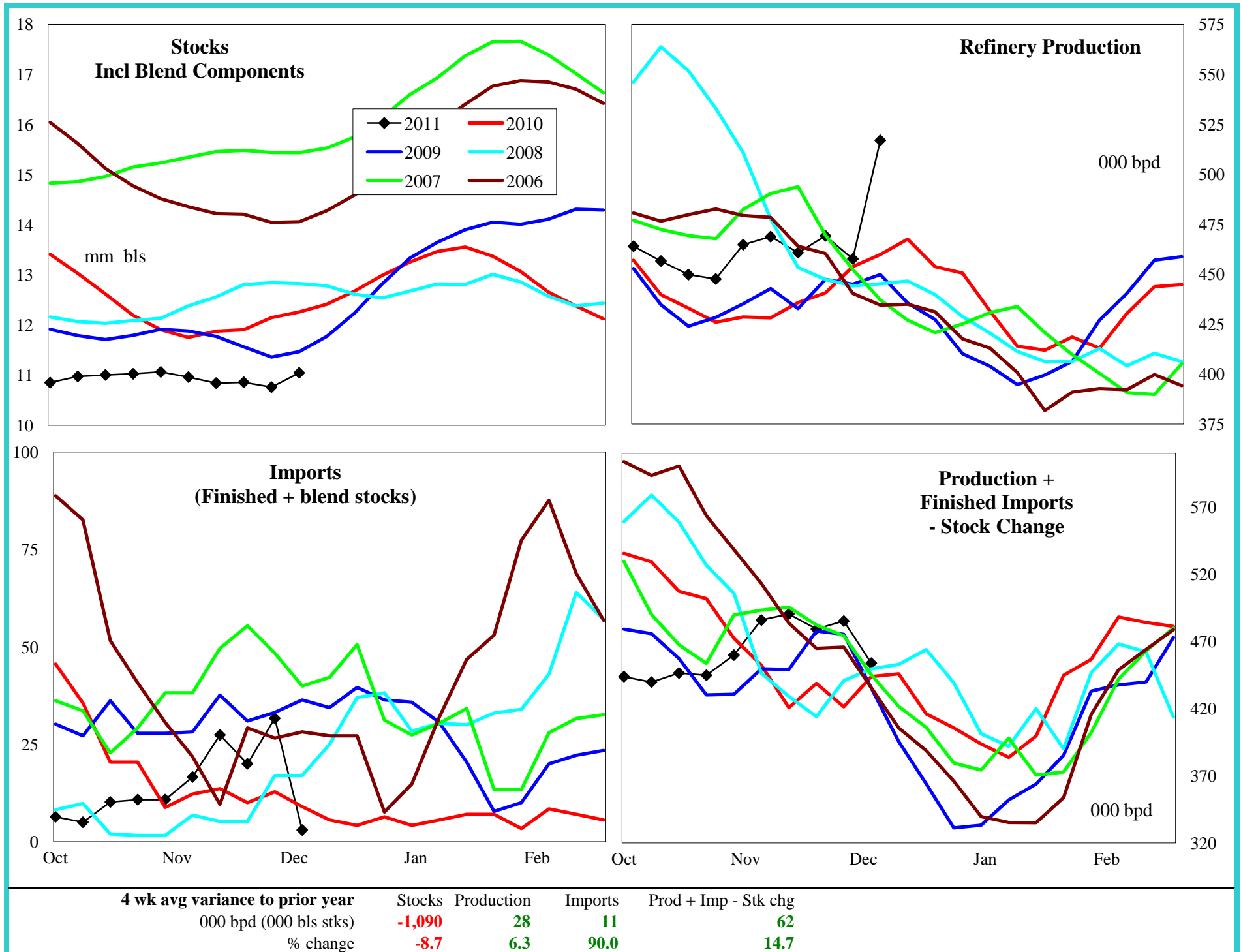
PADD 5 Gasoline Supply



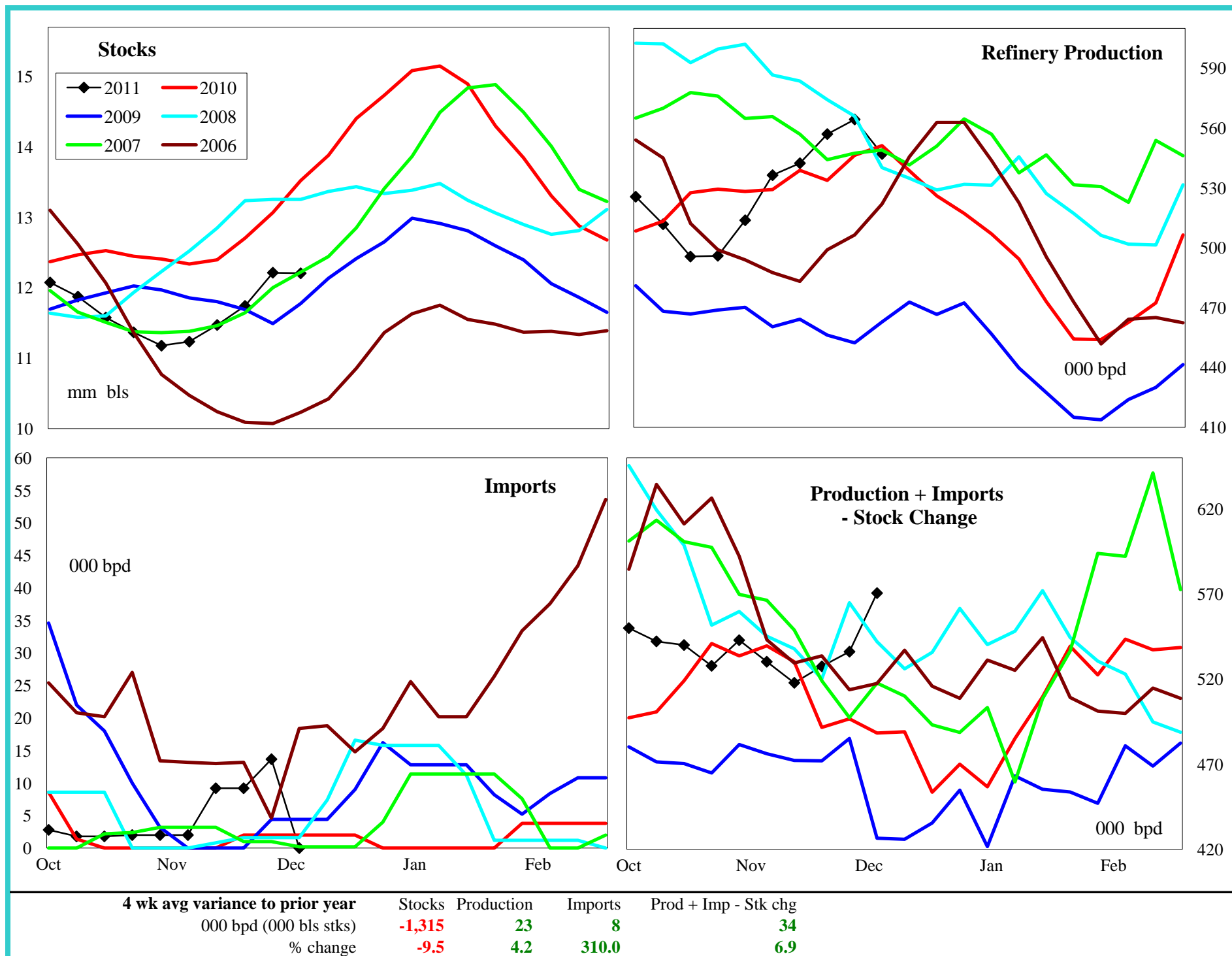
PADD 5 Reformulated Gasoline Supply



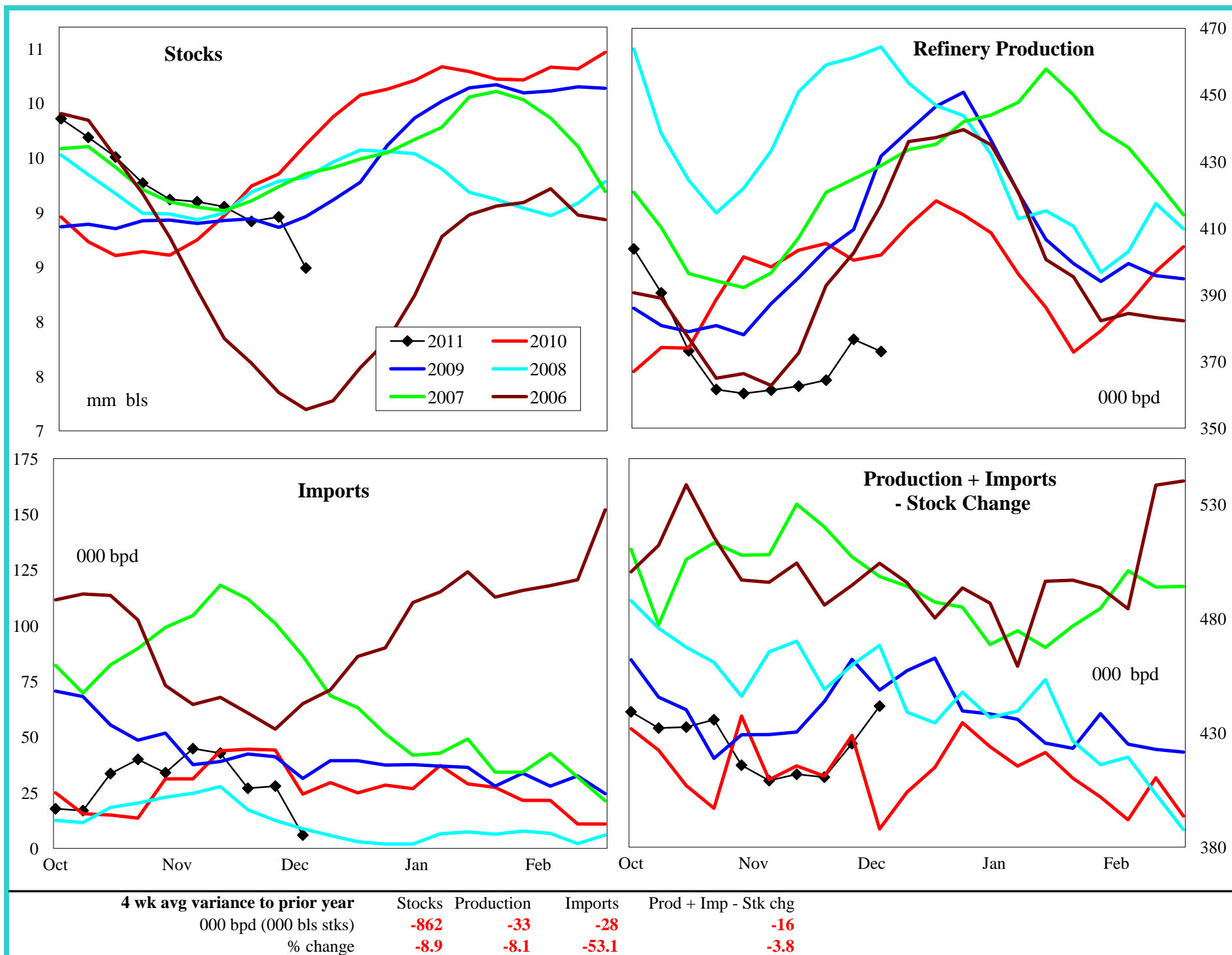
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

