



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

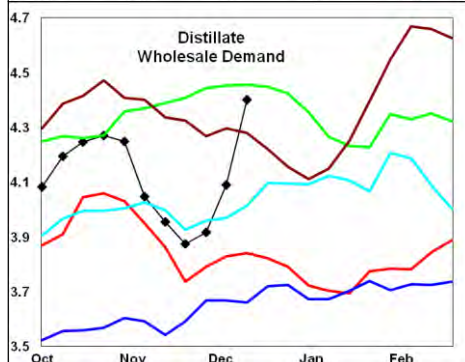
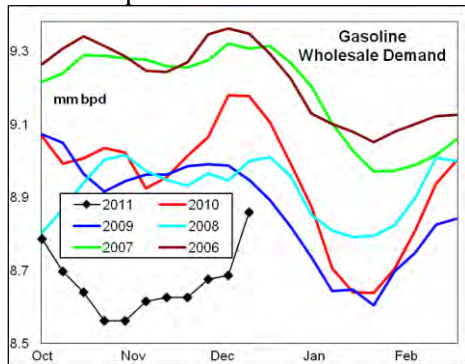
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, December 21,

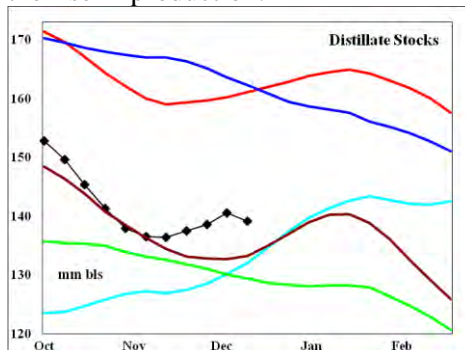


Major Fundamental Trends¹

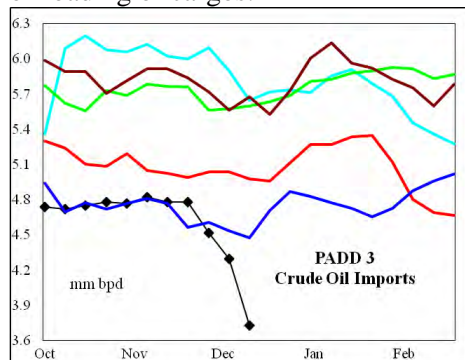
Combined transport fuel (gasoline, distillate and jet fuel) wholesale demand jumped +0.7 million bpd last week on a seasonal upturn and favorable weather for travel. Heating oil demand was depressed by very warm temperatures in the northeast.



The jump in weekly demand led to stock draws for all transport fuels, with distillate stocks down -2.4 million barrels. Distillate stock levels are -22 million barrels below a year ago due to year-on-year increase in exports and domestic demand, and declines in imports which have more than offset the rise in production.



Crude oil stocks fell -10.6 million barrels last week, including a -7 million barrel drop in the Gulf Region. Imports fell -0.7 million bpd last week in the Gulf Region, due in part to a shipping accident in the Houston Ship channel early last week which delayed offloading of cargos.



While crude oil stocks in the Gulf region have dropped to 5-year lows, stock levels in PADDs 2, 4 and 5 each match record highs, due in part to increased domestic and Canadian imports.

Demand increased for all transport fuels last week by a combined +680,000 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 -4.7%; distillate up +2.4%; jet fuel down -0.5% while residual fuel oil decreased -2%.

Stocks forward coverage: Gasoline demand coverage decreased on a -0.4 million barrel stock draw last week.

Distillate coverage declined on a -2.4 million barrel stock draw and higher demand for the week. Coverage levels were well below the last 2-years.

Jet fuel coverage levels were above the mid range on a -0.5 million barrel stock draw. Coverage was comparable to the last 2-years.

Refinery utilization rates decreased on a -53,000 bpd drop in crude oil runs. During the latest 4-wk period crude oil input was +39,000 bpd above a year ago.

Gasoline yield % on crude oil runs declined on a -154,000 bpd decrease in

output, compared to a -53,000 bpd drop in crude oil runs last week. Yield % on crude oil runs was below the historic high.

Distillate yield % on crude oil runs increased to a new record high level on a +32,000 bpd increase in output, compared to the drop in crude oil runs.

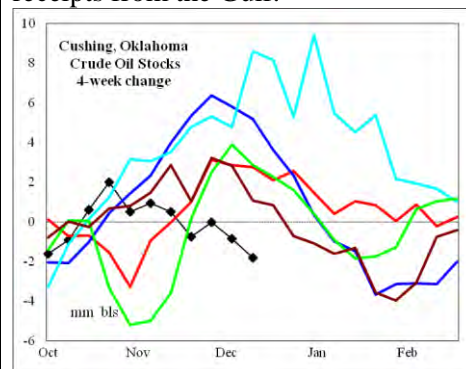
Jet fuel yield % on crude oil runs decreased last week on a -20,000 bpd decline in output compared to the drop in crude oil runs. Yield % levels were above four of the last 5-years.

Petroleum Imports of crude oil fell -0.7 million bpd last week and -1.8 million bpd during the last 2-wks.

During the latest 4-wk period crude oil imports increased +118,000 bpd over last year; distillate imports decreased -64,000 bpd; finished gasoline imports decreased -32,000 bpd, gasoline blend stock imports declined -126,000 bpd; jet fuel imports were -32,000 bpd lower, while residual fuel oil imports increased +68,000 bpd.

Crude Oil stocks plunged -10.6 million barrels last week; including a -7 million barrel decrease in the Gulf Region. A ship accident last week in the Houston Ship channel led to a record low level of imports, that underlie the stock draw.

Stocks continue to draw down in Cushing as refiners in the Midwest operate at record high rates, substituting lower cost inland production and Canadian imports for receipts from the Gulf.



¹ Source is latest EIA Weekly Statistics



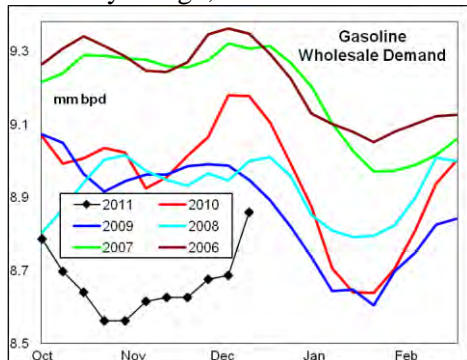
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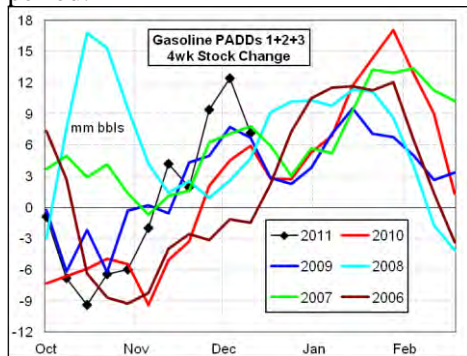
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Product Supply-Demand Trends

Gasoline demand increased +213,000 bpd last week. The latest 4-wk average demand was -428,000 bpd below a year ago, a decline of -4.7%.



Production declined -154,000 bpd last week, although the level remains above the historic range. Imports also fell -175,000 bpd to a record low level. Reduced supplies and higher weekly demand led to a -0.4 million barrel stock draw. Stock levels remain above the historic range. The latest 4-wk stock build in markets East of the Rockies was +6.7 million barrels, a level that matched 5-year highs for the period.



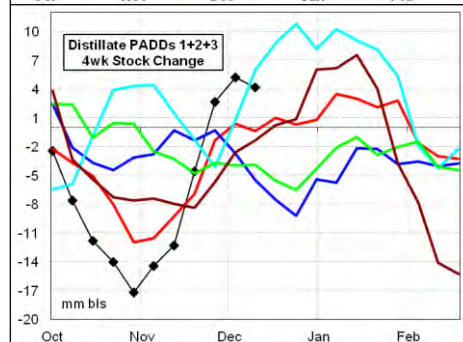
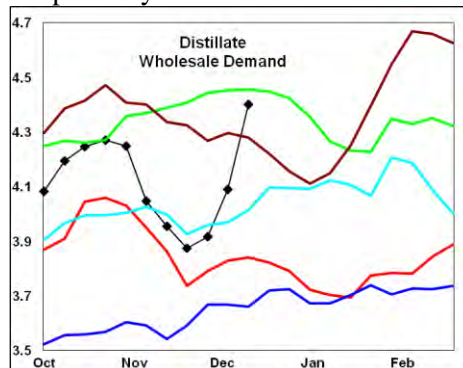
Expect a seasonal pull back in demand and continued year-on-year declines to support stock levels above the historic range for the next several weeks. Regional markets face significant over supply during the 1st quarter.

Distillate demand jumped +447,000 bpd last week, to a level near 5-year highs. The latest 4-wk average year-on-year demand growth was +90,000 bpd.

Production increased +32,000 bpd last week, to a new record high. The latest 4-wk average supply was +403,000 bpd above a year ago.

Stocks fell -2.4 million barrels on the surge in demand. Stock levels ended the week -21.6 million barrels below last year.

The latest 4-wk stock change in markets East of the Rockies was a build of +4.2 million barrels, compared to draws of -2.5 million barrels during the prior 5-years.



After witnessing a meaningful improvement in the distillate supply balance during the prior 30-day period, the current week fundamentals point to renewed tightening of supplies. Sharply higher demand, even with unusually low heating degree days, led to a significant stock draw.

Record production and a seasonal pull back in demand during the next 30-days should lead to modest stock builds.

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

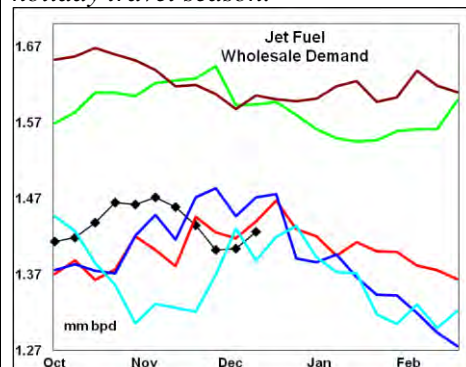
Jet Fuel demand increased +20,000 bpd last week, to a level comparable with the last 3-years. The latest 4-wk average demand was -7,000 bpd below a year ago.

Supply decreased -21,000 bpd last week, on lower production. Stocks

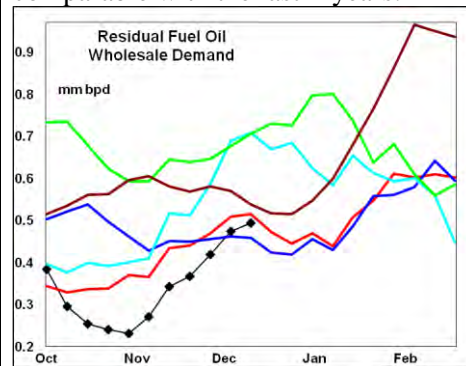
decreased -0.5 million barrels to a level -6% below last years' record high.

Recent production levels were at the historic mid range, while imports have declined to record low levels. Stock levels remain well above the historic mid range.

Expect modest stock draws into early January, followed by a seasonal build as demand declines after the holiday travel season.



Residual fuel oil demand increased +84,000 bpd on the week, to a level comparable with the last 2-years.



Supply (production + imports) fell -323,000 bpd last week, on lower imports. The latest 4-wk average supply was +38,000 bpd above last year. Stock levels ended the week below the mid range.

A -341,000 bpd collapse in imports last week (due in part to a disruption in the Houston Ship channel), limited further builds in PADD 3 stocks. Stock levels in this key market remain above the previous 5-year range. Other regional markets are well balanced.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

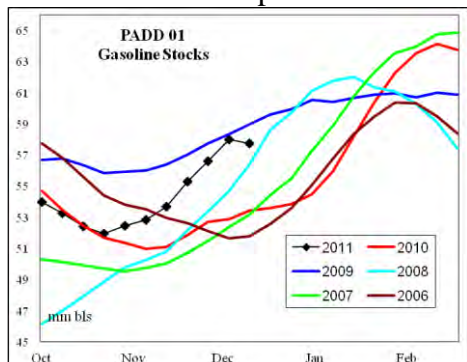
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PADD Supply Trends

PADD 1 refinery crude oil runs declined -156,000 bpd on the week, with the latest 4-wk average -32,000 bpd below last year, and a record low rate for this time of year.

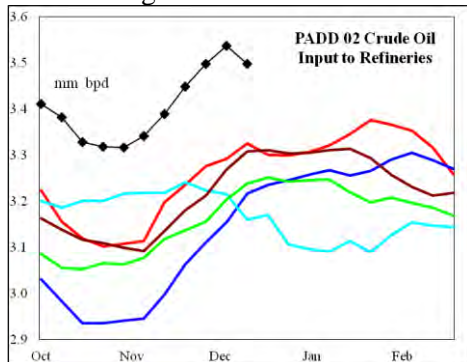
Gasoline supply decreased -35,000 bpd last week, due to lower imports. Import levels fell to record lows for the period.



Gasoline stocks fell -1.3 million barrels on the week, to a level near the 5-year high.

Distillate supply increased +9,000 bpd last week, with the latest 4-wk average -26,000 bpd below last year. Stocks fell -1 million barrels on the week, a level near 5-year lows for this time of year.

Jet fuel stocks increased +0.8 million barrels to a level that matched the mid range for the week.



PADD 2 crude oil refinery runs declined -8,000 bpd last week, with the 4-wk average +228,000 bpd above last years' highs. Crude imports decreased -54,000 bpd, with the latest 4-wk average +33% above last year. Crude oil stock levels match 5-year highs.

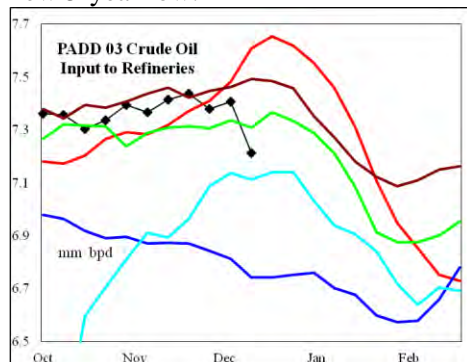
Gasoline production increased +20,000 bpd, with the level +107,000

bpd above the historic range. Stocks decreased -0.4 million barrels, with the level above the 5-year mid range.

Distillate production decreased -12,000 bpd, with the 4-wk average +160,000 bpd above last year. Stocks decreased -0.2 million barrels last week, with the level above the mid range.

Jet fuel production decreased -12,000 bpd, with the level comparable to the last 2-years. Stock levels exceed the historic range.

PADD 3 refinery runs decreased -144,000 bpd last week, to a level below the mid range. The latest 4-wk average thru put was -70,000 bpd below last year. Crude oil imports fell -0.7 million bpd last week, to a fresh 5-year low. Imports were impacted by a shipping accident in the Houston Ship channel early last week. Stocks fell -6.9 million barrels on the week, to a new 5-year low.



Gasoline production decreased -105,000 bpd on the week. Stocks increased +1.4 million barrels last week, to a level -1.74% below prior record highs.

Distillate production decreased -5,000 bpd on the week, with the latest 4-wk average +219,000 bpd above the previous 5-year high. Stocks declined -1.2 million barrels, to a level -7.8 million barrels below the historic high for this time of year.

Jet fuel supply fell -84,000 bpd on the week, to a level comparable with the last 2-years. Stocks fell -1.3 million barrels to a level above four of the last 5-years.

Residual fuel oil supplies fell -

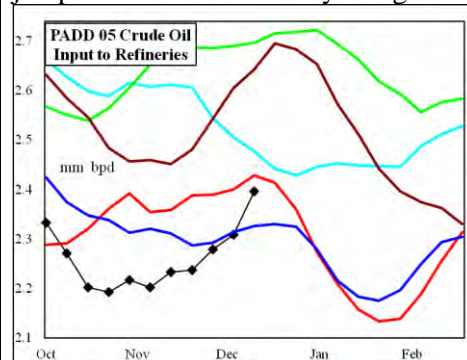
144,000 bpd on the week, due to sharply lower imports. Stocks decreased -0.5 million barrels, although the level remains above the 5-year range.

PADD 4 refinery crude runs were unchanged last week, at a level above the 5-year range. The most recent 4-wk average run rate was +26,000 bpd above a year ago.

Gasoline production increased +2,000 bpd on the week, with the latest 4-wk average -28,000 bpd below last year. The stock level matched 5-year highs for the season.

Distillate production increased +10,000 bpd last week, to a new 5-year high. Stock levels also reached a new record high.

PADD 5 crude oil refinery runs climbed +253,000 bpd on the week, to a level comparable to the last 2-years. The latest 4-wk average thru put was -113,000 bpd below last year. Light product yield % on crude oil runs jumped was +5% above a year ago.



Gasoline production declined -86,000 bpd last week to a level above the mid range. Supply (production + imports) for the latest 4-wk average was -20,000 bpd below a year ago. Stocks decreased -0.1 million barrels on the week, to a level below the mid range.

Distillate supply increased +60,000 bpd on the week, to a new record high. The latest 4-wk average was +26,000 bpd above a year ago. Stocks were unchanged at a level near the mid range.

Jet fuel supply increased +84,000 bpd to match historic highs. Stock levels remain below the mid range.

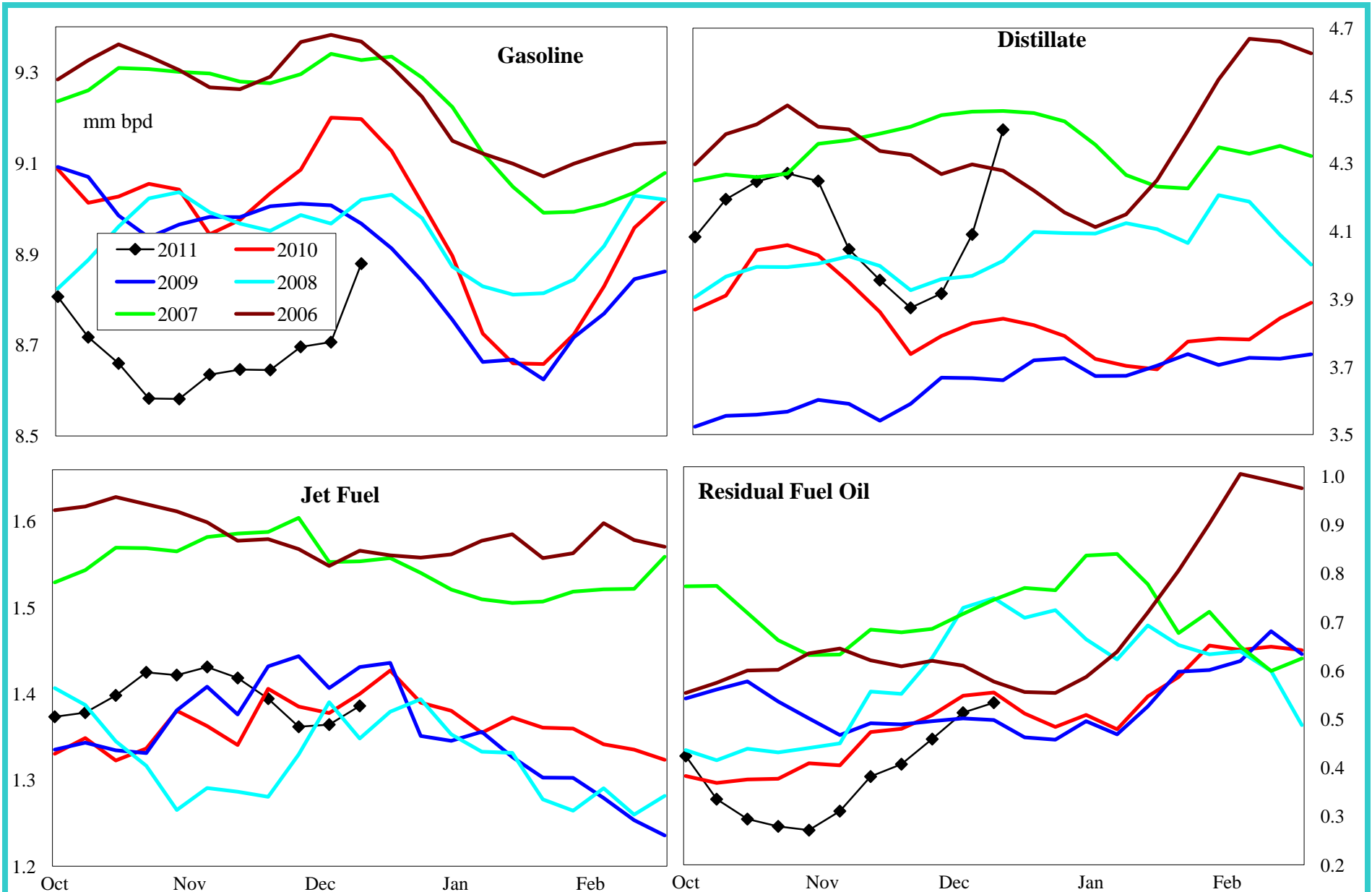


PETROLEUM: Graph Link and Weekly Summary

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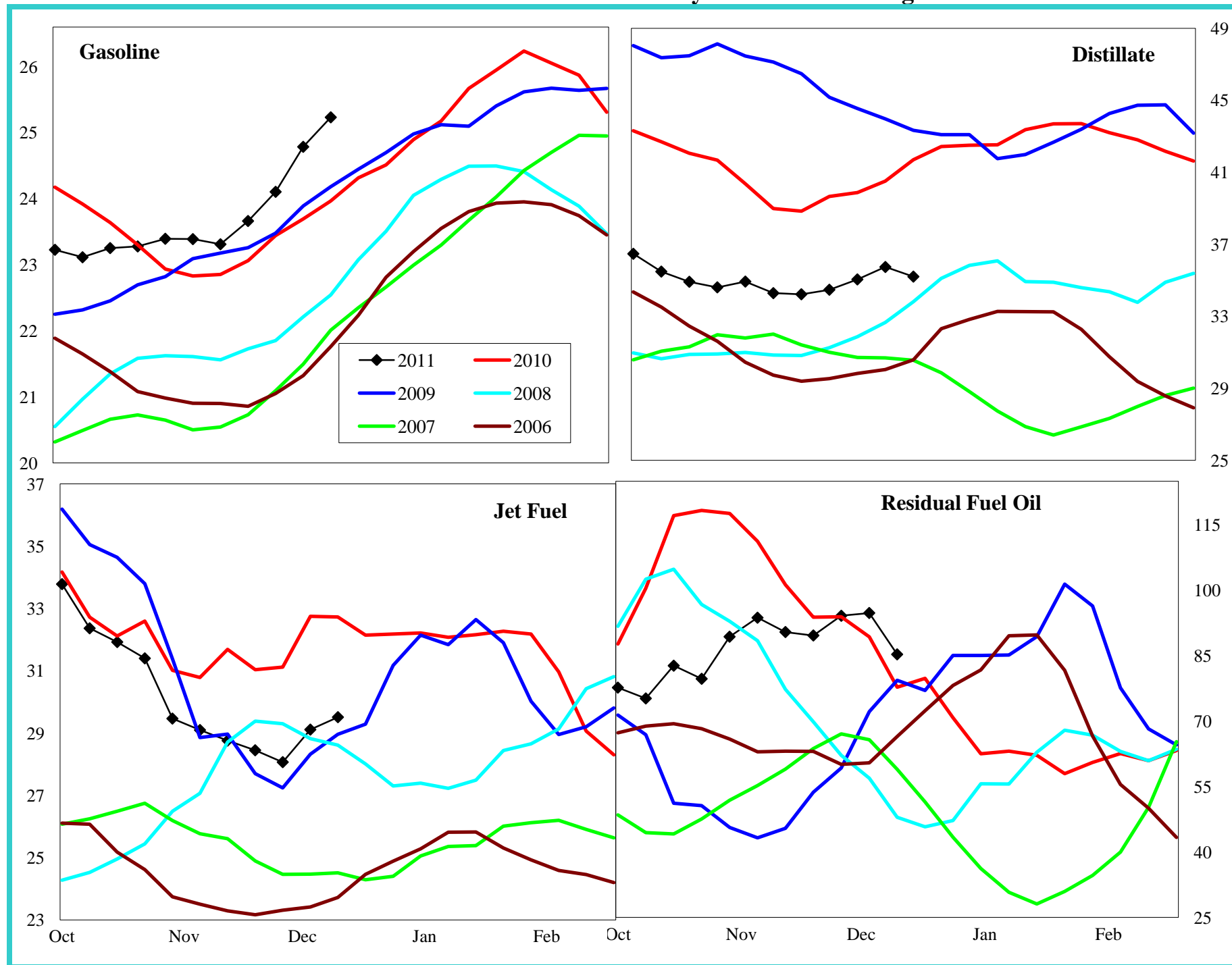
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %			Imports	
Supply/Demand Trends	16-Dec-11	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-10,570	-253	797	-6,934	379	-4,558
	Imports	-741	214	-54	-664	-44	-193
	Input	-53	-156	-8	-144	0	253
	% Utilization	-0.20					
Gasoline	Stocks	-412	-1,343	-372	1,415	20	-133
	Production	-154	107	20	-105	2	-86
	Imports	-175	-142	1	-24	0	-10
	Supplied	213					
Distillate	Stocks	-2,353	-1,012	-207	-1,233	74	25
	Production	32	-20	-12	-5	10	60
	Imports	10	29	0	-20	1	0
	Supplied	447					
Jet Fuel	Stocks	-493	752	55	-1,348	-27	75
	Production	-20	-7	-12	-84	3	81
	Imports	-1	0	0	-4	0	3
	Supplied	20					
Residual Fuel Oil	Stocks	-1,397	-758	152	-542	-7	-241
	Production	18	0	3	30	-1	-14
	Imports	-341	-110	-1	-174	0	-57
	Supplied	84					

United States Wholesale Petroleum Demand

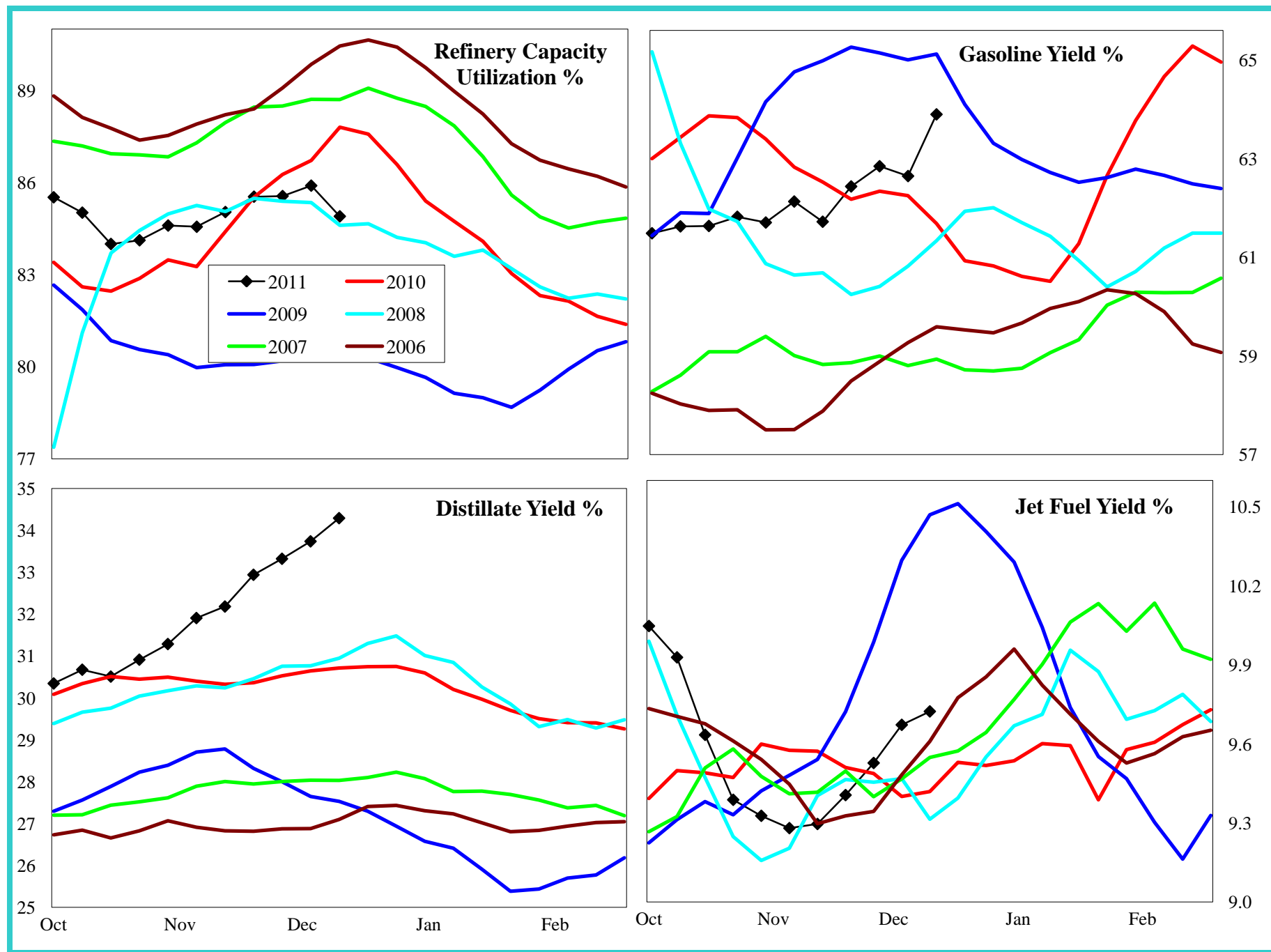


	000 bpd change from prior year				% change from prior year				
	4wk avg	Nov	Jan	Jan	4wk avg	Nov	Oct	Sep	
Gasoline	-428	-152	-359	-359	-4.7	-1.7	-4.0	-3.9	
Distillate	90	92	446	43	2.4	2.4	11.8	1.1	
Jet Fuel	-7	81	-14	-40	-0.5	5.8	-1.0	-2.7	
Resid	-9	-214	-202	-31	-1.8	-38.8	-41.3	-6.0	

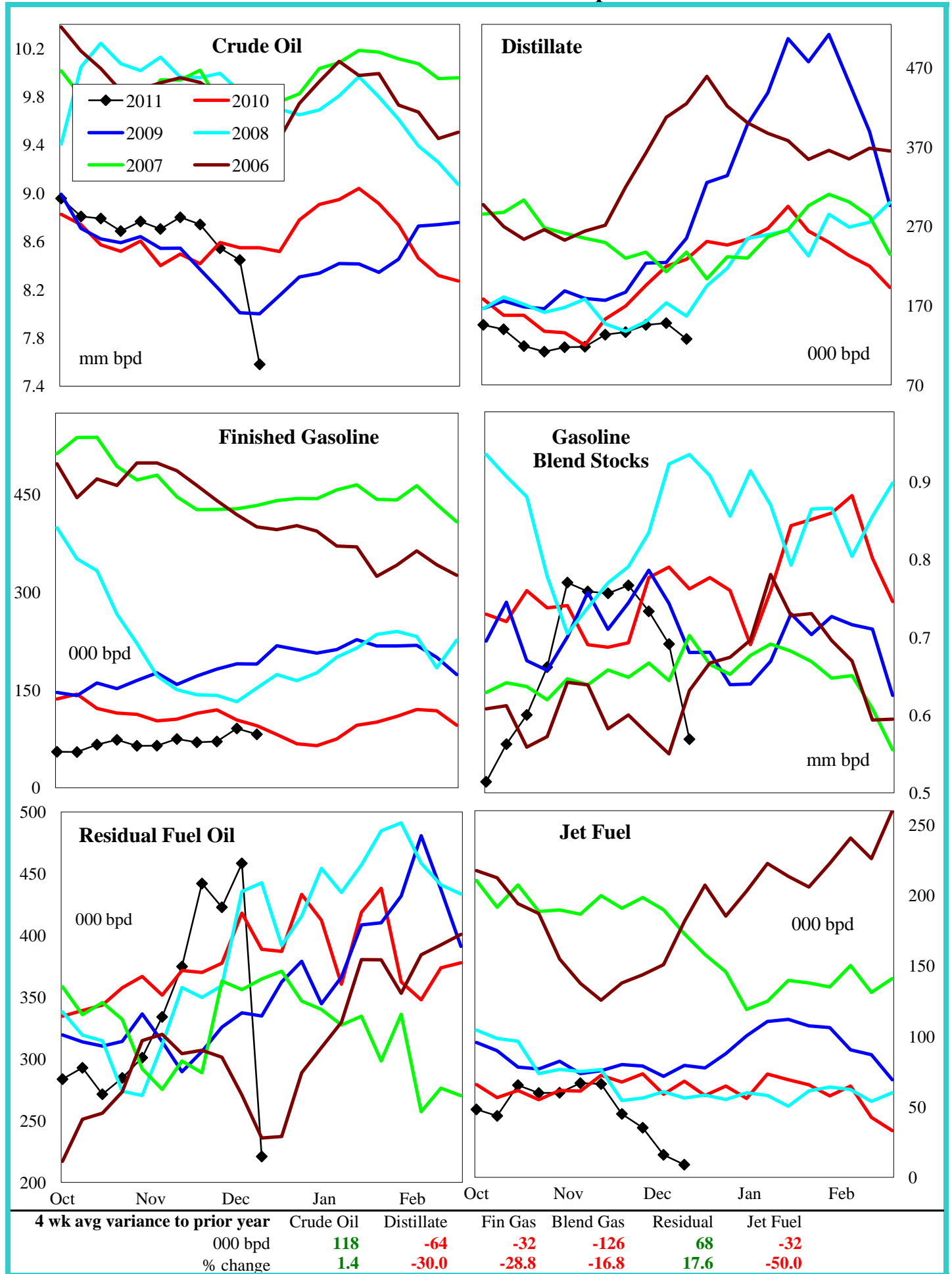


United States Product Stocks: Days Forward Coverage

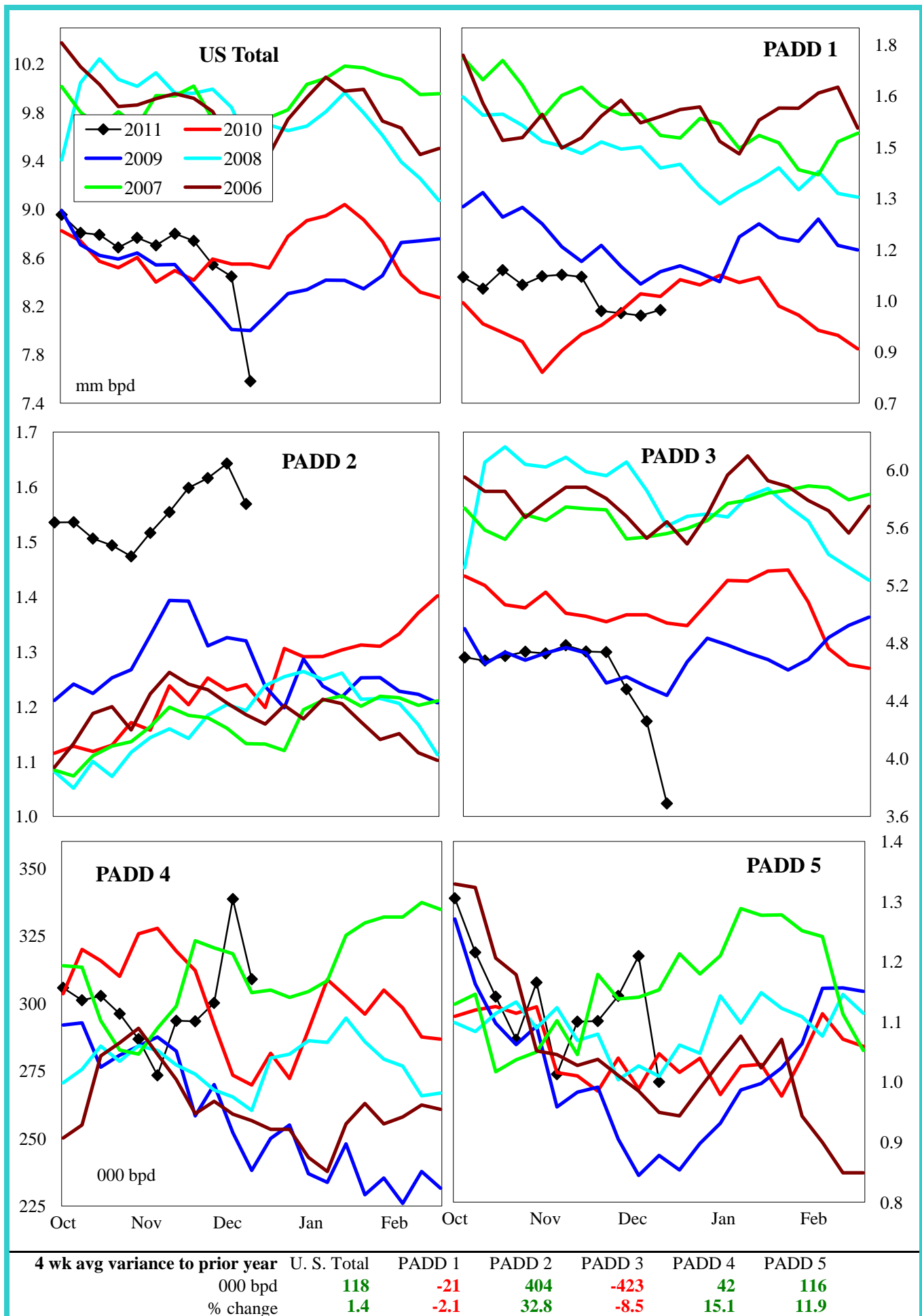
United States Refinery Percent Utilization Rate and Product Yields



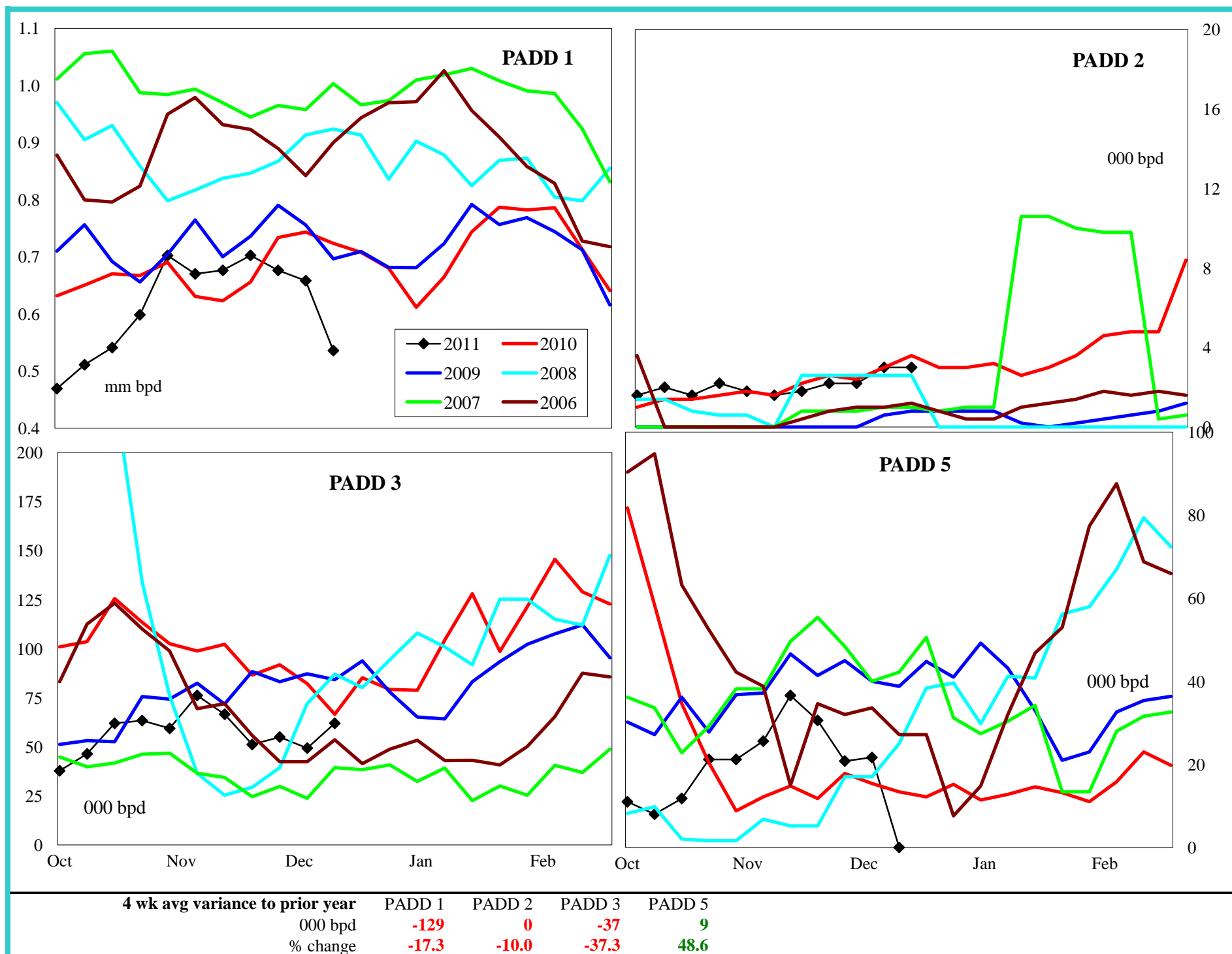
United States Petroleum Imports



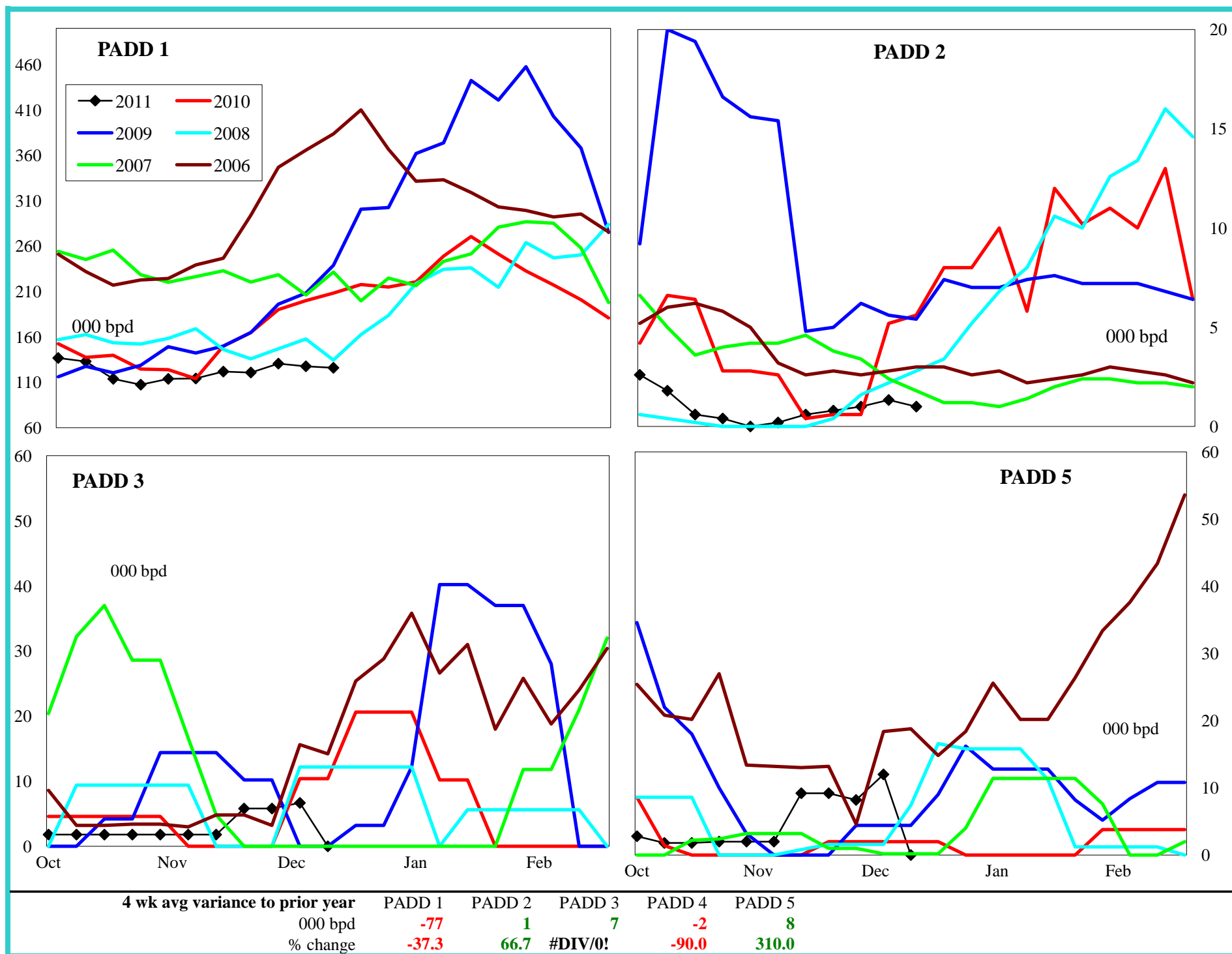
Crude Oil Imports by PADD



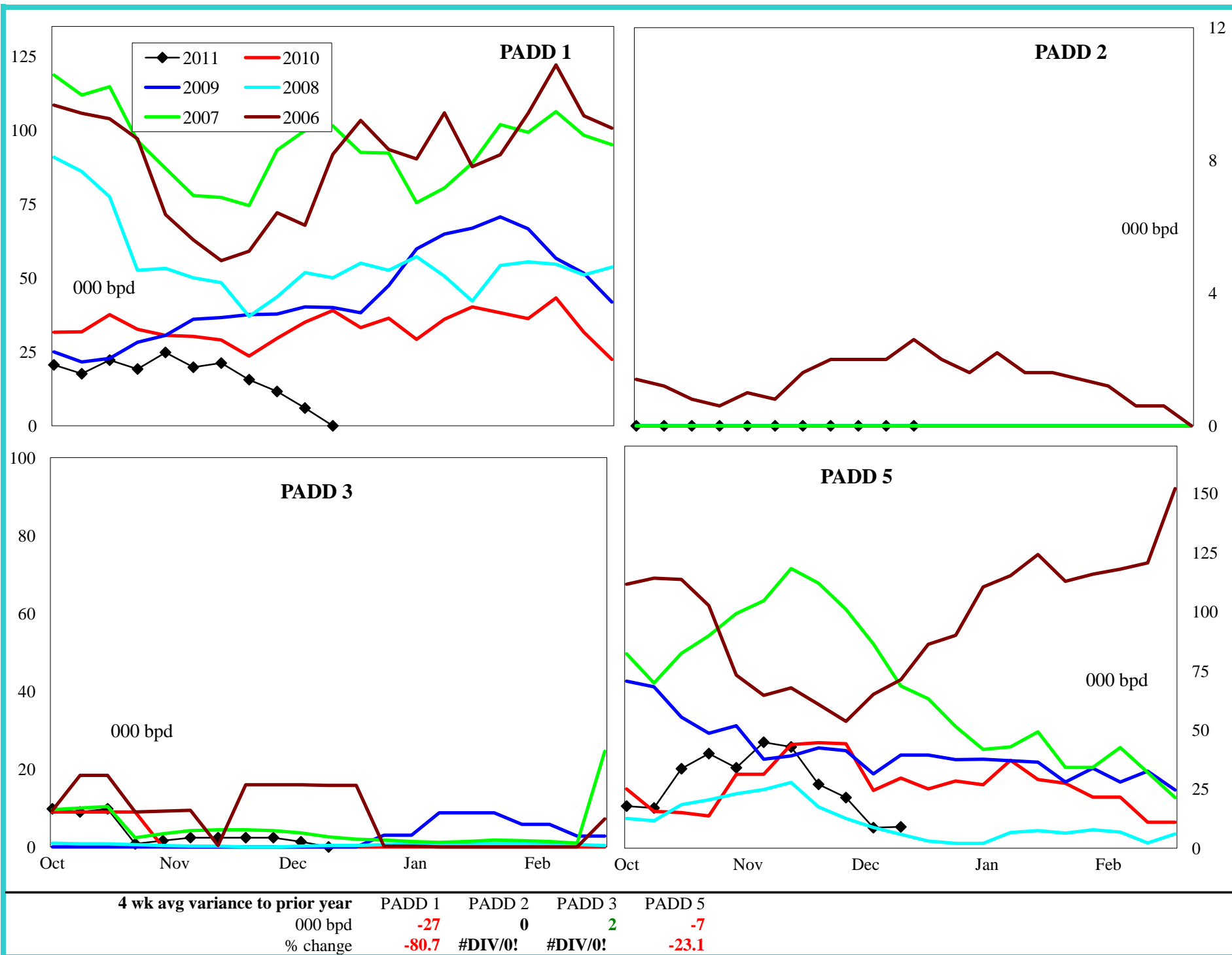
Gasoline Imports by PADD (Finished + Blend Stocks)



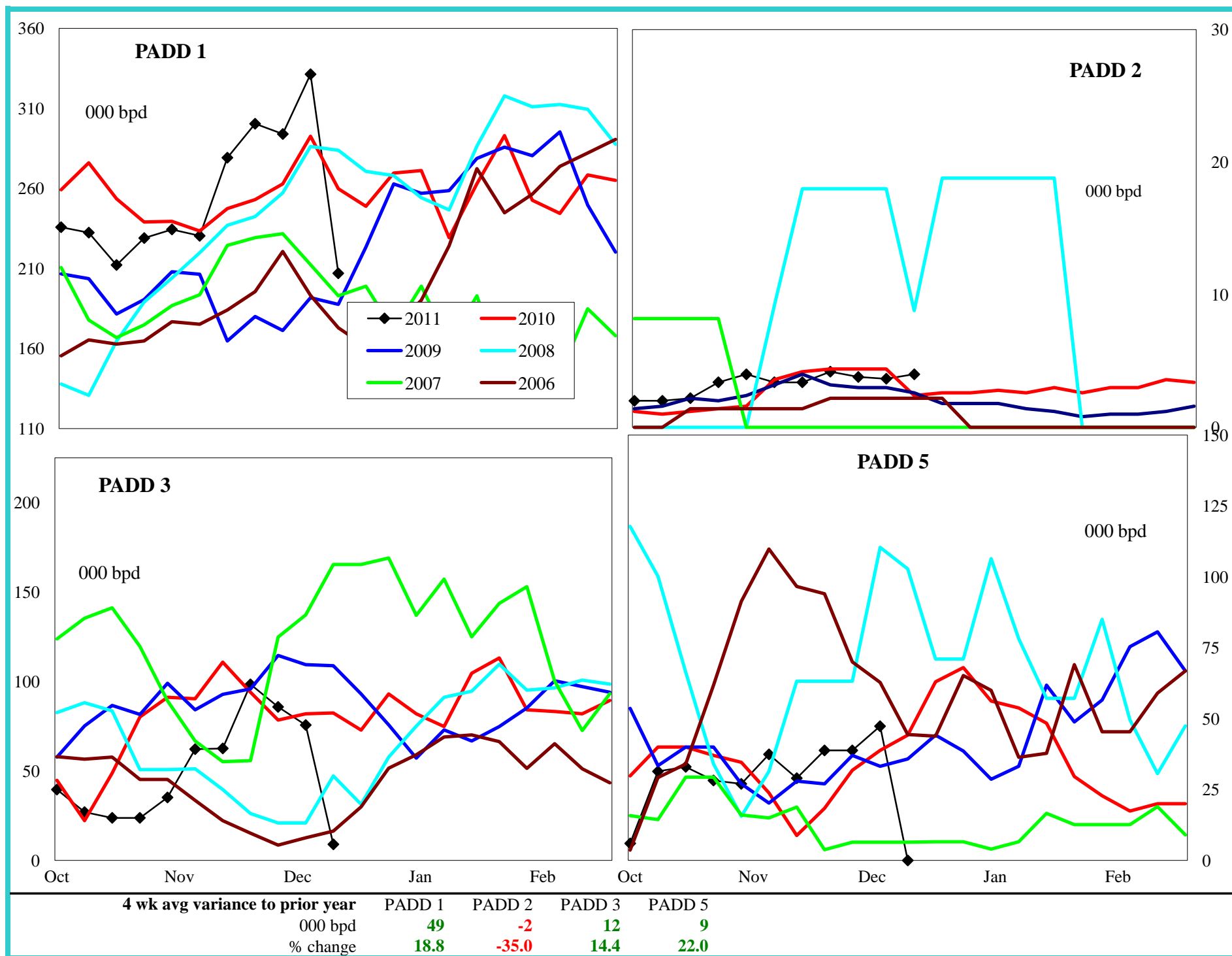
Distillate Imports by PADD



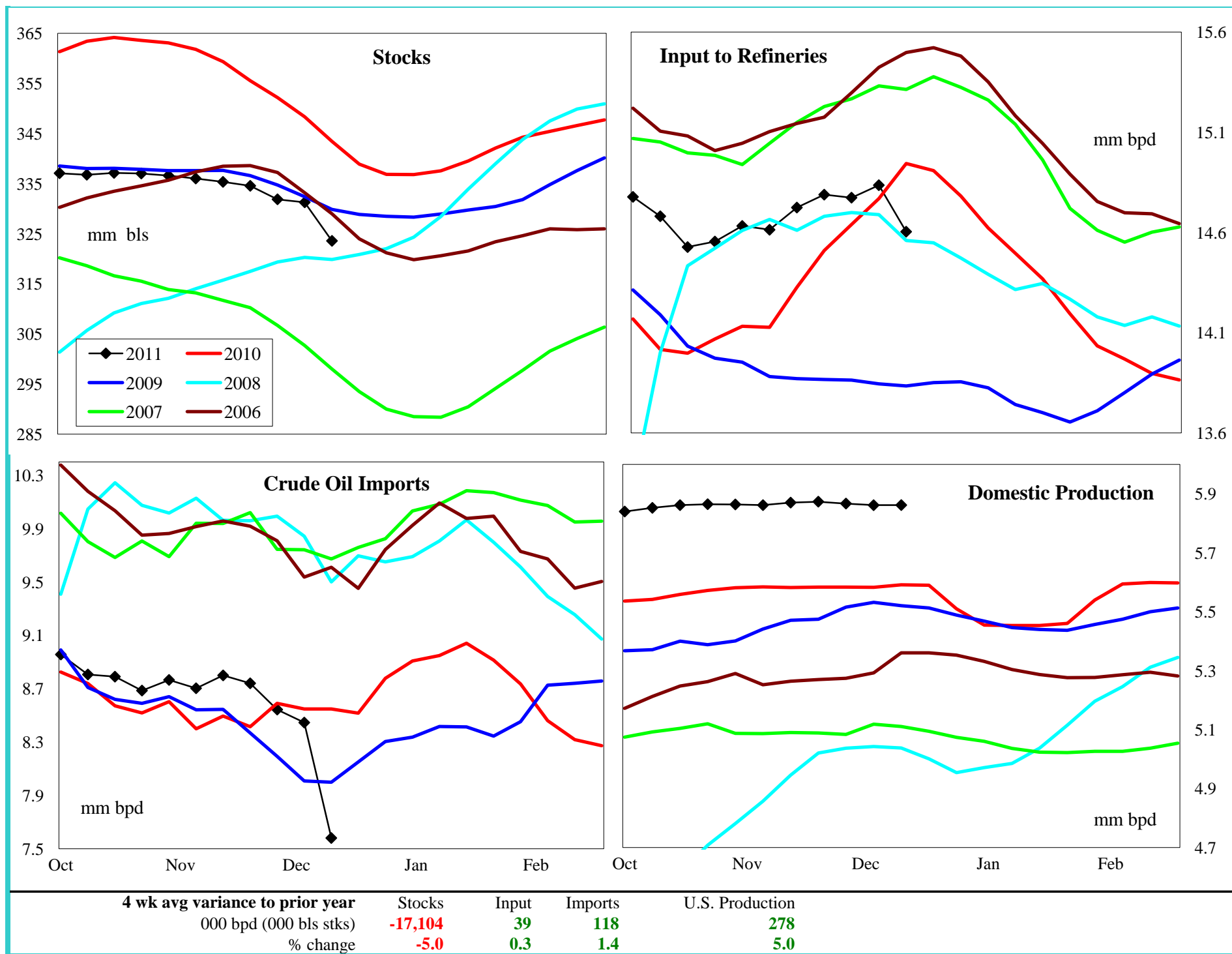
Jet Fuel Imports by PADD



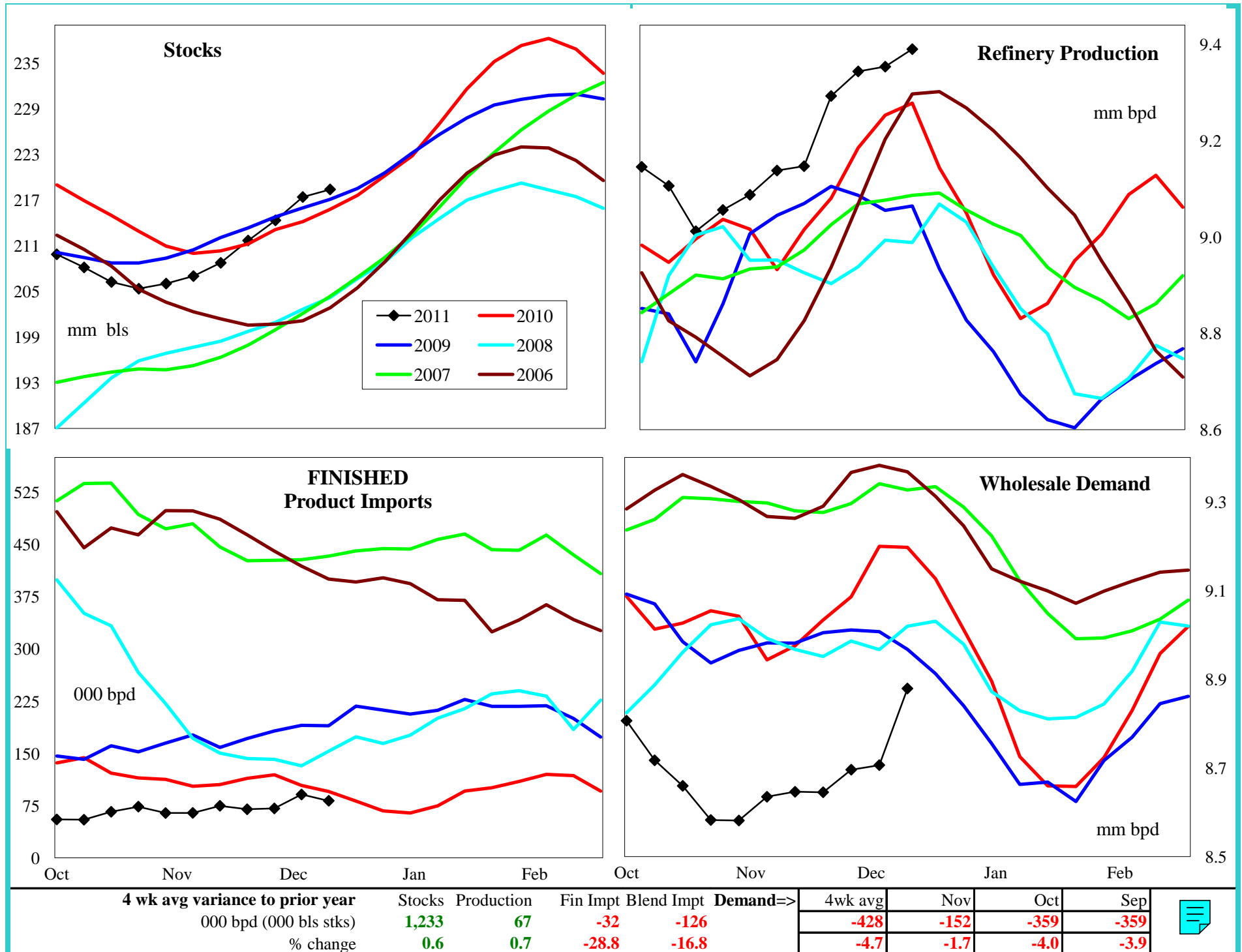
Residual Fuel Oil Imports by PADD



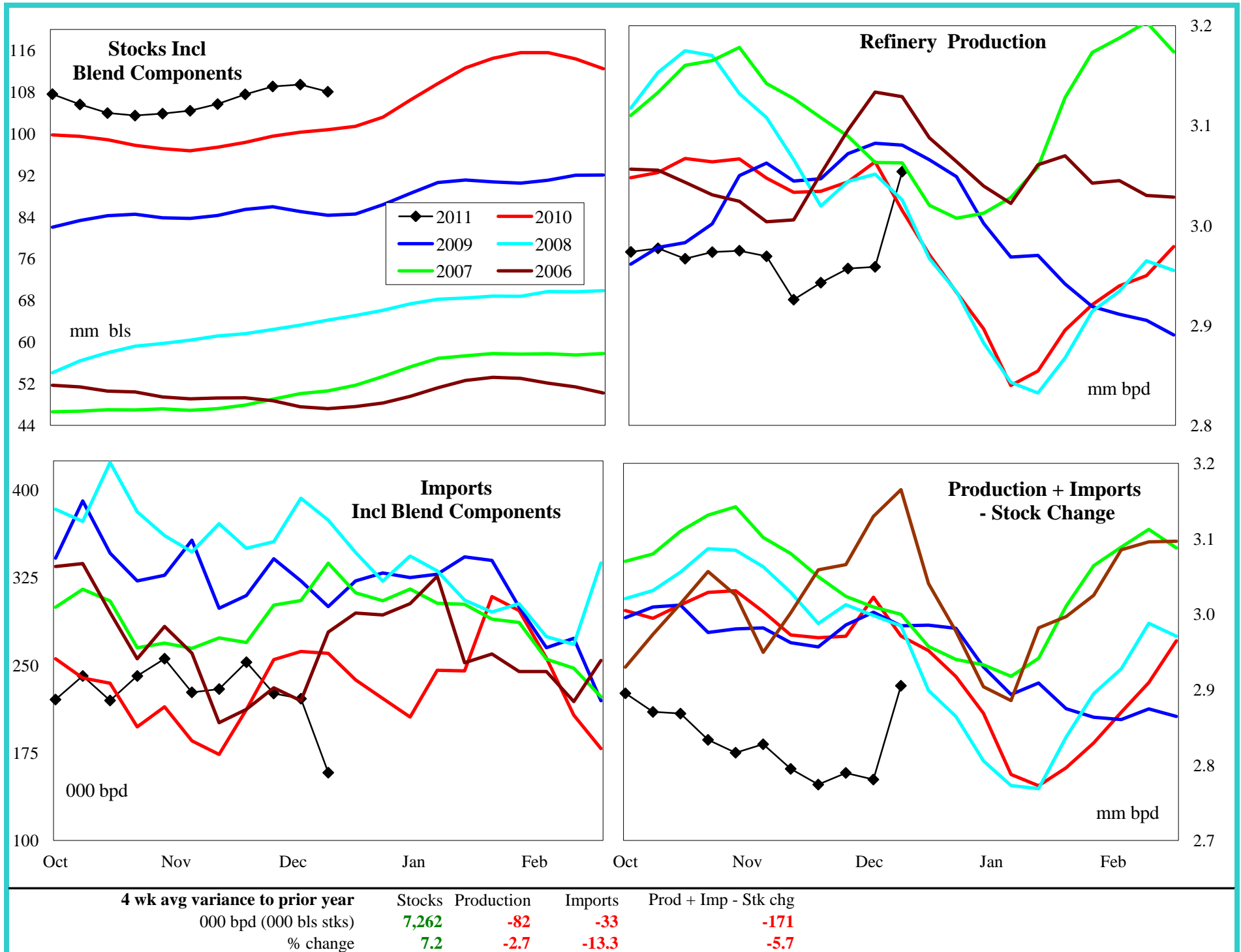
United States Crude Oil Supply and Demand Balance



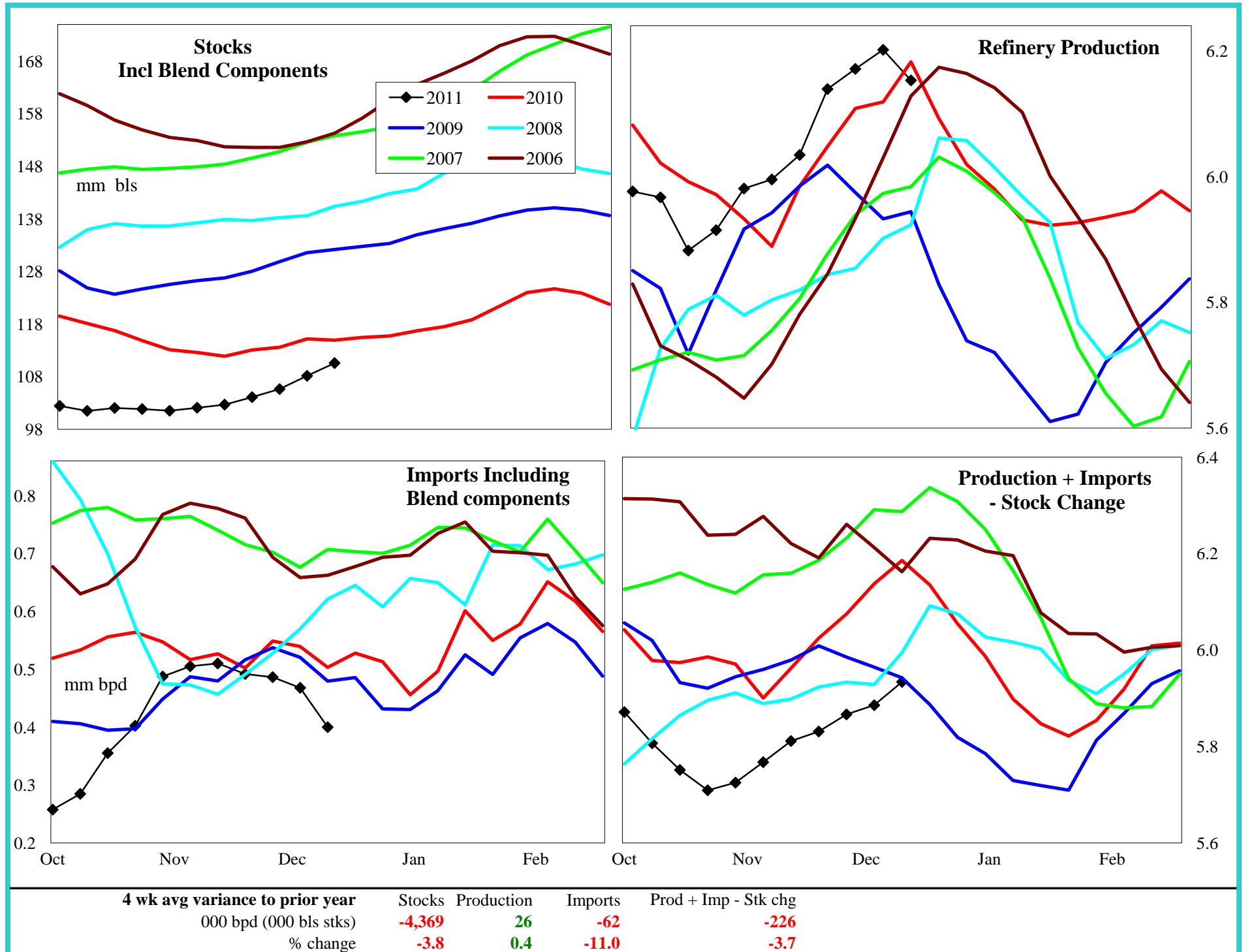
United States Gasoline Supply and Demand Balance



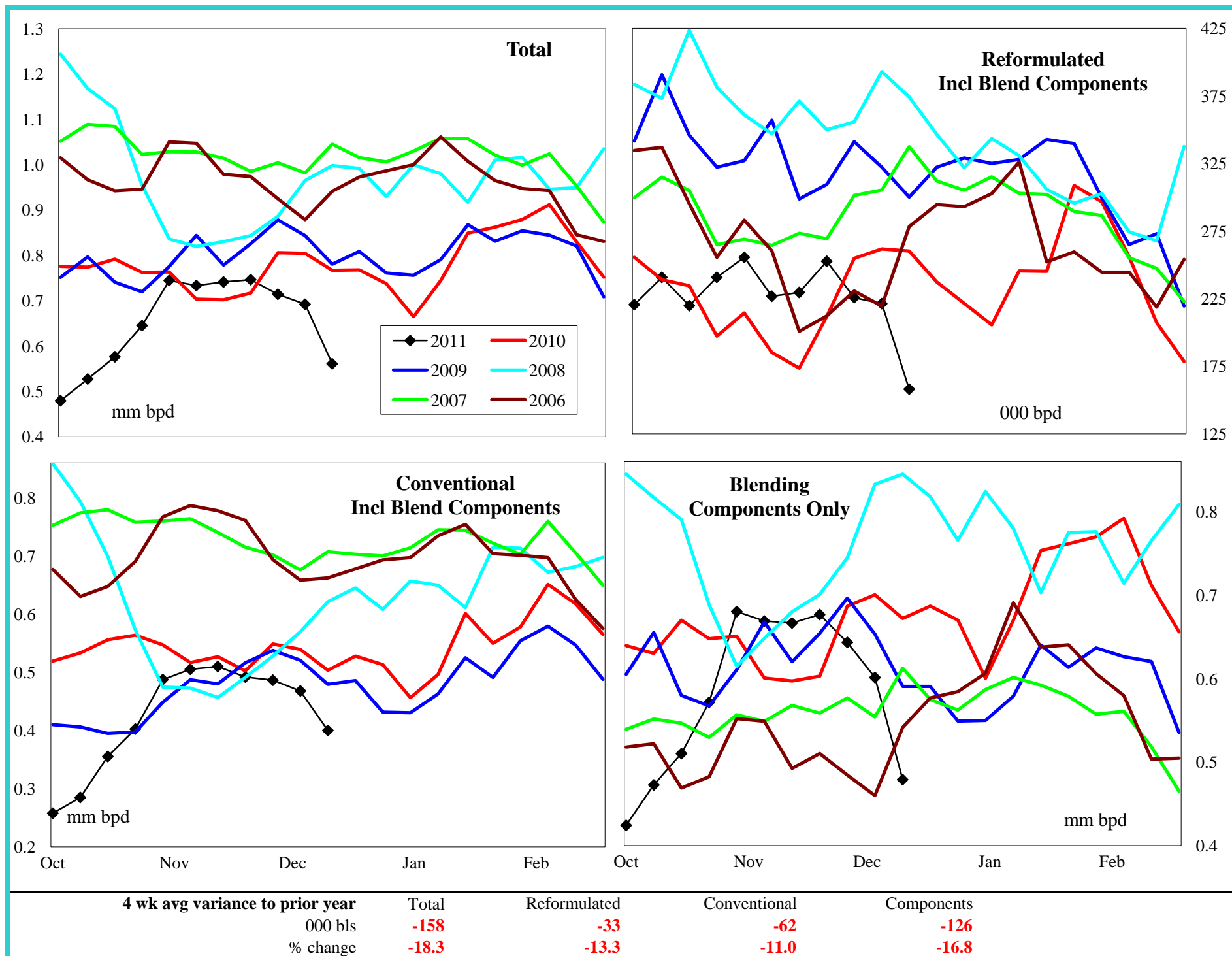
United States Reformulated Gasoline Supply



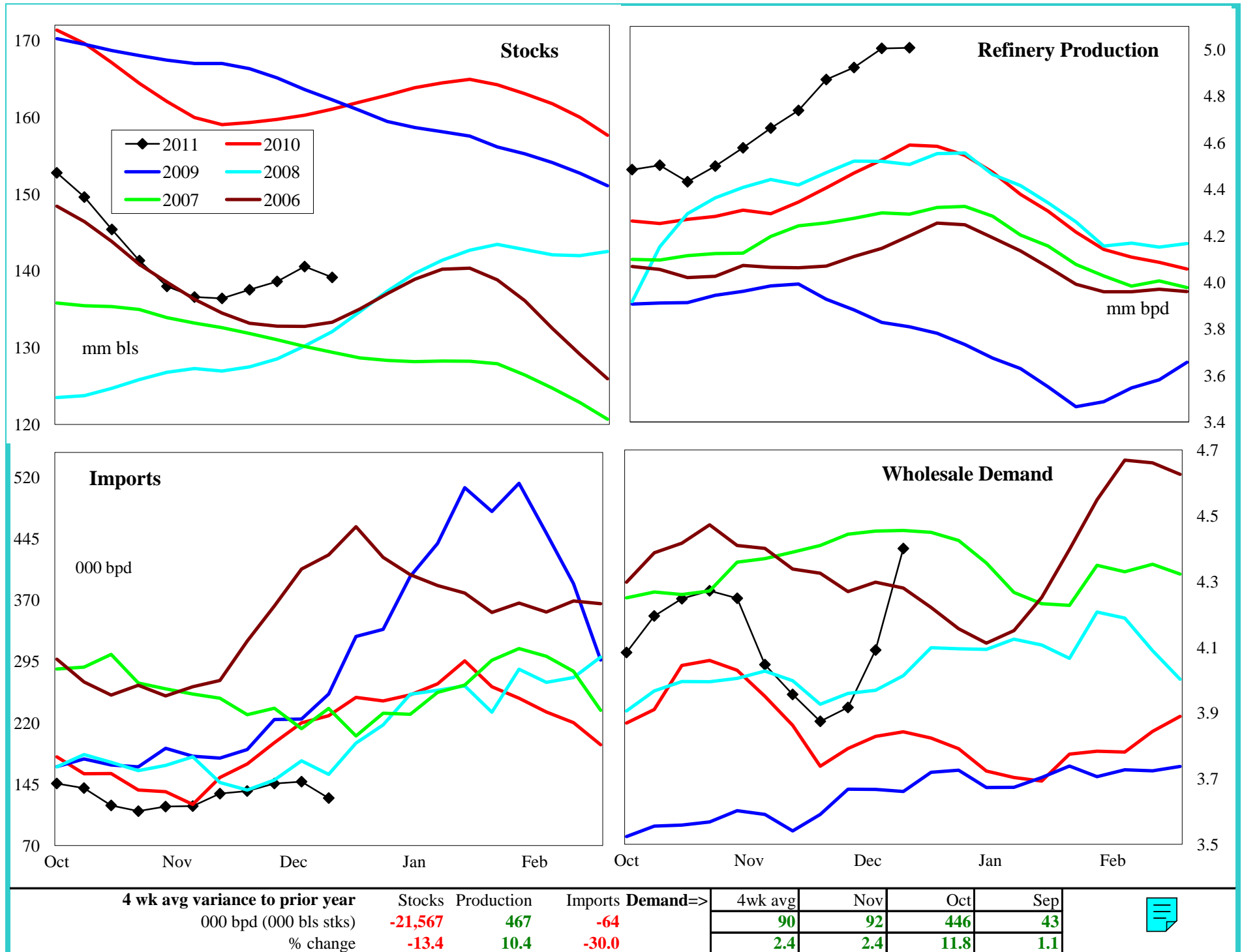
United States Conventional Gasoline Supply



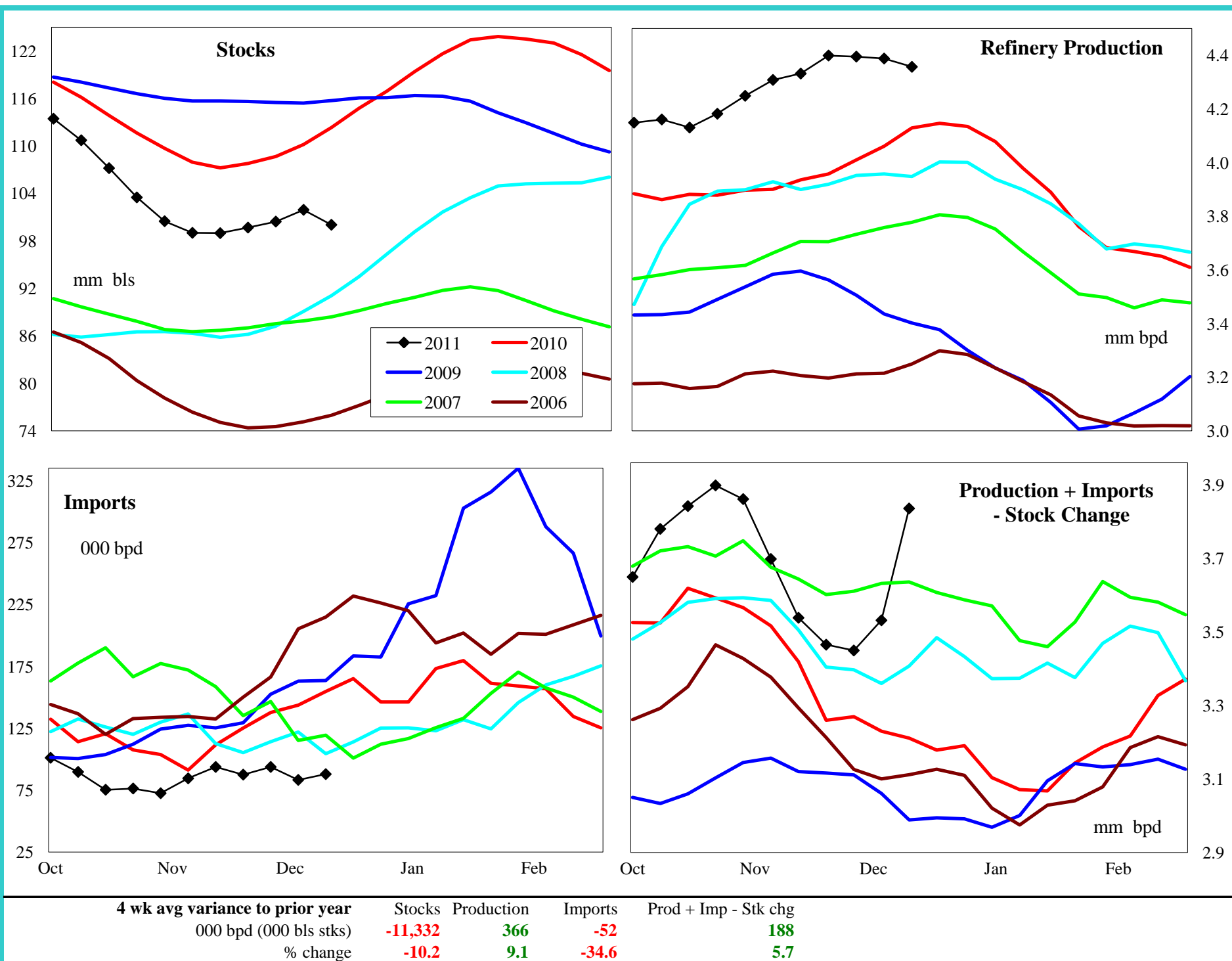
United States Gasoline Imports by Type



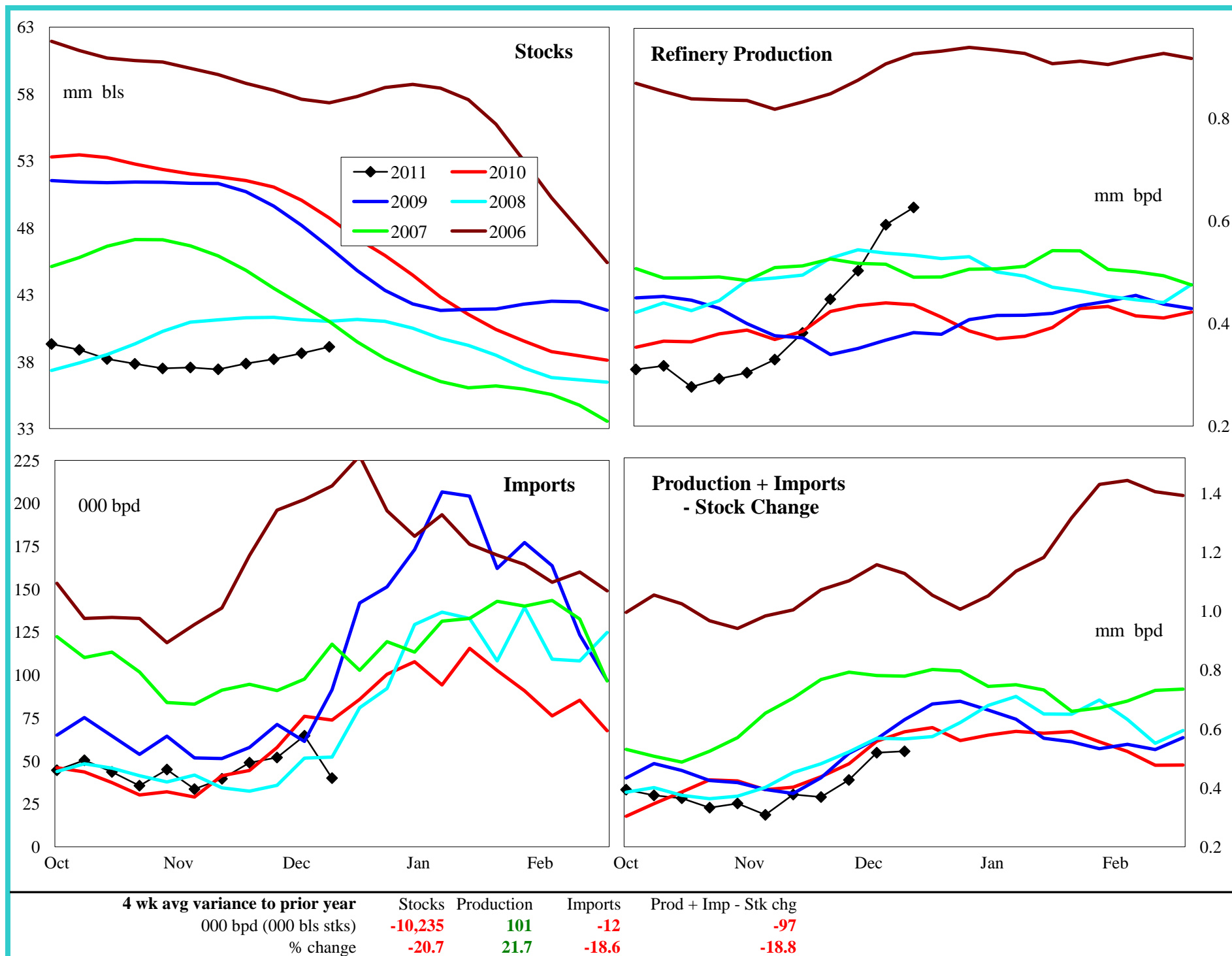
United States Distillate Supply and Demand Balance



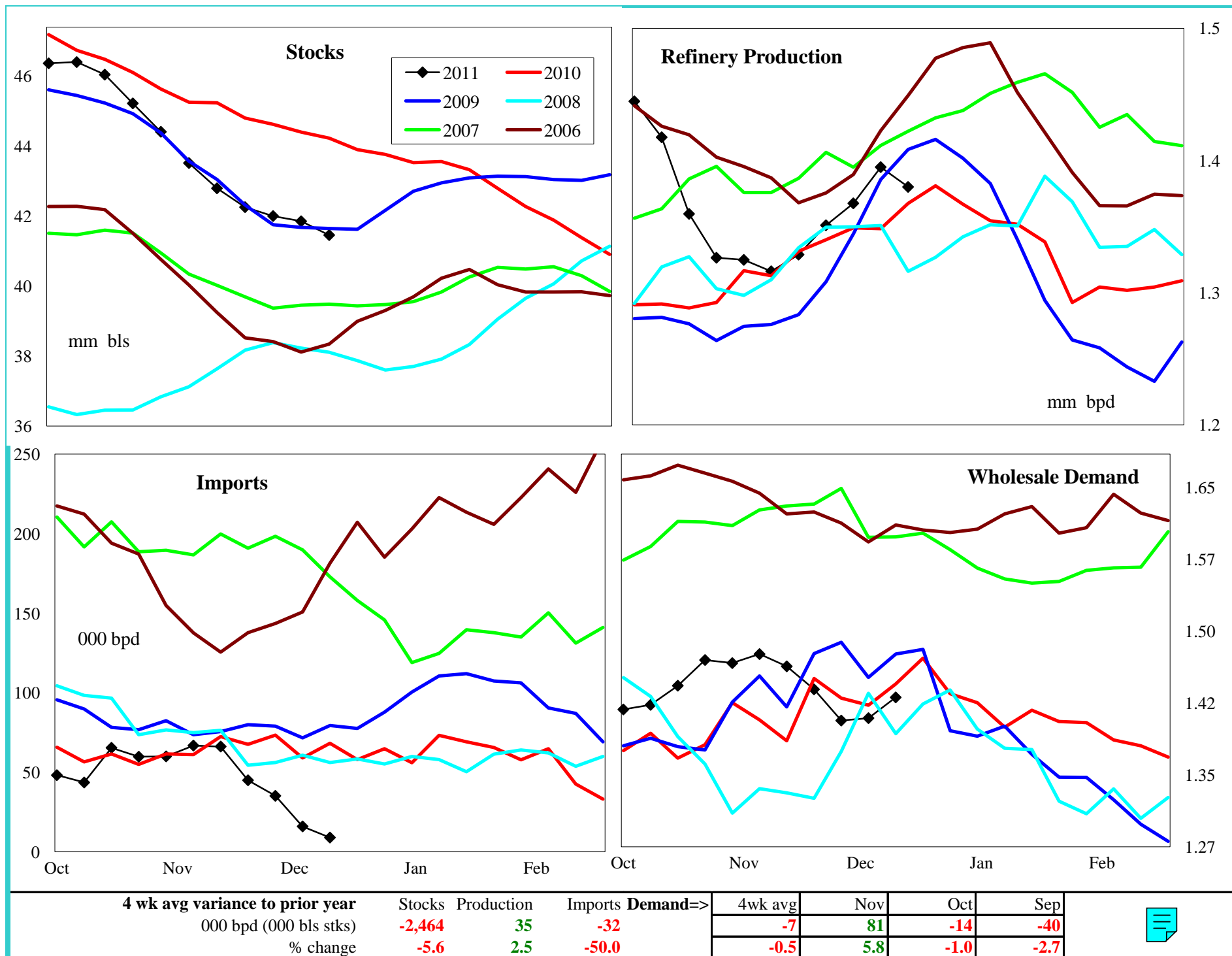
United States Low Sulfur Distillate Supply



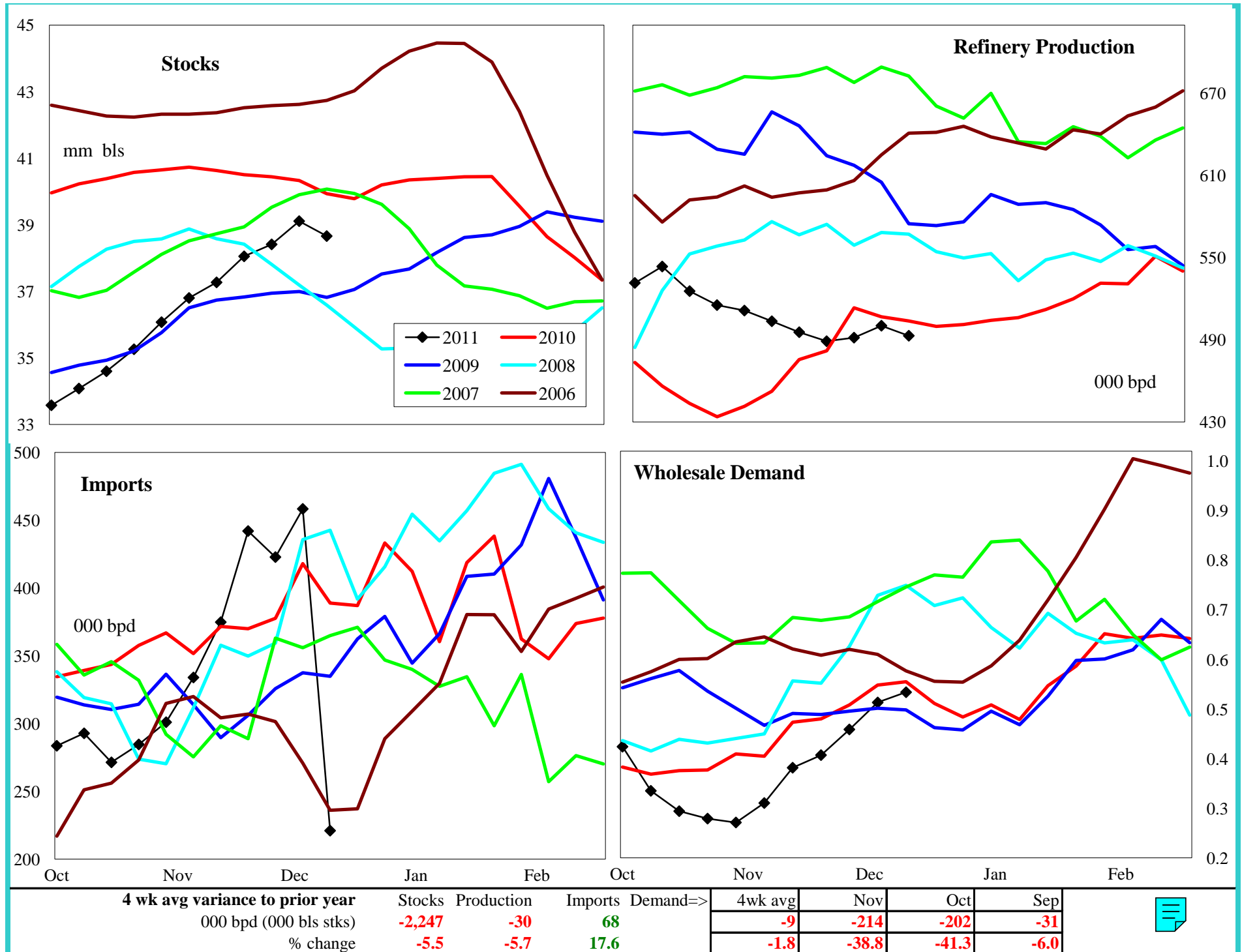
United States High Sulfur Distillate Supply



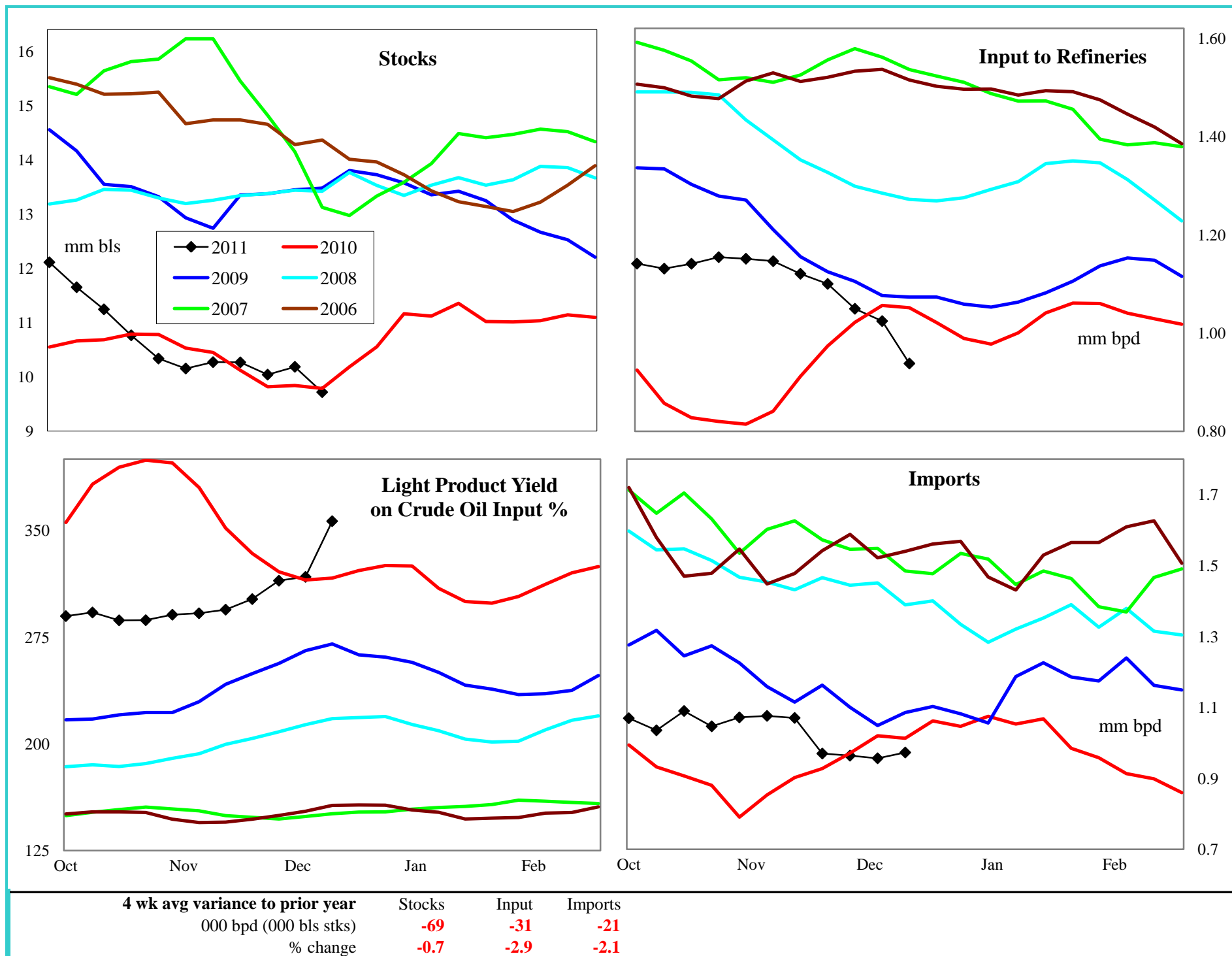
United States Jet Fuel Supply and Demand Balance



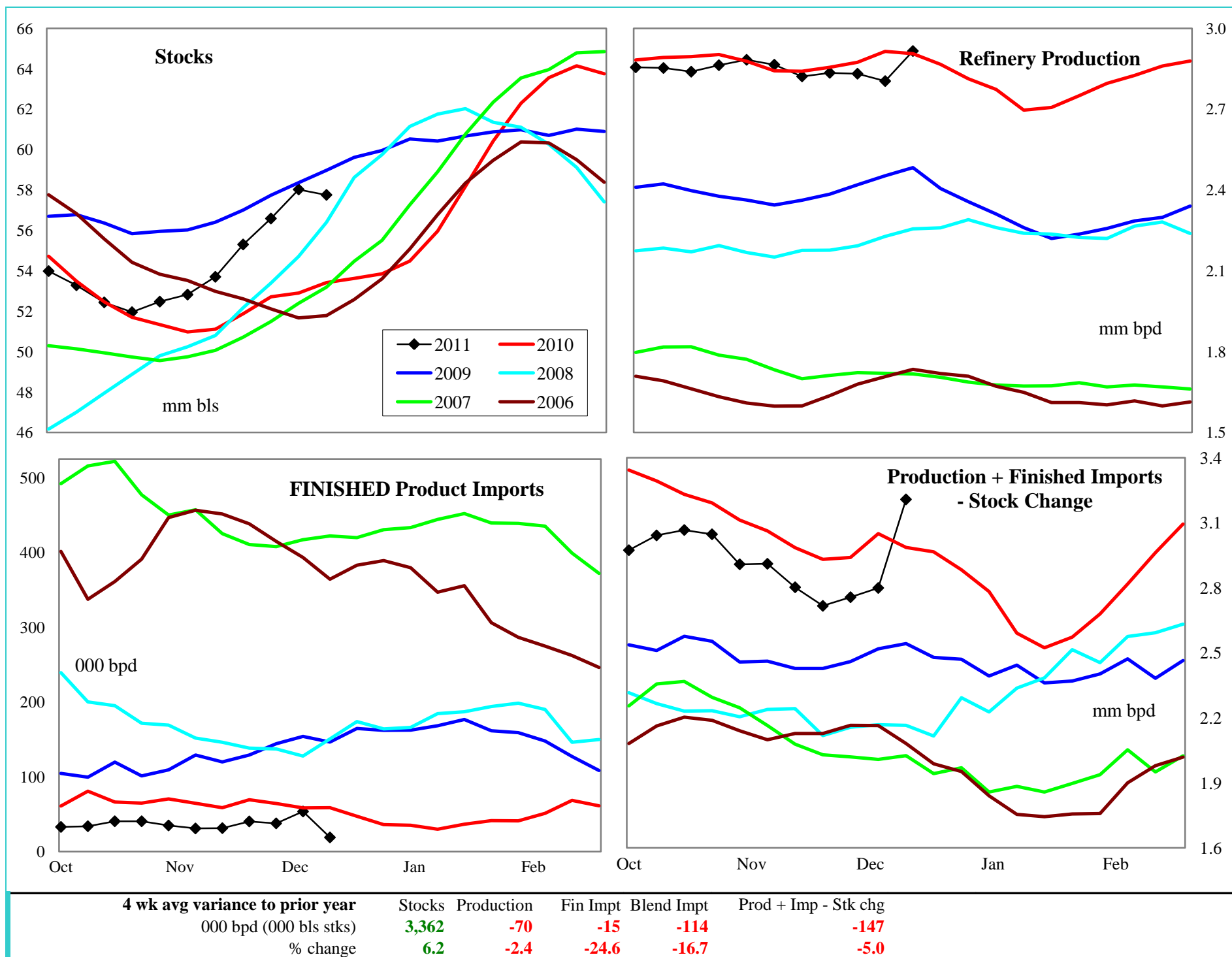
United States Residual Fuel Oil Supply and Demand Balance



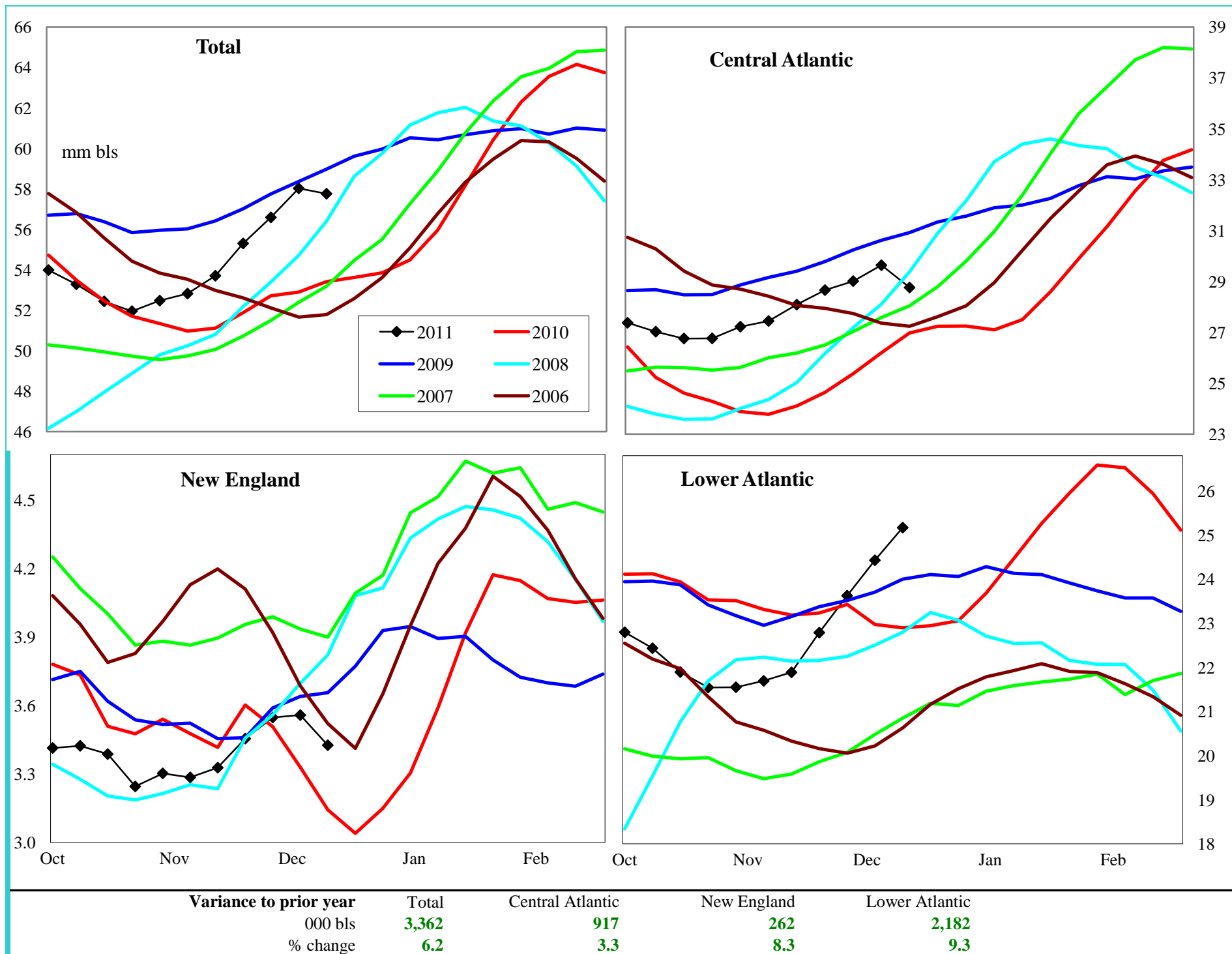
PADD 1 Crude Oil Supply and Refining



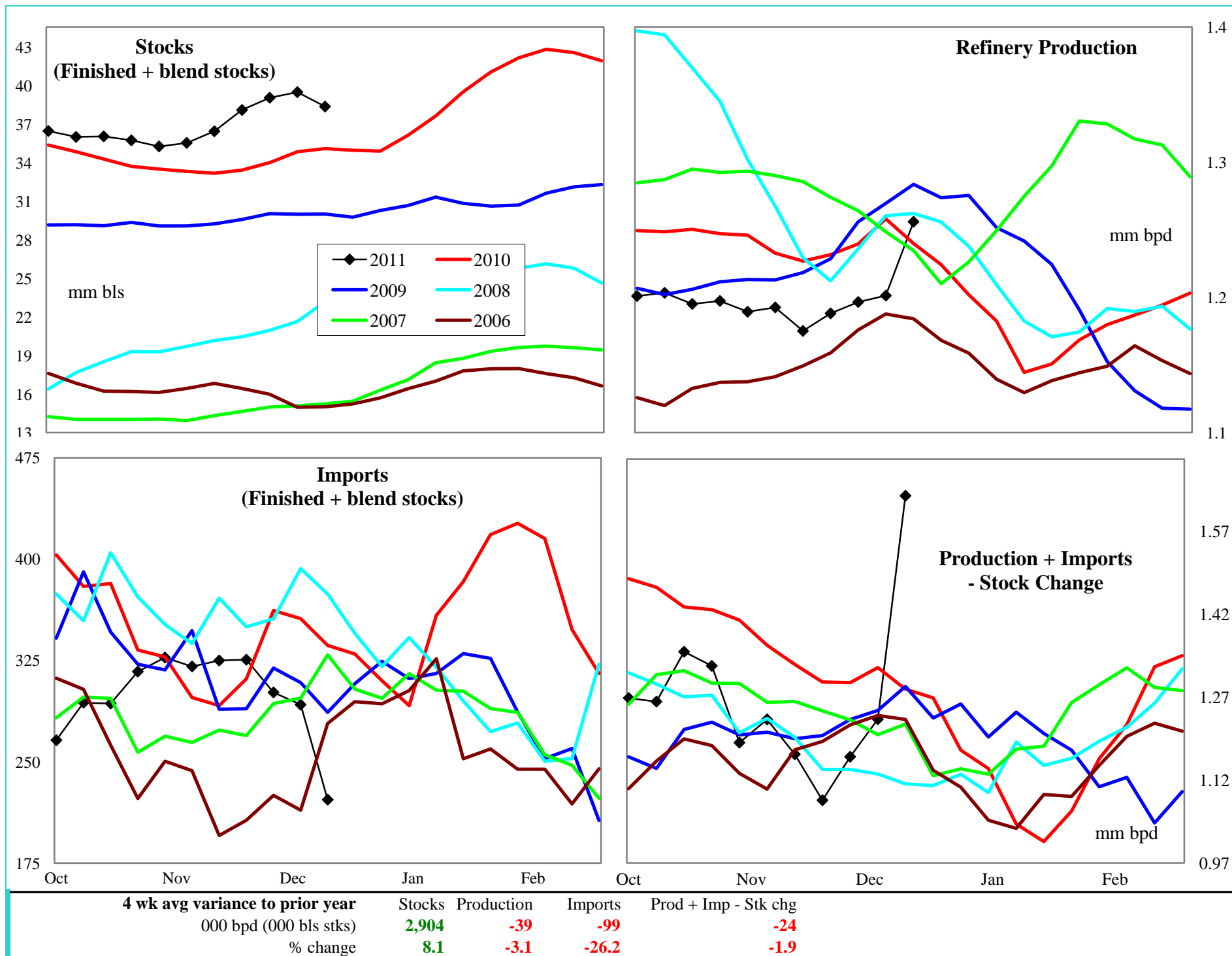
PADD 1 Gasoline Supply



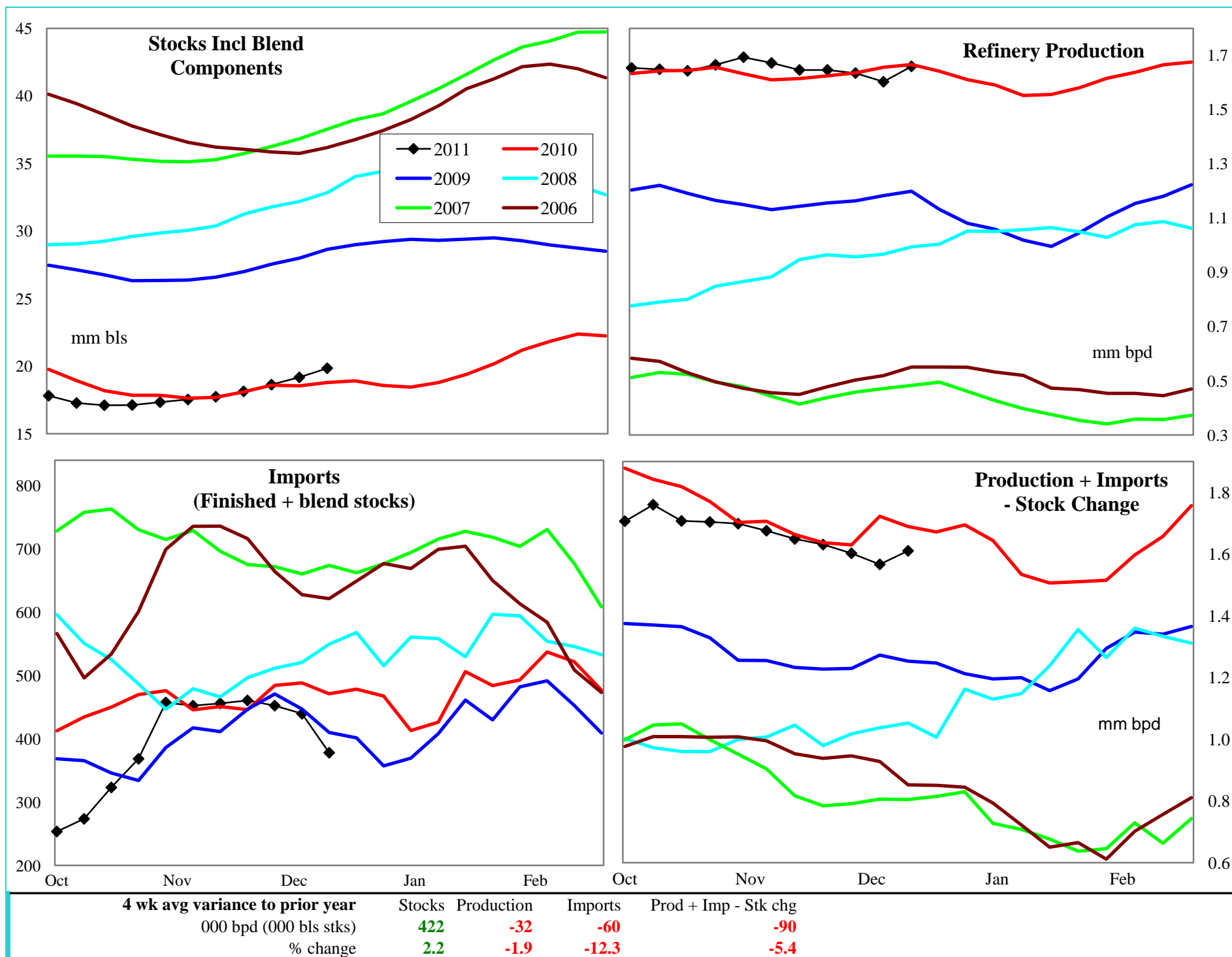
PADD 1 Gasoline Stocks by Region



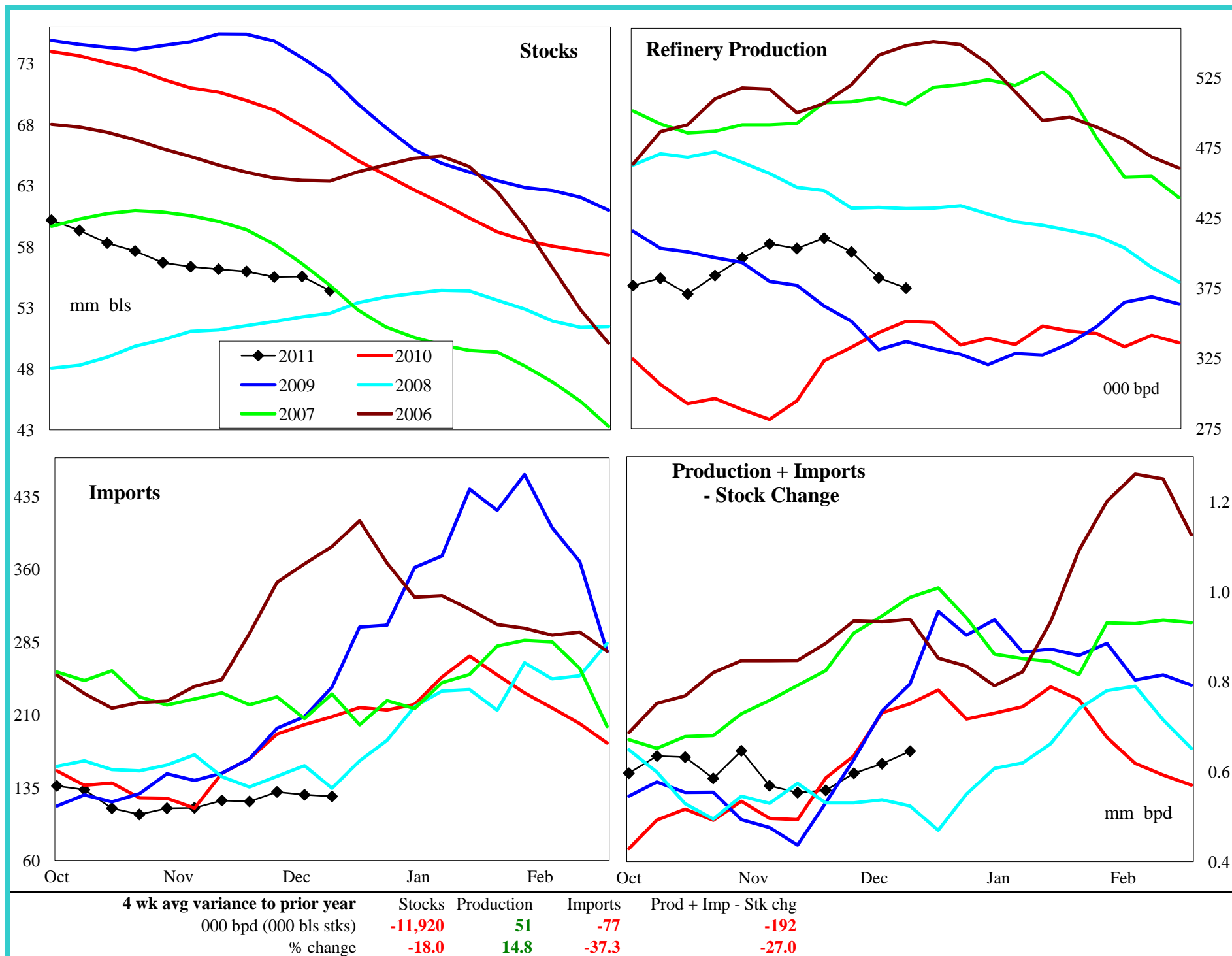
PADD 1 Reformulated Gasoline Supply



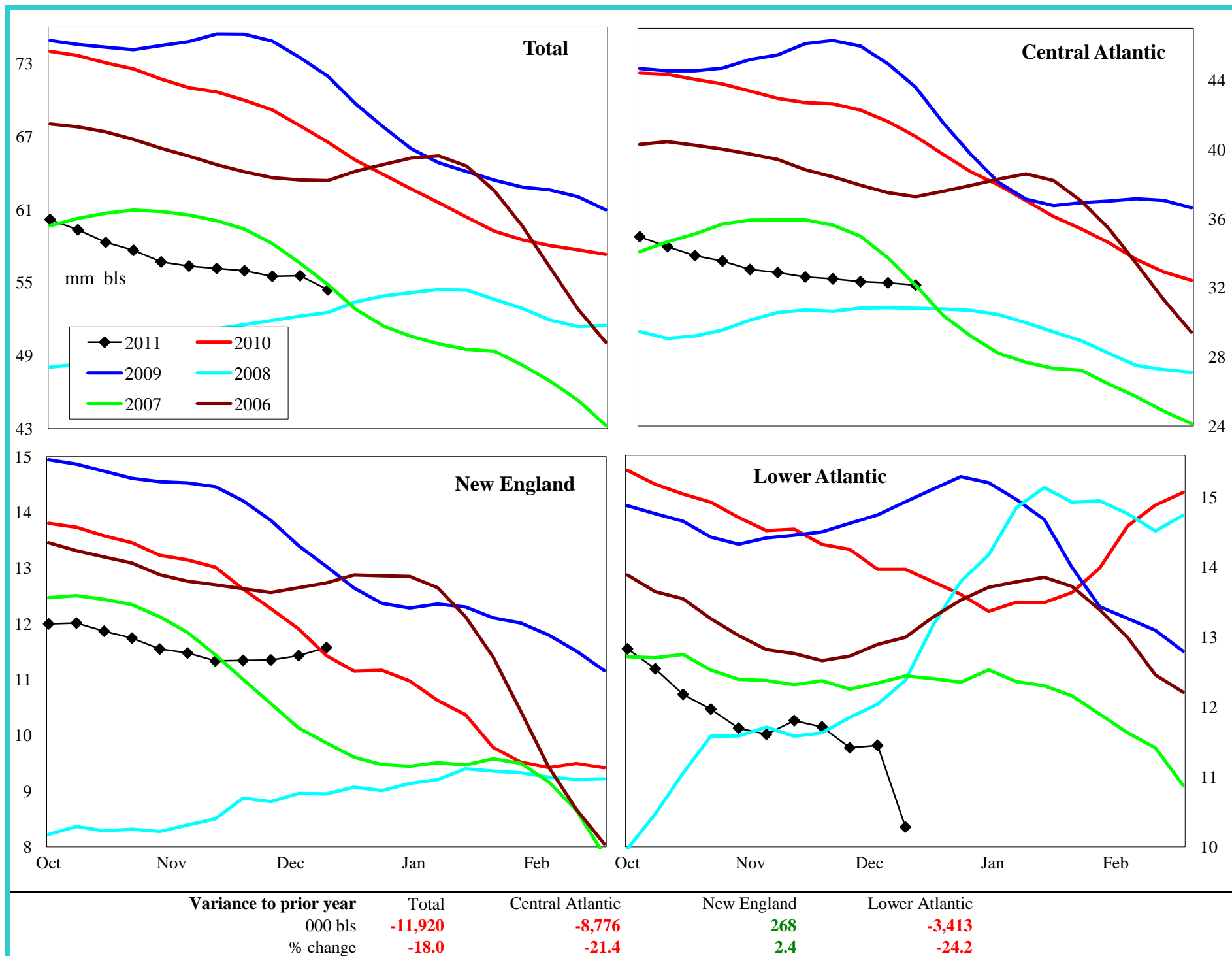
PADD 1 Conventional Gasoline Supply



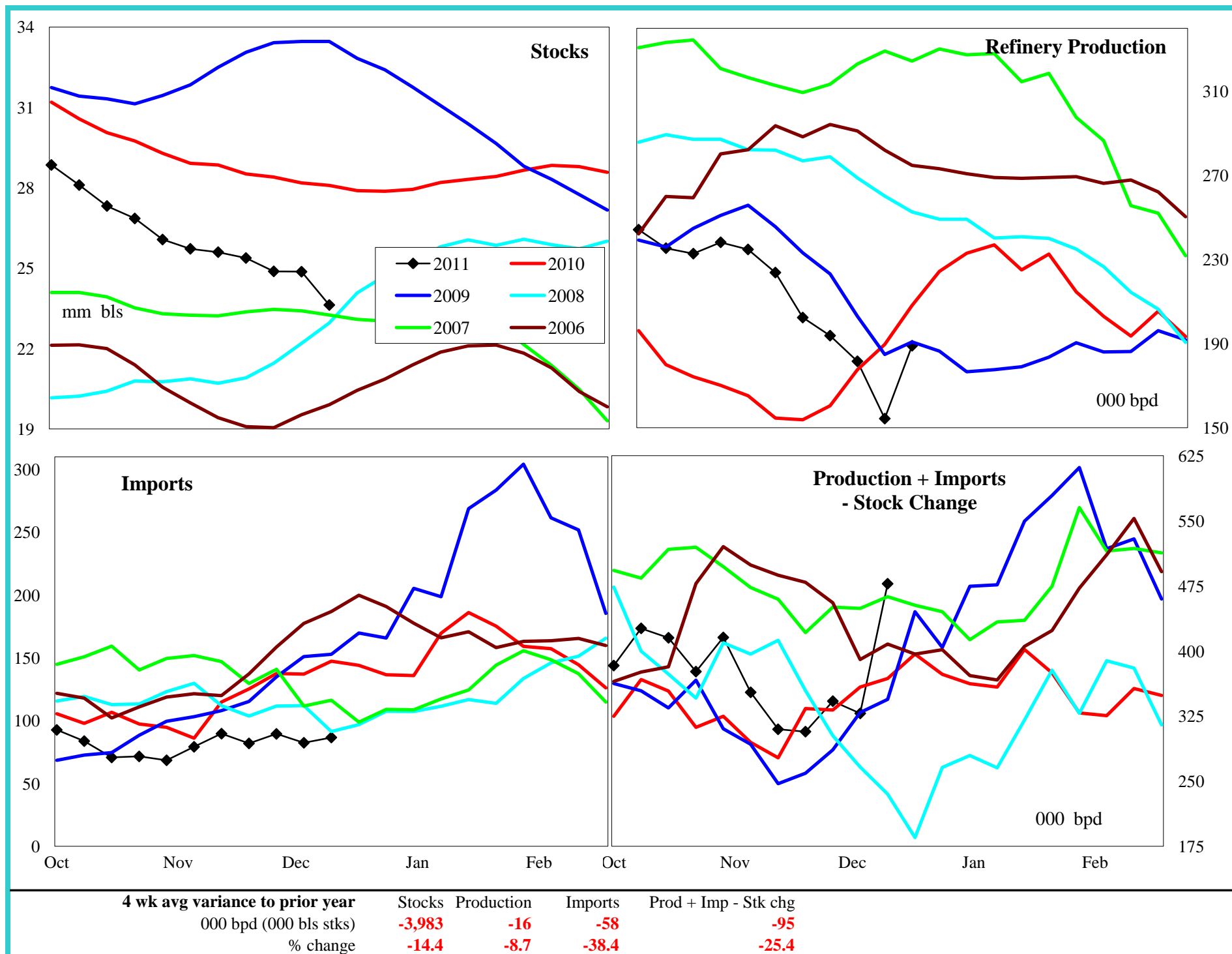
PADD 1 Distillate Supply



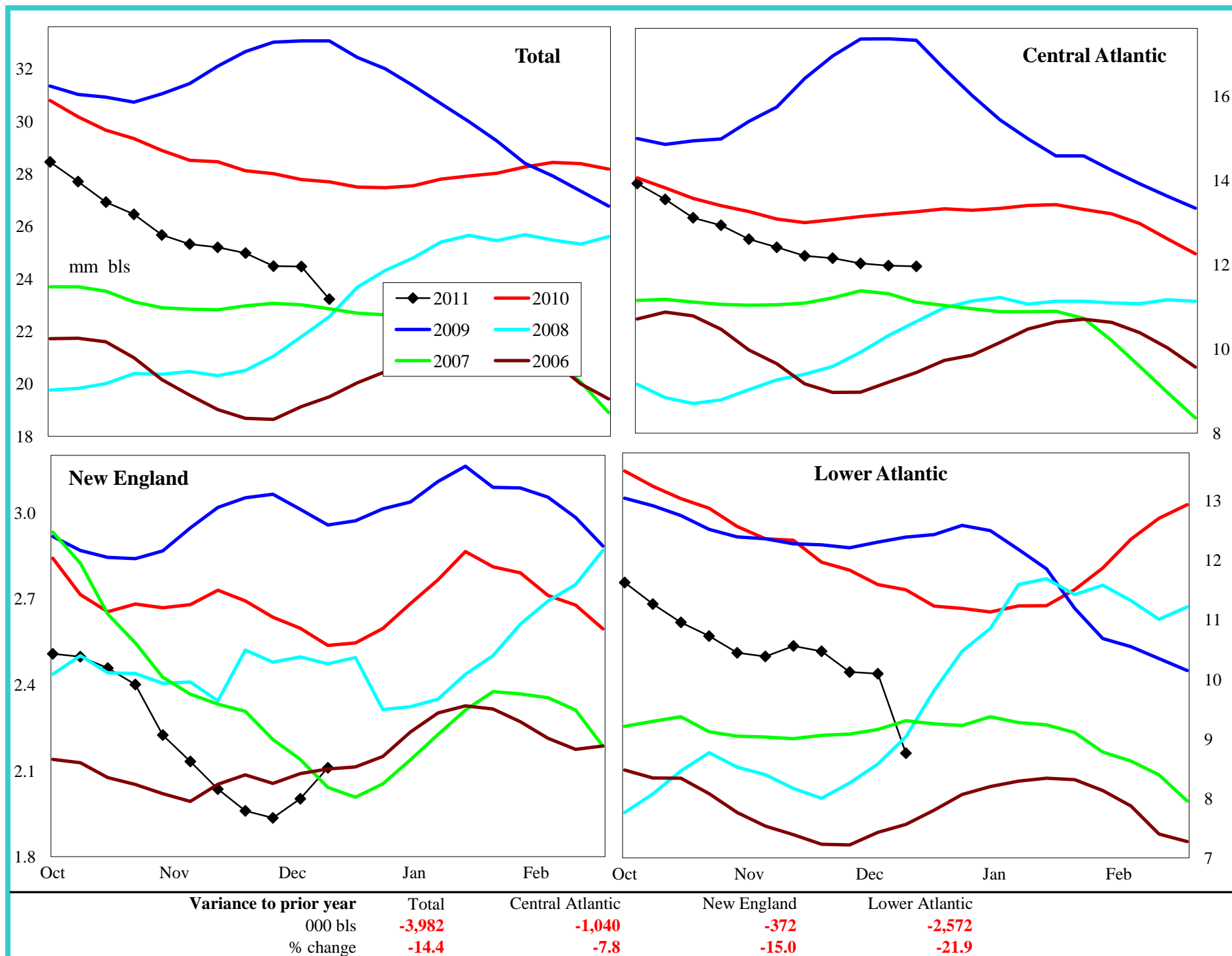
PADD 1 Distillate Stocks by Region



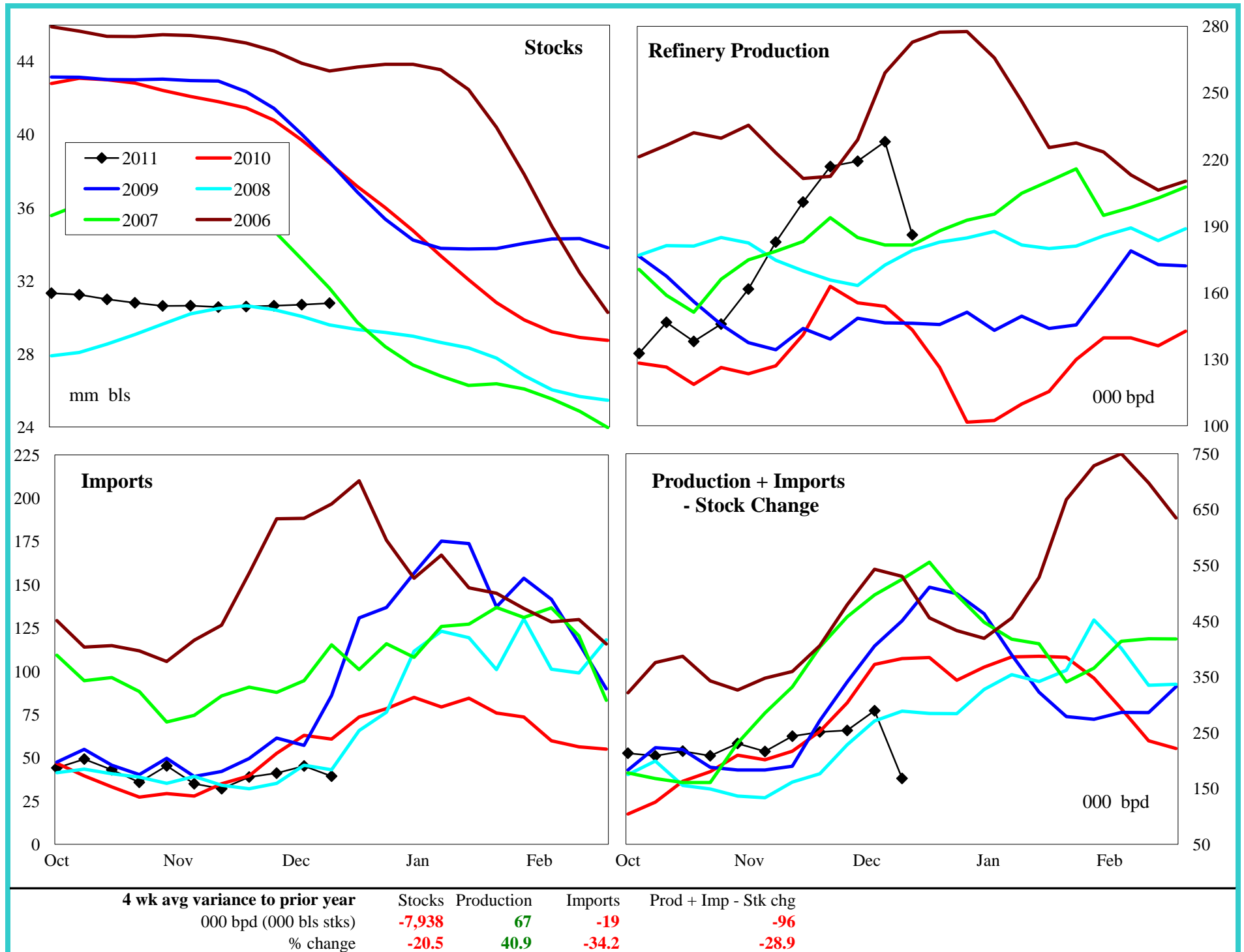
PADD 1 Low Sulfur Distillate Supply



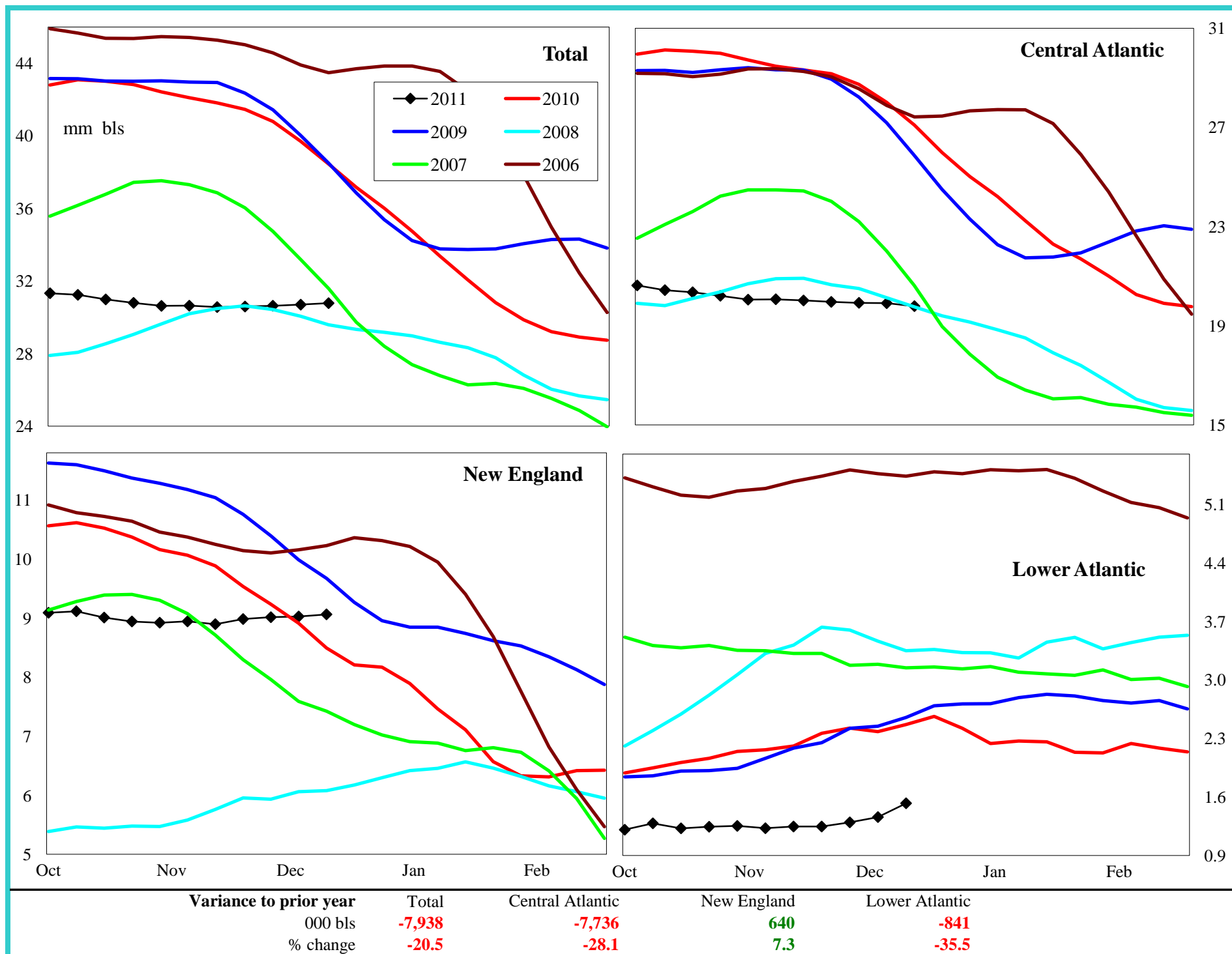
PADD 1 Low Sulfur Distillate Stocks by Region



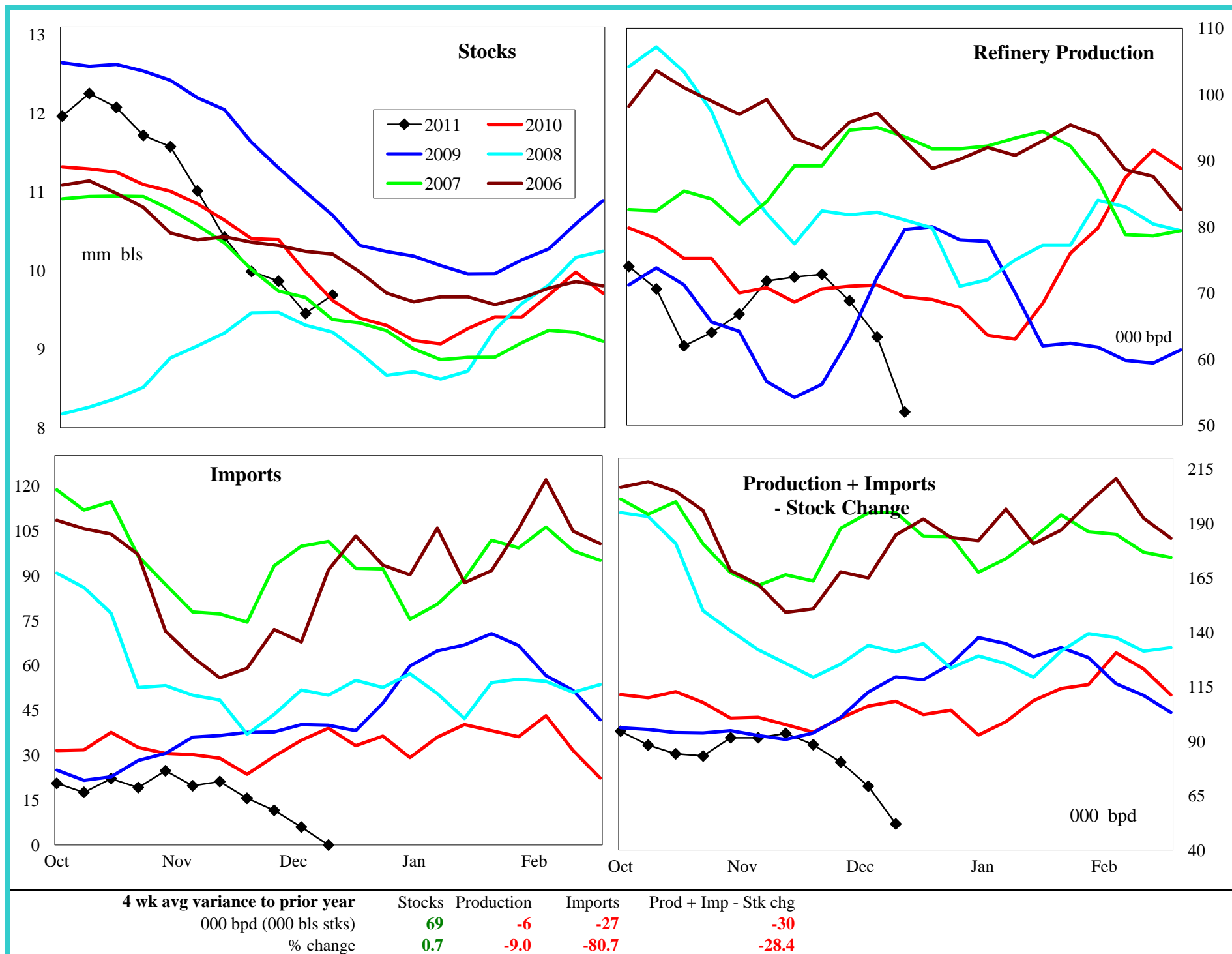
PADD 1 High Sulfur Distillate Supply



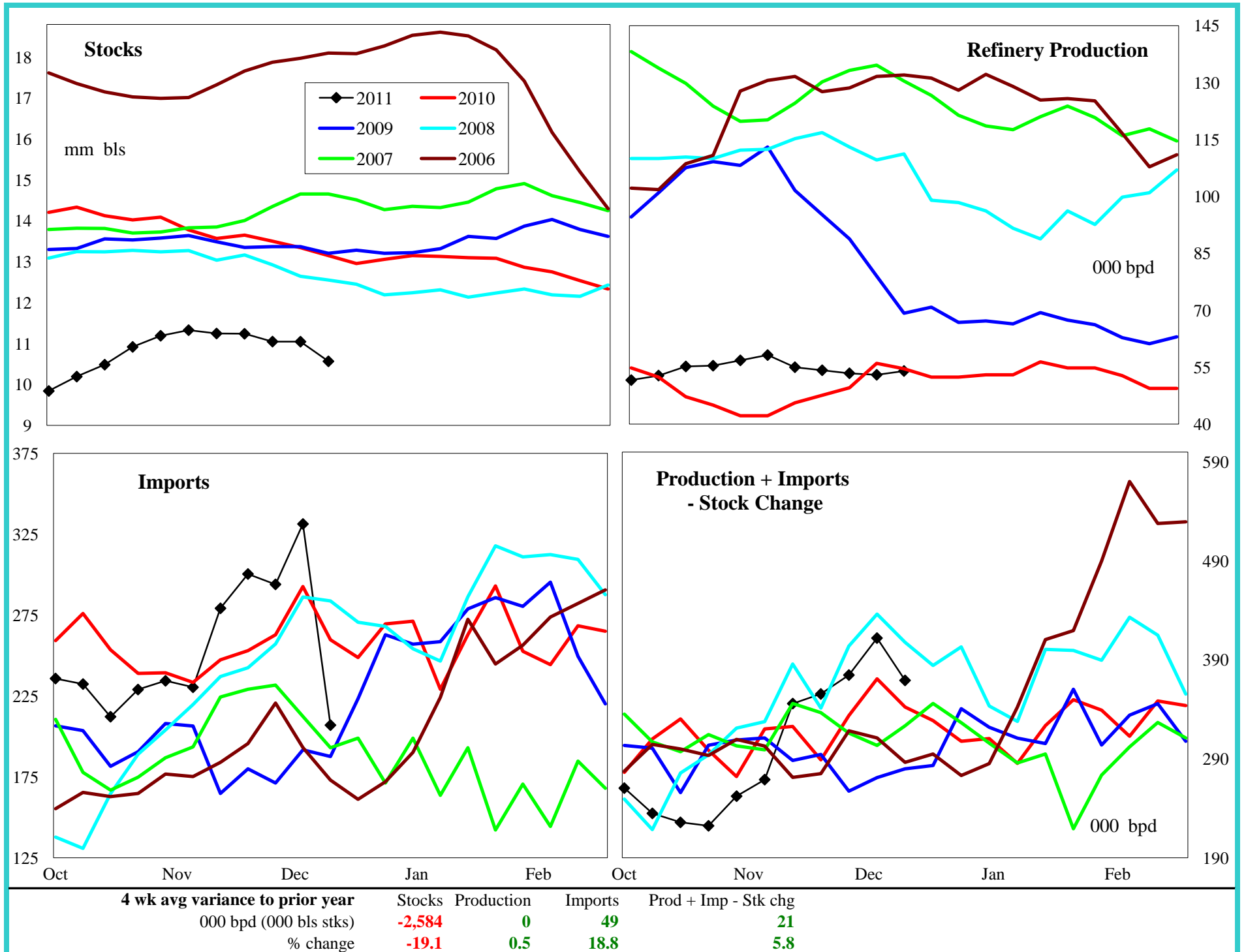
PADD 1 High Sulfur Distillate Stocks by Region



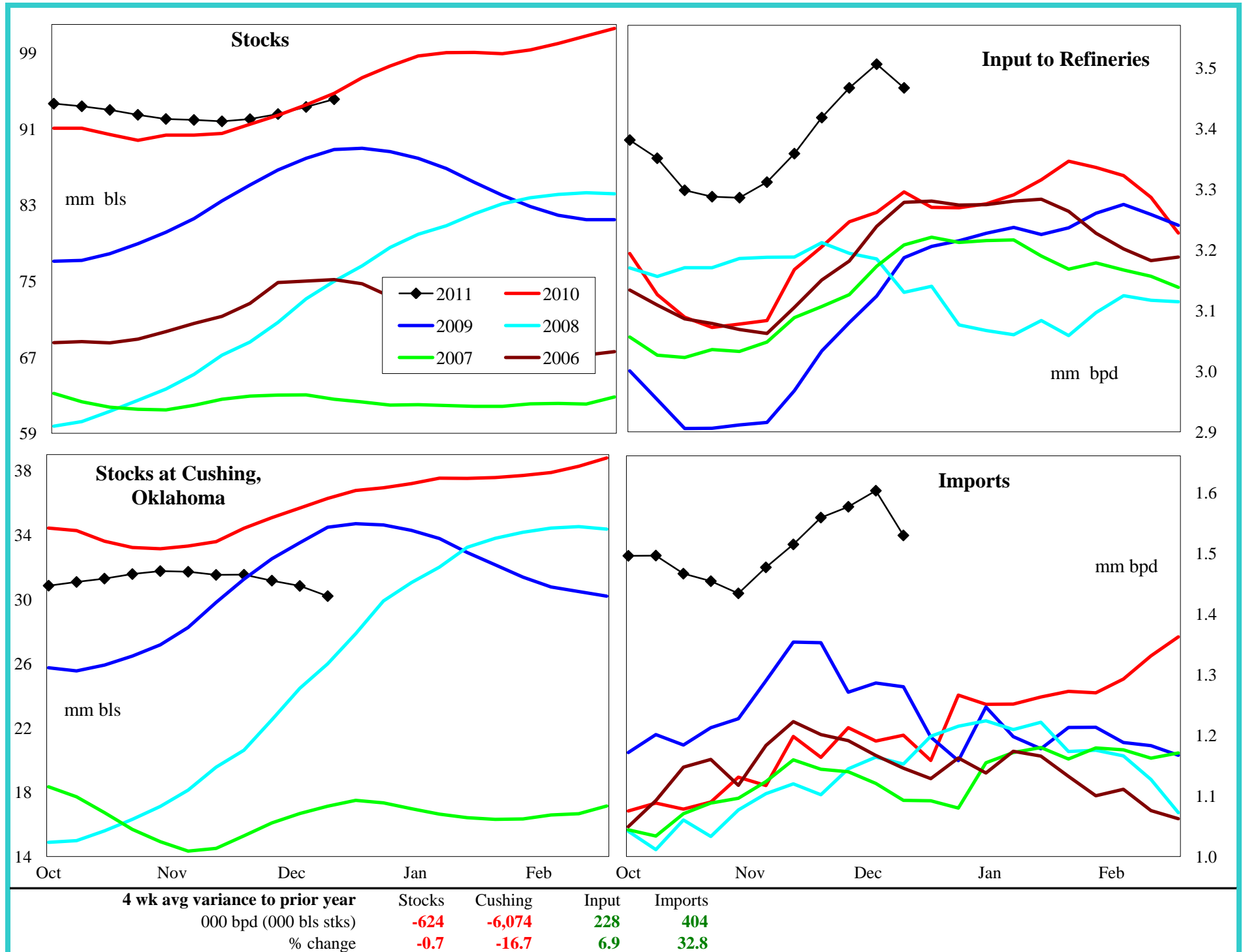
PADD 1 Jet Fuel Supply



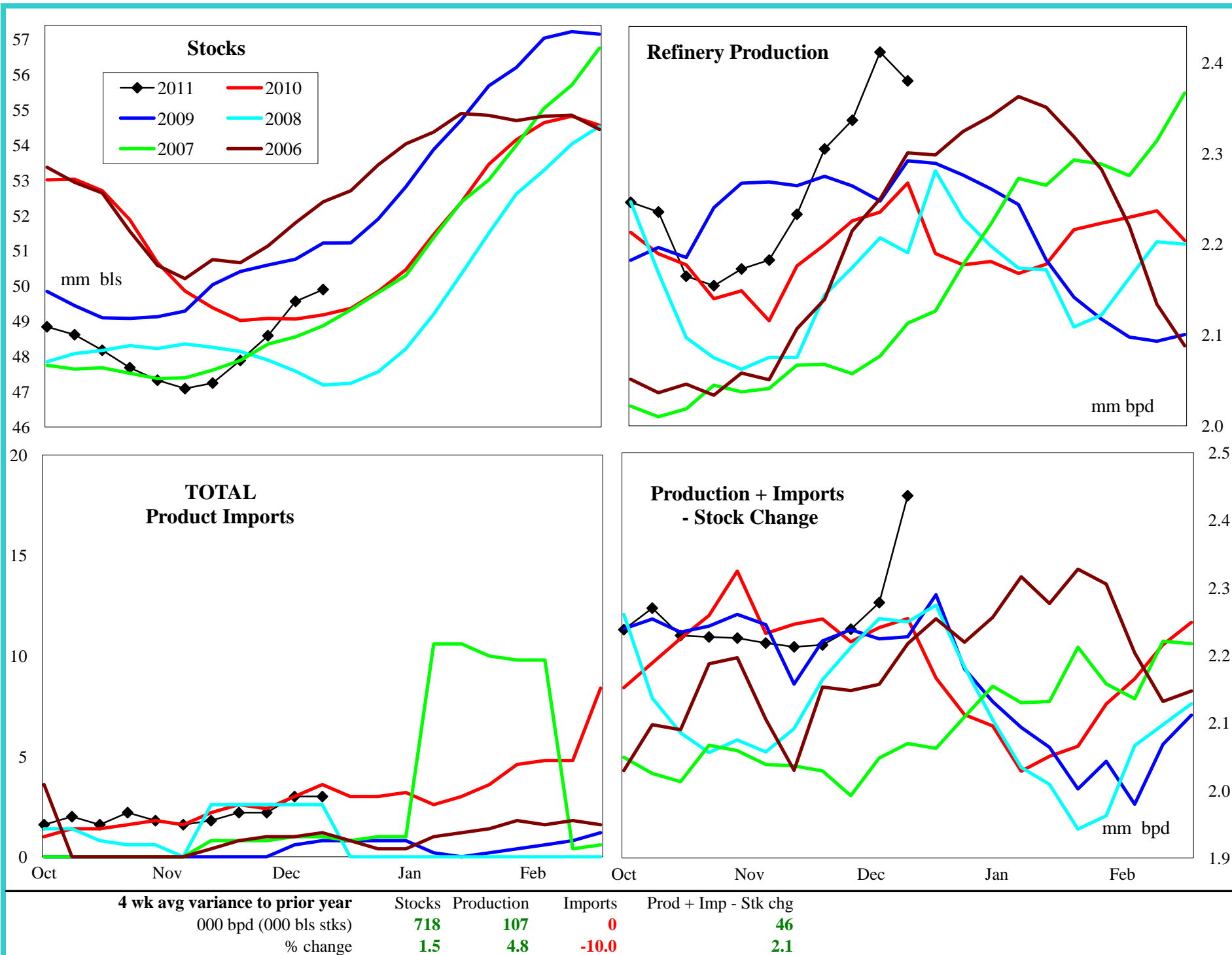
PADD 1 Residual Fuel Oil Supply



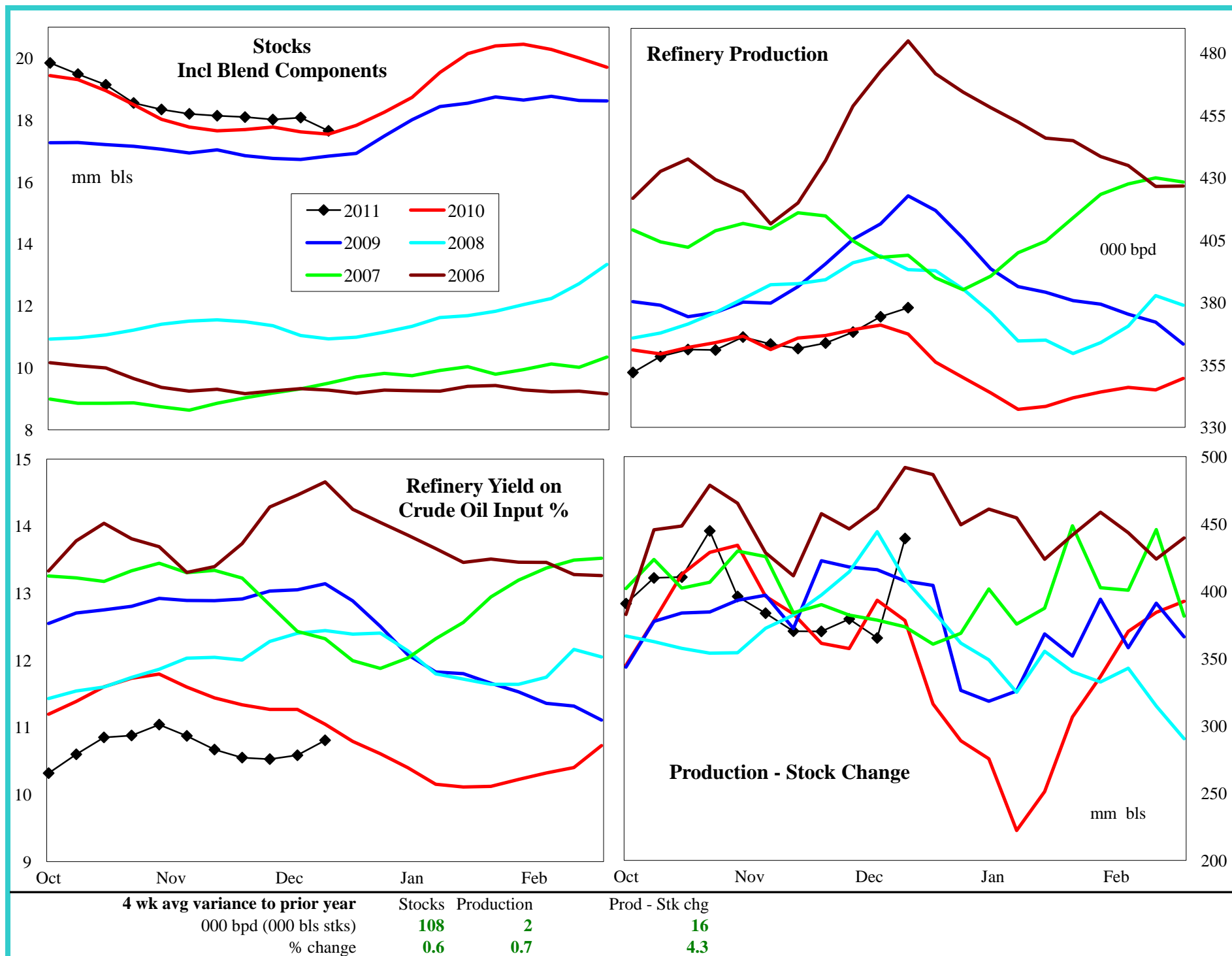
PADD 2 Crude Oil Supply and Refining



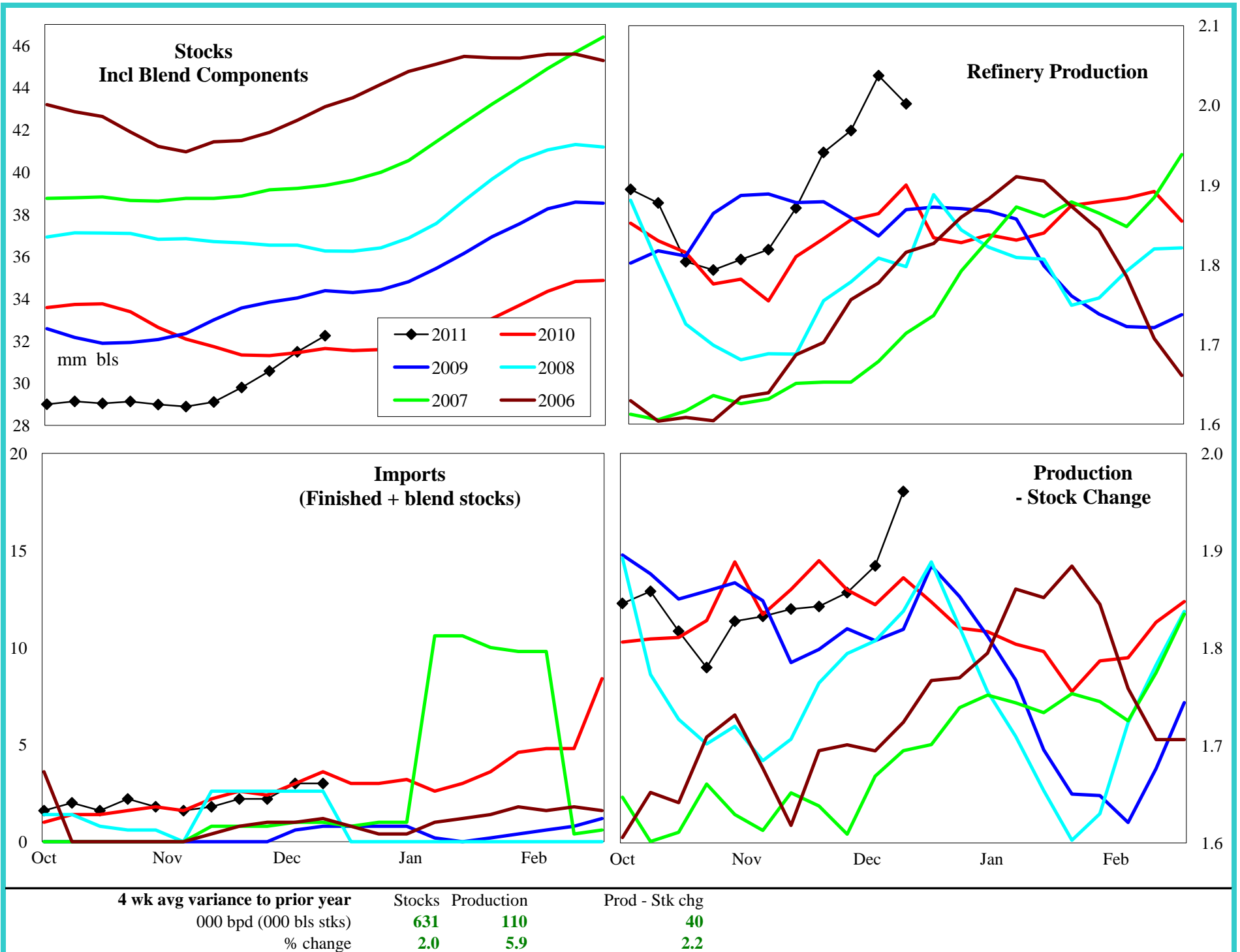
PADD 2 Gasoline Supply



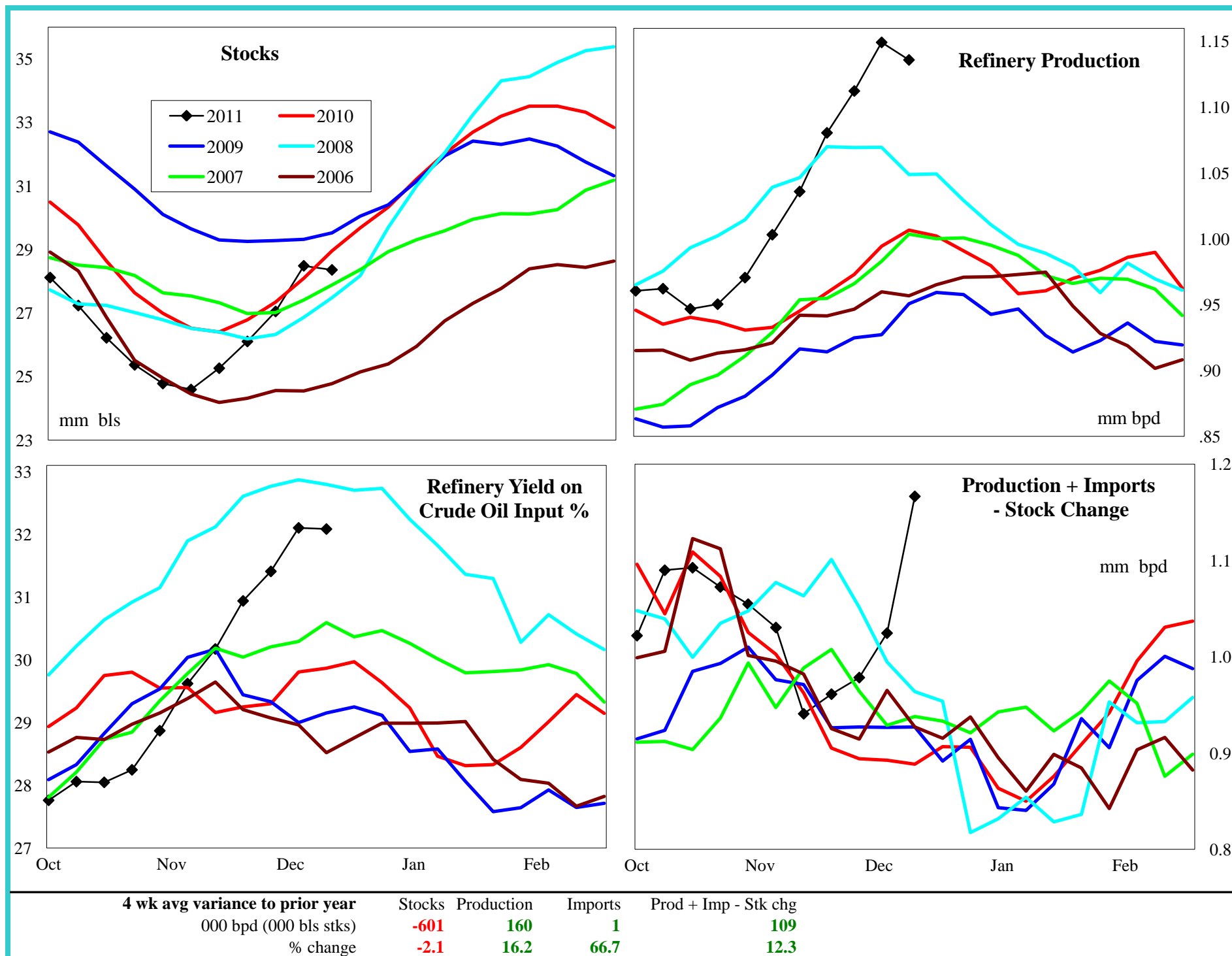
PADD 2 Reformulated Gasoline Supply



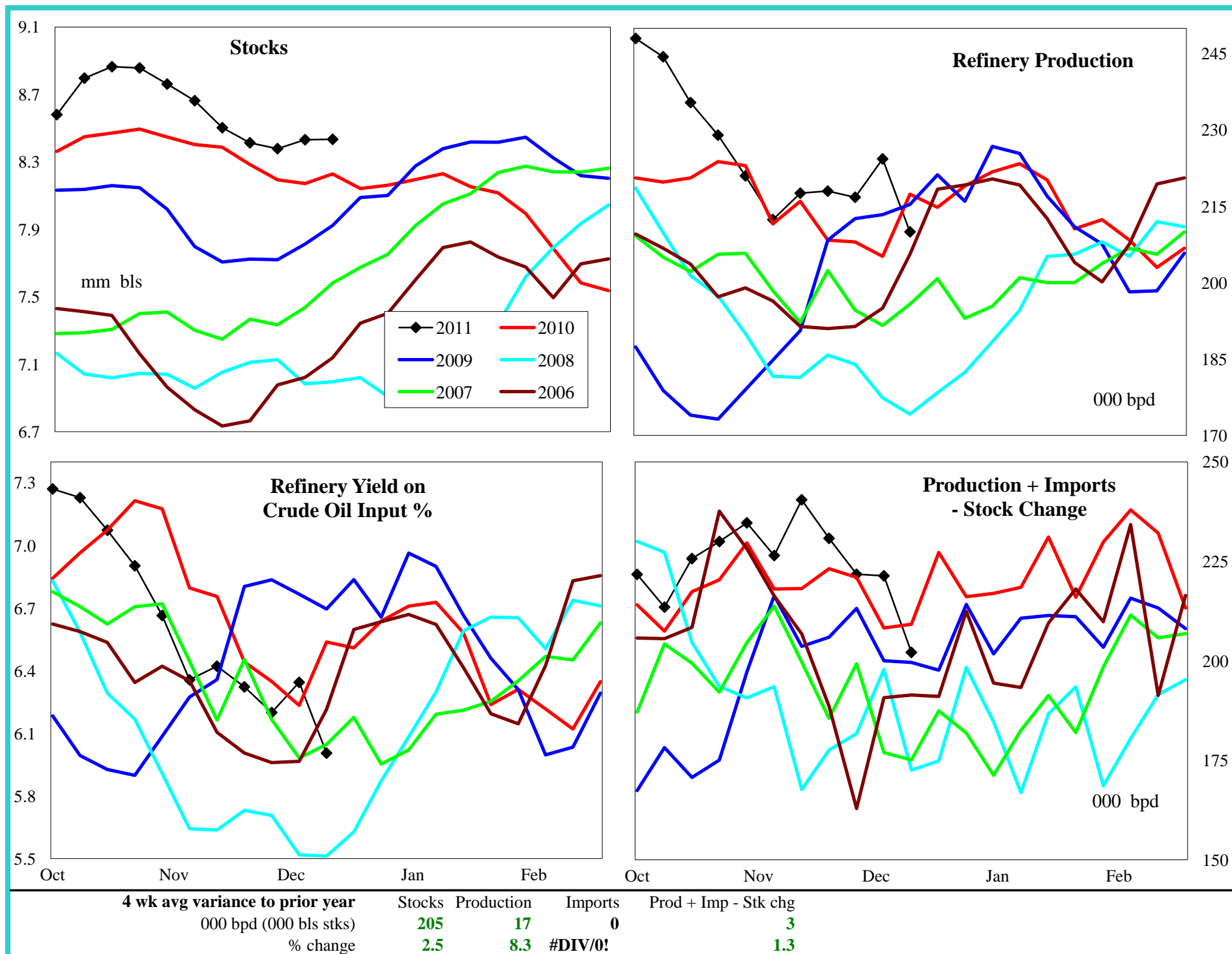
PADD 2 Conventional Gasoline Supply



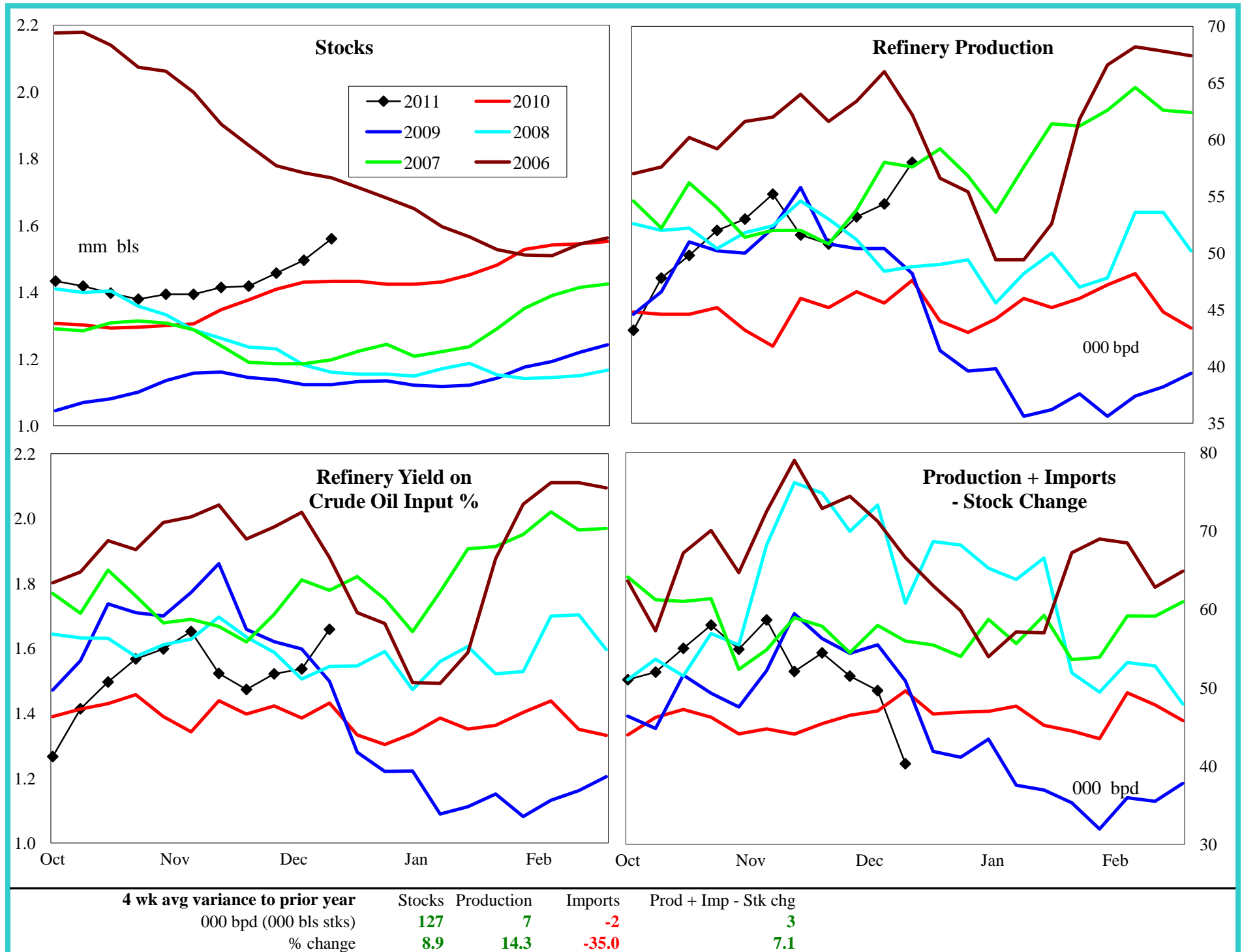
PADD 2 Distillate Supply



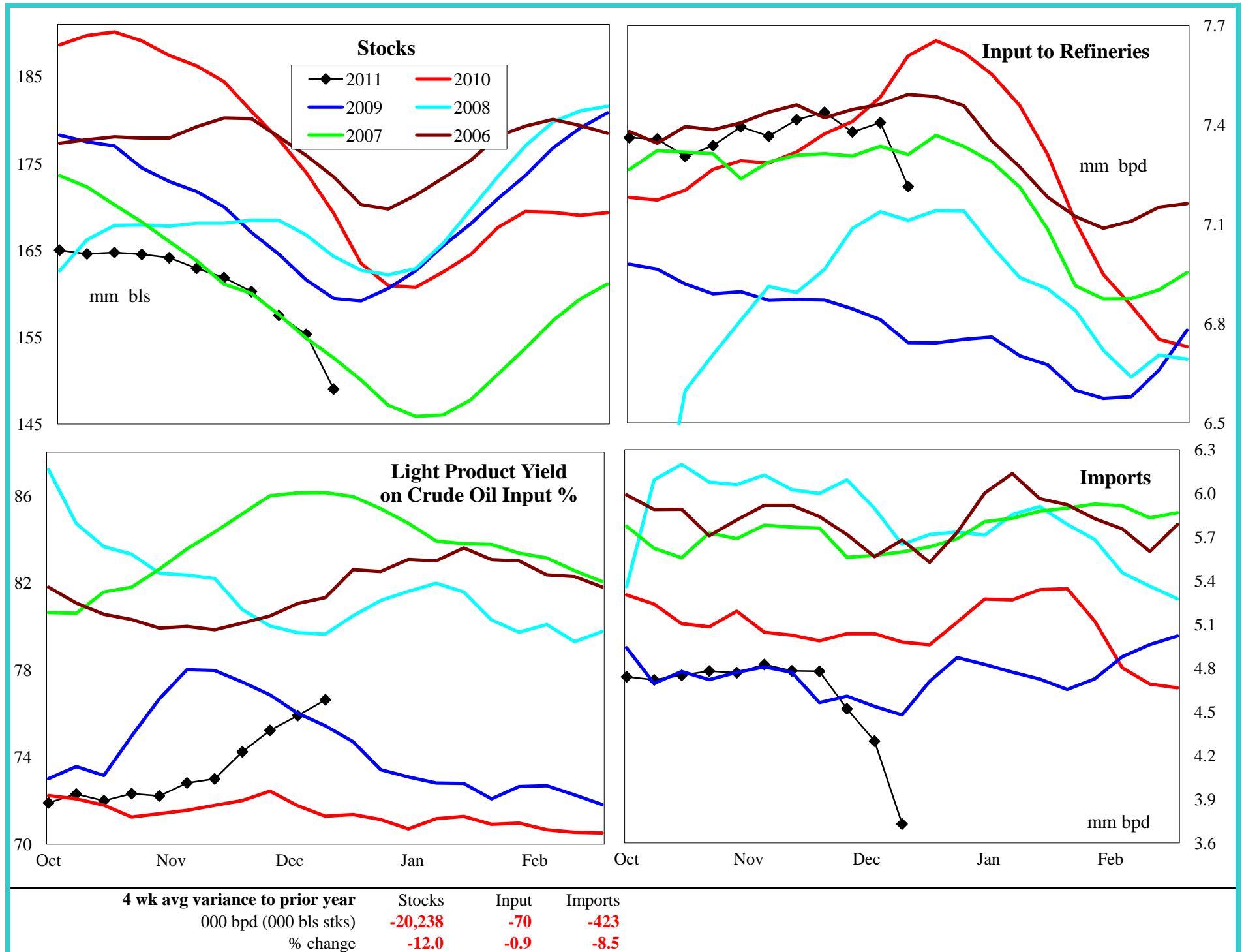
PADD 2 Jet Fuel Supply



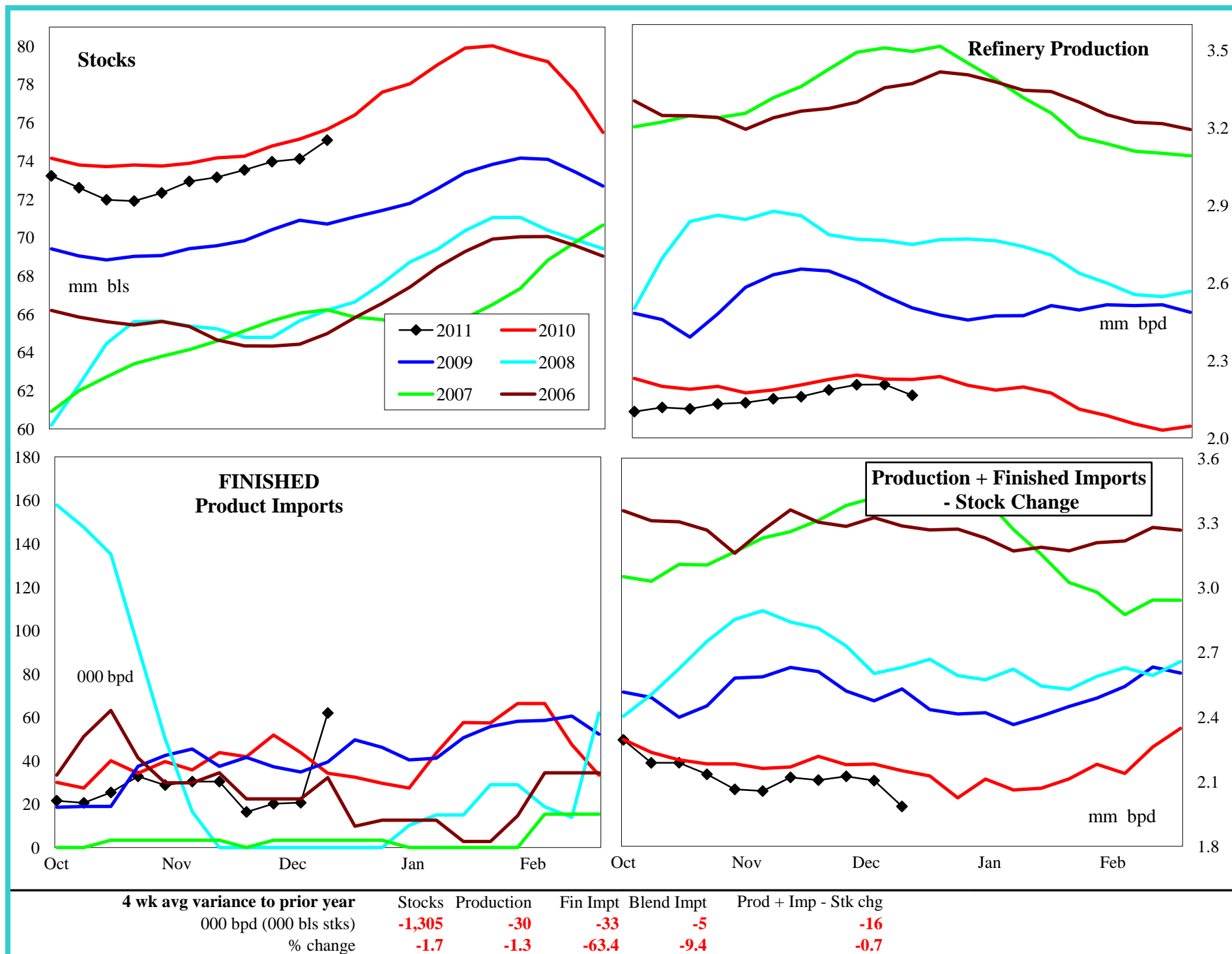
PADD 2 Residual Fuel Oil Supply



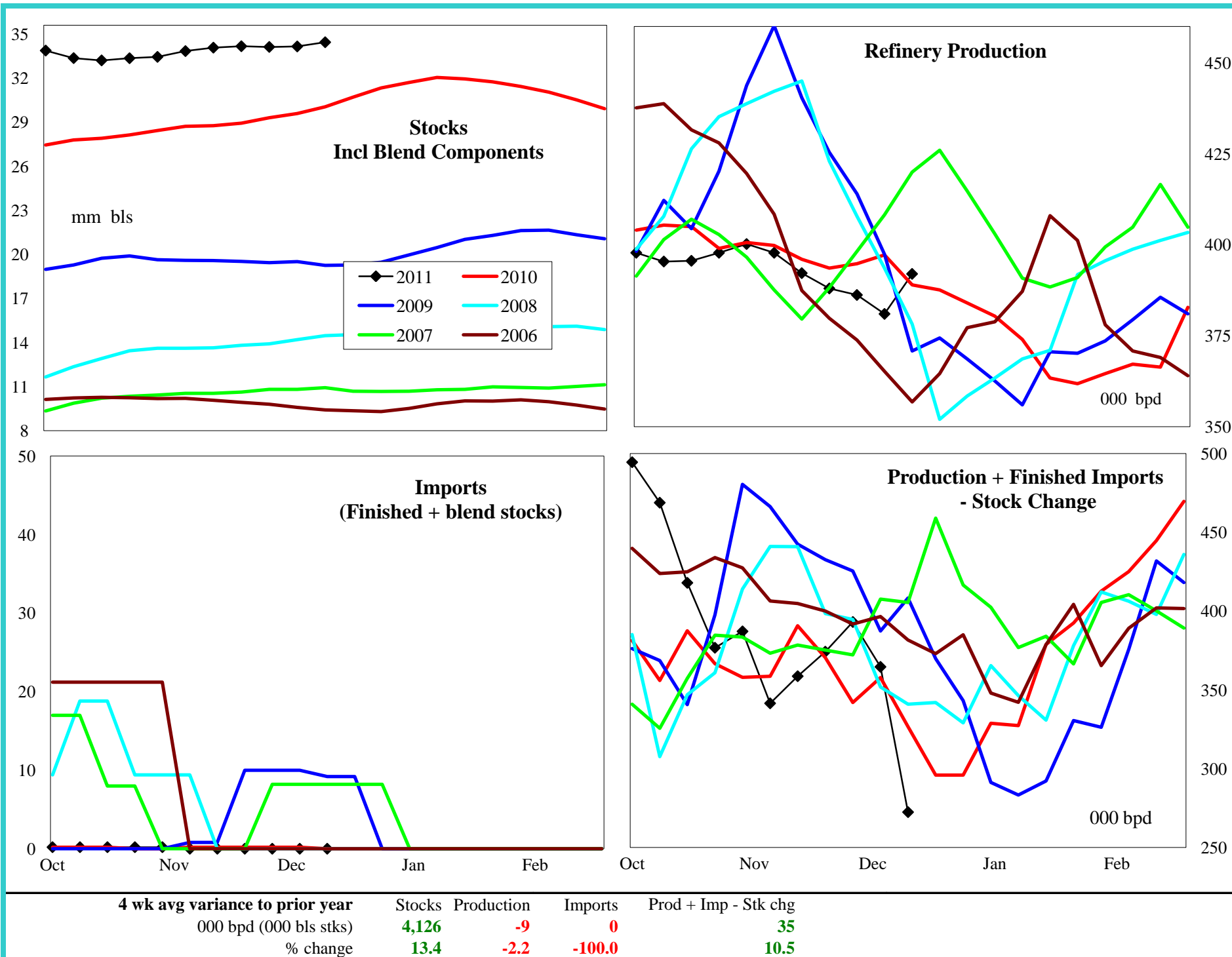
PADD 3 Crude Oil Supply and Refining



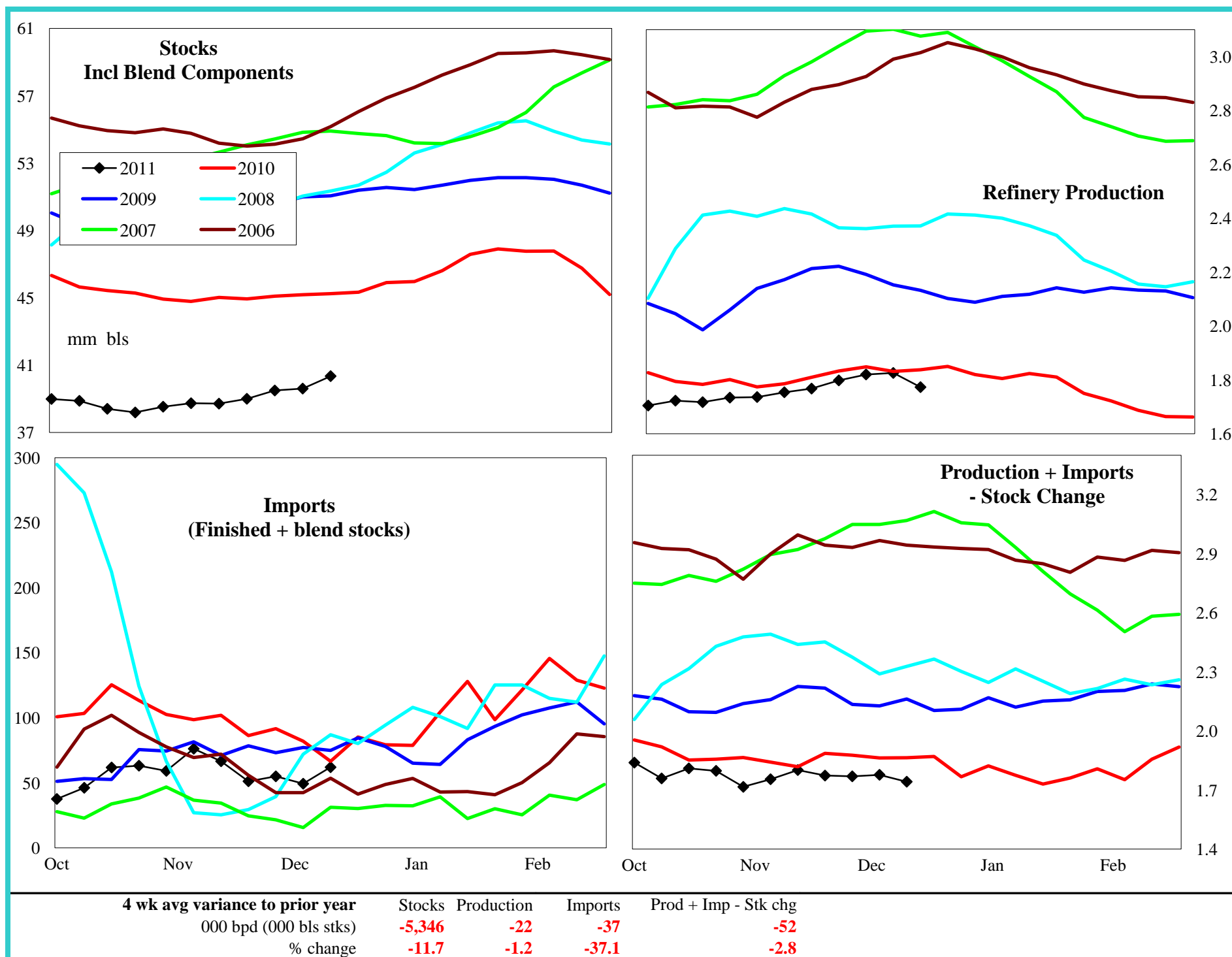
PADD 3 Gasoline Supply



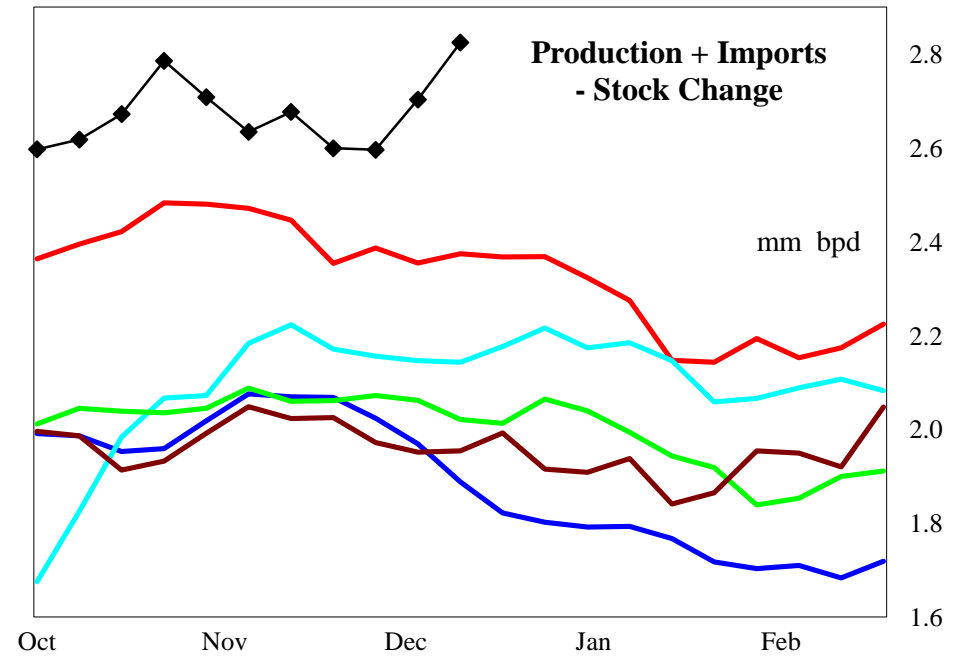
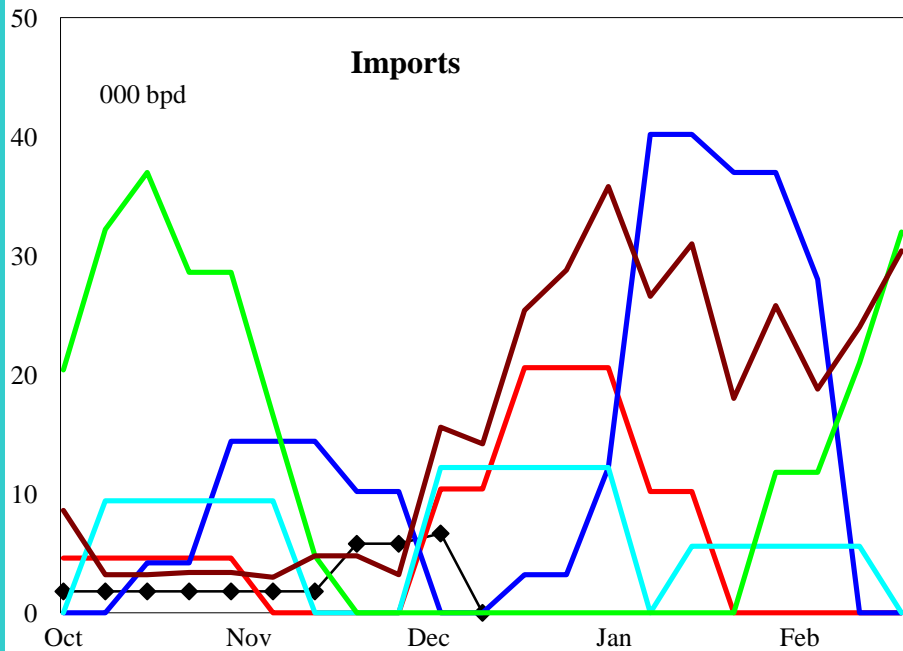
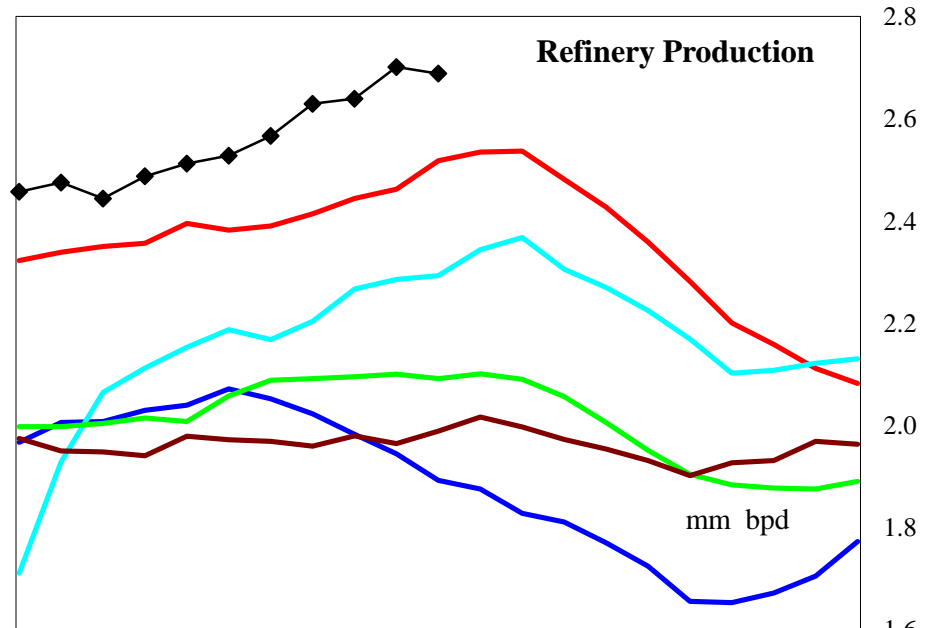
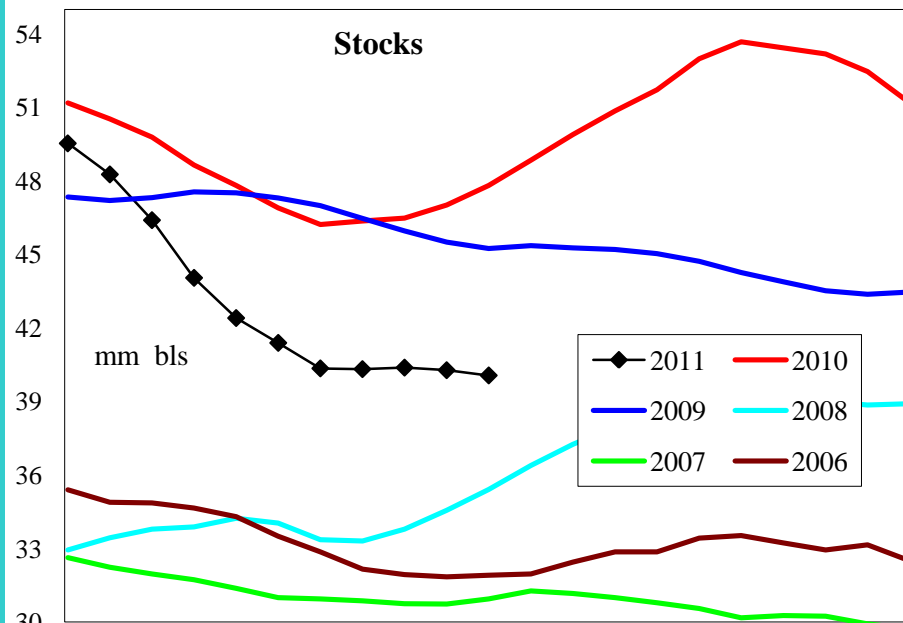
PADD 3 Reformulated Gasoline Supply



PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-7,790

-16.3

Production

219

9.0

Imports

7

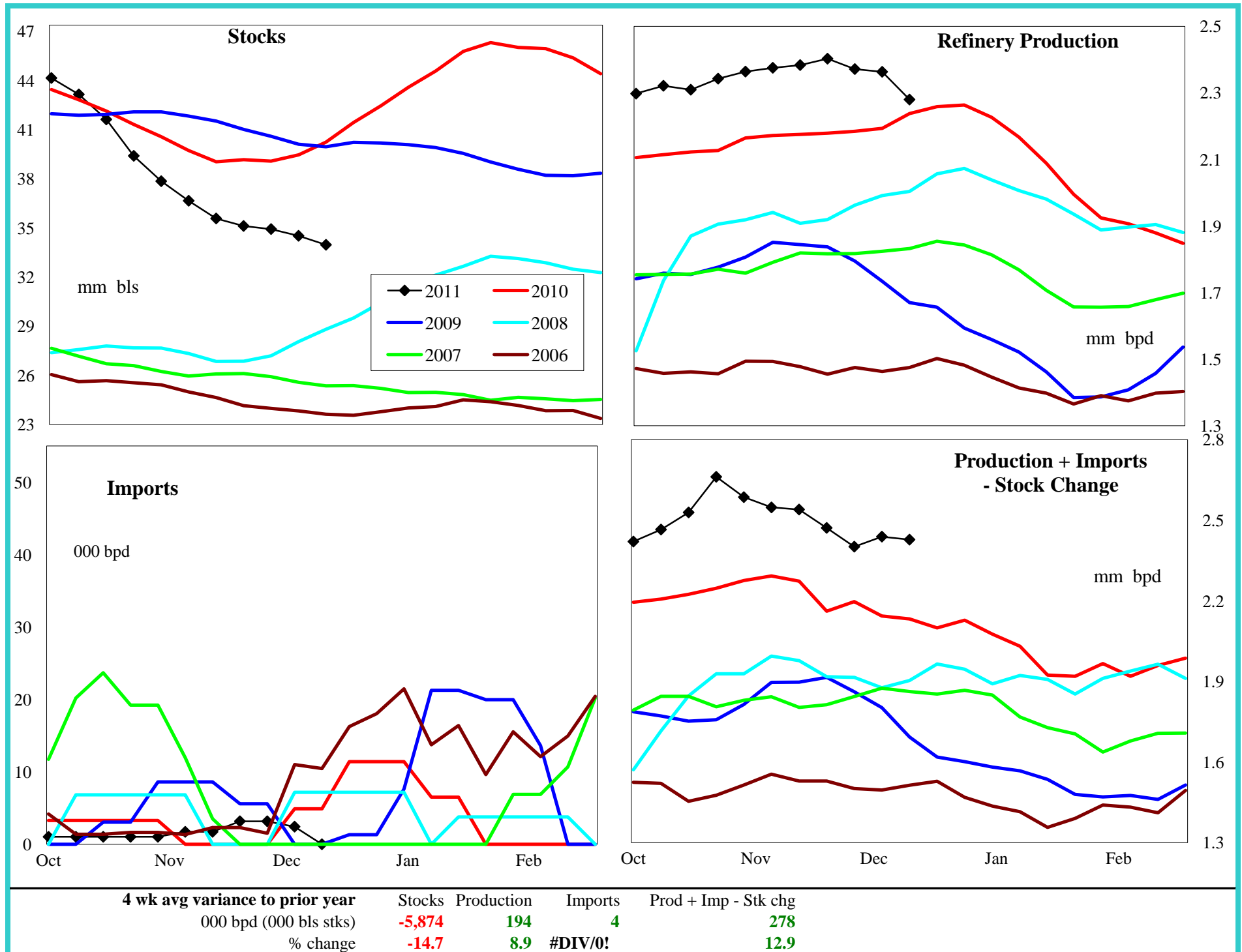
#DIV/0!

Prod + Imp - Stk chg

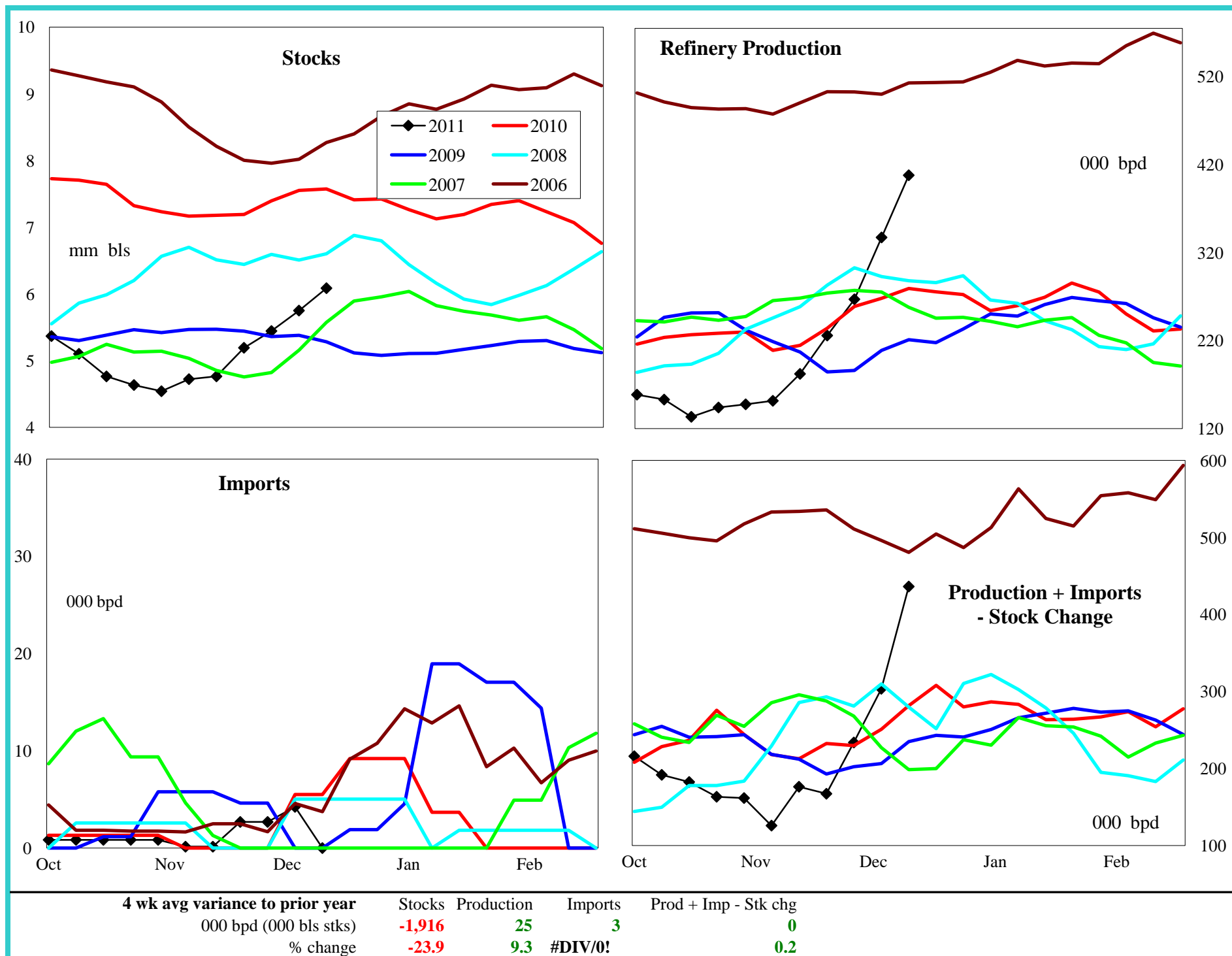
278

11.6

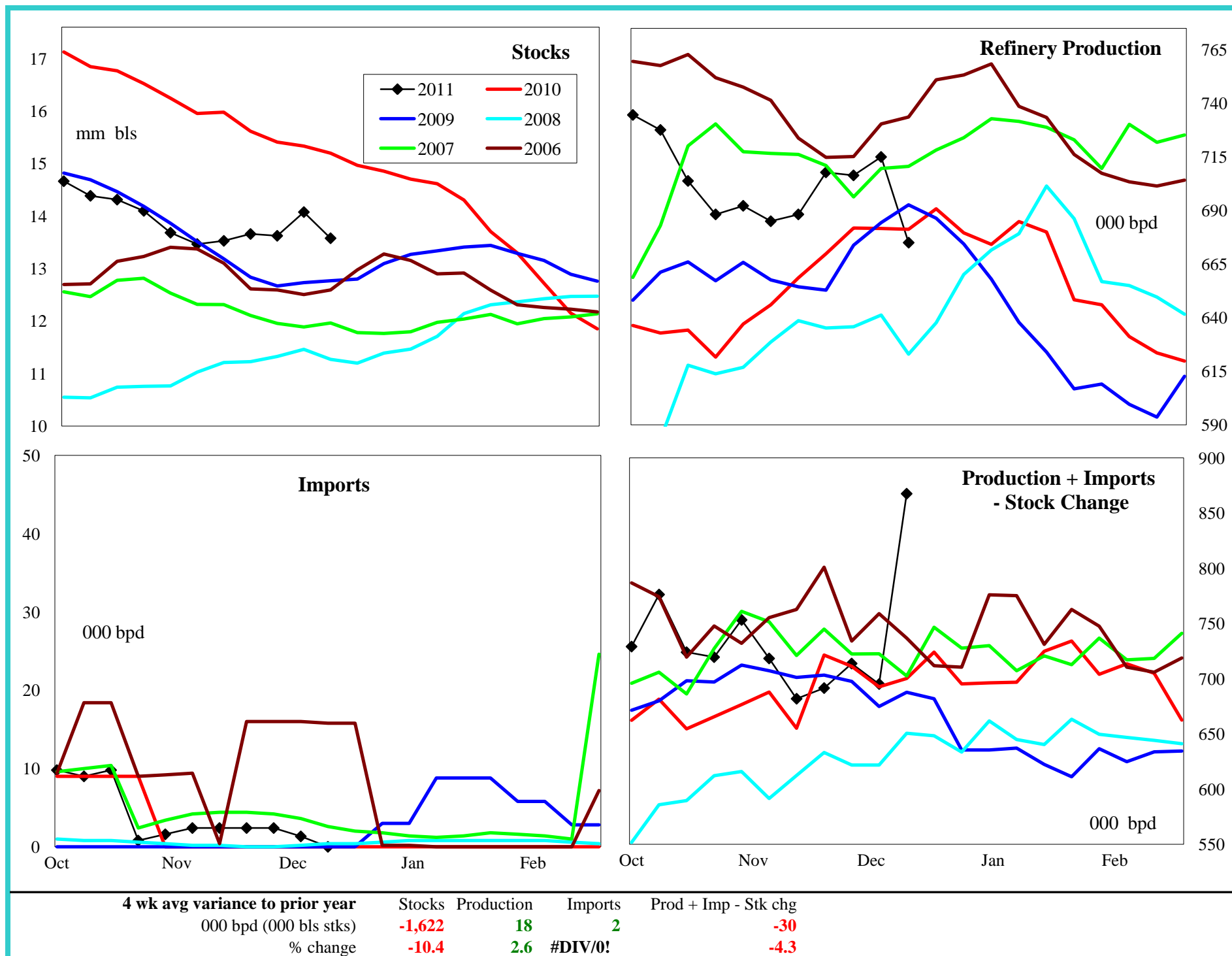
PADD 3 Low Sulfur Distillate Supply



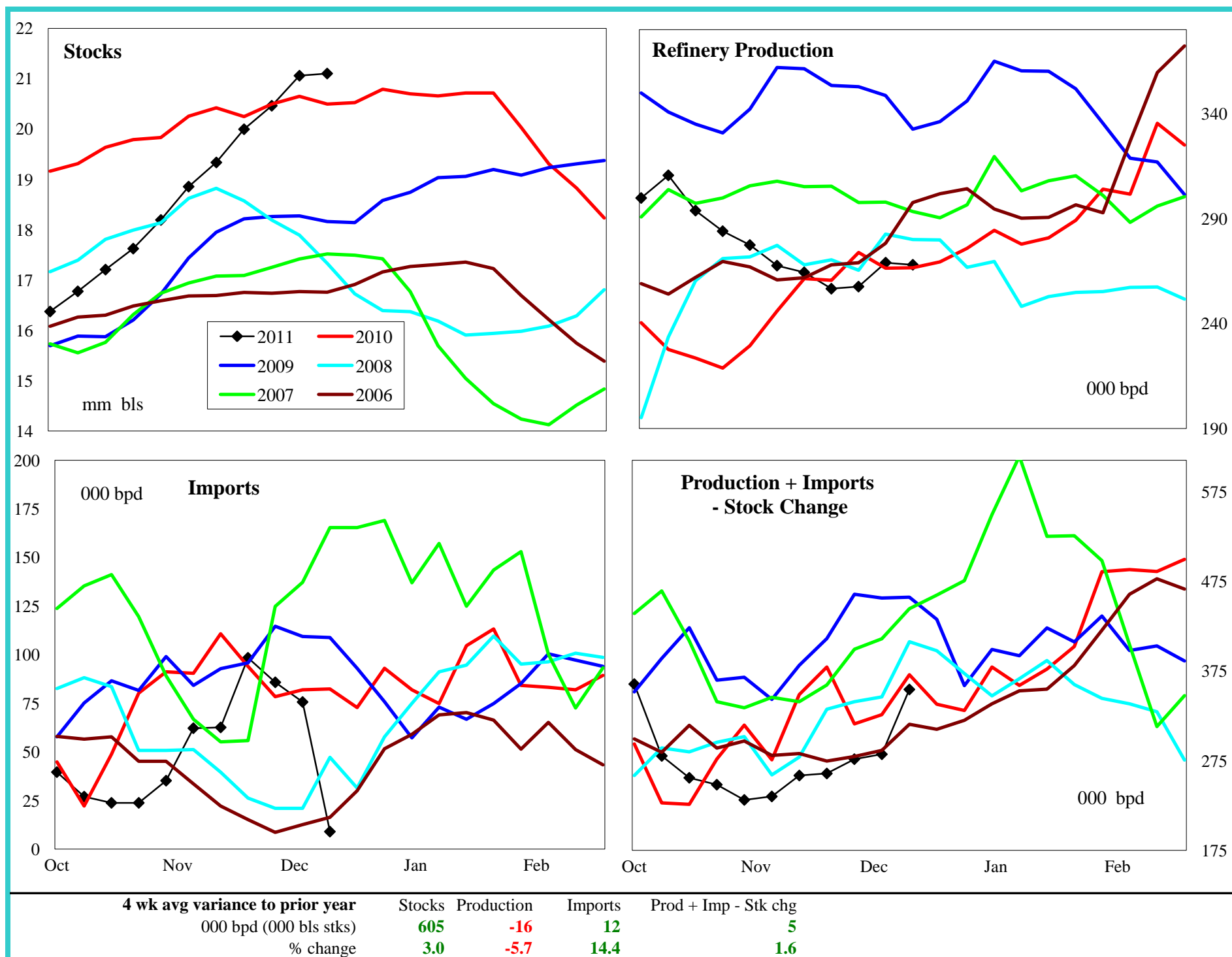
PADD 3 High Sulfur Distillate Supply



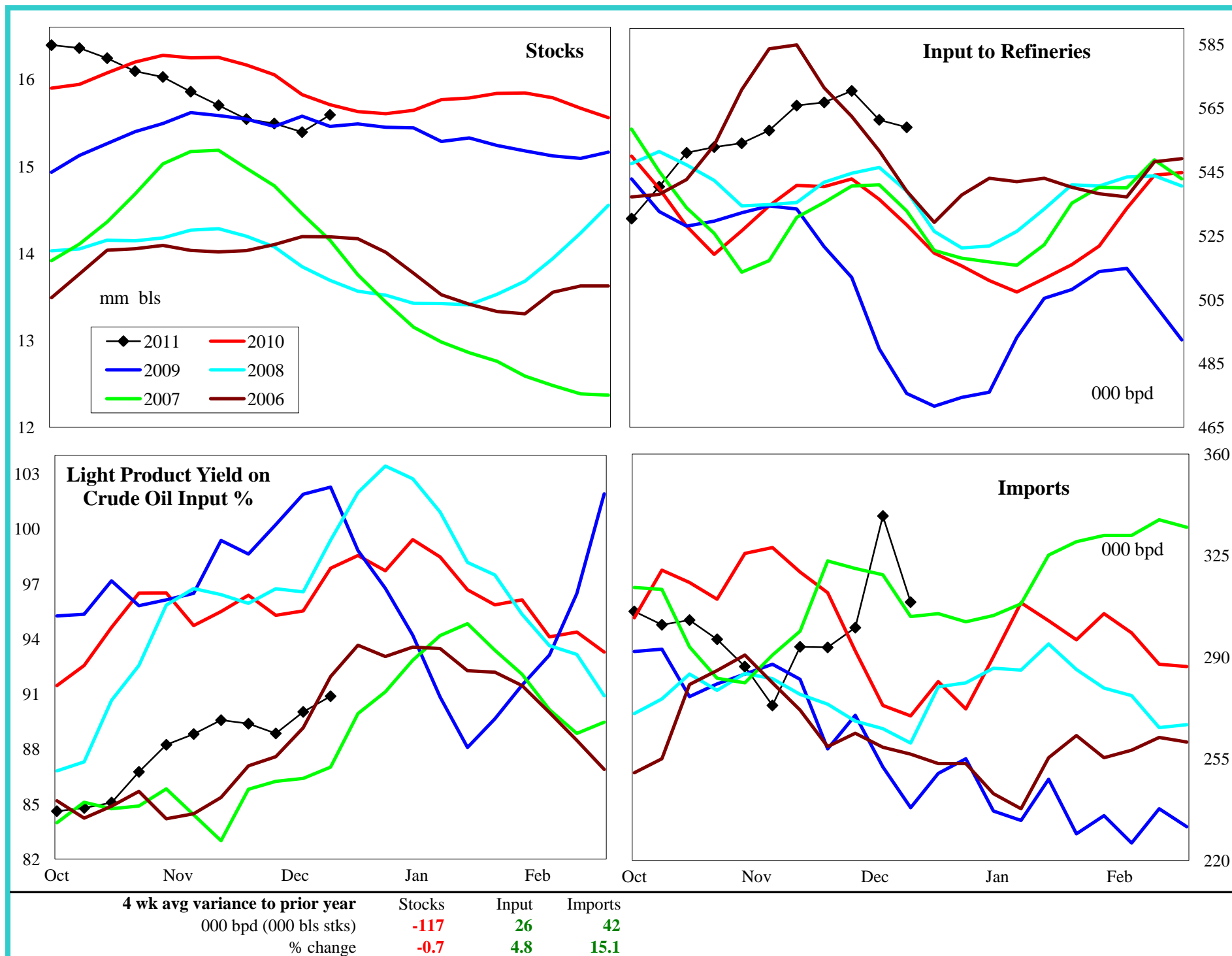
PADD 3 Jet Fuel Supply



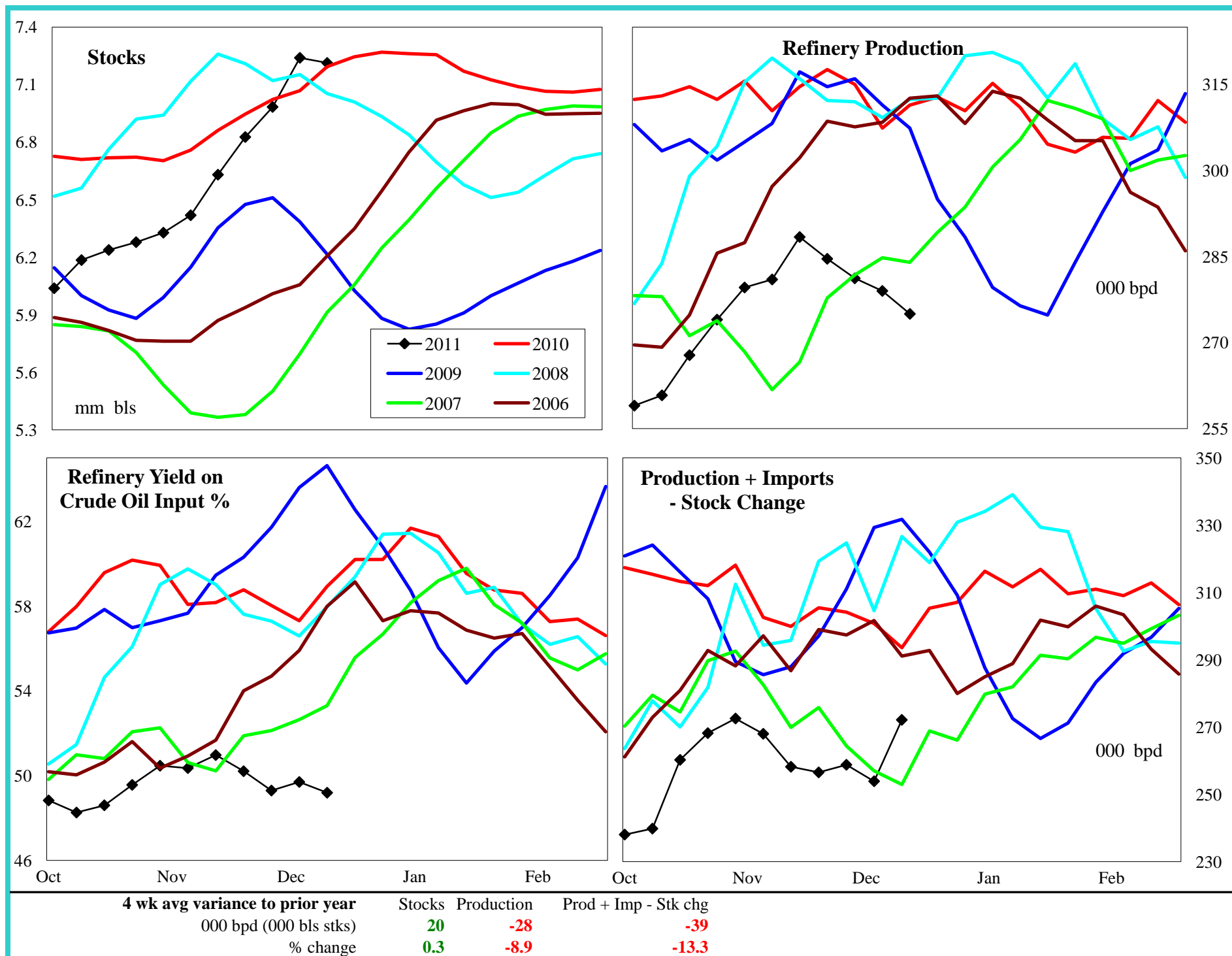
PADD 3 Residual Fuel Oil Supply



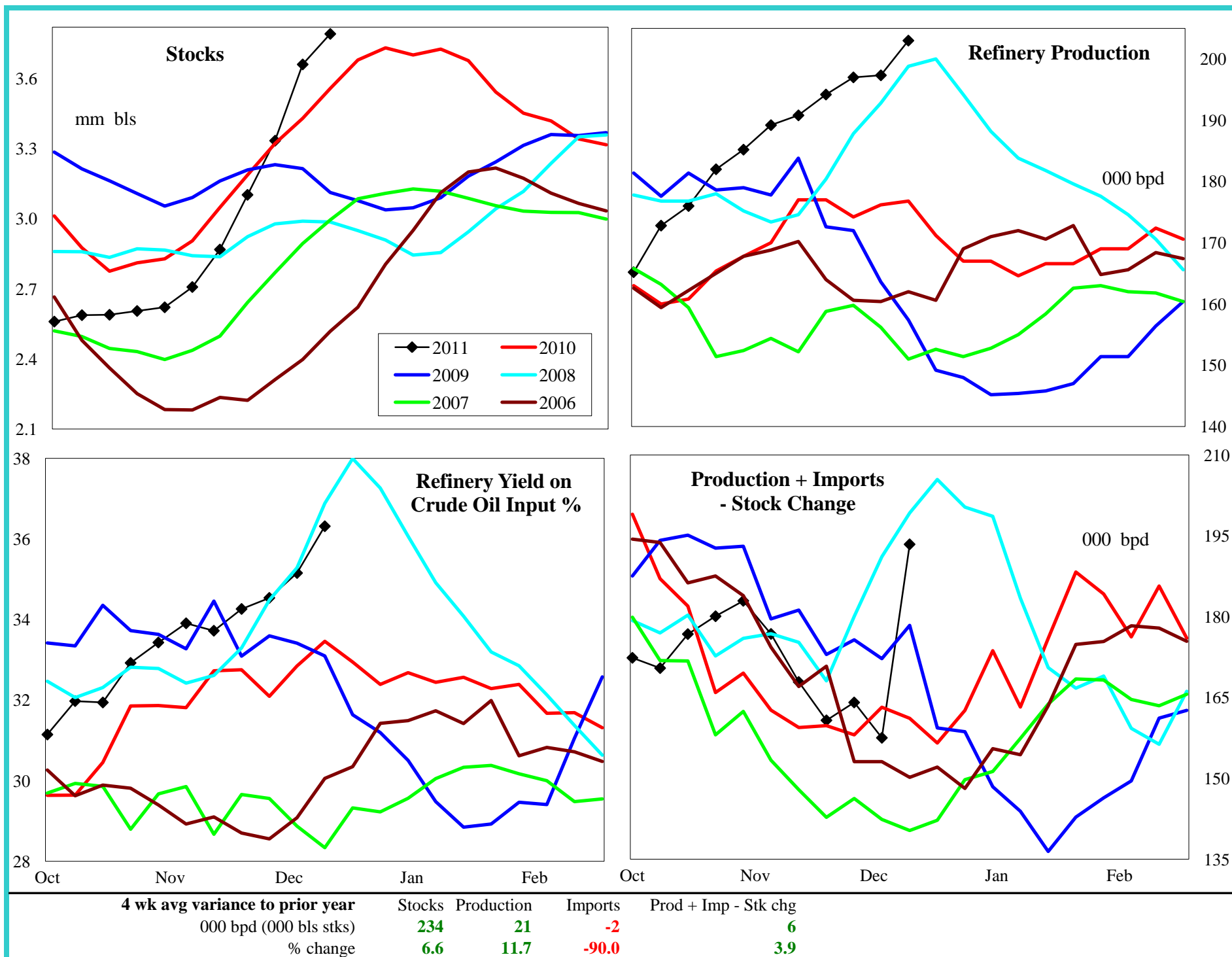
PADD 4 Crude Oil Supply and Refining



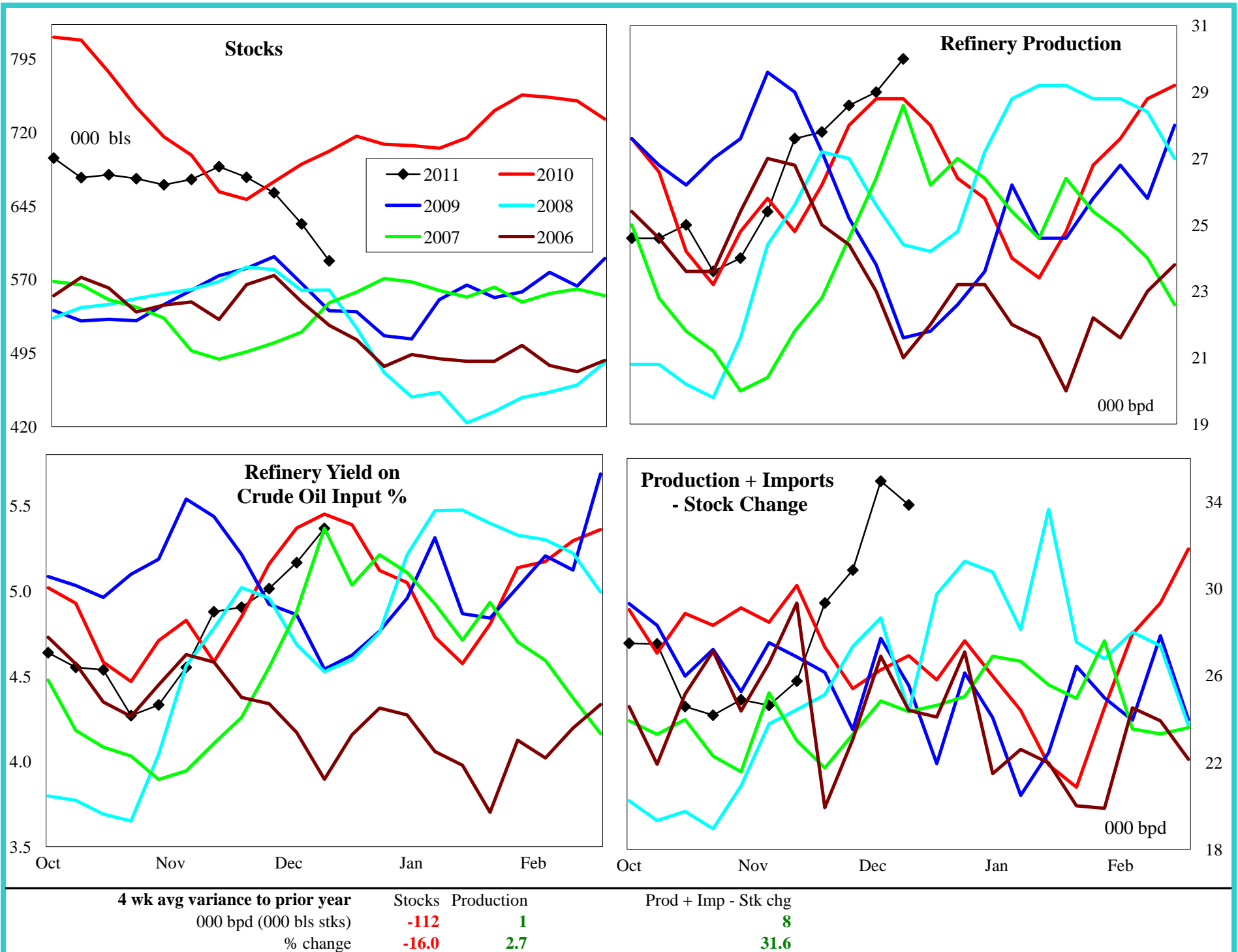
PADD 4 Gasoline Supply



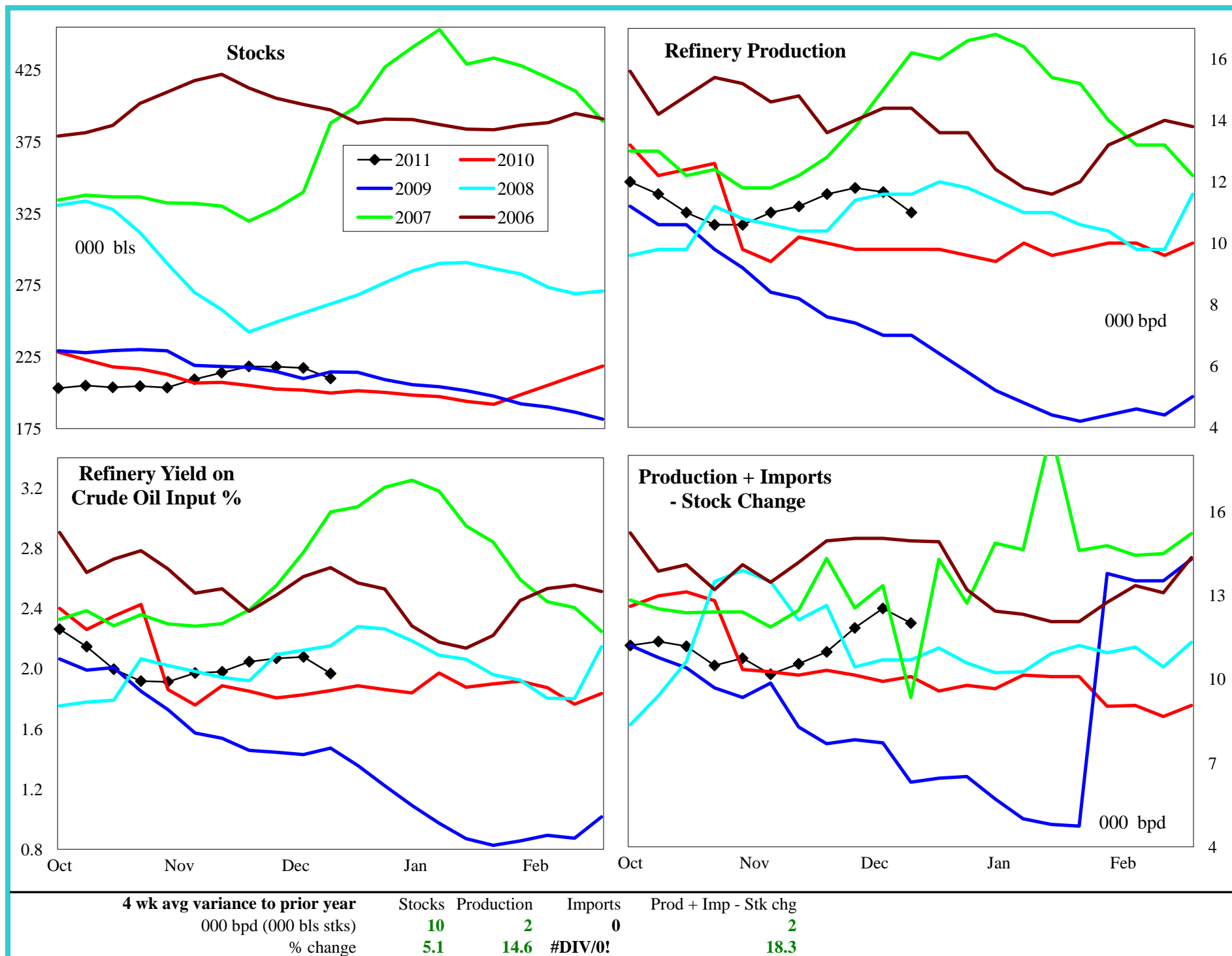
PADD 4 Distillate Supply



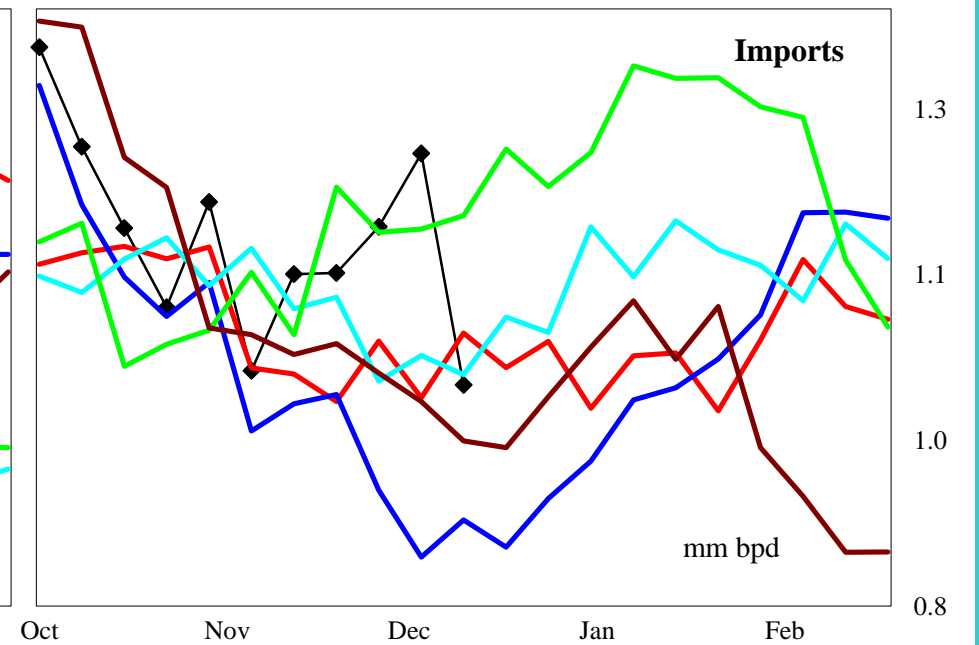
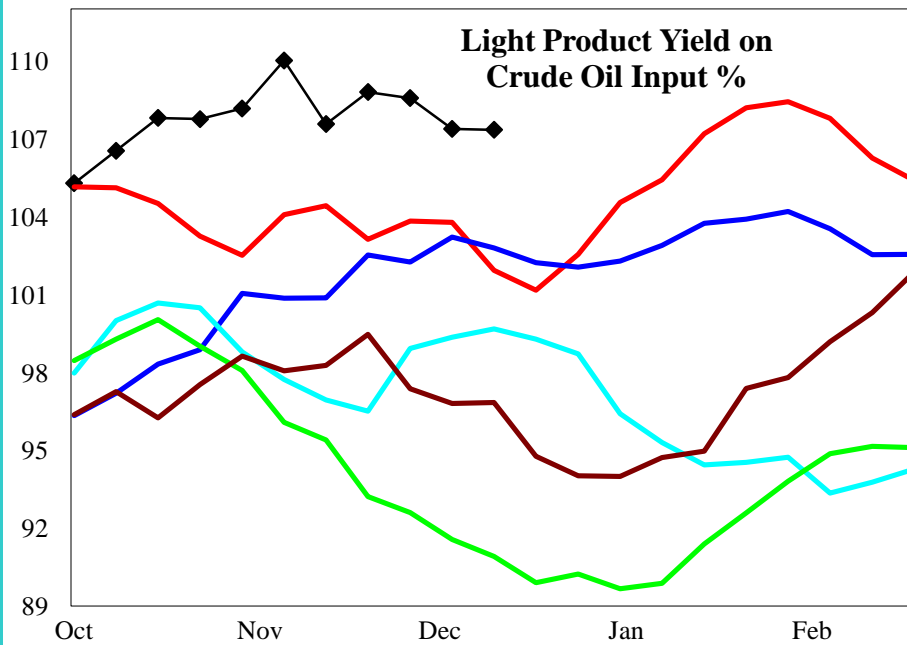
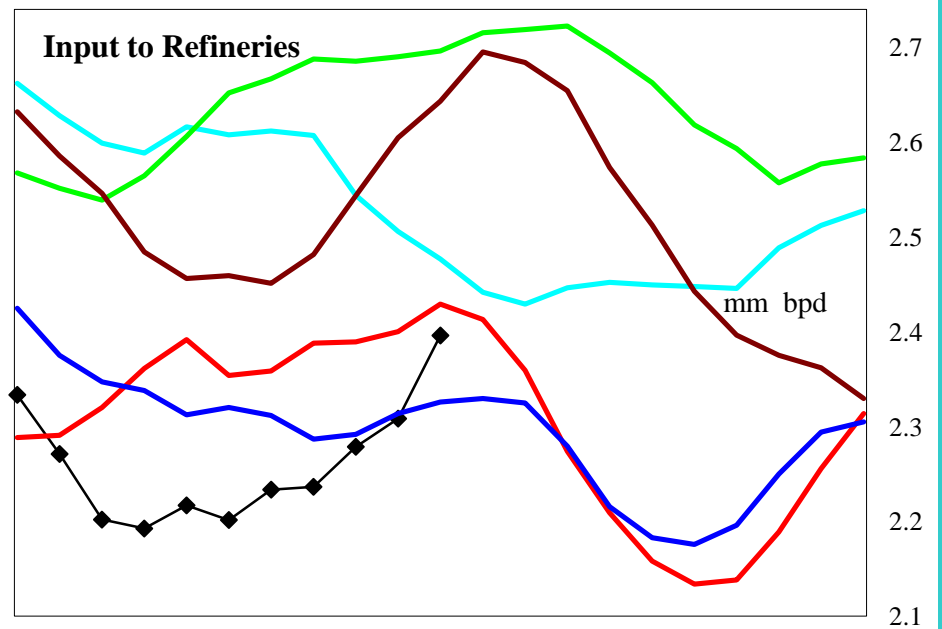
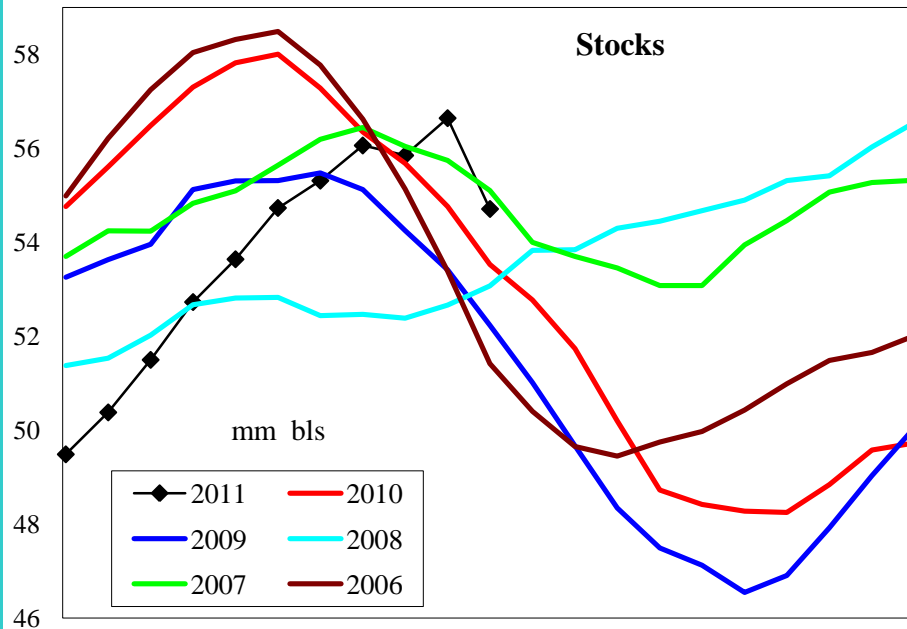
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



PADD 5 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,177

2.2

Input

-113

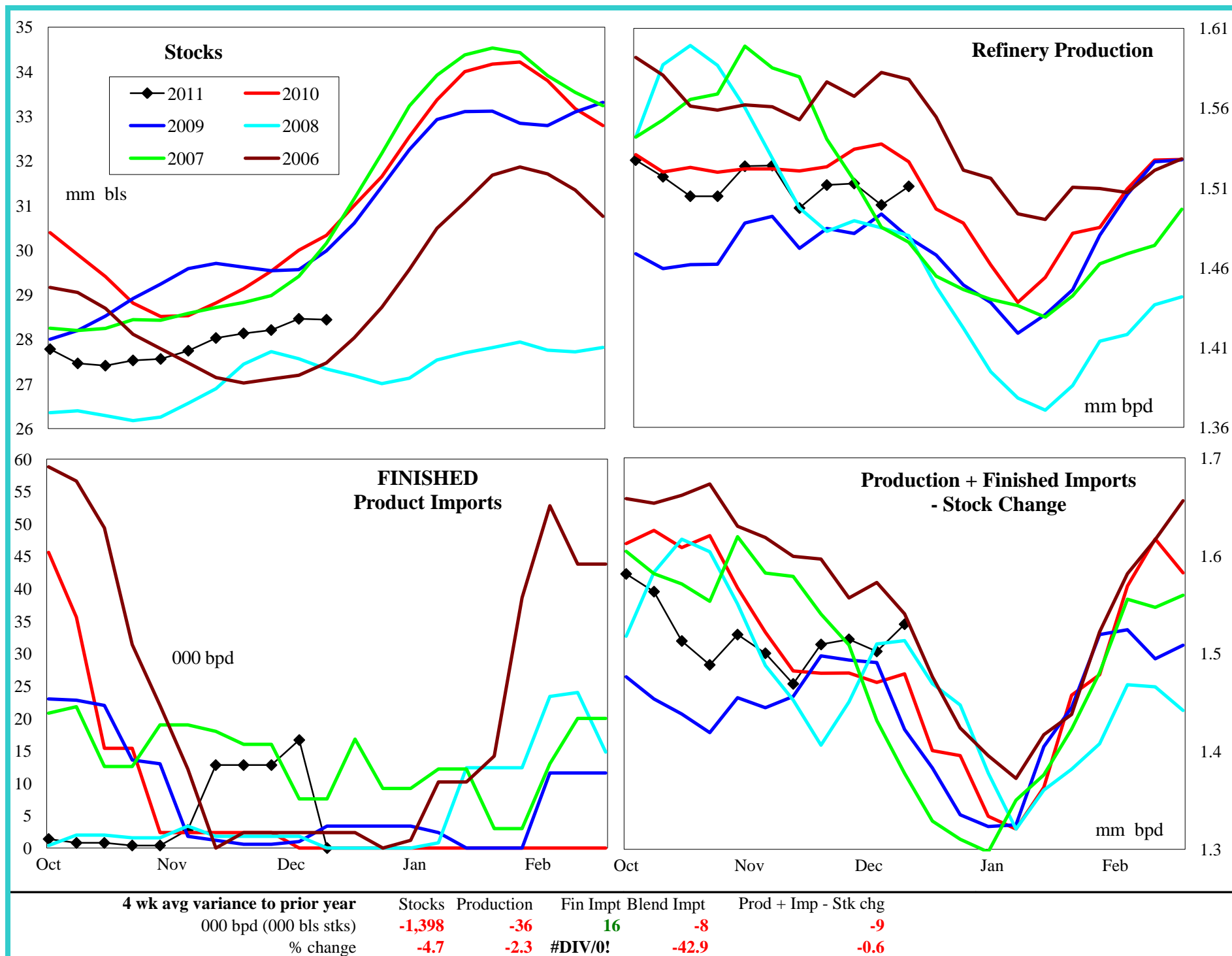
-4.7

Imports

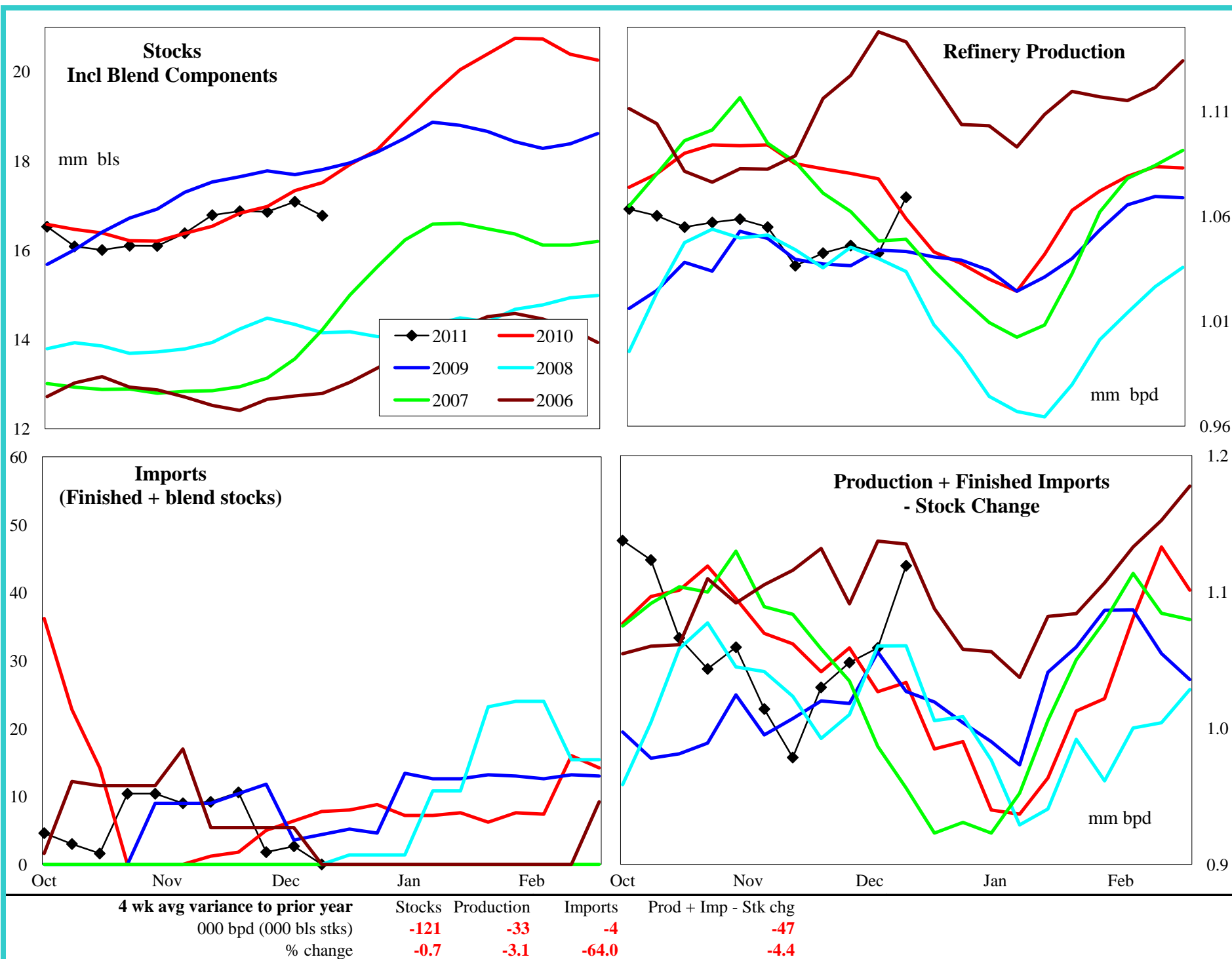
116

11.9

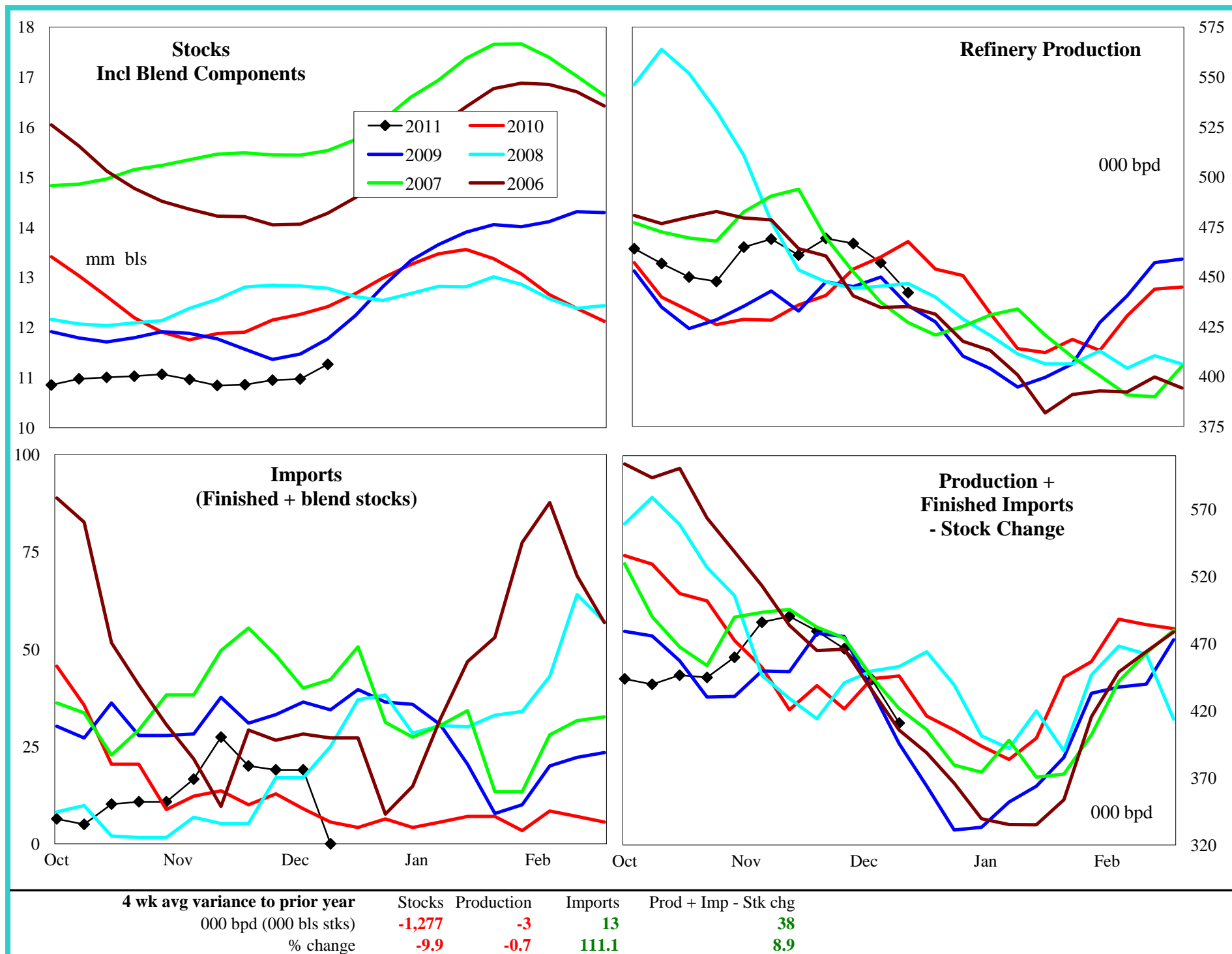
PADD 5 Gasoline Supply



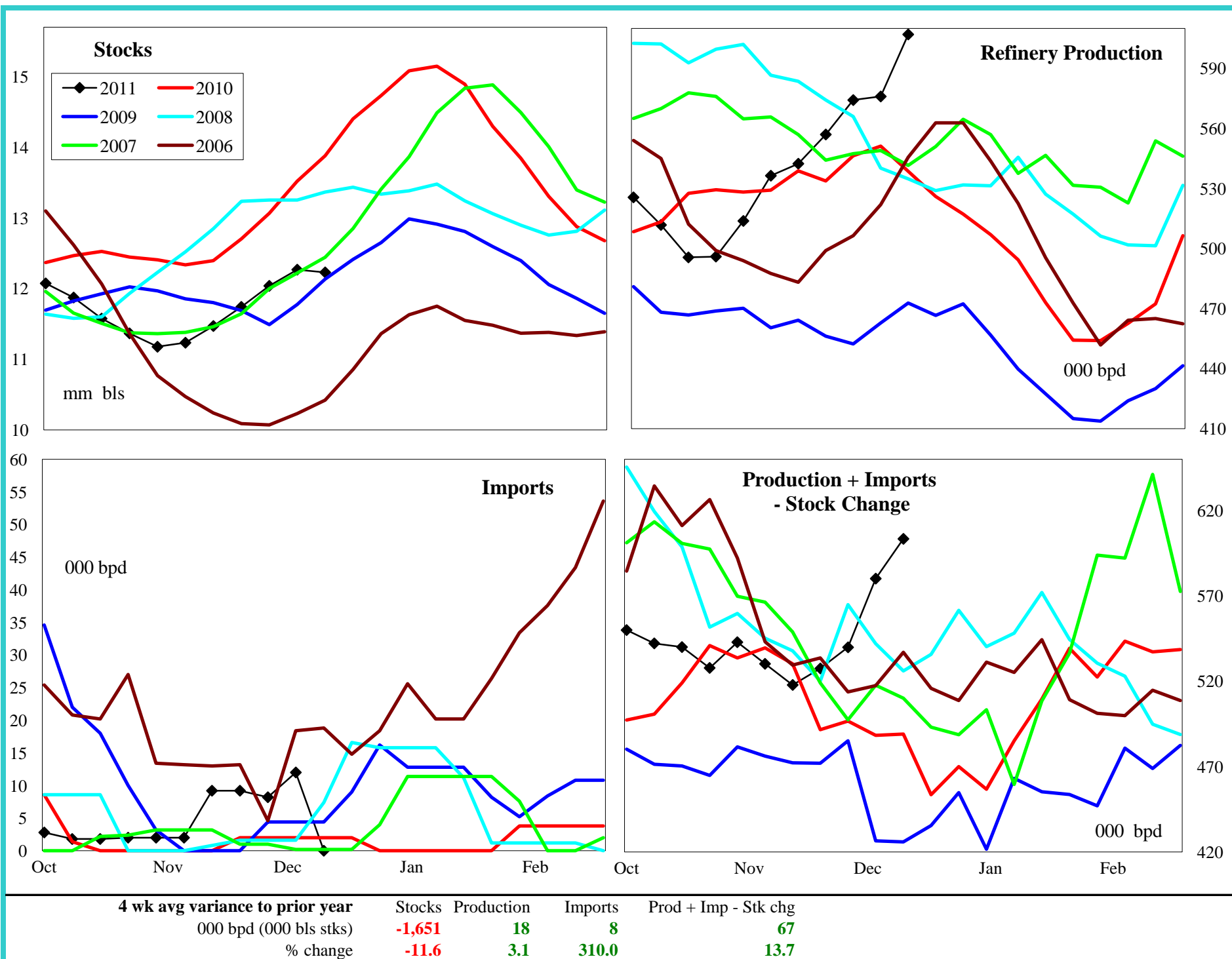
PADD 5 Reformulated Gasoline Supply



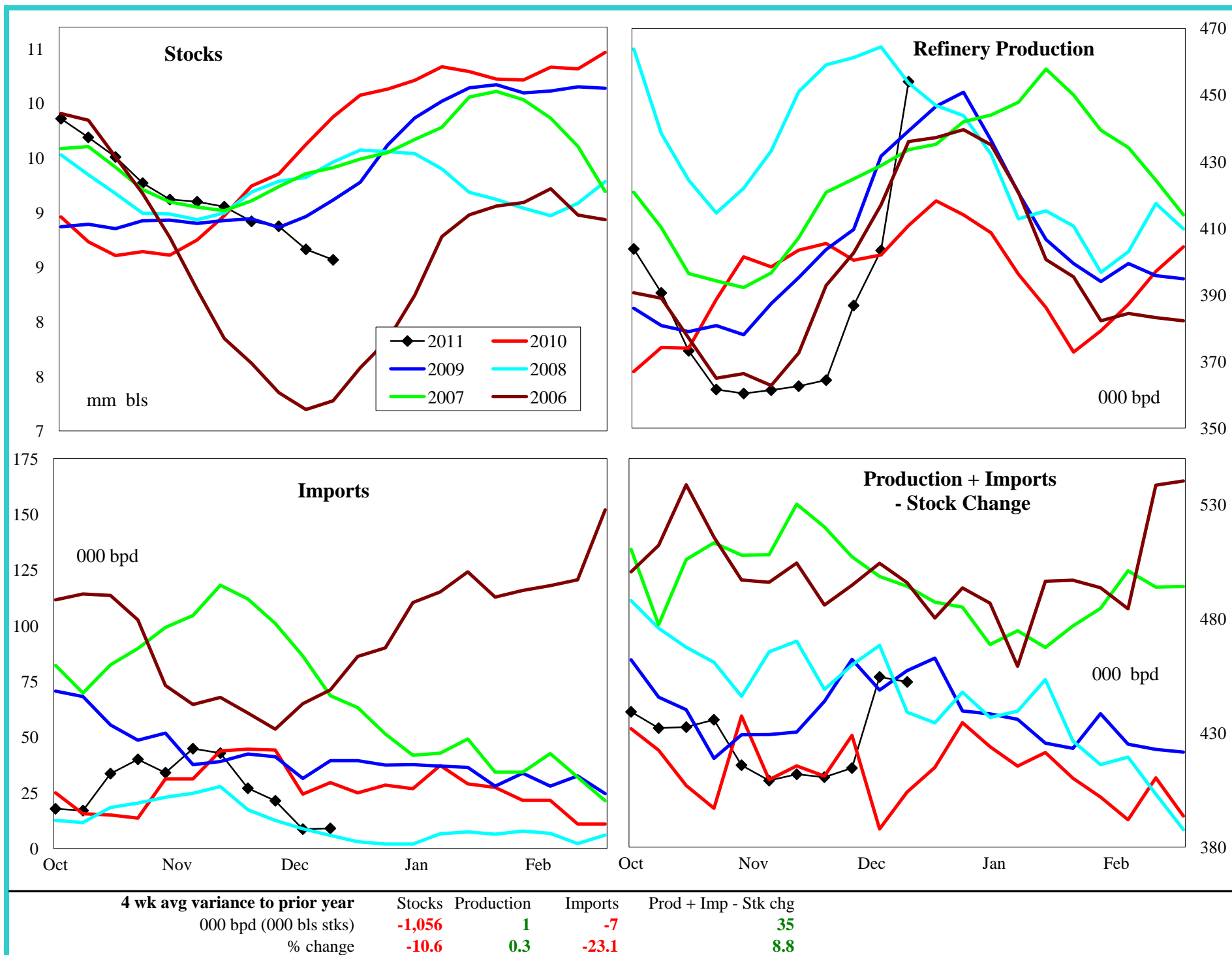
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

