



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

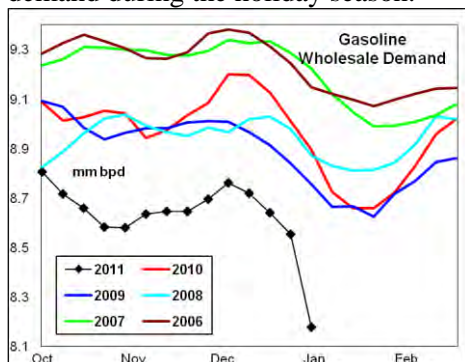
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, January 11, 2012



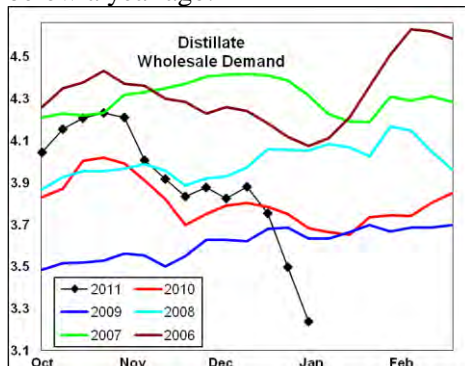
Major Fundamental Trends¹

Wholesale gasoline demand decreased -377,000 bpd week-on-week, with the latest 4-wk average -437,000 bpd below a year ago. These declines are in line historic seasonal trends and the year-on-year decreases witnessed this fall. Unusually favorable weather for travel does not appear to have lifted demand during the holiday season.



The large drop in gasoline demand has led to a response by refiners and blenders, where production and imports have been cut to record low levels for this time of year. Stock levels match 5-year highs at the national level; although, the key Central Atlantic Region of PADD 1 reports levels near 5-year lows.

Distillate demand has declined -1.1 million bpd during the last 3-wks, with the latest 4-wk average -83,000 bpd below a year ago.



After filling ahead of the start of winter heating, consumers have not needed the 'second tank fill' because of exceptionally warm temperatures.

Highway & street departments across the country have experienced an almost non-existent demand for snow and ice treatment/clearing. Warm temperatures/clear roads have contributed to higher fuel efficiency of commercial vehicles, thereby further reducing diesel demand. Forecast of a return to unseasonably warm temperatures across most of the country by late in the month will likely extend the lower fuel consumption trends.

Crude oil imports were 9.9 million bpd last week, the highest level of the last 12-months. Even though crude oil refinery runs were above the last 3-years, stocks saw a +5 million barrel build. Stock levels match 5-year highs, driven by unusually high stock levels on the West Coast.

Demand for transport fuels (gasoline, distillate and jet) fell -0.6 million bpd last week on lower travel and unusually warm temperatures across much of the country that limited heating use and street/highway snow/ice removal. Wholesale demand measured over the last four weeks compared to a year ago: gasoline decreased -4.8%; distillate down -2.2%; jet fuel down -1.4% while residual fuel oil declined -0.5%.

Stocks forward coverage: Gasoline demand coverage increased on a +3.6 million barrel stock build last week, with the coverage level reaching a new record high on weak demand.

Distillate coverage increased on a +4 million barrel stock build and lower demand for the week. Coverage levels were below the last 2-years.

Jet fuel coverage levels were comparable to the last 2-years on a +0.1 million barrel stock build for the week.

Refinery utilization rates increased on a +181,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was -172,000 bpd below a year ago.

Gasoline yield % on crude oil runs fell on a -197,000 bpd decline in

output, compared to a +181,000 bpd rise in crude oil runs last week. Yield % on crude oil runs fell below the 5-year range.

Distillate yield % on crude oil runs decreased on a -75,000 bpd drop in output, compared to the increase in crude oil runs. The yield % remains above the historic range.

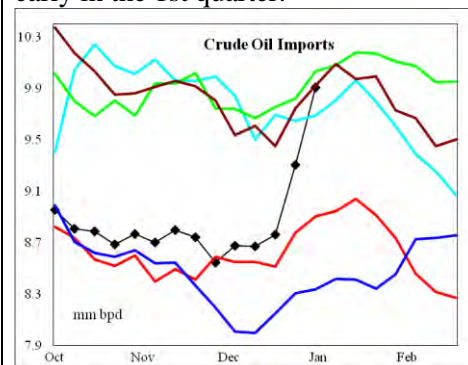
Jet fuel yield % on crude oil runs increased last week on a +55,000 bpd rise in output compared to higher crude oil runs. Yield % levels were at the upper end of the historic range.

Petroleum Imports of crude oil jumped +0.9 million bpd last week while combined imports of refined transport fuels decreased -0.4 million bpd.

During the latest 4-wk period crude oil imports increased +152,000 bpd over last year; distillate imports decreased -77,000 bpd; finished gasoline imports were unchanged, gasoline blend stock imports declined -215,000 bpd; jet fuel imports were -43,000 bpd lower, while residual fuel oil imports declined -127,000 bpd.

Crude Oil stocks increased +5 million barrels last week; including a +6.6 million barrel build on the Gulf.

Imports were 9.9 million bpd last week, the highest level of the last 12-months. PADD 2 imports were +500,000 bpd above a year ago. This surge may point to a lower than average refinery maintenance schedule early in the 1st quarter.



¹ Source is latest EIA Weekly Statistics



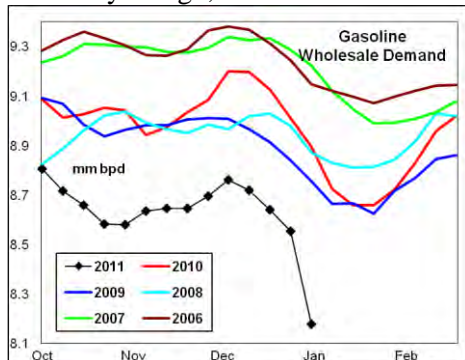
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Product Supply-Demand Trends

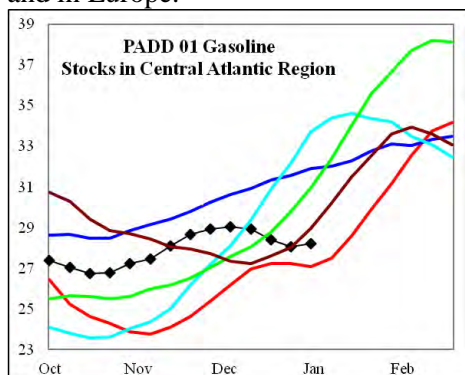
Gasoline demand fell -377,000 bpd last week to 8.2 million bpd. The latest 4-wk average demand was -437,000 bpd below a year ago, a decline of -4.8%.



Production declined -0.2 million bpd last week, while imports fell -0.3 million bpd.

Stocks increased +3.6 million barrels on the week.

Stock levels in the Central Atlantic Region of PADD 1 remain near historic lows, pointing to risk of a spring supply squeeze when combined with refinery closures in the Region and in Europe.



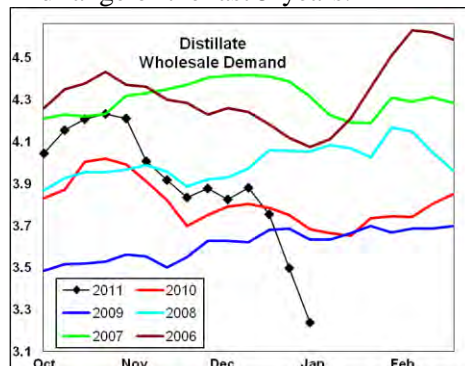
Refiners & blenders are curtailing supply in the face of continued weak consumer demand. Expect seasonal stock building during the next 45-days, though, at a lower rate than would occur if supplies were not sharply reduced.

Distillate demand declined -249,000 bpd last week, and has collapsed -1.1 million bpd during the last 3-wks. Unusually warm temperatures has severely curtailed heating demand. Demand has also slowed markedly on the West Coast. The latest 4-wk average year-on-year change in

demand was a -83,000 bpd decline.

Supplies declined -141,000 bpd on lower imports and production; with the latest 4-wk average supply +199,000 bpd above a year ago. Stocks increased +4 million barrels on the drop in demand. Stock levels ended the week -17.2 million barrels below last year.

The latest 4-wk stock change in markets East of the Rockies was a build of +3.3 million barrels, above the mid range of the last 5-years.



Exceptionally low heating degree days across the entire northern 1/2 of the country has depressed distillate use for heating, highway/street snow removal and contributed to more efficient operation of diesel engines.

The forecast is for a return to warmer than normal temperatures during late January in most areas of the country, which combined with a lack of widespread snow pack points to continued soft middle distillate demand.

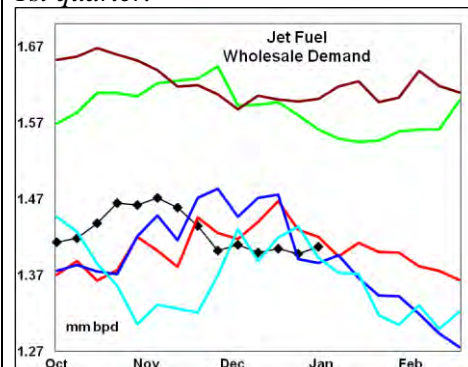
Midwest, Rockies and Midwest markets are over supplied. Weak demand, high production and lack of access to export markets in these regions has led to the oversupply.

Jet Fuel demand increased +46,000 bpd last week to a level comparable with the last 3-years. The latest 4-wk average demand was -20,000 bpd below a year ago.

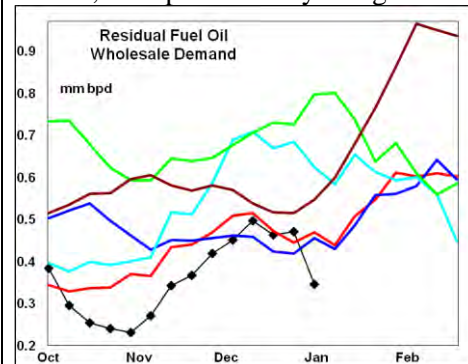
Supply increased +26,000 bpd last week, on higher production. Stocks were nearly unchanged last week, at a level -5.8% below last years' record high.

PADDs 2, 4 and 5 are over

supplied while stock levels in the Gulf have declined to the low end of the historic range. The seasonal decline in demand should assure well supplied markets East of the Rockies during the 1st quarter.



Residual fuel oil demand fell -309,000 bpd on the week, to a level below the historic range. The latest 4-wk average was -3,000 bpd below a year ago.



Supply (production + imports) decreased -26,000 bpd last week, on lower production. The latest 4-wk average supply was -160,000 bpd below last year, and a record low for this time of year. Stocks decreased -0.6 million barrels to a level near 5-year lows.

Unusually warm temperatures has reduced winter season demand, leading to a -200,000 bpd collapse in imports during the last month. Refiners continue to cut output as a result of upgrades to increase middle distillate production.

The decline in supply has more than offset lower demand, driving stock levels to near 5-year lows.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

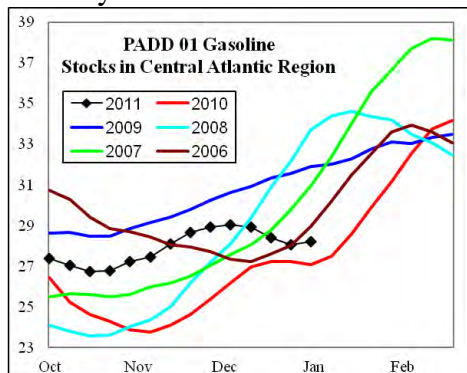
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PADD Supply Trends

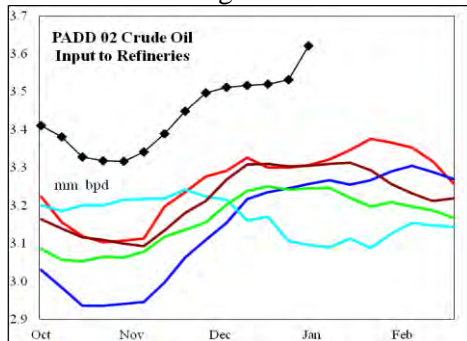
PADD 1 refinery crude oil runs declined -42,000 bpd on the week, with the latest 4-wk average -98,000 bpd below last year, and a record low rate for this time of year.

Gasoline production declined -30,000 bpd last week, with an additional -288,000 bpd drop in imports. The drop in supply was offset by very weak demand which led to a +1.2 million barrel stock build on the week. Stock levels in the key Central Atlantic Region are near 5-year lows.



Distillate supply fell -74,000 bpd last week, with the latest 4-wk average -16,000 bpd below last year. Stocks increased +0.7 million barrels on the week, with the level at the low end of the 5-year range.

Jet fuel stocks increased +0.3 million barrels last week to a level above the mid range.



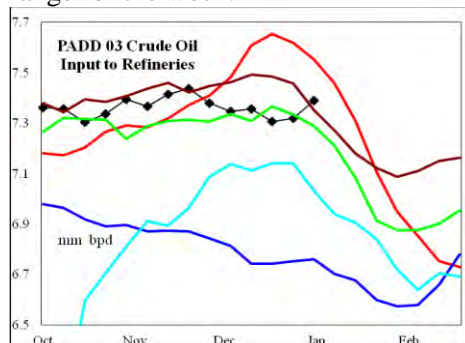
PADD 2 crude oil refinery runs increased +112,000 bpd last week, with the 4-wk average +227,000 bpd above last years' highs. Crude imports jumped +186,000 bpd last week, with the latest 4-wk average +0.4 million bpd above a year ago.

Gasoline production declined -12,000 bpd, to a level below the mid range. Stocks jumped +1.9 million barrels, to a level near 5-year highs for this time of year.

Distillate production increased +16,000 bpd, with the 4-wk average +125,000 bpd above last year. Stocks increased +0.4 million barrels last week, to match 5-year highs.

Jet fuel production increased +2,000 bpd, a level above the historic range. Stocks were +3.7% above 5-year highs.

PADD 3 refinery runs increased +110,000 bpd last week, a level above the mid range. The latest 4-wk average thru put was -391,000 bpd below last year. Crude oil imports jumped +0.5 million bpd, a level above the last 2-years. Very high imports led to a +6.6 million barrel stock build, lifting the stock level to near the mid range for the week.



Gasoline production was unchanged on the week. Stocks declined -1 million barrels last week, to a level -4.9% below prior record highs.

Distillate production decreased -76,000 bpd on the week, with the latest 4-wk average +45,000 bpd above the previous 5-year high. Stocks increased +1.3 million barrels, to a level -7.1 million barrels below the historic high for this time of year.

Jet fuel supply increased +16,000 bpd on the week, to a level comparable with the last 3-years. Stocks declined -0.8 million barrels to a level at the low end of the 5-year range.

Residual fuel oil supplies decreased -16,000 bpd on the week, due to lower production. Stocks fell -

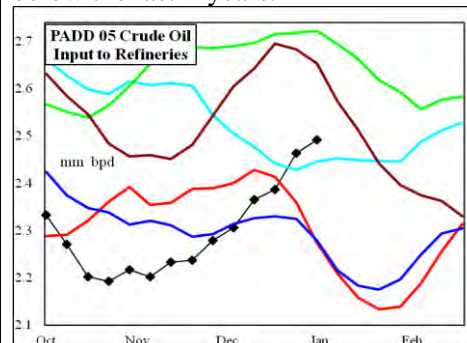
0.5 million barrels to a level near 5-year lows.

PADD 4 refinery crude runs increased +1,000 bpd, with the level still a record high for this time of year. The most recent 4-wk average run rate was +40,000 bpd above a year ago.

Gasoline production increased +27,000 bpd on the week, with the latest 4-wk average -27,000 bpd below last year. Stocks match 5-year highs.

Distillate production increased +5,000 bpd last week, to a record high for the season. Stocks increased +0.1 million barrels, also a new 5-year high.

PADD 5 crude oil refinery runs were unchanged last week, at a level above the last 3-years. The latest 4-wk average thru put was +51,000 bpd above last year. Light product yield % on crude oil runs remains at a level below the last 2-years.



Gasoline production declined -36,000 bpd last week to a level that matched historic lows for the period. Supply (production + imports) for the latest 4-wk average was +3,000 bpd above a year ago. Stocks jumped +1.5 million barrels on the week, although the level is still below the 5-year mid range.

Distillate supply declined -12,000 bpd on the week, to a level near historic highs for the period. The latest 4-wk average supply was +46,000 bpd above a year ago. Stocks jumped +1.4 million barrels to a level near 5-year highs.

Jet fuel supply increased +39,000 bpd, with production at a new all time high. Stocks increased +0.5 million barrels on the week, to a level comparable to the last 2-years.

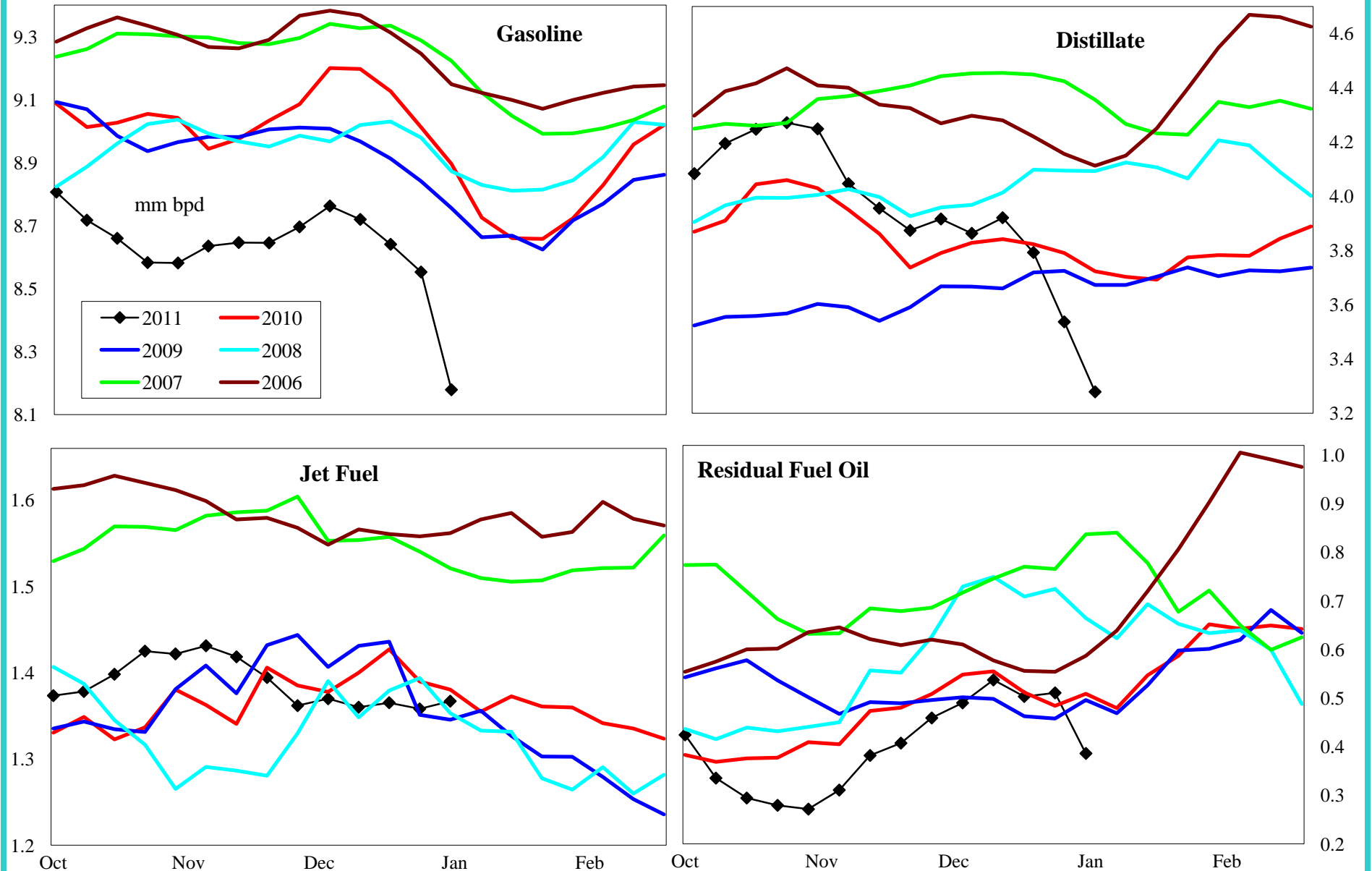


PETROLEUM: Graph Link and Weekly Summary

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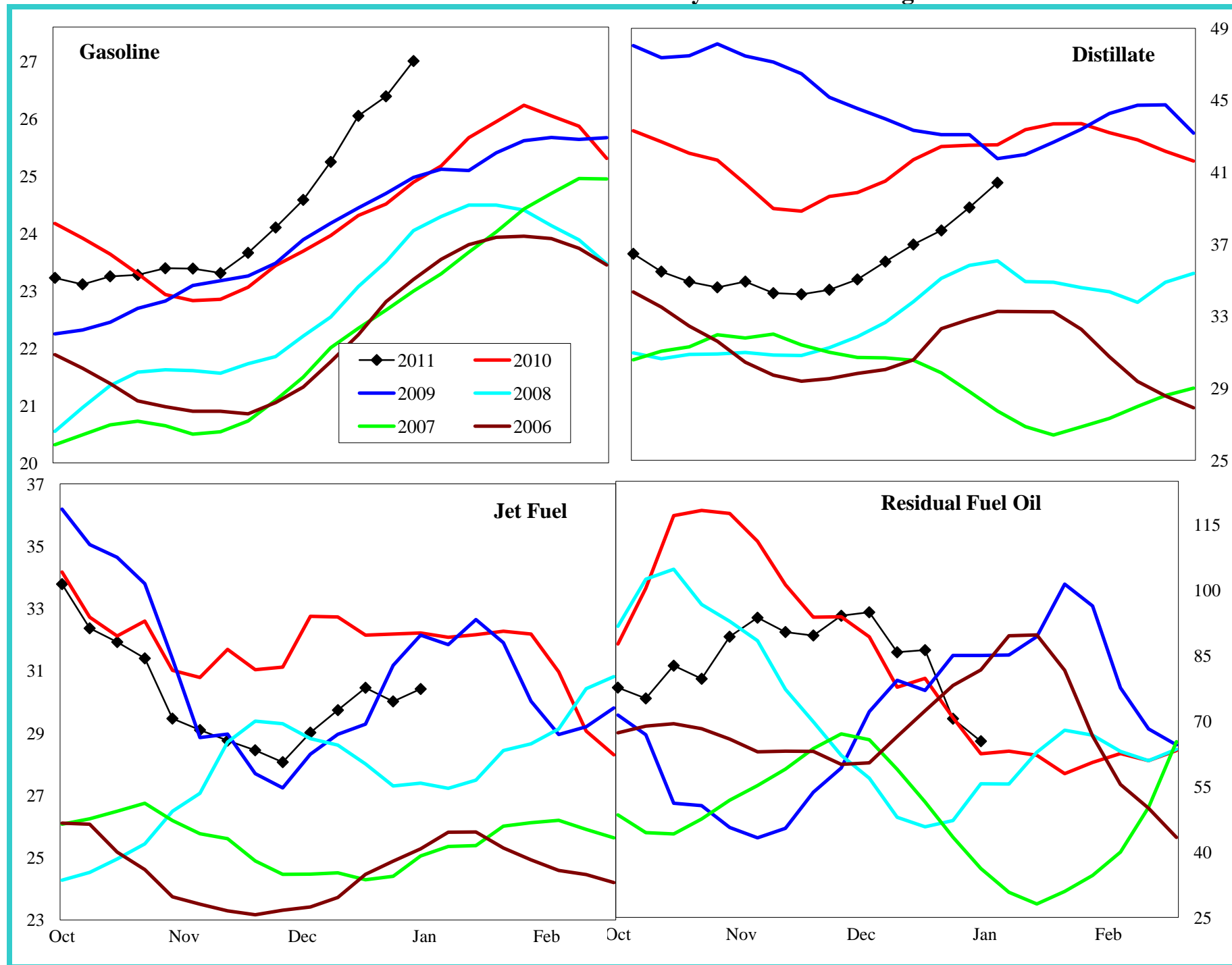
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %			Imports	
Supply/Demand Trends	6-Jan-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	4,958	23	-375	6,561	201	-1,452
	Imports	883	102	186	491	-8	111
	Input	181	-42	112	110	1	-1
	% Utilization	0.60					
Gasoline	Stocks	3,610	1,247	1,917	-991	-109	1,545
	Production	-197	-30	-12	-2	27	-36
	Imports	-290	-288	-1	22	0	-22
	Supplied	-377					
Distillate	Stocks	3,985	737	403	1,329	88	1,427
	Production	-75	-3	16	-76	5	-18
	Imports	-66	-71	1	0	-4	6
	Supplied	-249					
Jet Fuel	Stocks	110	257	39	-801	111	503
	Production	55	9	2	16	-4	33
	Imports	-29	-36	0	0	0	6
	Supplied	46					
Residual Fuel Oil	Stocks	-643	-147	18	-476	-5	-32
	Production	-34	-3	-7	-32	1	6
	Imports	12	24	1	14	0	-29
	Supplied	-309					

United States Wholesale Petroleum Demand

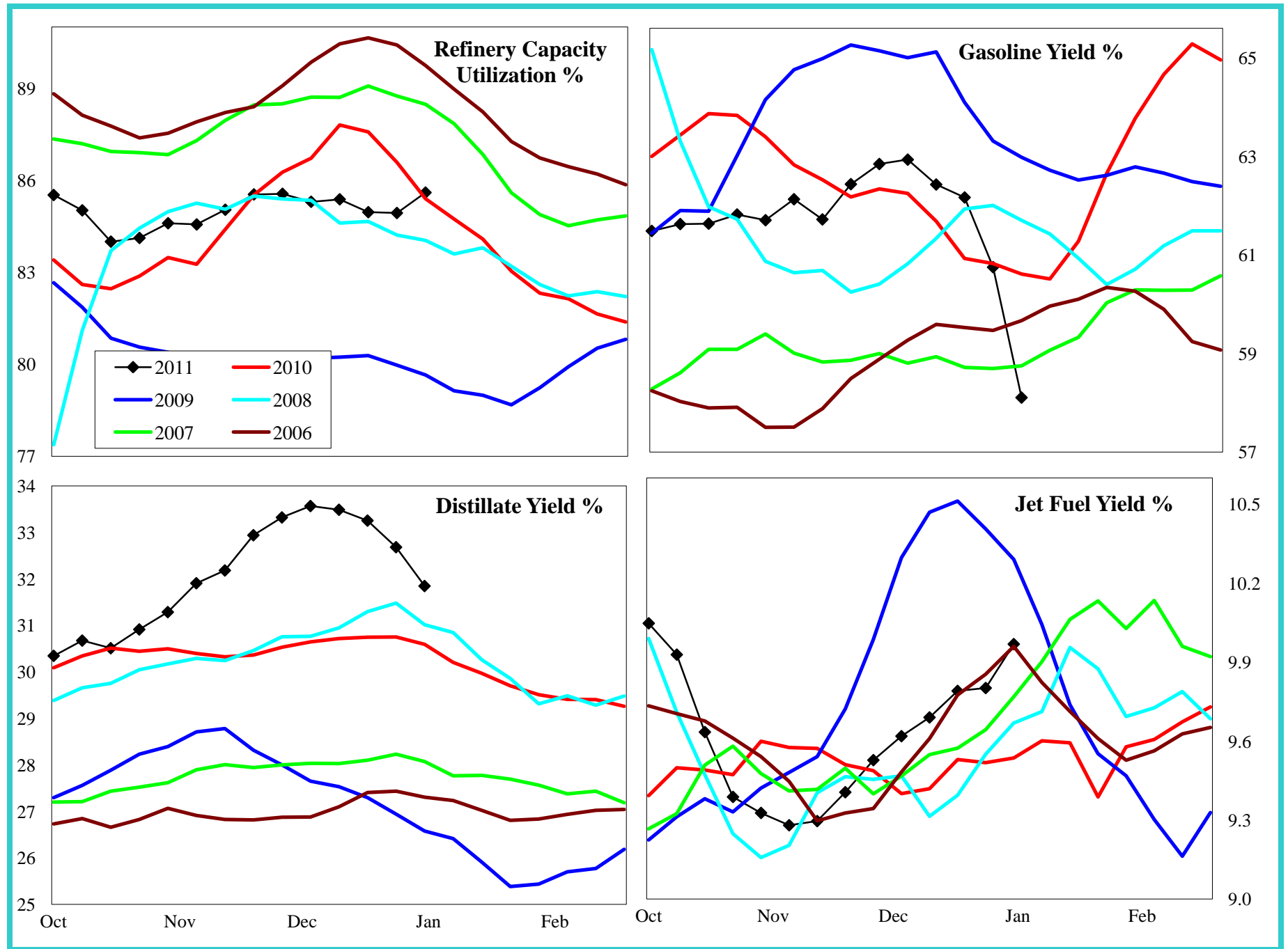


	000 bpd change from prior year				% change from prior year			
	4wk avg	Nov	Jan	Jan	4wk avg	Nov	Oct	Sep
Gasoline	-437	-152	-359	-359	-4.8	-1.7	-4.0	-3.9
Distillate	-83	92	446	43	-2.2	2.4	11.8	1.1
Jet Fuel	-20	81	-14	-40	-1.4	5.8	-1.0	-2.7
Resid	-3	-214	-202	-31	-0.5	-38.8	-41.3	-6.0

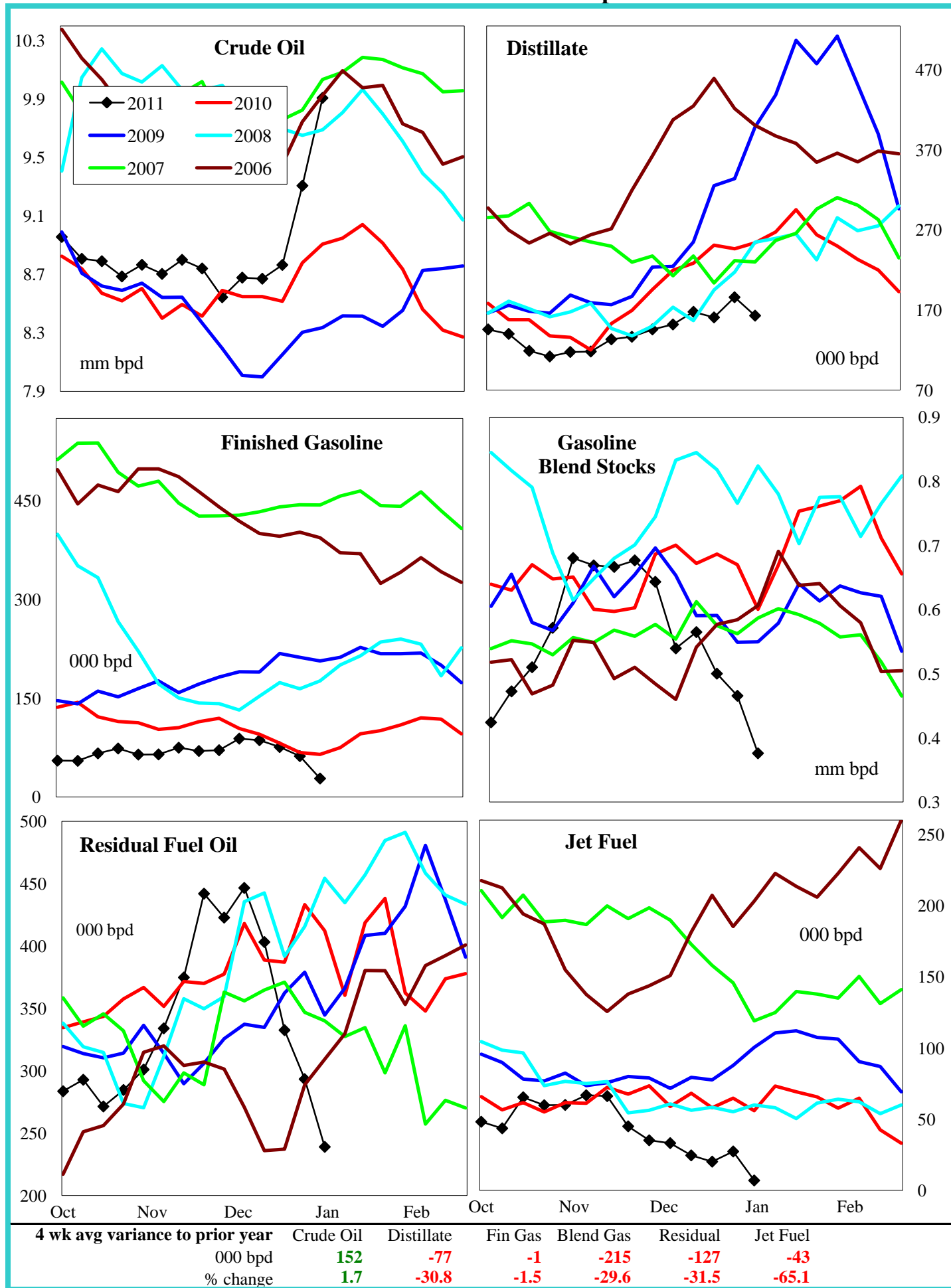


United States Product Stocks: Days Forward Coverage

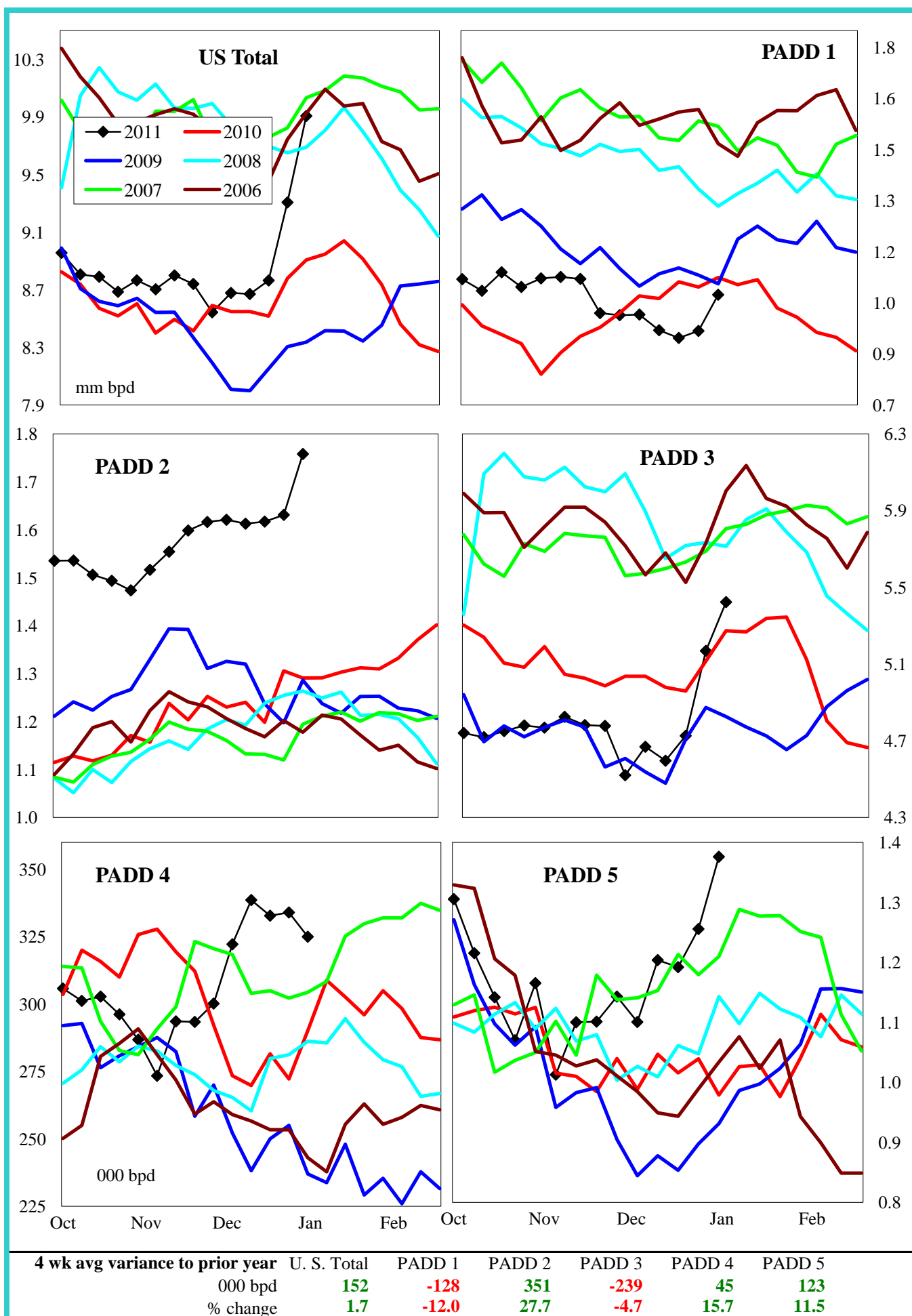
United States Refinery Percent Utilization Rate and Product Yields



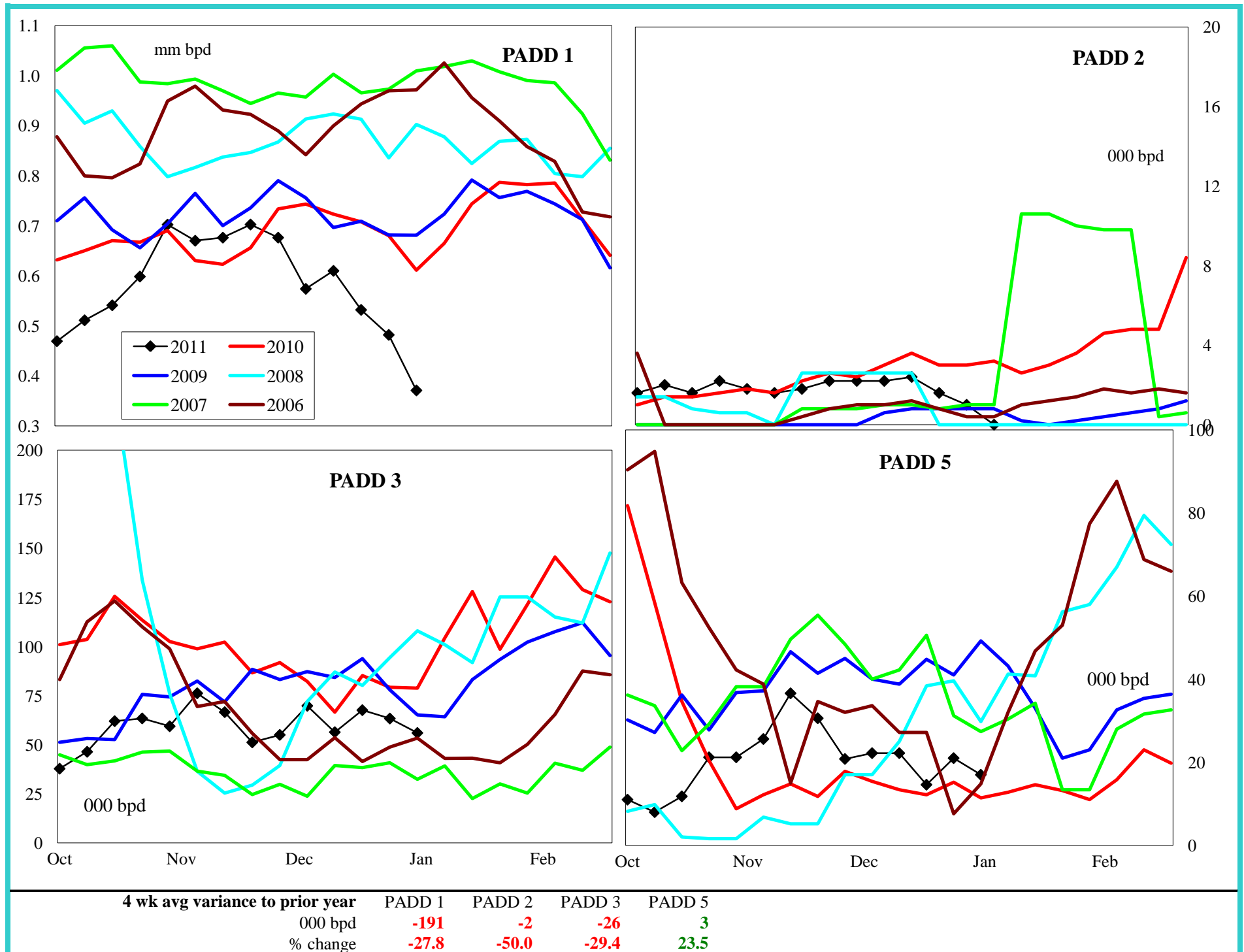
United States Petroleum Imports



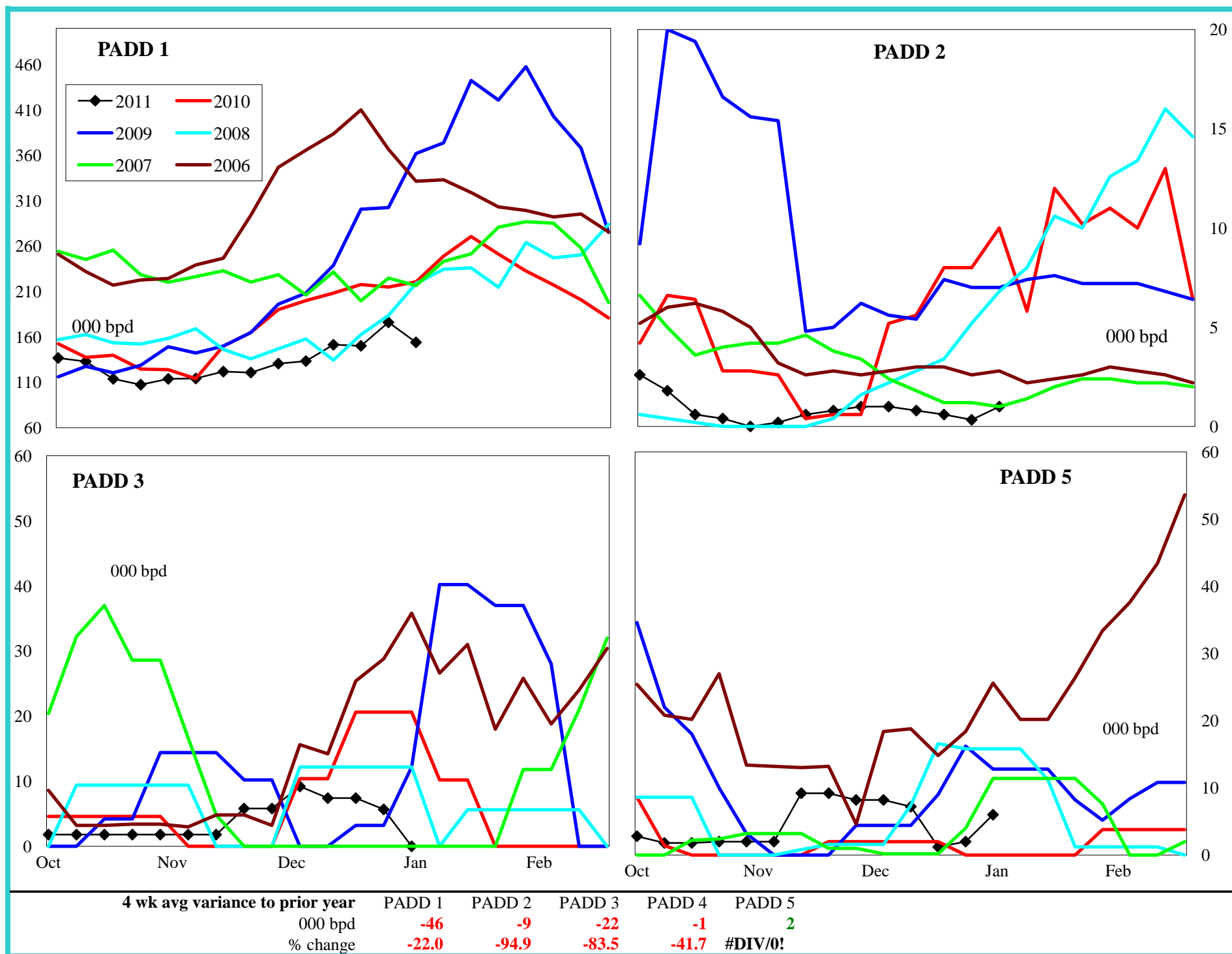
Crude Oil Imports by PADD



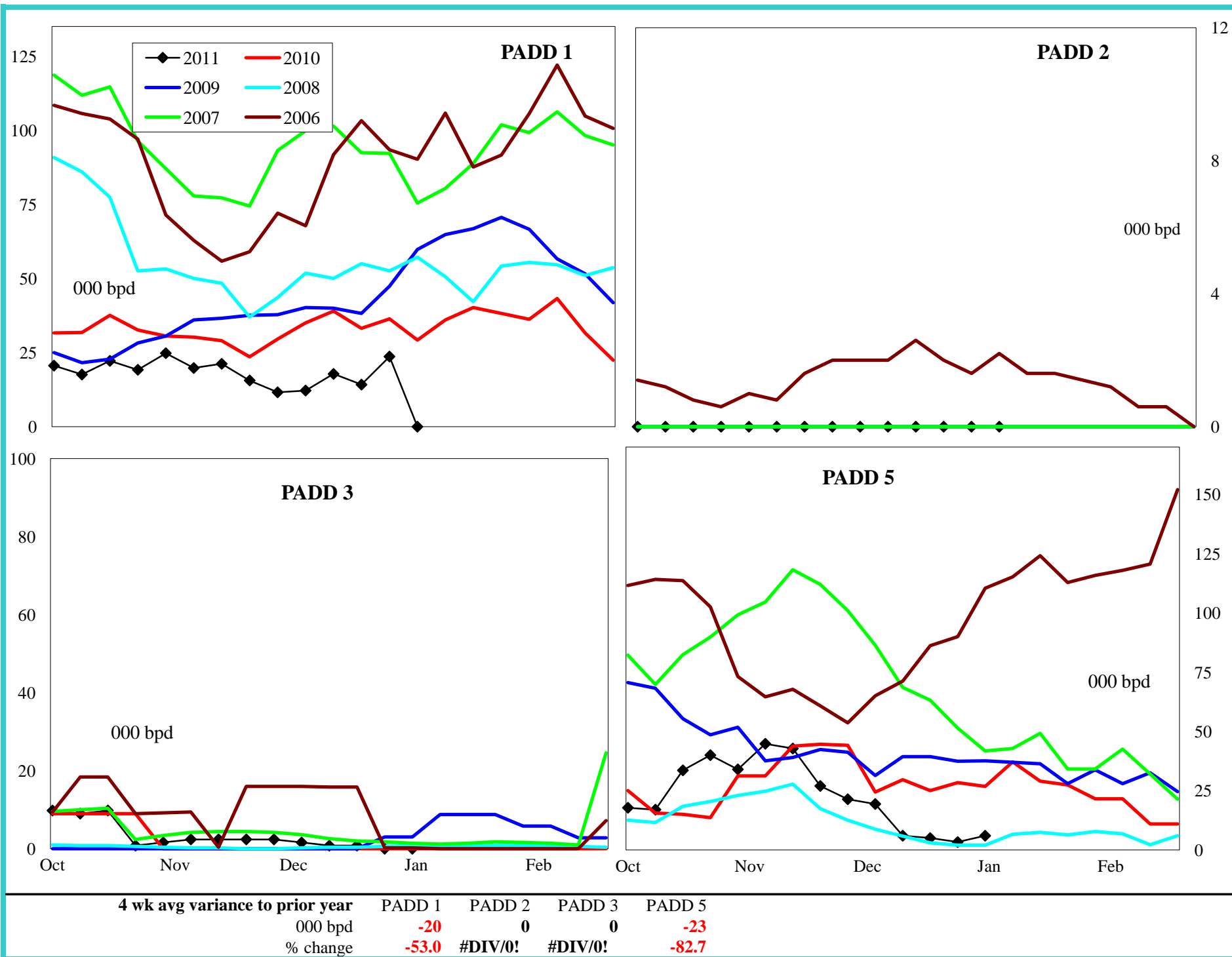
Gasoline Imports by PADD (Finished + Blend Stocks)



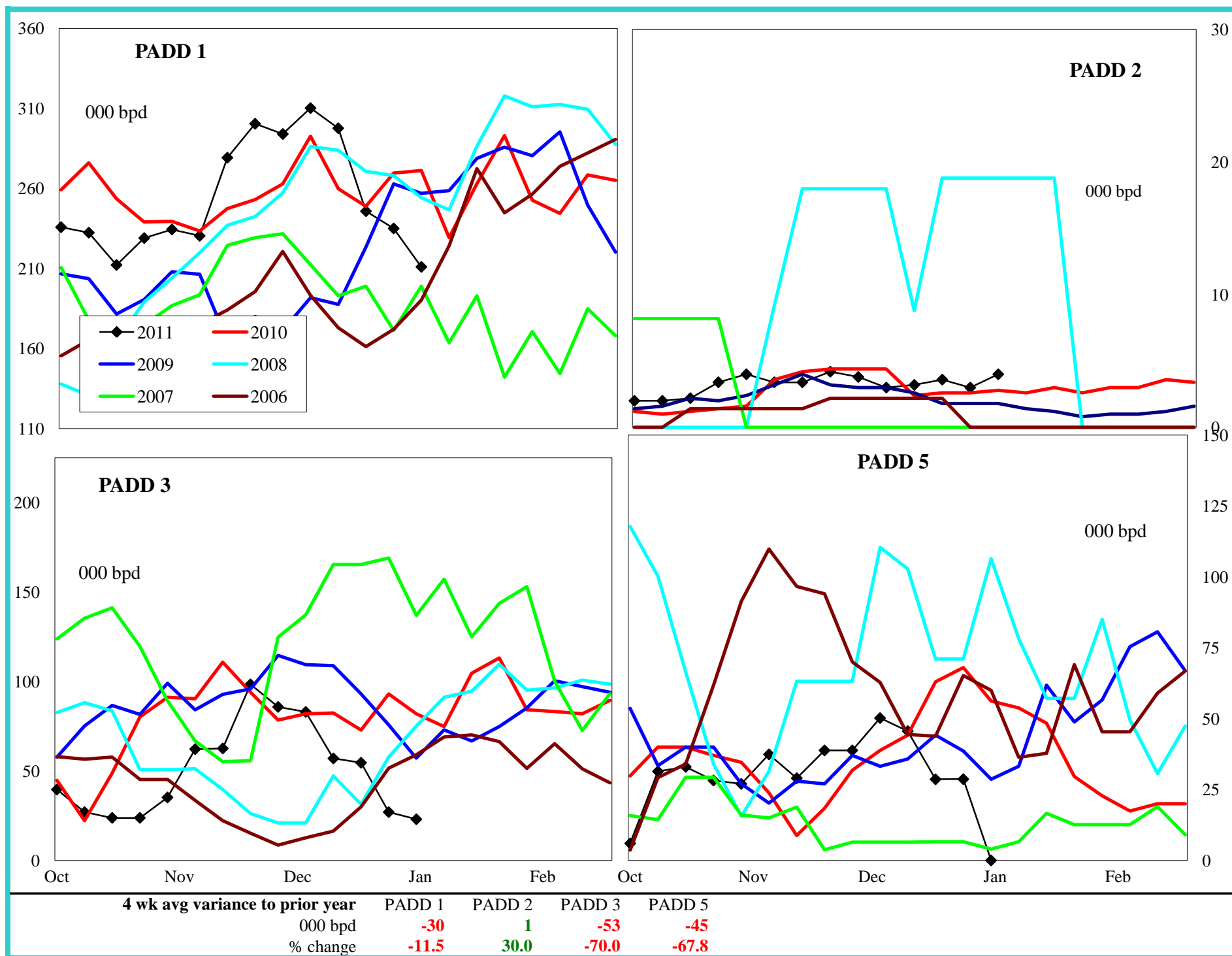
Distillate Imports by PADD



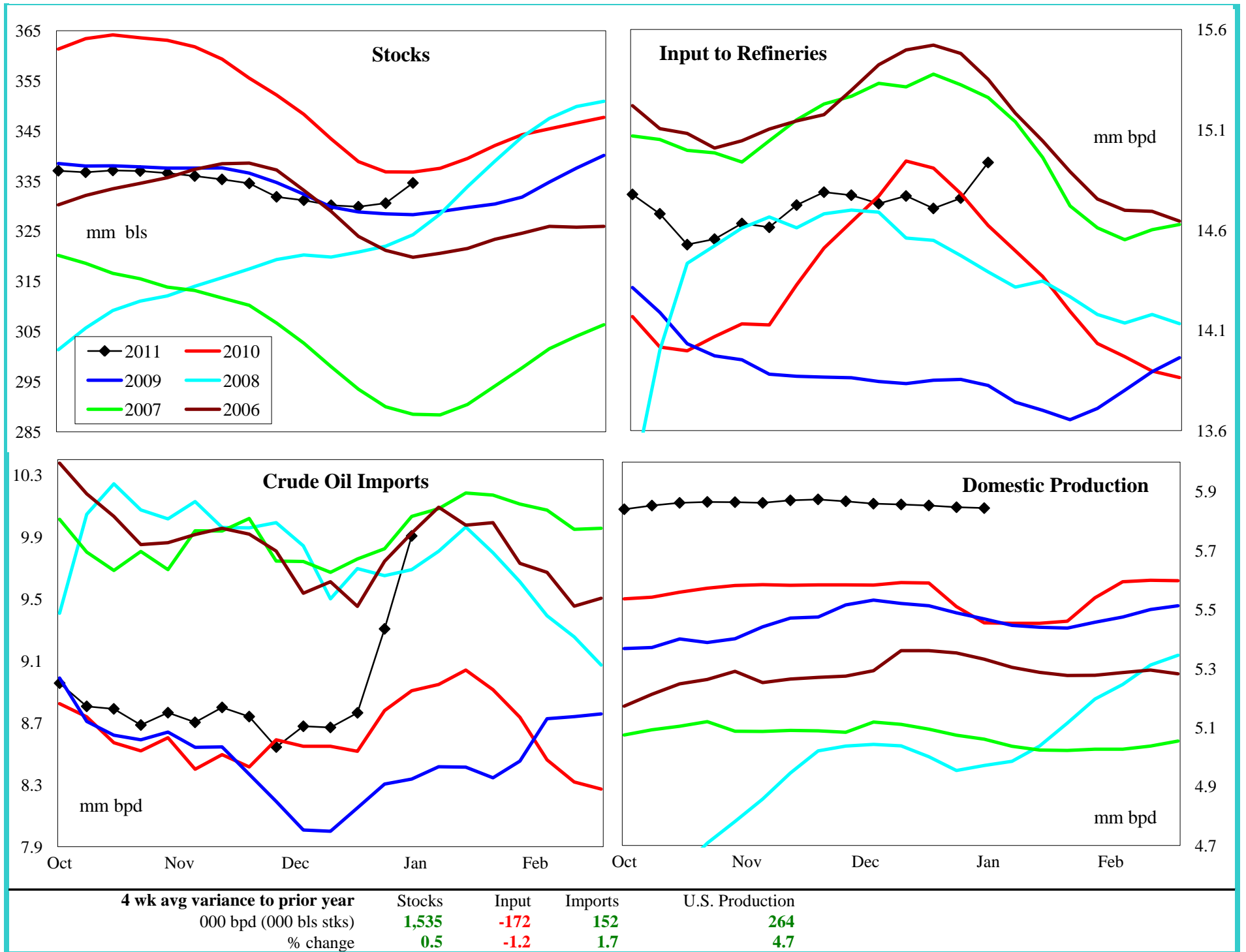
Jet Fuel Imports by PADD



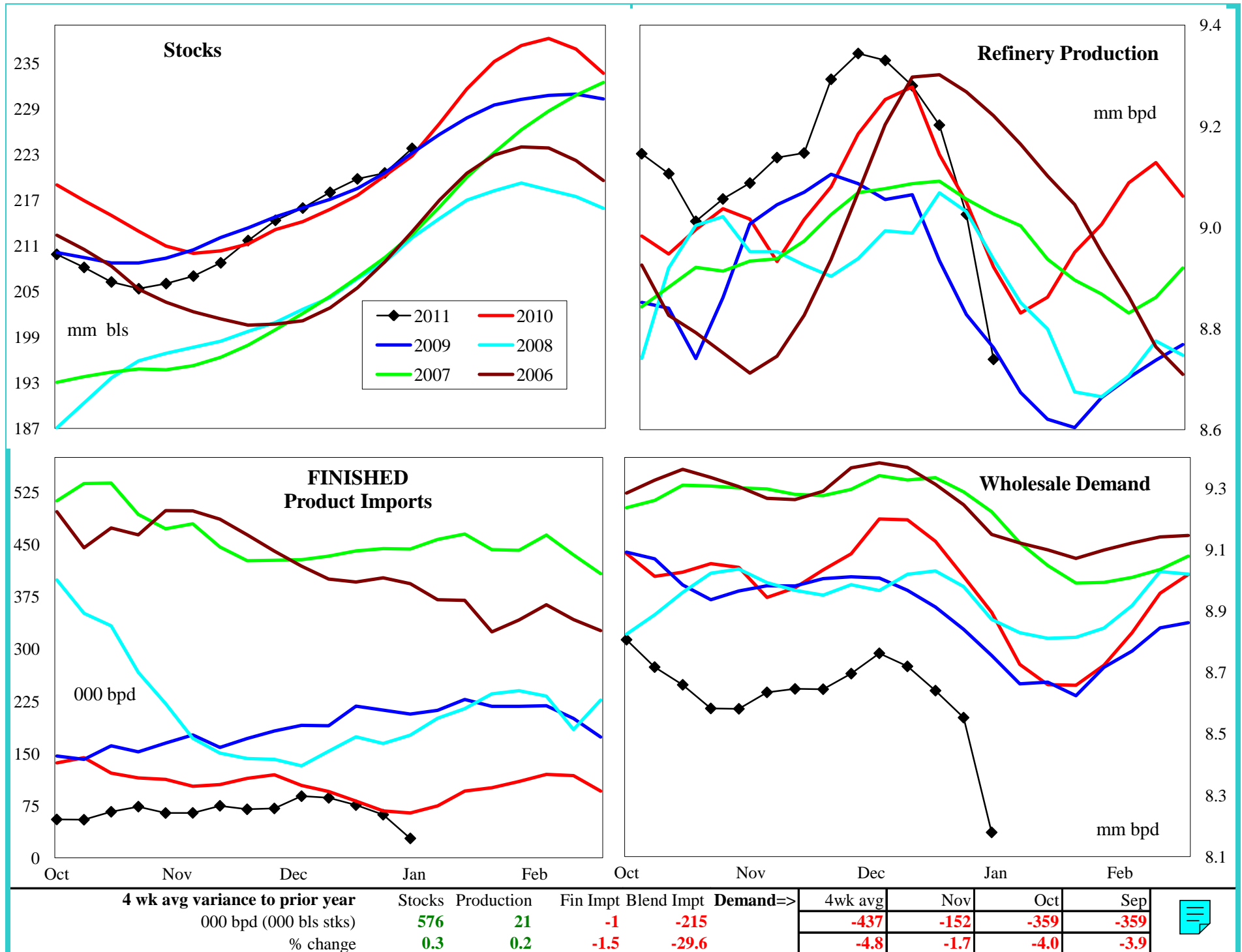
Residual Fuel Oil Imports by PADD



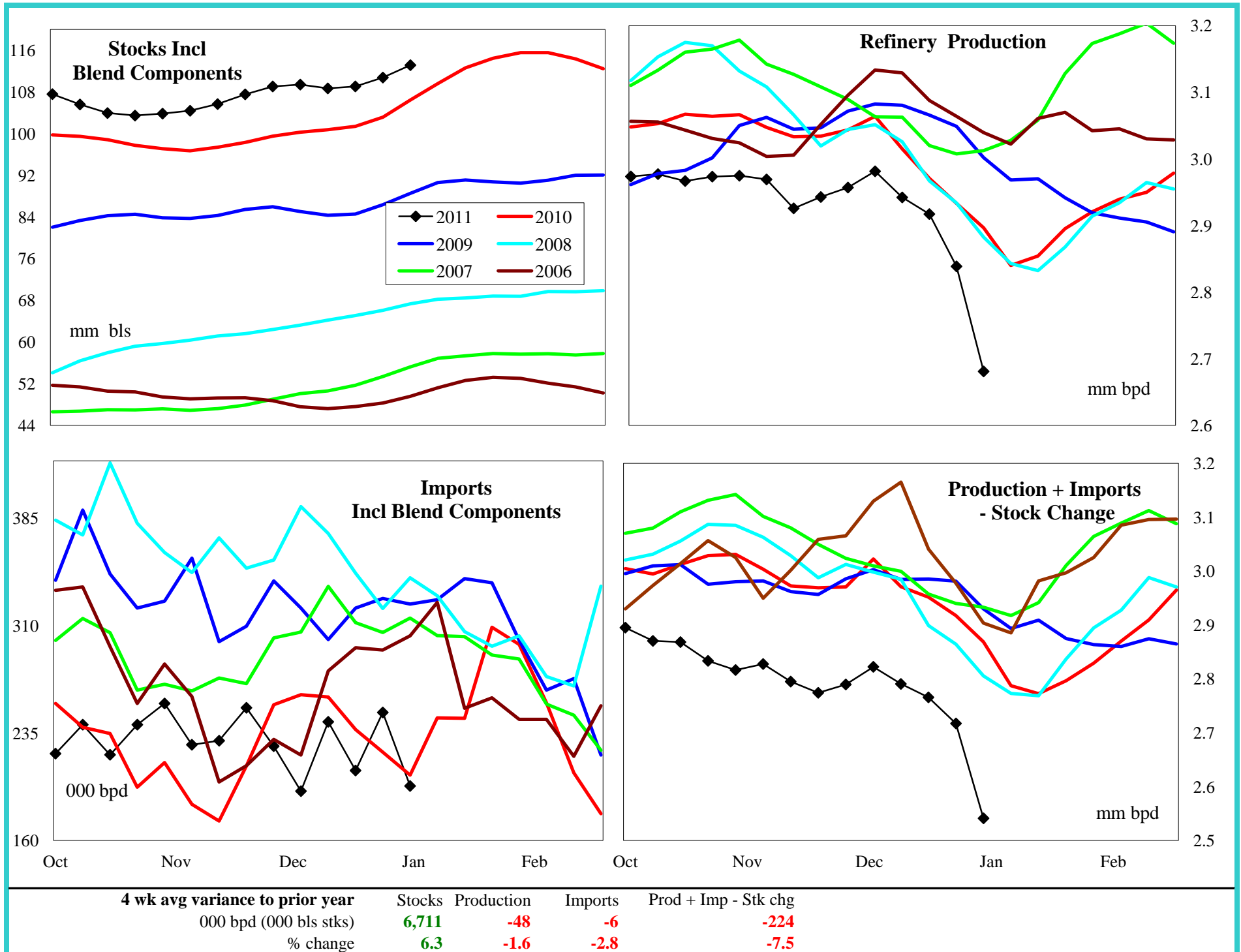
United States Crude Oil Supply and Demand Balance



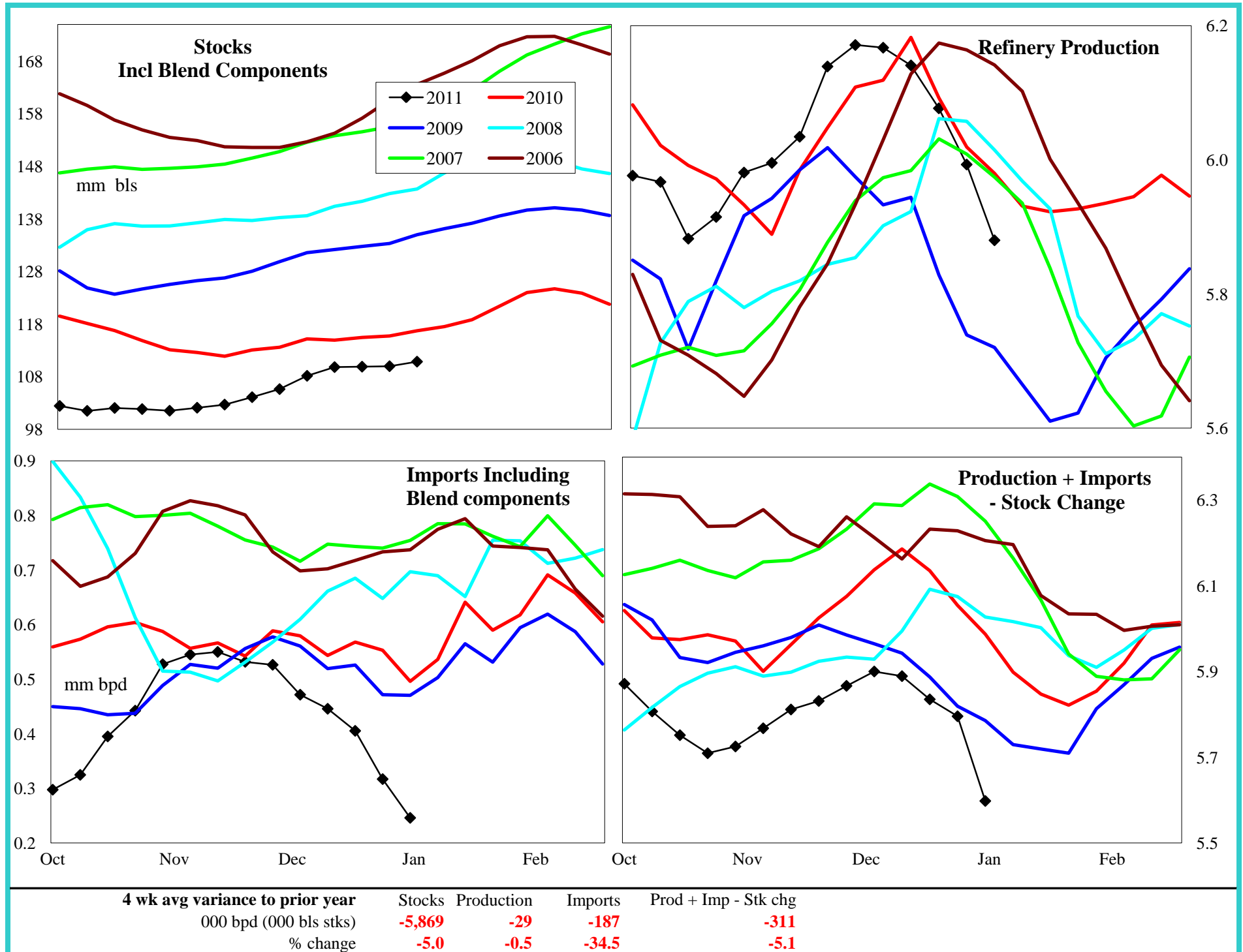
United States Gasoline Supply and Demand Balance



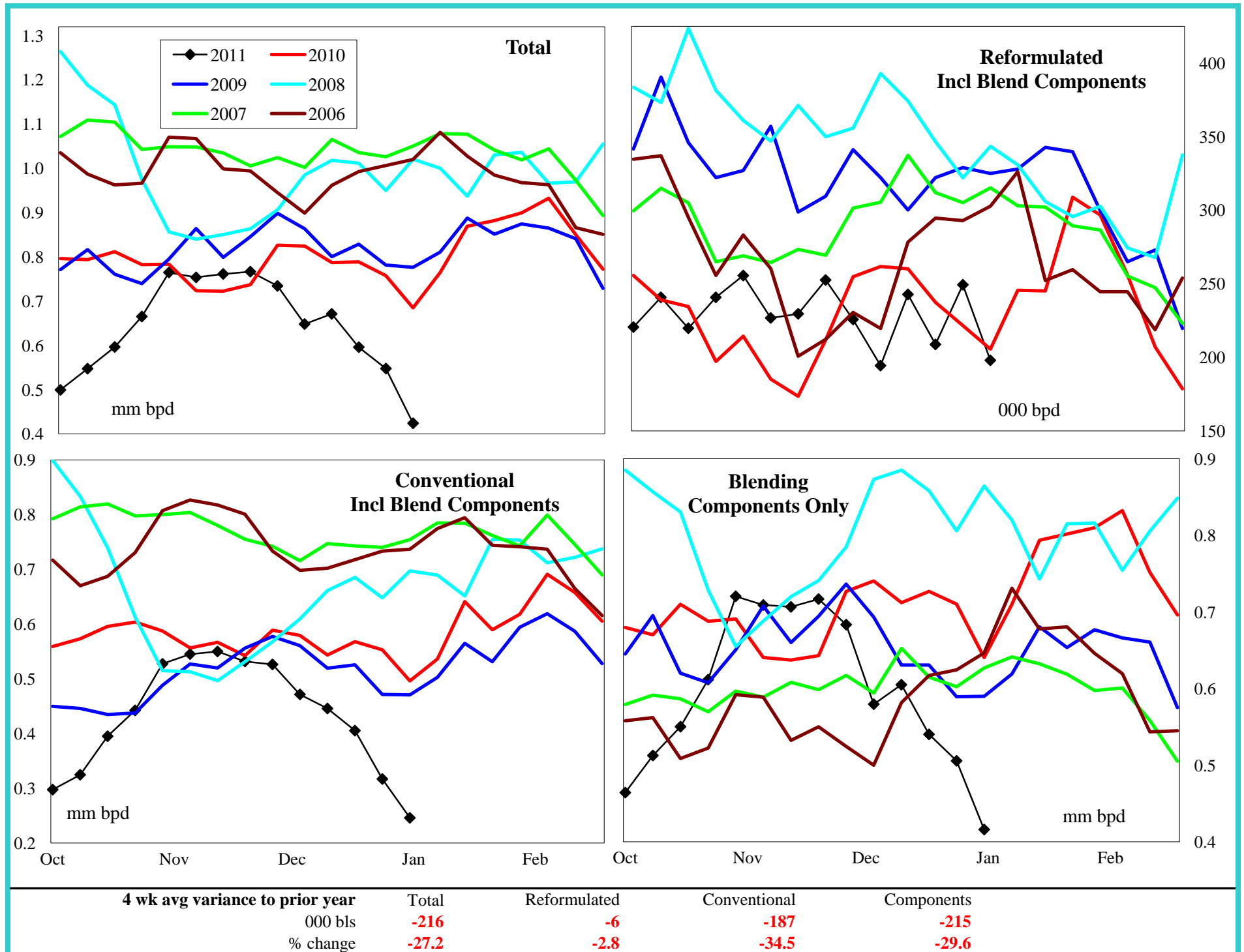
United States Reformulated Gasoline Supply



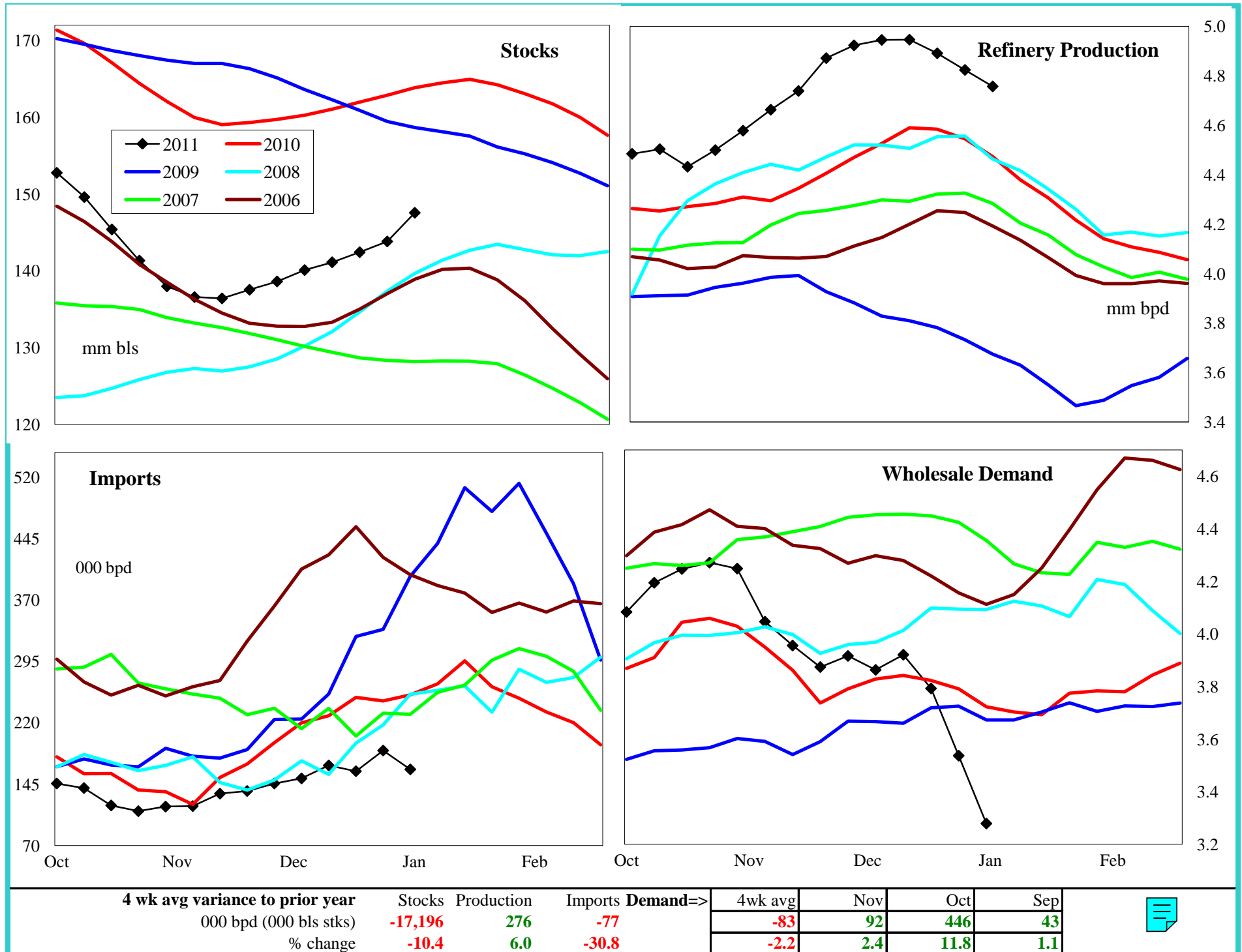
United States Conventional Gasoline Supply



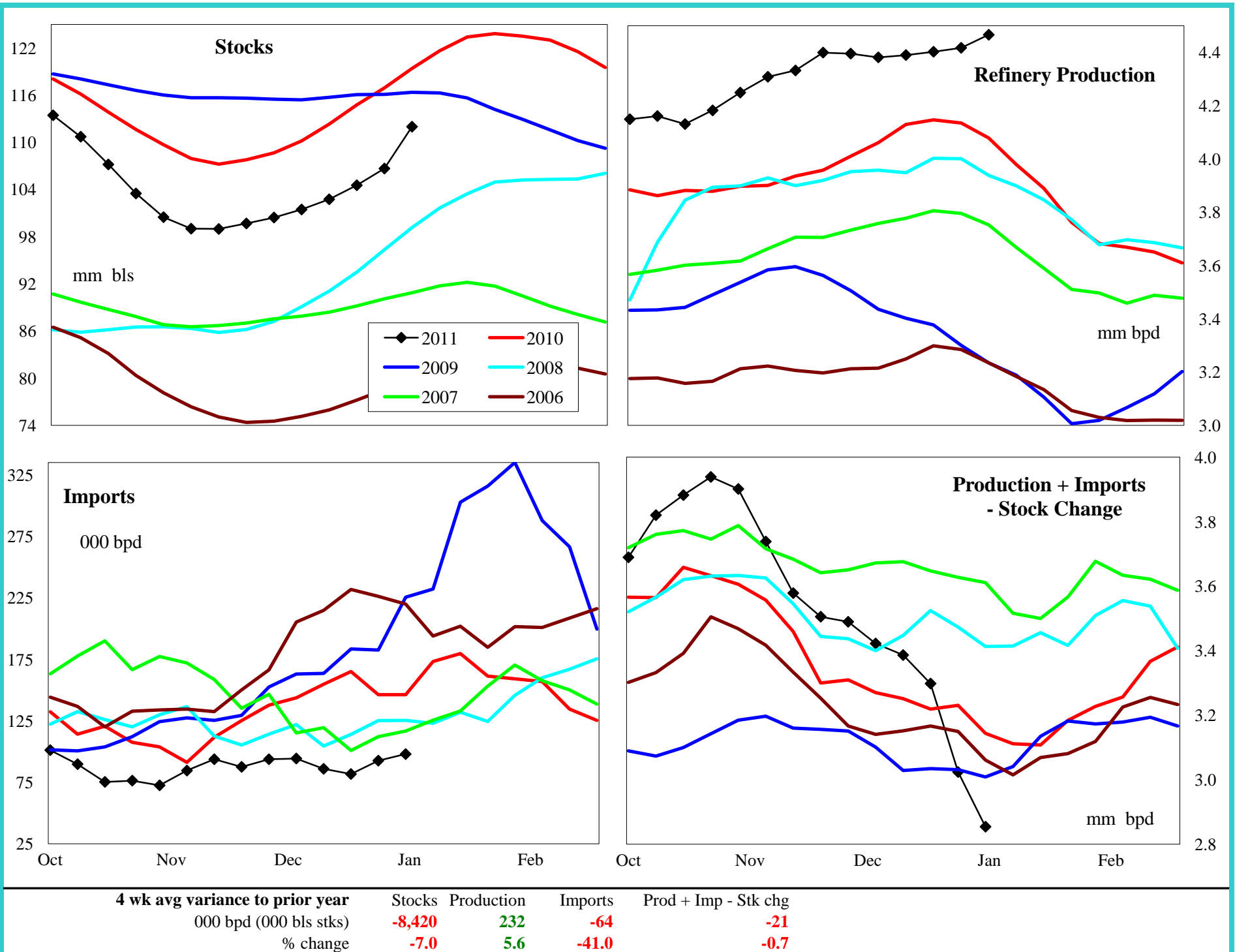
United States Gasoline Imports by Type



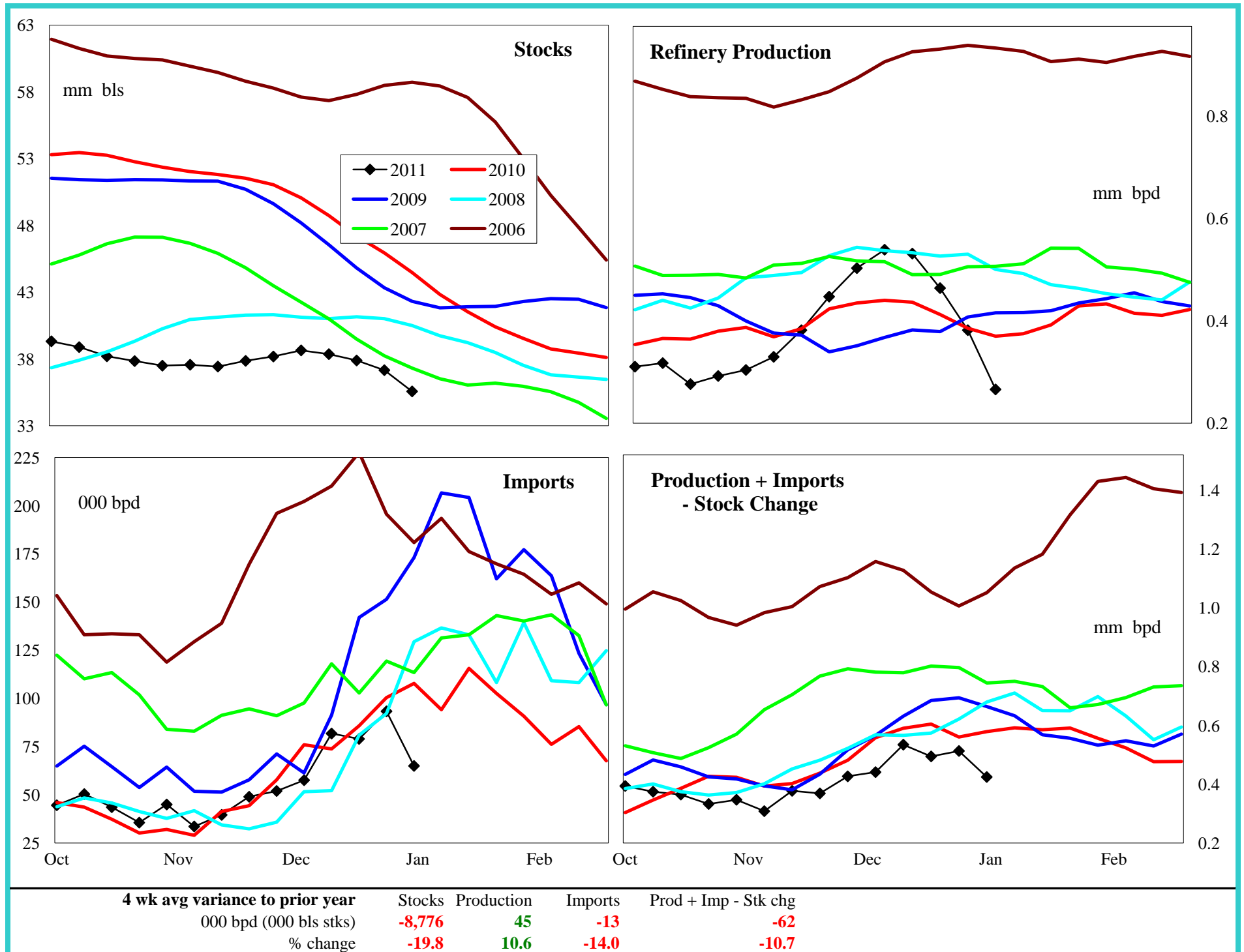
United States Distillate Supply and Demand Balance



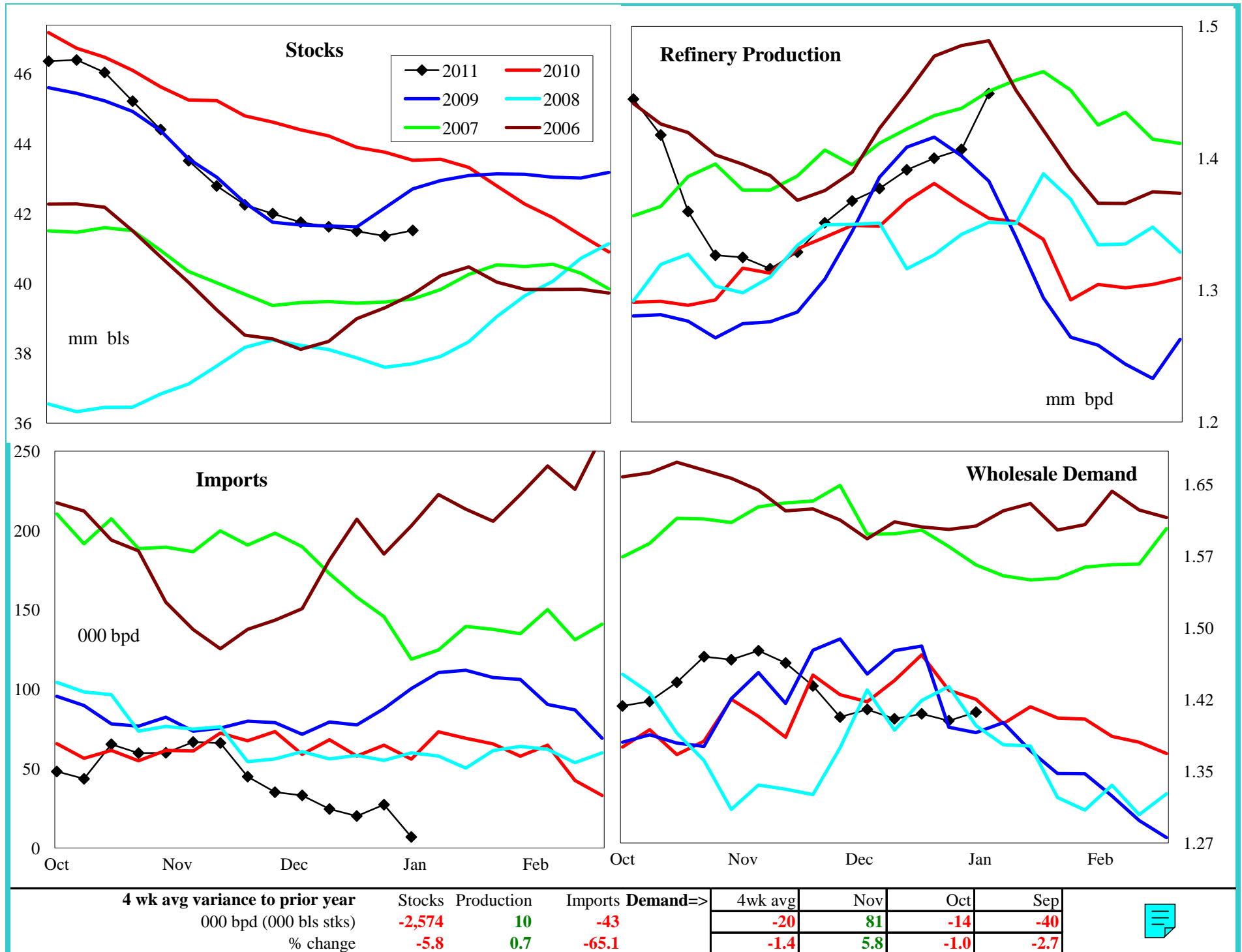
United States Low Sulfur Distillate Supply



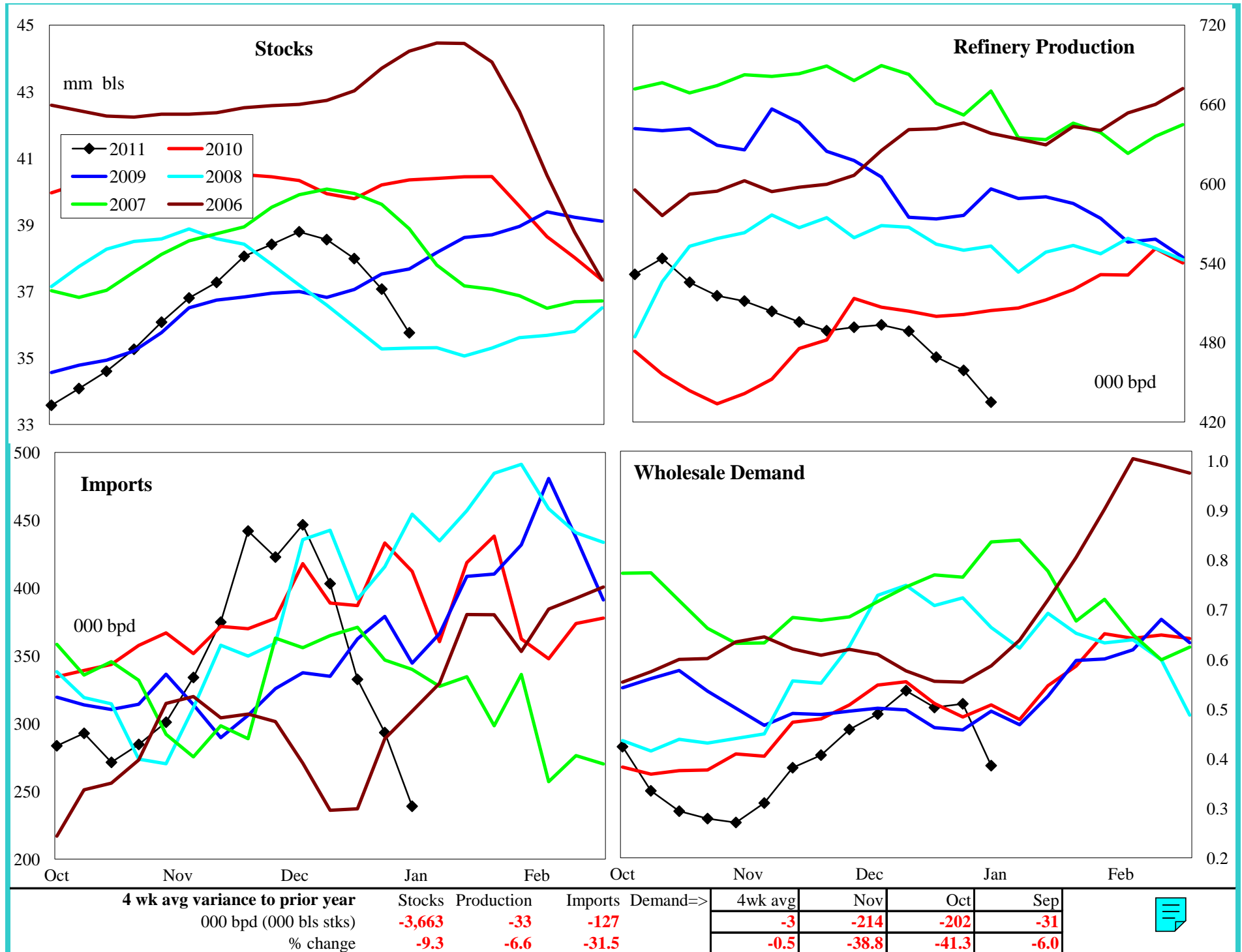
United States High Sulfur Distillate Supply



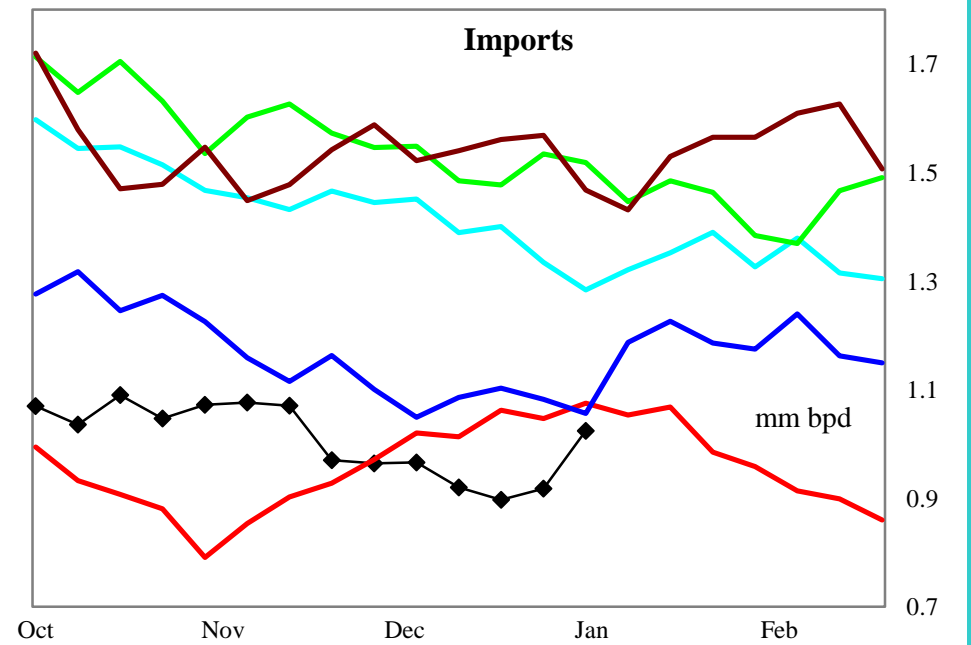
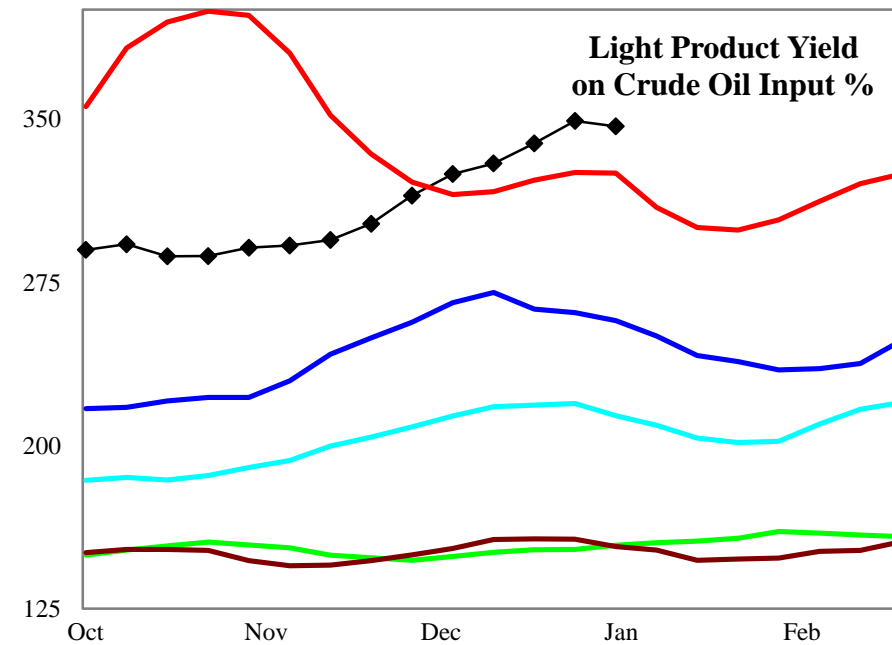
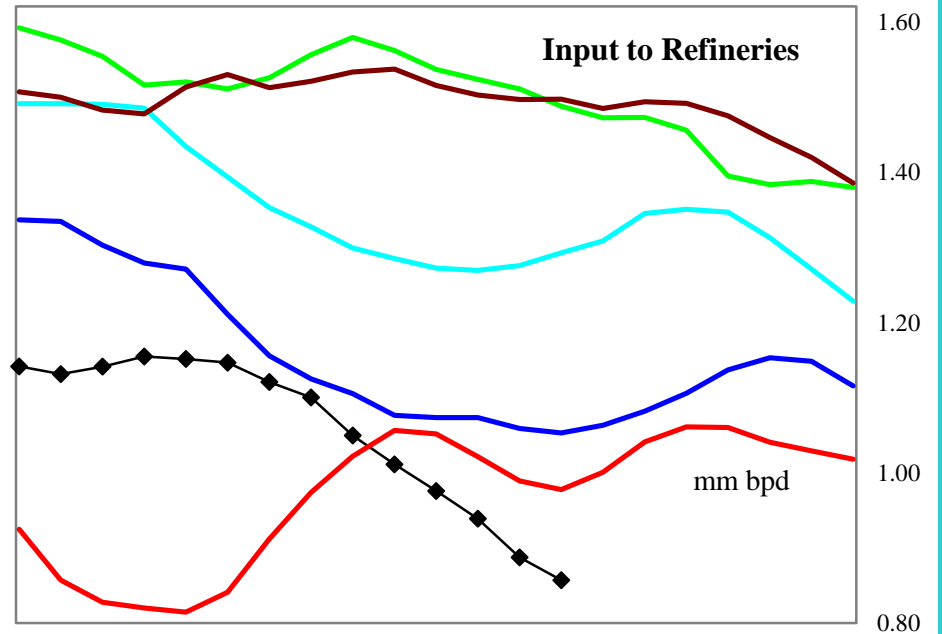
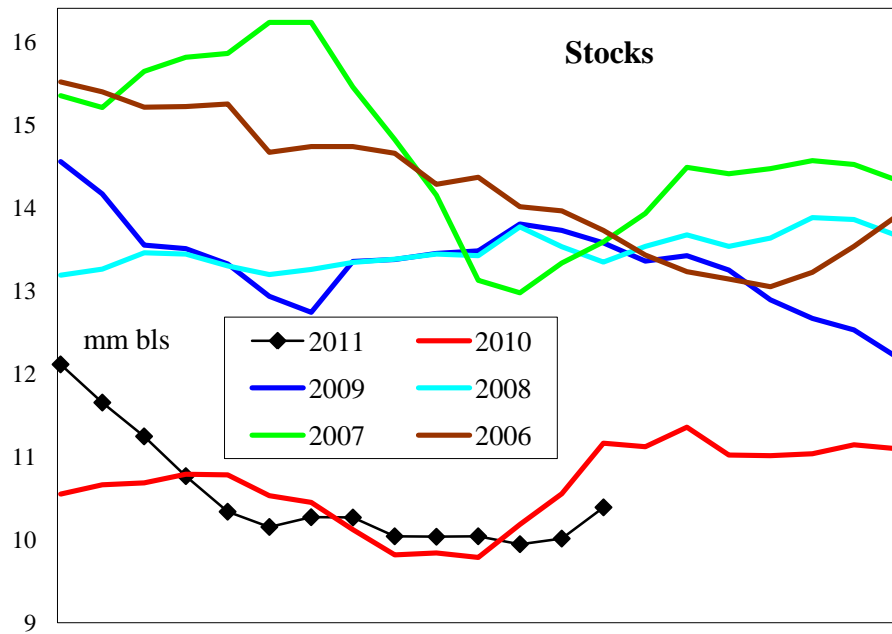
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-772

-6.9

Input

-98

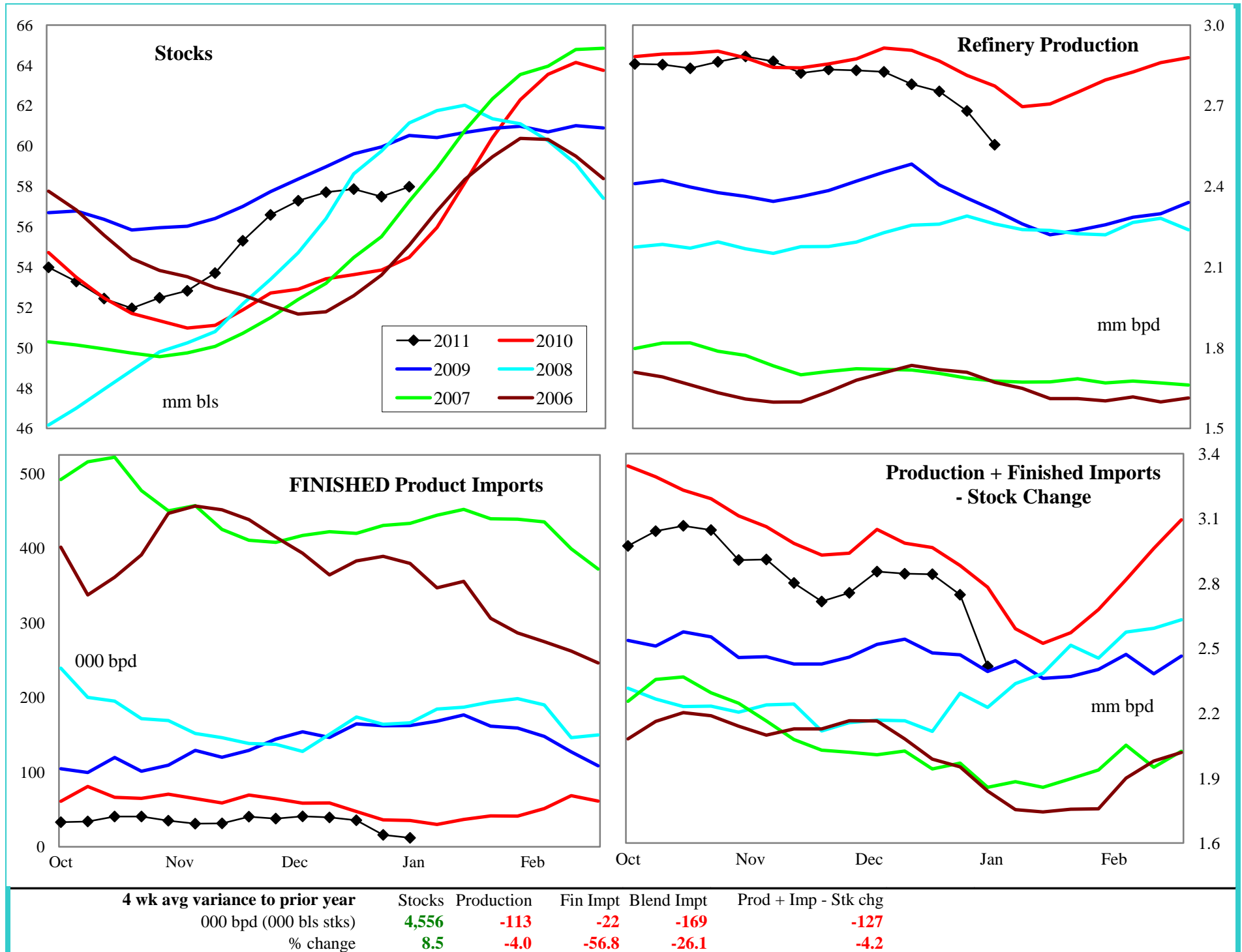
-9.8

Imports

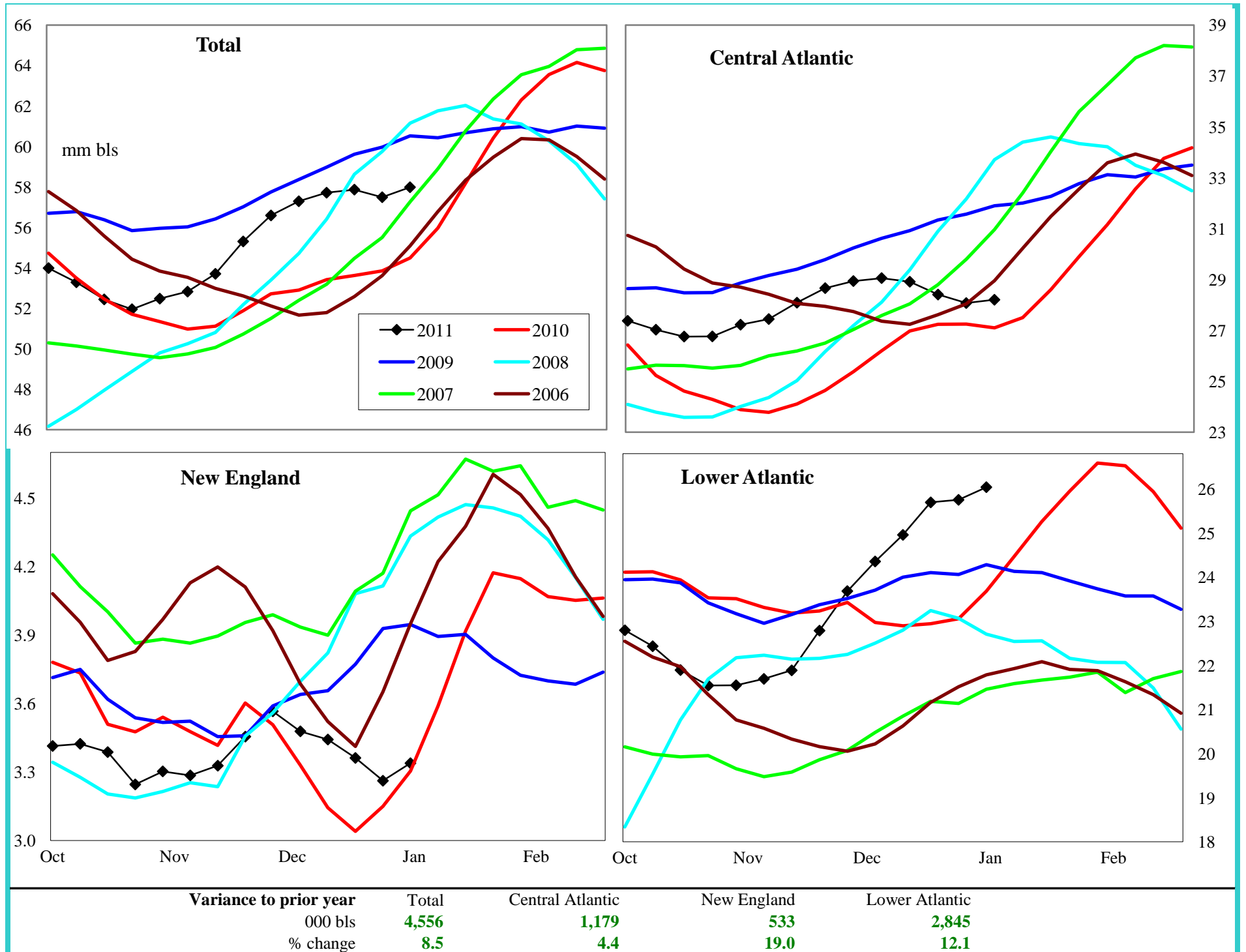
-128

-12.0

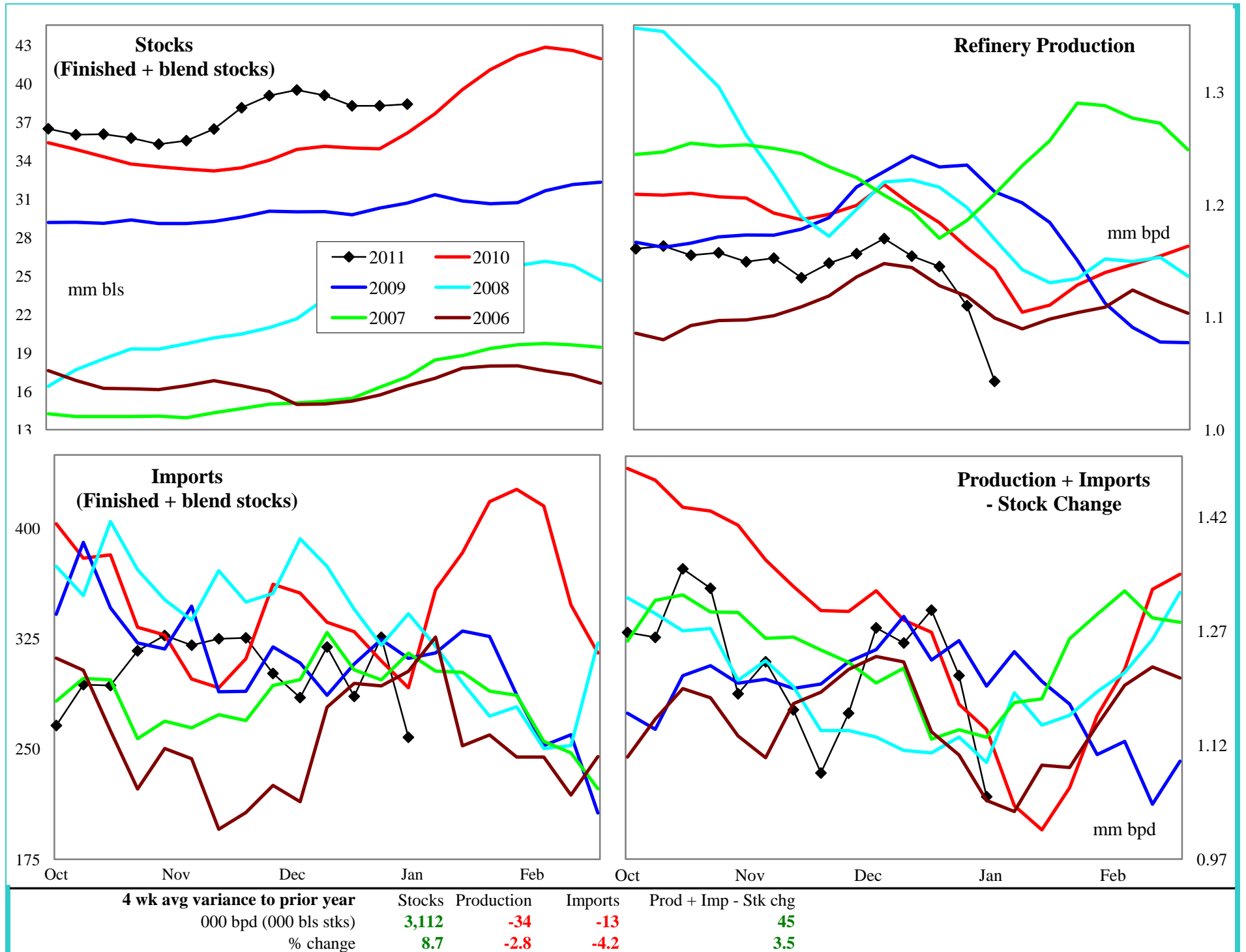
PADD 1 Gasoline Supply



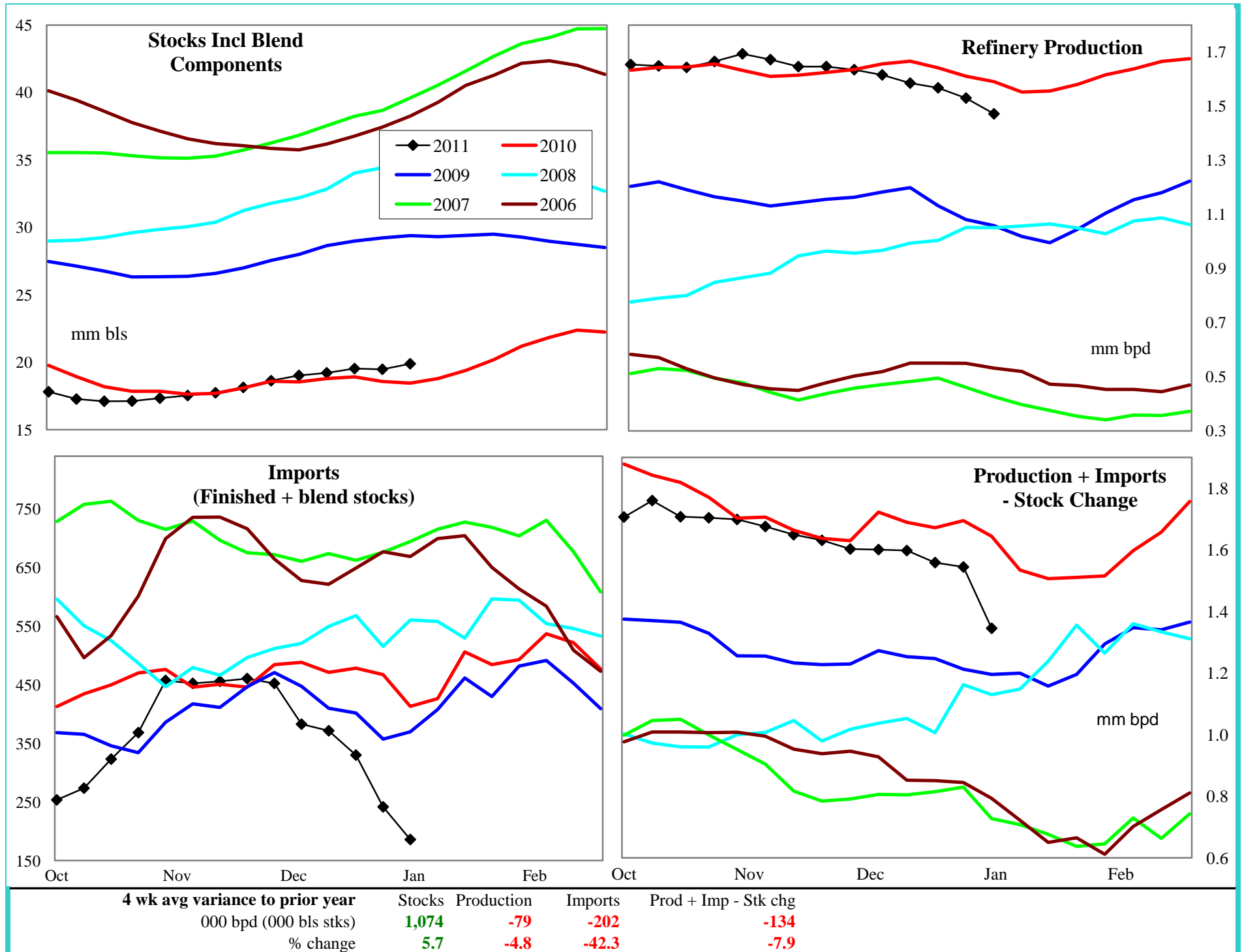
PADD 1 Gasoline Stocks by Region



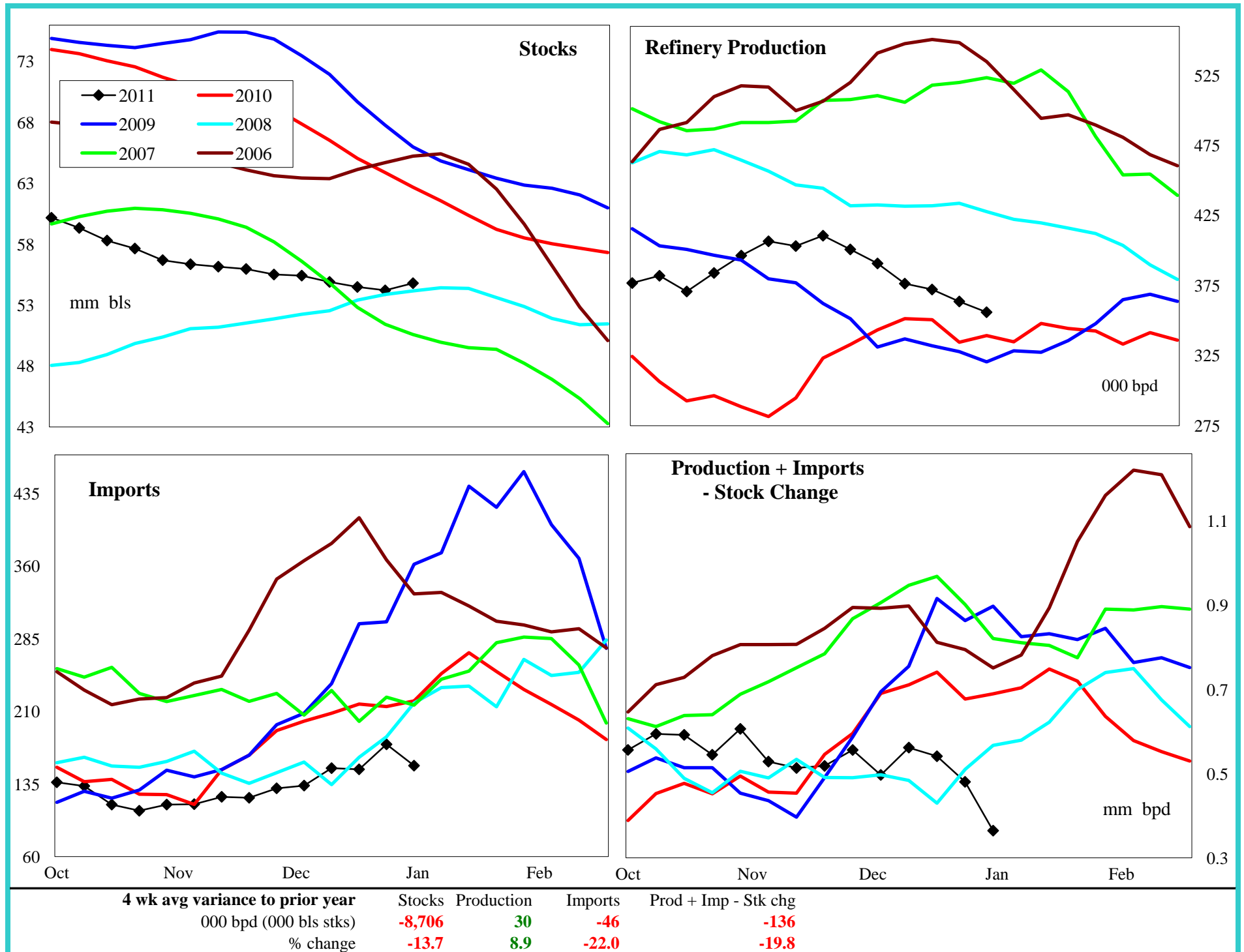
PADD 1 Reformulated Gasoline Supply



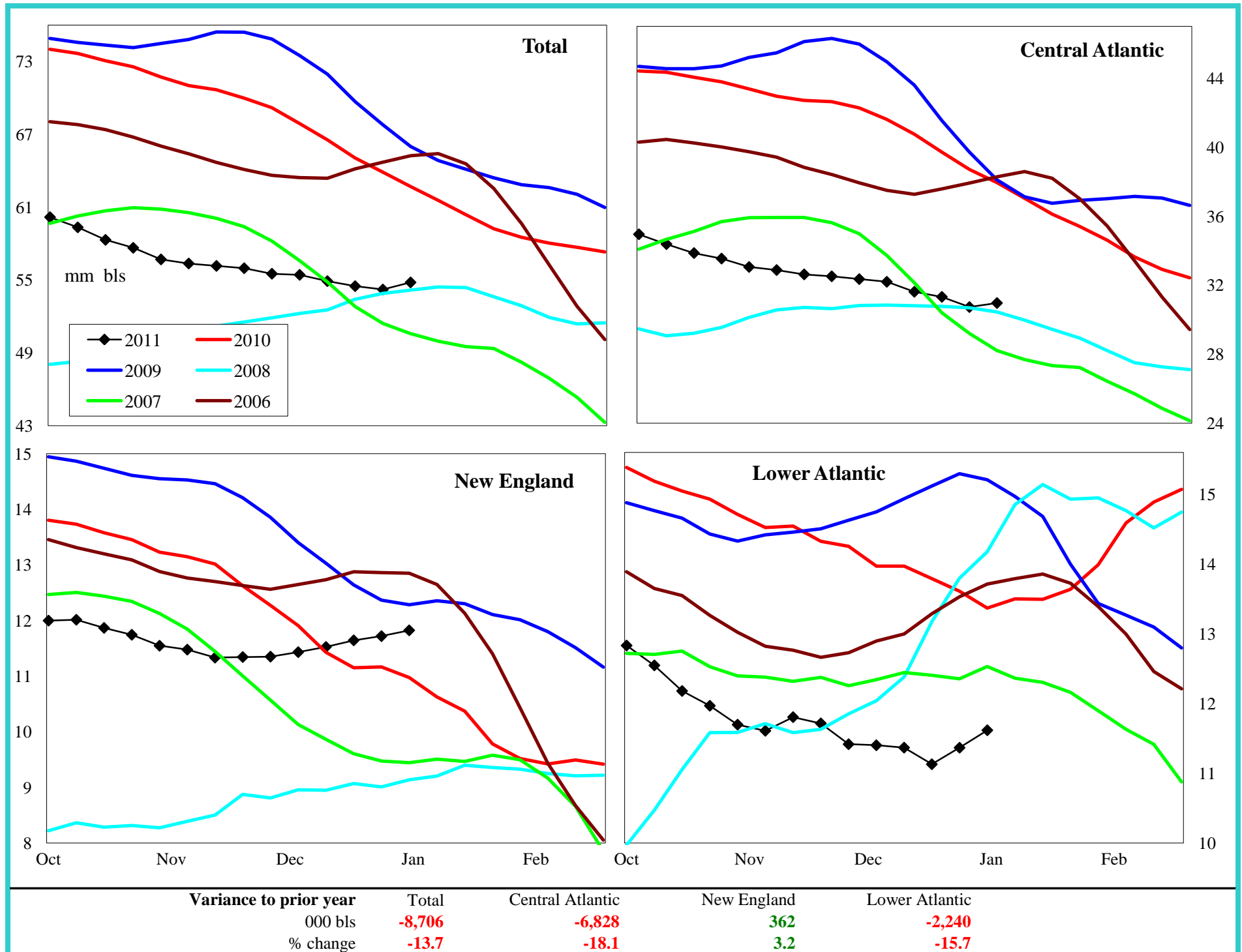
PADD 1 Conventional Gasoline Supply



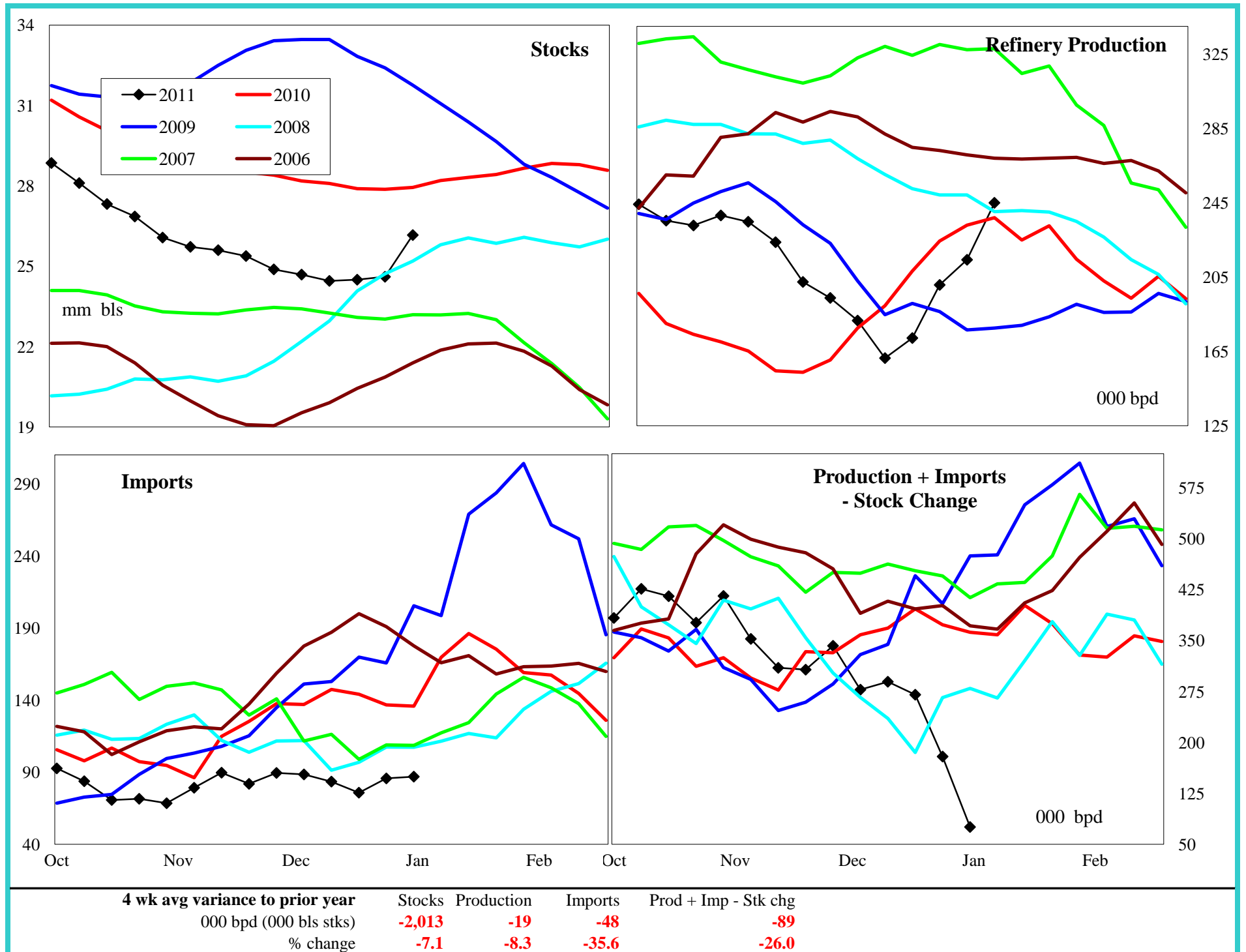
PADD 1 Distillate Supply



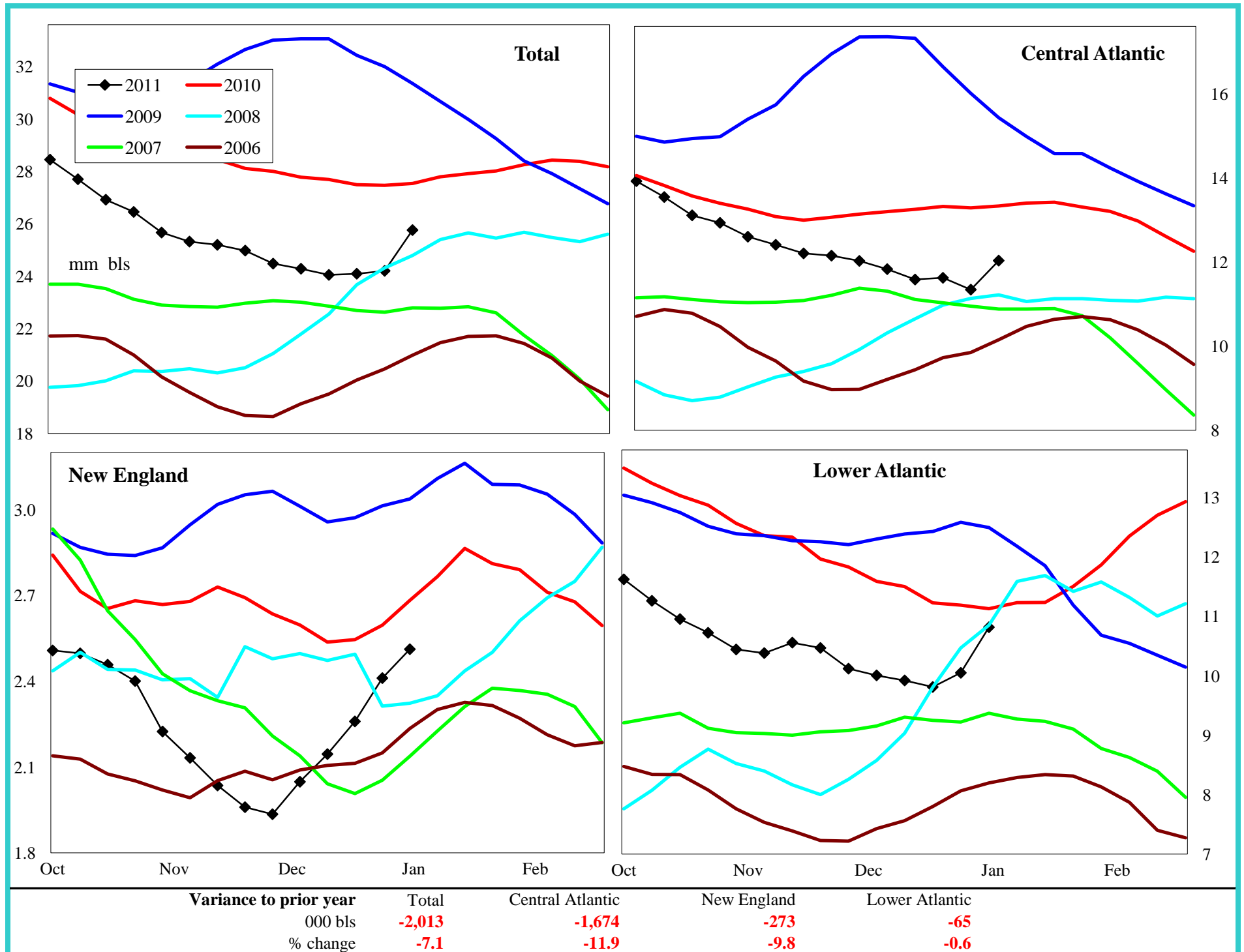
PADD 1 Distillate Stocks by Region



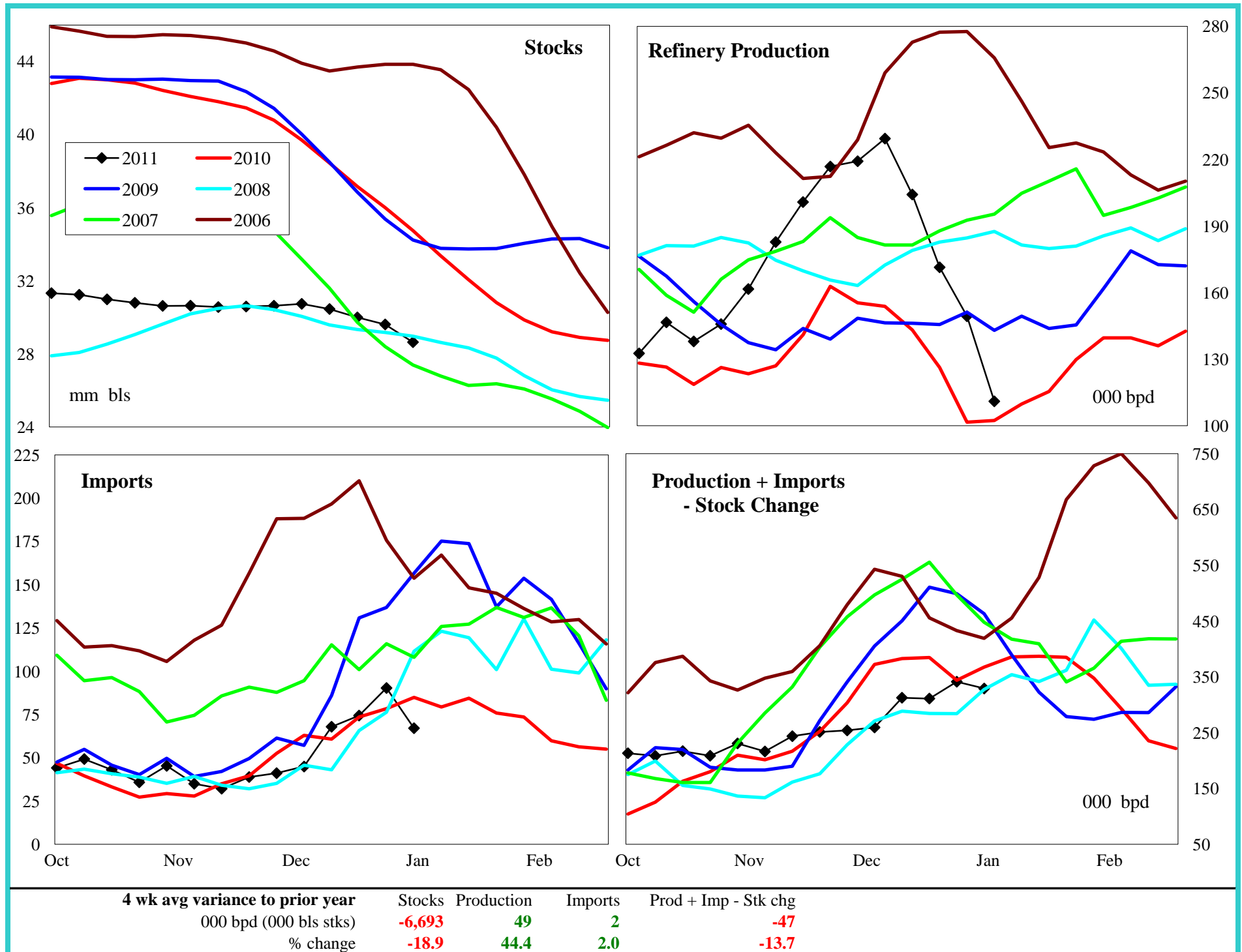
PADD 1 Low Sulfur Distillate Supply



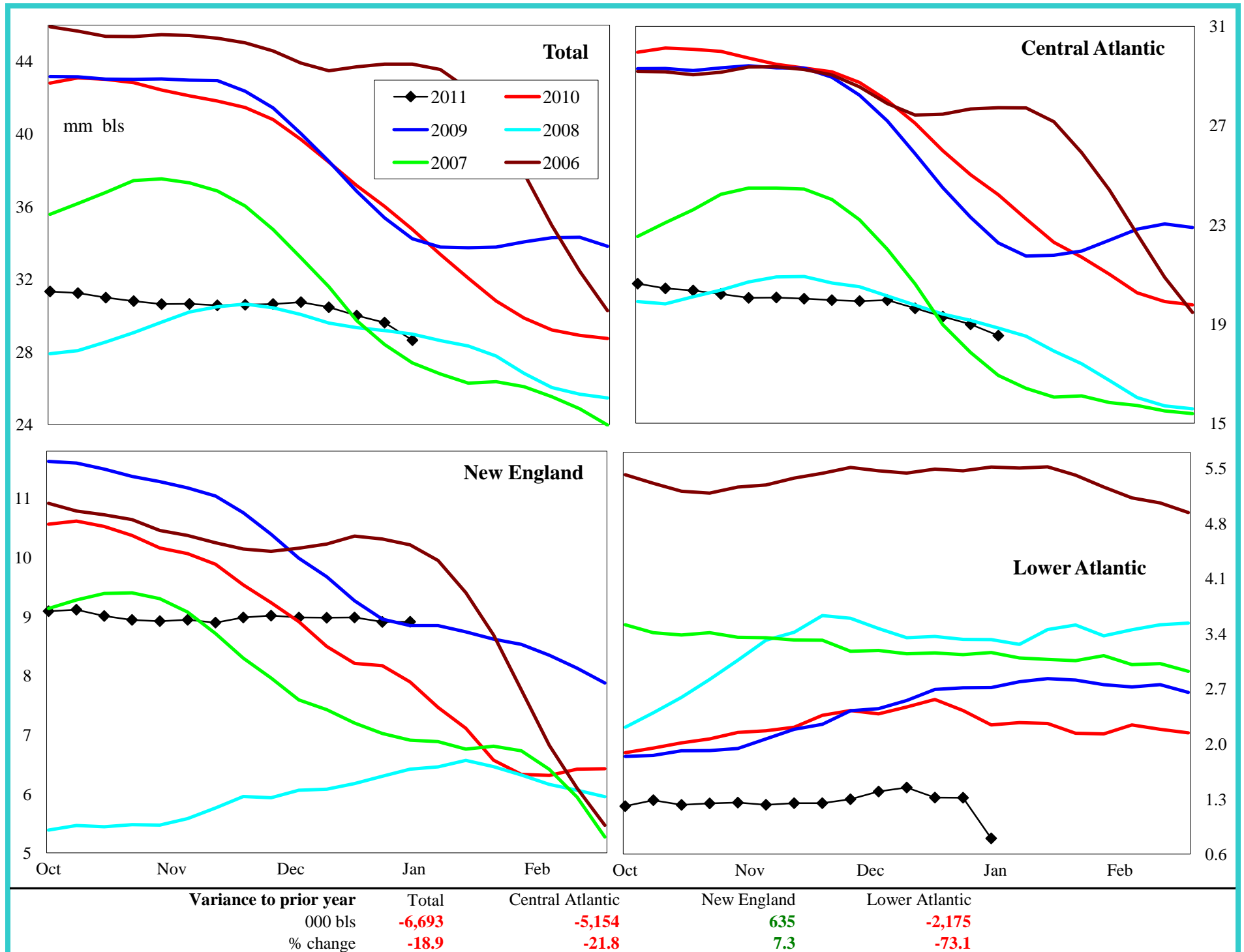
PADD 1 Low Sulfur Distillate Stocks by Region



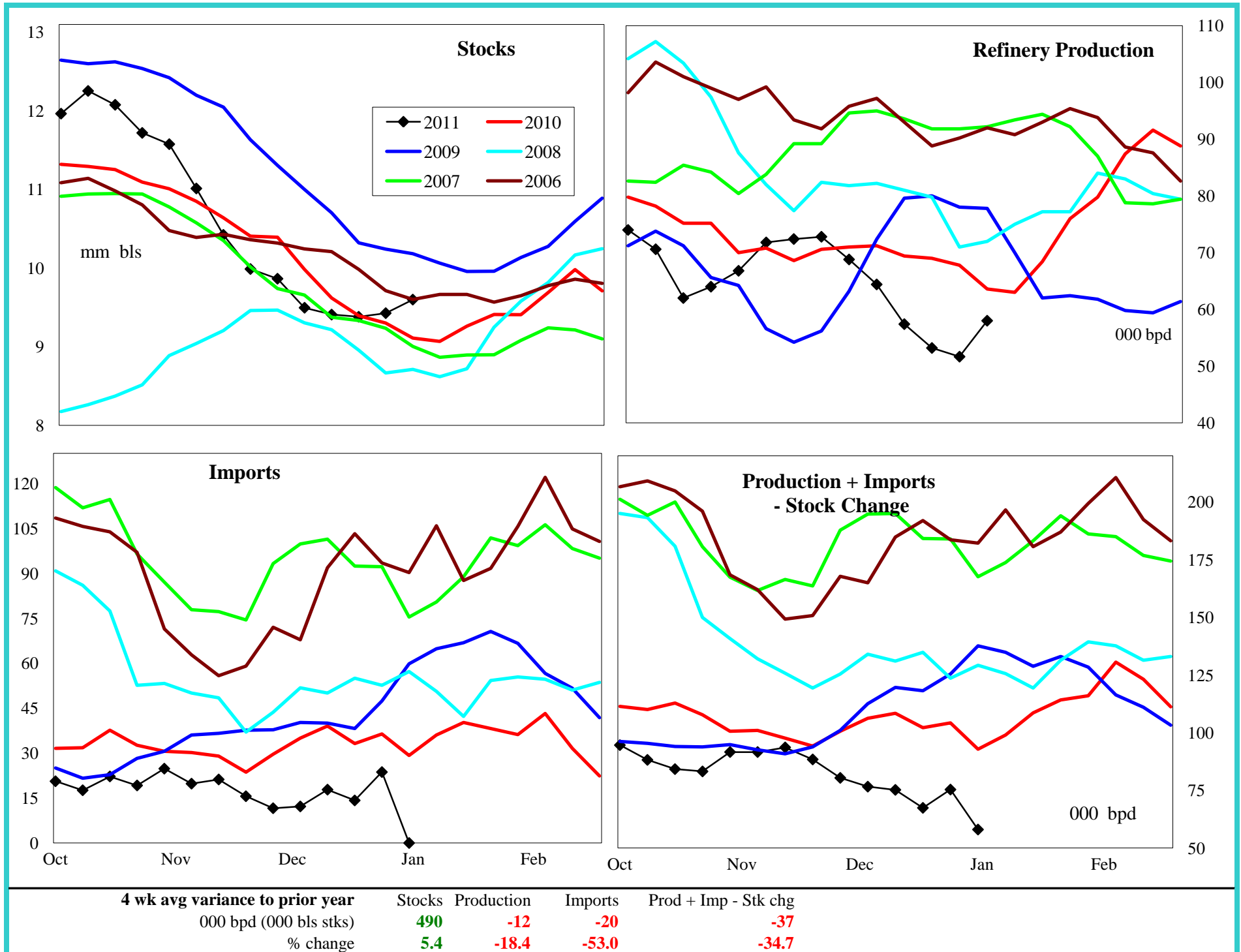
PADD 1 High Sulfur Distillate Supply



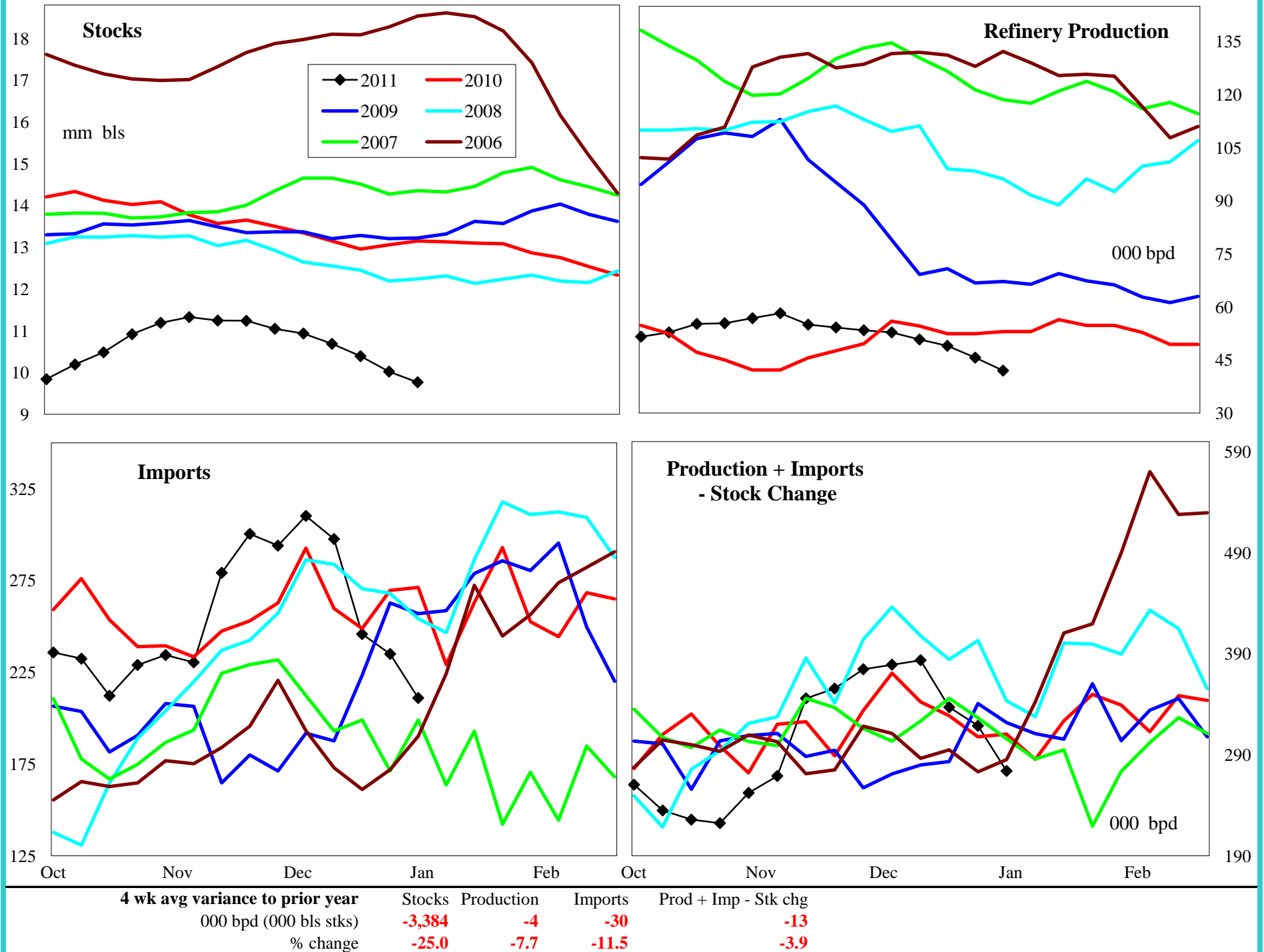
PADD 1 High Sulfur Distillate Stocks by Region



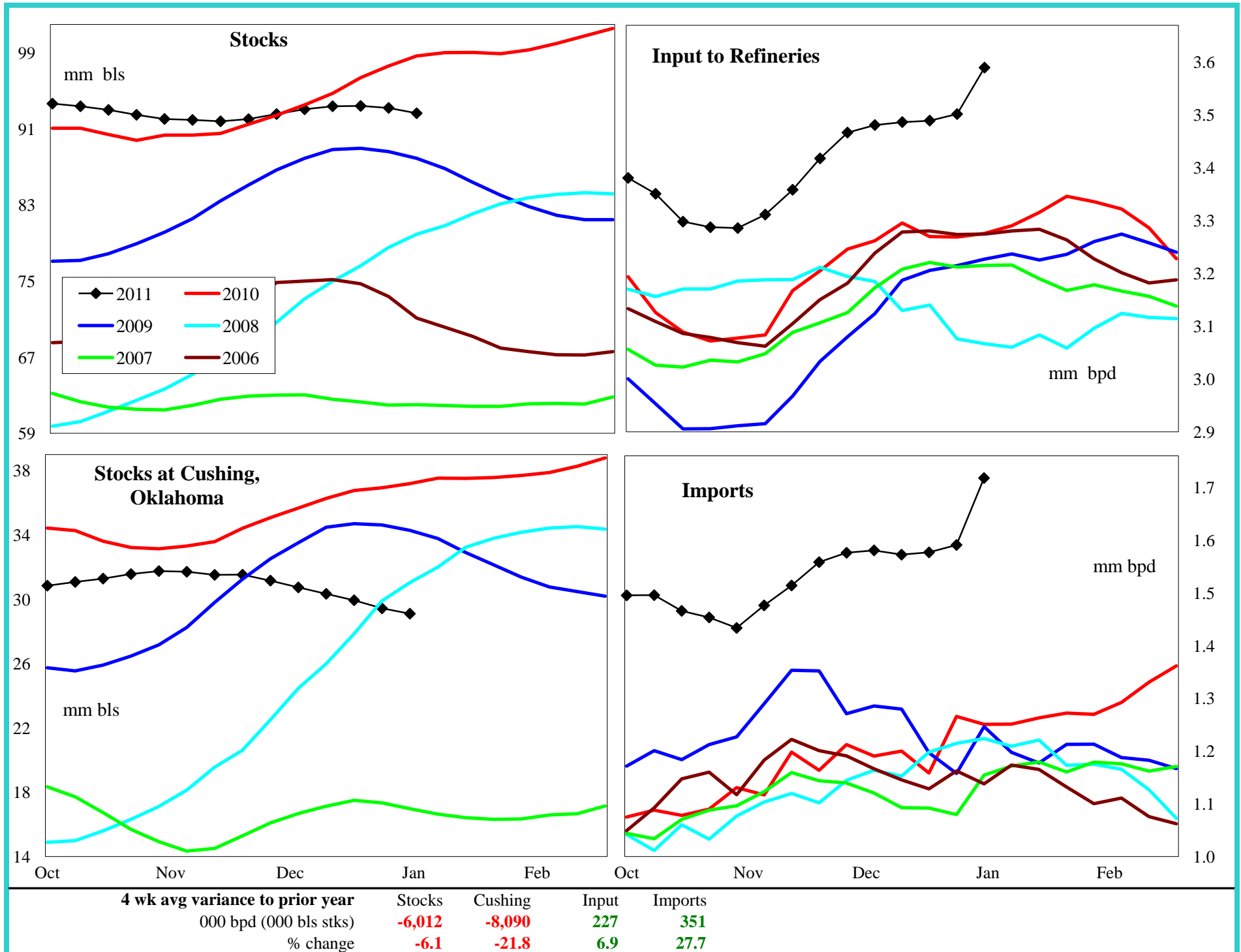
PADD 1 Jet Fuel Supply



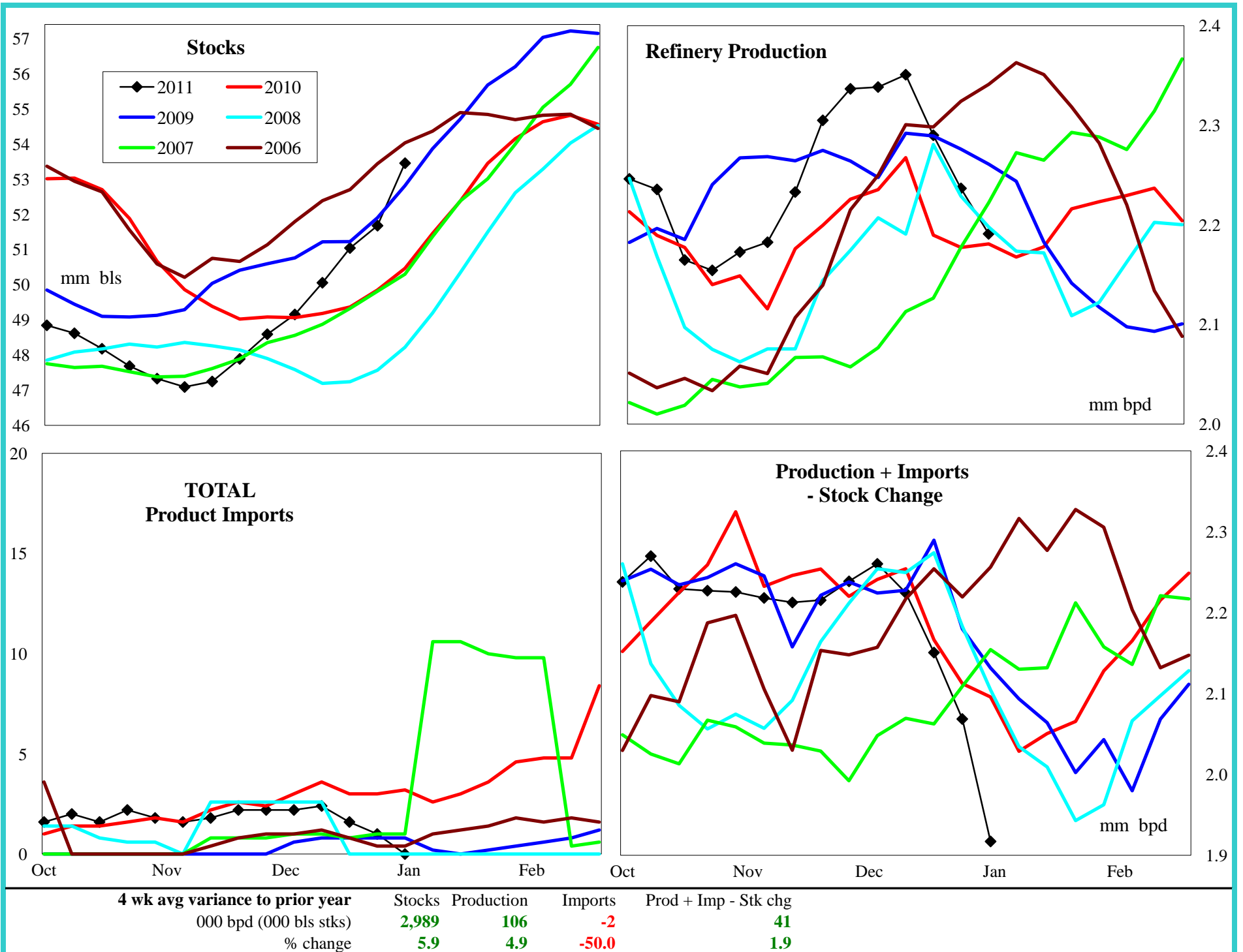
PADD 1 Residual Fuel Oil Supply



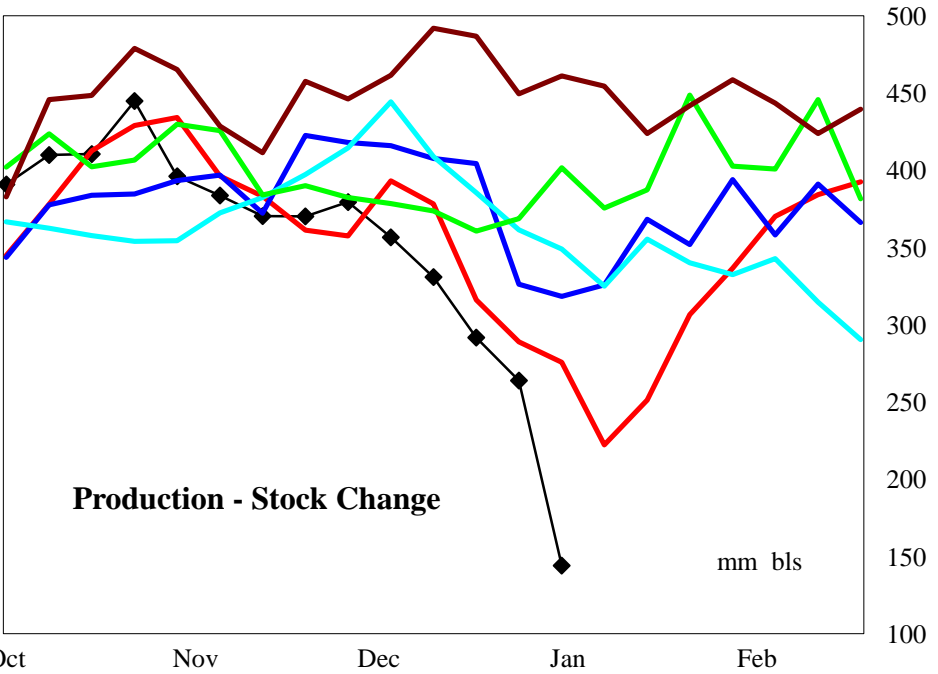
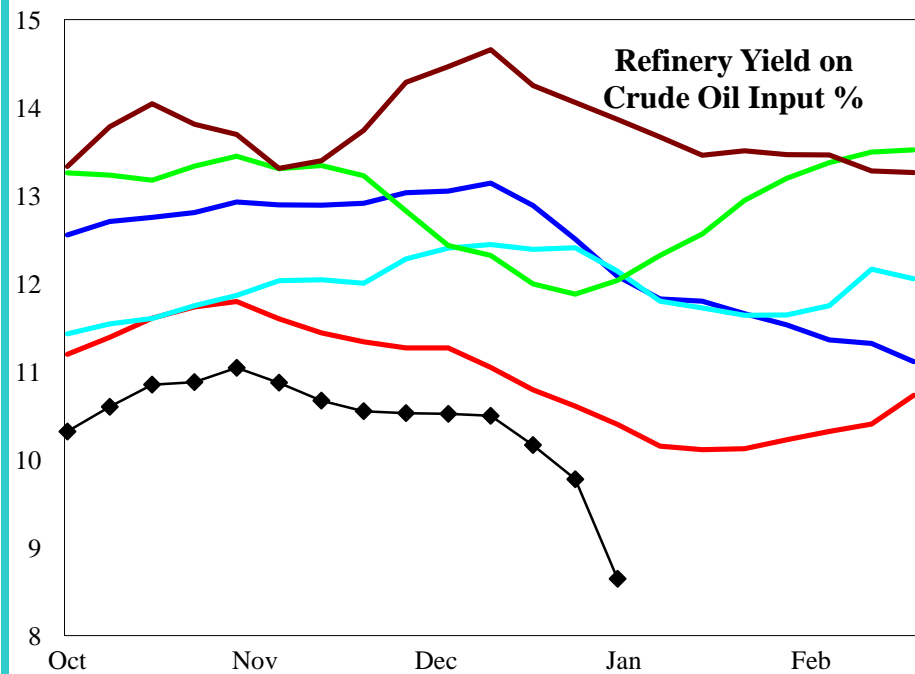
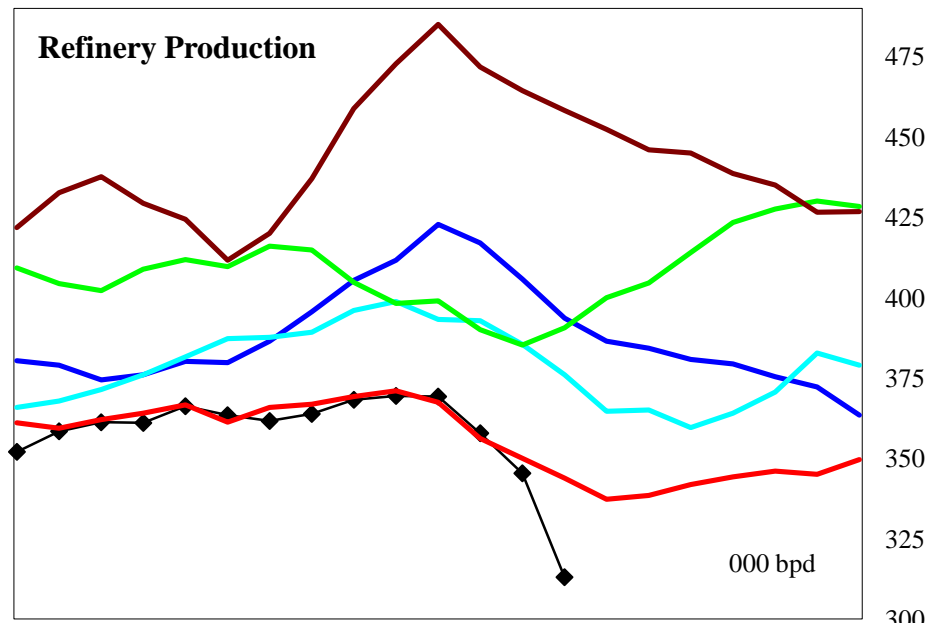
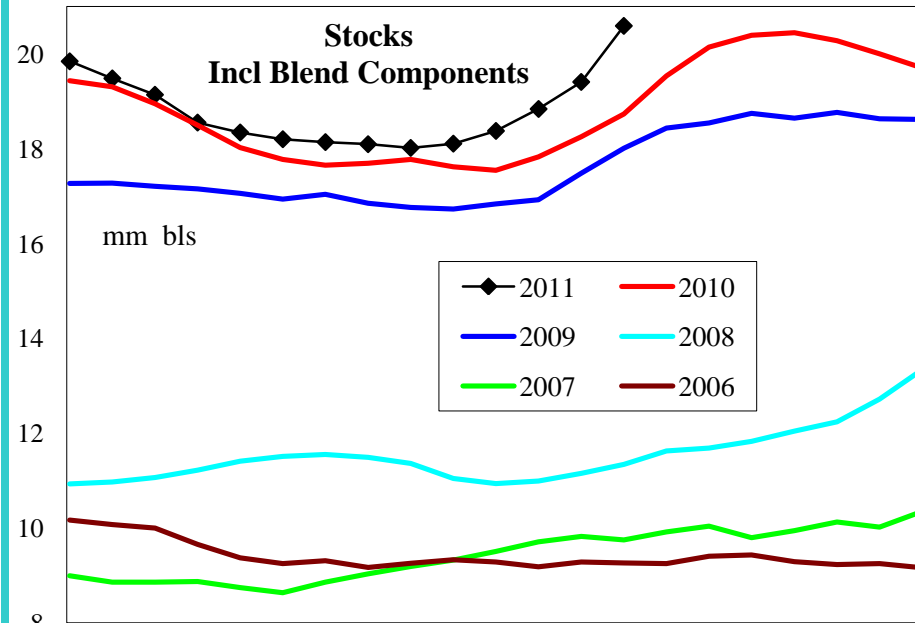
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



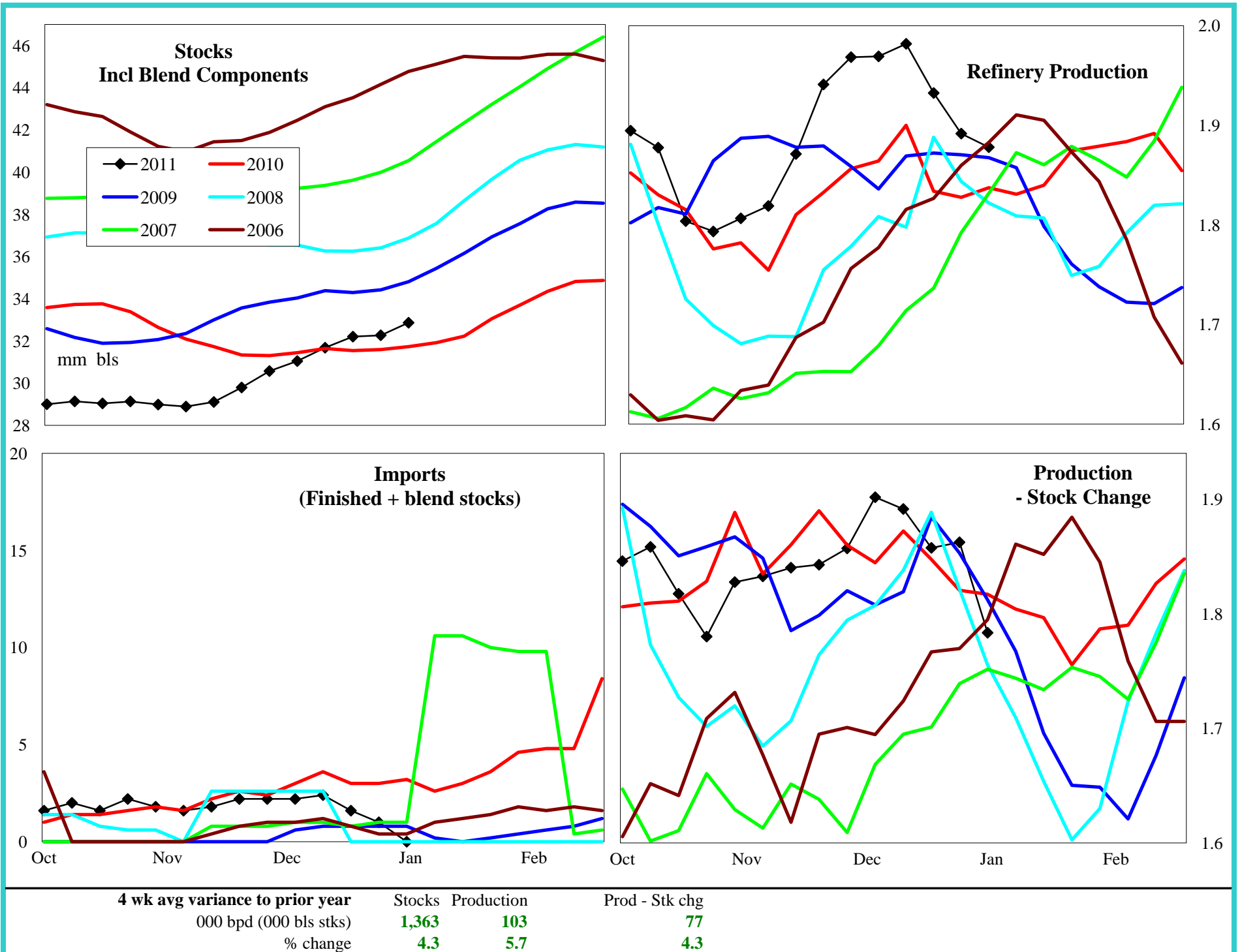
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks
1,860
9.9

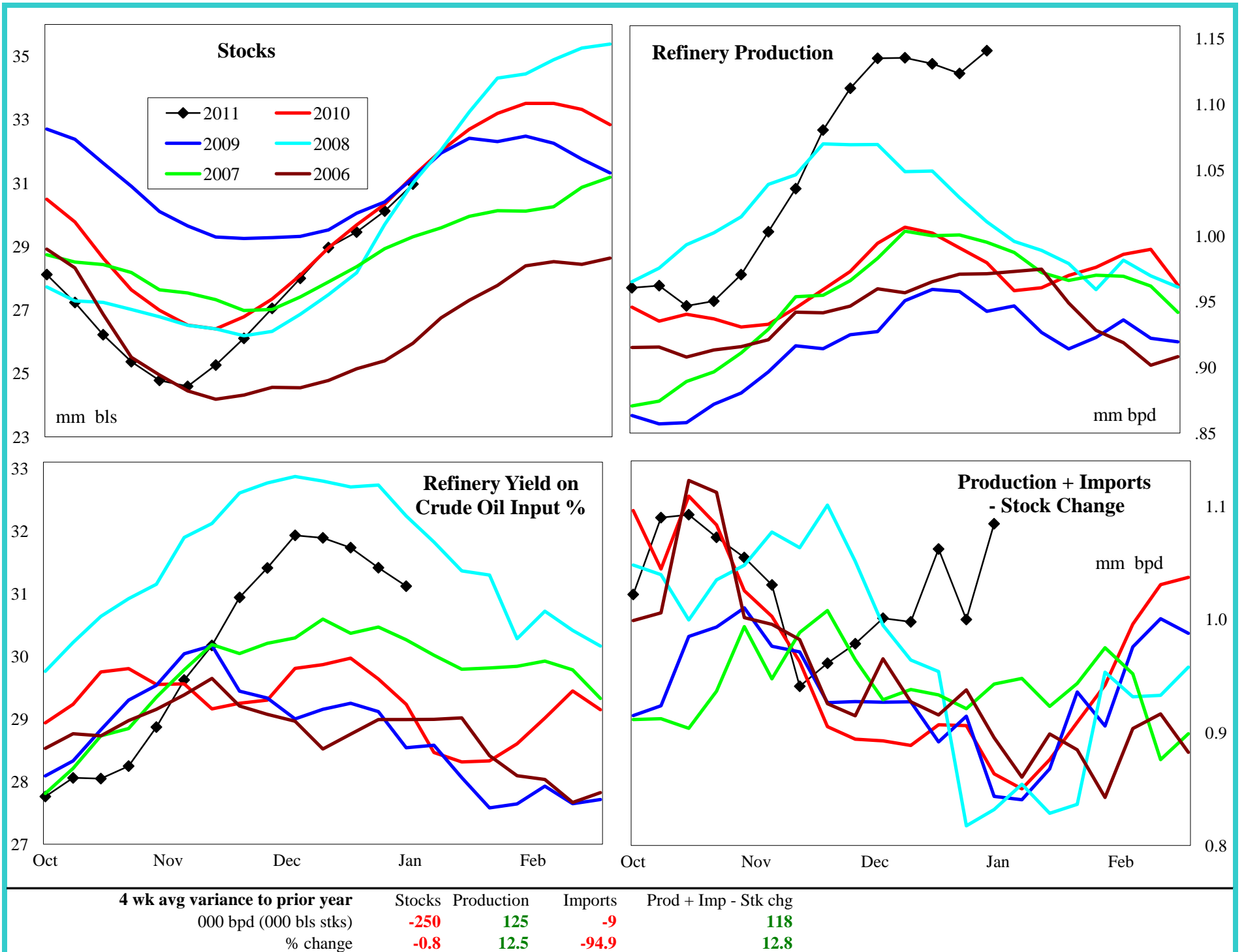
Production
-8
-2.3

Prod - Stk chg
-57
-18.1

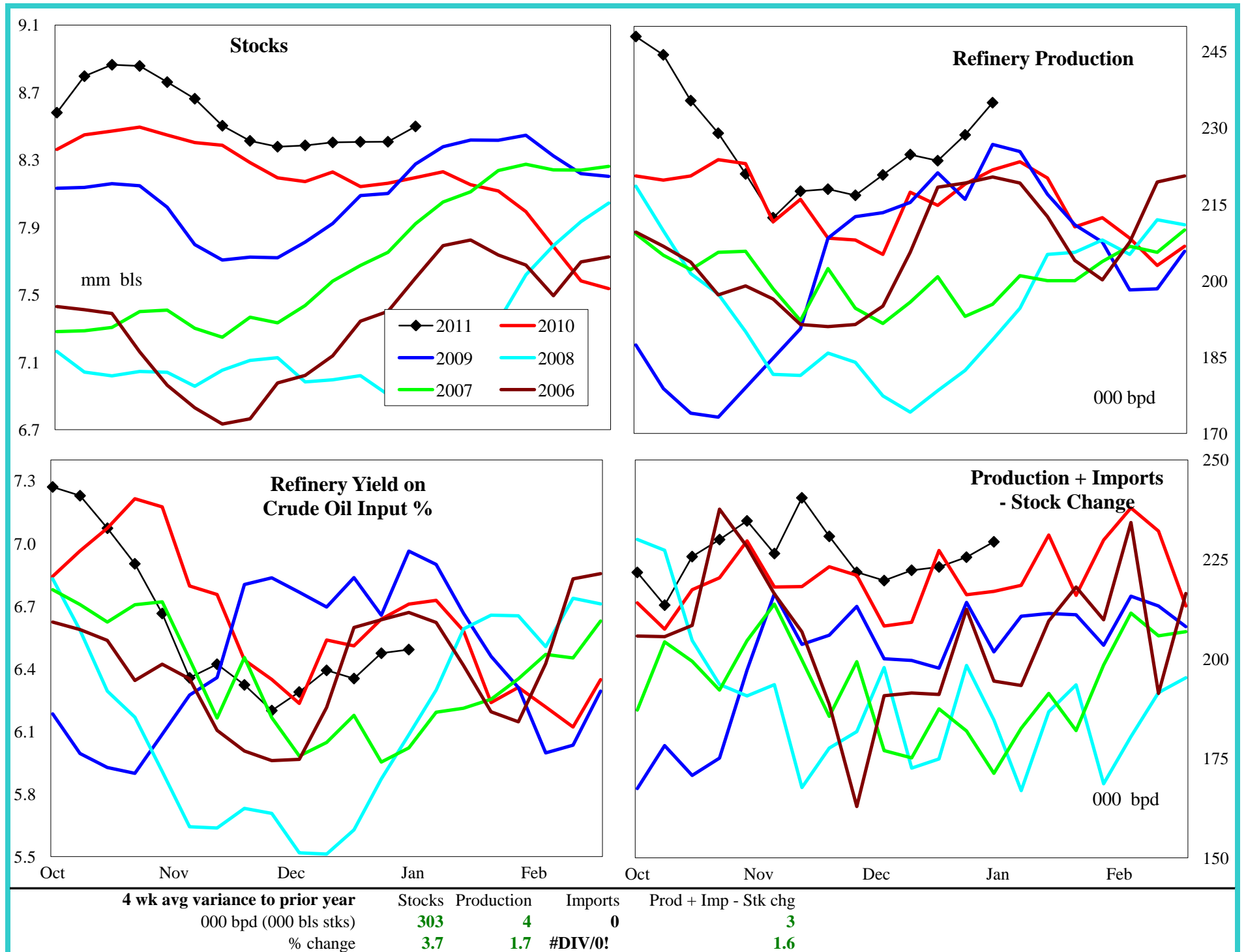
PADD 2 Conventional Gasoline Supply



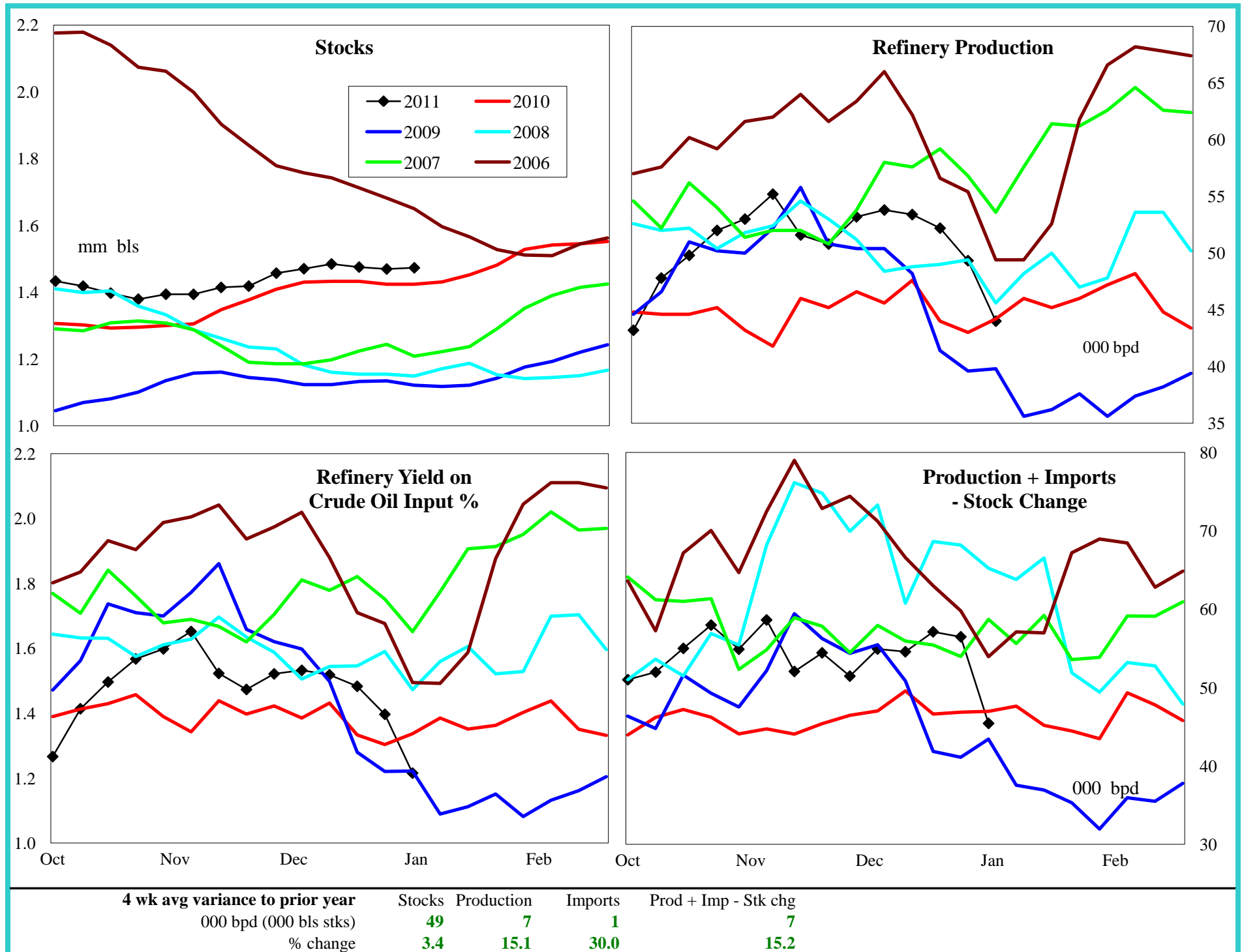
PADD 2 Distillate Supply



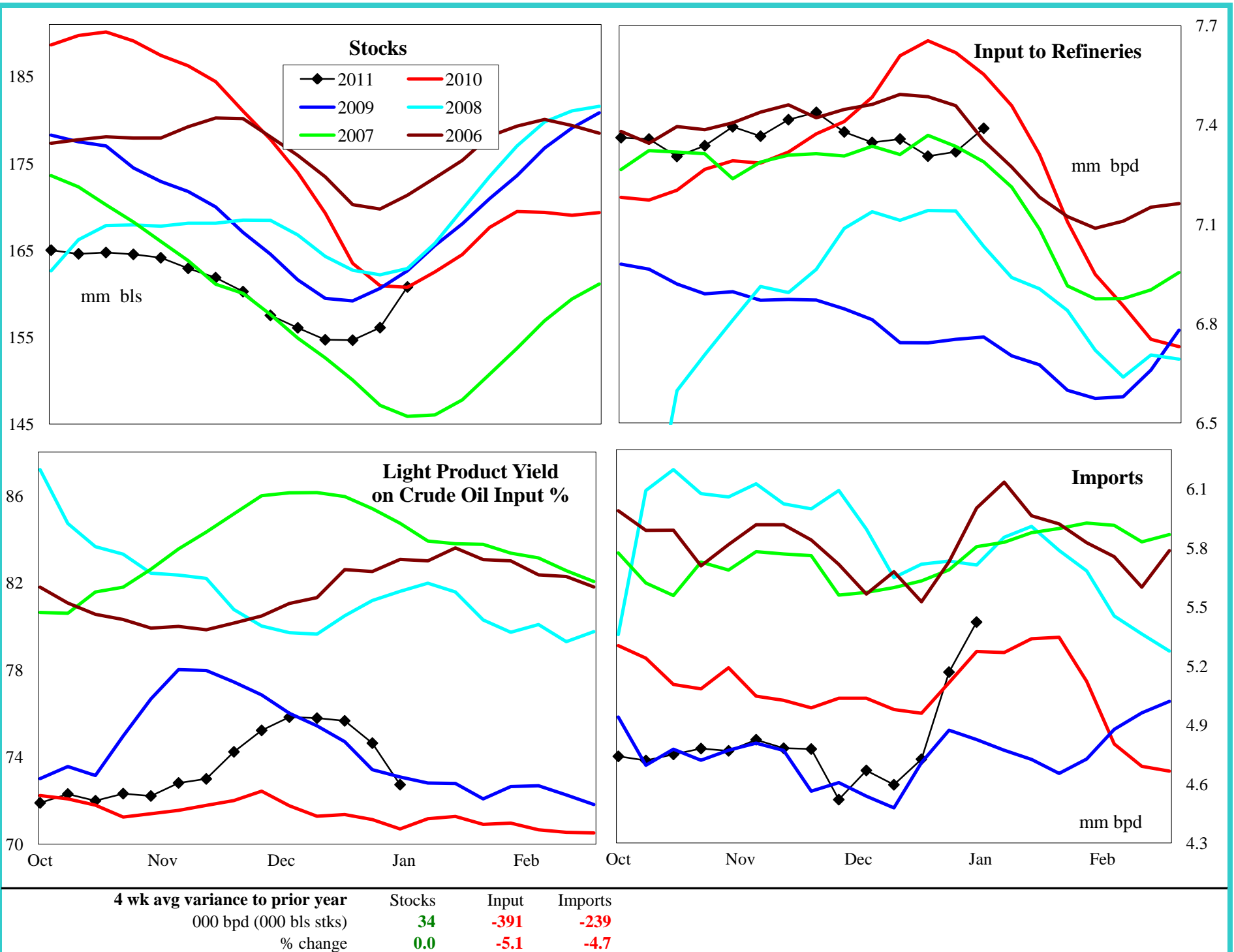
PADD 2 Jet Fuel Supply



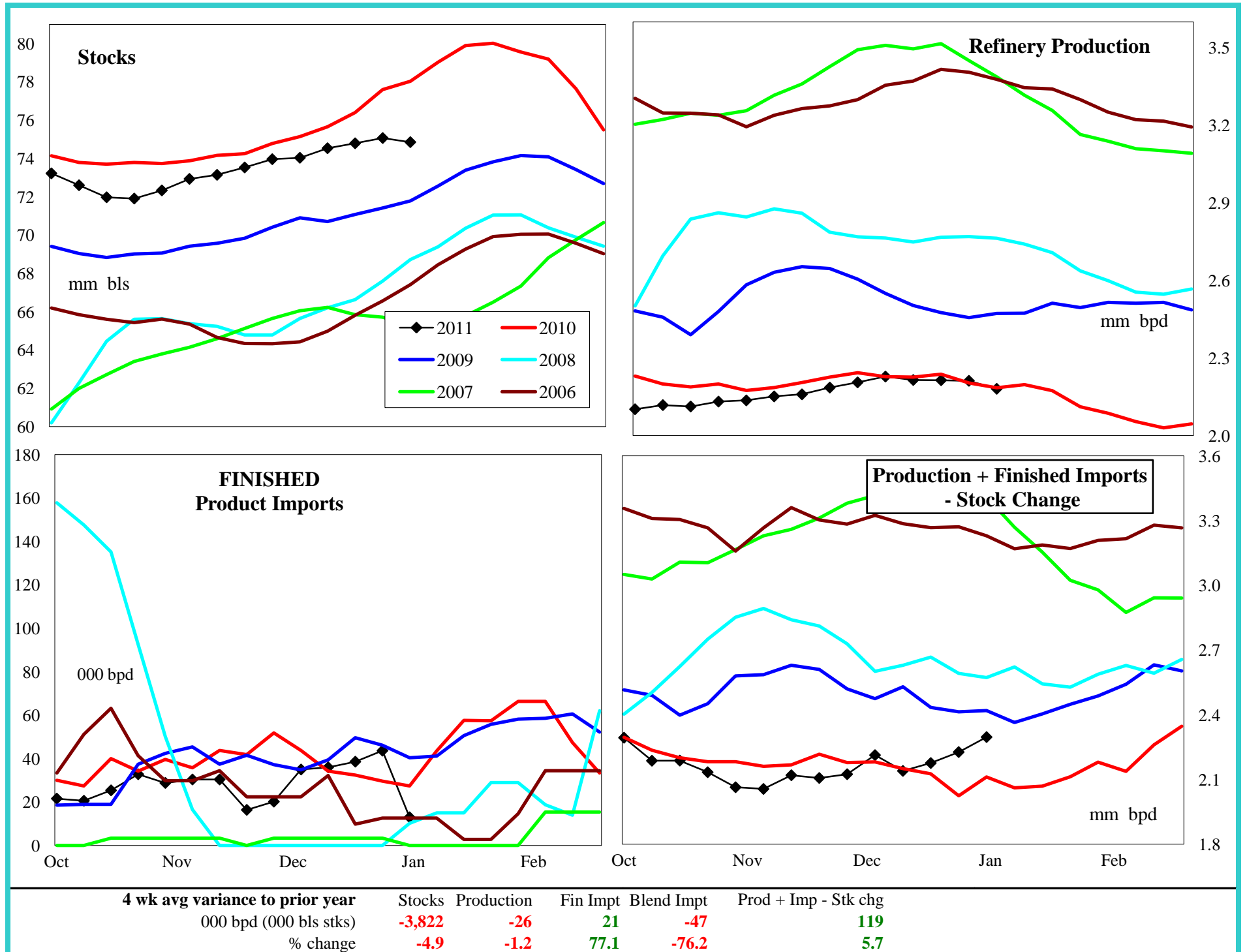
PADD 2 Residual Fuel Oil Supply



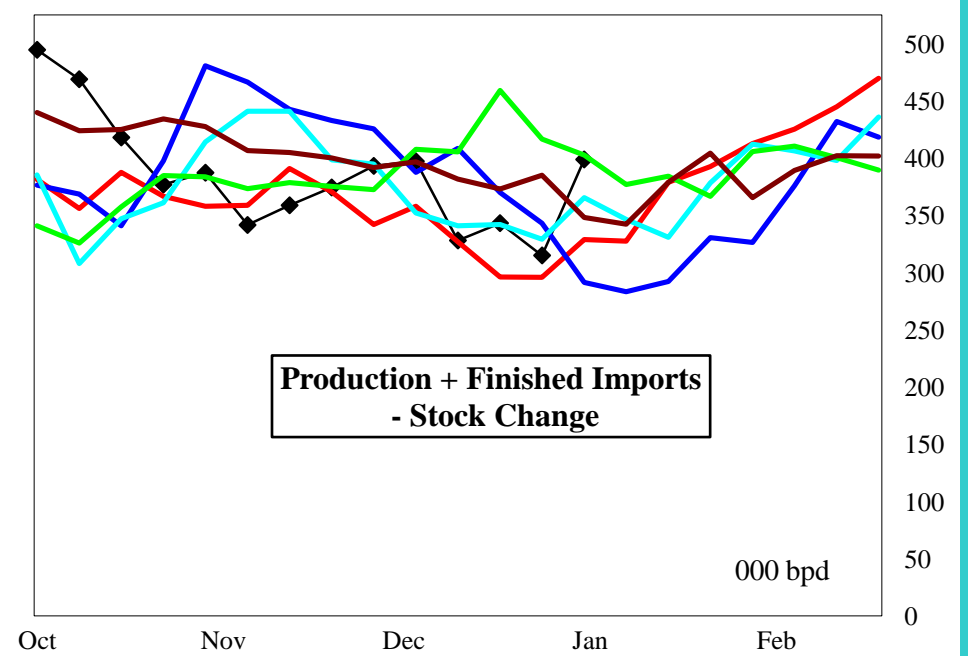
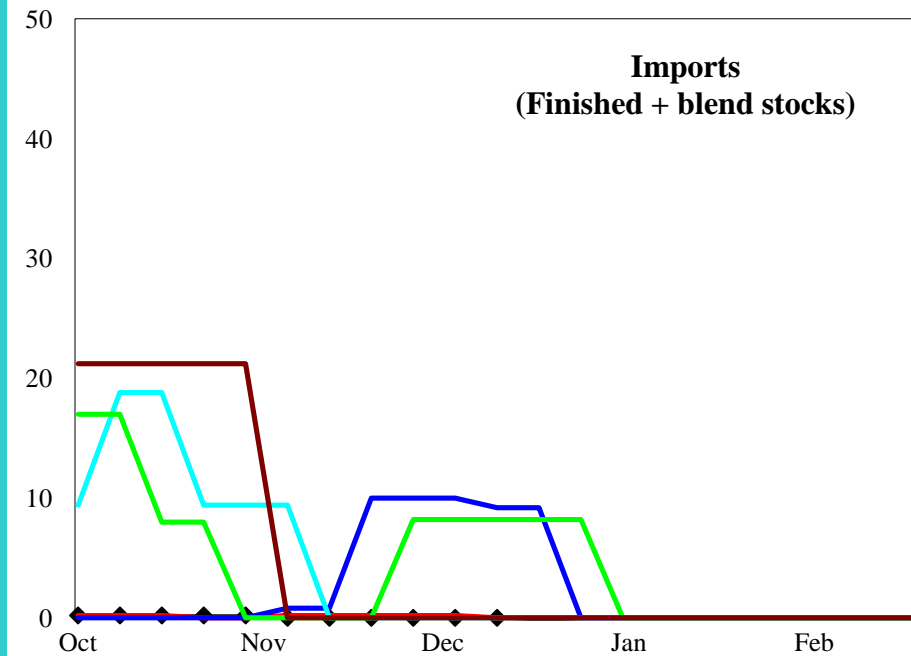
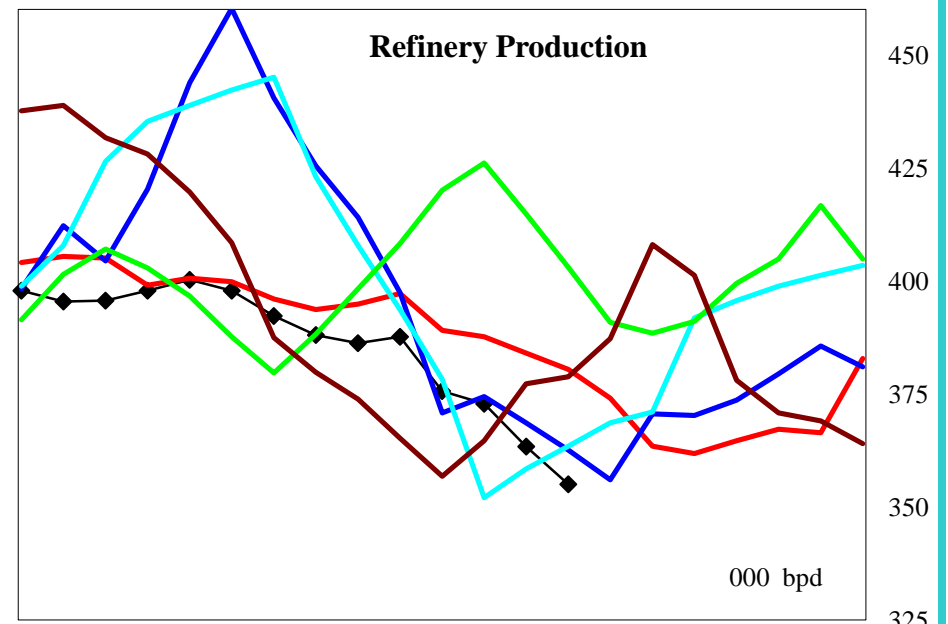
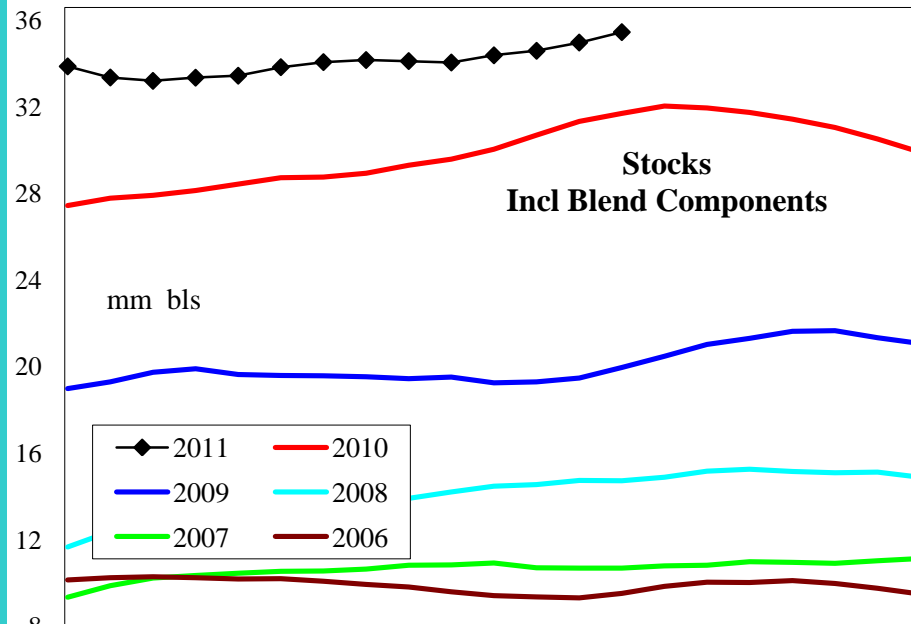
PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



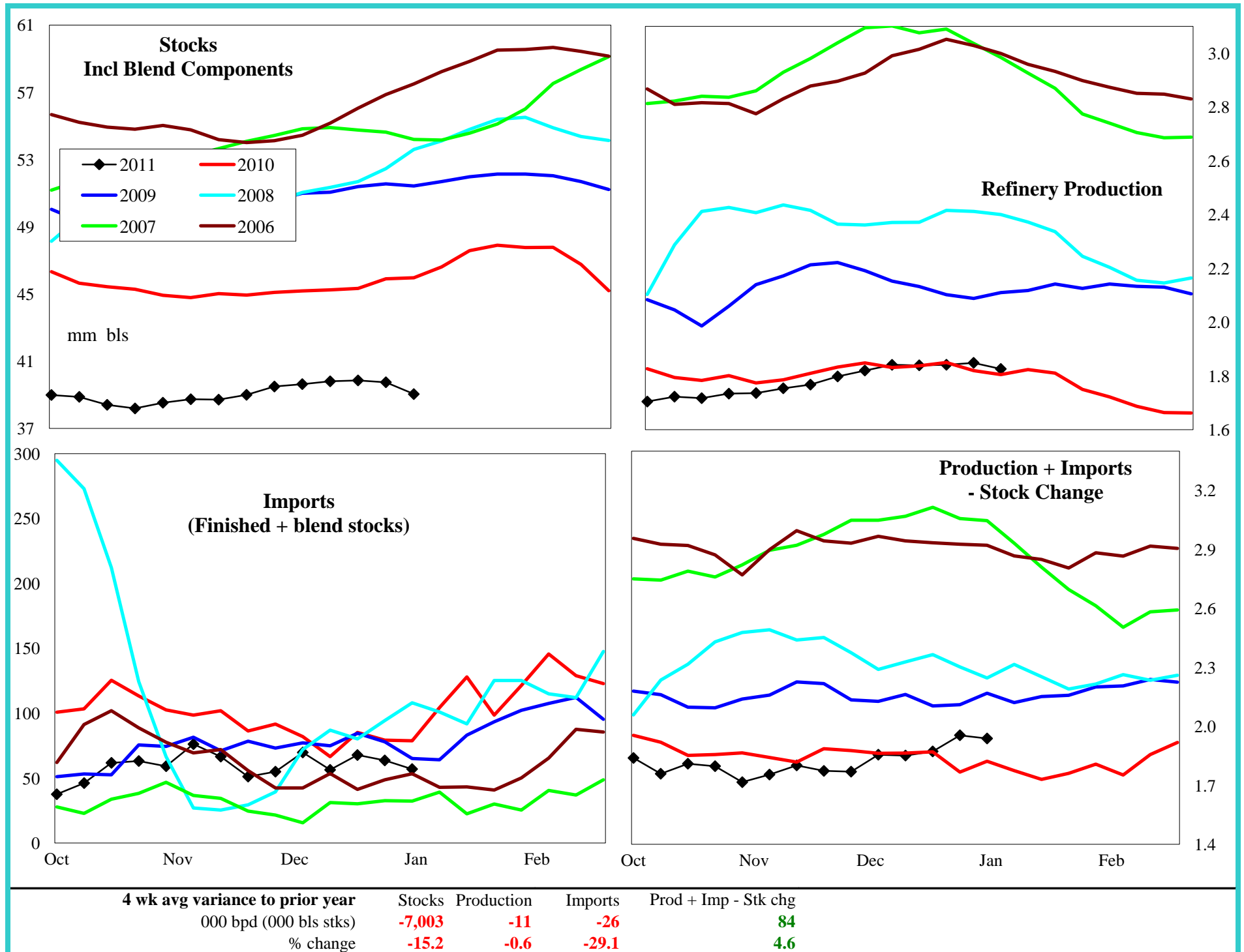
PADD 3 Reformulated Gasoline Supply



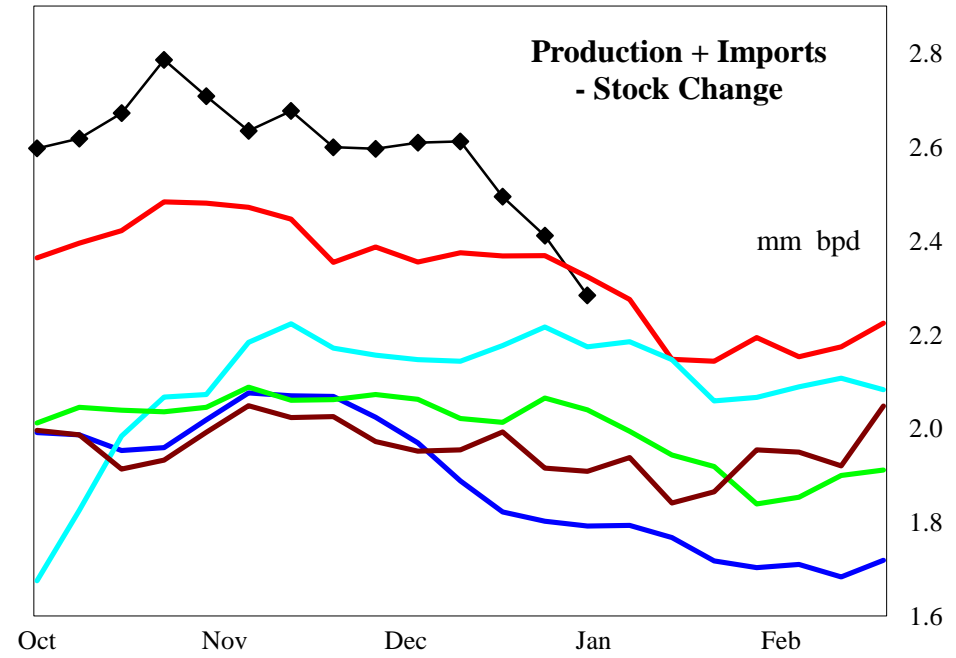
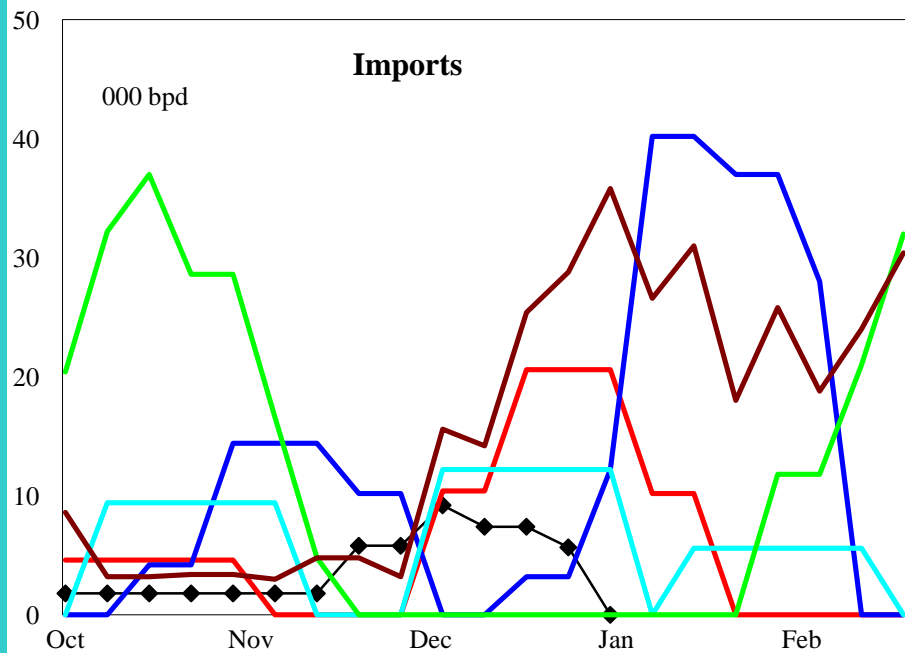
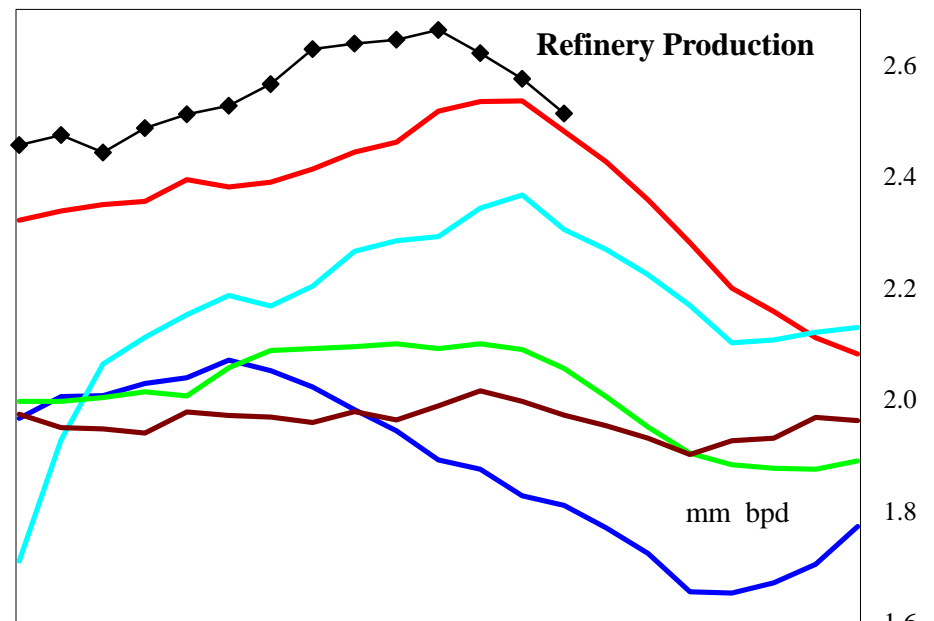
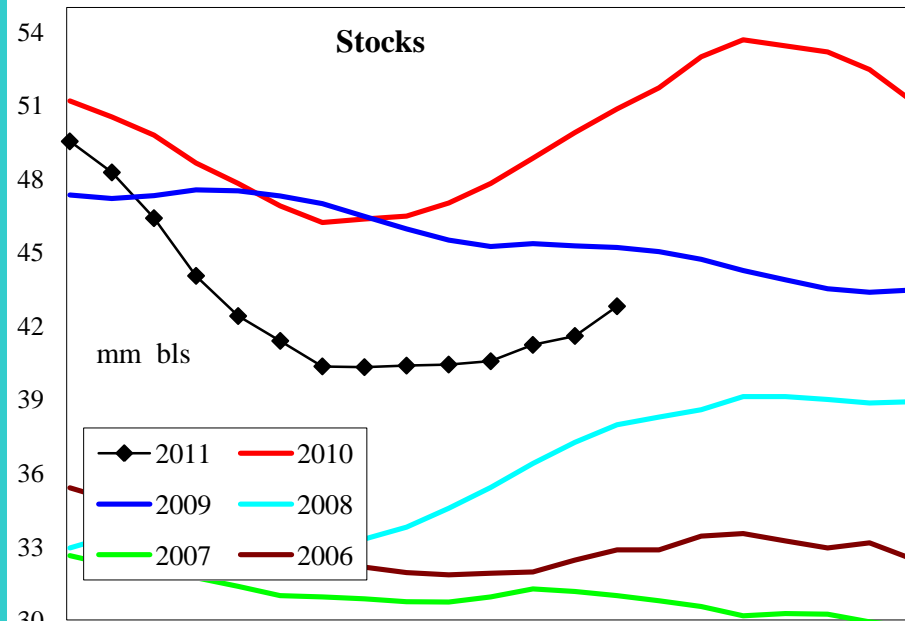
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
3,185	-15	0	35
9.7	-4.0	#DIV/0!	13.0

PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-7,139

-14.3

Production

45

1.7

Imports

-22

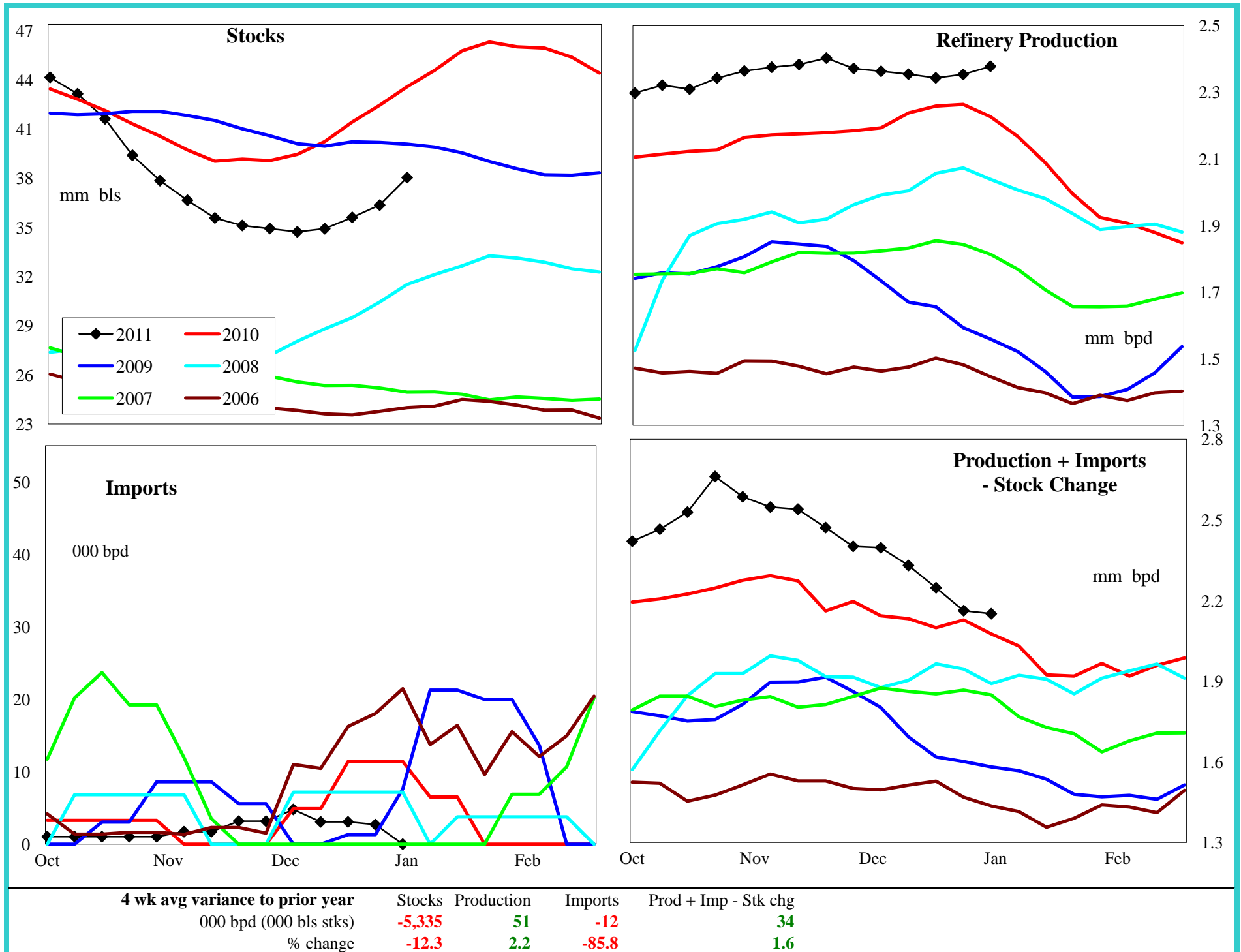
-83.5

Prod + Imp - Stk chg

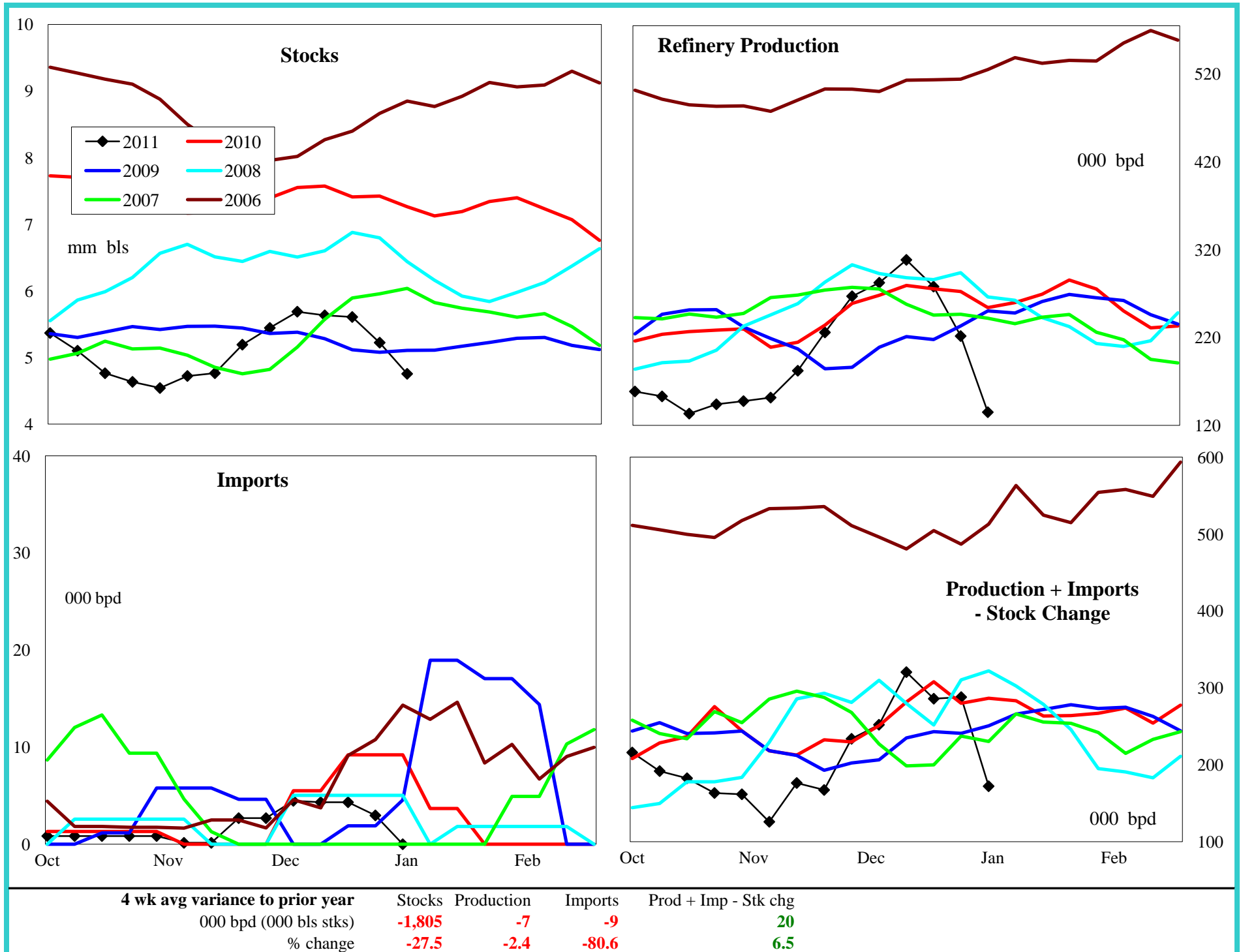
54

2.2

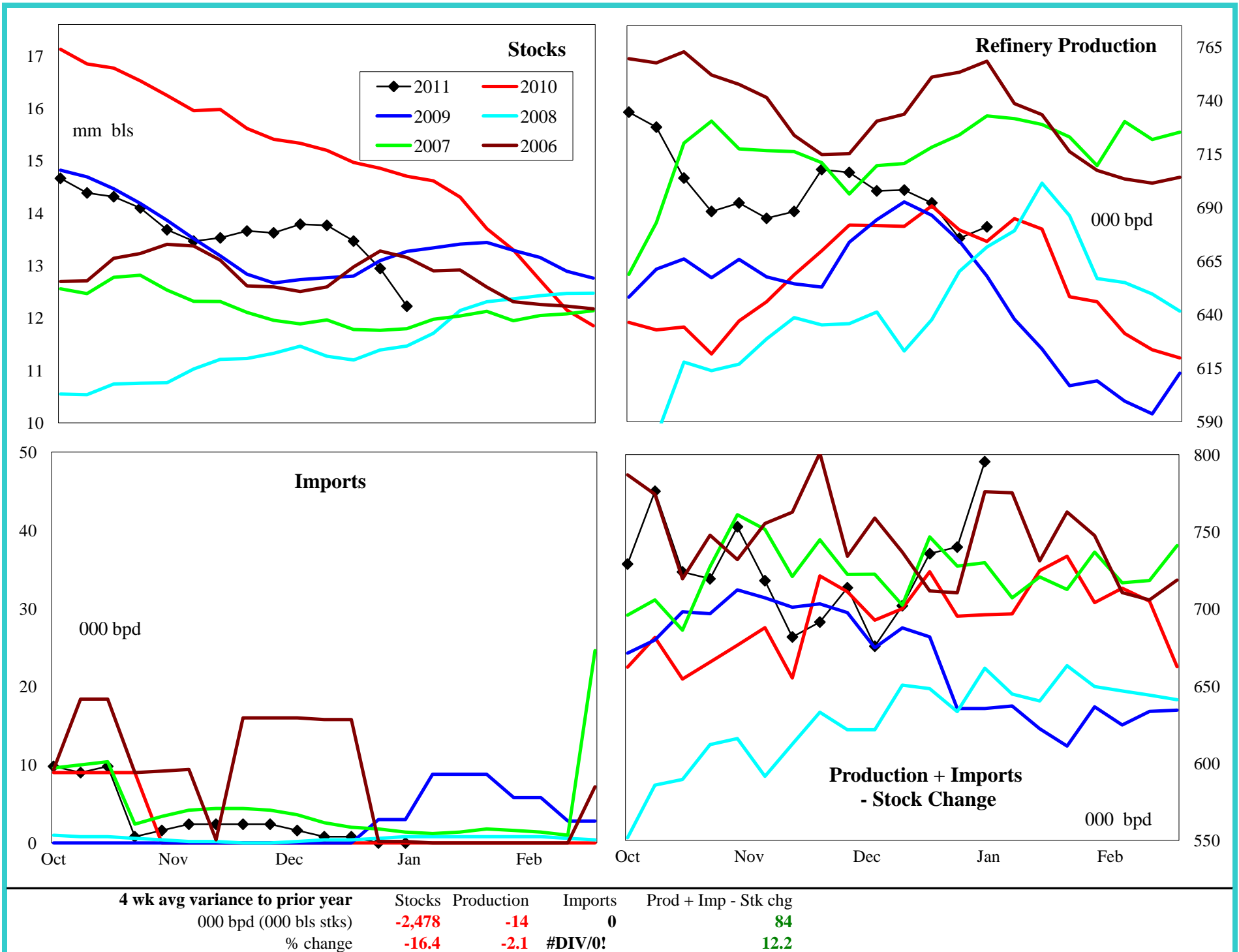
PADD 3 Low Sulfur Distillate Supply



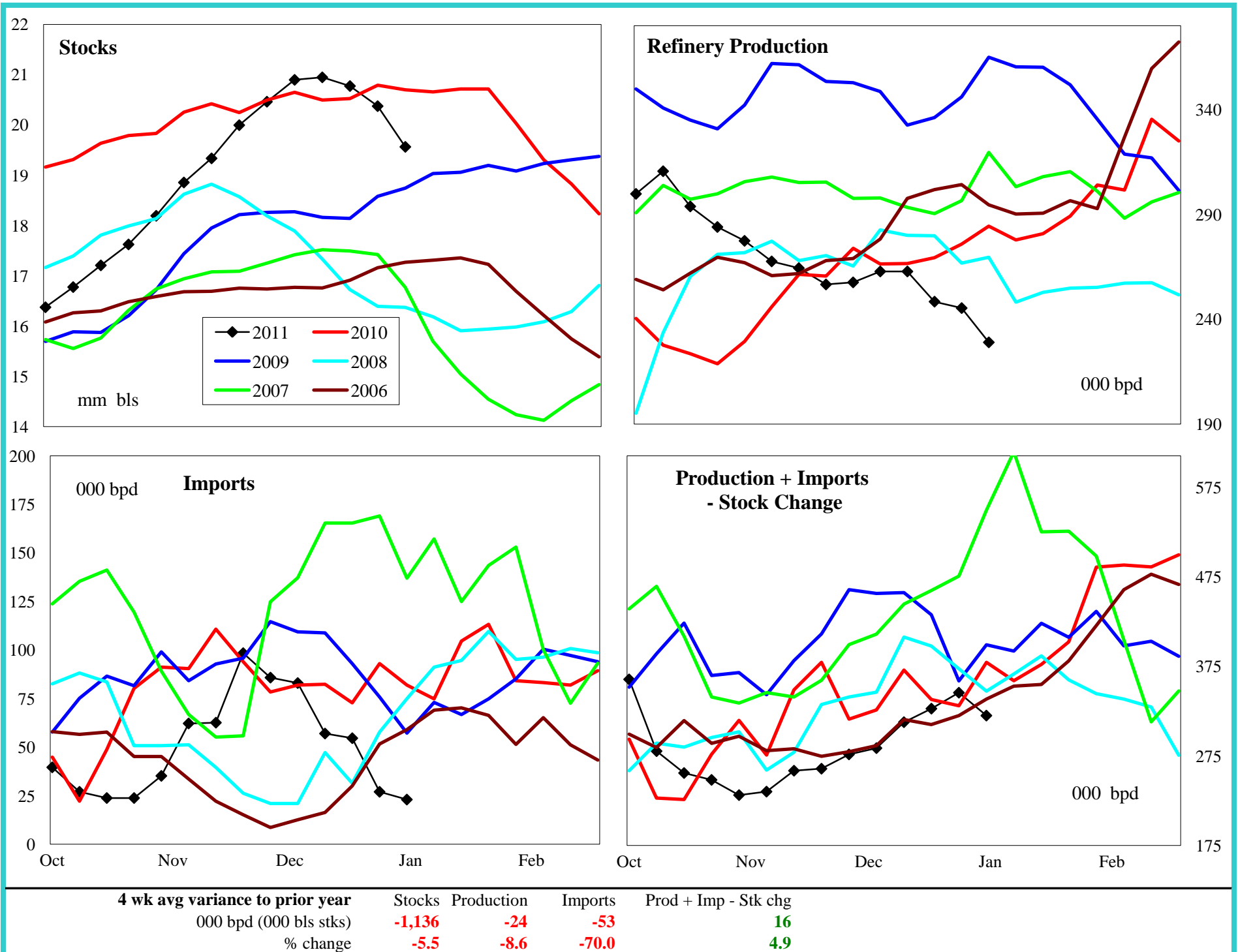
PADD 3 High Sulfur Distillate Supply



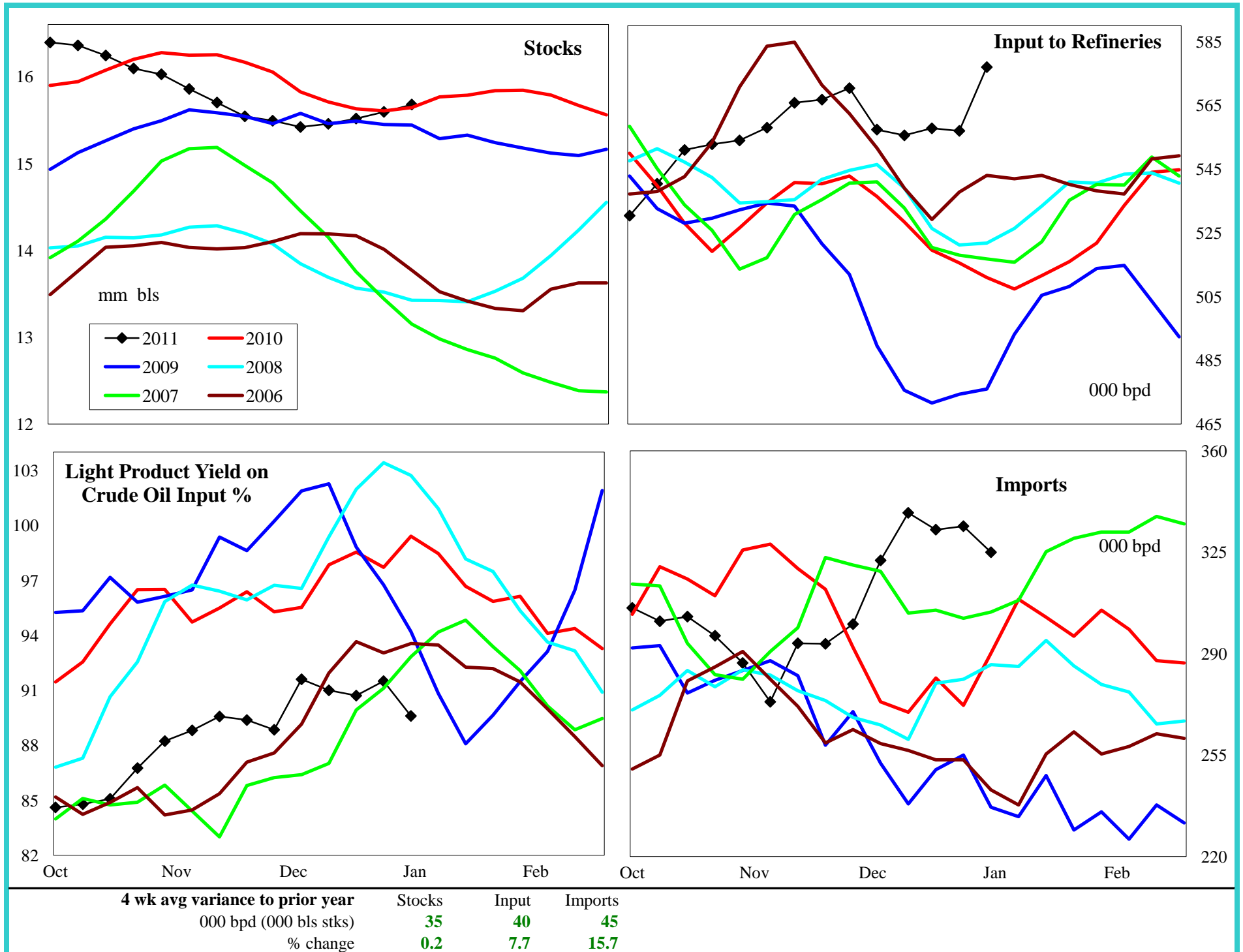
PADD 3 Jet Fuel Supply



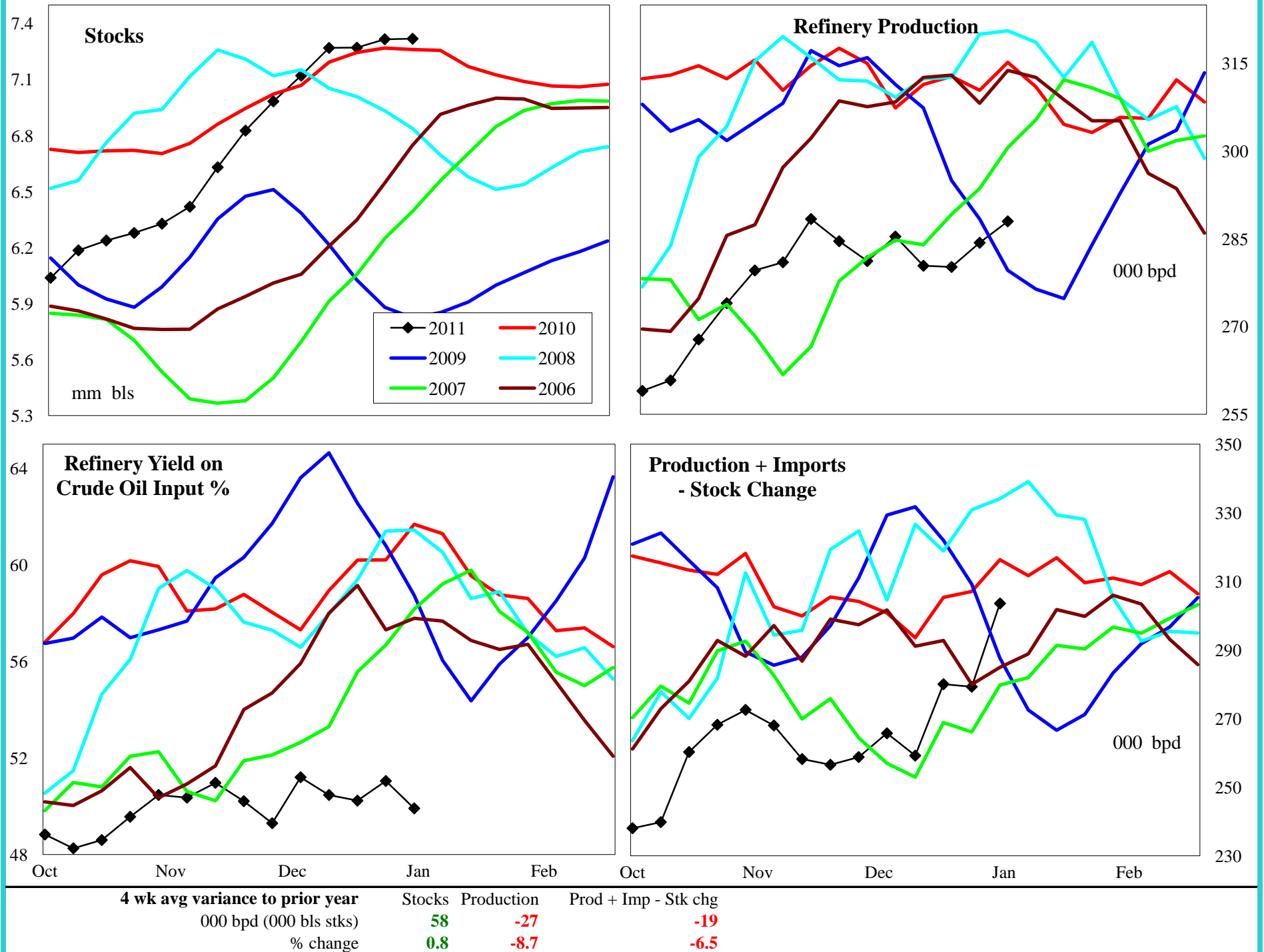
PADD 3 Residual Fuel Oil Supply



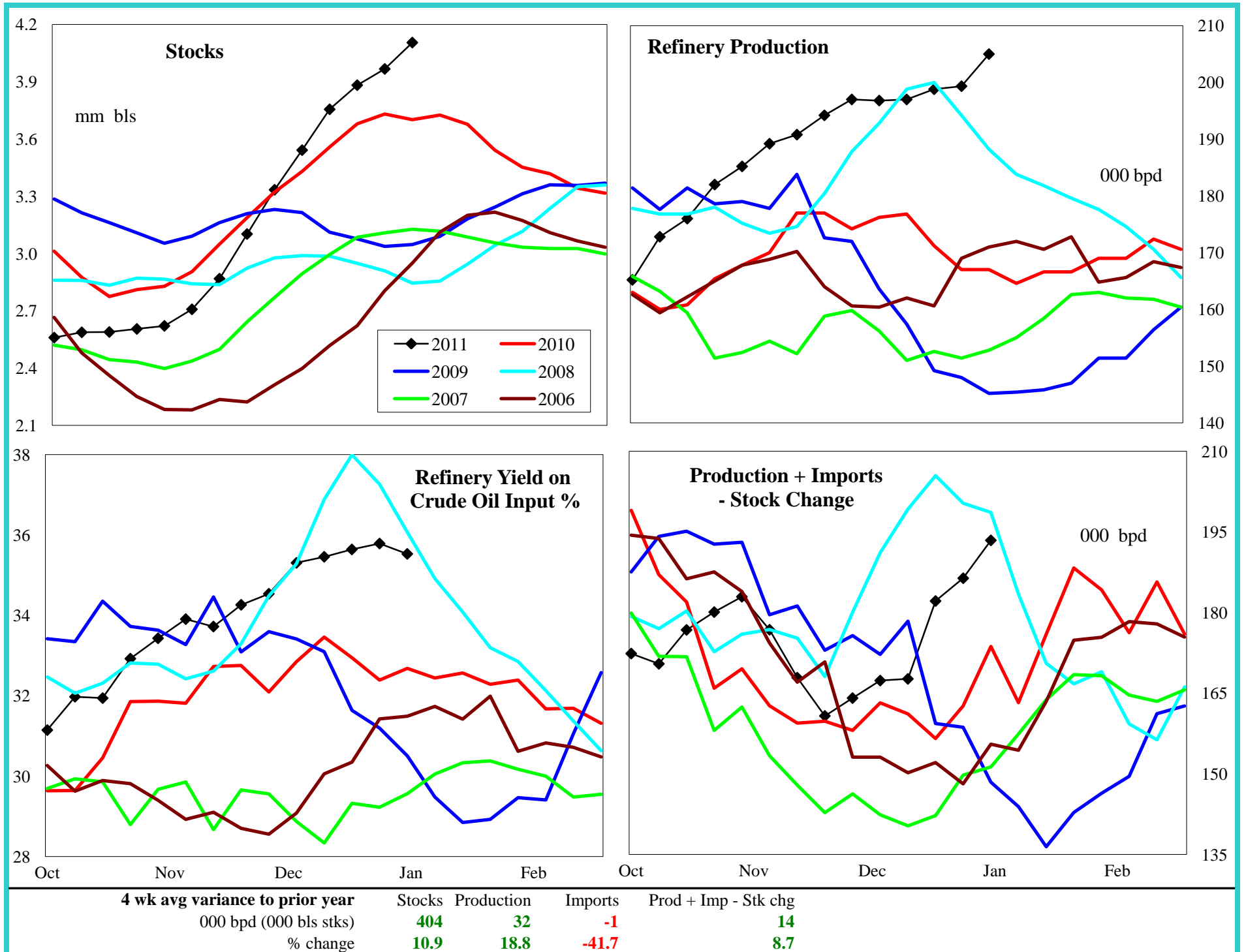
PADD 4 Crude Oil Supply and Refining



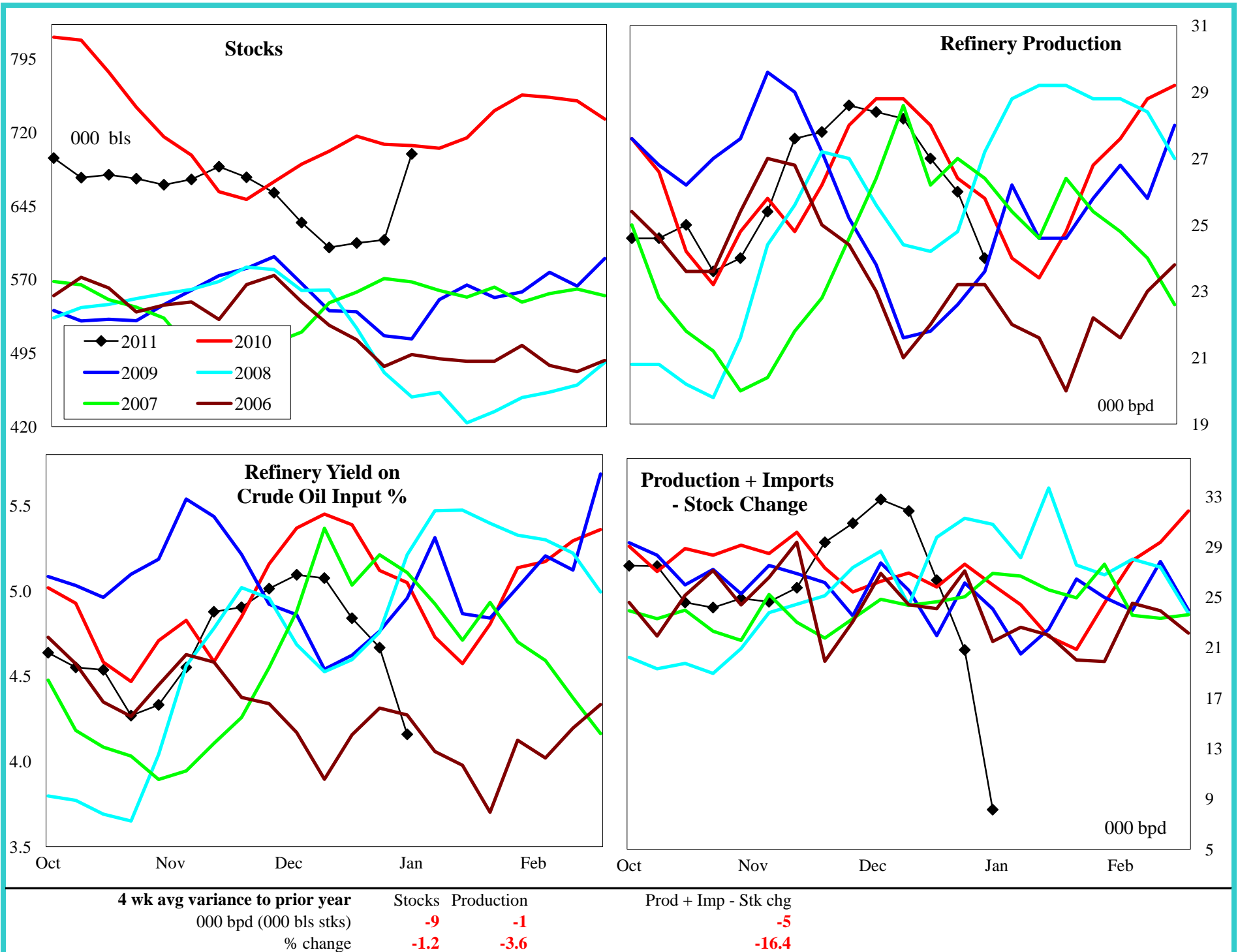
PADD 4 Gasoline Supply



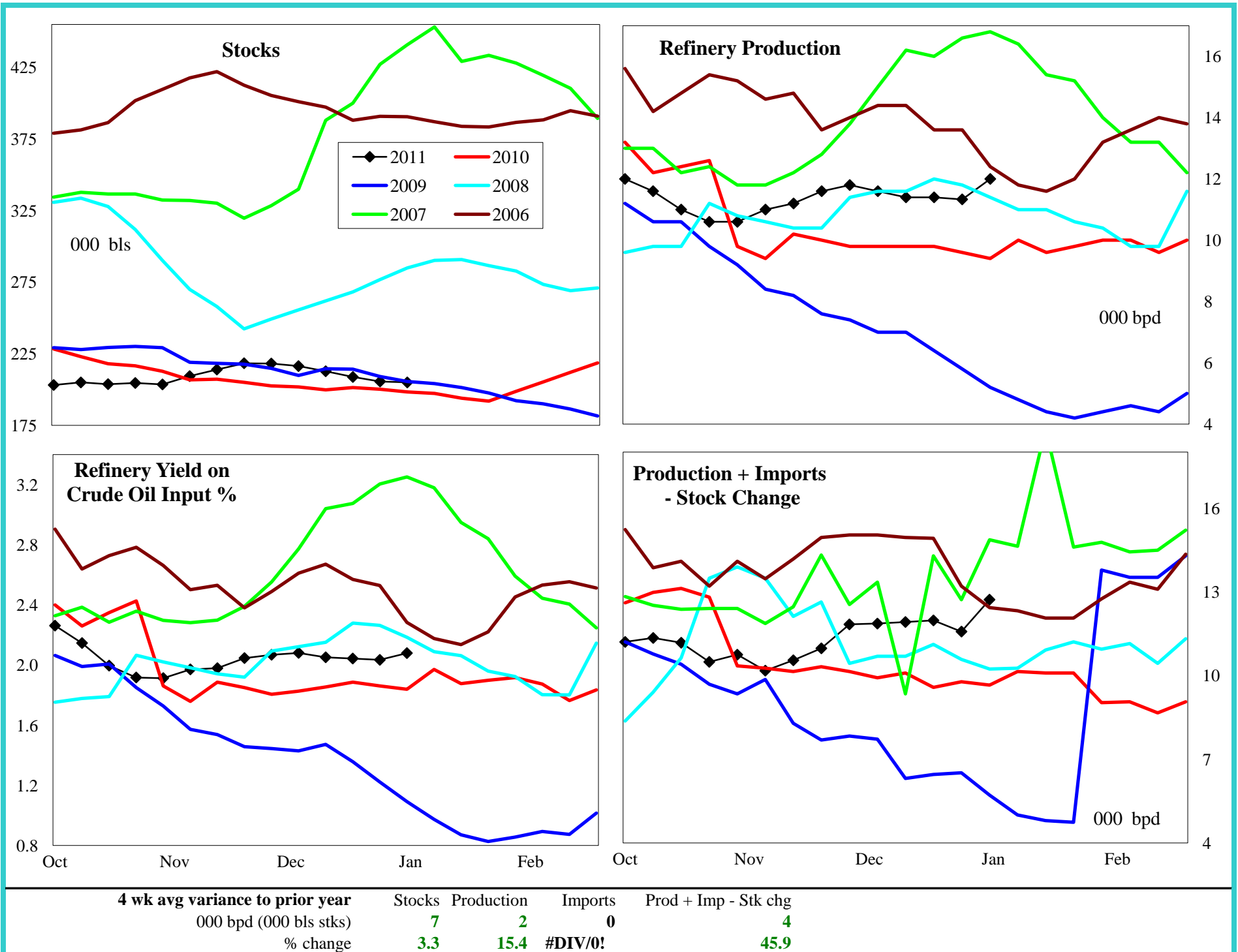
PADD 4 Distillate Supply



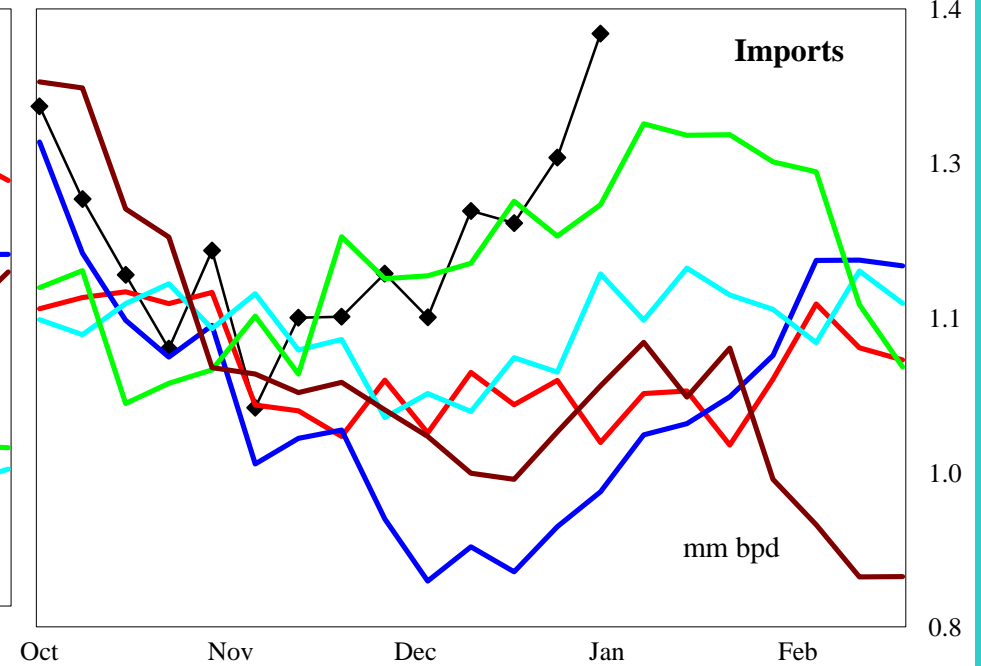
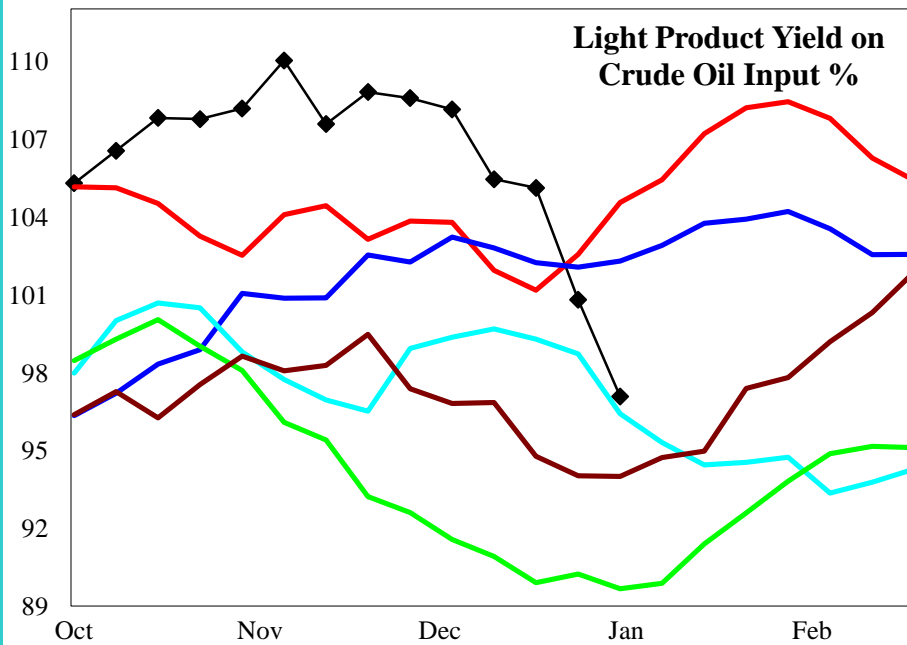
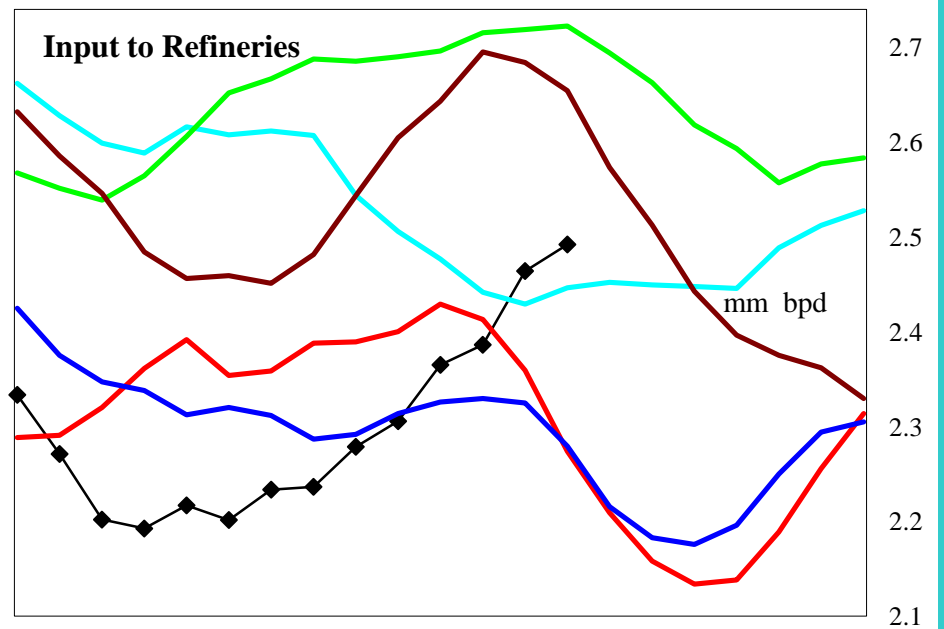
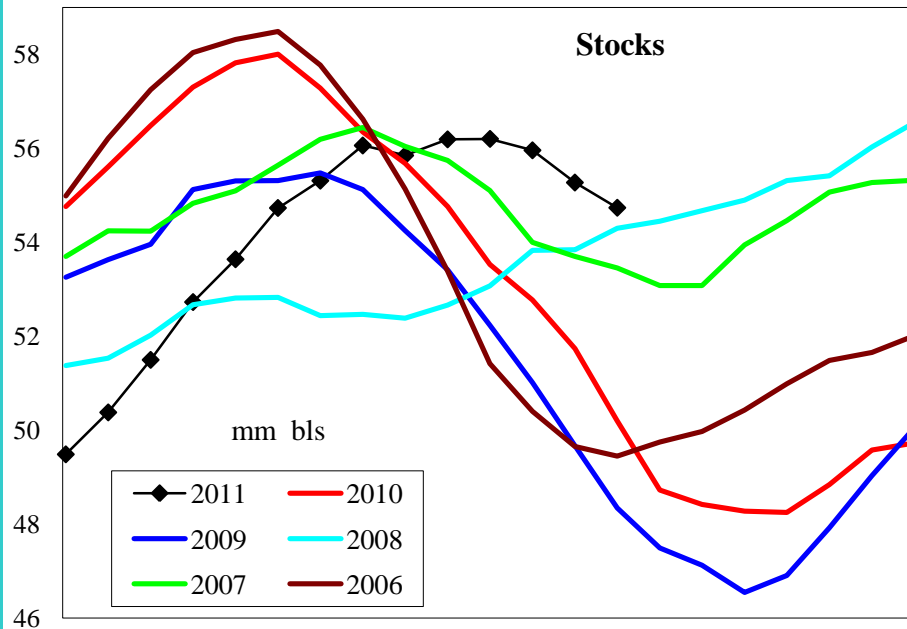
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



PADD 5 Crude Oil Supply and Refining



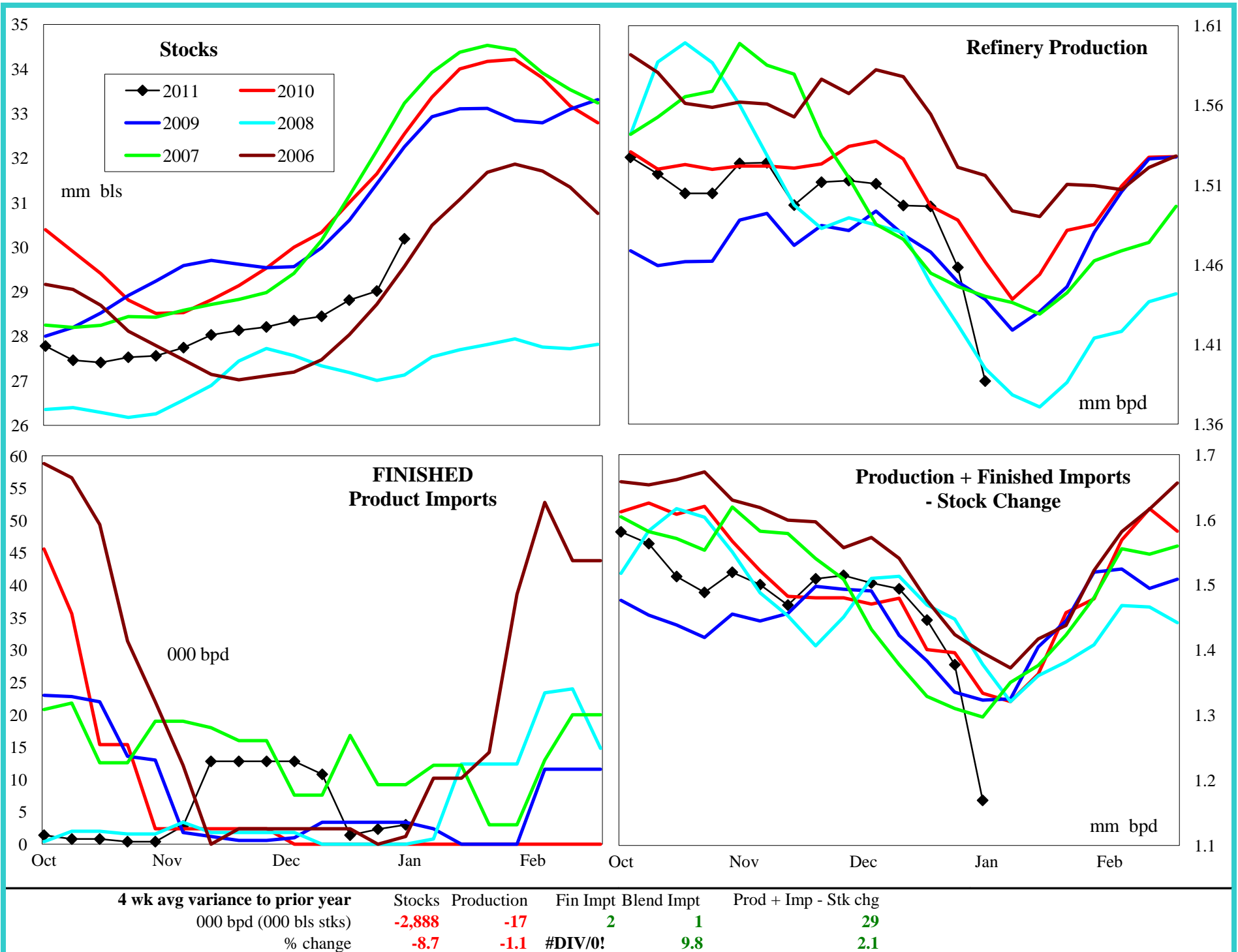
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks
4,542
9.0

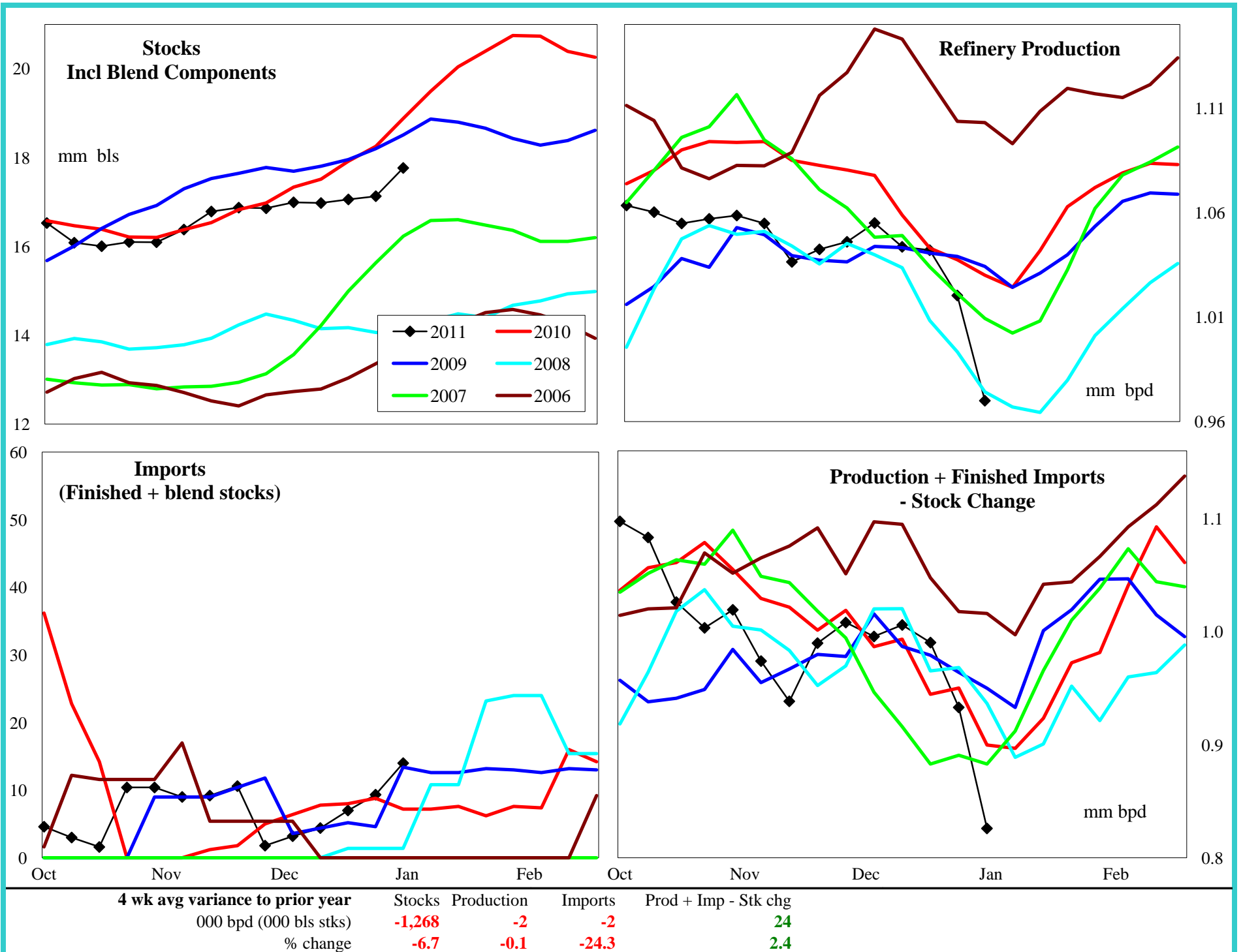
Input
51
2.1

Imports
123
11.5

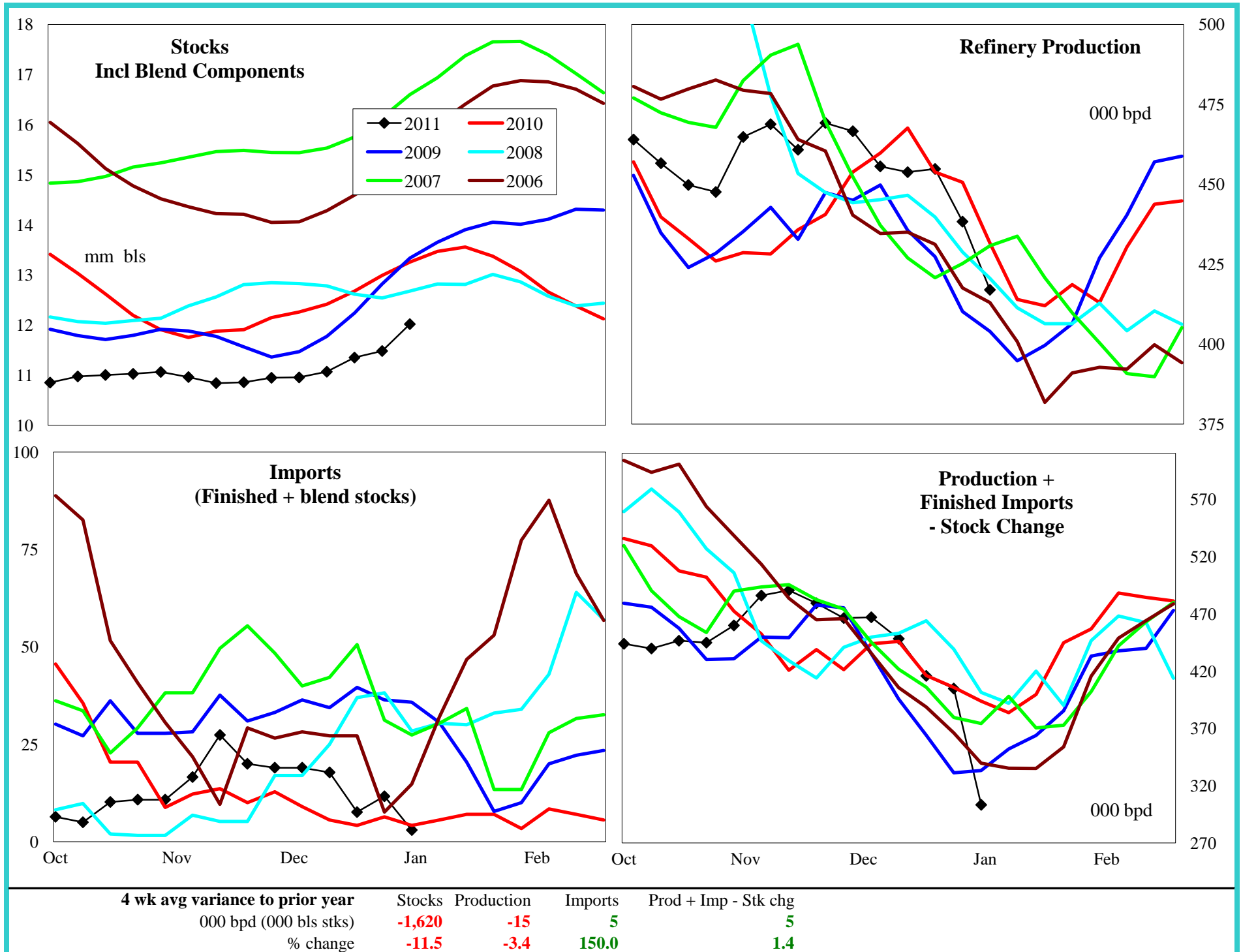
PADD 5 Gasoline Supply



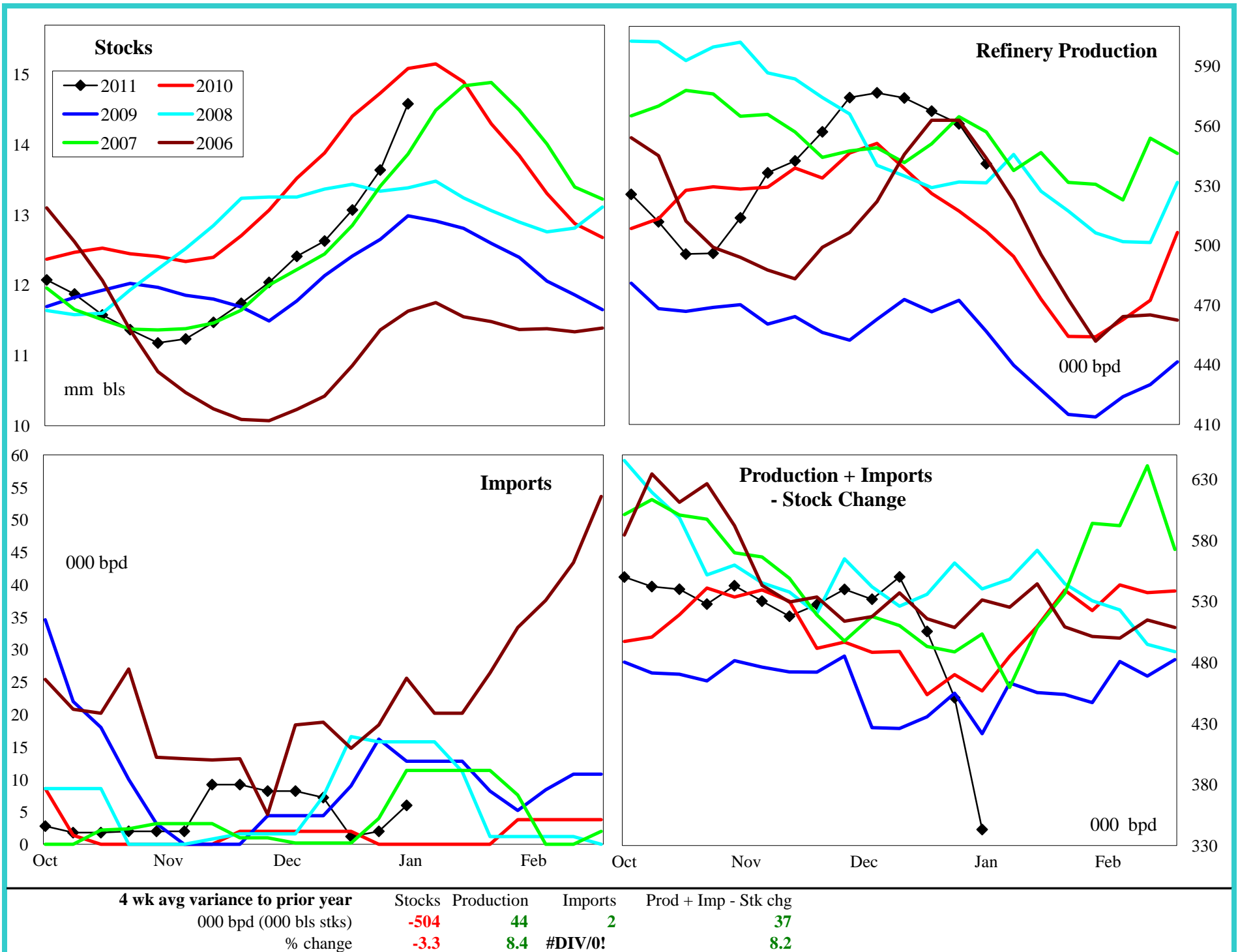
PADD 5 Reformulated Gasoline Supply



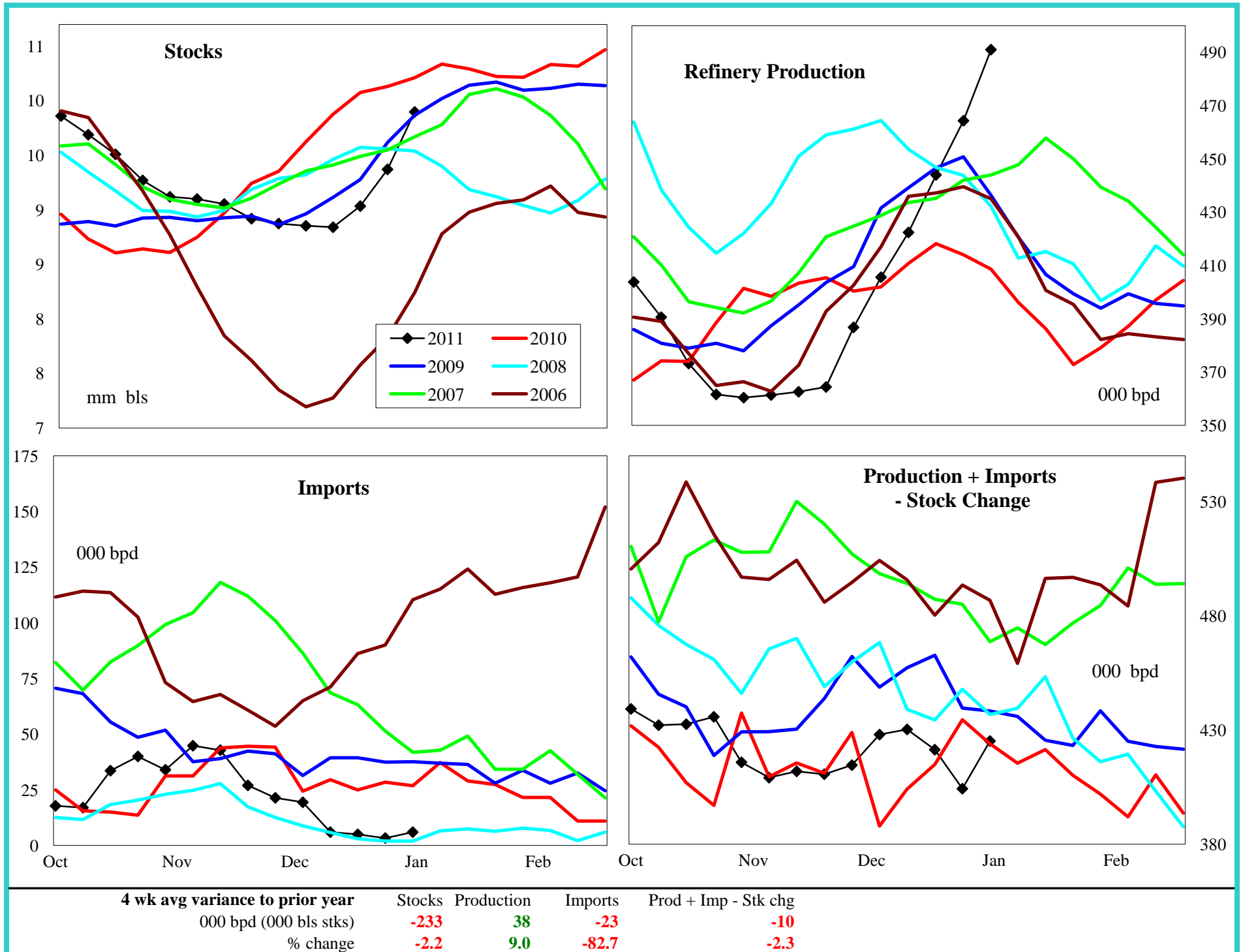
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

