



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

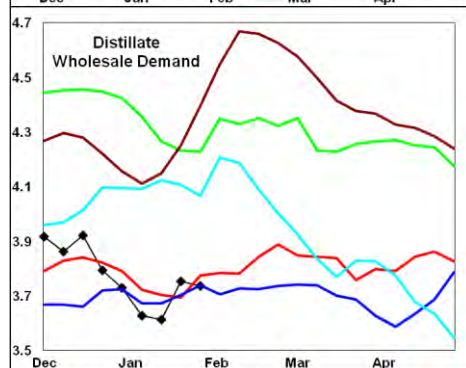
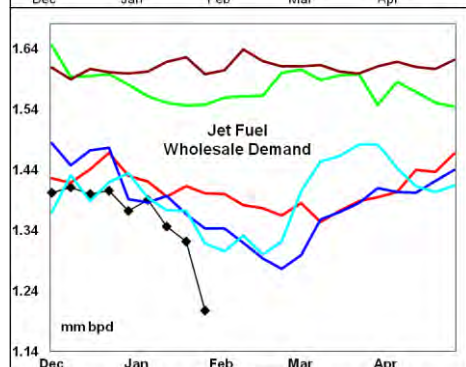
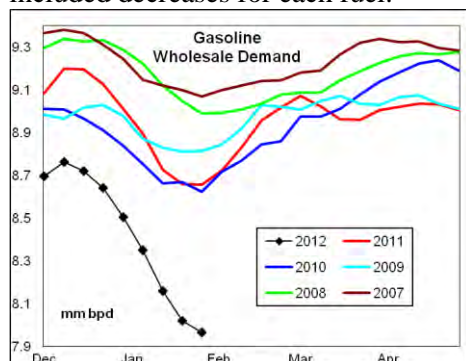
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, February 01,



#### Major Fundamental Trends<sup>1</sup>

Last weeks' jump of +0.6 million bpd in wholesale demand for transport fuels (gasoline, distillate and jet fuel) was completely reversed on a -0.6 million bpd decline this week, which included decreases for each fuel.



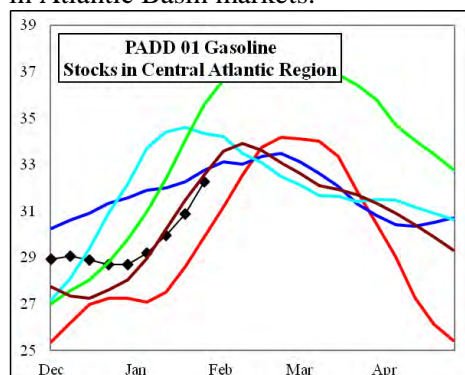
Structural change in the gasoline market that includes a more fuel efficient fleet, high unemployment and record retail prices for this time of year are depressing demand.

Very warm winter temperatures, lack of demand for snow/ice removal and record high prices for this time of year are constraining distillate demand.

<sup>1</sup> Source is latest EIA Weekly Statistics

A more fuel efficient jet fleet has limited demand even as passenger miles increased.

Gasoline imports have jumped +0.6 million bpd during the last 3-wks on very favorable import economics. The result has been an improvement in stock levels for the New England and Central Atlantic Regions of PADD 1. Expect continued high imports in the near term on favorable import economics and low seasonal demand in Atlantic Basin markets.



**Demand** reversed the previous week increased, falling -0.6 million bpd for the combined transport fuels last week. Wholesale demand measured over the last four weeks compared to a year ago: gasoline decreased -7.3%; distillate down -1.7%; jet fuel down -4.1% while residual fuel oil decreased -1.7%.

**Stocks forward coverage:** Gasoline demand coverage increased on a +3 million barrel stock build last week, with the coverage level at record highs on very weak demand.

Distillate coverage decreased on a -0.1 million barrel stock draw. Coverage levels were well below the last 2-years.

Jet fuel coverage levels increased on a +0.8 million barrel stock build and sharp drop in demand. Coverage levels reached a 5-year high.

**Refinery utilization** rates decreased on a -89,000 bpd drop in crude oil runs. During the latest 4-wk period crude oil input was +137,000 bpd above a year ago.

Gasoline yield % on crude oil runs was nearly unchanged on a -28,000

bpd decline in output compared to the -89,000 bpd decrease in crude oil runs. Yield % on crude oil runs were at 5-year lows.

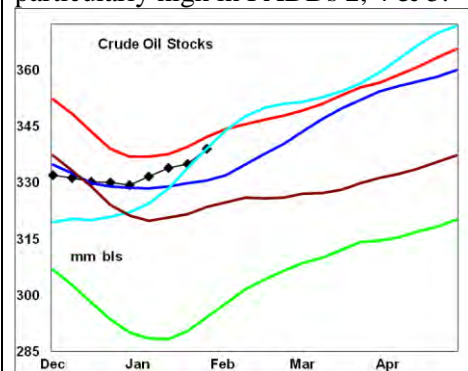
Distillate yield % on crude oil runs increased on a +136,000 bpd rise in output, compared to the decline in crude oil runs. The yield % exceeded 5-year highs for this time of year.

Jet fuel yield % on crude oil runs decreased last week on a -65,000 bpd drop in output compared to the lower crude oil runs. Yield % levels were above the mid range.

**Petroleum Imports** of gasoline jumped +323,000 bpd last week, with the current level matching 5-year highs for this time of year on very attractive import economics.

During the latest 4-wk period crude oil imports were -97,000 bpd below last year; distillate imports decreased -115,000 bpd; finished gasoline imports increased +4,000 bpd, gasoline blend stock imports declined -165,000 bpd; jet fuel imports were -67,000 bpd lower, while residual fuel oil imports declined -112,000 bpd.

**Crude Oil** stocks increased +4.2 million barrels last week, concentrated in PADDs 2 and 3. The start of winter refinery maintenance has lifted stock levels to just -1.2% below the 5-year high for this time of year. Levels are particularly high in PADDs 2, 4 & 5.



Stocks in Cushing were 28.6 million barrels last week, -7.4 million barrels (-20%) below last years' record high.



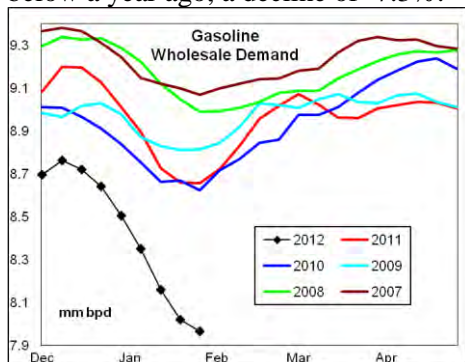
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

### A Fundamental Petroleum Trends Weekly Report

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#### Product Supply-Demand Trends

**Gasoline** demand decreased -131,000 bpd last week, extending the steep year-on-year decline. The latest 4-wk average demand was -634,000 bpd below a year ago, a decline of -7.3%.



Imports have jumped +0.6 million bpd during the last 3-wks, to a level that matched the 5-year high; driven by the sharp rise in gasoline prices, compared to other Atlantic Basin markets.

Stocks increased +3 million barrels on the week. Even with last weeks' build, the rate of stock building in markets East of the Rockies matched the 5-year low for this period. Stock levels in the Central Atlantic Region of PADD 1 are now slightly below the mid range.

The surge of imports into PADD 1 has partially offset the decline in Gulf Coast output. As a result, stock levels in New England and the Central Atlantic Region saw marked improvement last week, although the level remains below the mid range.

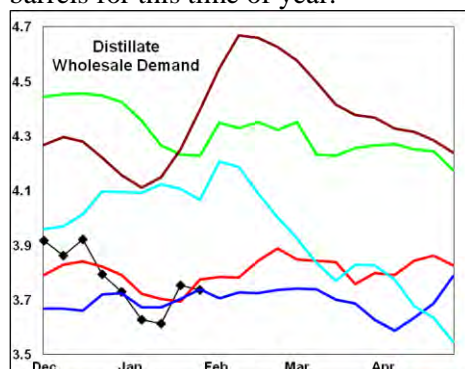
Look for imports into PADD 1 to continue at above average rates on favorable economics; significantly improving the supply balance in the region.

**Distillate** demand declined -150,000 bpd last week, to a level comparable with the last 2-years. The latest 4-wk average year-on-year change in demand was a -61,000 bpd decline; driven by the unusually mild temperatures in the Northeast.

Supplies increased +182,000 bpd on higher production and imports; with the latest 4-wk average supply +103,000 bpd above a year ago.

Stocks were nearly unchanged on the week, with the level -19 million barrels below last year.

The latest 4-wk stock change in markets East of the Rockies was a draw of -0.1 million barrels, compared to an average build of over +2 million barrels for this time of year.



Demand remains marginally below last year, the result of a much warmer than normal winter in heating markets.

With a return to normal temperatures forecast across the eastern 1/2 of the country during the 1st half of February, demand should trend higher.

Exports from the East and Gulf Coasts have drawn down stocks to levels well below the last 2-years. All other regional markets are extremely over supplied with record high stock levels.

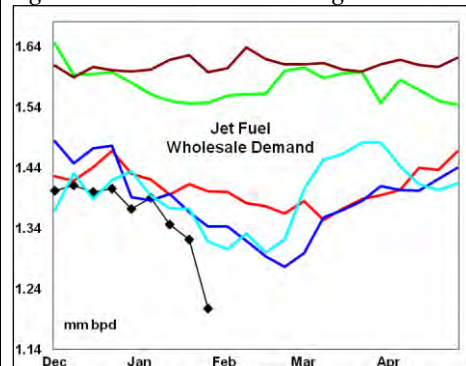
The recession in Europe may lead to lower exports from the Gulf during 2012, and some rebuilding of stock levels in PADDs 1 & 3.

**Jet Fuel** demand reversed last weeks' surge, falling -310,000 bpd on the week. The latest 4-wk average demand was -57,000 bpd below a year ago.

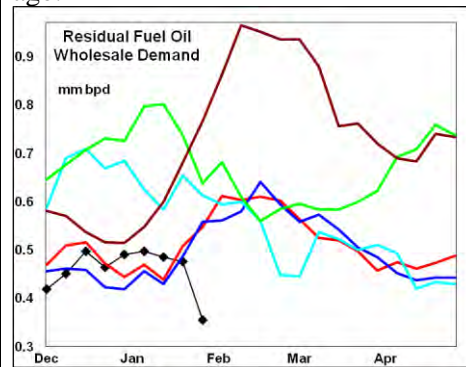
Supply fell -62,000 bpd last week, on lower production. Stocks climbed +0.8 million barrels last week, a level slightly below the last 2-years.

Stock levels are above average to record high levels in all regions except the East Coast. Combined with a seasonal decline in demand, markets other than PADD 1 should be very well supplied for the balance of the 1st quarter.

*Exceptionally low local supply has tightened the East Coast region.*



**Residual fuel oil** demand decreased -171,000 bpd on the week, to a level below the last 2-years. The latest 4-wk average was -8,000 bpd below a year ago.



Supply (production + imports) increased +102,000 bpd last week, on higher imports. The latest 4-wk average supply was -151,000 bpd below last year. Stocks increased +0.5 million barrels but remain at a level below the 5-year range.

Expect an upturn in seasonal demand, limited by low heating degree days and natural gas substitution. Low production and imports into the key Gulf region should lead to additional seasonal stock draws. Very low stocks on the East Coast, combined with the draw down in the Gulf point to a further tightening in supplies.





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

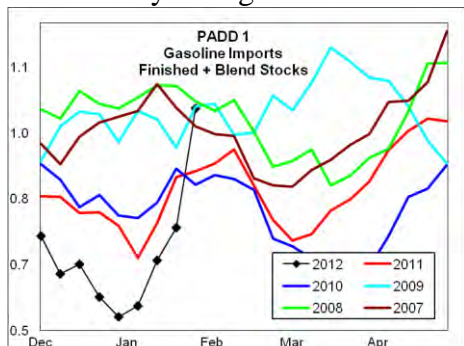
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#### PADD Supply Trends

**PADD 1** refinery crude oil runs decreased -29,000 bpd on the week, with the latest 4-wk average -146,000 bpd below last year, and a record low rate for this time of year.

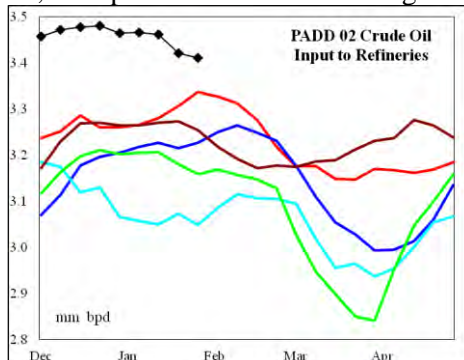
Gasoline imports spiked +424,000 bpd to a level that matched 5-year highs.



Stocks increased +2.7 million barrels to a level that matched 5-year highs. Stock levels in the key Central Atlantic Region are now near the mid range.

Distillate supply increased +3,000 bpd last week on sharply higher imports; with the latest 4-wk average -116,000 bpd below last year. Stocks decreased -0.8 million barrels on the week, with the level at the low end of the 5-year range.

Jet fuel stocks decreased -0.1 million barrels last week while local supply (production + imports) was -50,000 bpd below the historic range.



**PADD 2** crude oil refinery runs decreased -55,000 bpd last week, with the 4-wk average +180,000 bpd above last years' highs. Crude imports were nearly unchanged on the week, with the latest 4-wk average +0.3 million

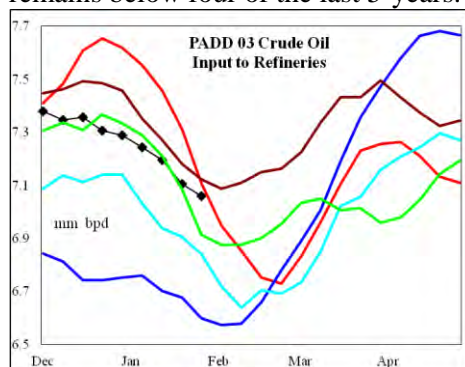
bpd above a year ago.

Gasoline production increased +39,000 bpd, to a level at the mid range. Stocks increased +1.2 million barrels to a new 5-year high.

Distillate production jumped +90,000 bpd, to a level above the historic range. Stocks were nearly unchanged on the week, at a level comparable to the last 3-years.

Jet fuel production fell -42,000 bpd, a level still above the historic range. Stocks were +5% above 5-year highs.

**PADD 3** refinery runs increased +75,000 bpd last week, a level above the mid range. The latest 4-wk average thru put was -194,000 bpd below last year. Crude oil imports decreased -0.3 million bpd, a level that matched 5-year lows. Stocks increased +3.3 million barrels, although the level remains below four of the last 5-years.



Gasoline production decreased -38,000 bpd on the week. Stocks fell -0.7 million barrels last week, to a level -11% below prior record highs.

Distillate production increased +114,000 bpd on the week, with the latest 4-wk average +44,000 bpd above the previous 5-year high. Stocks increased +0.7 million barrels, although the level was -24% below last year.

Jet fuel supply fell -51,000 bpd on the week, to a level comparable to the last 3-years. Stocks jumped +1 million barrels to a level near the last 2-years.

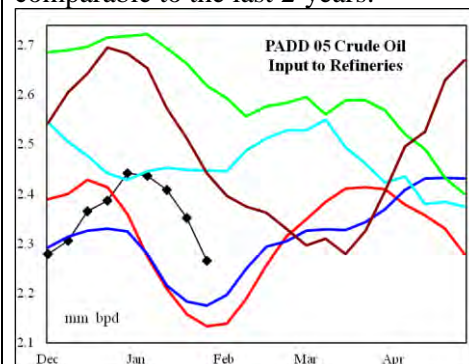
Residual fuel oil supplies increased +55,000 bpd on higher imports. Stocks were nearly unchanged, -16% below last years' high.

**PADD 4** refinery crude runs increased +24,000 bpd, with the level a record high for this time of year. The most recent 4-wk average run rate was +70,000 bpd above a year ago.

Gasoline production increased +7,000 bpd on the week, with the latest 4-wk average -38,000 bpd below last year. Stocks increased +0.4 million barrels to a record high level.

Distillate production declined -8,000 bpd last week, with the level +22% above last year. Stocks were +10% above the prior 5-year high.

**PADD 5** crude oil refinery runs declined -104,000 bpd last week, a level above the last 2-years. The latest 4-wk average thru put was +227,000 bpd above last year. Light product yield % on crude oil runs was comparable to the last 2-years.



Gasoline production increased +31,000 bpd last week to a level near the last 2-years. Supply (production + imports) for the latest 4-wk average was +20,000 bpd above a year ago. Stocks fell -0.6 million barrels on the week, with the level matching 5-year lows.

Distillate supply declined -58,000 bpd on the week, but remains at a level above the last 2-years. The latest 4-wk average supply was +57,000 bpd above a year ago. Stocks increased +0.1 million barrels to a level above 5-year highs.

Jet fuel supply increased +16,000 bpd, to a level above the last 2-years. Stocks increased +0.2 million barrels on the week, to a level below the mid range.

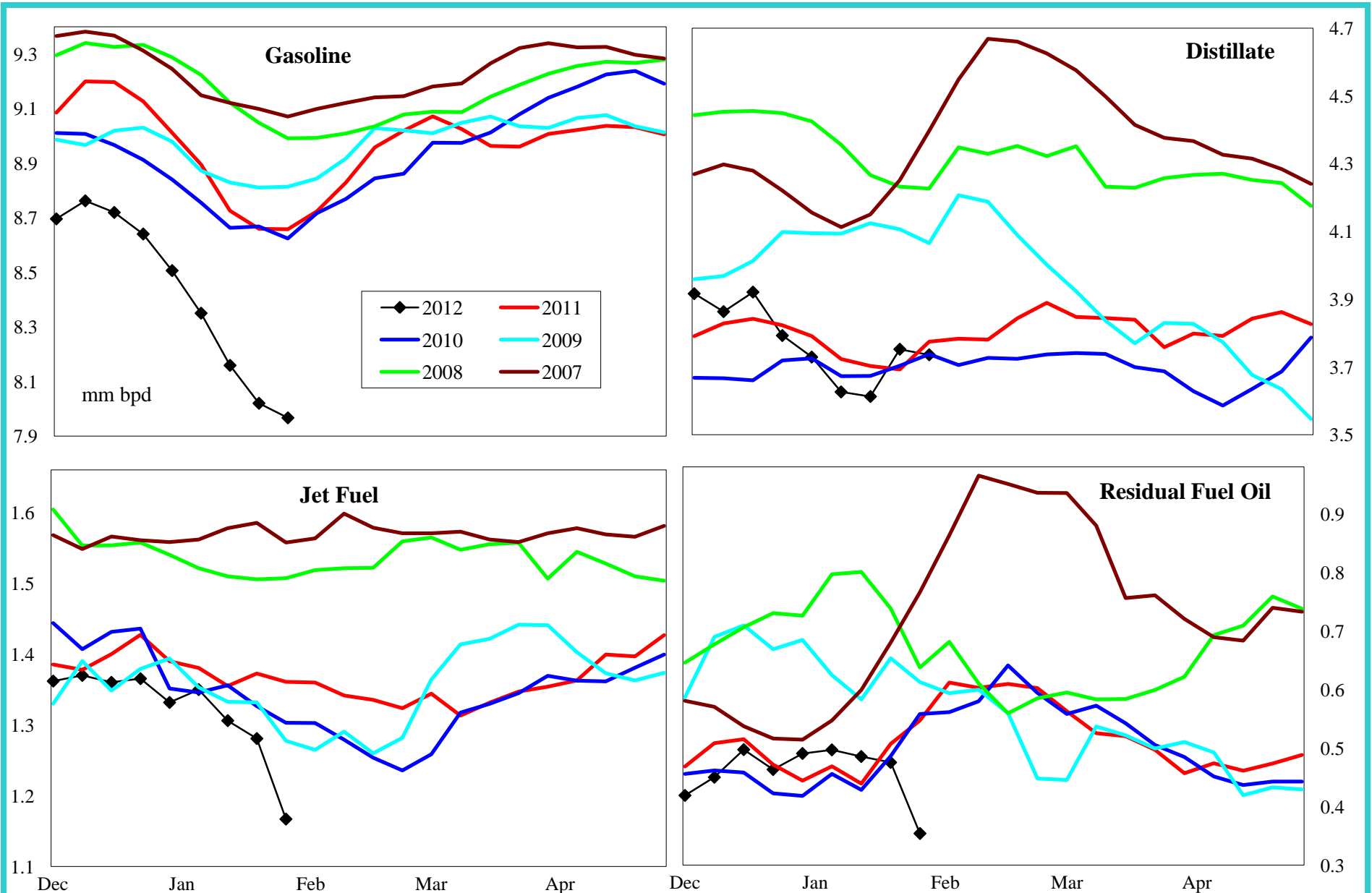


# PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report February 1, 2012  
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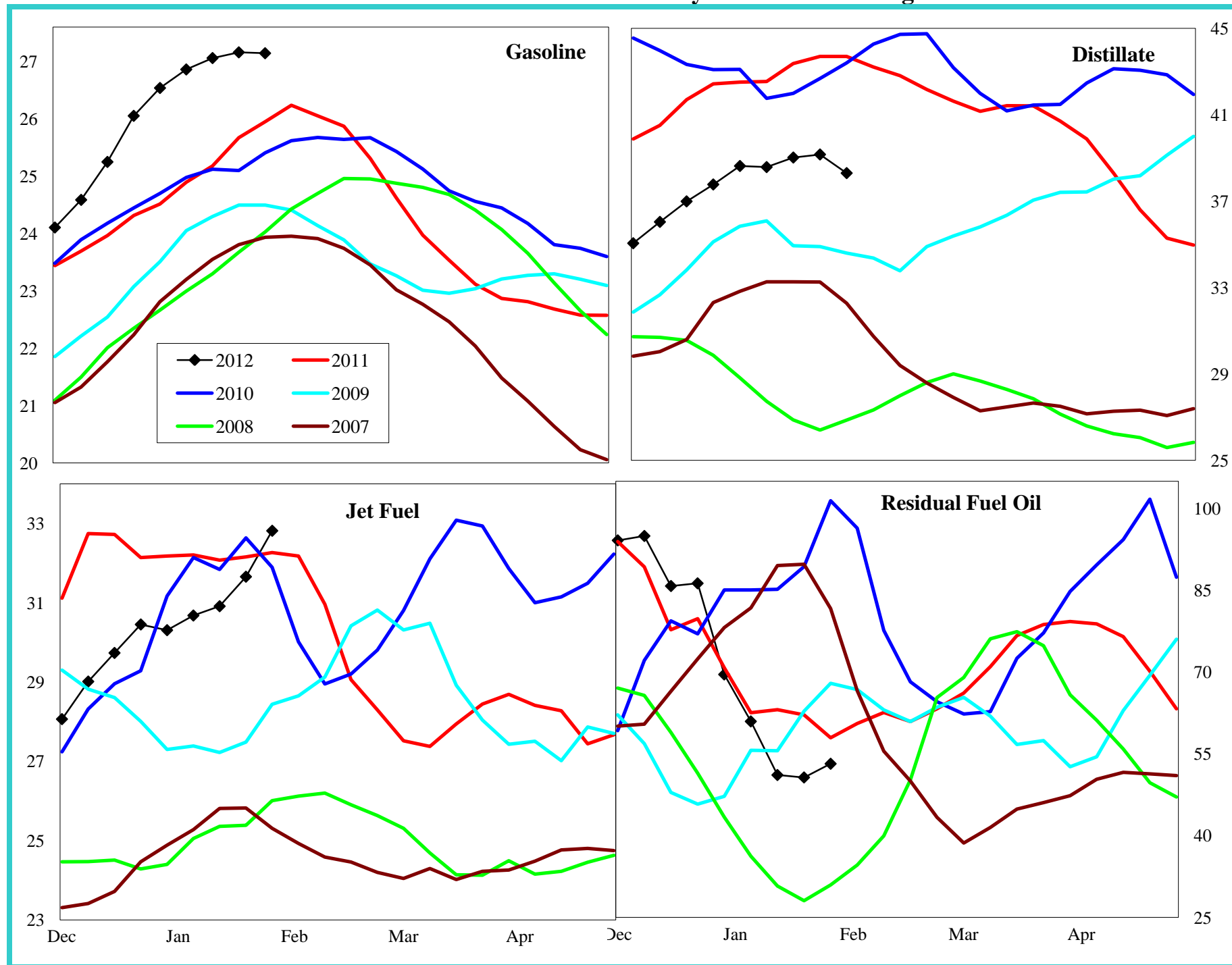
Fundamental Trends	<a href="#">Wholesale Demand</a>	<a href="#">Stocks Days Fwd Coverage</a>	<a href="#">Refinery Utilization Product Yield %</a>				<a href="#">Imports</a>
Supply/Demand Trends	27-Jan-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<a href="#">Crude Oil</a>	Stocks	4,175	192	1,497	3,289	46	-850
	Imports	27	-7	-57	-321	89	323
	Input	-89	-29	-55	75	24	-104
	% Utilization	-0.40					
<a href="#">Gasoline</a>	Stocks	3,017	2,700	1,238	-711	365	-575
	Production	-28	-73	39	-38	7	31
	Imports	323	424	-37	-49	0	-14
	Supplied	-131					
<a href="#">Distillate</a>	Stocks	-135	-838	-128	682	6	144
	Production	136	-7	90	114	-8	-52
	Imports	46	10	1	43	-2	-6
	Supplied	-150					
<a href="#">Jet Fuel</a>	Stocks	818	-134	-217	995	22	151
	Production	-65	9	-42	-51	-1	19
	Imports	3	6	0	0	0	-3
	Supplied	-310					
<a href="#">Residual Fuel Oil</a>	Stocks	526	410	-6	101	-3	25
	Production	-29	-2	-28	-6	2	5
	Imports	131	47	-1	61	0	24
	Supplied	-171					

# United States Wholesale Petroleum Demand

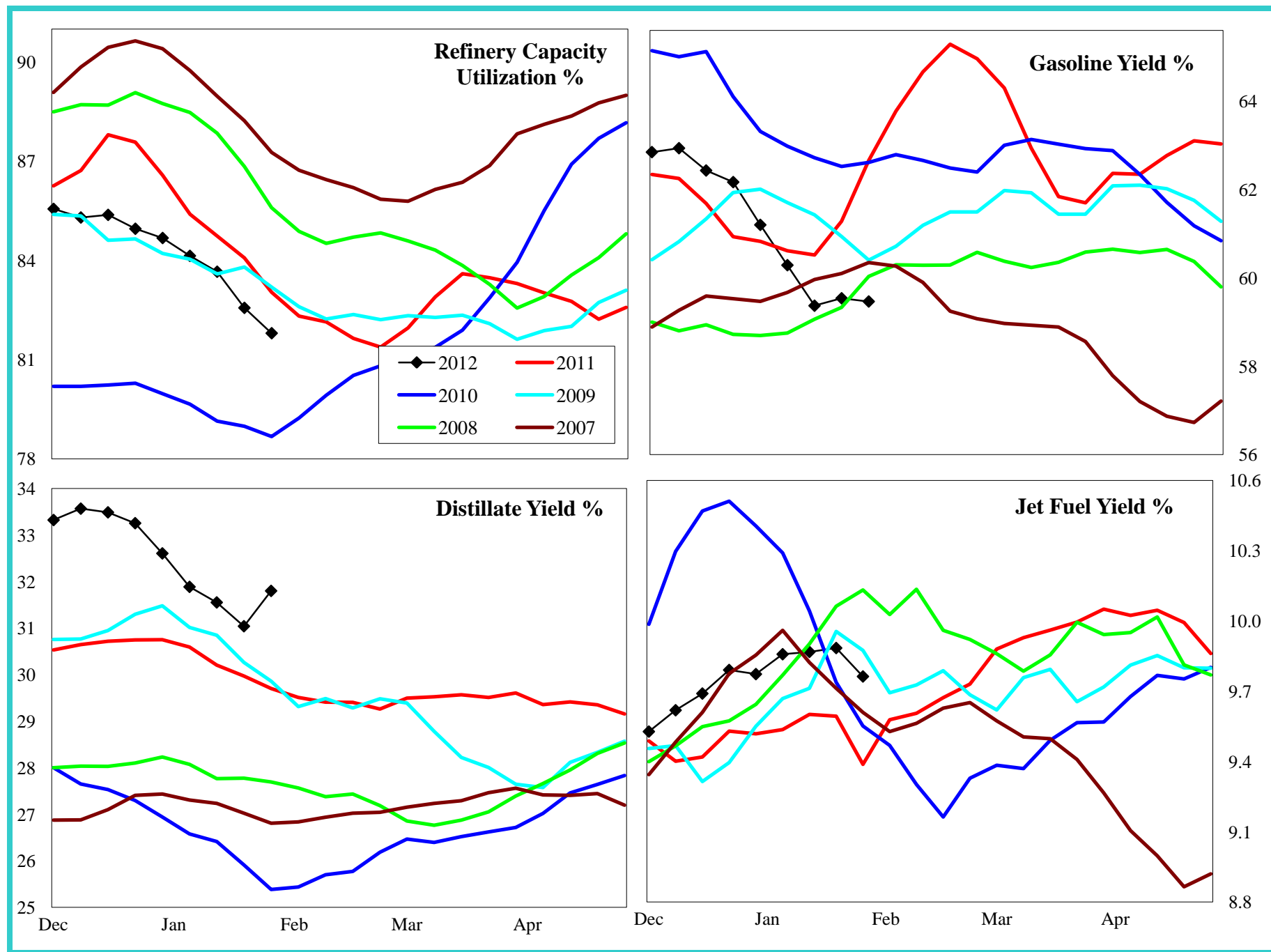


	000 bpd change from prior year				% change from prior year			
	4wk avg	Dec	Nov	Oct	4wk avg	Dec	Nov	Oct
<b>Gasoline</b>	-634	-155	-152	-359	-7.3	-1.7	-1.7	-4.0
<b>Distillate</b>	-61	-255	92	446	-1.7	-6.1	2.4	11.8
<b>Jet Fuel</b>	-57	22	81	-14	-4.1	1.6	5.8	-1.0
<b>Resid</b>	-8	8	-214	-202	-1.7	1.5	-38.8	-41.3

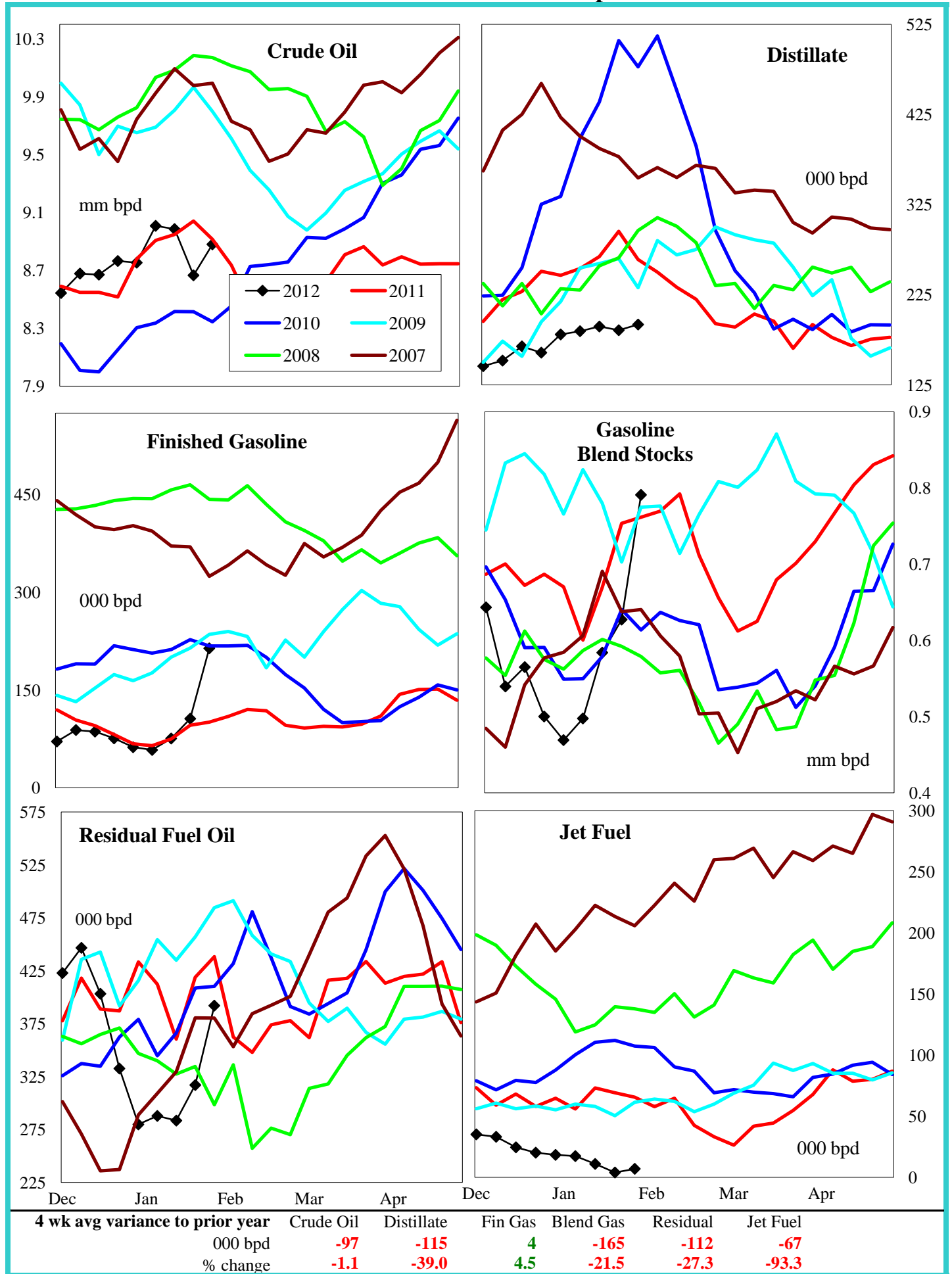


**United States Product Stocks: Days Forward Coverage**

## United States Refinery Percent Utilization Rate and Product Yields

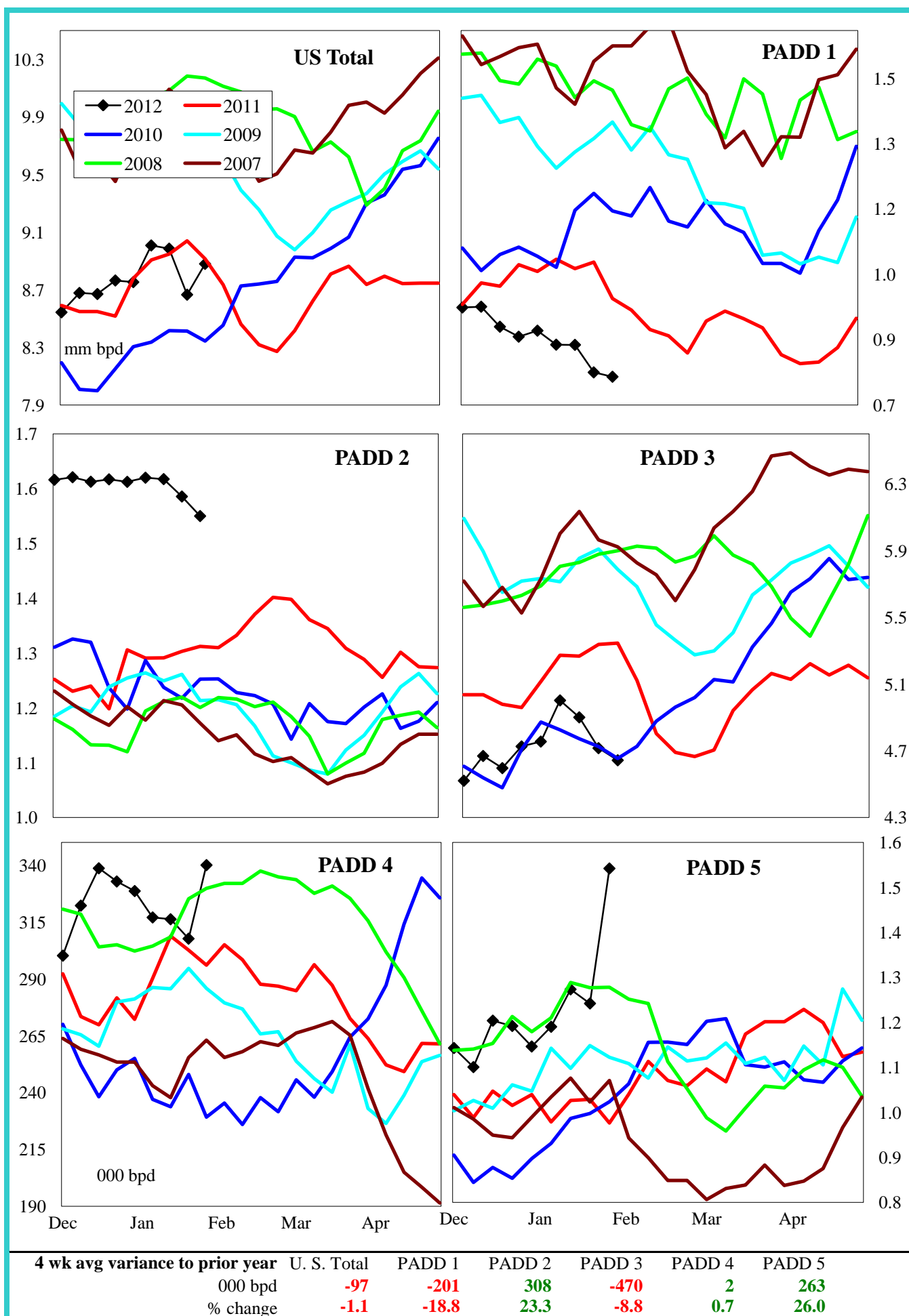


# United States Petroleum Imports

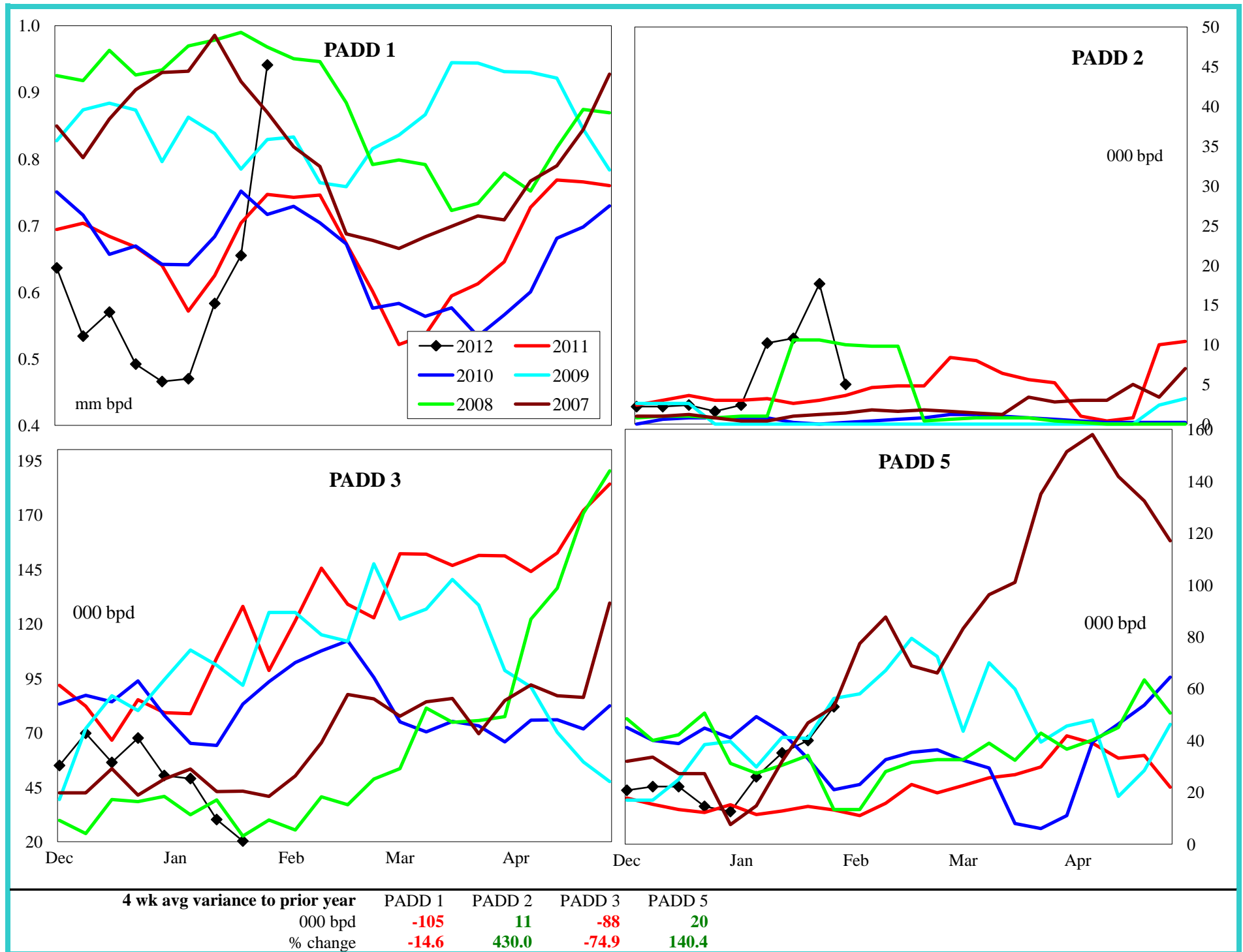




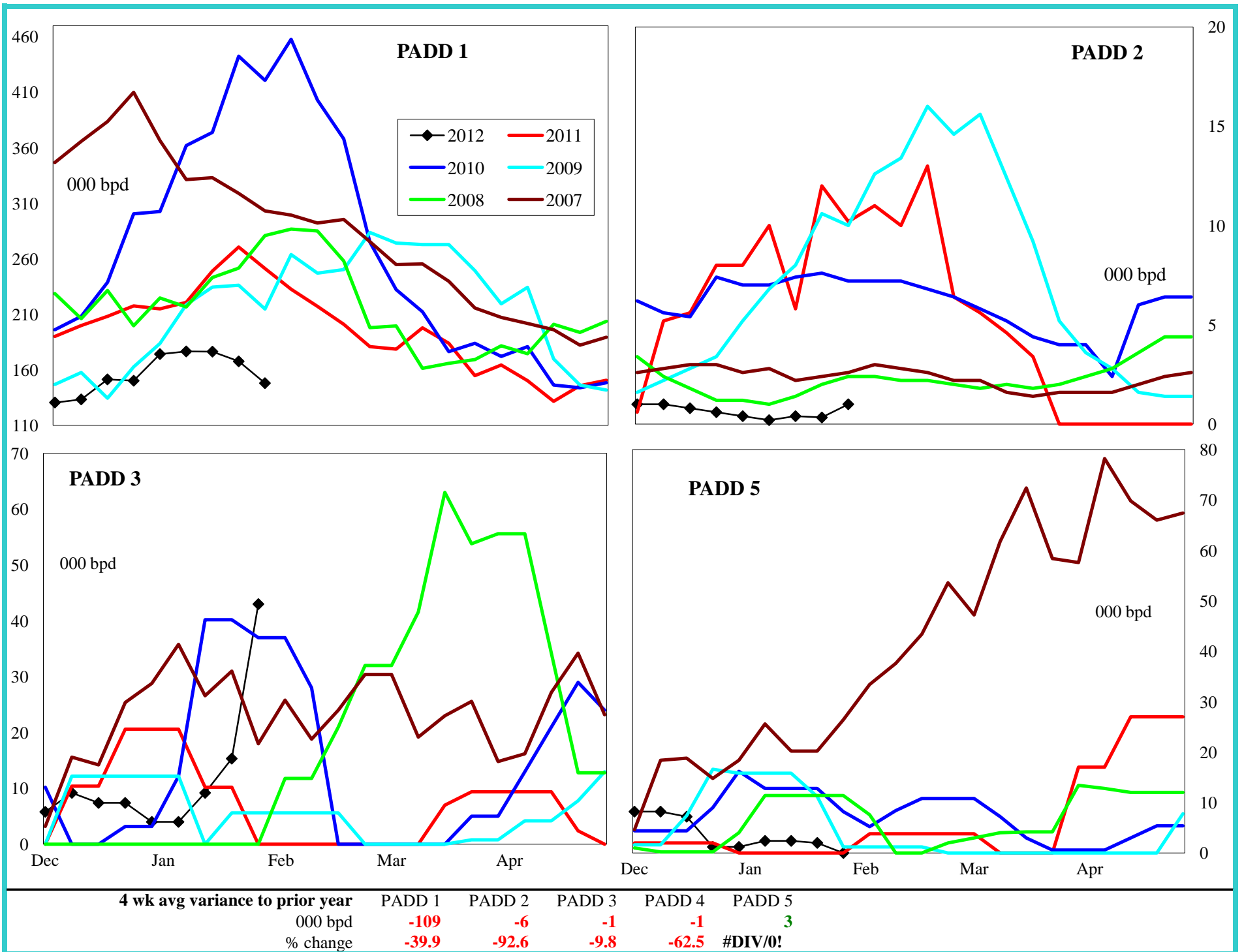
## Crude Oil Imports by PADD



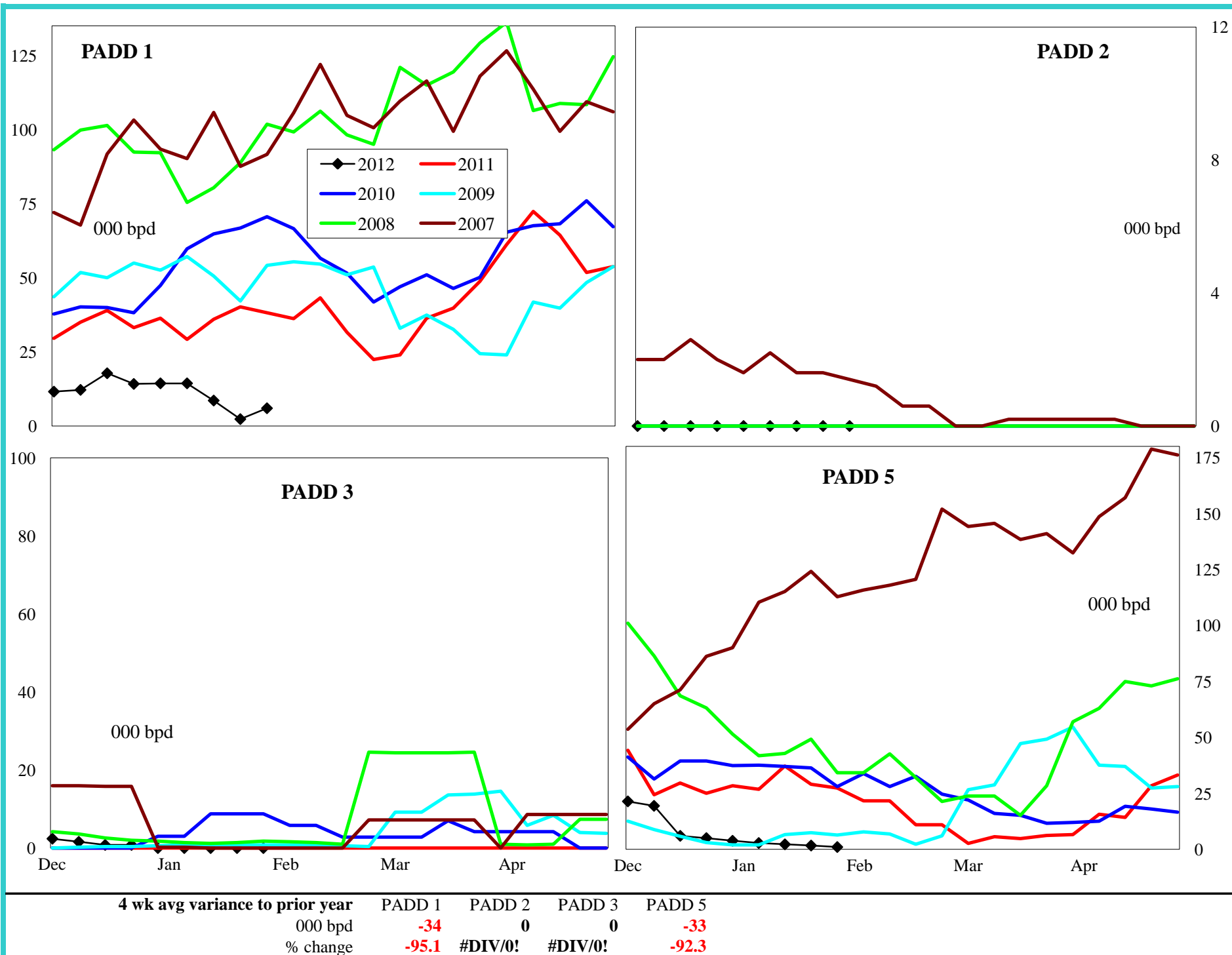
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

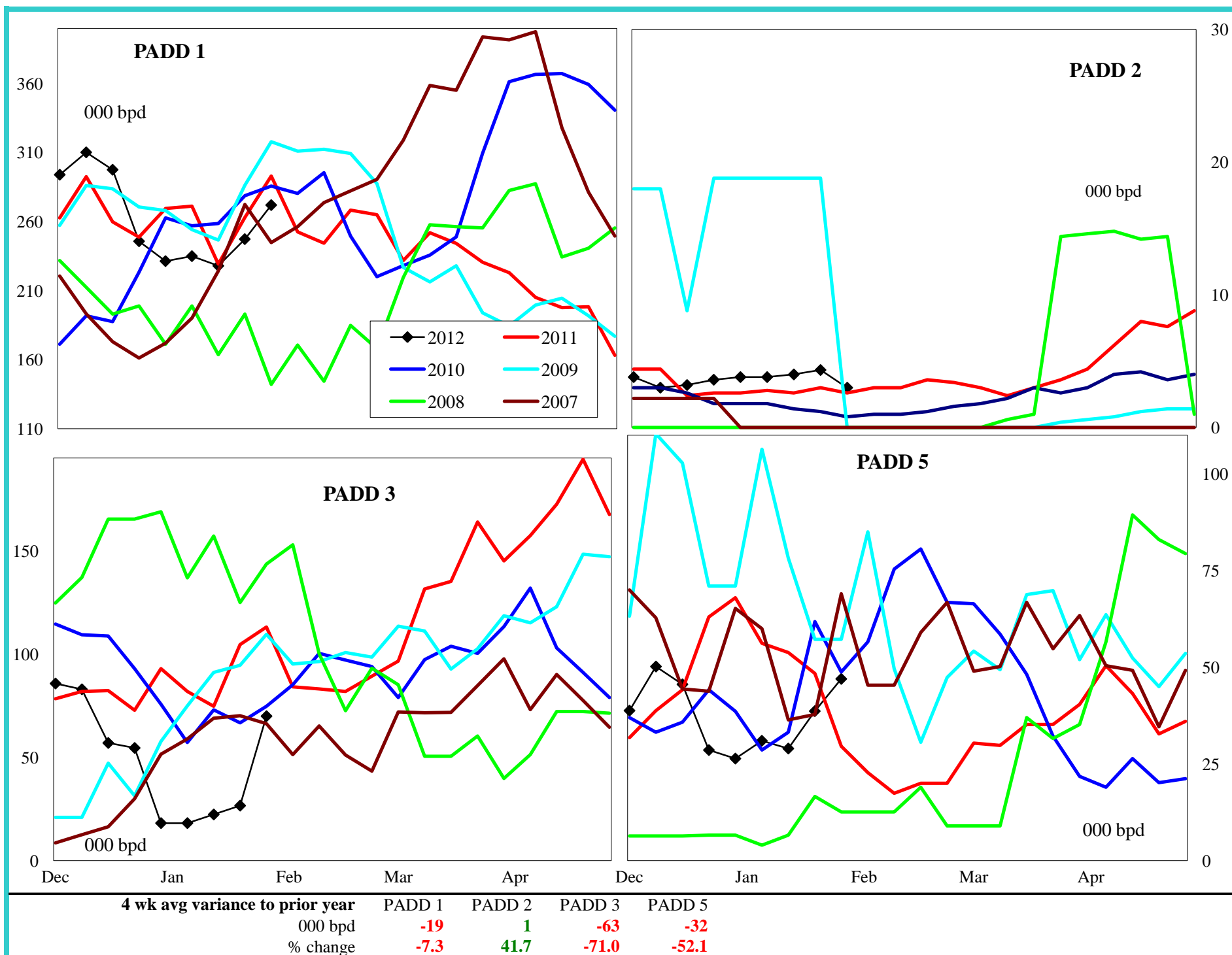


# Jet Fuel Imports by PADD

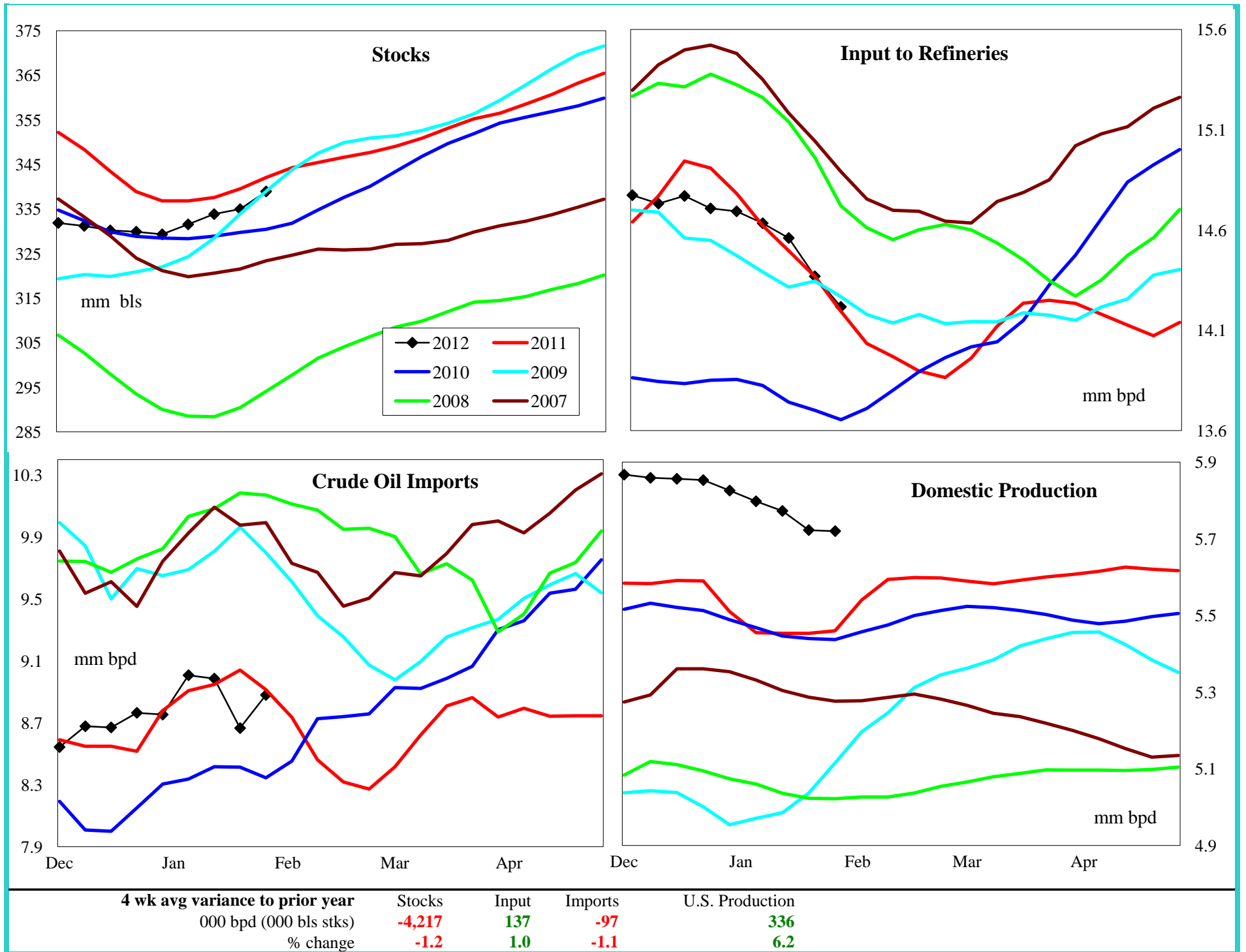




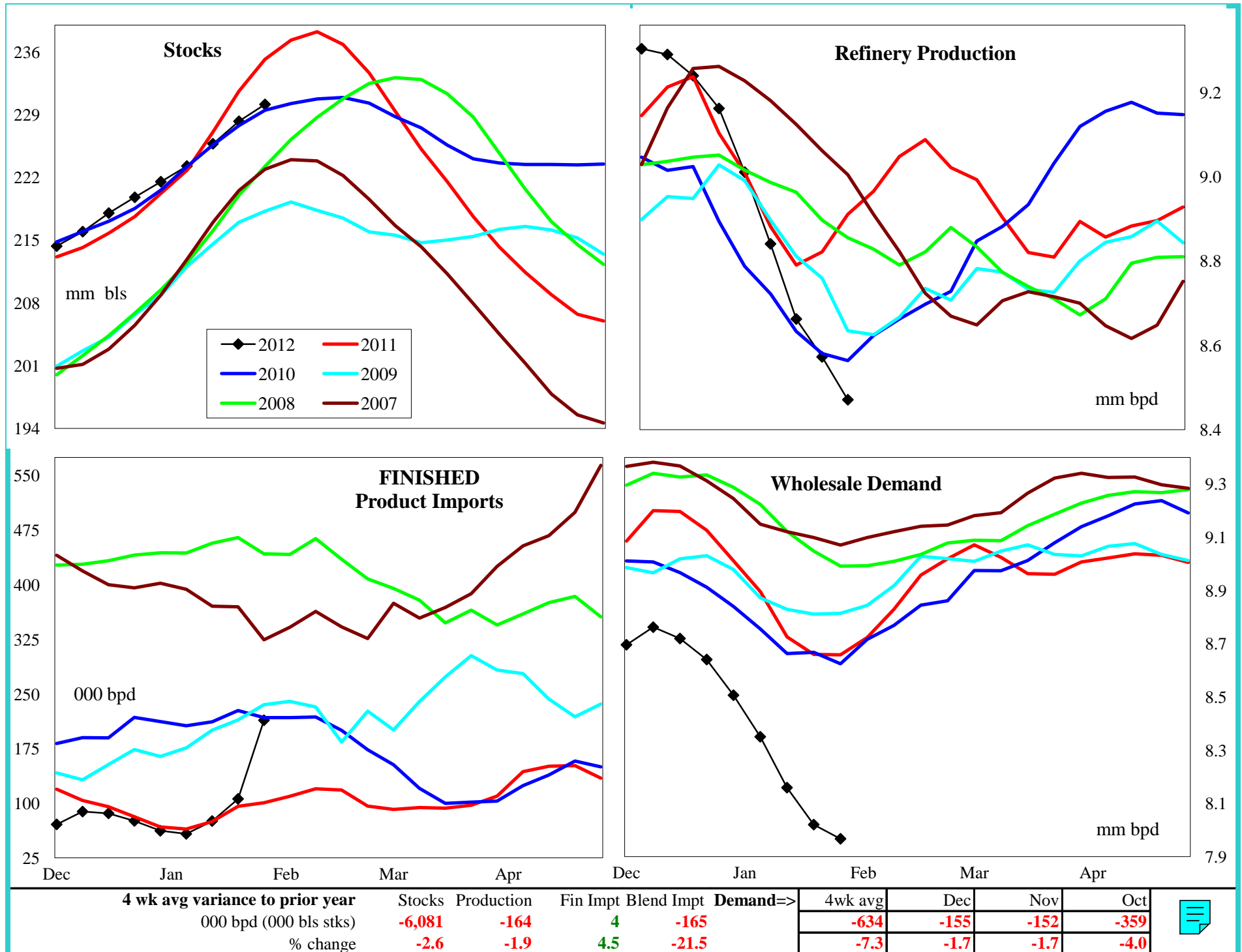
## Residual Fuel Oil Imports by PADD



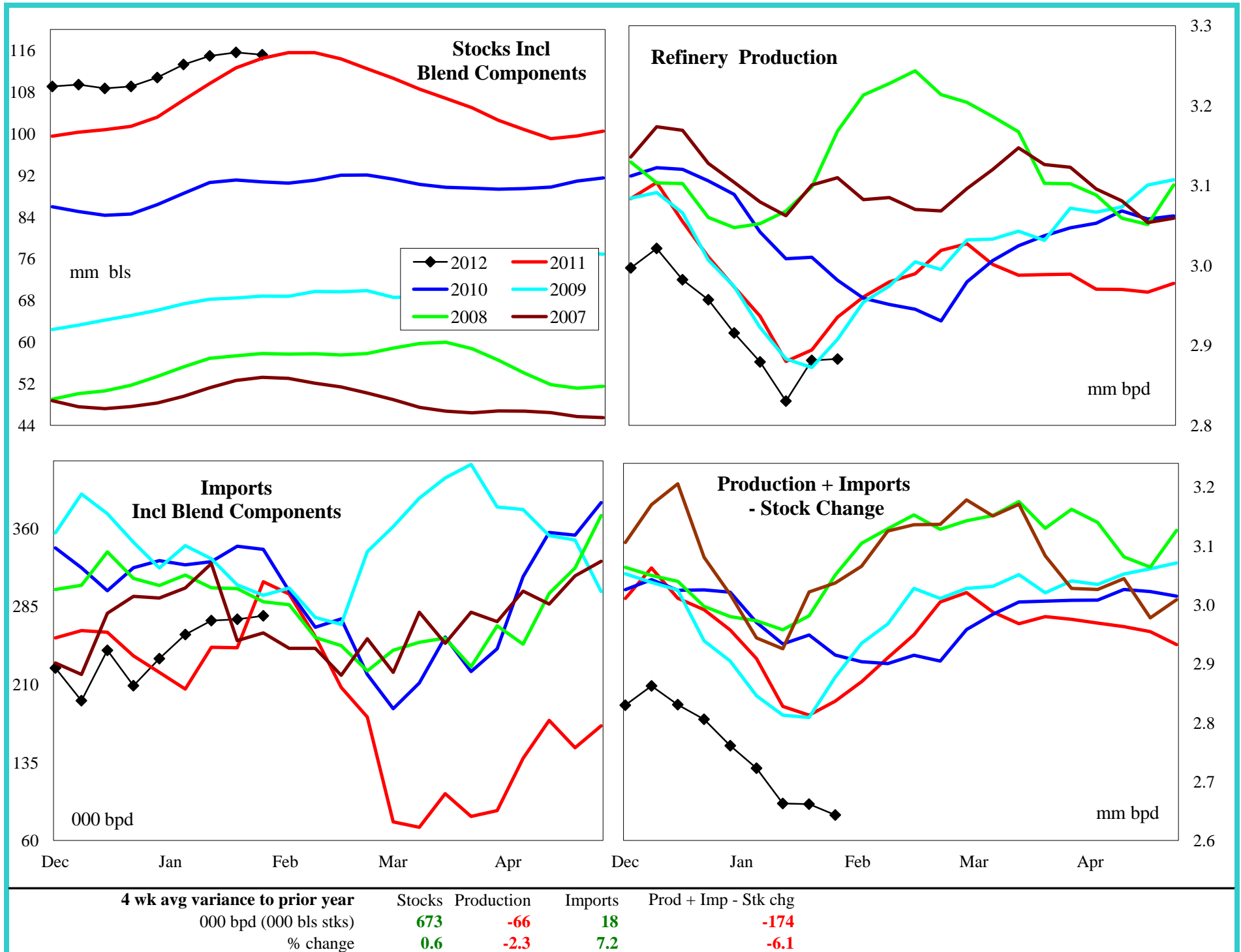
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance

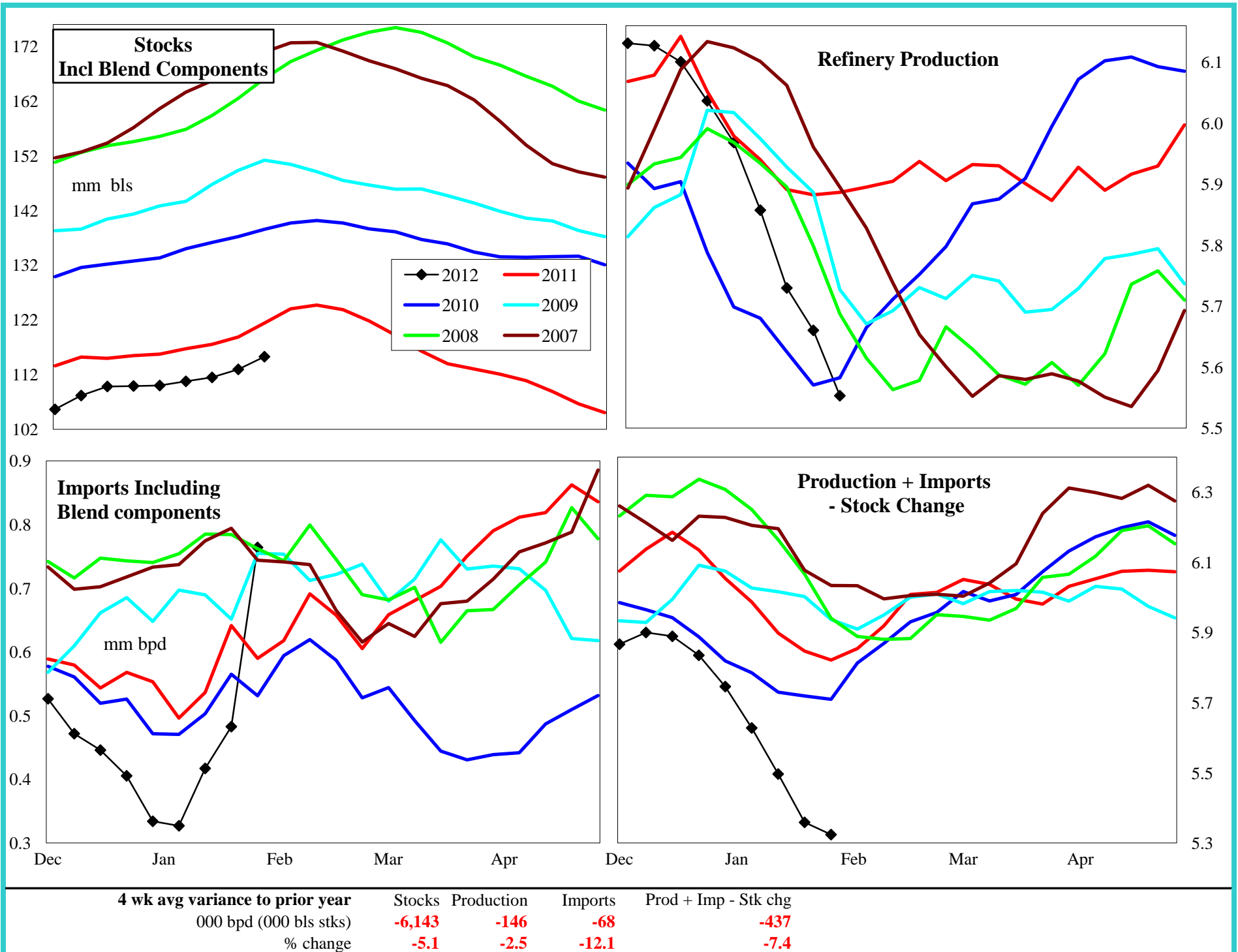


# United States Reformulated Gasoline Supply

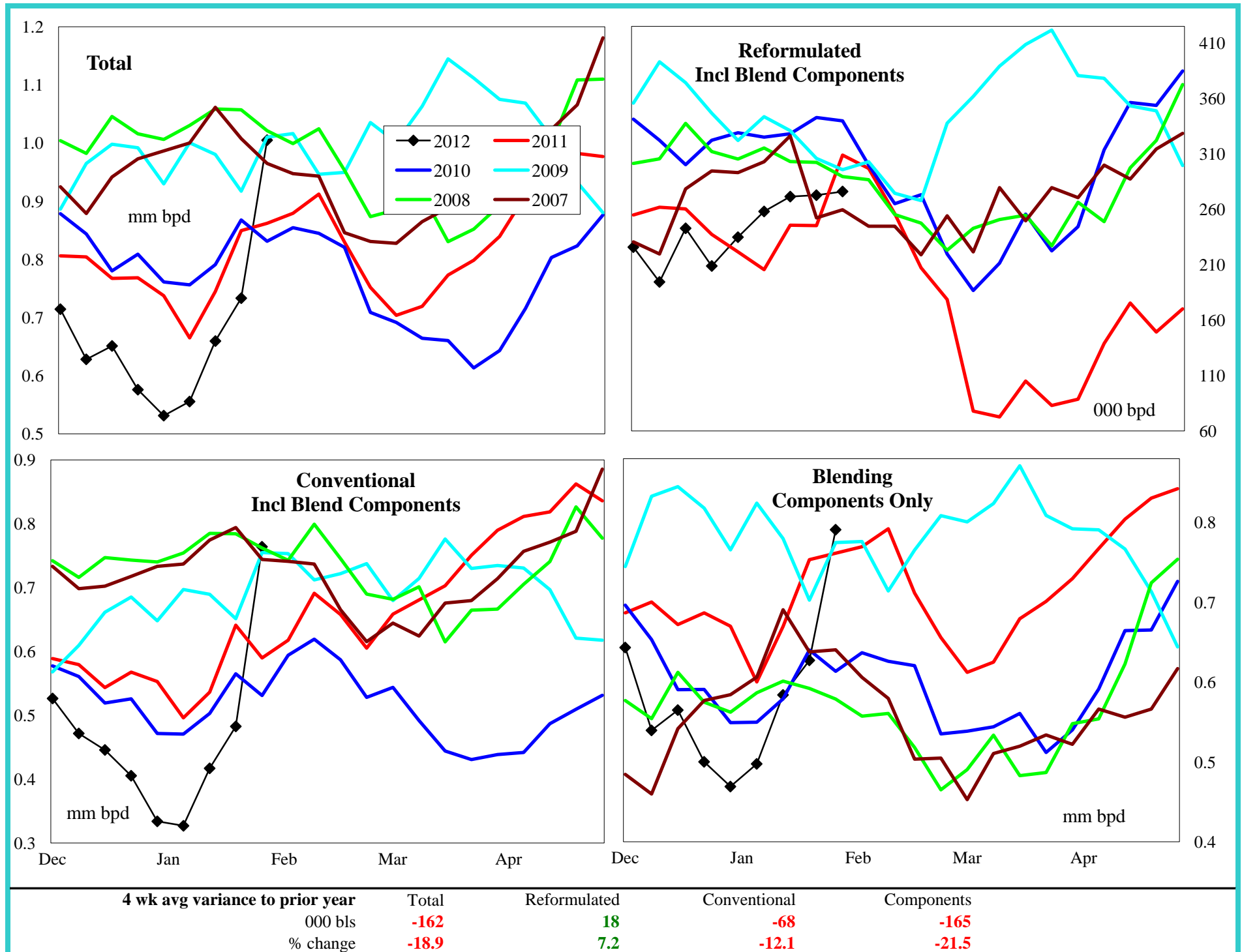




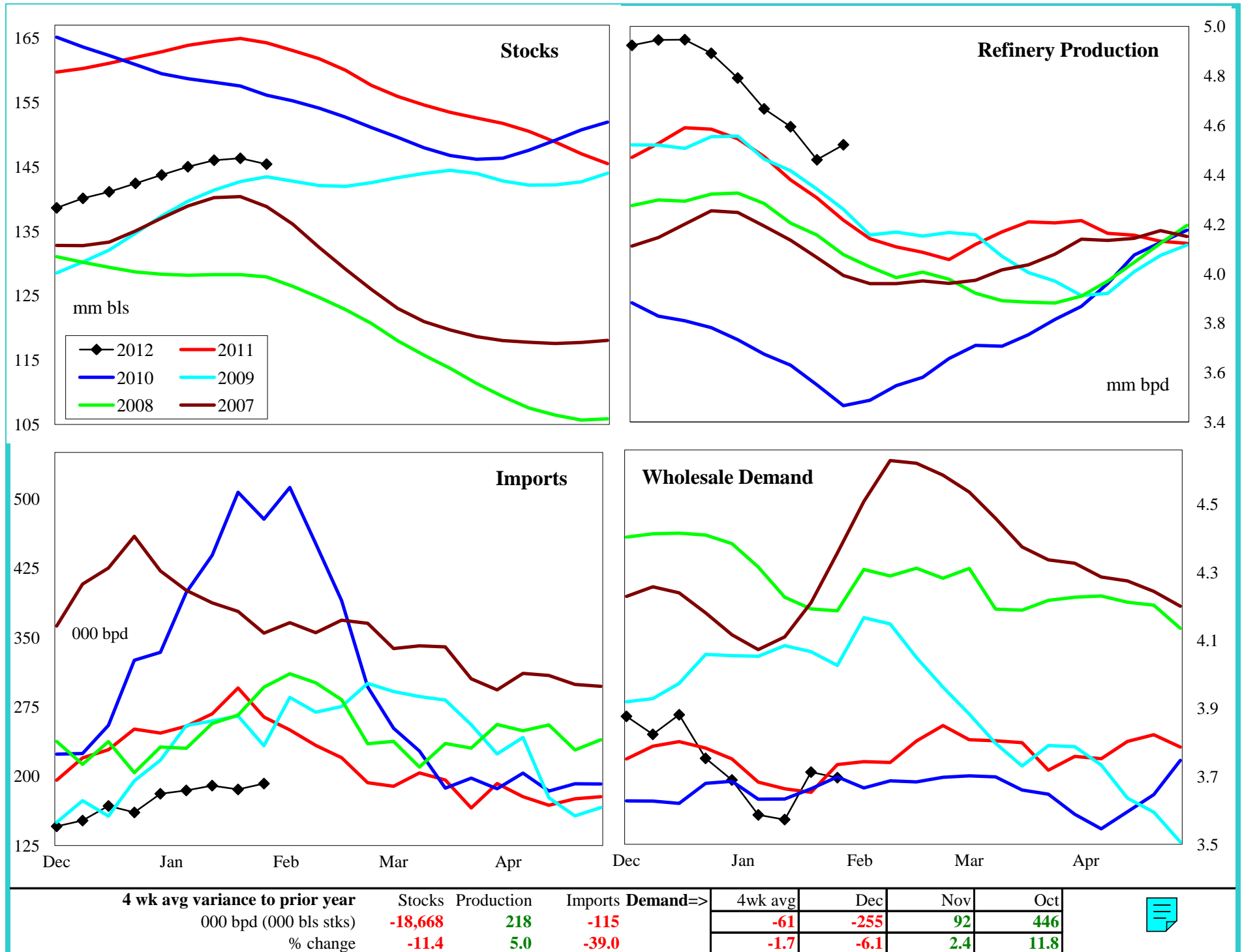
# United States Conventional Gasoline Supply



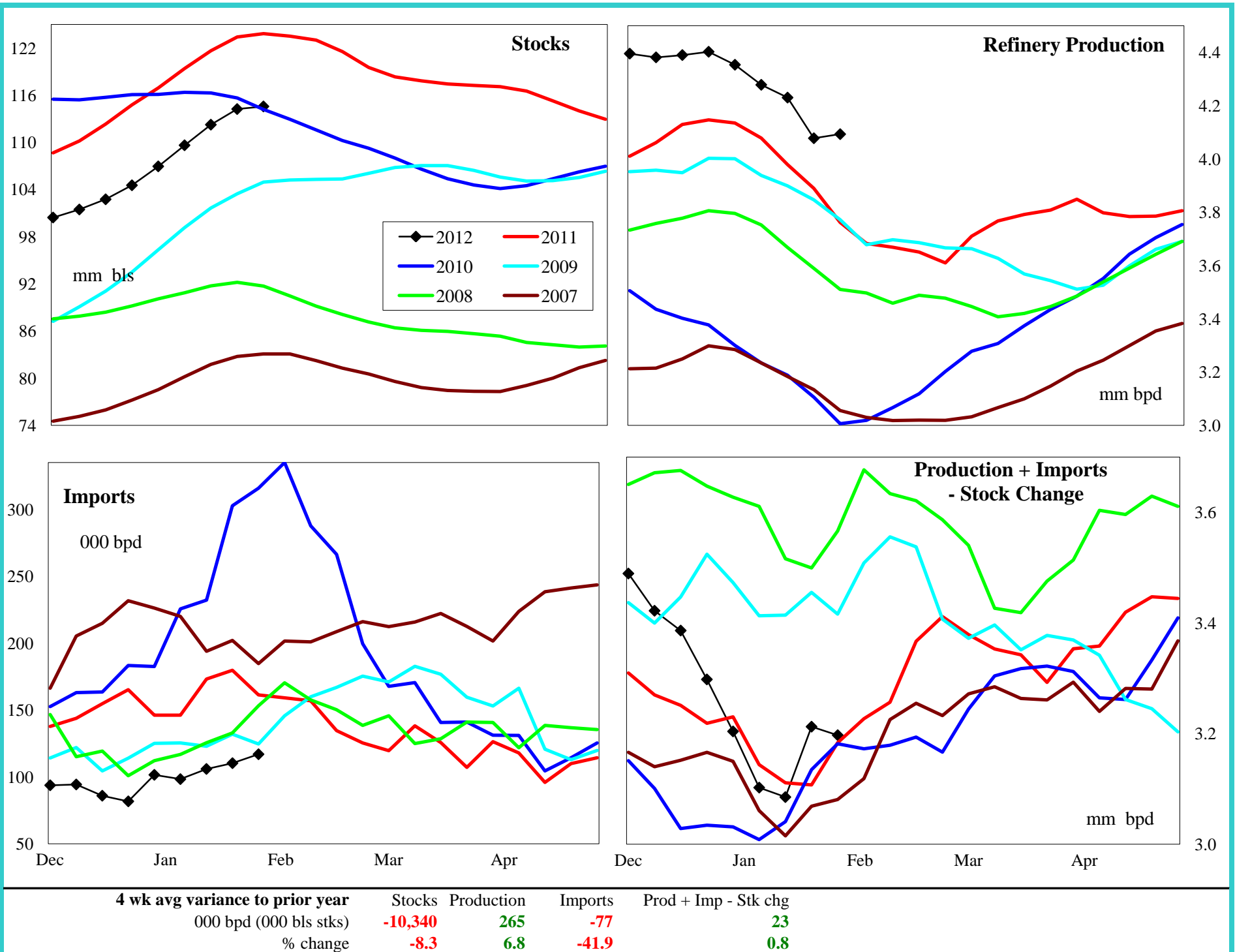
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

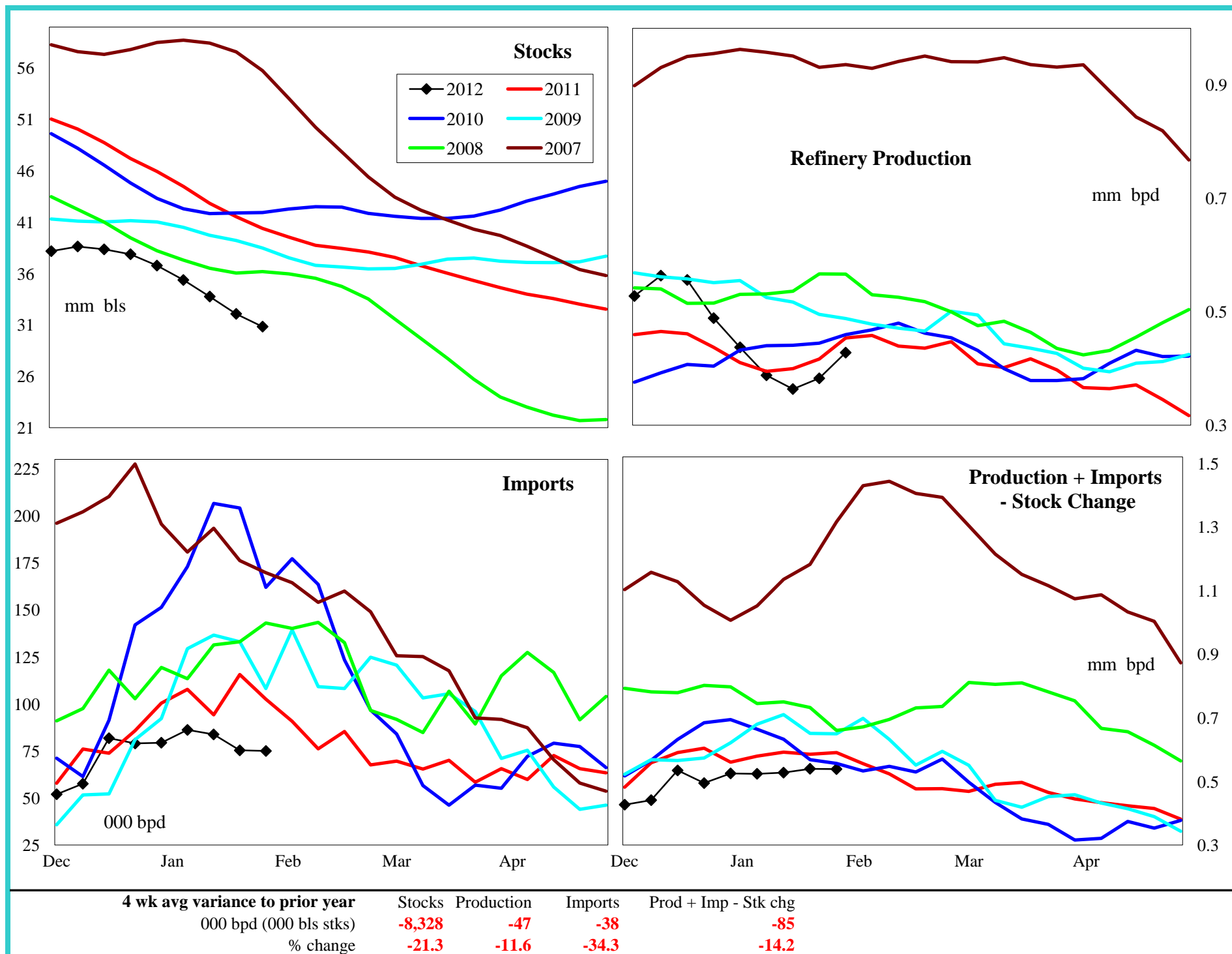


# United States Low Sulfur Distillate Supply

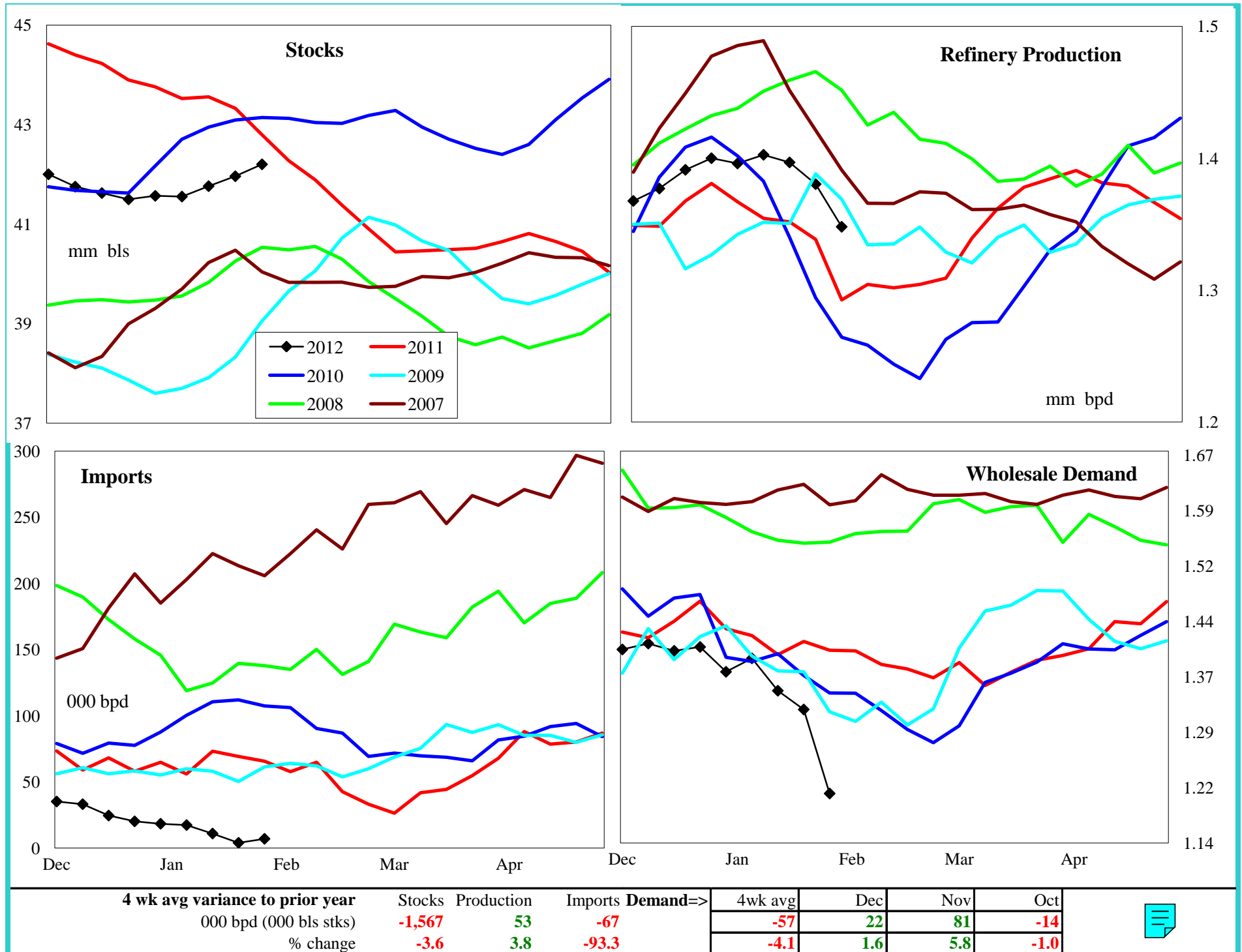




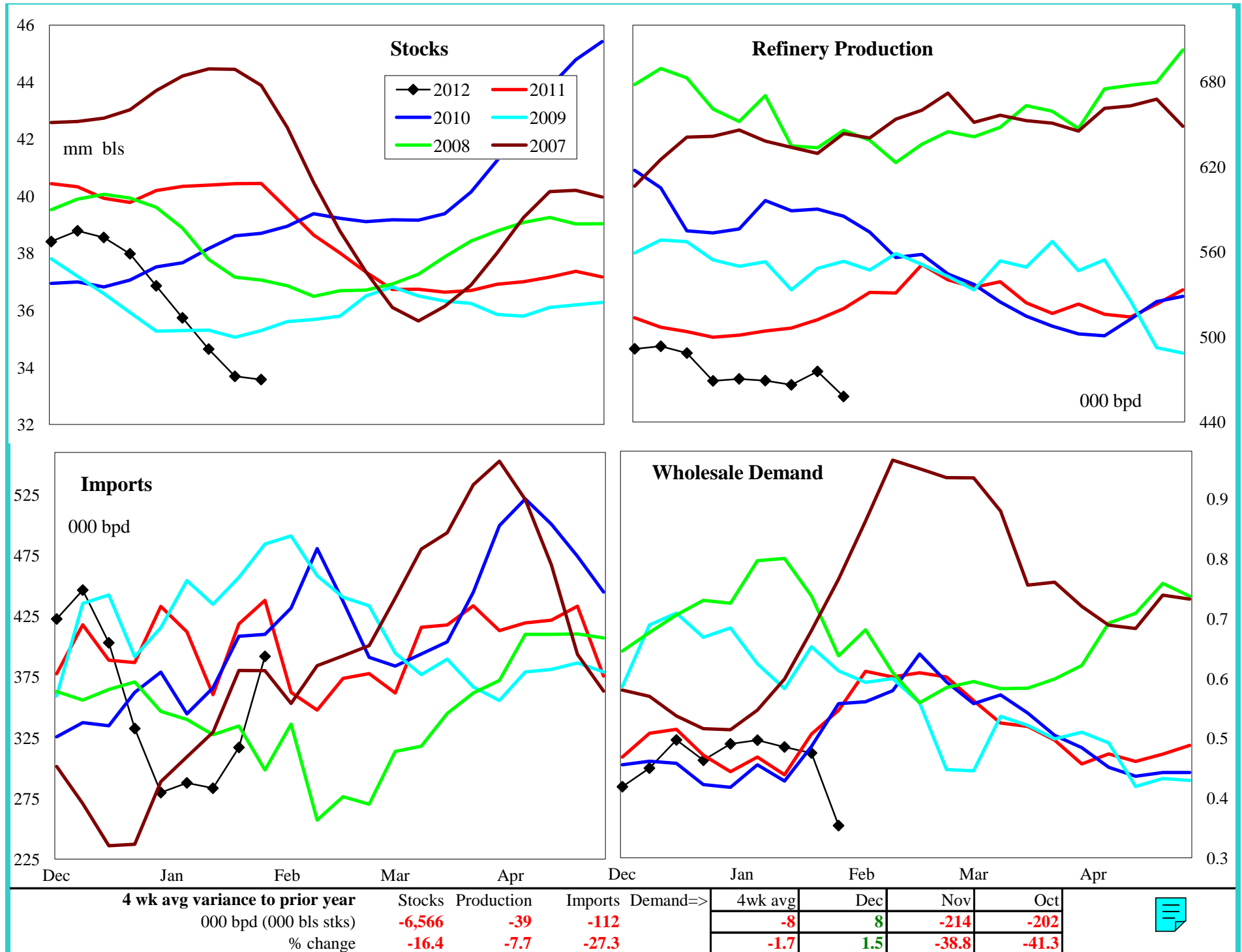
# United States High Sulfur Distillate Supply



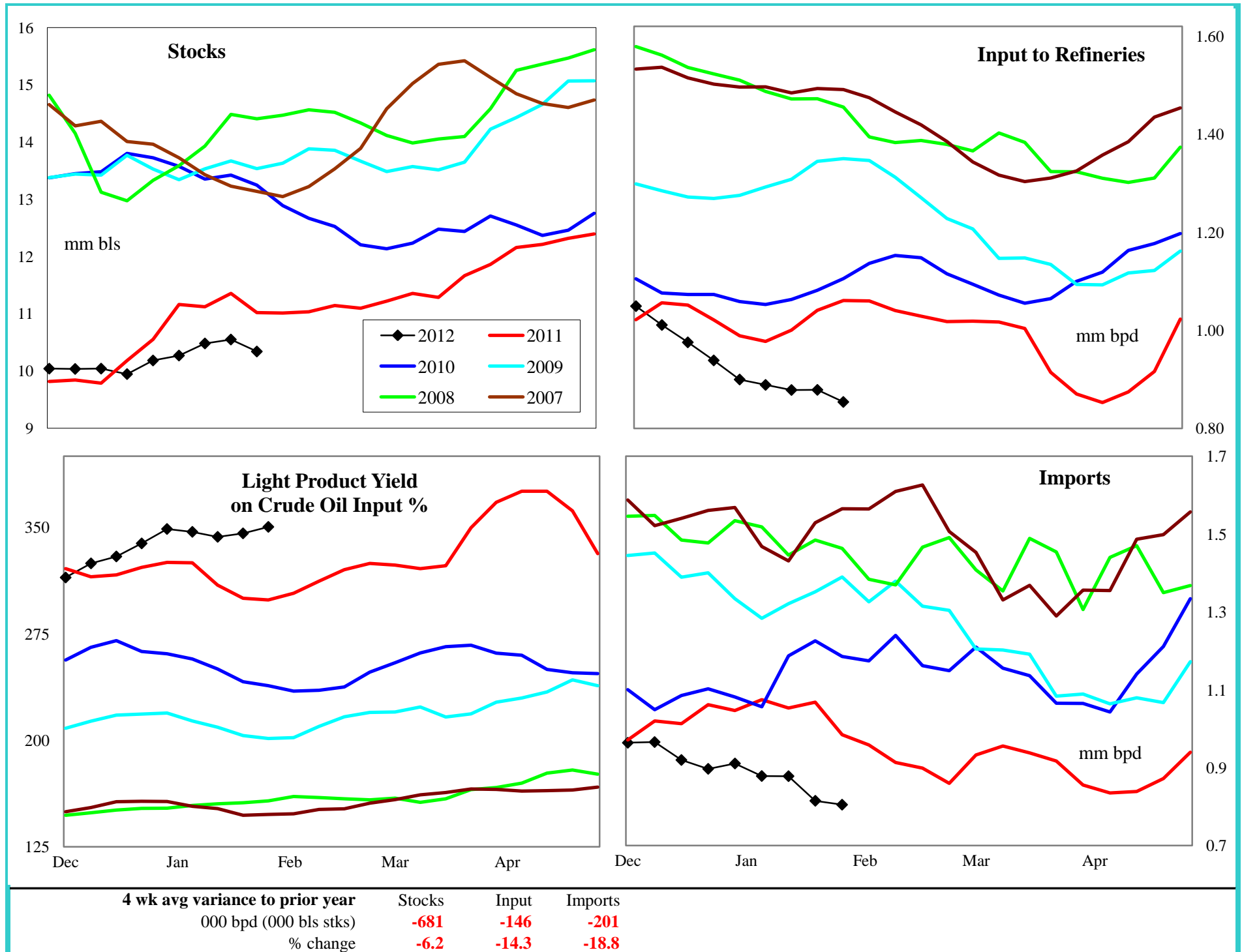
# United States Jet Fuel Supply and Demand Balance



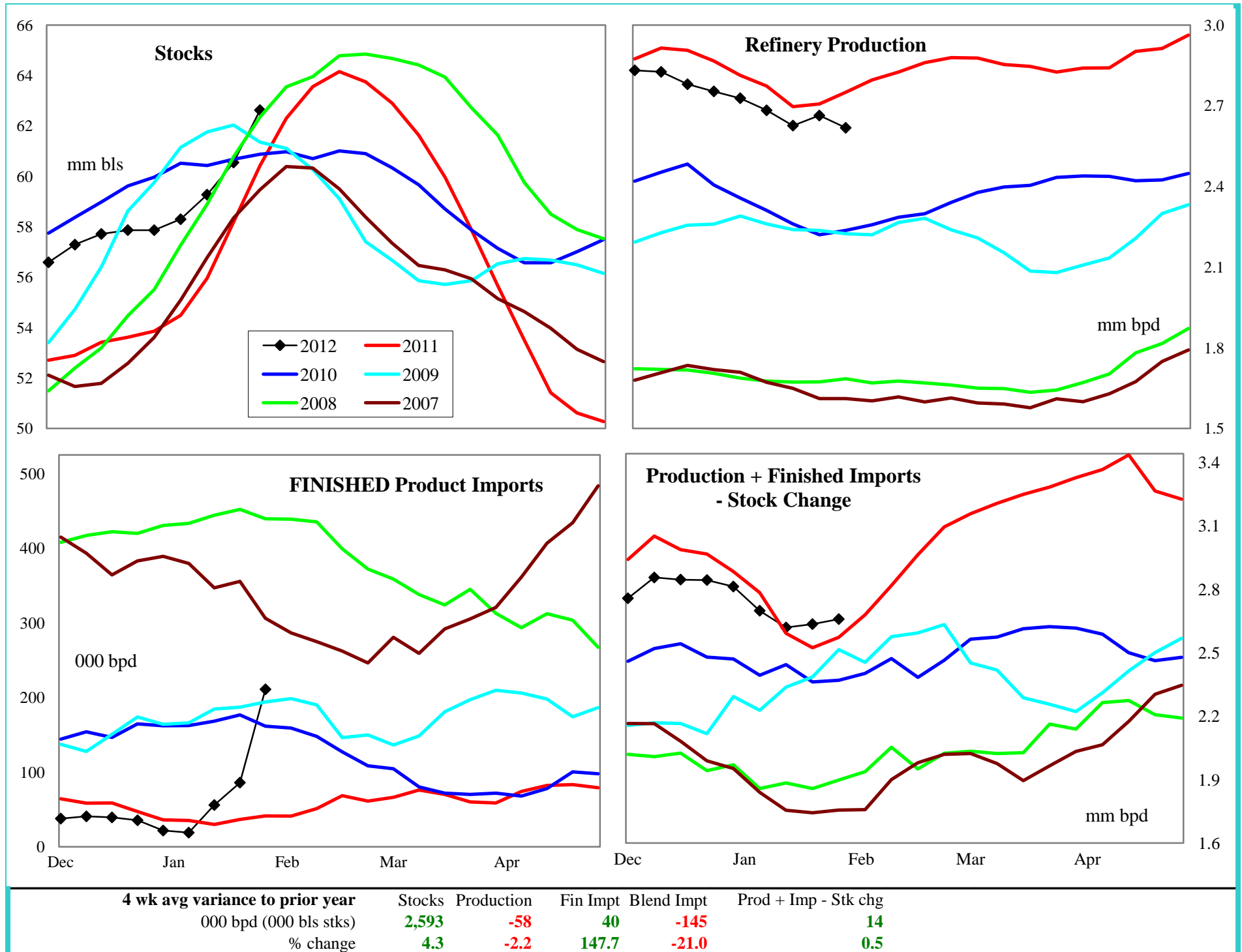
# United States Residual Fuel Oil Supply and Demand Balance



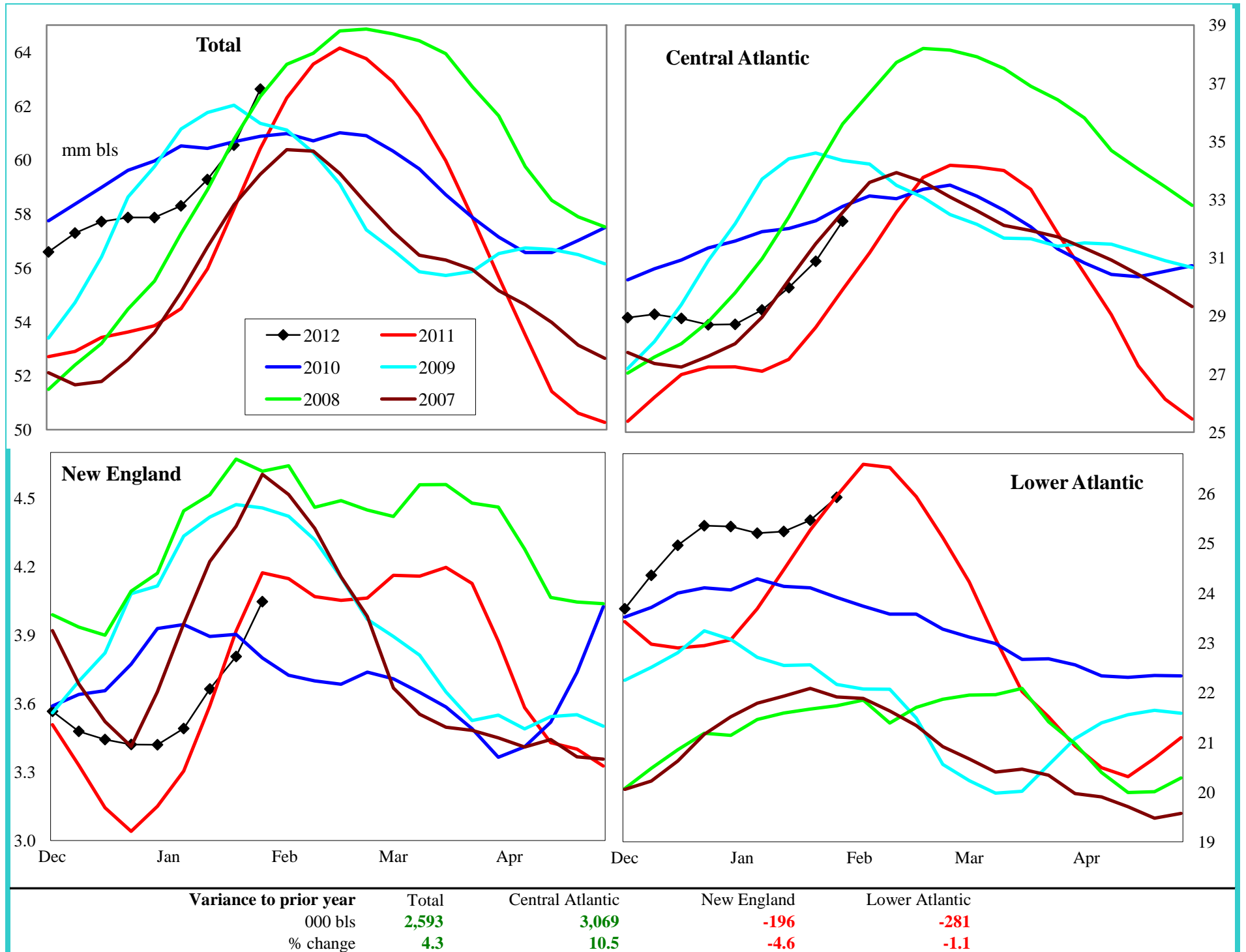
# PADD 1 Crude Oil Supply and Refining



# PADD 1 Gasoline Supply

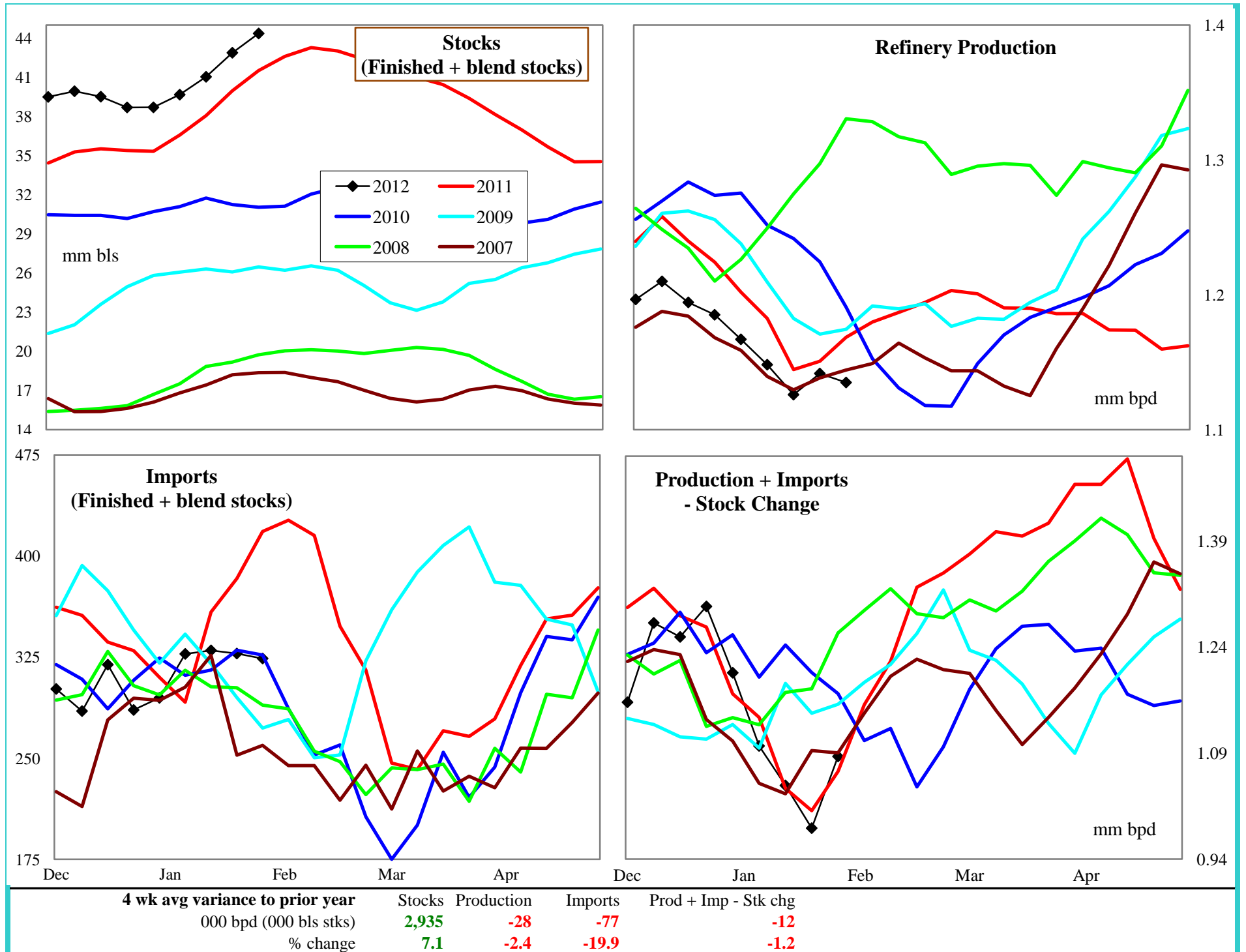


# PADD 1 Gasoline Stocks by Region

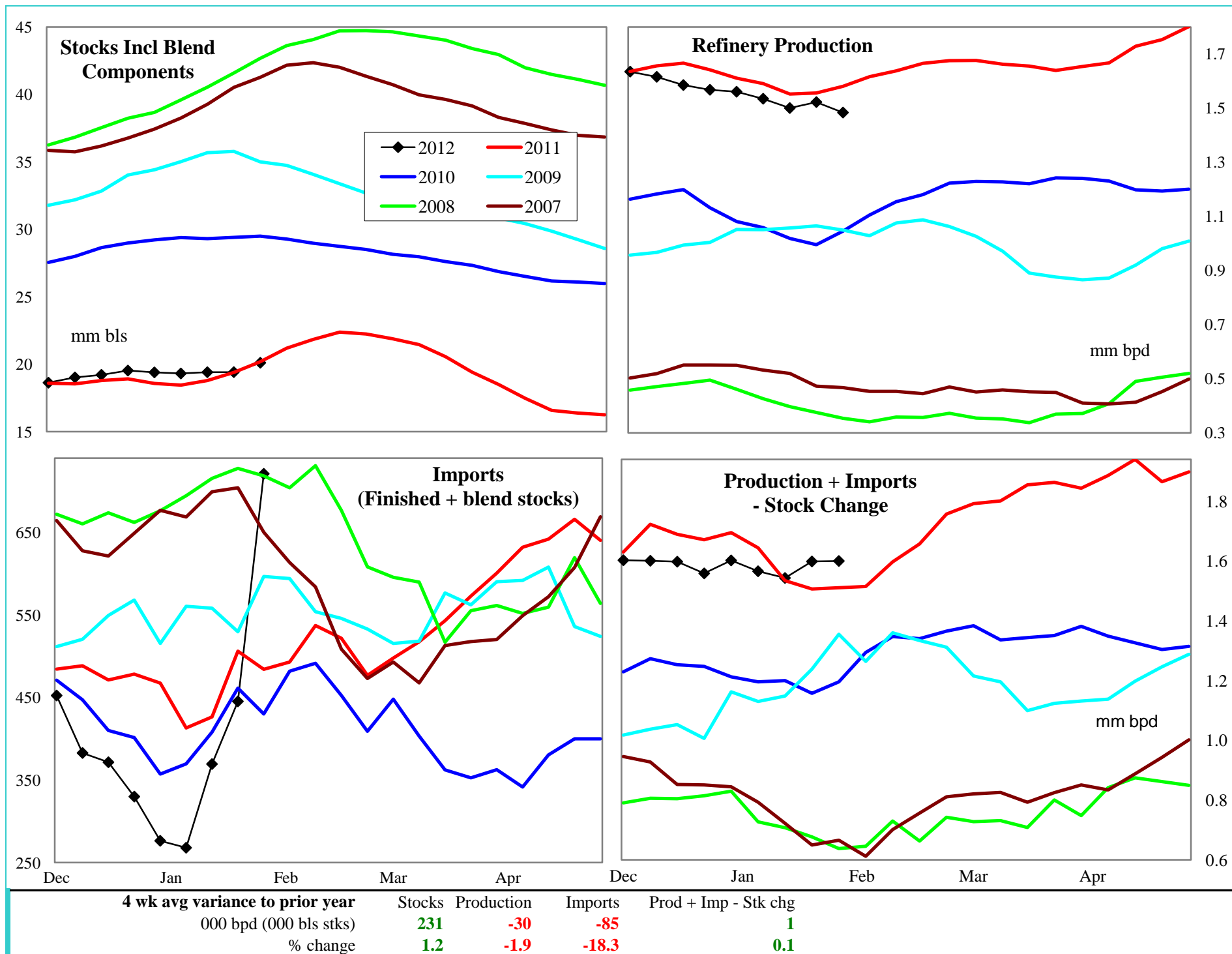




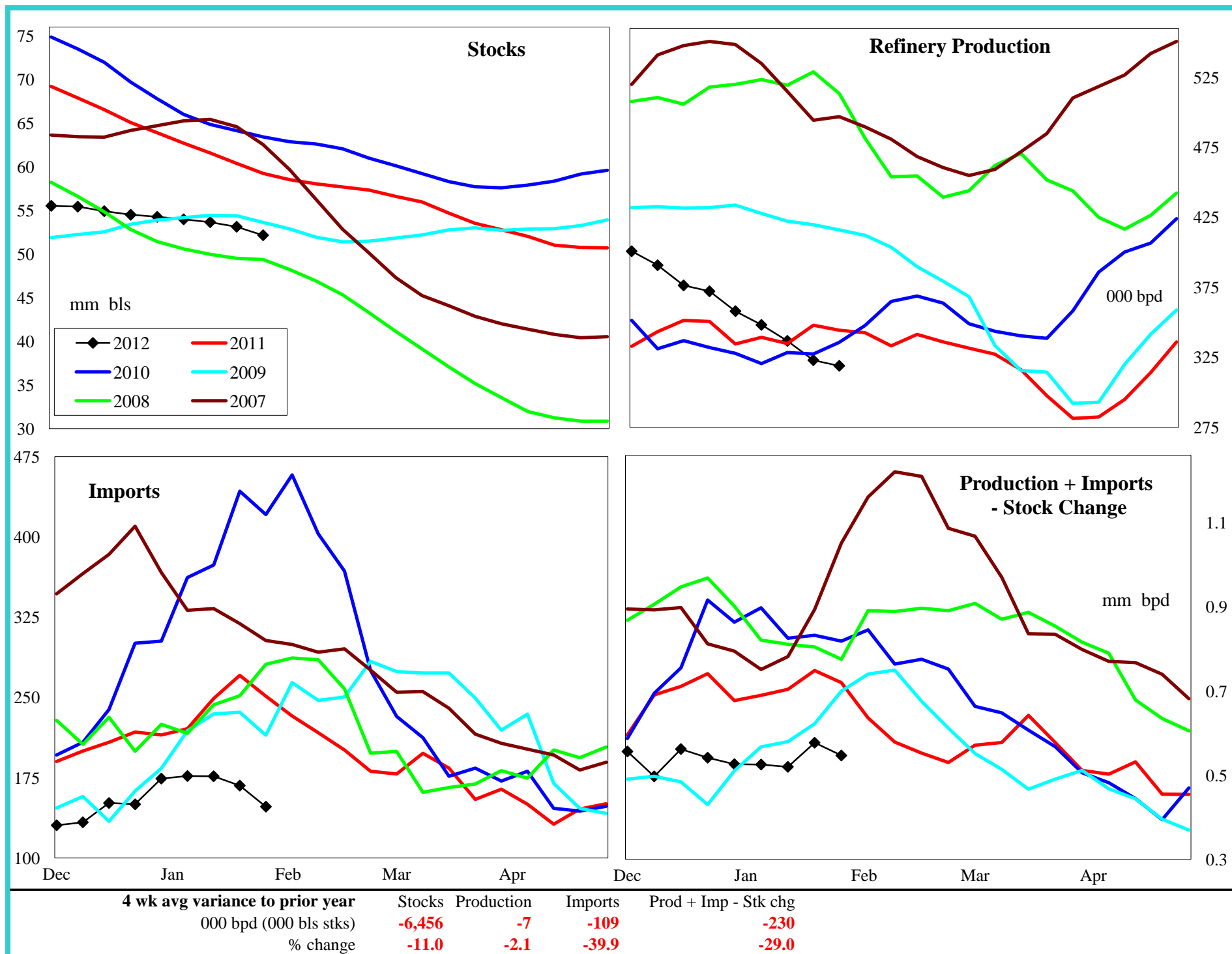
# PADD 1 Reformulated Gasoline Supply



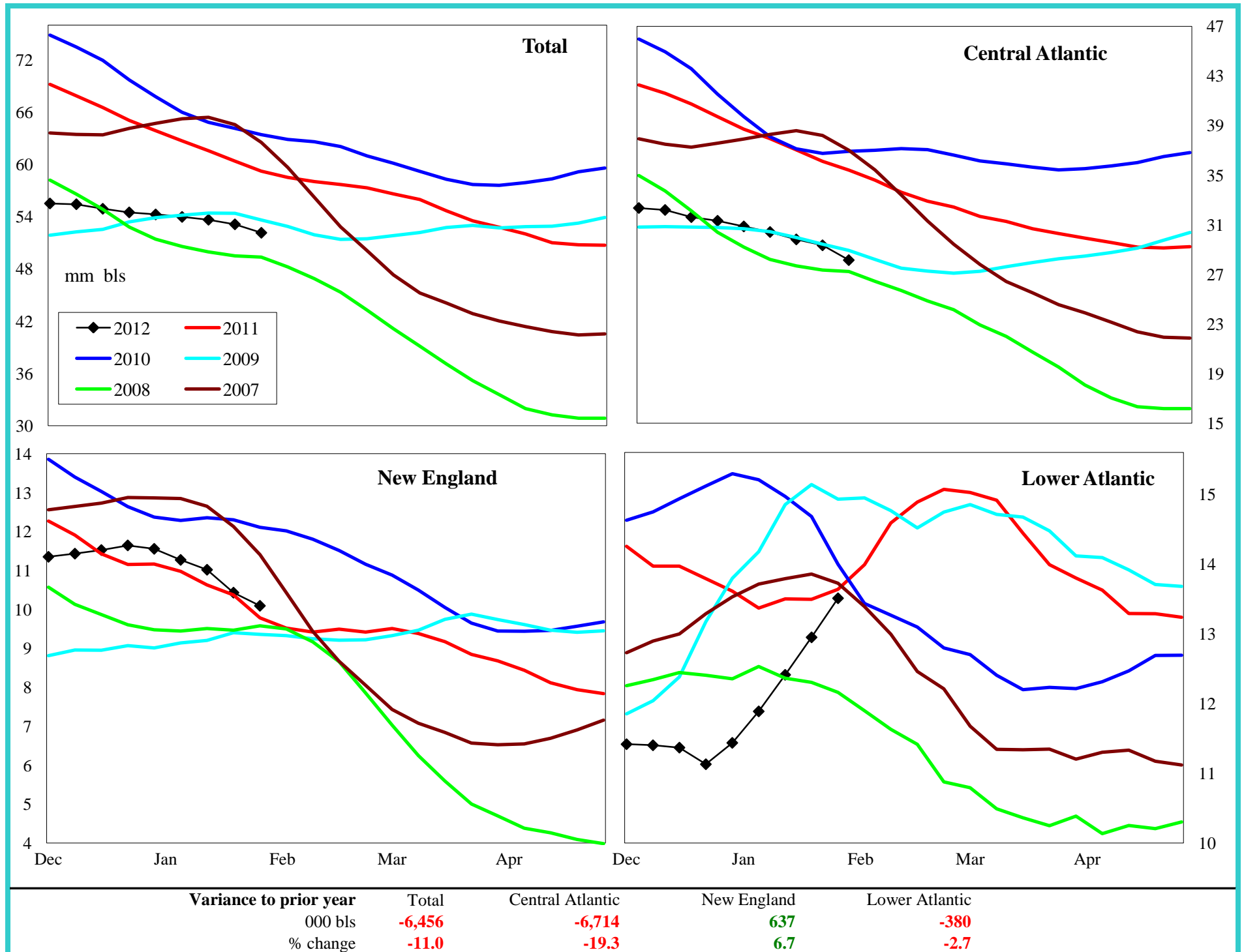
# PADD 1 Conventional Gasoline Supply



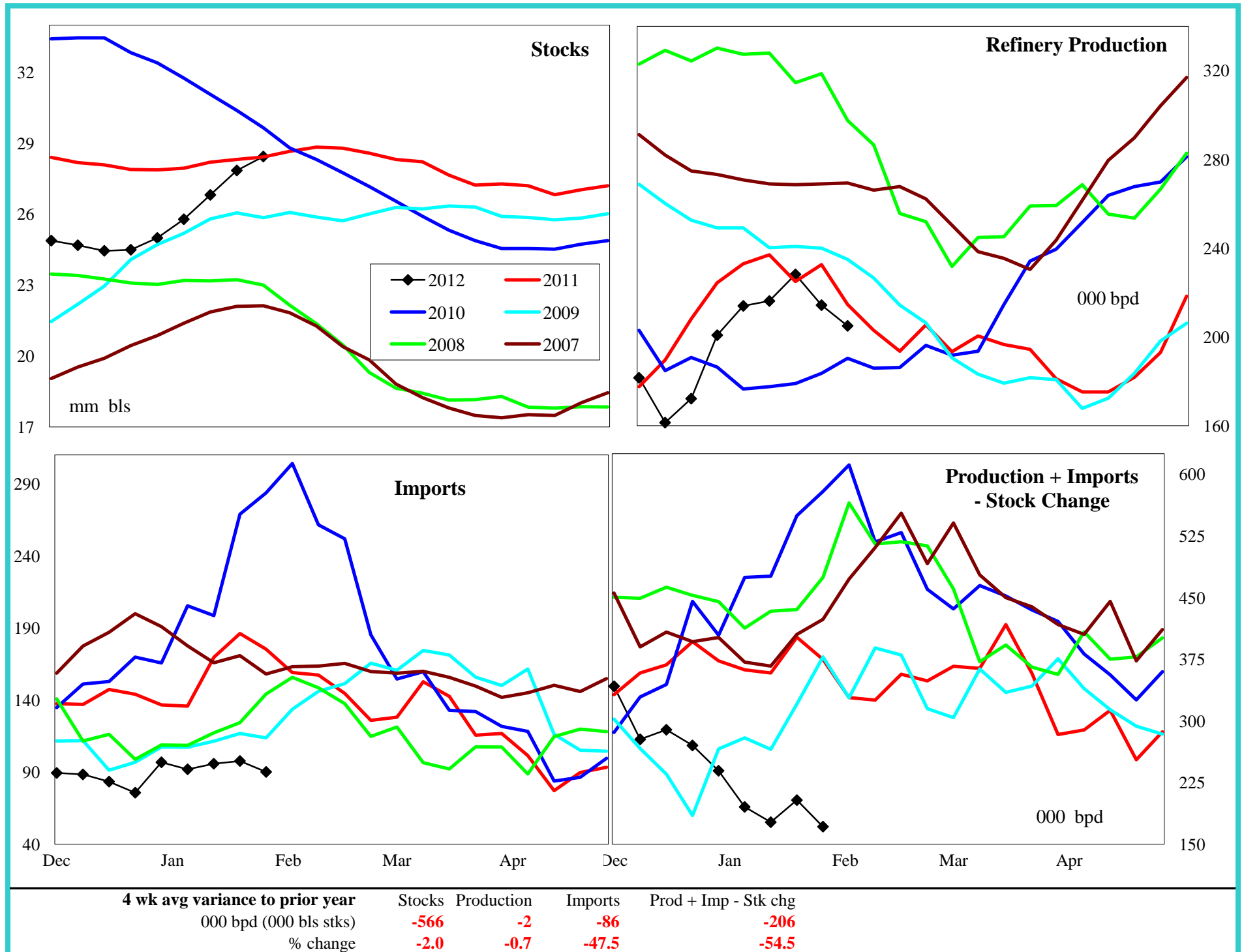
# PADD 1 Distillate Supply



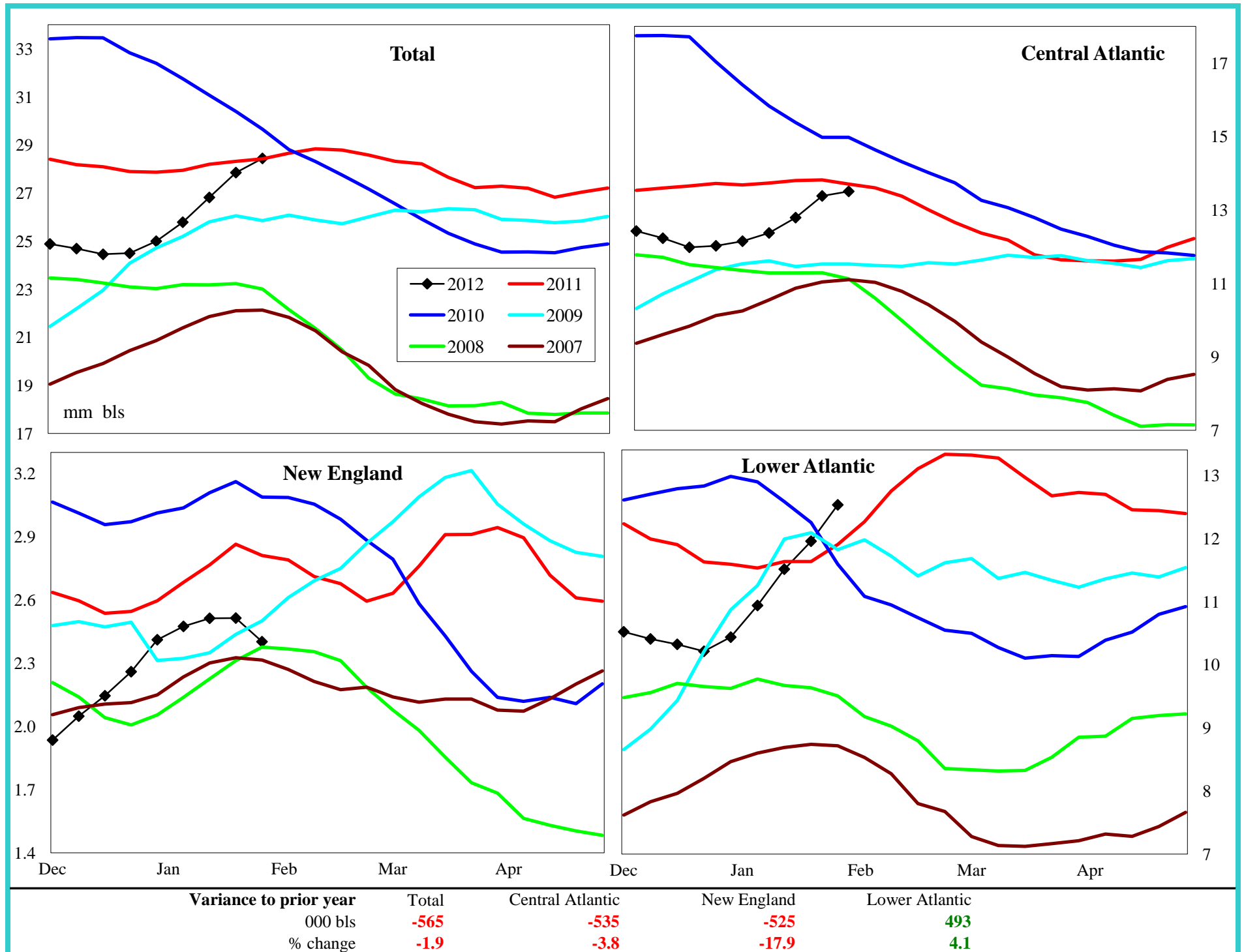
# PADD 1 Distillate Stocks by Region



# PADD 1 Low Sulfur Distillate Supply

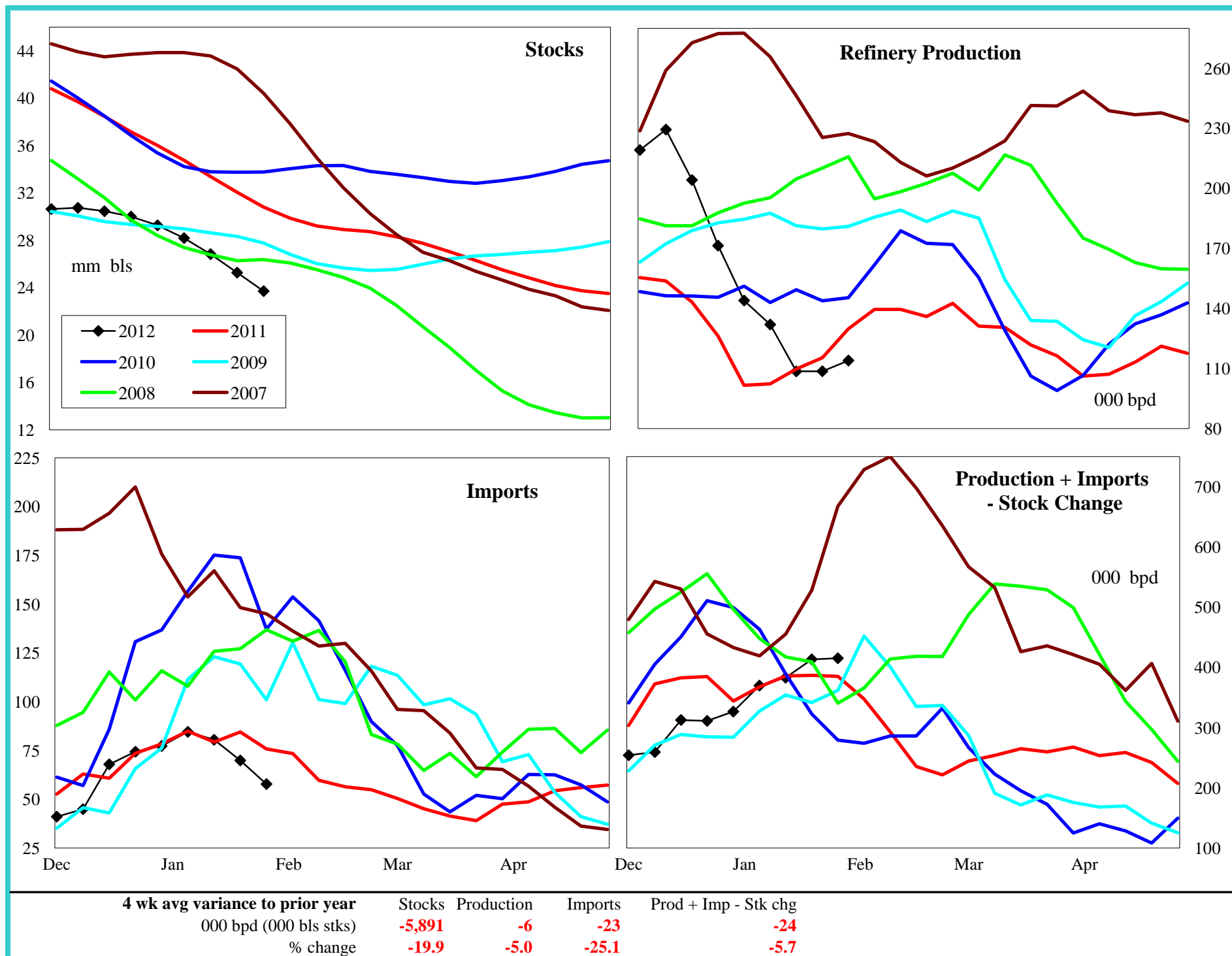


# PADD 1 Low Sulfur Distillate Stocks by Region

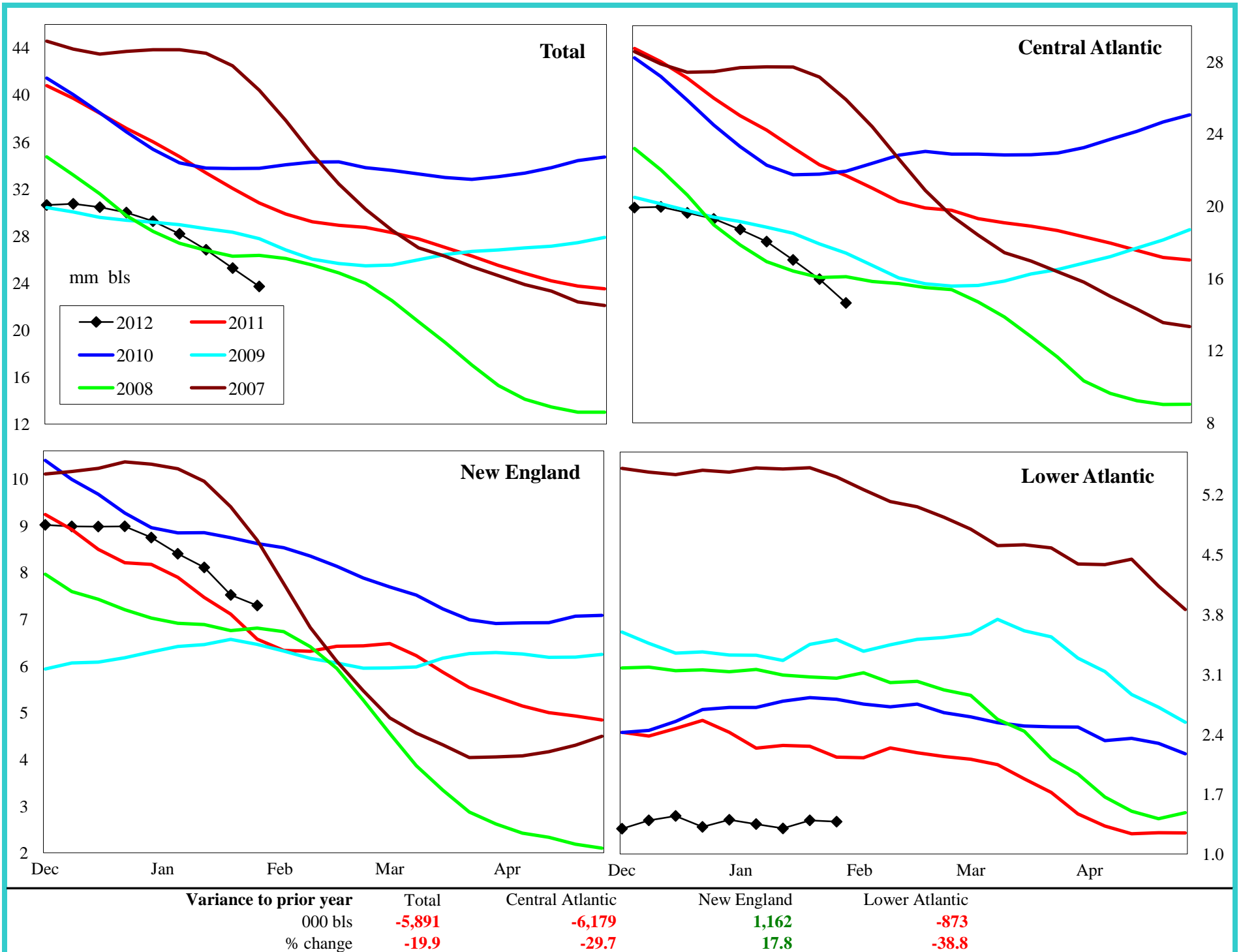




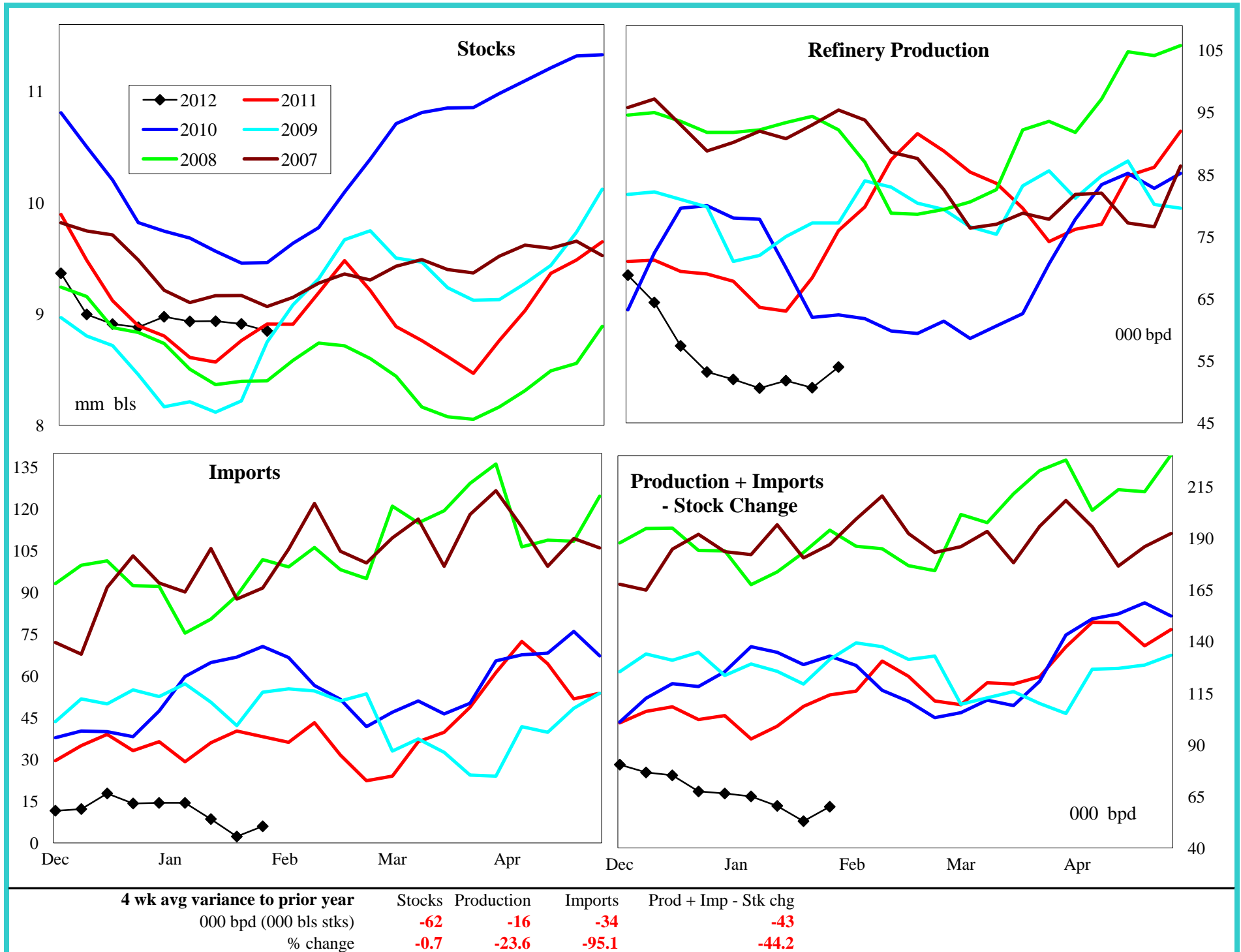
# PADD 1 High Sulfur Distillate Supply



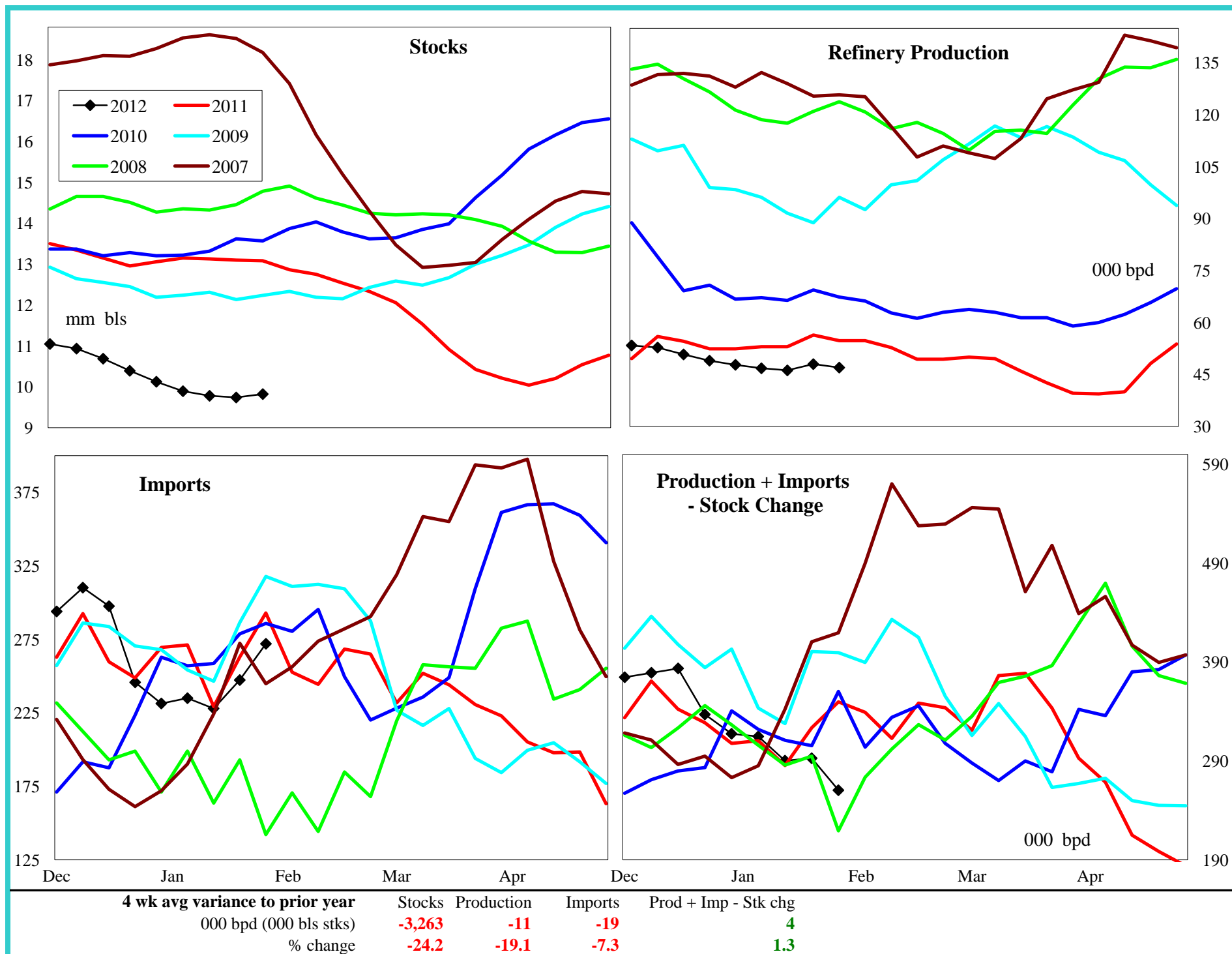
# PADD 1 High Sulfur Distillate Stocks by Region



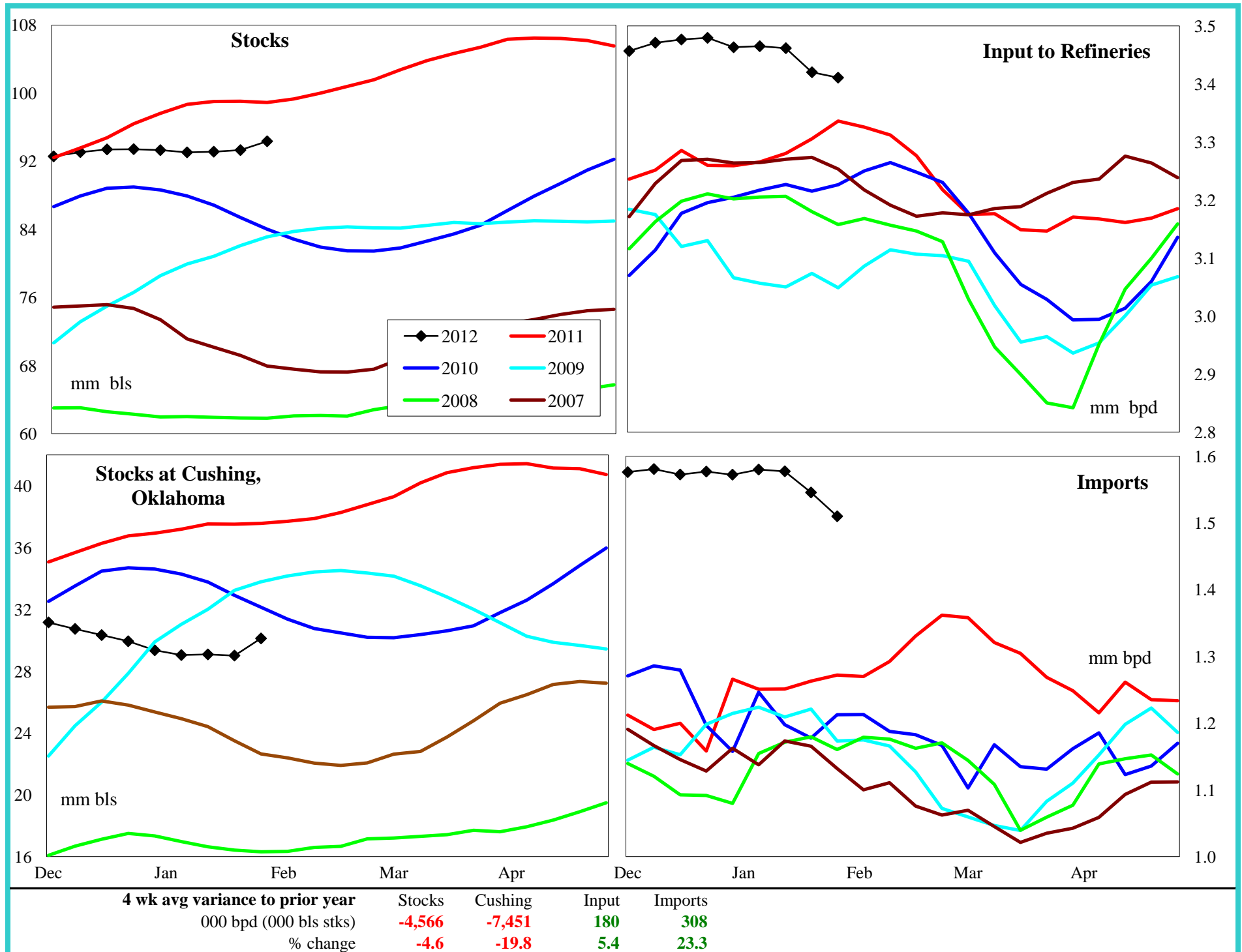
# PADD 1 Jet Fuel Supply



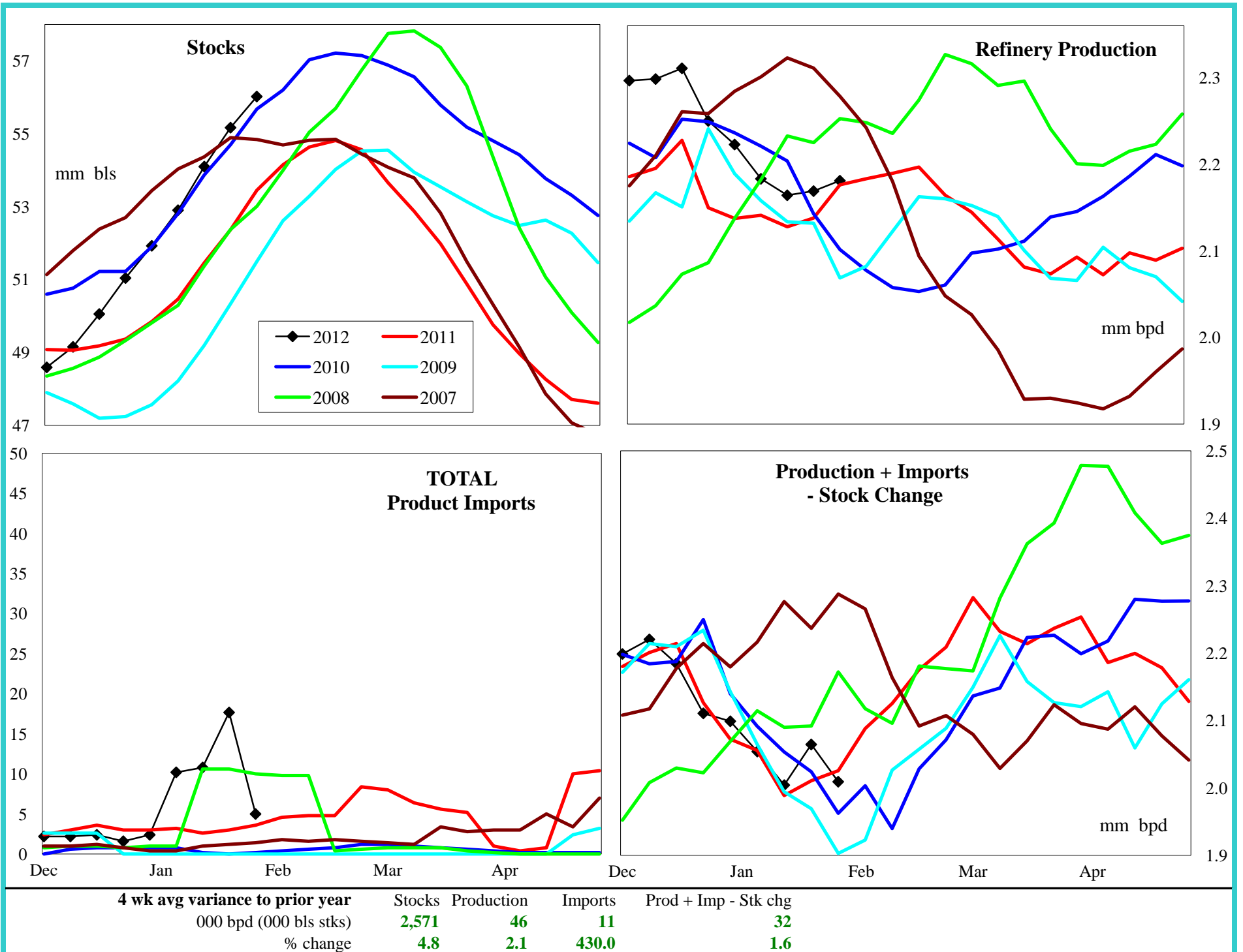
# PADD 1 Residual Fuel Oil Supply



# PADD 2 Crude Oil Supply and Refining

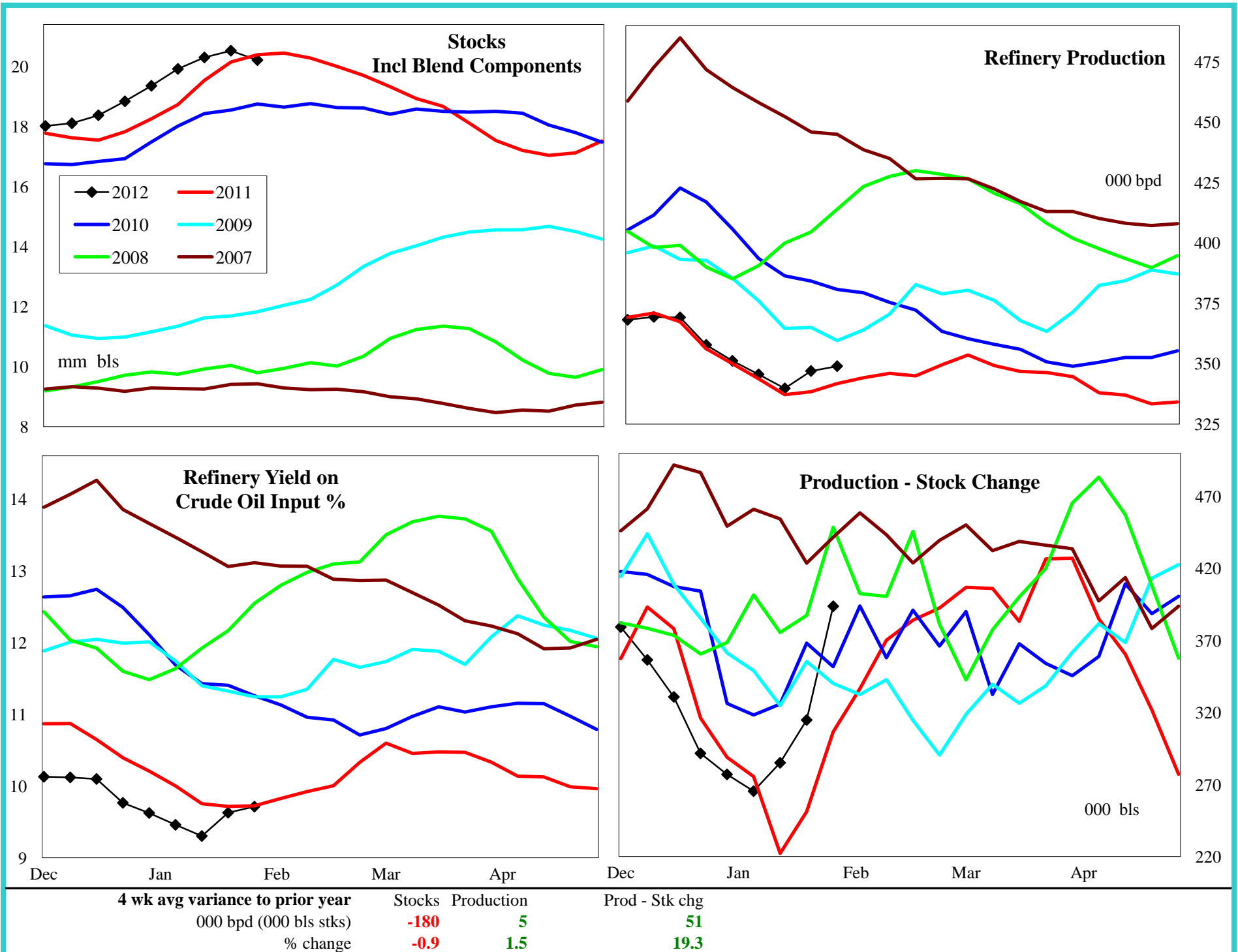


# PADD 2 Gasoline Supply

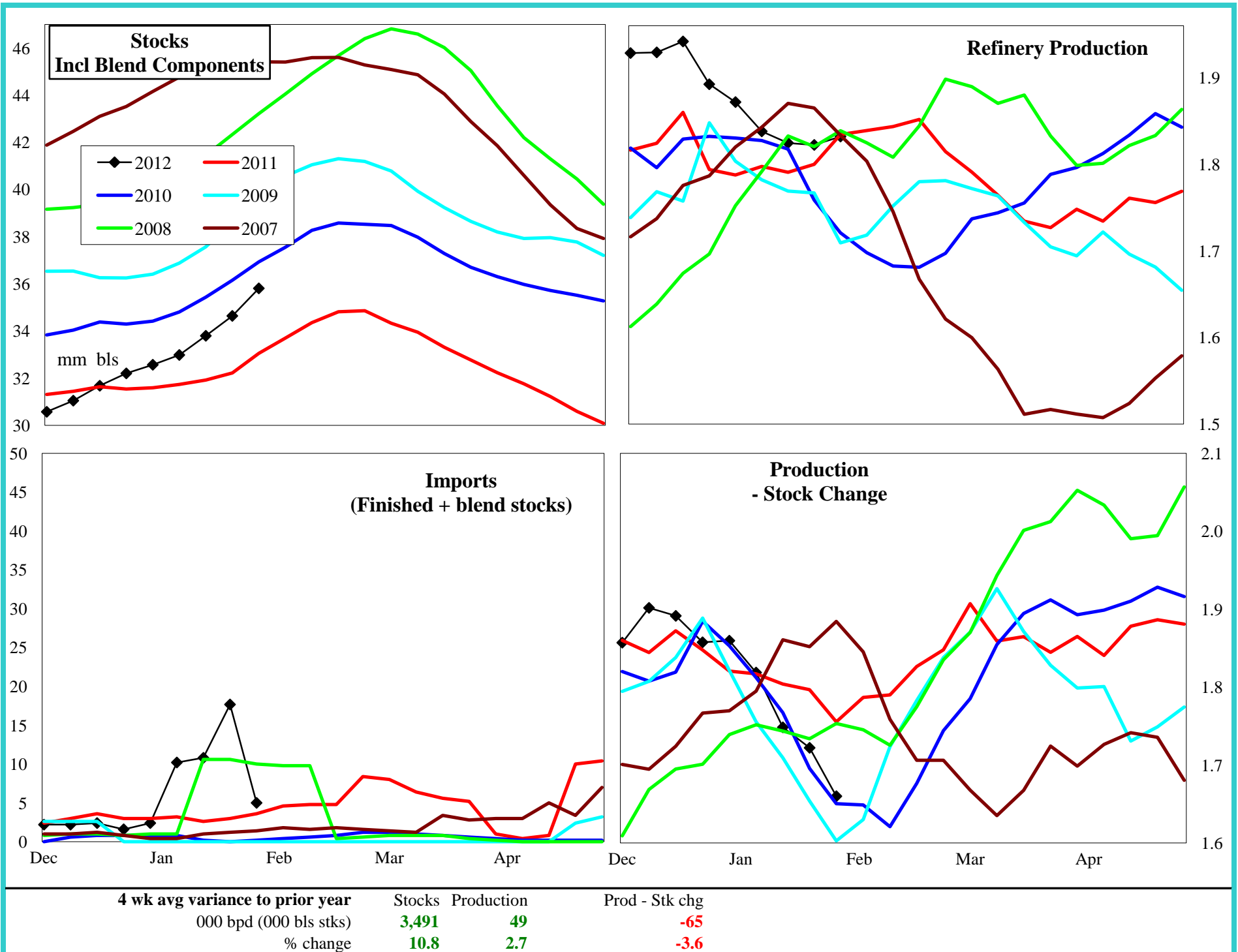




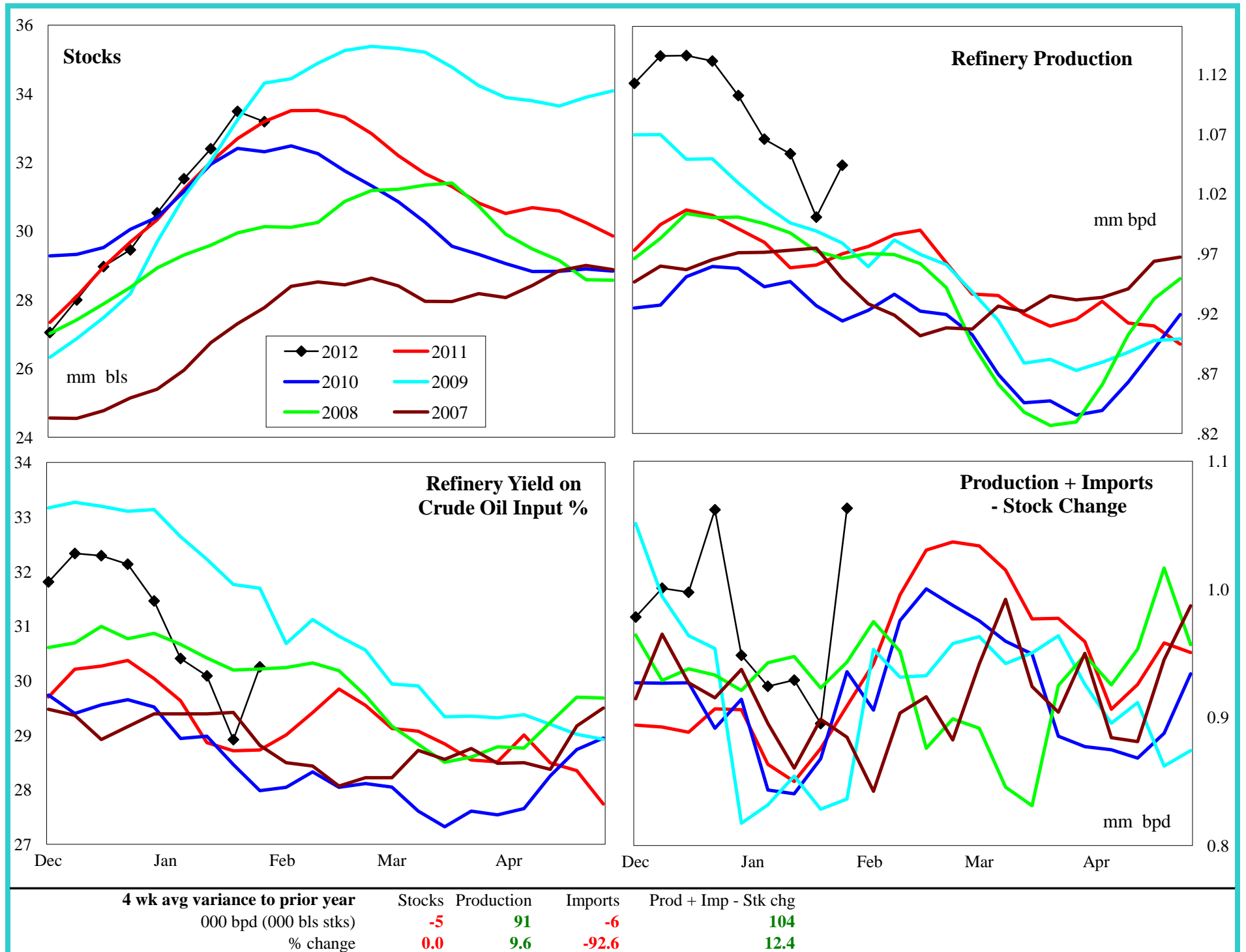
# PADD 2 Reformulated Gasoline Supply



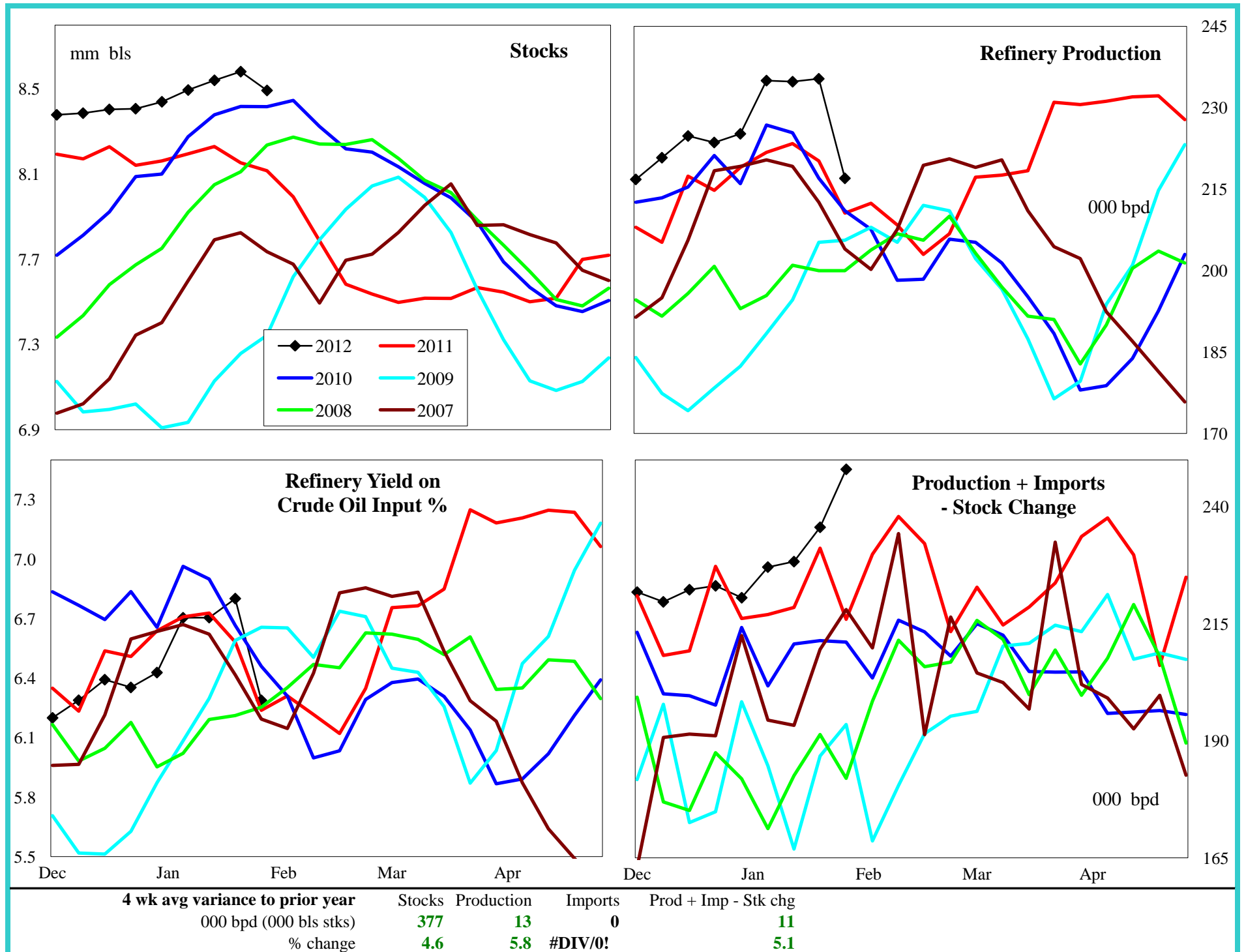
# PADD 2 Conventional Gasoline Supply



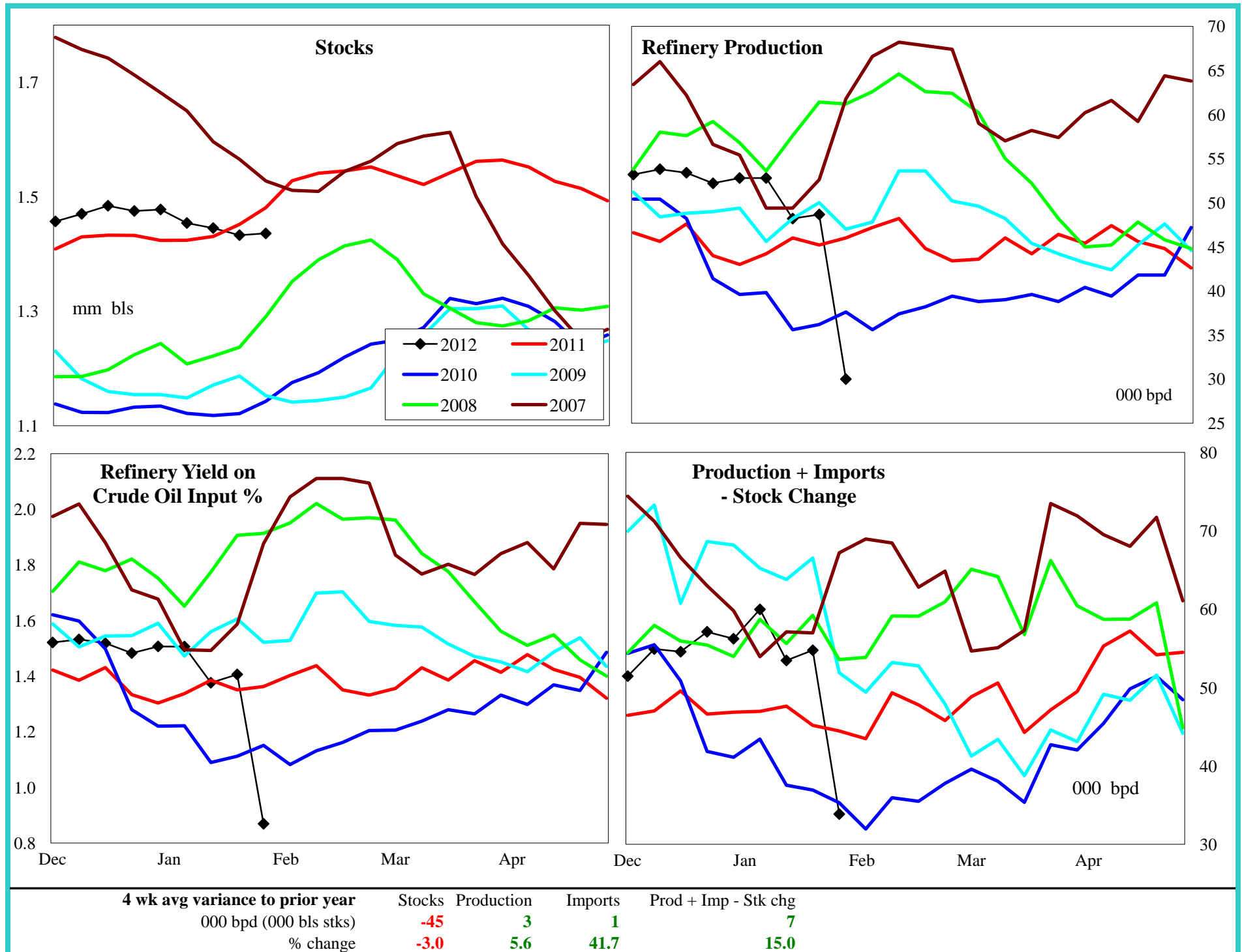
# PADD 2 Distillate Supply



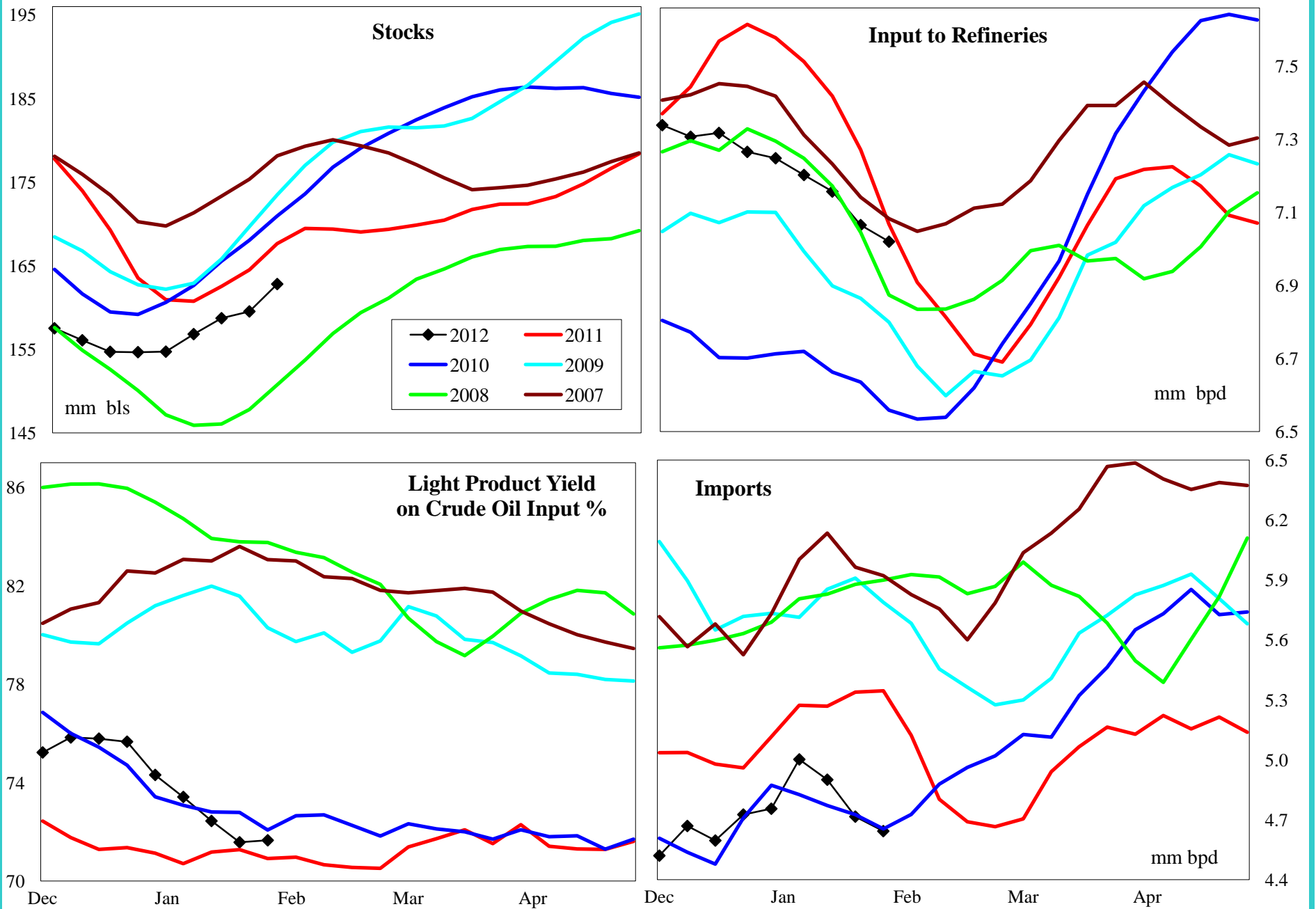
# PADD 2 Jet Fuel Supply



# PADD 2 Residual Fuel Oil Supply



# PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-4,829

-2.9

Input

-194

-2.6

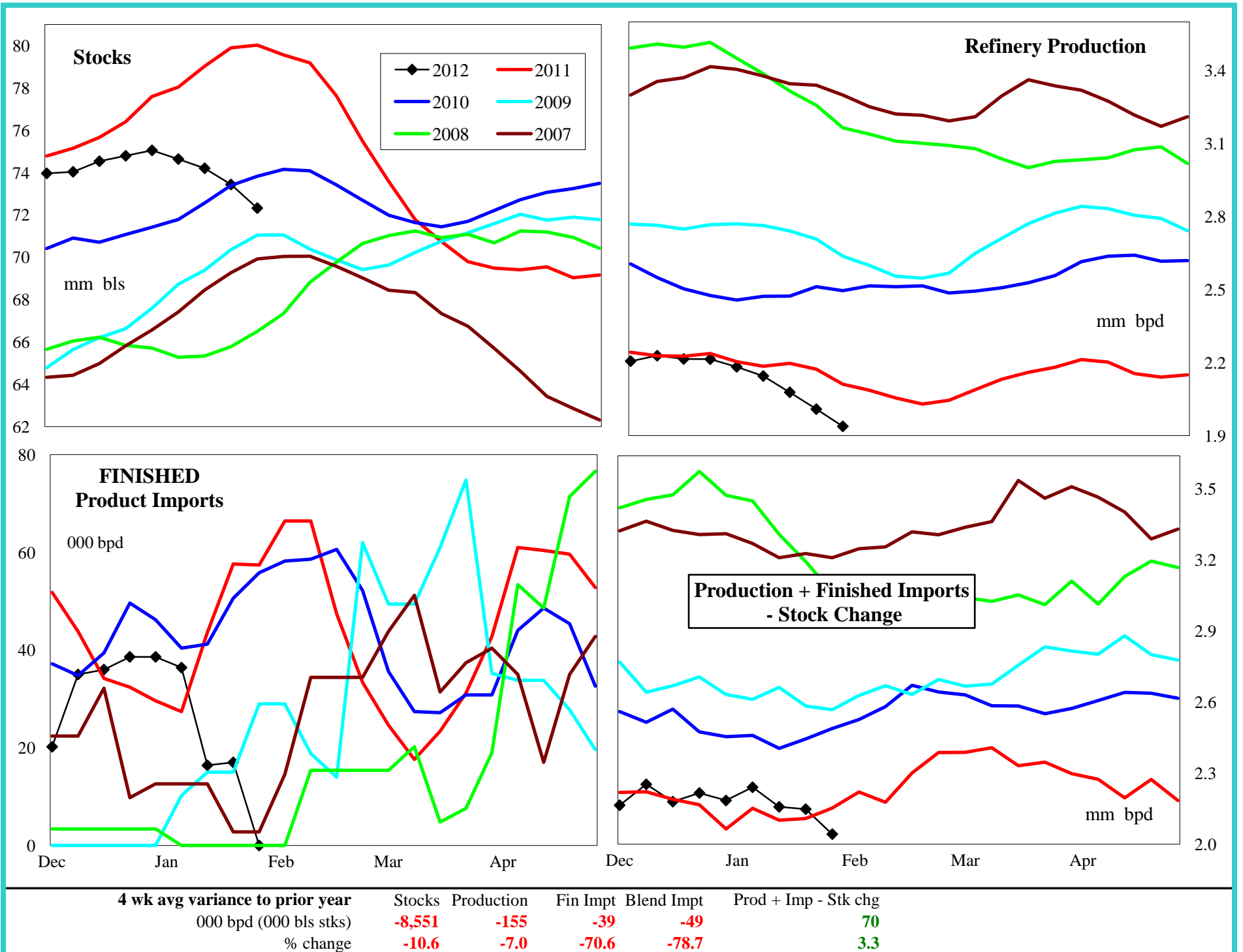
Imports

-470

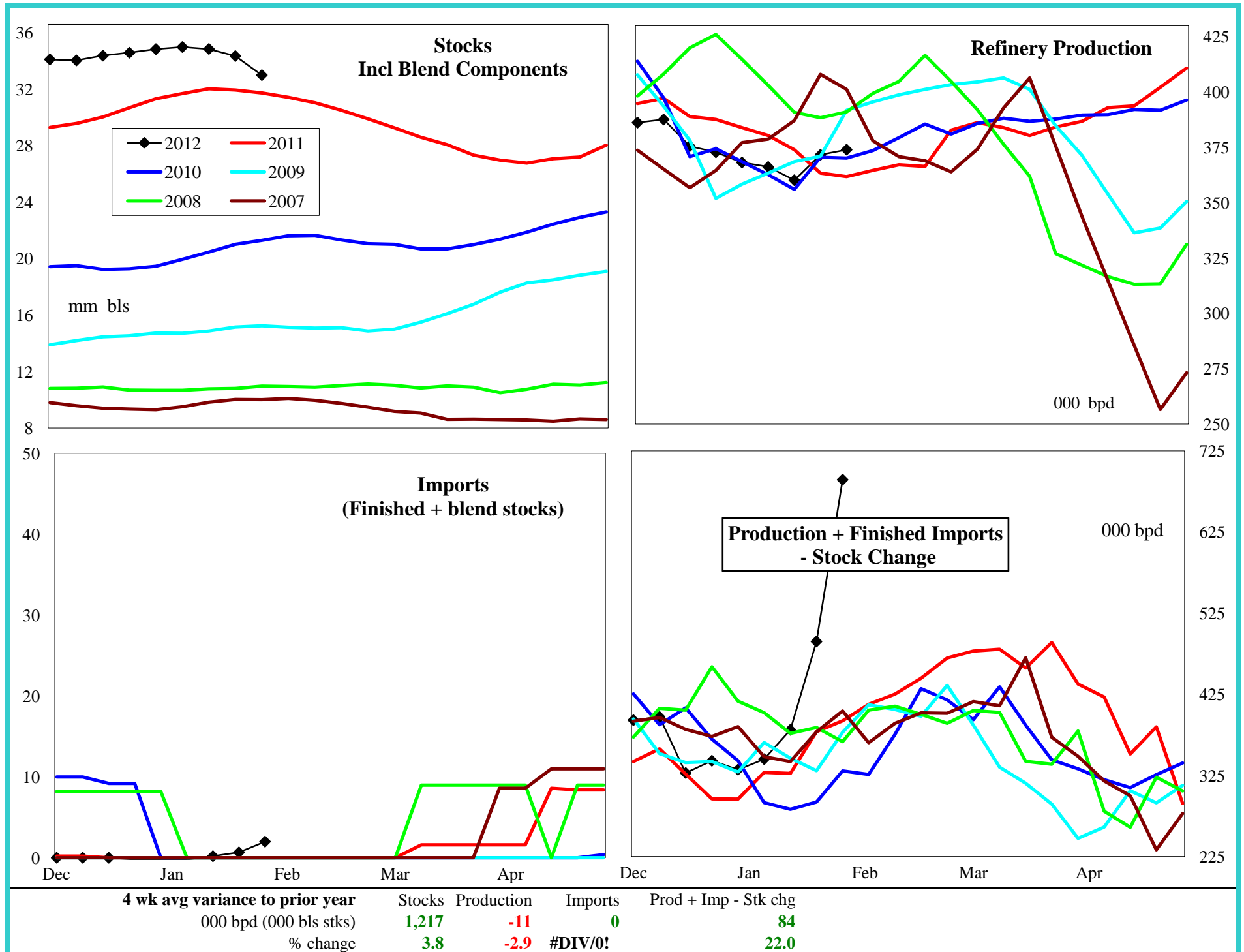
-8.8



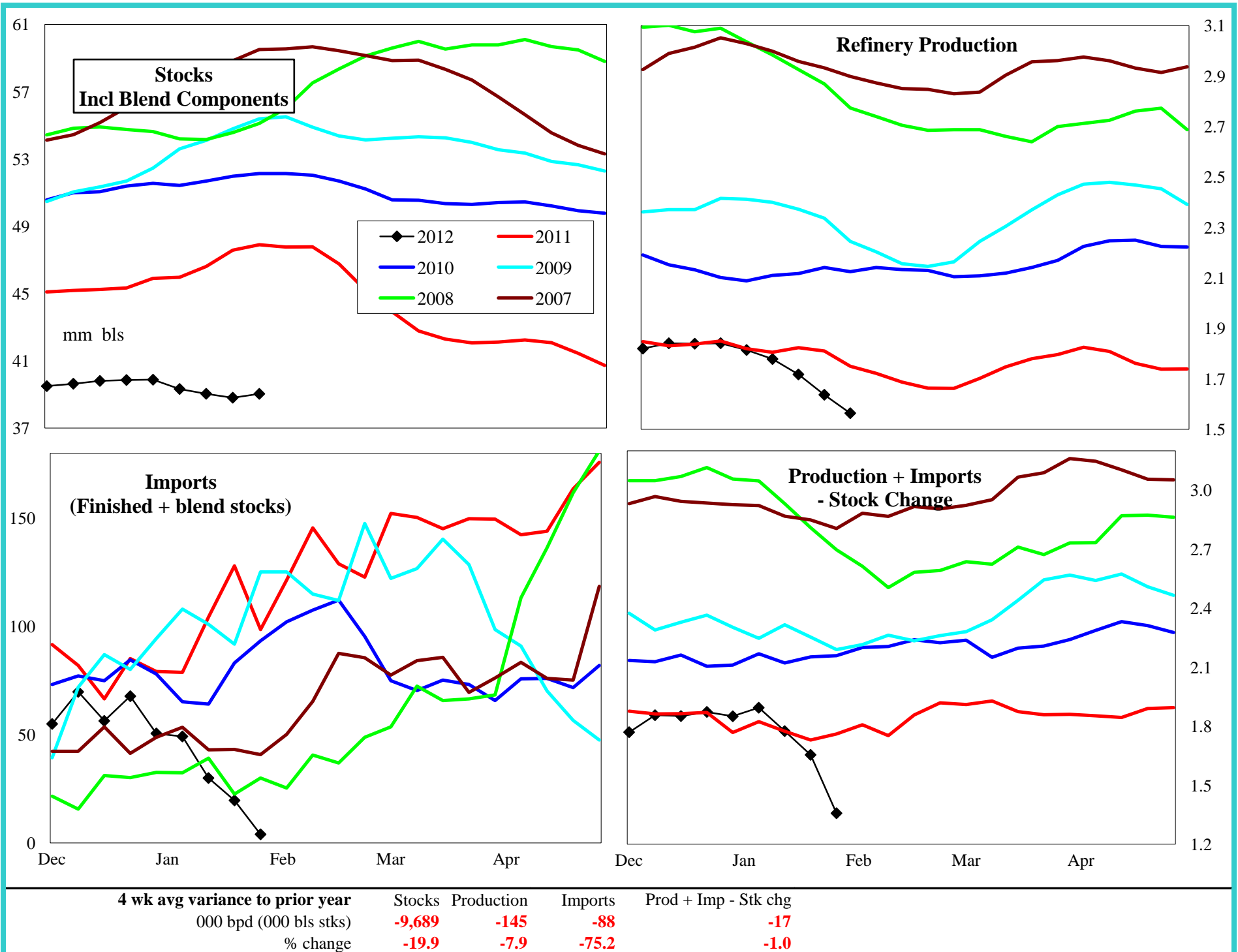
# PADD 3 Gasoline Supply



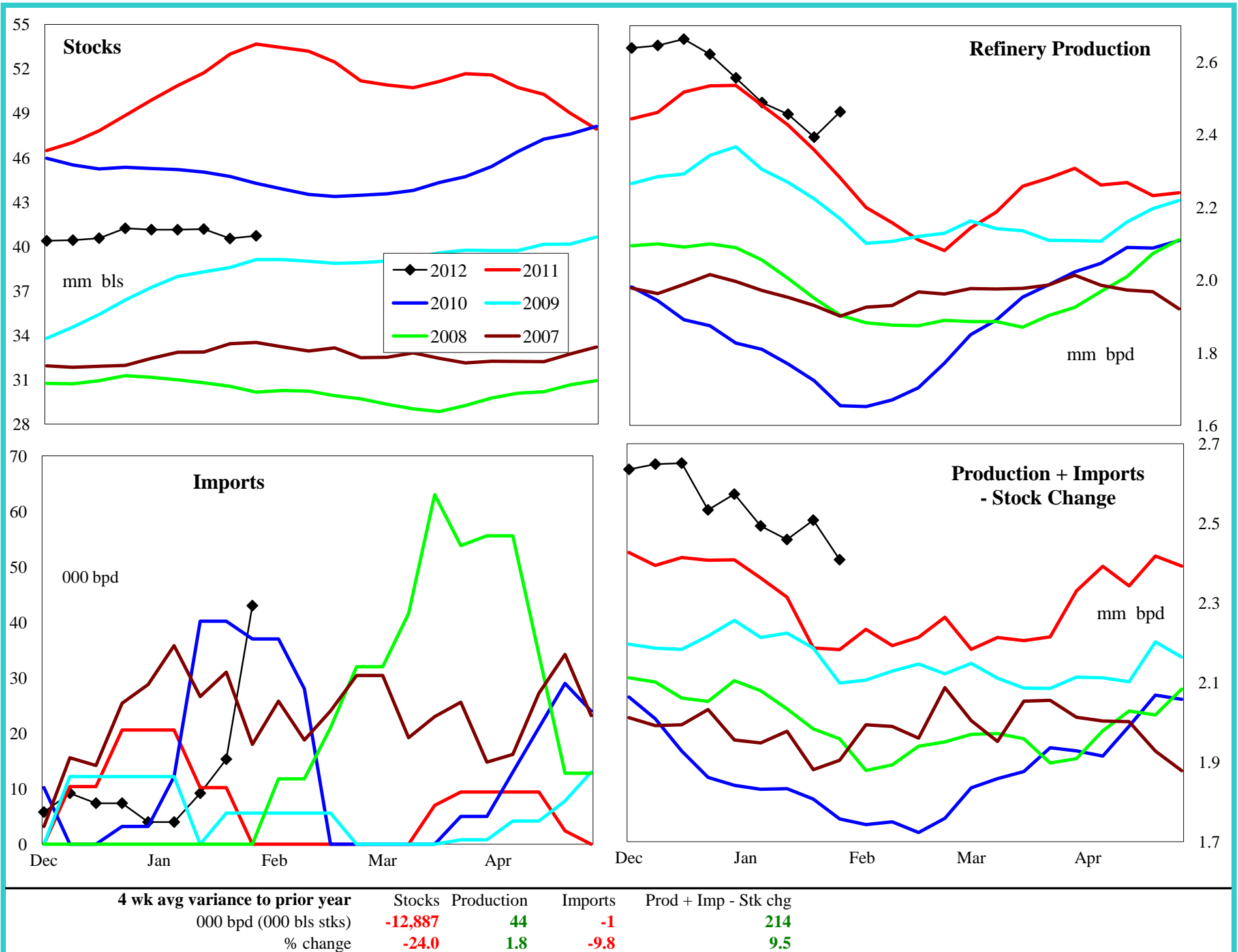
# PADD 3 Reformulated Gasoline Supply



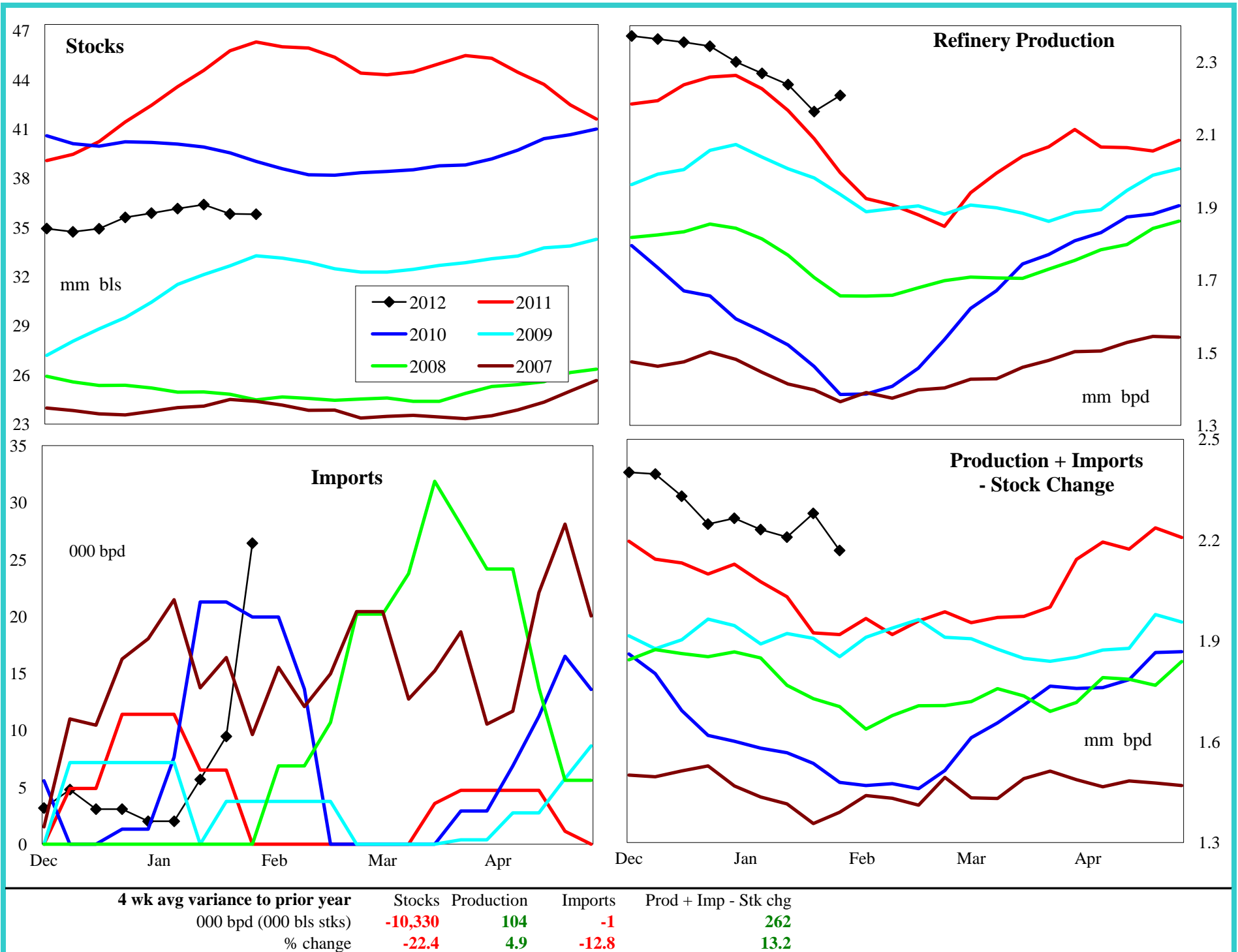
# PADD 3 Conventional Gasoline Supply



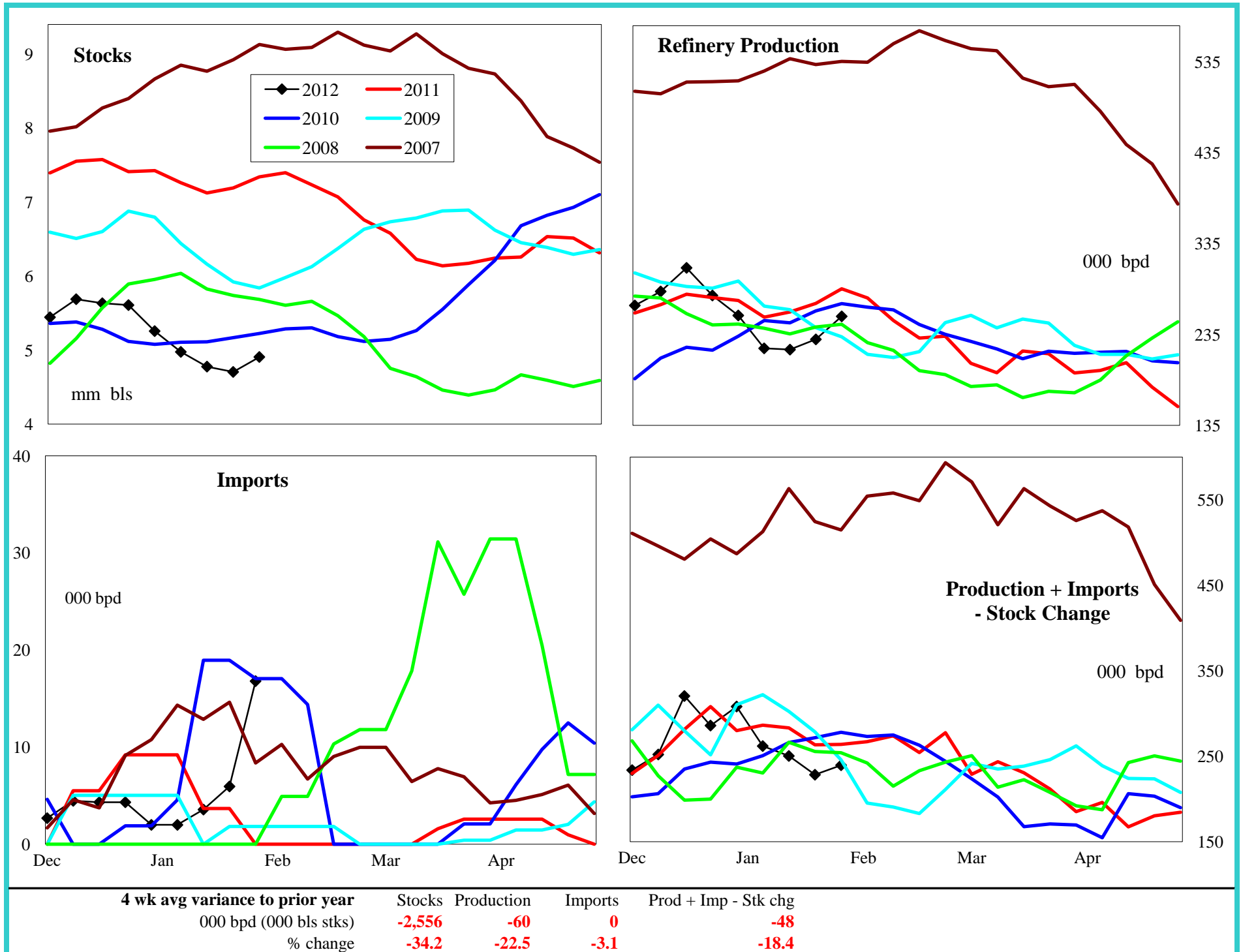
# PADD 3 Distillate Supply



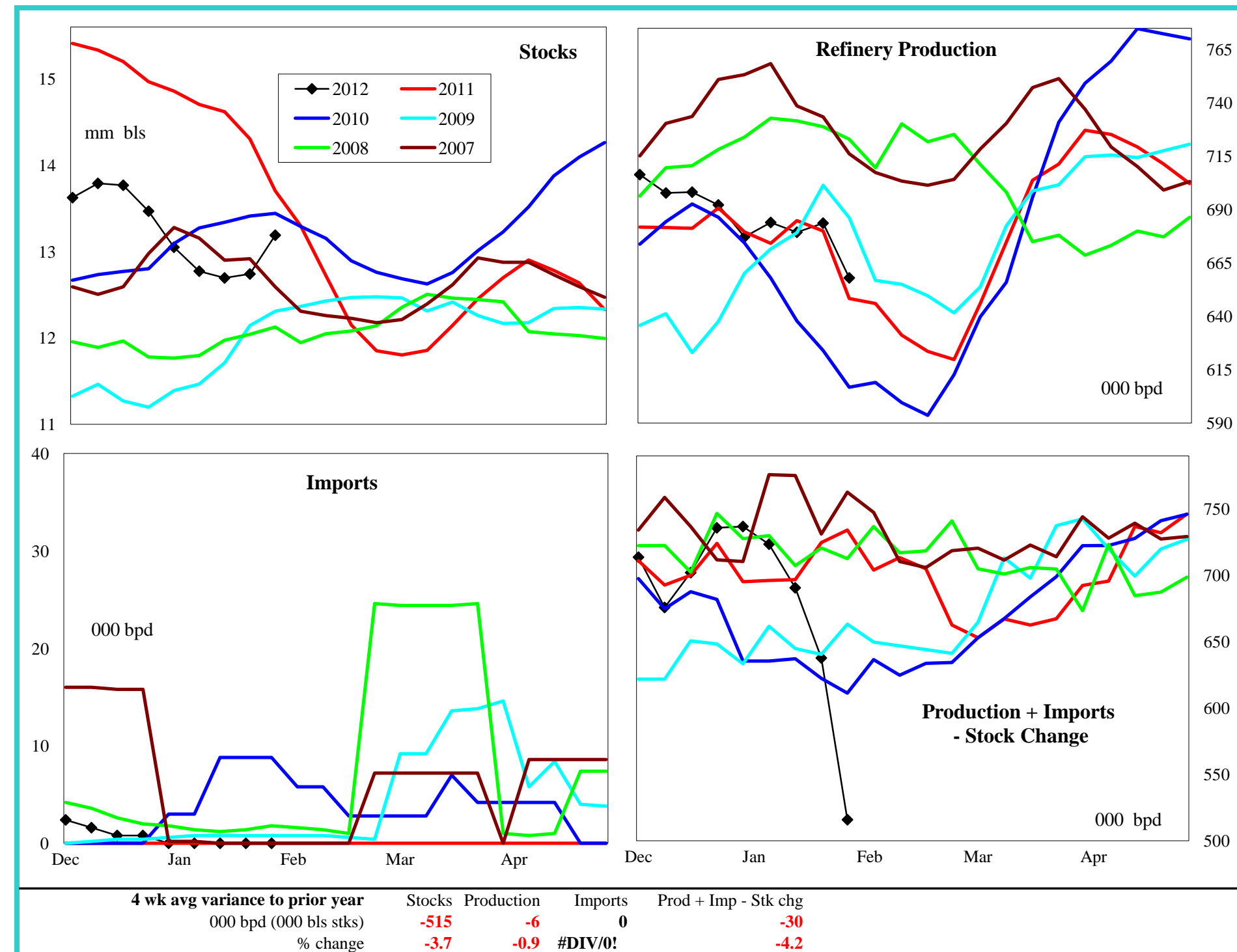
# PADD 3 Low Sulfur Distillate Supply



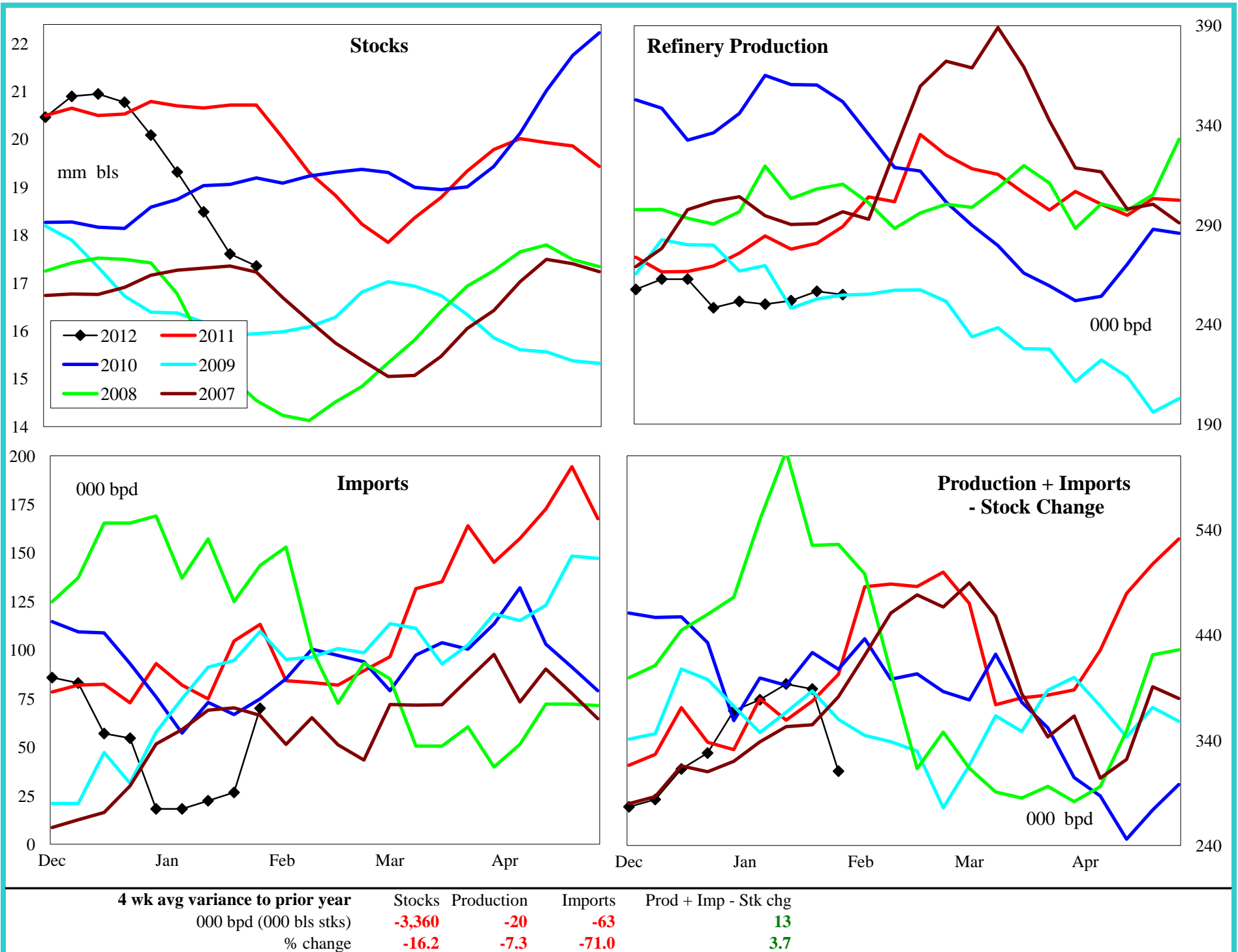
# PADD 3 High Sulfur Distillate Supply



# PADD 3 Jet Fuel Supply

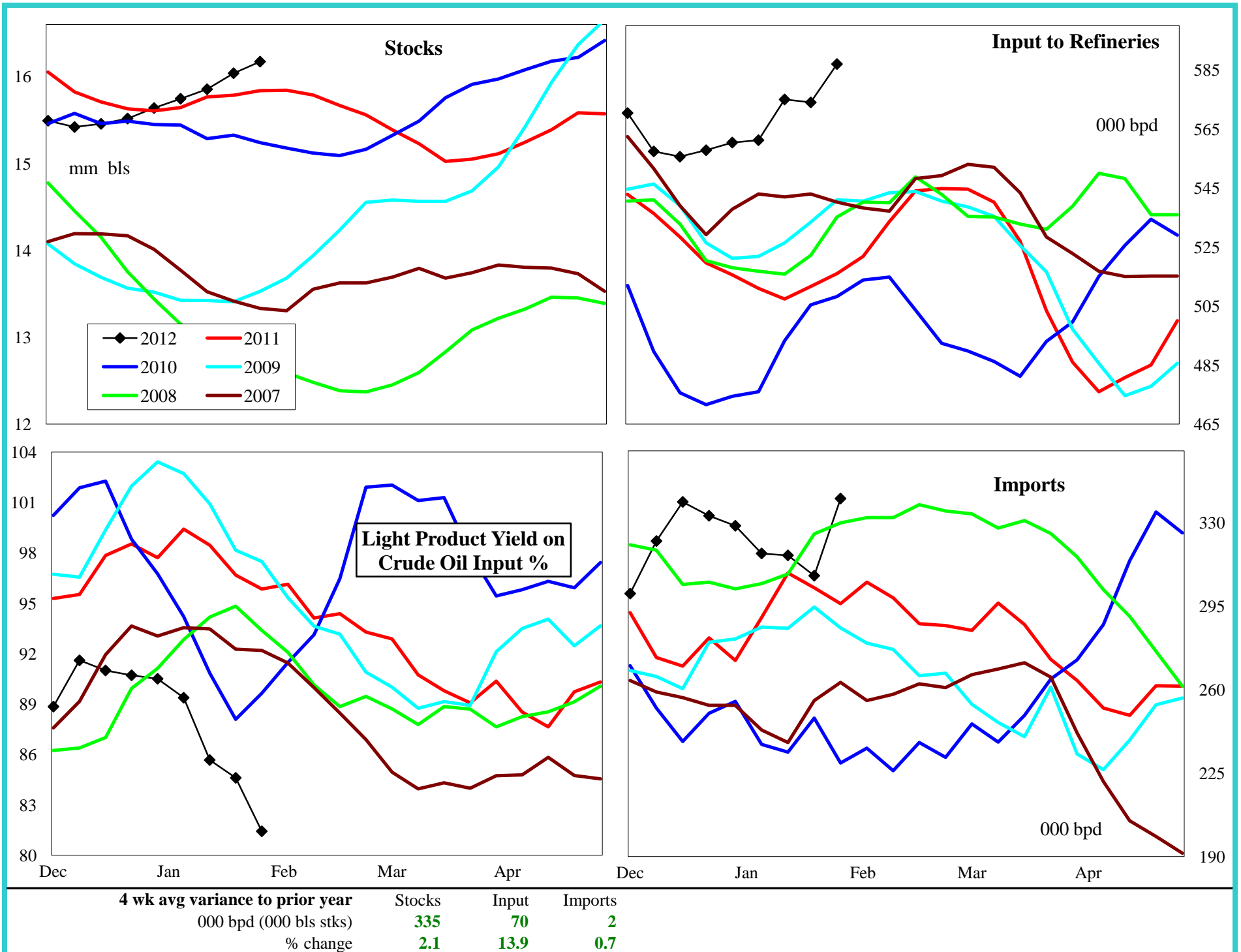


# PADD 3 Residual Fuel Oil Supply

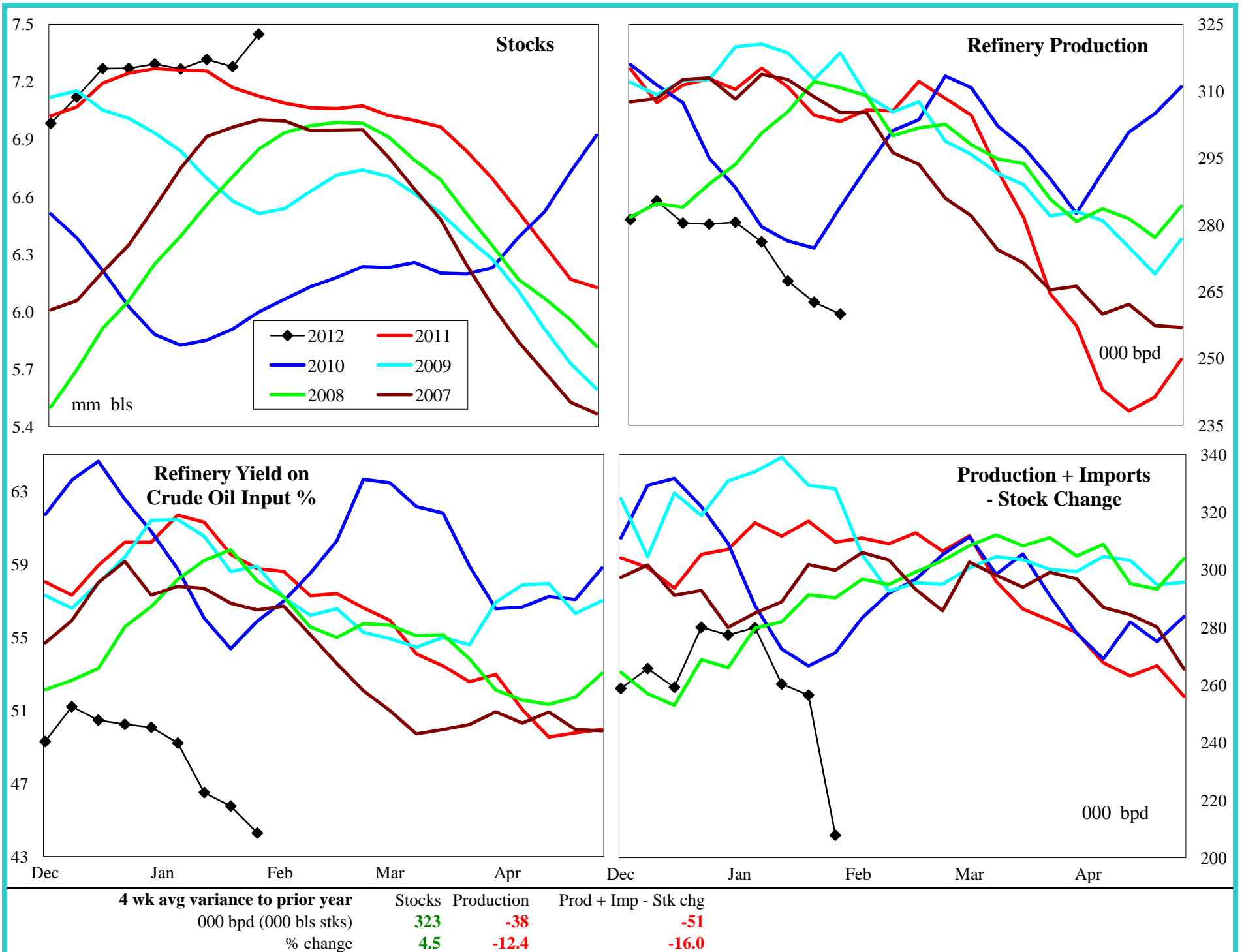




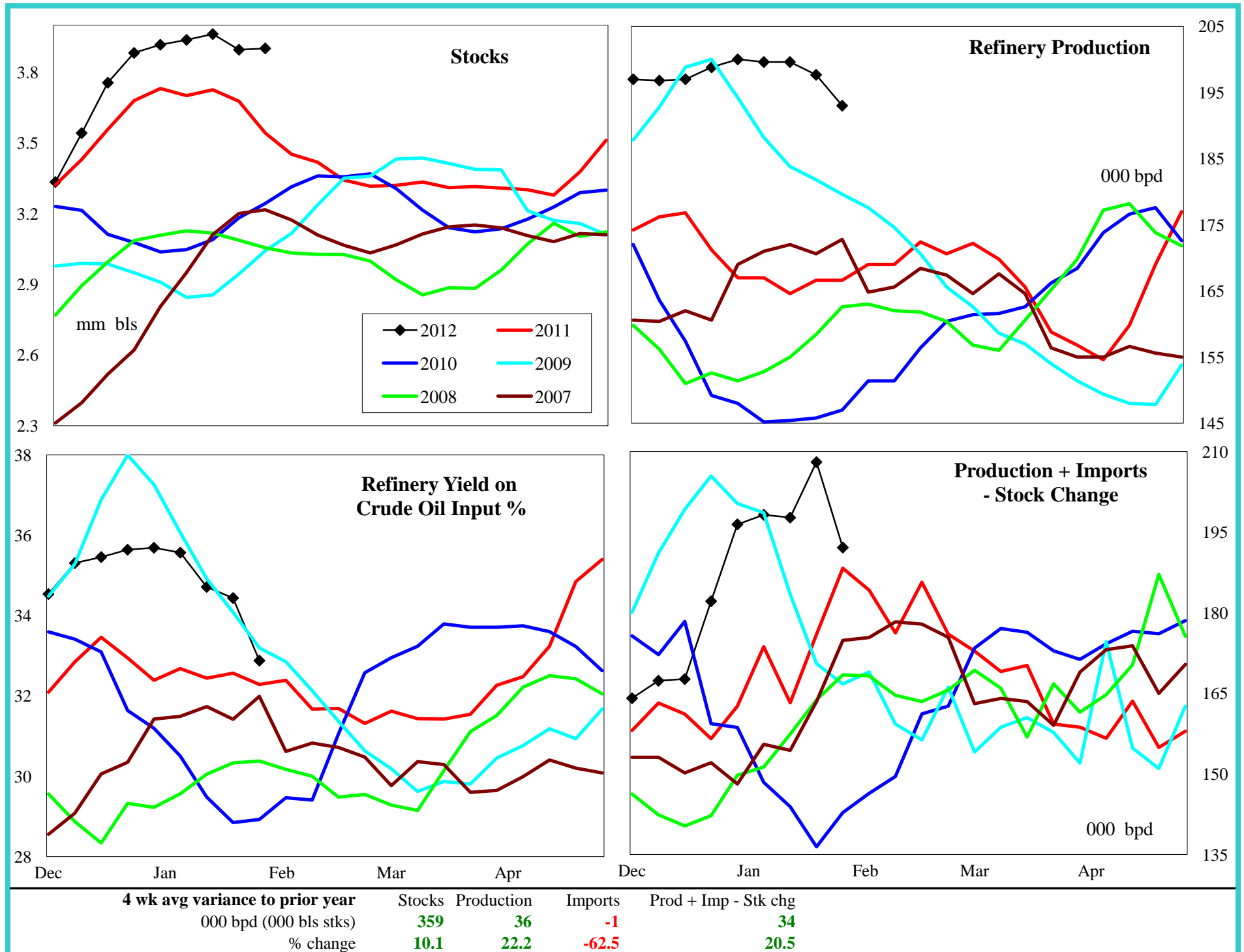
# PADD 4 Crude Oil Supply and Refining



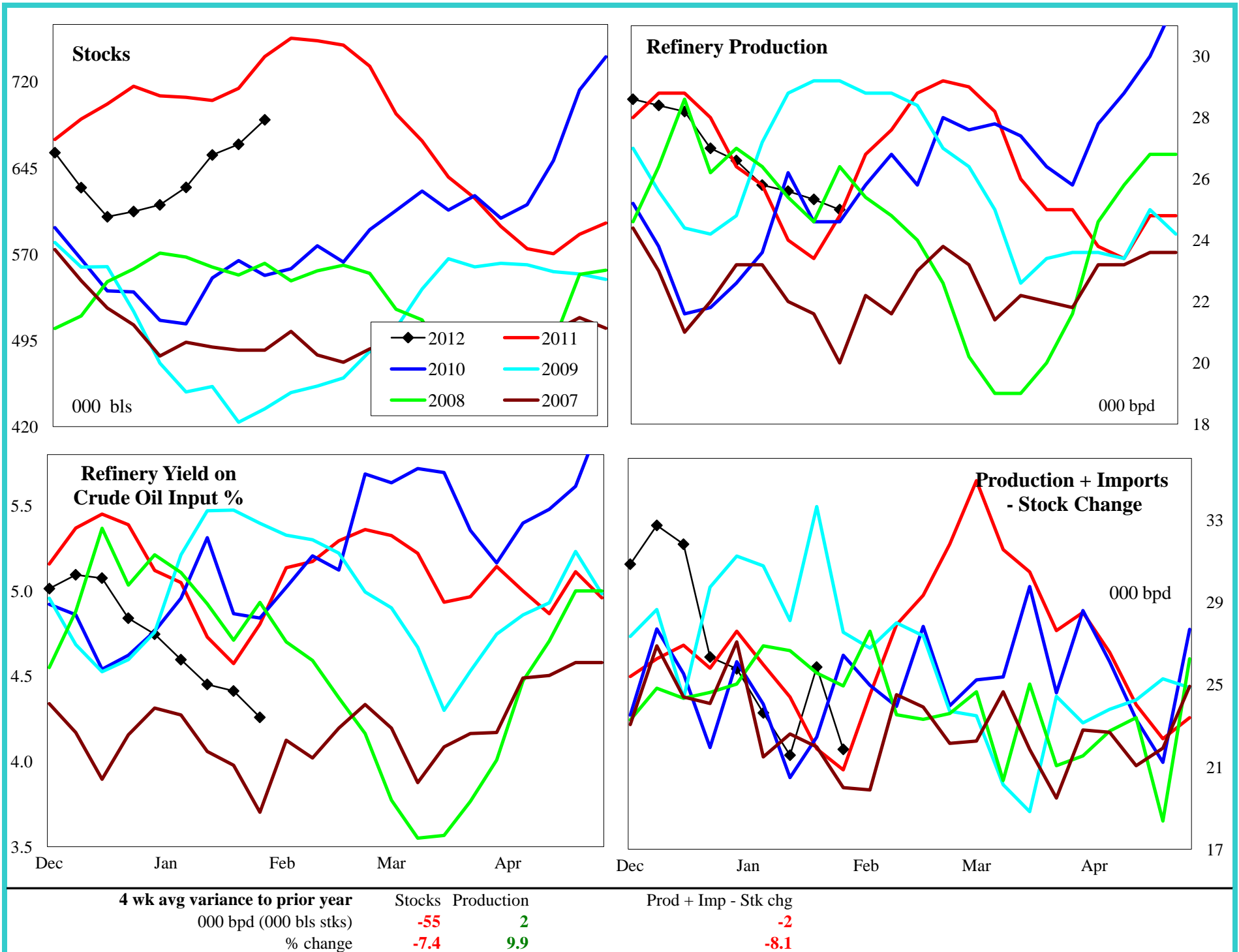
# PADD 4 Gasoline Supply



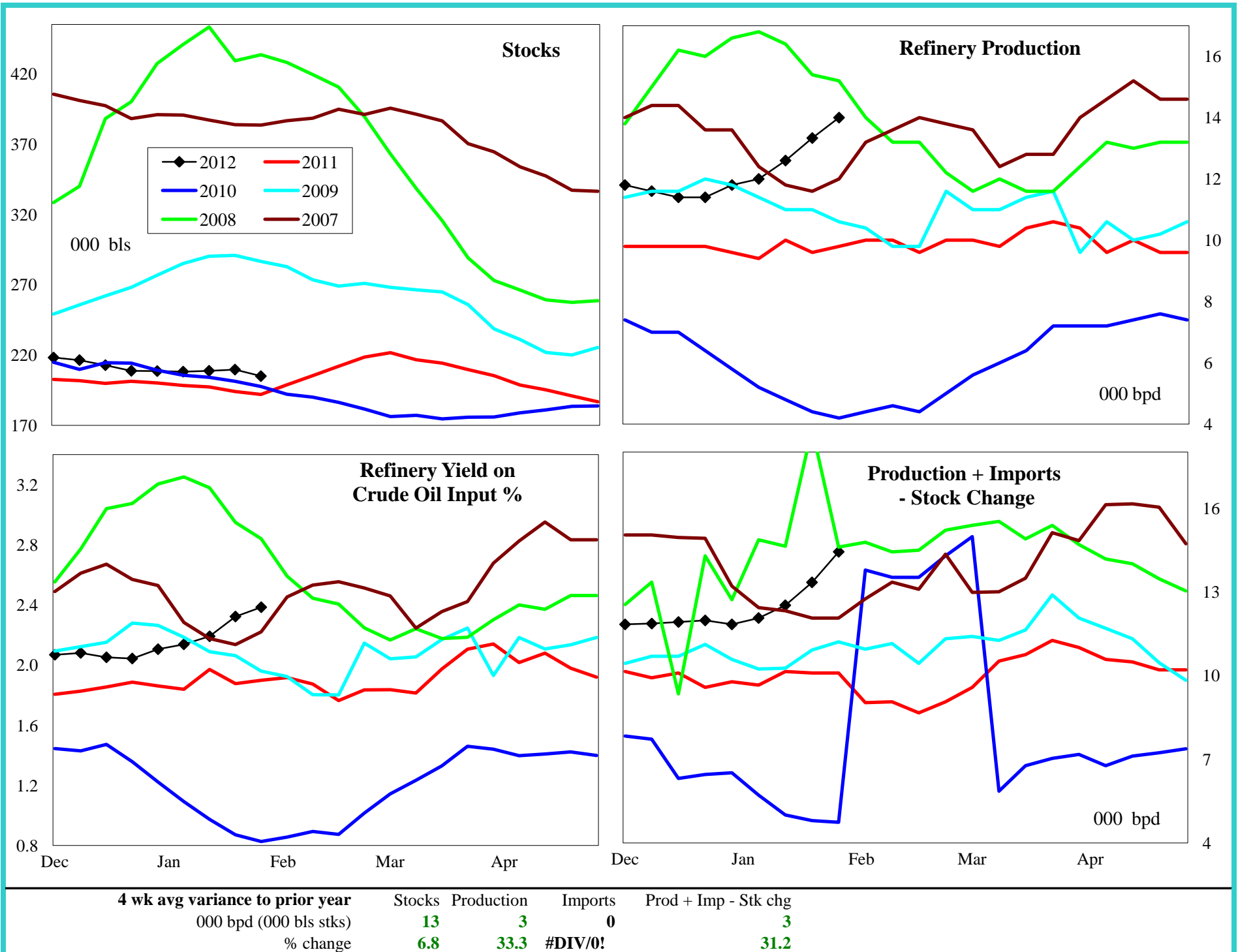
# PADD 4 Distillate Supply



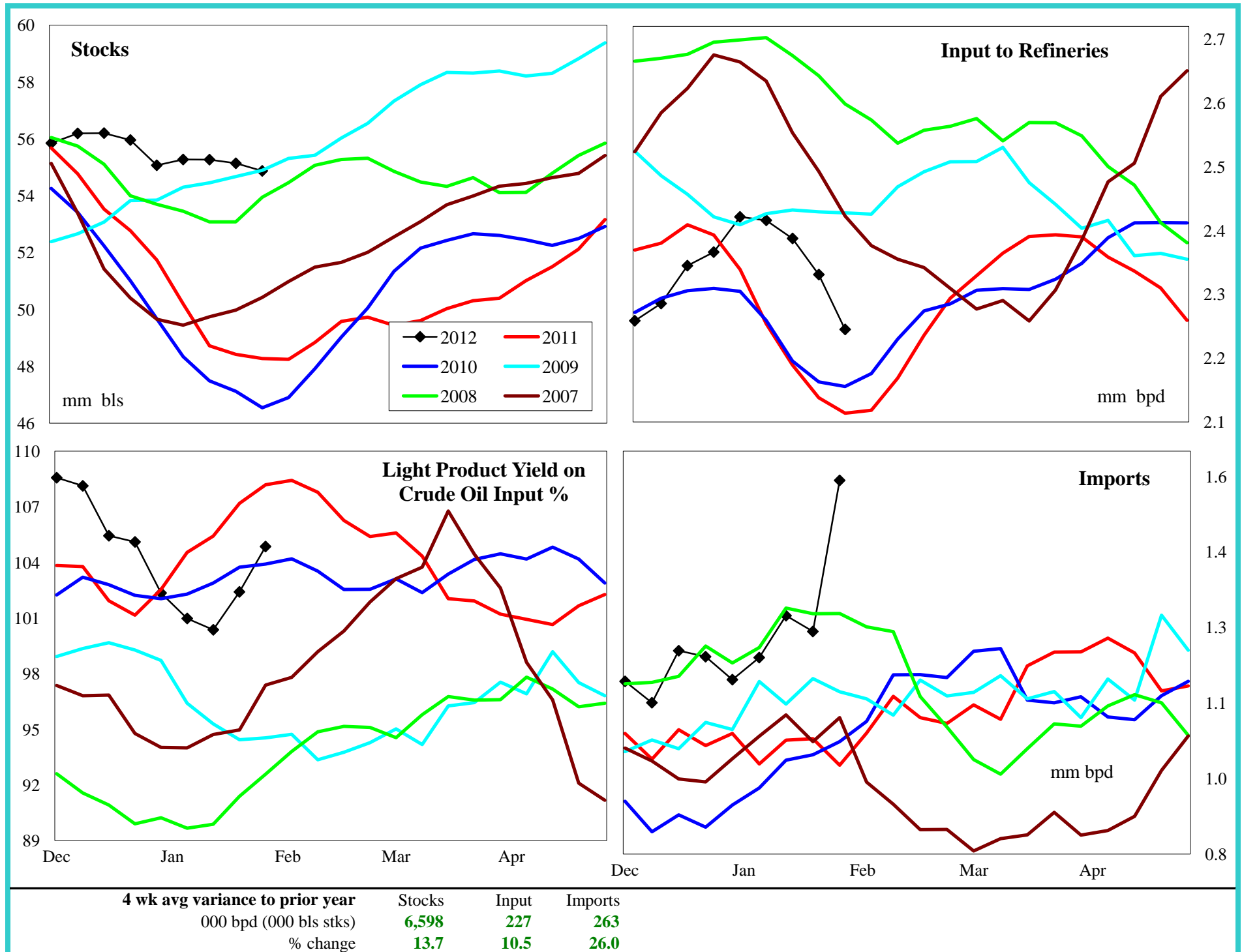
# PADD 4 Jet Fuel Supply



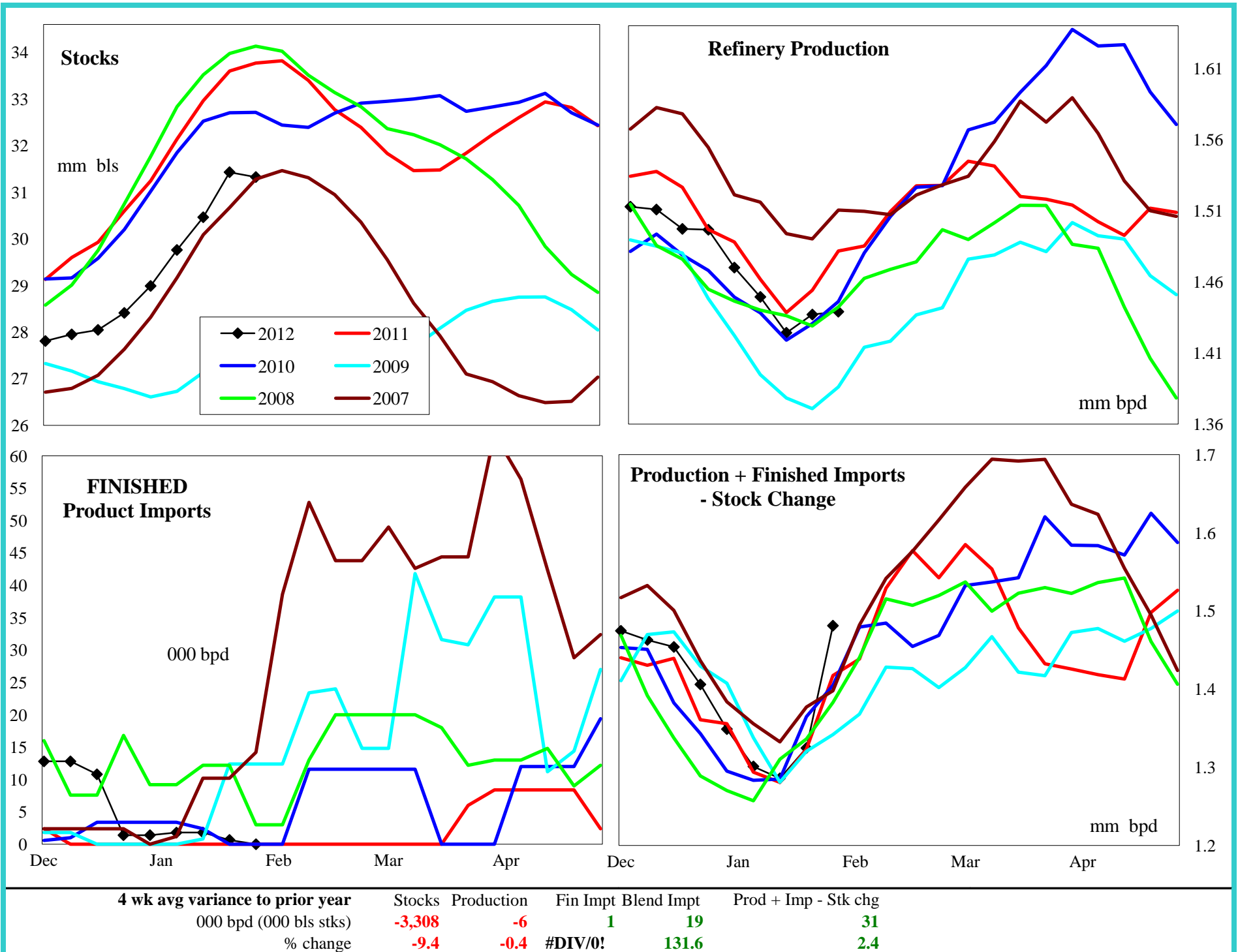
# PADD 4 Residual Fuel Oil Supply



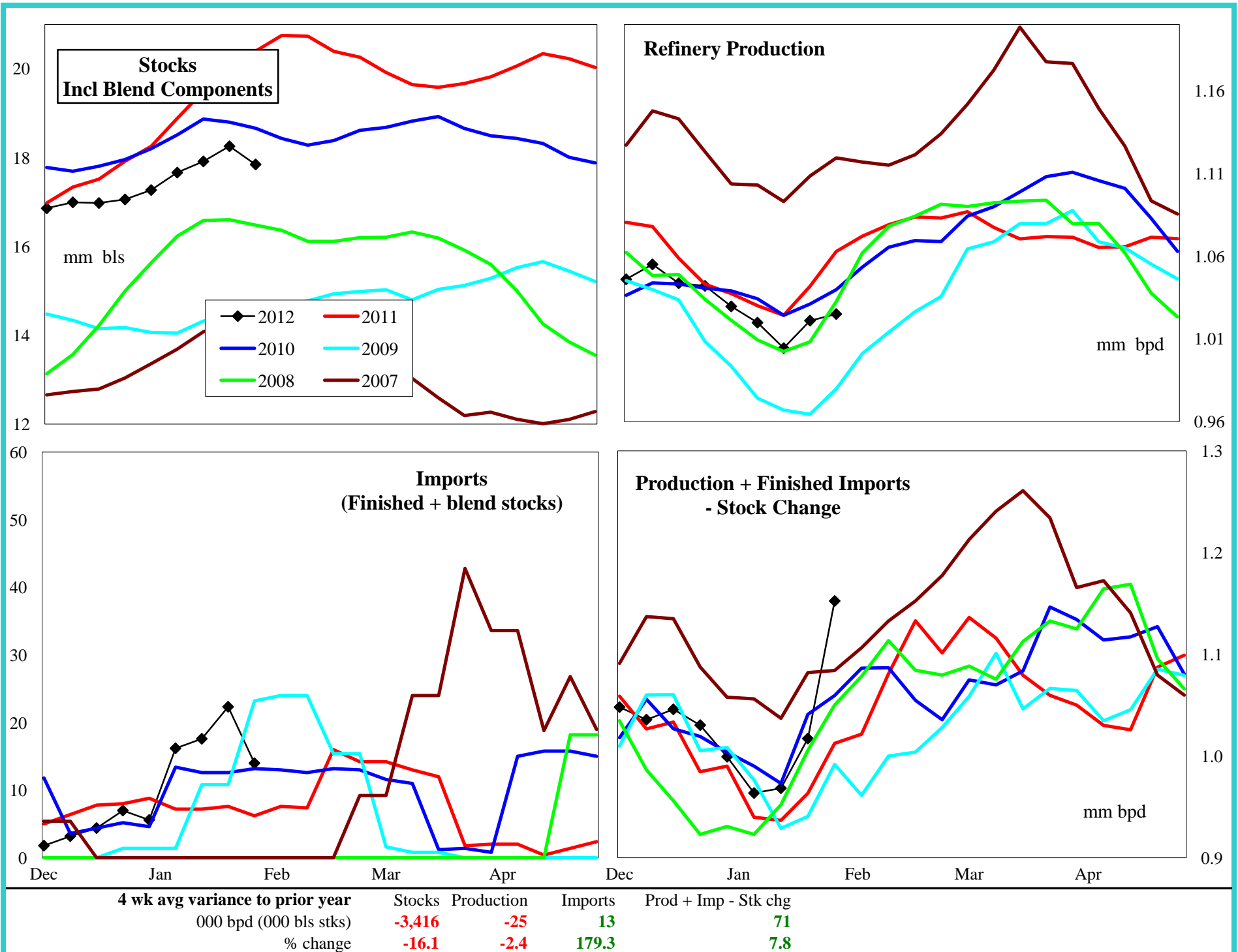
# PADD 5 Crude Oil Supply and Refining



# PADD 5 Gasoline Supply

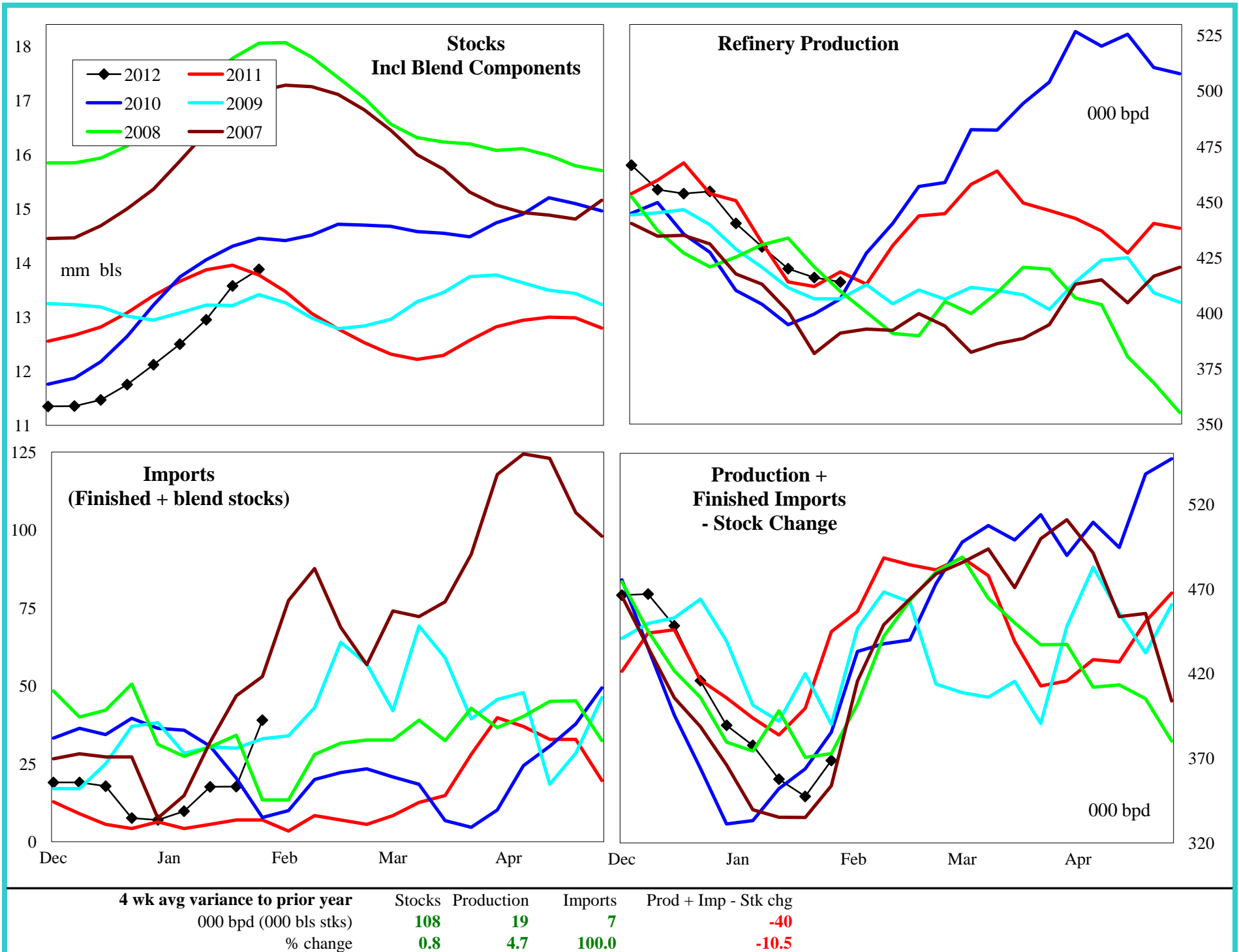


# PADD 5 Reformulated Gasoline Supply

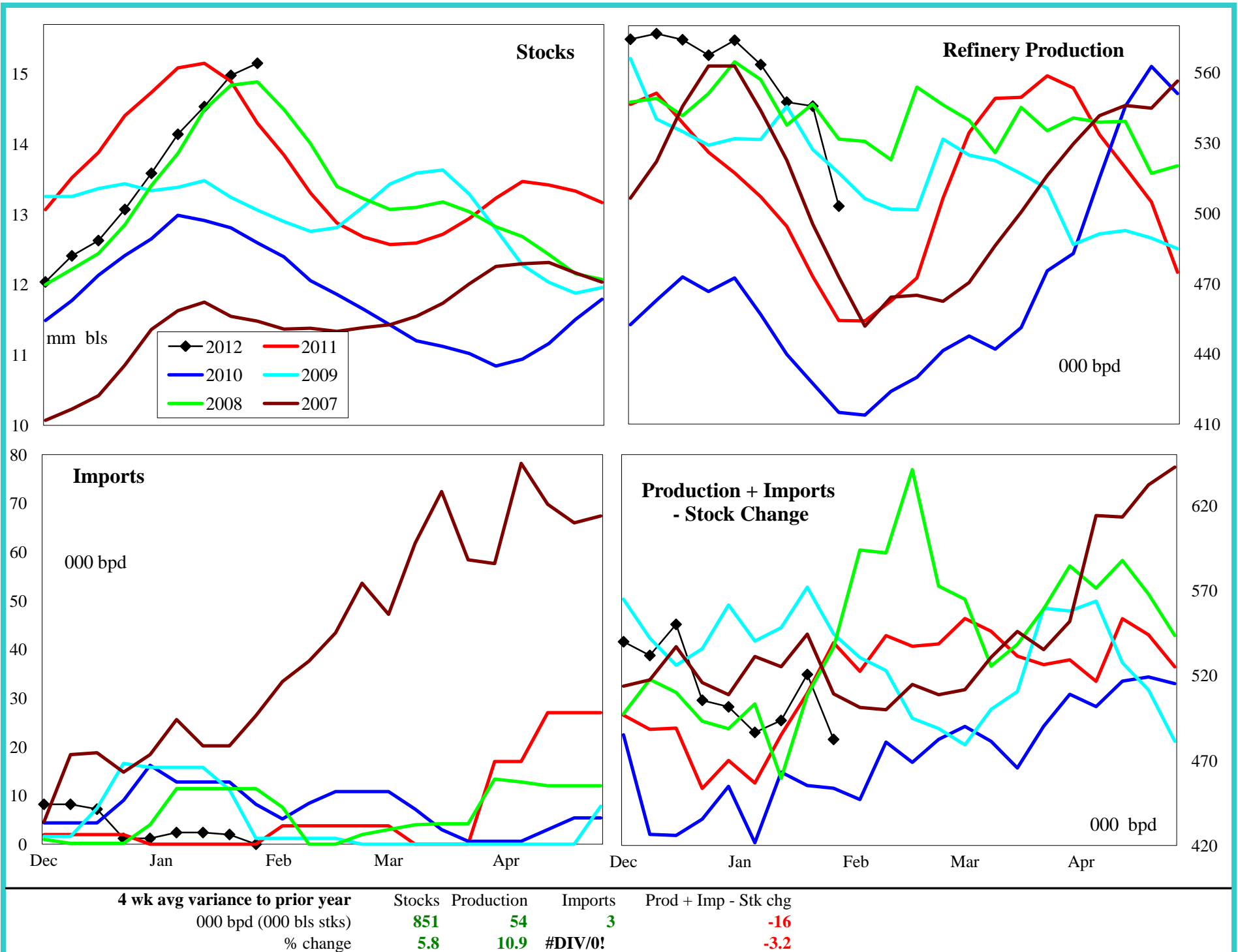




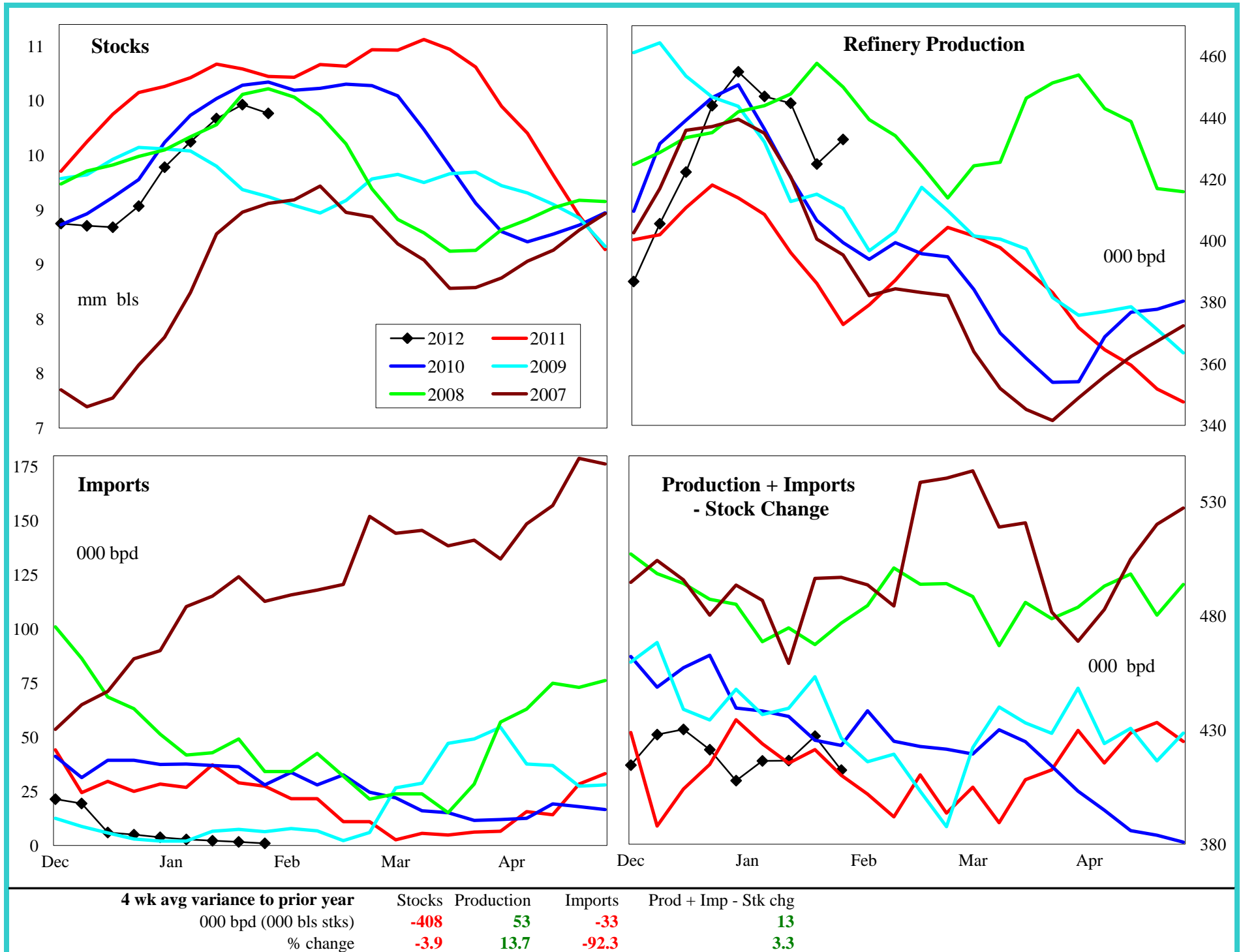
# PADD 5 Conventional Gasoline Supply



# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply

