



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

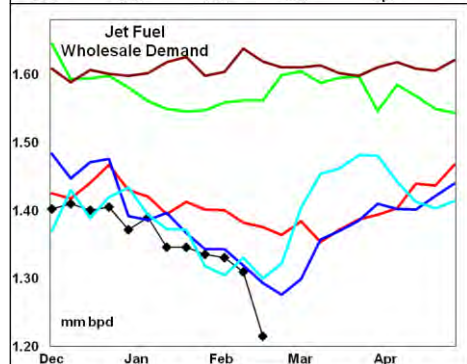
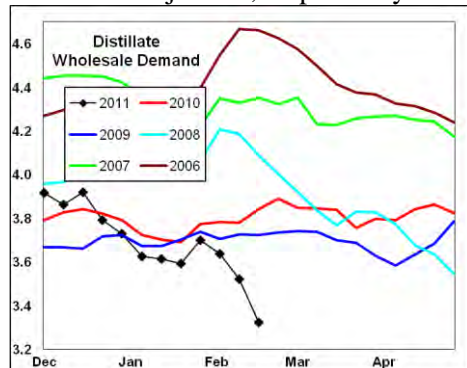
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, February 23, 2012

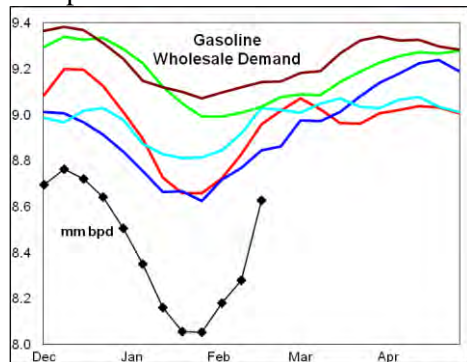


Major Fundamental Trends¹

Middle distillate wholesale demand plunged -0.6 million bpd last week, reversing earlier up trends. For the latest 4-wk period, year-on-year demand decreased -5.9% and -9.1% for distillate and jet fuel; respectively.



The ongoing warmer than normal temperatures across the country and fuel switching to natural gas for heating has depressed demand. A lack of severe winter weather has contributed to more fuel efficient operation of both airplane and transport fleets.



Gasoline demand jumped +461,000

bpd last week as the seasonal upturn continued. However the latest 4-wk year-on-year decline of -6.2% points to continued weak demand. With the sharp rise in retail prices, expect the seasonal increase in demand to remain very weak.

The gasoline supply balance improved last week on a +2.2 million barrel stock build in PADD 1 (driven by sharply higher imports), while all other regional markets witnessed meaningful declines. Over the weekend a fire at the BPAmoco Cherry Point, WA refinery spiked west coast gasoline markets; while the improvement in PADD 1 supplies should allow cash basis to strengthen in markets outside NYH.

Crude oil refinery runs for the latest 4-wk period were +545,000 bpd above last year, and well above each of the last 3-years. This trend points to a lighter than normal refinery maintenance schedule, increased run rates and incremental capacity additions.

Demand for gasoline surged last week, while middle distillate demand collapsed. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -6.2%; distillate down -5.9%; jet fuel down -9.1% while residual fuel oil decreased -214%.

Stocks forward coverage: Gasoline demand coverage decreased on a +0.5 million bpd jump in demand and -0.6 million barrel stock draw.

Distillate coverage increased on a -0.5 million bpd drop in demand, partially offset by a -0.2 million barrel stock draw. Coverage levels were below the last 2-years.

Jet fuel coverage levels spiked higher on a -136,000 bpd drop in demand and +1.2 million barrel stock build. Coverage levels reached a new record high.

Refinery utilization rates increased on a +170,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was +545,000 bpd above a year

ago.

Gasoline yield % on crude oil runs increased on a +187,000 bpd increase in output compared to the +170,000 bpd rise in crude oil runs. Yield % on crude oil runs was slightly above 5-year lows.

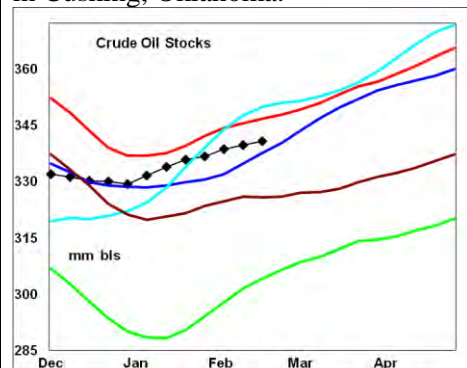
Distillate yield % on crude oil runs fell on a -97,000 bpd decrease in output, compared to the rise in crude oil runs. The yield % fell to a level below the historic high, but well above the mid range.

Jet fuel yield % on crude oil runs increased last week on a +64,000 bpd increase in output compared to the higher crude oil runs. Yield % levels were at the historic mid range.

Petroleum Imports of crude oil, gasoline and residual fuel oil were each higher on the week, while middle distillates saw modest declines.

During the latest 4-wk period crude oil imports were +211,000 bpd above last year; distillate imports decreased -10,000 bpd; finished gasoline imports decreased -27,000 bpd, gasoline blend stock imports declined -173,000 bpd; jet fuel imports were -37,000 bpd lower, while residual fuel oil imports declined -59,000 bpd.

Crude Oil stocks increased +1.6 million barrels on the week, including builds of nearly +1.5 million barrels on both the East and West Coast markets. Stocks decreased -0.3 million barrels in Cushing, Oklahoma.



U.S. stock levels are comparable to the last 3-years; including very high levels in PADDs 2, 4 and 5.

¹ Source is latest EIA Weekly Statistics



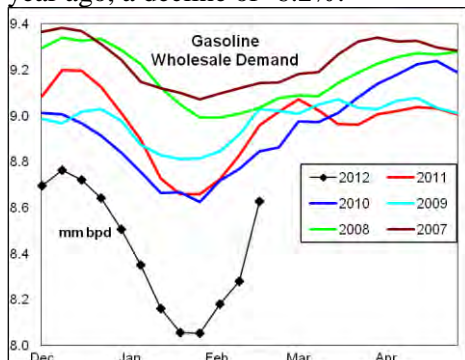
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, February 23, 2012

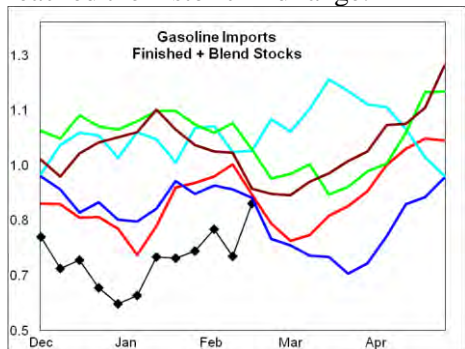
Product Supply-Demand Trends

Gasoline demand surged +461,000 bpd last week, continuing the seasonal upturn. The latest 4-wk average demand was -546,000 bpd below a year ago, a decline of -6.2%.



Imports climbed +297,000 bpd on the week, to a level comparable with the last 2-years. Production also increased +187,000 bpd to a level near last years' record high.

Stocks decreased -0.6 million barrels on the week, a level that matched the mid range. On a +2.2 million barrel build in PADD 1, stock levels in the Central Atlantic Region reached the historic mid range.



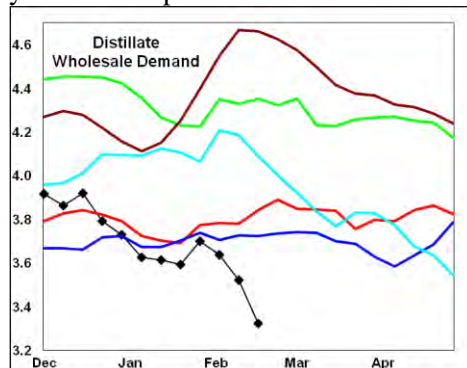
A meaningful rise in imports and production offset the season increase in demand last week. Meaningful stock draws occurred in all regional markets except PADD 1, where stocks increased over +2 million barrels. These trends point toward a rebalancing of supplies, and should lead to a strengthening of cash basis ion regional markets outside of NYH.

Distillate demand plunged -487,000 bpd last week, more than reversing the prior week surge. The latest 4-wk average year-on-year change in demand was a -225,000 bpd decline;

driven by unusually mild temperatures in heating oil markets and a lack of demand for highway snow/ice removal.

Supplies fell -107,000 bpd on lower production; with the latest 4-wk average supply +206,000 bpd above a year ago. Stocks decreased -0.2 million barrels on the week, including a -1.4 million barrel draw in the Gulf.

The latest 4-wk stock change in markets East of the Rockies was a draw of -2.9 million barrels, which matched the lowest draw of the last 5-years for the period.



The latest 4-wk average year-on-year decrease in demand of -5.9% continues to track similar percentage decreases of -6% in December and -7% in January. Exceptionally warm temperatures and record low natural gas prices have significantly cut distillate use.

Stock levels and/or production rates remain extremely high in all regional markets except PADD 1 (where refinery closures have reduced local supplies).

With the wind down of winter heating season, look for the relatively tight supplies in PADD 1 to provide less support to distillate prices.

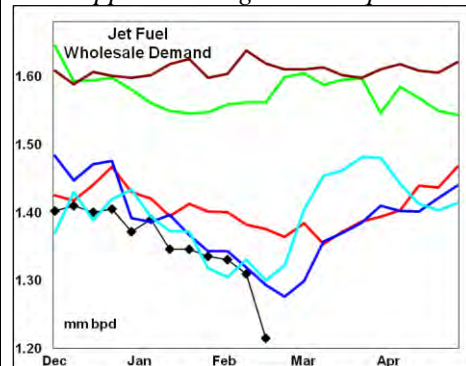
Jet Fuel demand fell -136,000 bpd last week, falling to a fresh 5-year low. The latest 4-wk average demand was -129,000 bpd below a year ago.

Supply was nearly unchanged on the week, with higher production offset by a drop in imports. Stocks increased +1.2 million barrels last week, to a level that matched 5-year highs.

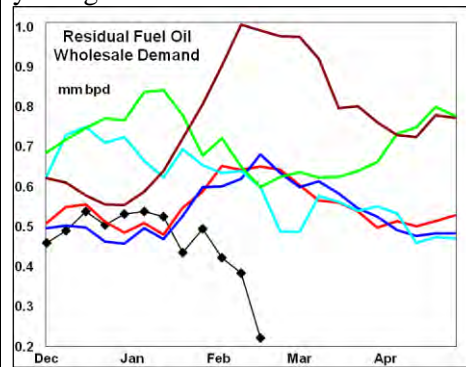
High production and weak

seasonal demand, as well as year on year decline in demand has led to a very well supplied market. The increase in production has more than offset a -54% drop in imports.

The market should remain very well supplied during the next quarter.



Residual fuel oil demand reversed the prior week spike, falling -466,000 bpd, to a fresh record low. The latest 4-wk average was -277,000 bpd below a year ago.



Supply (production + imports) climbed +160,000 bpd last week, on higher imports. The latest 4-wk average supply was -57,000 bpd below last year. Stocks increased +1.8 million barrels on the week, but remain -8% below the historic range.

Demand reversed the previous week surge, driving the latest 4-wk average to -42% below a year ago. Warm temperatures and natural gas substitution has significantly cut demand.

Stocks climbed +2 million barrels in the key Gulf region last week, to a level that matched 5-year highs for this time of year. The key Gulf market remains very well supplied.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

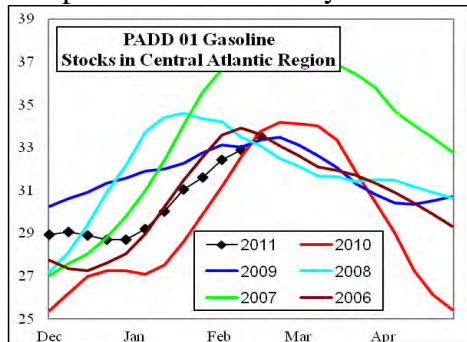
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, February 23, 2012

PADD Supply Trends

PADD 1 refinery crude oil runs were unchanged on the week, with the latest 4-wk average -170,000 bpd below last year, and a record low rate for this time of year.

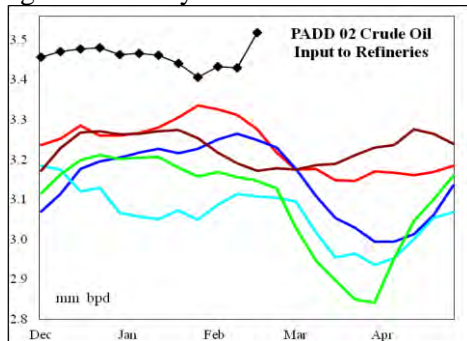
Gasoline imports jumped +285,000 bpd last week, a level comparable to the last 2-years.



Stocks climbed +2.2 million barrels on the week, matching last years' season high, and near the 5-year high. Stock levels in the key Central Atlantic Region ended the week at the historic mid range.

Distillate supply increased +28,000 bpd on the week, with the level -140,000 bpd below the 5-year range. Stocks increased +0.9 million barrels on the week, to below the mid range.

Jet fuel stocks increased +0.3 million barrels on the week, with the level above four of the last 5-years. Supply was -67,000 bpd below a year ago and at a 5-year low.



PADD 2 crude oil refinery runs increased +111,000 bpd last week, with the 4-wk average +93,000 bpd above last years' highs. Crude imports increased 0.1 million bpd, to a new record high.

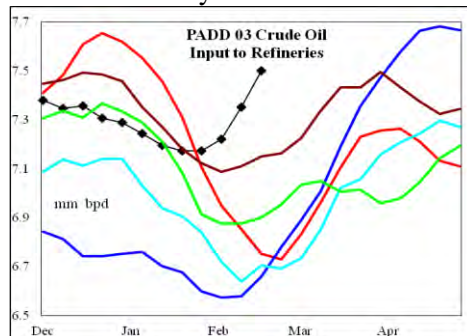
Gasoline production was

unchanged on the week, matching the 5-year mid range. Stocks decreased -0.9 million barrels to a level just below the historic high.

Distillate production was unchanged on the week, with output +5.4% above the historic high for this time of year. Stocks increased +0.2 million barrels to a level that matched last years' season high.

Jet fuel production increased +12,000 bpd, a level well above the historic range. Stocks ended the week at a level above the 5-year range.

PADD 3 refinery runs increased +111,000 bpd last week, to a new record high level for this time of year. The latest 4-wk average thru put was +404,000 bpd above last year. Crude oil imports decreased -0.2 million bpd to match 5-year lows. Stocks decreased -0.5 million barrels, to a level near the 5-year low.



Gasoline production was unchanged on the week, at a level -8% below a year ago. Stocks decreased -1 million barrels last week,

Distillate production fell -150,000 bpd on the week, with the latest 4-wk average +204,000 bpd above the previous 5-year high. Stocks decreased -1.4 million barrels, to a level was -21% below a year ago.

Jet fuel supply increased +65,000 bpd on the week, to a level near historic highs for this time of year. Stocks jumped +1 million barrels to a level above the 5-year range.

Residual fuel oil supplies increased +103,000 bpd on the week. Stocks surged +2 million barrels to a level that matched historic highs for the period.

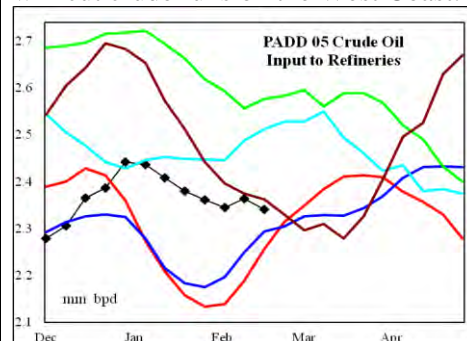
PADD 4 refinery crude runs were

unchanged on the week, at a record high level. The most recent 4-wk average run rate was +47,000 bpd (+9%) above a year ago.

Gasoline production matched the historic mid range for the week. Stocks decreased -0.2 million barrels, although the level remains above the historic range.

Distillate production declined -8,000 bpd on the week. The latest 4-wk average output was +30,000 bpd above last year (+18%) and a 5-year high. Stocks increased +0.4 million barrels to a fresh record high, +33% above a year ago.

PADD 5 crude oil refinery runs decreased -51,000 bpd last week, to a level just above the last 2-years. Fire at the BPAmoco plant in Cherry Point, WA (225,000 bpd) this past weekend will cut crude runs on the West Coast.



Gasoline production was unchanged on the week, at a level comparable to the last 2-years. Supply (production + imports) for the latest 4-wk average was also unchanged compared to last year. Stocks fell -0.7 million barrels on the week, to a level below four of the last 5-years. Low stocks, combined with the BPAmoco fire has spike prices in the region.

Distillate supply increased +28,000 bpd on the week, to a level above the last 3-years. The latest 4-wk average supply was +61,000 bpd above a year ago. Stocks decreased -0.3 million barrels on the week, +15% above a year ago, and above the historic range.

Jet fuel supply fell -58,000 bpd, to a level above the mid range. Stock levels are slightly below the last 2-years, but above the 5-year mid range.

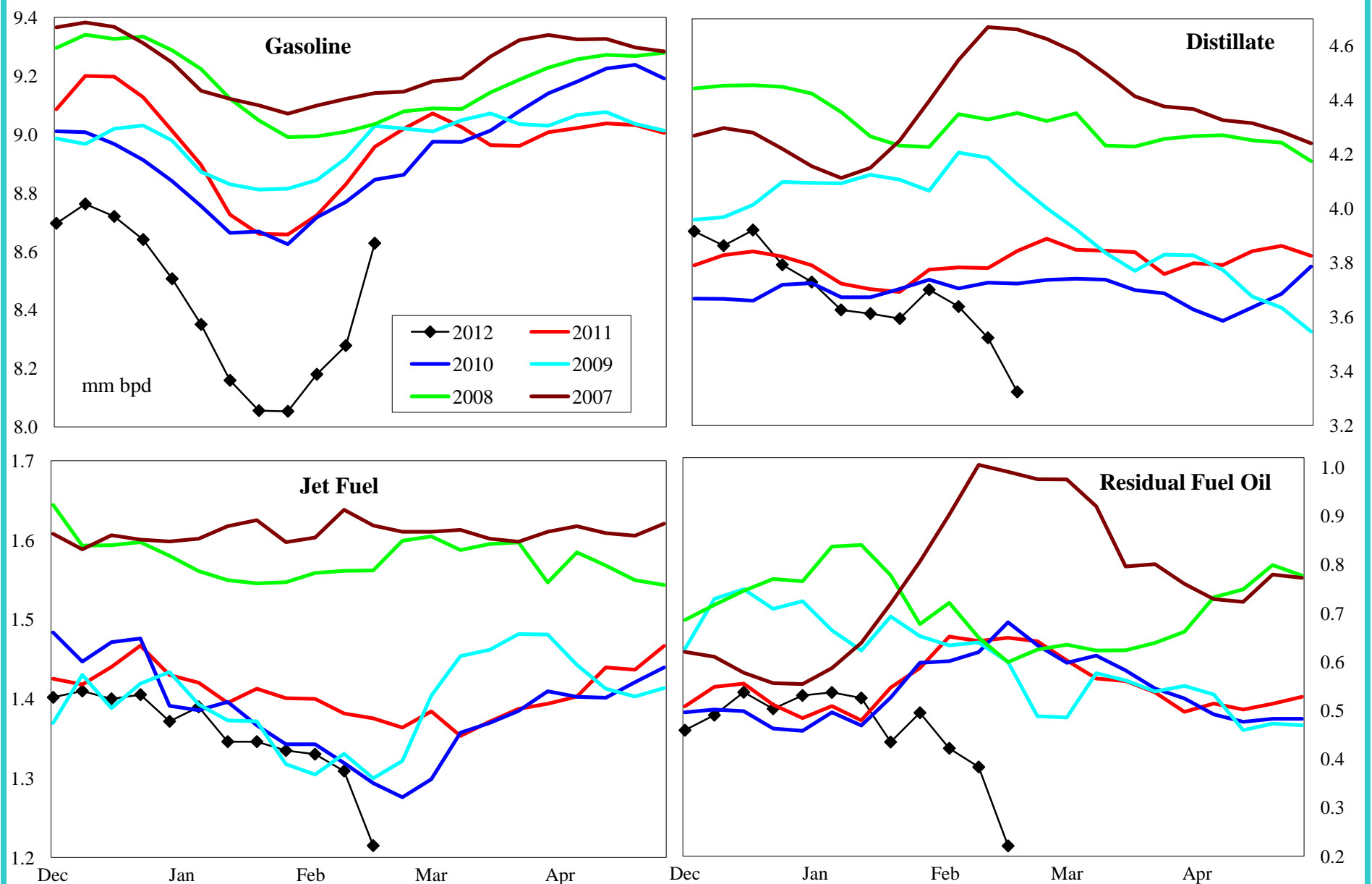


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report February 23, 2012
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com

Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	17-Feb-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	1,633	1,439	-630	-505	-367	1,697
	Imports	335	249	111	-233	-2	212
	Input	170	3	111	111	-3	-51
	% Utilization	1.50					
Gasoline	Stocks	-649	2,190	-864	-1,042	-218	-716
	Production	187	-39	6	3	-6	3
	Imports	297	285	0	28	0	-16
	Supplied	461					
Distillate	Stocks	-208	917	208	-1,387	378	-323
	Production	-97	39	-5	-150	-8	28
	Imports	-10	-11	0	0	1	0
	Supplied	-487					
Jet Fuel	Stocks	1,151	289	-169	993	-13	52
	Production	64	0	12	65	1	-14
	Imports	-59	-15	0	0	0	-44
	Supplied	-136					
Residual Fuel Oil	Stocks	1,755	-684	58	2,031	-11	360
	Production	8	2	-6	-15	2	24
	Imports	152	31	-3	118	0	6
	Supplied	-466					

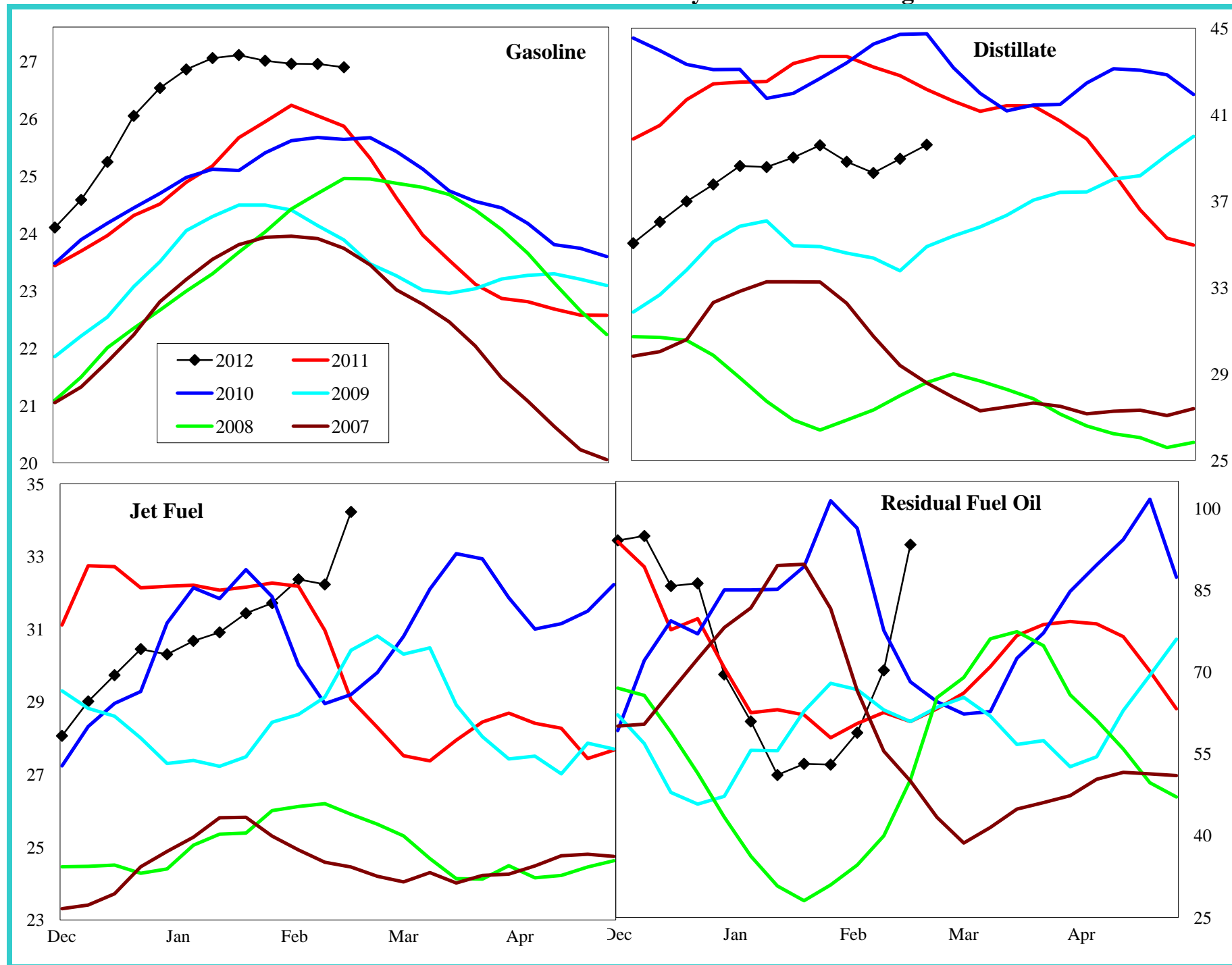
United States Wholesale Petroleum Demand



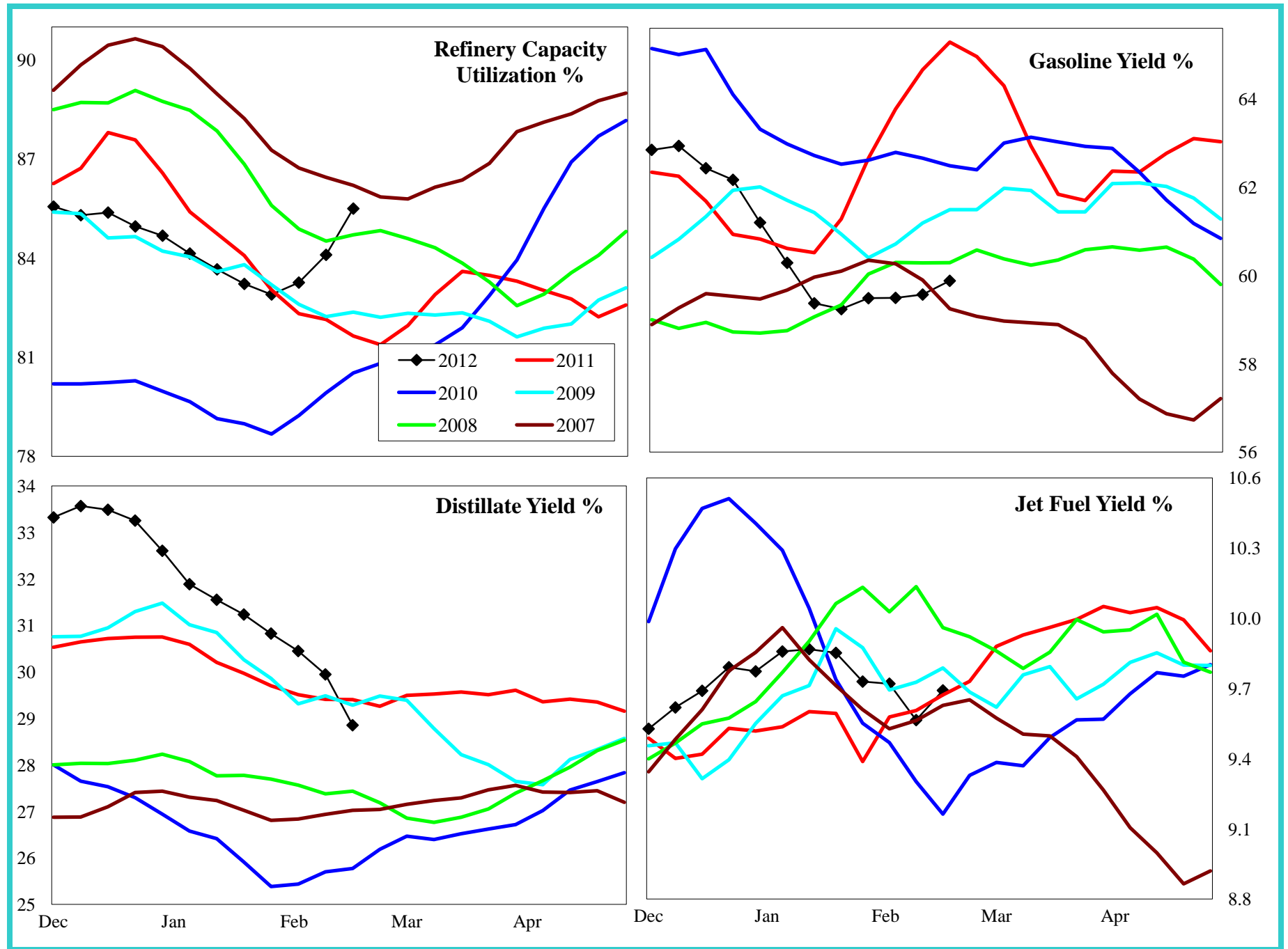
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jan	Jan	Nov	4wk avg	Jan	Dec	Nov
Gasoline	-546	-374	-155	-152	-6.2	-4.4	-1.7	-1.7
Distillate	-225	-295	-255	92	-5.9	-7.4	-6.1	2.4
Jet Fuel	-129	-24	22	81	-9.1	-1.8	1.6	5.8
Resid	-277	-176	8	-214	-41.7	-28.3	1.5	-38.8



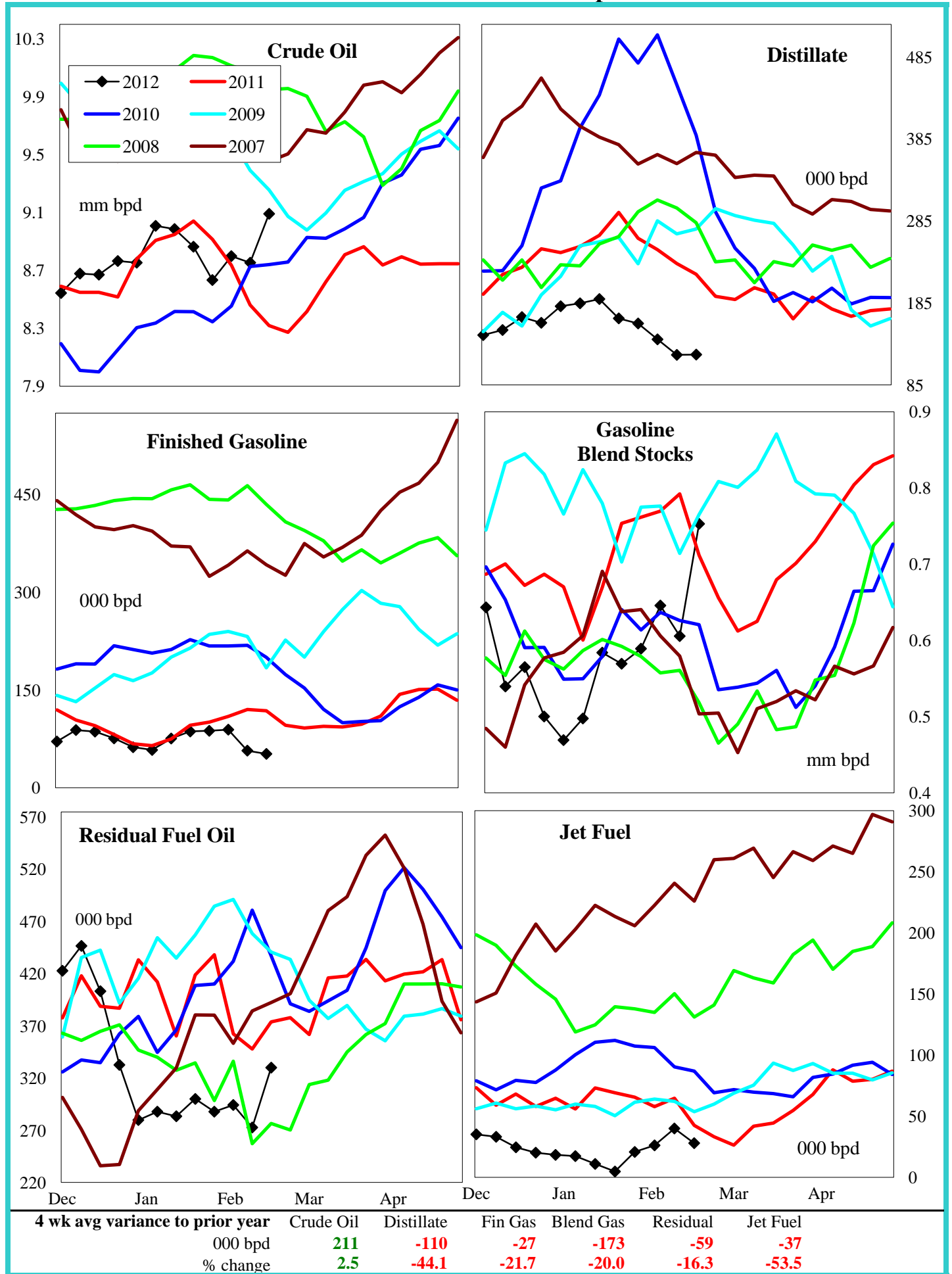
United States Product Stocks: Days Forward Coverage



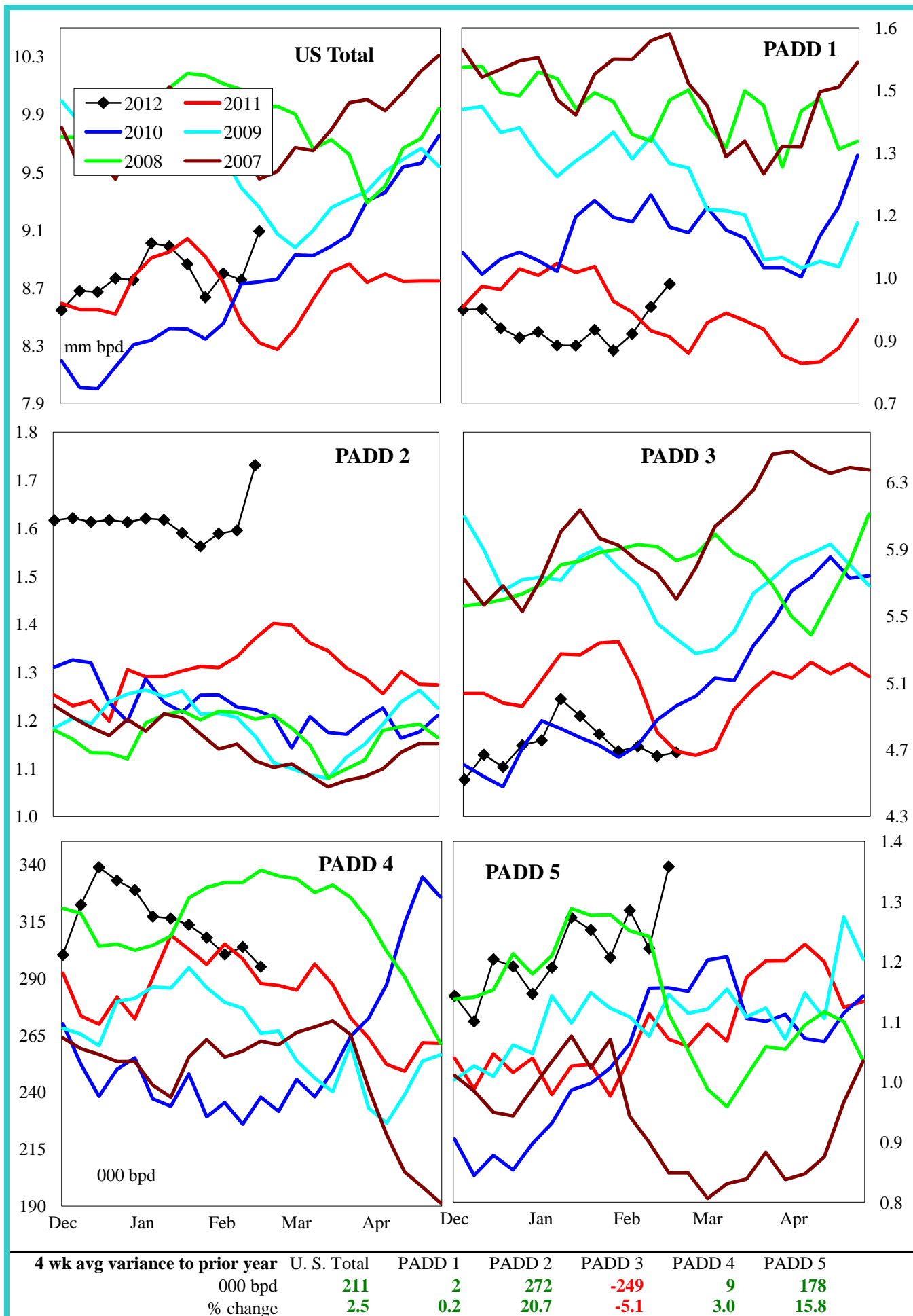
United States Refinery Percent Utilization Rate and Product Yields



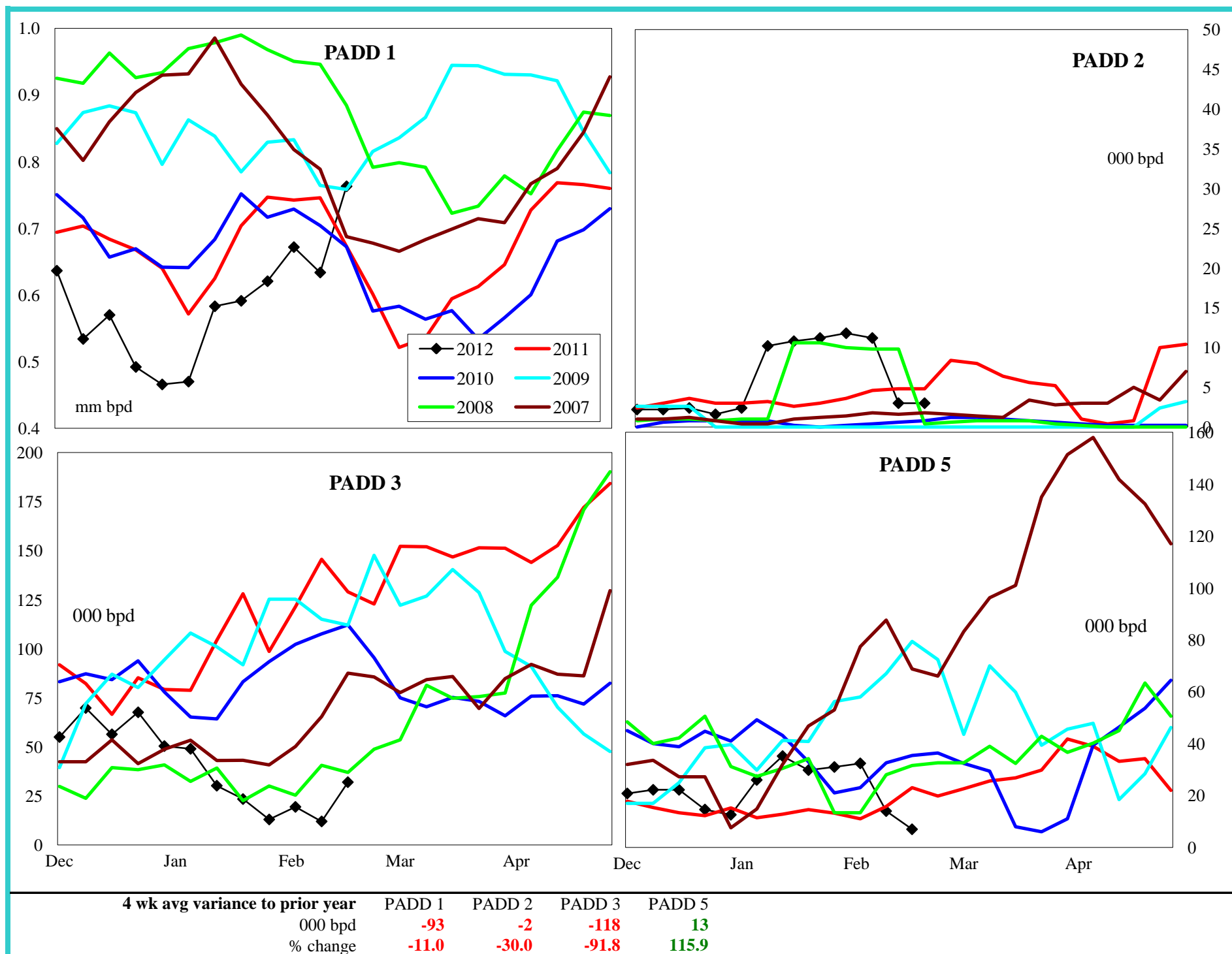
United States Petroleum Imports



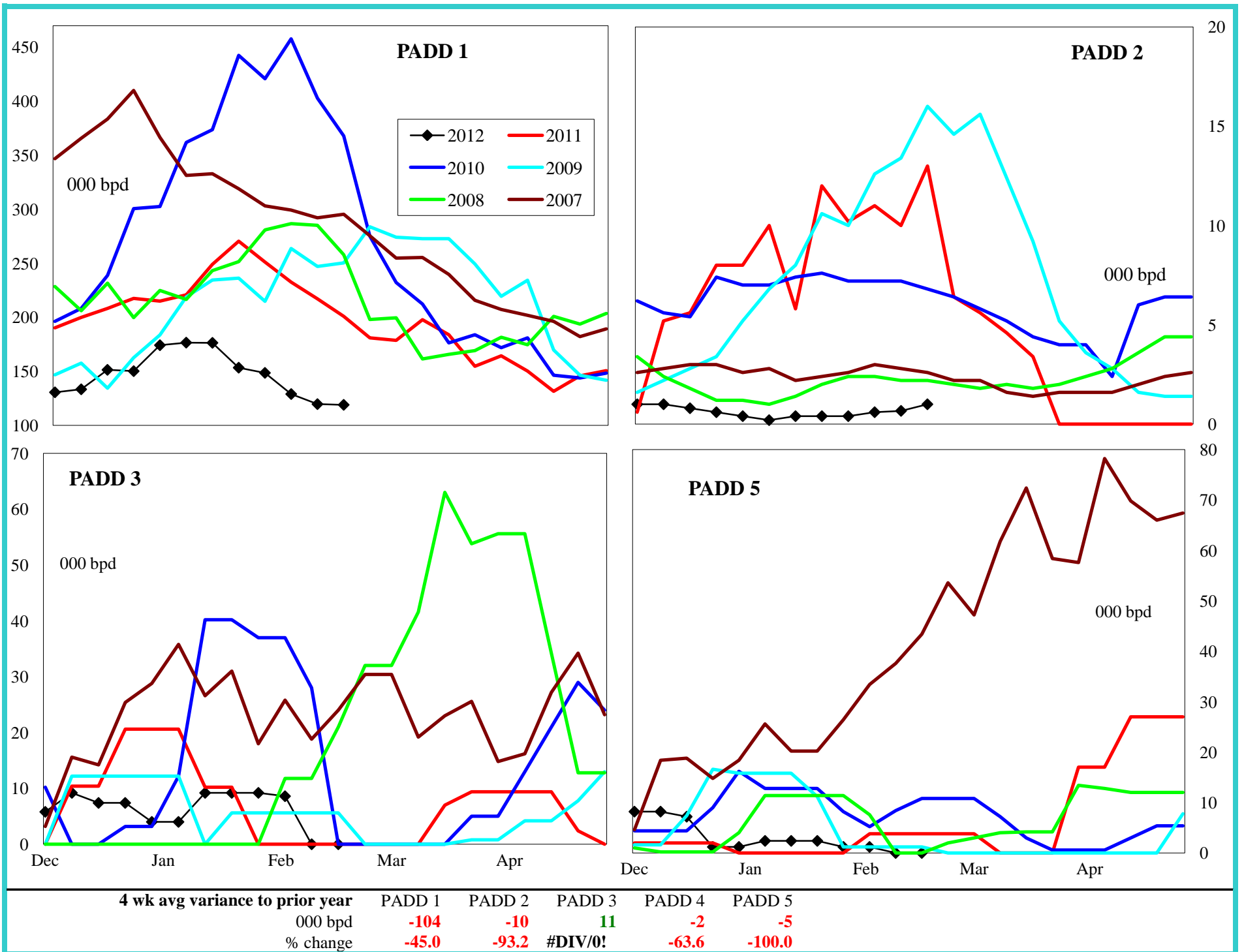
Crude Oil Imports by PADD



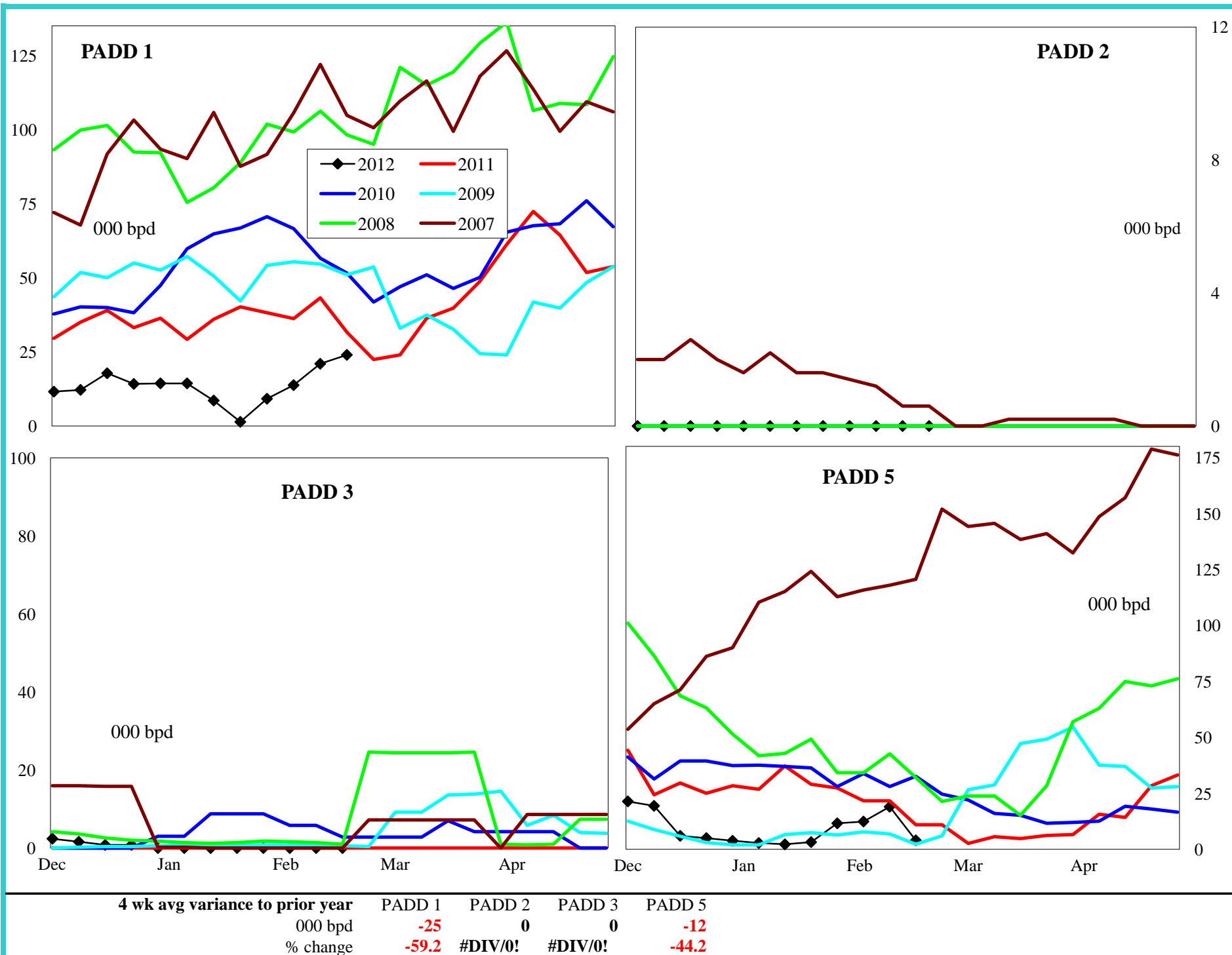
Gasoline Imports by PADD (Finished + Blend Stocks)



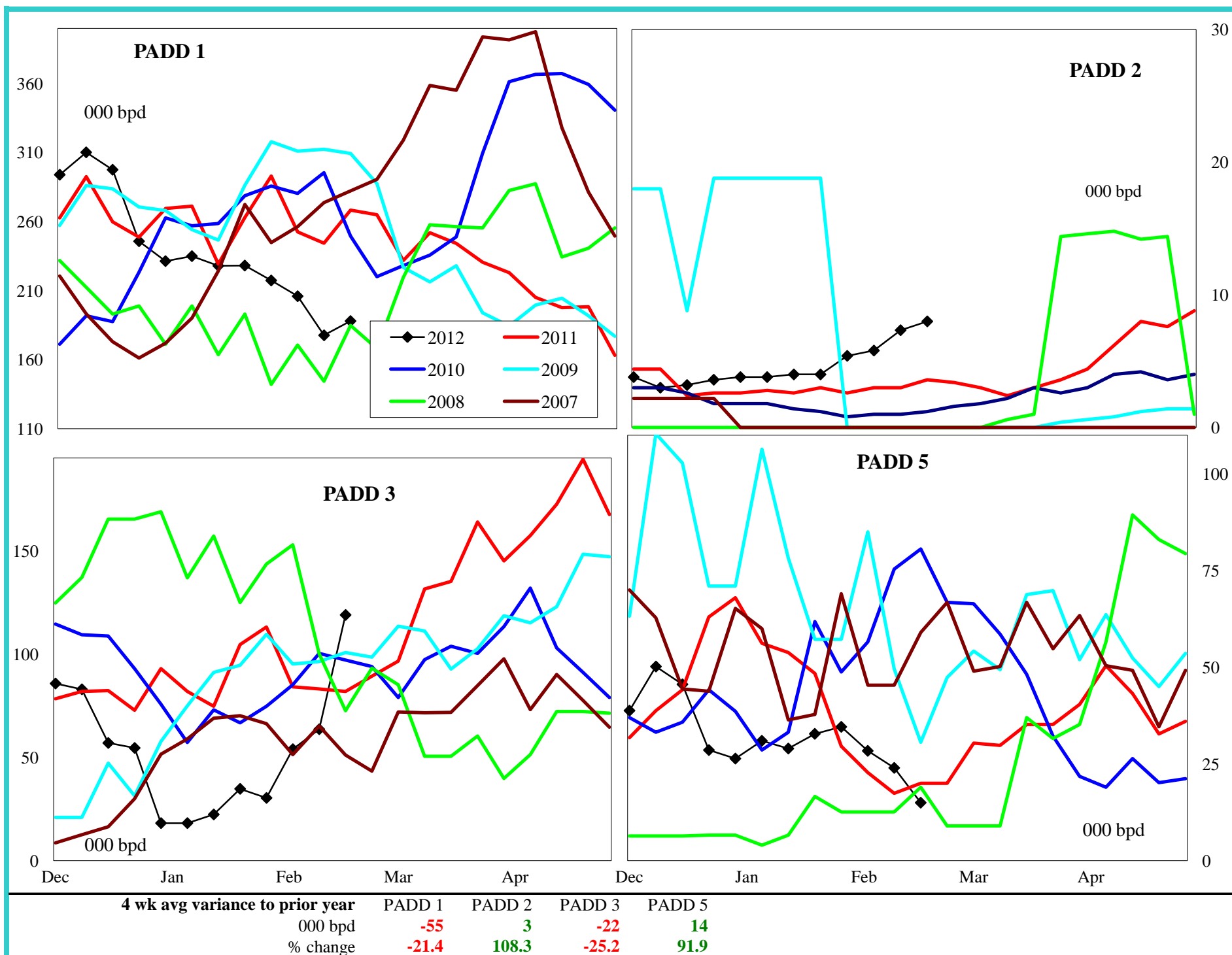
Distillate Imports by PADD



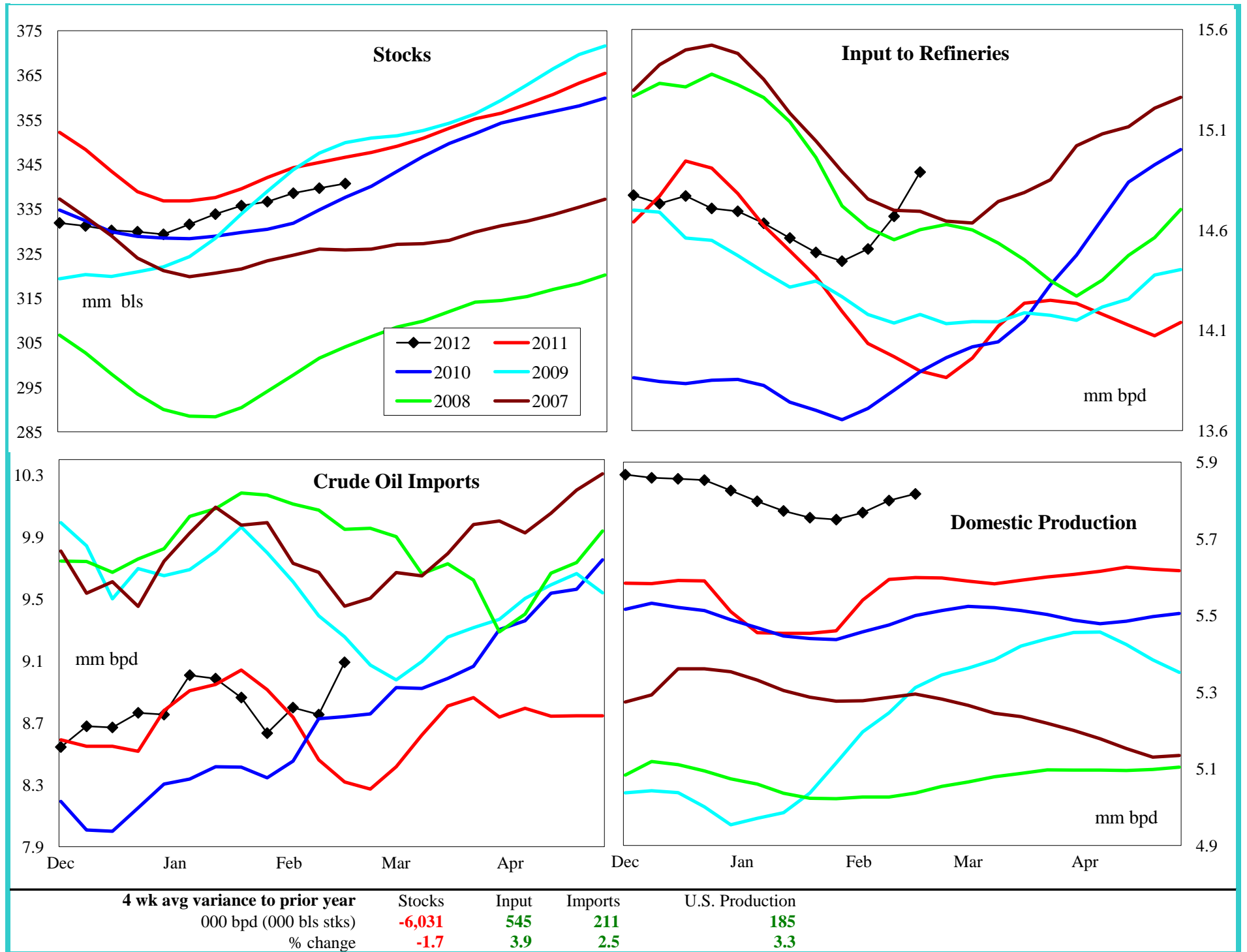
Jet Fuel Imports by PADD



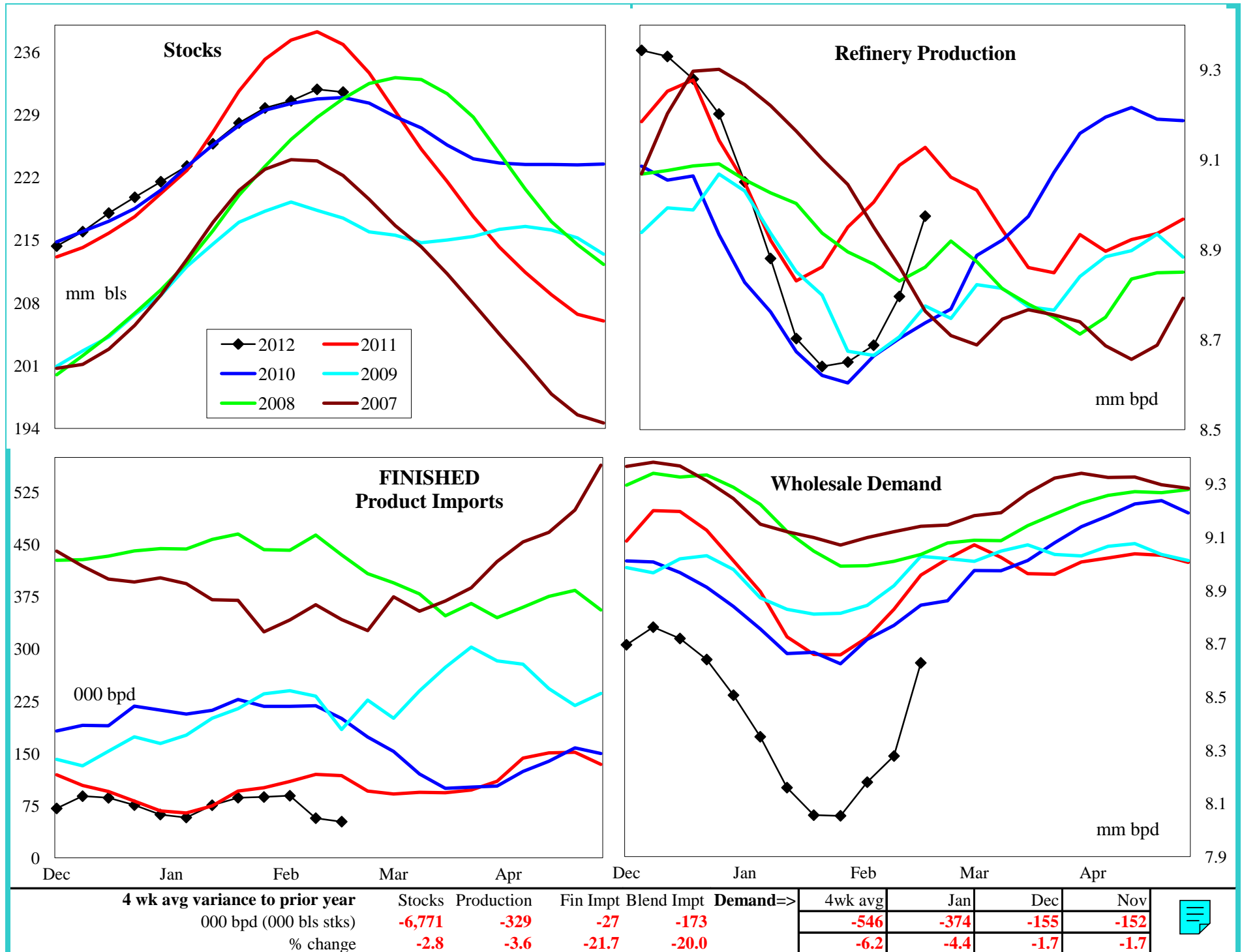
Residual Fuel Oil Imports by PADD



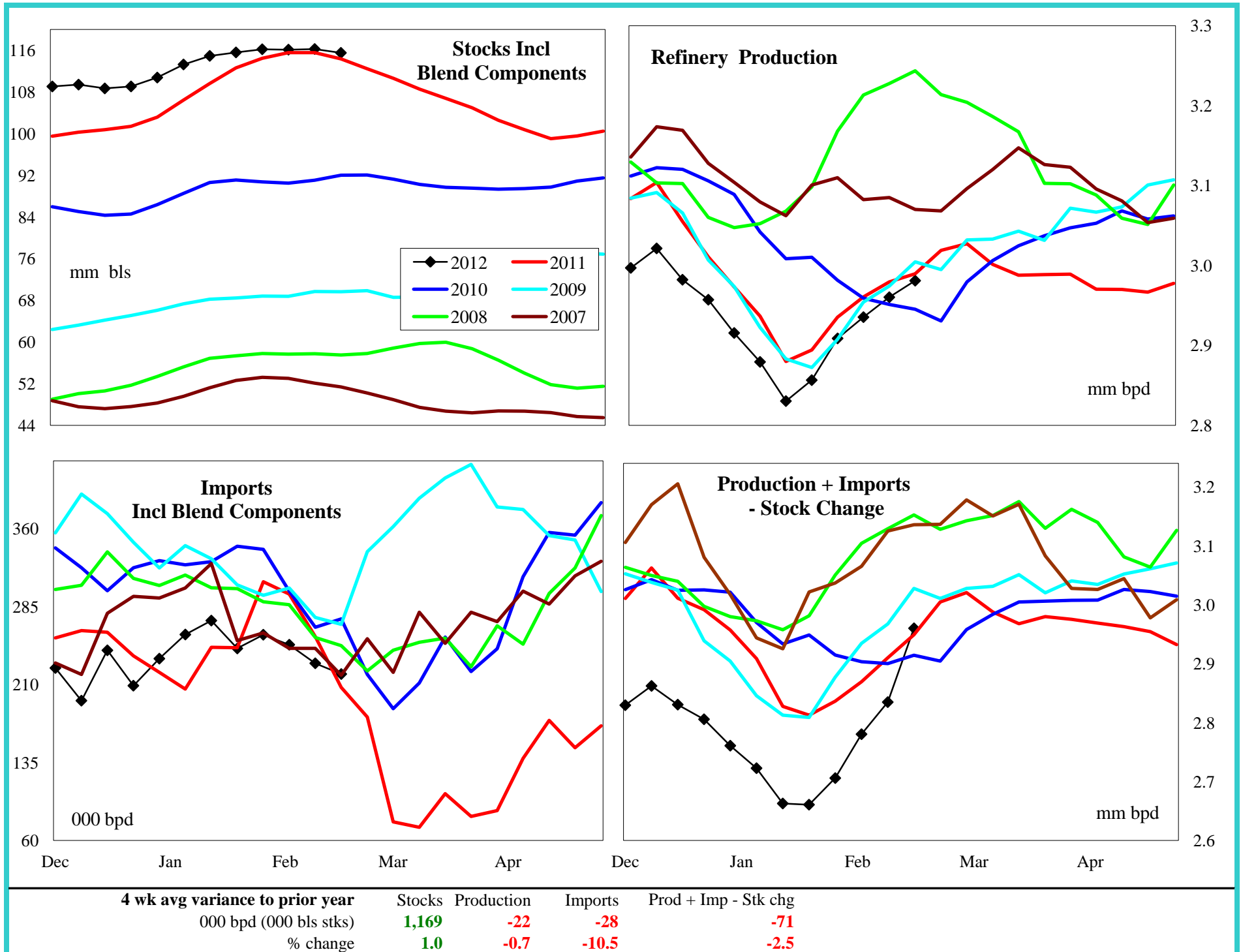
United States Crude Oil Supply and Demand Balance



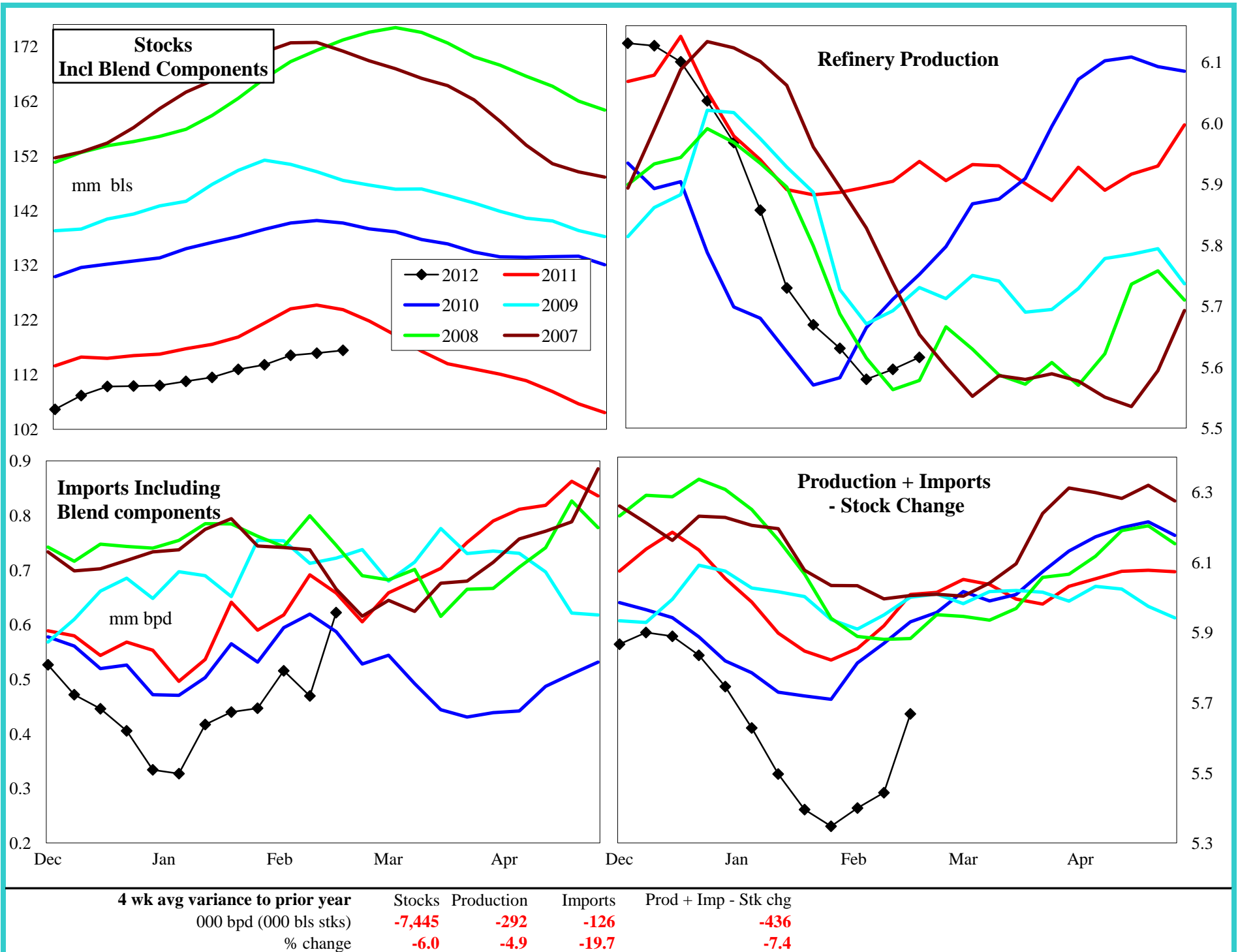
United States Gasoline Supply and Demand Balance



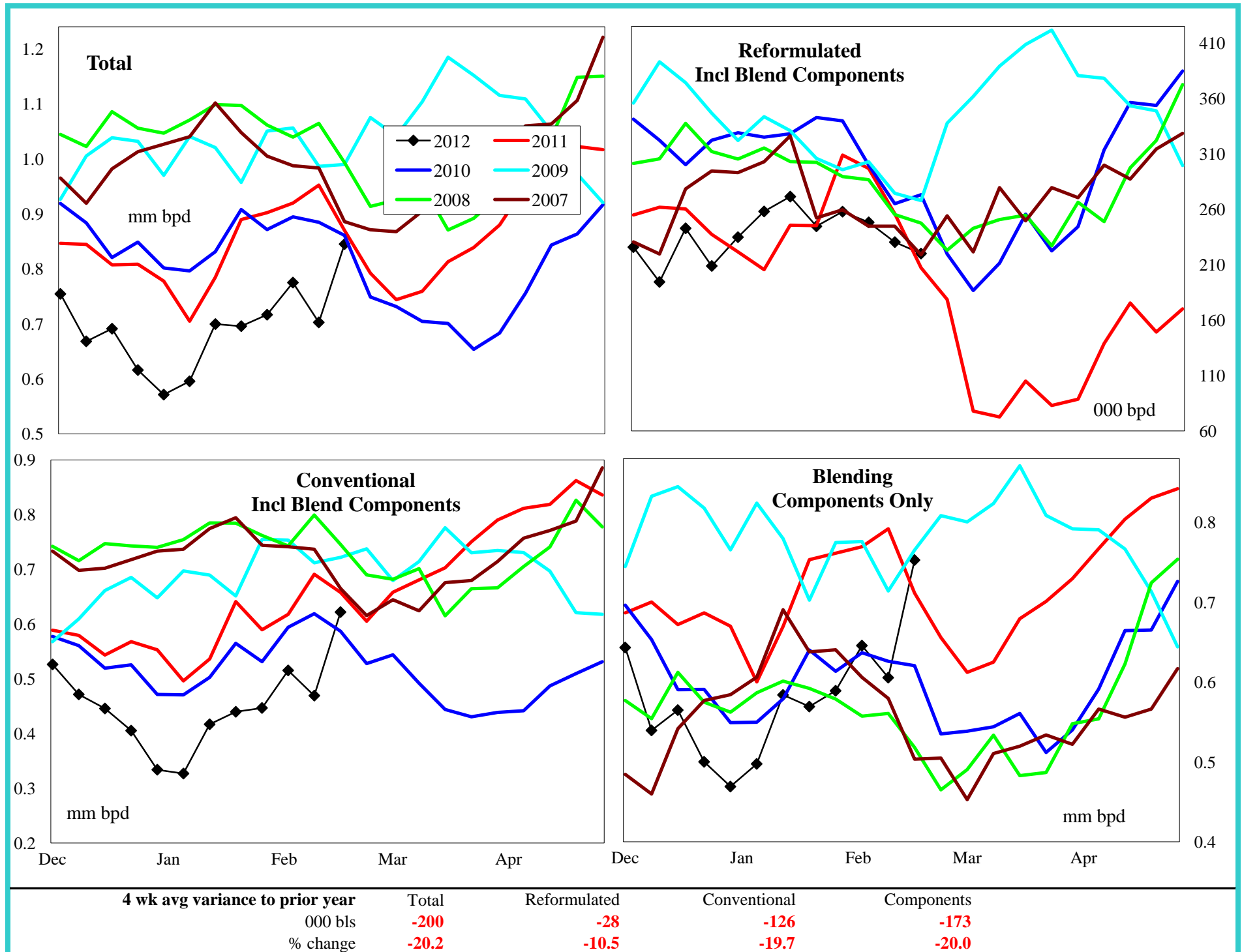
United States Reformulated Gasoline Supply



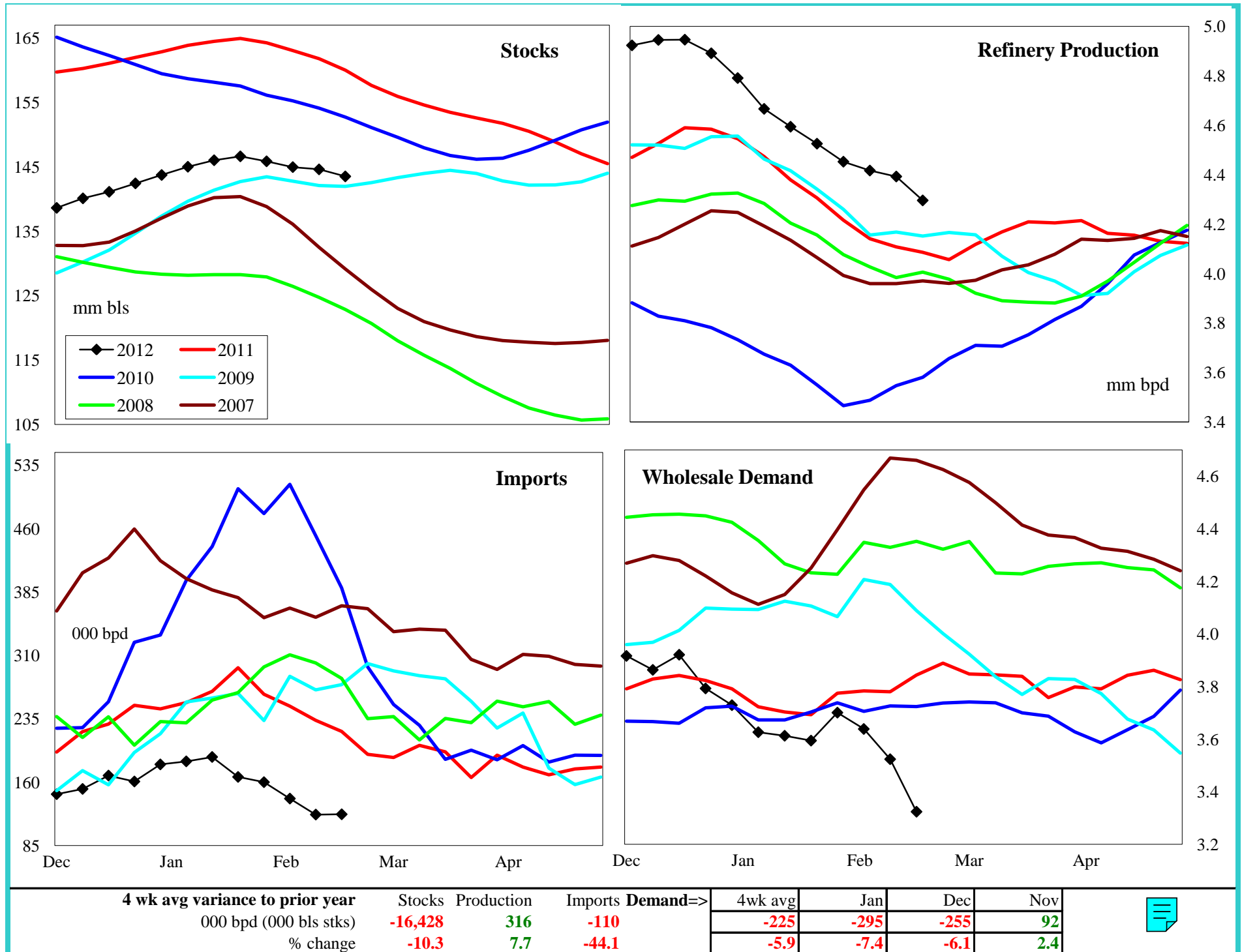
United States Conventional Gasoline Supply



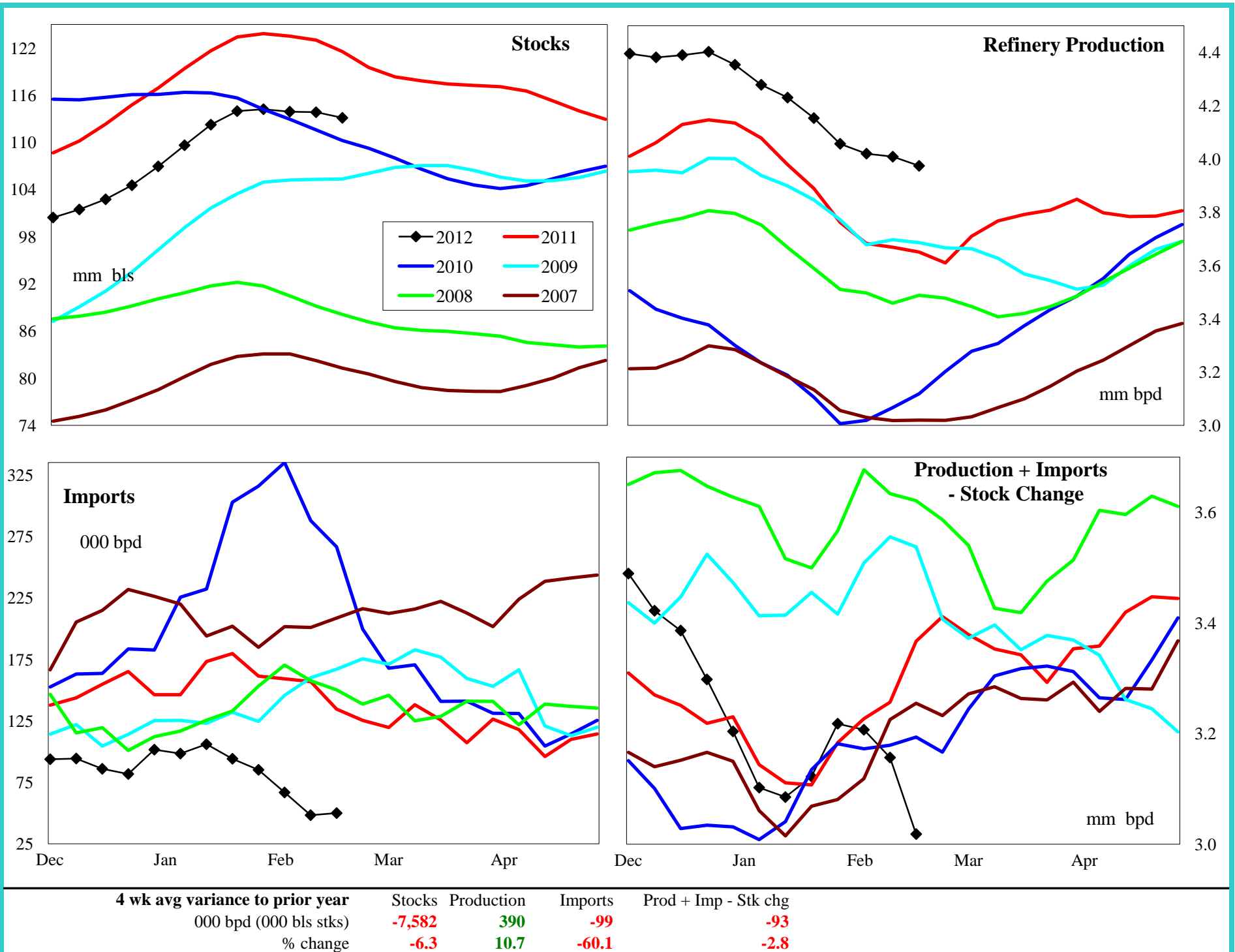
United States Gasoline Imports by Type



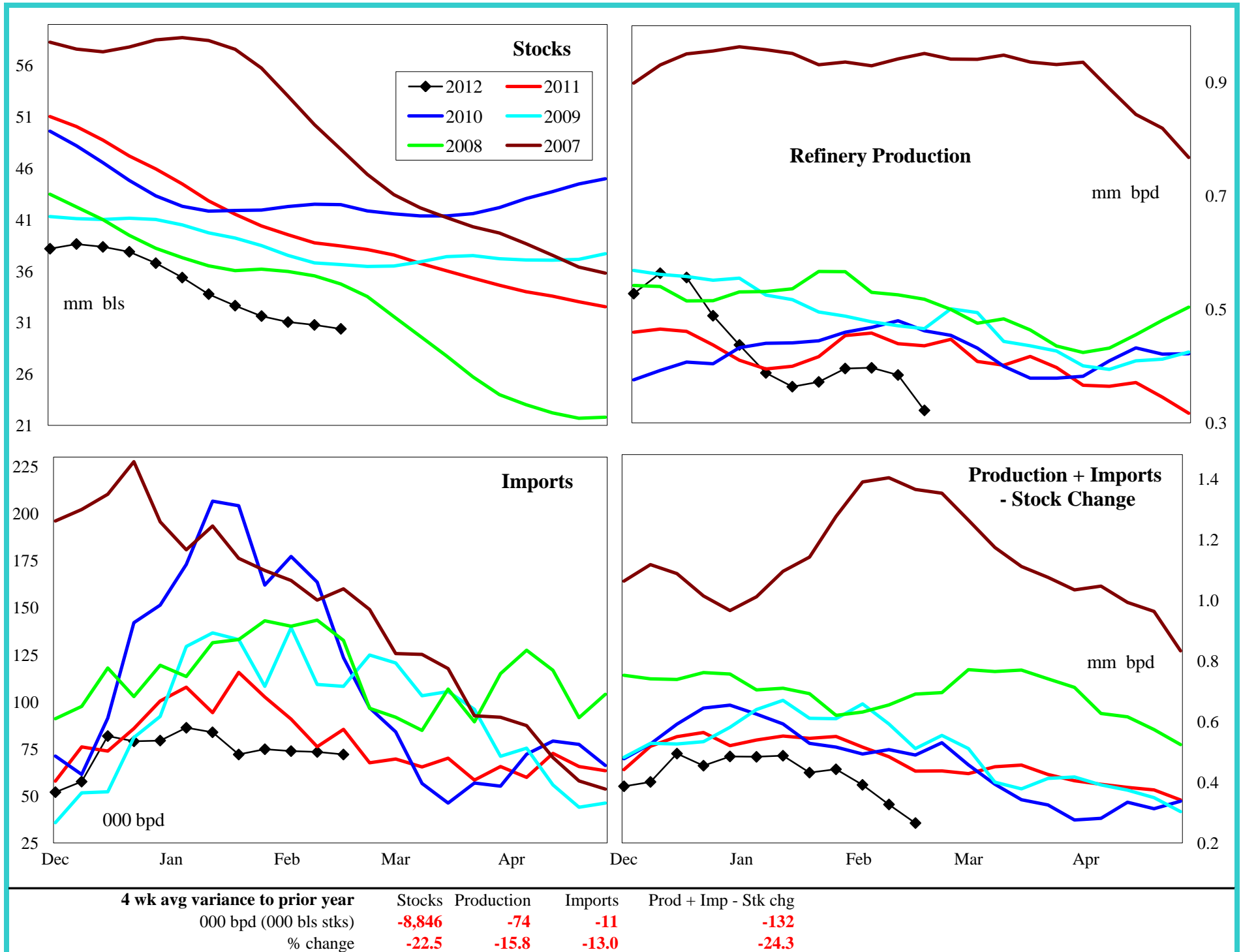
United States Distillate Supply and Demand Balance



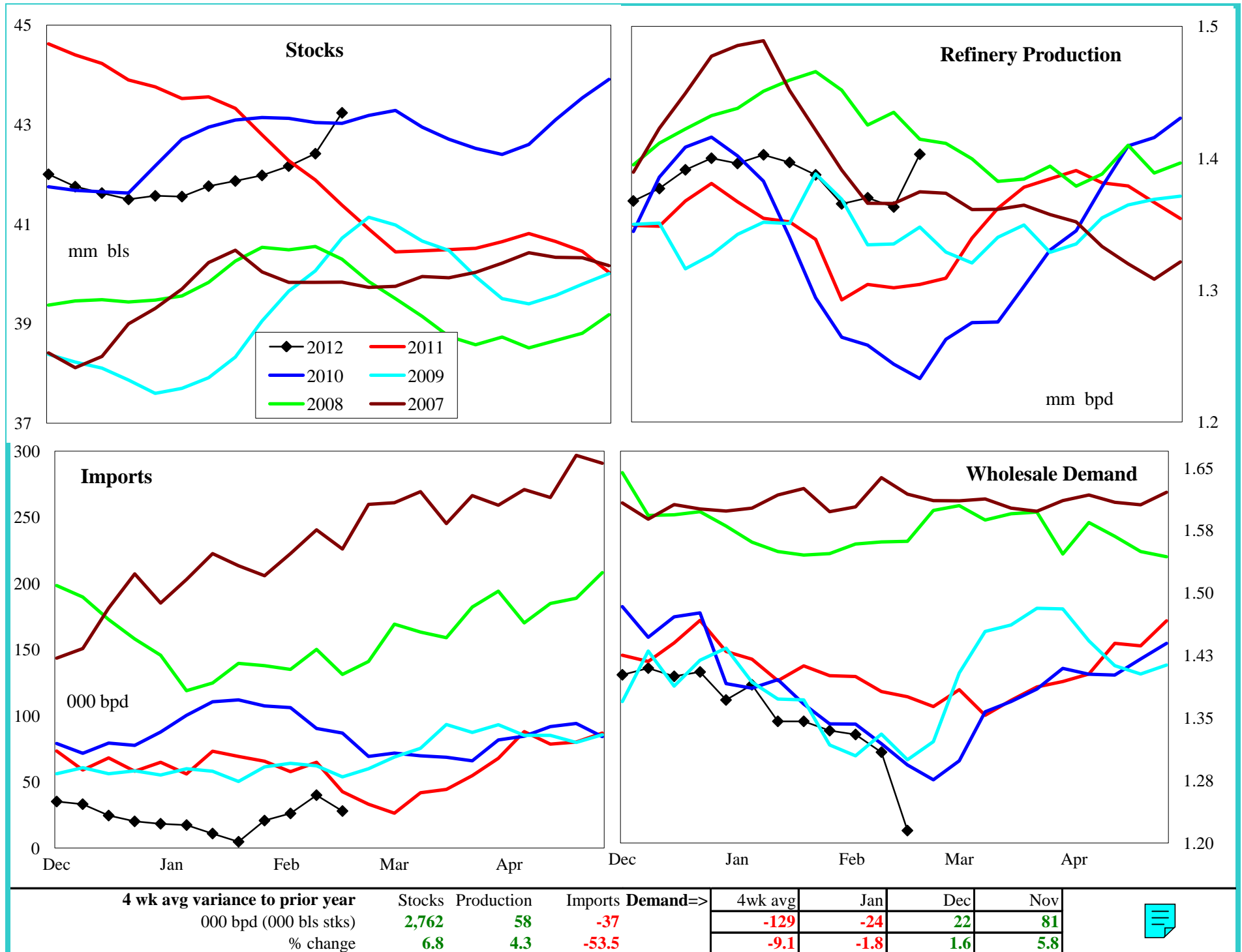
United States Low Sulfur Distillate Supply



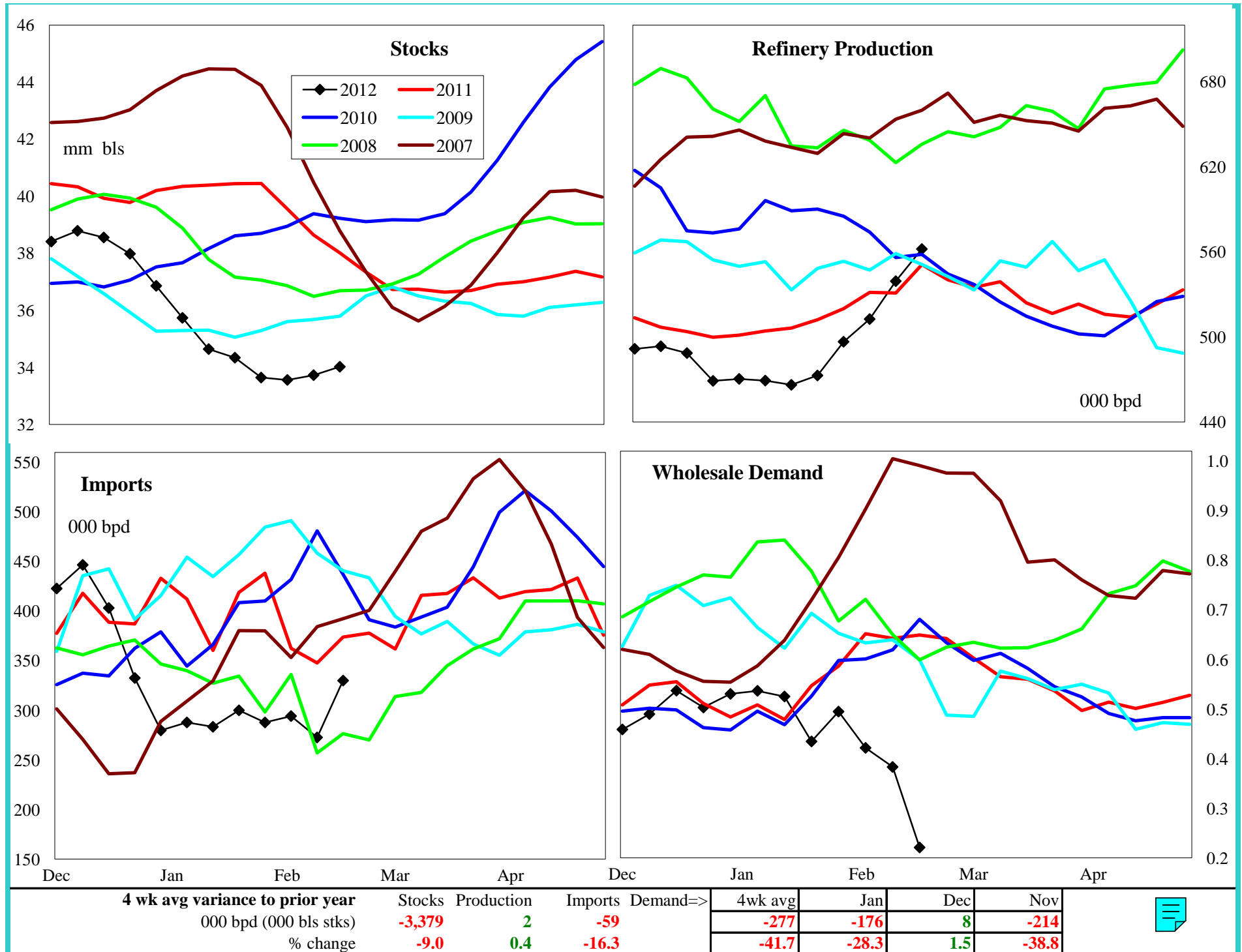
United States High Sulfur Distillate Supply



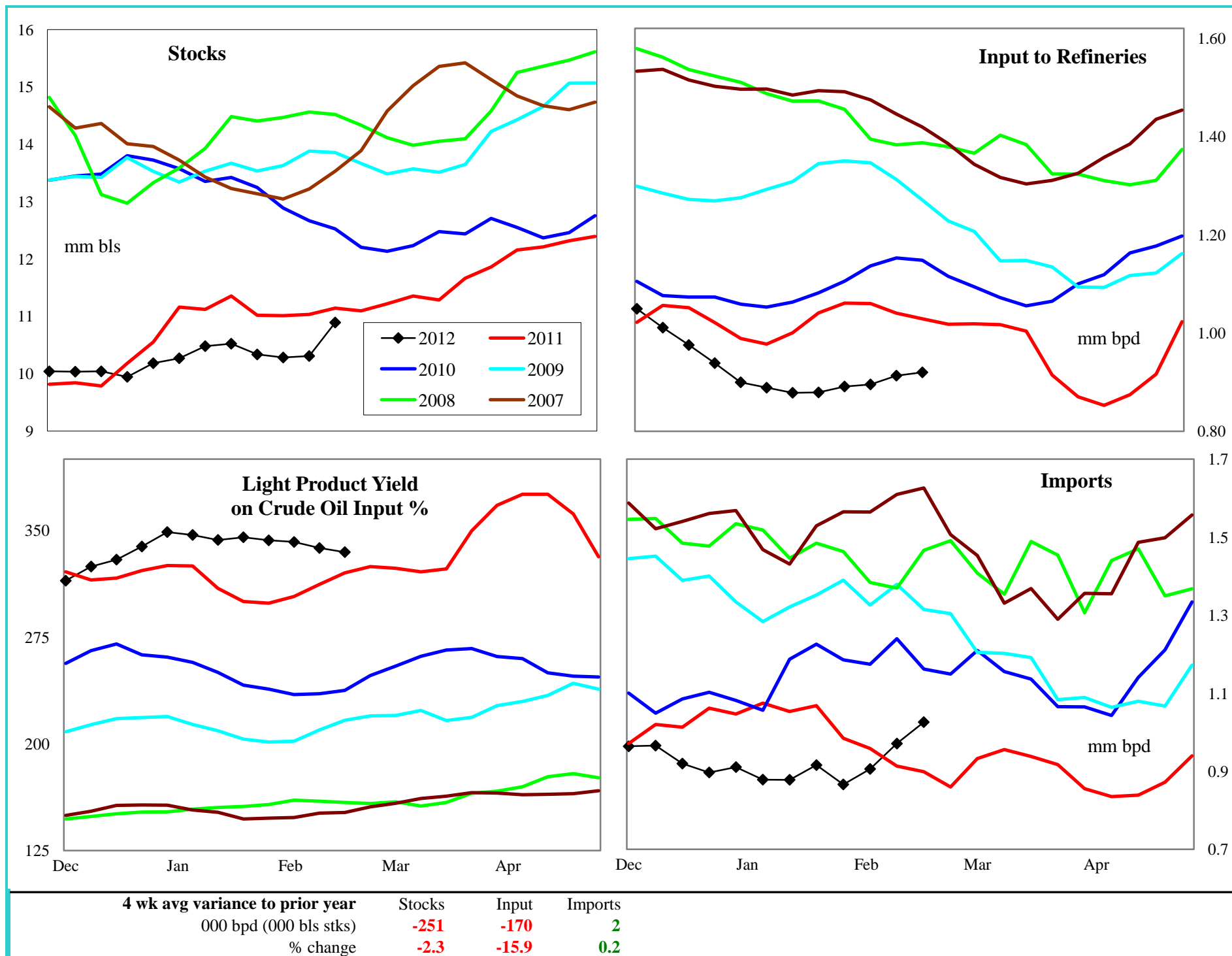
United States Jet Fuel Supply and Demand Balance



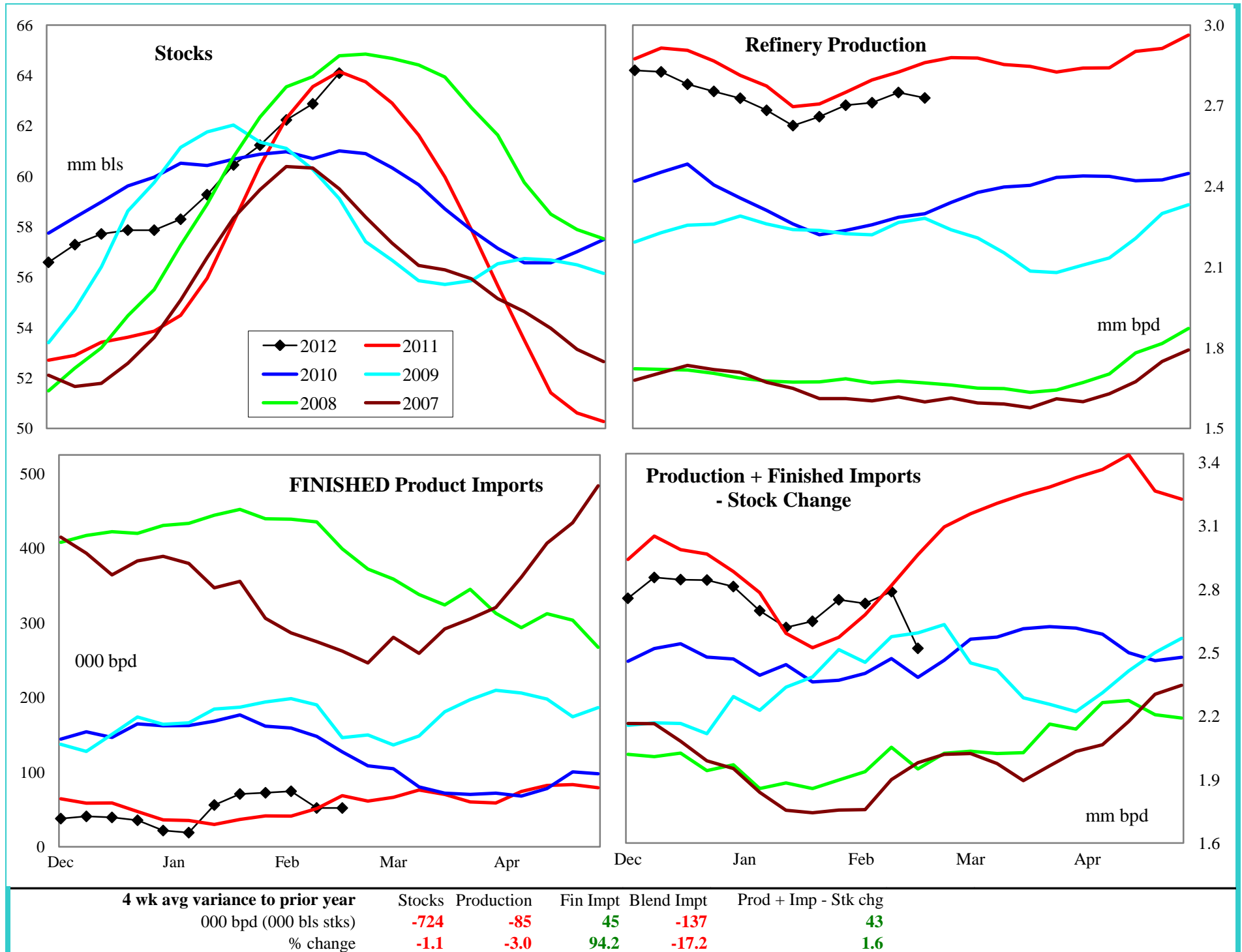
United States Residual Fuel Oil Supply and Demand Balance



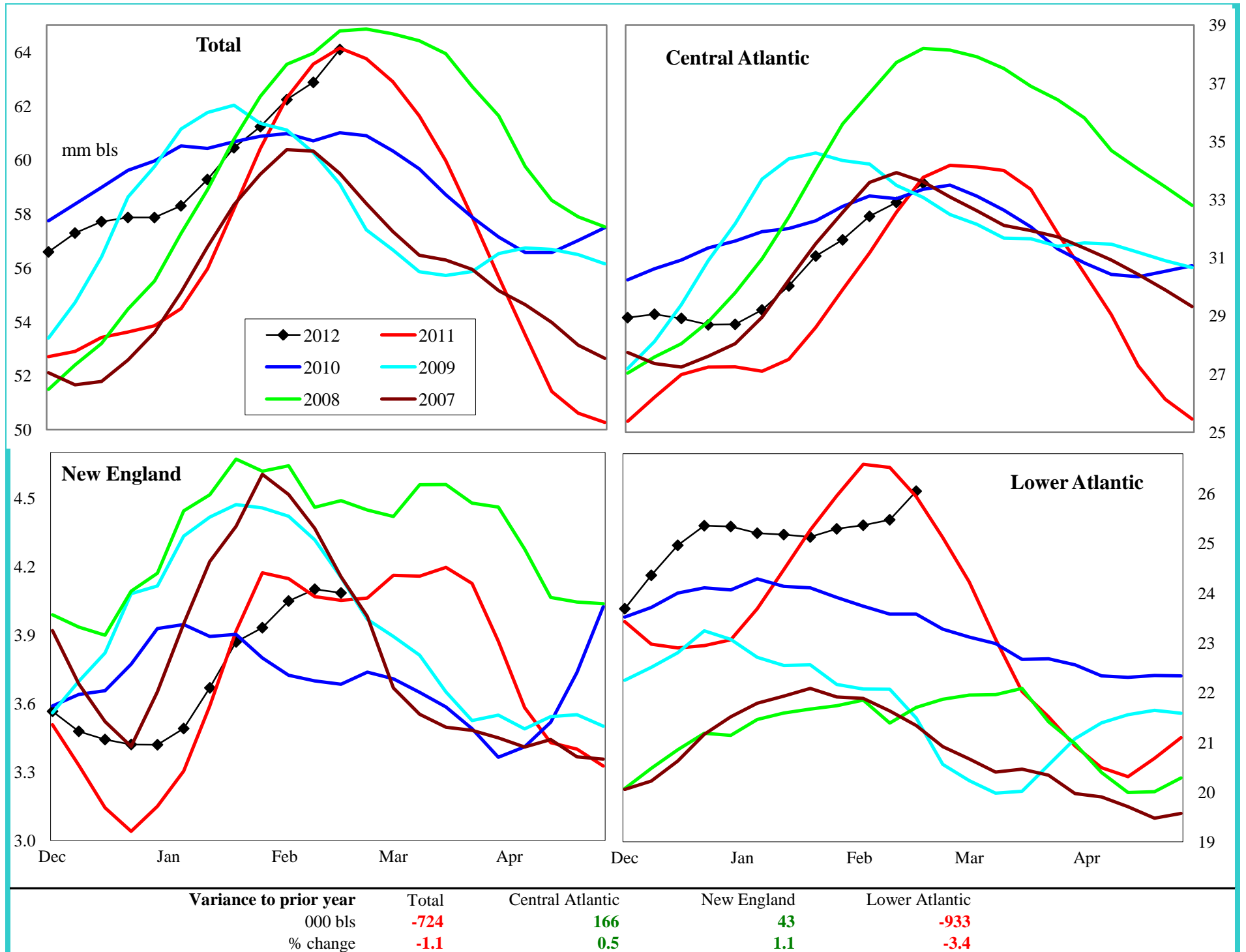
PADD 1 Crude Oil Supply and Refining



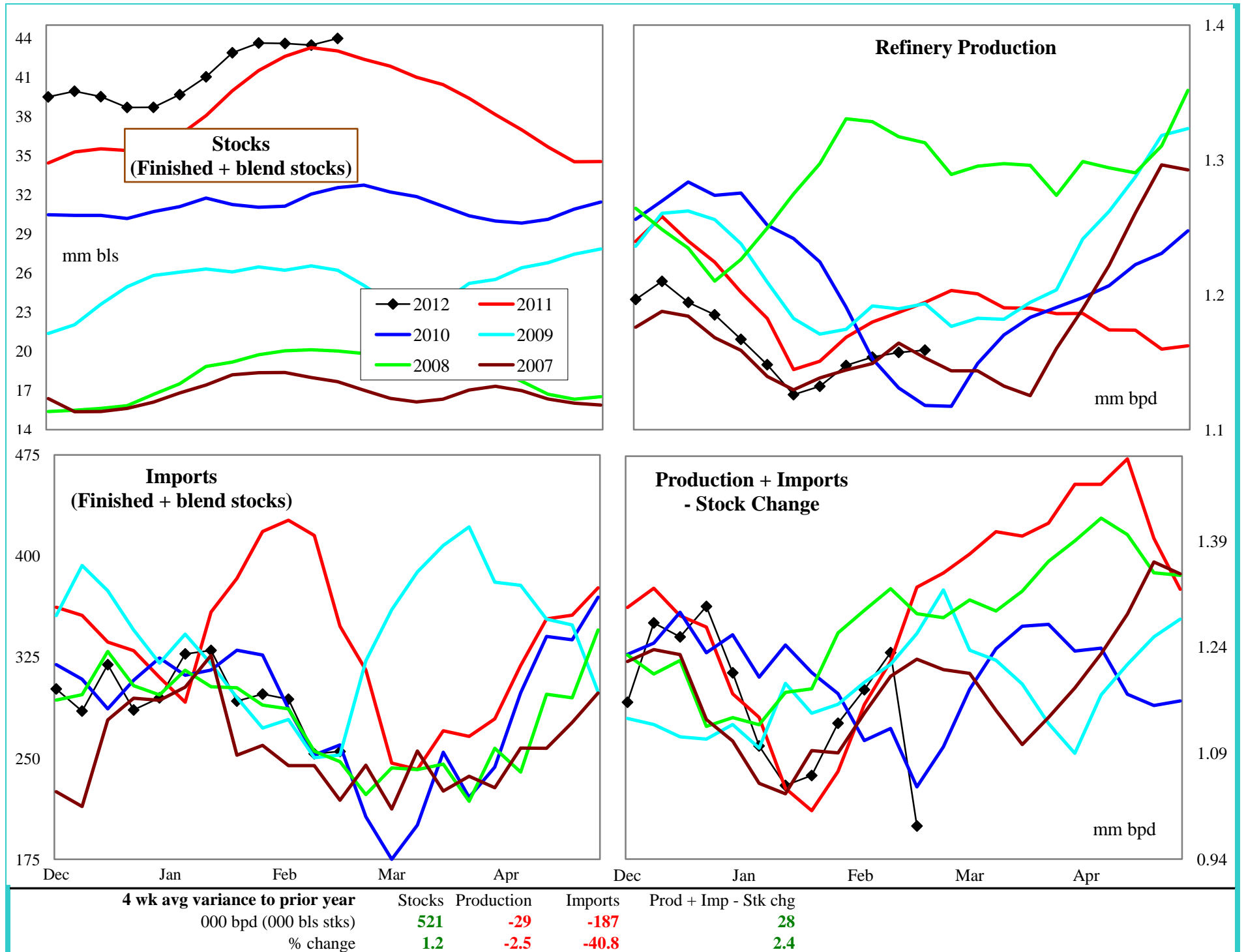
PADD 1 Gasoline Supply

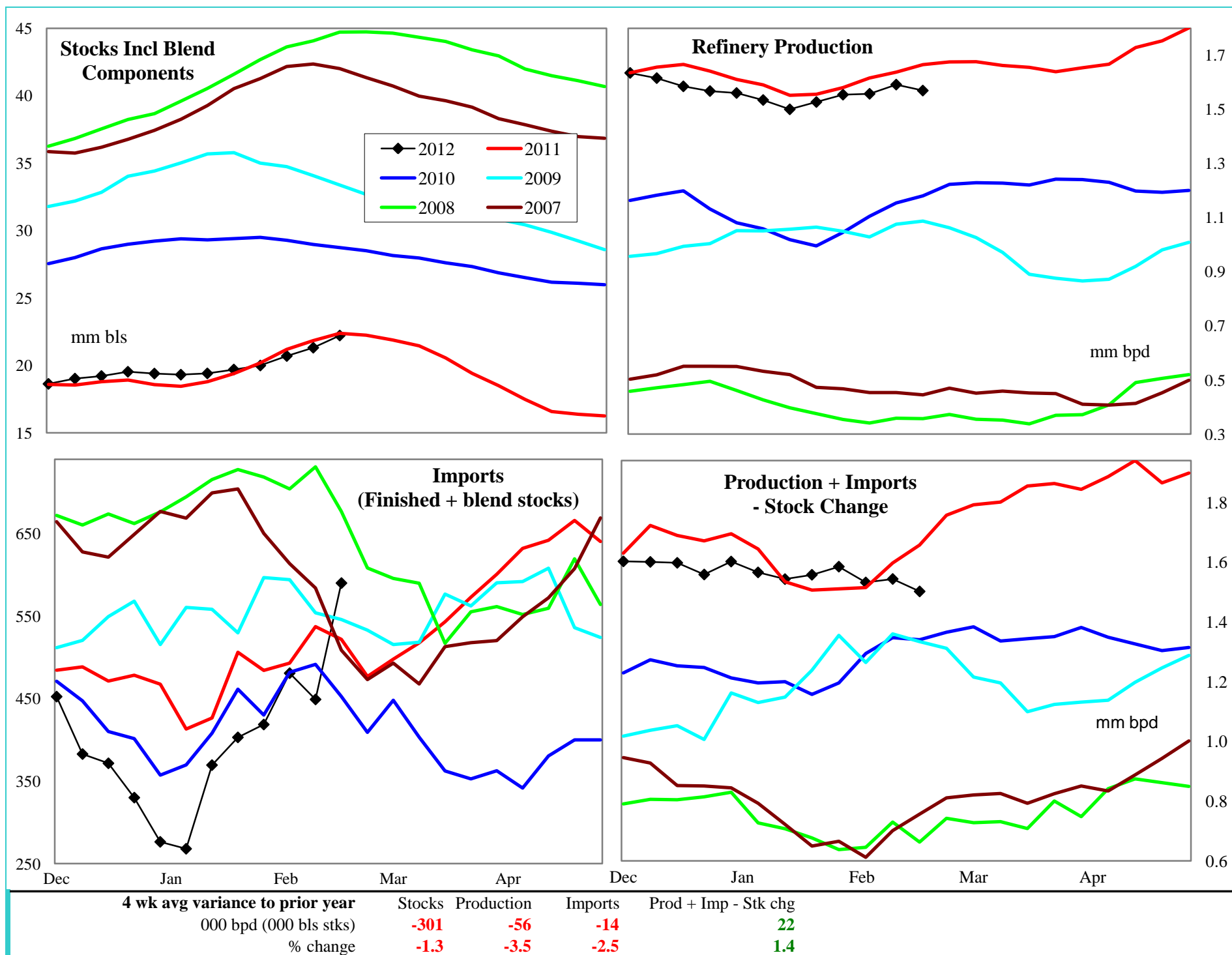


PADD 1 Gasoline Stocks by Region

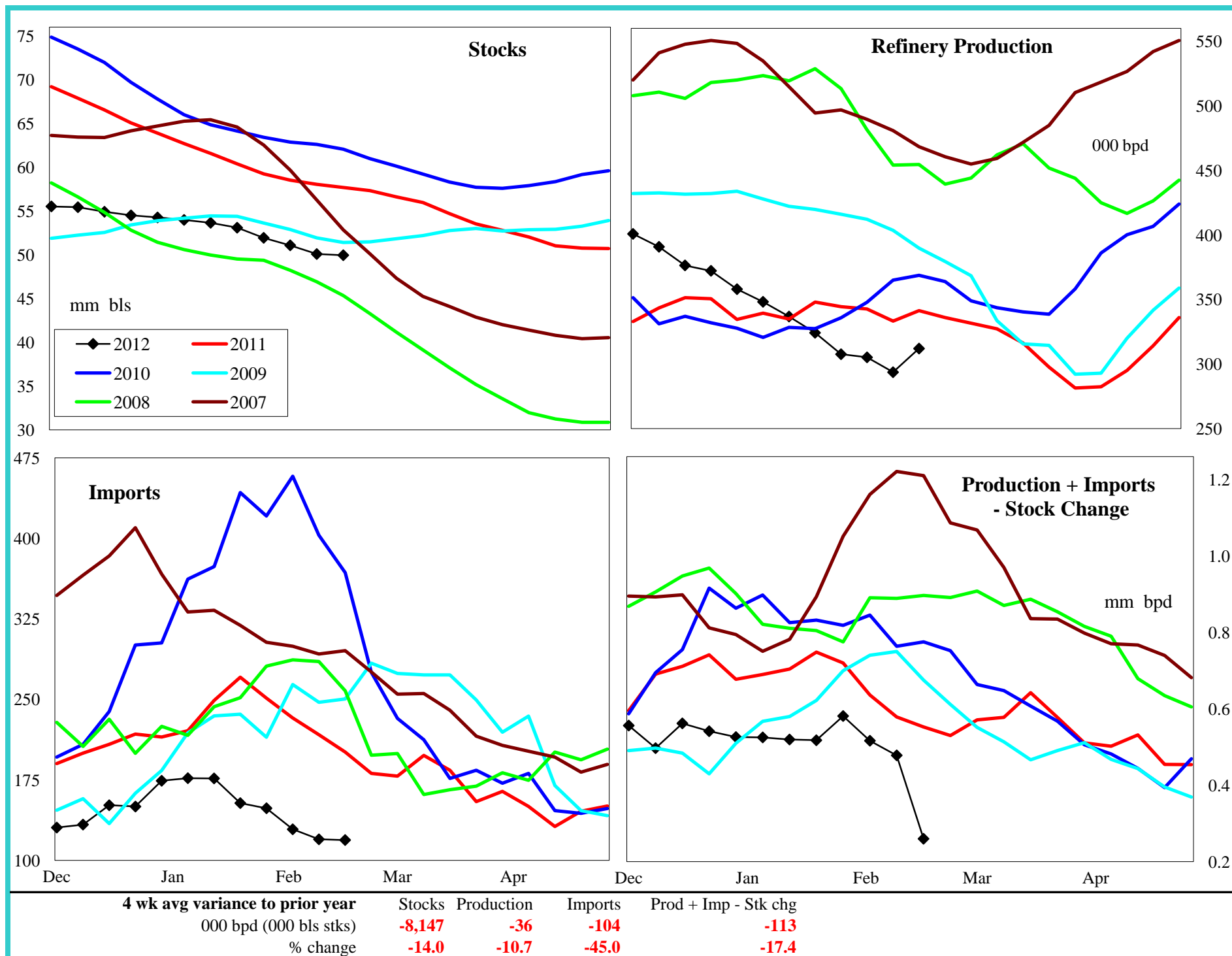


PADD 1 Reformulated Gasoline Supply

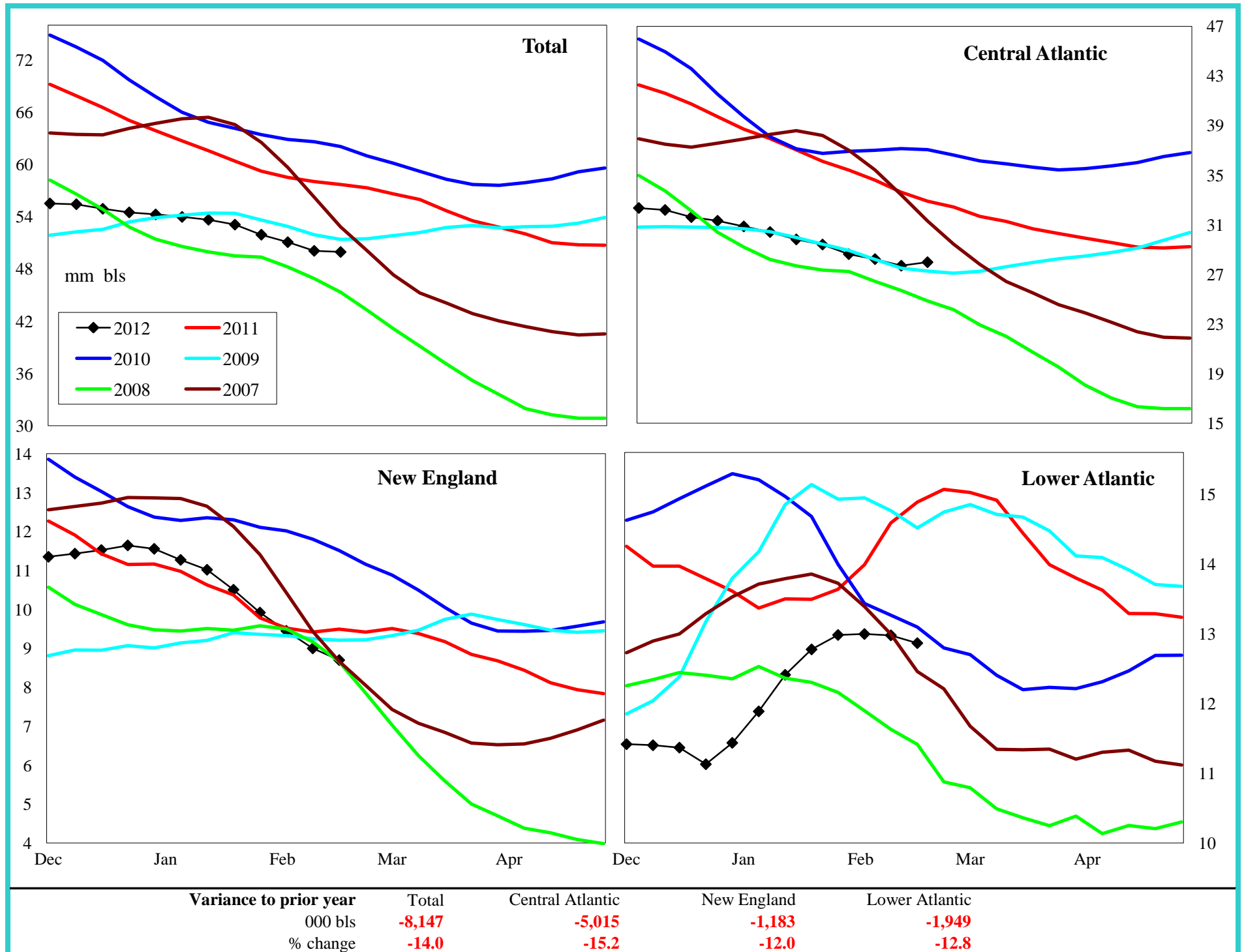




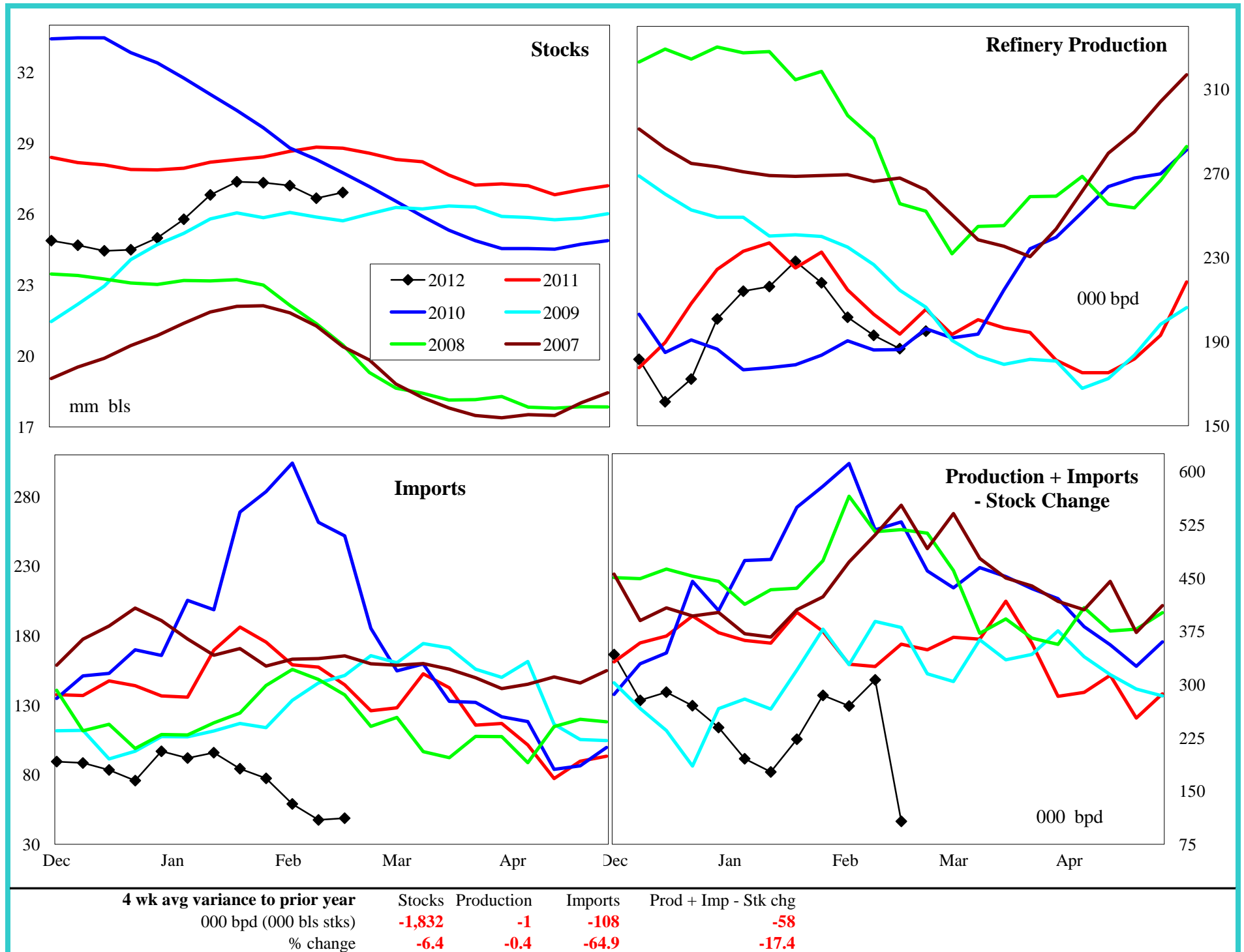
PADD 1 Distillate Supply



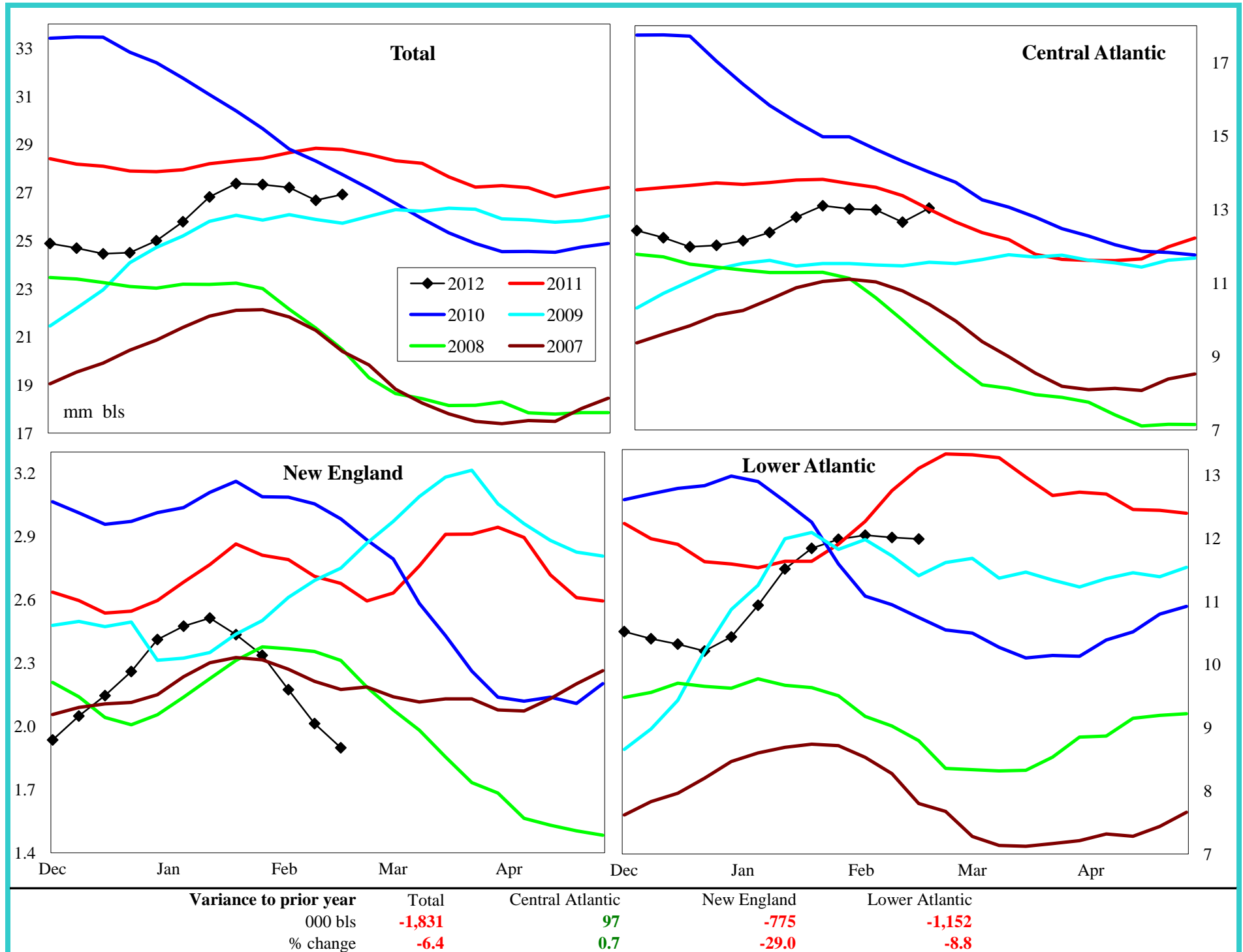
PADD 1 Distillate Stocks by Region



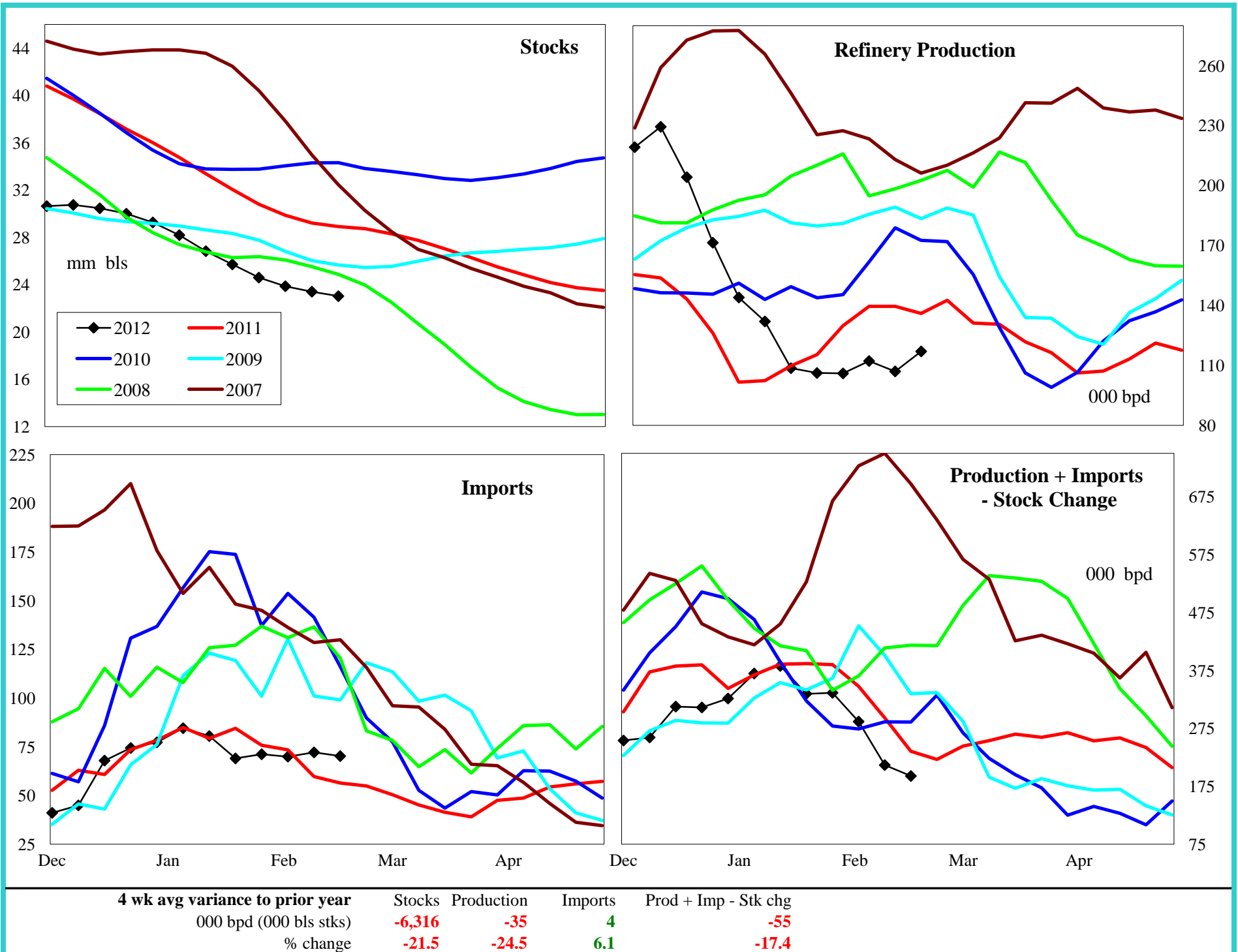
PADD 1 Low Sulfur Distillate Supply



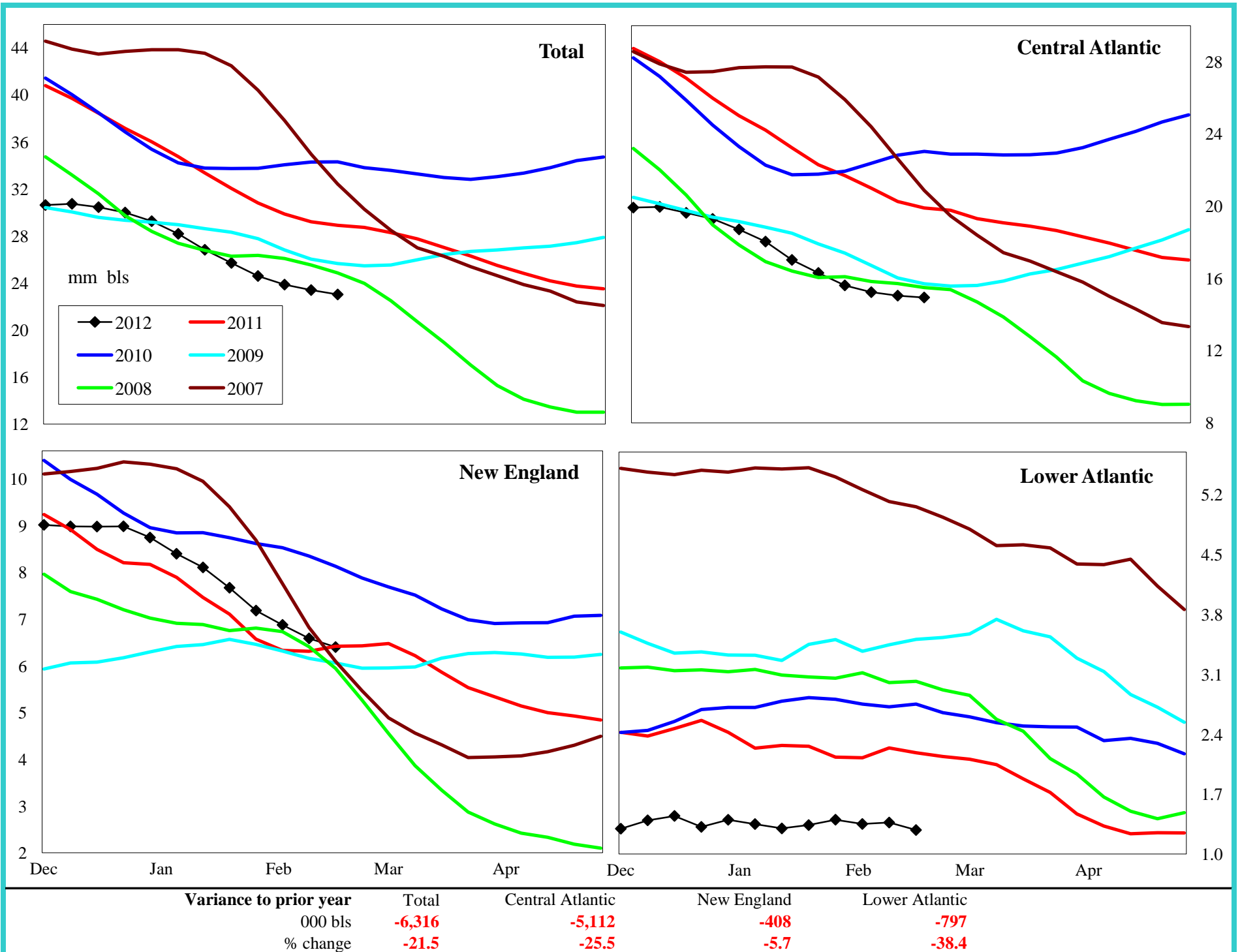
PADD 1 Low Sulfur Distillate Stocks by Region



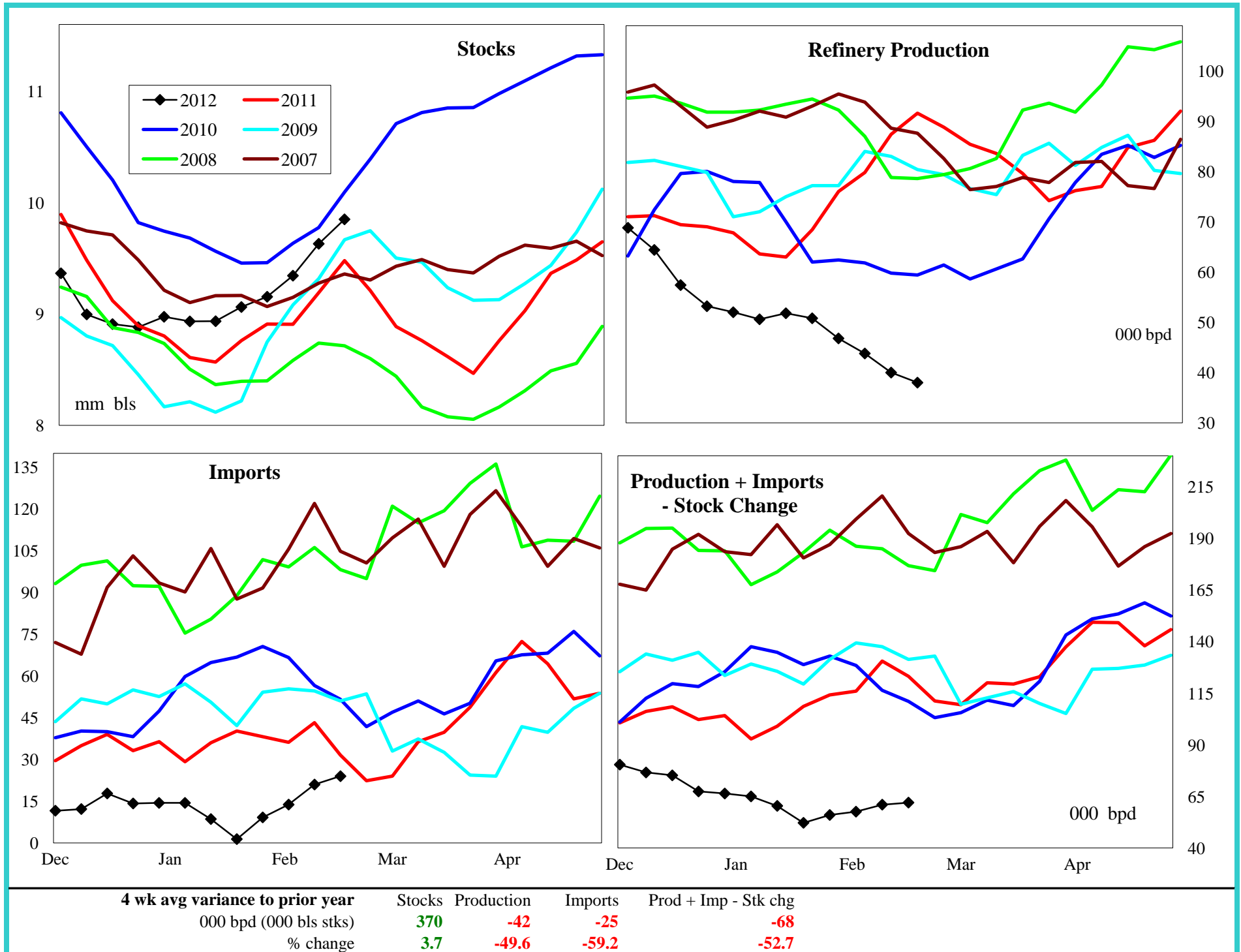
PADD 1 High Sulfur Distillate Supply



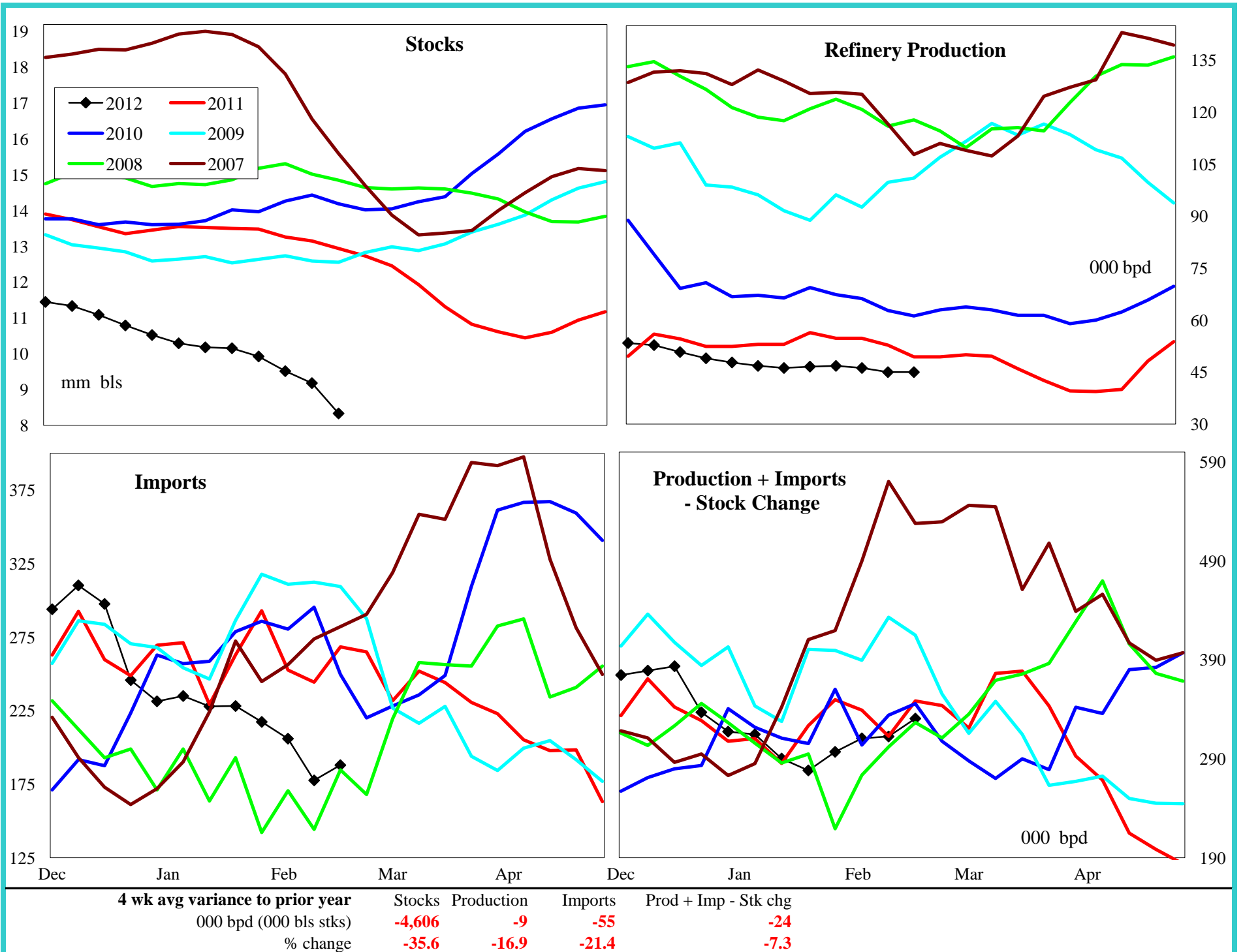
PADD 1 High Sulfur Distillate Stocks by Region



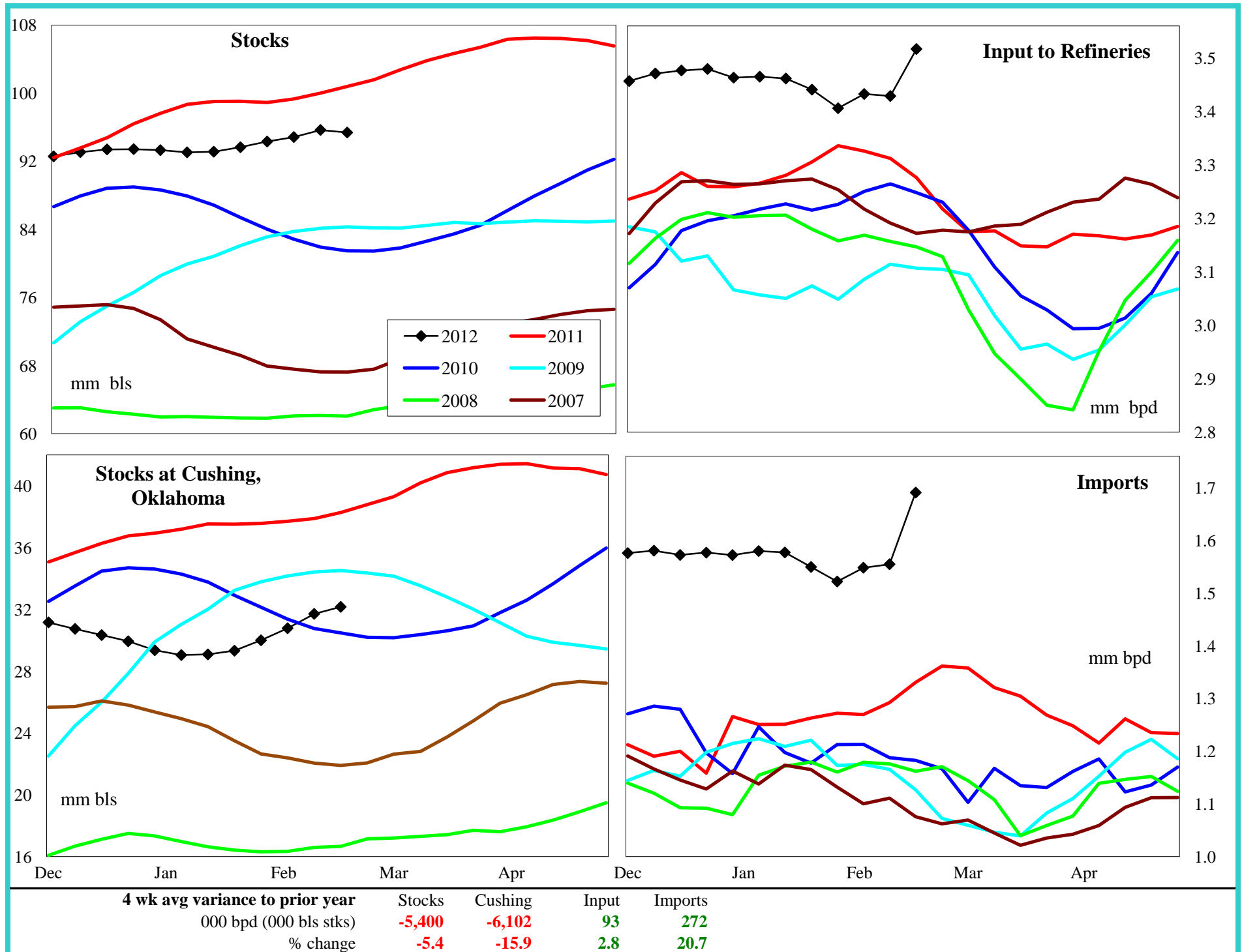
PADD 1 Jet Fuel Supply



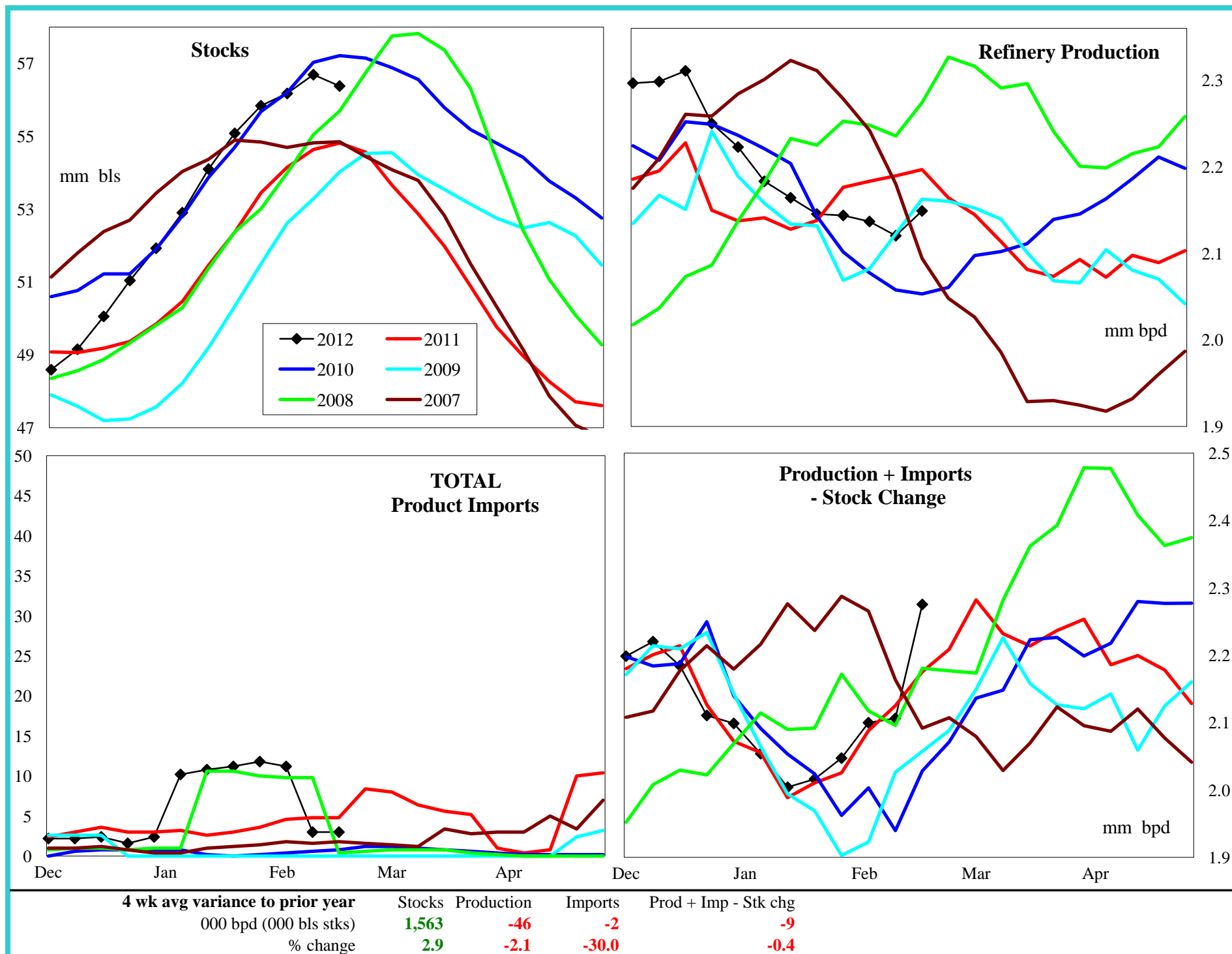
PADD 1 Residual Fuel Oil Supply



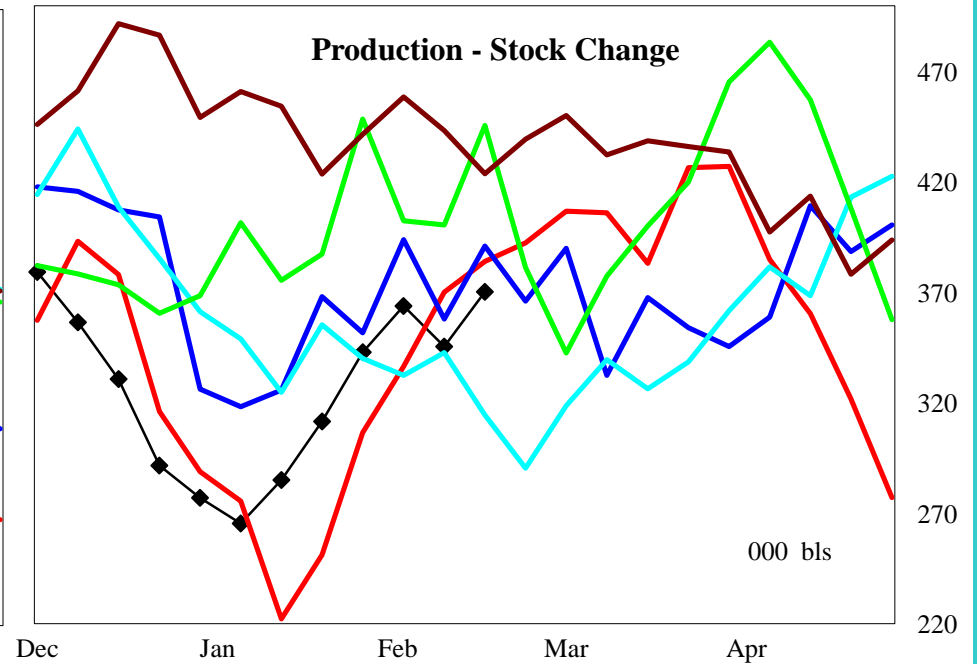
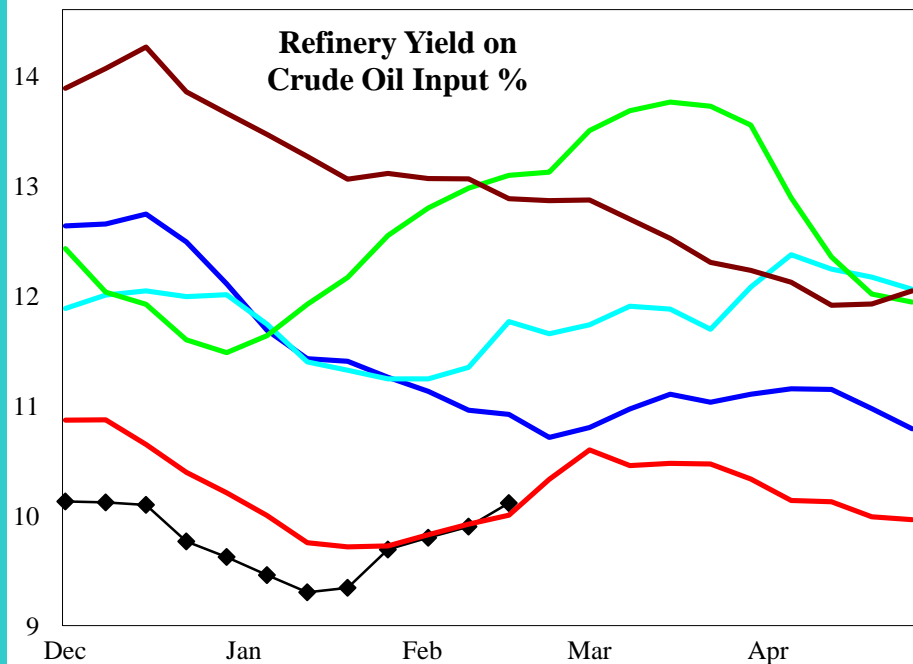
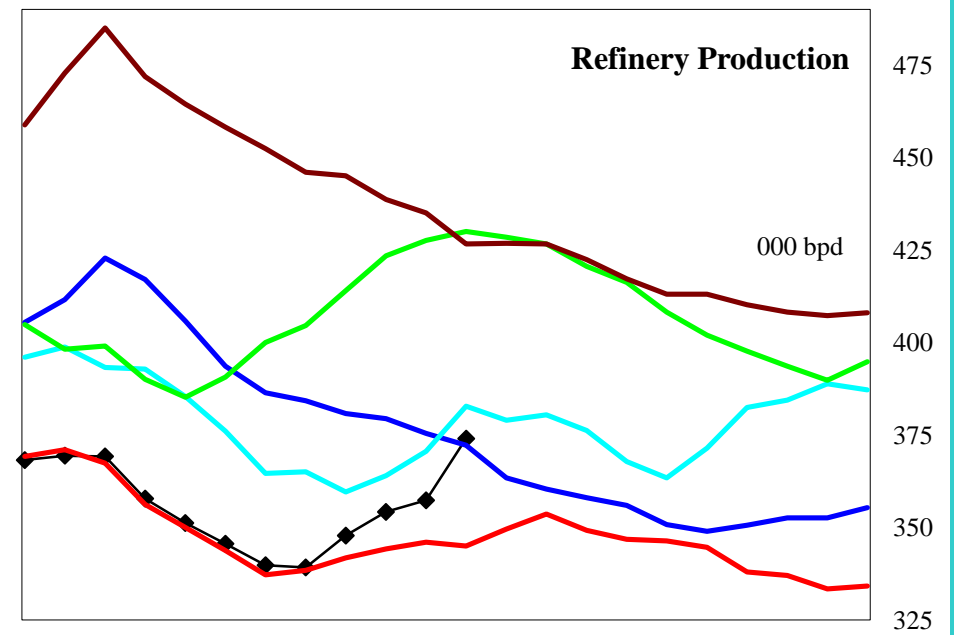
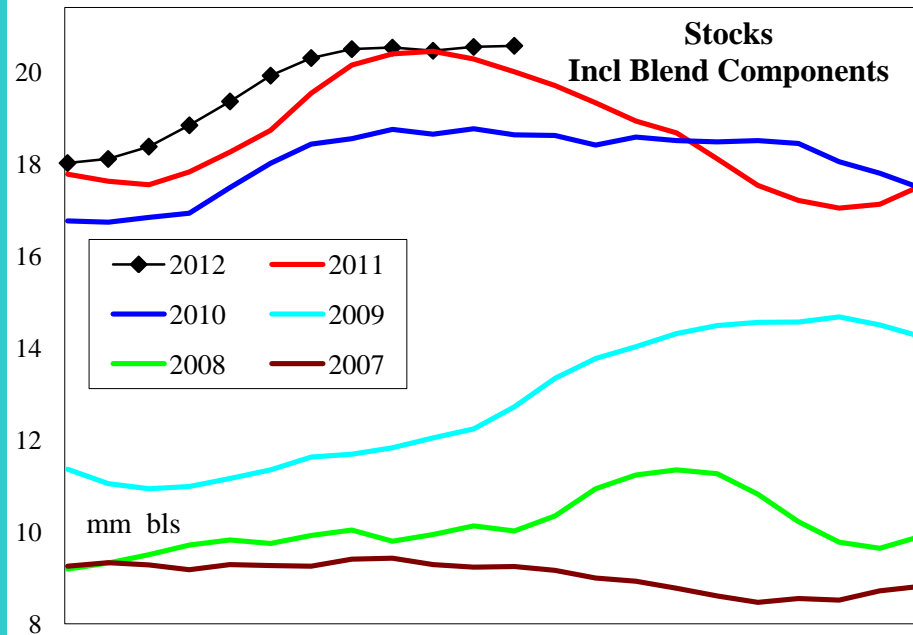
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod - Stk chg

565

14

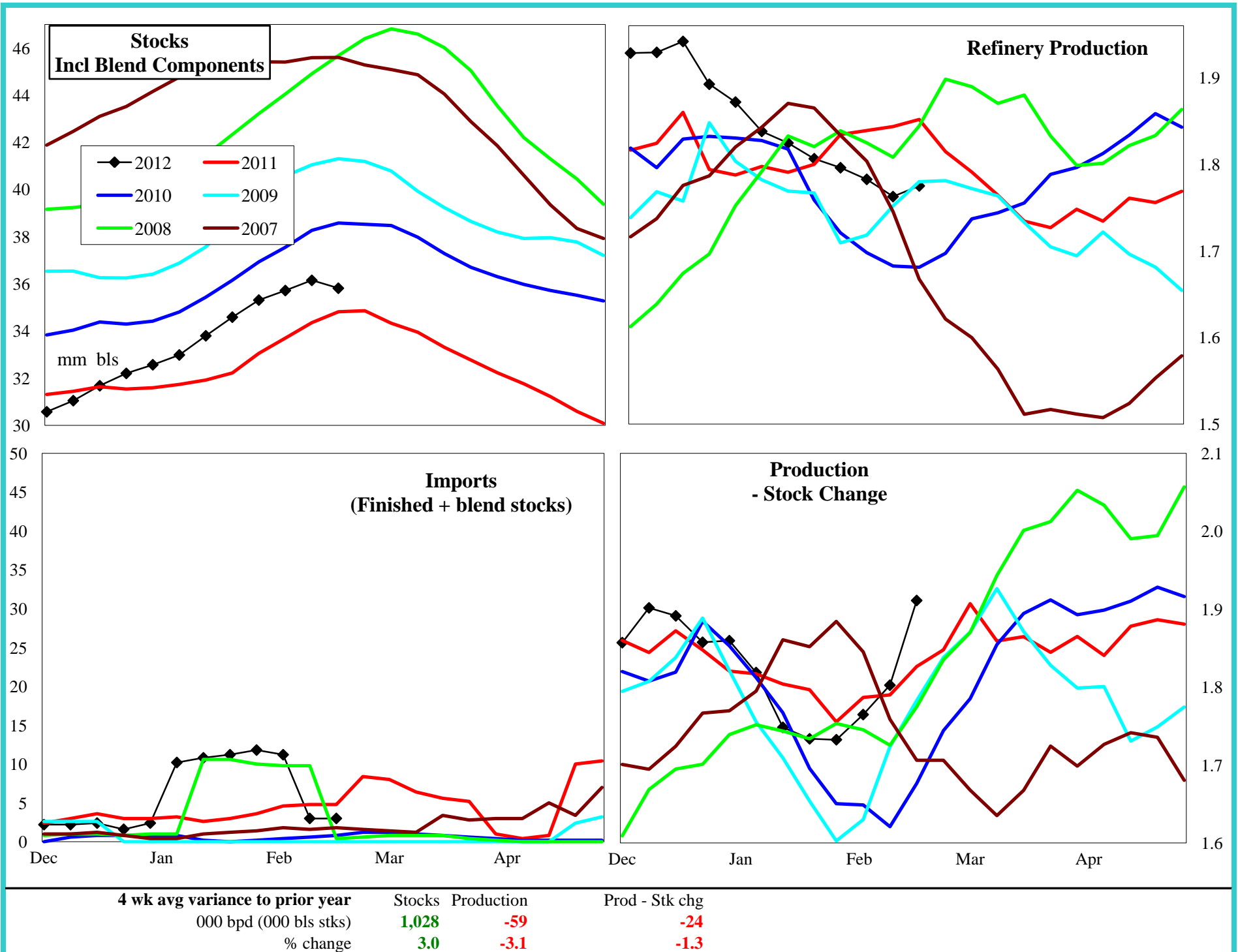
6

2.8

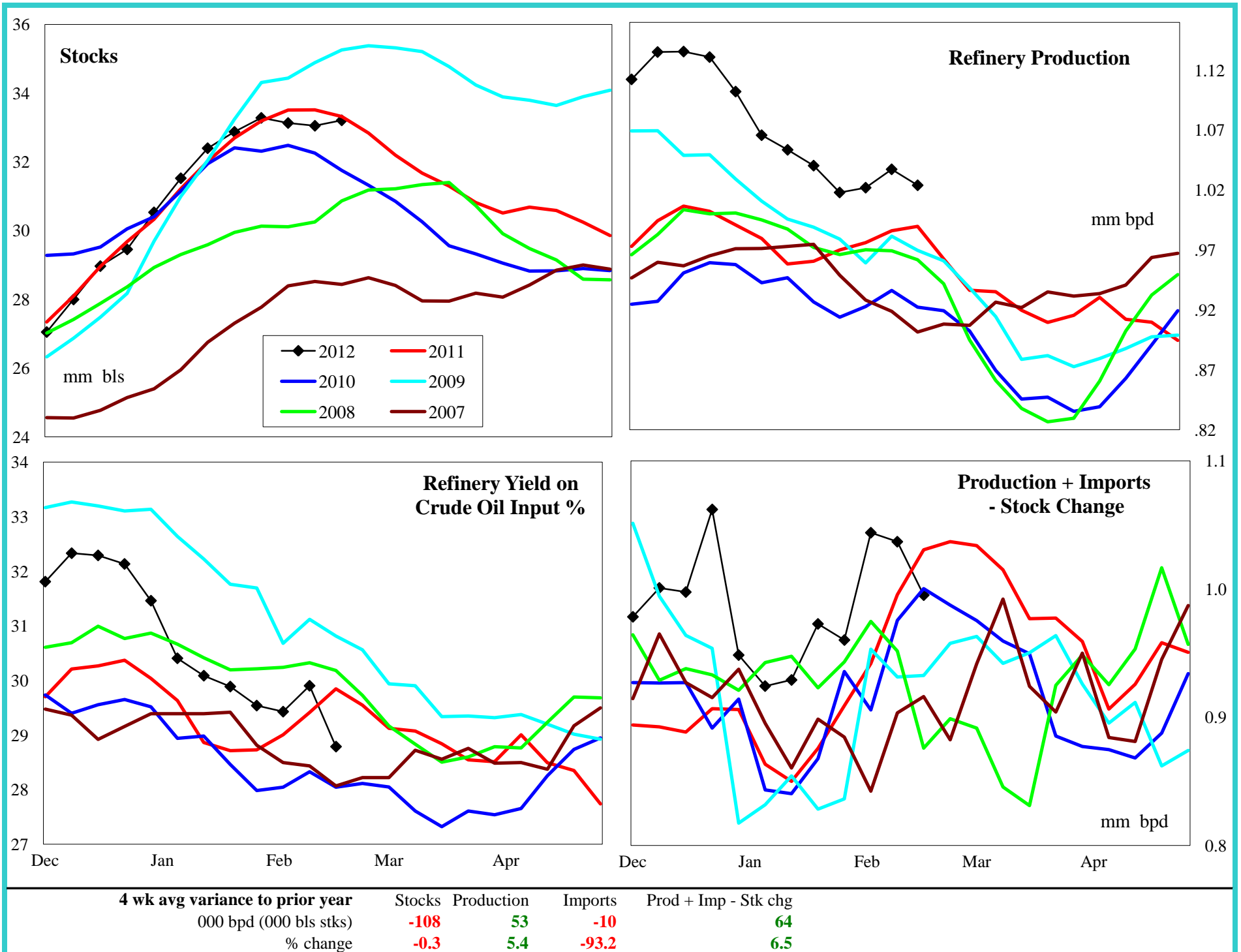
4.1

1.8

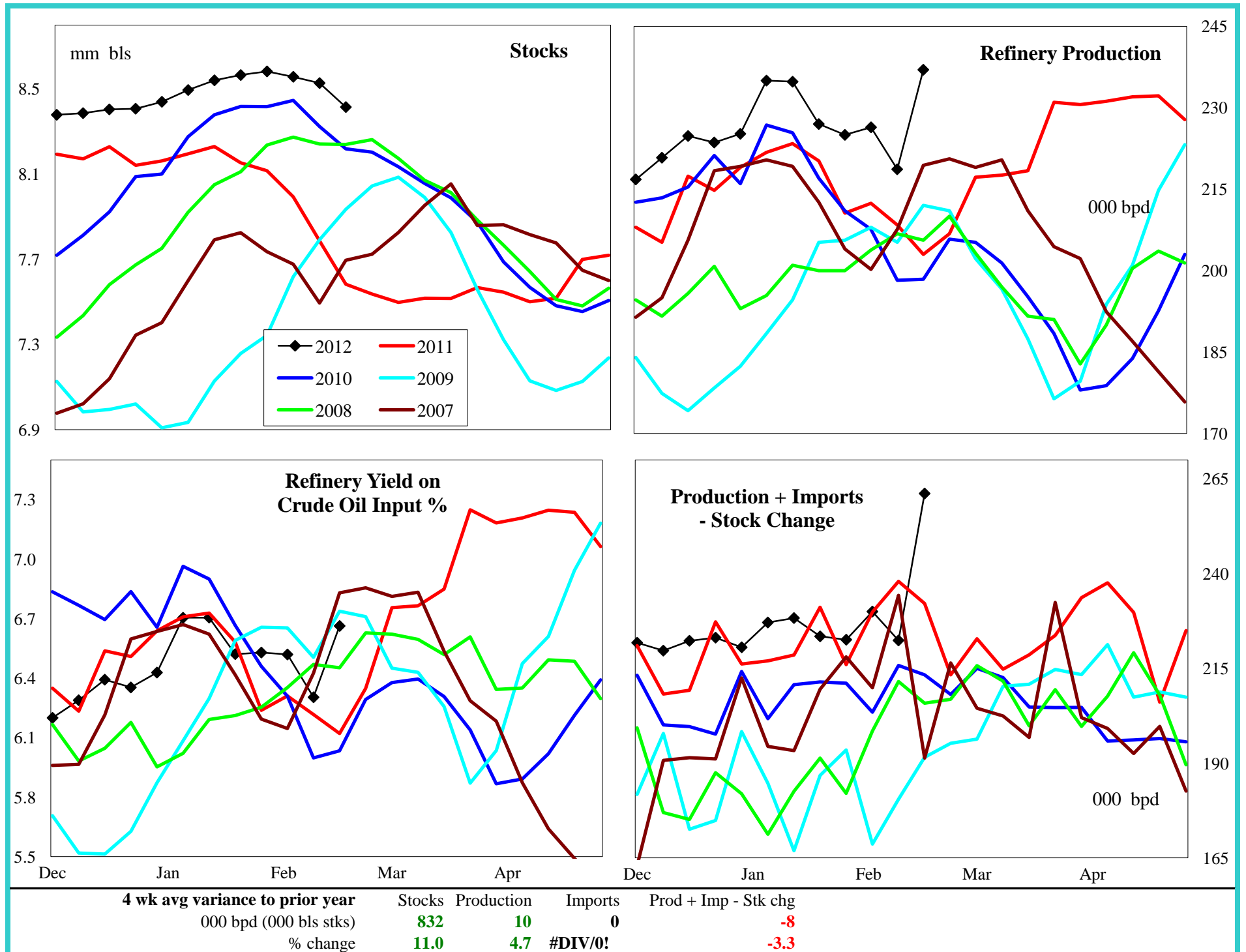
PADD 2 Conventional Gasoline Supply



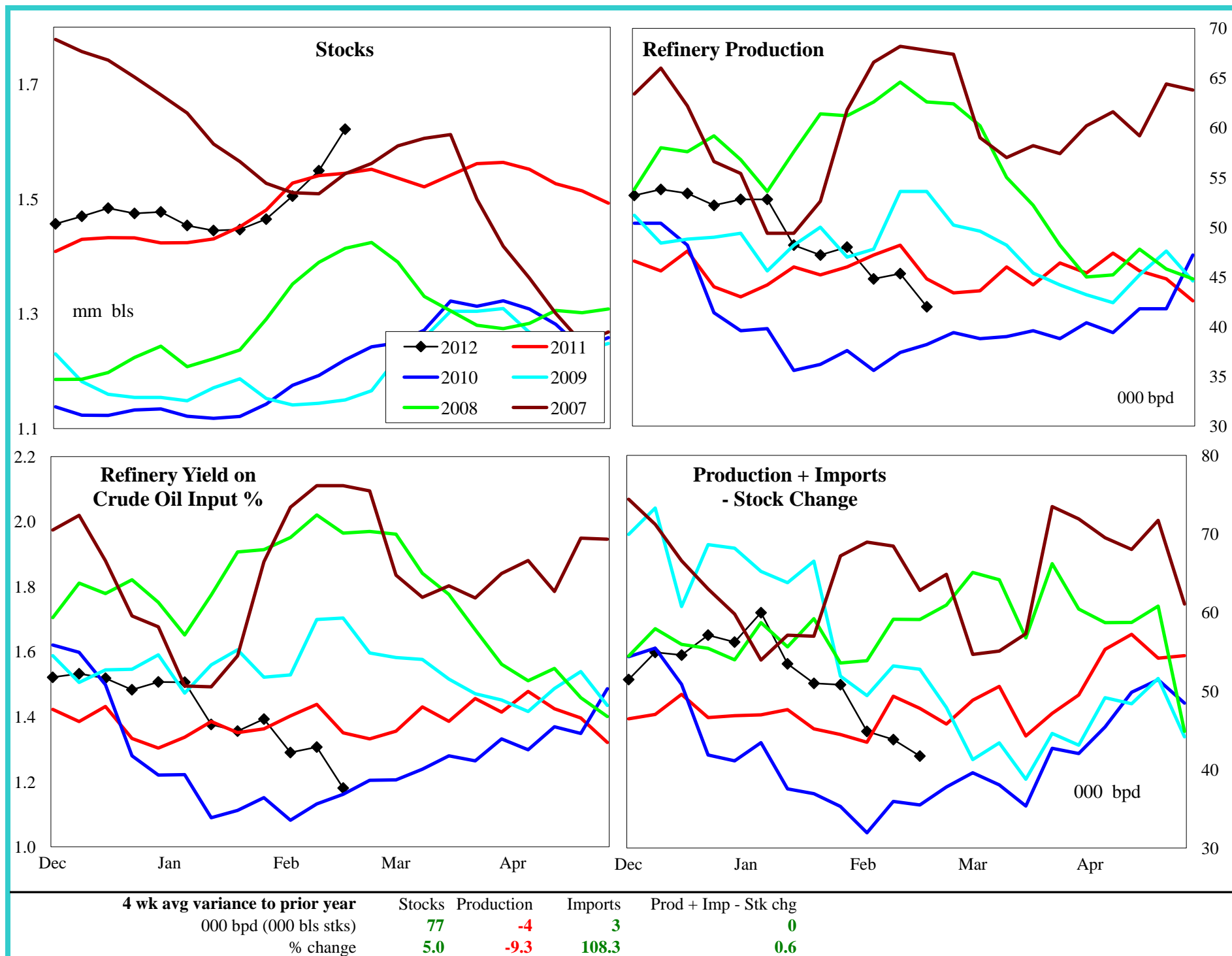
PADD 2 Distillate Supply



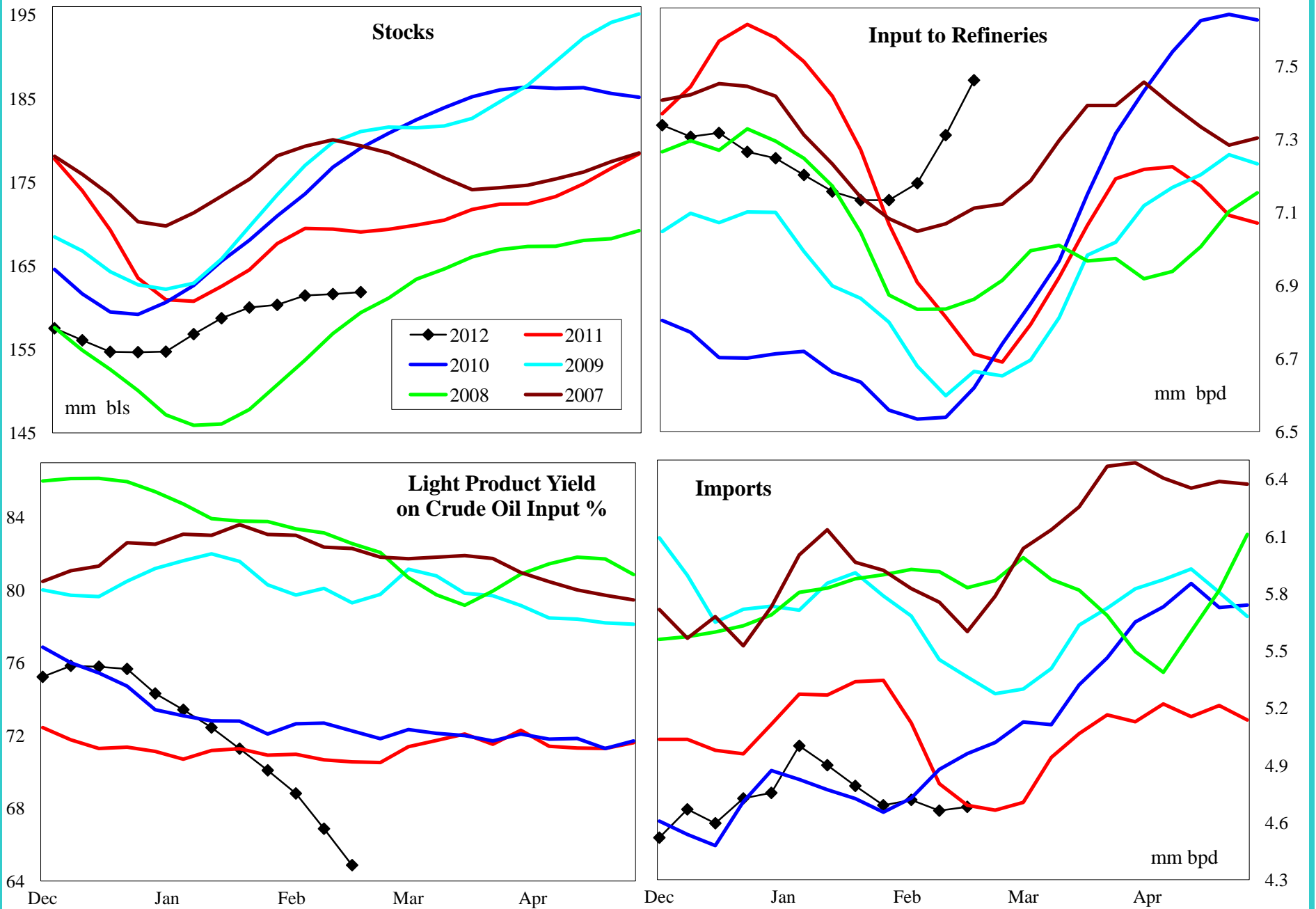
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-7,180

-4.2

Input

404

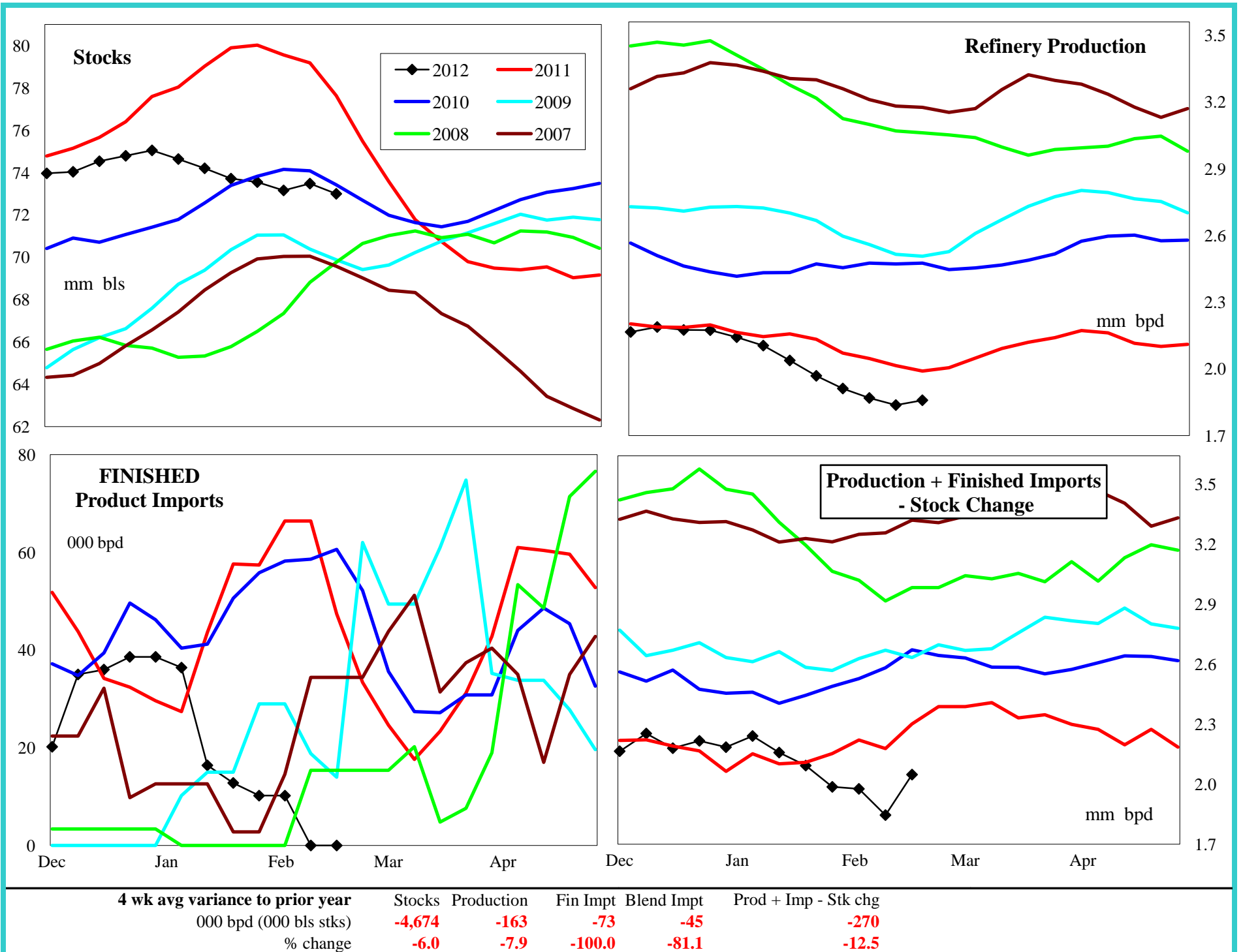
5.9

Imports

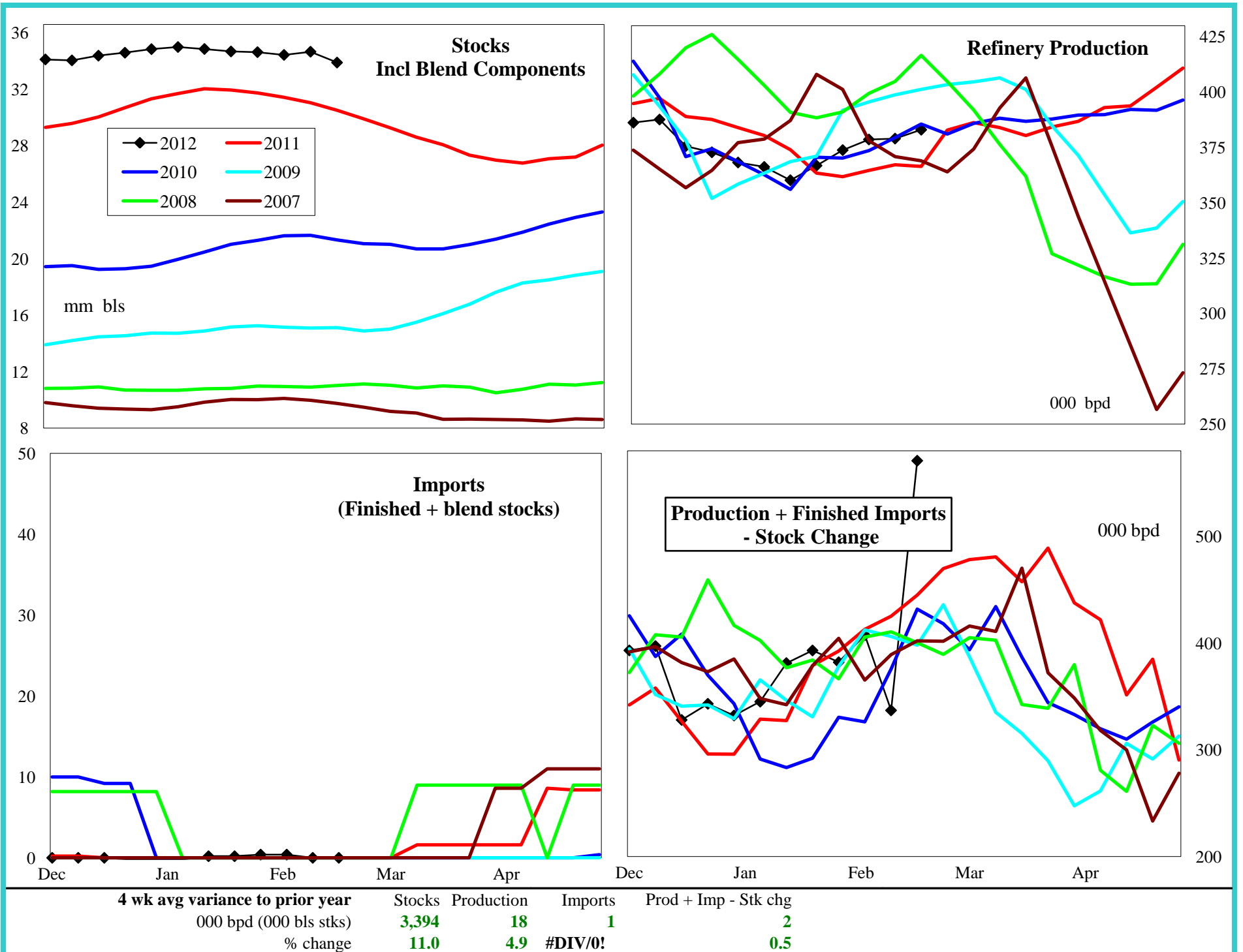
-249

-5.1

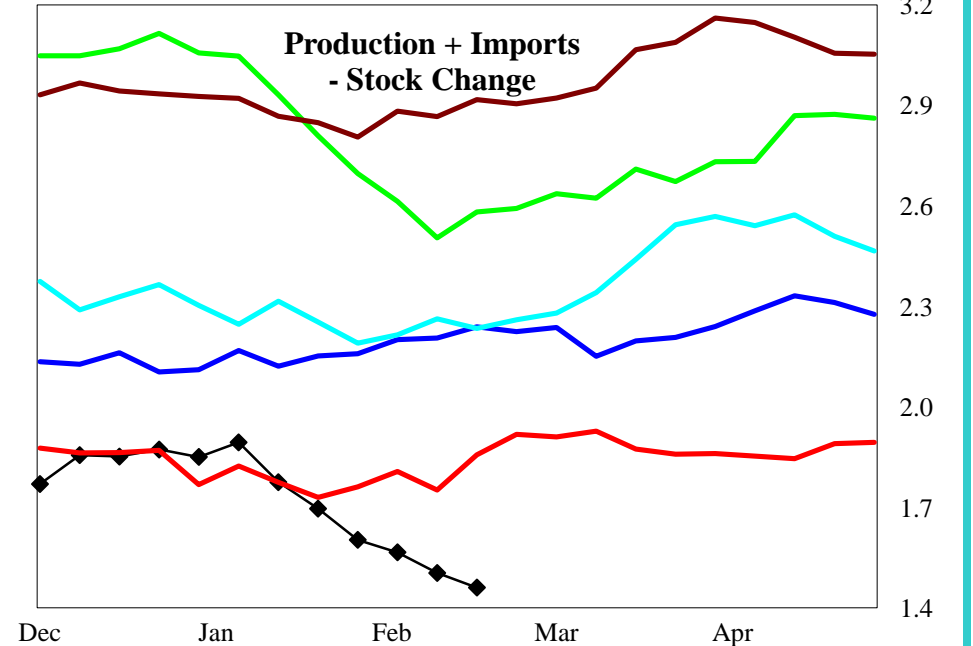
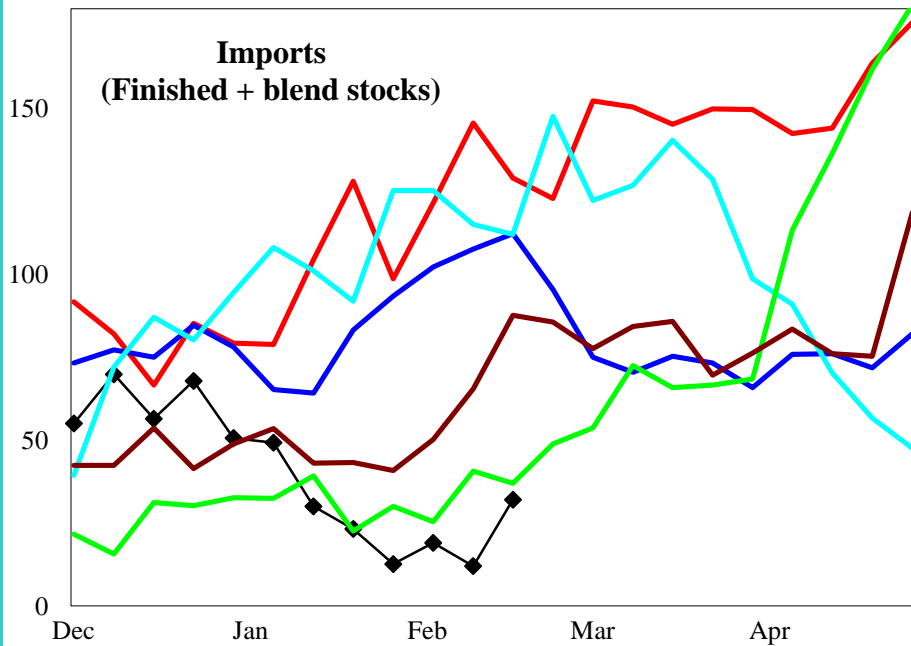
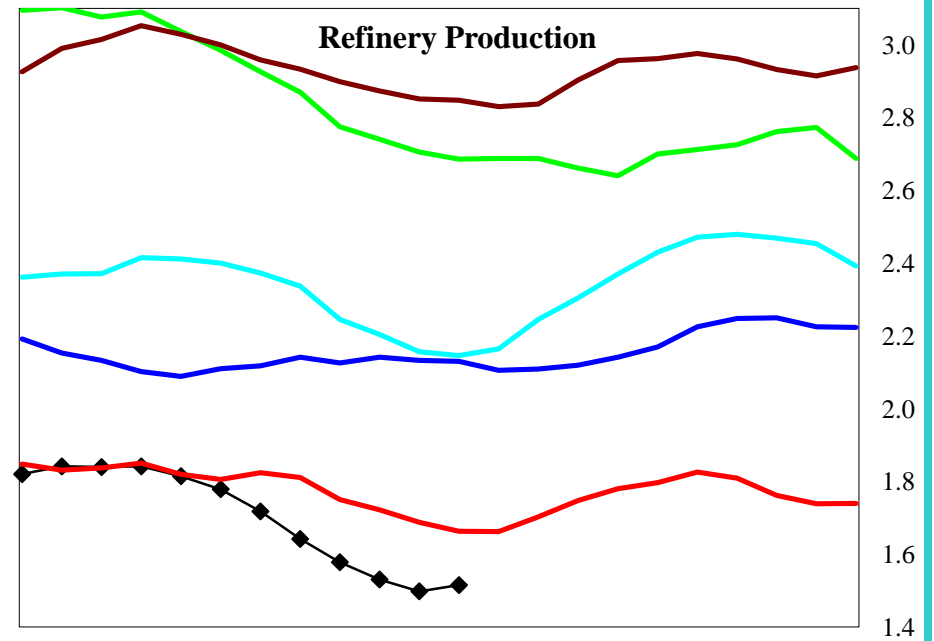
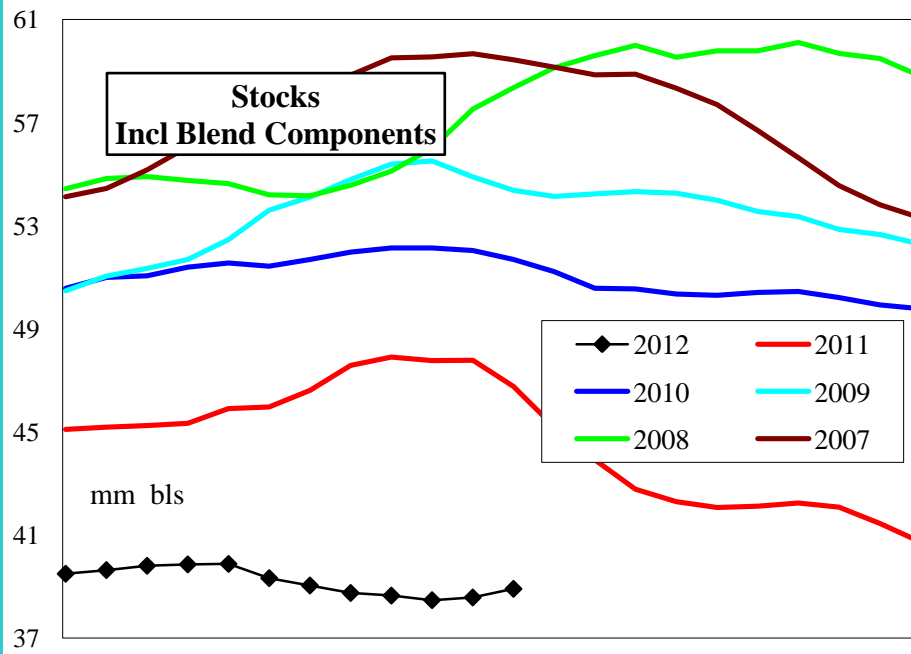
PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



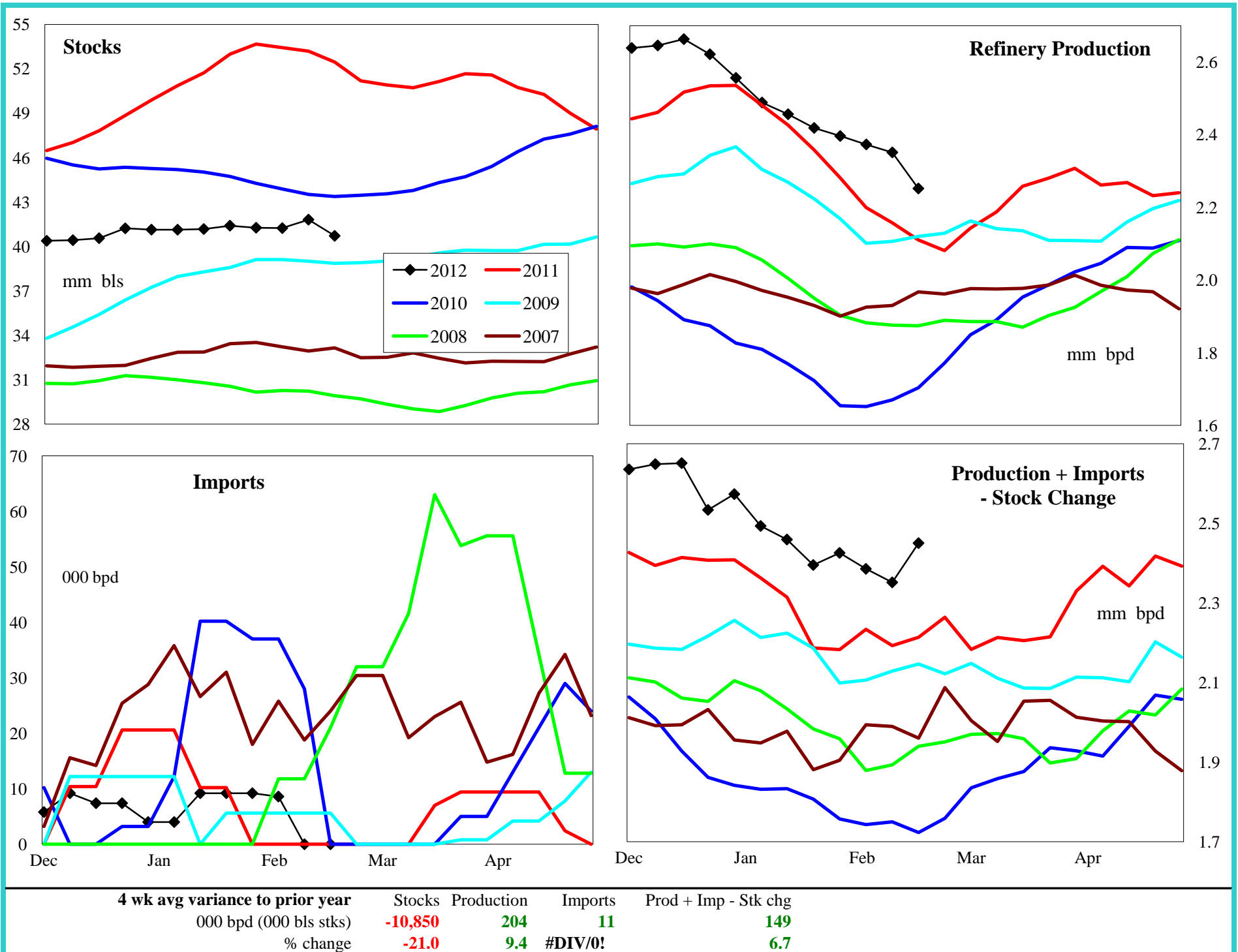
PADD 3 Conventional Gasoline Supply



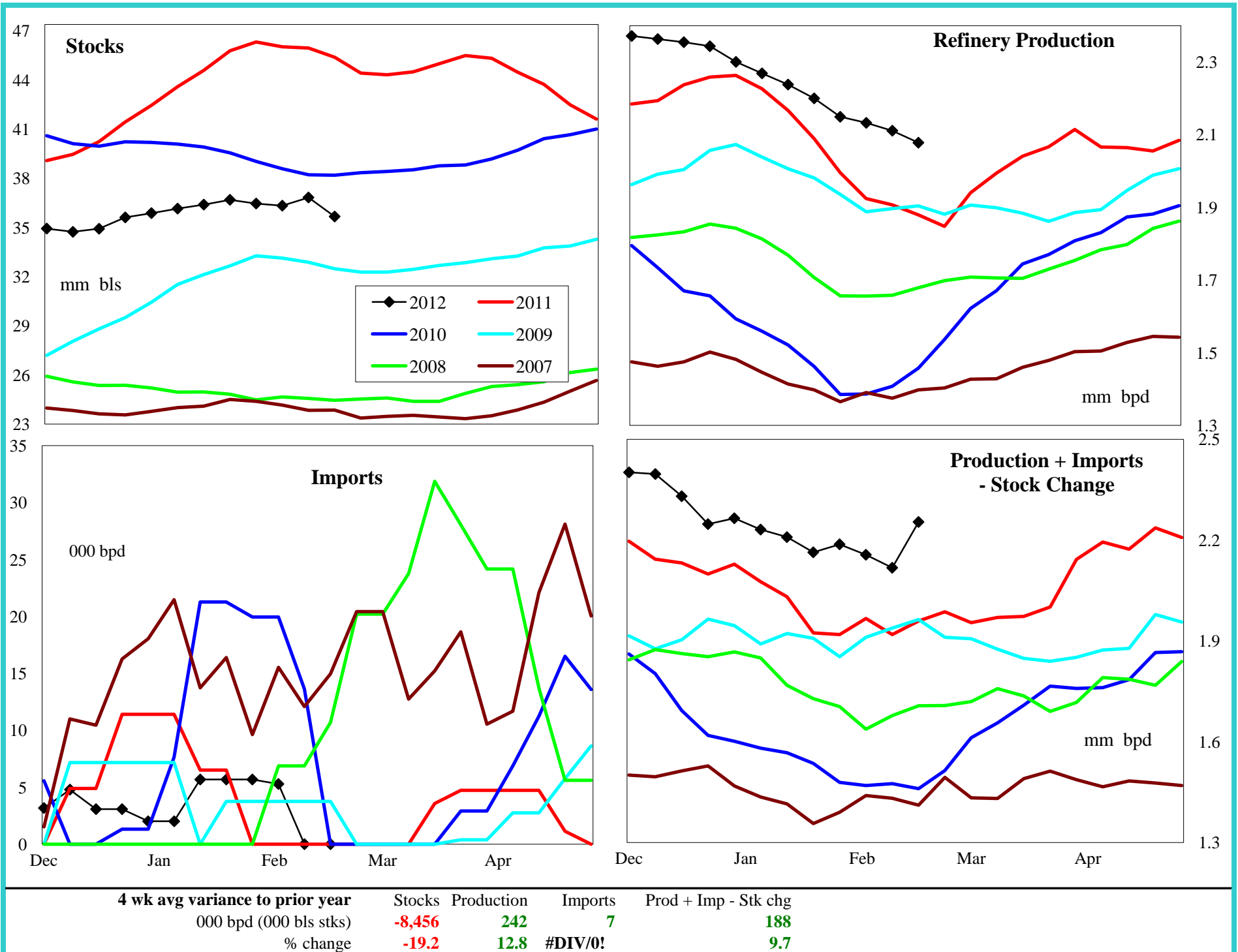
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
-7,908	-181	-119	-273
-16.9	-10.7	-92.2	-15.7

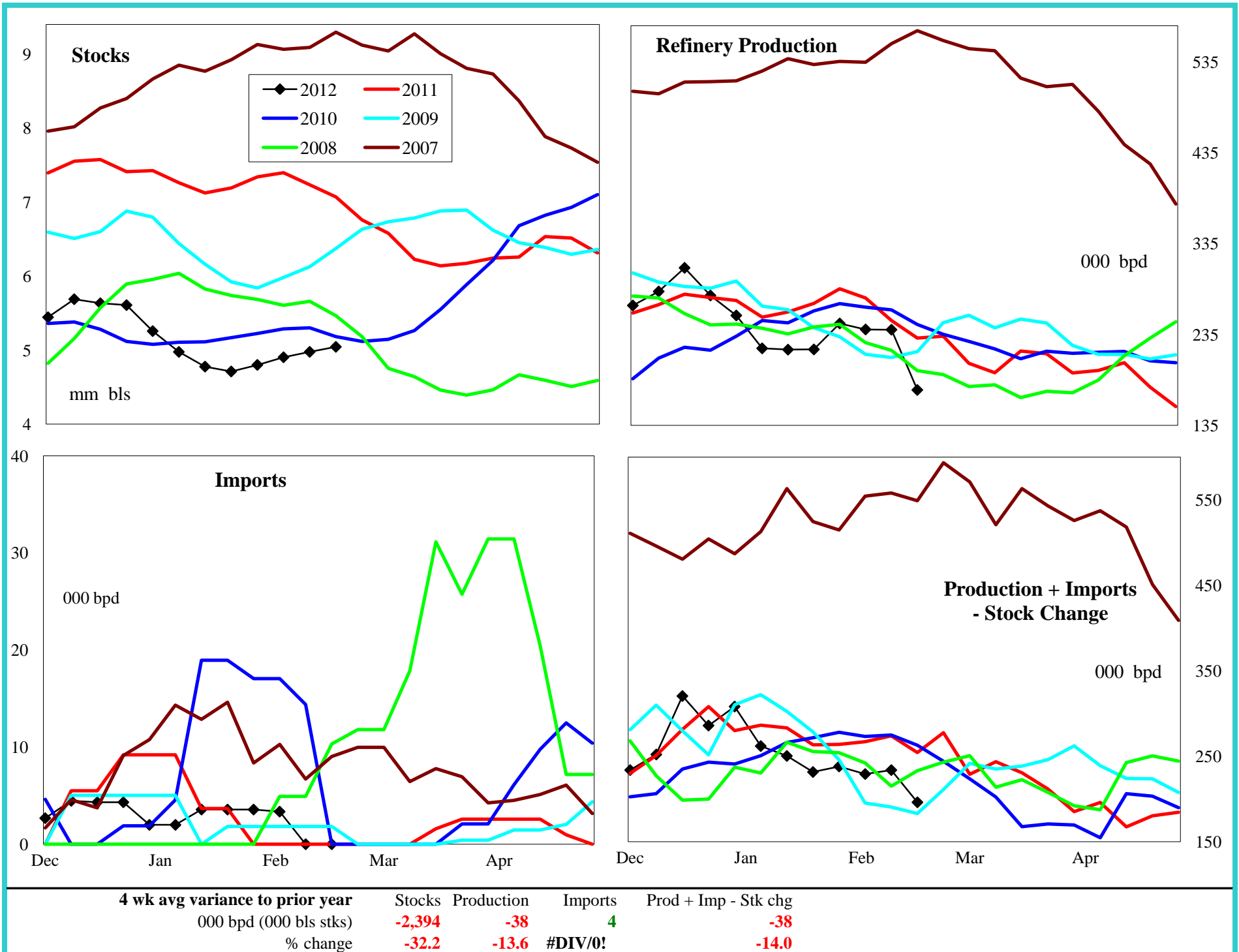
PADD 3 Distillate Supply



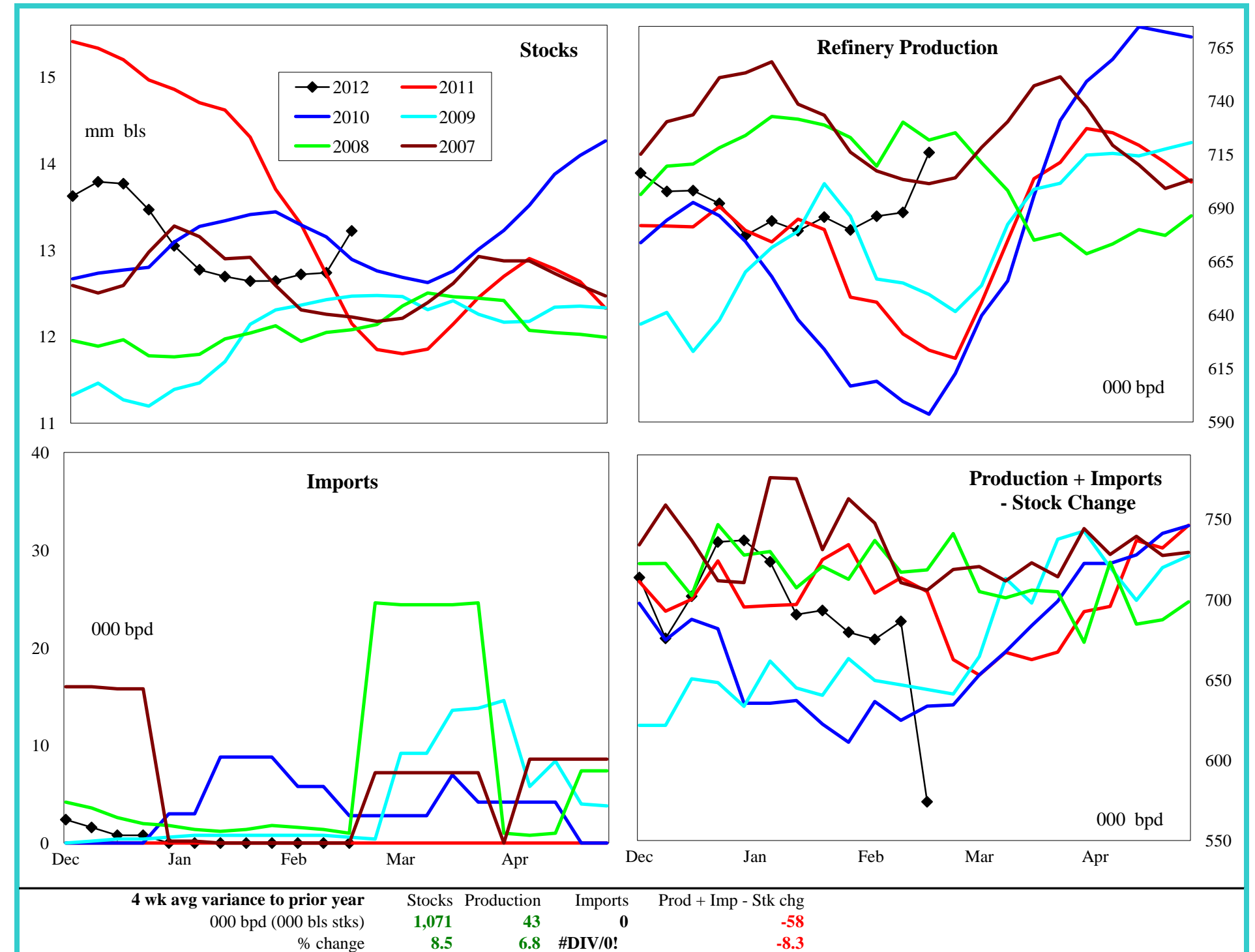
PADD 3 Low Sulfur Distillate Supply



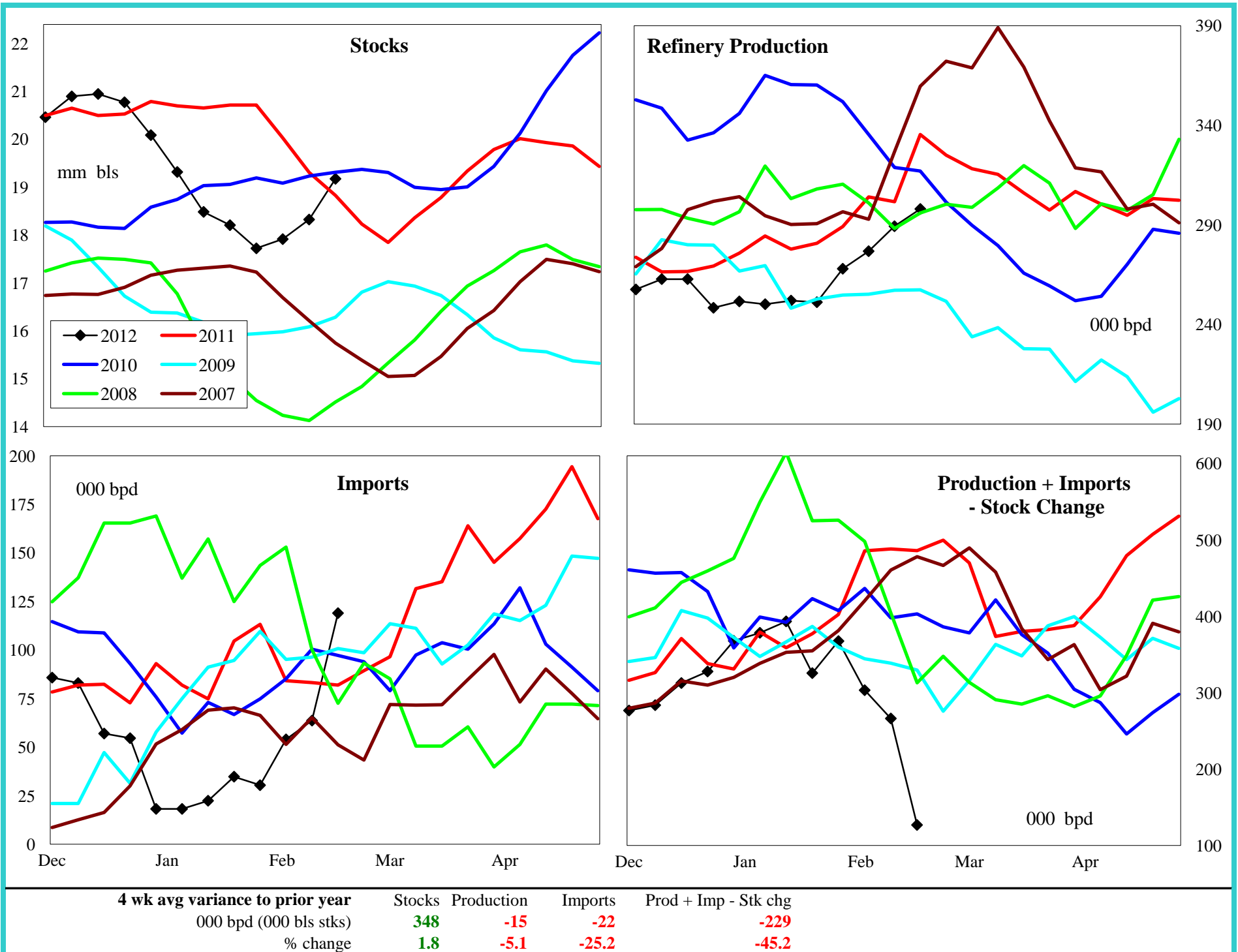
PADD 3 High Sulfur Distillate Supply



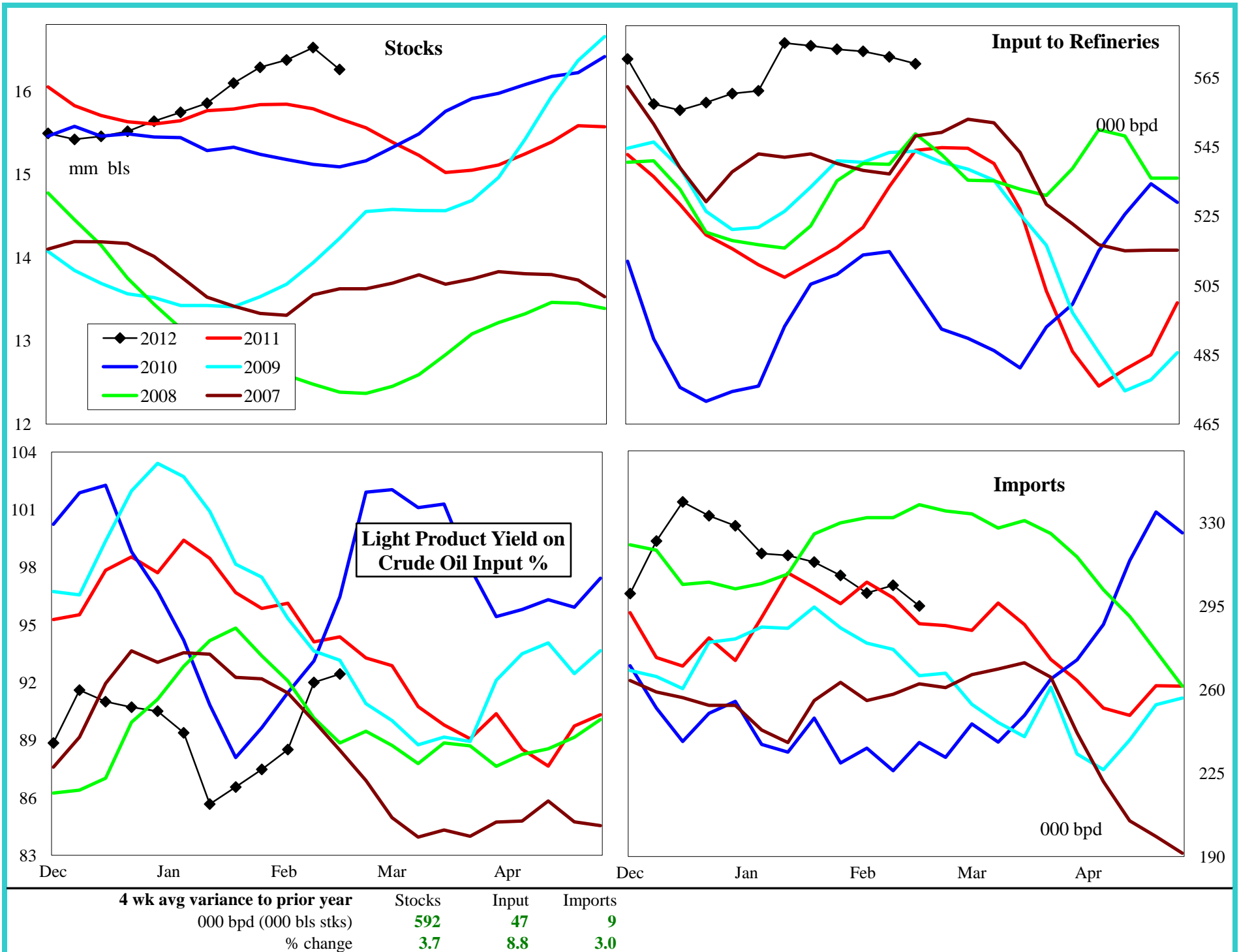
PADD 3 Jet Fuel Supply



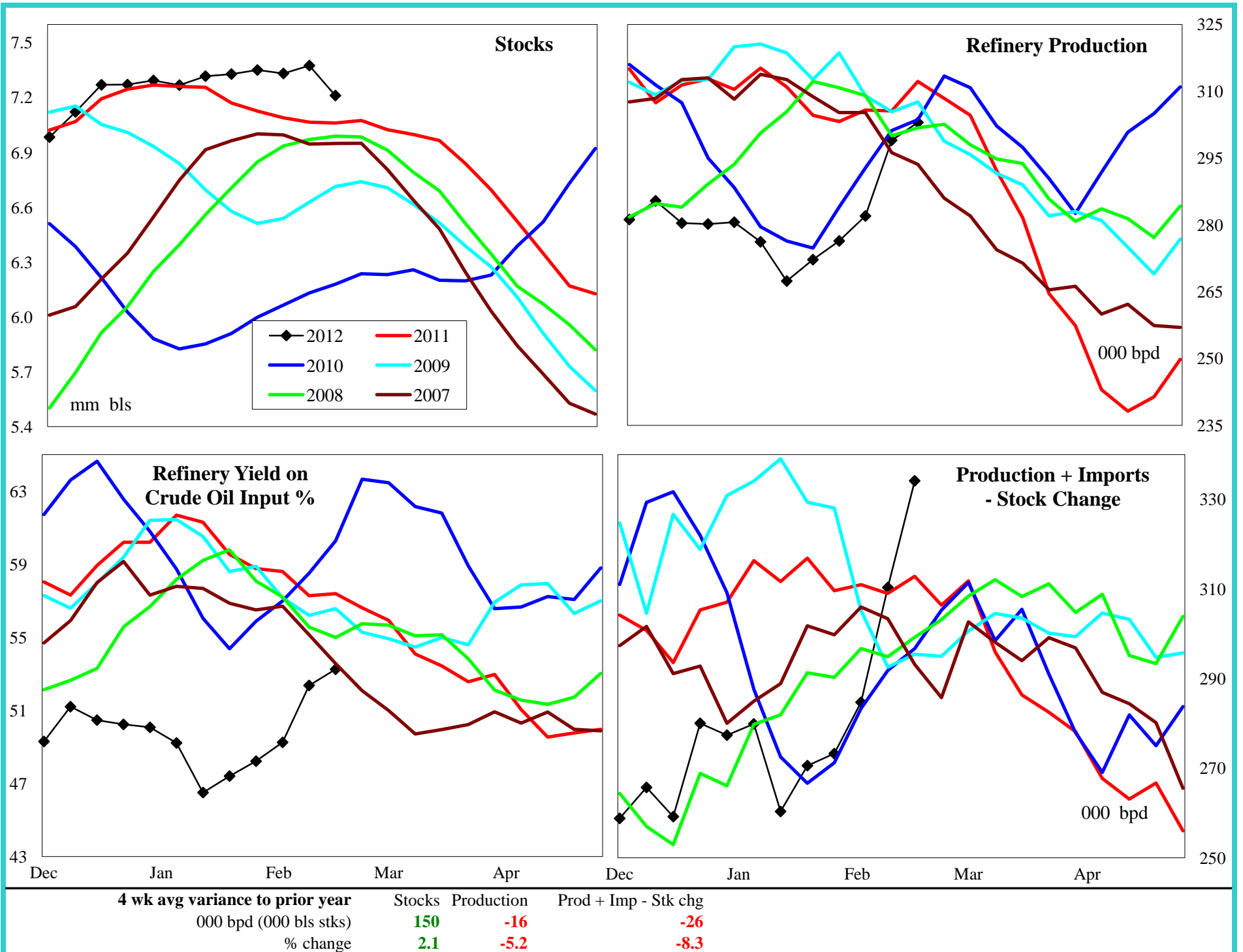
PADD 3 Residual Fuel Oil Supply



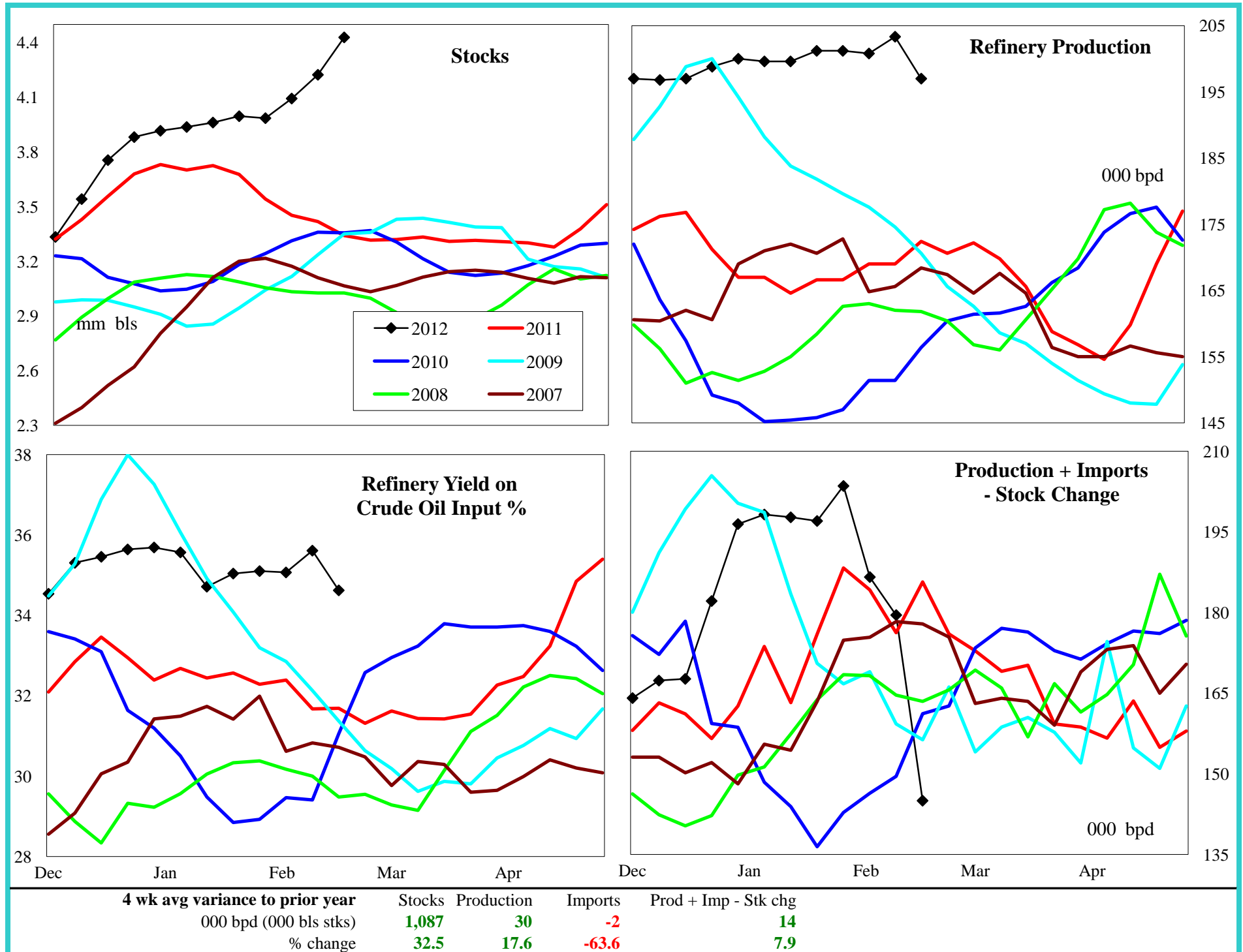
PADD 4 Crude Oil Supply and Refining



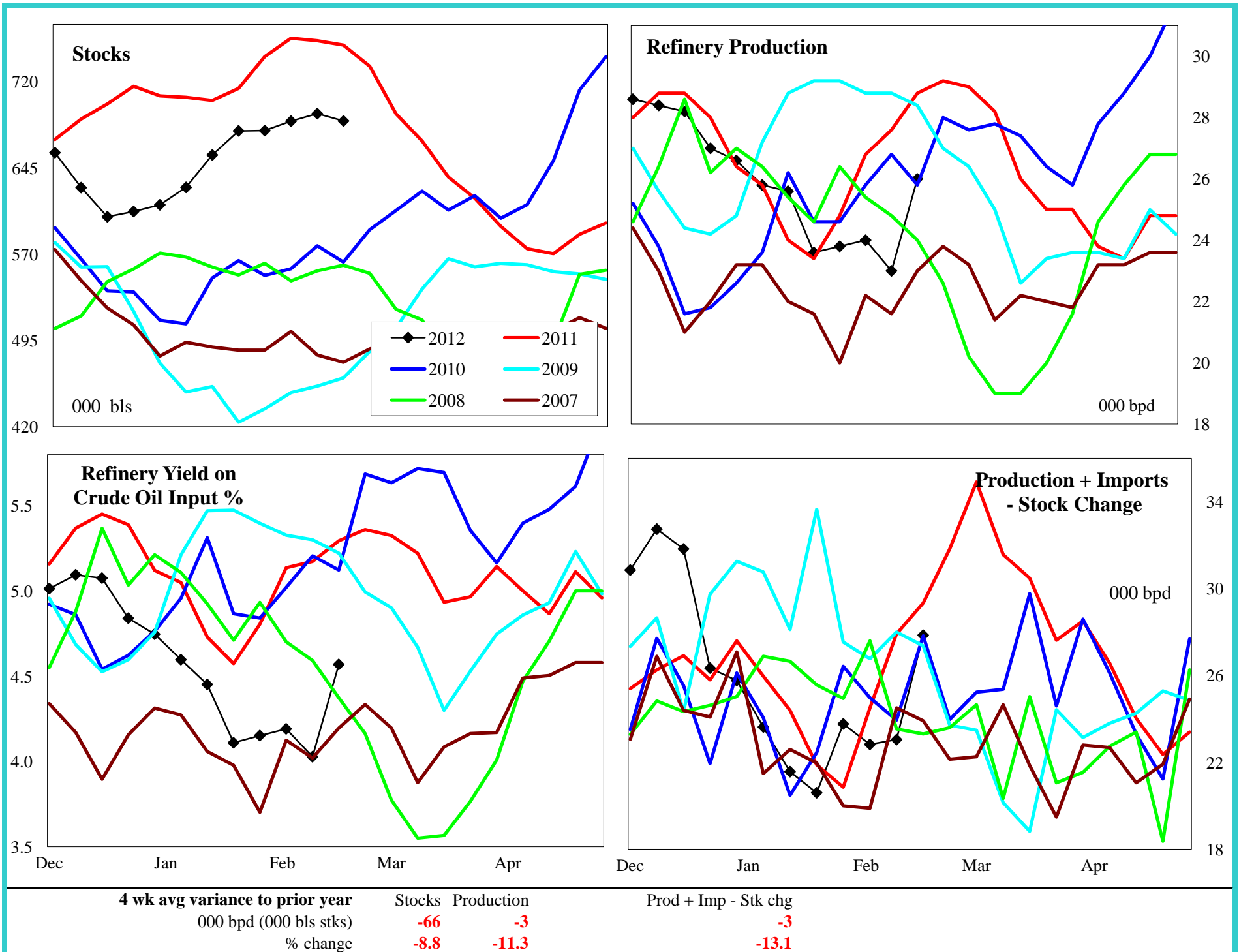
PADD 4 Gasoline Supply



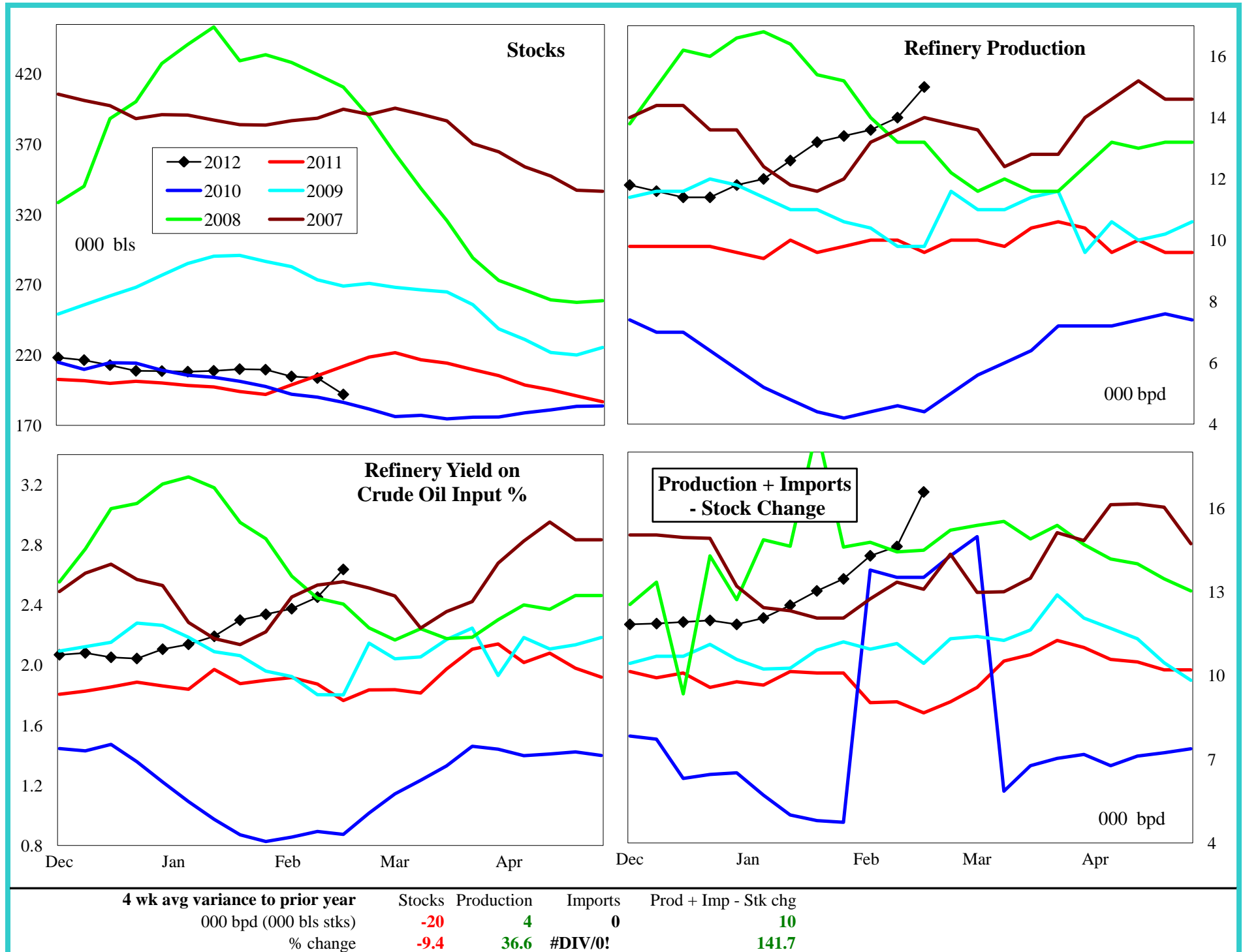
PADD 4 Distillate Supply



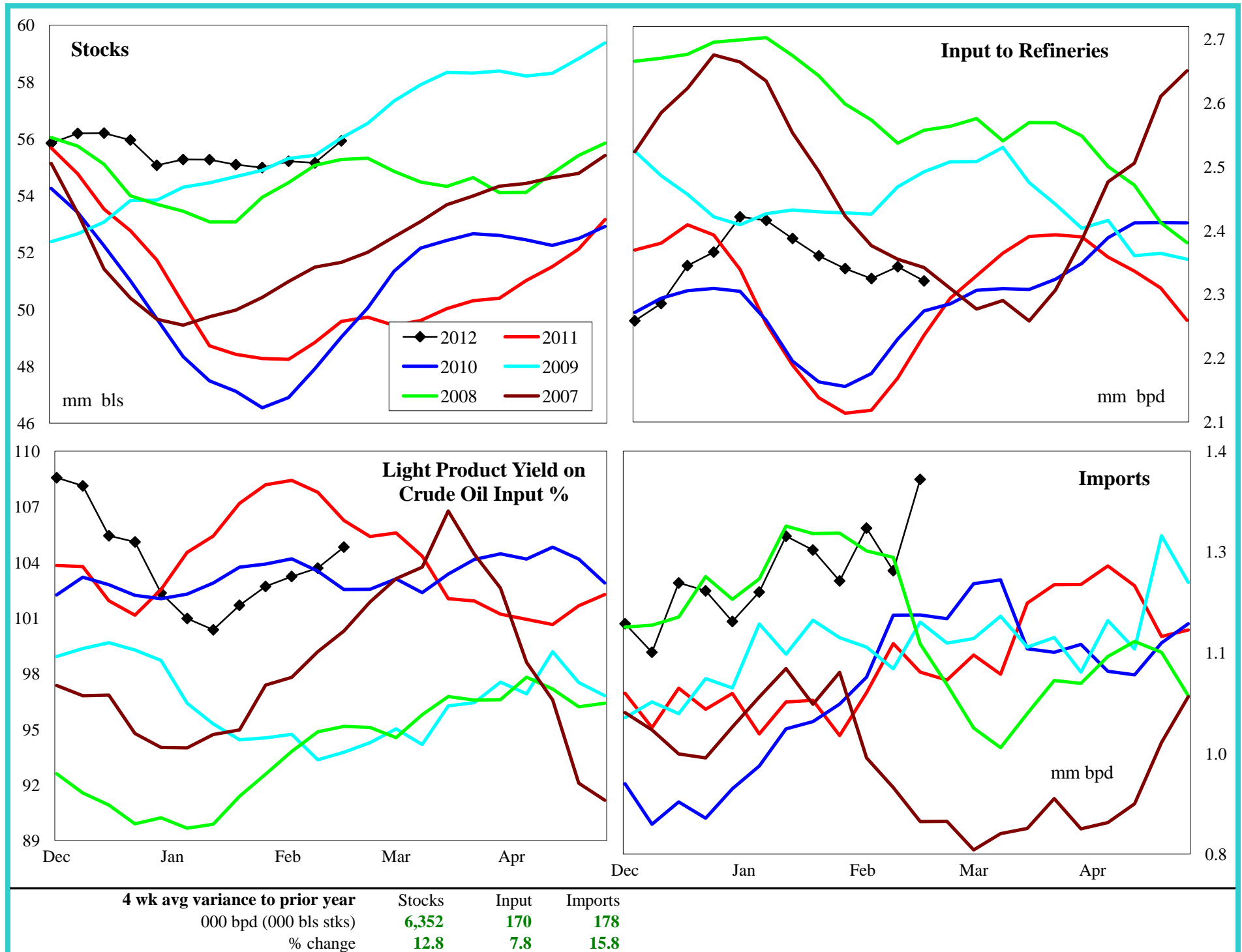
PADD 4 Jet Fuel Supply



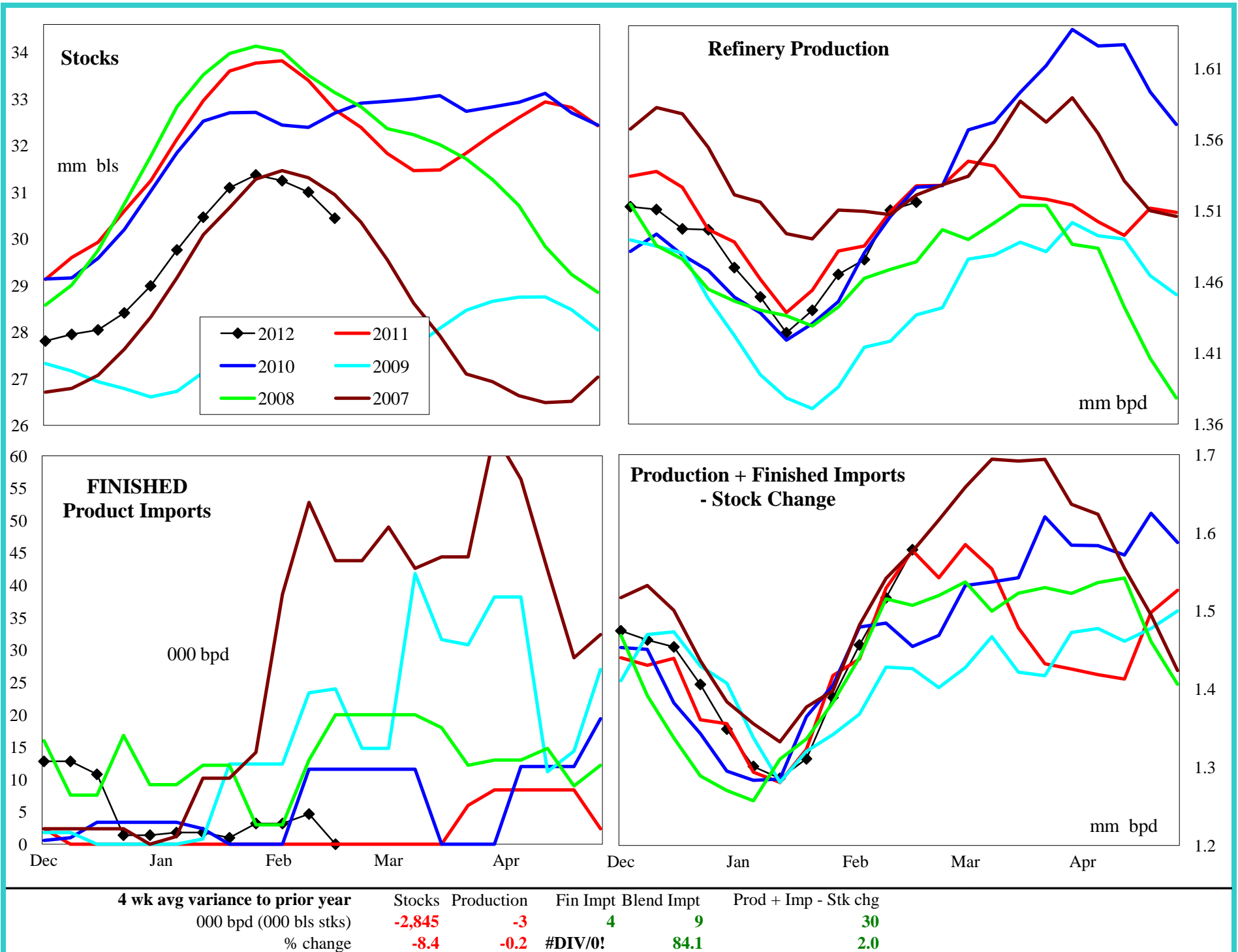
PADD 4 Residual Fuel Oil Supply



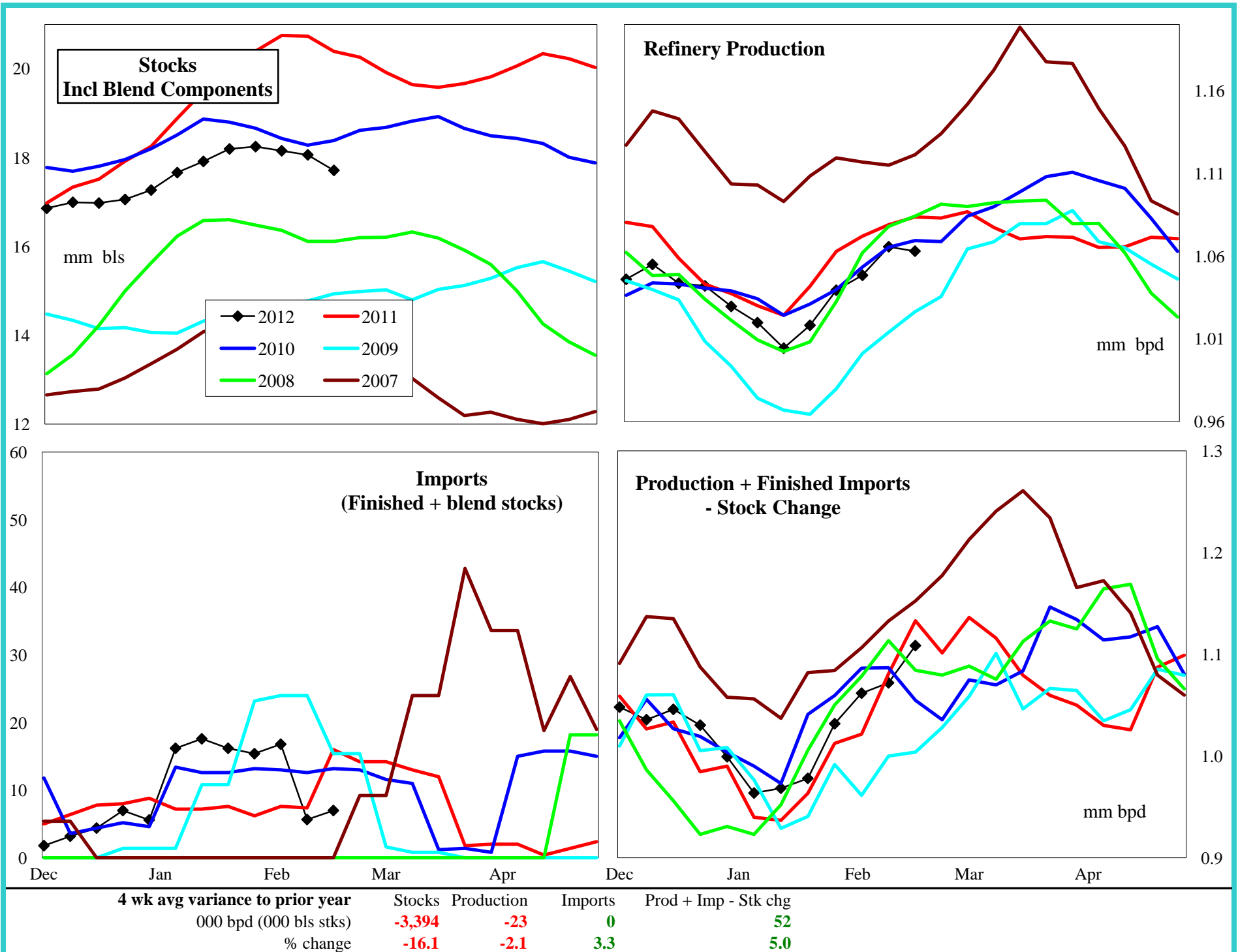
PADD 5 Crude Oil Supply and Refining



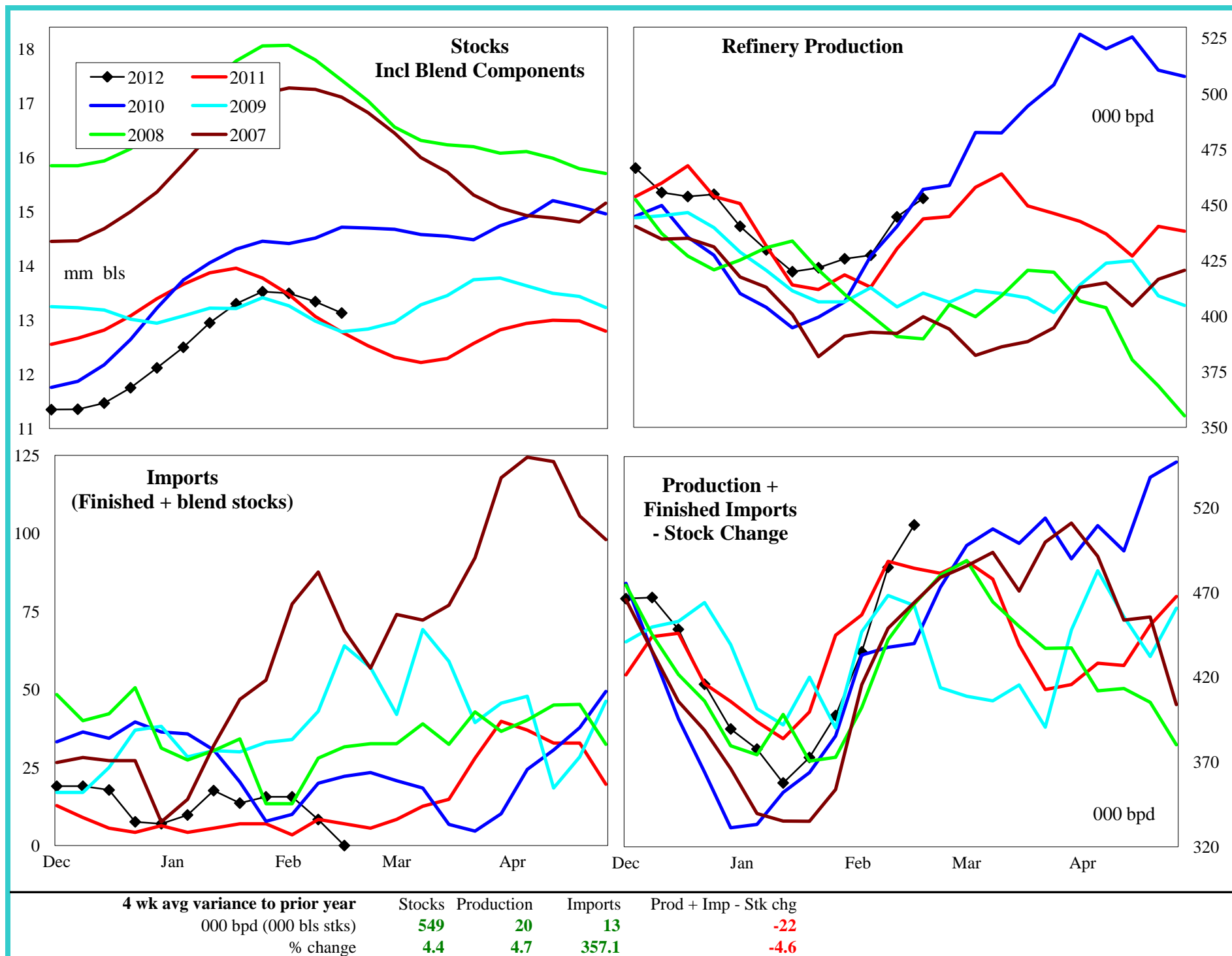
PADD 5 Gasoline Supply



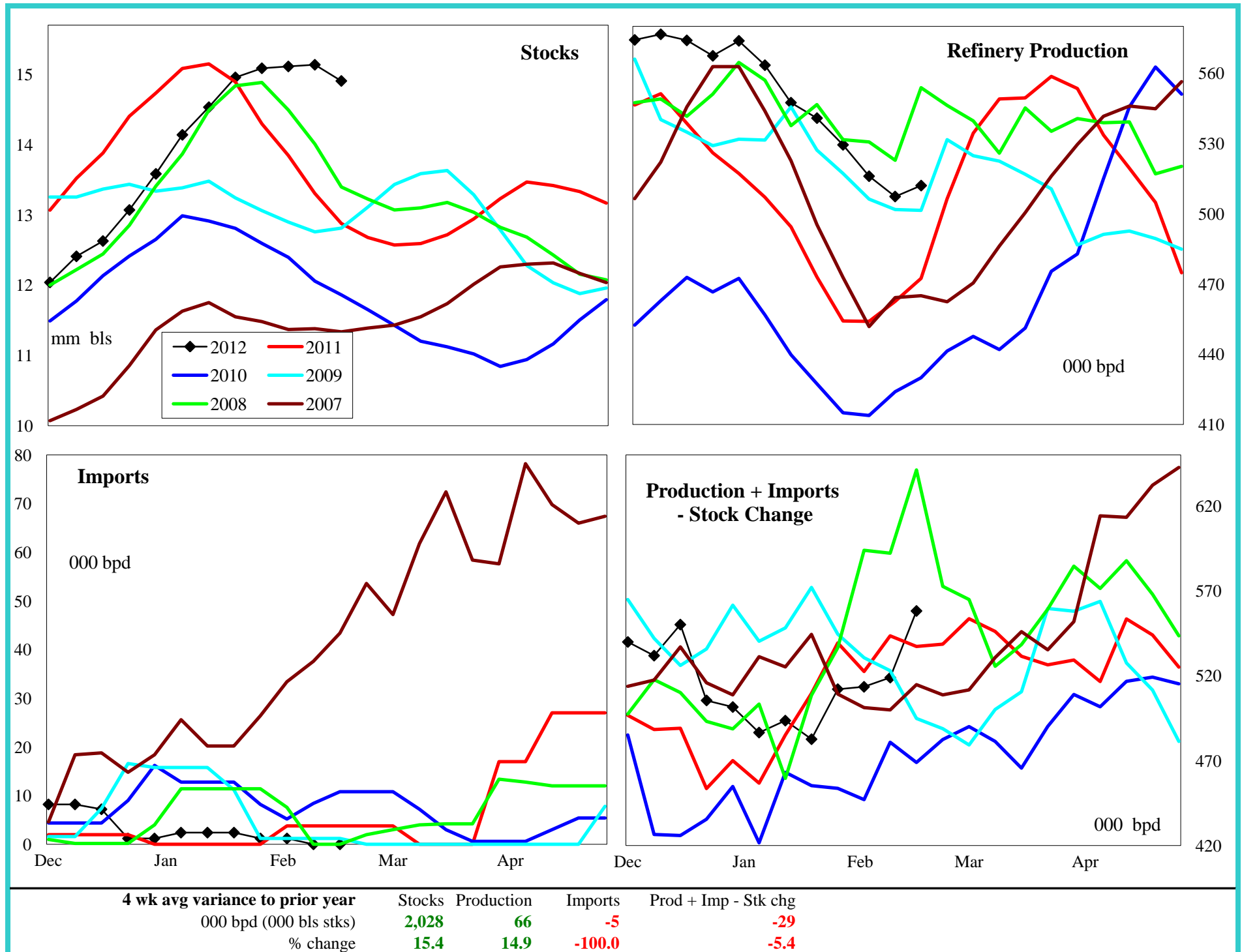
PADD 5 Reformulated Gasoline Supply



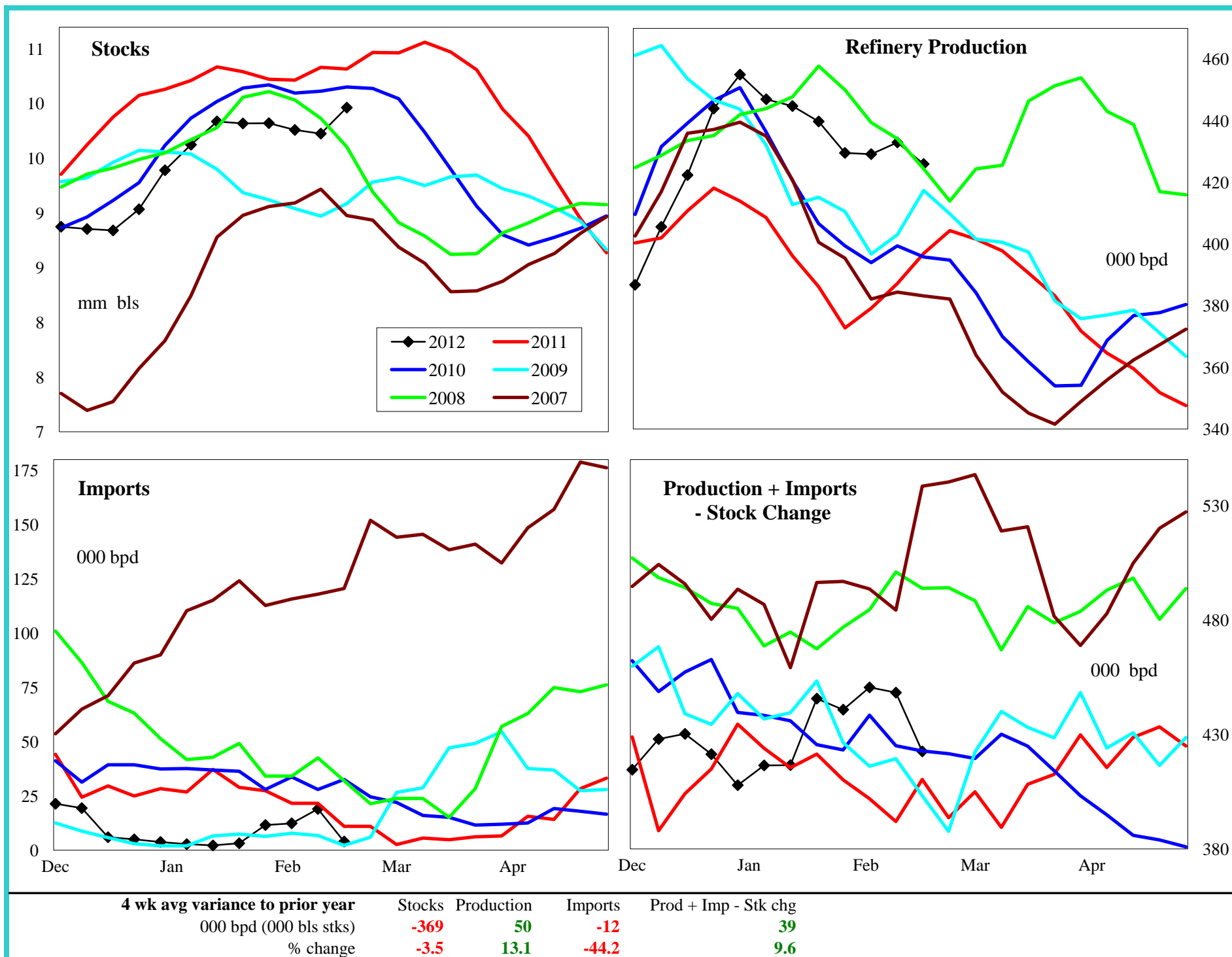
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

