



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

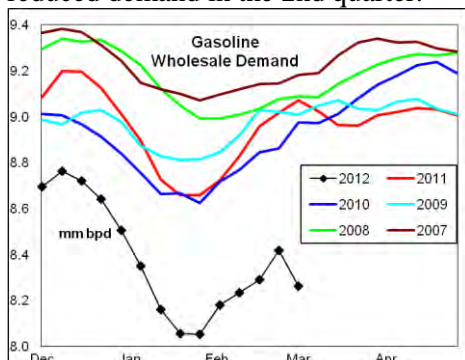
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, March 07, 2012



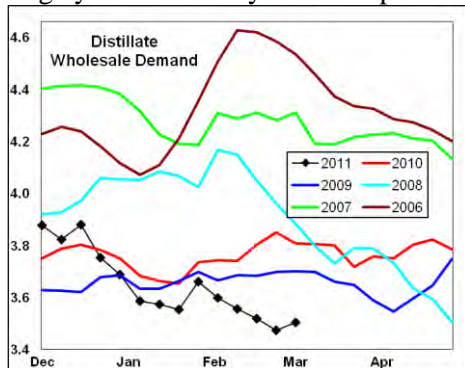
Major Fundamental Trends¹

Fundamental petroleum trends outlined below point to an increasing risk of a price pull back in the energy complex during the next quarter.

Gasoline wholesale demand slipped to more than -0.7 million bpd below last year for the latest 4-wk period. This magnitude of year-on-year collapse in demand will adversely impact prices as the market recognizes that lower levels of both production and stocks are adequate to satisfy the reduced demand in the 2nd quarter.



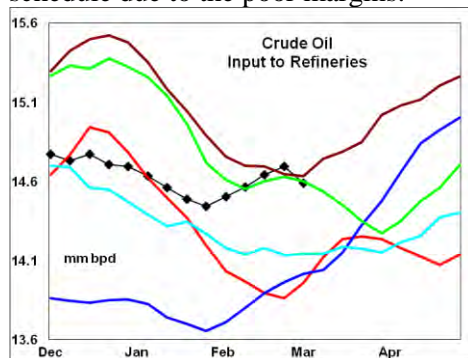
Wholesale distillate demand during the latest 4-wk period was -0.3 million bpd below last year. This weakness has largely been offset by record exports.



Crude oil refinery input was +0.9 million bpd above last year, with a similar increase over each of the last 3-years. The increase was due to a light refinery maintenance season, startup of new capacity and favorable weather for operations in northern markets.

However, several refiners have recently announced their intention to

temporarily shut down crude oil processing units due to poor refining margins (based on global crude oil prices). In some cases they are moving planned maintenance up from a later schedule due to the poor margins.



Crude oil run cuts as a result of poor margins (in turn due to weak demand) should reduce demand for crude oil; indirectly impacting overall energy prices.

Crude oil stocks are building at a record rate in Cushing, OK; driven by very high inland domestic production and Canadian imports into the Midwest. Stock levels at Cushing are now slightly below last years' record levels.

Demand for gasoline and distillate decreased last week, while jet fuel reached a season high. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -7.8%; distillate down -7.6%; jet fuel up +3.1% while residual fuel oil decreased -40%.

Stocks forward coverage: Gasoline demand coverage was nearly unchanged on the week, due to a -0.1 million bpd drop in demand, offset by a -0.4 million barrel stock draw. Coverage remains extremely high.

Distillate coverage decreased on a -1.9 million barrel stock draw, partially offset by very weak demand. Coverage levels were below the last 2-years.

Jet fuel coverage levels fell sharply on a -1.7 million barrel stock draw and +0.1 million bpd rise in demand. Coverage levels are comparable to the last 3-years.

Refinery utilization rates were nearly unchanged on a -18,000 bpd decrease in crude oil runs. During the latest 4-wk period crude oil input was +916,000 bpd above a year ago.

Gasoline yield % on crude oil runs fell on a -261,000 bpd decrease in output compared to the -18,000 bpd decline in crude oil runs. Yield % on crude oil runs was a record low.

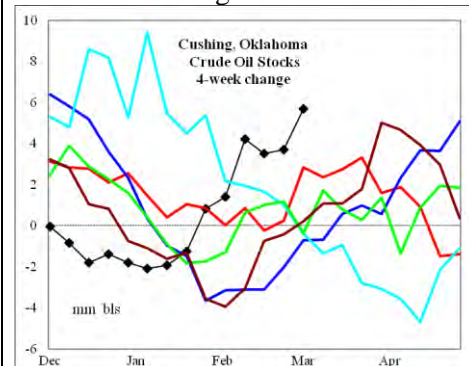
Distillate yield % on crude oil runs decreased on a -64,000 bpd drop in output, compared to the small decline in crude oil runs. The yield % was slightly below 5-year highs for the period.

Jet fuel yield % on crude oil runs fell last week on a -68,000 bpd decrease in output compared to the slightly lower crude oil runs. Yield % levels were below the 5-year range.

Petroleum Imports of crude oil and all transport fuels decreased last week.

During the latest 4-wk period crude oil imports were +0.8 million bpd above last year; distillate imports decreased -41,000 bpd; finished gasoline imports decreased -51,000 bpd, gasoline blend stock imports declined -136,000 bpd; jet fuel imports were +12,000 bpd higher, while residual fuel oil imports declined -149,000 bpd.

Crude Oil stocks increased +0.8 million barrels on the week, including builds of more than +2.4 million barrels in Cushing.



The latest 4-wk build rate in Cushing was a record high for this time of year.

¹ Source is latest EIA Weekly Statistics



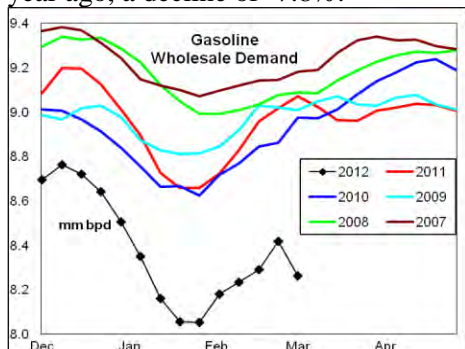
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Product Supply-Demand Trends

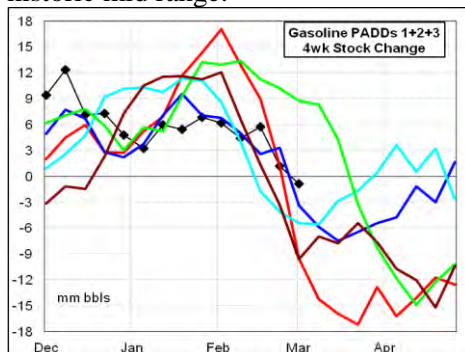
Gasoline demand declined -101,000 bpd last week, extending the recent pull back from the normal seasonal uptrend. The latest 4-wk average demand was -711,000 bpd below a year ago, a decline of -7.8%.



Combined production and imports decreased -284,000 bpd last week. Supply levels are being cut in order to balance supplies with the exceptional drop in year-on-year demand.

Stocks decreased -0.4 million barrels on the week, a level that matched the last 2-years. The latest 4-wk stock draw was less than each of the last 3-years.

The key PADD 1 region saw a stock draw of -1.1 million barrels. Stock levels in the Central Atlantic Region of PADD 1 matched the historic mid range.



Demand weakness; driven by improving fleet efficiency, the low level of employment, and high retail prices is likely to drive an improved supply balance during peak demand season.

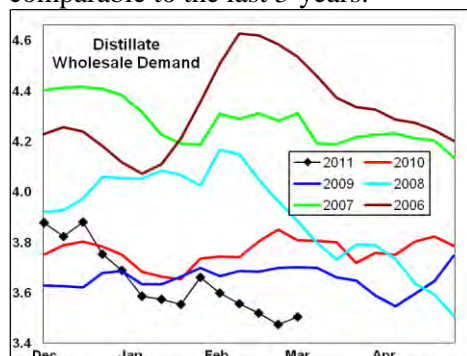
While the potential remains for a supply squeeze in the Central Atlantic and New England regions of PADD 1 as a result of closed refinery capacity in the Atlantic Basin; exceptionally

weak demand may cause a sharp price pull back during the next quarter.

Distillate demand decreased -128,000 bpd last week, a level well below the last 2-years. The latest 4-wk average year-on-year change in demand was a -296,000 bpd decline; driven by mild temperatures in heating oil markets and a lack of demand for highway snow/ice removal.

Supplies declined -110,000 bpd on lower production and imports; with the latest 4-wk average supply +209,000 bpd above a year ago. Stocks fell -1.9 million barrels on the week.

The latest 4-wk stock change in markets East of the Rockies was a draw of -5.1 million barrels, which was comparable to the last 3-years.



Wholesale demand remains significantly below year ago levels as the winter heating season ends. Substitution of natural gas and warm weather has had a significant impact on distillate demand during the last 2-months.

Production in PADDs 2, 3 & 4 remain extremely high. West Coast production remains well below the historic range as a result of the BP Amoco fire.

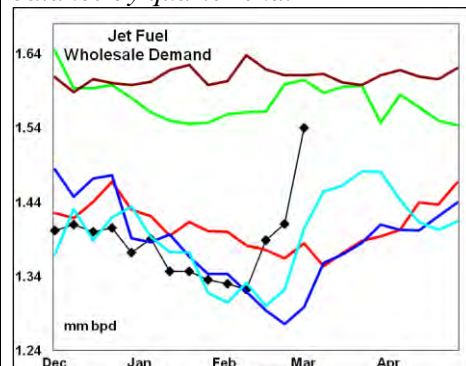
Several Gulf refiners have recently announced cuts in crude oil runs due to poor refining margins. As a result look for limited improvement in the supply balance during the next 2-months.

Jet Fuel demand increased +65,000 bpd last week on continued heavy airline buying. The latest 4-wk average demand was +42,000 bpd above a year ago.

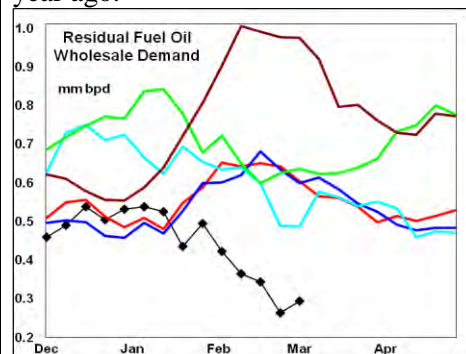
Supply fell -86,000 bpd on lower production and imports. Stocks fell -1.8 million barrels last week, to a level at the mid range.

The spike in demand points to early spring stock building in airline private storage, as average demand during the last 3-years was sharply below the current weekly level.

Look for a pull back in wholesale demand and a seasonal increase in production to improve the supply balance by quarter end.



Residual fuel oil demand increased +18,000 bpd last week. The latest 4-wk average was -250,000 bpd below a year ago.



Supply (production + imports) increased +25,000 bpd last week, on higher production and imports. The latest 4-wk average supply was -142,000 bpd below last year. Stocks were nearly unchanged on the week, at a level -2.8 million barrels below last year.

Demand remains depressed on unusually warm temperatures and substitution of low cost gas; down -40% from a year ago.

Stock levels matched 5-year highs in PADDs 3 & 2, on weak demand.



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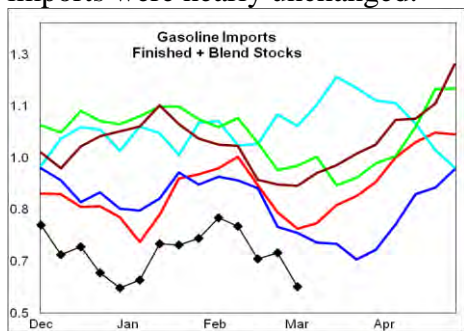
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PADD Supply Trends

PADD 1 refinery crude oil runs were nearly unchanged on the week, with the latest 4-wk average -82,000 bpd below last year.

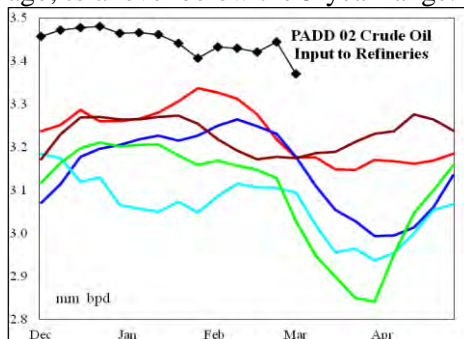
Gasoline production decreased -49,000 bpd last week, while imports were nearly unchanged.



Stocks fell -1.1 million barrels on the week, to a level comparable with the last 2-years. Stock levels in the key Central Atlantic Region ended the week at the 5-year mid range.

Distillate supply fell -89,000 bpd on the week, to a level comparable to the last 2-years. Stocks fell -1.4 million barrels on the week, a level -16% a year ago.

Jet fuel stocks fell -1.3 million barrels on the week, with the level at the low end of the historic range. Supply was -27,000 bpd below a year ago, to a level below the 5-year range.



PADD 2 crude oil refinery runs decreased -75,000 bpd last week, with the 4-wk average +191,000 bpd above last years' highs. Crude imports decreased -0.1 million bpd, but remain nearly +25% above last year.

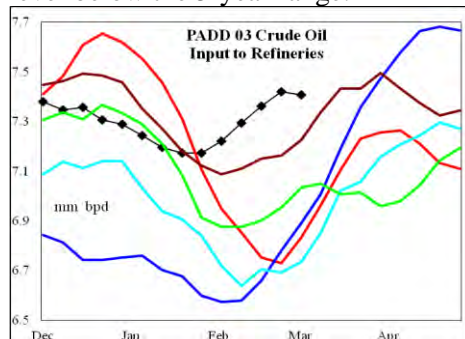
Gasoline production decreased -25,000 bpd last week, to a level below

the last 3-years. Stocks decreased -0.3 million barrels to a level +3% above 1st year.

Distillate production increased +8,000 bpd on the week, with output +53,000 bpd above last year for the latest 4-wk period. Stocks increased +0.9 million barrels to a level above four of the last 5-years.

Jet fuel production decreased -31,000 bpd on the week, with the latest 4-wk average +25,000 bpd above last year. Stocks ended the week at a level slightly above the 5-year range.

PADD 3 refinery runs increased +57,000 bpd last week, with the level above the 5-year range. The latest 4-wk average thru put was +741,000 bpd above last year on very light refinery maintenance. Crude oil imports decreased -0.2 million bpd to a level comparable to the last 2-years. Stocks decreased -2.6 million barrels, to a level below the 5-year range.



Gasoline production was nearly unchanged on the week, a level -5% below a year ago. Stocks increased +0.8 million barrels last week, to a level above the historic range.

Distillate production declined -26,000 bpd on the week, with the latest 4-wk average +245,000 bpd above the previous 5-year high. Stocks decreased -0.7 million barrels to a level near lows of the last 3-years.

Jet fuel supply decreased -31,000 bpd last week, to a level above the last 3-years. Stocks increased +0.2 million barrels to a level slightly above the historic range.

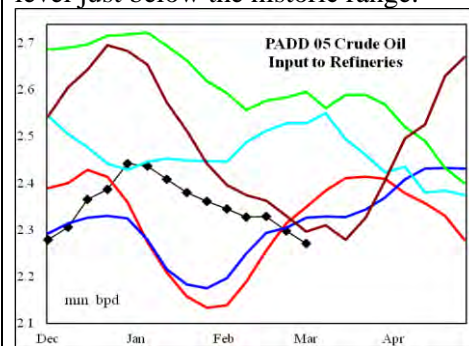
Residual fuel oil supplies increased +27,000 bpd on the week. Stock levels match 5-year highs.

PADD 4 refinery crude runs increased +15,000 bpd on the week, with the level +25,000 bpd above last year and a 5-year high. The most recent 4-wk average run rate was +5% above a year ago.

Gasoline production decreased -9,000 bpd on the week, with the level at the low end of the historic range. Stocks decreased -0.4 million barrels, to a level below the mid range.

Distillate production was nearly unchanged on the week, at a level well above the historic range. The latest 4-wk average output was +23,000 bpd above last year (+14%). Stock levels were +28% above last year and a record high for this time of year.

PADD 5 crude oil refinery runs decreased -11,000 bpd last week, to a level just below the historic range.



Gasoline production fell -105,000 bpd on the week to a level below the mid range. Supply (production + imports) for the latest 4-wk average was +11,000 bpd above a year ago. Stocks increased +0.5 million barrels, although the level remains well below the last 2-years.

Distillate supply decreased -11,000 bpd on the week, to a record low level. The drop in crude oil runs due to the BPAmoco fire led to the sharp decline in distillate output.

The latest 4-wk average supply was -61,000 bpd below last year. Stocks fell -0.7 million barrels on the week, +5% above a year ago.

Jet fuel supply was unchanged from the prior week at a level near historic lows. Stocks declined -0.3 million barrels to a level -15% below a year ago.

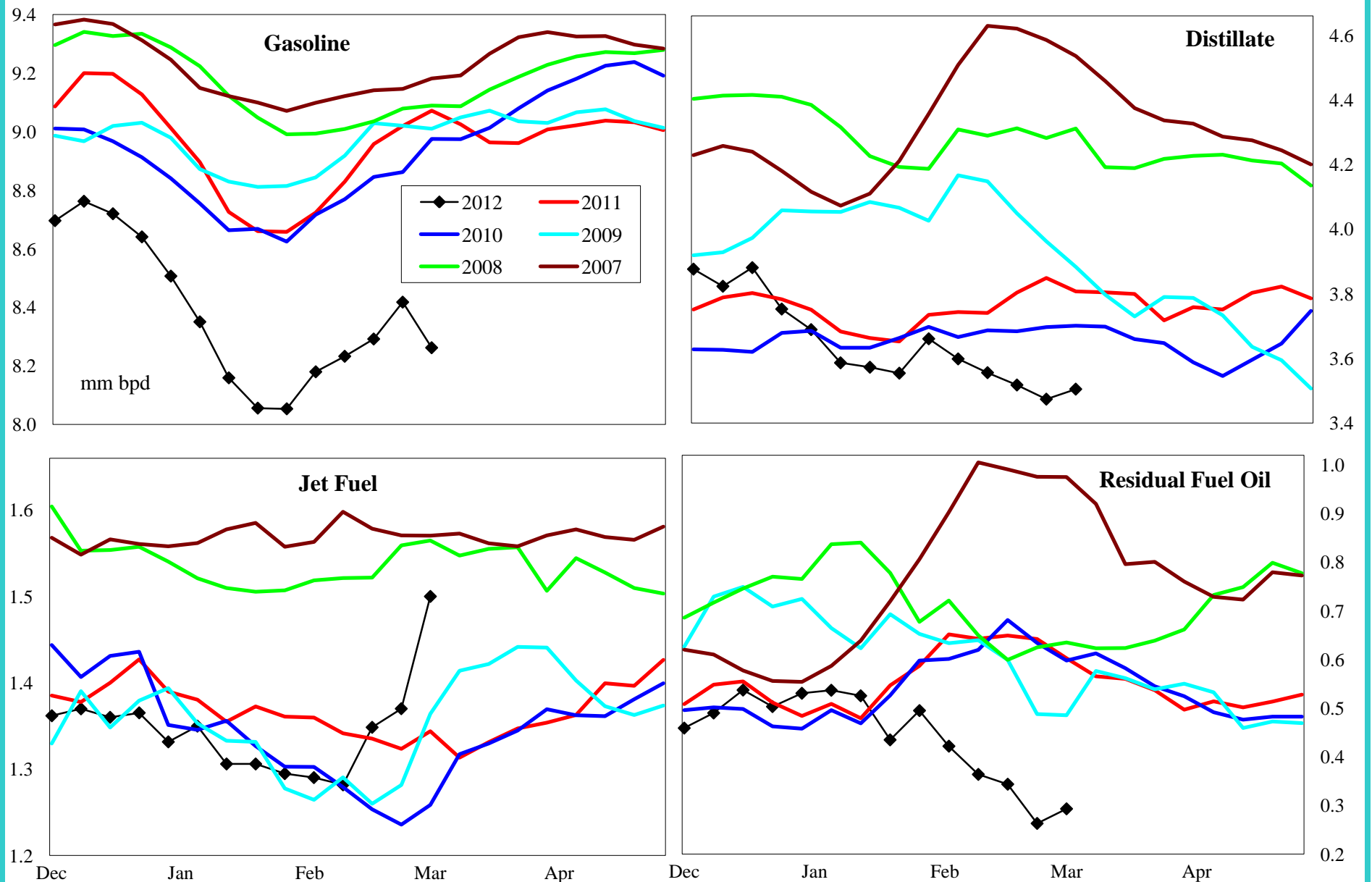


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report March 7, 2012
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	2-Mar-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	832	603	1,818	-2,594	449	555
	Imports	-475	-61	-128	-237	41	-92
	Input	-18	-5	-75	57	15	-11
	% Utilization	0.30					
Gasoline	Stocks	-396	-1,089	-269	800	-381	543
	Production	-261	-49	-25	9	-9	-95
	Imports	-23	7	-1	-19	0	-10
	Supplied	-101					
Distillate	Stocks	-1,944	-1,403	943	-739	-34	-712
	Production	-64	-42	8	-26	4	-7
	Imports	-46	-47	3	0	1	-4
	Supplied	-128					
Jet Fuel	Stocks	-1,767	-1,326	-289	158	37	-346
	Production	-68	-10	-31	-31	2	2
	Imports	-18	-17	0	0	0	-1
	Supplied	65					
Residual Fuel Oil	Stocks	106	-466	-103	522	13	141
	Production	12	-4	-1	25	1	-9
	Imports	13	37	1	2	0	-27
	Supplied	18					

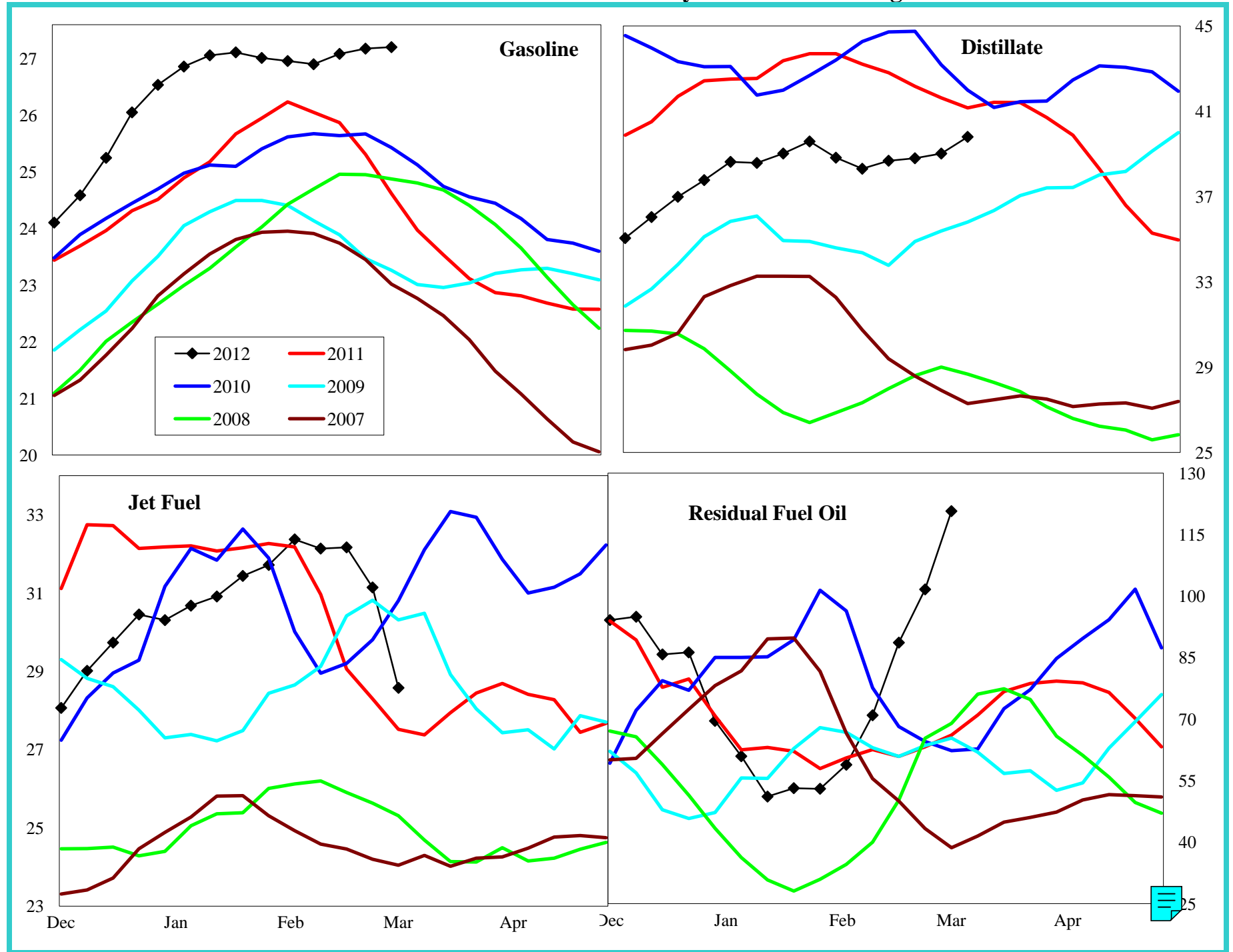
United States Wholesale Petroleum Demand



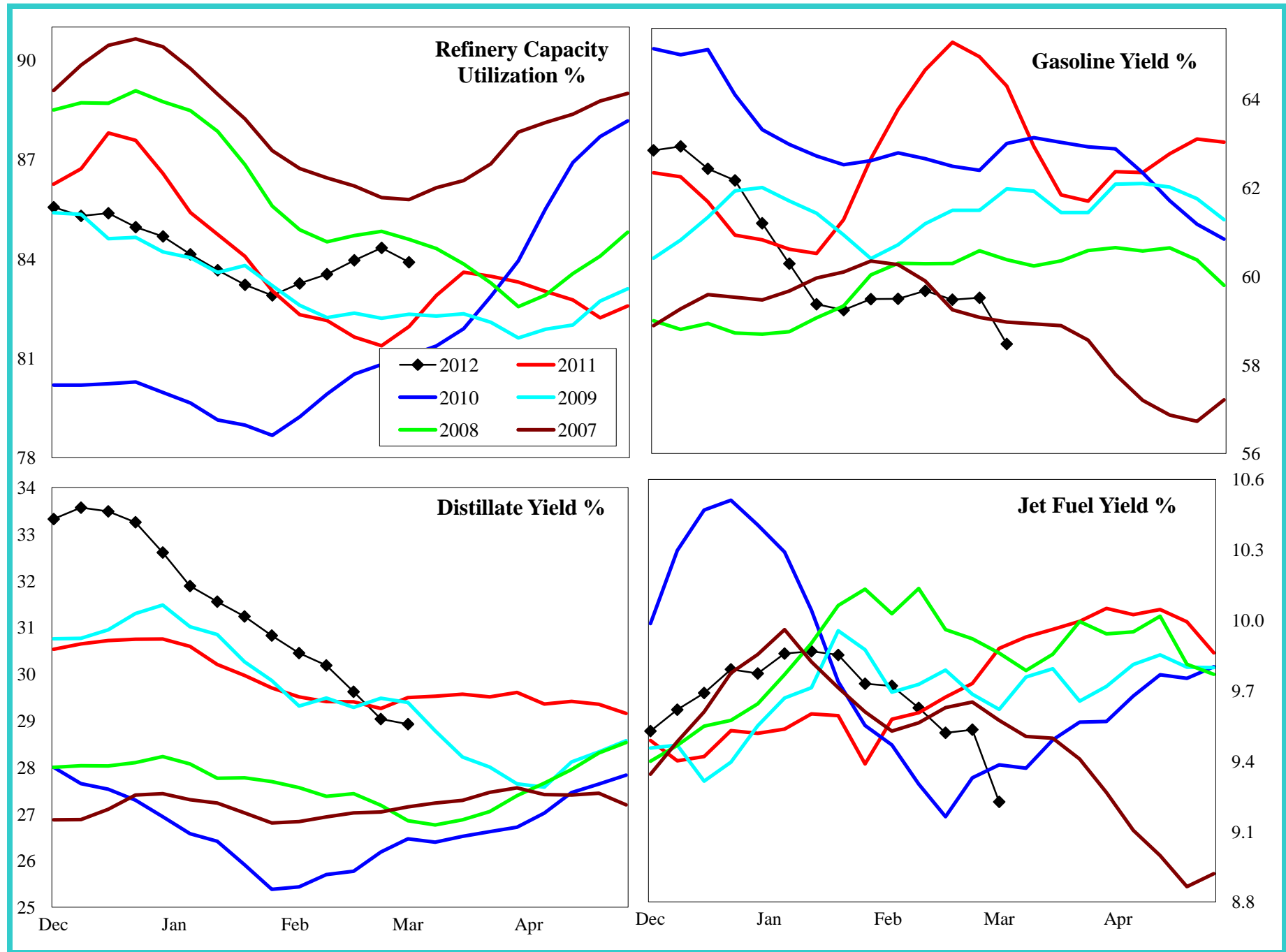
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jan	Jan	Nov	4wk avg	Jan	Dec	Nov
Gasoline	-711	-374	-155	-152	-7.8	-4.4	-1.7	-1.7
Distillate	-296	-295	-255	92	-7.6	-7.4	-6.1	2.4
Jet Fuel	42	-24	22	81	3.1	-1.8	1.6	5.8
Resid	-250	-176	8	-214	-40.4	-28.3	1.5	-38.8



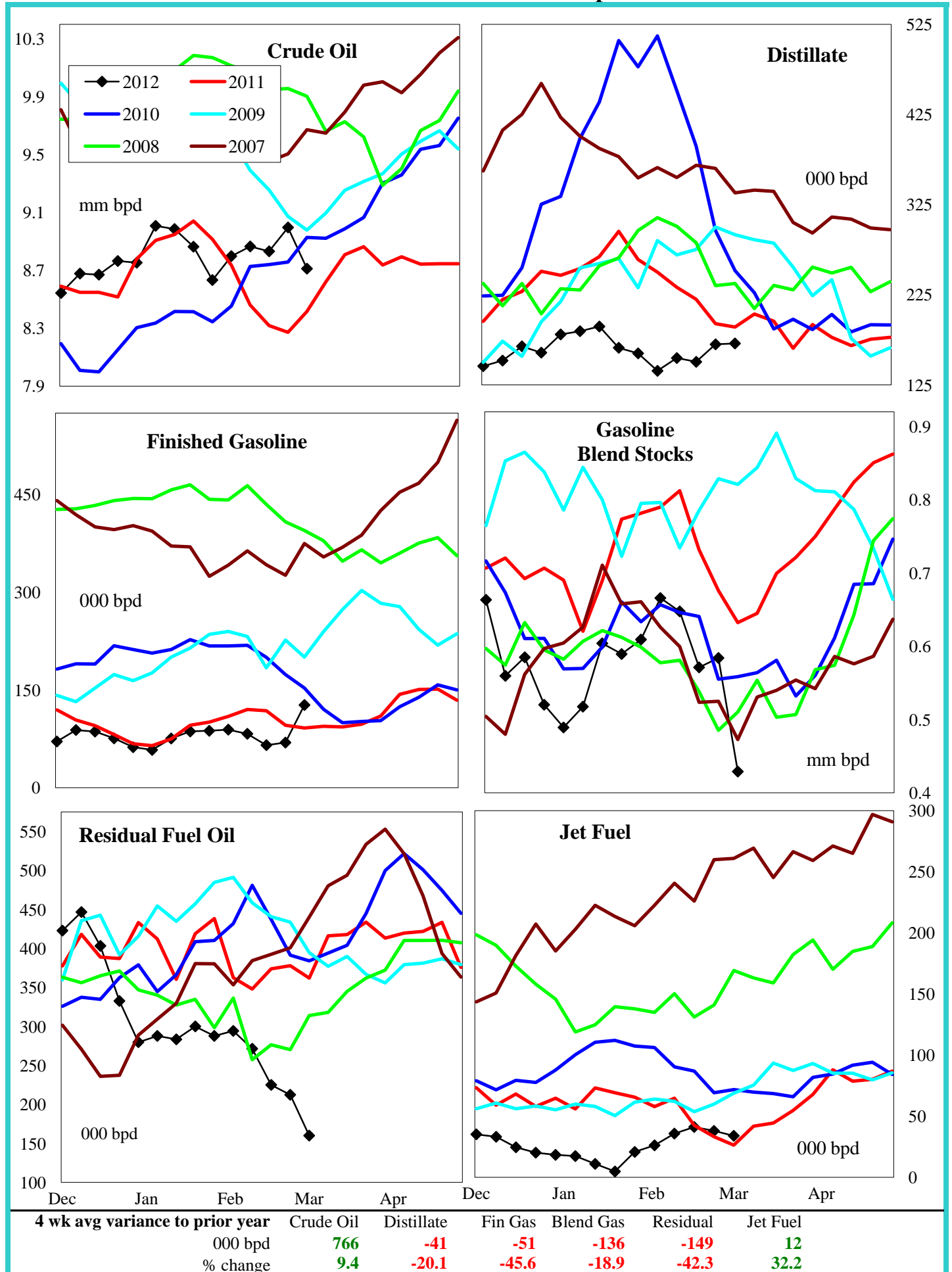
United States Product Stocks: Days Forward Coverage



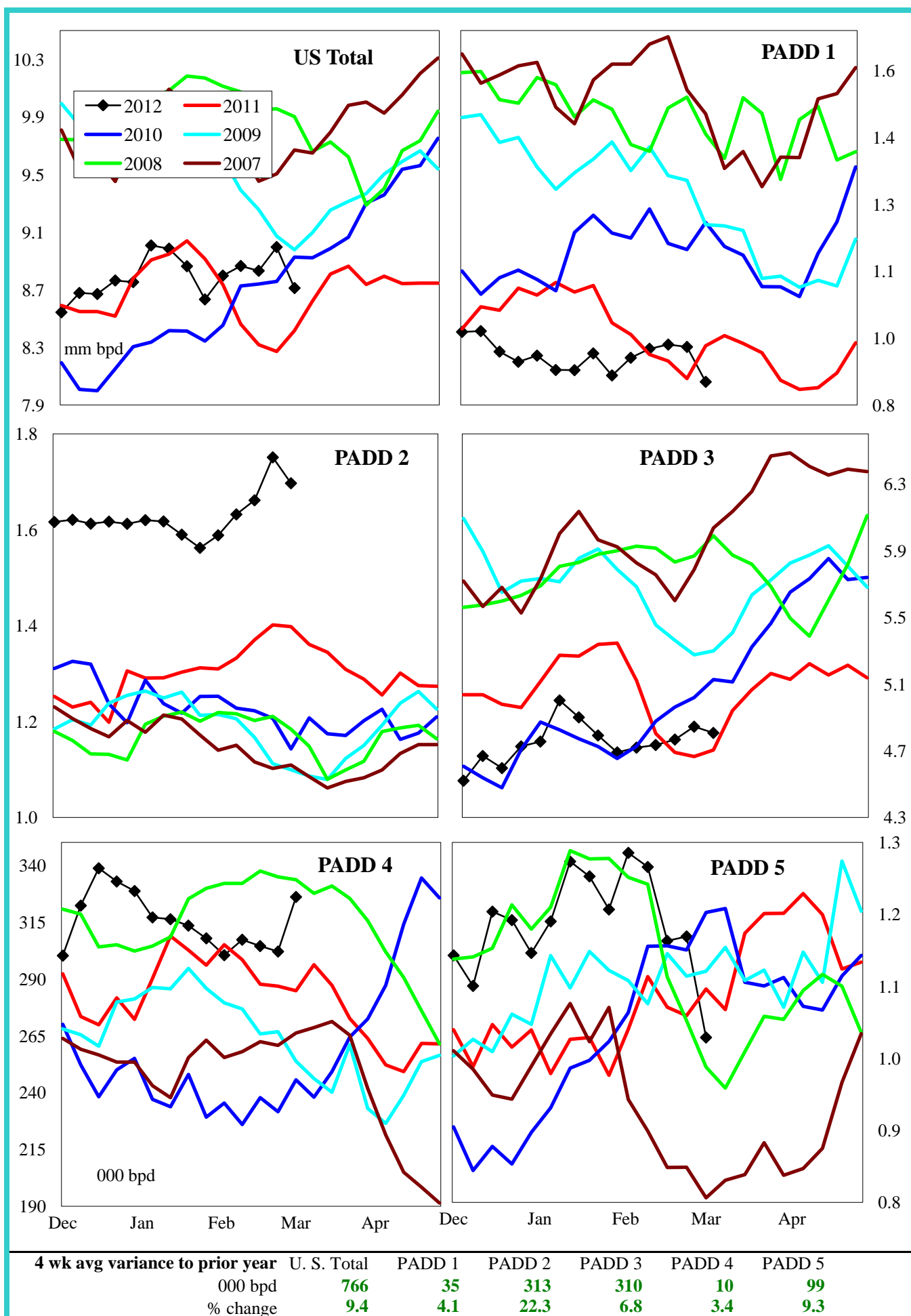
United States Refinery Percent Utilization Rate and Product Yields



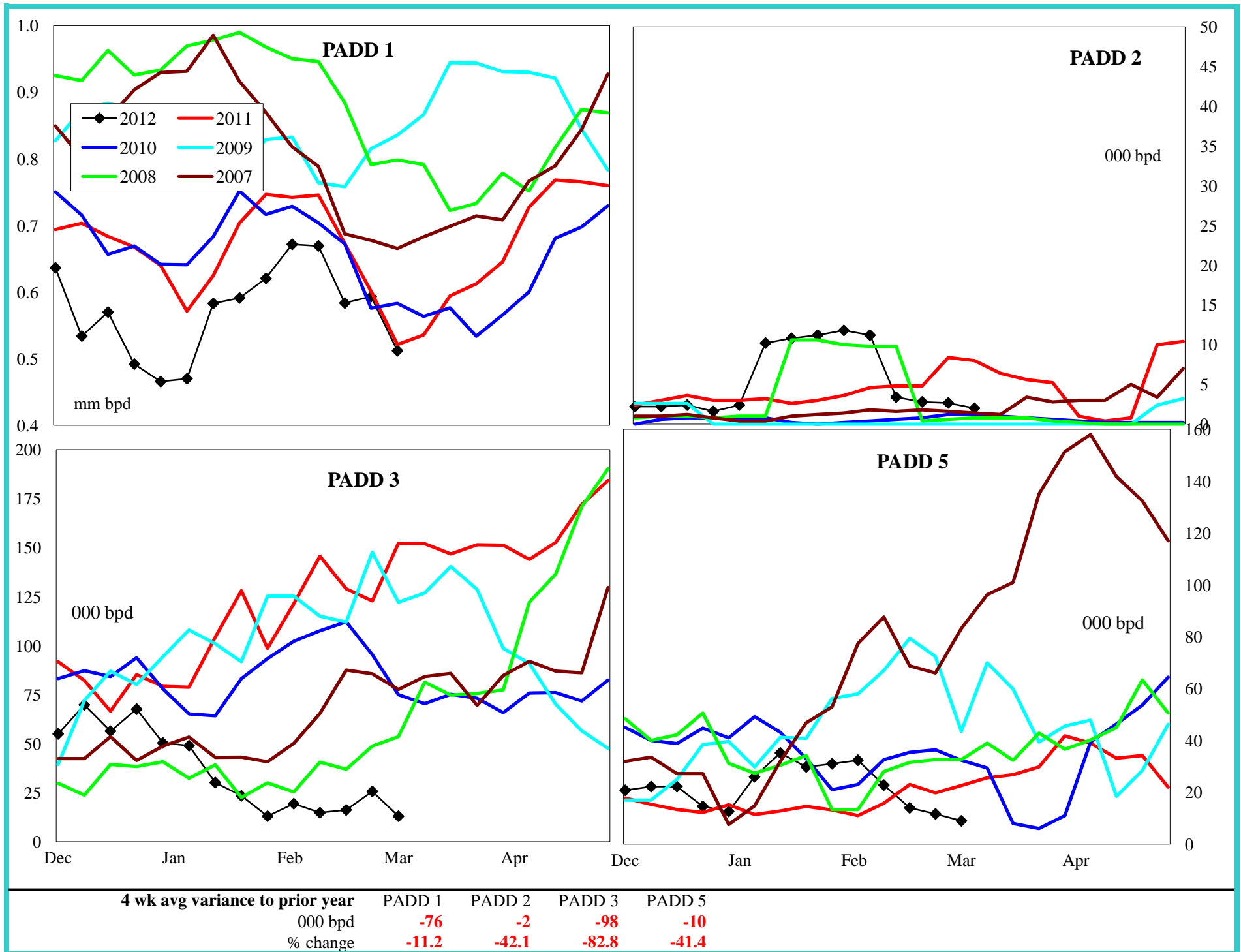
United States Petroleum Imports



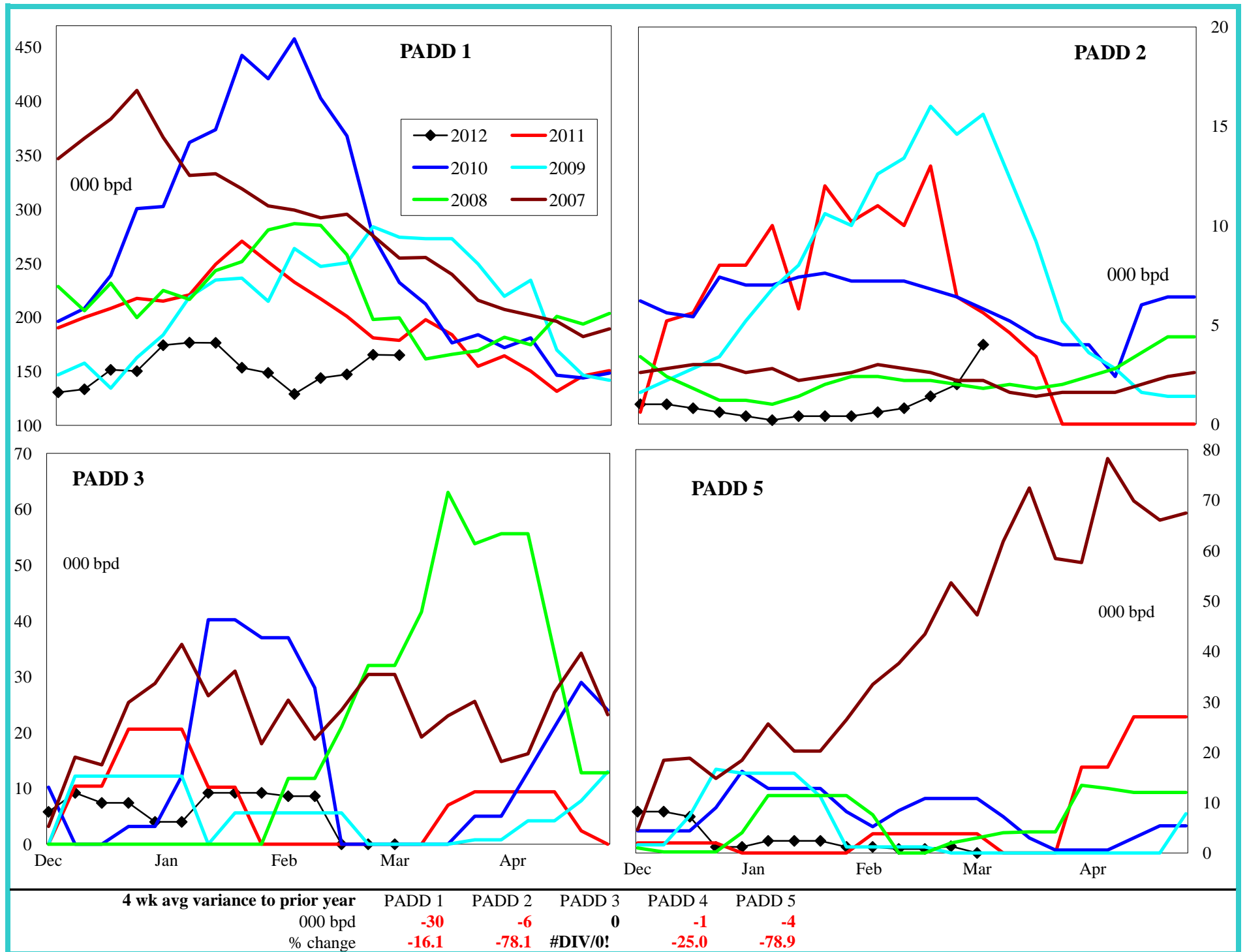
Crude Oil Imports by PADD



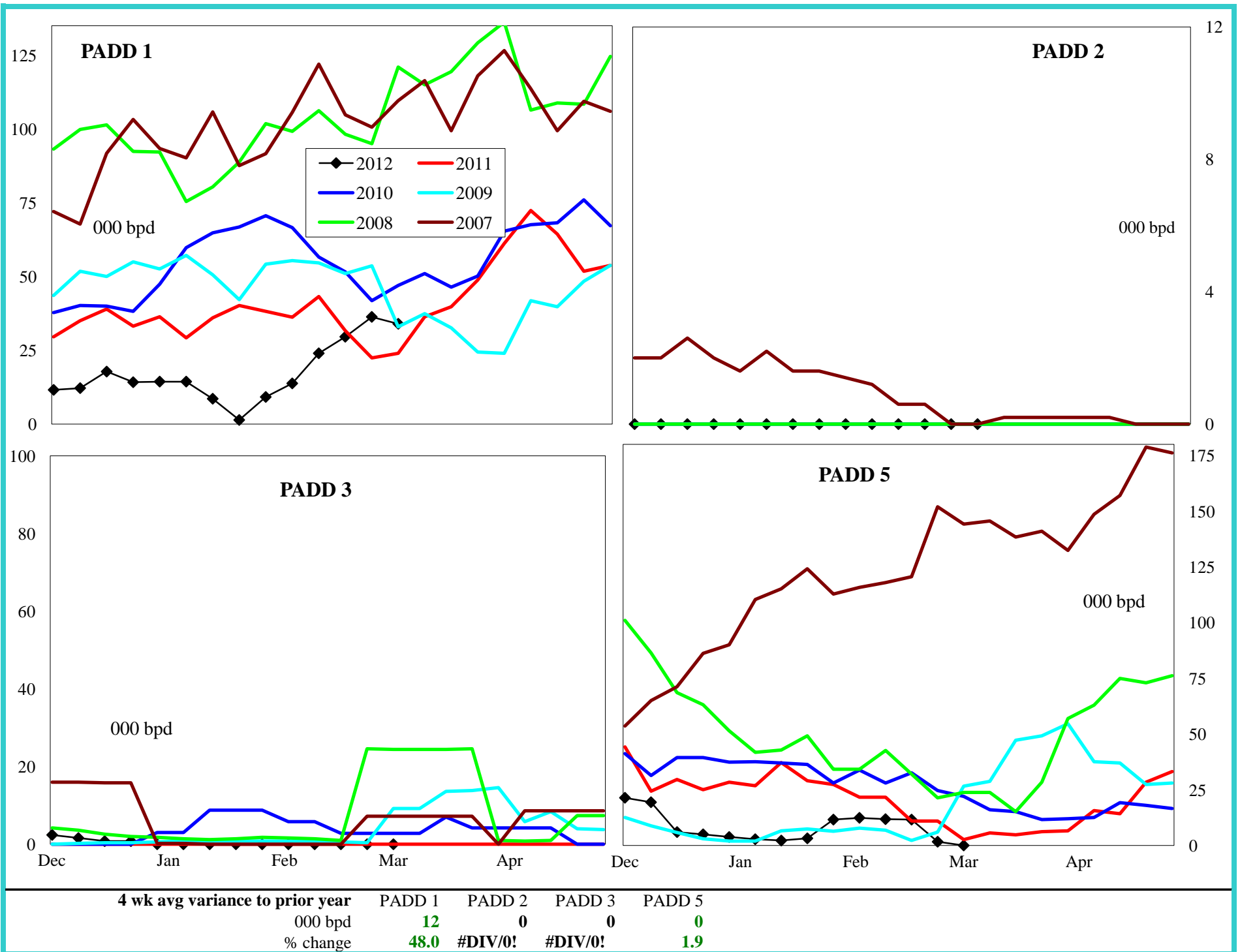
Gasoline Imports by PADD (Finished + Blend Stocks)



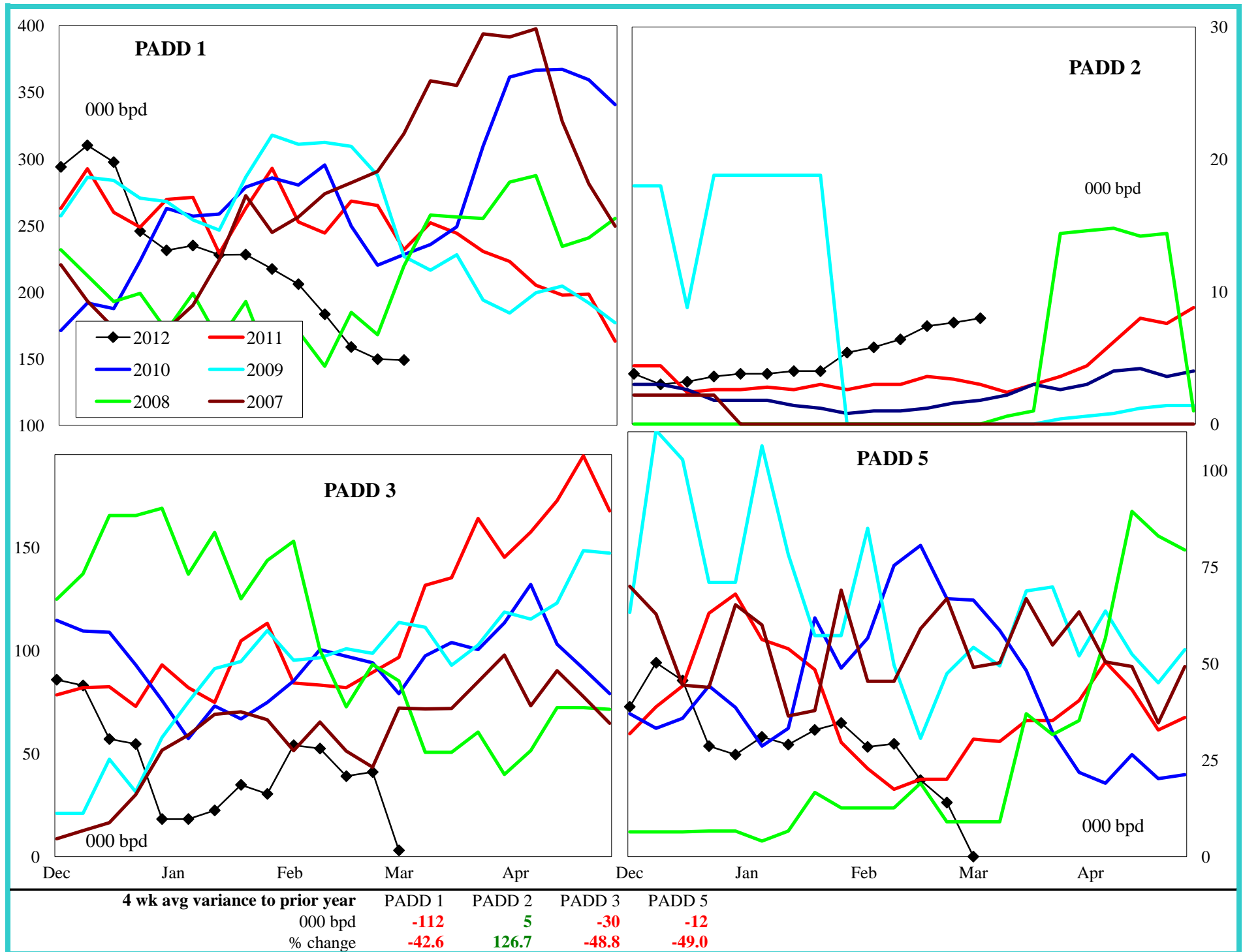
Distillate Imports by PADD



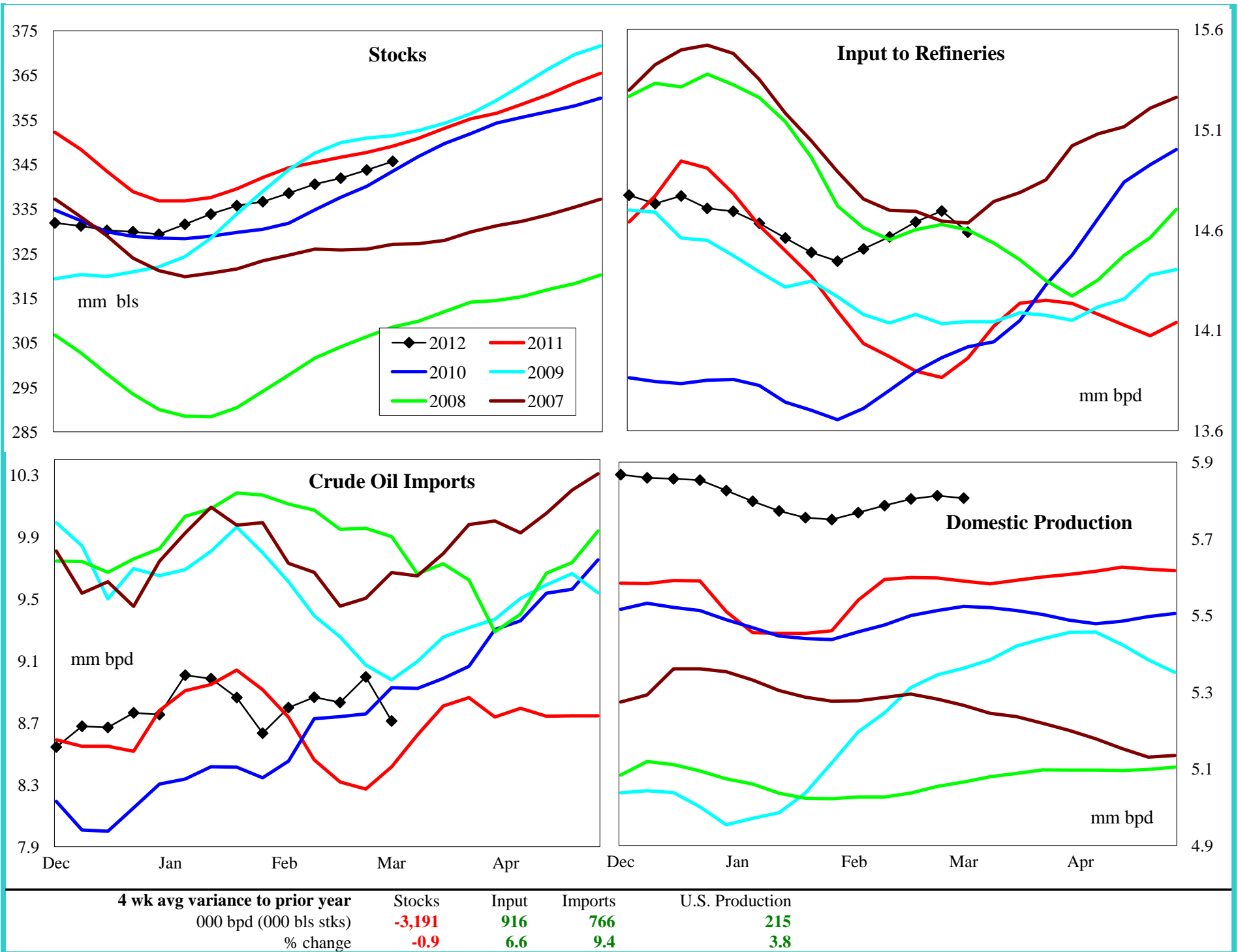
Jet Fuel Imports by PADD



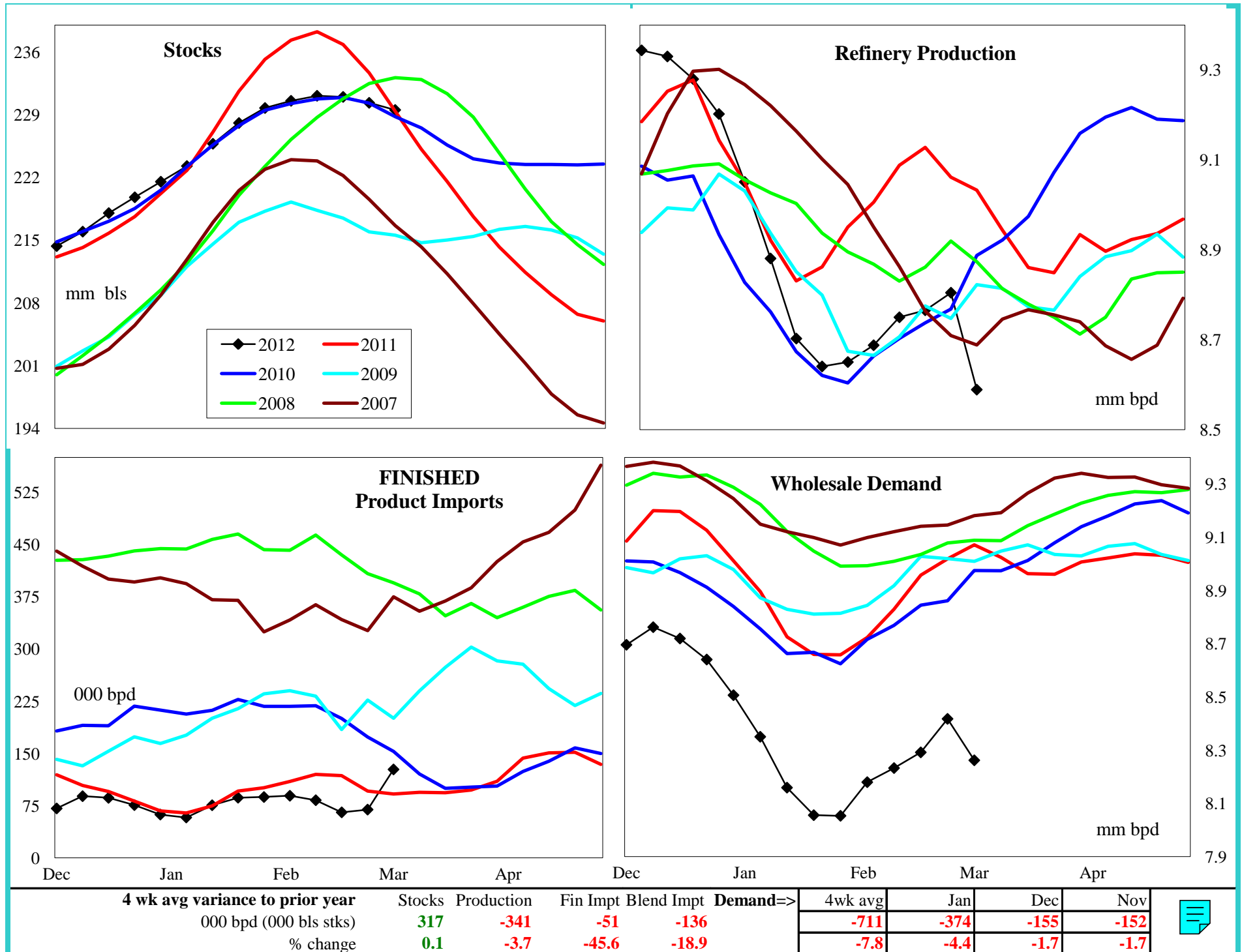
Residual Fuel Oil Imports by PADD



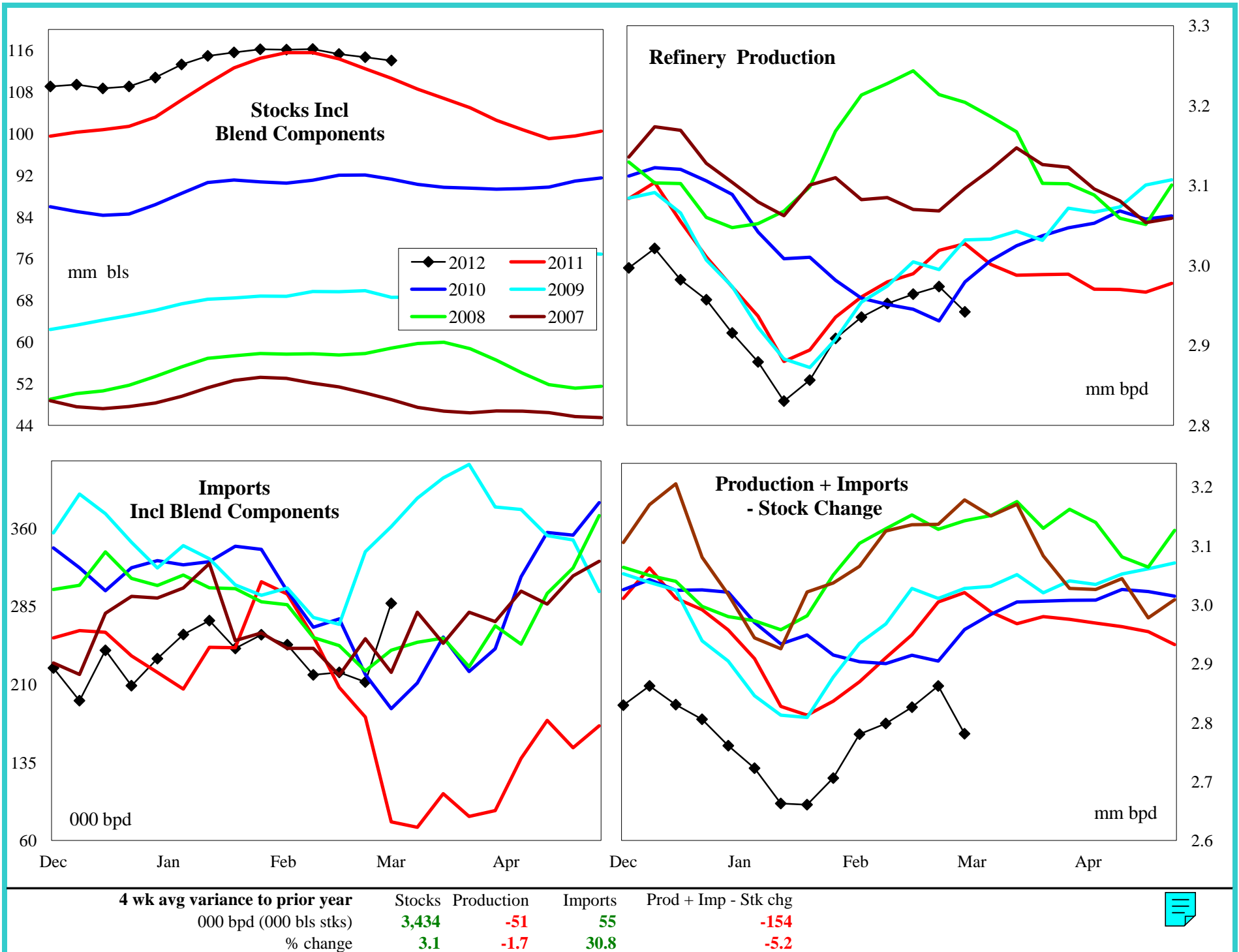
United States Crude Oil Supply and Demand Balance



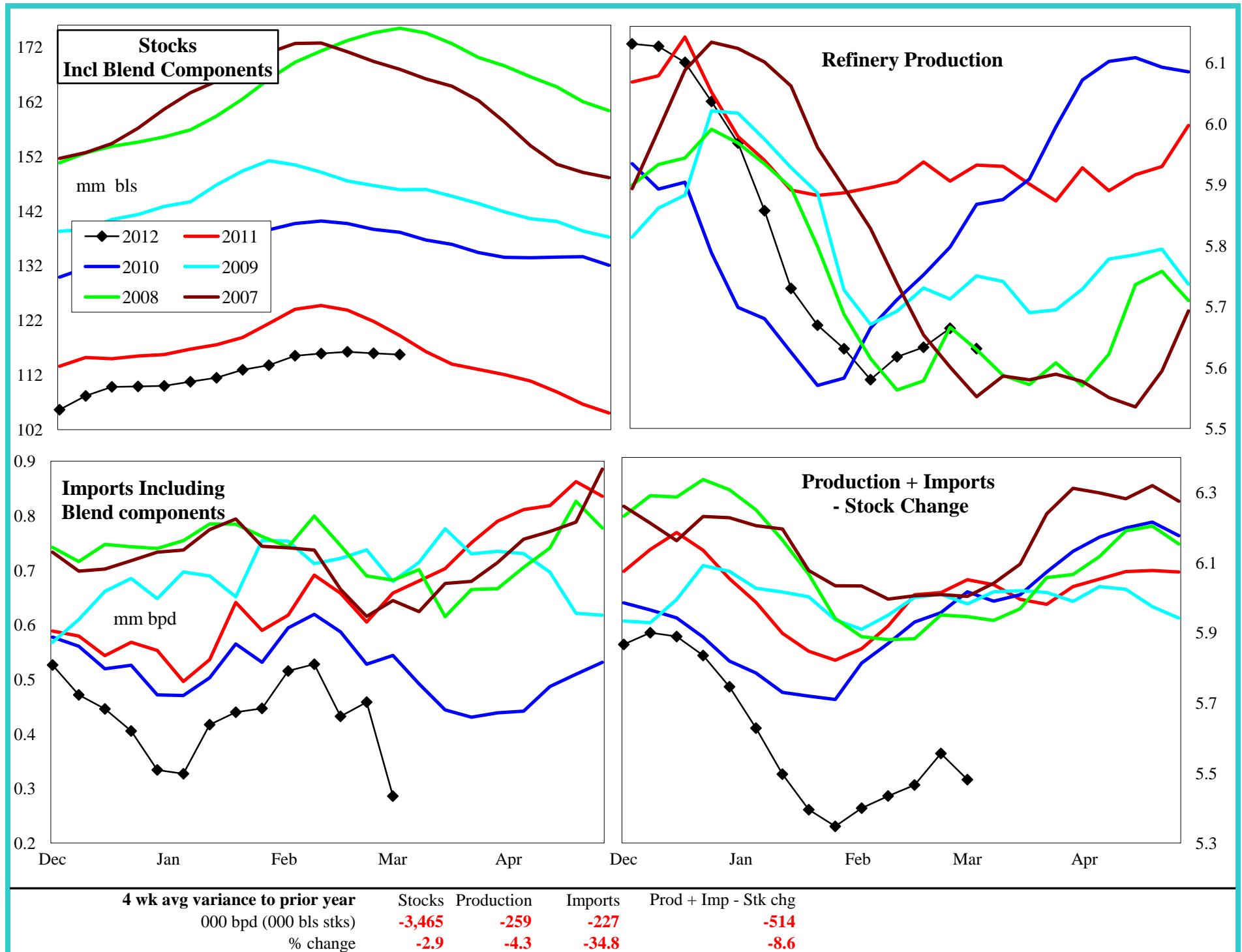
United States Gasoline Supply and Demand Balance



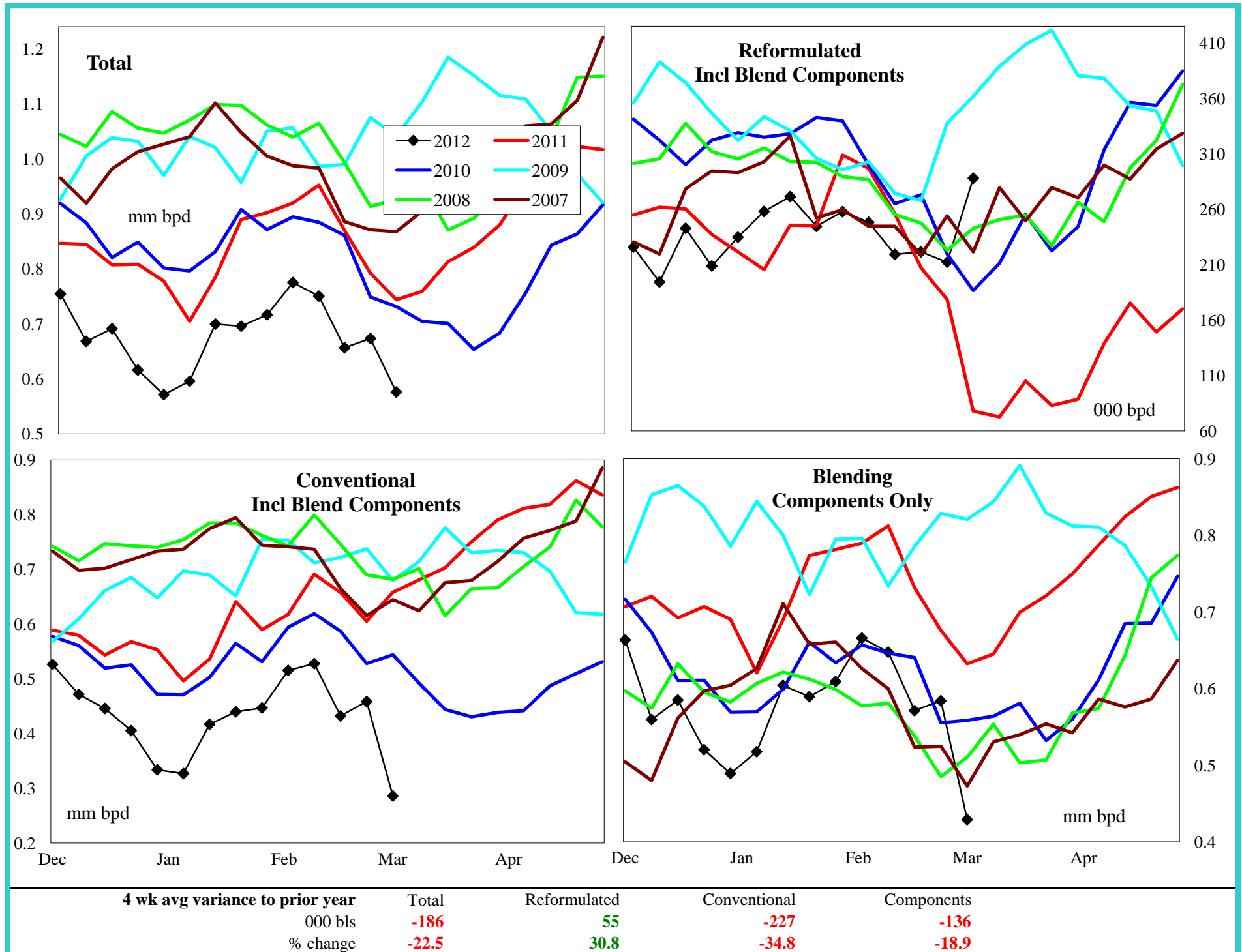
United States Reformulated Gasoline Supply



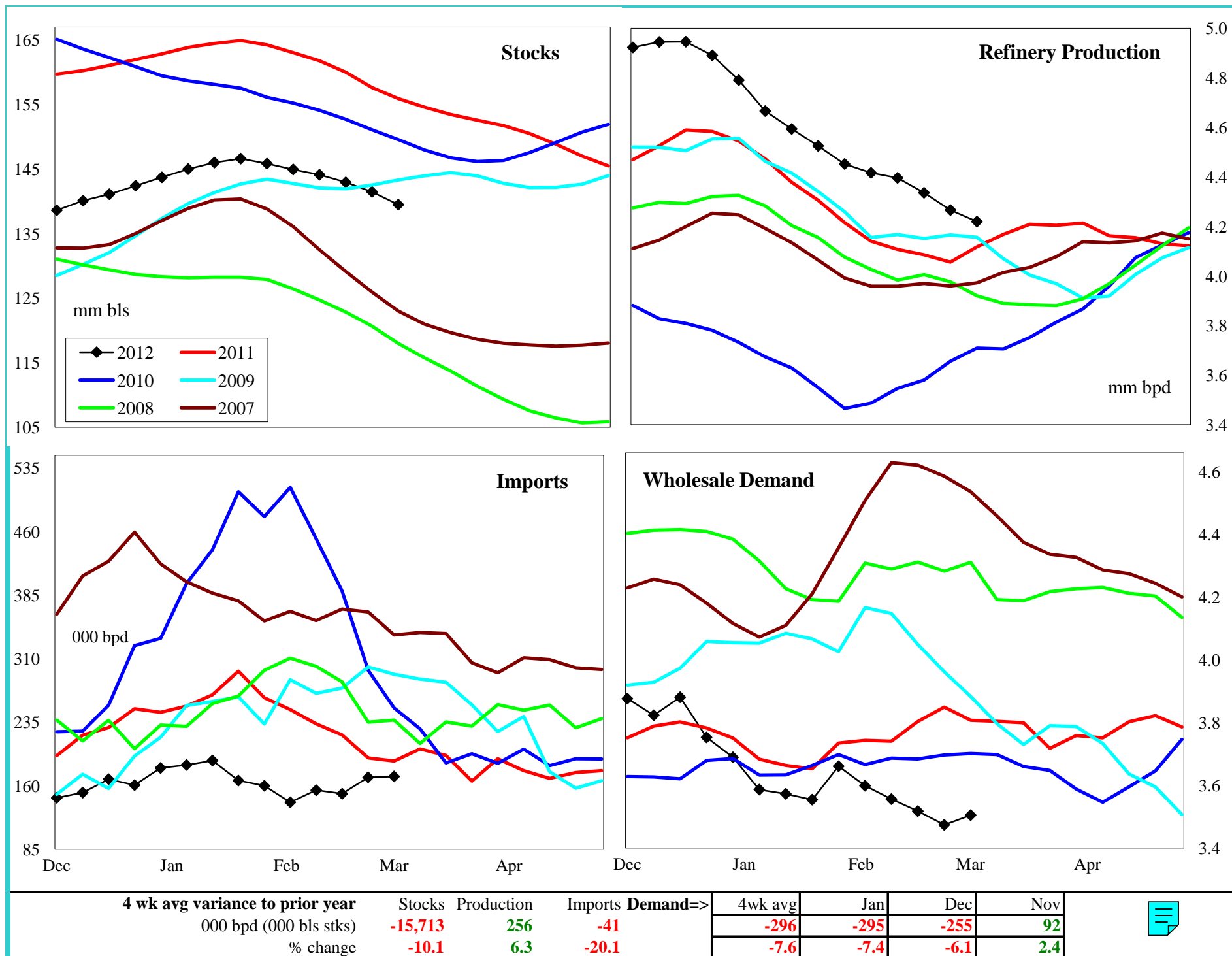
United States Conventional Gasoline Supply



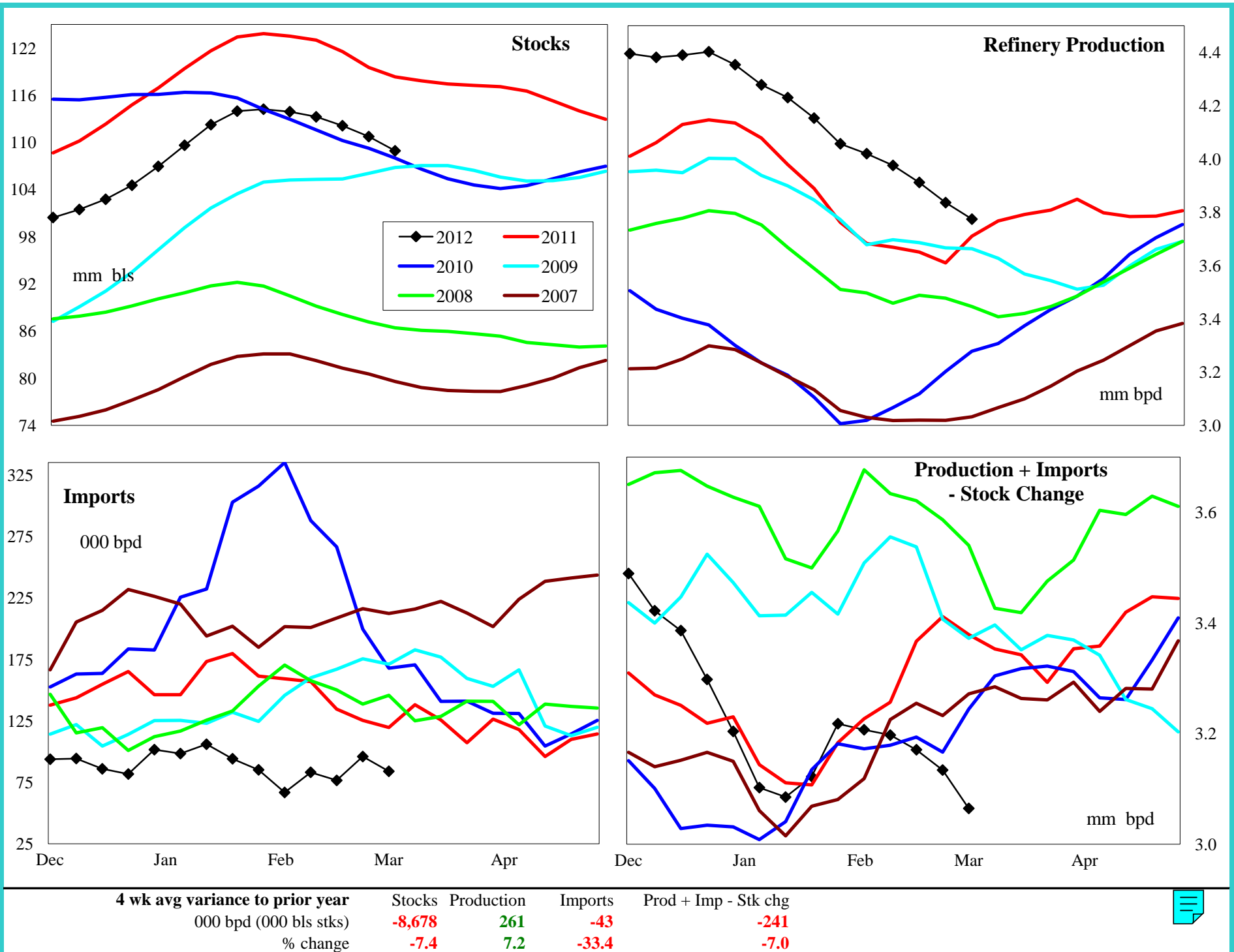
United States Gasoline Imports by Type



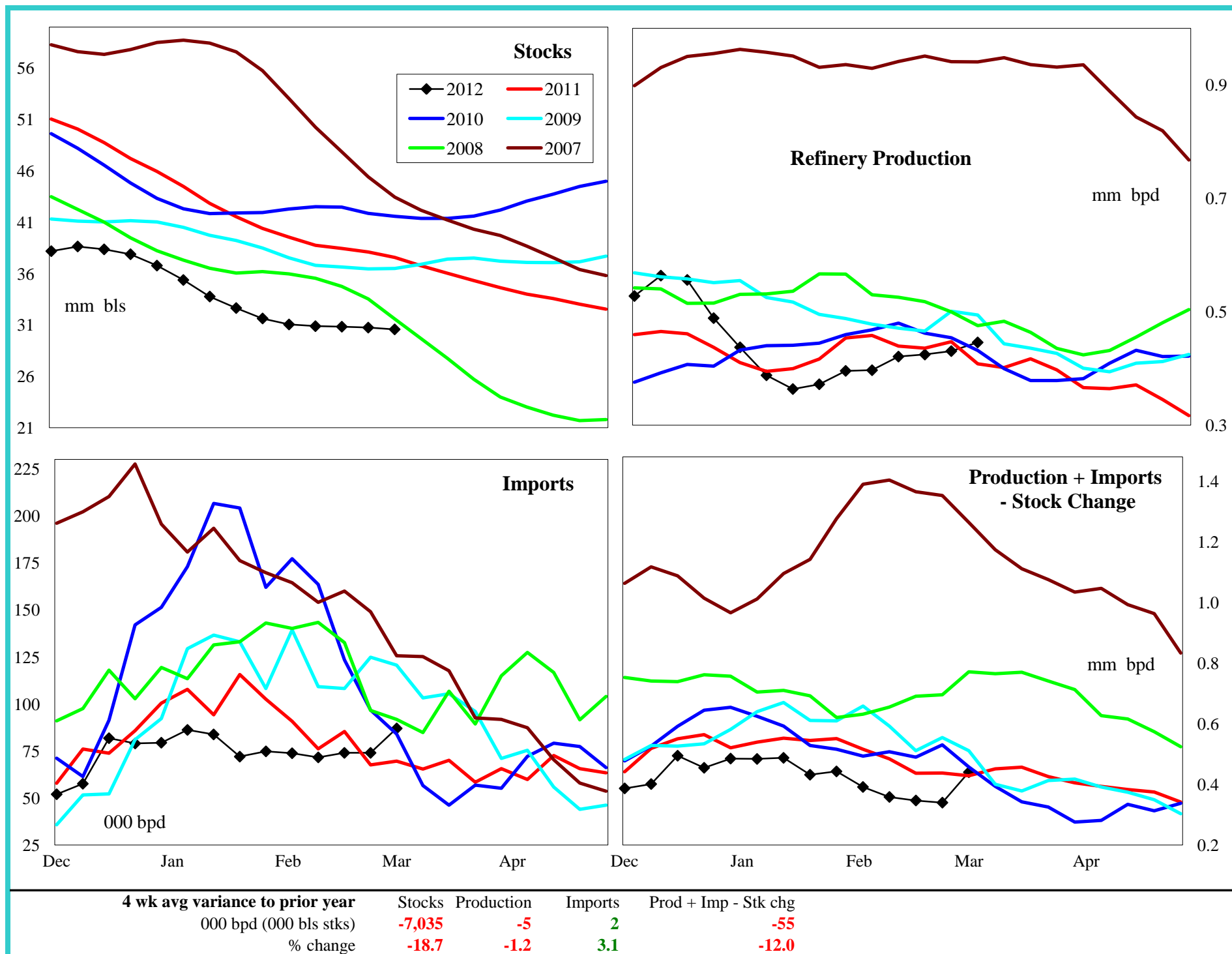
United States Distillate Supply and Demand Balance



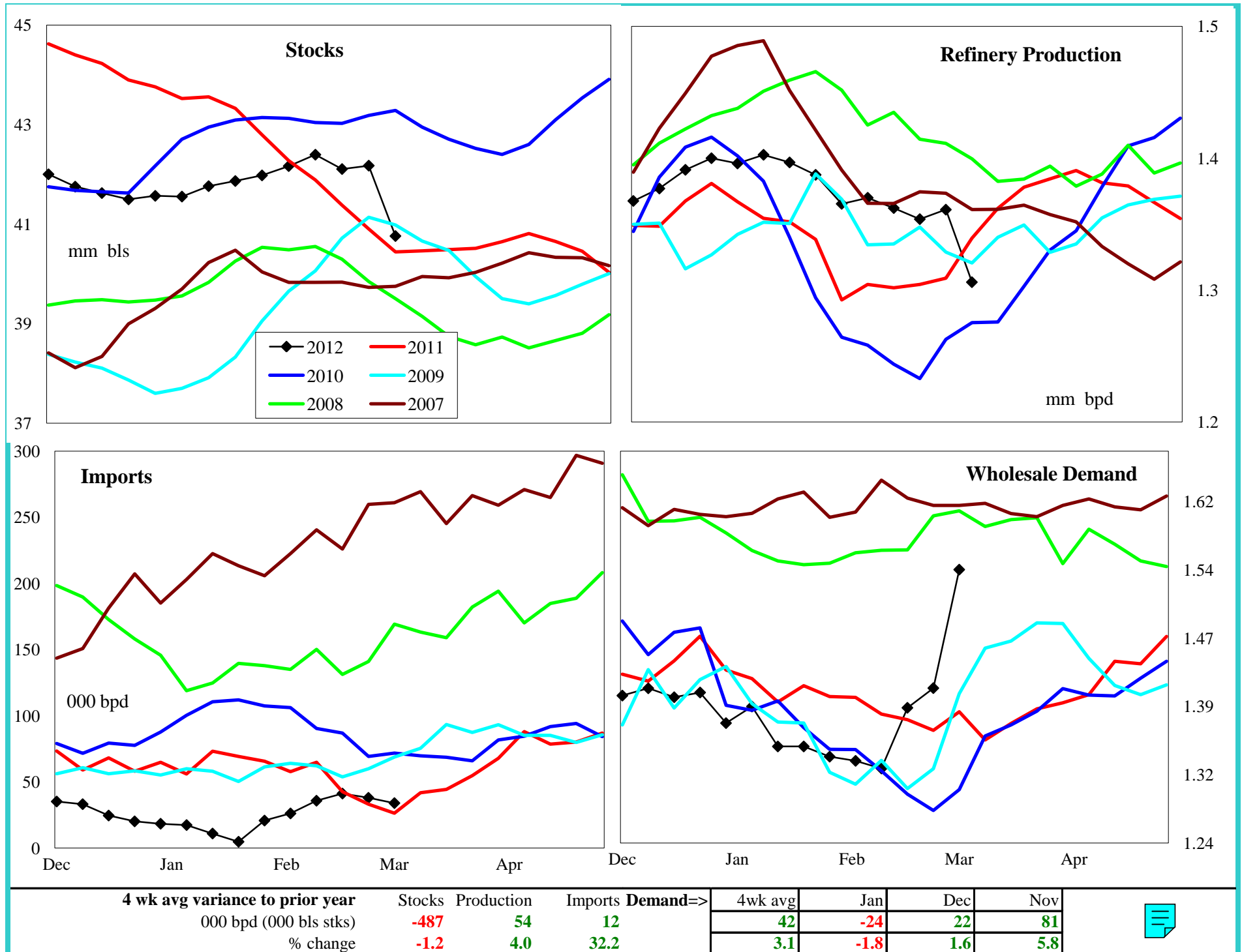
United States Low Sulfur Distillate Supply



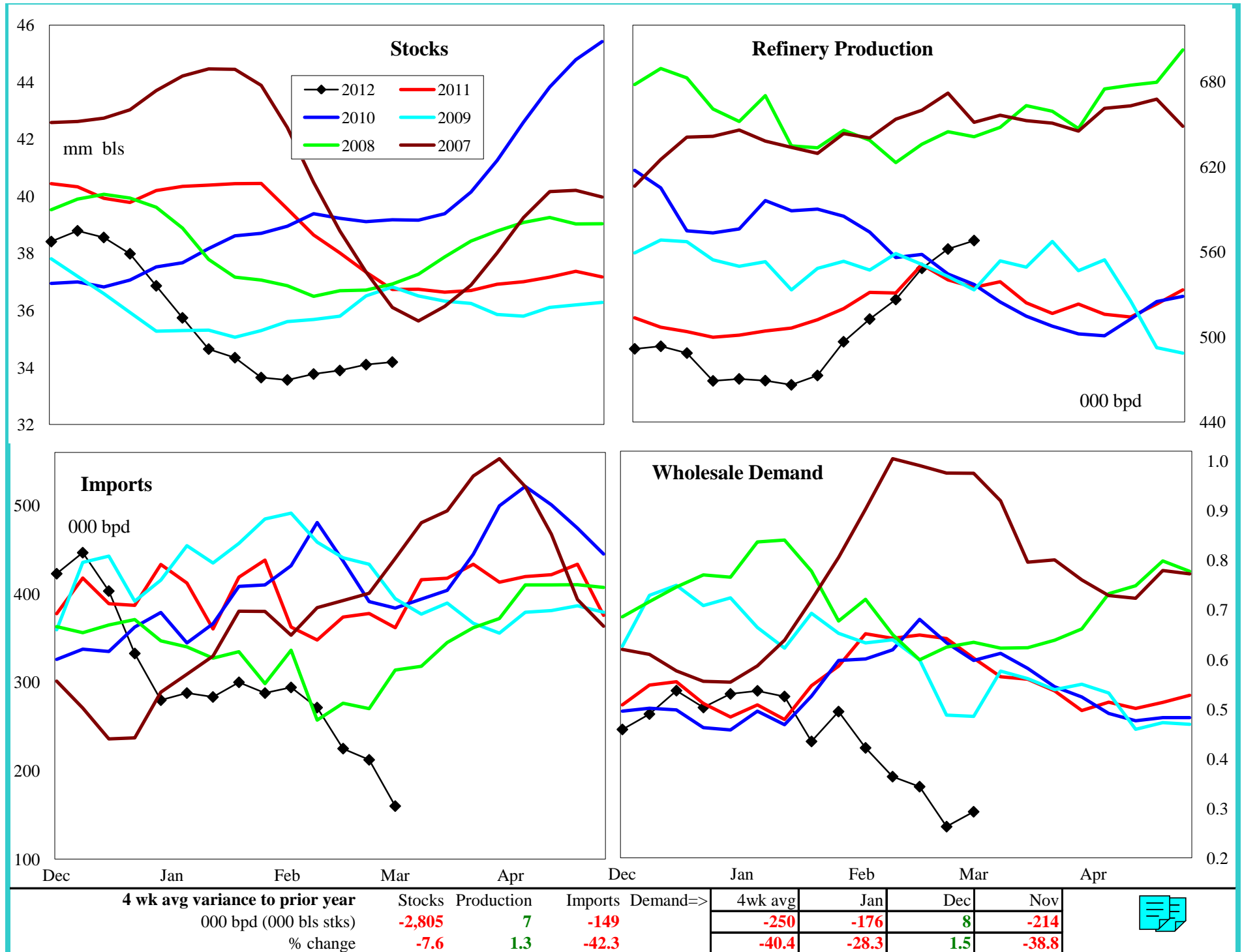
United States High Sulfur Distillate Supply



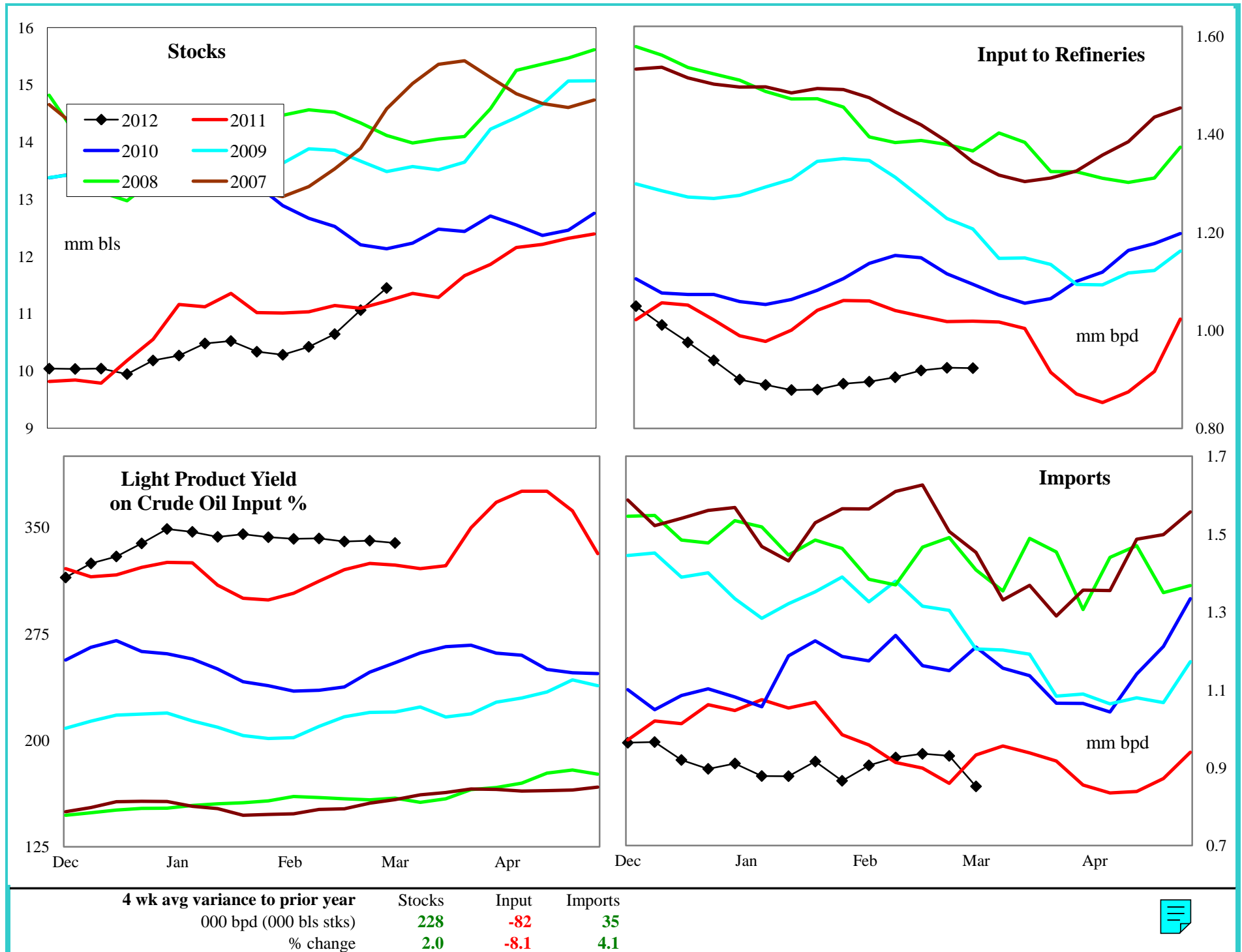
United States Jet Fuel Supply and Demand Balance



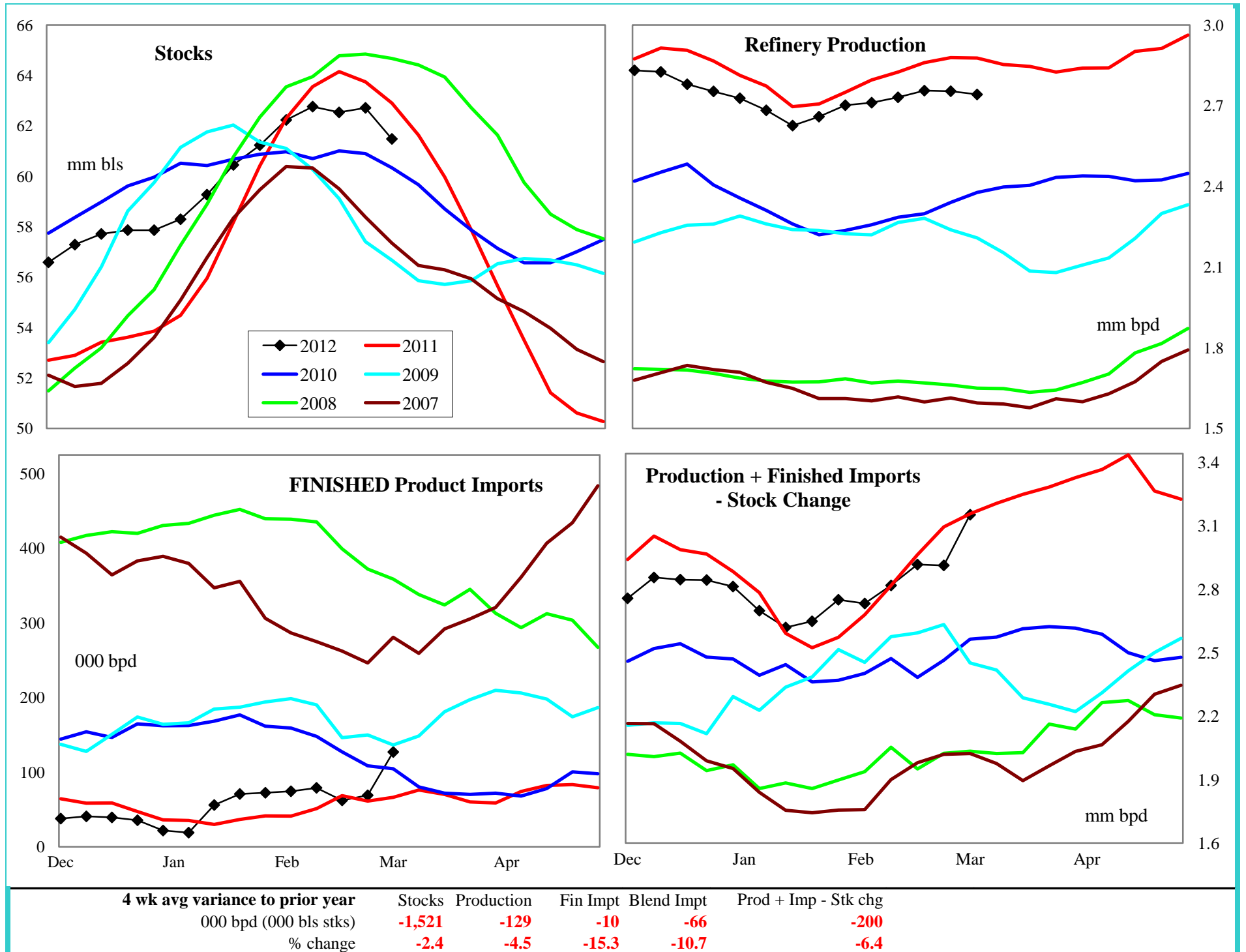
United States Residual Fuel Oil Supply and Demand Balance



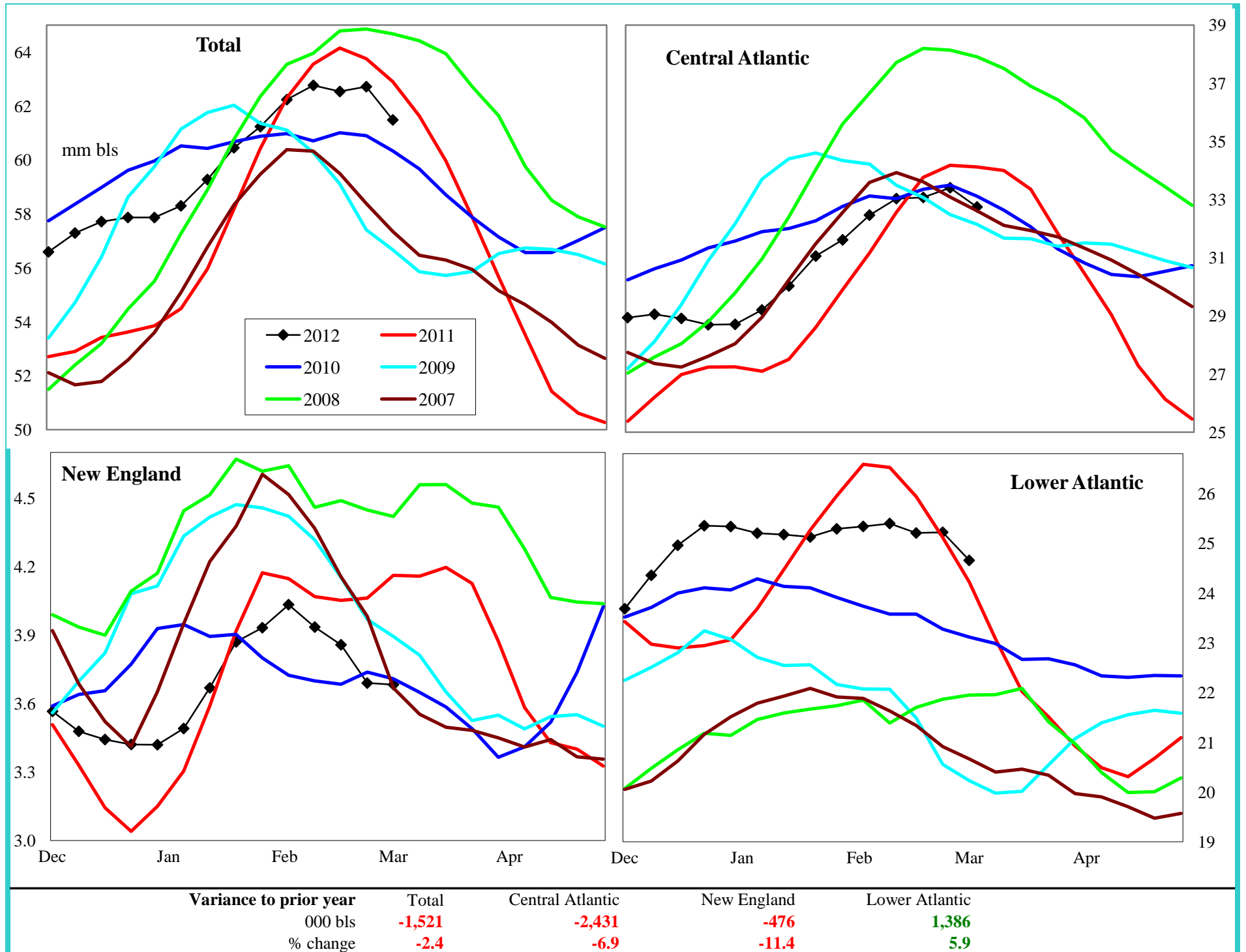
PADD 1 Crude Oil Supply and Refining



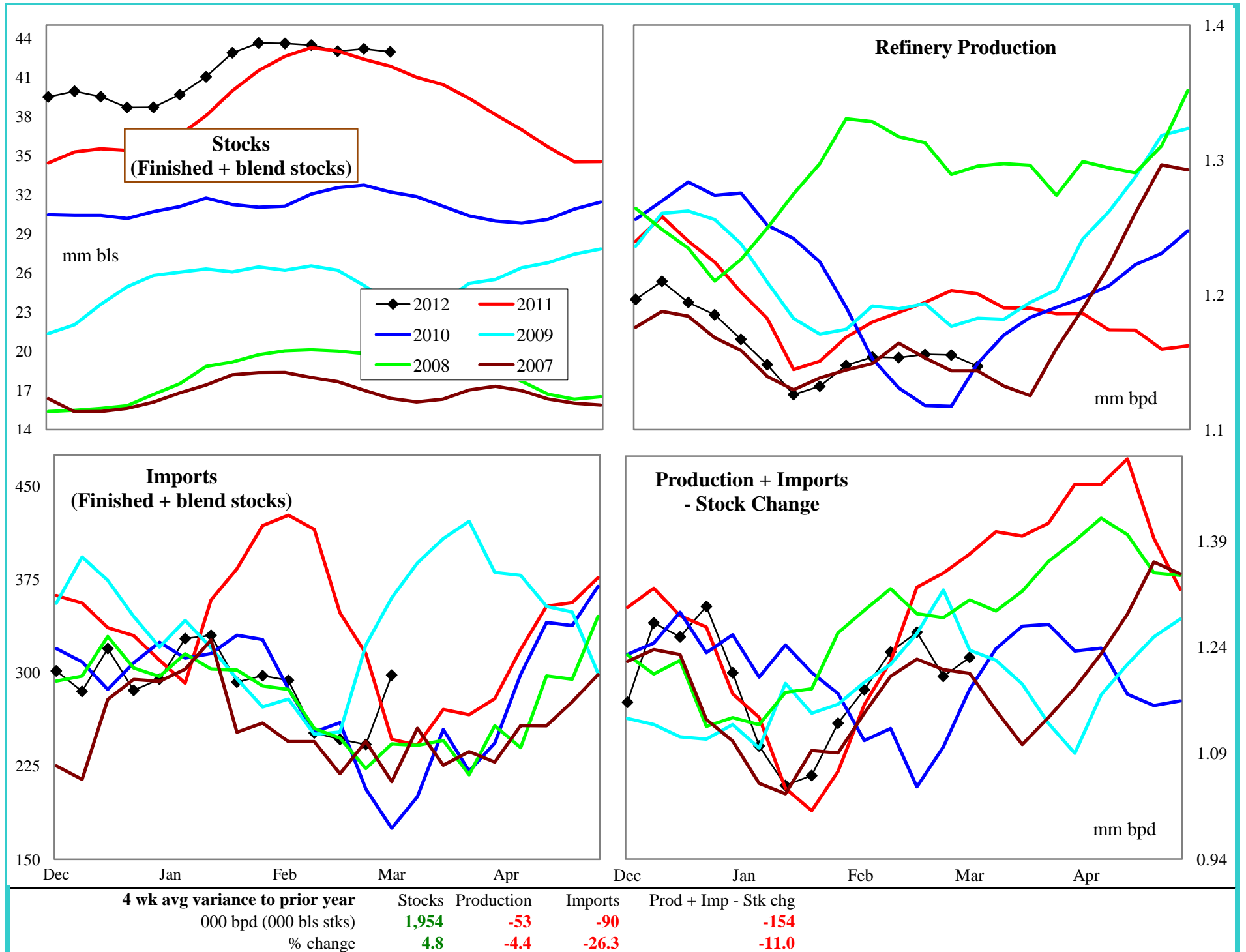
PADD 1 Gasoline Supply



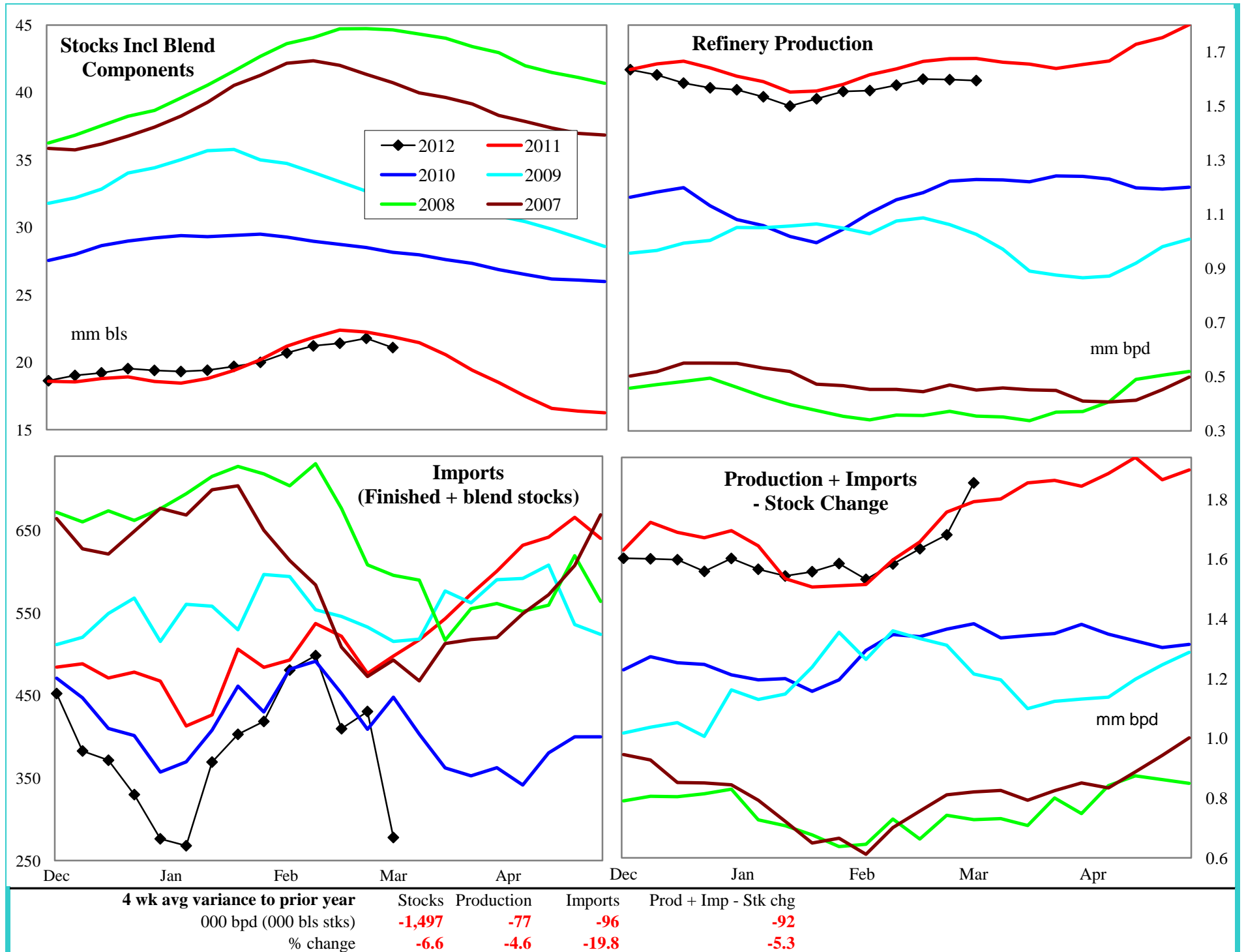
PADD 1 Gasoline Stocks by Region



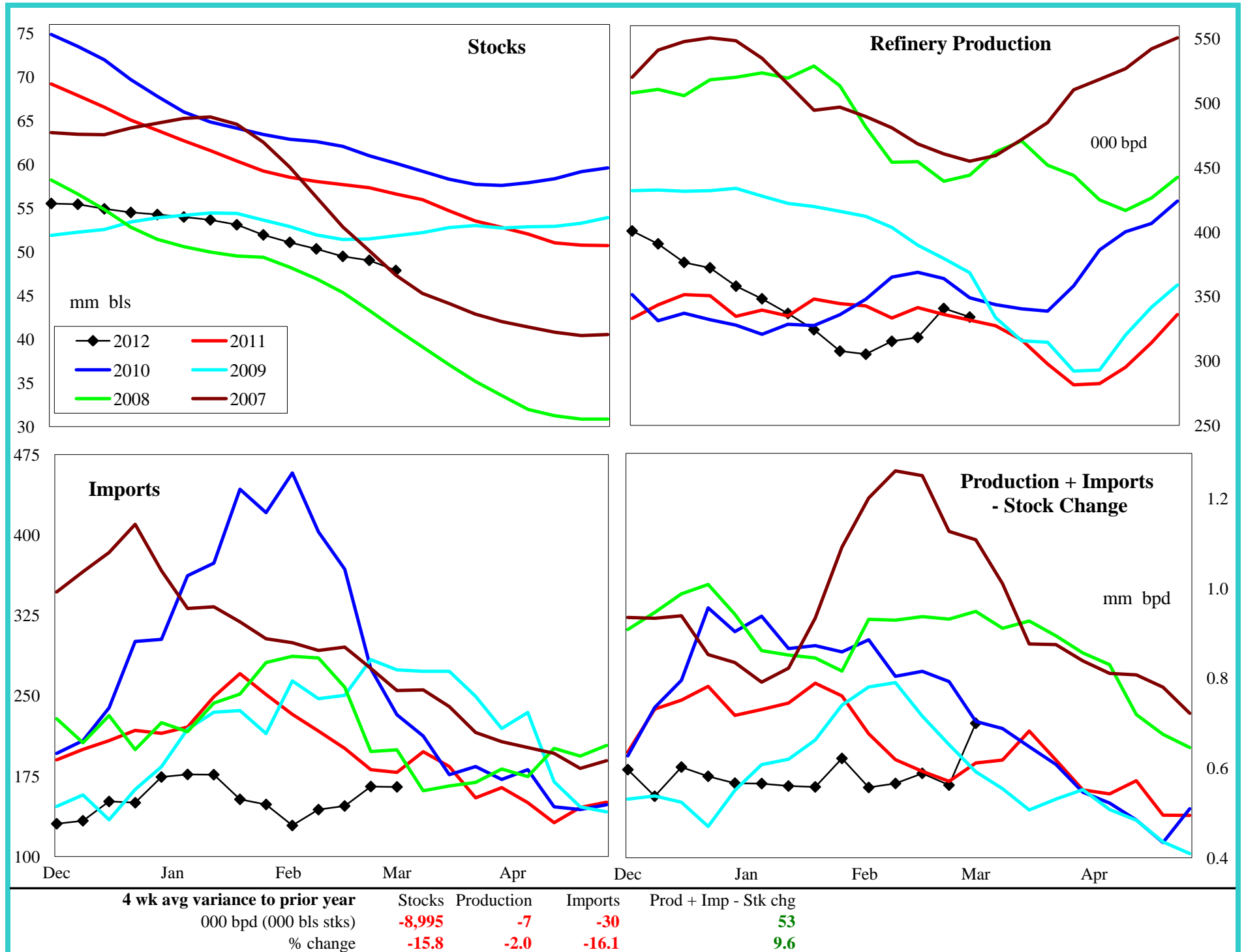
PADD 1 Reformulated Gasoline Supply



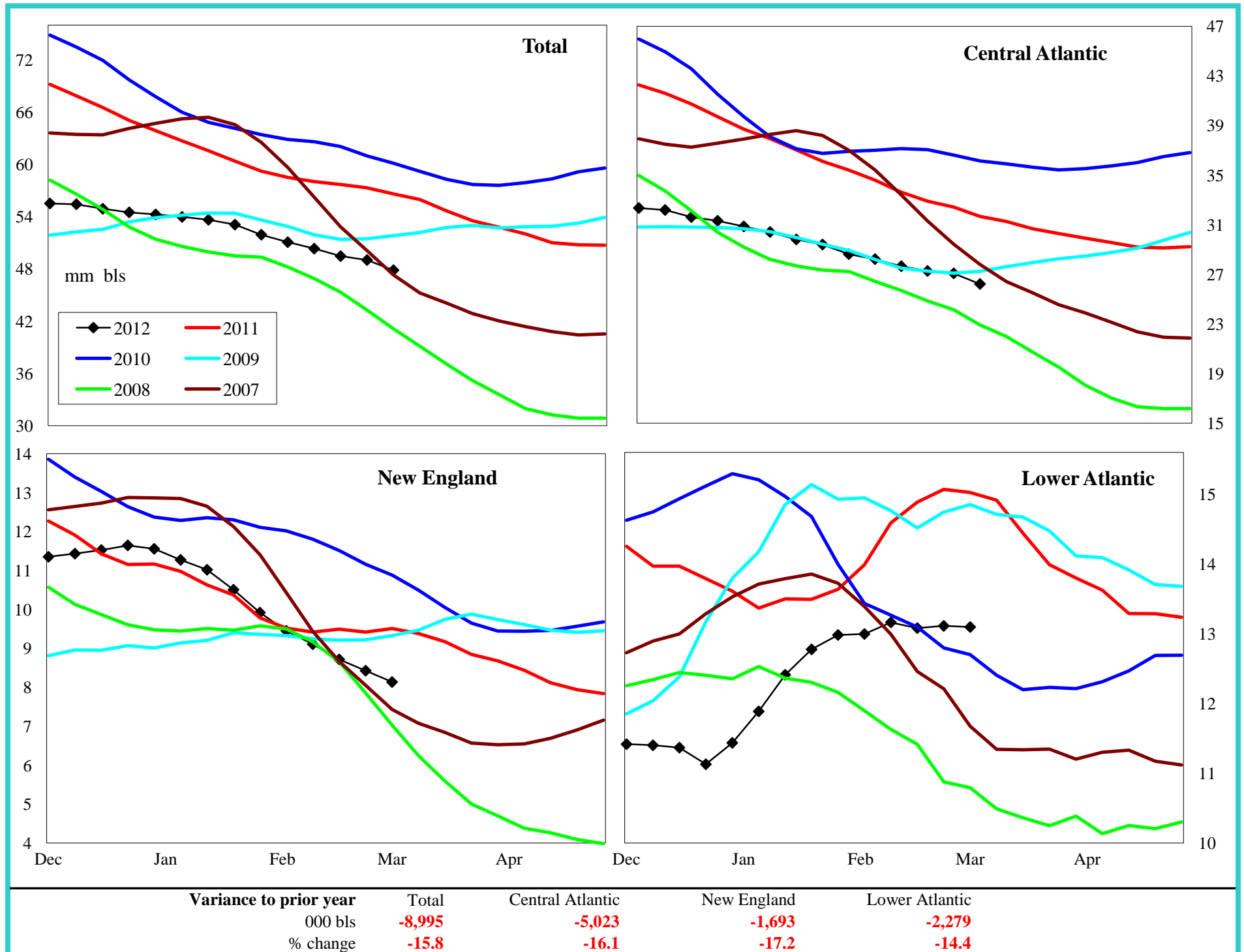
PADD 1 Conventional Gasoline Supply



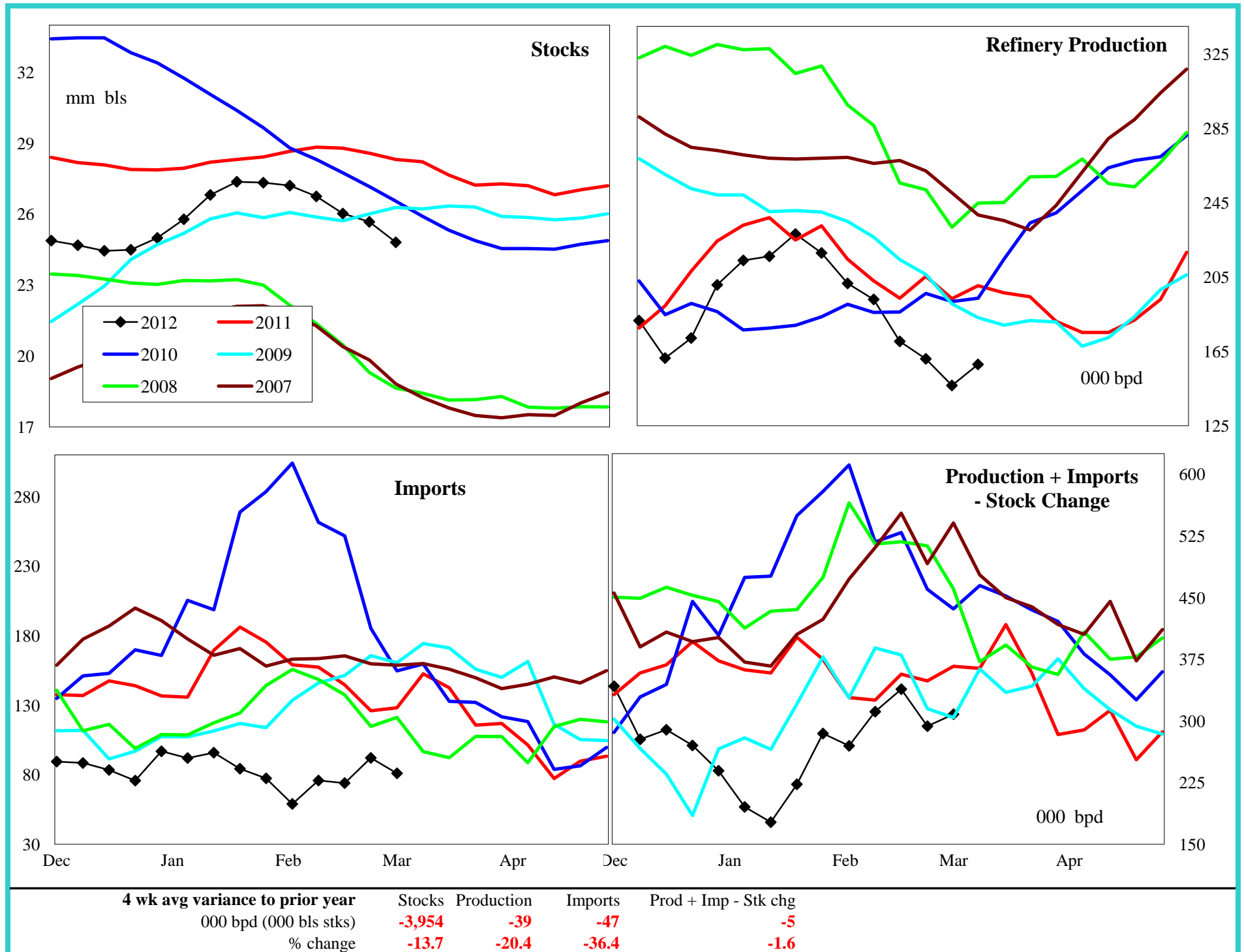
PADD 1 Distillate Supply



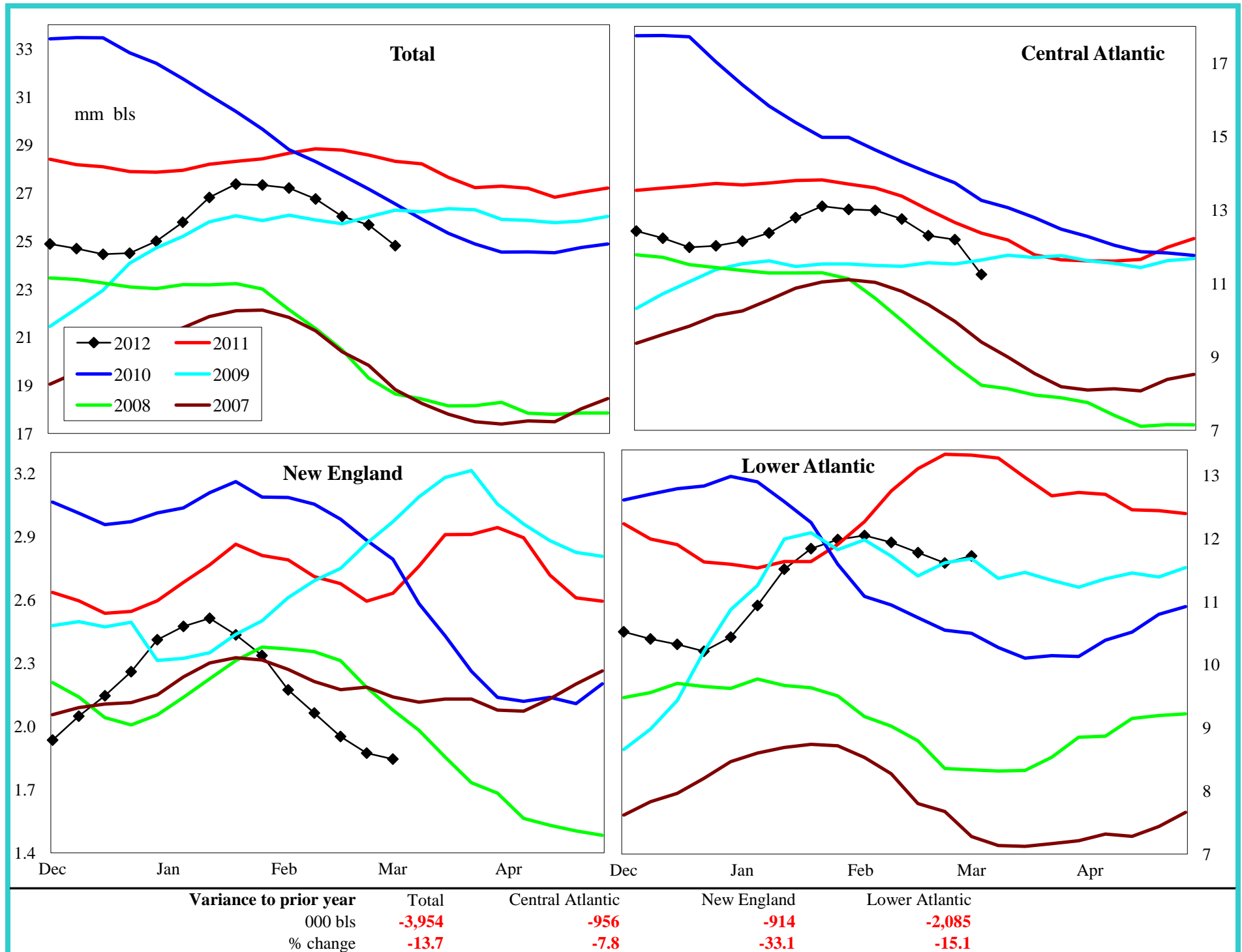
PADD 1 Distillate Stocks by Region



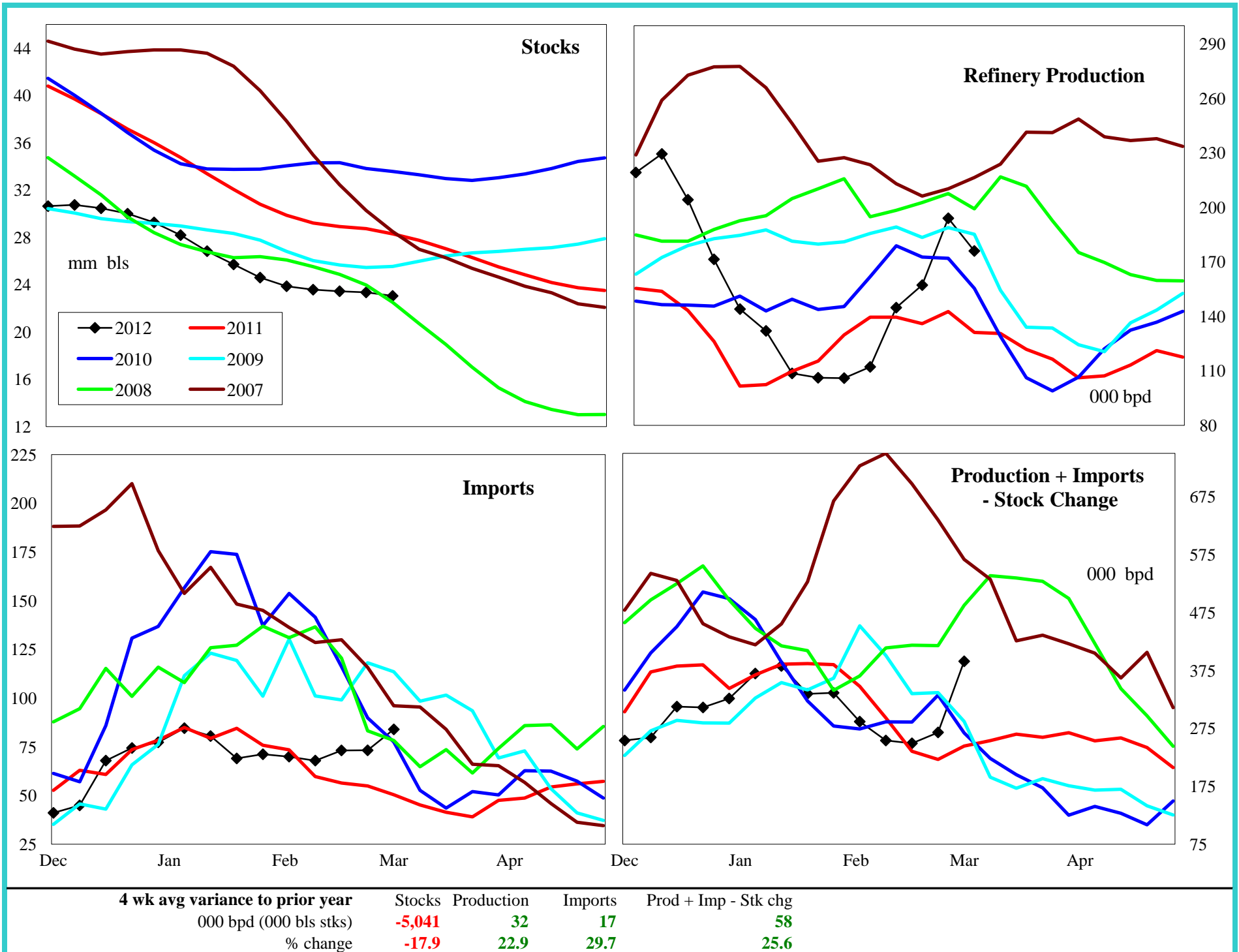
PADD 1 Low Sulfur Distillate Supply



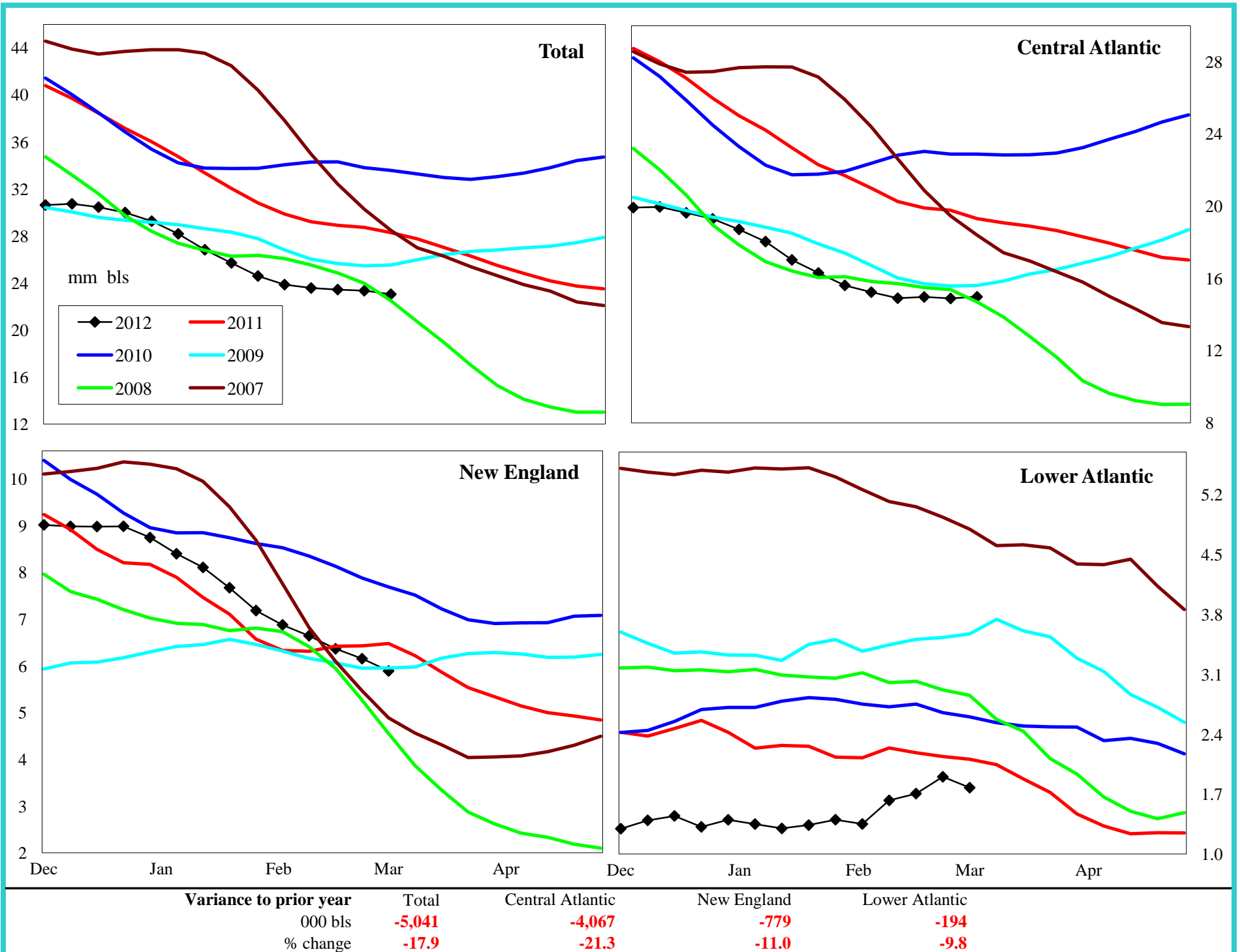
PADD 1 Low Sulfur Distillate Stocks by Region



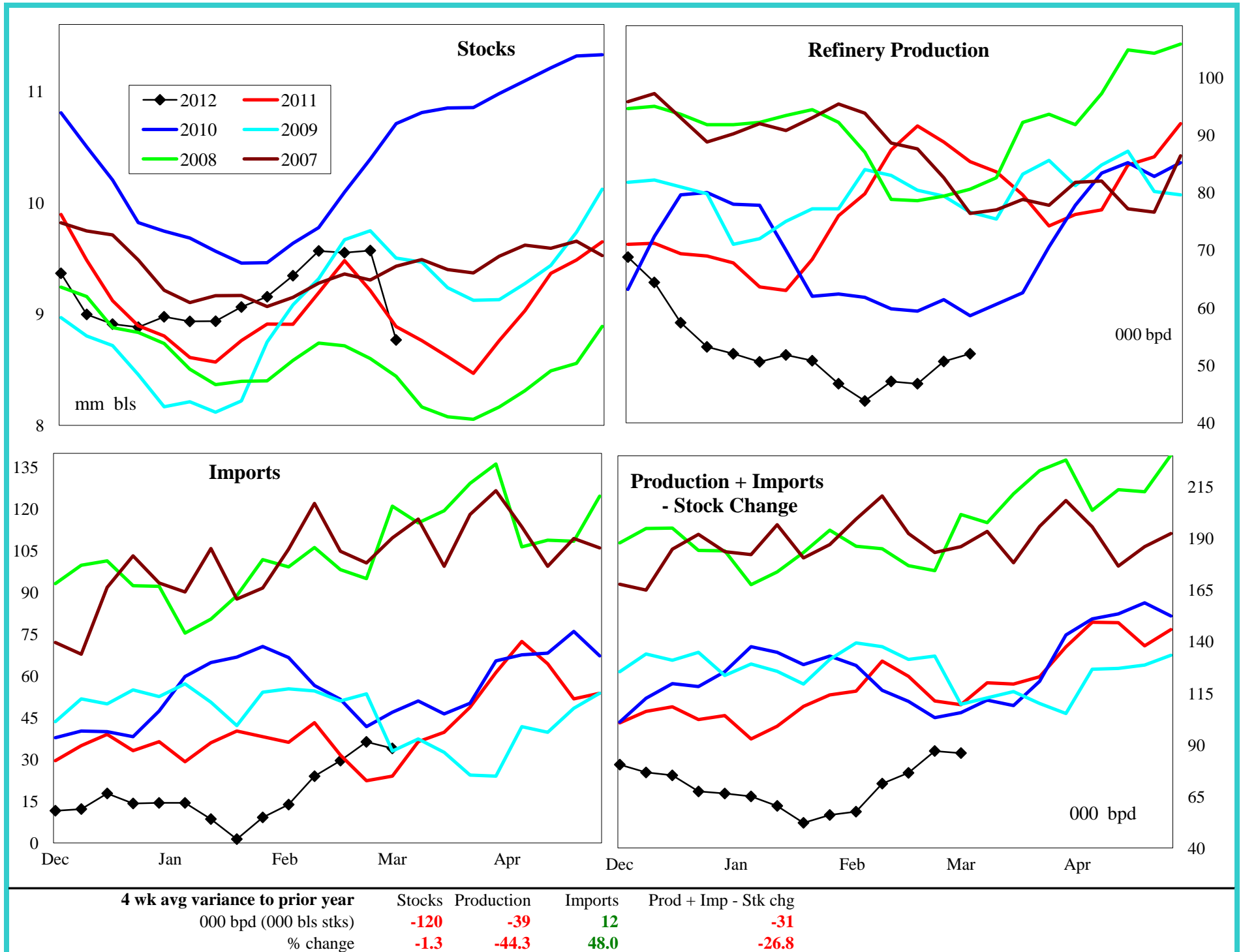
PADD 1 High Sulfur Distillate Supply



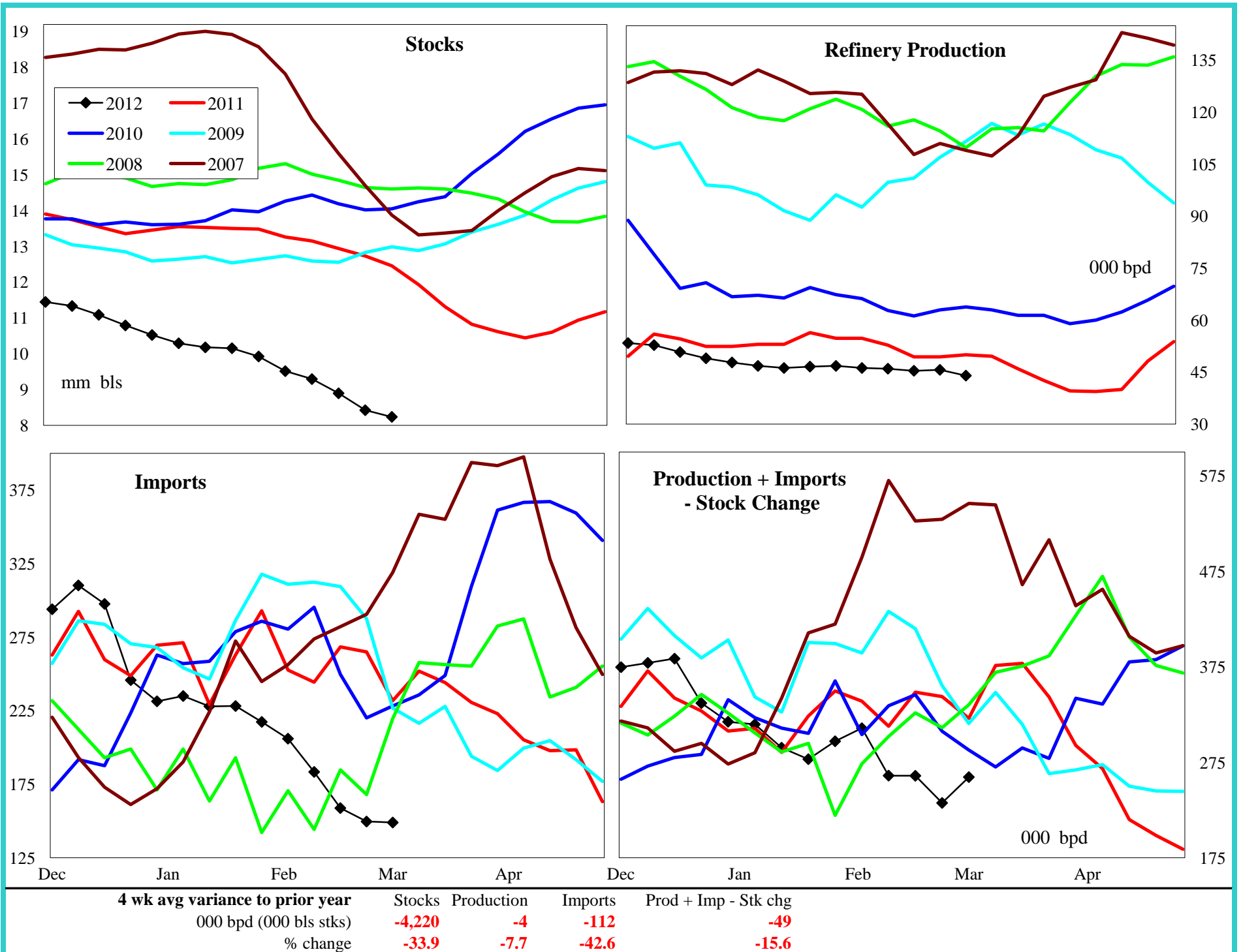
PADD 1 High Sulfur Distillate Stocks by Region



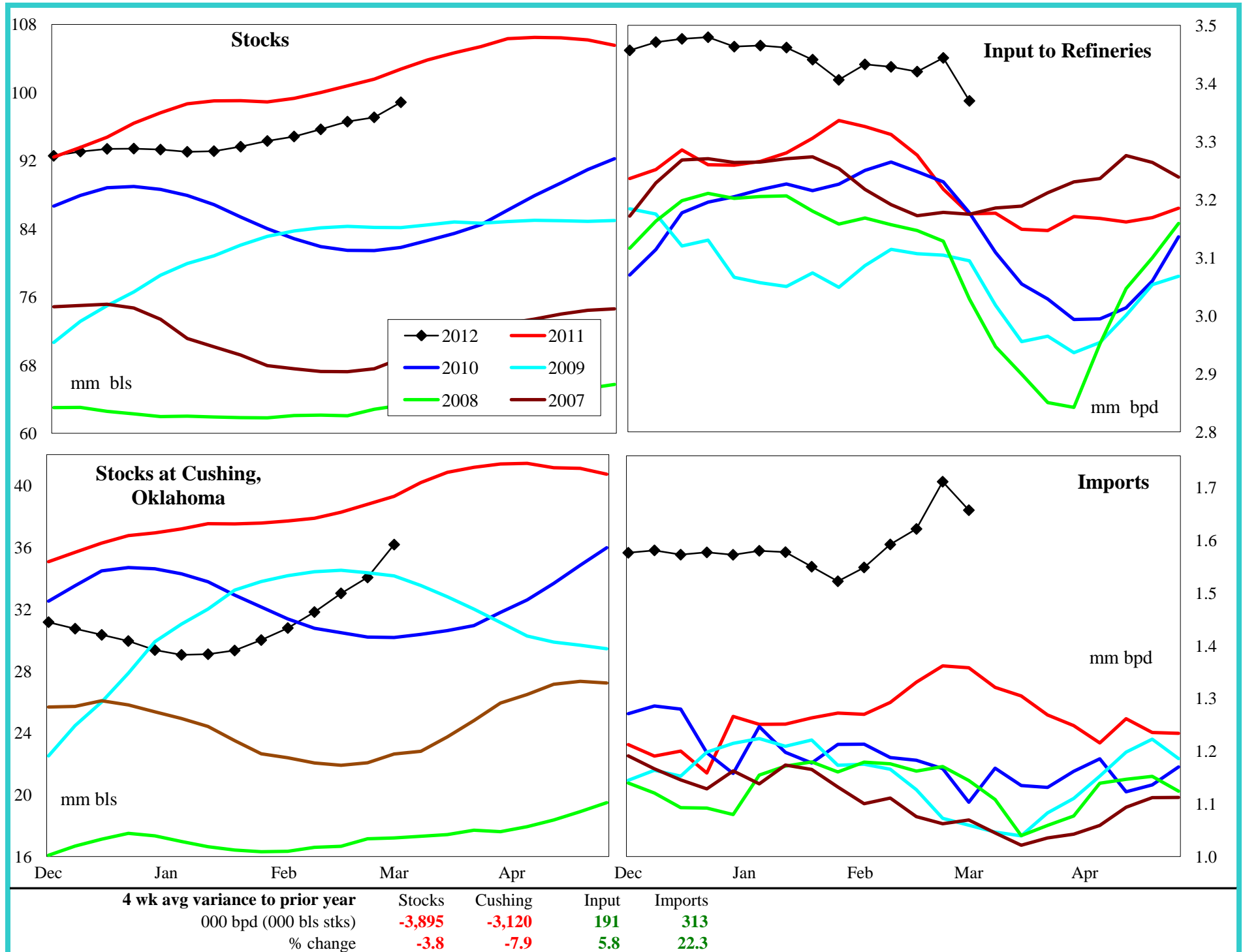
PADD 1 Jet Fuel Supply



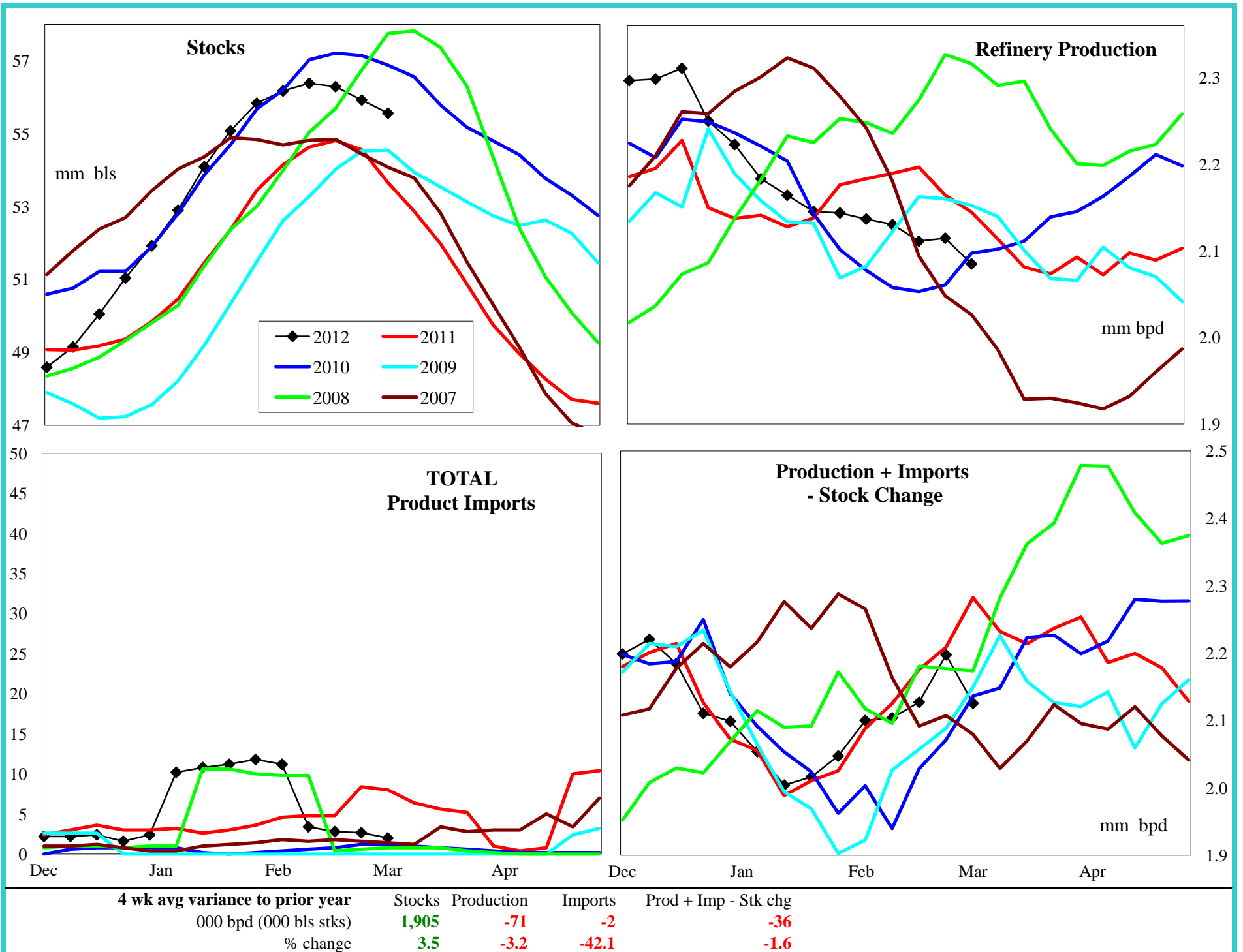
PADD 1 Residual Fuel Oil Supply



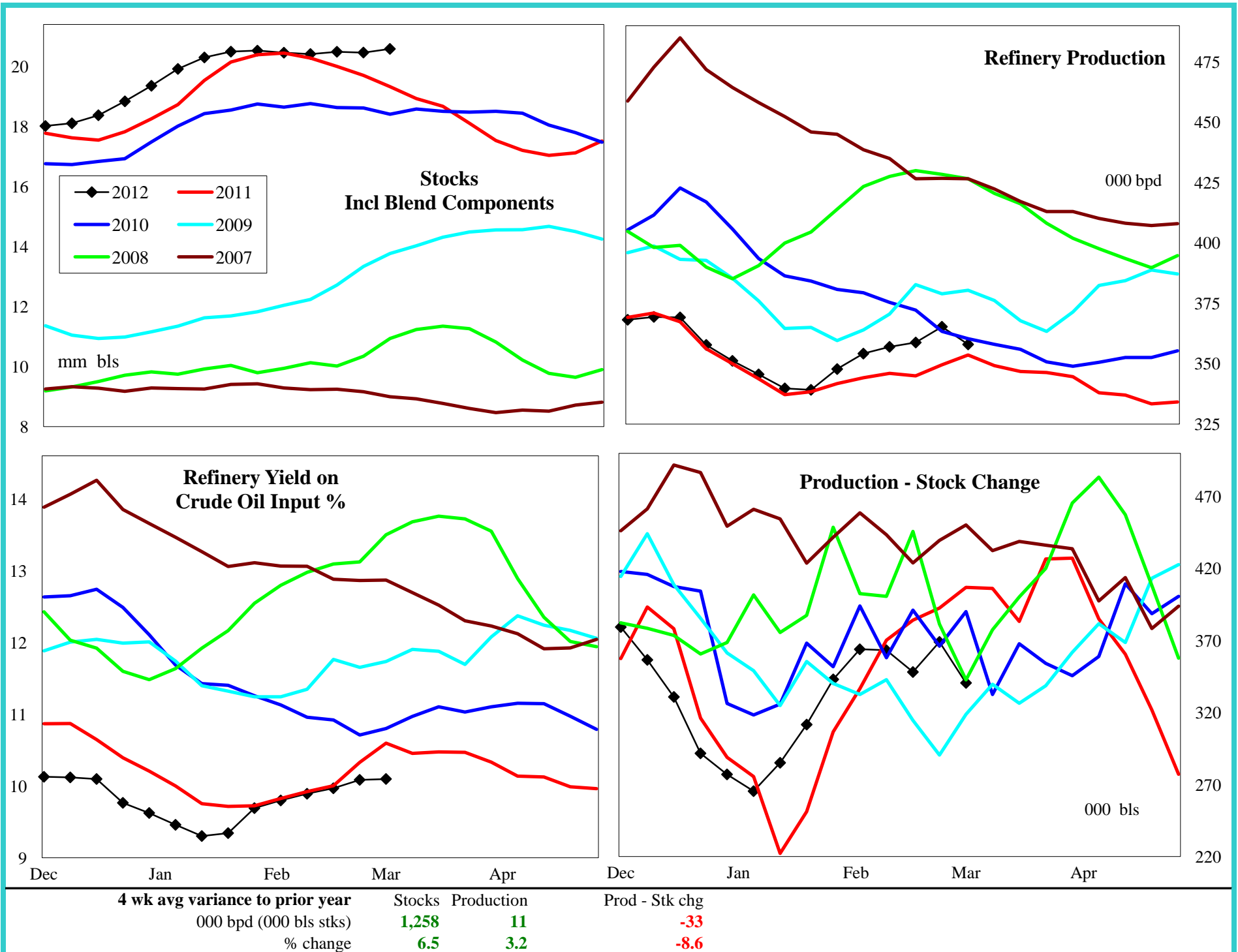
PADD 2 Crude Oil Supply and Refining



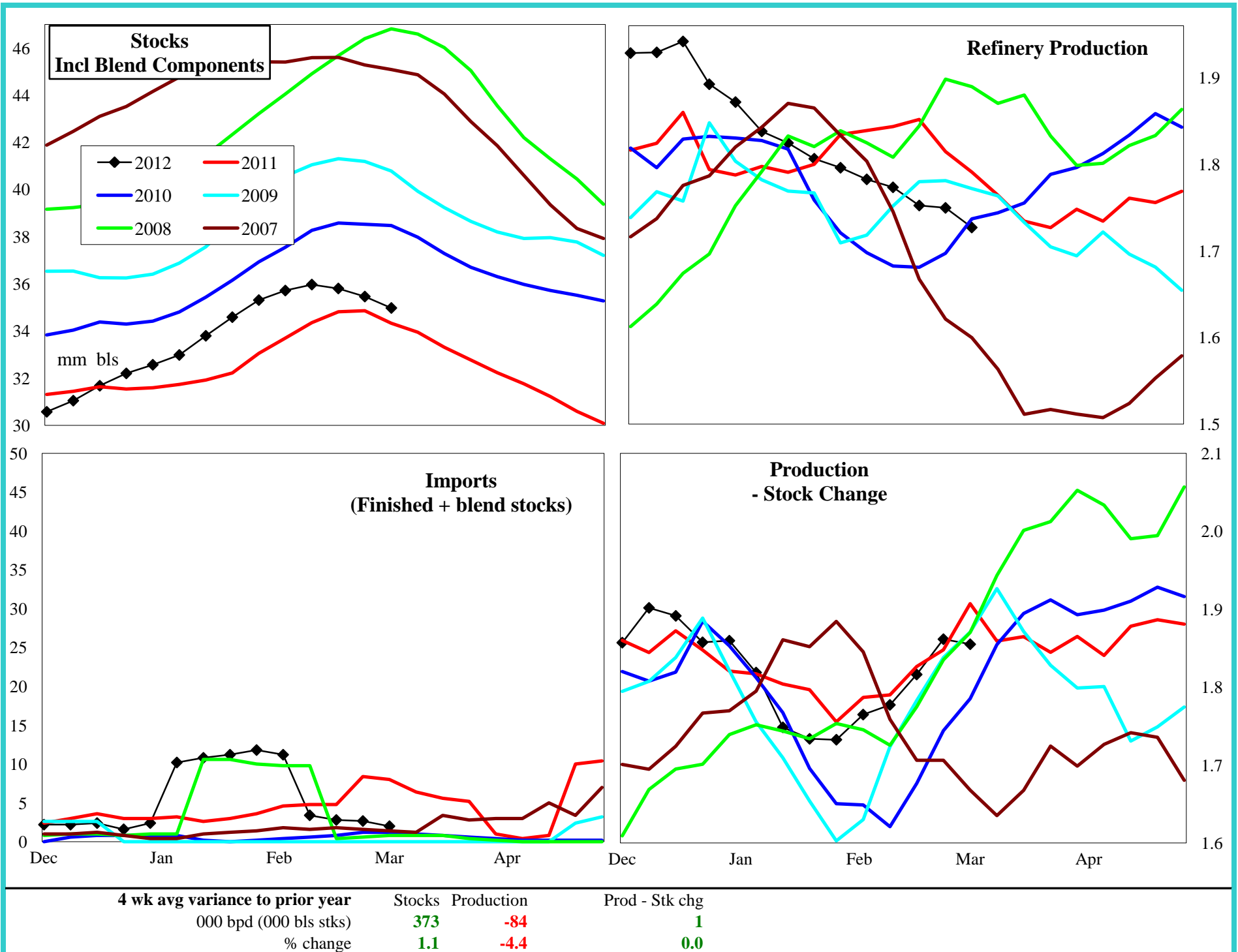
PADD 2 Gasoline Supply



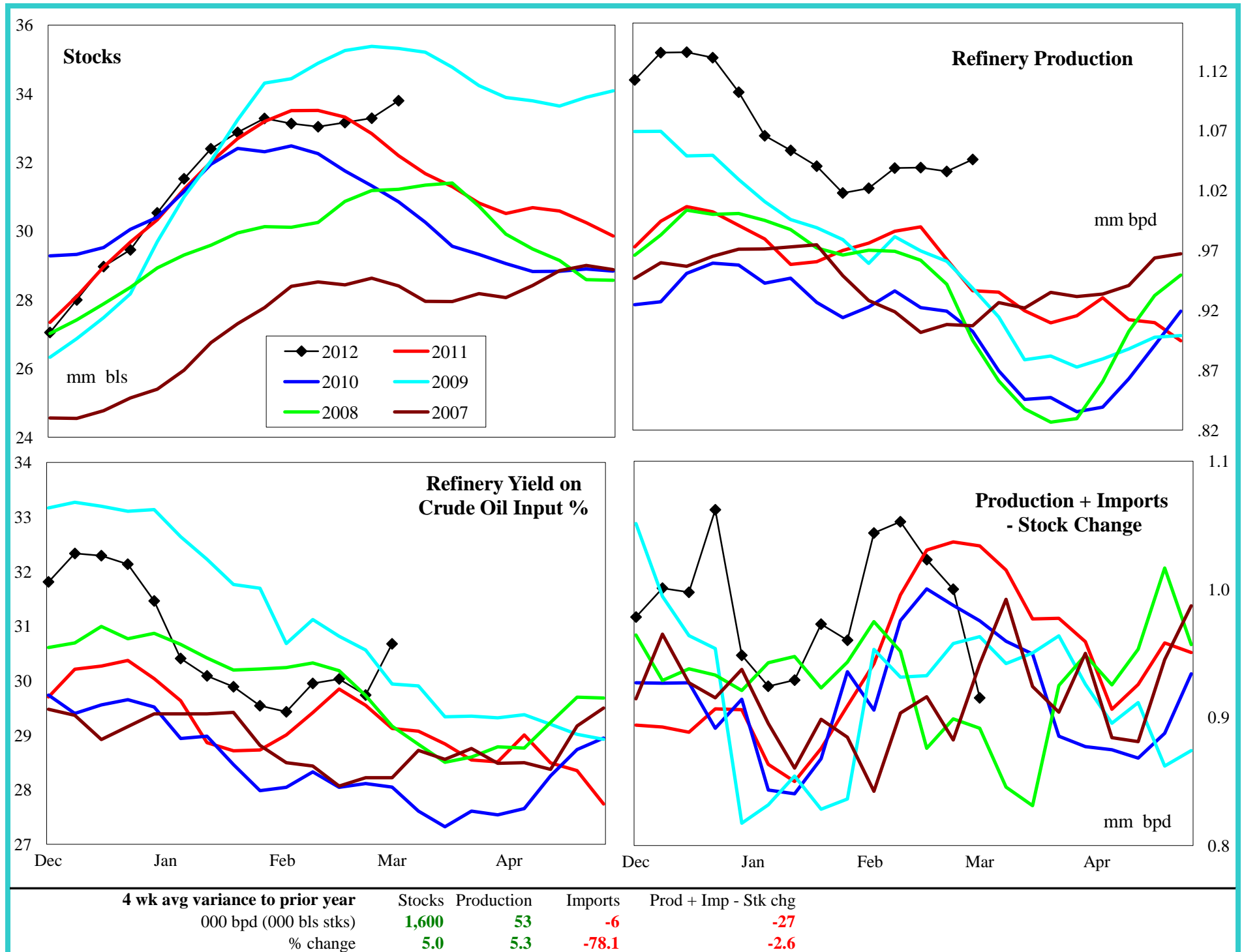
PADD 2 Reformulated Gasoline Supply



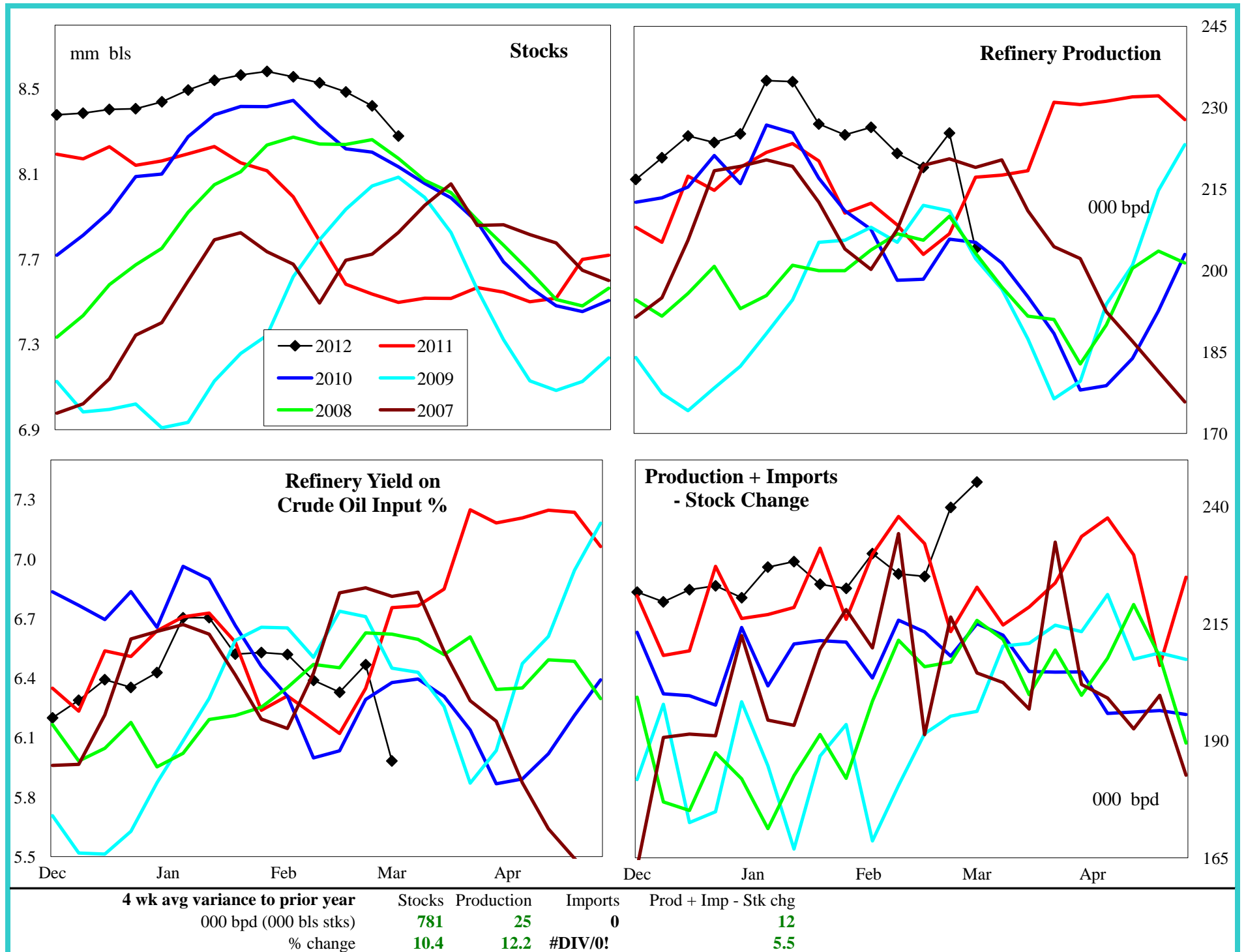
PADD 2 Conventional Gasoline Supply



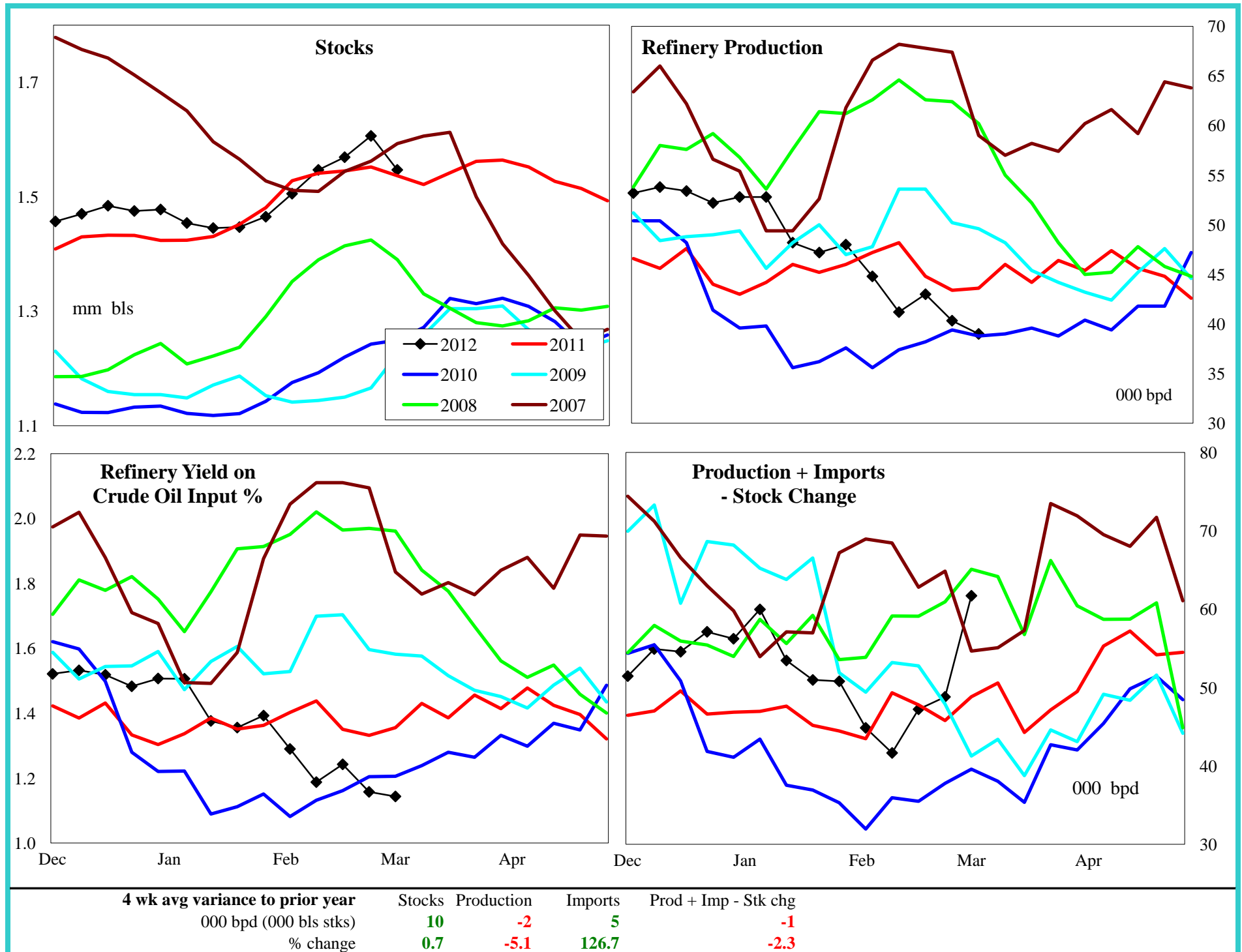
PADD 2 Distillate Supply



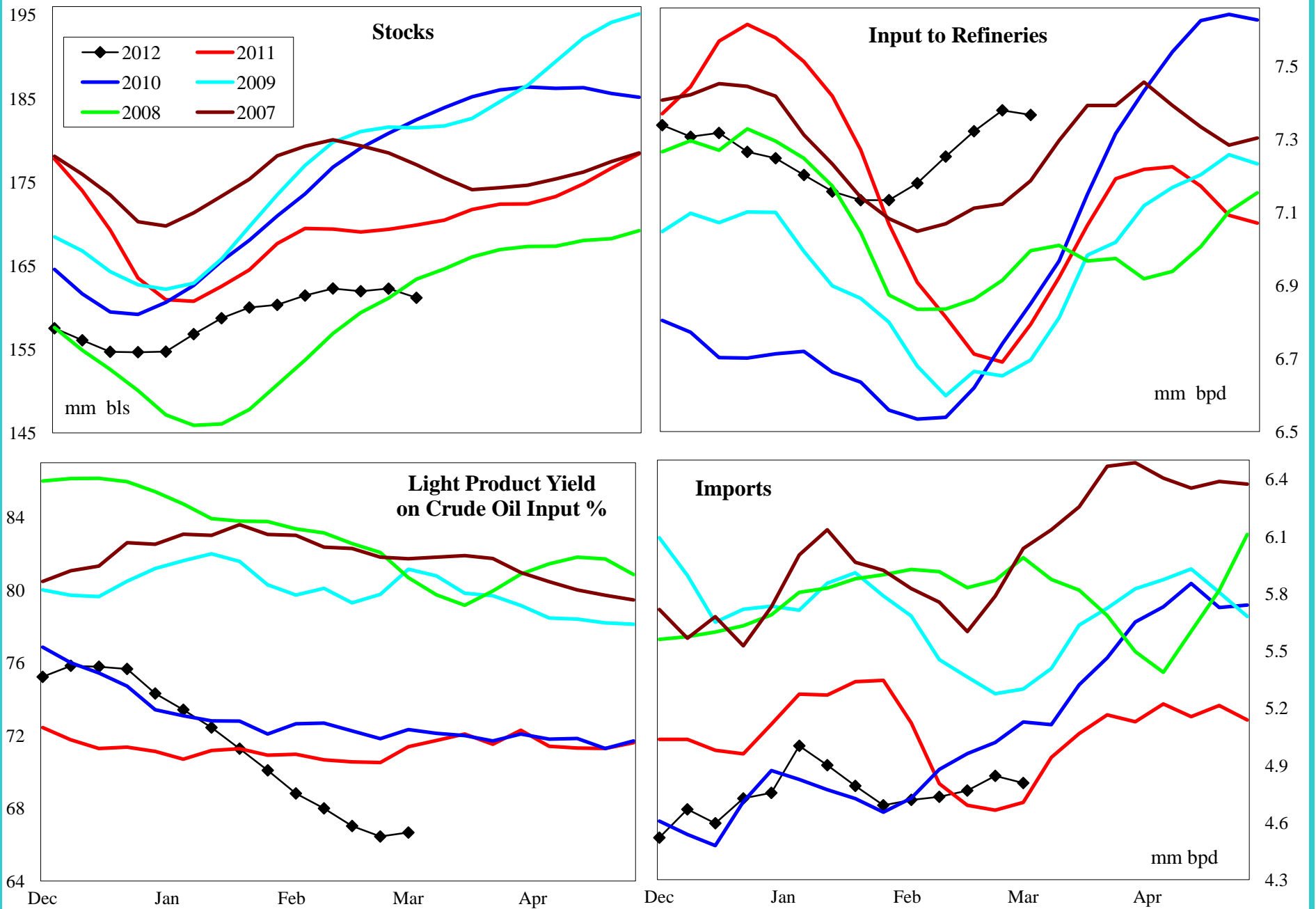
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-8,706

-5.1

Input

741

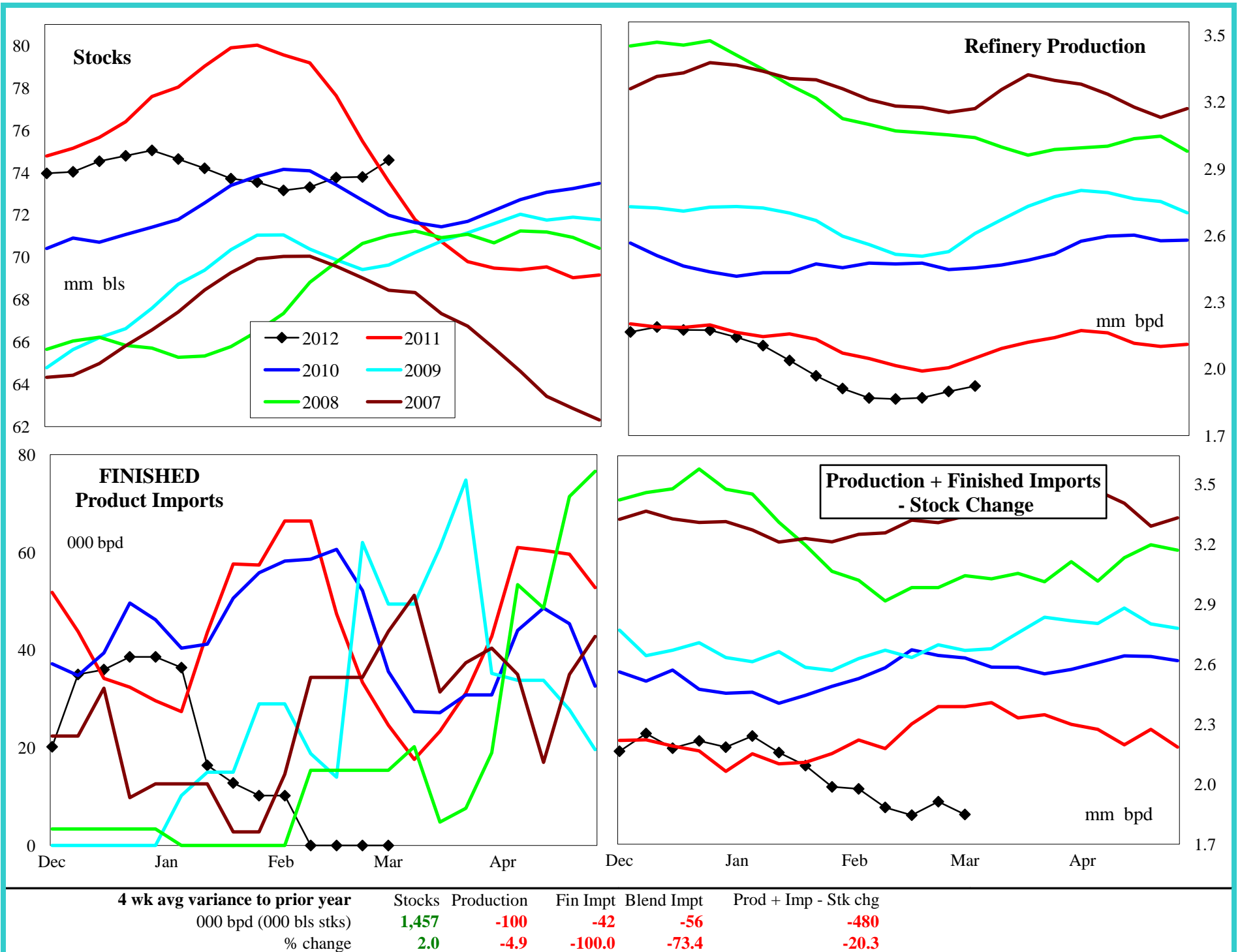
11.1

Imports

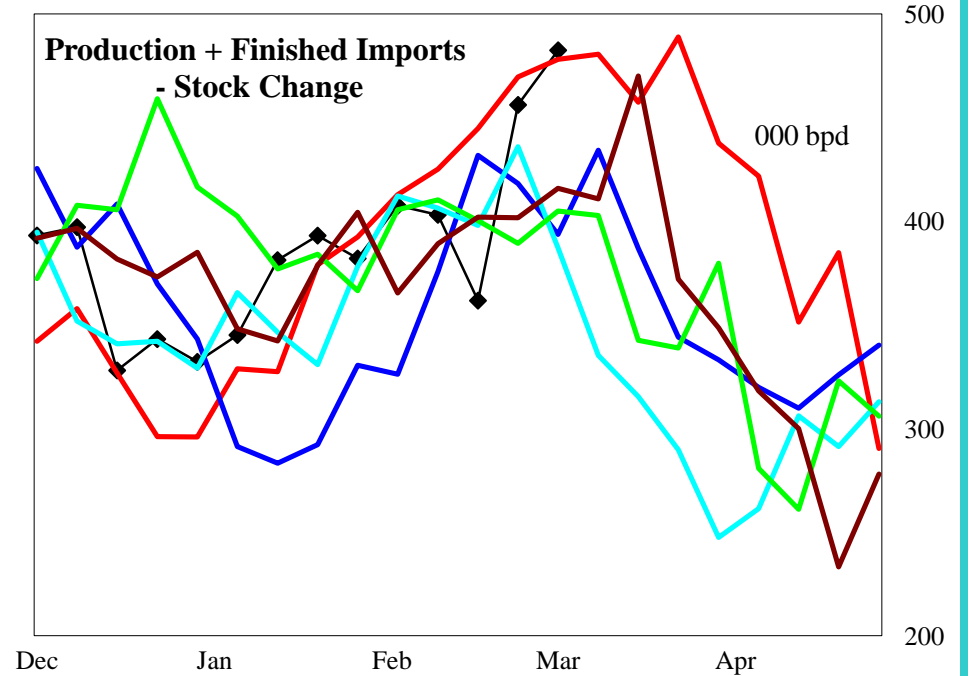
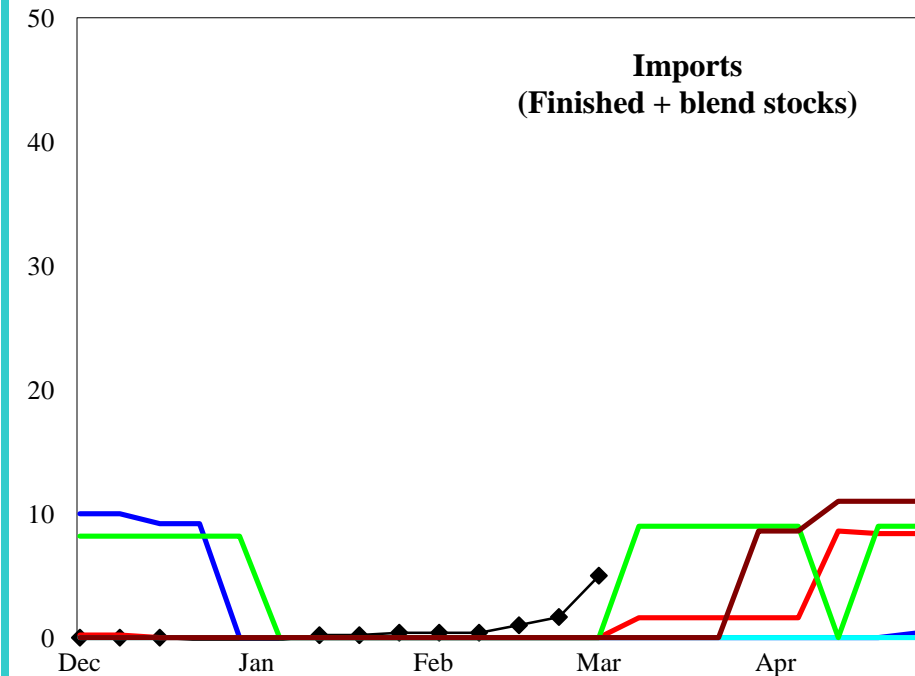
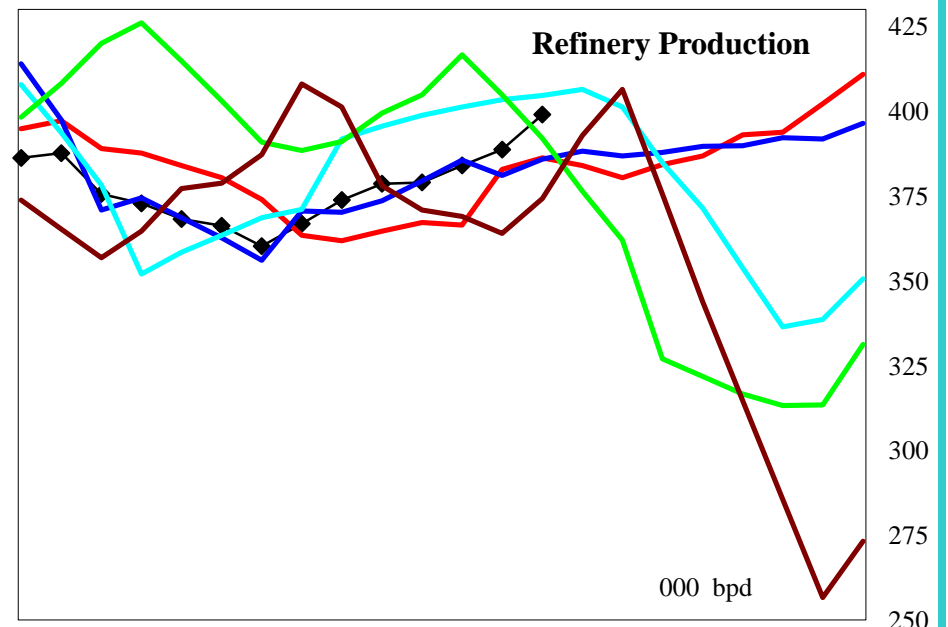
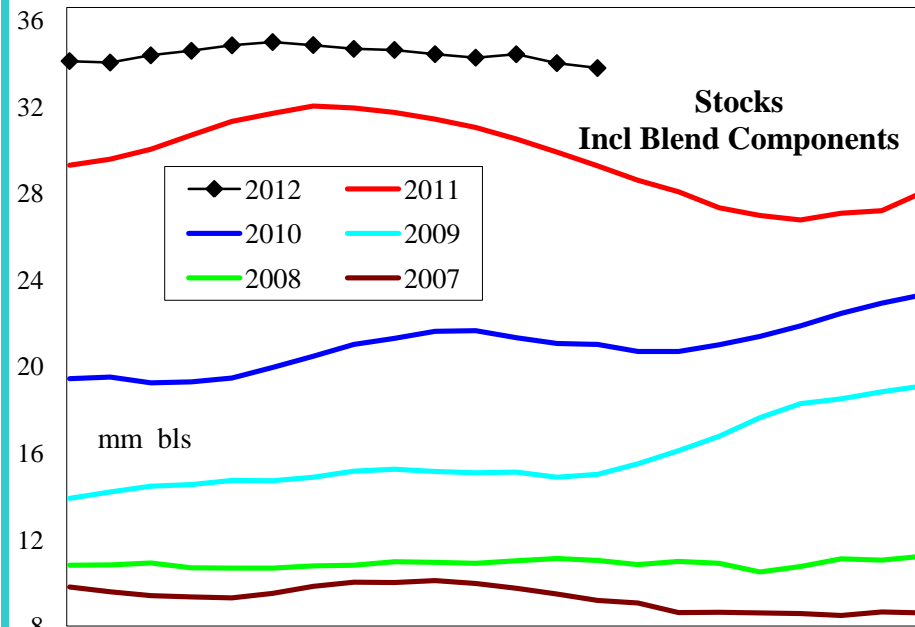
310

6.8

PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

4,665

15.8

Production

7

1.8

Imports

1

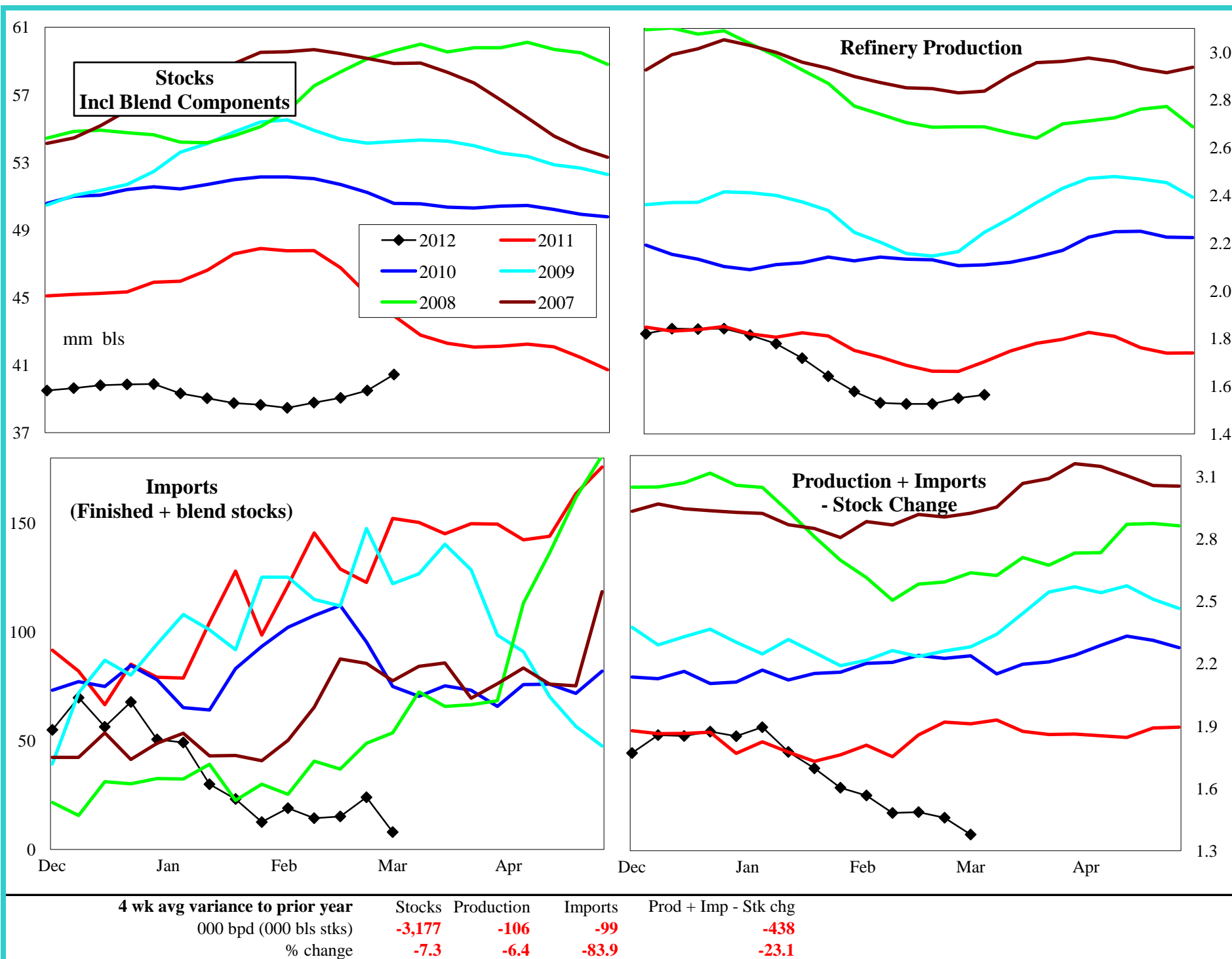
#DIV/0!

Prod + Imp - Stk chg

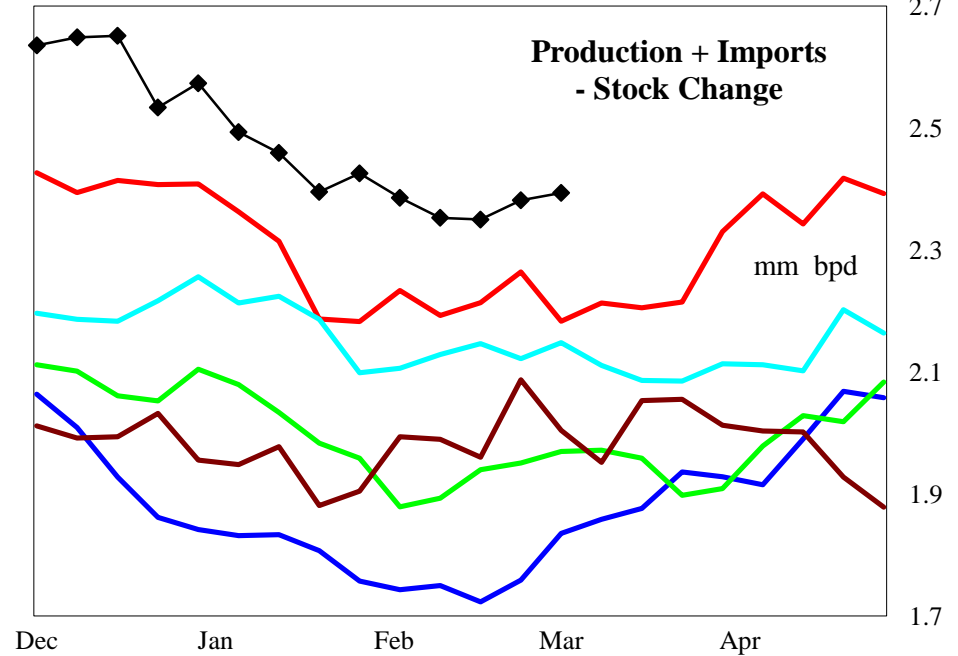
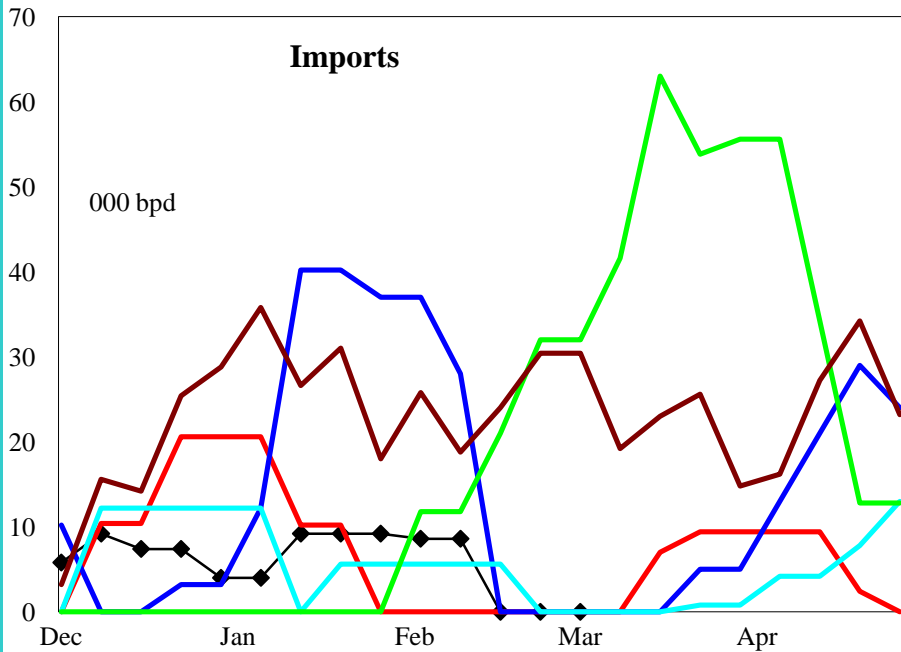
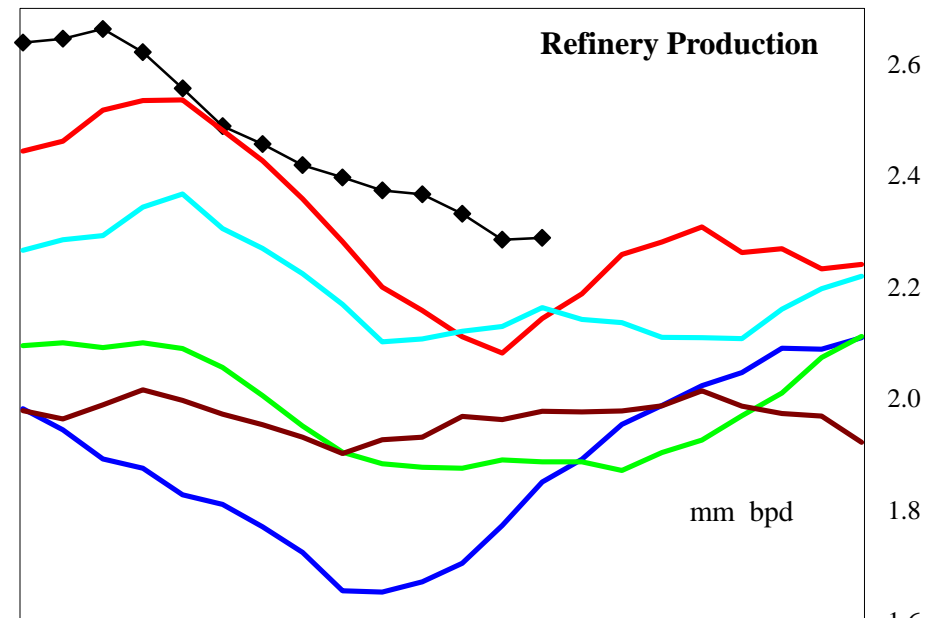
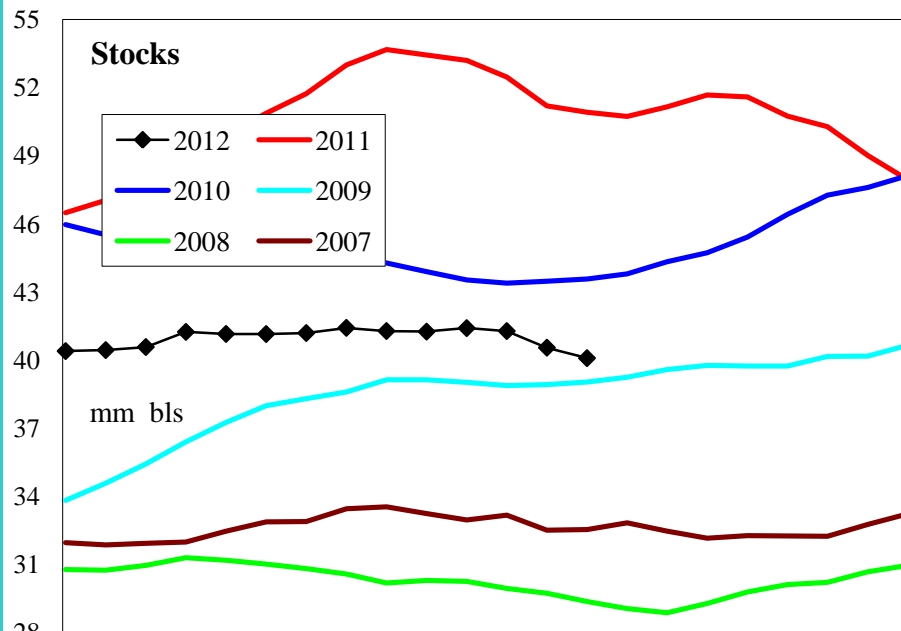
-37

-8.0

PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-9,916

-19.8

Production

245

11.8

Imports

0

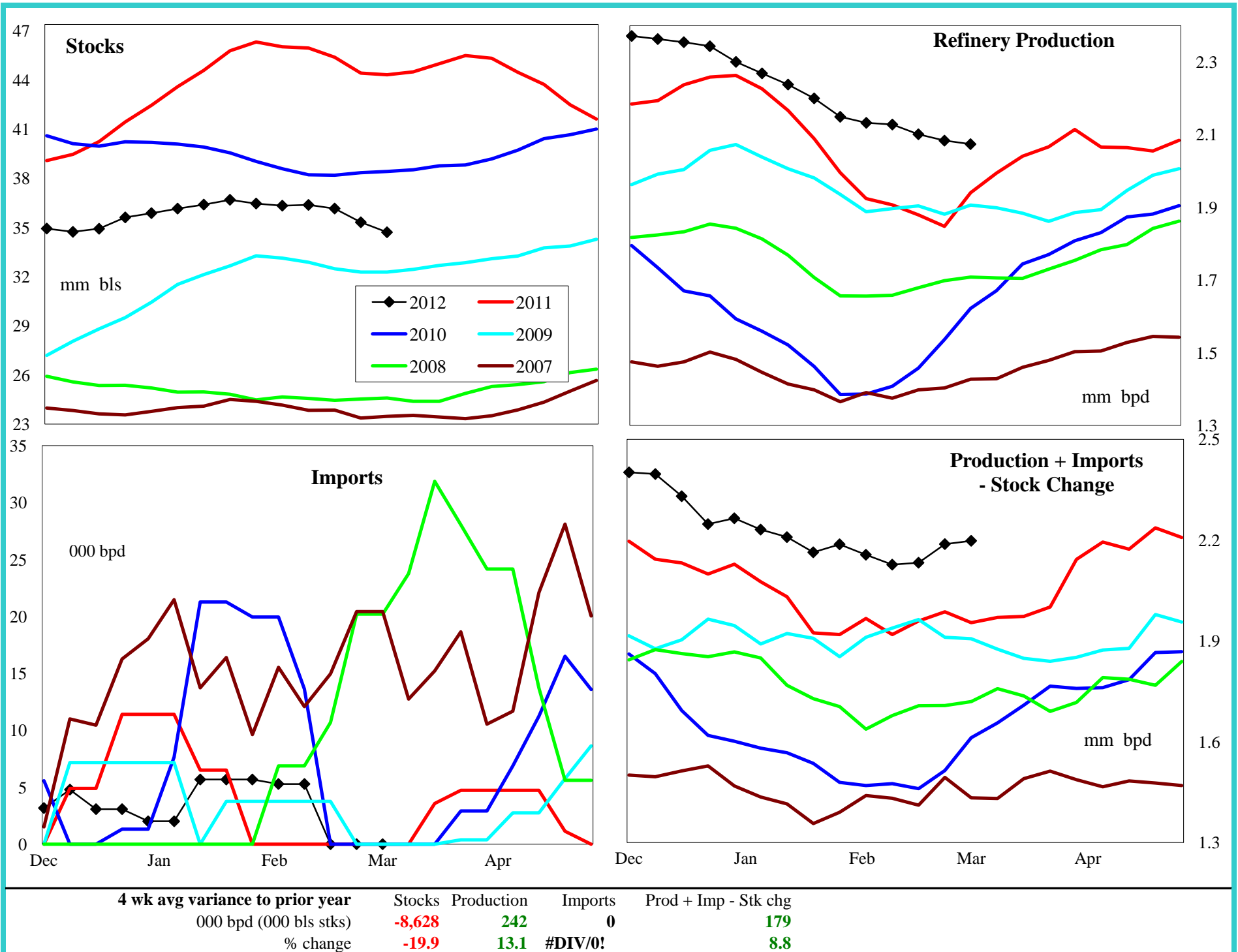
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Prod + Imp - Stk chg

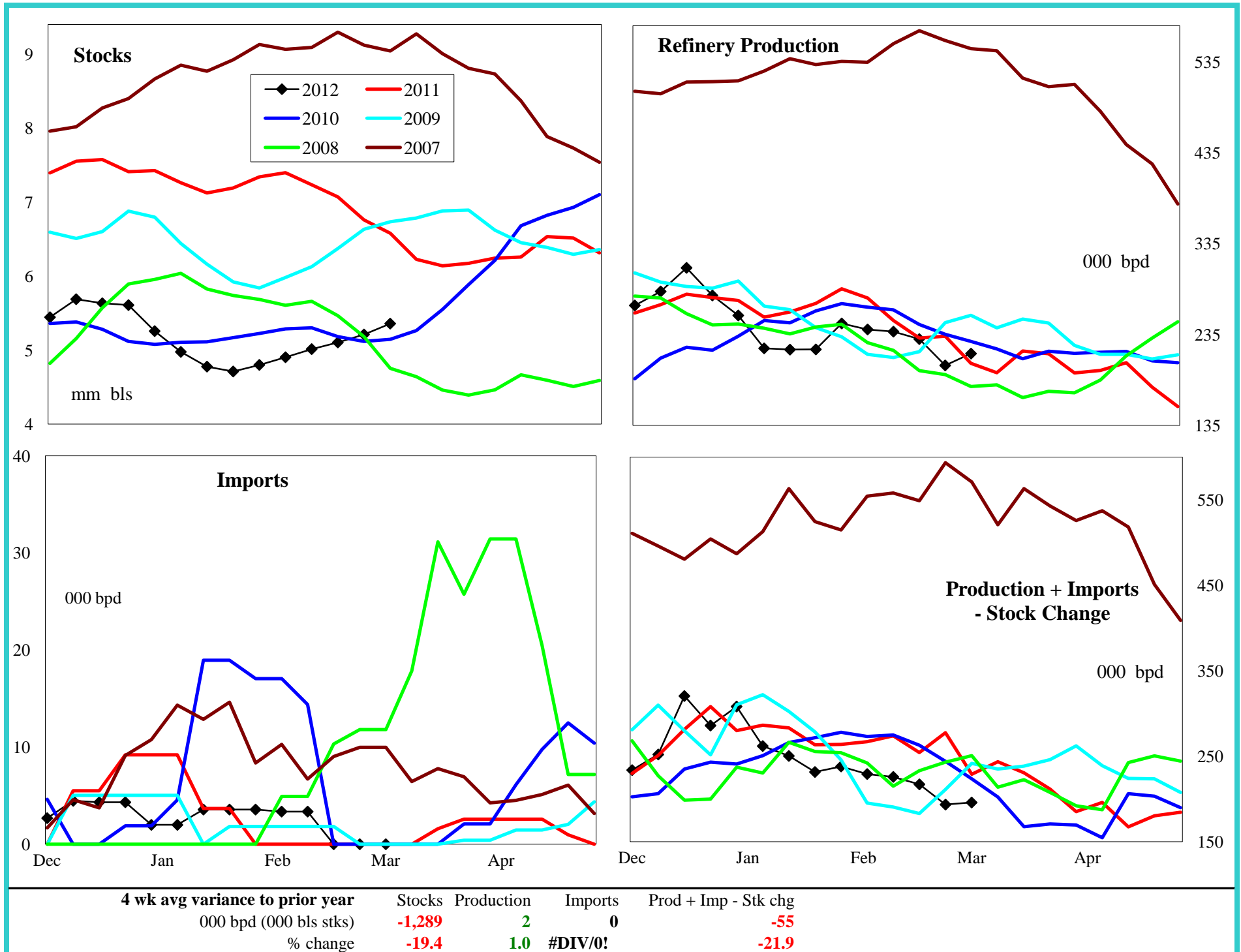
124

5.4

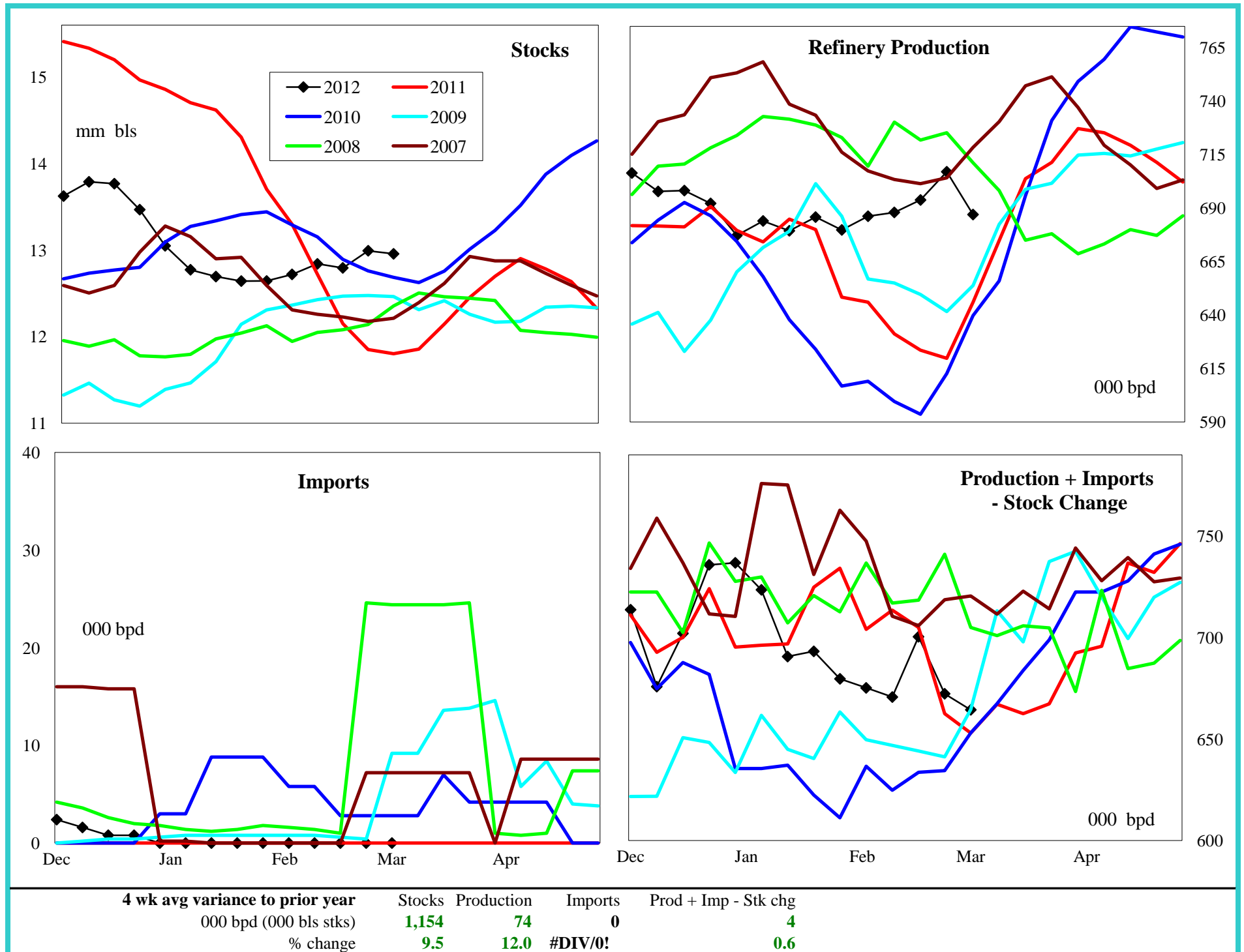
PADD 3 Low Sulfur Distillate Supply



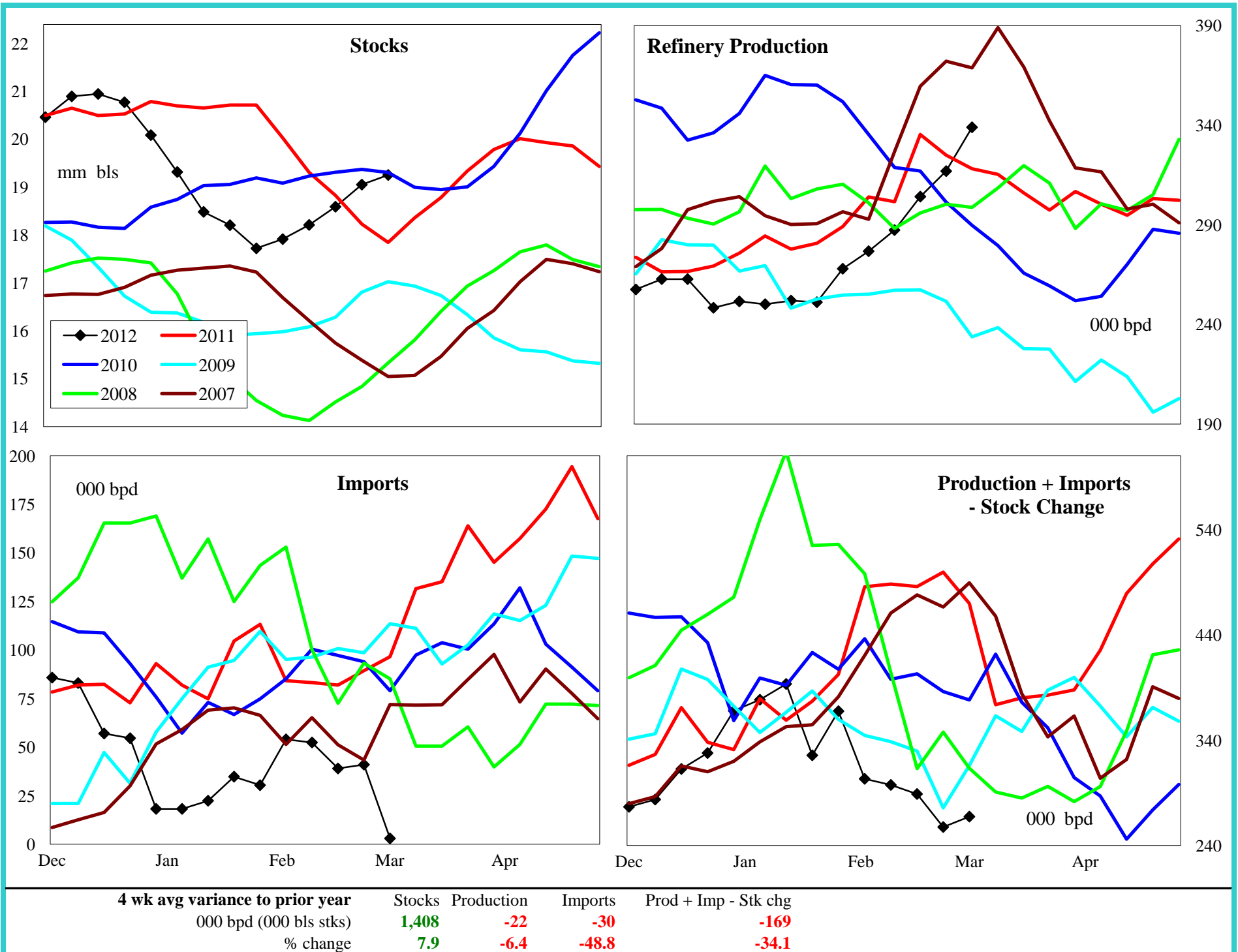
PADD 3 High Sulfur Distillate Supply



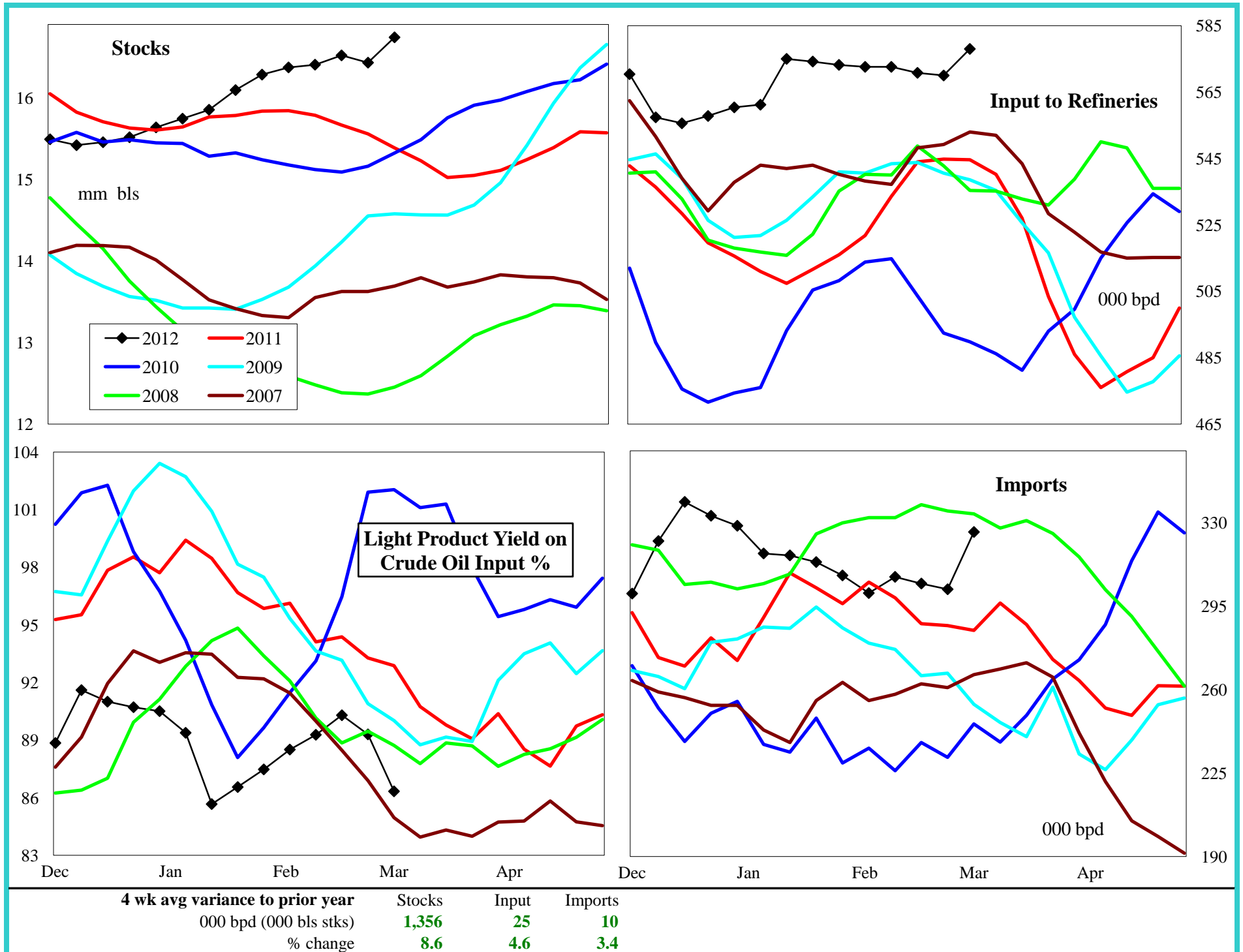
PADD 3 Jet Fuel Supply



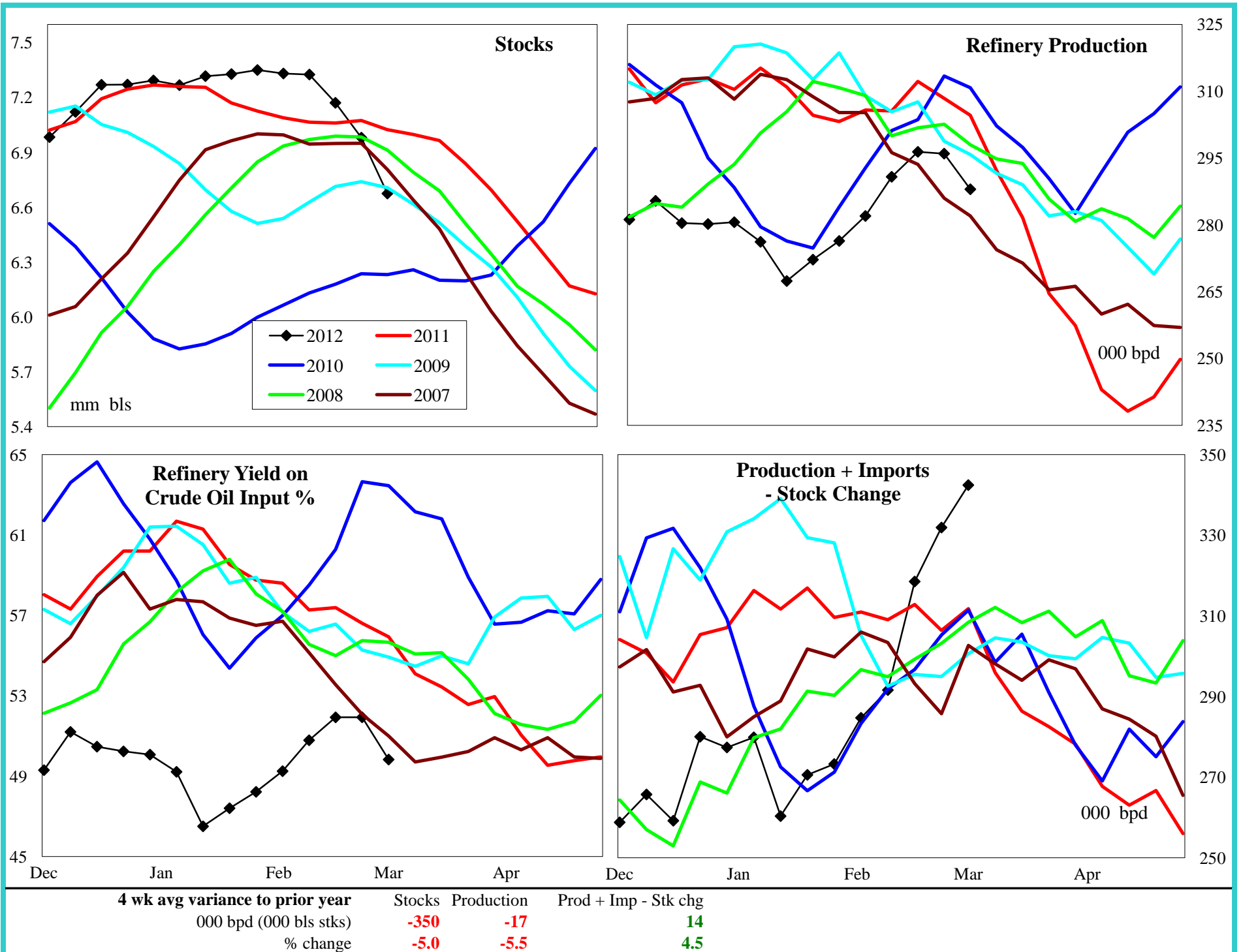
PADD 3 Residual Fuel Oil Supply



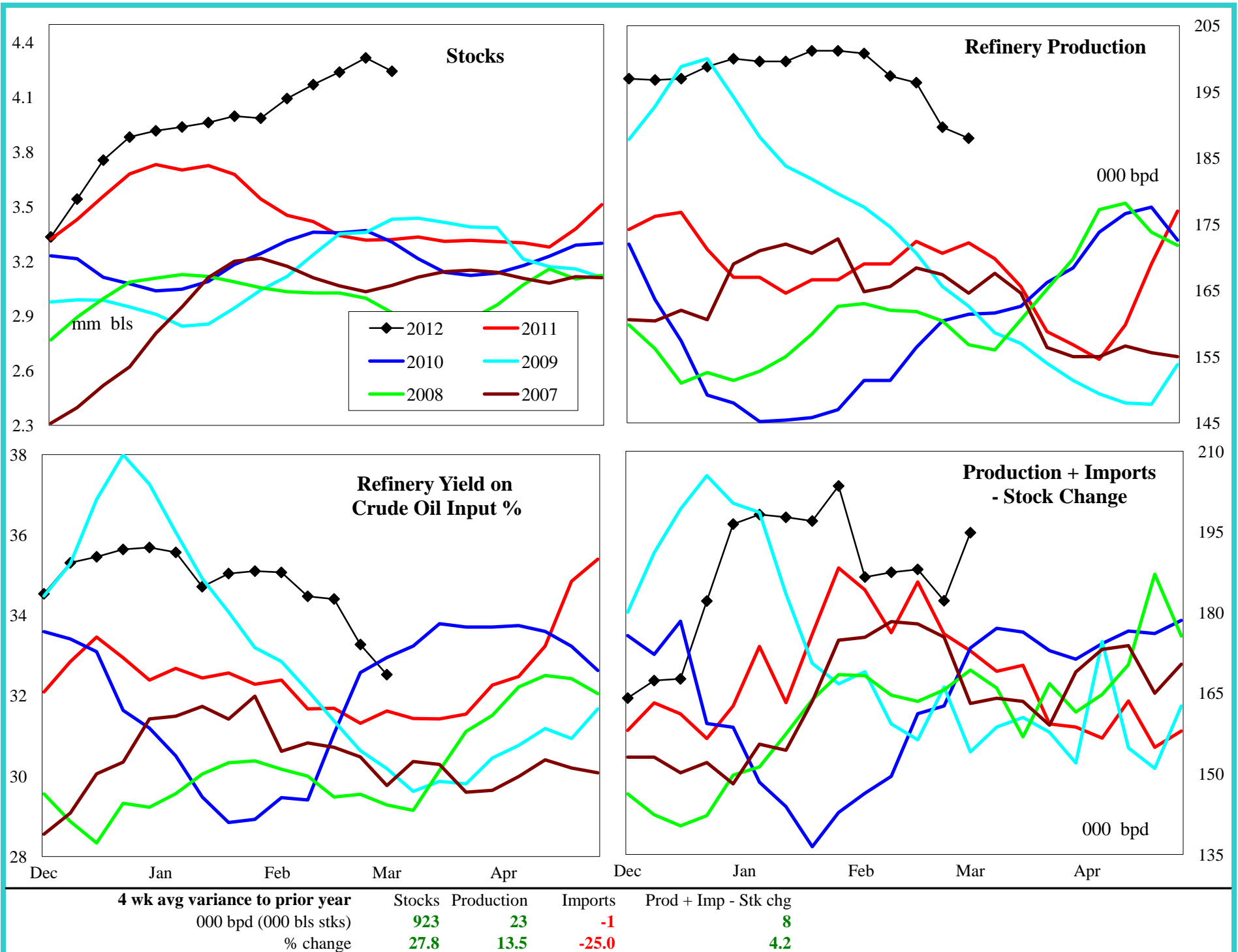
PADD 4 Crude Oil Supply and Refining



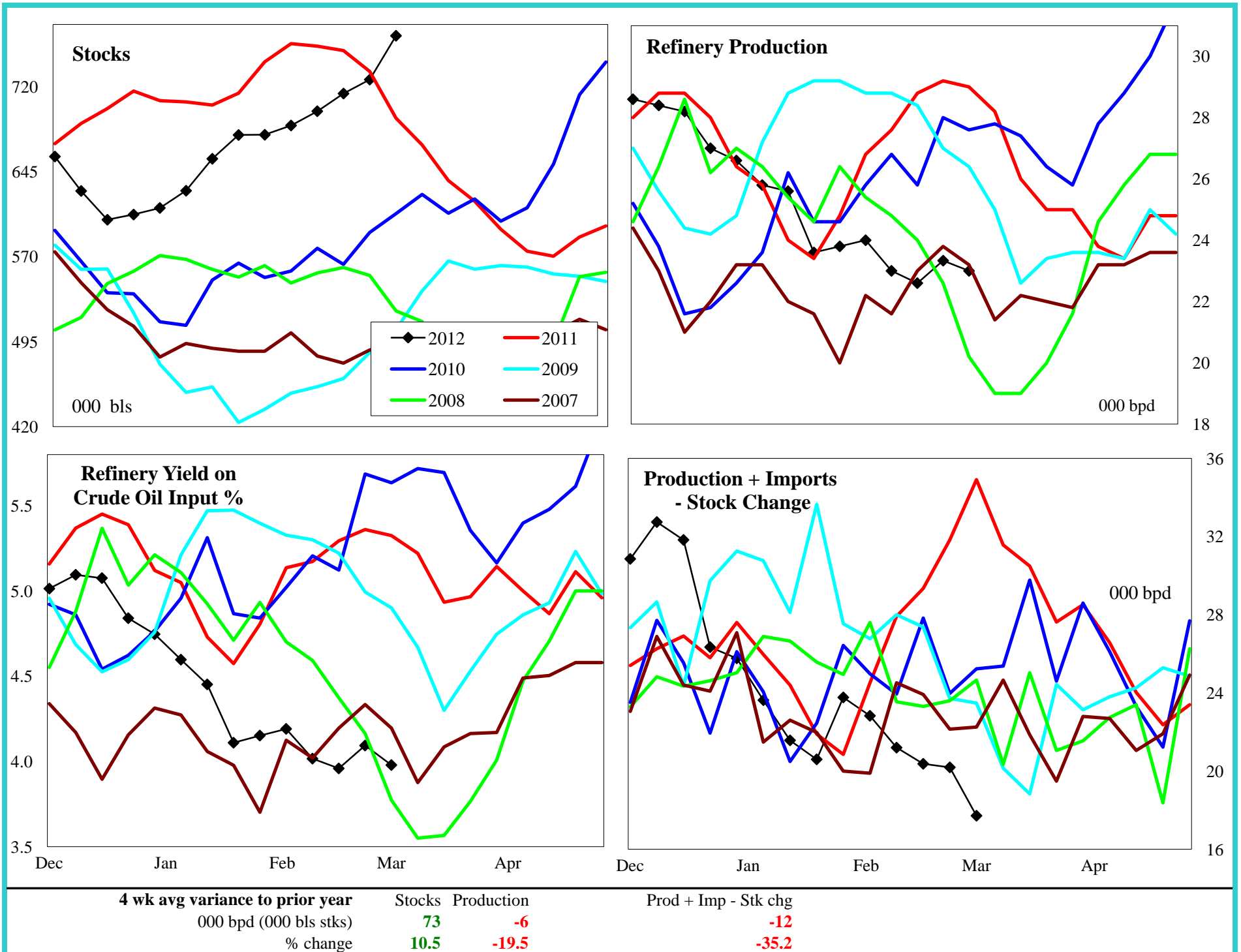
PADD 4 Gasoline Supply



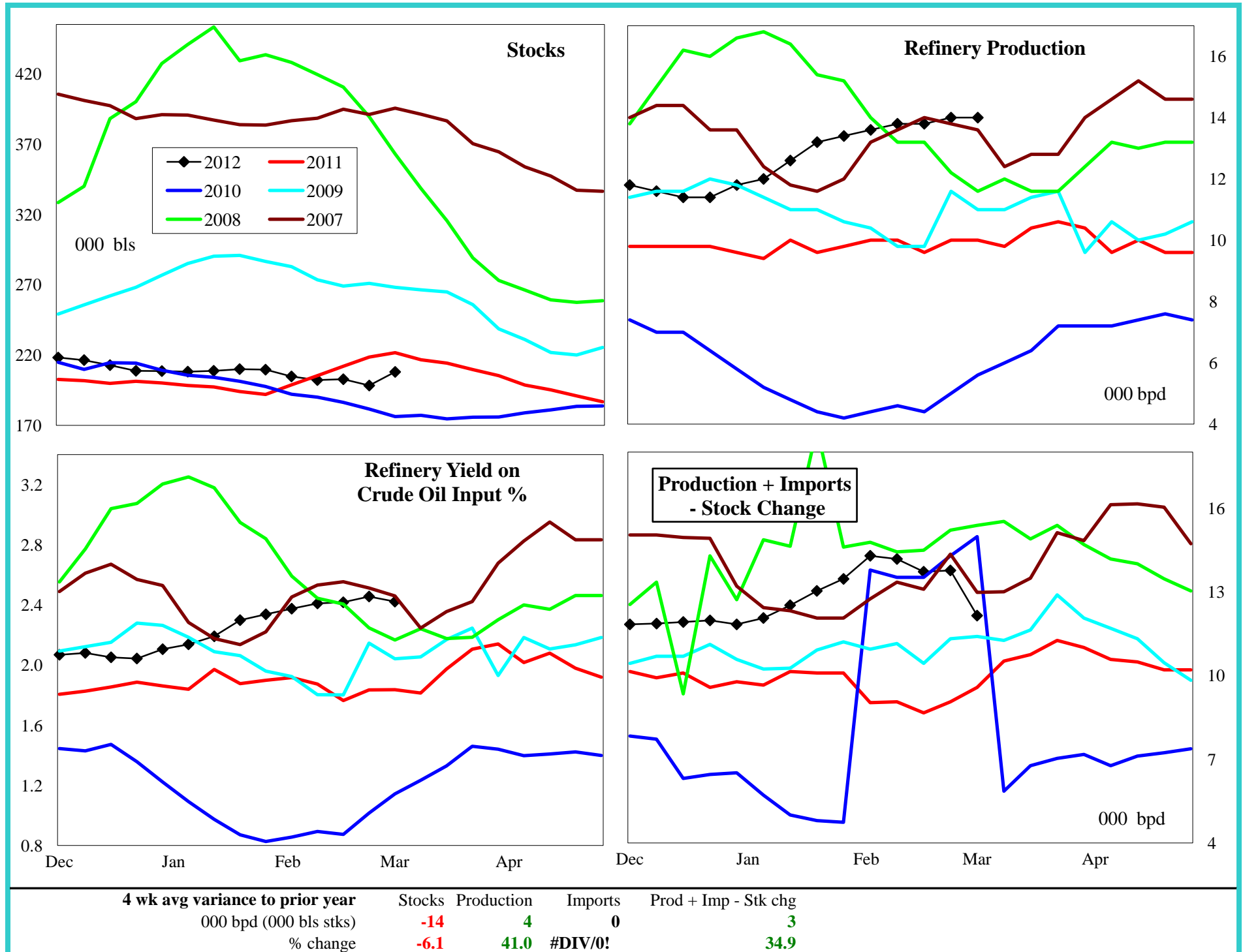
PADD 4 Distillate Supply



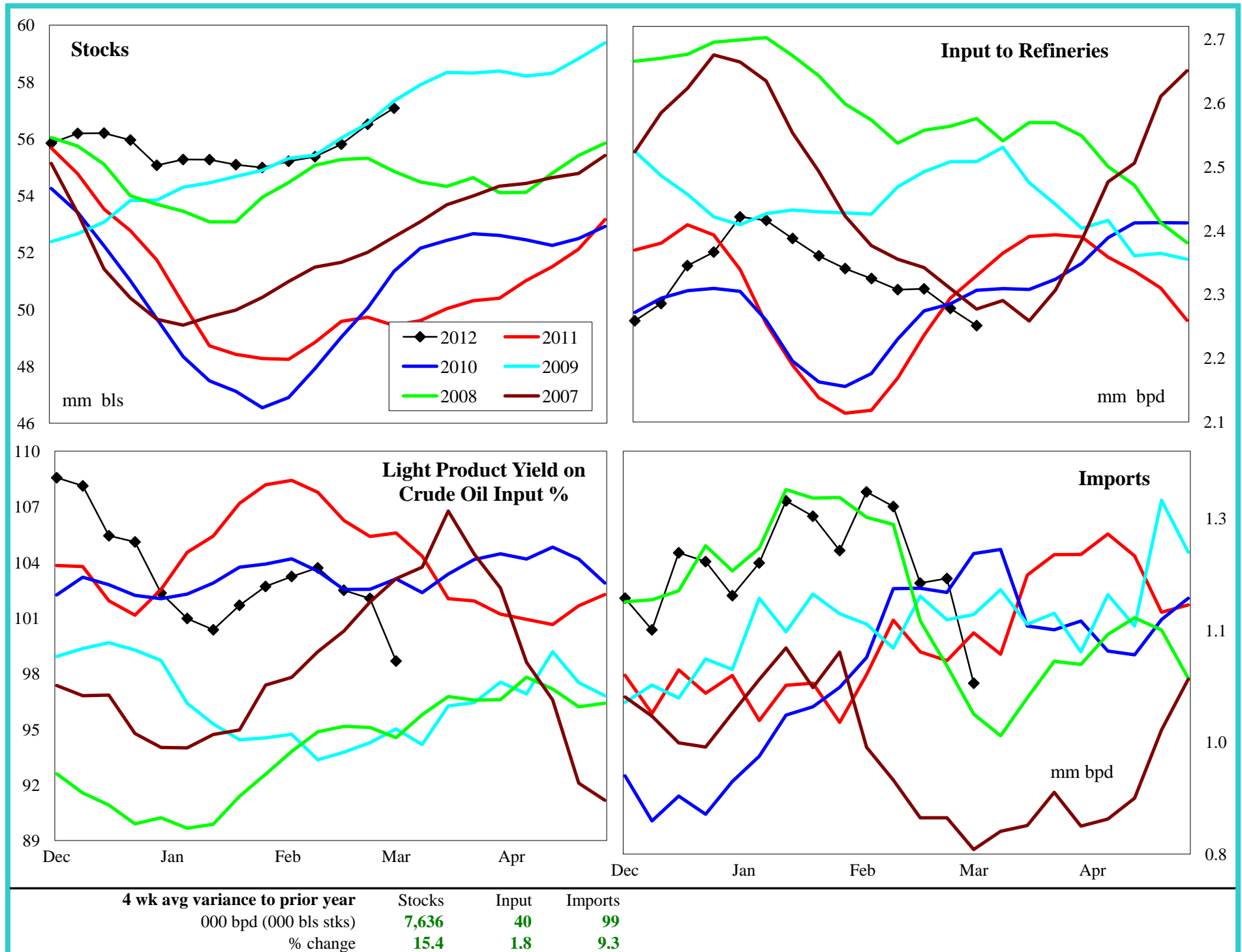
PADD 4 Jet Fuel Supply



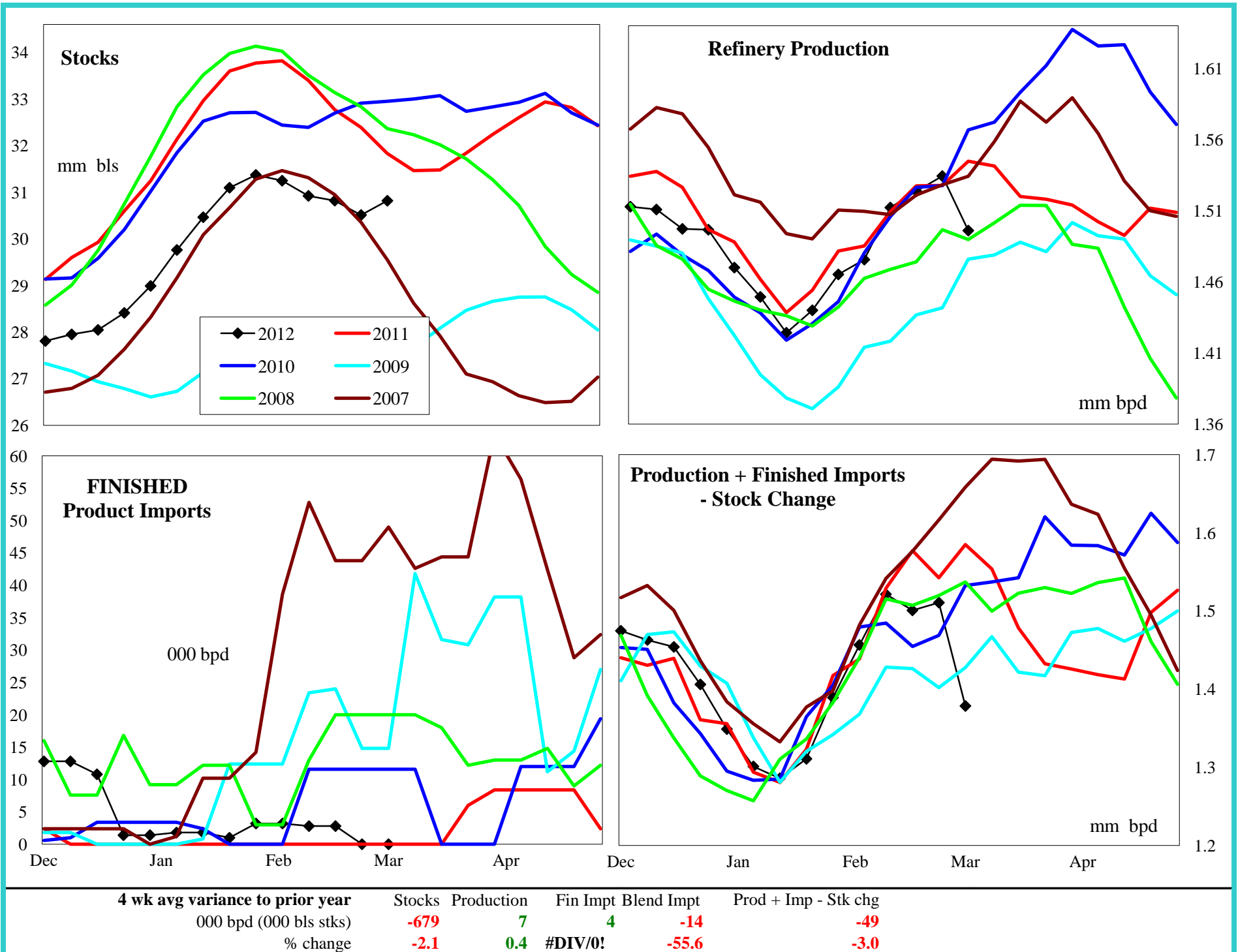
PADD 4 Residual Fuel Oil Supply



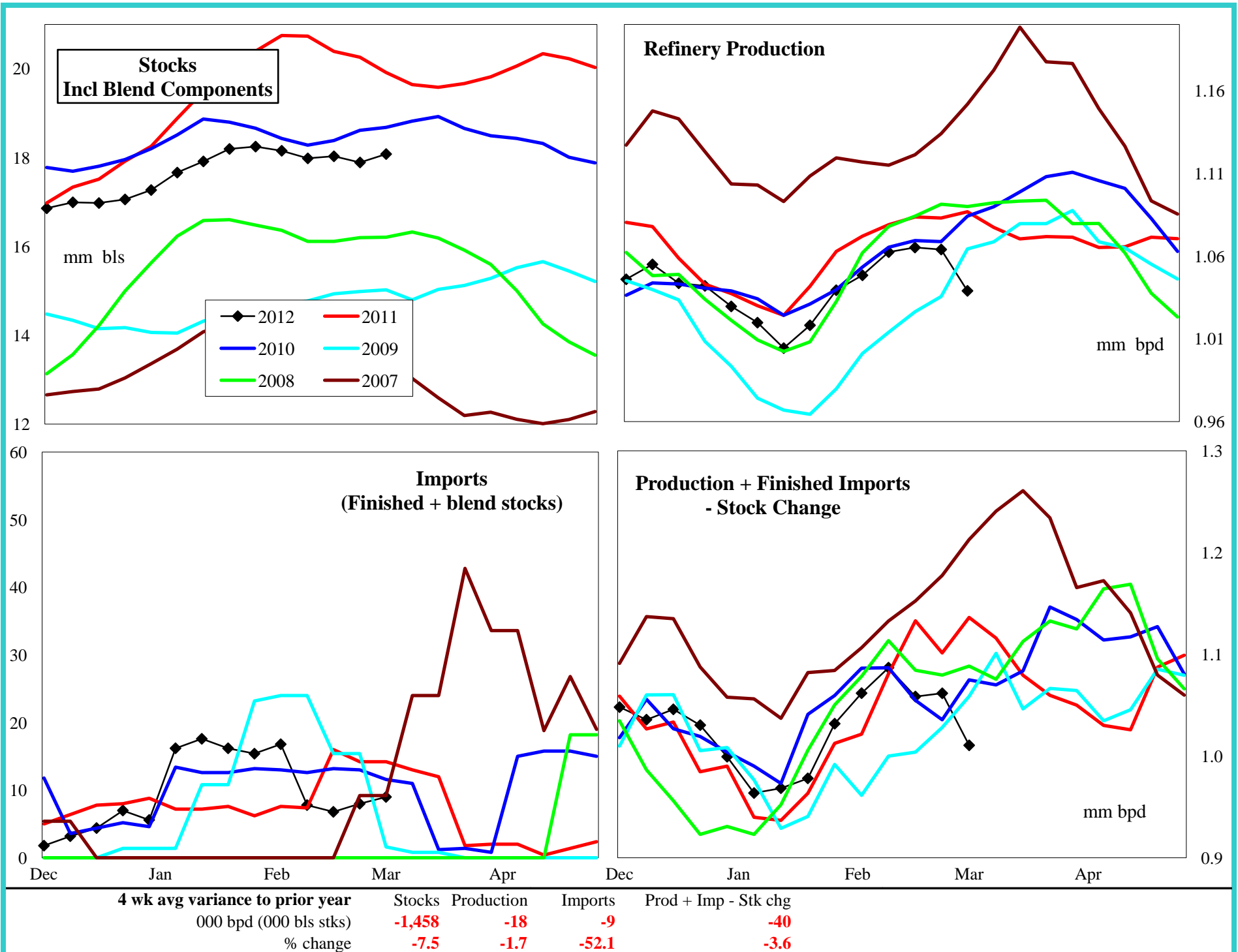
PADD 5 Crude Oil Supply and Refining



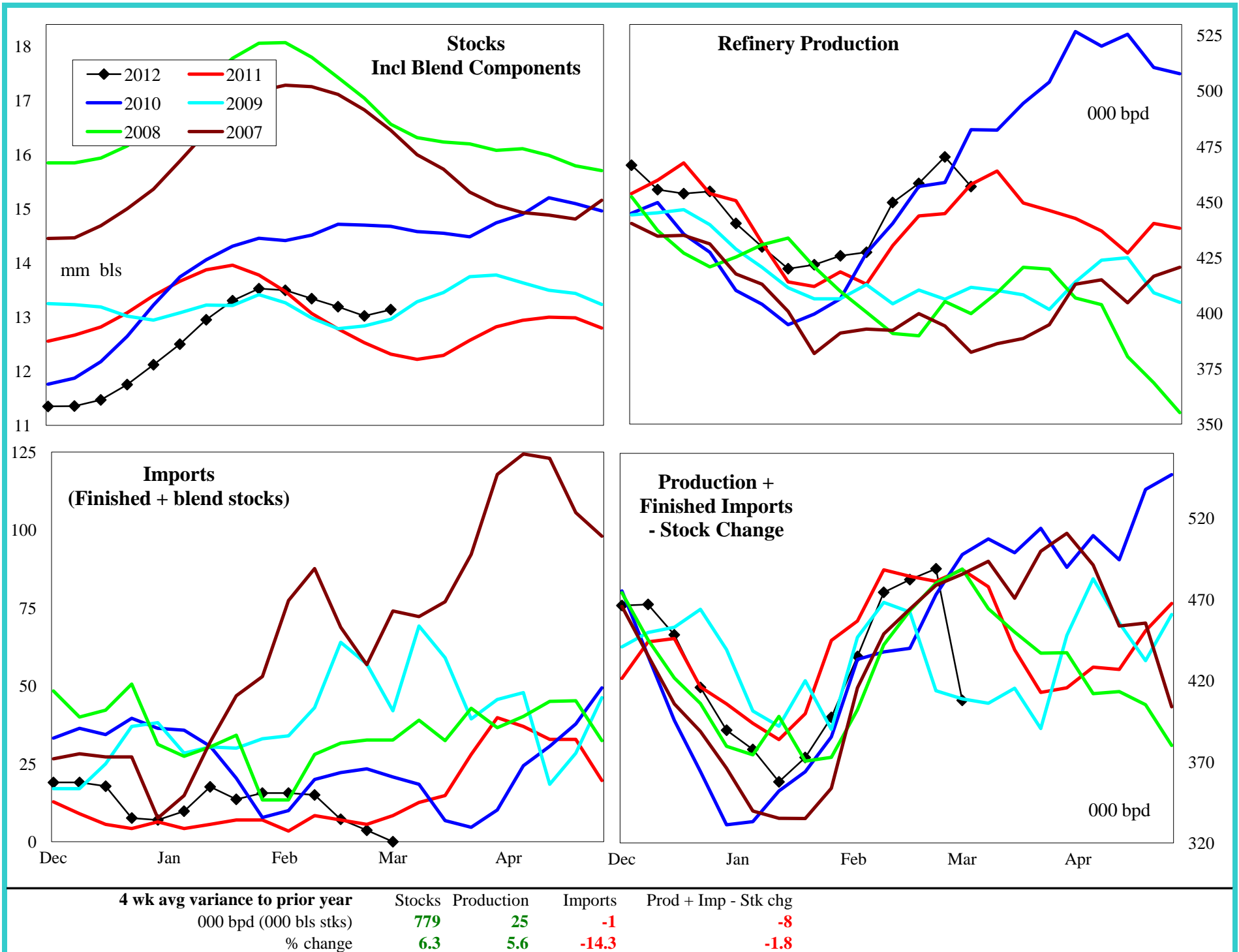
PADD 5 Gasoline Supply



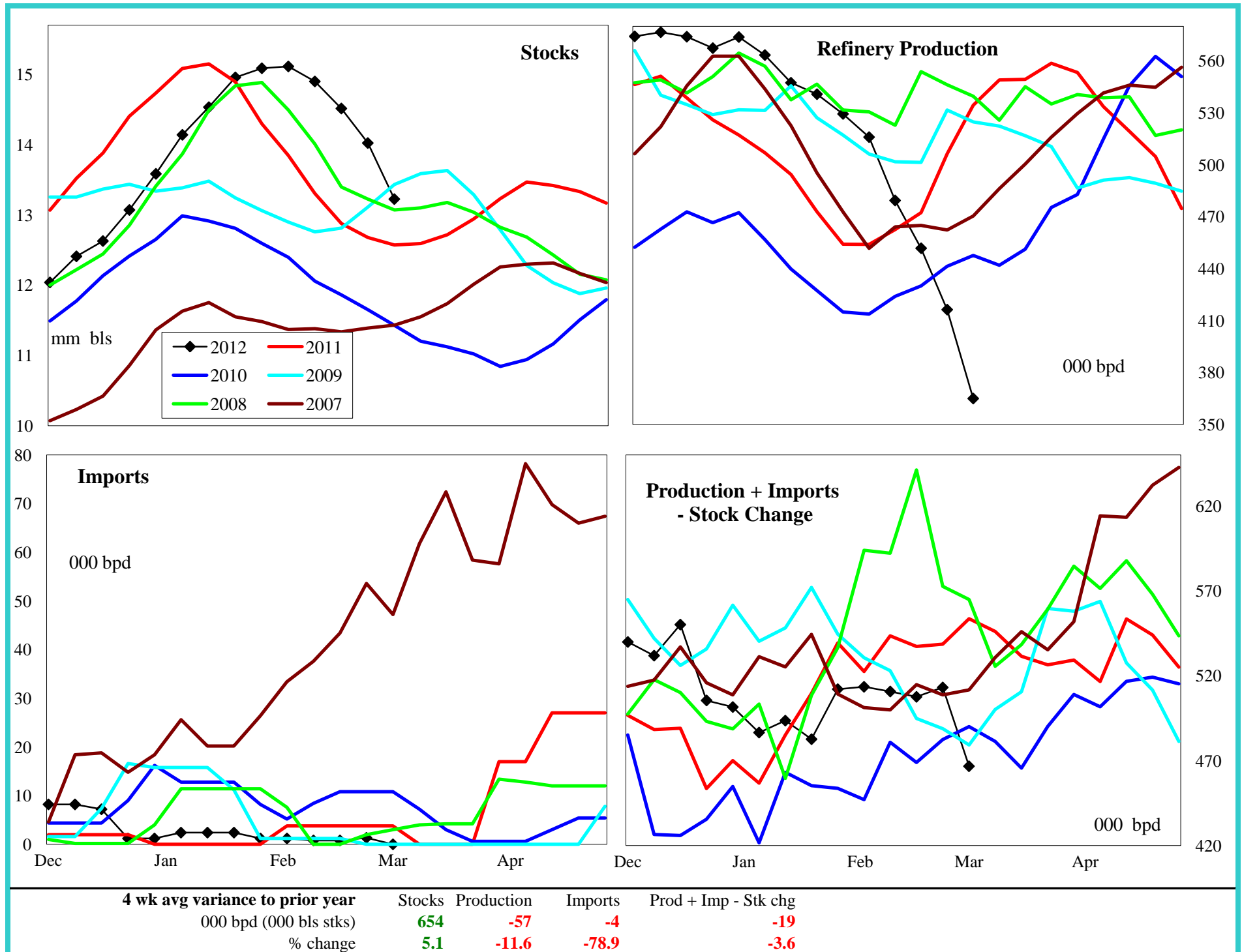
PADD 5 Reformulated Gasoline Supply



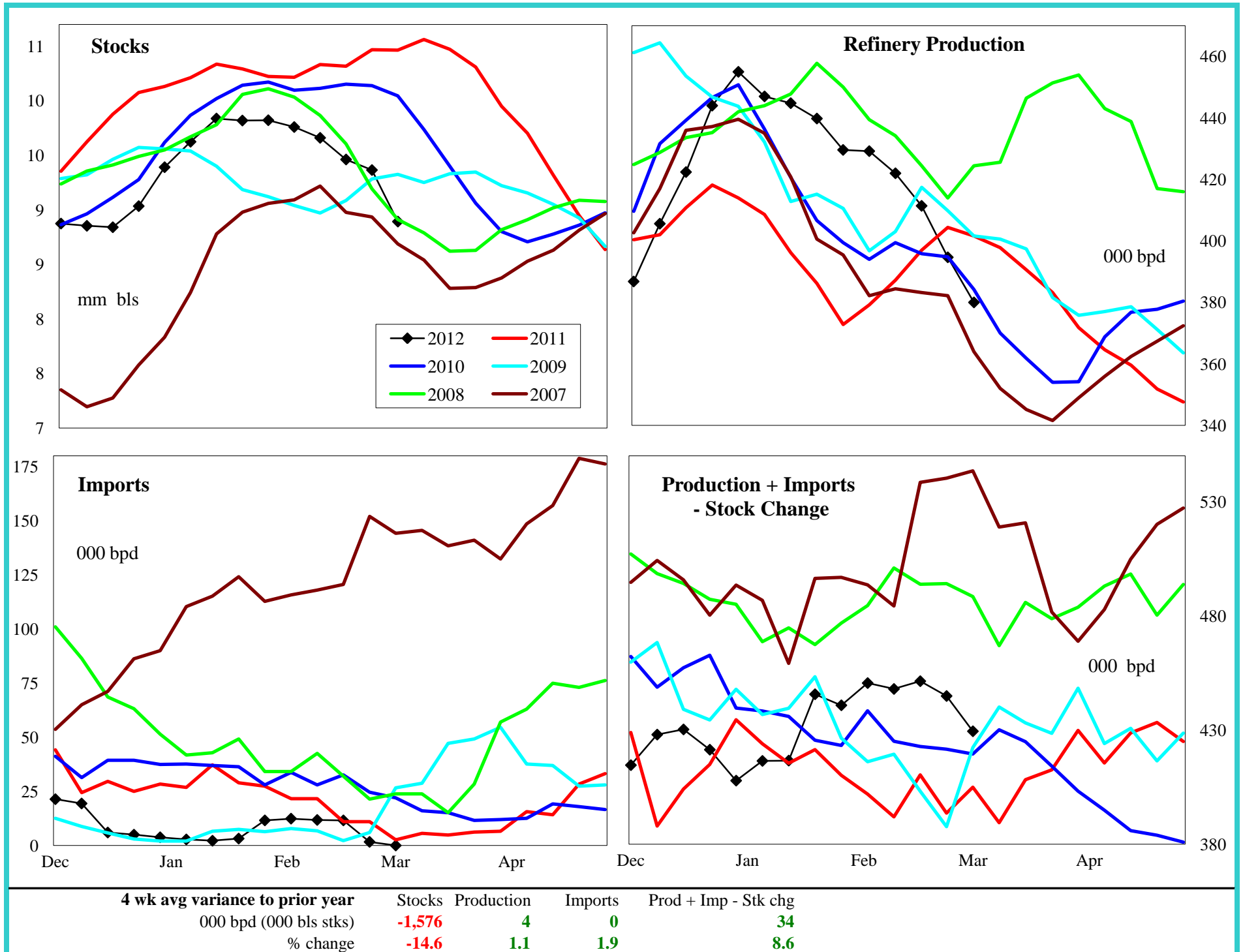
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

