



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

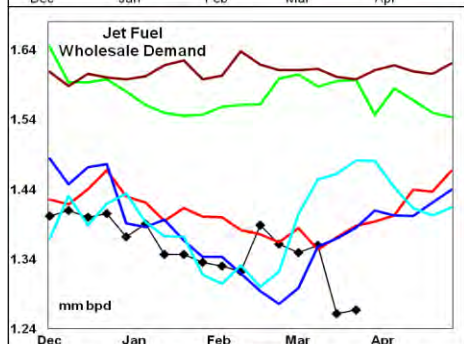
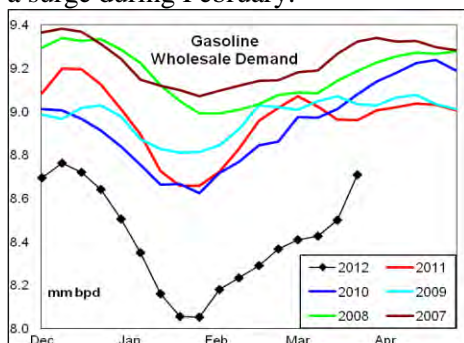
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, March 28, 2012

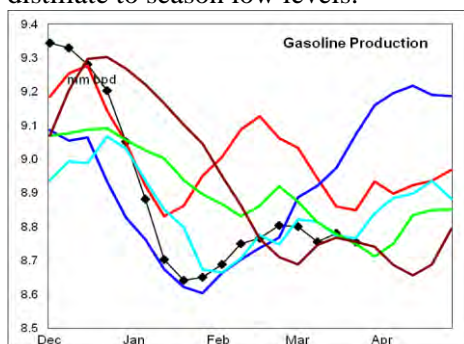


Major Fundamental Trends¹

Wholesale gasoline and distillate demand rebounded from recent lows last week, each up more than +300,000 bpd. Jet fuel demand remains at record low levels following a surge during February.



Refinery maintenance and poor margins for refiners processing waterborne crude oil supplies has driven production of both gasoline and distillate to season low levels.



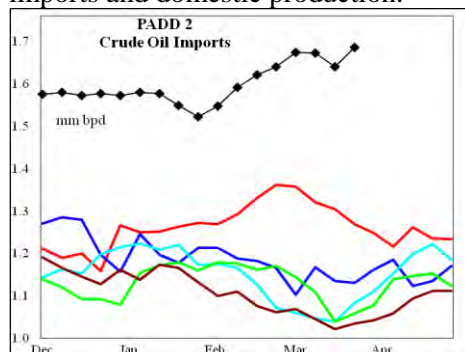
The low output has offset weak demand so that stock draws are comparable to the average of the last 5-years.

Gasoline stock levels in the key Central Atlantic Region of PADD 1

ended the week at a level marginally above four of the last 5-years. While risk of a supply squeeze in this region continues due to refinery closures in the Atlantic Basin; the record year on year decline in demand and ample stock levels point to some reduction in risk of a squeeze.

Crude oil stocks surged +6 million barrels in the Gulf Region last week on a rebound in imports that offset the rise in crude oil runs. Stock levels in the region ended the week comparable to last year.

Crude stocks continue to build in Cushing, rising +1 million barrels last week. Stock levels at Cushing are likely to reach new record highs during the spring maintenance season in the Midwest; driven by extremely high imports and domestic production.



Demand for gasoline and distillate each increased over +300,000 bpd last week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -6.1%; distillate down -8.6%; jet fuel down -3.3% while residual fuel oil decreased -39%.

Stocks forward coverage: Gasoline demand coverage decreased last week due to a -3.5 million barrel stock draw. Coverage remains well above historic range.

Distillate demand coverage decreased on a -0.7 million barrel stock draw, and +0.4 million bpd jump in weekly demand. Coverage levels were well below the last 2-years.

Jet fuel coverage levels increased on a +0.4 million barrel stock build and lower demand. Coverage levels

are at the upper end of the historic range.

Refinery utilization rates increased on a +88,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was +265,000 bpd above a year ago.

Gasoline yield % on crude oil runs decreased on a -6,000 bpd decline in output compared to the +88,000 bpd rise in crude oil runs. Yield % on crude oil runs was below four of the last 5-years.

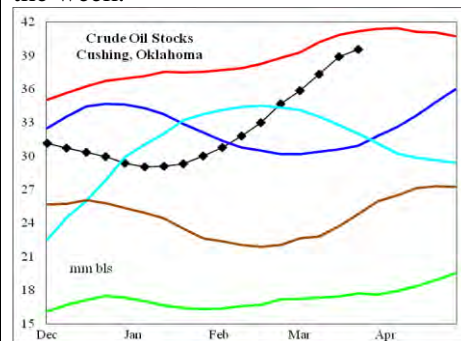
Distillate yield % on crude oil runs increased on a +34,000 bpd rise in production, compared to the decline in crude oil runs. The yield % matched last years' record highs.

Jet fuel yield % on crude oil runs increased last week on a +39,000 bpd increase in output compared to the small increase in crude oil runs. Yield % levels were at the historic mid range.

Petroleum Imports of crude oil surged +1 million bpd last week, to a level above the last 2-years.

During the latest 4-wk period crude oil imports were -44,000 bpd below a year ago; distillate imports decreased -49,000 bpd; finished gasoline imports decreased -20,000 bpd, gasoline blend stock imports declined -151,000 bpd; jet fuel imports were -28,000 bpd lower, while residual fuel oil imports fell -224,000 bpd.

Crude Oil stocks jumped +7.1 million barrels on the week, including +6 million barrel build in the Gulf Region. Stocks increased +1 million barrels for the week.



The latest 4-wk build rate in Cushing remains well above the historic range.

¹ Source is latest EIA Weekly Statistics



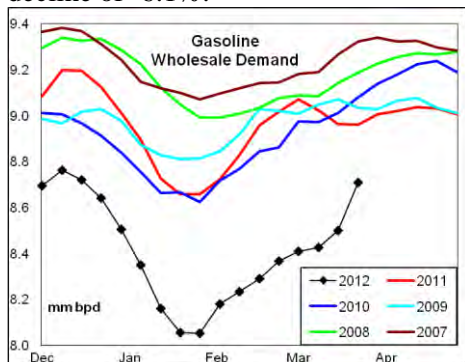
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Product Supply-Demand Trends

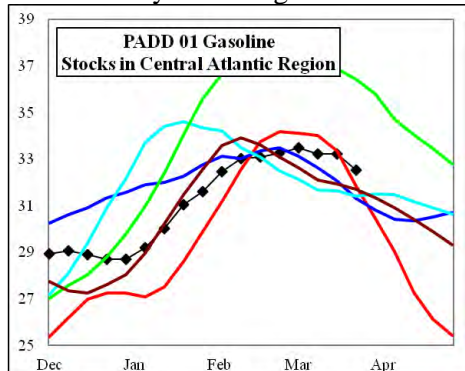
Gasoline demand jumped +331,000 bpd last week, as the industry began restocking with summer grade product. The latest 4-wk average demand was -549,000 bpd below a year ago, a decline of -6.1%.



Combined production and imports decreased -74,000 bpd last week, with the level of supply below the 5-year range.

Stocks fell -3.5 million barrels on the week, with the level matching highs of the last 3-years. The latest 4-wk stock draw of -6.5 million barrels matched the average draw for the last 5-years.

The key PADD 1 region saw a stock draw of -1.8 million barrels. Stock levels in the Central Atlantic Region of PADD 1 ended the week above the 5-year average.



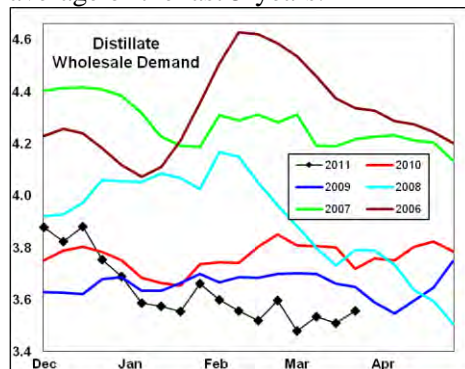
While anticipated refinery closures in the Atlantic Region risk a supply squeeze in the Central Atlantic Region of PADD 1, stocks remain ample in the local market, the Gulf and Lower Atlantic Regions. Very lackluster wholesale demand, while higher this week, continues to exhibit record year on year declines. In the absence of a

significant supply squeeze, wholesale prices risk a pull back during the 2nd quarter.

Distillate demand jumped +379,000 bpd last week. The latest 4-wk average year-on-year change in demand was a -334,000 bpd decline; driven by mild temperatures in heating oil markets.

Supplies increased +25,000 bpd on higher production and imports; with the latest 4-wk average supply -8,000 bpd below last year. Stocks declined -0.7 million barrels on the week.

The latest 4-wk stock change in markets East of the Rockies was a draw of -4.8 million barrels, which was a slightly smaller draw than the average of the last 5-years.



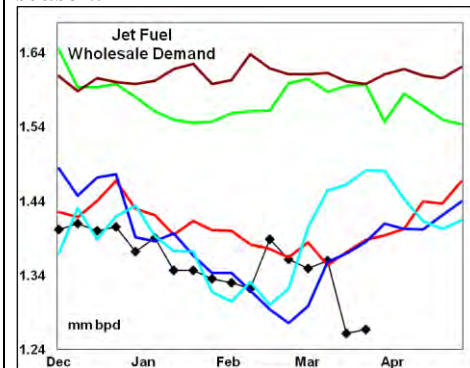
Production has likely reached a seasonal low, at a level comparable to last year. The latest 4-wk average increase in output of just +41,000 bpd over last year was the lowest year on year increase of the year.

West Coast production was -114,000 bpd below a year ago on much above average refinery maintenance. Rocky Mountain production remains at record high levels. Regional output in markets East of the Rockies was comparable to a year ago.

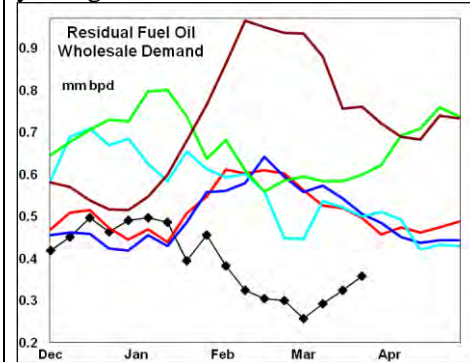
Jet Fuel demand declined -25,000 bpd last week, with the level well below the 5-year range. The latest 4-wk average demand was -46,000 bpd below a year ago.

Supply increased +43,000 bpd on higher production. Stocks increased +0.4 million barrels on the week, with the level above four of the last 5-years.

Demand has been unusually low for the last 2-wks, after a spike during February. Weak demand, combined with an upturn in production as refiners return from maintenance should assure ample supplies for the 2nd quarter. Supplies on the West Coast remain relatively tight due to an above average refinery maintenance season.



Residual fuel oil demand decreased -79,000 bpd last week. The latest 4-wk average was -220,000 bpd below a year ago.



Supply (production + imports) fell -78,000 bpd last week, on lower imports. The latest 4-wk average supply was -211,000 bpd below last year on lower imports. Stocks decreased -0.4 million barrels, with the level below the 5-year range.

Demand for the latest 4-wk period was -39% below a year ago due to unusually warm temperatures and substitution of low cost gas.

Stock levels remain near 5-year highs in the Midwest and at record highs for this time of year in the Gulf. The key Gulf market remains very well supplied.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

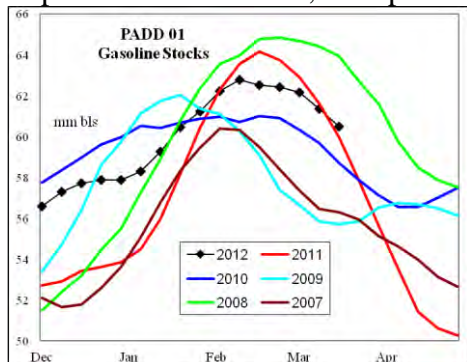
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +60,000 bpd on the week, with the latest 4-wk average -90,000 bpd below last year.

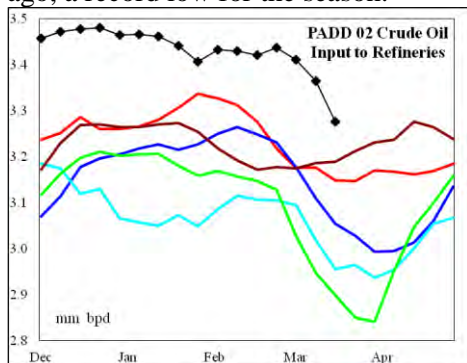
Gasoline production declined -59,000 bpd last week, while imports increased +122,000 bpd.



Stocks fell -1.6 million barrels on the week, to a level comparable with last year and above four of the last 5-years. Stock levels in the key Central Atlantic Region ended the week above the 5-year mid range.

Distillate supply increased +39,000 bpd on the week, a level comparable to the last 3-years. Stocks declined -0.2 million barrels on the week, a level -15% below last year.

Jet fuel stocks were nearly unchanged on the week, with the level matching the historic mid range. Supply was -38,000 bpd below a year ago, a record low for the season.



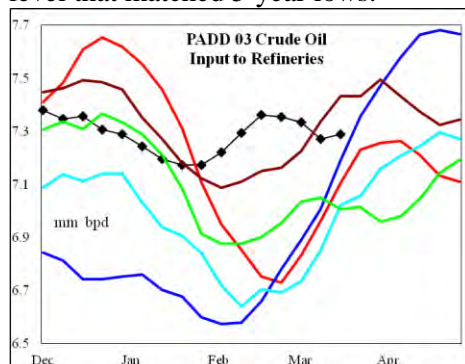
PADD 2 crude oil refinery runs fell -170,000 bpd last week, with the 4-wk average +220,000 bpd above last year. Crude imports increased +0.3 million bpd, while stocks at Cushing ended the week off -5 million barrels from last years' record highs.

Gasoline production decreased -64,000 bpd last week, with the latest 4-wk average -65,000 bpd below the average of the last 3-years. Stocks decreased -0.6 million barrels to a level +4.2% above last year.

Distillate production increased +14,000 bpd on the week, with output +89,000 bpd above last year for the latest 4-wk period. Stocks decreased -0.6 million barrels, although the level remains above four of the last 5-years.

Jet fuel production declined -31,000 bpd on the week, with the latest 4-wk average +9,000 bpd above last year. Stocks ended the week at a level slightly above the 5-year range.

PADD 3 refinery runs increased +168,000 bpd last week, a level slightly above the last 3-years. The latest 4-wk average thru put was +391,000 bpd above last year on below average refinery maintenance. Crude oil imports fell -0.6 million bpd to a new record low level. Stocks increased +0.7 million barrels, to a level that matched 5-year lows.



Gasoline production increased +54,000 bpd, a level -145,000 bpd below a year ago. Stocks climbed +1.3 million barrels last week, to a new record high for this time of year (+5.3 million barrels above last year).

Distillate production increased +41,000 bpd on the week, with the latest 4-wk average +88,000 bpd above last year. Stocks increased +2 million barrels to a level that matched the 5-year mid range.

Jet fuel supply increased +42,000 bpd last week, to a level above the last 3-years. Stocks were nearly

unchanged with the level slightly above the historic range.

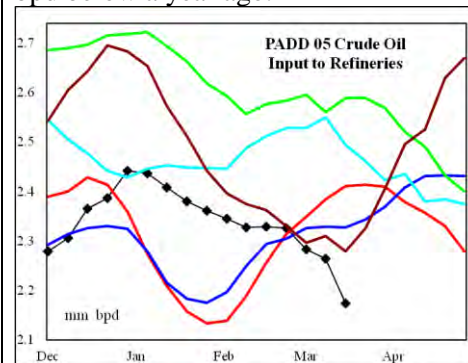
Residual fuel oil supplies decreased -6,000 bpd on the week. Stock levels were at 5-year highs for the week.

PADD 4 refinery crude runs increased +13,000 bpd on the week, with the level +50,000 bpd above last year and a 5-year high. The most recent 4-wk average run rate was +29,000 above a year ago.

Gasoline production declined -13,000 bpd on the week, with the level near historic lows for the week. Stocks were nearly unchanged at a level near the mid range.

Distillate production was unchanged on the week, with the level a record high for this time of year. The latest 4-wk average output was +27,000 bpd above last year (+16%). Stock levels were +31% above last year and a record high for this time of year.

PADD 5 crude oil refinery runs fell 171,000 bpd last week, to a level below the 5-year range. Runs for the most recent 4-wk period were -111,000 bpd below a year ago.



Gasoline production decreased -78,000 bpd on the week to a level that matched 5-year lows. Supply (production + imports) for the latest 4-wk average was -27,000 bpd below a year ago. Stocks declined -0.4 million barrels with the level below the last 2-years.

Distillate supply increased +6,000 bpd on the week, to a level that matched 5-year lows. There were no imports for the week.



PETROLEUM: Graph Link and Weekly Summary

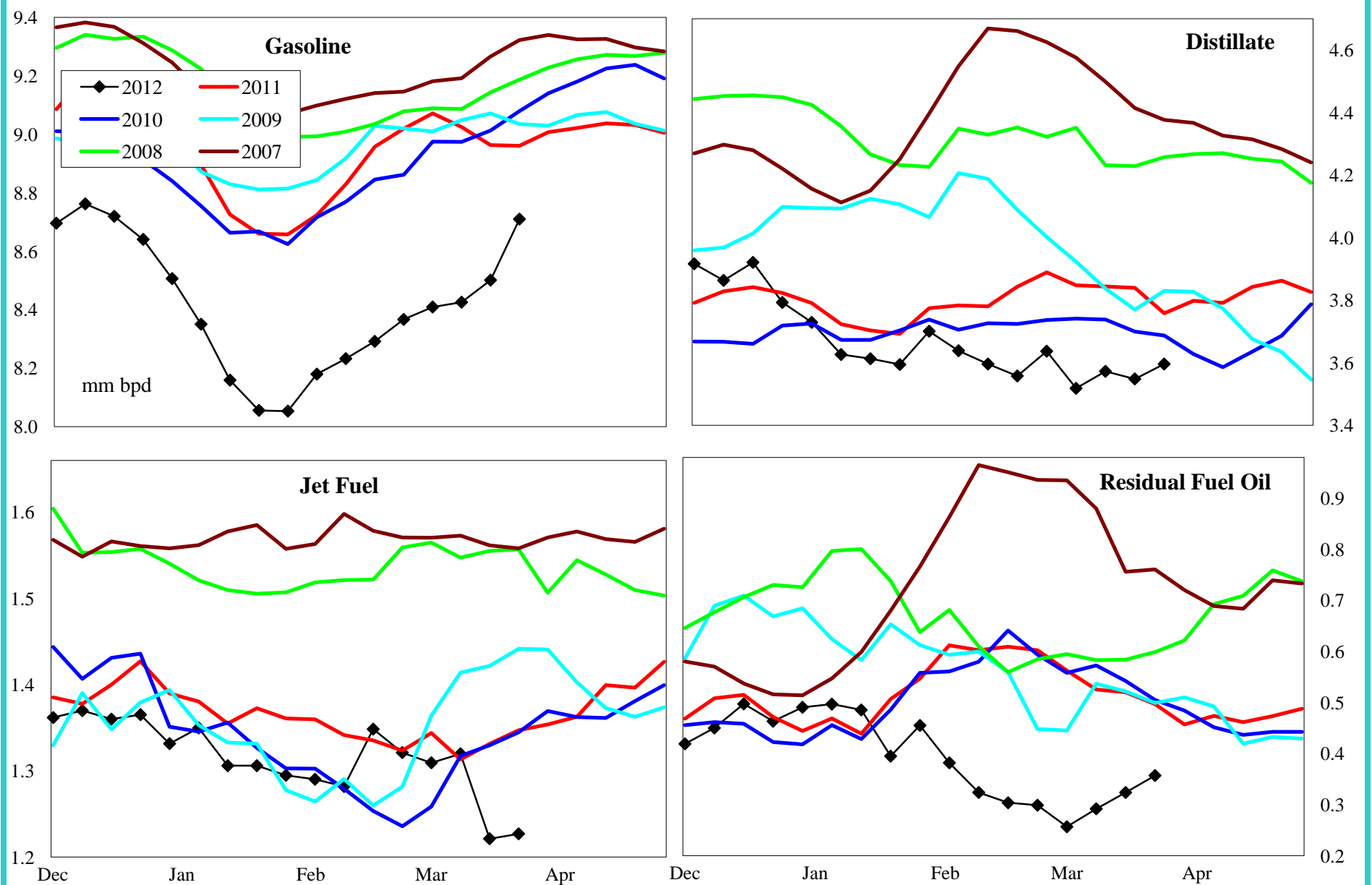
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %			Imports	
Supply/Demand Trends	23-Mar-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	7,102	-819	1,076	5,976	-303	1,172
	Imports	1,045	96	-63	571	28	412
	Input	88	-74	5	275	-16	-102
	% Utilization	2.30					
Gasoline	Stocks	-3,537	-1,808	-936	-1,252	80	379
	Production	-6	36	32	-24	24	15
	Imports	-68	-92	-1	0	0	25
	Supplied	331					
Distillate	Stocks	-711	1,068	157	-1,943	191	-185
	Production	34	-25	-74	103	3	27
	Imports	-9	46	3	-62	0	4
	Supplied	379					
Jet Fuel	Stocks	380	423	-210	506	-99	-239
	Production	39	-1	-9	33	2	15
	Imports	4	0	0	0	0	5
	Supplied	-25					
Residual Fuel Oil	Stocks	-387	225	-15	-457	16	-156
	Production	0	3	8	-9	5	-6
	Imports	-78	-29	-3	0	0	-46
	Supplied	-79					

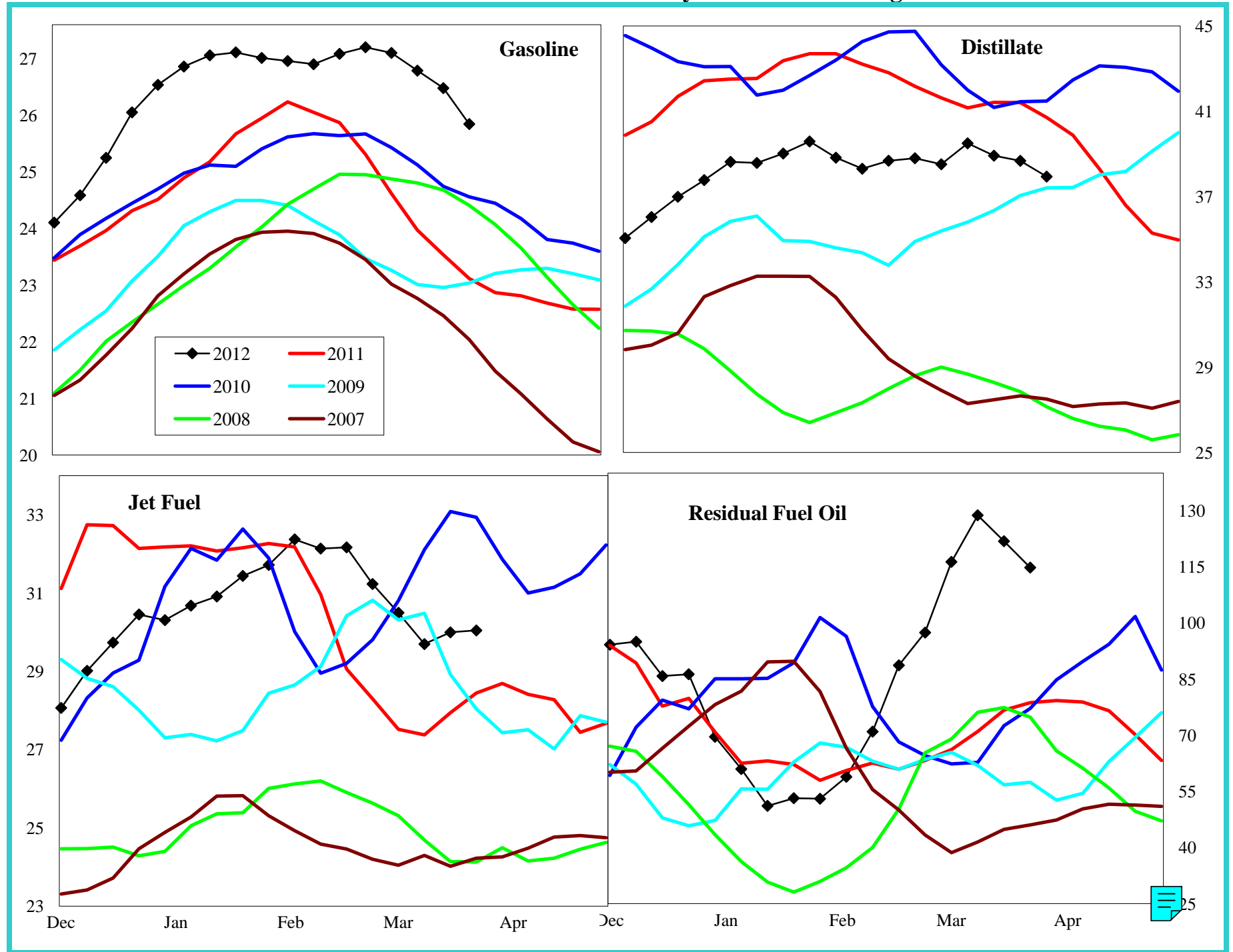
United States Wholesale Petroleum Demand



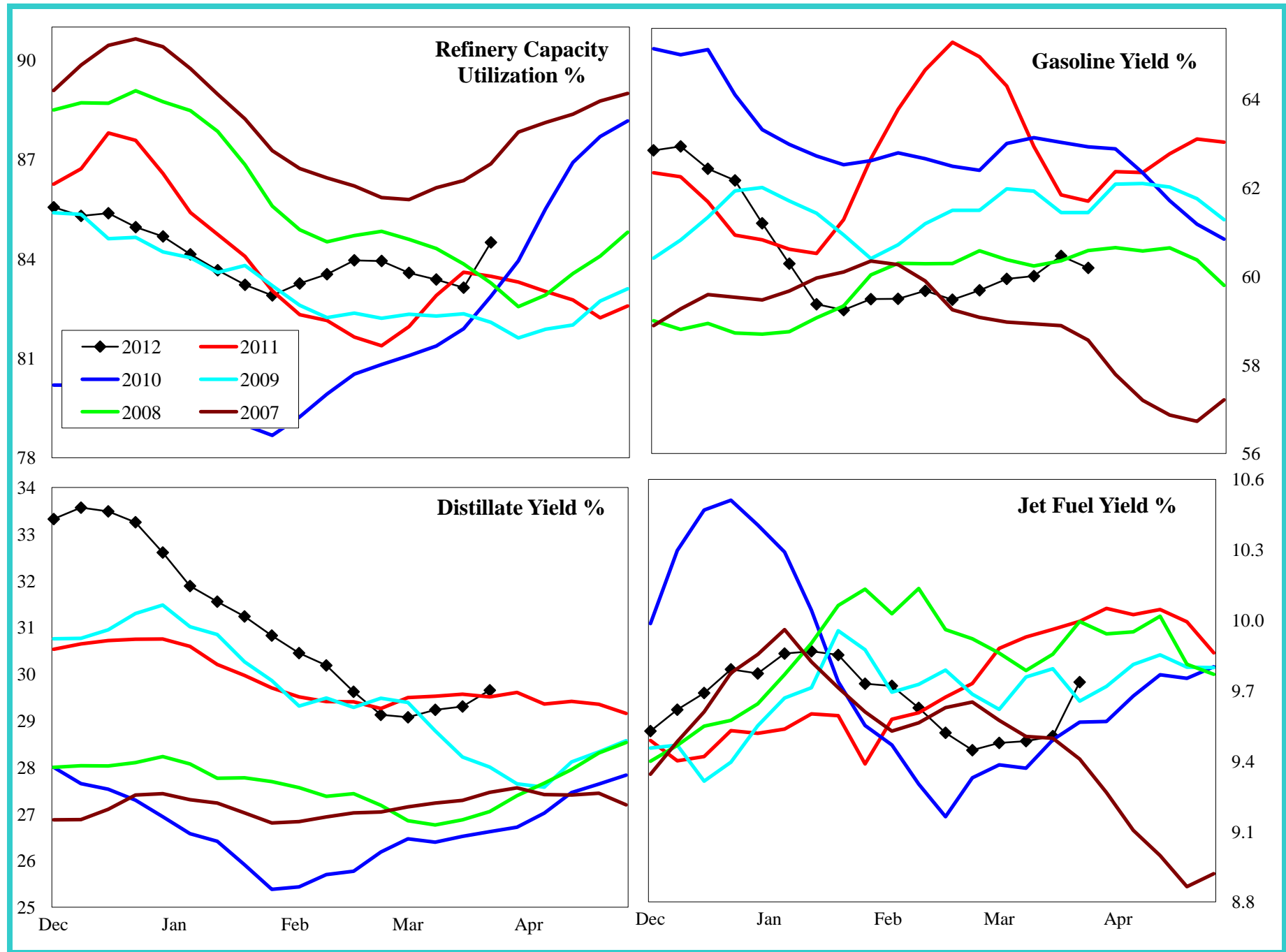
	000 bpd change from prior year				% change from prior year			
	4wk avg	Feb	Jan	Jan	4wk avg	Feb	Jan	Dec
Gasoline	-549	-293	-374	-155	-6.1	-3.4	-4.4	-1.7
Distillate	-334	-283	-295	-255	-8.6	-7.3	-7.4	-6.1
Jet Fuel	-46	52	-24	22	-3.3	3.9	-1.8	1.6
Resid	-220	-258	-176	8	-38.9	-41.1	-28.3	1.5



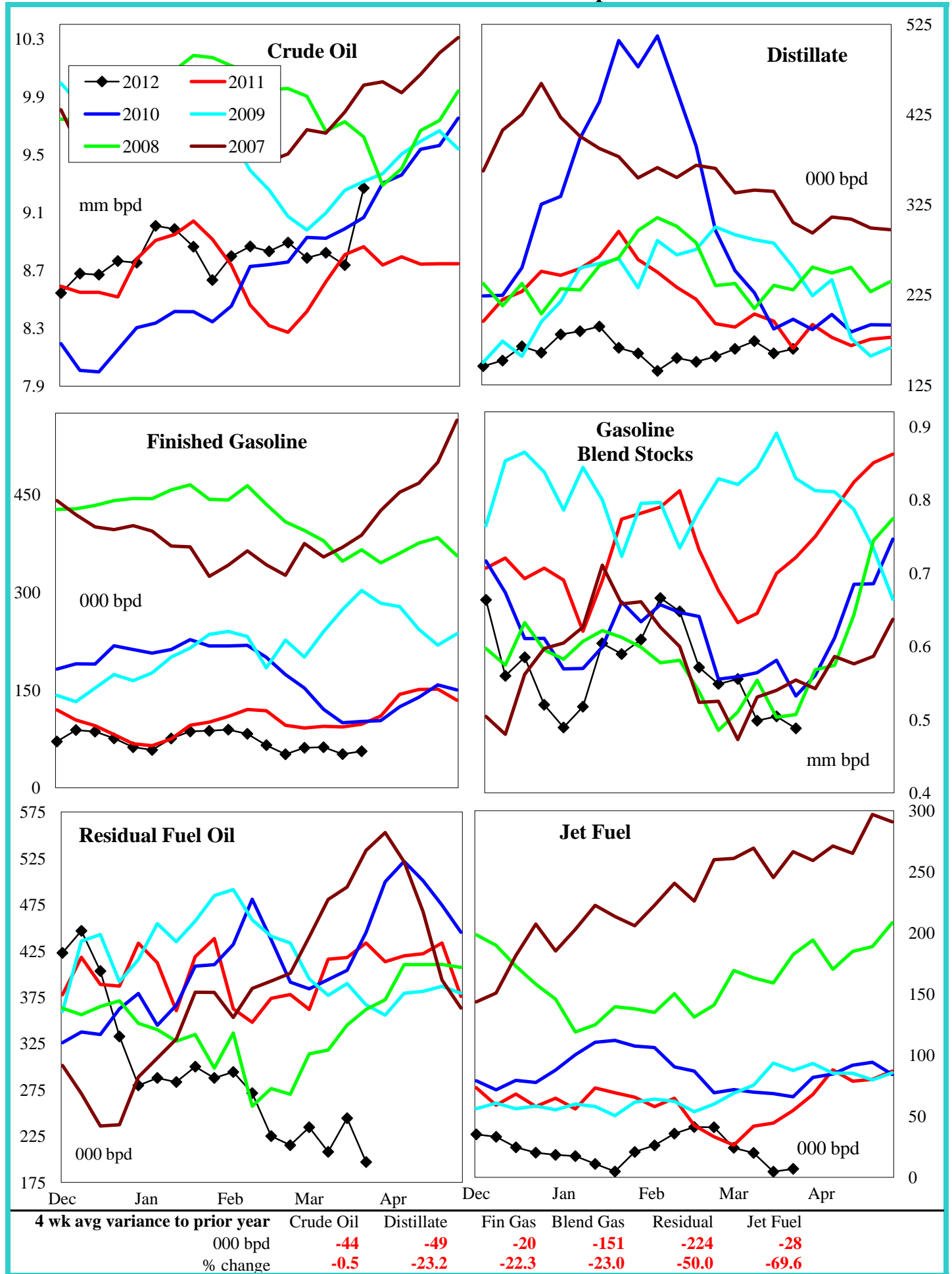
United States Product Stocks: Days Forward Coverage



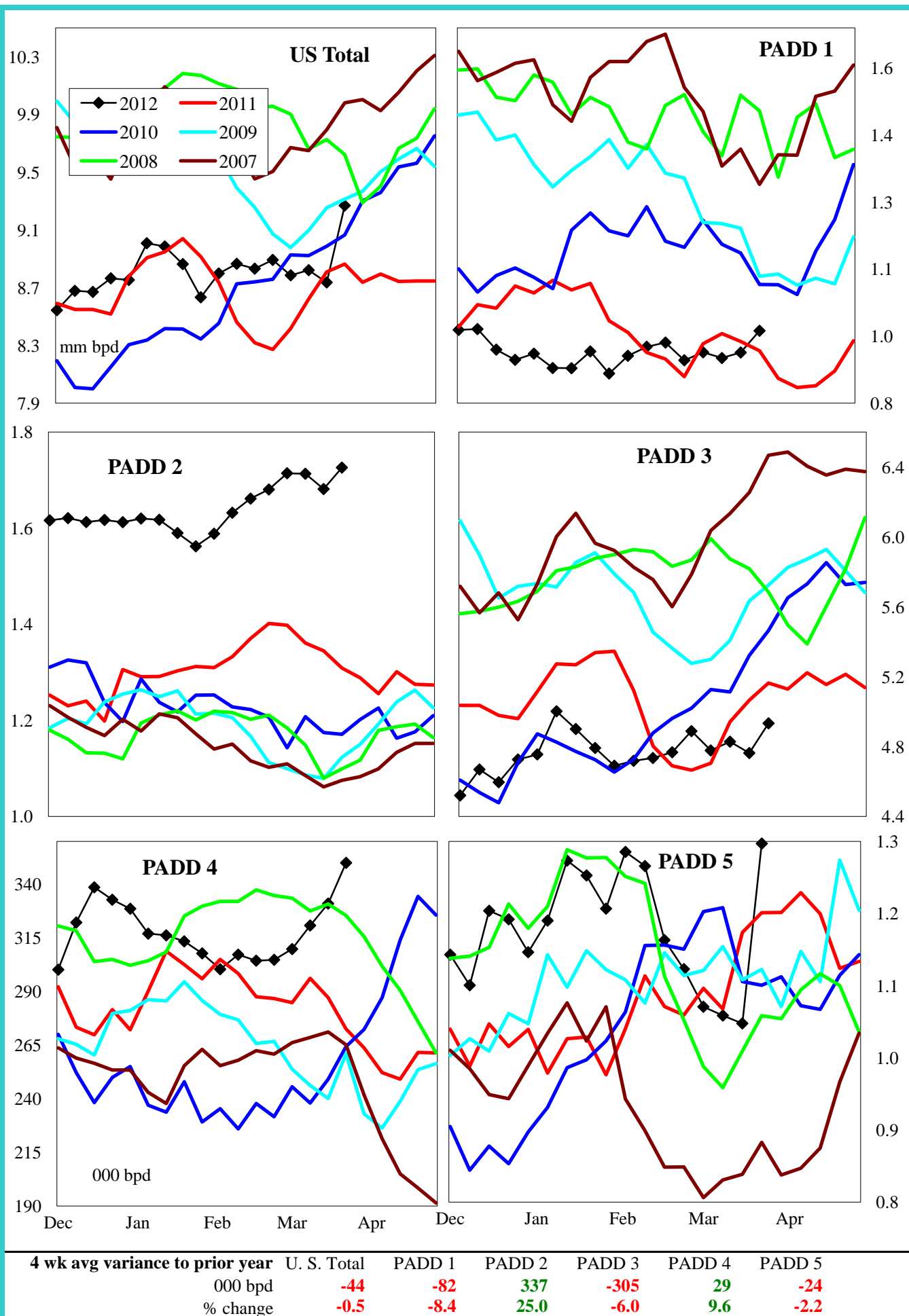
United States Refinery Percent Utilization Rate and Product Yields



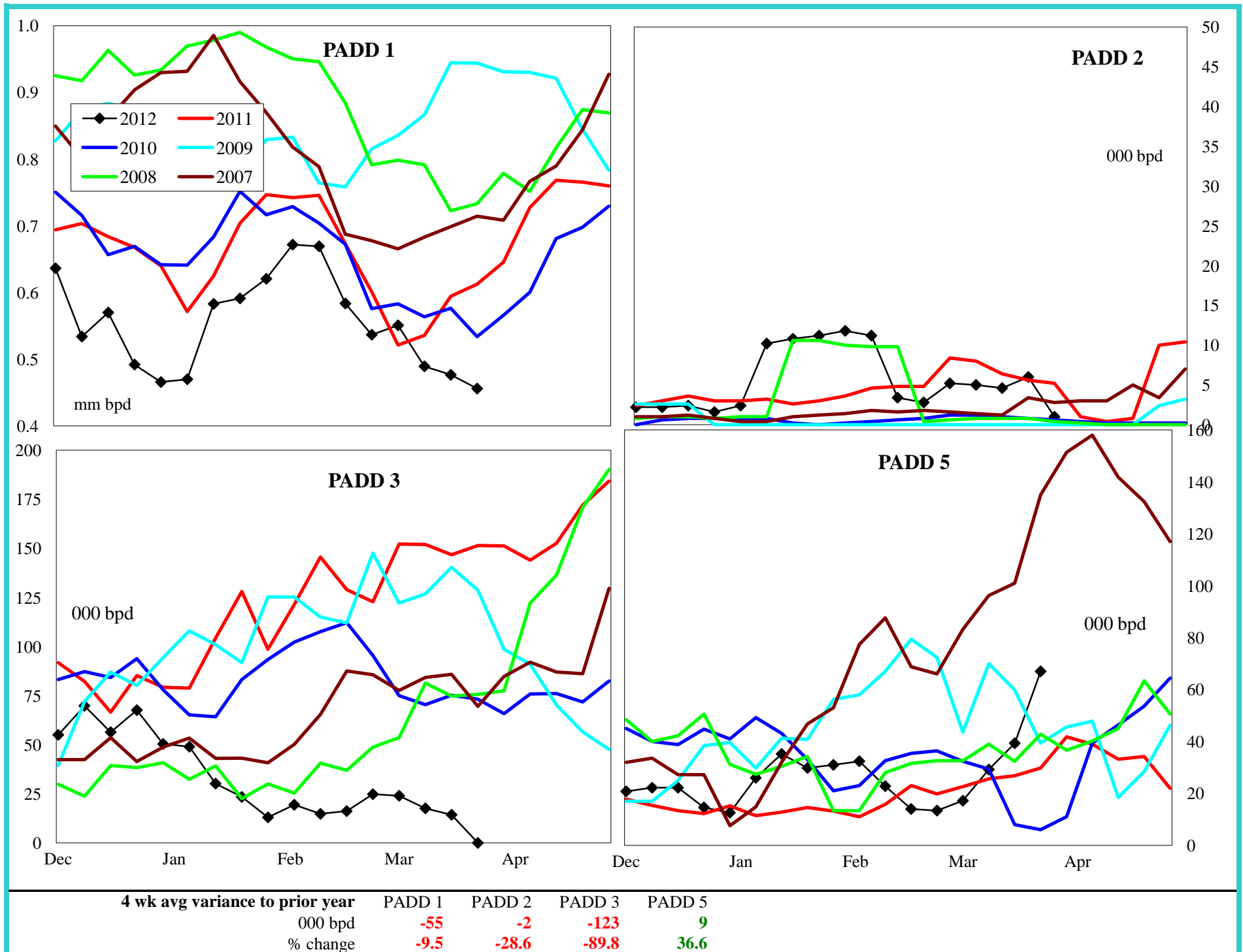
United States Petroleum Imports



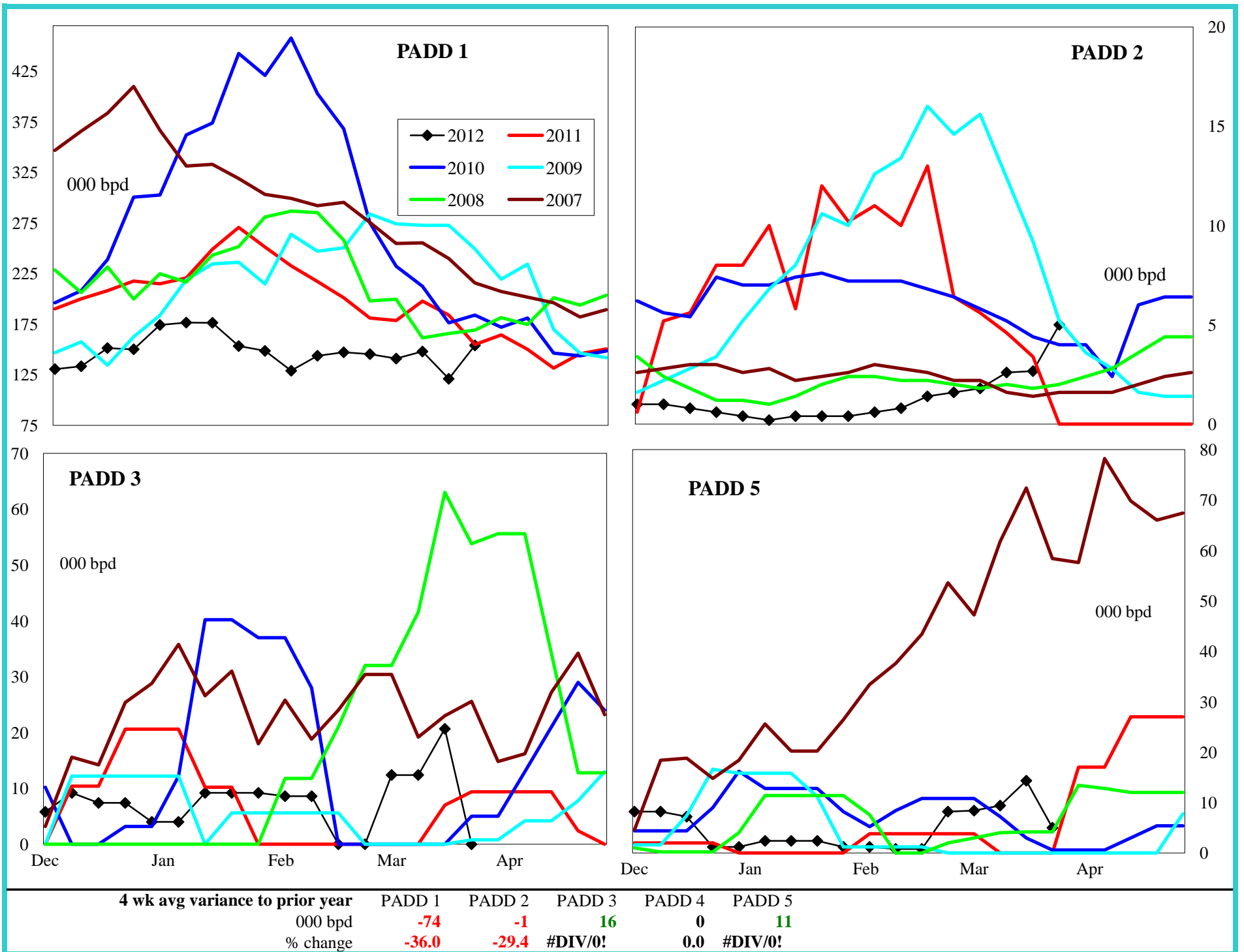
Crude Oil Imports by PADD



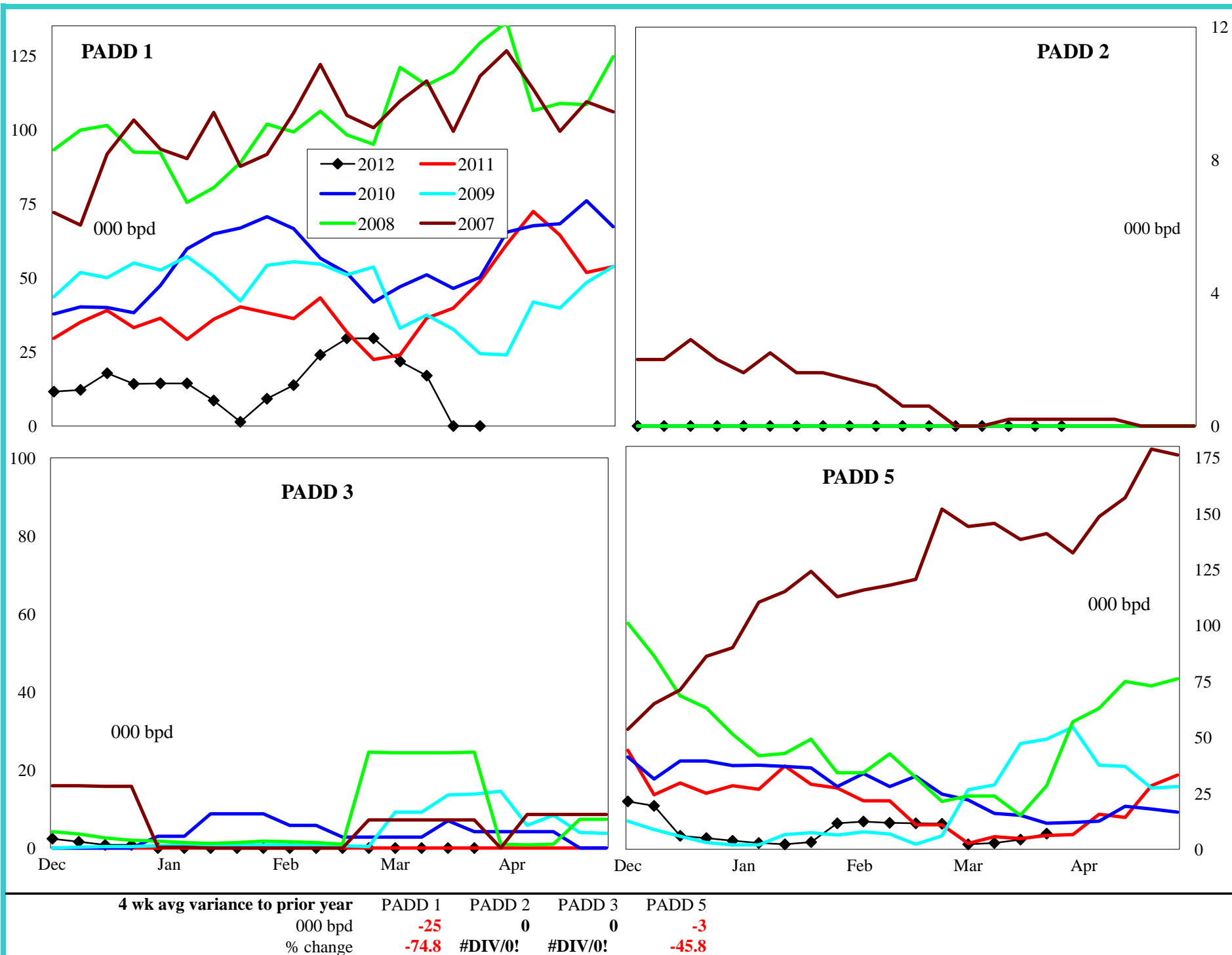
Gasoline Imports by PADD (Finished + Blend Stocks)



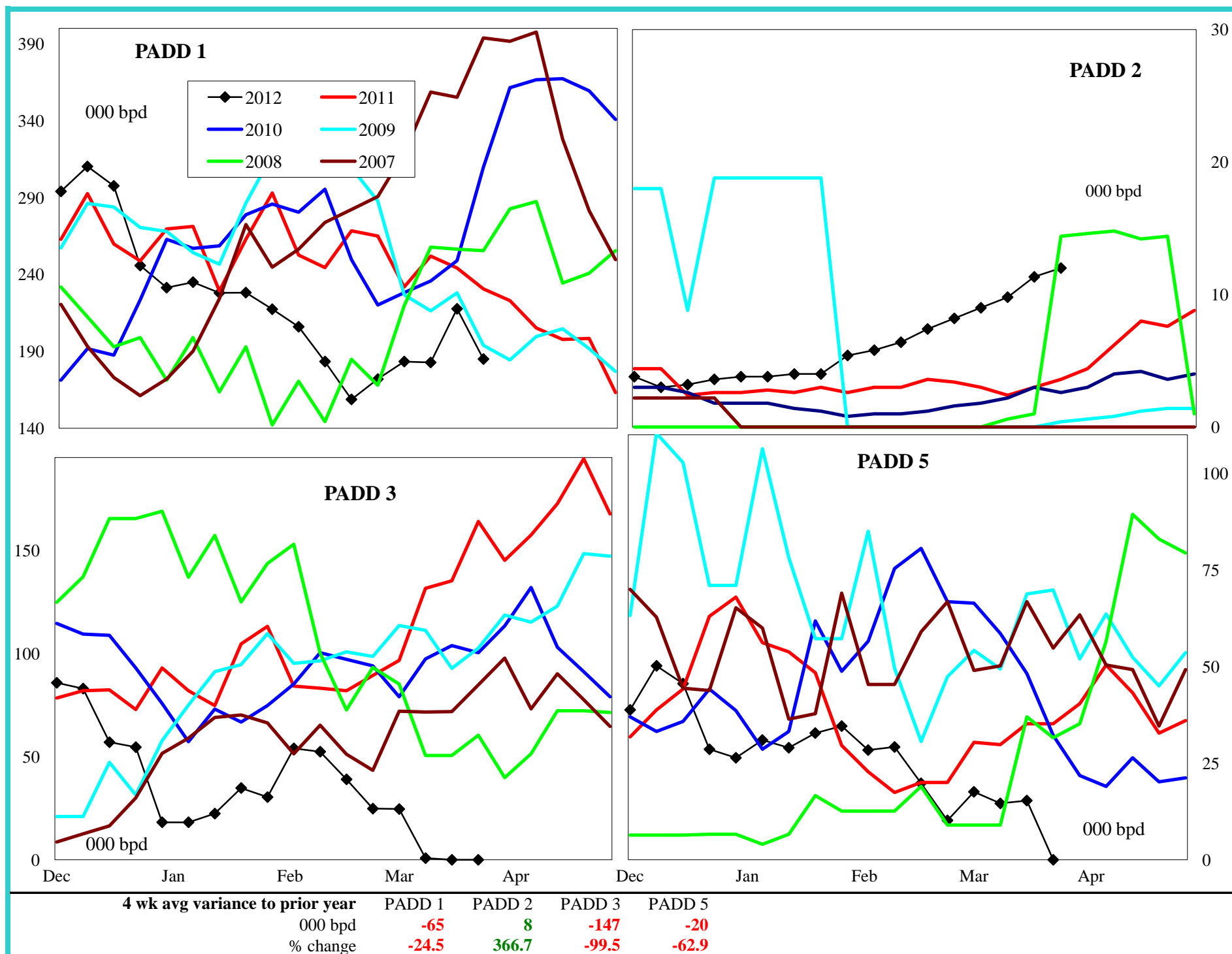
Distillate Imports by PADD



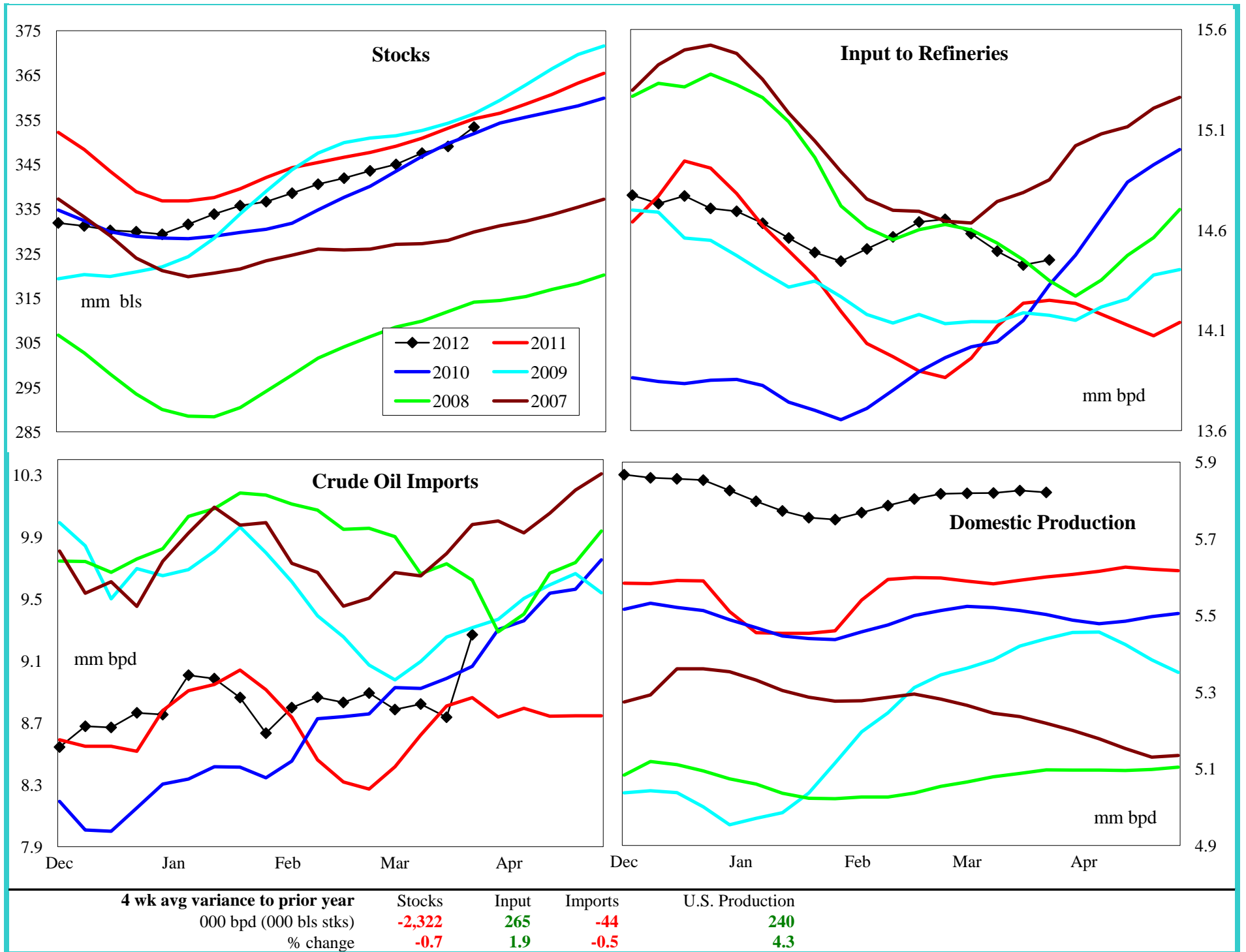
Jet Fuel Imports by PADD



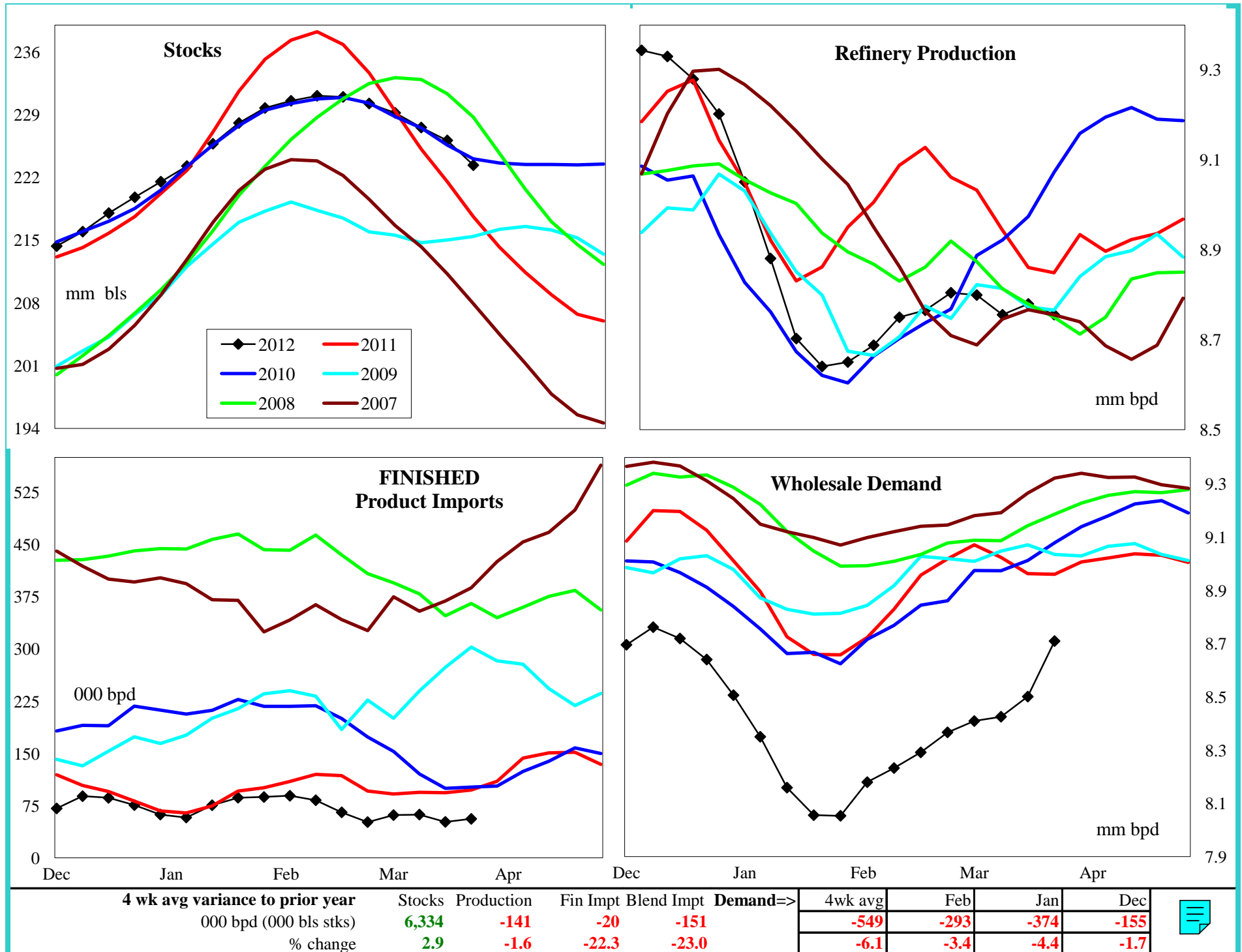
Residual Fuel Oil Imports by PADD



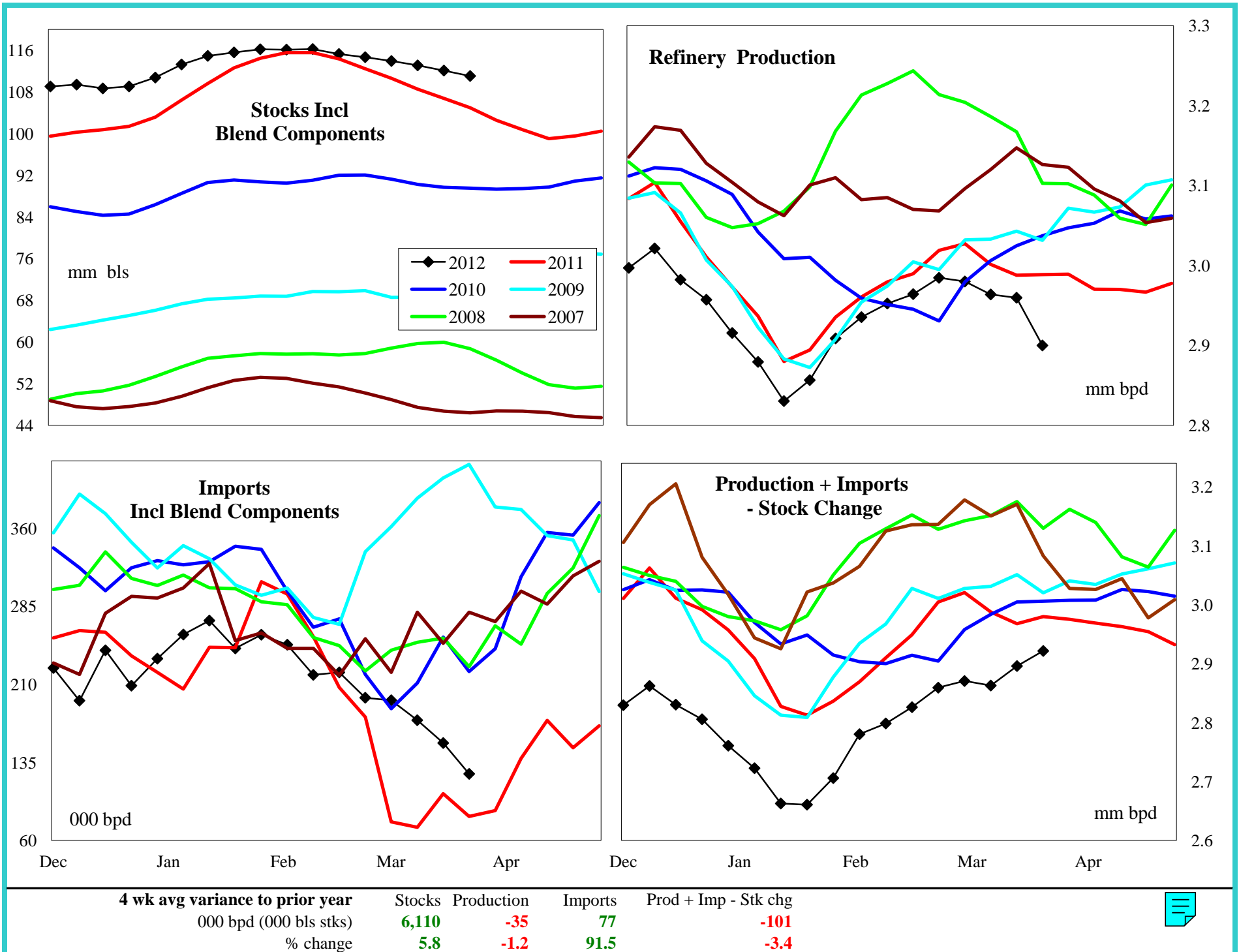
United States Crude Oil Supply and Demand Balance



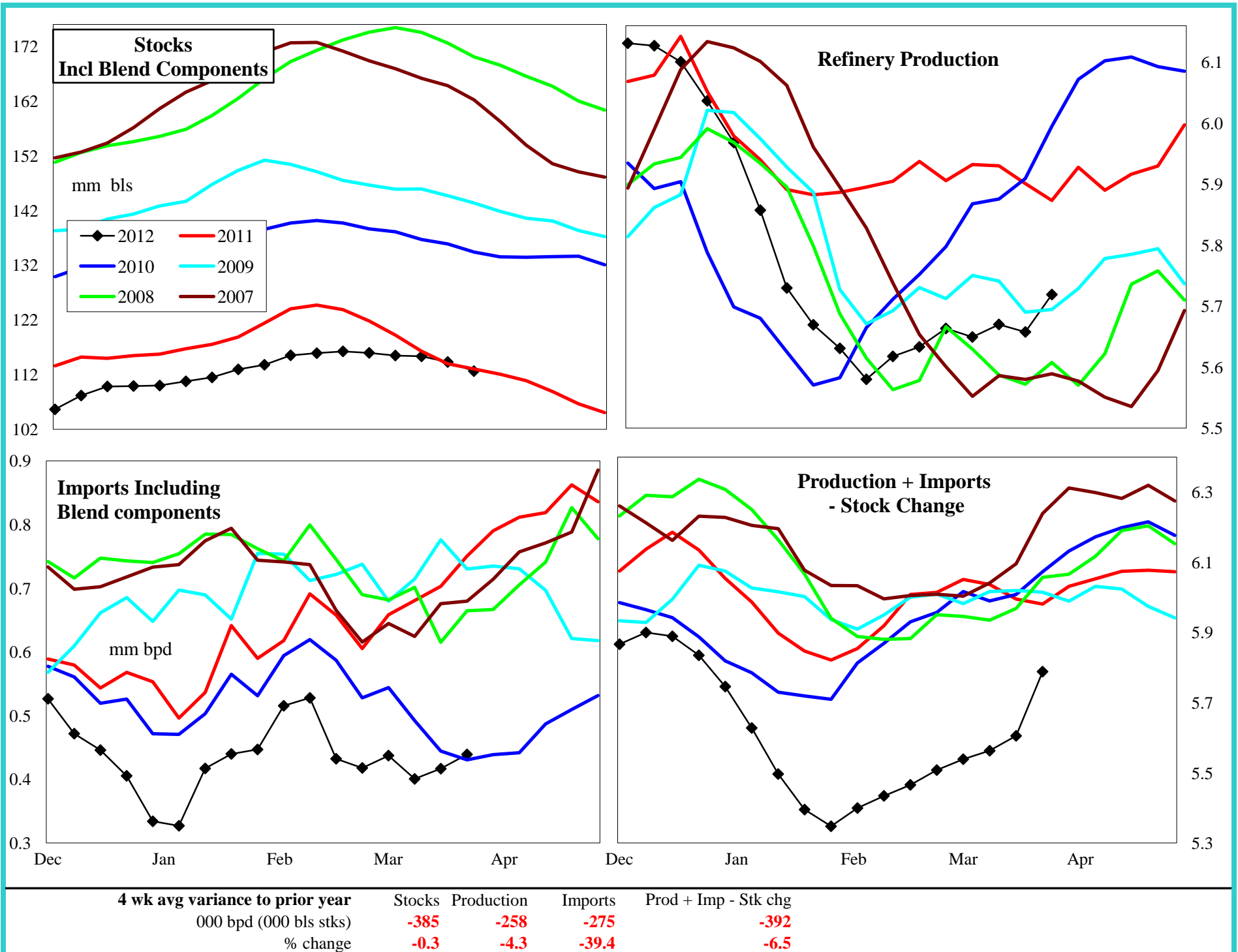
United States Gasoline Supply and Demand Balance



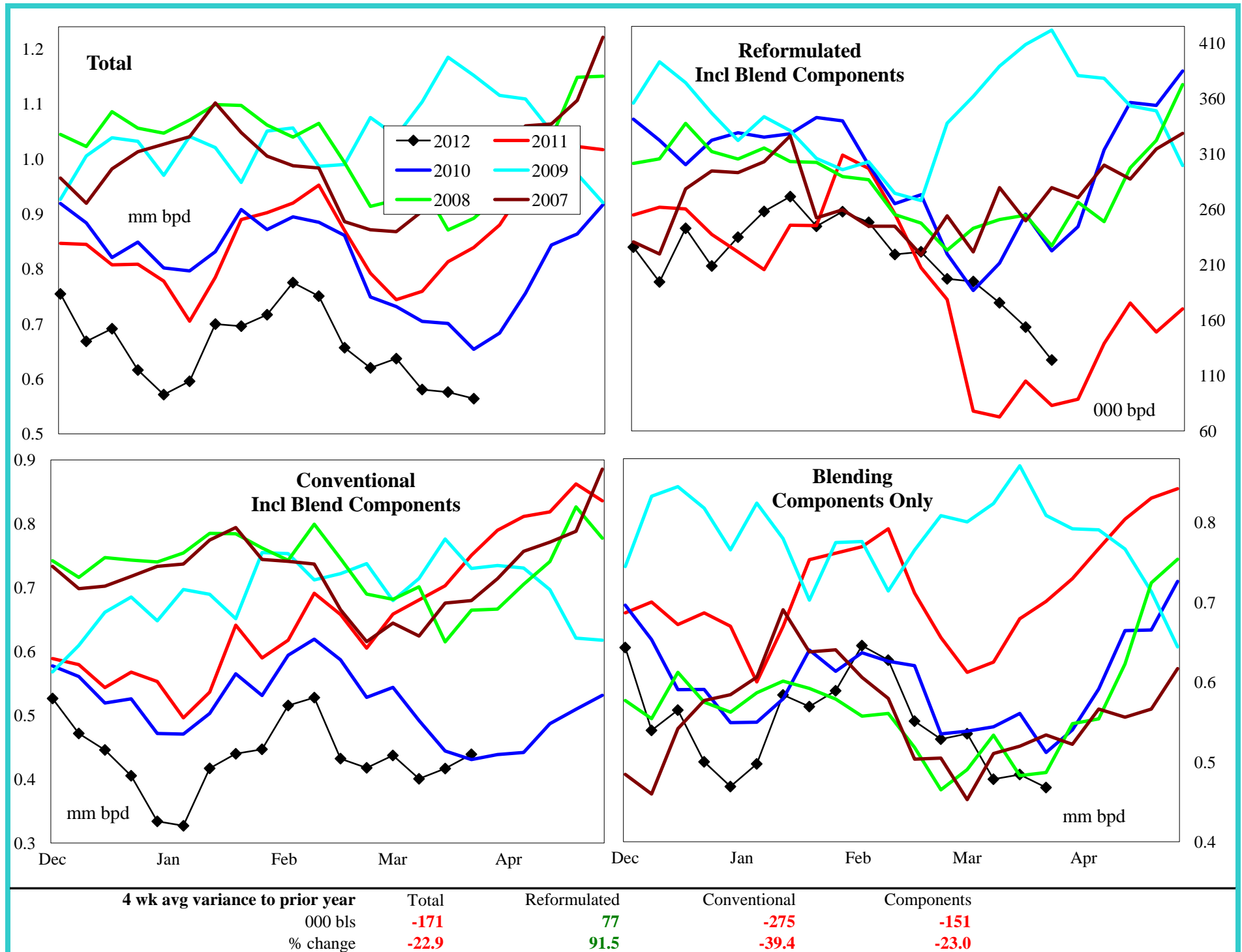
United States Reformulated Gasoline Supply



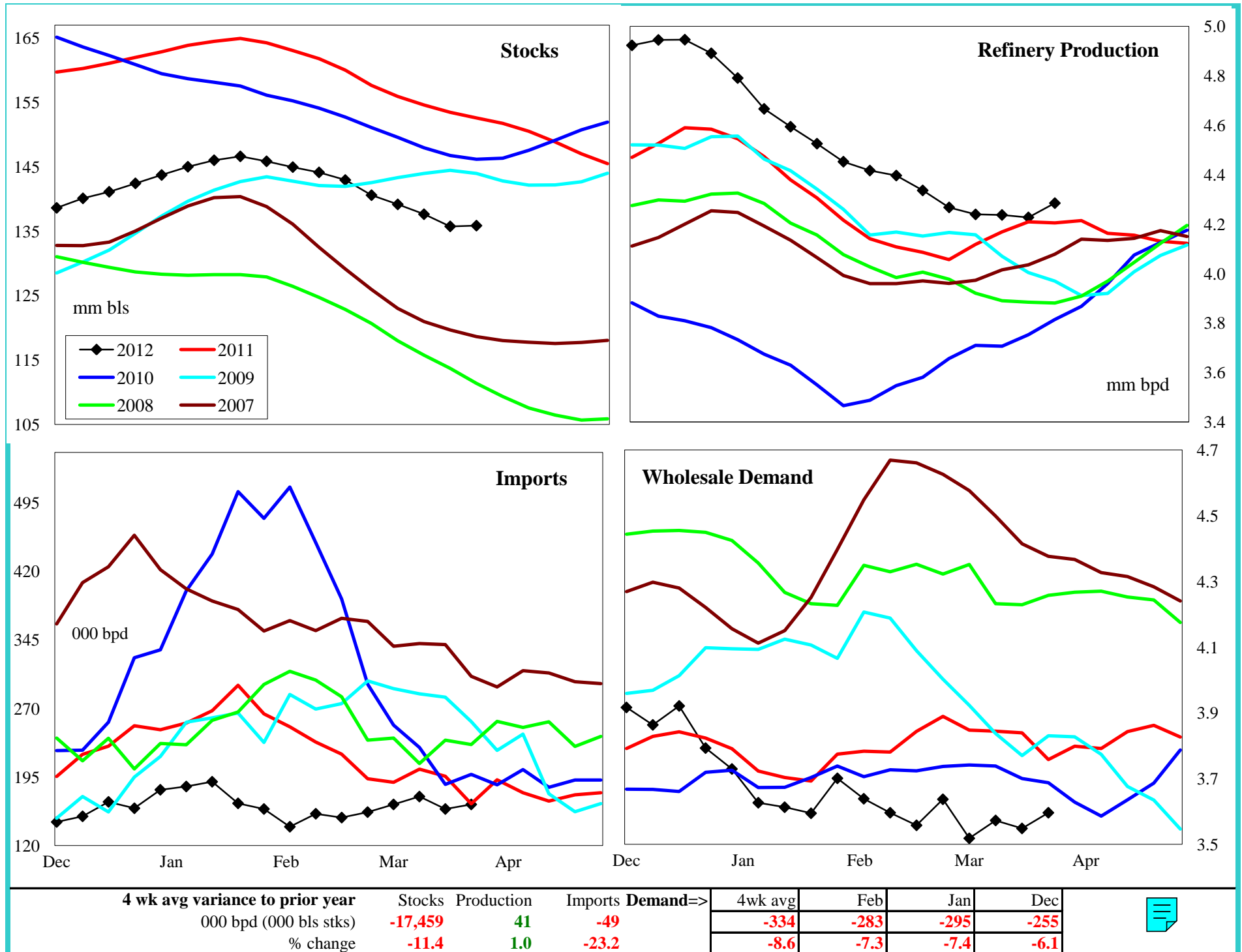
United States Conventional Gasoline Supply



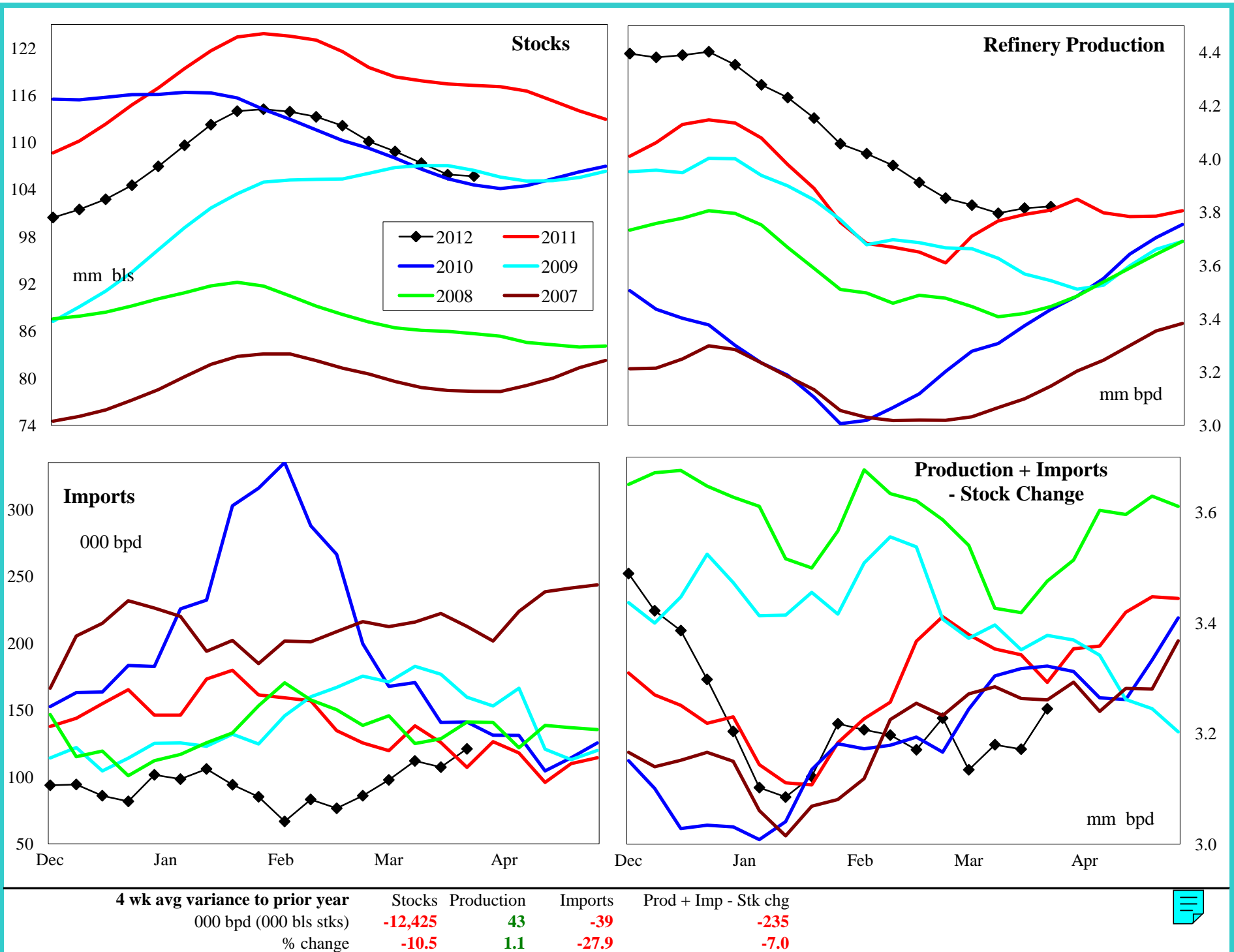
United States Gasoline Imports by Type



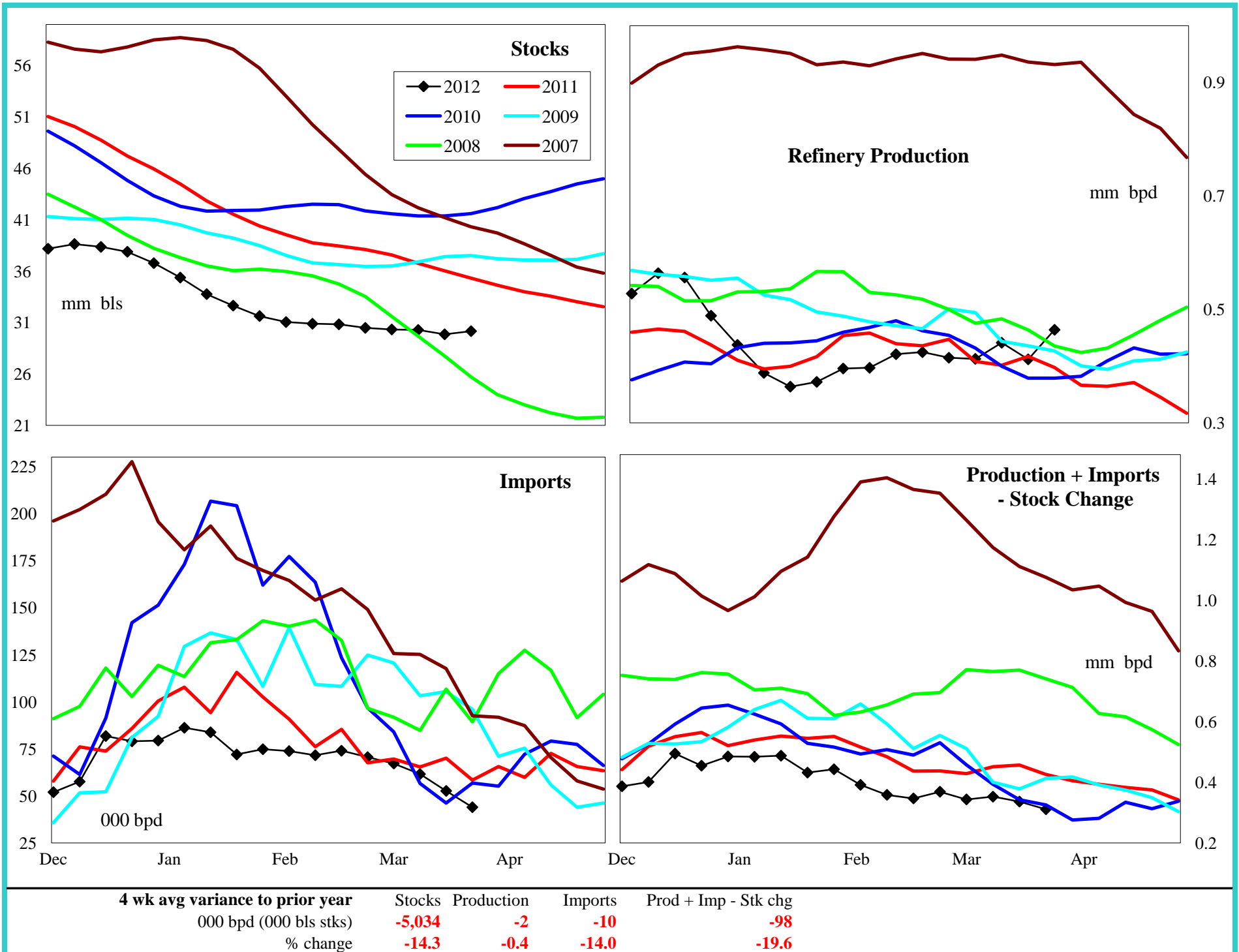
United States Distillate Supply and Demand Balance



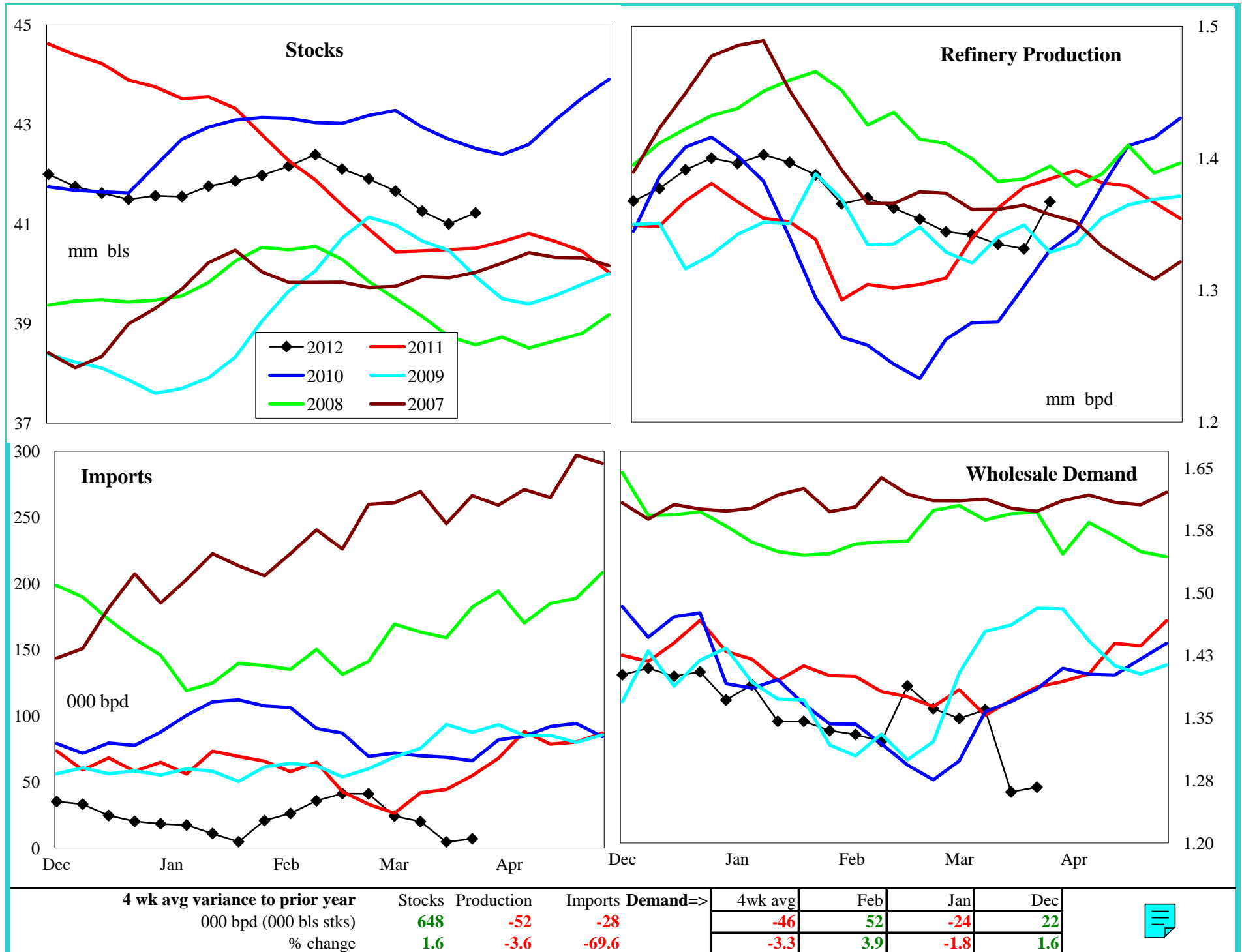
United States Low Sulfur Distillate Supply



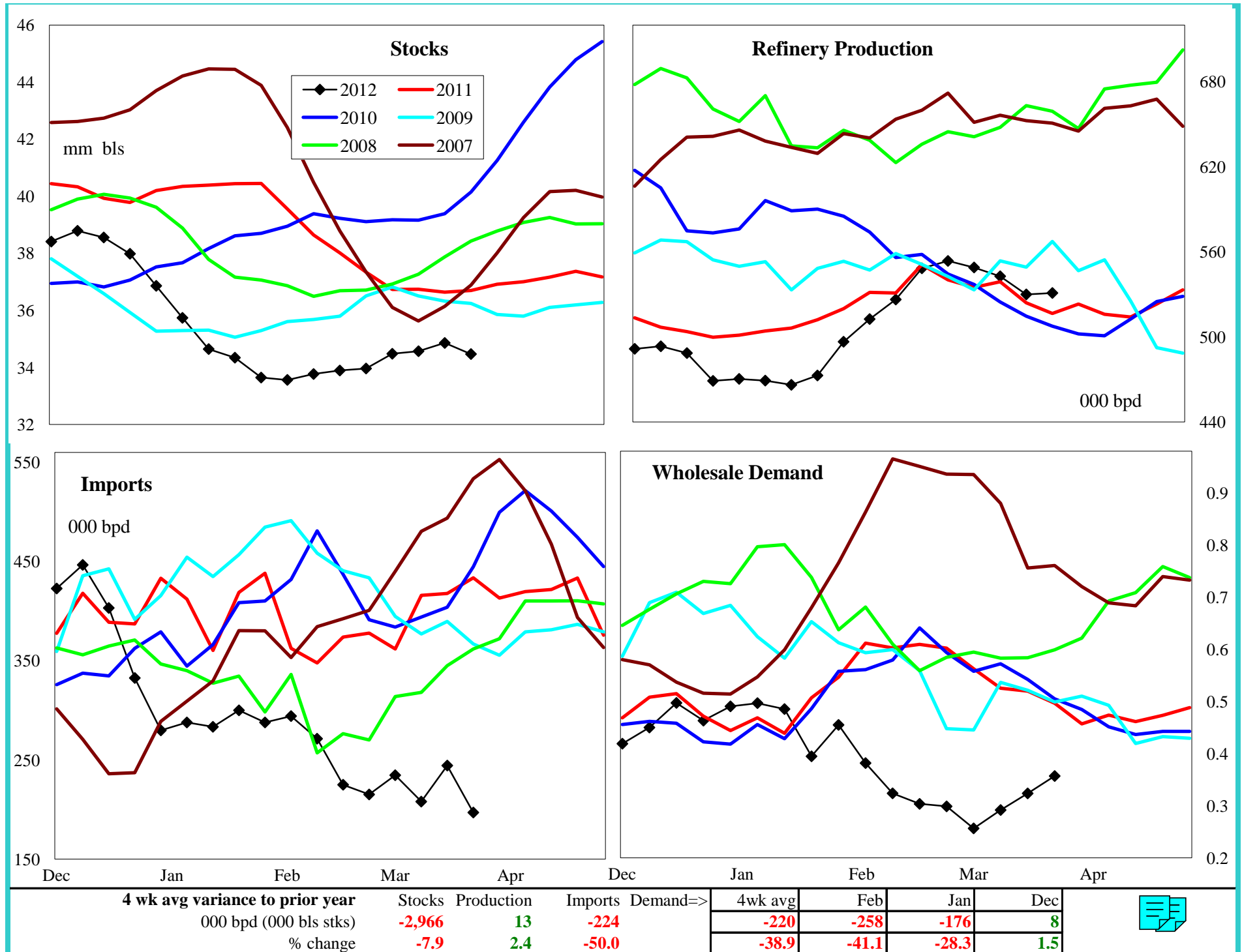
United States High Sulfur Distillate Supply



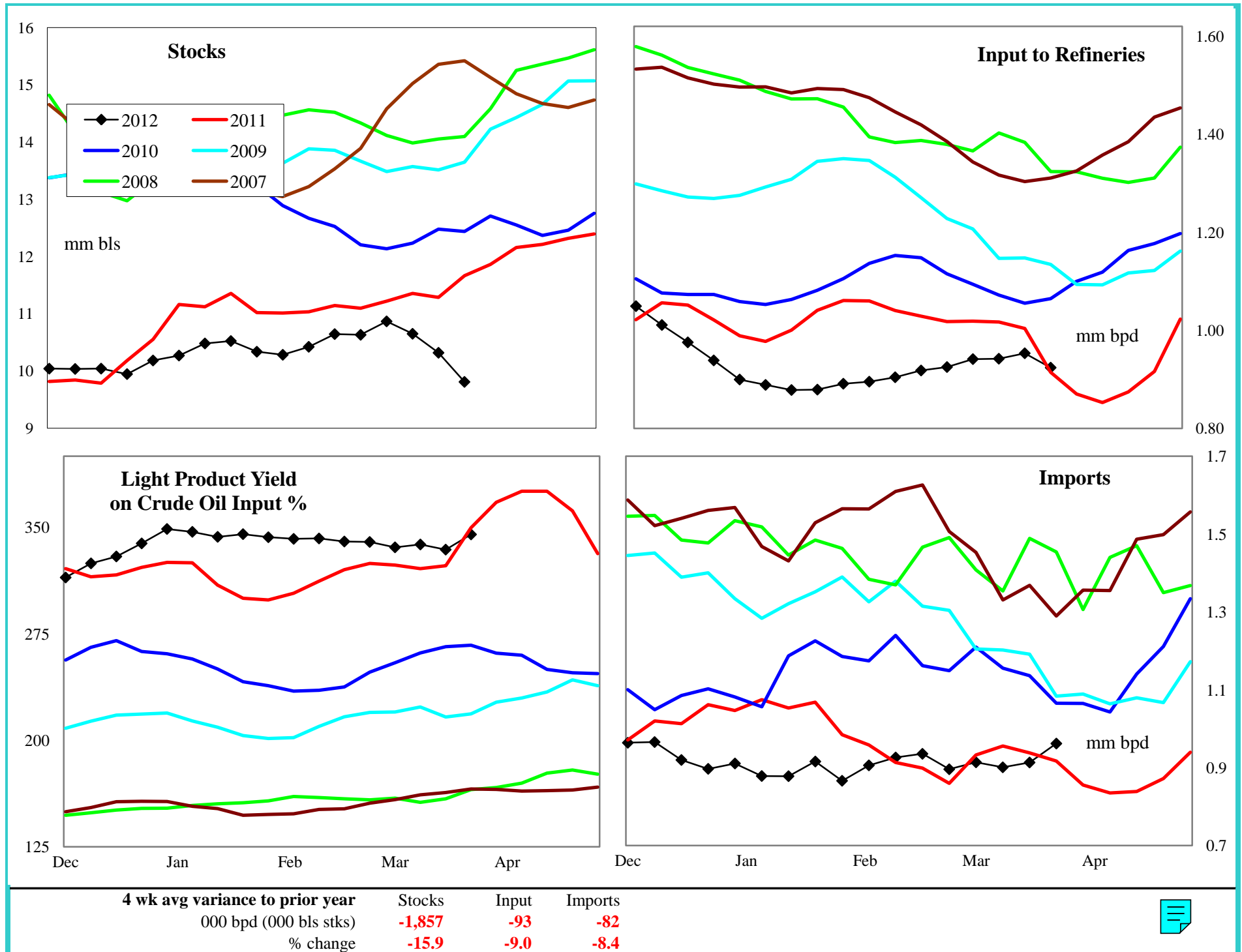
United States Jet Fuel Supply and Demand Balance



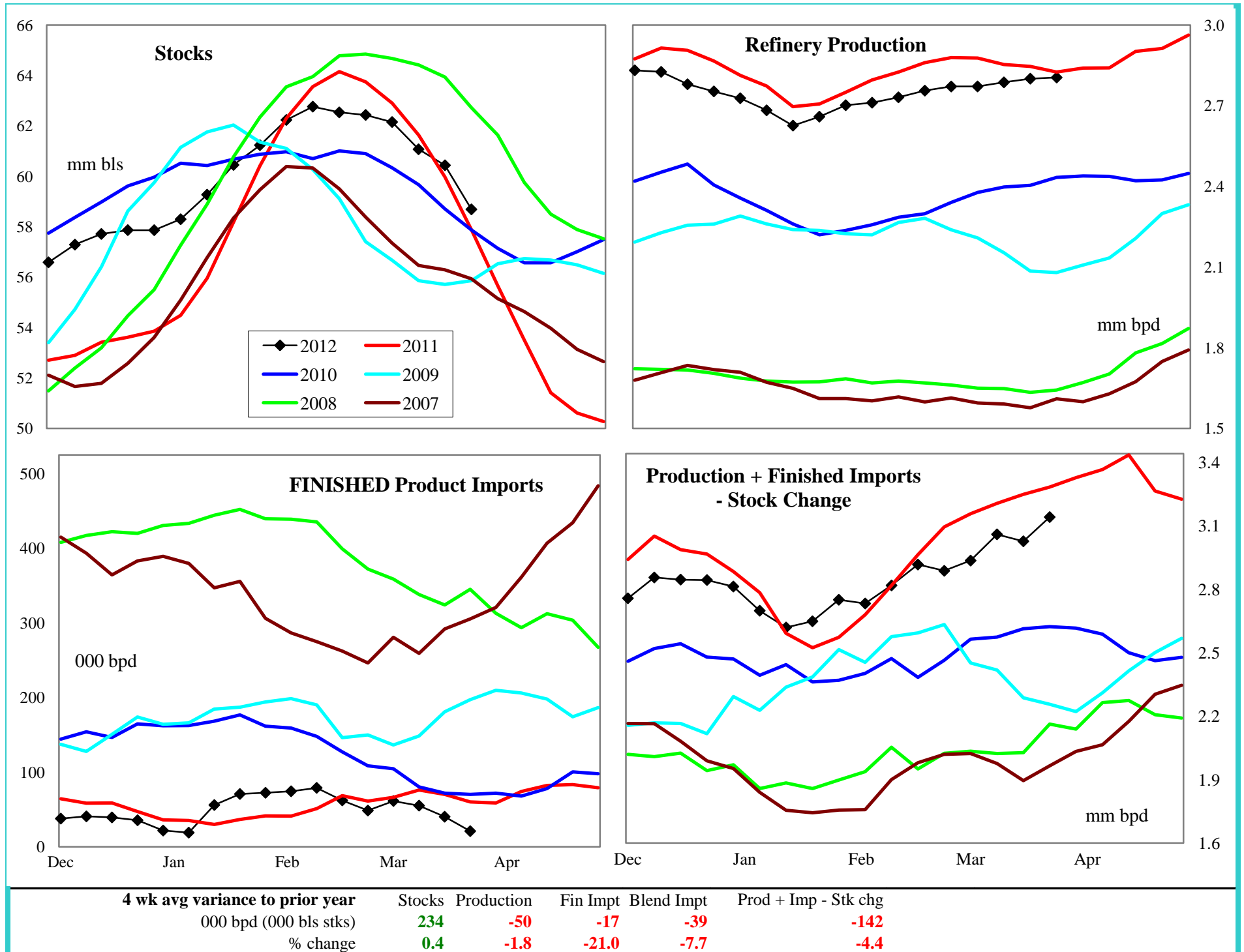
United States Residual Fuel Oil Supply and Demand Balance



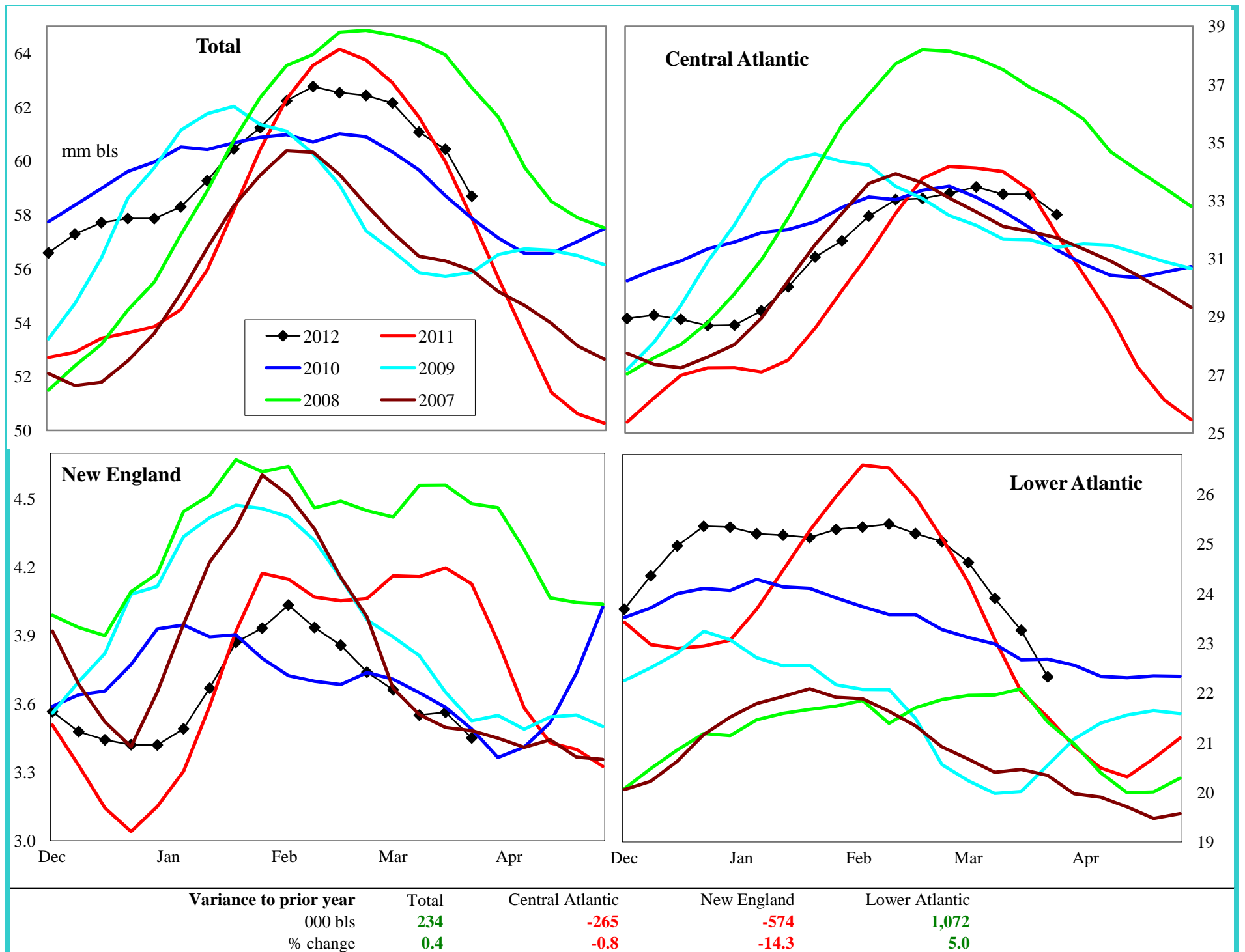
PADD 1 Crude Oil Supply and Refining



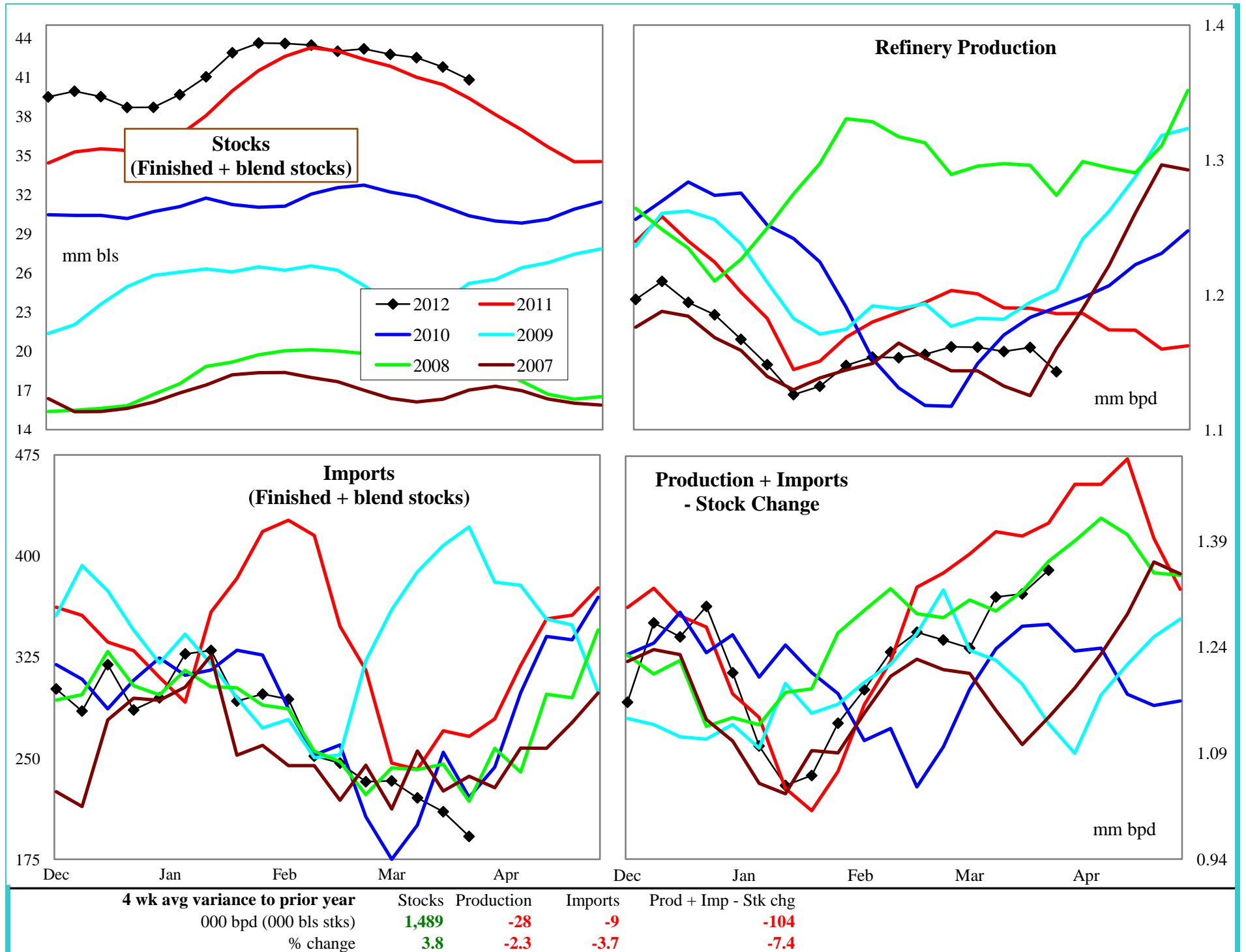
PADD 1 Gasoline Supply



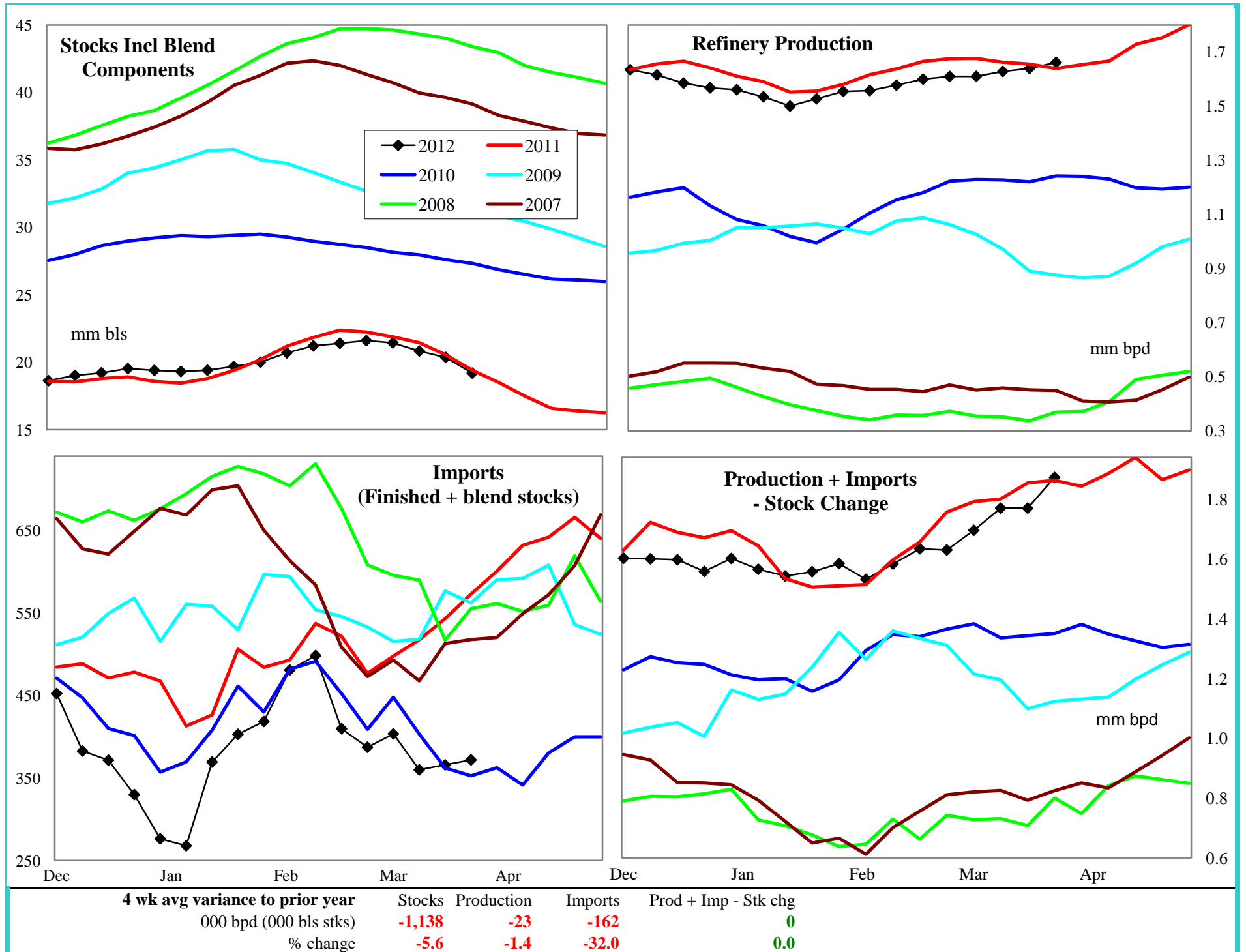
PADD 1 Gasoline Stocks by Region



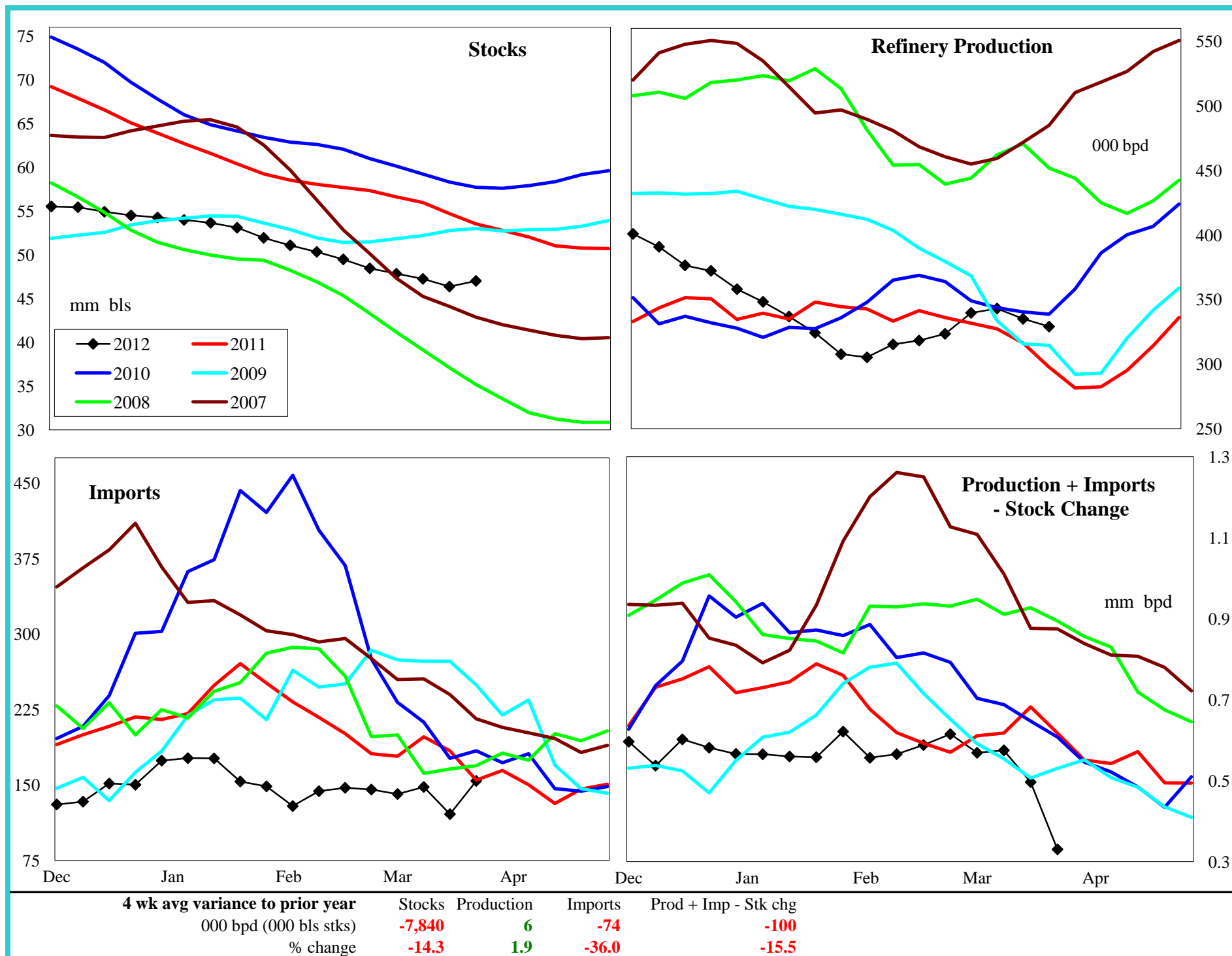
PADD 1 Reformulated Gasoline Supply



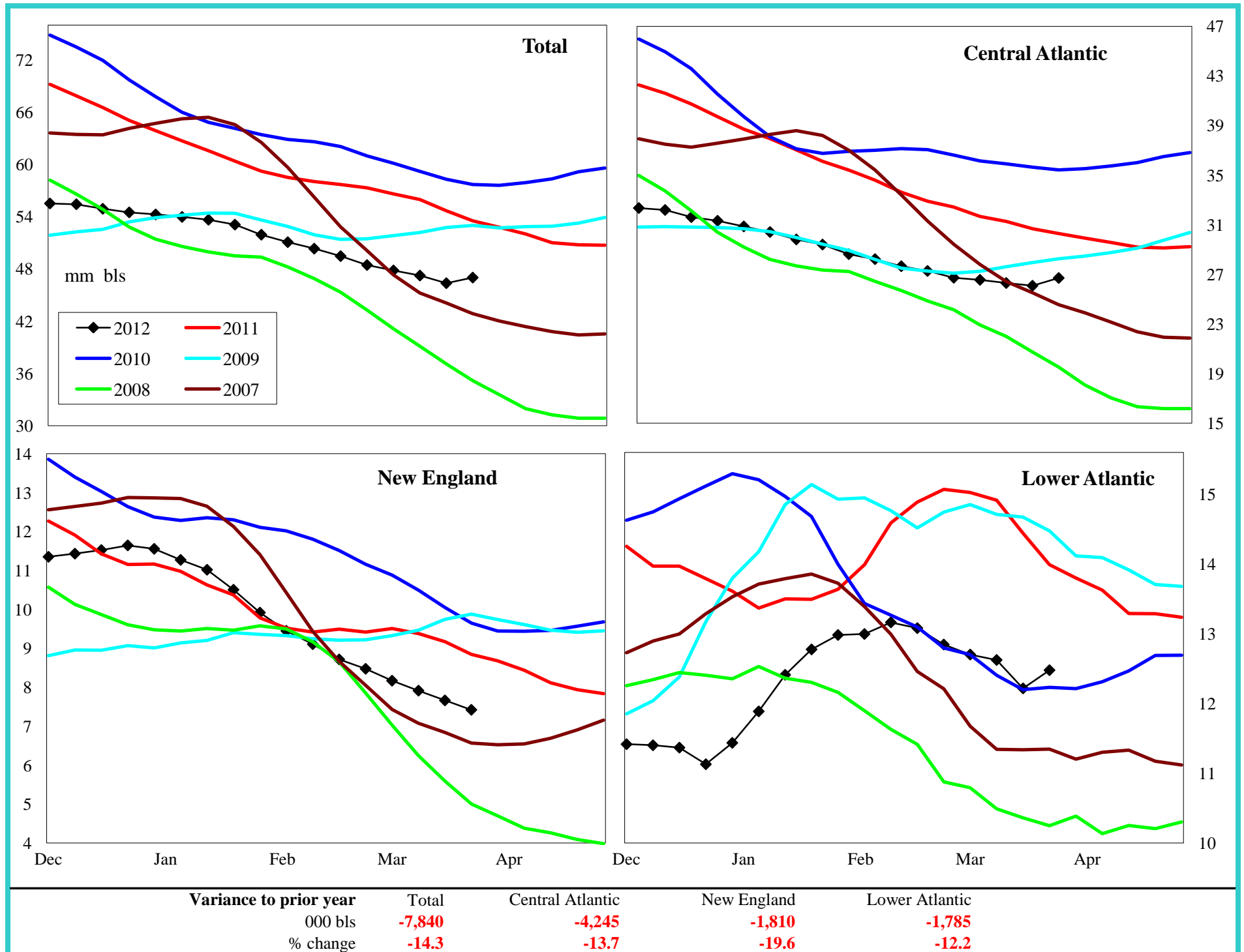
PADD 1 Conventional Gasoline Supply



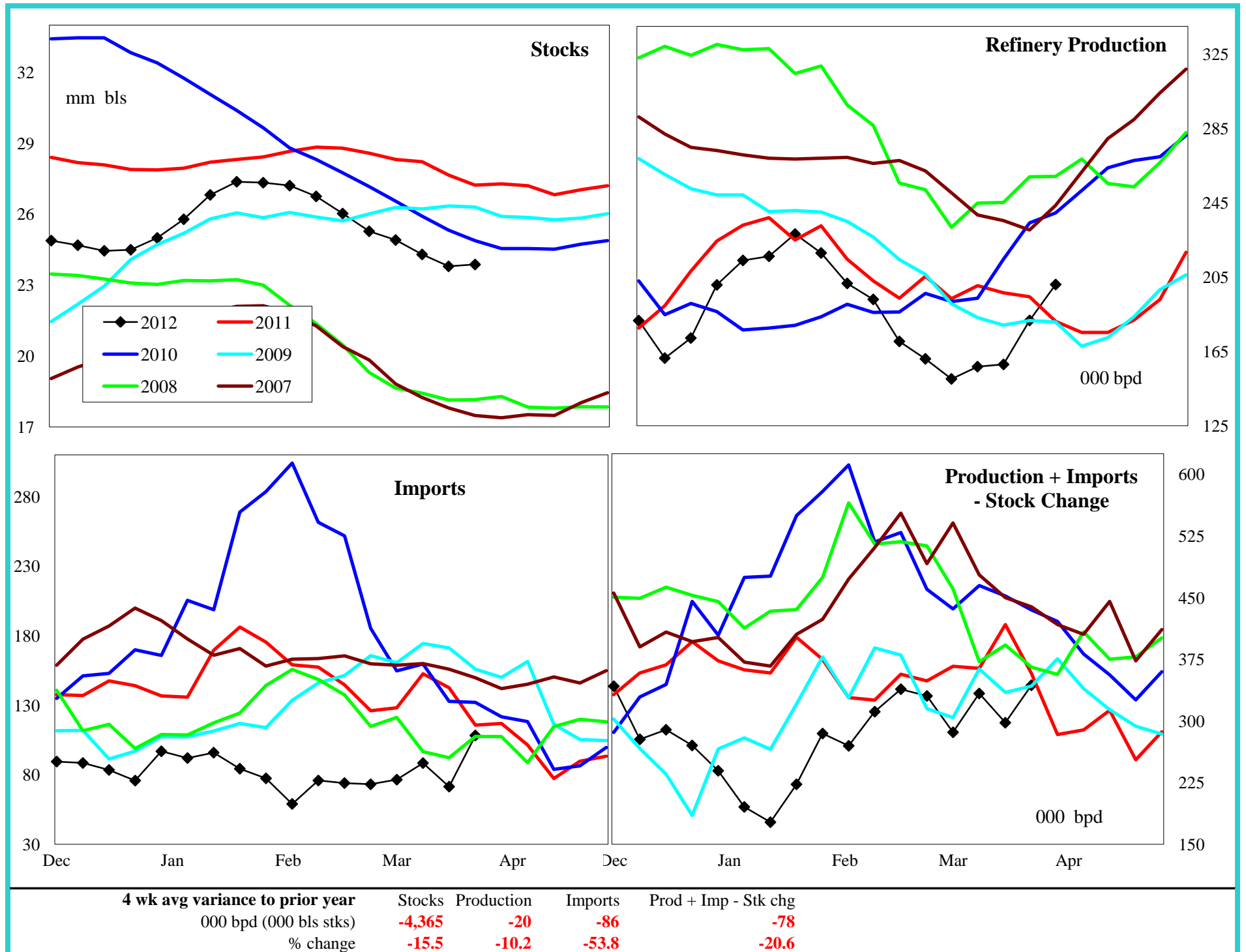
PADD 1 Distillate Supply



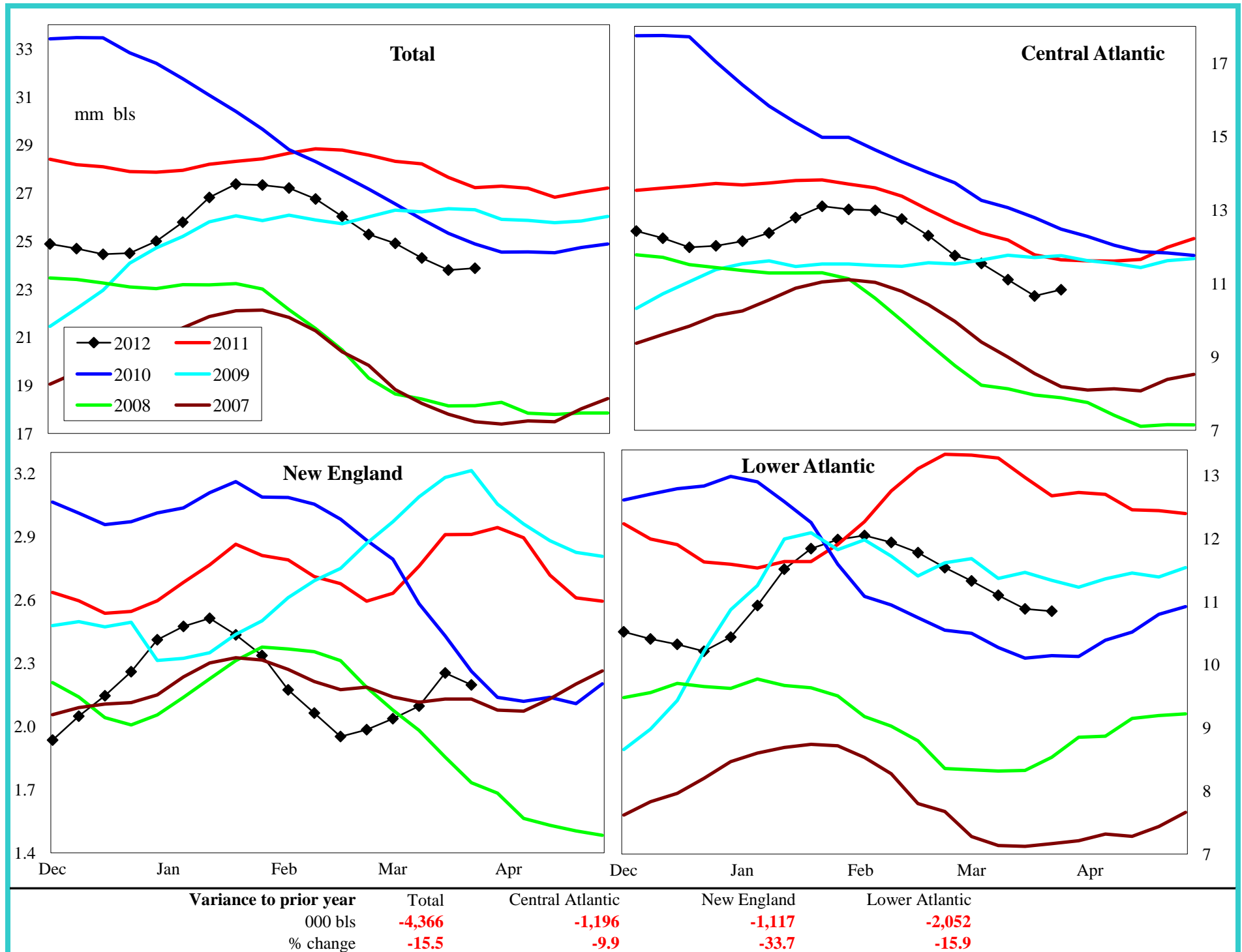
PADD 1 Distillate Stocks by Region



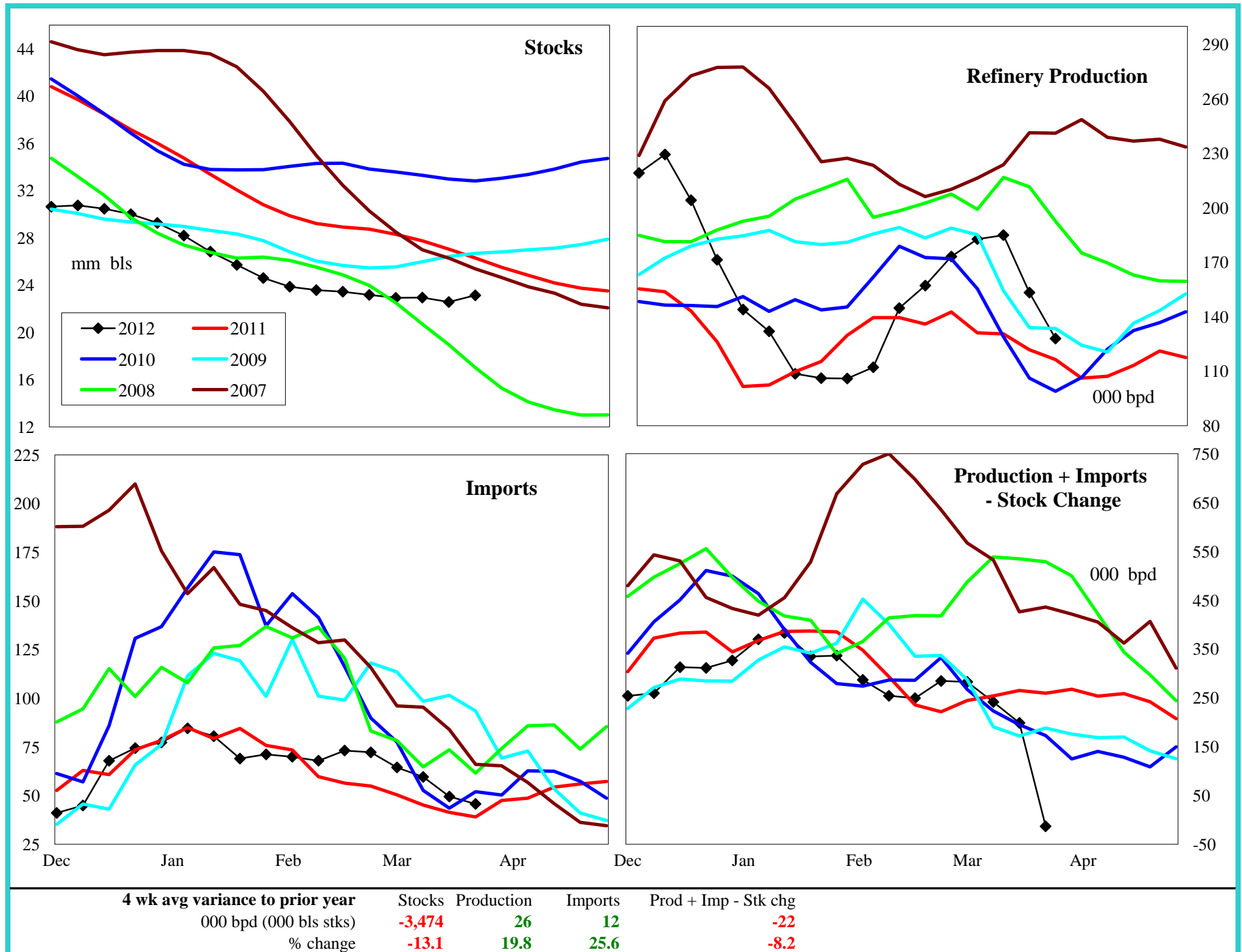
PADD 1 Low Sulfur Distillate Supply



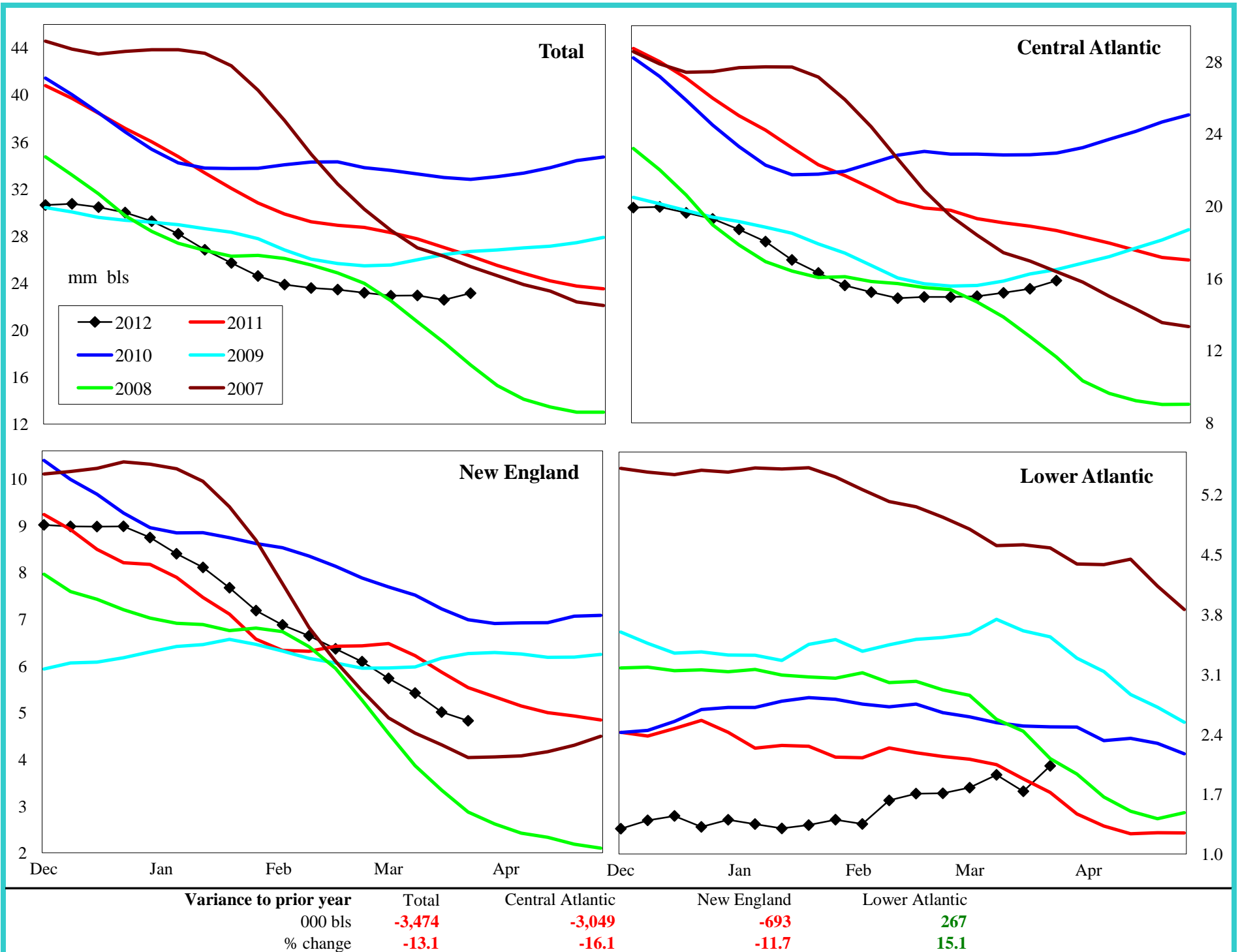
PADD 1 Low Sulfur Distillate Stocks by Region



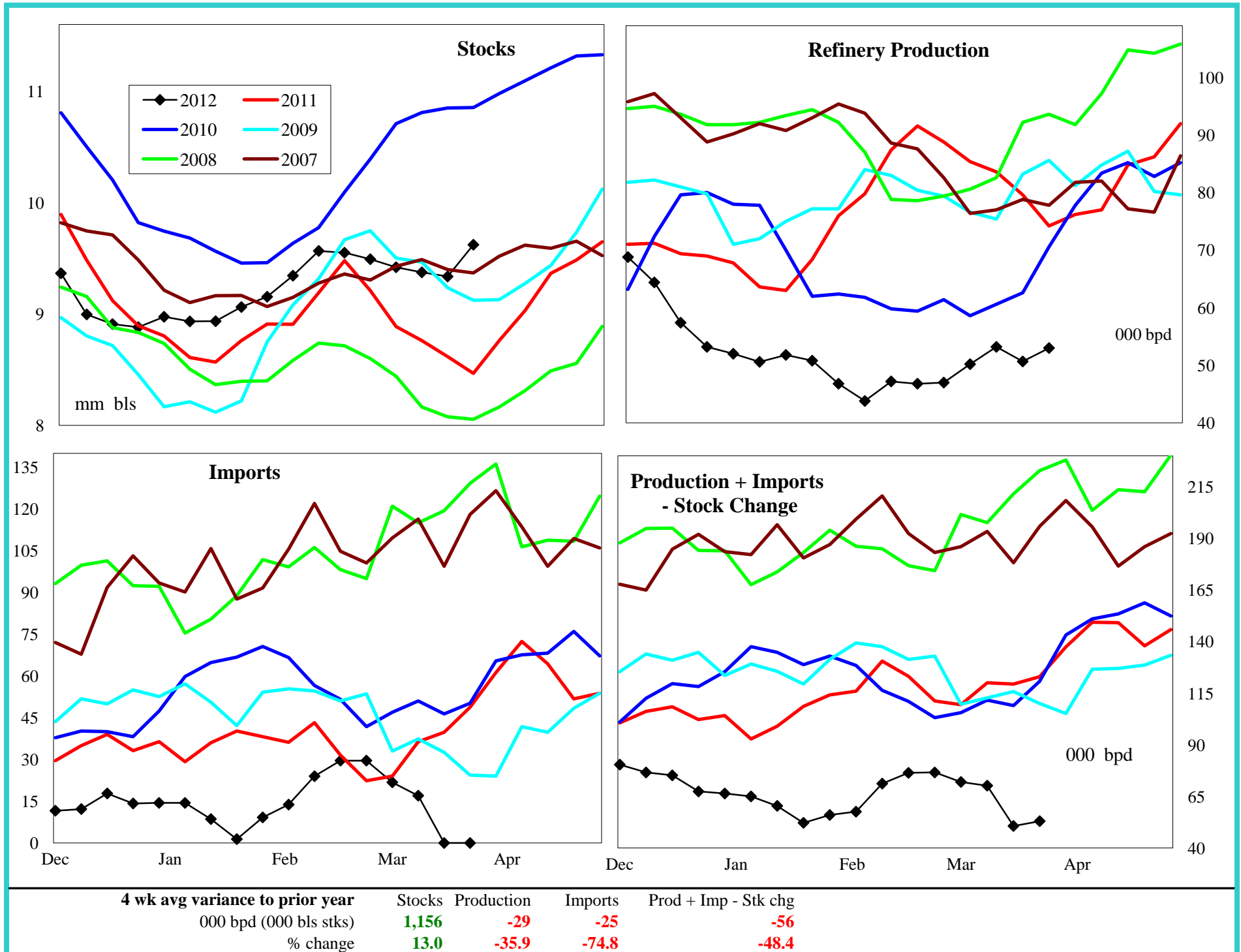
PADD 1 High Sulfur Distillate Supply



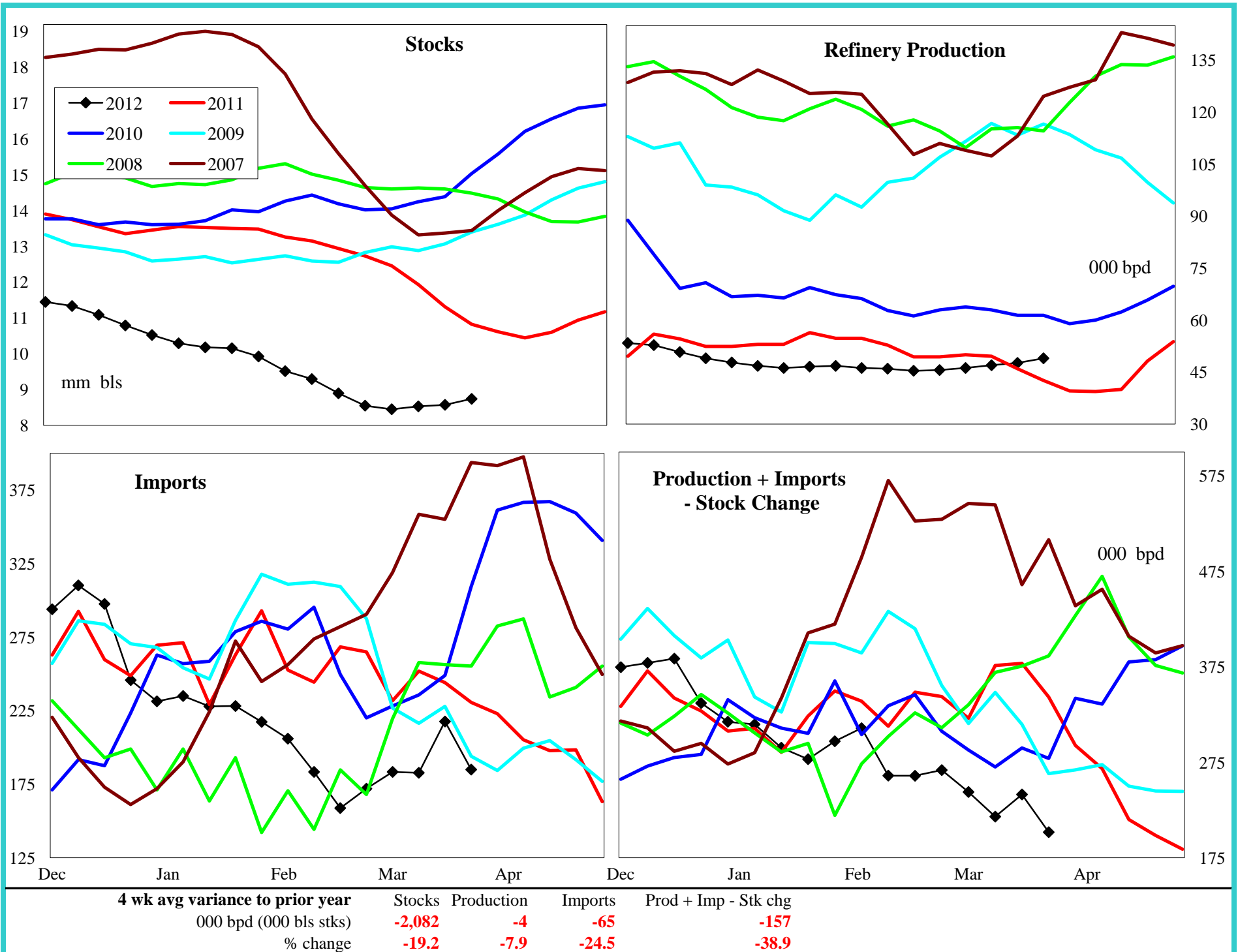
PADD 1 High Sulfur Distillate Stocks by Region



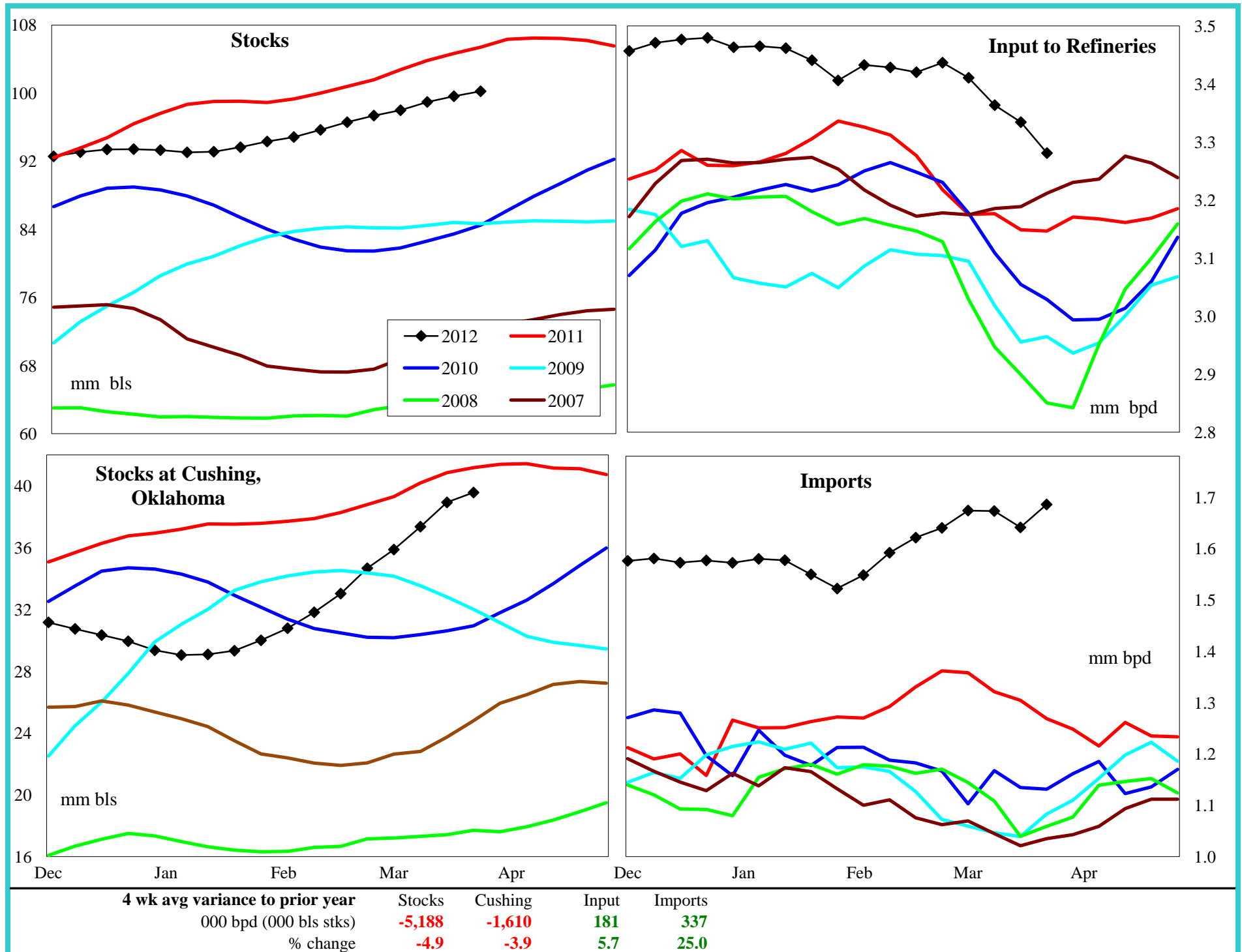
PADD 1 Jet Fuel Supply



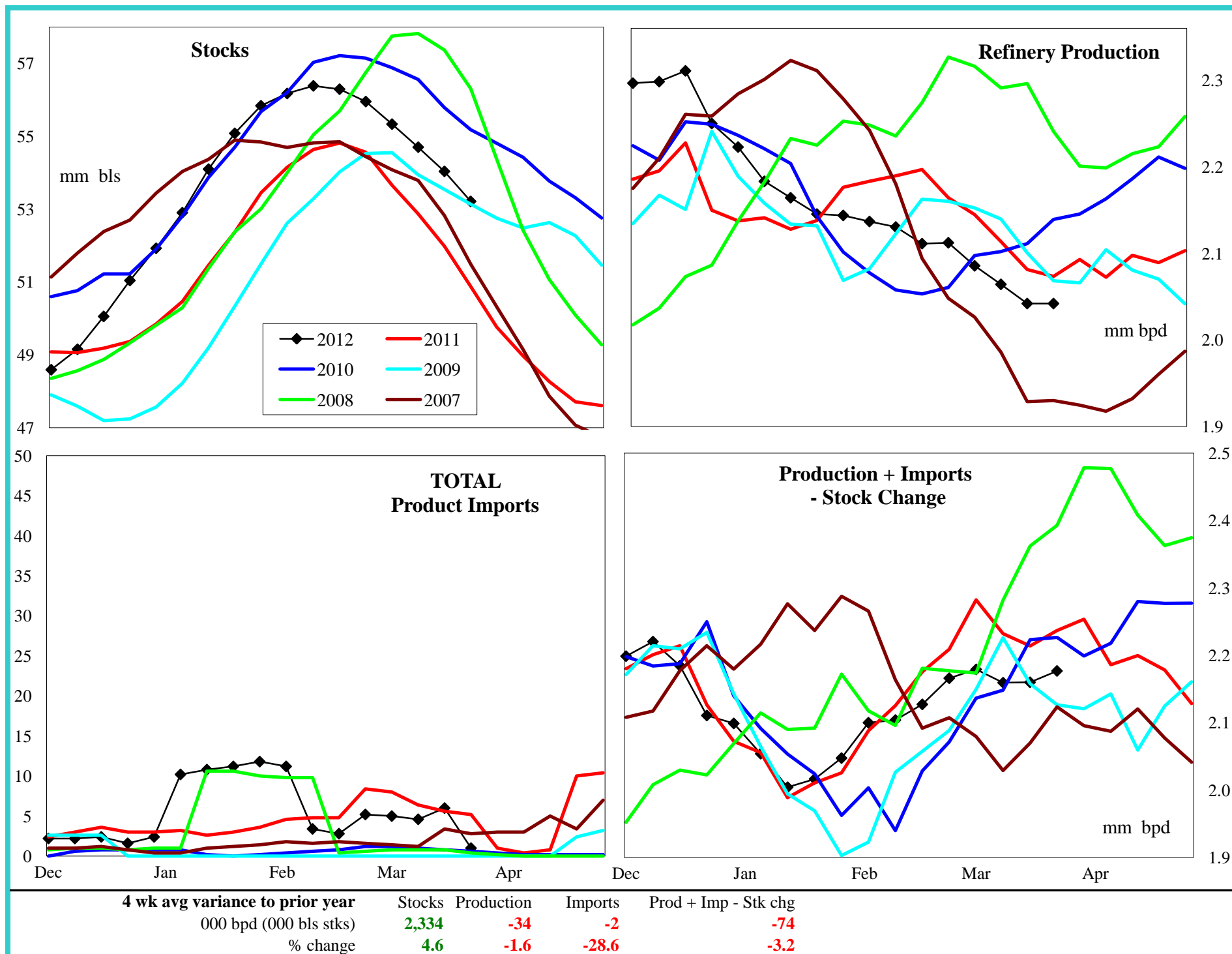
PADD 1 Residual Fuel Oil Supply



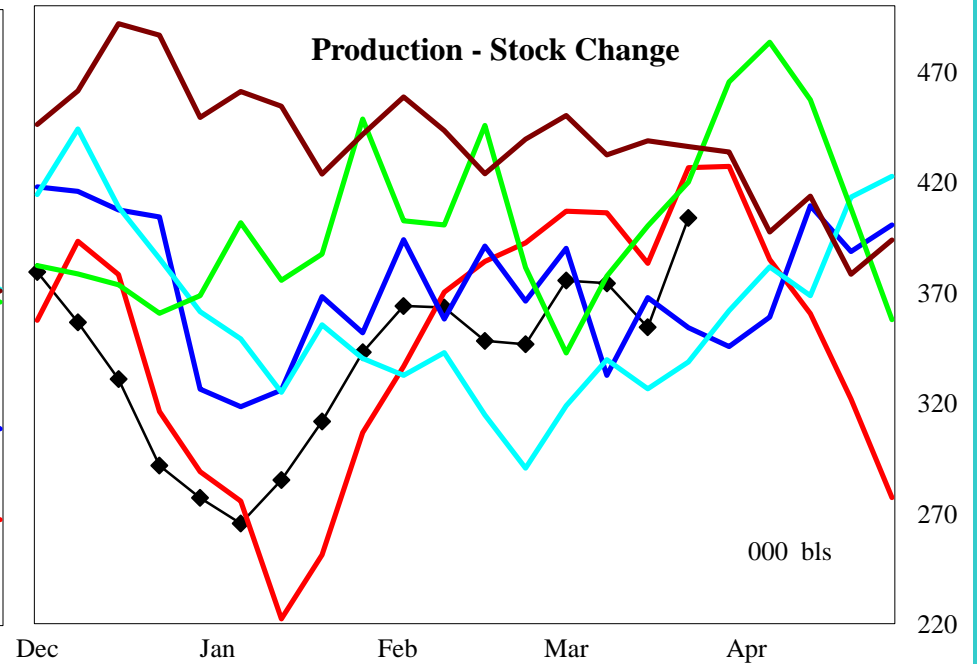
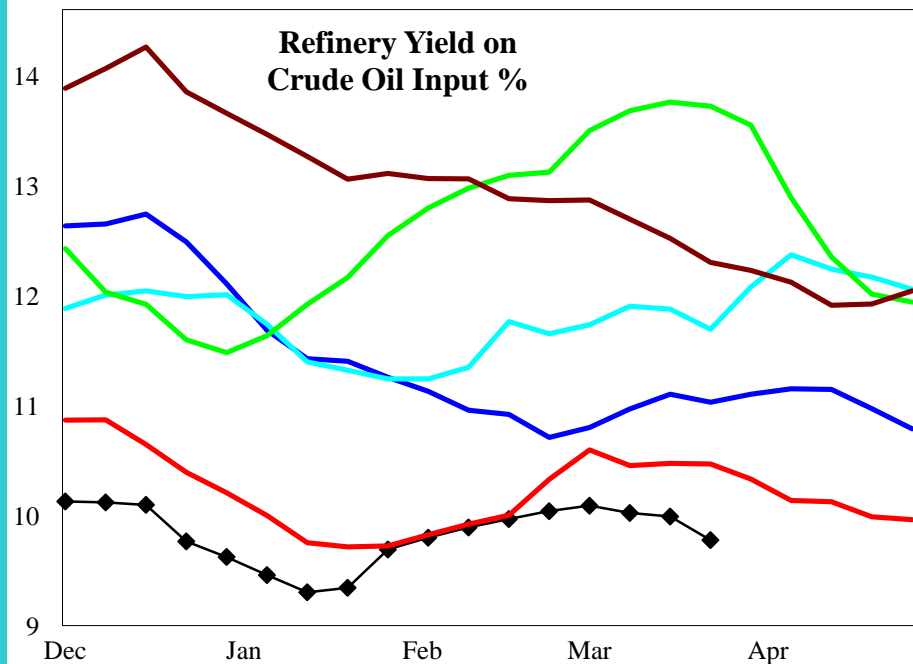
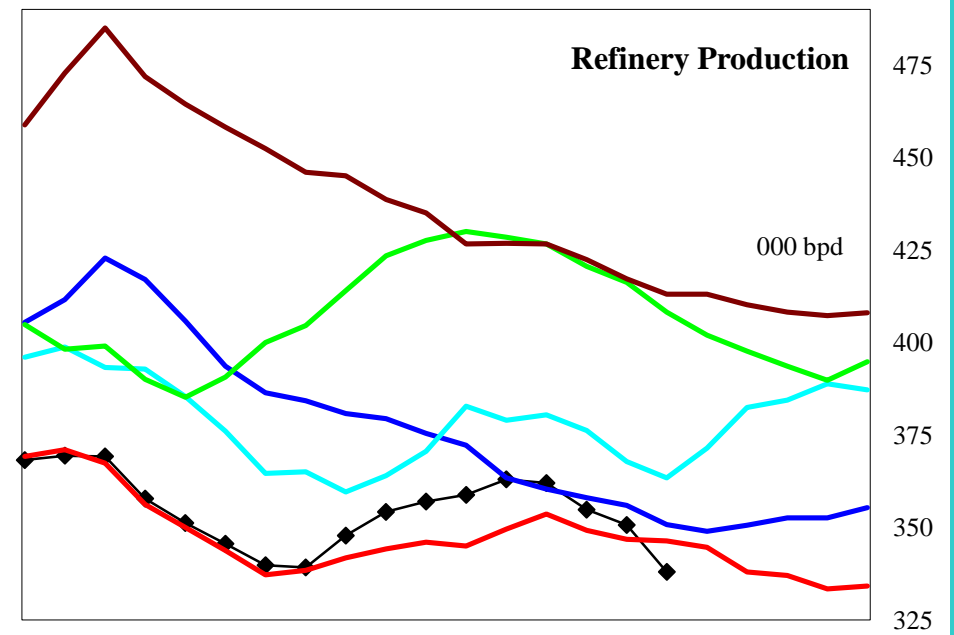
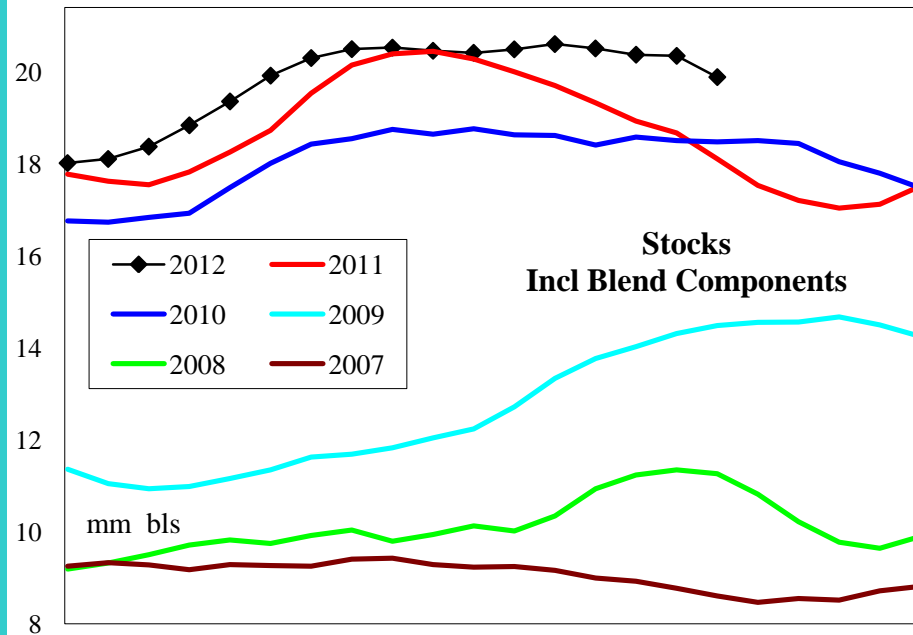
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks Production

1,775 2

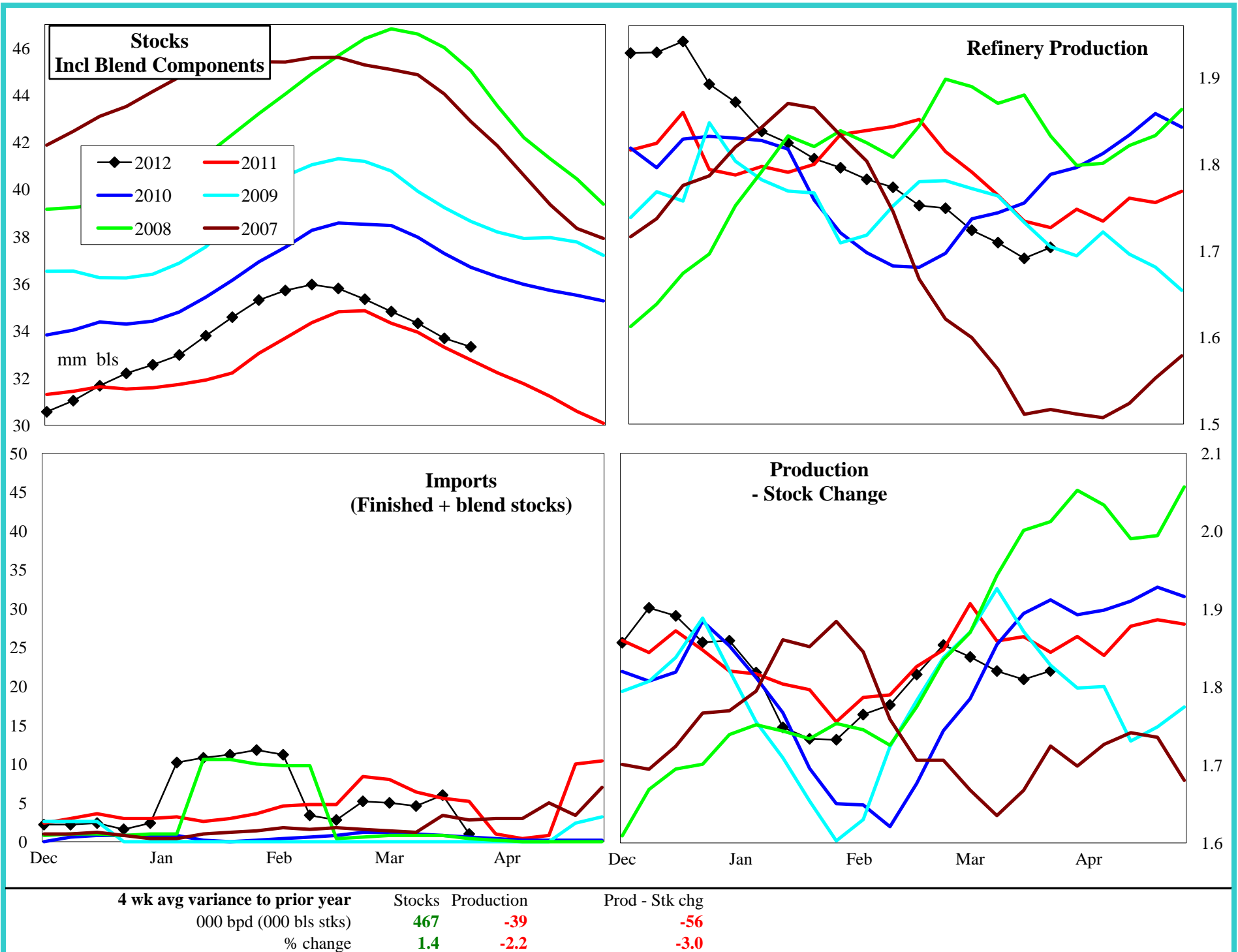
9.8 0.7

Prod - Stk chg

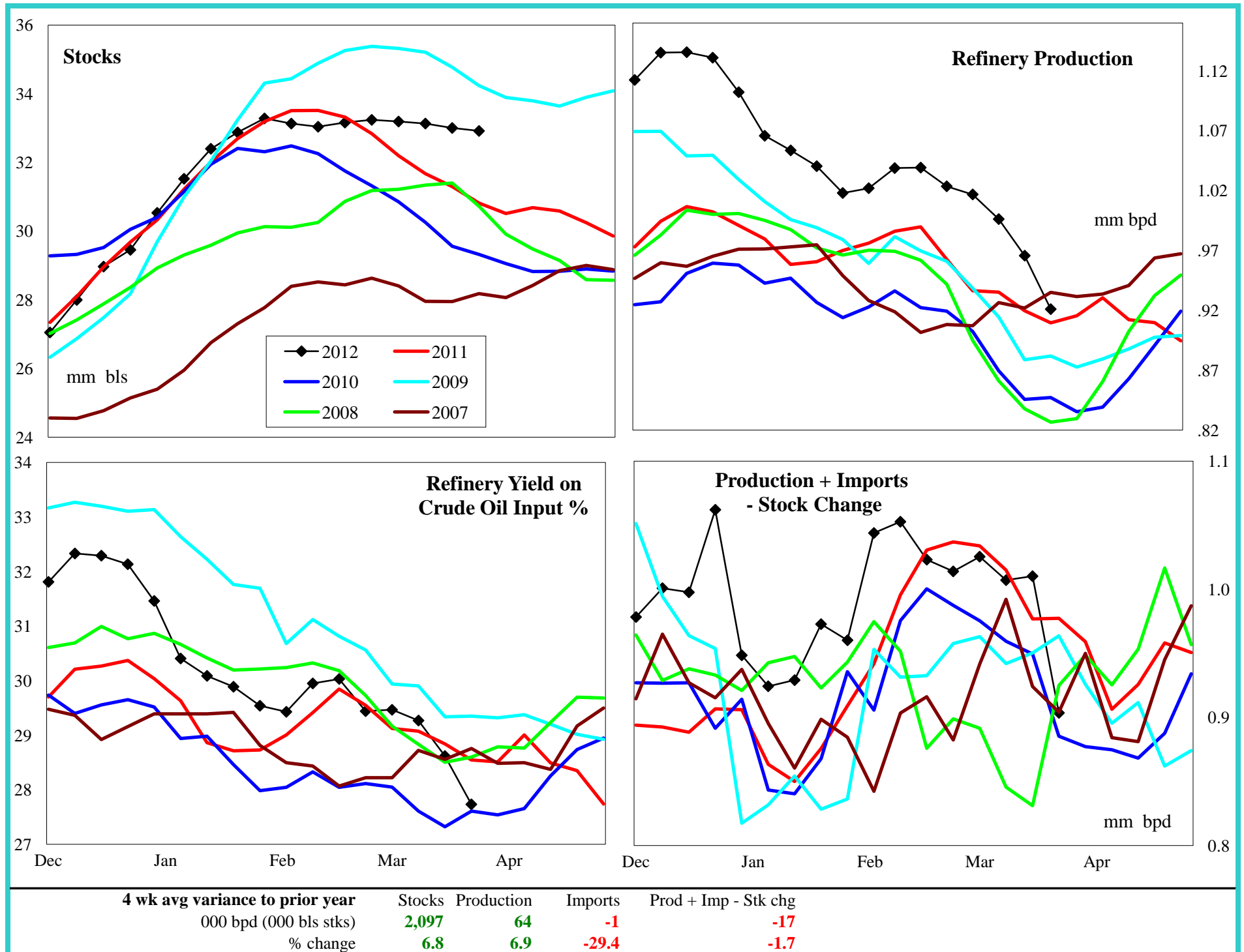
-29

-7.1

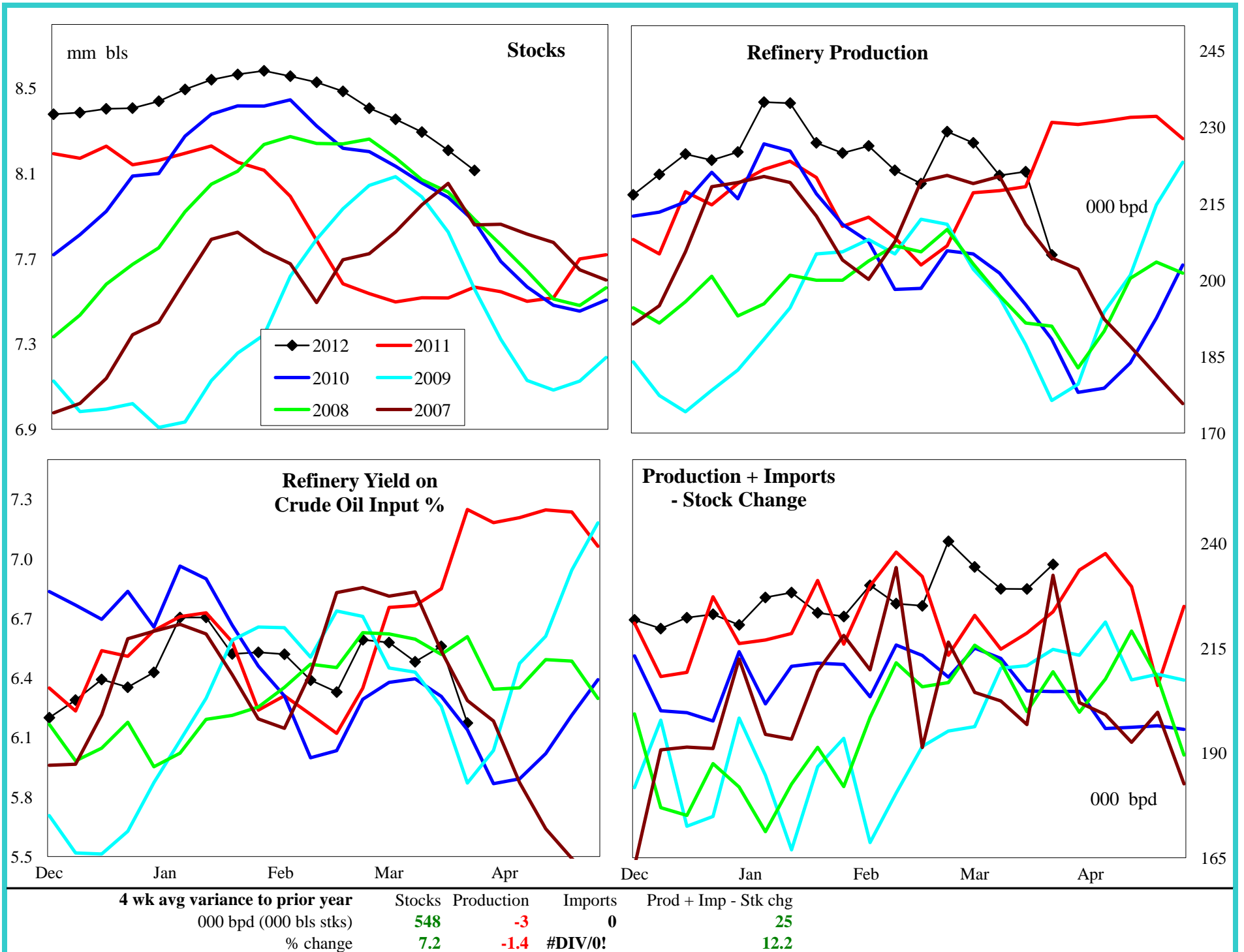
PADD 2 Conventional Gasoline Supply



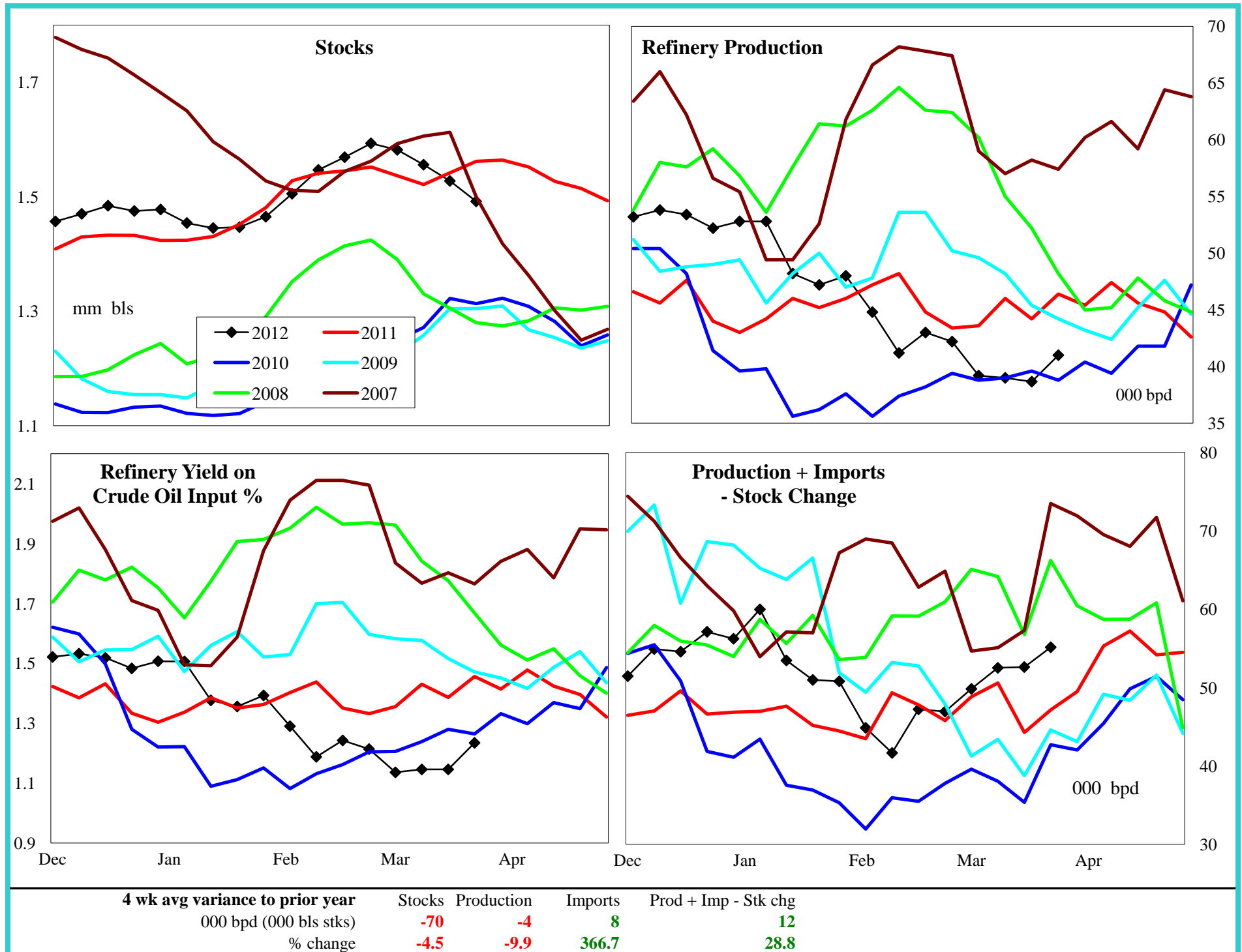
PADD 2 Distillate Supply



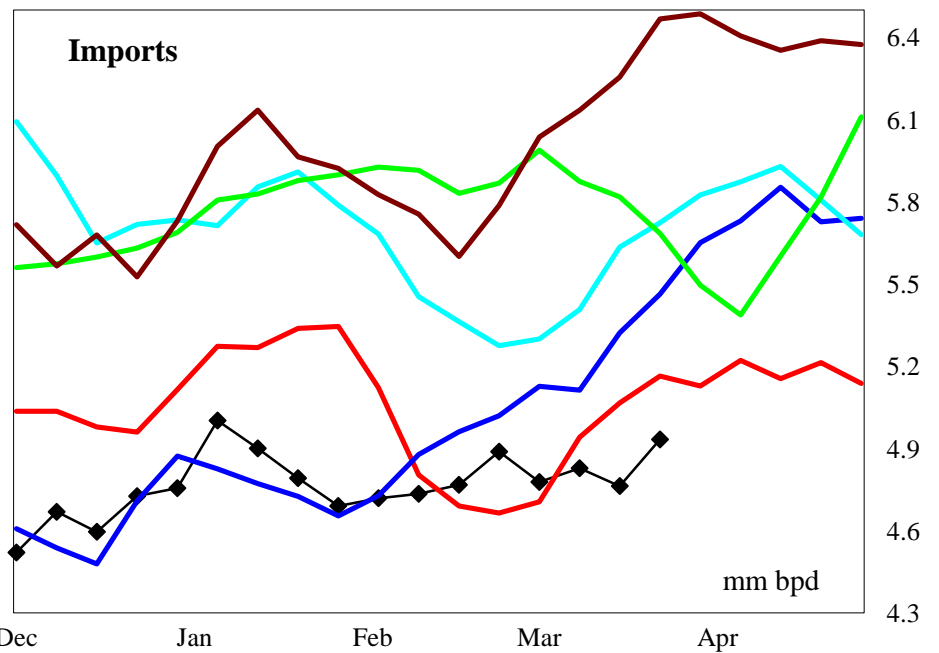
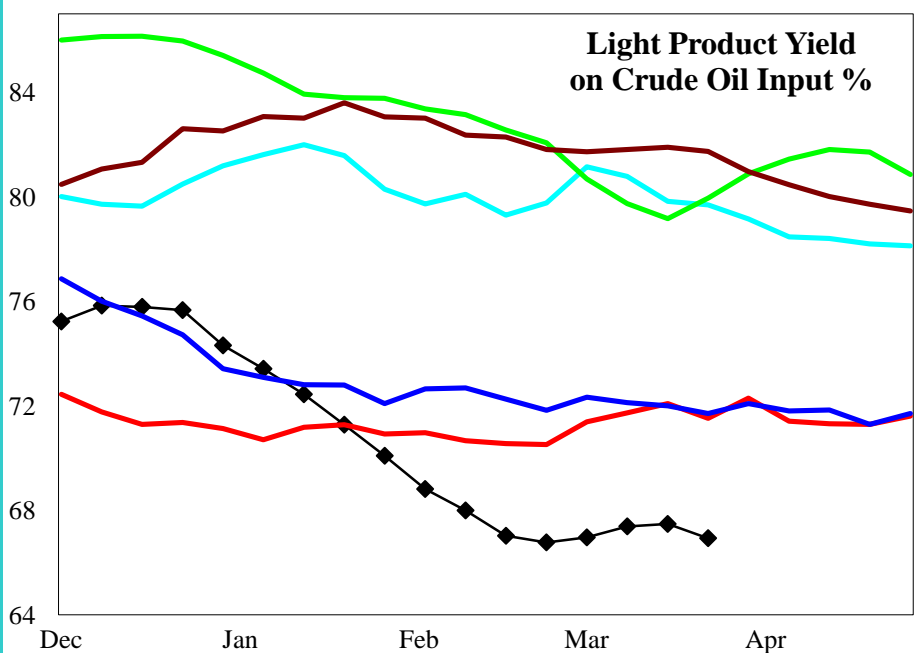
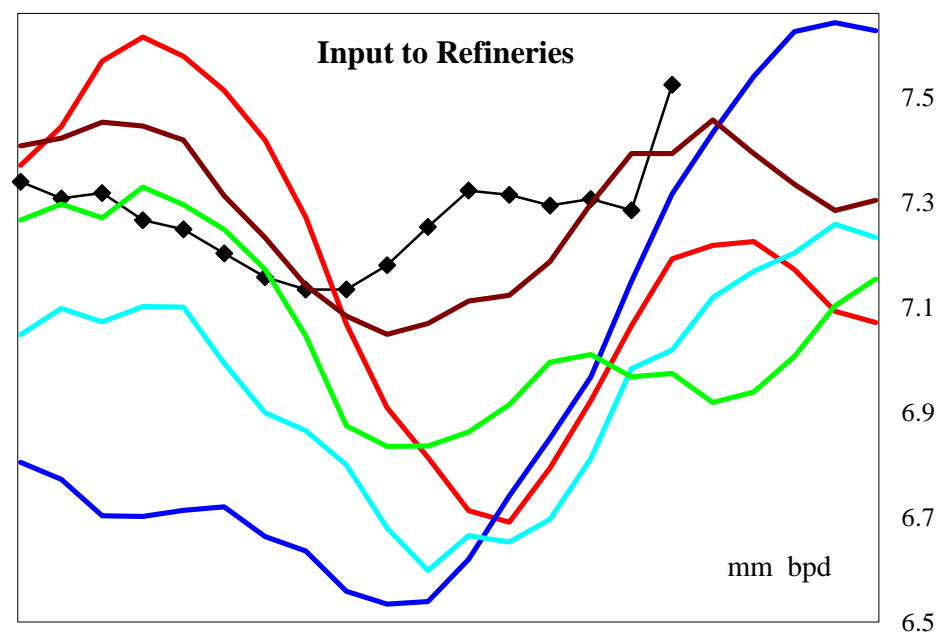
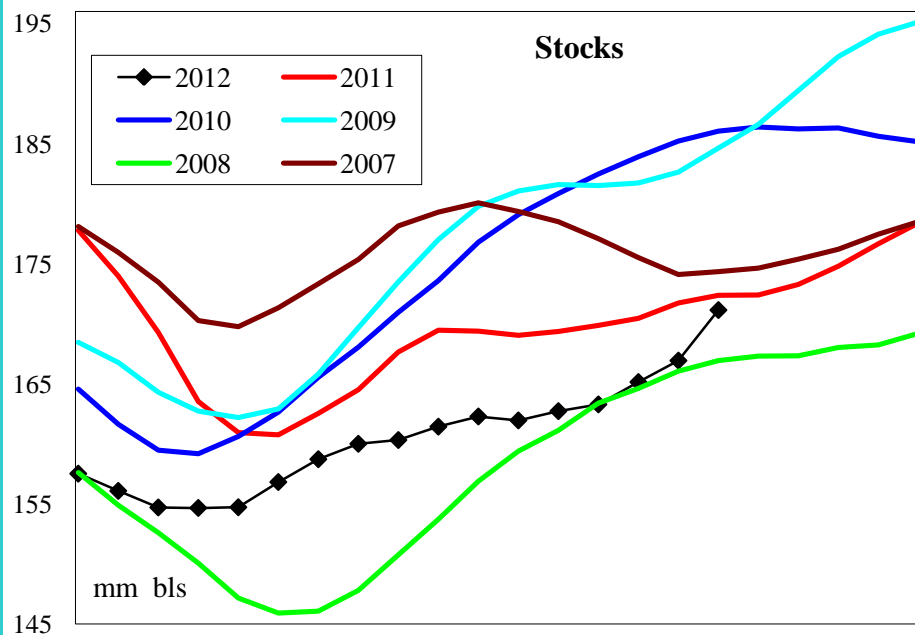
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-1,238

-0.7

Input

335

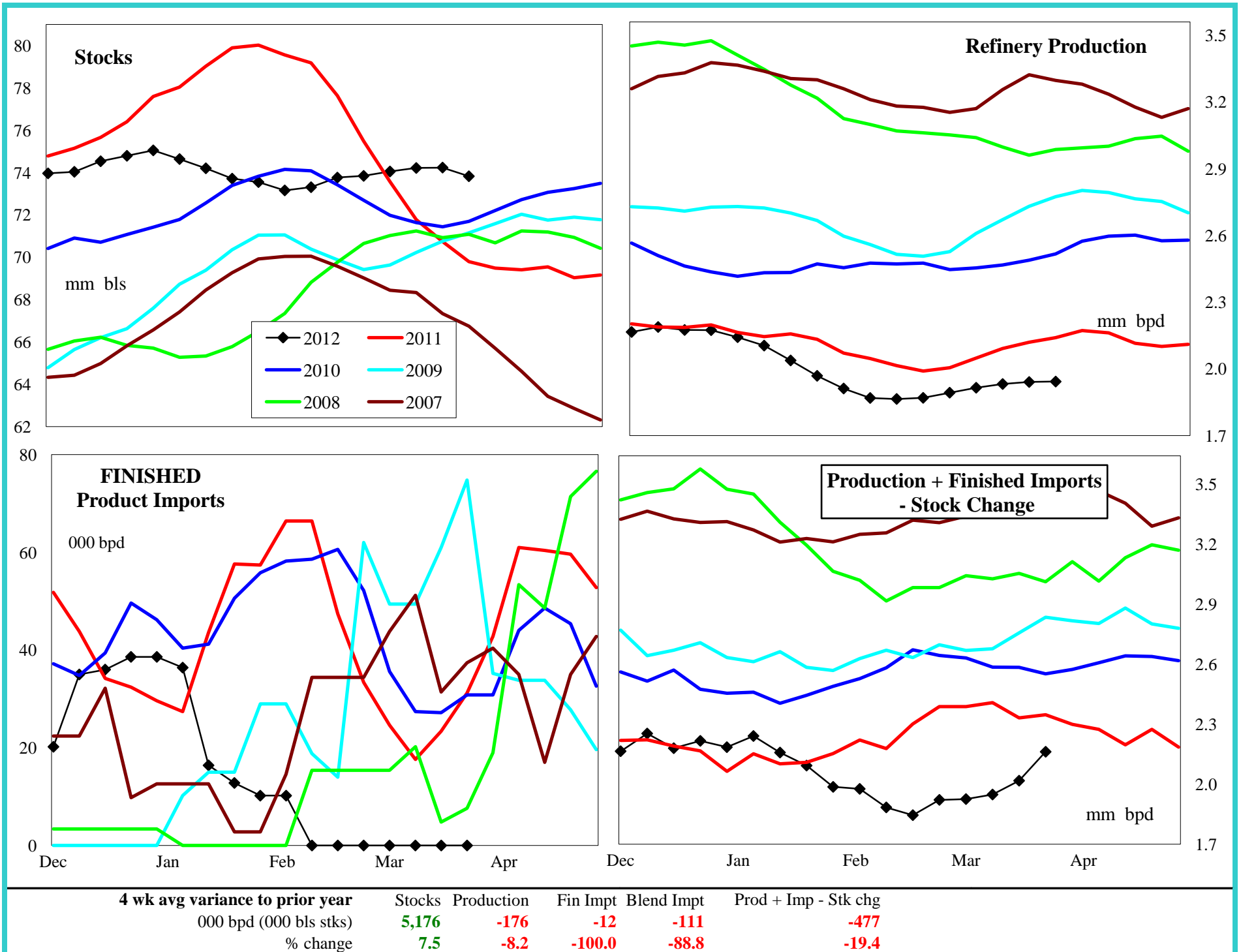
4.8

Imports

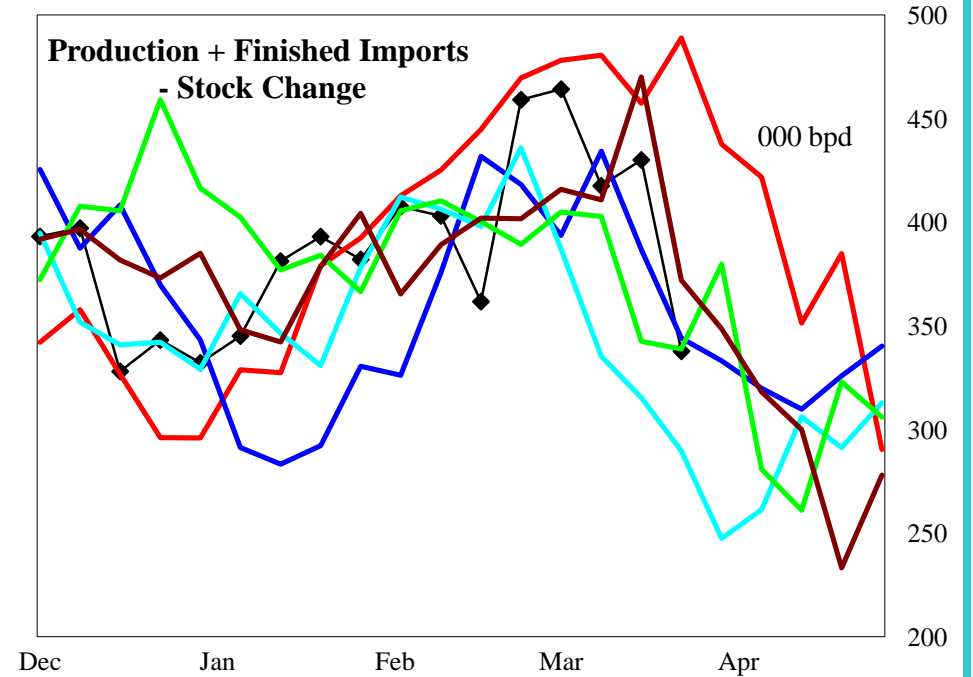
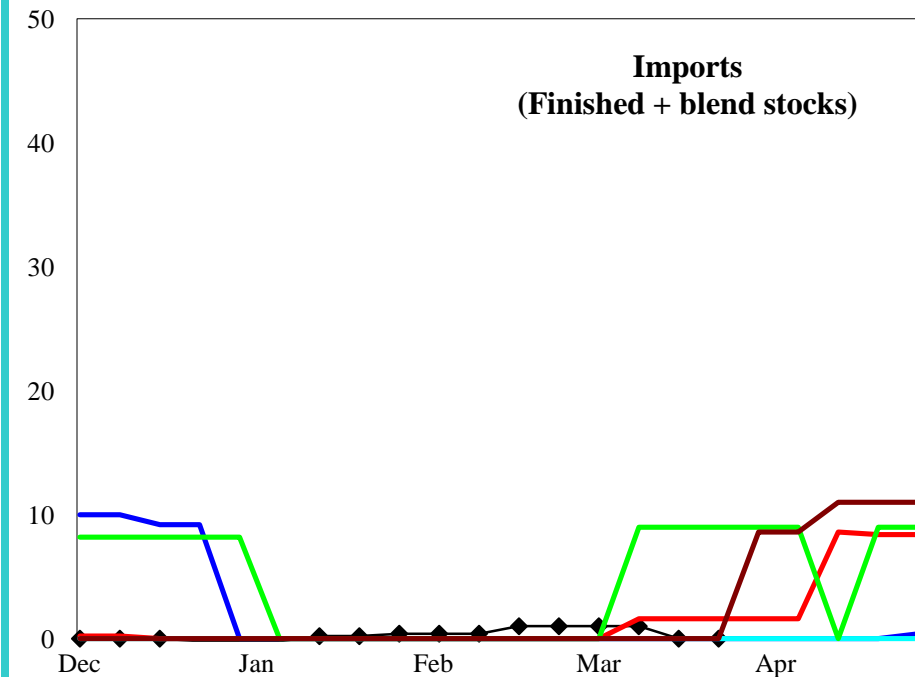
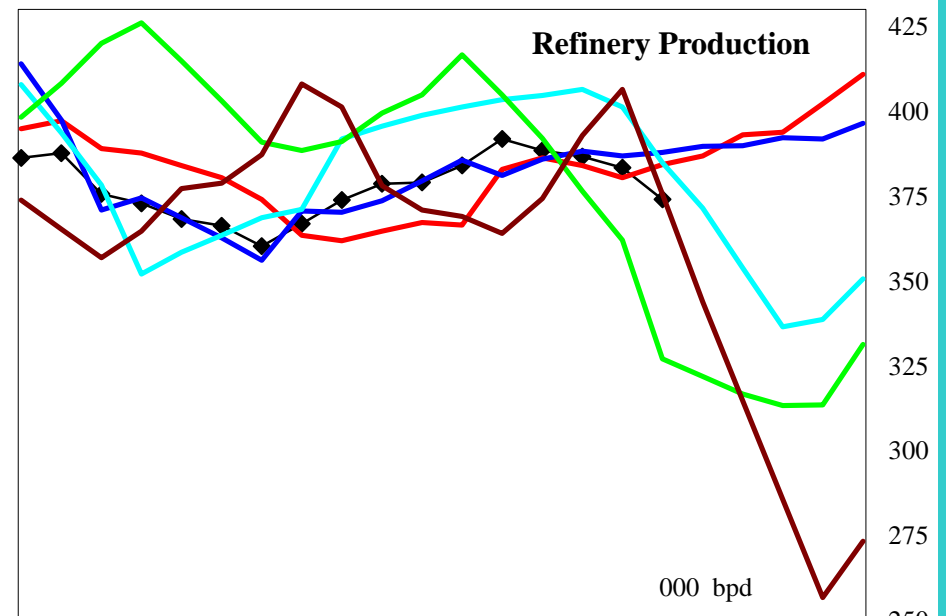
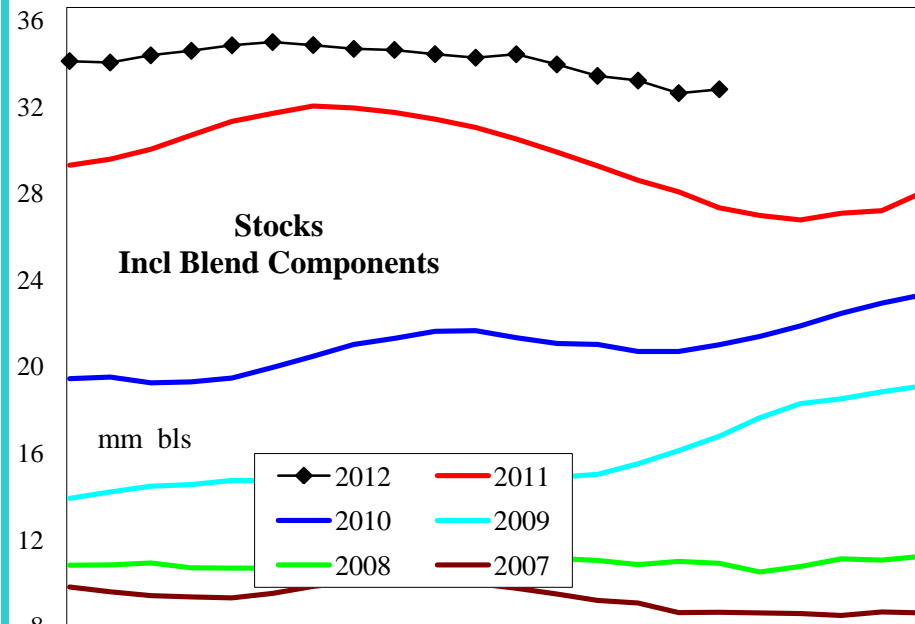
-305

-6.0

PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

5,672

6

-1

-49

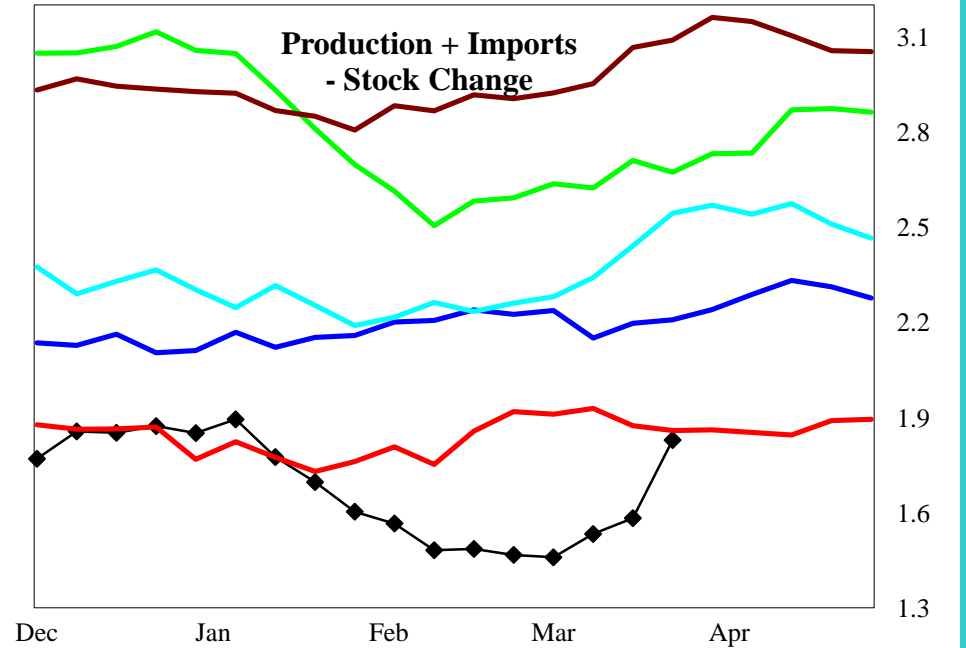
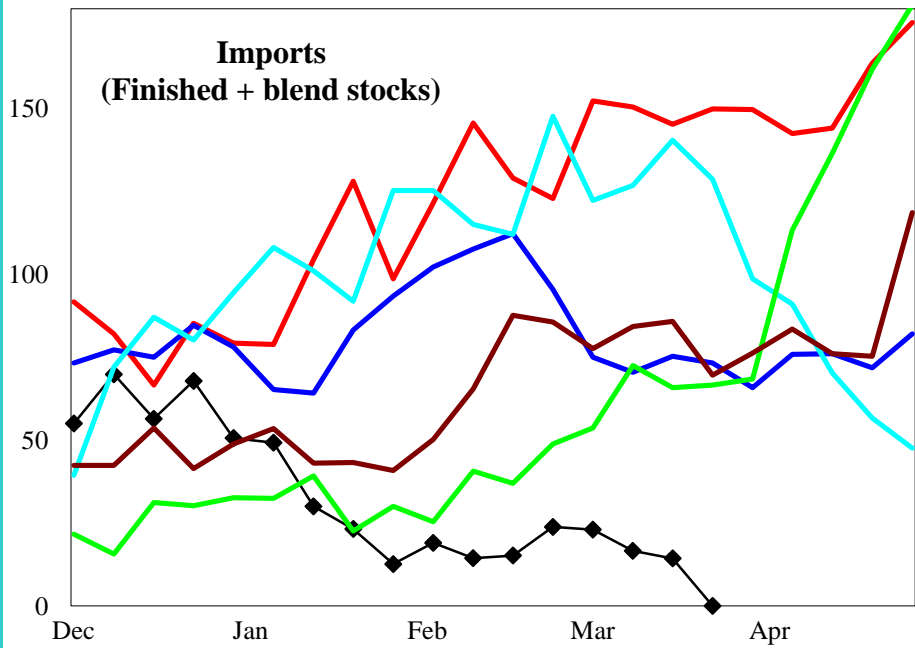
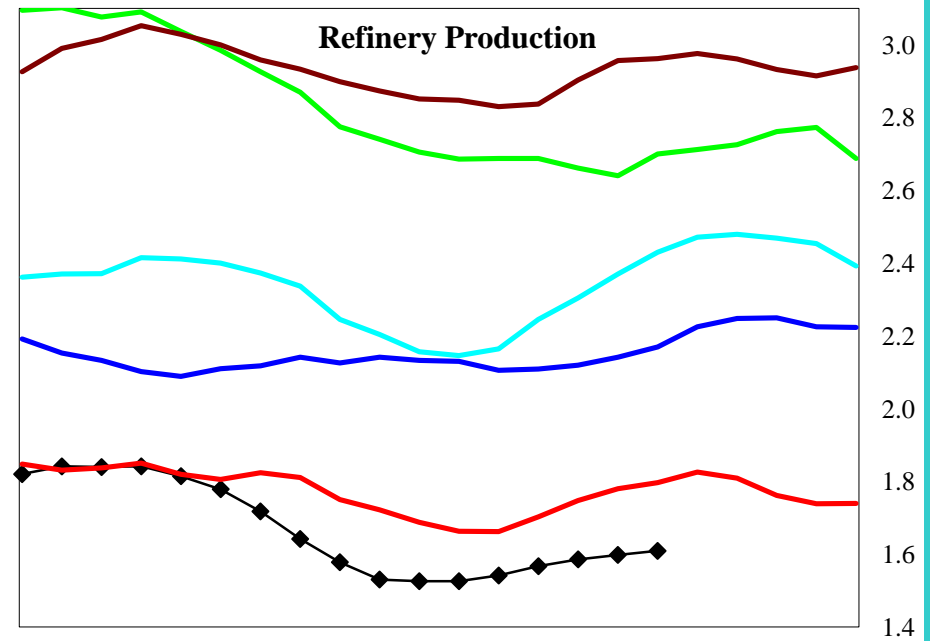
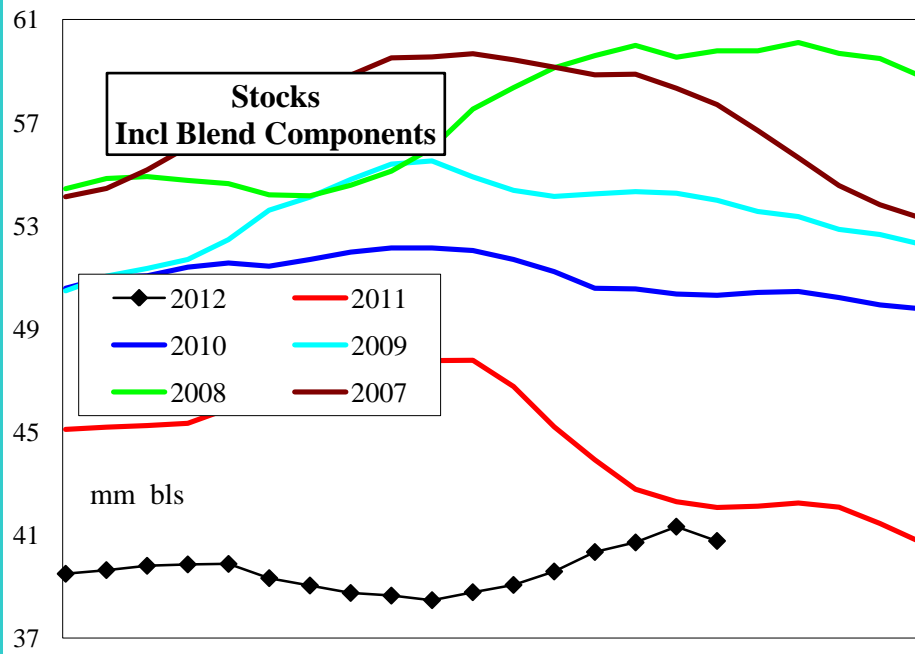
20.6

1.6

-37.5

-10.0

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

-348

-182

-122

-429

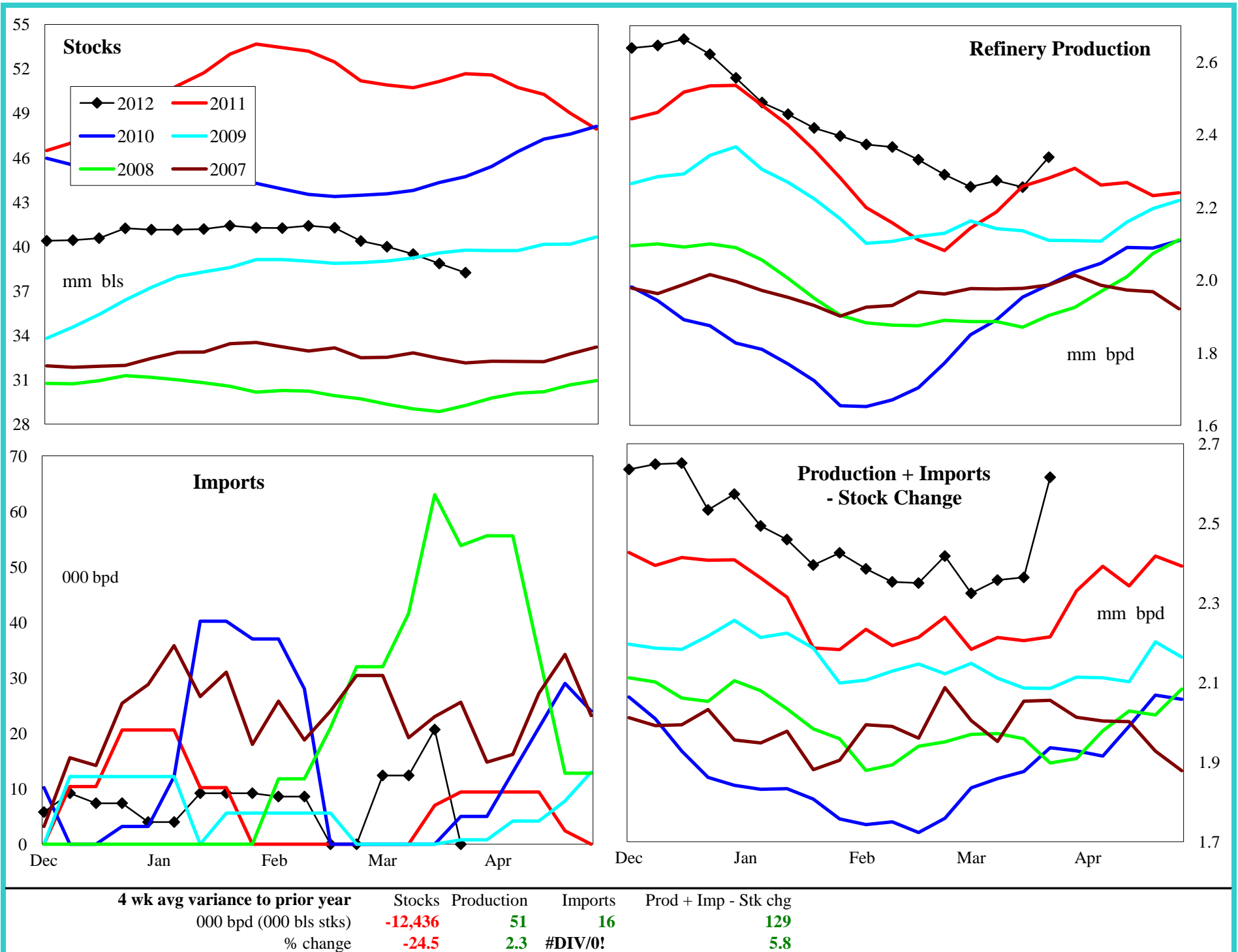
-0.8

-10.2

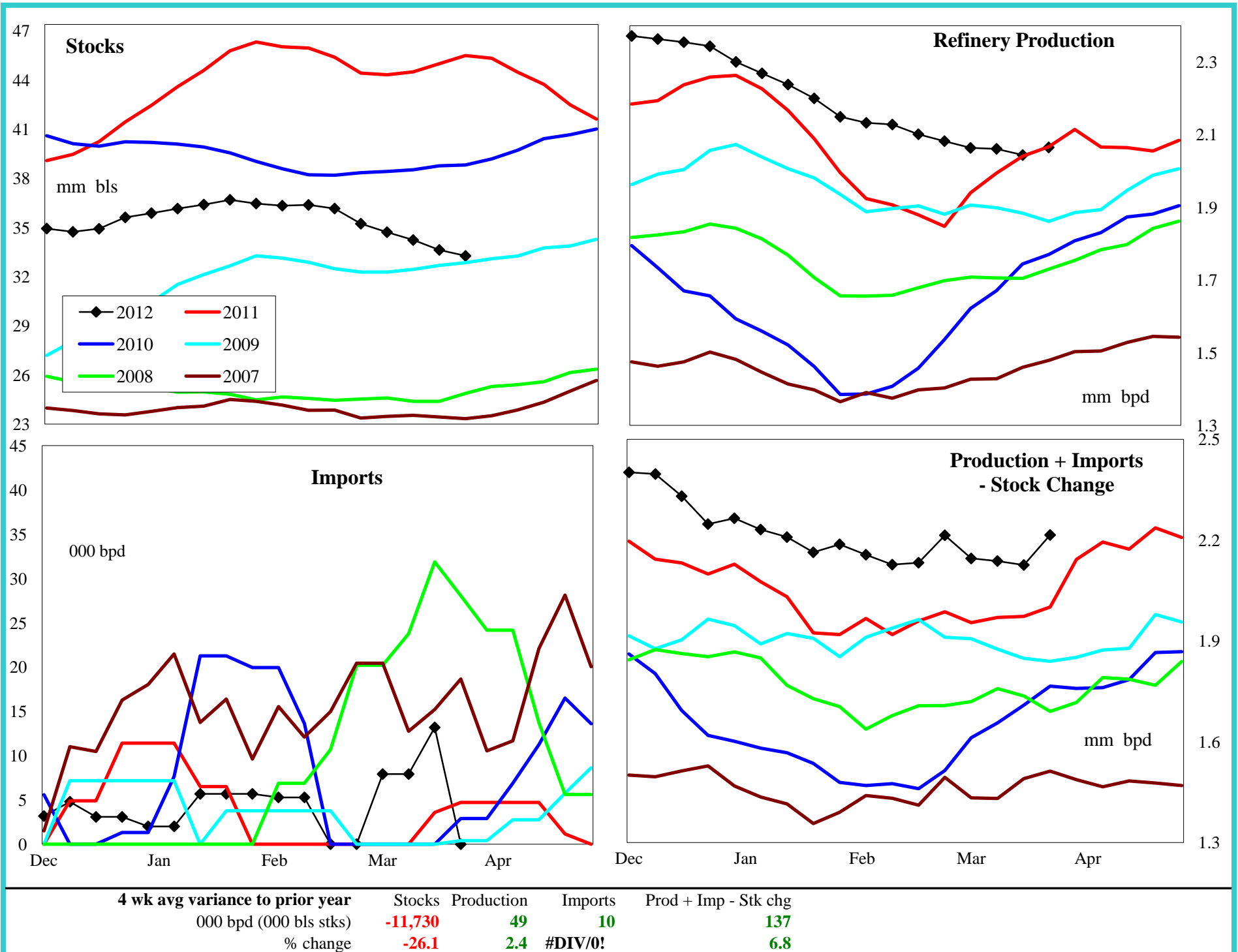
-90.5

-21.9

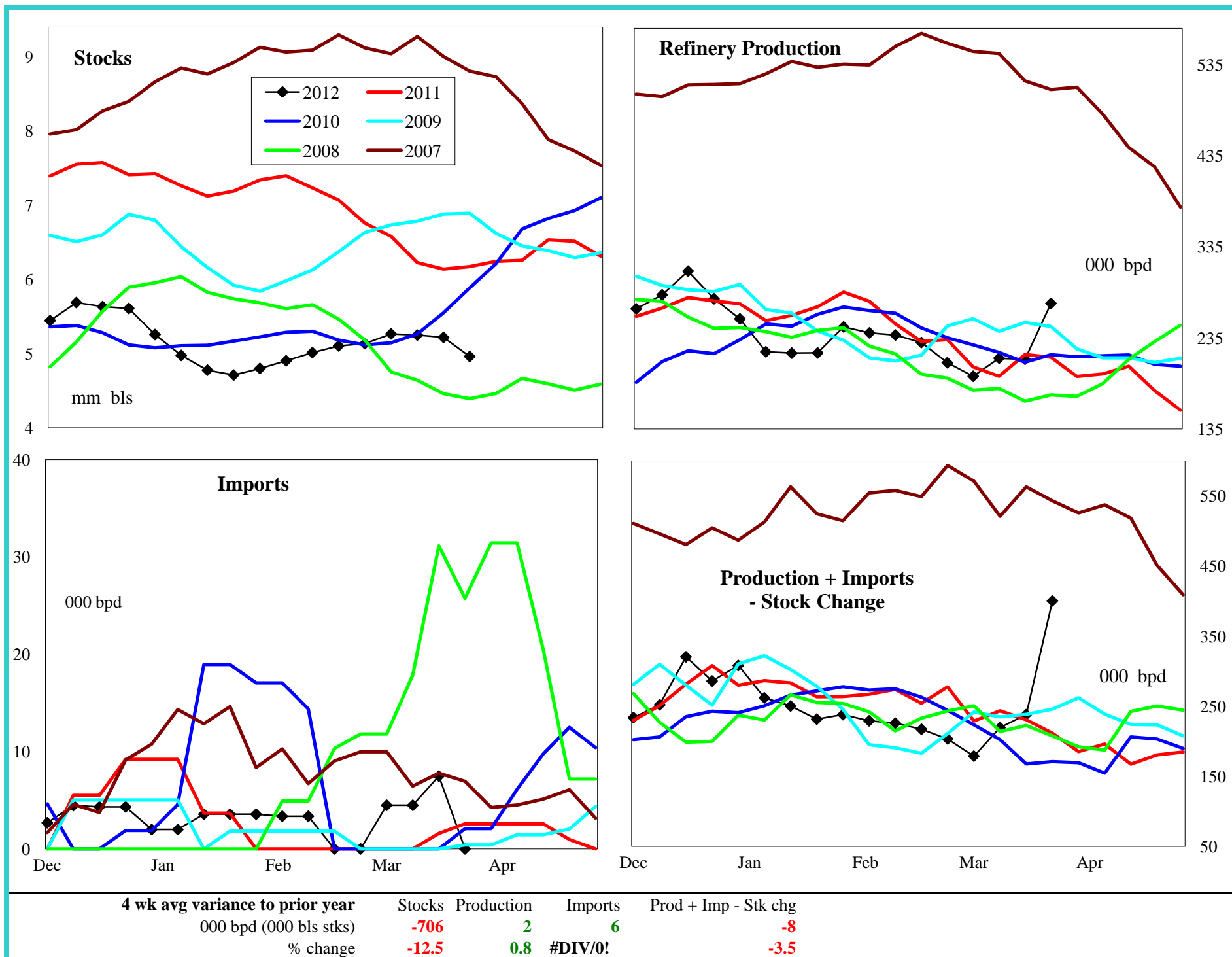
PADD 3 Distillate Supply



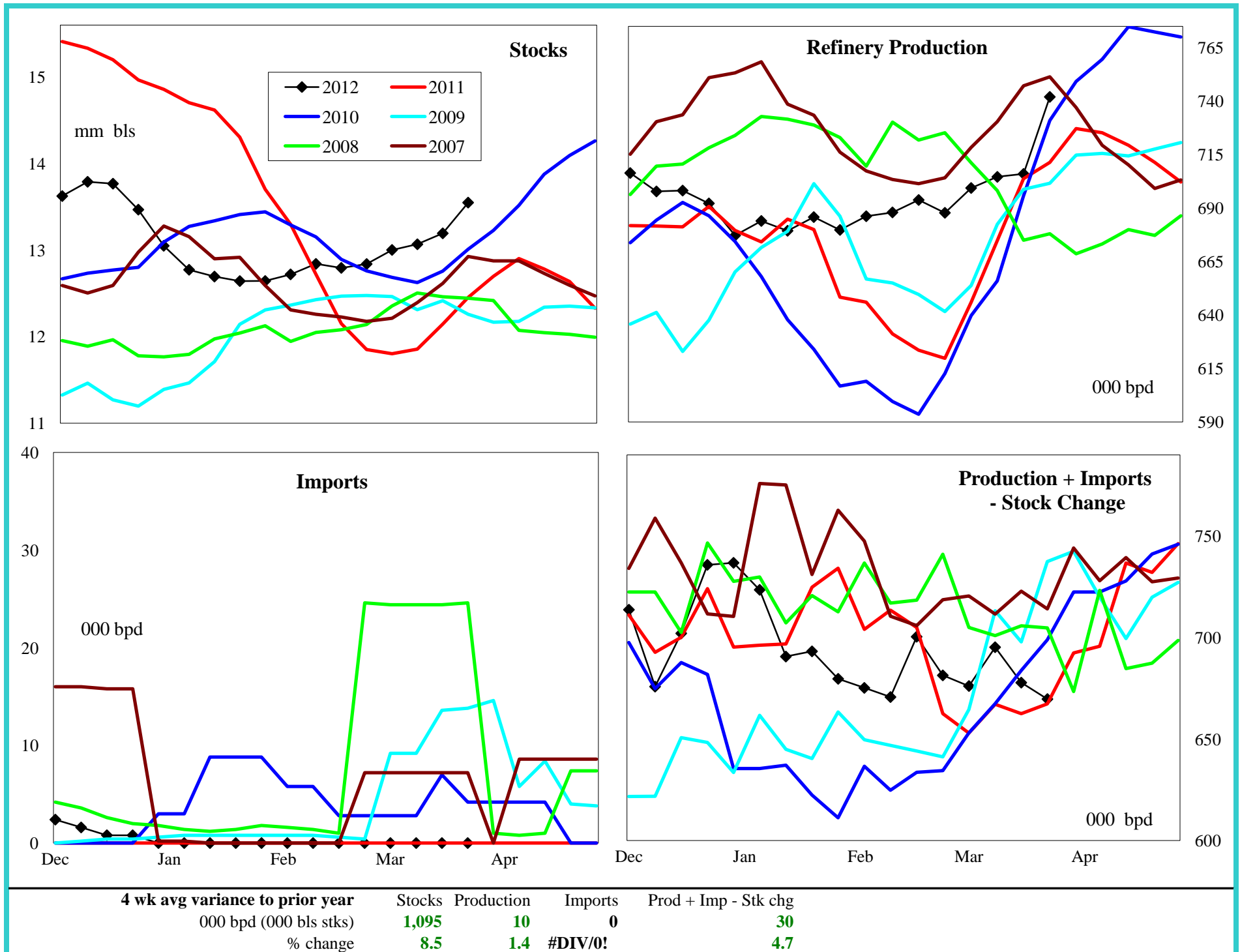
PADD 3 Low Sulfur Distillate Supply



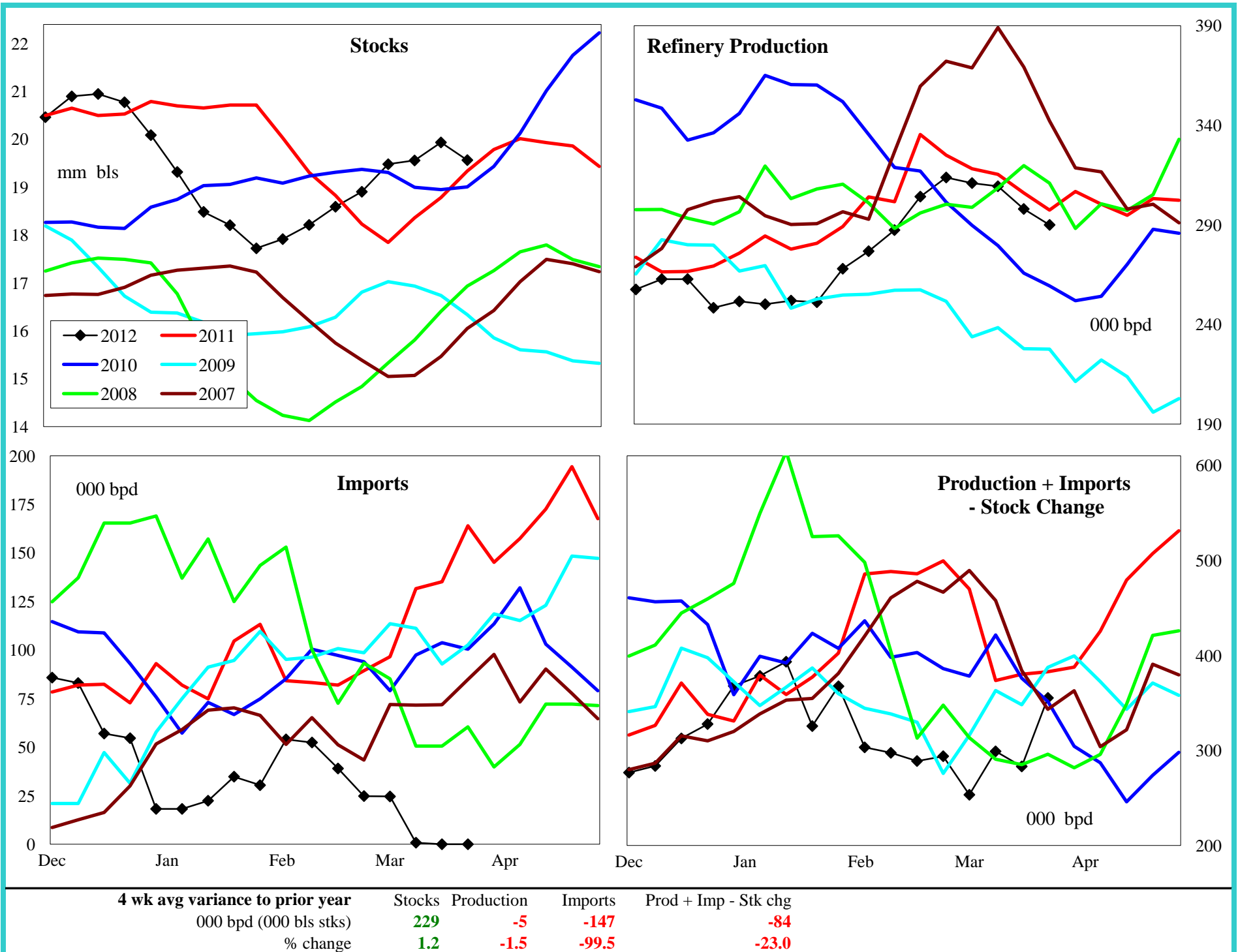
PADD 3 High Sulfur Distillate Supply



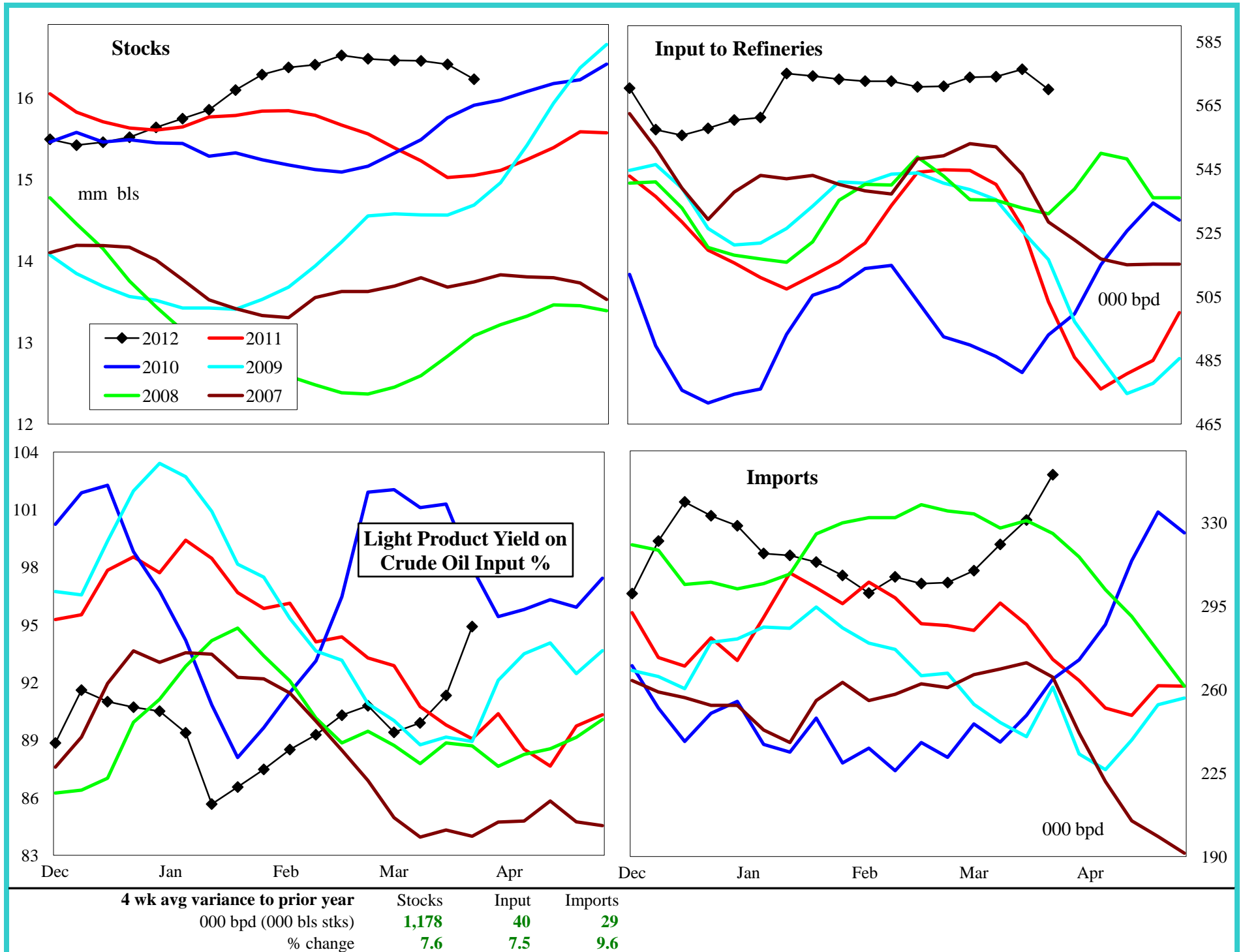
PADD 3 Jet Fuel Supply



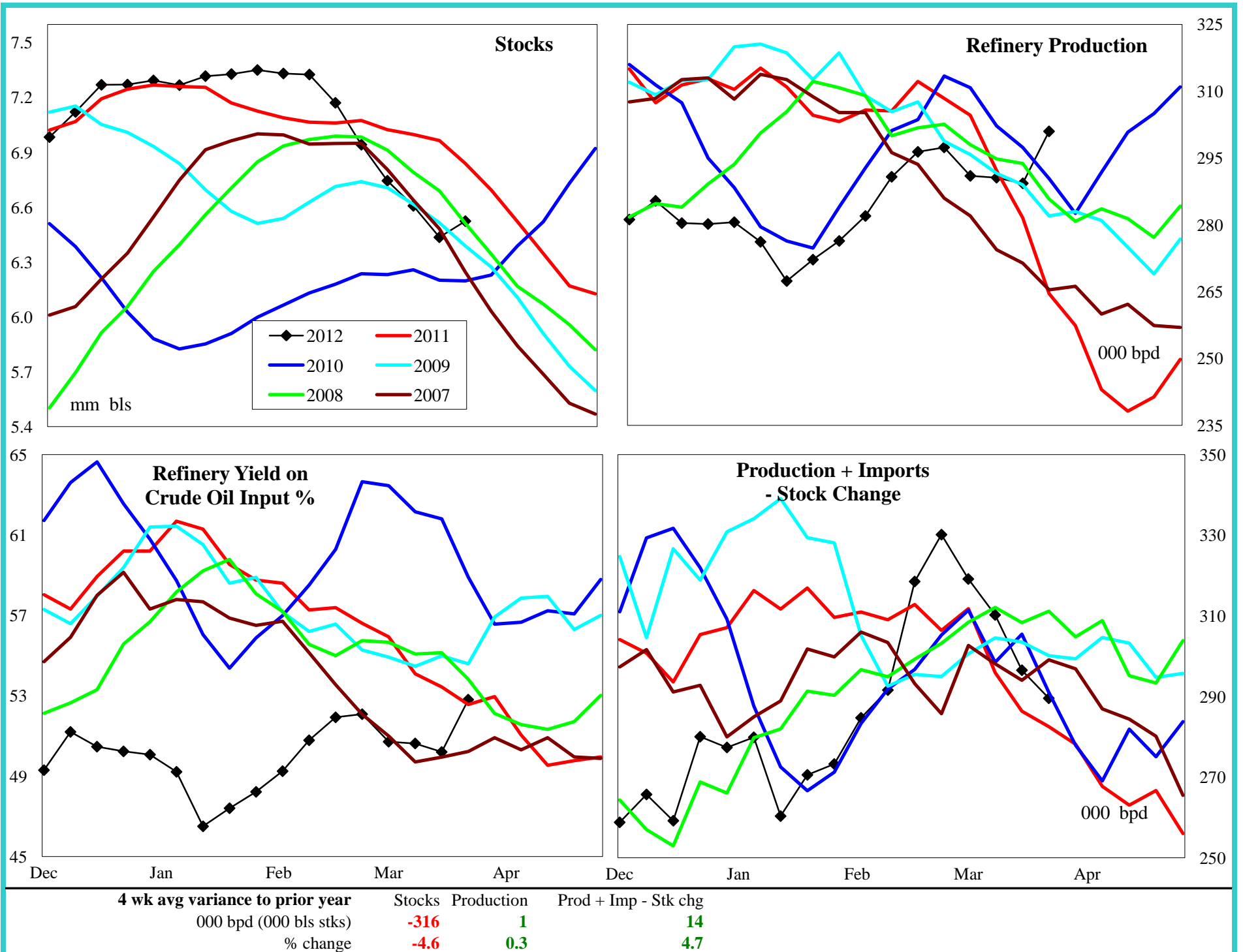
PADD 3 Residual Fuel Oil Supply



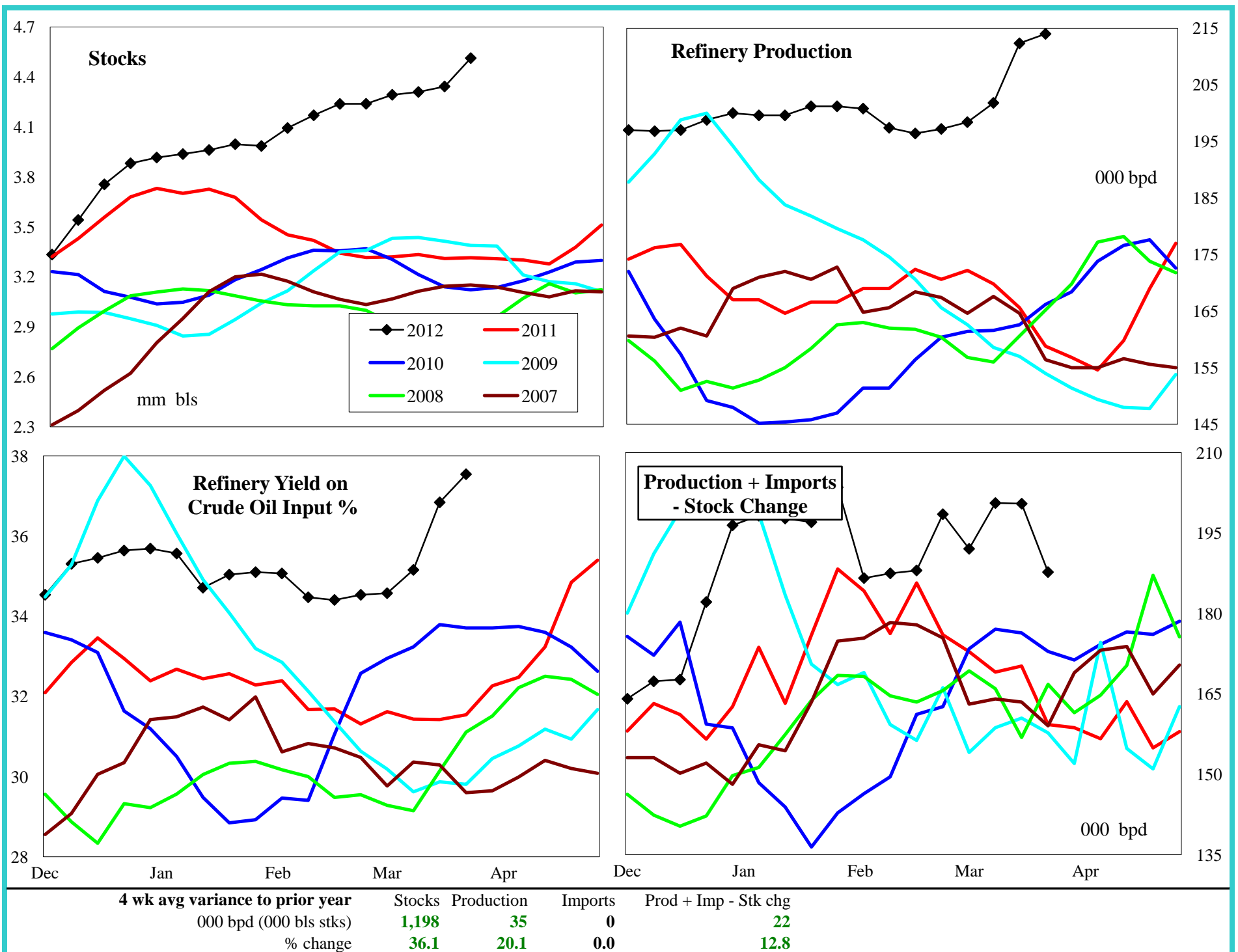
PADD 4 Crude Oil Supply and Refining



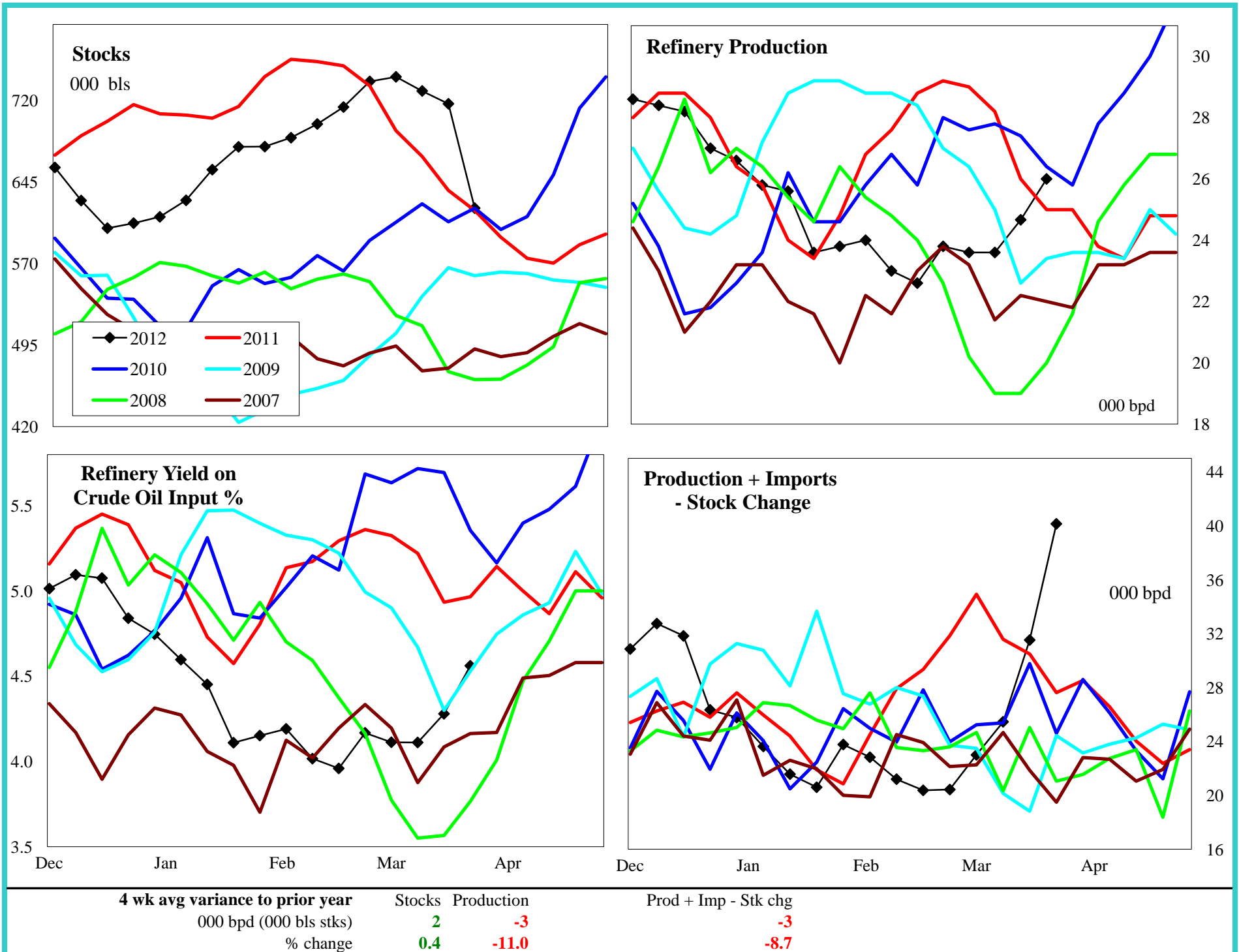
PADD 4 Gasoline Supply



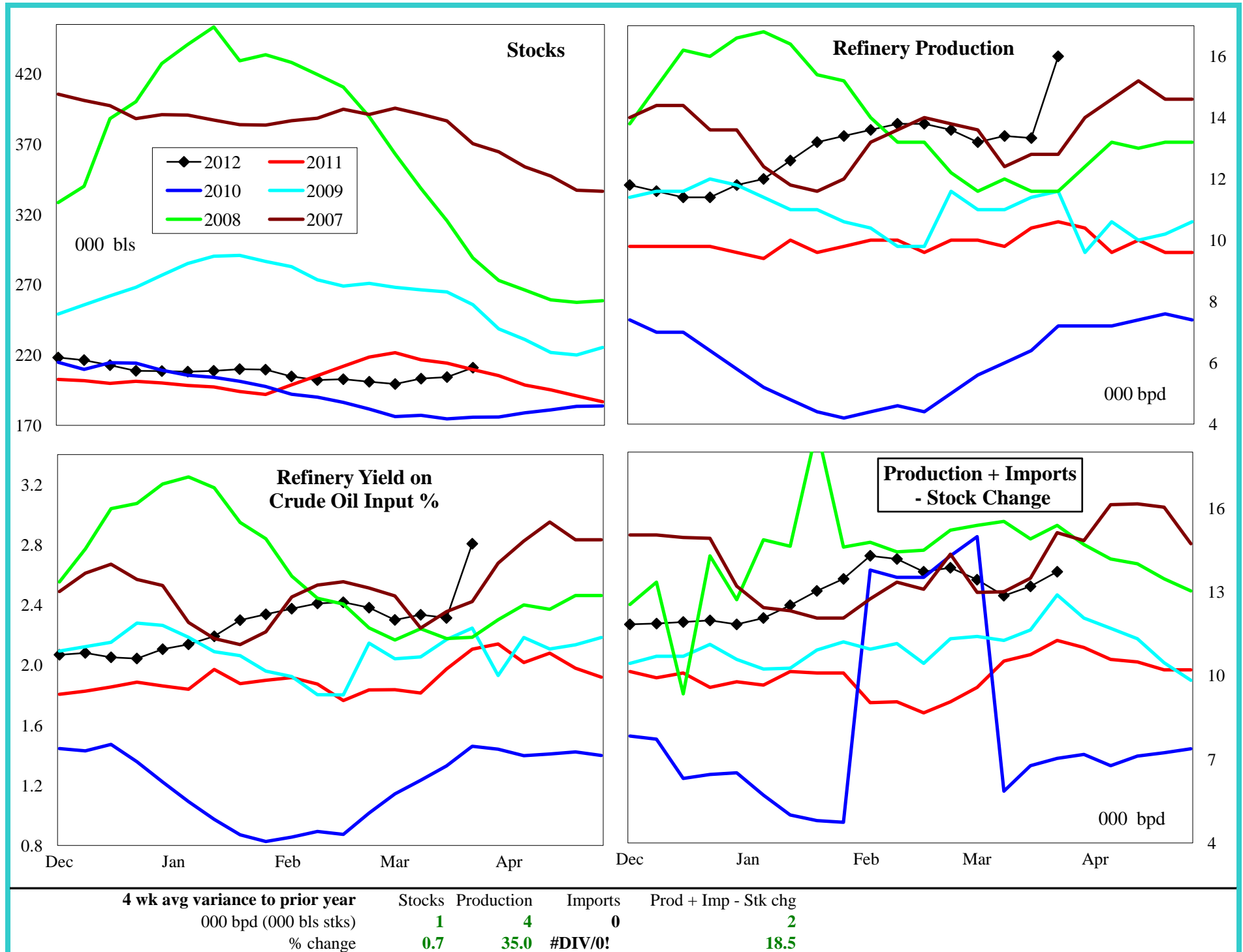
PADD 4 Distillate Supply



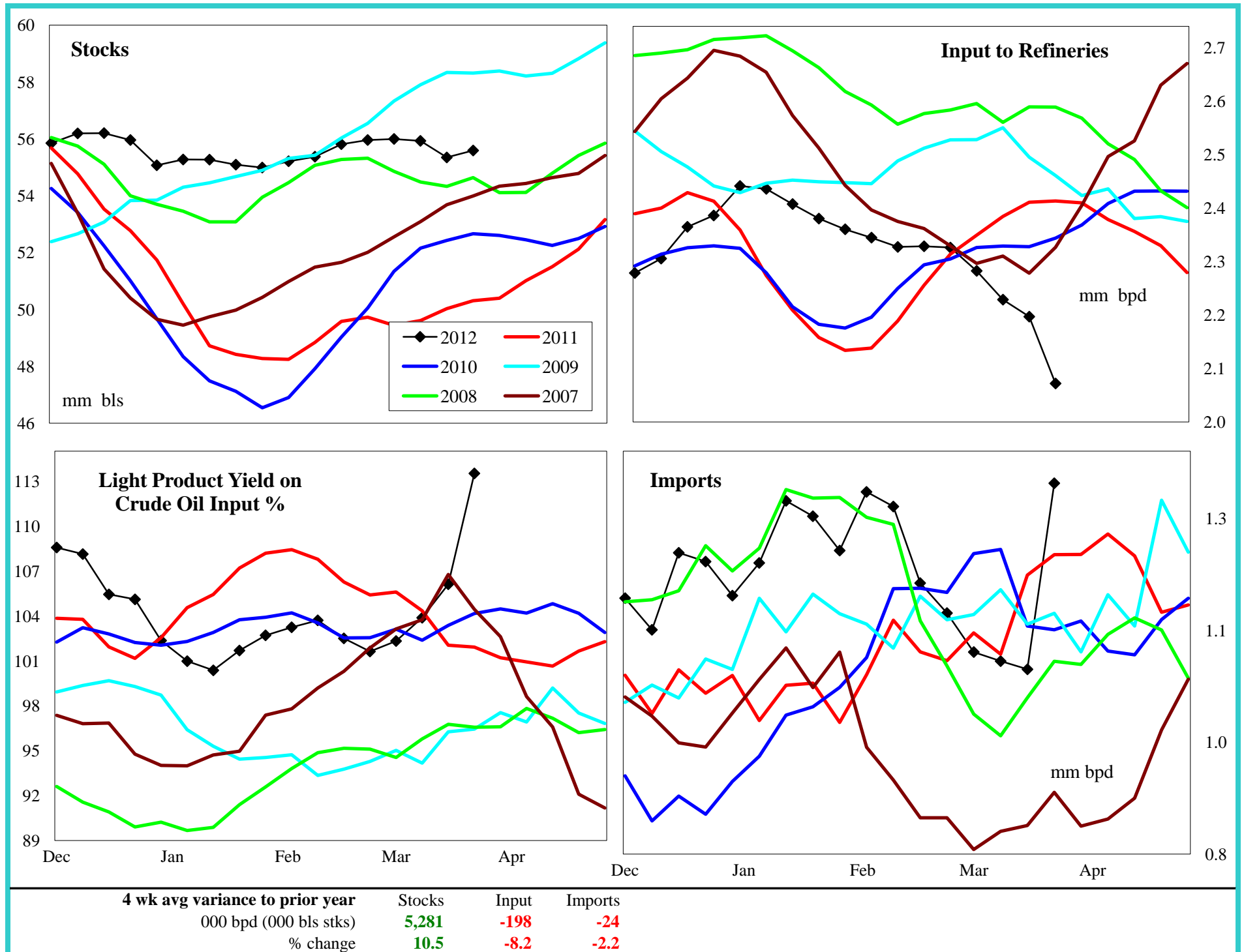
PADD 4 Jet Fuel Supply



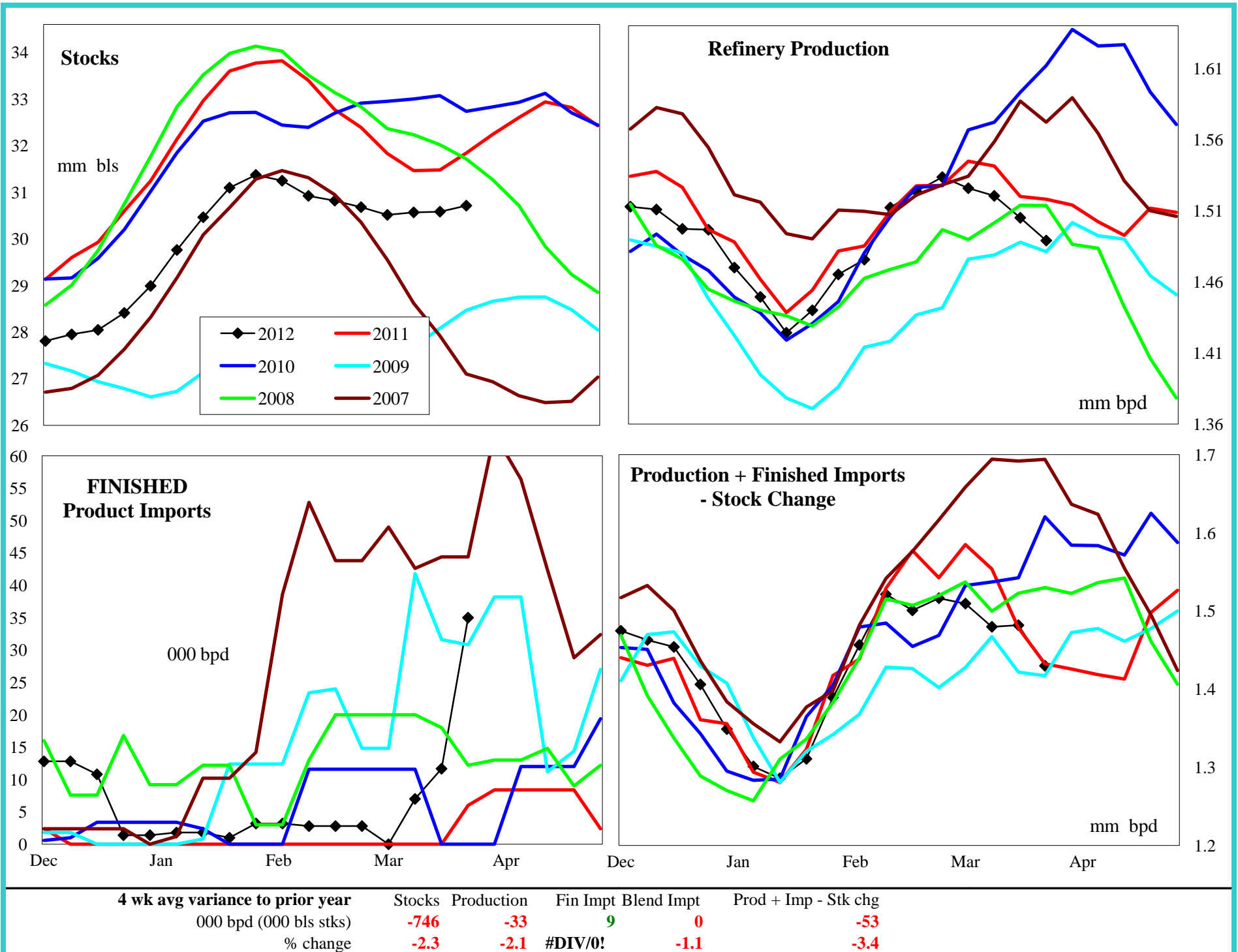
PADD 4 Residual Fuel Oil Supply



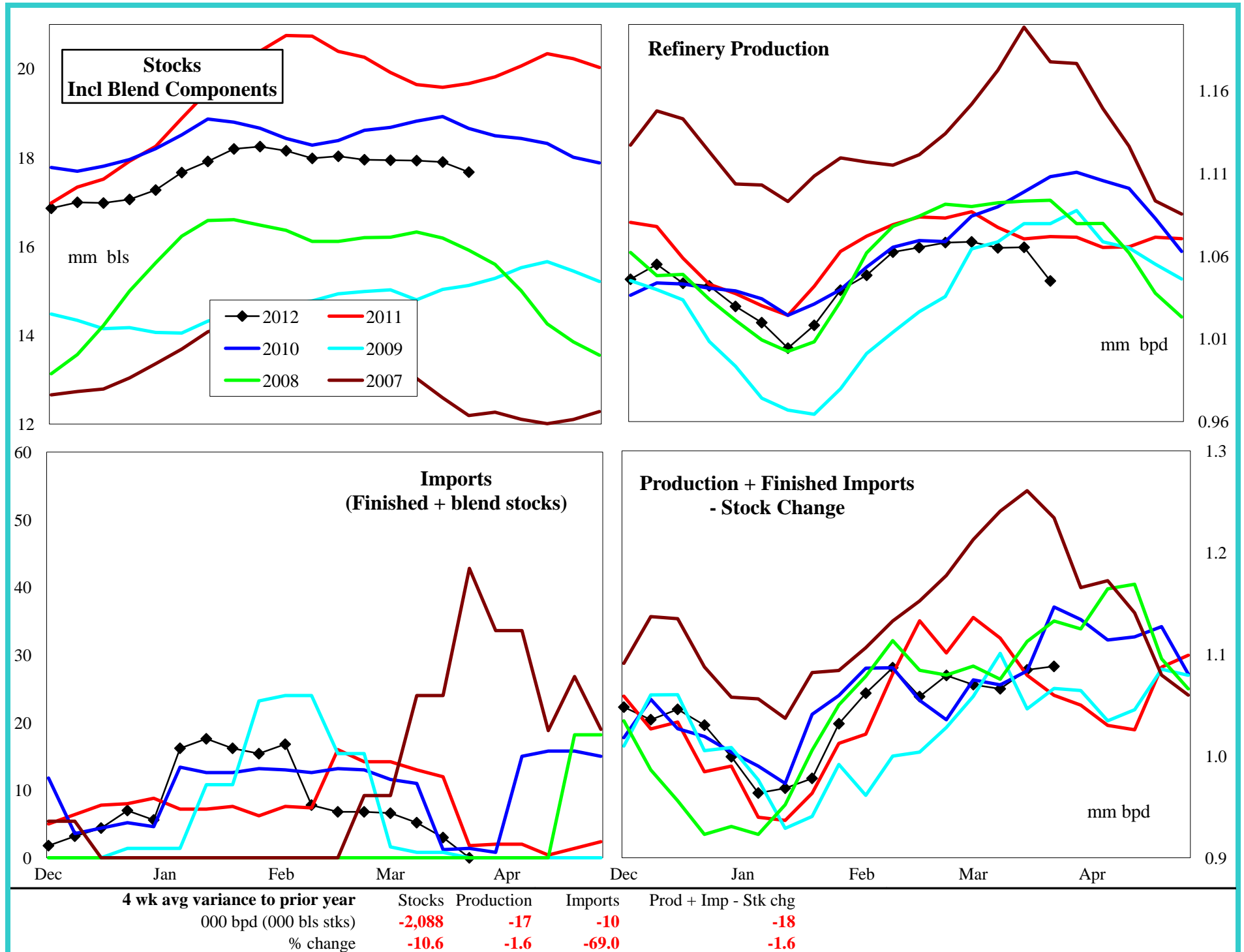
PADD 5 Crude Oil Supply and Refining



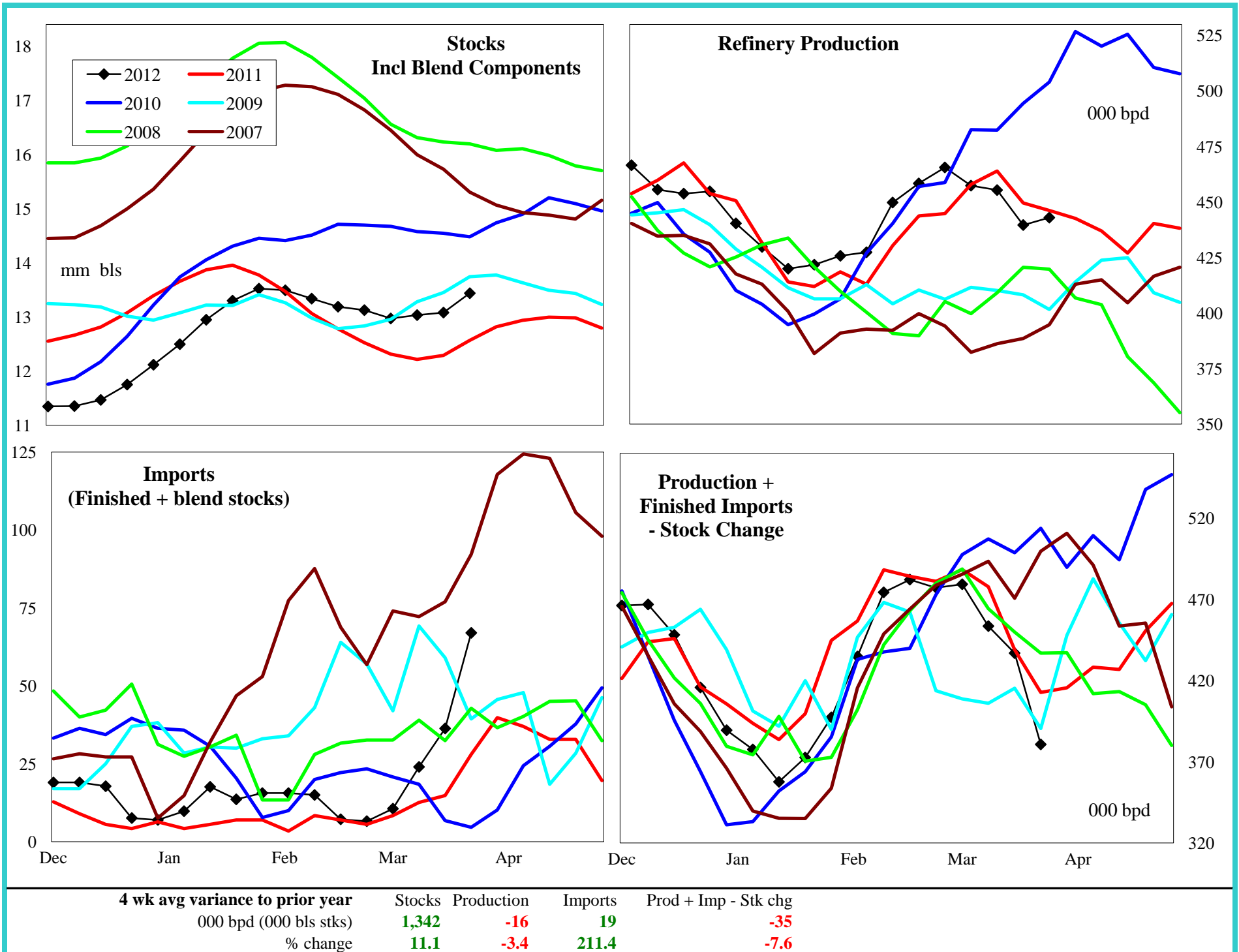
PADD 5 Gasoline Supply



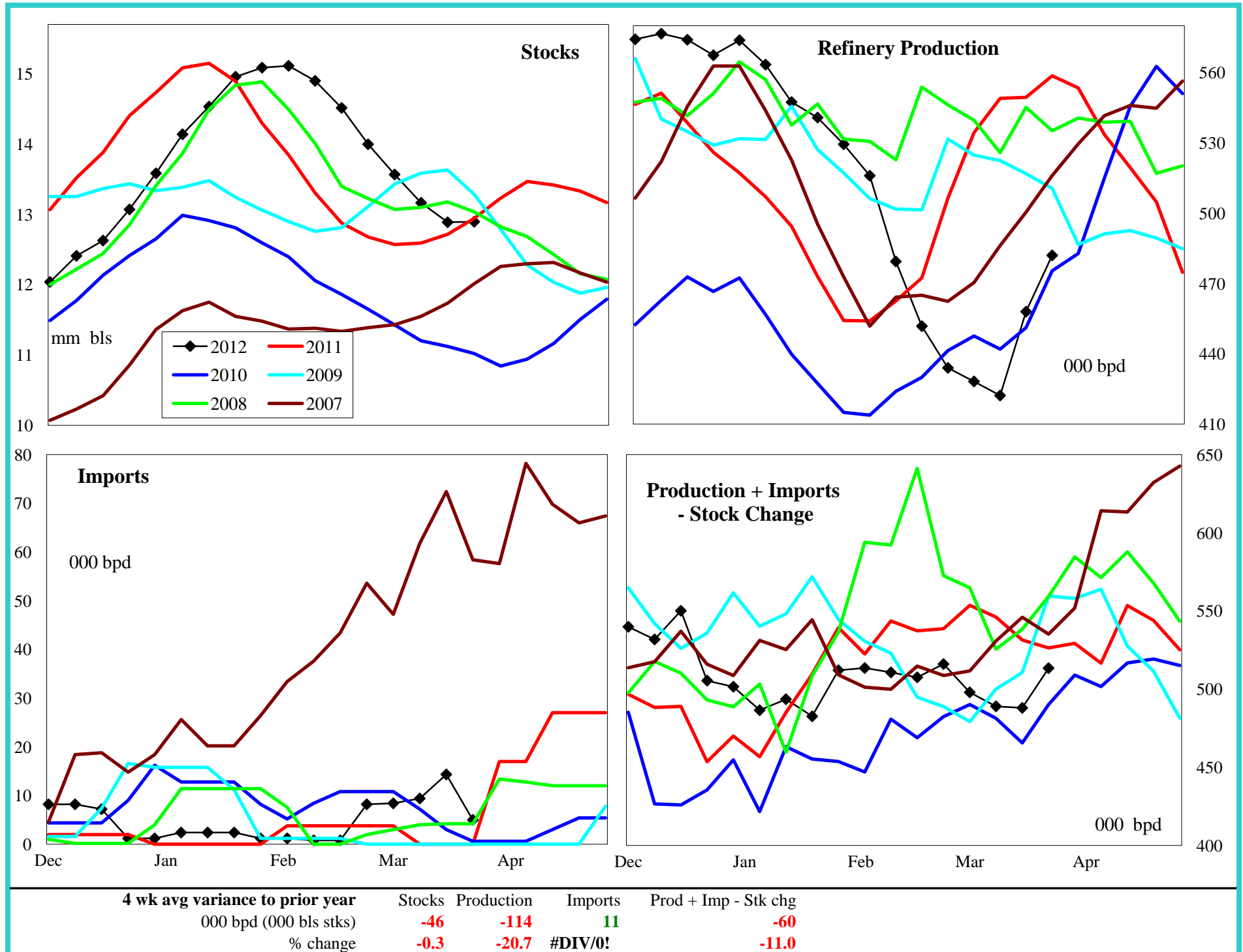
PADD 5 Reformulated Gasoline Supply



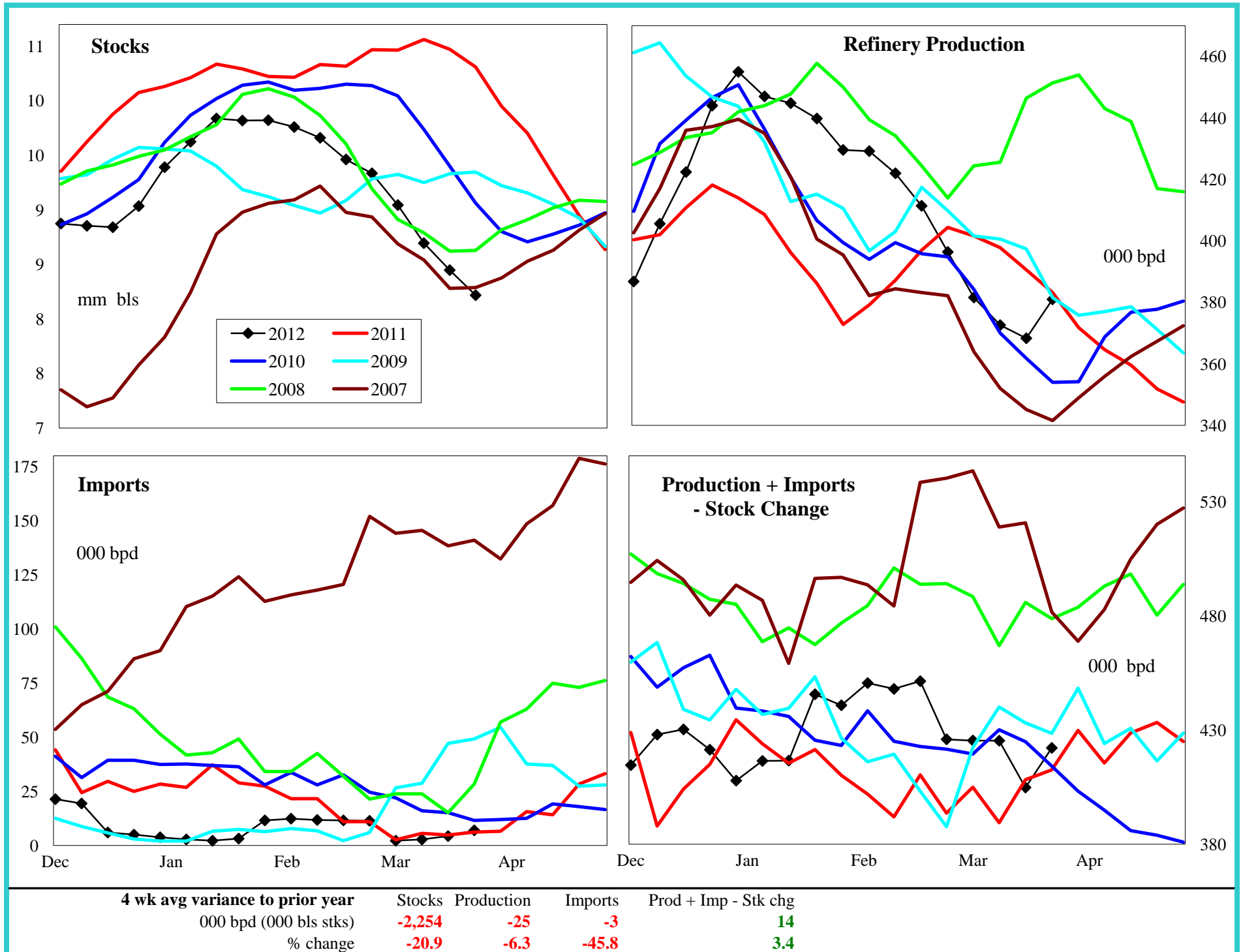
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

