



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, April 04, 2012

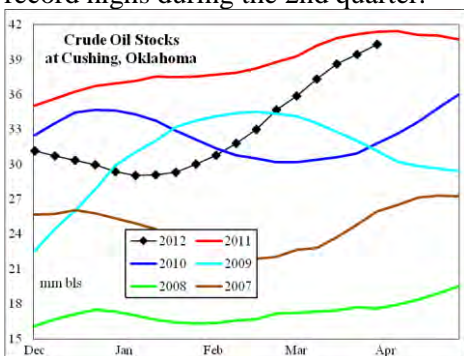


Major Fundamental Trends¹

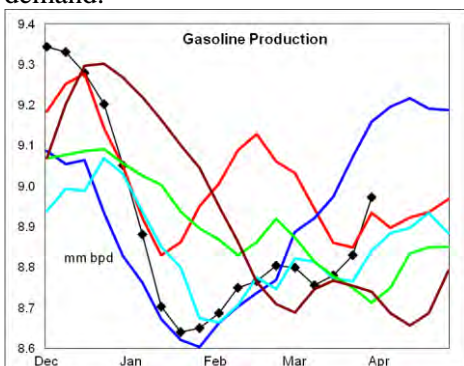
Crude oil stocks jumped +16 million barrels during the last 2-wks; driven by a surge in imports into PADDs 2 and 3. The announced cargos from Saudi Arabia are arriving on the Gulf while a record level of imports from Canada into PADD 2 are driving stock levels higher in the Midwest.

U.S. crude oil stock levels are now above prior 5-year highs, while stocks in Cushing are just -1 million barrels below the previous record for this time of year.

Imports of crude oil into PADDs 2 and 4 each hit new record highs. This trend should drive stock levels at Cushing and in the Midwest to new record highs during the 2nd quarter.



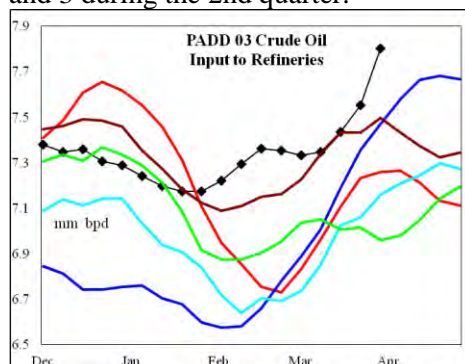
The year-on-year decrease in gasoline demand continues to narrow from levels over -700,000 bpd to near -300,000 bpd for the most recent 4-wk period. Higher production and imports have kept stock levels near 3-year highs, even with the improved level of demand.



While risk of a gasoline supply

squeeze in the Central Atlantic Region continues, due in part to very tight supplies in Europe, stock levels remain above the last 3-years and production has begun a seasonal rebound.

Distillate supplies increased over +100,000 bpd last week as refiners returned from maintenance. Expect a continued seasonal rise in finished product output as crude oil runs in the Gulf reached new record highs. This trend should improve the supply balance of transport fuels in PADDs 1 and 3 during the 2nd quarter.



Demand for gasoline and distillate were marginally higher, while jet fuel spiked as airlines refilled storage. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -3.8%; distillate down -5%; jet fuel down -4.6% while residual fuel oil decreased -33%.

Stocks forward coverage: Gasoline demand coverage decreased last week due to a -1.5 million barrel stock draw. Coverage remains well above the historic range.

Distillate demand coverage was unchanged on flat stocks and demand for the week. Coverage levels were well below the last 2-years.

Jet fuel coverage levels fell on a -1 million barrel stock draw and spike in demand. Coverage levels fell to the low end of the last 3-years.

Refinery utilization rates increased on a +299,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was +198,000 bpd above a year ago.

Gasoline yield % on crude oil runs

increased on a +217,000 bpd rise in output compared to the +299,000 bpd rise in crude oil runs. Yield % on crude oil runs was below four of the last 5-years.

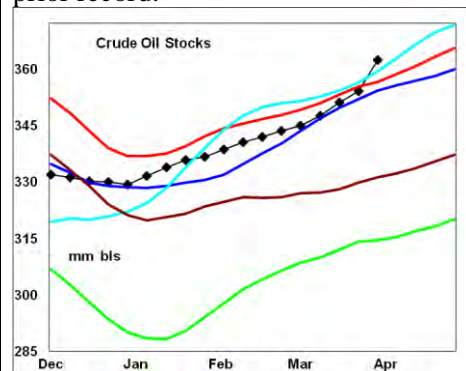
Distillate yield % on crude oil runs was slightly lower on a +47,000 bpd rise in production, compared to the larger increase in crude oil runs. The yield % matched last years' record highs.

Jet fuel yield % on crude oil runs was nearly unchanged last week on a +25,000 bpd increase in output compared to the increase in crude oil runs. Yield % levels were at the historic mid range.

Petroleum Imports of crude oil increased +0.5 million bpd last week, to a level near 5-year highs.

During the latest 4-wk period crude oil imports were +59,000 bpd above last year; distillate imports decreased -6,000 bpd; finished gasoline imports decreased -3,000 bpd, gasoline blend stock imports declined -170,000 bpd; jet fuel imports were -34,000 bpd lower, while residual fuel oil imports fell -164,000 bpd.

Crude Oil stocks climbed +9 million barrels on the week; rising +16 million barrels in just the last 2-wks. U.S. stock levels reached 5-year highs last week, while stock levels in Cushing are only -1 million barrels below the prior record.



¹ Source is latest EIA Weekly Statistics



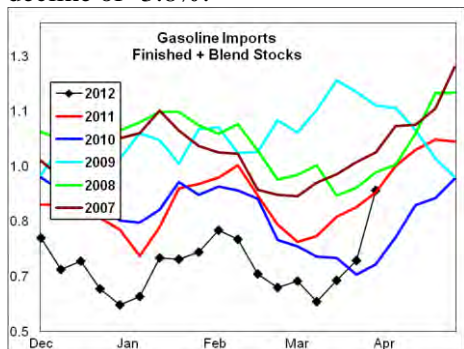
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Product Supply-Demand Trends

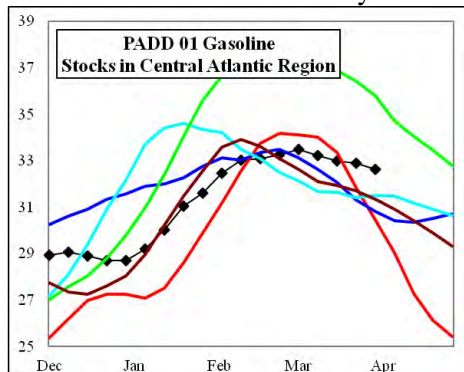
Gasoline demand increased +73,000 bpd last week, as spring demand continued the seasonal uptrend. The latest 4-wk average demand was -334,000 bpd below a year ago, a decline of -3.8%.



Combined production and imports jumped +538,000 bpd last week, with the level of supply above the last 2-years.

Stocks decreased -1.5 million barrels on the week, with the level near historic highs. The latest 4-wk stock draw of -7.6 million barrels matched the average draw for the last 5-years.

The key PADD 1 region saw a +0.2 million barrel stock build on the week. Stock levels in the Central Atlantic Region of PADD 1 ended the week above four of the last 5-years.



A jump in imports and higher refinery output kept stock levels above the last 3-years in the key Central Atlantic Region. Risk of a supply squeeze, while significant because of extremely tight markets in Europe, is not yet apparent in stock levels for PADDs 1 and 3.

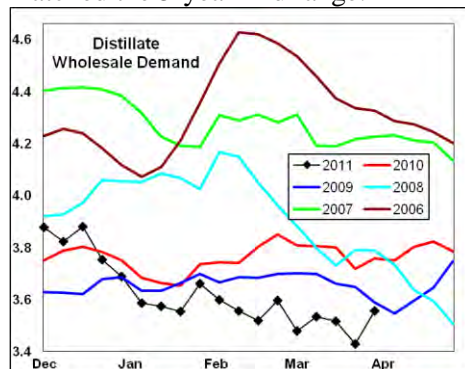
Very weak demand and above average stock levels has depressed cash basis in all regional markets

outside NYH and the Gulf.

Distillate demand was unchanged last week. The latest 4-wk average year-on-year change in demand was a -187,000 bpd decline; driven by mild temperatures in heating oil markets.

Supplies increased +106,000 bpd on higher production and imports; with the latest 4-wk average supply nearly equal to a year ago. Stocks were unchanged on the week, at a level below the last 3-years.

The latest 4-wk stock change in markets East of the Rockies was a draw of -3.6 million barrels, which matched the 5-year mid range.



Supplies should trend higher on a return of refineries from maintenance and a upturn in imports. During the latest 4-wk period, supplies matched year ago levels.

Production exceeded last year in all regional markets except the West Coast where unplanned repairs and other maintenance has driven crude oil runs to record low levels.

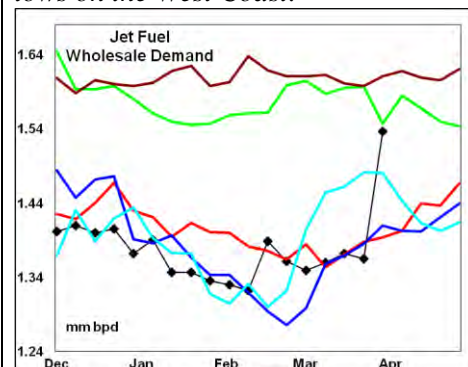
Look for an improving supply balance during the 2nd quarter on higher production and year-on-year declines in demand.

Jet Fuel demand jumped +269,000 bpd last week, lifting the level above the last 3-years. The latest 4-wk average demand was -64,000 bpd below a year ago.

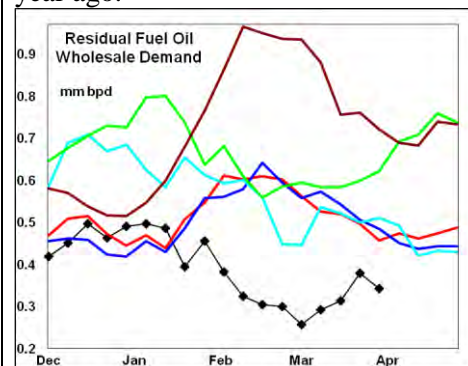
Supply increased +73,000 bpd on higher production and imports. Stocks fell -1 million barrels on the week, to a level that matched the mid range.

The surge in demand, reflects the start of a seasonal uptrend in use. Production has climbed to levels that

match historic highs which should lead to modest stock builds during the 2nd quarter. Stock levels remain at record lows on the West Coast.



Residual fuel oil demand decreased -15,000 bpd last week. The latest 4-wk average was -184,000 bpd below a year ago.



Supply (production + imports) increased +187,000 bpd last week, on higher imports and production. The latest 4-wk average supply was -132,000 bpd below last year on lower imports. Stocks increased +1 million barrels, with the level at the low end of the 5-year range.

Demand for the latest 4-wk period was -33% below a year ago due to unusually warm temperatures and substitution of low cost gas.

Stock levels match 5-year highs in the Midwest and Gulf regional markets; assuring very ample supplies in these regions.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

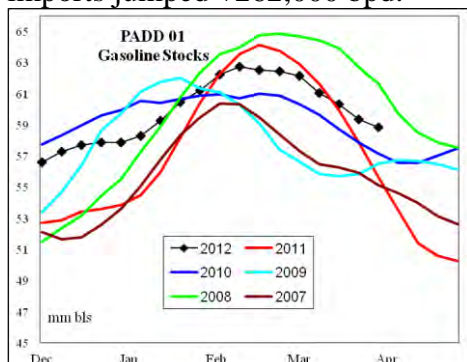
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +8,000 bpd on the week, with the latest 4-wk average -40,000 bpd below last year.

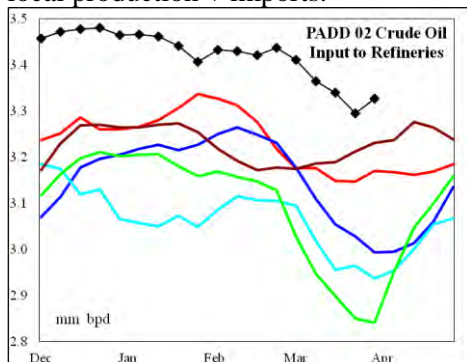
Gasoline production increased +47,000 bpd last week, while imports jumped +262,000 bpd.



Stocks increased +0.2 million barrels on the week, to a level well above each of the last 3-years. Stock levels in the key Central Atlantic Region ended the week above the last 3-years.

Distillate supply decreased -37,000 bpd on the week, to a level comparable with last year. Stocks declined -0.5 million barrels on the week, a level -10% below last year.

Jet fuel surge in receipts from the Gulf has offset -73,000 bpd drop in local production + imports.



PADD 2 crude oil refinery runs increased +46,000 bpd on the week, with the 4-wk average +180,000 bpd above last year. Crude oil imports were +32% above last year, with stock levels at Cushing just -1 million barrels below last years' record high.

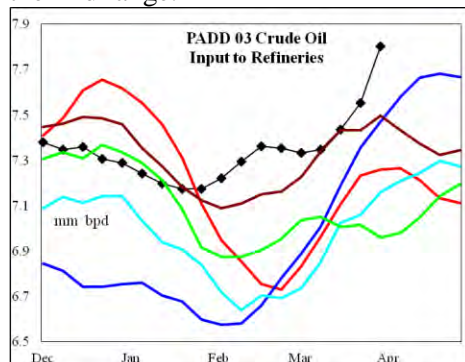
Gasoline production declined -35,000 bpd last week, with the latest 4-

wk average -29,000 bpd below the average of the last 3-years. Stocks increased +0.3 million barrels to a level +7.5% above last year.

Distillate production decreased -26,000 bpd on the week, with output falling to near the 5-year mid range. Stocks decreased -0.6 million barrels, with the level well above four of the last 5-years.

Jet fuel production jumped +42,000 bpd on the week, to a record high weekly level. Stocks ended the week at a level above the 5-year range.

PADD 3 refinery runs increased +239,000 bpd last week, to a new record high weekly level. The latest 4-wk average thru put was +241,000 bpd above last year. Crude oil imports increased +0.5 million bpd, although the level remains at the low end of the historic range. Stocks increased +6.1 million barrels, lifting the level above the mid range.



Gasoline production increased +66,000 bpd, a level -181,000 bpd below a year ago. Stocks fell -1.7 million barrels last week, with the level matching historic highs for the period.

Distillate production climbed +129,000 bpd on the week, with the latest 4-wk average comparable to a year ago. Stocks increased +1 million barrels to a level at the low end of the last 3-years.

Jet fuel supply remains at a level above the mid range. Stocks decreased -0.7 million barrels, to a level near the 5-year mid range.

Residual fuel oil supplies increased +177,000 bpd on the week. Stock levels ended the week above the

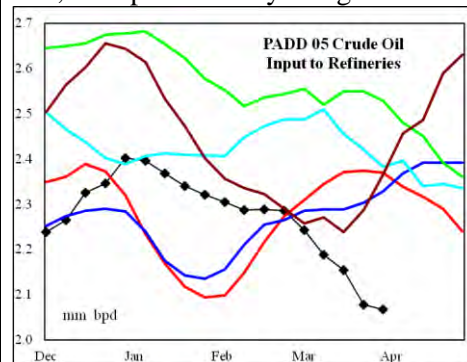
historic range.

PADD 4 refinery crude runs decreased -29,000 bpd on the week, although the level remains above the 5-year range. The most recent 4-wk average run rate was +47,000 above a year ago.

Gasoline production was nearly unchanged on the week, at a level above the 5-year range. Stocks increased with the level matching last years' record highs for the week.

Distillate production fell -31,000 bpd, but the level remains above the 5-year range. The latest 4-wk average output was +43,000 bpd above last year (+26%). Stock levels were +34% above last year and a record high for this time of year.


PADD 5 crude oil refinery runs increased +35,000 bpd last week, but remain well below prior years. Runs for the most recent 4-wk period were -230,000 bpd below a year ago.



Gasoline production decreased -12,000 bpd on the week to a level that matched 5-year lows. Supply (production + imports) for the latest 4-wk average was -11,000 bpd below a year ago. Stocks decreased -0.4 million barrels with the level below the historic mid range.

Distillate supply increased +26,000 bpd on the week, to a level that matched historic lows for this time of year. Stocks increased +0.2 million barrels, to a level above the mid range.

Jet fuel imports jumped +48,000 bpd, a level that matched 4-year highs. However stocks extended a seasonal decrease, ending the week at 5-year lows.



FUNDAMENTAL

PETROLEUM TRENDS

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PETROLEUM: Graph Link and Weekly Summary

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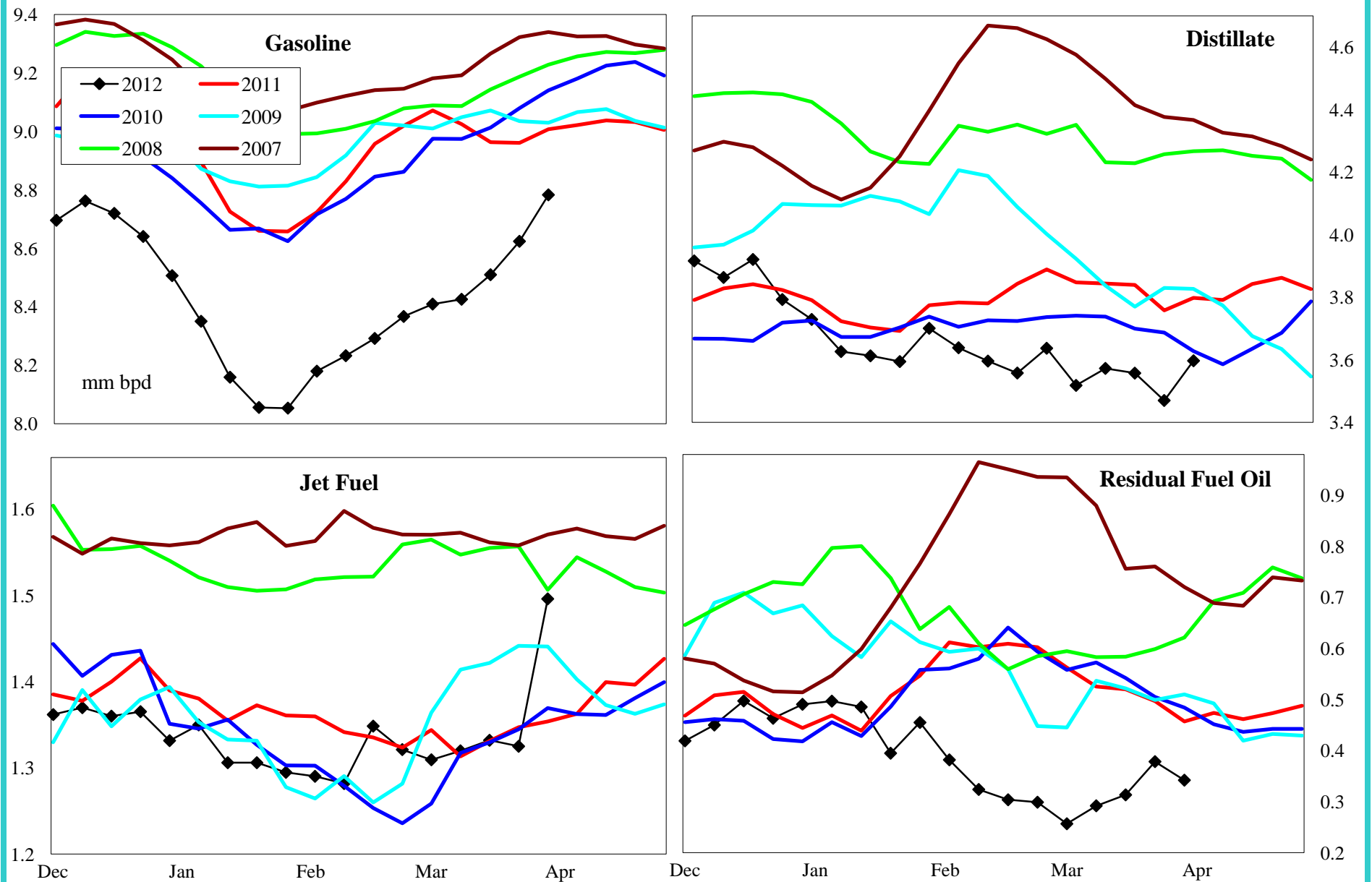
April 4, 2012

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Imports		
Supply/Demand Trends	30-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	9,009	1,651	1,512	6,109	76	-338
	Imports	505	-66	250	471	69	-218
	Input	299	8	46	239	-29	35
	% Utilization	1.20					
Gasoline	Stocks	-1,457	165	290	-1,656	93	-350
	Production	217	47	-35	66	-6	-12
	Imports	321	262	-1	86	0	-26
	Supplied	73					
Distillate	Stocks	19	-480	-573	1,001	-86	158
	Production	47	-29	-26	129	-31	5
	Imports	59	-8	-4	50	1	21
	Supplied	1					
Jet Fuel	Stocks	-995	-144	-33	-700	35	-152
	Production	25	-4	42	-8	-4	-1
	Imports	48	0	0	0	0	48
	Supplied	269					
Residual Fuel Oil	Stocks	1,032	468	38	558	-21	-11
	Production	96	4	-4	100	-8	4
	Imports	91	12	2	77	0	0
	Supplied	-15					

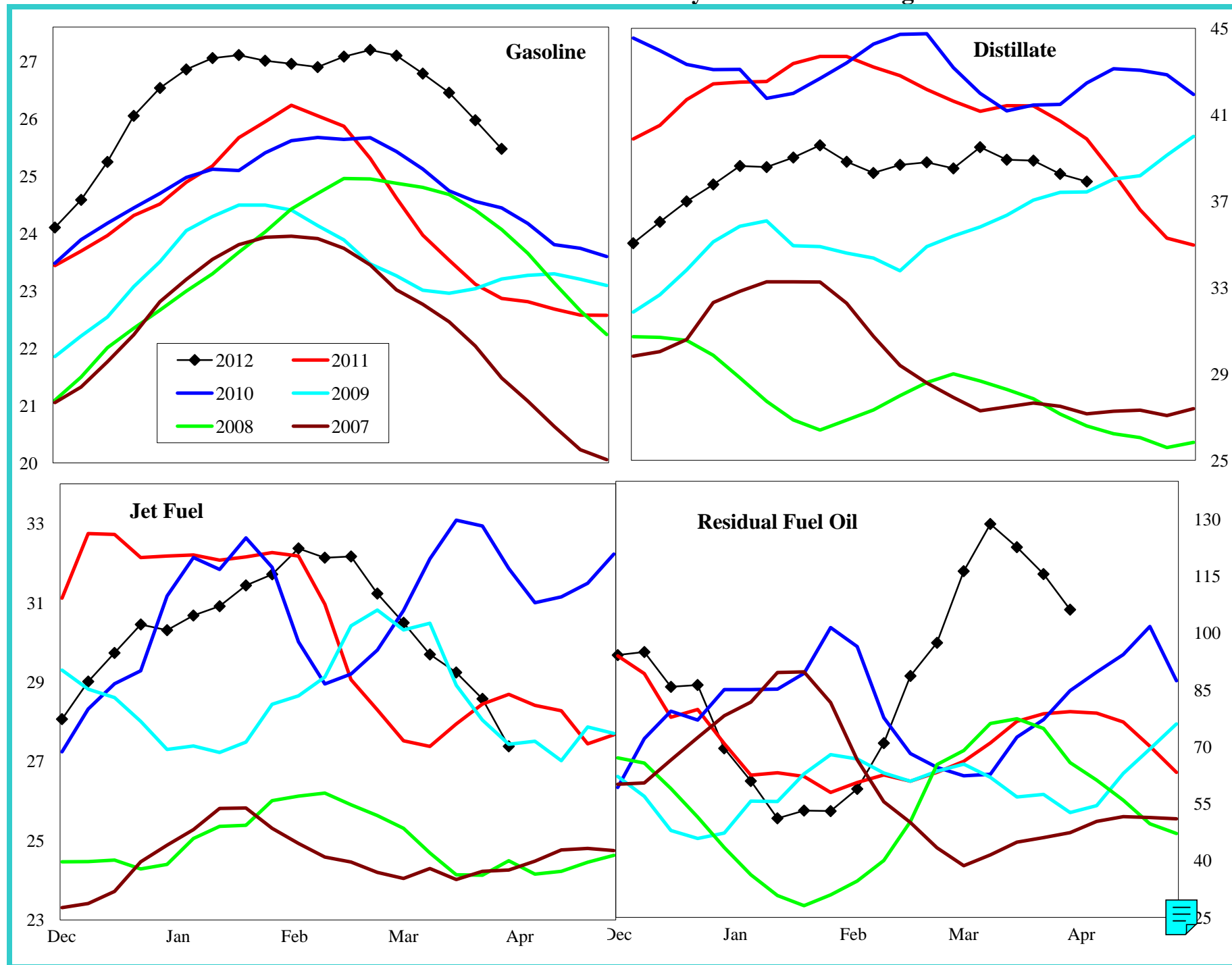
United States Wholesale Petroleum Demand



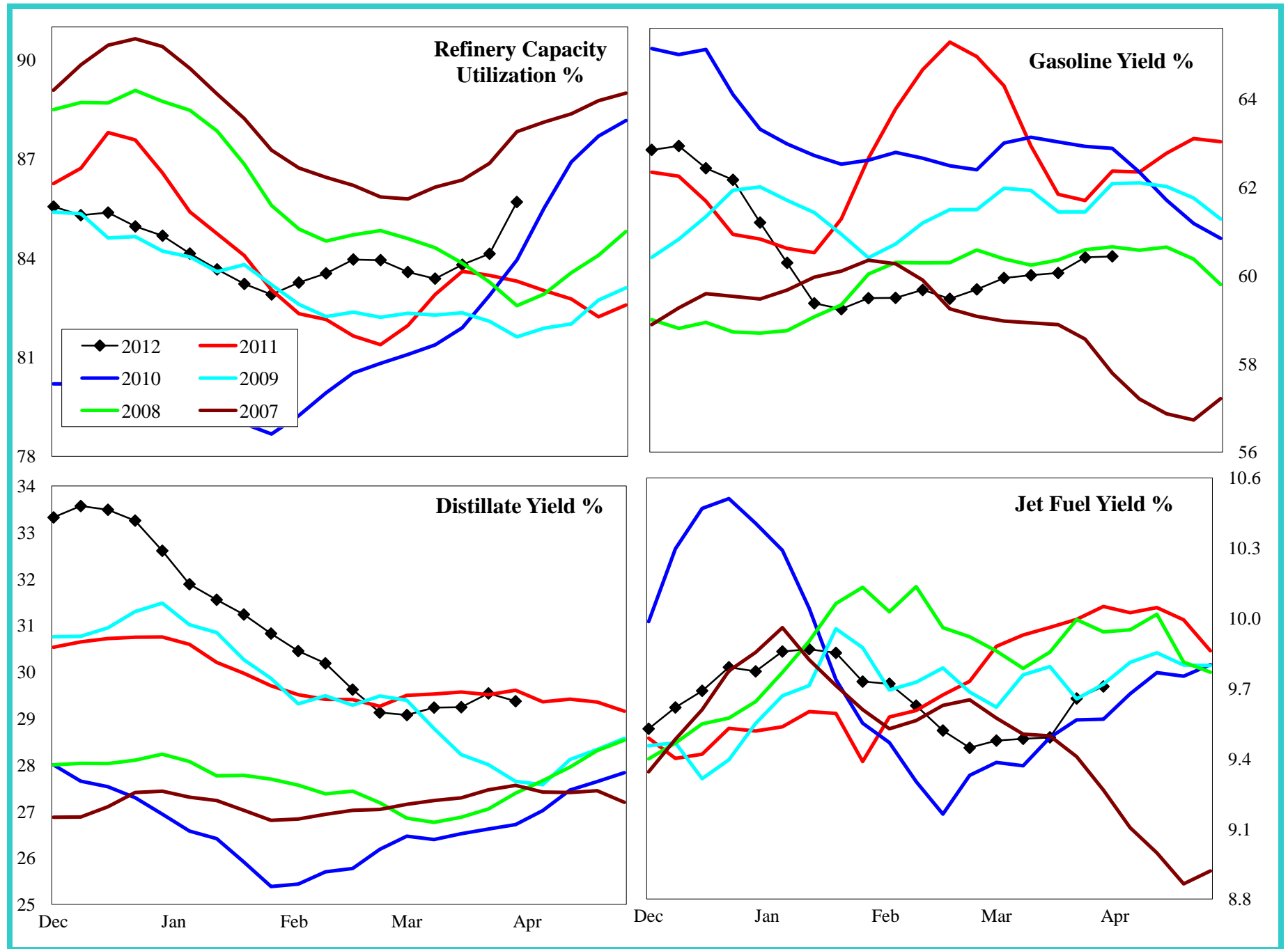
	000 bpd change from prior year				% change from prior year				
	4wk avg	Feb	Jan	Jan	4wk avg	Feb	Jan	Dec	
Gasoline	-334	-293	-374	-155	-3.8	-3.4	-4.4	-1.7	
Distillate	-187	-283	-295	-255	-5.0	-7.3	-7.4	-6.1	
Jet Fuel	-64	52	-24	22	-4.6	3.9	-1.8	1.6	
Resid	-184	-258	-176	8	-33.3	-41.1	-28.3	1.5	



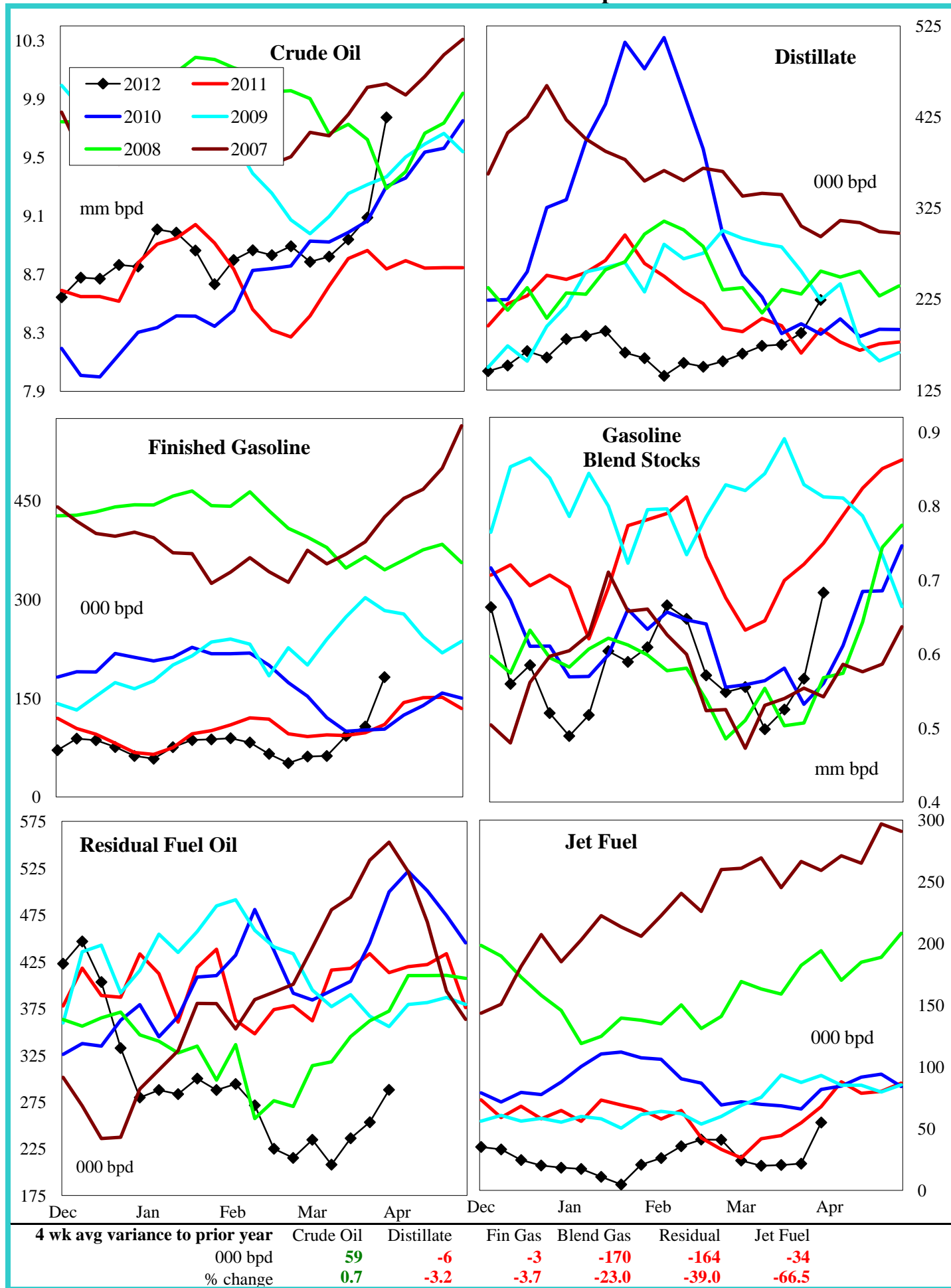
United States Product Stocks: Days Forward Coverage



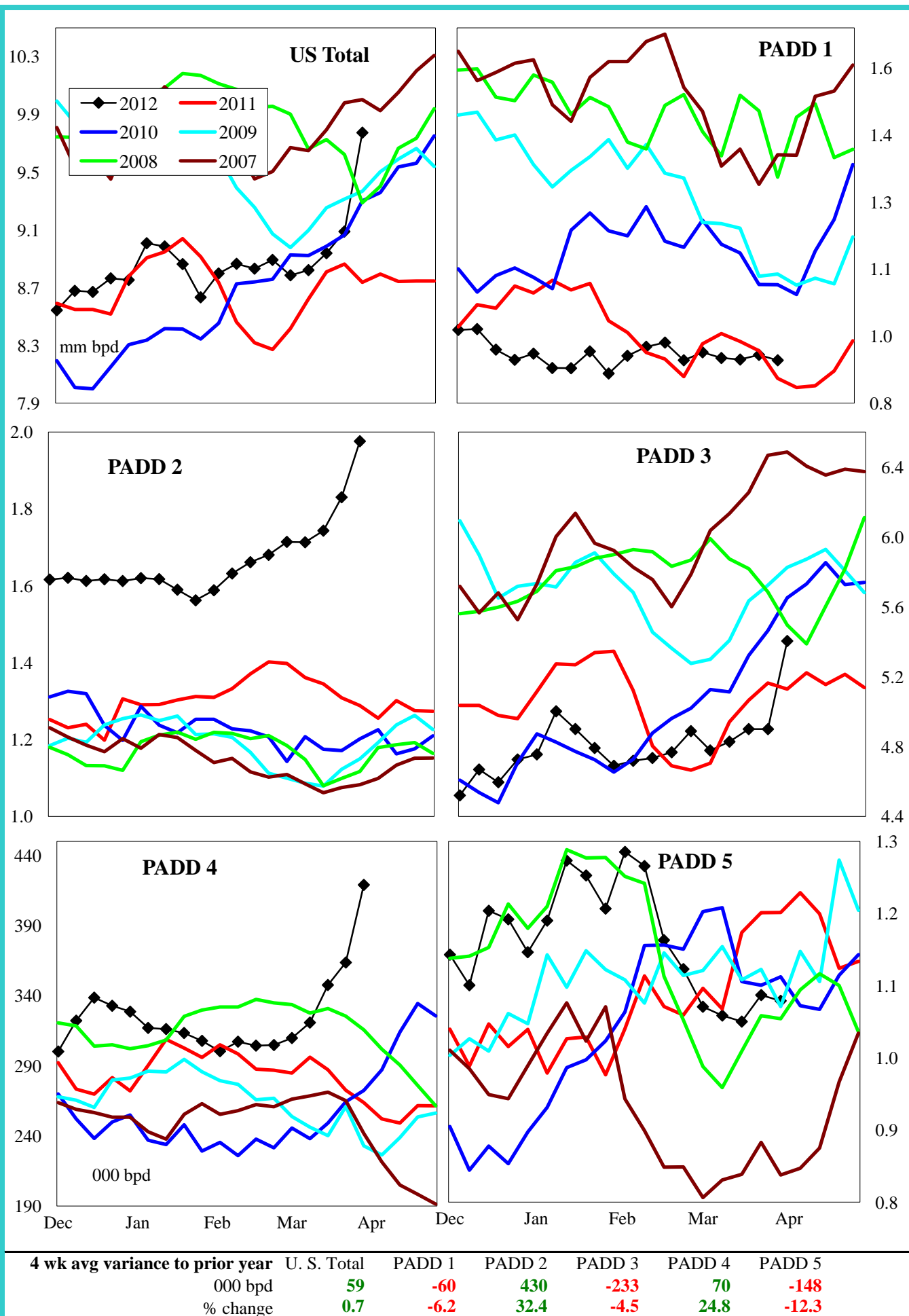
United States Refinery Percent Utilization Rate and Product Yields



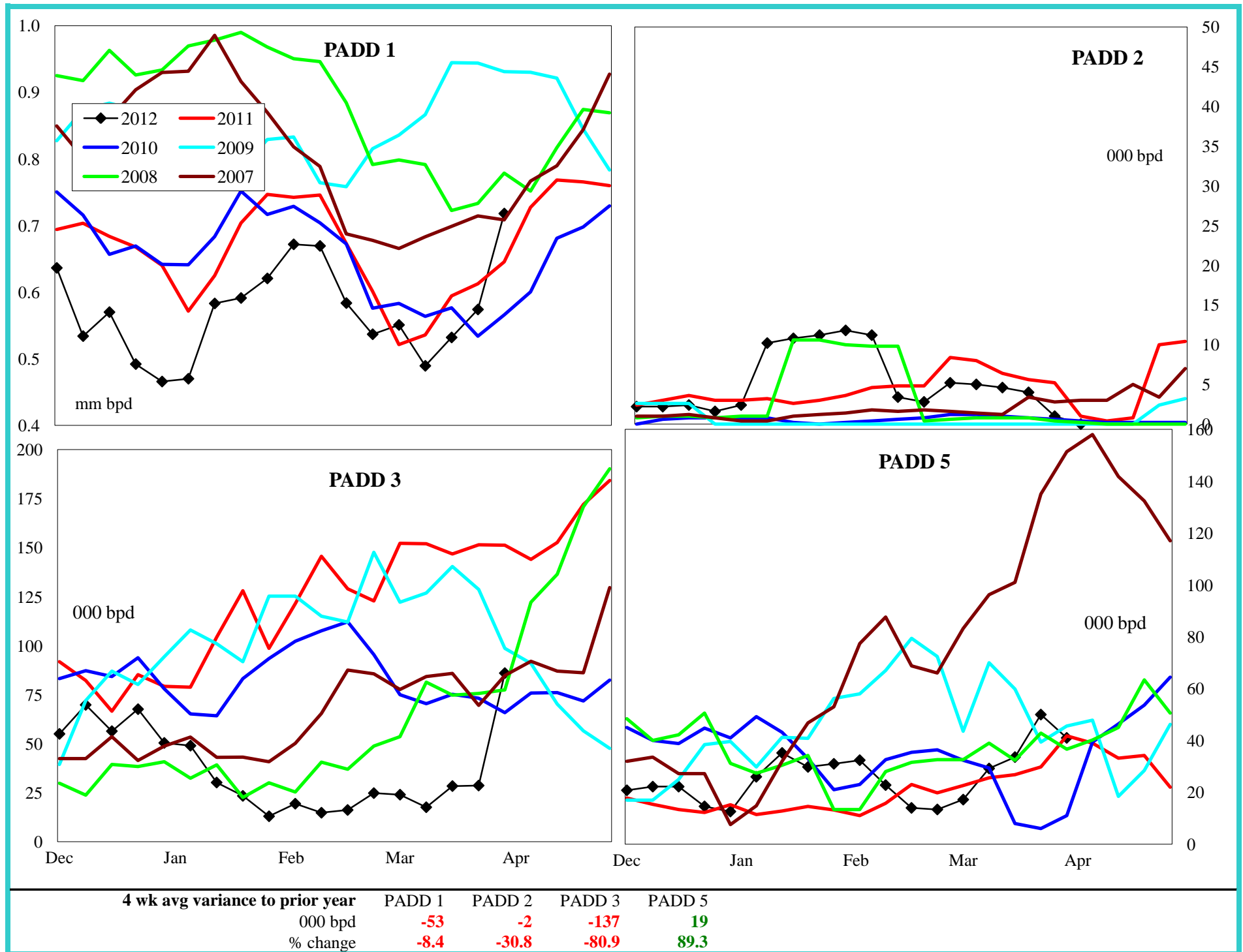
United States Petroleum Imports



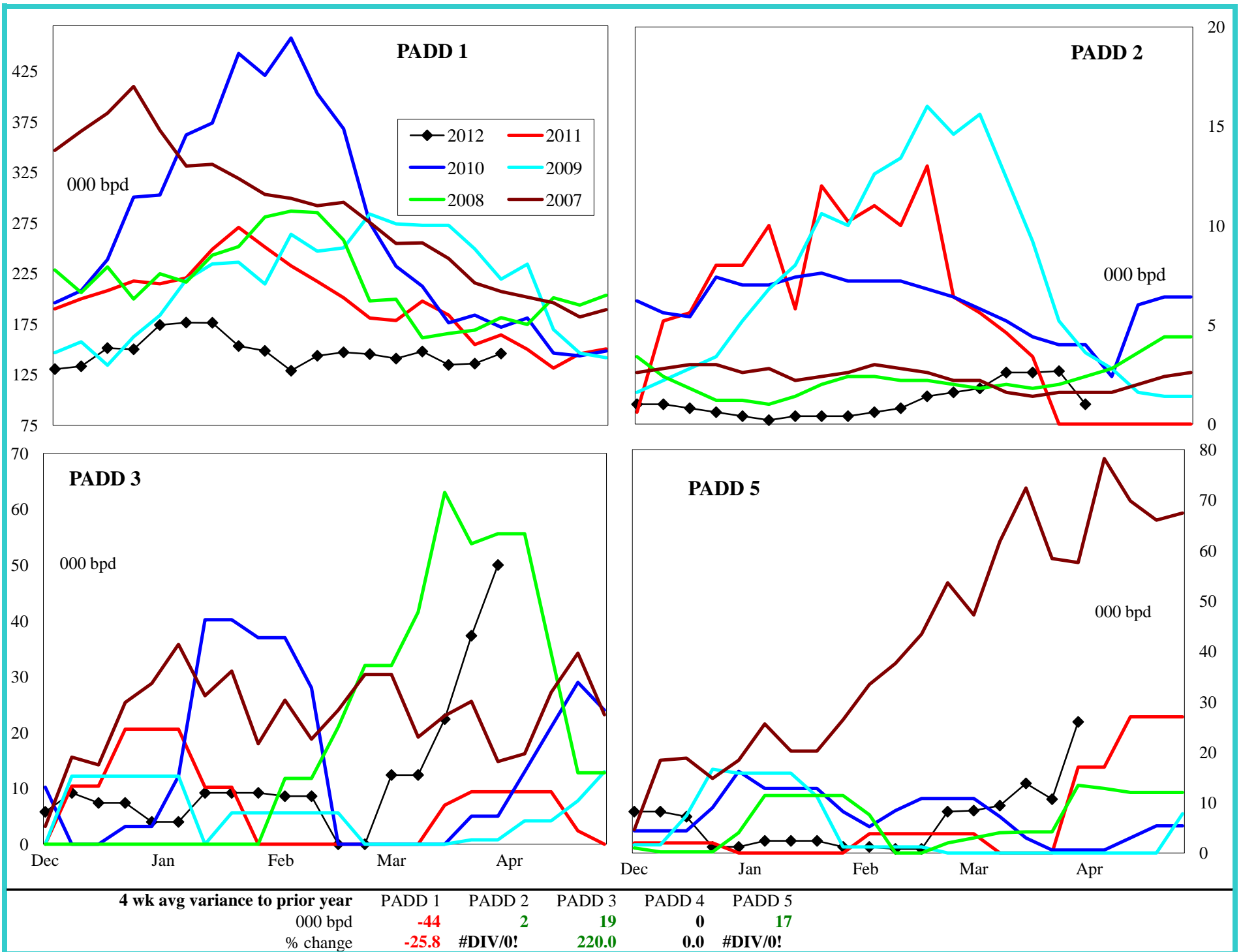
Crude Oil Imports by PADD



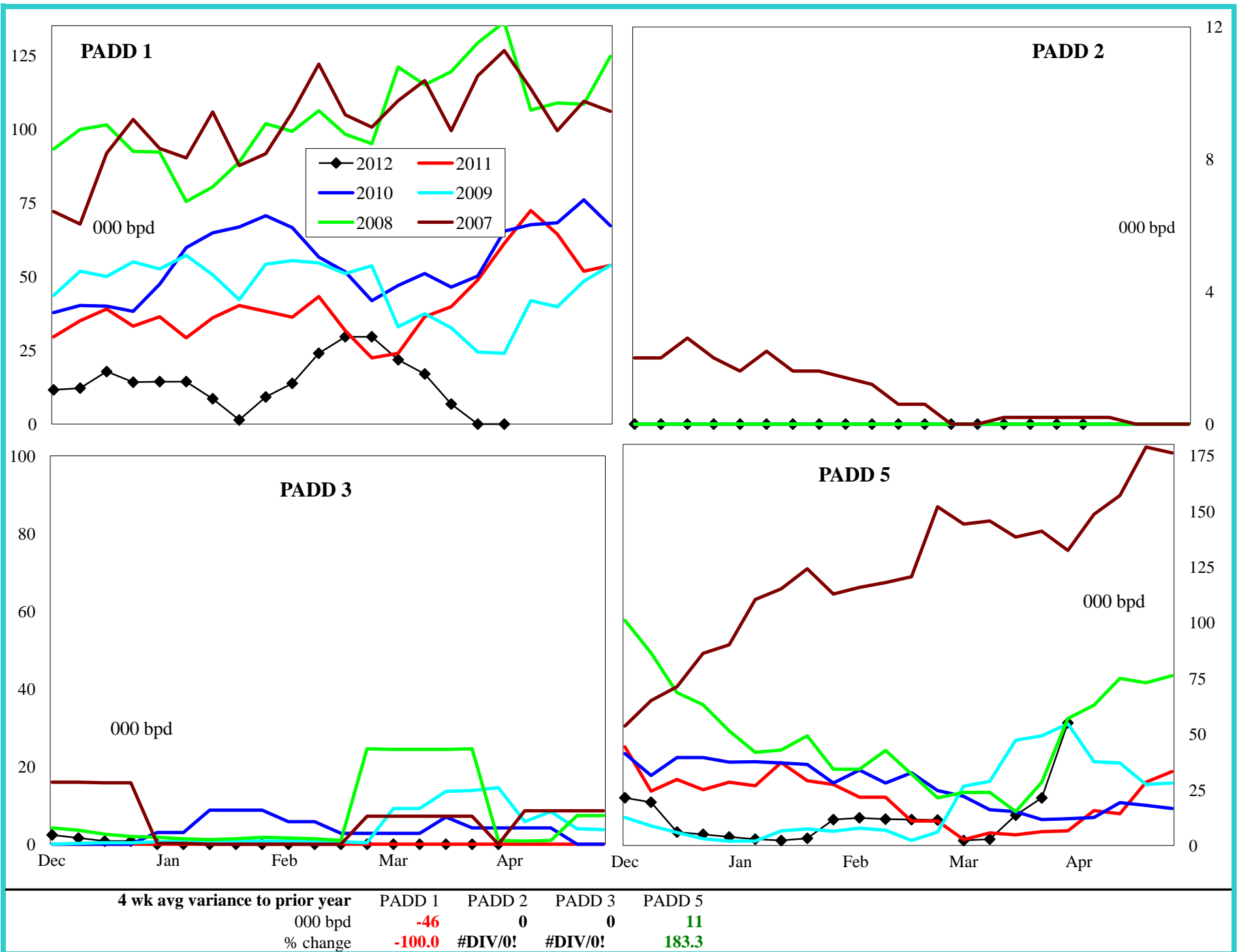
Gasoline Imports by PADD (Finished + Blend Stocks)



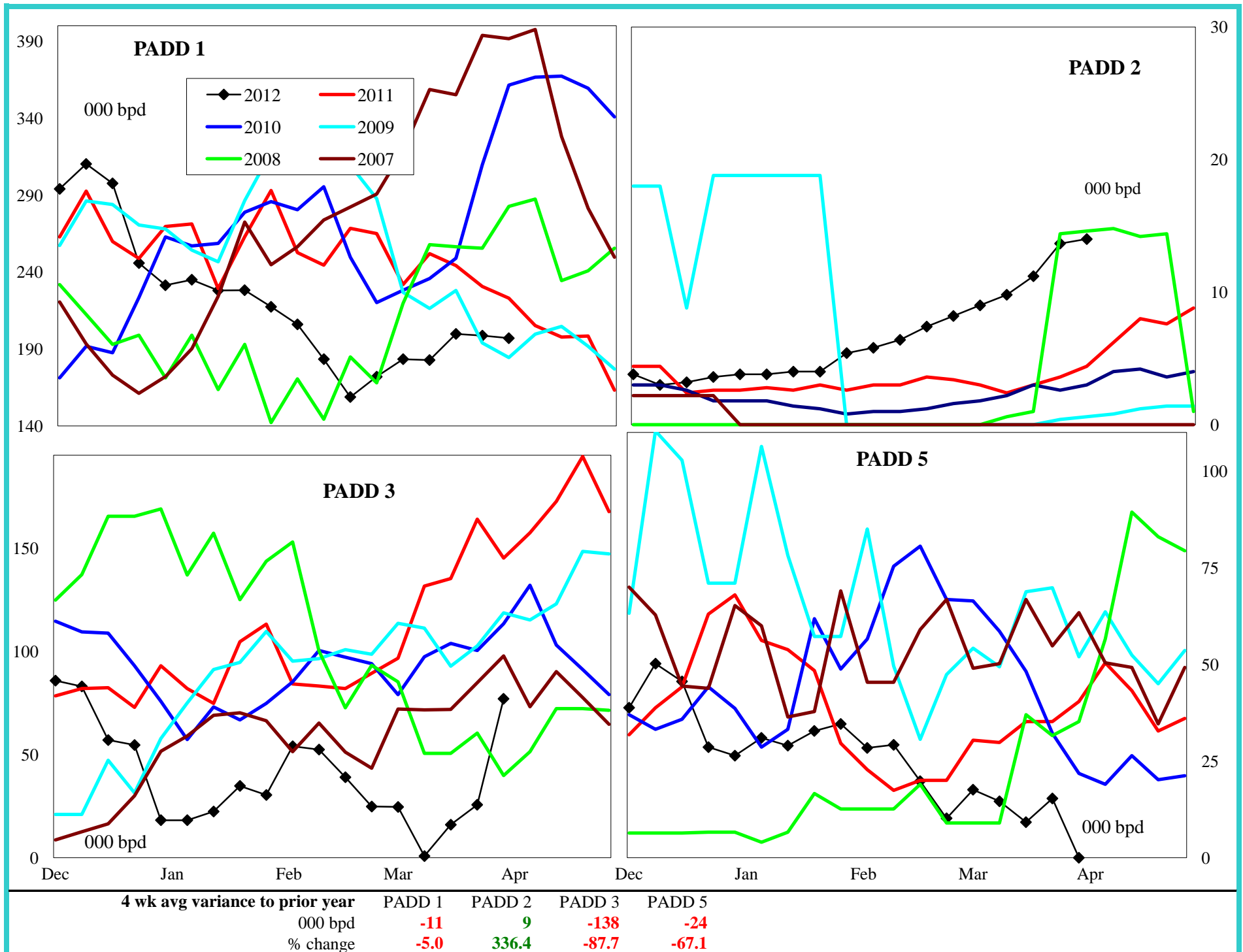
Distillate Imports by PADD



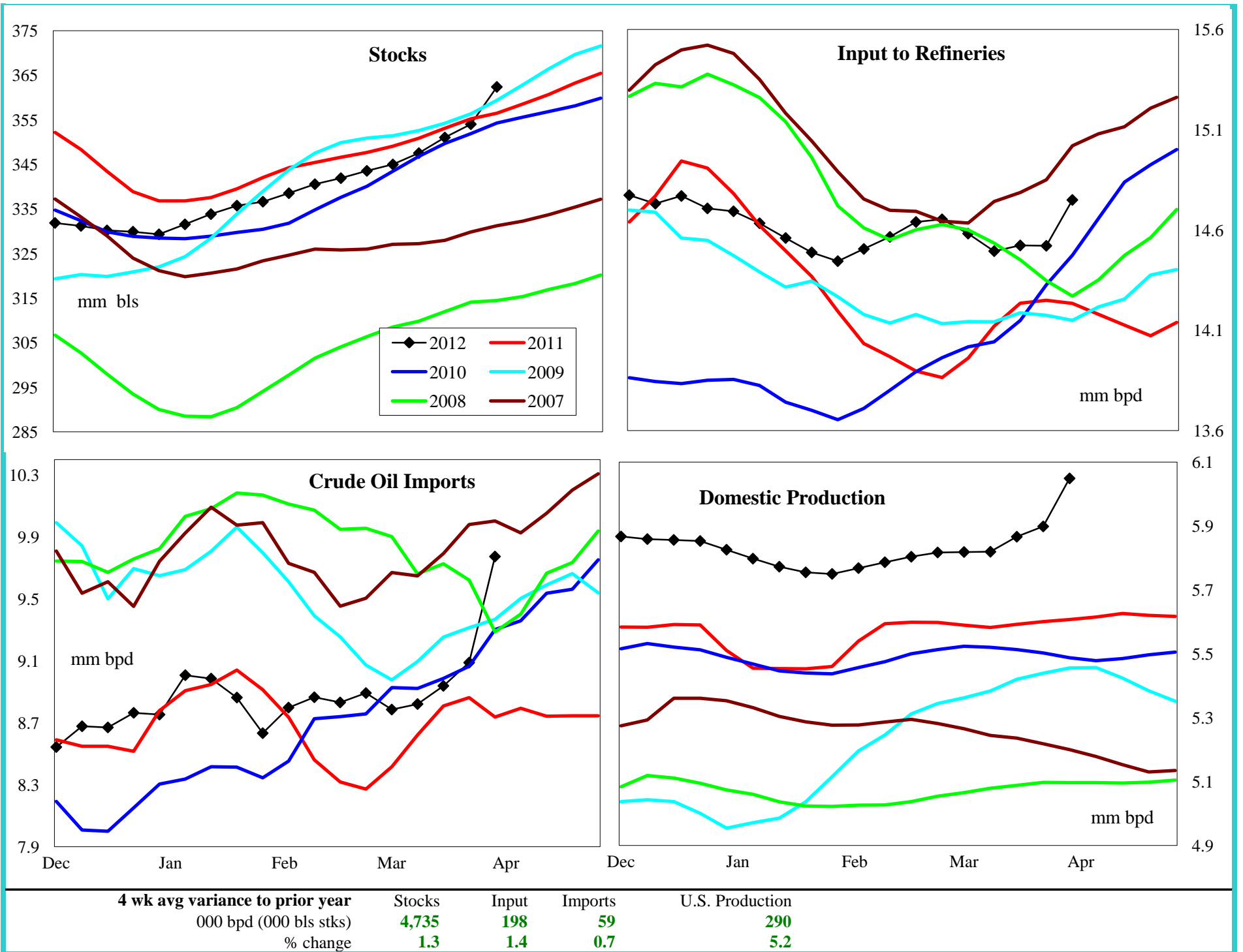
Jet Fuel Imports by PADD



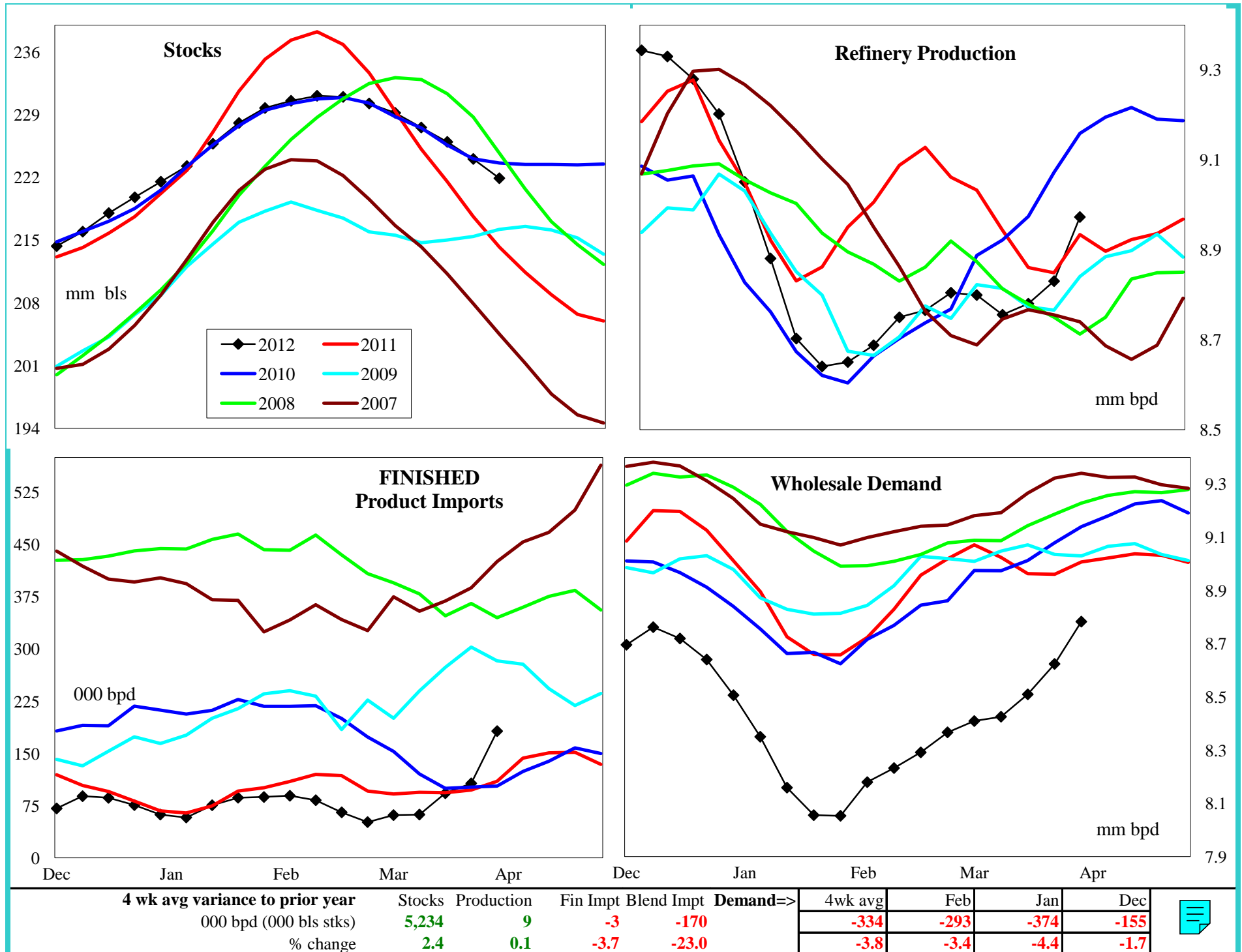
Residual Fuel Oil Imports by PADD



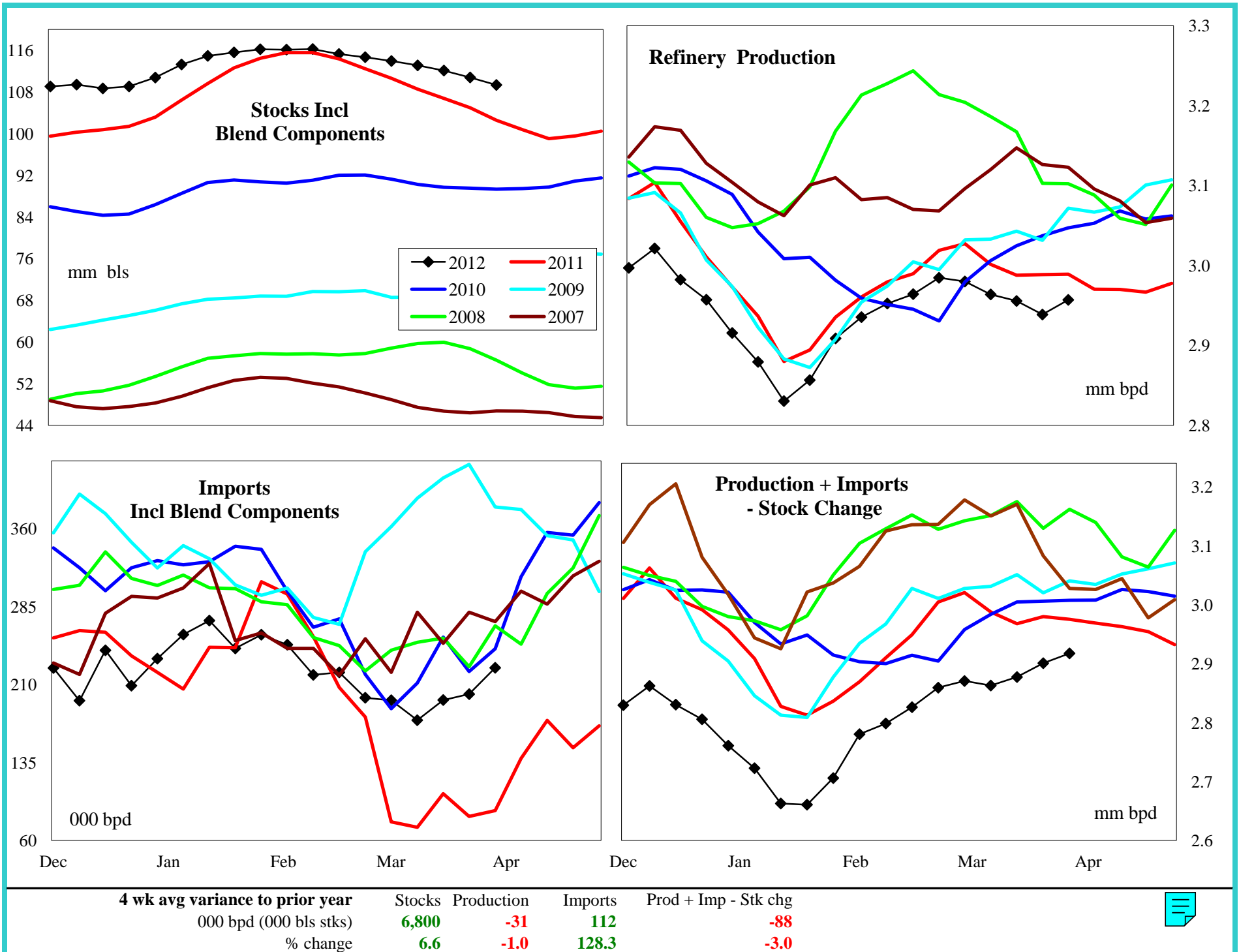
United States Crude Oil Supply and Demand Balance



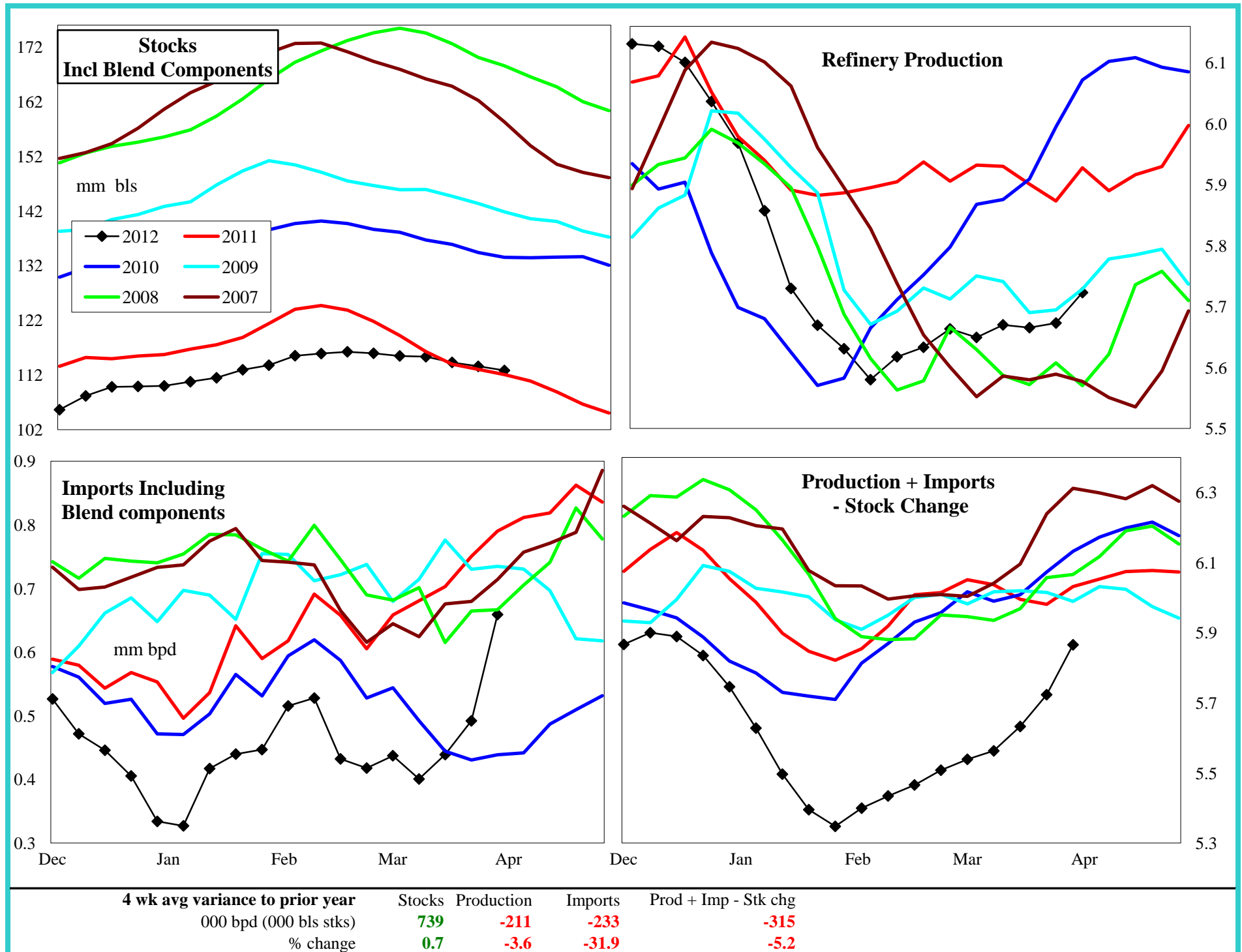
United States Gasoline Supply and Demand Balance



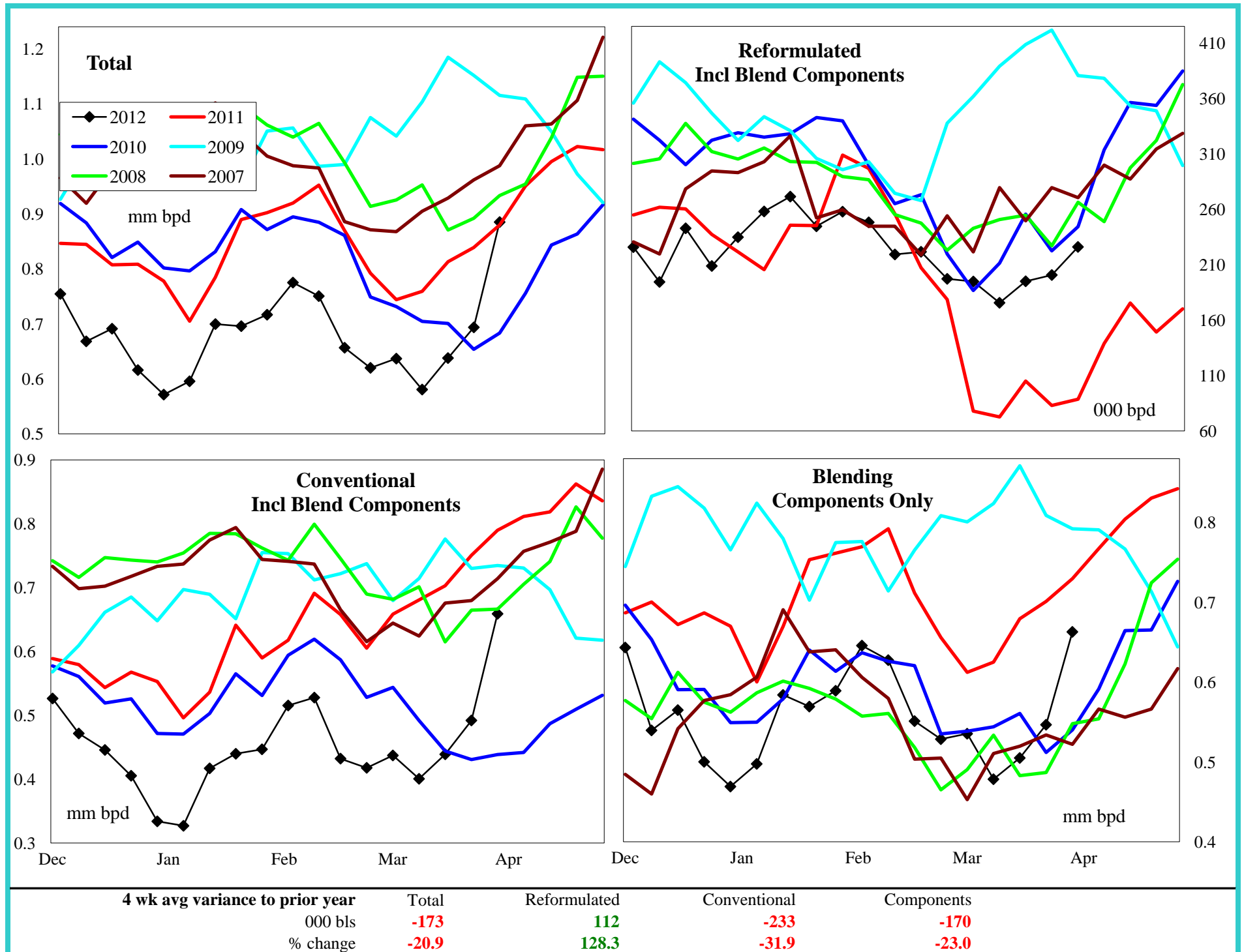
United States Reformulated Gasoline Supply



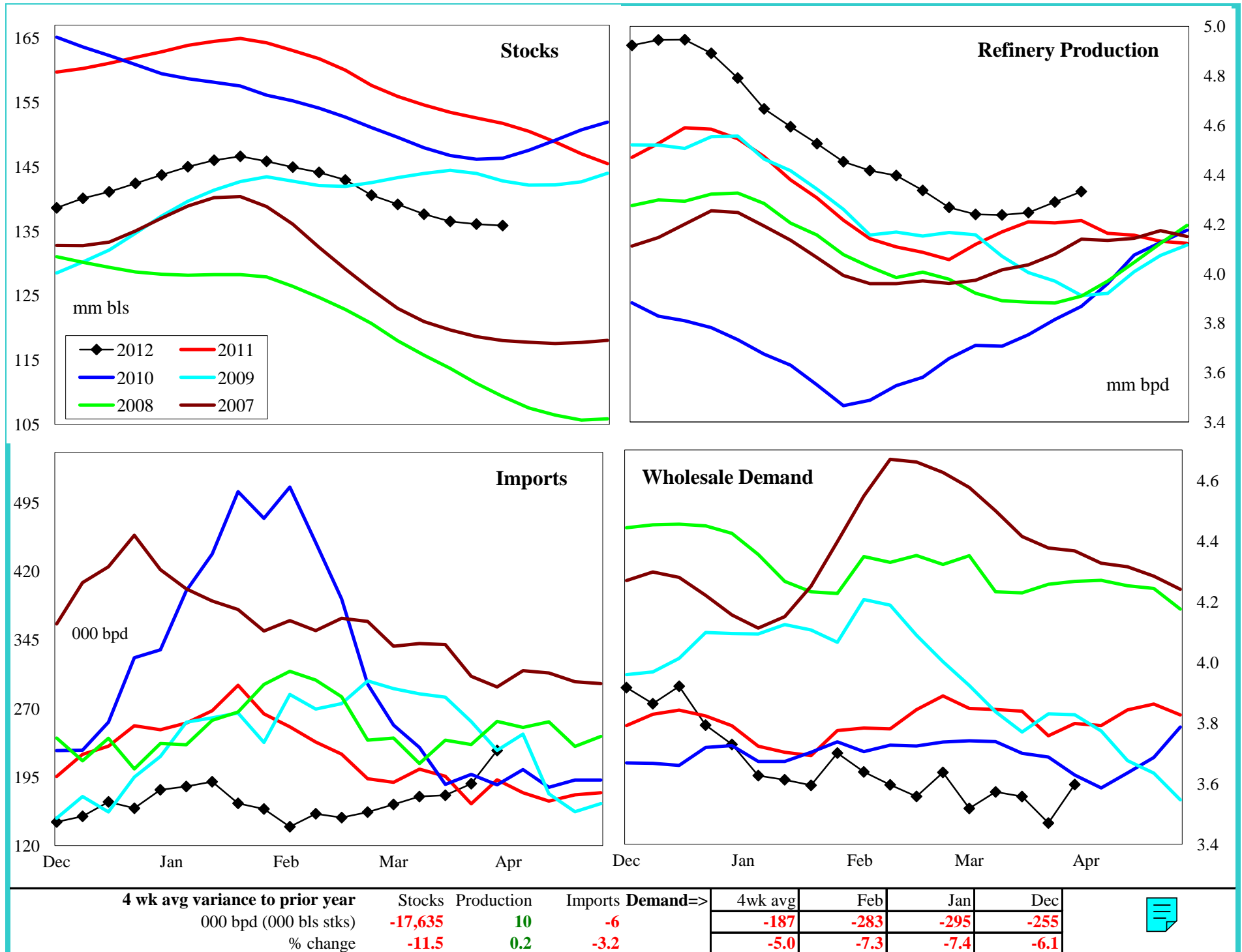
United States Conventional Gasoline Supply



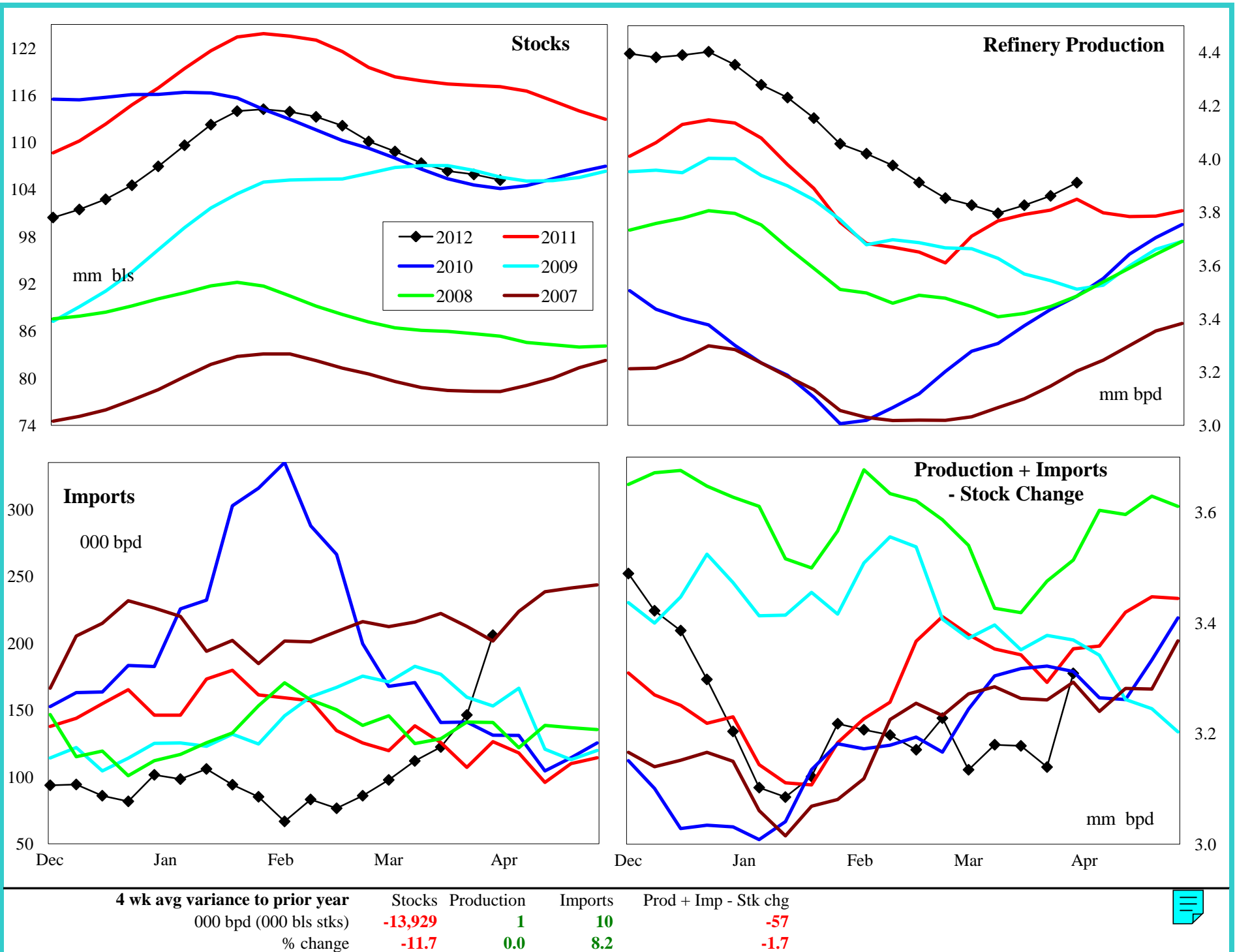
United States Gasoline Imports by Type



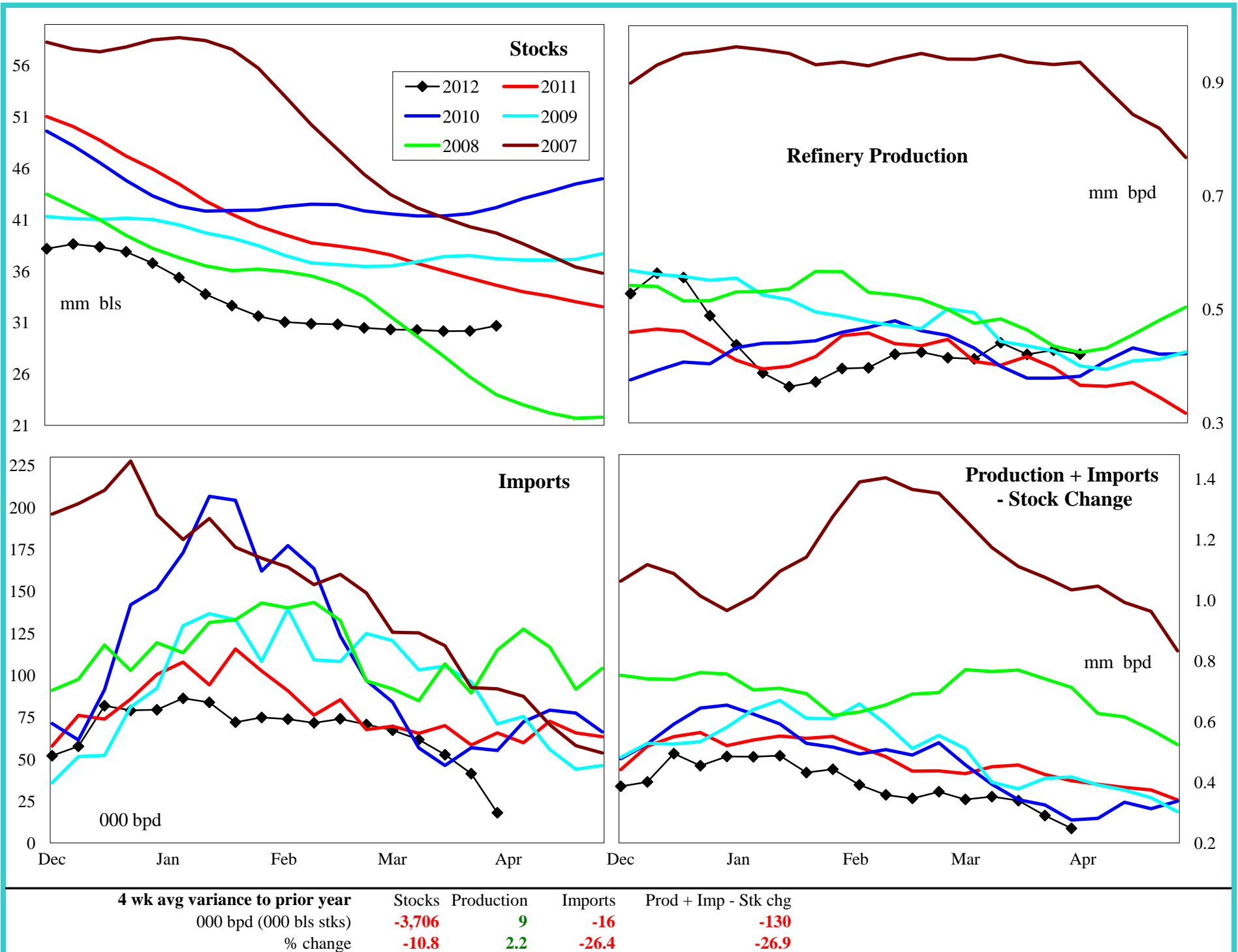
United States Distillate Supply and Demand Balance



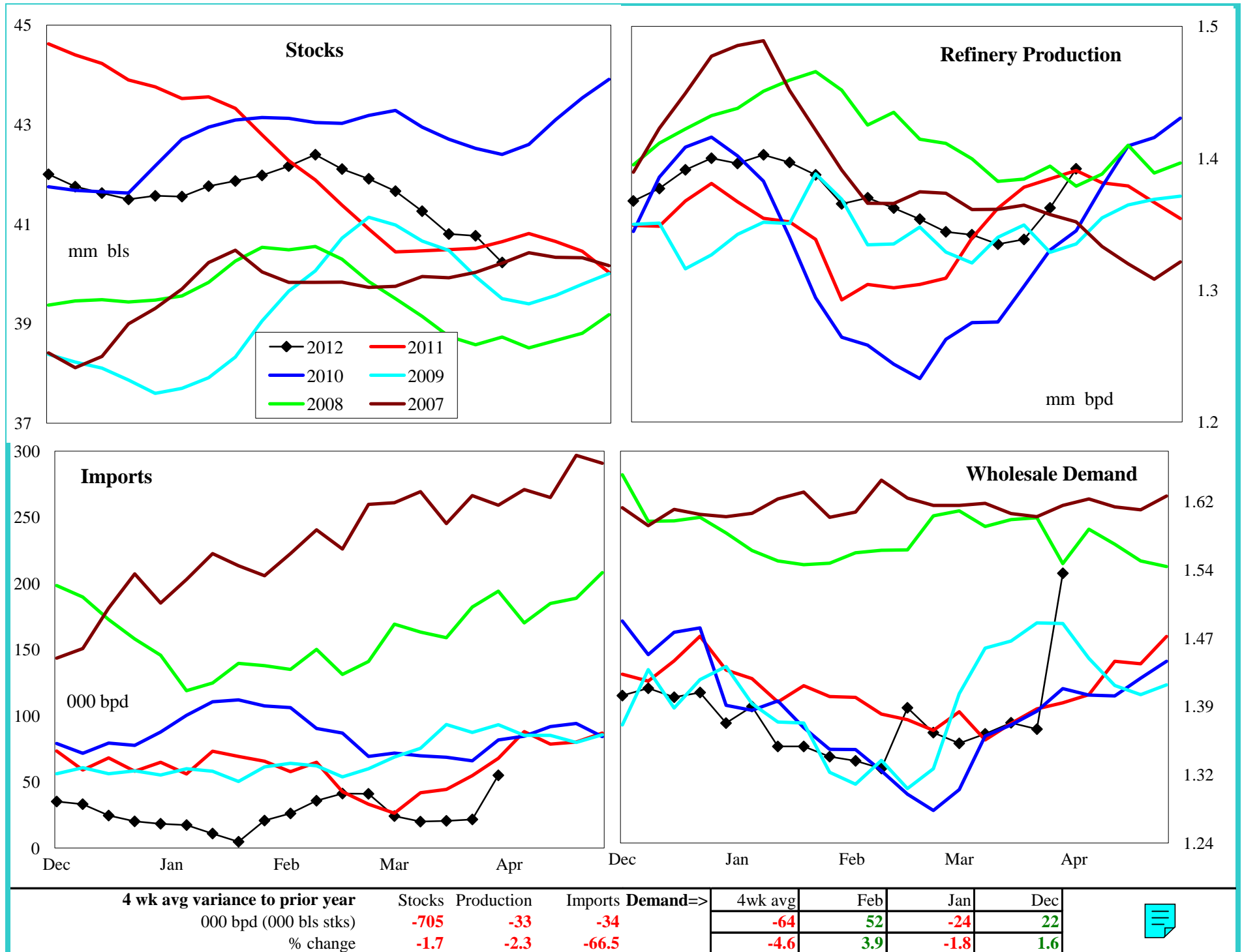
United States Low Sulfur Distillate Supply



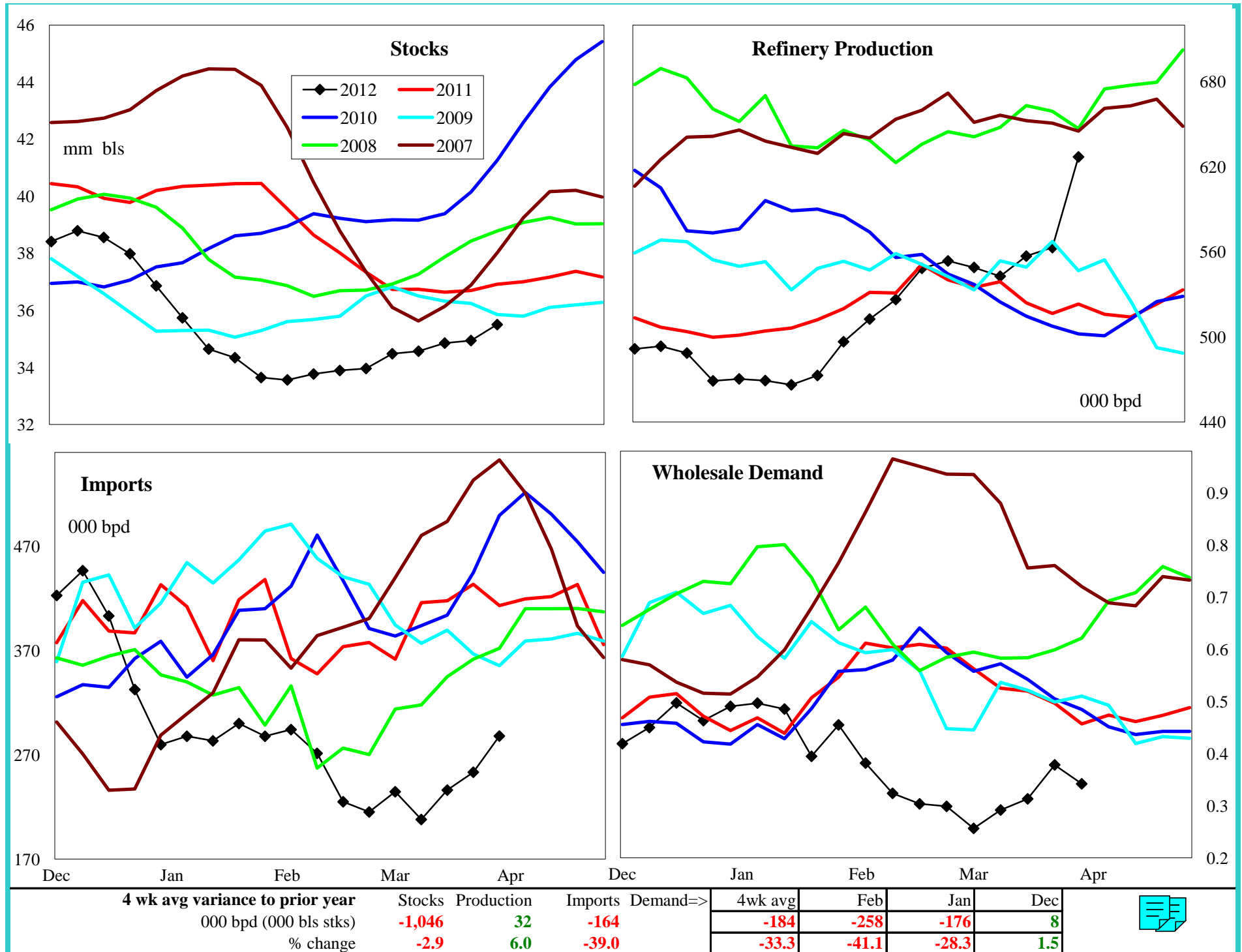
United States High Sulfur Distillate Supply



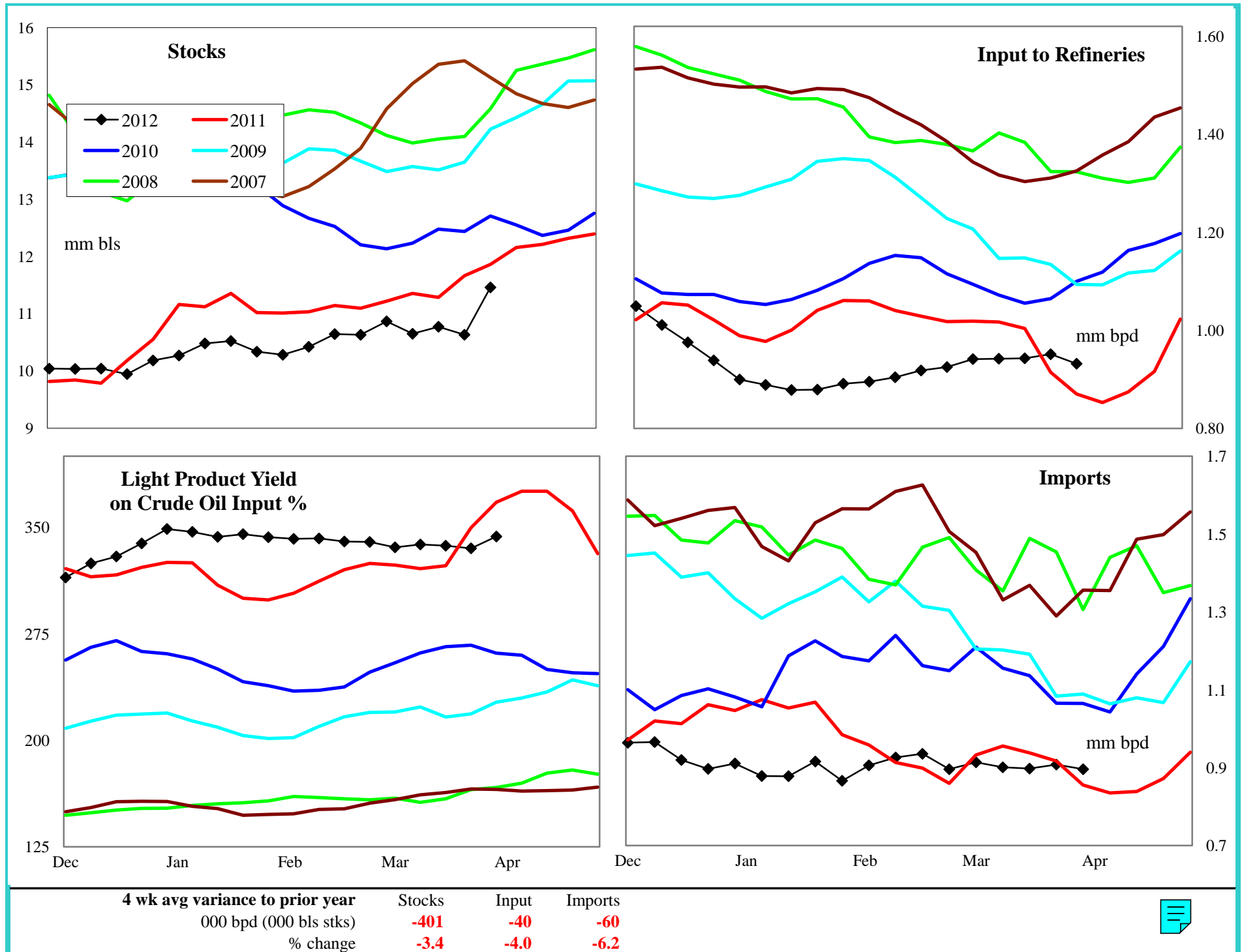
United States Jet Fuel Supply and Demand Balance



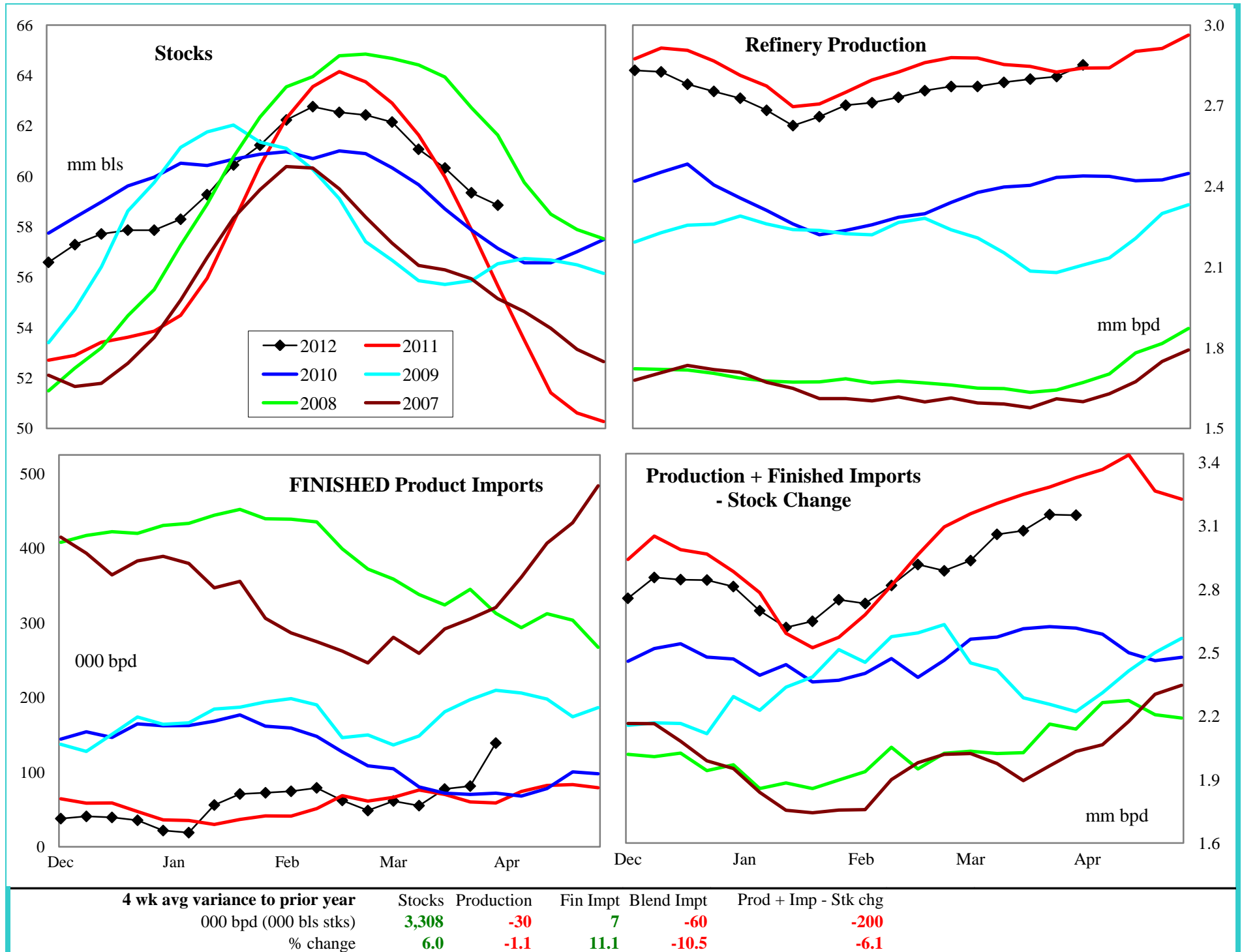
United States Residual Fuel Oil Supply and Demand Balance



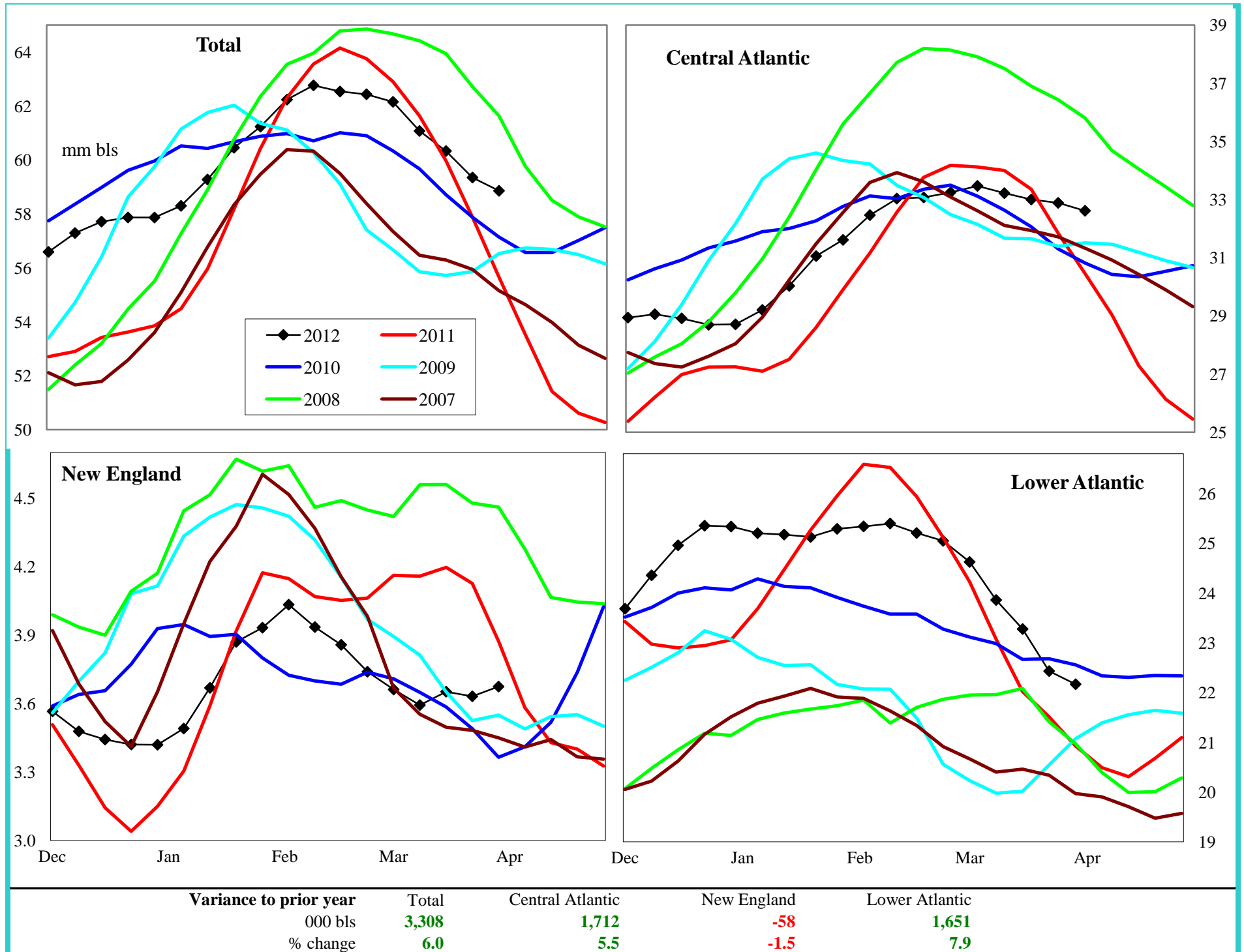
PADD 1 Crude Oil Supply and Refining



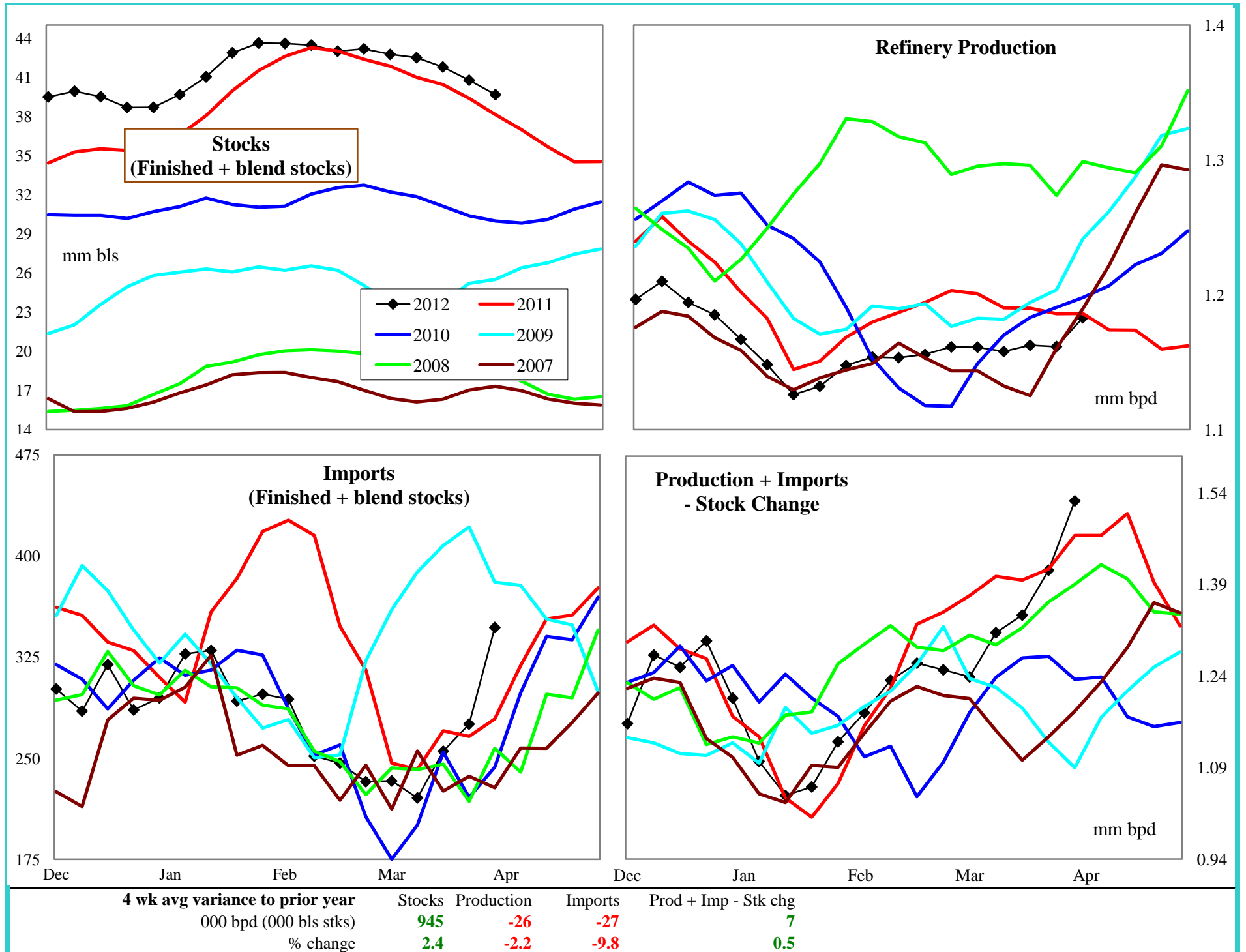
PADD 1 Gasoline Supply



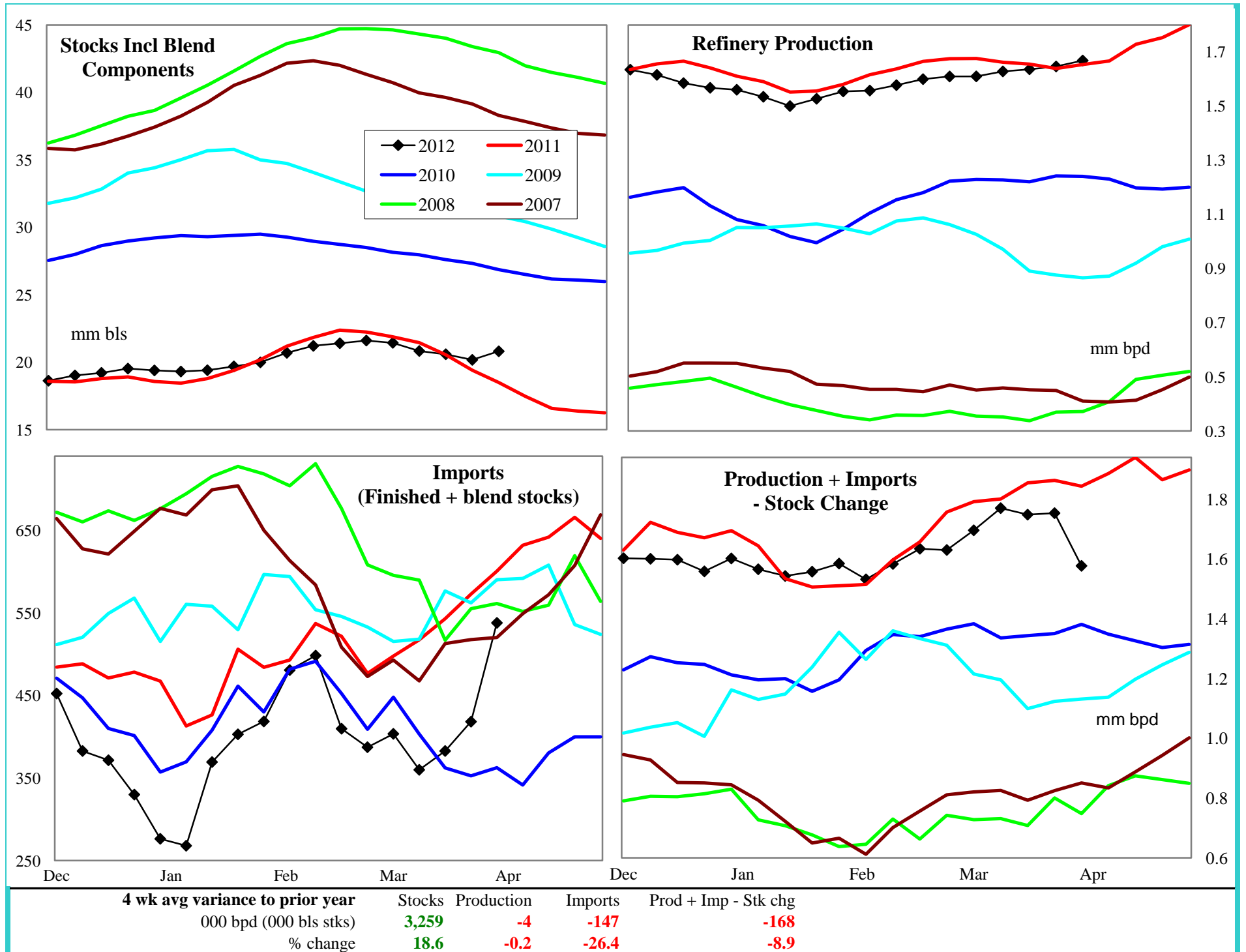
PADD 1 Gasoline Stocks by Region



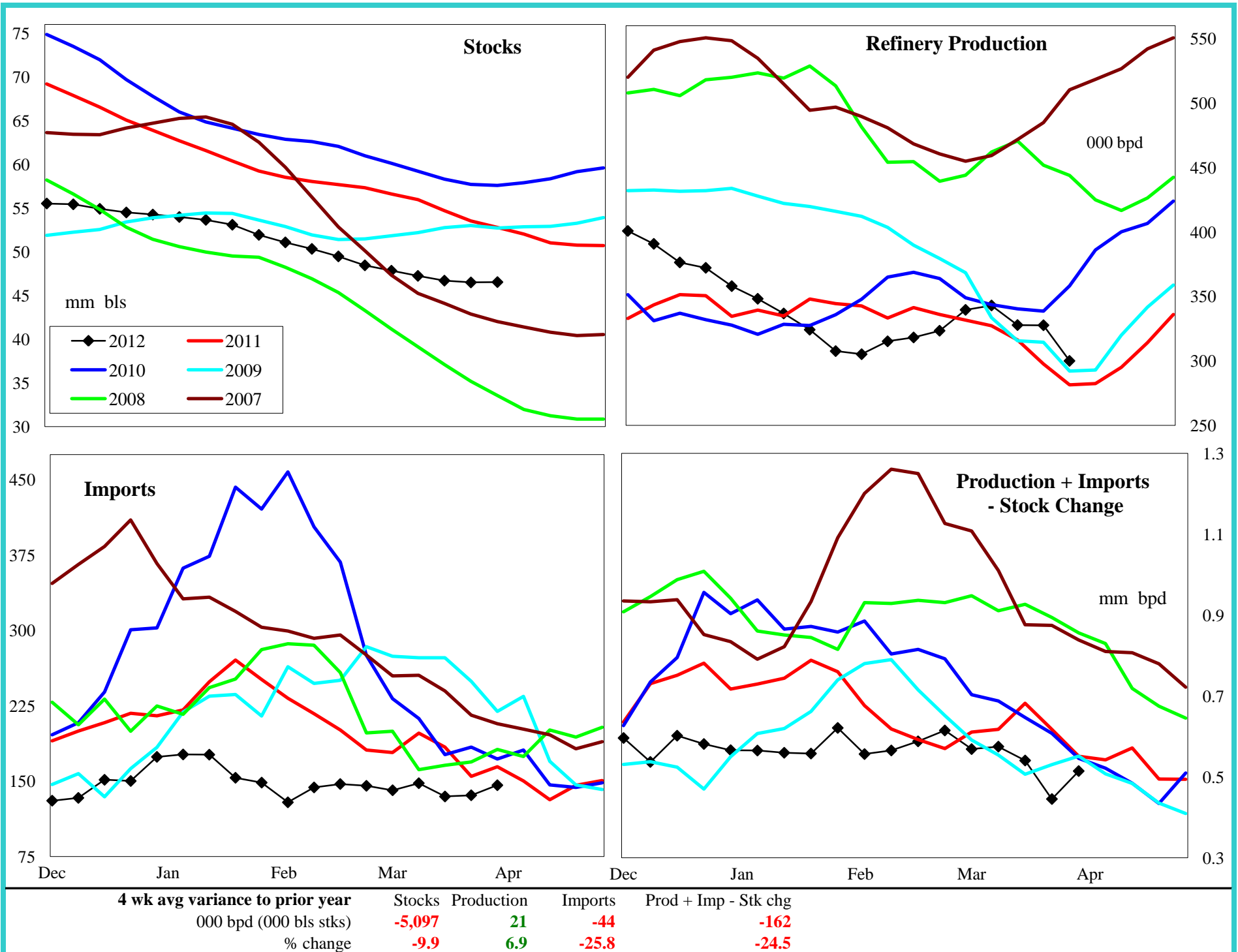
PADD 1 Reformulated Gasoline Supply



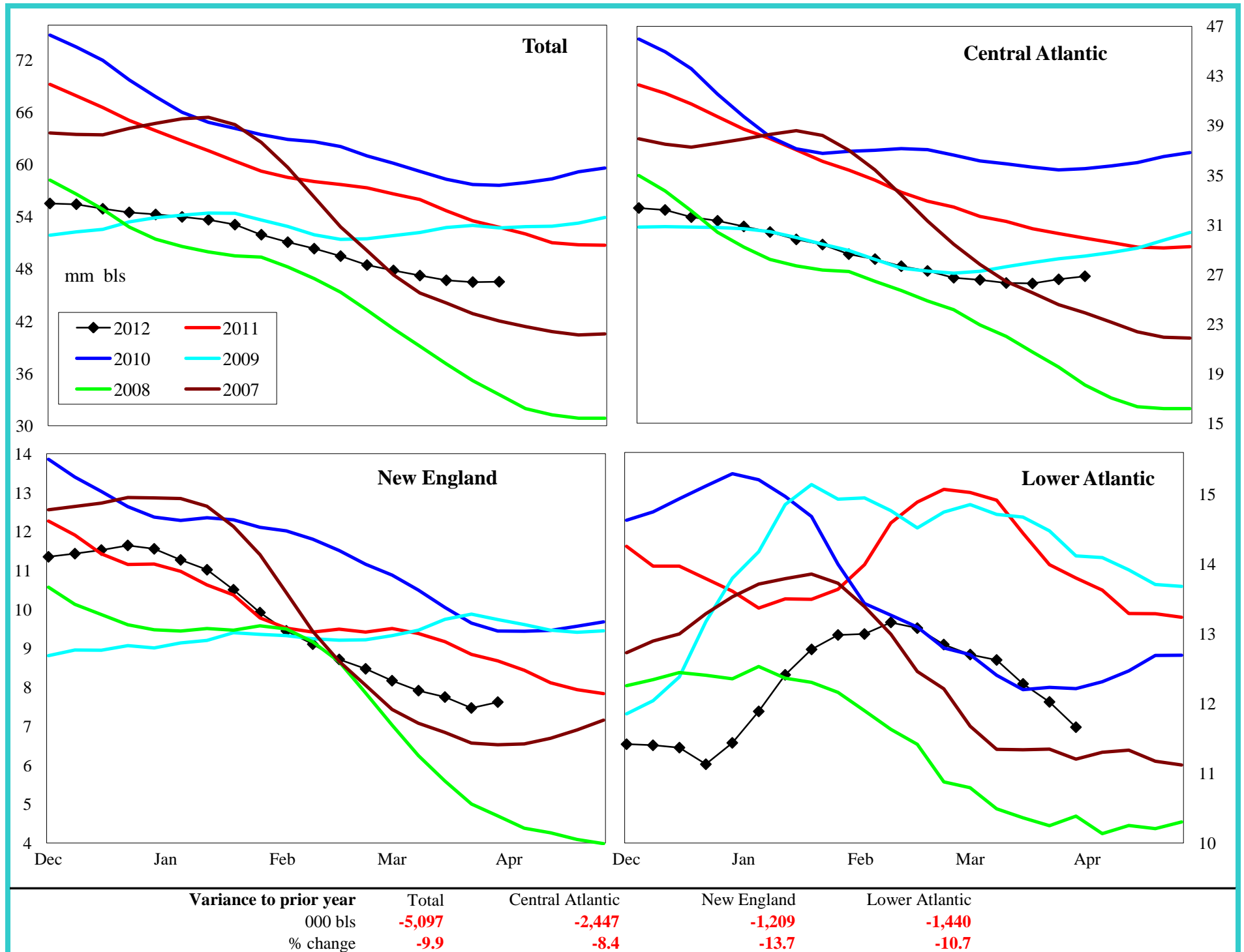
PADD 1 Conventional Gasoline Supply



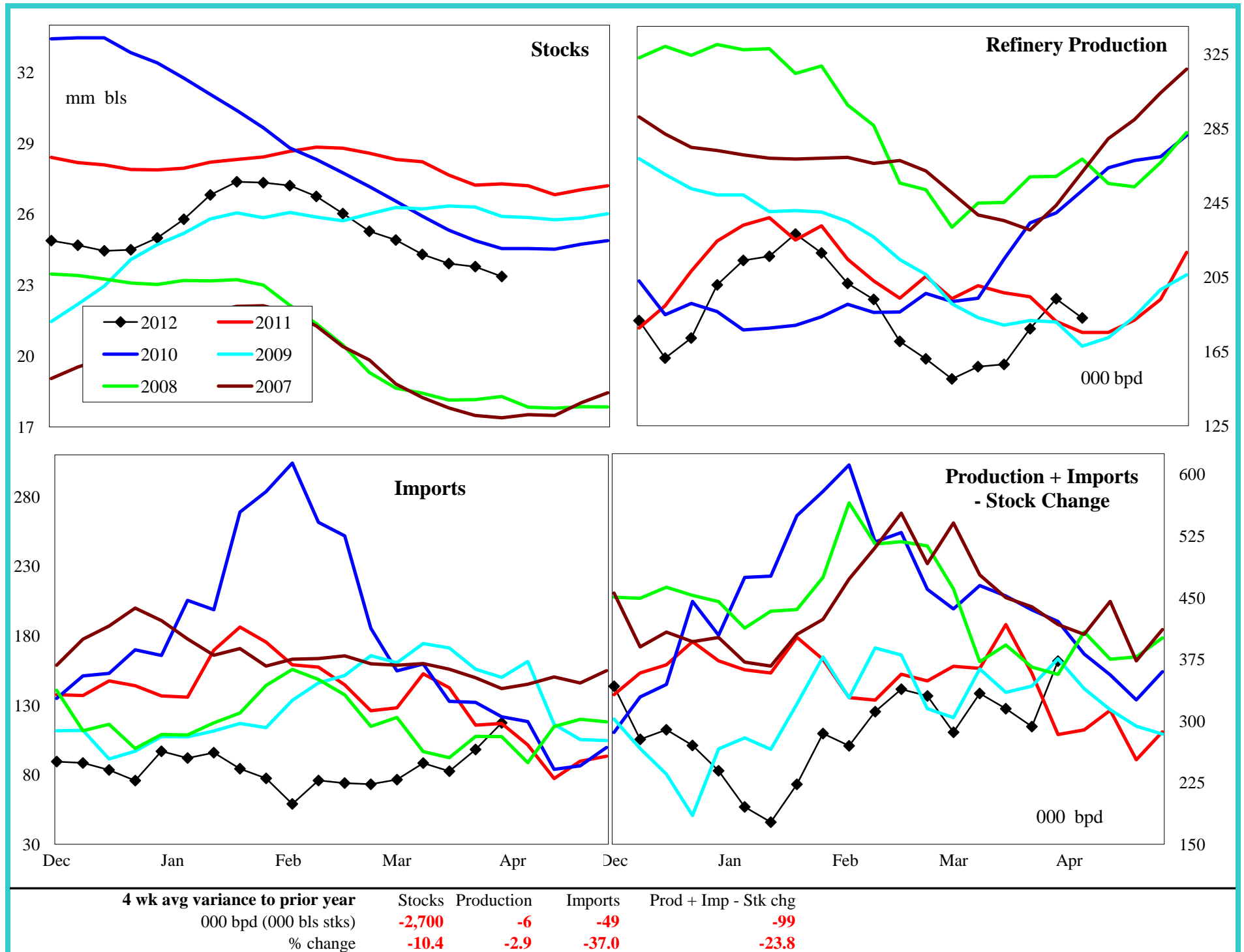
PADD 1 Distillate Supply



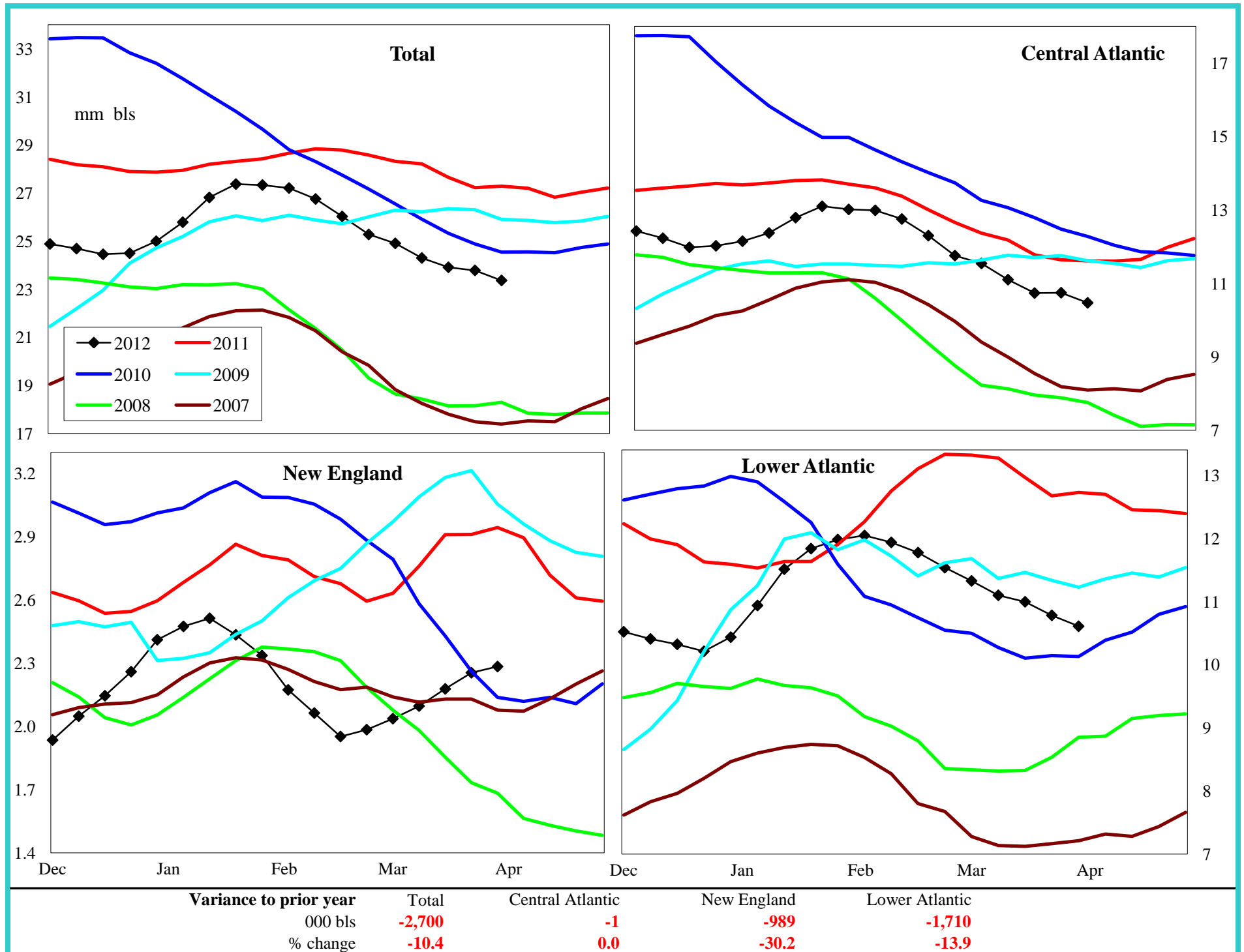
PADD 1 Distillate Stocks by Region



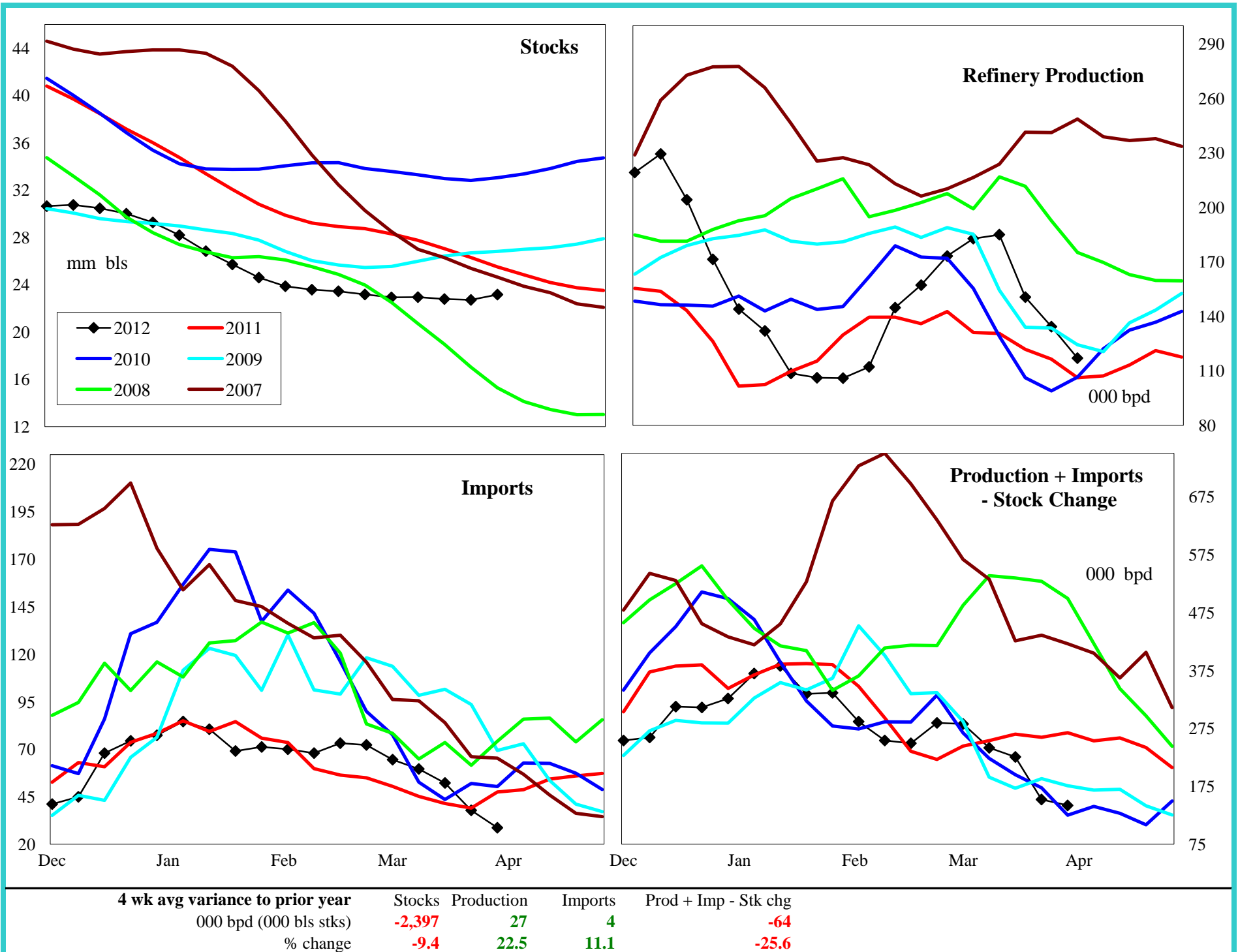
PADD 1 Low Sulfur Distillate Supply



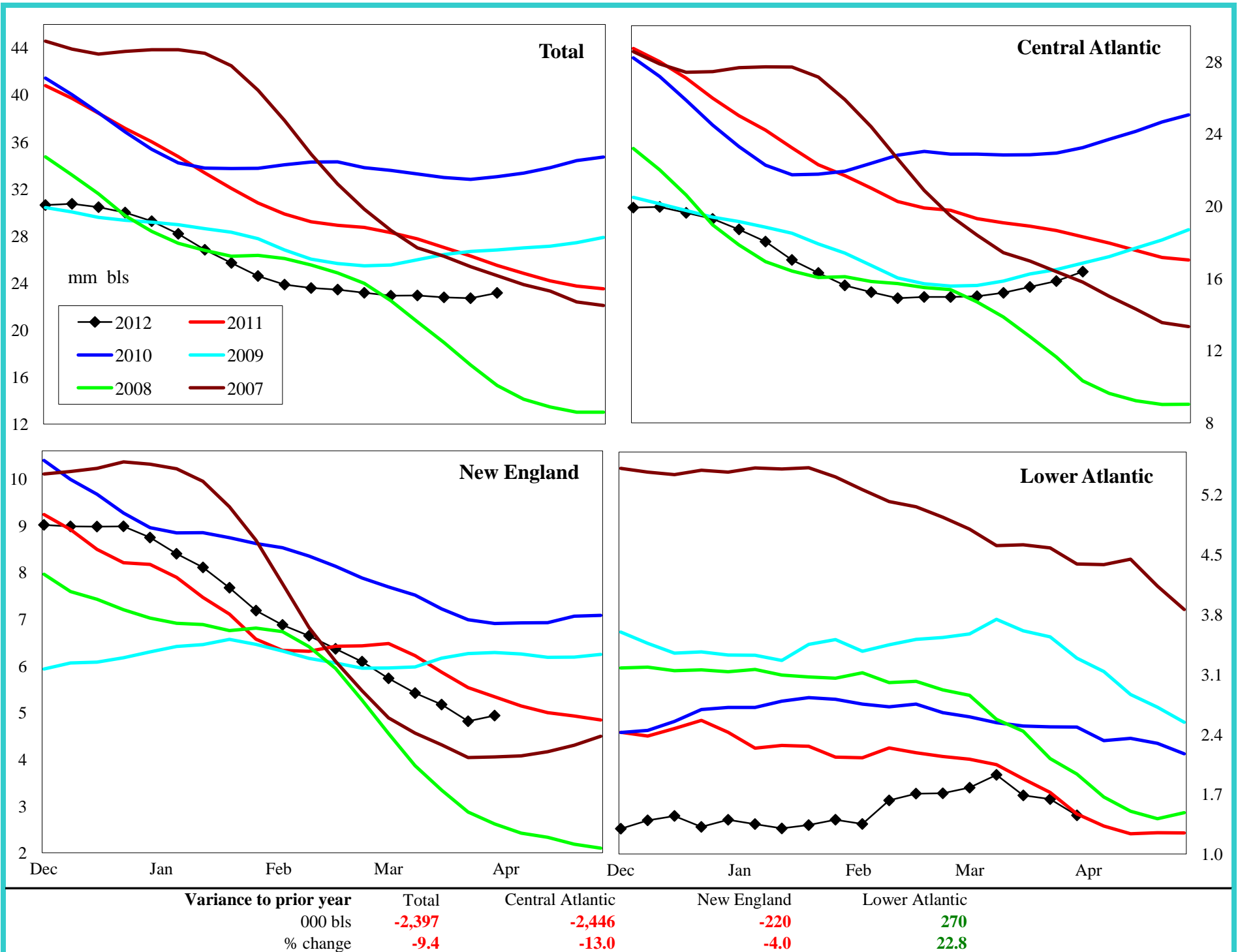
PADD 1 Low Sulfur Distillate Stocks by Region



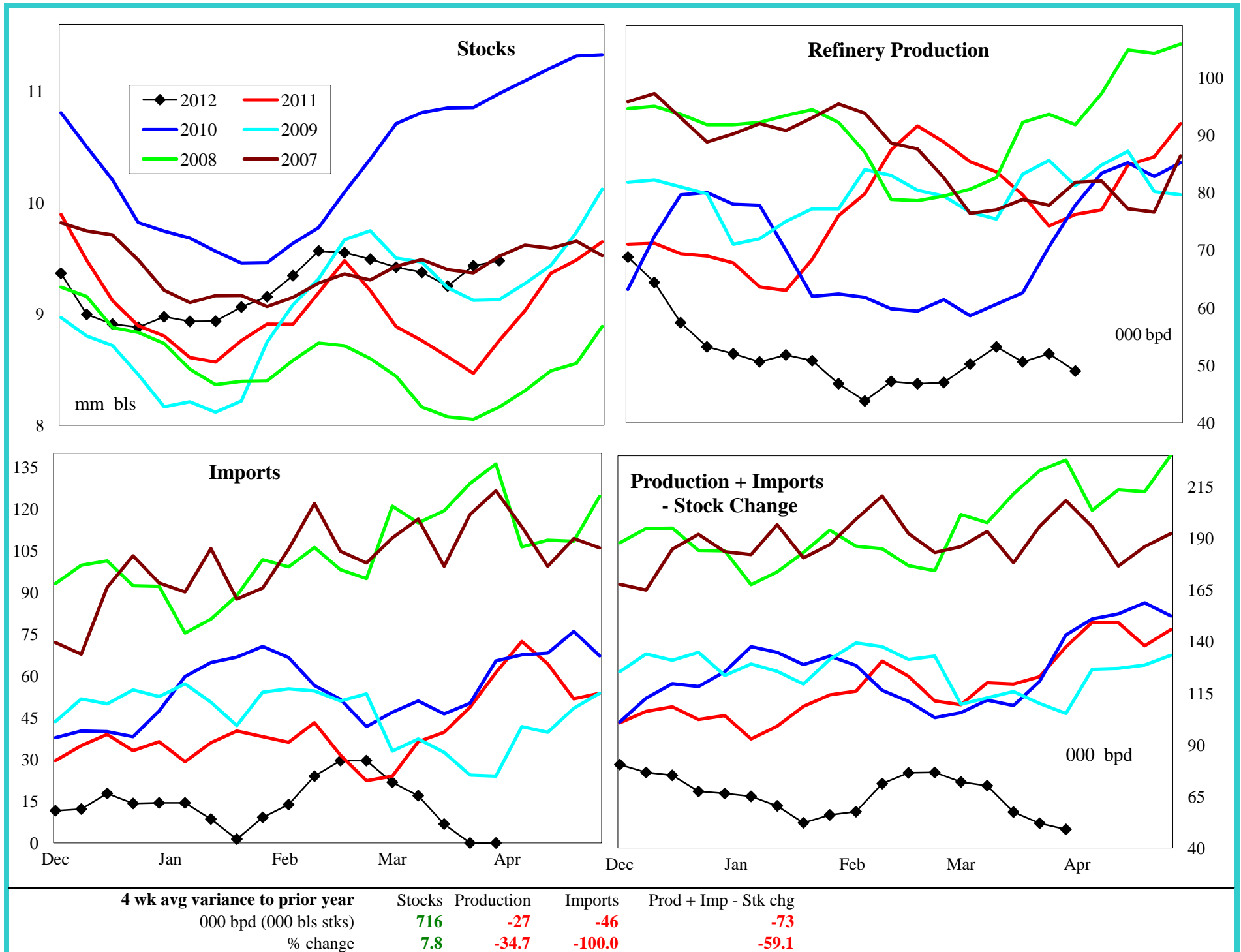
PADD 1 High Sulfur Distillate Supply



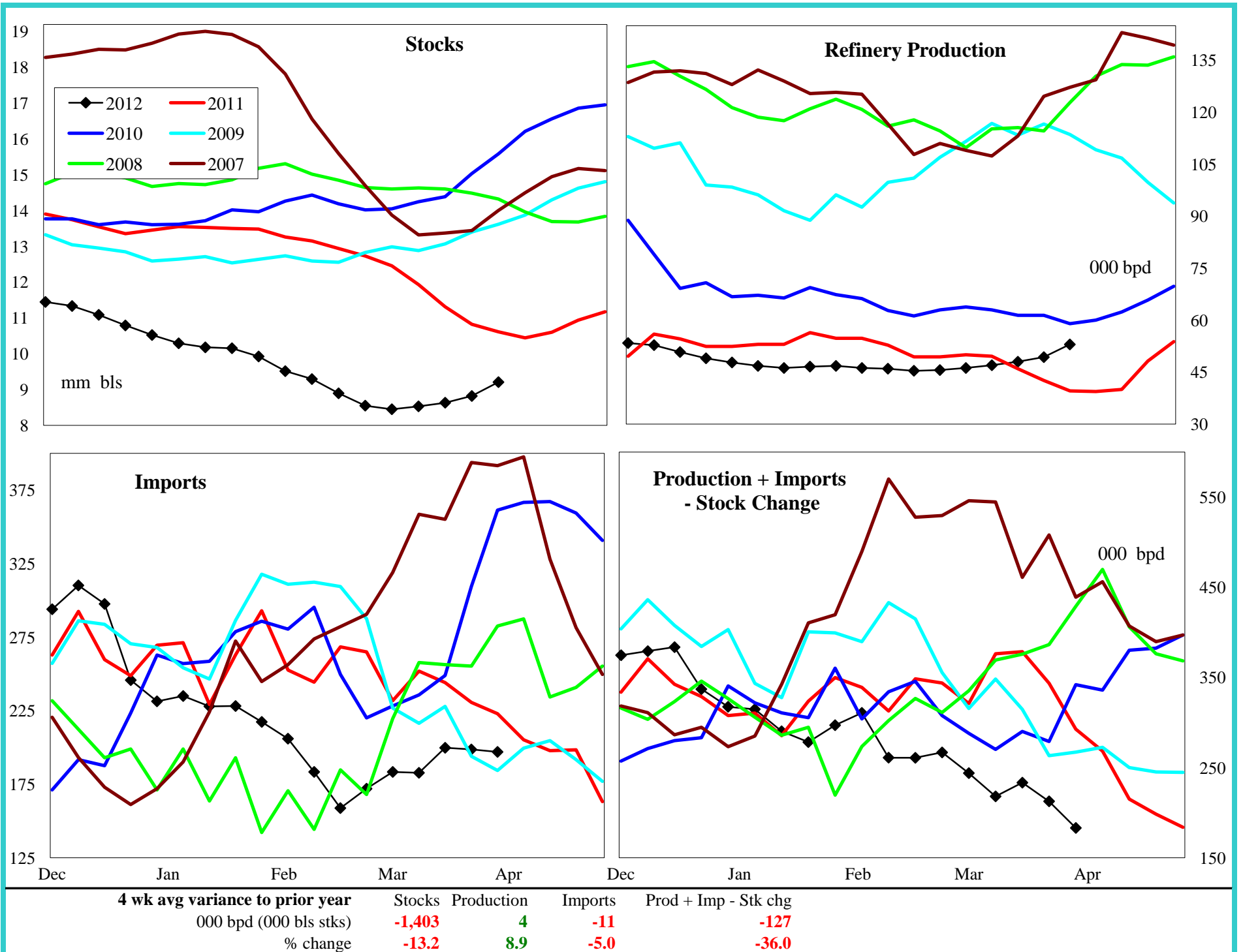
PADD 1 High Sulfur Distillate Stocks by Region



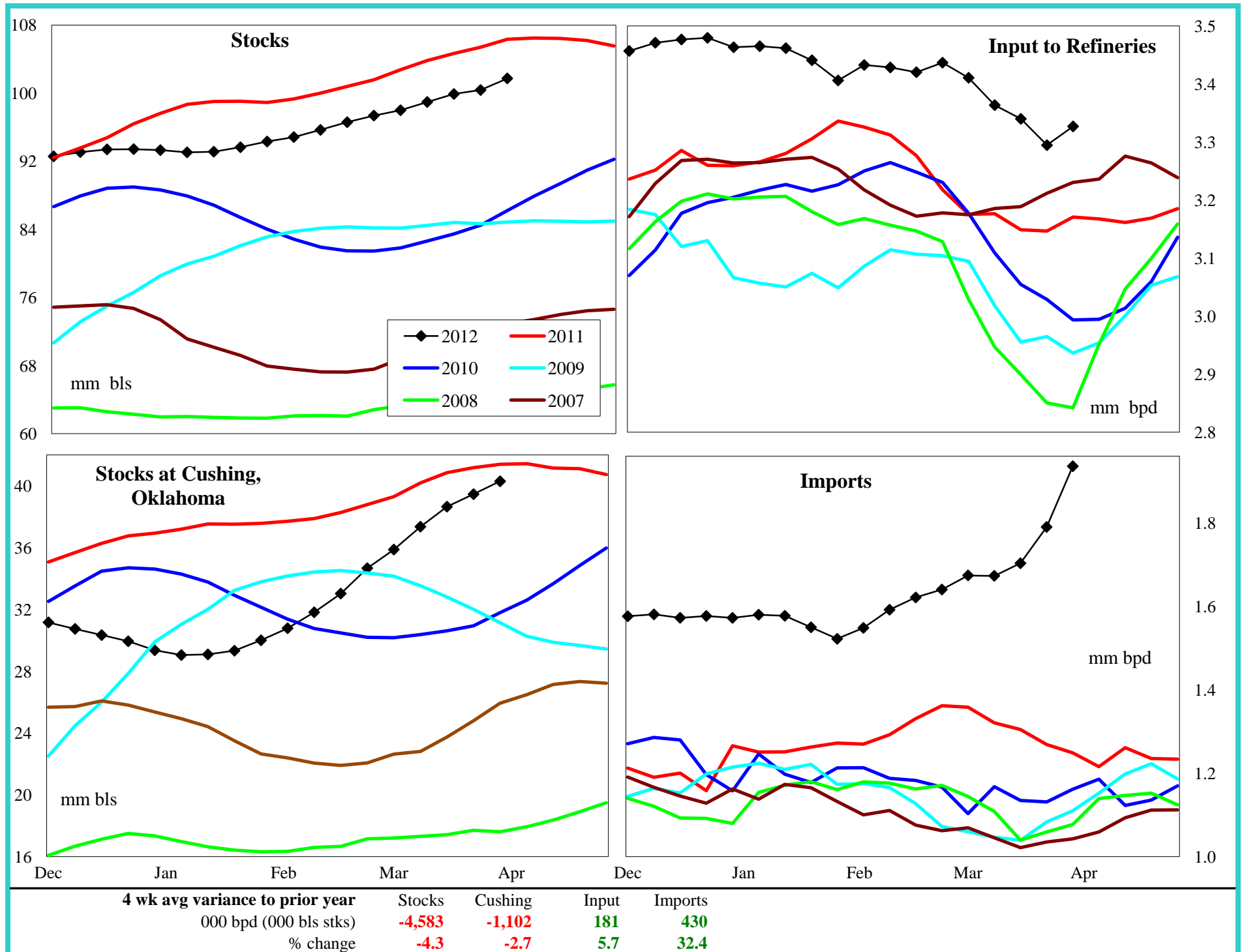
PADD 1 Jet Fuel Supply



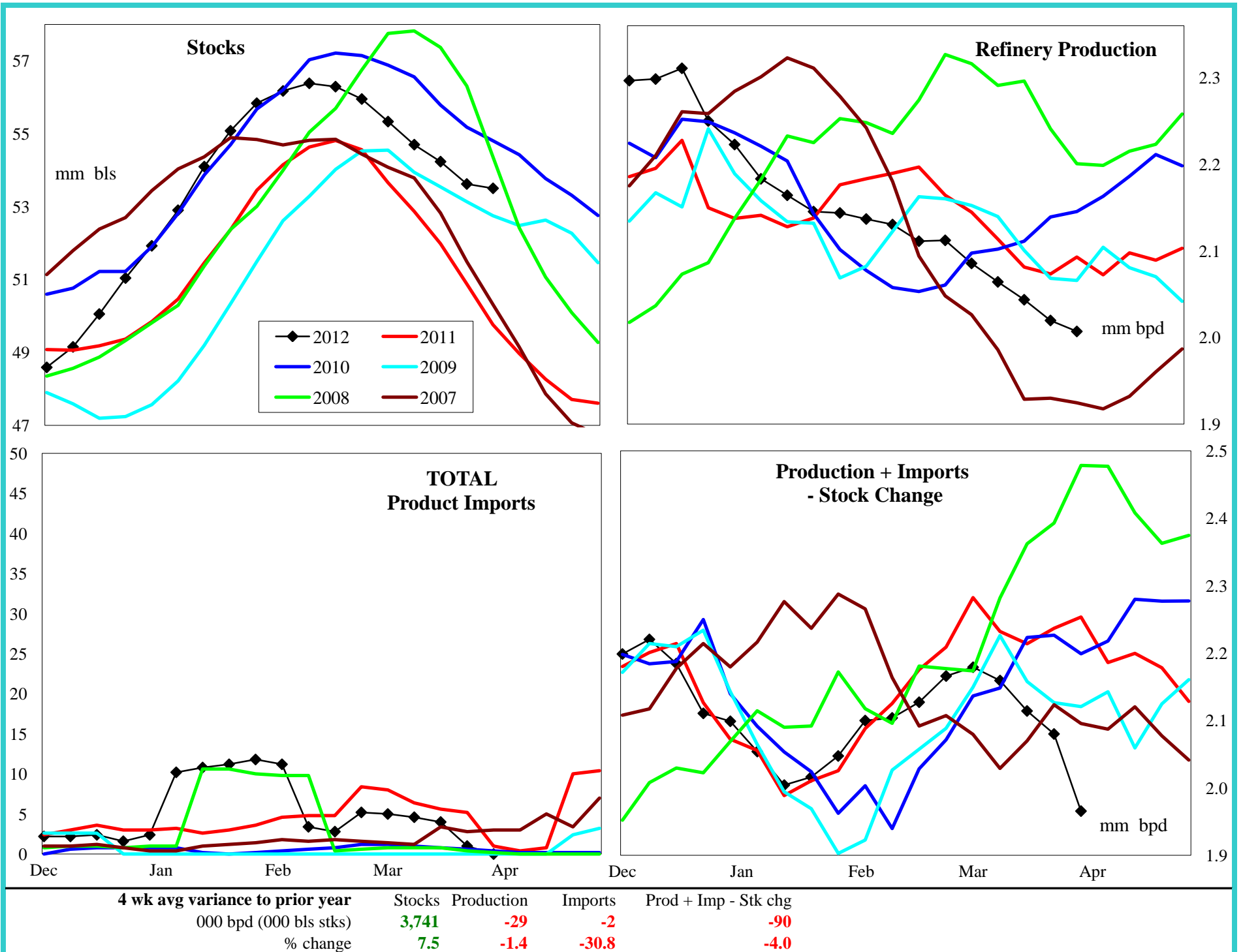
PADD 1 Residual Fuel Oil Supply



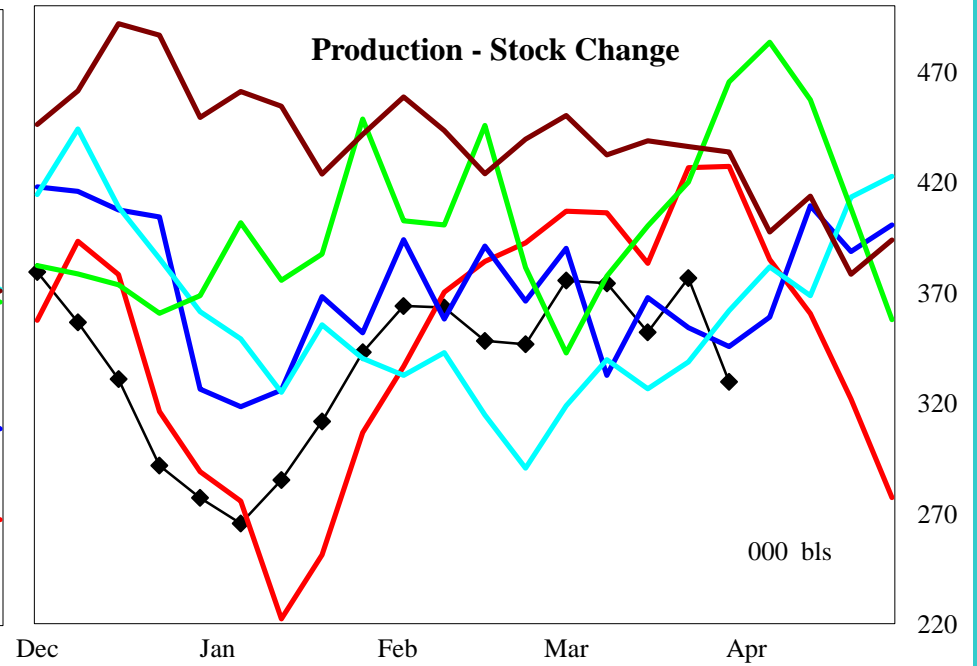
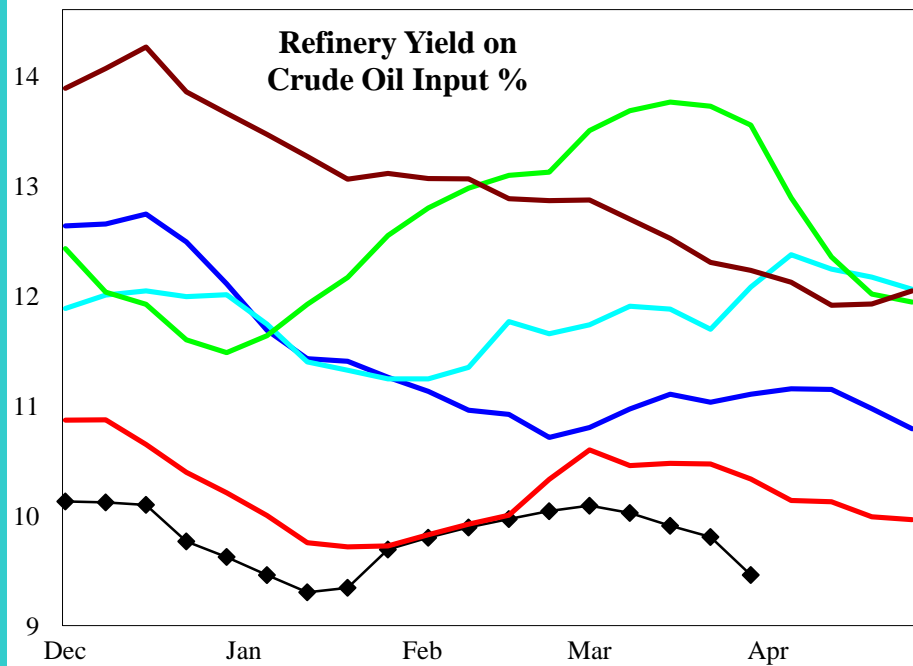
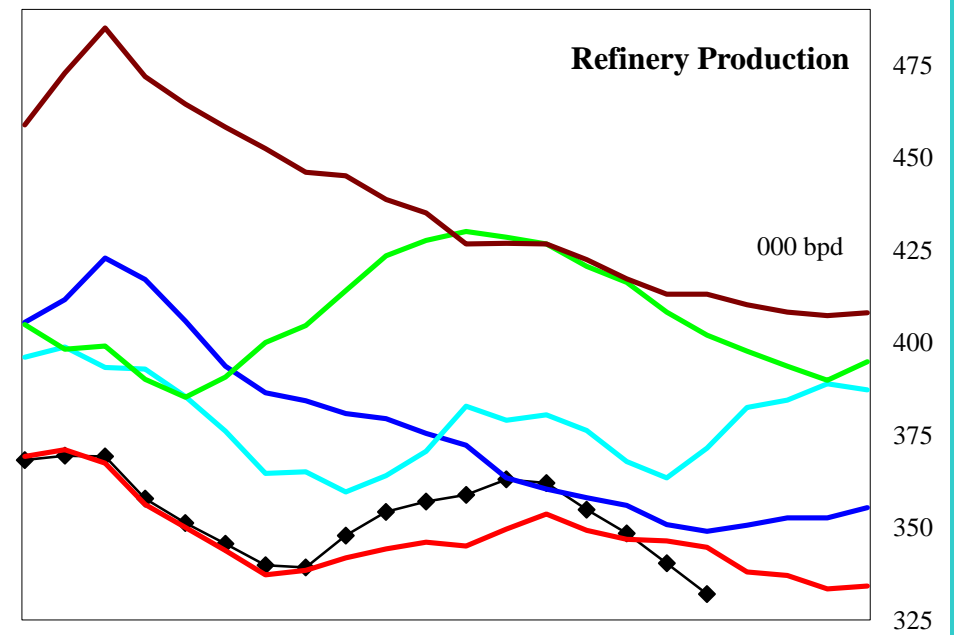
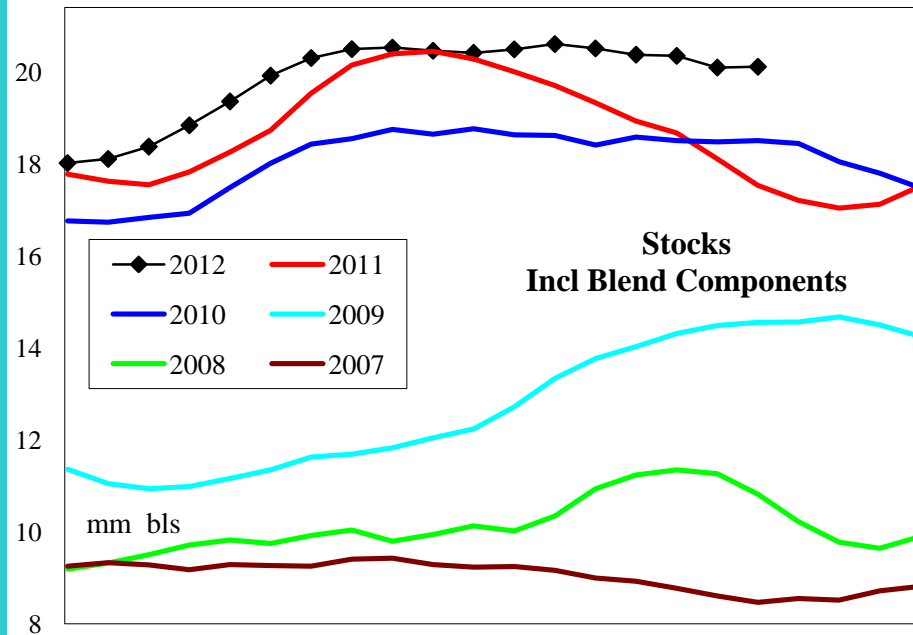
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks Production

2,577 -3

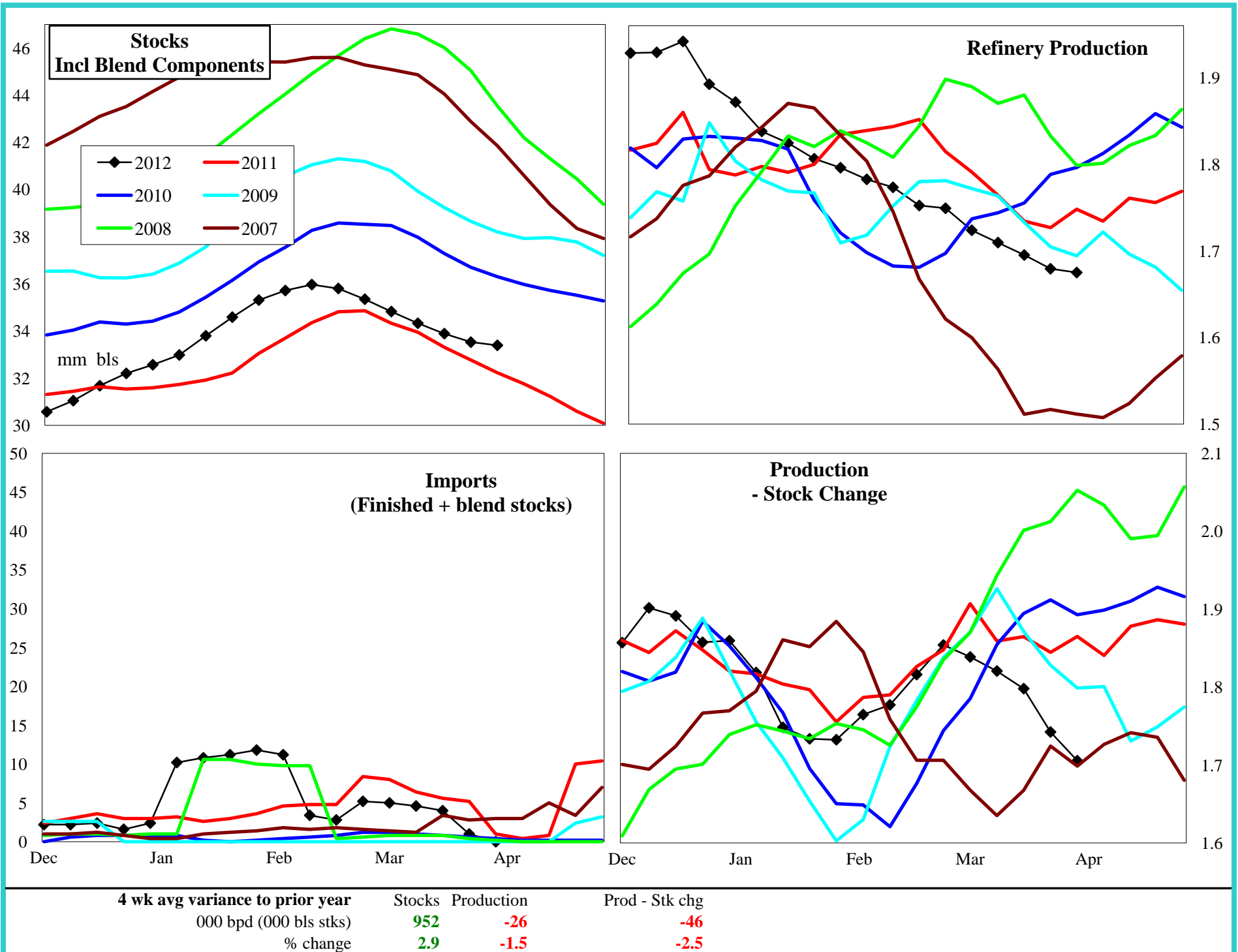
14.7 -0.8

Prod - Stk chg

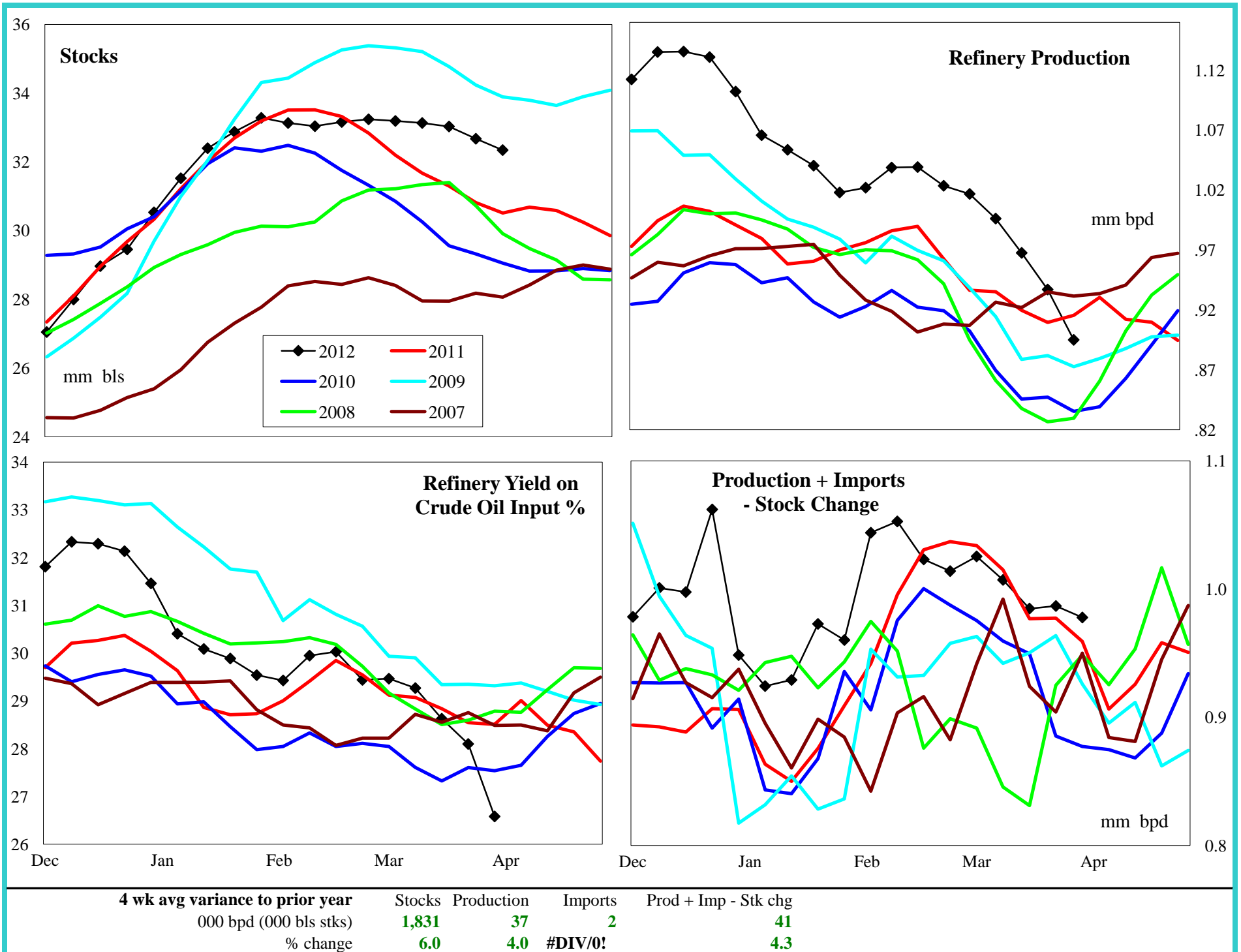
-53

-12.8

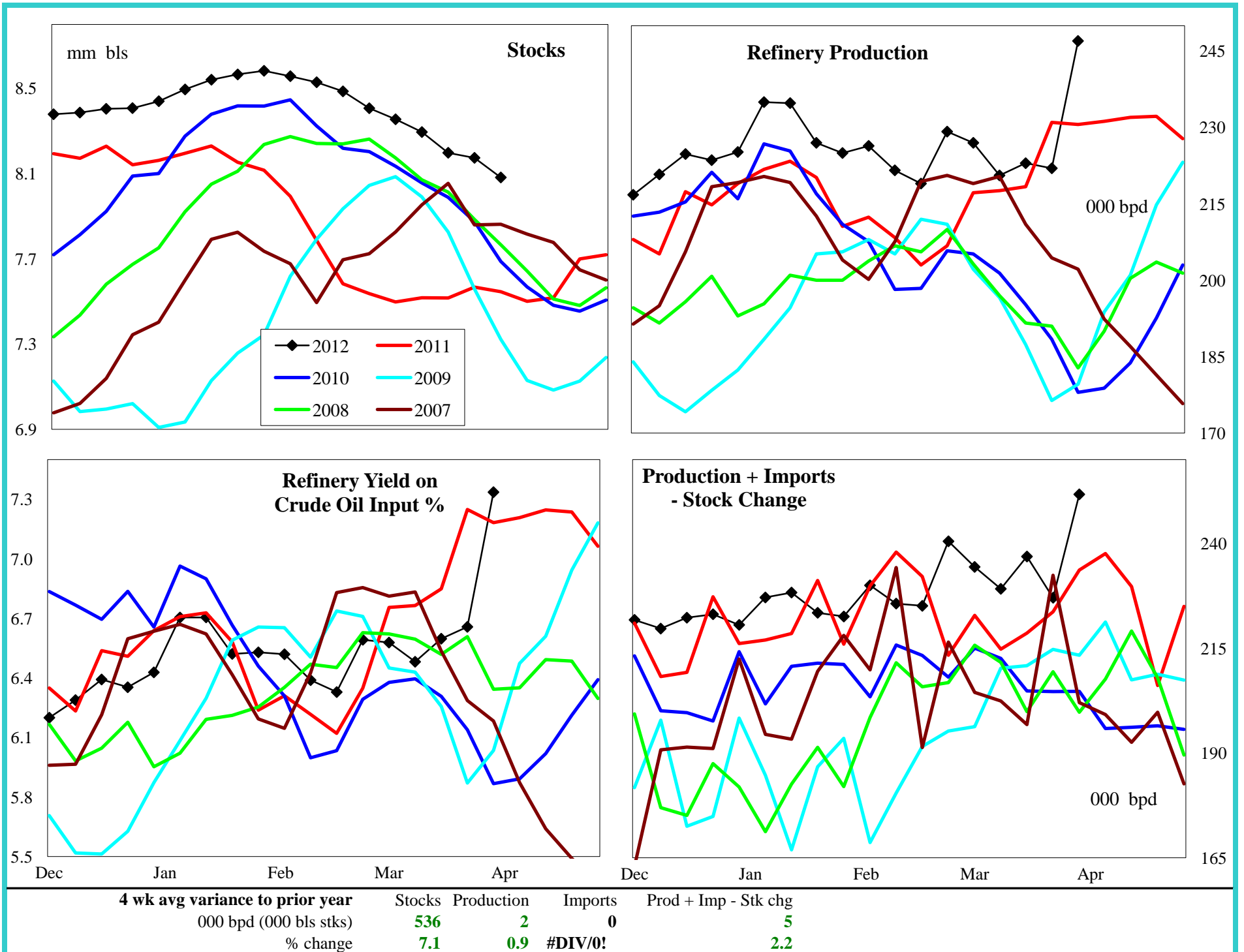
PADD 2 Conventional Gasoline Supply



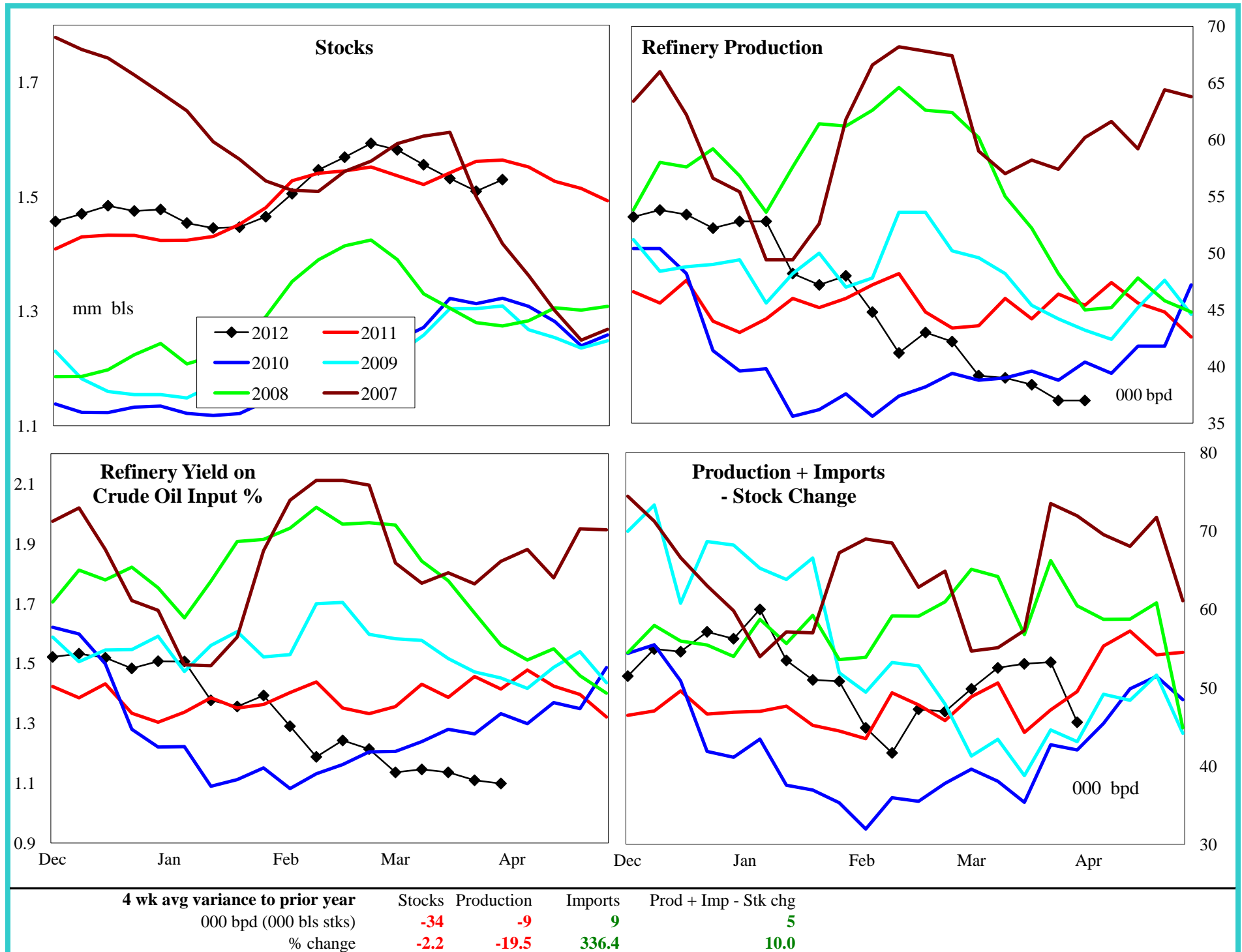
PADD 2 Distillate Supply



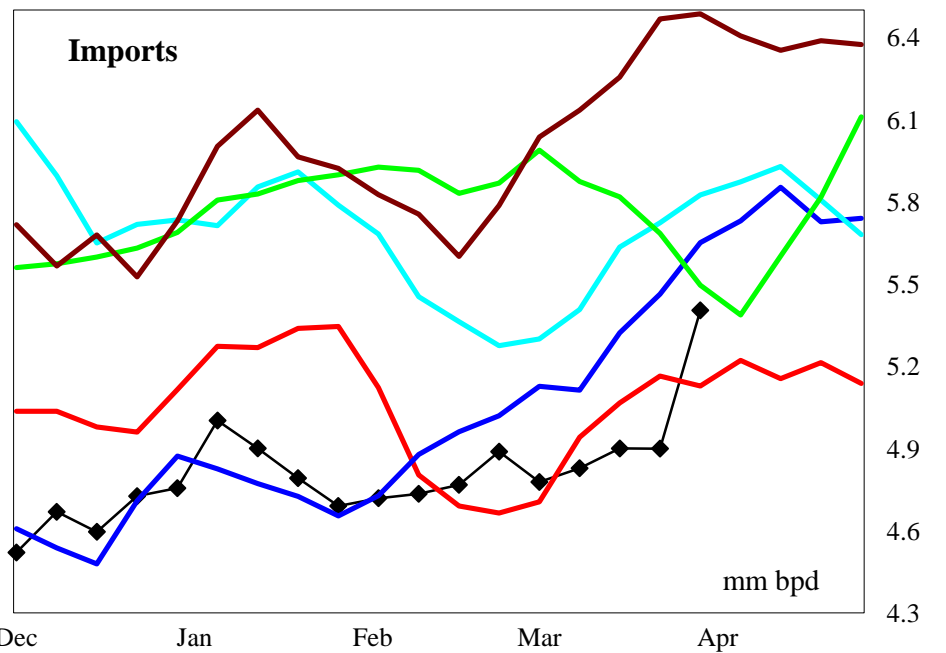
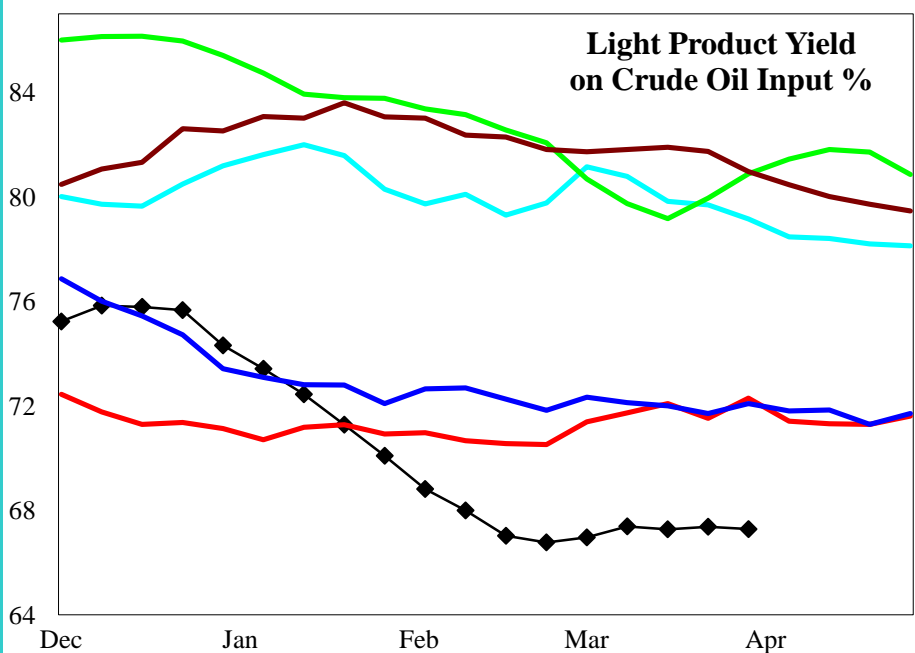
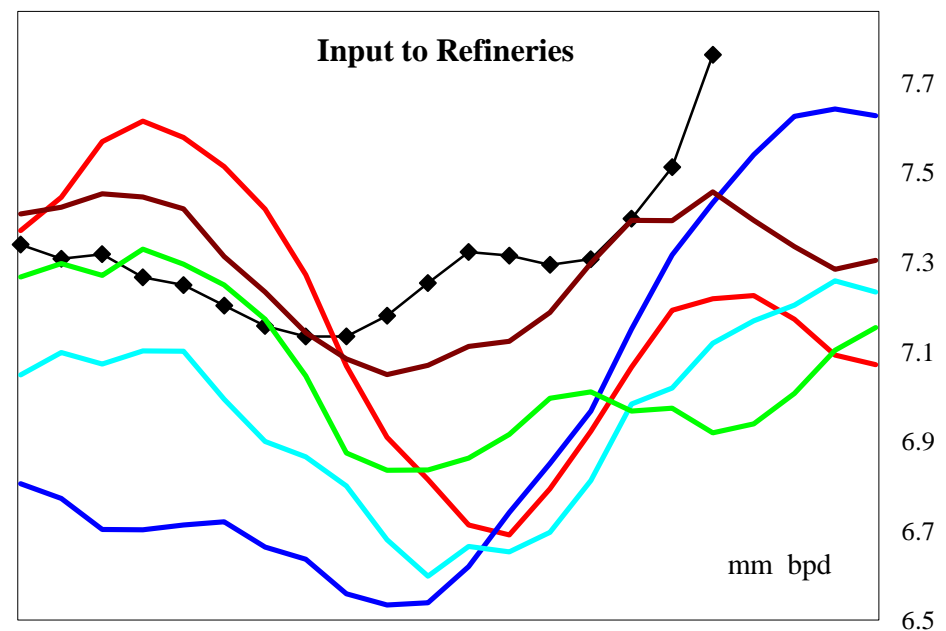
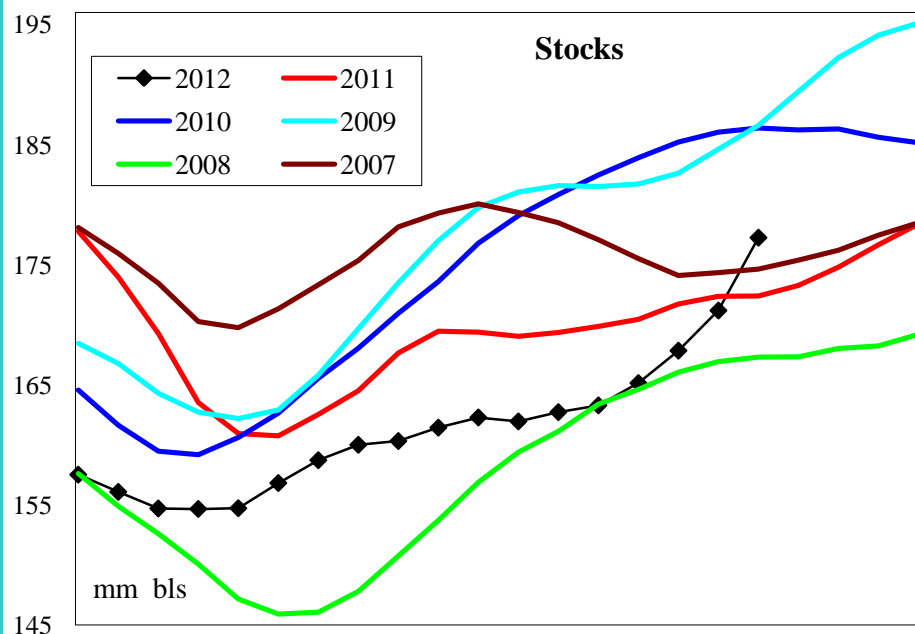
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

4,855

2.8

Input

241

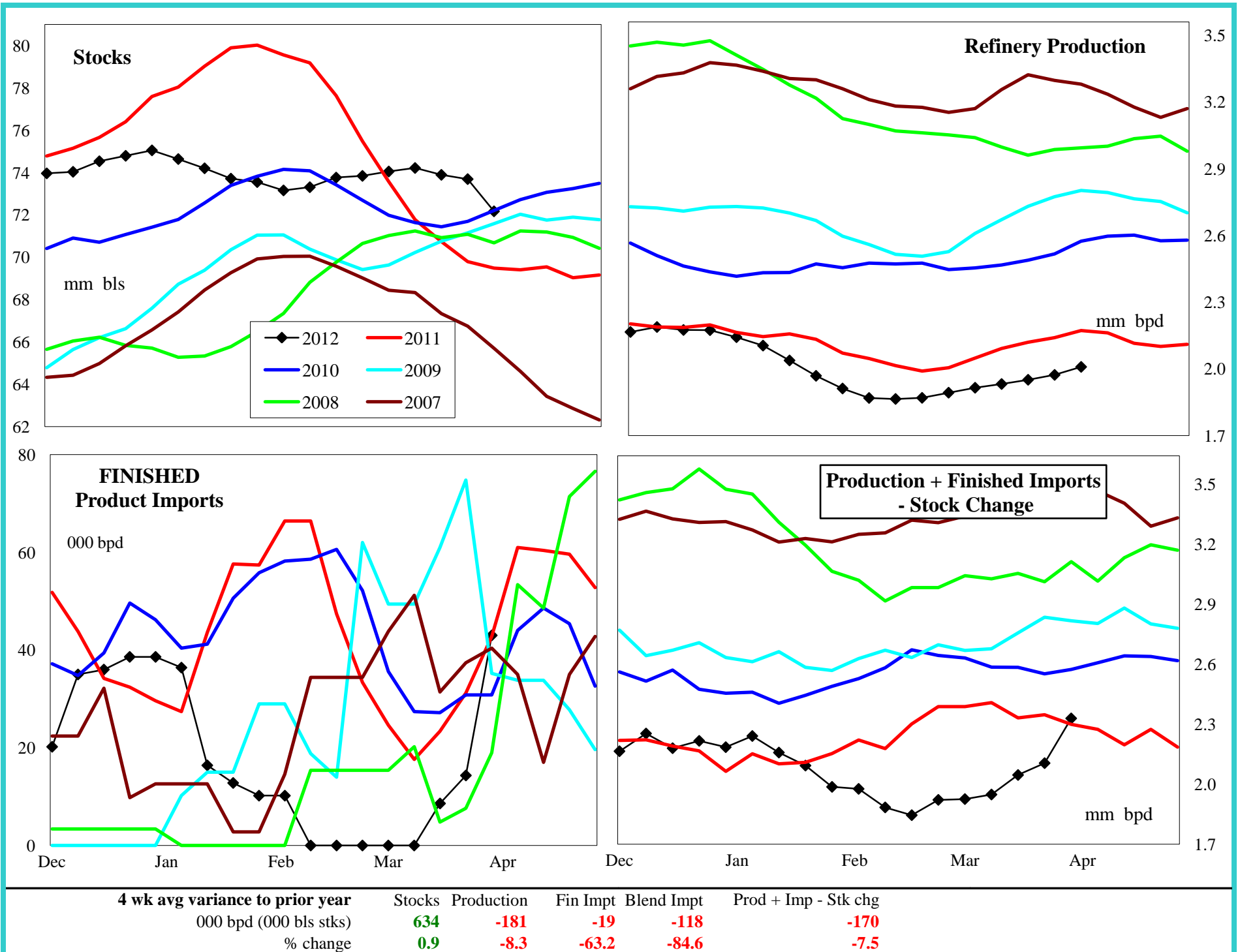
3.3

Imports

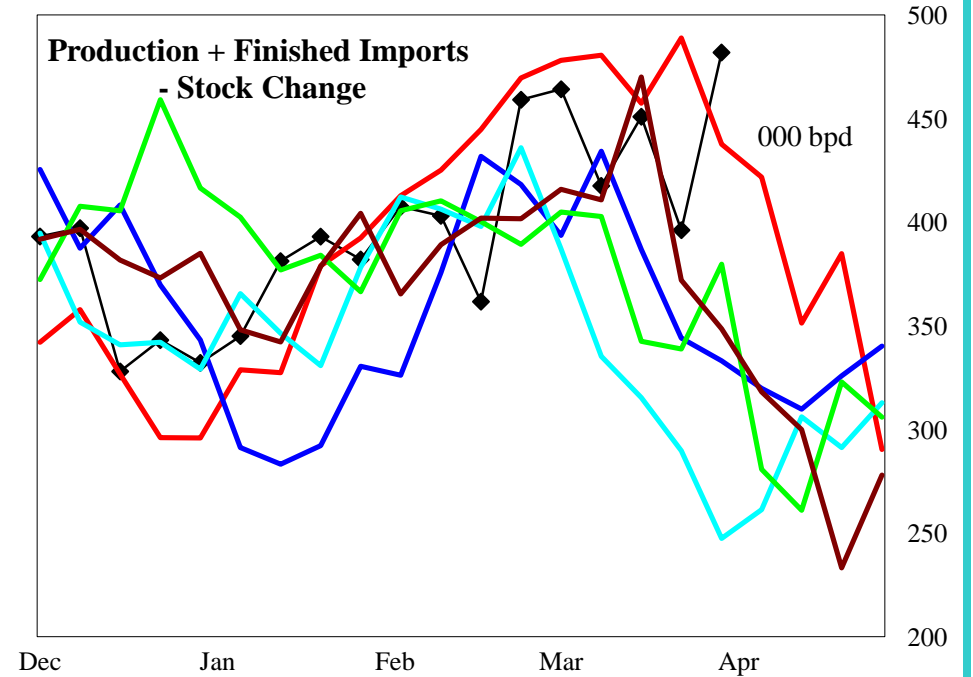
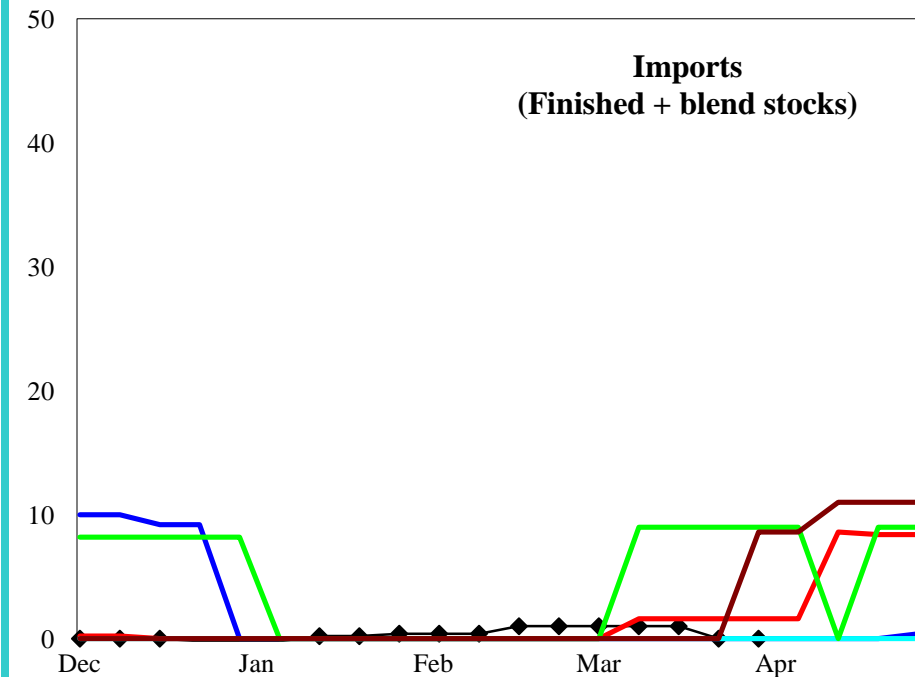
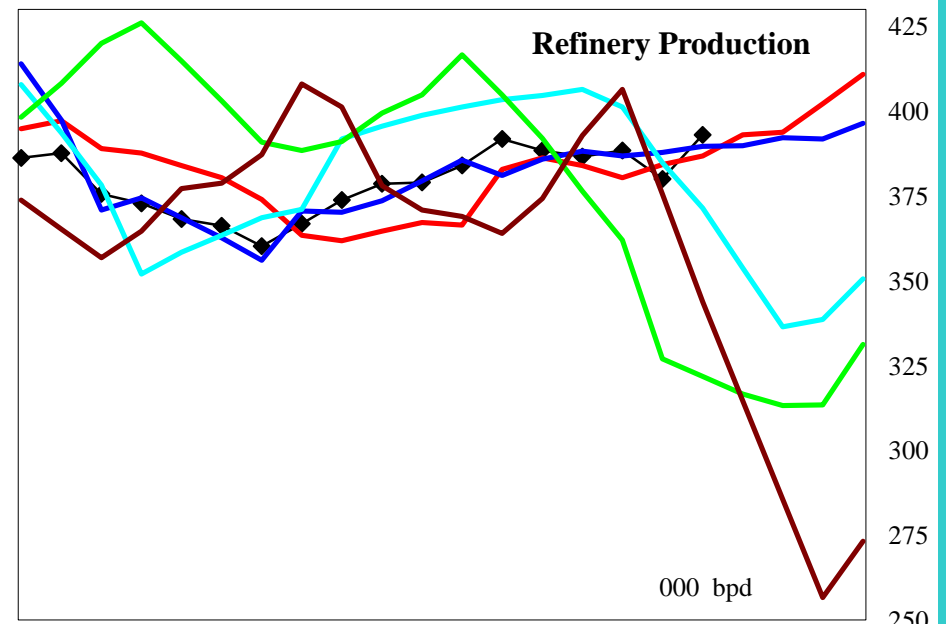
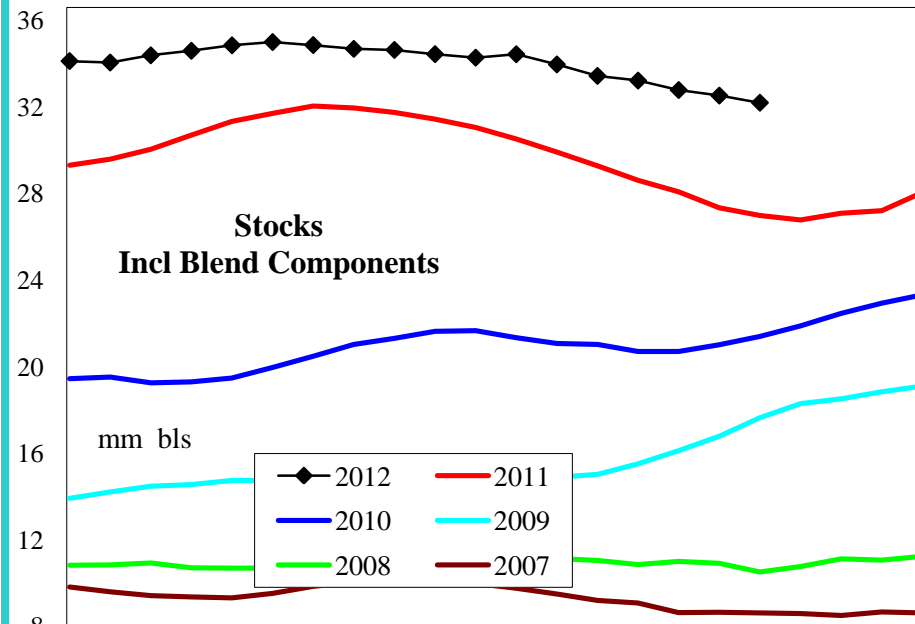
-233

-4.5

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

4,627

6

-2

7

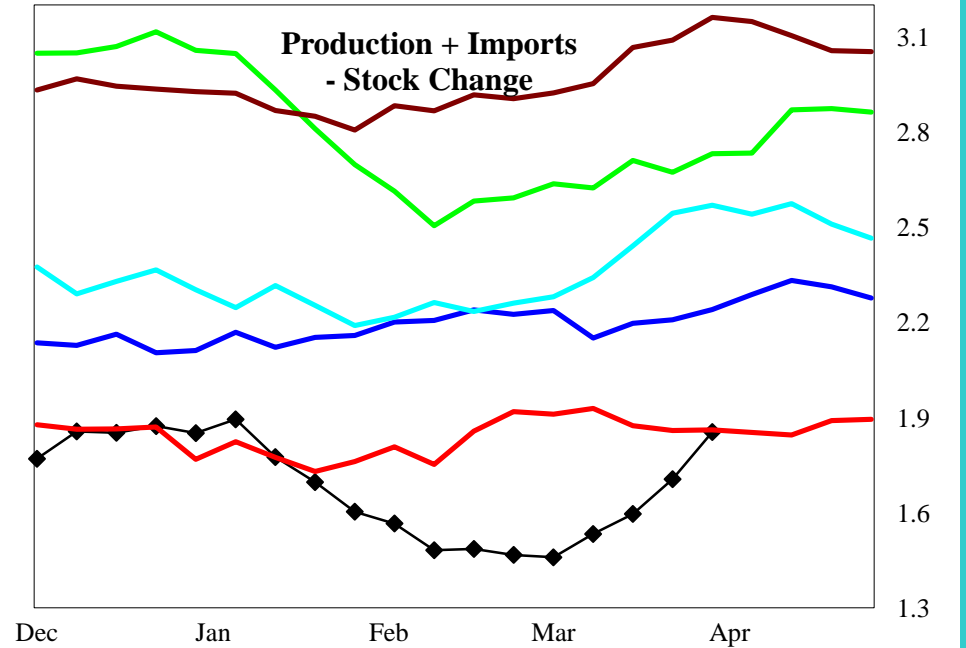
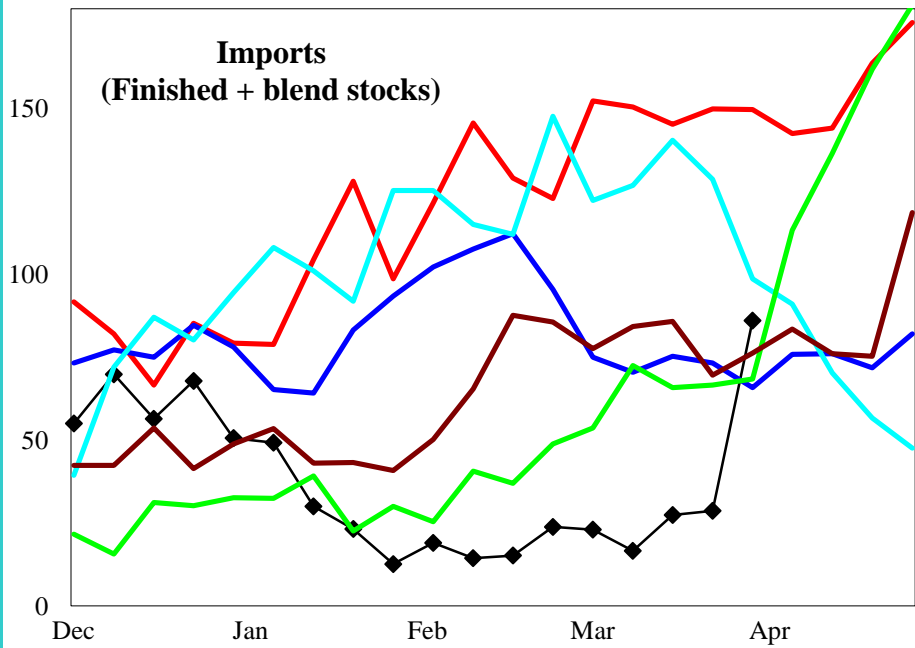
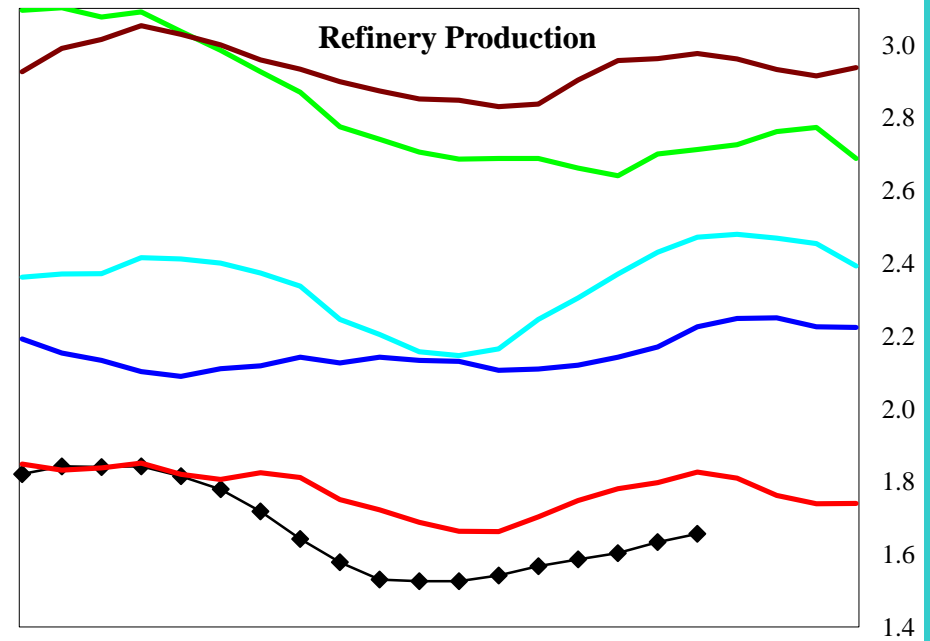
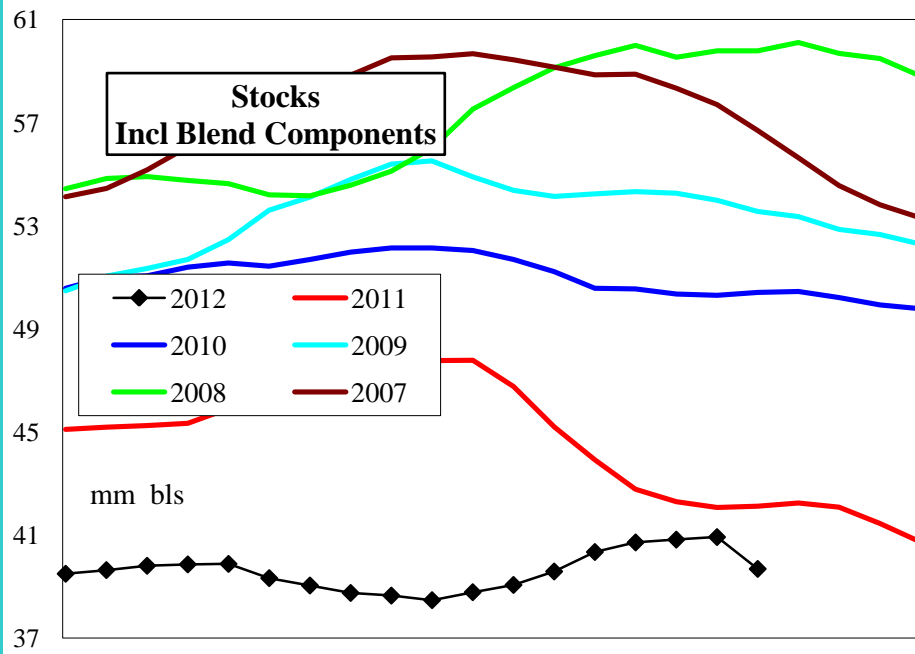
16.5

1.5

-100.0

1.6

PADD 3 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-3,932

-9.0

Production

-186

-10.3

Imports

-135

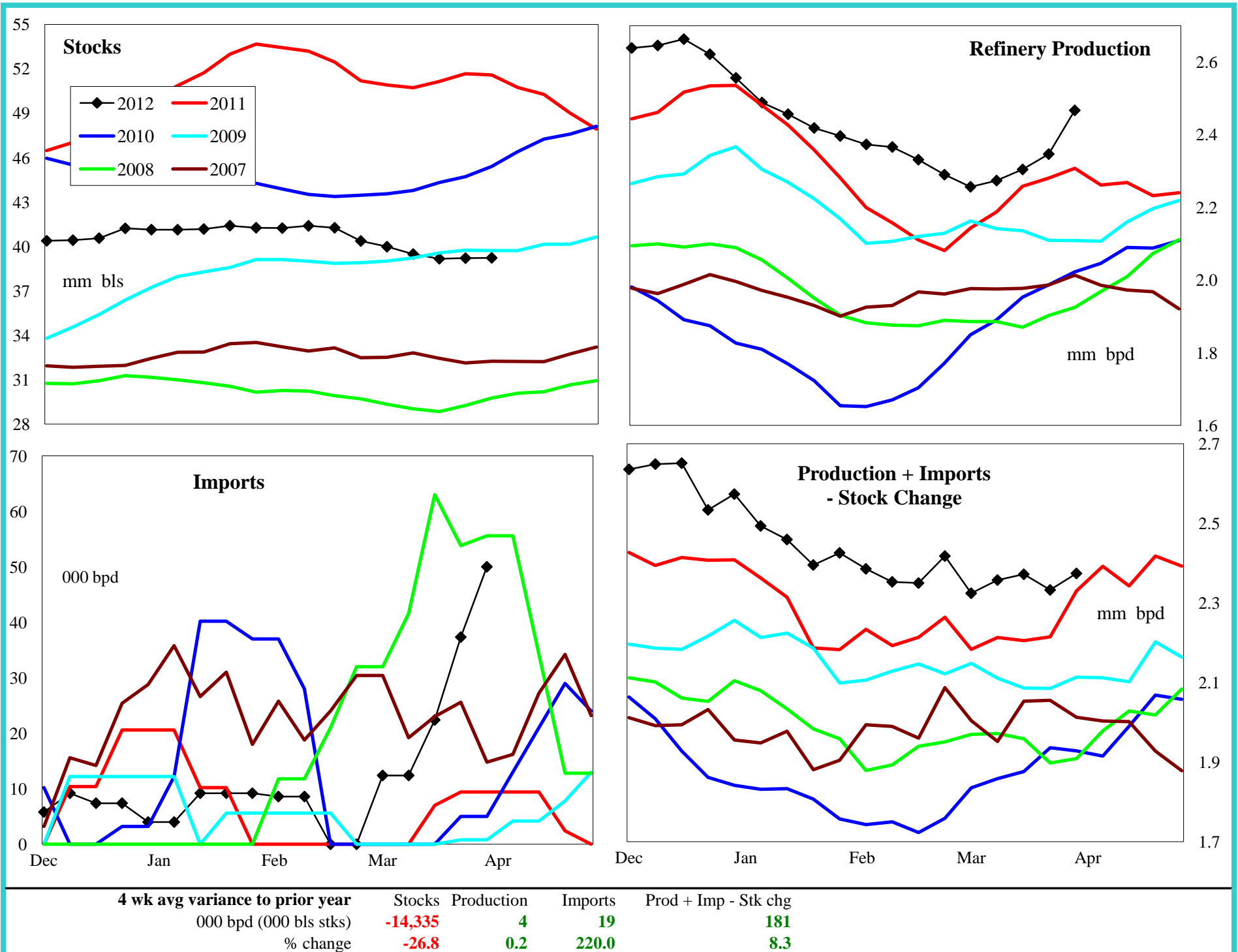
-80.7

Prod + Imp - Stk chg

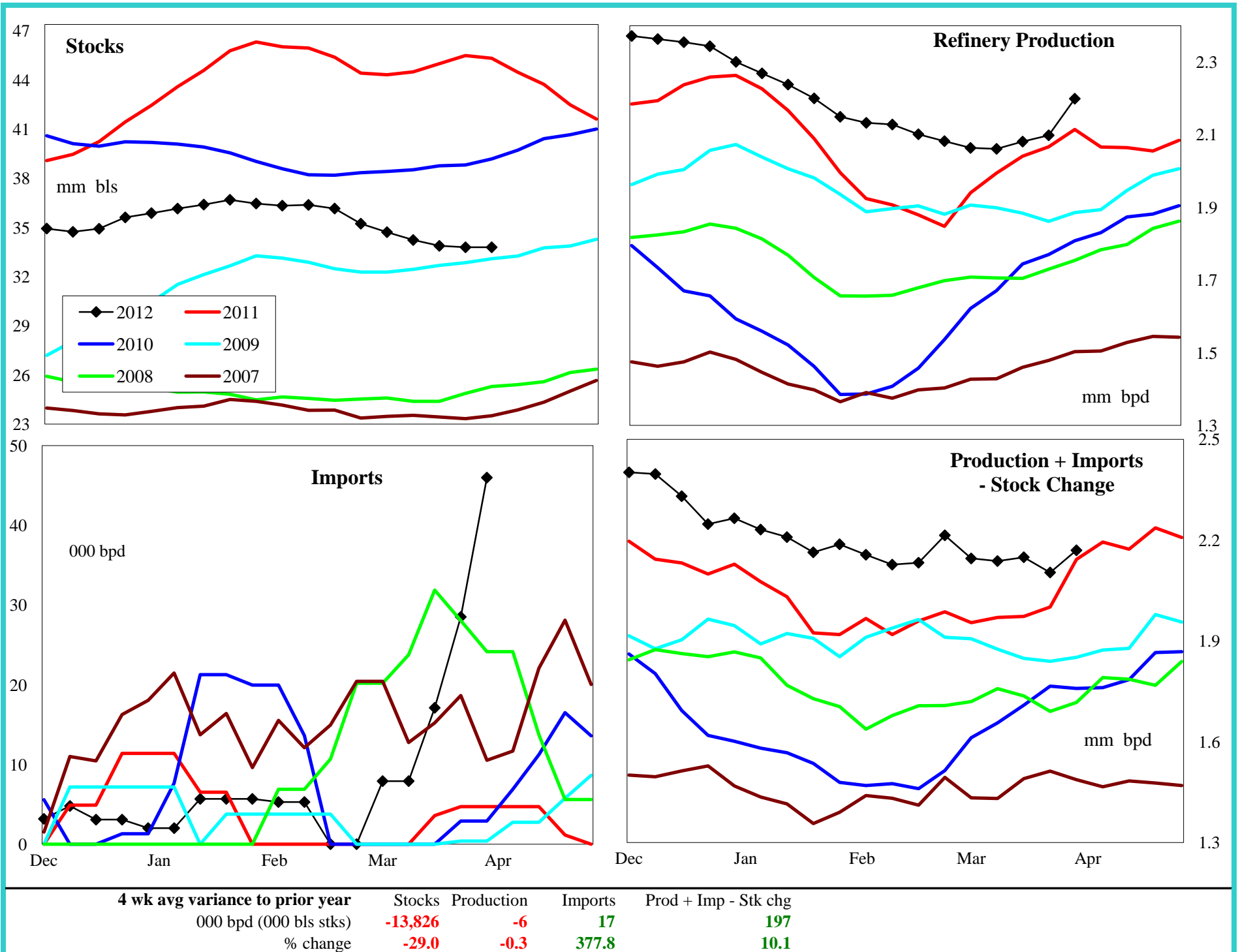
-178

-9.7

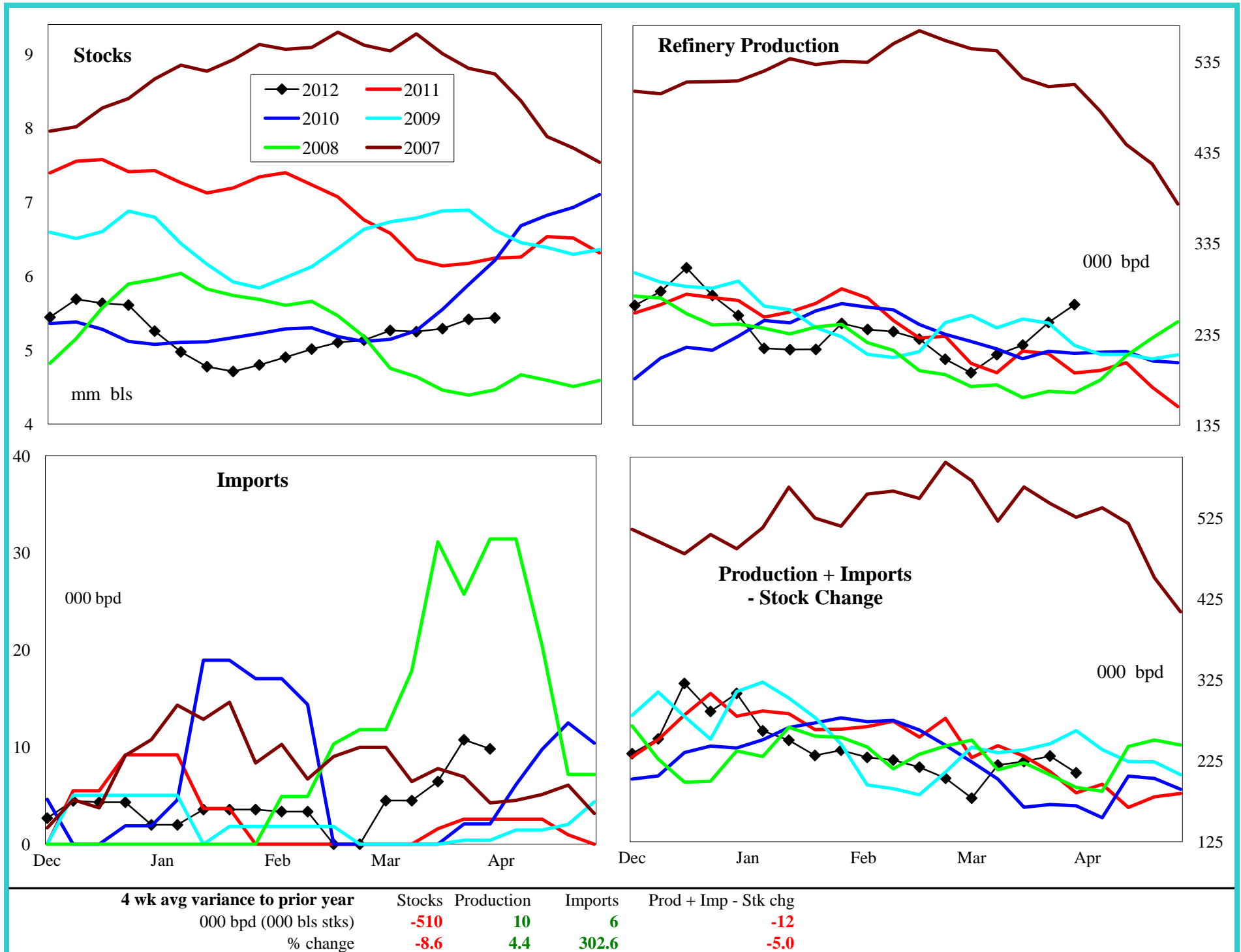
PADD 3 Distillate Supply



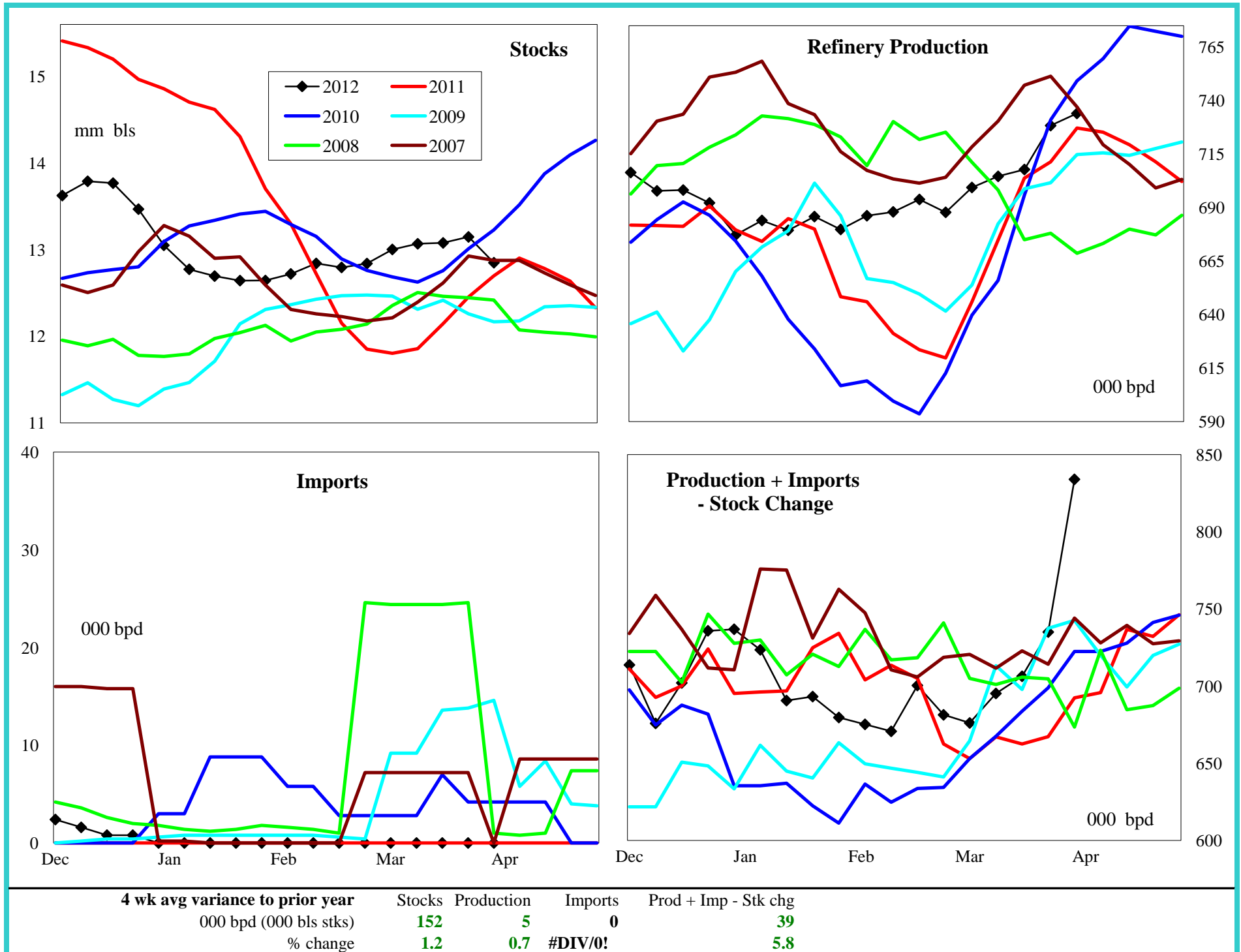
PADD 3 Low Sulfur Distillate Supply



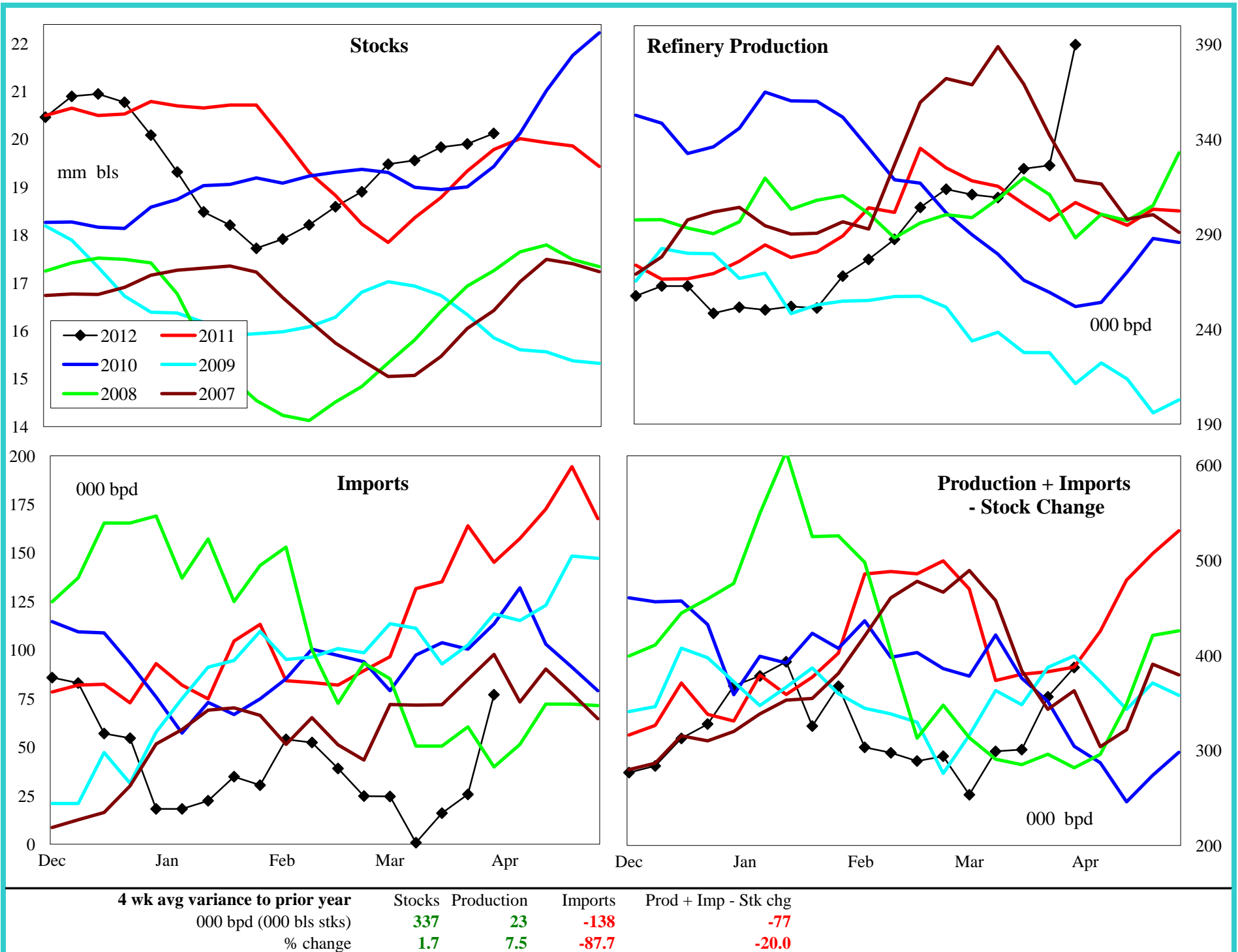
PADD 3 High Sulfur Distillate Supply



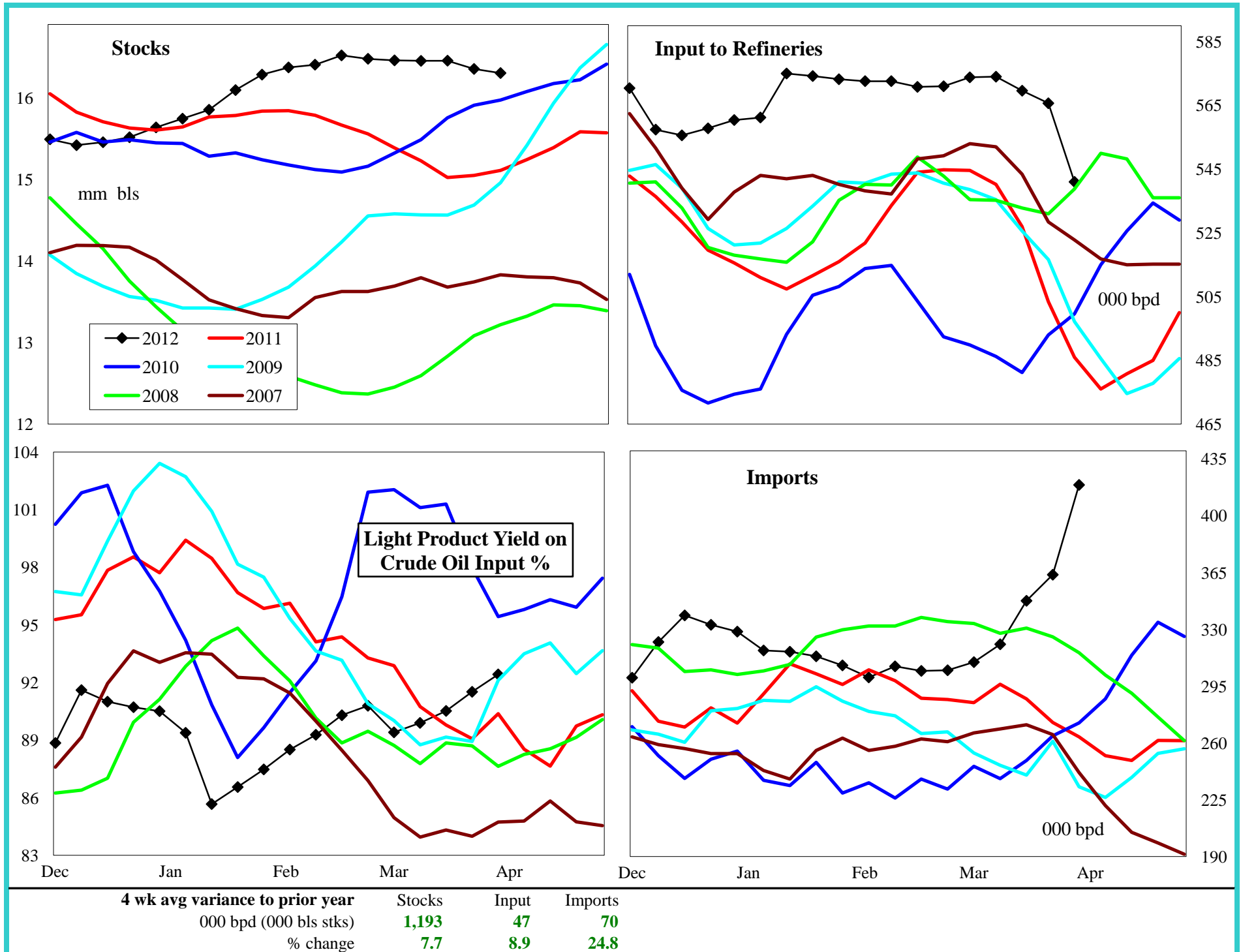
PADD 3 Jet Fuel Supply



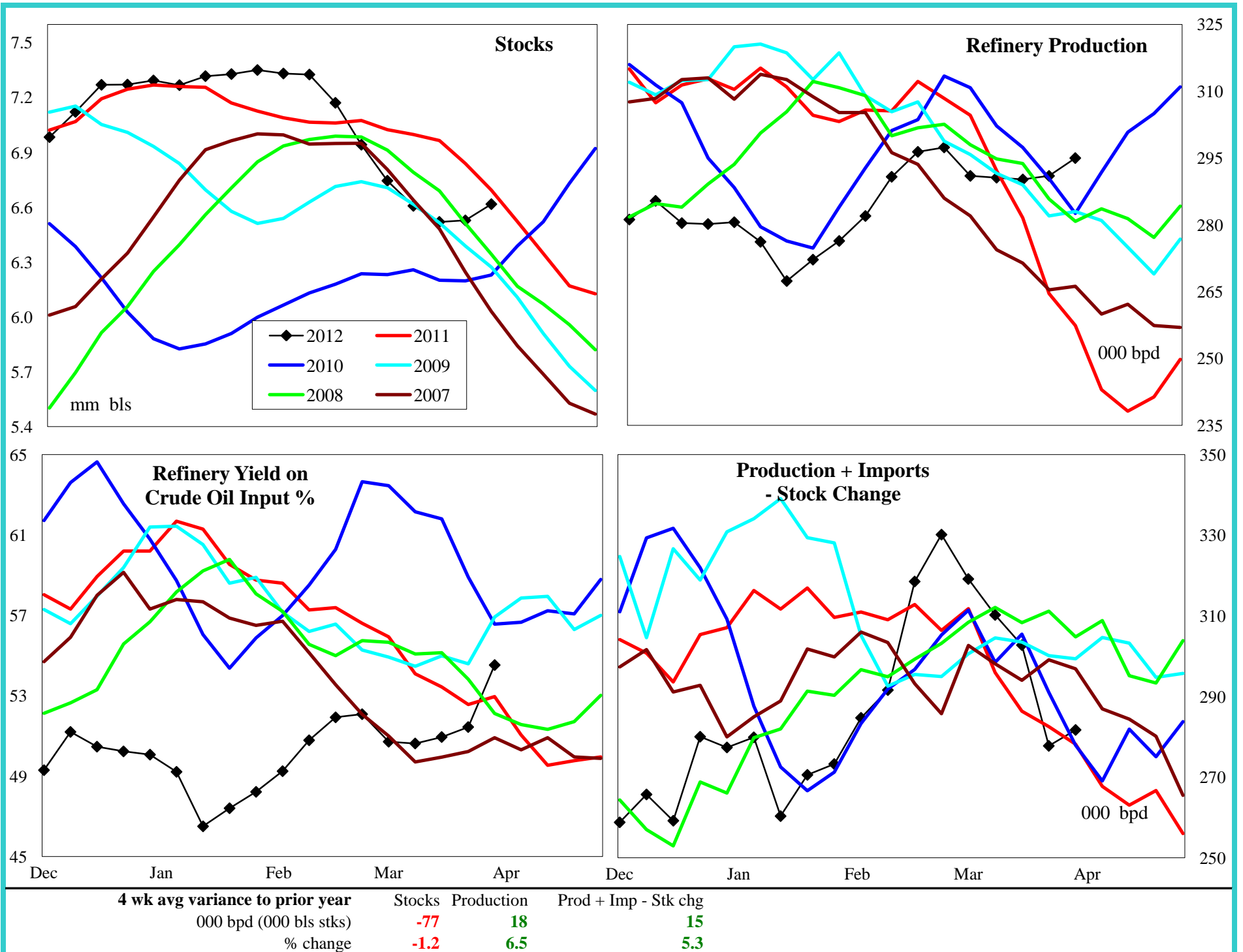
PADD 3 Residual Fuel Oil Supply



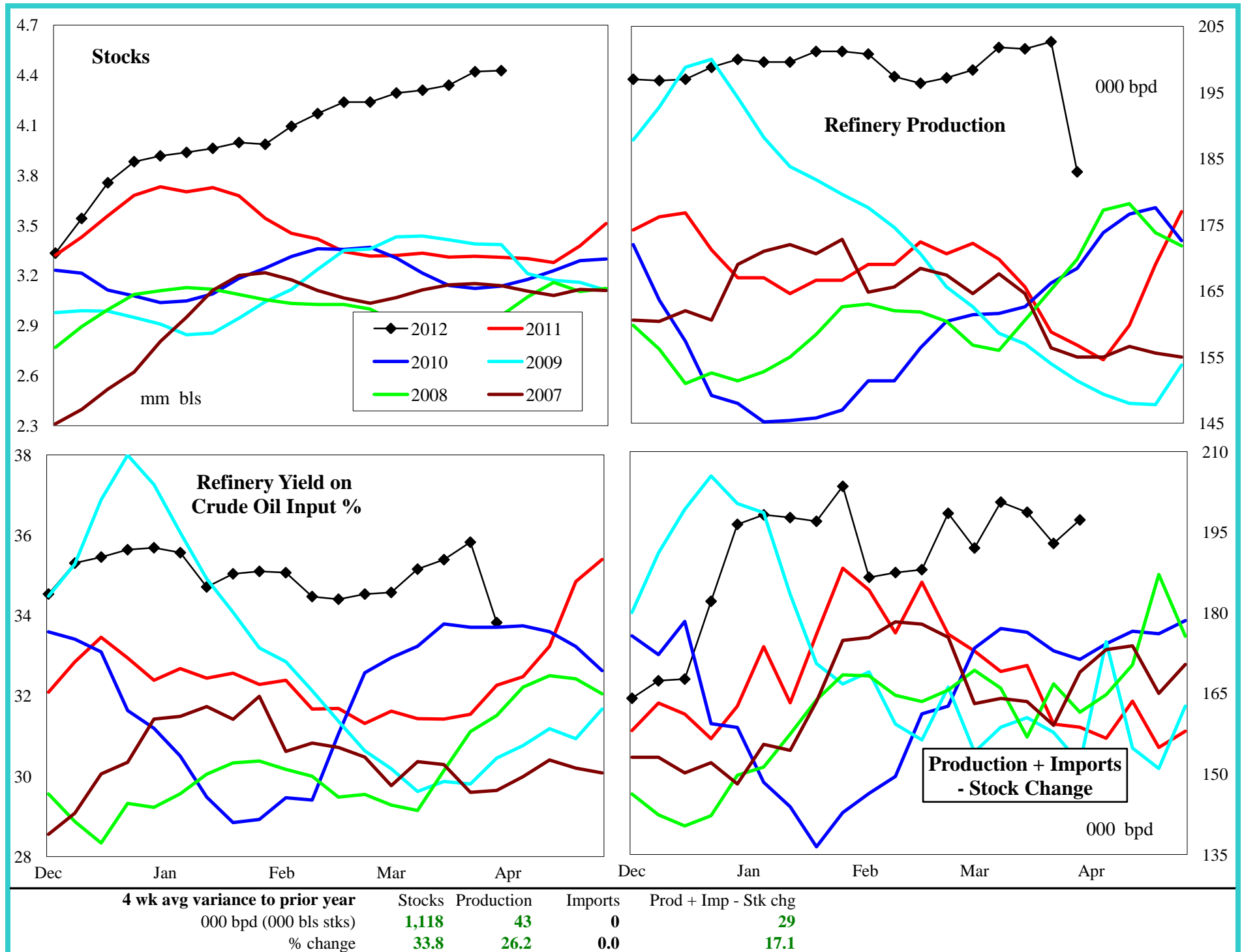
PADD 4 Crude Oil Supply and Refining



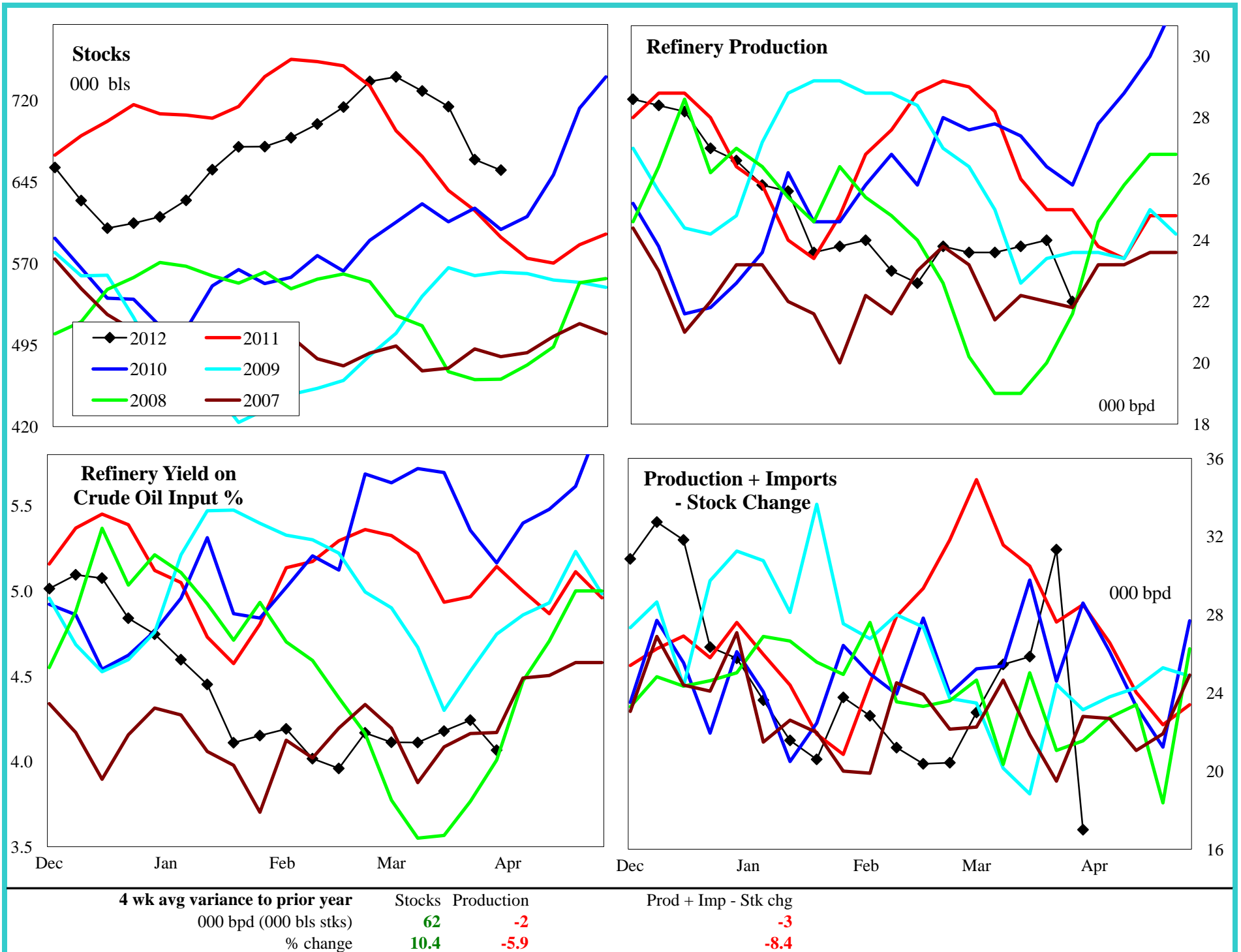
PADD 4 Gasoline Supply



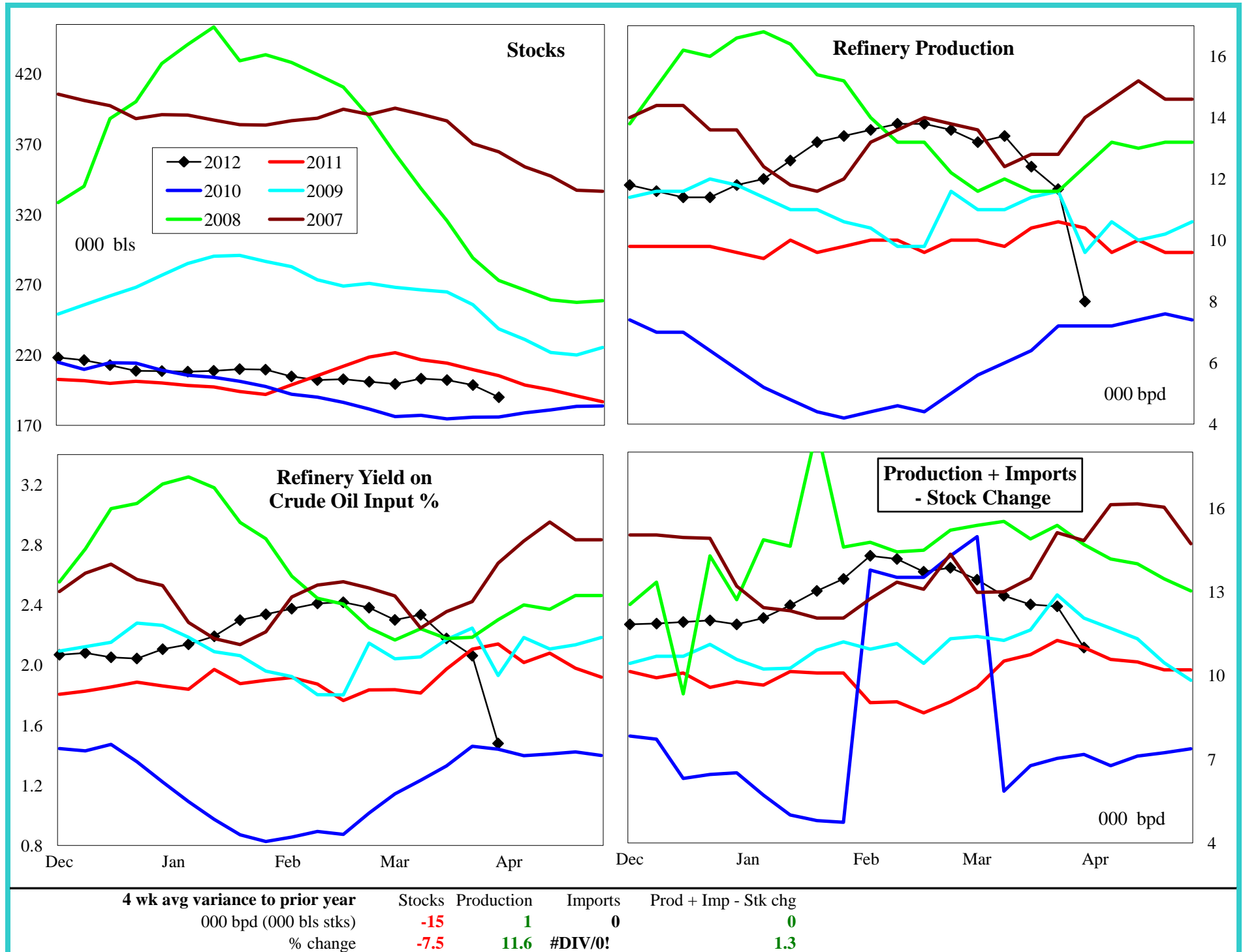
PADD 4 Distillate Supply



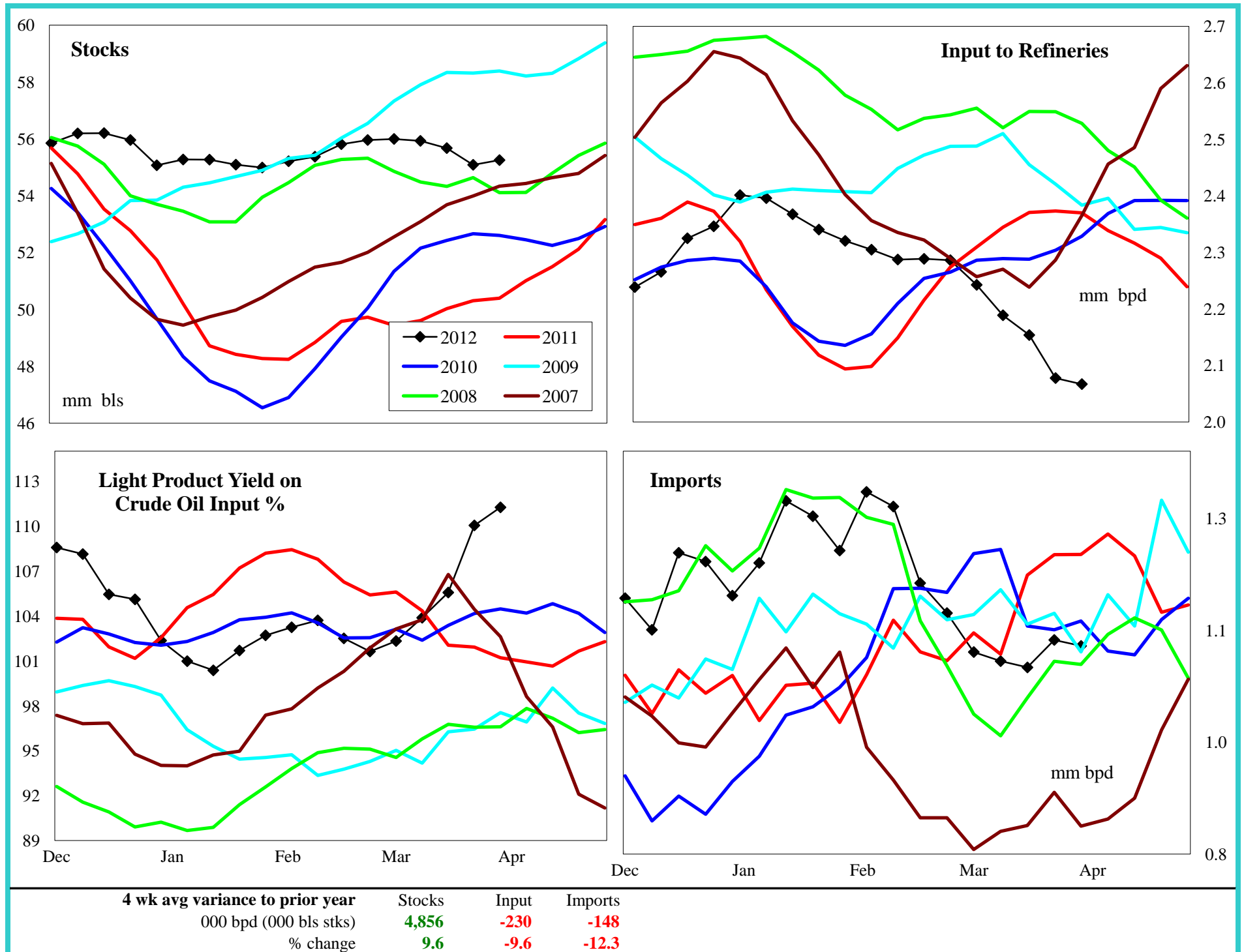
PADD 4 Jet Fuel Supply



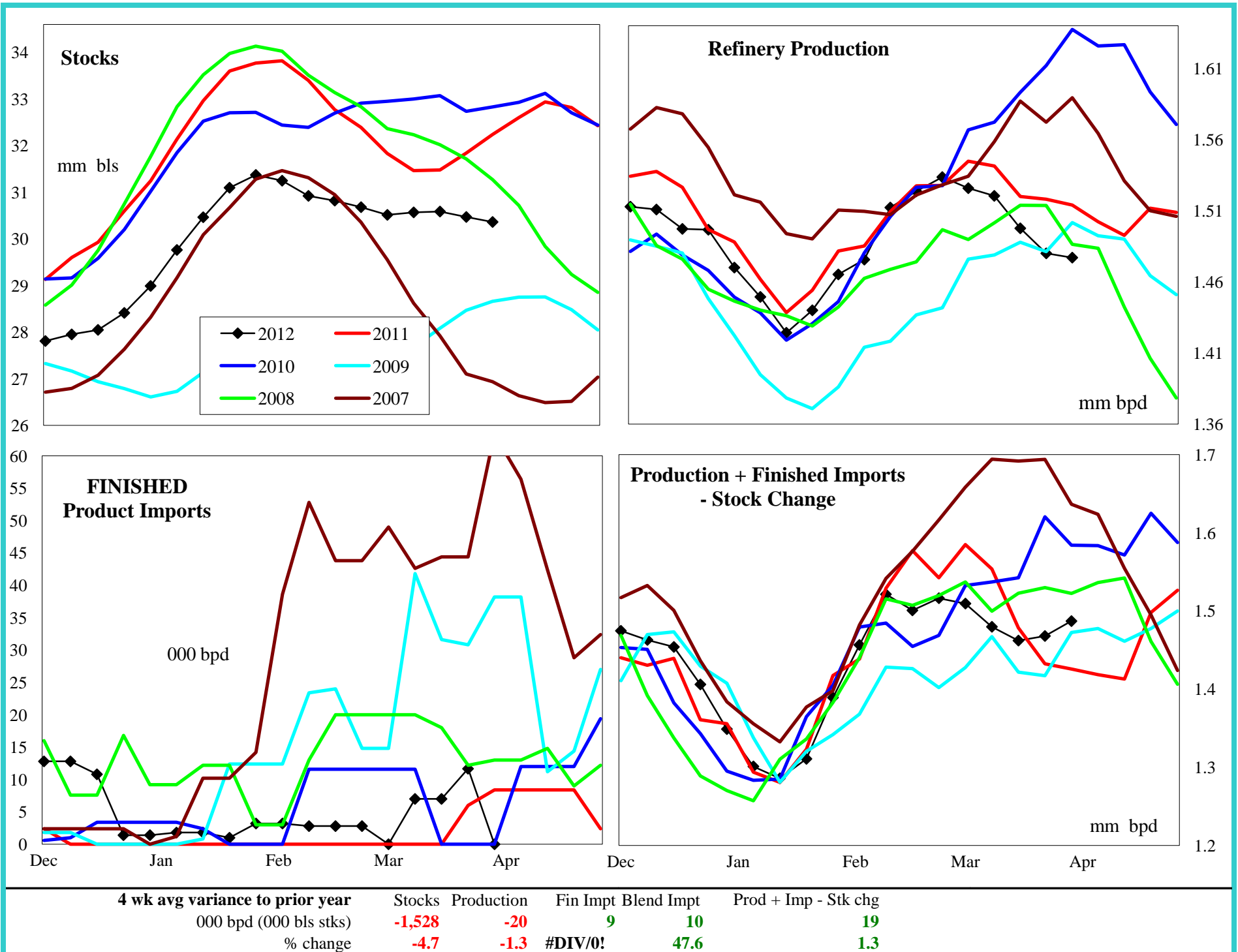
PADD 4 Residual Fuel Oil Supply



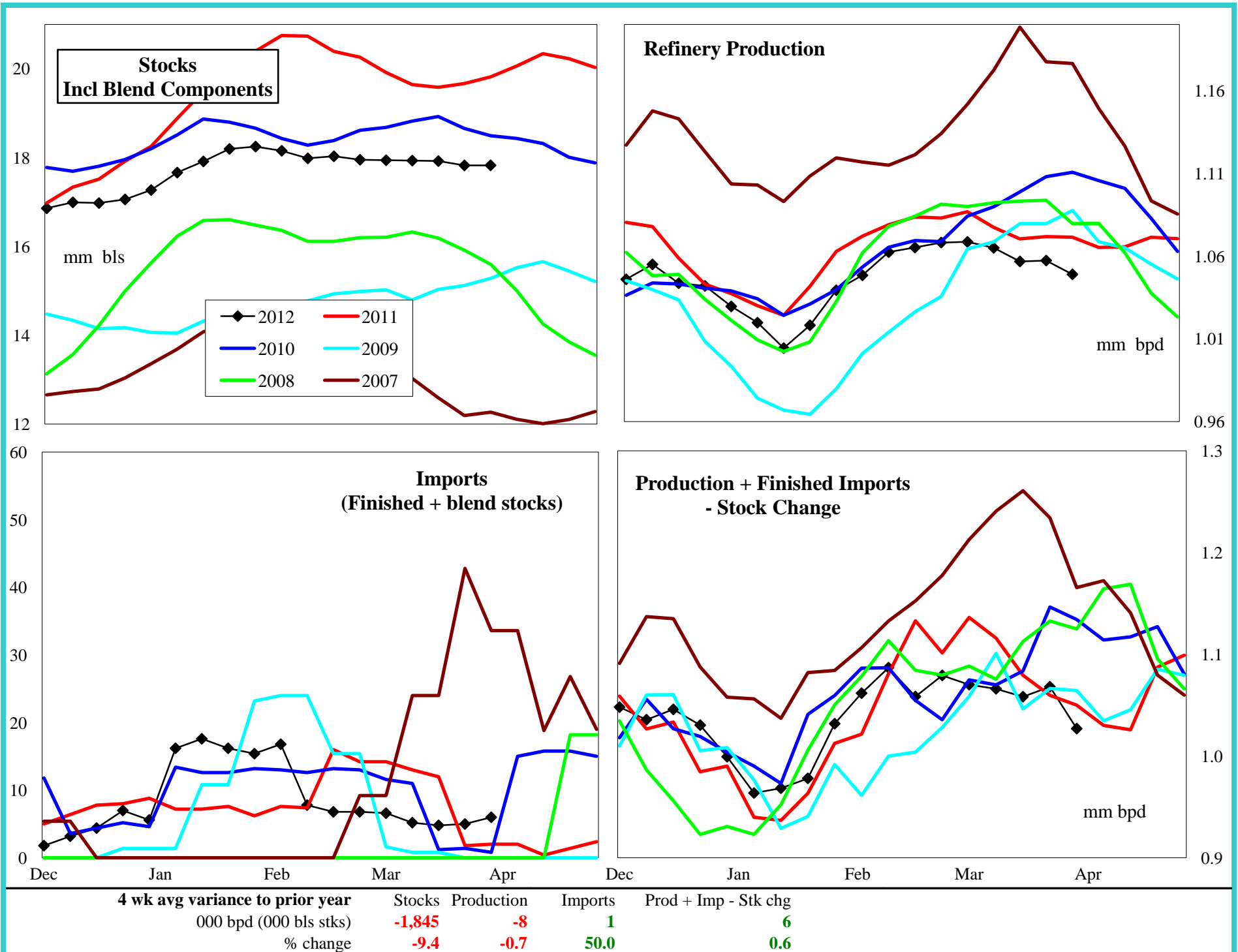
PADD 5 Crude Oil Supply and Refining



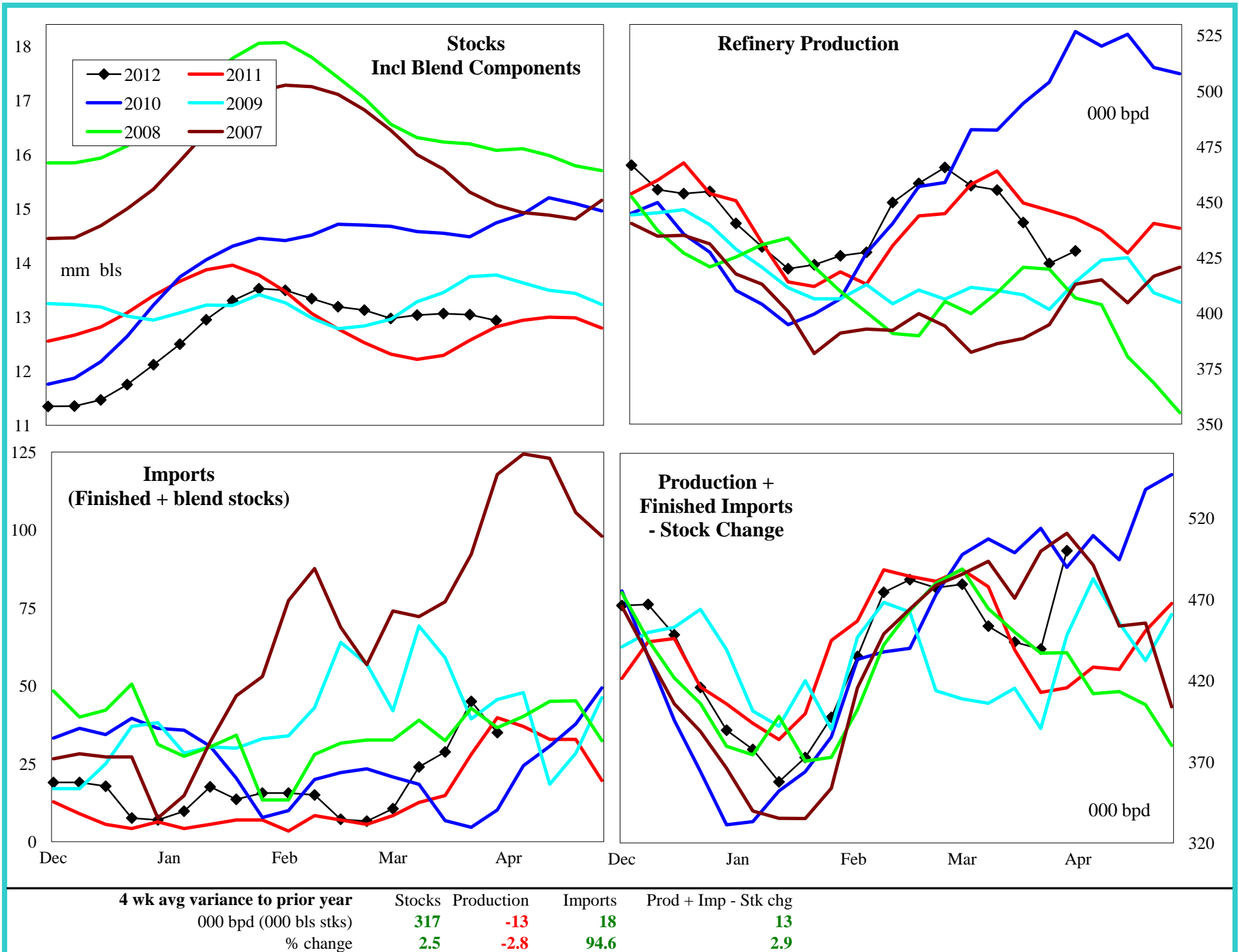
PADD 5 Gasoline Supply



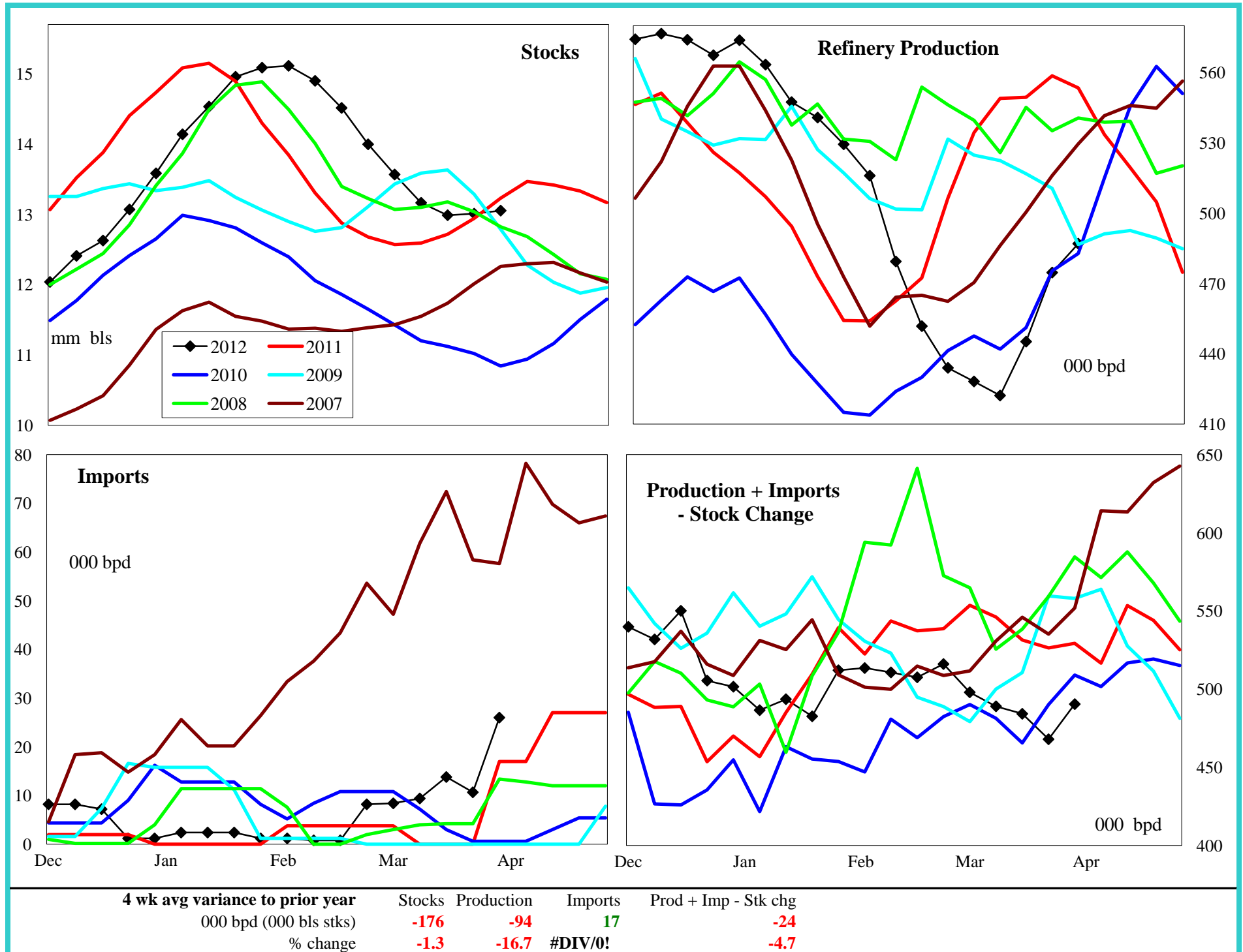
PADD 5 Reformulated Gasoline Supply



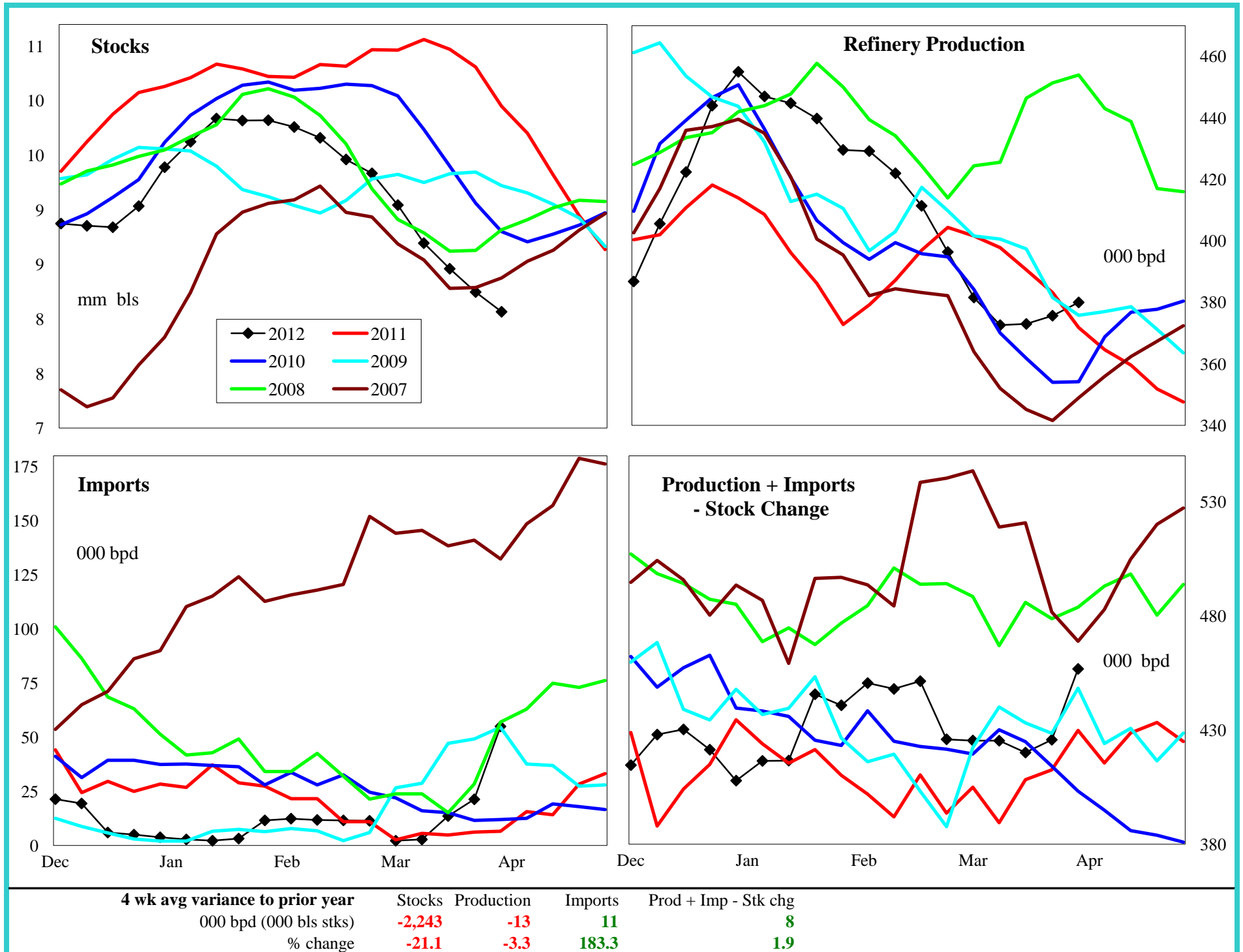
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

