



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

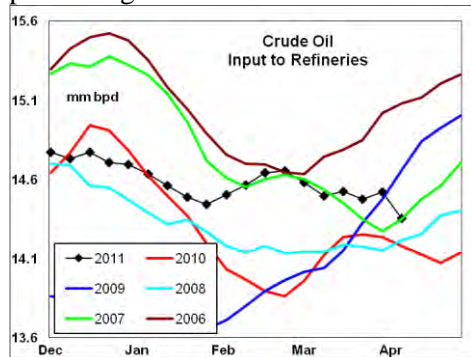
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, April 11, 2012



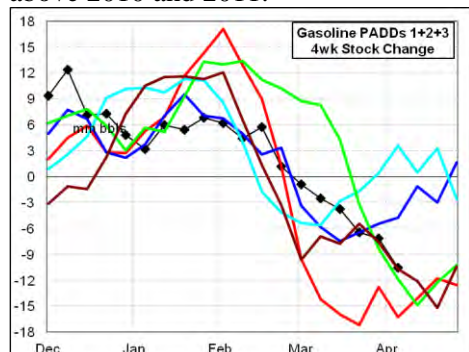
Major Fundamental Trends¹

Crude oil runs at the nations' refineries are lackluster, given the expansion projects completed during the last year. The low level of thru put is due to unplanned maintenance (West Coast region) and poor refining margins (Gulf Coast region) for plants processing waterborne crude oil.



The relatively low crude oil runs, high domestic production and imports from Canada has lifted crude oil stock levels to new 5-year highs.

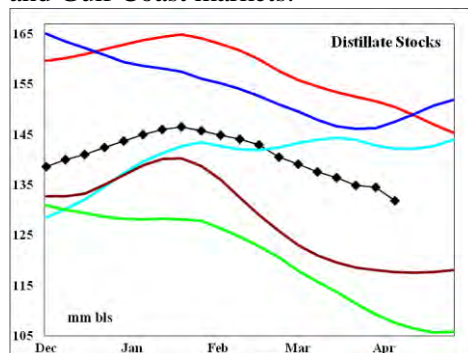
The reduced level of crude oil runs and lack of gasoline blend stock imports has constrained gasoline supplies in the Gulf and East coast; driving cash basis in these markets to near historic highs. Risk of a supply squeeze in the key Central Atlantic Region of PADD 1 continues, even with stock levels above average. The risk is due in part to low blend stock imports and reduced production in the Gulf Coast region. Stock draws, while less than last year are significantly above 2010 and 2011.



Concurrently, over supply and weak

demand in the Midwest, Rockies and California markets has driving cash basis to record lows for this time of year.

Distillate supplies experienced a sharp counter seasonal decrease last week, falling -239,000 bpd. This decline occurred even with a +154,000 bpd jump in PADD 2 output. Wholesale demand spiked +335,000 bpd higher on the week, leading to an above average -4 million barrel stock draw. Stock levels are sharply below each of the last 3-years in the key East and Gulf Coast markets.



Demand for distillate spike +335,000 bpd higher while gasoline and jet fuel were each lower for the week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -4%; distillate down -3.6%; jet fuel down -0.1% while residual fuel oil decreased -9%.

Stocks forward coverage: Gasoline demand coverage fell last week due to a -4.3 million barrel stock draw. Coverage remains well above the historic range.

Distillate demand coverage fell sharply on a -4 million barrel stock draw and spike in wholesale demand. Coverage levels were well below the last 3-years.

Jet fuel coverage levels fell on a -0.9 million barrel stock draw. Coverage levels fell below the last 3-years.

Refinery utilization rates decreased on a -395,000 bpd drop in crude oil runs. During the latest 4-wk period crude oil input was +213,000 bpd above a year ago.

Gasoline yield % on crude oil runs increased on a -61,000 bpd drop in output compared to the -395,000 bpd decline in crude oil runs. Yield % on crude oil runs was below the last 3-years.

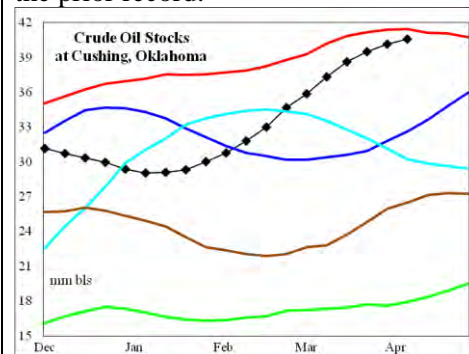
Distillate yield % on crude oil runs was slightly higher on a -79,000 bpd drop in production, compared to the larger decrease in crude oil runs. The yield % was slightly above last years' record highs.

Jet fuel yield % on crude oil runs was nearly unchanged last week on a -56,000 bpd drop in output compared to the decline in crude oil runs. Yield % levels were below the historic mid range.

Petroleum Imports were lower last week for crude oil and all major refined products.

During the latest 4-wk period crude oil imports were +38,000 bpd above last year; distillate imports decreased -10,000 bpd; finished gasoline imports decreased -26,000 bpd, gasoline blend stock imports declined -164,000 bpd; jet fuel imports were -46,000 bpd lower, while residual fuel oil imports fell -163,000 bpd.

Crude Oil stocks increased +2.8 million barrels, with the increase concentrated in PADDs 3 and 5. U.S. stock levels reached new 5-year highs last week, while stock levels in Cushing are -0.8 million barrels below the prior record.



¹ Source is latest EIA Weekly Statistics



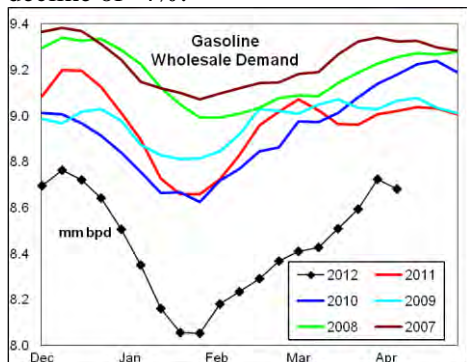
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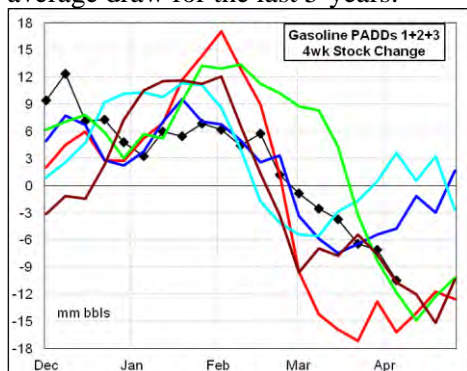
Product Supply-Demand Trends

Gasoline demand fell -102,000 bpd last week, as the seasonal uptrend levels off. The latest 4-wk average demand was -355,000 bpd below a year ago, a decline of -4%.



Combined production and imports decreased -241,000 bpd last week, with the level of supply -50,000 bpd below last year.

Stocks fell -4.3 million barrels on the week, to a level at the mid range of the last 3-years. The latest 4-wk stock draw in markets East of the Rockies of -10.7 million barrels matched the average draw for the last 5-years.



Stock levels in the key Central Atlantic Region of PADD 1 matched highs of the last 3-years. 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.

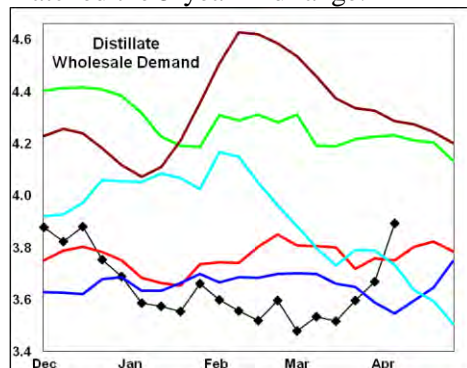
Very weak demand and above average stock levels continues to depress cash basis in all regional markets outside NYH and the Gulf.

Distillate demand spiked +335,000 bpd last week, to a level above the last 3-years. The latest 4-wk average year-on-year change in demand was a -

135,000 bpd decline; driven by mild temperatures in heating oil markets.

Supplies plunged -239,000 bpd on sharply lower imports and a decrease in production, with the latest 4-wk average supply +42,000 bpd above a year ago. Stocks fell -4 million barrels with decreases in all regional markets.

The latest 4-wk stock change in markets East of the Rockies was a draw of -2.6 million barrels, which matched the 5-year mid range.



Look for a meaningful upturn in production during the balance of the 2nd quarter as refiners return from maintenance and respond to attractive margins on inland crude oil production and imports from Canada.

Production was nearly unchanged from a year ago in the Gulf during the latest 4-wk period while the Midwest and Rockies saw record output. West Coast production remains -15% below a year ago on unplanned refinery maintenance.

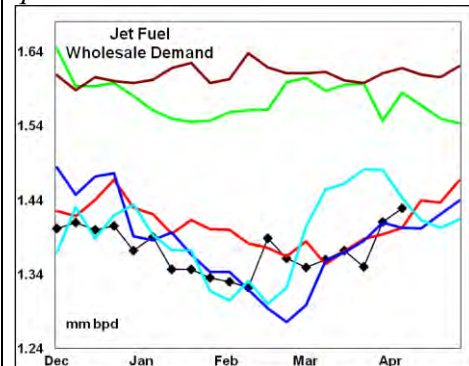
Look for an improving supply balance during the 2nd quarter on higher production and year-on-year declines in demand.

Jet Fuel demand fell -107,000 bpd last week, reversing part of the prior week spike. The latest 4-wk average demand was -2,000 bpd below a year ago.

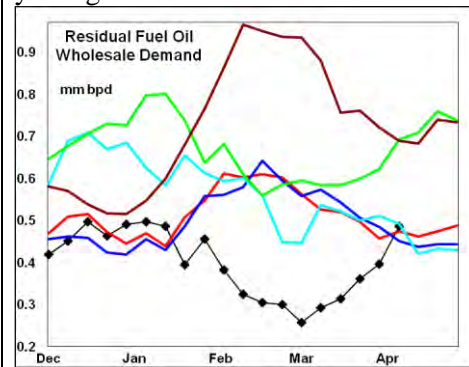
Supply fell -100,000 bpd on lower production and imports. Stocks fell -0.9 million barrels on the week, to a level below the last 3-years.

The recent drop in stock levels has been driven by an -86,000 bpd decrease in supply during the last 4-wk period. As refiners return from spring

maintenance, look for higher production to limit further stock draws. Record low imports may constrain seasonal stock building during the 2nd quarter.



Residual fuel oil demand increased +144,000 bpd last week. The latest 4-wk average was -42,000 bpd below a year ago.



Supply (production + imports) fell -96,000 bpd last week, on lower imports and production. The latest 4-wk average supply was -129,000 bpd below last year on lower imports. Stocks fell -0.7 million barrels, to a level below the 5-year mid range.

Demand has recently rebounded to match the prior 3-years, from record low levels at the end of March. Production continues to track the last 3-years, while supplies have been reduced by a nearly -40% drop in imports.

The key Gulf Coast market remains well supplied with both production and stock levels near 5-year highs.



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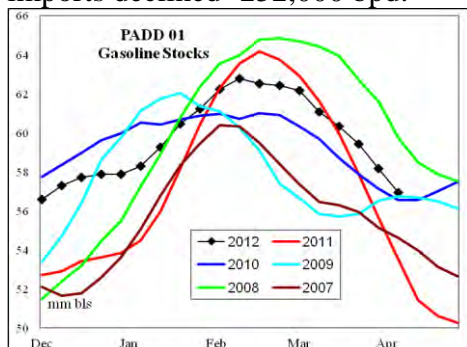
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +3,000 bpd on the week, with the latest 4-wk average +73,000 bpd above last year.

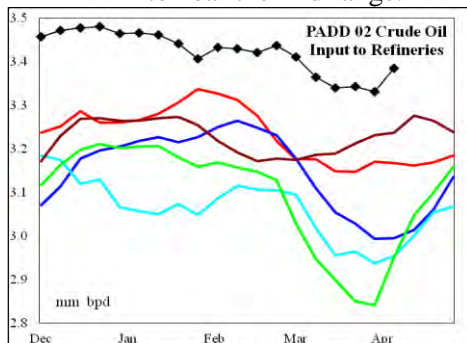
Gasoline production fell -90,000 bpd last week, while imports declined -252,000 bpd.



Stocks fell -1.9 million barrels on the week, to a level matching the 5-year mid range. Stock levels in the key Central Atlantic Region ended the week above the last 2-years.

Distillate supply fell -96,000 bpd on the week, driven by a collapse in imports. Stocks declined -1.4 million barrels on the week, a level -12% below last year.

Jet fuel combined production and imports for the latest 4-wk period were -84,000 bpd below last year and at fresh 5-year record lows. Increased receipts from the Gulf held stock levels in PADD 1 to near the mid range.



PADD 2 crude oil refinery runs increased +57,000 bpd on the week, with the 4-wk average +162,000 bpd above last year. Crude oil imports fell -0.4 million bpd on the week, but remain more than +25% above a year ago. Stocks in Cushing increased +0.3 million barrels on the week, to a level

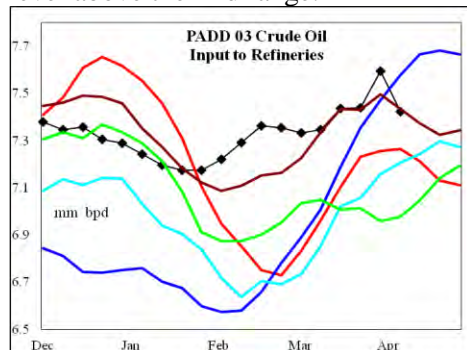
near last years' record highs.

Gasoline production increased +20,000 bpd last week, with the latest 4-wk average -58,000 bpd below last year. Stocks fell -1.1 million barrels to a level +7% above last year.

Distillate production climbed +154,000 bpd on the week, to a new record high for the spring quarter. Stocks decreased -0.3 million barrels, with the level above four of the last 5-years.

Jet fuel production decreased -13,000 bpd on the week, to a level comparable to last years' record high. Stocks ended the week at a level above the 5-year range.

PADD 3 refinery runs fell -0.4 million bpd last week, to a level above the mid range. The latest 4-wk average thru put was +221,000 bpd above last year. Crude oil imports fell -0.4 million bpd, a level below the 5-year range. Stocks extended the seasonal build, rising +2.1 million barrels to a level above the mid range.



Gasoline production decreased -15,000 bpd, a level -179,000 bpd below a year ago. Stocks fell -1.3 million barrels last week, driving the level down to the 5-year mid range.

Distillate production fell -208,000 bpd on the week, with the latest 4-wk average comparable to a year ago. Stocks decreased -1.6 million barrels to a level below each of the last 3-years.

Jet fuel production fell -59,000 bpd to the low end of the historic range for the period. Stock levels remain near the 5-year mid range.

Residual fuel oil supplies declined

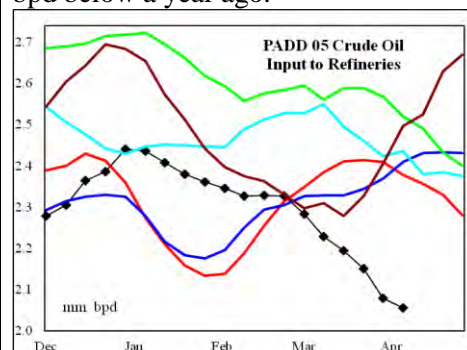
-61,000 bpd on the week, although production remains above the 5-year range. Stock levels ended the week comparable to the last 2-wks.

PADD 4 refinery crude runs decreased -23,000 bpd on the week, to a level that matched the 5-year mid range. The most recent 4-wk average run rate was +60,000 above a year ago.

Gasoline production fell -56,000 bpd to match last years' record lows. Stocks were nearly unchanged at a level comparable to the last 2-years.

Distillate production fell -42,000 bpd, to a record low level for the season. Output has dropped over -60,000 bpd in the last 2-wks. Stock levels were +27% above last year and a record high for this time of year.

PADD 5 crude oil refinery runs fell -51,000 bpd last week, to a fresh record low for this time of year. Runs for the most recent 4-wk period were -304,000 bpd below a year ago.



Gasoline production increased +41,000 bpd on the week to a level above the mid range. Supply (production + imports) for the latest 4-wk average was -20,000 bpd below a year ago. Stocks increased +0.2 million barrels with the level matching the 5-year mid range.

Distillate supply fell -24,000 bpd on the week, to a level that matched historic lows for this time of year. Stocks decreased -0.4 million barrels, to a level just above the mid range.

Jet fuel imports fell -44,000 bpd, while production remains above the last 3-years. Stocks extended a seasonal decrease, ending the week at -22% below a year ago.



PETROLEUM: Graph Link and Weekly Summary

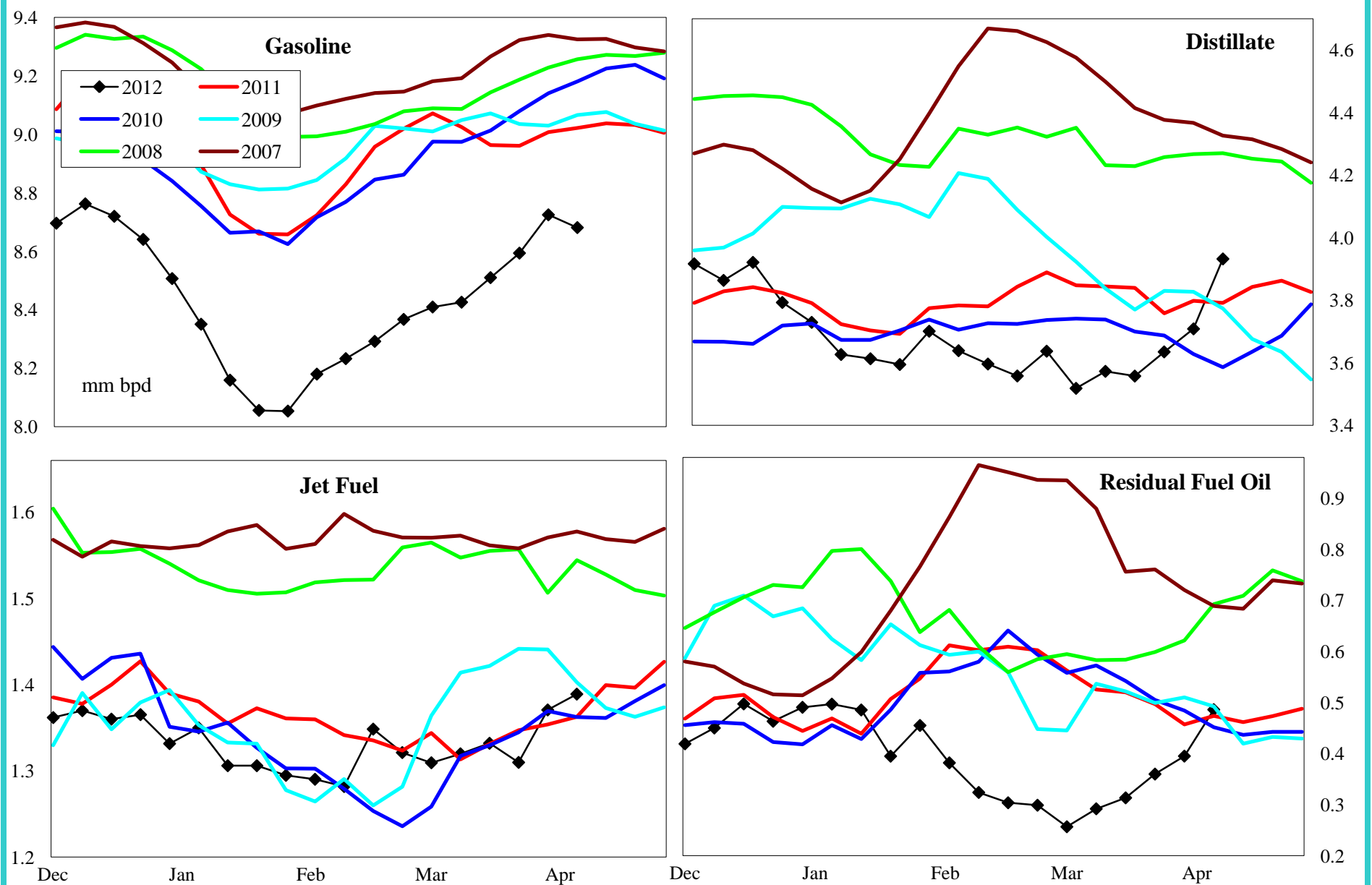
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %			Imports	
Supply/Demand Trends	6-Apr-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	2,791	-418	-213	2,137	-49	1,333
	Imports	-1,252	-48	-392	-445	-150	-217
	Input	-395	3	57	-381	-23	-51
	% Utilization	-1.90					
Gasoline	Stocks	-4,277	-1,919	-1,144	-1,279	-111	178
	Production	-61	-90	20	-15	-56	41
	Imports	-180	-252	0	14	0	58
	Supplied	-102					
Distillate	Stocks	-4,000	-1,440	-310	-1,634	-233	-383
	Production	-79	32	154	-208	-42	-15
	Imports	-160	-128	0	-22	-2	-9
	Supplied	335					
Jet Fuel	Stocks	-948	-300	-197	-87	11	-376
	Production	-56	3	-13	-59	15	-2
	Imports	-44	0	0	0	0	-44
	Supplied	-107					
Residual Fuel Oil	Stocks	-652	-628	100	-466	-16	358
	Production	-88	-3	11	-58	1	-40
	Imports	-8	0	-4	-3	0	0
	Supplied	144					

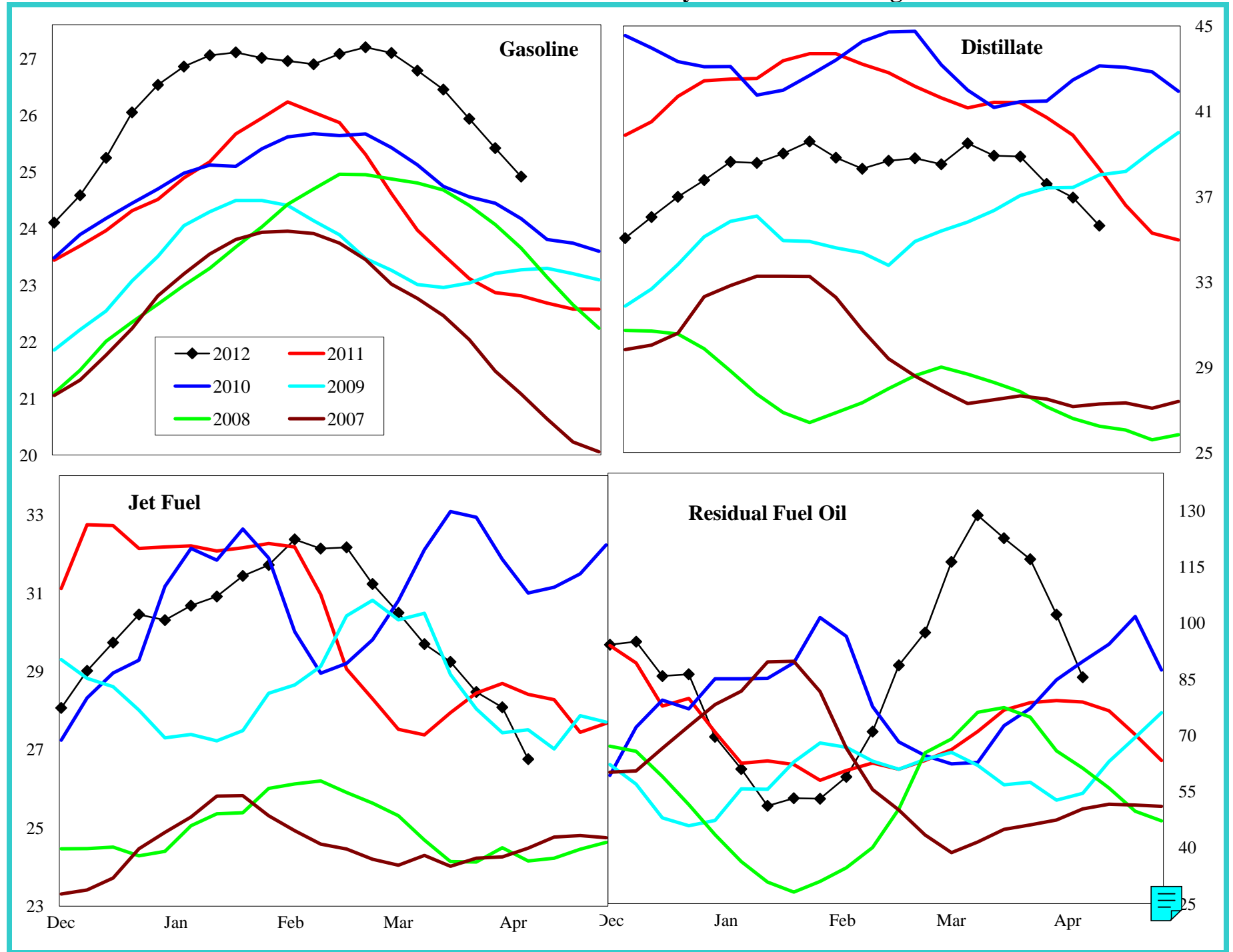
United States Wholesale Petroleum Demand



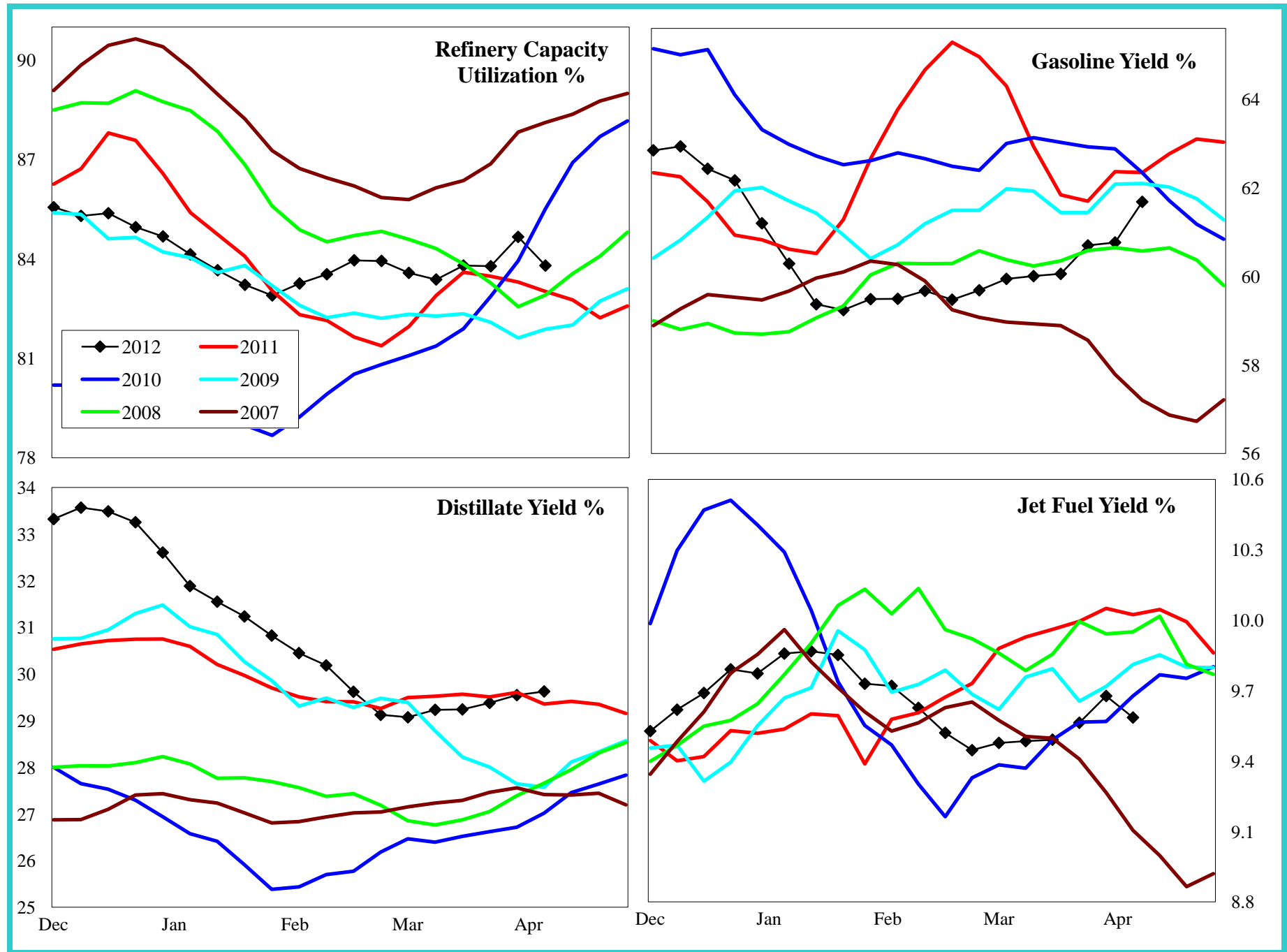
	000 bpd change from prior year				% change from prior year				
	4wk avg	Mar	Feb	Jan	4wk avg	Mar	Feb	Jan	
Gasoline	-355	-178	-293	-374	-4.0	-2.0	-3.4	-4.4	
Distillate	-135	-432	-283	-295	-3.6	-10.8	-7.3	-7.4	
Jet Fuel	-2	-59	52	-24	-0.1	-4.2	3.9	-1.8	
Resid	-42	-179	-258	-176	-8.6	-32.7	-41.1	-28.3	



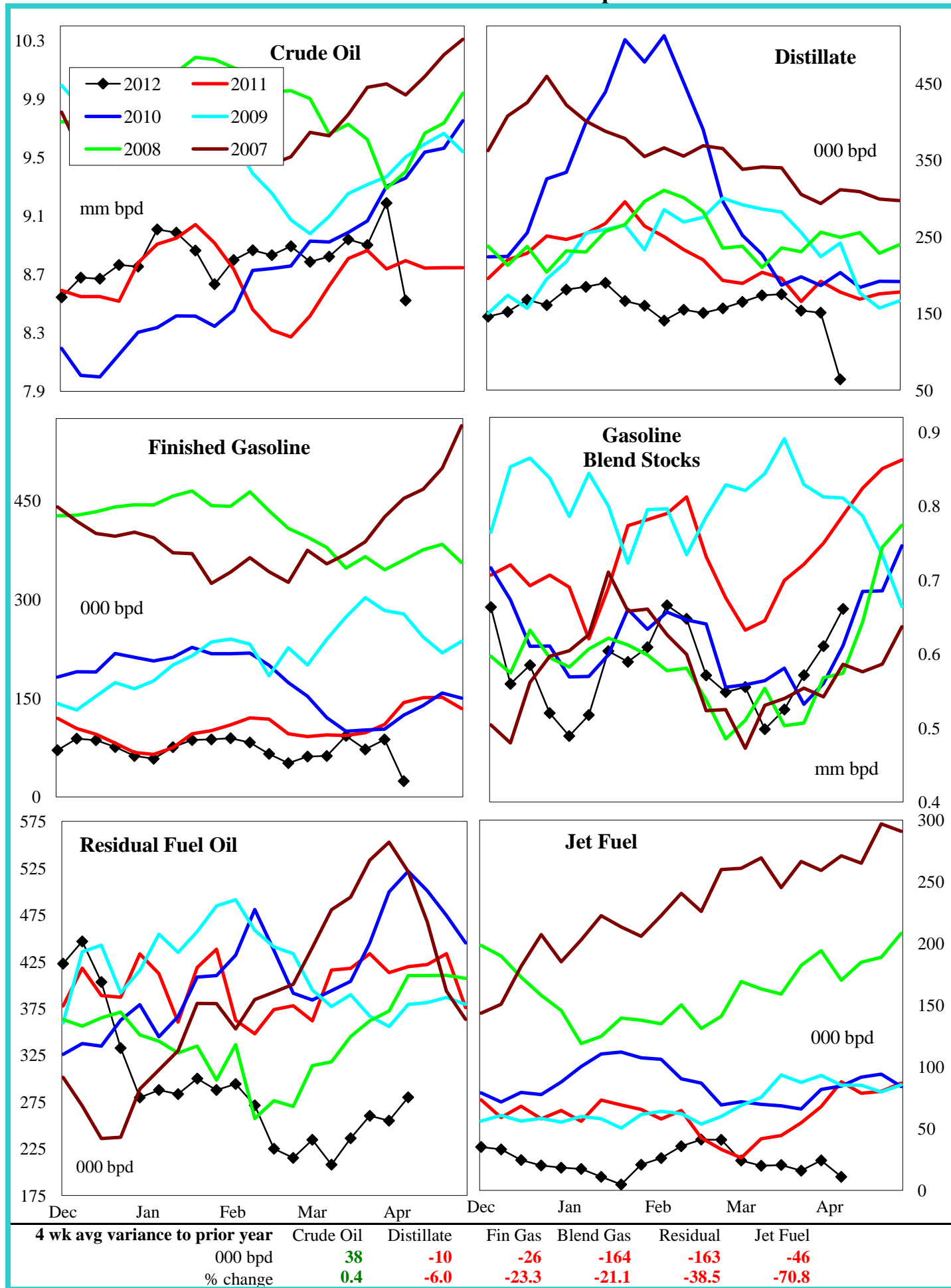
United States Product Stocks: Days Forward Coverage



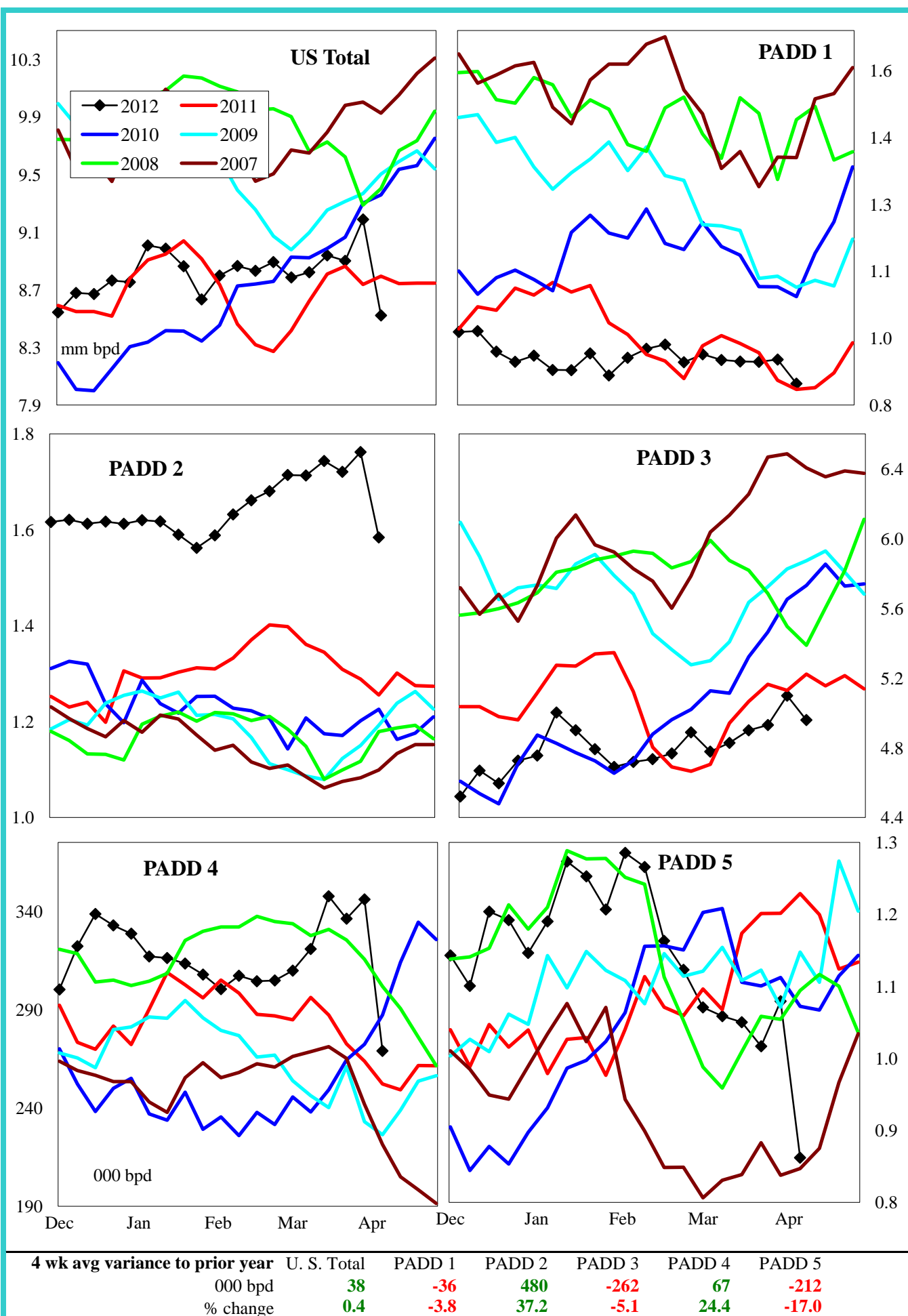
United States Refinery Percent Utilization Rate and Product Yields



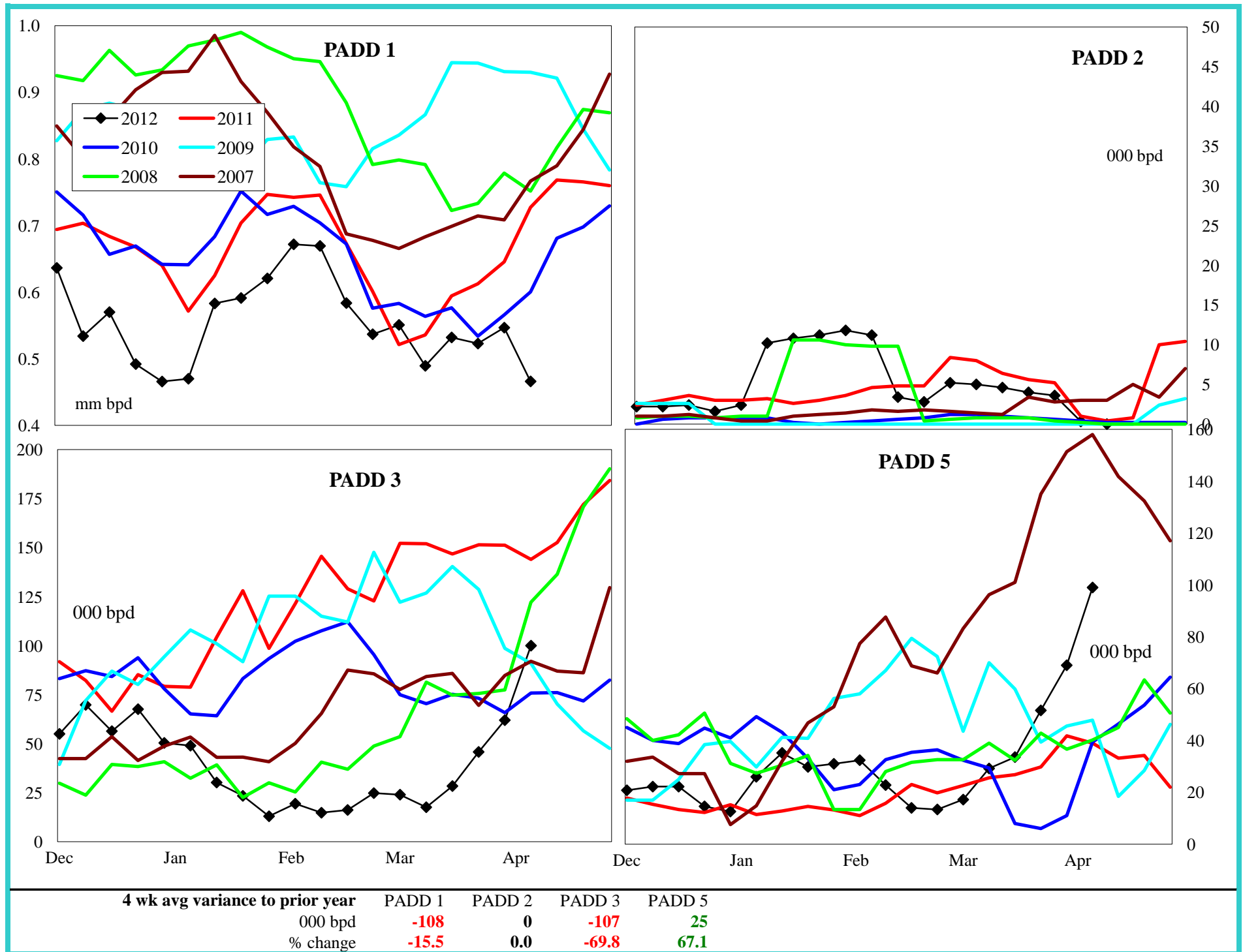
United States Petroleum Imports



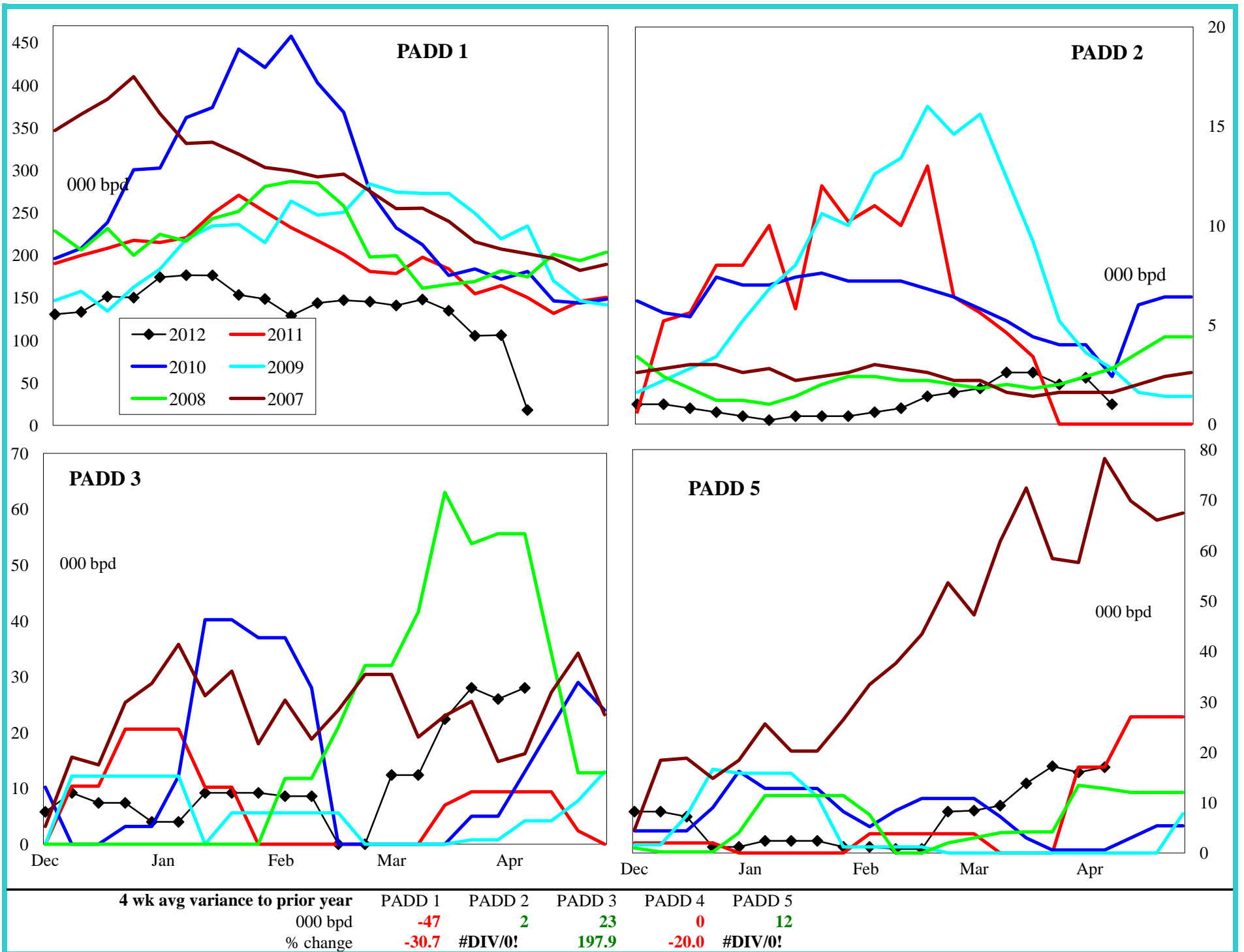
Crude Oil Imports by PADD



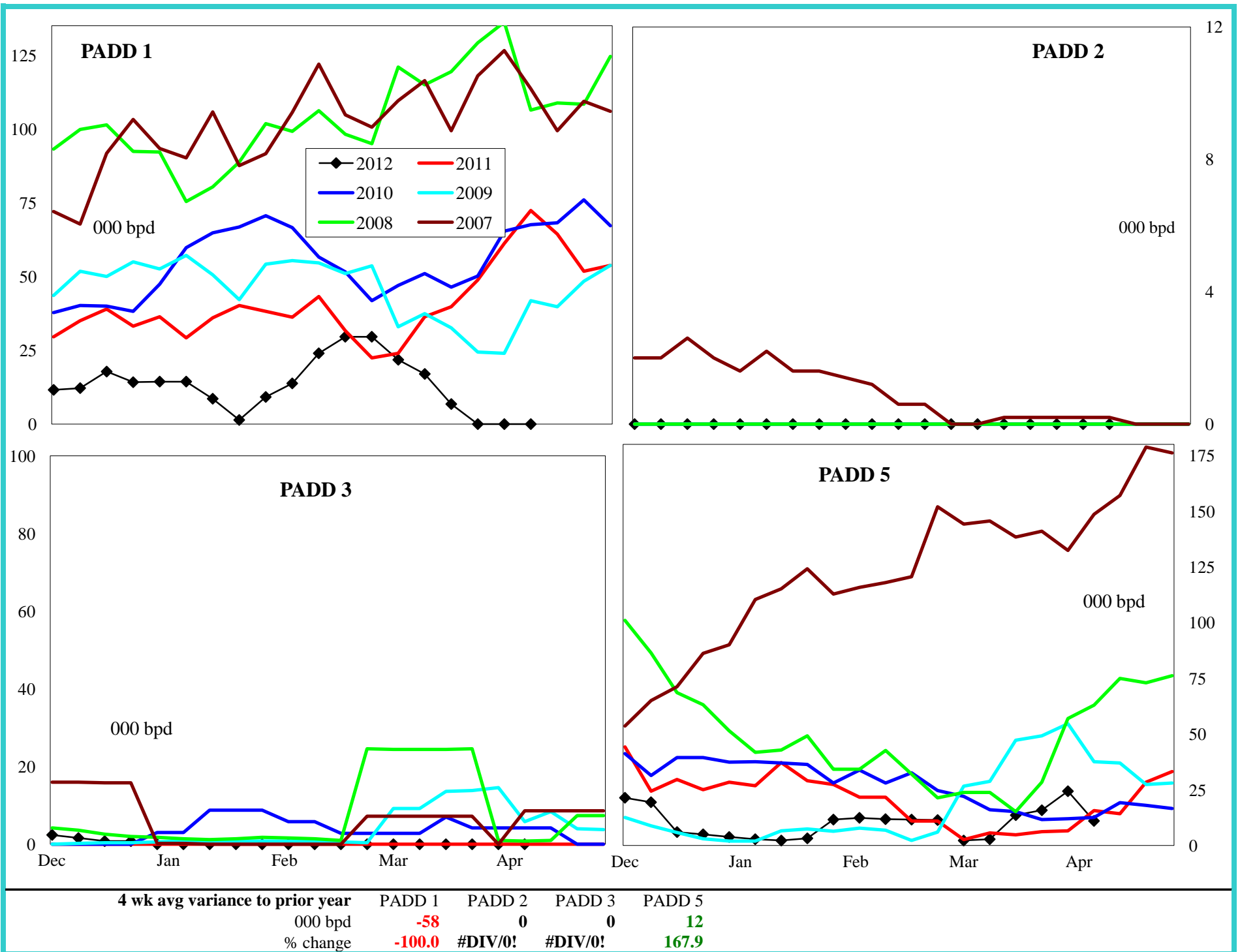
Gasoline Imports by PADD (Finished + Blend Stocks)



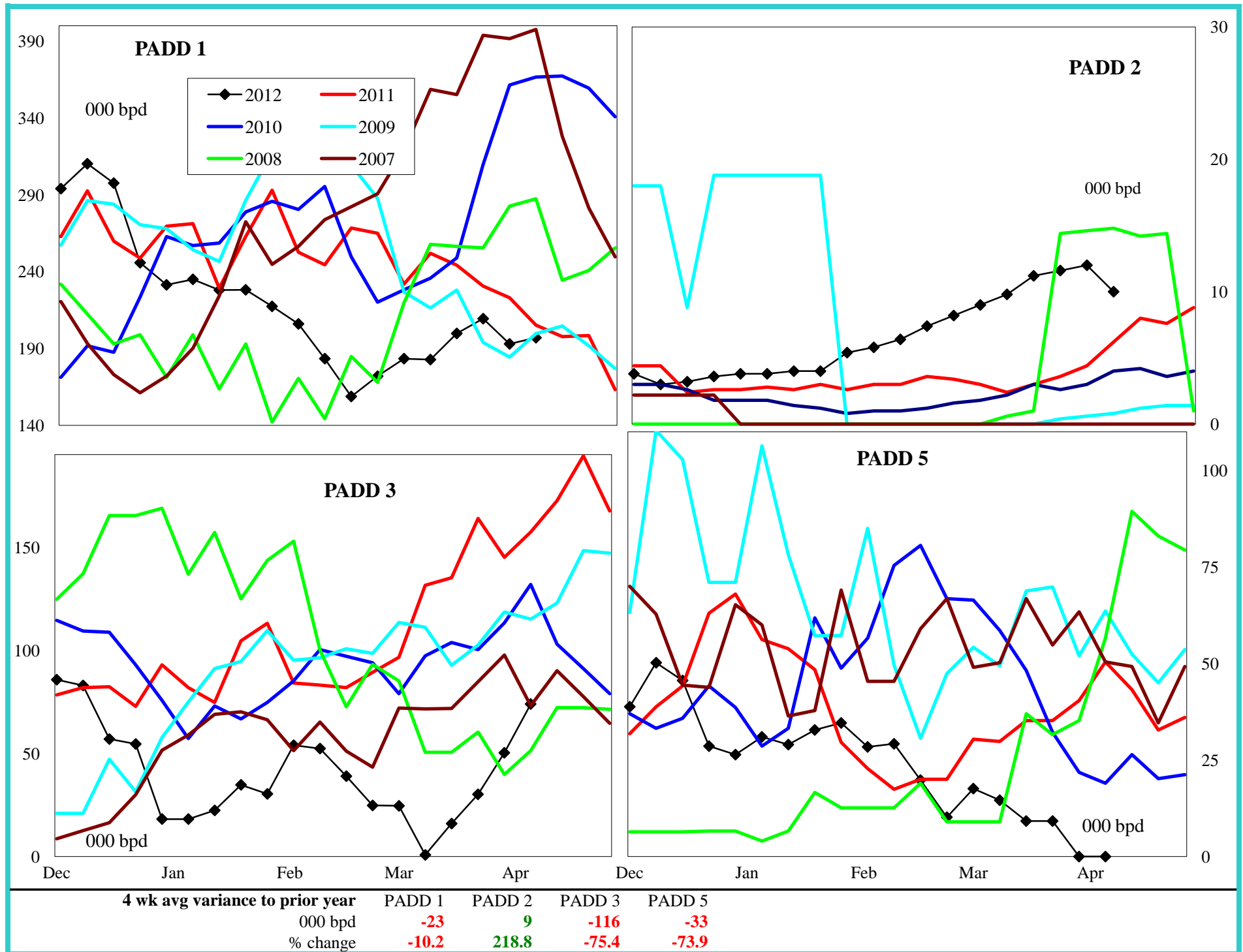
Distillate Imports by PADD



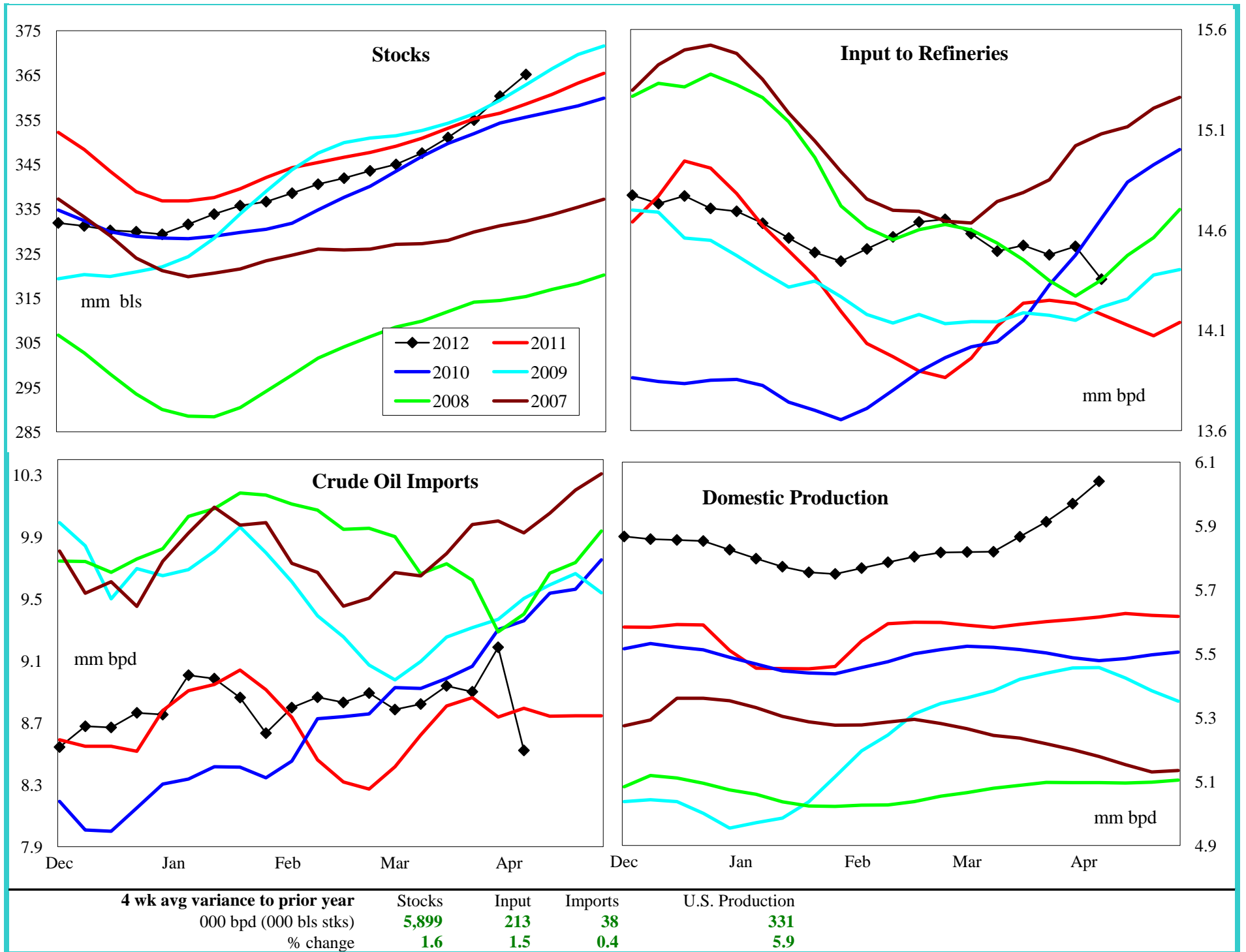
Jet Fuel Imports by PADD



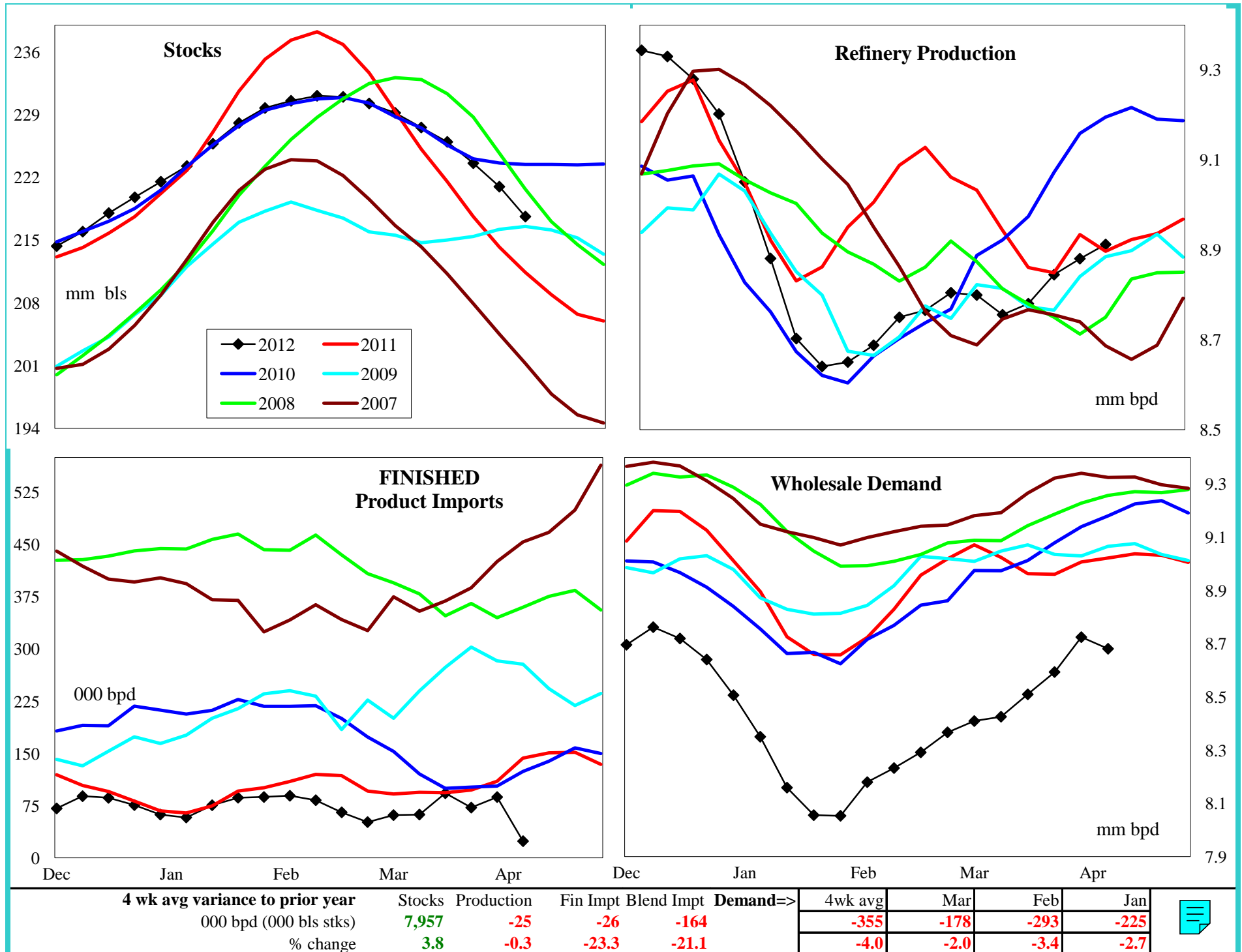
Residual Fuel Oil Imports by PADD



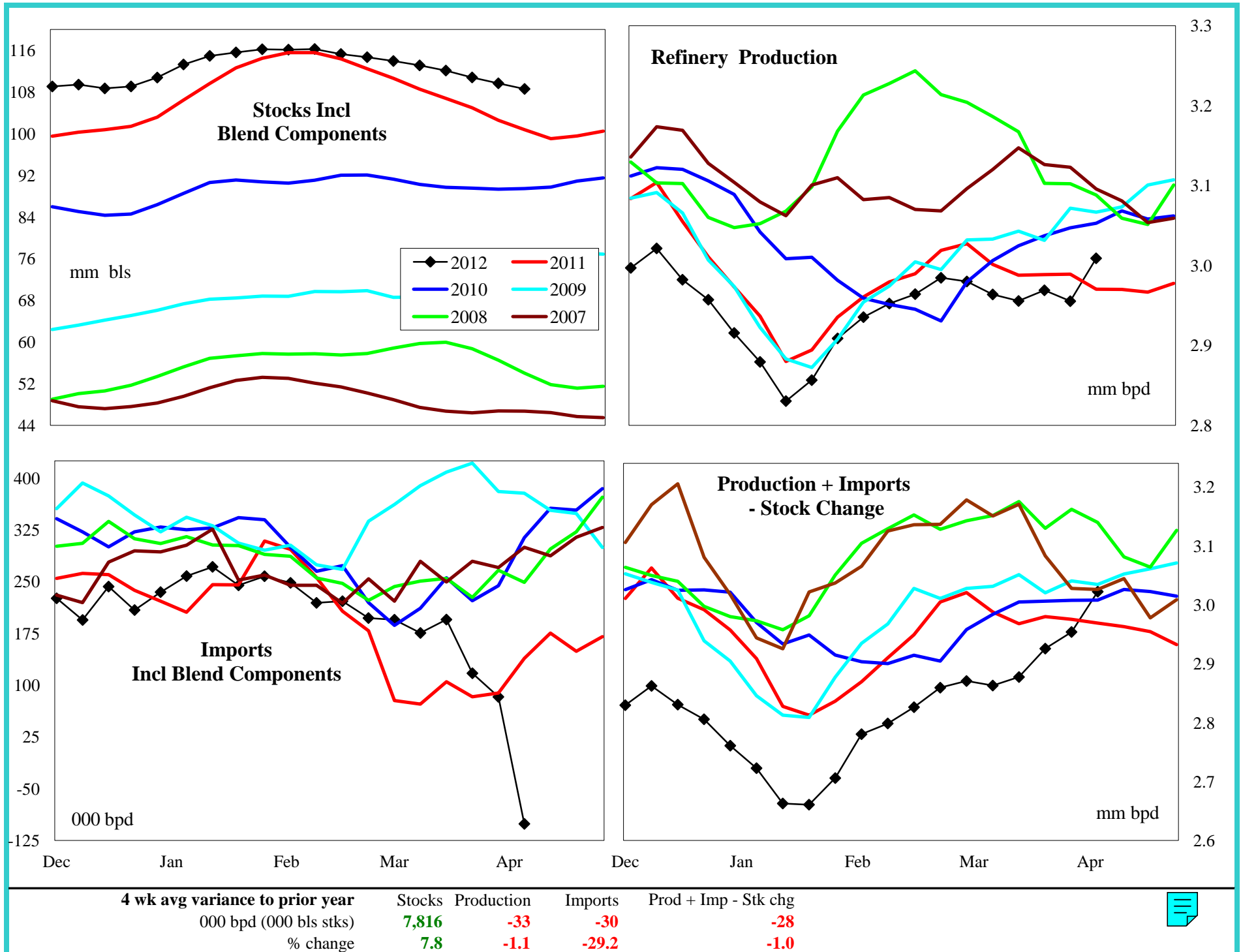
United States Crude Oil Supply and Demand Balance



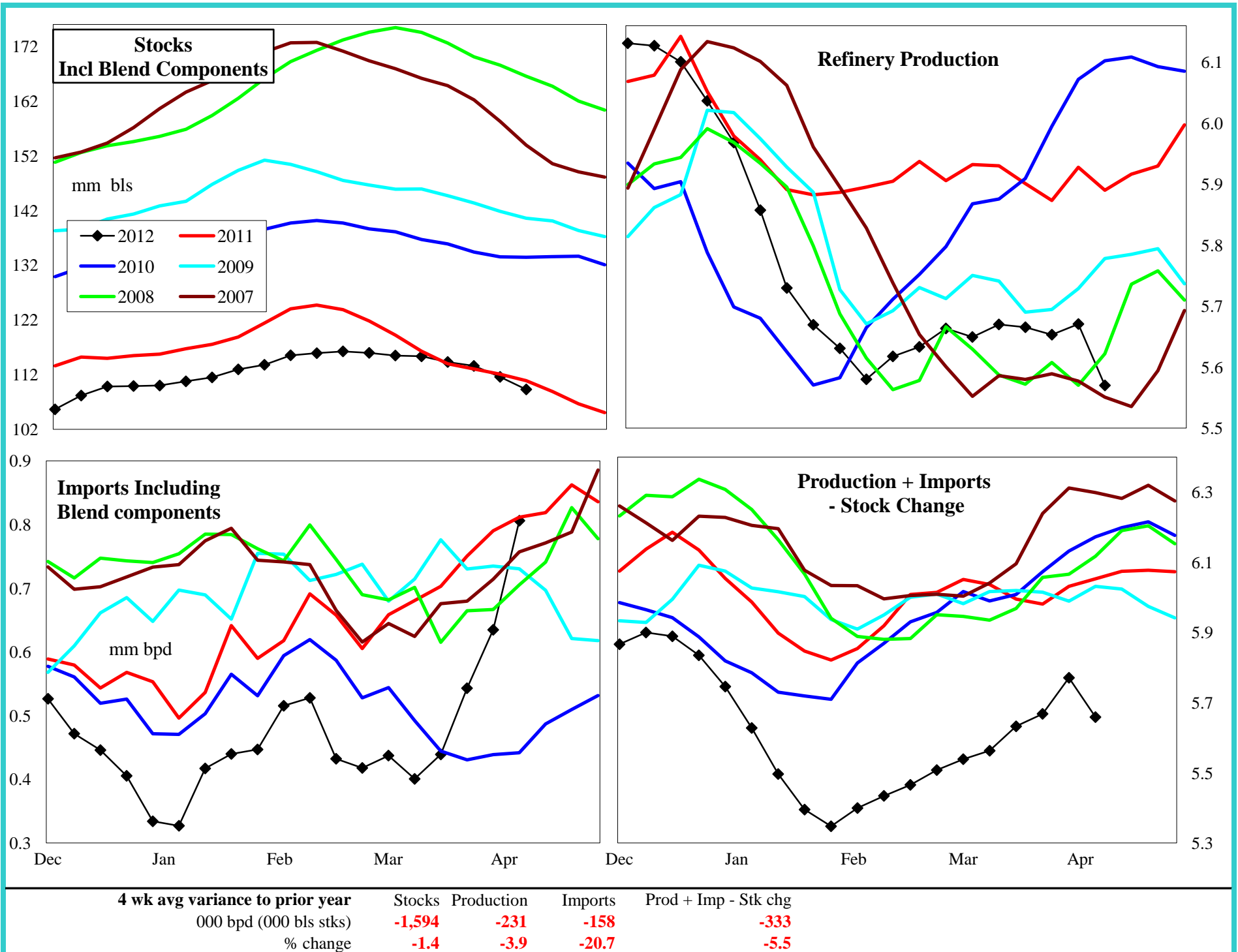
United States Gasoline Supply and Demand Balance



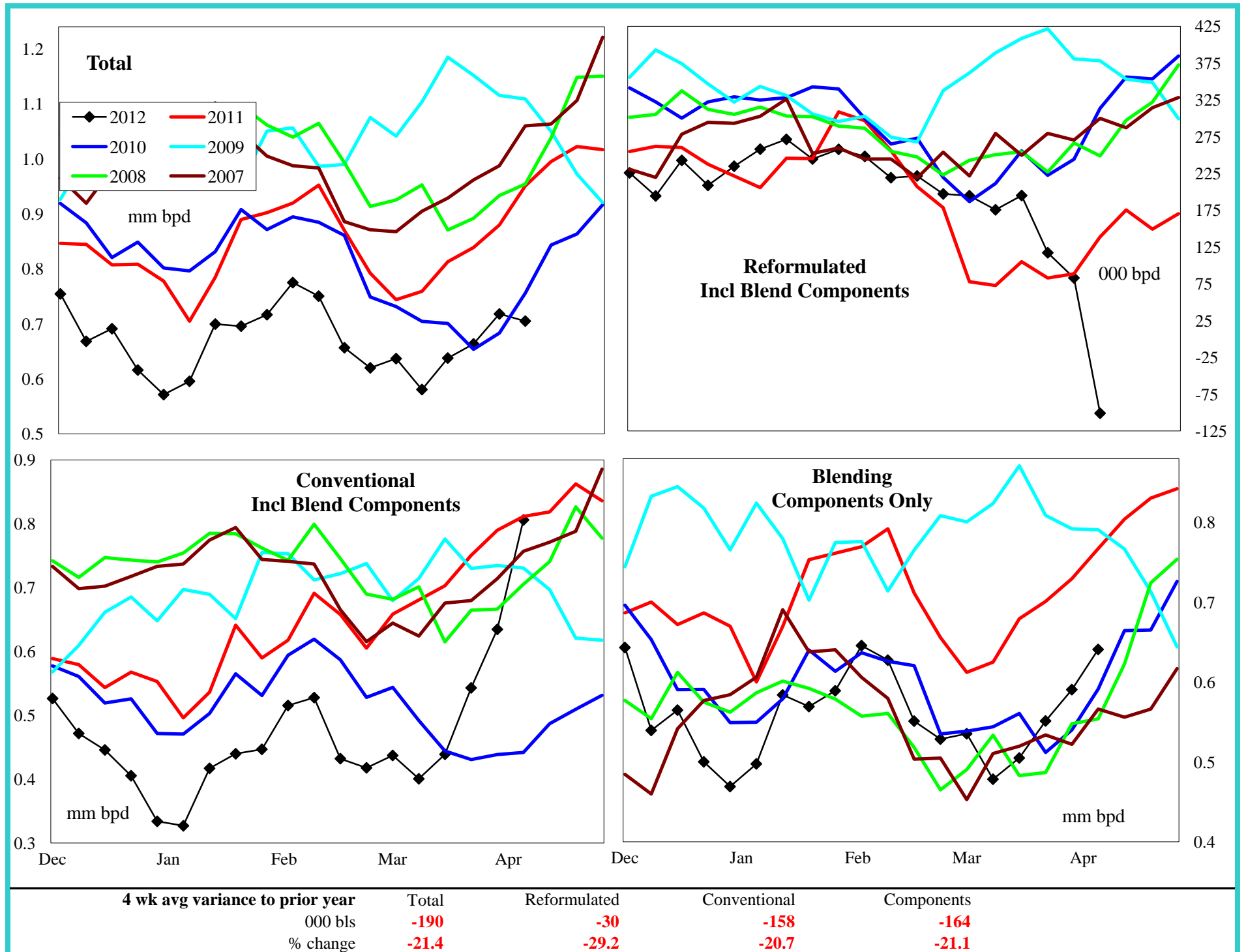
United States Reformulated Gasoline Supply



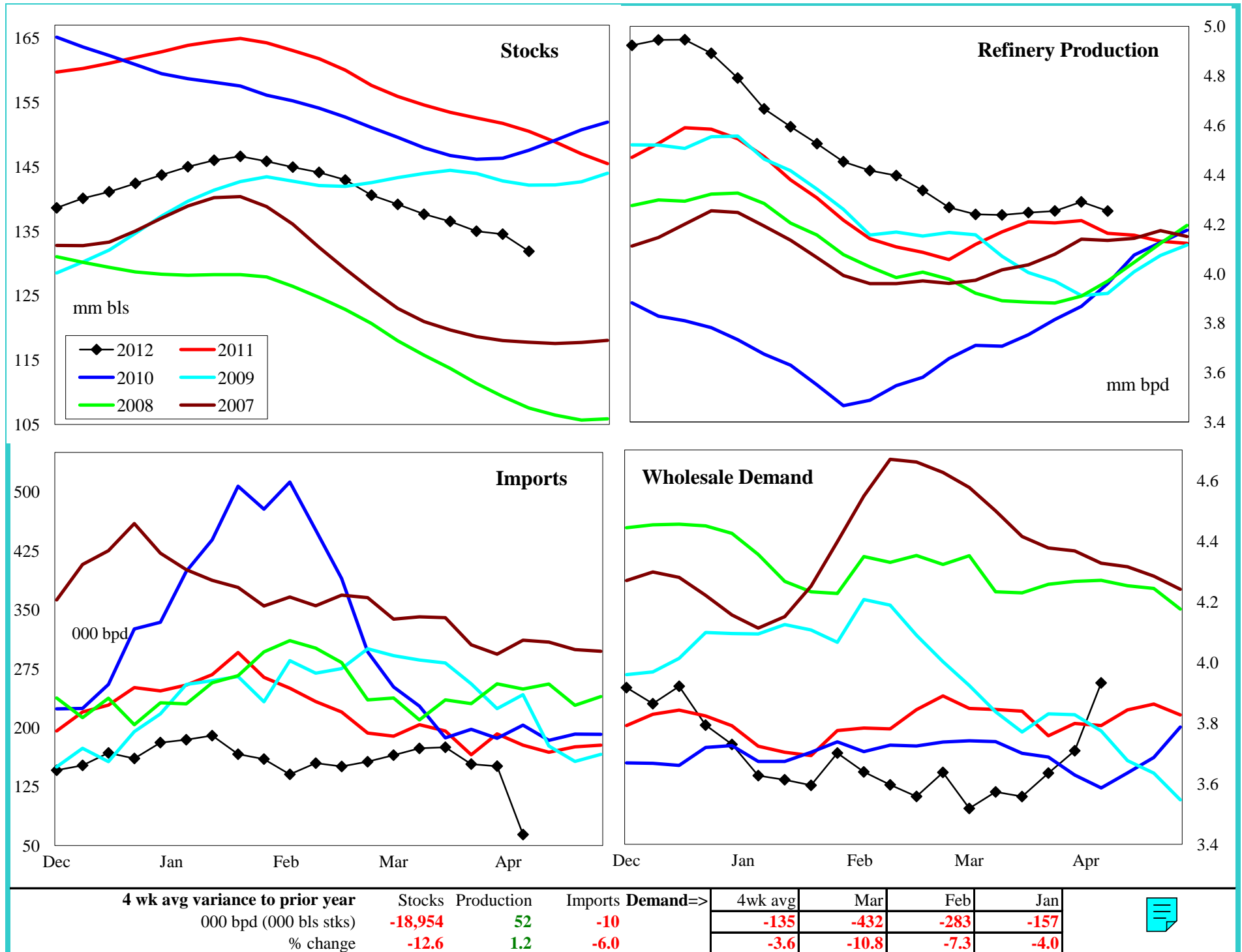
United States Conventional Gasoline Supply



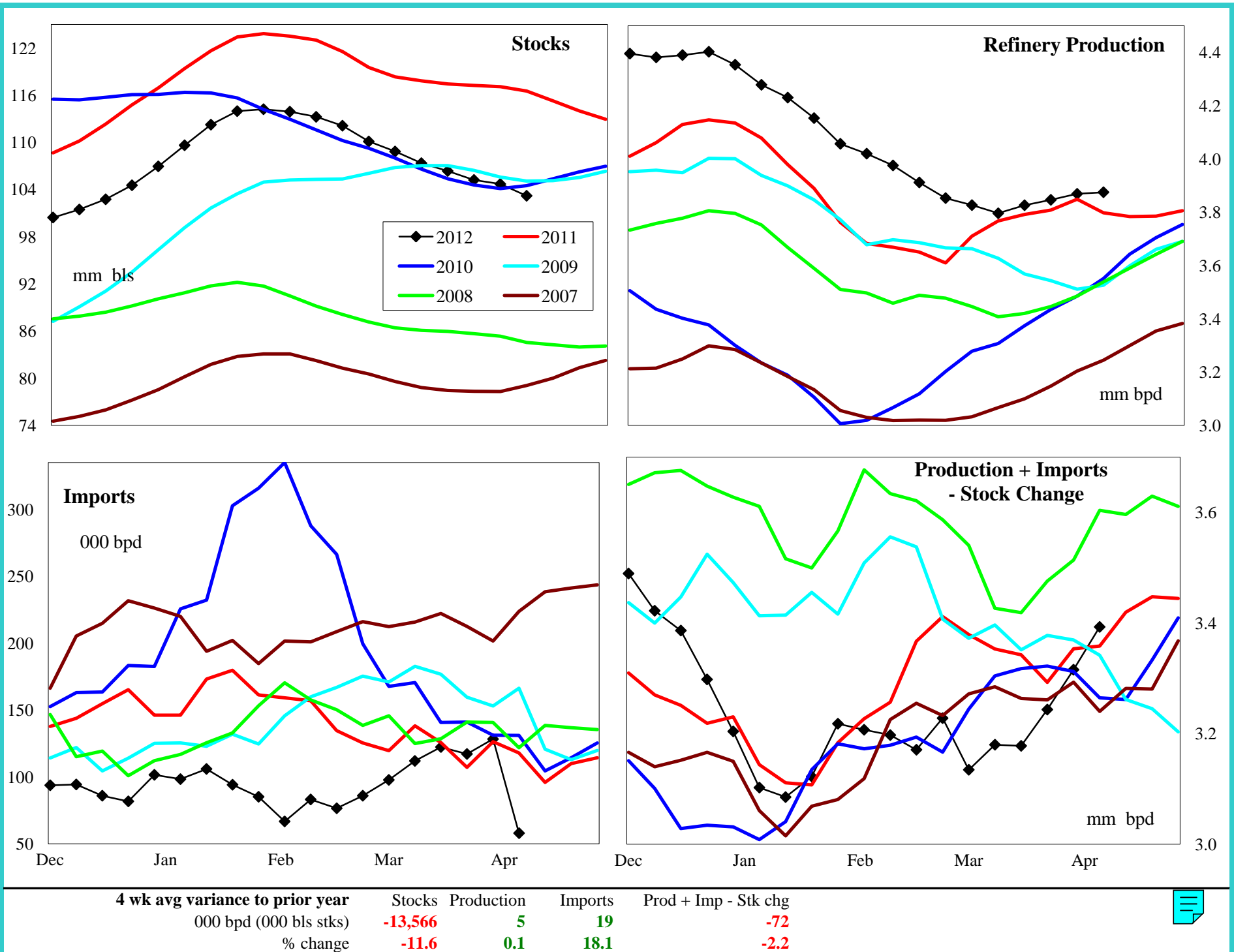
United States Gasoline Imports by Type



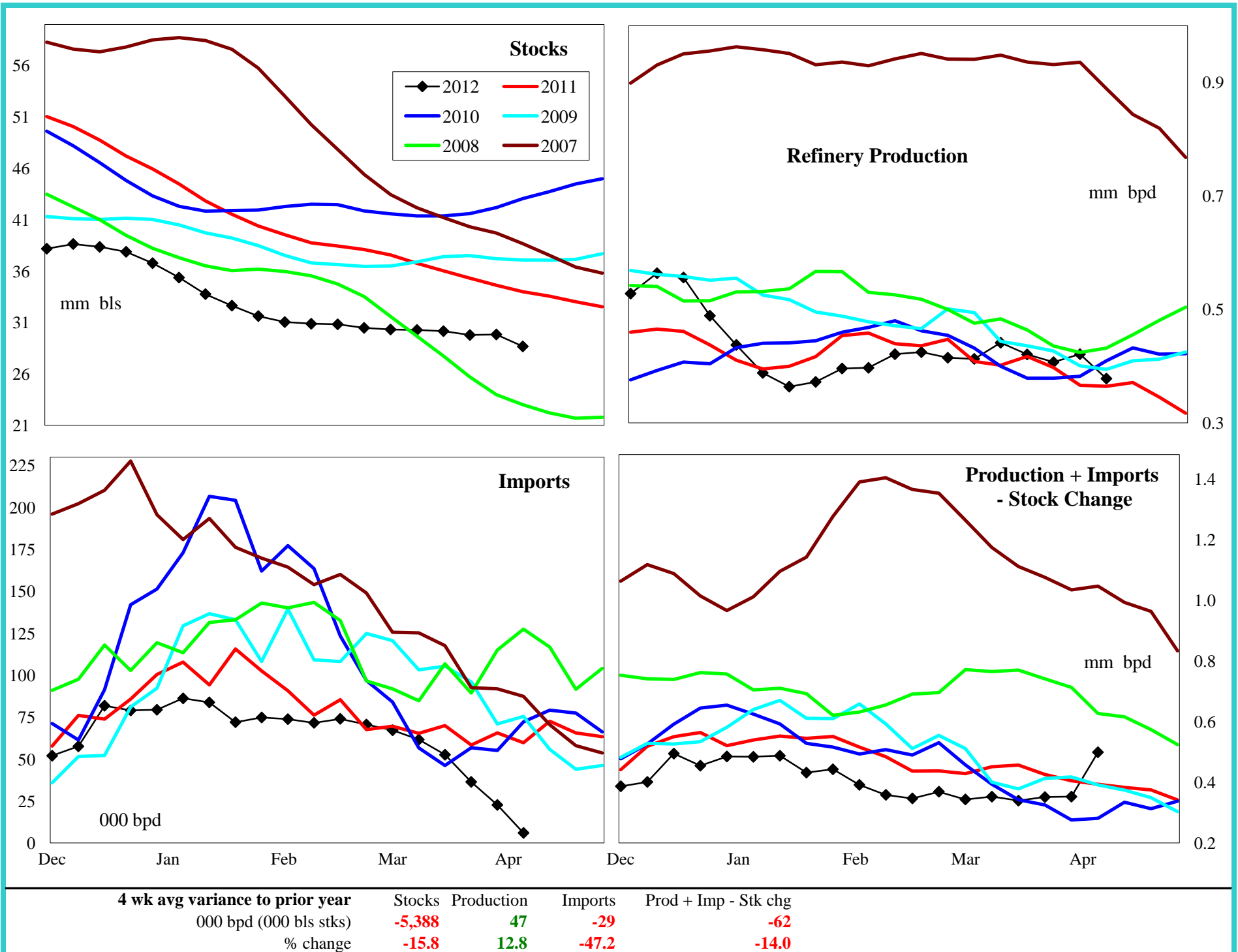
United States Distillate Supply and Demand Balance



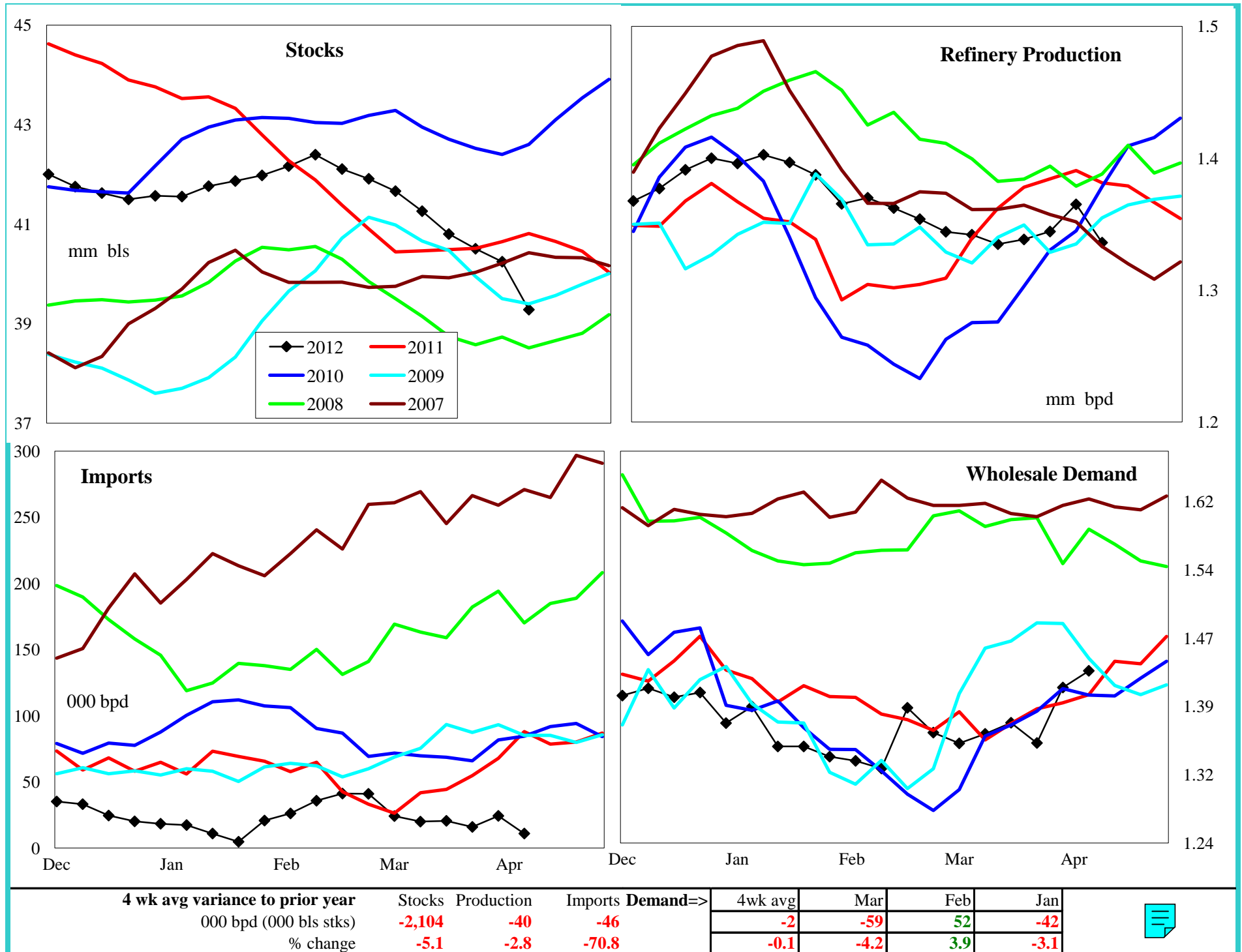
United States Low Sulfur Distillate Supply



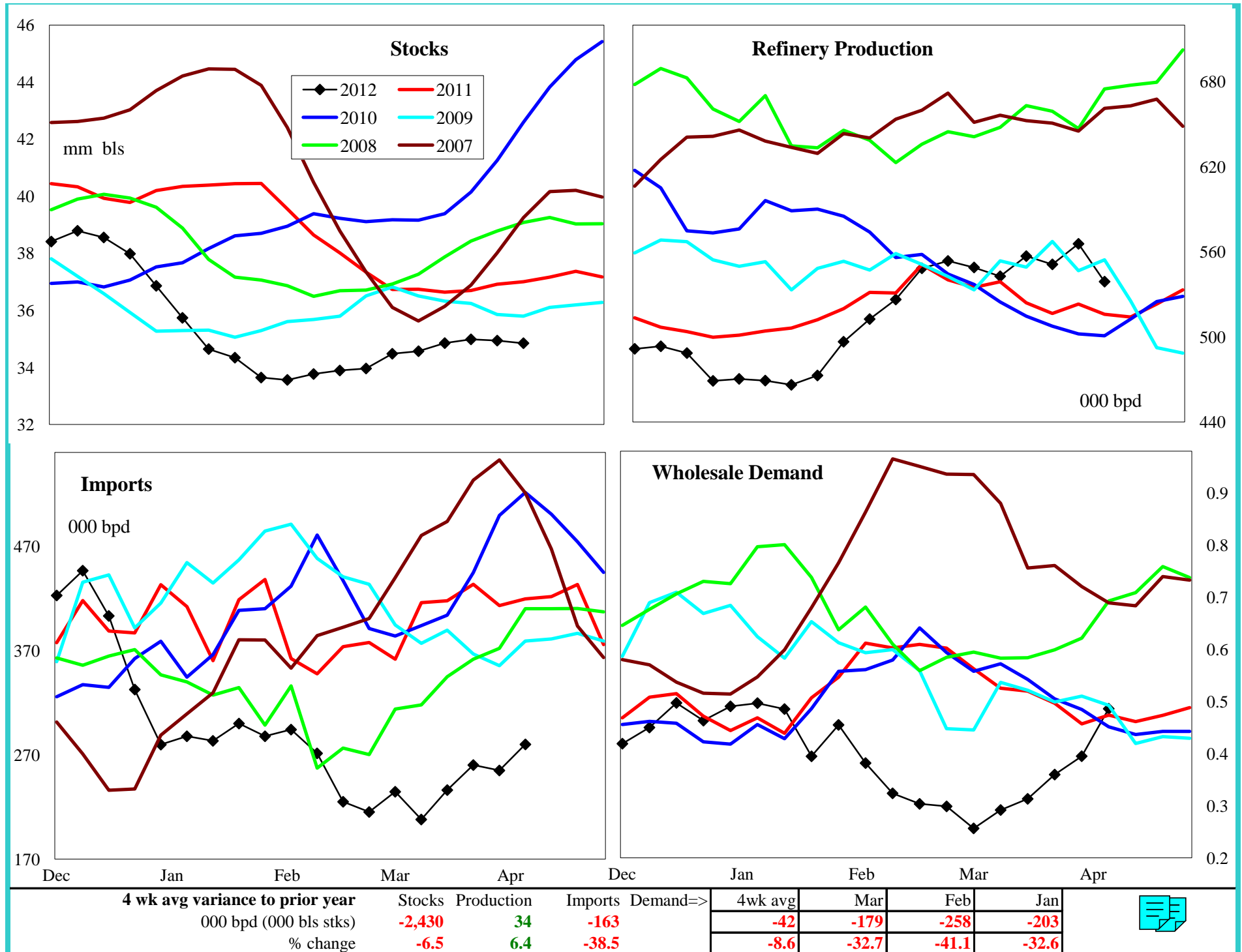
United States High Sulfur Distillate Supply



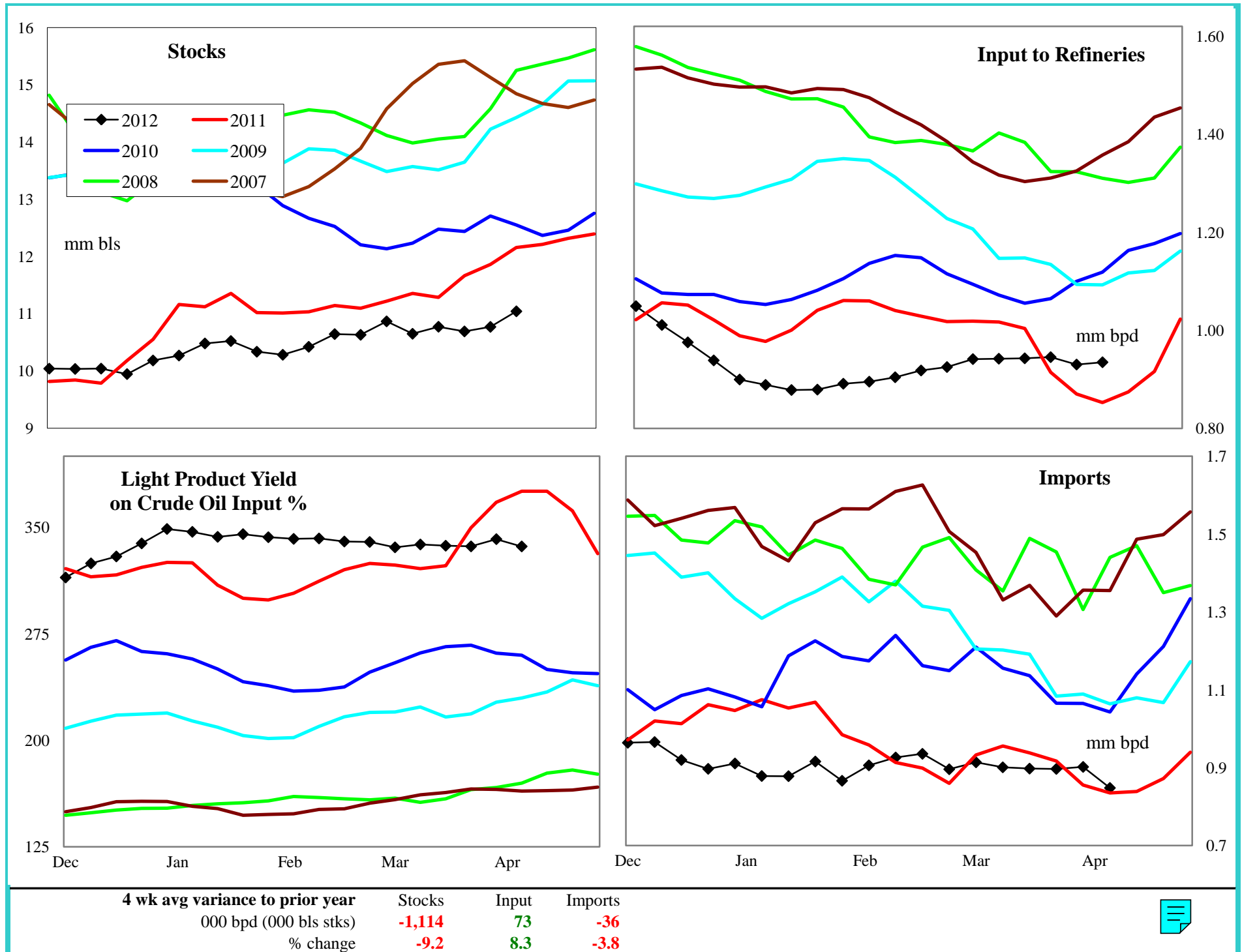
United States Jet Fuel Supply and Demand Balance



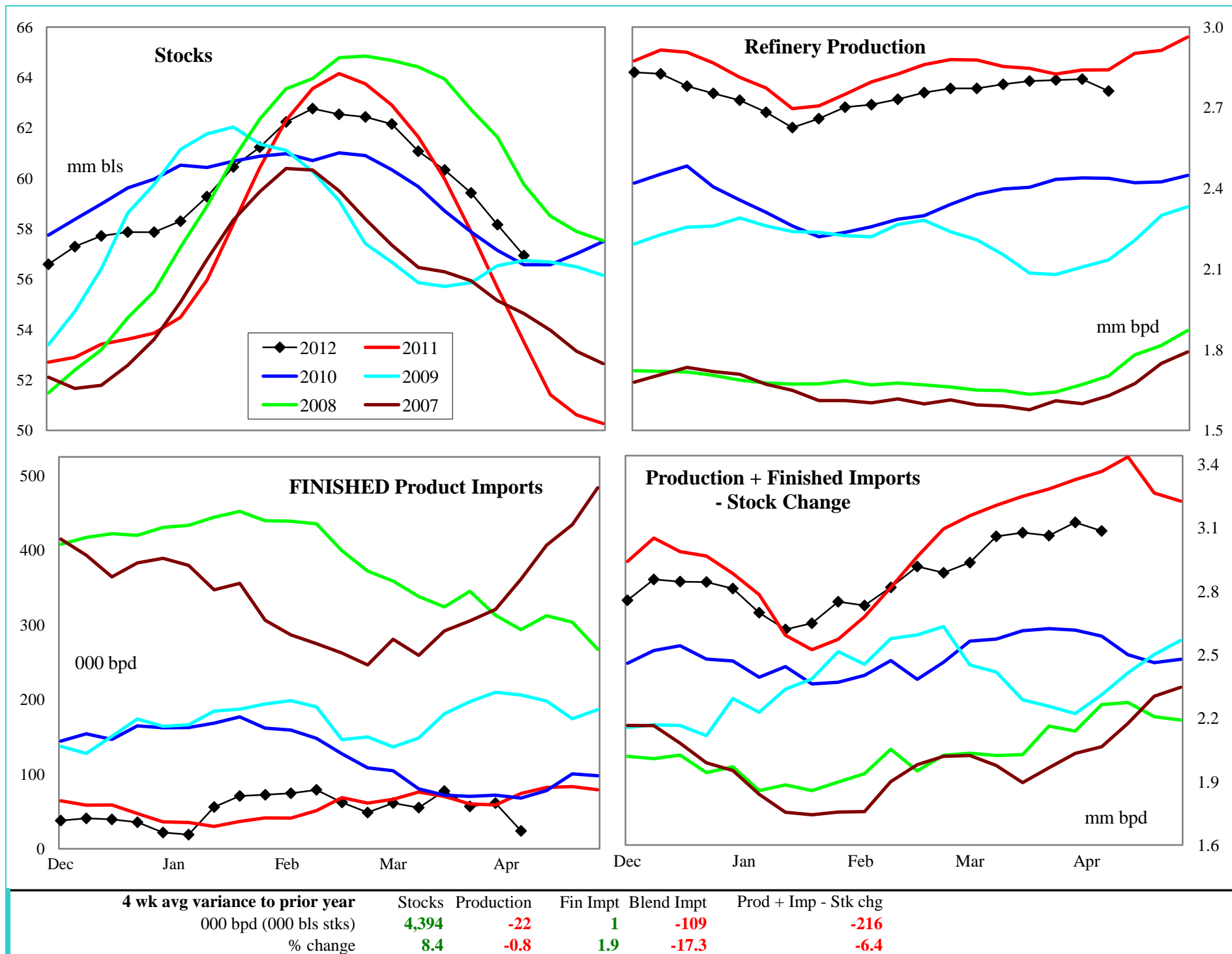
United States Residual Fuel Oil Supply and Demand Balance



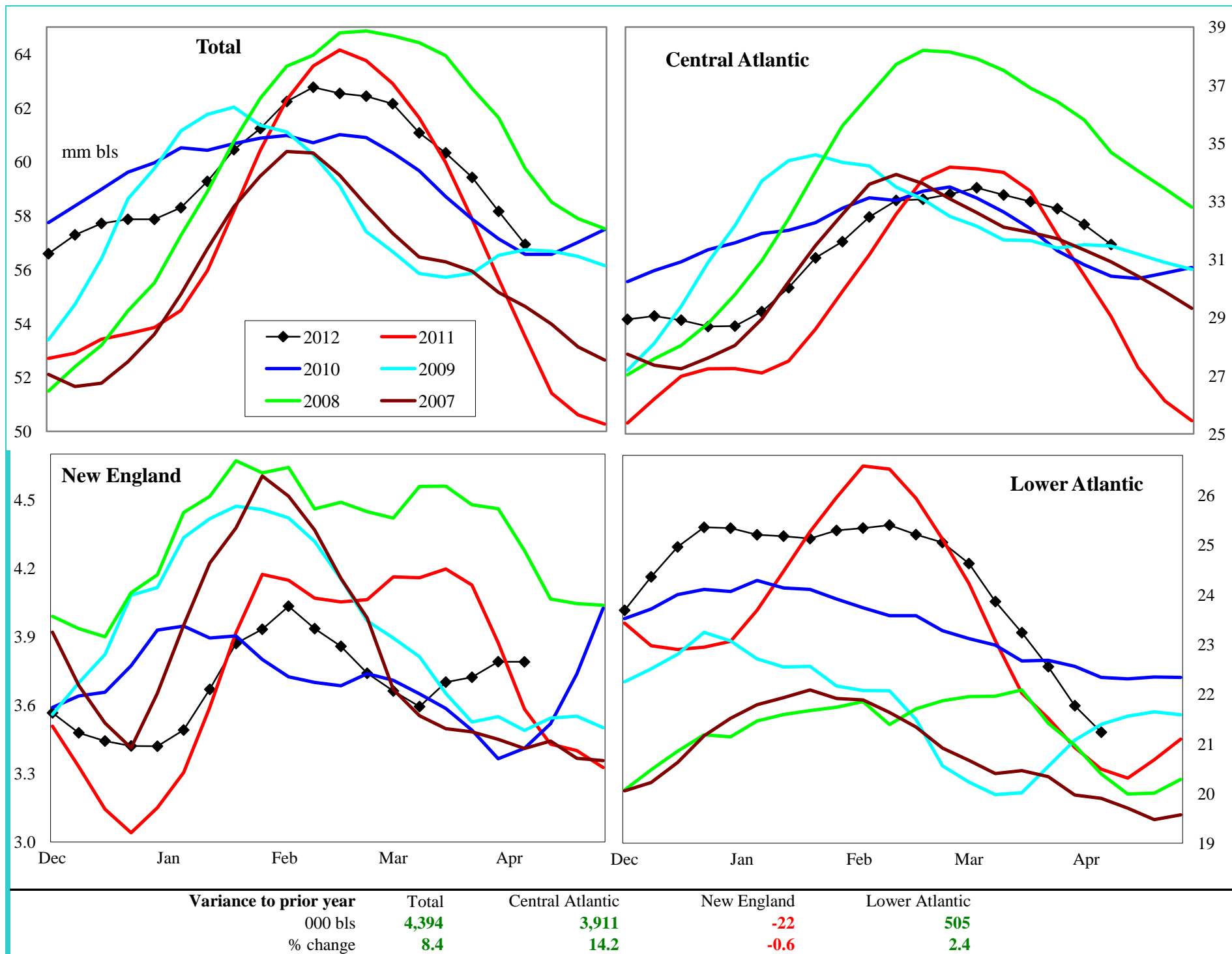
PADD 1 Crude Oil Supply and Refining



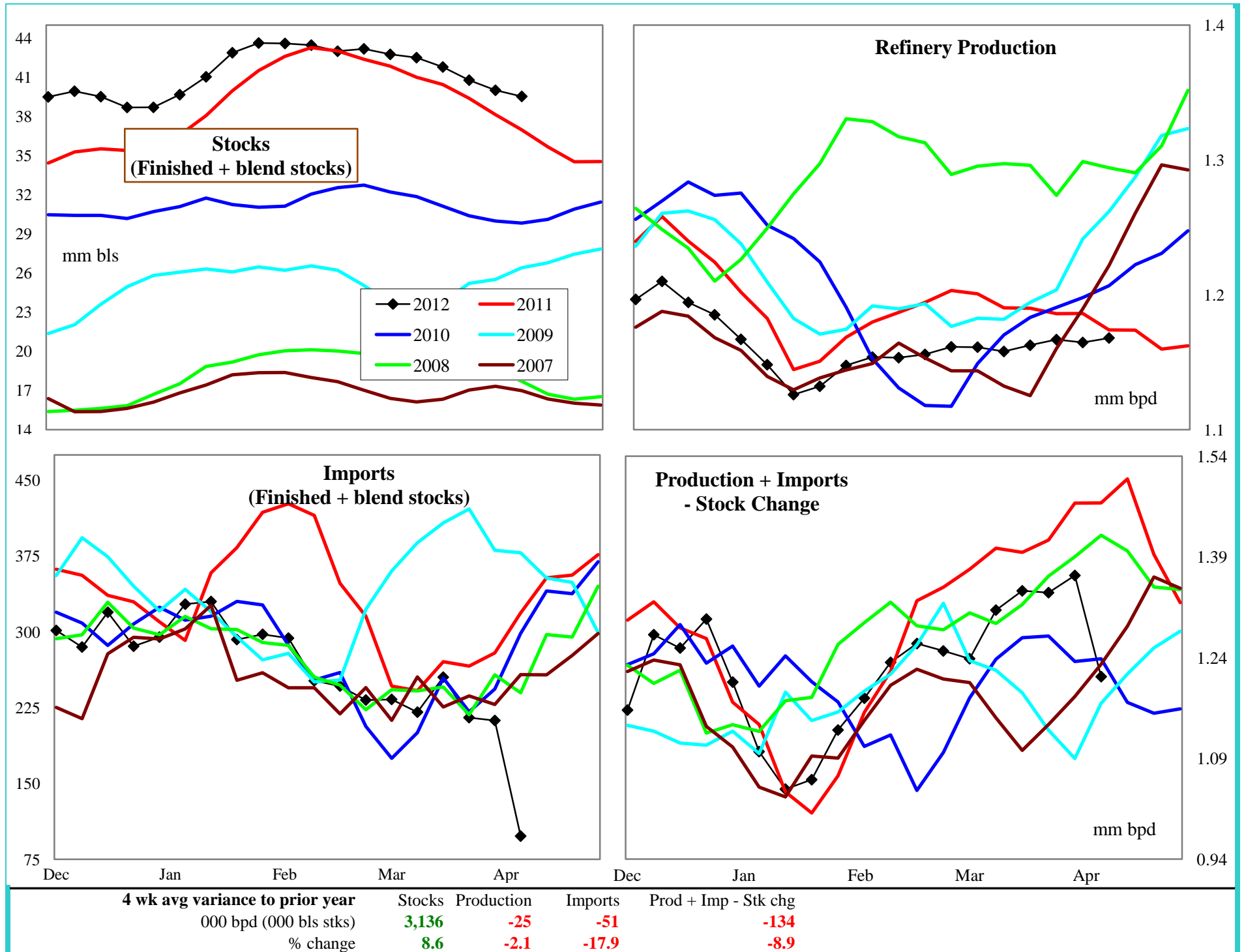
PADD 1 Gasoline Supply



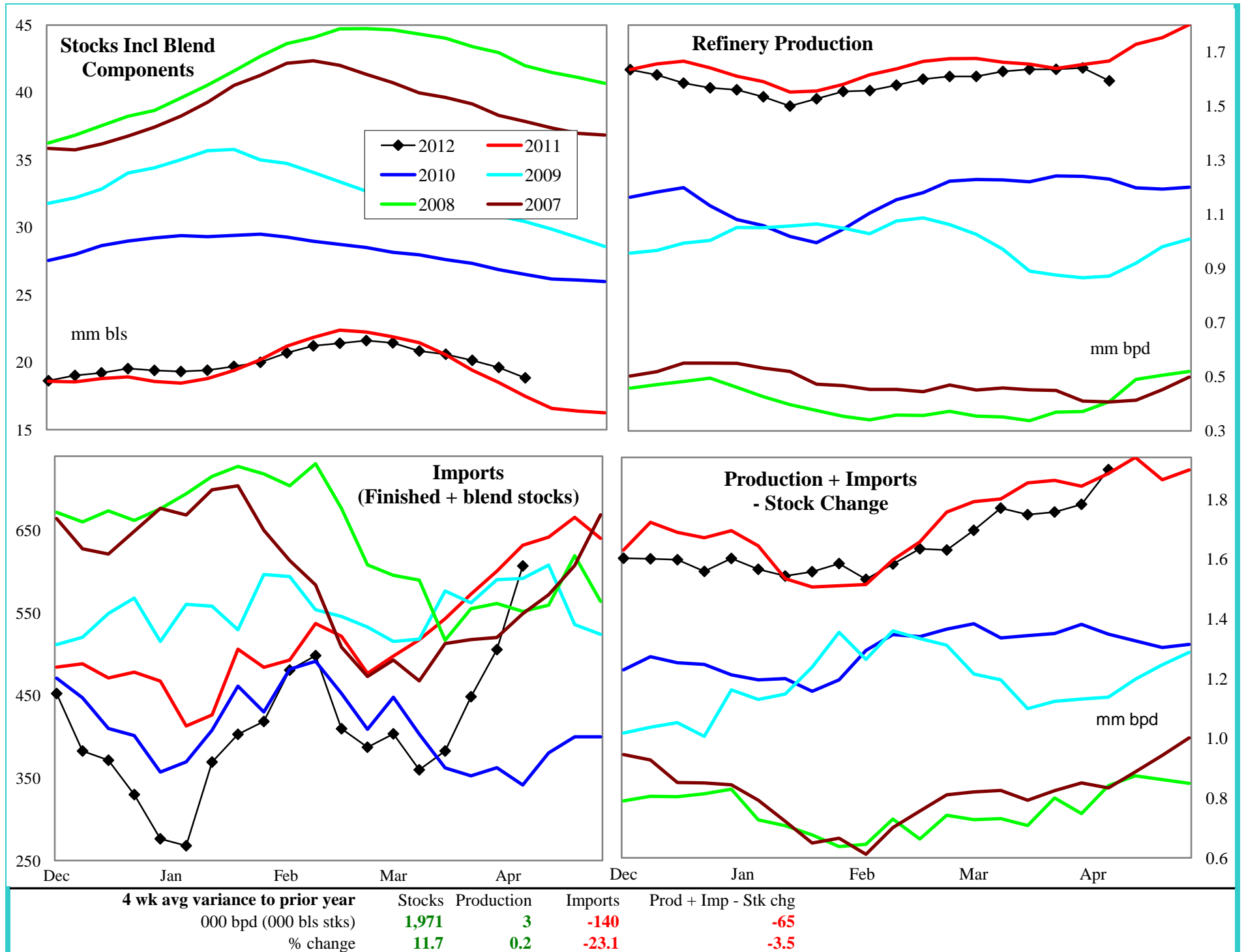
PADD 1 Gasoline Stocks by Region



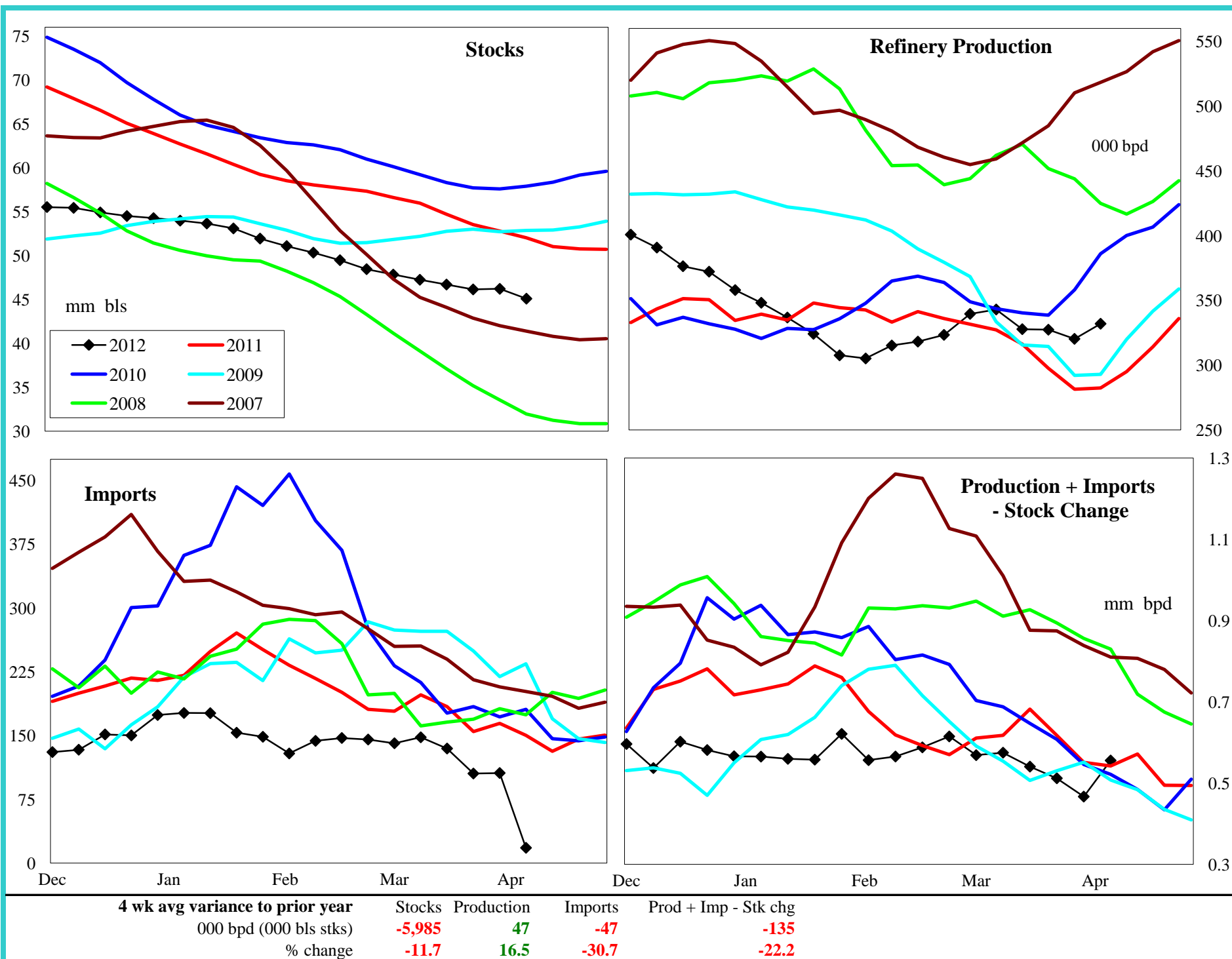
PADD 1 Reformulated Gasoline Supply



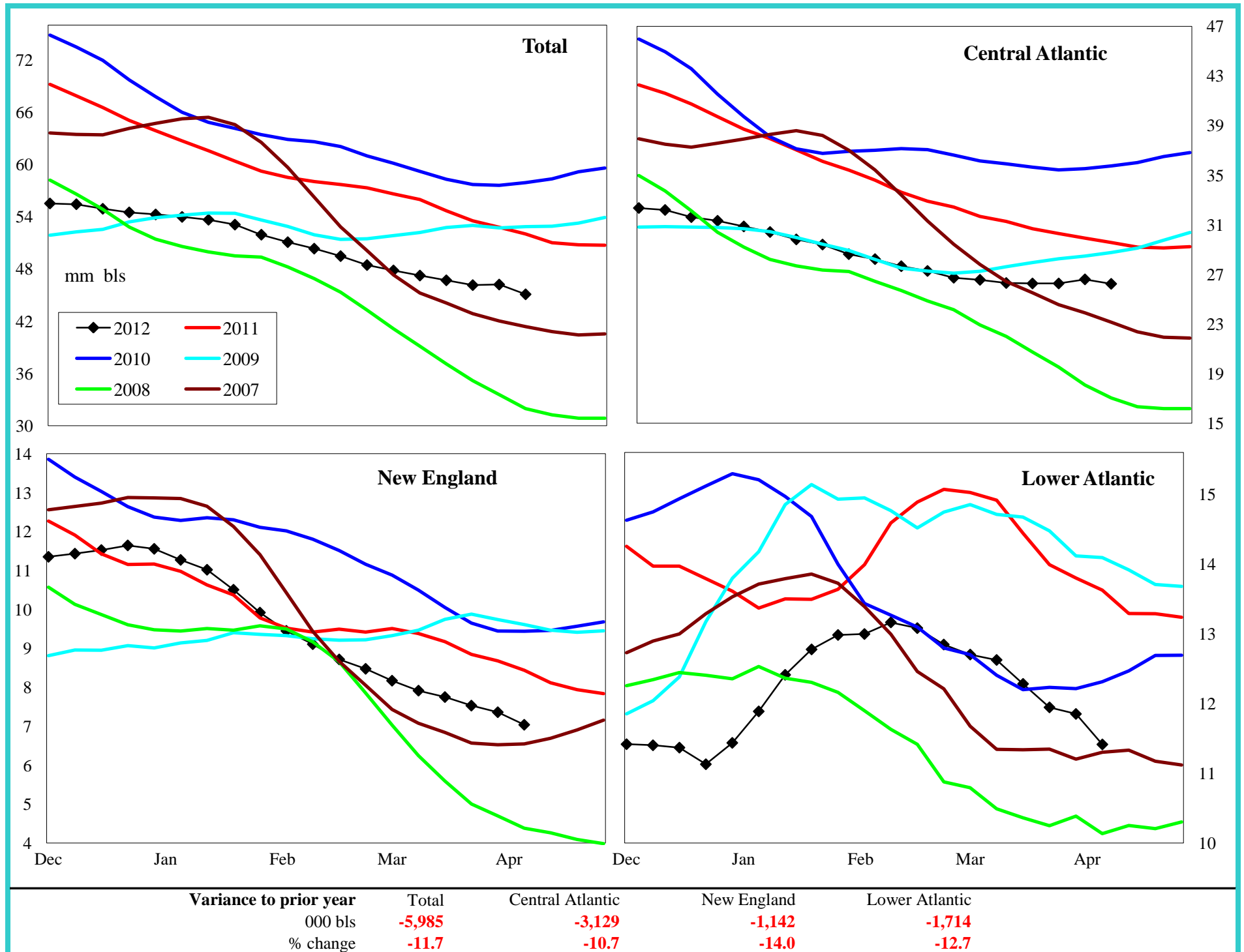
PADD 1 Conventional Gasoline Supply



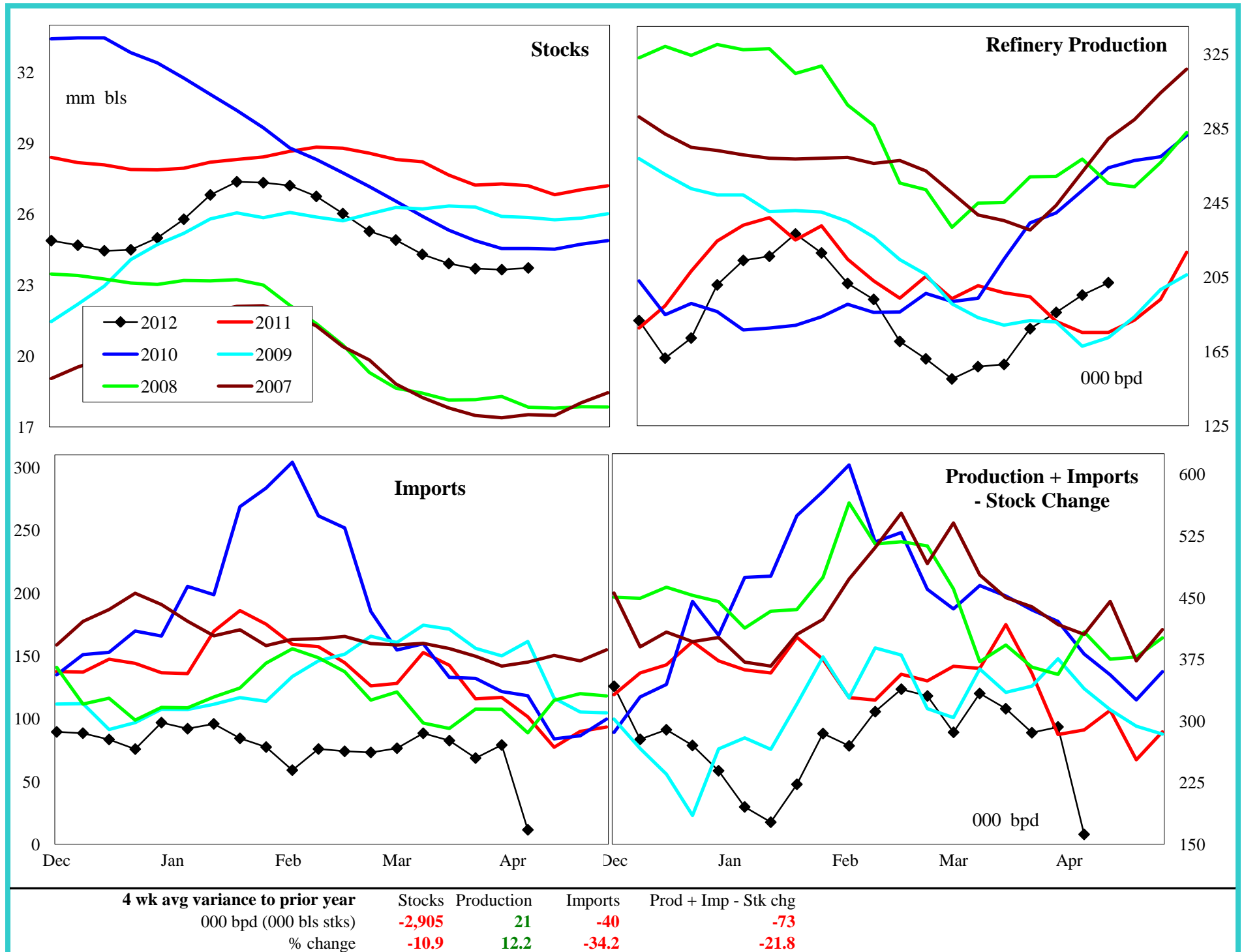
PADD 1 Distillate Supply



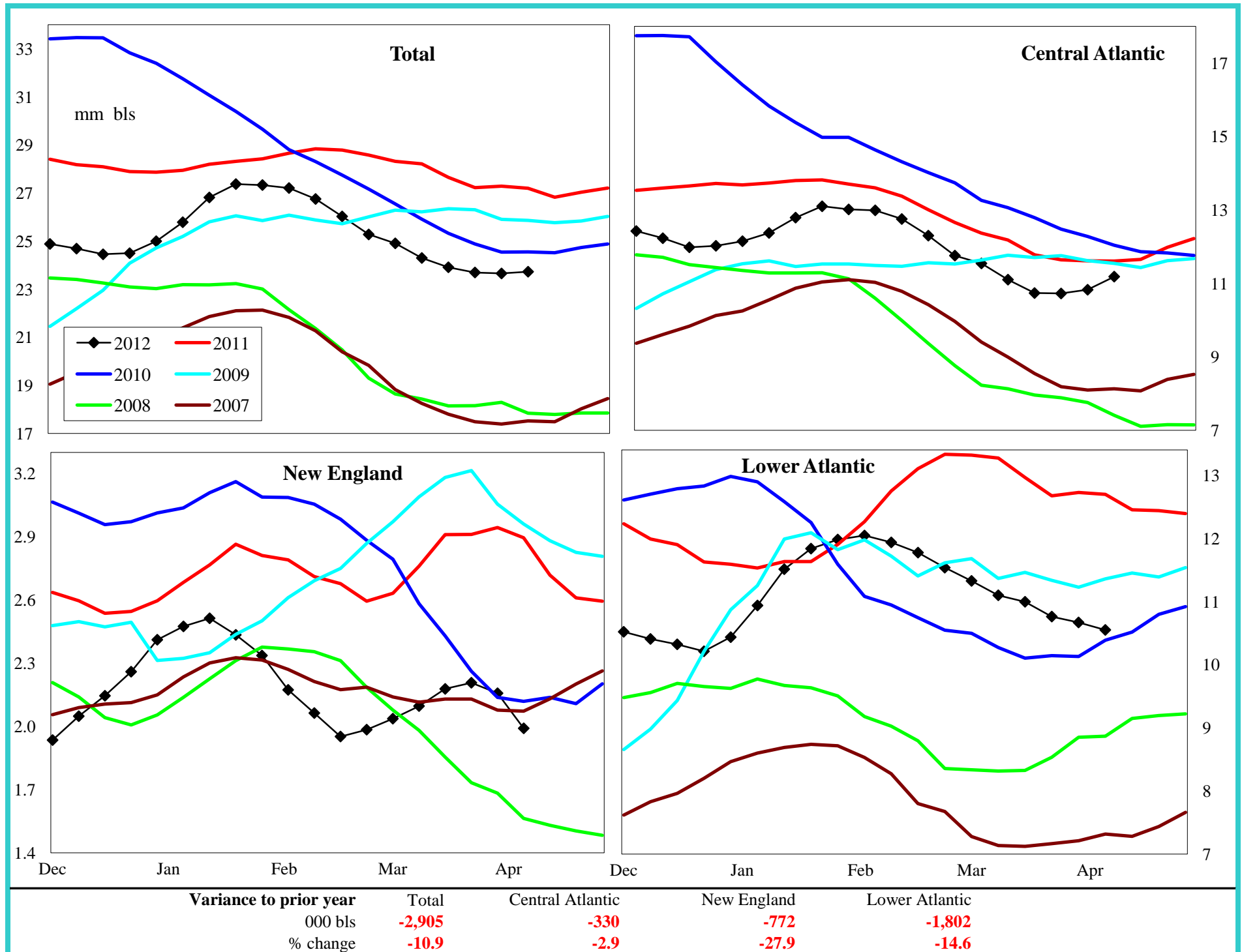
PADD 1 Distillate Stocks by Region



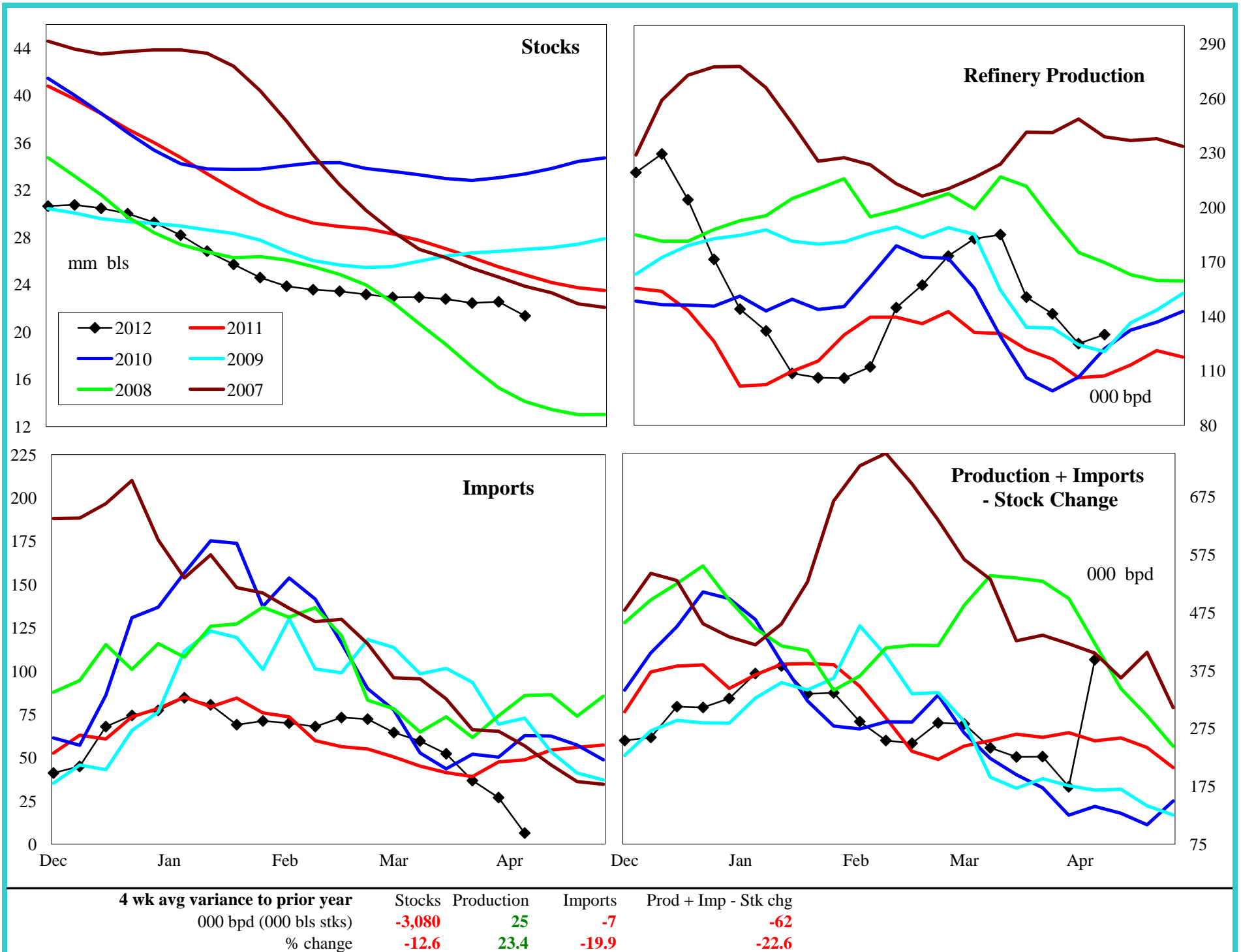
PADD 1 Low Sulfur Distillate Supply



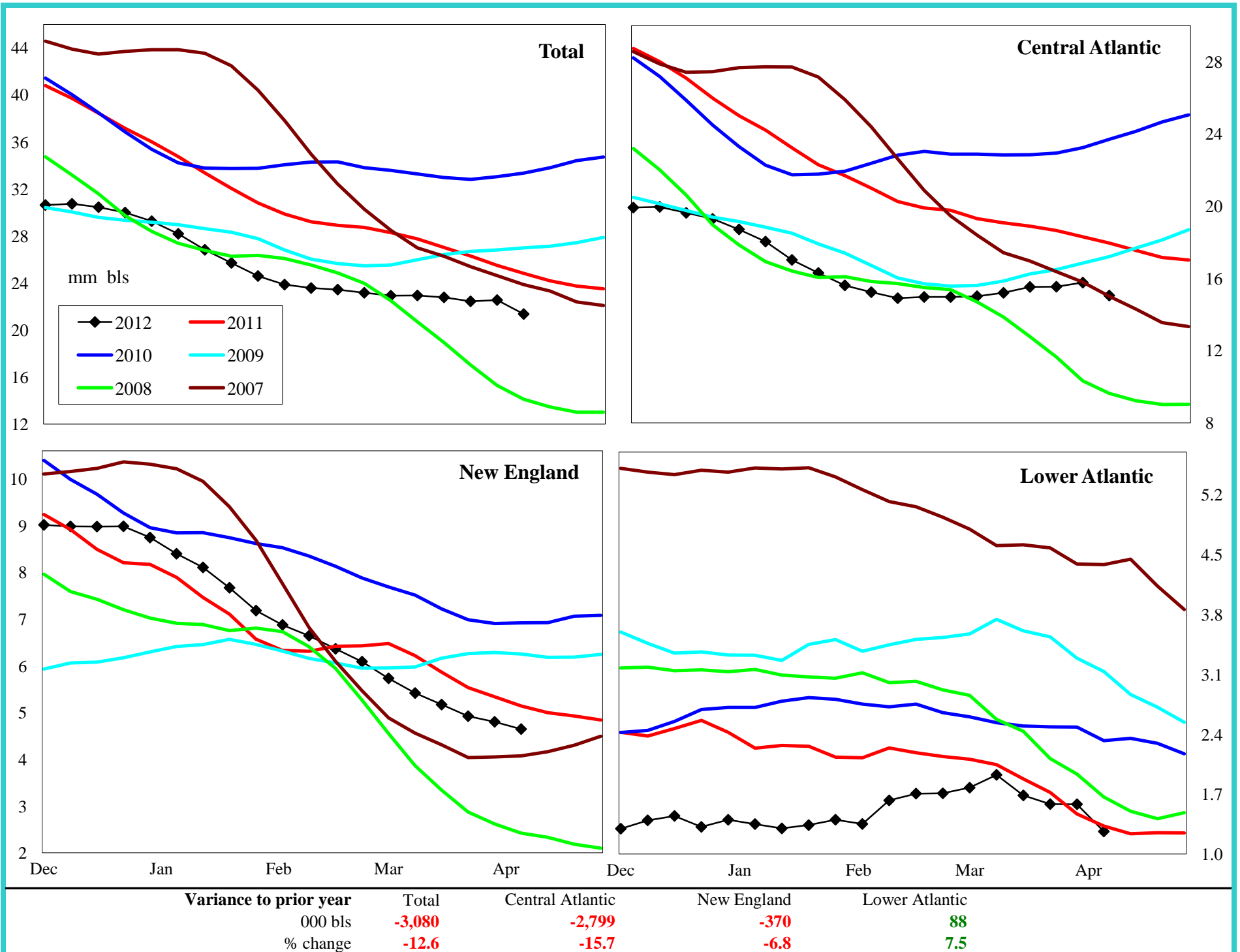
PADD 1 Low Sulfur Distillate Stocks by Region



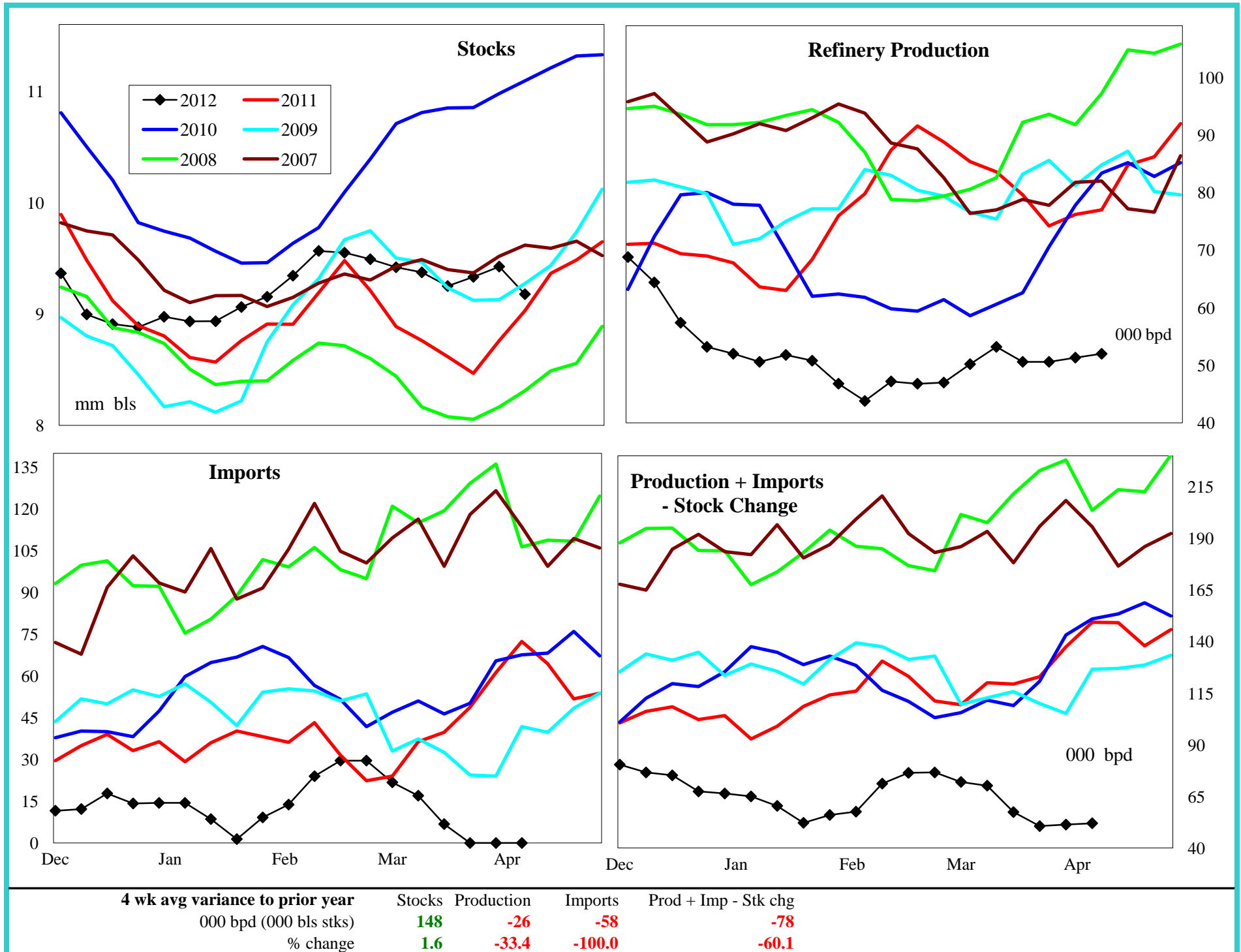
PADD 1 High Sulfur Distillate Supply



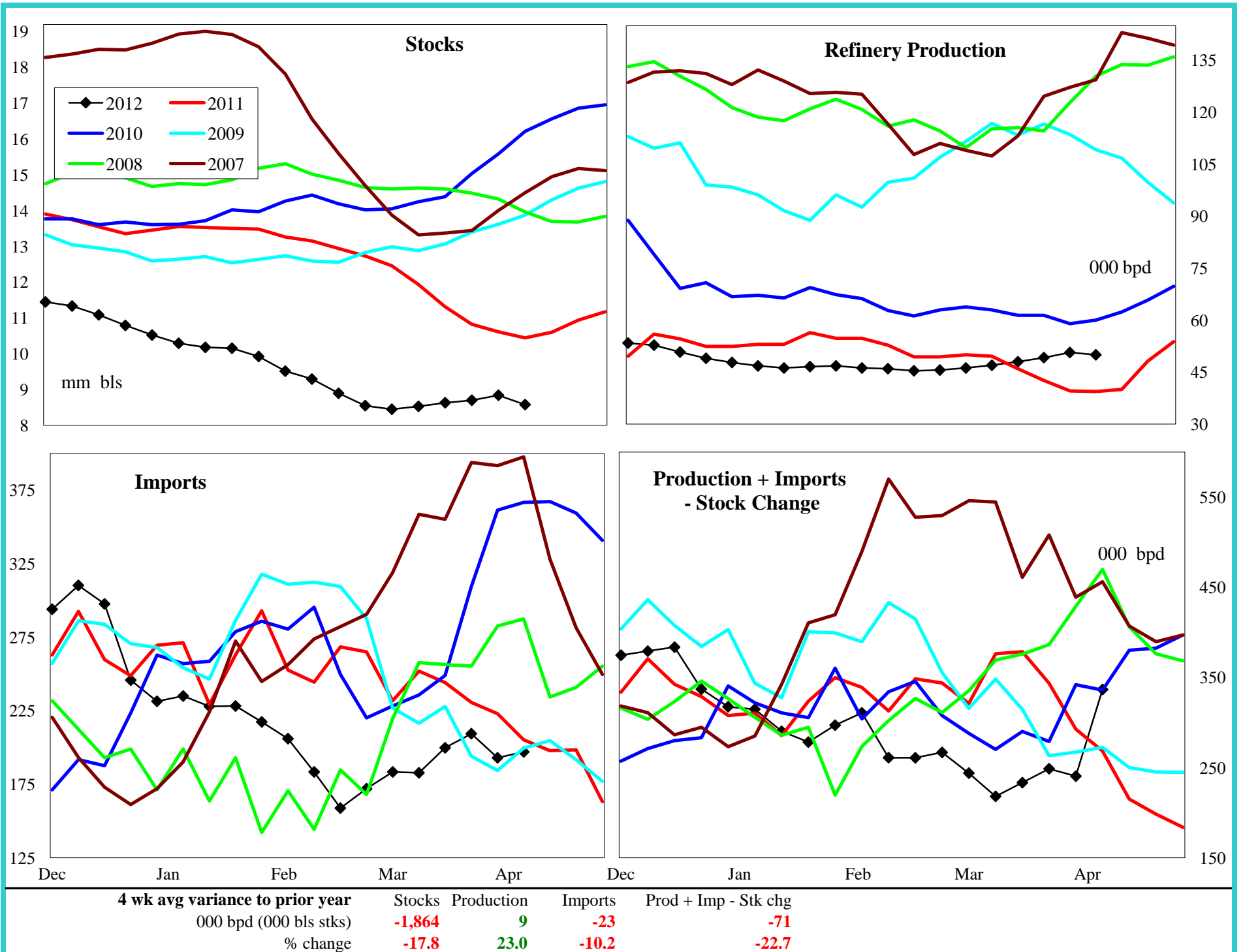
PADD 1 High Sulfur Distillate Stocks by Region



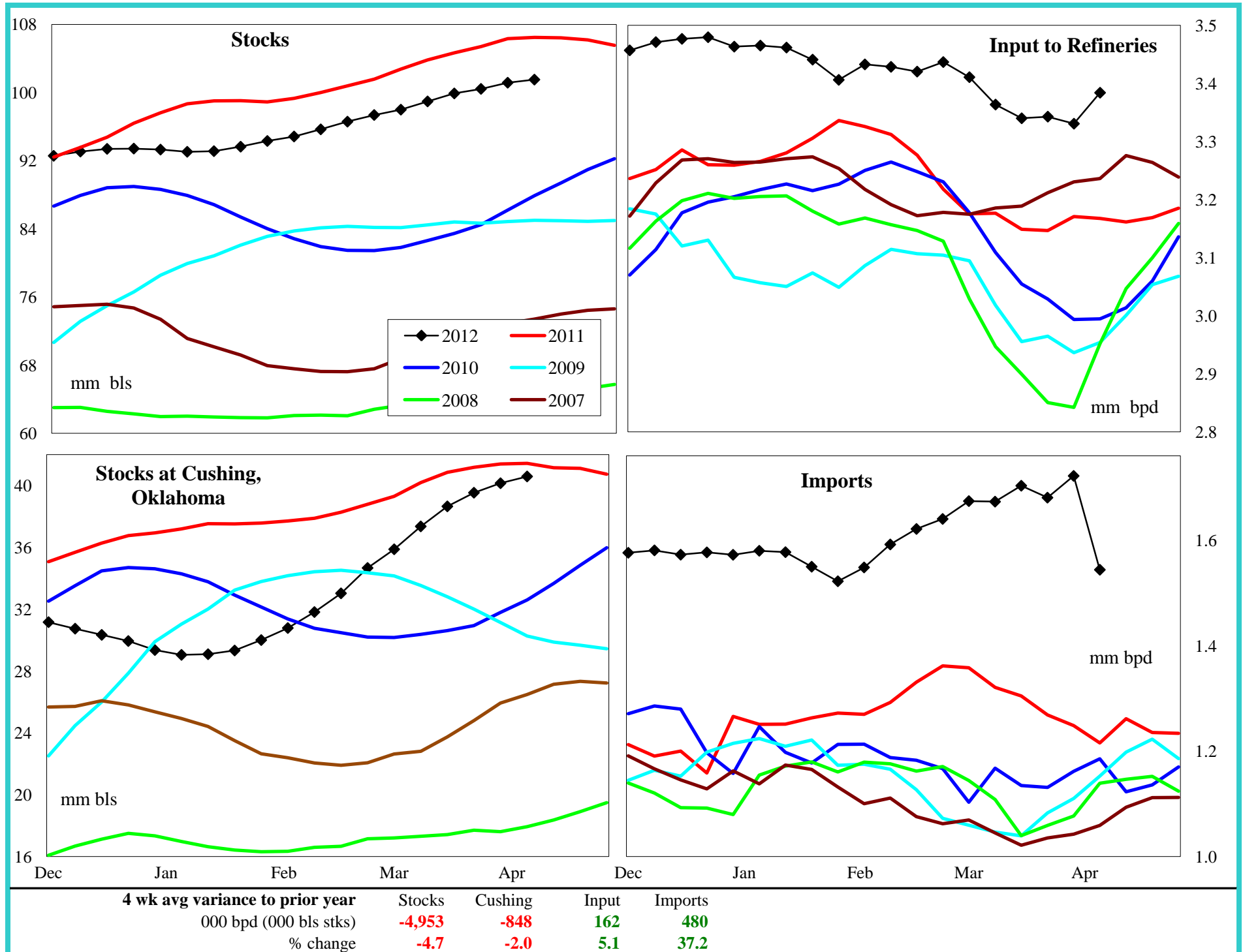
PADD 1 Jet Fuel Supply



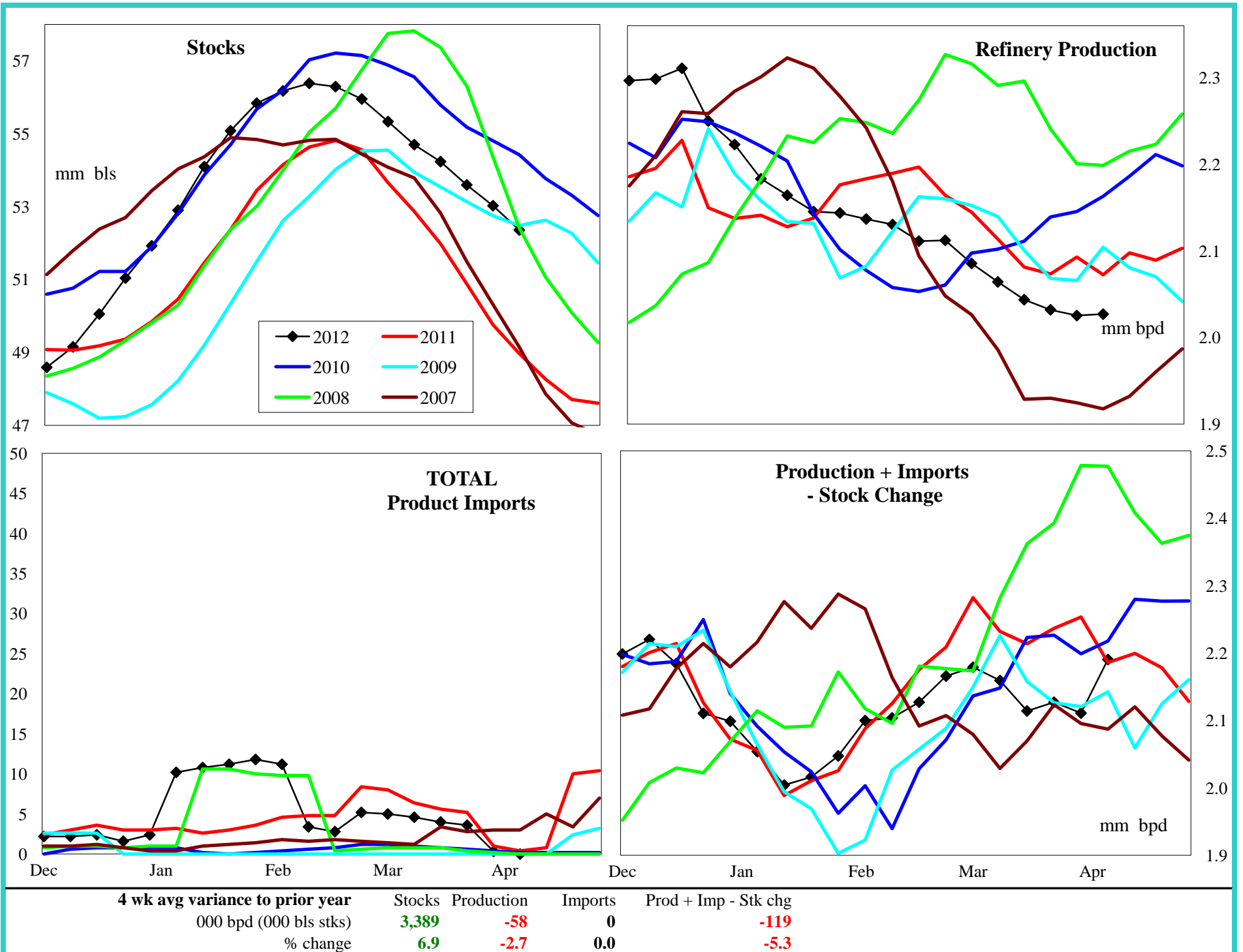
PADD 1 Residual Fuel Oil Supply



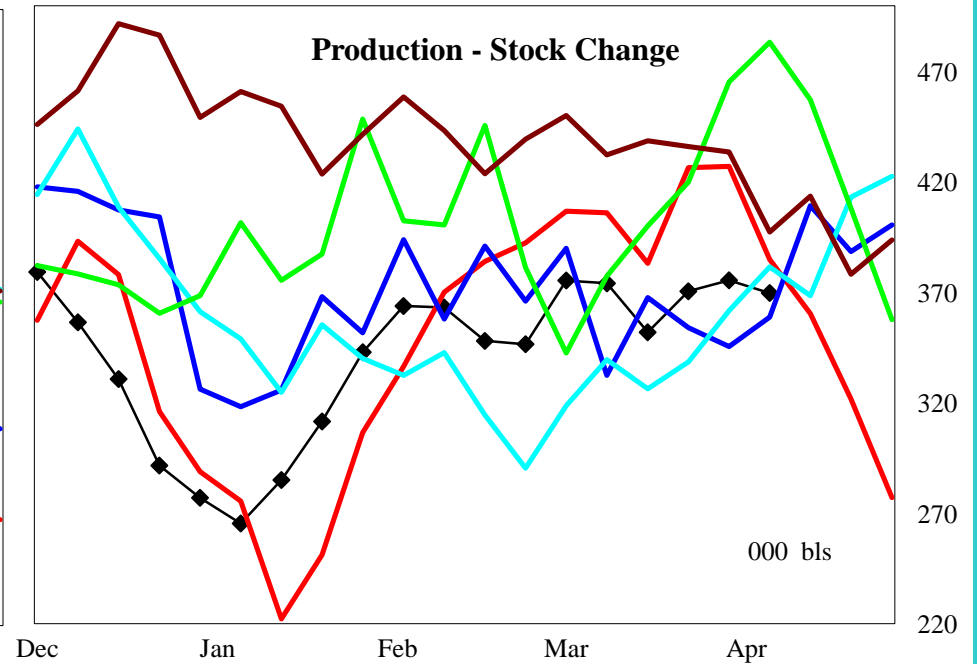
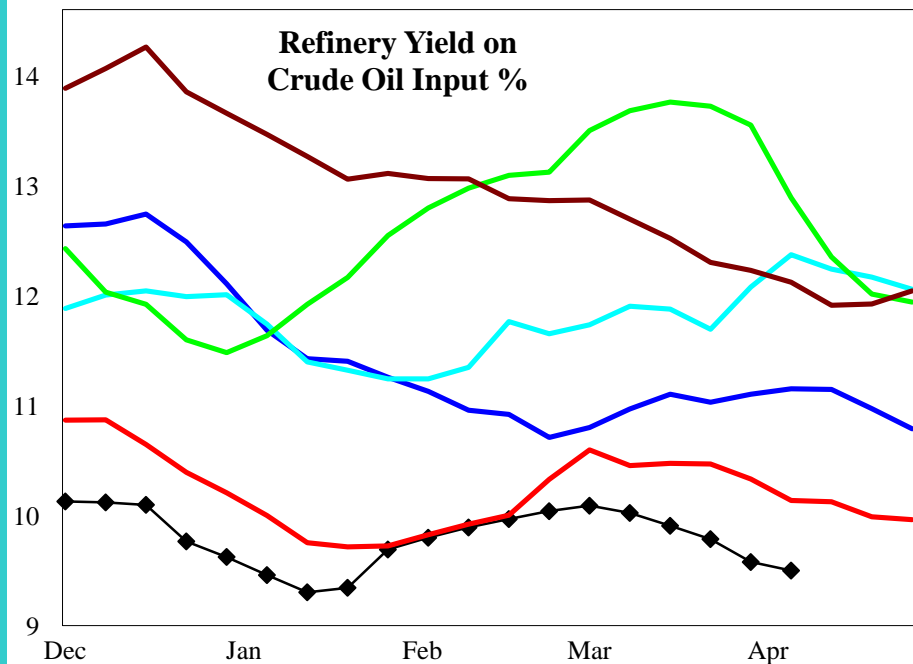
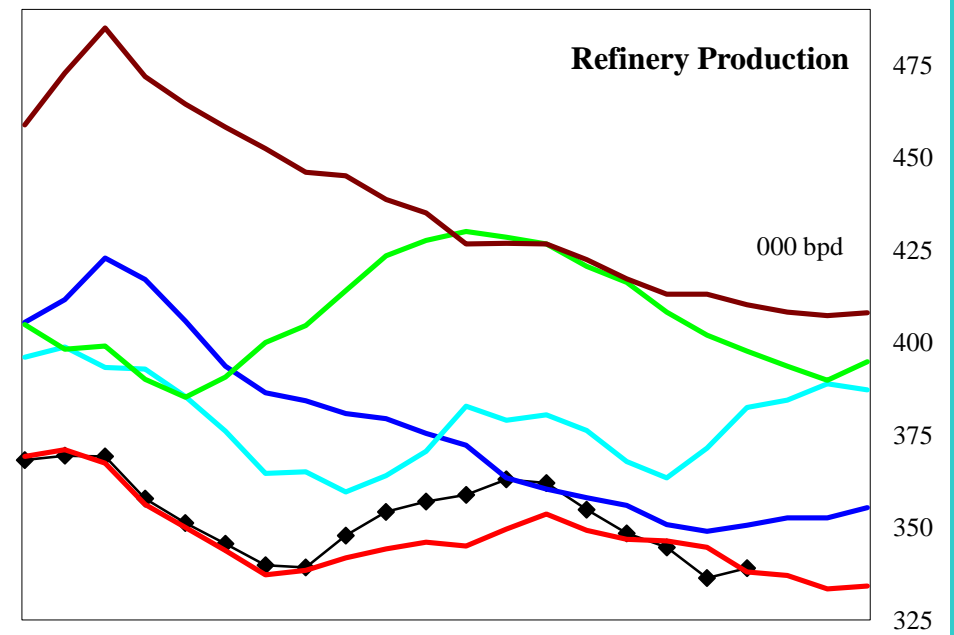
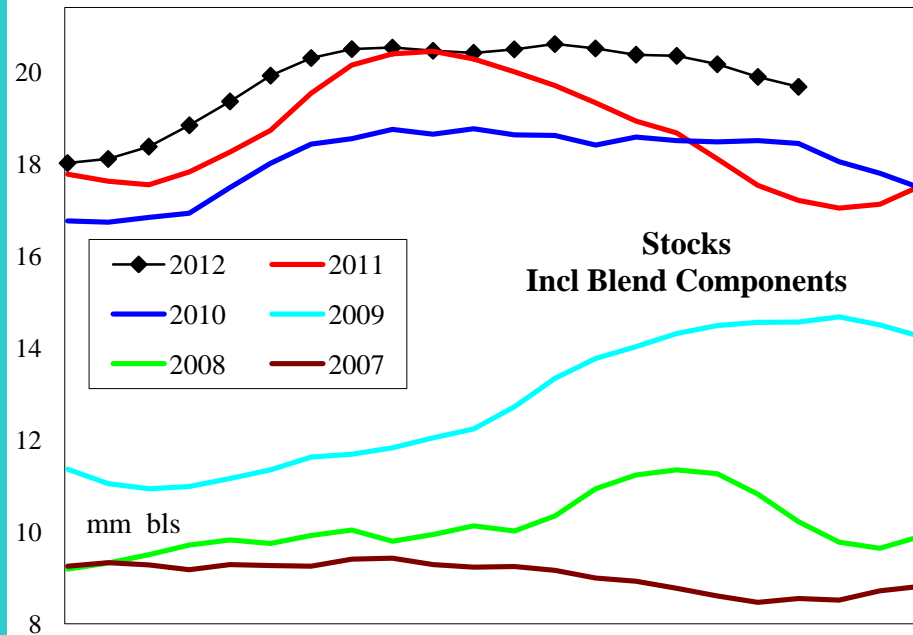
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks Production

2,470 -2

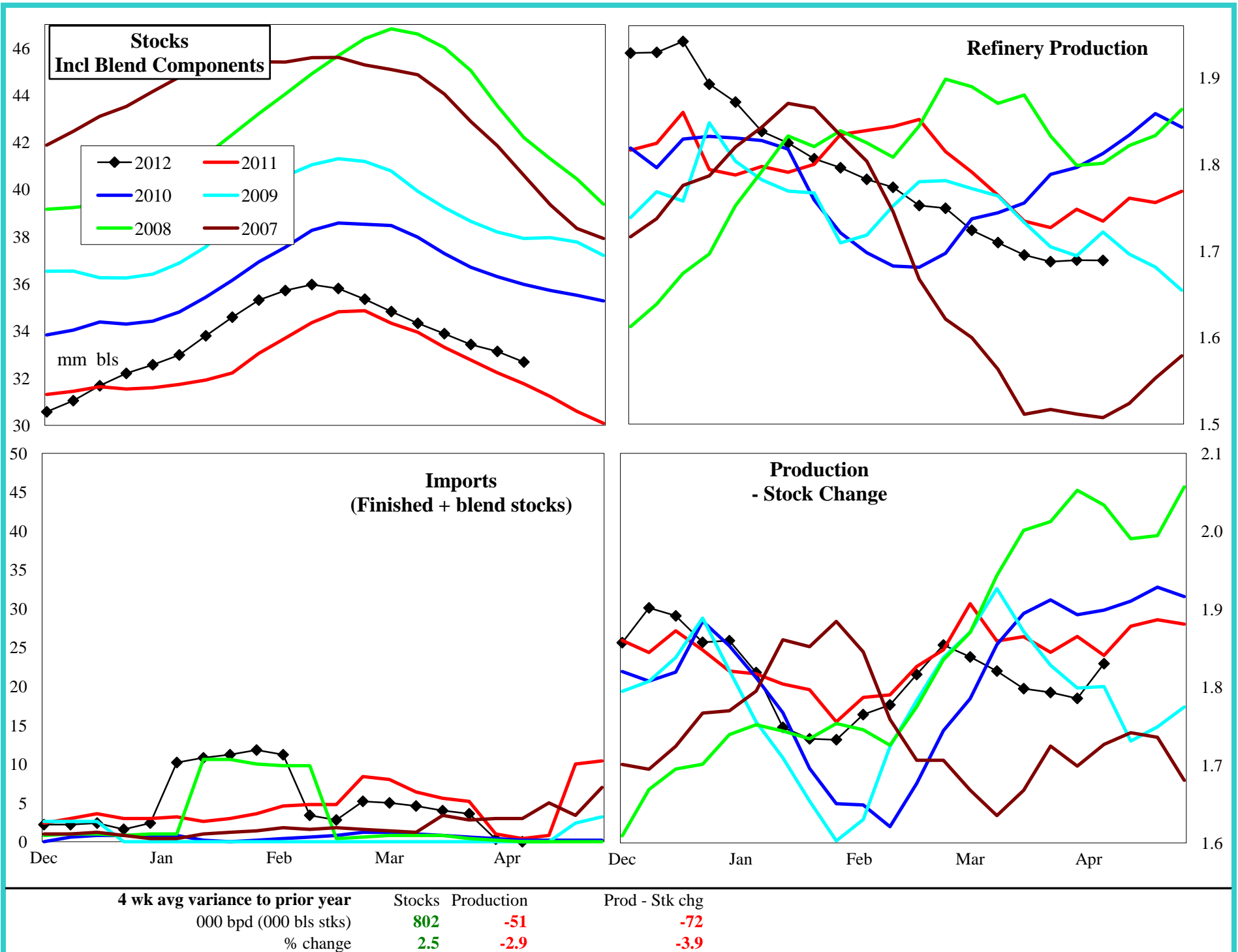
14.4 -0.5

Prod - Stk chg

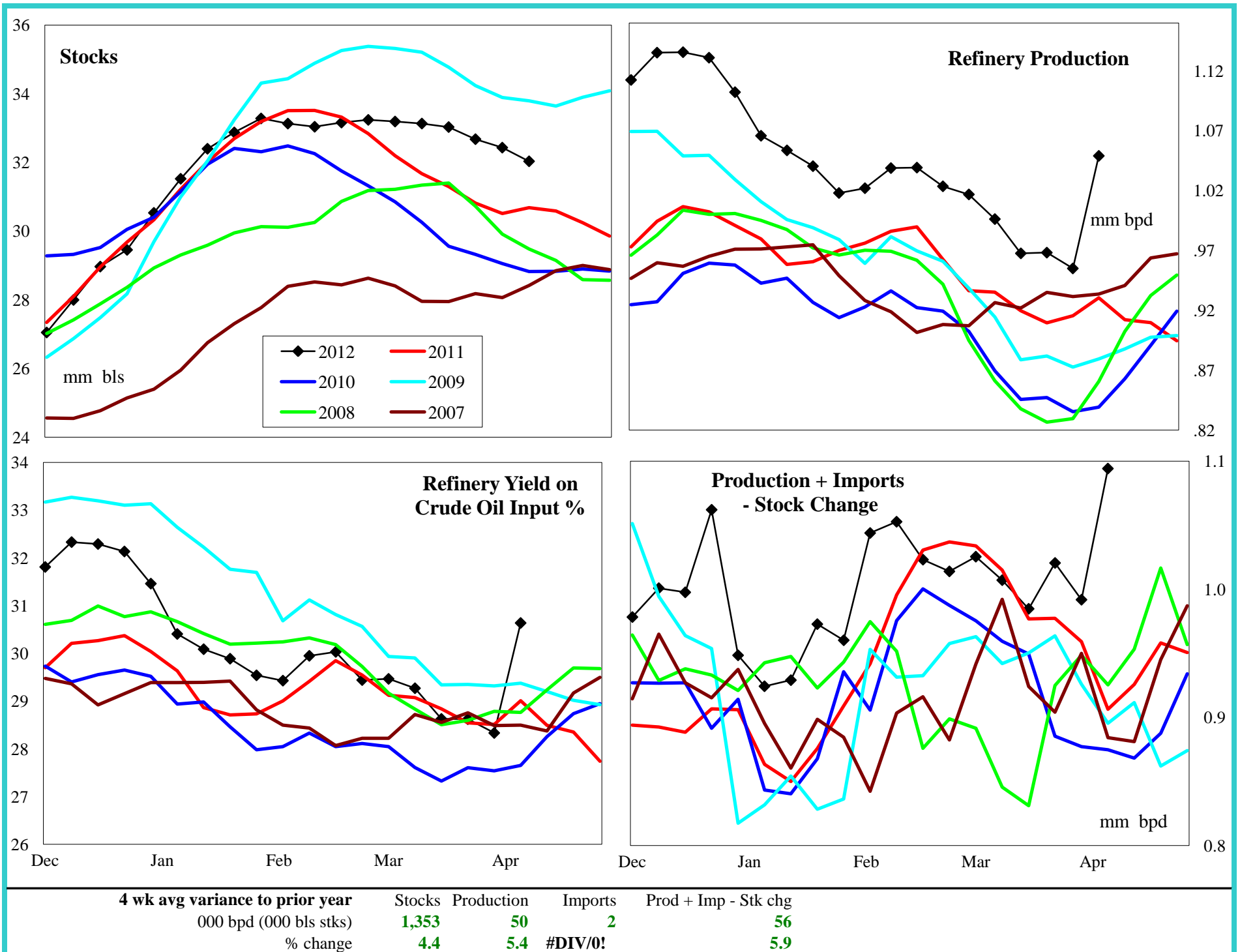
-39

-9.5

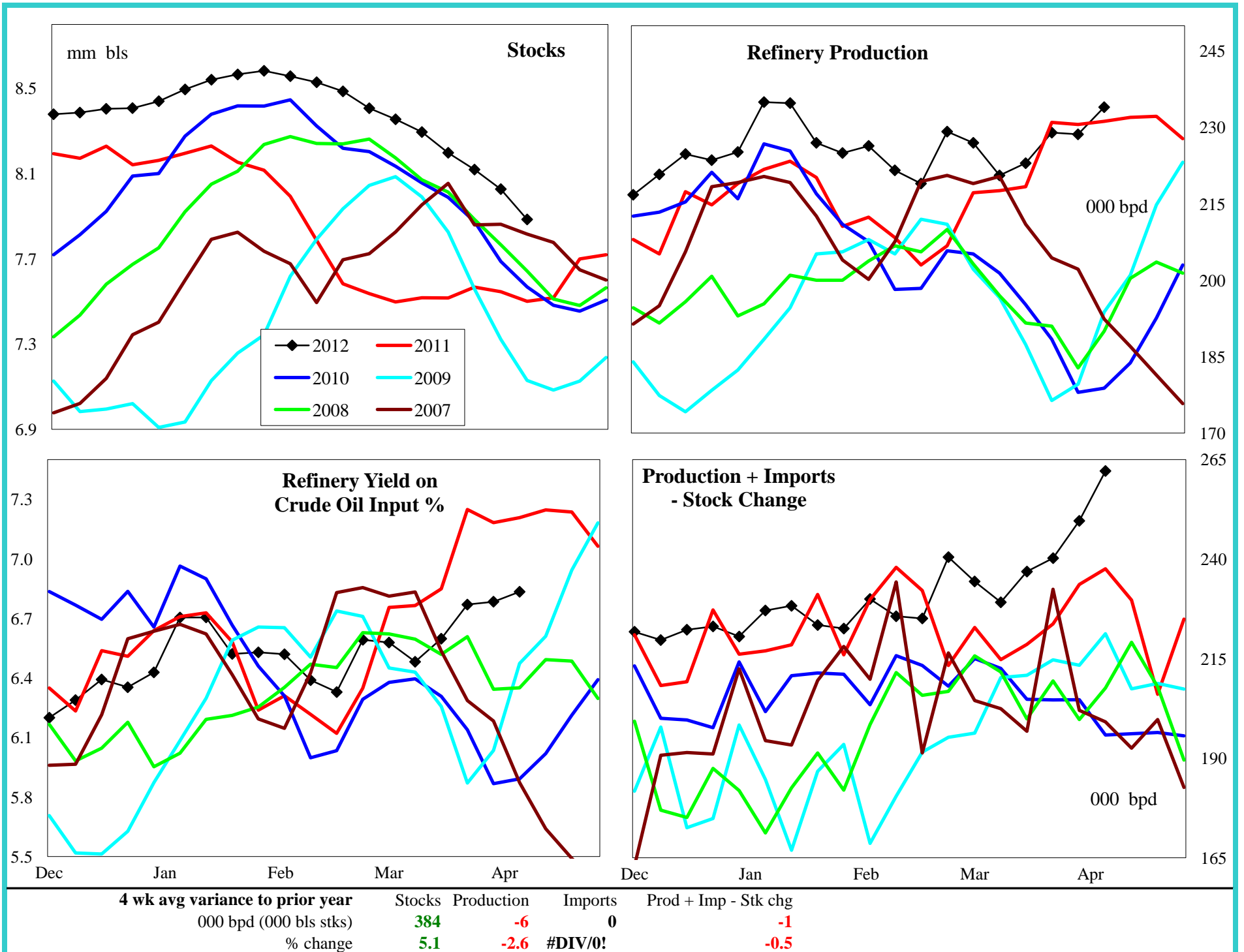
PADD 2 Conventional Gasoline Supply



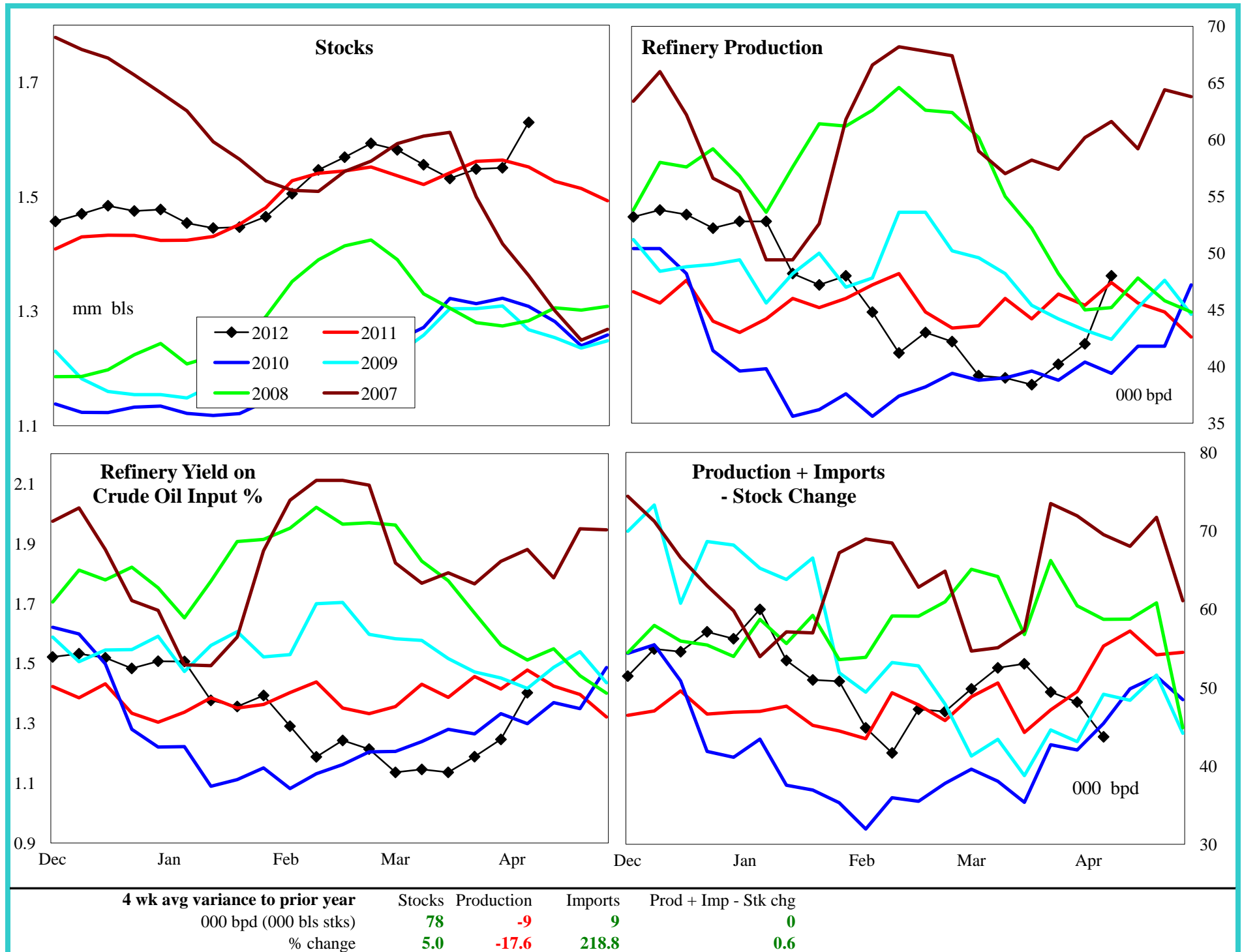
PADD 2 Distillate Supply



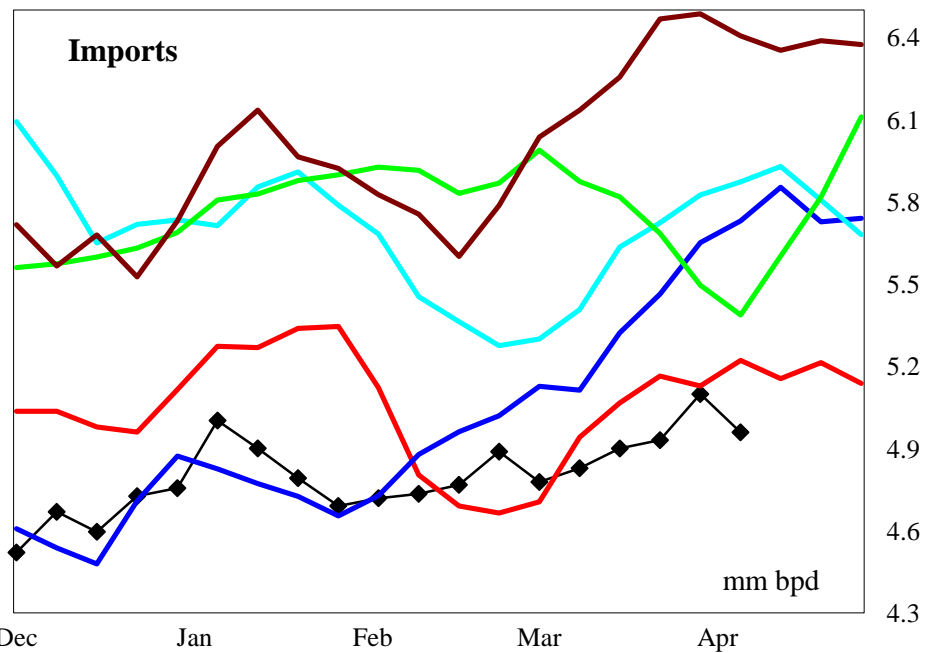
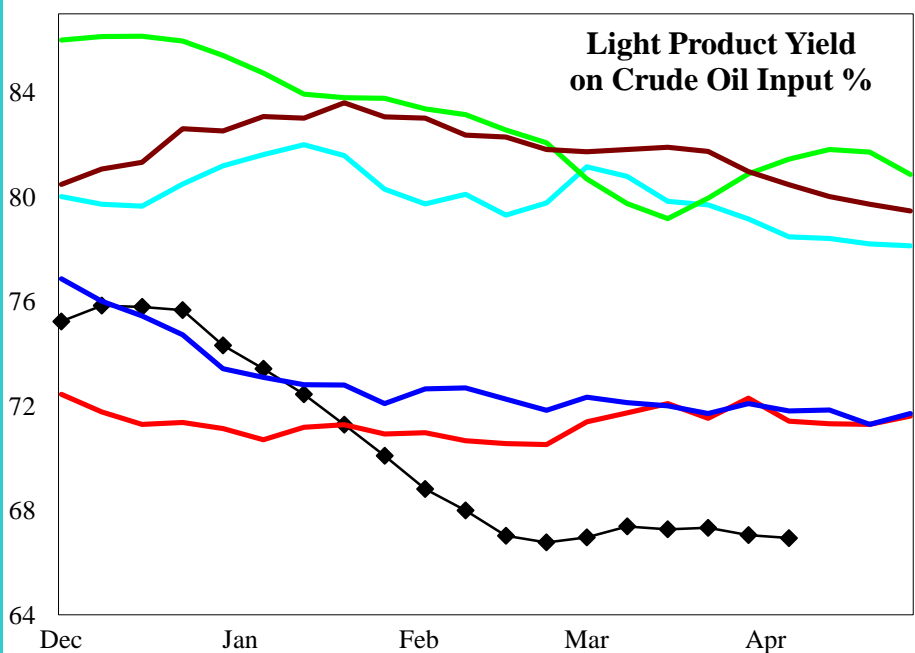
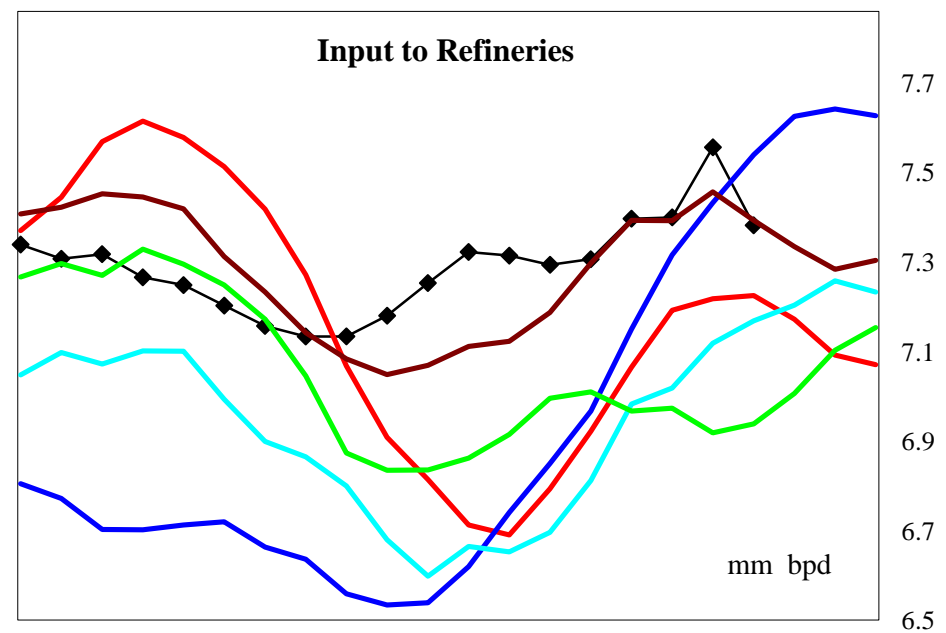
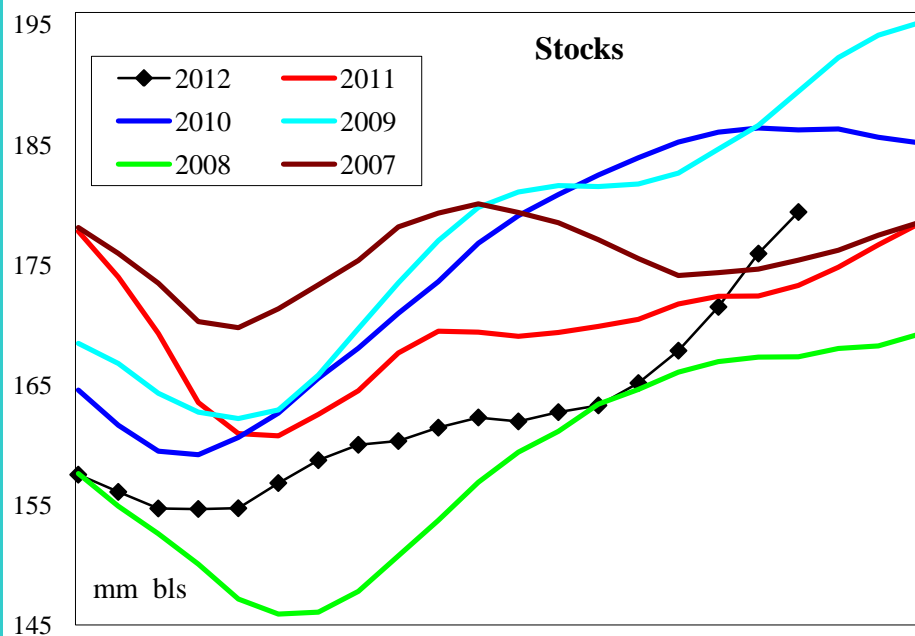
PADD 2 Jet Fuel Supply



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

6,119

3.5

Input

221

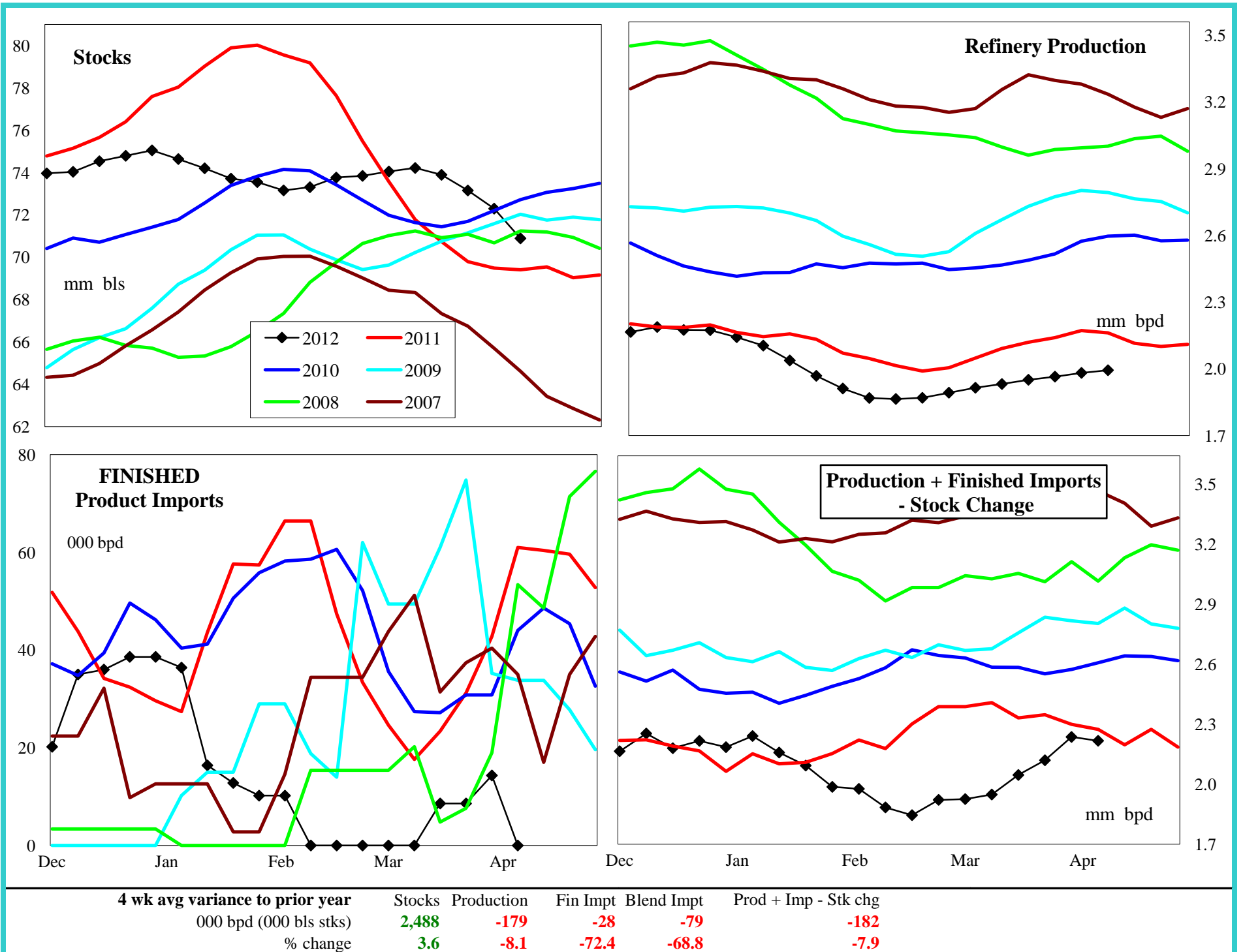
3.0

Imports

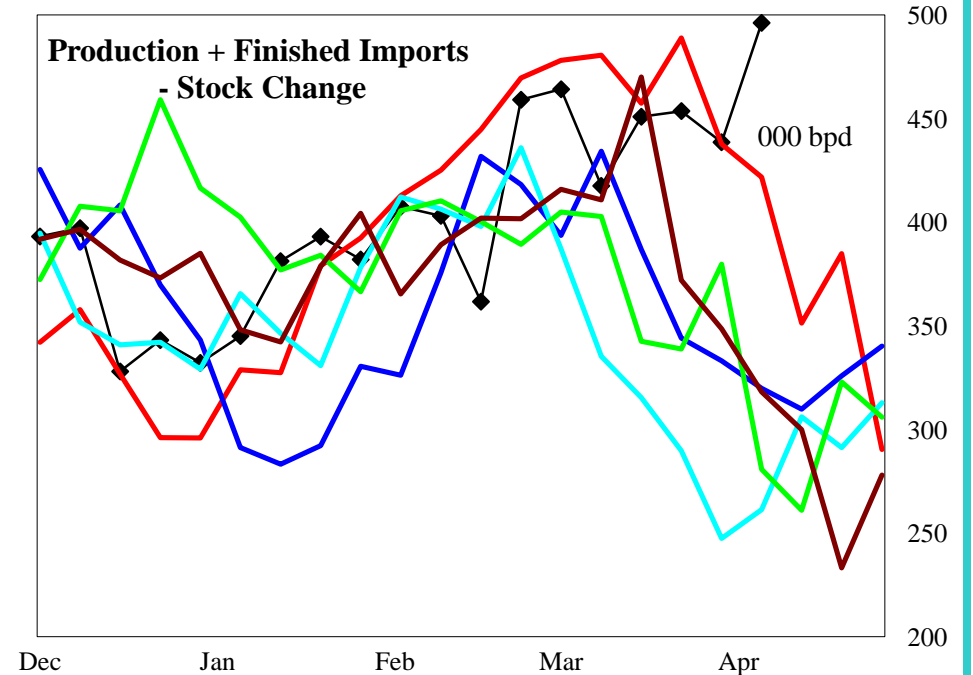
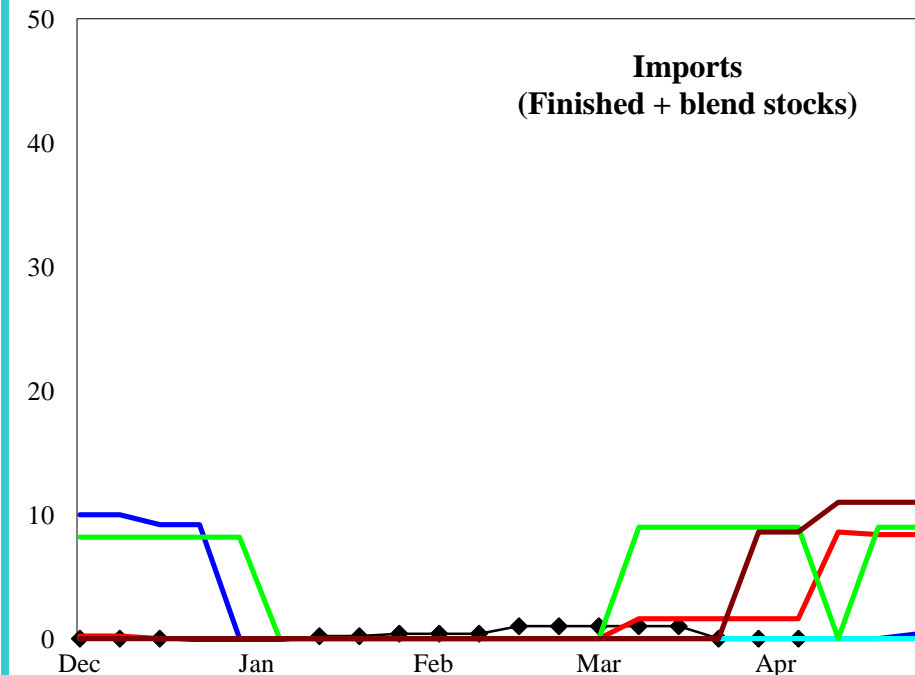
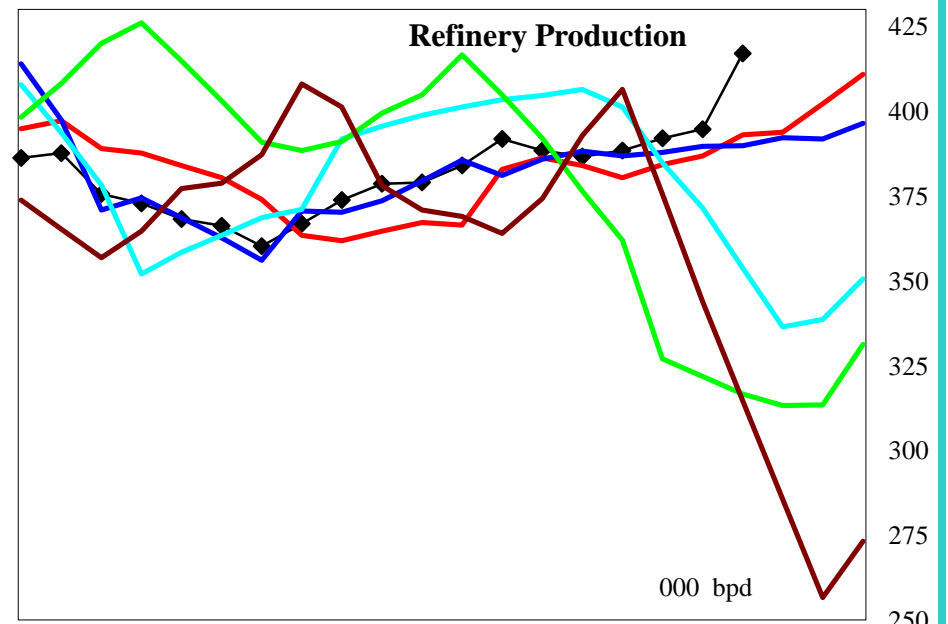
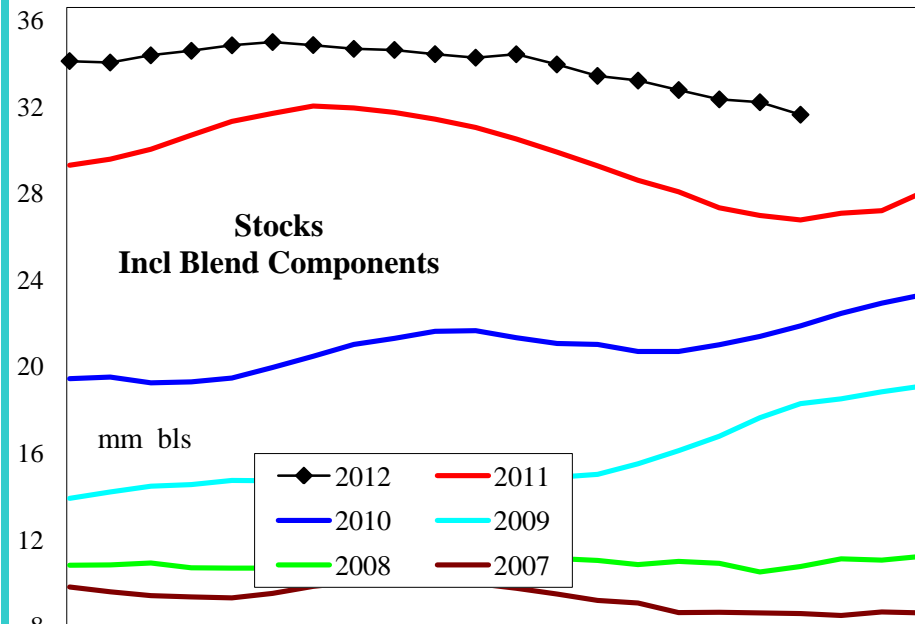
-262

-5.1

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

6,172

5

-2

-68

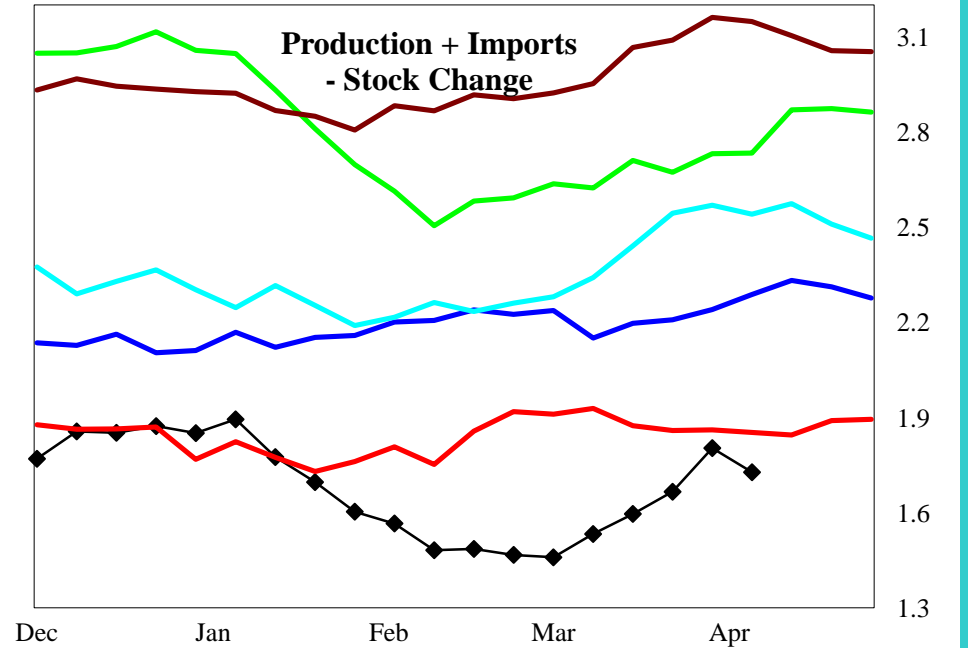
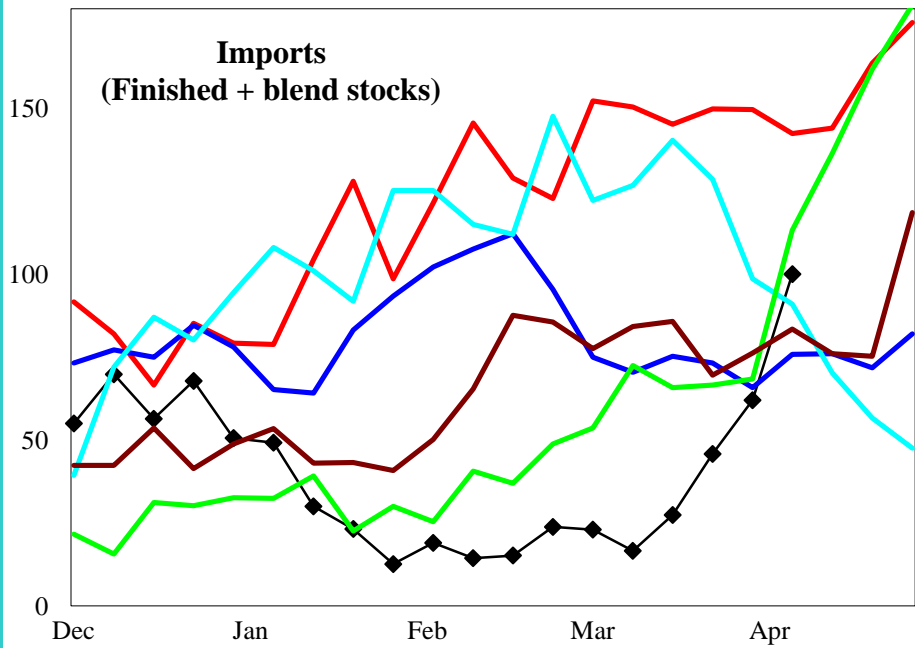
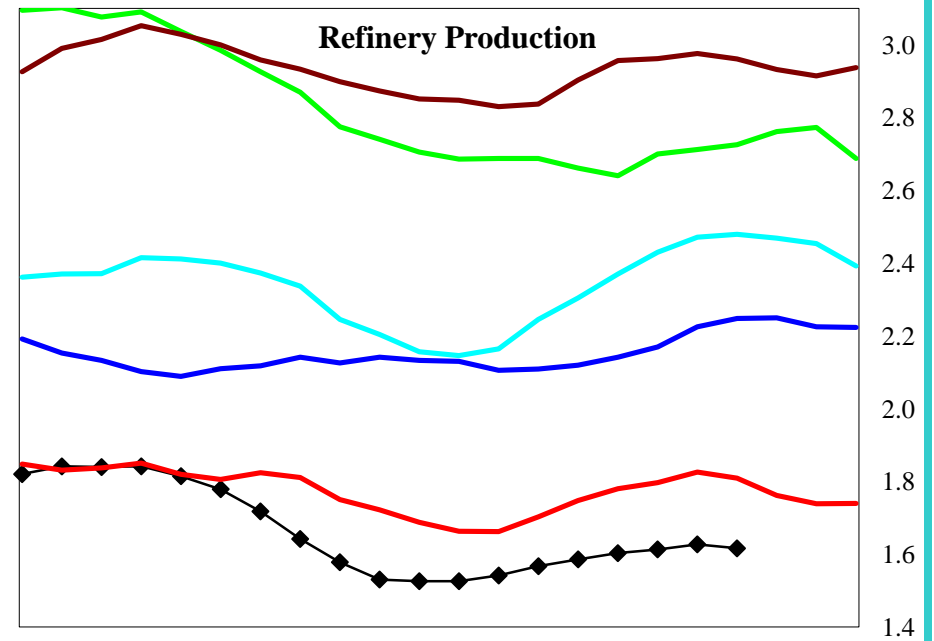
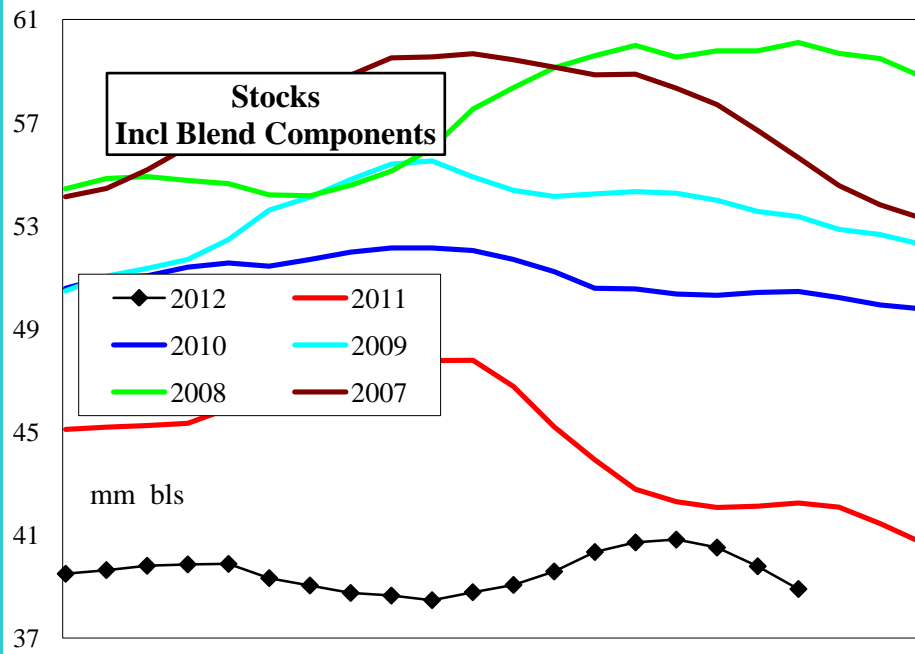
23.9

1.4

-100.0

-13.9

PADD 3 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-3,634

-8.5

Production

-184

-10.2

Imports

-105

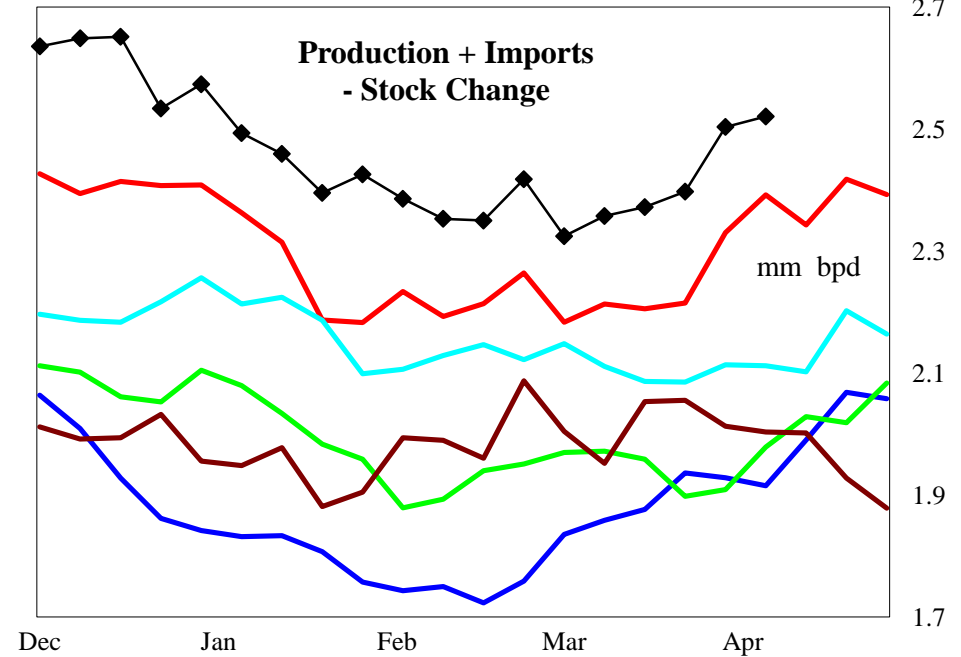
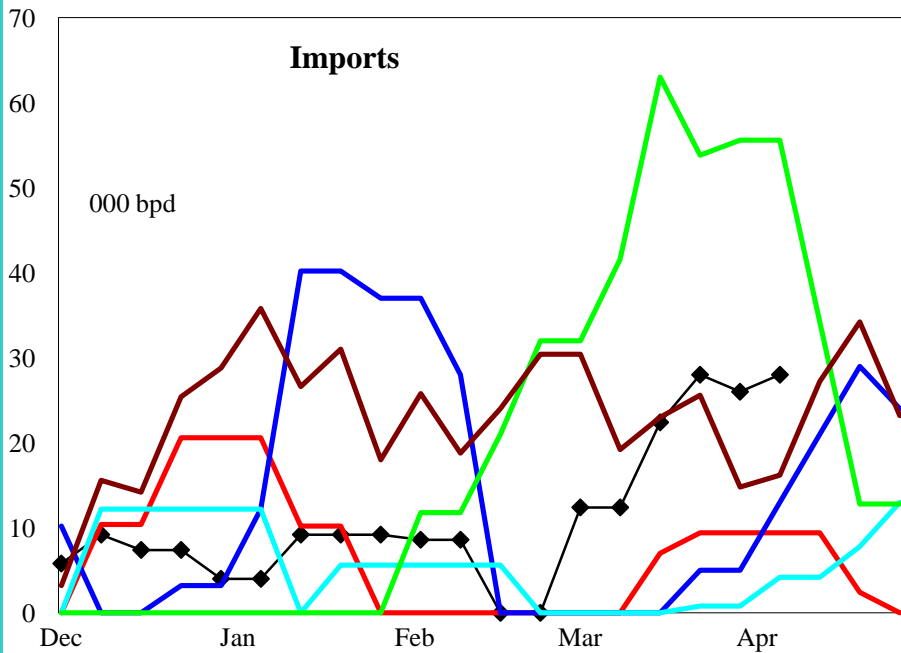
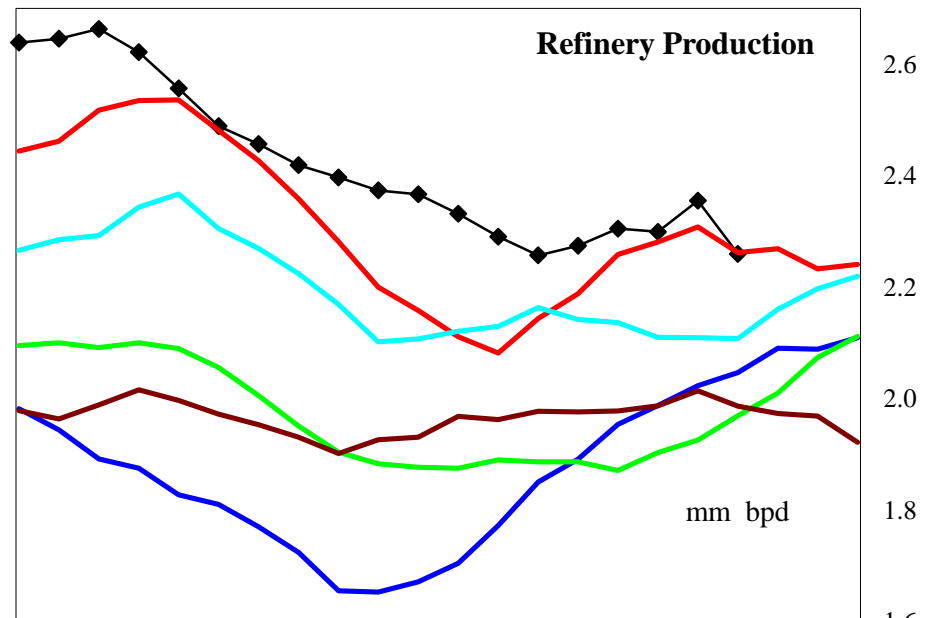
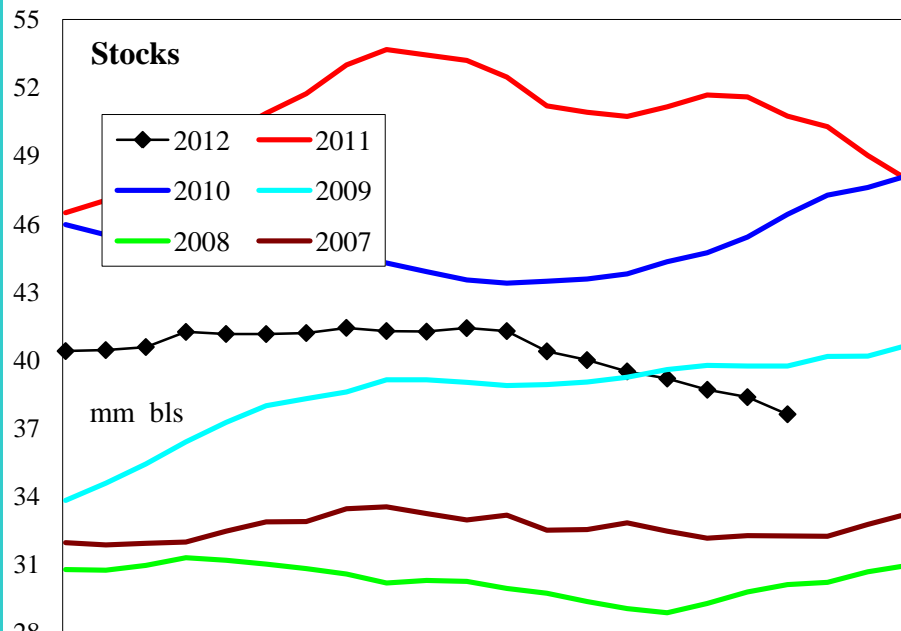
-69.4

Prod + Imp - Stk chg

-115

-6.3

PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-15,023

-28.5

Production

7

0.3

Imports

23

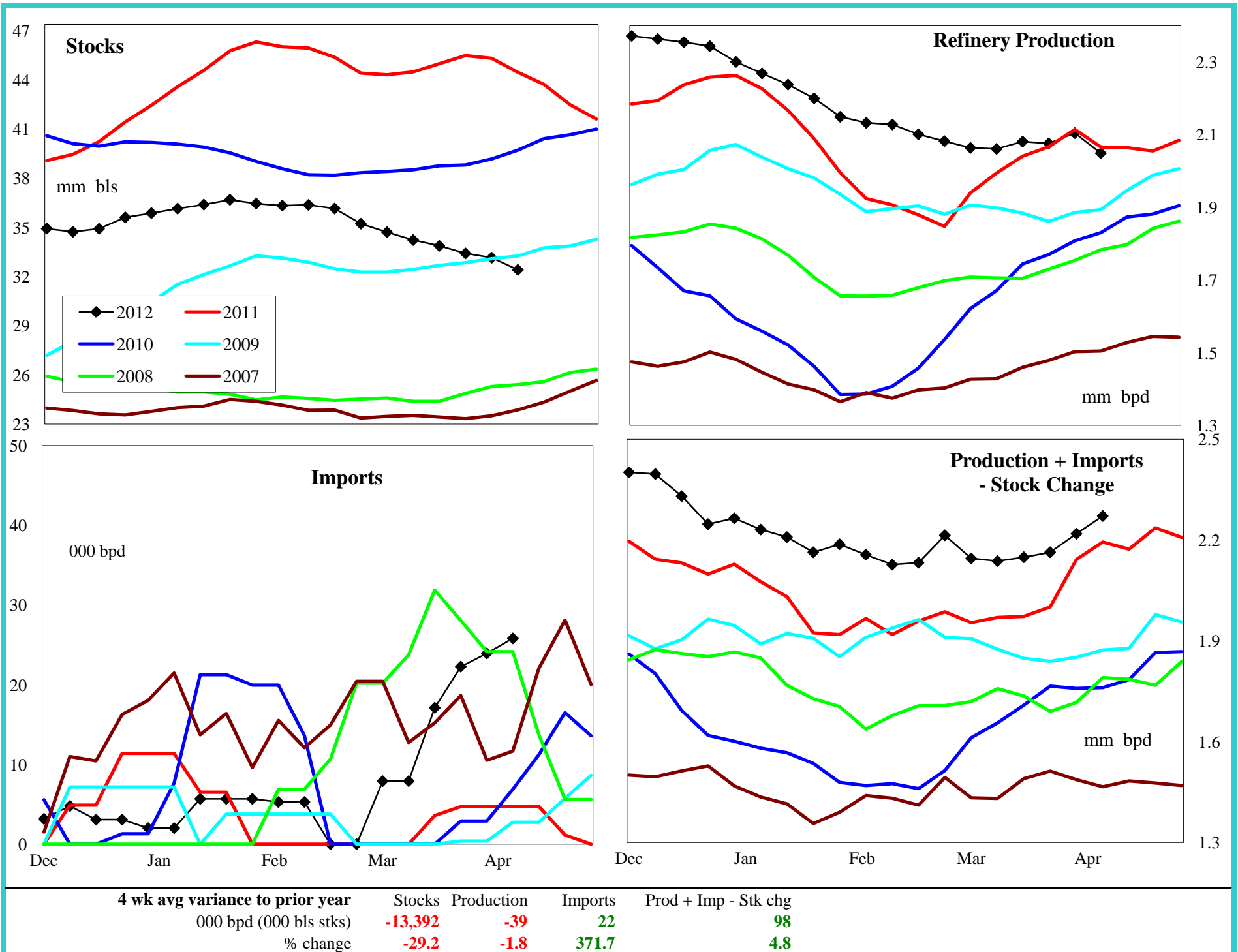
197.9

Prod + Imp - Stk chg

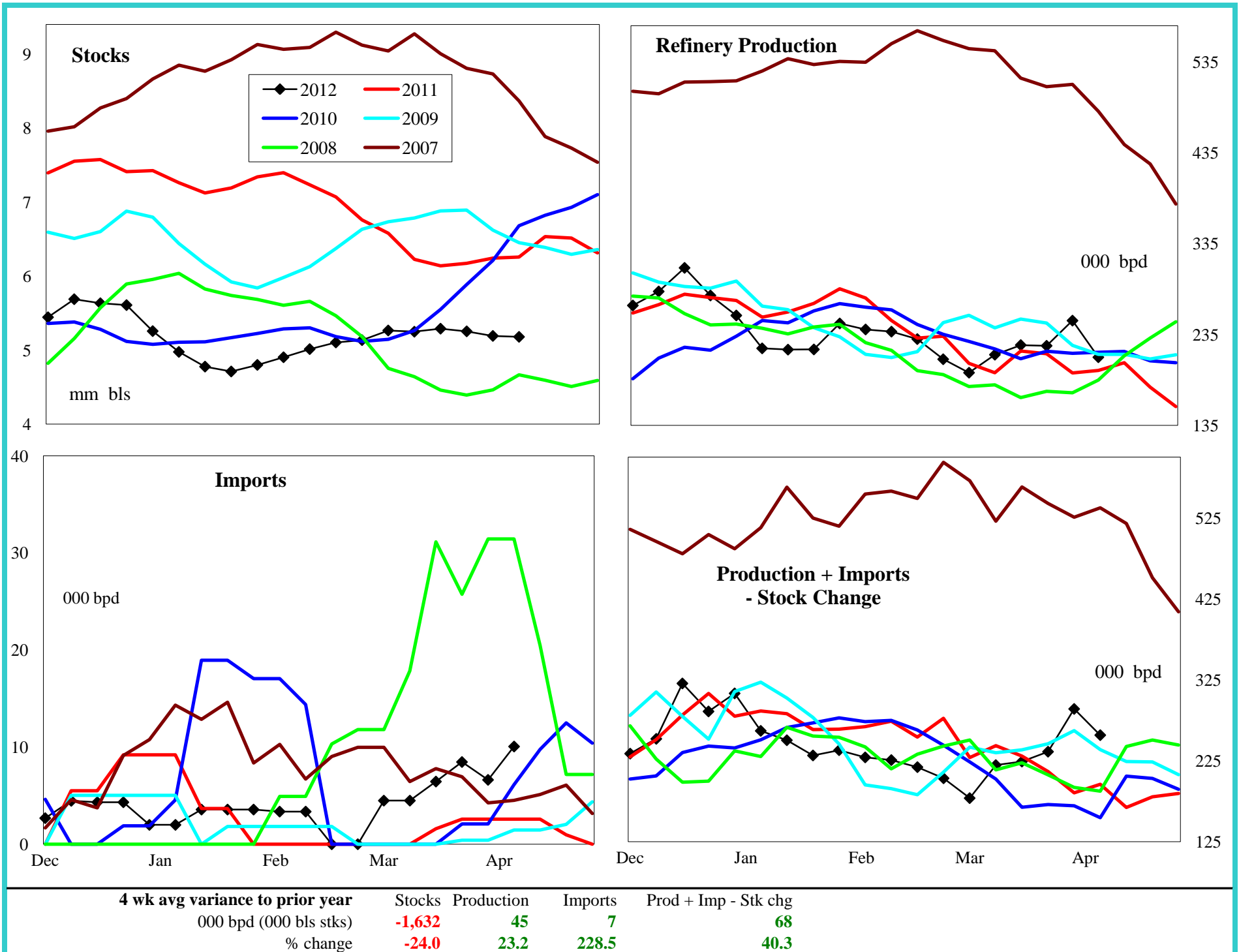
160

7.2

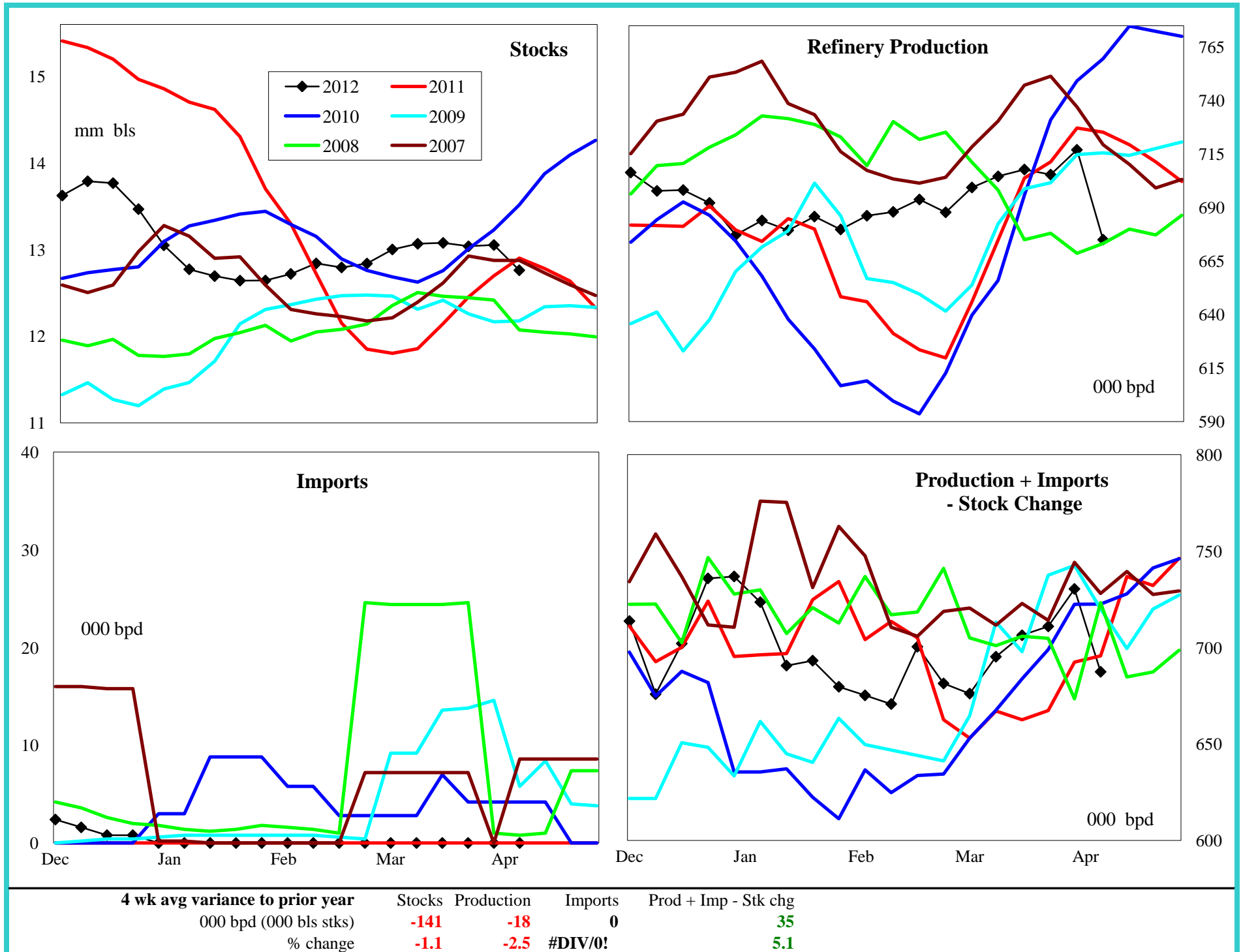
PADD 3 Low Sulfur Distillate Supply



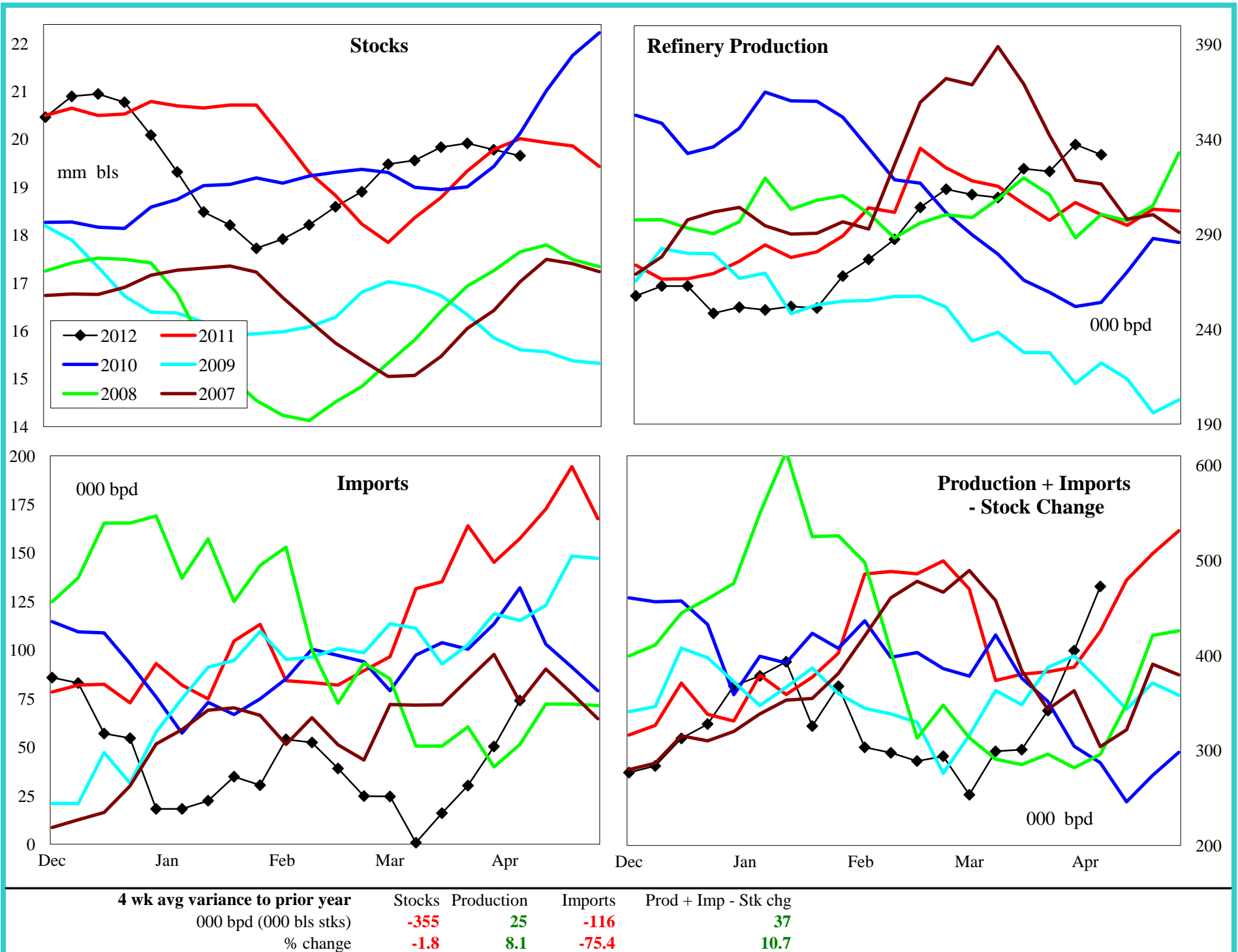
PADD 3 High Sulfur Distillate Supply



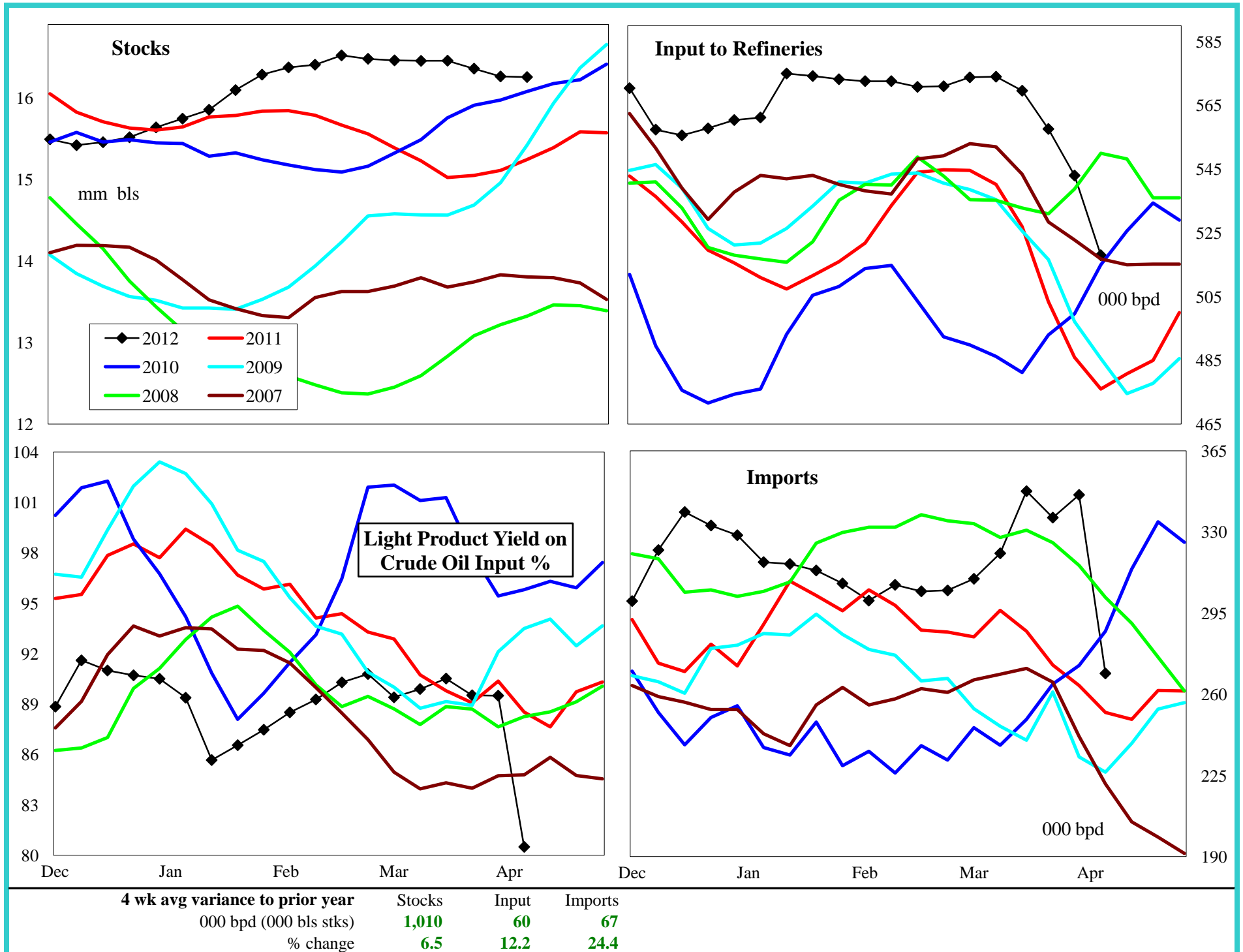
PADD 3 Jet Fuel Supply



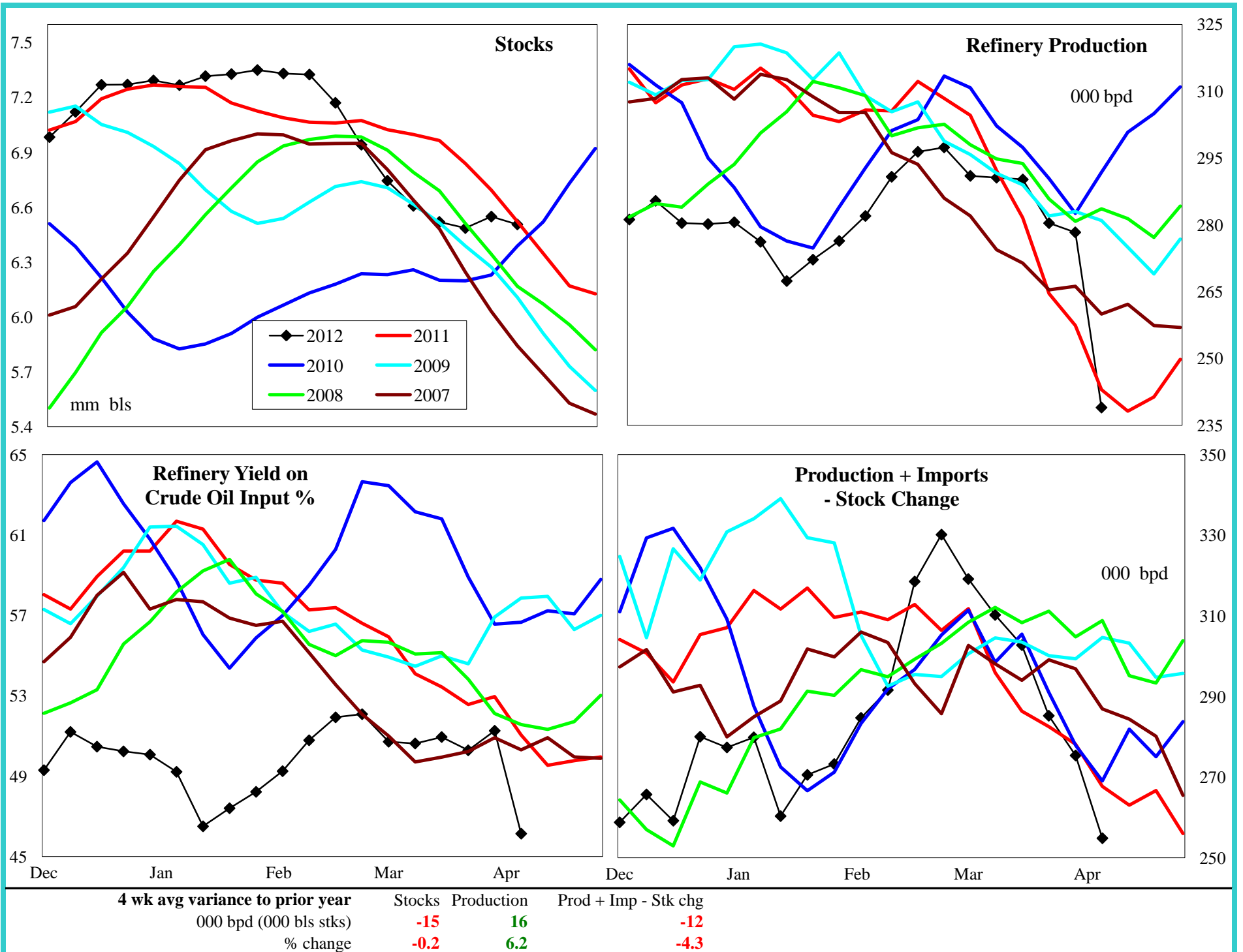
PADD 3 Residual Fuel Oil Supply



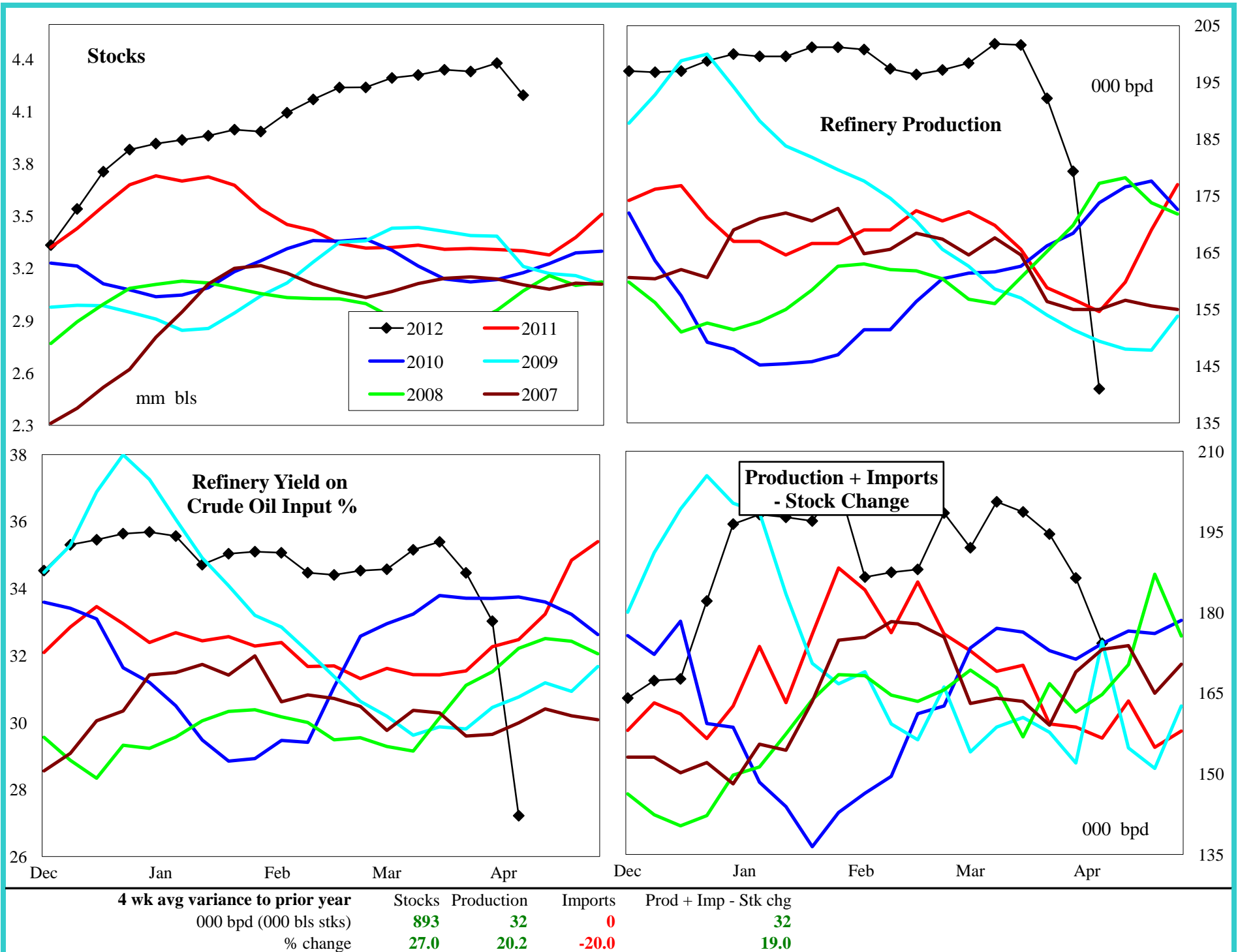
PADD 4 Crude Oil Supply and Refining



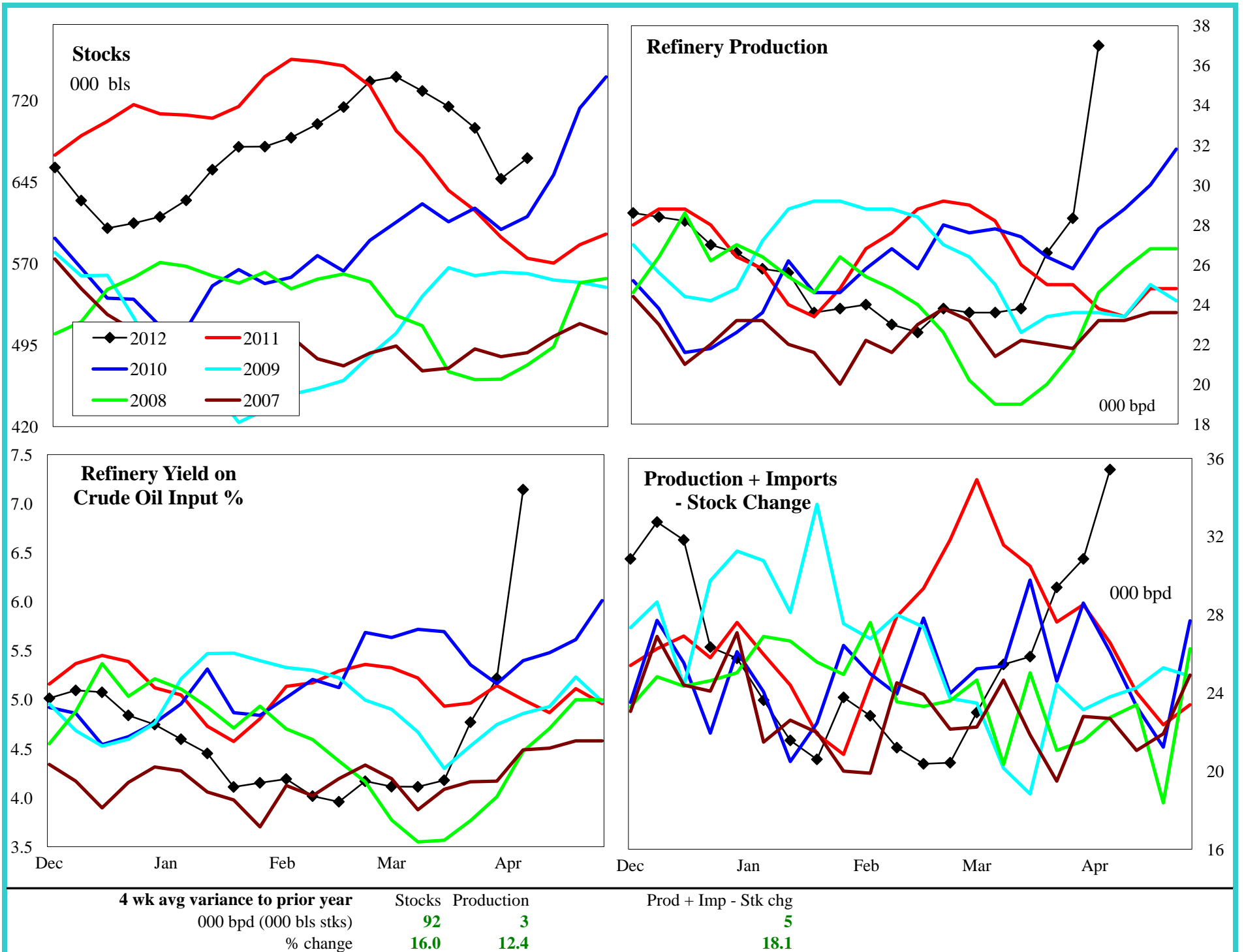
PADD 4 Gasoline Supply



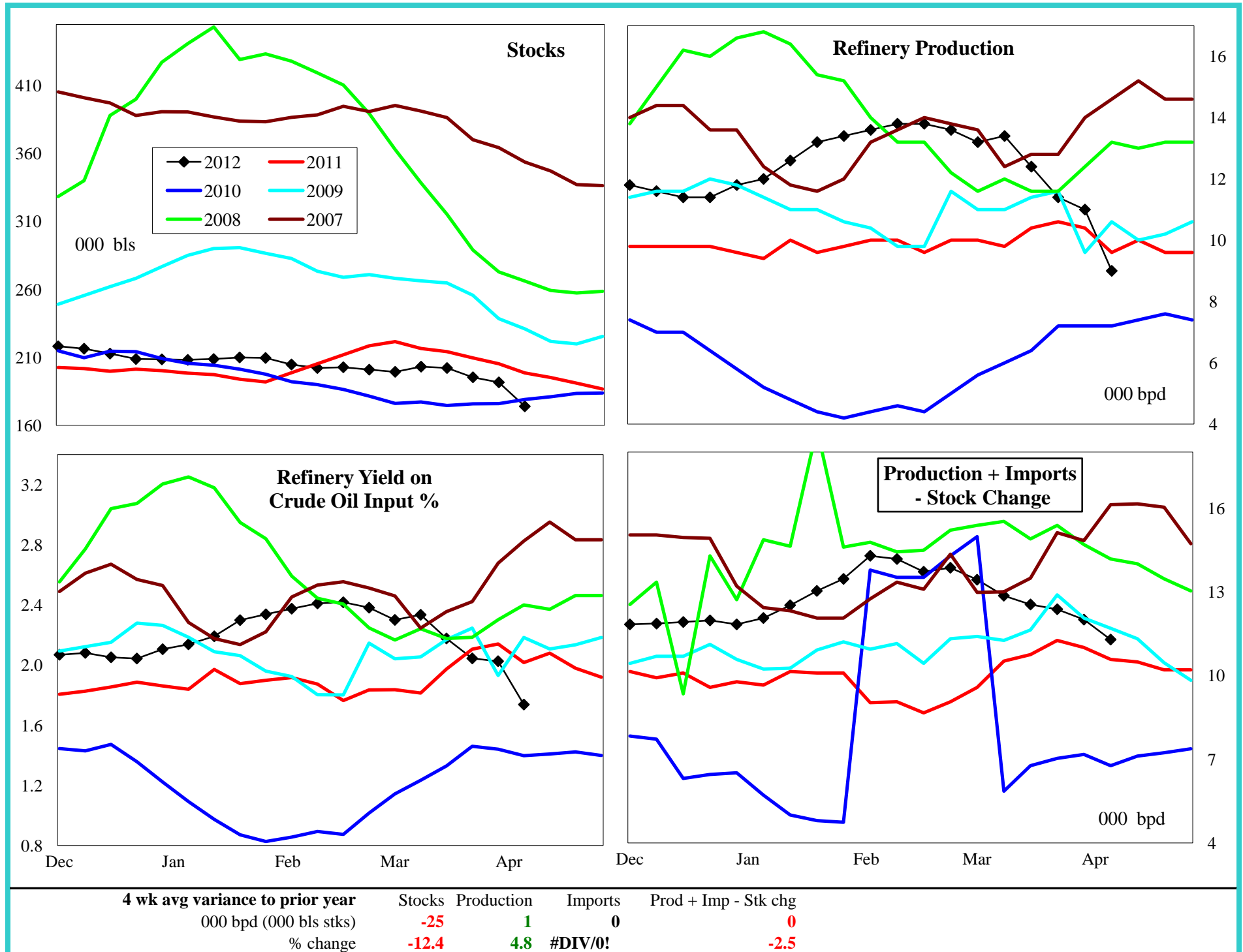
PADD 4 Distillate Supply



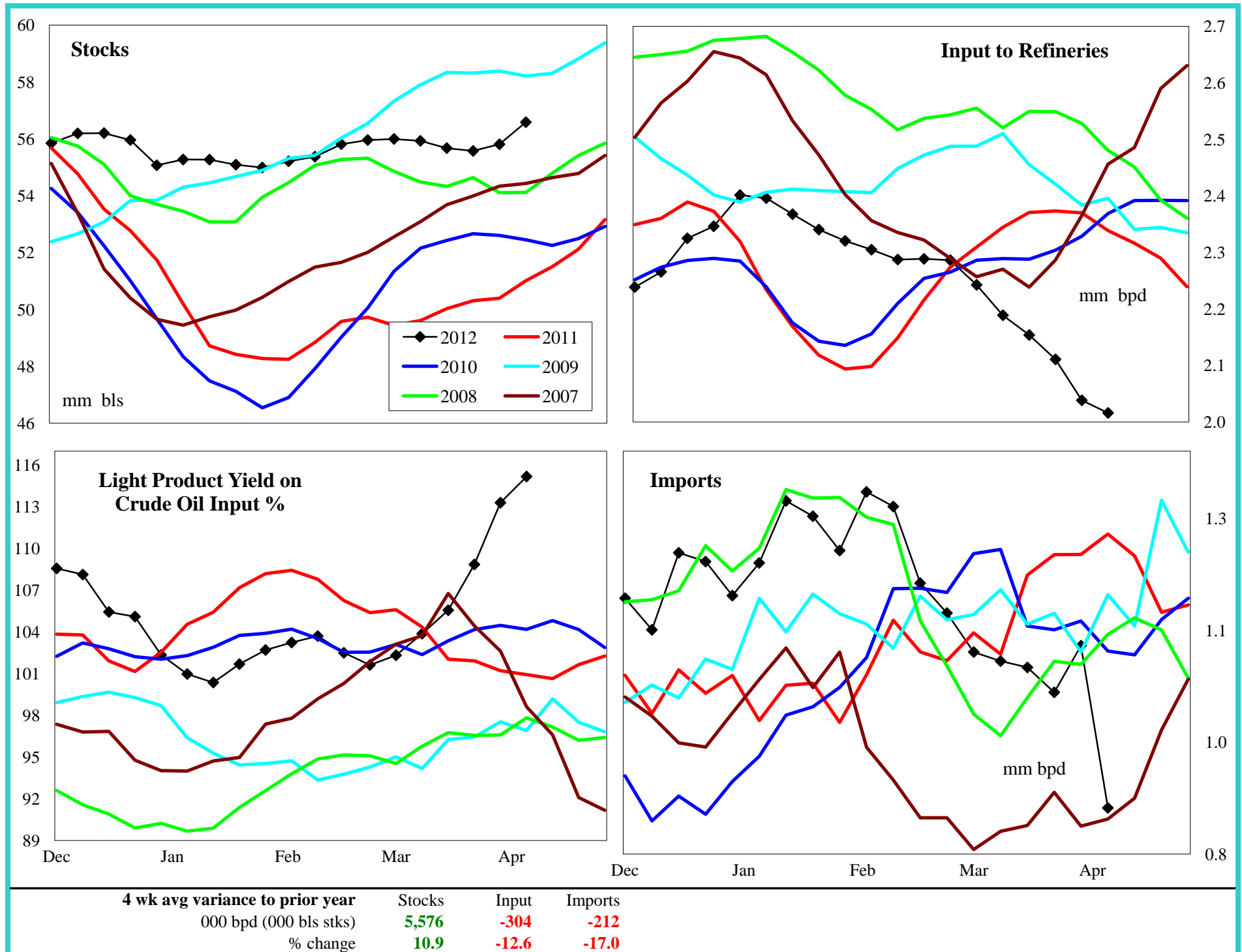
PADD 4 Jet Fuel Supply



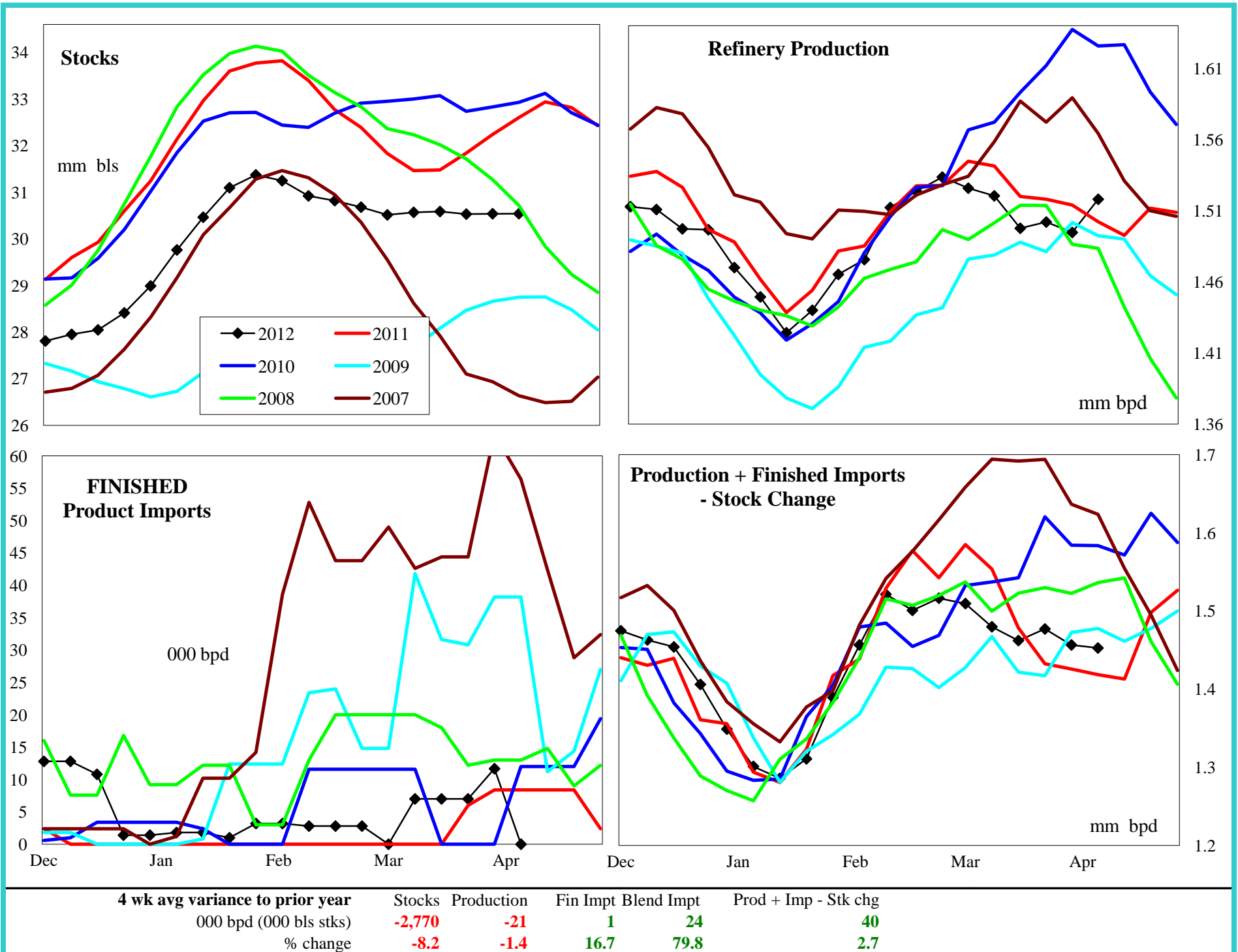
PADD 4 Residual Fuel Oil Supply



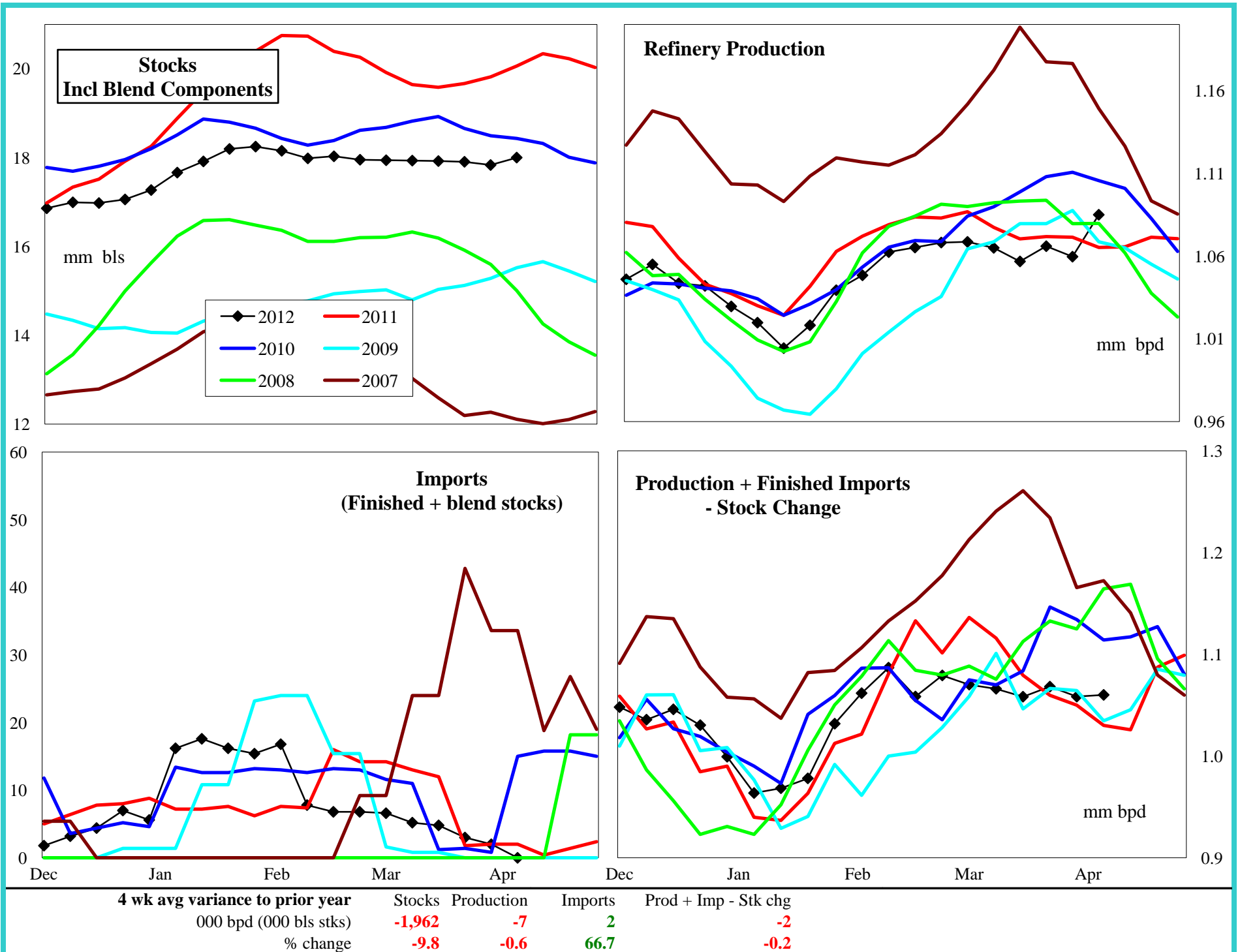
PADD 5 Crude Oil Supply and Refining



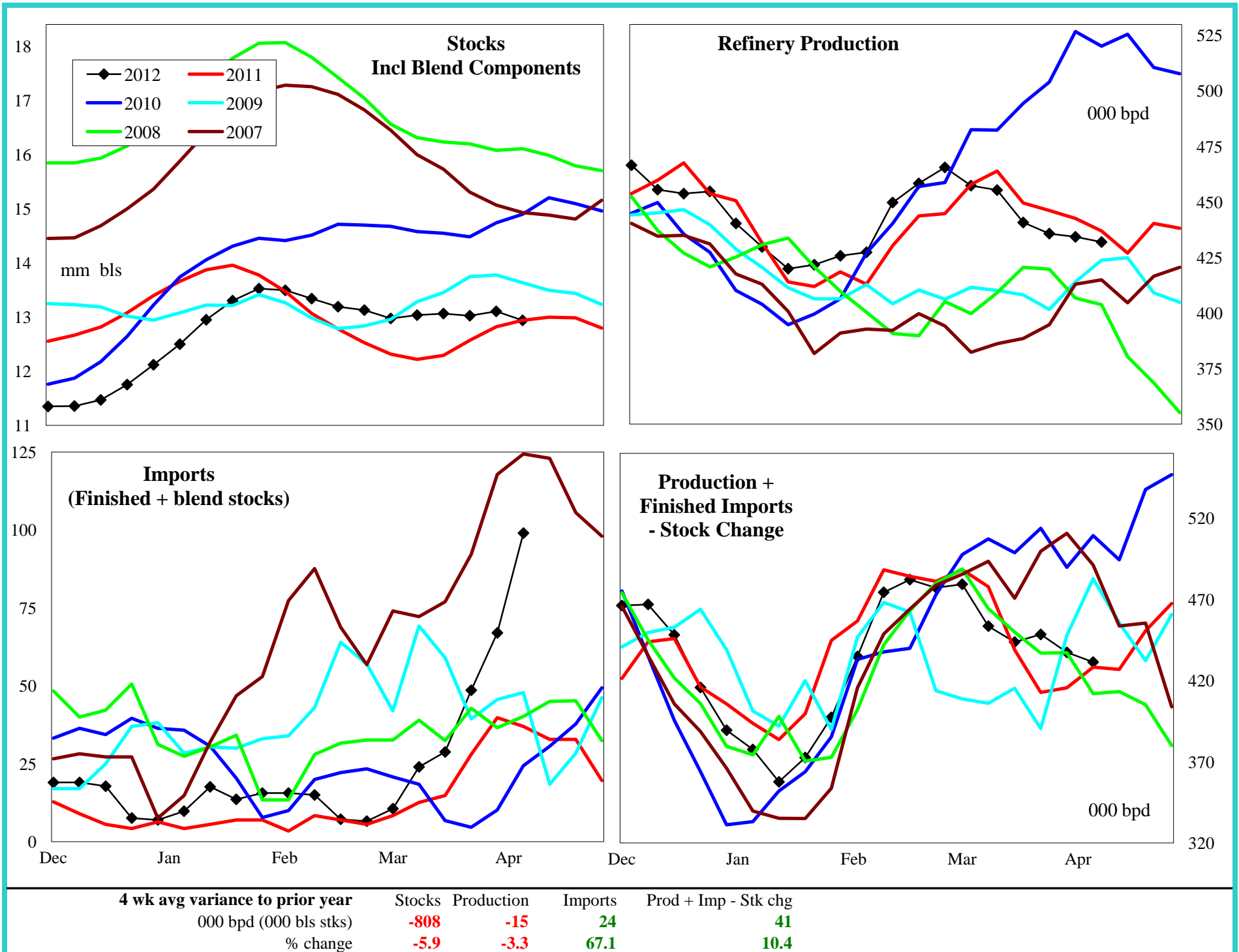
PADD 5 Gasoline Supply



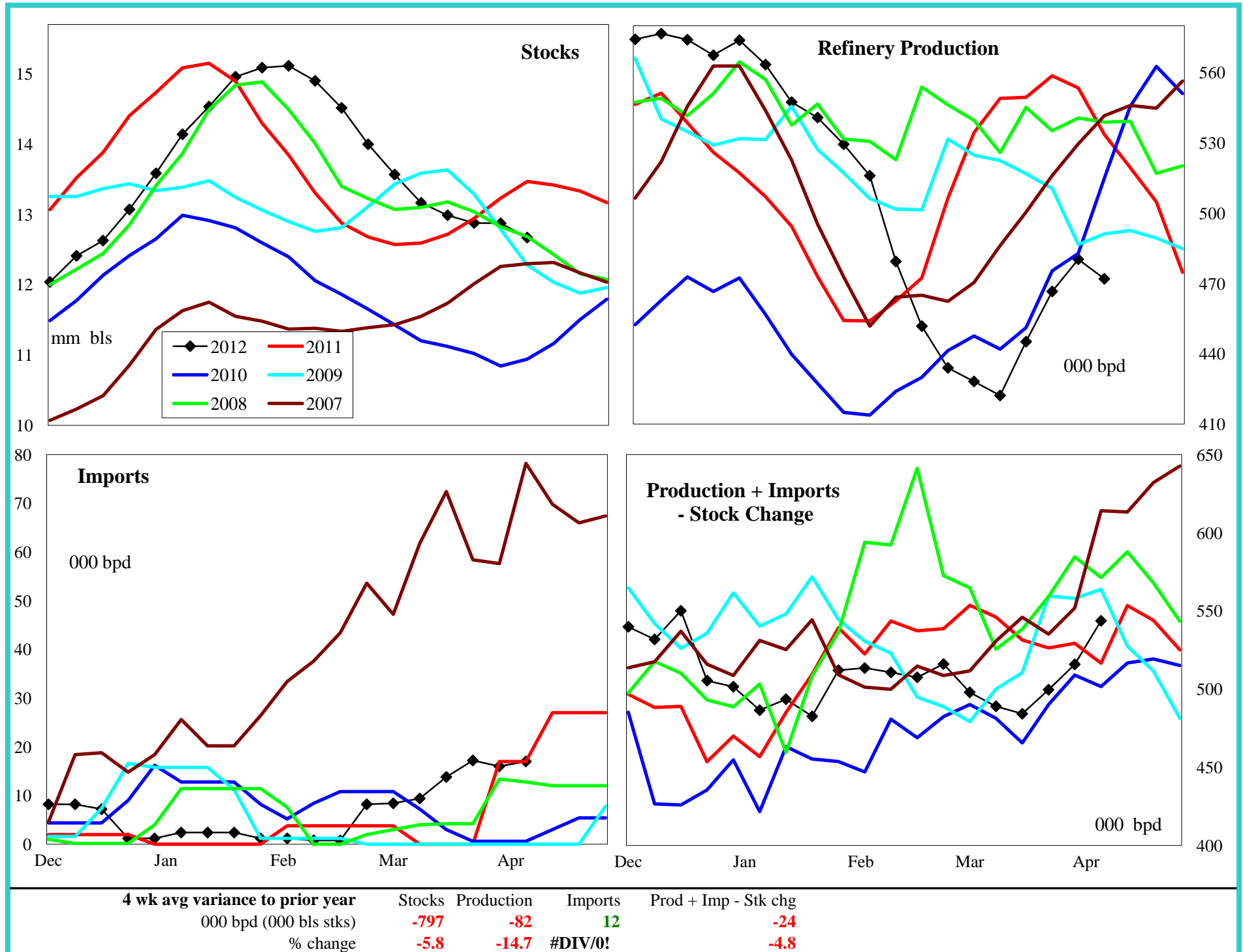
PADD 5 Reformulated Gasoline Supply



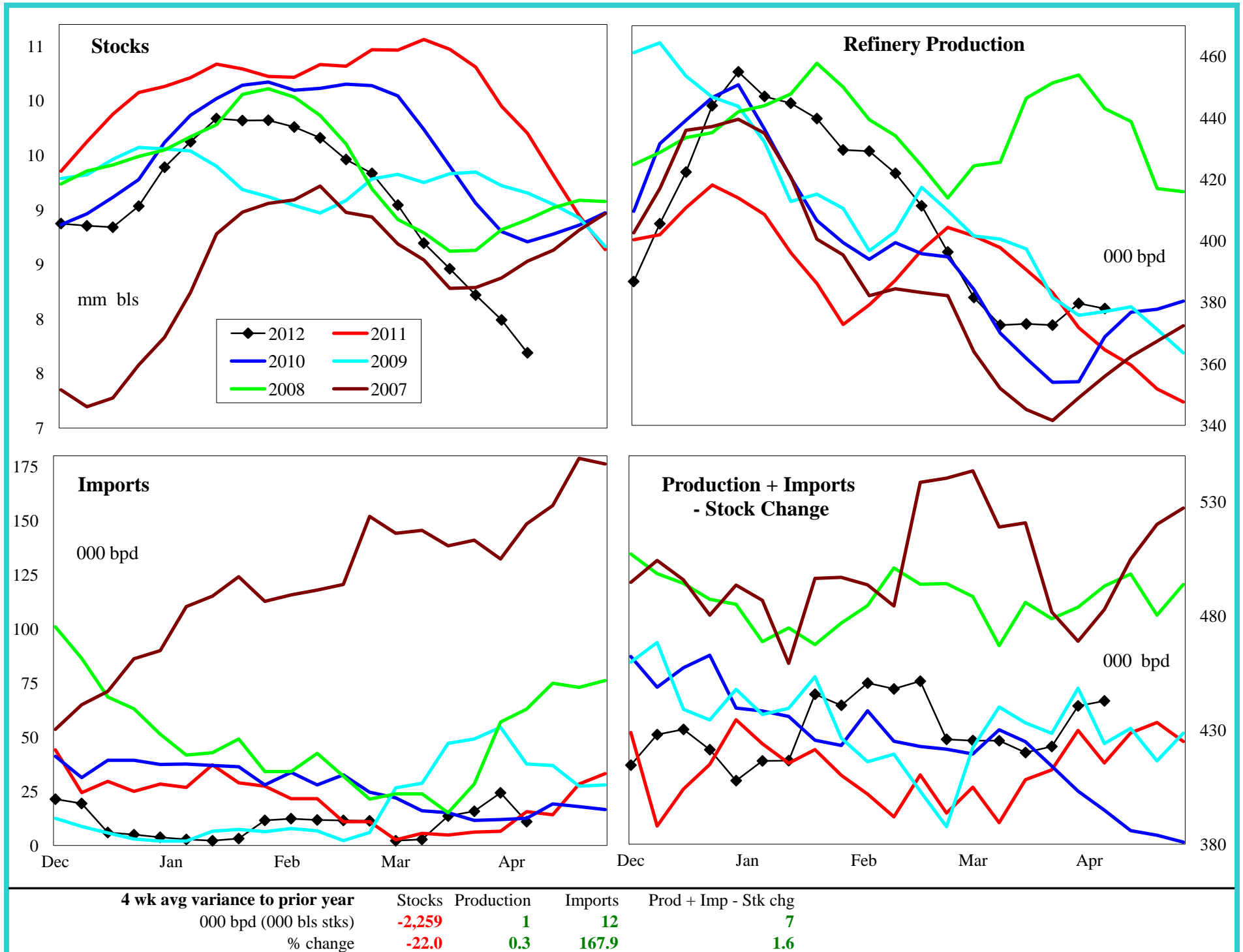
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

