



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

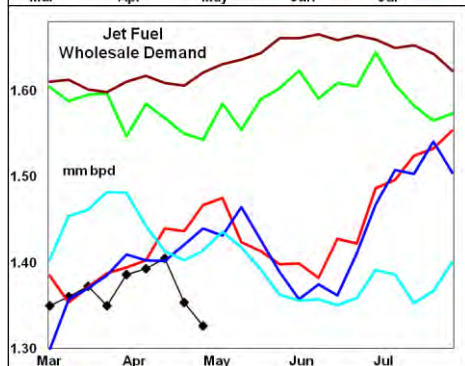
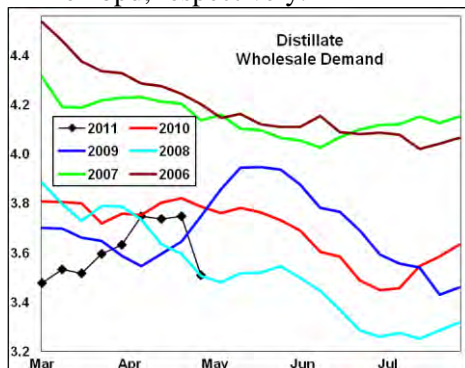
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 02, 2012

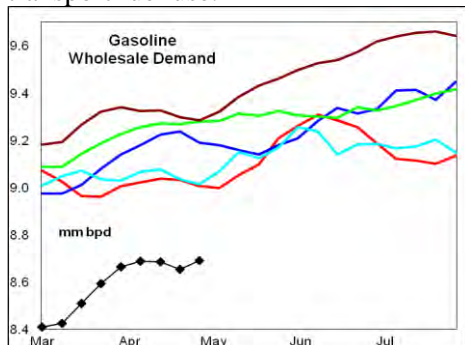


Major Fundamental Trends¹

After a robust rise during the 4-wk period ending in mid April, wholesale demand for distillate and jet fuel have seen a sharp pull back during the last 2-wks; -0.5 million bpd and -0.18 million bpd, respectively.



Gasoline demand has also seen the year-on-year decrease reach -423,000 bpd, -4.7% for the latest 4-wk period. If these trends persist, they will evidence slowing economic growth, and additional structural change in transport fuel use.

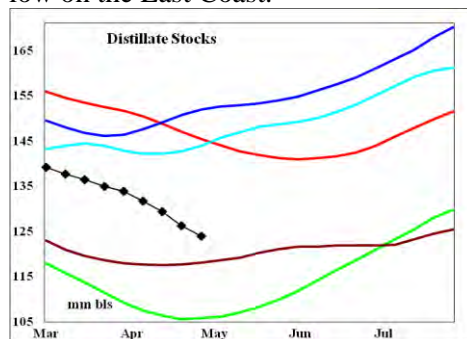


Refinery crude oil runs trended higher last week, but remain constrained by maintenance on the West and Gulf

regions. Look for crude oil runs to increase +0.8 million bpd during the next 45-days as refiners on the Gulf and West Coast return from maintenance; with potential for even higher runs as refinery expansions on the Gulf are brought online.

Crude oil imports continue at levels comparable to a year ago; however, record domestic production has lifted stock levels to new 5-year highs, and +9 million barrels above last year.

Distillate supplies continue to tighten on robust exports, extremely low imports and low year-on-year production increase. This has led to a record rate of stock draws in markets East of the Rockies. Combined production and imports are particularly low on the East Coast.



Demand for distillate fell for the 2nd consecutive week, off nearly -0.5 million bpd in 2-wks. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -4.7%; distillate down -1.6%; jet fuel down -6.2% while residual fuel oil decreased -5%.

Stocks forward coverage: Gasoline demand coverage fell last week due to a -2 million barrel stock draw. Coverage levels matched previous 5-year highs.

Distillate demand coverage decreased on a -1.9 million barrel stock draw. Coverage levels were below the last 3-years.

Jet fuel coverage levels increased on a +0.1 million barrel stock build and extremely weak demand. Coverage levels ended the week above two of the last 3-years.

Refinery utilization rates increased on a +230,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was +434,000 bpd above a year ago.

Gasoline yield % on crude oil runs decreased on a -3,000 bpd drop in output compared to the +230,000 bpd rise in crude oil runs. Yield % on crude oil runs fell below four of the last 5-years.

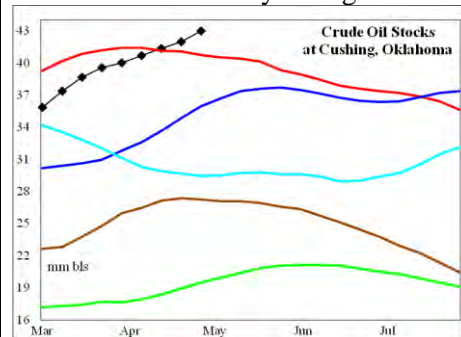
Distillate yield % on crude oil runs fell on a -66,000 bpd drop in production, compared to the increase in crude oil runs. The yield % fell below the 5-year mid range.

Jet fuel yield % on crude oil runs decreased on a -23,000 bpd decline in production compared to the increase crude oil runs. Yield % levels matched the 5-year mid range.

Petroleum Imports of gasoline increased 154,000 bpd last week, with crude oil and other products nearly unchanged.

During the latest 4-wk period crude oil imports were +15,000 bpd above last year; distillate imports decreased -83,000 bpd; finished gasoline imports decreased -102,000 bpd, gasoline blend stock imports declined -241,000 bpd; jet fuel imports were -50,000 bpd lower, while residual fuel oil imports fell -244,000 bpd.

Crude Oil stocks increased +2.8 million barrels last week, with increases in all regions except the East Coast. U.S. stock levels reached new 5-year highs last week. Stocks in Cushing increased +1.2 million barrels last week to a new 5-year high.



¹ Source is latest EIA Weekly Statistics



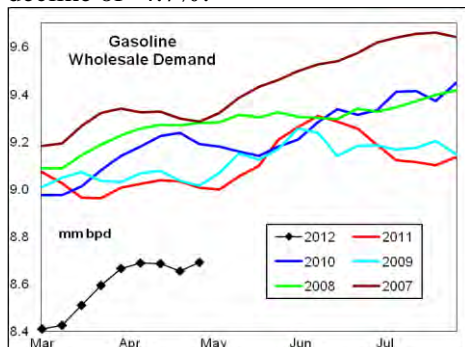
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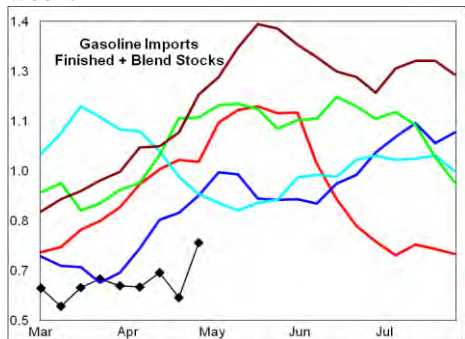
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Product Supply-Demand Trends

Gasoline demand increased +196,000 bpd last week, although the level remains well below the historic range. The latest 4-wk average demand was -423,000 bpd below a year ago, a decline of -4.7%.



Production was unchanged while imports increased +154,000 bpd on the week.



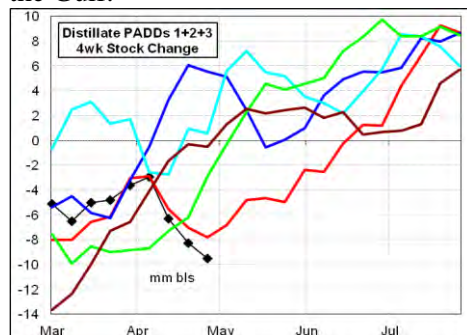
Import levels remain significantly below the historic range, which combined with reduced output led to a -2 million barrel stock draw last week. The latest 4-wk stock draw in markets East of the Rockies was -9.4 million barrels, a draw equal to the 5-year average.

Stock levels in the key Central Atlantic Region of PADD 1 ended the week at a level below two of the last 3-years. Risk of a supply squeeze has decreased on an upturn in imports, although modest, very weak demand and an expected increase in output as refiners return from maintenance.

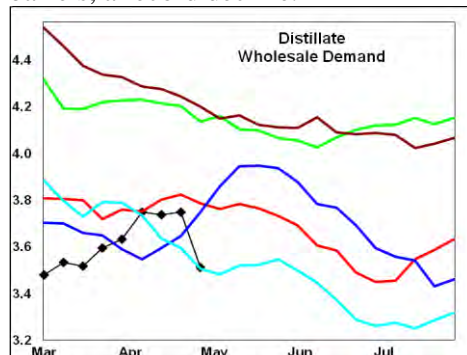
Distillate demand has collapsed nearly -0.5 million bpd during the last 2-wks; driving the latest 4-wk average back below year ago levels by -62,000 bpd.

Supplies decreased -72,000 bpd last week, driven by lower production and imports. The latest 4-wk average

supply was +52,000 bpd above a year ago. Stocks fell -1.9 million barrels with decreases in all markets except the Gulf.

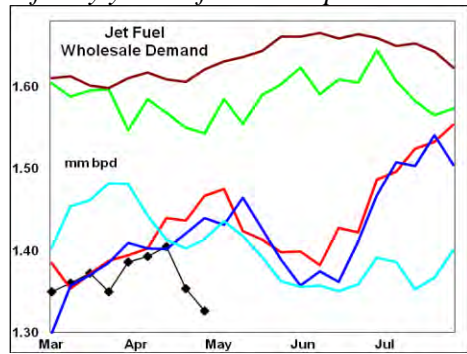


The latest 4-wk stock draw in markets East of the Rockies was -9.5 million barrels, a record decline.



Robust exports, compared to prior years, and lower production has led to the record stock draw in markets East of the Rockies; offsetting the recent sharp drop in domestic demand. East, Gulf and West Coast regional markets remain relatively tight as indicated by elevated cash basis and lower stock levels.

Look for an improving supply balance during the 2nd quarter on higher crude oil runs and record refinery yields of distillate product.



Jet Fuel demand was unchanged on the week, at a level below the 5-year

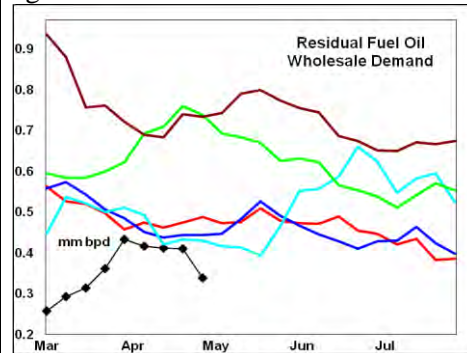
range. The latest 4-wk average demand was -90,000 bpd below a year ago.

Supply decreased -24,000 bpd on lower production. Stocks increased +0.2 million barrels last week, with the level below the mid range.

Demand has declined sharply over the past 2-wks in a counter seasonal decrease. Look for a sharp upturn during the balance of May as airlines restock ahead of higher seasonal travel.

Production remains near levels of the last 2-years. A -60% decrease in imports has pushed stock levels below the historic mid range. As refiners return from spring maintenance, look for higher production and seasonal stock builds.

Residual fuel oil demand declined -14,000 bpd last week. The latest 4-wk average was -25,000 bpd below a year ago.



Supply (production + imports) decreased -98,000 bpd last week, on lower imports and production. The latest 4-wk average supply was -222,000 bpd below last year on lower imports. Stocks decreased -0.8 million barrels, to a new record low level.

Wholesale demand remains below each of the last 3-years. Substitution of natural gas has depressed demand for residual fuel, offsetting higher economic growth.

Production levels are slightly above the last 3-years.

The key Gulf Coast market supply continued to tighten last week, falling -81,000 bpd, to record low levels for the year.



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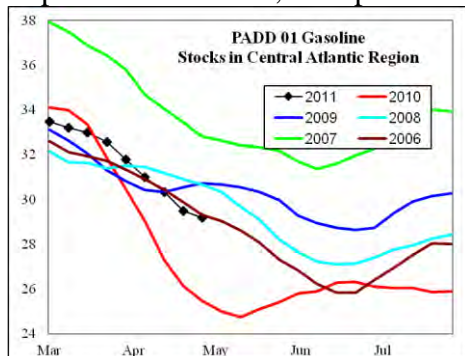
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -33,000 bpd on the week, with the latest 4-wk average +82,000 bpd above last year.

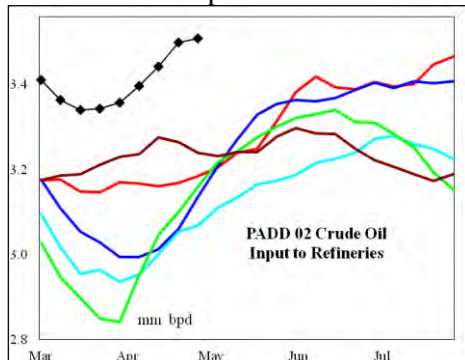
Gasoline production decreased -48,000 bpd last week, while imports climbed +99,000 bpd.



Stocks fell -0.8 million barrels on the week, to a level well below the 5-year mid range. Stock levels in the key Central Atlantic Region ended the week slightly below four of the last 5-years.

Distillate supply declined -41,000 bpd on the week, to a record low level. Stocks fell -1.6 million barrels on the week, a level -13% below last year.

Jet fuel combined production and imports for the latest 4-wk period were -90,000 bpd below last year and at 5-year lows. Stocks plunged -0.9 million barrels on the week, to a record low level for the period.



PADD 2 crude oil refinery runs increased +4,000 bpd on the week, with the 4-wk average +292,000 bpd above last year. Crude oil imports fell -0.4 million bpd last week, to a still above the 5-year range. Stocks increased +1 million barrels to a level -

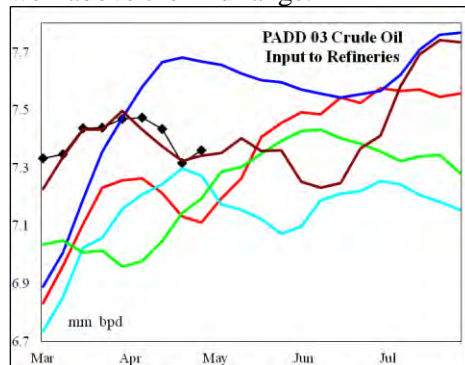
0.6% below last years' record high.

Gasoline production increased +147,000 bpd last week, a level that matched 3-year highs. Stocks fell -1.7 million barrels, to a level above the mid range.

Distillate production decreased -68,000 bpd on the week, but remains +127,000 bpd above a year ago and above the 5-year range. Stocks decreased -0.3 million barrels, to a level above four of the last five years.

Jet fuel production decreased -11,000 bpd on the week, but the level remains well above the 5-year range. Stocks ended the week at a level which matched 5-year highs for the period.

PADD 3 refinery runs increased +50,000 bpd last week, a level above the mid range. The latest 4-wk average thru put was +199,000 bpd above last year. Crude oil imports fell -0.4 million bpd, a new record low. Stocks extended the seasonal build, rising +1.6 million barrels to a level well above the mid range.



Gasoline production fell -155,000 bpd last week, a level -228,000 bpd below a year ago. Stocks climbed +1.6 million barrels last week, a level above the historic mid range.

Distillate production increased +36,000 bpd on the week, with the latest 4-wk average +61,000 bpd above last year and above the 5-year range. Stocks increased +0.6 million barrels but remain at a level near -30% below a year ago.

Jet fuel production increased +28,000 bpd last week, a level well above the mid range. Stocks increased +0.9 million barrels to a level above

four of the last 4-years.

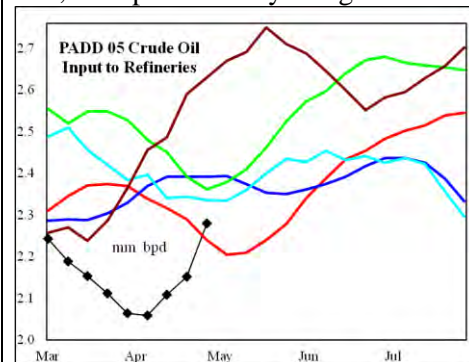
Residual fuel oil supplies declined -82,000 bpd on the week, driven by lower production and imports. Production fell below the mid range. Stock levels ended the week below the last 2-years.

PADD 4 refinery crude runs were unchanged on the week, a level above the mid range. The most recent 4-wk average run rate was +50,000 above a year ago.

Gasoline production increased +9,000 bpd to a level below the mid range. Stocks decreased -0.1 million barrels, with the level comparable to the last 2-years.


Distillate production decreased -10,000 bpd on the week, with the level below the mid range. Stock levels were +10% above last year and above the historic range for the period.

PADD 5 crude oil refinery runs increased +172,000 bpd last week, matching year ago levels. Runs for the most recent 4-wk period were -188,000 bpd below a year ago.



Gasoline production increased +26,000 bpd on the week to a level matching the historic mid range. Supply (production + imports) for the latest 4-wk average was unchanged compared to last year. Stocks fell -1.1 million barrels, to a level near historic lows.

Distillate supply was unchanged on the week, but still at a level well below the historic range. Stocks decreased -0.4 million barrels, a 5-year low for the period.



FUNDAMENTAL

PETROLEUM TRENDS

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PETROLEUM: Graph Link and Weekly Summary

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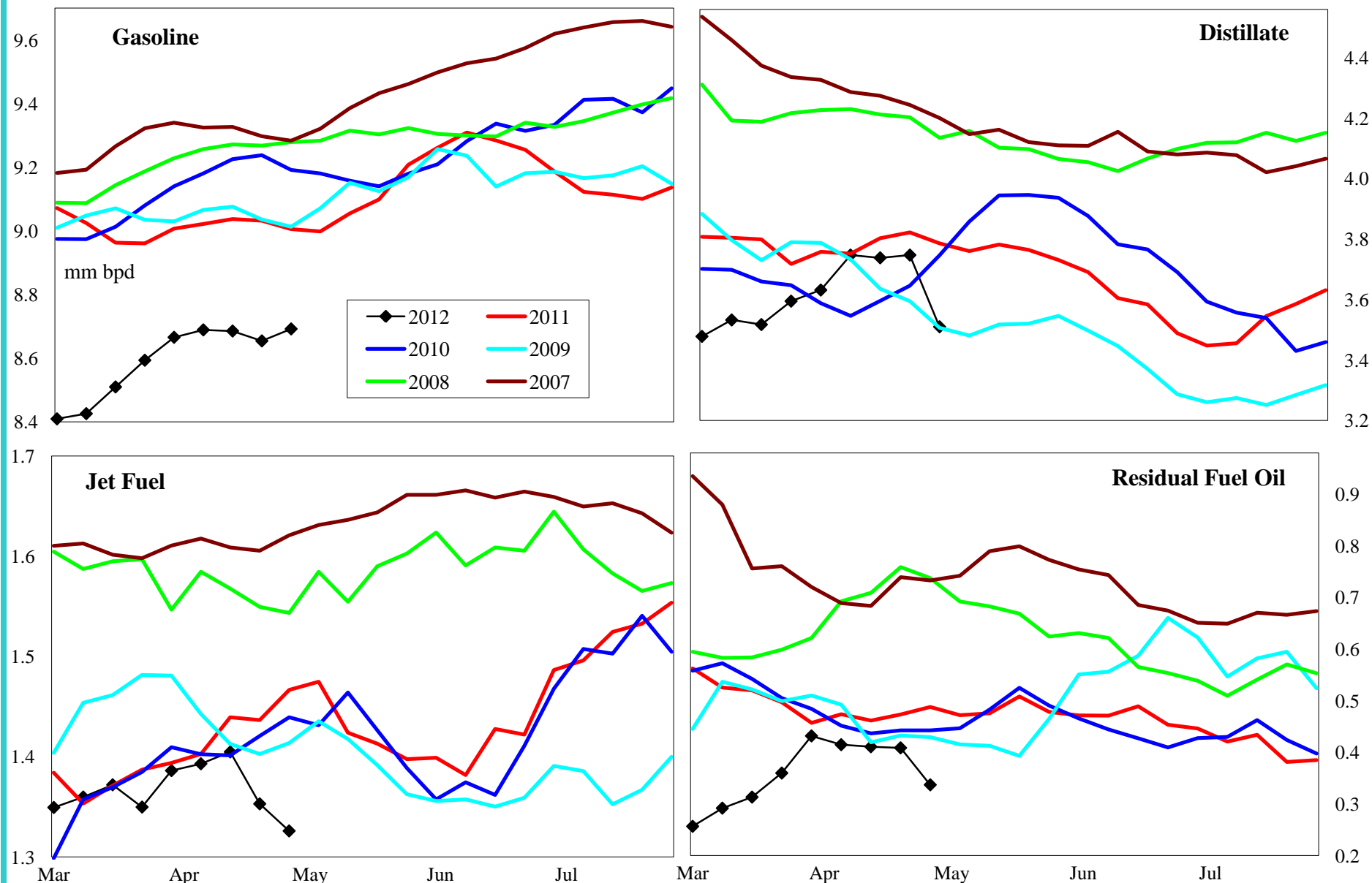
May 2, 2012

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	27-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	2,840	-278	970	1,556	190	403
	Imports	56	84	-406	-443	-53	873
	Input	230	-33	40	50	1	172
	% Utilization	1.30					
Gasoline	Stocks	-2,009	-845	-1,654	1,627	-81	-1,056
	Production	-3	-48	147	-155	9	26
	Imports	154	99	1	54	0	0
	Supplied	196					
Distillate	Stocks	-1,903	-1,640	-317	647	-209	-385
	Production	-66	-31	-68	36	-10	7
	Imports	-16	-10	0	0	0	-6
	Supplied	-246					
Jet Fuel	Stocks	156	-940	41	861	48	144
	Production	-23	-12	-11	28	-8	-20
	Imports	-1	0	0	0	0	0
	Supplied	0					
Residual Fuel Oil	Stocks	-762	-661	93	180	25	-400
	Production	-19	4	2	-53	7	23
	Imports	-79	-76	-1	-29	0	27
	Supplied	-14					

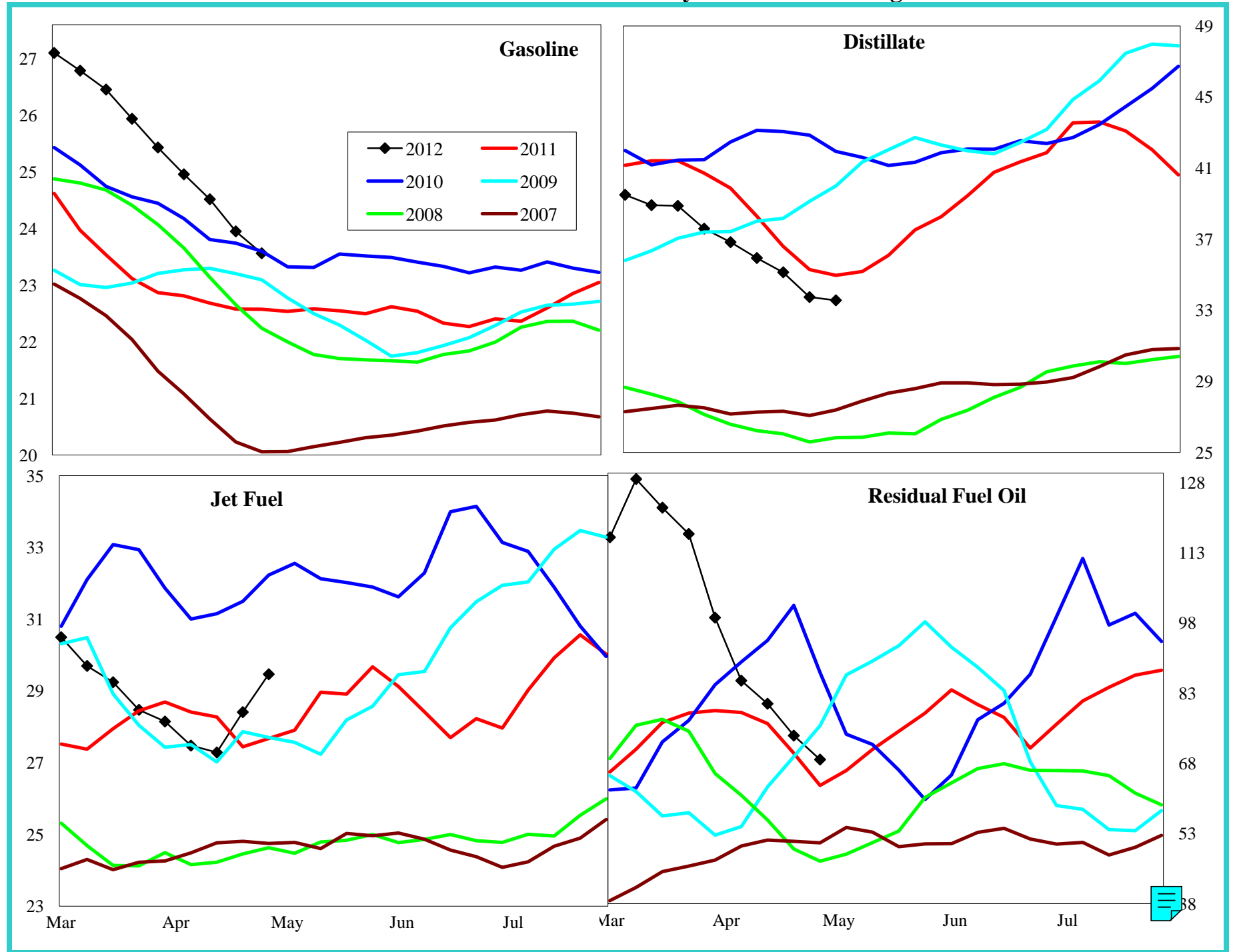
United States Wholesale Petroleum Demand



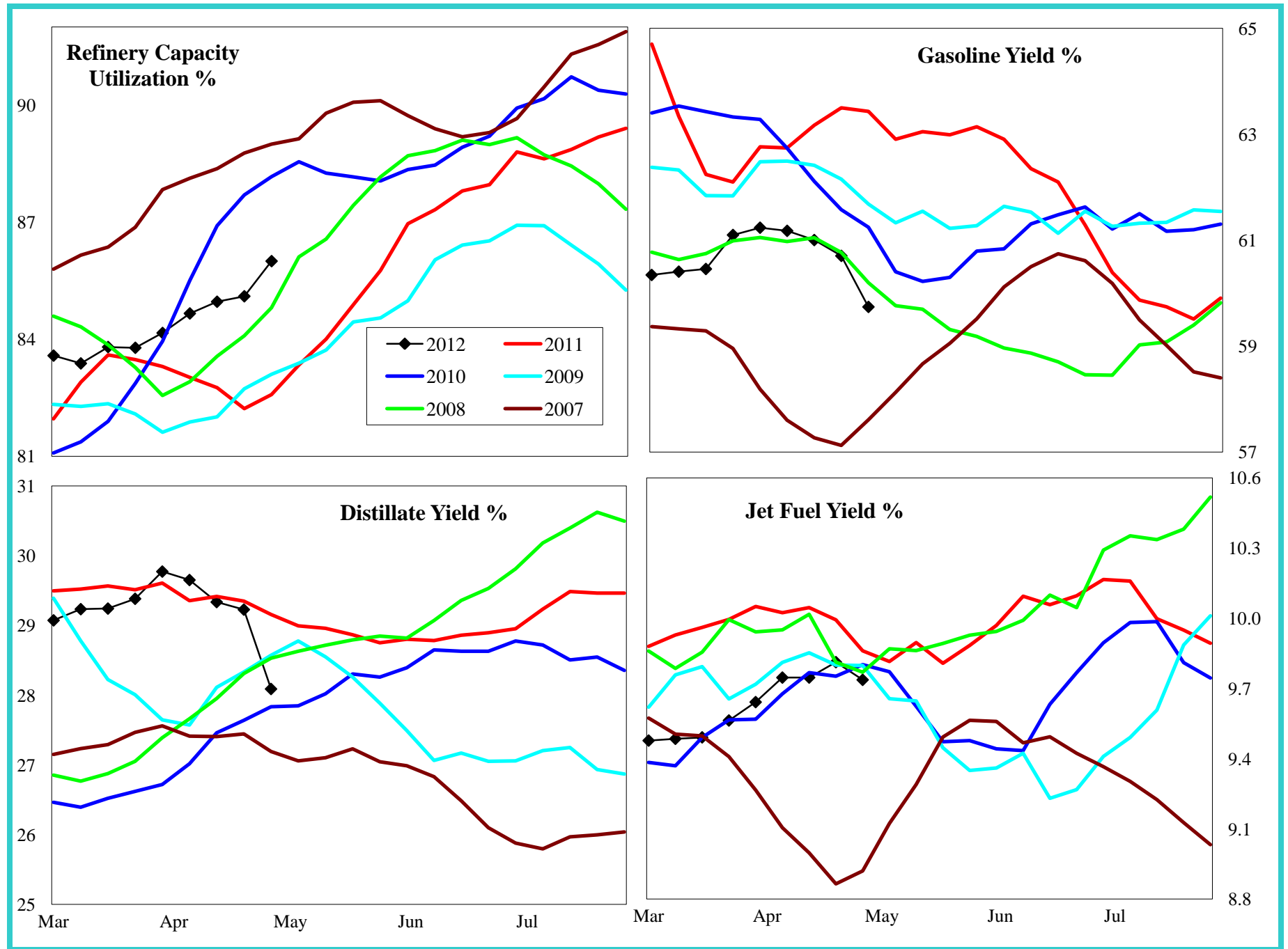
	000 bpd change from prior year				% change from prior year			
	4wk avg	Mar	Feb	Jan	4wk avg	Mar	Feb	Jan
Gasoline	-423	-178	-293	-225	-4.7	-2.0	-3.4	-2.7
Distillate	-62	-432	-283	-157	-1.6	-10.8	-7.3	-4.0
Jet Fuel	-90	-59	52	-42	-6.2	-4.2	3.9	-3.1
Resid	-25	-179	-258	-203	-5.0	-32.7	-41.1	-32.6



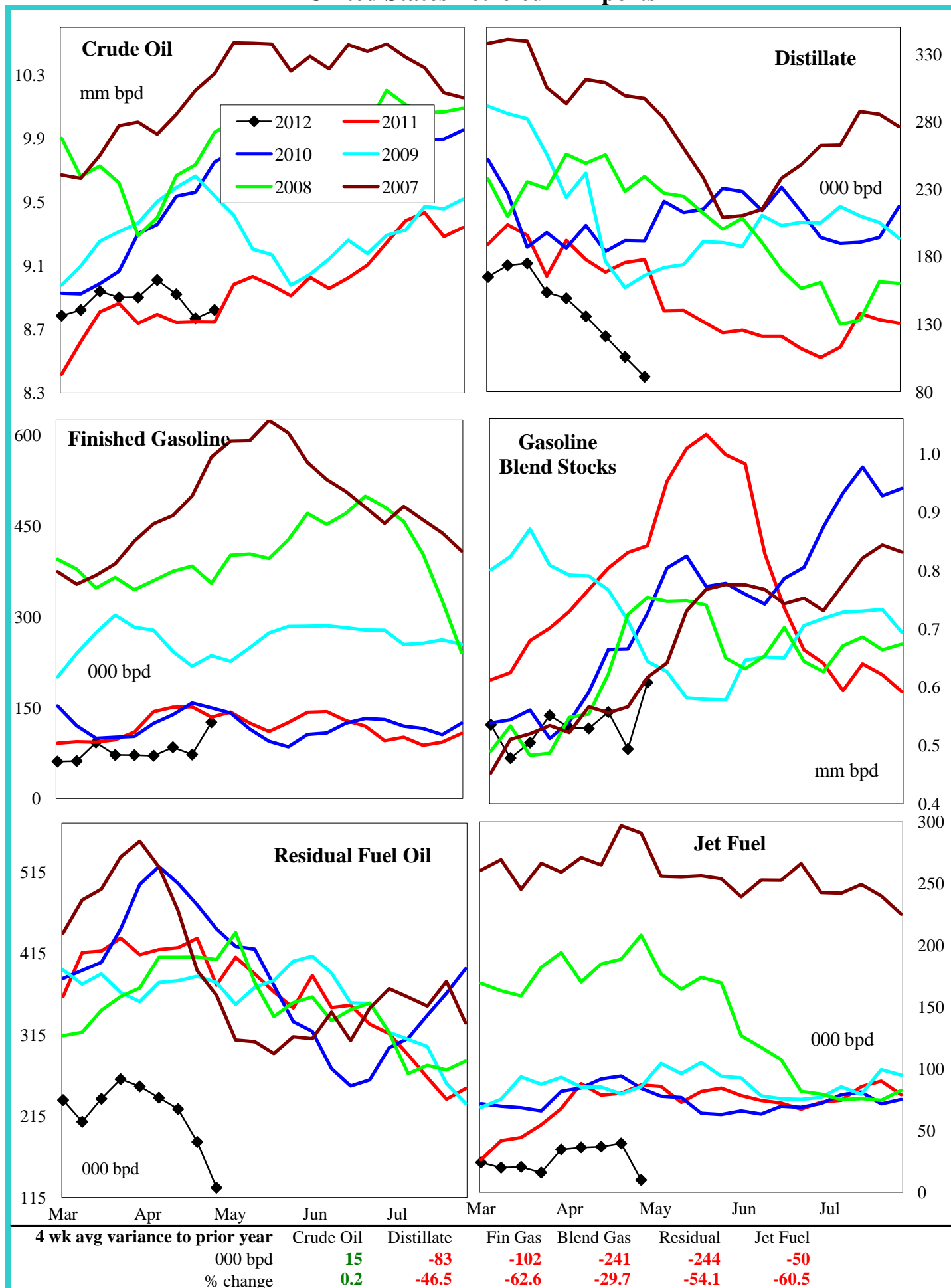
United States Product Stocks: Days Forward Coverage



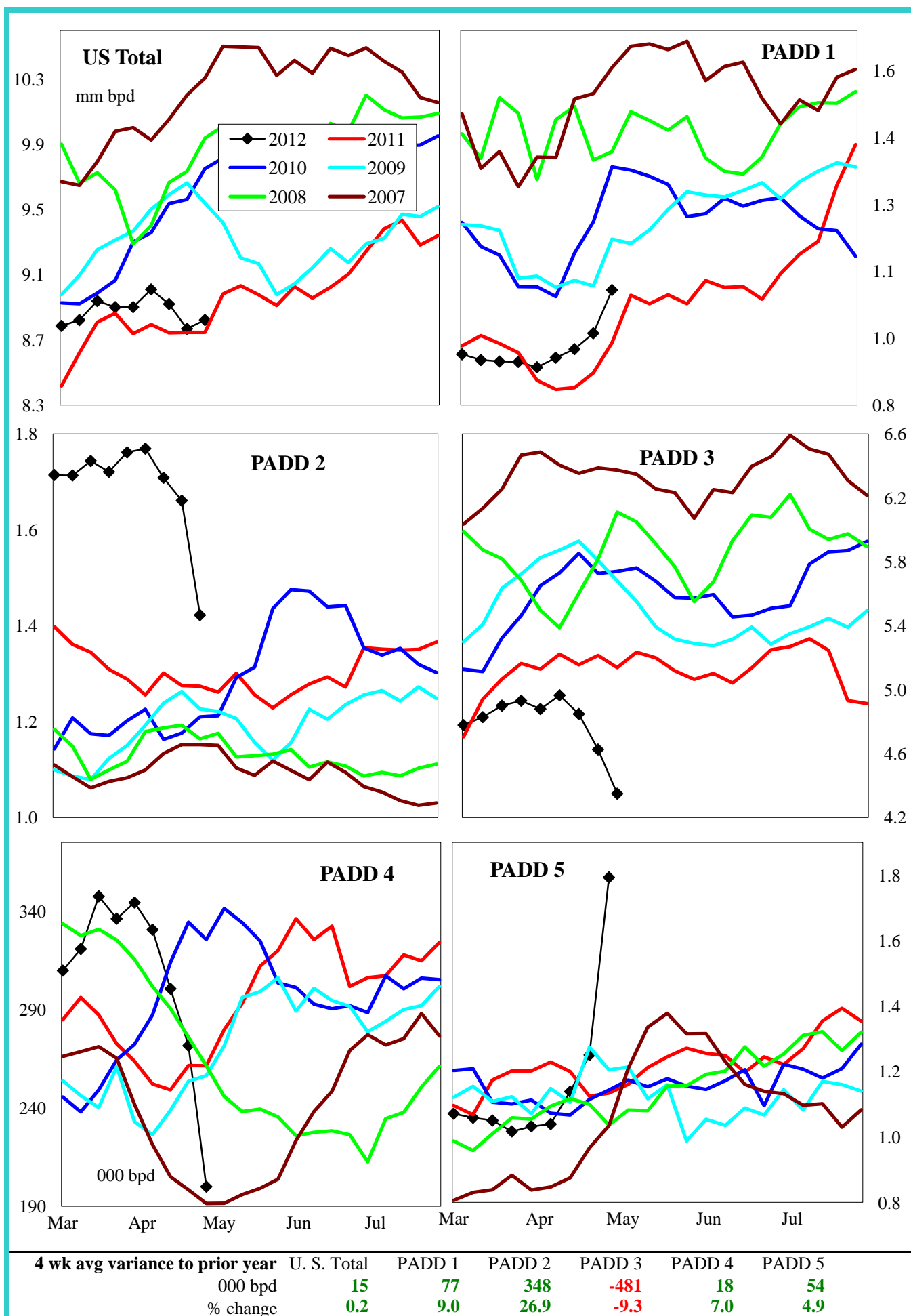
United States Refinery Percent Utilization Rate and Product Yields



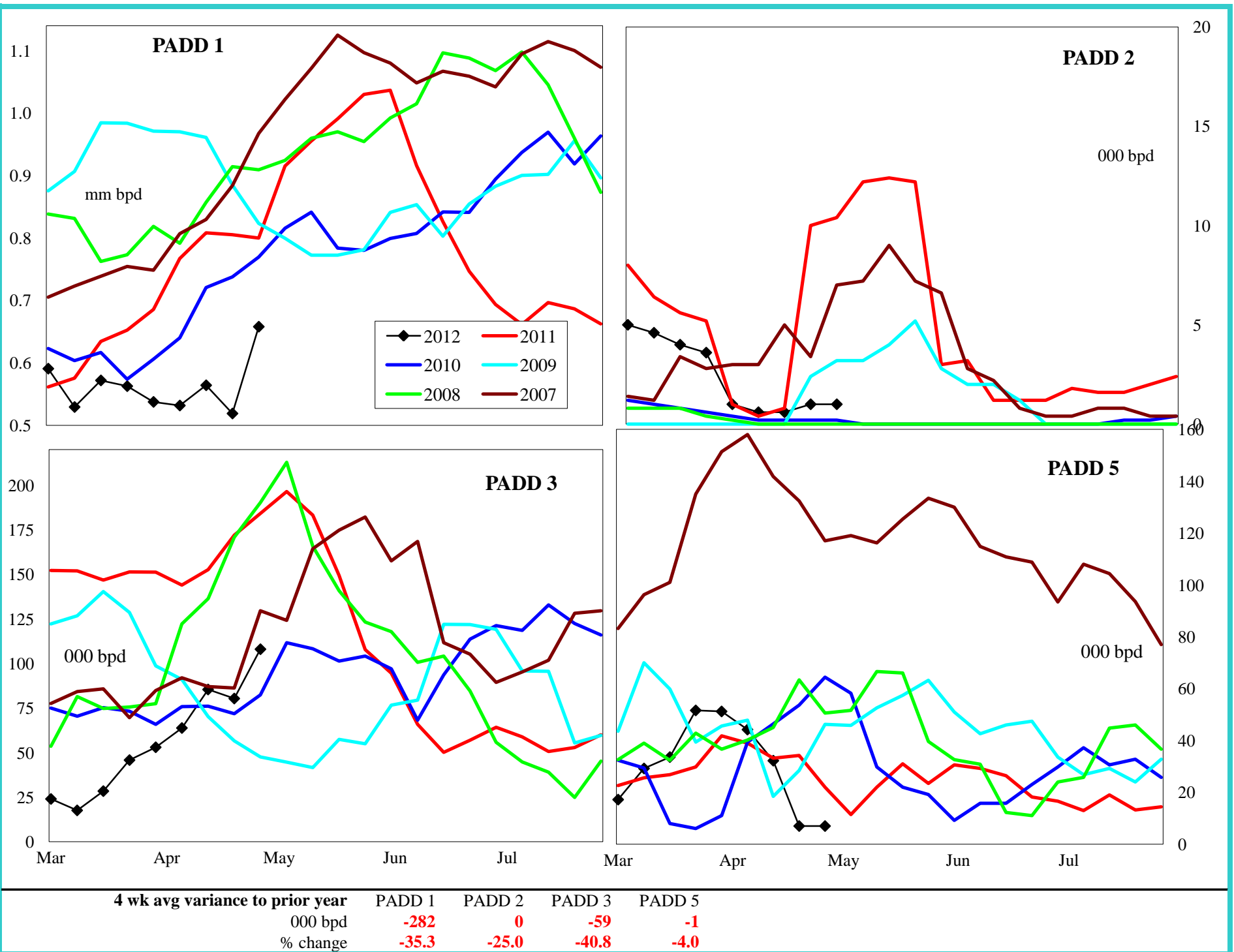
United States Petroleum Imports



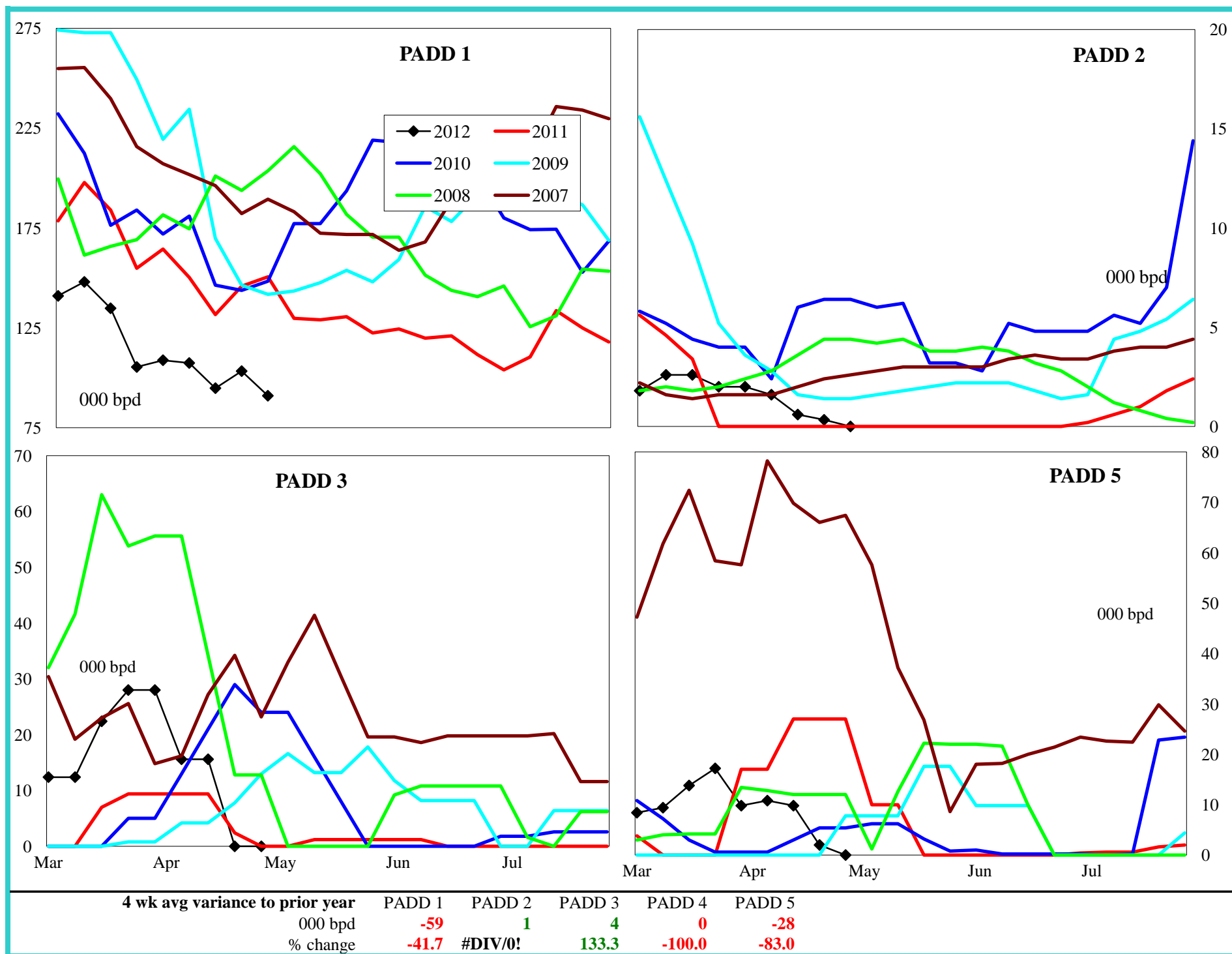
Crude Oil Imports by PADD



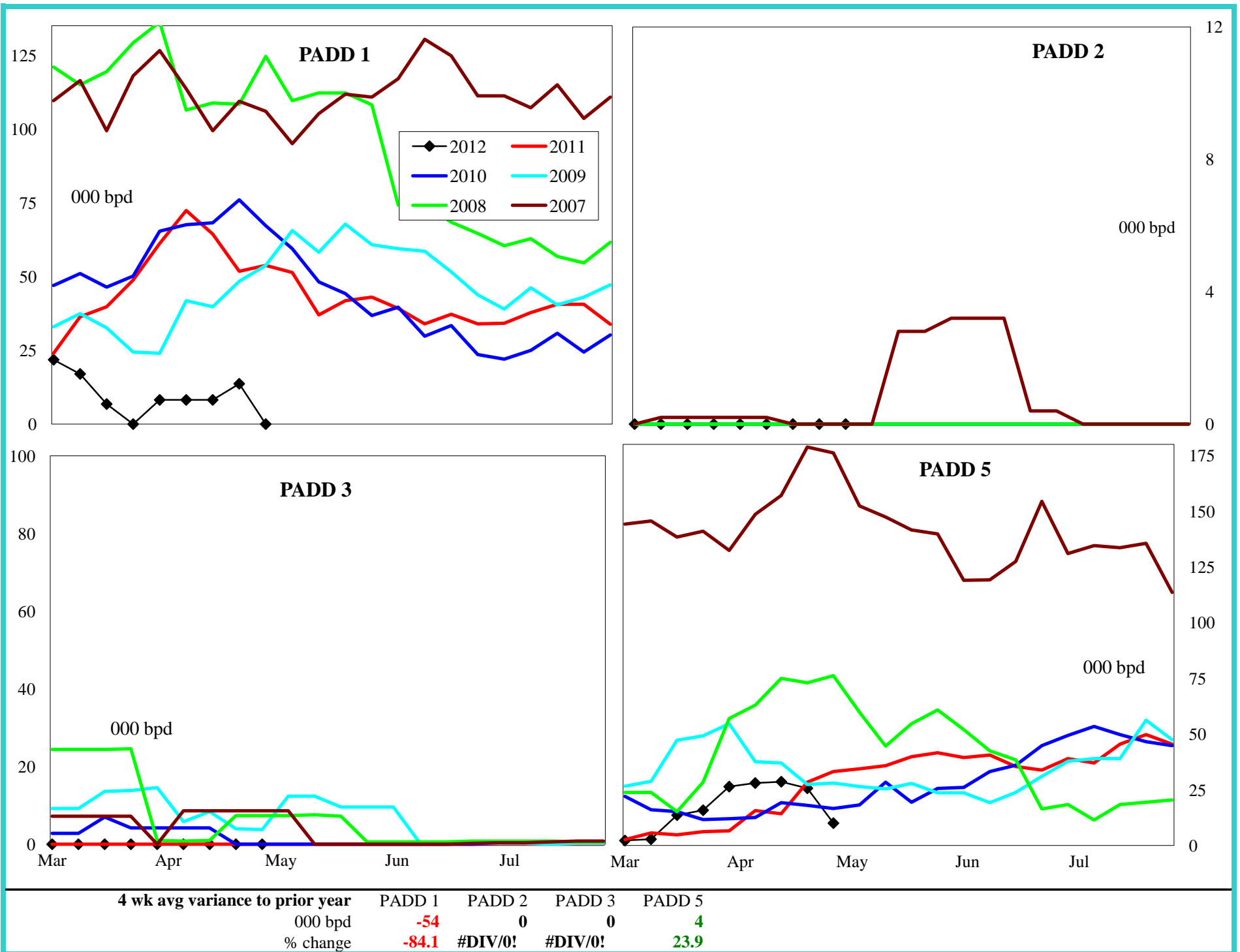
Gasoline Imports by PADD (Finished + Blend Stocks)



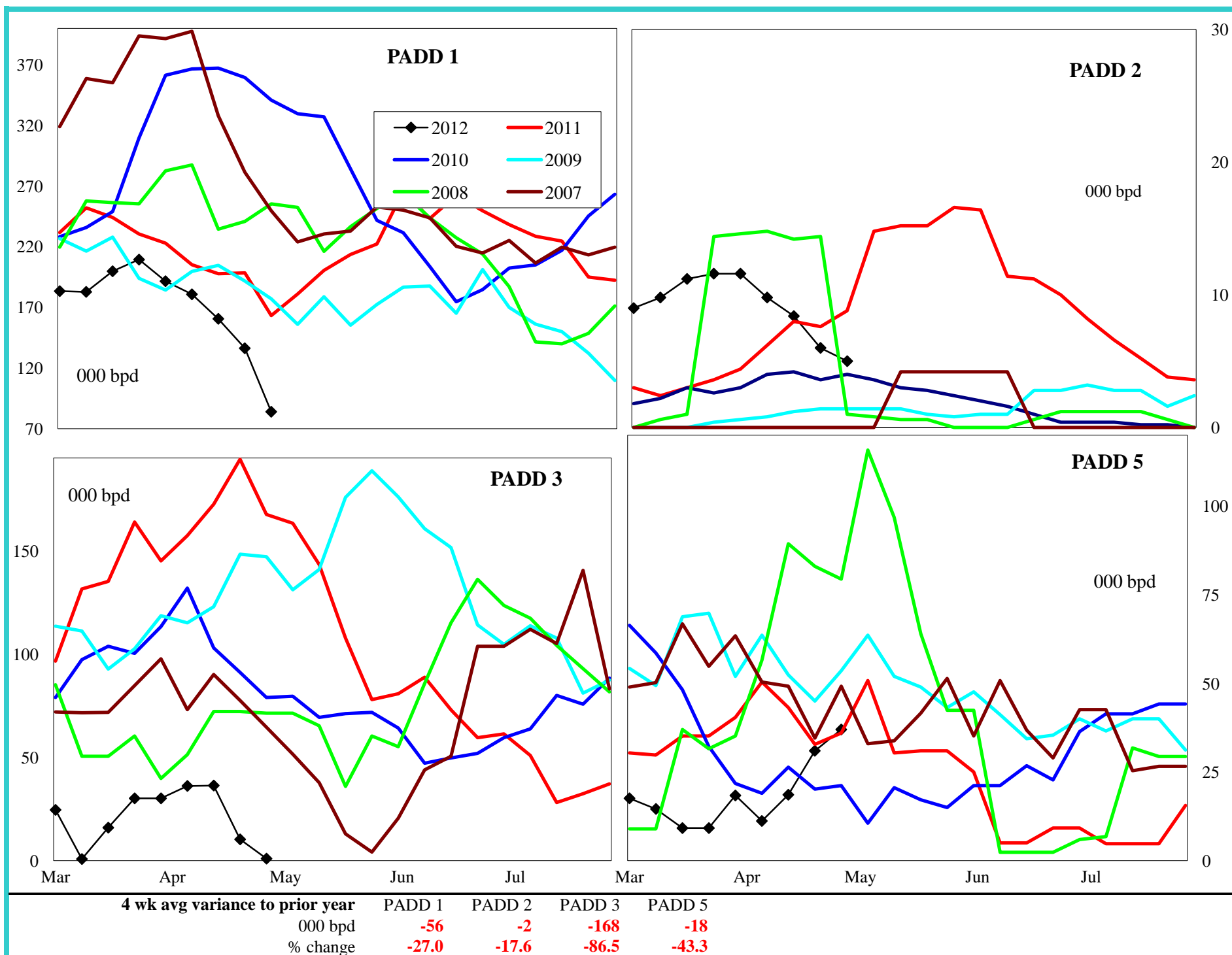
Distillate Imports by PADD



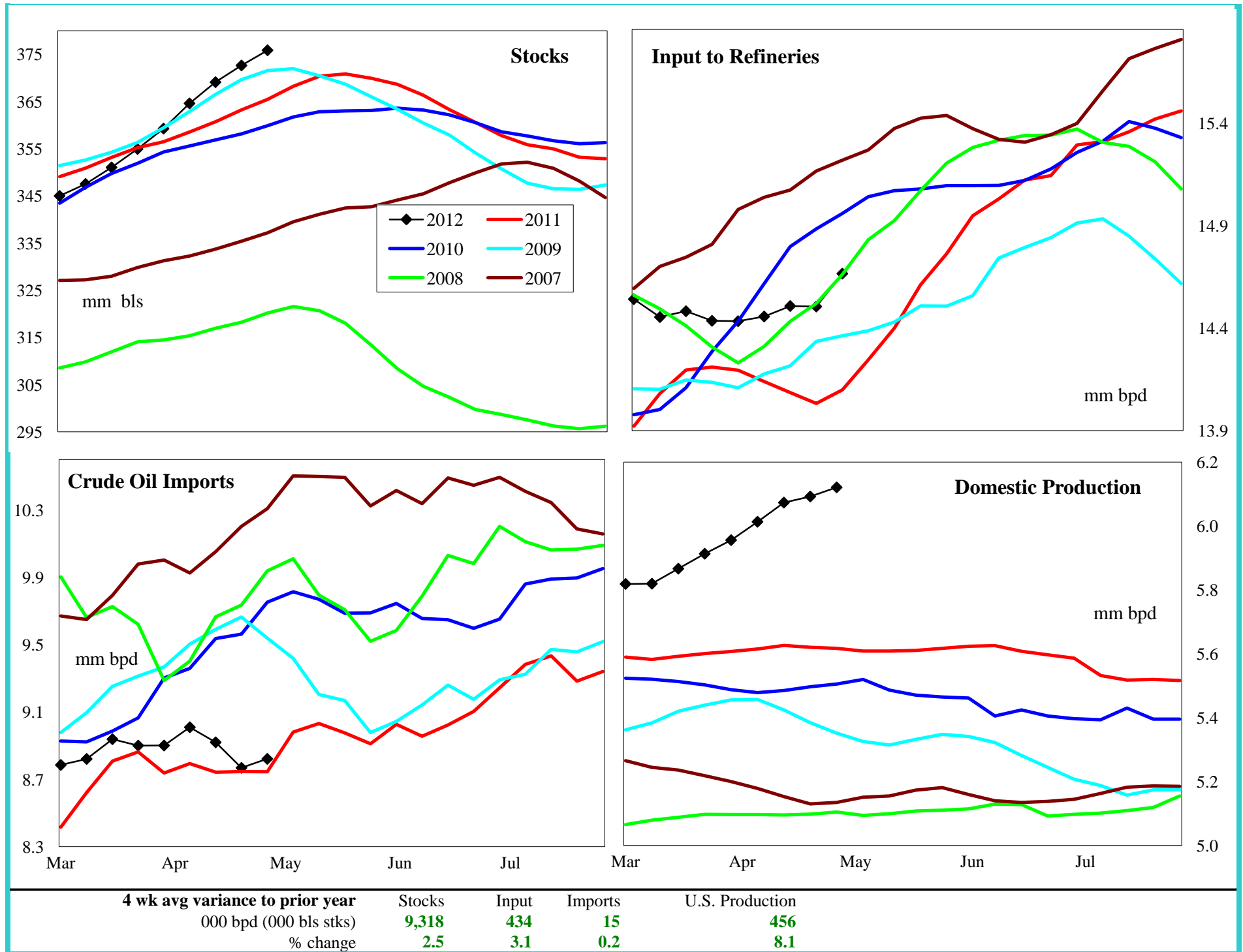
Jet Fuel Imports by PADD



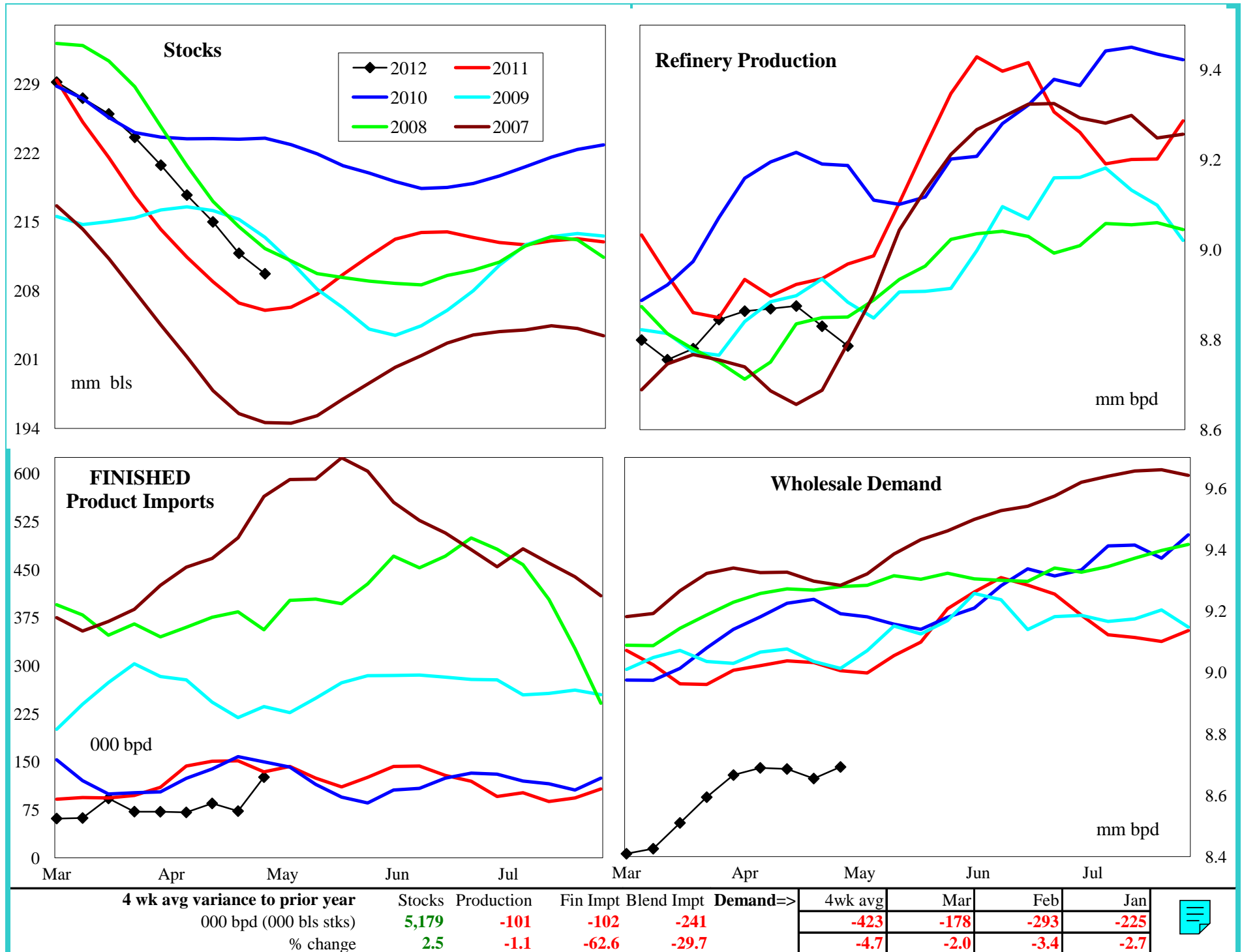
Residual Fuel Oil Imports by PADD



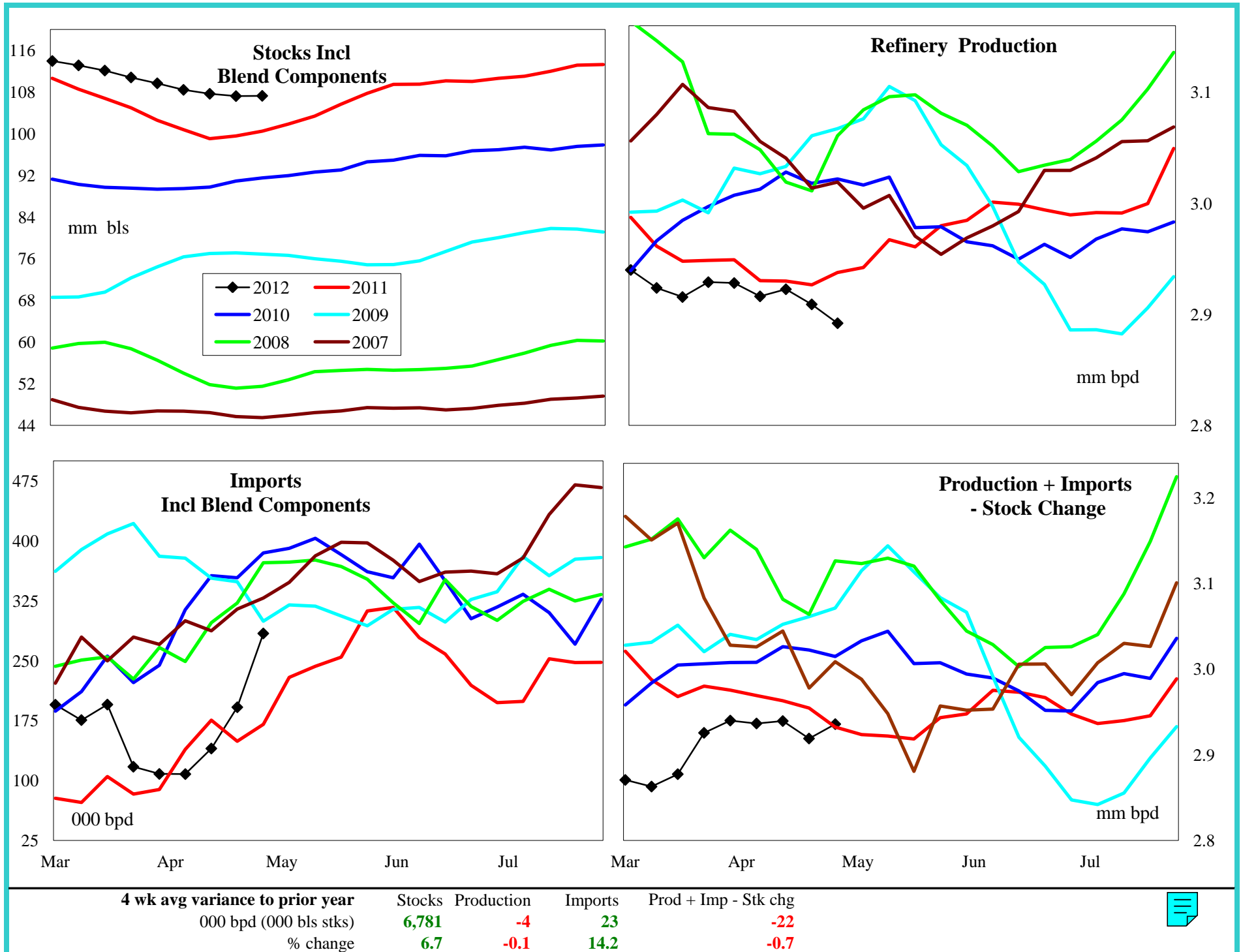
United States Crude Oil Supply and Demand Balance



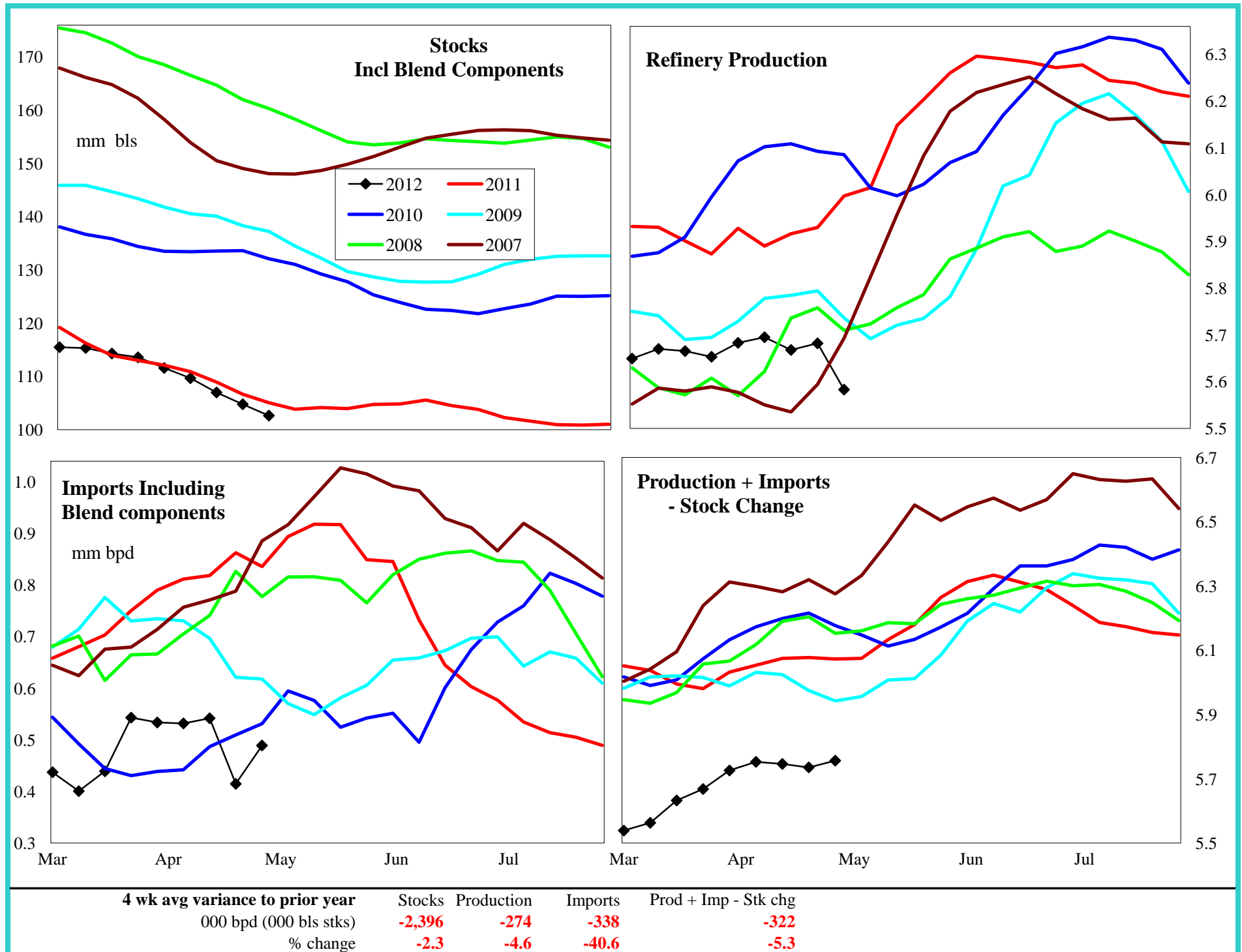
United States Gasoline Supply and Demand Balance



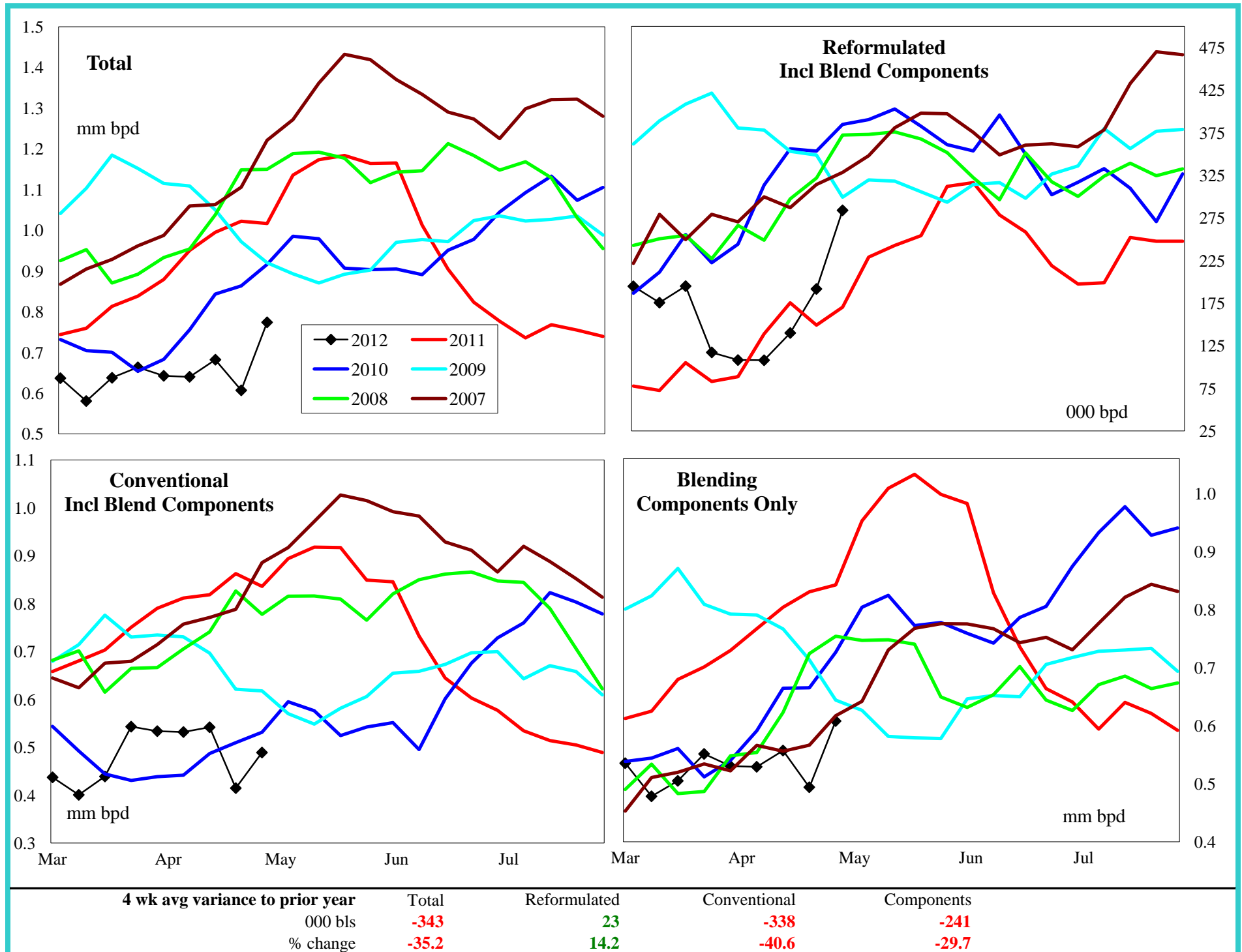
United States Reformulated Gasoline Supply



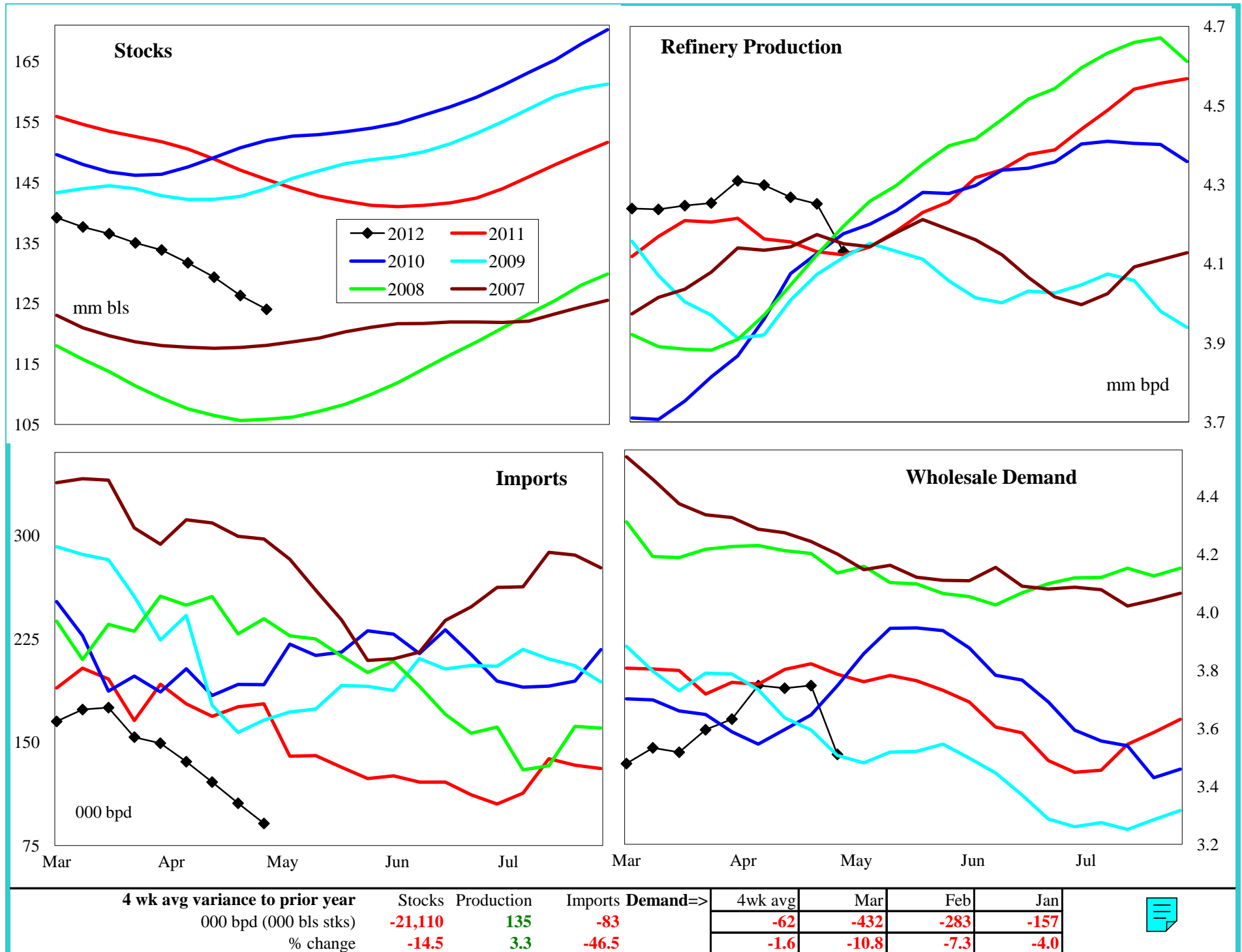
United States Conventional Gasoline Supply



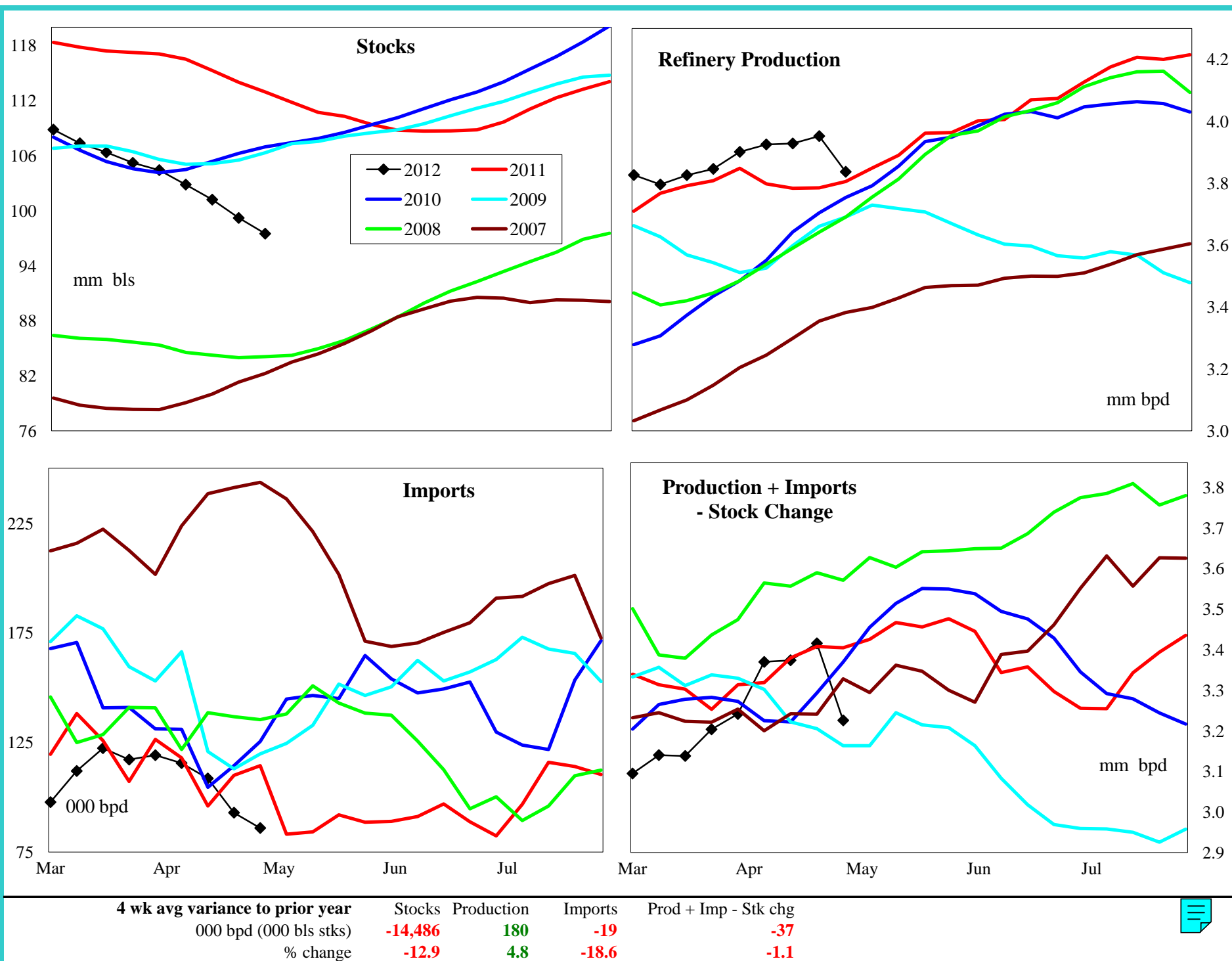
United States Gasoline Imports by Type



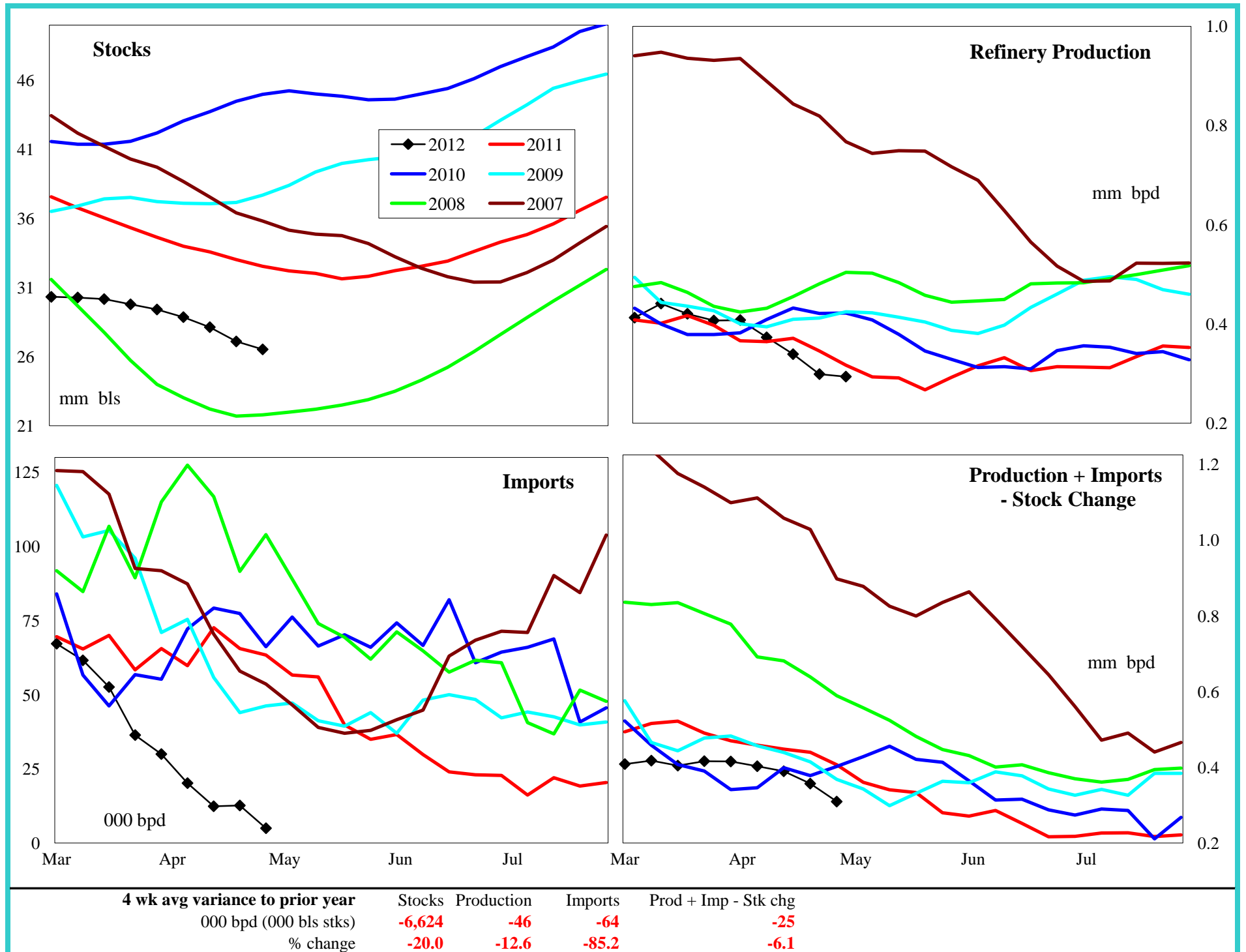
United States Distillate Supply and Demand Balance



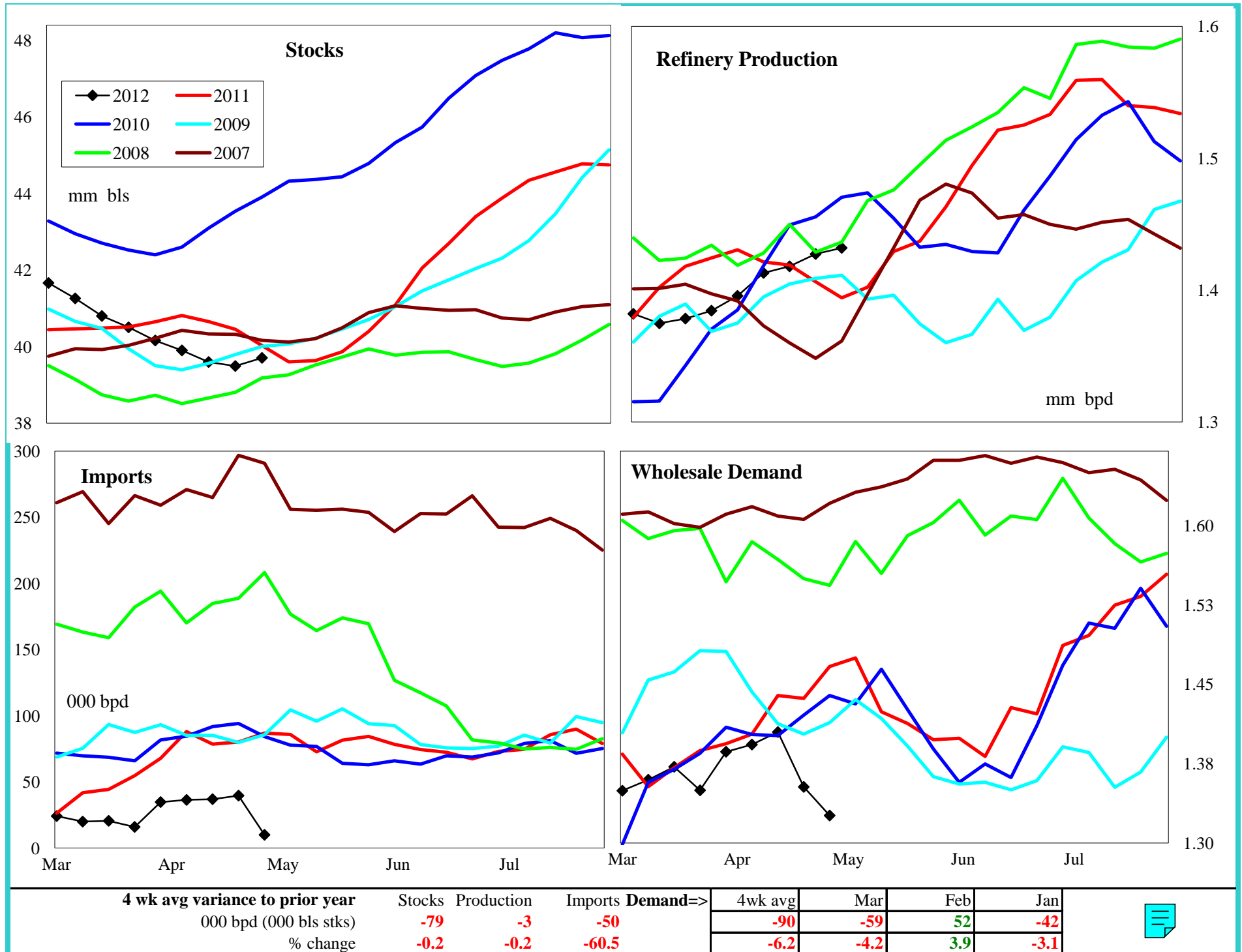
United States Low Sulfur Distillate Supply



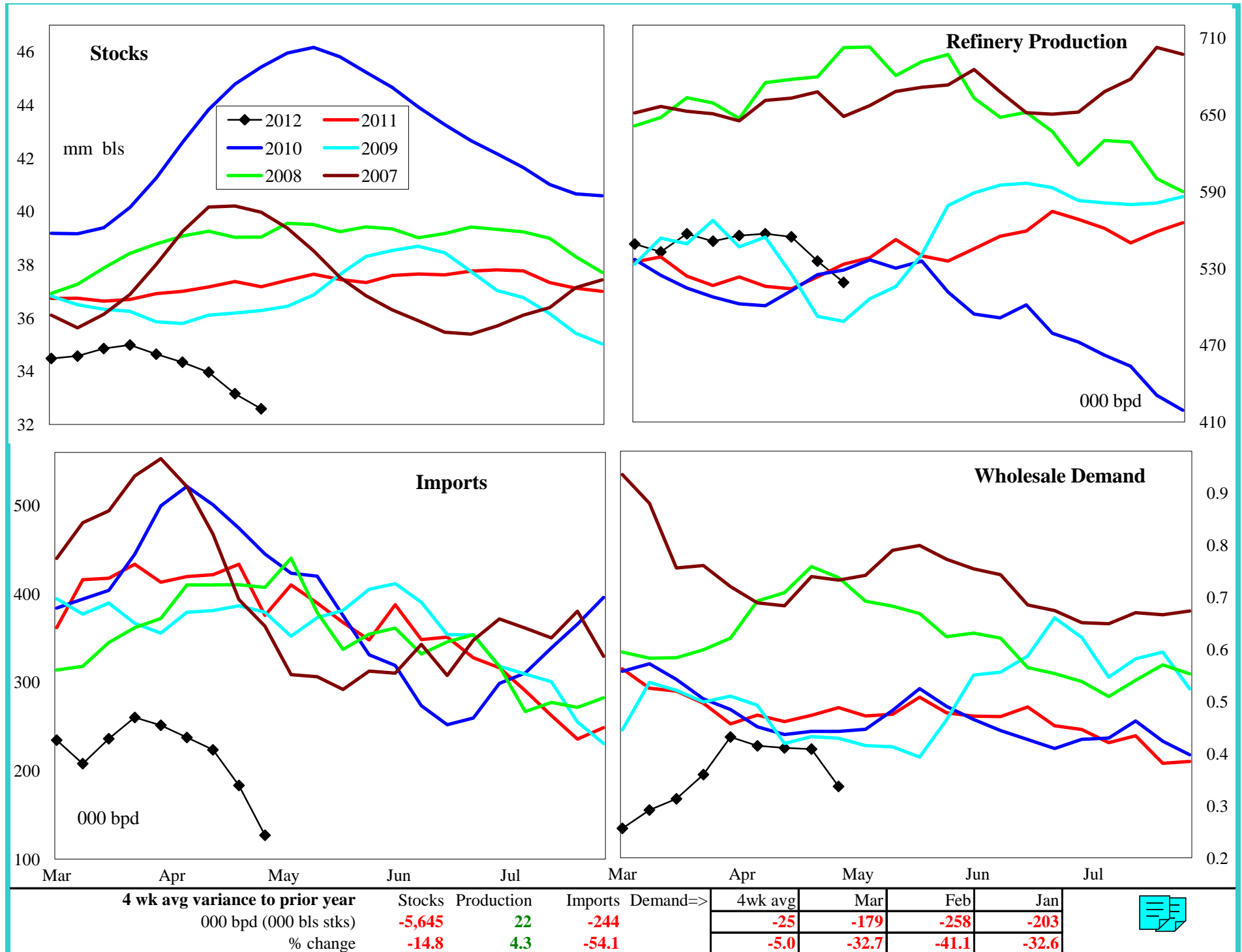
United States High Sulfur Distillate Supply



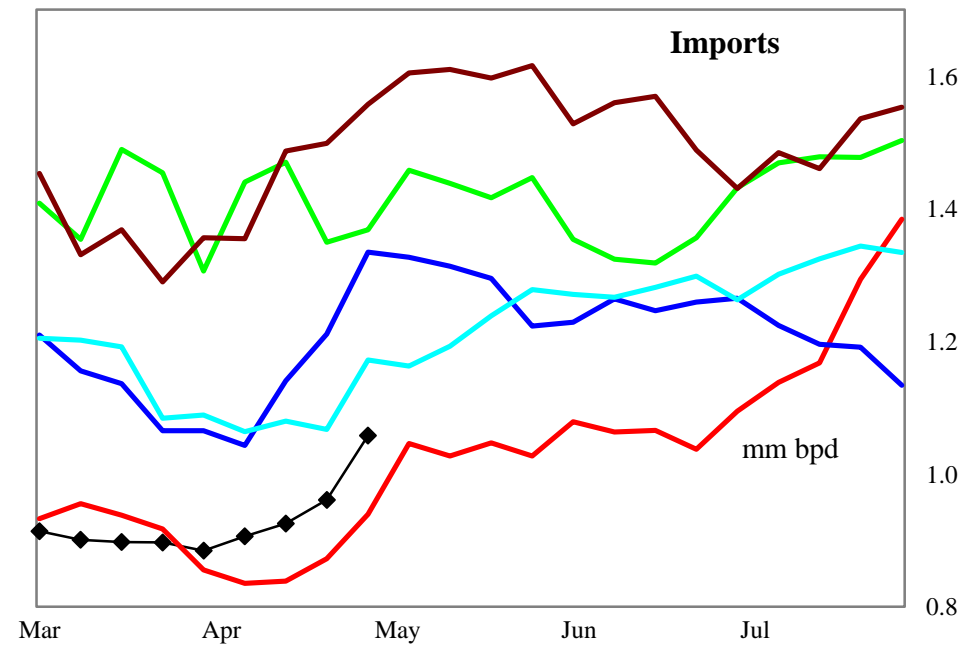
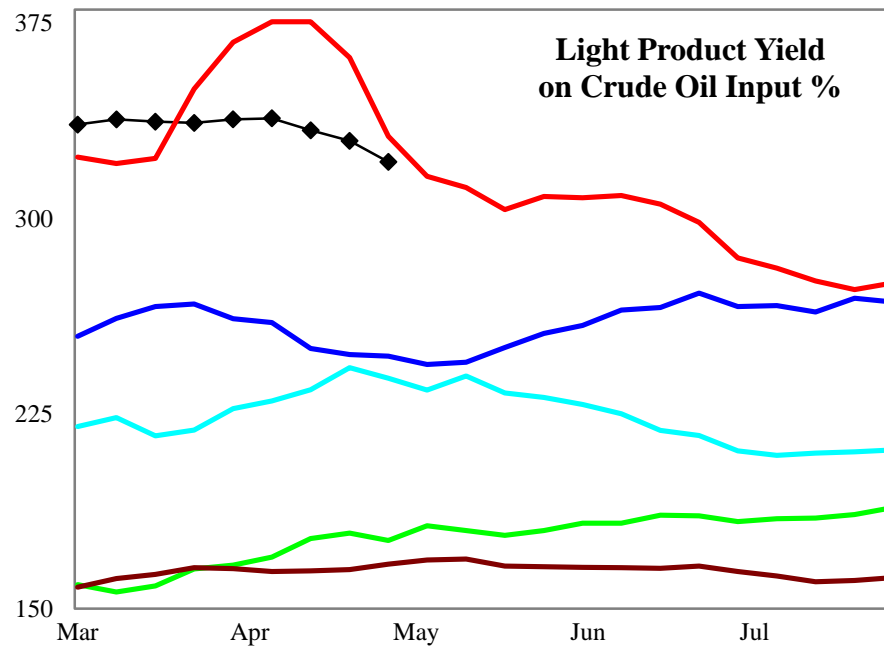
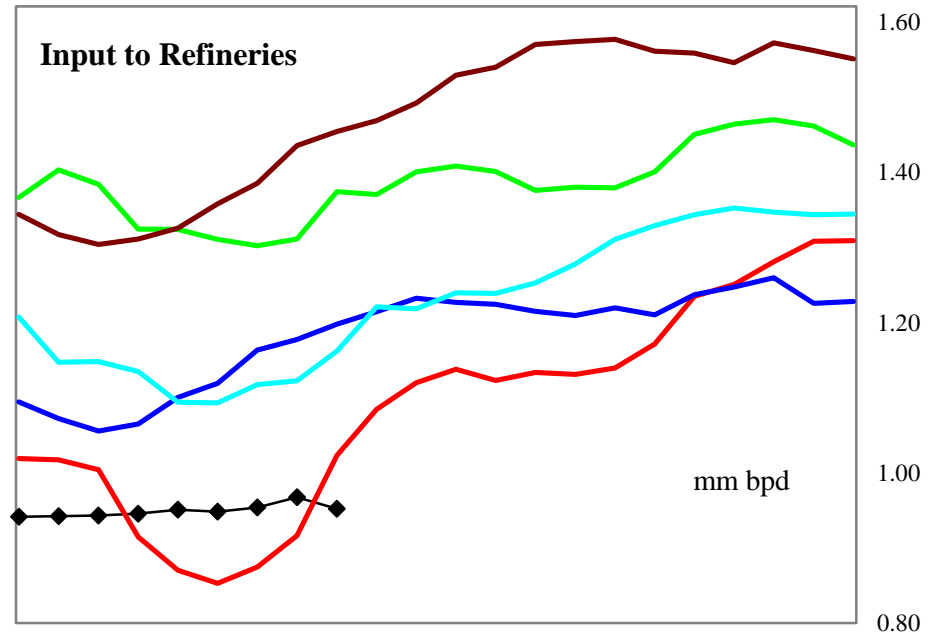
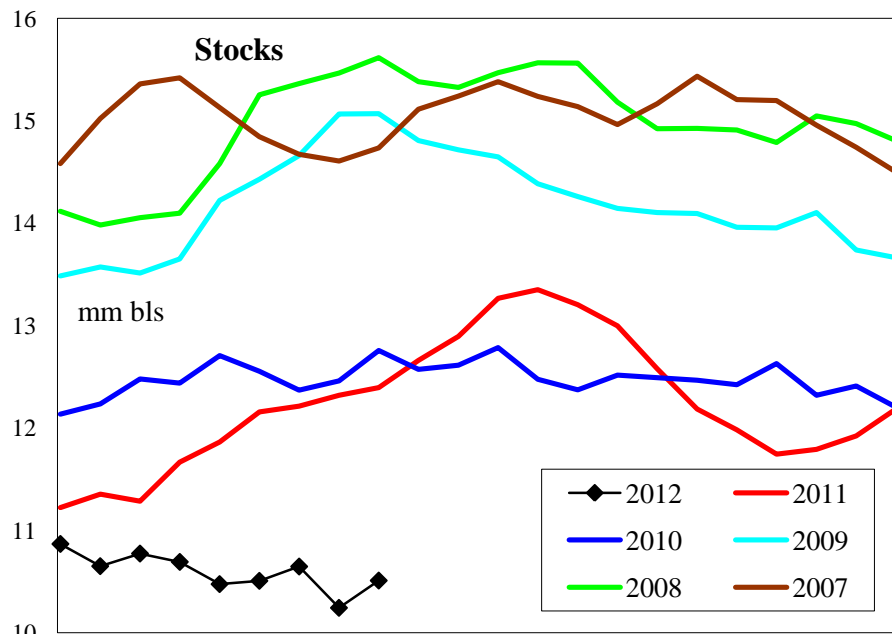
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

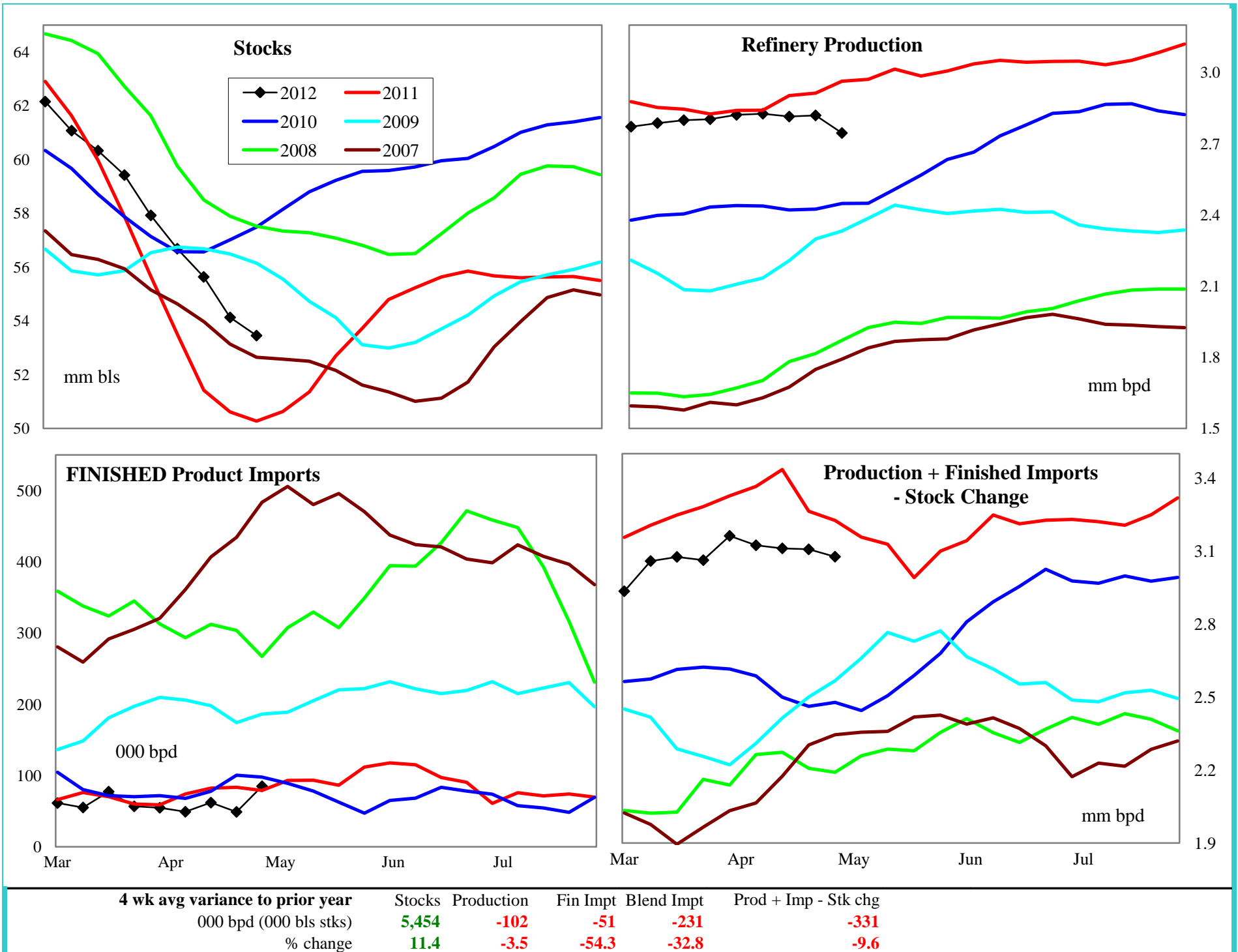


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

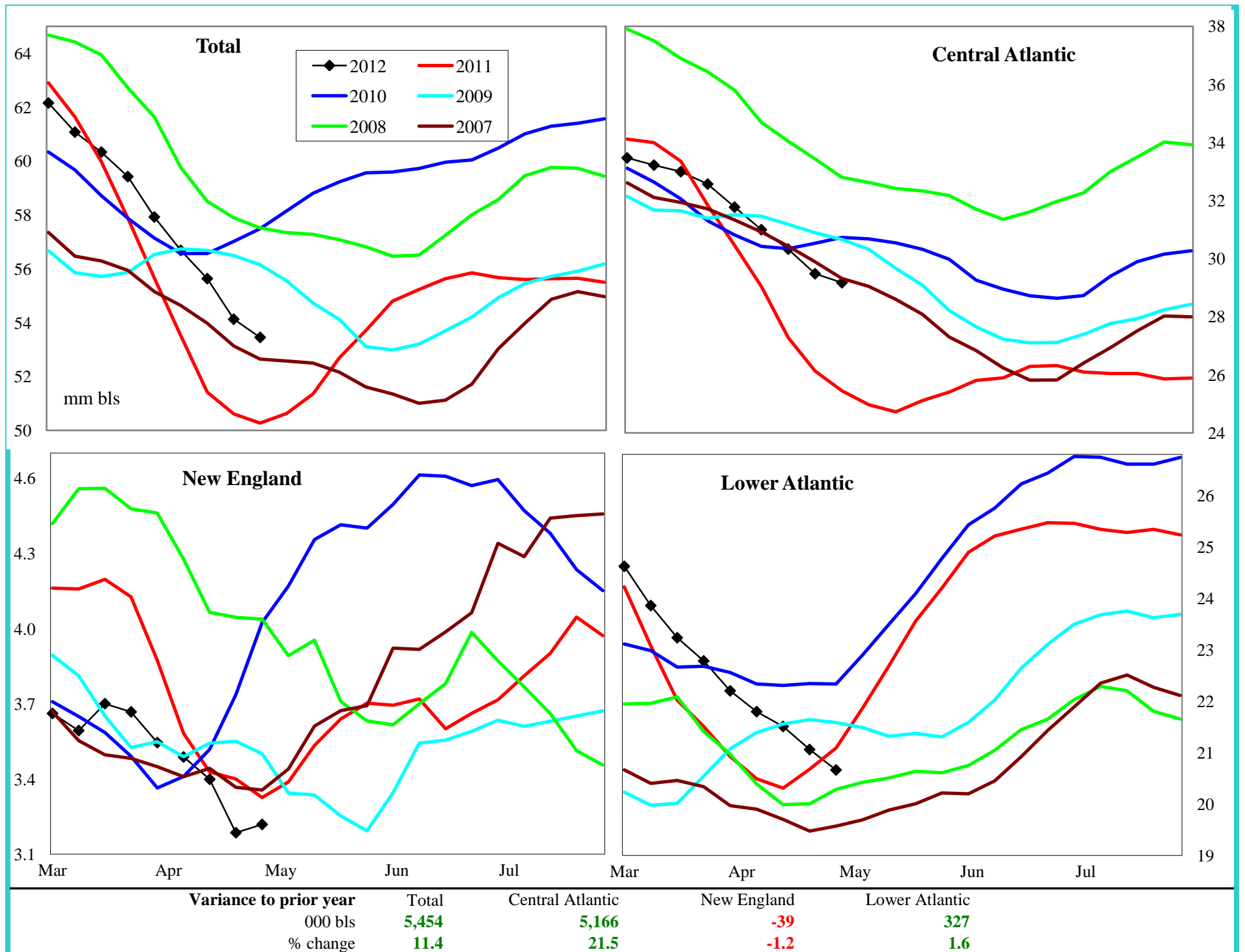
	Stocks	Input	Imports
000 bpd (000 bls stks)	-1,884	82	77
% change	-15.2	9.4	9.0



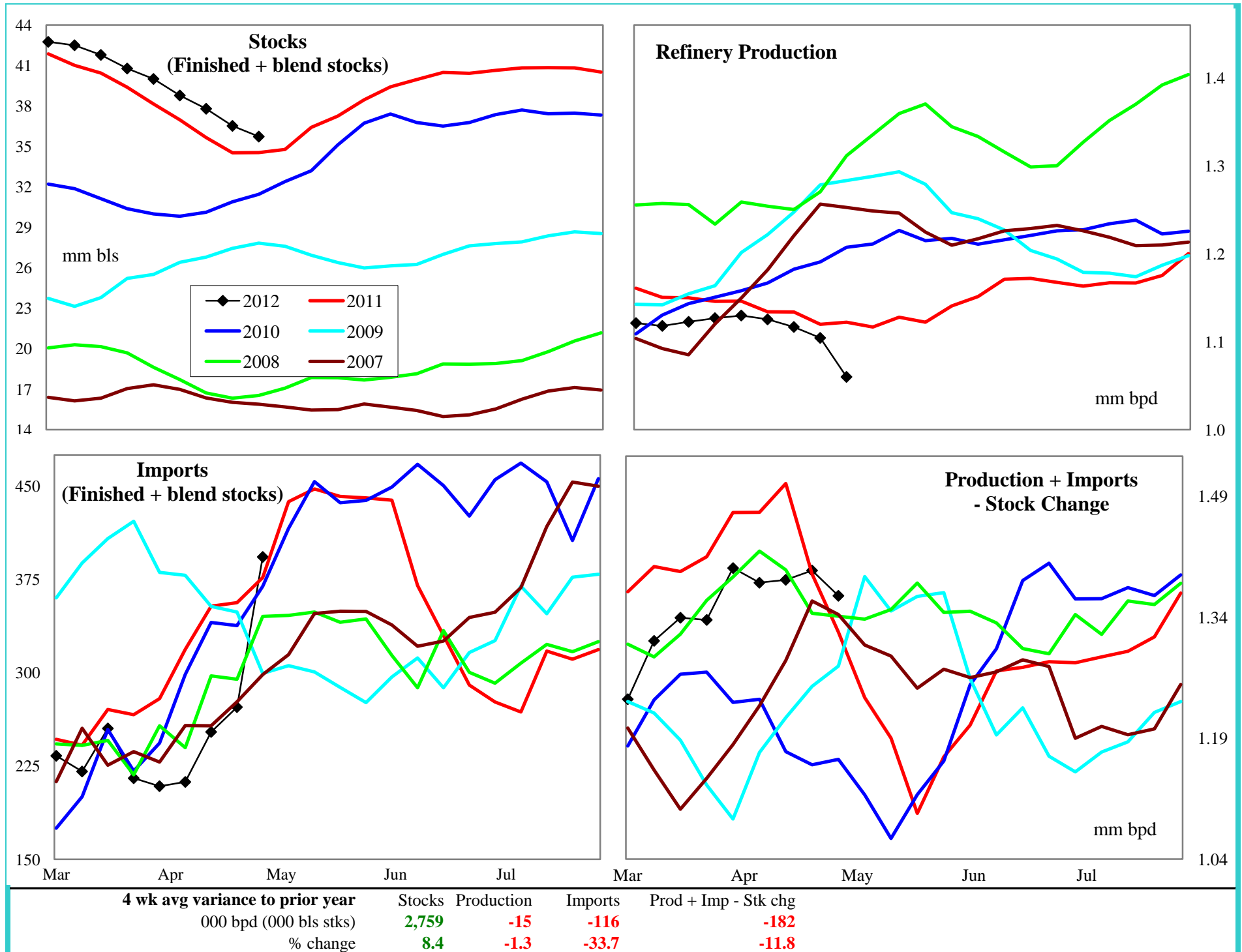
PADD 1 Gasoline Supply



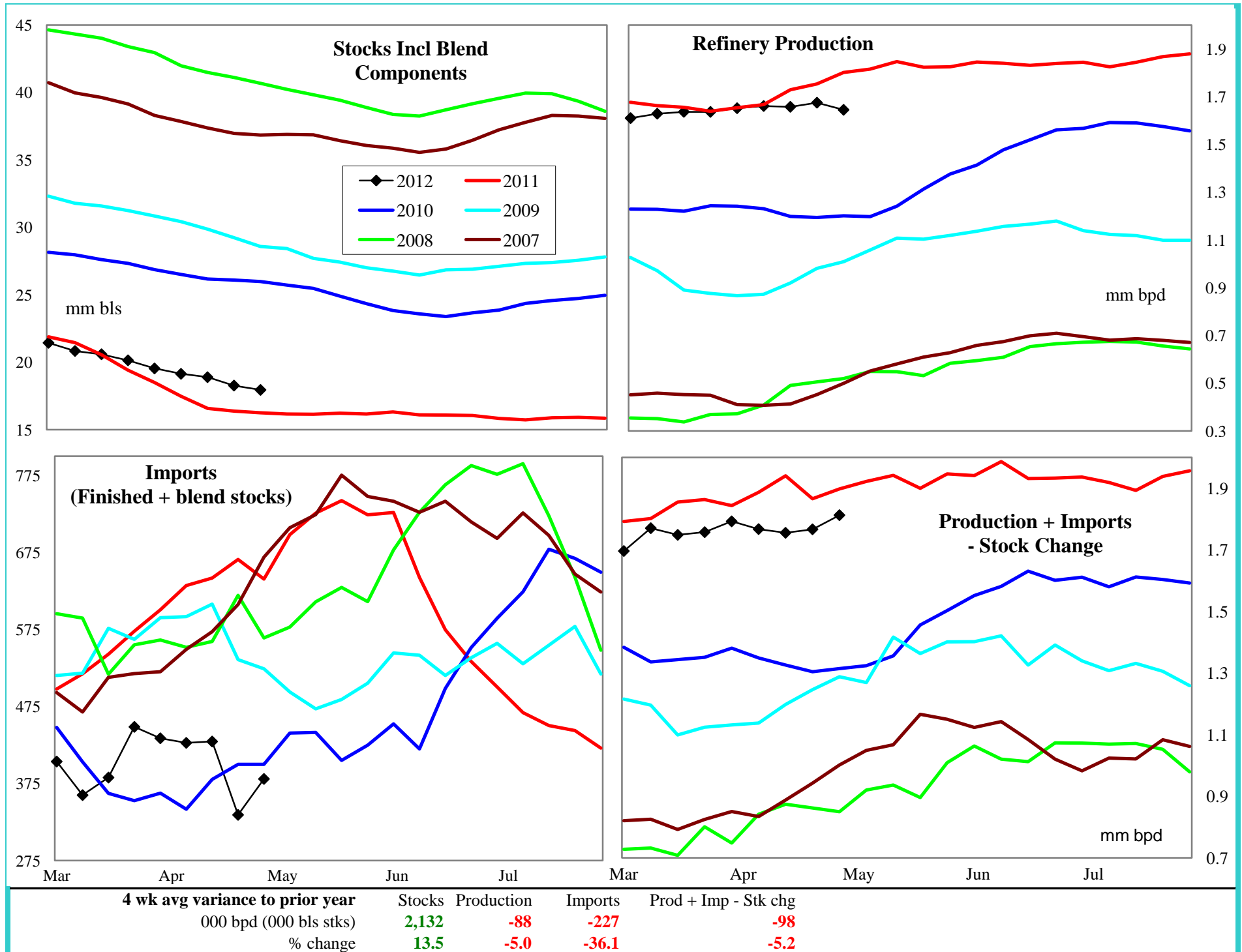
PADD 1 Gasoline Stocks by Region



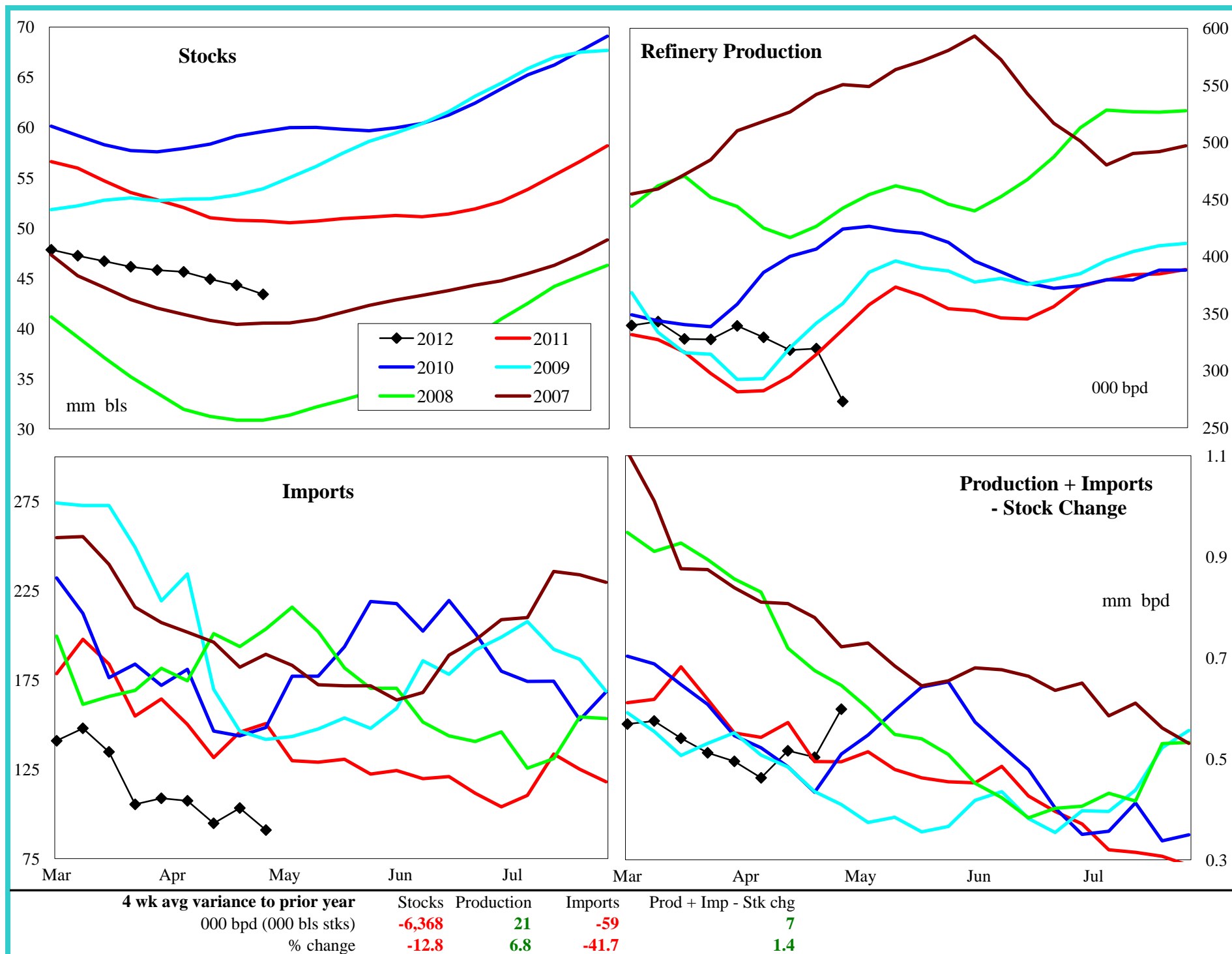
PADD 1 Reformulated Gasoline Supply



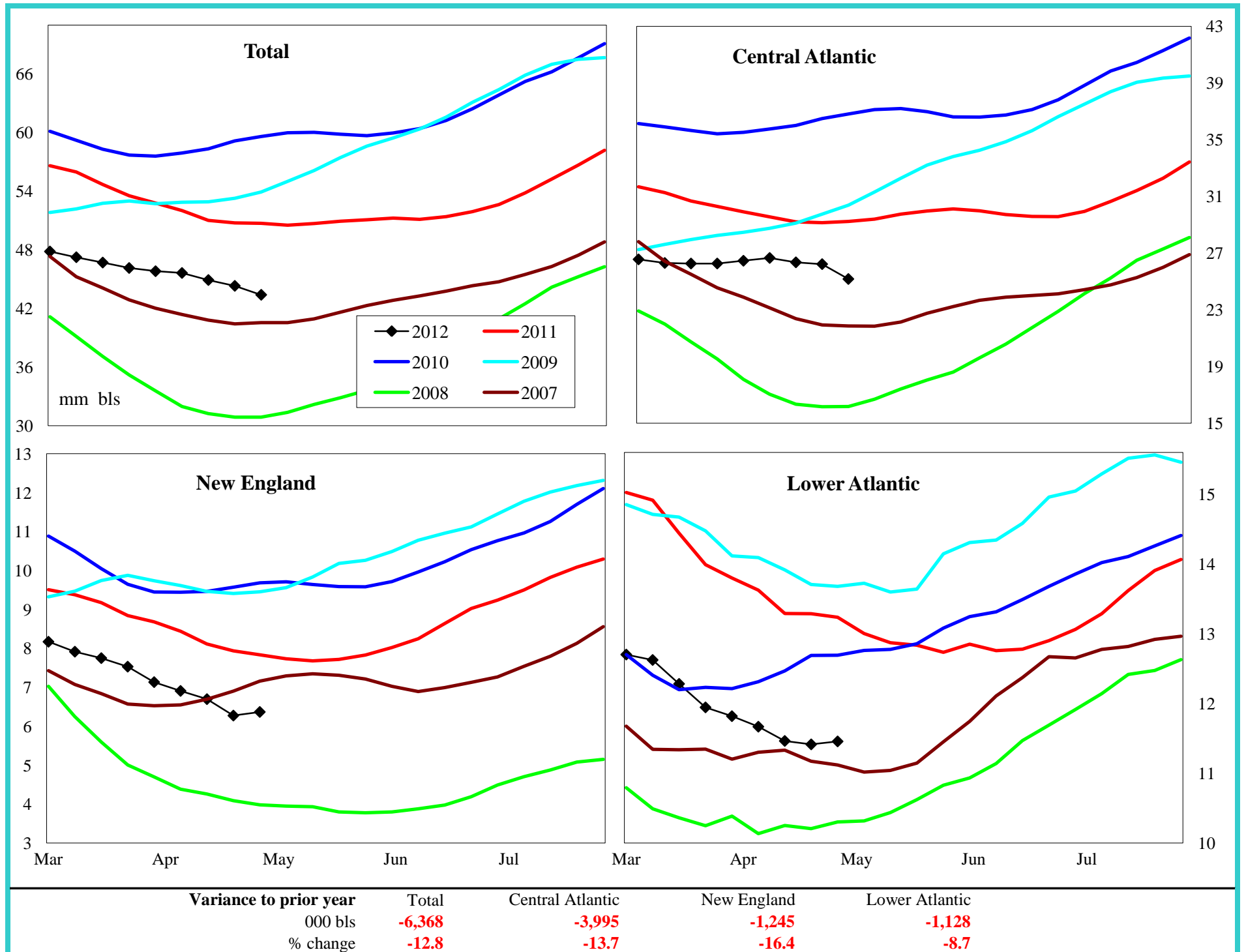
PADD 1 Conventional Gasoline Supply



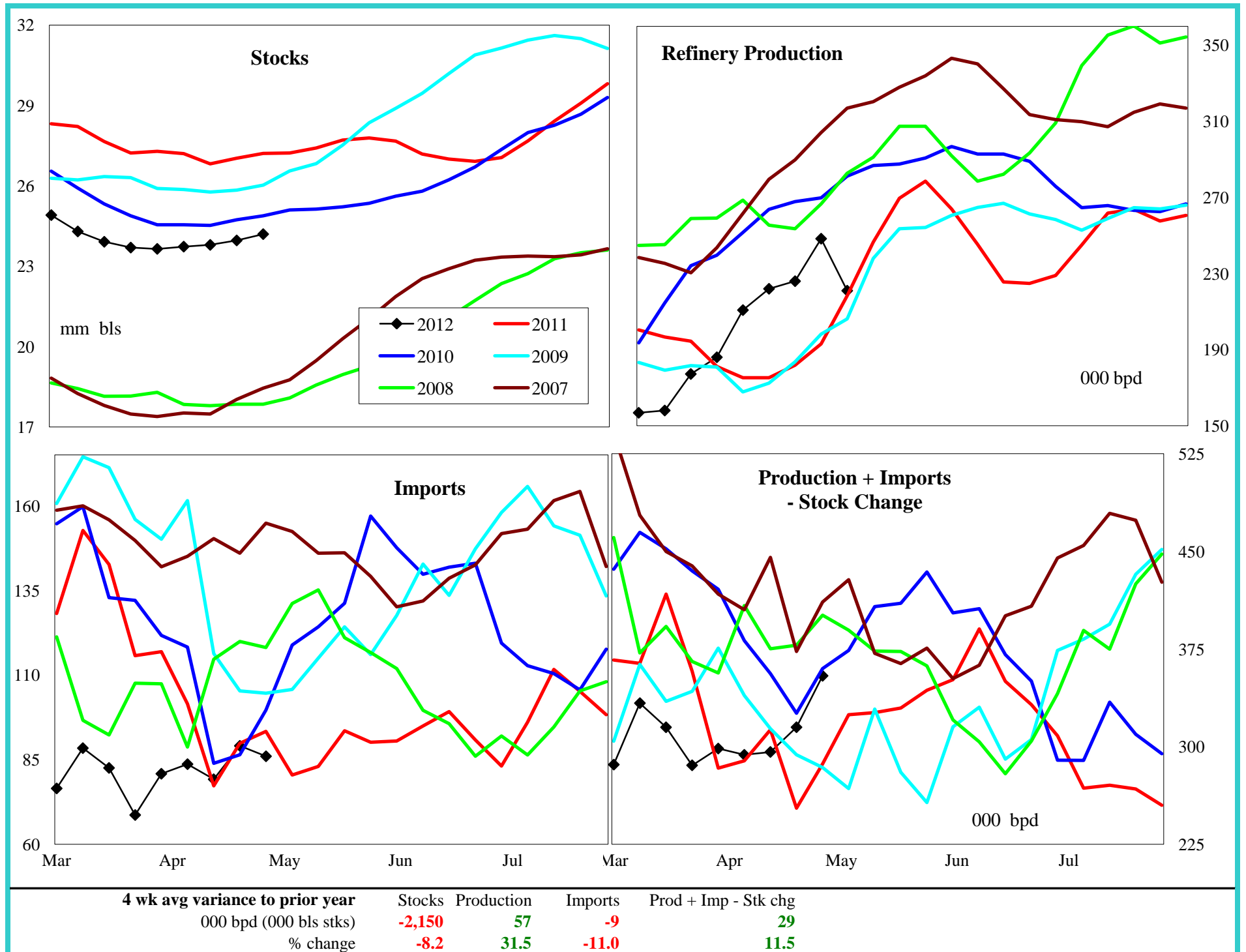
PADD 1 Distillate Supply



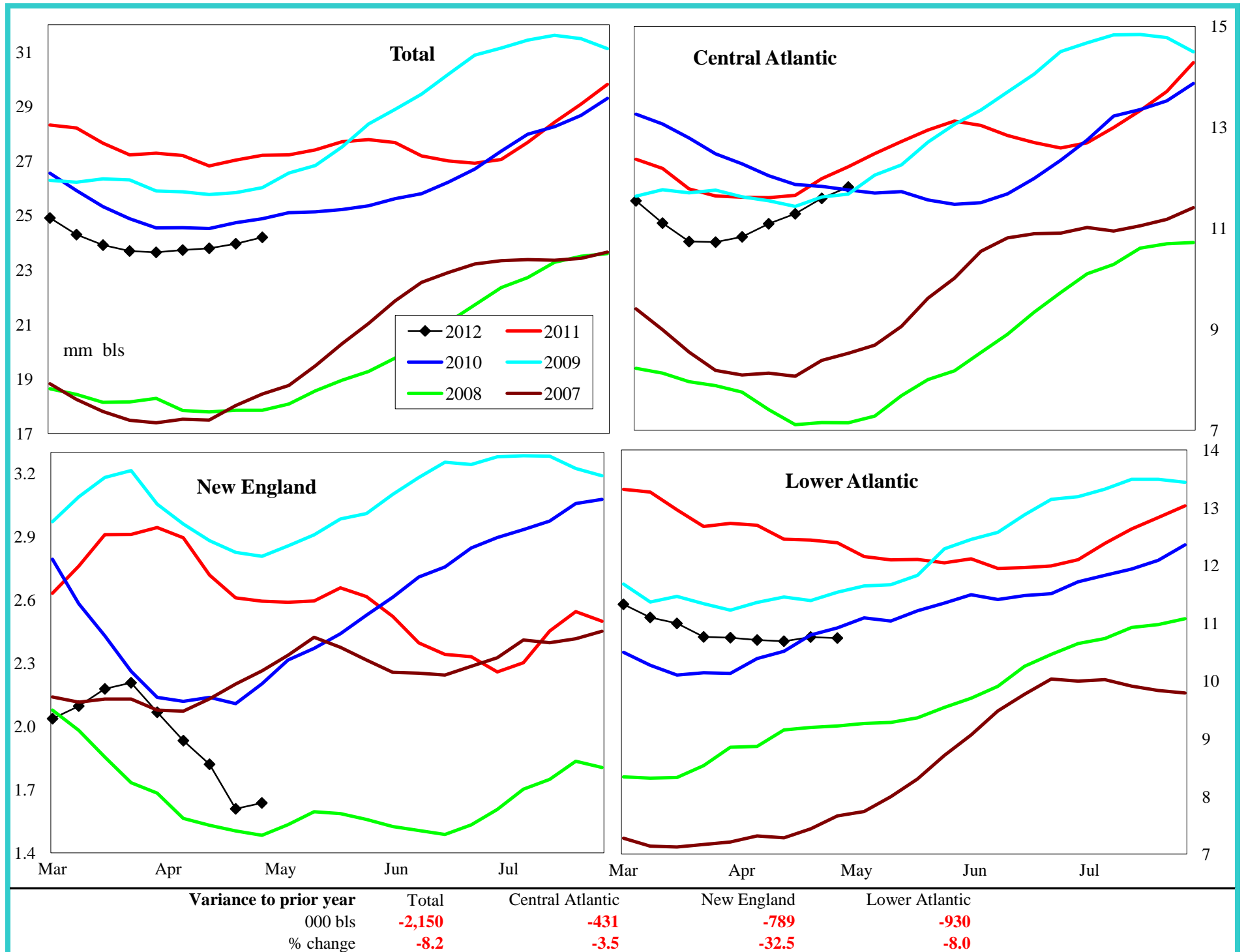
PADD 1 Distillate Stocks by Region



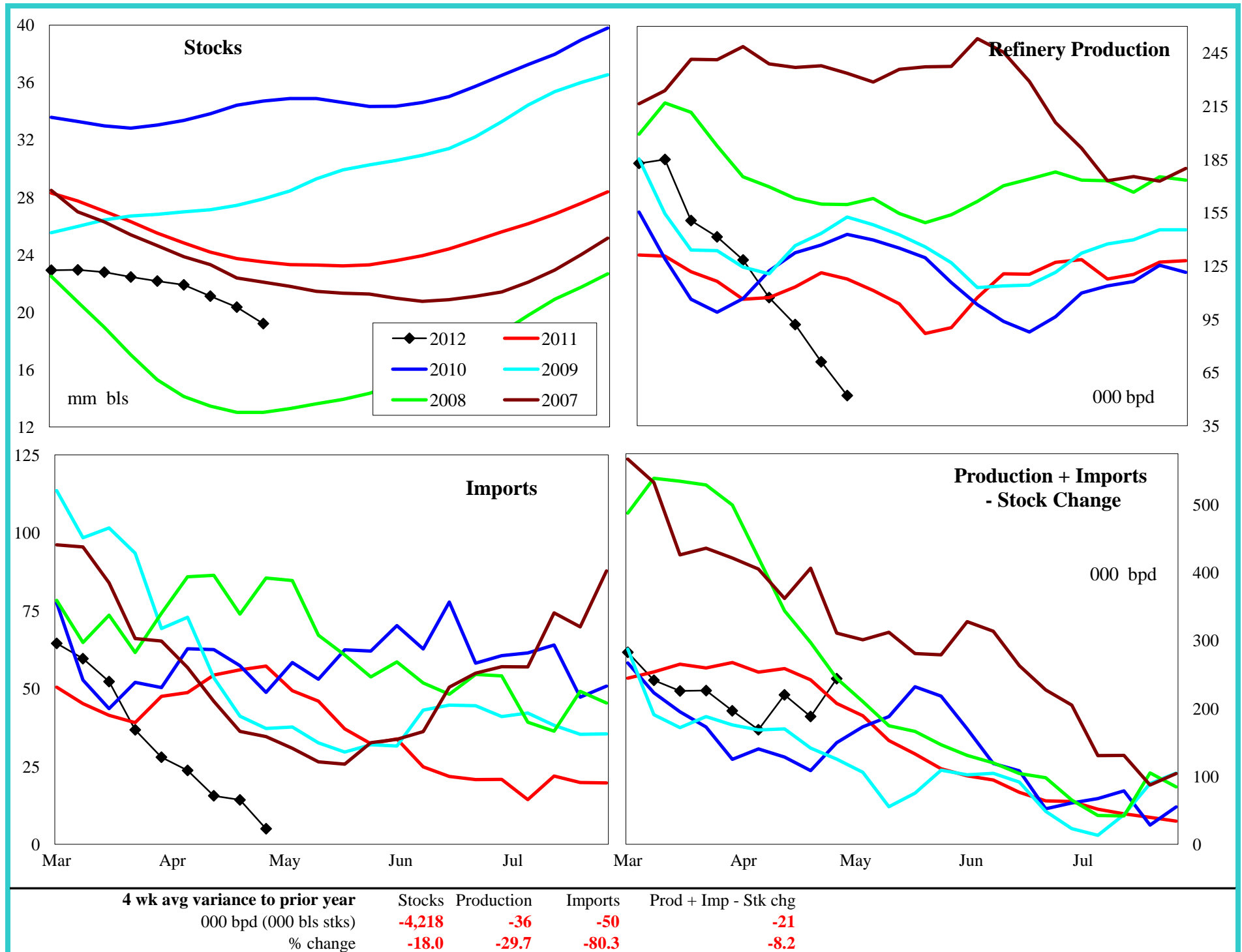
PADD 1 Low Sulfur Distillate Supply



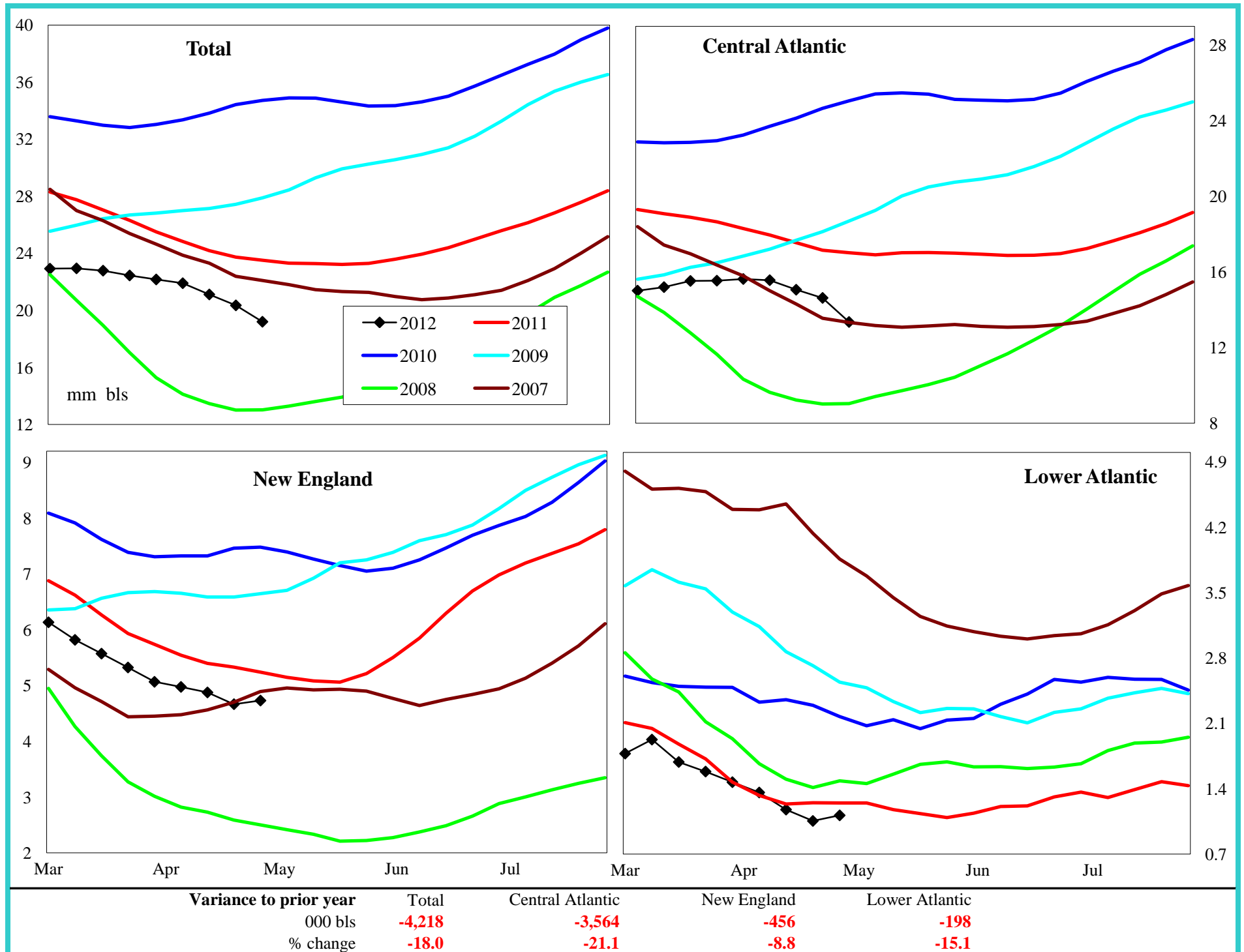
PADD 1 Low Sulfur Distillate Stocks by Region



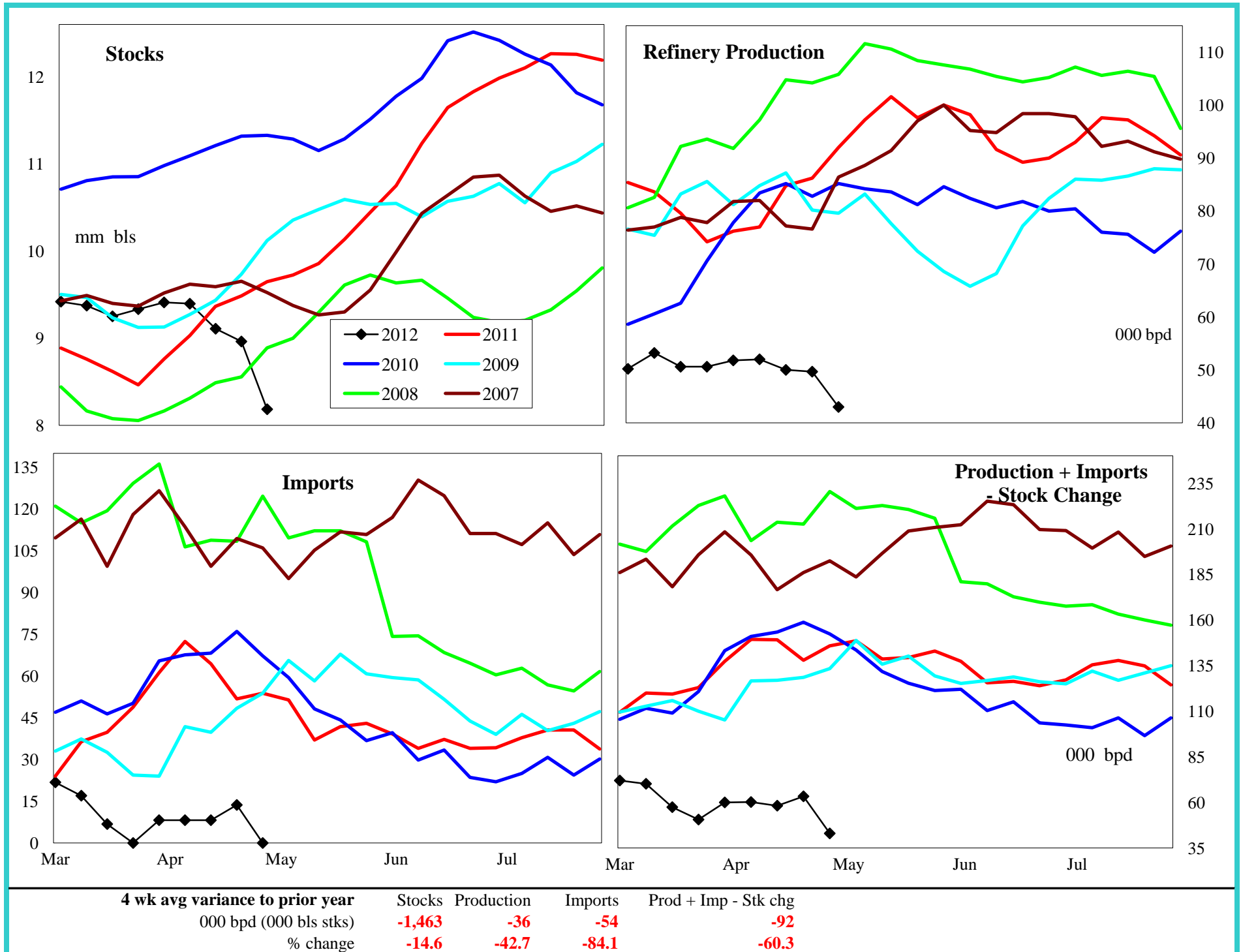
PADD 1 High Sulfur Distillate Supply



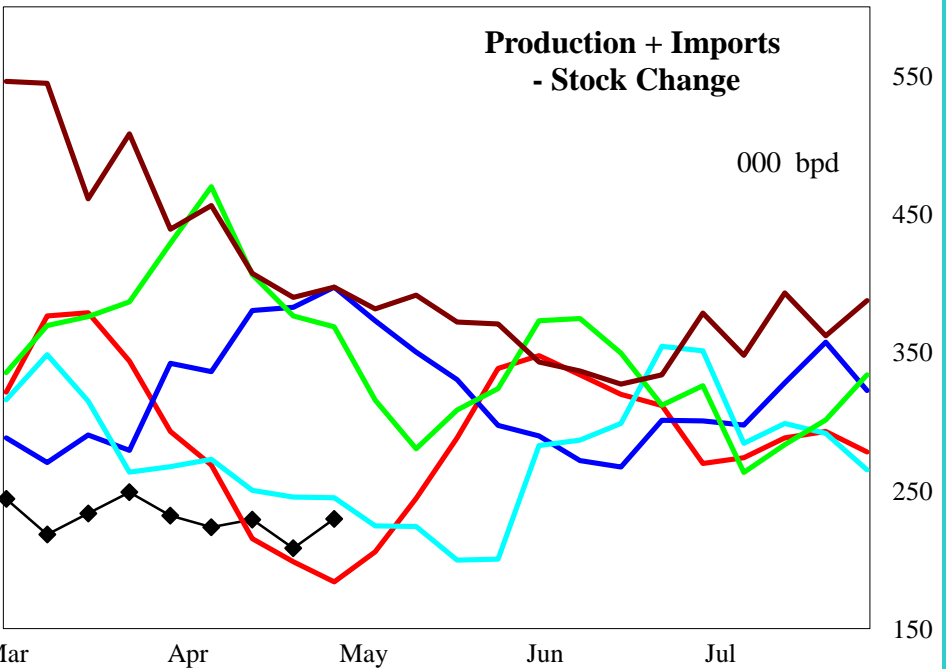
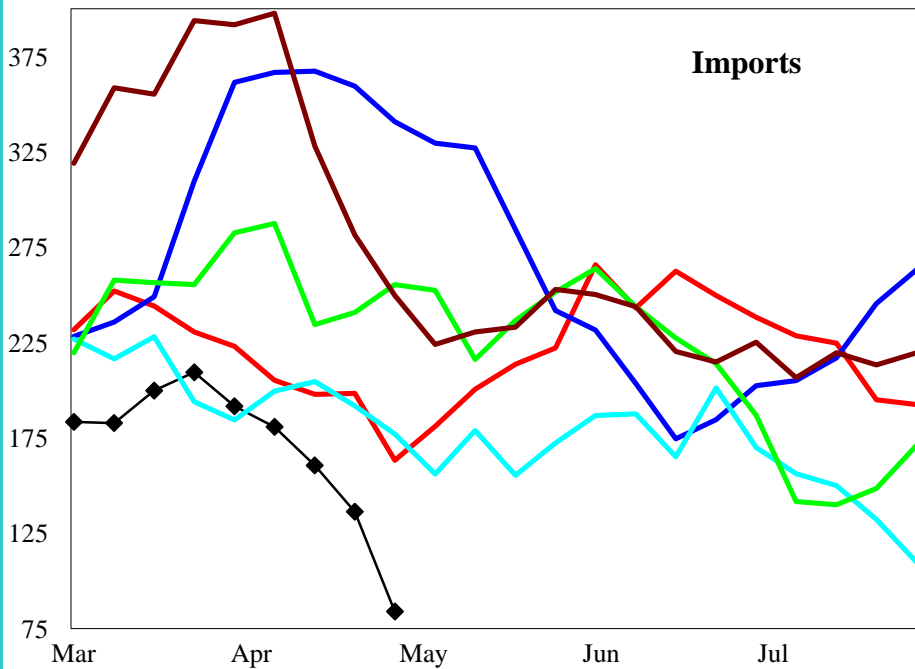
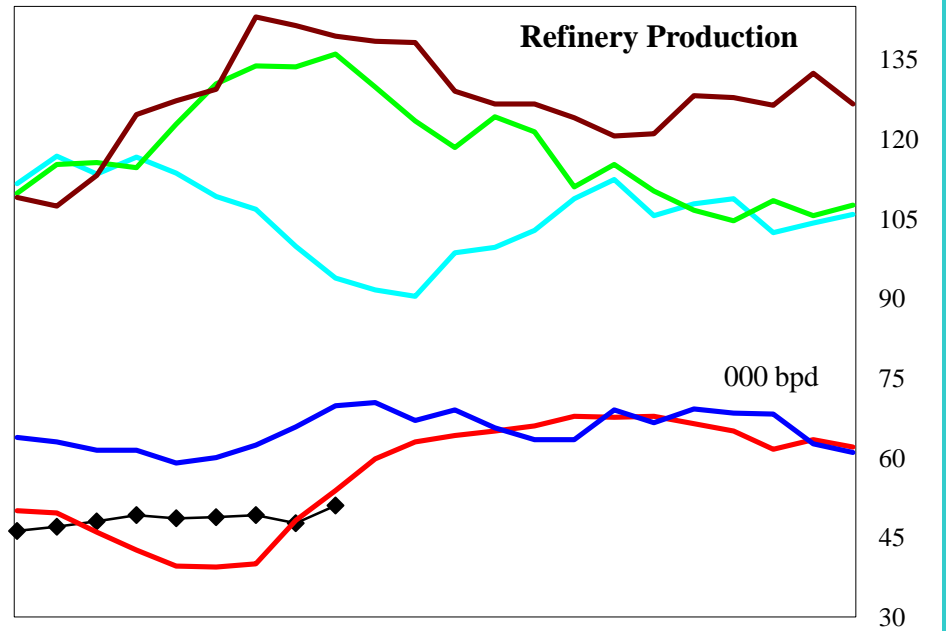
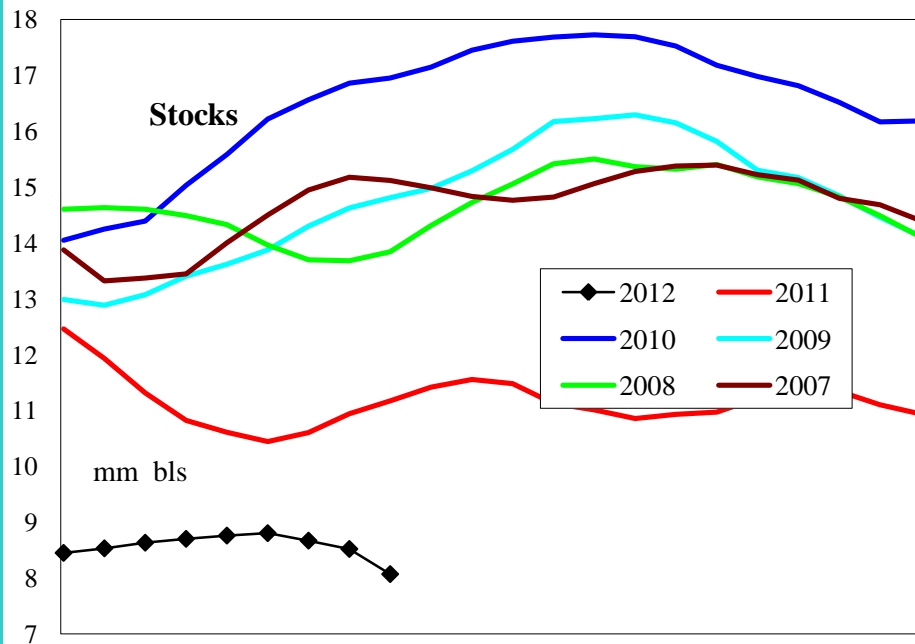
PADD 1 High Sulfur Distillate Stocks by Region



PADD 1 Jet Fuel Supply



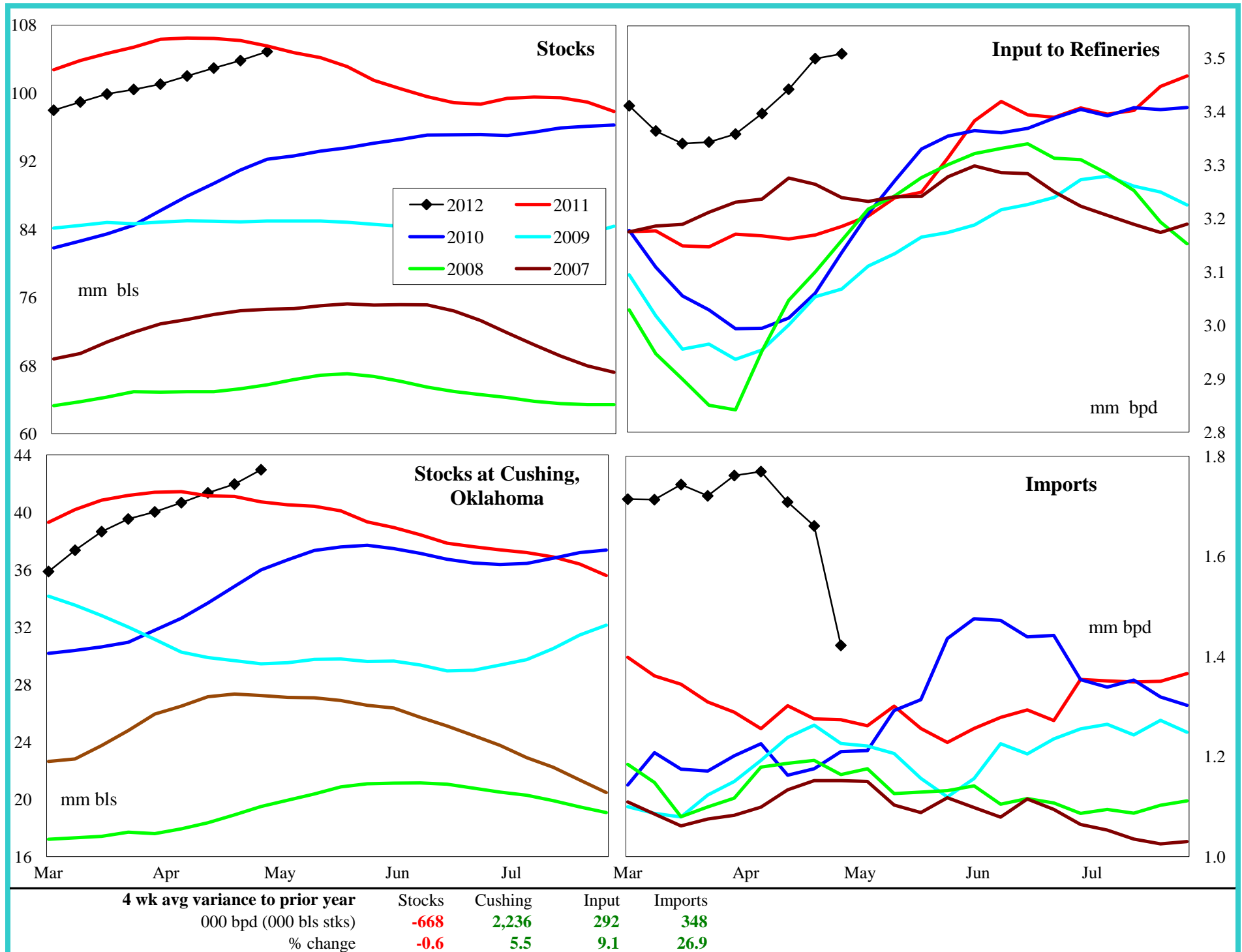
PADD 1 Residual Fuel Oil Supply



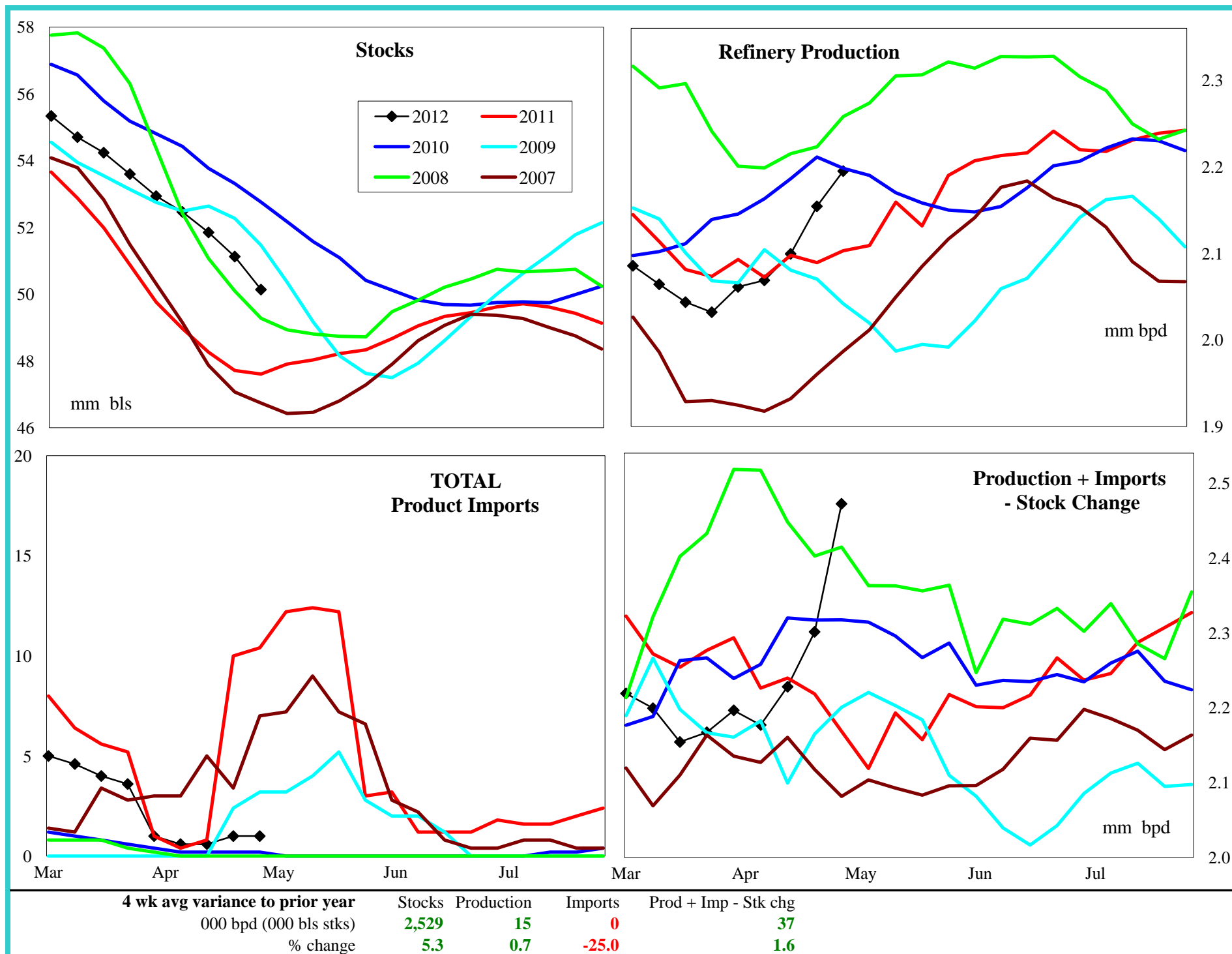
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Production	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	-3,101	5	-56	42
% change	-27.8	11.6	-27.0	21.3

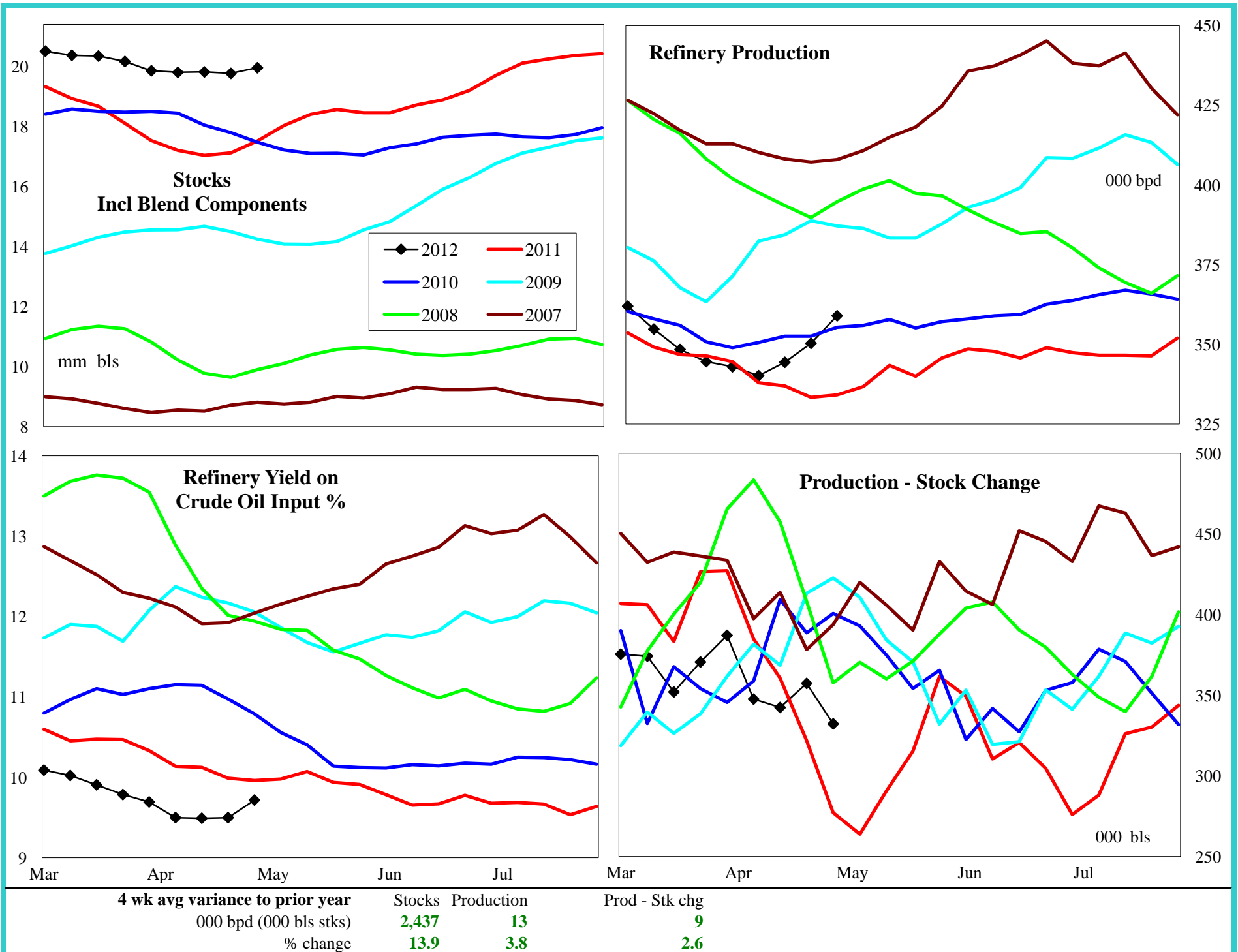
PADD 2 Crude Oil Supply and Refining



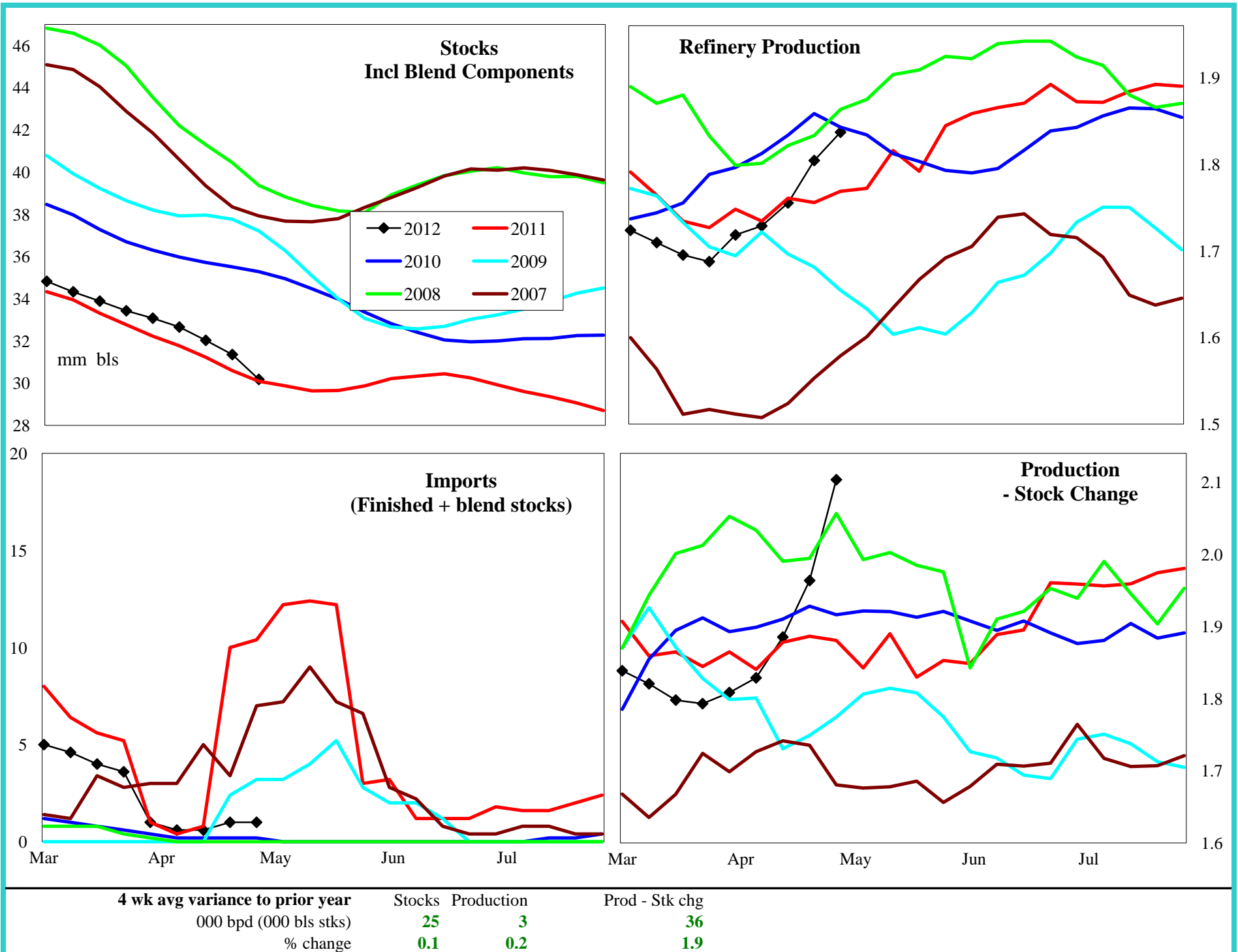
PADD 2 Gasoline Supply



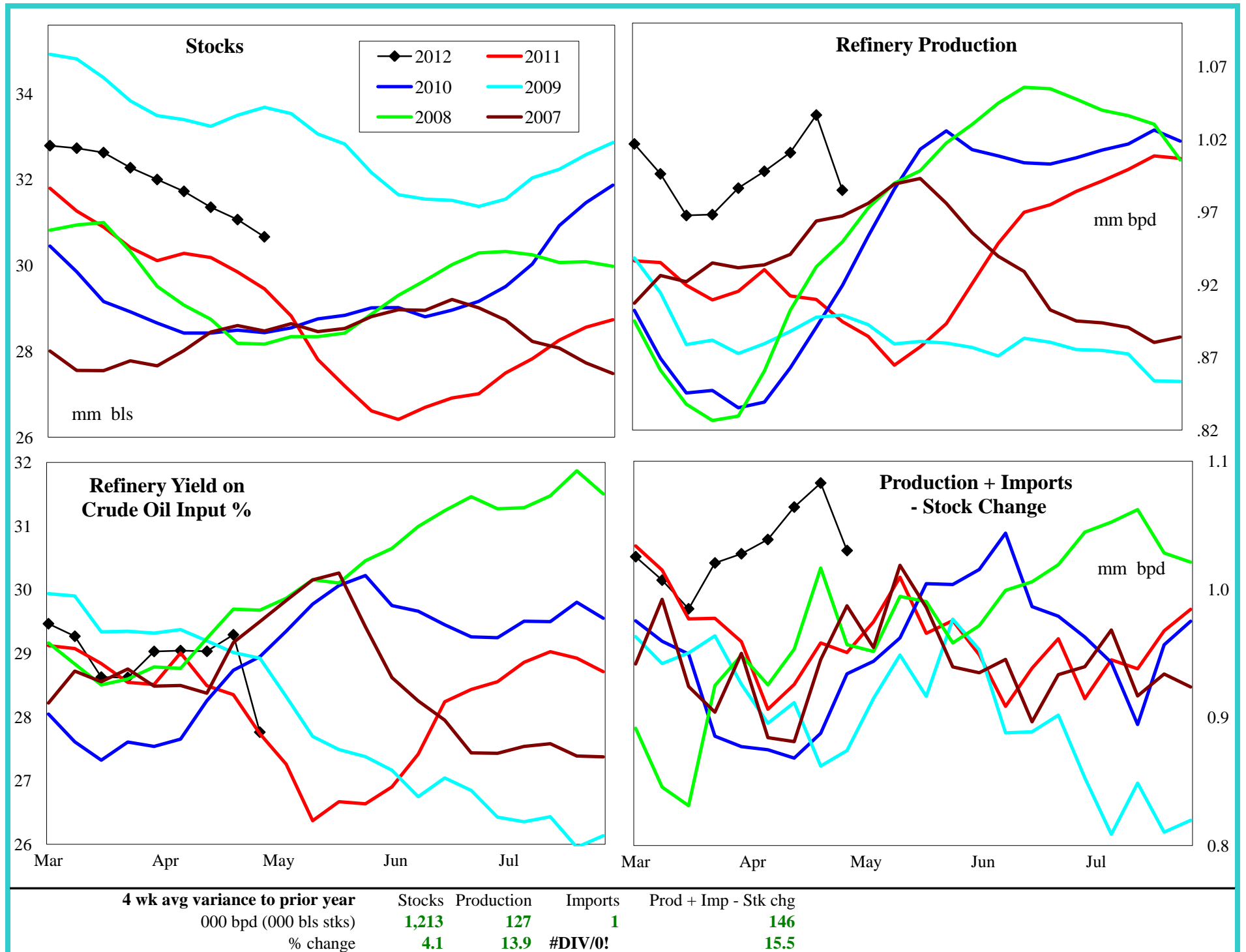
PADD 2 Reformulated Gasoline Supply



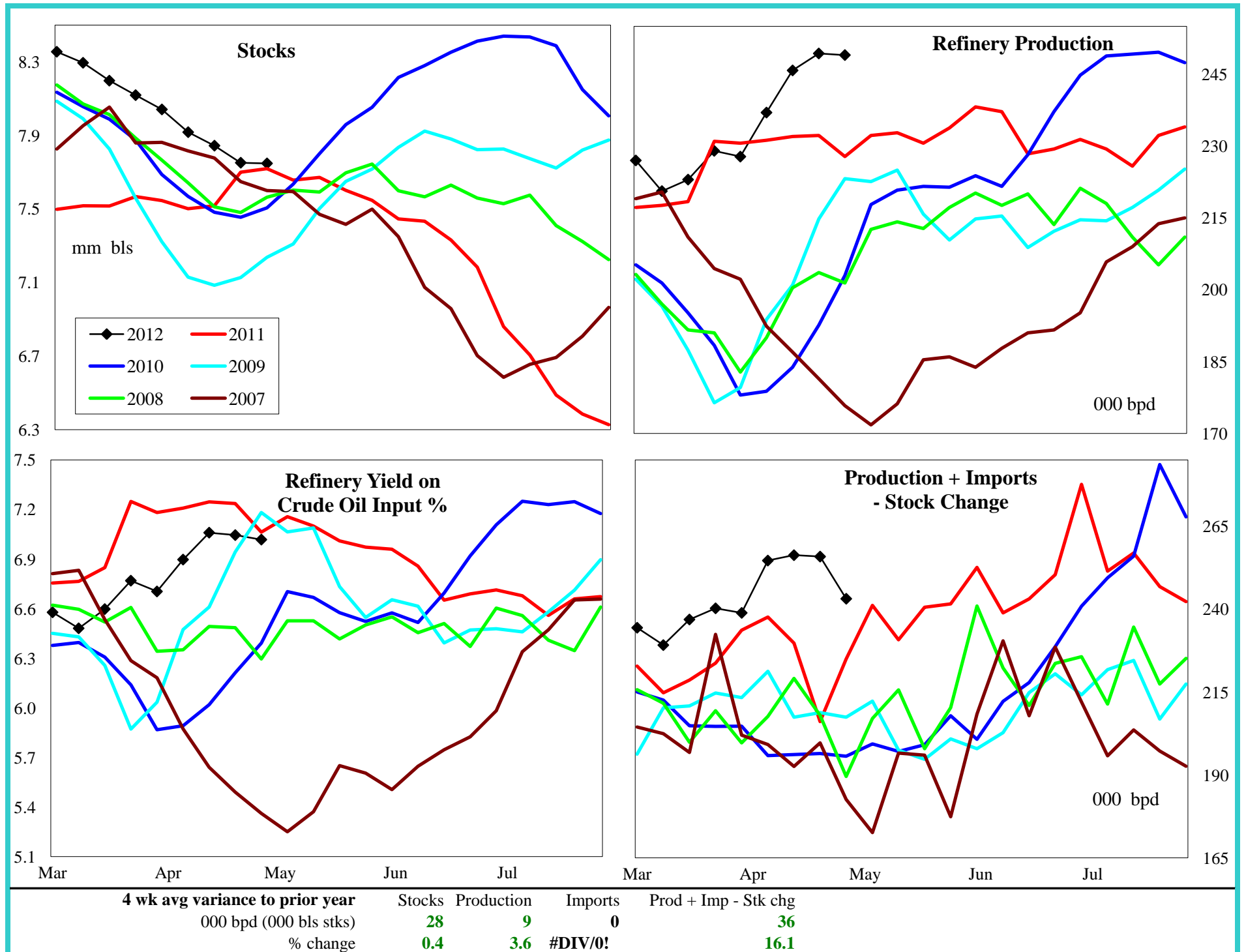
PADD 2 Conventional Gasoline Supply



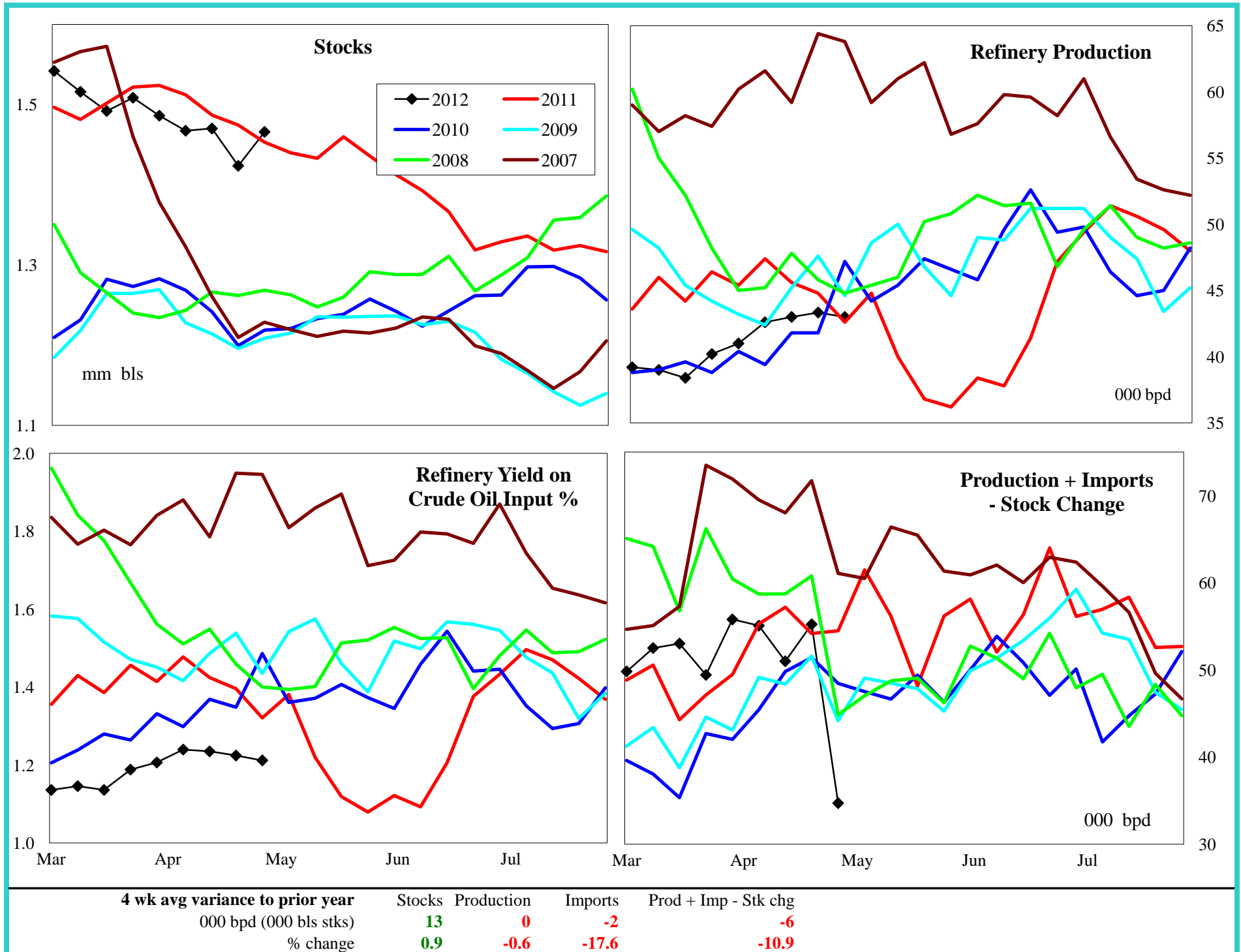
PADD 2 Distillate Supply



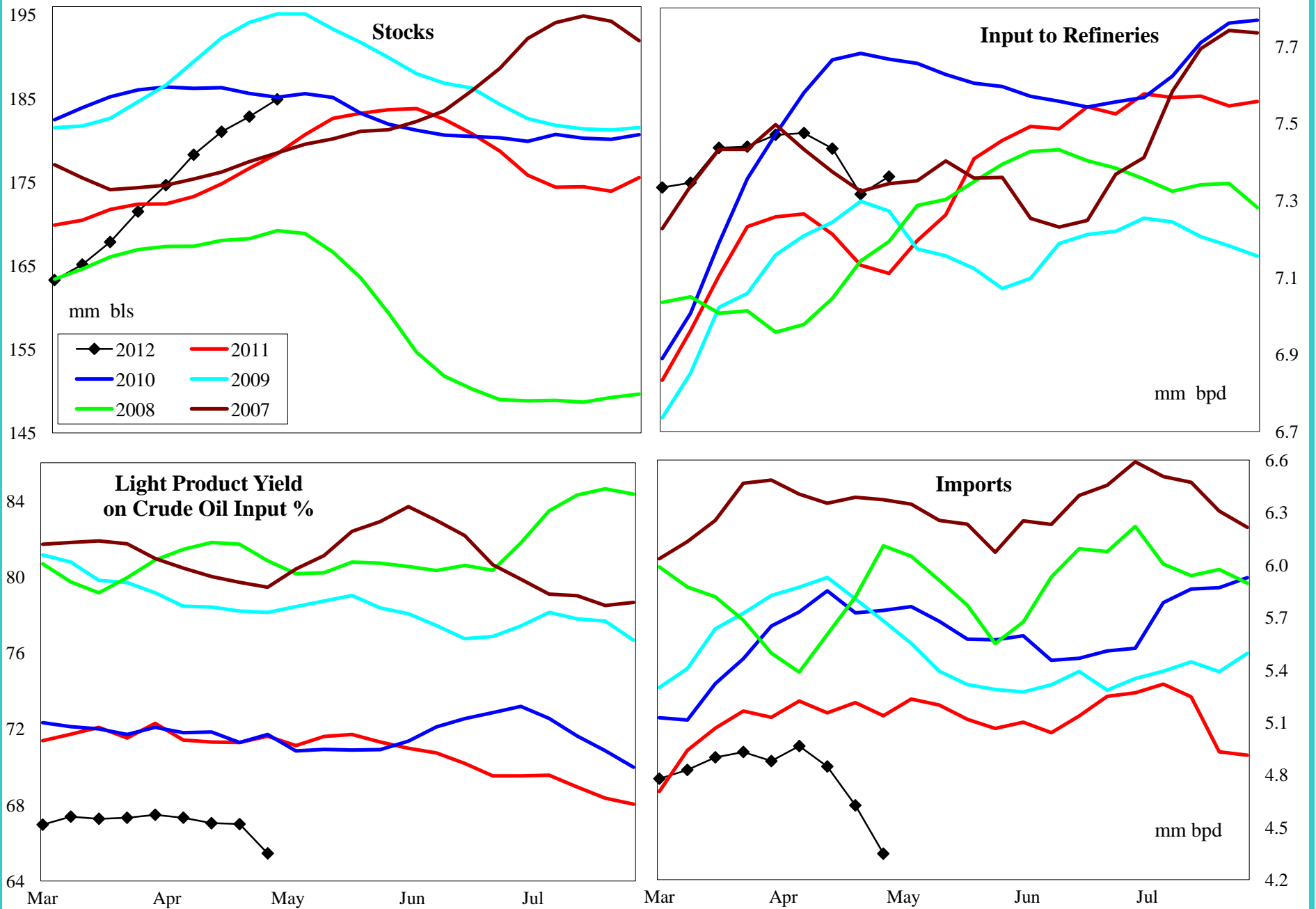
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

6,532

3.7

Input

199

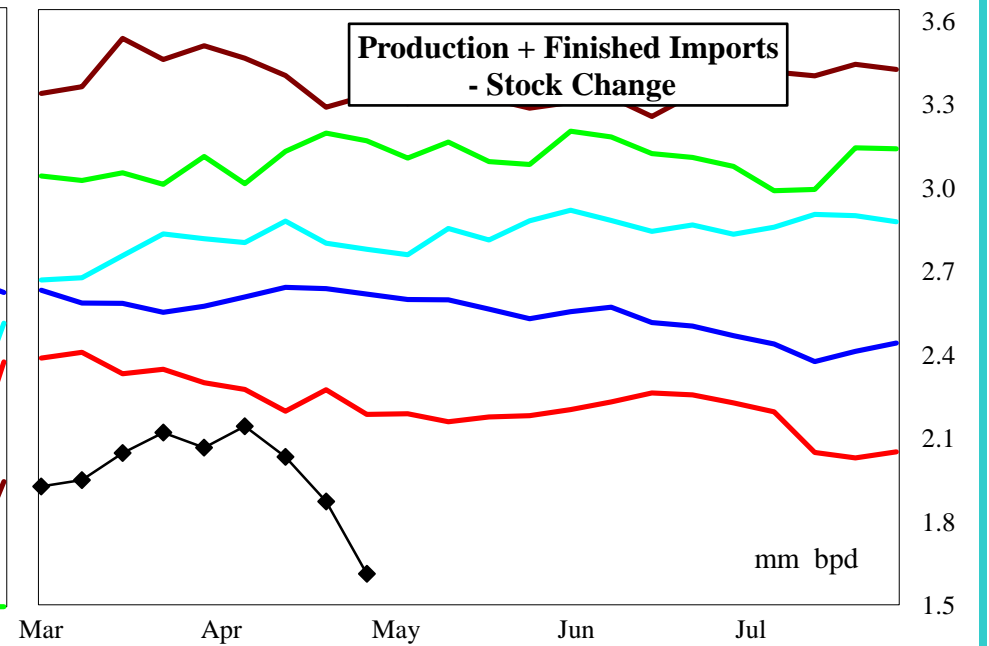
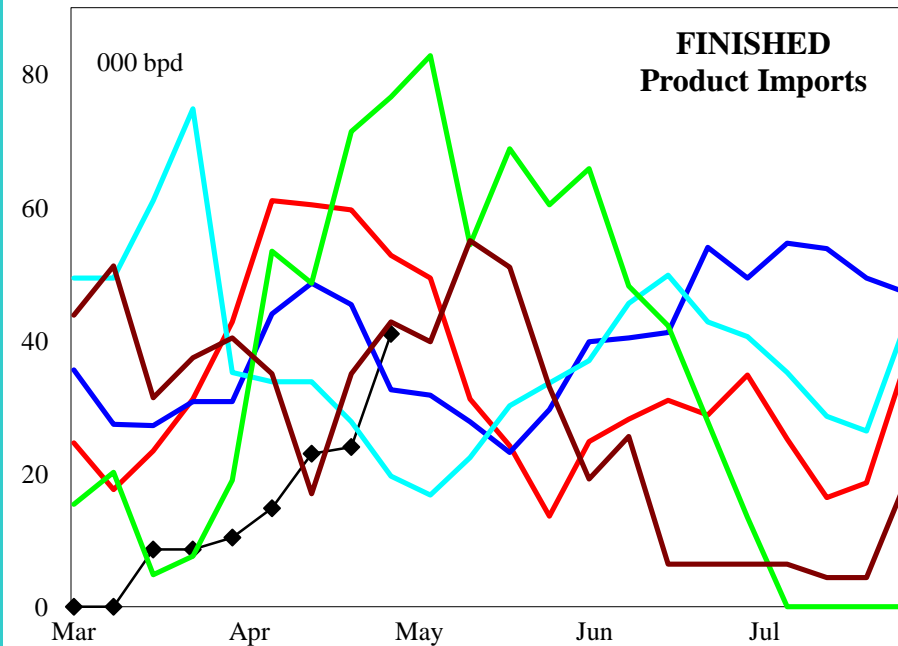
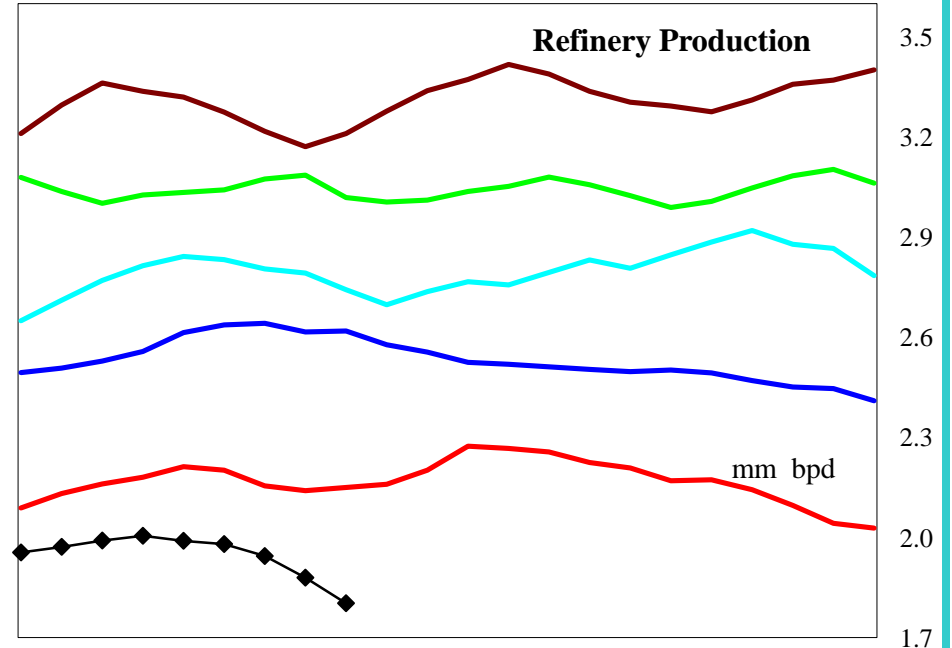
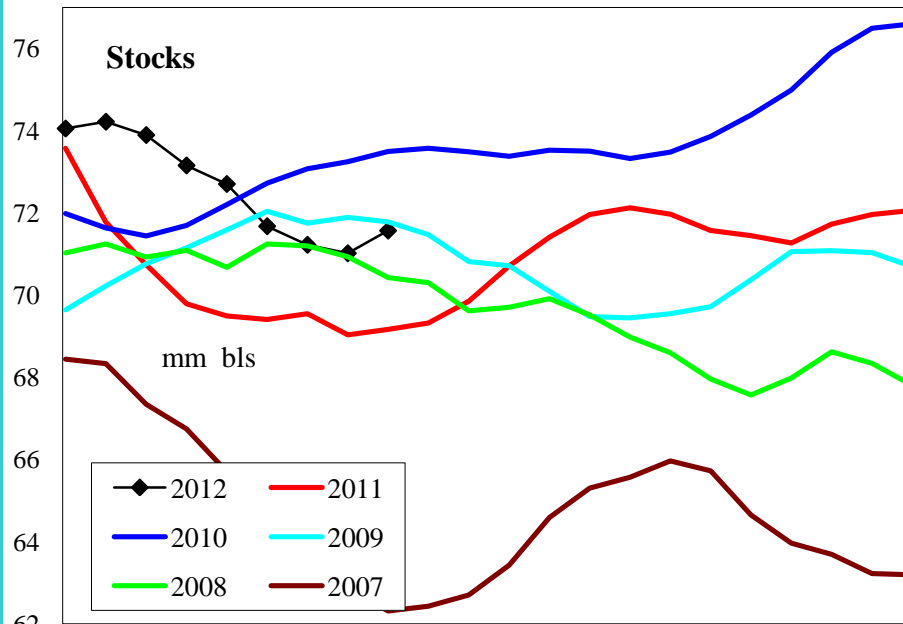
2.8

Imports

-481

-9.3

PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

2,240

3.2

Production

-228

-10.6

Fin Impt

-41

-69.2

Blend Impt

-18

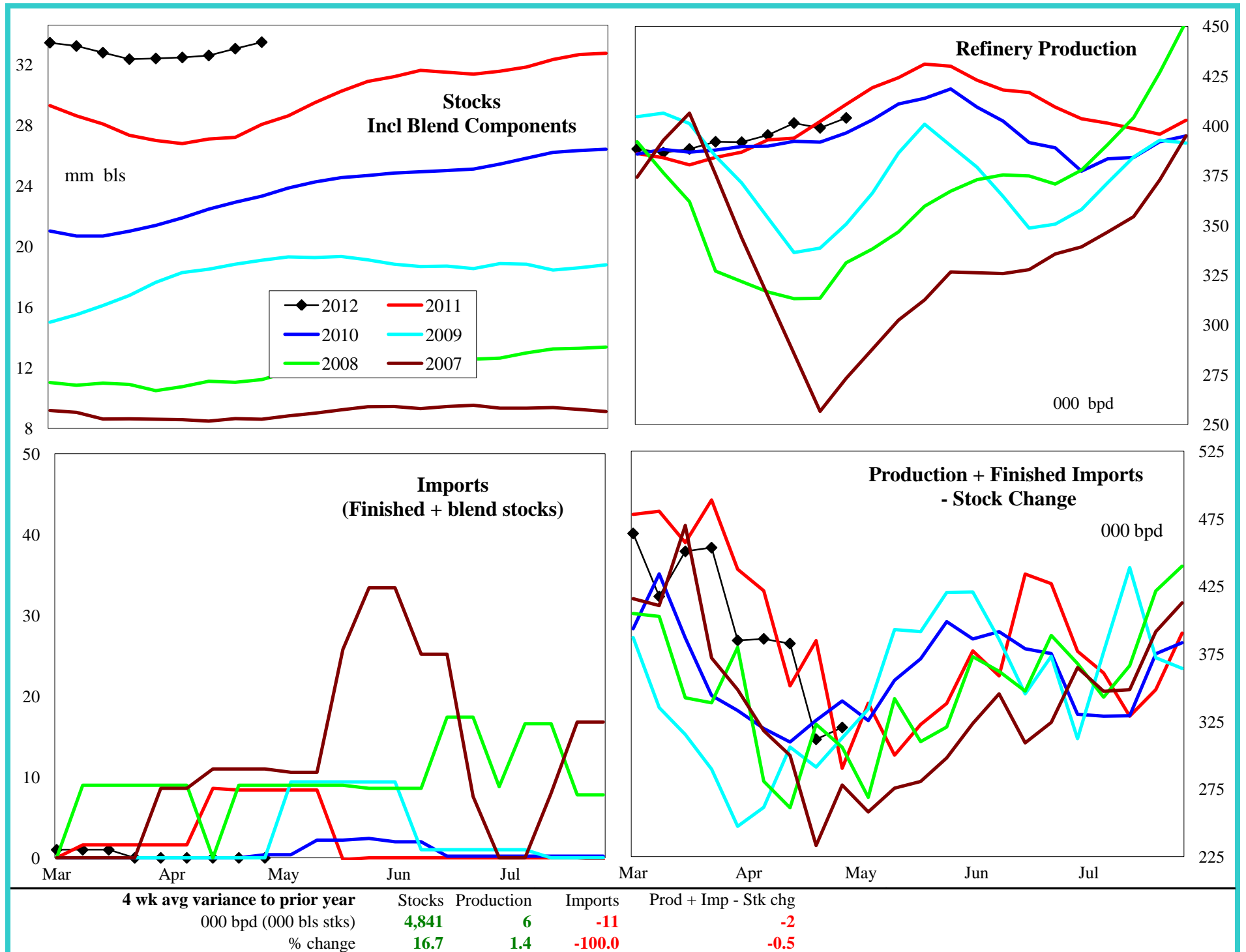
-21.3

Prod + Imp - Stk chg

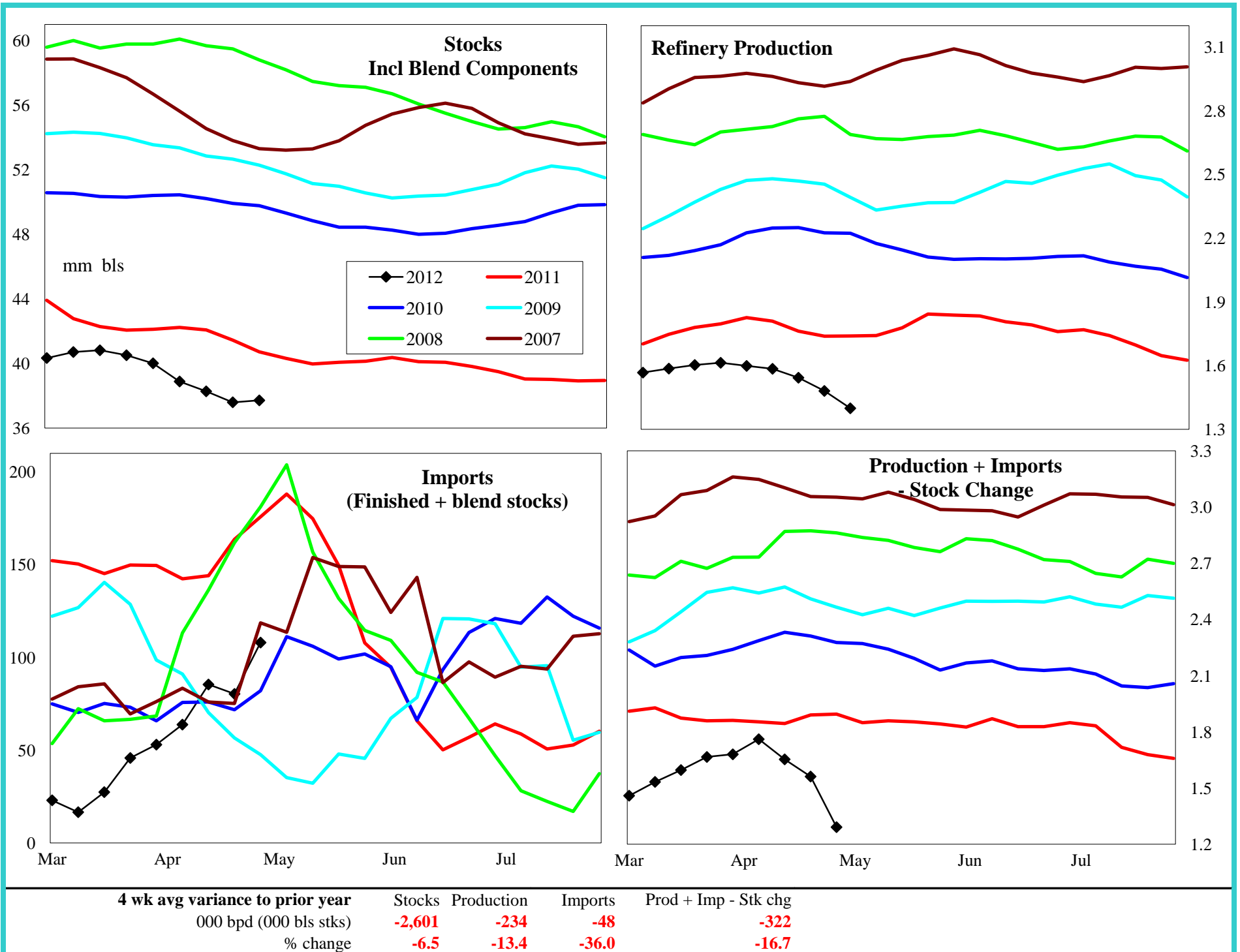
-325

-14.3

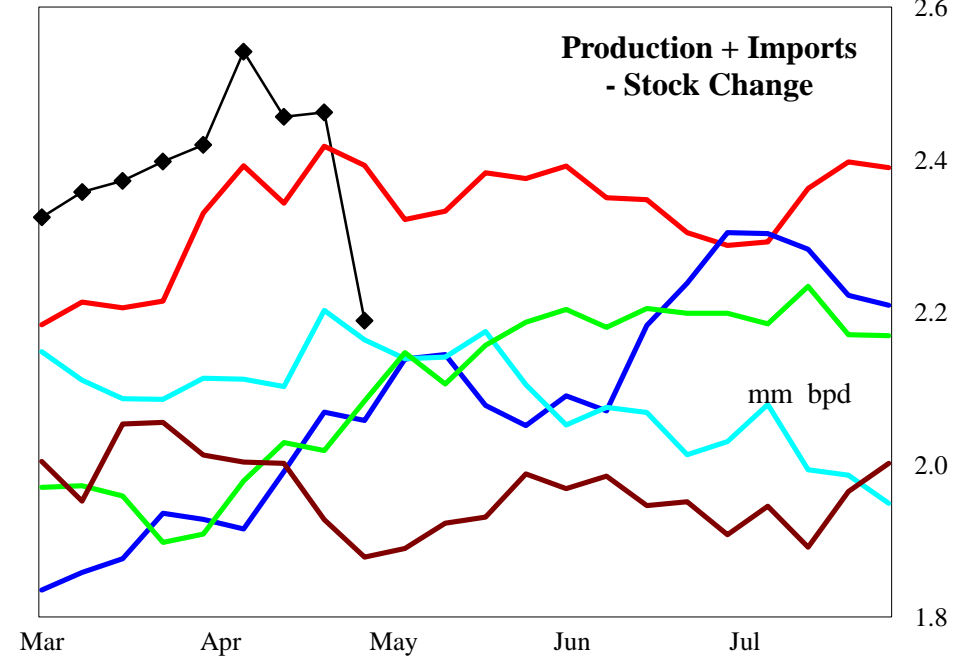
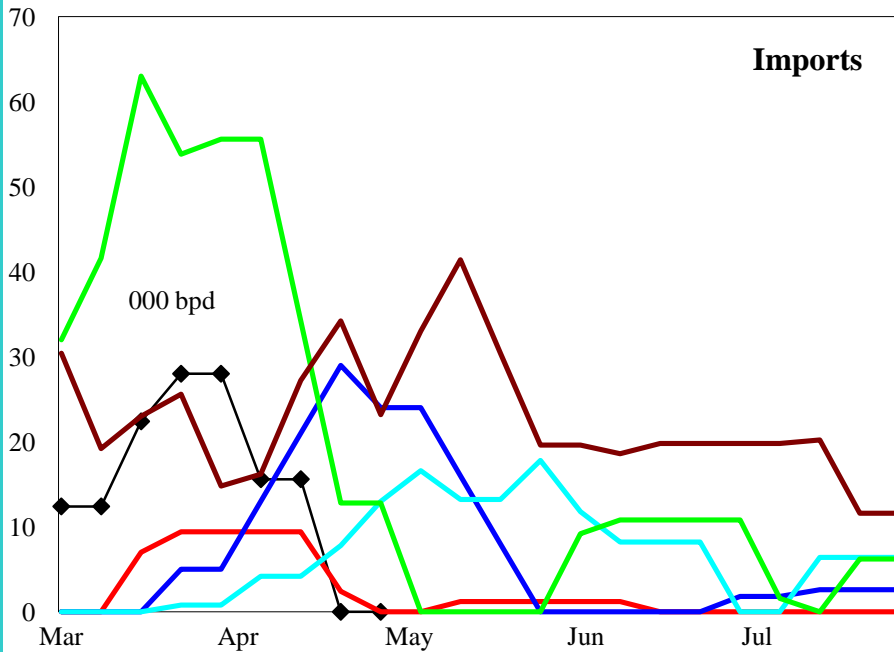
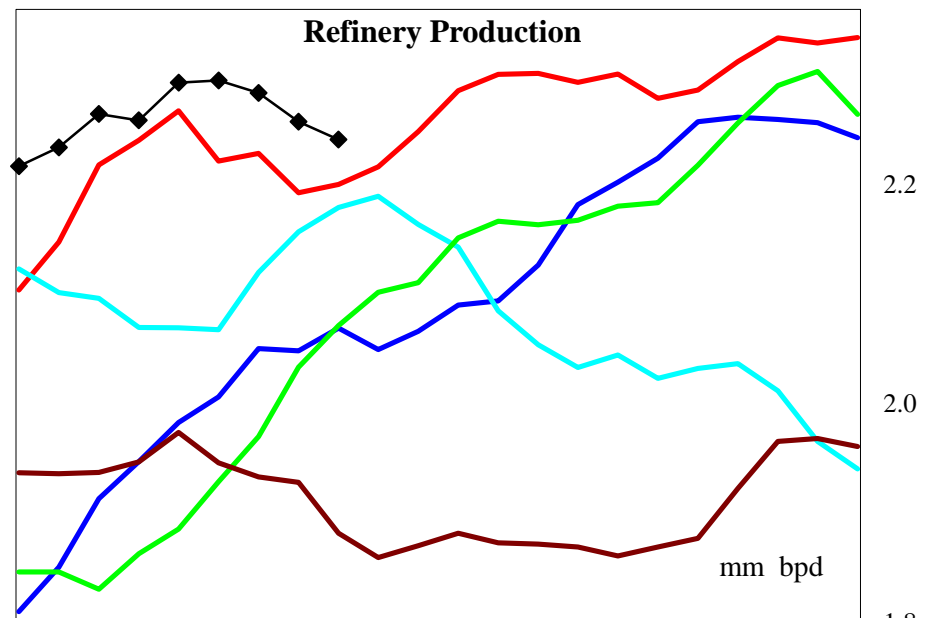
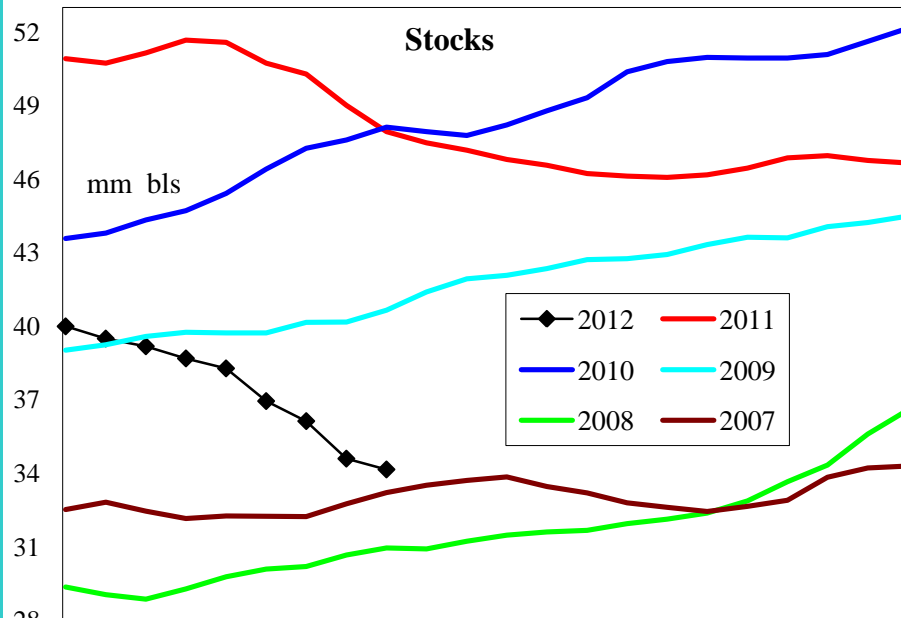
PADD 3 Reformulated Gasoline Supply



PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-14,251

-29.4

Production

61

2.8

Imports

4

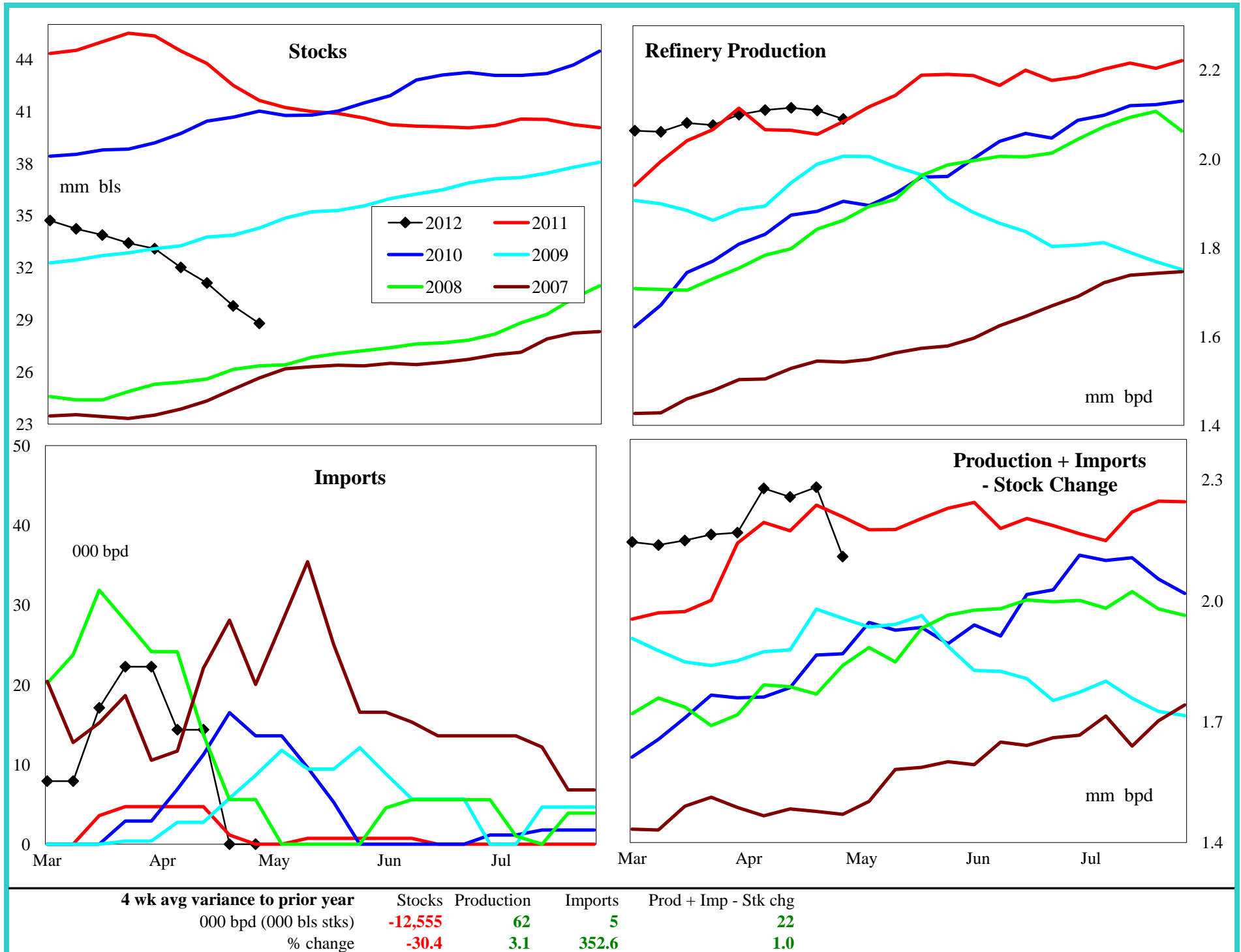
133.3

Prod + Imp - Stk chg

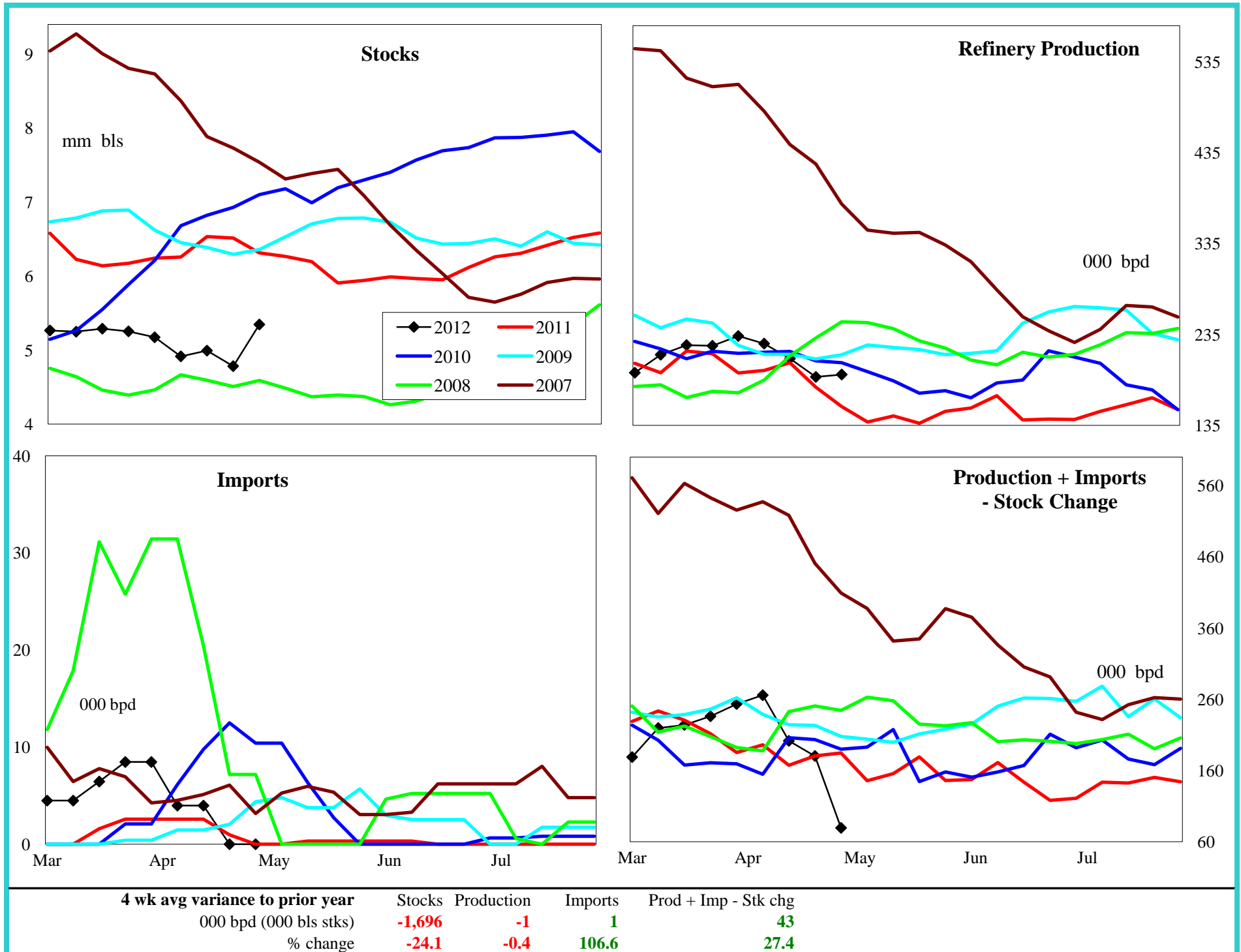
62

2.6

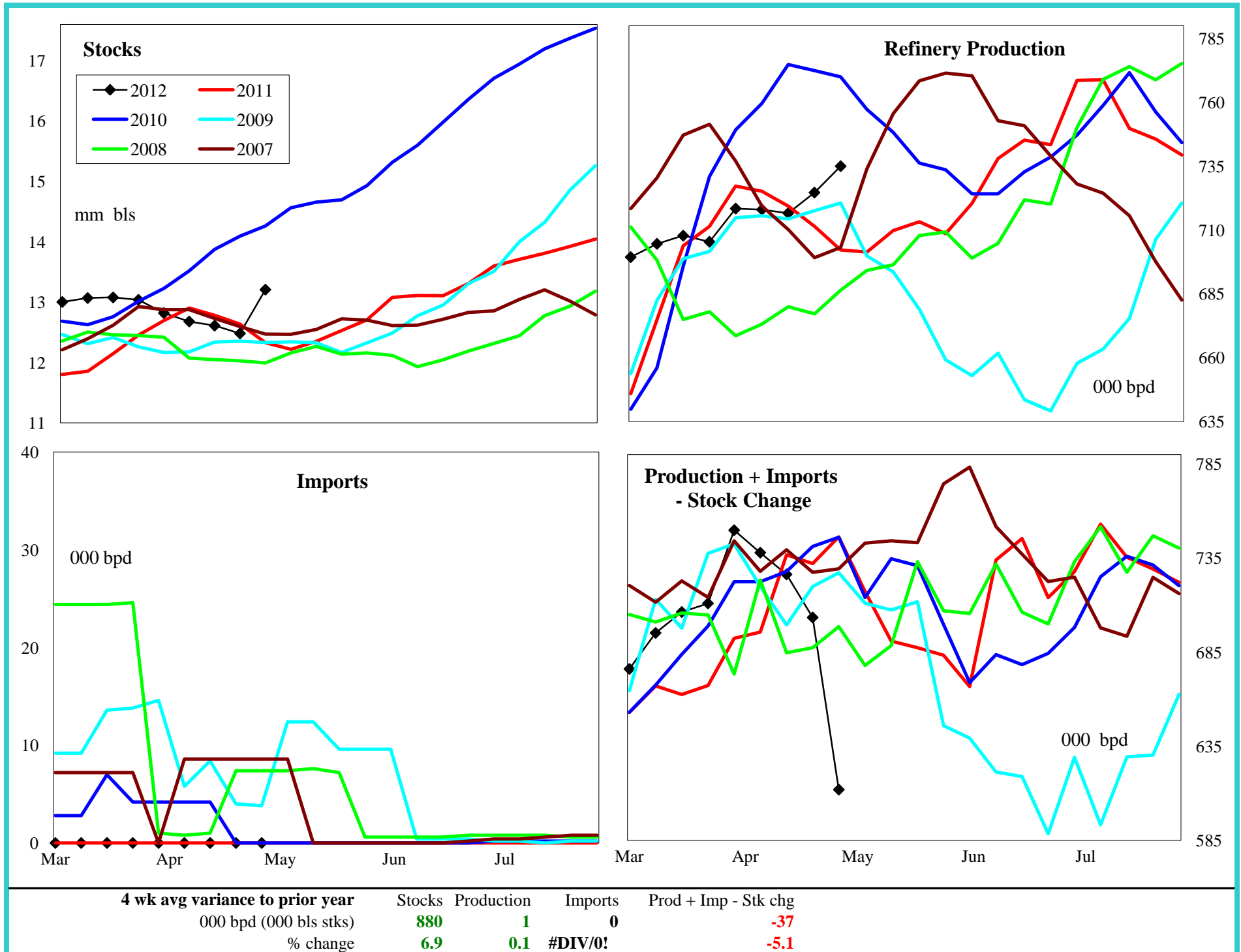
PADD 3 Low Sulfur Distillate Supply



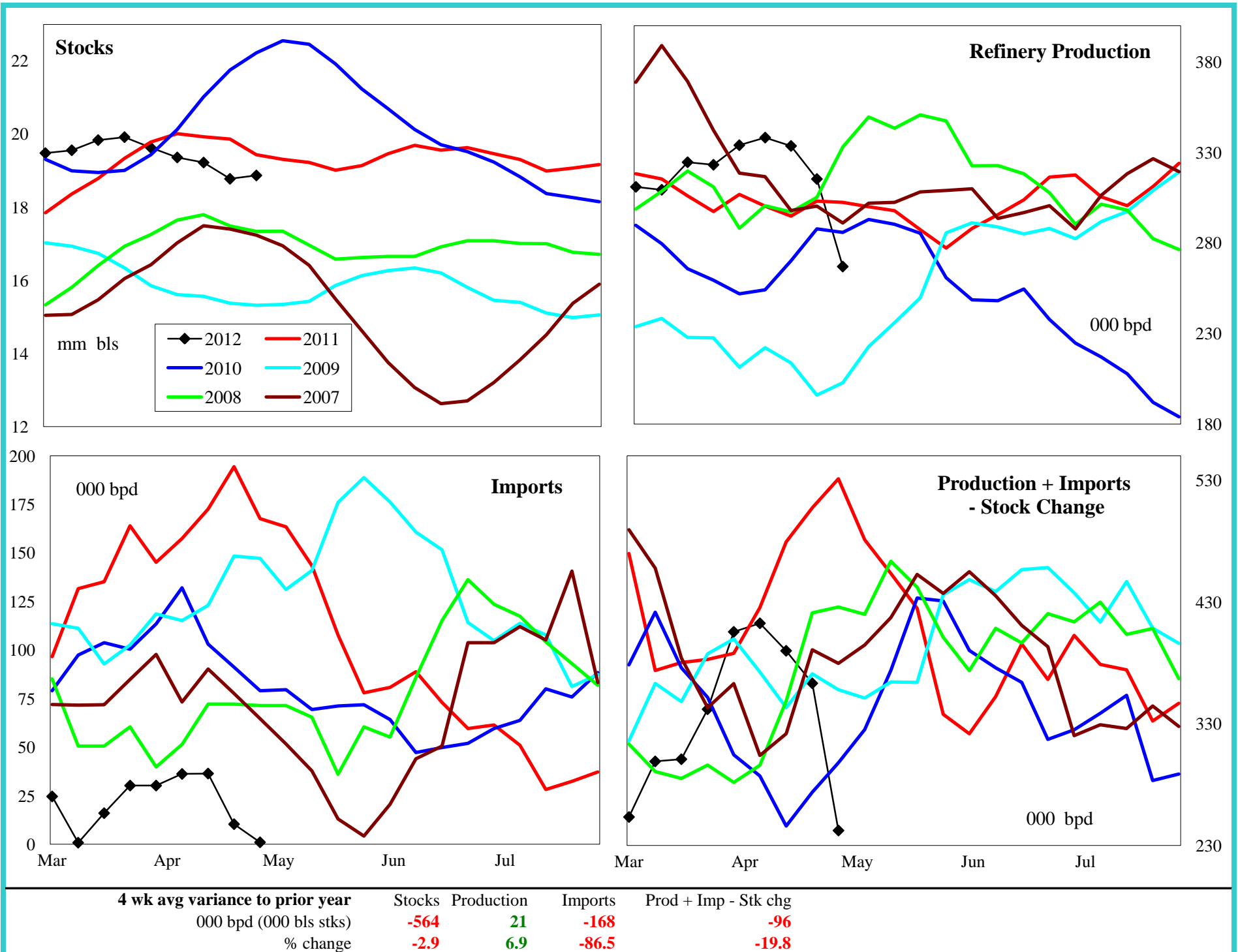
PADD 3 High Sulfur Distillate Supply



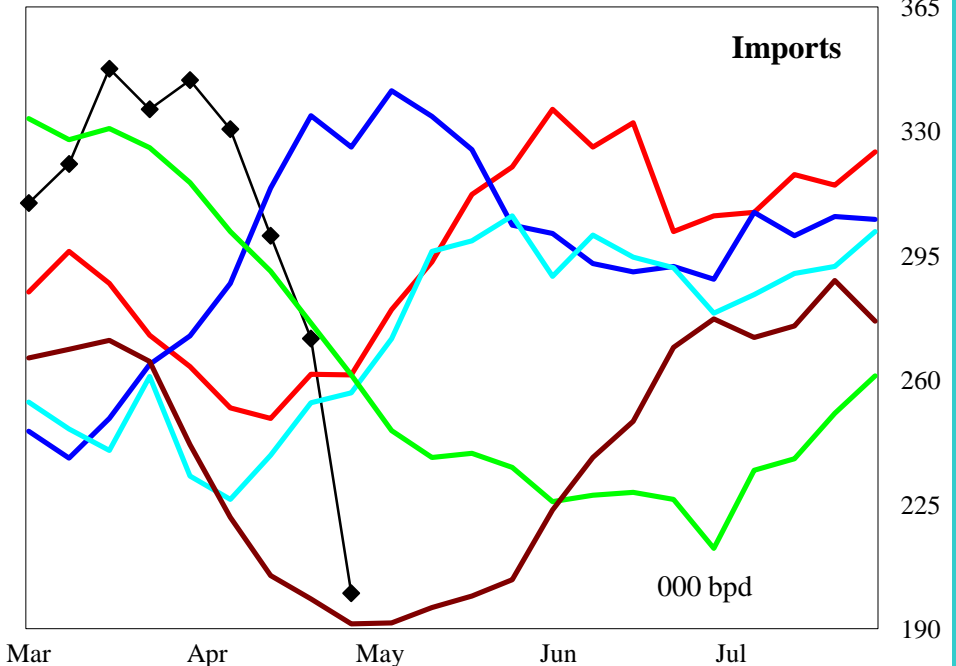
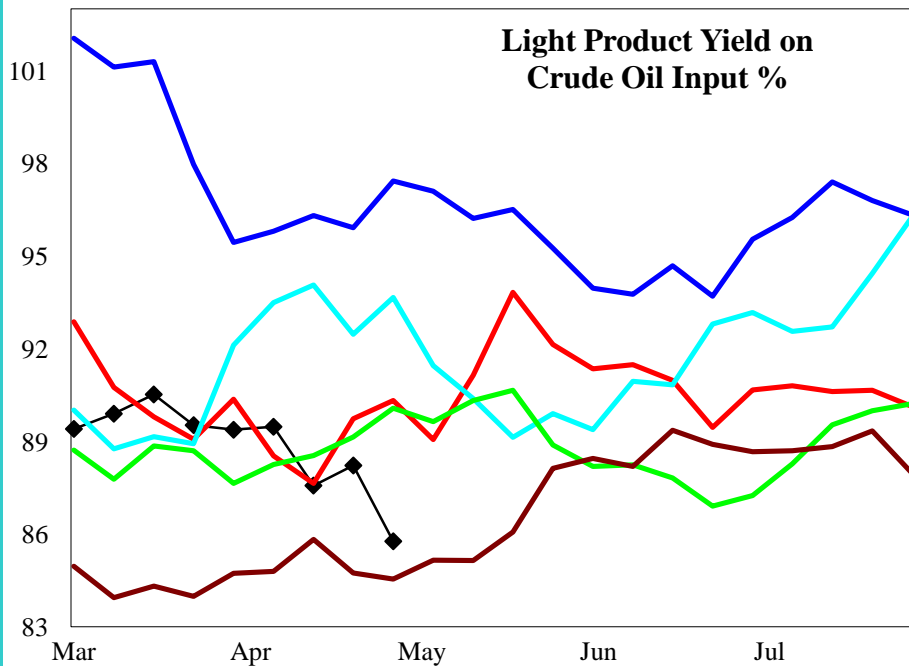
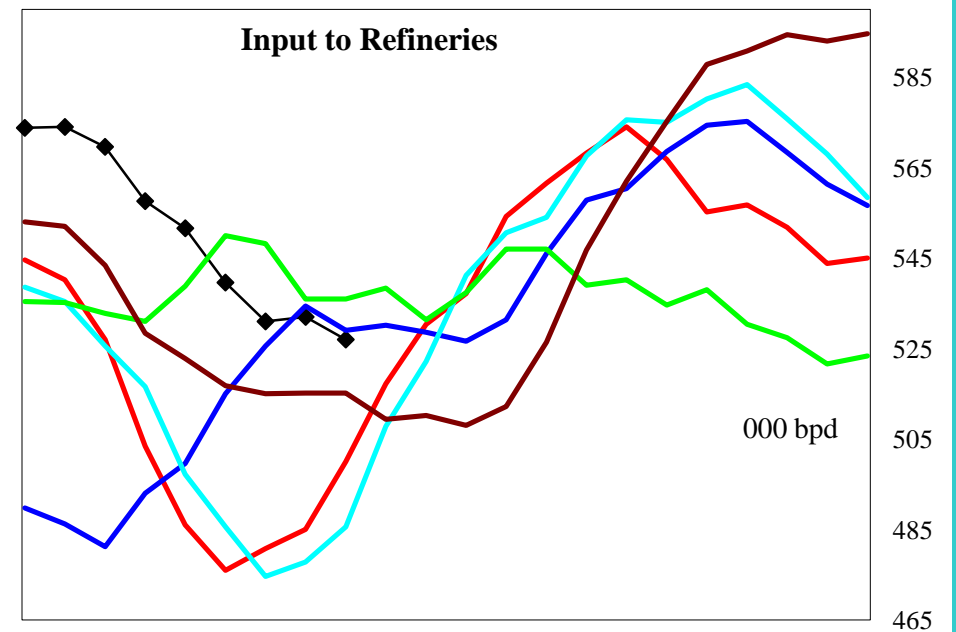
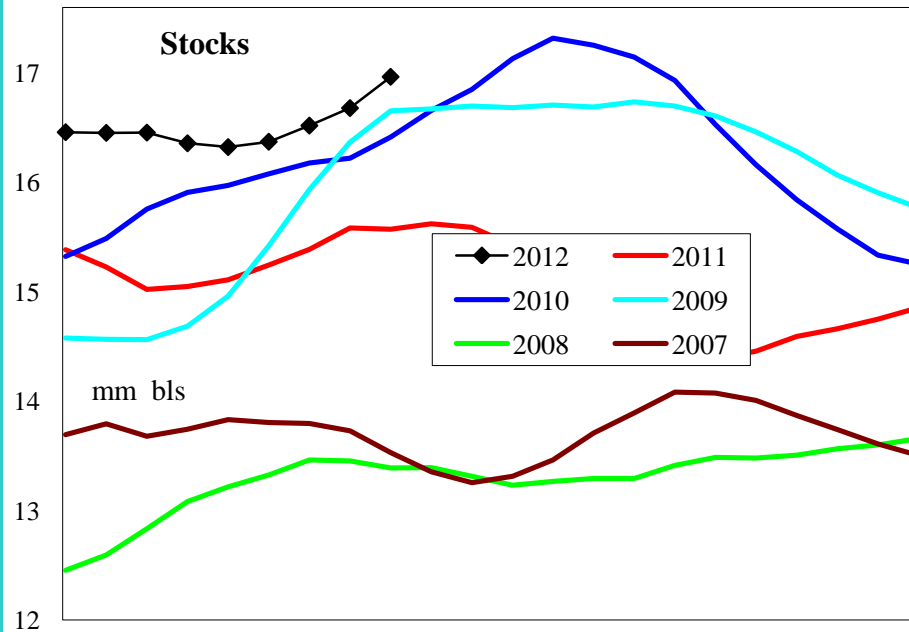
PADD 3 Jet Fuel Supply



PADD 3 Residual Fuel Oil Supply



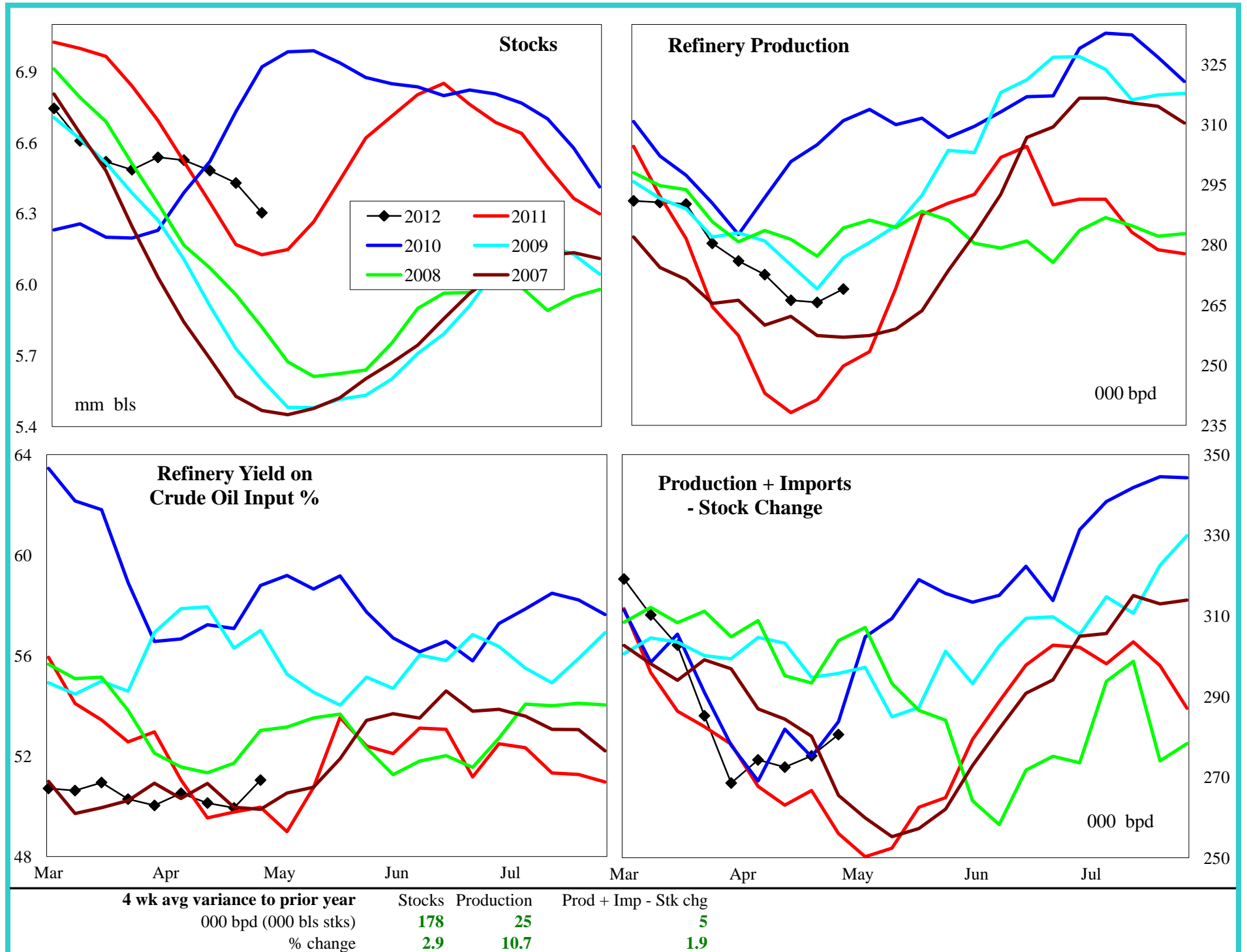
PADD 4 Crude Oil Supply and Refining



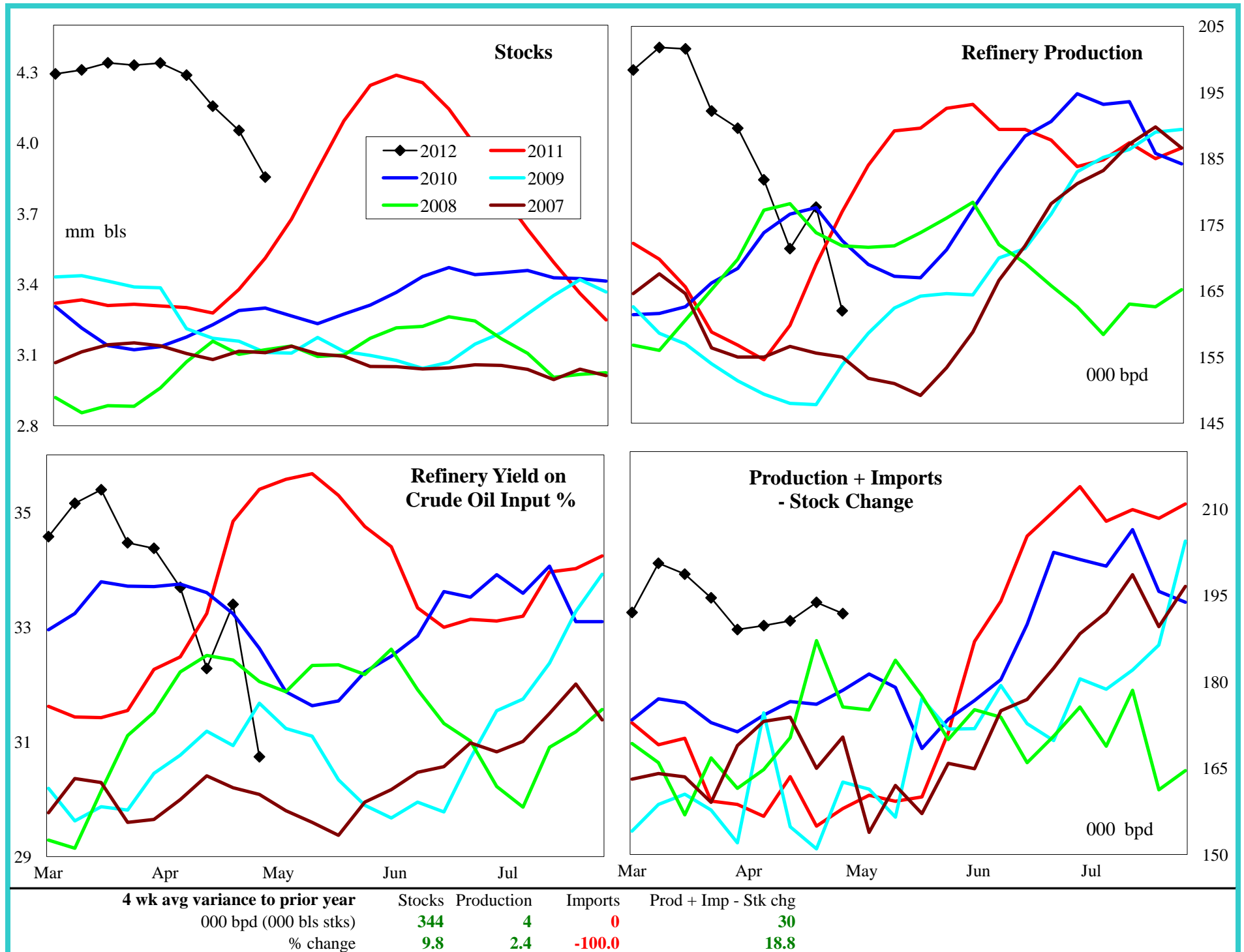
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Input	Imports
000 bpd (000 bls stks)	1,394	50	18
% change	8.7	10.3	7.0

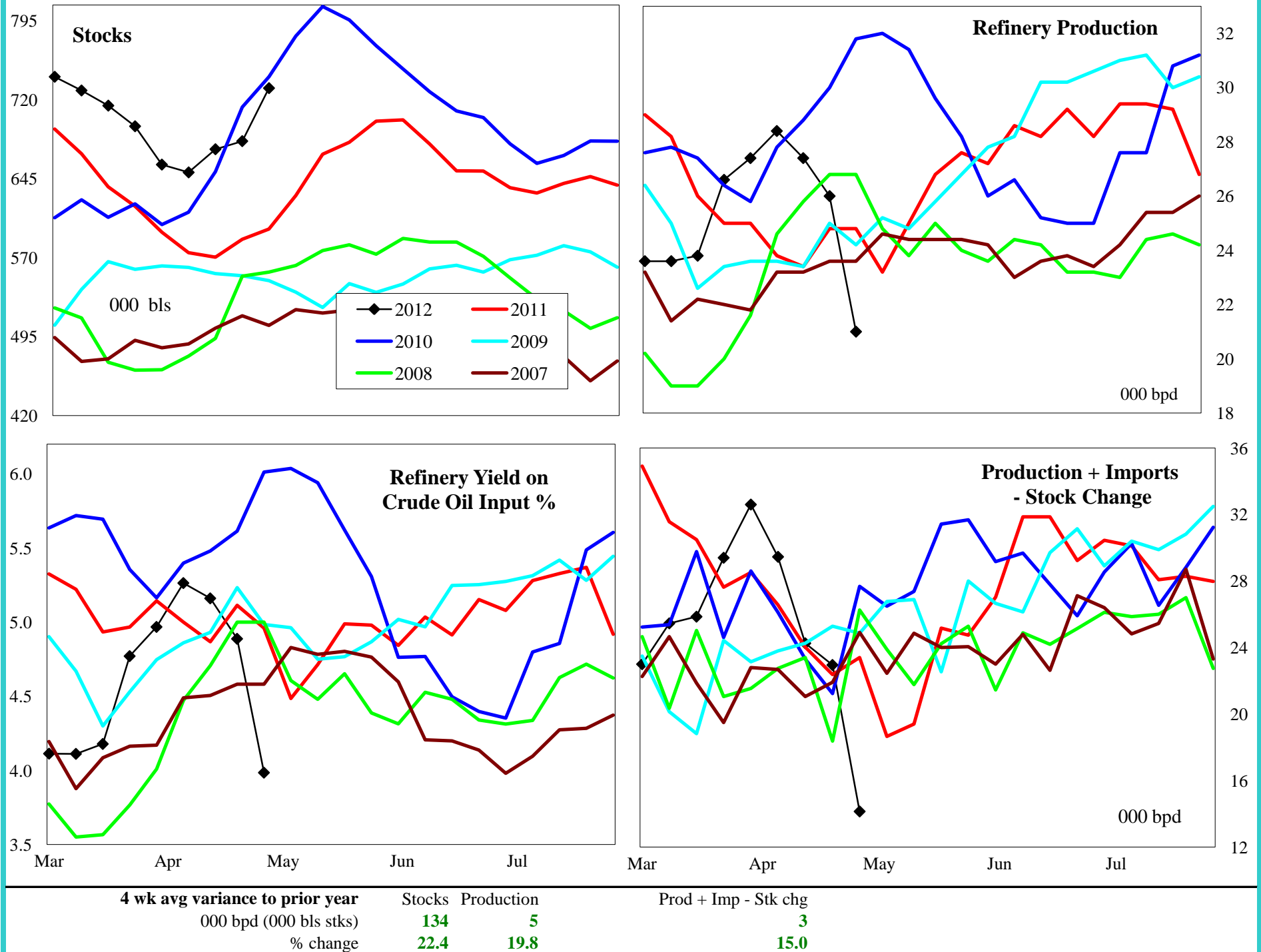
PADD 4 Gasoline Supply



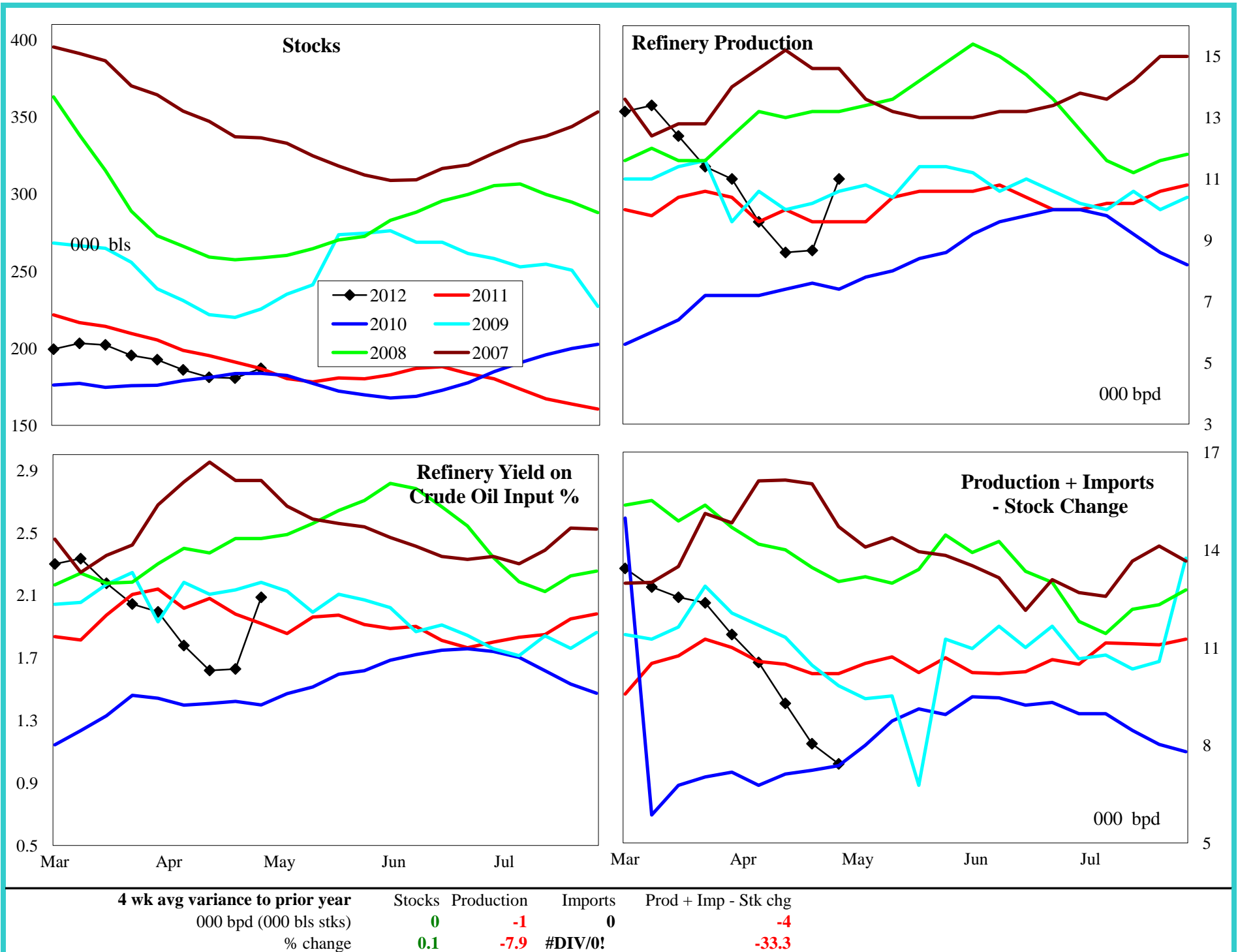
PADD 4 Distillate Supply



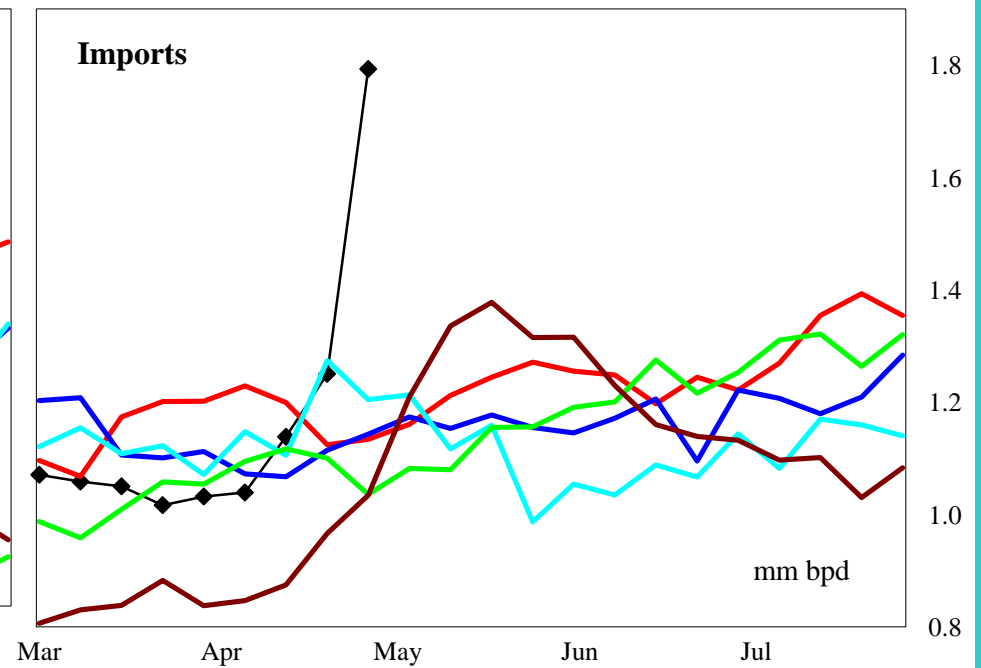
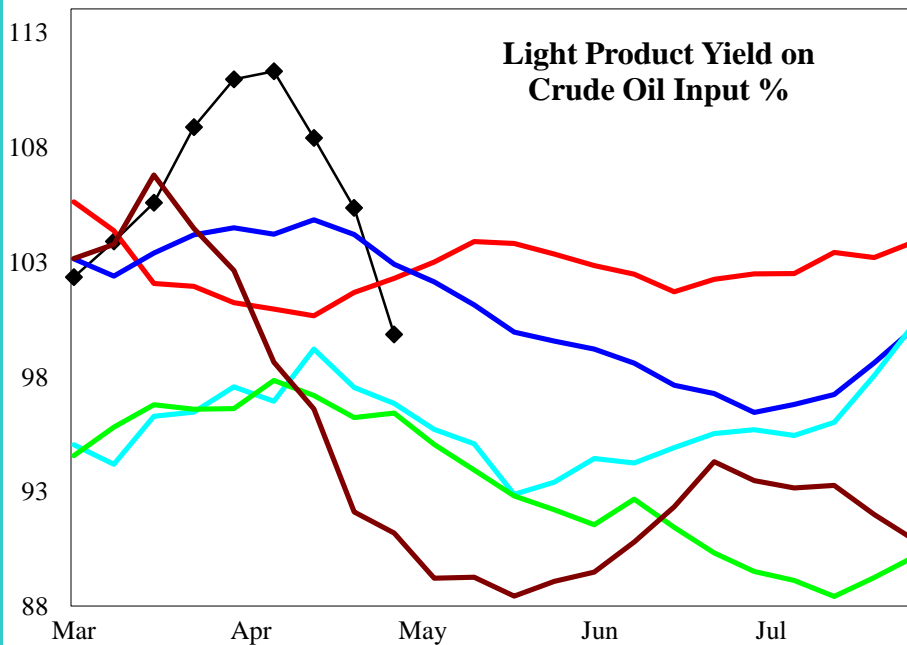
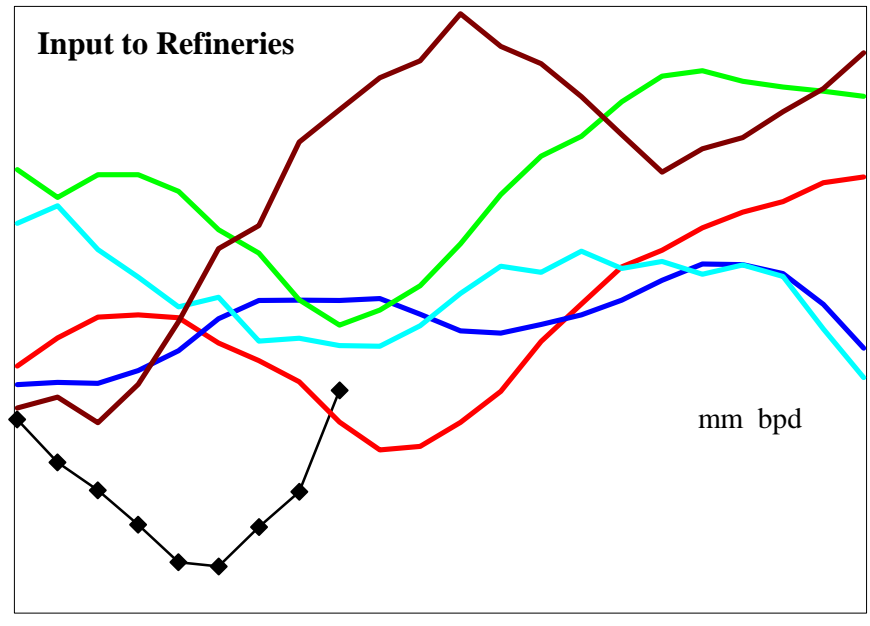
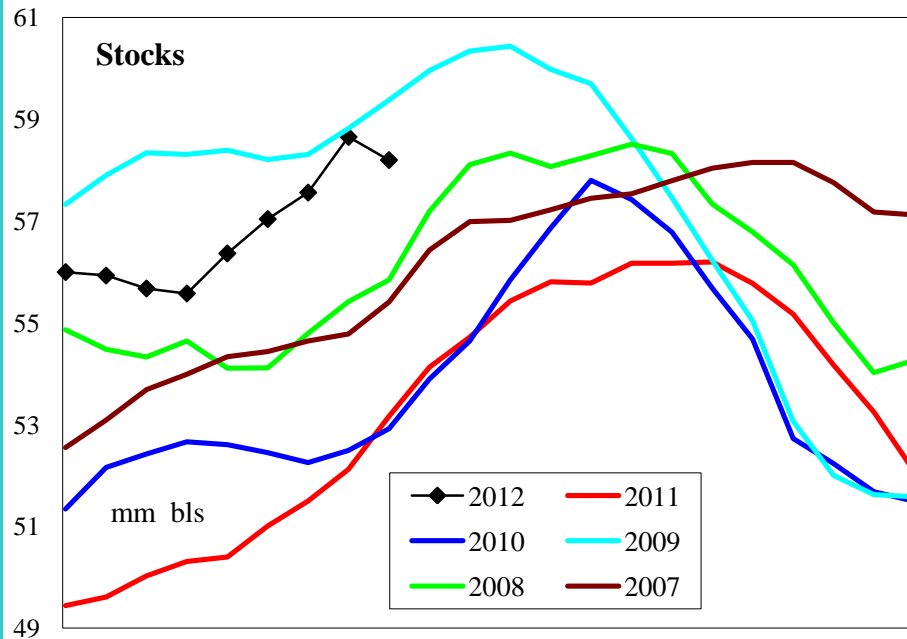
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



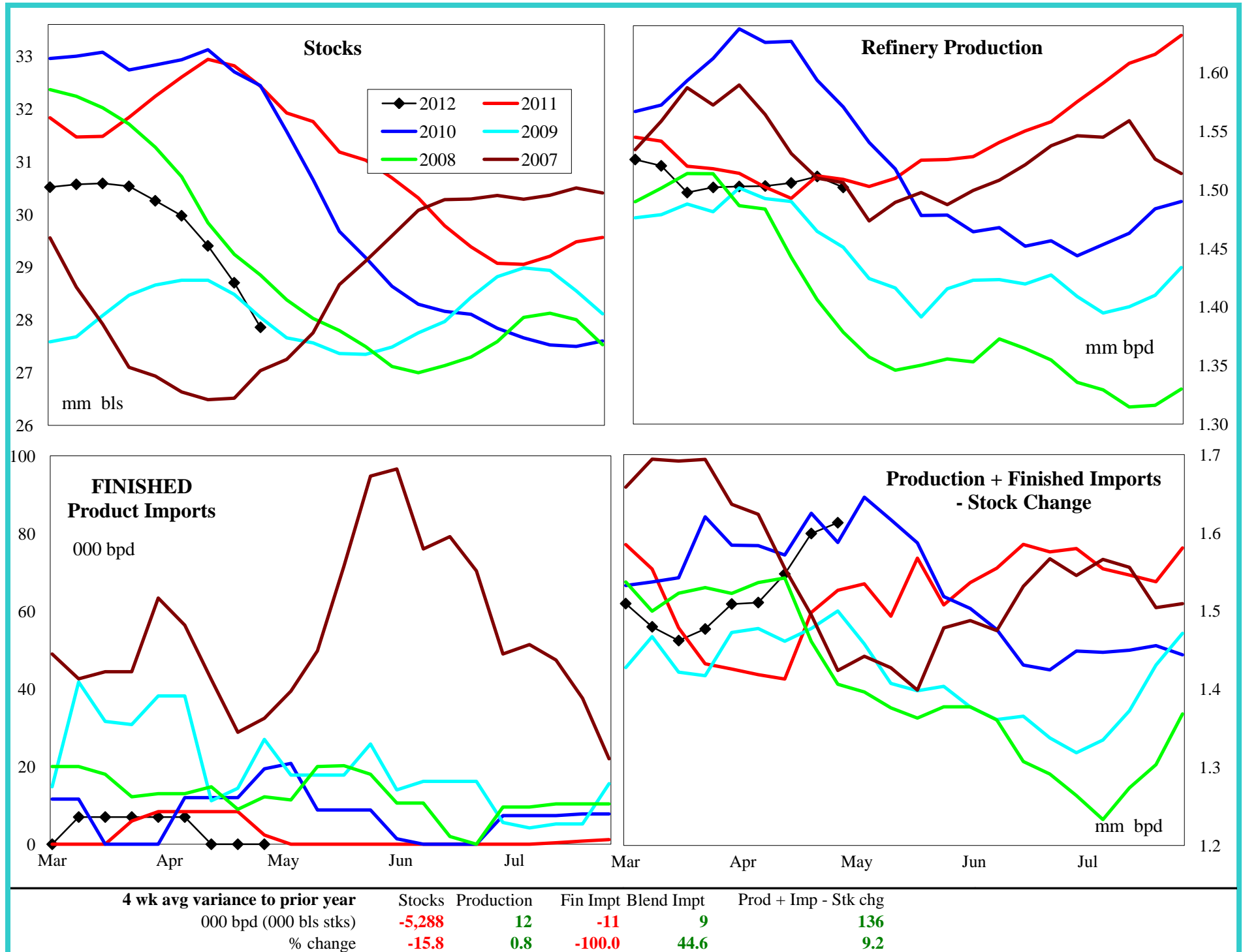
PADD 5 Crude Oil Supply and Refining



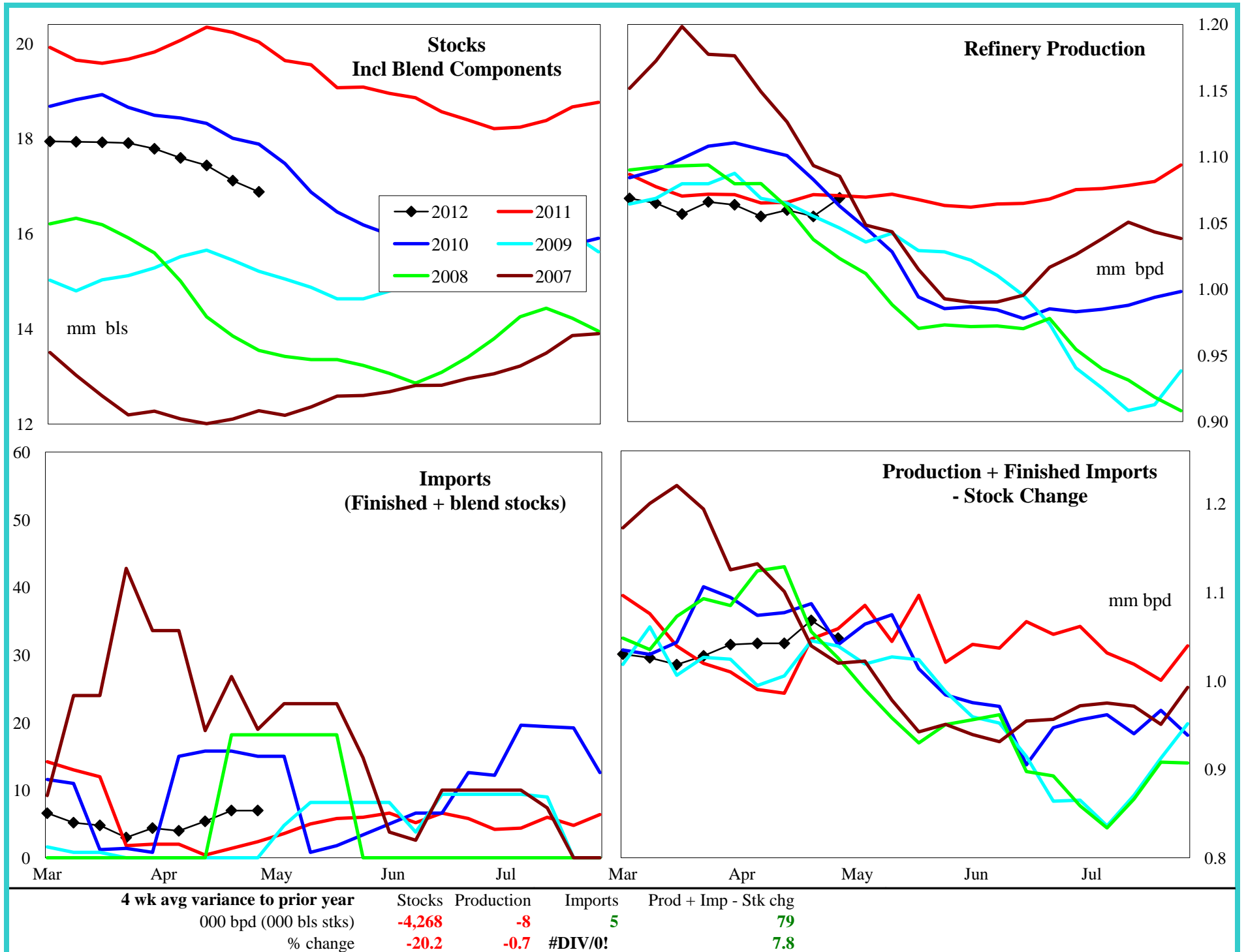
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

	Stocks	Input	Imports
000 bpd (000 bls stks)	5,035	-188	54
% change	9.5	-8.0	4.9

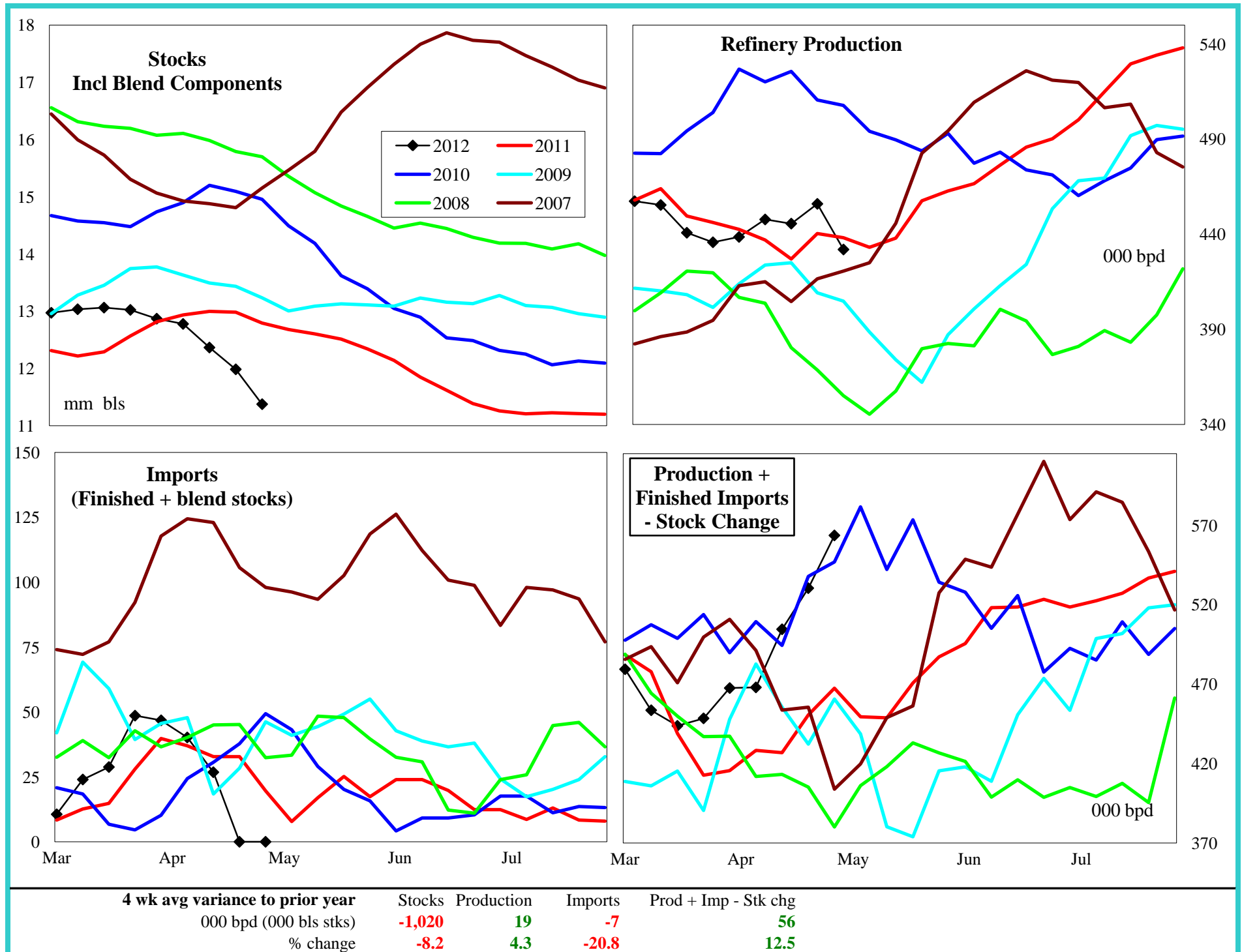
PADD 5 Gasoline Supply



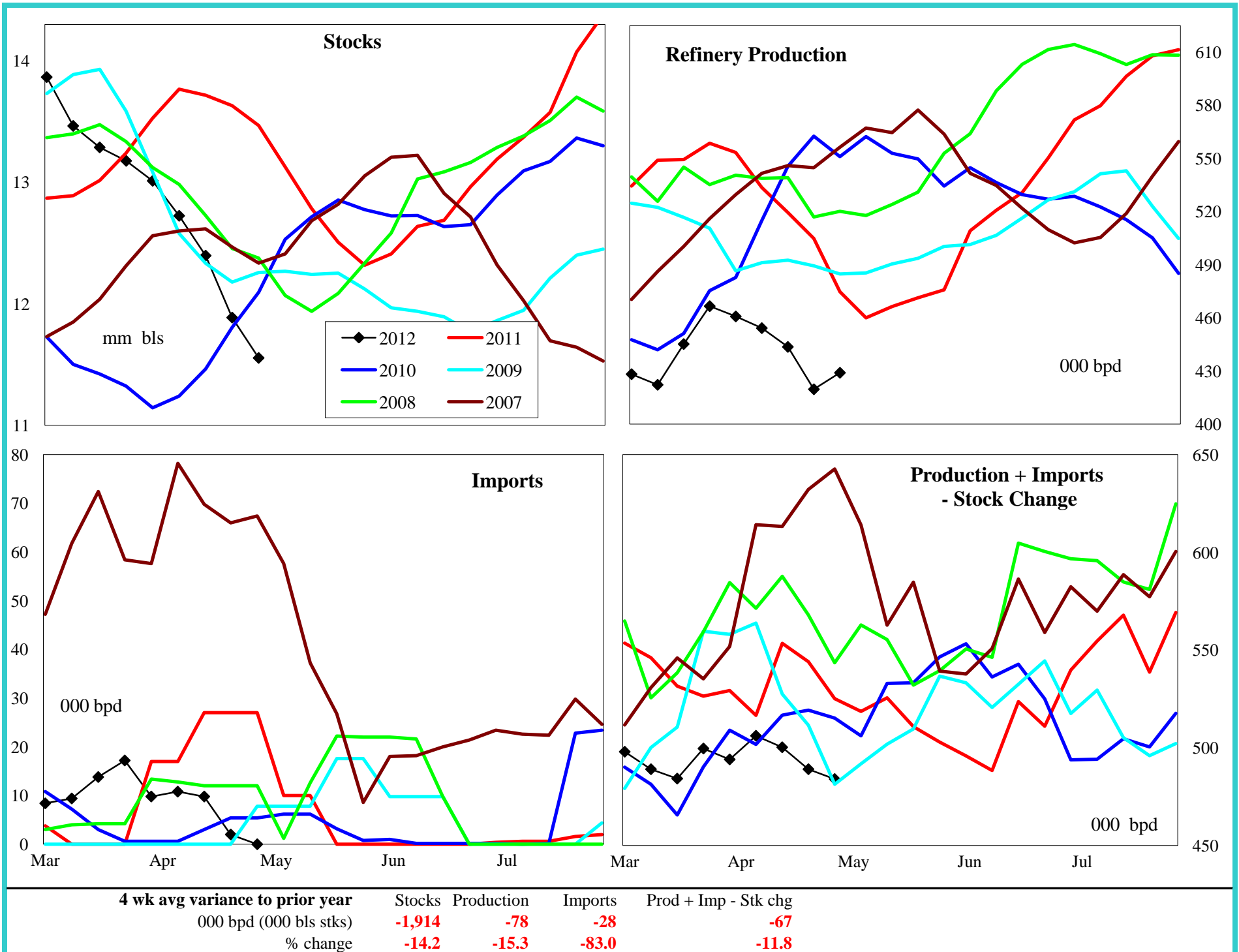
PADD 5 Reformulated Gasoline Supply



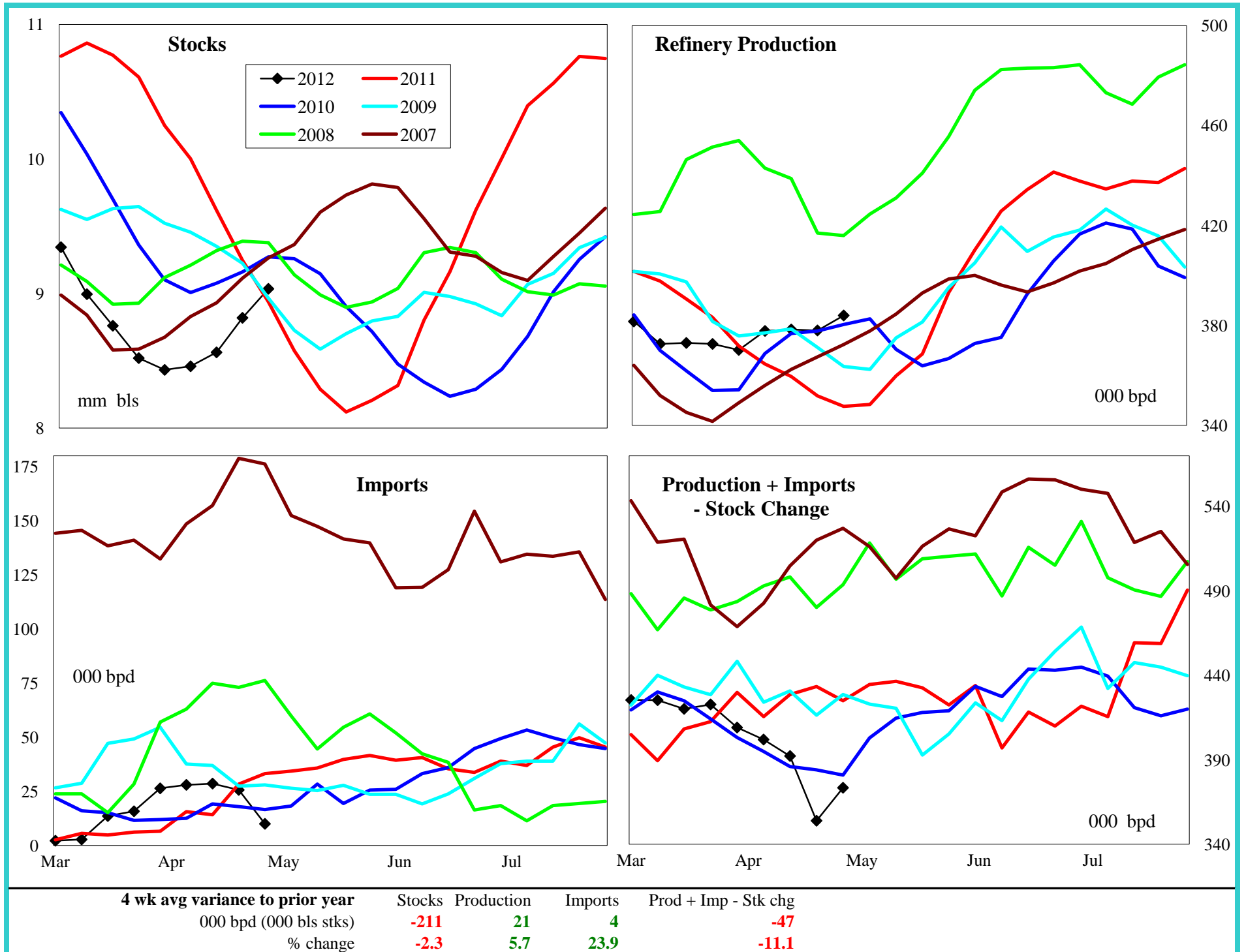
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

