



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

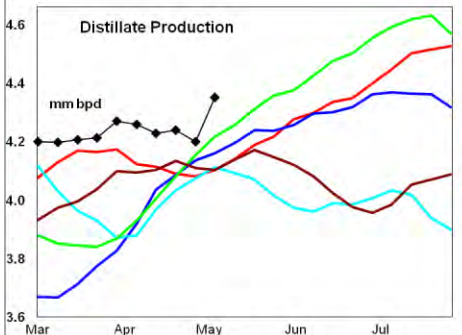
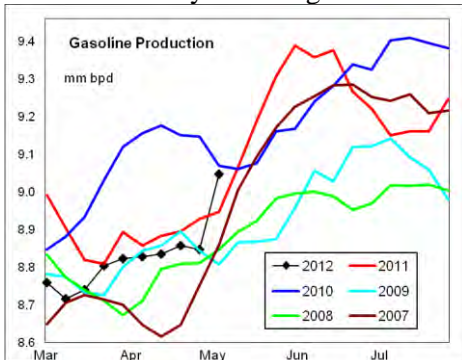
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 09, 2012

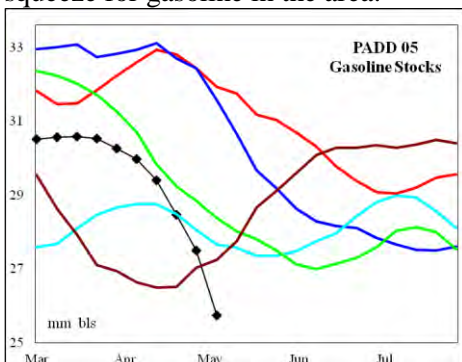


Major Fundamental Trends¹

Production of gasoline and distillate each increased over +250,000 bpd last week as refinery maintenance comes to an end in the key Gulf Region.

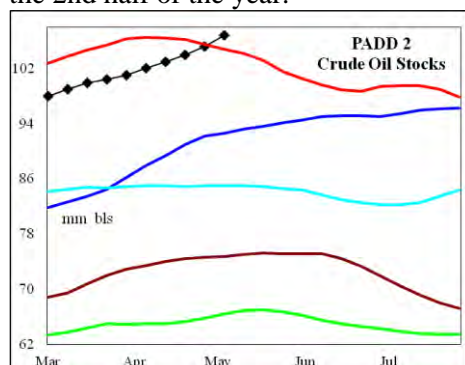


Maintenance continues in the Midwest, Rockies and West Coast regions; with record a record high level on the West Coast driving a physical supply squeeze for gasoline in the area.



Crude oil stocks continued to build last week, with the level of U.S. commercial stocks reaching a 21-year high. Stock levels in all regional markets except the East Coast are at or near record high levels. Since 2008 crude oil stocks in PADD 2 have

increased +30 million barrels, driven by higher working stocks to support the explosion in production and Canadian imports. Start up of the Seaway pipeline from Cushing to the Gulf should lead to a meaningful draw down in Mid Continent stocks during the 2nd half of the year.



The current tight distillate market should see meaningful improvement during the next quarter on lower exports and significantly higher production; leading to seasonal stock builds. The West Coast should witness the largest improvement followed by stock building in the key East Coast market.

Demand for gasoline and distillate were each higher last week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -3.2%; distillate down -1.1%; jet fuel down -7.4% while residual fuel oil decreased -18%. **Stocks forward coverage:** Gasoline demand coverage fell last week due to a -2.6 million barrel stock draw. Coverage levels were above the mid range.

Distillate demand coverage decreased on a -3.3 million barrel stock draw. Coverage levels were well below the last 3-years.

Jet fuel coverage levels increased on extremely weak demand that offset a -0.4 million barrel stock draw. Coverage levels ended the week above two of the last 3-years.

Refinery utilization rates increased on a +35,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was +508,000 bpd above a year

ago.

Gasoline yield % on crude oil runs jumped on a +301,000 bpd increase in output compared to the +35,000 bpd rise in crude oil runs. Yield % on crude oil runs was above two of the last 3-years.

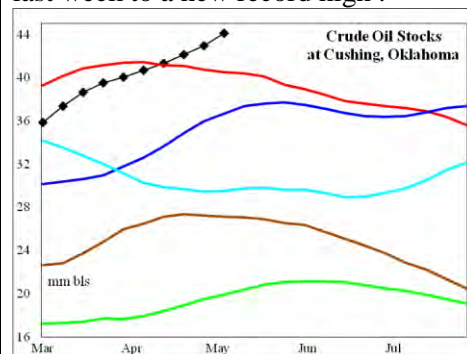
Distillate yield % on crude oil runs surged on a +259,000 bpd rise in production, compared to the increase in crude oil runs. The yield % was a record high for the period.

Jet fuel yield % on crude oil runs decreased on a -63,000 bpd decline in production compared to the increase crude oil runs. Yield % levels were near 5-year lows.

Petroleum Imports of major refined fuel products were down a combined -0.8 million bpd for the latest 4-wk period; with every product at record lows for this time of year.

During the latest 4-wk period crude oil imports were +28,000 bpd above last year; distillate imports decreased -103,000 bpd; finished gasoline imports decreased -93,000 bpd, gasoline blend stock imports declined -356,000 bpd; jet fuel imports were -52,000 bpd lower, while residual fuel oil imports fell -234,000 bpd.

Crude Oil stocks increased +3.7 million barrels last week, with increases in all regions except the East Coast. U.S. stock levels matched 21-year highs last week. Stocks in Cushing increased +1.1 million barrels last week to a new record high.



¹ Source is latest EIA Weekly Statistics



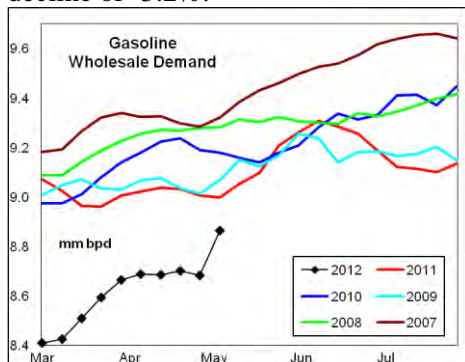
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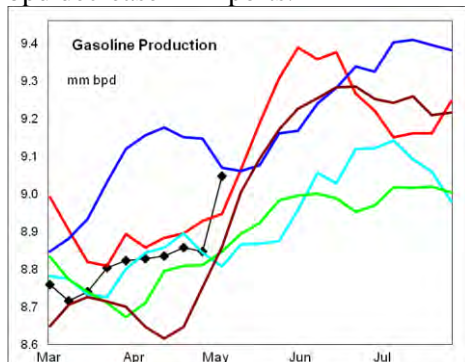
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Product Supply-Demand Trends

Gasoline demand increased +172,000 bpd last week, although the level remains well below the historic range. The latest 4-wk average demand was -288,000 bpd below a year ago, a decline of -3.2%.



Production jumped +301,000 bpd on the week, partially offset by a -167,000 bpd decrease in imports.



Import levels remain -450,000 bpd below a year ago, more than offsetting the decrease in wholesale demand.

Stocks decreased -2.6 million barrels last week, with the stock level matching last year.

The latest 4-wk stock draw in markets East of the Rockies was -5.2 million barrels, a larger draw than each of the last 3-years.

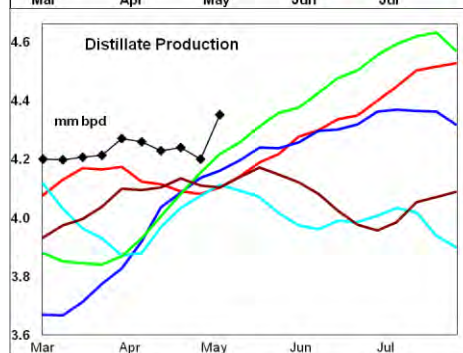
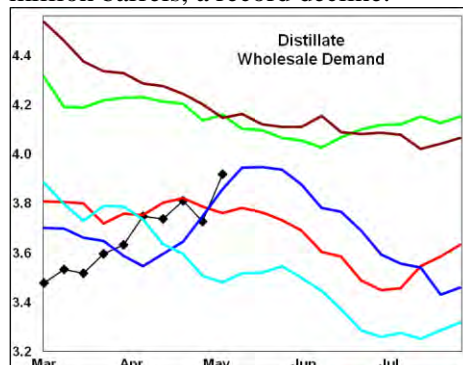
The West Coast has experienced a significant physical supply squeeze due to unplanned refinery maintenance. A relatively tight Pacific Basin market has limited imports, driving regional cash prices to record differentials compared to the NYMEX RBOB contract. Look for refiners to return to operation before month end.

Distillate demand rebounded last week, rising +407,000 bpd, with the latest 4-

wk average -48,000 bpd below a year ago.

Supplies jumped +215,000 bpd last week, driven by sharply higher production. The latest 4-wk average supply was +33,000 bpd above a year ago. Stocks fell -3.3 million barrels with draws in all regional markets.

The latest 4-wk stock draw in markets East of the Rockies was -8.8 million barrels, a record decline.



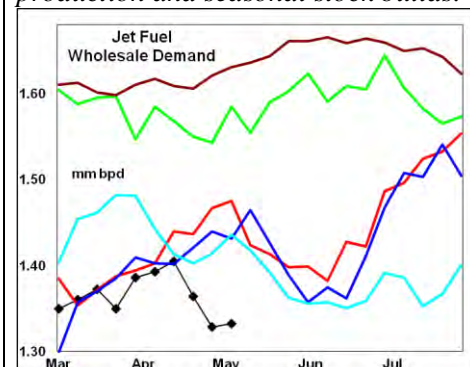
A sharp increase in production last week should be the start of seasonal increases that continue over the next 60-days as refiners complete spring maintenance. The increase was concentrated in the Gulf and PADD 1; with production in PADDs 4 & 5 extremely low due to maintenance.

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

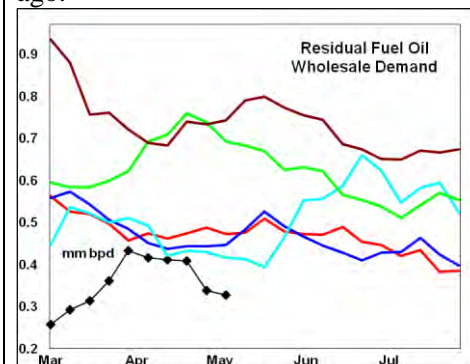
Jet Fuel demand was nearly unchanged on the week, at a level below the 5-year range. The latest 4-wk average demand was -108,000 bpd below a year ago.

Supply decreased -68,000 bpd on lower production. Stocks decreased -0.4 million barrels last week, to a level that matched 5-year lows.

Demand has been extremely low the last 3-wks, down -7.4% from a year ago for the latest 4-wk period. Imports were nearly zero during the same period, -52,000 bpd below last year. Production remains near levels of the last 3-years. As refiners return from spring maintenance, look for higher production and seasonal stock builds.



Residual fuel oil demand declined -10,000 bpd last week. The latest 4-wk average was -95,000 bpd below a year ago.



Supply (production + imports) increased +74,000 bpd last week, on higher imports and production. The latest 4-wk average supply was -230,000 bpd below last year on lower imports. Stocks decreased -0.2 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 comparable to the last 3-years.

The key Gulf Coast market supply improved last week with stock levels and production each well above the mid range.



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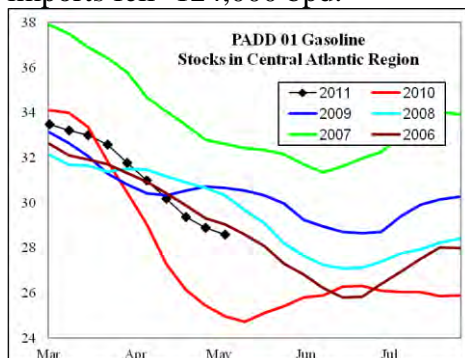
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +35,000 bpd on the week, with the latest 4-wk average -18,000 bpd below last year.

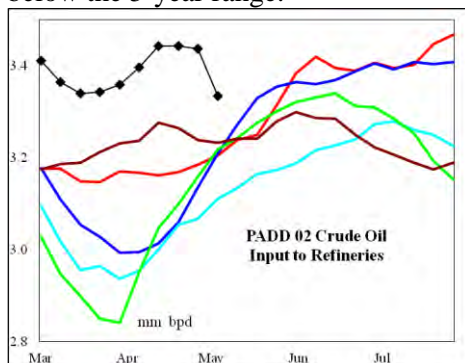
Gasoline production increased +168,000 bpd last week, while imports fell -124,000 bpd.



Stocks increased +0.3 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 increased +30,000 bpd on the week, although the level remains below the 5-year range on a lack of imports. Stocks fell -2 million barrels on the week, a level -18% below last year.

Jet fuel supply was -86,000 bpd below last year for the latest 4-wk period, a record low level. Stocks increased +0.3 million barrels on the week, although the level remains below the 5-year range.



PADD 2 crude oil refinery runs fell -175,000 bpd on the week, with the 4-wk average +278,000 bpd above last year. Crude oil imports climbed +0.3 million bpd last week, to a level near

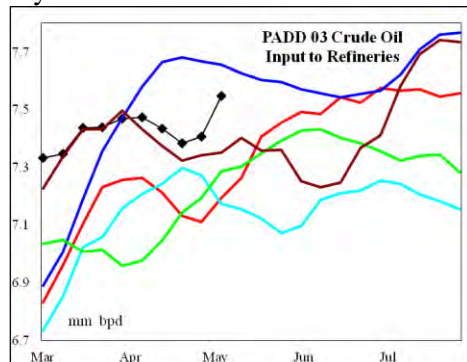
record highs. Stocks increased +1.9 million barrels to a level +1.9% above last years' record high.

Gasoline production fell -195,000 bpd last week, a level that matched historic lows for the period. Stocks decreased -0.3 million barrels, to a level above the mid range.

Distillate production decreased -14,000 bpd on the week, to match historic highs for the period. Stocks decreased -0.5 million barrels, to a level well above four of the last five years.

Jet fuel production fell -44,000 bpd on the week, to a level below the mid range. Stocks ended the week at a level which near historic lows.

PADD 3 refinery runs increased +186,000 bpd last week, a level near 5-year highs. The latest 4-wk average thru put was +296,000 bpd above last year. Crude oil imports jumped +0.6 million bpd, a level still below the historic range. Stocks extended the seasonal build, rising +1.3 million barrels to a level above four of the last 5-years.



Gasoline production jumped +203,000 bpd last week, a level still below the 5-year range. Stocks decreased -0.3 million barrels last week, a level above the historic mid range.

Distillate production jumped +196,000 bpd on the week, to a new record high. Stocks decreased -0.3 million barrels a level -28% below a year ago.

Jet fuel production decreased -18,000 bpd last week, a level above the mid range. Stocks were nearly unchanged on the week, at a level

above four of the last 4-years.

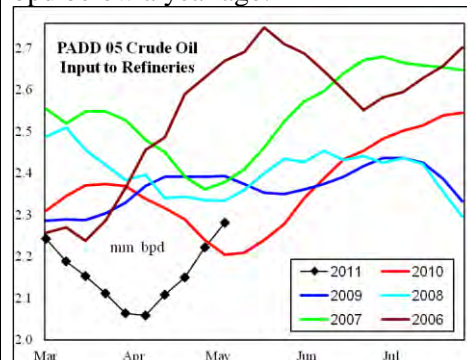
Residual fuel oil supplies increased +81,000 bpd on the week, driven by higher production and imports. Production levels were above the mid range. Stock levels ended the week below the last 2-years.

PADD 4 refinery crude runs decreased -13,000 bpd on the week, to a level near the 5-year mid range. The most recent 4-wk average run rate was +30,000 above a year ago.

Gasoline production increased +5,000 bpd to a level below the mid range. Stocks decreased -0.3 million barrels, to a level below the last 2-years.

Distillate production decreased -7,000 bpd on the week, to a level near 5-year lows. Stock levels matched last years' record highs for the week.

PADD 5 crude oil refinery runs were unchanged last week, at a level that matched 5-year lows. Runs for the most recent 4-wk period were -76,000 bpd below a year ago.



Gasoline production increased +51,000 bpd on the week to a level matching 5-year highs. Supply (production + imports) for the latest 4-wk average was +9,000 bpd above a year ago. Stocks fell -2.1 million barrels, to a new record low level.

Distillate supply increased +11,000 bpd on the week, although the level remains below the historic range. Stocks declined -0.4 million barrels, to a new record low level.

Jet fuel production was above the mid range while stock levels were at the low end of the 5-year range.

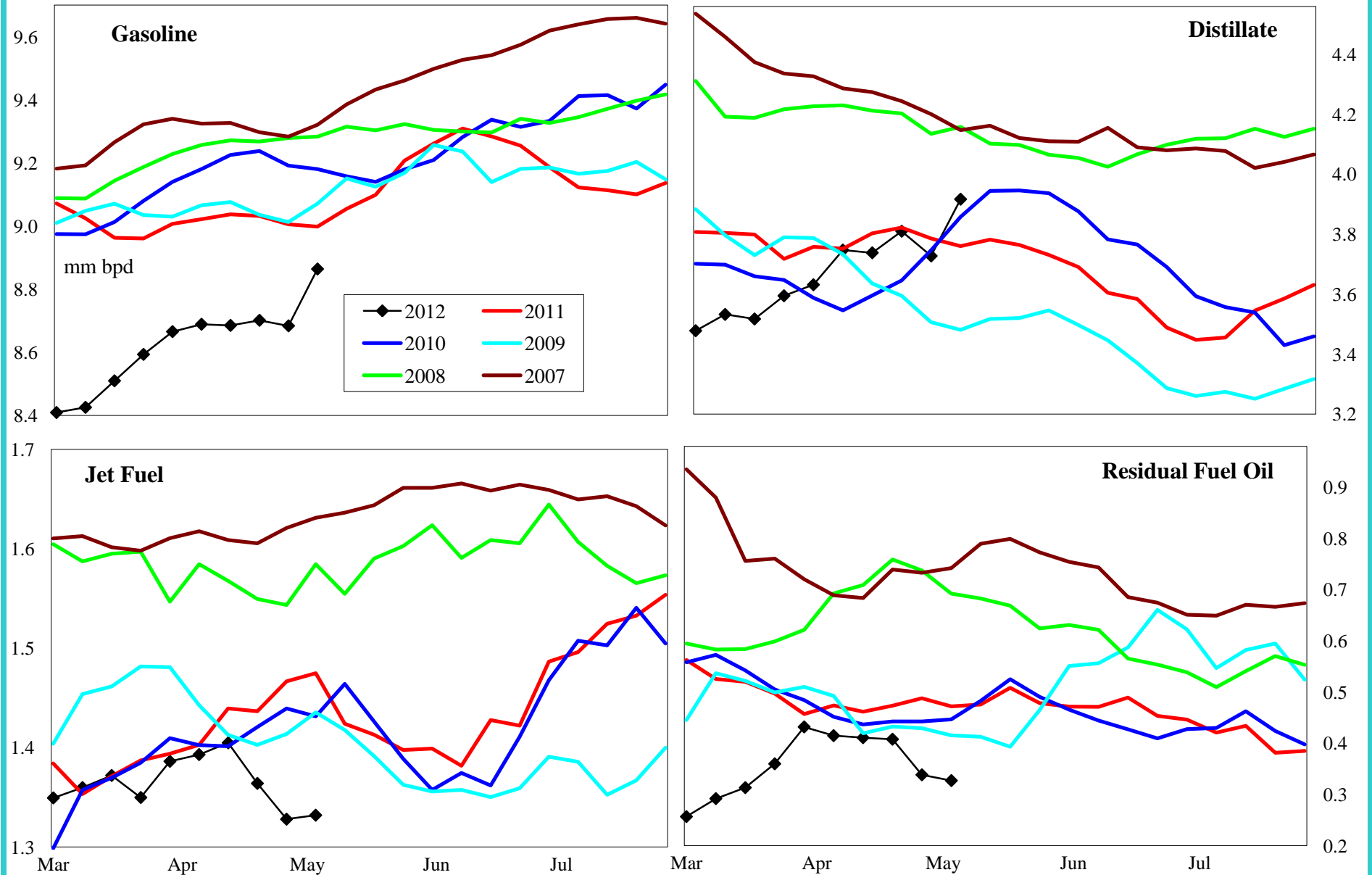


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report May 9, 2012
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %			Imports	
Supply/Demand Trends	4-May-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	3,652	-314	1,890	1,309	7	761
	Imports	145	-145	328	579	31	-649
	Input	35	35	-175	186	-13	2
	% Utilization	0.40					
Gasoline	Stocks	-2,613	276	-260	-252	-253	-2,125
	Production	301	168	-195	203	5	51
	Imports	-167	-124	0	-68	0	25
	Supplied	172					
Distillate	Stocks	-3,251	-1,954	-454	-329	-89	-426
	Production	259	81	-14	196	-7	4
	Imports	-44	-51	0	0	0	7
	Supplied	407					
Jet Fuel	Stocks	-361	299	-329	28	10	-368
	Production	-63	-10	-44	-18	9	1
	Imports	-5	0	0	0	0	-5
	Supplied	6					
Residual Fuel Oil	Stocks	-172	-126	-86	-269	-15	326
	Production	13	-4	-14	49	0	-18
	Imports	61	65	2	32	0	-37
	Supplied	-10					

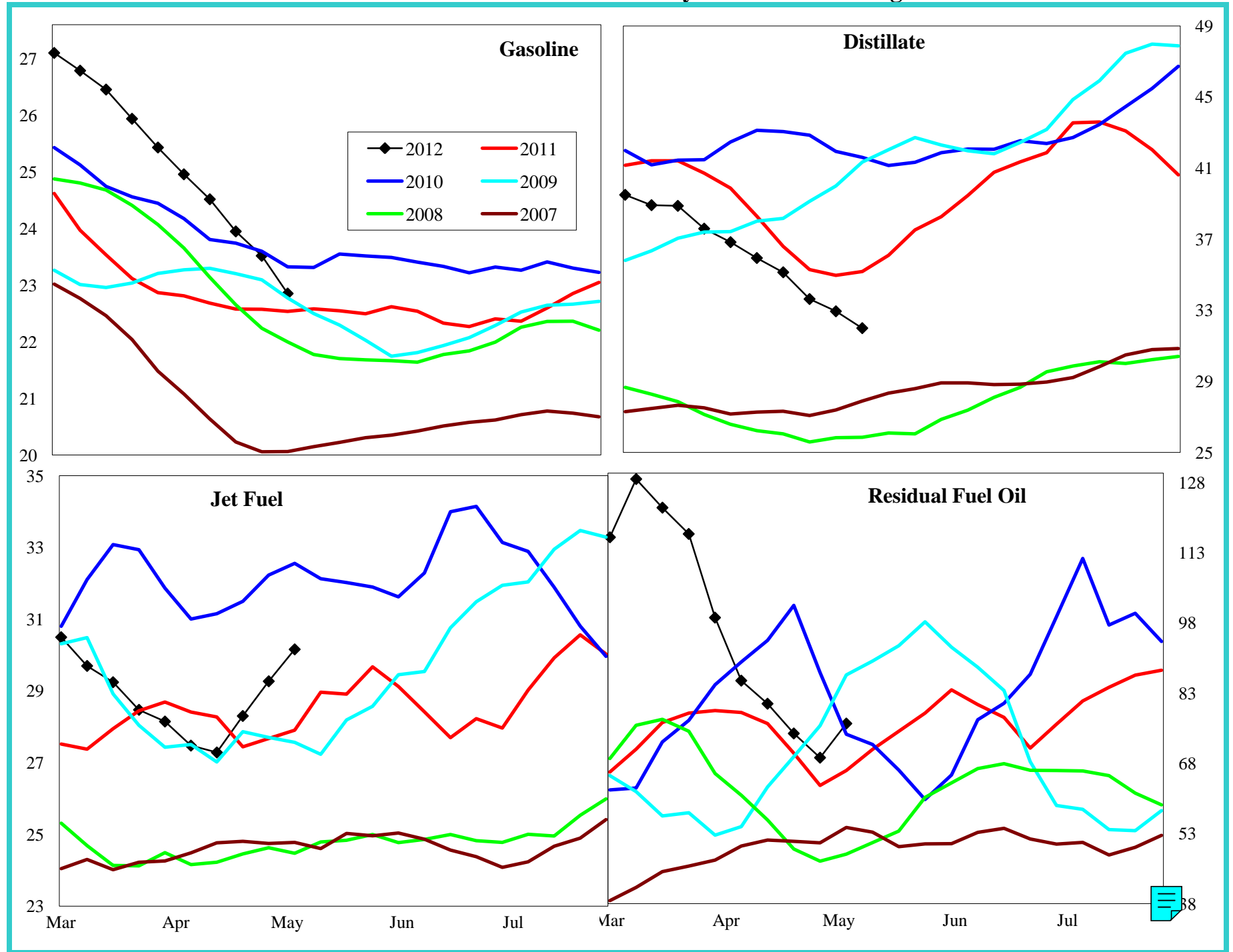
United States Wholesale Petroleum Demand



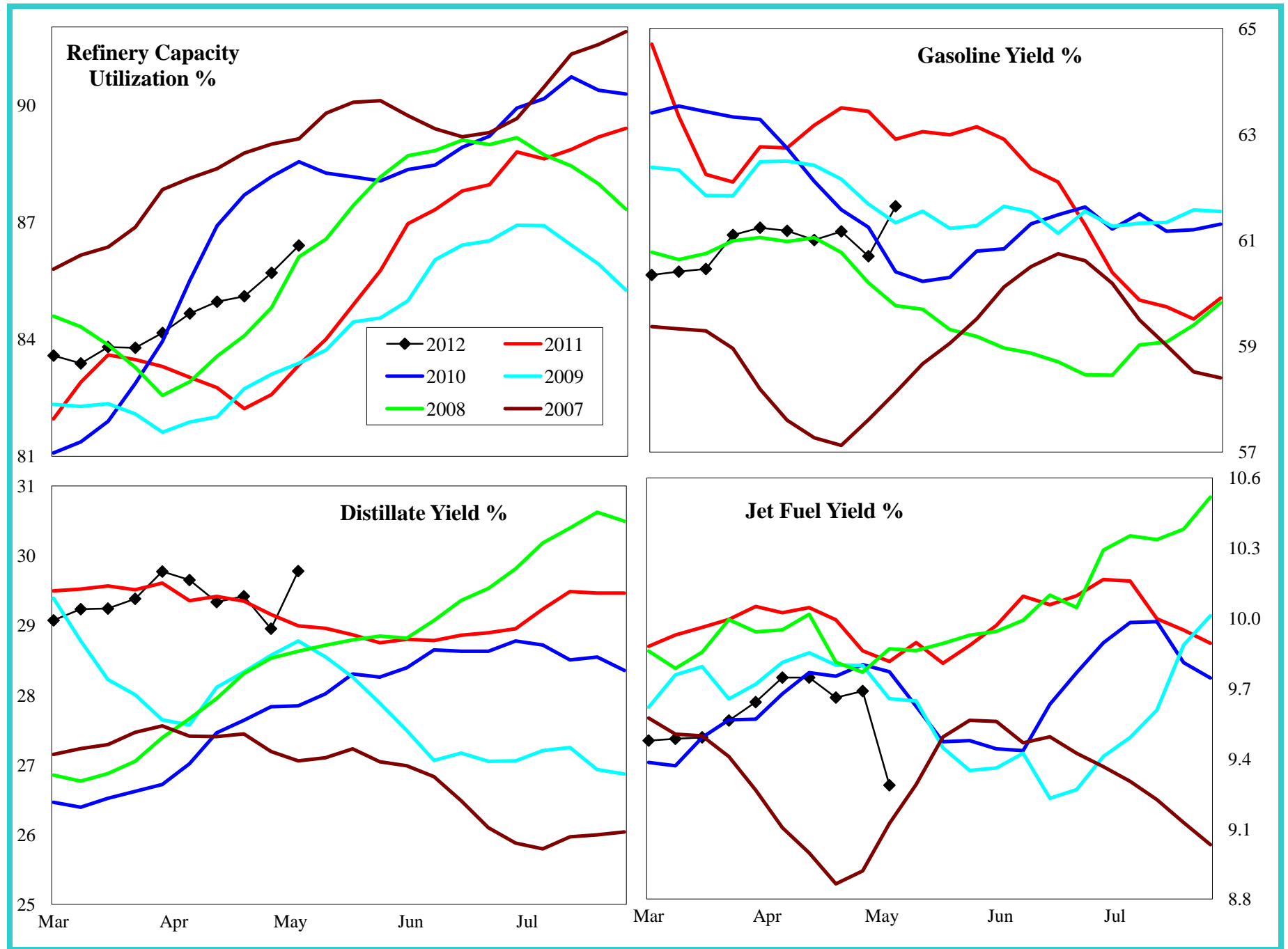
	000 bpd change from prior year				% change from prior year			
	4wk avg	Mar	Feb	Jan	4wk avg	Mar	Feb	Jan
Gasoline	-288	-178	-293	-225	-3.2	-2.0	-3.4	-2.7
Distillate	-48	-432	-283	-157	-1.2	-10.8	-7.3	-4.0
Jet Fuel	-108	-59	52	-42	-7.4	-4.2	3.9	-3.1
Resid	-95	-179	-258	-203	-18.1	-32.7	-41.1	-32.6



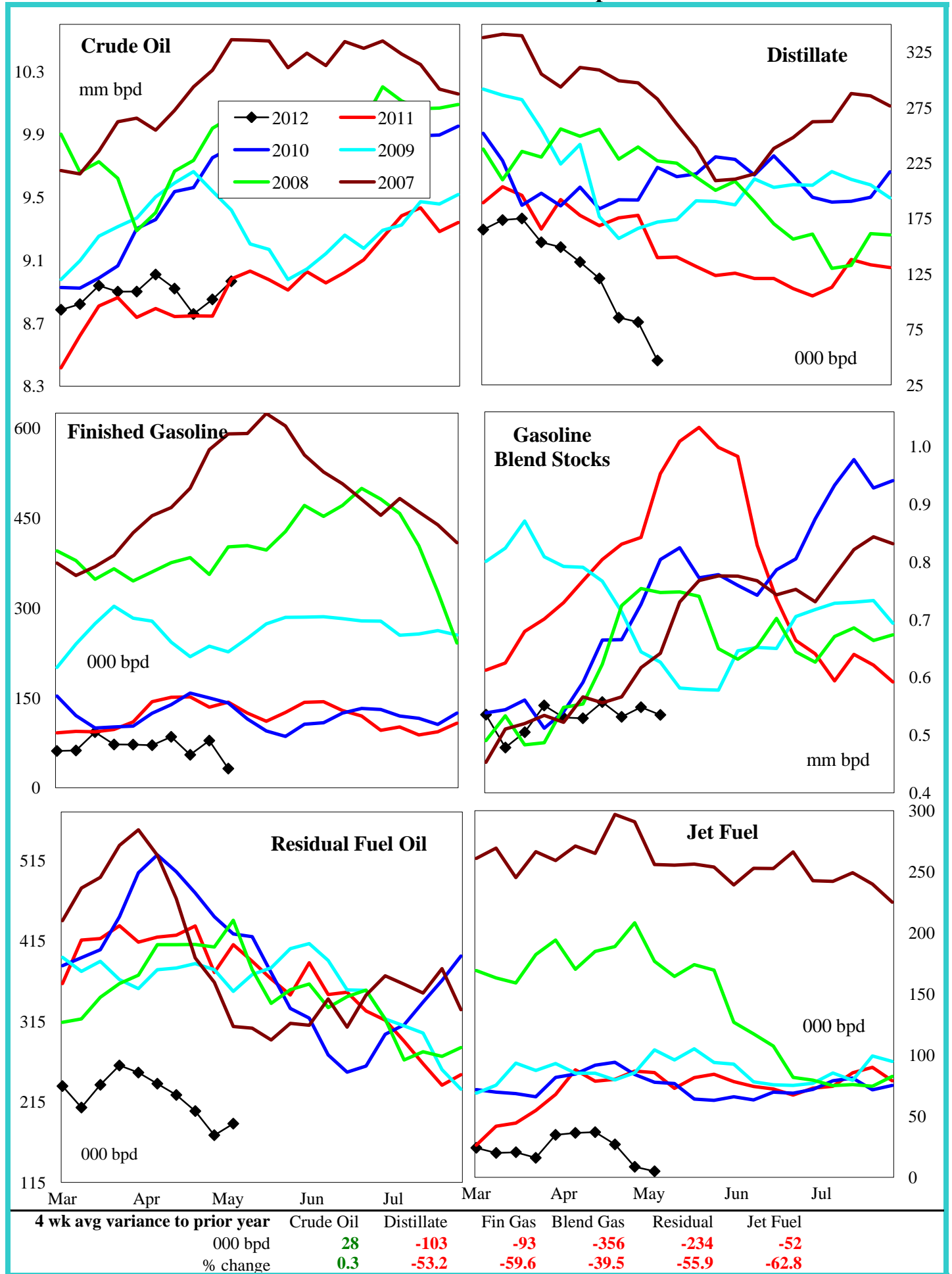
United States Product Stocks: Days Forward Coverage



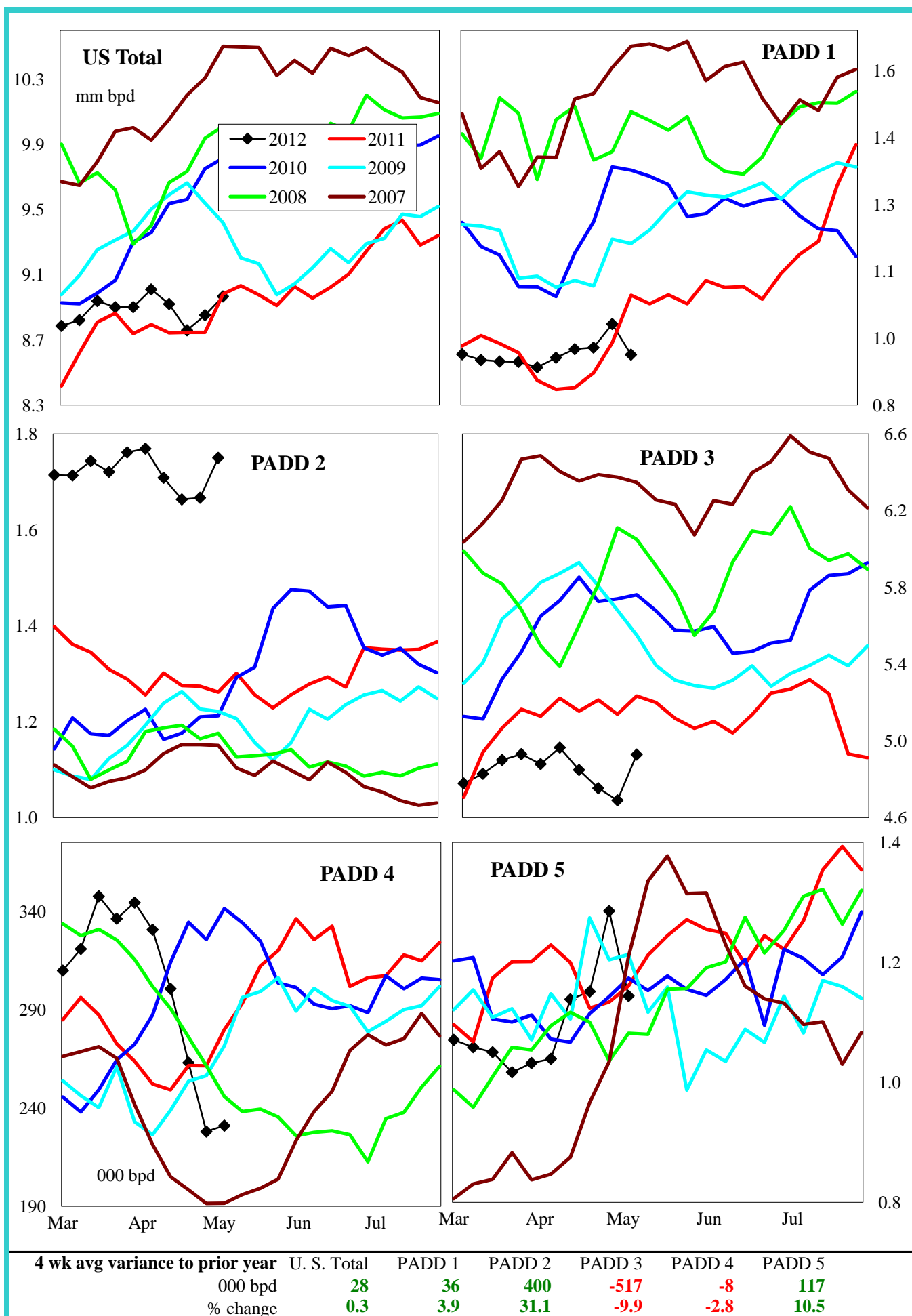
United States Refinery Percent Utilization Rate and Product Yields



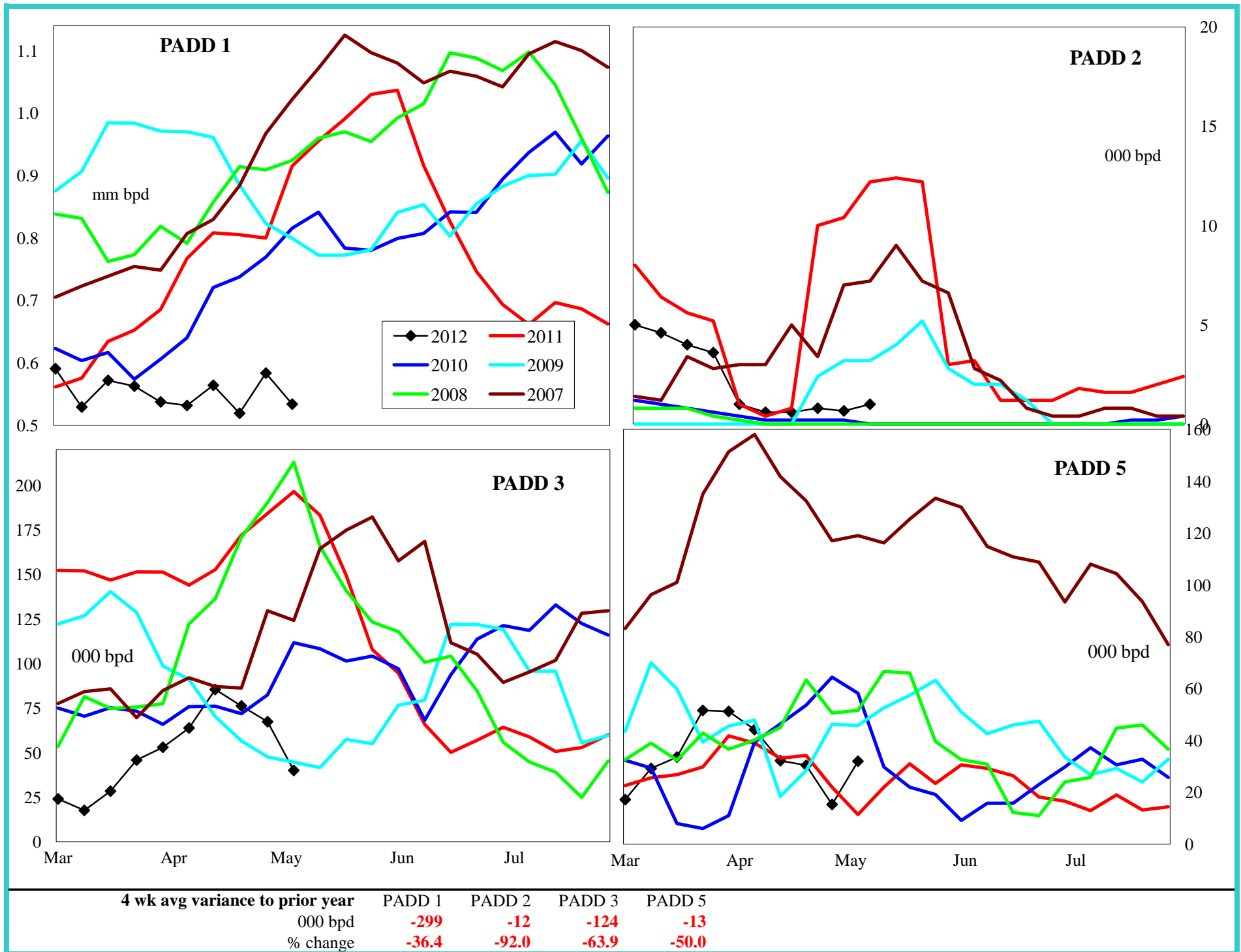
United States Petroleum Imports



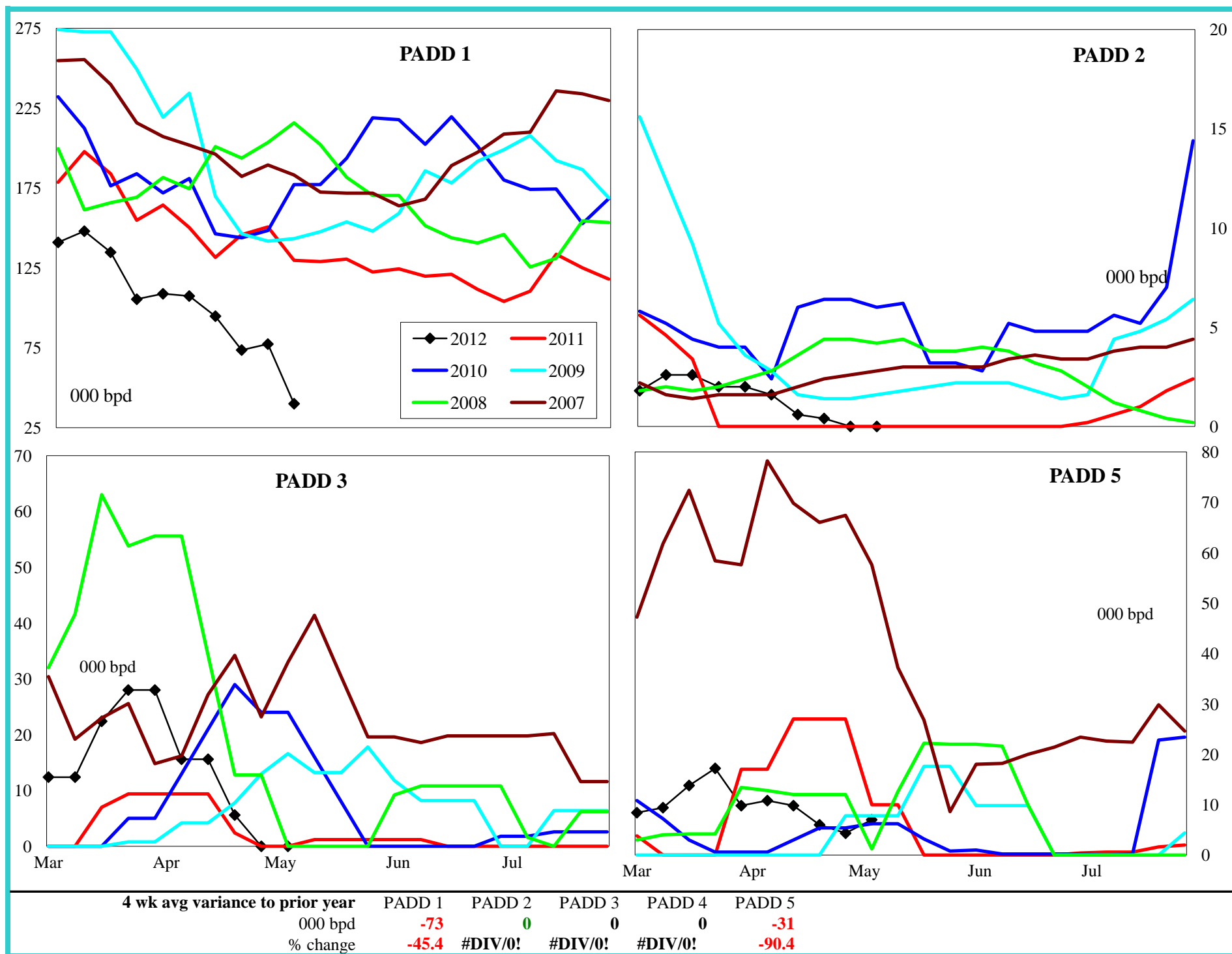
Crude Oil Imports by PADD



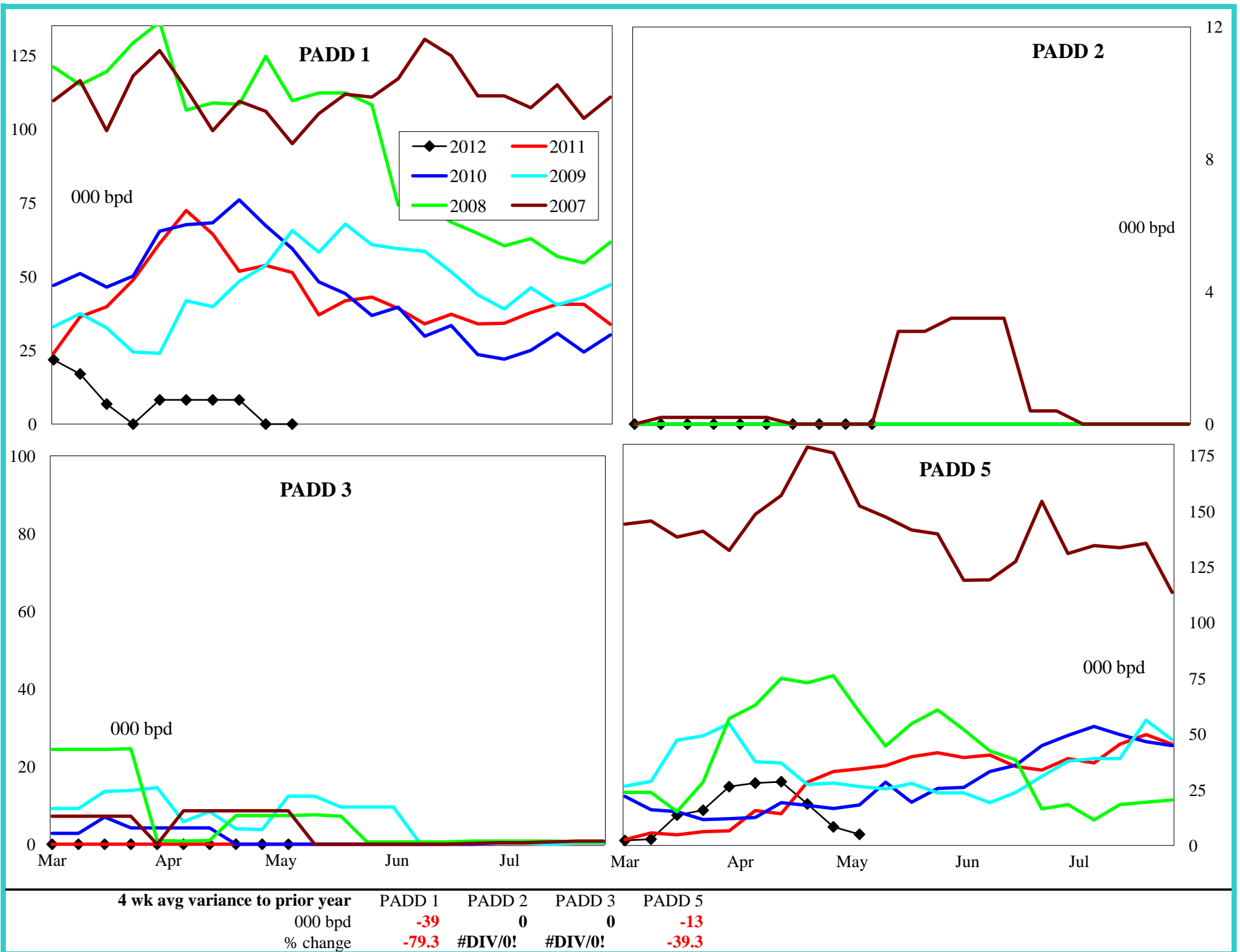
Gasoline Imports by PADD (Finished + Blend Stocks)



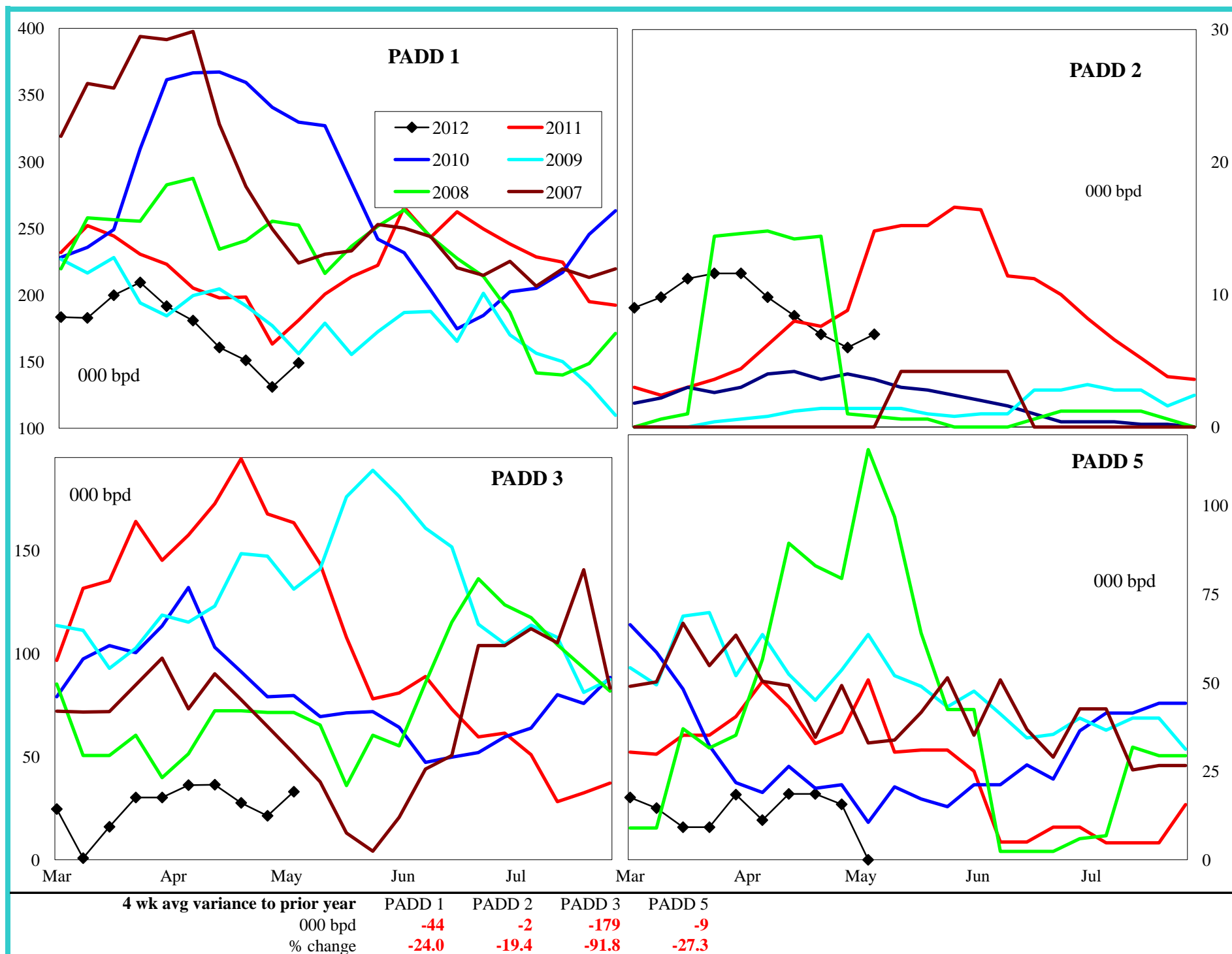
Distillate Imports by PADD



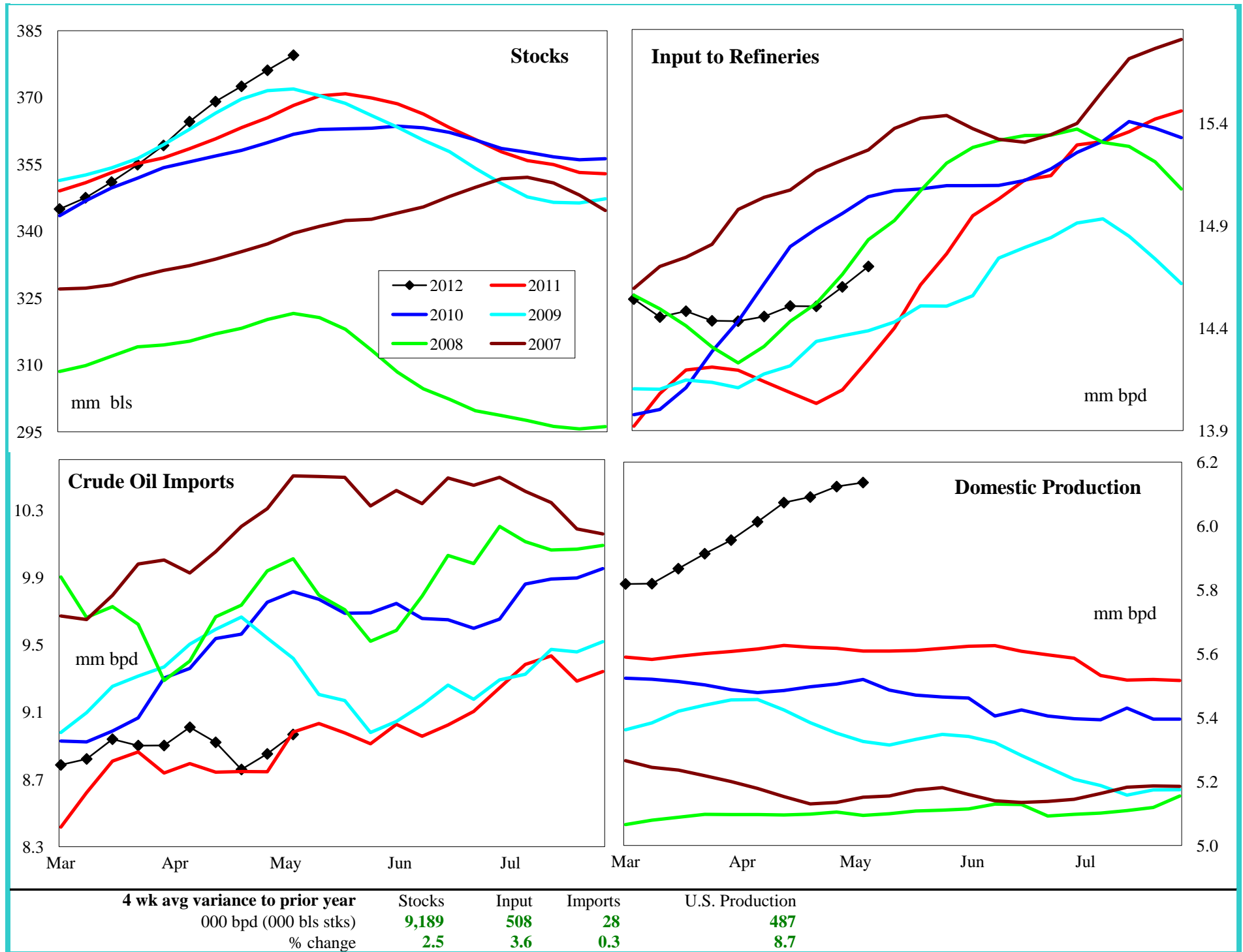
Jet Fuel Imports by PADD



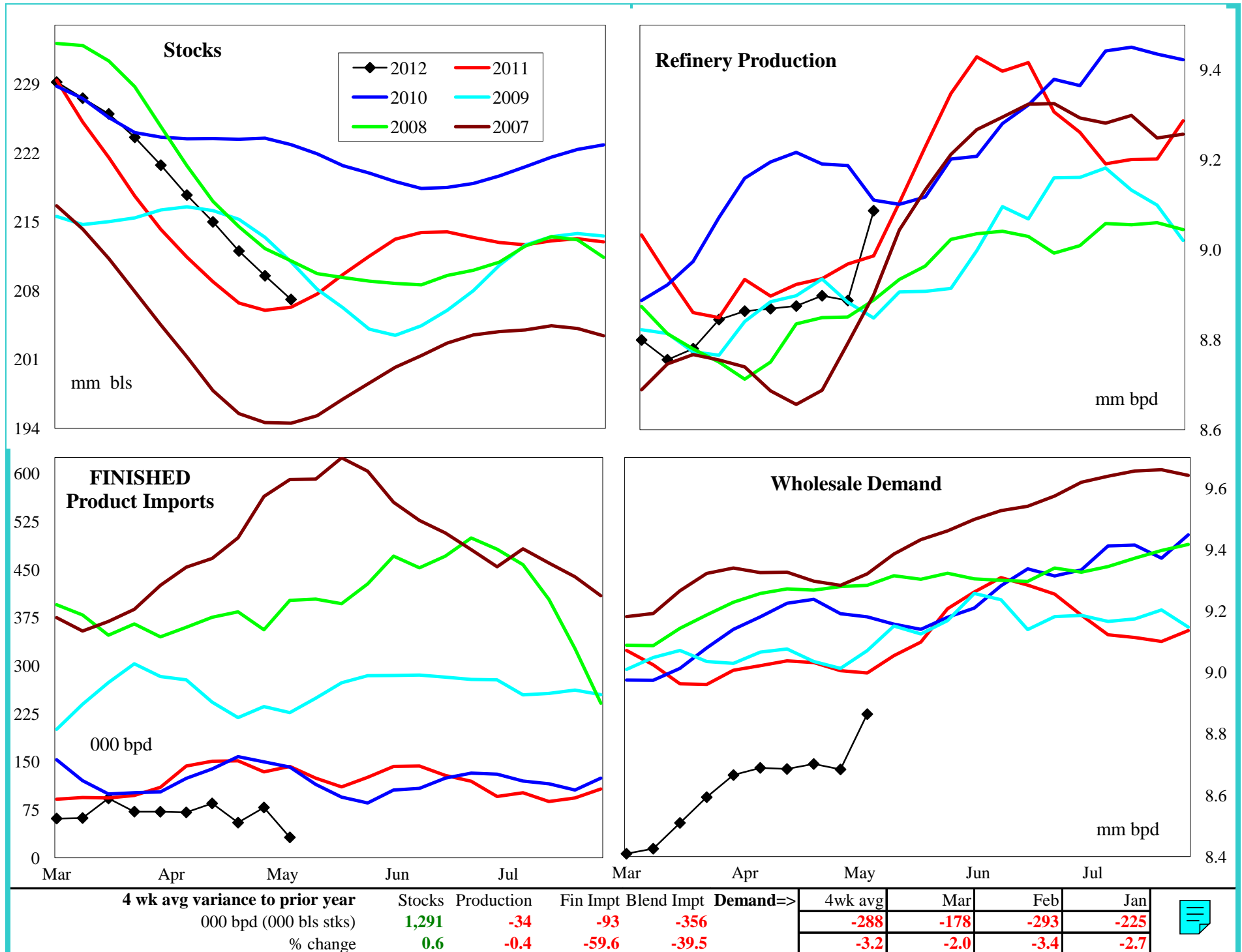
Residual Fuel Oil Imports by PADD



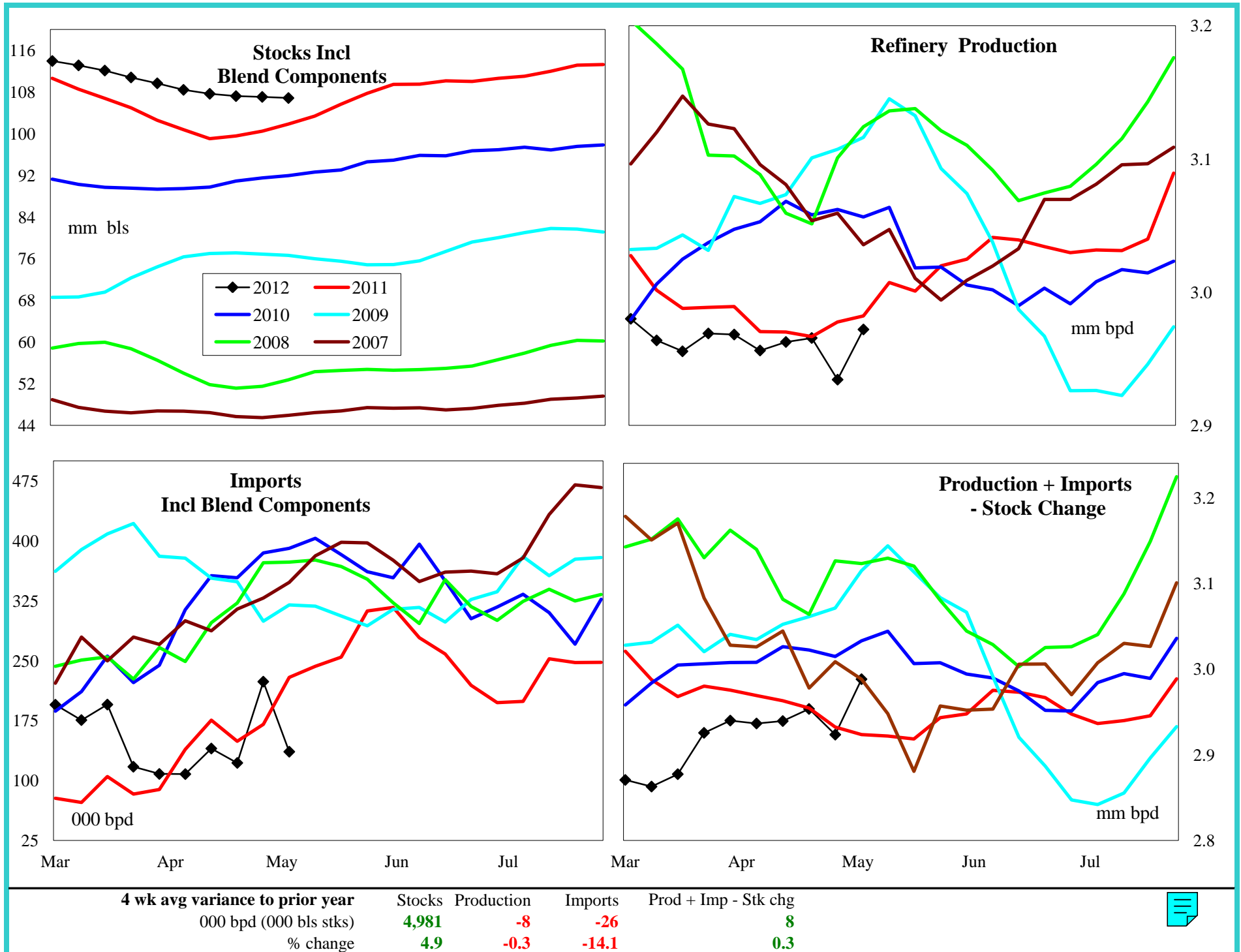
United States Crude Oil Supply and Demand Balance



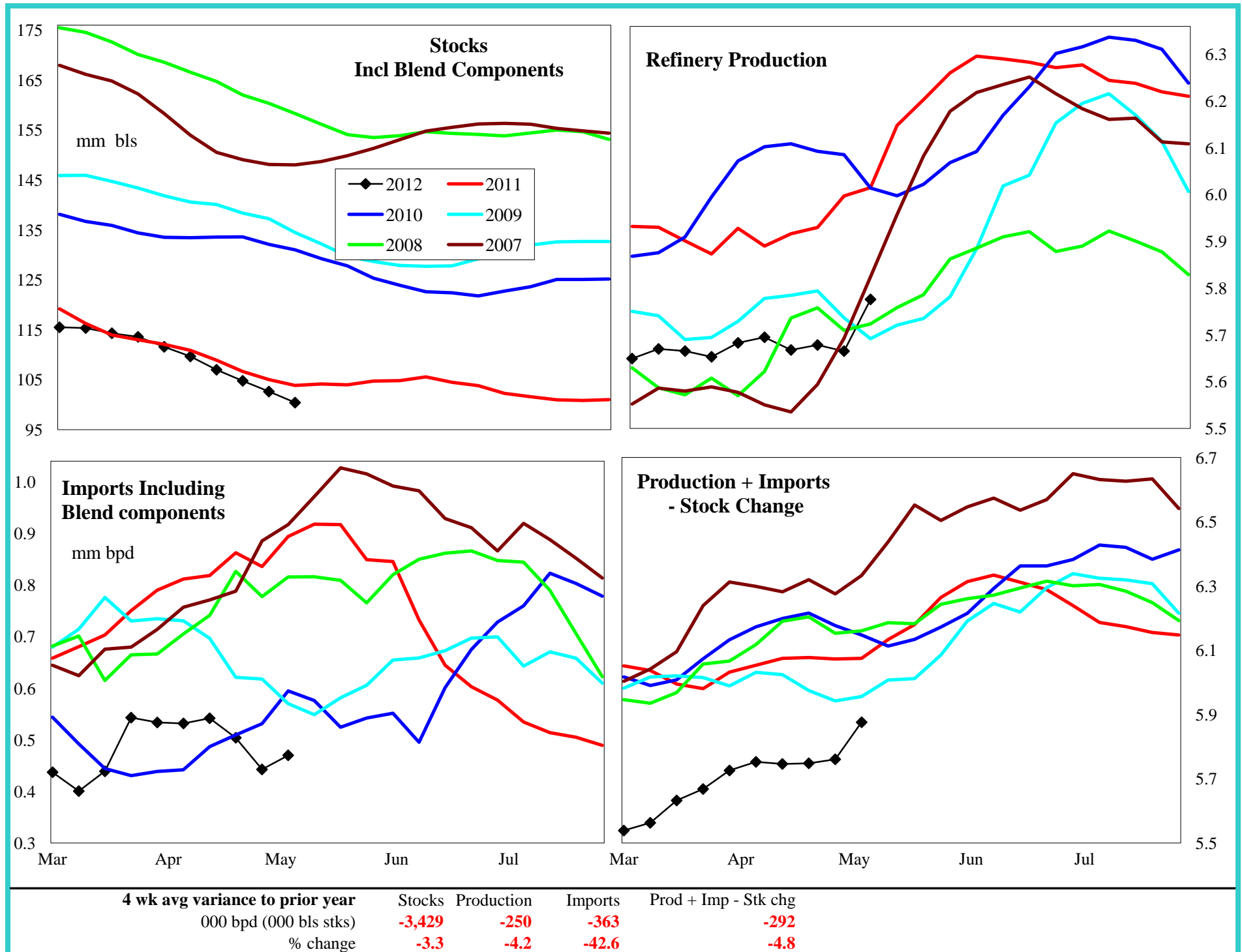
United States Gasoline Supply and Demand Balance



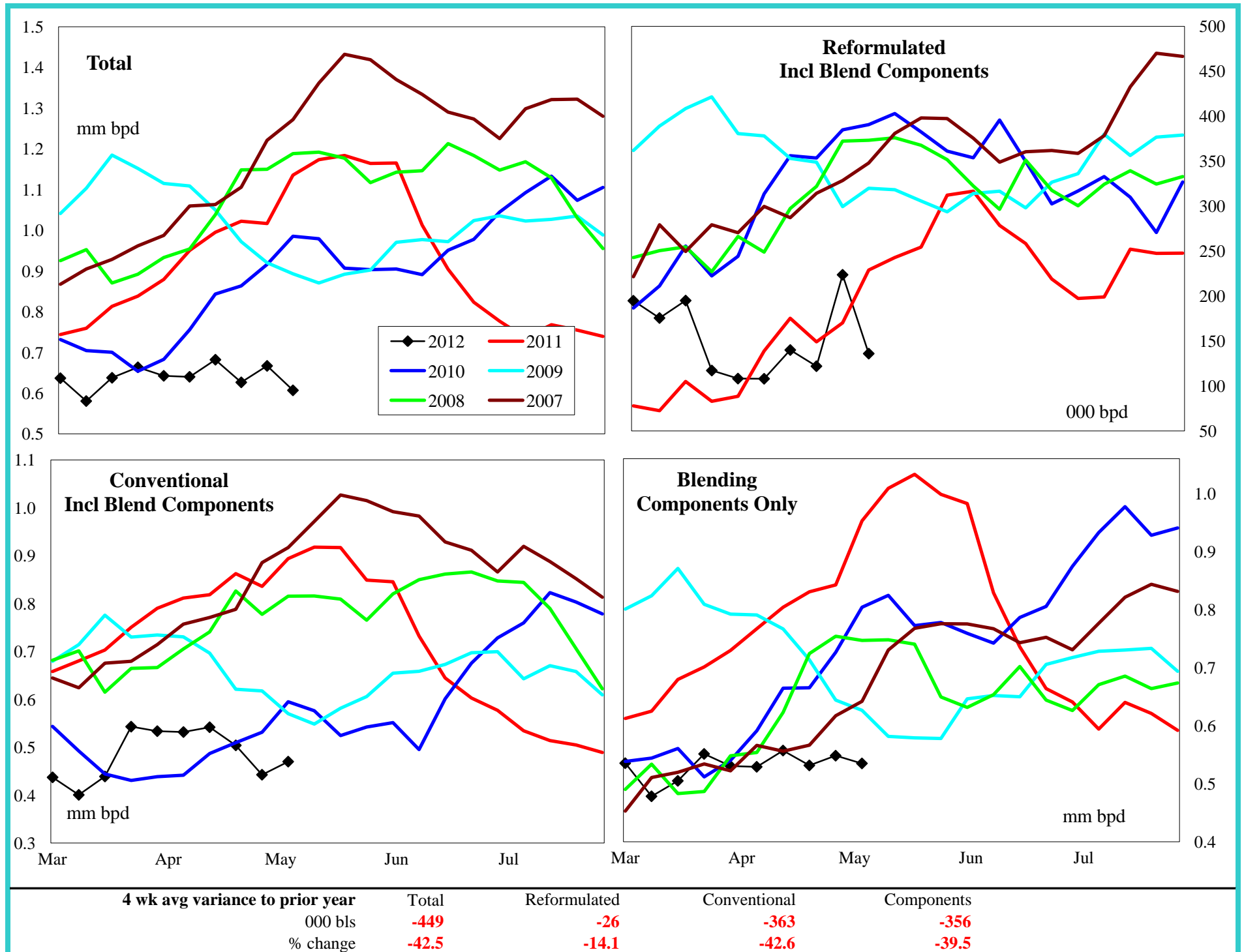
United States Reformulated Gasoline Supply



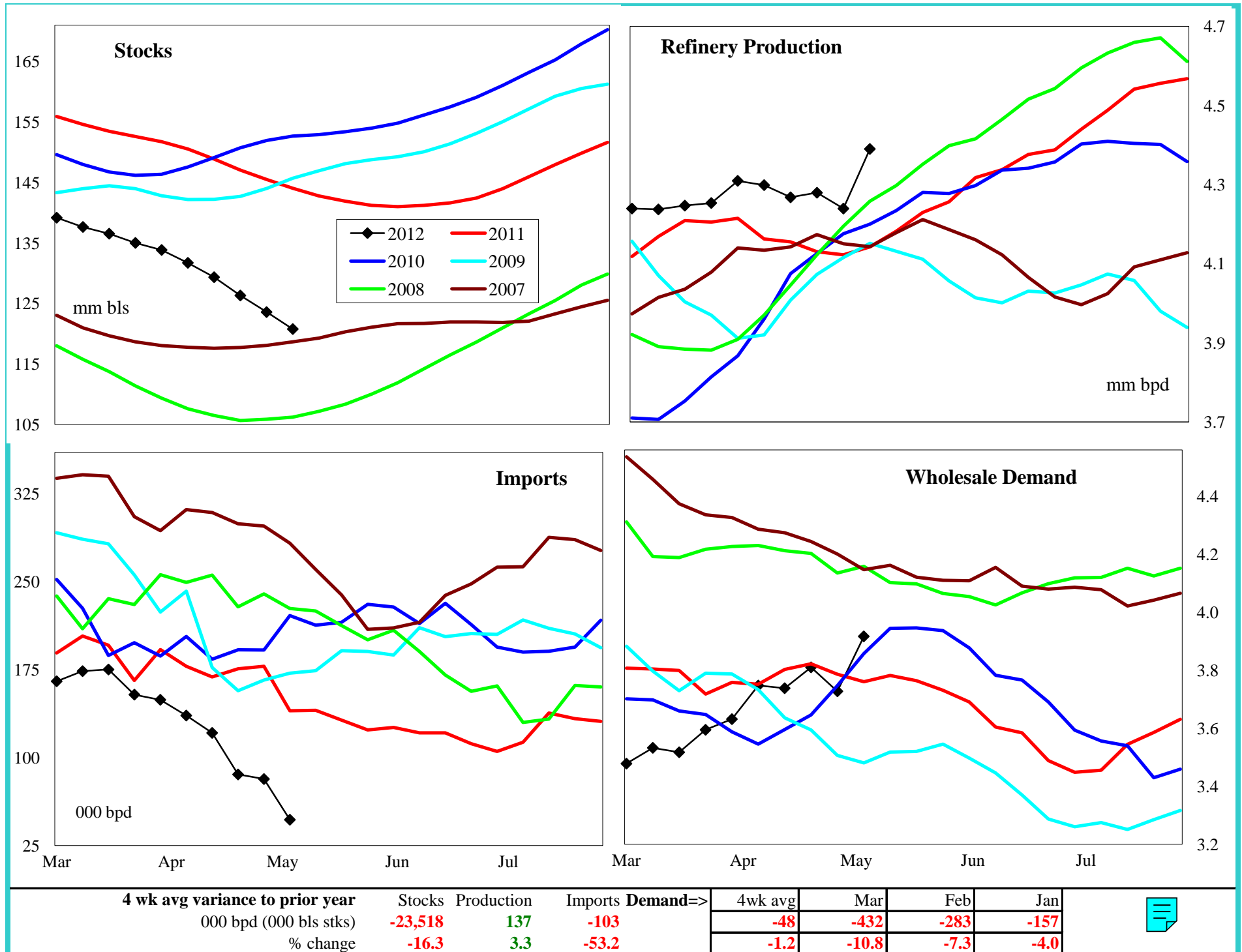
United States Conventional Gasoline Supply



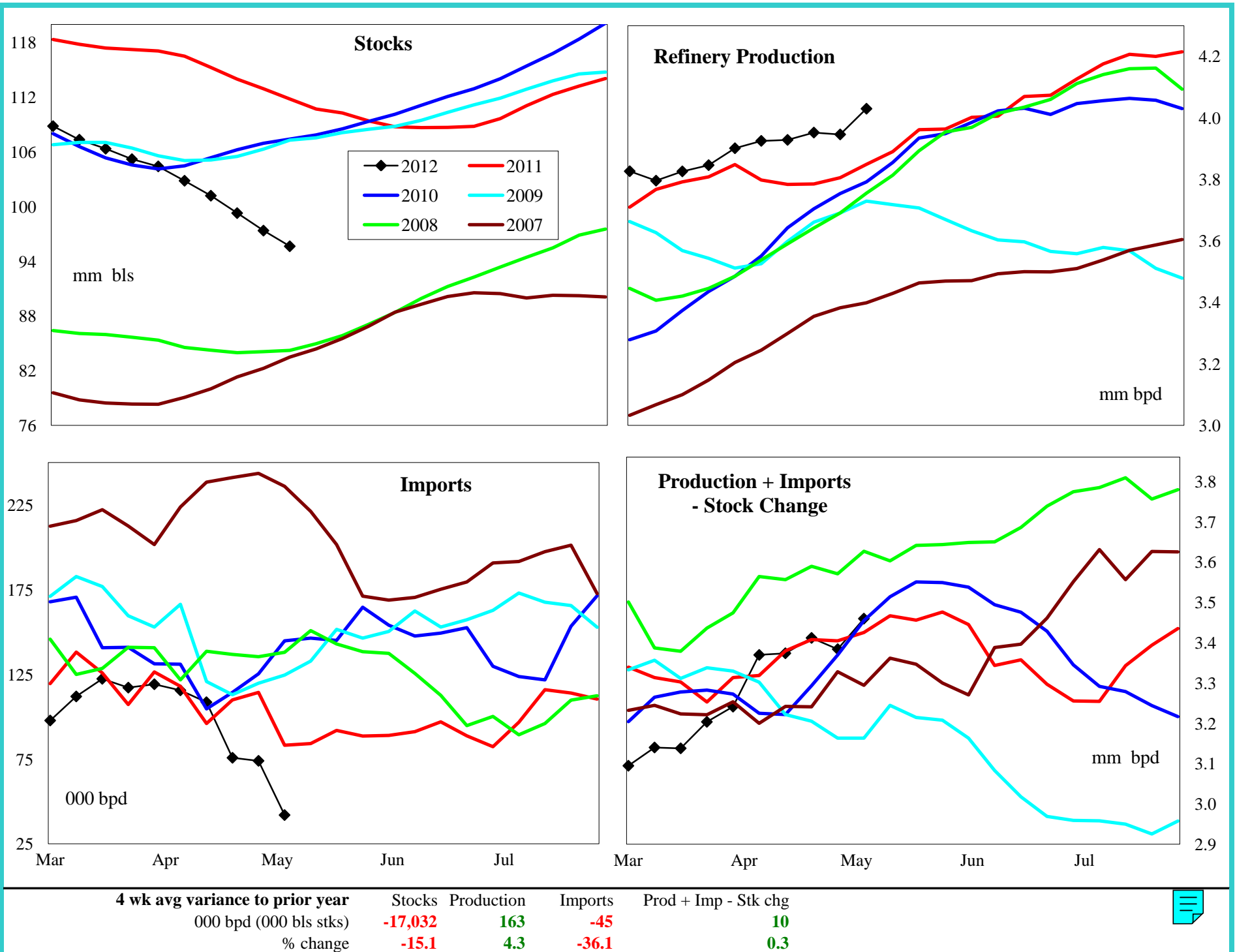
United States Gasoline Imports by Type



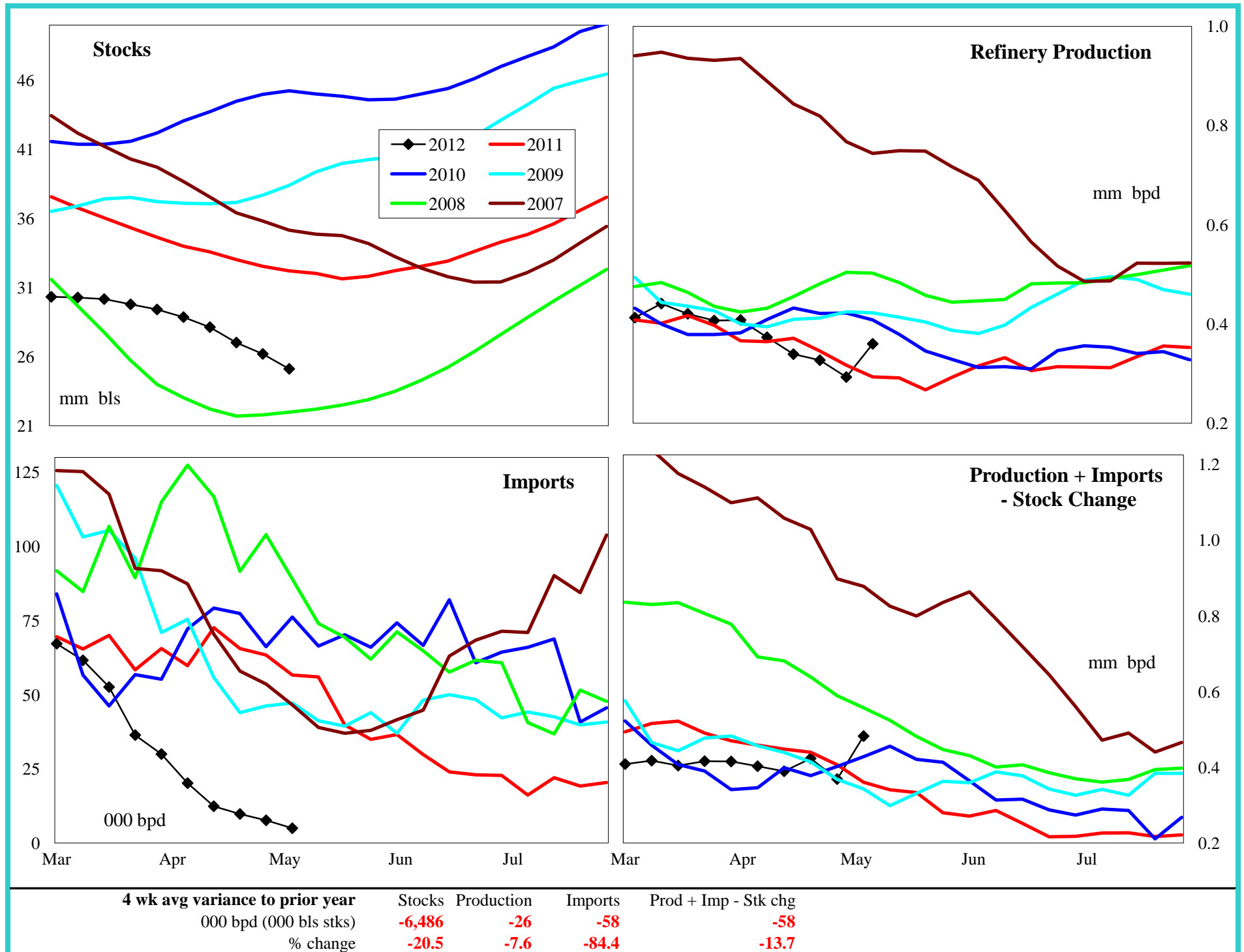
United States Distillate Supply and Demand Balance



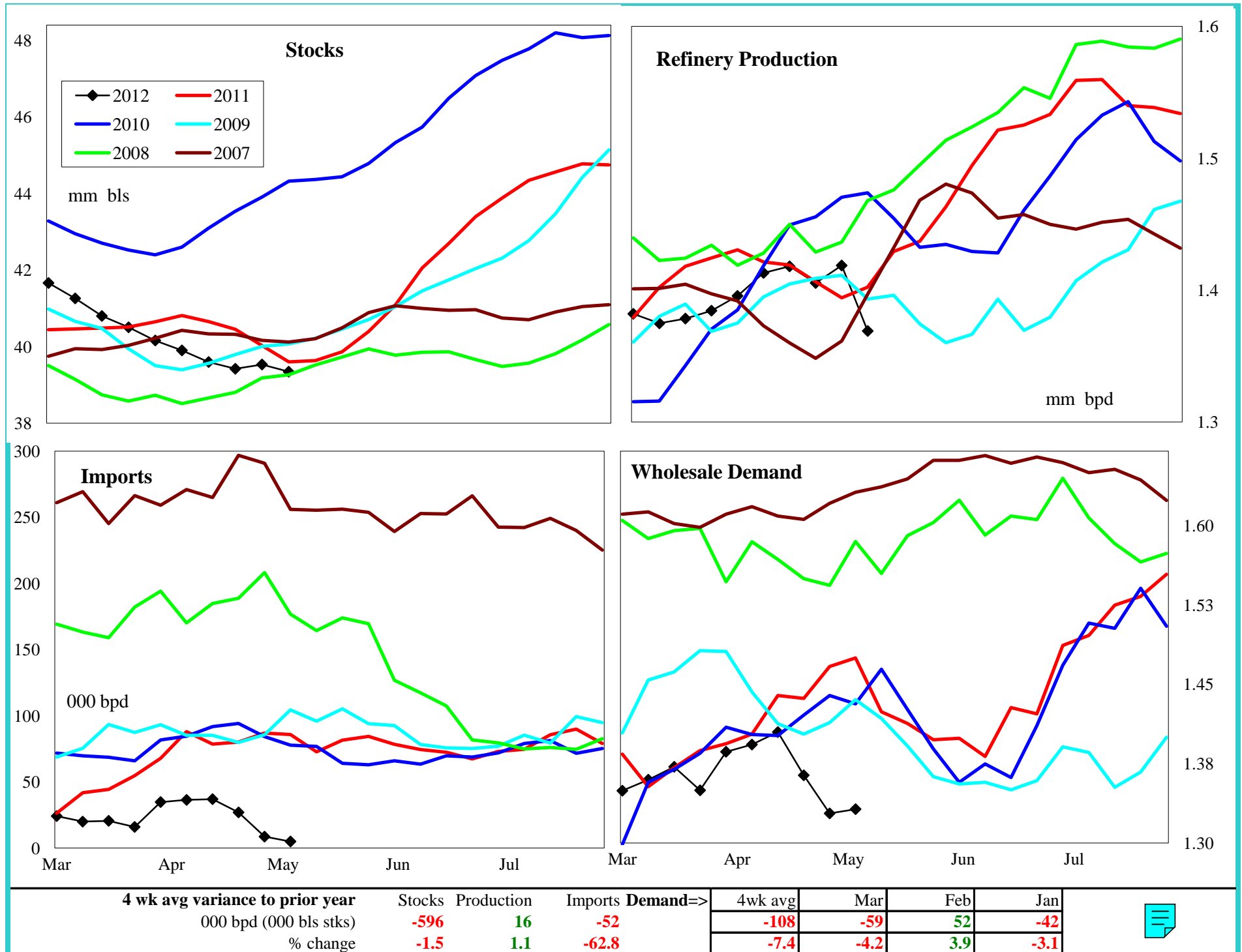
United States Low Sulfur Distillate Supply



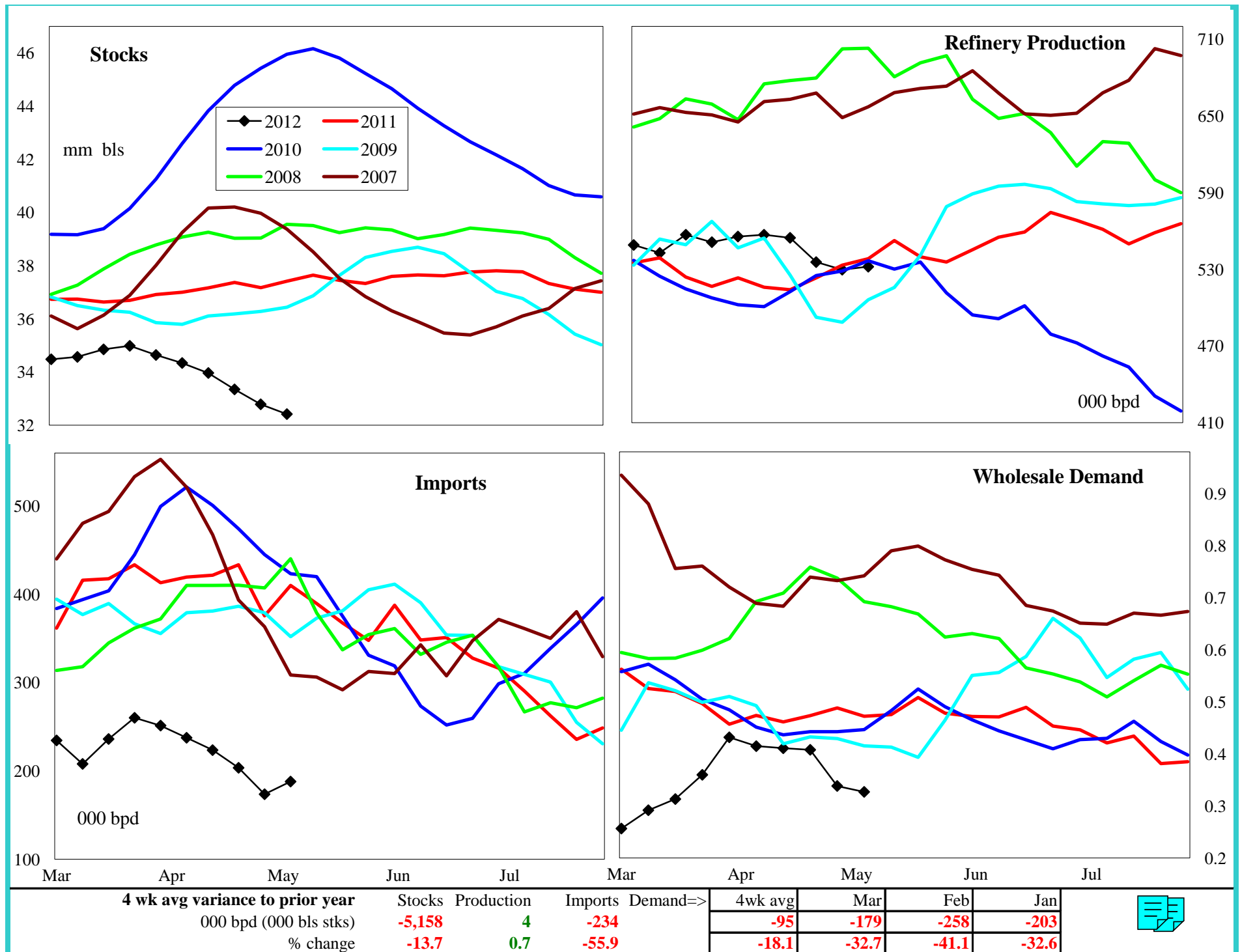
United States High Sulfur Distillate Supply



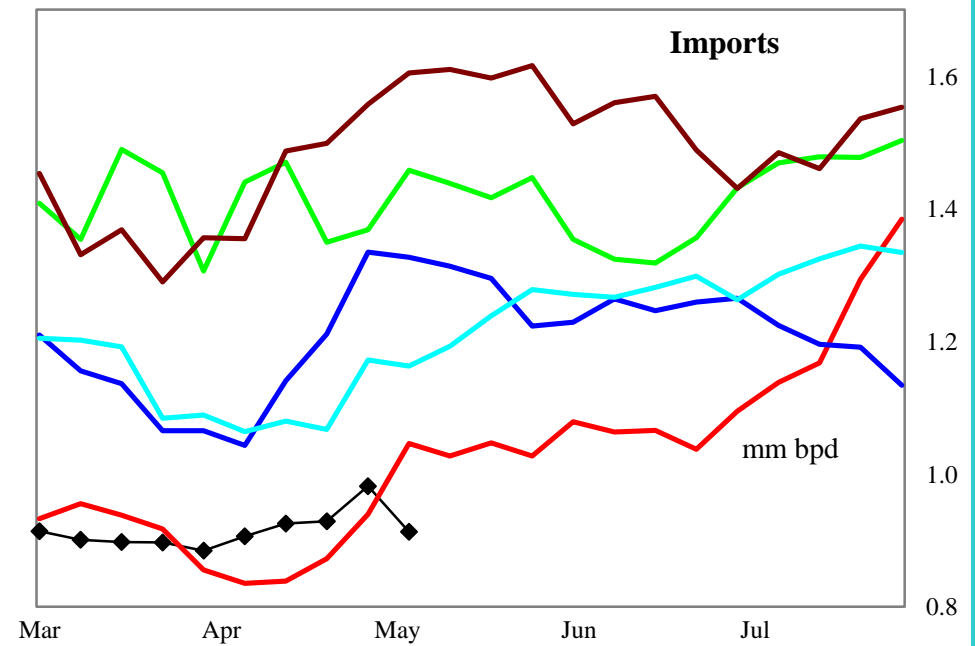
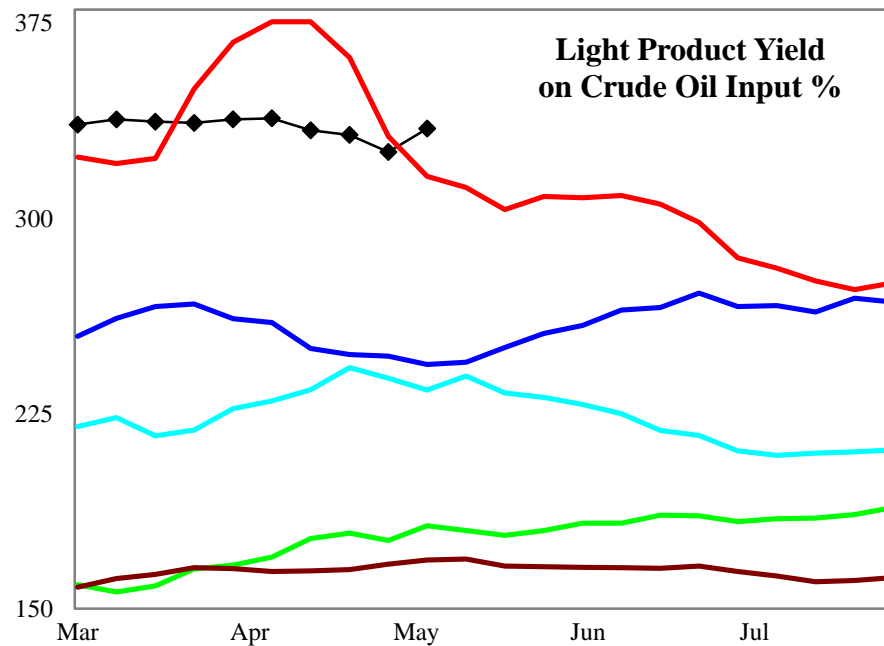
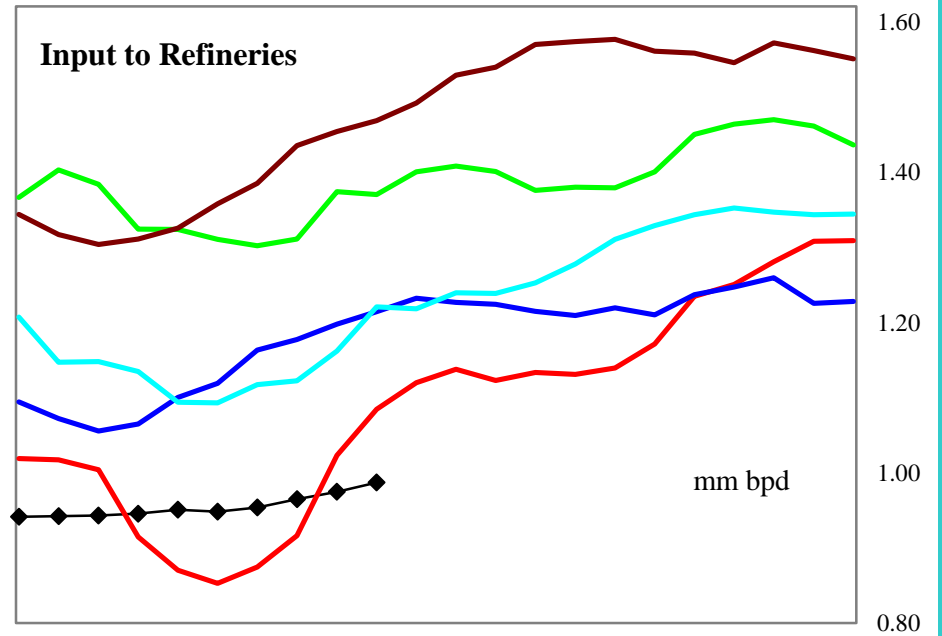
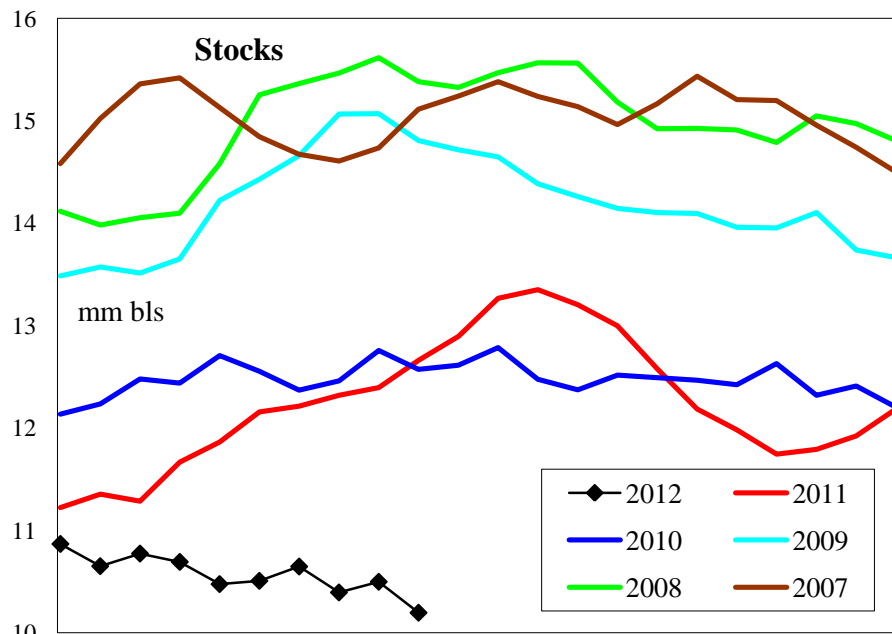
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

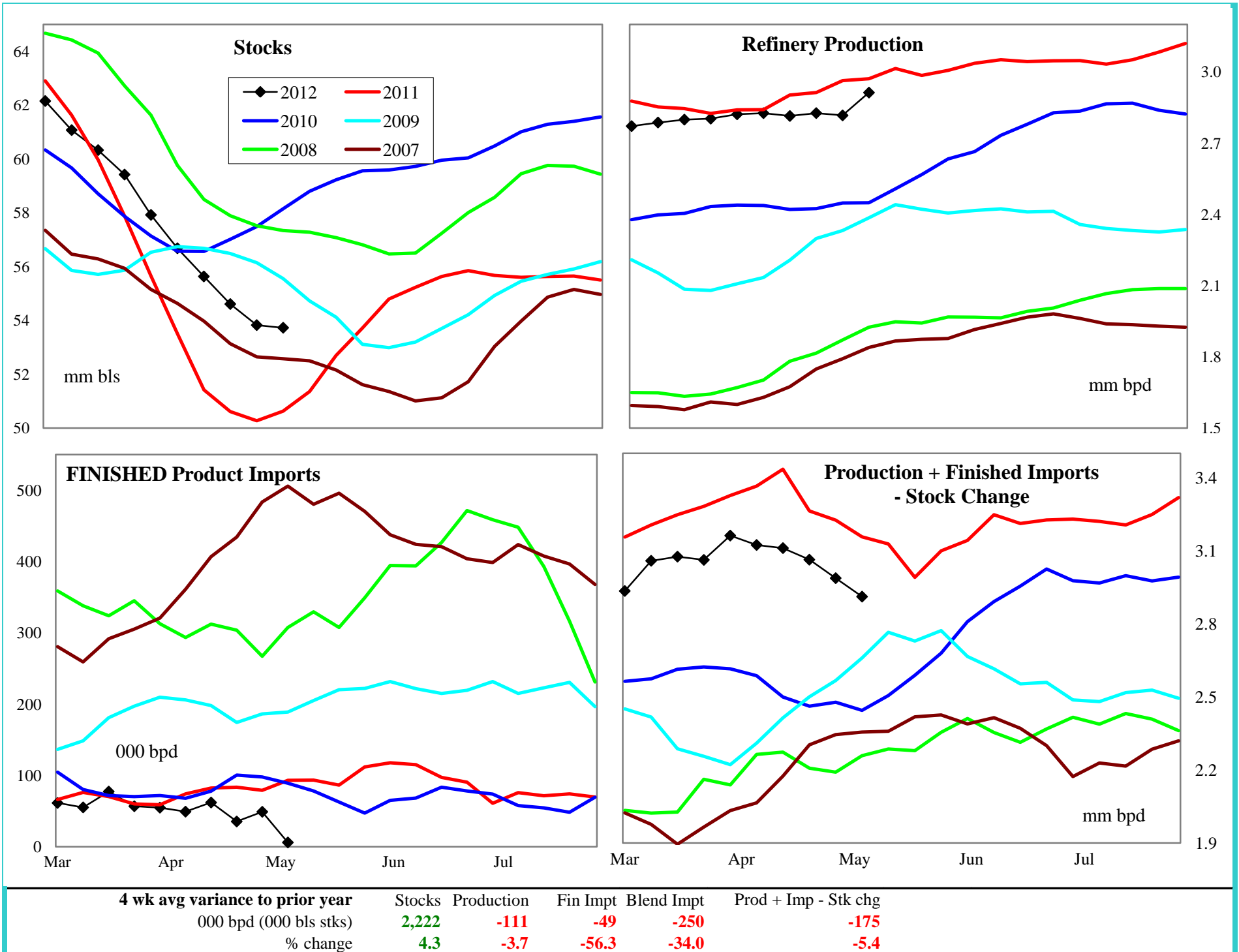


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

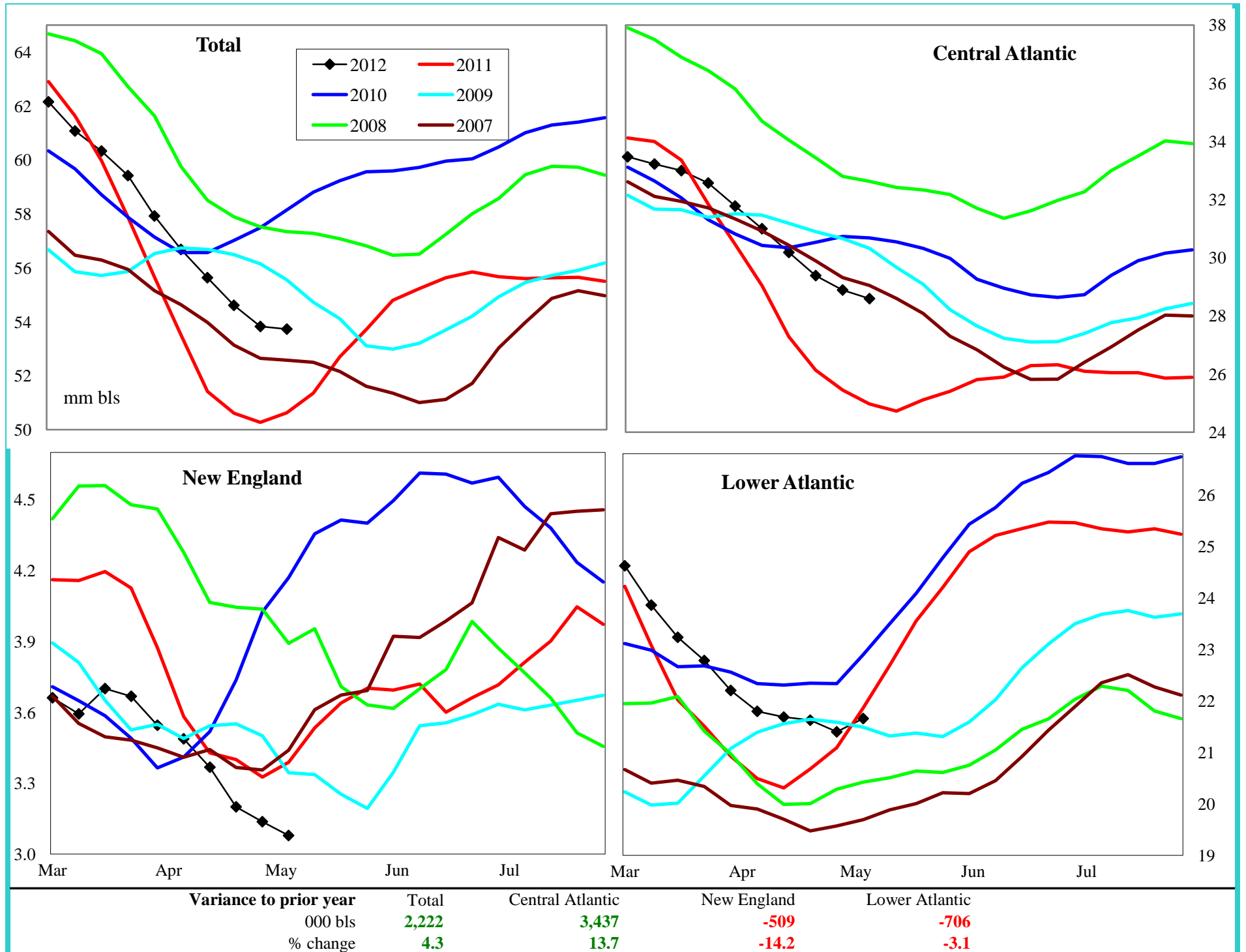
	Stocks	Input	Imports
000 bpd (000 bls stks)	-2,463	-18	36
% change	-19.5	-1.8	3.9



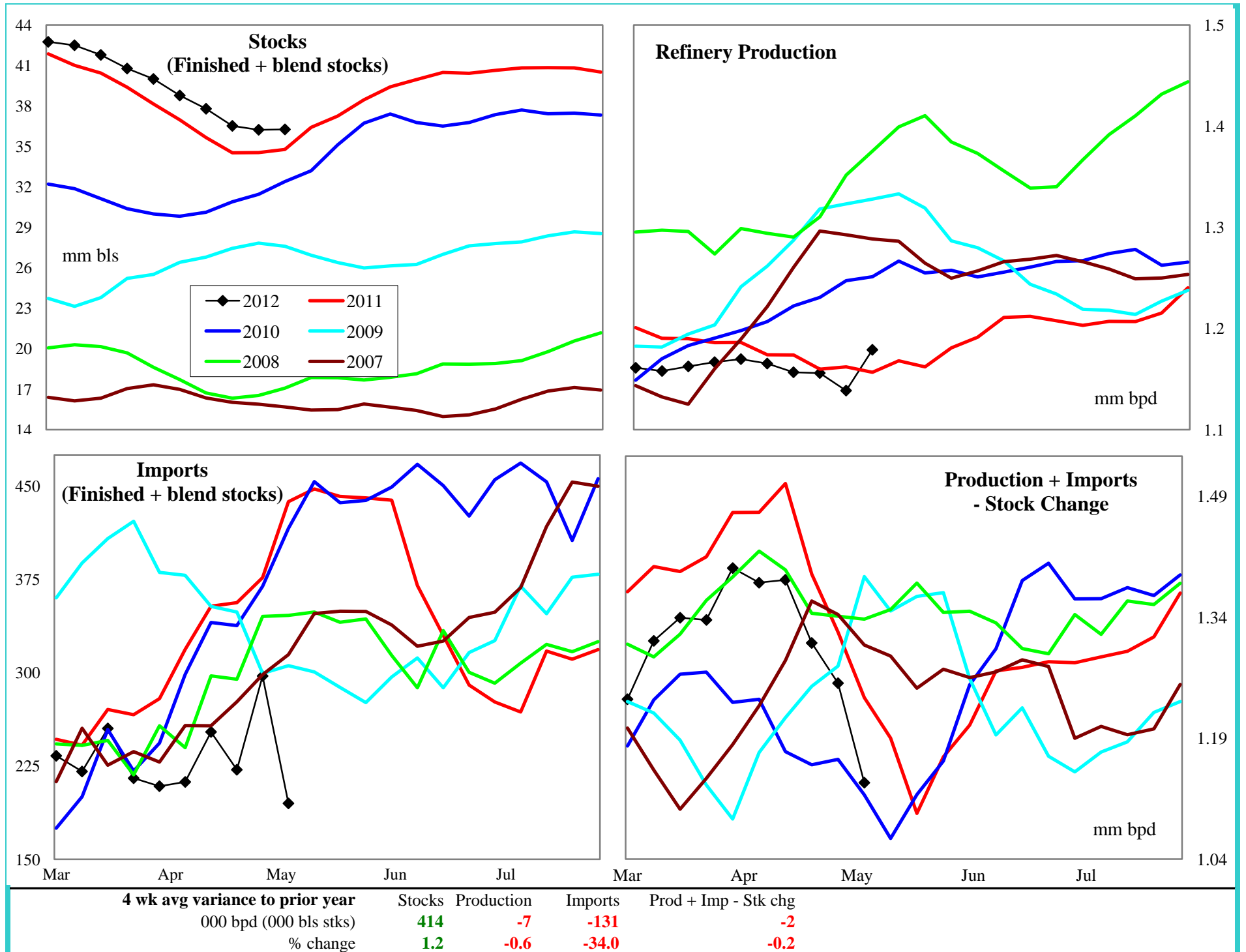
PADD 1 Gasoline Supply



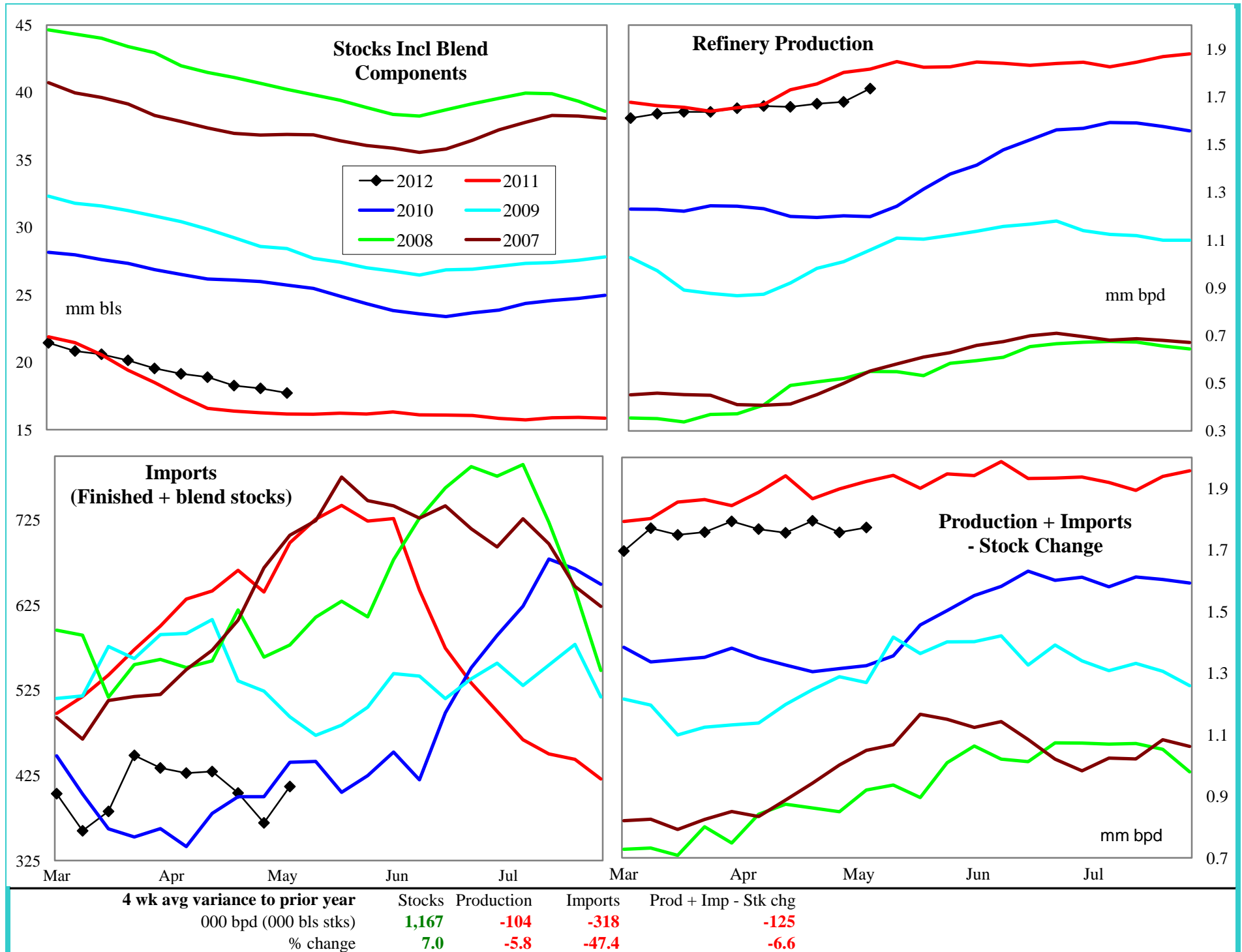
PADD 1 Gasoline Stocks by Region



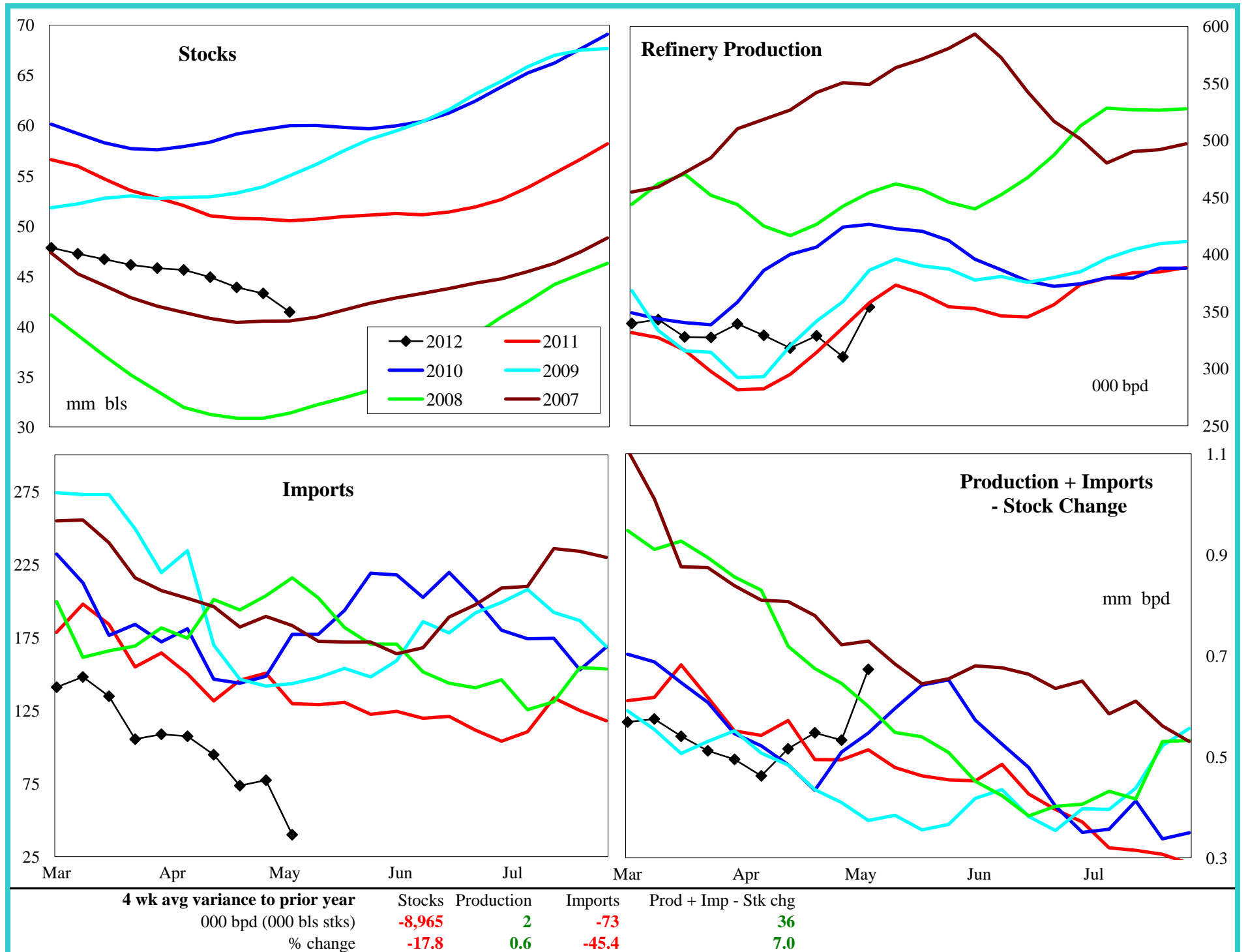
PADD 1 Reformulated Gasoline Supply



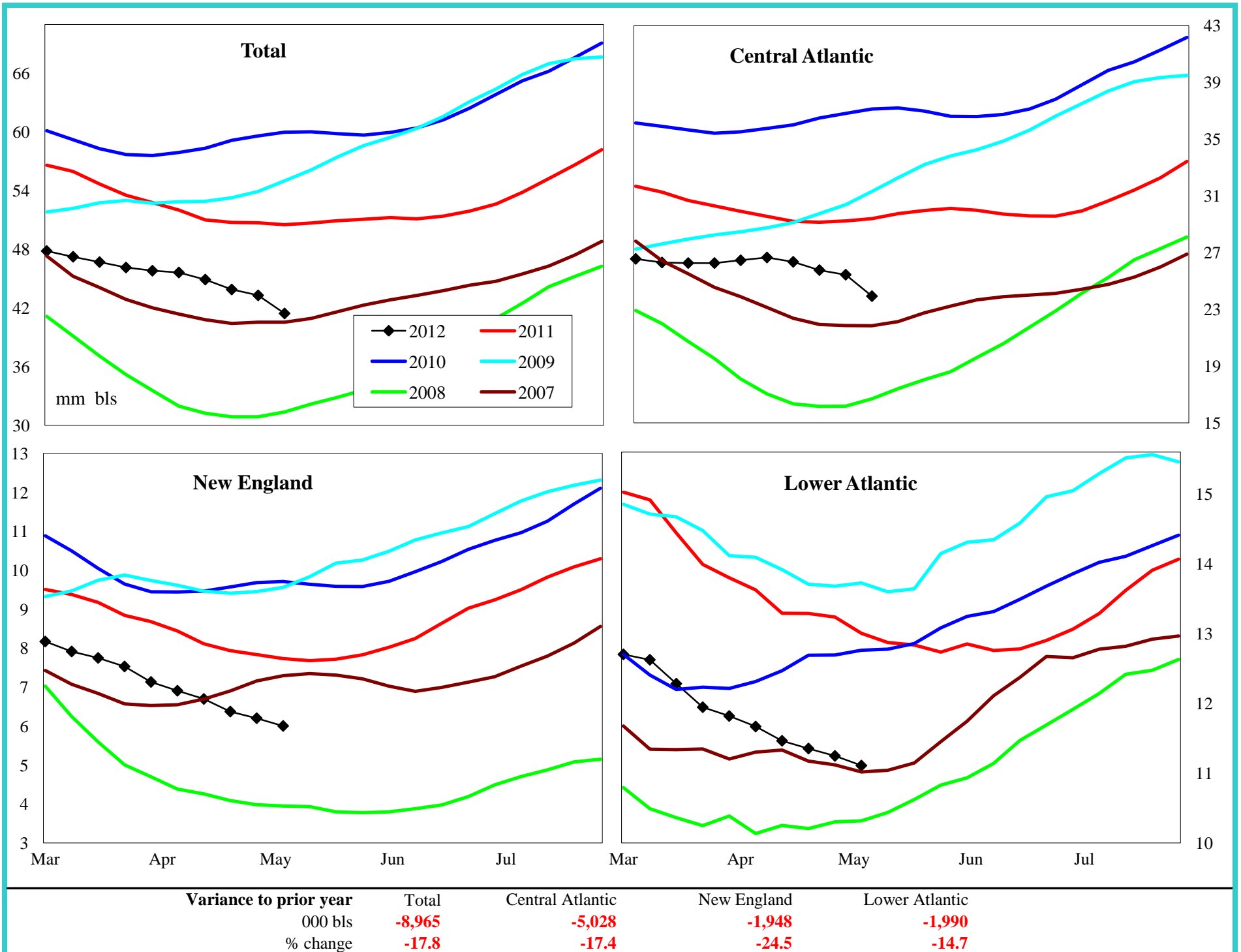
PADD 1 Conventional Gasoline Supply



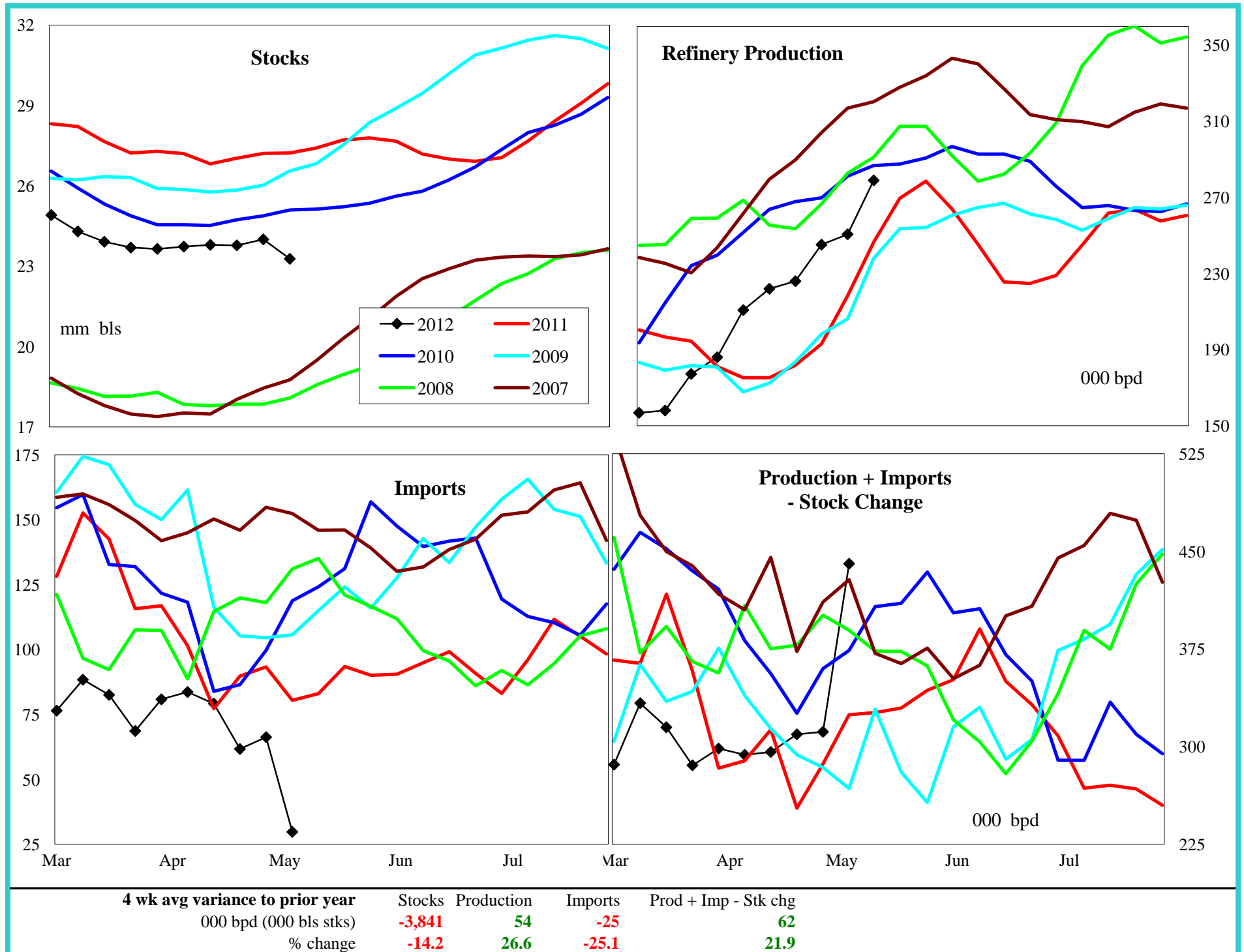
PADD 1 Distillate Supply



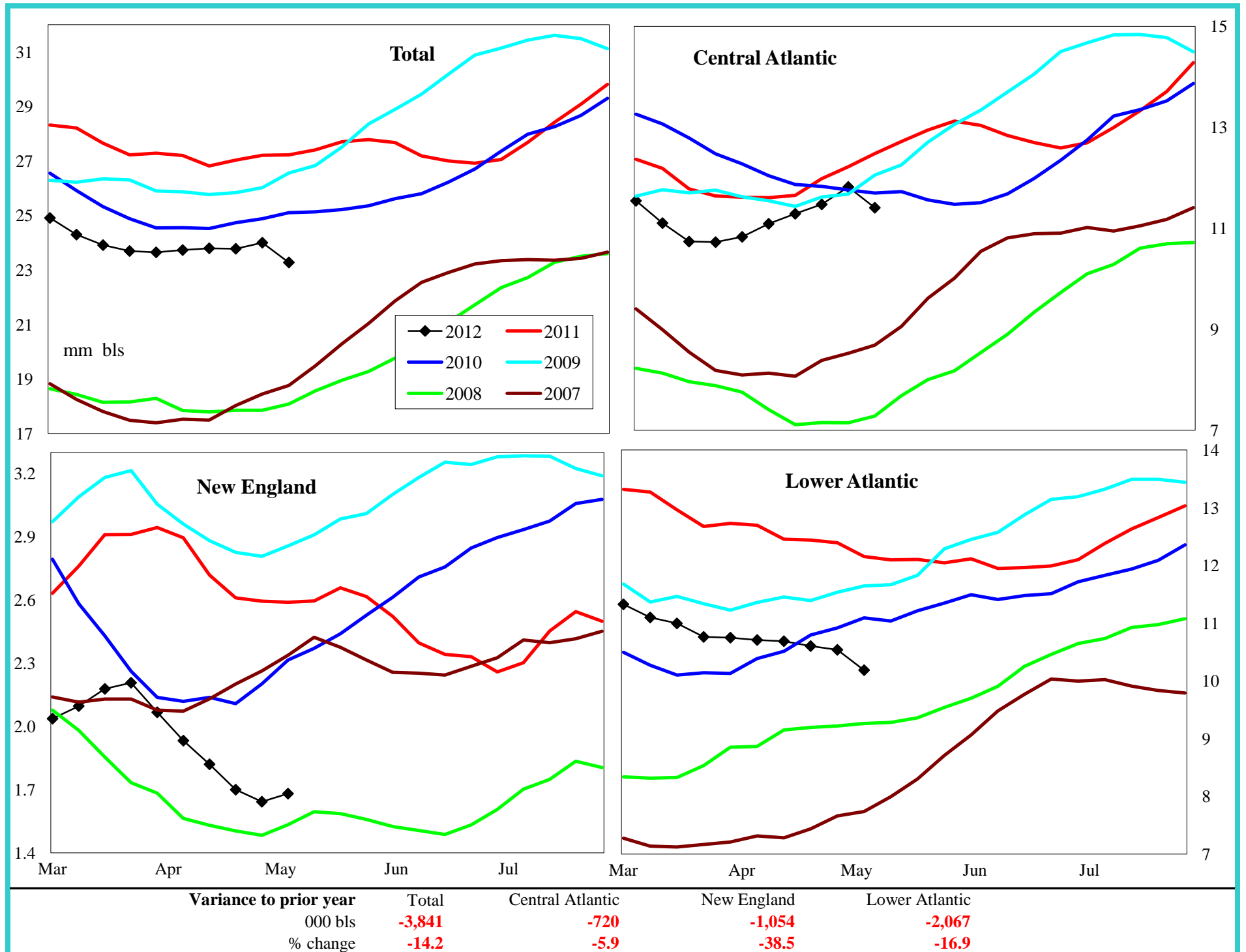
PADD 1 Distillate Stocks by Region



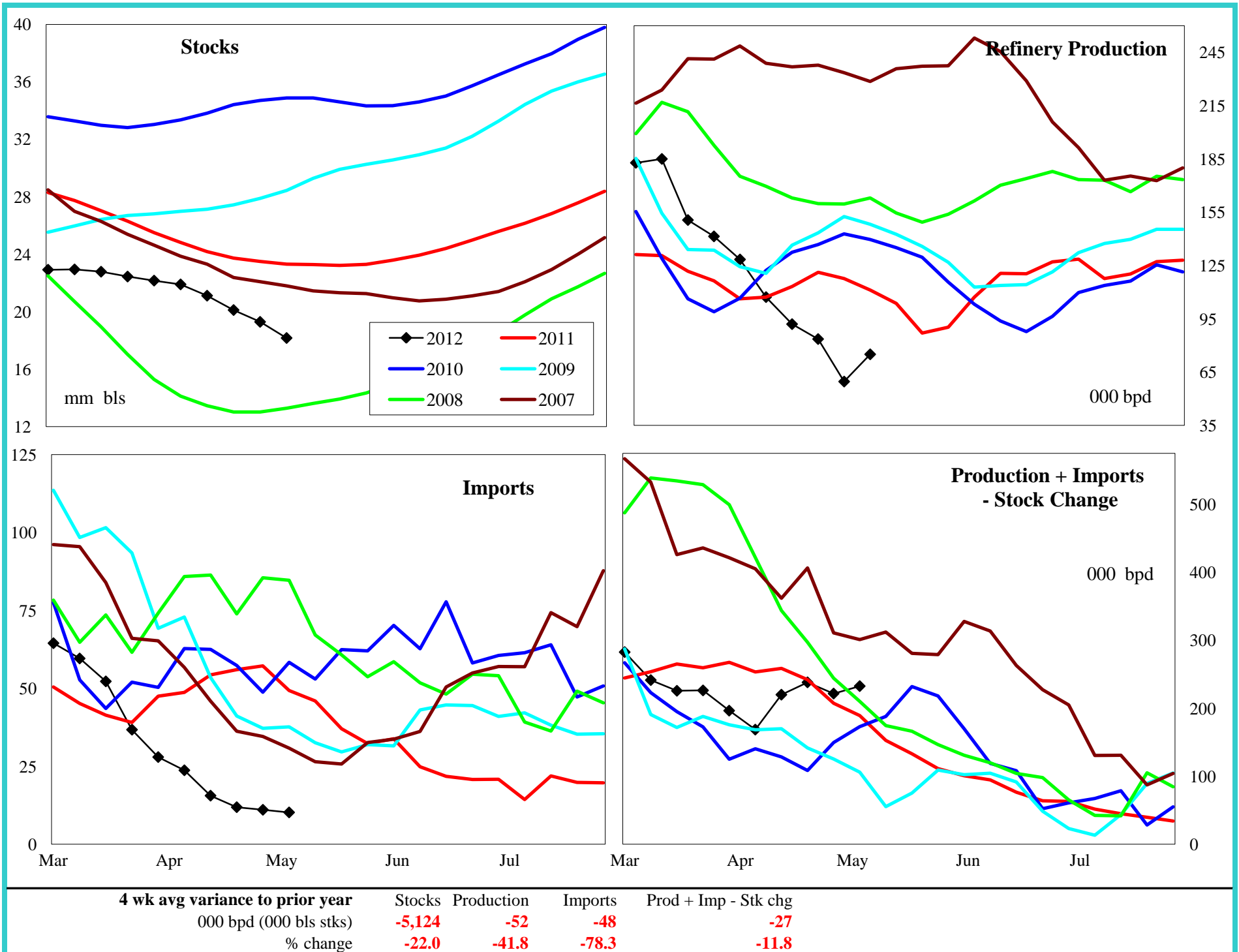
PADD 1 Low Sulfur Distillate Supply



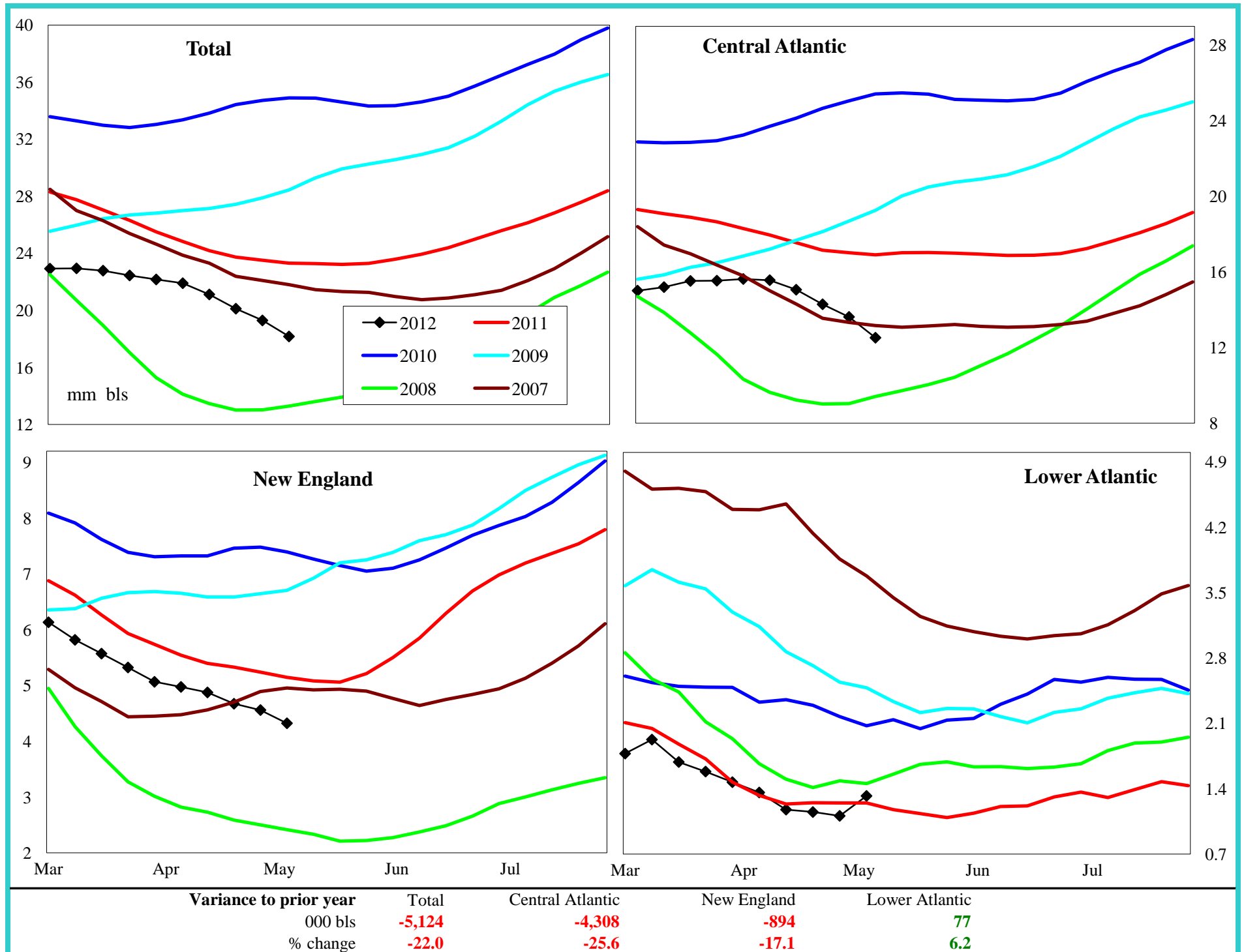
PADD 1 Low Sulfur Distillate Stocks by Region



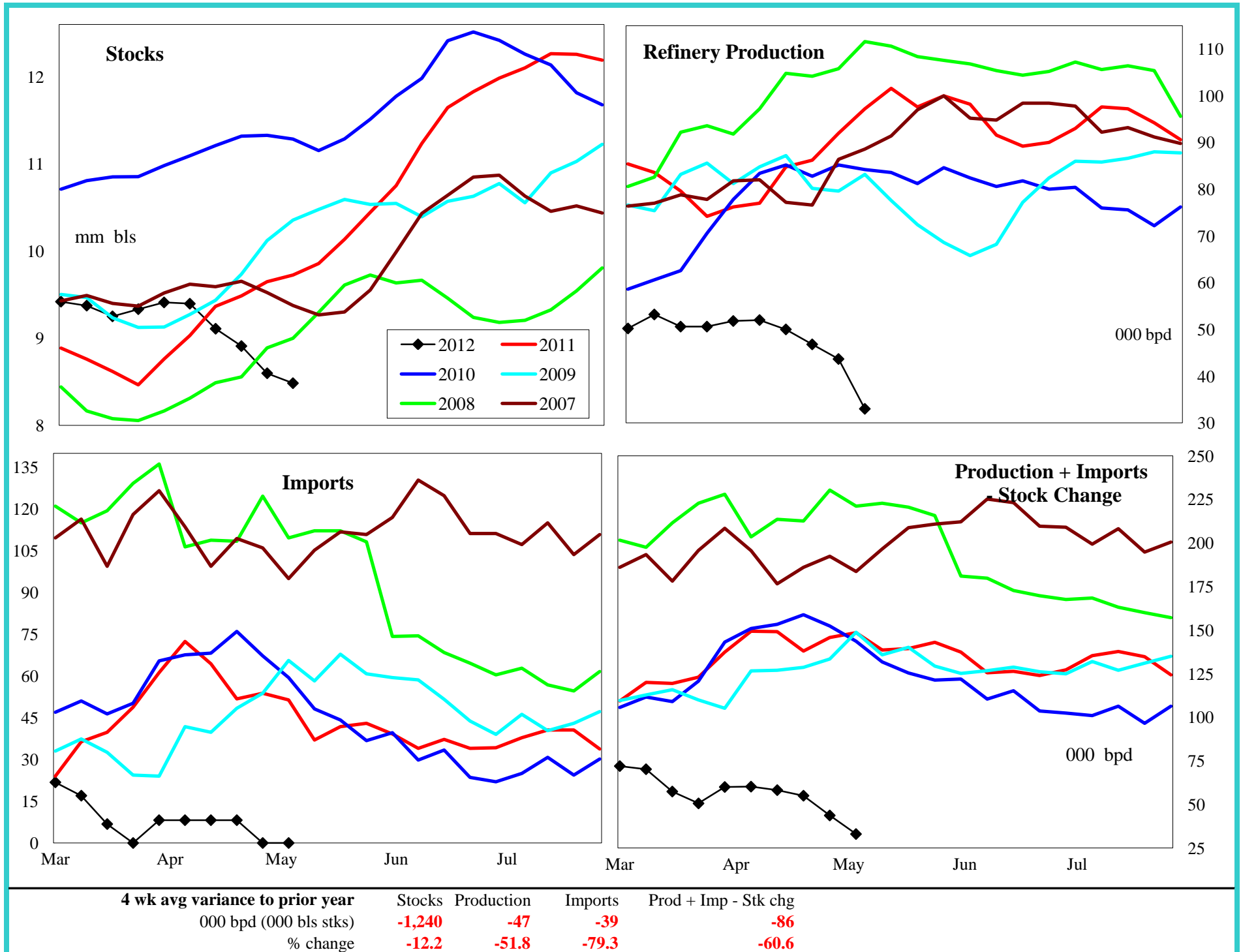
PADD 1 High Sulfur Distillate Supply



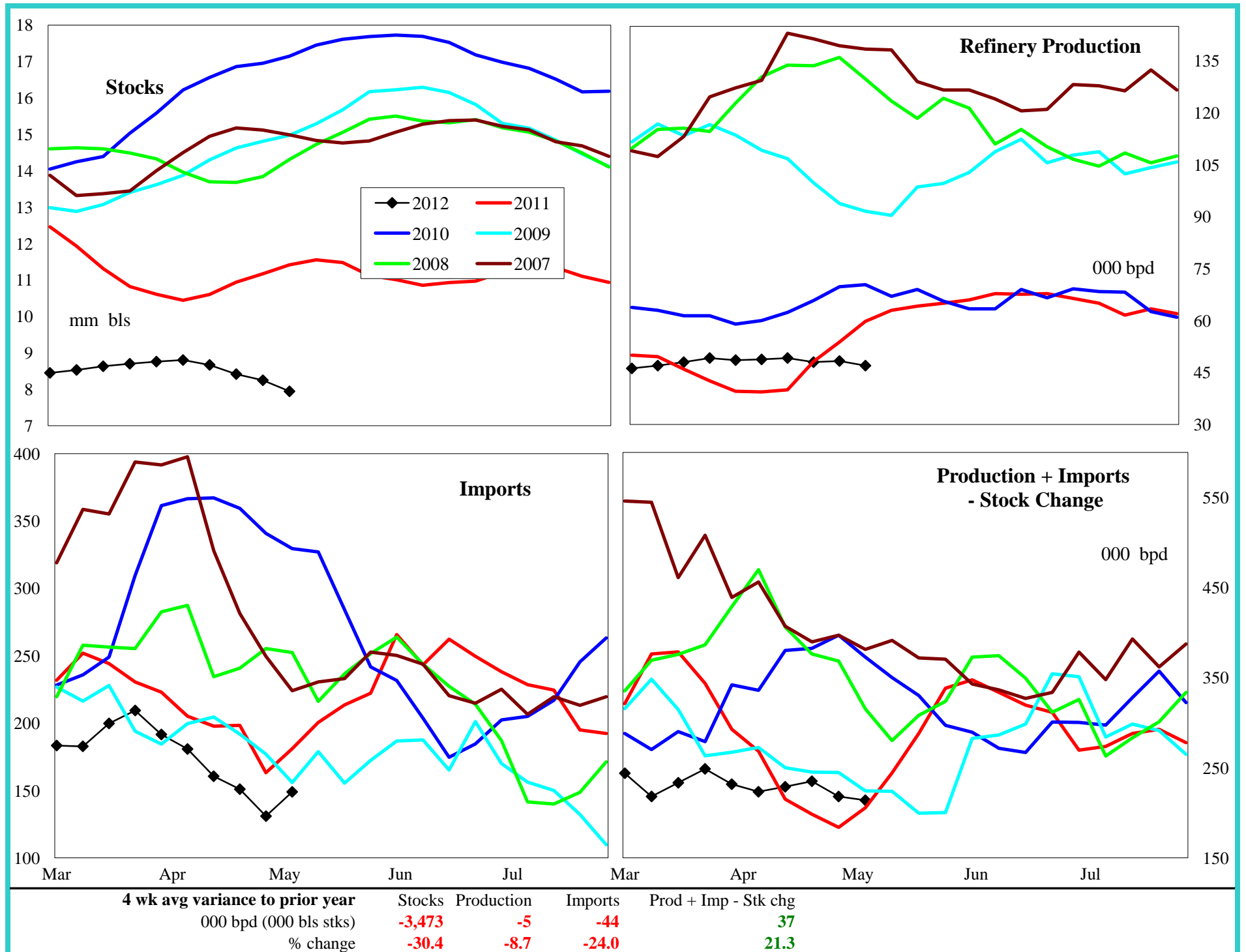
PADD 1 High Sulfur Distillate Stocks by Region



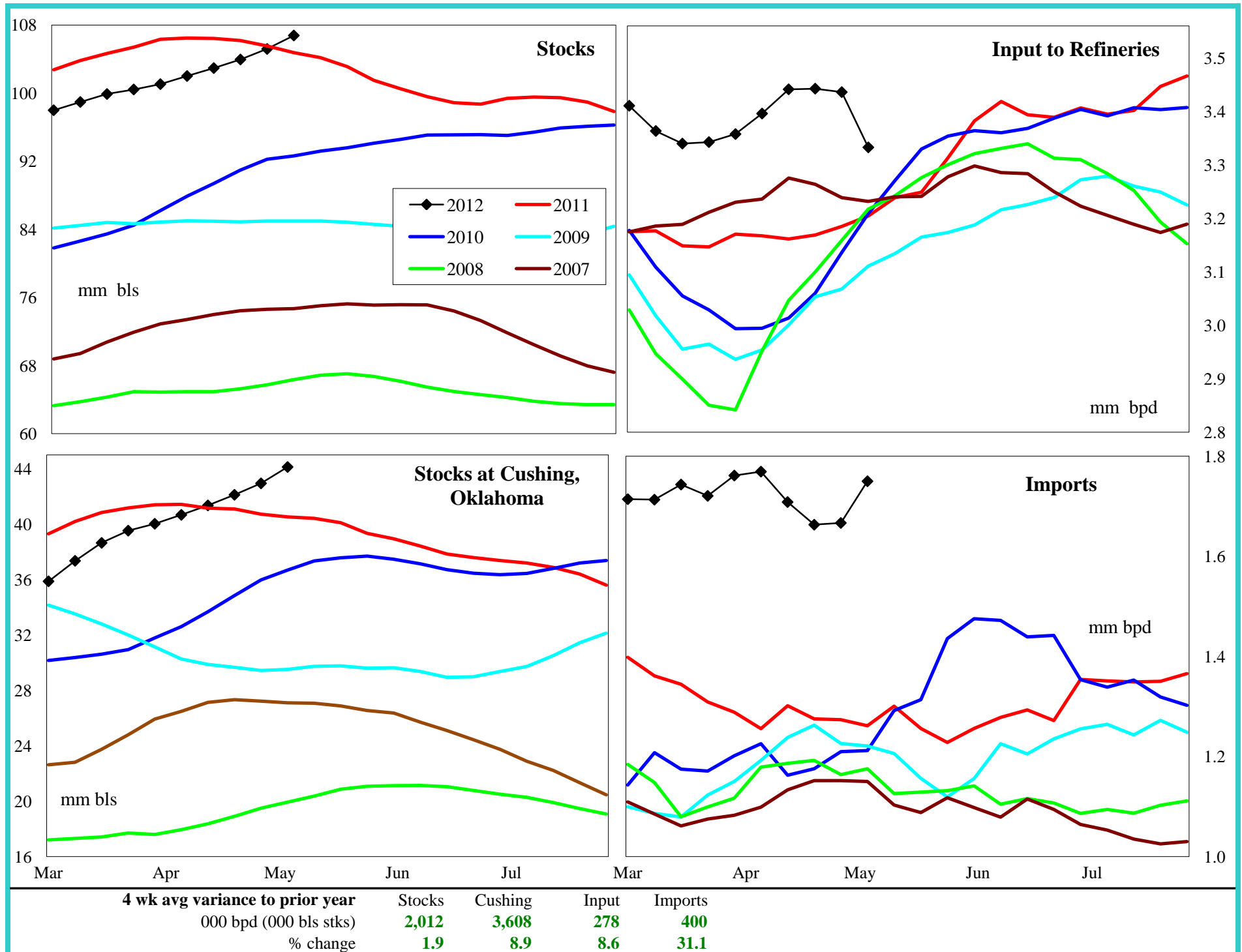
PADD 1 Jet Fuel Supply



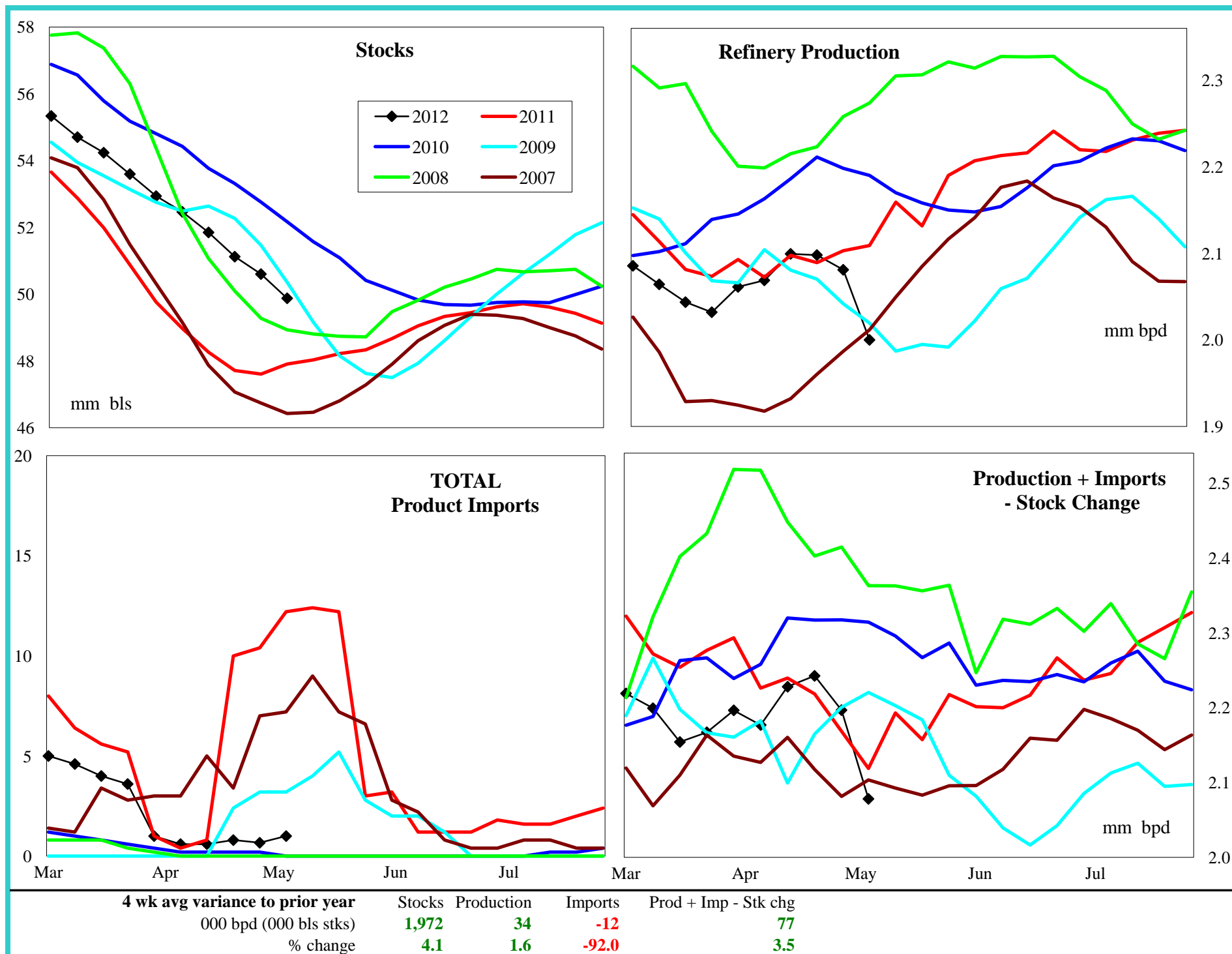
PADD 1 Residual Fuel Oil Supply



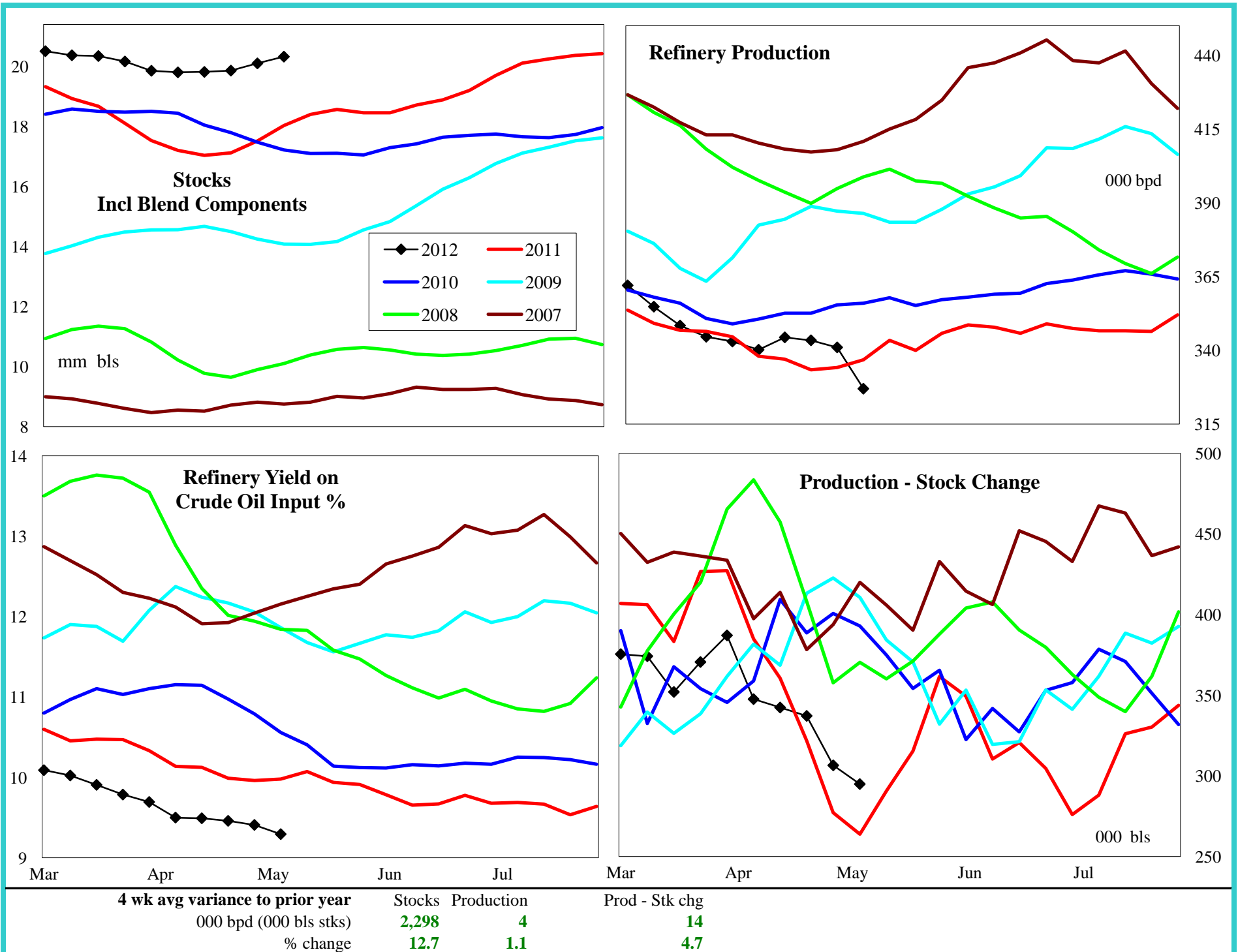
PADD 2 Crude Oil Supply and Refining



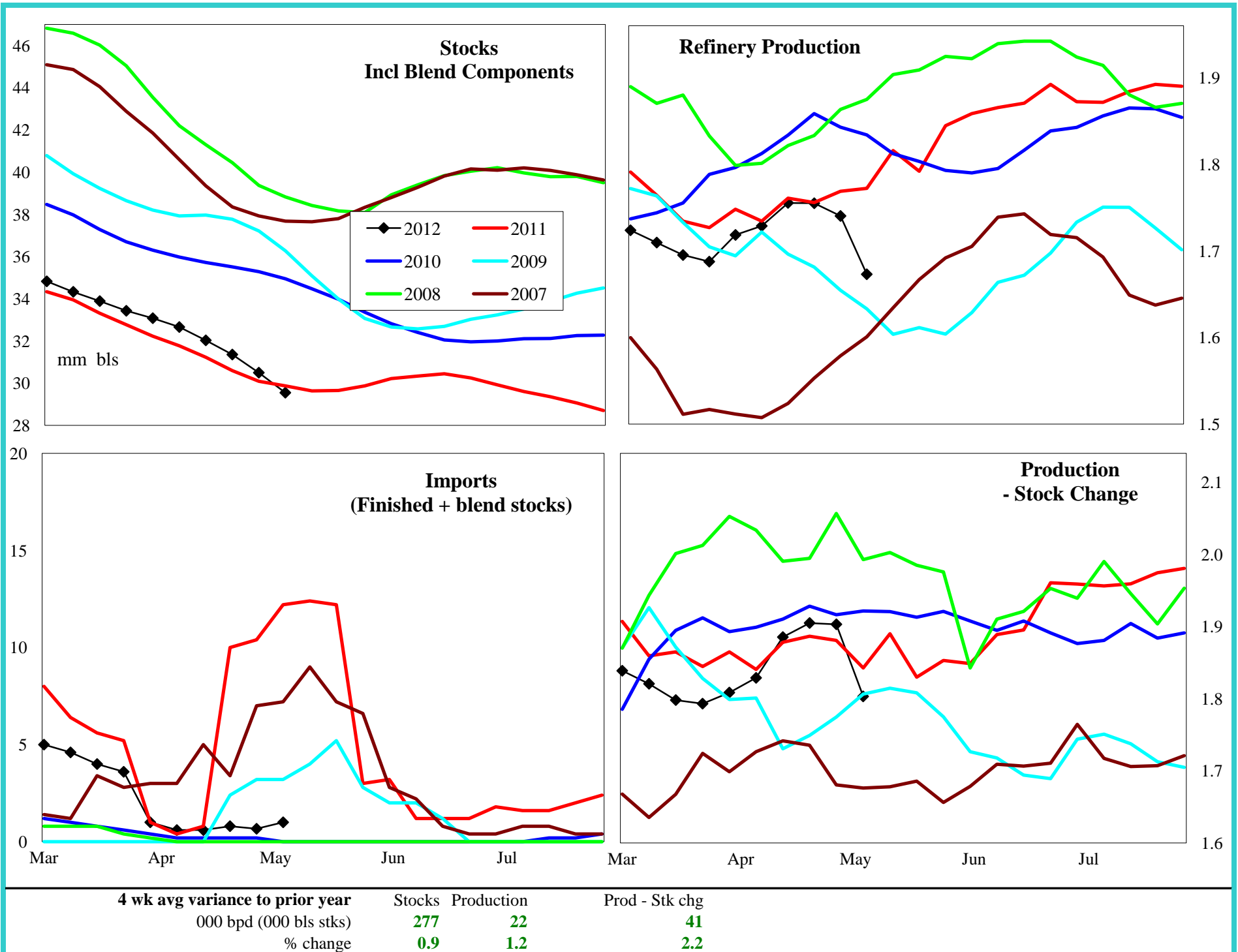
PADD 2 Gasoline Supply



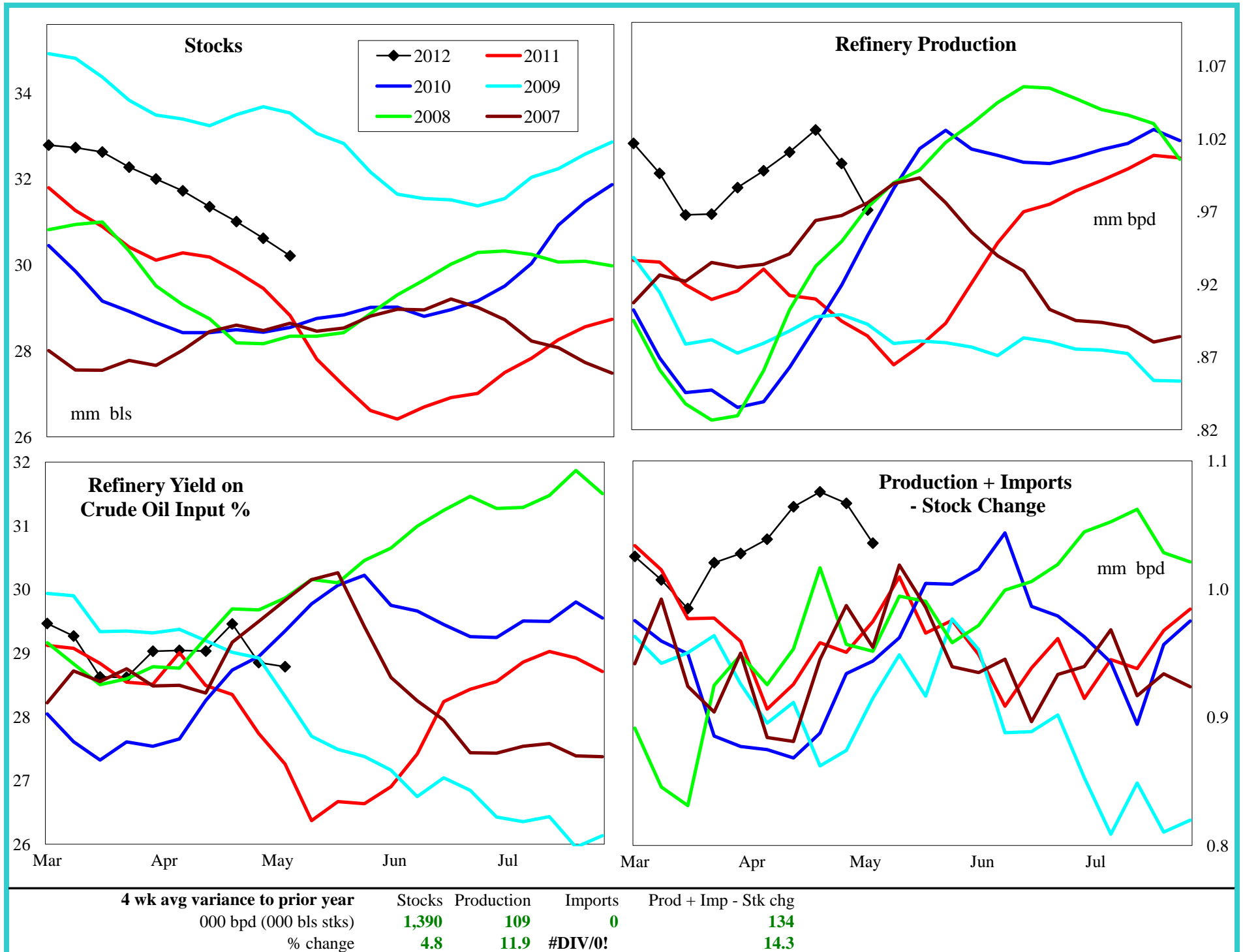
PADD 2 Reformulated Gasoline Supply



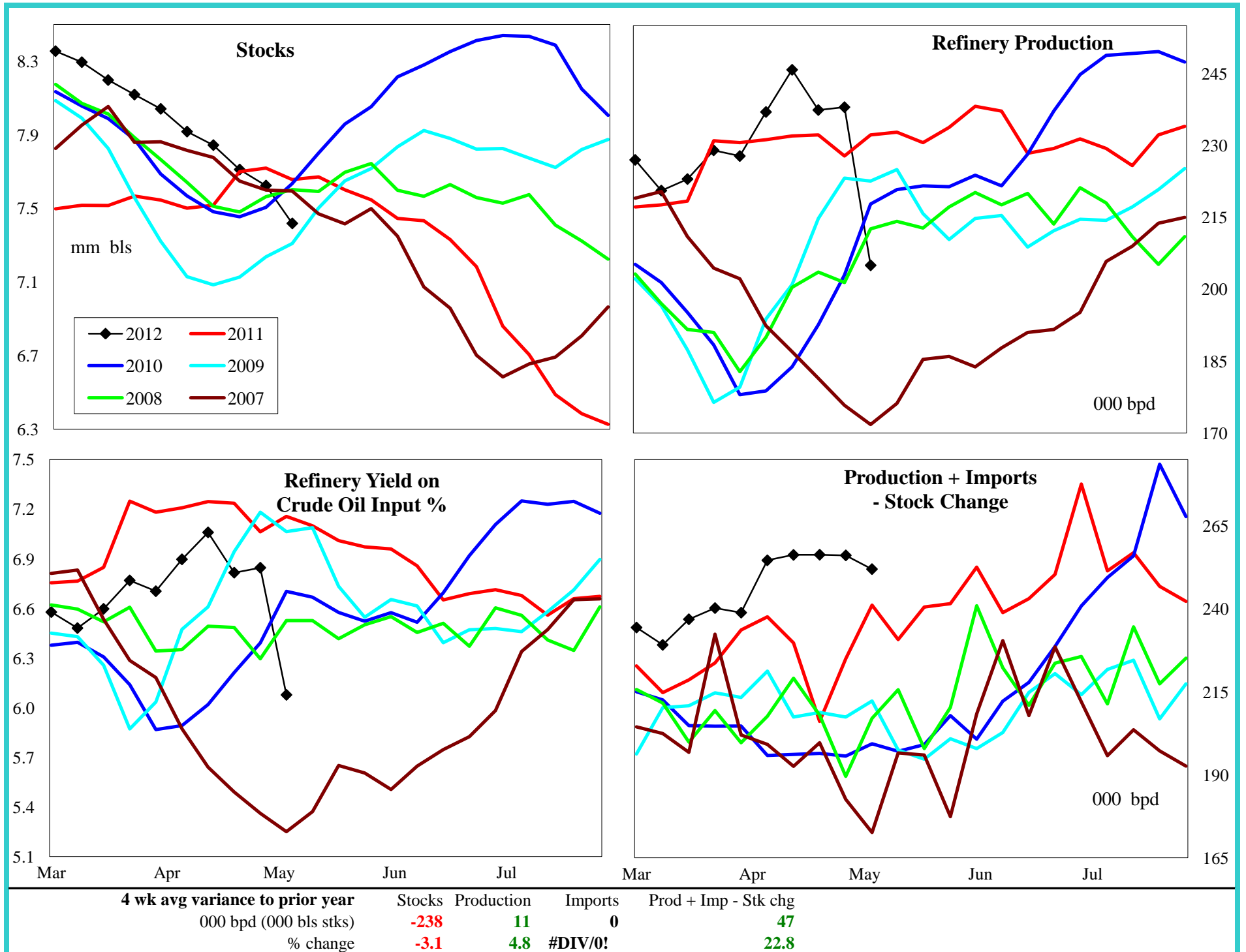
PADD 2 Conventional Gasoline Supply



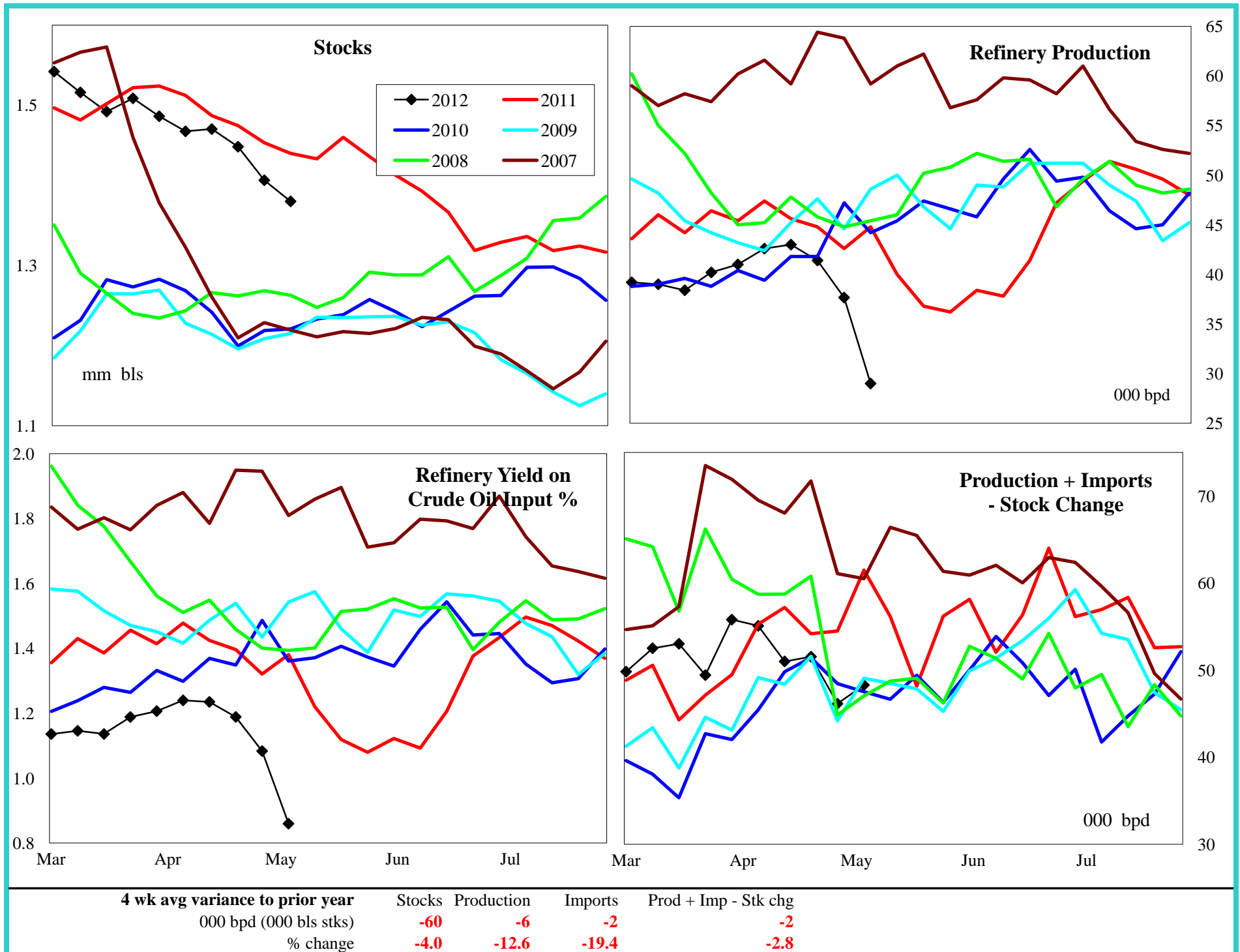
PADD 2 Distillate Supply



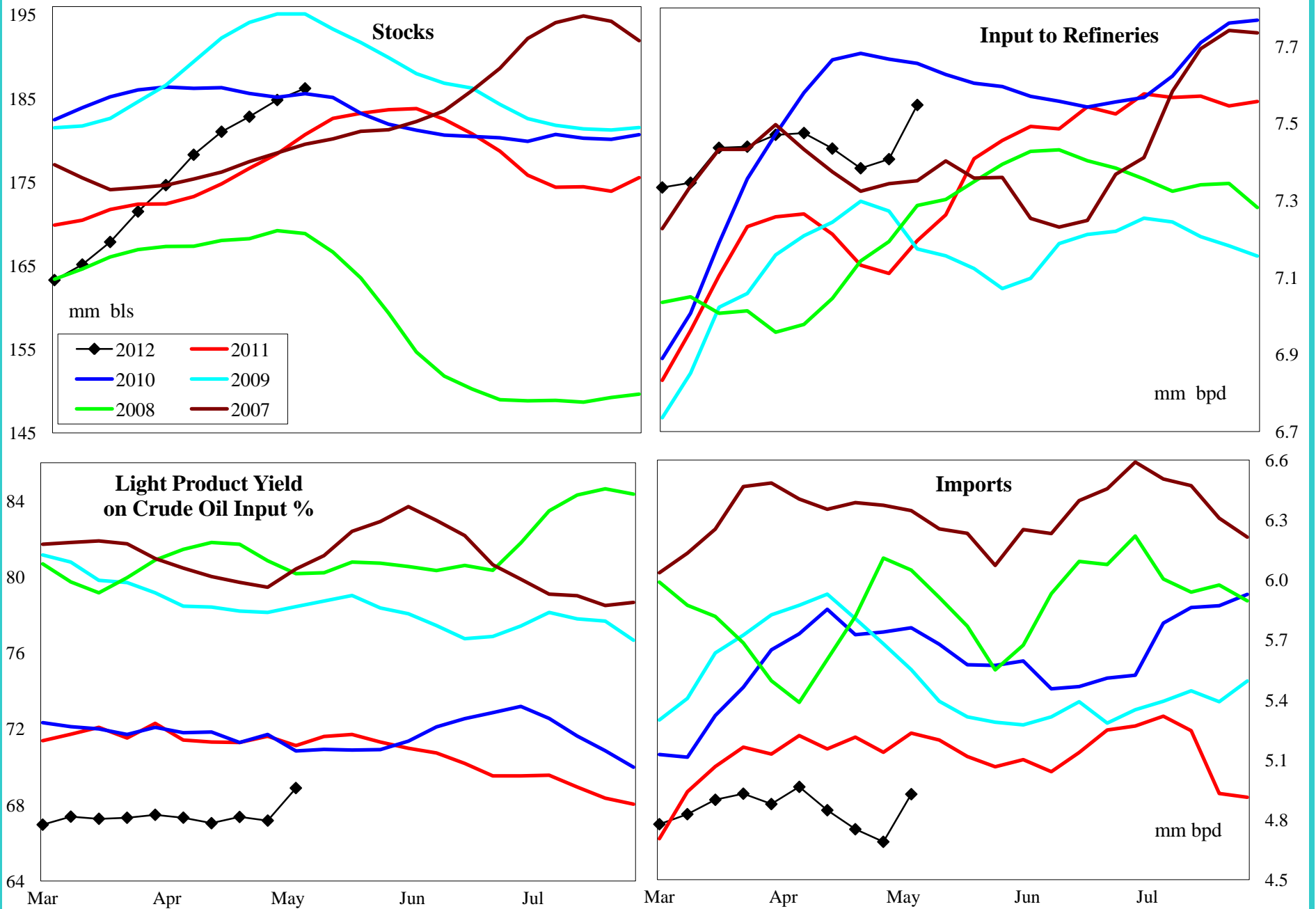
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



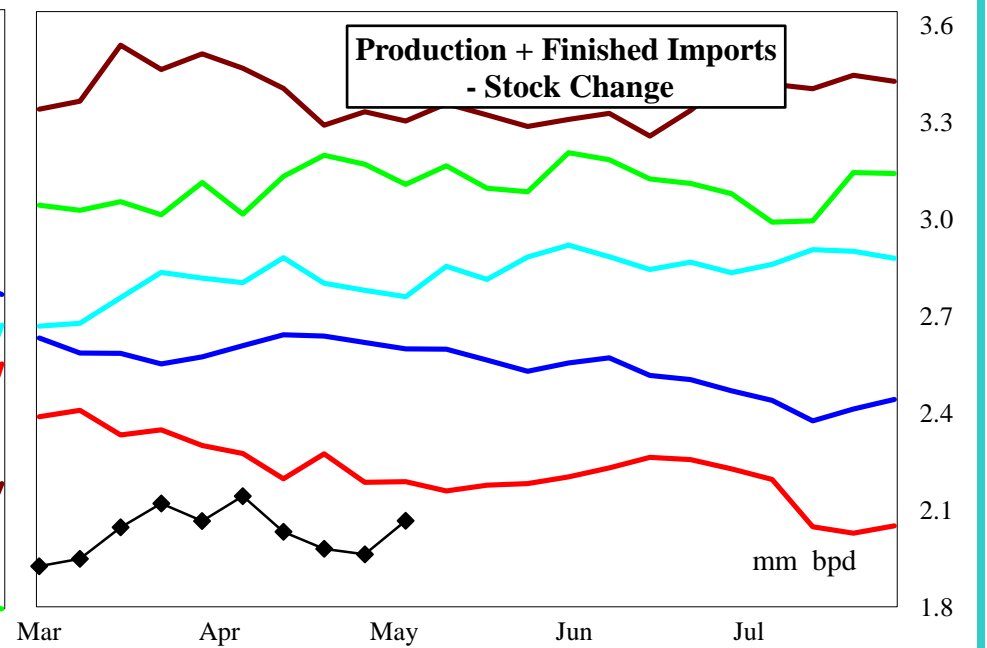
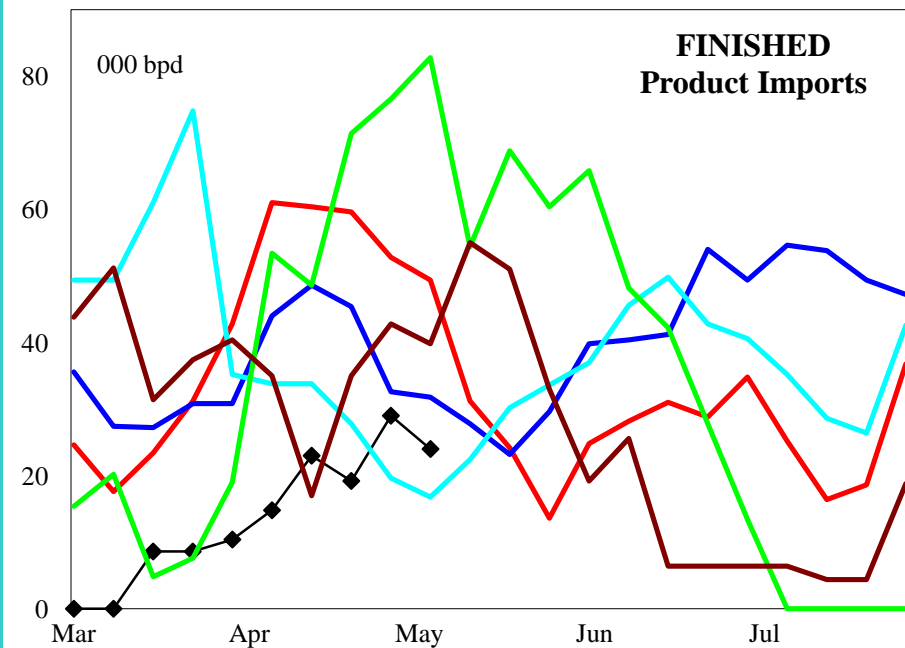
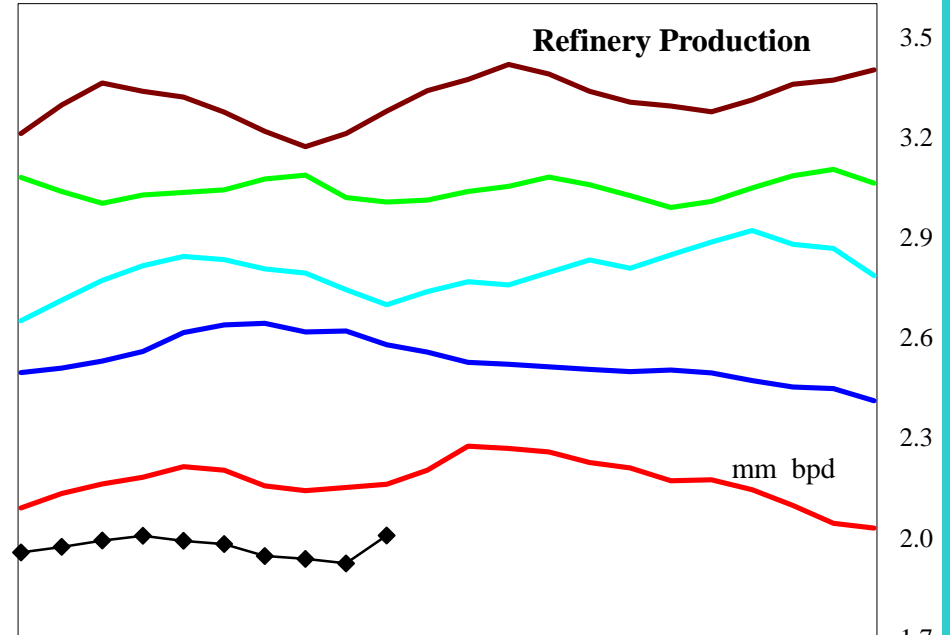
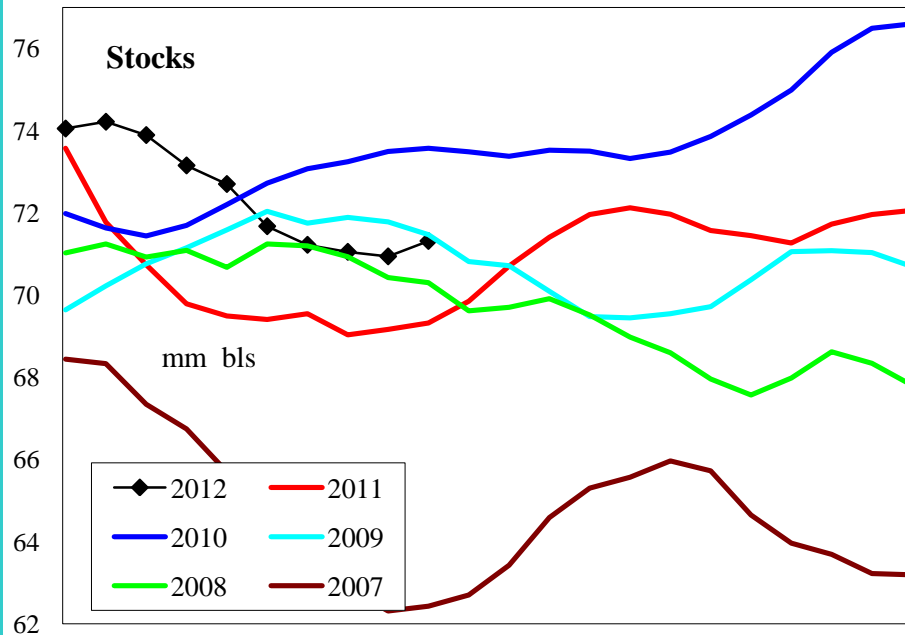
PADD 3 Crude Oil Supply and Refining



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

	Stocks	Input	Imports
000 bpd (000 bls stks)	5,536	296	-517
% change	3.1	4.2	-9.9

PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

2,326

3.4

Production

-218

-10.2

Fin Impt

-41

-62.9

Blend Impt

-84

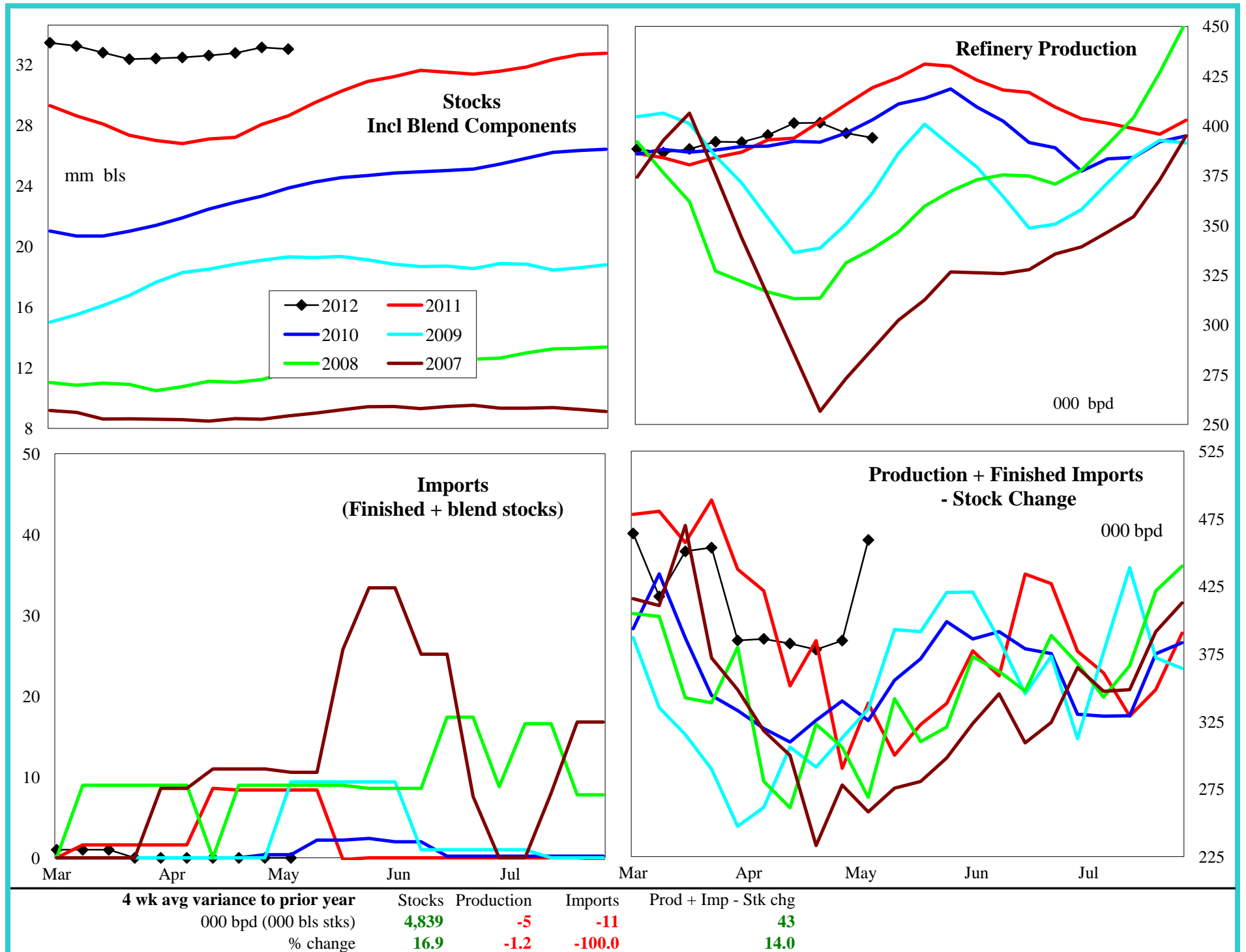
-64.4

Prod + Imp - Stk chg

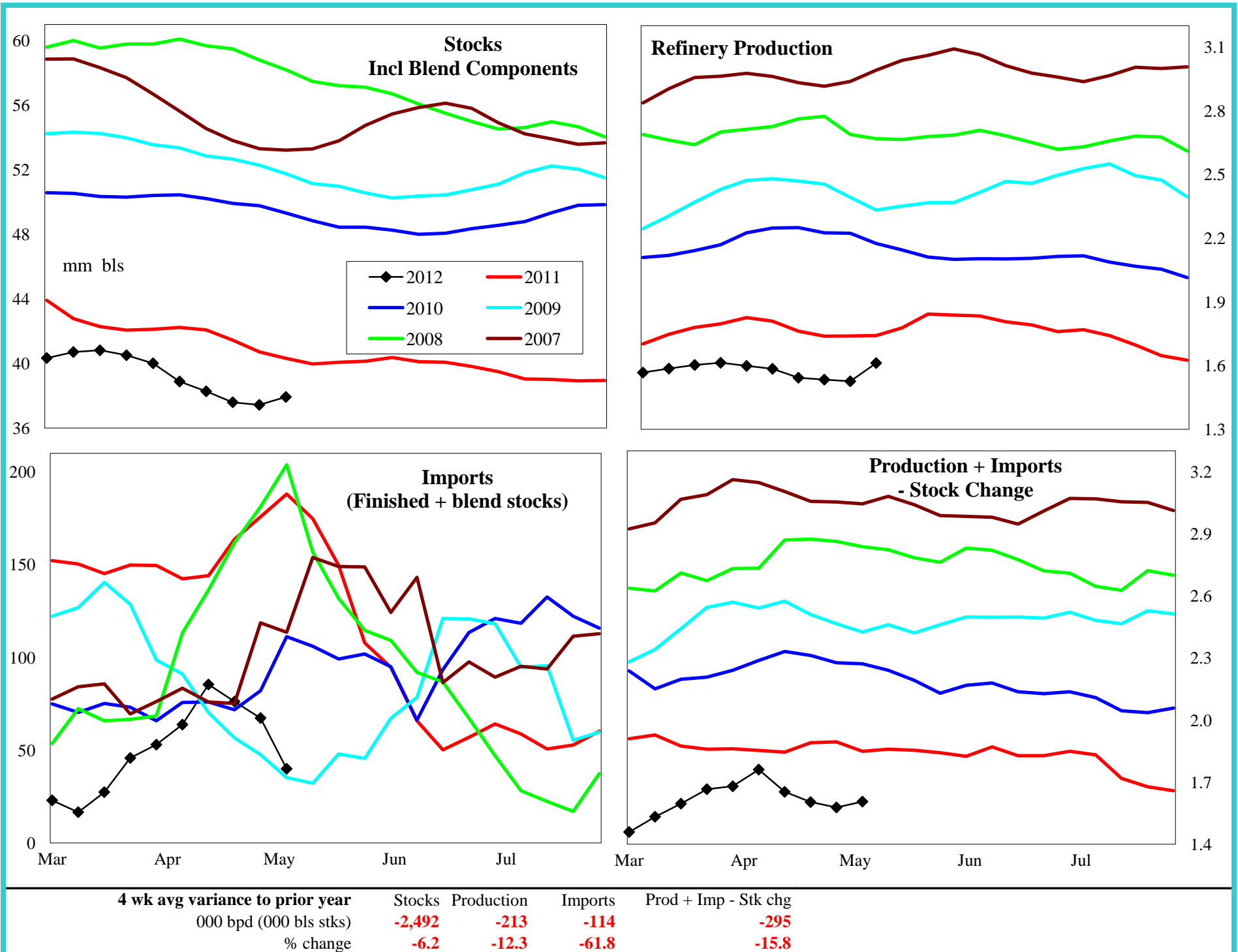
-253

-11.6

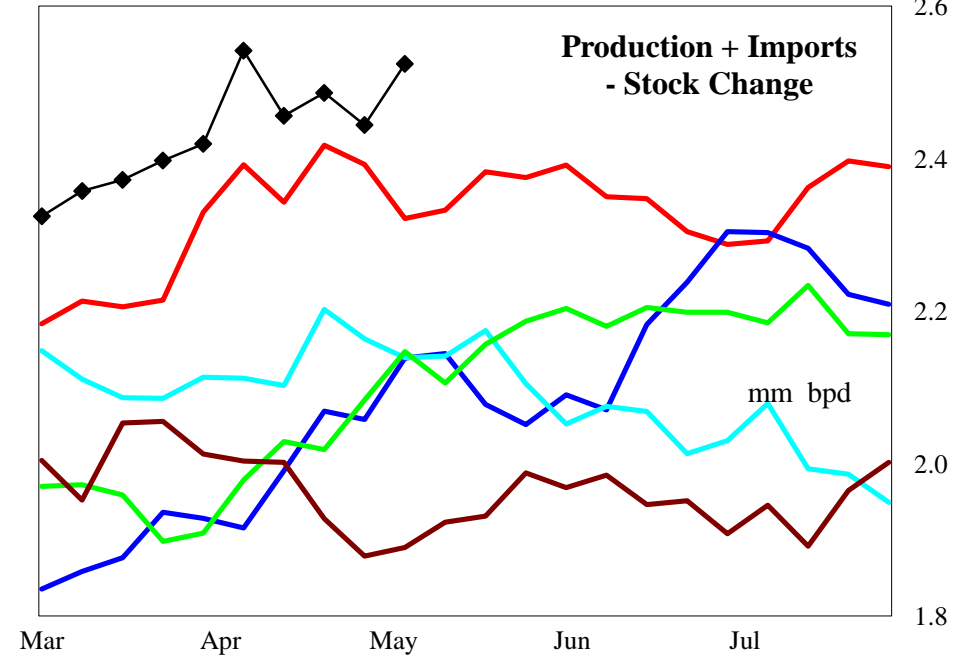
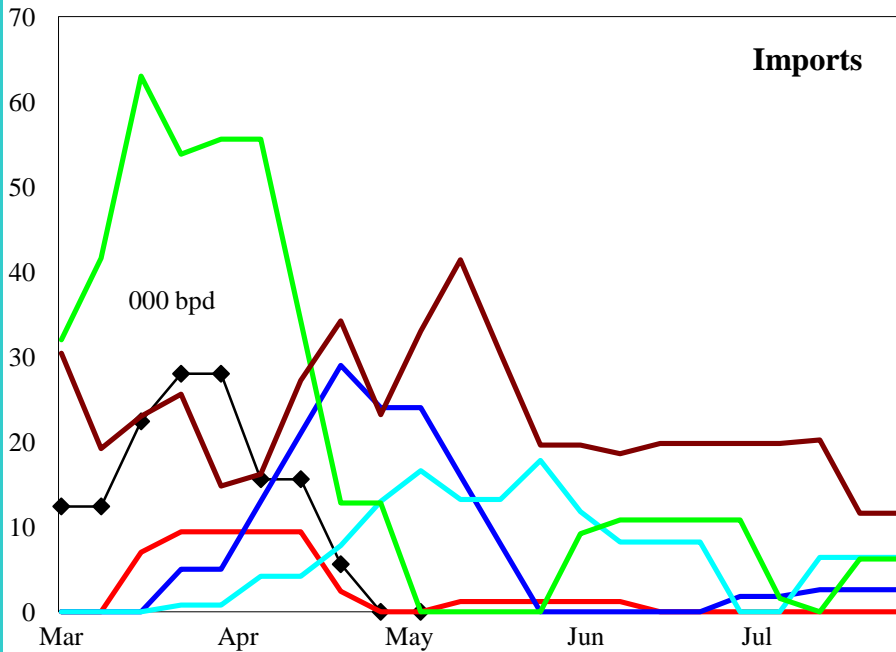
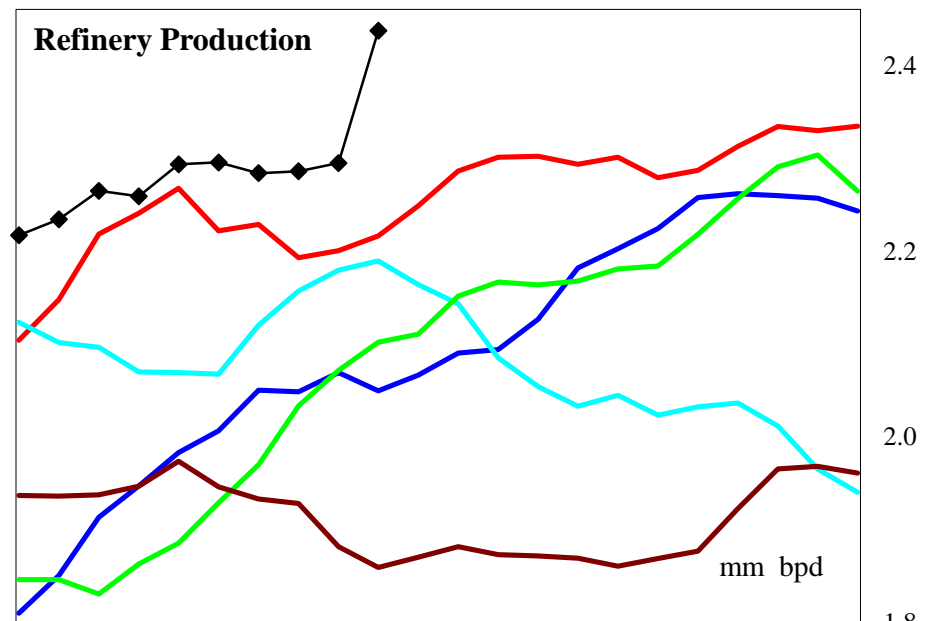
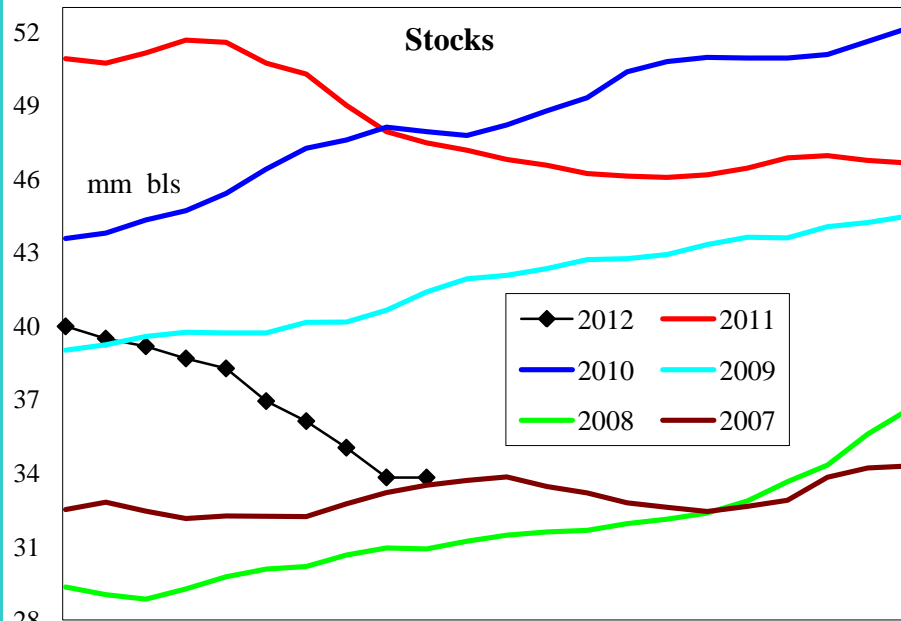
PADD 3 Reformulated Gasoline Supply



PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-13,360

-28.3

Production

97

4.3

Imports

0

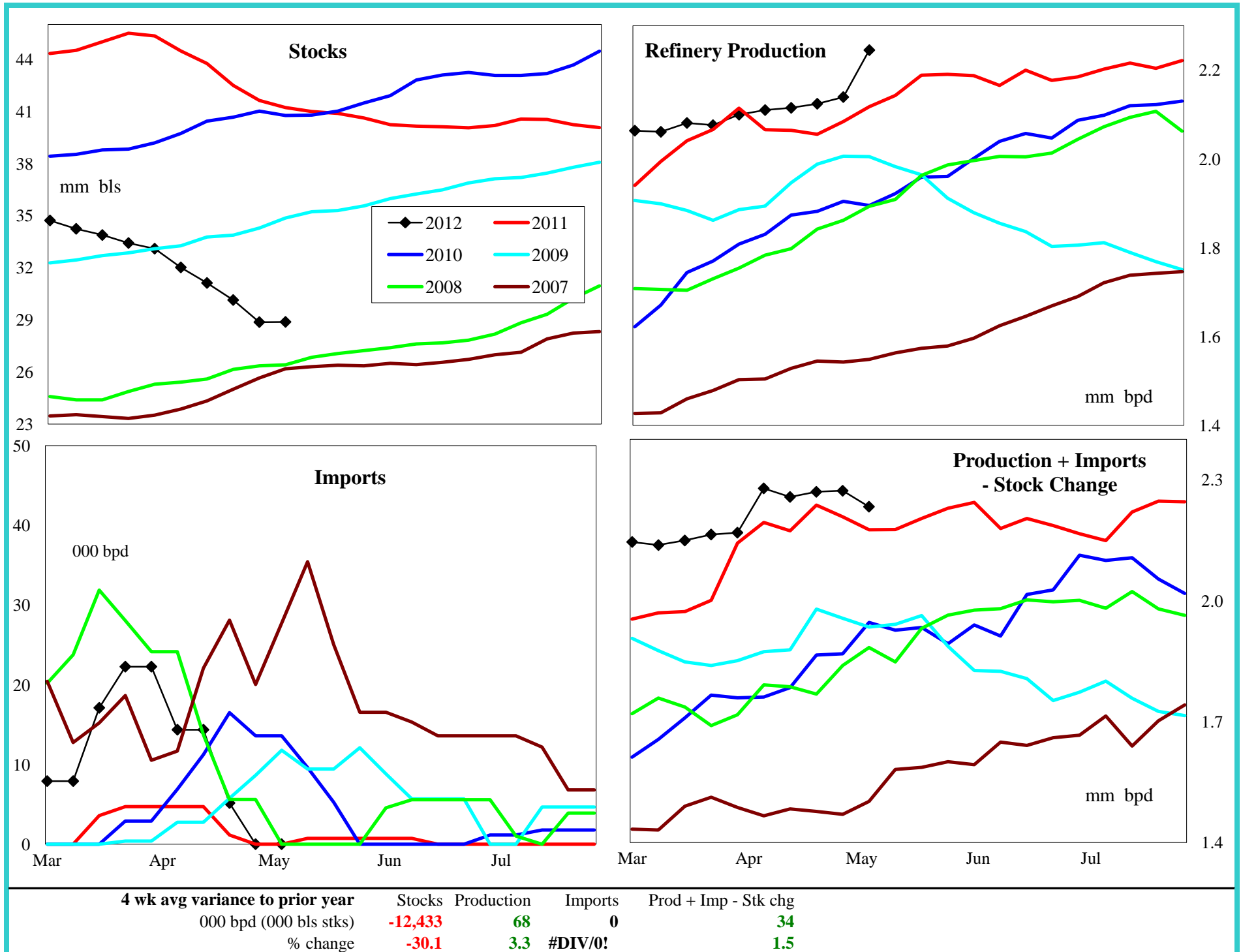
#DIV/0!

Prod + Imp - Stk chg

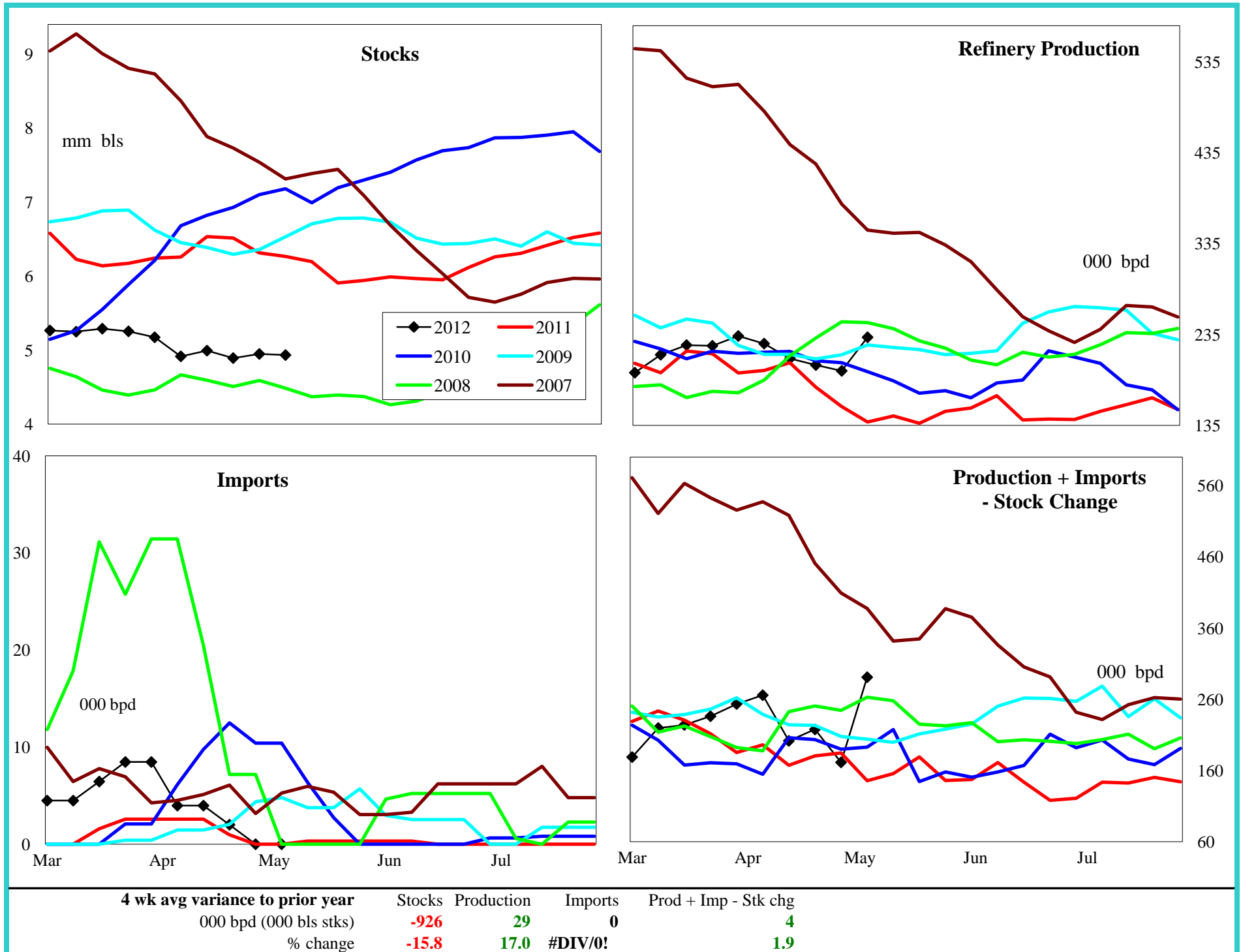
38

1.6

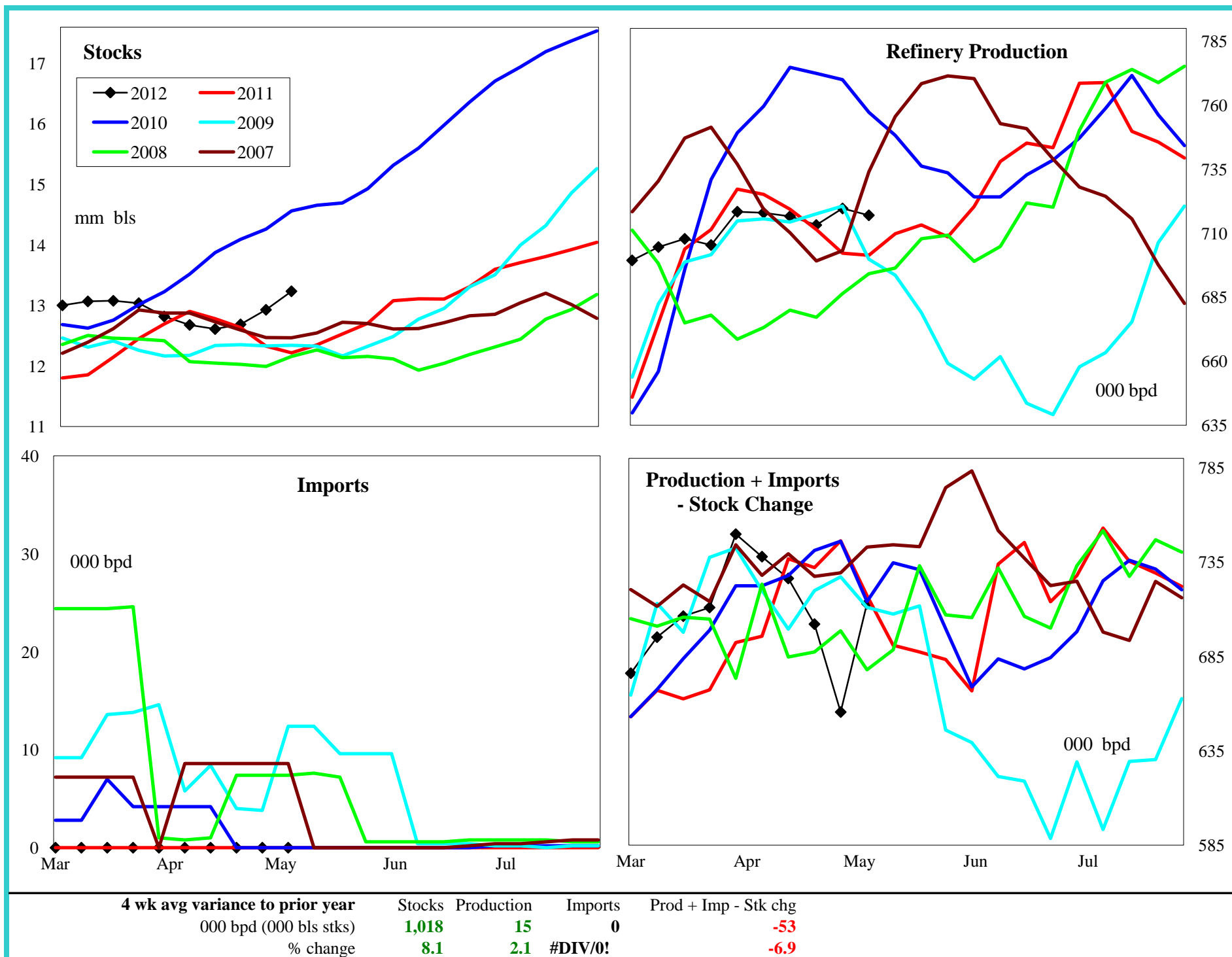
PADD 3 Low Sulfur Distillate Supply



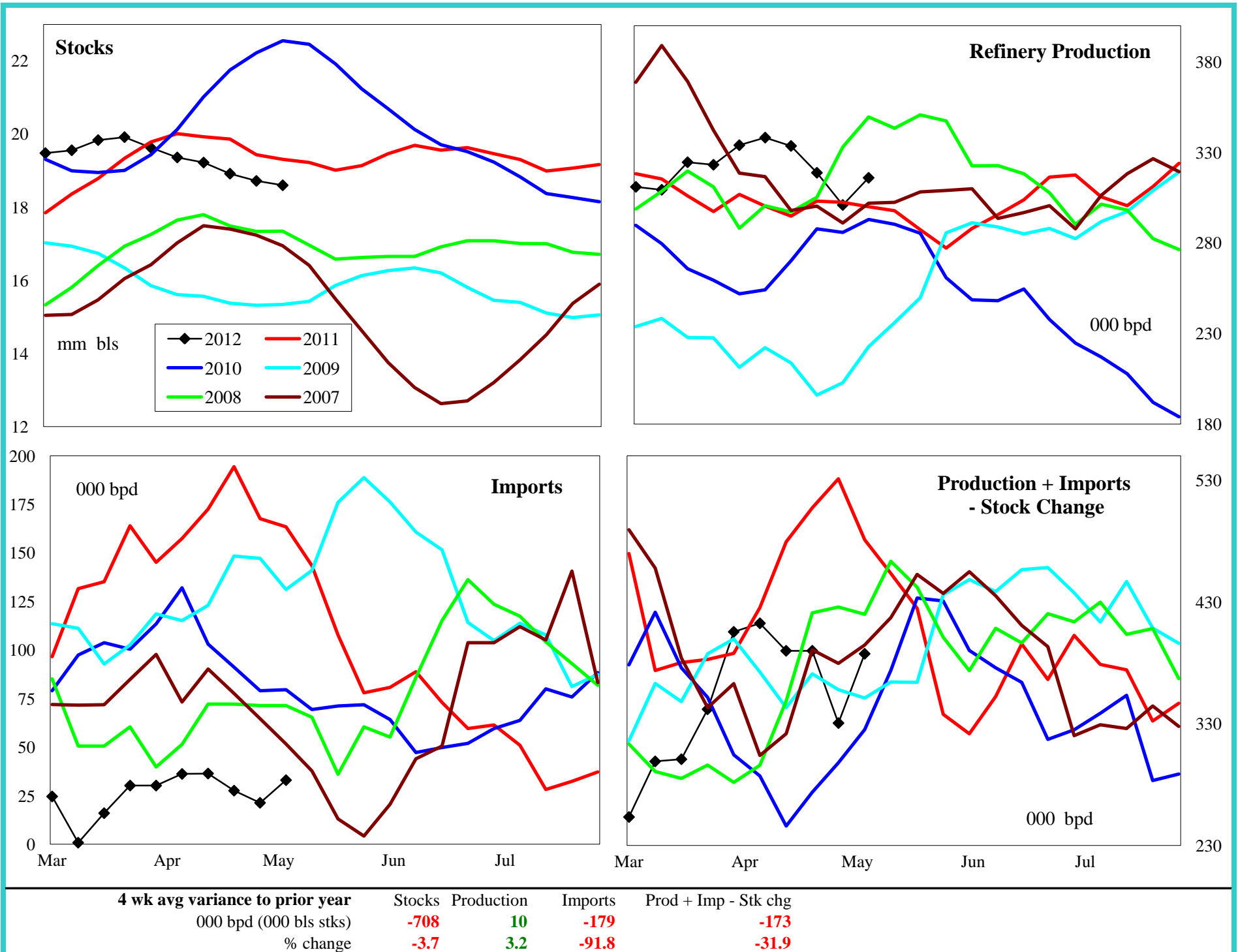
PADD 3 High Sulfur Distillate Supply



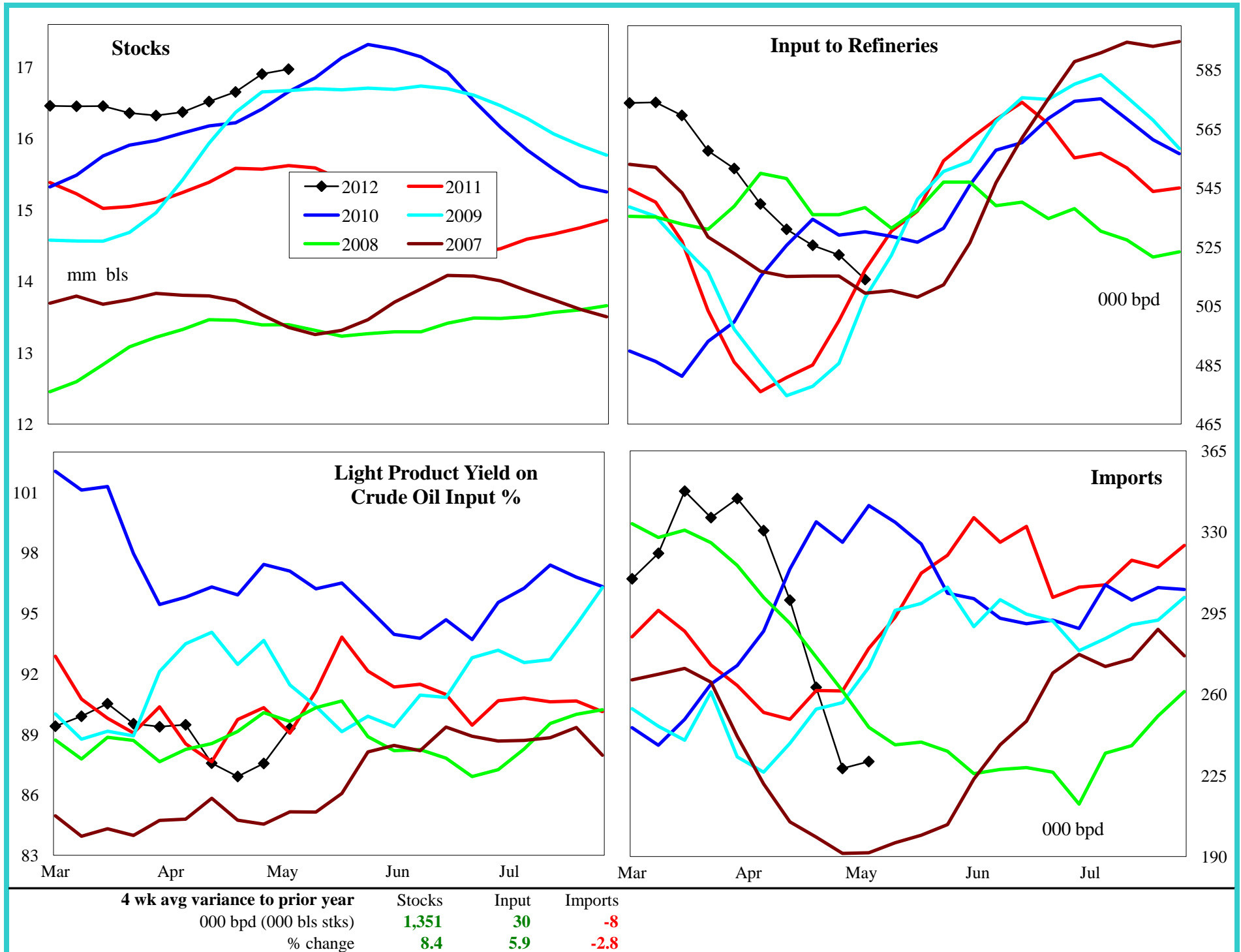
PADD 3 Jet Fuel Supply



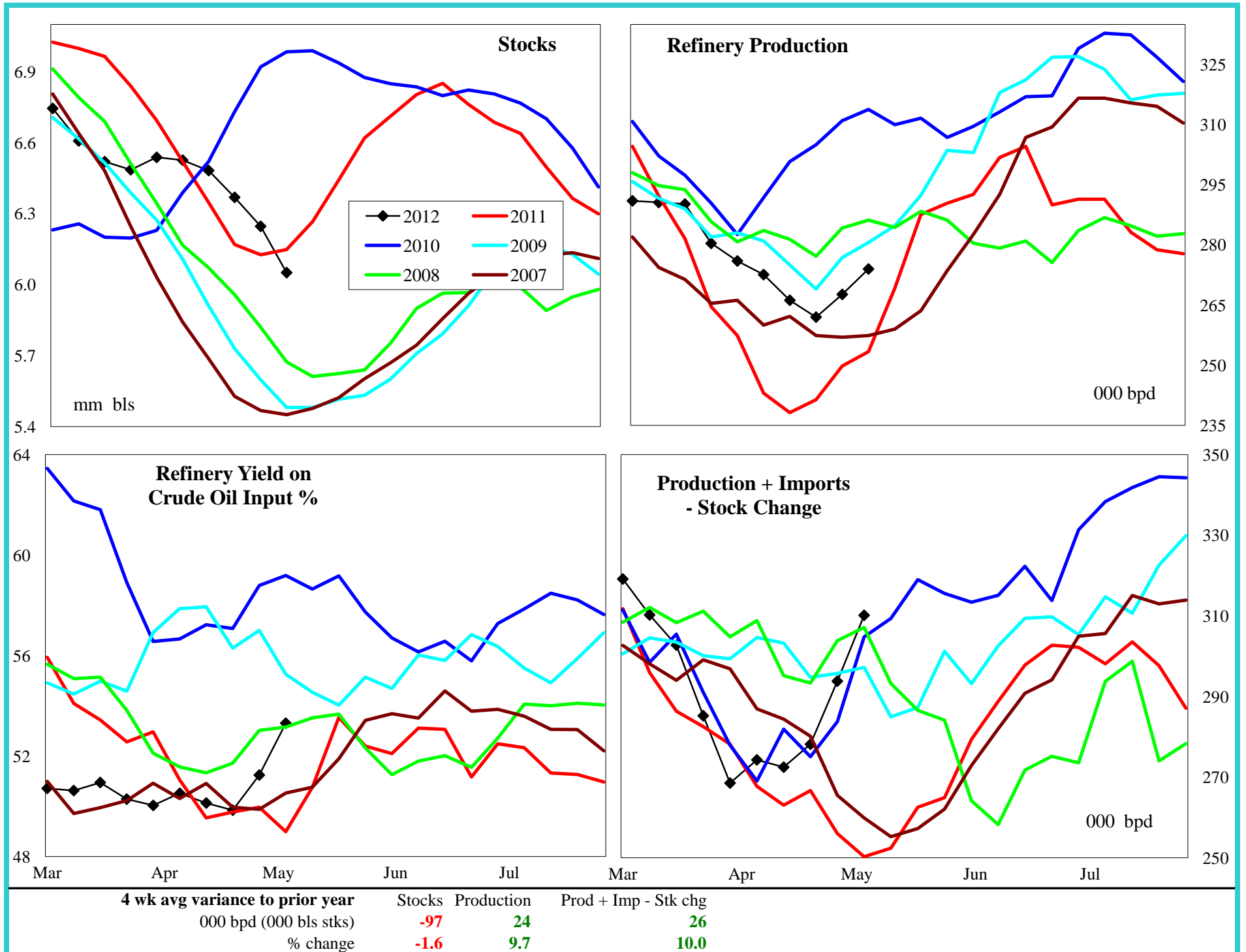
PADD 3 Residual Fuel Oil Supply



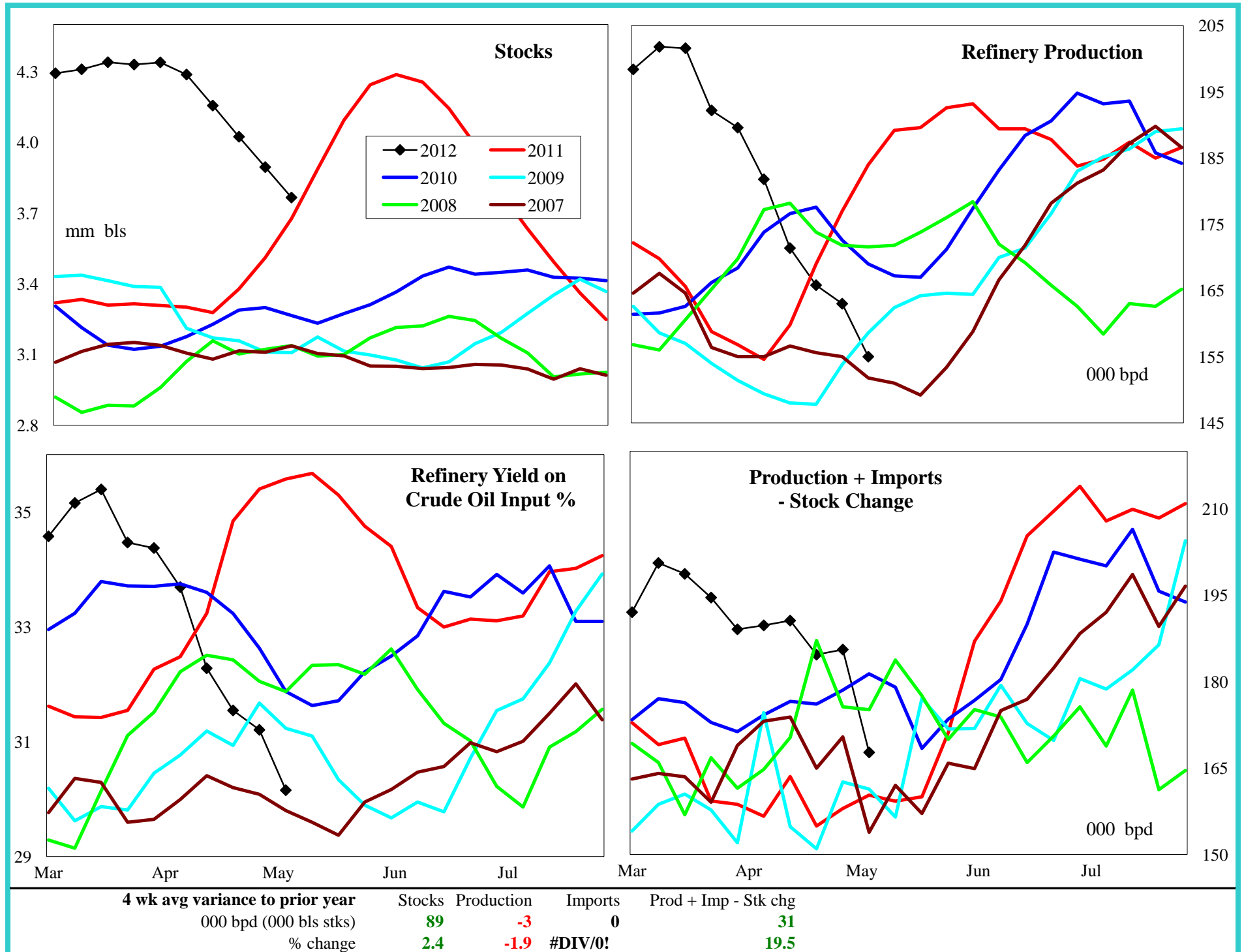
PADD 4 Crude Oil Supply and Refining



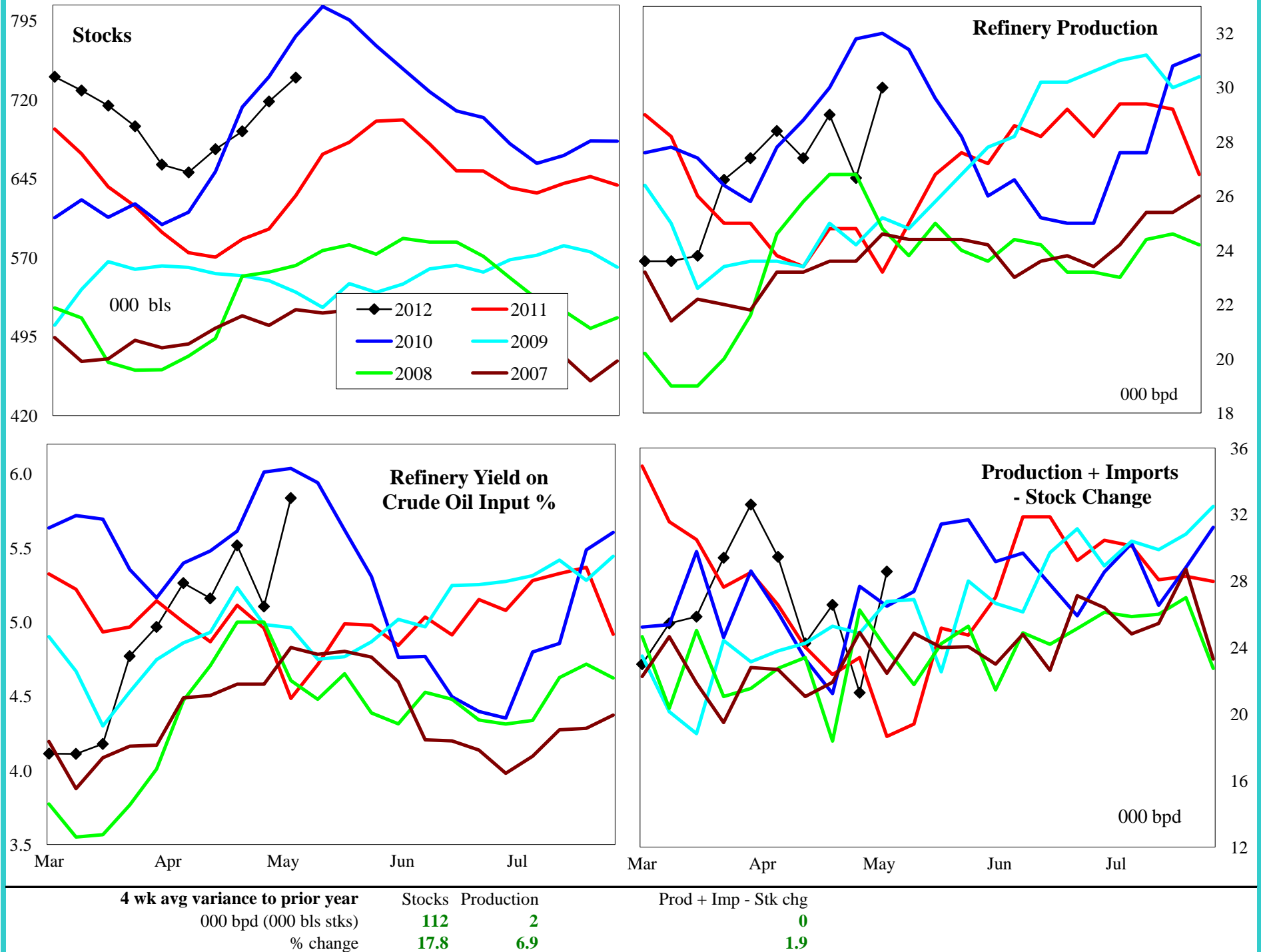
PADD 4 Gasoline Supply



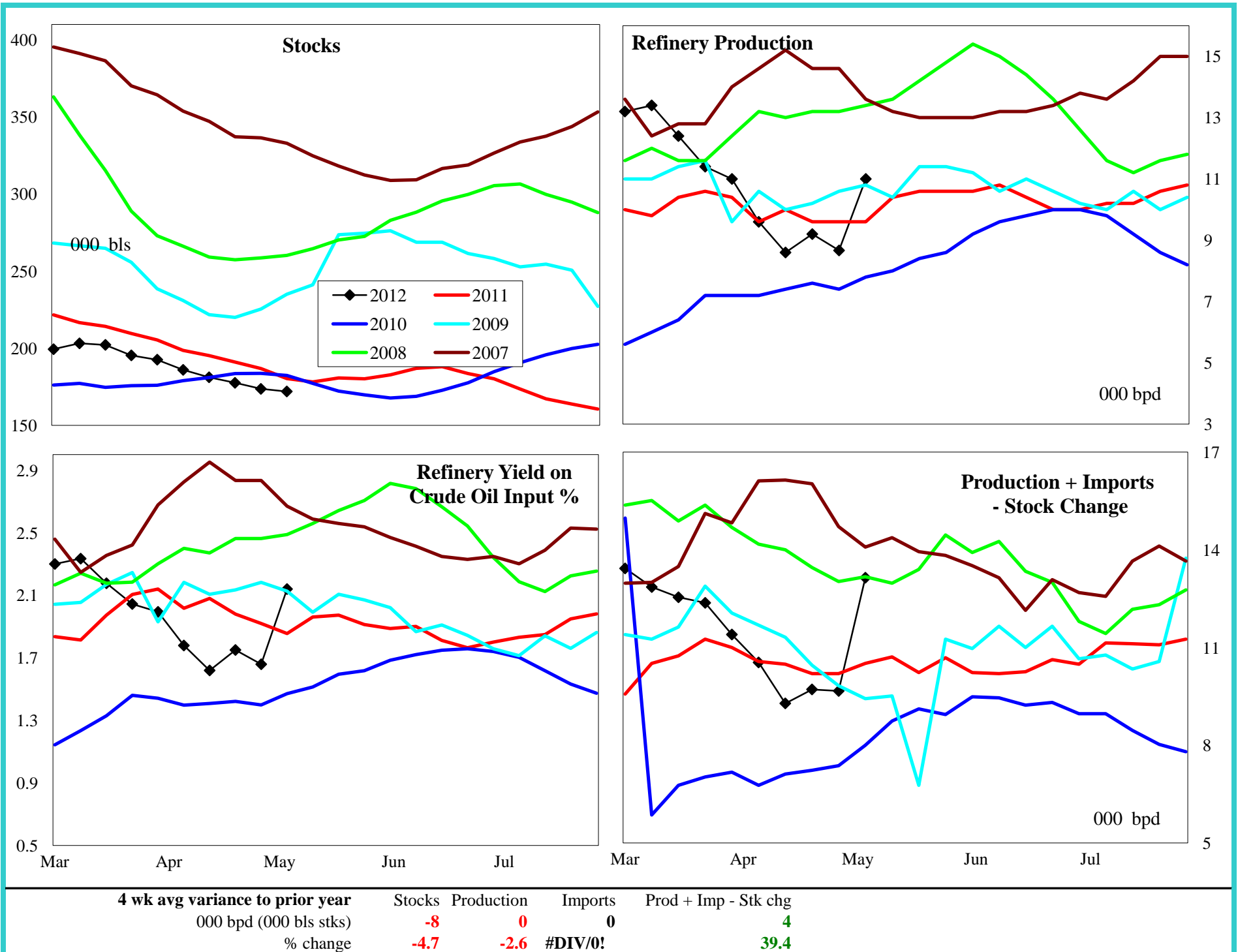
PADD 4 Distillate Supply



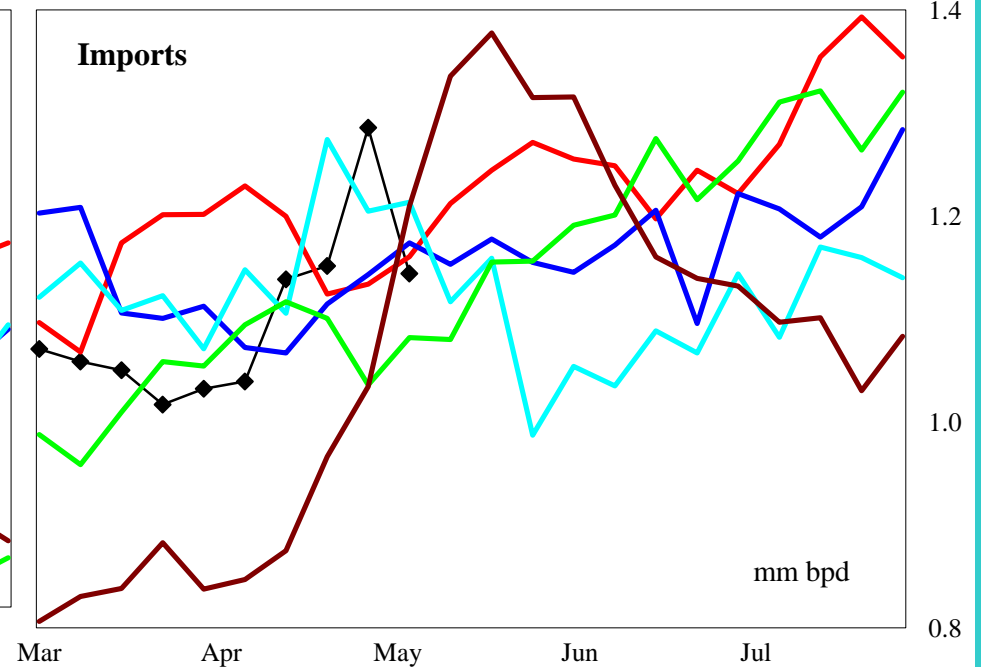
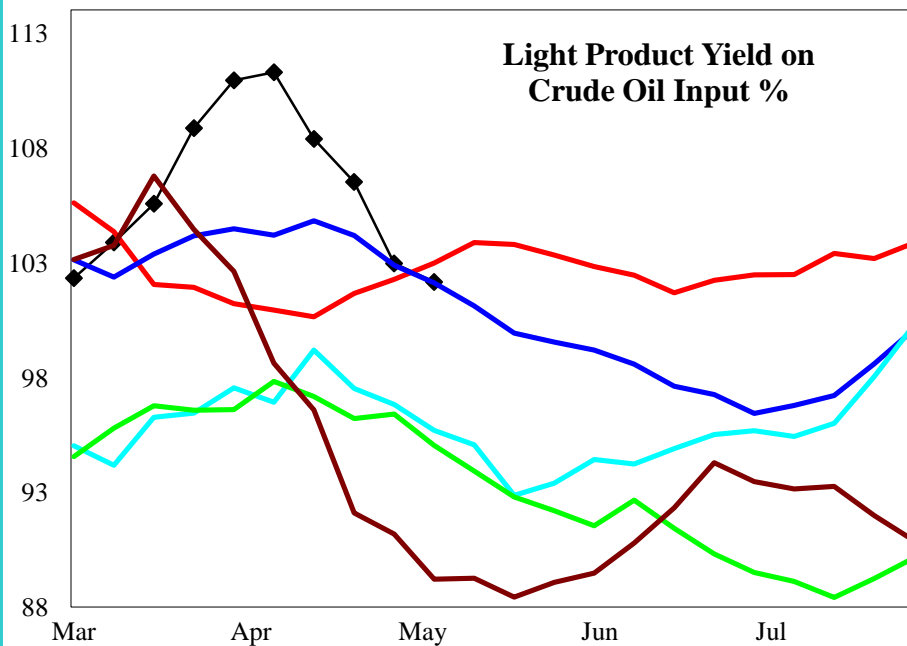
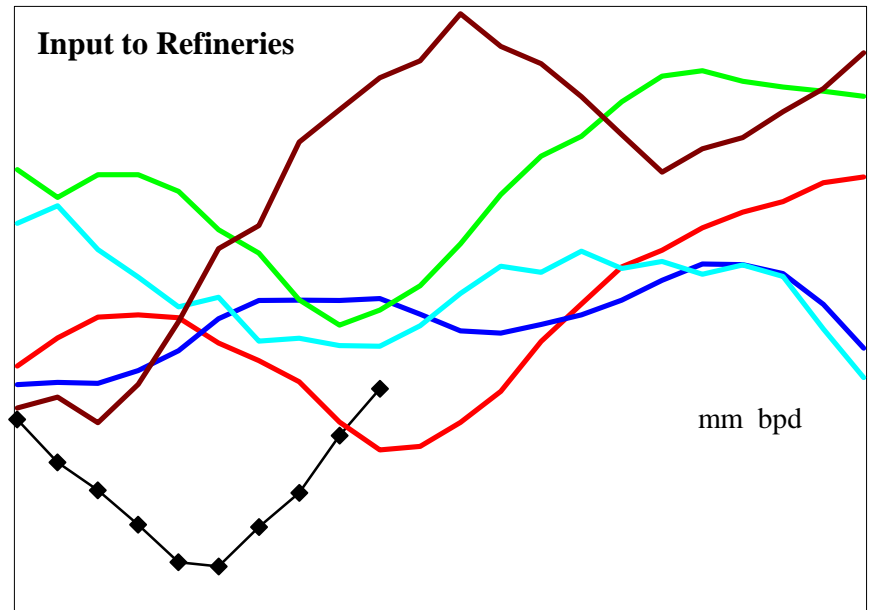
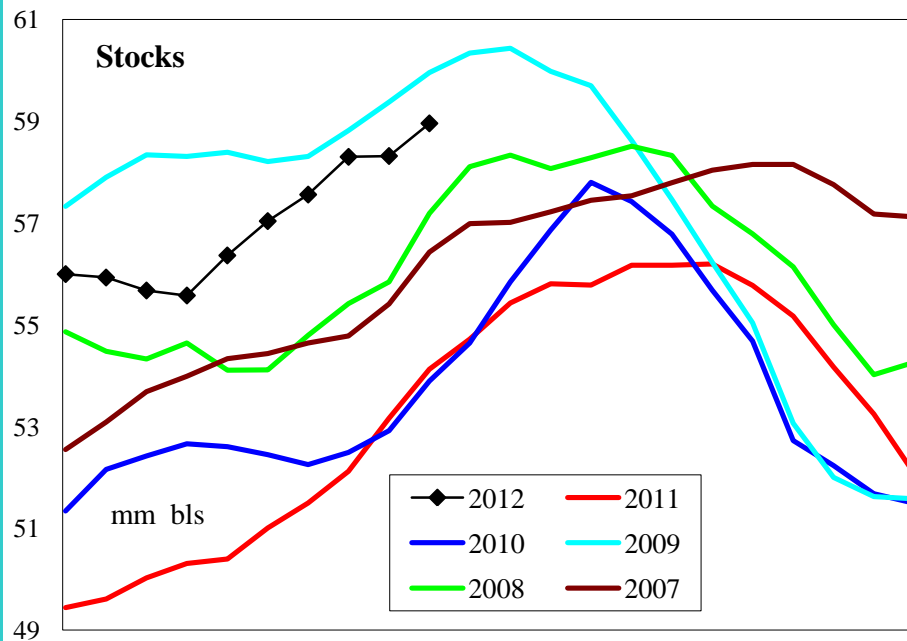
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



PADD 5 Crude Oil Supply and Refining



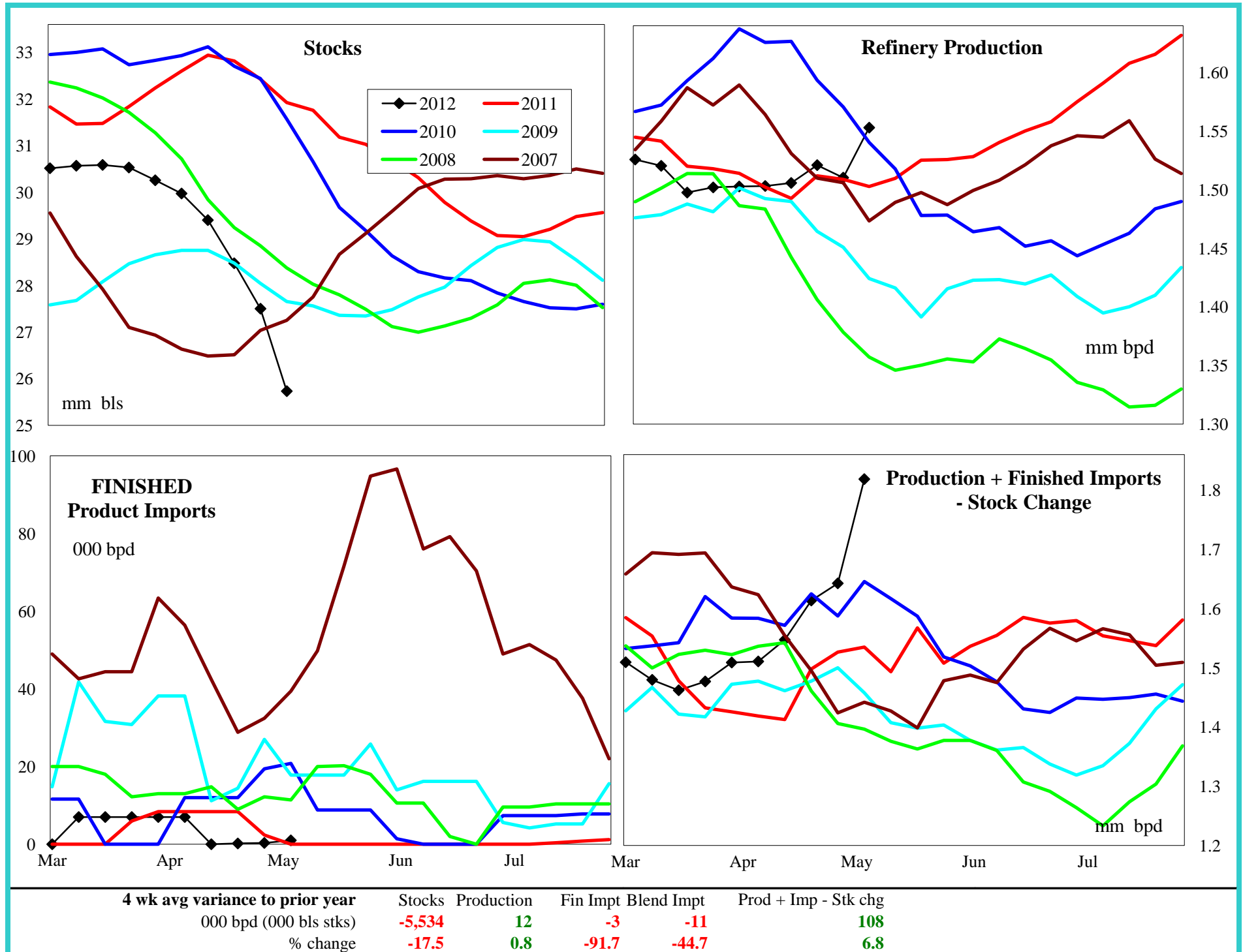
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks
4,835
8.9

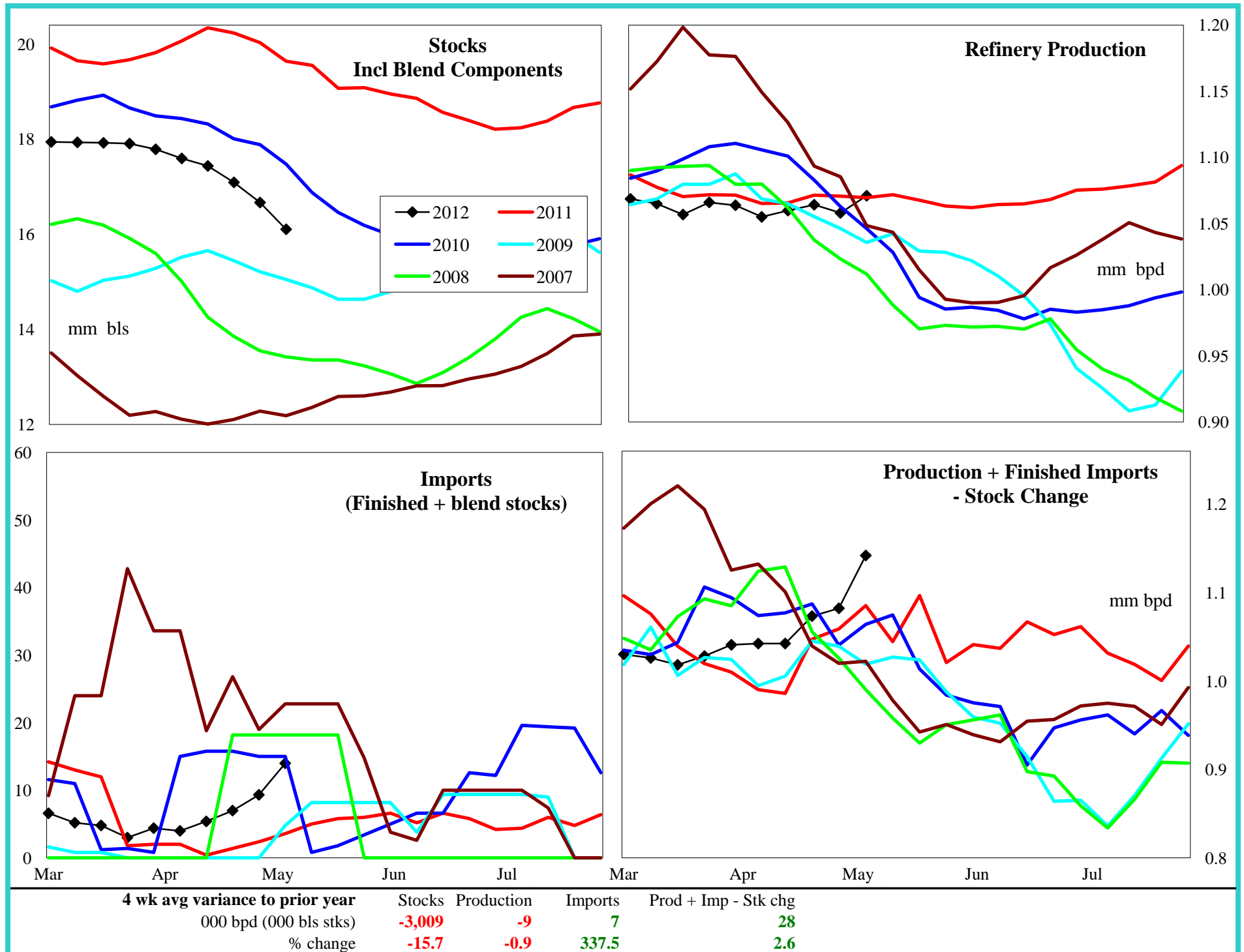
Input
-76
-3.3

Imports
117
10.5

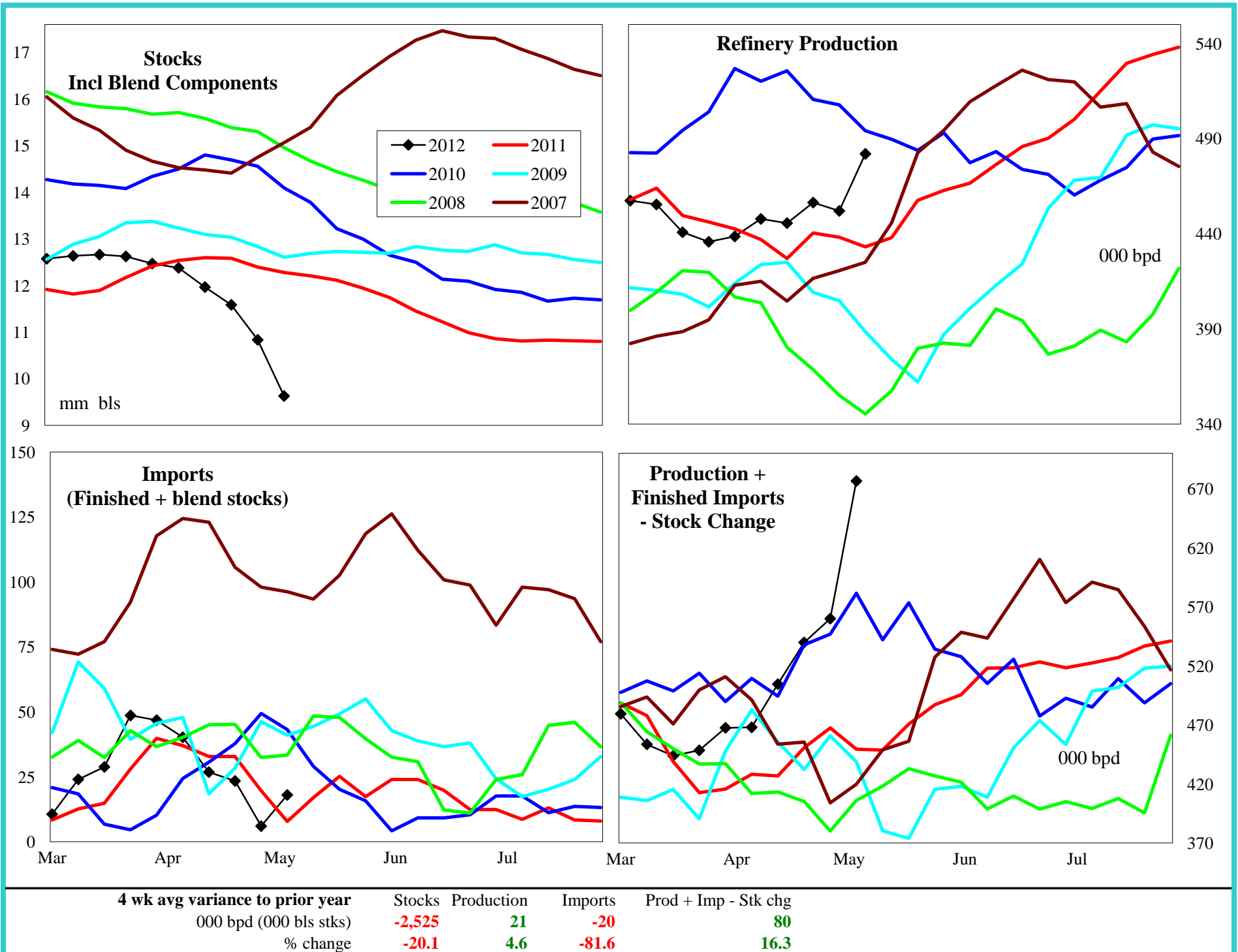
PADD 5 Gasoline Supply



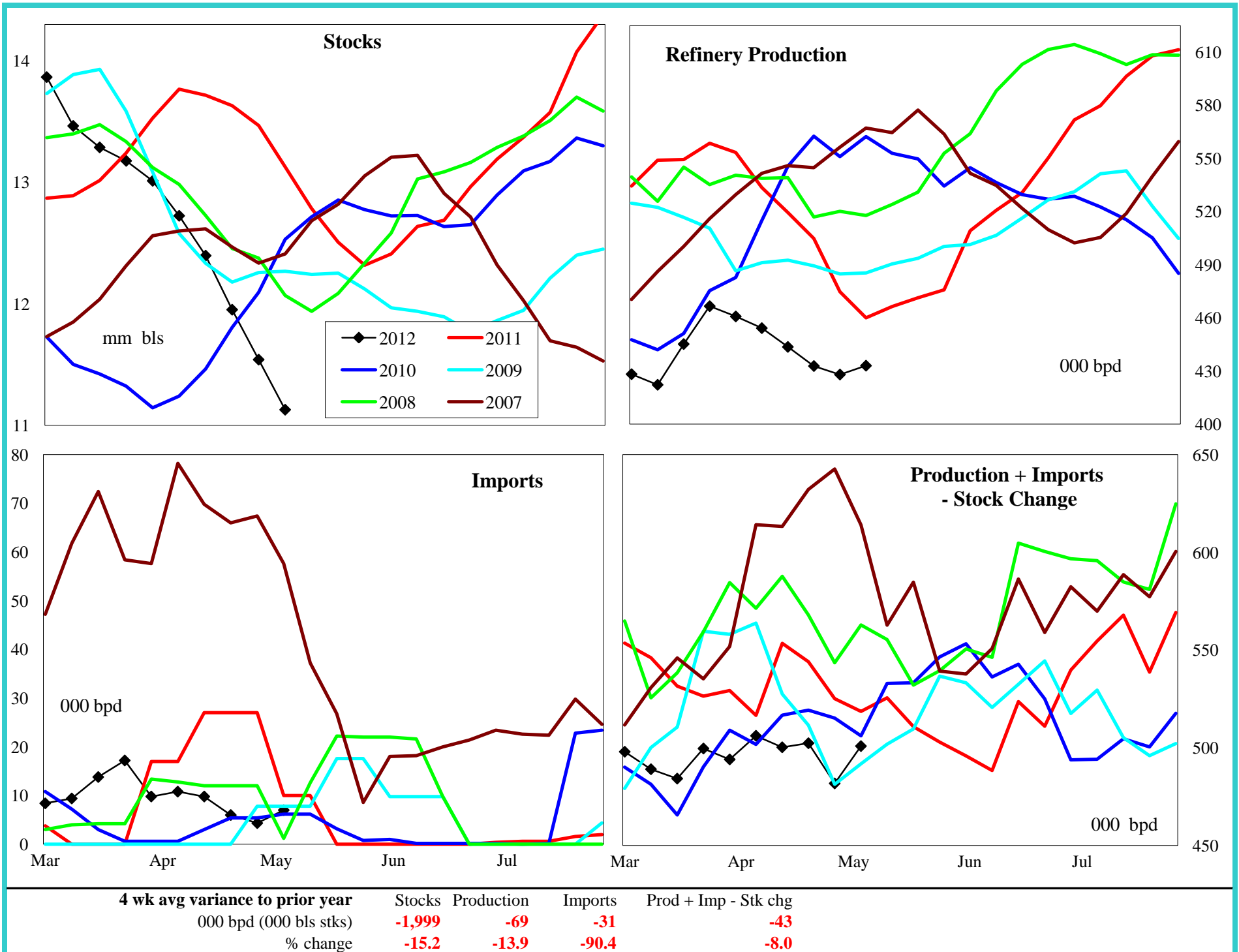
PADD 5 Reformulated Gasoline Supply



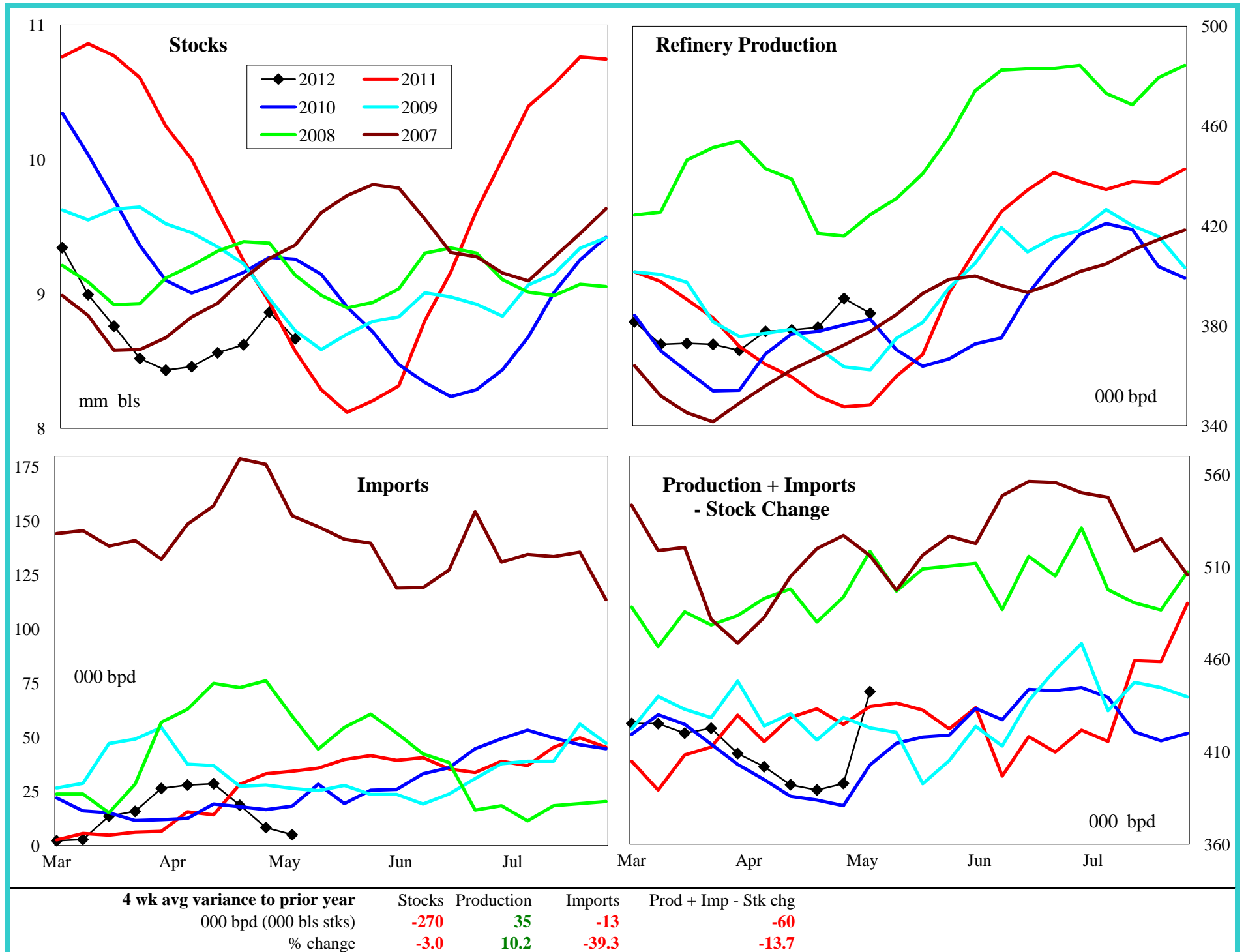
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

